SPRINGER NATURE
Reference

Ali Farazmand
*Editor*

# Global Encyclopedia of Public Administration, Public Policy, and Governance

*Second Edition*

Springer

# Global Encyclopedia of Public Administration, Public Policy, and Governance

Ali Farazmand
Editor

# Global Encyclopedia of Public Administration, Public Policy, and Governance

Second Edition

With 855 Figures and 875 Tables

Springer

*Editor*
Ali Farazmand
Florida Atlantic University
Boca Raton, FL, USA

ISBN 978-3-030-66251-6 ISBN 978-3-030-66252-3 (eBook)
https://doi.org/10.1007/978-3-030-66252-3

1st edition: © Springer International Publishing AG, part of Springer Nature 2018
© Springer Nature Switzerland AG 2022
This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.
The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.
The publisher, the authors, and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer Nature Switzerland.
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

*To my son, Dr. Cyrus Farazmand (MD), May God bless him with a long, happy and successful life. And to my passed-away parents who taught me the high values of quality hard work, commitment, perseverance, and personal and professional principles of integrity, honesty, humanity, and leadership with kindness. May God bless their spirits.*

# Preface to the Second Edition

This is the second and more than double-sized edition of the Global Encyclopedia of Public – and nonprofit – Administration, Public Policy, Governance, and Management. Published with almost 1000 entries in 2018, the first edition was received with high recognition and praise worldwide, and with numerous enthusiastic suggestions and requests for the second expanding editions. Encouraged by contributing authors and section association editors, the number of authors with proposals interested in contributing to the new edition increased exponentially and worldwide. Those enthusiasms have continued to grow and to flow in with new entry proposals as this second edition goes into publication. This has been a truly remarkable experience and a highly rewarding task; it has involved several thousands of contributing scholars, practitioner-administrators and managers, and professional experts with specialization on various areas of public administration, governance, public policy, and nonprofit and nongovernmental organizations and their management from around the world.

The fundamental features of this second edition of the comprehensive global encyclopedia remain the same as identified and highlighted in the "Preface to the First Edition." This includes, first and foremost, producing and expanding **knowledge** as a powerful means to advancing civilizations, broadening scopes of human minds with appreciations for unlimited differences among peoples, cultures, societies, and geographical areas of the vast planet we as humans share with other creatures of the land, water, and air, as well as trees, plants, and vegetations humans and animals use for shelter, security, and sustainability. Knowledge changes and transforms societies and creatures from ignorance and narrow-minded tunnel visions; it contributes to enlightenments across the world. The *second* key feature words were, and are, the **Aims and Scopes** that are the broad and comprehensiveness of this Global Encyclopedia. While comprehensive and broad in scope, aims, and purpose, the focus was and still is primarily on the ***Public and Nonprofit*** sectors, and not the private business sector – at least not yet. The ***Purpose*** is to disseminate and expand the specialized knowledge in the above areas for more sound decisions and implementation to serve and promote public good, and for tempering and moderating the extremes in politics, military, and business organizations. Therefore, graduate and undergraduate students as well as instructors teaching courses and conducting research in public administration, public policy, governance, political science, sociology, and business

management will find a wealth of information and knowledge in this global encyclopedia.

Indeed, this Encyclopedia is not just for the people of specialized knowledge; it is for everyone, the general public and those interested in knowing how governments and public – and nonprofit – administration and policy processes work and should work. There are in the market a few large handbooks and small encyclopedias of public administration and public policy, but none, none-whatsoever comes even close to the magnitude of this huge or rather gigantic knowledge project in either scope or size as well as the sheer depth and number of contributing entries presented in this publication.

The *Third* key feature of this second edition is the **History and Development** – from its inception in 2015 – into such a huge global knowledge project. The Preface to the First Edition provides a detailed account of the history and development, and the **Process** of entry recruitment, selection, review, and publication in this global encyclopedia – see that text by flipping a few pages forward. That detailed information also provides great information about the purpose, scope, and other areas.

**Organization** The *Fourth* key feature is **Organization**, which is generally the same as described in the first edition preface: Entry titles are listed alphabetically, and for some specific nations or regions, titles are followed with a comma and name of the country. Generally, the entire Global Encyclopedia is organized into sections under specific associate editors for recruitment, reviews, and contributions. All major areas and sub-areas of public administration, public policy, governance, and management, and nonprofit organizations, are organized and covered under such sections and carried out by leaders serving as "associate editors." Yet, some crosscutting issues or areas like globalization or science and technology have been treated as separate areas.

**Size** The *fifth* key feature is **Size**. Size has two sub-features: (1) Size of the entries – short (2000–3000 words), medium (3000–5000 words), and long/or regular article length (5000–10,000 words) – that are the same as in the first edition of the encyclopedia. (2) Size of the volumes and pages or the number of the entries. While the first edition of the Encyclopedia contained just under 1000 entries and close to 7000 pages with a total of 8 volumes, the second edition of this huge project contains a total of 2029 entries, 13000+ pages, and 18 volumes. Thus, the second edition, inclusive of the first, has exceeded the initial vision, design, and goal of 2000 entries, a remarkable accomplishment, thanks to the contributing authors, section editors, and Springer's timely support and continuous production teams. And the number of entry proposals is growing with enormous enthusiasms and requests for the continuity of the project into a larger third edition. This strong global enthusiasm is expressed by numerous expressions of interests from contributing authors, new participants, and new section editors from around the world, all asking for a third edition for the next few years. I have described this remarkable nonstop growth by using an analogy of a high-speed train with a huge "golden cargo"; a high-speed golden train that cannot and should not be stopped till it reaches its final strategic destination with 5000 or more entries in the next five–six years. I am delighted, as the authors and associate section editors will be, to see Springer

publisher also interested and has agreed to my request with the proposal to continue with this high-speed golden train for a third edition, which will feature a number of innovative, novel ideas with unique entry materials.

**The Pandemic and Temporary Time-Lapse** As we all know, the entire world of nations and populations has been subjected to the harsh effects of the COVID-19 pandemic crisis. For over two years the governments, cultures, and people have struggled to battle this global public health crisis that has caused the loss of over a million human lives, destroyed hundreds of billions if not trillions of dollars in incomes and businesses, slowed down economic growth, and devastated many other economic and social capitals across the nations. The pandemic has also caused closures and postponement of millions of projects – individuals and groups or organizations – as the priorities shifted toward battling the global COVID-19 disease. The negative effects on the progress of the global encyclopedia were also noticed considerably, as many authors and section editors across the world had to attend to the Pandemic Crisis for their families and communities. The temporary lapse in the rapid progress, or rather slow down, is now mostly over as we see human resiliency overcoming the challenges caused by this global pandemic, and by remerging with vigor and enthusiasms for participation in the third edition from all over the world. We sincerely hope that no authors have been lost to this project due to the COVID-19, nor have experienced losses in the family, and we know that the new participants will certainly surge and make up with rapid increase in speed and number of entries for the time-lapse experienced during the past two years. In fact, the surge has already begun with vigor and motivation as new authors and associate editors are enthusiastically pouring in with proposals for publication of new entries. We strongly welcome these enthusiastic developments and will gladly bring them aboard the "golden train" toward the last strategic destination.

**Participants** It is undoubtedly clear that participants are the ones who have made this huge accomplishment of the second edition of the global encyclopedia. I cannot find enough strong words to express my appreciation and gratefulness to the participants for their immense contributions to making this knowledge project exceed expectations and achieve the initial strategic goal of the project. They are section editors, authors, and contributing administrative staff at Springer. More details are given on this below. However, it is important to make needed distinctions for recognition purposes the three groups who comprise the "section editors/co-editors, or associate editors carrying the tasks of section leadership" in this second edition. Of the three groups, the first are those many associate/section editors (with their co-editors) who recruited and reviewed a large number of entries for the first edition, but then had to move on with their career and life into other areas. These earlier participants were (and are) listed with their names under the first edition participants. We certainly acknowledge and appreciate their contributions to the Global Encyclopedia and wish them the best lucks in life. As editor-in-chief of the Global Encyclopedia, I took over and carried out the leadership tasks of these departing section editors.

The second group of section editors stayed on and continued with us in the journey on the golden train. They committed themselves to the project throughout with more entry contributions and leadership as associate editors. They are also determined to continue their participation toward the third edition of the project. I am most honored and delighted to see their uninterrupted services and contributions to the Global Encyclopedia project. They are also listed separately as Continuing Associate/Section editors in this edition.

The Third group of participants are the newcomers as new section editors with new areas of contributions bringing many new entries and authors whose participation has made the global encyclopedia a dynamically vibrant and unshakeable project. I am most grateful for their participation and contributions – they are also committed to the journey with us toward achieving the strategic goal of the project under the third edition in the next few years. We applaud their arrival and contributions.

Beyond this, it is the contributing participants who have made this project possible, from the start to the finish. Voluntary and unpaid commitments, dedication, delivery, quality, cooperation, collaboration, and teamwork are the words that describe the quality of people involved in the progress and accomplishment of this global knowledge project. They include the contributing authors of single and multiple entries, section/associate editors and their co-editors, and the publishing staff. Several thousands of contributing authors are involved in the first and second editions of the project. The authors and editors represent most if not all countries and regions of the entire world, making the project a truly global and certainly international in both scope of coverage and comprehensiveness of the topics, depth of content, and diversity. I am most honored to have the collaboration, cooperation, contributions, as well as support and collegial encouragement of these people from around the world. This, they all have been doing unpaid and purely for scholarly and collegial contribution purposes – amazingly rewarding! My deepest gratitude and appreciations to them all. As members of the editorial leadership team, the names and pictures of all section editors are listed in this publication, as they deserve the most recognition for their immense contributions to the accomplishment of the publication. Again, I am most humbled and honored.

Finally, I must acknowledge and express my deep appreciations to the Springer teams for this Global Encyclopedia: to (a) the architects of the project, Lorraine Klimowich, Michael Hermann, and Nicholas Philipson who's leadership support have been a powerful encouraging force of motivation for higher achievement; then (b) the project manager Alexa Hevron who has delivered an impeccable managerial service and support system, including during the last two years under the Pandemic; with (c) an equally dedicated and efficient staff team of several rotating experienced professionals from different parts of the world so they could offer support services nonstop, 24 h, 7 days a week, including weekends and holidays to all sections editors and authors, as well as myself. I would like to specifically thank Akshara PP and her predecessors (Sunali Mull), as well as the production staff under Kavipriya Venkataraman, all of whom tirelessly and nonstop have worked with me, the authors, and associate editors throughout these years under this second as well

as the first editions. My sincere and deep appreciations to all of them – I truly appreciate the publisher (Springer) for undertaking this global knowledge project and for having faith in me delivering it. I am most grateful and honored.

As editor-in-chief, my role has been one of a team building, coordinating, providing support systems, being available and responding to questions and offering clarifications, and simply one of a facilitating leadership throughout. I have also authored a few entries and recruited a fairly large number of entries in this edition, especially by taking over the sections under those departing associate editors after the first edition, but it is the contributing participants noted above are the ones who have made this publication possible. My deepest gratitude to all of them. It has been a time-consuming and highly demanding task for all involved, and I hope they also feel rewarded as they see the end-product out; it certainly has been fully rewarding for me. We all hope this publication will contribute to advancing knowledge in public administration, public policy, governance, and management, and help policy makers, administrators, and mangers in public/government and nonprofit and non-governmental organizations in an increasingly complex world.

Florida Atlantic University
Boca Raton, Florida
January 2023

Ali Farazmand

# Preface to the First Edition

We live in a fast changing and highly complex world in which stability, predictability, order, prosperity, and harmonies are almost equally matched by disorder, conflict, contradictions, unpredictability, chaos, crises, poverty and despair, wars, and threats of catastrophic nuclear annihilation. The shadows of a constant threat of global nuclear annihilation seem to have consciously and unconsciously penetrated into and paralyzed the minds of billions of people, young as well as old, in developed as well as in developing countries of the world. The world has seen its horrors before, yet there still are those either ignorant or arrogant or both in positions of power with access to the buttons of destroying the entire planet (with its outer space) keep threatening the world with such annihilation. Indeed, we live in an age of madness. But, madness is not made by nature; it is the human actors who create and commit madness.

The tyranny of survival is as invasive and powerful as the hope and aspiration to overcome and defeat it in public and private life. This is a powerful dialectical challenge of modern time, our time and our children's future time, indeed the humanity's time. The only way to meet this dialectical challenge, and to overcome it, is to educate ourselves and our children, to expand the realms and scope of knowledge and spread the forces of enlightenment and hope worldwide deep into remote areas where it was impossible to reach until a few decades ago. Today, information and communication technologies are blessing tools that enable such possibility of reaching out to billions of current and future generations so they can learn the contrasts – the good, the bad, and the ugly – of what we human beings are capable of and have indeed done and can do it again. These tools help spread and disseminate knowledge, and knowledge is power, and power makes things happen or break things in place. Every human being with the power of knowledge has a moral and ethical as well as rational obligation to help in overcoming the evils of tyranny, exploitation, and repression, and to contribute to the enlightening dialectical forces of critical thinking, hope, empowerment, and humanity. In the realms of public administration, public policy, governance, and management, knowledge and information is paramount to rational and ethical functioning at the community, local, national, and global/international levels. Men and women of wisdom (both theoretical and practical) and expertise in modern organizations of governance, public administration, policy making and implementation, and management, and those outside with counterbalancing advice and prescriptions or influences, have a much more

serious obligation – compared to ordinary citizens; their professional obligation is to not only rationally but also ethically and normatively enhance the forces of enlightenment, reason, wisdom, humanity, and civilization, and against the forces of evil, tyranny, deception, and oppression.

Public administrators, managers, policy specialists, and advisers have the utmost important role in promoting common good, serving and promoting human empowerment, and serving not only the human civilizations but also the environment, the biosphere with all living creatures and plants that comprise our living planet earth with the space world that covers us from above. In a world full of predators of all kinds feeding to the energies of evil, tyranny, abuse, madness, mismanagement, corruption, and maladministration, advancing knowledge and expanding the horizons of possibilities, hopes, prosperity, and excellence in governance and management is not only a required necessity, but also a prescription for survival of all. While philosopher kings are scarce in number, the power of sound administrators, governors, managers, and policy specialists armed with the knowledge of rationality, ethical character, and principled professionalism can be and should be enhanced by education and training worldwide. Knowledge and skills in public administration, governance and government, management, and public policy areas are "specialized knowledge," professional knowledge with standards of excellence and responsibility.

Some of these professionals may occasionally turn into philosopher kings, but all of them have an ethical and professional role to temper down extremity and moderate the villainous tyrants, individuals with little or no regards for wisdom and rationality. Knowledge plays the pivotal role in maintaining and improving the integrity of the global systems, and producing and disseminating specialized knowledge is an even more important role in promoting the forces of rationality, character, wisdom, and fairness in this age of heightened complexities, contradictions, chaos, and madness.

The aim and purpose of this global encyclopedia is to produce firsthand specialized knowledge in the areas of public administration, public policy, governance, and management for the entire world. It is the world's largest of its kind, the most comprehensive, and an all-encompassing inclusive professional knowledge publication on the above tree fields with over 2000 entry essays or chapters of short, medium, and long sizes. The purpose is to disseminate and expand the specialized knowledge in the above areas for more sound decisions and implementation to serve public good, and for tempering and moderating the extremes in politics, military, and business organizations. Therefore, graduate and undergraduate students as well as instructors teaching courses and conducting research in public administration, public policy, governance, political science, sociology, and business management will find a wealth of information and knowledge in this global encyclopedia. Actually, the encyclopedia is not just for the people of specialized knowledge; it is for everyone, the general public and those interested in knowing how governments and public administration and policy processes work and should work. There are in the market a few large handbooks and small encyclopedias of public administration and public policy, but none, none-whatsoever, comes even close to the magnitude of this huge or rather gigantic knowledge project in either scope or

size as well as the sheer depth and number of contributing entry chapters presented in this publication.

The scope and features of the project is wide open and unlimited, with diversity in perspectives, depth, standard, and quality that characterize the content of this global knowledge project. While digested knowledge is a key word in this encyclopedia, analytical, empirical, descriptive, and theoretical approaches and methods used in the preparation of the entries are enlightening to readers. Diversity in content and standardized structural uniformity are key features of the publication. The first edition of this publication covers just about 1000 entries – short, medium, and long sizes – in 2018 in both print [in 6214 pages and 8 hard cover print bound volumes] and electronic version online. This publication serves as a vibrant, up-to-date, most valuably reliable source of global knowledge in the fields of public administration, public policy, governance, and management.

This global encyclopedia has a history starting in 2015. It has gone through stages with an enormous amount of efforts by everyone involved: the authors, section/associate editors, and the publishing staff who have been working nonstop, day and night, to help accomplish the objectives of this project. It is the product of a genuine teamwork of collaboration and communication on a large global scale. It is amazing and honoring to see how huge projects like this encyclopedia can and do get accomplished through teamwork, collaboration, and unpaid contributions of thousands of scholars and practitioners across the world. We all are delighted to see the first edition of this publication out. Organization: As expected, all entry titles are organized alphabetically, and in the case of some specific countries or regions, titles are followed with a comma and name of the country. For the purpose of organization and acquisition of contributing entries, the entire encyclopedia was designed with sections and section editors in mind; it was organized into the main areas and subareas of each of the three fields of public administration, public policy, and governance. All major areas and subareas of public administration were structured under, for example, comparative and development public and administration, public personnel/human resource management, public sector labor relations, organization theory and behavior, budgeting and financial management, accounting and financial management, social policy, economic policy, and so on. Certain countries and regions as well as some crosscutting issues like globalization or science and technology have been treated as separate areas to have a focus on. These areas and their subareas have been organized into sections with each section assigned to and carried out by section editors serving as associate editors in charge of specific sections, with some covering multiple sections like ethics and leadership. Each section covered a range of 50–200 entries, with entries that include a range of short (2000–3000 words), medium (3000–5000 words), and long (5000–10000 words) essays or chapters. While entries are digested knowledge with clear structural and expected quality contents, they all have had to follow structural standards. The overall average length of entries for all three categories is about 15 pages, double spaced, long. The process has involved stages starting with generation of over 2200 tentative topics, then identification and recruitment of associate editors who then recruited contributing authors, followed by endless email communications

with authors and the publishing staff at Springer, reviews and revisions of entry chapters, and eventual production and immediate publication of the entries online first. Participants: It is the contributing participants who have made this project possible, from the start to the finish. Voluntary and unpaid commitments, dedication, delivery, quality, cooperation, collaboration, and teamwork are the words that describe the quality of people involved in the progress and accomplishment of this global knowledge project. They include the contributing authors of single and multiple entries, section/associate editors and their co-editors, and the publishing staff. Over 2500 authors are involved in the project with over 1200 who have contributed to this First Edition. The authors and editors represent most if not all countries and regions of the entire world, making the project a truly global and certainly international in both scope of coverage and comprehensiveness of the topics, depth of content, and diversity. I am most honored to have the collaboration, cooperation, contributions, as well as support and collegial encouragement of these people from around the world. It is they who have made this publication possible. This, they all have been doing unpaid and purely for scholarly and collegial contribution purposes – amazingly rewarding! My deepest gratitude and appreciations to them all. As members of the editorial leadership team, the names and pictures of all section editors are listed in this publication, as they deserve the most recognition for their immense contributions to the accomplishment of the publication. Again, I am humbled and honored.

Additionally, I must acknowledge and express my deep appreciations to the Springer team for this project: to (a) the architects of the project, Lorraine Klimowich, Michel Hermann, and Nichols Philipson; then (b) the project manager Alexa Steele who has delivered an impeccably super service and support system; with (c) an equally dedicated and efficient staff team of several rotating experienced professionals from different parts of world so they could/can offer support services nonstop, 24 h, 7 days a week, including weekend and holidays to all section editors and authors, as well as myself. I would like to specifically thank Meghna Singh, Monika Garg, and their predecessors, as well as the production staff under Kavipriya Venkataraman, all of whom tirelessly and nonstop have worked with me, the authors, and associate editors. My sincere and deep appreciations to all of them – I truly appreciate the publisher (Springer) for undertaking this global knowledge project and for having faith in me delivering it. I am grateful and honored.

Finally, two doctoral students (now Ph.D. candidates) serving as my former and current Research Assistants for the last 3 years must be acknowledged and recognized: first, Arjola Balilaj, who assisted with the early stage of the project by generating many tentative topics; then Meena Subedi, who picked up where Arjola left. She has been working with me and the Springer staff like a solid team; I hope she will be able to continue as long as possible while working on her dissertation under my supervision and guidance as her committee chair. The names and photos of these student assistants as well as the Springer team members' names and pictures also appear in this publication.

As Editor-in-Chief, my role has been one of a team building, coordinating, providing support systems, being available and responding to questions and offering clarifications, and simply one of a facilitator throughout. Although

I have also authored a few entries and recruited a large number of entries, it is those participants noted above are the ones who have made this publication possible. My deepest gratitude to all of them. It has been a time consuming and highly demanding task for all involved, and I hope they also feel rewarded as they see the end product out; it certainly has been rewarding for me. We all hope this publication will contribute to advancing knowledge and expanding horizons in public administration, public policy, governance, and management, and help policy makers, administrators, and mangers in an increasingly complex world.

Boca Raton, Florida
17 May, 2018

Cordially
Ali Farazmand

# List of Topics

**Accounting, Budgeting, and Financial Management**

**Section Editor:** ***Professor Ali Farazmand***


Accountability
Accountability and Accounting: Insights from Russian Public Sector Reform
Accountability and Corruption, Europe
Accounting for Employee Benefits
Accounting for Infrastructures
Accounting for Public Debt and Deficit
Accounting for Public-Private Partnerships
Accounting of Hybrid Organizations
Accounting Principles
Accrual Accounting
Accrual Budget
Activity-Based Costing in Public Services
Amortization and Depreciation
Asset Management
Auditing
Auditing for Financial Reporting
Auditing Principles
Balanced Scorecard
Budget Analysis
Budget Approval and the Legislative Process
Budget Cycle: Preparation, Execution, and Revision
Budgetary Constraints
Budgetary Principles
Budgeting and Austerity
Budgeting and Decision-Making
Budgeting in the Public Sector
Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
Capital Budgeting
Cash Accounting
Cash Management
Consolidated Accounts
Contingency Model of Reforms in Public Sector Accounting
Cost Accounting in Public Services
Creative Accounting
Debt Capacity and Financial Sustainability in Central Government
Deficit Control
Disclosure in SOE
E-Government, Accountability, and Performance
European Harmonization and EPSAS
External Budgetary Auditing
Financial Analysis
Financial Health and Distress in Local Government
Financial Instruments
Financial Reporting
Financial Statements
Financial Sustainability
Fiscal and Financial Transparency
Harmonization
Heritage Assets
Innovation in Public Sector Accounting
Integrated Reporting
Internal Budgetary Auditing
Internal Budgeting

International Public Sector Accounting Standards (IPSAS)
Local Government Benchmarking
Local Governments Debt
National Accounts
New Public Financial Management
Outsourcing Public Services
Participatory Budgeting
Performance Auditing
Performance Evaluation and Reporting
Performance Management
Popular Reporting
Privatization in Central Government
Privatization in Local Governments
Provisions and Contingent Liabilities
Public Financial Management Reform in Less Developed Countries: An International Perspective
Public Sector Accounting
Results and Output-Based Budgeting
Service Charters
Whole of Government Accounting

**Budgeting and Financial Management**

**Section Editor: *Professor Ali Farazmand***

Accumulation of Local Government Savings
Budget Cycle
Budget Punctuations and Incrementalism
Budget Reform and Political Reform
Budgeting and Finance
Charters of Budget Honesty
Determinants of Tax Compliance Attitude
Disparity in Government Procurement
Local Financial Emergencies in the USA
Local Governments and the Property Tax in the USA
Municipal Budgetary Processes
Performance-Based Budgeting Implementation: A Nonlinear System Perspective
Public Employment During Budget Crises
Public Procurement
State Budgeting Practices
Tax Compliance

**Bureaucracy**

**Section Editor: *Professor Ali Farazmand***

Accountability and Democratic Administration
Active Representation
Budget Office
Building Reform Capacity
Bureaucracy and Cooperation
Bureaucracy and Culture
Bureaucracy and Democracy
Bureaucracy and Economic Growth
Bureaucracy and Efficiency
Bureaucracy and Gender
Bureaucracy and Internationalization
Bureaucracy and Leadership
Bureaucracy and Media
Bureaucracy and Outsourcing
Bureaucracy and Personality
Bureaucracy and Personality: Does Employee Ethnicity Matter?
Bureaucracy and Policy Alienation
Bureaucracy and Politicians Agenda: Examining Politics-Administration Relationship in Ghana
Bureaucracy and Politicians Relations
Bureaucracy and Politicians: Dynamics and Challenges
Bureaucracy and Politics
Bureaucracy and Professionalism
Bureaucracy and Public Opinion
Bureaucracy and Public Trust
Bureaucracy and Service Delivery
Bureaucracy and System Maintenance
Bureaucracy and the New Public Management
Bureaucracy in Bangladesh: A Disaster Management Perspective
Bureaucracy Responsiveness
Bureaucracy, Bureaucratic Politics, and Democracy
Bureaucracy, Leadership, and Ethics as Reflected Through Movies
Bureaucratic Accountability and Performance
Bureaucratic Autonomy
Bureaucratic Capacity and Public Healthcare Organizations
Bureaucratic Culture in the Context of Globalization

Bureaucratic Culture, Corruption and Accountability in Sri Lanka
Bureaucratic Dysfunctions Through Black and White Lens, Film Review of the Modern Times and High Noon
Bureaucratic Elites
Bureaucratic Growth
Bureaucratic Inertia
Bureaucratic Machine, The
Bureaucratic Policymaking
Bureaucratic Politics
Bureaucratic Red Tape
Bureaucratic Red Tape in the Philippines
Bureaucratic Reform
Bureaucratic Structure
Bureaucratic Structure Hypothesis
Bureaucratic Structure Hypothesis, The
Bureaucratization and Service Delivery in Nigeria
Bureaucrats as Hybrids
Bureaucrats as Specialists
Child Welfare Agency Management: Accountability Relationships and Systemic Change
Churning
Civil Society Organizations in Municipal Development Strategies
Civilian Bureaucracy and In-basket Technique
Collaboration and the Environment
Competence in Bureaucracy
Coordination Quality: Perceptions and Drivers Among Civil Servants
Corruption and International Aid
Decentralization and Economic Growth in International Context
Decision Making
E-Government, Bureaucracy, and Institutional Reform
Entrepreneurial Bureaucracy
Entrepreneurial Bureaucrat, The
Ethics and Public Administration
Federal Senior Management, Brazil
Frontline Bureaucrat
Frontline Bureaucratic Accountability
Gaps and Transparency Challenges in Contract Outsourcing
Governance in Higher Education in Europe and Greece
Governance of Labor Market Services and Employability
Government and Corruption in Context of Growth
Human Resource Productivity in Greece
Image of a Local Area: Measuring and Managing
Institutions and Wicked Problems
Inter-agency Coordination
Intermunicipal Cooperation
Interpersonal Trust in Brunei Public and Private Sector Employees
Judicial Oversight of Bureaucracy
Leadership and Bureaucracy
Learning Bureaucracy
Legislative Oversight of Bureaucracy
Link Between Administration, Politics, and Bureaucracy
Managing Telework in the American Bureaucracy
Military Bureaucracy
Multidimensional Poverty Dynamic in Chad, Analysis of
One-Step-Shop in Service Delivery in Kenya
Performance Management in Public Administration
Performance Management in the Public Sector
Political Influence over Bureaucracy
Politicization of Bureaucracy
Politics of Patrimonialism, Influence of Principal/Agent Relationships on Discretionary Powers of Street-Level Bureaucrats in Nigeria
Politics of Public Policy Implementation: Case of Ghana National Health Insurance Scheme
Professional and Business Associations
Public Employment and Representative Bureaucracy
Public Personnel Data in Public Organizations
Public Service Commission Capacity and Performance Management in Ghana
Public Value and Bureaucratic Rhetoric
Public Value: Bureaucrats Versus Politicians
Public-Private Partnership and Bureaucracy
Public-Private Partnerships in Kenya's Water Sector Management

Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe
Red Tape and Bureaucracy
Representative Bureaucracy
Representative Bureaucracy in Canada
Resistance to Organizational Change
Rewards in Bureaucracy and Politics
School Bureaucracy
Social Consequences of Bureaucracy
Social Media Use by Government
Street-Level Bureaucracy
Street-Level Bureaucrats and the Exercise of Discretion
Structure of Bureaucratic Decisions
Subgovernmentalism and Parallel Bureaucracies Within a State
Supergovernmentalism and Parallel Global Bureaucracies over a State
Technical Advantages of Bureaucracy
Third Gaps of SERVQUAL in Indonesia
US Foster Care Administration
Village Model for Aging in Place

**Comparative and Development Public Administration and Policy**

**Section Editor:** ***Professor Ali Farazmand***

Academic Citizenship
Active Representation in Indigenous Public Managers: New Challenges to Representative Bureaucracy Theory
Adaptive Public Administration
Administering Evil in Flint: The State-Sanctioned Traumatization of an Entire Community
Administration and Discretion
Administrative Discretion and Development Administration: Pet Turned into a Monster?
Administrative Discretion in Participatory Processes
Administrative Discretion on Taxation
Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective
Administrative Reform in Ireland: Exploring Continuity and Change in the Irish Civil Service
Administrative Reform in Malaysia: Experimenting with Collaborative Governance
Administrative System of the European Union
Advocacy Coalition Framework and the US Immigration Policy
Affordable Housing Policy in Penang State of Malaysia
Agency Costs and the Quality of Education in the UK Universities
Agricultural Government Commercial Company
Alienation and Accountability as Depicted Through Movies
Anti-corruption Agencies
Anti-corruption Institutional Multiplicity Facade in Uganda
Anti-corruption Measures in Uganda
Anti-corruption War and the Ambivalence of Legalism in Nigeria
Antitrust in India
Application of Sanitary and Phytosanitary Trade Measures
Artificial Intelligence in the Public Sector
Bangladesh Civil Service (BCS) Examination
Bankruptcy Risk and Political Connection in Indonesia
Best Practice Versus a Diagnostic Approach to Public Service Reform: The Malaysian Experience
Biafra's Secessionist Movement
Bibliometrics in Public Administration
Bid Protest Behaviors in Public Procurement
Boko Haram Insurgency and Defense Corruption
Bottom-Up Anti-corruption Approach
Bridging the Skills Gap in the Bahamas
British Model of Local Government and Personnel Management
Budget Execution: Spending Patterns During the Fiscal Year
Budgeting and Public Finance
Building a Civil Service System for Yemen
Bullying in Organizations
Bullying in Public Administration
Bureaucracy and Citizen Journalism

Bureaucracy and Partisan Issues
Bureaucracy and Public Policy
Bureaucracy and Revolutions in the Arab World
Caregivers' Roles and Challenges, Evidence from Rural and Urban Somalia
Caregiving and Coping, Women Caregivers of Older People in Rural and Urban Somalia
Cash Management in the US Accounting Systems
Challenges of Forest Governance
Challenges of Tax Administration Reforms in Nigeria
Challenges to Inter-organizational Collaboration: Examining US Stabilization Efforts
Changing Organizations of Multilevel Water Management, European Union
China's Belt and Road Initiative
Citizen Journalism and Crisis Management: Nigeria and South Africa
Citizen Mistreatment May Hurt Public Service Worker's Feeling
Citizen Participation: Rationales and Approaches
Citizen Satisfaction with E-Government Services in Malaysia
City Management: Public Policies and Citizenship from an Older People Population Perspective
Civil Service Reform and Ethics
Civil Service Reforms and Governance Challenges in Nigeria
Collaborative Governance in Broward County with the Grantee as the Critical Variable
Collaborative Public Management (CPM)
Collective Action in Social Entrepreneurial Ventures
Collective Authenticity: A Case for Subordinates
Collectivistic Versus Individualistic Work Culture: A Theoretical Perspective
Colonial Legacy in Development Administration
Combining the Contingent Valuation Method with Citizen Advisory Committees
Communication Management of COVID-19 in Nigeria
Comparative Administrative Culture
Comparative Administrative Cultures Between Developed and Developing Countries
Comparative Administrative Reforms
Comparative Administrative Reforms: Nigeria, Malaysia, the Philippines, and Brazil
Comparative and Development Public Administration and Policy
Comparative Approaches to Private, Voluntary Development Aid
Comparative Capacity Development
Comparative Civil Service
Comparative Civil Service Reforms in Sub-Saharan Africa
Comparative Concepts of Technology for Strategic Management
Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance
Comparative Critical Decisions in Management
Comparative Digitalization
Comparative Efficiency Studies
Comparative Evaluation Systems
Comparative Fiscal Policies
Comparative Health Policies
Comparative Healthcare Systems
Comparative Historical Analysis, A Methodological Perspective
Comparative Hypotheses for Technology Analysis
Comparative Incentive Systems
Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0
Comparative Institutional Changes
Comparative Institutions and Organizations: United States and Brazil
Comparative Models of Inquiry
Comparative Performance Systems
Comparative Performance Systems: An Assessment
Comparative Policy Implementation Research
Comparative Policy Reforms
Comparative Presidential Systems, Latin America
Comparative Public Management Systems
Comparative Public Performance Management Systems
Comparative Public Sector Accounting Standards
Comparative Standards of Administration: Auditing
Comparative Studies

Comparative Studies of Rural Women Employment
Comparative Theories and Causes of War
Comparative Theories of the Evolution of Technology
Comparative Urban Development
Comparative World-Systems Theories
Competency-Based Management in Public Administration
Complexity Behavior in Financial Cooperatives
Construct Validity in Public Policy Research
Consultants and Place-Based Policy
Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis
Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa
Contextualizing Indigenous Entrepreneurship in the United Arab Emirates
Contract Management Capacity
Contractual Misincentives in the Outsourcing of Information Technology: A Principal-Agent Approach
Convergence of Mainstream Public Finance and Islamic Finance in Public-Private Partnerships
Coopetition in the Public Sector
Corporate Governance and Readability of Annual Reports
Corporate Governance in the Local Public Services Sector: The Italian Case
Corporate Social Responsibility in Developing Countries
Corporate Social Responsibility in Public Services
Corporative Social Responsibility Vs. Public Administration
Corrupt Networks and the Land Grabbing Crisis in Uganda
Corruption and Development: Comparing Uganda and Singapore
Corruption in Public Administration: Stabbing the African State in the Back
CPA and Global Governance
Credit Decision Rationality in the Money Lending Market
Critical Misunderstandings in the Nuclear Industry
CSOs and Public Financial Management in Ghana
Curriculum Design for Leadership Education in UAE
Cyber-tech Companies and Public Mind Control
Debt Brake: The Swiss Experience
Debureaucratization of Power in Nigeria
Decentralization and Citizens' Participation in Local Governance
Decentralization and Recentralization of Disaster Management in Turkey
Decentralization in Local Government Empowerment of Bangladesh
Decentralization in Sub-Saharan Africa
Decentralization, Partisan Politics, and National Development in Ghana
Decentralizing Governance
Decision-Making in Networks
Dependent Capitalism and Monetary Regimes: The Case of the Balkan Countries
Destructive Technologies for Industrial and Corporate Change
Developed Welfare
Developing Public Administration with Performance Dialogues
Developing World Policy Process, the Case of Ghana
Development Administration
Development Assistance, Networks, and Community Self-Help Development
Development Impact Fee Program
Development of Turkish Public Administration
Devolution, Coordination, and Control of Accountability Reforms in Kenya
Differences Between Nonprofit Agencies and Membership Associations
Digital Transparency and Open Data
Discretionary Behavior: An Islamic Perspective
Diversity Management in Egyptian Public Contexts: When the Heat Yields Cold Reactions
Diversity Management in the Public Sector
Diversity of Capitalism in the New EU Member States
Donors' Expectations: Lessons for Administrators
Downsizing
Dynamic Capabilities in Public Enterprises

Dynamic Relationship Between Sovereign Credit Market and Stock Market
Dynamics of Managerial Innovation
Economic Crisis and Administrative Adjustments (Reforms) in Ireland and Greece
Economic-Administrative Systems for Local Development
Education Infrastructure and Employment: The Moderating Effect of NGOs
Efficiency of New Zealand District Health Boards
E-Government and Corruption
E-Government and Public Administration
Electricity Market Scheduling Applications in Russia
Electronic Voting Systems and Elections in Africa
Emotional Intelligence and Organizational Leadership Effectiveness in South Africa
Employee Benefits
Employment Creation for Youth in Urban Areas of Developing Economies: The Ethiopian Experience
Empowerment and National Fisheries Policy Implementation in Uganda
ENDSARS Protest and Centralized Police System in Nigeria
Enhance Public Value to Rescue Civilization
E-Public Transportation, Quantitative Analysis in Fiji
Ethics and Accountability
Evaluating the Institutional Performance as a Tool for Public Policy Evaluation
Evaluating the Institutional Performance, Contemporary Directions
Evaluation of Public Participation
Evidence-Based Policy-Making: Merits and Challenges
Evolution of Government Accounting
Evolution of Kenya's Political System and Challenges to Democracy
Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index
External Force and Public Sector Reforms
Features of Italian Public Administration
Feminist Approach to Social Service Delivery by Aid Organizations in Rural Nigeria
Fiji's Intraregional Trade Outcomes
Financial Inclusion Policies and Supply of Domestic Credit to Private Sector
Financial Reforms in Jordan
Financial Well-Being of Retirees in Nigeria
Fiscal Federalism and Sub-national Bond Yield Spreads: The Swiss Case
Fiscal Federalism in the USA
Fiscal Impact of Secession on Spain and Catalonia
Food Security
Foreign Immigration and Economic Growth
Foreign Students' Health Service Access Barriers
Foundations-Government Relations
Framework for Understanding NPM Reform Initiatives
Fund Accounting
Gender Budgeting
Gender Differences: Male Officers' Perception Toward Women's Occupational Barriers in Federal Law Enforcement
Gender Wall and the Political Participation of Women in Australia
Gendering the Workplace Injustice: Cliff or Prison
Global Competency in Public Administration
Global Cyberspace Security and Critical Information Infrastructure Protection
Governance and Aid
Governance and Human Development
Governance of Migration
Governance of State-Owned Enterprises
Governance of the National Maritime Jurisdiction in Developing Coastal Countries
Government in the Spanish Communities
Government Reforms and Public Administration Quality
Government's Role in Entrepreneurial Business Activities: The Case of Fiji
Governmental Reform in Turkey
Health Insurance and the Probable Left-Out: A Social Exclusion-Based Study
Historical Analysis of Third Sector
Horizontal Accountability to Prevent Corruption
Human Capital and Meritocracy
Human Capital Intervention and Poverty Reduction
Human Resource Management Problems and Public Sector Management

Human Resource Management Visibility in Africa
Human Rights Practices in Uganda
ICT Tools in Central Government: Scope, Predictors, and Effect on Coordination Quality
Identity Politics in Uganda
i-Labs and Public Administration: Public Innovation and the Future of Public Sector
Improving Water Service Delivery Through Public–Private Partnerships in Botswana: A Grounded Theory Approach
Improvisation in Public Administration
Incivility in Organizations: Perspective from Ghana
Influential Players in Social Policy Networks
Informational Differences in Organizations
Innovation and Tradition in Public Administration Reform
Innovation and Tradition in Public Administration Reform: Case of Russian Central Governmental Budgeting
Innovation Ecosystem
Innovations in Administrative Reforms
Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study
Institutional Efficiency and Financial Health
Institutional Isomorphism
Institutional Logics in Zambian Public Accountability Organizations
Institutional Trust and Political Participation in Africa
Institutional Trust in Bangladesh: Determinants from Good Governance Stance
Institutionalization and Its Many Facets
Institutionalizing Democracy
Instrumentally Rationalizing Public Administration
Integrating Values in the Public Sector
Intention to Vote by Academic Community
Internal Control Models
International Development Agencies and Developing Countries
International Local Cooperation
Interorganizational Networks in the Context of Arts and Culture
Interplay Between Judicial Review and Bureaucratic Discretion, Taiwan
Islam, Governance, and Political Culture in Bangladesh
Jakarta Reunion of 212 and Its Impact Towards Indonesian Presidency Choice
Japan's Mask Wearing Culture, Covid-19 Governance
Jordanian Public Expenditures: Dynamics, Incrementalism, and Punctuated Equilibrium
Knowing Within Public Organizations
Korean Firefighters' Own Emergency Management and Its Implication
Leader's Role in Employee Performance and Engagement
Leadership and Public Employee Trust
Leadership Competencies of Public Administrators in Millennial India
Learning in Public Sector Organizations: Beware the Competency Rabbit Hole
Lebanese Bureaucracy
Living Lab
Local Economic Development Implementation
Local Government Budgeting in Bangladesh
Local Government Investment Pools
Local Government Size and Democracy
Local Government Structural Reforms
Local Government System in Nigeria
Local Government Under Austerity, Narrowing the Accountability Landscape in England
Local Sales Taxes
Low-Income Housing Policy in the United States
Management Practices in the Public Sector of Bangladesh
Managing the Impact of Food Price Rise in Sub-Saharan Africa
Managing Workforce Diversity Through Human Resource Management
Marketization of Higher Education
Measures for Police Performance in Spain and Finland
Measuring Efficiency in Hospitals
Merit-Based Pay in the Public Sector: Unwillingness to Abandon the Concept
Metabolism of Public Organizations
Metropolitan Governance
Military Coups and Administrative Elites

Military Coups and Military Disengagement
Misconduct and Deviance by Nonprofit Organizations
Mobilizing Internally Generated Funds by Local Governments in Ghana
Municipal E-Governance in Asia
Municipal Public Procurement: Strategy and Sustainable Development
National and Local Governments Relationship in Bangladesh
Neoliberal Policies and Impact on Developing Countries
Network Administration: Benchmarking e-Government in Togo
Network Structures
New Institutionalism in Public Policy
New Public Management (NPM) Framework, Fiji Correction Services
New Public Management Model and Performance Appraisal System
New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius
New Public Management: Appropriateness, Preconditions, Challenges, and Opportunities in Developing Countries
NGO Immigrant Services: South Korea
NGOs' Commercialization: The Crowding out or Crowding in Effect
Nonprofit Organization Accountability
NPM Falters in Fiji
Obstacles to Collaborative Decision-Making Among Counterterrorism Organizations
Online Higher Education Marketing: A Call for Renewal
Open Government
Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends
Open Government Data and Trust
Open Government influence on Social Prosperity
Open Innovation
Opportunistic Behavior in Public Procurement
Organization Theory, Bureaucracy, and Public Management in a Time of Transformation
Organizational Citizenship Behavior: A Holistic Review
Organizational Demography
Organizational Ethnicity: A Socio-cognition Approach
Organizational Ihsan Behavior
Organizational Inclusion in Arabian Public Contexts
Organizational Justice and Public Performance in Greece
Origin and Development of Local Government in Ireland
Override Public Policies: What They Are and Why They Matter
Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018
Pakistan's Urgent Need for Clean Air
Paradox of Human Capital Development and SDGs Implementation in Nigeria
Partnerships and Network Governance for United Nations Sustainable Development Goals (SDGs)
Patronage and the Politics of District/City Creation in Uganda
Patterns of Democracies and Participatory Developments: A Matter of Path Dependency?
Pay Equity and Performance in the Public Sector
Pension Fund Regulation and Governance
Performance Assessment of Regional Governors in Russia
Performance Information in Evidence-Based Management
Performance Information Under Austerity: Using Outcome Measures to Set Budget Priorities
Performative Consequences of Measuring Performance: Insights from Health-care Contexts
Phenomenon of Financial Contagion on the Crisis Framework, The
Philippine Public Administration: 5Es and an A
Planning Organizations, Latin America
Platforms and Public Administration
Policy Entrepreneurs as Bureaucrats, Merging Formality and Informality
Policy Innovation Labs
Policy Mechanisms
Policy Tactics
Policy-Making for Sustainable Agricultural Development

Policy-Making for Sustainable Empowerment and Poverty Reduction Scheme in Nigeria
Policy-Visibility and Implementation in Public Administration
Political and Administrative Culture in Turkey's AK Party, Tunisian An-Nahada, and Bangladesh Jamat-e Islam
Political Appointees and Career Executives
Political Connections, Corruption, and Tax Practices
Political Control or Professional Autonomy? A Case of Agency Director Resignation
Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study
Politician-Bureaucrat Relation in Ghana
Politics of Corruption in Africa
Politics of Value-Added Tax Policy in Ghana
Politics Without Principles, Ghana
Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate
Positive Deviance
Positive Emotions and Employee Engagement
Poverty Reduction in Africa
PPPs and SDGs, the Missing Stakeholder Is Civil Society
Pragmatism Matters in Chinese Public Hospital Management and Doctor-Patient Relationship
Preparedness to Retire by Malaysian Civil Servants
Preparing the Population for an Aging Society in Thailand
Primary Education in Uganda: Serving Public Interest
Privatization
Privatization and Reforms
Privatization of Education in Australia
Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry
Privatization of the Utilities in Abu Dhabi, UAE
Process Innovation in Public Sector
Procurement and Finance in the Public Sector
Procuring for Sustainability: Prioritizing Preferences
Product Development Partnerships: Collaborative Multi-sector Regimes to Accelerate Vaccine Development
Productivity Methods in Public Sector
Professionalism and the Ethics in Selected Local Governments in the Philippines
Proposed Fiscal Council for Ghana: An Ex Ante Evaluation
Psychology of Talent Management, The
Psychosocial Consequences of Obstetric Fistula: Implications for Social Work Policy and Practice
Public Accountability in African Local Governments
Public Administration and Governance in Comparative Perspectives: Nigeria and South Africa
Public Administration and Management in Uganda
Public Administration and Religious Leaders in Nigeria
Public Administration as a Professional Practice
Public Administration as an Academic Discipline and Social Science
Public Administration During the Indenture System
Public Administration in the United Arab Emirates: Continuity and Changes
Public Administration in Turkey
Public Administration Research in Mainland China
Public Administration Risk Management
Public Administration Theory Versus Practice in Ghana
Public Administration, Governance, and Illegal Small-Scale Mining in Ghana
Public Administration: A Bibliometric Research
Public Diplomacy
Public Employees and Motivation
Public Employees' Motivation to Learn and Develop in Greece
Public Innovation: An Empty Discourse
Public Innovation: Concept, Praxis, and Consequence
Public Interest in Government Institutions
Public Leadership Meta-skills
Public Management Resources of the NHS
Public Pension Administration in Nigeria: Serving Retirees' Interest

Public Policy and Governance: Theory and Practice
Public Procurement in Uganda
Public Reorganization in the Philippines
Public Scrutiny of Reforms in Fiji
Public Sector Entrepreneurship
Public Sector Strategic Planning Facilitation: Developing Country Perspective
Public Service Motivation and Employee Engagement in Bureaucratic Organizations
Public Service Motivation and Psychological Ownership in Taiwan
Public Service Motivation Research in Africa
Public Use Files: Keys for Successful Dissemination
Public Value Account: Establishment and Application
Public Versus Private Sector
Public-Private Partnership Coordination: Lessons from Tanzanian Water Sector
Public-Private Partnership in Ghana
Public-Private Partnerships
Public-Private Partnerships as Alternative Public Procurement Instruments
Public-Private Sector Readiness and Sustainability of Privatization and Strategic Partnership
Quality Management in Al Ain Municipality, Abu Dhabi, UAE
Reality Shock and Public Service Motivation
Recruitment and Selection into Ghana's Local Governments: Theory and Practice
Recruitment Practices and Sustainable Development
Regime Changes and Public Administration in Ghana
Rehabilitation Programs and Prison Inmates: An African Context
Relations Between Institutionalized Public-Private Partnerships and Their Public Clients
Relationship Building Among Stakeholders in Public Private Partnership Projects
Representative Bureaucracy in Ghana
Research Performance and the Development of Higher Education Systems
Residential Mortgage Foreclosure
Responsible Leadership
Responsible Leadership in Public Contexts
Restructuring the National Weather Service to Build a Weather-Ready Nation
Rethinking Public Administration Paradigms: Toward a New Social Contract Paradigm
Rethinking the Models of Police Oversight: Toward a New Paradigm
Rethinking the Vicissitudes of Decentralized Governance in Ghana
Retirement Village Development for the Elderly: Applying the Concept of Public-Private Partnership
Revenue Diversification and Tax Volatility
Revenue Diversification in Africa in the Post-Recovery Period
Revisiting Quota System in Civil Service of Pakistan
Revolution and Public Administration
Revolution and Public Administration in Pakistan
Revolutions and Evolutions
Rewards for High Public Office
Right of Access to Administrative Documents in the Italian Military Courts
Risk and Performance in Public Sector
Role of Bureaucracy in Public Policymaking in Ghana
Role of Community-Based Organization to Combat Corruption
Role of Superpowers in Conflict Development and Resolutions, The
Sampling Methods in Public Administration Research
School Feeding and SDG Implications: A Stakeholder-Based Study
Scientific Research on the Efficiency of Public Expenditures
Seaweed Farming in the Solomon Islands
Separation of the Powers from Birth to Now: Democratic Countries
Service: The Matrix of Good Governance in Nigeria-Africa
Silver Tsunami of Retirement: Implications for Consideration
Social Class: Perception and Reality
Social Construction of Corruption in Developing World

Social Entrepreneurial Venture Creation in Uganda
Social Innovations in Housing in Slovakia
Social Media and Government Employees in Tanzania
Social Media and Organizational Capacity
Social Media and Public Sector
Sound Governance and Effective Public Relations: An Assessment of Nigerian Prison
Sound Governance and Inclusive Education: A Case of Correctional Service Special School Abakaliki, Nigeria
Spirituality and Public Administration
Stakeholder-Centric Exploration of Health Insurance Subscription
State and Local Governmental Accounting in the United States
State Income Taxes and Their Impact on Migration
State-Owned Enterprise
Strategic Retirement of Teachers in Sub-Saharan Africa
Strategic Trade Policymaking
Strategically Agile Government
Stress of Vietnamese Working Adults
Stress Perceptions in South Asia
Structure and Reform of Local Government in Ireland
Structured Program Improvement Approach
Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A
Supply Chain of Malarial Drugs in Africa
Sustainability of NGO Project Benefits in Uganda
Sustainability Report in Local Governments
Sustainability Reporting at Universities
Sustainable Development and the Social Consequence of Bureaucracy
Sustainable Innovations in Ugandan Financial Institutions
Sustaining High Performing Bureaucracies
Systemics of Public Administration
Tax Collections and Democracy in Developing and Developed Countries
Tax Compliance Policy and Administration in Nigeria
Tax Evasion: Cases of Germany
Tax Evasion: Cases of the USA
Taxation Policymaking in Ghana
Technological Justice and Job Satisfaction: Structural Equation Modeling
Territorial Fiscal Self-Rule
Territorial Management Controller
Theories of Revolution
Theories of Self-Determination
Theorizing Household Wellbeing in Uganda
Transference Teachers to Administration/Finance Positions
Transformational Leadership Fostering Organizational Change in the Public Sector: Perspective from Bangladesh
Transformational Leadership: Role of the Public Administration Training Institutes
Transparency and Accountability in the Philippine Local Government
Transparency in South American Central Governments
Trust in Government and Income Inequality
The Turkish Presidential Model: A Hybrid System?
Unconditional Transfers and Fiscal Autonomy
Understanding and Operationalizing Financial Accountability in Government Contracting Systems
Unintended Consequences of the Public Sector Reforms in KZN, South Africa
United Nations Programme on Public Administration, History of
UPSC Examination Papers on Public Administration in India
Urban Innovation
Urban Local Government Finance in Bangladesh
Urban Sanitation: Optimizing Private Sector Involvement
Use of Debt Relief for the Education Sector in the DRC
Utility and Consumer Behavior Theory
Vertical and Horizontal Tax Competition in the USA
Virtual Employee Management: Mitigating the Impact of COVID-19 at the Workplace
Welfare Effects, Government Policies, and Deadweight Loss
Women and Politics Under Bureaucracy Section

Women and Work-Life Balance in Federal Law Enforcement
Women in Parliamentary Politics: Comparing the Barriers to Their Participation in Australia and Bangladesh
Work from Home in the Public Sector Context Post-Covid-19: Challenges and Barriers
Workers' Mental Health Knowledge
Working Style Assessment (WSA): The Gender Difference in Thai Population
Work-Life Balance and Preferences for Government Employment

**Crisis and Emergency Management**

**Section Editors: *Prof. Frances L. Edwards* and *Daniel C. Goodrich***

Administrative Resilience: Potential Approach for Disaster Management
Animal Care in Disaster Response
Budgetary Assistance for Crisis Management
Business Continuity
Butterfly Theory of Crisis Management
Causes and Consequences of Crisis
Coastal Zone Hazards Management
Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration Without Hierarchy
Community Resettlement
Community Resilience and Crisis Management
Coordination and Collaboration in Crisis Management
Coordination Between Municipalities in Crisis Management
Corporate Crisis Management
Counterterrorism and Community Resilience
Crisis Management Training
Crisis, Emergency, Disaster, and Catastrophe Defined
Critical Infrastructure and Crisis Management
Cultural Approach to Crisis Management
Cyberspace and Crisis Management
Disaster Response Management
Education and Training in Crisis Management
Emergency Management, Safety, and Security
Emergency Operations Plan
Emerging and Reemerging Infectious Diseases and Crisis Management
Emerging Infectious Diseases and Emergency Management
Evolution of Crisis Management
Exercises in Crisis Management Training
Fatality Management in Crises
Global Agenda for Crisis Management
Global Financial Crisis Management
Governance in Crisis Management
Human Resource Management During Wartime
Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa
Inclusive Emergency Management
Laws and Crisis Management
Local Governments and Crisis Management
Management of Immigration Crisis
Media and Crisis Management
Nonlinear Policy Change
Organizational Structure and Crisis Management
Politics and Crisis Management
Practical Aspects of Emergency Management
Preparedness Measures' Implementation in Crisis Management
Psychology of Crisis Evacuation
Public Bureaucracy and Crisis Management
Reputation Management in Crisis
Role Abandonment in Emergency Response
Social Exclusion and Vulnerability in Crisis
Socio-technological Aspects in Disaster Mitigation
Sustainability and Crisis Management
Team Coordination in Crisis Management
Threats to Free Expression in the Digital Age
Uncertainty in Crisis Management
United Nations and Crisis Management
Unplanned Change and Crisis Management
Working from Home in the Australian Public Sector Before, During, and Post-COVID-19

**Development and Public Administration**

**Section Editor: *Professor Ali Farazmand***

Rural Development
Small Enterprises and Development
Theories of Development

**Ethics, Integrity, and Accountability**

**Section Editor:** ***Professor Ali Farazmand***

Accountability and Ethics
Accountability in Federal Government
Accountability Mechanisms
Administrative Ethics
Administrative Theory of Ethics
African-American History Commission Act, 400 Years of
Bias in the US Criminal Justice System
Bioethics and Health Policy
Casuistry in Public Organizations
Civil Rights
Code of Ethics
Compliance Versus Ethical Capacity
Compromise
Conflicts of Interest in the Public Sector
Corporate Social Responsibility
Corruption
Corruption Management in Africa
Costs of Ethics
Data-Driven Ethics Monitoring
Dodd-Frank Act
Ethical Competence
Ethical Concerns and Migrants
Ethical Culture, Tanzania
Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
Ethical Dilemmas in International Development Nongovernmental Organizations
Ethical Frameworks
Ethical Impact Theory: How Unethical Behavior at Work Affects Individual Well-Being
Ethical Issues in Nonprofit Organizations
Ethical Issues in Regulating Reproductive Technologies
Ethical Leaders
Ethical Mentoring
Ethical Probity in Public Service
Ethical Risk Management
Ethical Values
Ethical Values and Personal Integrity
Ethics and Accountability Crises in Nigeria Public Administration
Ethics and Crisis Management
Ethics and Duty
Ethics and Equality
Ethics and Good Governance
Ethics and Mental Health Policy
Ethics and Organizational Culture
Ethics and Organizational Performance
Ethics and Philosophy
Ethics and Policing
Ethics and Politics
Ethics and Public Policy
Ethics and Religion
Ethics and Social Policy
Ethics and Sustainability in Local Government
Ethics and the Nonprofit Sector
Ethics and the Public Interest
Ethics and Website Content
Ethics and Well-Being
Ethics Exemplars
Ethics in Government Finance
Ethics in Public Service
Ethics in Public Service: A Historical Perspective
Ethics in the Public Sector
Ethics Measures
Ethics of Compromise
Ethics of Resiliency in Crisis Management
Ethics of Sustainability
Ethics Officers
Ethics Policy
Ethics Training
Ethinomics
Global Ethics
Global Justice
Governmental Accountability
Healthcare and Cultural Disparities
Healthcare Ethics
Human Rights in the Twenty-First Century
Impacts of Freedom of Information Act on Accountability and Corruption
Institutional Racism and the Public Sector
Integrity and Corruption
Integrity in the Public Service
Integrity Management
International Issues in Corruption Management
Kantian Ethics
Leadership on Immigrant Integration
Leadership, Ethics, and Decision-Making
Legal Ethics
Legal Versus Ethical
Lilly Ledbetter Fair Pay Act

Lying
Military Ethics
Moral Responsibility
NATO's Transparency/Secrecy Policies
Offices of Inspector General in the United States
Organizational Evil
Organizational Values
Organizations as Moral Agents
Performance Reforms, Ethical Issues, and the Veterans Administration
Philosophical Ethics
Political Corruption
Political Injustice and Public Policy
Politics and Ethics
Professional Ethics
Public Attitudes and Corruption
Public Corruption
Public Service Ethics and Accountability
Public Service Ethics, South Korea
Public Value Dynamics
Shell Companies and Government Corruption
Social Equity: The Fourth Pillar of Public Administration
Socially Responsible Investment
Sustainability as Organizational Strategy
Teaching Ethics in Public Administration
Theories of Ethics
Transparency
Transparency Measures in an International Context
Trust in Government
Trust in Public Institutions in Greece and Turkey
US Office of Government Ethics
US Trends in Public Corruption Prosecutions
Utilitarianism
Value Congruence
Value Measurement
Virtue Ethics
Whistleblowing
Workplace Spirituality

**Globalization and Public Administration**

**Section Editors:** ***Professor Ali Farazmand***

Comparative Public Administration and Globalization
Domains of Sustainability
Global Administrative Reforms
Global Civil Society or Networked Globality
Global Governance and National Governance
Global Information Society
Global Performance Measures
Global Poverty and Inequality
Global Public Goods
Globalization and Corruption
Globalization and Culture
Globalization and Democracy
Globalization and Energy
Globalization and Filial Piety
Globalization and Gender Frontiers
Globalization and Genocide
Globalization and Global Trade
Globalization and Globalism
Globalization and Law
Globalization and Migration
Globalization and Nation-States
Globalization and Pollution
Globalization and Predatory Corporations
Globalization and Prostitution
Globalization and Public Administration
Globalization and Public Health
Globalization and Public Policy
Globalization and Public Relations
Globalization and Sex Trafficking
Globalization and Strategic Security
Globalization and Subnational Governments
Globalization and Terrorism
Globalization and the Nuclear Nonproliferation Regime
Globalization and the Spatial Politics of Cities
Globalization and US Education Policy
Globalization and Violence
Globalization and War
Globalization and World Trade Organization
Globalization of Health and Human Rights
Globalization of Public Budgeting
Globalization, Security, and Drones
Humanitarian Interventions and Globalization
Immigration and Globalization
International Financial Institutions: Lessons for Public Administrators
International Monetary System and the International Monetary Fund, The

Nongovernmental Organizations and International Nongovernmental Organizations
Organizations and Globalization
Planning, Diversity, and Personnel Leadership
Property Insecurity and Globalization
Public Administration and Corruption
Regional Inequality and Globalization
Subjective Globalization
Sustainable Development Administration
Transnational Capitalist Class, The

**Governance**

**Section Editors:** ***Professor Ali Farazmand***

Anticorruption Reforms and Governance
Comparative Public Governance and Management
Complexity and Governance
Co-production and Governance
Corporate Governance and Sustainability
Corporate Governance Mechanisms and Developing Stock Exchange
Crisis Management and Governance
Decoupage Governance: Design-Outcome Gap
Defining Corporate Governance: Shareholder Versus Stakeholder Models
E-Democracy and Local Public Administrations
Education Reform and Governance
Financial Performance: The Simplification of Indexes
Gender and Corporate Governance in Public Organizations
Going from Government to Governance
Governance
Governance and International Regimes
Governance and Network Formation Triggers
Governance and Power
Governance and Professionalism
Governance and Social Enterprise
Governance and Urban Regeneration
Governance of Disaster Management
Governance of Global Public Policies and Science Diplomacy
Governance of Intellectual Property
Governance, Local Communities, and Citizens Participation
Human Development, Religion, and Governance
Institutional Governance
Internet Governance
Military Governance and Trends
Narrative of Governance
Networks of Governance
NGOs and Governance
Participatory Governance
Public Sector Leadership and Governance
Reinventing Government
Theory of Commons Governance and Public Administration System
Women's History and Governance

**Governance and Public Administration**

**Section Editor:** ***Professor Ali Farazmand***

Exogenous Shocks, Resilience, and the Evolution of Public Governance, the Case of Finland
Good Governance, Building Capacity in Post Revolution
Innovation Policy Governance
Media and Covid-19 Palliative: Challenges for Good Governance in Nigeria
Multilevel Governance
Principles of Good Governance, The

**Governance in Southeast Asia**

**Section Editor:** ***Professor Aka Firowz Ahmad***

Accountability and Governance in Fiji
Accountability in the Judicial Administration of Bangladesh
Arbitration and Governance
Climate Change, Agricultural Productivity, and Farmers' Response in India's North-East
Collaborative Governance
Coordination and Effective Governance
Decentralization and Governance
Delays in Litigation of Judicial Administration in Bangladesh
Democratic Governance in Bangladesh

Development Administration from System Perspective
Development Governance
Economic Governance
Economic Liberalization and Governance
E-Governance in Bangladesh
Electoral Governance
Emergency Governance, Bangladesh
Entrepreneurial Governance in Succession
Environmental Governance
Failure of Corporate Governance in Banking Sectors of Bangladesh
Financial Governance in the Municipal Organization of West Bengal
From E-Governance to Smart Governance: Policy Lessons for the UAE
Global Economic Governance
Good Governance
Governance and Buddhism
Governance and Citizenship
Governance and Corruption in India
Governance and Democracy
Governance and Development
Governance and Government
Governance and Knowledge
Governance and Public Administration
Governance and Punishment
Governance and Regulations
Governance and Trust
Governance Failure
Governance of Ocean Beyond National Jurisdiction
Governance Theories and Models
Higher Education Governance and Reforms
Higher Education Governance and Student Participation
Independent Regulatory Agencies in Coordination of Public-Private Partnerships and Other Economic Institutions
Integrating Traditional Medicine (TM) in the Healthcare System of Bangladesh: Issues and Challenges
Islamic Governance
Joined-Up Governance
Knowledge Management and Governance
Local Governance
Motivation and Governance
Nepal's Policies Toward Agrarian Reform
New Governance and Neoliberalism
New Public Management and Governance
Peace and Governance
Policy Network and Governance
Political Crimes in Bangladesh
Power Politics in the Governance of Bengal Sultanate
Property Rights and Governance
Public-Private Partnership and Governance
Reforms and Governance
River Law and Governance
Social Class and Governance
Social Compliance and Governance
Social Learning and Governance
Sociology of Governance
Sustainability and Governance
Taxation and Governance
Trademark Governance in Bangladesh
United Nations and Governance
WTO and Governance

**Labor Relations and Negotiation**

**Section Editor:** ***Professor Ali Farazmand***

Lean in the Public Sector? Try Flexible Professionalism
Misclassification of Independent Contractors
National Labor Relations Act
Public Sector Employment and International Labor Rights: The International Labor Organization on Public Sector Workers
Railway Labor Act

**Law and Administration in Southeast Asia**

**Section Editor:** ***Professor Ali Farazmand***

Monitoring and Evaluation

**Leadership and Public Management**

**Section Editor:** ***Professor Ali Farazmand***

Abusive Leadership
Administrative Evil

Administrative Politics and Lobbying Regulation
Administrative Politics: Context, Roles, and Process
Administrative Reform
Authentic Leadership
Citizen Participation in Public Management
Citizen-Administration Relationships
Collective Dimensions of Leadership
Constructivist Theories of Leadership
Contingency Theory of Leadership
Data-Driven Management
Democratic Governance in Developing Nations
Discovery Leadership for Corporate Responsibility
Educational Leadership
Effective Communication and Persuasion
Effective Leadership of Government Contracting
Effective Leadership of Intergovernmental Relations
E-Governance and Ethical Leadership
Emotional Intelligence as an Antecedent of Leader Emotion Contrasting Behaviors
Empirical Legitimacy and Normative Compliance with the Law
Ethical Leadership
Ethics of Military Leadership, The
Face of Leadership, The
Federal Executive Management
Financial Management for Local Government
Gendered Politics in Turkey
Governance and Leadership
Heroic Leaders
Heroic Leadership
Implicit Leadership Theories
Intergovernmental Relations in the European Union
Judeo-Christian Leadership in the Public Sector
Leaders and Innovations in Public Organizations
Leadership Across Generations
Leadership Across Hierarchical Levels
Leadership and Consensus Building
Leadership and Emergency Management
Leadership and Innovation
Leadership and Religion
Leadership and Social Justice
Leadership and Society
Leadership and Technology
Leadership Behavior for Successful Change Management
Leadership Challenges in Civic Engagement
Leadership Development
Leadership Effectiveness
Leadership Failures
Leadership in the Remote, Freelance, and Virtual Workforce Era
Leading Climate Change at the Local Government Level
Leading Governmental Reform
Leading Groups
Leading Innovation
Leading Organizational Change
Leading People-Centered Cultures
Leading the Ethical Organization
Legal Issues in Nonprofit Management
Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) Workplace Policy
Management Science in the Public Sector
Management Strategies and Budgetary Politics
Management Versus Leadership
Managerial Functions in the Public Sector
Managerial Leadership
Managing Homeland Security
Managing Police Organizations
Measuring Leader Effectiveness
Motivating Ethical Behavior
Motivation and Leadership
Narcissistic Leadership
New Public Management
Noble Cause Corruption and Task-Related Rule-Breaking Behavior
Nonprofit Financial Leadership
Nonprofit Leadership
Operational Leadership
Path-Goal Theory of Leadership
Performance Management in Local Government
Personality and Leadership
Political Leadership
Political Leadership and Gender (In)Equality
Positive Leadership Behavior
Power and Ethics
Power and Leadership
Privatization and Public Management
Productivity and Management in Public Sector
Professional City Management

Program Evaluation
Psychology of Leadership
Public Administration Theory
Public Policy Entrepreneurship
Public Service Leaders in a Democracy: Stewards Versus Entrepreneurs
Redesigning Organizations for Maximum Resiliency in Dynamic Environments
Relational Leadership Theory
Responsible Public Finance Management
Role of Corporations in Addressing Climate Change
Role of the Public Sector in Corporate Social Responsibility, The
Romance of Leadership
School Voucher Programs
Servant Leadership
Shamanic Leadership
Social Capital and Organizational Change
Social Equity Leadership
Social Intelligence
Social Network Theory
Spiritual Leadership
Street-Level Leadership
Stress Management
Sustainable Energy Policy for State and Local Governments
Sustainable Leadership
Team Leadership
Theories of Leadership
Total Quality Management
Trait Theory of Leadership
Transactional Leadership
Transformational Leadership
Turnover at the Top: Causes and Consequences of Leadership Change in Public Agencies
Women Leaders
Workplace Adversity

**Management of Nonprofit Organizations, Section A**

**Section Editors: *Professor Ali Farazmand* and *Dr. Palina Prysmakova***

Accountability and Ethics in Nonprofit Organizations
Accountability: Breaches and Trust
Advocacy and Policy Influence
Alternative Marketing Strategies in Nonprofit Organizations
Benefits and Wages in Nonprofit Organizations
Boards of Directors in Nonprofit Organizations
Budgeting for Nonprofit Organizations
Burnout in Nonprofit Organizations
Capacity Building
Cause-Related Marketing
Citizen Participation and Nonprofit Organizations
Civil Dialogue
Civil Society in Post-Soviet Countries
Collaborative Community Development
Communication Within the Nonprofit
Competition and Nonprofit Organizations
Contracting with Government
Co-production
Cultural Competence in Nonprofit Organizations
Decision-Making in Nonprofit Organizations
Definition of Nonprofit Organization
Dictatorships and Nonprofit Organizations
Digital Media in Nonprofit Organizations
Digital Social Innovators
Disaster Management and Nonprofits Organizations
Earned Income Strategies
Economy and Nonprofit Sector
Emotional Labor
Emotional Management
Environmental Nonprofit Organizations
Ethics of Nonprofits
Experiential Philanthropy
Financial Vulnerability and Nonprofit Organizations
Financing Nonprofit Organizations
Founder's Syndrome in Nonprofit Organizations
Giving and Volunteering
Governing and Managing International and Global Nonprofit Organizations
Government and Nonprofit Relationships
Institutional Theory and Nonprofits
Involuntary "Members"
Job Satisfaction and Motivation in Nonprofit Organizations
Life Cycles of Nonprofit Organizations
Lobbying
Marketing in Nonprofit Organizations

Mission Change in Nonprofit Organizations
Mission, Vision, and Organizational Values
Needs Assessment and Nonprofit Organizations
Networks and Networking
NGOization
Nonprofit Leadership, Relevance in a World of Changing Realities
Nonprofit Organizations and Discrimination
Nonprofit Organizations and Overhead Costs
Outlaw Citizenship
Performance Crisis
Performance of Nonprofit Services
Professional Development and Training
Public Organizations and Nonprofit Organizations
Public Service Motivation and Nonprofit Organizations
Religion and Nonprofit Organizations
Social Accounting
Social Economy, Social Accounting, and NP Organizations
Social Entrepreneurship
Social Impact
Social Impact Bond
Social Innovation
Sociological Study of Nonprofit Organizations
Staff and Volunteers
Stakeholder Perspective in Nonprofit Organizations
Structure of Nonprofit Organizations
Teaching and Training in Nonprofit Organizations
Technology and Nonprofit Organizations
Termination of Nonprofit Organizations
Transition in Nonprofit Organizations
Uncertainty Management
Virtual Volunteering and Nonprofit Organizations
Volunteer Motivations and Nonprofit Organizations
Volunteers and Volunteer Management
Work-Life Communication in Nonprofit Organizations

**Methodology**

**Section Editor: *Professor Ali Farazmand***

Epistemology
Ethical Issues in Research
Health Policy
Linear Regression
Quantitative Methods
Regression Analysis

**Modes of Inquiry in Public Administration**

**Section Editor: *Professor Ali Farazmand***

Semiotic Theory and Public Administration

**Organizational Studies: Theory, Behavior, Change, Development/Learning**

**Section Editor: *Professor Ali Farazmand***

Absenteeism in Organizations
Administrative Autonomy of Public Organizations
Agency Theory in Organizations
Artificial Intelligence and the Future of Labor Market in Bangladesh
Authority in Organizations
Border Governance and Shoot-to-Kill Policy
Boundary Spanning and Public Administration
Bureaucracy and Administrative Culture in Bangladesh
Bureaucracy and Capitalism
Bureaucratic Power
Causes of Organizational Conflict
Chaos Theory of Organizations
Civil Society Organizations
Community-Based Organizations
Compliance Theory of Organizations
Comprehensive Model of Decision-Making
Contingency Theory of Organizations
Cost Efficiency
Critical Theory of Organizations
Culture and Organizations
Diversity and Its Management in Organizations
Diversity in Organizations
Education Smart Room: Designing an Intelligent Environment for Learning
Equity Theory of Organizations
Expectancy Theory in Organizations
Flattening Organizations
Flexible Organizations

Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable
Garbage-Can Model of Organizations
Globalization and Organizations
Goal-Setting Theory of Organizations
God, Science, and Organizations
Green Procurement Awareness
Groupthink Processes and Problems
History of Organizations
Human Relations Theory of Organizations
Human Rights Organizations
Incremental Theory of Decision-Making
Inequality in Organizations
Influence of Organizational Culture and Commitment on Attitudes Toward Change
Institutional Theory of Organizations
Integrated Management Systems
Knowledge Utilization in Organizations
Leadership Development in Organizations
Leadership Group Coaching
Leadership in Organizations
Leadership, Conflict, and Knowledge Sharing in the Public University
Levels Within Elites
Managing Conflict in Organizations
Marxist Theory of Organizations
Mass Media and Politics in Nigeria: The Age-Long War
Max Weber and Organizational Theory
Mixed Scanning Model of Decision-Making in Organizations
Models of Organizational Change
Modernity and Bureaucracy
Motivational Dimensions in the "Publish or Perish" Dictum
Motivation-Based Theories of Organization
Multiperspective Public Healthcare Services Organization
Multitheoretical Public Healthcare Organization
Nonprofit Organizations
Occupational Safety and Health in Organizational Strategy
Organizational Boundary Spanning
Organizational Burnout
Organizational Cheating
Organizational Citizenship Behavior
Organizational Collaboration
Organizational Commitment in the Public Context: A Voice from a Parallel Planet
Organizational Communications
Organizational Control
Organizational Culture and Management Styles in Nonprofit Organizations
Organizational Decision-Making
Organizational Environment
Organizational Ergonomics
Organizational Excellence
Organizational Fields
Organizational Humanism
Organizational Identity
Organizational Identity Leadership
Organizational Innovation
Organizational Institutionalism
Organizational Justice
Organizational Learning
Organizational Life Cycles
Organizational Pathology
Organizational Reputation
Organizational Socialization
Organizational Technology
Organizational Turnover
Organizations and Environment
Performance Management and Culture
Political Ideology in the Bureaucracy
Politics–Administration Dichotomy: Insight from a Developing Country
Population Ecology Theory of Organizations
Principal-Agent Theory of Organizations
Public Choice Theory of Organizations
Public Sector Governance and Ethical Compliance Indices
Public Service Motivation
Public Values in Public Organizations
Rational Model of Decision-Making
Religious Organizations
Reponses to Organizational Conflict
Risk and Organizations
Rural Procurement in Indonesia
Scientific Management Theory of Organizations
Social Psychology of Organizations
Systems and Complexity Theories of Organizations
Temporary Organizations
Transformation Metaphor of Organizations
Whistleblowers in Organizations

**Power and Politics**

**Section Editor:** ***Professor Ali Farazmand***

Accountability, Politics, and Power
Administrative Law Judges and Politics
Advocacy Groups
Budgetary Politics
Centralization and Decentralization
Centralization and Decentralization: Balancing Organizational and Employee Expectations
Conflict Dynamics
Design and Implementation of Legislation: The Role of Discretion
E-Government: Informatization of Government and Politics
Ethnoracial Politics
Forms of Power
Global and International Politics
Global Governance
Group Power and Leadership
Issue Networks: The Policy Process and Its Key Actors
Legislative Power
Local Politics
Managerial Power
Minority Groups and Politics
Ombudsmanship
Oppositional Power
Political Communication
Politics and Administration
Politics and Aid
Politics and Bureaucracy
Politics and Collaboration
Politics and Gender
Politics and Partisanship
Politics and Public Policy
Politics and the Environment
Politics in Program Evaluation
Politics of Municipal Consolidation
Politics of the Policyscape
Politics: Basic Concepts
Power and Empowerment
Power and Minority Representation
Power and Minority Rights
Power and Peace
Power and Politics in the European Union
Power and Politics: Basic Concepts
Power Elites
Proletarian Power

**PPA/HRM**

**Section Editor:** ***Dr. Siegrun Fox Freyss***

Academic and Professional Associations in Public Sector HRM
Administrative Law and Government Employees
Adverse Action
Alternative Recruitment Strategies
Diversity in Public Personnel
Diversity in the Public Workforce
Diversity Management and Cultural Competence in the Healthcare Field
Due Process Rights
Employee Engagement in Public Administration
Employee Rights in the Public Sector
Executive Development
Gender Representation in the Public Sector
High-Performance Work Teams and Organizations
High-Tech Age and Public Sector HRM, The
Human Resource Information Systems
Human Resource Management Challenges in a Developing Economy
Innovation and the Public Workplace
Lobbying in Public Administration
Managerial Performance Appraisal
Millennials in the Public Workforce
Motivation Theory and Practice in Public Employment
Paradox of Professionalization in Public Administration
Performance Audits and Performance Appraisals
Political Appointees and Political Executives
Privacy Rights and Public Employment
Professional Norms in Public Sector HRM
Public Employees as a Strategic Resource
Sick Leave Policies in the Public Sector
Skill Requirements for City Administrators
Social Media in Public Employment
Strategic HRM Approaches
Three Hundred Sixty-Degree Assessment
Turnover of Personnel in the Federal Government

Understanding Performance Appraisal
Volunteers in the Public Sector
Weber, Max, and the Civil Servant
Work-Life Programs

**Privatization**

**Section Editor:** ***Professor Ali Farazmand***

Privatization Question, Perspectives and Experiences

**Public Administration and Governance in the Caribbean**

**Section Editor:** ***Professor Ali Farazmand***

Accountability in Tourism Governance
China in the Caribbean
Climate Change in the Caribbean
Colonial Administration in the English-Speaking Caribbean
Communication in Public Administration and Governance, Trinidad and Tobago
Constitutional Reform in the English-Speaking Caribbean
Delegation of Human Resource Functions: The Jamaican Public Sector Experience
Development Administration in the Caribbean
Ethnicity in the Caribbean
Executive Accountability in Trinidad and Tobago
Foreign Policy in the Caribbean
From Governance to Government
Governance in the Dutch Caribbean
Health Services at the Primary Care Level
Improving Energy Sector Accountability in Trinidad
Informal Citizenship
Leadership in the Public Sector of Trinidad
Local Governance in the Caribbean
Managing Diversity in the Caribbean
New Public Management Reform in the Caribbean
Protected Disclosures Act: Whistleblowing in an Anti-informer Culture
Public Health Legislation in the Caribbean
Regional Climate Governance
Social Work and Governance
Strengthening Financial Accountability Through Budgeting

**Public Administration and Law**

**Section Editors:** ***Professor Ali Farazmand*** **and** ***Professor Cara Rabe-Hemp***

Administrative Adjudications
Administrative and Judicial Due Process
Administrative Appeal
Administrative Discretion
Administrative Hearing
Administrative Justice
Administrative Procedure
Administrative Responsibility
Agency Rulemaking
Arbitration in Public Administration
Civil Service Law and Public Personnel Management
Comparative Federalism and Law
Complex Interaction of Administration and Law
Constitutional Federalism and Public Administration
Constitutional Intersection of Civil Liberty and Public Administration
Constitutional Law and Public Administration
Constitutional Rights of Public Employees
Evaluating Freedom of Information Laws
Executive Orders and Public Administration
Federalism and Public Administration
Firing Regulation and Public Administration
Formal Rulemaking in Public Administration
Foundations of the Administrative Law
Future of Public Administration and Law
Hiring Regulation and Public Administration
History of Public Law
Impact of Law on Public Administration
Informal Administrative Processes
Judicial Review
Judicial Review of Significant Agency Programs
Labor Unions and Public Law
Law and Public Administration Ethics

Law and Public Administration Innovation
Law and Public Administrator's Commitment
Law as a Source of Democratic Principles and Public Administration
Law Constraints on Public Administration
Law Enforcement Profiling in Public Policy
Lawmaking and Public Administration
Legal Challenges to IT in Public Administration
Legal Liability
Legislative Study on Government Regulation
Legislative Veto
Local Law Enforcement and Public Administration
Mediation in Public Administration
Policy Pressures and Public Law
Presidential Signing Statements and Public Administration
Private Law and Public Administration
Public Contracts
Public Organizations and Regulations
Recruitment, Equal Opportunity, and Law
State Action Doctrine and Public Administration
Supreme Court and Public Administration
Tenure and Public Administration

**Public Administration and Policy in Africa**

**Section Editors: *Dr. Olugbemiga Samuel Afolabi* and *Professor Ali Farazmand***

Admin Reform in Sub-Saharan Countries
Biometric Voter Registration, Zimbabwe
Colonial Administration in Nigeria
Culture and Development
Election Technologies and Voting Behavior
Entrepreneurial Governance and Civil Service Reforms in Africa
Entrepreneurial Mindset Among the Youth in Sub-Saharan Africa
Fiscal Decentralization in Ghana, Nature, Prospects, and Challenges
Governance and the Entrepreneurial Society
Judiciary and Post-election Conflict Resolution and Democratic Consolidation in Ghana's Fourth Republic
Land Governance in Africa
Local Governance and Public Service Delivery in Ghana and Nigeria
Management Innovation and Power Sector Governance in Nigeria
Moral Obliquity in Business Transactions in Sub-Saharan Africa
Multidimensional Poverty in Nigeria
Network Governance in Local Economic Development in South Africa
Policy Making and Crisis Management
Political Culture and Good Governance in Nigeria
Poverty and Hunger in Nigeria
Press Freedom and Democracy in Nigeria (2015–2020)
Public Budgeting in Africa in the Post-Recovery Period
Public Policy and Bureaucracy
Public Policy and Politics
Public Service and Service Delivery
Secession Bid in the Southeastern Nigeria: Issues and Prospects
Social Networks in African Universities
State and Vigilantism: Interrogating Nigeria's Experience
Understanding Governance Challenges in Africa
Urban Local Government Service Delivery in Post-Mugabe Zimbabwe

**Public Administration and Policy in Central Asia**

**Section Editor: *Dr. Shahjahan Bhuiyan***

Civil Service Development in Kazakhstan
Corporate Governance in Kazakhstan
Corporate Social Responsibility in Kazakhstan
Corruption in Post-Soviet Uzbekistan
Environmental Issues in Kazakhstan
Governance in Tajikistan
Human Resources Management in Kazakhstan
Local Government in Kazakhstan
Local Government in Uzbekistan
Public Administration in Kyrgyzstan
Public Sector Reforms in Central Asia

**Public Administration and Policy in Latin America**

**Section Editor:** ***Professor Mauricio Olavarría-Gambi***

Accountability in Colombia
Anti-corruption Policy in Regional Governments, Latin America
Bureaucratic Influence in Policy Formulation
Chile's Political Party System
Chile's Trade Policy Based on Export Promotion
Chilean Electoral System: A Moderate D'Hondt PR
Civil Service Models in Latin America
Comparative Political Elites
Concept and Experience of Decentralization in Latin America
Conceptual Perspective in the Making of Indigenous Policy in Latin America
Criminal Networks
Economic Cost of Crime
Environmental Policy in Latin America
Ethics and Public Administration in Latin America
Financial Inclusion in Latin America
Foreign Policy in Latin America
Game Theory
Governance and Good Government in Latin America
Governance and Indigenous Peoples: New Challenges to Their Conceptualization and Implementation
Informal Political Institutions
Institutional Organization of the Chilean National Congress
Intelligence Policy and Security
Migration Trends from the Central America's Northern Triangle to the USA
Policy Diffusion in Latin America
Policy Failure
Political Sociology in Latin America
Politicization and Social Mobilization in Twenty-First-Century Chile
Presidential Policy Agenda in Latin America
Public Management Models, Latin America
Public Policy and the Life Sciences
Regulation on Political Parties
School Segregation in Chile
Stakeholder Analysis and Wicked Problems
State Capacities for Public Policies in the Uruguayan Subnational Governments
Tourism Policy

**Public Administration and Policy in Latin America and the Caribbean**

**Section Editor:** ***Professor Mauricio Olavarría-Gambi***

Donor Withdrawal and the Implications for Public Governance in Latin America
Economic Cooperation as a Precursor to Political Alignment: Prospects for Latin America
Educating for Effective Governance in Latin America
Latin American Governance
Participatory Decentralization Reform, Peru
Public Management Reform in Latin American and Caribbean Nations
Public Sector Reforms with Social Inclusion: The Cases of Bolivia and Haiti
Puerto Rico's Default on Municipal and Commonwealth Debt: Implications to Financial Management and Policy

**Public Administration and Policy in North Africa and the Middle East**

**Section Editor:** ***Dr. Hamid Eltgani Ali***

Budget Policy and Reconstruction in Iraq
Comparative Decentralization Policy Trajectories in Egypt and Tunisia
Corruption in South Sudan
Decentralization in Lebanon
Decline of Coal as an Energy Resource
Defense Spending and Inequality
Education Corruption: Egypt
Ethics and Trust

Ethnic Power Versus Regional Power Relations: The Case of Sudan and South Sudan
Governance of Higher Education Institutions in Algeria: Inventory and Assessment
Government Spending Priorities in Uganda
Human Development in Qatar
Iraq's Pressing Need to Adopt Unified Conceptual and Procedural Models for Public Policy Making, Implementation, and Evaluation Processes
Lebanese Higher Education Landscape
Public Administration in Morocco
Public Policy in Algeria
State and Administrative Reforms in Turkey and Their Implications
State Budget Cycle in Egypt
Volunteerism in Nonprofit Sector in Palestine
Women in the Middle East
Youth Unemployment in Egypt

**Public Administration and Policy in Turkey and the Balkans**

**Section Editor:** ***Dr. Alexander Dawoody***

Changing Nature of Global Armed Conflict
Constitutional Protection of Human Rights in Nusantara Countries
Desecuritization of the Relationship Between Turkey and Other Islamic Countries in the Middle East
Money Laundering Activities of the PKK
Public Administration and Gender Issues
Public Policy in Turkey: Success and Failure in Education Reform Policies
Sectarian Politics
Security and Public Policy in Turkey
Sociopolitical Factors Giving Rise to the Kurdish Question in Turkey

**Public Administration and Politics**

**Section Editor:** ***Professor Ali Farazmand***

Legitimacy in Public Administration

**Public Administration and Public Policy in Brazil**

**Section Editors:** ***Dr. Fernando Filgueiras*** **and** ***Dr. R. Gomes***

Accountability Systems, Brazil
Corruption, Brazil
Digital Transformation, Brazil
Federalism, Brazil
Gender in Public Administration, Brazil
Governance, Brazil
History of Public Administration, Brazil
Implementation of Public Policy, Brazil
Indicators in Public Policy, Brazil
Infrastructure Policy, Brazil
Innovation, Brazil
Leadership, Brazil
Local Governments, Brazil
Participation in Public Policy: Brazil
Performance Management: Brazil
Planning, Brazil
Policy Capacity, Brazil
Policy Coordination, Brazil
Policy Evaluation, Brazil
Public Procurement, Brazil
Public-Private Partnership, Brazil
Results-Based Management, Brazil
Risks and Compliance: Brazil
Social Policy, Brazil

**Public Administration and Public Policy in Hong Kong**

**Section Editor:** ***Lina Vyas***

Acculturation amid Globalization: Implications for University Policies and Administration
Comparative Public Policy
Contract Management: Perspectives of Bureaucrats and Contractors in Hong Kong
COVID-19 and Work from Home Arrangement in Hong Kong: Implications and Challenges
Employee (Labor Management) Relations
Employee Work Motivation
Employee-Friendly Practices: Fashionable, Flexible, and Fickle
Ethics in Public Administration and Government

Implementing Technology Policy as Higher Educational Teaching and Learning Tools
Intercultural Communication in the University: Policy and Practices
Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends
Language Management/Policy
Managing Pay in the Public Services
Online Teaching in Higher Education During the COVID-19 Crisis
Outsourcing of Human Resource Management
Performance Budgeting
Performance Management in Social Service Provision
Performance Measurement
Politics and Government in Hong Kong
Public Participation
Public Sector Expatriation
Recent Developments in Public Sector Reforms, China and Hong Kong
Regulatory Policy
"Re-invention" of the Public Sector Training, The
Reward Management
Sexual Harassment Law and Policy
Sustainability Analysis on the Basic Medical Insurance for Urban Employees in China
Urban Policy
Work-Life Balance Among Ethnic Minorities: A Case Study of Hong Kong
Workplace Relevance of Professional Standards to Practitioners

**Public Administration and Public Policy in Iran**

**Section Editor:** ***Dr. Hassan Danaeefard***

Corruption, Iran
Development of E-Government and Its Challenges, Iran
Dynamics of the Social Construction of Reality in Light of Organizational Ethnography in an Iranian Public Organization
Era-Based Budgeting System: Lessons from Budgetary Policy Failure in Iran
Feigned Public Policy, Theory of
Good Budgeting: Design and Development of a Budgeting Model Based on Good Governance Indices in Iran
Governance of Higher Education System in Iran: The Elongated Road to New Public Management
Implication Study Methodology for Public Administration and Public Policy
Internationalization of Higher Education Policies in IRAN
Iranian Energy and Environmental Policy: Investigation of Governance Frameworks
Islamic Public Administration
Islamic Strategic Management
Knowledge Management in the Public Sector
Methodology of Theory Building for Public Administration
Policies and Governance of Knowledge Commercialization in IRAN
Political Approach to Public Administration in Iran's Public Sector
Politicization of Iran's Public Administration Based on Institutional Perspective
The Position of Women in Iranian Public Sector Organizations: Facts and Challenges
Public Policy Development in Iran, Theory of
Public Policy-Making in Iran: A Shia Perspective
Third-Generation University Governance Model Using Total Interpretive Structural Modeling
Toxic Policy-Making in Iran
Understanding Political Dowry in Iran's Public Administration
University Governance Models Among Developing and Developed Countries
Work-Life Balance and Its Challenges, Iran

**Public Administration and Public Policy in Japan**

**Section Editors:** ***Professor Akira Nakamura*** **and** ***Professor Osamu Koike***

Budget Formulation Process of Japan's National Government
Citizen Satisfaction with Government Services in Japan

Contemporary Civil Service Reforms in Japan
Decentralization Promotion in Japan
Diet and the Legislative Process, Japan
E-Government, Japan
1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy
Electoral Systems in Japan: How the National and Local Governments Are Elected
Elite Panic, Japan
Environmental Policy, Japan
Gender in Japanese Public Administration
Governance by Network and Its Applicability to National Aid Policies and Local Governance
Governance, Japan
Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making
Inter-municipal Manpower Aid in Disaster Management, Japan
Japan, Bidding System Reforms
Japan's Bureaucracy in International Perspective
Japan's Post-War Strategy for Industrial Expansion
Japanese Civil Service, The
Labor Relations and Collective Bargaining in the Japanese Public Service
Legislation and Policy for the Nonprofit Sector, Japan
Local Finance in Japan
Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan
NPM and the Reform of the Civil Service System, Japan
Organizational Theory in Japan
Performance Management in Japanese Local Government
Politico-administrative Relationships in Japanese Context
Privatization and Deregulation in Japan
Public Personnel Administration in Local Government, Japan
Public Trust in Government, Japan
Regulatory Enforcement in Japan
Risk Management in Japan
Social Policy and Administration in Japan
Types of Local Governments' Intervention to National Politics/Central-Local Cooperation and Antagonism by Political Parties and Government

**Public Administration and Public Policy in Korea**

**Section Editors: *Dr. Michael J. Ahn* and *Dr. Younhee Kim***

Birth Trajectory and Population Policy in South Korea
Debt Management and Municipal Bond Market, Korea
Development of Information Communication Technology Industry and Public Policy in South Korea
Diversity and Representation in South Korea
Doctoral Education Policies in South Korea
E-Government to Smart E-Governance: Korean Experience and Challenges
Functional Classification of National Accounts Systems in Korea
History of Korean Urban Development
Housing Policies in South Korea
Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy
Korean Public Administration: Historical Approach
Local Autonomy in South Korea
Low Fertility in South Korea: Causes, Consequences, and Policy Responses
Pathways to Electronic Citizen Participation: Policy and Technological Arrangements in Korea
Pay for Performance in Government: The Case of South Korea
Perception of Performance Management Practice: A Sectoral Comparison
Performance Management in the Korean Central Government
Public Acceptance of Nuclear Energy Policies in South Korea

Public Accountability System in Korea and Role of Board of Audit and Inspection
Public Sector Innovation in Korea
Regional Economic Development Policies of Korean Central Governments
Women's Representativeness in Government and Politics, Korea

**Public Administration and Technology/Information Systems**

**Section Editor: *Dr. Michael J. Ahn***

Development of E-Government in South Africa
E-Government Policy and Legislation: A Chronological Timeline
Emerging Use of User-Generated Ratings to Supplement Healthcare Quality Reports
Exploring the St. Louis Regional Data Alliance (RDA): Understanding a Public, Community Data Platform
Integrated Model of E-Participation
Nonprofit Organizations' Use of the Internet and Social Media
Open Data Policies and Practices in Local Governments
Public Reports of Nursing Home Quality

**Public Administration in Russia**

**Section Editors: *Dr. Alexander Kotchegura* and *Dr. Natalia Ermasova***

Administrative Intergovernmental Agreements, Russia
Administrative Law and Public Administration, Russia
Agrarian Reforms
Assessing Procurement Reforms in Russia
Branding's Strategy in Regional Policy
Changes in the Model of Municipal System in Russia
Conflicts and Stress Management
Constitution of the Russian Federation, The
Constitutional Federalism and Public Administration, Russia
Constitutional Law and Public Administration, Russia
Control of Social Spending, Russia
Education System in Russia: Sociocultural Reforms
Effectiveness of Local Government, The
Federal Government, Russia
Gender and Governance, Russia
Governance and the State: Theory and Russian Specifics
Government Budget Laws in Russia
Government Structure in Russia
Government Support of Small Business in Russia
Head of the State and Public Administration, Russia
History of Procurement in Public Sector in Russia
History of Public Administration in Russia
Human Resource Management in Russia
Impact of Government Experiences on Management Skills of Russians
Inequality in Income and Wealth in Russia
Institutional Foundations of Local Self-Government, Russia
Key Issues in E-Procurement in Russia
Leadership and Humor
Lifestyle in Large Cities in Russia
Local Governments in Russia
Middle Class Formation in Russia
Multilevel Governance and Public Administration, Russia
Performance-Based Governance, Russia
Philanthropy and Nonprofit Organizations, Russia
Preventing Corruption Risk in Legislation: Russia
Professionalism and Professionalization in Russia
Project Management in Government Organizations, Russia
Public Control as a Mechanism of the Openness of Public Procurement: Case of Russia
Public Policy and Political Parties
Public Procurement in Russia
Public Service in Russia
Regional Executives, Russia
Regional Finance in Russia
Regional Governance
Regional Social Budgets, Russia
Retirement Contributions, Russia
Retirement Income, Russia

Russia: Reconciling Public Governance and Economic Development for Overcoming Crisis
Russian Political System, The
Skill Requirements for City Administrators, Russia
State Strategic Planning System, Russia
Strategic Management in Public Administration in Russia
Tax Evasion
Territorial Governance
Urban Administration
Urban Policy, Russia

**Public Administration, Public Policy and Governance in China**

**Section Editor:** ***Prof. Yanzhe Zhang***

Emotional Labor and Emotional Intelligence on Job Performance: Comparison of Public and Private Organizations in China
Governance and International Development, China
Governance and Leadership, China
Theory of Policy Learning, China
Theory of Program Evaluation, China

**Public Policy**

**Section Editor:** ***Professor Ali Farazmand***

Agenda Setting
Economic Development Policy
Focus Event and Public Policy
Immigration Policy
Policy Networks as a Form of Governance
Public Policy and Instrumentalism

**Public Procurement**

**Section Editor:** ***Dr. Christopher L. Atkinson***

Analysis of Factors of Overpricing in Public Procurement: A Study for Low-Performing EU Countries
Auction Systems and Public Procurement
Competitive Acquisition Processes
Competitive Sourcing
Contract Administration
Contract Administration Problems
Contract Design
Contract Monitoring
Differences in States' Procurement Practices
Economic Context of Public Procurement
E-Government Procurement (e-GP)
Environmental Challenges to Public Procurement
Fixed Price Contracts
Framework Agreement
Gender Equality in Public Procurement
Job Classes and Tasks of Public Procurement Professionals
Legitimacy of Public Procurement Projects
New Opportunities for Government Procurement
Organization of Public Procurement in Contracting Authorities
Outsourcing Contract
Planning for Public Procurement
Politics and Public Policy of Wireless Facilities Procurements, The
Postdisaster Public Procurement
Price Index Contracts
Procurement at the Local Level
Procurement Integrity
Public Participation in Procurement
Public Procurement and Accountability
Public Procurement and Knowledge Sharing
Public Procurement and Performance
Public Procurement and Public Trust
Public Procurement and Social Justice
Public Procurement for Public Financial Management in Africa: Agency Theory Lenses
Public Procurement Trends in Public Administration Research: 1972–2017
Public Purchasing and Agency Theory
Purchase Card Programs
Putting Public Values in Public Procurement Agenda
Scope of Some Scoring Rules Applying, The
Sustainable Procurement
Typology of Agency Models of Corruption
Vendor Diversity in Public Sector Purchasing

**Russian Public Administration, Policy, and Governance/Management**

**Section Editors:** ***Dr. Alexander Kotchegura*** **and** ***Dr. Igor Bartsits***

Public Administration in Russia, Digital Transformation
Public Administration in Russia, History of
Russia, Administrative Reform
Russia, Government Regulation of the Economy
Russia, Labor Migration Processes
Russia, Legal Regulation of Civil Service
Russia, System of Civil Servants Training
Russian Federation, Anti-corruption Policy
Russian Federation, System of Public Administration

**Small Business Enterprise Management and Public Administration**

**Section Editors:** ***Dr. Francesca Flood*** **and** ***Dr. Michael Klausner***

Bridging the Funding Gap
Business Plan: An Overview on Essentials and Strategies
Company Structure and Legal Implications
Corporate Intrapreneurship: An Overview
Diversity, Equity, and Inclusion: Strategic Plans for Start-Ups
Emerging Female Entrepreneurial Leaders
Entrepreneurial Competence Among Students
Entrepreneurial Mind, The
Entrepreneurship and Serendipity
Families and Entrepreneurship
Fit: Market and Strategy
From Idea to Execution
Leadership Style in Entrepreneurship
Minority Entrepreneurship
Organizational Culture and Socialization
Preparing for Succession, Head and Heart
Resources for Entrepreneurs
Serial Entrepreneur, The
Soap Recycling, Trash into Treasure

**Social Policy - Section A**

**Section Editor:** ***Dr. Jae-Young Ko***

Abortion as Social Policy
Affirmative Action as Social Policy
Christian and Evangelical Higher Education in America
Christianity and Meeting the Needs of the Poor, the Homeless, and the Imprisoned
Civil Rights in Other Countries
Crowdfunding and Social Policy
Cybersecurity as Social Policy
Domestic Violence
Economic Development Strategies in the United States
Execution as Social Policy
Federal Criminal Appeal Process and Social Policy
Federal Grand Jury System and Social Policy
Fourteenth Amendment, Voting Rights, and Social Policy
Historic Black Colleges as Social Policy
Homeless and Social Policy, The
Homeschooling as Social Policy
Hospice, Race, and End-of-Life Planning
Human Rights in Africa
Human Trafficking
K-12 Education as Social Policy
Lobbying and Social Policy
Local Church as Social Action
Marriage and Divorce as Social Policy
Nonprofit Organizations and Social Policy
Organizing Unions as Social Policy
Osha as a Social Policy
Policing in Implementing Social Policy
Poor and Social Policy, The
Prayer in Implementing Social Policy
Prisons as Social Policy, United States
Public Higher Education as Social Policy
Public Sector Collaboration and Social Policy
Race, Arrest, and Sentencing as Social Policy
Rape as Social Policy
Rehabilitation and Recidivism
Same-Sex Marriage as Social Policy
Shar'ia Law and the Social Policy of ISIS
Spirituality and Health Policy
Tax Expenditures as Social Policy
Underground Railroad as Social Policy, The

**Social Policy - Section B**

**Section Editors:** ***Professor Ali Farazmand***

ACA Design: Rethinking Selznick
Greek Refugee Crisis, The
Health Policy: Innovative
Health-Care Policy in America
Immigration Polices: A Survey
Immigration: End of Schengen Agreement?
Interregional Migration in Canada
Migration Impacts of State Policy
Migration of Older Adults
Pensions and Local Government Fiscal Instability
Population Policy, China
Pronatal Responses to National Decline
Retirement Crisis: Global
Retirement Crisis: USA

**Urban Governance and Public Management: Issues, Challenges, and Developments**

**Section Editors:** ***Dr. James Agbodzakey***, ***Dr. Leslie Taylor*** **and** ***Dr. Steven L. Arxer***

Academic Encumbrances: Endowments Are for Scholarships
Addressing Food Insecurity: Role of Community Mapping
Cities and Climate Change
Collaborative Governance Without Hierarchy: The Case of South Dallas Project
Collaborative Networks as Public Administration Instruments
Cultural Elements Impacting African Americans' Access to Mental Health
Disability Bioethics: Ethical Problems in Genetic Testing in the USA
Disparity and Policy in Neighborhood Access to Financial Service Providers
Educational Inequity in America's Urban Communities
Environmental Injustice in Urban Settings
Evaluation of the State of Mental Health in Ghana: Policy, Practice, and Education
Family Members' Reactions to Their Formerly Incarcerated Loved One's Return Home
Global Encyclopedia of Public Administration and Public Policy 8/4/20 Closing the Information Gap: She/he Who Gets to Succeed Has the Con
HIV/AIDS and Urban African Americans in Housing Sustainability: The Case of Jackson, Mississippi
Homelessness Among Persons with Disabilities in Urban Areas
Human Ecology: Integrating Urban and Natural Environments
Inclusive Senior Housing: Meeting the Needs of LGBTQ Older Adults
Leadership Styles: Choose Early
Mass Incarceration in Urban America
Maternal and Newborn Health Concerns in a Growing Urban Population
Nonprofit Leader's Role Following Public Acts of Violence
Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment
Police Use of Force and Community Policing During a Pandemic
Public Financial Management: COVID-19 Challenge
Resilience Factors That Help Mitigate Systemic Risk Factors Among African American Youth
Social Distancing
Social Entrepreneurship Education as a Viable Approach to Building Resilient Communities
Solid Waste Management in Urban Development
Sustainable Agriculture and Urban Food Security
Urban Agriculture and Public Policy
Urban Agriculture as an Opportunity for Local and Regional Governance
Urban Community College's Role in Addressing Income Disparity, The
Urban Food and Urban Community: A Case for Reinvention
Urban Hispanic Pre-service Teachers' Science Self-Efficacy: Science Museum-University Partnership Impact
Urban Nonprofit Strategy, Understanding a Mission- and a Market-Based Perspective for
Urban Planning Environment in Haiti: Pre and Post 2010 Earthquake
Violence Against the Transgender Community: An Epidemic
Vocational Rehabilitation System in the USA, A Brief Labor History of

# About the Editor

**Ali Farazmand** is Professor of Public Administration at Florida Atlantic University. His areas of teaching and research are Intellectual Development (History, Theory, and Philosophy) of Public Administration, Organization Theory and Behavior, Organization Change and Public Management, Public Personnel and Labor Relations, Collective Bargaining/Negotiation, Administrative Ethics and Accountability, Globalization and Sound Governance, Modern Systems of Government, Bureaucratic Politics and Administrative Theory, and Executive Leadership.

Farazmand received his Ph.D. and MPA from the Maxwell School, an M.S. in Educational Administration from Syracuse University, and a B.S. in Business Administration from Tehran University. He is the author and editor of 24 books plus over 165 refereed journal articles and book chapters. He has published in *Public Administration Review*, *Administration & Society*, *Public Organization Review*, *International Review of Administrative Sciences*, *Public Administration Quarterly*, *International Journal of Public Administration*, *Public Budgeting and Finance, Public Finance and Management, Public Administration Quarterly, Korean Review of Public Administration*, and *International of Group Rights*. He is also the Founding Editor-In-Chief of *Public Organization Review: A Global Journal* (2001-Present) and served as the new Editor-in-Chief of *International Journal of Public Administration* (2011–2021). Farazmand is a leading, globally recognized international scholar, and a global consultant on public administration and governance reforms, administrative ethics, organizational change and public

management, organization design and performance, crisis and emergency management, public sector quality and productivity management, leadership, and globalization and global studies. His original groundbreaking contributions to knowledge are recognized in various areas of social science: bureaucratic politics and administrative theory, chaos and transformation theories, institutional theory, crisis and emergency management, surprise management theory, organizational elite theory, sound governance, and globalization.

# Second Edition Section Editors

**Organizational Studies: Theory, Behavior, Change, Development/Learning**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Budgeting and Financial Management**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**PPA/ HRM**
**Siegrun Fox Freyss** California State University, Los Angeles, CA, USA

**Bureaucracy**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Governance and Public Administration**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Crisis and Emergency Management**
**Frances L. Edwards** Mineta Transportation Institute, San Jose, CA, USA

**Daniel C. Goodrich** Mineta Transportation Institute, San Jose, CA, USA

**Ethics, Integrity, and Accountability**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Comparative and Development Public Administration and Policy**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Leadership and Public Management**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Methodology**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Public Administration and Technology/Information Systems**
**Michael J. Ahn** University of Massachusetts Boston, Boston, USA

**Management of Nonprofit Organizations, Section A**
**Palina Prysmakova** Florida Atlantic University, Boca Raton, FL, USA

**Privatization**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Governance in Southeast Asia**
**Aka Firowz Ahmad** University of Dhaka, Dhaka, Bangladesh

**Public Procurement**
**Christopher L. Atkinson** University of West Florida, Pensacola, FL, USA

**Power and Politics**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Public Administration and Policy in Latin America and the Caribbean**
**Mauricio Olavarría-Gambi** Universidad de Santiago de Chile, Santiago, Chile

**Public Administration and Policy in Latin America**
**Mauricio Olavarria-Gambi** Universidad de Santiago de Chile, Santiago, Chile

**Public Administration and Policy in North Africa and the Middle East**
**Hamid Eltgani Ali** Doha Institute for Graduate Studies, Doha, Qatar

**Public Administration and Policy in Central Asia**
**Shahjahan Bhuiyan** The American University in Cairo, Cairo, Egypt

**Public Administration and Public Policy in Korea**
**Michael J. Ahn** University of Massachusetts Boston, Boston, USA

**Younhee Kim** Pennsylvania State University Harrisburg, Middletown, PA, USA

**Public Administration in Russia**
**Alexander Kotchegura** Russian Academy of National Economics and Public Administration (RANEPA), Moscow, Russia

**Natalia Ermasova** Public Administration, Governors State University, University Park, Chicago, IL, USA

**Public Administration and Public Policy in Hong Kong**
**Lina Vyas** The Education University of Hong Kong, Tai Po, Hong Kong

**Public Policy**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Public Administration and Law**
**Cara Rabe-Hemp** Illinois State University, Normal, USA

**Labor Relations and Negotiation**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Social Policy – Section A**
**Jae-Young Ko** Jackson State University, Jackson, USA

**Public Administration and Public Policy in Japan**
**Akira Nakamura** Meiji University, Tokya, Japan

**Osamu Koike** Yokohama National University, Yokohama, Japan

**Social Policy – Section B**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Public Administration, Public Policy and Governance in China**
**Yanzhe Zhang** Jilin University, Changchun, Jilin, China

**Public Administration and Public Policy in Brazil**
**Fernando Filgueiras** Federal University of Minas Gerais, Belo Horizonte, Brazil

**R. Gomes** Fundacao Getulio Vargas (FGV), Sao Paulo, Brazil

**Public Administration and Policy in Turkey and the Balkans**
**Alexander Dawoody** Marywood University, Scranton, USA

**Public Administration and Public Policy in Iran**
**Hassan Danaeefard** Tarbiat Modares University, Tehran, Iran

**Public Administration and Policy in Africa**
**Olugbemiga Samuel Afolabi** Obafemi Awolowo University, Ile Ife, Nigeria

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Governance**
**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Urban Governance and Public Management: Issues, Challenges, and Developments**
**James Agbodzakey** University of North Texas at Dallas, Dallas, TX, USA

**Leslie Taylor** Broward Sheriff's Office, Fort Lauderdale, FL, USA

**Steven L. Arxer** University of North Texas at Dallas, Dallas, TX, USA

**Russian Public Administration, Policy, and Governance/Management**
**Alexander Kotchegura** The Russian Academy of National Economy and Public Administration (RANEPA), Moscow, Russia

**Natalia Ermasova** Governors State University, University Park, IL, USA

**Igor Bartsits** Institute of Public Administration and Civil Service of the Russian Presidential Academy of National Economy and Public Administration, Moscow, Russia

**Small Business Enterprise Management and Public Administration**
**Francesca Flood** Hope Verdad, LLC, Lake Frederick, VA, USA

**Michael Klausner** University of Pittsburgh at Bradford, Bradford, PA, USA

# First Edition Section Editors

**Organizational Studies: Theory, Behavior, Change, and Development/Learning**

**Nancy S. Lind**
Illinois State University
Normal, USA

**Public Policy**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Methodology**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**PPA/HRM**

**Siegrun Fox Freyss**
California State University
Los Angeles, CA, USA

**Bureaucracy**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Crisis and Emergency Management**

**Steven G. Koven** University of Louisville, Louisville, USA

**Matthew H. Ruther** University of Louisville, Louisville, USA

**Frances L. Edwards** San José State University, San Jose, USA

**Daniel C. Goodrich** Mineta Transportation Institute, San Jose, USA

**Ethics, Integrity, and Accountability**

**Carole L. Jurkiewicz** University of Massachusetts Boston, Boston, USA

**Comparative and Development Public Administration and Policy**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Public Administration and Politics**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Globalization and Public Administration**

**Ravi K. Roy** Southern Utah University, Cedar City, USA

**Angela E. Pool-Funai**
Southern Utah University
Cedar City, USA

**Paul Battersby**
RMIT University
Melbourne, Australia

**Leadership and Public Management**

**Carole L. Jurkiewicz** University of Massachusetts Boston, Boston, USA

## Public Administration and Technology/Information Systems

**Michael J. Ahn**
University of Massachusetts Boston
Boston, USA

## Management of Nonprofit Organizations

**Palina Prysmakova**
Florida Atlantic University
Boca Raton, USA

**Denise R. Vienne**
Florida Atlantic University
Boca Raton, USA

**Governance in Southeast Asia**

**Aka Firowz**
Ahmad University of Dhaka
Dhaka, Bangladesh

**Public Procurement**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Modes of Inquiry in Public Administration**

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Power and Politics**

**Chris Reddick** University of Texas at San Antonio, San Antonio, USA

**Tansu Demir** University of Texas at San Antonio, San Antonio, USA

**Carla Flink** University of Texas at San Antonio, San Antonio, USA

**Public Administration and Policy in North Africa and the Middle East**

**Hamid Eltgani Ali** The American University in Cairo, School of Global Affairs and Public Policy, New Cairo, Egypt

**Public Administration in Russia**

**Tamara Nezhina**
National Research University
Higher School of Economics
Moscow, Russia

**Natalia Ermasova**
Governors State University
University Park, USA

**Accounting, Budgeting, and Financial Management**

**Francesca Manes-Rossi** University of Salerno, Salerno, Italy

**Isabel Brusca** University of Zaragoza, Zaragoza, Spain

**Susana Jorge** University of Coimbra, Coimbra, Portugal

**Public Administration and Public Policy in Hong Kong**

**Lina Vyas**
Education University of Hong Kong
Hong Kong, SAR, HongKong

**Public Administration and Law**

**Nancy S. Lind** Illinois State University, Normal, USA

**Cara Rabe-Hemp**
Illinois State University
Normal, USA

**Labor Relations and Negotiation**

**Patrice Mareschal** Rutgers University – Camden, Camden, USA

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

### Social Policy – Section A

**James D. Slack** Jackson State University, Jackson, USA

**Jae-Young Ko** Jackson State University, Jackson, USA

### Social Policy – Section B

**Paul C. Trogen**
East Tennessee State University
Johnson City, USA

**Lon Felker** East Tennessee State University, Johnson City, USA

### Public Administration, Public Policy, and Governance in China

**Yanzhe Zhang**
Jilin University
Changchun, China

### Public Administration and Policy in Latin America

**Mauricio Olavarría-Gambi**
Universidad de Santiago de Chile
Santiago, Chile

**Alejandro Rodriguez** University of Texas-Arlington, Arlington, USA

### Public Administration and Policy in Turkey and the Balkans

**Alexander Dawoody**
Marywood University
Scranton, USA

### Public Administration and Governance in the Caribbean

**Ann Marie Bissessar** The University of the West Indies, St. Augustine, Trinidad and Tobago

### Public Administration and Governance in the Caribbean

**Hassan Danaeefard** Tarbiyat Modares University, Tehran, Iran

### Public Administration and Policy in Africa

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

### Governance

**Paola Adinolfi** University of Salerno, Salerno, Italy

**Gabriella Piscopo** University of Salerno, Salerno, Italy

# Contributors

**Ernest Abaho** Department of Entrepreneurship, Makerere University Business School, Kampala, Uganda

**Kofi Abaidoo-Asiedu** Department of Public Administration, University of Illinois at Springfield, Springfield, IL, USA

**Ellen Abakah** Faculty of Arts and Social Sciences, School of Education, University of Technology Sydney, Sydney, NSW, Australia

**Juliana Abagsonema Abane** Department of Management Studies, University of Mines and Technology, Tarkwa, Ghana

**Muhamad Azahar Abas** Faculty of Earth Science, Universiti Malaysia Kelantan, Jeli, Malaysia

**Omomayowa O. Abati** Department of Political Science, Kings University, Odeomu, Nigeria

**Walid Abbas El-Aouar** University Potiguar (UNP), Natal, RN, Brazil

**Tayebeh Abbasi** Faculty of Management, University of Tehran, Tehran, Iran

**Usman Abbo** Department of Public Administration, Federal Polytechnic Mubi, Mubi, Nigeria

**Malcolm Abbott** Swinburne University of Technology, Melbourne, VIC, Australia

**Hala A. Abdelgaffar** Estonian Business School, Tallinn, Estonia

**Moustafa Abdelmotaleb** Business Administration Department, Faculty of Commerce, Assiut University, Assiut, Egypt

**AbdelRahman Ahmed AbdelRahman** Department of International Relations, University of Sharjah, Sharjah, UAE

**Abdul-Gafaru Abdulai** Department of Public Administration, University of Ghana Business School, Accra, Ghana

**Nihad Aboud** American University in Cairo, New Cairo, Egypt

**Steven E. Abraham** State University of New York at Oswego, Oswego, NY, USA

**Roman Abramov** Department of Sociology, National Research University 'Higher School of Economics', Moscow, Russia

**Chad Abresch** University of Nebraska at Omaha, Omaha, NE, USA

**Roziya Abu** Faculty of Information Management, Universiti Teknologi MARA (UiTM), Shah Alam, Selangor, Malaysia

**Maliha Abubakari** Department of Political Education, University of Education, Winneba, Ghana

**Bilkis Abu-Osba** Centre for International Development Issues Nijmegen (CIDIN), Radboud University Nijmegen, Nijmegen, The Netherlands

Sana'a University, Sana'a, Yemen

**Sawsan Abutabenjeh** Mississippi State University, Starkville, MS, USA

**Niraj Acharya** Deonar, Mumbai, India

**Ahmed H. Adam** SOAS University of London, London, UK

**Martin Joseph Adamian** Department of Political Science, California State University, Los Angeles, CA, USA

**Samuel Adams** GIMPA School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

**Veronica Adams-Cooper** Master of Public Administration Program, Albany State University, Albany, GA, USA

**Ronald Adamtey** Department of Planning, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

**Inmaculada Adarves-Yorno** University of Exeter, Exeter, UK

**Adeyemi O. Adebayo** University of South Africa, Pretoria, Gauteng, South Africa

**Adeoluwa Toluwa Adeniyi** Department of Sociology and Anthropology, Obafemi Awolowo University, Ile Ife, Nigeria

**Toyin Cotties Adetiba** University of Zululand, KwaDlangezwa, South Africa

**Peter Adjei-Bamfo** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Sean T. Adkins** Virginia Tech University, Blacksburg, VA, USA

**Veronica Adu-Brobbey** University of Education, Kumasi Campus, Kumasi, Ghana

**Olugbemiga Samuel Afolabi** Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria

Department of Political Science, Osun State University, Osogbo, Nigeria

**Whitney B. Afonso** University of North Carolina at Chapel Hill, Chapel Hill, NC, USA

**Akpeko Agbevade** Department of Political Science, University of Ghana, Legon, Ghana

**Malachy Uche Agbo** Department of Mass Communication, Enugu State University of Science and Technology, Enugu, Enugu State, Nigeria

**James Agbodzakey** University of North Texas at Dallas, Dallas, TX, USA

Nova Southeastern University, Fort Lauderdale, FL, USA

**Evans Aggrey-Darkoh** Department of Political Science, University of Ghana, Accra, Ghana

**Osita George Agha** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

**Francesco Agliata** Department of Economics, University of Campania "Luigi Vanvitelli", Capua (Caserta), Italy

Second University of Naples, Capua, Italy

**Kingsley S. Agomor** GIMPA School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

**Robert Agranoff** Indiana University, Bloomington, IN, USA

**Rocco Agrifoglio** Department of Business and Economics, University of Naples "Parthenope", Naples, Italy

**Inmaculada Aguiar-Díaz** Departamento Economía Financiera y Contabilidad, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain

**Ardyan Kusuma Agung** Universitas Airlangga, Surabaya, Indonesia

**Dian Agustia** Universitas Airlangga, Surabaya, Indonesia

**Billy Agwanda** Istanbul Commerce University, Istanbul, Turkey

**Elijah Agyapong** Robertson School of Government, Regent University, Virginia Beach, VA, USA

**Albert Ahenkan** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Rizal Ahmad** Bandung Institute of Technology, Kota Bandung, Indonesia

**Aka Firowz Ahmad** Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

**Ahmad Zaharuddin Sani Ahmad Sabri** School of Language, Civilization & Philosophy, Universiti Utara Malaysia (UUM), Sintok, Kedah, Malaysia

**Heidar Ahmadi** Faculty of Business and Economics, Persian Gulf University, Bushehr, Iran

**Mehrdad Ahmadi** Faculty Member of Management Department, PNU University, Tehran, Iran

**Aisha S. Ahmadu** Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

**Md. Ali Ahsan** Space and Environment Research Center (SERC), Rajshahi, Bangladesh

Universiti Malaysia Sarawak, Sarawak, Malaysia

**Osaore A. Aideyan** Department of Politics and Government, Illinois State University, Normal, IL, USA

**Nurgul R. Aitalieva** Department of Public Policy, Indiana University – Purdue University Fort Wayne, Fort Wayne, IN, USA

**Asheefa Aiyub** School of Business and Management, The University of the South Pacific (USP), Suva, Fiji

**Oludele Albert Ajani** Department of Sociology and Anthropology, Obafemi Awolowo University, Ile Ife, Nigeria

**Oluwagbemiga Oluwaseun Ajayi** Department of Sociology, Osun State University, Osogbo, Osun state, Nigeria

**Isil Akbulut-Gok** Department of Government, Sacred Heart University, Fairfield, CT, USA

**Argun Akdogan** Ankara Social Sciences University, Ankara, Turkey

**Tope Shola Akinyetun** Department of Political Science, Adeniran Ogunsanya College of Education, Oto/Ijanikin, Lagos State, Nigeria

**Apetogbo Komlan Aklikokou** School of Public Affairs, Zhejiang University, Hangzhou, China

**Ikechukwu C. Akor** Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

**Franklin Akosa** Department of Political Science, MountCrest University College, Accra, Ghana

**Rosemary Effiong Akpan** Department of History and International Studies, Evangel University Akaeze, Ebonyi State, Nigeria

**Shaleh Akram Somrat** Supreme Court of Bangladesh, Dhaka, Bangladesh

**Isaac Nana Akuffo** School of Economics and Business Administration, The University of Tartu, Tartu, Tartumaa, Estonia

**Bakhit Al Ameri** Al Ain Municipality, Al Ain, Abu Dhabi, United Arab Emirates

**Hamad Al Ameri** Business Solutions & Pathways to Success, Abu Dhabi, United Arab Emirates

**Alaa Aldin Abdul Rahim A. Al Athmay** Department of Management, University of Sharjah, Sharjah, United Arab Emirates

**Oluwaseyi Isaiah Alamu** Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

**Md Alauddin** Uttara University, Dhaka, Bangladesh

**Christophe Alaux** IMPGT: Public Management and Territorial Governance Institute, Aix Marseille University, CERGAM, Puyricard, France

**Seyed Moslem Alavi** Economics, Management, and Social Science School, Management Department, Shiraz University, Shiraz, Iran

**Sultan Ahmed Albaloshi** Engineer Spectrum Policy, Telecommunications Regulatory Authority, Dubai, United Arab Emirates

**Jay S. Albanese** Wilder School of Government and Public Affairs, Virginia Commonwealth University, Richmond, VA, USA

**Sami Aldejwi** Management Department, College of Business Administration, Taibah University, Al-Madinah, Saudi Arabia

**Indipendenza Alessandro** University of Verona, Verona, Italy

**Samuel Alesu-Dordzi** ENSafrica-Ghana, Accra, Ghana

**James Alexander** Department of Political Science, Bilkent University, Ankara, Turkey

**Shubenkova Alexandra** Laboratory for Political Studies, National Research University Higher School of Economics, Moscow, Russia

**Diana AL-Fayez** University of Texas at Dallas, Richardson, TX, USA

**Simona Alfiero** Department of Management, University of Turin, Turin, Italy

**Hamid Eltgani Ali** School of Public Administration and Development Economics, Doha Institute for Graduate Studies, Doha, Qatar

School of Global Affairs and Public Policy, The American University in Cairo, Cairo, Egypt

**Inayah Ali** The University of the South Pacific, Suva, Fiji

**Kaa'ed A. Ali Al-Hashimi** Baghdad, Iraq

**Moosa Abdo Ali Elayah** Centre for International Development Issues Nijmegen (CIDIN), Radboud University Nijmegen, Nijmegen, The Netherlands

Sana'a University, Sana'a, Yemen

**Haris Alibašić** Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

**Arthur Alick** Department of Geography and Environmental Studies, Midlands State University, Gweru, Zimbabwe

**Zhanat Alimanov** School of Law, KIMEP University, Almaty, Kazakhstan

**Moslem Alimohammadlou** Shiraz University, Shiraz, Fars, Iran

**Mohamad Alkadry** Florida International University, Miami, FL, USA

**Lee M. Allen** Department of Political Science, Valdosta State University, Valdosta, GA, USA

**Claudio Allende** Centro de Investigación Avanzada en Educación, Universidad de Chile, Santiago, Chile

Programa de Estudios de Gobierno, Universidad de Santiago de Chile, Santiago, Chile

**Alessandra Allini** University of Naples Federico II, Naples, Italy

**Scott T. Allison** Department of Psychology, University of Richmond, Richmond, VA, USA

**Fatima Al-Majdhoub** Department of Communication and Media Faculty of Languages and Communication, Sultan Idris Education University, Tanjong Malim, Perak, Malaysia

**Hend AlMuftah** Doha Institute for Graduate Studies, Doha, Qatar

**Ahmad Alnajjar** Department of Psychology, United Arab Emirates University, Al Ain City, UAE

**Hmoud S. Al-Olimat** Social Sciences Department, Qatar University, Doha, Qatar

**Hatem H. Alsaqqa** Healthcare Organizations Management, Ankara, Turkey

Ministry of Health, Gaza City, Palestine

**Wa'ed Alshoubaki** Department of Public Administration, The University of Jordan, Amman, Jordan

**Abdullah Al-Swidi** Department of Management and Marketing, College of Business and Economics, Qatar University, Doha, Qatar

**Patricia M. Alt** Towson University, Towson, MD, USA

**Hatice Altunok** Abant İzzet Baysal University, Bolu, Turkey

**Mustafa Altunok** Public Administration Department, Abant İzzet Baysal University, Bolu, Turkey

**Ariel Alvarez** Political Science and Law, Montclair State University, Montclair, NJ, USA

**Iara Alves** Ministry of Economy and Federal University of Bahia, Brasilia, Brazil

**Paulo Alves** Católica Porto Business School, Porto, Portugal

**Victor Chinonye Amaefula** Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria

**Francis Amagoh** Department of Public Administration, KIMEP University, Almaty, Kazakhstan

**Aaron Kweku Amanor** Department of Psychology, University of Ghana, Legon – Accra, Ghana

**Ines Amara** Faculty of Economics and Management of Sfax, University of Sfax, Sfax, Tunisia

**Jean Joël Ambagna** Faculty of Economics and Management, University of Yaoundé II, Yaoundé, Cameroon

**Osariyekemwen Iyase Ambrose** Department of Political Science, University of Benin, Benin City, Nigeria

**Sedem Nunyuia Amedome** Department of Multidisciplinary Studies, Ho Technical University, Ho, Ghana

**George Babington Amegavi** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Bakhit Al Ameri** Al Ain Municipality, Al Ain, Abu Dhabi, United Arab Emirates

**Hamad Al Ameri** Business Solutions & Pathways to Success, Abu Dhabi, United Arab Emirates

**Tayebe Amirkhani** Department of Public Administration, Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran

**Clifford Amoako** Department of Planning, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

**Francesco Amoretti** Department of Political, Social and Communication Sciences, University of Salerno, Fisciano, SA, Italy

**Souhir Amri Amamou** Higher Institute of Management of Tunis, Tunis, Tunisia

**Alessandro Ancarani** Department of Civil Engineering and Architecture, University of Catania, Catania, Italy

**Chad David Anderson** Department of Public Administration, Incheon National University, Incheon, South Korea

**Staffan Andersson** Department of Political Science, Linnaeus University, Växjö, Sweden

**Guerrini Andrea** University of Verona, Verona, Italy

**Antony Andrews** School of Economics, Auckland University of Technology, Auckland, New Zealand

**Pamela D. Andrews** Amela Consulting, LLC, North Las Vegas, NV, USA

**Rhys Andrews** Cardiff Business School, Cardiff University, Cardiff, UK

**Sharon Andrews** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Lachezar G. Anguelov** The Evergreen State College, Olympia, WA, USA

**Davidson Oliver Anigbata** Public Administration Department, Ebonyi State University, Abakaliki, Nigeria

**Cyprian Afam Anih** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

**Fábio Henrique dos Anjos** Federal University of Alfenas, Alfenas, Brazil

**Reindolf Anokye** Graduate Research School, Edith Cowan University, Joondalup, WA, Australia

**Tatiana Antipova** The Institute of Certified Specialists (ICS), Perm, NA, Russia

Perm State University (PSU), Perm, NA, Russia

**Gianluca Antonucci** DEA – G. d'Annunzio University of Chieti-Pescara, Chieti-Pescara, Italy

**Joseph Antwi-Boasiako** Department of Public Administration and Health Services Management, University of Ghana, Accra, Ghana

**Andrew L. Aoki** Augsburg College, Minneapolis, MN, USA

**Naomi Aoki** Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

**Carmen R. Apaza** Universidad de San Martin de Porres, Chiclayo, Peru

**Subhash Appana** The University of the South Pacific, Suva, Fiji

**Susan Appe** Binghamton University, Binghamton, NY, USA

**Daniel Appiah** Department of Public Administration, University of Ghana Business School, Accra, Ghana

**Fardaus Ara** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Reiko Arami** Nagoya University, Nagoya, Japan

**Ignacio Arana Araya** Instituto de Ciencia Política, Pontificia Universidad Católica de Chile, Santiago, Chile

**Ana Luiza Aranha** Fundação Getúlio Vargas, São Paulo, Brazil

Transparency International - Brazil, São Paulo, Brazil

**Juan Pablo Araya** INAP, Universidad de Chile, Santiago, Chile

**Francesco Arcidiacono** Department of Civil Engineering and Architecture, University of Catania, Catania, Italy

**David Arellano-Gault** Centro de Investigación y Docencia Económicas, Mexico City, Mexico

**Daniela Argento** Department of Business Administration and Work Science, Kristianstad University, Kristianstad, Sweden

**Demetrios Argyriades** John Jay College, CUNY, New York, NY, USA

**Yutaka Arimoto** Institute of Economic Research, Hitotsubashi University, Tokyo, Japan

**Maria P. Aristigueta** University of Delaware, Newark, DE, USA

**Vincent Ansah Arkorful** Department of Geography and Rural Development, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

**Vincent Ekow Arkorful** Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong, China

**Godwin Arku** Department of Geography, University of Western Ontario, London, ON, Canada

**Rozita Arshad** School of Government, Universiti Utara Malaysia, Changlun, Kedah, Malaysia

**Kristine Artello** Wilder School of Government and Public Affairs, Virginia Commonwealth University, Richmond, VA, USA

**Mohammed Asaduzzaman** Department of Public Administration, Islamic University, Kushtia, Bangladesh

**Ernest Yeboah Asamoa** Rising Sun Montessori School, Sakunmono, Accra, Ghana

**Kwame Asamoah** Department of Public Administration and Health Services Management, University of Ghana Business School, Legon - Accra, Ghana

**William Asante** School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

**Bossman E. Asare** Department of Political Science, University of Ghana, Accra, Ghana

**Hugo D. Asencio** Department of Public Administration, California State University, Dominguez Hills, Carson, CA, USA

**Hideaki Ashitate** Kyoto Sangyo University, Kyoto, Japan

**Muhammad Asif Khan** SZABIST, Islamabad, Pakistan

**Patrick O. Asingo** Department of Political Science & Public Administration, University of Nairobi, Nairobi, Kenya

**Alexander G. Asmolov** Faculty of Psychology, Lomonosov Moscow State University, Moscow, Russia

**Simplice A. Asongu** Department of Accounting, Finance and Economics, Oxford Brookes Business School, Oxford Brookes University, Oxford, UK

Department of Economics, University of South Africa, Pretoria, South Africa

Department of Economics & Development Studies, Covenant University, Ota, Ogun State, Nigeria

**Sami Atallah** Lebanese Center for Policy Studies, Beirut, Lebanon

**Mohammad Reza Atarodi** Imam Sadiq University, Tehran, Iran

**Hamza Ates** İstanbul Medeniyet University, Istanbul, Turkey

**Christopher L. Atkinson** Public Administration, University of West Florida, Pensacola, FL, USA

Walden University, Minneapolis, MN, USA

School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

Department of Administration and Law, University of West Florida, Pensacola, FL, USA

**Vadim Atnashev** Department of International and Humanitarian Law, North West Institute of Management, Russian Presidential Academy of National Economy and Public Administration, St. Petersburg, Russia

Faculty of International Relations, St. Petersburg State University, St. Petersburg, Russia

**Jeffrey Aulgur** Arkansas Tech University, Russellville, AR, USA

**Eric K. Austin** Department of Political Science, Montana State University, Bozeman, MT, USA

**Natalia Aversano** Department of Mathematics, Computer Science and Economics, University of Basilicata, Potenza (PZ), Italy

**Flor Avila Hernandez** Universidad Catolica de Colombia, Bogotà, Colombia

**Moh'd Awad** Higher Institute for Sustainable Development, Al-Quds University, Bethlehem, West Bank, Palestine

**Md. Awal Hossain Mollah** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Hassan Mustafa Awan** Institute of Management Sciences, Peshawar, Pakistan

**Emmanuel Kofi Ayisi** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Madhavi Ayyagari** Murdoch University, Dubai, UAE

**Sanya Aziz** University of Queensland, Brisbane, QLD, Australia

**Muhammad Azizuddin** University of Tampere, Tampere, Finland

**Tobias Bach** Department of Political Science, University of Oslo, Oslo, Norway

**Patricia Bachiller** University of Zaragoza, Zaragoza, Spain

**Yooil Bae** Fulbright School of Public Policy and Management, Fulbright University Vietnam, Ho Chi Minh, Vietnam

**Simone Baglioni** Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK

**Tessa Bailey** Asia Pacific Centre for Work Health and Safety, University of South Australia, Adelaide, SA, Australia

**Alikhan Baimenov** Astana Civil Service Hub, Astana, Kazakhstan

**Mahabat Baimyrzaeva** Graduate School of International Policy and Management, Middlebury Institute of International Studies at Monterey, Monterey, CA, USA

**Piotr Bajak** Polish Economic Society, Warszawa, Poland

**Daut Bajramović** Faculty of Economics, Sarajevo, American University in Bosnia and Herzegovina, Sarajevo, Bosnia and Herzegovina

**HyeonUk Bak** Institute of Governance and Policy Evaluation, Sungkyunkwan University, Seoul, Korea

**Rose Namara Bakenegura** School of Civil Service, Governance and Public Administration, Uganda Management Institute, Kampala, Uganda

**William E. Baker** Burruss Institute of Public Service and Research, Kennesaw State University, Kennesaw, GA, USA

**Maria Teresa Balaguer-Coll** Universitat Jaume I, Castellón, Spain

**Aleksey Balashov** North-Western Institute of Management of the Russian Federation Presidential Academy of National Economy and Public Administration, St. Petersburg, Russia

**Girish Balasubramanian** Indian Institute of Management (IIM) Lucknow, Lucknow, India

**Sujata Balasubramanian** Division of Social Science, Hong Kong University of Science and Technology, Hong Kong, China

**Katharina Balazs** ESCP Europe Business School, Paris, France

**Danny Balfour** Grand Valley State University, Grand Rapids, MI, USA

**Andrew Ballard** National Center for Public Performance, Rutgers University, New Brunswick, NJ, USA

**José Luis Ballesteros-Rodríguez** Departamento Economía Financiera y Contabilidad, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain

**Waswa Balunywa** Department of Entrepreneurship, Makerere University Business School, Kampala, Uganda

**Philippe Bance** CREAM (Centre de Recherche en Économie Appliquée à la Mondialisation/Research Centre for Economics Applied to Globalisation), Normandie Université, UNIROUEN, Rouen, France

**Saptarishi Bandopadhyay** Osgoode Hall Law School, York University, Toronto, ON, Canada

**Neena Banerjee** Department of Political Science, Valdosta State University, Valdosta, GA, USA

**Nasim Banu** Department of Development Studies, Islamic University, Kushtia, Bangladesh

**Craig Barham** Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

**Sergio Barile** University of Rome Sapienza, Rome, Italy

**Emmanuelle Barozet** Department of Sociology, University of Chile, Santiago, Chile

**Sandra M. Barrett** Kennesaw State University, Kennesaw, GA, USA

**Franz Xavier Barrios-Suvelza** Faculty of Law, Social Sciences & Economics, University of Erfurt, Erfurt, Germany

**Ghada Barsoum** Public Policy and Administration Department, The American University, Cairo, Egypt

**Luca Bartocci** University of Perugia, Perugia, Italy

**Igor Bartsits** Institute of Public Administration and Civil Service of the Russian Presidential Academy of National Economy and Public Administration, (IPACS RANEPA), Moscow, Russian Federation

**Abner Beesigye Baryaija** School of Management Sciences, Uganda Management Institute, Kampala, Uganda

**Maukesh Basdeo** Department of Political Science, The University of the West Indies – St. Augustine Campus, St. Augustine, Trinidad and Tobago

**Ibrahim Basiru** School of Management, University of Science and Technology of China, Hefei, Anhui, China

**Francisco Bastida** University of Murcia/American University of Armenia, Murcia, Spain

Facultad de Economía y Empresa, Murcia, Spain

**Wênyka Preston Leite Batista da Costa** University Potiguar (UNP), Natal, RN, Brazil

Rio Grande do Norte State University (UERN), Natal, RN, Brazil

**Paul Battersby** RMIT University, Melbourne, VIC, Australia

**Michael W. Bauer** German University of Administrative Sciences, Speyer, Germany

**Christopher W. Bauman** University of California, Irvine, Irvine, CA, USA

**Christie Bautista** ASPA Southern California, ABD student of Public Administration, University of La Verne, La Verne, CA, USA

**Nicholas Bautista-Beauchesne** CERGO research center, École nationale d'administration publique, Montréal, QC, Canada

**Justice Nyigmah Bawole** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Paul Bayer** Regent University, Virginia Beach, VA, USA

**Sean Beaudet** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Brian Beauregard** University of Massachusetts, Boston, MA, USA

**Cristal Beddeau** Department of Political Science, The University of the West Indies, St. Augustine, Port of Spain, Trinidad and Tobago

**Innocent Kwame Bedi** Institute of Education, University of Tartu, Tartu, Estonia

**Mst Marzina Begum** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Razia Begum** College of Home Economics, University of Peshawar, Peshawar, Khyber Pakhtunkhwa, Pakistan

**Dejene Mamo Bekana** Department of Social and Political Sciences, University of Milan, Milan, Italy

**Rita Amoah Bekoe** Department of Accounting, University of Ghana Business School, University of Ghana, Accra, Ghana

**David A. Bell** Savannah State University, Savannah, GA, USA

**Elizabeth Bell** The University of Oklahoma, Norman, OK, USA

**Martine Bellanger** MOS Research Unit, Department of Social Sciences, Ecole des Hautes Etudes en Sante Publique, Rennes, France

Institutde Cancerologie de l'Ouest, Nantes, France

**Guy Bellemare** Center for Research on Social Innovations (crises.uqam.ca), Université du Québec en Outaouais, Gatineau, QC, Canada

**Daniel A. Belton** Arizona State University, Tempe, AZ, USA

**Igor Benati** CNR – National Research Council of Italy, Torino, Italy

**Houari Benchikh** Department of Management Sciences, Faculty of Economics, Business and Management Sciences, Oran, Algeria

**Bernardino Benito** Department of Accounting and Finance, Faculty of Economics and Business, University of Murcia, Murcia, Spain

**David Bensman** School of Management and Labor Relations, Rutgers University, New Brunswick, NJ, USA

**Mark Benton** University of Missouri, Columbia, MO, USA

**Julia Berger** Department of Religious Studies, University of Kent, Canterbury, Kent, UK

**Thomas Müller-Marqués Berger** Ernst and Young, Stuttgart, Germany

**David Berlan** Florida State University, Tallahassee, FL, USA

**Rubén Berríos** Lock Haven University, Lock Haven, PA, USA

**Kristoffer B. Berse** National College of Public Administration and Governance, University of the Philippines, Quezon City, Philippines

**Olivier Berthod** Department of Management, Freie Universität Berlin, Berlin, Germany

**Guido Bertucci** Governance Solutions International, New York, NY, USA

**Judith Bessant** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Whitney Bexley** Street Grace, Atlanta, GA, USA

**Muamer Bezdrob** Faculty of Economics, Sarajevo, American University in Bosnia and Herzegovina, Sarajevo, Bosnia and Herzegovina

**Udaybhanu Bhattacharyya** Department of Rural Development Studies, University of Kalyani, West Bengal, India

**Massimo Bianchi** Department of Management, University of Bologna, Bologna, Italy

**Anthony Bibus III** Social Work Department, Augsburg College, Minneapolis, MN, USA

**Betsy Bilharz** The Wilder School of Government and Public Administration, Virginia Commonwealth University, Richmond, VA, USA

**Gloria J. Billingsley** Jackson State University, Jackson, MS, USA

**Linda J. Bilmes** Harvard Kennedy School, Harvard University, Cambridge, MA, USA

**Bruce Binder** Global Vision Consortium, Inc., Rochester, WA, USA

**Yılmaz Bingöl** Faculty of Law and Economics, Saarland University, Saarbrücken, Germany

**Boris Binkowska** German University of Administrative Sciences Speyer, Speyer, Germany

**Yuri Biondi** Cnrs – Labex ReFi (ESCP Europe), Paris, France

**Olga Biosca** Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK

**Graham Bird** Claremont McKenna College, Claremont, CA, USA

**Fikret Birdişli** Department of International Relation, Kahramanmaras Sutcu Imam University, Kahramanmaraş, Turkey

**Steven Birkmeyer** German University of Administrative Sciences Speyer, Speyer, Germany

**Svetlana Biryukova** Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

**Sebawit G. Bishu** School of Public Affairs, University of Colorado Denver, Denver, CO, USA

**Marco Bisogno** Department of Management & Innovation Systems, University of Salerno, Salerno, Italy

**Ann Marie Bissessar** Faculty of Social Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Stephanie Blättler** Institute of Financial Services Zug IFZ, Lucerne University ASA Switzerland, Zug, Switzerland

**Jeanette Black** College of STEMM, University of Wisconsin Stout, Menomonie, WI, USA

**Michael Blake** Department of Philosophy and Daniel J. Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA

**J. Travis Bland** Department of Public Administration, University of Illinois at Springfield, Springfield, IL, USA

**Andrea J. Bleistein** National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA

**Brandi Blessett** Rutgers University-Camden, Camden, NJ, USA

**Michelle C. Bligh** Division of Behavioral and Organizational Sciences, Claremont Graduate University, Claremont, CA, USA

**Arnaud Blin** French Institute for Strategic Analysis, Paris, France

**Stephen R. Block** Lone Tree, CO, USA

**Clifford Blumberg** Department of Public Affairs, College of Architecture, Planning and Public Affairs, University of Texas at Arlington, Arlington, TX, USA

**Harry Blutstein** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Craig Boardman** Center for Organization Research and Design, Phoenix, AZ, USA

**Ama Kissiwah Boateng** Faculty of Public Governance and Administration Sciences, National University of Public Service, Budapest, Hungary

**Alla Bobyleva** Department of Financial Management, School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

**Keith Boeckelman** Western Illinois University, Macomb, IL, USA

**Marion Boisseau-Sierra** Université Paris-Dauphine, PSL Research University, Paris, France

**Manuel Pedro Rodríguez Bolívar** University of Granada, Granada, Spain

**Eleni Bolovinou** Ministry of Education/Primary Education, Preveza, Greece

**Ivano Bongiovanni** PwC Chair in Digital Economy, Queensland University of Technology, Brisbane City, QLD, Australia

**Anette Bonifant Cisneros** University of York, York, UK

**Samantha Bonsack** Regent University, Virginia Beach, VA, USA

**Lynda Boswell** International Public Policy and Administration, and Monitoring and Evaluation Expert, Stratton, CO, USA

**Emmanuel Botlhale** Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana

**Warigia M. Bowman** University of Tulsa College of Law, Tulsa, OK, USA

**Richard C. Box** University of Nebraska, Omaha, Omaha, NE, USA

**Elizabeth M. Boyd** Women's Leadership Center, Kennesaw State University, Kennesaw, GA, USA

**Enrico Bracci** Department of Economics and Management, University of Ferrara, Ferrara, Italy

**Ben Bradford** Department of Security and Crime Science, UCL, London, UK

**Katarina K. Brant** College of Business, Florida Atlantic University, Boca Raton, FL, USA

**Susanne Braun** Durham University Business School, University of Durham, Durham, UK

Ludwig-Maximilians-Universität München, Munich, Germany

**Edward Brenya** Department of Political Studies, KNUST, Kumasi, Ghana

**Chris Brewster** International Human Resource Management, University of Vaasa, Vaasa, Finland

Henley Business School, University of Reading, Reading, UK

**Louise Briand** Center for Research on Social Innovations (crises.uqam.ca), Université du Québec en Outaouais, Gatineau, QC, Canada

**Benjamin Bricker** Southern Illinois University, Carbondale, IL, USA

**Alex B. Brillantes** National College of Public Administration and Governance, University of the Philippines, Quezon City, Philippines

**Jaz Brisack** University of Mississippi, Oxford, MS, USA

**Philip L. Brooks** Brooks Consulting LLC, Pittsburgh, PA, USA

**Douglas J. Brown** Department of Psychology, University of Waterloo, Waterloo, ON, Canada

**M. Anne Brown** Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Alvin H. Brown** University of Texas, Arlington, TX, USA

**David K. Brown** Illinois State University, Normal, IL, USA

**Jeffrey L. Brudney** Department of Public and International Affairs, University of North Carolina Wilmington, Wilmington, NC, USA

**Benjamin M. Brunjes** University of Washington, Seattle, WA, USA

**Isabel Brusca** University of Zaragoza, Zaragoza, Spain

**Katherine V. Bryant** Westmont College, Santa Barbara, CA, USA

**Thomas Buabeng** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Kaley Buck** St. Louis Community College, St. Louis, MO, USA

**Kimberly Budnick** Reubin O'D Askew Department of Government, The University of West Florida, Pensacola, FL, USA

**Godfred Budu** Department of Social, Political and Historical Studies, University for Development Studies, Tamale, Ghana

**Fiona Buick** Centre for Public Service Research, University of New South Wales, Canberra, Australia

**Stephanie Bultema** University of Colorado Denver School of Public Affairs, Denver, CO, USA

**Filomena Buonocore** Department of Law, "Parthenope" University of Naples, Naples, Italy

**John Kwesi Buor** The Business School, Ghana Institute of Management and Public Administration, Accra, Ghana

**Gregory S. Burge** University of Oklahoma, Norman, OK, USA

**Laura L. Burke** Governors State University, Chicago, IL, USA

**Leandra H. Burke** Center for Clinical Research, Western Michigan University Homer Stryker MD School of Medicine, Kalamazoo, MI, USA

**Stefan Busse** Faculty of Philosophy I, Martin Luther University Halle-Wittenberg, Halle (Saale), Germany

**Nantapong Butakhieo** Department of Asian and Policy Studies, The Education University of Hong Kong, Tai Po, Hong Kong

**Federico Butera** University of Milano Bicocca and Fondazione Irso, Milan, Italy

**Egle Butkeviciene** Faculty of Social Sciences, Arts and Humanities, Kaunas University of Technology, Kaunas, Lithuania

**Taryn Butler** Department of POL, Illinois State University, Normal, IL, USA

**Faith Butta** University of North Carolina at Charlotte, Charlotte, NC, USA

**Peter Kayiira Byansi** Uganda Martyrs University, Kampala, Uganda

**Sandro Cabral** Insper Institute of Education and Research, São Paulo, Brazil

**Desmond Cahill** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Paul Cairney** Division of History and Politics, University of Stirling, Stirling, UK

**Francesca Calò** Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK

**Giuseppe Calabrese** Department of Economics, University of Foggia, Foggia, Italy

**Martin Calkins** University of Massachusetts Boston, Boston, MA, USA

**Hana S. Callaghan** Markkula Center for Applied Ethics, Santa Clara University, Santa Clara, CA, USA

**Richard F. Callahan** School of Management, University of San Francisco, San Francisco, CA, USA

**Victor J. Callan** Business School, University of Queensland, Brisbane, Australia

**Yolanda I. Camaya** Department of Public Administration, Nueva Ecija University of Science and Technology, Cabanatuan City, Philippines

**Robin Cameron** Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Cheryl A. Camillo** Johnson-Shoyama Graduate School of Public Policy, University of Regina, Regina, SK, Canada

**M. Camilo Vial Cossani** Instituto Chileno de Estudios Municipales, Universidad Autónoma de Chile, Santiago, Chile

**Pedro J. Camões** Research Centre in Political Science (CICP), University of Minho, Braga, Portugal

**Cristina Campanale** Institute of Management, Scuola Superiore Sant'Anna, Pisa, Italy

**David Campbell** Binghamton University, Binghamton, NY, USA

**David A. Campbell** Milligan College, Milligan College, TN, USA

**Bettina Campedelli** University of Verona, Verona, Italy

**Ali Can** National Police Academy, Ankara, Turkey

**Marco Cangiano** Fiscal Affairs Department (FAD), International Monetary Fund (IMF), Washington, DC, USA

**Lucien G. Canton** CEM, San Francisco, CA, USA

**Eugenio Caperchione** Department of Economics "Marco Biagi", University of Modena and Reggio Emilia, Modena, Italy

**David Carassus** Université de Pau et des Pays de l'Adour, IAE Pau-Bayonne, CREG, Pau, France

**Ignacio Esteban Carballo** Pontifical Catholic University of Argentina (UCA) and University of Buenos Aires (UBA). Magister by Autonomous University of Madrid (UAM). Doctoral scholarship holder at Center of Studies of the Economic Structure (CENES / FCE-UBA), Institute of Economic Research, CONICET, Buenos Aires, Argentina

**Gemma Carey** Centre for Public Service Research, University of New South Wales, Canberra, Australia

**Giacomo Carli** Department of Strategy and Marketing, The Open University Business School, Milton Keynes, UK

**Mary S. Carlsen** St. Olaf College, Northfield, MN, USA

**Joanne G. Carman** University of North Carolina at Charlotte, Charlotte, NC, USA

**Vickie Tyler Carnegie** University of Central Florida, Orlando, FL, USA

**Heather L. Carpenter** Notre Dame of Maryland University, Baltimore, MD, USA

**Brendan Carroll** Faculty of Governance and Global Affairs, Leiden University, The Hague, The Netherlands

**Deborah A. Carroll** University of Central Florida, Orlando, FL, USA

**Emily Carroll** MSPH, New York, NY, USA

**Josette Caruana** University of Malta, Msida, Malta

**Colleen Casey** University of Texas at Arlington, Arlington, TX, USA

**Danny Cassimon** Institute of Development Policy (IOB), University of Antwerp, Antwerp, Belgium

**Laila Castro Castillo** City Government of Cabanatuan, Cabanatuan City, Philippines

**Giuseppe Catalano** Sapienza – Università di Roma, Rome, Italy

**Beth Cate** School of Public and Environmental Affairs, Indiana University, Bloomington, IN, USA

**Pedro L. C. Cavalcante** Institute of Applied Economic Research (IPEA), Brasilia, Brazil

**Paolo Cavaliere** University of Delaware, Newark, DE, USA

**Dario Cavenago** Università Milano-Bicocca, Milan, Italy

**Frank J. Cavico** The H. Wayne Huizenga College of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA

**Reli Ceche** The National School of Political Studies and Public Administration, Bucharest, Romania

**Agustí Cerrillo-i-Martínez** Faculty of Law and Political Sciences, Universitat Oberta de Catalunya, Barcelona, Spain

**Federico Ceschel** Department of Management and Law, University of Rome Tor Vergata, Rome, Italy

**Anna Chacko** Department of Telehealth, John A. Burns School of Medicine, University of Hawaii, Honolulu, HI, USA

Boston University Medical Center, Boston, MA, USA

**Catherine Chai** Department of Applied Social Sciences, The Hong Kong Polytechnic University, Hong Kong, Hong Kong

**Constantinos Chalevas** Department of Accounting and Finance, School of Business Administration, Athens University of Economics and Business, Athens, Greece

**Georgina Chami** Institute of International Relations, St. Augustine Campus, University of the West Indies, St. Augustine, Trinidad and Tobago

**Albert P. C. Chan** Department of Building and Real Estate, The Hong Kong Polytechnic University, Hong Kong, China

**Andrew Chan** Department of Management, City University of Hong Kong, Hong Kong, China

**Anand Chand** School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

**Walid Chaouali** International Institute for Higher Education in Morocco, Rabat, Morocco

**Étienne Charbonneau** CERGO research center, École nationale d'administration publique, Montréal, QC, Canada

**Angélique Chassy** Normandie Université, UNIROUEN, CREAM, Rouen, France

**Allison Chatham** Department of Communication, University of Maryland-College Park, College Park, MD, USA

**Stephen Chavez** University of Mississippi, Oxford, MS, USA

**Chung-An Chen** School of Humanities and Social Sciences, Nanyang Technological University, Singapore, Singapore

**Chunhui Chen** Sino-Overseas Study Consultant Center, Nanning, China

**Don-Yun Chen** National Chengchi University, Taipei, Taiwan

**Jowei Chen** Department of Political Science, University of Michigan, Ann Arbor, MI, USA

**Ke Chen** Department of Political Science, International Affairs and Public Administration, East Tennessee State University, Johnson City, TN, USA

**Lijun Chen** School of Public Affairs, Zhejiang University, Hangzhou, China

**Kuo-Tai Cheng** Department of Environmental and Cultural Resources, National Tsing Hua University, Hsin-Chu, Taiwan

**Leardini Chiara** University of Verona, Verona, Italy

**Rosalba Chiarini** Department of Political Sciences, University of Roma Tre, Rome, Italy

**Usman W. Chohan** UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

**Intae Choi** Yonsei University, Seoul, South Korea

**Yujin Choi** Department of Public Administration, Ewha Womans University, Seoul, South Korea

**Sanjeev Chopra** Government of Odisha, Bhubaneswar, India

**Abhishek Choudhary** Centre for International Politics, Organisation and Disarmament, School of International Studies, Jawaharlal Nehru University, New Delhi, India

**Neetu Choudhary** School of Human Evolution and Social Change, Arizona State University, USA

**Farzana Chowdhury** Department of Management and Marketing, Durham University Business School, Durham, UK

**Agnieszka Chrisidu-Budnik** Institute of Administrative Studies, Faculty of Law, Administration and Economics, University of Wroclaw, Wroclaw, Poland

**Mark Christensen** ESSEC Business School, Cergy, France

**Tom Christensen** Department of Political Science, University of Oslo, Oslo, Norway

**Johan Christiaens** Ghent University, Ghent, Belgium

**P. Cary Christian** Institute for Public and Nonprofit Studies, Georgia Southern University, Statesboro, GA, USA

**May Chu** Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

**Christiana Ogeri Chukwu** Department of Mass Communication, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Ndufu Alike, Nigeria

**Il Hwan Chung** Department of Public Administration, Sungkyunkwan University, Seoul, South Korea

**Ignacio Cienfuegos** Universidad Alberto Hurtado, Santiago, Chile

**Beverly A. Cigler** Penn State Harrisburg, Middletown, PA, USA

**Can Umut Çiner** Faculty of Political Sciences, Ankara University, Ankara, Turkey

**Lino Cinquini** Institute of Management, Scuola Superiore Sant'Anna, Pisa, Italy

**Ioana Andreea Ciolomic** Babes-Bolyai University, Cluj-Napoca, Romania

**Kerri Cissna** Wake Forest University, Winston-Salem, NC, USA

**Francesca Citro** Department of Management and Innovation Systems, University of Salerno, Salerno, Italy

**David J. Ciuk** Department of Government, Franklin and Marshall College, Lancaster, PA, USA

**Christopher Andrew Clark** Department of Political Science, College of Liberal Arts and Education, University of Detroit Mercy, Detroit, MI, USA

**Tammie Clary** School of Public Administration, College for Design and Social Inquiry, Florida Atlantic University, Boca Raton, FL, USA

**Evan Cleave** Department of Geography, University of Western Ontario, London, ON, Canada

**James C. Clinger** Department of Political Science and Sociology, Murray State University, Murray, KY, USA

**Thomas Close** CVS Health, Irving, TX, USA

**Mario Coccia** CNR–National Research Council of Italy, Torino, Italy

Yale University, New Haven, CT, USA

Arizona State University, Tempe, AZ, USA

**Madalina Cocosatu** National School of Political Studies and Public Administration, Bucharest, Romania

**Ken Coghill** Swinburne University of Technology, Hawthorn, VIC, Australia

**Sandra Cohen** Athens University of Economics and Business, Athens, Greece

**Paolo Colasante** Institute for the Study of Regionalism, Federalism and Self-Government of the National Research Council of Italy, Rome, Italy

**Dean Coldicott** School of Humanities and Social Sciences, Deakin University, Burwood, VIC, Australia

**Val Colic-Peisker** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**James L. Cook** US Air Force Academy, Colorado Springs, CO, USA

**Donna Cooke** College of Business, Florida Atlantic University, Boca Raton, FL, USA

**Scott Cooley** Department of Political Science, University of Chicago, Chicago, IL, USA

**Shannon Cooper** Department of Political Science, Augusta University, Augusta, GA, USA

**Christopher Corbett** Albany, NY, USA

**Rogério Dias Correia** FUCAPE Business School, Vitória, Brazil

**Ana Paula Cabral Seixas Costa** Departamento de Engenharia de Produção, Federal University of Pernambuco, Recife, Brazil

**Bridgette Cram** Florida International University, Miami, FL, USA

**Carol Cravero** Università degli Studi di Torino, Torino, Italy
Université Paris-Nanterre, Nanterre, France

**J. Ignacio Criado** Department of Political Science and International Relations, Universidad Autónoma de Madrid, Madrid, Spain

**Kara E. Cromwell** Department of Psychology, University of Richmond, Richmond, VA, USA

**Kristen Crossney** West Chester University of Pennsylvania, West Chester, PA, USA

**Chantal Crozet** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Michele L. Crumley** Department of Political Science, International Affairs, and Public Administration, Johnson City, TN, USA

**Anthony Cruz** Miami Dade College, USA, Miami, Florida, USA

**Salvador Cruz Rambaud** Economics and Business Department, University of Almería, Almería, Spain

**Beatriz Cuadrado-Ballesteros** Facultad de Economía y Empresa – Multidisciplinary Institute for Enterprise, University of Salamanca, Salamanca, Spain

**Steven Curnin** Tasmanian Institute of Law Enforcement Studies (TILES), University of Tasmania, Hobart, Australia

**Craig Curtis** Bradley University, Peoria, IL, USA

**Ludo Cuyvers** University of Antwerp, Antwerp, Belgium
North-West University, Potchefstroom, South Africa

**Nuno F. da Cruz** LSE Cities, London School of Economics and Political Science, London, UK

**Luis Henrique da Silva de Paiva** Ministry of Economy, Brasília, Brazil

**Peter Daiser** German University of Administrative Sciences Speyer, Speyer, Germany

**Gabriele D'Alauro** Department of Economics and Business Studies, University of Genoa, Genoa, Italy

**Clement Mensah Damoah** Department of Public Administration & Health Services Management, University of Ghana, Accra, Ghana

**Hassan Danaeefard** Faculty of Management and Economics, Tarbiat Modares University, Tehran, Iran

**Sharon M. Danes** Family Social Science Department, University of Minnesota, St. Paul, MN, USA

**Thi Kim Phung Dang** Faculty of Social Sciences and Humanities, Ton Duc Thang University, Ho Chi Minh City, Vietnam

**Ayirebi Dansoh** Department of Building Technology, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

**Amiya Kumar Das** Department of Sociology, Tezpur University, Tezpur, India
Centre for Public Policy and Governance, Tezpur University, Tezpur, India

**Rosa M. Dasí** University of Valencia, Valencia, Spain

**Mikhail R. Davidson** Faculty of Computational Mathematics and Cybernetics, Moscow State University, Moscow, Russia

**Eleanor Davies** Huddersfield Business School, University of Huddersfield, Huddersfield, UK

**Elizabeth Davies** Pew-MacArthur Results First Initiative, The Pew Charitable Trusts, Washington, DC, USA

**Julie Davies** Huddersfield Business School, University of Huddersfield, Huddersfield, UK

**De Lacy D. Davis** Family Support Organization of Union County, Plainfield, NJ, USA

**Elizabeth Davis** EAD and Associates, LLC, Brooklyn, NY, USA

**Kevin W. Davis** The School of Graduate and Professional Studies, Delaware Valley University, Doylestown, PA, USA

**Randall S. Davis** Southern Illinois University, Carbondale, IL, USA

**Trenton J. Davis** Department of Public and Nonprofit Studies, Georgia Southern University, Statesboro, GA, USA

**Bill Davison** CPPO, Stearns County, St. Cloud, MN, USA

**Kathleen M. Day** Department of Economics, University of Ottawa, Ottawa, ON, Canada

**Isha Dayal** Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

**Utpal Kumar De** Department of Economics, North-Eastern Hill University, Shillong, Meghalaya, India

**Augusto Cézar de Aquino Cabral** Ceará Federal University, Fortaleza, Brazil

**Rodrigo Fontenelle de Araújo Miranda** University of Brasilia, Brasília, Brazil

**Alexandre de Ávila Gomide** IPEA – Institute for Applied Economic Research, Brasilia, Brazil

**Mariana de Barros e Silva Pinheiro** University of Pernambuco, Recife, Pernambuco, Brazil

**Fernando de Barros Filgueiras** Research and Graduate Studies, National School of Public Administration – Enap, Brasília, Brazil

Federal University of Minas Gerais, Belo Horizonte, Brazil

**Carla Marina Pereira de Campos** Higher Institute for Accounting and Administration of Aveiro, University of Aveiro, Aveiro, Portugal

**Tom De Herdt** Institute of Development Policy (IOB), University of Antwerp, Antwerp, Belgium

**Caio César de Medeiros-Costa** University of Brasilia, Brasília, Brazil

**Pedro Lucas de Moura Palotti** National School of Public Administration, Brasília, Brazil

Public Law Institute of Brasília, Brasília, Brazil

Institute for Applied Economic Research, Brasília, Brazil

**Petra De Saá-Pérez** Departamento Economía Financiera y Contabilidad, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain

**Gabriel Andrade de Souza** Department of Industrial Design, IdA, University of Brasília, Brasília, Brazil

**Paulo Henrique de Souza Bermejo** University of Brasilia, Brasília, Brazil

**Michiel S. de Vries** Institute for Management Research, Department of Public Administration, Radboud University Nijmegen, Nijmegen, The Netherlands

**Roma Mitra Debnath** Indian Institute of Public Administration, New Delhi, India

**Rameck Defe** Department of Geography and Environmental Studies, Midlands State University, Gweru, Zimbabwe

**Rianne Dekker** Utrecht University School of Governance, Utrecht, The Netherlands

**Cristina del Campo** Universidad Complutense de Madrid, Madrid, Spain

**Kaia DeMatteo** University of Massachussetts, Boston, MA, USA

**Alexander Demin** South Ural State University, Chelyabinsk, Russia

**Nadezda Demina** South Ural State University, Chelyabinsk, Russia

**Fatih Demir** Public Administration, Manisa Celal Bayar University, Manisa, Turkey

**Tansu Demir** Department of Public Administration, University of Texas at San Antonio, College of Public Policy, San Antonio, TX, USA

**Mehmet Akif Demircioglu** Lee Kuan Yew School of Public Policy, The National University of Singapore, Singapore, Singapore

**Fatih Demiroz** Sam Houston State University, Huntsville, TX, USA

**Christoph Demmke** Public Management, University of Vaasa, Vaasa, Finland

**Gisela Demo** University of Brasilia, Brasília, Brazil

**Ramona Denby-Brinson** College of Public Service and Community Solutions, Arizona State University, Phoenix, AZ, USA

**Arthur T. Denzau** Department of Economics and Finance, Utah State University, Logan, UT, USA

**Jessica L. DeShazo** California State University Los Angeles, Los Angeles, CA, USA

**Aleksandra Detkova** University Leipzig, Leipzig, Germany

**Sahlni Devi** Faculty of Business and Economics, School of Management and Public Administration, The University of the South Pacific, Suva, Fiji

**Nicholas Dew** Naval Postgraduate School, Monterey, CA, USA

**Ferdinando di Carlo** University of Basilicata, Potenza, Italy

**Carmela Di Mauro** Department of Civil Engineering and Architecture, University of Catania, Catania, Italy

**Primiano Di Nauta** Department of Economics, University of Foggia, Foggia, Italy

**Mihail Diakomihalis** Department of Accounting and Finance, Technological Educational Institute (T.E.I.) of Epirus, Preveza, Greece

**Thiago Ferreira Dias** Federal University of Rio Grande do Norte, Natal, Brazil

**Emilio Moya Díaz** Department of Sociology and Political Science, Catholic University of Temuco, Temuco, Chile

Studies Director of Chile Transparente, The Chilean chapter of Transparency International, Santiago, Chile

**José M. Díaz-Puente** Escuela Técnica Superior de Ingeniería Agronómica Alimentaria y de Biosistemas, Universidad Politécnica de Madrid, Madrid, Spain

**Nieves L. Díaz-Díaz** Departamento Economía Financiera y Contabilidad, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain

**Orlanda Diaz-Garcia** University of Castilla-La Mancha, Talavera de la Reina, Spain

**Rocío Díaz** Centro de Investigación Avanzada en Educación, Universidad de Chile, Santiago, Chile

**Robert Dibie** Department of Public Administration and Health Management, Indiana University Kokomo, Kokomo, IN, USA

**Lisa A. Dicke** University of North Texas, Denton, TX, USA

**Segufta Dilshad** Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh

**Ana-Maria Dimand** Florida International University, Miami, FL, USA

**Belias Dimitrios** Department of Business Administration, Technological and Educational Institute of Thessaly, Larissa, Greece

**Tsiotas Dimitrios** Polytechnic School, University of Thessaly – Technological and Educational Institute of Thessal, Larissa, Greece

**Dragos Dinca** Faculty of Public Administration, National University of Political Studies and Public Administration (NUPSPA), Bucharest, Romania

**Jennifer Dineen** Department of Public Policy, University of Connecticut, Hartford, CT, USA

**Alfonso Dingemans** University of Santiago de Chile, Santiago, Chile

**Abdishakur Warsame Diriye** School of Public Affairs, University of Science and Technology of China, Hefei, China

Department of Management Sciences, Mogadishu University, Mogadishu, Somalia

**Sunil K. Dixit** Health Policy and Management Program, Mount Saint Mary's University, Los Angeles, CA, USA

The Victoria Institute of Strategic Economic Studies (VISES), Victoria University, Melbourne, VIC, Australia

**Gbètoton Nadège Djossou** Faculty of Economics and Management, University of Abomey Calavi, Abomey-Calavi, Benin

**J. Patrick Dobel** Daniel J. Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA

**Andrés Dockendorff** Department of Government, University of Essex, Colchester, Essex, UK

**Cassandra Dodge** Department of Criminal Justice Science, Illinois State University, Normal, IL, USA

Department of Criminology, University of South Florida, Tampa, FL, USA

**Mustafa Görkem Doğan** Faculty of Political Sciences, İstanbul University, İstanbul, Turkey

**Maureen Dollard** Asia Pacific Centre for Work Health and Safety, University of South Australia, Adelaide, SA, Australia

**Kwame Ameyaw Domfeh** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Omong Mark Donald** Department of Public Policy and Administration, The American University in Cairo, School of Global Affairs and Public Policy, New Cairo, Egypt

**T. W. Dondanville** Department of Sociology and Anthropology, Illinois State University, Normal, IL, USA

**Yang Dong** Department of Asian and Policy Studies, The Education University of Hong Kong, Hong Kong, China

**Sandra Maria dos Santos** Ceará Federal University, Fortaleza, Brazil

**Michael L. Dougherty** Department of Sociology and Anthropology, Illinois State University, Normal, IL, USA

**Brett C. Doyle** George Mason University, Falls Church, Fairfax, VA, USA

**Yves Doz** INSEAD, INSEAD Europe Office, Fontainebleau Cedex, France

**Courtney Draggon** National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA

**Dacian C. Dragos** Center for Good Governance Studies, Babes Bolyai University, Cluj Napoca, Romania

**Sébastien Dubé** Universidad de Santiago de Chile, Santiago, Chile

**Bill Dudley** U.S. Department of Defense, Virginia Beach, VA, USA

**Tom Duley** Missions and Pastoral Care, Bluff Park United Methodist Church, Hoover, AL, USA

**Thomas P. Dunn** Troy University, Troy, AL, USA

**Robert F. Durant** Professor Emeritus American University, Washington, DC, USA

**Gideon Olusola Durodola** Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria

**Klaas Dykmann** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

Roskilde University, Roskilde, Denmark

**Albena Dzhurova** School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

**Komla Dzigbede** Department of Public Administration, Binghamton University, Binghamton, NY, USA

**Jennifer L. Eagan** California State University, East Bay, Hayward, CA, USA

**Ashley M. Ebbert** Arizona State University, Tempe, AZ, USA

**Victor Chukwugekwu Ebonine** Department of Political Science, University of Benin, Benin City, Edo State, Nigeria

**Sareh Ebrahimi** Faculty of Management, Kharazmi University, Tehran, Iran

**Henry T. Edmondson III** Georgia College, Milledgeville, GA, USA

**Frances L. Edwards** Department of Political Science, Mineta Transportation Institute, San Jose State University, San Jose, CA, USA

**Nana Adwoa Anokye Effah** Department of Accounting, University of Ghana Business School, University of Ghana, Accra, Ghana

**Jörn Ege** German University of Administrative Sciences, Speyer, Germany

**Victory Eguavoen** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Nigeria

**Shah Md Azimul Ehsan** Department of Public Administration, Faculty of Social Sciences, Jagannath University, Dhaka, Bangladesh

**David R. Eichenthal** Center for Research in Crime and Justice, NYU School of Law, New York, NY, USA

**Matthias Einmahl** University of Public Administration for the Region of North Rhine-Westphalia (Fachhochschule für öffentliche Verwaltung Nordrhein-Westfalen), Gelsenkirchen, Germany

**Christopher J. Einolf** DePaul University School of Public Service, Chicago, IL, USA

**Ernest N. Ejem** Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Raphael Abumchukwu Ekwunife** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

**Tuba Eldem** Department of Political Science and International Relations, Fenerbahçe University, Istanbul, Turkey

**Iordanis Eleftheriadis** Department of Business Administration, University of Macedonia, Thessaloniki, Greece

**Amal ElGammal** Social Sciences Department, Qatar University, Doha, Qatar

**Maria Ligia Ganacim Granado Rodrigues Elias** Department of Political Science, Brasilia University (UnB), Brasilia, Brazil

**Nicole M. Elias** Department of Public Management, John Jay College of Criminal Justice, City University of New York, New York, NY, USA

**Shimaa Elkomy** Research Fellow, School of Economics, Surrey Business School, University of Surrey, Guildford, Surrey, UK

**Lauren Ellul** Faculty of Economics, Management and Accountancy, University of Malta, Msida, Malta

**Claus Elmholdt** University of Aalborg, Aalborg, Denmark

**Chinyere Elom** Department of Educational Foundation, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Ola G. El-Taliawi** Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

**Rachel Emas** School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

**Chukwuemeka Emma** Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria

**Michael A. Emmart** Professional Development Program, Rockefeller College, University at Albany, Syracuse, NY, USA

New York State Office of Children and Family Services, Syracuse Regional Office, New York, NY, USA

**Magnus Luiz Emmendoerfer** Brazilian Society of Public Administration (SBAP), Graduate Program of Public Administration, Universidade Federal de Viçosa (UFV), Viçosa, Minas Gerais, Brazil

**Saule Emrich-Bakenova** Department of Public Administration and International Development College of Social Sciences, KIMEP University, Almaty, Kazakhstan

**Genevieve Enid Meyers** Department of Political Science, University of Detroit Mercy, Detroit, MI, USA

**Victor Eno** Department of History and Political Science, Florida Agricultural and Mechanical University, Tallahassee, FL, USA

**Tom Entwistle** Cardiff Business School, Cardiff University, Cardiff, UK

**Seok-Jin Eom** Graduate School of Public Administration, Seoul National University, Seoul, Republic of Korea

**Angelo Erbacci** INEMA srl, Strategy and Operations Management, Bologna, Italy

**Taptuk Emre Erkoc** Institute for Islamic Studies, University of Vienna, Vienna, Austria

**Sergey Ermasov** Saratov State University, Saratov, Russia

**Natalia Ermasova** Public Administration, Governors State University, University Park, Chicago, IL, USA

**Anna Ermolina** Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

**Youssef Errami** Pau Business School, Management, Pau, France

**Nevbahar Ertas** Department of Political Science and Public Administration, University of Alabama at Birmingham, Birmingham, AL, USA

**Simón Escoffier** Instituto Chileno de Estudios Municipales, Universidad Autónoma de Chile, Santiago, Chile

**Ali Eshraghi** Business School, The University of Edinburgh, Edinburgh, UK

**Robert D. Eskridge** Appalachian State University, Boone, NC, USA

**Vicente Espinoza** Institute for Advanced Studies (IDEA), University of Santiago. USACH, Santiago, RM, Chile

**Alfredo Esposito** Department of Management, University of Turin, Turin, Italy

**Paolo Esposito** Department of Law, Economy, Management and Quantitative Methods (DEMM), University of Sannio, Benevento, Italy

**Akua Pokuaa Essah-Koli** Department of Public Administration, University of Ghana Business School, Legon, Ghana

**Amitai Etzioni** The George Washington University, Washington, DC, USA

**Michelle D. Evans** Department of Political Science and Public Service, University of Tennessee at Chattanooga, Chattanooga, TN, USA

**Ngozi Ewuim** Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria

**Onyema Ugwu Eze** Political Science Department, Ebonyi State University, Abakaliki, Nigeria

**Jorge Fábrega** Center of Social Complexity Research, School of Government Universidad del Desarrollo, Santiago, Chile

**Isabella Fadda** Department of Economics and Business, University of Cagliari, Cagliari, Sardinia, Italy

**Sue R. Faerman** Center for Women in Government and Civil Society, University at Albany-SUNY, Albany, NY, USA

**Muhammad Faisal Malik** SZABIST, Islamabad, Pakistan

**Roberto Falanga** Sociology, Instituto de Ciências Sociais, Universidade de Lisboa, Lisbon, Portugal

**Greta Falavigna** Istituto di Ricerca sulla Crescita Economica Sostenibile (IRCrES), del Consiglio Nazionale delle Ricerche (CNR), Moncalieri (TO), Italy

**Mahdieh Fallah-Heravi** Faculty of Management, University of Tehran, Tehran, Iran

**Ali Farazmand** Florida Atlantic University, Boca Raton, FL, USA

**Khandakar Farid Uddin** Center for Administrative Research and Innovation (CARI), University of Dhaka, Dhaka, Bangladesh

**Rebekah Farrell** RMIT University, Melbourne, VIC, Australia

**Nathan Favero** Texas A&M University, College Station, TX, USA

**Christophe Favoreu** Toulouse Business School, Toulouse, France

**Ahmed Alaa Fayed** Department of Middle Eastern Studies, King's College London, London, UK

Centre for Research in the Arts, Social Sciences and Humanities, University of Cambridge, Cambridge, UK

**S. Fedyunina** Social Communication Department, Stolypin's Volga Region Institute of Administration – Russian Presidential Academy of National Economy and Public Administration, Saratov Branch, Saratov, Russian Federation

**Mary Ann Feldheim** University of Central Florida, Orlando, FL, USA

**Daniel L. Feldman** John Jay College of Criminal Justice, New York, NY, USA

**Luiz Antonio Felix Júnior** Federal Institute of Alagoas (IFAL), Maceió, AL, Brazil

University Potiguar (UNP), Natal, RN, Brazil

**Lon Felker** East Tennessee State University, Johnson City, TN, USA

**Alan Fenna** Curtin University, Perth, WA, Australia

**Grant Ferguson** Department of Political Science, Texas Christian University, Fort Worth, TX, USA

**Ciro Campos Christo Fernandes** National School of Public Administration, Brasília, Brazil

**Kandyce Fernandez** The University of Texas at San Antonio, San Antonio, TX, USA

**Maria Ferrara** Department of Management, Accounting and Economics, "Parthenope" University of Naples, Naples, Italy

**Marco Aurélio Marques Ferreira** Graduate Program at Public Administration, Federal University of Vicosa UFV/Brazil, Vicosa, MG, Brazil

**Laurence Ferry** Durham University Business School, Stockton on Tees, UK

**Paolino Fierro** "Parthenope" University of Naples, Naples, Italy

**Fernando Filgueiras** Directorate for Research and Graduate Studies, National School of Public Administration, Brasília, DF, Brazil

Department of Political Science, Federal University of Minas Gerais, Belo Horizonte, MG, Brazil

**Anna A. Filipova** Department of Public Administration, University of Wisconsin Oshkosh, Oshkosh, WI, USA

**Cian Finn** Department of Politics and Public Administration, University of Limerick, Limerick, Ireland

**Debbie Firestone** Environmental Energy & Natural Resources Advocates, Tulsa, OK, USA

**Sandra Isabel Rasteiro Firmino** Centre for Public Administration and Public Policies, Institute of Social and Political Sciences – Universidade de Lisboa, Lisbon, Portugal

**Cemil Eren Fırtın** School of Public Administration, University of Gothenburg, Gothenburg, Sweden

**Denis Fischbacher-Smith** Adam Smith Business School, University of Glasgow, Glasgow, Scotland, UK

**Jenny Sue Flannagan** Regent University, Virginia Beach, VA, USA

**Carla M. Flink** Department of Public Administration, The University of Texas at San Antonio, San Antonio, TX, USA

**Francesca Flood** Hope Verdad, LLC, Lake Frederick, VA, USA

**Morten Fogsgaard** University of Aalborg, Aalborg, Denmark

**Erica Gabrielle Foldy** Wagner Graduate School of Public Service, New York University, New York, NY, USA

**Silvia Marinella Fontana** University of Padua, Padua, Italy

**Paul Douglas Foote** Department of Political Science and Sociology, Murray State University, Murray, KY, USA

**Michael R. Ford** University of Wisconsin-Oshkosh, Oshkosh, WI, USA

**Amir Forouharfar** Department of Public Administration, University of Sistan and Baluchestan, Zahedan, Iran

**Chad S. Foster** College of Justice and Safety, Eastern Kentucky University, Richmond, KY, USA

**Domenico Fracchiolla** University of Salerno, Fisciano, Italy

**Ronald D. Francis** College of Law and Justice, Victoria University, Melbourne, VIC, Australia

**Simone Francois-Whittier** Department of Political Science, University of the West Indies, St. Augustine, Trinidad and Tobago

**Aubrey Frantz** University of North Texas at Dallas, Dallas, TX, USA

**David E. Freel** Fisher College of Business, The Ohio State University, Columbus, OH, USA

**Angela Freeman** Health Systems Integrated Ph.D. Program, Feinberg School of Medicine, Northwestern University, Chicago, IL, USA

**Rosana de Freitas Boullosa** Department of Public Policy Management, University of Brasilia (UnB), Brasília, Brazil

**Siegrun Fox Freyss** Department of Political Science, California State University, Los Angeles, CA, USA

**Russell J. Fricano** Urban & Regional Studies Institute, Minnesota State University Mankato, Mankato, MN, USA

**Barry D. Friedman** University of North Georgia, Dahlonega, GA, USA

**Mark Kwakye Frimpong** Department of Political Science, Concordia University, Montreal, QC, Canada

**Louis W. Fry** Texas A&M University – Central Texas, Killeen, TX, USA

**Sandro Fuchs** Zurich University of Applied Sciences, Winterthur, Switzerland

**Shane Fudge** Miami University, Oxford, OH, USA

**Hartmut Fünfgeld** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Kendall D. Funk** Texas A&M University, College Station, TX, USA

**Arneil G. Gabriel** Department of Public Administration, Nueva Ecija University of Science and Technology, Cabanatuan City, Nueva Ecija, Philippines

**Gadom Djal Gadom** Faculty of Economics Sciences and Management, University of N'Djamena, N'Djamena, Chad

**Yosra Gafsi** Faculty of Economics and Management of Sfax, University of Sfax, Sfax, Tunisia

**Gabriele Gagliani** School of Law, Bocconi University, Milan, Italy

**Stéphanie Gagnon** École nationale d'administration publique, Montréal, QC, Canada

**Pablo Galaso** Instituto de Economía, Facultad de Ciencias Económicas y de Administración, Universidad de la República, Montevideo, Uruguay

**Andrés Navarro Galera** University of Granada, Granada, Spain

**Pamela Gallahue** Naperville City Clerk's Office, Naperville, IL, USA

**Mohamed Touhami Gallala** Tunisian Administration, Carthage, Tunis, Tunisia

**Roberto Galván Avalos** Cornell University, Ithaca, NY, USA

**Amira Gamal El-Din** The Arab Academy for Science, Technology and Maritime Transport, Cairo, Egypt

**Ricardo Gamboa** Institute of International Studies, Universidad de Chile, Santiago, Chile

**Thomas Garavan** Business School, National College of Ireland, Dublin, Ireland

**Roberto García-Fernández** Department of Accountancy, University of Oviedo, Oviedo, Spain

**Caterina García-Segura** Pompeu Fabra University, Barcelona, Spain

**Isabel-Maria Garcia-Sanchez** Facultad de Economía y Empresa – Multidisciplinary Institute for Enterprise, University of Salamanca, Salamanca, Spain

**Jean-Claude Garcia-Zamor** Florida International University, Miami, FL, USA

**Justin Gardner** Greenspun College of Urban Affairs, School of Public Policy and Leadership, University of Nevada, Las Vegas (UNLV), Las Vegas, NV, USA

**Johny T. Garner** Bob Schieffer College of Communication, Texas Christian University, Fort Worth, TX, USA

**Kenneth Garner** University of Michigan, Ann Arbor, MI, USA

**Maria Rosaria Garofalo** University of Salerno, Salerno, Italy

**Julian L. Garritzmann** Department of Political Science and Public Administration, University of Konstanz, Konstanz, Germany

Department of Political Science, University of Zurich, Zurich, Switzerland

**Robin Gauld** Department of Preventive and Social Medicine, Dunedin School of Medicine, University of Otago, Dunedin, New Zealand

**Laurie Gavilo-Lane** Department of Public Administration, Tennessee State University, Nashville, TN, USA

**Michael L. Gaylor** School of Public Administration – College of Arts and Letters, Florida Atlantic University, Boca Raton, FL, USA

**Tia Sherèe Gaynor** University of Cincinnati, Cincinnati, OH, USA

**Brigitte Geissel** Goethe-Universität Frankfurt, Frankfurt a.M., Germany

**Hamid Mahmood Gelaidan** Department of Management and Marketing, College of Business and Economics, Qatar University, Doha, Qatar

**Francesca Gennari** Department of Economics and Management, University of Brescia, Brescia, Italy

**Aspridis George** Department of Business Administration, Technological and Educational Institute of Thessaly, Larissa, Greece

**Robert P. Gephart** School of Business, University of Alberta, Edmonton, Canada

**Bryan T. Gervais** University of Texas at San Antonio, San Antonio, TX, USA

**Cecile N. Gerwel-Proches** Graduate School of Business & Leadership, University of KwaZulu-Natal, Durban, South Africa

**Benedetta Gesuele** ACRI, Italian Association of Banking Foundation, Rome, Italy

**Heather Getha-Taylor** University of Kansas, Lawrence, KS, USA

**Suren Ghazaryan** Burbank, CA, USA

**Richard K. Ghere** University of Dayton, Dayton, OH, USA

**Umar Ghuman** Department of Political Science, Public Administration and Leadership Studies, California State University, Stanislaus, Turlock, CA, USA

**Robert A. Giacalone** Daniels College of Business, University of Denver, Denver, CO, USA

**Davide Giacomini** Department of Economics and Management, University of Brescia, Brescia, Italy

**Fernando Giancotti** Italian Air Force, Air Force Headquarter, Rome, Italy
University of Rome Tor Vergata, Rome, Italy

**Joan M. Gibran** College of Public Service, Tennessee State University, Nashville, TN, USA

**Jacqueline Gilbert** Department of Management, Middle Tennessee State University, Murfreesboro, TN, USA

**Elizabeth M. Gillespie** University of Nebraska Omaha, Omaha, NE, USA

**Alessandro Giosi** Lumsa University, Rome, Italy

**Romano Giulia** University of Pisa, Pisa, Italy

**Sylvie di Giusto** Executive Image Consulting LLC, New York, NY, USA

**Andreas Glöckner** Hessian Court of Auditors, Darmstadt, Hesse, Germany

**S. Mackenzie Glander-Dolo** Upper Iowa University, Fayette, IA, USA

**Andreas H. Glas** Bundeswehr University Munich, Munich, Germany

**Marina Gluchova** Department of Economics and Management, The First Medical University by Sechenov, Moscow, Russia

**Mădălina-Cristina Gogu** The National University of Political Studies and Public Administration (SNSPA), Bucharest, Romania

**Konstantin Igorevich Golovshinskiy** National Research University Higher School of Economics (HSE), Moscow, Russia

**Patrícia S. Gomes** Center for Research on Accounting and Taxation, Polytechnic Institute of Cávado and Ave (IPCA), Barcelos, Portugal

**Ricardo Gomes** Faculdade de Economia, Administração, Ciências Contábeis e Gestão de Políticas Públicas, University of Brasília – UNB, Brasilia, Brazil

**Bastián González-Bustamante** Department of Public Administration and Policy, Universidad de Santiago de Chile, Santiago, Chile

**Belén González-Díaz** Department of Accountancy, University of Oviedo, Oviedo, Spain

**Nicolás Gonzálvez-Gallego** San Antonio Catholic University of Murcia, Murcia, Spain

**Jenna Gonzales** The University of Texas at San Antonio, San Antonio, TX, USA

**Daniel C. Goodrich** Mineta Transportation Institute, San Jose, CA, USA

**Maithri Goonetilleke** Monash University, Clayton, VIC, Australia

**George J. Gordon** Illinois State University, Normal, IL, USA

**Elena Gorina** Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

**Robert F. Gorman** Political Science, Texas State University, San Marcos, TX, USA

**Shirley Gotz** Universidad Alberto Hurtado, Santiago, Chile

**Betsy P. Goulet** College of Public Affairs and Administration, University of Illinois, Springfield, IL, USA

**Sam Goundar** The University of the South Pacific, Suva, Fiji

**F. Elizabeth Gray** Massey University, Wellington, New Zealand

**Adam Graycar** Flinders University, Adelaide, Australia

**Richard T. Green** Department of Political Science, University of Utah, Salt Lake City, UT, USA

**Tuma Greig** The University of the South Pacific, Suva, Fiji

**Thomas J. Greitens** Department of Political Science and Public Administration, Central Michigan University, Mount Pleasant, MI, USA

**Damian Grenfell** Centre for Global Research, RMIT University, Melbourne, VIC, Australia

**Georgina Griffith-Yates** University of Utah, Salt Lake City, UT, USA

**Charles Gross** Graduate School of Education and Psychology, Pepperdine University, Malibu, CA, USA

**Giuseppe Grossi** Department of Business Administration and Work Science, Kristianstad University, Kristianstad, Sweden

**Enrico Guarini** Department of Business Administration, Finance, Management and Law, University of Milano-Bicocca, Milan, Italy

**Valeria Guarneros-Meza** Department of Politics and Public Policy, De Montfort University, Leicester, UK

**Siggi Gudergan** Enterprise Innovation Unit – New Zealand Institute for Business Research, Waikato Management School, The University of Waikato, Hamilton, New Zealand

**John Gaffar La Guerre** Department of Political Science, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

**Santiago Guerrero** Rockefeller College of Public Affairs and Policy, University at Albany, Albany, NY, USA

**María-Dolores Guillamón** Department of Accounting and Finance, Faculty of Economics and Business, University of Murcia, Murcia, Spain

**Luciana Gondim de Almeida Guimarães** University Potiguar (UNP), Natal, RN, Brazil

Interuniversity Research Center on Enterprise Networks, Logistics and Transportation (CIRRELT), Montréal, Canada

**Hüseyin Gül** Department of Political Science and Public Administration, Süleyman Demirel University, Isparta, Turkey

**Saleem Gul** Institute of Management Sciences, Peshawar, Pakistan

**Bernard Gumah** School of Management and Economics, University of Electronic Science and technology of China, Chengdu, China

**Pius Gumisiriza** School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda

**Michael Guo-Brennan** Department of Political Science, Troy University, Troy, AL, USA

**Mahendra Gupta** Olin School of Business, Washington University in St. Louis, St. Louis, MO, USA

**Roopak Kumar Gupta** Indian Institute of Management (IIM) Kozhikode, Kozhikode, India

**Hari Prasad Guragain** Local Level Capacity Development Division, Ministry of Federal Affairs and General Administration, Kathmandu, Nepal

**Patricia Luna Gutierrez** Independent Researcher, Masatepe, Nicaragua

**Maame A. Gyekye-Jandoh** Department of Political Science, University of Ghana, Accra, Ghana

**Kyoo-Man Ha** Department of Emergency Management, Inje University, Gimhae, Korea

**Thomas W. Haase** Department of Political Science, Sam Houston State University, Huntsville, TX, USA

**Salwa El Habib** Walden University, Minneapolis, MN, USA

**Caroline S. Hackerott** Department of Emergency Management, North Dakota State University, Fargo, USA

**Kira Haensel** Florida International University, Miami, FL, USA

**Mark A. Hager** School of Community Resources and Development, Arizona State University, Phoenix, AZ, USA

**George E. Hale** Kutztown University of Pennsylvania, Kutztown, PA, USA

**Hariz Halilovich** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Shariá D. Hall** Lincoln University, Lincoln, PA, USA

Hofstra University, Hempstead, NY, USA

Monroe College, New Rochelle, NY, USA

**Madinah F. Hamidullah** School of Public Affairs and Administration, Rutgers University Newark, Newark, NJ, USA

**Samir M. Hammami** Department of Management Information Systems, Dhofar University, Salalah, Oman

**Anastasia Hammond** Department of Psychology, University of Ghana, Legon, Accra, Ghana

**Musab Hamod** Damascus University, Damascus, Syria

**Muhammad Ali Hamza** UVAS Business School, University of Veterinary and Animal Sciences, Lahore, Pakistan

**Yousueng Han** School of Public and Environmental Affairs, Indiana University, Bloomington, IN, USA

**Yumei Han** University of Massachusetts Boston, Boston, MA, USA

**Emily Kay Hanks** Texas State University, San Marcos, TX, USA

**James Craig Hanks** Texas State University, San Marcos, TX, USA

**Kirk O. Hanson** Markkula Center for Applied Ethics, Santa Clara University, Santa Clara, CA, USA

**Mahfuzul Haque** Department of Development Studies, University of Dhaka, Dhaka, Bangladesh

**Md Shahabul Haque** Department of Political Studies, Shahjalal University of Science & Technology, Sylhet, Bangladesh

**Hanna Haran** School of Public Affairs, Arizona State University, Phoenix, AZ, USA

**Charlie Harary** The Ayven Group, New York City, NY, USA

**Mona Harb** American University of Beirut, Beirut, Lebanon

**Lorna Hardin** Penn State DuBois, DuBois, PA, USA

**Chaitra M. Hardison** Pardee RAND Graduate School, RAND Corporation, Santa Monica, CA, USA

**Amy Beck Harris** Daniel J Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA

**Gardenia Harris** Illinois State University, Normal, IL, USA

**Joseph L. Harris** Department of Public and International Affairs, University of North Carolina Wilmington, Wilmington, NC, USA

**Michael Harris** Department of Public Administration, Tennessee State University, Nashville, TN, USA

**Paul A. Harris** Department of Political Science, Auburn University, Auburn, AL, USA

**Richard L. Harris** California State University, Monterey Bay, CA, USA

**Emily Harwood**

**Iman Harymawan** Universitas Airlangga, Surabaya, Indonesia

**Sadik Hasan** Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

**Adila Reza Hasan** Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

**Mehedi Hasan** School of Law, Xiamen University, Xiamen, Fujian, China

**Mohammad Hasan** University of Dhaka, Dhaka, Bangladesh

**Samir Ul Hassan** Department of Economics, University of Science and Technology, Meghalaya, India

**Akbar Hassanpoor** Faculty of Management, Kharazmi University, Tehran, Iran

**Mohammad Hassanzadeh** Knowledge and Information Science Department, Tarbiat Modares University, Tehran, Iran

**William Hatcher** Department of Political Science, Augusta University, Augusta, GA, USA

**Elaine Hatfield** Department of Psychology, University of Hawaii, Honolulu, HI, USA

**James Hathaway** Research Advisor at NLA University College, Bergen, Norway

**Ibrahim Hatipoğlu** Uludag University, Bursa, Turkey

**Deneen M. Hatmaker** Department of Public Policy, University of Connecticut, West Hartford, CT, USA

**Christian Haumann** Ludwigsburg University of Public Administration and Finance, Hochschule für öffentliche Verwaltung und Finanzen Ludwigsburg, Ludwigsburg, Germany

**Courtney Haun** Department of Political Science, Auburn University, Auburn, AL, USA

**Brittany Haupt** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Arto Haveri** School of Management, University of Tampere, Tampere, Finland

**Cassandra Hawkins** Department of Social Sciences, Mississippi Valley State University, Itta Bena, MS, USA

**Christopher V. Hawkins** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Omar E. Hawthorne** Department of Government, University of the West Indies, Mona, Kingston, Jamaica

**Christopher S. Hayter** School of Public Affairs, Arizona State University, Phoenix, AZ, USA

**David Hayward** VCOSS-RMIT Future Social Service Institute, RMIT University, Melbourne, VIC, Australia

**Osama A. Hazzi** FrontiersToday, Vienna, Austria

University of Vienna, Vienna, Austria

**Karen Heard-Laureote** Faculty of Humanities and Social Sciences, School of Social, Historical and Literary Studies (SSHLS), University of Portsmouth, Portsmouth, UK

**Nuri Heckler** School of Public Affairs, University of Colorado Denver, Denver, CO, USA

**Luke Justin Heemsbergen** School of Social and Political Sciences, Melbourne School of Government, The University of Melbourne, Melbourne, VIC, Australia

**Jennifer Gaudet Hefele** Department of Gerontology, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**Abbey Heffner** University of North Texas, Denton, TX, USA

**Sleheddine Hellara** Higher Institute of Management of Tunis, Tunis, Tunisia

**Fateme Hematiyan** Allame Tabataba'i University, Tehran, Iran

**Rachel Henriques** University of West Florida, Pensacola, FL, USA

**Cassandra R. Henson** College of Health Professions, Interprofessional Health Studies Department, Towson University, Towson, MD, USA

**Jerry E. Herbel** Kennesaw State University, Kennesaw, GA, USA

**Leonie Heres** Utrecht School of Governance, Utrecht, The Netherlands

**Helena Hermansson** Department of Security, Strategy, and Leadership, Swedish Defence University, Stockholm, Sweden

Centre of Natural Hazards and Disaster Science, Uppsala University, Uppsala, Sweden

**Paola M. Hermosa** Universidad Complutense de Madrid, Madrid, Spain

**Sharron Y. Herron-Williams** Alabama State University, Montgomery, AL, USA

**Paul Higgins** Department of Public Policy, City University of Hong Kong, Hong Kong, China

**Imane Hijal-Moghrabi** Public Administration and Leadership Program, The University of Texas of the Permian Basin, Odessa, TX, USA

**Ken Victor Leonard Hijino** Graduate School of Law, Kyoto University, Kyoto, Japan

**Andrè L. Hines** Jackson State University, Jackson, MS, USA

**Alessandro Hinna** Department of Management and Law, University of Rome Tor Vergata, Rome, Italy

**Anil Hira** Simon Fraser University, Burnaby, BC, Canada

**Mary Jane Kuffner Hirt** Indiana University of Pennsylvania, Indiana, PA, USA

**Denisha Hobbs** College of Public Affairs, University of Baltimore, Maryland, United States

**Jason Hochstatter** Milwaukee, WI, USA

Illinois State University, Normal, IL, USA

**Alain Hoekstra** Erasmus University Rotterdam, Rotterdam, The Netherlands

**Serena Hoermann** Florida Atlantic University, Boca Raton, FL, USA

**John E. Ten Hoeve** National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA

**Matthias Hofferberth** Department of Political Science and Geography, University of Texas at San Antonio, San Antonio, TX, USA

**Alecia D. Hoffman** Alabama State University, Montgomery, AL, USA

**Jochen Hoffmann** Department of Culture and Global Studies, Aalborg University, Aalborg, Denmark

**Roland Hofmann** School of Management and Law, Zurich University of Applied Sciences, Winterthur, Switzerland

**Lotte Holck** Department of Organization, Copenhagen Business School, Copenhagen, Denmark

**Pedro Paulo Teófilo Magalhães de Hollanda** Instituto Brasileiro de Ensino, Desenvolvimento e Pesquisa (IDP), Brasília, Brazil

**Marc Holzer** Suffolk University, Boston, MA, USA

**Fabian Homberg** Southampton Business School, Southampton, UK

**George C. Homsy** Sustainable Communities Program, Department of Public Administration, Binghamton University, Binghamton, NY, USA

**Md. Mostafa Hosain** School of Law, BRAC University, Dhaka, Bangladesh

**Jeri Anne Hose-Ryan** Illinois State University, Normal, IL, USA

**Akram Hossain** Public Policy and Governance (PPG) Program, North South University, Dhaka, Bangladesh

**Mohammad Hossain** Alliance of Civilizations Institute, İbn Haldun Üniversitesi, Istanbul, Turkey

**Md. Abul Hossen** Jagannath University, Dhaka, Bangladesh

**Md. Mansur Hossen** Centre for Administrative Research and Innovation (CARI), University of Dhaka, Dhaka, Bangladesh

**Matthew Houston** University of North Texas at Dallas, Dallas, TX, USA

**Diane M. Howard** College of Education, DePaul University, Chicago, IL, USA

Department of Health Systems Management, College of Health Sciences, Rush University, Chicago, IL, USA

**Joanne E. Howard** Stuart School of Business, Public Administration Program, Illinois Institute of Technology, Chicago, IL, USA

**Sean Hubbard** The University of North Texas at Dallas, Dallas, TX, USA

**Verónica Figueroa Huencho** Institute of Public Affairs-INAP, University of Chile, Santiago, Chile

**Adam G. Hughes** University of Virginia, Charlottesville, VA, USA

**Stefan Hunziker** Institute of Financial Services Zug IFZ, Lucerne University ASA Switzerland, Zug, Switzerland

**Parvaz Azharul Huq** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Yongbeom Hur** Department of Government and Justice Studies, Appalachian State University, Boone, NC, USA

**Kwangseon Hwang** Department of Public Administration, Gachon University, Seongnam, Sujeong-gu, Republic of Korea

**Elena Iarskaia-Smirnova** Department of Sociology, National Research University 'Higher School of Economics', Moscow, Russia

**Cecilia Ibarra** Center for Climate and Resilience Research (CR)2, Universidad de Chile, Santiago, Chile

**Jide Ibietan** Department of Political Science and International Relations, Covenant University, Ota, Nigeria

**Mohammed Ibrahim** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Adeline Nnenna Idike** Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Harrison Adewale Idowu** Adekunle Ajasin University, Akungba-Akoko, Nigeria

Obafemi Awolowo University, Ile-Ife, Nigeria

**Samuel Sunday Idowu** Department of Political Science and International Relations, Covenant University, Ota, Nigeria

**Benati Igor** CNR – National Research Council of Italy, Torino, Italy

**Collins Moses Igwe** Department of Public Administration, Federal University, Oye, Nigeria

**Roseline Igwemba** Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

**Godwin Ihemeje** Department of History, Political Science, and Interdisciplinary Studies, Albany State University, Albany, GA, USA

**Ogbewere Bankole Ijewereme** Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria

Department of Political Science and Public Admin., Faculty of Business and Social Sciences, Adeleke University, Ede, Nigeria

**Irina Ilina** Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher School of Economics, Moscow, Russia

**Hyesu Im**

**Joshua Onome Imoniana** University of Sao Paulo, Sao Paulo, Brazil

**Mark T. Imperial** University of North Carolina Wilmington, Wilmington, NC, USA

**Fany Inasius** Department of Accounting, Faculty of Economics and Communication, Bina Nusantara University (BINUS University), West Jakarta, Indonesia

**Hiroaki Inatsugu** School of Political Science and Economics, Waseda University, Tokyo, Japan

**Marthe Indset** The Norwegian Institute for Urban and Regional Research, Oslo and Akershus University College of Applied Sciences, Oslo, Norway

**Frank J. Infurna** Arizona State University, Tempe, AZ, USA

**L. Maria Ingram** Center for Public Administration and Policy, Virginia Polytechnic Institute and State University, Blacksburg, VA, USA

**Alex Ingrams** School of Public Affairs and Administration, Rutgers University – Newark, Newark, NJ, USA

**Mads Bruun Ingstrup** Department of Entrepreneurship and Relationship Management, University of Southern Denmark, Kolding, Denmark

**Svetlana Inkina** University of Toronto, Toronto, ON, Canada

Department of Public Policy, Center for Institutional Studies, Higher School of Economics, Moscow, Russia

**Rossidis Ioannis** University of the Aegean, Athens, Greece

**Roberto Ippoliti** Department of Management, Università degli Studi di Torino, Torino (TO), Italy

**Liza Ireni-Saban** Lauder School of Government, Diplomacy and Strategy Interdisciplinary Center (IDC), Herzliya, Israel

**Carolina Isaza** Universidad Externado de Colombia, Bogota, Colombia

**Yu Ishida** School of Project Design, Miyagi University, Taiwa, Japan

**Md. Jahidul Islam** Department of Public Administration, Stamford University, Dhaka, Bangladesh

**Md. Nazmul Islam** Department of Political Science and Public Administration, Faculty of Political Science, Ankara Yildirim Beyazit University (AYBU), Ankara, Turkey

Department of European and International Law, Faculty of Law and Economics, Europa Institut, Saarland University, Saarbrucken, Germany

**Md. Rafiqul Islam** Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh

School of History and International Relations, Flinders University, Adelaide, Australia

**Md. Shafiul Islam** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Mohammad Samiul Islam** Department of Public Administration, Shahjalal University of Science and Technology, Sylhet, Bangladesh

**Rafiqul Islam** Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh

**Sardar M. N. Islam** ISILC, VU Research, Victoria University, Melbourne, VIC, Australia

**Masatsugu Ito** Graduate School of Law and Politics, Tokyo Metropolitan University, Tokyo, Japan

**Andrei Ivanov** Graduate School of Management, St. Petersburg University, St. Petersburg, Russia

**Ekaterina Ivanova** Faculty of Business and Management, National Research University – Higher School of Economics, Moscow, Russia

**Galina Y. Ivleva** Russian Presidential Academy of National Economy and the Public Administration (RANEPA), Moscow, Russian Federation

**Harrison Onuwa Iwuala** Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Akiko Izumo** Department of Political Science and Economics, Tokai University, Kanagawa, Japan

**Annika Jaansoo** Department of Public Administration, University of Twente, Enschede, The Netherlands

**Gloria H. Jackson** Dallas College, School of Law & Public Service, Dallas, TX, USA

**Jonathan Jackson** Department of Methodology, London School of Economics, London, UK

**Randy L. T. Jacobs** Department of Public Policy and Administration, Jackson State University, Jackson, MS, USA

**Richard M. Jacobs** Department of Public Administration, Villanova University, Villanova, PA, USA

**Keilah Jacques** Bloomberg School of Public Health, Johns Hopkins University, Baltimore, MD, USA

**Sultana Jahan** Stamford University Bangladesh, Dhaka, Bangladesh

**Christine A. James** Valdosta State University, Valdosta, GA, USA

**Paul James** Institute for Culture and Society, Western Sydney University, Penrith, NSW, Australia

**David Jancsics** School of Public Affairs, San Diego State University Imperial Valley Campus, San Diego, CA, USA

**Becca Janiak** Strategic Leadership Consulting, Port Charlotte, FL, USA

**Paulo Jannuzzi** National School of Statistics, Rio de Janeiro, Brazil
Brazilian Institute of Geography and Statisticas, Rio de Janeiro, Brazil

**Christian L. Janousek** University of Nebraska Omaha, Omaha, NE, USA

**Mohammad Javadi** Tarbiat Modares University, Tehran, Iran

**Morteza Javanali Azar** Faculty of Islamic knowledge and Management, Imam Sadegh University, Tehran, Iran

**Gwenda R. Jensen** International Federation of Accountants, Toronto, ON, Canada

**Bok G. Jeong** Department of Public Administration, Kean University, Union, NJ, USA

**Shinhee Jeong** Human Resource Development, Texas A&M University, College Station, TX, USA

**Alessandra Jerolleman** University of New Orleans, New Orleans, LA, USA

**Rubayat Jesmin** Department of Public Administration, Binghamton University, Binghamton, NY, USA

**Maite Jiménez Peralta** Pontificia Universidad Católica de Valparaíso, Valparaíso, Chile

**Åge Johnsen** Department of Public Management, Oslo and Akershus University College of Applied Sciences, Oslo, Norway

**Al C. Johnson-Manning** Public and Nonprofit Management, School of Economic, Political and Policy Sciences, The University of Texas at Dallas, Dallas, TX, USA

**Aaron D. Johnson** Montgomery College, Germantown, MD, USA

**Dimple Sunayna Johnson** West Chester University of Pennsylvania, West Chester, PA, USA

**Emmanuel Janagan Johnson** Social Work Unit, Department of Behavioural Sciences, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

**Richard Greggory Johnson III** University of San Francisco, San Francisco, CA, USA

**Tim Johnson** Atkinson Graduate School of Management and Center for Governance and Public Policy Research, Willamette University, Salem, OR, USA

**Linda M. Johnston** Kennesaw State University, Kennesaw, GA, USA

**Michael Johnston** Charles A. Dana Professor of Political Science, Emeritus, Colgate University, Hamilton, NY, USA

**Benjamin T. Jones** University of Mississippi, Oxford, MS, USA

**Jaehee Jong** Department of Public Administration, School of Public & Global Affairs, Northern Illinois University, Dekalb, IL, USA

**Sara R. Jordan** Center for Public Administration and Policy, Virginia Polytechnic University and State Institute, Blacksburg, VA, USA

**Soren Jordan** Texas A&M University, College Station, TX, USA

**Susana Jorge** Research Centre in Political Science (CICP) and Faculty of Economics, University of Coimbra, Coimbra, Portugal

**Ntayi Mpeera Joseph** Faculty of Economics, Energy and Management Science, Kampala, Uganda

**Segun Joshua** Kola Daisi University, Ibadan, Nigeria

**Hazel Jovita** Universitas Muhammadiyah Yogyakarta and MSU-Iligan Institute of Technology, Iligan, Lanao del Norte, Philippines

**Jamil E. Jreisat** School of Public Affairs, University of South Florida, Tampa, FL, USA

**Nick Juliano** University of Nebraska Omaha, Omaha, NE, USA

**Jisun Jung** Faculty of Education, The University of Hong Kong, Hong Kong, Hong Kong SAR

**Juyong Jung** Department of Public Management Information System, Korea National University of Transportation, Chungjusi, South Korea

**Veronica Junjan** Department of Public Administration, University of Twente, Enschede, The Netherlands

**Carole L. Jurkiewicz** McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

**Rana Juwel** The University of Sheffield, Sheffield, UK

EHESP School of Public Health, Paris, France

South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh

**Wulf A. Kaal** School of Law, Private Investment Funds Institute, University of Saint Thomas, Minneapolis, MN, USA

**Twaaha Kigongo Kaawaase** Department of Accounting and Finance, Makerere University Business School, Kampala, Uganda

**Will Kaberuka** Makerere University Business School, Kampala, Uganda

**Salisu Ahmed Kabiru** Public Administration Department, Umaru Musa Yar'adua University Katsina, Katsina, Nigeria

**Armstrong Kadyamatimba** Department of Business Information Systems, University of Venda, Thohoyandou, South Africa

**James R. K. Kagaari** Department of Psychology, Kyambogo University, Kampala, Uganda

**Z. R. M. Abdullah Kaiser** Department of Public Administration, University of Chittagong, Chittagong, Bangladesh

**Monsiapile Agapto Kajimbwa** Dar es salaam, Tanzania

**Ram Kumar Kakani** Indian Institute of Management (IIM) Kozhikode, Kozhikode, India

National Centre for Leadership Development & Competency Assessment (NCLDCA), LBSNAA, Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie, India

**Behrooz Kalantari** MPA Program, Savannah State University, Savannah, GA, USA

**Alexander Kalgin** School of Public Administration, National Research University Higher School of Economics, Moscow, Russia

**Ojiaku Kalu** Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

**Masuda Kamal** Department of Public Administration, Comilla University, Comilla, Bangladesh

**A. H. M. Kamrul Ahsan** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Gilles Quentin Kane** Faculty of Economics and Management, University of Yaoundé II, Yaoundé, Cameroon

**Minah Kang** Department of Public Administration, Ewha Womans University, Seoul, Republic of Korea

The Board of Audit and Inspection of Korea, Seoul, Republic of Korea

**Susan Kang** John Jay College of Criminal Justice, CUNY, New York, NY, USA

**Direnç Kanol** Public Administration Department, Near East University, Nicosia, Northern Cyprus, Turkey

**Clementina Kanu** Department of Accountancy/Business Administration and Banking/Finance, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Naim Kapucu** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Ahmet Karadağ** Department of International Relation, Inonu University, Malatya, Turkey

**Maureen Karan** School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

**Sotirios Karatzimas** Department of Business, Universitat Autònoma de Barcelona, Barcelona, Spain

**Susanna Karlsson** Department of Swedish, University of Gothenburg, Gothenburg, Sweden

**Tom S. Karlsson** School of Public Administration, University of Gothenburg, Gothenburg, Sweden

**Patience Karungi** School of Management and Business, Uganda Management Institute, Kampala, Uganda

**Kamal Kasmaoui** ESC Pau Business School, Pau, France

**Eric T. Kasper** University of Wisconsin-Eau Claire, Eau Claire, WI, USA

**Yulia Kasperskaya** Department of Economics and Business Organization, Faculty of Economics and Business, Universitat de Barcelona, Barcelona, Spain

**Benjamin Kassow** Department of Political Science and Public Administration, University of North Dakota, Grand Forks, ND, USA

**Elizabeth Kath** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Niilo Kauppi** University of Jyväskylä, Jyväskylä, Finland

**Andjela H. Kaur** University of North Dakota, Grand Forks, ND, USA

**Mahsa Kavei** Faculty of Management, Kharazmi University, Tehran, Iran

**Jad Kawtharani** Institutional Effectiveness and Quality Assurance, Doha Institute for Graduate Studies, Doha, Qatar

**Charles D. Kay** Philosophy Department, Wofford College, Spartanburg, SC, USA

**Charles Wharton Kaye-Essien** School of Global Affairs and Public Policy (GAPP), The American University in Cairo, Cairo, Egypt

**Valentina Kaysarova** National Research University Higher School of Economics, St. Petersburg, Russia

**Seyed Hosein Kazemi** Department of Public Administration, Tarbiat Modares University, Tehran, Iran

**Kevin P. Kearns** Graduate School of Public and International Affairs, University of Pittsburgh, Pittsburgh, PA, USA

**Christopher S. Kelley** Miami University, Oxford, OH, USA

**Robin J. Kempf** Department of Public Management, John Jay College of Criminal Justice, New York, NY, USA

**Brandy Kennedy** Department of Government and Sociology, Georgia College and State University, Milledgeville, GA, USA

**Sheila Suess Kennedy** School of Public and Environmental Affairs, Indiana University Purdue University, Indianapolis, IN, USA

**Robert Kenter** Old Dominion University, Norfolk, VA, USA

**Toon Kerkhoff** Faculty of Governance and Global Affairs, Institute of Public Administration, Leiden University, Leiden, The Netherlands

**Fatih Keskin** Faculty of Communication, Public Relations and Advertising, Ankara University, Ankara, Turkey

**Natalia Khalina** Centre for Studies of Income and Living Standards, National Research University Higher School of Economics, Moscow, Russian Federation

**Niaz Ahmed Khan** Department of Development Studies, University of Dhaka, Dhaka, Bangladesh

**Noureen Khan** University of North Texas at Dallas, Dallas, TX, USA

**Shahid Khan** The Pennsylvania State University, Reading, PA, USA

**Fatema Khatun** Department of Public Administration, Shahjalal University of Science & Technology, Sylhet, Bangladesh

**Nafaa Kheidous** University of Pau and Pays de l'Adour (UPPA), Pau, France

**Hichem Khlif** Faculty of Economics and Management of Mahdia, University of Monastir, Monastir, Tunisia

**Igor Khodachek** Department of Comparative Political Studies, North-West Institute of Management, Russian Presidential Academy of National Economy and Public Administration, Moscow, Russia

**Ali Khodadad-Saryazdi** IRGO (Institut de Recherche en Gestion des Organisations), University of Bordeaux, Bordeaux, France

**Habibul Haque Khondker** Humanities and Social Sciences, Zayed University, Abu Dhabi, United Arab Emirates

**Saima Khursheed** Life and Health sciences, University of North Texas at Dallas, Dallas, TX, USA

**Ally Ramathan Kibirige** Makerere University Business School, Kampala, Uganda

**Hideki Kido** Kyoto Women's University, Kyoto, Japan

**John J. Kiefer** University of New Orleans, New Orleans, LA, USA

**Narong Kiettikunwong** Research Group on Local Affairs Administration and Smart City, College of Local Administration, Khon Kaen University, Khon Kaen, Thailand

**J. C. Munene Kigozi** Faculty of Graduate Studies & Research, Makerere University Business School, Kampala, Uganda

**Pastor Kiizah** Faculty of Business Administration and Management, Uganda Martyr's University, Kampala, Uganda

**Masao Kikuchi** Meiji University, Tokyo, Japan

**Anna Kim** Simon Fraser University, Burnaby, BC, Canada

**Eung Gil Kim** Department of Accounting, SoongSil University, Seoul, South Korea

**Min-Hyu Kim** Arizona State University, Phoenix, AZ, USA

Hainan University, Haikou, China

**Mirae Kim** Schar School of Policy and Government, George Mason University, Arlington, VA, USA

**Pan Suk Kim** College of Government and Business, Yonsei University, Wonju, Gangwon, South Korea

**Soojin Kim** Public Policy and Global Affairs Programme, School of Social Sciences, Nanyang Technological University, Singapore, Singapore

**Sun Young Kim** School of Public and International Affairs, The University of Georgia, Athens, GA, USA

**Younhee Kim** School of Public Affairs, Pennsylvania State University Harrisburg, Middletown, PA, USA

**Shunsuke Kimura** Professional Graduate School, Meiji University, Tokyo, Japan

**Stephen M. King** Department of Government, History, and Criminal Justice, College of Arts and Sciences, Regent University, Virginia Beach, VA, USA

**Daniel Dramani Kipo-Sunyehzi** Legon Centre for International Affairs and Diplomacy (LECIAD), University of Ghana, Accra, Ghana

**Sadik Kirazli** Department of Political Science and Public Administration, Suleyman Sah University, İstanbul, Turkey

**Erika L. Kirby** Creighton University, Omaha, NE, USA

**Hakan M. Kiriş** Department of Political Science and Public Administration, Süleyman Demirel University, Isparta, Turkey

**Kurmet Kivipõld** School of Economics and Business Administration, University of Tartu, Tartu, Estonia

**Jussi Kivistö** School of Management, University of Tampere, Tampere, Finland

**Michael Klausner** Social/Behaviorial Sciences, University of Pittsburgh at Bradford, Bradford, PA, USA

**Angela Kline** University of Delaware, Newark, DE, USA

**Claire Connolly Knox** University of Central Florida, Orlando, FL, USA

**Colin Knox** Graduate School of Public Policy, Nazarbayev University, Astana, Kazakhstan

Ulster University, Belfast, UK

**Hanna Kociemska** Wroclaw University of Economics, Wroclaw, Poland

**Heidi O. Koenig** Department of Public Administration, Northern Illinois University, DeKalb, IL, USA

**Natália Massaco Koga** National School of Public Administration – ENAP, Brasília, Brazil

**Vuokko Kohtamäki** Faculty of Management, Higher Education Group, University of Tampere, Tampere, Finland

**Osamu Koike** Graduate School of International Social Sciences, Yokohama National University, Yokohama, Japan

**Judith A. Kolb** Learning and Performance Systems Department, The Pennsylvania State University, College Station, PA, USA

**Christopher Koliba** Department of Community Development and Applied Economics, University of Vermont, Burlington, VT, USA

**E. W. Kolthoff** Department of Criminology, Open University, Heerlen, The Netherlands

**Anthony Geoffrey Koma** War Child Holland, Juba, South Sudan

**Paul A. Komesaroff** Centre for Ethics in Medicine and Society, Monash University, Caulfield East, VIC, Australia

**S. T. Kong** Faculty of Social Sciences, University of Hong Kong, Pokfulam, Hong Kong

**Bouas Konstantinos** Ministry of Administrative Reform Expert, Athens, Greece

**Sanja Korac** Department of Public Management, German University of Administrative Sciences Speyer, Speyer, Germany

**Mikko Kosonen** The Finnish Innovation Fund Sitra, Helsinki, Finland

**Alexander Kotchegura** Institute of Public Administration and Management, the Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation

**Konstantinos Kougias** Department of Social Policy, Democritus University of Thrace, Athens, Greece

**Steven G. Koven** Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

**Michael W. Kramer** University of Oklahoma, Norman, OK, USA

**Irina Krasnopolskaya** Center for Studies of Civil Society and the Nonprofit Sector, National Research University Higher School of Economics, Moscow, Russia

Institute for Management Research, Radboud University, Nijmegen, The Netherlands

**Dan Krejci** Department of Political Science and Public Administration, Jacksonville State University, Jacksonville, AL, USA

**Lisa Kretz** University of Evansville, Evansville, IN, USA

**Yulia Krylova** Schar School of Policy and Government, George Mason University, Arlington, VA, USA

**Oluwaseun Kugbayi** Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

**Sanneke Kuipers** Faculty of Governance and Global Affairs, Leiden University, The Hague, The Netherlands

**Felix Kumah-Abiwu** Center for African Studies, Department of Pan-African Studies, Kent State University, Kent, OH, USA

**Sunil Kumar** School of Economics, University of Fiji, Lautoka, Fiji

**Yoshiko Kuni** Tokyo Gakugei University, Tokyo, Japan

**Adewale K. Kupoluyi** Department of Political Science and Public Administration, Veronica Adeleke School of Social Sciences, Babcock University, Ilishan-Remo, Ogun State, Nigeria

**Singaravelloo Kuppusamy** Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia

**Kabiru Maitama Kura** Business Administration, Federal Polytechnic, Kaura Namoda, Nigeria

**Masamitsu Kurata** Department of Economics, Sophia University, Tokyo, Japan

**Evgeniia Kutergina** National Research University Higher School of Economics, St. Petersburg, Russia

**Markku Kuula** Information and Service Management, School of Business, Aalto University, Espoo, Finland

**Helena Kuvíková** Department of Public Economics and Regional Development, Matej Bel University, Banska Bystrica, Slovakia

**Abdulai Kuyini Mohammed** Department of Political Science, University of Ghana, Legon, Accra, Ghana

**Sergei Kvitko** National Research University Higher School of Economics, Moscow, Russia

**Godwin Kwemarira** Faculty of Management Science, Busitema University, Tororo, Uganda

School of Management Science, Uganda Management Institute, Kampala, Uganda

**Robert Frank Kyagaba** Faculty of Business Administration and Management, Ndejje University, Kampala, Uganda

**Viola Kyaterekera** Credit Department, Stanbic Bank Uganda Limited, Kampala, Uganda

**Harriet Kyokunda** Makerere University, Kampala, Uganda

**Margarita Labrador** University of Zaragoza, Zaragoza, Spain

**Sdrolias Labros** Department of Business Administration, Technological and Educational Institute of Thessaly, Larissa, Greece

**Gleb V. Labutin** Markets Development Department, JSC System Operator of United Power System, Moscow, Russia

**Constance Lacy** School of Human Services, University of North Texas at Dallas, Dallas, TX, USA

**Linda D. Ladd** Department of Human Development, Family Studies and Counseling, Texas Woman's University, Denton, TX, USA

**Per Lægreid** Department of Administration and Organization Theory, University of Bergen, Bergen, Norway

**Lihi Lahat** Administration & Public Policy, Sapir College, M.P. Hof Ashkelon, Israel

Azrieli Institute of Israel Studies, Concordia University, Montreal, Canada

Israel Institute Visiting Scholar, Serling Institute for Jewish Studies and Modern Israel, Michigan State University, East Lansing, MI, USA

**Harri Laihonen** Faculty of Management and Business, Tampere University, Tampere, Finland

**Samir Lakhani** Eco-Soap Bank, Pittsburgh, PA, USA

**Jone Lako** Faculty of Business and Economics, School of Management and Public Administration, The University of the South Pacific, Suva, Fiji

**Jone Lako** School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

**Newman Lam** University of Macau, Macau, People's Republic of China

**Wai-man Lam** School of Arts and Social Sciences, Open University of Hong Kong, Hong Kong, China

**Kristina Lambright** Binghamton University, Binghamton, NY, USA

**Wilfred U. Lameck** School of Public Administration and Management, Mzumbe University, Morogoro, Tanzania

**Kazeem Oyedele Lamidi** Department of Local Government Studies, Obafemi Awolowo University, Ile-Ife, Nigeria

**Meeyoung Lamothe** The University of Oklahoma, Norman, OK, USA

**Scott Lamothe** Department of Political Science, University of Oklahoma, Norman, OK, USA

**Patria de Lancer Julnes** Penn State Harrisburg, Middletown, PA, USA

**Mark Landahl** Frederick County Sheriff's Office, Frederick Community College, Frederick, MD, USA

**Ani Landau-Ward** School of Global Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Evelyne Lande** CEREGE, Université de Poitiers, Poitiers, France

**Cristina Landis** University of Regensburg, Regensburg, Germany

**David Landsbergen** John Glenn College of Public Affairs, The Ohio State University, Columbus, USA

**Jan-Erik Lane** Public Policy Institute, Belgrade, Freiberg, Germany

**Laura Langbein** Department Public Administration and Policy, American University, Washington, DC, USA

**Alexander Larionov** Public Service Improvement Center, Institute of Economic Policy and Economic Security Problems, National Research University Higher School of Economics, Financial University under the Government of the Russian Federation, Moscow, Russia

**Jennica Larrison** School of Public and International Affairs, University of Baltimore, Baltimore, MD, USA

**Emmanuel Lartey** Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

**Rachell Laucevicius** Indiana University-Purdue University Indianapolis, Indianapolis, IN, USA

**Romeo B. Lavarias** Division of Emergency Management, City of Miramar Fire-Rescue Department, Miramar, FL, USA

**Laurent Lavigne** Université de Lorraine, Nancy, France

**Kuok Kei Law** Lee Shau Kee School of Business and Administration, The Open University of Hong Kong, Hong Kong, China

**Alan Lawton** Federation University Australia, Gippsland Campus, Churchill, VIC, Australia

**Mark S. LeClair** Department of Economics, Fairfield University, Fairfield, CT, USA

**Byung-Ho Lee** Ajou University, Suwon, South Korea

**Changjun Lee** Media & Social Informatics, Hanyang University, Ansan, South Korea

**Danbee Lee** School of Public Affairs and Administration, Rutgers University, Newark, NJ, USA

**Deokro Lee** Department of Public Administration, Sejong University, Seoul, South Korea

**Hyun Jung Lee** Department of Public Administration, MyongJi University, Seoul, South Korea

**Hyung-Woo Lee** Department of Public Administration, Hannam University, Daejeon, South Korea

**Jaegoo Lee** Jackson State University, Jackson, MS, USA

**Julian C. H. Lee** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Siu Yau Lee** Department of Asian and Policy Studies, The Education University of Hong Kong, Hong Kong, China

**So Young Lee** Escuela Técnica Superior de Ingeniería Agronómica Alimentaria y de Biosistemas, Universidad Politécnica de Madrid, Madrid, Spain

**Tsuey-Ping Lee** Department of Political Science, National Chung Cheng University, Minxiong, Taiwan

**Katharine Leigh** Ball State University, Muncie, IN, USA

**Leonardo Queiroz Leite** Getulio Vargas Foundation, Sao Paulo School of Business Administration FGV/EAESP, Sao Paulo, Brazil

**Ivan Leksin** School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

**Edward Lemon** Regional Studies, Daniel Morgan Graduate School of National Security, Washington, DC, USA

**Suzanne Lenihan** National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA

**Carol Scott Leonard** Institute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia

Institute of Social Policy, RANEPA, Moscow, Russia

**Andy Leoveanu** Faculty of Public Administration, National University of Political Studies and Public Administration (NUPSPA), Bucharest, Romania

**Yick Wah Leung** Department of English Language Education, The Education University of Hong Kong, Tai Po, Hong Kong

**Evelyn Levy** Senior Public Sector Specialist, Sao Paulo, Brazil

**Robert Lewis** University College, University of Tasmania|, Newnham, Australia

**Hui Li** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Huafang Li** Grand Valley State University, Grand Rapids, MI, USA

**Shijun Li** College of Public Administration at Huazhong University of Science and Technology, Wuhan, China

**Wei Li** Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

**Yanmei Li** School of Urban and Regional Planning, Florida Atlantic University, Boca Raton, FL, USA

**Yaxin Li** Environmental Protection Agency, Benxi, Liaoning, China

**Belle Liang** Boston College, Chestnut Hill, MA, USA

**Lindie H. Liang** Department of Psychology, University of Waterloo, Waterloo, ON, Canada

**Yuguo Liao** University of Missouri-St. Louis, St. Louis, MO, USA

**Alexander Libman** Ludwig-Maximilians-University, Munich, Germany

**Juliana D. Lilly** Sam Houston State University, Huntsville, TX, USA

**Seunghoo Lim** Public Management and Policy Analysis Program, Graduate School of International Relations, International University of Japan, Minamiuonuma, Niigata, Japan

**Yu-Chun Lin** Department of Public Administration and Policy, University of Georgia, Athens, GA, USA

**Zinan Lin** University College London, London, UK

**Nancy S. Lind** Department of POL, Illinois State University, Normal, IL, USA

**Leonard L. Lira** Political Science Department, San Jose State University, San Jose, CA, USA

**Hongsong Liu** School of International Relations and Public Affairs, Shanghai International Studies University, Shanghai, China

**Qiaozhen Liu** Georgia State University, Atlanta, GA, USA

**Zhilin Liu** School of Public Policy & Management, Tsinghua University, Beijing, China

**Alexander Livshin** Moscow State University, School of Public Administration, Moscow, Russia

**Hendrik R. Lloyd** School of Economics, Development and Tourism, Faculty of Business and Economic Sciences, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa

**Christian Lo** Faculty of Social Sciences, Nord University, Bodø, Norway

**Lucas Lockhart** Department of Political Science, University of Minnesota, Minneapolis, MN, USA

**Janaina C. P. Lofhagen** Urban Management PhD Program, Pontifical Catholic University of Paraná, Curitiba, Brazil

**Christian Lohmann** Managerial Accounting and Control, Schumpeter School of Business and Economics, University of Wuppertal, Wuppertal, Germany

**Mark Lokanan** Royal Roads University, Victoria, BC, Canada

**Ann-Kristina Løkke** Department of Management, Aarhus University, Aarhus C, Denmark

**Debbi Long** Department of General Practice, Monash University, Notting Hill, VIC, Australia

**Jamie Longazel** Department of Political Science, John Jay College of Criminal Justice, City University of New York, New York, NY, USA

**Sergio Longobardi** Department of Management and Quantitative Studies, "Parthenope" University of Naples, Naples, Italy

**André Vaz Lopes** University of Brasilia, Brasília, Brazil

**Miguel A. López** Institute of International Studies, University of Chile, Santiago, Chile

**Panos L. Lorentziadis** Department of Business Administration, Athens University of Economics and Business, Athens, Greece

**Maria Pilar Lorenzo** Faculty of Political and Social Sciences, Ghent University, Ghent, Belgium

**Gabriela Spanghero Lotta** Getulio Vargas Foundation, Sao Paulo, Brazil

**Marie A. Lovern** Accenture Federal Services, Arlington, VA, USA

**Kenyatta Lovett** Public Administration, Tennessee State University, Nashville, TN, USA

**Nicholas P. Lovrich** School of Politics, Philosophy and Public Affairs, Washington State University, Pullman, WA, USA

**Kim M. Loyens** Utrecht School of Governance, Utrecht University, Utrecht, The Netherlands

Leuven Institute of Criminology, Leuven University, Leuven, Belgium

**Jiahuan Lu** School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

**Benjamin Kweku Lugu** School of Management, University of Science and Technology of China, Hefei, Anhui, China

**Sabrina Ching Yuen Luk** Faculty of Management and Economics, Kunming University of Science and Technology, Kunming, China

**Shelia Lumar** Department of Human Services Management and Leadership, University of North Texas at Dallas, Dallas, TX, USA

**Fred C. Lunenburg** Sam Houston State University, Huntsville, TX, USA

**Frederico Lustosa da Costa** Administration – Graduate Program, Fluminense Federal University, Niterói, Brazil

**Olga Lvova** Department of Financial Management, School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

**Thomas Lynch** City of Norwalk, California State University East Bay, East Bay, CA, USA

**Liang Ma** School of Public Administration and Policy, Renmin University of China, Beijing, China

**Shaozhuang Ma** Instituto Universitário de Lisboa (ISCTE–IUL), Business Research Unit (UNIDE-IUL), Lisbon, Portugal

**Gwladys Laure Mabah Tene** Department of Farming Systems, Rural Sociology and Economy, Institute of Agricultural Research for Development, Yaoundé, Cameroon

**Hashed Ahmed Mabkhot** School of Business Management, College of Business, Universiti Utara Malaysia, Sintok, Kedah, Malaysia

**Michael Macaulay** Institute for Governance and Policy Studies, Victoria University of Wellington, Wellington, New Zealand

**Marcus Vinícius Veras Machado** Ceará Federal University, Fortaleza, Brazil

**Rodney Machokoto** Arizona State University, Tempe, AZ, USA

**Steven J. Macias** School of Law, Southern Illinois University, Carbondale, IL, USA

**Mikael Rask Madsen** iCourts, Centre of Excellence for International Courts, University of Copenhagen, Copenhagen K, Denmark

**Kentaro Maeda** The University of Tokyo, Tokyo, Japan

**Samuel Mafabi** Department of Organizational Behaviour, Department of Human Resource Management, Makerere University Business School, Kampala, Uganda

**Marco Maffei** University of Naples "Federico II", Naples, Italy

**Slawomir Magala** Rotterdam School of Management, Erasmus University (Emeritus), Rotterdam, The Netherlands

Faculty of Management and Social Communication, Jagiellonian University Cracow, Cracow, Poland

**António Magalhães** Faculty of Psychology and Education Sciences, University of Porto, Porto, Portugal

Centre for Research in Higher Education Policies (CIPES), Porto, Portugal

**Liam Magee** Institute for Culture and Society, Western Sydney University, Penrith, NSW, Australia

**Eric Magnin** LADYSS, Department of Economics, University of Paris, Paris, France

**Amy M. Magnus** University of California, Irvine, CA, USA

**Paolo Magri** Italian Institute for International Political Studies (ISPI), Milan, Italy

**Nabaat Tasnima Mahbub** China International Water Law (CIWL), School of Law, Xiamen University, Xiamen, China

**Monowar Mahmood** Bang College of Business, KIMEP University, Almaty, Kazakhstan

**Wendy Mahoney** Mississippi Coalition Against Domestic Violence, Jackson, MS, USA

Jackson State University, Jackson, MS, USA

**Tâm T. H. Mai** Florida Atlantic University, Boca Raton, FL, USA

**Emerson Wagner Mainardes** FUCAPE Business School, Vitória, Brazil

**Shrabanti Maity** Department of Economics with Rural Development, Vidyasagar University, Midnapore, Paschim Midnapore, India

**Farid Makhlouf** Finance, Pau Business School, Pau, France

**Wasiu Abiodun Makinde** Department of Public Administration, The Federal Polytechnic Ilaro, Ilaro, Nigeria

**Anjani Mala** School of Economics and Finance, Fiji National University, Nasinu, Fiji

**Eleanor Malbon** Centre for Public Service Research, University of New South Wales, Canberra, Australia

**Patrick S. Malone** American University, Washington, DC, USA

**Laurent Manderieux** School of Law, Bocconi University, Milan, Italy

**Stelio Mangiameli** University of Teramo, Teramo, Italy

Institute for the Study of Regionalism, Federalism and Self-Government, National Research Council, Rome, Italy

**Rita Mano** Department of Human Services, University of Haifa, Haifa, Israel

**Aroon P. Manoharan** Department of Public Policy and Public Affairs, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**S. Sri Mantalia** Universitas Terbuka, Pontianak, Indonesia

**Anica Mapuru** The University of the South Pacific (USP), Suva, Fiji

**R. A. Maranto** University of Arkansas, Fayetteville, AR, USA

**Gaurav Marathe** Indian Institute of Management (IIM) Ranchi, Ranchi, India

**Douglas B. Marcello** Marcello and Kivisto, LLC, Carlisle, PA, USA

**Svetlana Mareeva** Centre for Stratification Studies, Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

**André Marenco** Federal University of Rio Grande do Sul – UFRGS, Porto Alegre, Brazil

**Laura Mariani** Università Alma Mater Studiorum, Bologna, Bologna, Italy

**Coccia Mario** CNR – National Research Council of Italy, Torino, Italy

Yale School of Medicine & Yale New Haven Hospital, New Haven, CT, USA

**Hunter Marion** Department of Biological Sciences, University of North Texas at Dallas, Dallas, TX, USA

**Wim Marivoet** West and Central Africa Office (WCAO), International Food Policy Research Institute, Dakar, Senegal

**Gazi Arafat Uz Zaman Markony** Department of Public Administration and Governance Studies, Jatiya Kabi Kazi Nazrul Islam University, Mymensingh, Bangladesh

**Tânia M. G. Marques** CARME – Centre of Applied Research in Management and Economics, School of Technology and Management Polytechnic of Leiria, Leiria, Portugal

**Gary S. Marshall** University of Nebraska at Omaha, Omaha, NE, USA

**Caridad Martí** University of Zaragoza, Zaragoza, Spain

**Pedro Antonio Martín Cervantes** Economics and Business Department Ethics, Gender and Sustainability Research Group, University of Almería, Almería, Spain

**Susana Martin** Escuela Superior de Ingeniería de Montes, Forestal y del Medio Natural, Universidad Politécnica de Madrid, Madrid, Spain

**Mattia Martini** Università Milano-Bicocca, Milan, Italy

**Humberto F. Martins** Brazilian School of Public and Business Administration (EBAP), São Paulo School of Business Administration (EAESP), Getulio Vargas Foundation, Rio de Janeiro, Brazil

**Sylvester Marumahoko** Department of Politics and International Relations, University of Johannesburg, Johannesburg, South Africa

**Mapule Mirriam Gugu Mashiteng** Graduate School of Business & Leadership, University of KwaZulu-Natal, Durban, South Africa

**Rachel P. Masilamani** Carnegie Library of Pittsburgh, Pittsburgh, PA, USA

**Adam B. Masters** Transnational Research Institute on Corruption (TRIC), School of Sociology, College of Arts and Social Sciences, The Australian National University, Canberra, ACT, Australia

**Sharon Mastracci** Department of Political Science, University of Utah, Salt Lake City, UT, USA

**Piero Mastroberardino** Department of Economics, University of Foggia, Foggia, Italy

**Ani Matei** Faculty of Public Administration, National University of Political Studies and Public Administration (NUPSPA), Bucharest, Romania

**Craig Matheson** Flinders University of South Australia, Adelaide, SA, Australia

**Benson Matipa** Mwense District Administration, Mwense, Luapula, Zambia

**Mokgata Matjie** Department of Industrial and Organizational Psychology, University of South Africa (UNISA), Pretoria, South Africa

**Mark Matsa** Department of Geography and Environmental Studies, Midlands State University, Gweru, Zimbabwe

**Shunta Matsumoto** Faculty of Law, Meijo University, Tempaku-ku, Nagoya, Japan

**Jun Matsunami** Graduate School of International Cooperation Studies, Kobe University, Kobe, Japan

**Giorgia Mattei** Department of Business Studies, Roma Tre University, Rome, Italy

**Noah Maulani** Ankara Yildirim Beyazit University, Ankara, Turkey

**Sara Giovanna Mauro** Department of Management, University of Turin, Turin, Italy

**Ogentho Poul Maxwell** Makerere University, Kampala, Uganda

**Samuel Mayanja** School of Postgraduate Studies and Research, Cavendish University Uganda, Kampala, Uganda

**Martin Mayer** Old Dominion University, Norfolk, VA, USA

**Gary Mays** Illinois State University, Normal, IL, USA

**Tim C. Mazur** Pratt and Whitney, United Technologies Corporation, East Hartford, CT, USA

**Mario Benito Mazzoleni** Department of Economics and Management, University of Brescia, Brescia, Italy

**Musa Mbago** Department of Procurement and Supply Chain Management, Makerere University Business School, Kampala, Uganda

**Victor Mbarika** Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

**Armand Mboutchouang Kountchou** Faculty of Economics and Management, University of Yaoundé II, Yaoundé, Cameroon

**Markie McBrayer** University of Houston, Houston, TX, USA

**Barbara Coyle McCabe** University of Texas at San Antonio, San Antonio, TX, USA

**Sean McCandless** University of Illinois-Springfield, Springfield, IL, USA

**Suzanne McCorkle** Boise State University Emeritus, Boise, ID, USA

**Patricia Ross McCubbin** Southern Illinois University School of Law, Carbondale, IL, USA

**Clifford McCue** School of Public Administration, College for Design and Social Inquiry, Florida Atlantic University, Boca Raton, FL, USA

**Laura K. McDavitt** Jackson State University, Jackson, MS, USA

**Lindsey M. McDougle** Rutgers, The State University of New Jersey, Newark, NJ, USA

**Jocelyn McGrandle** Concordia University, Quebec, Canada

**Chris McInerney** Department of Politics and Public Administration, University of Limerick, Limerick, Ireland

**Caitlin McMullin** Institute of Local Government Studies, University of Birmingham, Birmingham, UK

**Stephanie L. McNulty** Franklin and Marshall College, Lancaster, PA, USA

**John G. McNutt** University of Delaware, Newark, DE, USA

**Mary McThomas** California State University, Channel Islands, Camarillo, CA, USA

**Nurul Md Momen** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Joseph Mead** Cleveland State University, Cleveland, OH, USA

**Helen J. Mederer** Schmidt Labor Research Center, University of Rhode Island, Kingston, RI, USA

**Pamela Medina** University of Colorado Denver, Denver, CO, USA

**Mudassar Mehmood** Nelson College London, London, UK

**Mahboobe Mehrvarz** Faculty of Education, Shiraz University, Shiraz, Iran

**Albert Meijer** School of Governance, Utrecht University, Utrecht, Netherlands

**Manfred F. Meine** Troy University, Troy, AL, USA

**Luis Bernardo Mejía-Guinand** Faculty of Social Sciences, Department of Political Science, Universidad de los Andes, Bogotá, Cundinamarca, Colombia

**Marcelo Mella-Polanco** Department of History, Universidad de Santiago de Chile, Santiago, Chile

**David M. Mello** Faculty of Economic and Management Sciences, Mafikeng Campus, North-West University, Mafikeng, South Africa

**Cluny Mendez** The University of West Florida, Pensacola, USA

**Carrie Carrie Menkel-Meadow** University of California, Irvine, Irvine, CA, USA

LAW, Georgetown University Law Center, Washington, DC, USA

**Isaac Kofi Mensah** School of Economics and Management, Jiangxi University of Science and Technology, Ganzhou, Jiangxi, People's Republic of China

**James Kwame Mensah** Department of Business Administration, University of Professional Studies, Accra, Ghana

**Donald C. Menzel** Northern Illinois University, DeKalb, IL, USA

**Dave Mercer** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Jean Mercier** Department of political science, Université Laval, Québec, Canada

**Beata Mikusova Merickova** Department of Public Economics and Regional Development, Matej Bel University, Banska Bystrica, Slovakia

**Concetta Metallo** Department of Sciences and Technology, "Parthenope" University of Naples, Naples, Italy

**Shawna K. Metzger** National University of Singapore, Singapore, Singapore

**Michelle R. Mey** School of Industrial Psychology and Human Resource Management, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa

**Genevieve Enid Meyers** Department of Political Science, College of Liberal Arts and Education, University of Detroit Mercy, Detroit, MI, USA

**Oliver David Meza Canales** Public Administration Division, Center for Research and Economic Training. CIDE, Aguascalientes, Mexico

**Julius Raphael Athuman Mhina** Department of Computer Science, Institute of Finance Management, Dar es Salaam, Tanzania

**Grzegorz Michalski** Department of Labor and Capital, Wroclaw University of Economics, Wroclaw, Poland

**Ank Michels** Utrecht University School of Governance, Utrecht, The Netherlands

**Anthony E. Middlebrooks** Horn Program in Entrepreneurship, University of Delaware, Newark, DE, USA

**Suylan Midlej e Silva** Public Policy Management Department, Postgraduate Program in Administration, University of Brasilia, Brasilia, Brazil

**Kristine L. Mielcarek-Sharpe** Carnegie Library of Pittsburgh, Pittsburgh, PA, USA

**Dimitrios Mihail** Department of Business Administration, University of Macedonia, Thessaloniki, Greece

**Olga V. Mikhaylova** School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

**Ole Stegmann Mikkelsen** Department of Entrepreneurship and Relationship Management, University of Southern Denmark, Kolding, Denmark

**Paweł Mikołajczak** Department of Money and Banking, Poznań University of Economics and Business, Poznań, Poland

**Michael E. Milakovich** Department of Political Science, University of Miami, Coral Gables, FL, USA

**Alejandro Milanesi** Universidad de la República, Montevideo, Uruguay

**Jenna Milani** Centre for Criminology, Oxford University, Oxford, UK

**Edward Alan Miller** Department of Gerontology, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**Edward J. Miller** University of Wisconsin-Stevens Point, Stevens Point, WI, USA

**Henrik P. Minassians** California State University Northridge, Northridge, CA, USA

**Olga Minchenko** Institute for Public Administration and Governance, National Research University Higher School of Economics, Moscow, Russia

**Gulnara Minnigaleeva** Department of Strategic and General Management, Department of Public Administration, National Research University Higher School of Economics, Moscow, Russia

**Nicolás Miranda** University of Salamanca, Salamanca, Spain

**Biswambhara Mishra** Department of Economics, North Eastern Hill University, Shillong, Meghalaya, India

**Santap Sanhari Mishra** Institute of Leadership & Good Governance, Ethiopian Civil Service University, Addis Ababa, Ethiopia

**Christof Miska** Institute for International Business – Department of Global Business and Trade, WU Vienna University of Economics and Business, Vienna, Austria

**Hiroka Mita** Faculty of Regional Design, Utsunomiya University, Utsunomiya, Tochigi, Japan

**David Mitchell** University of Central Florida, Orlando, FL, USA

**Debra L. Mitchell** Augsburg University, Minneapolis, MN, USA

**Duane E. Mitchell** Management and Education, University of Pittsburgh, Bradford, PA, USA

**Cristina Mititelu** Department of Management and Law, University of Rome Tor Vergata, Rome, Italy

Open University Business School, Faculty of Business and Law, Milton Keynes, UK

**Marcia Mkansi** Department of Operations Management, University of South Africa, Pretoria, South Africa

**Yosra Mnif Sellami** Accounting, Taxation and Law in High Institute of Business Administration of Sfax, University of Sfax, Sfax, Tunisia

**Auta Moceisuva** Department of Management, Fiji National University, Central Division, Suva, Fiji

**Steve Modlin** National Coalition of Independent Scholars, San Antonio, TX, USA

**Masahiro Mogaki** Keio University, Tokyo, Japan

**Sara Moggi** University of Verona, Verona, Italy

**Mehdi Mohammadi** Faculty of Education, Shiraz University, Shiraz, Iran

**Debbie A. Mohammed** University of the West Indies/Arthur Lok Jack Graduate School of Business, St. Augustine, Trinidad and Tobago

**Zachary Mohr** UNC Charlotte, Charlotte, NC, USA

**Maksim Mokeev** Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

**Alisa V. Moldavanova** Political Science Department, Wayne State University, Detroit, MI, USA

**Anthony D. Molina** Kent State University, Kent, OH, USA

**Md. Awal Hossain Mollah** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Md. Al-Ifran Hossain Mollah** Faculty of Law, Eastern University, Dhaka, Bangladesh

**Thekiso Molokwane** Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana

**Michael C. Moltz** Department of Political Science, Shippensburg University of Pennsylvania, Shippensburg, PA, USA

**Md Nurul Momen** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Jack S. Monell** Department of History, Politics & Social Justice, Winston-Salem State University, Winston-Salem, NC, USA

**Yasmira Moner** Universitas Muhammadiyah Yogyakarta and MSU-Iligan Institute of Technology, Iligan, Lanao del Norte, Philippines

**Laurie Mook** Arizona State University, Tempe, AZ, USA

**Leonor Mora** King Juan Carlos University, Madrid, Spain

**José António Moreira** CEF.UP, Faculty of Economics, University of Porto, Porto, Portugal

**Thomas D. Morelli** Marine Affairs Policy Planning and Strategy, Vero Beach, FL, USA

**Carlos Moreno** Department of Communications, Universidad Central de Venezuela (UCV), Caracas, Venezuela

**Carlos Moreno-Jaimes** Socio-Political and Law Study Center, Western Institute of Technology. ITESO, Guadalajara, Mexico

**G. Scott Morgan** Drew University, Madison, NJ, USA

**Elisa Mori** Department of Economics "Marco Biagi", University of Modena and Reggio Emilia, Modena, Italy

**Boris Morozov** Stephen Poorman College of Business, Information Science, and Human Services, Lock Haven University of Pennsylvania, Lock Haven, PA, USA

**Jennifer Symonds Morrison** Department of Political Science and Sociology, Murray State University, Murray, KY, USA

**Birgit Moser-Plautz** Department of Public, Nonprofit and Health Management, University of Klagenfurt, Klagenfurt, Austria

**Sean Mossey** Department of Public Policy and Public Affairs John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**Masoumeh Mostafazadeh** Public Administration, University of Tehran, Tehran, Iran

**Kgobalale Nebbel Motubatse** Auditing, Tshwane University of Technology, Pretoria, South Africa

**Mohamed Mousa** WSB University, Dabrowa Gornicza, Poland

**Stéphane Moyson** Institut de Sciences Politiques Louvain-Europe, Université catholique de Louvain, Louvain-la-Neuve, Belgium

**Marzina Mst Begum** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Zamazulu Mthembu** School of Management, IT and Governance, University of KwaZulu-Natal, Durban, South Africa

**Clara Muñoz-Colomina** Faculty of Economics and Business, Universidad Complutense Madrid (UCM), Madrid, Spain

**Karishma Mudaliar** School of Management, Fiji National University, Nasinu, Fiji

**Joshua Mugambwa** Makerere University Business School, Kampala, Uganda

**Ishmael Mugari** Department of Intelligence and Security Studies, Bindura University of Science Education, Bindura, Zimbabwe

**James Mugerwa** Institute of Petroleum Studies, Kampala, Uganda

**Abdulrasheed A. Muhammad** Department of Political Science, University of Ilorin, Ilorin, Nigeria

**Sara Louise Muhr** Department of Organization, Copenhagen Business School, Copenhagen, Denmark

**Shafic Mujabi** Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

**Bahaudin G. Mujtaba** H. Wayne Huizenga School of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA

**Robert Mukobi** Ministry of Finance, Planning and Economic Development, Kampala, Uganda

**Komila Aima Muku** San Jose State University, San Jose, CA, USA

**Kobus Muller** School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa

**Lawrence Mundia** Psychological Studies and Human Development Academic Group, Sultan Hassanal Bolkiah Institute of Education, Universiti of Brunei Darussalam, Bandar Seri Begawan, Brunei Darussalam

**Chrisostom Munene** Department of Human Resource Management, Makerere University Business School, Kampala, Uganda

Department of Organizational Psychology, Makerere University Business School, Kampala, Uganda

Faculty of Graduate Studies and Research, Makerere University Business School, Kampala, Uganda

**Kigozi J. C. Munene** Faculty of Graduate Studies and Research, Makerere University Business School, Kampala, Uganda

**Kameel Mungrue** Public Health and Primary Care Unit, Department of Paraclinical Sciences, Faculty of Medical Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Jorge Munoz** Central American Bank of Economic Integration, Tegucigalpa, Honduras

**Martin J. Murillo** University of Notre Dame, South Bend, IN, USA

**Peter Murphy** Nottingham Business School, Nottingham, UK

**Maria Murray Svidronova** Department of Public Economics and Regional Development, Matej Bel University, Banska Bystrica, Slovakia

**Kazi Mysha Musarrat** Department of Development Studies, University of Dhaka, Dhaka, Bangladesh

**Tatenda Musasa** Department of Geography and Environmental Studies, Midlands State University, Gweru, Zimbabwe

**Daniela Haj Mussi** Department of Political Science, Sao Paulo University, Sao Paulo, Brazil

**Sybert Mutereko** School of Management, IT and Governance, University of KwaZulu-Natal, Durban, South Africa

**Dyah Mutiarin** Government Affairs and Administration Department, Jusuf Kalla School of Government, Universitas Muhammadiyah Yogyakarta, Bantul, Yogyakarta, Indonesia

**Rogers Mwesigwa** Department of Business Administration, Makerere University Business School, Kampala, Uganda

**Edgar Kateshumbwa Mwesigye** Department of Political and Administrative Sciences, School of Management Sciences, Uganda Management Institute, Kampala, Uganda

**Seunghwan Myeong** Department of Public Administration, Inha University, Incheon, Republic of Korea

**Nathan Myers** Department of Political Science, MPA Program, The Center for Genomic Advocacy, Indiana State University, Terre Haute, IN, USA

**Evangelia Mylona** Department of Business Administration, University of Macedonia, Thessaloniki, Greece

**Isaac Nkote Nabeta** Makerere University Business School, Kampala, Uganda

**Nantongo Nabiira** Department of Procurement and Supply Chain Management, Makerere University Business School, Kampala, Uganda

**Pamela Nadash** Department of Gerontology, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**Oluka Pross Nagitta** Department of Economics and Managerial Sciences, Uganda Management Institute, Kampala, Uganda

**Rabia Naguib** School of Public Administration and Development Economics, Doha Institute for Graduate Studies, Doha, Qatar

**Yashnita Naicker** School of Economics, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

**Samantha Naidu** School of Management & Public Administration, The University of the South Pacific, Suva, Fiji

**Suwastika Naidu** School of Management and Public Administration, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji

**Vijay Naidu** The University of the South Pacific, Suva, Fiji

**A. Naila Saleh** Department of Public Policy, Pakistan Institute of Development Economics, Islamabad, Pakistan

**Akira Nakamura** Graduate School of Governance Studies, Meiji University, Tokyo, Japan

**Etsuhiro Nakamura** Faculty of Policy Studies, Aichi Gakuin University, Nisshin, Aichi, Japan

**Gordon Nanau** School of Government, Development and International Affairs, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji

**Nevena Nancheva** Politics, International Relations and Human Rights, Kingston University London, London, UK

**Renee Nank** University of Texas Rio Grande Valley, Edinburg, TX, USA

**Jashwini Narayan** Discipline of Management and Public Administration, School of Business and Management, The University of the South Pacific, Suva, Fiji

**Ratna Narayan** School of Education, University of North Texas at Dallas, Dallas, TX, USA

**Suman Narayan** School of Management, Fiji National University, Nasinu, Fiji

**Vinicius Antonio Machado Nardi** Unisinos University, Porto Alegre, RS, Brazil

**Peter Nareeba** Faculty of Social Sciences, Uganda Christian University, Kampala, Uganda

**Salme Näsi** School of Management, University of Tampere, Tampere, Finland

**Mohammad Nasih** Universitas Airlangga, Surabaya, Indonesia

**Amine Nasr** School of Management, University of Massachusetts Boston, Boston, MA, USA

**Amir Mohammad Nasrullah** University of Chittagong, Chittagong, Bangladesh

**Marcia Nathai-Balkissoon** Department of Management Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Doron Navot** The University of Haifa, Haifa, Israel

**Chinyere Ndukwe** Department of Public Administration, Ebonyi State University, Abakaliki, Ebonyi State, Nigeria

**Sharon Amarachi Ndukwe** Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

**Jeffrey Neal** ICF, Fairfax, VA, USA

**Tonya T. Neaves** School of Policy, Government, and International Affairs, George Mason University, Fairfax, VA, USA

**Gregory Neddenriep** Northeastern Illinois University, Chicago, IL, USA

**Catherine Needham** Health Services Management Centre, University of Birmingham, Birmingham, UK

**Roberto Negri** Department of Economics and Management, University of Brescia, Brescia, Italy

**Cynthia A. Nellis** Clarion University SBDC, Clarion, PA, USA

**Juraj Nemec** Faculty of Economics and Administration, Masaryk university, Brno, Czech Republic

**Nikolay Nenovsky** CRIISEA, Department of Economics, University of Picardie Jules Verne, Amiens, France

SU HSE, Moscow, Russia

**Késsia Thais C. Nepomuceno** Centro de Informática, Federal University of Pernambuco, Recife, Brazil

**Thyago Celso C. Nepomuceno** Dipartimento di Ingegneria Informatica Automatica e Gestionale Antonio Rubert, Sapienza University of Rome, Roma, Italy

Núcleo de Tecnologia, Federal University of Pernambuco, Caruaru, Brazil

**Barbara L. Neuby** Department of Political Science and International Affairs, Kennesaw State University, Kennesaw, GA, USA

**Tamara G. Nezhina** Department of Public and Municipal Administration, School of Social Science, National Research University Higher School of Economics, Moscow, Russia

**Pascal T. Ngoboka** College of Business and Economics, University of Wisconsin-River Falls, River Falls, WI, USA

**Mohamed Ngoma** Makerere University Business School, Kampala, Uganda

**Chinh Nguyen** Science and Technology Center, State Records and Archives Department of Vietnam, Hanoi, Vietnam

**Tham T. Nguyen** Gaylord College of Journalism and Mass Communication, University of Oklahoma, Norman, OK, USA

**Laura Nieto-Torrejón** San Antonio Catholic University of Murcia, Murcia, Spain

**Muhammad Azfar Nisar** Suleman Dawood School of Business, Lahore University of Management Sciences, Lahore, Pakistan

**Takashi Nishio** Department of Politics and International Studies, International Christian University, Mitaka, Japan

**Kamukama Nixon** Mbarara University of Science and Technology (MUST), Mbarara, Uganda

**Helen Nambalirwa Nkabala** Department of Religion and Peace Studies, Makerere University, Kampala, Uganda

**Isaac Nabeta Nkote** Faculty of Commerce, Makerere University Business School, Kampala, Uganda

**Gladys Nkrumah** Department of Public Administration and Health Services Management, University of Ghana, Accra, Ghana

**Gideon Nkurunziza** Department of Management Science, Makerere University Business School, Kampala, Uganda

**Ifeoma Loretto Nnaji** Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria

**Yu Noda** Doshisha University, Kyoto, Japan

**Tatsuya Nogami** Japan Fire and Crisis Management Association, Tokyo, Japan

**Abdillah Noh** International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia

**Caroline Norma** Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Dorothy Norris-Tirrell** Academic Affairs and Research, Nonprofit Leadership Alliance, Kansas City, MO, USA

**Jeremy Northcote** Murdoch University, Murdoch, WA, Australia

**Farha Z. Northover** School of Public Affairs and Administration, Rutgers University Newark, Newark, NJ, USA

**Elena Novikova-Kalita** Volga Region Institute of management by Stolypin (branch) Russian Academy of Economy and State Service under the president of the Russian Federation, Saratov, Russia

**Isa Nsereko** Department of Entrepreneurship, Makerere University Business School, Makerere University, Kampala, Uganda

**Rashid Musa Ntale** Ministry of Internal Affairs, Kampala, Uganda

**Diana Nandagire Ntamu** Department of Entrepreneurship, Makerere University Business School, Kampala, Uganda

**Joseph Mpeera Ntayi** Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

**Collins G. Ntim** Department of Accounting, Centre for Research in Accounting, Accountability and Governance (CRAAG), Southampton Business School, University of Southampton, Southampton, UK

**Julius A. Nukpezah** Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

**Dino Numerato** Department of Sociology, FSV, Charles University in Prague, Prague, Czech Republic

**Javier Núñez** Department of Economics, Faculty of Economics and Business, University of Chile, Santiago, Chile

**Heru Nurasa** Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia

**Achmad Nurmandi** Government Affairs and Administration Department, Jusuf Kalla School of Government, Universitas Muhammadiyah Yogyakarta, Bantul, Yogyakarta, Indonesia

**Mohammad Nurunnabi** Department of Accounting, College of Business Administration, Prince Sultan University, Riyadh, Saudi Arabia

**Paul C. Nutt** Fisher College of Business, The Ohio State University, Columbus, OH, USA

**Helen Ijeoma Nwachukwu** Department of Mass Communication, Coal City University, Enugu, Enugu, Nigeria

**Sunday Odo Nwangbo** Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

**Chijioke Jeol Nweke** Department of Mathematics and Statistics, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Chioma Vivienne Nwokoro** Sociology Department, Eastern Palm University, Ogboko, Imo State, Nigeria

**Ethelbert Chinedu Nwokorie** Faculty of Philosophy, Public Management Unit, University of Vaasa, Vaasa, Finland

**Israel Nyaburi Nyadera** University of Macau, Taipa, Macau

Ankara Yildirim Beyazit University, Ankara, Turkey

**Beatrice Nyakeshiki** Department of Procurement and Supply Chain Management, Makerere University Business School, Kampala, Uganda

**Isaac Nyarko** Department of Public Administration and Health Services Management, University of Ghana, Accra, Ghana

**S. N. Nyeck** Vulnerability and Human Condition Initiative, Emory School of Law, Atlanta, USA

Critical Studies in Higher Education, Mandela University, Port Elizabeth, South Africa

**Dermot O'Reilly** Management School, Lancaster University, Lancaster, UK

**Victoria Ugochi Obasi** Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

**Elisha Obella** Makerere University, Kampala, Uganda

**Festus C. Obi** Texas Southern University, Houston, TX, USA

**Joseph Okeyo Obosi** Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

**Theresa Obuobisa-Darko** Methodist University College Ghana, Accra, Ghana

**Nixon Muganda Ochara** Department of Business Information Systems, University of Venda, Thohoyandou, South Africa

**Rolando Ochoa** Department of Security Studies and Criminology, Macquarie University, Sydney, NSW, Australia

**František Ochrana** Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic

**Yuki Oda** Keio University, Tokyo, Japan

**Joshua O. Odetunde** Walden University, Minneapolis, MN, USA

**Ayotunde David Odewale** Department of Local Government Studies, Obafemi Awolowo University, Ile-Ife, Nigeria

**Nancy Achieng Odhiambo** Department of Business Information Systems, University of Venda, Thohoyandou, South Africa

**Damian O. Odunze** Texas Southern University, Houston, TX, USA

**Ogochukwu Fidelia Offu** Department of Clinical Pharmacy and Biopharmaceutics, Enugu State University of Science and Technology, Enugu, Enugu State, Nigeria

**Peter Omaamaka Offu** Department of Political Science and Mass Communication, Federal University, Abakaliki, Ebonyi State, Nigeria

**Petros B. Ogbazghi** Department of Public Administration, University of Asmara, Asmara, Eritrea

**Chisom Esther Ogbonnaya** Department of Psychology, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

**Udu Ogbulu** Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria

**Ikechukwu Ukeje Ogeze** Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ikwo, Ebonyi State, Nigeria

**Kevin Ogolla** Department of Social Sciences, University of North Texas at Dallas, Dallas, USA

**Emmanuel C. Ogu** Department of Computer Science, School of Computing and Engineering Sciences, Babcock University, Ilishan-Remo, Ogun State, Nigeria

**Frank L. K. Ohemeng** Department of Political Science, Concordia University, Montreal, QC, Canada

University of Ottawa, Ottawa, ON, Canada

**Kyoko Ohta** Faculty of Law and Letters, Ehime University, Matsuyama, Japan

**Giorgio Oikonomou** Department of Political Science and International Relations, University of the Peloponnese, Corinth, Greece

**Kalu Ojiaku** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

**John Sunday Ojo** School of Public and International Affairs, Virginia International University, Fairfax, VA, USA

Institute for Housing and Urban Development Studies, Erasmus University Rotterdam, Rotterdam, Netherlands

**Regina Susana Ojogbane** Department of Public Administration, Nnamdi Azikiwe University Awka, Awka, Anambra State, Nigeria

**Kristen E. Okamoto** Clemson University, Clemson, SC, USA

**Tetsukazu Okamoto** Kansai University, Osaka, Japan

**Benedette Nneka Okezie** Department of Accountancy/Banking & Finance, Alex Ekwueme Federal University, Ndufu-Alike, Nigeria

**Mauricio Olavarría-Gambi** Universidad de Santiago de Chile, Santiago, Chile

**John C. Oldroyd** School of Behavioral and Health Sciences, Australian Catholic University, Fitzroy, VIC, Australia

**Tomasz Olejniczak** Kozminski University, Warsaw, Poland

**Erika Melissa Oliveira França Nassar** Ministry of Economy, Brazilian Federal Government, Brasília, DF, Brazil

**Kathryn Oliver** London School of Hygiene & Tropical Medicine, London, UK

**Malcolm K. Oliver** Master of Public Policy and Administration Program California Lutheran University, Thousand Oaks, CA, USA

**Kennedy Ololo** Department of Sociology, Alex Ekwueme Federal University, Abakaliki, Nigeria

**Åsa Olsson** Faculty of Management, University of Tampere, Tampere, Finland

Research, Development & Innovation at L H Martin Institute for Tertiary Education Leadership and Management, University of Melbourne, Melbourne, Australia

**Sid Olufs** Department of Politics & Government, Pacific Lutheran University, Tacoma, WA, USA

**Oluwagbemiga Oluwaseun Ajayi** Department of Sociology, Osun State University, Osogbo, Osun State, Nigeria

**Michael Omeke** Department of Economics and Statistics Kyambogo University, Kampala, Uganda

**Joseph Lere Omiwole** Kinsey College of Education, Ilorin, Kwara State, Nigeria

**Murat Onder** Department of Political Science & Public Administration, Ankara Yildirim Beyazit University, Ankara, Turkey

**Seref G. Onder** University of Cincinnati, Cincinnati, OH, USA

**Johnpaul Chukwujindu Onele** Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

**Edoardo Ongaro** Department of Public Leadership and Social Enterprise (PuLSE), The Open University Business School, The Open University, Milton Keynes, UK

**Gedion Onyango** Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

**Basil Uche Onyeneho** Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

**Ononiwu Anosike Oparah** Department of History and International Studies, Evangel University Akaeze, Ebonyi State, Nigeria

**Anna Oppelmayer** Department of Public, Nonprofit and Health Management, University of Klagenfurt, Klagenfurt, Austria

**Juan Pablo Araya Orellana** Institute of Public Affairs-INAP, University of Chile, Santiago, Chile

**Rebecca L. Orelli** Department of Management, University of Bologna, Bologna, Italy

**Laura Orobia** Department of Accounting & Finance (Academics), Makerere University Business School (MUBS), Kampala, Uganda

**Raul ORyan** Universidad Adolfo Ibáñez, Engineering and Sciences Faculty, Santiago, Chile

Center for Climate and Resilience Research (CR)2, Universidad de Chile, Santiago, Chile

**Alex Osei-Kojo** School of Public Affairs, University of Colorado Denver, Denver, CO, USA

**Robert Osei-Kyei** School of Computing Engineering and Mathematics, Western Sydney University, Sydney, NSW, Australia

**Ferdous Arfina Osman** Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

**Andrew Osorio** School of Public Affairs and Administration, University of Kansas, Lawrence, KS, USA

**Cecilia Osorio Gonnet** Universidad Alberto Hurtado, Santiago, Chile

**Sonia M. Ospina** Wagner Graduate School of Public Service, New York University, New York, NY, USA

**Motomichi Otani** Department of Policy Studies, Faculty of Law, Dokkyo University, Saitama, Japan

**Octavia Ama Serwaa Otchere** Department of Accounting, University of Ghana Business School, University of Ghana, Accra, Ghana

**Benjamin Otchere-Ankrah** Department of Management and Public Administration, Central University, Miotso-Greater Accra, Ghana

**Eric E. Otenyo** Northern Arizona University, Flagstaff, AZ, USA

**J. Steven Ott** Department of Political Science/Public Administration, The University of Utah, Salt Lake City, UT, USA

**Hassan A. G. Ouda** Faculty of Management Technology, German University in Cairo (GUC), New Cairo, Egypt

**Lasse Oulasvirta** University of Tampere, Tampere, Finland

**Patrick Overeem** Department of Political Science and Public Administration, Faculty of Social Sciences, Vrije Universiteit Amsterdam, Amsterdam, The Netherlands

**Elizabeth S. Overman** University of Central Oklahoma, Edmond, OK, USA

**John Overocker** Carroll County Public Defender, Carrollton, GA, USA

**Michael R. Overton** Department of Politics and Philosophy, University of Idaho, Moscow, ID, USA

**Godfred Matthew Yaw Owusu** Department of Accounting, University of Ghana Business School, University of Ghana, Accra, Ghana

**Isaac Akintoyese Oyekola** Landmark University SDG 10 (Reduced Inequalities), Landmark University, Omu-Aran, Nigeria

Department of Sociology, Landmark University, Omu-Aran, Nigeria

**Mehmet Ali Özçobanlar** Department of Psychology and Sociology of Management at Faculty of Management, University of Warsaw, Warsaw, Poland

**Imdat Ozen** Department of Political Science and Public Administration, University of North Carolina Charlotte (UNCC), Charlotte, NC, USA

**Ozcan Ozkan** Turkish National Police, Ankara, Turkey

**María Concepción Pérez-Cárceles** CUD San Javier, Murcia, Spain

**Rebecca H. Padot** PRRUCS, University of Pennsylvania, Philadelphia, PA, USA

Department of Government and History, Misericordia University, Dallas, PA, USA

**Emanuele Padovani** Department of Management, University of Bologna, Bologna, Italy

**Paola Paglietti** Department of Economics and Business Administration, University of Cagliari, Cagliari, Italy

**Richard Palmer** Olin School of Business, Washington University in St. Louis, St. Louis, MO, USA

**Rocco Palumbo** Department of Management and Innovation Systems, University of Salerno, Fisciano, SA, Italy

**Rogelio Alicor L. Panao** Department of Political Science, University of the Philippines Diliman, Metro Manila, Philippines

**Atishwar Pandaram** School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

**Pranab Kumar Panday** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**G. Panichkina** Social Communication Department, Stolypin's Volga Region Institute of Administration – Russian Presidential Academy of National Economy and Public Administration, Saratov Branch, Saratov, Russian Federation

**Afroditi Papadaki** Department of Accounting and Finance, School of Business Administration, Athens University of Economics and Business, Athens, Greece

**Sanjai K. Parahoo** School of Business and Quality Management, Hamdan Bin Mohammed Smart University, Dubai, UAE

**Diego Paredi** University of Brescia, Brescia, Italy

**Pablo Pareja-Alcaraz** Pompeu Fabra University, Barcelona, Spain

**Gil H. Park** College of Public Affairs, Daegu University, Gyeongsan, South Korea

**Hee-jeong Park** Pusan National University, Busan, South Korea

Audit & Inspection Research Institute, Seoul, Republic of Korea

**Hyun Hee Park** Department of Public Administration, Kookmin University, Seoul, South Korea

**JiHye Park** Department of Sociology, University of Iowa, Iowa City, IA, USA

**Mingean Park** School of Public Affairs, Pennsylvania State University, Middletown, PA, USA

**Seejeen Park** Department of Public Administration, College of Law and Public Policy, Kwangwoon University, Seoul, Korea, Republic of

**Soonae Park** Public Performance Management Research Center, Seoul National University, Seoul, South Korea

**Marla A. Parker** Department of Political Science, California State University-Los Angeles, Los Angeles, CA, USA

**B. Parker Ellen III** D'Amore-McKim School of Business, Northeastern University, Boston, MA, USA

**Lois Parkes** University of the Commonwealth Caribbean, Kingston, Jamaica

**Patrizia Pastore** Department of Business Administration and Law, University of Calabria, Arcavacata di Rende (Cosenza), Italy

**Arvind Patel** School of Accounting, Finance & Economics, University of the South Pacific, Suva, Fiji Islands

**Raghuvar Dutt Pathak** Graduate School of Business, The University of the South Pacific, Suva, Fiji

**Barbara A. Patrick** Department of Political Science, Eastern Michigan University, Ypsilanti, MI, USA

**Andrea S. Patrucco** Penn State University, Monaca, PA, USA

**Anna Francesca Pattaro** Department of Economics Marco Biagi, University of Modena and Reggio Emilia, Modena, Italy

**Melissa Patterson** University of North Texas at Dallas, Dallas, TX, USA

**Valerie L. Patterson** Florida International University, Miami, FL, USA

**Aldo Pavan** Department of Economics and Business Administration, University of Cagliari, Cagliari, Italy

**Svetlana Pavlovskaya** Public Administration Department, Faculty of Management, National Research University Higher School of Economics, Nizhny Novgorod, Russian Federation

**Mirko Pečarič** Faculty of Public Administration, University of Ljubljana, Ljubljana, Slovenia

**Joseph A. Pegnato** U.S. General Accountability Office, Ashburn, VA, USA

**Elias Pekkola** School of Management, University of Tampere, Tampere, Finland

**Maria Rosaria Pelizzari** University of Salerno – Interdepartmental Observatory for Gender Studies and Equal Opportunities (OGEPO), Salerno, Italy

**Jacqueline Pels** University Torcuato Di Tella, Buenos Aires, Argentina

**BC Pemberton** Wantage, England

**Shuyang Peng** School of Public Administration, University of New Mexico, Albuquerque, NM, USA

**Krithika Pennathur** Johns Hopkins University, Bloomberg School of Public Health, Baltimore, MD, USA

**Sherry Penney** University of Massachusetts Boston, Boston, MA, USA

**Dennis Gabriel Pepple** Huddersfield Business School, University of Huddersfield, Huddersfield, UK

**Ana Karine Pereira** UFG – Federal University of Goias, Goiânia, Brazil

**Stephen J. Perkins** Global Policy Institute, London Metropolitan University, London, UK

**Brittany L. Peterson** Ohio University, Athens, OH, USA

**Katsimardos Petros** Public Administration Expert, Athens, Greece

**Lori L. Petty** Amarillo College, Amarillo, TX, USA

**Genève Phillip-Durham** University of St. Martin, Philipsburg, Sint Maarten
University of the West Indies, St. Augustine, Trinidad and Tobago

**John C. Pierce** School of Public Affairs and Administration, University of Kansas, Lawrence, KS, USA

**Silvia Pignata** Asia Pacific Centre for Work Health and Safety, University of South Australia, Adelaide, SA, Australia

**Francisco Alves Pinheiro** Department of Production Engineering, Federal University of São Francisco Valley – UNIVASF, Juazeiro, Bahia, Brazil

**Melissa Pinke** Jacksonville State University, Jacksonville, AL, USA

**Isabelle Piot-Lepetit** Economics and Management Division, INRA-MOISA, Univ. Montpellier, Montpellier, France

**Alina Pishnyak** Centre for Studies of Income and Living Standards, National Research University Higher School of Economics, Moscow, Russian Federation

**Michal Plaček** Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic
National Museum of Agriculture, Prague, Czech Republic

**Jeremy Plant** Penn State Harrisburg, Middletown, PA, USA

**Cristian Pliscoff** Institute of Public Affairs, University of Chile, Santiago, Chile

**Evgenij Pliseckij** Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia

Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher School of Economics, Moscow, Russia

**Francesco Polese** University of Salerno, Salerno, Italy

**Branco Ponomariov** University of Texas, San Antonio, TX, USA

**Angela E. Pool-Funai** Southern Utah University, Cedar City, UT, USA

**Elena Leonidovna Popchenko** Department of Management Organization, Stolypin Volga Region Institute of Administration, Saratov, Russia

**Daria Popova** Institute for Social and Economic Research, University of Essex, Colchester, Essex, UK

Institute for Social Policy, National Research University-Higher School of Economics, Moscow, Russia

**Alberto Posso** International Development and Trade Research Group, Royal Melbourne Institute of Technology, Melbourne, VIC, Australia

**Ali Asghar Pourezzat** Faculty of Management, University of Tehran, Tehran, Iran

**Sergio I. Prada** Centro PROESA, Universidad Icesi, Cali, Colombia

**Reema Prasad** Fiji National University, Suva, Fiji

**Christopher R. Prentice** University of North Carolina Wilmington, Wilmington, NC, USA

**Cindy L. Pressley** Stephen F. Austin State University, Nacogdoches, TX, USA

**Amelia A. Pridemore** Florida International University, Miami, FL, USA

**Jeannie Pridmore** University of West Georgia, Carrollton, GA, USA

**Mark Promislo** College of Business Administration, Rider University, Lawrenceville, NJ, USA

**Renee Prunty** Methodist College, Peoria, IL, USA

**Palina Prysmakova** School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

**Julia M. Puaschunder** The New School, Department of Economics, Schwartz Center for Economic Policy Analysis, New York, NY, USA

Graduate School of Arts and Sciences, Columbia University, New York, NY, USA

Princeton University, Princeton, NJ, USA

George Washington University, Washington, DC, USA

**Maria Christina Machado Publio** Ceará Federal University, Fortaleza, Brazil

**Milan Půček** Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic

**Besnik Pula** Virginia Tech, Blacksburg, VA, USA

**Tarmo Puolokainen** School of Economics and Business Administration, University of Tartu, Tartu, Estonia

**Jeanette Purvis** Department of Psychology, University of Hawaii, Honolulu, HI, USA

**Antero Putkiranta** Department of Industrial Management, Metropolia University of Applied Sciences, Helsinki, Finland

**Maryam Omolara Quadri** Department of Political Science, University of Lagos, Lagos, Nigeria

**Kaye Quek** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Geo Quinot** Stellenbosch University, Stellenbosch, South Africa

**Genesis Quintana** Florida Atlantic University, Boca Raton, FL, USA

**Jos C. N. Raadschelders** John Glenn College of Public Affairs, The Ohio State University, Columbus, OH, USA

**Nadine Raaphorst** Department of Public Administration and Sociology, Erasmus University Rotterdam, Rotterdam, The Netherlands

**Abu-Sadat Rabbi** University of Education, Winneba- Ghana, Winneba, Ghana

**Cara Rabe-Hemp** Department of Criminal Justice Science, Illinois State University, Normal, IL, USA

**Bishnu Ragoonath** Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Abdur Rahman** Department of Public Administration, Stamford University Bangladesh, Dhaka, Bangladesh

**Abdur Rahman (Zibol)** The Supreme Court of Bangladesh & Former Additional Chief Metropolitan Magistrate of Bangladesh Judicial Service, Dhaka, Bangladesh

**Azizur Rahman** Department of Anthropology, University of Dhaka, Dhaka, Bangladesh

Bangladesh Water Development Board (BWDB), Dhaka, Bangladesh

Department of Sociology and Anthropology, Asian University of Bangladesh, Dhaka, Bangladesh

**Fariya Rahman** Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh

Maternal and Child Health Division, icddr,b, Dhaka, Bangladesh

**M. Afzalur Rahim** Center for Advanced Studies in Management, Bowling Green, KY, USA

**Mahbubur Rahman** Department of Political Science and Sociology, North South University, Dhaka, Bangladesh

**Md. Aklasur Rahaman** Department of Government and Politics, Asian University of Bangladesh, Dhaka, Bangladesh

**Md. Habibur Rahman** The People's University of Bangladesh, Dhaka, Bangladesh

**Mohammad Sajedur Rahman** Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

**Mohammad Habibur Rahman** Mohammed Bin Rashid School of Government, Convention Tower, Dubai, United Arab Emirates

**Muhammad Sayadur Rahman** Department of Public Administration, Jahangirnagar University, Dhaka, Bangladesh

**Md Mostafizur Rahman Khan** Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

**Eric Raile** Montana State University, Bozeman, MT, USA

**Tomi Rajala** Faculty of Management and Business, Tampere University, Tampere, Finland

**A. S. Ramachandra** Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie, India

**Nelson J. C. Ramalho** Instituto Universitário de Lisboa (ISCTE–IUL), Business Research Unit (UNIDE-IUL), Lisbon, Portugal

**Ramesh Ramasamy** Department of Political Science, Faculty of Arts, University of Peradeniya, Kandy, Sri Lanka

**Kamil Ramazanov** Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

**Andrea Ramos** Florida Atlantic University, Boca Raton, FL, United States

**Conrado Ramos** Universidad de la República, Montevideo, Uruguay

**Karoll Haussler Carneiro Ramos** Department of Administration, FACE, University of Brasília, Brasília, Brazil

**Juwel Rana** Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh

Department of Biostatistics and Epidemiology, School of Health and Health Sciences, University of Massachusetts Amherst, Amherst, MA, USA

Department of Research and Innovation, South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh

**Habib Allah Ranaei Kordshouli** Economics, Management, and Social Science school, Management Department, Shiraz University, Shiraz, Fars, Iran

**Pamela Ransom** Metropolitan College of New York, New York, NY, USA

**Richard L. Rapson** Department of History, University of Hawaii, Honolulu, HI, USA

**Harun Rashid** California State University, Dominguez Hills, Carson, CA, USA

**Mohammad Mamunur Rashid** Eastern University, Dhaka, Bangladesh

**David E. Rast III** University of Alberta, Edmonton, AB, Canada

**Patrick Ratliff** University of North Texas, Denton, TX, USA

**Fabio Ratto Trabucco** University of Venice, Venice, Italy

**Ringa Raudla** Ragnar Nurkse School of Innovation and Governance, Tallinn University of Technology, Tallinn, Estonia

**Jonathan Rauh** College of Charleston, MPA Program, Charleston, SC, USA

East Carolina University, Greenville, NC, USA

**William J. Rauh** College of Charleston, Hanahan, SC, USA

University of South Carolina, Columbia, SC, USA

**Antti Rautiainen** Jyväskylä University School of Business and Economics (JSBE), University of Jyväskylä, Jyväskylä, Finland

**Julie Rayner** Federation University Australia, Gippsland Campus, Churchill, VIC, Australia

**George Reed** School of Public Affairs, University of Colorado, Colorado Springs, CO, USA

**Elisabetta Reginato** Department of Economics and Business, University of Cagliari, Cagliari, Sardinia, Italy

**Rebecca J. Reichard** Division of Behavioral and Organizational Sciences, Claremont Graduate University, Claremont, CA, USA

**Christoph Reichard** University of Potsdam, Potsdam, Germany

**Kristin Reichborn-Kjennerud** Department of Public Management, The Oslo and Akershus University College of Applied Sciences, Oslo, Norway

**Margaret F. Reid** Department of Political Science, University of Arkansas, Fayetteville, AR, USA

**Thom Reilly** Arizona State University, Phoenix, AZ, USA

**Nuno Rosa Reis** CARME – Centre of Applied Research in Management and Economics, School of Technology and Management Polytechnic of Leiria, Leiria, Portugal

**Vincent Reitano** Western Michigan University, Kalamazoo, MI, USA

**Christa L. Remington** Florida International University, Miami, FL, USA

**Charity R. Remington** The Mission Haiti, Lake Placid, FL, USA

**Anita Renault** OpenText Corporation, Enterprise Information Management, Paris, France

**Hugo Renderos** Southeastern Okhahoma State University, Durant, OK, USA

**Anne-Marie Reynaers** Faculty of Law, Department of Political Science and International Relations, Autonomous University Madrid, Madrid, Spain

**Paul D. Reynolds** UNT-Dallas, Criminal Justice, Dallas, TX, USA

**Alexandra Rheinhardt** Pennsylvania State University, University Park, PA, USA

**Eunju Rho** Department of Public Administration, Northern Illinois University, DeKalb, IL, USA

**Jean Rhodes** University of Masschusetts-Boston, Boston, MA, USA

**Saundra J. Ribando** Augusta University, Augusta, GA, USA

**Paolo Ricci** Department of Law, Economy, Management and Quantitative Methods (DEMM), University of Sannio, Benevento, Italy

**Alessandra Ricciardelli** Faculty of Economics, Università LUM Jean Monnet, Casamassima, BA, Italy

**Elisa Ricciuti** Centre for Research on Health and Social Care Management (CeRGAS), Bocconi University, Milan, Italy

**Ilham Rifai Hasan** Public Administration, State University of Makassar, Makassar, South Sulawesi, Indonesia

**Ronald E. Riggio** Claremont McKenna College, Claremont, CA, USA

**Dawn Ringrose** Organizational Excellence Specialists Inc, Courtenay, BC, Canada

**Charlene M. L. Roach** Department of Political Science, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

**Mark D. Robbins** Department of Public Policy, University of Connecticut, Hartford, CT, USA

**Alasdair Roberts** School of Public Policy, University of Massachusetts Amherst, Amherst, MA, USA

**Gary E. Roberts** Robertson School of Government, Regent University, Virginia Beach, VA, USA

**Robert N. Roberts** James Madison University, Harrisonburg, VA, USA

**Kristie Roberts-Lewis** Southern University and A&M College, Baton Rouge, LA, USA

**Patricia B. Robertson** Southern University at New Orleans, New Orleans, LA, USA

**Robert W. Robertson** Bahamas Technical and Vocational Institute, Tampa, FL, USA

**Divine Favour Robinson** Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

**Cara Robinson** College of Public Service, Tennessee State University, Nashville, TN, USA

**Chester A. Robinson** Department of Public Policy and Administration, Jackson State University, Jackson, MS, USA

**Christopher Roby** Mississippi Health Alliance, LLC, Byram, MS, USA

**Dean Rockwell** Boston College, Boston, MA, USA

**Steven Rodgers** Southern Illinois University School of Law, Carbondale, IL, USA

**Yuliya Rodionova** National Research University Higher School of Economics, Institute for Industrial and Market Studies, Moscow, Russia

**Lúcia Lima Rodrigues** School of Economics and Management, University of Minho, Gualtar, Braga, Portugal

**Alejandro Rodriguez** University of Texas-Arlington, Arlington, TX, USA

**José Raúl Rodríguez** University of the Republic, Montevideo, Uruguay

**Gorana Roje** Service for Strategic Planning and Project Management, Ministry of State Assets, Zagreb, Croatia

**Mauro Romanelli** Department of Management, Accounting and Economics, "Parthenope" University of Naples, Naples, Italy

**André Felipe Rosa** Department of Administration, FACE, University of Brasília, Brasília, Brazil

**Jonathan Rose** Department of Politics and Public Policy, De Montfort University, Leicester, UK

**Francesca Manes Rossi** University of Salerno, Salerno, Italy

**Sara le Roux** Department of Accounting, Finance and Economics, Oxford Brookes Business School, Oxford Brookes University, Oxford, UK

**Ravi K. Roy** Southern Utah University, Cedar City, UT, USA

**Nadia M. Rubaii** Department of Public Administration, College of Community and Public Affairs, Binghamton University, State University of New York, Binghamton, NY, USA

**Rick Rubel** U.S. Naval Academy, Annapolis, MD, USA

**Nichodemus Rudaheranwa** Makerere University Business School, Kampala, Uganda

**Alexey Rudberg** Institute for Social Policy, National Research University-Higher School of Economics, Moscow, Russia

**Patrick Ruharuza** Institute of Petroleum Studies, Kampala, Uganda

**Ilkka Ruostetsaari** School of Management, University of Tampere, Tampere, Finland

**Chris Russell** Salt Lake City, UT, USA

**Geunpil Ryu** Leadership Development Group, POSCO Group University, Incheon, South Korea

**Meghna Sabharwal** Public and Nonprofit Management, School of Economic, Political and Policy Sciences, The University of Texas at Dallas, Richardson, TX, USA

**Abdul-Akeem Sadiq** School of Public Administration, University of Central Florida, Orlando, FL, USA

School of Public and Environmental Affairs, Indiana University-Purdue University Indianapolis (IUPUI), Indianapolis, IN, USA

**B. Saima Saleh** Health Wing, Capital and Development Division (CADD), Islamabad, Pakistan

**Nurul Huda Sakib** Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

**Pasakorn Sakolsatayotorn** NGP (Thailand), Co., Ltd, Bangkok, Thailand

**Naila Saleh** Department of Public Policy, Pakistan Institute of Development Economics, Islamabad, Pakistan

**Ahmed Munirus Saleheen** Ministry of Finance, Dhaka, Bangladesh

**Adam Salifu** University of Professional Studies, Accra, Ghana

**Ghasem Salimi** Faculty of Education, Shiraz University, Shiraz, Iran

**Iris Saliterer** Department of Public and Nonprofit Management, University of Freiburg, Freiburg, Germany

**Domenico Salvatore** Department of Accounting, Economics and Organization, Università degli Studi di Napoli "Parthenope", Naples, Italy

**Daniela M. Salvioni** Department of Economics and Management, University of Brescia, Brescia, Italy

**Murali Sambasivan** Thiagarajar School of Management, Madurai, TN, India

**Antonio Sánchez-Ándres** Faculty of Economics, Department Applied Economics, University of Valencia, Valencia, Spain

**María del Carmen Sánchez-Carreira** Department of Applied Economics, ICEDE Research Group, Faculty of Economics and Business, Universidade de Santiago de Compostela, Santiago de Compostela, Galicia, Spain

**Carolina Sancho** Instituto de Estudios Internacionales (U. Chile), Universidad de Chile y Academia Nacional de Estudios Políticos y Estratégicos (ANEPE), Providencia, Región Metropolitana, Chile

**Alessandro Sancino** Department of Public Leadership and Social Enterprise, Open University Business School, Milton Keynes, UK

**Larissa Sandy** School of Global, Urban and Social Studies, College of Design and Social Context, RMIT University, Melbourne, VIC, Australia

**Raymond Saner** Centre for socio-economic development, Geneva, Switzerland

**Anna Sanina** National Research University Higher School of Economics, St. Petersburg, Russia

**Hironobu Sano** Federal University of Rio Grande do Norte – UFRN, Natal, Brazil

**Pierre-Yves Sanséau** Grenoble Ecole de Management, Grenoble, France

**Tomás Dias Sant'Ana** Department of Administration, University of Brasilia, Brasília, Brazil

**Mauro Santaniello** Department of Political, Social and Communication Sciences, University of Salerno, Fisciano, SA, Italy

**Francis Nangbeviel Sanyare** Department of Social Political and Historical Studies (SPHS), Faculty of Integrated Development Studies (FIDS), University for Development Studies, Wa, Ghana

**Raffaella Saporito** Government, Health and Not For Profit Division, SDA Bocconi School of Management, Milan, Italy

**Moggi Sara** Department of Business Administration, University of Verona, Verona, Italy

**Marjorie Sarbaugh-Thompson** Wayne State University, Detroit, MI, USA

**Joseph Sarcone** U.S. Department of Health and Human Services, Agency for Toxic Substances and Disease Registry, Anchorage, AK, USA

**Jason Sargent** Swinburne Business School, Swinburne University of Technology, Melbourne, VIC, Australia

**Abu Elias Sarker** Department of Management, College of Business Administration University of Sharjah, Sharjah, United Arab Emirates

**Md Nazirul Islam Sarker** School of Public Administration, Sichuan University, Chengdu, China

**Luís Morais Sarmento** Statistics Department, Bank of Portugal, Lisbon, Portugal

**Debora Sarno** University of Foggia, Foggia, Italy

**Hideki Sato** International College of Arts and Sciences, Department of International Liberal Arts, Fukuoka Women's University, Fukuoka, Japan

**Elke Schüßler** Johannes Kepler University, Linz, Austria

**Helana Scheepers** Swinburne Business School, Swinburne University of Technology, Melbourne, VIC, Australia

**Martin Schmidt** Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic

**Sebastian H. Schneider** Department III – Civil Society-Level Development Cooperation, Development Education, German Institute for Development Evaluation (DEval), Bonn, Germany

**Emily Schnurr** Northern Arizona University, Flagstaff, AZ, USA

**Eris Schoburgh** Department of Government, Faculty of Social Sciences, University of the West Indies, Kingston, Mona, Jamaica

**Jessica A. Scholl** Scholl Advisory, EU Business School, Müchen, DE, Germany

**Richard W. Scholl** Schmidt Labor Research Center, University of Rhode Island, Kingston, RI, USA

**Rahel M. Schomaker** German Research Institute for Public Administration, Speyer, Germany

Department of Economics and Management, CUAS Villach, Villach, Austria

**Carina Schott** Utrecht School of Governance, Utrecht University, Utrecht, The Netherlands

**Anna Marie Schuh** Department of Political Science and Public Administration, Roosevelt University, Chicago, IL, USA

**Kathleen C. Schwartzman** School of Sociology and Center for Latin American Studies, The University of Arizona, Tucson, AZ, USA

**Birgit Schyns** Durham University, Durham, UK

**Michelle Scobie** Institute of International Relations, Sir Arthur Lewis Institute for Social and Economic Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Leodis Scott** College of Education, DePaul University, Chicago, IL, USA

**Antoni Seguí-Alcaraz** Faculty of Economics, Department Applied Economics, University of Valencia, Valencia, Spain

**Edilberto Martins Dias Segundo** Federal University of Paraiba (UFPB), Mamanguape, PB, Brazil

**Johann Seiwald** International Monetary Fund, Washington, DC, USA

**Abbylin Sellers** Department of History and Political Science, Azusa Pacific University, Azusa, CA, USA

**Arthur J. Sementelli** School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

**Tipakorn Senathip** Institute of International Studies, Ramkhamhaeng University, Bangkok, Thailand

**Jeong Seongho** Korea Public Finance Information Service, Seoul, Korea

**Mohsen Sepahi** Shiraz University, Shiraz, Iran

**Fernando A. R. Serra** Graduate Program of Business Administration, Universidade Nove de Julho, São Paulo, Brazil

**Maman Setiawan** Faculty of Economics and Business, Padjadjaran University, Bandung, Indonesia

**Rouhollah Shahnazi** Department of Economics, Shiraz University, Shiraz, Iran

**Saleh Shahriar** Department of History and Philosophy, School of Humanities and Social Sciences, North South University, Dhaka, Bangladesh

**Rajesh K. Shakya** The World Bank, Washington, DC, USA

**Reginald Shareef** Radford University, Radford, VA, USA

Virginia Tech, Blacksburg, VA, USA

**Lisa Sharlach** Department of Government and Public Administration, University of Alabama, Birmingham, AL, USA

**Andy Sharma** Social Sciences Division, Economics and Policy Studies, University of Denver, Denver, CO, USA

**Anurag Sharma** Clarks Future Footwear Ltd., Chennai, TN, India

**Charu Sharma** Center for Environmental Law and Climate Change, Jindal Global Law School, O P Jindal Global University, Sonipat, Haryana, India

**Karishma Sharma** Fiji National University, Suva, Fiji

**Rajesh Sharma** Justice and Legal Studies, RMIT University, Melbourne, VIC, Australia

**Shavneet Sharma** School of Business and Management, The University of the South Pacific (USP), Suva, Fiji

**Mahauganee Shaw** Miami University, Oxford, OH, USA

**Mathew L. Sheep** Illinois State University, Normal, IL, USA

**Yu Shi** Department of Public Administration, University of North Texas, Denton, TX, USA

**Ellen Shiau** Department of Political Science, California State University, Los Angeles, CA, USA

**Natalija Shikova** International Balkan University, Skopje, North Macedonia

**Dong Chul Shim** Department of Public Administration, Korea University, Seoul, South Korea

**Geiguen Shin** School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

**Yoon Ah. Shin** Graduate School of Public and International Affairs, University of Pittsburgh, Pittsburgh, PA, USA

**Shugo Shinohara** School of Public Affairs and Administration, Rutgers University, Newark, NJ, USA

**Hideaki Shiroyama** Graduate School for Law and Politics, The University of Tokyo, Tokyo, Japan

**Afeez Kolawole Shittu** Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria

Department of Political Science, Federal College of Education (Special), Oyo, Nigeria

**Bolanle Shiyanbade** Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

**Shandana Shoaib** Institute of Management Sciences, Peshawar, Pakistan

**Brian Shreck** Texas Tech University, Lubbock, TX, USA

**Manoj K. Shrestha** University of Idaho, Moscow, ID, USA

**Alexandra Shubenkova** Laboratory for Political Studies, National Research University Higher School of Economics, Moscow, Russia

**Gaurav Shukla** Law, School of Law and Social Science (SoLaSS), University of South Pacific, Central Division, Suva, Fiji

**Karen Shumway** University of North Texas at Dallas, Dallas, TX, USA

**Erwin Sondang Siagian** Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia

National Public Procurement Agency, Jakarta, Indonesia

**Noore Alam Siddiquee** College of Business, Government and Law, Flinders University, Adelaide, Australia

**Zedekiah Sidha** Department of Humanities and Social Sciences, Rongo University, Migori County, Kenya

**Mariusz Wiktor Sienkiewicz** Department of Local Government and Policy, Maria Curie Sklodowska University, Lublin, Poland

**Wally Siewert** University of Missouri-St. Louis, St. Louis, MO, USA

**Peni Sikivou** Department of Management, Fiji National University, Central Division, Suva, Fiji

**Anthony Silard** Public Administration, California State University San Bernardino, San Bernardino, CA, USA

**Torey Silloway** Pew-MacArthur Results First Initiative, The Pew Charitable Trusts, Washington, DC, USA

**Maria Gabriela Silva** Instituto Universitário de Lisboa (ISCTE-IUL), Business Research Unit (BRU-IUL), Lisboa, Portugal

**Cheryl K. Simmons** Science and Technology, USDA- NRCS Fort Worth Texas, Moscow, ID, USA

**Arthur M. Simon** Department of Political Science, University of Miami, Coral Gables, FL, USA

**Jean-Yves Simon** Department of Strategy, Instituto de Estudios Superiores en Administración (IESA), Caracas, Venezuela

**Jeanne W. Simon** Universidad de Concepción, Concepción, Chile

**Anna Simonati** Faculty of Law, Trento University, Trento, Italy

**Amelie C. Simons** Northern Arizona University, Flagstaff, AZ, USA

**Bill Simonsen** Department of Public Policy, University of Connecticut, Hartford, CT, USA

**Dixon Ming Sing** Division of Social Science, Hong Kong University of Science and Technology, Hong Kong, China

**Amita Singh** Centre for the Study of Law and Governance, Jawaharlal Nehru University, New Delhi, India

**Gurmeet Singh** Graduate School of Business, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji

**Nikita Singh** Rhodes University Business School, Rhodes University, Makhanda, South Africa

**Nripendra Singh** College of Business Administration and Information Sciences, Clarion University of Pennsylvania, Clarion, PA, USA

**Pragya Singh** Department of Management Studies, IIIT Allahabad, Prayagraj, India

**Riann Singh** The University of the West Indies, St. Augustine, Trinidad and Tobago

**Hayley K. Sink** Department of Public and International Affairs, University of North Carolina Wilmington, Wilmington, NC, USA

**Oxana Sinyavskaya** Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

**Joseph M. Siracusa** RMIT University, Melbourne, VIC, Australia

**Nadezhda Sirotkina** Public Administration Department, Faculty of Management, National Research University Higher School of Economics, Nizhny Novgorod, Russian Federation

**Ranesh Sivnarain** Forensic Services, University of KwaZulu-Natal, Durban, South Africa

**Saeed Siyal** School of Economics and Management, Beijing University of Chemical Technology, Beijing, China

**Leslie Sklair** London School of Economics and Political Science, London, UK

**Chrysavgi Sklaveniti** Institute of Organizational Psychology, University of St Gallen, St Gallen, Switzerland

**James D. Slack** Jackson State University, Jackson, MS, USA

**Neale Slack** Sydney, Australia

**Lauren Slade** LGBTQ and HIV Programs and Services, Resource Center, Dallas, TX, USA

**Steven Slaughter** School of Humanities and Social Sciences, Deakin University, Burwood, VIC, Australia

**David Horton Smith** Department of Sociology, Boston College, Chestnut Hill, MA, USA

Centre for Study of the Nonprofit Sector and Civil Society, National Research University Higher School of Economics, Moscow, Russia

School of Health Sciences, University of East Anglia, Norwich, UK

School of Arts and Sciences, City, University of London, London, UK

Institute for Philanthropy, Tsinghua University, Beijing, China

School of Social and Policy Studies, Australian Center for Community Studies and Research (ACCSR), Flinders University, Adelaide, SA, Australia

**Christy De Friest Smith** Henry C. Lee College of Criminal Justice and Forensic Sciences, University of New Haven, West Haven, CT, USA

**Robert W. Smith** University of Illinois Springfield, Springfield, GA, USA

**Scott Smith** Politics and Government, Illinois State University, Normal, IL, USA

**Mehmet Zahid Sobaci** Uludag University, Bursa, Turkey

**Reth Soeng** American University of Phnom Penh, Phnom Penh, Cambodia

Centre for ASEAN Studies, University of Antwerp, Antwerp, Belgium

**Benard Alkali Soepding** Department of Accounting, Faculty of Management Sciences, University of Jos, Jos, Nigeria

**Shirley-Tan Sok Kit** Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia

**Tsvetelina Sokolova** Faculty of Journalism and Mass Communication (Bulgaria) Mailing, Sofia University, Sofia, Bulgaria

**Ji Hoon Song** Department of Educational Technology, College of Education, Hanyang University, Seoul, South Korea

**Nanta Sooraksa** School of Human Resource Development, National Institute of Development Administration, Bangkok, Thailand

**Mallory E. SoRelle** Lafayette College, Easton, PA, USA

**Paul Sorenson** St. Louis Regional Data Alliance, University of Missouri-St. Louis, St. Louis, MO, USA

**Rafael Soriano Román** Economics and Business Department, University of Almería, Almería, Spain

**Gregory M. Sottile** Townsend Research Group, LLC, Hartland, CT, USA

**Hassen Soukni** National School of Administration of Tunis, Mutuelleville, Tunis, Tunisia

**Pedro Masson Sesconetto Souza** Escola Nacional de Administração Pública (ENAP), Brasília, Brazil

**Dominick J. Spano** Dorothy F. Schmidt College of Arts and Letters, Florida Atlantic University, Boca Raton, FL, USA

**Renée Spencer** Boston University, Boston, MA, USA

**Christine Gibbs Springer** University of Nevada, Las Vegas, NV, USA

**Robert Hunt Sprinkle** University of Maryland School of Public Policy, College Park, MD, USA

**Smaragda P. Spyrou** Department of Psychology, University of Richmond, Richmond, VA, USA

**Krishnamurthy Sriramesh** Brian Lamb School of Communication, Purdue University, West Lafayette, IN, USA

**Anurag Kumar Srivastava** Department of Public Administration, School of Liberal Studies, Pandit Deendayal Petroleum University, Gandhinagar, Gujarat, India

**Lawrence L. Ssemusu** Makerere University Business School, Kampala, Uganda

**Bonnie Stabile** Schar School of Policy and Government, George Mason University, Arlington, VA, USA

**Odd J. Stalebrink** Public Policy and Administration, School of Public Affairs, Pennsylvania State University, Middletown, PA, USA

**Dragan Stanisevski** Department of Political Science and Public Administration, Mississippi State University, Mississippi State, MS, USA

**Carmela F. Staten** Jackson State University, Jackson, MS, USA

Mississippi Valley State University, Itta Bena, MS, USA

**Alison Staudinger** University of Wisconsin-Green Bay, Green Bay, WI, USA

**Edmund C. Stazyk** Department Public Administration and Policy, State University of New York—Albany, Albany, NY, USA

**Robert A. Stebbins** University of Calgary, Calgary, AB, Canada

**Godfrey A. Steele** Department of Literary, Cultural and Communication Studies, Faculty of Humanities and Education, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Bram Steijn** Department of Public Administration and Sociology, Erasmus University Rotterdam, Rotterdam, The Netherlands

**Joshua M. Steinfeld** School of Public Service, Old Dominion University, Norfolk, VA, USA

**Jan Stentoft** Department of Entrepreneurship and Relationship Management, University of Southern Denmark, Kolding, Denmark

**Jacqueline H. Stephenson** Department of Management Studies, University of the West Indies, St. Augustine, Trinidad and Tobago

**Rosemary Stockdale** Swinburne Business School, Swinburne University of Technology, Melbourne, VIC, Australia

**Ester W. Stokes** Jackson State University, Jackson, MS, USA

**Alessandra Storlazzi** Facoltà di Scienze della Formazione, Università degli Studi Suor Orsola Benincasa, Naples, Italy

**Jeffrey D. Straussman** Department of Public Administration and Policy, Rockefeller College of Public Affairs and Policy, University at Albany, Albany, NY, USA

**Christopher Stream** Greenspun College of Urban Affairs, School of Public Policy and Leadership, University of Nevada, Las Vegas (UNLV), Las Vegas, NV, USA

**Meg Streams** Department of Public Administration, Tennessee State University, Nashville, TN, USA

**Alexander Ströbele** Institute of Management Accounting and Control, Ulm University, Ulm, Germany

**Stuart C. Strother** Azusa Pacific University, Azusa, CA, USA

**Ylva Stubbergaard** Department of Political Science, Lund University, Lund, Sweden

**Neva Štumberger** Brian Lamb School of Communication, Purdue University, West Lafayette, IN, USA

**Min Su** Louisiana State University, Baton Rouge, LA, USA

**Meena Subedi** Florida Atlantic University, Boca Raton, FL, USA

**Monira Sultana** Institute of International and Comparative Education, Educational Leadership and Policy, Beijing Normal University, Beijing, People's Republic of China

**Shirin Sultana** Lecturer, Department of Law, University of Dhaka, Dhaka, Bangladesh

**Asep Sumaryana** Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia

**Goran Sumkoski** Graduate School of Global Governance, Meiji University, Tokyo, Japan

**Rui Sun** Department of Public Administration, College of Business Administration and Public Policy, California State University, Dominguez Hills, Carson, CA, USA

**Tung-Wen Milan Sun** Department of Public Policy and Administration, National Chi Nan University, Nantou, Taiwan

**Richard J. Sutcliffe** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Itoko Suzuki** United Nations Branch of Public Administration and Governance, United Nations Department of Economic and Social Affairs, Shizuoka, Japan

**Kohei Suzuki** The Quality of Government Institute, Department of Political Science, University of Gothenburg, Gothenburg, Sweden

**James H. Svara** School of Government, University of North Carolina at Chapel Hill, Durham, NC, USA

**Petra Svensson** Halmstad University, Halmstad, Sweden

**Viktoria Svischeva** Department of Finance, Credit and Taxation, Volga Region Institute of Administration named after P.A. Stolypin (Russian Presidential Academy of National Economy and Public Administration), Saratov, Russia

**Wallace Swan** Walden University, Minneapolis, MN, USA

**Diane L. Swanson** College of Business Administration, Kansas State University, Manhattan, Kansas, USA

**Amanda Swartzendruber** Illinois State University, Normal, IL, USA

**David Switzer** Texas A&M University, College Station, TX, USA

**Maria Rita Tagliaventi** Department of Sociology and Business Law, University of Bologna, Bologna, Italy

**Ghazaleh Taheriattar** Faculty of Management, University of Tehran, Tehran, Iran

**Yuriko Takahashi** Waseda University, Tokyo, Japan

**Junya Takamatsu** Meijo University, Nagoya, Japan

**Mohammad Rafiqul Islam Talukdar** Government and Politics, Asian University of Bangladesh, Dhaka, Bangladesh

**Marika Tammeaid** ITLA The Finnish Children's Foundation, Helsinki, Finland

**Tahmina Ferdous Tanny** Department of Public Administration, Jagannath University, Dhaka, Bangladesh

**Michele Tantardini** School of Public Affairs, The Pennsylvania State University – Harrisburg, Middletown, PA, USA

**Fateme Tavallaei** PNU University, Tehran, Iran

**Bill W. K. Taylor** Department of Public Policy, City University of Hong Kong, Kowloon, Hong Kong

**Franklyn Taylor** St. Louis Community College, St. Louis, MO, USA

**Leslie Taylor** Community Services Division, Broward Sheriff's Office, Fort Lauderdale, FL, USA

**Fabian Telch** Binghamton University, Binghamton, NY, USA

**Terrie Temkin** CoreStrategies for Nonprofits, Inc, Miami, FL, USA

**Jessica N. Terman** Schar School of Policy and Government, George Mason University, Fairfax, VA, USA

**Stephen Terry** Department of Administration and Law, University of West Florida, Pensacola, FL, USA

**Evans Tetteh** Department of Government and International Studies, Hong Baptist University, Kowloon, Hong Kong

**Hoa Thai**

**Berry Tholen** Institute for Management Research, Department of Public Administration, Radboud University Nijmegen, Nijmegen, The Netherlands

**Humble Sunday Thomas** Department of History and International Studies, Evangel University Akaeze, Ebonyi State, Nigeria

**Talya D. Thomas** Department of Urban and Regional Planning, Jackson State University, Jackson, MS, USA

**Fred Thompson** Atkinson Graduate School of Management, Willamette University, Salem, OR, USA

**Denise D. P. Thompson** Department of Public Management, John Jay College of Criminal Justice, New York, NY, USA

**Ian Thynne** Crawford School of Public Policy, Australian National University, Canberra, ACT, Australia

Department of Politics and Public Administration, University of Hong Kong, Pokfulam, Hong Kong

**Konstantin Timoshenko** Nord University Business School, Bodø, Norway

**Syed Awais Ahmad Tipu** Department of Management, University of Sharjah, Sharjah, United Arab Emirates

**Adriana Tiron-Tudor** Department of Accounting and Audit, Babes-Bolyai University, Cluj-Napoca, Romania

**Ernie Tisnawati Sule** Faculty of Economics and Business, Padjadjaran University, Bandung, Indonesia

**Andrey Tkachenko** National Research University Higher School of Economics, Institute for Industrial and Market Studies, Moscow, Russia

**Stefan Toepler** Schar School of Policy and Government, George Mason University, Arlington, VA, USA

Center for the Study of Civil Society and the Non-Profit Sector, National Research University Higher School of Economics, Moscow, Russian Federation

**Helena Tolkki** School of Management, University of Tampere, Tampere, Finland

**Andrea Tomo** Department of Economics, Management, Institutions, University of Naples "Federico II", Naples, Italy

**Jessica J. Tomory** Claremont Graduate University, Claremont, CA, USA

**Cagri Topal** Middle East Technical University, Ankara, Turkey

**Evelyn Trammell** Florida International University, Miami, FL, USA

**Quan H. N. Tran** School of Economics and Business Administration, Tartu University, Tartu, Estonia

**Maryse Tremblay** Department of Political Science, Universität Leipzig, Leipzig, Germany

**Virginia Trigo** Instituto Universitário de Lisboa (ISCTE-IUL), Business Research Unit (BRU-IUL), Lisboa, Portugal

**Minh Tri Trinh** School of Computing Engineering and Mathematics, Western Sydney University, Sydney, NSW, Australia

**Paul C. Trogen** East Tennessee State University, Johnson City, TN, USA

**Jarle Trondal** ARENA – Centre for European Studies, University of Oslo, Oslo, Norway

Department of Political Science, University of Agder, Kristiansand, Norway

**Danilo Tuccillo** Department of Economics, Second University of Naples, Naples, Italy

**Theodor Tudoroiu** Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

**Pirjo Tulokas** School of Management, Tampere University, Tampere, Finland

**Michael A. Tumanut** University of the Philippines Diliman, Quezon City, Philippines

**Lars G. Tummers** School of Governance, Utrecht University, ZC, Utrecht, The Netherlands

**Sulait Tumwine** Makerere University Business School, Kampala, Uganda

**Sarah Tuneberg** Rock Park, Inc., Denver, CO, USA

**Justine Guguneni Tuolong** Department of Social Political and Historical Studies (SPHS), Faculty of Integrated Development Studies (FIDS), University for Development Studies, Wa, Ghana

**Neal Turpin** University of Louisville, Louisville, KY, USA

**Alex Turrini** Government, Health and Not For Profit Division, SDA Bocconi School of Management, Milan, Italy

**Portia Oware Twerefoo** MountCrest University College, Accra, Ghana

**Jenna Tyler** School of Public and Environmental Affairs, Indiana University-Purdue University Indianapolis (IUPUI), Indianapolis, IN, USA

**Jerrod Tynes** University of North Texas at Dallas, Dallas, TX, USA

**Ashleigh Tynes** University of North Texas at Dallas, Dallas, TX, USA

**Christos Tzovas** Department of Accounting and Finance, School of Business Administration, Athens University of Economics and Business, Athens, Greece

**Louis W. Uccellini** National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA

**Obasi Victoria Ugochi** Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State, Nigeria

**Anders Uhlin** Department of Political Science, Lund University, Lund, Sweden

**John Uhr** Australian National University, Canberra, ACT, Australia

**Ikechukwu Ogeze Ukeje** Department of Political Science, Alex Ekwueme Federal University, Abakaliki, Nigeria

**Mohammed Abdullahi Umar** Universiti Utara Malaysia, Sintok, Malaysia

**Theerapat Ungsuchaval** Faculty of Social Sciences and Humanities, Mahidol University, Nakorn Phathom, Thailand

**Janiece Upshaw** Public Leadership, UNT-Dallas, Dallas, TX, USA

**Rustamjon Urinboyev** University of Helsinki, Aleksanteri Institute, Helsinki, Finland

Department of Sociology of Law, Faculty of Social Sciences, Lund University, Lund, Sweden

**Elena Urquía-Grande** Faculty of Economics and Business, Universidad Complutense Madrid (UCM), Madrid, Spain

**Yılmaz Üstüner** Department of Political Science and Public Administration, Middle East Technical University, Ankara, Turkey

**Valeriya Utkina** Faculty of Social Sciences, National Research University Higher School of Economics, Moscow, Russia

**Bilge Uz** Ankara University, Ankara, Turkey

**Kelechi Uzochukwu** University of Baltimore, Baltimore, MD, USA

**Francis C. Uzonwanne** College of Management and Social Science, Department of Psychology, Redeemer's University, Ede, Osun State, Nigeria

**Gabriela Vaceková** Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic

**Egle Vaidelyte** Faculty of Social Sciences, Arts and Humanities, Kaunas University of Technology, Kaunas, Lithuania

**Nicolas A. Valcik** Institutional Effectiveness, Ellensburg, WA, USA

**Juan Pablo Valenzuela** Centro de Investigación Avanzada en Educación, Universidad de Chile, Santiago, Chile

**Jesus N. Valero** Department of Political Science/Public Administration, University of Utah, Salt Lake City, UT, USA

**María del Carmen Valls Martínez** Economics and Business Department Ethics, Gender and Sustainability Research Group, University of Almería, Almería, Spain

**R. C. van Halderen** Avans Centre for Public Safety and Criminal Justice, Avans University, 's-Hertogenbosch, The Netherlands

**Jan van Helden** University of Groningen, Groningen, The Netherlands

**Liza Ceciel van Jaarsveldt** Department of Public Administration and Management, University of South Africa, Pretoria, South Africa

**Tine Van Thielen** Ghent University, Ghent, Belgium

**Gary VanLandingham** Pew-MacArthur Results First Initiative, The Pew Charitable Trusts, Washington, DC, USA

**Kelly Varga** Department of Biological Sciences, University of North Texas at Dallas, Dallas, TX, USA

**Sapna Varkey** Department of Political Science, University of Missouri-St. Louis, St. Louis, MO, USA

**Luisa Varriale** Department of Sport Science and Wellness, University of Naples "Parthenope", Naples, Italy

**Amélia Veiga** Faculty of Psychology and Education Sciences, University of Porto, Porto, Portugal

Centre for Research and Intervention in Education (CIIE) and Centre for Research in Higher Education Policies (CIPES), Porto, Portugal

**José Manuel Vela** Department of Economy and Social Sciences, Faculty of Business Administration, Universitat Politècnica de València, Valenica, Spain

**María Velasco** Universidad Complutense de Madrid, Madrid, Spain

**Lucia Velotti** John Jay College of Criminal Justice, New York City, NY, USA

New Brunswick, NJ, USA

**Michelina Venditti** DEA – G. d'Annunzio University of Chieti-Pescara, Chieti-Pescara, Italy

**Isak Vento** Faculty of Social Sciences, University of Helsinki, Helsinki, Finland

**Karel Verbeke** Institute of Development Policy (IOB), University of Antwerp, Antwerp, Belgium

**Vinod Kumar Verma** Department of Computer Science & Engineering, Sant Longowal Institute of Engineering & Technology (SLIET), Longowal, Punjab, India

**Jorge Verschoore** Unisinos University, Porto Alegre, RS, Brazil

**Luís Viana** Ministry of Finance, Portugal and Industry Fellow, Católica Porto Business School, Lisbon/Porto, Portugal

**Margaret H. Vickers** School of Business, Western Sydney University, Sydney, NSW, Australia

**James Batista Vieira** Department of Public Management, Federal University of Paraíba – UFPB, João Pessoa, Paraíba, Brazil

**Vincenzo Vignieri** Department of Political Sciences and International relations, University of Palermo, Palermo, Italy

Institute for Archaeological and Monumental Heritage of the (Italian), National Research Council, Catania, Italy

**Eran Vigoda-Gadot** Division of Public Administration and Policy, School of Political Science, University of Haifa, Haifa, Israel

**Jean-Patrick Villeneuve** Università della Svizzera italiana, Lugano, Switzerland

**Manuel Villoria** Rey Juan Carlos University, Madrid, Spain

**Obi Yves-Mary Virginia** Public Administration Department, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria

**Petri Virtanen** ITLA (The Finnish Children's Foundation), Helsinki, Finland

School of Management, University of Vaasa, Vaasa, Finland

**Shilpa Viswanath** Department of Political Science and Public Administration, University of Wisconsin, La Crosse, WI, USA

**Roberto Vivona** Lee Kuan Yew School of Public Policy, The National University of Singapore, Singapore, Singapore

**Glen M. Vogel** Legal Studies in Business, Frank G. Zarb School of Business, Hofstra University, Hempstead, NY, USA

**G. Michael Vogler** Denver Police Department, Denver, CO, USA

**Joseph Vonasek** Department of Political Science, MPA Program, Auburn University, Auburn, AL, USA

**Sunia Vosikata** Graduate School of Business, The University of the South Pacific, Suva, Fiji

**A. Vyas** Division of Science, Engineering and Health Studies, SPEED, The Hong Kong Polytechnic University, Hong Kong, China

**Anand Vyas** Department of Mechanical Engineering, The Hong Kong Polytechnic University, Hong Kong, Hong Kong SAR

**Lina Vyas** Department of Asian and Policy Studies, The Education University of Hong Kong, Tai Po, Hong Kong

**Vasilios Vyttas** Department of Business Administration, University of Macedonia, Thessaloniki, Greece

**Sandra Waddock** Carroll School of Management, Boston College, Chestnut Hill, MA, USA

**Michelle L. Wade** West Chester University, West Chester, PA, USA

**L. S. Waits-Kamau** Regent University, Virginia Beach, VA, USA

**Aziz Wakibi** Makerere University Business School, Kampala, Uganda

**Adrieme S. Walker** Jackson State University, Jackson, MS, USA

**Dayna O. Walker** Division of Behavioral and Organizational Sciences, Claremont Graduate University, Claremont, CA, USA

**Joseph Wallis** Department of Management, American University of Sharjah, Sharjah, UAE

**Jennifer E. Walsh** Azusa Pacific University, Azusa, CA, USA

**John J. Walsh** Vanderbilt University Medical Center, Nashville, TN, USA

**Marcus Walsh-Führing** Department of Political Science, Universität Bremen, Bremen, Germany

**Grant Walsh-Haines** Northern Arizona University, Flagstaff, AZ, USA

**Ahmad Walugembe** Department of Marketing and International Business, Makerere University Business School, Kampala, Uganda

**Richard A. Wandling** Political Science Department, Eastern Illinois University, Charleston, IL, USA

**Hyejin Wang** Department of Public Administration, Incheon National University, Incheon, South Korea

**Jing Wang** Department of Political Science, California State Polytechnic University, Pomona, CA, USA

Department of Public Administration, University of Illinois at Chicago, Chicago, IL, USA

**Lili Wang** School of Community Resources and Development, College of Public Service and Community Solutions, Arizona State University, Phoenix, AZ, USA

**X. L. Wang** Department of Applied Social Sciences, The Hong Kong Polytechnic University, Hong Kong, China

Centre for Civil Society and Governance, University of Hong Kong, Pokfulam, Hong Kong

**Simeon Wanyama** Uganda Martyr's University, Kampala, Uganda

**Isaac Magoola Wanzige** Department of Business Administration, Makerere University Business School, Kampala, Uganda

**James D. Ward** School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

**Scott C. Warnasch** LLC Consulting, Bloomfield, NJ, USA

**Jessica McManus Warnell** Department of Management, University of Notre Dame, Notre Dame, IN, USA

**Lois M. Warner** School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

**Mildred E. Warner** Department of City and Regional Planning, Cornell University, Ithaca, NY, USA

**Aiden Warren** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Hussein Warsame** University of Calgary, Calgary, AB, Canada

**Jason Wasden** Greenspun College of Urban Affairs, School of Public Policy and Leadership, University of Nevada, Las Vegas (UNLV), Las Vegas, NV, USA

**Rob Watts** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**William L. Waugh** Georgia State University, Atlanta, GA, USA

**Marie-France Waxin** American University of Sharjah, Sharjah, United Arab Emirates

**Werner Webb** University of South Africa, Pretoria, South Africa

**Kathryn E. Webb Farley** Appalachian State University, Boone, NC, USA

**Adam M. Wellstead** Department of Social Sciences, Michigan Technological University, Houghton, MI, USA

**Jan C. Weyerer** German University of Administrative Sciences Speyer, Speyer, Germany

**Elizabeth Wheat** Public and Environmental Affairs (Political Science), University of Wisconsin-Green Bay, Green Bay, WI, USA

**Geoffrey White** Faculty of Business, Old Royal Naval College, University of Greenwich, London, UK

**Kristopher D. White** College of Social Sciences, KIMEP University, Almaty, Kazakhstan

**Christopher R. Whynacht** College of Management, University of Massachusetts Boston, Boston, MA, USA

**John Whyte** School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

**Amanda Wickramasinghe** Brandman University and National University, Irvine, CA, USA

**Ida Widianingsih** Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia

**David Wiener** CEO – David Wiener Ventures, Park City, UT, USA

**LaMonica M. Wiggins** University Library System, University of Pittsburgh, Pittsburgh, PA, USA

**Thomas D. Willett** Department of Economics, Claremont Institute for Economic Studies, Claremont Graduate University, Claremont, CA, USA

**Lorenzo Williams** Virginia Polytechnic University, Virginia Tech, Blacksburg, VA, USA

**Franke Wilmer** Department of Political Science, Montana State University, Bozeman, MT, USA

**Stanley L. Winer** School of Public Policy and Administration and Department of Economics, Carleton University, Ottawa, ON, Canada

**Bernd W. Wirtz** German University of Administrative Sciences Speyer, Speyer, Germany

**Brian E. Wish** Tarleton State University, Stephenville, TX, USA

**Daniel C. Wisneski** Saint Peter's University, Jersey City, NJ, USA

**Stephanie Witt** School of Public Service, Boise State University, Boise, ID, USA

**Erin Wolf** Women's Leadership Center, Michael J. Coles College of Business, Kennesaw State University, Kennesaw, GA, USA

**Wilson Wong** Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

**Kuan Heong Woo** School of Social Sciences, Universiti Sains Malaysia, George Town, Pulau Pinang, Malaysia

**Yoonseuk Woo** Department of Public Administration, Soongsil University, Seoul, South Korea

**Gavin Woods** Public Service Commission of South Africa, Western Cape, South Africa

Professor Emeritus, Stellenbosch University, Western Cape, South Africa

**Juanita M. Woods** Mike Cottrell College of Business, University of North Georgia, Oakwood, GA, USA

**Blue Wooldridge** The L. Douglas Wilder School of Government and Public Affairs, Virginia Commonwealth University, Richmond, VA, USA

**Sabrina D. Wooten** Strategic Impact Services, LLC, Walden University, Virginia Beach, VA, USA

**Kenicia Wright** Department of Political Science, University of Houston, Houston, TX, USA

**Temi O. Wright** Purdue University, West Lafayette, IN, USA

**Min Wu** School of Public Administration, Sichuan University, Chengdu, People's Republic of China

**John Antony Xavier** Graduate School of Business, National University of Malaysia, Bangi, Selangor, Malaysia

**Chunlin Xin** School of Economics and Management, Beijing University of Chemical Technology, Beijing, PR China

**Chengxin-Michael Xu** Rutgers, The State University of New Jersey, Newark, NJ, USA

**Xuehu Xu** Department of Gastrointestinal Surgery, The Third Affiliated Hospital of Guangzhou Medical University, Guangzhou, China

**Yuan Xu** Vanderbilt University, Nashville, TN, USA

**Natacha J. Yacinthe** Administration Seaport Planning at Broward County Port Everglades, Hollywood, FL, USA

**Abdulfattah Yaghi** Department of Political Science and Public Administration, Center for Public Policy and Leadership, United Arab Emirates University, Al-Ain City, United Arab Emirates

**Andrei Yakovlev** National Research University Higher School of Economics, Institute for Industrial and Market Studies, Moscow, Russia

**Harunori Yamada** Faculty of Political Science and Economics, Waseda University, Tokyo, Japan

**Kiyoshi Yamamoto** Graduate School of Education, The University of Tokyo, Tokyo, Japan

**Ivan P. Yamshchikov** Max Planck Institute for Mathematics in the Sciences, Leipzig, Germany

**Wenfan Yan** Department of Leadership in Education, College of Education and Human Development, University of Massachusetts Boston, Boston, MA, USA

**Song Yang** Department of Sociology and Criminal Justice, University of Arkansas, Fayetteville, AR, USA

**Ching Seng Yap** Curtin University Malaysia, Miri, Malaysia

**Nadia Hezlin Yashaiya** University of Western Australia, Crawley, WA, Australia

**Nilay Yavuz** Department of Political Science and Public Administration, Middle East Technical University, Ankara, Turkey

**Ziyi Ye** University of Macau, Macau, People's Republic of China

**Emmanuel Yeboah-Assiamah** School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa

Department of Political Science, University of Ghana, Accra, Ghana

Global Development Institute, University of Manchester, Manchester, UK

**Jungwon Yeo** School of Public Administration, University of Central Florida, Orlando, FL, USA

**Kutsal Yesilkagit** Faculty of Governance and Global Affairs, Leiden University, The Hague, The Netherlands

**Mete Yildiz** Hacettepe University, Ankara, Turkey

**Andy Wai-fung Yip** Project Citizens Foundation, Hong Kong, China

**Li-Chia Yiu** Centre for socio-economic development, Geneva, Switzerland

**Tytti Yli-Viikari** The National Audit Office of Finland (NAOF), Helsinki, Finland

**Yurie Yokoyama** Department of Social Policy and Social Work, University of York, York, UK

**Jong-Hae Yoo** Maesan Research Institute, Seoul, South Korea

**Kun Yoon** Department of Public Administration and Policy, Hanshin University, Osan-si, Gyeonggi-do, Republic of Korea

**Say Youde** General Department of Taxation, Ministry of Economy and Finance, Phnom Penh, Cambodia

**Aaron J. Young** Pepperdine University, Malibu, CA, USA

**Khalid Yehia Youssef** Faculty of Economics & Political Sciences, Cairo University, Cairo, Egypt

**Baohua Yu** Department of English Language Education, The Education University of Hong Kong, Tai Po, Hong Kong

**Helen H. Yu** University of Hawai'i at Manoa, Honolulu, HI, USA

**Masashi Yui** School of Government, Victoria University of Wellington, Wellington, New Zealand

**Joshua Jebuntie Zaato** College of Humanities and Social Sciences, Zayed University, Dubai, United Arab Emirates

**Ramona Kay Zachary,** The City University of New York, Baruch College, New York, NY, USA

**Amy Zadow** Asia Pacific Centre for Work Health and Safety, University of South Australia, Adelaide, SA, Australia

**José L. Zafra-Gómez** University of Granada, Grenada, Spain

**Nikolaos Zahariadis** Department of International Studies, Rhodes College, Memphis, TN, USA

**Majid Zamahani** Department of public Administration, Payam Noor University, Tehran, Iran

**Carlos Zamora-Bugueño** University of Viña del Mar, Viña del Mar, Chile

**Tigran Zanko** Institute of Public Administration and Civil Service, Russian Academy of National Economy and Public Administration, Moscow, Russia

**Lilian Gazzoli Zanotelli** Department of Psychology, Federal University of Espirito Santo, Vitória, Brazil

**Felipe Zarpelon** Unisinos University, Porto Alegre, RS, Brazil

**Urszula Kinga Zawadzka-Pak** Department of Public Finance and Financial Law, Faculty of Law, University of Bialystok, Bialystok, Poland

**Dmitry Zaytsev** Public Policy Department, Faculty of Social Sciences, National Research University Higher School of Economics, Moscow, Russia

**Tatiana V. Zaytseva** Lomonosov Moscow State University, School of Public Administration, Moscow, Russia

**Mengzhong Zhang** Gannon University, Erie, PA, USA

**Yanzhe Zhang** Northeastern Asian Studies College, Jilin University, Changchun, Jilin, China

**Haoyu Zhao** Department of Public Policy and Public Affairs, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

**Roland Zullo** Institute for Research on Labor, Employment and the Economy, University of Michigan, Ann Arbor, MI, USA

**Abdur Rahman (Zibol)**

# A

## Abortion as Social Policy

Adrieme S. Walker
Jackson State University, Jackson, MS, USA

### Synonyms

Aborticide; Feticide; Misbirth; Miscarriage; Termination

### Definition

Abortion is the termination of the process of gestation after the time when the zygote attaches itself to the uterine wall – normally 14 days after conception, but before the fetus is possibly capable of surviving on its own – normally 23–28 weeks from conception (Robinson 2015). A zygote is a fertilized ovum. An ovum is the mature sex cell generated by females in an ovary. Induced abortions are the intentional termination of a pregnancy before the fetus can live independently. An abortion may be elective, which is based on a woman's personal choice, or therapeutic. Therapeutic abortions are abortions performed to save the life of the pregnant woman, prevent harm to the pregnant woman's physical or mental health, terminate a pregnancy where indications are that the child will have a significant increased chance of premature morbidity or otherwise disabled, or reduce the number of fetuses to lessen health risks associated with multiple pregnancies (James and Roche 2016).

There are two types of common abortions – medical abortion and surgical abortion. A medical abortion is one that is brought about by taking medications that will end a pregnancy. The alternative is surgical abortion, which ends a pregnancy by emptying the uterus (or womb) with special instruments (Dudley and Mueller 2000). Dilation and curettage are the standard pregnancy practice performed for reasons such as examination of the uterine lining for probable malignant cells, examination of abnormal bleeding, and abortion. Curettage refers to cleaning the walls of the uterus with a curette. Mifepristone is an antiprogestogenic steroid, used in the medical termination of pregnancy. Methotrexate is an antimetabolite drug that works by separating fetal cells, consequently blocking the fetus from progressing any further.

An embryo is the stage of prenatal development which extends from 2 to 8 weeks after fertilization for human beings. A fetus is a Latin word meaning offspring, bringing forth, or the hatching of young. Fertilization is the process that starts when a sperm connects with an ovum. It ends with the combining of chromosomes from both the sperm and ovum to produce a full set of chromosomes, which are 46 in most humans. A trimester is a period lasting 3 months. A human pregnancy is often divided into three trimesters (9 months), between fertilization to birth. Viability is the ability for the developing

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

fetus to live on its own if it were delivered by cesarean section or by normal delivery, and given expert medical care. This typically occurs sometime after the 21st week of gestation or the 19th week following fertilization. By about the 23rd week gestational age or the 21st week following fertilization, on the order of 60% of fetus can survive outside the womb. The US Supreme Court defines viability as "potentially able to live outside the mother's womb, albeit with artificial aid." Pro-choice is a belief that women should be given access to abortions if she wishes to terminate a pregnancy. Pro-life is a belief that human life becomes a human person during the conception process when a unique DNA is produced. Thus the lives of all pre-embryos, embryos, and fetuses should be protected under law until birth.

## Introduction

Abortion has been used as a social policy since the late eighteenth century in the United States. Abortion is an issue that women all around the world have encountered. Since 2011, nearly half of pregnancies among American women were unintended, and about one in ten of these were terminated by abortion. Since the 1970s, there have been over 60 million unborn humans disposed through the policy of abortion. Women choose to have abortions for numerous reasons. Some feel they are too young for the duties of parenthood. Some are not in a stable relationship or worry about being a single parent. Financially, some cannot afford a child; some do not want their life's or career goals disturbed. Some pregnancies involve health reasons such as unhealthy fetus. The US Supreme Court struggles with the issue of abortion and, at present, is more concerned with the process of abortion than whether or not abortion is an appropriate social policy.

## History

The theoretical background of abortion requires members of the American political community to embrace the role of citizen-nachahmer, in the pursuit of truth about public action and the intimate consequences from those actions (Slack 2011). The core value of morality is an intimate social gospel, which citizen-nachahmer is charged with seeking through civic costly grace and through outward justice as holders of government positions. Dietrich Bonhoeffer rationalized that when the word of God and the "real" – the world created by God and given to us – are not in sync, it is the responsibility of the citizen-nachahmer and the government to modify the real so that it is in unity with the morality found in sacred document (Slack 2011). The Roman Catholics and other evangelical Christians form a major section within the pro-life society, which could also be viewed as citizen-nachahmer. These groups generally disagree with abortions and approve of executions related to convicted murderers. Pro-life supporters would allow abortions under the following circumstances:

- Some would allow abortions only if needed to save the woman's life.
- Some would allow abortions to women who have become pregnant through rape or incest.
- Some would allow abortions for women who would suffer serious or permanent disability if the pregnancy were allowed to continue.

### Social and Medical Acceptance of Abortion in the United States

In 1795, Marquis de Sade published his *La Philosophie dans le boudoir*, in which he proposed the use of induced abortion for social reasons and as a means of population control and in the social acceptance of abortion in the United States. Prior to Marquis de Sade, induced abortion had not been discussed in public; de Sade's writings about induced abortion received the vocal point which begin to spread in Western society. For medical justifications, abortion was also viewed as an acceptable alternative to the cesarean section procedure. The first such modern reference was by William Cooper, a Doctor of Medicine in London who in 1769 suggested the possibility of inducing abortion as an alternative to the cesarean operation, in order to resolve undeliverable pregnancies in cases of

pelvic disproportion (Farr 1980). This medial justification was accepted by many obstetricians in Europe, and during the latter half of the nineteenth century, "the indications, especially in Germany, were extended to include tuberculosis, heart disease, nephritis, and certain forms of psychosis" (Page 1972). By 1880, all states had regulated abortion, but many states continued to permit abortions when there was a threat to the life of the mother or a serious threat to her health as determined by a physician (Mohr 1978).

### Abortion and the American Medical Association

The American Medical Association (AMA) was formed in 1847; this association quickly made the criminalization of abortion one of its highest priorities, a move based not on moral objections to abortion but rather because the issue served so well as the center of the new organization's professionalizing project (Starr 1982). The objective of the AMA society was not to forbid all abortions; the AMA suggested that physicians should regulate the terms under which any abortions took place. The AMA would change its opinion from the nineteenth century to the post-World War II era. In 1970, the AMA voted in favor of legal abortion, thereby reversing its campaign of some 100 years earlier to criminalize the procedure (Joffe et al. 2004). The AMA resolution that was passed by its House of Delegates contained the statement that doctors should not provide abortions "in mere acquiescence to the patient's demand" (Halfmann 2003).

### Abortion as a Tool for Population Control

During the nineteenth-century struggles of a fast-growing population, abortion was encouraged as a form of limiting the "consequences" of immigration. During the beginning of the late nineteenth century, immigrants were mainly from Eastern and Southern Europe and Russia, many of the Jewish faith. After World War I, the mood in America continued to favor restricting immigration. Abortion found effectiveness in the nineteenth century as the country became more industrial, and hence, larger families (needed on the farm) were not needed in factory life – in fact larger families became a liability of cost in the emerging urban life.

The Comstock Law of 1873 declared birth control and abortion information obscene and banned it from the US mail. Many states passed laws against contraception because there was a fear that immigrant groups tended to have larger numbers of children than white Americans born in the United States. White Americans feared that immigrants had come to dominate society if white, Protestant women did not have more babies. In 1920, Margaret Sanger, advocate of planned parenting (now known as Planned Parenthood) and founder of the American Birth Control League, wrote "Racial Quotas in Immigration" for her Birth Control Review, advocating controlled immigration of slaves, Hebrews, and Latinos because of their "lesser intelligence abilities." Sanger's Planned Parenthood guided the battle to have the Comstock Law reversed. In 1932, Sanger's article, "A Plan for Peace," in Birth Control Review suggested a Congressional Department to keep the doors of immigration closed to certain aliens, such as the feeble minded, epileptic, prostitutes, and criminals. The Comstock Law was declared unconstitutional in 1938, although state laws against birth control remained.

## Types of Abortion

### Medical Abortions

Medical abortions became available in the United States in the early 1970s. The procedure is noninvasive and involves no surgical instruments. During this procedure, anesthesia is not involved, and with this particular abortion, drugs are given orally or via injection. Medical abortions demand multiple visits to the doctor. With the medical abortions, women may see the insides of the womb as it is forced out, and it is common that the bleeding occurs more after medical abortions than after a surgical abortion.

In 2003, methotrexate and mifepristone were the drugs that became available in the United States in order to induce abortion. Methotrexate works by separating fetal cells, consequently

blocking the fetus from progressing any further. Methotrexate is used in union with misoprostol, which is a prostaglandin (fatty acid) that arouses contractions of the uterus. Methotrexate may be taken within 49 h after the first day of the last menstrual cycle. An injection of methotrexate is injected on the first visit to the doctor. On the second visit, which is normally within a span of 1 week from the first visit, the woman is vaginally given misoprostol to stimulate the contractions of the uterus. Within 2 weeks after the second visit, the woman will flush out the insides of the uterus; this in turn ends the pregnancy. To ensure that the abortion is effectively complete, a follow-up visit is highly recommended. Mifepristone works by hindering the achievement of progesterone, which is a hormone necessary for pregnancy to carry on. In 2000, mifepristone was approved by the Food and Drug Administration (FDA) as an alternative to surgical abortion. Mifepristone may be taken within 49 h after the first day of the last menstrual cycle; the woman is given a single mifepristone pill. After 2 days of taking the mifepristone pill, the woman returns to the doctor to determine if the pregnancy has been aborted; if the pregnancy has not been aborted, the doctor then gives the woman two misoprostol pills, which in turn will cause the uterus to contract. During the third visit, the doctor will observe via ultrasound that the abortion is carried out fully. If the pregnancy has not been aborted by the third visit, a surgical abortion is then carried out; surgical abortions are utilized due to the fact that the fetus may be impaired.

### Surgical Abortions

Surgical abortions are one of the most common utilized abortions. During the first 12 weeks, suction aspiration or vacuum abortion is the most common method. This particular type of abortion is known as the manual vacuum aspiration (MVA) abortion, and it involves the removal of the fetus or embryo, placenta, and membranes by suction using a manual pump. The electric vacuum aspiration (EVA) method uses an electric pump. Manual vacuum aspiration is known as "mini-suction" and menstrual withdrawal. The manual vacuum aspiration can be used in early pregnancy and does not involve cervical dilation.

Dilation and curettage (D&C) is the second most used method of surgical abortion. Dilation and curettage is the standard pregnancy practice performed for reasons such as examination of the uterine lining for probable malignant cells, examination of abnormal bleeding, and abortion. Curettage refers to cleaning the walls of the uterus with a curette. Dilation and curettage involves gentle stretching of the cervix with a series of dilators or specific medications The inside of the uterus is at that time removed with a tube attached to a suction machine, and the walls of the uterus are cleaned using a slender loop called a curette. During the 15th week of gestation up until the 26th week, there are other techniques that are required to be used. Dilation and evacuation (D&E) consists of opening the cervix of the uterus and evacuating it using surgical utensils and suction.

Some of the advantages of the surgical abortion are that it is usually done as a 1 day outpatient procedure; the procedure takes roughly around 10–15 min, bleeding after the abortion lasts for duration of 5 days or less, and the woman does not visually witness the products of her womb being removed. The disadvantages are that this practice is invasive, and infections may occur.

## Abortion and the Law

Abortion has been a legal procedure in the United States since 1973. In 1973, *Roe* vs. *Wade*, 410 US 113 overturned abortion laws in the United States by making it legal for all women to receive an abortion during the first trimester of pregnancy. The *Roe* vs. *Wade* court cases have advanced toward a more legal right to decide who gets the privilege of deciding when abortions are deemed legal. Legally, with the *Roe* vs. *Wade*, 410 US 113 rulings, within the third trimester of a woman's pregnancy, the unborn child reaches a point of viability which grants it the right not to be aborted. There are certain exemptions to this ruling, such as heinous events such as rape, incest, or if the birth shall bring harm to the well-being of the mother. The legalization in 1973 advanced

abortion to the forefront of both the political and legal debates where it remains in today's societal debates, with advocates and challengers mixed up in encounters over what type of problem it is and what can and should be done about it. Politically and legally, *Roe* vs. *Wade*, 410 US 113 is the not the only Supreme Court ruling related to abortion. Other cases that followed the *Roe* vs. *Wade*, 410 US 113 case were the *Akron* vs. *Akron Center for Reproductive Health*, 462 US 416, 431–39 (1983), *Webster v. Reproduction Health Services*, 492 US 490, 507–11 (1989), and *Planned Parenthood* vs. *Casey*, 505 US 833, 846–53 (1992).

The *Planned Parenthood* vs. *Casey*, 505 US 833, 846–53 Supreme Court ruling placed more restrictions and limitations on abortion. *Planned Parenthood* vs. *Casey*, 505 US 833, 846–53 ruling sanctioned that there be a 24 h waiting period and a minor needing to have parental consent, and the abortion provider has to be responsible and required to retain records as being legitimate. The *Planned Parenthood* vs. *Casey*, 505 US 833, 846–53 ruling also provided the fairness and equivalence of both men and women by declaring a spousal consent clause unconstitutional under the 14th amendment; this means the husbands should not have an unconstitutional rejection over a female's decision to have an abortion.

The Supreme Court sets standards concerning significant social policy issues, and their former rulings act as a key character in determining the correct and fair-minded choice on the issue. The verdicts of the Supreme Court rest very profoundly on the judges who hold positions as Supreme Court justices. A more liberal-minded Supreme Court would passionately sponsor the woman's right to decide what she does with her own body. On the other hand, a Supreme Court that consists of more conservative judges would be more persuaded to compete with making pronouncements that would intensify the precedent established in *Roe* vs. *Wade*, 410 US 113.

In 1992, the Supreme Court in *Planned Parenthood of Southeastern Pennsylvania* vs. *Casey*, 505 US 833 overruled Roe's strict trimester pregnancy policy of state abortion regulation and replaced it with the "undue burden" standard. The obscurity of the undue burden standard permitted several states to endorse an assortment of restrictive abortion laws. Restrictive state abortion regulations may persuade the possibility of women aborting an undesirable pregnancy in two ways. First, these restrictive abortion laws may cost financial costs such as out-of-pocket cost of the abortion, expenses on travel and accommodations, lost work time, and/or childcare expenses to increase. Additionally, the emotional burdens such as guilt, remorse, regret, humiliation, and psychological trauma experienced by women getting an abortion may arise. Second, restrictive abortion laws may lessen the access of abortion amenities by condensing the quantity of abortion providers resulting in an increase in women's search locating an abortion provider and time costs associated with obtaining an abortion. The more restrictive the abortion law, the costlier the abortion. If abortions become too overpriced, women may have less of them. The method in which restrictive state abortion laws modify women's pregnancy resolution decision-making calculus can be fairly answered.

In 2003, Congress and President Bush approved the Partial-Birth Abortion Ban Act of 2003 (Public Law 108–105, 117 Stat. 1201, 18 U.S.C. § 1531, PBA Ban), which rules out the dilation and extraction (D&X). The D&X procedure can be performed both after late-term miscarriages and in late-term abortions. In 2004, another legal decision that modified the lawfulness of abortion is the Unborn Victims of Violence Act of 2004 (Public Law 108–212). The Unborn Victims of Violence Act of 2004 (Public Law 108–212) proposed that any violent crime against a pregnant woman counts as two separate crimes: one against the woman herself and the other against the unborn child. This, in turn, has heightened the debated discussions regarding abortion for the reason that it appears as an oxymoron to permit the fetus to be measured as a person in illegitimate proceedings, nevertheless, still allowing abortion to be regarded to as permissible. This further adds to abortion being viewed as a social policy due to the fact that it is conflicting to provide a fetus rights as a human while still

granting a woman the legal right to decide on abortion as an option.

## Conclusion

Abortion is viewed as a social problem in the United States. Some abortions are turned to as the outcome of societal pressures such as the disapproval of single motherhood, people with disabilities, scarce monetary funding for families, or lack of access to or rejection of contraceptive methods. For almost two centuries, women's reproductive procedures, including abortion, have drawn the awareness of a wide range of social players such as medical professionals, politicians, religious groups, legal professionals, scientists, women's rights organizations, and several other groups and individuals taking a keen interest in the issue. Abortion has continuously held a significant place in the sociopolitical debates, uneasily placed in the crossing of medicine, women's rights, and morality. The right to life, the right to liberty, the right to security of person, and the right to reproductive health are all major issues of human rights that are sometimes used as explanation for the presence or absence of laws influencing abortion.

In places where abortion is legal, detailed conditions have to be met before a woman may obtain a safe, legal abortion. In the United States, these prerequisites usually are determined by the age of the fetus, often using a trimester-based system to regulate the view of legality, or as in the or on a doctor's appraisal of the fetus' viability. Also, some authorities require a waiting period before the abortion procedure, prescribe the distribution of information on fetal development, or require that parents be contacted if their minor daughter requests an abortion. One of the most problematic things to debate when it comes to abortion is how to make a broad policy that satisfies the needs of majority of individuals in a given society minus concentrating exclusively on the extreme conservative outlook, the extreme liberal outlook, or the numerous moderate outlooks on the issues of abortion. Policymakers must remember that a decent policy does not rest on life-threatening views but tries to cover as many points of views while being conscious of the fact that one is not able to please every person in society.

## References

Dudley S, Mueller S (2000) Abortion facts – National Abortion Federation. Retrieved 9 Aug 2016. From http://prochoice.org/education-and-advocacy/aboutabortion/abortion-facts/

Farr AD (1980) The Marquis de Sade and induced abortion. J Med Ethics 6(1):7. https://doi.org/10.1136/jme.6.1.7

Halfmann D (2003) Historical priorities and the responses of doctors 'associations to abortion reform proposals in Britain and the United States, 1960–1973. Soc Probl 50(4):567–591. https://doi.org/10.1525/sp.2003.50.4.567

James D, Roche N (2016) Therapeutic abortion, WebMD, 2004. Retrieved 9 Aug 2016

Joffe C, Weitz T, Stacey C (2004) Uneasy allies: pro-choice physicians, feminist health activists and the struggle for abortion rights. Sociol Health Illn 26(6):775–796. https://doi.org/10.1111/j.0141-9889.2004.00418.x

Mohr JC (1978) Abortion in America: the origins and evolution of national policy, 1800–1900. Oxford University Press, New York

Page EW (1972) Book review the women and their pregnancies: the collaborative perinatal study of the National Institute of Neurological Diseases and Stroke. N Engl J Med 287(9):471. https://doi.org/10.1056/nejm197208312870923

Robinson BA (2015) Part 1 of 2 parts: glossary of terms about abortion or pregnancy that begin with letters A to L. Retrieved Aug 2016. From http://www.religioustolerance.org/abo_defn.htm

Slack JD (2011) Abortion, execution, and the consequences of taking life, 2nd edn. Transaction, New Brunswick

Starr P (1982) The social transformation of American medicine. Basic Books, New York

# Absenteeism in Organizations

Ann-Kristina Løkke
Department of Management, Aarhus University, Aarhus C, Denmark

## Synonyms

Nonappearance; Shirking; Work attendance

## Definition

Absenteeism is the failure to report for work as scheduled.

## Introduction: The Problems and Consequences of Absenteeism

Absenteeism is a problem in many organizations. It has a number of negative consequences for society at large, organizations, colleagues, and employees.

Apart from the economic consequences such as sickness allowances, healthcare treatment, pay for temps or overtime pay, lost productivity, etc., there are also a number of personal costs. For the involved person, sickness absence may have major consequences such as a poorer life quality, loss of identity if away from work for long periods of time, lack of social contact to colleagues, worries about own health, loss of professional competences, and perhaps even discharge. There are also consequences for the colleagues of the absentee, such as increased workload when substituting the absent colleague.

The many negative consequences mean that absenteeism is on the agenda in many HR departments. Hence, the hunt for a final solution to eliminate absenteeism has started in many organizations. Also in academia, research in finding explanations for absenteeism has an ever increasing attention.

In many organizations, absenteeism has been allowed to grow as it has been tabooed as belonging to privacy. Today absenteeism is considered a natural and integrated focus area in many organizations. This is a positive development as absenteeism should be considered a strategic issue for any management.

Absenteeism is higher within the public sector than in the private sector. There can be many reasons for the relatively high absenteeism in the public sector such as greater social responsibility, less focus on the bottom line, other types of jobs, and other types of professionals. However, there is a great variety in absenteeism across comparable organizations within the same sector with similar profiles for jobs and employees. This may indicate that absenteeism is not just a matter of health, but also a result of local initiatives to reduce absenteeism, management procedures, and absence cultures. Hence, individual workplace policies and practices either increase or decrease the motivation to come to work.

## The Concept of Absence

The traditional definition of absence is the "failure to be present at the appropriate time and in the appropriate place to meet the terms of the contract" (Gibson 1966). The contract can be more or less formal.

Later in literature the above definition is developed into "an individual's lack of physical presence at a given location and time when there is a social expectation for him or her to be there" (Martocchio and Harrison 1993).

For both definitions it applies that absenteeism is identified based on a concrete, measurable behavior – in other words, whether or not the person is (physically) present or not. But today an increasing number of employees work from home or in virtual offices, and thus the physical presence is not always decisive. Today, an employee is thus considered absent if the organization expects him – stated in a formal or informal contract –to handle a number of tasks and/or functions which are then not handled, regardless of the physical position of the employee. Therefore a more contemporary and relevant definition would be: "Absenteeism is the failure to report for work as scheduled" (Johns 2008).

The described definitions do not distinguish between the different varieties of presence or absenteeism. Employees may hold four roles, they can be present at the workplace when (1) healthy and (2) ill and absent when (3) ill and (4) healthy.

Managers have to pay special attention to employees who are ill but at work, employees who are healthy but not at work, and employees who are ill and not at work where the reason for the illness is caused by work-related issues.

When employees are ill but still go to work, the so-called presenteeism, it has a number of consequences. Apart from the discomfort of the

employees and the risk of being ill for a longer period of time, the employees are less effective. There is also a higher risk of failures and accidents and of infecting colleagues.

The reasons for employees to come to work despite being ill may be fear of losing their jobs, to miss out on promotion, or losing earned income. It may also be out of consideration for customers or clients or colleagues so that they are not given more tasks or are called to work when supposed to be off duty. It may also simply be to avoid that own tasks are piling up on the desk. Finally, it might also be due to the company's absence culture including the manager's reaction to and handling of the absence.

## Voluntary and Involuntary Absence

Normally there are two types of absence – absence that cannot be avoided and absence that involves a certain degree of voluntariness or choice. In literature the two types of absence have different designations such as voluntary/type B absence/black/not certified contrary to involuntary/type A absence/white/certified (e.g., Chadwick-Jones et al. 1973; Geurts 1994; Steers and Rhodes 1978; Thomson et al. 2000).

The standard for unavoidable, involuntary absence is subject to interpretation and can be set by the individual or by consensus in the work groups or departments (Chadwick-Jones et al. 1973).

Absenteeism is thus a result of the environment and surroundings of an individual person as well as an actual choice. A person's decision either to be absent or present may thus be influenced by contrary issues. Some persons are therefore absent even if healthy from a medical point of view, whereas others go to work despite being ill.

The involuntary absence is certified illness or other legitimate periods of absence such as funeral attendance, illness in the family, and transportation problems due to weather. This kind of absence is outside the immediate control of the person.

The voluntary absence is not related to illness and is under the immediate control of the person. Voluntary absence is based on an individual choice or the individual's norm. This kind of absence is avoidable and can be affected by various motivational factors.

In practice, it is of course difficult to distinguish between the two kinds of absence. In Denmark there are no estimates for the proportions of the two kinds of absence. In Holland it has been estimated that up to 85% of all illness periods are based on an actual choice or a decision taken by the individual rather than on the advice of a doctor (Geurts 1994). Part of this absence is naturally actual, short-term illness, such as the flu, where the doctor is not ordinarily consulted.

It is important to distinguish between voluntary and involuntary absence when it comes to how absence is measured and used in analyses forming the basis for absence initiatives in organizations. Since exclusively voluntary absence is influenced by various motivational factors, this kind of absence should be in focus. The voluntary absence is often shorter periods of time, whereas the involuntary absence is related to illness and often results in longer periods of absence (Chadwick-Jones et al. 1982). In statistical analyses, the number of absence periods is recommended as a measure for the voluntary absence rather than the duration as a count of days. It might also be recommendable to omit absence periods of certain durations in order to avoid absence which most probably may be labeled as involuntary, in the analyses.

In order to identify a pattern, it is still a good idea to register all kinds of absence including a number of days and periods and also the weekdays for the absence. But for cause-effect analyses, where the intention is to explain the voluntary absence by means of a number of factors such as well-being, strain, age, gender, etc., absence periods are recommended.

## Short- and Long-Term Absence

It is important to distinguish between short- and long-term absence since the reasons for the two kinds of absence may differ. Long-term absence is often a better indicator for the employee's health,

whereas the short-term and frequent absence is more often related to the job satisfaction in the broad sense – that is, the voluntary absence as mentioned above.

All short-term absence is however not related to an actual choice to be absent (for instance, funeral attendance), and at the same time, the long-term absence may also be related to the job situation; it may be caused by strain. It is therefore always important to focus on the reasons for both short- and long-term absence in order to find out if something can be changed in the work environment.

It is particularly important to follow up on short-term absence, if there is a pattern in the absence since this may indicate that the reasons for the absence are to be found in the work environment. Some employees are frequently absent on special weekdays, Mondays or Fridays or after holidays. Others have increased absence after certain tasks and others again are generally absent more frequently.

It is always important to follow up on long-term absence. The reason for this is that there is a risk that the connection to the workplace becomes more unstable or even disappears. It is thus important to contact the ill employee so as to secure that he/she quickly gets back, possibly on changed conditions.

## The Determinants of Absence

Absence is a multidisciplinary research area. Thus, it has been viewed as a form of worker deviance (sociology), a result of labor-leisure trade-off (economics), a reaction to illness (medicine), a violation of the contract (law), and many more (Johns 2008). As a consequence of the multi-disciplinarity in the research, the explanatory determinants of absence are related to many different areas, such as personal characteristics of the employee and the manager, factors related to the job situation, the manager behavior, and the absence cultures.

Most previous research on absence takes its spring in an individual approach. This approach relies on the assumption that motivation to be absent from work is determined by either personal characteristics or individual responses to the job situation.

One of the most acknowledged contributions to absence literature is "A Process Model of Employee Attendance" (Steers and Rhodes 1978). This model describes how personal characteristics, e.g., gender and age, directly influence the ability to attend work and indirectly influence attendance motivation, the latter having the primary impact on attendance.

Personal characteristics influence the individual's values and expectations as regards his/her job, and these again influence job satisfaction. Job satisfaction directly influences attendance motivation. Pressure to attend, such as work group norms and work ethics, directly influences attendance motivation. Attendance motivation is furthermore a result of the individual's evaluation of the job situation. Thus, the job situation, such as the management style and co-worker relations, influences job satisfaction, and job satisfaction influences attendance motivation. The model is named "process" because of its cyclical nature, where attendance behavior has a reverse effect on the job situation, pressures to attend, and finally attendance motivation.

## Personal Characteristics

The employees' personal characteristics such as gender and age have proven to be of major importance for absenteeism but also their managers' personal characteristics influence the absenteeism – directly as well as in interaction with the employees' personal characteristics.

Research shows that managers' personal characteristics interact with their employees' personal characteristics in the way that the bigger the differences between manager and employees as to personal characteristics, the less attracted are the employees to the organization (Perry et al. 1999). The assumption behind this is that individuals who are alike as to demography also share values and opinions. Individuals who are alike within the organization are more inclined to have the same attitude to absenteeism, and they will to a great

extent develop the same absence behavior (Rentsch and Steel 2003). The interaction between the managers' gender and those of the employees has been confirmed empirically (Løkke 2008).

## Management's Importance for the Absence Culture

An absence culture is a key construct defined as "the set of shared understandings about absence legitimacy in a given organization and the established "custom and practice" of employee absence behaviour and its control (e.g., predominant supervisory styles and worker beliefs about co-workers' attendance behaviour)" (Johns and Nicholson 1982, p. 136). Furthermore, Chadwick-Jones et al. (1982, p. 7) state that "The nature of this culture is known by employees, though partially and imperfectly, but to that extent absences are regulated by the norm. Thus, the norm is what they collectively recognize (usually with management collusion) as suitable and appropriate for people in their job, their unit, their organization, given the particular conditions, both physical and social, of tasks, pay, status, and discipline."

The definitions above shed light on managers' role in reducing employee absence.

The manager influences the culture in three ways. First and foremost the absence culture is influenced by the manager's own absence behavior because the manager is the role model for the employees. The employees observe the absence behavior of their manager and thus learn what is legitimate, and then they adjust their own behavior according to this norm. Investigations in the private as well as in the public sectors show a clear cohesion between managers having a substantial absenteeism and their employees having a substantial absenteeism (Kristensen et al. 2006; Løkke 2008). To some extent, managers can thus control the absenteeism among their employees by being a good example.

The way in which the manager talks about the absence norm and the consequences of absenteeism for the organization also influences the absence culture. Add to this the disciplinary consequences of the absence which the manager uses, such as summons for sickness status meetings, written warnings, less bonus, fewer challenging working tasks, and fewer development opportunities.

Finally, the absence culture is influenced by the general leadership style of the manager. Results show a link between long-term absence for females and poor management quality measured by the extent to which the immediate superior ensures that the individual staff member has good development opportunities, gives high priority to job satisfaction, is a good work planner, and is good at solving conflicts (Lund et al. 2005). Furthermore, it seems that absence decreases if managers perform a transformational leadership style (Westerlund et al. 2010; Zhu et al. 2005). A transformational management style is characterized by the four i's – inspiring motivation, individualized considerations, intellectual stimulation, and idealized influence (Avolio et al. 1991); thus there are individual considerations for the needs and working skills of the employee. The transformational manager also acts as role model and is a good example and continuously expresses the values on which his management style is based.

## Conclusion: From Sick to Healthy Absenteeism

All organizations should work for a natural and healthy level of absenteeism for employees and managers. The aim is not to eliminate all absence because this would mean that employees at times are coming to work although they are ill, because flus, fevers, and the like will always exist. This so-called presenteeism is unhealthy for the organizations because it results in less efficiency, more accidents, a risk of infecting colleagues, and a risk of being absent for a longer period. Reasons and consequences of presenteeism are a growing research area.

Apart from taking into consideration a certain level of healthy absenteeism, the organizations should not have any excuses for not dealing with

the sick absenteeism, understood as the absence that is caused by working conditions and which can be influenced by various initiatives.

Research shows that the reasons for absenteeism are to be found in the working environment, including the management, the job characteristics, and the prevailing absence cultures. Also a number of financial determinants are important such as wages, number of working hours, sick leave allowances, the financial fluctuations in society, etc. Finally, the personal characteristics, dispositions, and of course the health play an important role.

## Cross-References

▶ Organizational Life Cycles
▶ Organizational Pathology

## References

Avolio BJ, Waldman DA, Yammarino FJ (1991) Leading in the 1990s: the four I's of transformational leadership. J Ind Train 15(4):9–16

Chadwick-Jones JK, Brown CA, Nicholson N (1973) A-type and b-type absence: empirical trends for women employees. Occup Psychol 47:75–80

Chadwick-Jones JK, Nicholson N, Brown C (1982) Social psychology of absenteeism. Praeger Publishers, New York

Geurts SAE (1994) Absenteeism from a social psychological perspective. Druk Quickprint, Nijmegen

Gibson OR (1966) Toward a conceptualization of absence behavior of personnel in organizations. Adm Sci Q 11(1):107–133

Johns G (2008) Absenteeism and presenteeism: not a work or not working well. In: Barling J, Cooper CL (eds) The SAGE handbook of organizational behavior, Micro approaches, vol 1. Sage, London, pp 160–177

Johns G, Nicholson N (1982) The meanings of absence: new strategies for theory and research. In: Staw BM, Cummings LL (eds) Research in organizational behavior: an annual series of analytical essays and critical reviews, vol 4. JAI Press, London, pp 127–172

Kristensen K, Juhl HJ, Eskildsen JK, Frederiksen N, Møller-Bisgaard C (2006) Determinants of absenteeism in a large Danish bank. Int J Hum Resour Manag 17(9):1645–1658

Løkke A-K (2008) Determinants of absenteeism in a public organization: a unit-level analysis of work absence in a large Danish municipality. Int J Hum Resour Manag 19(7):1330–1348

Lund T, Labriola M, Christensen KB, Bültmann U, Villadsen E, Burr H (2005) Psychosocial work environment exposures as risk factors for long-term sickness absence among Danish employees: results from DWECS/DREAM. J Occup Environ Med 47: 1141–1148

Martocchio JJ, Harrison DA (1993) To be there or not to be there? Questions, theories, and methods in absenteeism research. Res Pers Hum Resour Manag 11(1):259–328

Perry EL, Kulik CT, Zhou J (1999) A closer look at the effects of subordinate-supervisor age differences. J Organ Behav 20(3):341–357

Rentsch JR, Steel RP (2003) What does unit-level absence means? issues for future unit-level absence research. Hum Resour Manag Rev 13:185–202

Steers RM, Rhodes SR (1978) Major influences on employee attendance: a process model. J Appl Psychol 63(4):391–407

Thomson L, Griffiths A, Davison S (2000) Employee absence, age and tenure: a study of nonlinear effects and trivariate models. Work Stress 14(1):16–34

Westerlund H, Nyberg A, Bernin P, Hyde M, Oxenstierna G, Jåppinen P, Theorell T et al (2010) Managerial leadership is associated with employee stress, health, and sickness absence independently of the demand-control-support model. Work 37:71–79

Zhu W, Chew IKH, Spangler WD (2005) CEO transformational leadership and organizational outcomes: the mediating role of human capital-enhancing human resource management. Leadersh Q 16:39–52

# Abusive Leadership

Lindie H. Liang and Douglas J. Brown
Department of Psychology, University of Waterloo, Waterloo, ON, Canada

## Synonyms

Abusive supervision; Abusive supervisory behaviors; Destructive leadership; Supervisor undermining; Supervisory abuse; Tyrannical leadership

## Introduction: What Is Abusive Leadership?

There exists a litany of disparate constructs for describing abusive leadership, such as abusive supervision, petty tyranny, supervisor aggression,

supervisor incivility, supervisor undermining, workplace bullying, and negative mentoring experience. Although these terminologies differ in describing abusive leadership, they all overlap to some degree. One dominant construct in the literature that has a unifying theoretical framework is abusive supervision, which is defined as subordinates' perceptions of the extent to which their supervisors engage in the prolonged display of nonphysical hostile verbal and nonverbal behaviors—such as public ridiculing and belittling, taking credit for subordinates' work, giving subordinates the silent treatment, and invading subordinates' privacy (Tepper 2000).

The construct definition of abusive supervision is characterized by three key features. First, abusive supervision is subordinates' perceptions of their supervisors' behaviors. As such, whether their supervisors' behaviors are actually abusive or not is based on the subordinates' subjective assessment. Second, abusive supervision is a continued and sustained act of nonphysical hostility. Thus, the supervisors' hostile behaviors are not considered abusive if they occur infrequently. Finally, supervisors engage in abusive supervision to achieve certain goals. Although it is often assumed that supervisors engage in such behaviors to harm their subordinates, supervisors who engage in abusive supervision may not necessarily have the intent to cause harm; rather, they may engage in abusive supervision to elicit high subordinate performance, to send a clear message to subordinates, or to deter other subordinates from engaging in certain behaviors in the future (Tepper 2007).

## Consequences of Abusive Supervision

Although it occurs infrequently, abusive supervision incurs significant costs for all parties involved. From an organizational perspective, supervisory abuse is financially costly in terms of its effects on employee productivity and job performance, absenteeism, turnover intentions, job attitudes, and employee retaliation. For the immediate target, supervisory abuse negatively affects their physical and psychological well-being, as well as the well-being of their family members and coworkers. Given the far-reaching impact of abusive supervision, it is not surprising that a plethora of studies have been conducted to better understand why and under what conditions the negative consequences of abusive supervision can be exacerbated or overcome. The section below summarizes the consequences of abusive supervision as well as the key explanatory mechanisms and boundary conditions.

### Subordinate Retaliation and Aggression

There is a robust relationship between abusive supervision and subsequent subordinate retaliation or subordinate aggression. Abused subordinates frequently directly retaliate by engaging in aggression directed at their supervisors, such as acting rudely toward their supervisors, publicly embarrassing their supervisors, and refusing to talk to their supervisors. They also engage in aggression directed at the organization, such as putting little effort into work, taking property from work without permission, and coming in late to work without permission. In addition, abused subordinates engage in aggression directed at their coworkers, such as making fun of their coworkers, acting rudely toward their coworkers, and publicly embarrassing their coworkers. Meta-analytic results have shown that the relationship between abusive supervision and subordinate aggression directed at the supervisor is the most robust, followed by aggression directed at the organization, and aggression directed at coworkers.

There are several mechanisms that can explain why abused subordinates engage in aggression directed at their supervisors, organization, and coworkers. One such mechanism is the social exchange explanation. Social exchange theory is one of the most influential theories of workplace relationships and behaviors (Cropanzano and Mitchell 2005). A basic tenet of social exchange theory is that the relationships between supervisors and subordinates evolve over time into a mutually trusting relationships, and people within these relationships have the implicit expectation that when a party does another party a favor this favor will be returned in kind in the future. As such, a social exchange relationship is dependent

on the mutual trust of both parties. In the workplace, employees may develop a reciprocal and mutually trusting relationship with their organization and may have the expectation that their loyalty and hard work will be rewarded by their organization. However, abusive supervision entails behaviors such as constantly criticizing subordinates' work and not giving subordinates the credit that they deserve, and such treatment may violate employees' expectations that their organization values and cares about them; as a result, employees may come to believe that their commitment to the organization will never be recognized and rewarded. Hence, abusive supervision could lower subordinates' perceptions of the quality of their exchange relationship with their organization, which in turn results in subordinate retaliation directed at their supervisor, at their organization, or at their coworkers.

Another theory that explains the abuse-aggression relationship is self-determination theory (Ryan and Deci 2000). Self-determination theory advocates that humans possess three fundamental psychological needs: the needs for autonomy, competence, and relatedness. The need for autonomy refers to the drive to initiate actions that are consistent with one's integrated sense of self without any external influence. The need for competence refers to the desire for mastery of the environment and the desire to successfully engage in challenging tasks to attain desired outcomes. Finally, the need for relatedness refers to the need to experience a sense of belongingness and mutual respect that enables one to feel valued as an individual and/or member of a group. Within the context of abusive supervision, research has shown that sustained supervisory mistreatment threatens subordinates' overall basic need satisfaction. In particular, constant negative criticism and ridicule may thwart subordinates' sense of autonomy, as they may behave in the manner that their supervisors desire in order to avoid being ridiculed. In addition, constant reminders of subordinates' past mistakes and failures, or not giving them the credit that they deserve, may lead subordinates to question their sense of competence in their job. Finally, ridiculing, excluding, or giving subordinates the silent treatment may thwart their sense of relatedness, as not being treated with trust, respect, and dignity may signify that they are not valued members of the group. To alleviate the aversive experience of thwarted needs, subordinates in turn engage in aggressive behaviors in the workplace such as taking breaks at work or sabotaging equipment.

Subordinate aggression following abusive supervision can also be explained via a social learning theory perspective (Bandura 1973). Social learning theory holds that people engage in certain behaviors as a result of observation of their environment. In an organization, supervisors can be viewed as role models. When supervisors engage in behaviors such as yelling and belittling employees, subordinates can learn from these behaviors and subsequently pattern these aggressive behaviors by engaging in aggressive behaviors themselves.

Another theory that explains the abuse-aggression relationship is the self-regulation impairment perspective (Thau and Mitchell 2010). Self-regulation theory posits that the ability of the self to exert control over itself is seemingly a distinctly human capacity that evolved from evolutionary pressures that arose from group living. Unlike other animals, which simply act on their impulses and desires, effective human functioning requires the capacity to transcend habitual behaviors, thoughts, urges, inner states, and emotions in order to flexibly behave in accordance with social and situational pressures as well as long-term goals or implications. For example, a subordinate's natural inclination after being abused by his/her supervisor may be to retaliate against the supervisor; however, the subordinate may have the willpower to resist the urge to retaliate. The self-regulation impairment theory posits that abusive supervision drains subordinates' self-regulation resources (i.e., willpower), making subordinates unable to override their habitual aggressive behavioral impulse; as such, subordinate self-regulation impairment serves to explain the relationship between abusive supervision and subsequent subordinate aggression.

Finally, the theory of displaced aggression may also shed light on the abuse-aggression relationship. When being mistreated by their supervisors,

subordinates want to directly retaliate against them. However, direct retaliation is not always possible, and oftentimes mistreated subordinates do not retaliate due to fears of escalating their supervisors' abusive treatment or fear of losing valuable resources (e.g., promotion opportunities). As such, abused employees sometimes displace their aggression at the organization, other coworkers, or even family members, as a way to relieve their frustration.

### Well-Being

Experiencing abusive supervision has profound implications for the mental and physical health of victims. Abusive supervision has been found to be positively related to subordinate psychological and mental health outcomes such as psychological distress (which includes anxiety, irritability, and depression), burnout, insomnia, lack of psychological need fulfillment, and decreased life satisfaction. Moreover, abusive supervision has been found to relate to subordinate health-undermining behaviors such as problem drinking behaviors. Perhaps a more troubling finding is that having an abusive supervisor can directly impact subordinate physical health. Research has found that subordinates who are often exposed to abusive supervision suffer from poor physical health in the form of increased psychosomatic and somatic complaints and physiological processes that undermine their physical health, such as higher blood pressure.

One main mechanism that explains the abusive supervision and well-being relationship is subordinate justice perceptions (Tepper 2000). Subordinates care about being treated with dignity and respect by authority figures, and they infer their social standing in a group from the treatment they receive. Being treated with dignity and respect by authority figures can convey positive social identity-relevant information and signify that one is a valued member in the workgroup or in the organization. Given the importance of justice, perceiving a lack of justice has profound implications for employees' health outcomes. For example, research has found that lack of justice perceptions is associated with greater emotional exhaustion, anxiety, stress, depression, insomnia, health complaints, the release of the stress hormone cortisol, and high blood pressure. When subordinates are under abusive treatment from their supervisor (e.g., constantly being ridiculed or yelled at), they perceive that their supervisor treats them with a lack of dignity and respect and does not see them as valuable individuals. Theory and supporting empirical studies have established that abusive supervision is negatively related to subordinate justice perceptions, and perceptions of lack of justice associated with abusive supervision in turn predicts subordinate well-being.

### Job Attitude and Job Performance

Abusive supervision has been shown to negatively impact subordinates' job attitudes. Subordinates under abusive supervision tend to experience decreased job satisfaction and commitment to the organization and increased absenteeism and intention to quit the organization. Abusive supervision is negatively related to both subordinates' self-rated and supervisor-rated in-role job performance and extra-role performance.

### Family Well-Being

Experiencing abusive supervision at work can spill over into employees' families and negatively affect a victim's family members' well-being. Employee perceived abusive supervision at work is related to employee work-family conflict and relationship tension at home. In addition, employee experience of abusive supervision at work is positively related to their spouse undermining behavior at home.

### Key Boundary Conditions of the Consequences of Abusive Supervision

**Subordinate-level factors.** Subordinate personality has been found to influence the relationship between abusive supervision and consequences of abusive supervision. For example, research has shown that subordinates who are both low in conscientiousness and low in agreeableness are more likely to use dysfunctional resistance tactics when being abused, such as ignoring their supervisor's requests. Subordinate self-control capacity is another factor that influences the relationship

between abusive supervision and subordinate aggression, such that subordinates with greater self-control capacity are less likely to engage in aggressive behaviors following abusive supervision. Subordinate attributions of abusive supervision have also been found to influence the consequences of abusive supervision. Studies have shown that when subordinates attribute abusive supervision to organizational factors, the positive relationship between abusive supervision and aggression directed at the organization is stronger. In addition, when subordinates attribute their supervisor's behaviors as intending to cause harm to them, they are less creative in their work. Other subordinate characteristics, including subordinate power distance, subordinate negative reciprocity belief, subordinate narcissism, subordinate gender differences, subordinate locus of control, subordinate emotional intelligence, have all been found to influence the relationship between abusive supervision and the consequences of abusive supervision.

**Supervisor-level factors** Supervisors also play a role in impacting abusive supervision and the consequences of abusive supervision. For example, leader-member exchange (LMX), or subordinates' perceptions of the overall quality of the relationship with their supervisor, has been found to influence the relationship between abusive supervision and subordinate aggression. In particular, the abuse-aggression relationship is stronger when subordinates have a higher quality relationship with their supervisor.

**Organizational- and group-level factors** Work unit structures can also influence abusive supervision and the consequences of abusive supervision. Studies have shown that following abusive supervision, employees report greater emotional exhaustion and lower contextual performance, and this relationship is stronger in mechanistic rather than organic work unit structures. In addition, group norms also play a role in influencing the consequences of abusive supervision, such that the abuse-aggression relationship is stronger when subordinates perceive their coworkers to be more approving of engaging in aggression in the workplace.

## Antecedents of Abusive Supervision

Abusive supervision is a serious organizational problem that merits attention from scholars to advance understanding of its causes and when and how such behaviors can be reduced. To fully eradicate the financial and psychological damage inflicted by abusive supervisors, it is important to understand what makes supervisors abuse their employees. There are three main perspectives in explaining why supervisors abuse their employees. Research on the antecedents of abusive supervision has primarily examined abusive supervision as a function of the mistreatment that a supervisor experiences at the hands of his/her own superiors (i.e., the "trickle-down" perspective; Mawritz et al. 2012). For example, previous studies have shown that when supervisors perceive injustice, psychological contract violation, or abusive supervision from their own supervisors, they are more likely to engage in abusive supervisory behaviors toward their subordinates. However, a limitation of the trickle-down perspective is that it alone cannot fully explain why supervisors engage in abusive supervision. For example, the trickle-down perspective suggests that once their supervisors have been mistreated, all subordinates have an equal chance of becoming the victims of abusive supervision; this supposition, however, is inconsistent with recent findings that subordinates with the same supervisor report different levels of abusive supervision, suggesting supervisors do not always abuse all subordinates equally.

Another perspective that explains why supervisors abuse subordinates is the victimization perspective, which suggests that individual subordinates may provoke aggressive supervisory responses through their own actions (Aquino and Thau 2009). For example, a poor performing subordinate or a subordinate who constantly disobeys the supervisor's requests may provoke the supervisor to engage in more abusive supervision toward only that particular subordinate but not the other subordinates. As such, there is more to abusive supervision antecedents than just the trickle-down perspective; rather, the employee's actions can also play a role in provoking

supervisory abuse. However, a limitation of the victimization perspective is that there is not a coherent theoretical framework to explain why supervisors abuse subordinates who are provocative.

More recently, an integrated perspective that advances the victimization perspective has been proposed and tested. From a dual-system self-control perspective, supervisors' abusive behaviors in reaction to subordinate provocation can be viewed as a failure to exhibit self-control (Liang et al. 2016). According to this view, abusive supervision emerges as the product of two systems: an impulsive system which represents the extent to which supervisors desire to lash out at provocative subordinates and a reflective system that represents the extent to which supervisors can exert control over their desire and override their abusive behaviors.

### Key Boundary Conditions of the Antecedents of Abusive Supervision

**Subordinate-level factors** Subordinate characteristics influence the extent to which supervisors engage in abusive supervision toward them. Research has shown that supervisors are more likely to abuse when subordinates perform poorly or when subordinates are high in negative affectivity.

**Supervisor-level factors** Supervisor characteristics influence the extent to which supervisors abuse subordinates. Research has shown that supervisors are more abusive toward subordinates when they themselves are low in trait self-control and mindfulness and high in hostile attribution and attribute their own supervisors' abuse toward them as intended to cause harm.

## Observing Abusive Supervision

Much of the research on abusive supervision has focused on the impact of abusive supervision on the victim, the supervisor, or the organization. However, abusive supervision also has profound consequences for third-party observers. Third-party observers are employees who have directly witnessed a supervisor engaging in abusive supervision targeted at another employee at work. Simply observing abusive supervision can lead to different third-party behavioral outcomes, such as helping the victim, aggressing against the supervisor on behalf of the victim to restore justice, distancing themselves from the victim, and even influencing victim reactions by assisting victims to make sense of their supervisor's behaviors.

In terms of understanding the mechanisms of third-party reactions to abusive supervision, there are three main theoretical perspectives that explain the reactions of a third-party observer of abusive supervision. The first theoretical perspective is the cost-and-benefit model. Upon witnessing abusive supervision, the third-party observer analyzes whether any reactions will be associated with any personal cost. In other words, whether the third-party observer takes any action is dependent on the risk associated with such actions. Another key theoretical perspective is the deontic perspective, whereby third-party observers who witness any forms of injustice are motivated to respond, regardless of the benefits and cost associated with their actions. Given that abusive supervision can be viewed as a violation of one's moral imperatives, third-party observers experience moral anger and are subsequently motivated to take actions to address the injustice. Finally, the scope of justice theory posits that the third party's perceptions of what is fair and unfair depends on their perceptions of the victim. If a third-party observer perceives the victim as being outside of his/her scope of justice, the third-party observer will consequently perceive the abuse to be justified and will derogate the victim instead of punishing the supervisor.

## Conclusion

Abusive supervision has detrimental effects for both individual organizational members and organizations as a whole. So what can organizations do to minimize the occurrence and the impact of abusive supervision? First, given the robust relationship between abusive supervision and subordinate aggressive behaviors, organizations may wish to select individuals (e.g., individuals with

high self-control capacity, individuals who are high in agreeableness and conscientiousness) who are less likely to react to abusive supervision with aggressive behaviors. Moreover, given that supervisors sometimes engage in abusive supervision with the intention to improve subordinate performance rather than causing harm to subordinates, organizations can also reduce subordinates' engagement in destructive vengeful behaviors by training subordinates to think about their supervisors' perspectives of abusive supervision, for example, attributing their supervisors' behaviors as helping them improve their performance rather than causing them harm. Additionally, given that the dual-system self-control perspective suggests abusive supervision is driven by desires that are too strong to be restrained, organizations may provide training to supervisors on how to reduce the strength of their experienced desires to harm subordinates and refrain from acting on such desires. Moreover, from a selection standpoint, organizations may be advised to select supervisors who are better at regulating their behaviors and would be less likely to act on their desire when faced with provocation from their subordinates.

## Cross-References


- ▶ Ethical Leadership
- ▶ Leadership in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Organizational Justice
- ▶ Theories of Leadership


## References


Aquino K, Thau S (2009) Workplace victimization: aggression from the target's perspective. Annu Rev Psychol 60:717–741

Bandura A (1973) Aggression: a social learning analysis. Prentice-Hall, Englewood Cliffs

Cropanzano R, Mitchell MS (2005) Social exchange theory: an interdisciplinary review. J Manag 31(6): 874–900

Liang LH, Lian H, Brown D, Hanig S, Ferris DL, Keeping LM (2016) Why are abusive supervisors abusive? A dual-system self-control model. Acad Manag J 59:1–22

Mawritz MB, Mayer DM, Hoobler JM, Wayne SJ, Marinova SV (2012) A trickle-down model of abusive supervision. Pers Psychol 65(2):325–357

Ryan RM, Deci EL (2000) Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. Am Psychol 55(1):68–78

Tepper BJ (2000) Consequences of abusive supervision. Acad Manag J 43(2):178–190

Tepper BJ (2007) Abusive supervision in work organizations: review, synthesis, and research agenda. J Manag 33(3):261–289

Thau S, Mitchell MS (2010) Self-gain or self-regulation impairment? Tests of competing explanations of the supervisor abuse and employee deviance relationship through perceptions of distributive justice. J Appl Psychol 95(6):1009–1031


# ACA Design: Rethinking Selznick


Reginald Shareef
Radford University, Radford, VA, USA
Virginia Tech, Blacksburg, VA, USA


## Synonyms

Affordable Care Act; Informal cooptation; Joint partnerships; Market efficiency; Pubic value; Selznick

## Definition

The Affordable Care Act – also known as *Obamacare* – was signed into law on March 10, 2010 and fundamentally changed health care in the United States through expansion of health insurance and reforms of the health care delivery system. *Cooptation* is a term created by Phillip Selznick that refers to a leadership process designed to manage opposition to organization change processes.

## Introduction: The Informal Cooptation Dilemma

In his January 23, 2016 weekly address, President Obama notes that since implementation of the

Affordable Care Act (ACA) in March 2010 (a) nearly 18 million Americans have gained coverage, (b) more than 90% of Americans are now covered by private insurance, and (c) health care inflation is at its lowest levels in 50 years. These are impressive numbers for such a controversial public policy and *begs* the question of exactly why has the ACA been successful. The Sufi Islamic parable of blind men attempting to describe an elephant provides an excellent analogy on how various social science disciplines attempt to understand the ACA.

Legal scholars identify the two US Supreme Court decisions upholding the individual mandate and tax credits as the causal variables for ACA success (see e.g., Mandel and Whaley 2015) while political economists focus on the relationship between politics and the creation of efficient health care markets (Shareef 1984). Public policy analysts utilizing Bozeman's (2002: 134–138) market efficiency/public failure framework (Shareef 2008) seek to determine if efficient ACA markets create public value or trigger public failure (Shareef 2014). Yet, it is Selznick's *sociology of public policy* (see e.g., Hill 1973: 240–245) that provides the most holistic sensemaking framework of the ACA. Indeed, President Obama's informal cooptation power-sharing arrangement with the health care companies is the antecedent to all legal, political economy and public policy analysis of the ACA.

Ever since sociologist Phillip Selznick's classic 1949 (219–238) study of leadership and the Tennessee Valley Authority (TVA), the concept of *cooptation* has been an administrative and cultural pejorative. Selznick (1948) discusses two types of cooptation. Formal cooptation occurs (a) when the leader brings in elements, (b) these new elements lend legitimacy to the change effort, and (c) what is shared is responsibility for power but not power itself.

Conversely, informal cooptation occurs when the threat is not gaining legitimacy for social change but where outside groups – because of the resources they command – demand a substantive decision-making role. Informal cooptation represents a unique phenomenon since formal power is divorced from social power and the legitimacy of formal authority is threatened. Unlike in formal cooptation processes, the leaders of these social organizations are fundamentally interested in the substance of power rather than its forms (Selznick 1948). Furthermore, because these leaders can divide loyalties and manipulate constituents, their demand for power-sharing requires accommodation by the change agent.

A contemporary variant of Selznick's informal cooptation form of leadership visioning is transactional leadership and manifests when the leader motivates stakeholders by appealing to self-interest via the exchange of benefits (Yukl 2013: 321). What distinguishes Selznick's informal cooptation leadership concept from transactional leadership is that the exchange between the change agent and stakeholders is always the same – a power-sharing accommodation. If structured properly in cases like the ACA, these power-sharing arrangements lead to win/win situations.

The 1990s Clinton health care reform initiative featured a hybrid financing system that allowed some states to either utilize a single-payer or private insurance plan to finance health care delivery (Kingdon 1995: 217–221). Yet, the health care insurance industry did not want any type of single-payer plan and sought to maintain a monopoly over financing in a reformed system. Consequently, they used their social power to turn public sentiment against the Clinton reform effort – especially in television commercials like the famous Harry and Louise Health Care Ads – by labeling the plan socialized medicine.

Additionally, President Clinton utilized formal cooptation of big business to give legitimacy to his health care reform change effort. In the Clinton health care initiative, big business shared in the responsibility of garnering public support for health reform and encouraging lawmakers to pass the legislation (Kingdon 1995: 218). However, the health care insurance industry – not big business – was the social power that threatened (and eventually destroyed) the Clinton initiative because their demands for power-sharing were not met.

President Obama – learning from the failed Clinton Administration's health care reform endeavor – used informal cooptation processes

to bring the health insurance industry into decision-making processes concerning the design of the ACA. In early and secret negotiations, the President negotiated an agreement that required the health insurance companies to provide universal coverage in exchange for the individual mandate. This powerful industry was receptive to the profit-making idea of the individual mandate ensuring 30-million new paying customers (most with guaranteed subsidizes) in exchange for popular up-front provisions including (a) universal coverage, (b) the Age 26 rule (i.e., children can stay on their parents group health policies until age 26), (c) the 80/20 rule (i.e., insurance companies must pay at least 80% of collected premiums on claims or a rebate check is sent to the policyholder), (d) removal of the $1,000,000 cap on health care policies, and (e) ending the odious practice of rescissions.

The President and large health care providers had completely different social and economic strategic objectives in agreeing to this power-sharing arrangement. The American health care industry is a classic profit-maximizing, Friedman-model enterprise that is primarily concerned with economic objectives, and compassion plays no role in decision-making (Tsui 2013). That is, their corporate strategy is guided by Milton Friedman's notion that corporations fulfill their social responsibility solely by maximizing profits, and any activities that distract from shareholder wealth creation is socially irresponsible (Tsui 2013).

However, the President's strategic and institutional visioning for the ACA was twofold: to provide universal coverage and preserve the market-based health insurance industry. Based on his observations at the TVA, Selznick (1957: 119) makes a distinction between organization and institution depending on the commitment to core organizing and unifying values. While organizations are rational tools of economic efficiency – and can be replaced by more efficient organizations (Hatch 2012) – it is the leader's responsibility to protect the "institution's distinctive values, competence, and role" (Selznick 1957: 119). The idea of universal health care coverage has been the *core value* of health care reform legislation since the beginning of the twentieth Century (Kingdon 1995: 217), and President Obama never compromised on this value in his informal cooptation of the health insurance industry. Consequently, Obama's leadership commitment to universal coverage access fits Selznick's (1957: 90) "institutional embodiment of purpose." Importantly, the key leadership activity that allowed the President to maintain this institutional purpose was the informal cooptation of the health care industry.

Selznick (1948) suggests that institutional leaders (in this case President Obama) cannot openly acknowledge the sharing of decision-making with powerful social forces; otherwise, the legitimacy of formal power will be eroded. Thus, the necessity for secret negotiations between the President/Senate Finance Committee and the health care industry. Moreover, the President's choices were initially constrained as he engaged in the informal cooptation of industry representatives. For instance, he favored the public option – a government run health agency to compete with private health companies – but the health insurance companies demanded Senator Max Baucus veto that idea in the Senate Finance Committee (Drier 2009).

Selznick (1948) also found that cooptation directly impacts leadership choices: "The character of the co-opted elements will necessarily shape (inhibit or broaden) the modes of action available to the leadership which has won adaption and security at the price of commitment." Most often, cooptation inhibits leadership activity. For those like Klein (2009), the informal cooptation of the health care insurance industry by the Obama Administration narrowed the President's choices as the public option was eliminated from health care reform.

Yet, the individual mandate provision demanded by the health industry also constrained their choices and, interestingly, actually expanded those of the President. By negotiating the early implementation of popular elements of the ACA like the Age 26 and 80/20 rules, ending rescissions, etc. in 2010 – with the more controversial individual mandate and monetary fine for not purchasing health insurance coming 4 years

later – President Obama was able to avoid Thurow's (1980: 15) lethal zero-sum economic game where decision-makers incur costs first with benefits only coming later. These upfront costs often cause politicians to lose elections and are normally avoided (Thurow 1980: 15).

Thaler and Sunstein (2008: 165–168) found this zero-sum equation plagued President Bush's implementation of Medicare Part D in 2006. Because of informational overload concerning enrollment of the elderly in the new prescription program, initial switching costs were extremely high for Medicare beneficiaries with the benefits of dramatically lowered prescription costs coming 2 years later. Consequently, the Medicare Part D prescription plan was extremely unpopular with seniors in its early years (Thaler and Sunstein 2008: 162–165).

On the other hand, President Obama's negotiations with the health care industry led to the immediate implementation of the aforementioned popular (and essentially costless to consumers) provisions of the ACA and were the catalyst for a *benefits now/costs later* equation that features an extremely efficient type of choice architecture (Thaler and Sunstein 2008: 73).

Selznick 's (1948) research suggests the inhibiting or broadening of choices for formal leadership in informal cooptation processes generally flowing in one direction; that is, leaders tend to cede power to powerful outside interests. Yet, informal cooptation in the evolution of the ACA offers an interesting paradox. As the President conceded on the public option in favor of the industry's individual mandate demand, he extracted numerous popular health care provisions that – now implemented as public policy and deemed socially legitimate – are unlikely to ever be taken from consumers in the health care market since popular public policy benefits are rarely later eliminated (see Dye 1978: 33).

The use of informal cooptation/power-sharing arrangements is certainly an emerging trend in public-private partnerships. For example, successful public/private partnerships like the USPS/UPS "Blue and Brown Make Green" business alliance – a unique partnership between these two companies to provide better service, reduce greenhouse emissions, and enhance operating efficiencies – features all of the hallmarks of an informal cooptation power-sharing arrangement negotiated between USPS Postmaster General Patrick Donahoe and UPS CEO Scott Davis. Moreover, this joint venture fits in the category of a business enterprise where both social and economic outcomes are co-equal strategic objectives (Tsui 2013) and trigger public value (Shareef 2010).

Hence, the institutional dilemma of utilizing leadership informal cooptation/power-sharing in joint ventures does not concern the efficacy or ethics of this lead change variable but rather the negative social construction of the concept of cooptation.

## Resolving the Informal Cooptation Dilemma

The negative construction of the Selznick's cooptation concept is especially true in the field of Public Administration & Policy. O'Toole's and Meier's (2003) comments are instructive:

> Decades of research have validated the point that agencies and their management must develop support in their setting, and that doing so can mean sacrificing the primary agenda of policy, particularly if it involves social change, in the interests of survival. This theme is the primary contribution of Selznick, particularly in his classic study *TVA and the Grass Roots* (1949), a book in which the notion of cooptation was defined and illustrated with exactitude through the TVA's struggle for institutionalization in a turbulent setting. Leadership of the TVA in effect ceded their agricultural policy goals to powerful local interests in exchange for political support that was then used to push TVA's electrical power agenda."

Many doctoral students in public administration have never been taught the difference between Selznick's formal and informal cooptation. However, they have been taught and socialized to believe that there is a *deterministic* relationship between cooptation and institutionalization (i.e., the cooptation of institutional values by powerful outside interests). Hatch (2012: 36) explains why institutionalization exists:

> "What then explains the perpetuity of non-rational organizations like the TVA? Selznick offered the concept of institutionalization as his answer, claiming that institutions make themselves appear indispensable by asserting their value to society, something the TVA did in the U.S. by linking itself to the idea of grassroots democracy, in spite of fact that its behavior diverged significantly from the expectations set by this claim to legitimacy."

Yet, Selznick (1957: 90) also provides the antidote to institutionalization – the leader not being co-opted by outside interests while maintaining the "institutional embodiment of purpose." As mentioned earlier, President Obama never compromised on the institutional value of universal health coverage and therefore was never co-opted by the health insurance industry. Consequently, if leaders maintain core institutional values in negotiating power-sharing arrangements in informal cooptation processes, the leadership process is very *anti-deterministic*.

Terry (1999), in his discussion of neo-managerialism and democratic governance, finds that even when linguistic reinterpretations of existing management concepts occur, the reconstituted construct still inherits the underlying assumptions and meanings of the old concept. Shareef (2010) also reports that the socially constructed embedded meanings of management language rarely change despite linguistic reinterpretations or reconstituted paradigms. Thus, it is unlikely that the informal cooptation leadership concept will shed the negative connotations (in either academia or the broader society) of determinism and institutionalization despite empirical evidence to the contrary.

Miller's (2006) research on confirmation bias in management journal publishing finds that reviewers reject manuscripts when they are unfamiliar with new concepts or novel interpretations of old concepts. Given this type of institutional bias, researchers studying public policy innovations that utilize Selznick's informal change processes may be best served by simply subsuming the informal cooptation concept under Kanter's (1989) PALs (pooling, allying, and linking) construct where organizations seek opportunities for growth by allying through joint ventures with other organizations. For instance, the informal cooptation of the health care industry by the President is congruent with what Kanter (1989; p. 186) calls *Stakeholder Alliances* or ". . . complimentary coalitions among a number of stakeholders in a business process who are involved in different stages of the value-creation chain." The joint USPS/UPS public-private partnership – triggered by Selznick's informal cooptation process – fits with Kanter's socially acceptable PALs construct.

## Conclusion

Social scientists attempt to study the ACA from the viewpoint of their various disciplines. This approach provides a segmented analysis of health care reform. However, viewing this successful reform through the lens of Selznick's informal cooptation process provides a more holistic understanding of how leadership visioning and power-sharing with former adversaries can create desirable social and economic outcomes for all stakeholders. Simply put, the informal cooptation process that is the catalyst for this leadership visioning appeals to varied stakeholder self-interests and requires the exchange of a single currency – power-sharing by the change agent in the design of the stakeholder alliance.

Neither formal or informal cooptation are inherently deterministic or lead to institutionalization. The leader avoids these dysfunctions by maintaining the institution's strategic objectives/core values during negotiations in the design of the power-sharing framework. In other words, the leader initiating informal cooptation must avoid being co-opted by outside stakeholders.

In an era where the success of public policy is evaluated on whether Public Value is created and public-private partnerships are the norm, the ACA is a model for producing both market efficiency and valued social outcomes. The linchpin for this success is Selznick's informal cooptation process. Regardless of whether the name transactional leadership or PALs attaches to informal cooptation processes, it appears the time has come for public policy scholars to seriously reassess Selznick's leadership concepts of

(a) informal cooptation and (b) the institutional embodiment of purpose for their efficacy in creating Public Value in joint partnership ventures.

## References

Bozeman B (2002) Public-value failure: when efficient markets may not do. Public Adm Rev 62:145–161
Drier T (2009) Health insurance industry exposes its insatiable greed. In: The Huffington Post. Retrieved from www.huffingtonpost.com/peter-drier/health-insurance-industry
Dye T (1978) Understanding public policy, 3rd edn. Prentice-Hall, Englewood-Cliffs
Hatch MJ (2012) Organization theory: modern, symbolic, and postmodern perspectives. Oxford University Press, Oxford
Hill M (1973) The sociology of public administration. Crane/Russak & Co, New York
Kanter R (1989) Becoming pals: pooling, allying, and linking across companies. Acad Manag Exec 3: 183–193
Kingdon J (1995) Agendas, alternatives, and public policies, 2nd edn. Harper Collins, New York
Klein E (2009) Heath care reform for beginners: the many flavors of the public plan. The Washington Post. Retrieved from www.voices.washingtonpost.com/2009/06/health_care_reform_for_beginne-3html
Mandel B, Whaley D (2015) ACA is here to stay: affordable care act. The national law review. Retrieved from http://www.natlawreview.com/print/article/aca-here-to-stay-affordable-care-act
Miller C (2006) Peer review in the organizational and management sciences: prevalence and effects of reviewer hostility, bias, and dissensus. Acad Manag J 49:425–431
O'Toole L, Meier K (2003) Desperately seeking Selznick: cooptation and the dark side of public management networks. Proceedings of the National Public Management Research Association Conference, Georgetown University, Washington, DC
Selznick P (1948) Foundations of the theory of organization. Am Sociol Rev 13:25–35
Selznick P (1949) TVA and the grassroots: a study in the sociology of the formal organization. University of California Press, Berkeley
Selznick P (1957) Leadership in administration: a sociological interpretation. Row and Peterson, Evanston
Shareef R (1984) Restructuring the health care financing and delivery system: national health insurance through market competition. J Health Hum Resour Adm 7:117–134
Shareef R (2008) Teaching public sector ethics to graduate students: the public values/public failure decision-making model. J Public Aff Educ 14:285–295
Shareef R (2010) What business schools can learn from public management – and vice versa. J Public Aff Educ 16:645–652
Shareef R (2014) Asymmetrical information and public failure in the Myriad decision: public value as a mid-range theory in legal studies' antitrust field. Sage Open Publ 4: 1–11. https://doi.org/10.1177/2158244014550615
Terry L (1999) From Greek mythology to the real world of the new public management and democratic governance (Terry responds). Public Adm Rev 59:272–277
Thaler R, Sunstein C (2008) Nudge: improving decisions about health, wealth, and happiness. Yale University Press, New Haven
Thurow L (1980) The zero-sum society. Basic Books, New York
Tsui A (2013) Presidential address – on compassion in scholarship: why should we care? Acad Manag Rev 38:167–180
Yukl G (2013) Leadership in organizations, 8th edn. Prentice-Hall, Englewood Cliffs

# Academic and Professional Associations in Public Sector HRM

Christie Bautista[1] and Siegrun Fox Freyss[2]
[1]ASPA Southern California, ABD student of Public Administration, University of La Verne, La Verne, CA, USA
[2]Department of Political Science, California State University, Los Angeles, Los Angeles, CA, USA

## Synonyms

Association; Group; Organization; Society

## Definition

| | |
|---|---|
| Association | Organization of people with a common purpose and formal structure |
| Academic association | Membership mostly consists of university faculty |
| Professional association | Membership mostly consists of mid- and upper-level employees |

## Introduction

Professional and academic associations are essential institutions for the advancement of

knowledge and skills, both in academia and respective professional fields. Well-managed associations provide rich platforms where new research and ideas can be exchanged, new policy proposals discussed, and best practices examined. The high-tech revolution is introducing complex changes in software and hardware and related innovations at a rapid pace, and associations can use their resources to help members stay on top of unfolding developments.

## International Public Management Association for Human Resources (IPMA-HR)

The International Public Management Association for Human Resources (2017) was founded in 1906 and over the years achieved a leading position on public sector HRM. Its mission is: "Enhance public sector performance by providing human resource leadership, advocacy, professional development, and a community of HR professionals for the sharing of resources and ideas."

IPMA-HR is a very important resource for public sector human resource management (HRM). Its support efforts include an annual training conference and expo, strategic webinars on current and emerging issues, as well as publications in the form of books, magazines, and journals dealing with salient issues in public personnel administration. The association also offers two certification programs:

1. IPMA-HR senior certified professional for managers, directors, senior management or executive level
2. IPMA-HR certified professional for entry- or mid-level career positions

The organization supplies extensive material on its website to prepare for the certification.

Another important function involves testing material for government jobs that have been controversial in the past. IPMA-HR is an experienced provider of public safety tests for police, fire, emergency communications centers, corrections, and administrative support. Its website states that its tests have been validated.

The association brings to the fore the competence and expertise of public HR professionals from all over the country by asking them to submit innovative personnel procedures. The findings are then aggregated and made available to the whole membership. This opportunity is especially helpful in the information age. To make effective use of what the high-tech revolution has to offer, new job classifications are being created and new testing procedures are being introduced. The collaboration among HR specialists enables the thoughtful exchange of what works and what doesn't. This exchange is especially useful for HR professionals in smaller and more rural jurisdictions, where they may be the only HR expert and where they may have few opportunities to consult colleagues.

Another platform for sharing is provided by chapters. The association is subdivided into 40 local chapters where members can network in person and get more locally targeted training.

As the description of resources indicates, IPMA-HR offers extensive services for immediate HR needs, as well as long-term strategies for growth and improvements.

## Society for Human Resource Management (SHRM)

The private sector equivalent of IPMA-HR is the Society for Human Resource Management (2017). It also offers annual conferences, webinars, publications, and certification programs. Topics covered on its website range from behavioral competencies to technologies. Its business solutions extend from benchmarking service to vendor directory. Under tools and samples, it posts forms and documents. Since the number of employers and employees is much higher in the private sector, SHRM is a much larger association with many more members and many more resources. Also, private-sector employers vary much more than in the public sector, which increases the complexity of private-sector organizations and their professional needs.

Employment law in the private sector is very different from public sector regulations. The most important difference is job security. Private sector employees are usually hired under the at-will clause, while most public employees become civil servants with job security after a probationary period. This difference impacts many other employment decisions, for instance, hiring and promotion decisions. Private-sector employment is regulated by the federal government and the states, and SHRM's website devotes a section on employment law. Public employment is much more uniform among jurisdictions and subject to transparency requirements. That makes sharing of HR policies and other personnel issues via the internet much easier in the public sector.

Another important difference involves political action. The IPMA-HR website is only concerned about professional issues, while SHRM devotes an extensive part of its website to political action. It repeatedly and loudly calls on its members to "take action" when Congress debates a bill of interest to private-sector employment. Despite the many differences, consulting the resources and activities of SHRM is useful for public employers if only to compare approaches and learn about private-sector initiatives.

## American Society for Public Administration (ASPA)

The American Society for Public Administration (2017), founded in 1939, is a very important organization for public-sector professionals and respective academics. It states on its website that it "serves as the principal arena for linking theory and practice within the field of public administration." The Society has about 8,000 members consisting of practitioners, academics, and students. Members come from the three levels of government in the United States and 49 other countries, such as Canada, China, Ghana, Japan, and Nigeria. To meet the diverse information needs of its members, ASPA is divided into 30 sections, one of which is the Section on Personnel Administration and Labor Relations (SPALR). ASPA has also supported the creation of chapters, which are geographical units where members can network in person and share information about local issues.

Like the other associations, ASPA maintains a variety of resources for its members. It holds annual conferences, issues several publications, offers webinars, and participates in other relevant engagements. SPALR publishes its own journal, the *Review of Public Personnel Administration*. It is a scholarly, peer-reviewed journal and appears quarterly.

ASPA's other publications also run articles of interest to HR scholars and practitioners. The most important journal is the *Public Administration Review*, which is peer-reviewed and appears bimonthly, that is six issues per year. *Public Integrity* specializes on ethical issues. *PA Times*, available as magazine and online, covers recent developments of interest to public administrators. The ASPA book series discusses topics of interest to public administrators. One title of special interest to HR professionals is *Practical Human Resources for Public Managers: A Case Study Approach*.

At the outset, in 1939, ASPA was charged with an important mission – to strengthen the professionalism of the public service, especially at the executive level. The Great Depression and the New Deal legislation under President Roosevelt had substantially expanded federal programs, but effective implementation was lacking. A newly constituted task force, the Committee on Administrative Management, also known as the Brownlow Committee, identified executive level training needs and ASPA was introduced. Founding members included notable contributors to the field of public administration, among them Louis Brownlow, William E. Mosher, Donald C. Stone, Charles A. Beard, Harold D. Smith, and Luther Gulick.

At the beginning, ASPA had an applied focus, but over the years, it attracted faculty from the newly created Public Administration programs, and it incorporated the academic needs of faculty. However, some scholars had a more theoretical and critical orientation, and they created their own academic home, the Public Administration Theory Network.

## Public Administration Theory Network (PA Theory Network)

Formed in 1978, the Public Administration Theory Network (2017) set out to strengthen the intellectual underpinnings of public administration theory and practice. Its members have critically debated American scholarship, as well as works of European critical social theorists, sometimes called postmodern theory (Farmer 2005; Wamsley and Wolf 1996). Personnel issues became part of their research interest, for instance, the alienation of the bureaucrat has been explored by Hummel (2007). The Network has its own journal, *Administrative Theory & Praxis*, and hosts an annual conference. Its membership includes academics and public service professionals from the United States and from around the globe.

## International City/County Management Association (ICMA)

The International City/County Management Association (2017) was founded in 1914 as a professional home for city managers. It was during a time when the reform or progressive movement sought to replace the patronage or spoils system, and the appointment of city managers was a strong signal that cities would be managed by competent, ethical, and politically neutral public administrators. Originally, the managers came from civil engineering or other professional fields; but with the growth of Master's degree programs in Public Administration across the country, the MPA is now the preferred degree for managers and executives in local government.

ICMA grew with the expanding academic field and the buildup of cities. Its "mission is to create excellence in local governance by developing and fostering professional management to build better communities." To achieve its goals, ICMA offers a great variety of professional services that allow public employees stay engaged and current in their field. The ICMA Press offers many titles for training and education. One area of focus is human resource management in local government (Freyss 2009).

Other professional opportunities include the annual conference, webinars, and workshops. ICMA creates organizational platforms where members can network, and it matches retired managers with individuals new to the field. ICMA offers internships, leadership development programs, and a voluntary credentialing program.

The membership of ICMA is well aware that its actions have an important role to play in the quality of life at the local level, and ICMA provides many resources so that local government employers and employees can execute their responsibilities successfully. ICMA has also recognized that its extensive knowledge about local government may be useful abroad and has embraced international connections.

## Conclusion

The high-tech revolution and constant changes in the information age are making the work of government more complex. Getting a good education is an essential foundation, but not enough – it will be obsolete quickly after graduation. To stay on top, the idea of life-long learning has become a reality. Academic and professional associations play important roles in creating learning communities for adults. The organizations covered here understand the importance of their role and have accepted the challenge. They also recognize the importance of diverse learning opportunities and have embraced a variety communication channels.

## Cross-References


- ► Executive Development
- ► High-Tech Age and Public Sector HRM, The
- ► Innovation and the Public Workplace
- ► Skill Requirements for City Administrators


## References

American Society for Public Administration (2017) Retrieved 16 Nov 2017 from www.aspanet.org

Farmer DJ (2005) To kill the king. Post-traditional governance and bureaucracy. M. E. Sharpe, Armonk
Freyss SF (ed) (2009) Human resource management in local government. An essential guide, 3rd edn. ICMA Press, Washington DC
Hummel RP (2007) The bureaucratic experience: the post-modern challenge, 5th edn. Routledge, New York
International City/County Management Association (2017) Retrieved 16 Nov 2017 from https://icma.org/
International Public Management Association for Human Resources (2017) Retrieved 16 Nov 2017 from www.ipma-hr.org
Public Administration Theory Network (2017) Retrieved 16 Nov 2017 from http://www.patheory.net/
Society for Human Resource Management (2017) Retrieved 16 Nov 2017 from www.shrm.org
Wamsley GL, Wolf JF (eds) (1996) Refounding democratic public administration. Modern paradoxes, post-modern challenges. Sage, Thousand Oaks

## Academic Citizenship

Maria Rita Tagliaventi[1], Giacomo Carli[2] and Davide Giacomini[3]
[1]Department of Sociology and Business Law, University of Bologna, Bologna, Italy
[2]Department of Strategy and Marketing, The Open University, Milton Keynes, UK
[3]Department of Economics and Management, University of Brescia, Brescia, Italy

### Synonyms

Discipline-based service; Institutional service; Public engagement; Public service; Service

### Definition

Academic citizenship refers to the service that academics perform for their institution, the scientific community, and the larger society.

### Introduction

Academic citizenship can be defined as the service that academics carry out to benefit the higher education institution they belong to, the scientific community, and the wider society. Academic citizenship, also called service, is necessary for university functioning and development as well as for reinforcing the connections of universities to the collectivity they are embedded within, thus disrupting the view of higher education systems as secluded portions of society or "ivory towers."

This entry will delve into the various interpretations of academic citizenship that have been provided and the different types of academic citizenship that have been acknowledged in the literature. It will then parse out its antecedents, distinguishing between individual and organizational-level factors that foster or hamper the enactment of service. The relationship between academic citizenship and other faculty roles and activities will be analyzed, and how academic citizenship is valued and rewarded will be discussed.

### The Meanings of Academic Citizenship

Academic citizenship represents, alongside research and teaching, a core faculty engagement. In the reflection on higher education, these three sets of activities have been traced back first to a "tripartite vision" of the academic profession, in which they would have a similar weight and relevance (Austin 2002), and then to a "contested triad" (Pifer and Baker 2013) in which, while requirements about research are clearly stated and the teaching work load is defined, service expectations have gradually become blurred. Although academic citizenship continues being necessary for organizational thriving, it has then been often sidelined in the debate on higher education.

Different interpretations of academic citizenship have been offered in the literature. At an aggregate level, according to a largely embraced classification, academic citizenship can be distinguished between institutional service, discipline-based service, and public service (Lawrence et al. 2012). Institutional service comprises activities and roles that academics perform targeting the institution they are affiliated to: membership of committees and Senate, directorship of

undergraduate and graduate programs, acting as head of department or school dean, and participation in "open days" are all examples of institutional service that allow for university management. Discipline-based or professional service instead addresses the scientific community an academic belongs to and consists of a variety of tasks that are beneficial to knowledge sharing processes among scholars, such as participating in conferences' scientific and organizing committees, being a reviewer for journals, taking charge of scientific associations' dissemination through newsletters and website management, and editorship of journals. Finally, public service concerns the activities and roles that academics play out on behalf of their own institution to address the larger collective within which universities are nested: often also labeled as public engagement, it ranges from representation on the media to sitting on boards or committees of public and nonprofit organizations and to giving lectures or contributing to round tables and workshops for nonexpert audiences.

A more fine-grained view of academic citizenship structures academic citizenship according to a "service pyramid" that is made of five different layers (Macfarlane 2007): at the bottom level, student service (e.g., acting as a student counsellor, coaching students for job interviews) can be found, followed by collegial service (e.g., mentoring colleagues, contributing to "open days"), institutional service (e.g., being the director of a degree program or a member of the university Senate), discipline-based or professional service (e.g., organizing an academic conference, acting as a peer reviewer or journal editor), and public service, which represents the top layer (e.g., taking care of dissemination to the public, advising public and charitable organizations). Distinction between types of service is based on status, which can be attributed to the perception of their scholarly nature, with professional service ranking higher than service to students, to their being internal or external to the university, with the latter being more prestigious than the former, and the extent to which they are visible or even rewarded in terms of career, with their appeal increasing when they are evident to the public or explicitly compensated.

Service beyond university boundaries or public service is gaining relevance in a perspective of higher education that is growingly intertwined with society and no longer an isolated "ivory tower." A meaningful metaphor used to describe the active role played by higher education institutions in the collective is that of the "placeful university," i.e., universities transcending their organizational and tangible borders (e.g., campuses) to foster intensive relationships with other institutional actors aimed at taking joint decisions (Nørgård and Bengtsen 2016). It is worth stressing that from this viewpoint, public service differs from knowledge transfer in that public service can trigger bidirectional exchanges of ideas between universities and the larger society to make mutually beneficial decisions, whereas knowledge transfer focuses mostly on unidirectional flows in which the knowledge produced by universities is conveyed, through suitable translation actions, to other public or private actors.

In spite of the similar labels, it is worth underlining that academic citizenship differs from organizational citizenship behaviors, too. Organizational citizenship behaviors refer to behaviors that are intentionally chosen and played out by organizational members with the aim of benefiting their organization without direct or explicit expectations of reward (Organ et al. 2005). Examples are help to a colleague who faces some difficulties in his or her work, taking part in social events or speaking well of the employing company with outsiders. Besides the inner difference between these instances of organizational behaviors on one side and institutional, professional, and public service described above, on the other, the voluntary nature and the lack of or faint expectations of some return have to be taken into account. Academic citizenship is part of the academic profession together with teaching and research, is often formally required by university management, and carries with it prospects about opportunities of career advancement or compensation gain, while organizational citizenship behaviors stem from positive attitudes toward the job or the organization like job satisfaction and organizational commitment that lead individuals to wish to contribute actively to

organizational thriving. Unlike organizational citizenship behaviors therefore, academic citizenship targets core roles and tasks of faculty that can be only marginally discretionary.

## Determinants of Academic Citizenship

The enactment of academic citizenship can be explained in terms of individual and contextual features. Among individual characteristics, academic rank and gender appear to be influential. Concerning academic rank, different types of service have been linked to different hierarchical positions. Full professors have been posited to take charge of public service especially, since it is more visible than institutional and professional service and confers prestige outside the academic world only. Conversely, assistant professors tend to be shielded from academic citizenship to be able to devote their time and effort to research, which is the main basis for career progression in tenure track. They can be involved, however, in some discipline-based service as it is considered to be, among the types of academic service, the one most akin and complementary to research. Assistant professors in fact often act as reviewers for conferences and journals or participate in the organization of workshops. It is associate professors therefore who are usually expected to engage in most institutional service, which is demanding and looks scarcely appealing to those who are not members of the academia (Guarino and Borden 2017). Considerations on academic rank are coupled with speculation on the effect of gender on service. The "gendered nature of service" has been argued: female faculty appear to take care of shared resources, up to the point that they are deemed to do "institutional housekeeping" (O'Meara et al. 2019). A few explanations have been offered with regard to women's willingness to play out academic citizenship. Social biases have been evoked: female faculty find it hard to turn down proposals to enter committees and boards, as they are expected to be nurturing by colleagues as well as by students. On top of that, they are also less incline to negotiate their position and compensation compared to their male counterparts, accepting to carry out "non-promotable" tasks like most service, as will be fleshed out below (Guarino and Borden 2017). In addition, gendered expectations address research compared to service performance: an implicit role separation often occurs in academia, with men privileging research achievements, while women take charge of managing organizational processes (Larivière et al. 2011). This observation is rooted in evidence collected in multiple settings and through multiple data collection techniques, such as cross-sectional faculty surveys, annual faculty activity reports, surveys, interviews, focus groups, and time diary studies (O'Meara et al. 2019). A study by Misra et al. (2011) showed that female associate professors would spend about 25% of their time on research in comparison to 37% of men, testifying to the different service effort. Other studies on women's participation in decision-making processes resonate with the emergent evidence that they undertake the majority of academic citizenship: women serve more often than their male colleagues as members of boards and committees, although a reverse trend applies to responsibilities. Chair are in fact more frequently male than female faculty (Guarino and Borden 2017). A gender issue has been detected also with regard to department head and percentage of female faculty in a department: the amount of service performed by women increases as the head of department is a man and women are a minority in the setting. Under these circumstances, women have turned out to be in charge of the greatest volume of academic citizenship (Guarino and Borden 2017).

Besides actually receiving a larger number of formal requests, women tend to volunteer more than men to enact service, too, and when academic citizenship is played out by men, these latter stick to those types that can grant them some prestige and visibility like discipline-based and public service. Still focusing on female faculty, it is remarkable that the highest service load pertains to female associate professors, who are significantly more active than full professors of the same gender (Babcock et al. 2017). Female associate professors can be so involved in service performance that they can end up jeopardizing their career

opportunities (Misra et al. 2011). In conclusion, regarding the influence of individual features on academic citizenship, gender and position lead to a polarization of behaviors: male full professors tend to be quite selective and oriented toward visible and prestigious service, while female associate professors perform most service of all types.

Contextual characteristics play a role in steering faculty toward, or away from, academic citizenship. In particular, university orientation to research, university size, and department heterogeneity have been called into question. As far as university orientation to research is concerned, the more focused higher education institutions are on research performance, the less faculty are inclined to undertake service. Service, with the sole likely exception of discipline-based role and activities, is in fact viewed as a distraction from or even as an obstacle to the attainment of satisfying publication record (Macfarlane 2011). Conversely, comprehensive universities sponsor the relevance of teaching and service; consequently, faculty are expected and encouraged to engage in their performance (Porter 2007). Concerning size, service is believed to be related to organizational dimension. Individuals are likelier to develop a sense of belongingness to small in comparison to large organizations (Macfarlane 2007): in small universities, academics are more committed and willing to perform tasks that may benefit their organization, whereas in large universities, faculty tend to refrain from service. Individualism prevails over collegiality in large universities, thus undermining academic citizenship. In addition, big-sized universities can make institutional service less exclusive and visible, since a greater number of coordination roles are needed and available, than in small-sized institutions, further reducing their appeal especially to male faculty. Consequently, women's academic citizenship load, and that of associate professors in particular, likely increases in these contexts.

As regards department heterogeneity, in departments covering more disciplines, faculty are believed to be reluctant to engage in service that might bring some advantage to colleagues in other disciplines, reducing these latter's duties and leaving them more time for research (Macfarlane 2007).

## The Interplay Between Academic Citizenship and Research

The recent decline of academic citizenship has been traced back to the increasing relevance of research performance in most higher education systems (Macfarlane 2007, 2011; Vogelgesang et al. 2010; Nørgård and Bengtsen 2016). The emphasis on research is due to a multiplicity of concurrent factors: the evidence that research outcomes are able to sustain countries' economic and societal development, the need to promote transparency and accountability in higher education systems through research performance-based evaluation systems, and the search for more efficiency through allocation processes depending on research performance.

A substitution effect or trade-off has been called into question between research and service: actions aimed at improving the publication record divert attention away from institutional and public service, while the relationship between research and discipline-based service can be complementary as they both target the scientific community. Among the rationales for a possible trade-off between research and service, a survey on British faculty conducted by Abreu et al. (2009) highlighted the role played by lack of time, an excess of bureaucracy that encroaches upon efficient time management, and scarcely motivating rewards. The substitutable effort between research and service in general has led scholars to theorize about the effects of the focus on research achievements that academics have been embracing. It has been even conjectures that in contemporary universities, faculty who undertake service are those who are past their prime in research and look for alternative ways of taking center stage (Thompson et al. 2005).

Faculty have been argued to try to lessen their engagement in service that is being appropriated by other professionals. Concentrated on their research objectives, scholars are gradually dismissing their professional identity as all-rounders (researchers, instructors, and public servants) to stress the research component: the expressions "unbundling" and "hollowing out" have been harnessed to refer to the fact that

many traditional activities and roles are left behind in the pursuit of research excellence. The relinquishing of service by faculty has prompted changes in academic professionals. Some activities and roles, such as student skills advisers, educational developers, and learning technologists, are being increasingly assigned to especially hired professionals whom Macfarlane (2011) labeled as "para-academics." In parallel, the work and competencies of some administrative staff are being enriched to help academics do better research: the so-called blended professionals are in fact administrative personnel who assist faculty with developing networks for research projects, writing project bids, and managing research funds once projects have been won. Eventually, the rising attention for research performance has had a remarkable impact upon academia, at the same time depleting faculty of some of their tasks and roles, enhancing administrative staff's jobs, and paving the way for new professional profiles.

## Valorization of Academic Citizenship

Although, as reported above, academic citizenship is a kernel of the academic profession, how it is recognized and rewarded largely varies from institution to institution and from higher education system to higher education system. "Foggy" policies surround academic citizenship enactment. Many authors have argued that service requirements and rewards are largely neglected in contemporary university management (e.g., Thompson et al. 2005; Macfarlane 2011; O'Meara et al. 2019): while research performance has taken center stage and teaching loads are usually defined on a yearly basis (for instance, 120 h for Italian associate and full professors), criteria for service allocation and compensation remain mostly obscure. Data collected and analyzed by O'Meara and coauthors (2019) showed that faculty in STEM (Science, Technology, Engineering, and Mathematics) departments located in 16 US public institutions tended to be scarcely satisfied with service attribution and enactment: only less than half of them stated that service assignments were fair, criteria for appointing faculty to boards and committees were clear, and participation was stimulating.

Different proposals have been formulated to clarify how to attribute and value academic citizenship, with the goal of revamping the importance of this component of the academic profession. Thompson et al. (2005) articulated a multiple-step process to first realize what kind of service faculty is actually engaged in and how much involved in service they are. To do so, they depicted various stages that university management should pursue. The first phase calls for advertisement of service requirements in job openings. When opening positions in fact, universities should clearly specify what academic citizenship roles and tasks candidates are asked to carry out. Second, service should be expressed in terms of indicators of quality expected. To develop these indicators, a survey should be conducted investigating the kind of service really performed and the amount of time devoted to each type of service by every academic. Based on this inquiry, average time can be assessed and employed as reference of adequate service to be granted tenure, with assistant professors being less charged than senior colleagues. Consequently, different rewards should be established to match different levels of academic citizenship. Additionally, the authors advise to organize regularly workshops to assist faculty with academic citizenship enactment and with management of the various activities and roles required. Finally, universities should continuously monitor the state of the art of the service played out to identify and rule out redundant tasks and better overall functioning and coordination.

A different perspective on how to provide impetus to academic citizenship was conveyed by O'Meara and coauthors (2019). In line with the process depicted by Thompson et al. (2005), they recommend that minimal levels of service be defined and undoubtedly communicated to reduce the likelihood of social biases. Furthermore, they foster a procedure according to which faculty are assigned a given amount of credits – depending on their rank – that they can trade with colleagues, provided that minimal levels in each of the three core areas (teaching, research, and academic

citizenship) are met and the head of department provides his or her approval. Some academics could exchange credits in research in favor of more involvement with teaching, whereas others could prefer more service to research. From still another viewpoint, a possible scenario holds that departments be made of individuals with heterogeneous capabilities who excel in different tasks and roles: some outperform colleagues in research, others in teaching, and others yet in academic citizenship. Department as a whole is excellent in the range of activities necessary to run the academia, but not all members are excellent in each activity. This organizational arrangement resonates with most companies' functioning based on a specialization criterion: individuals have heterogeneous competencies in which they try to attain the highest performance. This setup is aligned with the "credit trading" perspective raised by O'Meara et al. (2019) but calls into question university management's organizational design that acknowledges different domains of expertise (research, teaching, and service) and groups faculty accordingly to foster excellence in each of them, rather than faculty negotiating their engagements and discussing arrangements with heads of department from time to time.

Finally, departments can boost equity through a planned rotation of less promotable and demanding roles and of more preferred and prestigious roles, so that there is equity in service over time within a single context. Rotation would in fact serve to disrupt consolidate patterns according to which always the same department members, who usually are female associate professors, tend to be asked repeatedly, or repeatedly volunteer, to take care of academic citizenship.

The need for revamping the relevance of academic citizenship through one of the courses of action reported above is rooted in the observation that service carries with it participation in decision-making processes: sitting on universities or external organizations' boards and committees, directing programs, or acting as journal editors and reviewers, as a matter of fact implies steering decisions that impact upon institutional mission and identity. Refraining from active involvement in academic citizenship therefore entails marginalization in decision-making about governance or, as noted by Thompson et al. (2005), Guarino and Borden (2017), and O'Meara et al. (2019), that influence is exerted by a restricted number of individuals who, in return for the effort devoted, can turn into a dominant coalition over time.

## Conclusion

Academic citizenship is the service that faculty perform for the sake and on behalf of their employing institution and consists of roles and tasks addressing the university, the scientific community, and the society at large. Alongside research and teaching, academic citizenship has traditionally been part of the academic profession, even though its importance has been gradually sidelined by the attention devoted to research performance internationally. A substitution effort or trade-off has been evoked to take place among the various components of academic life: as a consequence of the growing emphasis placed on research performance in higher education systems, faculty feel the drive to direct their effort and time toward research-oriented activities, reducing or dismissing other roles and tasks, especially those linked to academic citizenship. Some studies have claimed that service enactment be related to individual characteristics like rank and gender and to contextual features like university orientation to research, university size, and department heterogeneity. While male faculty tend to select only visible and prestigious service and assistant professors are usually protected from its enactment as they must prioritize research, it is female associate professors who take charge of most service. Additionally, strong university orientation to research, large university size, and department heterogeneity are all factors preventing individuals from undertaking academic citizenship. Clear requirements and incentives to perform service have to be designed and applied, then. Reflection on academic citizenship has identified possible pathways to sustain its importance. A rotation plan can be set up so that unappealing roles and activities are carried out by all department members throughout time. Alternatively,

faculty can be assigned an amount of credits, with minimum levels assigned to research, teaching, and service that can be negotiated with colleagues and head of department to obtain more credits in one domain and less in the other. Moving beyond trading credits, specialization of individuals in research, teaching, or service, with regularly occurring revisions, can be designed by department management, with the goal of making department excellent as a whole through members who excel in different domain. It is noteworthy that academics should invest in service since it strongly influences governance choices within and outside university boundaries.

## Cross-References


- ▶ Acculturation amid Globalization: Implications for University Policies and Administration
- ▶ Higher Education Governance and Reforms
- ▶ Leadership, Conflict, and Knowledge Sharing in the Public University
- ▶ Performance Measurement


## References


Abreu M, Grinevich V, Hughes A, Kitson M (2009) Knowledge exchange between academics and the business, public and third sectors. University of Cambridge/Imperial College, London

Austin AE (2002) Preparing the next generation of faculty: graduate school as socialization to the academic career. J High Educ 73:94–122

Babcock L, Recalde MP, Vesterlund L, Weingart L (2017) Gender differences in accepting and receiving requests for tasks with low promotability. Am Econ Rev 107(3):714–747

Guarino CM, Borden VM (2017) Faculty service loads and gender: are women taking care of the academic family? Res High Educ 58(6):672–694

Larivière V, Vignola-Gagné E, Villeneuve C, Gélinas P, Gingras Y (2011) Sex differences in research funding, productivity and impact: an analysis of Québec university professors. Scientometrics 87(3):483–498

Lawrence J, Ott M, Bell A (2012) Faculty organizational commitment and citizenship. Res High Educ 53:325–352

Macfarlane B (2007) Defining and rewarding academic citizenship: the implications for university promotions policy. J High Educ Policy Manag 29:261–273

Macfarlane B (2011) The morphing of academic practice: unbundling and the rise of the para-academic: the morphing of academic practice. High Educ Q 65(1):59–73

Misra J, Lundquist JH, Holmes E, Agiomavritis S (2011) The ivory ceiling of service work. Academe 97(1):22–26

Nørgård RT, Bengtsen SSE (2016) Academic citizenship beyond the campus: a call for the placeful university. High Educ Res Dev 35:4–16

O'Meara K, Lennartz CJ, Kuvaeva A, Jaeger A, Misra J (2019) Department conditions and practices associated with faculty workload satisfaction and perceptions of equity. J High Educ 90(5):744–772

Organ DW, Podsakoff PM, MacKenzie SB (2005) Organizational citizenship behavior: its nature, antecedents, and consequences. Sage, London

Pifer M, Baker V (2013) Identity as a theoretical construct in research about academic careers. In: Huisman J, Tight M (eds) International perspectives on higher education research, vol 9. Emerald Group Publishing, Bingley, UK, pp 115–132

Porter SR (2007) A closer look at faculty service: what affects participation on committees? J High Educ 78(5):523–541

Thompson P, Constantineau P, Fallis G (2005) Academic citizenship: an academic colleagues' working paper. J Acad Ethics 3(2–4):127–142

Vogelgesang LJ, Denson N, Jayakumar UM (2010) What determines faculty-engaged scholarship? Rev High Educ 33(4):437–472. https://doi.org/10.1353/rhe.0.0175


# Academic Encumbrances: Endowments Are for Scholarships


Joanne Howard[1], Leodis Scott[2], Diane Howard[3] and Angela Freeman[4]

[1]Stuart School of Business, Public Administration Program, Illinois Institute of Technology, Chicago, IL, USA

[2]College of Education, DePaul University, Chicago, IL, USA

[3]Department of Health Systems Management, College of Health Sciences, Rush University, Chicago, IL, USA

[4]Northwestern University Feinberg School of Medicine, Chicago, IL, USA


## Synonyms

Endowments; Enrollment; Pandemic; Scholarships; Tier 1

## Introduction

The global pandemic and the 2020–2021 school year for many US colleges and universities is an inflection point. Many academic institutions of higher education were unsure how to manage the on-campus experience or whether to remain an online teaching academy or have a hybrid experience. A recent article in *The Chronicle of Higher Education* referenced 1,075 colleges and their plans on what the 2020–2021 academic year would look like, and their responses were mixed: 61% in-person, 22% hybrid model, 8% online, 6% range of scenarios, and 2.7% waiting to decide (April 23, 2020).

The academic year is underway and the academic scenario continues to unfold. This has been a stressful school year in and out of the classroom. The continuing constant is students will need financial support to continue their academic pursuits. The financial support will come from their parents, on-campus or off-campus employment, or financial aid. The landscape during the 2020–2021 academic year will look decidedly different than in prior years due to COVID-19. And with the high unemployment rate, the prospect of parental support may be an unthinkable proposition for many students.

Many institutions are re-evaluating their role in society and how they can be a catalyst for change. Nonprofit organizations, governments, profit-making organizations, cultural institutions, healthcare, and religious organizations are clamoring and initiating ways that will make them better communal citizens.

## Better Academic Citizens

There are 1,845 institutions of higher education that are considered private in the United States. Of these select group of private schools that bestow undergraduate and graduate degrees, the financial cost is prohibitive unless the student's family is wealthy or the student receives considerable amounts of financial aid, loans, or must work.

The authors reviewed universities with the largest endowments. Before we begin our discussion about the need to eliminate financial worry and burden from students, the authors reviewed important concepts to lay the groundwork and introduce important concepts. Several words and concepts need to be understood before delving more deeply into the sources of academic institutional sustenance.

## Endowments

An *endowment* is a broad term that is often used to describe the total of one or more endowed funds. An endowed fund is a charitable gift established in perpetuity in which the principal is invested for total return (both income and appreciation) and a small portion of the fund's balance (usually 4–6%) is paid out, generally on an annual basis. The *beginning principal* is the value of the asset that was contributed by the donor, the *income* is the earnings produced by the principal, and *appreciation* (*depreciation*) is the gain (or loss) in the value of the principal since it was contributed. An organization may have several endowed funds, established by one or more donors and for one or more purposes, in its endowment.

*Merriam-Webster's Collegiate Dictionary, 10th Edition*, states that to endow is "to furnish with an income for the continuing support or maintenance of an organization." An endowment, then, is simply a pool of money that is invested to provide ongoing financial resources for the organization's operations or for specific programs. Both state laws and accounting board standards apply to endowments.

## Investment and Spending Rules for Endowments

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs endowment spending by charitable corporations and by some trusts. All states except for Pennsylvania have enacted some form of this law since it was approved in 2006. It is written with a minimum of legalese, and development and finance staff members should read it.

In *Building an Endowment: Right from the Start*, Lynda Moerschbaecher says: "In states where a state adopts the model or uniform law, each state has the right to select or reject provisions, to modify those provision or to adopt the law in whole. Therefore, every organization must check its own state law to learn the nonprofit corporate code or UPMIFA rules adopted by that particular state."

Janne G. Gallagher, senior counsel for the Council on Foundations, says:

> In the past, charity managers often believed that they could not rely on outside experts for investment advice and that investments had to be limited to the safest possible vehicles—cash, government bonds and, perhaps, a few blue chip stocks. UPMIFA not only freed charity managers to delegate investment decisions to outside managers, but also allowed them to invest assets for long-term growth, not just current yields. Because UPMIFA lets charity managers invest for growth, not just income, UPMIFA also allows them to take that growth into account in making spending decisions for endowed funds.

The UPMIFA defines an *endowment fund* as "an institutional fund, or any part thereof, not wholly expendable on a current basis under the terms of the donor's gift agreement."

## Types of Endowments

The Financial Accounting Standards Board (FASB) has identified three types of endowments:

1. *True endowment* (also called permanent endowment). The UPMIFA definition of endowment describes true endowment in most states. In these cases, the *donor* has stated that the gift is to be held permanently as an endowment, either for general purposes or for specific programs as identified in a written gift agreement. True endowment is restricted in a written agreement by the donor or is in response to a solicitation that promised to use the gift as an endowment. Under FASB, the portion of the permanent endowment that must be maintained permanently (not used up, expended, or otherwise exhausted) is classified as *permanently restricted net assets*.
2. *Quasi-endowment* (also known as funds functioning as endowment – FFE). Reserve funds, financial windfalls, or unrestricted gifts that the board elects to put into endowment are quasi-endowments. Because a future board could vote to remove part or all the quasi-endowment's principal, it is not a true endowment. A board-designated endowment is classified as *unrestricted net assets*, and its principal may be spent under FASB guidelines. Thus, if the board established an endowed fund, it is quasi-endowment. If the donor makes a gift for an endowed fund, it is true endowment.
3. *Term endowment*. An endowment created for a set period of years or until a future event (such as the death of the donor) is known as a term endowment. After the term runs out or the event takes place, the principal may be expended. The portion of the term endowment that must be maintained for the specific term is classified by the FASB as *temporarily restricted net assets.*

The endowed funds in the organization's endowment must be clearly labeled as one of these three types for accounting purposes. Each of these types may be used for designated or undesignated gifts – for general purposes or to benefit specific projects such as scholarships, professorships, camperships, staff positions, trainings, lecture series, and innovative programs.

## Top 10 Tier 1 and Ivy League Schools with Largest Endowments

The average endowment at a university gained 8.2%. When reviewing the top Tier 1 universities with substantial endowments, over $1 billion the researchers found the following:

| Name | Endowment (Billions) | Tuition Only[a] |
|---|---|---|
| Harvard | 39.2 | 54,000 |
| University of Texas System | 30.0 | 37,580 |
| Yale | 29.4 | 57,700 |
| Stanford | 26.4 | 56,170 |

(continued)

| Name | Endowment (Billions) | Tuition Only[a] |
|---|---|---|
| Princeton | 25.4 | 53,890 |
| MIT | 16.4 | 53,820 |
| Penn | 13.7 | 60,040 |
| Notre Dame | 11.0 | 57,700 |
| Columbia | 10.8 | 64,380 |
| Duke University | 8.5 | 58,700 |
| Northwestern | 8.3 | 58,227 |

[a]US Dollars
Source: US News and World Report

The landscape of higher education is changing particularly with the advent of the COVID-19 virus and demands for greater accountability and services from city, state, and federal governments. The young people who are propelling the protests due to the killing of George Floyd are demanding greater responsibility from their universities. They not simply want committees and task forces to be formed. They want a task to appear as a responsibility on a senior administrator's "To Do" list and to see the action become a reality.

Young people are not interested in committees that are formed to run out the clock. They want the task to appear as a strategic goal that has an implementation date a nd, most importantly, is checked-off of someone's "To Do" list.

## The List

Tier 1 and Ivy League schools have a storied reputation for providing full scholarships to deserving students. The research is conclusive: When we reduce barriers to education, we set children up to thrive in all areas of life. The more education a mother has, the more we reduce infant mortality rates. Education leads to healthier childhoods and, ultimately, to greater economic prospects as adults.

Economic returns for higher education graduates are life-changing: College grads see a 17% increase in earnings, compared with a 10% increase for primary and a 7% increase for high school grads.

Colleges and universities continue to struggle with serving low-income and first-generation students. While 60% of the wealthiest students complete their studies and graduate, only about 16% of low-income college students graduate, according to the National Center for Education Statistics (Nov 7, 2017).

America's higher education problem is not a college enrollment problem. The percentage of students who head straight to college after high school has risen from 63% in 2000 to 70% in 2016, *according to the Department of Education*. What we have is a graduation problem, especially among low-income minority students: Just 11% of students from the lowest-income quartile earn bachelor's degrees within 6 years (the commonly used indicator of college success), compared with 58% of students who come from the highest-income group, according to the *Pell Institute*.

The National Center for Education Statistics tracked a 2002 cohort of US students, finding that only 14.6% of those whose families are in the lowest-income quartile earned bachelor's degrees within 10 years, compared with 46% from the highest-income group.

## Legacy Opportunities

Highly selective schools that appear on our list of private schools with the highest valuated endowments provide a legacy advantage. If the prospective student has a parent that graduated from one of the top endowed universities, they have a 65% chance of admission should they apply. What people many times do not want to admit is that top-tier schools give a graduate access to internships, study abroad, graduate fellowships, and opportunities to mingle with elite students and their families. This access can result in the "Tracy Chapman Effect" and change the calculus of a student's life.

Tracy Chapman was a student at Tufts University, a private research institution in Massachusetts. She would sing and play guitar at area coffeehouses on the weekends. One of her classmates had a family member who worked for Elektra Records and brought him to the coffeehouse where she was performing, and she was signed to a contract. Her first album with the

single "Fast Cars" put her on the musical map. Access to a connected college friend led to a successful recoding career.

While Tier 1 and Ivy League schools supply an outstanding academic experience, what is rarely spoken of is the contacts a student makes over time. Because of their historic roots, these universities have graduating classes dating back to the 1700s. One of the most beneficial aspects of the Ivy League, and US universities in general, is the power of the alumni network. The alumni network consists of all graduates from a university. Some may not understand how impactful alumni relations can mean, but it is actually very important, especially when searching for a job post-graduation.

The Tier 1 and Ivy Leagues are renowned for their strong and welcoming alumni networks. After graduating not only are you equipped with a world-class education, but you are also now part of an elite group of graduates. Staying in touch with Ivy League graduates can have a huge impact on your life and the future of your career.

Even before graduating, students can tap into this network for internships that have the potential of turning into future employment opportunities. Attending an Ivy can provide you with the resources and contacts needed to get your foot in the door at world-renowned companies and agencies.

## Harvard University and Brookings Institution: Reports on Education

Dr. Raj Chetty, Professor of Economics at Harvard University, and his colleagues performed a research study on college admission and social mobility. In short, those students who were from lower- or moderate-income families upon graduation considerably increased their social mobility. Access to a school was critical, and the outcome (earnings) in many ways exposed the graduating students to opportunities and networks they would not have had otherwise.

The research also indicated that Tier 1 and Ivy League schools had fewer low-income students attending as opposed to other schools. While these richly endowed schools may have good intentions to accept promising students who need scholarships, thereby increasing their yield of talented students with limited means, there are ancillary costs to attendance. The Millennium Scholars who were interviewed on a segment of *60 Minutes* indicated that while other students were going to New York to eat out and shop, their job was to study and maintain their scholarships.

Going to college without the benefit of a college-going family member to give you pointers, and the knowledge that you will be away from your neighborhood, family, and friends for the first time, can be a daunting experience Attending college with limited resources is also an overwhelming occurrence. It has been the experience of the researchers that promising students with limited means will forego their first choice of their dream college in order to minimize the financial hardship on their families should they be called upon to fill in financial gaps.

Princeton University's FLI is Fly Program (First Generation Low-Income) provides resources, information, and camaraderie for students attending the school. The students have a ready-made family as soon as they step on campus. This group eases their transition to a school that many had only heard about but never visited. This program shows promise for other Tier 1 schools that anticipate accepted more first-generation college students.

### The Realities of Student Debt

According to the Pew Research Center, almost 30% adults under the age of 30 years of age in the United States has student debt. The Federal Reserve Bank of New York reports that more than 30% who are in the repayment phase of their repayment cycles are more than 90 days behind in their payments.

Research performed for the University of Illinois at Chicago (2018) indicated that more than 700 students who matriculated through a pipeline program that wished to recruit more students to schools and careers in medicine, dentistry, and public health indicated that their number one reason for delaying application and admission was financial insecurity and their desire not to assume more debt.

The pandemic and the recent layoffs of professional, semiprofessional, and other nonexempt employees have made matriculation and attendance to college and professional schools a far-off dream unless prospective students can be assured of financial assistance.

Chetty et al. (2017) on the role of education and the link to social mobility reviewed the tax returns and the level of educational attainment in a meta-analysis of US workers. The research of the team indicated that college graduation and income were closely linked. The desire to a higher education and professional school degree is believed to be a ticket for a better life. What students desire is the degree, the better life, and no debt.

An article that ran in the New York Times details the travails of a working-class student and her higher-income classmates who departed college in the Spring 2020 when the coronavirus started to ravage the east coast. The wealthier student left school and moved into her parents' summer home on the coast. The lower-income student returned to Florida to assist her parent with their food truck. While both desired to continue with school, the dream of college completion for the lower-income student may have to be deferred due to her desire to help her parents. The higher-income student was simply waiting for the green light to return to campus.

Much like Westover (2018) describes her ascent to college through serendipity and a scholarship, many students rely on the largesse of the institutions where they matriculate to provide financial assistance to their dreams.

## Conclusion

The continued desire to expand and diversify the US workforce continues despite the pandemic. Many organizations are advertising for new recruits, but the opportunity to enter the workforce and be gainful employed in professional opportunities is being weighed down by the desire to not complete undergraduate or professional school with insurmountable debt.

Benjamin Bernard (2020) reviews various scenarios in an Opinion piece he wrote for Inside Higher Ed. While invading the principal of endowment accounts that exceeds the normal use of interest to pay for scholarships and financial aid at Tier 1 and Ivy League Colleges, the pandemic has changed the way we look at academic resources. There are current students and prospective students who could add to the US economy. If the pandemic is an outlier event, why not assist students who are negatively impacted? During the aftermath of September 11th, there were organizations both nonprofit and profit and foundations both public and private that stepped in to assist. Are university endowment accounts the new September 11th heroes to assist during the pandemic and post-pandemic era? We certainly hope so.

## References


Bernard B (2020) Should universities tap endowments in response to the budget crises brought on by the pandemic (Opinion, 2020). Inside Higher Ed., Washington, DC. Accessed 21 Oct 2020

Casey N (2020) College made them feel equal. The virus exposed how unequal their lives are. The New York Times, May 15, 2020

Chetty R, Friedman J, Saez E, Turner N, Yagan D (2017) Mobility report cards: the role of colleges in intergenerational mobility. National Bureau of Economic Research, Cambridge, MA

Cilluffo A (2019) 5 Facts about Student Loans. Fact Tank, Pew Research, Washington, DC, August 13. Accessed 21 Oct 2020. https://www.pewresearch.org/fact-tank/2019/08/13/facts-about-student-loans/

DeSilver D (2014) By many measures, more borrowers struggling with student-loan payments. Factank, Pew Research Center, Washington, DC. Accessed 11 Oct 2020

Editorial Board (2020) The cities we need. The New York Times, May 20, 2020

Ferguson HT (2020) Should wealthy universities use their endowments during the pandemic? It's not that simple. National Association of College and University Business Officers. Accessed 29 Aug 2020

Hechinger Report. https://hechingerreport.org/opinion-the-dangerous-message-in-skipping-college/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+HechingerReport+%28Hechinger+Report%29. Accessed 12 July 2020

Howard JE (2008) Abbott v. Burke: a historical analysis of school finance reform in New Jersey. VDM Verlag Dr. Muller, Saarbrucken

Howard JE (2018) Health professions navigator program: an evaluation. Unpublished evaluation performed from 2015–2018

National Center for Education Statistics. https://nces.ed.gov/programs/digest/d18/tables/dt18_331.95.asp. Accessed 12 Oct 2020
Pelley S (2018) 60 Minutes interview with Bill and Melinda Gates, The Millennium Scholars, and Dr. Christopher Eisgruber, President of Princeton University. April 29, 2018
Phung A (2020) How do university endowments work? https://www.investopedia.com/ask/answers. Accessed 17 July 2020
Suskind R (1998) A hope in the unseen: an American odyssey from the inner city to the Ivy League. Broadway Books, New York
U.S. News and World Report. The 2021 Best National University Rankings. Accessed 31 Oct 2020
Westover T (2018) Educated. Penguin Random House, New York

# Accountability

Paolo Ricci
Department of Law, Economy, Management and Quantitative Methods (DEMM), University of Sannio, Benevento, Italy

## Synonyms

Answerability; Liability; Responsibility

## Definition

The term "accountability" implies the duty to act in a responsible way and to be accountable to others for one's actions, in order to maintain effective and logical links between planning, deciding, action, and verification.

The term is complex and chameleonic (Sinclair 1995; Mulgan 2000), and it evokes at the same time: a principle, a duty, a behavior, a system, a process, and a series of operating tools.

The term – particularly familiar in Western societies – comes, in a theoretical sense, from political science studies and should be considered a fundamental cornerstone of democratic systems (Shah 2010; Borowiak 2011).

In any case, it represents the need to convey how financial and nonfinancial resources are used, the correctness of those who operate in a management capacity, the adequacy and conformity of actions taken compared to preexisting objectives, and the results reached over time. This is achieved by highlighting organization policies, laws, and political, social, cultural, and environmental requirements in which the entity – whether public or private – operates, in order to contextualize any evaluation of results and objectives, plans and behavior.

## Introduction

According to the above-mentioned perspective, accountability mostly refers to the ability of putting third parties in a position to evaluate the action taken, so as to adequately make the organization actors responsible for their actions. Financial and nonfinancial communication and all related documents represent costs-reporting instruments laid out by those who manage the organization for those who, even when not directly involved in management tasks, have some interest in it.

It is evident that the type of interest and involvement of a person in the life of a public entity determines the character and modalities of cost-reporting. It is clear that to each different category of recipient should correspond different documents and tailored contents. This helps us understand how, from an accountability perspective, in recent years there has been a significant vertical and horizontal increase in organization information. Social, environmental, gender, and sustainability reports have become widespread in all Western economies.

The information contained in annual reports and other economic documents has been debated in academia for quite some time now: In particular, whether the information is destined to viewers outside of the organization, whether the internal information capacity is always higher than the external, whether different kinds of information – economic, environmental, and social – are alone sufficient to satisfy all expectations and cognitive needs, and whether all interest groups have the same capability of drawing conclusions from the

documents, without any distinction between those that are internal or external to the public entity, involved in the work of the organization or merely potentially interested.

Academia highlighted those who are interested in the life of a company (Freeman 1984) and consequently in the financial and nonfinancial communication of organizations (Bebbington et al. 2014).

In the public sector, because of the specificity of its activities and the use of mostly public money, they are generally identified as follows:

- Governments and public monitoring bodies
- Citizens
- Institutional funders
- Suppliers
- Consumers and their representative groups
- Trade unions
- Freelance employees
- Competitors
- Management

Governments and all remaining parts of the public administration are strongly interested in the communication of financial and nonfinancial data, for fiscal and economic policy reasons and – in some cases – for reasons related to public order and/or to administrative, financial, or hierarchical relationships.

Citizens play a very important role. They can be considered as the main target of organization behavior and therefore the main target of entity information. Citizens can represent, at the same time, at least three categories of subjects: voters, taxpayers, and consumers. As a voter, every citizen has the right to be informed in order to decide by himself in a responsible manner his own behavior, especially during the vote (Brennan 2011; Flinders 2012; Mair 2013). He has the right to receive adequate information but also a duty to actively participate in the life of the community using all his skills, for himself and for others. As a taxpayer, each citizen contributes directly or indirectly, through taxes and fees, to the financing of public sector entities. A complete and transparent financial and nonfinancial information is able to make him understand how his money is used and what services or benefits have been produced with it. In this way, the citizen is enabled to know about the public value created (Moore 1995; Esposito and Ricci 2015). As to the citizen as a consumer or user, please see below.

Those who fund the organization, who depend on annual reports to evaluate how much trust to place in the organization, cannot ignore the elements contained in each accounting document. Banks and other financial institutions can thus get a better idea of the creditworthiness of the public entity involved.

Suppliers could be interested for commercial reasons and for reasons related to market relations. In this case, the economic difficulties of an organization can significantly affect its supply prospects.

In the same way, consumers appear to be more and more involved in the life and decision-making process of an organization. The coproduction of value and the frequent participation of consumers, especially in public service companies, have also led to the establishment of more active communication processes. The value that an informed consumer can bring to the life of a public entity (Ostrom and Ostrom 1977; Voorberg et al. 2015) is undeniable.

Employees and unions are interested in reports and business results because their working lives are linked to the health of their organization and to its plans. Public employees' attention towards organization strategies and reports has grown considerably, while organization solidity and employees' expectations regarding professional and salary growth are greatly linked. Such individuals also display a particularly strong interest in accounting documents, although it is important to say that their interest is proportional to the size of the entity.

Competing organizations are also interested in the economic and financial reports and communication of the entity. Releasing such documents to the public facilitates the access to them and the possibility to examine them closely.

Finally public management figures, who know about the information contained in the reports and the main events affecting the life of the organization in question, have always been interested in communication tools, both as

drafters and as recipients. They represent the top decisional level of the organization and are in the best position to read and perfectly understand such reports. They are aware of the complex reasons – either explicit or implicit – for which they were drafted and of the criteria inspiring them. Therefore, the management forms its decisions on the basis of the information produced by the entity communication system and of the results it releases.

The accounting principles and rules regulating the economic information should guarantee a true and transparent representation of the organization situation and facilitate the evaluation by stakeholders of the work done by administrators, in a framework of responsibility (Roberts 2009).

## The Role of Accountability

The legal and regulatory evolution which has accompanied the public sector reforms in many countries in the past few years, affirming the theories of New Public Management (Pollitt 1993; Hood 1995; Pollitt and Bouckeart 2000) and New Public Financial Management (Olson et al. 2001), has also increased the culture of accountability in public organizations.

We can say that such evolution has allowed us to go from a culture of execution to a culture of results, from accounting to accountability (Bovens 2009). There is in fact a strong connection between accountability and external information. In this sense, it is possible to talk about public accountability, which can be applied to any organization that has a responsibility towards the public. In public administration, the term accountability implies at least three fundamental concepts: (1) the duty on behalf of the public entity to report on the use of public funds and the relative production of results to the citizen, showing correctness and coherence in its administration especially in economic terms, in a thorough and transparent way; (2) the need to introduce mechanisms for taking responsibilities showing that the decisions made are coherent with the tasks taken on and the commitments made; (3) the need to highlight the actual public value being created, showing that the organization operates responsibly to achieve an adequate level of legitimacy and deserved consensus.

In public sector, the role of accountability has a deeper meaning than in private companies. This is because the funds used come from direct and indirect taxes on citizens, and the capital invested is destined to carrying out public functions.

In this sense, accountability means answering to the use of public resources, particularly when the satisfaction of collective needs and social and environmental results are concerned.

Concretely, this requires a multilevel and multitype understanding of accountability (Romzek and Dubnick 1987; Sinclair 1995): political accountability, public accountability, managerial accountability, professional accountability, personal accountability, and more. Political accountability depends on the functioning of democracies and it is developed mainly in the relations between politicians and citizens, elected representatives, and voters. The mandate given by voters and the political acts of those elected, such as laws and regulations, are the basis of this type of accountability. Public accountability is, in some ways, the natural expansion or the most extensive form of political accountability, as it directly involves the individual public entities and citizens. The reporting tools are numerous and very different from each other. When we talk about managerial accountability, the main focus is on the results achieved by an individual manager within the organization for which he works. The elements that characterize its responsibilities are mainly the performance achieved and resources used. Professional accountability concerns, in particular, values and skills that qualify the responsibility of a particular person within the entity. Professional experience, attachment to official duties and especially a sense of belonging are the basis of the expectations that are created in relation to the role that is played. Personal accountability relates exclusively to a person and his or her value system, regardless of the role or experience in previous positions. In this

type of accountability, responsibility is taken for who you are and not for what you do.

Of particular interest are those levels of accountability which are used in public entities to communicate between management and political bodies and between public administration and political parties, movements, and the representative organizations supporting them. Thus, social control over administrative work must find adequate forms of insurance capable of guaranteeing a permanent balance between discretionary power and responsibility.

Accountability is an emancipatory concept through which it is possible to properly develop social relations (Gray and Jenkins 1993), relations which can never depart from the duties arising from the respect of citizens' fundamental rights. In this perspective, accountability is tightly linked to the main ethical and moral choices taken by public managers and politicians. Of course, accountability can be observed from an ethical point of view or, perhaps, a moral one. Despite the risks and the limits that this observation involves (Messner 2009; Cho et al. 2015), there is no denying that accountability can help increase awareness of administrative action, both of those who administer and of citizens. Accountability serves as accelerator of virtuous processes. Increased awareness does not necessarily mean more responsible behavior, but more awareness is essential for the proper development of social relations and, therefore, for social capital (Putnam 2002). It is evident that the following questions remain: what to report, how to report, and when to report, questions around which lurk the elements most critical in public accountability. Due to these moral limitations, accountability cannot be considered as the maximum, or worse, the only expression of the responsibility of a public organization. On the other hand, improving human relations and instilling more conscious behavior can promote the general interests above individual interests. It is important to note that behind every entity, there are specific goals that, in the case of the public sector, have their origins and roots in the constitutional norms, laws, and the legal systems for the protection of both the fundamental rights and freedoms of individuals and of the interests of the entire community.

Correct and true information requires elaboration of accounting principles by the public sector, as well as the definition of rules that are capable of having an impact on the organizational models and governing structures within entities. Transparency of information and the correct representation of results can have a positive effect in public actions, with beneficial effects for all stakeholders. From this perspective, the legal asseveration or auditing of all documents, financial and nonfinancial communication, plays a decisive role, by which accountability is substantiated and is shaped by a qualified and independent professional subject, even more so in the voluntary accounting statements and nonmandatory reports. In fact, trust in the relationship between an administrator and citizens should never be a substitute for proper checks and inspections.

The essential prerequisites of accountability are a clear and unmistakable strategy of the political organs, the identification of accurate and prompt planning guidelines, the clear formulation of the objectives to be achieved, the construction of adequate mechanisms to measure and evaluate events, and finally the creation of effective communication channels, through which it is possible to transfer information and to give concrete personal and collective feedback. In recent years, there has been a wider acceptance of the idea that the legitimation of the public administration in the eyes of the public is less tied to its institutional nature and more and more to its ability to create goods and services in the quantity and with the quality expected by citizens, families, and the market in general (Saves 2000).

This new legitimacy undoubtedly strengthens the role and the function of public accountability, and at the same time the model of governance being adopted, confirming that it cannot be indifferent when achieving an effective management and a transparent relationship between governance and accountability.

These implications have been joined over the years by others – perhaps less visible but certainly

relevant – which reinforced the need for accountability in public administration. In particular, we should mention here the contribution that an accountable behavior of organizations can provide in terms of:

- Improving the relationship between generations
- Reduction of conflicts of interest
- Fighting corruption and cronyism
- Improvement of employee motivation
- Respect for human rights and the environment
- Greater participation and awareness of citizens
- Increase in the quality of the competition

## Conclusion

In light of what has been said so far, it is necessary to go back to some of the considerations made in relation to the definition of accountability or rather to its practical and not only literal definition of its meaning.

The term implies distinctive aspects of the relationship between public administration and stakeholders, or between those who have the responsibility to manage and those who have directly or indirectly helped define the plans and who want to know about the choices made and in some cases criticize the results. In this context, justification plays a decisive role for the public – it is considered a reasonable explanation of the main decisions made, while punishment or reward becomes the immediate and direct consequences of the evaluations formulated by the receivers of information. They should be adequately and sufficiently connected to the results achieved and the expectations developed.

Specifically, the following factors define the level of accountability of any organization:

- A clear and articulated planning process
- A transparent definition of the internal and external responsibilities
- An adequate accounting system
- An effective internal system of monitoring and evaluation
- Periodic communication of the activities carried out
- A significant benchmarking activity
- A significant use of technology in the communication process

A strong presence of these factors improves the quality of the evaluation process, which in turn leads to more transparent, understandable, and effective forms of cost-reporting.

## Cross-References


- ▶ Accounting Principles
- ▶ Auditing
- ▶ Co-production
- ▶ Corruption
- ▶ Legitimacy in Public Administration
- ▶ Performance Management and Culture
- ▶ Public Corruption


## References


Bebbington J, Unerman J, O'Dwyer B (2014) Sustainability accounting and accountability. Routledge, Abingdon

Borowiak CT (2011) Accountability and democracy. The pitfalls and promise of popular control. Oxford University Press, Oxford

Bovens M (2009) Public accountability. In: Ferlie E, Lynn LE, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Brennan J (2011) The ethics of voting. Princeton University Press, Princeton

Cho CH, Laine M, Roberts RW, Rodrigue M (2015) Organized hyprocricy, organizational façades, and sustainability reporting. Account Org Soc 40:78–94

Esposito P, Ricci P (2015) How to turn public (dis)value into new public value? Evidence from Italy. Public Money Manag 35(3):227–231

Flinders M (2012) Defending politics: why democracy matters in the 21st century. Oxford University Press, Oxford

Freeman ER (1984) Strategic management: a stakeholder approach. Pitman, Marshfield

Gray A, Jenkins B (1993) Codes of accountability in the new public sector. Account Audit Account J 6(3): 52–67

Hood C (1995) The new public management in the 1980s: variations on a theme. Account Org Soc 20(2/3):93–109

Mair P (2013) Ruling the void: the hollowing of Western democracy. Verso, London/New York

Messner M (2009) The limits of accountability. Account Org Soc 34:918–938
Moore MH (1995) Creating public value. Strategic management in government. Harvard University Press, Cambridge
Mulgan R (2000) Accountability: an ever-expanding concept? Public Adm 78(3):555–573
Olson O, Humphrey C, Guthrie J (2001) Caught in an evaluatory trap: a dilemma for public service under NPFM. Eur Account Rev 10(3):505–522
Ostrom V, Ostrom E (1977) Public goods and public choices. In: Savas E (ed) Alternatives for delivering public services. Toward improved performance. Westview, Boulder
Pollitt C (1993) Managerialism and public services. The Anglo-American experience. Blackwell, Oxford
Pollitt C, Bouckeart G (2000) Public management reform: a comparative analysis. Oxford University Press, New York
Putnam RD (2002) Democracies in flux: the evolution of social capital in contemporary society. Oxford University Press, New York
Roberts J (2009) No one is perfect: the limits of transparency and the ethic for "intelligent" accountability. Acc Organ Soc 34:957–970
Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Manag Rev 47(3):227–238
Saves S (2000) Privatization and public-private partnership. Chatham House Publishers, New York
Shah H (2010) Accountability: has it been hollowed out in modern state? J Polit Stud 18(77–):77–91
Sinclair A (1995) The chameleon of accountability: forms and discourses. Account Org Soc 20(2–3):303–326
Voorberg WH, Bekkers VJJM, Tummers LG (2015) A systematic review of co-creation and co-production: embarking on the social innovation journey. Public Manag Rev 17(9):1333–1357

# Accountability and Accounting: Insights from Russian Public Sector Reform

Konstantin Timoshenko
Nord University Business School, Bodø, Norway

## Synonyms

Answerability; Blameworthiness; Bureaucratic control; Efficiency; Enforcement; Law-abiding; Legal compliance; Liability; Responsibility; Responsiveness; Transparency

## Introduction

The past four decades or so have witnessed enormous efforts to modernize the public sector worldwide under the banner of New Public Management (NPM). A bewildering diversity of meanings regarding NPM and its effects has been expressed over time, including the viewing of it as a comprehensive package of ideas (Hood 1991), a label for the clusters of reforms, variations on a theme (Hood 1995), the leading tool box for healing all the managerial wounds, or "the cruellest invention of the human spirit" (Lapsley 2009). Despite the often spotty and sometimes even detrimental results (Hood and Dixon 2016; Hyndman and Lapsley 2016), today NPM has circled the earth by diverse paths, landed in various settings, and become entrenched in both theory and practice around the world.

One of the main pillars and fundamental tenets of NPM-driven reforms was a growing preoccupation with the notion of accountability. Indeed, numerous and repeated calls were voiced loudly by governments almost everywhere to make public sector managers more accountable for results, instead of granting them more power and autonomy. In the aftermath of these calls, the search for forms of accountability, concerned with effectiveness, efficiency, and the overall performance of public sector organizations, was initiated. The Russian state was not immune to this global trend. At the outset of the new millennium, appeals to boost efficiency, effectiveness, and accountability began to be widely echoed in the country, serving as the truths, in whose name the Russian public sector was to be revitalized. In this context, the need for reinvention of the post-Soviet model of the state was widely acknowledged, and a large-scale reform package was promoted by the federal government. This encapsulated, among other things, an updated version of accounting and financial reporting to be practiced within the Russian public sector.

This chapter seeks to elucidate the role(s) that the notion of accountability has played in the reconstruction of Russian central (federal) government accounting. Special emphasis is placed on linking the central government reform

initiatives aimed at bringing greater (and novel forms of) accountability within the Russian public sector with those endeavors to implement them in one state-sponsored university of Russian tertiary education (hereafter, the university or educational establishment). Notably, it is beyond the scope of this chapter to reach a verdict on whether the findings are applicable to other settings, implying that the generalizability of results to other Russian public sector organizations (including universities and other higher educational establishments) and/or levels of government may be quite problematic.

The remainder of this chapter proceeds as follows. Considering the importance of accountability and providing that it is still (relatively) ill defined, this chapter first aims at shedding some light on the ongoing debate of what accountability is and what the relationship between accountability and accounting represents. It then introduces some thoughts and reflections on public sector accountability. Furthermore, the interplay between accountability and accounting within the wider context of the Russian public sector reforms is described, using the evidence obtained from the university. In doing so, two levels are clearly differentiated in this chapter, incorporating the initiatives of the federal government (i.e., the macro-level) with efforts made to implement them locally (i.e., the micro-level). Finally, some concluding remarks are offered.

## Toward Defining Accountability

Accountability is always good; no one can deny this. However, it is hard to imagine an organization that is branded "too accountable" (Koppell 2005). While there is a wealth of literature on this topic, there is a clear-cut consensus that accountability is still an inherently "contentious," "complex," "heterogeneous," "contradictory and indeed contrary," ill-defined, and poorly structured concept (Almqvist et al. 2013; Sinclair 1995; Kearns 1994; Roberts 1991; Mulgan 2000). Sinclair (1995, p. 219) refers to the "chameleon of accountability," which is a "cherished concept, sought after but elusive." Nevertheless, the author continues that "Accountability is multiple and fragmented: being accountable in one form often requires compromises of other sorts of accountability" (Sinclair 1995, p. 231). Likewise, Kearns (1994) claims that "It is laden with competing assumptions and complicated by contextual factors that make the notion of accountability the ultimate 'moving target'" (p. 187).

The lack of clarity and coherence regarding the meaning of accountability is particularly striking in the extant literature. On the one hand, a wide array of closely related and often-overlapping terms abounds. This includes, but is not circumscribed by, *responsibility*, *responsiveness*, *answerability*, *blameworthiness*, and *transparency*. Although holding various conceptual implications, they are sometimes used interchangeably. On the other hand, accountability connotes *bureaucratic control* and *enforcement* in some articles, *democracy* and *integrity* in others, while still other commentators treat *accountable* as synonymous with *law-abiding*. It is evident that the meanings above are often not consistent with one another, implying that organizations cannot be accountable in all the senses implied by this single word.

The concept of accountability has gained increasing popularity recently. Not surprisingly, a search for the word "accountability" in Google resulted in over 319,000,000 entries, evincing a stupendous interest in the topic! Responding to this growing interest in accountability, a significant amount of research of a multidisciplinary nature has emerged in the literature. This embraces such fields as public administration, political science, accounting, ethics, and governance. In that regard, it is noteworthy that some peer-reviewed international journals incorporate the word "accountability" in their titles. Among those are *Accountability in Research*; *Financial Accountability and Management*; *Accounting, Auditing and Accountability Journal*; *Social and Environmental Accountability Journal*; *Journal of Leadership, Accountability and Ethics*; and *Educational Assessment, Evaluation and Accountability*.

The traditional view of accountability is that of a relationship involving "the giving and

demanding of reasons for conduct" (Roberts and Scapens 1985, p. 447). In this broad sense, accountability can be seen as "a chronic feature of daily conduct" (Giddens 1979, p. 57). At the very heart of this relationship is stewardship. If one is accountable, then one is answerable to another party and bound to render an account for actions taken, decisions made, and assignments completed, in either in written form or verbal communication (Ijiri 1975; Robinson 2003; Roberts and Scapens 1985). Specifically, the former, who is obliged to render the account for actions taken, is known as the *steward, agent,* or *accountor*, while one entrusting power and authority and to whom the account is presented is *the principal* or *accountee*.

Furthermore, the accountability relationship normally requires the accountor (agent) to account for his [her] activities assigned by the accountee (principal) and their consequences for the benefit of the latter (Ijiri 1975). Therefore, an *accountant* joins this accountability relationship between the accountor and the accountee, as a third party. More specifically, the accountant enters into this relationship with the primary goal of assisting the accountor in accounting for his [her] activities and their consequences and, at the same time, providing information to the accountee. This is to say that accounting operates in a principal–agent relationship (Mellemvik et al. 1988; Gårseth-Nesbakk and Timoshenko 2014) and that the accountant is involved in a dual relationship – one with the accountor and another with the accountee (Ijiri 1975). The same can be said for an *auditor*, whose main task is to provide "professional expertise and judgment" to both the accountee and the accountor, for the purpose of determining whether accounting activities performed by the accountant satisfy required practice.

One of the elements of accountability is control of the organizational activities. As indicated above, this is what has become known in the literature as the control objective of accounting (see e.g., Mellemvik et al. 1988; Gårseth-Nesbakk and Timoshenko 2014). The *UN Manual on Government Accounting* accentuates the role of accounting systems in ensuring that applicable laws and regulations are followed; that financial records and statements provide a "true and fair" result of operations; that the accounts and reports are issued and disseminated in time; and that expenditures are within approved ceilings (The UN 2000). This is coined *fiscal accountability.*

All the above suggests that the central task of accounting is to accomplish accountability. Viewed in this way, the latter can be seen as the social and organizational backbone of accounting. As the seminal contributor on this topic, Ijiri (1975) points out that accounting:

> "... is a system designed to facilitate the smooth functioning of accountability relationships among interested parties";
>
> "... starts with the recording and reporting of activities and their consequences, and ends with the discharging of accountability." (p. 32)

In their examination of the relationship between accounting systems and systems of accountability, Roberts and Scapens (1985) stress the role of the former in providing strict temporal order for an organization. Accounting systems are said to divide organizational life into accounting periods and contribute to generating regular reports. What is more, accounting involves the establishment of the most important boundaries of an organization – those internal and external boundaries that are determined by the system of accountability. The latter corresponds to the concept of an accounting entity, according to which, "Accounting is possible only when there is an area of economic interest that can be defined." Thus far, accountability provides for the "binding" of organizational time and space (Roberts and Scapens 1985, p. 448).

With the passage of time, however, the scope of accountability has been considerably enlarged to incorporate novel and more complex relationships. This renewed viewing of accountability goes well beyond its core sense of being called to account for one's actions. Munro and Mouritsen (1996) suggest that accountability should be comprehended as a broad concept, one that transcends a formal order to encompass a complex system of reciprocal rights and obligations that abound in organizations. Roberts (1991) emphasizes the latter and argues that

accountability also involves heterogeneous social practices, by means of which we tend to remind each other about our reciprocal dependence. Such reciprocal dependence can be thought of in both instrumental and moral terms; we are bound up with each other not simply in narrow, calculable ways but also, more broadly, in intended and unintended ways. That is why Roberts (1991) divides the concept of accountability into individualizing and socializing forms. In turn, Lindkvist and Llewellyn (2003) propose using the terms *accountability* and *responsibility* to connote instrumentality and morality, respectively.

As a matter of fact, it is the individualizing form of accountability which tends to dominate the mainstream body of research. Linked to formal organizational structures, it generates "…a sense of the self as essentially solitary and singular, nervously preoccupied with how one is seen" (Roberts 1991, p. 355). However, in a more constructive vein, Roberts identifies a socializing form of accountability that may counteract these negative consequences. While still behind the curve, a growing interest in investigating this form of accountability or responsibility, as Lindkvist and Llewellyn (2003) name it, has been documented recently. All in all, whereas the individualizing form of accountability relates to the system world where the instrumental logic of work prevails (e.g., accounting practices), the socializing form of accountability or responsibility portrays the life world characterized by non-instrumental interaction.

Accountability is, thus, not only a formal order but also a moral order, a system of reciprocal rights and obligations (Roberts and Scapens 1985). Indeed, rather than demonizing the formal accounting system as the decisive force in achieving organizational control, the interplay between a variety of formal and informal mechanisms is currently recognized (Lindkvist and Llewellyn 2003). The practice of accounting institutionalizes the notion of accountability and the right of some people to hold others to account for their actions (Roberts and Scapens 1985, p. 448). In fact, this also means that the absence of accounting results in the absence of accountability.

## Some Thoughts and Reflections on Public Sector Accountability

Accountability in the public sector has been given extensive literature coverage (Mulgan 2000). Even though there is a clear-cut agreement that accountability in the public sector is a prerequisite, there is a tiny consensus on which mechanisms should prevail at any point in time. This has resulted in "a complicated web of multiple, overlapping accountability relationships," within which public officials must operate (Romzek 1998, p. 197). The search for ways to keep public officials accountable has led scholars to identify various types of accountability, and a great deal of research effort on the topic is vividly indicative of that (Sinclair 1995; Romzek and Dubnik 1987; Kearns 1994; Bovens 2009). Although the professional and scholarly community may never reach agreement on one definition of accountability, it is deemed beneficial to elaborate an analytical framework that acknowledges the viability and contextual relevance of several definitions, as a guide for formulating strategies and policies in this arena (Kearns 1994, p. 187). It is pertinent to note here that the discussion below does not aim to provide all of the definitions that exist but, rather, those definitions that are the most illustrative.

To begin with, public sector accountability may exist at various levels, given a spectrum of stakeholders. According to Chan (2003), a distinction can be made between the three levels of accountability. The first level is *internal* accountability within the executive branch, where lower-level officials (i.e., bureaucrats) are accountable to their superiors (i.e., the elected members of the government). The second and higher level is *internal* accountability of the executive branch to the legislature. This kind of accountability is based on the proposition that elected officials occupying seats in the legislature are more directly accountable to the people than are appointed officials in administrative positions. The third and highest level of accountability is *external* accountability of the legislature to the electorate and general public. This fact is pointed out by, e.g., McCormick and Tollison (1981, p. 24): "In a

representative democracy voters-taxpayers can be considered as analogous to owners (principals) and politicians as analogous to managers (agents)", or, in the words of Sterk (1988, p. 659): "Legislators are agents. They act on behalf of people they represent, not for themselves as individuals."

Next, Barbara Romzek and her associates (Romzek and Dubnik 1987; Romzek 1998; Romzek and Ingraham 2000) characterize accountability relationships that "reflect both internal and external control strategies and vary in the degree of autonomy they afford the accountable manager" (Romzek and Ingraham 2000, p. 242). This typology for public sector accountability, believed to be among the most influential, was applied, in particular, to investigate events leading up to the explosion of the Challenger space shuttle in 1986. In essence, this approach yields four accountability types – hierarchical, legal, professional, and political – each of which is associated with a different "value emphasis" (see Table 1). Remarkably, this set of accountability types goes well beyond the purely financial dimension.

*Hierarchical* accountability is based on close supervision of individuals who possess low work autonomy. *Legal* accountability entails detailed external oversight of performance, for compliance with established mandates which managers are obliged to fulfill. *Professional* accountability is based on deference to the expertise of one's peers or work group. Finally, *political* accountability is established by responsiveness to the concerns of key external stakeholders. The diverse values and behavioral expectations pertinent to each accountability type are shown in Table 2.

**Accountability and Accounting: Insights from Russian Public Sector Reform, Table 1** Various types of accountability relationships (Adopted from Romzek and Ingraham (2000, p. 242))

| | | Sources of expectations and/or control | |
|---|---|---|---|
| | | Internal | External |
| **Degree of autonomy** | **Low** | Hierarchical | Legal |
| | **High** | Professional | Political |

As the literature demonstrates, public sector managers tend to "work under one or two of these types on a daily basis with the remaining types being in place but underutilized, if not dormant" (Romzek and Ingraham 2000, p. 242). In addition, there is often a shift in focus, meaning, and priority among heterogeneous types of accountability in times of change (Romzek 1998). To illustrate, in his study of the reform of the Italian public sector, Panozzo (2000) points out that managerial accountability has become transformed into a matter of legal compliance – management by decree – rather than a mechanism for promoting change. In a similar vein, Kurunmäki (1999) has documented a narrowing of the basis of accountability resulting from Finnish health care reforms, which led to a conflict with the broader societal conceptions of accountability held by medical professionals.

All the above fits squarely with a widely cited empirical study of accountability by Sinclair (1995). The author explores the way chief executives in the Australian public sector perceive and practice their accountability and unveils five types of accountability – political, public, managerial, professional, and personal. For public sector managers, political, parliamentary, or "upward" accountability is expressed in the desire to be loyal to one's political party. The duty to serve clients and the public constitutes public or "outward" accountability. In the aftermath of NPM efforts and assiduous attempts to reinvent the public sector around the globe, more recent theorizing has given much more prominence to managerial or financial accountability (Panozzo 2000). The latter embodies the concepts of managerial autonomy, efficiency [the rational use of resources in the process of achieving objectives], and effectiveness [the achievement of programmed objectives]. It is reinforced by the very impetus for quantification, that is, specification of measurable results (i.e., outcomes), performance or objectives by managers and their superiors, accompanied by a relaxation of formalized controls over inputs and processes (Sinclair 1995). Finally, professional and personal accountabilities to one's profession and one's code of ethics are also indispensable components in Sinclair's

**Accountability and Accounting: Insights from Russian Public Sector Reform, Table 2** Values and behavioral expectations of diverse accountability types (Adopted from Romzek and Ingraham (2000, p. 242))

| Type of accountability | Value emphasis | Behavioral expectations |
|---|---|---|
| Hierarchical | Efficiency | Obedience to organizational directives |
| Legal | Rule of law | Compliance with external mandates |
| Professional | Expertise | Deference to individual judgment and expertise |
| Political | Responsiveness | Responsive to key external stakeholders |

typology. Sinclair's findings provide strong evidence indicating that the aforementioned types of accountability are not mutually exclusive but contextually dependent. This means that organizations may be accountable in more than one way.

## Accountability and Accounting in the Light of Russian Public Sector Reform: A Macro-Micro Link

### The First Wave of Public Sector Reforms in Post-Soviet Russia

The dominant accountability pattern established within the Russian public sector during the 1990s was exclusively concerned with the budgetary process. In this context, the annual federal budget was reckoned to be the major tool for demonstrating, enforcing, and discharging internal accountability between the Federal Assembly (the national legislature of the Russian Federation) as the principal and the Russian Cabinet of Ministers (the Government, the national executive body of the Russian Federation) as the agent. Not surprisingly, this clear-cut emphasis on the budget gave birth to a system of budgetary (or Treasury) accounting, capable of measuring and communicating actual budgetary performance versus authorizations. The report on the federal budget execution was the main and solely accounting statement to be submitted to the Russian legislature. Indeed, the setting was characterized by the sudden disappearance of Soviet methods of control over budget execution through the banking system. This eventually prompted novel ways of doing accounting in the Russian public sector. The Treasury accounting and financial reporting system, in fact, filled this void (Timoshenko and Adhikari 2009a).

While there was a growing preoccupation with the government's overall management of the macro-economy at the federal level via the budget, Russian public sector entities were forced to comply entirely with preestablished rules for budget limits and expenditures implanted by their overseeing government agencies. This laid down the foundation for a system of accounting for budget institutions. As the evidence gained from the university demonstrated (Timoshenko 2008; Timoshenko and Adhikari 2009b), the educational establishment was compelled to report to its main supervisory body in Moscow and the regional treasury department on the use of all its funds, from both budget and off-budget sources. Any failure, delay, or mistake in so doing could lead to sanctions imposed by government officials. Interestingly enough, other users of financial statements apart from the state were simply not emphasized.

This resulted in a strong one-way relationship between the state as the principal and the university as the agent, making subordinate accountability to the Ministry/Agency the prevalent pattern for the university. Thus far, the system of government accounting and financial reporting established during the 1990s was designated to facilitate the smooth functioning of this accountability type. In this context, the dominant tenet of accounting was control and legal compliance, directed at ensuring that the needs of the state were implanted into the university accounting system and that the recognition of its requirements was assured; that applicable Russian laws and regulations were followed; and that the accounts and reports were issued and disseminated in time. For example, funds allocated to the educational establishment for scholarships had to be utilized for that purpose and not for another! Otherwise,

sanctions might be imposed, up to the halting of state financing. The same scenario might occur, given the university's failure to submit its reports in time. What occurred was a detailed rule for almost every conceivable transaction, intended to prevent spending in excess of appropriations and to secure the collection of revenues as specified in the budget. In a nutshell, accounting was seen as a mere exercise, leaving the university accounting department with no involvement other than following rules set in Moscow.

## Reform Efforts Toward NPM in Russia: Reality or Rhetoric?

The turn of the new millennium witnessed the meteoric rise of public sector reforms in Russia under the umbrella of NPM. In this context, a variety of ambitious, large-scale top-down government initiatives came to the fore, heralding a discernible shift in the ideology imbuing Russian public administration. Among the key items on the menu from the NPM "cuisine" in Russia were the structural reform of government agencies and other reforms of all federal relations and self-government, the launch and implementation of performance-oriented budgeting and medium-term financial planning, as well as a stride away from traditional cash accounting toward more informative business-like accrual accounting (Timoshenko and Adhikari 2009a). Indeed, rather than being a matter of legal compliance with the state's requirements in the course of budget execution, there was a growing preoccupation at the macro-level with running public sector entities in a more effective and efficient way.

In this context, the federal government appears to have commenced the modernization process itself by essentially reorganizing its executive branch. The updated structure of the Russian Cabinet of Ministers was vigorously supportive of this, containing a clearer accountability framework in relation to its previous pattern. For example, the Federal Ministry for Education and Science was restructured into two federal agencies and two federal services under its supervision in attempts to discern the formulation of state educational (and research) policy from its provision. This underlined the emphasis of Russian reforms on heightened accountability *within* the executive branch, so that, rather than being held accountable for the correct use of inputs, ministries/agencies/services could be held accountable for the results of using those inputs. Therefore, enhancing managerial accountability became a top priority at the macro-level.

With a clear-cut appeal for a shift from a culture of execution to a culture of results at the macro-level, the situation varied markedly at the micro-level. As the evidence obtained from the educational establishment indicated (Timoshenko 2008; Timoshenko and Adhikari 2009b), several accountability forms acted in conjunction with one another on a daily basis there. Remarkably, with the university as an entity formally accountable to the state in legal terms, some teachers and researchers saw themselves as more responsible to their clients, rather than to the university employing them. Among those clients were free-from-charge and fee-paying students, academies, parents, industrial firms, and potential employees. Having said this, there was an obvious need to be responsive to the concerns of varied contractors who had a legal, moral, or ownership-type right to know how the university spent its money and what results were achieved. All this, without any doubt, denoted the existence of the socializing (that is, professional, political, and personal) forms of accountability within the educational establishment.

Notwithstanding the fact that the university became responsive to the concerns of its clients, hierarchical administrative accountability to the ministry/agency remained the potent type of accountability for the educational establishment. Indeed, even though a constellation of actors had a stake in university affairs, the federal officials in Moscow played the most decisive roles in university affairs. Notably, the university's accounting statements continued to be treated as confidential documents and not transparent to the general public, even though the university charter required this. In fact, only those university administrators with budget responsibility were permitted to access information within the auspices of their authority. Rather than being intentional, this probably represented an entrenched habit inherited from the Soviet past, when all financial statements had been

regarded as confidential documents. It should be noted, however, that the situation has altered dramatically since the early 2010s, when Internet users were given access to plentiful data regarding all public sector organizations throughout the country, including their financial statements.

Thus far, the federal government continued to dictate the way accounting was to be practiced at the university. Under these circumstances, the university was coerced by the federal authorities to alter its accounting and financial reporting system from cash to accruals, irrespective of its wants and wishes. Widely touted by the Federal Ministry of Finance's officials, a new myth of accrual accounting was dispatched to the university as either a suitable replacement for or a possible complement to the myth of cash. Just as cash accounting was a deeply entrenched way of accounting for public monies at the educational establishment, over many years, accrual accounting was meant to supersede or complement the former.

However, the empirical evidence gathered from the university suggests that an up-to-date version of accounting and financial reporting calibrated at the macro-level did not significantly encroach upon the existing budgetary practices locally. It is therefore not surprising that cash-basis data was still extensively used and indeed constituted the sole source of information in the day-to-day management of university operations (e.g., the payments from fee-paying students) and in the budgetary process. As such, the launched accrual-based financial statements were merely seen as an additional burden for the university accounting department. All this leads one to conclude that changes at the central government level penetrated down to the university in form – and much less in practice. Most likely, the introduction of a novel version of accounting by the Russian state was regarded as more of *a symbol of legitimacy* for the university rather than of an actual financial management tool.

## Concluding Remarks

The following conclusions are worth mentioning here. Firstly, an inextricable relationship does exist between accountability and accounting. Albeit more in rhetoric than practice, appeals for a more accountable Russian public sector gave birth to a new, more informative accrual-based accounting system. This is to say that the practice of accounting institutionalizes the notion of accountability (Roberts and Scapens 1985), implying that any shift in focus and priority among the diverse patterns of accountability leads to important repercussions for the accounting system. Consequently, when researching (public sector) accounting, a special reference to accountability is a prerequisite.

Secondly, the very meaning of accountability underwent a complete and dramatic change in the aftermath of the Russian public sector reform. More specifically, calls for greater and novel forms of accountability triggered by NPM-style reforms worldwide can help comprehend the Russian public sector accounting change in the following manner. On the one hand, at the macro-level, the rise of a concern regarding accountability can be seen as linked to the rise in efficiency and effectiveness as a key part of the strategy to revitalize Russia's public sector. On the other hand, at the micro-level, a concern with accountability may be characterized as an imposition of new accounting techniques and practices by the federal government in attempts to regulate the university in the very name of augmented efficiency and effectiveness. The latter argument aligns with Schedler's (1999) view of accountability as enforcement, or "the capacity of … agencies to impose sanctions on power holders who have violated their public duties" (p. 14). All this is to say that accountability is indeed context-specific.

Finally, while NPM (now no longer new) was the dominant doctrine of administrative reform and the leading toolbox for healing all the managerial wounds throughout the 1990s and in the early twenty-first century, the 2010s are far from the best of times for NPM. In that regard, questions remain unanswered as to whether NPM actually led to better accountability in the public sector worldwide. With the relevance of NPM steadily on the wane and its potential exhausted, and with some academic commentators even presaging its ultimate demise, public administration is clearly

undergoing a paradigmatic shift toward brand-new [post-NPM] avenues of thought (Klijn 2012; Christensen and Lægreid 2011; Osborne 2006; O'Flynn 2007; Almqvist et al. 2013). So, more than likely, four decades of the ideological hegemony of NPM in the global public sector arena seem to be history now, giving birth to what is generally referred to in the contemporary literature as New Public Governance. Having increasingly come into vogue, this emerging conceptual framework pledges to eradicate the debilitating effects that the managerialism of recent decades caused. This may result in updated (perhaps, more horizontal) accountability types and changes in the way accounting is (to be) practiced.

## Cross-References

- ▶ Accountability and Corruption, Europe
- ▶ Accountability and Democratic Administration
- ▶ Accountability Mechanisms
- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Cash Accounting
- ▶ Development Administration
- ▶ Governmental Accountability
- ▶ Innovation in Public Sector Accounting
- ▶ New Public Management
- ▶ New Public Management and Governance
- ▶ Nonprofit Organization Accountability
- ▶ Public Sector Accounting
- ▶ State and Local Governmental Accounting in the United States

## References


Almqvist R, Grossi G, Reichard C, van Helden J (2013) Public sector governance and accountability. Crit Perspect Account 24(7/8):479–487

Bovens M (2009) Public accountability. In: Lawrence L Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford Handbooks, Oxford

Chan JL (2003) Government accounting: an assessment of theory, purposes and standards. Public Money Manag 23(1):13–20

Christensen T, Lægreid P (2011) Complexity and hybrid public administration – theoretical and empirical challenges. Public Organ Rev 11:407–423

Gårseth-Nesbakk L, Timoshenko K (2014) Ch. 9, the functions of accounting revisited – new meanings and directions. In: Bourmistrov A, Olson O (eds) Accounting, management control & institutional development. Cappelen Damm Akademisk, Oslo, pp 141–156

Giddens A (1979) Central problems in social theory action, structure and contradiction in social analysis. Macmillan, London

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Hood C (1995) The new public management in the 1980s: variations on a theme. Acc Organ Soc 20(2/3):287–305

Hood C, Dixon R (2016) Not what it said on the tin? Reflections on three decades of UK public management reform. Financ Account Manag 32(4):409–428

Hyndman N, Lapsley I (2016) New public management: the story continues. Financ Account Manag 32(4):385–408

Ijiri Y (1975) The theory of accounting measurement. American Accounting Association, Sarasota

Kearns KP (1994) The strategic management of accounting in non-profit organizations: an analytical perspective. Public Adm Rev 54(2):185–192

Klijn EH (2012) New public management and governance: a comparison. Oxford handbook of governance. Oxford University Press, Oxford, pp 201–214

Koppell JGS (2005) Pathologies of accountability: ICANN and the challenge of "multiple accountabilities disorder". Public Adm Rev 65(1):94–109

Kurunmäki L (1999) Making an accounting entity: the case of the hospital in Finnish health care reforms. Eur Account Rev 8(2):219–237

Lapsley I (2009) New public management: the cruellest invention of the human spirit? Abacus 45:1–21

Lindkvist L, Llewellyn S (2003) Accountability, responsibility and organization. Scand J Manag 19:251–273

McCormick RE, Tollison RD (1981) Politicians, legislation and the economy. An inquiry into the interest-group theory of government. Springer Verlag, Dordrecht/Boston/Lancaster

Mellemvik F, Monsen N, Olson O (1988) Functions of accounting – a discussion. Scand J Manag 4(3/4):101–119

Mulgan R (2000) Accountability: an ever-expanding concept. Public Adm 78(3):555–573

Munro R, Mouritsen J (1996) Accountability: power ethos and the technologies of managing. International Thompson Business Press, London

O'Flynn J (2007) From new public management to public value: paradigmatic change and managerial implications. Aust J Public Adm 66(3):353–366

Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–387

Panozzo F (2000) Management by decree. Paradoxes in the reform of the Italian public sector. Scand J Manag 16:357–373

Roberts J (1991) The possibilities of accountability. Acc Organ Soc 16(4):355–368

Roberts J, Scapens R (1985) Accounting systems and systems of accountability – understanding accounting

systems in their organizational contexts. Account Organ Soc 10(4):443–456
Robinson P (2003) Government accountability and performance measurement. Crit Perspect Account 14:171–186
Romzek B (1998) Where the buck stops. In: Ingraham PW, Thompson JR, Sanders RP (eds) Transforming government lessons from the reinvention laboratories. Jossey-Bass, San Francisco, pp 193–219
Romzek B, Dubnik MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47(3):227–238
Romzek B, Ingraham PW (2000) Cross pressures of accountability: initiative, command, and failure in the red brown plane crash. Public Adm Rev 60(3):240–253
Schedler A (1999) Conceptualizing accountability. In: Schedler A, Diamond L, Plattner M (eds) The self-restraining state: power and accountability in new democracies. Lynne Reinner, Boulder, pp 13–28
Sinclair A (1995) The chameleon of accountability: forms and discourses. Account Organ Soc 20(2/3):219–237
Sterk SE (1988) The continuity of legislatures: of contracts and the contract clause. Columbia Law Rev 88:647–722
Timoshenko K (2008) Russian public sector reform: the impact on university accounting. J Bus Econ Manag 9(2):133–144
Timoshenko K, Adhikari P (2009a) Exploring Russian central government accounting in its context. J Account Organ Chang 5(4):490–513
Timoshenko K, Adhikari P (2009b) Implementing public sector accounting reform in Russia: evidence from one university. In: Tsamenyi M, Uddin S (eds) Research in accounting in emerging economies, vol 9, Emarald Group Publishing Limited, UK, pp 169–192
United Nations (2000) Economic governance: guidelines for effective financial management. ST/ESA/PAD/SER.E/9, New York

# Accountability and Corruption, Europe

Bernardino Benito
Department of Accounting and Finance, Faculty of Economics and Business, University of Murcia, Murcia, Spain

## Synonyms

*Corruption*

Blackmail; Bribery; Coercion; Crime; Crookedness; Degeneracy; Dishonesty; Exploitation; Exploitation; Fraud; Immorality; Immorality; Impurity; Jobbery; Malfeasance; Misrepresentation; Moral; Nepotism; Profiteering; Racket; Shuffle; Trust; Unscrupulousness; Venality

*Accountability*

Answerability; Liability; Obligation; Reporting; Responsibility; Transparency

## Definition

The most widely accepted definition of corruption is that provided by Transparency International (https://www.transparency.org/). According to this prestigious institution, corruption can be defined as "the abuse of power for private gain." Recent years have seen a consensus in classifying corruption as grand, petty, and political, depending on the amount of money lost and the sector in which this occurs.

Grand corruption is the realization of acts at high levels of government which distort the policies or functioning of public administrations, in a manner that some benefit at the expense of public goods or services and thus cause serious harm to individuals in particular and society as a whole. It often goes unpunished.

Petty corruption refers to the daily abuse of power held by civil servants of low and medium standing in their dealings with citizens, who frequently try to access basic goods and services in places like hospitals, schools, police departments, and other agencies.

Political corruption derives from the manipulation of policies, institutions, and procedural rules in assignation of resources and the financing of these by members of government staff, who abuse their position to sustain their power, status, and wealth.

Accountability refers to that individuals, agencies, and organizations (public, private, and civil society) held responsible for reporting their activities and executing their powers properly. It also includes the responsibility for money or other entrusted property.

## Introduction

Perhaps the first example of corruption in the civilized world is recorded in low Mesopotamia,

Sumeria, where an essay on the lives of students relates that one of them, on returning home, informs his father that he had been beaten by the teacher (a common practice at the time) for being absent, late, and for his poor writing, and so the parents invited the teacher round for lunch:

> When the teacher arrived, he was placed in a position of honour, he was offered wine and, as a gift, they dressed him in new robes and placed a gold ring on his finger. The grateful teacher turned to the student and said: Since you have not scorned my words... I wish you much success ... You have fulfilled your scholarly duties well and have become a man of good. (Abreu 2005)

For other writers, the first recorded act of corruption occurred in Ancient Egypt during the reign of Ramses IX (1142–1123 BC) since a papyrus relates the difficulties experienced by one of the Pharaoh's officials because he had reported the dirty dealings of a fellow official who had been in association with tomb robbers and had turned a blind eye to the loot taken from tombs in exchange for substantial payments.

Corruption remains one of the biggest challenges to all societies, including European ones. Although the nature and scope of the corruption may vary from one country to another, it has been proved that in all cases it is harmful as investments are reduced, so causing hindrances to the internal market and a drop in public income. It has, for example, been calculated that the economic costs arising from corruption in the European Union (EU) countries amount to 120 million euro a year (1% of the GNP) (European Commission 2011a).

According to the successive Eurobarometers on corruption produced every 2 years since 2009, 3 out of 4 interviewees on average consider corruption to be a very serious problem. Worse still, a study titled "Bribe Payers Index Report 2011" and carried out by Transparency International (Hardoon and Heinrich 2011) reports that 5% of EU citizens admit to having paid one bribe a year.

So far this century, there have been important efforts, although insufficient, internationally, in Europe and domestically, to bring down corruption (European Parliament 2003). In the EU, a legal framework has been developed to fight corruption by the adoption of legislation against corruption in the private sector (Council of the European Union 2003, p. 54) and the EU adhesion to the United Nations Convention against Corruption (UNCAC) (Council Decision 2008/801/EC (OJ L 287, 29.10.2008, p. 1)).

Furthermore, the Treaty on the Functioning of the European Union recognizes that corruption is a serious offense with a transborder character against which the member states cannot fight using only their own means. Article 83(1) of the Treaty on the Functioning of the European Union lists corruption among those crimes for which directives providing minimum rules on definition of criminal offenses and sanctions may be established, since corruption often has implications across, and beyond, internal EU borders (European Union 2012). Bribery across borders, but also other forms of corruption, such as corruption in the judiciary, may affect competition and investment flows. It has been agreed that anticorruption measures should constitute an important part of EU policies.

It should be remembered that at the international level, the main existing monitoring and evaluation mechanisms are the Council of Europe Group of States against Corruption (GRECO), the OECD Working Group on Bribery, and the review mechanism of the UNCAC.

In an attempt to foster political will to combat corruption and improve anticorruption policies and measures adopted by the member states, the European Commission created a new mechanism, the *EU Anti-Corruption Report*, to oversee and evaluate anticorruption efforts. With the support of a group of experts and a network of research correspondents and an appropriate EU budget, the report is prepared by the Commission and is published every 2 years, as of 2013. These reports seek to reflect the achievements, the vulnerabilities, and the commitments of all the member states. They also identify trends and weaknesses and encourage learning and the sharing of best practices. Along with this tool, it was also agreed that the EU was to participate in the GRECO (Report from the Commission to the Council on the modalities of EU participation in the GRECO; COM(2011) 307).

The first *EU Anti-Corruption Report* (European Commission 2014) covers all 28 EU member states and focuses on selected key issues of particular relevance to each member state. It describes good practices as well as weaknesses and identifies steps which will allow member states to address corruption more effectively.

In what follows, and according to the abovementioned Anti-Corruption Report, the most important areas in the European scenario in which corruption appears are identified and, also, the measures that can be adopted to fight it.

## Specific Risk Areas

### Selected Vulnerable Sectors

In several European member states, there are sectors which are particularly vulnerable to corruption and which require specific answers:

- Urban development, building, and environment planning. Given the importance of this sector in many countries (Spain is probably the clearest example), Benito et al. (2015) have done a list of the most frequent corrupt practices:
- Classification of non-developable plots as developable plots in areas which, due to their natural features, should remain non-developable.
- Illegal building up of non-developable land, either with municipal approval or taking advantage of the municipality's negligent inactivity in controlling urban illegalities.
- Classification as urban developable of land that should not be classified by law.
- Partial modification of the municipal urban plan instead of a general revision of the plan, which would be more appropriate. These partial modifications distort the general urban plan of the municipality.
- Illegal urban activities are legalized through ad hoc plan modifications, preventing the judicial sentence from being executed.
- Urban plans or urban plan modifications are approved without meeting urban law requirements.
- Urban developments are executed circumventing some basic legal requirements.
- Municipal land disposal revenues, which should be reinvested in municipal land, sometimes finance municipal current expenditures.
- Municipal land not used for the required legal purposes.
- Urban plans ignore environmental legislation, which causes ecological damages.
- Healthcare; in particular regarding under the counter payments and corruption in public contracting within the pharmaceutical sector.
- Corruption in tax administration.

### Integrity and Transparency of the Financial Sector

A report, titled "Promoting an Appropriate Policy on Tax Havens," from the Parliamentary Assembly of the Council of Europe (2012) concludes that there are connections between large cases of corruption and tax evasion through offshore companies and tax havens. The report refers to the Stolen Asset Recovery Initiative of the World Bank (this initiative can be seen at http://star.worldbank.org/star/) and the UNODC, which analyzes 150 grand corruption cases and finds a direct link between large-scale corruption by high-level public officials and the concealment of stolen assets through opaque shell companies, foundations, and trusts. Furthermore, it indicates obstacles to investigating and tracing stolen assets due to lack of access to information on beneficial ownership and the use of sophisticated multi-jurisdictional corporate structures.

Other examples of bad banking practices that may be linked to corruption include fixing interest rates in favor of certain persons; loans linked to irresponsible, speculative operations; and failing to exercise due diligence.

### Corruption at the Regional and Local Level

Corruption is most rife at regional and local government levels given that internal controls tend to be laxer than at central government level. In many of the member states, the wide discretionary powers of regional governments and local administrations (which also manage considerable resources)

are not accompanied by suitable responsibility and control mechanisms. In these cases, it is necessary to redouble the efforts to instill the good practices in operation in other regions and local administrations, especially in terms of regulations regarding transparency, disclosure of assets, prevention and sanctioning of conflicts of interests, and public spending. As an example, Italia has created a network of over 200 regional, municipal, and provincial administrations with the aim of jointly preventing corruption and mafia infiltration in public systems (http://www.avvisopubblico.it/).

### Foreign Bribery

Recent years have witnessed a large number of corruption cases linked to companies' overseas behavior, especially in countries where corrupt practices are widespread.

### State-Owned Companies

Some EU member states suffer from deficiencies in the supervision of state-owned companies, with blurred legislation and politicization that prevents appointments that are merit based or that are in the general interest. There is little transparency regarding the allocation of funds and, in some cases, the purchase of services by these companies. Recent investigations into alleged misuse of funds, corrupt practices, and money laundering linked to state-owned companies point to the high level of corruption-related risks in this area, as well as to the weakness of control and prevention.

### Petty Corruption

Petty corruption is present in just a few of the EU member states (with Romania possibly the most outstanding case), and the most prominent examples are unofficial or non-authorized payments that are still made to secure favorable treatment, especially within the health system.

### Links Between Corruption and Organized Crime

The links between organized crime, companies, and politics remain an important concern in many countries, in particular at the regional and local level and especially in public contracting, construction, maintenance, and waste management services.

## Control Mechanisms and Prevention

### Prioritizing Anticorruption Policies

It is vital that anticorruption policies figure high on the list of governments' agendas. The financial crisis that has been dragging on for many years now has brought to the fore the problems of integrity and accountability among decision-makers. Most of the countries facing serious economic difficulties have recognized the severity of their corruption-related problems and have brought in, or are in the process of bringing, anticorruption programs to counter the risks of embezzlement of public funds.

### Political Accountability

The crisis has led to social protests against not only social and economic policies but also the integrity and accountability of the political elite. Scandals involving corruption, embezzlement, and unethical behavior of politicians have stirred up discontent and distrust of the public system.

Political integrity is a serious problem in many countries. Codes of conduct within political parties or elected parliaments at central and local levels seem to be the exception rather than the rule. Even when these do exist, they frequently have no effective supervision mechanisms or any clear, transparent rules regarding the sanctioning of breaches. In some cases, insufficient accountability has led to a perception that the political elite are above and beyond the law. The politicization of contracting public administration posts at all levels has only served to breed more corruption, the risk of conflict of interests, and weakened control mechanisms, all of which belittle the overall credibility of public administration as a whole.

In this respect, an active legislature plays an important role in governance and accountability, which in turn is essential for democracy. The primary roles of legislatures are legislation,

oversight, and representation. Oversight refers to controlling the activities of the executive and – on behalf of citizens – holding the executive accountable. Therefore, legislative oversight can contribute to ensuring that the relationship between the state and its citizens is characterized by accountability (Hudson and Wren 2007). In fact, legislatures play a key role that makes them pivotal to good governance, since they are involved both in vertical and horizontal accountability mechanisms. In other words, legislatures are the point in a governance system where voter-executive relations (vertical accountability) come into contact with legislature-executive relations (horizontal accountability). It is through playing this pivotal role that legislatures can contribute to effective and democratic governance. By providing oversight, they can contribute to accountability, which in turn can facilitate learning and improved performance (Hudson and Wren 2007). In democratic countries, ultimate accountability of the executive is to the electorate (vertical accountability), but several years can pass between elections. During this interval, horizontal accountability, in the form of independent checks and balances, plays an essential role in safeguarding government integrity (O'Donnell 1998). An effective legislature is one which performs its horizontal accountability functions in agreement with the wishes of the voters.

Legislatures around the world have the constitutional power to oversee budget formulation and implementation. Legislatures participate in the governance of the budget by approving budget allocations, overseeing budget execution, and controlling budget performance. Effective legislative budgetary oversight enhances accountability, participation, and transparency, which are all concepts associated with a strong democracy. Besides, legislative budgetary oversight becomes even more important in times of economic crisis, such as the world financial crisis that started in 2008. In fact, central governments around the world are trying to address the fallout from the global economic crisis, which has led them to make painful decisions in respect of spending reductions and tax increases. The best way to improve the allocation of public finances is through budget systems that are transparent, open to public engagement and scrutiny, and have robust oversight institutions (International Budget Partnership 2012). In fact, a lack of transparency and effective oversight of the vulnerability of government debt and deficits to external shocks contributed to the recent economic crisis (IBP 2010).

### Use of Preventive Policies

Preventive policies should include clear ethical rules, transparency in all that regard public management, awareness-raising measures, the creation of a culture of integrity within organizations, effective internal control mechanisms, easy access to information of public interest, effective systems to evaluate the performance of public institutions, etc.

### Financing of Political Parties

Unfortunately, corruption has abounded in the illegal financing of political parties. Vote buying and other improper practices to influence the electorate have also been observed in several countries. Although not all, most developed countries have made changes to their legislations on party financing, including gifts, and have raised their standards of transparency. It is now a legal requirement for political parties to publish their accounts, and in this respect, the GRECO recommendations have proved very useful.

### Effectiveness of Anticorruption Agencies

The factors that influence the success of anticorruption agencies are, among others, the assurance of independence and absence of political interference, selection based on merit and the staff promotion, multidisciplinary collaboration between operational teams and other institutions, fast access to databases and knowledge, and the provision of necessary resources and skills.

### External and Internal Control Mechanisms

Control mechanisms play an important role in preventing and detecting corruption within public authorities. Deep-rooted corruption cannot be tackled without an integral approach that aims to improve prevention and control mechanisms throughout public administration. The Courts of

Auditors has an important role in promoting anticorruption reforms, and it is now obligatory to alert the relevant authorities to suspected cases.

It is also necessary to reinforce internal and external control mechanisms at the regional and local level as these have frequently been shown to be weak and uncoordinated.

### Rules on Conflict of Interest

Conflicts of interests arise when civil servants act, seek to act, or seemingly act in a way that benefits a private business. These conflicts of interest in decision-making, the awarding of public funds, and public tenders, in particular at the local level, are a recurring pattern in many countries.

Work mobility between the public and private sectors is essential for the functioning of a modern society, and it can bring huge benefits for both sectors. However, it does imply the potential risk that politicians and former civil servants may divulge reserved information regarding their former functions, while ex-private sector workers may occupy public posts that lead to conflicts of interest with their former employers.

Among the many formulas to tackle this is the creation of specialized bodies to carry out controls, or ethics committees in the parliaments or assemblies, which have the power to impose sanctions, even though party discipline and self-control may not be as effective as it should in this sense. Likewise, there is a need to introduce the practice of canceling contracts signed or carried out in situations of conflict of interest or the recovery of the estimated cost of damages sustained.

### Transparency of Lobbying

In the complex world of drawing up public policies, it is desirable for different administrations to participate in an ongoing dialog with citizens. All the interested parties should be able to express their opinions, and this should be done in a transparent way. Lobbying by the various groups can increase the risks of corruption in order to capture the attention of the regulator or legislator, so it is therefore convenient to have mechanisms in which to handle these types of activities. This could be achieved either through legislation or by voluntary registration of lobby groups. Such mechanisms would favor clearer and more transparent relations between public authorities and outside interested parties and so reduce the risk of corruption.

### Asset Disclosure

The publication of the goods owned by politicians and civil servants should be a practice that contributes to consolidating their responsibilities, while at the same time guaranteeing greater transparency and detecting possible cases of unjust enrichment, conflicts of interest, and incompatibilities, as well as helping to detect and investigate possible corrupt practices.

### Criminal Law

Faster and more efficient legal proceedings need to be brought in, supported by tools to combat corruption, including a clearer definition of crimes.

### Capacity of Law Enforcement, Prosecution, and Judiciary

Repressive measures are not enough in themselves to tackle corruption effectively. However, the capacity of the legal system to impose criminal sanctions as deterrents is important and sends out a clear sign that corruption will not be tolerated.

The independence of the judiciary and high ethical standards within it are essential for the objective and impartial handling of cases of corruption, free of any undue influences. What should never be permitted is lack of transparency or discretion in the appointment, promotion, or dismissal of attorneys working on cases of corruption, and this holds also for attempts to discredit the institutions that combat corruption and the leaders of these for no apparent objective reason. Neither is it desirable that politicians interfere in the management and functioning of the anticorruption police units, while the latter should be accountable for all their actions.

### Transparency Policies and Freedom of Information

Openness and transparency should serve as a deterrent for corruption and can help to detect transgressions as and when they occur.

### Whistleblowers' Protection

Suitable mechanisms need to be set up within the public administration for the reporting of irregularities and illegal acts. However, reporting such behaviors can be hampered by a general reluctance to report these within the organization itself and because of fear of reprisals. It is therefore fundamental to build up a culture of integrity within each organization and create and make people aware of effective protection mechanisms that reassure potential whistleblowers.

## Public Procurement

Public tendering is an important element of EU national economies. Approximately 20% of the GDP of the EU is spent each year by public administrations on acquiring goods, works, and services. Given the financial flows this generates, public procurement is an area that is prone to corrupt practices. As an example, according to an investigation carried out in 2008 (Medina 2008) into public procurement and corruption, the added costs in a contract ensuing from corrupt practices could be between 20% and 25% and in some cases even as high as 50% of the total cost of the contract. The OECD (2009) in its Principles for Integrity in Public Procurement states that "weak governance in public procurement hinders market competition and raises the price paid by the administration for goods and services, directly impacting public expenditures and therefore taxpayers' resources. The financial interests at stake, and the close interaction between the public and private sectors, make public procurement a major risk area."

A 2013 study (PricewaterhouseCoopers and Ecorys 2013) on identifying and reducing corruption in public procurement in the EU concluded that in 2010 the overall direct costs of corruption in public procurement for only five sectors (road and rail, water and waste, urban/utility construction, training, research and development) in eight member states (France, Italy, Hungary, Lithuania, the Netherlands, Poland, Romania, and Spain) ranged from EUR 1.4 billion up to EUR 2.2 billion.

In the above study, four main types of corrupt practices were identified: (1) bid rigging (in the form of bid suppression, complementary offers, bid rotation, and subcontracting) when the contract is "promised" to one contractor with or without the consent of public officials; (2) kickbacks, when the public official requests or accepts a bribe which will be accounted for in the tendering process, including administrative processes; (3) conflict of interest; and (4) other irregularities including deliberate mismanagement/ignorance when public officials do not carry out proper checks or follow the required procedures and/or tolerate or ignore overt deliberate mismanagement by contractors.

Construction, energy, transport, defense, and healthcare sectors appear to be most vulnerable to corruption in public procurement.

In several countries where allegations of illegal party funding emerged, there were situations in which such funding was allegedly granted in exchange for beneficial decisions regarding the award of public contracts. In some other cases, the allegations concerned too close links between businesses and politicians at the central or local level, which encouraged alleged corrupt practices linked to the award of public contracts.

In some municipalities and regions, a strong consolidation of "clientele" networks around small interest groups has been developed. Most of the cases have concerned charges or allegations of illegal party funding, personal illicit enrichment, diversion of national or EU funds, favoritism, and conflicts of interest. In a few member states (Bulgaria, Italy, Romania), there have been cases in which some organized crime leaders at the municipality level established their own political parties or infiltrated municipal councils to exert influence over local law enforcement or the judiciary and to rig public tenders. In order to address this risk, some municipalities have implemented anti-corruption measures such as establishing systems for internal financial management and control.

In Spain, for example, and given that public tenders and contracts have been one of the main focuses of corruption, Transparencia

Internacional España has published 45 measures for transparency and prevention of corruption that are perfectly exportable to other countries (see http://transparencia.org.es/wp-content/uploads/2015/10/sesenta_medidas_propuestas_tie.pdf).

## Conclusion

Of all the possible types of corruption (in this respect it can be seen in the UNODC 2003), the focus here is on political corruption, which is the misuse and abuse of public power for illegitimate gains of a normally private and secret nature. The opposite of political corruption is transparency. We can, therefore, talk about the level of corruption or the degree of transparency in a country or area.

All types of governments are susceptible to political corruption, and the most common forms are illegitimate use of privileged information, sponsorships, bribes, extortion, embezzlement, prevarication, despotism, cronyism, co-optation, nepotism, and impunity.

The following causes of corruption can be cited:

- Lack of social awareness
- Lack of education or of a culture of commitment
- Antisocial personalities and megalomania
- Biased perception of the degree of existing corruption
- Underrating the chances of being discovered
- Effective impunity in acts of corruption
- Party corporatism
- Social models that transmit a lack of values
- Excessive discretionary powers of the civil service
- Concentration of powers and decision-making in certain government activities
- Discretion and collegiate decisions
- Economic or legal control of the media which prevents corruption cases from becoming public
- Too low salaries
- Lack of transparency in information concerning the use of public funds and about decision processes
- Inefficiency of the public administration
- Extreme complexity of the system

Clearly, if at the institutional and judicial level a firm position is adopted with respect to the various types of corruption, this will decrease. So, repression and sanction with regard to acts of corruption should exist and be increasingly reinforced.

Combating corruption involves two complementary focuses: one concentrating on acts that have been performed and the other on preventing further acts. Among the latter, one can point to the transparency of the institutions in their use of public resources, more freedom of the press, and the legal review of the norms relating to judicial power in order to achieve a greater independence of governing and legislative power.

In the European context, the European Commission is pursuing a coherent approach for shaping EU policies on the fight against corruption. In addition to stronger monitoring and the proper implementation of existing legal instruments, the Commission foresees a wide range of EU-level actions to adequately tackle corruption, as pointed out in the communication on fighting corruption in the EU. The Commission has proposed to revise the existing legal framework on confiscation of assets, which is a priority in the fight against organized crime, including in cases of corruption. Cooperation also is strengthened with Europol (to step up its efforts to combat corruption, including through regular threat assessments), Eurojust (to further facilitate the exchanges of information on cross-border corruption cases), and CEPOL (to propose specific training programs for law enforcement officials on cross-border corruption investigations).

Furthermore, it is a paramount issue to strengthen the socio-institutional fabric. Education in values could be one of the pillars for this, as could more open and more transparent procedures when managing money and implementing financial transactions, including the use of the so-called telematic, or digital, money, which makes it easy to trace long chains of transactions.

## Cross-References


- ▶ Fiscal and Financial Transparency
- ▶ Integrated Reporting
- ▶ Outsourcing Public Services


## References


Abreu S (2005) La corrupción. Published in monografías.com. http://www.monografias.com/trabajos24/corrupcion/corrupcion.shtml

Benito B, Guillamón MD, Bastida F (2015) Determinants of urban political corruption in local governments. Crime Law Soc Change 63(3):191–210

Council of the European Union (2003) Framework decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector. Available at http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32003F0568

European Commission (2011a) Fighting corruption in the EU (COM(2011) 308 final). Available at http://ec.europa.eu/dgs/home-affairs/news/intro/docs/110606/308/1_en_act_part1_v121.pdf

European Commission (2011b) Report from commission to the council on the modalities of EU participation in GRECO, COM(2011) 307. Available at http://ec.europa.eu/home-affairs/news/intro/docs/110606/307/1_EN_ACT_part1_v7.pdf

European Commission (2014) Report from the commission to the council and the European parliament, EU anticorruption report, COM(2014) 38 final. Available at http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/organized-crime-and-human-trafficking/corruption/docs/acr_2014_en.pdf

European Parliament (2003) Report on the communication from the commission to the council, the European parliament and the European economic and social committee – on a comprehensive EU policy against corruption (COM(2003) 317 – 2003/2154(INI)). Available at http://blog.transparency.org/wp-content/uploads/2011/06/2003-EP-Rutelli-report-on-a-comprehensive-AC-policy.pdf

European Union (2012) Consolidated version of the treaty on the functioning of the European Union. Available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012E/TXT

Hardoon D, Heinrich F (2011) Bribe payers index 2011, ed. Transparency International. Available at http://www.transparency.org/bpi2011

Hudson A, Wren C (2007) Parliamentary strengthening in developing countries (Final report for DFID). Overseas Development Institute, London. Available at http://www.gsdrc.org/document-library/parliamentary-strengthening-in-developing-countries/

International Budget Partnership (2010) Open budgets. Transform lives. The open budget survey 2010. International Budget Partnership, Washington, DC

International Budget Partnership (2012) Open budgets. Transform lives. The open budget survey 2012. International Budget Partnership, Washington, DC

Medina T (2008) The exclusion of tenderers in public procurement as an anti-corruption mean. Available at http://www.nispa.org/files/conferences/2008/papers/200804200047500.Medina_exclusion.pdf

O'Donnell GA (1998) Horizontal accountability in new democracies. J Democr 9(3):112–126

Organisation for Economic Co-operation and Development (OECD) (2009) Principles for integrity in public procurement. Available at http://www.oecd.org/gov/ethics/48994520.pdf

Parliamentary Assembly of the Council of Europe (2012) Promoting an appropriate policy on tax havens. Available at http://semantic-pace.net/tools/pdf.aspx?doc=aHR0cDovL2Fzc2VtYmx5LmNvZS5pbnQvbncveG1sL1hSZWYvWDJILURXLWV4dHIuYXNwP2ZpbGVpZD0xODE1MSZsYW5nPUVO&xsl=aHR0cDovL3NlbWFudGljcGFjZS5uZXQvWHNsdC9QZGYvWFJlZi1XRC1BVC1YTUwyUERGLnhzbA==&xsltparams=ZmlsZWlkPTE4MTUx

PricewaterhouseCoopers and Ecorys (2013) Identifying and reducing corruption in public procurement in the EU – development of a methodology to estimate the direct costs of corruption and other elements for an EU-evaluation mechanism in the area of anti-corruption. Available at https://ec.europa.eu/anti-fraud/sites/antifraud/files/docs/body/identifying_reducing_corruption_in_public_procurement_en.pdf

United Nations Office on Drugs and Crime (UNODC) (2003) UN Guide for Anticorruption Policies. Available at https://www.unodc.org/pdf/crime/corruption/UN_Guide.pdf


# Accountability and Democratic Administration


Ali Farazmand
Florida Atlantic University, Boca Raton, FL, USA


## Synonyms

Answerability; Egalitarian administration; Liability; Responsibility, Representativeness; Upholding and promoting democratic values

## Definition

The quality or state of being accountable; an obligation or willingness to accept responsibility or

to account for one's actions; being accountable for and responsible for one's past or current actions and inactions; answerable to authorities, people, and stakeholders for one's past and current behaviors and inactions; administration involving citizen participation and upholding democratic values of representation, responsiveness, and responsibility.

## Section: Ethics and Accountability

### Introduction: The Accountability Problem

The market-based ideological reforms in public service and administration in the last 30 years or so have caused profound transformations in public service and administration around the world. While they may have worked in some places, other parts or countries of the world have experienced severe negative impacts. Governments are different from business enterprises, their functions are different, and their missions or purposes are not the same as business corporations. Yes, all government organizations must perform with efficiency but efficiency is not their main purpose; it is only a means to an end, and one of the ends of governments is to serve justice and fairness as well as equal treatment and equity for all their citizens. Achieving end goals using legitimate means is essential to government organizations; ignoring or bypassing required processes and legitimate means presents significant problems of potential violation of laws and of accountability in assuring democratic administration. Scholars have been debating this issue extensively, particularly with reference to performance and accountability, for the last three decades or so (Behn 2001; Farazmand 2002). The question is: "In a rush to produce results with efficiency, what should be done with the potential accountability problems in public service and administration, and how to achieve accountability and democratic administration in the age of predatory globalization?"

Perspectives on democratic accountability abound with little agreements among them (Behn 2001). Just as perspectives on globalization vary, concepts and theories of accountability vary representing different ideological as well as political narratives. Classical and neoclassical economic theorists favoring corporate globalization often complain about the lack of accountability in bureaucratic administration and by unelected professional bureaucrats or administrators who by virtue of their expertise and legal appointment are involved in the public policy process of formulation, development, and implementation. To them, only elected officials are accountable to citizens in a democratic polity. To these scholars, the problem of accountability is solved by sweeping privatization, marketization, and commercialization of public services, government agencies, and their functions.

However, aside from ideological orientations, the problem of accountability is much wider and more comprehensive; it encompasses a spectrum of public life well beyond elected or unelected officials. It is not uncommon to hear or read about corruptions and accountability breaches among elected or appointed officials on all partisan lines. Here, scholars share one point in common, and that is corruption and accountability lapses in public service and administration. They differ on how to achieve accountability to citizens.

The accountability problem noted above is mostly related to the industrialized countries (also called industrialized democracies) where normal and periodic elections are held to select public officials who according to the constitution are expected to be responsible and accountable to broad-based citizens. This does not mean political officials are always accountable, but the formal institutional arrangements – separation of executive, legislative, and judicial powers – require accountability to citizens. The story is much different in less industrialized and developing or underdeveloped nations, where elections are rare, authoritarianism is the rule, and corruption and lack of accountability are rampant, and the infrastructure for achieving accountability is either weak, not working properly, or lacking all together.

### Perspectives on Accountability Problems

Generally, three perspectives address the accountability problem with solutions. One is the broad

"ruling class" perspective represented by Marxian and neo-Marxian theories. According to this perspective, a small group of ruling class in capitalism lives, prospers, and rules on the principles of money and profits, exploitation of the majority working class, and dispensation of money as a lubricant to political system perpetuation. It uses a functionary body of middle-class "agents" in charge of administration, management, supervision, and those involved in politics, whether partisan, programmatic, bureaucratic, or policy in nature. To this perspective, capitalism corrupts and corruption is functional to system maintenance and enhancement, and citizens are powerless and irrelevant as power elites decide and rule through its public as well as private corporate institutions and organizations. Accountability, therefore, is more a flawed concept than a serious concern. Corporate globalization of the world (Farazmand 1999) and the surge of predatory globalization (Falk 1999; Galbraith 2006) tend to have reinforced this critical perspective citing consequential examples: causing accentuated problems of corruption, loss of accountability through mergers and megamergers, as well as sweeping privatization and outsourcing of public institutions and funds, the widening have and have-not gaps forcing millions of working class people in a race to the bottom, and lack of accountability among corporations and top political, administrative/bureaucratic, and military elites to anyone (Korten 1995; Morgan 2006).

The second perspective is offered by scholars less concerned with partisan or social class lines; they are concerned with the problems of accountability in all respects. To them, all officials in public life are and should be subject to public scrutiny, and their actions or inactions must be subject to accountability. Any breach of accountability must be punished by constitutional, legal, and financial sanctions, regardless of the level or position of officials in the system. Most public administration scholars, philosophers, social scientists, and processionals committed to the noble profession of public service may fall in this category (see, e.g., Jurkiewicz 2012; Thayer 1997). To these scholars, theories of virtue ethics and categorical imperatives, as well as "principled professionalism" (Farazmand 2002, forthcoming), complement and reinforce this perspective. While approaches may vary among these scholars, there are many who specifically argue that constitutionally empowered, neutrally competent, and independent professional "civil servants" should be given authority to act as "guardians" of public trust and broad public interests (Thayer 1997; Rohr 1989).

The third perspective is that of the conservative public choice theory. To this perspective and its extended ideology of NPM, the solution is privatization, marketization, and outsourcing (see, e.g., Behn 2001).

The problem of accountability is many dimensional, but it should be addressed at both micro and macro levels. At the micro level, the individual incidents of corruption, conflict of interests, wrongdoing, and unethical conducts explain cases of the problem, which demands measures of safeguard and protection. At the macro level, the broader issues of citizen trust in government and democratic administration are at stake. These problems demand solutions to the challenge of accountability in various ways.

### Solutions to Accountability Problems

The solutions to the macro and micro accountability problems are also offered by three perspectives: One from the public choice theory noted above, which argues for democratic administration through overlapping jurisdictions, organizational overlaps, taking work and politics as well as services to the local levels, where people/citizens can and should directly engage local politicians and public managers, holding them accountable. Another one is the Marxian and neo-Marxian class view that offers social revolutions replacing capitalism with socialism as a way out of class exploitation, corruption, and systemic changes. The working class should take over, control, and manage public resources through democratic centralism and other means of collective decision-making and administration that would serve the democratic rights of the vast majority of working class people. The third theoretical view offering solutions to accountability problems is the theory of representative bureaucracy and democratic

administration achieving bureaucratic accountability. This perspective argues that democracy is served by bureaucratic representation as an institutional mechanism.

The bureaucratic democracy model argues for (1) representative bureaucracy and (2) organizational hierarchy:

1. A representative bureaucracy is an institutional system that provides social and policy representations of citizens in the bureaucracy and administration, one that is both responsive and accountable to broad-based and special citizenries. According to this perspective, social representation is expected to afford reflection of social groups – racial, gender, and ethnic based – who by performing tasks in the bureaucracy serve democracy and democratic interests of citizens.
2. The second way the bureaucracy serves democracy and democratic accountability is through democratic administration hierarchically organized: public organizations are organized hierarchically, at the top of which the directors and chiefs are appointed by elected officials or politically appointed bosses and their political appointees or political executives (an example is the Secretary of State appointing his/her political executives, who would then appoint strategic officials who then appoint key administrators and so on all the way down to the lowest level of the system). Career officials appointed to positions by the virtue of their specialized knowledge, expertise, experience, and skills perform tasks and report upward to the bosses, who provide accountability to political officials – both appointed and elected – who are to be held accountable to citizens, hence, achieving bureaucratic accountability. According to this perspective, bureaucratic democracy assures accountability through organizational structures and processes that keep authority and accountability in balance.

The above ideological and institutional solutions to accountability problems face enough obstacles in Western industrialized countries where a degree of democracy is afforded through periodic elections by which politically elected officials can be unseated or voted out and by certain formal institutions – the court, the legislature, and procedural mechanisms embedded in the governing process. The problem becomes much worse and complicated in less industrialized, developing, and underdeveloped nations, where elections are rare and rational organizational and administrative behaviors are either lacking, or weak, or ignored and overlooked, and personal and family connections often overrule institutional rules and laws. These nations, often erroneously dubbed "third-world" countries, display significant variations. Three groups of nations appear on a continuum: On the one end, some are more industrialized than others and closely resemble much of the industrialized nations of the West, hold regular and free elections, value and respect the rule of law, and have built significant institutional, cultural, political, legal, judicial, and religious infrastructures for achieving accountability in public service and administration. Some of them are advanced and have institutional systems of governance and administration with period elections at local and national levels and have multiple checks and balance systems, including procedural and institutional measures of accountability, anticorruption laws, codes of ethics, and strict administrative systems enforcing them. At the other extreme end of the spectrum lies a group of nations governed by absolute monarchies that lack any separation of powers and any form of accountability and ethical infrastructures. In between the above two extremes are those countries that may have formal institutional mechanisms in governance and administration on paper, but they actually mean little or nothing in practice and implementation. Most of these nations also lack any form of elections, and public service and administration is often at the mercy of personal and family connections or some sort of cultural, political, and religious traditions. Accountability is often a matter of challenge than opportunity, arbitrary rule is expected as a way of life, and corruption is common practice. The variations in institutional mechanisms of accountability explain complexity

of governance and traditions among the so-called third-world countries, a word of more stigma than reality. Fred Riggs (1964) in his revised perspective of "prismatic society" in which the duality of tradition and modernity acknowledged the fallacy of his original formation admitted, perhaps under the influence of Dwight Waldo, that development is an endless process, and that many developing countries manifest high level of development and industrialization, while many industrialized and developed nations display many areas of underdevelopment and developing. This notion was pronounced clearly by Dwight Waldo, who argued that both development and democracy are two terms in similar continuum processes – developing countries share a great deal of development with developed nations, while the latter share a great deal of underdevelopment or poor conditions common in underdeveloped and developing nations. Similarly, democracy is a continuum, a constant striving for improvement, participation, and determination of one's destination in political and individual life (Waldo 1980/1992). Accountability, like development and democracy, perhaps is and should be treated as a continuum, a process that tends to achieve the ideal end of absolute accountability.

One more factor on accountability of the so-called third-world countries needs to be noted. Most developing or underdeveloped nations have suffered colonial rule in which foreign colonials powers were the absolute masters dictating all rules and norms of government and administration in the colonies, arbitrary rules were common and unquestioned, and institutional mechanisms were created to ensure efficiency in colonial administration. Most of these nations, therefore, learned nothing but a continuation of such practice even long after gaining formal/official independence. After independence, most of these nations have been under continuous neocolonial or imperialist influence and domination, their political processes if chosen democratic paths have been under foreign power's financial and political influence, and some of them experienced popular and democratic governance systems dedicated to fighting corruption and institutionalizing mechanisms of accountability and sound governance, but had faced tragic military coups designed by foreign/colonial or neocolonial powers and carried out by local corrupt agents who served them.

Two examples of such historical experience are (1) the bloody military coup that toppled the democratically elected Prime Minister of Iran Mohammad Mosaddegh in August 1953 under the US Central Intelligence Agency (CIA) in harmony with the British imperial agents (Haliday 1979) and (2) the bloody military coup led by the CIA and the American corporation ITT against the democratically elected President of Chile, Salvatore Allende, on September 11, 1973 (Morgan 2006). In both cases, absolute dictatorship was imposed on peoples and institutions of Iran and Chile for the next 25 years. Formal bureaucratic institutions were created while legitimacy was lacking, formal accountability mechanisms were put in place but no one believed in it, and corruption ruled while talk of modernity spread in the Western capitals with little meaning or respect in Iran and Chile.

As for the solutions to the problems of accountability in the third-world countries (notwithstanding the fact that while countries like China or Singapore is considered third-world but they both display a high level of modernity and development and in the case of China with high industrialization), even higher than the advanced countries of the western "developed" nations, several mechanisms of accountability have been instituted in those nations. Anticorruption laws, organizational reporting mechanisms, and political as well as judicial investigations are but a few such mechanisms in place, yet formal institutions are one thing and real practice is another. Corruption is an infectious disease; once started it spreads like a plague and few can escape it. Ideological solutions to accountability problems are ineffective; they must be institutionalized both informally and formally.

## Analysis and Conclusions

The above theories and perspectives on accountability and democratic administration offer positive

features, but they also carry serious problems of their own. For example, the public choice theory and NPM solutions to accountability problem through privatization and outsourcing may actually cause more accountability problems they claim to solve, as outsourced contractors and subcontractors may be responsible to contract bosses but not to citizens, and privatized public functions are accountable to private stakeholders not public citizens. The traditional administrative models may have organizational accountability mechanisms in place, but the slow process of bureaucratic system may undermine such accountability measures in action as well. Moreover, bureaucratic/administrative elites often engage in intimate relationships with political and partisan elites acting as key actors in the policy and administrative systems; they may hinder rather than enhance public accountability in administration, especially when the interests of powerful business elutes are at stake. The concept of "iron triangles" more often hinder than help achieving high-level accountability in capitalist democracies.

Similarly, the theory of representative bureaucracy may offer a degree of democratic administration and democratic accountability, but there is no guarantee that those ethnic-, racial-, or gender-based employees in bureaucratic positions would necessarily represent and promote the interests of the groups or classes with whom they are associated with. Many people once positioned in key spots may forget where they came from and may not represent or promote the interests of the poor and working people in practice they are supposed to represent. Besides, all bureaucrats must by the virtue of their loyalty to the Constitution serve the broad-based interests of the public.

Finally, a fourth perspective on the accountability problem has recently emerged with the rise and spread of "predatory globalization" with many complications and implications worldwide – this problem too is in search of solutions. This perspective has raised the emergence of what Farazmand has called an "impossibility theorem" in achieving accountability in the age of predatory globalization (Farazmand 2012).

The logic applied is quite simple: predatory globalization is based on predatory corporate capitalism (though not all capitalist enterprises are predatory), which aims primarily at maximizing surplus values/profits at virtually any cost to others – it seeks absolute profit. When applied globally, globalization becomes predatory through its relentless push and pursuit for such absolute rates of profits and uses every possible means, including violence of war – to achieve its strategic goals. In pursuit of such goals, it seeks monopolistic and oligopolistic strategies and alliances to succeed, and if faced with local challenges or obstacles, it would seek and apply intervention – military as well as political and economic pressures – from its "state" power. As noted earlier, examples of such predatory global corporations and predatory globalization are (1) the September 11, 1973, Chilean bloody military coup staged by the US Central Intelligence Agency (CIA), General Electric (GE), International Telephone and Telegraph (ITT), and other corporations, which was carried out by the local agent General Pinochet who, after killing the democratically elected president Salvatore Allende, denationalized and reprivatized the Chilean copper industry back into the hands of the above corporations and put the Chilean people under repression, humiliation, and corruption (Morgan 2006: 320–321) and (2) the August military coup d'etat of 1953 in Iran led by US CIA, which toppled the democratically elected Prime Minister Mosaddegh and reinstalled the dictator Shah to power, who then restored the control of Iranian oil into the hands of the British and American corporations and ruled Iranian people and the government with repression, corruption, and arbitrary manner (Haliday 1979). Predatory capitalism and globalization have also been active at home in the USA, with a clear example of predatory lending in the housing market prior to the bubble burst of 2008 (Farazmand 2012).

Under predatory capitalism and predatory globalization, achieving public accountability is an almost impossible task. Maximizing profits and production is tantamount to complying with government regulations, even if applied, on quality, standards, and control of public funds – or "accountability" requirements. The more of the latter means the less of the former, and this is not

acceptable to giant corporate power structures. The financial and political abilities of powerful corporate elites to lobby and influence politicians and change or control national legislation to their benefit are now a reality hard to deny. It gives them an assurance that turns the power of the "state" to their benefit and undermines almost any major accountability measure in public service and administration to work (Farazmand 2012; Galbraith 2006). This simple logic makes it almost impossible to achieve public accountability on a mass scale, hence, an "impossibility theorem," which calls for a stronger role of independent governments in economy, politics, and administration.

The problem of achieving accountability is further complicated. At the micro organizational level, scholars (e.g., Rosenbloom 1995) note how difficult it is for citizens to hold public administrators accountable. This is due to several reasons: (1) administrators have specialized knowledge and expertise in various areas of public policy and management the general citizens do not have and cannot understand; (2) the language of bureaucracy is complicated with details of procedures, terms, and jargons; and (3) there are many legal obstacles and reasons, including national security and fear of lawsuits and why it is difficult for public citizens to obtain information from administrative agencies. To counter these obstacles, scholars suggest citizens becoming "bureaucrats themselves." This is another area of accountability subject that is understudied and in need of further inquiries.

Nevertheless, accountability like anything else can be learned, taught, developed, and practiced. Democratic administration demands multiple institutionalized mechanisms to achieve accountability, however imperfect they maybe. The future of public administration rests on these mechanisms if legitimacy is to be achieved. Political leaders and professional public administration need and can design and implement formal and informal institutional channels and systems to achieve democratic accountability in modern governance. Predatory globalization and predatory capitalism need to be tamed and reined in by democratic processes and institutions that engage mass people and communities. Laws need to be passed to ensue sunshine processes genuinely followed. The judicial systems in both developed or developing countries must rigorously uphold the laws and the constitutional provisions to enforce individual rights and punish corruption regardless of status and power of individuals or officials involved. Codes of ethics must be developed, and administrative systems must safeguard professional civil servants' relative independence from partisan or political pressures to resist political abuse and corruption of all forms; they should be considered as valued "guardians of the broad based public interests" (Thayer 1997) and rewarded for doing the noble job of "principled professionalism" (Farazmand forthcoming) in democratic administration.

Finally, organizational mechanisms of accountability can and should, despite obstacles noted earlier, be designed and institutionalized supported by political and legal legitimacy. This is a prescription that can work both in developing and developed nations. The latter nations have a global responsibility to promote transparency and accountability at home while preaching abroad and must demonstrate consistency in action as well as formal statements. Global institutions of governance must respect the rights of developing and less powerful nations as well as those of the developed and powerful ones. Democratic accountability is a two-way street; those in power demanding accountability from below must also demonstrate in action accountability to the powerless and the ruled.

## Cross-References

► Nonprofit Organizations
► Power and Politics: Basic Concepts
► Theories of Leadership

## References

Behn R (2001) Rethinking democratic accountability. The Brookings Institution Press, Washington, DC

Falk R (1999) Predatory globalization. Polity, Cambridge, UK

Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–5022
Farazmand A (2002) Administrative ethics and professional competence: accountability and performance under globalization. Int Rev Adm Sci 68(2):127–143
Farazmand A (2012) The future of public administration: challenges and opportunities. Admin & Society 44(4): 487–517
Farazmand A (forthcoming) Public administration in a globalized world
Galbraith JK (2006) Taming predatory capitalism, 4 May 2006. The Nation. Retrieved from http://www.thenation.com/20060417/forum/4
Haliday F (1979) Iran: dictatorship and development. Pelican, New York
Jurkiewicz C (2012) Advancing ethical competency through pedagogy. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 131–154
Korten D (1995) When corporations rule the world. Kumarian Press, Westport
Morgan G (2006) Images of organization. Sage, Thousand Oaks
Riggs F (1964) Development administration: a theory of prismatic society. Houghton Mifflin, Boston
Rohr J (1978, 1989) Ethics for bureaucrats, 1st and 2nd edn. Marcel Dekker, New York
Rosenbloom D (1995) Public administration and the public sector: understanding management, politics, and law, 4th edn. McGraw-Hill, New York
Thayer F (1997) The US civil service: 1883–1993 (R.I.P). In: Farazmand A (ed) Modern systems of government: exploring the role of bureaucrats and politicians. Sage, Thousand Oaks, pp 95–124
Waldo D (1980) The enterprise of public administration. Chandler and Co., Novato

## Accountability and Ethics

Kristin Reichborn-Kjennerud
Department of Public Management, The Oslo and Akershus University College of Applied Sciences, Oslo, Norway

Accountability is a concept that no one can be against. It conveys an image of transparency and trustworthiness. It is increasingly used in political discourse and policy documents. The concept has many meanings and is partly overlapping with other concepts such as "responsibility."

This chapter will first elaborate on why accountability is important. Subsequently different meanings of the concept will be presented. Lastly how the different meanings of accountability relate to the quality of government will be discussed.

### Why "Accountability" Is an Important Concept

People's natural inclination is to favor their own kind, whether it be family, friends, business associates, or other individuals or organizations that they have a close relation to. Modern democratic rule, on the contrary, has ethical universalism as an ideal. In this context it is necessary to move away from particularism and favoritism (Mungiu-Pippidi 2013). Many argue that accountability and control are a prerequisite for a functioning democracy. In a parliamentary system, the parliament controls the government. In a presidential system, the congress controls the president. The typical division of branches is into a legislature, an executive, and a judiciary. The intent is to prevent the concentration of power and provide for checks and balances. To safeguard that powerholders do not abuse of their powers, formal systems of laws, rules, and external and internal control have been established.

With democratic rule demands increase for better quality in government. Better administrative capacities come about when the public administration works efficiently and effectively. Systems of accountability are one key to securing good quality in government.

### Different "Meanings" of Accountability

Accountability is considered to be important. Mechanisms of accountability are usually incorporated in formal systems of accountability. Every public and private organization has systems of internal control and management to reduce risk and prevent misuse of their organization. In addition there are external controls such as supervisory boards and Supreme Audit Institutions as well as regional and city auditors that control public organizations. Often, nevertheless, power

relations and informal mechanisms of accountability are decisive in what sanctions are actually applied. In many contexts this means that the formal systems are overrun or are used only symbolically.

The concept of accountability can be used in diverse ways. Five of the most important meanings of accountability will be presented in the following.

Accountability does not only mean "accountability to formal systems" as described above. Another meaning of the concept can be "responsibility." "Responsibility" entails civil servants acting responsibly and ethically as a person. During World War II, this distinction was debated. Civil servants had acted unethically, but at the same time, followed rules and orders within the reigning bureaucracy that applied at the time. The accused civil servants would claim that they should not be held accountable, but at the same time, they had behaved irresponsibly (Mulgan 2000).

The second main distinction in meaning is between accountability to formal systems and accountability as a social mechanism. Accountability as a social mechanism is associated with the process of being called "to account" to some authority for one's actions. The framework is a descriptive model of who is obliged to explain and to justify his or her conduct to whom (called a forum). The forum can interrogate the actor and question the adequacy of the information or the legitimacy of the actor's conduct. The forum will pose questions and pass judgment, and the actor may face sanctions and consequences (Bovens 2005).

A third type of accountability is related to civil servants' ethics and concern for the public interest (public ethos). With public ethos professionals working in public organizations are loyal to their workplace, over other networks such as political parties, their family and friends, and criminal organizations such as the mafia or business affiliates. This mind-set will influence the efficiency and effectiveness of the public administration. Formal systems of control are not sufficient to secure well-performing public organizations because formal systems always can be manipulated. When civil servants work in the publics' best interest, they will produce better results.

The fourth main distinction is between accountability to formal systems and responsiveness to citizens. In reaction to a perceived lack of trust in government, there is an urge in many Western democracies for public agencies to be more responsive to citizens. More attention is payed to the role of nongovernmental organizations, interest groups, and customers or clients as relevant "stakeholders." There are demands for citizens to have a larger say in public service provision and for the public organizations to be more open and transparent. Public agencies and managers should be responsive to the public at large or to civil interest groups, charities, and associations of clients. The rise of the Internet has given a new dimension to this form of accountability (Bovens 2005). These five meanings of accountability are summed up in Table 1 below.

In the following I will elaborate on the concept "quality of government." Subsequently I will relate the concept "quality of government" to the different meanings of accountability presented in Table 1.

## The Quality of Government

Quality in government represents the payoff the taxpayers get from what they put in. In this meaning of the concept, "quality of government" equals good government performance. Government performance is the government administration's ability to deliver products and services economically, efficiently, and effectively to its citizens. These tasks are mediated through professionals in (or for) public organizations.

**Accountability and Ethics, Table 1** Different meanings of accountability

| |
|---|
| Accountability to formal systems |
| Responsibility as a person |
| Accountability as public ethos |
| Accountability as a social mechanism |
| Responsiveness to citizens |

Low-quality government institutions have tremendous negative effects on the health and wealth of societies (Bo Rothstein 2011). One of the interesting questions as regards organizations in general, and public organizations in particular, is therefore to what extent it would be possible to change the systems and culture in organizations so that they perform better. If low-performing public administrations would improve with increased quality outputs as a result, people's lives and quality of life indicators would improve. This could solve many of the world's problems, both in developing and more developed countries.

There has been accumulative steering and control in the public sector as a consequence of increased devolution and autonomy of state entities. These reforms came with New Public Management (NPM) reforms from the 1980s and 1990s. The price to pay for these reforms is more control and demands for more reporting and documentation (Christensen and Lægreid 2011). To be more concrete, this can both encompass external control such as audits, investigations, and evaluations and internal management and control systems (Reichborn-Kjennerud 2013). Examples of these kinds of systems can be management of objectives and results, lean production, business process re-engineering, total quality management, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, and self-assessments.

Delivering better services through stricter control of professionals is what NPM measures promise. At the same time, professionals themselves claim that this control produces adverse effects and reduces their performance. Fukuyama's solution is thus to trust the professions more; his argument being that controlling them through measuring outcomes is impossible in practice. Instead the capacity and autonomy of the professions need to be enhanced (Fukuyama 2014). Alina Mungiu-Pippidi, professor at the Hertie School of Governance on the other hand, argues that the road to a better quality in government goes through combatting corruption, which could entail the strengthening of administrative controls (Mungiu-Pippidi 2006). Bo Rothstein is also preoccupied with accountability and argues that impartiality in the exercise of power is essential to enhancing the quality of government (Rothstein and Teorell 2008).

How well control systems function is nevertheless difficult to assess because organizations not only encompass formal systems and procedures, but also culture. Control systems may have difficulty in accounting for these cultural biases. We can speak of systems and culture on different levels. There is the supranational level, the national level (macro-level), the organizational level (meso-level) which is infused with professional cultures, and the local level (microlevel). Culture will guide practice in how systems are used, and different practices can be more or less effective in different contexts.

## How the Different Meanings of Accountability Is Linked to the Quality of Government

### More Controls as a Consequence of NPM

The extent to which the quality of government will increase with NMP systems depends on how these systems are used. NPM systems come instead of, but more often in addition to, controls already existing in the government administration. This entails that the pressure from control and time used to satisfy control systems increase (Power 1997; Hood 1991).

With NPM civil servants ideally get more freedom to make dispositions locally. This may increase the risk of corrupt activity in some contexts because individual employees hold more powers and get better possibilities to misuse those powers. Interfaces with the private sector increase. Civil servants' public ethos therefore needs to be strong for such systems to function according to their initial intentions.

With NPM social mechanisms of accountability change because more attention is given to the users of public services. NPM techniques mimic private sector systems. Users are considered to be customers instead of clients. The users must therefore inform themselves on alternative products and services presented to them and make a choice.

On the other hand, NPM systems reduce the politicians' power over public organizations. When agencies get more autonomy, ministries or politicians can no longer give direct instruction. Often they instead operate as owners that elect a board. Their powers are thus reduced to electing or throwing the board. The politicians' powers are increasingly reduced the more private the chosen solutions are, for example, when public tasks are organized in fully or partly public-owned companies.

With NPM residents of a country are treated as consumers of products and services. Residents are nevertheless not only customers. They are also citizens. They can make their voice heard both in elections, through advocacy and lobbying and through protest movements such as "Occupy Wall Street," that has been a global protest movement against what has been perceived as an injust financial system. There has been increasing demands for responsiveness in public service delivery. This has put formal administrative and control systems under pressure. Often the formal systems are too rigid to open up for real participation from citizens organized in, for example, neighborhood organizations or as interest groups.

### Trust in Professions

Trust in government is measured by the OECD "trust in government" index (http://www.oecd.org/gov/trust-in-government.htm). Transparency International measures the level of corruption in different countries in their "corruption perceptions" index (http://www.transparency.org/research/cpi/overview). These indexes reflect to what extent citizens trust powerholders in their countries and their administrative apparatus. In many countries few citizens pay taxes because they expect the money to disappear into the pockets of public officials and their families and network. In many countries public positions are also distributed based on demonstration of loyalty to other networks such as family and political parties. These informal systems override the principle of meritocracy of a professional bureaucracy and cause the public administrations to work poorly. When practices of corruption and mismanagement are widespread, this decreases trust and the use of formal systems. Informal systems and patrimonial structures are instead where the real power lies.

In these sorts of systems, people employed in the public administration feel responsibility toward their networks rather than their workplace. When nobody within the public system abides by the formal system, individual employees neither feel obliged to do so. When nobody is held formally to account for breaking formal rules or when there are no consequences to breaking these rules, the informal systems and rules continue to prevail.

In bureaucracies where formal systems prevail over informal systems, citizens can expect to be treated equally irrespective of their background and status. Public ethos suffers in systems where informal systems override formal systems. When a majority of civil servants primarily are loyal to their own personal networks over their place of work, public interest is not safeguarded, and resources are not used in the publics' best interest.

Formal systems are still not always sufficient to secure public administration to function efficiently and effectively. The NPM trend is grounded in discontent with slow and poorly working bureaucracies. Many of these new NPM systems are designed to place responsibility and give incentives for obtaining results.

Believers in NPM have been accused of lacking in trust of professionals and reducing their autonomy, their aim being to improve service provision to users. Measures to increase competition, place responsibility more clearly, and increase administrative controls over professionals have been used to better the responsiveness to users.

### The Strengthening of Administrative Controls

With NPM measures there has been a proliferation in formal systems of control. The rise of auditing has its roots in political demands for accountability and control. Whether this rise in administrative controls will enhance the quality of government depends on several factors. Some researchers claim that the effect of audit and supervision is purely symbolic and serves merely to produce

assurance and a false feeling of security (Power 1997). Others have demonstrated that this control is effective in specific countries and contexts (Reichborn-Kjennerud and Johnsen 2015).

Several researchers point to deficiencies of performance management systems. Often these systems are not actually used or they distort employees' behavior in a manner that does not enhance the overall performance of the organization. When employees learn how the systems work, they understand how to manipulate them. This may produce suboptimal results instead of employees taking an overall responsibility for the functioning of their organization.

Many NPM systems place responsibility and demand results. If results are not obtained, this should produce sanctions and consequences. If administrative systems function suboptimally and do not take all important aspects into account, this may nevertheless be fatal to the performance of an organization. Often therefore such systems are implemented partially and are adapted to the existing context (Christensen and Lægreid 2011).

There may be many reasons for the implementation of NPM systems, one reason being that it will make the organization stand out as modern or organizations that experience challenges with existing systems want to try new ways of organizing. Repeated criticisms for lack of responsiveness to users can, for example, trigger politicians to organize for more competition from the private sector in public service provision.

### Impartiality in the Exercise of Power

A well-functioning bureaucracy is characterized by stable political rules and rights. For impartiality in the exercise of power to take place, these need to be applied impartially to all citizens. Written laws are nevertheless universal statements. Civil servants working in the public administration manage these rules. Rules cannot be applied precisely in every situation. Therefore civil servants must use discretion in unique cases (Rothstein 2011). Whether this impartiality enhances the quality of government will depend on the culture and practice in specific public administrations.

For discretion to be applied in a good way, responsibility and a certain public ethos are important. To some extent and in some situations, the principle of impartiality can nevertheless come in conflict with concerns for responsiveness. One example of situations where these principles may come in conflict is area-based initiatives (ABI). These are temporary organizations put up to improve certain geographical areas in cities. The ideal in these initiatives is often to improve the living conditions of those living there. These ABIs are often set up with the intention of being responsive to residents' suggestions and needs. Participation from residents nevertheless often comes in conflict with the formal administrative system that must pay attention to principles of impartiality. This tends to impair real participation from citizens and hamper responsiveness. Ideals of co-creation from citizens in public service provision thus seem to be difficult to implement in practice. In cases like these, accountability, as a social mechanism, takes on a deliberative dimension. The public administration is held to account through the media instead of through formal channels. Citizens make their voices heard through social media and in debates. They are protesting against decisions that affect their area, in ways that are unfortunate to them. In cases where local residents protest against decisions that affect them, certain principles of democracy may therefore conflict with principles of impartiality in the exercise of power.

### Systems and Culture on Different Levels

Formal accountability systems, administrative routines, and controls are enhancing the quality of government only when they are used according to intentions. How systems are used will depend on culture. Practice will differ depending on national cultures, but also within a nation where there are big differences in cultures and practices. Between organizations and even within organizations, across different departments populated by civil servants with different kinds of education, experience, gender and ages, practice will differ.

How civil servants, with their different background and cultures, perceive the world will differ. What they consider to be responsible conduct, public ethos, integrity, and how they relate to

norms that may affect how they practice their work will therefore vary.

In countries where access to the Internet is not widespread, debates in the radio may be the better way to hold powerholders to account. In high-trust countries, the Supreme Audit Institution and the parliament can play a role. In countries where the people do not trust the public institutions, NGOs and social media can be good instruments to use.

## Different Forms of Accountability and the Quality of Government: Implications

In this chapter I have discussed how different meanings of accountability are linked to the quality of government. The discussion revealed several dilemmas. To what extent the systems function depends on how they are used by civil servants and by citizens. Systems are used differently depending on administrative cultures. Ideally these systems open up for increased accountability, responsiveness to citizens, and competition, but the cost is often an increased burden of administration. How this plays out in concrete settings will impact on the quality of government.

Civil servants must exercise discretion in decisionmaking. That they have a public ethos and a sense of personal responsibility is therefore important. In general what systems of accountability will work efficiently and effectively, and how they will affect the quality of government will depend on existing systems and culture in concrete contexts. No system can be universally applied.

Upholding impartial systems and at the same time being responsive to citizens are challenging. Responsiveness to citizens often conflict with rules of political and administrative accountability. This is a dilemma. Rules cannot be applied too rigidly, and attention must be payed to how they apply in different context. How this is solved in practice will affect the quality of government.

Abiding by rules of formal accountability and at the same time emphasizing organizational learning and innovation in the public sector, through co-creation and other novel methods, are also difficult. How public organizations succeed in combining these different meanings and practices of accountability will be decisive for the quality of government in their countries.

There are mechanisms of accountability in every context. The question is whether mechanisms of accountability are formal or informal. In countries and cultures where informal systems prevail over formal systems, powerholders are not effectively held to account through the formal systems. In these cultures civil servants are loyal to personal networks rather than their place of work. The consequence is that citizens are not treated equally by the government, and some stakeholders are favored over others. Among other things recruitment to the public administration is often based on favoritism and is not meritocratic. This affects the quality of government negatively.

Having formal systems in place is no guarantee of an effectively working system. Ministries, control agencies, and anticorruption bodies are assumed to be morally above corruption. But they also have the most discretionary power and most opportunities to act corruptly. New democracies rarely attain fair governance. Most often they fail to impose normative constraints on predatory elite behavior. In order to place effective checks on officials, thereby creating real accountability, there must exist, at the grassroots level, an active and enlightened citizenry (Mungiu-Pippidi 2013).

Also, for good governance to prevail, the belief in the superiority of ethical universalism over particularism as a mode of governance must be present in a majority of active public opinion, including a fraction of the elite. Research has shown that four factors must be present to secure a civil society that can foster real accountability: a prevailing societal norm of ethical universalism, widespread collective action, a dense network of voluntary organizations, and participation and political engagement of the people (Mungiu-Pippidi 2013).

In a society dominated by particularism, it is more convenient for individuals to strive to become part of the privileged group than to try to change the rules of the game. At the same time,

there must be some sort of critical mass that favors ethical universalism in a society. Individuals must therefore be mobilized to wanting change. Civil society movements that start out loosely organized need to become more institutionalized and specialized (Mungiu-Pippidi 2013).

Internet access is closely associated with control of corruption. Opening an Internet cafe in every village may be more effective than establishing anticorruption agencies (Mungiu-Pippidi 2013).

Through the Internet and other means, sustainable collective-action networks must be built until society reaches a reasonable level of normative constraints. This is to secure that corruption fighters do not remain isolated and exceptional (Mungiu-Pippidi 2013).

## Cross-References

- ▶ Administrative Autonomy of Public Organizations
- ▶ Agency Theory in Organizations
- ▶ Authority in Organizations
- ▶ Bureaucratic Power
- ▶ Civil Society Organizations
- ▶ Compliance Theory of Organizations
- ▶ Culture and Organizations
- ▶ Institutional Theory of Organizations
- ▶ Managing Conflict in Organizations
- ▶ Organizational Communications
- ▶ Organizational Control
- ▶ Organizational Decision-Making
- ▶ Organizational Institutionalism
- ▶ Performance Management and Culture
- ▶ Public Choice Theory of Organizations
- ▶ Public Service Motivation
- ▶ Public Values in Public Organizations
- ▶ Risk and Organizations
- ▶ Trust in Government

## References

Bovens M (2005) Public accountability. In: Ferlie E (ed) The Oxford handbook of public administration. Oxford University Press, Oxford, UK, pp 422–445

Christensen T, Lægreid P (2011) The Ashgate research companion to new public management. In: P LÃ¦greid, T Christensen (eds) Ashgate, Farnham, pp. XVI, 505 s

Fukuyama F (2014) Political order and political decay. Profile books Ltd, London

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Mulgan R (2000) 'Accountability': an ever-expanding concept? Public Adm 78(3):555–573

Mungiu-Pippidi A (2006) Corruption: diagnosis and treatment. J Democr 17(3):86–99

Mungiu-Pippidi A (2013) Controlling corruption through collective action. J Democr 24(1):101–115

Power M (1997) The audit society: rituals of verification. Oxford University Press, Oxford

Reichborn- Kjennerud K (2013) Political accountability and performance audit: the case of the Auditor General in Norway. Public Adm 91(3):680–695

Reichborn-Kjennerud K, Johnsen Å (2015) Performance audits and supreme audit institutions' impact on public administration. The case of the Office of the Auditor General in Norway. Adm Soc. https://doi.org/10.1177/0095399715623315

Rothstein B (2011) The quality of government: corruption, social trust, and inequality in international perspective. University of Chicago Press, Chicago

Rothstein B, Teorell J (2008) What is quality of government? A theory of impartial government institutions. Governance 21(2):165–190

# Accountability and Ethics in Nonprofit Organizations

Christopher Corbett
Albany, NY, USA

## Synonyms

Boardmember; Director; Trustee

## Definition

These definitions describe various aspects of accountability and ethics used in this entry to promote greater understanding of, as well improvement in, the ethical environment and governance of nonprofit (NP) organizations. Some definitions are substantially, or verbatim, from Corbett et al. (2016).

Accountability: A process or rule by which a responsible individual or group is subject to record, report, and/or justify matters occurring under one's jurisdiction to other stakeholder(s) internal or external to the NP. External stakeholders commonly include the public and government officials.
Ethics: Value-based norms, rules, or standards of behavior acceptable within, or expected of, NPs.
Fiduciary Duties: The three duties of nonprofit boards commonly reflected in laws across state jurisdictions: *the duty of care*, *the duty of loyalty*, and *the duty of obedience*.
Internal Controls: Refer to all NP governance procedures and processes, including the bylaws, as approved and authorized by the NP's board, that shape or control organizational behavior.
Organizational Self -Regulation (OSR): As applied to the NP sector, refers to formal efforts and processes performed by an organization on its own behalf that establish and monitor compliance with written principles, standards or regulations, or laws, where enforcement provisions are prescribed internally without government involvement (Corbett et al. 2016).

## Introduction

Improving ethics and accountability in nonprofit organizations (NPs) is highly complex, yet clearly a most admirable and worthwhile goal.

Many challenges are evident. Values are subjective and vary widely depending on many political, social, cultural, religious, economic, and geographic norms and factors. The resulting wide diversity of values complicates reaching agreement on ethical values, impairing and impeding ethical decision-making. Yet there are ethics and accountability standards that have been identified that apply widely. This entry will identify several and provide a solid starting point for building consensus on improved ethical processes at the organizational level.

Accountability presents challenges of its own, including measurement, compliance, and enforcement to name a few. Moreover, the potential points of measurement and reference are many. To whom is the NP accountable? Is that internally to donors, management, or board or externally to public, other stakeholders, and government officials or to all?

Given such complications, coupled with the nebulous nature of ethics and accountability across culture, as well as very different regulatory regimes in which NPs operate cross-nationally (Jordan and van Tuijl 2007; Sidel 2010), can progress be achieved? This entry's premise is systematic efforts to achieve progress are possible and well worth the effort given the benefits of improved NP functioning and a stronger voluntary sector to advance the common good in developed and developing countries where ethical needs are great as well (Spector 2012).

A second premise is the following: while NP ethics and accountability occur in the context of different social, cultural, and political environments with varying degrees of freedoms of speech, association, and religion, commonalities in ethics and accountability across nation and geography can be found or fashioned, where primary focus is to improve accountability and ethics through changes implemented at the *organizational level*. This goal is to improve *organizational self-regulation* through improved ethics and accountability in the United States and beyond, yet with awareness of many other existing and potential levels of regulation that lie outside the organization (Corbett et al. 2016).

Why is the organizational level the point of focus and intervention? It is the organizational level that falls directly within individual NP control. Focus here also presents opportunities for preventing organizational failures through improved ethics-based governance policies, processes, and internal controls, such as called for by Chait et al. (1996), including those widely applicable or where not applicable, to illustrate potential frameworks for improving ethics and accountability that can be adapted or tailored to better meet differing country-specific conditions, including organizational, stakeholder, and government needs.

This entry also describes various issues of implementation, including the often neglected but critical need to address *enforceability*.

This is done in the context of introducing system level change so consensus-based ethical and accountability standards and processes are built into NP operations, permanently improving the ethical climate despite routine leadership turnover.

## Conceptualizing Accountability Across Geographic Bounds

### Assessing the Legal Setting: Who Is Legally Responsible?

Accountability can be viewed as a process or rule by which a responsible individual or group is held to some standard. Given organizational level focus, attention is properly primarily directed to those legally responsible for NP governance. In the United States, the NP board members are legally responsible, sometimes referred to as directors or trustees.

While the board has power to delegate, board members are culpable for accountability failures. This legal responsibility is evident from the common NP practice of acquiring director and officer insurance, which indemnifies board members, typically required in NP bylaws (Rosenthal 2012). This insurance protects against most legal exposure for actions taken as board members, except criminal law liability (Hopkins 2007). Thus, the focus here is on the board or in other jurisdictions those legally responsible, and culpable, for NP failures or malfeasance.

### Board Accountability: What Standards of Performance Apply?

Having identified those legally responsible, what standards of behavior apply? While some variance across NPs is expected, there are standards very common, if not universal, and relevant across different legal and geographic jurisdictions. Ideally, the goal is to identify relevant standards of behavior across many NPs and jurisdictions that can be applied to board members or others deemed legally responsible.

What are board members accountable for? What standards broadly apply? According to Hopkins (2007), board member accountability can be demonstrated through effective discharge of their *fiduciary duties*. These duties apply to board members as they are collective duties of the entire board and require active participation of all board members. The concept of *fiduciary duties* can be briefly summarized as follows:

*Duty of care*: the duty of care requires board members be reasonably informed, participate in decisions in good faith and comply with filing requirements

*Duty of loyalty*: the duty of loyalty requires board members to exercise their power in the interest of the nonprofit disclosing or avoiding conflicts of interest

*Duty of obedience*: the duty of obedience requires board members to comply with all federal, state and local laws, adhere to NP bylaws and be guardians of the mission.

These *fiduciary duties* are similarly described by Rosenthal, who notes their applicability across many states in the United States. Rosenthal notes while these duties may be expressed somewhat differently in different states, "...at their heart they express the oldest and most fundamental obligations of directors – and also of officers – to the organizations they run." (2012, p. 8).

Just as these three *fiduciary duties* apply across dozens of states in the United States, each with different legal jurisdictions, there is reasonable basis to apply the concept of *fiduciary duties* as potentially applicable across various national and geographic bounds. *Fiduciary duties* are very similarly described by both Hopkins (2007) and Rosenthal (2012). They provide valuable insight into accountability standards reasonably expected of, and applied to, NP boards.

These *fiduciary duties* broadly describe responsibilities and performance expectations and standards. They also provide a useful framework upon which supporting governance and ethical principles may be built. This creates further substance to develop more specific standards and processes for measuring, improving, and achieving accountability by and through boards responsible for NP governance.

## Conceptualizing Ethics Across Geographic Bounds

### What Ethical Values or Standards Should Be Applied?

As noted, values are subjective and vary widely depending on many political, social, and economic factors. Yet, despite differences, is it possible to identify core or common ethical values that are highly relevant and widely apply?

It has been proposed that certain foundational or core ethical values are widely applicable to NPs. For example, White (2010) identifies "four pillars of ethics" which include transparency, disclosure, avoiding conflicts of interest, and oversight (p. 168). In his book on integrating ethics into NPs, White's view is essentially that incorporating these four ethical principles into board decision-making and behavior is the idea of good governance.

These four "pillars of ethics" appear a potentially valuable option for application across NPs and nongovernment organizations (NGOs) across national and geographic bounds. They provide a starting point for building consensus among internal and external stakeholders, on these, or additional, or on different, core ethical values that may be equally or more compelling, as determined by stakeholders in different national and geographic settings.

## Evolving Ethics and Accountability Through Professional Codes of Conduct

Intense efforts and many resources have been expended to improve ethics and accountability. In the United States, over some 20 years, many state associations developed their own codes of conduct. In a study of state associations, Bromley and Orchard (2016) found 24 of the 45 associations examined nearly half developed codes of conduct. The research traces the development of professional codes resulting from various scandals, as well as the United States federal government's passage of legislation: the Sarbanes-Oxley Act of 2002 (SOX) to increase accountability. While SOX was directed primarily at for profits, two provisions apply to NPs, by establishing criminal penalties for whistle-blower retaliation and record destruction (Jackson and Fogarty 2006). These federally imposed sanctions have forever changed the NP regulatory environment in the United States, and other national jurisdictions may follow as well.

The legislation is also very important as while it set government-mandated ethical and accountability standards at for profits, many nonprofits assimilated or voluntarily self-imposed some or many standards. One significant implication is, as ethics and accountability evolve for NPs across nation, culture, and geography, their development and evolution must be viewed in the context of the regulatory, political, and social environments within which they operate, including a wide array of key stakeholders such as government officials (elected and unelected), other NP and industry representatives, donors, taxpayers, and general public. This wide diversity of stakeholders reveals the essential role of collaboration to achieve consensus on precisely how ethics and accountability must be structured to achieve and improve NP governance.

### A Model Code: Independent Sector's 33 Principles of Good Governance and Ethical Practice

Beyond state-specific codes of conduct, there is precedent for codes developed at industry level that cut across state bounds. Moreover, there is strong justification for their development and compelling need for industry self-regulation. Specifically, even in well-developed and resource-rich countries like the United States, as noted by Fremont-Smith (2004), state governments sorely lack necessary economic, legal, and accounting resources for effective regulatory oversight. Nor has the federal government taken on a strong regulatory role. This effectively shifts the burden on industry and individual nonprofits to self-regulate.

For example, at industry level, Independent Sector (IS), the primary trade organization for NPs in the United States, strongly encourages self-regulation. Specifically, IS convened a national panel on the NP sector, which developed

33 Principles of Good Governance and Ethical Practice in 2007 and updated in 2015 (Independent Sector 2007, 2015), as shown in Table 1.

These 33 Principles of Good Governance and Ethical Practice are noteworthy for several reasons. First, their origin and impetus were due to the force of national government (White 2010). Specifically, US Senators Grassley and Baucus, on behalf of Senate Finance Committee, contacted Diana Aviv, then President of IS, expressing concerns that NPs were exploiting their tax exempt status and requesting IS to convene a national panel to develop recommendations to strengthen good governance, ethical conduct, and effective practice of public charities and private foundations (Corbett 2011). Given apparent risks of onerous legislation and regulation of the sector, IS agreed and convened a nationwide panel on the NP sector (IS Panel) to develop recommendations.

Secondly, the 33 Principles are highly noteworthy, if not unprecedented in their formulation, as they were developed over a multi-year period, involving many stakeholders nationally, including over 90 private foundations, community foundations, and nonprofits who contributed $3.5 million (Corbett 2011). These Principles were only created with the voluntary expenditure of great time, effort, and technical expertise, including legal and financial resources. These Principles reflect great progress on the learning curve and could substantially avoid or reduce costs otherwise incurred by NPs or NGOs cross-nationally duplicating such efforts.

Thirdly, the process employed is exemplary for its extensive cooperative and collaborative proceedings, involving hundreds of nonprofits and individuals in developing the IS Panel's recommendations (Independent Sector 2007). With such successful collaboration, the prospects and capacity for self-imposition are greatly improved.

Finally, in contrast to the 24 codes of conduct developed by state associations (Bromley and Orchard 2016), the 33 Principles are multi-jurisdictional due to the collaborative processes employed and consensus achieved by numerous, diverse parties. The Principles have demonstrated relevance and support from hundreds of stakeholders, across dozens of the states of the United States, as well as many foundations and charities operating internationally. Just as the 33 Principles have relevance and support across many states with differing legal frameworks, the Principles clearly have potential relevance to other states and jurisdictions across nation, regarding collaborative processes employed, substance of Principles, or both. Yet, this also recognizes that other jurisdictions with different legal and political frameworks, as well as values, must factor those in by relevant decision-makers.

## Improving Ethics and Accountability with Codes of Conduct: Translating Principles into Practice

### The Ultimate Challenge of Voluntary Codes of Conduct and Self-Regulation: Enforceability!

While many codes of conduct have been developed, including the dozens examined by Bromley and Orchard, there are inherent limitations in their use. Such codes often state what should be done, but not how to do it. Establishing a standard through consensus is difficult enough – figuring out how to solve the challenges of implementation is quite something else. Codes and principles are often aspired to, but often never implemented.

A widespread criticism of codes or principles is they are unlikely to affect behavior as they are unenforceable, as stated by Bromley and Orchard (2016). While such codes and principles are commonly unenforceable, they need not be so. Why? Code requirements or principles can be transformed and elevated to truly impact behavior, but it requires expenditure of significant further effort to address the challenges of implementation. Stated another way, this requires much effort translating principles into practice.

It is not that this cannot be done, but rather is most difficult. One must first identify and reconcile many challenges and then solve them with enforceable procedures incorporated into the NP's internal controls. Secondly, the goal is to forever alter the ethical environment or climate by incorporating systemic change permanently within the NP's *behavior setting*. As explained by Moos (1986), this refers to groups of individuals

**Accountability and Ethics in Nonprofit Organizations, Table 1** Summary of 33 principles of good governance and ethical practice – Independent Sector

| |
|---|
| Legal compliance and public disclosure |
| 1. A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is formed or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations, and conventions |
| 2. A charitable organization should formally adopt a written code of ethics with which all of its directors or trustees, staff, and volunteers are familiar and to which they adhere |
| 3. A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest (real and potential), or the appearance thereof, within the organization and the governing board are appropriately managed through disclosure, recusal, or other means |
| 4. A charitable organization should establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This "whistle-blower" policy should specify that the organization will not retaliate against, and will seek to protect the confidentiality of, individuals who make good-faith reports |
| 5. A charitable organization should establish and implement policies and procedures to protect and preserve the organization's important data, documents, and business records |
| 6. A charitable organization's board should ensure that the organization has adequate plans to protect its assets – its property, documents and data, financial and human resources, programmatic content and material, and its integrity and reputation – against damage or loss. The board should review regularly the organization's need for general liability and directors' and officers' liability insurance, as well as take other actions necessary to mitigate risks |
| 7. A charitable organization should make information about its operations, including its governance, finances, programs, and activities, widely available to the public. Charitable organizations also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations |
| Effective governance |
| 8. A charitable organization must have a governing body that is responsible for reviewing and approving the organization's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies |
| 9. The board of a charitable organization should meet regularly enough to conduct its business and fulfill its duties |
| 10. The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and organizational matters. Except for the very small organizations, this generally means that the board should have at least five members |
| 11. The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnicity, race, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission |
| 12. A substantial majority of the board of a public charity, usually meaning at least two-thirds of its members, should be independent. Independent members should not (1) be compensated by the organization as employees or independent contractors, (2) have their compensation determined by individuals who are compensated by the organization, (3) receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization, or (4) be related to anyone described above (as a spouse, sibling, parent, or child) or reside with any person so described |
| 13. The board should hire, oversee, and annually evaluate the performance of the chief executive officer of the organization. It should conduct such an evaluation prior to any change in that officer's compensation, unless there is a multi-year contract in force or the change consists solely of routine adjustments for inflation or cost of living |
| 14. The board of a charitable organization that has paid staff should ensure that the positions of chief staff officer, board chair, and board treasurer are held by separate individuals. Organizations without paid staff should ensure that the positions of board chair and treasurer are held by separate individuals |
| 15. The board should establish an effective, systematic process for educating and communicating with board members to ensure they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively |
| 16. Board members should evaluate their performance as a group and as individuals no less frequently than every 3 years and should have clear procedures for removing board members who are unable to fulfill their responsibilities |
| 17. Governing boards should establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve |

(continued)

**Accountability and Ethics in Nonprofit Organizations, Table 1** (continued)

| |
|---|
| 18. The board should review organizational and governing instruments no less frequently than every 5 years |
| 19. The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every 5 years, the organization's programs, goals, and activities to be sure they advance its mission and make prudent use of its resources |
| 20. Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board-related duties. A charitable organization that provides compensation to its board members should use appropriate comparability data to determine the amount to be paid, document the decision, and provide full disclosure to anyone, upon request, of the amount and rationale for the compensation |
| Strong financial oversight |
| 21. A charitable organization must keep complete, current, and accurate financial records and ensure strong financial controls are in place. Its board should receive and review timely reports of the organization's financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations |
| 22. The board of a charitable organization must institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget |
| 23. A charitable organization should not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease obligation) to directors, officers, or trustees |
| 24. A charitable organization should spend a significant amount of its annual budget on programs that pursue its mission while ensuring that the organization has sufficient administrative and fundraising capacity to deliver those programs responsibly and effectively |
| 25. A charitable organization should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies should require that travel on behalf of the organization is to be undertaken cost-effectively |
| 26. A charitable organization should neither pay for nor reimburse travel expenditures for spouses, dependents, or others who are accompanying someone conducting business for the organization unless they, too, are conducting such business |
| Responsible fundraising |
| 27. Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful |
| 28. Contributions must be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor |
| 29. A charitable organization must provide donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements |
| 30. A charitable organization should adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, program focus, or other interests |
| 31. A charitable organization should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state, and local laws and do not employ techniques that are coercive, intimidating, or intended to harass potential donors |
| 32. A charitable organization should not compensate internal or external fundraisers based on a commission or a percentage of the amount raised |
| 33. A charitable organization should respect the privacy of individual donors and, except where disclosure is required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names |

Reprinted with permission from http://www.principlesforgood.com

behaving together which has physical, behavioral, and temporal properties revealing complex interrelationships among its parts, such as including board and membership meetings of NP organizations. While board members will change, the need for a written ethical framework does not, which can then be revised and updated as conditions change, with consensus agreement by the board. This maintains an ethical framework within the behavior setting despite board turnover.

How do you translate principles into enforceable practices? Enabling enforcement requires a process or mechanism whereby compliance is monitored and failures result in consequences imposed by legitimate authorities. Specifically, this is done by shoring up lines of authority and responsibility; bolstering internal controls; and mandating reporting requirements and frequency, implemented through enforceable bylaws that require board action and approvals, while monitoring or, preferably, prohibiting conflicts of interest. This is accomplished through improved internal controls that assign reporting responsibilities through reporting requirements, on a periodic basis, to legally accountable authorities such as NP boards.

This process elevates principles into enforceable practices, as done for the 33 Principles of Good Governance and Ethical Practice (Corbett 2011). Specifically, the Principles are converted into bylaw form and rendered enforceable through reporting requirements imposed on specified parties, enabling ongoing monitoring of compliance and enforcement by the board. In each case, various "implementing authorities" are identified, who become accountable through bylaw requirement. That is, the 33 Principles were converted into 38 implementing bylaws, with 20 reporting requirements, including annual reports (10), semi-annual reports (1), quarterly reports (3), and periodic reports (6) based on reportable or triggering events. Such bylaws permanently change the behavior setting until altered by the board.

This method provides documentation necessary to assess internal compliance with board-approved governance principles and standards, enabling assignment of responsibility, or culpability, for governance failures. It also empowers board members to obtain key information in a timely manner, during the time frame when critical decisions are made.

### Translating Principles into Enforceable Practices: Three Illustrations

Following are three IS Principles, with the proposed bylaw and identification of implementing authorities (Corbett 2011; Note 1). The first illustration addresses the critical issue of *record protection* while ensuring timely access by board members to fulfill fiduciary duties.

**Principle 5** A charitable organization should establish and implement policies and procedures to protect and preserve the organization's important data, documents, and business records (Table 1).

Implementing Bylaws 5-A, 5-B, and 5-C (Corbett 2011, pp. 21–22):

> "**5-A**: Board members shall have general access and right to review all books, records, plant, and property for any proper purpose, at any reasonable time. Written requests for copies of records shall be made to the secretary and shall be provided within 30 days. This includes, but is not limited to, memoranda, financial reports, audits, expense records, itemized legal costs, and contracts.
>
> **5-B**: The books and records shall only be destroyed in accordance with a written record retention policy that describes the various records and required holding periods. [Insert Option]
>
> Option 1: The minimum holding period is 3 years. *(least aggressive)*
>
> Option 2: The minimum holding period is 4 years. *(recommended)*
>
> Option 3: The minimum holding period is 5 years. *(most aggressive)*
>
> **5-C**: The executive committee (if any) and president shall provide the record retention policy to the board for approval, disapproval, or modification, with a subsequent review every 6 months thereafter, providing a report to the board with recommendations for continuation or revision, for board approval, disapproval or modification.
>
> ***Implementing authority***: Records access officer, president, secretary, board of directors"

The second illustration addresses the many challenges of ensuring *board diversity.*

**Principle 11** The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnicity, race, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission (Table 1).

Implementing Bylaws 11-A, 11-B, and 11-C (Corbett 2011, p. 35):

> "**11-A**: The NC (Nominating Committee or equivalent) shall evaluate and recommend candidates for the board and all committees. In evaluating candidates consideration shall be given to

(1) organizational needs, (2) board balance and diversity, (3) leadership ability, (4) availability to serve, and (5) other factors the board may specify, including financial literacy.

The NC, when submitting nominations, shall also report on the makeup of the board with respect to gender, race, and nationality. Diversity shall also be considered in staff recruitment, and the president shall report annually to the board on the makeup of the staff.

**11-B**: It is board policy that all members serve on at least one board committee, which the NC shall consider when qualifying and selecting candidates to most effectively meet board needs.

**11-C**: The board shall fill all vacancies caused by resignation, removal, or death of any officer, board member, or NC member upon recommendation of the NC. Any board vacancies caused by resignation, removal, death, or other reason and not filled by the board within 10 days may be filled by executive committee majority vote on an interim basis until the next annual or other special meeting.

***Implementing Authority***: Nomination committee, president, executive committee, board"

The third example addresses *board compensation* and is structured to provide multiple options for boards to consider in reaching consensus.

**Principle 20** Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill board-related duties. A charitable organization that provides compensation to its board members should use appropriate comparability data to determine the amount to be paid, document the decision, and provide full disclosure to anyone, upon request, of the amount and rationale for the compensation (Table 1).

Implementing Bylaw 20-A (Corbett 2011, p. 48):

"**20-A**: Compensation of board members, beyond reimbursement of reasonable expenses incurred in connection with board responsibilities, is prohibited. Exceptions to this provision must be supported by comparable data, with the level of compensation and rationale publicly available, upon request.

Option 1: Second, such compensation must be annually reviewed and approved by unanimous vote of the board. ***(recommended)***

Option 2: Second, such compensation must be annually reviewed and approved by a two-thirds vote of the board of directors. ***(aggressive)***

Option 3: Second, such compensation must be annually reviewed and approved by a majority vote of the board of directors. (***least aggressive***)

***Implementing Authority***: Board of directors"

## Conclusion

Improving ethics and accountability is highly complex yet clearly a most admirable and worthwhile goal. While many ethical values are subjective and vary based on political, social, cultural, religious, economic, and geographic factors, there are core ethics that widely apply. They include transparency, disclosure, avoiding conflicts of interest, and oversight (White 2010).

Regarding accountability, the concept of fiduciary duties is useful and widely applicable. They include the duty of care, duty of loyalty, and duty of obedience (Hopkins 2007; Rosenthal 2012). These four ethical values and three fiduciary duties provide a solid starting point for use by NPs and NGOs in developing ethical frameworks that best meet their organizational needs.

It is also apparent that improving ethics and accountability will require a process where stakeholders come together in a collaborative process to agree upon core ethics and accountability standards to which they will commit. Such an exemplary process, and successful blending of ethics and fiduciary duties, is as demonstrated by Independent Sector (Table 1).

Yet coming to agreement on ethical and accountability standards is necessary but not sufficient. That is, consensus-based standards or codes of conduct that are merely aspirational will not, by themselves, succeed. Real progress will require stakeholders to address, and rise to, *enforceability – the neglect of which is the Achilles heel of voluntary codes*. Enforceability can, however, be achieved by defining responsibility clearly, imposing periodic reporting requirements, monitoring and enabling compliance by those authorities legally responsible. This achieves accountability by bolstering often grossly inadequate internal controls. Such changes as these, implemented through the bylaws (Corbett 2011), modify the behavior setting (Moos 1986)

permanently improving the ethical environment. It also creates a consensus-based setting of integrity and trust, raising expectations of all board members and leadership regardless of turnover, unless and until changed by the board.

This is the essence of *organizational self-regulation* that is systematic and enforceable and is a proper, if not necessary, goal for all NPs and NGOs that seek autonomy and freedom to pursue mission, as well as those seeking to limit avoidable regulatory intrusion by government into nonprofit and sector affairs.

## Cross-References


- ▶ Accountability: Breaches and Trust
- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Theories of Ethics


**Note 1** Bylaws 5 and 11 as quoted were adapted from unpublished conference papers from Corbett (1996) and Corbett (2007), respectively, as cited in Corbett (2011) (p. 22; 35).

## References


Bromley P, Orchard C (2016) Managed morality: the rise of professional codes of conduct in the U.S. nonprofit sector. Nonprofit Volunt Sect Q 45(2):351–374

Chait RP, Holland TP, Taylor BE (1996) Improving the governance of nonprofit boards, American Council on Education. Oryx Press, Westport

Corbett C (2011) Advancing nonprofit stewardship through self-regulation: translating principles into practice. Kumarian Press, Sterling

Corbett C, Vienne D, Abou-Assi K, Namisi H, Smith DH (2016) Self- regulation in associations, Chapter 41. In: Smith DH, Stebbins RA, Grotz J (eds) Palgrave handbook of volunteering, civic participation, and nonprofit associations. Palgrave Macmillan, Basingstroke

Fremont-Smith M (2004) Governing nonprofit organizations. Harvard University Press, Cambridge, MA

Hopkins B (2007) Legal responsibilities of nonprofit boards. Book five of the governance series. BoardSource, BoardSource, Washington, DC

Independent Sector (2007) Principles for good governance and ethical practice: a guide for charities and foundations. Reference edition. Panel on nonprofit sector convened by Independent Sector accessed from http://www.independentsector.org

Independent Sector (2015) Principles for good governance and ethical practice. Accessed from http://www.principlesforgood.com

Jackson PM, Fogarty TE (2006) Sarbanes-Oxley and nonprofit management. Wiley, Hoboken

Jordan L, van Tuijl P (eds) (2007) NGO accountability: politics, principles and innovations. Earthscan, London

Moos RF (1986) The human context: environmental determinants of behavior. Robert E. Krieger Publishing Company, Malabar, pp 214–221

Rosenthal L (2012) Good counsel: meeting the legal needs of nonprofits. Wiley, Hoboken

Sidel M (2010) Regulation of the voluntary sector: security and freedom in an era of uncertainty. Routledge, New York

Spector B (2012) Detecting corruption in developing countries. Kumarian Press, Sterling

White D (2010) The nonprofit challenge: integrating ethics into the purpose and promise of our nation's charities. Palgrave Macmillan, New York


# Accountability and Governance in Fiji


Usman W. Chohan
UNSW Canberra, University of New South Wales, Canberra, Australia


## Synonyms

Development in Fiji; History of Fiji; Institutions in Fiji; Pacific Island development; Pacific Island institutions

## Definition

"Accountability and Governance" in Fiji refers to the extant and historic architecture in Fiji for the fostering of institutions that promote accountable development, oversight, and governance; in terms of their current capacities and challenges, in the influence of historical experience on their abilities, and in the degree of coordination between these institutions.

## Introduction

In Fiji, the objective of fostering more effective governance and accountability has been met with the need to reconcile a series of dichotomies, including those of centralization versus regionalism, of indigenous demography versus multiracialism, of Commonwealth (colonial) structures versus autochthonous structures, of military versus civilian bureaucracies, and of immediate governance requirements versus long-term planning (see Appana 2003; Nath 2006; Rika et al. 2008; Chohan and Jacobs 2016). The pendulum has swung periodically in favor of one element over the other since independence in 1970 (and even before), as evidenced in periods of military rule, or in several waves of exodus of Indo-Fijians, or in the process of power-centralization. As a result, while many accountability institutions and governance best practices are found in Fiji, their work can be described as disjointed and working in an uncoordinated manner (Chohan and Jacobs 2016). The purpose of this chapter is to delineate those elements and present an overarching portrait of their interaction in a Fijian context, and then to suggest areas of interest in governance reform as well as areas of future research.

## Overview of Fijian Accountability Institutions

Fiji is an independent republic in South Pacific that can be characterized as post-colonial, archipelagic, multilingual, biracial, primary-resource based, Commonwealth, and parliamentary. It exerts a substantial economic, political, and intellectual influence within the community of Pacific Island nations due to its comparatively large size, including a population base of nearly one million citizens (World Bank Databank [ŴBD] 2017).

After gaining independence in 1970, Fiji maintained numerous institutional legacies of the British colonial period, including a Westminster parliamentary system for representation, legislation, and oversight (Chohan and Jacobs 2016), as well as provincial councils for indigenous affairs (Rika et al. 2008). However, political instability led to coups d'état in 1987, 2000, and 2006, which then created periods of military rule that diminished the force of independent accountability institutions, and also sparked an exodus of Indo-Fijians who were highly active in these institutions, including in the parliament, the executive bureaucracy, the judicial system, and the audit office (Nath 2006). It also led to a centralization of power that fed tensions with the decentralizing forces that had sought to empower Fiji's rural population, which was 70% of the total population in 1960 and still accounts for 45% today (WBD 2017). Furthermore, the participation of civil society and the media in governance and accountability was markedly reduced in this period.

As such, the disruption caused by political instability and consequent regime changes has meant that, at one level, many accountability and governance institutions have not been able to deliver fully on their mandates due to their intermittent functionality (see Appana 2003; Nath 2006; Rika et al. 2008; Chohan and Jacobs 2016). At another level, it has also meant that, whenever these accountability institutions have been recreated, or have reasserted their role in the governance process, they have worked in a disjointed fashion that has not sufficiently coordinated their mutual purpose of fostering better governance (Chohan and Jacobs 2016).

## Accountability Institutions Today

In the past several years, the subjacent political tensions have eased, and this has allowed various types of reform to be instated at a large scale. Principal among these is the new *Constitution of the Republic of Fiji* [CoRF] that was promulgated with a view towards serious attention to transparency, accountability, and governance (Chohan and Jacobs 2016). The terms "accountability" and "transparency" appear numerous times in various parts of the constitution, and issues of accountability represent an entire chapter (among 12 chapters) within the constitutional document (CoRF 2013). In fact, Article 1,

Chapter 1 of the constitution begins by stating that Fiji is a republic founded of values of "good governance," "transparency," and "accountability," (CoRF 2013).

The constitution embodies a new impetus for accountability institutions to restart or re-enhance their work. Institutions of particular import include inter alia the Public Accounts Committee (PAC) of Parliament, the Audit Office, the Judiciary. The constitution also leads to inferences about greater room for addressing governance and accountability through civil society and through the media. There is today a greater emphasis being laid on public consultation in governance areas such as the budget process, where civil society and media groups are becoming more engaged.

However, despite its robust form and strong push for governance and accountability, the constitution does not encompass all of the institutional possibilities that would meaningfully serve Fiji. Chohan and Jacobs (2016) raise the example of a Parliamentary Budget Office (PBO), which is not explicitly mentioned in the constitution, as an institution that would bolster those entities that *are* mentioned in it. They argue that a PBO could serve a dual purpose. First, it could serve as a mechanism for budget accountability by introducing fiscal expertise that is nonpartisan into the budget process. Second, the PBO could help to coordinate the work of existing accountability institutions in the budget process, including the PAC and the Audit Office, which have historically worked on budget issues in a separate manner with only incidental or intermittent collaboration (Chohan and Jacobs 2016). This is not to be confused with their independent mandates, for coordination in this sense still implies that these accountability institutions will effectuate their duties independently, i.e., in collaboration but not in collusion, as part of the democratic process of oversight. The PBO is but one important suggestion, but future research must delineate other possibilities that are pertinent to Fiji. One example of this may be a *Citizen's Budget*, which seeks to simplify an understanding of the fiscal process for the general public so as to engage citizens more directly and broadly in national budgeting. Again, future research should consider which other governance institutions and mechanisms would best be suited to the Fijian context.

There are also a few institutional innovations mentioned in the 2013 Constitution that have yet to be put into effect. The most important among these is an *Accountability and Transparency Commission* (ATC). Article 121 of the constitution stipulates that the ATC will be an independent oversight commission that will work institutions such as Parliament. However, the constitution does not delve with specificity into the ATC's mandate, and since the ATC has not been created as of this writing, its future performance and success within the accountability architecture of Fiji is still indeterminate.

Fiji is engaged in a process of wide-ranging economic reform, including economic diversification away from its primary industries (notably sugar), the restructuring of several core state entities, prioritizing foreign investment, and developing Fiji's human capital. This reform process means that governance, along with its concomitant enhancement of the *democratic leverage* of citizens (Stapenhurst et al. 2008), is a matter of significance and immediacy.

## Conclusion

There are a series of dichotomies which have influenced the course of governance and accountability in Fiji. In terms of centralization versus regionalism, there is a larger degree of centralization today than in the past, which is influenced in part by events including political crises and military rule, but also because of demographic factors such as urbanization drawing citizens in from more remote parts of the archipelago. In terms of indigenization versus multiracialism, accountability and governance institutions reflect a concerted effort towards bringing racial harmony and leveraging the benefits of diversity for Fiji's institutions. In terms of its Commonwealth legacy, despite several episodes of expulsion since 1970, Fiji maintains many of the same accountability institutions found in the Commonwealth

**Accountability and Governance in Fiji, Table 1** Timeline of governance, politics, and accountability in Fiji

| Years | Events |
|---|---|
| Pre–1822 | Indigenous Fijians manage governance issues through societies founded on kinship ties that center around village life in settlements interspersed across the islands. Power is endowed to local chiefs who exercise independence and do not impose a centralized governance architecture |
| 1822 | European contact: Europeans arrive under auspices of missionary work and trade |
| 1853 | King of Fiji: Cakobau claims the titled of *Tui Viti* (King) |
| 1865 | Confederation of Fijian Chiefs established |
| 1871 | Constitutional monarch: King Cakobau adopts a symbolic role in constitutional monarchy, with legislature and cabinet dominated by settlers from Australia |
| 1874 | Fiji becomes a British colony |
| 1904 | Legislative Council reconstituted as a partially elected body, with European male settlers enfranchised and Fijian chiefs given an indirect input |
| 1929 | Partial enfranchisement of Indo-Fijians |
| 1963 | Indigenous Fijians enfranchised |
| 1967 | Responsible government introduced with devolution of power to Fiji |
| 1970 | Fiji gains independence from British rule |
| 1977 | Constitutional crisis in Fiji, with inability to form government post-election, governance and accountability institutions face headwinds |
| 1987 | Two military coups d'état, Fiji's expulsion from Commonwealth, Fiji becomes a republic |
| 1990 | New constitution institutionalizes a preeminent position for indigenous Fijians |
| 1990–1997 | Governance and accountability institutions suffer substantial shocks and adversity |
| 1997 | Constitutional conference leads to a new constitution that is generally accepted by leaders from major political parties |
| 2000 | Coup d'état and political crisis |
| 2000–2006 | Latent political, economic, and ethnic tensions continue to derail the work of governance and accountability institutions |
| 2006 | Coup d'état and political crisis |
| 2009 | The previous 2006 coup d'état declared illegal, restoration of the work of certain governance and accountability institutions quietly begins |
| 2013 | A new constitution (CoRF) is promulgated to replace the 1997 constitution. It lays an emphasis on accountability, reform, transparency, and governance |
| 2013–Present | Large-scale economic reforms are underway. Accountability and governance institutions begin a concerted effort towards exercising their mandates. However, in some instances, the process is not complete, and in some cases, while the process has successfully been reinstated, there is a lack of coordination with other accountability institutions |

community, such as Public Accounts Committees and a Supreme Audit Institution, and these are finding renewed participation in the accountability process since the promulgation of the 2013 Constitution. These are also part of the process of initiating a more longer-term approach towards governance processes such as budgeting. However, Fiji would benefit from several other institutions that are not yet in place, such as a Parliamentary Budget Office, a Citizen's Budget, and the Accountability and Transparency Commission that was mentioned in the 2013 Constitution but has not been put in place as of this writing.

As such, significant scope still exists for improving the standard of accountability in Fiji both at the national and subnational levels (Rika et al. 2008; Chohan and Jacobs 2016). The purpose in all of this should be to enhance the *democratic leverage* of Fijian citizens (Stapenhurst et al. 2008). Nevertheless, in light of the jagged and uneven path that Fiji has taken in the nearly 50 years since independence, the emphasis must not be on innovations in the accountability architecture, as much as it should be on (1) making existing institutions more robust and (2) on increasing the degree of coordination between them (Table 1).

## Cross-References


- ▶ Accountability
- ▶ Accountability and Democratic Administration
- ▶ Accountability Mechanisms
- ▶ Accountability, Politics, and Power
- ▶ Budget Office
- ▶ Crisis Management and Governance
- ▶ Governmental Accountability
- ▶ Legislative Oversight of Bureaucracy


## References


Appana S (2003) New public management and public enterprise restructuring in Fiji. Fijian Stud 1(1):52–73

Chohan UW, Jacobs K (2016) A parliamentary budget office in Fiji: scope and possibility. Aust Parliam Rev 31(2):117–131

Constitution of the Republic of Fiji (2013)

Nath N, van Perseum K, Lowe A (2006) Public sector auditing in Fiji: tracing its emergence and development. Fijian Stud 4(1):15–45

Rika N, Tuiloa M, Tuiseke M, Finau-Tavite S (2008) Accounting and accountability by provincial councils in Fiji: the case of Namosi. Aust Account Bus Finance J 2(1):3–27

Stapenhurst F, Pelizzo R, Olson D, von Trapp L (2008) Legislative budgeting and oversight. World Bank, Washington, DC

World Bank (2017) Databank. Accessed 9 Sept


# Accountability in Colombia


Carolina Isaza
Universidad Externado de Colombia, Bogota, Colombia


## Synonyms

Answerability; Control; Responsibility

## Definition

The relationship between an actor who delegates a task to another one and that one who has an obligation to explain his actions to the first. In a political context, accountability refers to the relationship between citizens and public officials, in particular, elected representatives in a democratic setting. This relationship implies responsibility, answerability, and transparency and is accompanied by institutional mechanisms that establish a relation of control.

Thus, accountability refers to an institutional design insuring that actors in a position of power, especially political actors, are forced to answer to citizens. The term is also applied to horizontal mechanisms of mutual control between the different State powers, also known as checks and balances or horizontal accountability.

## Introduction

Colombia has had a stable democracy despite the persistence of an armed conflict for 60 years, which is now coming to an end. The current Constitution dates from 1991. The country has a presidential system with checks and balances in place, at least formally. However, the Executive Branch is powerful, the bicameral Congress is weak and has the lowest levels of confidence from citizens (along with political parties), and the main source of real balance of power is the Judicial Branch, especially the High Courts.

Public administration in Colombia is a combination of Weberian style institutions and New Public Management reforms. However, strong elements of patronage, a spoils system and particularism remain, causing low trust in the State, low legitimacy, and weak political institutions.

In that sense, accountability in Colombia is situated between a strong and complex institutional design, combining mixed forms of accountability, and stronger informal institutions that challenge that same design and limit its practical performance.

The formal accountability institutions are reflected in the Constitution and the law. On 2010, an accountability policy was adopted by the Executive Branch, compelling public organizations to render accounts to citizens and publicize their actions and results (The document Conpes 3654, "Policy of accountability of the

executive branch to the citizens." The CONPES is a technical instance that approves public policies; it is a modified version of the Ministers' Council).

A particularity of the Colombian political system is the low accountability of the Legislative Branch towards citizens (voters). This can be explained by the patronage system, in which congressmen respond rather to particularistic clients than to citizens in general.

## Discourses on Accountability

Different actors in Colombia view accountability from various perspectives. Isaza identifies two main discourses on accountability in Colombia: a *managerial discourse* related to New Public Management which is instrumental in nature, and a *democratic discourse*, based on normative ideals about democracy and democratization of public administration (Isaza 2016).

Civil society, human rights, and democracy advocacy groups are in favor of a democratic discourse on accountability, based on citizen involvement in decision-making and participatory mechanisms. They prefer social accountability and a direct role of citizens in demanding change and overseeing government actions.

Public organizations in the executive branch and international organizations defend a more managerial discourse on accountability, related to NPM and performance management. The last two Colombian presidents are part of this tendency. Internal accountability mechanisms are preferred, including horizontal accountability and internal audits, controls and principal-agent style reporting.

The two perspectives have been combined in policy formulation and have shaped a particular vision of accountability in Colombia. The following sections present a description of existing accountability mechanisms, actors and forums, and discuss their efficacy.

## Mechanisms of Horizontal Accountability

Horizontal accountability is a concept developed by Guillermo O'Donnell to describe Latin American countries, where vertical accountability through elections and political parties has failed, and only checks and balances can guarantee that State actors remain accountable to someone (O'Donnell 2004). According to one definition: "Horizontal accountability exists when one state actor has the authority – formal or informal – to demand explanations or impose penalties on another" (Jenkings 2007).

Colombia is no exception to this characteristic. Presidentialism and a spoils system converge to make the Executive Branch the most powerful actor in the system, supported by political parties looking to gain some loot, i.e. public procurement contracts, government jobs and other benefits. Public administration is controlled by the President and central government via budget allocations.

There are mechanisms of internal accountability in place, going from subordinates in the bureaucracy to political appointees such as ministers, and from them to the President. Some of them have taken the form of manager-level performance contracts, such as the "Acuerdos de gestión"; others are part of the periodical evaluation of public servants and monitoring of public organizations' results channeled by the national program of public policy evaluation (Sinergia).

Therefore, Congress responds mainly to particular arrangements between parties and the president, and only occasionally to public opinion. This makes it unable to control the actions of the Executive Branch or demand accountability from it and even less able to impose sanctions. Even though the mechanisms that would allow Congress to sanction members of the Government exist in the Constitution (political control and censorship motions), they have rarely been proposed and never passed by any Congress (Isaza 2015).

In this context, the Judicial Branch and independent agencies remain the main accountability forum in Colombia. The so-called High Courts, i.e., the Constitutional Court and the State Council (Consejo de Estado) are the main source of controls and sanctions to executive power. This has led to a form of judicial activism in which the Constitutional Court forces the government via

sentences to comply with general mandates of the Constitution, assuming a role not only in agenda setting, but in public policy formulation, with important effects on national budgets.

On the other hand, Colombia, like other countries in the region, has created agencies of designated accountability. They are independent from direct control by the executive branch, although the election of their heads is not politically neutral. The main agencies of this kind are the General Auditor and the Comptroller General (Contraloría General), the Public Ministry, comprising the Procuraduría (in charge of disciplinary control), the national ombudsman (Defensoría del Pueblo), and local ombudspersons. The Electoral Council (Consejo Nacional Electoral) is also considered a horizontal accountability agency, as it controls political parties' behavior regarding financing and elections.

These agencies can sanction public servants for wrongdoing. Together with the judicial branch and its Prosecutor Office (Fiscalía General), they seem to be some of the few actors capable of making public officials accountable in Colombia.

## Transparency and Vertical Accountability

Traditionally, vertical accountability is understood as electoral accountability. That means citizens can vote out political actors who don't comply with promises or expected behavior. For this mechanism to work, reelection must be possible, or failing that, political parties should be strong, in order to allow for an indirect punishment of the incumbents by their party. Limitations of these mechanisms are well known (Stokes et al. 1999).

In Colombia, reelection of the president existed for over a decade but is no longer possible. In local governments, mayors and governors can run again for a nonconsecutive term. Neither of these mechanisms allows for political accountability of executive branch representatives. This means that the only remaining electoral mechanism for making local governments accountable is the recall (revocatoria de mandato). This figure allows citizens to call a vote to remove mayors or governors for not fulfilling electoral promises.

However, there are only a few cases where this has been accomplished, mainly because of high transaction costs and strict requisites, and the mechanism remains unfunctional for the purposes of political accountability.

On the other hand, both Congressmen and local corporations' members can be reelected indefinitely. This should introduce some electoral accountability regarding their roles, but the already mentioned limitations to this figure make this unlikely. Finally, accountability through political parties is also low, due to their fragmentation and inability to discipline their members.

Given this failure of electoral and political accountability mechanisms, the Colombian government designed an accountability policy in 2010, intended to force the national public administration to give periodic accounts to citizens. In this policy, the Spanish translation for accountability was used: rendición de cuentas or "to give accounts," understood mainly as a transparency measure including face to face exchanges of management information with citizens (Isaza 2016). As this is rather a transparency measure, the policy was later incorporated in the Transparency Law.

The outcomes of this initiative are mixed. On the one hand, it is clear that public sector organizations are now forced to be more transparent to the public and are getting used to give information and to talk directly with citizens about their performance, which is a positive development in itself. On the other hand, this does not necessarily translate into more accountability, especially given the above-mentioned deficits on the political front.

In sum, wrongdoing, corruption, and even inefficiencies are very likely to go unpunished by citizens, except by symbolic means discussed below.

## Social Accountability

Social accountability refers to the actions of civil society and citizens in general to demand

explanations and to sanction public servants and political actors. Peruzzotti and Smulovitz (2000) propose three types of social accountability in Latin America: through judicial mechanisms, through mobilization, and through the media.

Colombia has examples of the three (Isaza 2015). In the first place, several judicial mechanisms for social accountability are in place. The most successful are the civil rights guardianship (acción de tutela) and the right to demand public information from the State (derecho de petición de información). The first one allows citizens to invoke the State obligation to protect their basic civil and human rights. The second one guarantees fast access to public information. Finally, citizens can complain with the ombudsman and other horizontal accountability organizations and start or accompany investigations for misdemeanor or corruption.

The mobilization strategy in Colombia is used by NGOs and citizen overseers, the latter of which is protected by law. There is also the traditional channel of social protest and contestation. However, the country has a challenge related to the high level of social leaders' murders by illegal actors. This security situation implies that not many people are willing to confront the State on key issues.

The third social accountability strategy concerns the role of the media to denounce, call to account and symbolically sanction public officials for corruption and other wrongdoing. This strategy has a strong reputational impact and is very often the most successful of the three. Many corruption scandals in Colombia have been initiated by the press. However, just as with social leaders, journalists face risks when touching vested interests in Colombia, even the risk of death. The NGO Foundation for the Liberty of the Press reports between 117 and 336 annual violations to press freedom between 2006 and 2017.

## Corruption Control and Accountability

Colombia, like other Latinamerican countries, has intermediate levels of corruption, according to international measurements, such as Transparency International's ICP and the World Bank Governance Indicators. These levels remain relatively stable over time, questioning both the usefulness of such measurements and the efficacy of the so-called fight against corruption. According to the literature, since Klitgaard, accountability is supposed to be a key element of corruption control (Klitgaard 1988; Schatz 2013). In the Colombian case, the failures in the institutional design just described contribute to the persistence of corruption practices closely associated with the lack of adequate controls over political actors. Electoral, political, and grand corruptions are widespread.

A reason for optimism, however, is that the bigger cases eventually come to light, due to the elements of the accountability arrangement that are operational, i.e., both the media and the judicial branch. Scandals are reported periodically and sanctions eventually come to some of the responsible actors involved in corruption practices.

The downside of this publicity of corruption cases is an increasing loss of legitimacy and confidence that leads to general disappointment with politics and government, as suggested by Bauhr and Grimes (2014). A shown by diverse opinion surveys, Colombians increasingly perceive that corruption is pervasive and systemic and feel little confidence of this changing in the near future.

## Conclusion

Accountability in Colombia faces serious challenges. The legal framework is complex and contains all types of accountability mechanisms: vertical, horizontal, internal, and social. In practice, only the judicial branch and judicial channels for citizen complaint are doing the job of controlling, calling to account and sanctioning public servants and political actors who fail in their duty. Despite failures and even corruption scandals involving the courts, they have been able in the past to perform an accountability function that other actors, including citizens, are unable or unwilling to perform. The media comes as a second-best accountability forum, despite challenges to freedom of the press.

The Executive Branch has made important efforts to make public administration more accountable, including an official policy and legal provisions to compel organizations and public servants to have better communication channels with citizens. These measures are partially effective to democratize public administration but do not serve to make political actors and high officers more accountable.

The main risk for the country regarding this issue is political accountability. Political parties have managed to avoid most efforts to increase accountability and have an important role to play in Congress lack of it. The patronage practices, State captures, and institutional weaknesses related to them impede accountability measures to function properly. In consequence, Congress is unable or uninterested in being accountable to citizens and cannot demand accountability from the Executive Branch, which makes it the weakest link in the institutional design.

This failed institutional design causes corruption to remain high, whereas it is successful to bring some grand corruption cases to trials and convictions, but this in turn causes a general image of pervasive and incontrollable corruption, affecting citizen morale.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Corruption, Europe
- ▶ Accountability and Democratic Administration
- ▶ Accountability and Ethics
- ▶ Accountability Mechanisms
- ▶ Accountability, Politics, and Power
- ▶ E-Government, Accountability, and Performance
- ▶ Governmental Accountability


## References


Bauhr M, Grimes M (2014) Indignation or resignation: the implications of transparency for societal accountability: indignation or resignation. Governance 27(2):291–320. https://doi.org/10.1111/gove.12033

Isaza C (2015) El diseño institucional para la rendición de cuentas. Gestión y Política Pública 24(2):339–375

Isaza C (2016) From discourses to policy: analyzing the creation of an accountability discourse in Colombia. Int J Public Admin, 1–12. https://doi.org/10.1080/01900692.2016.1210167

Jenkings R (2007) The role of political institutions in promoting accountability. In: Shah A (ed) Performance accountability and combating corruption. The World Bank, Washington, DC

Klitgaard R (1988) Controlling corruption. University of California Press, Berkeley

O'Donnell G (2004) Accountability horizontal: la institucionalización legal de la desconfianza política. Revista Española de Ciencia Política 11:11–31

Schatz F (2013) Fighting corruption with social accountability: a comparative analysis of social accountability mechanisms' potential to reduce corruption in public administration. Public Admin Dev 33(3):161–174. https://doi.org/10.1002/pad.1648

Smulovitz C, Peruzzotti E (2000) Societal accountability: the other side of control. J Democr 11(4):147–158

Stokes SC, Przeworski A, Manin B (1999) Democracy, accountability, and representation. Cambridge University Press, Cambridge


# Accountability in Federal Government


Jonathan Rauh
College of Charleston, MPA Program, Charleston, SC, USA


## Synonyms

Answerability; Honesty; Integrity; Liability; Respect

## Definition

The oversight of federal programs and operations by elected authority to ensure the business of government, and those undertaking the business of government, are answerable to the American people.

## Introduction

A major challenge to accountability in the federal government is politics. That statement may seem

a bit tongue-in-cheek, but it is the balance of political power with policy objectives that makes strong accountability regimes so difficult to implement. Politics and governance are two separate endeavors that are intimately intertwined. The latter consists of addressing the functional aspects of governing society that make modern life livable. The former consists of building brand image and gaining votes. The role of accountability in governance and in politics is thereby also intertwined – public disclosure of efforts to advance policies that help one set of interests at the expense of another even if done via directions to the bureaucracy can have engender negative reactions for those opposed to such policies or practices while those in favor of such policies will certainly advocate for them. The use of governance as a tool for advancing political agendas has made accountability in the federal government a difficult endeavor and one for which structural and incentive-based arguments do not have good answers.

In discussing accountability, it is important to first define terms. Accountability simply refers to the ability to call someone to account for their actions (Lerner and Tetlock 1999). Discussions of accountability are a combination of structural, rational, and behavioral arguments seeking to describe the amalgam of relationships between elected and public officials as well as mid- to low-level functionaries. Structural arguments proceed from a discussion of Executive appointment authority combined with discussions of the Legislature's ex post or ex ante use of the budget as a tool to enforce policy priorities. Rational arguments proceed from a discussion of how the policy priorities of the Executive and legislators can be achieved via shifting the incentive structures for bureaucrats. Finally, the behavioral arguments address the microlevel interactions of individual bureaucrats within an accountability regime, i.e., how do they respond to the political machinations put upon by elected officials seeking to use structure and incentives to achieve their policy priorities? This entry will provide a commentary on how politics at the federal level works to affect accountability regimes and will also provide some discussion of the results in the two most recent administrations. This is a topic that could, and has, filled volumes, for example, Balla and Gormley (2017), so this commentary will in no way be exhaustive.

## A (Very) Brief Overview of Accountability and Delegation

In the process of studying how elected officials attempt to satisfy their policy priorities we tend to see shifting of authority and representation from elected political authority to the federal bureaucracy. This is in one part practical and in one part political. The practical side is explained well in *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.* (1984). It is arguably one of the most important administrative law cases of the past 50 years, establishing what is commonly referred to as *Chevron deference*. This refers to deference granted to agencies to interpret statutes in which congress was not explicit about what they intended. Such deference is premised on the idea that an ambiguous statute is in fact implicit delegation (*FDA v Brown & Williamson* 2000). The practical meaning of this is the standard refrain that most MPA students receive about the power of bureaucrats to interpret policy. After all, in the USA as in other democracies, there is a tacit delegation of policy-making authority and responsibility to bureaucracy simply for practical reasons. First, Congress does not have the capacity to address the day-to-day work of addressing all the issues that actually make modern life livable. Second, it is probably advisable that Congress not engage in such activities simply for safety and functionality – do we want non-environmental chemists telling us what should count as safe levels of Benzene in the potable water? But what does this say for accountability – democratic, legal, or otherwise?

While many conservative members of Congress deride the level of authority granted to the bureaucracy (Balla and Gormley 2017), the permissive authority that Congress tends to grant to agencies belies any actual efforts to reign in the bureaucracy. By way of example, Webb-Yackee and Webb-Yackee (2016) clearly

demonstrate a higher degree of permissiveness in regulatory authority granted to an agency – allowing an agency to regulate or not. Birkland (2016) is more explicit in his views of the deference Congress grants to the bureaucracy, noting that delegation is often part of a procedural strategy that is necessary to address politically difficult issues. Put simply Congress passes off authority to the bureaucracy so that if the bureaucracy does well at implementing their policy priorities then Congress (or individual congressmen) can claim credit for being wise enough to trust the experts; if things go poorly though then there is a ready made scapegoat in the form of the bureaucracy.

The above demonstrates two separate, and flawed, notions of accountability in the federal government. Legal accountability provides sufficient oversight to the extent that the courts view the bureaucracy's interpretation as unreasonable. Beyond Congress being explicit in its crafting statutes or courts forcing an agency to provide a more reasonable interpretation of an ambiguous statute, accountability moves into the political realm. It is already known that elected officials use bureaucratic authority as a crutch for difficult political decisions and tend to provide oversight via administrative action (submitting annual reports and providing updates to congress). Stronger actions such as public reviews of agency actions leading to more explicit instructions tend to only occur following a crisis – what McCubbins and Schwartz (1984) refer to as fire alarms. What we are left with in very general terms is a system in which political expedience incentivizes delegation to bureaucratic agencies and in which the limits of those agencies is de facto limited by the extent to which their interpretation of ambiguous directions are seen as reasonable.

### What About Transparency?

There is more internalized (within the bureaucracy) but less formally regarded means of accountability available to ensure the public can know what its government is doing (note that this does not imply they will know to whom to assign credit or blame). This is the process of ensuring transparency in procedure and meetings – something that is easier in principle than in practice. As used here, transparency is referring to transparency of process as opposed to open disclosure such as that called for by former head of the Office of Government Ethics, Walter Shaub – his recommendations were more specifically in line with politics, corruption, and individual interests as opposed transparency in the process of governing.

When the Affordable Care Act was making its way through, Congress President Obama promised to have the negotiations between the White House and Congress aired live on CNN – in keeping with his campaign promise of a transparent administration. This did not happen of course and Conservative critics were quick to point out the lack of transparency. There is another question here though – would it have even mattered?

It is difficult to know ex ante whether being open and transparent in a process would have provided a different outcome. It is also far too easy to point to transparency as the cure all for a flawed process. The relationship between interest groups, the bureaucracy, and elected officials means that seeking accountability via a transparent process can equally predict both the success and the failure of a proposed piece of legislation depending upon the relative strength of the players involved and whether they see an explicitly strong benefit for transparency. For example, it is difficult to imagine that insurance companies would want to have a fully transparent airing of negotiations with regulators over their loss ratios (the amount they must in services to covered individuals). This is not because insurance companies are necessarily ill-intended, rather because the average American likely thinks that insurance markets function like product markets and therefore do not understand insurance very well to begin with. By this same token policy discussions around things that Americans tend to understand – such as K12 education – may benefit from greater transparency. The point is that one cannot simply point to a transparent process as a sufficient condition for either good policy or good accountability (Krotoszynski 2011).

This lack of sufficiency extends beyond the process of making laws and is seen in how

agencies apply their own transparency policies and how the public responds to those policies. Piotrowski (2008) showed that agencies have very different views on whether freedom of information was a central part of their mission as do citizens. While the Securities and Exchange Commission may view freedom of information as one of its core functions, the department of education does not (Piotrowski 2008). A great irony in the process though is that more heavily politicized agencies may take freedom of information more seriously, but they also tend to be the slowest to respond to FOIA requests (Wood and Lewis 2017). If both agencies and the public have differential concern as to the role of transparency, then it implies that those agencies who both have low concern for transparency and for whom the public has a low concern for transparency are by default less accountable. This brings us back to the fire alarms argument (McCubbins and Schwartz 1984). Although the presence of standards for transparency is in theory equally applied, this does not make the practice of applying those standards equal. It is only when some malfeasance comes to the fore that the process of accountability really kicks in for agencies with low concerns for transparency.

As an example of this, consider the failings of the Department of Education with regard to estimating the true costs to borrowers of student loans. The Obama Education Department (ED) sought to force more and more borrowers into Income Drive Repayment plans (IDRs) (Pasquale 2015). This pushed the number of borrowers on IDR from 10% to 24% from 2013 to 2016 and increasing the number of loans in IDR from 20% to 40%. By law, ED is required to provide an annual estimate of the long-term subsidy cost of the federal student loan program (the amount of the loans currently in effect less the net present value of the total repayment over the life of the loan). Unfortunately, in ED's 2016 report, it underestimated the amount of the subsidy by almost $11 Billion. According to a Government Accountability Office review of why ED's estimate was so far off was that ED's model assumed no growth in the number of IDR borrowers despite policies implemented to drive more borrowers into IDR.

## Accountability Is a Process, Not an Instance

If anyone asks for one single solution on how to make government more accountable, they will be disappointed because no single solution exists. There are several solutions from both a policy and a practice perspective that could make accountability both of elected officials and agencies more robust. To increase accountability, one must first go back to what accountability is and then think about what they want accountability to be. From Lerner and Tetlock (1999), we see that accountability is simply the ability to call someone to account for their actions. This makes no expectations of the outcomes of calling someone to account. Senator Robert Menendez was called to account for his actions. He was accused of bribery and federal corruption, tried and the case was dismissed. The Senate Ethics Committee (following the dismissal) stated that it would reopen its inquiry into Menendez. How much of this is partisan and how much is fact-finding is uncertain though.

Likewise, when the Education Department grossly under-calculated the actual costs to borrowers of student loans, the GAO investigated and ED was called to account. The high profile failure of several Veterans' Affairs hospitals and even the investigation into Russian collusion by President Trump's campaign – all have been called to account. If the question is simply one of the ability to call one to account, then the system is working although we may not like the outcomes of the process. It is that process of calling to account that is perhaps the most pressing issue. Accountability in the federal government is not seen as robust (Tolchin and Tolchin 2015; Basinger 2013). This is not because high level public and elected officials are not called to account though; it is because they are and it does not seem to matter. This means that when one thinks about accountability in the federal government, it would be beneficial to think about the process of

holding people to account and not just accountability as a concept.

If accountability is a process, then it is helpful to think of it in terms of rule of law as opposed to a regulatory enforcement action. As a concept, this may be difficult since the rule of law often delves into issues of democratic theory and the rights and duties of citizenship – this is not really helpful in thinking about how to better enforce accountability since, on principle, Americans already believe in the majority of the premises necessary for rule of law. What is needed is a positive definition.

First, accountability systems must accept, as do common law and criminal law, that the rules themselves are subject to rules. This means that no actor can, on a whim or because of their position, enforce one rule as nullifying or being more important than another unless it is explicitly stated as such. This also means that the inability to pick and choose the rules one wishes to be applied more stringently is not up to any given individual but must be stated in the rules themselves. This means that clarity of rules in both intent and empowerment are a necessity. Legal theorists often point to lists of what facets good law should have in order to be clear, predicable, enforceable, and specific (O'Donnell 2004; Raz 1980). The legal positivist scholar Joseph Raz points to eight characteristics that laws should have including being prospective, open and clear, unbiased, made in the open in clear and stable manners, and so on. Among the eight characteristics though, and most pertinent here, is that discretion should not be allowed to pervert the law – a point that refers to enforcement agencies and the courts but which is pertinent for thinking about accountability since it is enforced via institutions.

The enforcement of accountability takes on different forms though. Vertical (electoral) accountability is probably the one with which people are most familiar. The examples above and make it clear though that vertical accountability can be manipulated by manipulating the governance process. Horizontal (societal) accountability has requirements that are not often met within the US population or US institutions. There is not a vigorous self-assertive society in America demanding equal application of accountability standards. By contrast, Lau et al. (2008) show clearly that what the public believes counts as corruption or "just politics" depends on whether the actions stem from one's own party. In the ideal standard of horizontal accountability, no one regardless of position should escape legal or regulatory oversight regarding the legality or compliance of their actions. Finally, it must be the case that like cases are treated alike regardless of the class or position of the individual or institution in question. These requirements do not get the argument for accountability beyond the current state though since all of these facets can be seen in the application of accountability currently. This implies that if one wishes for equality in treatment regarding accountability then the current applications of the rules regarding accountability and the current accountability rules themselves are flawed.

In terms of the rules themselves one can explain what low-level functionaries tend to bear the brunt of the rule for accountability violations, intentional or simply as mistakes, by the fact that they cannot mount a stout legal defense (Lewis and Gilman 2012). The discretionary and often overly lenient or severe application of accountability rules demonstrates flaws in the application of rules. Finally, there are flaws in how rules relate to ordinary citizens, individuals in power, and enforcement bodies that demonstrate systemic rather than individual weaknesses. A case in point for this would be Secretary Tom Price's 2017 defense against charges of insider trading. On the same day, then-Congressman Price's stockbroker purchased $90,000 worth of stock in six pharmaceutical companies, Price arranged calls seeking to roll back rules that would hinder the performance of the pharmaceutical industry (Faturechi 2017). If a city official had attempted a similar act for something like a concrete company and a road contract, then they would have likely been imprisoned for official corruption. Under the current rules, for Congressmen (and the law under the STOCK act), Price's actions are defensible. Sections 4 and 5 of the STOCK act lay out the rules under which members of congress are to

operate with regard to knowledge they gain as a result of their positions, e.g., §4(g)(1):

> [E]ach Member of Congress or employee of Congress owes a duty arising from a relationship of trust and confidence to the Congress, the United States Government, and the citizens of the United States with respect to material, nonpublic information derived from such person's position as a Member of Congress or employee of Congress or gained from the performance of such person's official responsibilities.

While the circumstantial evidence certainly implies that Price likely knew of the purchase, no record of a conversation between Price and his broker has been found that would establish that as fact. A more problematic issue is the construction of the statute. Stockbrokers are not idiots nor do they behave as though their clients are random actors. Price's political reputation and position on healthcare regulation were well known and the rulemaking process was public so the fact that these rules would have been up for review was also known. With that information alone Price's stockbroker could intuit what Price would do when the rules came up for review.

Although it looks bad, it does not create a situation of corruption prima facie, but because only a select few individuals get to hold authority under which such a defense could be used the application of such a rule to practices of insider trading in general would be problematic if not impossible. If, for example there were a rule that when the federal government purchased certain regulated commodities that they must do so at a percentage of the prices set by an index compiled from specific companies, then there would be an incentive for Congressmen on the committee regulating those commodities to purchase stock in the companies that make up the index. Of course, anyone savvy investor could do this, but because of their oversight capacity and ability to influence regulators, the congressmen on the committee could purchase stock in anticipation of regulatory activity that only they are privy to. Examples of this are seen in the purchase of chicken which is set by the Poultry Dock Index produced by the Georgia Department of Agriculture based on inputs from poultry producers (Dewey 2018). The ability to use information in this way creates a clear conflict of interest and a loophole that has yet to be addressed.

## Conclusion

There are clearly instances in which the rules for accountability available to powerful elected officials are not the same as those for functional bureaucrats. Additionally, there are instances in which the review process for determining accountability is lacking in understanding. What can be done though? Working from the examples and requirements stated herein, there are some suggestions for reform that could make the federal government more accountable.

Most of the challenges discussed herein exist because of politics. It is difficult therefore to think of ready solutions to these challenges that would not incentivize even greater subterfuge. If we were to publicize all negotiations and openly publish the schedules of elected officials, then we would likely see an increase in ex parte lobbying in which case it would even more difficult to know why rules are being crafted in a specific manner. If we were to require that an agency provide all communications from its employees, agency heads, and contractors, then the cost of computing power for storing the information would run into the multiple millions if not billions of dollars. Although I do not have a ready made set of solutions for incentivizing better accountability, incentives towards better accountability is just what is necessary.

Politics is about power and influence, i.e., an incentive-based structure premised on the capacity to act on those incentives towards some end. A tightening of process rules is unlikely to provide much in the way of better accountability and is likely to have the opposite effect. Instead what is needed is a means of providing incentives that create a situation where good behavior is incentivized more heavily than the rewards that could be offered through bad behavior. These must be crafted an applied in such a way that no one could enjoy benefits or avoid punishments simply as a result of their position.

## Cross-References


- ▶ Ethics in the Public Sector
- ▶ New Public Management
- ▶ Performance Management
- ▶ Public Service and Service Delivery
- ▶ Transparency


## References


Balla SJ, Gormley WT (2017) Bureaucracy and democracy: accountability and performance. CQ Press, Washington, DC

Basinger SJ (2013) Scandals and congressional elections in the post-Watergate era. Polit Res Q 66(2):385–398

Birkland TA (2016) An introduction to the policy process: theories, concepts, and models of public policy making, 4th edn. Routledge, New York

Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc. 467 U.S. 837 (1984)

Dewey C (2018) The alleged conspiracy to fix the price of chicken meat, explained. The Washington Post, February 1. Available at: https://www.washingtonpost.com/news/wonk/wp/2018/02/01/the-alleged-conspiracy-to-fix-the-price-of-chicken-meat-explained/?noredirect=on&utm_term=.89da55b1569a

Faturechi R (2017) Tom Price intervened on rule that would hurt drug profits, the same day he acquired drug stock. ProPublica, March 31. Available at: https://www.propublica.org/article/tom-price-intervened-rule-hurt-drug-profits-same-day-acquired-drug-stock

FDA v Brown & Williamson Tobacco Corp. 529 U.S. 120 (2000)

Krotoszynski R (2011) Transparency, accountability, and competency: an essay on the Obama administration, Google government, and the difficulties of securing effective governance. Univ Miami Law Rev 65:449–481

Lau RR, Andersen DJ, Redlawsk DP (2008) An exploration of correct voting in recent U.S. presidential elections. Am J Polit Sci 52(2):395–411

Lerner JS, Tetlock PE (1999) Accounting for the effects of accountability. Psychol Bull 125(2):255–275

Lewis CW, Gilman SC (2012) The Ethics Challenge in the Public Service: A Problem Solving Guide. Hoboken, NJ: John Wiley and Sons

McCubbins MD, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179

O'Donnell G (2004) The quality of democracy: why the rule of law matters. J Democr 15(4):32–47

Pasquale F (2015) Democratizing higher education: defending and extending income-based repayment programs. Loyola Consum Law Rev 28:1–30

Piotrowski SJ (2008) Governmental transparency in the path of administrative reform. SUNY Press, Albany

Raz J (1980) The concept of a legal system, 2nd edn. Oxford University Press, New York

Tolchin M, Tolchin MJ (2015) Pinstripe patronage: political favoritism from the clubhouse to the white house. Routledge, New York

Webb-Yackee J, Webb-Yackee S (2016) From legislation to regulation: an empirical examination of agency responsiveness to congressional delegations of regulatory authority. Adm Law Rev 68(3):395–443

Wood AK, Lewis DE (2017) Agency performance challenges and agency politicization. J Public Adm Res Theory 27(4):581–595


# Accountability in the Judicial Administration of Bangladesh


Abdur Rahman (Zibol)
The Supreme Court of Bangladesh & Former Additional Chief Metropolitan Magistrate of Bangladesh Judicial Service, Dhaka, Bangladesh


## Synonyms

Answerability; Chargeability and Blameworthiness; Culpability; Liability; Responsibility

## Definition

Accountability in the judicial administration endorses the meaning to have sound judicial remedies in getting justice at large or judicial accountability in specific with a view to establishing good governance in all the spheres of the state.

## Introduction

The existence of accountability in a democratic country is based on the rule of law which is the patent expectation of every citizen. Judiciary assumes the supreme constitutional responsibility to ensure accountability in the governance system in the state that demands independence of judiciary as well as responsible judiciary. All aspects of judiciary ought to be highly accountable as the

accountable judiciary is the parameter of all organs of the state to come into an accountable character. Lack of accountability generates dysfunctions, transparency crisis, and corruption and destroys the fundamental rights resulting in injustice everywhere. The accountability in judiciary depends on many factors like the legal framework, institutional arrangements, procedures, and methods as well as the persons involved including likely judges, staff, advocates, police, doctors, government executives, and litigant persons in the dispensation of justice. Moreover there is a serious moral and ethical issue involved in judicial accountability. Especially the judges, the heart of judiciary, have to be independent and impartial subject to their ethics. Lack of fairness in judicial activities by the judges caused by several factors coupled with the undesirable political intervention encourages other organs of the state to do everything deliberately which causes injuries to the people at large. Lack of accountability in the judiciary paves the way to these injuries.

Problems of accountability in judicial administration now have emerged as a national crisis in Bangladesh. This crisis has a multiplier impact in a negative manner on public and social governance. There should be a thorough research study on the present judiciary in general and judicial accountability in specific with a view to establishing good governance in all the spheres of life in the country. In the modern atmosphere, the emerging legitimate expectation has come with a call for accountability of all public institutions largely upon the judiciary as the judges have tremendous power as they can review both legislature and executive branch's decisions and the instant issue has got a philosophy of knowledge. An accountable and transparent judicial administration can ensure the safeguard of exercising the human rights and make other institutions of the state accountable in their own business. Accordingly a colossal reform is indispensable in the judicial administration of Bangladesh.

## What Is Meant by "Accountability"?

Accountability guarantees responsibility, and the same breeds transparency in judicial administration. The impression of accountability in judiciary of a democratic country is based on the rule of law that all aspects of judiciary ought to be highly accountable as the accountable judiciary shall be the parameter of all organs of the state to come into an accountable character.

Accountability and transparency closely bear a similar character of fairness, whereas corruption leads to an opposite character to each other. Accountability of judiciary may be to the conscience, to the law, to the legislature, to the executive, or to the public at large which can establish a civil society. On the other hand, corruption decays the fundamental rights which establish injustice everywhere. The accountability and transparency in judicial administration depend upon the involving person likely judges, staff, advocates, police, doctors, executives relating with the land administration, and litigant persons in the dispensation of justice. The judges have to play a vital role in the dispensation of justice as the other persons are accountable to them by their respective activities with the process of delivering a judicial process.

## To Whom Are Individual Judges and the Judiciary Accountable?

The most and foremost considerations are that the individual judges are to be accountable to their conscience and the judiciary to people at large. However the following forms of accountability are to be considered:

(i) Accountability to the enforcement of law, equity, and justice.
(ii) Internal accountability to senior judges or courts by way of (a) the system of appeals against judicial decisions and (b) procedures for dealing with complaints about the conduct of judges.
(iii) External accountability to the public by way of amenability to scrutiny in particular by the media but more widely by civil society.
(iv) Accountability to the executive branch of the state (through the Supreme Judicial Council).
(v) Accountability to the legislative branch of the state.

These forms of accountability have common characteristics. For instance, the appeal and complaint processes provide both internal accountability and accountability to the public, and the giving of evidence to legislative committees provides direct accountability to Parliament and indirect accountability to the public.

## For What Should Individual Judges and the Judiciary as an Institution be Accountable?

The extensive meaning and perceptions now given to the term "accountability" are attuned with the independence of individual judges and the judiciary; the question takes place as to what these are and for what the judiciary should be accountable.

In answering this question, the following values are to be considered:

(a) The characteristics of accountability depend upon the responsibilities and conduct of the individual or the group.
(b) The fundamental importance of the independence of individual judges and the judiciary as a body.
(c) The individual judges and the judiciary as a body should not be subject to forms of accountability prejudicing their core responsibility.
(d) There should have an environment of sharing responsibilities with the judiciary and executive in respect to the responsibility of the judiciary for the deployment of individual judges, the allocation of work within the courts, and the well-being, training, and guidance of serving judges, which mean that the judiciary is responsible for:
    (i) Ethical practice for establishing rule of law and justice.
    (ii) An effective judicial system, including the correction of errors.
    (iii) Training of judges in the light of changes in law and practice.
    (iv) Identifying and dealing with core problems, equality, and health as well as safety issues concerning serving judges.

The judiciary and executive share responsibility for the provision of complaints and disciplinary system to identify and deal with issues of competence, misconduct, and personal integrity.

## Analyzing Principles and Identification of Problems

This is a common proposition that one cannot properly be made accountable for that for which one is not responsible. Bangladesh judiciary assumed judicial independence in the name of separation of judiciary from the executive through Masdar Hossain Case, 1999, and a Judicial Service Commission has been established in 2007; it is the commission and not the executive which is responsible for and therefore accountable for appointments of judges, and it is the executive (the government) who is responsible for and therefore accountable for providing resources for the courts and the judiciary.

Judicial independence and existence are not unconditional perceptions, and there are many formulations of it. However, prime requirements which are that the judiciary must be impartial that its decisions are accepted, that it is free from any kind of influence or biasness, and that it has jurisdiction, directly or by way of review in respect to the overall issues of a justifiable nature and by which it is capable of rendering justice on all issues of significant legal and constitutional importance.

A new concept of judicial governance and administrative responsibility has been emerged in the modern state which mostly depends upon the independence of judiciary. Judicial independence means that judges are not subject to pressure and improper influence and are free to make impartial decisions based solely on facts and laws. It is embodied in statute in the judicial oath and runs through legal training, judicial culture, and judicial education. It ensures that judges are not subject to political pressure and the dictates of the legislature (Parliament), or public pressure, or that of individual interest groups.

So, judicial independence from the executive and the legislature is an essential part of

democracy and rule of law. It ensures that power is not held in one entity, so reducing the risk of tyranny, and it provides assurance of impartial hearings. Independence for judges at an individual level means that no judge is accountable to another for any judicial decision that they make; they are held to account instead through the appeals process. Judges are also given immunity from prosecution for any acts they carry out in the performance of their judicial function.

As per the provisions of the Constitution of the People's Republic of Bangladesh, the executive, legislative, and judicial branches of the state should show appropriate respect, oblige, and aid for the different positions occupied by the other branches. The limits of what it is proper for judges to say to the media, or in lectures, follow from the need to safeguard the core constitutional responsibility of the judiciary. The consequence should be that government's ministers, members of Parliament, and the media should also respect the need to safeguard and to avoid prejudicing or oxidizing this core responsibility. That should limit what it is appropriate to say to or about judges and individual decisions maintaining the standard of share responsibility.

In Bangladesh there is no separate acted code of conduct for the judges. The structure of the system including the appellate process and the process for making complaints about the conduct of judges is determined by general statute and regulation and, in the case of complaints and discipline, first handled by an internal authority. The appropriate forms of accountability are thus in part identified by those instruments. There is no definite mechanism to endow information about court process, delays, workloads, training, appeals, complaints, lack of integrity and misconduct, and equality issues to Parliament, and the public is an appropriate way of explaining, justifying, and opening these areas to public examination and scrutiny. It should identify the boundary between the respective responsibilities of the judiciary and of the executive (for resourcing the courts, i.e., for providing court buildings, court staff and logistic support, etc.). The sharing responsibility of the judiciary is not incompatible with the requirements of judicial independence.

### The Accountability of Individual Judges

It is the wise saying that not only what the judges do but also what the judges do not do, for which judges are accountable. The judges shall be the trustee of confidence relating to fair justice of the public at large. Judges being human are charged with the responsibility of protecting the human rights and freedom of the citizen, and they are custodians to keeping the trust of people by their judicial performance. The measurement of judicial accountability shall depend upon the individual high character, knowledge, and commitment to the rule of law of the judges, and the judicial activism shall be reflected in the administration of judiciary by their impartiality, integrity, competence, and diligence, as well as ensuring equality of treatment to all before the courts in discharging performance of the judicial office.

## Accountability to the Executive of the State

Under the provisions of the Constitution of the People's Republic of Bangladesh, judges of the High Court and the Court of Appeals are appointed by the president taking consultation with the prime minister (i.e., head of the executive) and shall hold the post till attaining 67 years of age unless otherwise disqualified. This protection was given to protect judges against the power of the executive. These judges are oath bound to be impartial for ensuring justice, and thus they are not individually accountable to the executive in their capacity as such in either the "sacrificial" or the "explanatory" senses. It goes without saying that safeguards on their tenure are a vital part of the independence of the judiciary. That is not to say that the executive has no role to play in the consideration of complaints and disciplinary proceedings made against judges. As per Article 49 of the Constitution of the People's Republic of Bangladesh, the president has assumed power of pardon and grants a stay of execution of any decision of the court, and on the other hand, the president has to take consultation to the prime minister for exercising the said power as per Article 48 of the Constitution. Moreover, the

executive has been given the power to transfer and promote judicial officers in substantive consultation with the Supreme Court of Bangladesh as per Article 116 of the Constitution. Such accountability, however, depends upon the check and balance between the judiciary and executive.

## Accountability to the Legislative Branch of the State

The parliament has supreme power to pass any act for the removal of the judges of the Supreme Court, i.e., the ultimate form of accountability. It has been exercised by the Parliament through the Sixteenth Amendment of the Constitution of the People's Republic of Bangladesh. Thus the Supreme Court of Bangladesh recently declared the said Amendment ultra vires to the Constitution as the said Amendment curtailed the supremacy and independence of the Judiciary. However, the Parliament has power subject to a rule ("the sub judice rule") to make a discussion of ongoing cases, the decisions, and conduct of individual judges by way of debates in the House. Parliament is accountable to the common people, and its debates make judiciary accountable to the people at large. This, however, does not mean that judges are accountable to Parliament for their decisions in particular cases, save insofar as Parliament may legislate to reverse the effect of a decision. Accountability for their decisions is incompatible with judges' necessary independence. Individual judges may also not be invited to give evidence to Parliamentary Committees. In modern times a manifest tendency is considered that all the branches of the state are trying to break the principle of check and balance.

## Internal Accountability of the Judiciary

Internal accountabilities mean in the sense that the decisions of the judges are subject to appeal and some judges are responsible for the allocation of cases to other, individual judges are accountable to senior judges, or judges holding positions of higher responsibility. Long traditions and adopted rules for the conduct of judges provided guidance on matters such as impartiality, integrity, competence and diligence, personal relationships and perceived bias, and activities inside/outside the court.

The responsibilities of the head of division and presiding judges, and judges in charge of a particular jurisdiction, are designed to assist in the effective management of judicial work. They have to apply common sense to exercise with due regard to the importance of the need to respect the independence of individual judges in relation to the decisions before them. This means that they cannot dictate another judge on how to decide a case. The judge in authority must design to ensure that cases are heard by an appropriate judge and the available judiciary is fully and effectively deployed within the resources provided by the executive branch of the state. It is to be observed, however, that one of the guarantees of independence is that judges must be free from outside instructions, improper influences, or pressure from other members of the court or the judiciary.

## Accountability to the Public

The public has ample opportunity to scrutiny of the work of individual judge's accountability through formal processes of court proceedings. As a general rule, court proceedings and the decisions of judges are to be declared in public. The decisions of judges must be rational and justifiable and are subject to comment, by the media and other commentators. The quality of individual decisions in respect to errors in law and facts is also subject to control in the form of appeal to higher courts. These identification and correction of errors by appellate courts are also public and reasoned.

## The Limits of these Forms of Accountability and Practices

The limits are on what a judge may properly deal with the removal of his office. In fact the High Court judges and above can only be removed by the Supreme Judicial Council as per rules. Other

judges can be removed by the president in consultation with the Supreme Court for incapacity or misconduct pursuant to statutory powers.

Judges are also absolutely immune from personal civil liability in respect to any judicial act done in the bonafide exercise of their office as a judge of that court as per the provisions of the Judicial Officer's Protection Act (1850).

The reason for a judge's immunity from civil suit is to make and to be able to do his duty with dignity and complete independence and free from fear. It is not because the judge has any privilege to make mistakes or to do wrong. The appeal and review system deals with such matter, and the criminal courts deal with criminal wrongdoing.

### The Institutional Accountability of the Judiciary

There are patent relations between the features of individual accountability and the question of institutional accountability to ensure good governance in the state. It is significant to distinguish the accountability of the judiciary as an institution from that of the courts as an institution. This is because of the responsibility of the executive for the resourcing of the courts. For example, if a lack of resources means there are insufficient courts, court staff, or judges and the result of this is a delay, it is the executive and not the judiciary who is responsible and accountable.

The responsibility of the judicial administration for the deployment of judges, training, handling advocates, taking complaints and disciplinary system, and the provision of an effective judicial system within the resources provided means that it is legitimate for there to be some form of accountability in the stream of these matters. In respect to those matters on which the judiciary's share responsibility with the executive, it is legitimate for there to be a measure of "explanatory" accountability by the judiciary.

## Accountability to the Executive Branch of the State

One of the endeavors of the executive is to ensure good governance partly by the judiciary. Thus the reasons precluding the accountability of individual judges to the executive apply equally to institutional accountability. In the light of the peril to judicial independence of direct accountability to the executive, it would appear that the primary forms of accountability must be either to the legislature or to the public in the sense that the system is made open to and subjected to scrutiny by civil society.

## Accountability to the Legislative Branch of the State

Accountability to the legislative branch is firmly a matter of control rather than accountability. It should carefully consider whether the judge can answer questions about matters concerning the administration of justice which fall outside their area of judicial responsibility or previous responsibility. The boundaries of legitimate questioning reflect the need to protect the independence and impartiality of the judiciary. The Parliament can curtail or reduce the power of the courts as per the provisions of the constitution that does mean the accountability is primarily to Parliament but indirectly it is also to the public.

## Accountability to the Public and Amenity to Scrutiny by Civil Society

There are some accountabilities discussed above which can be seen as an indirect form of accountability to the public at large. This is so in the case of the formal processes of court proceedings and the appellate process. These enable scrutiny of the outcomes of cases and comments by the press, interested parties, and commentators. In addition, there are also the debates of Parliamentary Committees as to the judiciary on occasions where this is truly necessary and appropriate.

***Interviews and media briefings:*** The giving of interviews by the concerned lawyer of a particular case and subjecting oneself to questions by representatives of the press and other media are certainly a form of accountability. From time to time, the Chief Justice of Bangladesh, the holder of that

office, has given occasional interviews and media briefings at the time of judicial conference/training conducted by the members of the judiciary.

***The judiciary's website:*** There are many information about the judiciary that are now available to the public on the judiciary's website (www.supremecourtbd.com). It has assisted in explaining and opening up the work of judges to public scrutiny. There are sections on "About the Judiciary," containing sections inter alia on "roles and types of jurisdiction," "daily cause lists," "appointment circular, complaints and appeals," "cases search," and "judicial pronouncement." The focus of the site is on accessibility and on matters which are considered to be of interest to the public.

***Annual reports:*** The annual reports on the operation of particular jurisdictions and the report that the Chief Justice makes to the president and more unswerving form of accountability to the public.

The court reports and *judicial statistics* provide a statistical analysis of the work and waiting times based on the figures provided by the Supreme Court. Many of them discuss significant developments and assessments of the proposition of development. The reports are valuable tools for external scrutiny of the structure and are thus potentially another and more express form of accountability to the public for the administration of justice.

## Loopholes of Judicial Administration

There are some limitations of resolving the problems in respect to accountability likely political interference and indulgence, appointments of the persons involving with judicial activities, absence of specific code of conduct of the judges and staff of the court, and lack of ethical practice by the advocates.

Over and above, there are many loopholes in the administration of judiciary in Bangladesh. The judges (include magistrates) are literally independent, but constitutionally they are not independent at all. Nowadays, the lack of confidence to have justice has emerged to the mind of the people toward the judiciary of Bangladesh, and the reality comes true from the outcomes of the judiciary. Apparently the reasons behind the injustices from the judiciary are as follows:

(i) Political interference
(ii) Lack of ethics and morality of the judges
(iii) Ignorance of judges
(iv) Nepotism of the judges
(v) Delay in delivering judgment
(vi) Lack of opportunities to lead a sound life
(vii) Phenomena of bribing leading to a hyper life

## Administrative Lacunas Are as Follows

(a) Appointment
(b) Posting and transfer
(c) Internal interference
(d) Misuse of an annual confidential report
(e) Mismanagement of cases
(f) Improper management of staff
(g) Time management
(h) Case log
(i) Lack of mechanism to identify false cases
(j) Lack of staff
(k) Lack of logistics relating to conducting courts
(l) Staff must be of another district

## Other Tribulations

1. Lack of ethics in the profession of the advocacy
2. Inquisitiveness to file and lodge false cases
3. Skeletal inquiry and investigation by the police
4. Emerging of the middle class in dealing cases
5. Ignorance of the law of the people at large

## Expectation of People to the Judiciary

The people always expect an impartial, transparent, and accountable judiciary likely opposite to corrupt judicial administration. The margins of legitimate questioning reflect the need to shield the independence and impartiality of the judiciary. Nowadays, the question of accountability and

transparency as well as corruption in judicial administration has emerged as a national crisis. In the modern atmosphere, the emerging legitimate expectation has come with a call for accountability of all public institutions largely upon the judiciary as the judges have tremendous power as they can review both legislature and executive branch decisions, and as such the judiciary shall be free from any interference, be it political or otherwise. In November 2017 Chief Justice Surendra Kumar Sinha has been removed from the post by dint of political interference through the executives for which the Supreme Court Bar Association is holding protest programs for 2 months. Moreover, the executives sometimes improperly exercise power in respect to appointing Appellate Division's judges and Chief Justice of Bangladesh by superseding the senior judges which is also a threat to the independence of judiciary.

## Suggested Remedial Measures

One injustice creates another injustice. In our judicial system from ancient to modern, it is obvious that accountability and transparency have decayed gradually turning it expeditiously into the modern stage. Independence of judiciary not only institutionally but also mentally of judges is the prime barrier to reach into a sound judicial system. Political atmosphere plays a vital role in the judicial administration for all the periods of ruling the state. The pre-British period marked out to Hindu and Mughal administration developed a continuous historical process, and thereafter the British period brought a tremendous change in the judicial system which mixed up with the Hindu and Muslim personal laws and customs. In all periods there was a distinctive legal system though they brought changes through various settlements and judicial reforms. Finally after independence a cut-and-paste legal system of India and Pakistan has been adopted in Bangladesh. In outlining the structure of the courts, it can be easily guessed that evaluations have occurred in the judicial system by changing the name of courts, by changing the power of courts, and moreover by creating new courts in all periods. Day-by-day corruptions have increased in the judicial administration which is a major barrier for establishing an accountable and transparent judicial system in Bangladesh.

The judiciary of Bangladesh has been running through a legal framework from the Commonwealth Law systems. The Constitution of the People's Republic of Bangladesh has established an independent judicial process for establishing the rule of law in the country. In our country the adversarial judicial system is prevalent through the alternative dispute resolution (ADR, including negotiation, mediation, and arbitration) has been adopted in civil jurisdiction to create a win-win situation toward the parties in which practice has not been developed among the people. It is very much essential to adopt ADR system in some sorts of criminal cases to reduce the caseload from the courts.

The digital judicial system should be introduced in aid to the present system such as all the people must be informative of the day-to-day judicial work of the judges, staff, and police as well as advocates involving with their respective cases. The deposition of the witnesses and arguments of the advocates must be recorded and have a printed version. The decisions of the courts must be available on the categorized website of the judiciary. There shall be special facilities for all the dealing persons of the case for 15 years of plan to introduce a new digital judicial system.

Moreover, there are inherent problems with any justice system regardless of reforms, such as problems of evidence quality, and conflicting principles of justice in complex situations, where any solution may deem illogical. Many serious problems can be solved by well-proven methods of reforms to improve the quality of justice. Judges and lawyers must be strictly monitored for compliance with the guidelines for judgment, and their financial and all other transactions are reported and monitored for corrupt influence. Citizens must be enabled to conduct actions without a lawyer by procedures ensuring that the best professional advice is available and no action should be dismissed without judgment on the merits. Appeals of any judgment including findings of fact should be allowed at

least twice with judges of distinct legal philosophy, with or without new evidence or legal theory. In addition, the personnel of the judiciary, lawyers, and the instructors and administrators of law schools must be thoroughly cleansed. Most are just the wrong people with the wrong motives to perform these functions. They have selected their careers and have caused these problems for personal gain and have mastered skills which would enable them to ruin any reform and to restore their corrupt aristocracy. Their complete removal and replacement, regardless of the delays involved, would not cause significant injustice in comparison with the existing system in operation. The reforms are also required for legal education and judge selection process. The Appellate Division should be divided into Civil and Criminal Appellate Division, and the Chief Justice of Bangladesh should not have judicial power except administrative power over the whole judiciary. If these reforms are done well, the judicial branch could begin to serve the people rendering substantial justice.

Every action must have a definite conclusion. Earlier stated loopholes must come into a tolerable situation to eradicate corruptions and also to establish a sound and independent judicial administration.

## Conclusion

The judges and magistrates are the trustees of ensuring justice for all at large. The last hope of the people keeps before the judiciary, and legitimate public criticism of judicial performance is a means of ensuring accountability. An accountable and transparent judicial administration can ensure the safeguard of exercising the human rights of each and every human being, and the individual judges are subject to a strong system of internal accountability in respect to legal errors and personal conduct, but outside the judiciary, these are often not understood in terms of accountability. However, the other institutions of the state must be accountable in their own business, and the judiciary can also play its part by tailoring a sense of accountability in its officers by adopting substantial judicial reforms.

## References

Ahmed SI (2011) CERTIORARI- an administrative law remedy. Mullick Brothers, Dhaka, pp 6–13

Barth J Jr (10 Dec 2010) Why judicial corruption is invisible. Counter Punch, USA

Cooke R (1992) Empowerment and accountability: the quest for administrative justice. Commonw Law Bull 18:1326

Islam M (2012) Constitutional law of Bangladesh, 3rd edn. Mollick Brothers, Dhaka

Islam M (2015) Interpretation of statutes and documents. Shahidul Hasan Mollick, Dhaka, pp 10–11. Reprint

Judiciary of England and Wales The accountability of the judiciary. Seen on: www.judiciary.gov.uk

Md. Abdul Halim (2008) The Legal System of Bangladesh. CCB Foundation, Dhaka, Bangladesh

Rahman MH, J (1992), Dhaka Law Report. Esrarul Hoq Chowdhury, Dhaka, Bangladesh

The Constitution of the People's Republic of Bangladesh, 1972 (as amended in 2014)

The Judicial Officers Protection Act, 1850 (ACT NO. XVIII of 1850)

The Judicial System of England and Wales, a Visitor's guide, seen on: www.judiciary.gsi.gov.uk

# Accountability in Tourism Governance

Michelle Scobie
Institute of International Relations, Sir Arthur Lewis Institute for Social and Economic Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Environmental stewardship; Good governance; SIDS

## Definition

Accountability in environmental governance is the obligation of persons or organizations whose activities may have or have an environmental impact to report to those actors that have a right to regulate, adjudicate, and penalize those actions that may be harmful to the environment.

## Introduction

The international tourism industry and, more specifically, the international cruise shipping industry are a good example of a sector with complex accountability relationships. Caribbean cruise tourism is a global vertically integrated industry: cruise lines are owned by private corporations that manage their operations across multiple jurisdictions, linking tour operators, cruises, visitors, flag states, and the port states of the US and Caribbean destinations. Each of the actors is answerable to the states wherein they operate, to their clients and patrons directly, to third party agencies that monitor and report on environmental activity, and to international bodies that regulate shipping. Caribbean states that have tourism as their main source of national income depend on cruise lines and air carriers to bring tourists to their shores. Cruise lines are answerable to flag and port states for their environmental activities and impacts under international law. Lines have threatened to bypass islands that attempt to introduce onerous requirements. How can cruise lines be held environmentally accountable in power asymmetrical relationships with small states? This entry explains the concept of accountability in environmental governance and how a powerful global industry like cruise tourism is environmentally accountable to states, international institutions, industry associations, and to a lesser extent to private certifiers under international law.

## Environmental Governance and Accountability

Environmental governance refers to the ways in which states, international and regional institutions, treaty secretariats, government agencies, and a wide range of state and non-state actors (including multinational corporations, the science community, nongovernmental organizations, private national corporations, community-based organizations, certification and standard agencies) at global to local levels purposefully steer and shape human actions that impact both positively and negatively upon the natural and built environment. The rules and standards of environmental governance come from international environmental law, from environmental principles, and from the principles of good governance. International environmental law is enshrined in treaties and in internationally recognized environmental principles incorporated into international and national law, such as the polluter pays, the precautionary, and the common but differentiated responsibility principles. Good governance refers to the quality of the governance processes within institutions and among actors in a given sector and includes values such as transparency, participation, equity, effectiveness, efficiency, and accountability. Goal 12.6 of the new United Nations Sustainable Development Goals, an agenda which will guide the UN's activities until 2030, encourages companies, "especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."

Accountability makes an actor, or group of actors, responsible for carrying out a task answerable to others for that exercise. An actor is accountable when he has a duty to report to others and where his decisions, actions, and the values that motivate him are driven by stated or unstated norms developed through direct or informal arrangements (Biermann and Gupta 2011) with the agent to whom he should report. Traditionally, in electoral or tribal systems of authority, accountability was related to systems of representation and to the duty to report to those in whose name an actor was exercising the task of government. Today, environmental governance is multimodal (a wide range of networked actors and institutions outside of the state) and multilevel (from global to local scales). Many more actors are involved in accountability relationships than in the past.

Accountability in environmental governance is operationalized through accountability relationships that may be internal or external to the agency in question (Keohane 2003). Accountability in governance has four key components (Biermann and Gupta 2011). First, the duty and right to

establish environmental reporting relationships, as where, for example, port states, require ship log data on emissions and waste disposal procedures from ships at their ports. Second, the duty and right to establish rules, standards, and guidelines on environmental behavior, for example, states pass national laws to control port emissions and in international organizations such as the International Maritime Organization, establish standards to control vessel-sourced pollution. Third, the duty and right to judge environmental behavior is done by the port authorities of flag and port states, shipping certification agencies, and environmental NGOs. Finally, the duty and right to establish penalties for failure to keep to environmental standards is enforced through national legislation of port and flag states. Accountability requires transparency and regular monitoring and reporting: accountable actors should inform others of their activities. Port and flag states are the main actors that hold cruise lines to account, but independent agencies are also part of the accountability nexus. The global tourism awards scheme, for example, recognizes best practice by industry actors. Many of the Caribbean cruise lines are part of the Cruise Lines International Association (CLIA) that encourages inter alia voluntary environmental accounting and reporting.

The following sections address the importance of tourism and cruise tourism for many Caribbean islands, the types of actors in the accountability relationships, and how they are operationalized.

## Caribbean Cruise Tourism

The Caribbean is the closest destination to the USA which is the largest source for global tourism market, and cruise tourism is an important part of the industry for the islands. According to the Cruise Lines International Association since the end of the transatlantic passenger industry in the 1950s, the Caribbean dominates global cruise tourism with over 50% of the market share (CLIA 2014). Tourism accounts for four times as many jobs (13%) in some Caribbean islands when compared with the global average (3.4%) (World and Tourism 2016, 1) and up to 10 times more for total exports (73% in St. Lucia and 5–6% for the global mean). Caribbean states dependent on tourism are increasing incentives to cruise industry actors and invest heavily in enabling infrastructure such as deeper ports and port facilities to accommodate industry trends for larger vessels (Korbee et al. 2015).

Small size has generally been linked to limited state power and capability (Simpson 2006; Cooper and Shaw 2009), and there are power asymmetries in the cruise tourism sector between the state and cruise lines (Tejada et al. 2011). The latter can unilaterally choose which ports to visit, dictate terms of engagement on itineraries, and create competition between ports to ensure maximum commercial gain. SIDS are not unaware of the environmental, economic, and societal impacts of the industry (Macpherson 2008) nor of the limited revenue from cruise ship arrivals but will not deter the industry. Commodity chain approaches are helpful to explain how profits do not remain on the islands but on board cruise lines that provide an inclusive package to guests making spending onshore unnecessary (Clancy 2008; Wise 1999). In Barbados cruise tourists spend less than 100 USD in an onshore visit which may last between 3 and 8 h as compared to land-based tourists that spend on average 1100 USD per stay which may stretch from several days to several weeks (Pinnock 2014).

The scale of the environmental impact of the industry is still being documented (Bonilla-Priego et al. 2014). Port infrastructure, ship operations, and cruise terminals disturb, damage, and pollute marine ecosystems (Korbee et al. 2015); antifouling surfaces on ship hulls can pollute waters and destroy marine organisms (Klein 2011); ships require special systems for garbage disposal to avoid pollution from sewage, solid matter, and hazardous substances especially where no port reception facilities are available to handle waste disposal (Johnson 2002) and there is always the risk of illegal disposal of these substances; there is also a risk of pollution from oil emissions and of air pollution in coastal areas and at ports (Blasco et al. 2014), and ballast water discharge may transfer invasive species to vulnerable ecosystems.

## Environmental Accountability Relationships in Cruise Tourism

Environmental accountability in this sector has two principal levels, the international and the national. At the international level, cruise lines are accountable to two main groups – to international organizations related to shipping (especially the International Maritime Organization) and on a voluntary basis to private actors (such as certification agencies and environmental NGOs). At the national scale, cruise ships are accountable to flag and port states.

Under international law, flag states are the states in which ships are registered. These states determine the nationality of the ships (Article 91 of the United Nations Convention on the Law of the Sea – UNCLOS) and are responsible for monitoring and enforcing inter alia international and domestic shipping law, regulations, and environmental standards (Article 94). The EU, the Bahamas, Italy, Panama, and 57 flag states have ships that trade in the Caribbean region (MOU 2016). The International Maritime Organization (IMO) is the source of many multilateral environmental agreements related to shipping and has been custodian of the marine environment since 1954 when the International Convention for the Prevention of Pollution of the Sea by Oil (OILPOL Convention) was accorded. The 1973 International Convention for the Prevention of Pollution from Ships (MARPOL) governs marine pollution from oil, chemicals, other harmful substances, garbage, sewage, and air pollution and emissions. The 1975 Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (the London Convention) governs the control of pollution of marine spaces by dumping. The Oil Pollution Preparedness, Response and Co-operation Convention (OPRC Convention and its 2000 OPRC-HNS Protocol), the Anti-fouling Systems Convention, the Ballast Water Management Convention (to prevent of the spread of invasive harmful aquatic organisms carried by ships' ballast water), and the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong Convention) are environmental treaties administered or managed through the IMO. Since January 2016, all IMO member states are applying the Member State Audit Scheme (IMSAS) to ensure homogenous implementation of the International Management Code for the Safe Operation of Ships and for Pollution Prevention.

The Caribbean marine governance legal architecture and governance framework (Scobie 2012) is the Convention for the Protection and Development of the Marine Environment in the Wider Caribbean Region or Cartagena Convention and its protocols for Oil Spills, Land-Based Sources of Pollution, and Specially Protected Areas and Wildlife for the Wider Caribbean.

At the national level, cruise ships have varying levels of environmental responsibility to port state agencies, local tour and transport operators, owners and managers of cruise terminals, ship and tourist service providers, and community groups (London and Lohmann 2014), but strict obligations are only those enforceable by national law through the port state control agencies.

Port State Control is the inspection of foreign ships in national ports. Under Part V UNCLOS, ships are subject to the jurisdiction of the port state when they enter their waters, and these states have exclusive jurisdiction to protect and preserve the marine environment for up to 200 nautical miles from their low-water shorelines. Port states through their protective services and customs and border protection agencies inspect and review ships and issue safety certification prior to the ship's sailing. These agencies enforce international and domestic laws and have the authority to detain ships for serious violations. In 1998, Caribbean states signed a Memorandum of Understanding on Port State Control (CMOU). To date 16 states participate in regional efforts to inspect foreign ships in their ports to verify compliance of the ship and equipment with international law. The goal of the CMOU is to eliminate the operation of substandard ships in the region.

Private, non-state agencies assess, report, certify, and award actors within the tourism sector on environmental performance, but cruise lines are not strictly speaking accountable to them. The

Caribbean cruise industry has varying degrees of relationships with these actors. Certification agencies set standards, rules, and guidelines relating to ship design and operation based on the IMO's specifications. They offer inspection and certification services on behalf of flag states, port states, insurers, and other industry stakeholders and thus enter into accountability relationships with cruise lines. The largest ship certifier is Lloyd's Register that has its own Environmental Protection Rules for the control of Operational Pollution. A growing sector of private international tourism watchdogs draws attention to what they deem as breaches of acceptable environmental standards. They include the Ethical Traveller, Friends of the Earth, Responsible Vacation, Cruise Law News, the Business and Human Rights Resource Center, and Tourism Concern. The Green Tourism Awards and the Responsible Travel Awards are annual awards that highlight best practices in cruise shipping but have little power over the industry. There is no evidence that their reviews determine industry environmental practices.

How does internal and external accountability work in cruise tourism in the Caribbean?

There is some degree of internal accountability in the industry. The Caribbean cruise market is dominated by few companies, a consequence of the industry's consolidation in the recent past. The main industry associations are the Florida Caribbean Cruise Association (FCCA) and the Cruise Lines International Association (CLIA). The Royal Caribbean Cruise, the Carnival Cruise Line, and the Norwegian Cruise Line are main lines that operate in the Caribbean waters. Their operational and management objectives include environmental responsibility, and they publish (albeit not regular) reports on their environmental operations. The Cruise Lines International Association established the Cruise Forward Organisation to report on the industry's sustainability and safety and to promote members' compliance with international regulatory requirements and best practices. CLIA member cruise lines have a zero-discharge policy for sewage, a standard higher than the international requirement which allows for discharge of treated sewage. CLIA promotes the use of technologies to improve air quality, such as using exhaust gas scrubbers and diesel electric engines, using onshore-based power and variable ship speeds. CLIA members must comply with MARPOL and an International Safety Management Code that provides for monitoring and auditing of environmentally related activities.

External to the industry, NGOs and conservation groups' lobby for standards for sewage treatment and air pollution that are higher than the minimum are established by international law. The CLIA reports that their members keep to higher standards although they have not in the past held themselves answerable to environmental NGOs. In 2014 and 2016 for example, the cruise industry refused Friends of the Earth International group of conservation organizations' (FOE) request for further information on environmental practices. While industry reports via annual reports on an annual basis, the accountability relationships of industry are with states and official ship certification agencies. Limited data is available on industry's environmental performance from independent sources. The FOE publishes a Cruise Ship Report Card (FOE 2016) on ship performance in two areas with potential environmental impact: sewage treatment and air pollution reduction. The Caribbean cruise lines generally performed better than ships visiting other regions despite the earlier discussed power asymmetries because under international law, cruise ships must be surveyed and certified by officers of the flag state, recognized organizations, recognized security organizations, or nominated surveyors and this certification provides another layer of accountability for Caribbean cruise ships. The certificates are governed by the IMO Harmonised System of Survey and Certification and confirm that the ships are designed, constructed, maintained, and managed in compliance with the IMO's conventions, codes, instruments, and resolutions.

Cruise lines that visit the Caribbean have the USA as a close port state that has jurisdiction and capacity to impose, monitor, and enforce environmental standards on cruise lines. The US Coast Guard, the US Centers for Disease Control and Prevention, the US Environmental Protection

Agency, and the US Customs and Border Protection agencies conduct scheduled and unannounced inspections on cruise ships in US ports. US waters since 2010 fall within the IMO's Emission Control Areas which provide for greater, even more stringent air pollution standards. The US Government has a good record of inspection and enforcement of international and domestic law on all ships entering or leaving US ports. The Royal Caribbean Cruises Ltd. was convicted in 1998 and 1999 and charged USD 27 million in criminal penalties after a coast guard surveillance operation filmed one of its vessels, the Sovereign of the Seas, and then the largest cruise ship in the world, discharging oil via a secret bypass pipe on its way to Puerto Rico (DOJ 1999).

The islands that are part of the Caribbean Memorandum of Understanding of Port States (CMOU) also exercise port state jurisdiction. They inspected 867 ships in 2015, 392 had deficiencies, 2047 deficiencies were recorded, and 89 related to environmental issues under MARPOL and 18 ships were detained: seven in Jamaica, seven in the Netherlands, three in French overseas territories, and one in Antigua and Barbuda. Ninety of the ships inspected were passenger ships; 42 of them had deficiencies but none serious enough to warrant detention (MOU 2016).

## Conclusion

Accountability for environmental activity and impacts in the cruise ship sector in the Caribbean includes both internal industry-driven measures and external accountability. Context influences the way companies apply corporate social responsibility in firm governance (Young and Thyil 2014), and small and less well-resourced or less powerful states in many contexts are able to leverage international systems to their advantage (Browning 2006). The cruise lines are strictly accountable under international law to flag and port states. The Caribbean cruises are subject to strict and well-resourced surveillance from the US Port Control agencies. Since 1996 the Caribbean Port Control agencies through the CMOU have also been working together to strengthen surveillance and secure compliance of all ships in their ports with international law. Caribbean Lines are also accountable to industry associations such as the CLIA, although the reporting on performance is not transparent and available to independent agencies. The case of accountability in cruise ship governance is a good example of how SIDS leverage their geographical position (close to a state with environmentally stringent marine environmental laws) and the international legal framework of IMO requirements to their advantage.

## References


Biermann F, Gupta A (2011) Accountability and legitimacy in earth system governance: a research framework. Ecol Econ 70(11):1856–1864. https://doi.org/10.1016/j.ecolecon.2011.04.008

Blasco J, Duran-Grados V, Hampel M, Moreno-Gutierrez J (2014) Towards an integrated environmental risk assessment of emissions from ships' propulsion systems. Environ Int 66:44–47. https://doi.org/10.1016/j.envint2014.01.014

Bonilla-Priego MJ, Font X, Pacheco-Olivares MD (2014) Corporate sustainability reporting index and baseline data for the cruise industry. Tour Manag 44: 149–160

Clancy M (2008) Cruisin' to exclusion: commodity chains, the cruise industry, and development in the Caribbean. Globalizations 5(3):405–418. https://doi.org/10.1080/14747730802252560

CLIA (2014) Charting a course to success – 2014 CLIA annual report. Cruise Lines International Association, Washington, DC

Cooper AF, Shaw TM (2009) The diplomacies of small states at the start of the twenty-first century: how vulnerable? How resilient? In: Cooper AF, Shaw TM (eds) The diplomacies of small states between vulnerability and resilience. Palgrave Macmillan, Basingstoke/New York, pp 1–18

DOJ, US (1999) Cruise line faces 21 Felony counts in 6 different U.S. courts. US Government. https://www.justice.gov/enrd/us-v-royal-caribbean-cruises-ltd. Accessed 28 Sept 2016

FOE (2016) 2016 Cruise ship report card. http://www.foe.org/

Johnson D (2002) Environmentally sustainable cruise tourism: a reality check. Mar Policy 26(4):261–270. https://doi.org/10.1016/s0308-597x(02)00008-8

Keohane RO (2003) Global governance and democratic accountability. In: Held D, Koenig-Archibugi M (eds) Taming globalization: frontiers of governance. Polity Press, Cambridge, UK/Malden, pp 130–159

Klein RA (2011) Responsible cruise tourism: issues of cruise tourism and sustainability. Review of y. J Hosp

Tour Manag 18(1):107–116. https://doi.org/10.1375/jhtm.18.1.107
Korbee D, Mol APJ, van Tatenhove JPM (2015) Ecological considerations in constructing marine infrastructure: the Falmouth cruise terminal development, Jamaica. Mar Policy 56:23–32. https://doi.org/10.1016/j.marpol.2015.02.003
London WR, Lohmann G (2014) Power in the context of cruise destination stakeholders' interrelationships. Res Transp Bus Manag 13:24–35. https://doi.org/10.1016/j.rtbm.2014.11.004
Macpherson C (2008) Golden goose or Trojan horse? Cruise ship tourism in Pacific development. Asia Pac Viewp 49(2):185–197. https://doi.org/10.1111/j.1467-8373.2008.00369.x
MOU, Caribbean (2016) Caribbean memorandum of understanding on port state control annual report 2015
Pinnock FH (2014) The future of tourism in an emerging economy: the reality of the cruise industry in Caribbean. Worldw Hosp Tour Themes. https://doi.org/10.1108/WHATT-12-2013-0052
Scobie M (2012) Environmental justice and marine Governance in the Caribbean. IUCN Acad Environ Law eJ 1:30
Simpson AW (2006) Small states in world politics. Camb Rev Int Aff 19(4):649–649
Tejada P, Santos FJ, Guzman J (2011) Applicability of global value chains analysis to tourism: issues of governance and upgrading. Serv Ind J 31(10): 1627–1643. https://doi.org/10.1080/02642069.2010.485642
Wise J (1999) How cruise ships shortchange the Caribbean. Fortune 139(6):44
World Travel & Tourism Council (2016) Travel & tourism economic impact 2016. The economic impact of travel and tourism. World Travel & Tourism Council, London, p 10
Young S, Thyil V (2014) Corporate social responsibility and corporate governance: role of context in international settings. J Bus Ethics 122(1):1–24. https://doi.org/10.1007/s10551-013-1745-8

# Accountability Mechanisms

Adam Graycar[1] and Carole Jurkiewicz[2]
[1]Flinders University, Adelaide, Australia
[2]McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Answerability; Attributiveness; Performance judgment; Responsibility; Transparency

## Accountability in Scope

Being accountable means that one is called to account for one's actions. It sounds quite simple, but any analysis must understand the context of the actions and the authority by which the person acts. If one is in a position of authority, then in a well-functioning or ethical society that authority carries a responsibility – a responsibility to act in the interests of those who confer that authority and a responsibility to be transparent in exercising that authority.

This may well be the ideal, and we are all aware of breaches that have taken place in specific contexts. In a political context, politicians may behave without accountability when they are driven by avarice or corruption or by a narrow ideological focus and so will serve only the interests of a selected few. If they are held to account, voters will not return them to power. If they are not accountable, then the voters or citizens have no say, and their opinions and wishes do not count.

In a business sense, accountability would cover good practice and prudent governance in serving the interests of shareholders, customers, employees, and other stakeholders. Performance (not just financial performance) is scrutinized by stakeholders, including corporate and other regulators who monitor workplace safety, industrial conditions, etc. Technical information such as accounting standards, performance measurement (KPIs), and consumer satisfaction indicates levels of accountability. There have been well-known examples of businesses behaving without accountability, such as Enron in the USA and some Wall Street companies during the 2008–2009 global financial crisis, though news media continually bring new examples.

In professional life one expects that practitioners who use their formidable skills to ensure the well-being of their clients do so in an accountable manner. Often the details of what the professionals do, the research upon which this is based, and the special knowledge that is acquired over time are all a mystery to the client, but the client can expect that the professional will be accountable for ethical practice. We see examples

occasionally of doctors, accountants, and lawyers who do not always act in the best interest of their clients, and they are dealt with by their professional bodies, who determine whether standards of accountability have been breached.

In this entry the focus will be only on public sector accountability and its implications for public policy.

There are three basic questions that analysts and practitioners should ask:

- Who is accountable?
- To whom is one accountable?
- For what is one accountable?

In the sphere of public policy, there are two types of accountability. There is accountability in the **making** of policy and there is accountability in the **implementation** of policy. In the USA, the separation of powers limits the making of policy to the legislature, and the implementation of policy to the executive, though this is often blurred. In most other political systems, there is a lot of overlap between the development and the implementation of policy, and very often the same personnel are involved in both. This conceptual distinction is important as it has a significant impact on the mechanisms of control.

In all of our policy making and implementation, each actor is responsible to one another. The loop of total responsibility may be large or it may be small, but everybody is required to account for their decisions and actions. The lowest bureaucratic officer is required to account to his/her supervisor. The head of government in a parliamentary system is required to account to the legislature, the head of state, and the voters. In the USA, the head of government is also the head of state, and a system of checks and balances structures that accountability, and if there are deemed-to-be breaches that cannot wait until the next electoral cycle, then there is an impeachment process.

In a way this is the distinction between external accountability and internal accountability. External accountability is the accountability to those for shaping the direction and the big picture and strategic orientation of a government, while internal accountability is that for ensuring that the policy objectives are being implemented and met, that things are done in a proper way, and that the processes are appropriate.

In public administration, it is often said that there are two challenges – doing the right thing and doing things right.

We live in a regulatory state where, in contrast to earlier periods, governments are less concerned with the direct provision of infrastructure and services and more concerned with the oversight of that provision by others and the regulation of processes to achieve the strategic or societal outcome.

Colin Scott (2000) makes the point that accountability can be:

- Upward, to a higher authority
- Horizontal, to a parallel authority
- Downward, to lower-level institutions and groups

In public administration, there is accountability for three things:

- Money
- Process
- Outcomes

One could therefore draw up a nine-cell matrix of direction and content (upward, horizontal, downward by money, process, outcome). For example, upward accountability for money by a government agency would be that acquittals for the budget (as legislated by the parliament) are presented again to the parliament to demonstrate what has been done with the appropriation. Horizontally, an agency would submit its finances for inspection to the audit office and, in its negotiation for more funds, to the treasury. Downward, it would provide information to its stakeholders and consumers of its services in the way of information sheets, progress reports, and annual reports. Similarly, the other cells can be filled in.

## Tools and Processes

Alnoor Ebrahim (2003) distinguishes tools and processes. Tools, he says, are devices and

techniques that are stable over time and tangible, such as financial reports and disclosures which can be documented and repeated each month, quarter or year, or standardized KPI measurements. These differ from process methods such as participation and stakeholder relations which might reflect a state of action rather than a specific end result, but processes are in no way a lesser measure of accountability. Ebrahim (2003) discusses five types of accountability that relate to nonprofit organizations that deal with governments, and here they can be adapted to be used as four mechanisms of accountability in public administration.

First there are reports and disclosure statements. Most agencies have a requirement that they must report to a variety of other partners or bodies, ranging from superior authorities to stakeholders. These are usually reports on finances, programs, structures, processes, and outcomes. Sometimes they are legally mandated and must occur with a specified frequency and in a specified format. At other times they appear when it is expedient or suitable.

Second there are performance assessments and evaluations. These might take the form of measures of key performance indicators (KPIs) or evaluations. The evaluations can be internal or externally conducted and could be process evaluations (is the program on the right track?) or summative evaluations (did the program achieve what it was meant to achieve?).

Third there is the participation that is fostered and the relationships with stakeholders. Governments are often criticized for being remote, out of touch, or lacking transparency. Fostering participation is more a process than a tool. It may involve providing information and consultation with decision makers and could involve any of a number of processes. These processes might involve consultation, building bridges to stakeholders, seeking views on problem identification, various types of collaboration and co-production, collaboration in the development of policy options, and ultimately implementation, which may involve co-regulation. The greater the accountability through participation, the greater the risk, for not all interests can be accommodated, and if stakeholders are deeply involved and things do not turn out as they wished, then they could accuse the government of the lack of accountability.

Fourth there is self-regulation. It is common for organizations to have codes of conduct and codes of ethics. Sometimes these have come about in response to a scandal and sometimes as a means of broadening accountability by showing that the agency is committed to doing the right thing. There is always the issue of enforcement of the code, for if enforcement is lax, the code has little value. As well as enforcement, the legitimacy of the code reflects the way in which it came into being. Being handed down from on high rarely gives a code traction or enforcement efficacy. If there is participatory negotiation in its development, then it will have wider ownership and credibility, and if there is regular reporting on compliance assessment and breaches, all the more so.

In essence there is an agreement on key principles and ethical positions. A code of conduct and a code of ethics are separate documents. An ethical code incorporates the values of the organization and in so doing assists members in understanding the difference between acceptable and unacceptable, or more bluntly between right and wrong. A written code identifies principles and standards that conform to organizational values and is often a document expressed in abstract concepts. A code of conduct is more precise and prescriptive. It is often written in compliance terms and sets out rules of practice and restrictions on behavior. A code of ethics sets up principles, and a code of conduct outlines behavior.

## Individual or Organizational?

Within government organizations, individuals are expected to do things right, and this focuses very much on process, and this underpins accountability. Codes of conduct shape these, but often individuals are not aware of these yet still perform with integrity. Accountability is enhanced when there is a culture of ethical leadership and integrity, a notion of "tone at the top."

When there is tone at the top, there is good guidance for individuals, as well as responsive management with a legitimate framework of control. The guidance includes the formal codes referred to as well as adequate training for staff and socialization into the operating ethos of the organization. Management policies and practices are clear and transparent and are in coordination by a special body or an existing central management agency such as a Civil Service Commission. Conditions for staff are negotiated and transparent and reasonably uniform or at least comparable. All of this takes place where the rule of law is well grounded and fully operational. There are laws within a legal framework enabling independent investigation and prosecution, and there are effective accountability and control mechanisms and penalties.

This shapes the accountability structure of individuals and is essentially a set of internal mechanisms. Organizational accountability has a focus on external scrutiny and more formal mechanisms. The lack of accountability sits alongside corruption. As Robert Klitgaard (1988, p. 75) points out, where there is monopoly and discretion but no accountability, a situation of corruption exists. To deal with this, most countries have established anti-corruption agencies (ACAs), and while they vary enormously in their powers and orientations, they essentially aim at increasing transparency and accountability. By limiting corruption, they enhance accountability. Sometimes they play their role after a corrupt event has been perpetrated, though often they have a preventive and educational role.

These external enhancers of accountability cover not only corruption but deal with waste, fraud, and abuse of office – the epitome of the lack of accountability. A full list of anti-corruption agencies and their legislation can be found on the TRACK website of the United Nations Office of Drugs and Crime http://www.track.unodc.org/Pages/home.aspx. The characteristics of success of an ACA are that the agency has a clear charter, independent from government, and a strategy of prevention, education, and sanction. Often there are; extensive coercive powers that might include the right to recommend criminal charges or even the right of arrest and detention. There should also be secure funding even in the face of major cutbacks in public expenditure. ACAs also need personnel of the highest moral caliber, public support of sufficient strength for them to go about their business with legitimacy, and overall political support which espouses accountability and the control of corruption.

In most countries there will be a range of additional accountability enhancements such as an audit office; an Ombudsman; a government accountability office; legislative committees, both of a standing nature and ad hoc committees; an inspector general that might be agency specific; and ultimately the press which will certainly call wrongdoers to account (if it is a free press) and myriad public interest groups that often are insightful and tenacious.

## Compliance or Values Based?

There is a long-standing debate on whether or in what contexts organizations can enhance integrity and accountability by pursuing a compliance-based approach or a values-based approach (Maesschalck 2004).

Indeed, evidence suggests that a narrow focus on compliance measures without regular and serious attention to ethics awareness, training, and leadership poses its own types of risk in developed, relatively corruption-free countries, such as Australia, New Zealand, the UK, or the Netherlands. Rules are not enough in rich countries as people who are loose with their organizational behavior will find ways to circumvent them. The story may be different in poorer and more corrupt countries, where a firm and enforceable set of rules is a fundamental starting point.

It is possible, in richer countries, to blend a compliance regime with a values regime. Legal, hard controls in the spirit of the compliance approach can certainly boost accountability, which may then blend with a values-based approach that works on doing the right thing and is backed by training, awareness, and ethical

leadership. The end point is to ensure that integrity and accountability are ingrained, as "regular" professional responsibility.

Too much compliance leads to over-accountability, and this can create operational gridlock, paralyze government, and make ordinary activities almost dysfunctional. This has been documented by Anechiarico and Jacobs (1996) in their study of the New York Police Department.

The research evidence is that accountability is more than compliance. Values shape the way civil servants approach accountability. Irrespective of legal requirements, a recent study found the operation of accountability is dependent on an individual's values (Kluvers and Tippett 2010, p. 51). This study found that values will either enhance or diminish accountability. Personal values of openness, cooperation, and service will enhance the relationship, while values of personal gain, emphasis on individual ambition, and manipulation of information will impede the relationship.

## Conclusion

Accountability is in play when an operator, either a body or an individual, performs tasks or functions which are subject to the oversight of others. Accountability involves elements of transparency, as well as answerability and enforcement. The tools and processes of accountability might be horizontal or vertical. Horizontally, public institutions can check other public institutions and ensure that a system of checks and balances prevents abuses of power and ensures accountability. Vertically, people in hierarchies enforce standards of those who are above or below, such as people in different levels of a bureaucracy or citizens (through voting or media) who can call to account standards of office holders. All of this operates within a framework where ethical processes are highlighted and should be the default but can be enforced by compliance mechanisms. Public policy is hard at the best of times, but when accountability is not present or treated as if it is not central to governance, then our public policy processes will be bankrupt.

## References

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago

Ebrahim A (2003) Accountability in practice: mechanisms for ngos. World Dev 31(5):813–829

Klitgaard RE (1988) Controlling corruption. University of California Press, Berkeley

Kluvers R, Tippett J (2010) Mechanisms of accountability in local government: an exploratory study. Int J Bus Manag 5(7):46

Maesschalck J (2004) Approaches to ethics management in the public sector. A proposed extension of the compliance-integrity continuum. Public Integrity 7(1): 20–41

Scott C (2000) Accountability in the regulatory state. J Law Soc 27(1):38–60

# Accountability Systems, Brazil

Fernando Filgueiras
Directorate for Research and Graduate Studies,
National School of Public Administration,
Brasília, DF, Brazil
Department of Political Science,
Federal University of Minas Gerais,
Belo Horizonte, MG, Brazil

## Synonyms

Bureaucratic control; Public control; Responsibility

## Introduction

The concept of accountability has a normative assumption and dependence, which makes it less analytical and more evaluative (Bovens 2007). It comprises a kind of social relationship between an actor and a forum, whereby the actor has an obligation to explain and justify his conduct to the forum. In this sense, accountability involves a cycle, which goes through the process of accountability, justification, and judgment of the actor in the forum, in which this evaluation process takes into account the value added by public

agents to the policies and actions of governments and public agencies.

Conceptually, accountability is the duty of public agents to be accountable to their principals, who, in a democratic regime, are citizens. In a democracy, accountability is an institutional mechanism by which citizens must influence and control their elected representatives, nonelected officials, and other power holders (Olsen 2017).

The governance debate views accountability as one of the fundamental principles for government and public administration structures to strengthen the publicity of their actions to citizens. The analysis of accountability can take place at the principle level, according to norms and values that organize the public sector. Or it may occur at the institutional level, according to the analysis of organizations, rules, and structures of agent behavior.

From the institutional perspective on accountability, it is fundamental to analyze the organizations, rules, and effects of their performance in government. In the case of accountability, there is usually not just one organization responsible for the performance of control and promotion of institutional learning. There is usually a set of organizations that implement checks and balances mechanisms and mutually control public organizations. In this way, it is necessary to think not only of a theoretical conception and principle of accountability but also of a conception that gives account of a complex set of organizations that are structured in the form of systems.

Accountability systems comprise this set of organizations that promote political and institutional control actions in accordance with checks and balances mechanisms and governance structures that promote public integrity.

## Framework

The premise of the concept of accountability is that governments must be accountable to citizenship (Filgueiras 2016). The accountability systems is conceived as the set of agents responsible for monitoring and controlling bureaucratic organizations, achieving compliance, and implementing principal preferences. Within democratic political regimes, the agents are organizations that exercise control, delegated by principals which are citizenship and constituted powers. Conceptually, an issue is central to the discussion of accountability: the exercise of agency power based on democratic norms and values that ensure the legitimacy and publicity of action. Thus, within democracies, accountability institutions are shaped for the exercise of control and vigilance in order to ensure the legitimacy of the actions of governments and bureaucracies.

The theoretical challenge of this principal-agent approach in the study of accountability processes is the causal understanding and attribution of responsibility, the punishment of unauthorized agent behavior, and the reward for compliance in order to promote a learning process with the successes and failures and the improvement of the political order and the institutions of the public administration (Olsen 2017).

The problem with this perspective is that there is a presumption that the organizations responsible for control know the preferences of principals and act strictly on the attributes of delegation. Agents act on behalf of and are responsible for a principal. Agents and principals make decisions that affect each other and are often associated with noncooperative games. Agents have better knowledge and strategic information and are opportunistic and unreliable. Principals, on the other hand, define the success criteria and establish the control incentives to achieve the desired behavior of the agents. The main problem is to have agents acting in the strict delegation process, following the preferences of the principals.

Since the control function is an essential governance function in the policy cycle, its agency depends on the delegation that authorizes it to control the other bureaucratic agents of the state. Delegation allows policymakers to make better policies, benefiting from the division of labor and specialization (Lupia 2001). Delegation can be beneficial to governors, but it can also cause problems, since agents receiving the delegation may act against the interests of their principal. The strategy adopted by politicians, in this case, is to abdicate the delegation, rendering it ineffective. The agency's expertise and capacity is

crucial for delegation to occur because it reduces the information costs and presents measurable results (McCubbins et al. 1987).

The problem with the principal-agent theory is that it supposes an endogenous process of delegation, often-disregarding political contexts and exogenous processes. Empirical studies show that principals and agents do not always fulfill their institutional roles (Schillemans and Busuioc 2015). The analysis of accountability institutions must therefore be conceived in the political trajectory of its institutional building, so it is necessary to observe the behavior of the various bureaucratic agents responsible for accountability processes. Thus, the analysis should be circumscribed in this process of development of accountability institutions in the context of demands for accountability and their impacts on the democratic political order (Olsen 2017).

Accountability, therefore, involves a complex trajectory of institutional development associated with political processes of delegation. Accountability institutions carry out organizational control activities associated with a political perspective of legitimacy building. These institutions have the mission of establishing institutional control and learning that strengthen governance in the public sector.

## Accountability Institutions in Brazil

The return of polyarchy conditions promoted a process of political openness, essential to the construction of democracy. Moreover, along with the return of elections, an incremental development process of state institutions, including accountability institutions, began. In Brazil, gradual conditions were established for the consolidation of the democratic regime, especially regarding the conditions of governability (Limongi 2006). Political competition, presence of opposition and clearer institutional rules promoted the development of accountability institutions, motivated by the fight against corruption and the expansion of checks and balances mechanisms (Melo et al. 2009).

The institutions of the accountability system must be autonomous and recognized by their operators as public authority for the supervision, control, correction, and punishment of illegal acts, in order to preserve the public interest. In this way, the system of accountability institutions implies a complex network, in which institutional competences are specific, but the actions of each institution depend on a process of sequencing and institutional cooperation with other institutions (Mainwaring 2003). In the case of Brazil, the extension of this network of institutions is quite broad, from the three republican powers to the media. Nevertheless, the core of this network is composed of four institutions: the Federal Audit Office, the Public Prosecutor's Office, the Federal Police, and the Federal Comptroller's Office. These organizations are responsible for supervising, controlling, correcting, and judicially prosecuting actions against public managers and politicians in cases of corruption, illegitimate acts, misuse or misconduct of the public interest (Aranha 2017).

The Federal Audit Office is an advisory body of the National Congress and was founded in 1891. The Federal Audit Office, as established by the Federal Constitution of 1988, exercises the external control of the public administration, through inspection actions and inform the National Congress of the correct exercise of the powers delegated to public agents. As time passed by, the Federal Audit Office has left its strictly legalistic competencies to assume performance auditing and public management control competencies (Speck 2000). This implied a critical turning point for the institution, because it meant, in addition to the expansion of its functions, the change of practices rooted in its administration. Another critical situation that represented a strong change for the Federal Audit Court was the Fiscal Responsibility Act, through which management and audit practices were added and regulated, requiring the institution to modernize its practices and invest in technology (Loureiro et al. 2009).

In the case of the Public Prosecutor Office, the establishment of its powers by the 1988 Constitution was also critical. The Federal Constitution established its functional and administrative autonomy, making it immune to political interests

and more empowered to act on the public scene. As for functional autonomy, it is the Public Prosecutor's Office's competence to exercise a judicial function in the State, and it is its responsibility to defend public and diffuse interests. Also, it has to defend the democratic regime, as well as public and social patrimony. The Public Prosecutor Office has the jurisdictional function of the State, which includes government supervision, control, and punishment of management irregularities. Their competencies are broader. The Public Prosecutor's Office is also in charge of accountability, for its typical powers include supervising and promoting legal proceedings against public managers and elected politicians. This resulted in institutional incrementalism marked by changes in practices, legislation, and competencies. However, the institutional incrementalism of the Public Prosecutor's Office was added by strong political voluntarism of its members, whose socialization occurs by defending the social interest of an apathetic society against a corrupt state (Arantes 2011a).

The same happens with the Federal Police, whose function of judicial police of the Union include being responsible for criminal investigation into offenses against public and social order, into detriment of goods, services, and interests of the Union or its municipal entities and public companies, as well as other infractions with interstate or international repercussion and that require uniform repression. The Federal Police was created in 1944, at the end of the Brazil's "Estado Novo," as Federal Department of Public Security, but its functions were circumscribed to the Federal District. In 1945, it gained national assignments. Only after the Constitution of 1988 were its powers established as judicial police of the Union, being recognized as permanent body with organizational structure. The permanent character of the Federal Police means that, despite being subordinated to the Executive Branch, the Federal Police cannot be dissolved by the government. The Federal Police's organizational structure implies that there must be rules for career promotion, police hierarchical definition, transparent rules for ascension, and organizational competence driven subdivisions. Accordingly, the staff of the Federal Police was expanded over time, as their budget grew. This is explained by the fact that the socialization of agents and delegates of the Federal Police has a strong component of reinforcing a repressive action against organized crime and corruption, associated with a strengthening of democracy (Arantes 2011b).

Finally, the creation of the Federal Comptroller's Office in 2003 underlies a process of long incrementalism in the internal audit and control of the Brazilian public administration. Prior to the creation of the Federal Comptroller's Office, the internal control system was decentralized to the various organs of public administration and coordinated by the Secretariat of Federal Audit Control, linked to the Ministry of Finance (Olivieri 2010). The Law 10,683/2003 established the Federal Comptroller's Office, which assumed and centralized all internal control activities of the Federal Government, as well as initiatives to prevent and combat corruption with functional autonomy. Prior to the creation of the Federal Comptroller's Office, the internal control of the Executive Branch was carried out by public administration bodies, in a decentralized and uncoordinated manner, and was not very effective when it came to auditing and auditing, as well as evaluating management practices. The Federal Comptroller's Office represented an important innovation process in Brazil, not only for centralizing the internal control activity and institutionalizing its practice within the public administration but also for disseminating management practices and transparency. The Brazilian Federal Comptroller's Office represents a process of functional conversion dictated by critical junctures of corruption scandals during the transition process from the Fernando Henrique Cardoso's Government to Lula's Government (Filgueiras 2018). Thus, the creation of the Federal Comptroller's Office was meant to institutionalize control practice, as established by the Constitution of 1988, with incremental gain of institutional changes in the accountability system. The institutionalization of internal control has allowed public administration to have a greater capacity for control and public policies monitoring, advancing the process of accountability.

## Strenghtening Governance in Brazil

The development of accountability institutions in Brazil implied a deep strengthening of governance processes. First, on the side of public integrity, the performance of accountability institutions has promoted the confrontation of corruption, penalizing politicians, bureaucrats, and businessmen involved in public scandals. Second, the strengthening of accountability institutions in Brazil has provided institutional learning, improving the conditions of organizations and the development of public service capacities.

The gains from the development of accountability institutions are also criticized. There are challenges regarding the unintended effects of accountability institutions, especially with respect to the red tape and paralysis effects of public sector bureaucracy.

In the dynamics of Brazilian democracy, accountability institutions have played a central role. Be it in the sense of exercising control of power, or in the sense of strengthening governance mechanisms, strengthening transparency, integrity, and promoting the quality of management.

## Cross-References

► Accountability

## References

Aranha AL (2017) Accountability, corruption, and local government. Mapping the control steps. Braz Polit Sci Rev 11(2):1–31

Arantes RB (2011a) Polícia Federal e Construção Institucional. In: Avritzer L, Filgueiras F (eds) Corrupção e Sistema Político no Brasil. Editora Civilização Brasileira, Rio de Janeiro

Arantes RB (2011b) The Federal Police and Ministério Público. In: Power T, Taylor M (eds) Corruption and democracy in Brazil. The struggle for accountability. University of Notre Dame Press, Notre Dame

Bovens M (2007) Analysing and assessing accountability: a conceptual framework. Eur Law J 13(4):447–468

Filgueiras F (2016) Transparency and accountability: principles and rules for the construction of publicity. J Public Aff 16(2):192–202

Filgueiras F (2018) Institutional development and public control: Analyzing the Brazilian accountability system. Cuadernos de Gobierno y Administración Pública 5 (1):1–26, https://doi.org/10.5209/CGAP.60608

Limongi F (2006) A Democracia no Brasil. Presidencialismo, Coalizão Partidária e Processo Decisório. Novos Estudos 76:17–41

Loureiro MR, Teixeira MAC, Cacique T (2009) Democratização e Reforma do Estado: o Desenvolvimento Institucional no Tribunais de Contas no Brasil Recente. Rev Administração Pública 43(4):739–772

Lupia A (2001) Delegation power: agency theory. In: Smelser N, Baltes P (eds) International encyclopedia of the social and behavioral sciences. Elsevier, Oxford, pp 3375–3377

Mainwaring S (2003) Introduction: democratic accountability in Latin America. In: Mainwaring S, Welna C (eds) Democratic accountability in Latin America. Oxford University Press, Oxford, pp 3–33

McCubbins M, Noll R, Weingast B (1987) Structure and process, politics and policy: administrative arrangements and political control of agencies. Va Law Rev 75:431–482

Melo MA, Pereira C, Figueiredo CM (2009) Political and institutional checks on corruption: explaining the performance of Brazilian audit institutions. Comp Pol Stud 42(9):1217–1244

Olivieri C (2010) A lógica política do controle interno. In: O monitoramento de políticas públicas no presidencialismo brasileiro. Annablume, São Paulo

Olsen JP (2017) Democratic accountability, political order, and change. Exploring accountability processes in an Era of European transformation. Oxford University Press, Oxford

Schillemans T, Busuioc M (2015) Predicting public sector accountability: from agency drift to forum drift. J Public Adm Res Theory 25(1):191–215

Speck BW (2000) Inovação e Rotina no Tribunal de Contas da União. O Papel da Instituição Superior de Controle Financeiro no Sistema Político-Administrativo Brasileiro. Fundação Konrad-Adenauer Stiftung, São Paulo

# Accountability, Politics, and Power

Yousueng Han and Mehmet Akif Demircioglu
School of Public and Environmental Affairs, Indiana University, Bloomington, IN, USA

## Synonyms

Accountability: responsibility, liability, answerability; Politics: government, public affairs, power struggle; Power: ability, control, authority

## Definition

Accountability: Implicit or explicit expectation that one may be called on to justify one's beliefs and actions to others, and the extent to which a personâ€™s behaviors are observed and evaluated by others, with important rewards and punishments contingent upon those evaluations.

Politics: The activities associated with the governance of a country or other area, especially the debate or conflict among individuals or parties having or hoping to achieve power; activities within an organization that are aimed at improving someone's status or position

Power: The ability to do something or act in a particular way; the capacity or ability to direct or influence the behavior of others or the course of events

## Introduction

This paper explains the relationships among the concepts of accountability, politics, and power. More specifically, this paper will conceptualize and define accountability, frame accountability in terms of typologies, discuss the relationship between accountability and politics, and provide insights into the relationships among accountability, politics, and power. First, this paper provides major definition of accountability by discipline and explain well-known accountability frameworks. There are many definitions of accountability. However, it is important to discuss the topic based on the selected major definitions by area to induce coherent interpretation of accountability, politics, and power. Additionally, providing multiple definitions of accountability reduces uncertainties about the implications of accountability.

Second, this paper will discuss how, although at first glance these terms may seem unrelated to each other, these terms are in fact closely related to and affect each other. Changing accountability or accountability mechanisms involves politics and changing the distribution of power. Similarly, changing power relationships in organizations or societies involves changing the accountability of actors. All these processes involve politics. For instance, democratic accountability refers to a distribution of power among society, politicians, and stakeholders, while bureaucratic accountability refers to the accumulation of power within a bureaucracy. In order to shift structures of accountability, actors (primarily politicians) use politics or political behavior to convince other groups to make changes in power structures.

## What Is Accountability?

### Conceptualizing and Defining Accountability

Accountability can be defined differently based on social, cultural, or institutional conditions (Dubnick and George Frederickson 2011). Definitions of accountability can be understood according to some standards such as whether it focuses on individual or organizational level and whether it concerns public domain or not.

First of all, accountability can be defined with focusing on individual level. Individual level of analysis has been firstly offered by social psychology area. Lerner and Tetlock (1999) defined the individual accountability as "implicit or explicit expectation that one may be called on to justify one's beliefs, feelings, and actions to others" (255). According to the definition, an evaluation need not occur by the existence of evaluation system, but the possibility for an evaluation to occur must be present. Therefore, this approach to define the individual accountability reflects the psychological state on how individuals understand accountability requirements and environment in the macro–micro accountability framework rather. Based on extensive review on psychological research, Lerner and Tetlock (1999) confirmed that the simplest dimension of the individual accountability include empirically distinguishable four sub-manipulations (255): (a) mere presence of another (participants expect that another will observe their performance), (b) identifiability (participants expect that what they say or do in a study will be linked to them personally), (c) evaluation (participants expect that their performance will be assessed by another according to some normative ground rules and with some implied consequences), and

(d) reason-giving (participants expect that they must give reasons for what they say or do). This accountability definition focusing on individual level in social relationship has been widely accepted to organizational behavior and human resource management area. For example, Ferris et al. (1995) defined the accountability as "the extent to which a person's behaviors are observed and evaluated by others, with important rewards and punishments contingent upon those evaluations" (187). In fact, the definition was one of the first that addressed accountability in the organizational context.

Second, for understanding accountability phenomenon in "public" domain, several public administration scholars have tried to define and frame the "public" accountability concept. For example, public accountability could involve "the means by which public agencies and their workers manage the diverse expectations generated within and outside the organization" (Romzek and Dubnick 1987, p. 228). The public agencies should establish various accountability instruments to respond to expectations from legal entities, citizen, top executives, or organizational members. Therefore, diverse formal instruments to make public agencies accountable, for example, performance measurement or performance-informed budgeting system, could be understood as one of the diverse accountabilities (e.g., Moynihan and Ingraham 2003; Gilmour and Lewis 2006b; Yang 2011). To give shape to the meaning of the public accountability, the multi-dimensional components of the accountability have been disclosed. Koppell (2005) argued that the public accountability conceptually consisted of five dimensions (p. 96): "transparency (revelation of information), liability (consequences for performance), responsibility (conformity of rule), responsiveness (fulfillment of expectation), and controllability (controlled as principal desires)." This conceptualization emphasized that the dimensions of transparency and liability are foundation building up other three dimensions.

On the other hand, accountability has been used interchangeably with other similar concepts although holding different conceptual implications. For example, responsibility is most closely related to accountability, so that the two terms have been used often jointly and/or interchangeably in practice and research. But, conceptually, responsibility is clearly distinct from accountability (Schlenker et al. 1994), and scholars generally have recognized that they are separate constructs. Schlenker et al. (1994) disclosed empirically that responsibility is a component or factor within a broader concept of accountability. Responsibility connotes personal causal influence on an event or an internal sense of duty, but it does not subsume the existence of audience to observe individual that is crucial factor of accountability concept. Additionally, the responsibility concept does not cover evaluation expectation. Responsibility is an internal path while the felt accountability is the external, social, and public process foreseeability (Cummings and Anton 1990). The responsibility is "a necessary component of the process of holding individuals accountable for their conduct" (Schlenker et al. 1994, p. 634). Whether individual is responsible to only self or becomes accountable to salient external audience is a separate issue, so that the two concepts result in different employee outcomes. On the one hand, answerability, fidelity, amenability, obedience, and obligation, each also has been frequently used interchangeably with accountability. However, each is linked to different forms of account-giving mechanisms (Dubnick 2002).

### Framing Accountability in Typologies and Power Relationship

Public accountability literature reveals that many efforts exist to frame the dynamic and complicated phenomena of public accountability. The typology of public accountability has been developed from as few as two types (e.g., horizontal and vertical accountability) to as many as 12 types (Lindberg 2013). Overall, accountability has been normatively recognized as a good thing because it was assumed to bring meaningful positive qualities such as legitimacy to organizations (Dubnick and Frederickson 2009). Dubnick and Frederickson (2009) have classified accountability as three general types – input, process, and outcome – and as six particular types – control, integrity, ethical behavior, legitimacy,

performance, and justice. For example, accountability solutions for performance and performance measurement are assumed to improve performance. Likewise, accountability in organizations can be expected to increase ethical behavior, organizational justice, and the legitimacy of organizations and individuals.

In this regard, the term "power" comes to play an important role and becomes an interesting phenomenon within accountability typologies and dimensions. However, despite promising research integrating accountability and power, scholars have not made efforts to analyze these topics together. Power refers to the ability, capability, or influence to accomplish an action or change the behavior of others. Based on Dubnick and Frederickson (2009)'s typology, accountability can increase the legitimacy of public organizations and public managers. When a public organization becomes more legitimate in the eyes of stakeholders and has a higher performance, organizational leaders will have more power compared with managers in organizations that perform poorly or lack organizational justice and ethical behavior.

Behn (2001) sorted accountability into four types – accountability for power, performance, justice, and finance. These four types of accountability can increase trust, democratic behavior, collective responsibility, and the effectiveness of management. The accountability of power can reduce the abuse of power by government employees, which is crucial for democratic societies. Behn (2001) states, "Why do we worry about accountability in government? Because we fear that public officials – elected officials, appointed executives, or civil servants – will abuse power. And many public officials do have a lot of power. They award contracts worth millions or billions of dollars to some but not to others. They decide to grant benefits to some and not others. They decide to prosecute some and not others. They decide to convict some and not the others. . .Thus, as citizens, we seek to constrain the behavior of public officials, to limit their discretion, to prevent them from abusing their power" (Behn 2001, p. 9). Behn (2001) also suggests, "When we are worried about the abuse of power (for either finances or fairness), we do need individual accountability. After all, it is the individual person – the human agent – not the collective organization, that abuses power" (Behn 2001, p. 67). According to Behn, power is a crucial dimension of accountability. Thus, studies of accountability should include discussions of power, as both concepts affect one another and different accountability mechanisms may establish different power structures.

One seminal article by Romzek and Dubnick (1987) has been widely used as a foundation to frame and understand the complex nature of public accountability (Table 1). They divided accountability into four types – political, bureaucratic, legal, and professional – by the standards of control source and control degree.

Table 1 has several different implications. First, bureaucratic accountability concerns managing expectations from those at the top of bureaucratic hierarchy and the expectations occurring between superiors and subordinates in the bureaucracy. Higher-level bureaucrats will impose sanctions on public employees if they violate a rule, so the source of agency control is bureaucratic. This implies that bureaucracy is a powerful source of accountability compared to legal, professional, and political sources. Second, legal accountability is used as a mechanism to manage expectations from outside parties such as Congress or courts in the position to impose and oversee laws, policy mandates, and contractual obligations, namely; the expectation is characterized as formal and horizontal. Thus, the legal source has more power than other sources in terms of accountability systems. Third, professional accountability requires managing expectations of professionalism as public organizations rely on skilled and expert employees. Such officials

**Accountability, Politics, and Power, Table 1** Types of accountability systems

| | | Source of agency control | |
|---|---|---|---|
| | | Internal | External |
| **Degree of control over agency actions** | High | *1. Bureaucratic* | *2. Legal* |
| | Low | *3. Professional* | *4. Political* |

Source: Romzek and Dubnick (1987)

request that managers trust them to do the best job possible and are held accountable for the job done by being rewarded or sanctioned. The control is placed in the hands of the relevant public employees. Outside professional associations may indirectly influence the mechanism, but the nature of the control is inside the organization. As a result, professional control mechanisms have more power compared to other sources. Fourth, political accountability includes managing the expectations of elected officials, interest groups, and/or the general public. It concerns being responsive to or satisfying their demands/needs, so politicians have more power compared to other sources in this type of accountability system.

Lindberg (2013) divided accountability into 12 types using the standards of control source, control strength, and control direction. Table 2 shows these types (see the article for detailed explanation). Each accountability type indicates different power mechanisms. For instance, a business type of accountability occurs when the source of control is internal, strength of control is high, and the nature of relationship is upward-vertical. In this accountability type, the business has more power to control than other sources such as Client–Patron and Patron–Client. A political type of accountability characterizes the downward, external, and low strength of control, while the legal type of accountability occurs in with horizontal, external, and high strength of control.

Accountability can be divided into types according to whether it reflects formal or informal mechanisms. Formal aspects of accountability concern laws, performance measures, reporting relationships, stipulated rewards, or contractual terms, while informal aspects of accountability focus on informal norms such as verbal agreements, shared culture, trust of a leader, etc. (Klingner et al. 2002; Romzek et al. 2014). The attitudes of individuals can be influenced by the attitudes of, behaviors of, and communications with others. Individuals adhere to the unspoken rules of conduct in an organization as well as the formal rules. If they defect on verbal agreements or fail to adhere to informal norms including trust, they can be punished informally. This mechanism results in behavior accountable to such informal expectations, leading to performance. For framing other specific contexts of accountability, other scholars have used the concept of social accountability (e.g., Brinkerhoff and Wetterberg 2015), referring to citizen empowerment to make public officials accountable or the concept of voluntary accountability (e.g., Karsten 2015), i.e., that people will willingly submit themselves to scrutiny even when it is not required. In this regard, these statements are consistent with Behn's (2001) claims that "we do need individual accountability" and that social and voluntary accountability systems are very helpful for reducing the excessive power of individuals.

## Accountability as a Process

Accountability has also been understood as an evolving process consisting of three steps: information provision, discussion, and consequence between accountability actors and accountability forums (e.g., Day and Klein 1987, p. 5; Mulgan 2003, p. 9). These stages are interconnected, and any one stage cannot be disregarded in understanding accountability. For example, the reporting requirement of Congress is one accountability tool affecting agency performance. However, Congress should assess the performance information provided from the executive branch, and Congress can impose sanctions on agencies based on the evaluation results.

**Accountability, Politics, and Power, Table 2** Types of accountability

| | | Vertical | | |
|---|---|---|---|---|
| Source of control | Strength of control | Upward | Downward | Horizontal |
| Internal | High<br>Low | *Business*<br>*Client–Patron* | *Bureaucratic*<br>*Patron–Client* | *Audit*<br>*Peer Professional* |
| External | High<br>Low | *Representative*<br>*Societal* | *Fiscal*<br>*Political* | *Legal*<br>*Reputational* |

Note: Source Lindberg (2013)

Generally, the process is sequential, so that after an accountability actor provides performance information for the forum and the information is evaluated and discussed, the forum assigns rewards or sanctions. However, the process need not necessarily be sequential, and steps can be omitted. However, it is desirable to consider all three steps of the accountability process rather than focusing specifically on one or two stages in order to better capture the dynamic nature of accountability phenomena. For example, looking at the accountability system of information requirements on agency performance, we have to be able to examine how intensively Congress evaluates the information submitted from agencies and how intensively Congress imposes sanctions as a result of bad performance. Brandsma and Schillemans (2013) applied a model of the accountability process consisting of three components – "information provision," "discussion," and "consequence" – to measure the accountability deficits of the European Union (EU) comitology. They concluded that the system worked generally well in terms of the three processes.

Behn (2001)'s classification of accountability – accountability for power, performance, justice, and finance – focuses on both the process and the outcome. Traditional public administration overemphasizes accountability procedures involving finances and justices. However, the importance of accountability as a process has diminished with the New Public Management (NPM) movement. Behn (2001) has criticized NPM's premise. According to Behn, accountability as a process is always important, and public organizations should not overlook this concept. Meanwhile, politicians or bureaucrats dealing with accountability as a process can increase their power. For instance, Pfeffer (1992) states that formal authority, controlling resources (e.g., budgets and finance), and information access (e.g., performance information) create power. Elected and appointed officials who can control these processes by holding formal authority, controlling resources, and accessing information potentially have more power than other employees. This may cause a potential abuse of power on the part of bureaucrats and politicians, so they need to be careful about exercising power. They also need to be accountable to stakeholders. For instance, employees have to be treated fairly, and organizational justice should be at the top of a public organization's agenda. Additionally, organizational processes (e.g., budgeting and hiring employees) need to be transparent.

## Accountability and Politics: Political Accountability

Finally, political accountability is an interesting concept in which politics and accountability overlap. This section discusses how accountability is manifested in political situations within various contexts. Political accountability is central to the democratic control imposed on public administration systems (cell 4 at Table 1). Public administrators are representatives of the general public, elected officials, agency heads, agency clients, interest groups, and future generations. Democratic representatives work with public funds, including taxes, and are accountable to be responsive in their policy programs and to the demands of their constituents, such as clients and the general public. If the government is held accountable to the citizens paying taxes to the government in a democratic society, then the government will be able to receive positive support from the citizens. However, a public bureaucracy can be controlled by interest groups and subcommittees of Congress rather than by the general public.

The government requires performance reporting from nonelected delegated agencies, such as the US central bank. Congress can control the executive branch by legislating political appointments to some positions. For example, Gilmour and Lewis (2006a) found that federal programs administered by senior executives performed better than those administered by political appointees requiring Senate confirmation. The political appointees influenced the performance, and the programs run by political appointees received lower performance grades. This implies that allowing less political intervention and granting more authority to agencies are

required to improve organizational performance. Furlong (1998) disclosed that Congress and the President's control were more influential on bureaucratic policy making than the media or the courts, while Golden (1998) found that competing interest groups were more influential on the rule-making process of unelected branches of government. Wood and Waterman (1991) found that political appointee system symbolizing shared power by the president and congress among various political control instruments are most influential to bureaucratic outputs. Namely, the studies reflect how the executive branch was responsive to bureaucratic control to ensure democratic accountability.

Despite diverse political efforts to control bureaucracy, there are obstacles that can curb the impact of political control. According to the argument of West (2005 and 2006), because of organizational complexity such as horizontal coordination and vertical coordination, the presidential control of the executive branch can decrease. Because of the moral hazard problem that bureaucrats (agents) can work by using information asymmetry against the intentions of the elected officials (principals), the impact of political control on the bureaucracy can be alleviated. For example, the Office of Management and Budget (OPM) established by the president in order to promote executive leadership was politicized for someone else's interest rather than for the president.

Thus, political accountability has different interpretations. On the one hand, the power given to elected officials is consistent with democratic theories simply because since politicians are elected, citizens are the main principles. On the other hand, the power given to politicians can cause too much politicization and less effective management. Giving power to bureaucrats may increase the efficiency and effectiveness of management because they are the experts at the job. However, giving too much power to bureaucrats may create a democratic problem because bureaucrats may not listen to elected officials. Pfeffer states, "problems of performance and effectiveness are problems of power and politics – power imbalances, powerlessness, and the inability of some groups to get their ideas or suggestions taken seriously" (Pfeffer 1992, p. 334). A good balance is needed in which effective powers are allocated each actor so that the system continues to be democratic without politicization or undermining management. In other words, power should include both representativeness and effectiveness. Public organizations need to be particularly careful about exercising power, particularly when it comes to political power.

## Conclusion

This paper has provided information about accountability, politics, and power. Accountability has been defined and types of accountabilities are explained. There are a variety of accountability actors involved in the accountability relationships in a public organization. Accountability relationships can be horizontal or vertical and strong or less strong. Public accountability is a complex and dynamic phenomenon, as it can be understood as adding diverse concepts to the term "accountability" – for example, public, democratic, political, social, voluntary, informal, professional, self, organizational, fairness, process, finance, and so on. Terms such as answerability, responsiveness, transparency, responsibility, controllability, liability, or integrity have been also used to describe accountability. This chapter particularly aims to find connections and interactions among these concepts. Because accountability and politics involve many actors, influence, and dependent relationships, the issue of power becomes inevitable and needs to be explored. Depending on the type of accountability or political structure, power structures and power usage may be different: "Power is used more frequently under conditions of moderate interdependence. With little or no interdependence, there is little or no need to develop power or exercise influence. By the same token, when interdependence is great, people have incentives to work together, forge common goals, and coordinate their activities. If they ignore these incentives, then their organization or group is likely to fail" (Pfeffer 1992, p. 38).

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Bureaucratic Power
- ▶ Formal Rulemaking in Public Administration
- ▶ Informal Administrative Processes


## References


Behn RD (2001) Rethinking democratic accountability. Brookings Institution Press, Washington, DC

Brandsma GJ, Schillemans T (2013) The accountability cube: measuring accountability. J Public Adm Res Theory 23(4):953–975

Brinkerhoff DW, Wetterberg A (2015) Gauging the effects of social accountability on services, governance, and citizen empowerment. Public Adm Rev 76(2): 274–286

Cummings LL, Anton RJ (1990) The logical and appreciative dimensions of accountability. In: Appreciative management and leadership: the power of positive thought and action in organizations. Jossey-Bass, San Francisco, pp 257–286

Day P, Klein R (1987) Accountabilities: five public services, vol 357. Tavistock, London

Dubnick MJ (2002) Seeking salvation for accountability. Paper read at annual meeting of the American Political Science Association

Dubnick MJ, George Frederickson H (2009) Accountable agents: federal performance measurement and third-party government. J Public Adm Res Theory 20-(Special issue):i1–i17

Dubnick MJ, George Frederickson H (2011) Accountable governance: problems and promises. M.E. Sharpe, Armonk

Ferris GR, Mitchell TR, Canavan PJ, Frink DD, Hopper H (1995) Accountability in human resource systems. In: Rosen SD, Ferris GR, Barnum DT (eds) Handbook of human resource management. Blackwell Publishers, Oxford, pp 175–196

Furlong SR (1998) Political influence on the bureaucracy: the bureaucracy speaks. J Public Adm Res Theory 8(1): 39–65

Gilmour JB, Lewis DE (2006a) Does performance budgeting work? An examination of the office of management and budget's PART scores. Public Adm Rev 66(5):742–752

Gilmour JB, Lewis DE (2006b) Political appointees and the competence of federal program management. Am Polit Res 34(1):22–50

Golden MM (1998) Interest groups in the rule-making process: who participates? Whose voices get heard? J Public Adm Res Theory 8(2):245–270

Karsten N (2015) Scrutinize me, please!: the drivers, manifestations and implications of accountability-seeking behavior. Public Adm 93(3):684–699

Klingner DE, Nalbandian J, Romzek BS (2002) Politics, administration, and markets conflicting expectations and accountability. Am Rev Public Adm 32(2):117–144

Koppell JGS (2005) Pathologies of accountability: ICANN and the challenge of "multiple accountabilities disorder". Public Adm Rev 65(1):94–108

Lerner JS, Tetlock PE (1999) Accounting for the effects of accountability. Psychol Bull 125(2):255–275

Lindberg SI (2013) Mapping accountability: core concept and subtypes. Int Rev Adm Sci 79(2):202–226

Moynihan DP, Ingraham PW (2003) Look for the silver lining: when performance-based accountability systems work. J Public Adm Res Theory 13(4):469–490

Mulgan R (2003) Holding power to account: accountability in modern democracies. Palgrave Macmillan, London

Pfeffer J (1992) Managing with power: politics and influence in organizations. Harvard Business Press, Boston

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the Challenger tragedy. Public Adm Rev 47(3):227–238

Romzek B, LeRoux K, Johnston J, Kempf RJ, Piatak JS (2014) Informal accountability in multisector service delivery collaborations. J Public Adm Res Theory 24(4):813–842

Schlenker BR, Britt TW, Pennington J, Murphy R, Doherty K (1994) The triangle model of responsibility. Psychol Rev 101(4):632–652

West WF (2005) Neutral competence and political responsiveness: an uneasy relationship. Policy Stud J 33(2): 147–160

West WF (2006) Presidential leadership and administrative coordination: examining the theory of a unified executive. Pres Stud Q 36(3):433–456

Wood BD, Waterman RW (1991) The dynamics of political control of the bureaucracy. Am Polit Sci Rev 85(03): 801–828

Yang K (2011) The Sisyphean Fate of Government-wide performance accountability reforms: federal performance management efforts and employees' daily work, 2002–2008. Public Perform Manag Rev 35(1):149–176


# Accountability: Breaches and Trust


Faith Butta and Joanne G. Carman
University of North Carolina at Charlotte, Charlotte, NC, USA


## Synonyms

Answerability; Board governance; Duty; Ethical obligation; Ethics; Fraud; Liability; Misconduct; Responsibility

## Definition

Accountability: The obligation to act responsibly and with transparency
Breach of trust: A violation of accepted duties, by action or inaction, both intentionally or inadvertently

## Introduction

Nonprofit organizations are accountable to multiple and frequently competing stakeholders – both in theory and in practice. In the general sense, accountability is being responsible, transparent, and responding to stakeholders, which may be challenging for nonprofits who must answer to numerous stakeholders including funders, program participants, employees, and taxpayers. Realistically, this means that acting in a responsible manner in the eyes of one stakeholder may be, or appear to be, in conflict with acting responsibly to another stakeholder. Regardless, nonprofit organizations should strive to both act responsibly and with transparency. What happens if they fall short in one or both areas? The failure to ensure accountability is a breach of trust. In reality, breaches of trust are not usually a single one-time event that either happen or not; they often occur over a range of time, including multiple events. The number and instances of irresponsibility can vary because it is not a black and white issue; there are many shades of gray. This is because there is not a preset guideline as to what is or is not acceptable in all and every case. There are some rules and regulations in place set by the regulatory agencies, state laws, boards of directors, and funder stipulations, but even these cannot be concretely applied in every situation. Exactly what level of responsibility and how much transparency do nonprofit organizations need to demonstrate in order to be considered acting accountable? Since there is no predetermined answer, it can often be difficult for nonprofits to balance the demands of accountability in order to ensure trust while working to fulfill the organization's mission.

## Nonprofit Accountability

Nonprofit organizations play a variety of roles in today's society. They are religious organizations, foundations, social advocacy groups, and public charities which provide services that government and the private sector may not provide. Although the nonprofit sector is its own individual sector, nonprofit organizations are accountable to numerous stakeholders – both within and outside of the organization. For example, nonprofits are accountable to its employees, its clients, to funders, to local and national governments, and to the community it serves (Brody 2002). Each of these groups may have a specific vision in mind for how the nonprofit organization should operate and focus its limited resources. These visions may overlap, or they may compete with one another. This makes the idea of being accountable complicated. If taken too narrowly, the nonprofit organization will be unable to address stakeholder's concerns. If taken too broadly, the nonprofit organization may never accomplish anything.

## Breaches of Trust

According to some, trust is the most expensive commodity in the world, and so earning and maintaining trust is especially crucial for nonprofit organizations. The relationships that are created between nonprofit organizations with clients, stakeholders, and the public can take years to cultivate and only minutes to destroy. This is why it is necessary to carefully screen volunteers and employees, in addition to making sure the organization is adhering to laws, policies, and principles already in place. This section describes the range of breaches of trust that can occur.

Most individuals who volunteer or work for nonprofit organizations have good intentions. Nonprofit organizations, however, are just like other organizations in that they can be susceptible to fraud, abuse, and breaches of trust. In order to minimize the risk of fraud, abuse, and breaches of trust and ensure financial accountability, nonprofit organizations can employ a number of internal

controls and policies for financial and risk management (Kearns 2012). For example, it is important for nonprofit organizations to create budgets, business plans, and keep detailed and accurate financial records, which are reviewed regularly by the board, as well as outside financial experts and/or auditors. While administrative and fundraising expenditures are important and necessary, the majority of the expenditures, typically 65% or more, should be dedicated to fulfilling the mission of the organization.

Nonprofit organizations should also have formal policies relating to financial management, record keeping, expenses, reimbursements, purchasing, and travel, and there should be controls in place relating to financial transactions. Some examples of controls are a segregation of duties, requiring multiple signatures on checks, and approvals of expenditures (Zack 2003). Policies relating to conflicts of interest and whistleblower protection should be in place, along with internal controls relating to the hiring of employees and engaging with volunteers. Examples of these are criminal background checks, reference checks, verification of degrees, professional credentials or licenses, and drug testing. Like any other organization, nonprofit organizations need to be properly insured and understand the risks associated with the varied nature of the work that they do (McMillan 2006).

Even with policies and procedures in place, nonprofit organization are susceptible to fraud, abuse, or a breach of trust. Some infractions are seemingly minor. For example, an employee might use the organization's credit card for a personal purchase. A book keeper might misclassify expenditures to minimize the overhead ratio, or a grant-writer might overstate the organization's capabilities or accomplishments in order to look good to a funder. Yet, other infractions are more notable. A scan of the media's headlines of some of the more recent nonprofit scandals reveals some major infractions, including misuse of funds, misappropriation of funds, embezzlement, excessive executive compensation, luxury accommodation and travel expenditures, and illegal loans to board members or executives.

Although nonprofits may seem to exist in their own sector, organizations are not isolated from the other sectors. In fact, just the opposite is true. Because nonprofits are interdependent and collaborate with people and other institutions from all sectors, they are becoming more intertwined with other entities. This takes place at local, national, and international levels.

Globalization provides a platform to give and receive donations anywhere around the world, while at the same time makes it increasingly difficult for donors to "see" where their aid is going. Because of this, one area of nonprofit frauds that has gained more media attention over the past two decades is in disaster relief efforts. Even long-standing reputable organizations like the American Red Cross can find themselves in the midst of a scandal. Headlines like: "As Scandal Breaks, Red Cross Gives $2M Grant to Sandy Survivors" (Hasan 2014) and "How the Red Cross Raised Half a Billion Dollars for Haiti and Built Six Homes" plaster newsfeeds and timelines for weeks or months at a time (Elliot and Sullivan 2015). Instances like these can be the action of one person, or the orchestration of an entire organization. It can take years within the judicial system to sort through the allegations and determine if and when a fraud and/or misrepresentation occurred. Until that point is reached, it is those who have the most need for the disaster relief services who are most negatively affected.

Like many offenses, the penalties facing nonprofits caught in a scandal or fraud vary substantially – though any and all sanctions negatively impact organizations. Typically, the consequences are commensurate with the level of the infraction, ranging from taxes, fines, or damages being assessed to the perpetrator (perpetrators) to jail or prison sentences. Yet, the damage to the nonprofit organization can be cascading, ranging from a damaged reputation, losses of donations, funding, and volunteers, the revocation of tax exempt status, and shutting down the organization. The consequences of each incidence of fraud, abuse, or breach of trust also effects the nonprofit sector as whole, with donors being more reluctant to give to other nonprofit organizations and increased public scrutiny.

## Nonprofits and Trust

Nonprofit organizations are thought to be more trustworthy than private corporations because their goal is to fulfill their mission and not maximize profits. Consumers are assumed to be more inclined to trust a nonprofit organization over a for-profit organization in a variety of contexts, such as when they need information, are feeling vulnerable, need of assistance, or are facing a crisis. There is also a general sense that individuals who choose to work in the nonprofit sector are more trustworthy then those who work for government or the private sector (Young 1998). By choosing to work for a nonprofit organization, they have demonstrated that they are more interested in public service, and not as interested in making money or engaging in profit-seeking behavior. Moreover, these individuals are acting as stewards for the organization and its mission. In contrast to being self-serving and out for personal gain, they are viewed as being public serving and putting the interests of the organization and its mission first.

A closer look at how goods and services are actually delivered, however, reveals that it is more complicated than having three distinct public, private, and nonprofit sectors, providing three distinct types of goods and services. For example, medical care might be provided by a public organization, for example Veteran Affairs Medical Centers, a private, for-profit medical practice, for instance a group of medical doctors who form a Professional Limited Liability Corporation, or a nonprofit organization, like a community health clinic or nonprofit group health practice with 501(c)(3) charitable organization tax status. These different organizations, for the most part, will serve different groups of people. The public organization, in this case the Veterans Affairs Medical Center, only provides services to consumers who are eligible, specifically military personnel and veterans. Typically, the private, for-profit medical practice will only provide services to consumers who can afford to pay their fees, either directly or through insurance reimbursement payments. In contrast, the nonprofit community health clinic could, theoretically, serve everyone; consumers who can pay full price for services, as well as those who cannot because the nonprofit organization is able to take advantage of tax exemptions, tax deductible charitable contributions, and access foundation grants and/or government subsidies (Grønbjerg 1998). Moreover, the issue of trust also comes into play.

It is difficult to surmise exactly how much trust matters in nonprofit organizations, both within the organization itself, as well as among the relationships organizations have with the government, businesses, and other nonprofit organizations. Putting a dollar figure to the role of nonprofits sheds some light to this by illuminating how nonprofits function within a larger societal economy.

For example, while giving varies from country to country, according to Giving USA, in 2014, Americans including individuals, foundations, and businesses donated nearly $360 billion to charities which continues the trend of increasing donations for five consecutive years (Giving USA 2015). Also, over one-quarter of the adult population volunteer annually. These 8.7 billion hours is valued at over $179 billion. But nonprofit organizations as a sector are receiving and contributing more than strictly donations. There are roughly 1.4 million nonprofits registered with the Internal Revenue Service, employing millions respectively. Additionally, nonprofit organizations account for over 5.4% of annual gross domestic product, or roughly $906 billion to the economy in 2013 (McKeever 2015), providing a vast array of services to promote social welfare, working in areas such as education, health, youth, sports, and the environment, as well as with our most vulnerable populations. Nonprofit organizations are also the cornerstone for advocacy, social justice, and civic engagement efforts, and they are typically praised for being more innovative, flexible and efficient at providing services to those in need.

## Framing Accountability

Accountability can be thought of from several perspectives. For example, it can be outlined in

laws and regulation. Additionally, it can be brought through the lens of public responsibility and professional responsibility. Sometimes these frames overlap, as in the case of fiscal accountability. While financial accountability is important and necessary, there are other dimensions of accountability relating to compliance, transparency, and mission and performance. With respect to compliance, nonprofit organizations must be sure they are not only in compliance with the laws and regulations associated with the work that they do, but they are also complying with conditions of the transactional relationships they have with funders and donors. Compliance-related activities typically involve site visits, inspections, reporting, and audits by outside organizations. These may be mandated by the government or done voluntarily as part of the organization's internal policies and procedures. Nonprofit organizations are also subjected to many reporting rules, such as filing federal annual tax returns and making this information available to the public, reporting on unrelated business income, and filing annual reports to the state in which they are incorporated.

With respect to transparency, unlike private corporations, there is an expectation that information about the nonprofit organization including its mission, finances, activities, and all other facets of the organization be readily available to the public (Ebrahim and Weisband 2007). To that end, nonprofit organizations typically disclose information on their website and elsewhere about the mission of the organization, the names of the board members and staff, financial statements, and other information about the organization's activities.

With respect to the mission and performance, the mission statement should be a short description about the basic purpose of the nonprofit organization, the nature of their work, and the constituent group (or groups) that they intend to serve. From there, the mission should be translated into a set of strategies with concrete, reasonable goals that will be accomplished according to specific time periods.

Increasingly, however, foundations, government, other funders, and donors are paying closer attention to the framing of an organization's mission. It is no longer acceptable just to have a mission statement. There is now a greater emphasis on whether the theory of change behind the mission makes sense and whether the goals are actually achievable. There is also a greater interest and emphasis for nonprofit organizations to implement programs that have been shown to work also known as evidence-based practice. Growing resources like What Works Clearinghouse at the Department of Education and the Outcomes Indicators Project at the Urban Institute are being made available to nonprofit organizations to guide them (Fulbright-Anderson and Auspos 2006).

Program evaluation and other types of data collection efforts can then help nonprofit organizations systematically track and assess their performance. For example, performance measurement is one tool that nonprofits can use which involves tracking key pieces of information over time, such as: the number of people served, the number of meals provided, the number of job placements. This can be done internally, by program staff, generally requiring few additional resources. Benchmarking is also another tool, where nonprofit organizations compare their performance to that of similar organizations or leaders in their industry. Hiring an external evaluator to conduct an outcomes study is also another option, though this requires more resources.

Equally valuable to the undertaking of data collection and analyzation is how the information becomes available or is displayed. An evolving aspect of data visualization that nonprofits can capitalize on are dashboards. It is a continuously updated graphic representation of program services that nonprofits offer, and can also be used to track funding. Dashboards can be a chart, graph, or other illustration which display the progression of a measurement toward an established goal. For instance, one organization might use a dashboard to show the number of meals served today, since last week, and since last year. At the same time, they could show what percentage toward their goal they have already achieved and what is remaining. Taken together, these types of

performance and evaluation data can help nonprofit organizations to assess how well they are achieving the mission of the organization.

The extent to which nonprofit organizations engage in performance measurement and other types of evaluative activities varies widely in practice. Some organizations simply do not evaluate what they do or track their performance. Others focus just on compliance, or they gather performance data and conduct evaluation only in response to external requirements from funders.

## Improving Accountability

Growing concerns about nonprofit accountability and breaches of trust have given rise to a several developments within the nonprofit sector intended to improve accountability practice and minimize the opportunities for breaches of public trust. For example, there are now a variety of organizations that exist to assess nonprofit organizations in the United States. The Better Business Wise Giving Alliance, Charity Navigator, and Guidestar go so far as to give them a rating or a score for the performance. Additionally, some nonprofit organizations also seek out accreditation, which involves an external review by an independent organization to assess the quality of service delivery practices. In some service fields like health care, adoption, and substance abuse treatment, as well as in some states, accreditation is actually a requirement for nonprofit service delivery.

There is also a growing awareness that managing a nonprofit organization requires a specific set of knowledge, skills, and expertise. In response to the growing numbers of nonprofit organizations in need of professionalized management, universities and colleges are offering a range of educational opportunities for nonprofit managers and their staff, including undergraduate majors and minors in nonprofit management, graduate certificate programs in nonprofit management and administration, and master's degrees in public or business administration with concentrations in nonprofit management. Moreover, doctorate programs in nonprofit management and leadership and philanthropy are emerging as well. While these programs cover traditional management topics, such as human resources, budgeting, and strategic planning, they also cover a range of topics specific to the sector, including volunteer management, fundraising, program development, and program evaluation.

Training opportunities also exist in many different formats. Some are offered by national organizations like The Foundation Center, and Independent Sector. Others are offered by state associations like the Maryland Association of Nonprofits or local funding agencies like the United Way which provide books, toolkits, journals, and webinars about how to improve the effectiveness of nonprofit organizations. Moreover, credentialing is becoming more popular, with different certifications being offered by professional associations, such as the Certified Nonprofit Professional by the Nonprofit Leadership Alliance and the Certified Grant Writer by the American Grant Writers' Association.

## Conclusion

Nonprofit organizations function in what can be thought of as an "accountability environment." This environment consists of several facets including pressures that face the organization legally, politically, financially, and culturally. These pressures encourage people within nonprofits to act, or not act, in certain situations. These entities operate with the realization that they are responsible to multiple stakeholders at any given time. This is an understood aspect of a sector simultaneously responsible to government, private funders, program participants, and the community at large. Additionally, due to the nature of many organizational program services, nonprofits have earned the reputation of being trustworthy. As such, they are often under tighter scrutiny to demonstrate that public trust is indeed justifiable earned. This explains why breaches of trust are deemed especially appalling.

Because of this complexity, it is imperative that organizations place a meaningful emphasis on their accountability in order to create and promote a positive environment. A two-step approach of

prevention and detection can assist in preserving public trust. Financial accountability can largely be attained through stringent and transparent record keeping. While, performance-based accountability can be accomplished through program monitoring and evaluations. In general, responsibility can be demonstrated through ethics codes, as well as achieved through advanced professional degrees and certifications of employees. Both internal and external controls are essential in creating and maintaining accountability.

## Cross-References

- ▶ Accountability and Ethics
- ▶ Auditing
- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ New Public Financial Management
- ▶ Nonprofit Leadership
- ▶ Stakeholder Perspective in Nonprofit Organizations
- ▶ Theories of Ethics
- ▶ Volunteers and Volunteer Management

## References

Brody E (2002) Accountability and public trust. In: Salamon LM (ed) The state of nonprofit America. Brookings Institution Press, Washington, DC, pp 471–498

Elliot J, Sullivan L (2015) How the Red Cross raised half a billion dollars for Haiti and built six homes. Retrieved from: https://www.propublica.org/article/how-the-red-cross-raised-half-a-billion-dollars-for-haiti-and-built-6-homes

Ebrahim A, Weisband E (2007) Global accountabilities: participation, pluralism, and public ethics. Cambridge University Press, Cambridge

Fulbright-Anderson K, Auspos P (2006) Community change: theories, practice, and evidence. Aspen Institute, Washington, DC

Giving USA (2015) Giving USA: Americans donated an estimated $358.38 billion to charity in 2014; highest total in report's 60-year history. Retrieved from: http://givingusa.org/giving-usa-2015-press-release-giving-usa-americans-donated-an-estimated-358-38-billion-to-charity-in-2014-highest-total-in-reports-60-year-history/

Grønbjerg KA (1998) Markets, politics and charity: nonprofits in the political economy. In: Ott JS (ed) The nature of the nonprofit sector. Westview, Boulder, pp 217–232

Hasan S (2014) As scandal breaks, Red Cross gives $2M grant to Sandy survivors. Nonprofit Quarterly. Retrieved from: https://nonprofitquarterly.org/2014/10/31/as-scandal-breaks-red-cross-gives-2m-grant-to-sandy-survivors/

Kearns KP (2012) Accountability in the non-profit sector. In: Salamon LM (ed) The state of nonprofit America. Brookings Institution Press, Washington, DC, pp 587–615

McKeever B (2015) The nonprofit sector in brief: public charities, giving, and volunteering. Retrieved from: http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000497-The-Nonprofit-Sector-in-Brief-2015-Public-Charities-Giving-and-Volunteering.pdf

McMillan EJ (2006) Preventing fraud in nonprofit organizations. Wiley, Hoboken

Young DR (1998) Contract failure theory. In: Ott JS (ed) The nature of the nonprofit sector. Westview, Boulder, pp 190–192

Zack GM (2003) Fraud and abuse in nonprofit organizations: a guide to prevention and detection. Wiley, Hoboken

# Accounting for Employee Benefits

Yuri Biondi[1] and Marion Boisseau-Sierra[2]
[1]Cnrs – Labex ReFi (ESCP Europe), Paris, France
[2]Université Paris-Dauphine, PSL Research University, Paris, France

## Synonyms

Benefits in kind; Fringe benefits; Nonwage compensation; Perks; Perquisites

## Definition

From the employers' viewpoint, pension benefits are promises to and claims by employees based upon future inflows. To make employers accountable for fulfilling these obligations in due course, accounting for pension obligations must design representation and facilitate control through time

and circumstances, including through financial reporting and disclosure which aim to facilitate pension protection, that is, the assurance of continued provision of pension payments at their agreed levels under viable alternative modes of pension management.

## Introduction

Employee benefits cover various advantages granted to employees in addition to their salaries, especially pensions to be received after retirement. Historically, the pension was considered as a protection granted to the old or the sick. However, the recent reforms tend to blur the frontier between investment and pension, showing a radical transformation. Employee benefits concern both the private and the public sector. Accounting for them has been a critical matter throughout the international accounting convergence process for both private and public sector employers.

This encyclopedia entry analyzes international accounting standards on employee benefits for both the private (IAS 19) and the public sector (IPSAS 25). Both standards follow the recent trend toward understanding pension as deferred remuneration. Their actuarial basis of accounting further involves a representation in terms of individual saving account managed on behalf of their beneficiaries as a form of financial investment. In fact, this understanding neglects the diversity of existing pension schemes. Overcoming the classic opposition between defined benefit and defined contribution concerning pension systems, this entry outlines an accounting model for pension funds and flows over time, to better comprehend current variety of practices and provide a comprehensive basis of accounting representation.

The rest of this entry is organized as follows. The first section presents the international accounting convergence between private and public sectors developed by the IASB and then by the IPSASB. The second section asserts that this international accounting model does not take into account the existing variety of pension schemes, providing illustrative examples from the private and the public sectors. The third section develops further thoughts for a more comprehensive understanding of accounting for employee benefits.

## International Accounting Convergence Between the Private and the Public Sectors

Private sector standards under the IAS (section "Private Sector Accounting for Employee Benefits Under the IAS/IFRS)" and public sector standards under the IPSAS (section "Public Sector Accounting for Employee Benefits Under the IPSAS") are based upon a financialised model that is unveiled by our analysis (section "International Accounting Convergence Involves a Financialized Accounting Model"). This section will pay attention especially to accounting for defined benefit pension schemes as they are at issue throughout the recent reforms.

### Private Sector Accounting for Employee Benefits Under the IAS/IFRS

In the recent decades, political and financial economic strategies designed to develop active financial market places have led a growing number of accounting representations across jurisdictions to consider pension obligations as deferred remuneration, to be attached today to individual pay and expensed through actuarial measurement of future cash outflows. In particular, the IAS 19 – issued in 1998 – defines accounting for defined benefit plans as follows:

> The measurement of a net defined benefit liability or assets requires the application of an actuarial valuation method, the attribution of benefits to periods of service, and the use of actuarial assumptions. (IAS 19 2011, p. 66)

Pension accounting has caused controversies ever since standard setters started to regulate the recognition and valuation of pension-related liabilities, assets, and costs. In 1985, the US Financial Accounting Standards Board (FASB) prompted the adoption of a balance sheet accounting approach for pensions through the Financial Accounting Standards 87 (FAS 87) issued in

1985, followed by the International Accounting Standards Committee (IASC) which proposed a single actuarial method in its Exposure Draft (ED 54) published in 1996 (eventually adopted in 1998 as IAS 19). Both reforms were controversial and beyond what was common practice at those times, echoing the overall lack of consensus on the legal-economic nature of corporate pension obligations. This private sector trend influenced the public sector accounting standards first through national statistics and later through the governmental financial accounting channel. The question whether the standard IAS 19 should be applied to the public sector has firstly been discussed by students of national statistics and then by the International Public Sector Accounting Standards (IPSAS) Board.

### Public Sector Accounting for Employee Benefits Under the IPSAS

The IPSAS are developed by the IPSAS Board under the auspices of the International Federation of Accountants (IFAC). This privately run body has been transplanting the IFRS developed by the IASB into the public sector. To be sure, the IPSAS are not currently adopted by any major jurisdictions, although the IPSAS Board has been developing its standards as a professionally endorsed "best practice," which has been having a significant influence on the ongoing public sector accounting debate and regulation. Contrary to the IAS/IFRS (which have been substantially adopted by the European Union for consolidated statements of corporate groups listed in European regulated exchanges), the IPSAS do not have compulsory authority to rule accounting practice on the matter.

The IPSAS Board has been fostering a convergence between public and private sector accounting standards, although a conceptual framework that is specific to the public sector is under development by the IPSAS Board since November 2006. Since 2002 (first exposure draft issuance) through 2008 (issued Standard No. 25) and even until January 2016 with the proposed amendments to the IPSAS 25, the IPSAS Board approach to pension obligations has been close to the IFRS.

Issued in February 2008, the IPSAS 25 deals with employee benefits in general, including pension benefits. Accordingly, accounting for pension obligations is based on a dual accounting treatment that disentangles defined contribution (DC) and defined benefit (DB) schemes.

Under the IPSAS 25, there is far less accounting requirement for DC schemes than for DB schemes. In particular, less reporting is required and there is no liability inclusion for DC schemes.

This accounting treatment for DC schemes reshapes their pension obligations by establishing a "single mode of assurance through assets financial accumulation" (Le Lann 2010, p. 17). It does actually undermine accountability and responsibility of the reporting entity for ongoing and future pension obligation fulfillment, since no pension obligation is assumed to exist under this accounting treatment. In fact, the series of future contributions may represent an implicit liability under constructive obligation, but the IPSAS excludes its recognition (par. 55). Therefore, potential beneficiaries do not receive information concerning the ongoing accumulation of their contributions and the foreseeable level of pension payment that has been reached and may be sustained under the ongoing DC scheme process. They do not receive information on ongoing investment policies and their past, current, and foreseeable returns over time.

Concerning the accounting treatment for public sector DB schemes, the actuarial value of accrued future obligations is expected to be included in the liability side of the balance sheet as outstanding liability. At the same time, this treatment implies disclosure of dedicated assets, fostering the immediate funding of pension obligations, in order for cash funds to be invested, monitored, and recognized in the asset side of the balance sheet. This approach to account for DB schemes (the only ones that assure future pension obligations) is consistent with the approach endorsed by the IASB for the private sector at least since the issuance of the IAS 19 in 1998.

The US GAAP, IAS/IFRS, and IPSAS all have as a starting point that post-employment benefits should be recognized as deferred remuneration earned during the work time. Accordingly, the

paid remuneration and the unpaid part of it – that is, the pension benefit earned during the accounting period – should be recorded on accrual basis as an expense incurred in the income statement, while the earned but still unpaid part of the benefits should be recognized at the book closure date as a liability (debt) in the balance sheet. The ongoing payment of pension benefits to current recipients does not deem recognition, as for they are cash settlements of the debt (pension liability) that concern only a cash basis of accounting. No recognition or disclosure are then included in the accrual basis of accounting that is retained by these recent reforms.

### International Accounting Convergence Involves a Financialized Accounting Model

This convergence between the public and the private sector involves an accounting model that we can confidently summarize as follows: (i) pensions are understood as deferred remuneration, to be (ii) accounted through a balance sheet determination of outstanding liability, when defined benefit schemes are concerned, and (iii) measured at its discounting-based actuarial value (current value). This accounting representation somewhat implies a peculiar understanding of pension as an individual financial placement.

Accordingly, pensions are understood as deferred remuneration held on behalf of pension beneficiaries. This emergent view mingles pensions together with other financial investment funds held by individuals for precautionary or speculative reasons. An "ideal" pension fund is then supposed to be attached to each individual and transferable, when his beneficiary leaves the corporate entity that has promised his future pension payment and has been managing his pension account. Pension is then understood as an individual saving account that is supposed to stock ongoing inflows paid against accrued pension rights.

Moreover, these accumulating inflows are expected to be continuously invested over time to accumulate the final pension amount that shall be liquidated, in a form of lump sum or life rent, at a certain maturity date scheduled by the individual pension scheme. Accordingly, it is somehow the individual accumulation of cash that is expected to generate the future pension, period after period. Indeed, pension becomes a kind of financial placement at the individual level.

In this context, the accounting representation of pension obligations is expected to enact this understanding by providing actuarial information about the current net value of the joint pension fund, as if each individual were able to claim its current value pension share at will. A pension fund becomes then similar to a close monetary fund whose shares split ongoing fund current value among beneficiaries, after deduction of management fees and other corporate running costs.

Concerning the European Union, this very discussion on recognition and measurement of pension obligations has recently shifted from European national statistics to European governmental accounting and reporting. As the debate started with the European System of Accounts (ESA), it is interesting to look what has been decided at a European level with these national statistics standards. As from 2014, the ESA requires member states as employers to disclose pension liabilities as contingent liabilities while excluding them from the regular accounts of the general government sector. Under the IPSAS, disclosing pension commitments as pension liabilities on the balance sheet is mandatory. This difference between the ESA and IPSAS has a huge impact on measurements of net assets, debt, and deficit, especially when governments maintain unfunded pension schemes.

While the ESA refused to recognize unfunded pension schemes on member states' balance sheets, the future will say if the European Union follows the IPSAS 25 standard. The application of the IPSAS 25 would result in including material liabilities for public sector entities on their balance sheet. At governmental level, this will impact deficits and debts figures and thereby alter the perception of fiscal sustainability, with potential unexpected consequences on financial markets and public trust.

This actuarial accounting model fostered by international accounting convergence does not enable to depict all existing pension schemes

(section "Uncovered Variety of Existing Pension Schemes") while favoring DC in contrast to DB schemes (section "Examining the Underlying Assumption"). This accounting choice might be justified if funding and sustainability were strictly linked, which is not necessarily the case.

## The Uncovered Variety of Existing Pension Schemes and the Underlying Assumption

### Uncovered Variety of Existing Pension Schemes

This paragraph provides a review of existing practices in both the private and the public sectors. These practices are still inconsistent with the actuarial representation that has been adopted by the standards on employee benefits IAS 19 and IPSAS 25, respectively, for the private and the public sectors.

Concerning the public sector, the IPSAS 25 goes beyond current practice and regulation. The standard setter, the IPSASB (2008), candidly acknowledges in its basis for conclusion No. 17 that these requirements are inconsistent with widespread public sector practices assessing that they "may prove challenging for many public sector entities [. . .] (and) might give rise to tensions with budgetary projections and other prospective information." This further implies that the standard has been asserting a normative view which is not based upon a heuristic or comparative analysis of pension management modes.

As a matter of fact, public sector pension schemes still provide strong evidence of diversity in existing practices. IPSAS 25 is based on a dual accounting treatment that disentangles DC and DB schemes. Accounting treatment for other schemes such as multiemployers, including employers under common control, state plans, and composite social security programs, must make reference to one of these alternative treatments (see IPSAS 25, 32, 33, 25.43, and 25.47 for the public sector). The pension modes of many countries (if not nearly all) do not enter easily into one of these two allowed accounting treatments. For instance, various public administrations around the world maintain "pay-as-you-go" pension schemes where current contributors pay for other people's pension through time. Such schemes involve a collective dimension which does not correspond to any accounting treatments allowed by IPSAS 25. Hereafter, they shall be labeled "pay-as-they-go" schemes to highlight this collective dimension.

Pension schemes may be partly unfunded and provide collective guarantees and transfers that are inconsistent with the pension-saving account representation, that is, the implicit accounting model which emerges from international accounting standards. Some countries have only partially funded schemes such as the USA, Singapore, Ecuador, Canada, and Finland (Oulasvirta 2014). Moreover, some countries such as the USA, the UK, and Sweden have collective guarantee mechanisms, which can be voluntary or mandatory and concern either the private sector or the public sector.

Governmental pension funds are still largely unfunded and based upon "pay-as-they-go" schemes. Some countries such as China, Colombia, Brazil, Belgium, France, Germany, Ireland, and Luxemburg have separated unfunded schemes for civil servants' pensions.

In the European Union, few member states that grant defined benefit pension schemes (or equivalent) to civil servants/government employees recognize defined benefit pension liabilities in their statement of financial position.

According to the dual accounting distinction between DB and DC, the general opinion would suggest that French public sector pension scheme is a kind of DB, while the UK and USA apply DC schemes. The case studies of France, the UK, and the USA point out that the issue is more complex.

In France, the main schemes for public sector employees are financed on a "pay-as-they-go" basis, and no liabilities are recognized in public sector financial statements. The French pension scheme for central government employees, magistrates and military personnel, and local government employees (CNRACL) applies a "pay-as-they-go" financing method. Only, the *Retraite Additionnelle de la Fonction Publique* (RAFP), which is a complementary pension scheme for

central government employees, local government employees, and healthcare employees, applies a funded financing method.

In the UK, most major public pension funds remain unfunded, that is, no actual cash is set apart today as a cash reserve to cover for this eventual future payment. The five largest unfunded schemes, accounting for 96% of outstanding unfunded liabilities in 2009, are for the National Health System (NHS), the teachers, the civil service, the police, and the armed forces. The sixth scheme, which is funded, is the centrally guaranteed, but locally administered, Local Government Pension Scheme (LGPS).

In the USA, state governments' pension schemes are only partly pre-funded, that is, only a share of future payments are already covered by cash reserves today. At a national level, a widespread accounting practice consists in covering pension governmental funds by larger deficits in other budgetary accounts, resulting in substantially unfunded schemes. The US situation is then much more complex than is usually thought concerning the defined contribution mechanism.

Moreover, if circularity in government fundings occurs, when governmental pension funds are employed to finance other governmental entities, pension funds have little value added relative to a "pay-as-they-go" mechanism. At the present, financial reporting and disclosure do not allow to correctly examine the self-investing strategies accomplished by some public sector and private sector pension funds.

The dual distinction between DB and DC does not allow either to understand properly the notional defined contribution schemes. Despite increased individualization, notional defined contribution schemes maintain a collective dimension and are partly unfunded. In countries such as Sweden, Italy, Latvia, and Poland, public notional defined contribution accounts are maintained along with unfunded public pension liabilities. Italy and Sweden moved toward notional defined contribution pension schemes by adopting defined contribution rules while retaining a "pay-as-they-go" financial architecture.

Concerning the private sector funds, the mutual private funds and independent mutual and definite benefit pension funds are not managed as close monetary funds.

Notwithstanding changes in their accounting representation through enforcement of the IAS 19, some corporate pension funds maintain close ties with corporate sponsors, including in their investment strategies and pension operations. They may then remain substantially unfunded. Moreover, there are risks implied by self-investing: in the case of bankruptcy, self-investing strategies can be harmful as it has been the case in the UK for the Robert Maxwell's collapse and in the USA for the Enron's collapse. Self-investing remains a current practice for DC plans (named 401(k)), according to Sullivan (2004, pp. 83–84): for instance, "in 2002, Coca-Cola and General Electric had about 75% of their 401(k) plans invested in their own shares. The equivalent figure for Procter & Gamble was just under 95%."

### Examining the Underlying Assumption

International accounting convergence appears to have based upon the implicit assumption that DC schemes are "safer" than DB schemes, leading a certain favor to the former in terms of reduced reporting and disclosure.

One reason behind this favor is the alleged connection between funding and sustainability. However, funding does not necessarily imply sustainability or vice-versa. Unfunded "pay-as-they-go" pension schemes can be sustainable under certain conditions, while partially funded, financial return-based pension schemes can be and have been unsustainable in certain circumstances.

Notwithstanding discredit that has been claimed against them, unfunded "pay-as-they-go" schemes can be sustainable as long as current and future contributions from constituencies (including sponsors and future beneficiaries) go on matching current payments that become due to incumbent beneficiaries over time. From this perspective, an actuarial representation of their pension obligations can hide significant issues and hazard related with pension provision over time.

Funded schemes do not guarantee better provision and security of pensions. Shortcomings of

funded schemes have been occurring especially in the aftermath of financial crises, for instance, in the UK, in 1992, the Maxwell scandal; in 2000, the insurance company Equitable Life; and, in 2007, the pension fund of Allied Steel and Wire. In the USA, an illustrative example is offered in 2002 by the Enron bankruptcy and related scandal. In France, the additional pension fund for civil servants named *caisse complémentaire de retraite de la fonction publique* (CREF), which was partly funded, incurred financial distress and was transferred in 2002 to the COREM, a mutual complementary pension fund, under the supervision of the state. In Chile, a forerunning country in pension reforms since the 1980s, the funding requirement appears to have involved high administrative costs and low compliance rates by the Chilean pension fund administrators (AFPs).

In conclusion, an emergent normative pattern has been driving international accounting convergence for employees' benefits. It constitutes a fundamentally normative process since existing practices, especially for pension management, are still inconsistent with its requirements and underlying views. Its main consequence is to favor DC schemes over DB schemes, fostering the funding of pension funds. However, this transformation may be damageable to social welfare, since funded pension schemes are not panacea, depend on financial market returns, and involve financial investment hazard. In fact, both modes of pension management can be viable and show potential shortcomings and hazards that should be made accountable for.

Concerns were addressed on the limits and flaws of the actuarial accounting model (section "Concerns Regarding the Financialized Accounting Model") prompted by the international accounting convergence. In this context, accounting standard setting implies a delicate balance between constructing the one best practice and acknowledging alternative options that factually exist. A theoretical perspective (section "Toward a Comprehensive Accounting Representation"), applying discriminating concepts, may facilitate a better mapping of pension scheme modes and management.

## Further Thoughts for a Comprehensive Accounting Model

### Concerns Regarding the Financialized Accounting Model

Issues have been addressed especially regarding the funding of pension schemes that is clearly encouraged by the international accounting model. International organization professionals, researchers (economists and accountants), and national accounting boards have stressed limits and concerns on pension funding and pension recognition in public sector balance sheets, including throughout the public consultation process regarding the IPSAS 25. Recent reforms seem to prioritize financial sector promotion over social welfare considerations, allegedly assuming that historical patterns of retirement provision have failed and neglecting the importance of the public-private interface in financial sector development in general and in pension provision in particular.

The international accounting model has its limits. For example, it does not allow to track the flows of funds and thereby to identify DC schemes that are truly capitalized by cash funding. This undermines accountability of pension management, a dimension that is not covered by the standards. Pension management generally occurs through organized entities that perform it on behalf of sponsors and beneficiaries. This pension management is delegated to a specialized financial entity whose investment shares may not be always appropriable or transferable at will, while it may not be fully funded or liquid at every time.

From our perspective, the overarching accounting purpose concerns the protection of pension promises through enhanced reporting and disclosure. Accountability for pension management involves being accountable for the main purpose of this management, i.e., timely and continued provision of pension payments as they become due at their previously committed levels.

The pension as deferred remuneration (a sort of individual managed saving account) assures this protection through the financial accumulation process, which exposes funded pension liability to financing cost and risk, as well as investment

cost and risk, including misappropriation and misallocation by managing parties. From this perspective, its actuarial mode of accounting representation affords the danger to undermine control and accountability, as for the discounting/unwinding measurement method cannot track actual cash flows and funds that are involved in overarching managerial processes. Moreover, this actuarial representation introduces subjectivity and volatility of valuation, making ongoing valuation dependent on assumptions over critical variables concerned with the financial accumulation process, including discount rates of reference, and forecasts over very long time windows (Biondi and Boisseau 2015).

Unfunded "pay-as-they-go" model assures this protection through collective responsibility for incumbent beneficiaries, discharged by the managed entity on behalf of its constituencies. This has historically led to a lack of accounting reporting and disclosure by both public sector and private sector sponsors. Few information (if any) was provided through their accounting reporting, while no quantitative determination was included in their balance sheet concerning outstanding positions. Nevertheless, the ongoing structure of flows and funds can be represented without having recourse to current (discounted) values that are inconsistent with this model (Biondi and Boisseau 2015).

In conclusion, a clear move has been prompted to consider pension obligations as deferred remuneration, to be managed on behalf of its ultimate beneficiary through a financial investment scheme, accounted for through an actuarial basis of accounting. However, the current state of pension obligation affairs does not deliver a clear-cut, consensual view on their concept (what they are), their management (how they are fulfilled), and their accounting representation (how they are accounted for). Current practice and regulation still vary across funds, countries, and jurisdictions. The model put forward by international standard setting bodies (IASB, IPSASB) does not enable to depict all current situations while raising further issues and concerns of representation, transparency, and accountability.

On the one hand, several viable alternative management modes exist in current practice, moving from the individual saving account plans at one extreme of the pension world toward unfunded "pay-as-they-go" schemes under collective responsibility at the opposite extreme. Drawing upon this evidence, accounting standard setting may develop and enforce a set of clear and consistent accounting options which enable various existing modes to fulfill their specific accounting needs to discharge accountability and responsibility of pension management over time.

On the other hand, accounting standard setting should be concerned with relevant and material issues raised by applying actuarial measurement of pension liability based on discounting. Such a measurement proves to be particularly difficult and subjective to be performed. Moreover, it may raise wrong political incentives, since, in periods of raising interest rates, the actuarial value of pension obligations decreases. Off-balance sheet disclosure may then provide a better solution.

The following section aims at outlining a theoretical perspective that disentangles some key features of existing practice while elaborating a frame of analysis, i.e., an accounting model of reference for pension funds and flows over time. This accounting representation may allow both to see if DC funds are truly capitalized and to better grasp the specificities of the existing variety of pension management modes.

## Toward a Comprehensive Accounting Representation

Our analysis provides two main results, one concerning the variety of existing modes of pension management and the second one concerning the technical and conceptual difficulties with an actuarial representation of pension obligations, with related lack of accountability and responsibility discharges of pension management.

A theoretical perspective further shows the limits of the received opposition adopted by international accounting convergence between DB and DC schemes.

Whatever separately incorporated or not, a financial entity specialized in pension management

(generally labeled "pension fund") is purposively devoted to pension obligation fulfillment over time. This fulfillment constitutes its constitutive mission. Performing this mission involves two complementary working processes to be accounted for:

(i) One process does concern the liquidity issue and more specifically the series of cash (cash receivable and cash promised) flows that pass through the entity from ongoing contributing members (including future expected beneficiaries and committed sponsors) to incipient and future beneficiaries. This process involves cash and noncash financial funds and flows to be accounted for. It points to the financial dimension. This cash process of entity economy is consistent with a cash basis of accounting.
(ii) The other process does concern the solvency issue and more specifically the economic recovery of the outward flow of payments that are due over time to incumbent beneficiaries. This process involves recognition and measurement of ongoing payments and matching contributions, as well as dedicated assets and outstanding liabilities that are generated by ongoing management of pension entity over time and hazard. It points to the economic dimension of entity economy and is consistent with an accrual basis of accounting.

From this perspective, a deferred remuneration approach to pension involves a quite narrow view on both processes. Accordingly, each individual is expected to collect his own series of cash settlements, which, through financial placement, are the only way to get future pension payments by ongoing financial accumulation that is dependent on cumulated cash funds and proceeds. To expand on this view, it may be useful to disentangle its implicit understanding of pension management through a dualistic approach that identifies couples of contrasting terms. This dualistic approach draws upon a review of existing practices, as follows (Table 1):

**Accounting for Employee Benefits, Table 1** Couples of contrasting terms

| Dimension of reference | Discriminating concept |
|---|---|
| Economic process (contributions and expenses) | Individualistic versus collective |
| Financial process (cash inflows and outflows) | Funded versus unfunded |
| Accounting representation (accounting model) | Stock basis versus flow basis of accounting |
| Overarching definition (view, understanding) | Deferred remuneration versus social protection |

- Individualistic versus collective: this discriminating concept distinguishes between individualistic and collective approaches to pension obligations. This concept especially refers to the economic process. According to individualistic approaches, each individual is expected to pay for himself. Social solidarity through mutualistic transfers is then excluded, in principle. According to collective approaches, the whole of constituting members assure the coverage of pension payments over time. Individualistic appropriation is then excluded, in principle.
- Funded versus unfunded: this discriminating concept distinguishes between funded and unfunded pension obligations. This concept especially refers to the financial process. Under funded schemes, the pension account (s) is expected to contain cash and cash receivables to be invested to recover future pension payments. Under unfunded schemes, the pension account(s) is not expected to contain cash. It identifies outstanding pension rights and obligations that do not necessarily match some underlying financial investment process.
- Stock versus flow basis of accounting: this discriminating concept distinguishes between the two most general families of accounting models (Biondi 2012). A stock basis of accounting adopts a balance sheet accounting approach which gives priority to recognition and measurement of assets and liabilities as they stand at one point of time, to represent and account for overarching managerial processes. A current (fair) value accounting measurement is generally consistent with this stock basis. A flow basis of accounting adopts an

income statement accounting approach which gives priority to revenues, costs, contributions, and expenditures. A historical cost (historical nominal amount) accounting determination is generally consistent with this flow basis of accounting.

- Deferred remuneration versus social protection: this discriminating concept distinguishes between two alternative understandings of pension rights and obligations. On the one hand, pension is understood as deferred remuneration that is due to the individual along with the current remuneration. In its pure form, this implies that both accrued pension payment and its cash liquidation are performed in the accruing period when the current remuneration is paid. On the other hand, pension is understood as social protection that is granted by a whole of constituencies (pension fund members, citizenship) and delegated to a pension-purpose entity (mutual, governmental). In its pure form, this implies that ongoing pension payments are assured by that entity (including on behalf of sovereign powers) and do not belong to beneficiaries before they are due and liquidated.

Table 1 summarizes these couples of contrasting terms.

## Conclusion

This encyclopedia entry discusses accounting for employee benefits for private and public sector. International accounting convergence understands them as remuneration. In the case of pension benefits, they are then considered as deferred remuneration. Their actuarial basis of accounting further involves a representation in terms of individual saving accounts managed on behalf of their beneficiaries as a form of financial investment. This representation further involves an accounting gap between the defined contribution pension plans and the defined benefit pension plans, since, under the IPSAS 25 on civil servants' pension liability, defined benefit schemes recognize pension liability on the balance sheet, while defined contribution schemes do not.

This international accounting approach cannot provide consistent and comprehensive representation for the existing variety of pension schemes. In order to make various alternative and viable options comparable by users of financial reporting and disclosure, accounting standard setting may focus on supplementary disclosure of raw data on flows and funds that characterize the ongoing processes of pension management over time. A supplementary table that standardizes this basic information and schedule may be more useful, reliable, and financially stabilizing than a hazardous recourse to an ever-changing actuarial evaluation to be included in financial statements. This financial accounting solution echoes that retained for the ESA 2010, which includes a supplementary table on alternative pension systems while excluding their impact on the core accounts of the public sector.

Some have further raised the concern that recent pension policies prioritize financial market development over social welfare protection. Paraphrasing Carl von Clausewitz's aphorism on war as the continuation of politics by other means, one can wonder whether accounting is then the continuation of these financial market-favoring policies by other means. Accountability for employee benefits, especially pensions, raises fundamental issues of social welfare and protection that deserve consideration along with and prior to financial market development.

## Cross-References


- ► Constitutional Rights of Public Employees
- ► Employee (Labor Management) Relations
- ► Financial Reporting
- ► Financial Sustainability
- ► International Public Sector Accounting Standards (IPSAS)
- ► Responsible Public Finance Management


## References


Biondi Y (2012) Should business and non-business accounting be different? A comparative perspective applied to the French central government accounting standards. Int J Public Adm 35(9):603–619

Biondi Y, Boisseau M (2015) Accounting for pension flows and funds: a case study for accounting, economics and public finances. In: EGPA XII permanent study group public sector financial management workshop. Zurich/Winterthur. https://doi.org/10.2139/ssrn.2606547
IAS19 (2011) International accounting standards 19, employee benefits. Technical report. International Federation of Accountants (IFAC)
IPSASB (2008) International public sector accounting standard 25 – employee benefits. Technical report
Le Lann Y (2010) La retraite, un patrimoine? Genèses 80(3):70–89
Oulasvirta LO (2014) Governmental financial accounting and European harmonisation: case study of Finland. Account Econ Law 4(3):237–263
Sullivan M (2004) Understanding pensions. Routledge, London

# Accounting for Infrastructures

Gorana Roje
Service for Strategic planning and Project management, Ministry of State Assets, Zagreb, Croatia

## Synonyms

Accounting for capital assets; Accounting for infrastructure assets; Accounting for infrastructure investments; Recognition and measurement of infrastructures

## Definition

Accounting for infrastructures refers to the recognition, measurement, and processing of financial information about the fundamental facilities and systems serving a country, city, or other geographic public area, including the services and facilities necessary for its economy to function. Processing of financial information refers to preparation of the financial records, the analysis, and verification and reporting of such records generally made by state, general government sector (central or local government) accounting units (such as departments, agencies, ministries). Accounting for infrastructures typically addresses recognition and measurement of technical structures such as roads, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications (including internet connectivity and broadband speeds), which can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions" (Fulmer 2009: 32), as well as assets' related expenses.

## Introduction

Governments are accountable for providing quality public services to their citizens at the most favorable terms. They are, among other issues, responsible for managing a diversified public sector asset portfolio (Grubišić et al. 2009: 329).

Infrastructure assets represent a major part of public sector asset portfolio and most often refer to basic physical systems of a nation, such as transportation, communication, sewage, water, and electric systems. These systems tend to be high-cost investments and are deemed to be vital to a country's economic development and prosperity. Thus, since they may offer significant additional benefits (known as "positive externalities"), infrastructures are often referred as "quasi-public goods" and as such they are subject to a significant number of legislative and policy restrictions with respect to its use and disposal.

In order to determine its book and economic value, infrastructure asset has to be properly recognized and valued. Recognition and measurement methods implementation provides better information about the management of public spending, because it assures better management of resources – assets and liabilities as well as costs.

Bearing in mind that public sector asset classification would enhance recognition and valuation of public sector assets and encourage professional public sector asset management development, the purpose of this entry is to address issues related to accounting (recognition and measurement) for infrastructures. The entry also addresses the infrastructure assets classification (illustrating the link

between infrastructures and other public sector fixed tangible assets), and infrastructure assets management within the public sector.

## Infrastructures and Other Public Sector Fixed Tangible Assets

Asset classification in the asset record-keeping processes is crucial to establishing a manageable asset portfolio that would be a solid base for implementing the measurement methods (criteria) necessary for efficient utilization of assets, referring to both generating future benefits and assets service potential. Bearing in mind that all nonfinancial asset items can be referred to simply as either tangible or intangible, various asset classifications are possible. The variety of classifications across countries exists because certain countries are in doubt concerning what types of assets to include in their asset portfolios and how to measure them.

Capital (noncurrent) assets have the estimated useful life beyond a single reporting period and, in the public sector, include land and land improvements, easements, buildings, vehicles, machinery and equipment, works of art and historical treasures and buildings, and infrastructure (GASB 1999). Aside from the previously mentioned, infrastructure assets have long lives and are usually stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. In addition, their longevity relates to maintenance expenses and large repairs. Examples are roads, bridges, tunnels, sewer systems, and lighting systems. Unless part of a network of infrastructure assets (such as a toll booth), buildings are not included in this category. Therefore, infrastructure assets form part of fixed assets (long-term resources), such as plants, equipment, and buildings, but they have distinctive characteristics.

Applicable to large- and small-scale organizational frameworks, infrastructure can also include a variety of systems and structures, as long as there are physical components required. For example, the electrical grid across a city, state, or country is infrastructure based on the equipment involved and the intent to provide a service to the areas it supports. Similarly, the physical cabling and components making up the data network of a company operating within a specific location are also defined as infrastructure, as they are necessary to support operations. In addition, many technical systems are often referred to as infrastructure, such as networking equipment and servers, due to the critical function they provide within certain operational environments.

Along with the aforementioned sectors, infrastructure includes waste disposal services, such as garbage pickup and local dumps. Educational and health care facilities may also be included, along with certain research and development functions and necessary training facilities. Certain administrative functions, often covered through various government agencies, are also considered part of the infrastructure.

In accordance with International Public Sector Accounting Standard (IPSAS) 17, examples of infrastructure assets include road networks, sewer systems, water and power supply systems, and communication networks (IPSASB 2016: 521). Additionally, each of those major classes comprises numerous subsystems and components that contribute to the overall operation of the asset class. Accordingly, water and sewer asset systems include the following: dams and diversion structures, pipelines, tunnels, aqueducts, canals, reservoirs, tanks, wells, pumps, mechanical and electrical equipment, buildings, electric power, and emergency equipment. Roadways include the following: pavement, bridges, tunnels, embankments, slopes, avalanche and rock shelters, retaining walls, signal and lighting systems, and maintenance facilities.

## Infrastructure Assets' Recognition and Measurement

Infrastructure assets (along with specialized military equipment) are subject to property, plant, and equipment accounting definition and treatment of public sector accounting standards. Starting from the fact that IPSAS are the only recognizable and worldwide applied standards, they represent a

sound base for asset classification and valuation rules, hence to be used to accounting and reporting for infrastructure. Infrastructure assets meet the definition of property, plant, and equipment and should be accounted for in accordance with IPSAS 17.

While there is no universally accepted definition of infrastructure assets, according to IPSAS 17, paragraph 21 (IPSASB 2016: 521), these assets usually display some or all of the following characteristics:

- They form part of a system or network.
- They are specialized in nature and do not have alternative uses.
- They are immovable.
- They may be subject to constraints on disposal.

These features typical of public domain infrastructure assets require for recognition and especially for measurement criteria that should be different from other type of tangible noncurrent assets.

According to IPSAS 17.14, the cost of an item of property, plant, and equipment, and so as to infrastructure assets, is recognized as an asset if, and only if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity
- The cost or fair value of the item can be measured reliably

In accordance to the IPSAS 17 guidance, an item of property, plant, and equipment, and so infrastructure, that qualifies for recognition as an asset shall be initially measured at its cost.

Also, an item of property, plant, and equipment may be acquired through a nonexchange transaction. Nonexchange transactions are transactions that are not exchange transactions. In a nonexchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange (IPSAS 23, paragraph 7, IPSASB 2006). For example, land may be contributed to a local government by a developer at no or nominal consideration, to enable the local government to develop parks, roads, and paths in the development. Where the asset is acquired through a nonexchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

An asset may also be acquired through a nonexchange transaction by the exercise of powers of sequestration. Under these circumstances the cost of the item is its fair value as at the date it is acquired. If there is no market-based evidence of fair value because of the specialized nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, reproduction cost, depreciated replacement cost, or the restoration cost or service units approaches (IPSAS 17, paragraph 48).

Some standard transitional provisions provide relief from the requirement to recognize all property, plant, and equipment during a 5-year transitional period. These transitional provisions refer the following (IPSAS 17, paragraphs 95–106):

- Entities are not required to recognize property, plant, and equipment for reporting periods beginning on a date within 5 years following the date of first adoption of accrual accounting in accordance with IPSAS
- An entity that adopts accrual accounting for the first time in accordance with IPSAS shall initially recognize property, plant, and equipment at cost or fair value
- For items of property, plant, and equipment that were acquired at no cost, or for a nominal cost, cost is the item's fair value as at the date of acquisition
- The entity shall recognize the effect of the initial recognition of property, plant, and equipment as an adjustment to the opening balance of accumulated surpluses or deficits for the period in which the property, plant, and equipment are initially recognized
- Prior to first application of IPSAS 17, an entity may recognize its property, plant, and equipment on a basis other than cost or fair value as defined in the standard, or may control assets that it has not recognized.

IPSAS 17. IN10 requires an entity to determine the depreciation charge separately for each significant part of an item of property, plant, and equipment. The Standard requires an entity to begin depreciating an item of property, plant, and equipment when it is available for use and to continue depreciating it until it is derecognized. Previously, IPSAS 17 did not specify when depreciation of an item began, but specified that an entity should cease depreciating an item when the item was retired from active use and was held for disposal.

According to GRAP 17. 32–79., the cost model measures assets in the reporting date, at their initial cost less accumulated depreciation and accumulated impairment losses. The revaluation model measures assets at their fair value, or replacement cost where the assets are specialized in nature, less accumulated depreciation, and accumulated impairment losses taking as reference the revaluated value. If there is an indication that an asset is impaired, an entity may need to calculate a depreciated replacement cost in determining the recoverable service amount, but only if there is an indication that an asset is impaired and such a calculation is necessary. Recoverable service amount is determined as the higher of fair value less costs to sell and value in use. If the assets are noncash generating, then value in use can be calculated using depreciated replacement cost, restoration cost, or by applying a service units approach (ASB 2010: 14–23).

An adjustment for fixed assets' life cycle is made based on periodic charges called depreciation, which may or may not reflect the loss of service potential of a fixed asset. If an asset is under contract, its useful life should not exceed the contractual obligation. Any renewal periods may be considered as long as it can be determined the government will seek and achieve the contract's renewal. Because of the specificity of the infrastructure item, its evaluation objective is often very complex: it is often not easy to evaluate the costs of purchase or to set the value in a mostly "inactive" market for such an asset item category. This further poses the question of estimating such type of assets' useful life, where depreciation depends upon accounting basis application.

GASB Statement No. 34 requires that all government entities use accrual accounting and depreciate their capital assets. In particular, GASB Statement No. 34 gives two alternatives to choose from to account for infrastructure assets:

1. Modified approach. Under this approach, GASB Statement No. 34, paragraph 23, states that infrastructure assets that are part of a network or a subsystem of a network are not required to be depreciated as long as the following two requirements are met:
   - The unit of government must manage the eligible infrastructure assets using an asset management system that has the following characteristics:
     - Have an up-to-date inventory of eligible infrastructure assets
     - Perform condition assessments of eligible infrastructure assets and summarize the results using a measurement scale
     - Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government
   - The unit of government must document that the assets are being preserved at or above a condition level established and disclosed by the unit of government.
2. Depreciation approach. Under this approach the capitalized infrastructure assets are depreciated. Also, if a government no longer meets the requirements for using the modified approach, then the infrastructure assets must be depreciated over their estimated useful lives.

   As for costs are concerned, infrastructure assets can bear three types of costs:
   - Maintenance costs allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred, regardless of the amount of the expense.
   - Preservation costs are generally considered to be outlays that extend the useful life of an asset beyond its original estimated useful life but do not increase the capacity or efficiency of the asset. Preservation costs are expensed

under the modified approach and capitalized under the depreciation approach.

- Additions and improvements are capital outlays that increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level but at a reduced cost. For example, a heating and cooling plant could be reengineered so it produces the same temperature changes at reduced cost. The cost of additions and improvements are capitalized under both the modified and depreciation approaches to reporting infrastructure if they meet the capitalization threshold.

The depreciation can be calculated for a class of assets, a network of assets, a subsystem of a network, or individual assets. Examples of expenditures to be capitalized as infrastructure: highways and rest areas; roads, streets, curbs, gutters, sidewalks, and fire hydrants; bridges, railroads, and trestles; canals, waterways, wharf, docks, sea walls, bulkheads, and boardwalks; dams, drainage facilities; radio or television transmitting towers; electric, water, and gas (main lines, distribution lines, and tunnels); fiber optic and telephone distribution systems (between buildings); light systems (traffic, outdoor, street, etc.); signage; airport runway.

## Infrastructure Asset Management

Infrastructure asset management is a specific term of asset management focusing on physical assets. Where there is no problem of confusion, the term "asset management" is more widely used, as in the professional societies: the Asset Management Council in Australia and the Institute of Asset Management in the UK. In this context, infrastructure is a wide term denoting road and rail, water, power, etc.

Infrastructure asset management is the integrated, multidisciplinary set of strategies in sustaining public infrastructure assets such as water treatment facilities, sewer lines, roads, utility grids, bridges, and railways. Generally, the process focuses on the later stages of a facility's life cycle, specifically maintenance, rehabilitation, and replacement (National Research Council 1987).

The importance of public sector financial management reform implications on fiscal consumption is well articulated by Ball et al. (1999). Their study refers to encouraging efficient control over public resources and expenses and to strengthening the level of accountability for managing public resources proactively. Tanzi and Prakash (2000) argue that the habit of relating efficiency to public spending, as is generally done, may give wrong results when, as is often the case, public institutions use public assets (land, buildings, etc.) without imputing a cost for their use. Accrual financial reporting has been dominant among the countries involved in public sector management reforms (Hood 1991; Grubišić et al. 2009). Also, projects related to infrastructure improvements may be funded publicly, privately, or through public-private partnerships. Namely, sometimes private companies choose to invest in a country's infrastructure development as part of a business expansion effort. For example, an energy company might build pipelines and railways in a country where it wants to refine petroleum. This investment can benefit both the company and the country. In addition, infrastructure asset value tends to be less volatile than financial assets over the long term and generally provides a higher yield. As a result, some companies and individuals like to invest in infrastructure funds, such as funds involved in transportation or water infrastructure.

There are some common preconditions that are considered necessary for conducting public sector asset management activities efficiently, and these are: public assets' registry, public assets' classification, public assets' recognition and measurement, public assets' portfolio construction, institutionalization and professionalism in public asset management, and cost and outcomes measurement. These preconditions, namely public asset recognition and measurement, and cost and outcomes measurement in particular, depend on the existence and quality of the regulatory financial reporting framework (Grubišić et al. 2009: 329).

Drawing on that there is a recognized need for specialized service providers to assist entities with the preparation of their fixed asset registers. In order for the entity to make transparent and defendable decisions regarding its fixed assets, specific information must not only be available but must be presented to stakeholders in such a manner that it informs the decision-making processes. Their decisions regarding land, buildings, and infrastructure have far-reaching effects. In addition, asset management specifically uses software tools to organize and implement these strategies with the fundamental goal to preserve and extend the service life of long-term infrastructure assets that are vital underlying components in maintaining the quality of life in society and efficiency in the economy.

## Conclusion

Employing infrastructure assets to offer public services has several preconditions. The first precondition is to determine clearly types of infrastructure assets constituting the public sector asset portfolio and to determine the components of property rights that can be enforced on such assets. The classification enhances recognition and measurement of infrastructures and encourages professional infrastructure assets' management development. Making decisions regarding infrastructure assets use implies gathering data on all assets, liabilities, revenues, and expenses of a governmental unit and of the general government as a whole. Since information is the most important resource in the management process, a comprehensive accounting information and information system are crucial for public revenue and expenditure planning, performance measurement, and infrastructures management control.

## Cross-References

► Accounting for Public-Private Partnerships
► Accrual Accounting
► Amortization and Depreciation
► Property Rights and Governance

## References

ASB (2010) Generally recognised accounting principle (GRAP) 17: Property, Plant and Equipment. http://www.asb.co.za/asb_dev/Portals/0/Documents/GRAP/standards/approved_effective/GRAP17/Grap_17_IAS_16_Layout_1.pdf, Accessed Sep 2017

Ball I et al (1999) Reforming financial management in the public sector. Policy study no. 258 – part 3. Reason Public Policy Institute, Los Angeles

Fulmer J (2009) What in the world is infrastructure? PEI Infrastructure Investor (July/August), pp 30–32

GASB (1999) Statement No. 34: Basic financial statements – and management's discussion and analysis – for state and local governments (Issued 6/1999)

Grubišić M et al (2009) Towards efficient public sector asset management. Financial Theor Pract 33(3):329–362

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

IPSASB (2006) International public sector reporting standard (IPSAS) 23: Revenue from non-exchange transactions (taxes and transfers); IPSASB (2006 edn), Handbook of international public sector accounting pronouncements. IFAC, New York, pp 717–774

IPSASB (2016) International public sector reporting standard (IPSAS) 17: Property, Plant and Equipment; IPSASB (2016 edn), Handbook of international public sector accounting pronouncements, vol I. IFAC, New York, pp 559–598

National Research Council (1987) Infrastructure for the 21st century. National Academy Press, Washington, DC

Tanzi V, Prakash T (2000) The cost of government and the misuse of public assets. Working paper WP/00/180. International Monetary Fund, Washington, DC

# Accounting for Public Debt and Deficit

Marion Boisseau-Sierra
Université Paris-Dauphine, PSL Research University, Paris, France

## Synonyms

Borrowing; General government debt; General government deficit; Governmental accounting (GA); Maastricht debt; National accounting (NA); State debt; State deficit

## Definition

A deficit is the difference between expenditures and incomes, that is, between spending (outflows) and revenues (inflows). Deficit is deemed to be the opposite of surplus, that is, a negative balance between the two flows.

Debt is the total outstanding borrowing of an entity. Debt can be internal (owed to public and private lenders within the country) and external (owed to foreign lenders). Debt is linked to both an overall redistributive purpose (welfare policies) and the monetary base management (monetary policies) (Biondi 2016a).

Deficit and debt figures are determined through governmental accounting and national accounting systems. Deficit and debt figures are affected by (1) the specific definition of deficit or debt used; (2) the criteria used to define the scope of the accounting/reporting entity, that is, its perimeter of recognition and consolidation; and (3) the measurement methods or evaluation criteria, namely, cash or accrual basis of accounting.

## Introduction

There are two sides in the same coin. If public finance would be a coin, there would be a bright side enabling affording public goods and general welfare and a darker side with the debt and the deficit. Recently, public debt and deficit levels have been at the center of all preoccupations. However, the notion of debt is still debated and several definitions exist. As Irwin (2015) states it, "although the budget deficit and the public debt feature prominently in political debate and economic research, there is no agreement about how they should be measured." This entry will present some issues raised by accounting for debt, while the debt notion itself was further addressed by anthropologists or historians (see Graeber (2014) or Ferguson (2002)).

This entry focalizes on three levels of accounting: *budget accounting,* "subsystem to track revenue collections and the use of budgetary resources at the various stages of the spending process" (Chan and Zhang 2013, p. 2); *financial accounting*, "subsystem to recognize and measure the consequences of actual transactions and events which affect the government's finances" (Chan and Zhang 2013, p. 2); and *national statistical accounting*, subsystem often used to control for deficit and debt, to communicate, and to draw international comparisons. Each accounting subsystem has its definition, its perimeter of recognition, and its measurement criteria such as historical values or current values (Chan and Zhang 2013, p. 11).

The most frequently used and communicated debt and deficit figures are not the ones produced by governmental accounting (GA) (microlevel accounts) but the figures generated by national accounting (NA) (macro-level accounts) through national statistics. As a consequence, it is important to pay attention to the harmonization process – still far from being accomplished – that links these different but intertwined accounting processes.

This entry aims, first, to emphasize that different notions of debt and deficit exist and, second, to present some aspects of the control of deficit and debt and the institutions managing this control.

The remainder of the paper is organized in two sections. The first section will discuss some elements of the definitions of "public," "debt," and "deficit," addressing some issues raised by the accounting for public debt and deficit. The second section focuses on the control of deficits and debt and the actors in charge of this control. The links between budgeting, accounting, and statistics become critical as the control of public debt and deficit often combines measurements from the three processes.

## Presenting the Accounting of Public Debt and Deficit Definitions

### Definitions

An attempt to explore the accounting for public debt and deficit gives rise to the need to characterize the following terms: "public," "debt," and "deficit."

#### Public

Public will be in this entry treated as equivalent to general government. The term "general

government debt" is sometimes replaced by public debt, national debt, and sovereign debt. The term public debt is more used journalistically and creates the perception that this government's debt is the society's debt, involving a responsibility feeling. Chan (2008, p. 740) argues that "accounting and reporting entities (should be) defined on the basis of scope of accountability and decision-making authority." Thus government is an easier concept than public to handle for accountants.

The most commonly spread "public debt" data are the "general government debts" constructed by the International Monetary Fund (IMF) according to Government Finance Statistics (GFS). One has to keep in mind that the definition of government, its scope, and its consolidation perimeter can vary across the various modes of representation, namely, budgetary accounting, financial accounting, and national statistics. The national accounting notion of government adopted by the IMF differs from that adopted by governmental financial accounting. As specified by Chan and Zhang (2013, p. 2), "accountants tend to view government in terms of the organizations under its control, whereas economic statisticians define government in terms of its non-market functions. The government accounting literature is quite flexible, defining government narrowly as political institutions that make and enforce laws, more broadly to include public service institutions (such as nonprofit health care and educational institutions), and inclusively to cover government-owned business enterprises as well."

### Deficit

Deficit measurement differs according to the three accounting subsystem perspectives: budgeting, financial accounting, and with the national statistics. Deficit numbers are affected by (1) the definition of deficit used; (2) the criteria used to define the scope of the accounting/reporting entity, its perimeter of recognition, and consolidation; and (3) measurement methods or evaluation criteria, namely, cash or accrual basis of accounting. Accrual basis further includes historical values and mark-to-market and mark-to-model evaluation criteria. In some cases, the differences only account to inclusion or exclusion of certain transactions or events such as public employee's pensions or investments financed by public-private partnerships. In other cases, they represent these same transactions and events in a different way.

For over 20 years, the accounts of public administrations traditionally showed budget deficits.

- The commonly used accounting basis in budgeting is cash.
- For example, the last balanced state budget voted in France was in 1981.

Some countries publish several deficits. The United States, as explained by Chan and Xu (2012), publishes an actual cash deficit – prepared *ex post* by the accountants – and also the projected cash deficit, prepared *ex ante* by economists. This also happens in the context of the EU where, within the excessive deficit procedure, member states estimate a deficit and then present an actual revised deficit.

Under financial accounting, an accrual basis is adopted that represents deficit as the difference between revenues and expenses accrued to the period of reference and presented in the statement of operating or financial performance. In budgeting, a cash basis of accounting is adopted where the cash inflows and outflows become prominent. In this context, for example, focus moves from accrued expenses to incurred expenditures. As mentioned by Chan and Xu (2012, p. 69), "an important function of the budget accounting is to keep track of actual cash outlays and actual cash receipts, and the resulting actual cash deficit." Governments issue debt securities to finance (obtain cash to cover) deficit which is, under a cash basis, the excess of cash expenditures/outlays over revenue receipts, involving a cash shortage. Governments can then respond to this cash need by monetizing their deficit through refinancing debt position over time (Biondi 2013). The "monetization" is the process where the government issues debt to finance its spending and the Central Bank purchases the debt, leaving the system with an increased supply of base money (Mishkin 2009).

In national accounts, a surplus would be named "net lending" and a deficit "net borrowing."

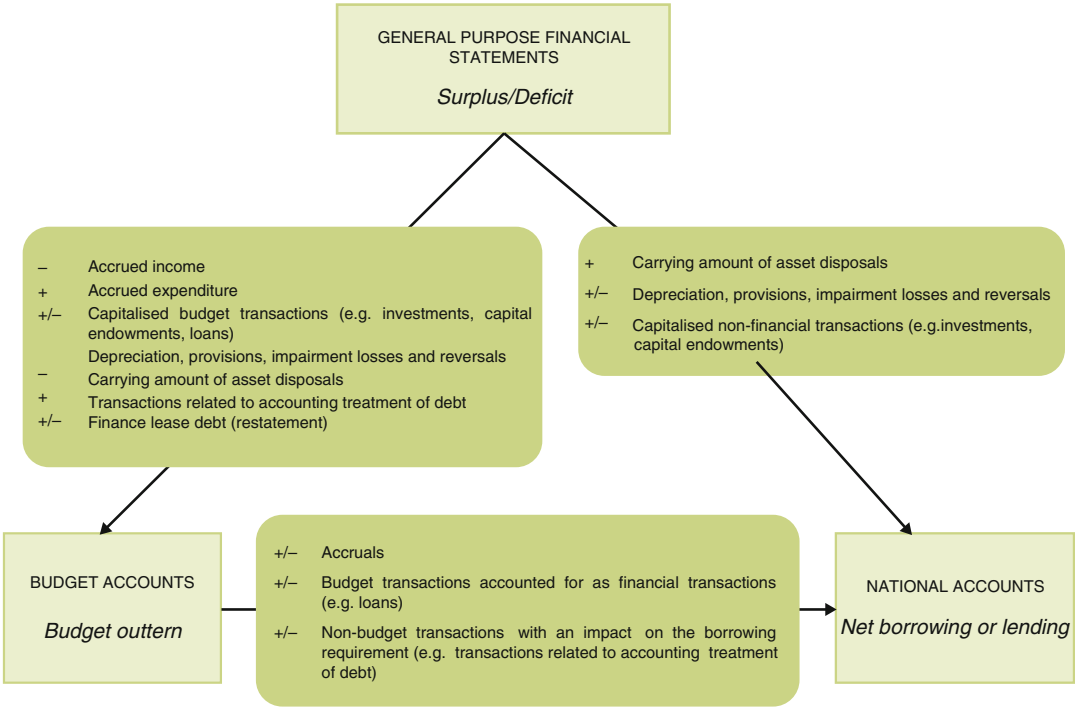


**Accounting for Public Debt and Deficit, Fig. 1** Central government accounting standards (Source: CNOCP 2015, p. 17)

In financial accounting, consolidated financial statements are most commonly prepared under accrual basis and offer a complementary view to budgeting. Concerning the basis of accounting, the "degrees of accrual" (Chan 1998, p. 358) is fundamental in accounting for deficit and debt. In pure cash-based accounting, cash debt equals the accumulated cash deficits. The balanced equation is valid for budgetary accounting. The differences between accumulated deficit and debt arise when the definition of debt intends to be defined as held by the public. Moreover, this balanced equation generally does not hold for financial accounting. Differences occur especially when actuarial evaluation methods are adopted, because the modifications implied by these methods do not correspond to actual cash movements. In accrual-based accounting, the liability side does not correspond to the accumulated cash deficit.

To illustrate this point, "the diagram below (Fig. 1) shows the main differences in concepts between the surplus or deficit for the period determined on the basis of the general purpose financial statements (financial accounting), the budget outturn determined using the budget accounts (budgetary accounting) and the net borrowing or net lending calculated according to the national accounts (national statistics)" (CNOCP 2015, p. 16).

## Debt

Understanding conceptual issues is essential in defining debt and determining debt outstanding. Every accounting subsystem (budgetary, financial, and national accounting) provides its own definitions and classifications. The definition of these terms can also differ from country to country. Debt is to be distinguished from a liability, an obligation, a commitment, an implicit obligation, a contingent liability, a debt guarantee, a potential rescue guarantee, and a provision. For example, a liability is the responsibility to pay cash or provide service in the future as a consequence of past transactions or events, whereas an obligation is a budget accounting term and is linked to a contractual obligation. A key distinction thereby between

a liability and an obligation is that for liability to be recognized, goods and services or other considerations must have been already received, while this is not the case for an obligation.

Financial accounting standards do not use the term debt because they do not base financial accounts only on the cash dimension of transactions. Financial accounting uses "notes payable" and "bonds payable," so-called bonded debt, to stand for debt as commonly used in budgeting, public finances, and national statistics. For financial accountants, liability is the preferred term, which is a more general term than debt. Accordingly, every debt is a liability but not every liability is a debt.

The notion of public debt is an imperfect notion (Le Mestric 2005), comprising different realities – gross or net debt, consolidated or not consolidated, and cash or accrual – and will hardly be exhaustive, as "implicit debts," notion defined by Auerbach et al. (1991), such as contingent liabilities due to government insurance and guarantees, always exist but are not always accounted for.

No common definition and presentation method exist among governmental accounting standards. For example, in French governmental accounting standards (CNOCP 2015), debt is presented in the Statement of Net Assets/Equity (French name given to the central government's balance sheet) and in the Cash Flow Statement in the cash flows from financing activity (with securities issuance and the redemption of debt securities). In French governmental accounting (CNOCP 2015), the notion of debt is divided between financial debt covered by Standard 11 focusing on the accounting treatment for the sources of funding used by the central government in the course of its activity (comprising negotiable and non-securities and other borrowing) and non-financial debt covered by Standard 12 focusing on liabilities of precisely defined timing and amount, which represent the balancing entries for the different types of expense (comprising operating debt, intervention debt and prepaid revenues, and other nonfinancial debt). In the United States, several measures are available, such as the actual bonded debt and the actual total liabilities. "The American federal government has numerous financial obligations other than the much publicized 'national debt'" as recalled by Chan and Xu (2012, p. 67) comparing different measurements.

## The Difficulty and the Variety of Accounting of Public Debt and Deficits

Table 1 presents some figures of deficits and debts for France and the United States to illustrate the great variety of debt measurements relatively to the size of the overall economy as measured by the GDP.

### Financial Accounting for Deficit and Debt

An exhaustive presentation of all the different notions of debt is not feasible as different recognition principles and perimeter scopes result in varying figures of public debt and deficits in governmental financial accounting. As physical and financial investments are often accounted for assets under accrual accounting basis, the capitalization of expenditures may have substantial effects on the amount of deficit and net assets, since additional liabilities or equities must be added to match related expenditures, while the capitalized asset is generally submitted to depreciation and impairment. A fully fledged analysis of public debt should ascertain the types, amounts, timing, and degree of uncertainty of public debt and other obligations.

**Accounting for Public Debt and Deficit, Table 1** National accounting debt figures for France and the United States

| | 2012 | 2013 | 2014 |
|---|---|---|---|
| France | | | |
| Eurostat-ESA Maastricht debt | 89% | 92% | 95% |
| IMF WEO general government gross debt | 89% | 92% | 95% |
| OECD general government debt | 110% | 110% | 119% |
| United States | | | |
| US OMB federal debt held by the public | 71% | 73% | 74% |
| IMF WEO general government gross debt | 102% | 104% | 104% |
| OECD general government debt | 124% | 123% | 123% |

Sources: Eurostat, US Office of Management and Budget (OMB), OECD, IMF

In order to improve understandability and comparability, Chan (2008, p. 740) explains that "financial data should be sufficiently disaggregated to allow for flexible formation of reporting entities (and their) summary financial statements should disclose significant internal financial relationships." Due to this lack of comparability, economists and journalists base their analyses on national accounting figures, which are however not perfect either. Some authors as Jones (2003) compared the measuring and reporting of public finances from statistics and accounting perspectives. In the United States, Chan and Xu (2012) compared economic and financial accounting approaches to debt and showed comparison of figures, while Bohn (1991) analyzed the link between the budget deficits and government accounting. Bohn (1991, p. 1) also argued that "social security (being an intra-governmental activity) creates a separate class of government obligations that are enforced by political rather than contractual, market-based mechanisms." Social security in the United States is "an intragovernmental activity," as the general fund borrows from social security trust fund's cash surplus, but it is also extra-governmental activity as it provides security to society outside the governmental entities' perimeter.

### National Accounting for Deficit and Debt

National accounts aim at giving a global view on the economic and financial situation. They are neither a management tool nor a decision-making tool. National accounting is not recognition and measurement per se but more an aggregation method. Therefore, there are risks of extrapolations and of adding heterogeneous values that are not revised or harmonized.

Several points need to be clarified to better understand the debt figure considered in the national accounts: the treatment of guarantees given by government entities; the consolidation process, especially relevant for our topic; the consolidation perimeter; the consolidation of bad banks that are corporate conduits created to spin off illiquid and doubtful assets to restructure an insolvent bank under government control; and intragovernmental funds, among others.

The following example illustrates the importance of consolidation. In France, Agirc-Arrco, the French retirement supplementary fund, is included in the deficit and therefore contributes to the Maastricht deficit; however, due to their detention of public debt, its consolidation reduces the Maastricht debt level.

Another example relates to debt ratios from France, the United States, and Canada. These ratios do not only differ among sources but are also not always comparable although prepared by the same organization. The Organisation for Economic Co-operation and Development (OECD) (2011, p. 1) acknowledges that the "gross debt data (they publish) are not always comparable across countries due to different definitions or treatment of debt components." Efforts are currently undertaken to reduce differences between the various national accounting standards – e.g., the United Nations System of National Accounts (UN SNA) and the European Union European System of Accounts (EU ESA) (TFHPSA 2004). In particular, a joint initiative from the IMF and the World Bank exists to create a "Joint Public Sector Debt Statistics Database" (Dippelsman et al. 2012, p. 17). Other efforts exist to increase the convergence between national account systems and governmental accounting systems (IPSASB 2014; Lequiller 2015).

In summary, the great variety of definitions and measurements of public debt and deficit may be puzzling. Some authors, such as Shepherd (2006), Mink and Rodríguez Vives (2004), and Dippelsman et al. (2012), met the challenge and compared the different national account standards at a European or international level. Fondafip (2012), a French public finance think tank, explored all different definitions of public debt used in France.

## The Importance of Deficit and Debt Control in an Economic Governance Process

Deficit and debt measurements are involved in a "hybrid" control process that, being a top-down process, also encompasses budgeting,

governmental accounting, as well as national statistics. Some actors of deficit and debt control argue in favor of harmonizing the three different controlling modes. Currenlty, statistical data are mostly dependent from raw data from the budget. These data could be provided more by financial accounting, in the future, depending on its international harmonization process.

## Deficit and Debt in the Governance Process

### In Europe, Maastricht Criteria

The Maastricht Treaty was signed in the 7th of February 1992, and the five Maastricht criteria – or Euro convergence criteria – were introduced in 1997 in the Amsterdam Treaty in order to stabilize the Euro currency and prevent inflation risks. They are part of the Stability and Growth Pact (SGP), an agreement among the 28 EU member states to facilitate and maintain the Economic Monetary Union (EMU). Two of these criteria are of particular interest for our topic: the "deficit criterion," the deficit to GDP must not exceed 3%, and the "debt criterion," the Maastricht debt - the general government debt as defined by the Council Regulation (EC) No 3605/93 (Eurostat 1995) - must not exceed 60% of GDP. The 60% ratio was chosen because it was the level of debt to GDP of European countries when the criteria were implemented. The 3% ratio allows, in normal growth conditions, to ensure the stability of the public debt relative to GDP. If these criteria are not respected, it can lead to an excessive deficit procedure (EDP). As underlined by Mink and Rodríguez Vives (2004), both provisions - refering to expected but uncertain future payments arising from past events - , and unfunded pension schemes operated by government units for their employees are not included in the Maastricht debt, also labelled as EDP debt.

Concerning Europe, the weaknesses of the Maastricht criteria were discussed and led to some amendments of the SGP in 2005, for example, structural and conjectural components of deficit were separated. The structural component of deficit is supposed to reflect political choices in terms of public finances and independent from the conjecture. The conjectural component of deficit, as its name suggests, depends of the changes in the economic environment on gross balance "fiscal automatic stabilizers." The reform enabled the European Commission to be more accommodating with countries undertaking structural reforms. According to some economists and politicians, the growth component, neglected for a decade, needs more careful attention. Considering the debt, as the focus is only on the liability side and not on the asset side, these criteria might motivate politicians to spend less in order to reduce the debt burden of future generations. This may involve reducing growth capacity in the longer run due to the lack of public investment and spending. Jacques Delors, quoted by Le Mestric (2005, pp. 14–15), stated: "Public spending on investment have seen disproportionate reductions in Europe since the early 90s although it is perfectly healthy to finance through borrowing facilities that would benefit future generations."

One could think that the ESA debt definitions involve perfectly harmonized figures; however, differences in the statistical nomenclatures of the member states do still impact their deficit and debt figures. For example, as reported by Fondafip (2012), "Germany does not incorporate public hospitals in its national accounts whereas France does)." Political pressures were stronger than statistical standards and led to exceptions: for example, the reunification expenditure – 4% of GDP or 80 billion per year in Europe – and payments to the European budget are not accounted for. Moreover, countries can develop accounting stratagems to decrease their reported levels of deficit or debt through stock-flow adjustments (Irwin 2012; Weber 2012).

Despite some specific instances of exception and deviation, this statistically based debt level is the best existing measure to compare debts of European member states.

### In the United States

In the Unites States, under Article I Section 8 of the Constitution, only the Congress can authorize

the borrowing of money on the credit of the United States. The United States debt ceiling or debt limit is a legislative limit on the amount of national debt that can be issued by the US Treasury. The debt ceiling applies to the gross debt, which includes debt held by the public and in intragovernment accounts. The "public" here refers to all creditors other than the federal government, including foreign governments. There is a strong debate on whether a debt ceiling is an appropriate mechanism for restraining government spending (Kowalcky and LeLoup 1993; Arrow et al. 2011).

### Actors of the Control of Deficit and Debt

Parliaments, Ministries of Finances, and Statistical Offices (such as Eurostat for the European Union) are important actors of the control of public deficit and debt. In particular, the parliaments are present to assure the link between budgeting and accounting. Deficit (but also debt, in a smaller extent) lays at the heart of budget analysis: it is discussed through the government's budget bill. In recent years, efforts were conducted to increase the role for national parliaments in the public finance control (Juncker et al. 2015, p. 17).

However, in practice, the control by these actors is made difficult by the diversity of debt and deficit measures and by the existence as well of accounting gimmickry.

Koen and Van den Noord (2005), Von Hagen and Wolff (2006), and the IMF (2011) provide evidence and analysis of fiscal gimmickry and "accounting stratagems," which are occasionally covered by the media (The Economist 2012). For instance, some European central governments used currency swaps, which securitize revenues against collateralized financial instruments, to reduce the reported debt. Others classified the conduits created to rescue banks as private entities, although they were mainly financed by debt guaranteed by the government itself, in order to exclude those conduits from fiscal accounts. Central and local governments massively use public-private partnerships to lower reported levels of deficits and debts (Biondi 2016b on the UK). Local governments sometimes shifted "their" debt into governmental enterprises under their control, whose balance sheets are not consolidated in their accounts. Two cases are illustrative of the significance of the consolidation perimeter and the consolidation method: "Ireland had designed its (bank rescuing) entity as a private organization for accounting purposes, even though 95% of the costs would be funded with government-guaranteed debt. The US federal government does not recognize as its own the liabilities (or assets) of Fannie Mae and Freddie Mac" (IMF 2011).

## Conclusion

Accounting for public debt and deficit is linked to the accountability and transparency required by governmental stakeholders, including taxpayers, lenders, public employees, and their unions. Deficit and debt are certainly the main financial measures used to analyze liquidity, sustainability, and solvency issues concerning governments. A proper understanding of measurements of public debt and deficit is essential in this context. However, their measurement conundrum is neglected and has been only partially addressed by key actors and standard setters.

An excessive focus on the reduction of debt and deficit levels involves a biased and misleading understanding of the whole financing process, which stands upon the quasi-monetary nature of the debt to be employed in the provision of public services. Looking beyond the accounting aspect, one might highlight more the bright side of the coin, as for, through deficit spending and debt outstanding, governments afford providing public goods and contributing indeed to general welfare.

## Cross-References


- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ Harmonization

▶ National Accounts
▶ Public Sector Accounting
▶ Whole of Government Accounting

## References

Arrow K, Blinder A, Diamond P, Maskin E, Sharpe W, Solow R, Schultze C, Tyson L (2011) Open letter to US President Barack Obama, 28 July 2011. http://www.cbpp.org/files/7-19-11bud-pr-sig.pdf

Auerbach AJ, Gokhale J, Kotlikoff LJ (1991) Generational accounts – a meaningful alternative to deficit accounting. Tech. rep., National Bureau of Economic Research, Cambridge, MA

Biondi Y (2013) Governmental accounting and austerity policies: accounting representations of public debt and deficit in Europe and abroad. In: Accounting, economics and law research network conference, SASE annual meeting, University of Milano, pp 27–29

Biondi Y (2016a) Debt capacity and financial sustainability in central government. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. http://www.tandfonline.com/doi/full/10.1080/17449480.2016.1142096

Biondi Y (2016b) The HM 'Treasure's Island': the application of accruals-based accounting standards in the UK government. Account Eur 13(1):81–102

Bohn H (1991) Budget deficits and government accounting. Carn-Roch Conf Ser Public Policy 37:1–83

Chan JL (1998) The bases of accounting for budgeting and financial reporting. In: Meyers RT (ed) Handbook of government budgeting. pp 357–380

Chan JL (2008) The structure of government accounting standards. Riv Ital Regioneria e di Econ Aziendale 11(12):732–742

Chan JL, Xu Y (2012) How much red ink ? Comparing economic and accounting approaches to measuring government deficit and debt. World Econ 13(1):65–74

Chan JL, Zhang Q (2013) Government accounting standards and policies. In: Richard A, Richard H, Barry P (eds) Handbook of public financial management. Palgrave Macmillan, New York

CNOCP (2015) Central Government Accounting Standards in France. September

Dippelsman R, Dziobek CH, Mangas CG (2012) What lies beneath: the statistical definition of public sector debt Online Appendix. International Monetary Fund/Statistics Department, Washington, DC

Eurostat (1995) General government gross debt definition. http://ec.europa.eu/eurostat/en/web/products-datasets/-/TSDDE410

Fergusson N (2002) The cash nexus: money and power in the modern world. Basic Books:1700–2000

Fondafip (2012) L'intégration financière publique, 2ème rapport. 34

Graeber D (2014) Debt-updated and expanded: the first 5,000 years. Melville House, New York

IMF (2011) Shifting gears – tackling challenges on the road to fiscal adjustment? IMF Fiscal Monitor, World Economic and Financial Surveys, April

IPSASB (2014) Process for considering GFS reporting guidelines during development of IPSASs. Policy Paper. 10 Feb, pp. 1–10. https://www.ifac.org/system/files/publications/files/IPSASB-GFS-Policy-Paper.pdf

Irwin TC (2012) Accounting devises and fiscal illusions. IMF Staff Discussion, Washington, DC

Irwin TC (2015) Defining the government's debt and deficit. J Econ Surv 29(4):711–732

Jones R (2003) Measuring and reporting the nation's finances: statistics and accounting. Public Money Manag 23(1):21–28

Juncker JC, Tusk D, Dijsselbloem J, Draghi M, Schulz M (2015) Completing Europe's economic and monetary union. European Commission, Brussels

Koen V, Van den Noord P (2005) Fiscal gimmickry in Europe: one-off measures and creative accounting. OECD Publishing/Tech. rep, Paris

Kowalcky LK, LeLoup LT (1993) Congress and the politics of statutory debt limitation. Public Adm Rev 53(1): 14–27

Le Mestric M (2005) La dette publique, une notion imparfaite. L'exemple de la dette française. Mémoire sous la direction de M.C. Esclassan, Paris 1, 112

Lequiller F (2015) Towards convergence between government finance statistics and public sector accounting standards. EURONA Eurostat Rev Natl Acc Macroecon Indic 1:19–48

Mink R, Rodríguez Vives M (2004) The measurement of government debt in the Economic and Monetary Union, in Banca d'Italia, Public Debt, Rome, pp.285–313

Mishkin FS (2009) The economics of money, banking, and the financial markets, 9th edn. Pearson

OECD (2011) Government at a glance 2011 – public finance and economics – general government debt. http://www.oecd-ilibrary.org/sites/gov_glance-2011-en/03/13/index.html?itemId=/content/chapter/gov_glance-2011-19-en

Shepherd R (2006) Recording of government liabilities. Work for the Task Force on Harmonization of Public Sector Accounting (TFHPSA). International Monetay Fund

TFHPSA (2004) Task Force on Harmonising Public Sector Accounting. Tech. rep., TFHPSA

The Economist (2012) Government accounting – book-cooking guide – the public sector has too much freedom to dress up the accounts. The Economist, April 7th

Von Hagen J, Wolff GB (2006) What do deficits tell us about debt? Empirical evidence on creative accounting with fiscal rules in the EU. J Bank Financ 30(12): 3259–3279

Weber A (2012) Stock-flow adjustments and fiscal transparency: a cross-country comparison. IMF Working Paper, Washington, DC

# Accounting for Public-Private Partnerships

Luís Viana[1], José António Moreira[2] and Paulo Alves[3]
[1]Ministry of Finance, Portugal and Industry Fellow, Católica Porto Business School, Lisbon/Porto, Portugal
[2]CEF.UP, Faculty of Economics, University of Porto, Porto, Portugal
[3]Católica Porto Business School, Porto, Portugal

## Synonyms

Control method; IPSAS; National accounts; Off-balance sheet financing; Risks and rewards method

## Definition

Public-private partnership – A binding arrangement between a grantor, a public sector entity, and an operator, private or public sector entity, for the provision of an asset for providing public services by the operator on behalf of the grantor subject to the operator receiving a financial asset (financial liability of the grantor) in exchange for the service concession asset.

Concession – A binding arrangement between a grantor, a public sector entity, and an operator, private or public sector entity, for the provision of an asset for providing public services by the operator on behalf of the grantor subject to the operator receiving the right to charge the final users of the asset (deferred revenue of the grantor) in exchange for the service concession asset.

## Introduction

Public infrastructure is a necessary condition for a country's welfare and economic growth. The provision of many of this infrastructure through public-private partnership (PPP) arrangements in the early 1990s implied a redefinition of the roles of public and private sectors.

PPPs are long-term contracts between the public and private sector, where the private entity acquires or builds an asset, normally infrastructure facilities, operates it for a period according to specifications set in the contract, and, at the end of the contract, hands the asset over to the public sector. These schemes are classically described as private finance initiative (PFI) or build, operate, transfer (BOT) arrangements.

PFI is an expression used in the UK to describe PPPs whereby the private sector designs, builds, finances, and operates the assets, and the public sector pays to cover both the capital cost and services delivered by the private sector. In the literature, PFI is used interchangeably with PPPs. BOT is a PPP arrangement whereby the private sector designs, builds, and operates an asset and then transfers it to the government when the contract expires. The public sector pays for the construction of the asset and services provided with it. The main difference between PFI and BOT relates to the financing and to the construction.

There is no unanimous definition of a PPP. Depending on the country, the term PPP can cover a variety of transactions where the private sector is given the right to operate, for an extended period, a service provided by the public sector. It ranges from relatively short-term management contracts, with little or no capital expenditure, through concession contracts which may encompass the design and construction of substantial capital assets along with the provision of a range of services and the financing of the entire construction and operation, to joint ventures where the ownership of the assets is shared between the public and private sectors. In general terms, PPPs fill a space between public sector typical procurement and full privatization of a public service (IPSASB 2008, p. 8; OECD 2008, pp. 16–17).

Moreover, PPP contracts can be structured with different specifications regarding issues such as the disposition of the assets at the end of

**Note**: The views expressed are solely from the authors and do not represent the view of the institutions they work or collaborate

the contract, the required operation and maintenance of the assets during the contract, and price, quality, and volume of public services provided through those assets.

PPPs can be viewed as hybrid organizations that provide public services. Due to their relevance and, usually, large amounts involved, PPPs raise questions about value for money, affordability, accountability, and accounting by the public sector grantor (OECD 2008; Sarmento 2010; Shaoul et al. 2012).

OECD (2008, p. 133) defines *value for money* as "the optimal combination of quality, features and price, calculated over the whole of the project's life." It is normally said that public expenditure delivers value for money if there is economy, efficiency, and efficacy in the acquisition and use of public resources. While PPPs aim at maximizing the value for money relationship, whether this goal is actually achieved is open to debate and depends on each specific project and its context.

According to OECD (2008, p. 43), "a PPP project is *affordable* if the expenditure it implies for the government can be accommodated within the current levels of government expenditure and revenue and if it can also be assumed that such accommodation will be available in the future." In some cases and in the government's point of view, PPPs might be a financial vehicle to achieve a desired level of service that otherwise could not be afforded by constrained public funds. Depending on the type of contract, the government can in fact provide a service without capital expenditure.

*Accountability* is a concept with multiple meanings and has changed over time (Shaoul et al. 2012). However, this entry will consider Bovens' (2007, p. 450) definition of accountability as "a relationship between an actor and a forum in which the actor has the obligation to explain and justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences." Regarding the PPPs, one could suggest that accountability also encompasses showing that they deliver value for money and are affordable. Transparency and disclosure of information through the financial reporting system are paramount requirements to achieve the abovementioned accountability (Shaoul et al. 2012).

One of the reasons of the origin of PPPs was the debatable expectation of better operational and financial management by the private sector, as this is consistent with the New Public Management principles supporting the idea that private management models increase the efficiency of public sector management. However, a more likely reason for government's adoption of PPPs is related to budget constrains as they allow projects to be implemented without an immediate increase in reported spending and debt. When a government makes a direct investment in a specific public asset, the expenditure related to the investment is recognized while the project is under construction. In contrast, there are no immediate expenses or debt recorded on public sector accounts, when a PPP asset is under construction. In this case, the public costs with the asset are recorded in the long execution phase of the contract. This provides an incentive, which one calls PPP bias, to make public investments using PPP contracts as a financing instrument, because of a more favorable short run impact on public finance indicators, even if they offer less value for money, meaning they are globally more expensive than the traditional public procurement. This bias in favor of PPPs can also lead governments to assume financial commitments that later prove unaffordable under the public budget.

The last issue relates to the debate PPPs raise about public sector accounting. This entry aims to shed some light on this topic, providing a general overview of the accounting treatment of PPPs according to the national accounts framework and to the public sector financial accounting international standards. As described in the next sections, the central issue is the treatment of PPPs in the balance sheet, which can be assessed using two different methods, both discussed below: the risks and rewards method associated with the national accounts and the control method associated with financial accounting. A third method for the balance sheet treatment that differs from the above-referred binary approach where the service concession asset is on or off the government

balance sheet is the rights and obligations approach (IMF 2006) that is referred to in the last part of this entry.

This entry proceeds as follows. The next section describes the treatment of PPPs and concessions for national accounts purposes, based on risks and rewards method. Then, the financial accounting and reporting of service concessions arrangements (embracing both PPPs and concessions), on the grantor's perspective, is addressed; the control method is considered instead of the risks and rewards approach. Finally, the last section concludes with a brief discussion, in a comparative perspective.

## PPPs and Concessions

PPP accounting has been at the center of a heated debate and has changed during the last years. The accounting regulation of PPPs and concessions has evolved through the years and has been subjected to lobbying (Hodges and Mellett 2012). The main question under discussion is in which balance sheet the PPP assets should be reported and which criteria should be followed to evaluate the national accounts and financial accounting treatment (Hodges 2013).

The discussion regarding accounting for PPPs is of paramount relevance, as an inappropriate accounting system: (i) reduces fiscal transparency and hampers accountability when the assets and the related debt are off the public sector balance sheet; (ii) will not disclose fiscal risks, like contingent liabilities; and (iii) impairs the decision making process, leading to an ineffective allocation of public resources because of incentives associated with the accomplishment of fiscal targets and not with value for money of the PPPs against the public sector comparator, a device to compare PPPs with traditional public procurement. Public sector comparator is used to assess the value for money of PPPs against traditional public procurement, providing information for the decision whether to use traditional procurement or a PPP to provide public services (OECD 2008). Before taking the PPP route, a government should demonstrate that, compared with traditional procurement, a PPP delivers better value for money.

The way PPP transactions are accounted for and reported in the public sector accounts is an important factor that can either strengthen or mitigate the abovementioned bias in favor of using PPPs. Countries with pure cash accounting and reporting may underestimate fiscal costs and risks from PPP transactions, particularly during the construction phase of the public asset. In this case, the main fiscal aggregates – fiscal deficit and debt – do not fairly portray the level of risk undertaken by the public sector. Cash accounting tends to induce a bias that pushes governments to underwrite PPP contracts for reasons other rather than public interest. On the other hand, countries with more sophisticated accounting and reporting, using accounting standards like the International Public Sector Accounting Standards (IPSAS), are required to record PPPs in a way similar to other projects with public funding, and, therefore, these countries and their governments may be less exposed to such a bias, adopting PPPs as a financing instrument only in cases where such partnerships offer value for money and are affordable in the short and long term.

In this PPP context, the accounting system appears as an important tool that fosters public sector transparency and accountability. Figure 1 conceptualizes the main links.

This figure shows the positive impact of accounting and reporting under IPSAS on both PPP transparency and accountability and also the positive impact of transparency on accountability.

In PPP contracts, it is the control of the assets that determines the accounting treatment and not the legal ownership. Such accounting treatment is defined through one of two methodologies: (i) the risks and rewards method, associated with the national accounts, and (ii) the control method, associated with the international accounting standards. The following section discusses the macro accounting treatment of PPPs according to the national accounts system, and section "Financial Accounting" addresses the micro accounting treatment under IPSAS requirements, underlying the government financial accounting.

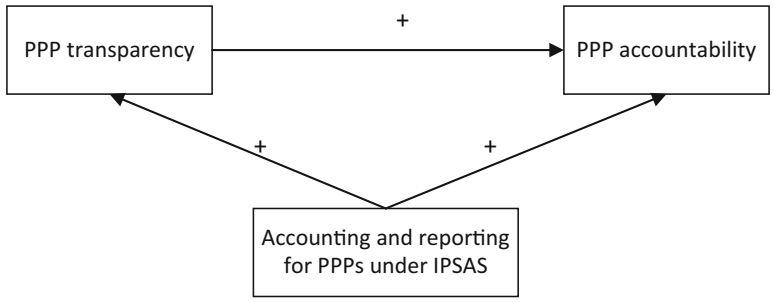


**Accounting for Public-Private Partnerships, Fig. 1** Relationships between PPP accounting and reporting, transparency, and accountability

## National Accounts

The European System of Regional and National Accounts 2010 (ESA 2010), approved by Regulation (EU) No 549/2013 of the European Parliament, and of the Council of 21 May 2013, is an internationally compatible framework for the systematic and detailed description of an economy, its components, and its relations with other economies. There are other international frameworks for national accounts that are consistent with ESA 2010, such as the System of National Accounts 2008, issued by the European Commission, International Monetary Fund, Organization for Economic Co-operation and Development, United Nations, and World Bank, or the Government Finance Statistics Manual 2014, issued by the International Monetary Fund. ESA 2010 is the framework used for budgetary monitoring, mostly of the deficit and debt, of the Member States (MS) of the European Union (Eurostat 2013). At the European level, the main reference for the statistical treatment of PPPs is the Eurostat Manual on Government Deficit and Debt (Eurostat 2016), upon which this section is based.

Since the inception of PPPs, there has been a debate on the impact of these contracts on the debt and deficit reported by the MS, more precisely the classification of PPPs on or off the public sector balance sheet.

According to ESA 2010, "PPPs are complex, long-term contracts between two units, one of which is normally a corporation (or a group of corporations, private or public) called the *operator* or partner, and the other normally a government unit called the *grantor*. PPPs involve a significant capital expenditure to create or renovate fixed assets by the corporation, which then operates and manages the assets to produce and deliver services either to the government unit or to the general public on behalf of the public unit" (Eurostat 2013, paragraph 15.41).

Unlike the financial accounting treatment discussed below, the ESA 2010 framework makes a clear distinction between concessions and PPPs. Concessions are long-term contracts (frequently 30 years or more), where the majority of the concessionaire's (public or private corporation) revenue comes from charging the final user of the asset. In contrast, concerning PPP contracts, the majority of the concessionaire's revenue comes from government payments.

In a concession contract, the concessionaire is responsible for the building, operating, and maintenance of the assets and earns revenue essentially from the users who pay user charges, such as tolls in highways.

## PPPs

A distinction was established for national accounts purposes between PPPs and concessions, which is that the statistical treatment of PPPs is based on the risk sharing by the underlying parties. For this, three categories of risk are defined: (i) "construction risk," covering events like late delivery and compliance with specifications and additional costs; (ii) "availability risk," covering volume and quality of output, i.e., the performance of the partner; and (iii) "demand risk," covering variability of demand, i.e., the effective use by end-users.

A Eurostat decision in 2004 mandates that assets involved in a PPP should be classified as nongovernmental assets – and recorded off the government balance sheet – if the private partner bears the construction risk plus at least one of the remaining two risks, either the availability or the

demand risk. In all other cases, assets are classified as government assets (Eurostat 2016). This is the "risk and reward method" for recording PPPs (OECD 2008).

This method is also incorporated in ESA 2010 requirements, and it aims at defining a criterion to allocate the assets to an institutional unit, i.e., to determine who should be considered the "economic owner" of the assets. The analysis is carried out by assessing which unit bears the majority of the risks and which unit is expected to receive the majority of the rewards from the assets. The latter is considered the "economic owner." Therefore, the allocation of risk between the public sector and the private partner is the core issue for PPPs accounting purposes. This is not the case in concession contracts, where there are no risk categories to determine the "economic owner," although general analyses of risks and rewards should be ascertained.

If the conditions for the PPP to be recognized in the partner balance sheet are met, it is also necessary to analyze the project financing and guarantees. If the financing is predominantly covered by the public sector, the government is deemed to bear the majority of risks and the asset is classified on its balance sheet. Similarly, if the public sector grants debt guarantees or assures the private partner a certain return on equity, one can conclude that the majority of risks are borne by the public sector. Financing and guarantee analyses must be carried out jointly for the evaluation of the risk distribution between the public sector and the operator.

Government may fund a PPP project to promote more competition from the private sector over these projects, to reduce the cost of capital, as interest rates on government debt instruments are lower compared to those of private sector debt instruments, or to hold the viability of the project. In situations where the assets were classified in the partner balance sheet, but during the execution phase the government increases financing to a majority level, the PPP assets must be reclassified on the government public sector balance sheet.

Thus, the risk sharing of the parties determines where the assets are recognized. When the assets are classified on the partner balance sheet, i.e., are off government balance sheet, the PPP contract has an impact on net lending/borrowing (fiscal balance surplus or deficit, respectively) over the contract duration period and not during the construction of the asset. Conversely, if the construction risk is borne by the public sector entity, or if the private partner bears only such a risk and no other, the assets are recorded in the public sector's balance sheet, with important implications for national accounts, both for government debt and net lending/borrowing. This treatment is in compliance with the accrual basis – as the work proceeds the capital expenditure is recorded as government gross fixed capital formation and debt, as in a financial lease.

Also the flows associated with the execution of the PPP contract receive specific treatment in the national accounts when the related assets are on the government balance sheet. The payments to the operator must be spread between debt redemption, imputed interest, and purchase of services, if this last component is prescribed in the contract. The latter two are considered expenses for national accounts purposes (Eurostat 2016).

### Concessions

The main characteristics of a concession are (OECD 2008, p. 23): (i) the concession grants the private entity the right to operate a specific asset and earn revenue from it; (ii) the concessionaire usually pays the public entity to obtain the right to earn revenue from the asset; (iii) the concessionaire carries the bulk of the risk; (iv) the asset remains legal property of the public sector and the private entity is responsible for the maintenance of the asset; and (v) the asset must be transferred to the public sector. Similarly to PPPs, both involve a private entity that operates, maintains, and finances the asset during the arrangement, and, at the end of the contract, the asset is transferred to the public sector.

In concessions, the main issue is to ascertain the "economic ownership" of the assets during the contract, which can be allocated either to the concessionaire or to the public sector. In short, the party considered the "economic owner" of the asset, because it was considered to bear the

majority of economic risks, should recognize the asset on its balance sheet.

For the purposes of national accounts, when the public sector is not the main purchaser of the services provided by the partner, and the main risk depends on the consumption of the services by final users, the arrangement is classified as a concession and is off the public sector balance sheet. Accordingly, in the national accounts, PPPs are distinguished from concessions by the source of revenue for the partner. The term "concession" is used to describe long-term contracts, where the majority of the partner's revenue comes from the final users of the asset. In opposition, PPPs are contractual arrangements where most of the revenue going to the partner comes from government payments.

As a practical rule, when the majority of corporation revenue comes from the final users, the asset is recorded in the corporation's balance sheet during the contract period, because the concessionaire bears most of the commercial risk (majority of economic risks), which depends both on external factors, like the demand by users, and its own performance in managing and maintaining the assets. It is possible that the concessionaire has to operate under specific government requirements and is sometimes compensated through public subsidies (Eurostat 2016).

Nevertheless, there are some situations that lead to classifying the asset on the government balance sheet. If the government is financing the majority of construction or refurbishment cost, or is providing an explicit guarantee covering more than 50% of the debt raised by the concessionaire for financing the asset, or provides a minimum revenue guarantee, the government bears the majority of risks and rewards, triggering the classification as the "economic owner", leading the asset to be classified on the government balance sheet (Eurostat 2016).

### Financial Accounting

This section describes the accounting treatment of service concession arrangements under the public sector (the grantor) perspective. The risk and reward method described above for national accounts purposes is now replaced by the control method proposed in *IPSAS 32 – Service Concession Arrangements: Grantor*, discussed below.

To be within the scope of IPSAS 32, the service concession arrangement (SCA) must legally bind the private sector operator to provide the public services on behalf of the public sector entity, using the service concession asset. IPSAS 32 covers both the concessions and PPPs cited above for national accounts purposes. Here, concessions are treated under the "grant a right to the operator" model and PPPs under the "financial liability model." Both models, as explained below, define the compensation to the operator for the service concession asset and services.

In parallel to the national accounts perspective, the fundamental issue in financial accounting is which party of the arrangement – the private sector operator or the public sector grantor – should recognize, measure, and present the assets and related liabilities (Hodges 2013).

For this purpose, a preliminary overview of the accounting standards environment will be presented. In November 2006, the International Accounting Standards Board (IASB), through the International Financial Reporting Interpretations Committee (IFRIC), issued Interpretation 12, for Service Concession Arrangements (IFRIC 12). This interpretation provides guidance on reporting the property associated with SCA that meets specified criteria related to control over such property. However, such guidance only specifically applies to private sector entities, generally the operator of the arrangement (IPSASB 2008). The disclosures for these types of arrangements are set by Interpretation 29 (SIC-29), issued by the Standard Interpretations Committee, the predecessor of IFRIC.

Aware of this caveat, the International Public Sector Accounting Standards Board (IPSASB) issued *IPSAS 32 – Service Concession Arrangements: Grantor*, in October 2011, effective for periods beginning on or after January 1, 2014. This standard is structured in paragraphs 1–37. It also encompasses two appendices, the basis for conclusions, implementation guidance, and illustrative examples. In this entry, references to IPSAS paragraphs are denoted with "par.",

references to Appendix A: Application Guidance paragraphs are stated with "AG", and references to the basis of conclusions paragraphs are denoted with "BC". This notation also applies to *Exposure Draft 43 – Service Concession Arrangements: Grantor* and to other IPSAS cited in this entry.

In contrast to the national accounts method, based on risks and rewards, under IPSAS 32 the control method was adopted to assess on which balance sheet the arrangement assets should be recorded. Although the former method can also be used for financial reporting purposes, like in the UK from 1998 to 2009 (Hodges 2013), the proposal of the IPSASB was different.

Additionally, the IMF (2006) proposed the rights and obligations method. It required a quantification of the risks and rewards the public sector was exposed to. However, such a method was considered to be an approach too complex and represented a substantial change in accounting for assets and liabilities with implications beyond SCA (IPSASB 2008, 2015, IPSAS 32 – BC 14).

### Concepts and Main Features

Like the risk and reward method, the control method is also based on the substance over form concept, meaning that the "economic ownership" of the assets prevails over their legal ownership.

The approach based on this method, which IPSAS 32 imposes on the grantor, is consistent with the IFRIC 12 requirements, which applies to the operator. This consistency is fundamental to assure that the assets associated with the SCA are recognized either on the balance sheet of the grantor or on that of the operator. This means that only one party in the arrangement recognizes the assets (e.g., infrastructure).

IPSAS 32 covers both government-funded and user-funded PPP contracts; the latter are called concessions for national accounts purposes, as explained above. A SCA is defined as a binding contract between a grantor (the public sector entity) and an operator (usually a private sector entity) in which (i) the operator uses a public asset (the service concession asset) to provide a public service for a specified period of time, on behalf of the grantor, and (ii) the operator is compensated for its services over the period of the service concession arrangement (IPSASB 2015, IPSAS 32, par. 8).

A grantor is the entity that grants the right to use the service concession asset to the operator. An operator is the entity that uses the service concession asset to provide public services, subject to the government's control of the asset.

Common features of a SCA are (IPSASB 2015, IPSAS 32, AG 3): (i) The grantor is a public sector entity. (ii) The operator is responsible for at least some of the management of the service concession asset and related services and does not merely act as an agent on behalf of the grantor. (iii) The arrangement sets the initial prices to be charged by the operator and regulates price revisions over the period of the SCA. (iv) The operator is obliged to hand over the service concession asset to the grantor, in a specified condition at the end of the period of the arrangement, for little or no incremental consideration, irrespective of which party initially financed it. (v) The arrangement is governed by a binding agreement that sets out performance standards, mechanisms for adjusting prices, and procedures for arbitrating disputes.

### Service Concession Asset Recognition and Initial Measurement

The recognition of a service concession asset is based on control for financial reporting purposes. IPSAS 32, par. 9, requires that the grantor shall recognize an asset provided by the operator and an upgrade to an existing asset of the grantor, as a service concession asset, if the following conditions are met: (i) the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and (ii) the grantor controls – through ownership, beneficial entitlement, or otherwise – any significant residual interest in the asset at the end of the term of the arrangement. The residual interest is the estimated current value, at the age and condition projected at the end of the period of the SCA. For an asset used in a SCA for its entire useful life (a "whole-of-life" asset), only condition (i) needs to be met (IPSASB 2015, IPSAS 32, par. 10).

For the purpose of condition (i) above, the notion of regulation of services the operator

must provide with the asset is restricted to the binding arrangement established by the parties, excluding the general regulation powers that the government holds, in particular in some specific sectors like water or electricity management. Consequently, the general regulation powers the government holds do not represent control for financial reporting purposes (IPSASB 2015, IPSAS 32, AG8).

When the asset is not used during the entire useful life, the control criterion over the residual interest in the asset must be accomplished for the grantor recognition of a service concession asset. This type of control gives the grantor the right to prevent the operator from selling or pledging the asset during the SCA or terminating it before the term (IPSASB 2008, p. 31).

Regardless of the kind of model described in Table 1, the timing of the recognition of the underlying asset should be based on IPSAS 17 – Property, Plant, and Equipment, or IPSAS 31 – Intangible Assets (IPSASB 2015), as appropriate.

These IPSAS require that an asset shall be recognized if, and only if, the following recognition criteria are met (recognition principle):

(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity (grantor).
(b) The cost or fair value of the item can be measured reliably.

Consequently, the asset can be recognized during its construction or development phase if the terms of the binding arrangement allow it to determine whether the service potential would flow to the grantor at that time and if the grantor is in possession of reliable information about the cost or fair value of the asset during that phase. IPSAS 32, AG23, gives the example of progress reports during the construction or development of the assets provided by the operator to the grantor as a source of such information.

The fair value of the asset on initial recognition is based on the type of compensation exchanged (IPSASB 2015, IPSAS 32, AG 25). Fair value is defined as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction" (IPSASB 2015, IPSAS 9, par. 11). In the instance where the grantor compensates the operator for the service concession asset by making payments, the fair value represents the portion of these payments related to such an asset. In the case where the grantor compensates the operator by granting the right to earn revenue from the service concession asset or another revenue-generating asset, one are in the presence of a non-monetary exchange transaction. Under the binding arrangement, the grantor obtains the service concession asset in exchange for a non-monetary asset, as it is the right of the operator to earn revenue from third-party users. IPSAS 17, par. 40, and IPSAS 31, par. 45 (IPSASB 2015), provide guidance on how to estimate the fair value of the asset received.

At the initial recognition, when the grantor recognizes a service concession asset provided by the operator, the grantor shall also recognize a liability of the same value of such an asset (IPSASB 2015, IPSAS 32, par. 15), measured at its fair value, adjusted by any consideration from the grantor to the operator or from the operator to the grantor.

Where an existing asset of the grantor is reclassified as a service concession asset because the conditions for this were met, no liability is recognized.

### Accounting for Operator Compensation

The nature of the consideration given by the grantor to the operator determines the nature of the liability recognized in the grantor balance sheet, as described below. According to IPSAS 32, par. 17 (IPSASB 2015), in exchange for the service concession asset, the grantor may compensate the operator through one of the three models summarized in Table 1.

### Model 1 Financial Liability Model

Under Model 1, the grantor records a financial liability at initial recognition. In subsequent accounting periods, the grantor recognizes, as expenses, a finance charge and a charge for maintenance and operating of the service concession asset (service component).

Under this model, the liability is a financial liability that is measured at the amortized cost

**Accounting for Public-Private Partnerships, Table 1** Models of operator compensation

| Model of compensation | Description |
|---|---|
| Financial liability model (Model 1) | Where the grantor has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset. The payments should be allocated as a reduction of the financial liability and as a finance expense and expenses for services provided by the operator under the SCA |
| Grant of a right to the operator model (Model 2) | Where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, but grants the operator the right to earn revenue from third-party users or another revenue-generating asset |
| Dividing the arrangement model (Model 3) | The grantor compensates the operator for the service concession asset partly by a predetermined series of payments (financial liability) and partly by exchanging the right to earn revenue from third-party use of either the service concession asset or another revenue-generating asset (granting a right to the operator) |

according to IPSAS 29 – Financial Instruments: Recognition and Measurement, par. 49 (IPSASB 2015). The operator shall recognize a financial asset of the same amount, representing the amount due from the grantor.

Accounting for a financial liability at amortized cost means that the finance charge is calculated by multiplying the outstanding financial liability at the beginning of the accounting period by the effective rate of interest. Changes in market interest rates are ignored, and, therefore, there is no subsequent measurement of the liability at the reporting date due to modifications of the market interest rates. In each reporting date, the liability is increased by the interest expense and decreased by the cash disbursement that covers the financial expense accrued and financial liability reduction. The effective interest rate is computed on initial recognition and is the rate that discounts future payments over the SCA term; the financial liability is the present value of the service concession asset component of the payments and does not include the service component of the payments (IPSASB 2015, IPSAS 32, AG 38).

If the cost of capital specific to the service concession asset is known or can be ascertained, the finance charge is based on this (IPSASB 2015, IPSAS 32, AG 40). If the cost of capital is not known, IPSAS 32, AG 41, allows the use of the grantor's incremental borrowing rate or another rate appropriate to the terms and conditions of the arrangement. The interest rate used to calculate the finance charge may not be subsequently changed unless the asset component or the whole of the arrangement is renegotiated (IPSASB 2015, IPSAS 32, AG 44).

According to this model, the grantor shall allocate the payments to the operator and account for them according to their substance as a reduction in the liability, a finance charge that was accrued to the financial liability, and charges for services provided by the operator (IPSASB 2015, IPSAS 32, par. 21).

Nevertheless, the asset and service components of the payments may be separable (e.g., the binding arrangement clearly identifies the payments that are allocated to the service concession asset) or inseparable (e.g., the binding arrangement does not identify the payments that are related to the service concession asset), and this affects the measurement of the service concession asset and corresponding financial liability. IPSAS 17 (par. 26) and IPSAS 31 (par. 31) (IPSASB 2015) require initial measurement of an asset acquired through an exchange transaction to be measured at cost, which is the transaction price, normally considered the fair value. When the payments allocated to the service concession asset (separable payments) are specifically identified under the terms of the arrangement, the fair

value is the present value of these payments. However, if the fair value of the service concession asset is lower than the present value of such payments, fair value is the one considered for initial recognition (IPSASB 2015, IPSAS 32, AG 30).

The fair value of the service concession asset is determined using estimation techniques where the asset and service component of payments by the grantor to the operator are not separable. For this, at the inception of the arrangement, payments are allocated for the service concession asset and for other components of the SCA (e.g., operations and maintenance) on the basis of their relative fair values. For example, a grantor may estimate the payments related to the asset considering the fair value of a comparable asset included in an arrangement that contains no other components or can estimate the payments for the other components by reference to a comparable arrangement and obtain the asset component of payments by deduction (IPSASB 2015, IPSAS 32, AG 32).

Where in the presence of inseparable payments, the HM Treasury Financial Reporting Manual (HM Treasury 2015) proposes a fair value approach. The fair value of the asset determines the amount to be recorded as a service concession asset and the corresponding financial liability. The total payment is then divided into three elements: the service charge, amortizing the financial liability and the interest expense on the financial liability outstanding, using the interest rate implicit in the contract. For both existing and new contracts, where it is not practicable to determine the interest rate implicit in the contract, the grantor shall use its cost of capital rate to calculate the interest expense.

### Model 2 Grant of a Right to the Operator Model

According to this model, the grantor shall recognize a liability as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator.

The grantor has received a service concession asset and public services provision, in exchange for granting the operator the right to earn revenue from third-party users of the service concession asset over the period of the arrangement or another revenue generating asset. The benefits of the grantor, embodied in the asset service potential to meet the public service objectives, are also gathered during the arrangement because the operator provides services on behalf of the grantor, leading to the application of IPSAS 9 – Revenue From Exchange Transactions (IPSASB 2015) for the nature and timing of revenue recognition (diminishing the liability). According to IFRIC 12, the operator shall recognize an intangible asset.

The consideration of the credit (balancing item) for the service concession asset, as deferred or unearned revenue (liability), needs to be further discussed, as the proposal on the *Exposure Draft 43 (ED 43) – Service Concession Arrangements: Grantor* (IPSASB 2010) intended to account for it as a performance obligation in accordance with IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets (IPSASB 2015).

In ED 43, BC 17, the liability was considered a performance obligation "because the grantor has received exchange consideration (i.e., an inflow of resources in the form of the service concession asset) in advance of its performance under the exchange (i.e., its obligation to provide the operator access to the service concession asset or another revenue-generating asset)."

Taking into consideration the comments received in response to the ED 43, the IPSASB changed its initial classification of the credit as a performance obligation, to be considered as revenue in IPSAS 32, acknowledging that the term "performance obligation" is used in relation to non-exchange transactions and a service concession arrangement is an exchange transaction (IPSASB 2015, IPSAS 32, BC 19–BC 21).

Additionally, as an argument to not consider the credit as a performance obligation, the IPSASB conceptual framework indicates that a performance obligation is "an obligation in a contract or other binding arrangement between an entity and an external party to transfer a resource to that other party" and "that obligation also arises when an entity enters into an arrangement whereby it receives a fee and, in exchange, provides to an external party access to an asset"

(IPSASB 2015, pp. 88–89). As under Model 2, the grantor has no obligation to transfer a resource or received fees from the operator, no performance obligation arises under the SCA.

The exchange of the service concession asset for the right to earn revenue from third-party users from this asset or another revenue-generating asset represents an increase in the net assets/equity as revenue. In accordance with IPSAS 9, par. 17 (IPSASB 2015), when goods are sold or services are provided in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The service concession asset recorded by the grantor and the intangible asset (the right to earn revenue) recorded by the operator are dissimilar.

IPSAS 9, par. 17 (IPSASB 2015), also establishes that the revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be reliably measured, the revenue is measured at the fair value of the goods or services foregone, adjusted by the amount of any cash or cash equivalents transferred. In a SCA, the right to earn revenue from third-party users (the asset foregone by the operator) is not recognized on the grantor's balance sheet. As a consequence, the fair value of the asset received (the service concession asset) will be more evident than the fair value of the asset foregone.

As the right granted to the operator covers the SCA period, the grantor does not record revenue from the exchange at the same time as the service concession asset is recognized. Such revenue is recorded according to the economic substance of the SCA, usually as the access to that asset is granted to the operator over the arrangement period on a straight-line basis, and the liability, the deferred revenue, is reduced as revenue is recognized (IPSASB 2015, IPSAS 32, par. 26 and AG 47).

### Model 3 Dividing the Arrangement Model

This model incorporates features of the previous two models, and it requires each part of the total liability recognized to be accounted for separately. IPSAS 29 applies to the financial liability (Model 1) and IPSAS 9 to the unearned revenue recognized as a liability (Model 2) (IPSASB 2015). So, the consideration to the operator is divided into a financial liability component (for the unconditional obligation to pay cash or another financial asset) and a liability component (for the right granted to the operator to earn revenue from third-party use of the service concession asset or another revenue-generating asset). The total liability should be equal to the amount recognized as a service concession asset.

### Subsequent Measurement and Impairment

Regarding the service concession asset, the subsequent measurement must comply with requirements of IPSAS 17 or IPSAS 31 (IPSASB 2015), as appropriate. Both of these standards state that for subsequent measurement an entity shall choose either the cost model or the revaluation model as its accounting policy.

If the grantor elects the former, the service concession asset shall be carried at its cost, less any accumulated depreciation/amortization and any accumulated impairment losses (IPSASB 2015; IPSAS 17, par. 42; and IPSAS 31, par. 73).

If the entity opts for the revaluation model, the service concession asset shall be carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation/amortization and subsequent accumulated impairment losses (IPSASB 2015; IPSAS 17, par. 44; and IPSAS 31, par. 74). Fair value must be reliably measured and revaluations shall be made on a regular basis so that, at each reporting date, the carrying amount of the asset does not differ materially from its fair value. If there is no market-based evidence of fair value because of the specialized nature of the item, IPSAS 17, par. 48, allows the use of depreciated replacement cost or restoration cost or service units approaches as they are defined on IPSAS 21 – Impairment of Non-Cash Generating Assets. Conversely, IPSAS 31 exclusively allows the fair value to be determined by reference to an active market. The asset is also subject to impairment testing as prescribed in IPSAS 21 and IPSAS 26 – Impairment of Cash Generating Assets, as appropriate (IPSASB 2015).

The benefits that flow to the grantor from the control of the service concession asset can be future economic benefits or service potential. Many public sector assets may have a purpose to promote the availability of goods and services and not to generate cash inflows, as these assets are described as embodying service potential. Assets that are used to generate net cash inflows – or from the cash-generating unit of which the asset is a part – are described as incorporating future economic benefits.

The former types of assets are designated noncash-generating assets and the second type called cash-generating assets. A noncash-generating asset is impaired when its carrying amount exceeds its recoverable service amount, as this is the higher between fair value less the cost to sell and the noncash-generating asset value in use. A cash-generating asset is impaired when its carrying amount exceeds its recoverable amount, i.e., the higher of an asset or a cash-generating unit fair value less the cost to sell or its value in use (IPSASB 2015, IPSAS 21 and IPSAS 26).

The value in use is calculated differently for noncash-generating assets and cash-generating assets. For noncash-generating assets, value in use is the present value of the asset's remaining service potential (IPSASB 2015, IPSAS 21, par. 14). For cash-generating assets, value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life (IPSASB 2015, IPSAS 26, par. 13).

### Accounting for Guarantees and Other Commitments

In SCA, the grantor can give guarantees to the operator, like securing the debt raised to construct or develop the service concession asset (normally through a financial guarantee contract) or cover minimum revenue for the operator, by setting specific clauses in the binding arrangement.

Guarantees may be classified as financial guarantees that meet the definition of a financial guarantee contract, according to IPSAS 29 requirements. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the original or modified terms of a debt instrument (IPSASB 2015, IPSAS 29, par. 10).

The general rule is to account for financial guarantee contracts as financial instruments, unless an issuer elects to apply *IFRS 4 – Insurance Contracts* to such contracts, on an individual basis, complying with the conditions established in *IPSAS 28 – Financial Instruments: Presentation* and in IPSAS 29 (IPSASB 2015). Currently there is no IPSAS for insurance contracts.

To be classified as a financial liability, the guarantee provided by the grantor to secure the debt issued by the operator must be a contractual arrangement. Assets and liabilities from non-contractual arrangements do not meet the definition of financial asset or financial liability, as is the case of constructive obligations (IPSASB 2015, IPSAS 28, AG 19). The features of a contractual arrangement are (IPSASB 2015, IPSAS 28, AG 20): (i) the presence of willing parties entering into an arrangement; (ii) the terms of the contract create rights and obligations for the contractual parties, and those rights and obligations cannot result in equal performance by both parties; and (iii) the contract is enforceable by law.

At initial recognition, the financial guarantee contract is measured at fair value. If it is an exchange transaction, such value will be equal to the premium received by the guarantor. The premium will be recognized as revenue as the liability recognized at inception is amortized, in accordance with IPSAS 9 (IPSASB 2015, IPSAS 29, AG 92–AG 94).

According to IPSAS 29, par. 49, when the grantor issues a financial guarantee contract with an embedded commitment to repay the debt raised by the operator in the case of default, the grantor measures the contract at the higher value of (i) the amount determined in accordance with IPSAS 19, par. 44, and (ii) the premium received less cumulative amortization recognized as revenue (IPSASB 2015).

If a financial guarantee contract is issued through a non-exchange transaction, without commercial purposes, with the consideration

received not representing the fair value of the financial guarantee contract because there is no consideration or it is an insignificant amount, at initial recognition the first step is to try to make a reliable measure of fair value. The entity first considers if an active market exists with quoted prices for similar financial guarantee contracts. In the inexistence of an active market, a valuation technique, which considers all the facts and circumstances, including the financial risk surrounding the transaction, should be used to obtain a reliable estimate of the fair value (IPSASB 2015, IPSAS 29, AG 95–AG 96).

Without a reliable measure of fair value, either by the observation of quoted prices in an active market or by a valuation technique, at initial recognition the requirements of IPSAS 19, par. 44 should be applied, as well as IPSAS 19 for subsequent measurement.

Guarantees and other commitments that do not meet the definition of a financial guarantee contract in IPSAS 29, par. 10, like constructive obligations, should be treated according to the requirements of IPSAS 19 – Provisions, Contingent Liabilities, and Contingent Assets. Also performance guarantees, like minimum revenue threshold or minimum return on investment by the operator, should be treated in accordance with IPSAS 19 (IPSASB 2015).

Finally, according to IPSAS 19, par. 22, a provision should be recognized when (i) an entity has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation. The measurement of the provision shall be made according to the best estimate of the expenditure required to settle the present obligation at the reporting date.

The disclosure of financial guarantee contracts under IPSAS 30 – Financial Instruments: Disclosures – shall display a maturity analysis. For contracts issued through a non-exchange transaction, where no fair value can be ascertained and a provision is recognized, the circumstances that led to this recognition should be disclosed (IPSASB 2015).

### Accounting for Other Revenues

SCA can also generate revenues for the grantor through revenue-sharing provisions in the binding arrangement, upfront payments, or payments in installments, from the operator, to enter the arrangement.

The grantor should recognize revenue and related receivables generated by revenue-sharing provisions as it is earned, in accordance with the requirements of IPSAS 9 for royalties. Par. 34 stipulates that revenue from royalties shall be recognized as they are earned in accordance with the substance of the relevant agreement (IPSASB 2015).

For the revenue associated with upfront payments, or payments in installments, from the operator to the grantor, the straight-line method should be used or another method that better reflects the underlying economic consumption of its access to the service concession asset, considering the criteria on IPSAS 9. Any consideration received from the operator in advance of the grantor's performance should be reported as a liability until it is earned.

### Presentation and Disclosure of Service Concession Arrangements

For presentation of the service concession asset, the grantor shall comply with *IPSAS 1 – Presentation of Financial Statements* – and present it as a noncurrent asset having the possibility to present it in a separate line, applying IPSAS 1, par. 89 (IPSASB 2015). Disclosure about the SCA occurs in the notes to the financial statements.

IPSAS 1, par. 127, states which notes contain information in addition to that presented in the statement of financial position, statement of financial performance, statement of changes in net assets/equity, and cash flow statement (IPSASB 2015).

For SCA, a non-exhaustive list of disclosures must provide a description of the arrangement, significant terms that may affect the amount, timing, and certainty of future cash flows; rights and obligations associated with the arrangement, termination, and renewal clauses; and change in the arrangement during the reporting period (further details in IPSASB 2015, IPSAS 32, par.

31–32). Other standards may apply to SCA disclosures, which, for the sake of parsimony, will not be discussed in this entry.

### Transition Requirements to IPSAS 32

Some public sector entities may have ongoing SCA and need to comply with the requirements of IPSAS 32, like the Portuguese case, where a new accounting framework mostly based on IPSAS for financial accounting and reporting purposes was passed in September 2015. In such a situation, the requirements of IPSAS 33 – First-Time Adoption of Accrual Basis IPSAS must be applied (IPSASB 2015).

The main issue in the transition between accounting frameworks resides in the initial measurement of the service concession asset and related liability, under Models 1 and 2 discussed above.

Where a grantor has not recognized assets and liabilities of SCA under the previous accounting framework, it is not required to recognize and measure these assets and liabilities for reporting periods beginning on a date within 3 years following the date of adoption of IPSAS. These financial statements that adopt transitional exemptions identified in IPSAS 33 are qualified as "transition IPSAS financial statements" (IPSAS 33, par. 13). IPSAS 33 has a transitional period of 3 years to recognize and measure certain types of assets and liabilities, because it is assumed that it takes time to adapt processes and gather information. Following the date of adoption, there is a transition period of 3 years (transition IPSAS financial statements), and afterwards, the entity has to comply with all IPSAS requirements, and the financial statements thereon are called "first IPSAS financial statements."

When reliable cost information of the service concession asset is not available, the grantor can use fair value as the deemed cost. IPSAS 33, par. 9, defines deemed cost as an amount used as a surrogate for the acquisition cost or depreciated cost at a given date.

Where the deemed cost was considered, the grantor shall measure the liability under the financial liability model (Model 1) as the remaining contractual cash flows specified in the arrangement and considers the interest rate prescribed in IPSAS 32 (AG40–AG45) to determine the finance charge to be accrued to the outstanding financial liability. Under the right to the operator model (Model 2), the liability is measured as the fair value of the asset less any outstanding financial liabilities, adjusted to reflect the remaining period of the service concession arrangement (IPSASB 2015).

Subsequent depreciation or amortization is based on the deemed cost and starts from the date of adoption of IPSAS 32 (IPSASB 2015, IPSAS 33, par. 65).

## Conclusion

PPPs are an alternative to traditional public procurement, in order to have access to assets that are necessary to provide public services, like transportation, health, and sewage. Their advent, and recent spread in countries like Portugal, entails questions associated with delivering accountability, value for money, affordability, and accounting.

Concerning the latter, the accounting treatment of PPPs should not drive the decision of governments toward this type of public investment. The driver should be the efficiency gains associated with this arrangement when compared with traditional public procurement and service delivery.

As this entry has shown, under IPSAS 32 and other related IPSAS, the impact of a PPP on the main fiscal aggregates is similar to that of traditional public procurement, because the latter is accounted for according to the requirements of IPSAS 17 or IPSAS 31. Under IPSAS, assets, debt, and deficit indicators will all increase as the PPP asset is constructed like in traditional procurement. This is a major improvement in government accountability, since it prevents PPP-related assets and corresponding liabilities from being treated off the government's balance sheet.

Despite the importance of accounting to record these arrangements properly, it is not a straightforward issue because of the complexity and diversity of the underlying contracts.

The public sector accounting international environment highlights two concurrent methods to

recognize PPP contracts: the risks and reward method, for national accounting reporting, and the control method, for financial reporting. From an information user point of view, more convergence between national accounts and financial accounting in the public sector is desirable regarding this matter.

With the expected increased adoption of the control method in public sector accounts, one expects new accounting issues will ensue, regarding recognition, measurement, impairment, presentation, and disclosure of these arrangements.

## Cross-References

- ▶ Accountability
- ▶ Accrual Accounting
- ▶ Asset Management
- ▶ Creative Accounting
- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ Financial Reporting
- ▶ Fiscal and Financial Transparency
- ▶ New Public Financial Management
- ▶ Provisions and Contingent Liabilities

## References


Bovens M (2007) Analysing and assessing accountability: a conceptual framework. Eur Law J 13(4):447–468

ESA (2010) European system of accounts. Eurostat 2013. Available at: http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-02-13-269. Accessed 25 Mar 2016

Eurostat (2016) Manual on government deficit and debt, 8th edn. Available at: http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-16-001/. Accessed 29 Mar 2016

HM Treasury (2015) The financial reporting manual 2015–16. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM__December_2015_.pdf. Accessed 25 Mar 2016

Hodges R (2013) Accountability and accounting for public-private partnerships. In: The Routledge companion to public-private partnerships. Routledge, London, pp 413–437

Hodges R, Mellett H (2012) The U.K. private finance initiative: an accounting retrospective. Br Account Rev 44:235–247

IASB (2006) IFRIC 12: service concession arrangements. Available at: http://eifrs.ifrs.org/eifrs/bnstandards/en/2016/ifric12.pdf. Accessed 21 Dec 2016

IMF (2006) Public-private partnerships, government guarantees and fiscal risk. International Monetary Fund, Washington, DC

IPSASB (2008) Accounting and financial reporting for service concession arrangements – consultation paper. Available at: https://www.ifac.org/system/files/publications/exposure-drafts/00288.pdf. Accessed 25 Mar 2016

IPSASB (2010) Service concession arrangements: grantor – exposure draft 43. Available at: http://www.ifac.org/system/files/publications/exposure-drafts/00331.pdf. Accessed 25 Mar 2016

IPSASB (2015) Handbook of international public sector accounting pronouncements. Available at: http://www.ifac.org/publications-resources/2015-handbook-international-public-sector-accounting-pronouncements. Accessed 20 Nov 2016

OECD (2008) Public-private partnerships – in pursuit of risk sharing and value for money. OECD, Paris

Sarmento J (2010) Do public-private partnerships create value for money for the public sector? The Portuguese experience? OECD J Budget 10(1):1–27

Shaoul J, Stafford A, Stapleton P (2012) Accountability and corporate governance of public private partnerships. Crit Perspect Account 23:212–229


# Accounting of Hybrid Organizations


Enrico Bracci
Department of Economics and Management, University of Ferrara, Ferrara, Italy


## Synonyms

Hybrid organization; Public service reforms

## Introduction: Hybridity in Public Organizations

The concept of hybrid organization is widely used and discussed in several fields of research, such as economics, organization studies, management, public administration, law, and political science. More recently, the accounting studies increased the attention and the number of papers. Despite

the interdisciplinary interest, the concept does not seem to have a unique agreed definition. It is therefore relevant to make a clear distinction on its meaning, as well as consequences, problems, and solutions in the context of public organizations. In doing so, the focus here will be brought to how accounting is involved in the process of hybridization and the management of hybrid organizations.

Hybridity is a multidimensional concept and can be referred to multiple levels. It is possible to observe hybrid forms either at the macro level (national or supranational), meso level (organization), or micro level (individuals or groups). Those levels need to be considered in their interrelation, since focusing on just one of the three may be too limited. Much of the literature is focused on the meso level in order to provide a definition of hybrid organization. The concept of hybrid organization can be considered an umbrella term, without a clear demarcation of what is a hybrid or what is not, and how an organization, an individual, or a technology can become a hybrid (Denis et al. 2015). Transaction cost economics (TCE) offered one of the first definitions of hybrid forms of economic governance. Williamsons (1996) distinguished three forms of discrete governance mechanism: market, hierarchies, and the hybrid intermediate form. The main critique to this approach is that by occupying the continuum between the two ideal forms, most of the existing organizational forms can be considered a hybrid, from subcontracting to cooperative and from networks of organizations to alliances. As a consequence, hybridity could not be considered a discrete form of organization but a wide range of different combinations. The classical organizational forms of market (e.g., firms) and hierarchies (e.g., public sector organizations) seem to be residual and not sufficient to theoretically explain the way in which public services are nowadays designed, delivered, and made accountable. We are now observing public services coproduced by the users, delivered through a network of actors or through forms of public-private partnership, joined-up governments, in which lateral/horizontal interorganizational processes are developed. Hybrids are fundamentally different from market and hierarchical forms, and such differences impact inevitably on the coordination and controlling mechanism, as well as in their accountability.

The public management literature attempted to overcome this limitation in different ways. From one side, an attempt was made to identify a discrete form of hybrid organization. As an example Koppell considered hybrids as organizational forms that deliver public policy, but with a corporate status. The combination of public policy and corporate status leads to the development of hybrid organizations that are thus clearly visible and manageable (Koppell 2003). A different approach considered the TCE categories of market/hierarchies/hybrids and translated them into government/business/not for profit. Hybrid organizations, according to the proposers, are the result of any combination among two or more of the basic forms leading to a wide array of possible outcome of the process. This last approach was specifically developed by theorist in dealing with complex societal issue, such as social care (Evers 2005). On a similar vein, Battilana and Lee (2014) argued that hybrid organizations combine multiple organizational forms, experiencing unique organizing challenges in public services and policy.

This latter approaches are particularly useful in the context of public services, due to the continuing reform processes that led to changes in the traditional public administration, taking elements coming from the New Public Management (NPM) (Hood 1991) and/or New Public Governance (NPG) (Osborne 2006) waves (see Table 1). NPM-inspired reforms were, and to some extent still are, based on the belief of the failure of traditional public administration to deliver efficiently and effectively the promised services. The consequences were the privatization of several public services and the adoption by public organization of corporate features in order to create more autonomous, flexible, efficient, and effective organizations. NPM is primarily based on a vertical and hierarchical view and concentrated on the outputs of individual organizations (result orientation). NPM considers the market or quasi-market relation between the provider and

**Accounting of Hybrid Organizations, Table 1** New public management and new public governance and related hybrids

| | NPM | NPG |
|---|---|---|
| *Characteristics* | Hollow state<br>Competitive/market mechanisms<br>Corporatization of public organizations<br>Exit as main response | Strong state to steer and pool societal resources<br>Interorganizational arrangements<br>Voice and trust as main responses |
| *Example of hybrids* | Public-owned corporations<br>Quasi-government organizations (i.e., agency)<br>Public-private partnerships | Joined-up government<br>Public/private/nonprofit networks<br>Coproduction |

the client as the main solution of the traditional public organization problems. Where privatization is not possible or feasible, then public organizations should adopt corporate solutions in terms of management solutions. Hierarchical control of the results of single organizations through performance indicators on efficiency and effectiveness is a standard set of accounting techniques under NPM. In such contexts, if the client is not satisfied with the service, the main mechanism of the relationship would be to exit. As a consequence of that, most of public services in several countries are nowadays delivered in forms that are neither market nor hierarchies: agencies, public-owned corporations, and public-private partnerships are examples of the hybridizing process of public organizations.

On the other hand, NPG, while counterweighting the limits of NPM in achieving its aims, put emphasis on the role of cooperation between public administration and the wider set of actors within the society. NPG considers the limitations of the state, market, and society to solve complex issues. On these perspectives, public sector organizations should pay attention to the means through which resources, competences, and skills can be pooled in order to plan, design, and deliver a more effective and efficient set of services. Voluntary and not-for-profit organizations, individual and groups of citizens, and other public and private actors are considered resources to be steered and pooled in order to create public value in the delivery of public services. NPG aims at building a cooperative environment, based on lateral relations and with a focus on the outcomes to be achieved through collaboration. The control systems tend to be enabling through dialogue-driven systems of performance indicators, strengthening the contribution of single organizations/individual to the overall performance. Coproduction, joined-up governments, and networks of public and private organizations are additional examples of hybridizing process under NPG logic and where the relationships tend to endure by adopting more voice and trust as relational mechanisms.

Hybridity is, thus, not the problem, since hybrid organizations appear to be quite the norm, rather than the exception. What is relevant and attracts the interest of researchers are the process of becoming a hybrid with the struggles, ambiguity, tensions, compromises, and the role of different actors and technologies deployed. The ambiguity in hybrid organizations is related to the combination of public and private characteristics and objectives which may be diverse and contradictory (Kickert 2001). Besides, the mixed private and public interests entail the presence of a wider range of stakeholders, making more complex the governance and the decision-making process. Hybrid organizations are, for instance, criticized for the lack of accountability and transparency and for problems in securing liabilities. Hybridity problematizes the organizational boundaries, in physical, technological, and cultural aspects. The traditional institutional boundaries are therefore put under question in a process of hybridization of knowledge, identity, rules, technologies, and structures. It is not surprising that in public management literature, the hybridity theme was studied in a varied array of theoretical perspectives: from governance theory to actor network theory and from institutional theory to cultural theory, just to name a few. Such theoretical borrowing allowed to have a better understanding, not just

of why hybrid exists, but on the process of hybridization both at the macro, meso, and micro level.

## Perspectives on Accounting in Hybrid Organizations

The typified forms of economic governance of market and hierarchy are closely related to accounting. Indeed, accounting can make visible or invisible certain things, through calculation. It provides financial and nonfinancial information to coordinate and control the organizational activities. It is not surprising that accounting is also considered a relevant technology in hybridization and the management of hybrids. Hopwood (1996) urged accounting scholars to look at the lateral flow of accounting information, not just at the traditional hierarchical vertical flow of information. This intuition led to the development of a stream of literature looking at the accounting practices at the margins, on how they are implicated in the management and control of relations beyond the boundaries of organizations. On a similar manner, Otley et al. (1995), while stressing the limitation of management accounting research in focusing only in a functionalistic and hierarchical view of organizations, argued that such focus was not coherent with the development of new organizational forms.

Accounting in hybrid organizations can be analyzed in two perspectives, an internal and an external, reflecting, respectively, the management accounting and financial accounting divide. The latter perspective is related more generally to the theme of accountability. Accountability systems define the answer to some simple questions: who is accountable? To whom? For what? And by what means? Traditional accountability mechanisms tend to fit with the traditional public organizations characterized by vertical/hierarchical relations. Vertical accountability, with financial reporting as typical example, does not allow to make hybrid organization fully accountable. Vertical accountability mechanisms need to be integrated with horizontal accountabilities, particularly where hybrid organizations are dealing with wicked and/or tame problems (Hodges 2012). Accountability arrangements in hybrids present special concerns because of the potential for accountability to get "lost in the cracks of horizontal and hybrid governance" (Romzek et al. 2012, p. 443). The traditional hierarchical structure of accountability is not coherent with the new hybrid forms of public service organization and delivery. In the age of network, joined-up government and PPP/PFI initiative public officials are required to move outside the hierarchical structure of government searching for collaboration, quasi-market relationships with contractors, competitors, and coproducers (Considine 2002). Where co-responsibility and cross-collaboration prevail in the delivery of public services, accountability becomes a structural contingency problem. The accounting and accountability systems need to adapt constantly to reflect the actual conditions of hybrids. As the way in which public services are delivered become more complex, involving several agents and principals, accountability goes through process of change (evolutionary or adaptive) or even crisis (Considine 2002). As stressed by Kickert (2001), the dilution of accountability and the lack of transparency of the results and the use of public money are two main concern related to the increasing presence of hybrid organization in delivery public services and/or policies.

The internal perspective of accounting is concerned with the management accounting. Management control systems are implicated in the measurement and management of tasks, risks, and economic flow in a multiactor network, to diffuse and establish trust and associated information requirements among actors. As Hopwood (2009, p. 801) explained, "management accounting research gives little or no guidance on the modes of organizational response to economic crises," which is all the more true in the context of public service organizations. The crisis of public finance is leading to the development of hybrid forms of organizations in order to pool resources from both the public sector and the private sector. It represents an interesting context for providing a better understanding of the unique functioning of management accounting practices, such as budgeting, cost control, performance

measurement, and incentive systems (Arnaboldi et al. 2015). The nature of management accounting practices means that they can provide information on the day-to-day decisions being made inside organizations, but they also have the ability to influence significantly on governance and accountability arrangements at the societal level. The overriding question in this respect is how they are skillfully reconfigured (in terms of scale and the kinds of activities they are used for) to effectively remedy the situation. The study of the interrelations between management accounting and organizational changes, although not new (Broadbent and Guthrie 2008), will continue to represent an important field of observation, since the hybridization of public sector organizations involves some form of organizational change. Probably more than in other periods, there are a large number of public service organizations undergoing radical changes combining public and private elements (Broadbent and Guthrie 2008). Existing dynamics will continue, in terms of growing role of interorganizational relations, complex governance and network structures, and public and private organizations joining up in order to cope with complex (wicked) problems and declining resources (Jacobs and Cuganesan 2014). In such hybrid context, management accounting has the function to support the coordination and the control within and outside organizational boundaries and to build the trust among the different actors.

In the last two decades of public sector reforms, accounting was diffusely mobilized in order to foster or trigger the organizational change (Broadbent and Guthrie 2008). At the macro level, the process of reforming accounting technologies in terms of financial reporting, management accounting, and audit, particularly in the NPM era, was observed. As an example, the shift from the traditional cash accounting to the accrual accounting, by adopting IPSAS or similar national accounting standards, was introduced on the faith of the superiority of the business-like accounting tools. However, the implementation in public organization of accrual accounting was not linear, nor without tensions and compromises, with some successes and failure. We have now example of traditional public sector organizations like local authorities, universities, or hospital using corporate management tools like accrual accounting, budgeting, performance measurement systems, internal audit procedures, and discussing about corporate plan, strategic plan, and deployment. Hybridizing at this level may also become a policy objective. The so-called regulatory hybrids (Kurunmäki and Miller 2011) are the explicit target of government policy creating new organizational forms to deliver public services and programs.

At the meso level, accounting was considered at the organizational level attempting to observe the way in which accounting was used and changed. Each organization may be transformed and hybridized as organizational boundaries are shaped and transformed. In hybrid organization boundaries tend to be blurred, requiring new forms of control and coordination. Measuring, controlling, and being accountable across boundaries are central elements in hybrid forms of organizing public services. In the case of hybrid forms of governance, accounting has a claimed role of building trust among the actors involved, as well as its extension may be affected by the level of trust existing in the complex organization. In many accounting procedures, trust is obviously implicit, but the relationship between the two cannot be considered monotonic. There are different types of accounting information involved, some more related to continuous processes of relation and some related to specific events. The relationship between trust and accounting is correlated and in which the least level of trust is associated with a higher intensity of accounting information. Accounting information is thus implicated in the management across the boundaries in hybrid forms of organizations. Llewellyn (1994, p. 10) problematized the idea of organizations arguing that any organization "has to be achieved" through boundary management. Boundaries can be used and work as a threshold between what is within and outside and as a binding structure to create an internal unity of what is within. Accounting is involved in the constitutive role of producing the hybrid organization. The organizational consequences in conceptualizing

the boundary work is that boundaries are socially constructed and they are evolving over time rather than taken for granted. Accounting can be considered as a practice that is influenced by the organizational boundaries (Otley et al. 1995), but at the same time is implicated in shaping them (Llewellyn 1994). Indeed, boundaries can be established as thresholds and/or as binding structures with accounting heavily implicated in this processes.

At the micro level, single or group actors take the stage. Hybrids have an impact on individual actors: medical professions, social workers, teachers, nurses, and many others are nowadays forced and/or encouraged to learn and use an increasing amount of accounting knowledge and tools, generating new forms of expertise (Kurunmäki and Miller 2006). Within an organization not all individual actors may accept the hybridization of their role and resist in some way or another. Such situations will produce a polarization in which some actors accept to hybridize their role, while others continue refusing the new knowledge and/or technology coming from a different source of legitimation (Jacobs 2005). Accounting in hybrid organizations does not necessarily mean that a more complex or different set of technologies and tools are necessary. The same accounting concept can be applied, or accounting can go through a process of change, becoming itself a form of hybrid. The hybridization of accounting is a relevant research theme, in order to understand how new accounting hybrids emerge by the combination of different sources of knowledge and culture. Accounting in this process changes in order for the actors to make sense of the reality they observe. At the same time, accountants become hybridized affected by knowledge coming from other disciplines and using new technologies. For instance, enterprise resource planning (ERP) system was considered an example of technical device and knowledge coming from different disciplines changing the accountants' practices, role, and expertise (Caglio 2003). The direction of hybridization between accountants/accounting and other professional groups is not predictable, nor are the consequences.

## Concluding Thoughts

Nowadays, most of public services are delivered through hybrid organizational forms, at least in developed countries (Broadbent and Guthrie 2008). The post-NPM and austerity-driven policies don't show path of decreasing their grip to this trend in the near future (Bracci et al. 2015). The understanding of how accounting is implicated in the management of hybrid organization will represent a focal theme of interest for practitioners and researchers alike.

While the definition of what is a hybrid organization will continue to remain debated, its operational consequences will need to be developed through the use of different theoretical perspectives (Skelcher and Smith 2014). Given the multidimensionality of the concept and the diversity of knowledge and skills involved, the role of interdisciplinary research is fundamental to untangle the complexity of the issues. Besides, the macro, meso, and micro levels need to be taken into account, to achieve a comprehensive view of ongoing process of hybridization and change in public services. As Evers (2005) argued, most of the hybrid governance systems in welfare services are not the result of a clear strategy but the muddling through of organizations and actors under conditions of uncertainty.

Accounting in hybrid organizations can be analyzed and studied in two interrelated aspects. From the one side, the binding of organizations and the definition of thresholds represent the two manners in which accounting can be part of the hybridization of an organization and/or a profession. Accounting is implicated in the maintenance, destruction, and shaping of new boundaries in hybrid organizations. The role of accounting in the management of boundaries is crucial both in its internal and external perspectives, in order to support the adequate level of control and accountability. Besides, it is possible to observe several cases in which accounting was involved in the hybridization of a profession, such as physicians or nurses. Integration, collaboration, and joint efforts are central in the public organization ecosystem. In doing so, accounting needs to move from a hierarchical coordination

approach and vertical information flows, to a more horizontal coordination approach with the management of lateral information flows.

On the other hand, accounting technologies when encountering new knowledge and competences may become hybrids on their own. Non-accountants when using accounting may shape it, adding new knowledge and transforming accounting itself. The case of accountant meeting engineering and/or medical knowledge is a clear example of cases in which the accounting solutions evolve in manners that are now feasible beforehand (Hopwood 1996; Miller et al. 2008). However, what is not fully clear is the learning process involved and the factors fostering or triggering the hybridization, which requires additional research effort. Accounting in hybrid organizations will continue to be enriched by the knowledge coming from the fields it encounters, shaping the development path of the research, profession, and education.

## Cross-References


- ▶ Joined-Up Governance
- ▶ Public-Private Partnership and Governance


## References


Arnaboldi M, Lapsley I, Steccolini I (2015) Performance management in the public sector: the ultimate challenge. Financ Account Manag 31:1–22. https://doi.org/10.1111/faam.12049

Battilana J, Lee M (2014) Advancing research on hybrid organizing – insights from the study of social enterprises. Acad Manag Ann 8:397–441. https://doi.org/10.1080/19416520.2014.893615

Bracci E, Humphrey C, Moll J, Steccolini I (2015) Public sector accounting, accountability and austerity: more than balancing the books? Account Audit Account J 28:878–908. https://doi.org/10.1108/AAAJ-06-2015-2090

Broadbent J, Guthrie J (2008) Public sector to public services: 20 years of "contextual" accounting research. Account Audit Account J 21:129–169. https://doi.org/10.1108/09513570810854383

Caglio A (2003) Enterprise resource planning systems and accountants: towards hybridization? Eur Account Rev 12:123–153. https://doi.org/10.1080/0963818031000087853

Considine M (2002) The end of the line? Accountable governance in the age of networks, partnerships, and joined-up services. Gov Int J Policy Adm 15:21–40. https://doi.org/10.1111/1468-0491.00178

Denis J-L, Ferlie E, Van Gestel N (2015) Understanding hybridity in public organizations. Public Adm 93:273–289. https://doi.org/10.1111/padm.12175

Evers A (2005) Mixed welfare systems and hybrid organizations: changes in the governance and provision of social services. Int J Public Adm 28:737–748. https://doi.org/10.1081/PAD-200067318

Hodges R (2012) Joined-up government and the challenges to accounting and accountability researchers. Financ Account Manag 28:26–51

Hood C (1991) A public management for all seasons? Public Adm 69:3–19. https://doi.org/10.1111/j.1467-9299.1991.tb00779.x

Hopwood AG (1996) Looking across rather than up and down: on the need to explore the lateral processing of information. Account Organ Soc 21:589–590

Hopwood AG (2009) The economic crisis and accounting: implications for the research community. Account Organ Soc 34:797–802. https://doi.org/10.1016/j.aos.2009.07.004

Jacobs K (2005) Hybridisation or polarisation: doctors and accounting in the UK, Germany and Italy. Financ Account Manag 21:135–162. https://doi.org/10.1111/j.1468-0408.2005.00213.x

Jacobs K, Cuganesan S (2014) Interdisciplinary accounting research in public sector: dissolving boundaries to tackle wicked problems. Account Audit Account J 27:1250–1256

Kickert WJM (2001) Management of hybrid organizations: governance of quasi – autonomous executive agencies. Int Public Manag J 4:135–150

Koppell JGS (2003) The politics of quasi-government: hybrid organizations and the dynamics of bureaucratic control. Cambridge University Press, Cambridge

Kurunmäki L, Miller P (2006) Modernising government: the calculating self, hybridisation and performance measurement. Financ Account Manag 22:87–106. https://doi.org/10.1111/j.0267-4424.2006.00394.x

Kurunmäki L, Miller P (2011) Regulatory hybrids: partnerships, budgeting and modernising government. Manag Account Res 22:220–241. https://doi.org/10.1016/j.mar.2010.08.004

Llewellyn S (1994) Managing the boundary: how accounting is implicated in maintaining the organization. Account Audit Account J 7:4–23. https://doi.org/10.1108/09513579410069821

Miller P, Kurunmäki L, O'Leary T (2008) Accounting, hybrids and the management of risk. Account Organ Soc 33:942–967. https://doi.org/10.1016/j.aos.2007.02.005

Osborne SP (2006) The new public governance? Public Manag Rev 8:377–387. https://doi.org/10.1080/14719030600853022

Otley D, Broadbent J, Berry A (1995) Research in management control: an overview of its development. Br

J Manag 6:S31–S44. https://doi.org/10.1111/j.1467-8551.1995.tb00136.x
Romzek BS, Leroux K, Blackmar JM (2012) A preliminary theory of informal accountability among network organizational actors. Public Adm Rev 72(3):442–453. https://doi.org/10.1111/j.1540-6210.2012.02547.x.A
Skelcher C, Smith SR (2014) Theorizing hybridity: institutional logics, complex organizations, and actor identities: the case of nonprofits. Public Adm 93:433–448. https://doi.org/10.1111/padm.12105
Williamson OE (1996) The mechanisms of governance. Oxford University Press, New York

# Accounting Principles

Lasse Oulasvirta
University of Tampere, Tampere, Finland

## Synonyms

Accounting frameworks; Models; Principles; Qualitative characteristics for good public sector accounting

## Introduction

The traditional purpose of accounting in the public sector is to enable budget follow-up and confirm that the accountable government entities have used their budget money legally and accordingly to the binding budget. This is why **budget-linked budgetary accounting** is the core area of public sector accounting. The primary statement of budgetary accounting is the budget outturn statement. This statement may be disclosed for the whole budget, then separately for the current and capital budget, and, furthermore, for different sectoral functional areas inside the budget. There are big variations across countries on how budgets are structured and presented. The essential thing is that this way of formulating and presenting **the budget determines the account scheme** for the budgetary accounting and outturn reporting.

The other essential matter is that public sector entities publish (or should publish) their budgets as well as their outturn reports. **Budget publicity principle** serves the public as well as the legislative bodies that have the sovereign decision-making power. So, **the primary users** of public sector budgetary accounting information are the budget decision-maker (parliament, local councils, etc.) and its elected members representing in a democracy the ultimate principals, voters, and resource providers (taxpayers) for the budget.

Information about compliance with budgets is much more essential than in the private business sector. In the case of public sector entities, the accountability is concentrated primarily on the use of budget appropriations and on the goods and services provided and effects achieved from "value for tax money" point of view. Discharge of such accountability is evaluated on the basis of budget outturn statements and activity performance reporting. This activity-based performance reporting uses besides financial information also nonfinancial information, for instance, data about the quality and amount of services provided and the cost-effectiveness of operations. Hence, the discharge of accountability is not possible to be evaluated on the grounds of general-purpose financial statements (the statements of financial performance and financial position) alone, even if they give useful information about the public sector entity's economy, such as the surplus or deficit for the period and its assets and liabilities (or indebtedness). The **accountability** of public sector entities consists of **both financial and non-financial performance** goals and responsibilities. The overall performance can be assessed only when these two dimensions are examined simultaneously.

## The Character and Modes of Public Sector Financial Accounting

There are three basic characteristics that differentiate public sector entities from business entities; these are:

1. They do not have owners that require profit for their capital investment.

2. They do not have a real revenue-earning process in the market, but they rely mainly on tax financing.
3. Their goals are related to societal goals that cannot be disentangled with the financial accounting method (Falkman 1997).

Budget-led accounting has historically been developed in German-speaking countries under the concept **cameral accounting**. The basic simple variant of cameral accounting uses in bookkeeping the **single-entry method**, while accrual accounting following either entity theory or proprietary theory as well as the funds theory of accounting uses all **double-entry** bookkeeping methods. Cameral accounting was developed for the core administrative public sector, and over time it was developed from registering only realized revenues and expenditures (cash accounting) to also incorporate future revenues and expenditures caused by payment obligations (current due accounting representing modified cash basis) (Monsen 2002).

The **funds theory** of accounting has also put some traits on public accounting. Funds theory has a focus on the service potential of assets, not on their income earning capacity. Assets are acquired in order to contribute to increased service production, from which the users benefit. This means that assets are not acquired in order to earn profit; neither the profit is seen as belonging to the proprietor (the proprietary theory) nor to the organization itself (the entity theory). From these starting points, fund theory of accounting is more applicable in the government sector than the proprietary and entity theories. The fund theory expresses a balance equation of assets = restrictions on assets, which suites well to the budget-linked governmental accounting, in which budgetary decisions represent the authority to use and receive money and also restrictions on assets. Local government entities use typically a general fund and several special funds. In an Anglo-American tradition of public sector accounting, fund accounting has been used especially in the USA and UK (Monsen 2014).

This different context and difference in defining the primary users of information mean that financial accounting has developed differently in the government sector than in the private sector. The accountability of budget money usage has meant that accounting has for long been cash based or modified cash based showing how authorizations to use budget money have been accomplished.

However, because budgetary accounting follows the rules of allocating incomes and expenditures into the budget, the more budgeting complies with rules of accrual accounting, the more the budgetary accounting is at the same time double-entry accrual-based accounting. It is a common misunderstanding that government budgetary accounting is cash-based accounting, while in reality it often varies from pure cash-based accounting to modified cash-based or modified accruals-based accounting.

As mentioned, the **link between budgeting and accounting** forms a basic feature of governmental accounting. The more new public management ideas have been introduced to the public sector financial management, the more popular the accruals-based accounting has become in the public sector. However, in some countries, accruals-based accounting has been established besides the traditional budgetary accounting that has remained mainly on modified cash basis. In these countries, public sector organizations use a double system of public accounting: separate budgetary accounting that purports to present the budget-outturn calculations and separate accrual financial accounting that purports to present general-purpose financial statements (income statements and complete balance sheets). Recording to both financial accounts and budgetary accounts may happen simultaneously inside one combined information system. Information technologies with sophisticated software allow the integration of these two subsystems. Budget entities may also carry out a reconciliation between accrual accounting and budgetary accounting (Brusca et al. 2015).

If the budgetary accounting and the financial accounting are on the same basis, these two accounting systems can be merged into one serving both budget reporting and financial statement reporting purposes. For instance, if the budget is

on an accrual basis, the entries made during the year into the ledger make up a double-entry system that generates both the budget outturn reports and financial statement disclosures.

Because public sector tax-financed entities do not exist for profit-oriented purposes, the profit and loss statement may be named as a statement of revenues earned and expenses incurred, in which the bottom line shows the money result indicating either a need of deficit financing or surplus usable to investments and/or to loan installments.

Governments (whether central, regional, or local) may also do consolidated accounts that merge accounts of controlled entities to the parent entity in a way that resembles how the business entities do consolidation in financial accounting. In these cases, government entities present also consolidated income statements, balance sheets, and cash flow statements.

The public financial and budgetary accounts create the micro-data for the national accounting system. This is the third major public accounting system, but this is not handled further in this article (Table 1):

## Accounting Principles and Concepts

The conceptual framework (CF) is a codification of chosen accounting principles that are illustrated in the ways of defining accounting concepts. The principles may be derived primarily from the observed current practice. In this pragmatic method, principles are derived less from an accounting theory. Accounting theory that is more than a rationalization of practice begins with establishing the environment and objectives of accounting, and then the logical structure of accounting definitions, assumptions, practices, and procedures are derived from these basic accounting objectives.

Although bookkeeping is an old institution dating back to ancient times, codification of accounting principles encompassing the conventions, rules, and procedures that are necessary to explain accepted accounting practice at a given time dates back to the nineteenth century. In the USA, the American Accounting Association issued its publication in 1936 entitled "A tentative statement of accounting principles underlying corporate financial statements" (McCullers and Schroeder 1982, p. 2). These principles have developed to *generally accepted accounting principles* (GAAP). This term refers to a consensus within the accounting profession that a given principle is generally accepted as being appropriate to the circumstances in which it is used (McCullers and Schroeder 1982, p. 26).

Although there are several possible sources for statements of accounting principles, the most authoritative are the national and international accounting standard boards. Nowadays, powerful standard setters like the Financial Accounting Standards Board (FASB) in the USA and International Accounting Standards Board (IASB) in the UK influence the world, and national standard setters align more and more with standards developed for international use.

Accounting principles can be divided in several ways; one way is to divide them to a three-

**Accounting Principles, Table 1** Accounting systems for different purposes in the public sector

| | Financial accounting (commercial accounting) | Budgetary accounting | System of national accounts – IMF's GFS |
|---|---|---|---|
| Purpose | General-purpose financial statements for decision-making and accountability | Budgetary follow-up and budget outturn calculations for accountability and decision-making | Public sector financial statistics forming a basis for macroeconomic analysis and policy formulation |
| Accounting approach | Accrual based[a] | Budget based[b] | Statistical principles – accrual basis |

[a]The use of accruals in commercial accounting may be more or less strong and be based on different theoretical accounting approaches
[b]Budgets may be cash based, modified cash based, modified accruals based, or accruals based

level structure composed of pervasive principles, broad operating principles, and detailed principles. Theoretically, principles of each level should interrelate with principles at the other two levels. However, many accounting practices have not been based on higher principles but have simply evolved from experience (McCullers and Schroeder 1982, p. 27). If accounting rules are principles based, the CF and its principles are able to guide separate standards of accounting so that they do not have to be very detailed (rules based). Standards may alternatively be rules based, meaning that standards are written in a very detailed manner to encompass widely all practical situations.

The **proprietary theory** of accounting emphasizes that financial accounting must be structured in a way that satisfies fore and most the owner's interests. All accounting principles and concepts are defined from the owner's interest. Owners' purpose is to increase their wealth, and revenue is the increase in proprietorship, and expense is the decrease in proprietorship. The most common international framework for financial statement presentation is the **conceptual framework of IASB**, which issues International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS). The CF of IASB assumes that the financial accounting information that satisfies the needs of shareholders and creditors also satisfies the information needs of other users of financial statements, for instance, the government and its tax authorities, employees, vendors, customers, and the overall general public. During the last two decades, the CF has become more and more based on fair value measurement based on market values. This development has been driven especially from the point of view on how to assess market values of financial instruments, many of them being complicated and difficult to account for. The strong fair value measurement trend has aroused a lot of discussions about the complicated techniques to measure fair values when there are no active and liquid markets for some assets and liabilities. Especially in the public sector, the suitability of fair value measurement has been questionable.

Irrespective of the accounting context, whether private or public sector, we need some guidelines about the principles of good accounting practices. A general list of accounting principles of financial accounting is (Glautier and Underdown 1994, pp. 42–55) as follows:

1. Entity
2. Money measurement
3. Going concern
4. Cost
5. Realization
6. Accruals
7. Matching
8. Periodicity
9. Consistency
10. Prudence

The purpose of the **entity** concept is to make clear distinction between affairs of the accounting entity and other entities just like in the business accounting. The difficulty comes in defining what constitutes the government accounting entity and what off-budget entities should be consolidated to it. Several criteria can be used, for instance, government ownership and control of the entity, entity's dependence on government transfers, and the legal form of the entity. Furthermore, central, regional, and local governments consist of many sub-organizations, and there are a lot of variations of criteria, which determine which of these sub-organizations form also accounting sub-entities that do their own separate book closures even if they are not own legal entities.

The need of consolidation becomes more and more important when public sectors are decentralizing and outsourcing activities outside their core organizations, to off-budget entities, to state-owned companies, etc. The political decision-making body needs financial as well as nonfinancial information of the whole group of entities that have been assigned public functions and public money. Defining the demarcation lines between accounting entities and the extent to how far the consolidation should be done determines the sphere of annual financial reporting.

The convention is to make financial accounting in **money terms**. This is problematic in the public

sector financial accounting. There are assets like human resources that cannot be valued in monetary terms. Furthermore, it is difficult to value in money public sector activities that protect the environment or enhance social well-being. Hence, nonfinancial reporting is at least as important as the financial reporting. The more budgets have been formed as performance-based budgets, the more the accountable public sector organizations are responsible to disclose annual activity reports combining financial and nonfinancial information necessary to show the efficiency and cost-effectiveness of accountable entities in using public money.

The **going concern** principle is based on the assumption that the business is a continuing one at least in the near future, not on the verge of cessation and bankruptcy. Many assets in a firm derive their value from the employment in the profit creation process. Should the firm cease to operate the value which could be obtained for these assets on a closing-down sale would be much less probably than their book value.

The same reasoning of asset valuation doesn't fit well with the public sector's side where assets derive mainly their value from the service provision capacity, not from the capacity to earn money inflows. Furthermore, the central government and governments on other administrative levels have a good foundation for continuity because of tax financing and because of statutory functions that cannot abruptly be ceased in a bankruptcy-like situation. On the other hand, many kinds of accounting sub-entities inside the government can be ceased with administrative and political decisions, and in this case, going concern principle is not guaranteed forever. Only the totalities of sovereign states have the capacity in practice (with some historical exceptions, naturally) to live forever.

The cost measurement is based typically on **historical costs** rather than on **current costs** in public sector accounting. Historical cost is based on the reference to the cost of acquisition of assets. While the historical cost concept may raise many problems for the business accountant, it does less such problems for the public sector accountant. Historical costs of acquisition of assets do not take into consideration changes in the purchasing power of money. Specific assets face normally inflation and rising prices, which means, among other things, that depreciations calculated from historical asset values do not finance replacement investments and may twist the income statement from financing point of view.

Historical costs without revaluations are more reliable and less ambiguous than changing current money values of assets. However, this historical cost approach is not always followed consistently, because in some cases revaluations are possible also in the public accounting tradition, for instance, regarding real estates, if the reassessed value is considered reasonably permanent.

**Realization** principle refers to the moment the firm realizes an asset by selling or disposing it in some other ways. The realization price compared to the book value reflects the profit earned by this disposal. In the private sector accounting, realization principle has been criticized, and business sector accounting standards accept also holding gains and holding losses that are included to the profit accounts. However, in the public sector, holding gains and holding losses are less useful concepts, because assets are kept for service and goods provision for citizens, and it is more meaningful to account for only realized transactions that have money and budget effects.

**Periodicity** means that the life of an accounting entity must be divided to constant periods **for reporting purposes. Matching** is a fundamental accounting principle, which means that for computing profit, all costs are matched against the revenues to which they relate. This makes possible to match revenues and expenses for the accounting **period**. There are many practical difficulties in the way of achieving perfect matching. Depreciation is one of the most important means to allocate costs to accounting periods. It means allocating asset's costs to those accounting periods during the asset is used.

However, matching in public sector does not fit to non-exchange transactions forming the major part of governmental transactions. In these transactions (for instance, transfers to enterprises and

households or tax revenues), one cannot find a causal relationship between expenditures and revenues like in the private sector. When services are delivered free of charge to inhabitants, matching of expenditures and revenues is not possible. In the public sector, depreciation can be interpreted to mean **matching of expenditures with the use of factors of production** in the service and goods processing.

**Materiality** is also a pervasive concept that relates to the qualitative characteristics, especially relevance. Material (both quantitatively and qualitatively assessed) amounts are relevant because they make a difference to a decision-maker. A decision not to disclose certain information may be made, for instance, because investors have no need for that kind of information (it is not relevant) or because the amounts involved are too small to make a difference (they are not material) (McCullers and Schroeder 1982, p. 22). In the public sector, material thresholds, for instance, regarding frauds, may be interpreted to be very low because public entities use tax money taken from tax-paying citizens.

**Consistency** is important for making relevant comparisons between accounting periods. If there is no continuity of accounting methods and rules, the use of information becomes difficult. Comparability between accounting entities and consistency in accounting methods over time increase the value of accounting information. It is advantageous from this principle that accounting standards do not change continuously causing constant and costly training and changes in accounting technology.

**Prudence** in the public sector favors carefulness in estimating budget incomes so that they are not exaggerated and carefulness in estimating budget expenditures so that they are not underestimated. **Prudence** is also a general guiding principle for financial statements. Prudence means, among other things, that all costs must be recognized fully and that only realized profits are recognized in the income statement.

Standards should be **understandable**. In the public sector context, which especially in developing and poor countries have limited resources for accounting, clear and understandable standards rather than complicated and difficult-to-read standards are a necessity.

Also from this point of view, it is wise in the public sector not to push accruals too far into speculative territories. This implies prudence in valuing assets and revenues. It means also cautiousness in accounting for liabilities. For instance, post-employment benefits and social policy cash transfers are recognized based on the legal commitment for due payments. Assets are valued at the undepreciated portion of the acquisition cost. If revaluations are allowed, they have only an impact upon the balance sheet. The transactions-based approach leads to the fact that only realized gains and losses can have an impact on the income statement.

One example of this kind of prudence and historical cost valuation in government accounting is the Finnish central government's accounting rules. Both the principles of prudence and historical cost valuation are expressed in the Finnish Budget Decree Section 66 c and d (600/1997) regarding the valuation of noncurrent and current assets:

1. The final accounts shall include entries as follows:
2. Receivables at their face value, but not in excess of their probable value
3. Securities and other similar financial assets included in financial assets at their cost value or at their estimated market value at the end of the financial period, if lower than their cost value
4. Liabilities at face value adjusted by the positive or negative issue premium arising when a loan is taken out or if the debt is tied to an index or to another similar standard of comparison, at the higher value resulting from changes therein (1175/2002)

## Qualitative Characteristics of Accounting Information

The conceptual frameworks consisting of basic accounting principles describe the qualitative characteristics of accounting information. The

qualitative characteristics may be in a hierarchical order or without a hierarchy. The FASB used to make a hierarchy, in which user-specific qualities of decision usefulness and understandability are the starting points. The qualities that distinguish better or more useful information from inferior or less useful are primary decision-specific qualities of relevance and reliability. To be useful, information must be reliable as well as relevant to the information users. These two qualities have such ingredients as timeliness, verifiability, predictive value, neutrality, representational faithfulness, and feedback value. Secondary qualities are comparability and consistency and materiality as a threshold for recognition. One important quality attribute of financial statement information is that the costs of that information are not greater than its benefits. So, the pervasive constraint is that the benefits of accounting rules should be bigger than the costs of them (McCullers and Schroeder 1982, pp. 18–19).

The hierarchy from the point of view of public sector can be presented as follows. Because the decision usefulness for investors and shareowners is not relevant in the tax-financed public sector, the guiding criterion for usefulness is accountability information, that is, information for political decision-making bodies regarding the performance of accountable administration.

Quality criteria hierarchy:

1. Useful information especially for accountability purposes
2. Relevance, reliability, and sufficiency
3. Understandability and timeliness
4. Comparability and consistency of accounting methods
5. Cost constraints

In order that public entities' principals get the purposeful and efficient information they need, the information must be relevant, and also in sufficient amounts, and furthermore reliable. Of importance is also that the reporting must be understandable, not so complicated that only experts can take out the information contents. Non-understandable way of presenting information, even if it is relevant and reliable, makes the reporting pointless and not useful. This holds also regarding the timeliness criterion, because the decision-making bodies representing citizens must get the reporting information in a reasonable time after the budget and accounting period for surveillance purposes.

## Dynamic and Static Accounting Theories

Revenue-expenditure-led (income statement) approach is dynamic as it focuses as a starting point to the flows of transactions generating costs and revenues during the accounting period. Revenue-expense model and income statement approach is transaction based and uses historical costs rather than revaluations following fair values. The assets-liabilities-led (balance sheet) approach is more of a static approach, because it focuses on the measurement of the stocks of asset and liabilities.

The focus in financial statements varies between the value measurement of assets and liabilities in the balance sheet and the net income measurement in the income statement. The Anglo-American accounting approach favors nowadays the assets-liabilities-led (balance sheet) approach, while the Continental European approach has been dominated longer by the dynamic revenue-expense and income statement approach. International standards for listed companies, IAS/IFRS and FASB standards, comply with the asset-liability model and balance sheet approach. These standards rely heavily on concepts and measurements derived from fair value accounting.

This approach causes problems in the identification, measurement, and evaluation of assets and liabilities in the public sector. The problematic issues are connected to the characteristics of public goods, public monuments, heritage assets, infrastructure assets, and community assets, which seldom have any liquid markets and tractable market values and benefit the public at large and not the owner (the public entity). The revenue-expense theory and the income statement approach take into consideration public sector specialties and information needs better than the balance sheet and asset-liability approach.

Proprietary and entity theories provide different views of firms' balance sheets and the roles of owners and other financiers of invested assets. The proprietary theory of accounting has emphasized accounting for the owners and shareholders. Entity theory moves the accounting basis from the balance sheet, which is understood from the owners' perspective, toward a flow basis of accounting, in which transactions concerning revenues and costs form the essential core of the business cycles of production. For the accounting representation, the business cycle of the firm is more important than the valuation of the firm (Biondi 2012). This reasoning is also valid on the public sector accounting side with the important adjustment that tax-financed entities do not aim to earn revenues for profit-oriented purposes but for provision of needed services in a cost-efficient manner.

## Conclusions

The public sector accounting principles should be based on the specific circumstances prevailing in the public sector and on the primary users of public accounting information. These starting points mean that public sector accounting cannot be identical to business sector financial accounting. The different starting points cause different framework contents regarding accounting objectives, primary users, recognition and valuation of financial statement elements, disclosure modes, and activity reporting.

The international private sector standards like IAS/IFRS are based more on the Anglo-American assets-liabilities and balance sheet approach than on the expenditure-revenue theory and income statement approach that has a strong position in many European public sectors that use accruals. Many European countries use still also cash-based or modified cash-based accounting. If the European Union decides to base its possible future EPSAS on reasonable accruals, this means less drastic changes for countries, which already use moderate accruals. The changes are obviously greater in those EU member states whose accounting tradition is cash based or modified cash based (Oulasvirta 2014).

## Cross-References


- ▶ Accrual Accounting
- ▶ Budgeting in the Public Sector
- ▶ Cash Accounting
- ▶ Financial Reporting
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Whole of Government Accounting


## References


Biondi Y (2012) What do shareholders do? Accounting, ownership and the theory of the firm: implications for corporate governance and reporting. Account Econ Law Convivium 2(2):Article 5

Brusca I, Caperchione E, Cohen S, Rossi FM (eds) (2015) Public sector accounting and auditing in Europe. The challenge of harmonization. Palgrave and Macmillan, Houndmills

Falkman P (1997) Statlig redovisning enligt bokföringsmässiga grunder. En redovisnings teoretisk analys. Cefos, Swedish/Göteborg

Glautier MWE, Underdown B (1994) Accounting theory and practice. Pitman Publishing, London

McCullers LD, Schroeder RG (1982) Source and methodology of accounting principles. In: McCullers LD, Schroeder RG (eds) Accounting theory, text and readings. Wiley, New York, pp 2–27

Monsen N (2002) The case for cameral accounting. Financ Account Manager 18(1):39–72

Monsen N (2014) Governmental accounting: comparing commercial, fund and cameral accounting. Norwegian School of Economics, Bergen

Oulasvirta L (2014) The reluctance of a developed country to choose International Public Sector Accounting Standards of the IFAC. A critical case study. Crit Perspect Account 25:272–285


# Accrual Accounting


Adriana Tiron-Tudor
Department of Accounting and Audit, Babes-Bolyai University, Cluj-Napoca, Romania


## Synonyms

Accrual basis of accounting; Accrual concept; Accrual method; Accrual system

## Definition

Accrual accounting is "a basis of accounting according to which all the transactions and events are recorded when they occur, without a relation with cash inflow or outflow. Therefore, the operations and events are recorded in the accounting records and recognized in the set of financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses" (IPSASB 2006).

## The Accounting Methods

The importance of the accounting information presented in the financial statements for decision-makers is very well known in practice as well as in literature. The financial statements represent the result of recording transactions in a sequential and systematic manner following a set of rules, prescribed in the accounting method. Most entities typically use one of two basic accounting methods to record transactions: accrual or cash basis.

The term "accrual basis" refers to recording expenses or revenues when they occur, regardless of when cash is exchanged. Alternatively, the term "cash basis" refers to any entry recording with a cash impact. According to the accrual concept, expenses occur when materials are consumed, not when materials are acquired. Revenues are recorded when the right to receive the money is issued not when the money is received in cash or by bank transfer. Opposite to this, the cash method supposes a flow of money in and out of an entity, so revenues are recorded when money is received, and expenses, when it is paid.

Cash-basis statements are simple, readable, but they can result in misleading financial statements. Accrual basis is relative complex and more expensive to implement, but looks at the economic reality of the activities, rather than the actual cash inflows and outflows.

"Accruals" and "cash" are often portrayed as opposing end-points on a spectrum of possible bases for accounting and budgeting. In practice, other two hybrids approaches can be classified either modified cash or modified accrual basis. In the case of modified cash, cash receipts and disbursements made in a budget year are recorded and reported up to a specified period after year end. While in the case of modified accrual, the accrual basis is used with some exceptions like assets (e.g., fixed assets) or liabilities, not recognized.

A good measure of an entity's operating strength is the economic result of a period, and a clear public signal of this fundamental strength is the accounting result. But the accounting result differs from cash basis to an accrual basis of accounting, and for this reason, the accounting literature has extensively researched the precision or ability of an accounting system to capture the reality of economic transactions. The source of accuracy accounting arises from the following problem: period t cash flows are not period t economic earnings. For example, the manager may have spent cash on investments that will pay back in the future, so the cash outflow is not a purely economic loss. Alternatively, assets may have declined in value leading to economic loss, but there is no cash flow impact because the goods are not sold. Accounting, therefore, adjusts the operating cash flows (cash-basis accounting) to construct a measure of operating earnings. This adjustment is called accruals (accrual-basis accounting).

The need for this method arose out of the increasing complexity of an entity's operations and a desire for more accurate financial information. According to accrual accounting, the events should also be reflected in the financial statements during the same reporting period as that of transactions, given a more precise image of entity's current financial condition.

## Accrual Accounting Influence on Financial Statements

Accrual-based financial statements contain a more comprehensive set of information than that provided by cash-based statements. They inform the users about past transactions with cash

movements during the reporting period, the entity's resource, and future events like obligations to pay cash or consume other entity's resources at the reporting date. In comparison with another accounting basis, accrual basis provides information about past transactions and other events, very useful to decision-makers and for accountability purposes (IPSASB 2014).

Accrual-basis financial statements set include the following: financial position, financial performance, cash flow, changes in net assets/equity, budget execution, and notes. The main elements of accrual-basis financial statements are assets, liabilities, revenues, expenses, owners' contributions, and distributions.

- Assets represent resources controlled by an entity at present, the result of a past event.
- Liabilities are the current obligation of an entity for resources' outflow that results from a past event.
- Revenues are increases in the net financial position of the entity, other than arising from ownership contributions.
- Expenses are decreases in the net financial position of the entity, other than those resulting from the owners' contributions.
- Owners' contributions are inflows of owners' resources, which establish or increase interest in the net financial position of the entity.
- Owners' distributions are outflows of resources from the entity, distributed to owners, which return or reduce an interest in the net financial position of the entity.

Only by the use of the accrual basis of accounting, an entity respects the matching principle by reporting expense on its statement of financial performance in the same period as the related revenues. According to the accrual basis, economic events are recognized by matching revenues to expenses at the time in which the transaction occurs, either when a flow of money appears. By deduction, totals of expenditures and income are recognized in the financial statements, whether or not were flows of cash in that period.

There are three different influences of expenses on the balance sheet. If the expense payment is made at the time the expense was incurred, it will be a decrease in cash. If there will be a future payment of the expense, it will be an increase in accounts payable. And, if the expense was paid in advance, it will be a decrease in prepaid expenses.

The financial performance statement reflects revenues when they are earned – which often occurs before the cash is received from the customers. Similarly, as in the case of expenses, there are three different influences of the revenues in the balance sheet. If the service or sale were for cash, it would be an increase in cash. If the service were performed on credit, it would be increased in accounts receivable. If the customer had paid in advance for the service and the service was conducted afterward, it would be a decrease in unearned revenues.

At the end of the period under the accrual-basis accounting, the time differences in recognizing revenues and expenses result in the following adjusting entries:

(a) Accrued revenue/expenses are recognized before cash is received/paid, using receivables and liabilities accounts.
(b) Deferred revenues/expenditures are recognized after cash is received/paid, using receivables and liabilities accounts.

This method provides a more accurate picture of the entity's current financial performance and position. On the one side, all of the revenues earned during the period and the other side, all of the expenses incurred to obtain the revenues, according to the accrual basis, will be presented in the income statement. And all assets that were earned are reported, and all liabilities that were incurred will be reported. Cash-basis information is provided in the statement of cash flows that present inflow and outflow of cash grouped with operating, investing, and financing activities.

## Shifting from Cash to Accrual Accounting in the Public Sector

The cash-basis system was considered for a long time as being perfect for the public sector

accounting and budgeting, being also sustained by the supreme principle of compliance with rules and regulations. However, over the last 30 years, there has been a shift in the orientation of accounting and budgeting systems in the public sector from cash to accruals, because of numerous changes and an increased complexity of public sector activities across the world, categorized as New Public Management (NPM) characteristics.

The movement from cash to accrual accounting in public sector is significant because it is supposed to go from a strict situation of cashed incomes and paid expenses to a situation where the emphasis is on achievements in performance conditions.

According to the accrual-basis system, the emphasis is on efficiency.

During the last 30 years, the number of countries having moved or moving toward accrual accounting at different government levels (central, regional, local) has increased, but still nowadays, the world's governments are evenly split between cash-basis and accrual-basis systems.

Since the late 1980s, only Australia and New Zealand recorded a significant movement toward accruals-basis accounting in the public sector. The proponents were claiming that it provides new and, arguably, better information decision on the balance between current and capital expenditure, taking into account the opportunity cost of capital and its consumption over time. Then, the trend extended to other countries where there is a strong influence of the management philosophy, as the UK and the USA. The transition approach differs around the globe, from a total shift toward accrual accounting (the New Zeeland case, in 1992) to gradual changes in different regions (e.g., in the case of USA), or different level of governments and institutions. In the UK, accrual accounting was introduced for local authority accounts from the mid-nineteenth century and for the National Health services at the beginning of the 1990s. Then in 1993 accrual-basis accounting was proposed to be accepted by the central authority and was subsequently implemented (until 2001) (Hyndman and Connolly 2011).

Nowadays in Europe, accrual accounting is used more and more by national governments: 17 EU member states already use accrual accounting (PWC 2014), and several others are in the process of switching to it. The member states develop their country-specific rules for accrual accounting in the public sector basis according with the International Public Sector Accounting Standards (IPSAS). There are a lot of countries, defined by pluralism and diversity which apply accrual at different or all levels of government (Caperchione and Lapsley 2011; Busca et al. 2015; Manes-Rossi et al. 2016) or with the intention to use accrual or which have started the implementation process of accrual. But the move to the accrual basis for public sector financial reporting has not gained universal acceptance; a lot of countries are circumspect about accrual-basis accounting and budgeting in the public sector.

For example, in 2010, the German federal government abandoned its accrual-basis budgeting and accounting reform. The main reason for this action was the parliamentarian concerns about the loss of their control over the budget and the government's finances (Jones and Luder 2011).

The use of accrual basis for accounting is widespread in many countries, but the status is not the same as the budget. Most states, even if they apply accrual basis for accounting, prefer to apply cash basis for budgeting or use accruals to only a limited number of transactions in the budget (Anessi-Pessina et al. 2016). The accrual budget is not so popular because is believed to risk budget discipline and affect the control of public money and there is a legislature's general resistance to its adoption, due to the complexity of accruals (Blöndal 2003).

## Pro and Cons of Accrual Accounting in Public Sector Entities

In this context, there have been many pro and con debates of accrual accounting in the public sector and over the benefits and risks of using accrual basis in public sector accounting. But the expected benefits are overwhelmingly more

significant in comparison to the drawbacks, and, thus, an increasing number of governments initiate the adoption of accrual accounting (Guthrie 1998).

Accrual accounting is considered a component of managerialism and New Public Management (NPM). The most cited arguments for accrual accounting refers to providing a transparent, clear, and pertinent imagine regarding financial/nonfinancial performance of public institutions (Guthrie 1998), increasing the external accountability (Ryan 1998) and the capacity to reasonably reflect the patrimony (Kober et al. 2010).

Another group of arguments relates to the capacity to obtain full cost information, a critical element for improved organizational planning, controlling, and accountability (Chan 2003), budgeting and allocation of financial resources, outsourcing decisions, service costs evaluation, and internal accountability (Likierman 2000).

The accrual accounting benefits, according to FEE (2016), IFAC (2013), and Khan and Meyers (2009), are as follows:

- Using assets effectively, because accrual accounting requires complete recording of all assets that are relevant to the overall stance of fiscal policy and financial sustainability.
- Managing liabilities, because under accrual accounting, both financial and nonfinancial liabilities have to be reported in the annual accounts such as accounts payable for the receipt of goods and services and employee liabilities like for civil service pensions and provide a broader measure of the burden of government financial commitments.
- Managing performance, by having a more complete and realistic picture of costs for a particular reporting period and the total cost of a government's activities, essential for assessing the efficiency of public services.
- Addressing the citizens' right to know whether public services represent value for money.
- Increasing the comparability between the financial position and performance of the EU member states.
- Giving a complete picture of governments' revenue and expenses, allowing them to initiate action at an early enough stage, thereby preserving assets for future generations.
- Contributing to long-term planning and assist governments in sustainable decision-making.

On an opposite position, some researchers consider evident that the expected benefits of accrual accounting cannot be achieved (Cohen et al. 2013) or implementing accrual basis in this sector in not useful or necessary (Nasi and Steccolini 2008). The top of the disadvantages of accrual accounting basis list includes some of the follow items. To record some financial events, more transactions are required. At the end of the period, there are more complex requirements to calculate and manage the adjustments. The accrual accounting implementation often requires professional accounting training. Professional judgment is used to identify the timing and scope of revenues and expense. The preparation of the financial reports takes longer since income/expense adjustments require additional investigation.

Also, there are some suspicions considering that the accrual adjustments are relevant, but their reliability can be imperfect. Specifically, reliability or precision can be impaired because management can make estimation mistakes or can misuse its discretion over accruals to conceal economic reality, or the possibility to recognize and assets correctly.

The acceptance of accrual accounting in the public sector has not been unanimous. Some researchers express serious doubts about the applicability of accrual accounting in the public sector. They invoke the fact that the accrual techniques have been specifically designed to serve the needs of private firms. Other issues are the measurement problems, lack of theoretical support and increased subjectivity (Chan 2003), and the diverse nature of accountability in the public sector. Guthrie (1998) considers that accrual accounting does not measure outcomes, and accrual accounting provides a small idea of performance, focusing on the cost of services and efficiency. An important topic is also related to the difficulty and costs of implementation. All of these should be considered reasons why a

developed country refused to adopt IPSAS standards, basis to accrual accounting.

## Supporters of Accrual in Public Sector

There are a lot of important supporters of accrual basis in public sector accounting like IFAC, who issued IPSAS based on accrual accounting, WB, OECD, and IMF at an international level and FEE and EU Commission on the European scale.

IFAC and IPSASB have commented extensively on the advantages of accrual accounting for governments with different occasions and in various reports and studies. IMF, also a supporter of accrual accounting, considers the recent evolution of accrual accounting implementation in public sector in different states as an explicit recognition of the limits of cash accounting. A significant contribution to the spread of accrual accounting in the public sector is due to the development of accrual-based international standards for accounting (IPSAS) and government fiscal and financial reporting (GFSM). Moreover, the professionalization of the government accounting staff, the implementation of private sector techniques into the public sector, and the advent of computerized financial management information systems (FMISs) which significantly reduce the transaction costs of collecting and consolidating accrual-based information are strong arguments (IMF 2016).

At a European level, the European Commission/Eurostat (2013) underlines the fact that "Accruals accounting is the only accepted basis that provides an accurate image of the financial and economic position and performance of a government [. . .]". In line with this, FEE supports the move from cash to accrual accounting by issuing statements in connection with accrual accounting and organizing workshops and conference on this theme. FEE aims at highlighting some of the main advantages of adopting accrual accounting and its contribution to governments' financial decision-making process. Accrual accounting supports macro fiscal policy and a better management of assets and liabilities by measuring assets and liabilities relevant to the overall stance of fiscal policy and fiscal sustainability, but which are not measured by cash accounting (e.g., accounts payable, employee pension liability, PPP).

At the same time, the countries which decide to pass from cash accounting to accrual accounting are warned by IFAC to analyze very carefully the validity and the benefits expected from this reform taking into account the conditions, the priorities, and the local characteristics. Also, the European Federation of Accountants issued a paper outlining the risks involved and explaining the essential preconditions for the successful implementation of accrual accounting.

## Conclusions

\Even if the accrual accounting system is for some authors accurate and suitable for the private sector, it gained over the last 30 years more adepts in the public sector. There are a lot of arguments for this, leading to the idea that accrual accounting would provide more appropriate information for decision-makers and lead to better decision-making.

If accrual accounting adoption in public sector accounting will reach its goals, it is too early to express an opinion. However, a complete analysis will be possible in the future, after some years of application.

Despite the limited empirical evidence of its usefulness in the public sector and the reservations expressed by academics, the adoption of accrual accounting is regarded nowadays, as self-evident (Deaconu et al. 2011).

## References

Anessi-Pessina E, Barbera C, Sicilia M, Steccolini I (2016) Public sector budgeting: a European review of accounting and public management journals. Account Audit Account J 29(3):491–519

Blöndal J (2003) Accrual accounting and budgeting: key issues and recent developments. OECD J Budg 3(1): 43–59

Busca I, Caperchione E, Cohen S, Manes-Rossi F (2015) Public sector accounting and auditing in Europe: the challenge of harmonization. Palgrave, Basingstoke

Cohen S, Kaimenakis N, Venieris G (2013) Reaping the benefits of two worlds: an explanatory study of the cash

and the accrual accounting information roles in local governments. J Appl Account Res 14(2):165–179
Chan JL (2003) Government accounting: an assessment of theory, purposes, and standards. Public Money Manag 23(1):13–20
Caperchione E, Lapsley I (2011) Making comparisons in government accounting. Fin Account Manag 27(2): 103–106
Deaconu A, Nistor CS, Filip C (2011) The impact of accrual accounting on public sector management. An exploratory study for Romania. Transylv Rev Adm Sci 32 E/2011:74–97
FEE (2006) Better financial information for better decision making
FEE (2016) Accrual accounting: a key step toward better public finances
Guthrie J (1998) Application of accrual accounting in the Australian public sector – rhetoric or reality? Fin Account Manag 14(1):1–19
Hyndman N, Connolly C (2011) Accruals accounting in the public sector: a road not always taken. Manag Account Res 22(1):36–45
IFAC (2013) Transition to the accrual basis of accounting: guidance for governments and government entities. IFAC public sector committee study no 14
IMF (2016) Implementing accrual accounting in the public sector
IPSASB (2006) Glossary of Defined Terms, IPSAS 1 to IPSAS 12
IPSASB (2014) Conceptual framework for general purpose financial reporting by public sector entities
Jones R, Lüder K (2011) The Federal Government of Germany's circumspection concerning accrual budgeting and accounting. Public Money Manag 31(4):265–270
Khan A, Meyer S (2009) Transition to accrual accounting. IMF, Washington, DC
Kober R, Lee J, Ng J (2010) Mind your accruals: perceived usefulness of financial information in the Australian public sector under different accounting systems. Fin Account Manag 26(3):267–298
Likierman A (2000) Changes to managerial decision-taking in UK central government. Manag Account Res 11(2):253–261
Manes-Rossi F, Cohen S, Caperchione E, Brusca I (2016) Harmonizing public sector accounting in Europe: thinking out of the box. Public Money Manag 36(3): 189–196
Moretti D, Cavanagh J, Flynn S (2016) Implementing accrual accounting in the public sector. IMF technical notes and manuals no. 2016/06
Nasi G, Steccolini I (2008) Implementation of accounting reforms. Public Manag Rev 10(2):175–196
PWC (2014) Collection of information related to the potential impact, including costs, of implementing accrual accounting in the public sector and technical analysis of the suitability of individual IPSAS standards
Ryan C (1998) The introduction of accrual reporting policy in the Australian public sector: an agenda-setting explanation. Account Audit Account J 11(5):518–539

# Accrual Budget

Caridad Martí
University of Zaragoza, Zaragoza, Spain

## Definition

Accrual budgeting consists of the use of accrual accounting measures in the budgeting process and it entails planning on an accrual basis, that is, budgetary spending authorizations and income forecasts are formulated in accrual terms. Under the accrual basis, the effects of transactions and other economic events are recognized when the underlying economic events occur, regardless of the timing of related cash flows. Following this basis, revenues are recognized when income is earned, and expenses are recognized when liabilities are incurred or resources are consumed. Accrual budgets incorporate in addition to cash flows, all projected noncash transactions and stocks of assets and liabilities.

## Introduction

According to the accounting basis used to prepare the budget in public administrations, budgets can be classified into three main kinds: cash and commitments budget, obligation-based budget, and accrual budget. A cash budget shows receipts and expenditures, meaning the cash inflows and cash outflows at the actual collection or payment days. Under a cash-based system, budgets would not include stocks of assets or liabilities. Obligation-based budgeting recognizes legal obligations or commitments entered into a period when a public entity incurs a legal liability, regardless of when cash is paid or collected and regardless of when resources are earned or consumed (United States Government Accountability Office, GAO 2000). It implies the recording of an obligation and setting aside the funds for the actual cash outflow that will take place.

Accrual budgets seek to show the estimated full resource, rather than just the cash implications

of the planned government activities. For example, accrual budgets include, as budgeted expenses, noncash items such as depreciation and civil service pension liabilities. This enables accrual budgets to provide information to the parliament and other stakeholders of not just the cash costs but of the full resource implications of the planned government activities. An accrual budget can be presented in the same financial statements as those presented at the end of the year: a budgeted operating statement, a budgeted balance sheet, a budgeted statement of changes in taxpayer' funds, and a budgeted statement of cash flows and notes to the budgeted financial statements. A budgeted operating statement shows budgeted expenses and revenues, meaning resources consumed or resources generated, irrespective of the collection or payment dates. A capital budget statement can also be presented in order to impose limits on capital expenditure and to limit debt (Robinson 2009).

The countries which have implemented accrual budgets have also changed their budget structures to focus on a performance orientation, with an explicit definition of outputs or services, and outcomes or impacts of public services and programs on citizens and society (Martí 2013). Input information has not been totally replaced because it provides necessary information for parliamentary control over public spending. Under accrual budgets, revenues and funding appropriations that include full accrual-based costs are linked to specifications of planned and actual performance in terms of results, outputs, and/or outcomes.

## Different Approaches of Accrual Budgeting

There are different approaches in the application of the accrual basis, which represent different levels of sophistication in public accounting systems. Accrual budgets can be fully implemented at all levels of government, at selected agencies/departments or at some programs. Besides, between the two extremes – accrual and cash – numerous variations can be put into practice, depending on the assets, liabilities, and costs that are recognized. The four main accounting bases are the full accrual basis, the modified accrual basis, the modified cash basis, and the full cash basis (International Federation of Accountants, IFAC 1993).

For some governmental program areas, such as government employees' salaries, there are not important differences between accrual and cash figures because the lapse of time between the occurrence of a transaction that commits the government to make a payment or generates a resource for government and the cash flow associated is relatively short. For other program areas, the differences can be significant. One of the fundamental differences between cash and accrual bases is the capitalization and depreciation of assets. Governmental entities hold a variety of capital assets, including office buildings, infrastructure, heritage, military equipment, and natural resources. The accounting of these elements as an asset is usually justified on the grounds of transparency, accountability, and effectiveness of public programs. A lot of the indebtedness of public administrations is related to the purchase of infrastructure and other fixed assets. The accounting of these assets in the balance sheets of governments may create incentives for more efficient asset management. If the purpose is to make the budgetary treatment of these assets consistent with their financial reporting treatment, following the accrual basis, it means that the total amount of the investment could be recognized in the capital budget and the depreciations in the operating budget. When they are assets already owned before the implementation of accrual accounting, it may be more complex and costly to account for and value them. The application of the accrual basis in accounting for investments implies the recording of depreciation in public operating budgets, which is a necessary component of public service costs.

A characteristic of accrual budgets is the possibility to include capital charges as a cost measure for the capital assets used by governmental departments, as in New Zealand. Capital charges were also applied in the United Kingdom and in Australia for several years, but they were withdrawn. The objective of capital charges is to

ensure that the prices of goods and services produced by government departments includes full production costs, including the government's cost of capital. In some situations, capital charges function as an incentive to encourage ministries and or departments to make proper use of investments and/or to dispose of unnecessary assets. Cash appropriated to government departments and agencies can include full accrual amounts including expenses that do not involve cash outflows, such as depreciation and capital charges. Alternatively, under a different version of accrual budgeting which is more easily implemented because it implies less changes, cash can be appropriated to departments only for the components of accrual expenses that involve payments.

Apart from short-term liabilities, governments owe long-term obligations such as bonds payable and employee pensions payable. Accrual budgeting moves budget recognition forward for the costs of some programs, such as loans and insurances, which involve future cash flows (Martí 2006). An advantage of budgeting for the accruing costs is the recognition of the government's costs at the time decisions are being made. This earlier recognition of costs improves the information available to policymakers about the costs associated with current decisions and may improve the incentives to manage these costs. However, this benefit is dependent on reasonable, unbiased estimates of the government's costs. The application of the accrual basis also allows the provision of indicators of long-term sustainability of public entities such as net equity and self-financing of investments. These measures require that the budget includes all economic transactions carried out by the different public administrations. Tax revenue is an specific public sector element, so there is not reference from the private sector about how to accounting for it. It is sometimes difficult to know when the economic transaction that results in tax revenue takes place. The full accrual treatment of tax revenue requires an accounting adjustment for doubtful tax receivables.

Accrual budgeting offers different possibilities showing that within each system, there is also some degree of heterogeneity. Different accounting bases for different elements of budget systems may also have a significant impact on the measurement of the public deficit and debt.

## International Overview of Accrual Budgeting Implementation

Countries such as New Zealand and Australia pioneered the introduction of accruals into governmental accounting systems in the 1990s, motivated by the limitations of traditional cash-based systems for tracking the efficiency of spending. By 1991, the appropriations, accounting, and budgeting of all government departments were on a full accrual basis in New Zealand (Pallot 2001). Various governments in Australia had implemented accrual output budgeting reforms in the 1990s (Carlin and Guthrie 2003). Accrual output-based budgeting are financing systems under which government agencies receive funding for the results -usually outputs- which they deliver. In 2001/2002, the United Kingdom implemented accrual budgeting, under the title of Resource Accounting and Budgeting, together with a framework for analyzing expenditure by departmental objectives, relating these to outputs (Likierman 2003).

Accrual budgeting and accounting systems have already been implemented in several European Union (EU) Member States (e.g., local governments in Germany, federal government in Austria). Many states and local governments in Switzerland apply accrual budgeting and accounting since the mid-1980s (Bergmann 2012). It was assumed that accounting and budgeting should be on the same basis and within a comprehensive system. In the Swedish local authorities, accrual budgeting and accounting were also introduced in the mid-1980s. Sweden weighed up the implementation of accrual budgeting in central government but decided not to implement it because it considered that cash budgeting enables better control over resources, particularly over capital investment. In 2010, the German federal government abandoned its accrual budgeting and accounting reform because parliamentarians feared that the change from an input to an output

orientation in the budget, together with the reduction of the number of individual appropriations, would result in a loss of their control over the budget and the government's finances (Jones and Lüder 2011). The United States applies cash and obligations-based budgeting because it considers that accrual budgeting raises challenges for the management and oversight of capital assets and expenses such as depreciation, and it does not include costs associated with future government operations, related to Social Security, Medicare, and Medicaid (GAO 2007).

In less developed countries, the role played by international organizations, reformers, and donors has been a catalyst for implementing Public Financial Management reforms, such as accrual budgeting, as in Botswana and Philippines. Developing countries face some barriers such as resource, capacity and technology constraints, corruption, and the existence of more urgent priorities. Instead of accrual budgeting, many developing countries have medium-term expenditure frameworks (MTEFs), consisting of setting out projections for both revenues and expenditures over a 3–5 year time horizon. MTEFs aim at guaranteeing the consistency of resource allocation with macroeconomic objectives and increasing the transparency of government operations over a medium-term policy agenda (Martí and Kasperskaya 2015).

## Debates About the Impact of Accrual Budgets

There are both advocates and detractors of the impact of accrual budgeting. The major limitation of the cash basis is that while this system accounts for short-term cash flows, receipts and payments, it ignores financial flows that do not involve the movement of cash, such as depreciation, write-off of assets, and accrued interest. The latter elements are important if the full costs of governmental services have to be analyzed. The accounting for depreciation in budgeting follows the intergenerational equity principle, as it implies spreading the costs of capital assets in accordance with the distribution over time of the benefits that they generate. This could contribute to fairness between generations, that is, each generation should finance the cost of the services that it consumes.

If the budget is prepared on an accrual basis, it ensures symmetry with the accrual-based financial statements prepared at the end of the year. The application of dual systems – accrual accounting and cash or modified cash budgeting– requires extensive reconciliations between the two systems and may hinder the acceptance of the accrual-based accounting system. However, the application of the same accounting basis to the budget and to the financial statements allows the comparison of both figures, contributing to accountability.

The implementation of an accrual budget is justified on the grounds of harmonization with the two other macro accounting systems prepared by governments: the National Accounts and the Government Finance Statistics, which are both prepared on an accrual basis. National Accounts are a macro-economic accounting system that is compiled on the basis of a globally harmonized accounting standard. Government Finance Statistics are a macroeconomic statistical system for government finances published by the International Monetary Fund and designed to support fiscal analysis. There is a convergence project between these two systems and the International Public Sector Accounting Standards (IPSAS) of the IFAC in order to reduce differences to the maximum extent possible. In Europe, the National Accounts are based on the European System of National and Regional Accounts (ESA) published by Eurostat. EU member states are obliged to prepare National Accounts based on ESA to meet the convergence criteria of the EU Treaty regarding budgetary discipline. When translating from government accounting (microeconomic perspective) to National Accounts, the cash-accrual adjustments are more diverse and material in relation to the deficit/surplus in countries still having cash-based budgetary reporting (Jesus and Jorge 2015). A number of countries – Australia,

New Zealand, and the United Kingdom – aligned the accounting standards across budgets, statistics, and accounts on the accrual basis in order to promote greater transparency and accountability at the national level.

The rate of countries applying accrual budgeting remains lower than that of accrual accounting and there appears to be less consensus regarding the merits of the adoption of accrual budgeting. This reluctance to adopt accrual budgeting can be attributed to its increased complexity, as perceived by politicians that meet to discuss budget appropriations in parliament (Blondal 2004). Parliamentarians may fear that the change from an input to an output orientation together with having to vote on accounting items such as depreciations may result in a loss of control over the budget and the government's finances. The introduction of accrual budgeting may also involve significant human, financial, and material resources, such as adequate information systems, and it requires the use of legislation to provide formal authority to the changes as well as political and/or managerial commitment, and the driving force of central budgetary units to coordinate the reform.

Many countries that have adopted accrual budgeting did it as part of a context of public sector reforms that were labeled New Public Management reforms, which were intended to introduce "a more business-like public sector." Accrual budgeting is not usually considered an objective in itself but an accounting reform needed to change from bureaucratic controls to management-oriented public administrations. These reforms may include devolution of responsibility for financial and resource management, outsourcing, managing for results, etc. Some countries (for instance, some sectors in Australia and New Zealand) have also implemented purchaser-provider systems that aim to introduce quasi-market arrangements for governmental agencies by making them competitive suppliers of public sector outputs. In purchaser-provider systems, service-delivery agencies receive funding on the basis of the outputs they deliver to the public with specified quantity, quality, and price in performance targets. If government wants to present performance measures of the efficiency or cost-effectiveness of the services provided, the costs of the outputs must be based on accrual measures even if an accrual-based budget system is not implemented. Decisions that require a comparison of prices with other public- or private-sector providers are usually based on full accrual budgeting measures including costs such as depreciations, because the accrual basis is the underlying assumption for preparing financial information in business entities.

The choice of different accounting bases used to prepare the budget depends on the purposes and functions assigned to the budget. Different management systems may require different budgeting systems, since there is not a one-size-fits-all approach for all countries.

## Conclusion

A cash-based budget focuses on the traditional control of legality, trying to assure conformity with the expenditure authorizations, and provides information to evaluate the short-term economic impact of fiscal policy on borrowing needs and cash flow situation. By contrast, an accrual budget can be used to inform decision making about future borrowing needs, the cost of government operations, long-term consequences of current government programs, and it provides incentives for an efficient asset management.

Accrual and cash must not be seen as alternative bases but as complementary systems. In general, financial control of government operations needs to focus on both expenditures and expenses in order to have a complete financial view on the use of government resources. As investors in the private sector need a complete set of financial statements – including an income statement, a balance sheet, a statement of cash flows, a statement of changes in equity, and notes to the financial statements – to understand a business' financial situation and performance, both accrual and cash measures are important for understanding governments' financial situation.

## Cross-References

- ▶ Accountability
- ▶ Accounting for Public Debt and Deficit
- ▶ Accrual Accounting
- ▶ Budgeting in the Public Sector
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Performance Budgeting

## References

Bergmann A (2012) The influence of the nature of government accounting and reporting in decision-making: evidence from Switzerland. Public Money Manag 32(1):15–20

Blöndal JR (2004) Issues in accrual budgeting. OECD J Budg 4(1):103–119

Carlin T, Guthrie J (2003) Accrual output based budgeting systems in Australia: the rhetoric-reality gap. Public Manag Rev 5(2):145–162

Government Accountability Office (2000) Accrual budgeting: experiences of other nations and implications for the United States. GAO/AIMD-00-57. United States General Accounting Office, Washington D.C.

Government Accountability Office (2007) Accrual budgeting useful in certain areas but does not provide sufficient information for reporting on our nation's longer-term fiscal challenge. GAO 08-206. United States General Accounting Office, Washington, DC

International Federation of Accountants (1993) Elements of the financial statements of national governments. IFAC Public Sector Committee Study, New York

Jesus MA, Jorge S (2015) Governmental budgetary reporting systems in the European Union: is the accounting basis relevant for the deficit reliability? Int Rev Adm Sci 81(1):110–133

Jones R, Lüder K (2011) The federal government of Germany's circumspection concerning accrual budgeting and accounting. Public Money Manag 31(4):265–270

Likierman A (2003) Planning and controlling UK public expenditure on a resource basis. Public Money Manag 23(1):45–50

Martí C (2006) Accrual budgeting: accounting treatment of key public sector items and implications for fiscal policy. Public Budg Finan 26(2):45–65

Martí C (2013) Performance budgeting and accrual budgeting. A study of the United Kingdom, Australia and New Zealand. Public Perform Manag Rev 37(1): 33–58

Martí C, Kasperskaya Y (2015) Public financial management systems and countries' governance: a cross-country study. Public Adm Dev 35(3):165–178

Pallot J (2001) A decade in review: New Zealand's experience with resource accounting and budgeting. Financ Account Manag 17(4):383–400

Robinson M (2009) Accrual budgeting and fiscal policy. OECD J Budg 9(1):1–29

# Acculturation amid Globalization: Implications for University Policies and Administration

Baohua Yu[1] and Catherine Chai[2]
[1]Department of English Language Education, The Education University of Hong Kong, Hong Kong, Hong Kong
[2]Department of Applied Social Sciences, The Hong Kong Polytechnic University, Hong Kong, Hong Kong

## Introduction

Internationalization has become an unavoidable task and important strategy to cope with challenges of globalization to higher education. With the student population in higher education becoming increasingly internationalized and diversified, the acculturation and adaptation challenges and problems of these non-local students in local culture, society, and institutions have become a critical issue which needs attention of policy makers and senior administrators of higher education institutions. How to form better policies and administrative procedures to facilitate non-local students' better acculturation and sociocultural, psychological, and academic adaptation has become a vital task of senior management of higher education institutions.

In recent years, the rapid globalization has challenged all aspects of human life and society. Higher education is without exception. Globalization has profound impact on higher education. One aspect of the influence is the rapid student mobility and the increasing internationalization of student body in higher education institutions. The influx of international students in local higher

education institutions would bring about benefits since intercultural communication, exchange, and mutual understanding are valuable for social renewing and recreation (Maddux et al. 2010). However, these non-local students are facing challenges in the process of acculturation into local society and culture. Their sociocultural, psychological, and academic adaptation to local universities have gained increasing research attention for shaping better university policies and administrative strategies (e.g., Akhtar et al. 2015; Bodycott 2012). Against this background, this article firstly discusses the acculturation issues of international students in local universities under challenges of globalization. Then the article presents a study on mainland Chinese students' adaptation in universities in Hong Kong to illustrate different adaptation challenges faced by mainland Chinese students. Finally, the article discusses the implications of the study to university policies and administration.

Acculturation is a very important and necessary process for international students in higher education institutions in host countries. It is defined as "the process of cultural and psychological change that follows the meeting between different cultures" (Ozer 2015, p. 717). Adaptation is an important concept in acculturation research. In acculturation framework, adaptation refers to "the level of 'fit' between the acculturating individual and the mainstream cultural environment" (Berry and Sam 1997; Yu 2013, p. 729). Berry (1985) proposed that international students would experience four types of adaptation in a foreign culture, namely, environmental adaptation, sociocultural adaptation, psychological adaptation, and academic adaptation. The environmental adaptation refers to the adaptation to the weather, food, and living condition of the foreign culture. The sociocultural adaptation refers to "the acquisition of skills that are appropriate in the host culture and the general competence of mastering everyday life in the new cultural context" (Ozer 2015, p. 718). It may include the ability to deal with different social norms and interpersonal relationships (Zeng and Watkins 2010) and the ability to "fit in or negotiate interactive aspects of the host culture" (Yu 2013, p. 729). The psychological adaptation is related to "the affective aspect of acculturating to a new cultural environment" and includes evaluation of the condition of one's psychological well-being such as levels of psychological stress (Ozer 2015, p. 718). The academic adaptation is related to how international students adapt to the language of the host culture and the teaching styles of the host country (Zeng and Watkins 2010). A large body of literature suggests that international students would experience significant difficulties, challenges, and stresses when adapting to the host social, cultural, and educational environments. For example, they may experience difficulties in adapting to social and cultural norms, language problems, difficulties in adapting to educational system, changes in social support and interpersonal relationship, and even racial discrimination (Lee et al. 2004; Sherry et al. 2010; Smith and Khawaja 2011). Students studying in a foreign culture may also encounter significant psychological problems such as anxiety and depression (Lee et al. 2004; O'Reilly et al. 2010). In addition, there might be related physical symptoms or health problems. Furthermore, some studies showed that Asian international students tended to not seek help from consultation or therapist because they perceived this conduct will lose their faces (Lee et al. 2004). Besides the difficulties and problems in sociocultural and psychological adaptation, research also showed that international students would experience higher stress in academic adaptation (Mudhovozi 2011; Yu and Wright 2017). Particularly, some research studies suggest that mainland Chinese international students would experience significant academic stress in studying in English-speaking countries such as the USA due to low levels of English language proficiency, dysfunctional interaction with local faculty, great cultural and educational gap, and their higher achievement motivation (Yan and Berliner 2009).

International students' adaptations might be influenced by a set of diversified factors. For example, research found that psychological adaptation was related to factors such as personality, copying style, and social support (Bektas et al.

2009; Lee et al. 2004; Zhang et al. 2010), while sociocultural adjustment is related to stay length in host culture, knowledge about host culture, proficiency in foreign language, social network and social support, and contact with people in host culture (Forbush and Foucault-Welles 2016; Ozer 2015; Ward and Kennedy 1999). Research also suggests that international students' sociocultural adaptation in host culture is influenced by their preconception and perception of the host culture (Constantine et al. 2005). With regard to the academic adaptation, research found that it was significantly influenced by international students' proficiency in local language, extracurricular activity engagement, interaction with teachers, peer relationship, commitment to institution, and goals for graduation and employment (Dunn 2006; Yu 2013; Yu and Wright 2016). Better adaptations in different aspects could result in a lot of positive outcomes of international students such as higher life satisfaction (Hoti et al. 2017), college and university satisfaction (Mahmood 2014), lower dropout rates (Tinto 1993), college persistence intention (Ojeda et al. 2014), increased intellectual and psychological health, and higher academic achievement (Pascarella and Terenzini 2005; Shafaei and Razak 2016; Yorke and Longden 2007). Therefore, to foster international students' sociocultural, psychological, and academic adaptation is an important task of universities in the context of globalization.

International students' adaptation in different aspects plays a vital role in policy making and administration of higher education institutions. Particularly, in the context of globalization, internationalization of higher education is a significant goal of higher education institutions in many countries and regions. One important indicator in the internationalization of higher education institution is the internationalization of student population. In addition, international students could bring a lot of benefits to higher education institutions and host countries. Many countries made clear policies for recruiting increasing numbers of international students for economic reasons for which the enrollment of these students could bring a significant amount of revenues to higher education institutions in host countries (Andrade 2006). Another benefit is sociocultural which is imperative under challenge of globalization. Challenged by the advancement of globalization, intercultural competence and communication have become vital for all the nations and for students in higher education institutions. The recruitment of international students could help to contribute to the intercultural communication and competence of higher education institutions and nations (Andrade 2006). Therefore, higher education institutions must have in-depth understanding of the adaptation problems, status, and process of international students and develop related policies and administrative procedures to facilitate international students' academic, sociocultural, and psychological adaptation in host culture and host institution. Although many existing studies investigated the international students' adaptation in higher education institutions in host countries, they mainly focused on one or two types of adaptation. In addition, few studies focused on aspect of university policy and administration. Furthermore, most of the existing studies were conducted in Western context. Few of them put focus on Asian context such as Hong Kong. In recent years, there have been an increasing number of mainland Chinese students studying in higher education institutions in Hong Kong. Previously being a British colony, Hong Kong has returned to China as a Special Administrative Region (HKSAR) since 1997. However, Hong Kong is significantly different from mainland China in many aspects such as law and educational system (Li 2015). Hong Kong has long been an attractive place for mainland Chinese students due to its mitigation of both Chinese and Western cultures, mature law system, good infrastructure, and international higher education which uses English as medium of instruction (Zeng and Watkins 2010). According to the statistics of the University Grants Committee (UGC), in the 2017/2018 academic year, the proportion of mainland Chinese students occupied 12% of the total student population in the eight public universities in Hong Kong funded by UGC, while the number of other non-local students only occupied 5%. Although the mainland Chinese students occupied the largest proportion of

international student population, few research studies investigated their intercultural (socioeconomic and psychological) and academic adaptation in higher education institutions in Hong Kong.

Mainland Chinese students' adaptation in Hong Kong universities is worth to investigate not only because of their large proportion in body of international students but also because of the special relationship between mainland culture and culture of Hong Kong, which is called as a sibling culture that was rarely studied (Zeng and Watkins 2010). In addition, many existing study focused on the research on sociocultural and psychological adaptation but neglected the academic adaptation which was argued by Yu (2013) and other scholars (Tinto 1993; Zeng 2006) as an important aspect in cross-cultural adaptation.

## Objectives and Purpose of the Present Study

The aim of the present study was to investigate the sociocultural, psychological, and academic adjustment of mainland Chinese students who studied in local universities in Hong Kong and to give implications to university policy making and administrative adjustment. It tried to address the following research questions:

1. How were sociocultural, psychological, and academic adaptations of mainland Chinese students in Hong Kong universities?
2. What factors contributed to their adaptation?
3. What are the implications of the adaptation conditions of mainland Chinese students to university policy making and administrative adjustment?

## Methods

### Participants and Procedure

The participants of the present study were 54 mainland Chinese students studying in different programs in 4 higher education institutions in Hong Kong, including The University of Hong Kong, The Chinese University of Hong Kong, The Hong Kong University of Science and Technology, and The Education University of Hong Kong. To get more balanced and representative views, the participants covered students from different programs, study years, hometown, as well as study mode (undergraduate and postgraduate).

The present study is one part of the large research project investigating non-local students' adaptation in Hong Kong higher education institutions. Eight universities founded by the University Grants Committee were contacted by the researcher, and finally six of them agreed to participate in the project. The project included both survey and focus group interview. All the students participated in the survey were invited to join a focus group interview. Finally, 54 students from 4 universities joined the focus group interview. Each focus group lasted for around 1 h and was audio-recorded. For each focus group, a trained researcher was present as moderator. A focus group protocol developed by the research team of the project was adopted to guide the focus group. The protocol included a list of questions to ask students' perceptions about their sociocultural, psychological, and academic adaptation in their institutions, as well as their perceived support from universities.

### Data Analyses

Each audio record of the focus group was transcribed into texts by trained student helpers. Then a senior researcher with qualitative research background carefully read the texts for several rounds to identify the coding structure and major themes. During several rounds of coding, the major themes were identified, refined, and finalized.

## Sociocultural Adaptation of Mainland Chinese Students

In general, mainland Chinese students demonstrated a generally higher level of sociocultural adaptation in their own institutions but lower level of sociocultural adaptation in the broad Hong Kong society. Therefore, they demonstrated higher sense of belonging to their own institutions but lower sense of belonging to the broad Hong

Kong society. Several factors influenced mainland students' sociocultural adaptation, including language barrier, cultural and value difference, political tension, and lack of social support.

### Language Barrier

First, language barrier is a major factor influencing mainland Chinese students' sociocultural adaptation. Many mainland Chinese students, particularly for the freshman-year students and the students from North China, mentioned that language was one of biggest challenges for them in Hong Kong. One student mentioned that although she has stayed for almost 4 years in Hong Kong, she still felt that Cantonese was a big challenge for her and she still could not speak fluent Cantonese. The language difficulty also influenced these students' establishment of social network and friendship making with local students.

### Cultural Difference and Challenge in Friendship Making with Local Students

Apart from language barrier, cultural and value differences also accounted for the lower level of sociocultural adaptation of mainland Chinese students. In addition, compared with their friendship making with other mainland Chinese students, mainland Chinese students had less friendship making and lower social interaction with local students. No matter in closeness of friendship or in quantity of friendship, local friends are not comparable to mainland friends. Again, language barrier was one biggest hindering factor for mainland Chinese students to establish friendship with local students particularly in early years of their university study. In addition, cultural difference and stereotype was another major hindering factor to mainland Chinese students' interaction and friendship making with local students. For example, mainland Chinese students said that local students would perceive mainland students as "over academic-oriented" and less engage in other activities. Also, local students may perceive mainland students as "too obedient" and lack of free and critical thinking.

Some mainland Chinese students mentioned that they did not want to collaborate with or work with local students particularly in doing group projects in their academic study because they thought many local students did not take serious attitude toward their academic study compared with mainland Chinese students, most of whom were hardworking. Furthermore, mainland Chinese students used the words "different funny bone" to describe the cultural difference between them and local students. They expressed that they cannot get and understand the "funny bone" of jokes that made by local students even if they could understand Cantonese. This deeper cultural difference hindered the deeper friendship making between mainland and local students. Moreover, mainland Chinese students' interaction and friendship making with local students was influenced by their willingness and attitude toward interaction with local students. A few mainland Chinese students took a "go with the flow" attitude toward interacting and making friendship with local students. Only few mainland students held a more active and proactive attitude toward interaction with local students.

### Influence of Political Tension and Discrimination Between Hong Kong and China in Recent Years

The third factor influencing sociocultural adaptation of mainland Chinese students in Hong Kong universities and broad society was political tension between mainland China and Hong Kong in recent years after Hong Kong's return as a Special Administrative Region of China. In recent years, there have been a series of events related to political and system tensions that sharpened the conflicts between Hong Kong and mainland China. These events included "Occupy Central Event," "parallel traders," mainland women giving birth to children in Hong Kong, etc. For some mainland Chinese students, these political-related events did not have much impact on their life, academic study, and friendship making with local students in their own higher education institutions. They also did not experience much discrimination by local students in their own institutions. One major reason, expressed by some mainland students, might be that many local students can have rationale thinking who will not attribute mainland Chinese students to the group of "parallel traders."

However, mainland Chinese students generally expressed that they experienced different levels of discrimination in the broad Hong Kong society and outside of their campuses. For example, some mainland Chinese students mentioned that the uncivil deeds and behaviors of mainland Chinese parallel traders and some mainland travelers have caused the discrimination and prototypical perception of Hong Kong local people to normal mainland Chinese people. This aroused in mainland Chinese students' hearts the "shame" feelings because they felt that they were also from mainland China. However, some mainland students perceived that not all the Hong Kong local people but only those with lower socioeconomic status tended to have discriminant attitude. For those local people with higher socioeconomic status, they tended to have a more collaborative attitude toward mainland China people. Besides, some mainland Chinese students expressed an understanding and support of the political freedom of Hong Kong local people and thought this situation was understandable due to the historical reasons.

### Appreciation of Some Sociocultural Aspects of Hong Kong

Although mainland Chinese students encountered challenges and difficulties in their sociocultural adaptation to the broad Hong Kong society, many of them claimed that they appreciated the "freedom" in Hong Kong's social system and culture. For example, when talking about and comparing higher education system in mainland China and Hong Kong, some mainland Chinese students expressed that the "class" structure in higher education institutions in mainland China sometimes "restricted" or "forced" them being together, while they can enjoy more freedom in Hong Kong higher education institutions to do what they want to do and join activities based on their own interests but not outside forces.

## Psychological Adaptation of Mainland Chinese Students

Some mainland Chinese students encountered significant challenges in psychological adaptation particularly in their early year of study in higher education institutions in Hong Kong. They mainly felt a sense of loneliness. There were three factors contributing to their difficulties in psychological adaptation. The first factor was language problem. The second factor was the sudden loss of family and social support. The third factor was their difficulty in adapting to the higher educational system in Hong Kong. As mentioned by some mainland Chinese students, the universities in mainland China will have "class" as a unit for connecting all students from the same major. In addition, universities in mainland China will also arrange students from the same major to live together. In such a way, students will develop more sense of belonging and gain more support from other fellow students. However, the universities in Hong Kong did not have the class system and dormitory arrangement; therefore, mainland China students felt that they were very isolated and cannot gain enough social support, which therefore led to their feeling of loneliness.

However, there were also some mainland Chinese students expressing that they did not encounter much problems in psychological adaptation. In other words, they had smooth or very good psychological adaptation. One influencing factor was students' personality and attitudes. The students having good psychological adaptation normally had positive attitudes and proactive personality.

## Academic Adaptation of Mainland Chinese Students

For freshman-year mainland Chinese students, the large amount of English reading in their subjects was one of the biggest challenges in their academic adaptation. Some mainland Chinese students also mentioned that English writing was also a big challenge in their academic adaptation. However, this challenge would gradually become weaker along with the progression of their academic study. Some mainland Chinese students expressed that they did not like to do group presentation which was a major assessment format in Hong Kong universities.

Fourth, the different educational structure in Hong Kong contributed to their less of friends from both groups. As mentioned by Student 8, there were no concept and structure of "class" in universities in Hong Kong which was different from universities in mainland China in which students from the same major will be assigned to a class. The class will help to strengthen the bonds and connection among students. Therefore, mainland students felt isolated and lost in Hong Kong. They thought this educational structure made them to have less opportunities to meet and establish friendship (academic).

## Mainland Chinese Students' Sense of Belonging to Their Institutions and Perceived University Support to Their Adaptation

One interesting point was that although mainland Chinese students had lower sociocultural adaptation in the broad Hong Kong society, they generally had a high sense of belonging to their own institutions. One major reason was that these students perceived that their universities provided good support to non-local students. For example, mainland Chinese students from one university mentioned that their institution developed a scheme which will offer peer support to non-local students. Each newly enrolled mainland Chinese students will be assigned a "buddy" who will be a graduate from the institution to give support, help, and consultation to the student regarding to the study, life, and psychology of the student. Several mainland Chinese students perceived this scheme very useful to their adaptation to the academic study in their institution.

Another useful university support, mentioned by some mainland Chinese students, was the O-Camp specially organized for mainland Chinese students in some universities. Some mainland Chinese students mentioned that this scheme helped them to know and establish network with other mainland Chinese students to gain social and academic support and advice from them. Particularly, many freshman-year mainland Chinese students mentioned that support from senior mainland Chinese students was vital for their quick adaptation when their Cantonese language proficiency was very low at the very beginning. Some mainland Chinese students thought that the O-Camp specifically for mainland Chinese students was much more useful than the O-Camp for all the students in their departments in which local students occupied the major student population and mainland Chinese students felt the difficulty to join different teamwork activities due to language barriers and cannot enjoy the meaning of those activities. In addition, some mainland Chinese students also expressed difficulty to join some traditional O-Camp in their universities because these activities were very "energy-consuming" and "burdensome."

In addition, some mainland Chinese students perceived that some extracurricular activities related to introduction of culture and language of Hong Kong were useful for enriching their understanding of Hong Kong and enhancing their Cantonese language proficiency. These kinds of activities also offer opportunities for mainland Chinese students to establish network and friendship with local students.

However, mainland Chinese students also perceived that most of the students' societies in their universities were targeting at recruiting local students, and they felt the difficulty to join these societies. These students mentioned that there were few societies with an international nature to incorporate or attract more non-local students. This might hinder the intercultural communication between local and mainland Chinese students.

## Implications to University Policy and Administration

As mentioned earlier, to facilitate non-local students' better adaptation (including sociocultural, psychological, and academic adaptation) is an urgent and vital task for different higher education institutions under the challenge of globalization. Based on the findings of the present study, it could be identified that several major factors influencing adaptation of non-local students might be

language barriers, cultural and value difference, political conflict or tensions, and different educational system. To facilitate non-local students' better adaptation, university policy making needs to consider how to make more suitable policies targeting on these different areas. For example, policy makers and administrators should think how to offer more effective language learning courses for non-local students, to facilitate mutual cultural understanding between local and non-local students, and to give necessary support to help non-local students understand more the educational system and learning style of the host country. Meanwhile, how to make different mechanisms and activities in campus more internationalized such as organizing and establishing more internationalized student societies and make O-Camp more internationalized might also help non-local students to gain better sociocultural, psychological, and academic adaptation.

## References


Akhtar N, Pratt CB, Bo S (2015) Factors in the cross-cultural adaptation of African students in Chinese universities. J Res Int Educ 14(2):98–113

Andrade MS (2006) International students in English-speaking universities: adjustment factors. J Res Int Educ 5(2):131–154

Bektas Y, Demir A, Bowden R (2009) Psychological adaptation of Turkish students at U. S. campuses. Int J Adv Couns 31(2):130–143

Berry JW (1985) Psychological adaptation of foreign students in Canada. In: Samuda R, Wolfgant A (eds) Intercultural counselling (pp. 235–248). Hogrefe, Toronto, ON

Berry JW, Sam D (1997) Acculturation and adaptation. In: Berry JW, Segall MH, Kagitcibasi C (eds) Handbook of cross-cultural psychology. Social behavior and applications, vol III. Allyn & Bacon, Boston

Bodycott P (2012) Embedded culture and intercultural adaptation: implications for managing the needs of Chinese students. J High Educ 34(4):355–364

Constantine MG, Anderson GM, Berkel LA, Caldwell LD, Utsey SO (2005) Examining the cultural adjustment experiences of African international college students: a qualitative analysis. J Couns Psychol 52(1):57–66

Dunn JW (2006) Academic adjustment of Chinese graduate students in United States institutions of higher education. ProQuest: UMI Dissertation Publishing

Forbush E, Foucault-Welles B (2016) Social media use and adaptation among Chinese students beginning to study in the United States. Int J Intercult Relat 50:1–12

Hoti AH, Heinzmann S, Muller M, Buholzer A (2017) Psychosocial adaptation and school success of Italian, Portuguese and Albanian students in Switzerland: disentangling migration background, acculturation and the school context. J Int Migr Integr 18(1):85–106

Lee JS, Koeske GF, Sales E (2004) Social support buffering of acculturative stress: a study of mental health symptoms among Korean international students. Int J Intercult Relat 28(5):399–414

Li M (2015) Mainland Chinese students in Hong Kong and Macau. Int High Educ Int Trends 46:15–17

Maddux WW, Adam H, Galinsky AD (2010) When in Rome. Learn why the Romans do what they do: how multicultural learning experiences facilitate creativity. Personal Soc Psychol Bull 36:731–741

Mahmood H (2014) An analysis of acculturative stress, sociocultural adaptation, and satisfaction among international students at a non-metropolitan university. Dissertations. Retrieved from https://digitalcommons.wku.edu/cgi/viewcontent.cgi?article=1063&context=diss

Mudhovozi P (2011) Adjustment experiences of international students at a South African University. J Psychol Afr 21(2):293–296

O'Reilly A, Ryan D, Hickey T (2010) The psychological well-being and sociocultural adaptation of short-term international students in Ireland. J Coll Stud Dev 51(5):584–598

Ojeda L, Castillo LG, Meza RR, Pina-Watson B (2014) Mexican Americans in higher education: cultural adaptation and marginalization as predictors of college persistence intentions and life satisfaction. J Hisp High Educ 13(1):3–14

Ozer S (2015) Predictors of international students' psychological and sociocultural adjustment to the context of reception while studying at Aarhus University, Denmark. Scand J Psychol 56(6):717–725

Pascarella ET, Terenzini PT (2005) How college affects students: a third decade of research. Jossey-Bass, San Francisco

Shafaei A, Razak NA (2016) International postgraduate students' cross-cultural adaptation in Malaysia: antecedents and outcomes. Res High Educ 57(6):739–767

Sherry M, Thomas P, Chui WH (2010) International students: a vulnerable student population. High Educ 60(1):33–46

Smith RA, Khawaja NG (2011) A review of the acculturation experiences of international students. Int J Intercult Relat 35(6):699–713

Tinto V (1993) Leaving college: rethinking the causes and curves of student attrition research. University of Chicago, Chicago

Ward C, Kennedy A (1999) The measurement of sociocultural adaptation. Int J Intercult Relat 23(4):659–677

Yan K, Berliner DC (2009) Chinese international students' academic stressors in the United States. Coll Stud J 43(4):939–960

Yorke M, Longden B (2007) The first year experience in higher education in the UK. The Higher Education Academy, Heslingon
Yu BH (2013) Asian international students at an Australian university: mapping the paths between integrative motivation, competence in L2 communication, cross-cultural adaptation and persistence with structural equation modelling. J Multiling Multicult Dev 34(7): 727–742
Yu B, Wright E (2016) Socio-cultural adaptation, academic adaptation and satisfaction of international higher degree research students in Australia. Tert Educ Manag 22(1):49–64
Yu B, Wright E (2017) Academic adaptation amid internationalization: the challenges for local, mainland Chinese, and international students at Hong Kong's universities. Tert Educ Manag 23(4):347–360
Zeng M (2006) The adaptation of Mainland Chinese research postgraduates to the universities of Hong Kong. Unpublished PhD thesis. Hong Kong, The University of Hong Kong
Zeng M, Watkins D (2010) Adaptation of mainland postgraduate students to Hong Kong's universities. In: Chapman DW, Cummings WK, Postiglione GA (eds) Crossing borders in East Asian higher education. CERC studies in comparative education, vol 27. Springer, Dordrecht
Zhang J, Mandl H, Wang E (2010) Personality, acculturation, and psychosocial adjustment of Chinese international students in Germany. Psychol Rep 107(2):511–525

# Accumulation of Local Government Savings

Min Su
Louisiana State University,
Baton Rouge, LA, USA

## Synonyms

Financial slack; Unreserved general fund balance

## Definition

Government saving, often referred to as financial slack, is the financial resources that are accounting based and can be measured objectively. It is measured as a government's unreserved or unassigned general fund balance.

## Introduction

Government savings can be a conundrum that perplexes many taxpayers. Excessive savings indicate that taxpayers either pay unnecessarily high taxes or they do not receive adequate returns on services. Insufficient savings on the other hand leave government officials little financial flexibility to respond to unanticipated events. The Great Recession and its aftermath have renewed interest in understanding government savings. The advent of the Great Recession in 2008 brought tremendous challenge to local administrators. They had to tackle with increased demand for public goods and services with diminished revenue. Struggling local governments could expect little help, if any, from their state governments because state governments faced the same fiscal challenge.

The Great Recession is not the only economic downturn that challenged government fiscal administration. According to the National Bureau of Economic Research (NBER), the United States has experienced ten major economic recessions since the 1950s. Over time, government administrators and researchers have realized the importance of accumulating savings (i.e., financial slack) to alleviate the negative impacts of economic recessions. This entry provides an overview of the concept of financial slack in governmental budgeting and financial management research. The entry summarizes theories and perspectives used to understand why governments accumulate financial slack. The entry also presents a brief overview of the size of financial slack in municipal governments in the United States.

## Defining Financial Slack

Slack is a concept that appears in various disciplines. Organizational theorists define it as the excess resources available to an organization, including excess liquidity, redundant employees, unused capacities, discretionary capital expenditures, and public services provided in excess of those required (Cyert and March 1963). In the public administration and public budgeting

literature, researchers are interested in financial slack, referring to slack resources that are accounting based and can be measured objectively. Financial slack reflects a government's liquid financial resources. Governments keep financial slack either in formally established reserve funds with *dedicated* purposes or in the unreserved general fund balances as *discretionary* savings.

## Two Types of Government Savings

### Dedicated Savings: Rainy Day Funds

The most common dedicated savings are those formally established fiscal reserves for expenditure stabilization, popularly known as the rainy day funds. The rainy day funds have various names. For instance, California names its rainy day fund the "Special Fund for Economic Uncertainties." Georgia calls its rainy day fund the "Revenue Shortfall Fund." Massachusetts names its fund the "Commonwealth Stabilization Fund." As of today, all 50 states have some sort of rainy day funds or other reserve funds dedicated for expenditure stabilization. At the local level, however, establishing designated rainy day funds or budget stabilization funds is not a common practice. Local governments do not see rainy day funds as a must-have financial management strategy.

The dedicated savings usually have legally defined withdrawal rules in statutes or constitutions. Fourteen states impose additional supermajority voting requirements to withdraw these savings (PEW Charitable Trust 2017). Regarding the accumulation of dedicated savings, governments often cap the size of rainy day funds, usually 5–10% of annual expenditure. Once the rainy day funds reach the maximum savings target, they will stop allocating money to these funds. Thus, there is not much variation in the size of rainy day funds.

### Discretionary Savings: Unreserved General Fund Balance

Different from state governments that keep savings in formally established reserve funds, most local governments keep their savings in the general fund balance. The general fund is a government's primary operating fund. The general fund balance is the difference between a general fund's current assets and current liabilities at the end of a fiscal year. Part of the general fund balances are reserved and not available for appropriation due to their non-spendable nature or externally imposed and enforceable limitations. The rest of the fund balance that carries no restrictions on future use are unreserved general fund balances. Because the unreserved general fund balance has no dedicated purpose and its usage is under the managerial discretion of government administrators, it is governments' discretionary savings.

The accumulation of these discretionary savings – the unreserved general fund balance – is not subject to any legal rules nor is there any cap on the maximum size of fund balance. State governments and professional organizations provide guidelines on the adequate minimum unreserved general fund balance level. For instance, the Government Finance Officers Association (GFOA) recommends that local governments should maintain unreserved general fund balance of approximately 2 months (or 15%) of annual operating expenditure. Large governments can have a lower level of no less than 5%. Research finds that local governments often keep unreserved general fund balance much more than the recommended minimum level. Thus, there is sizable variation of unreserved general fund balances among local governments.

## Fund Balance Reporting: GASB 34 and GASB 54

### GASB 34

The Governmental Accounting Standards Board (GASB), established in 1984, issues accounting and financial standards for US state and local governments to improve the quality of financial reporting and the usefulness of government financial information. In 1999, GASB published Statement 34 that brought the most significant changes to government financial reporting. Statement 34 requires fund balances should be reported in two categories: reserved and unreserved. When fund balance is *reserved*, the resources are either in non-spendable form (such as inventory) or

legally restricted to a particular purpose (such as federal grants for building schools). The proportion of fund balance that is not reserved is called the *unreserved* fund balance. The unreserved fund balance in the general fund can be used for any purpose at all. Government sometimes designates unreserved fund balance to express its intention to use available resources in a particular manner. However, since designations are not legally binding, these designations are still part of the unreserved fund balance.

### GASB 54

When implementing the GASB 34, some jurisdictions were unclear about the distinctions between reserved and unreserved fund balances. For instance, some jurisdictions treat designated fund balances as binding restrictions. Some were not clear about the relationship between reserved fund balances and restricted net assets. To provide clearer fund balance classifications, GASB issued Statement 54 in 2009. Statement 54 establishes a five-category fund balance hierarchy, which includes non-spendable, restricted, committed, assigned, and unassigned fund balances. This hierarchical classification is based on the constraints a government faces when using resources reported in governmental funds.

The *non-spendable* fund balance includes resources that cannot be spent because they are either not in spendable form or legally required to be maintained intact. The *restricted* fund balance includes resources that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance includes resources that can be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The *assigned* fund balance includes amounts that can be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The *unassigned* fund balance is the residual amounts that not included in other classifications. State governments implemented Statement 54 for fiscal years ending June 30, 2011. Local governments followed thereafter.

## Theoretical Debates over Organizational Saving

Researchers have controversial views on why governments accumulate slack. Public choice scholars following the pioneering work of Niskanen (1971) portray governments as budget-maximizing bureaucracies. These scholars assume rational bureaucrats always seek to increase budgets, as the size of budgets is linked to their own prestige, power, salaries, and other personal benefits. This budget-maximizing incentive leads to the oversupply of public goods, public sector expansion, and inefficiency. Niskanen later proposed an alternative model assuming that bureaucrats maximize slack through accumulating the difference between revenues and the minimum costs of production. They use the accumulated slack to maximize personal utility.

Niskanen's work has generated a large array of studies on bureaucracy and bureaucratic decision-making that either test his hypotheses or question the assumptions and implications of his model. One assumption often under attack, for multiple reasons, is the assumption that bureaucrats are rational, single-minded, and self-interest-driven budget or slack maximizers. First, behavioral economists recognize human beings have bounded rationality due to the cognitive limits of the human mind and the complexity of the real world (Simon 1979). Individuals with bounded rationality do not always aim at maximizing personal utility but prefer satisficing, calling into question the assumption. Second, the slack maximization model ignores the fact that decision-makers often face multiple managerial objectives within their organizations and have various motivations that go hand in hand with the concern of personal gains maximization. Third, the slack maximization model fails to explain the sizable variations of slack accumulation among comparable governments and that some governments are running on empty. Apparently, simply portraying governments as slack-maximizing leviathans is not a satisfactory explanation of why government accumulates financial slack.

Cyert and March's (1963) analysis of firms' behavior offers a different explanation of

organizations' slack accumulation than public choice economists. Under the assumptions of bounded rationality, multiple and often conflicting goals, and the existence of uncertainty, Cyert and March believe firms do not aim at optimizing. Instead, they generate disparity – called organizational slack – between the resources available to the organization and the necessary payments required to maintain the organization's coalition. Slack protects organizational systems from unanticipated and unpleasant disruptions in a turbulent environment (Cyert and March 1963; O'Toole and Meier 2010). Slack serves as a cushion protecting organizations from internal managerial goal conflicts and external environmental uncertainties. Slack increases managers and administrators' managerial discretion so that they are able to deviate from the single-minded loss aversion to pursue efficiency, innovation, and greater performance even in times of resource scarcity (Simsek et al. 2007). In summary, organizational theorists consider slack accumulation a precautionary management strategy for organizational survival and success. They believe that organizations facing more risk factors are in greater need of slack. Managers in such organizations have greater motivation to accumulate slack.

## Factors that Explain Local Governments' Financial Slack Accumulation

In the public budgeting and financial management literature, researchers usually use the unreserved general fund balance to measure financial slack. They do not consider rainy day funds and other reserve funds as financial slack because these funds have legally binding dedicated purposes and cannot be used at managers' discretion. Researchers find financial slack has many managerial benefits to governments. For instance, unreserved general fund balance stabilizes government expenditures in economic downturn years (Marlowe 2005). In addition to expenditure stabilization, unreserved general fund balance smooths governments' cash flow, thereby reducing governments' short-term borrowing (Su and Hildreth 2018). Unreserved general fund balance also helps governments maintain investment-grade bond ratings (Marlowe 2011). These managerial benefits may motive local governments to increase savings.

On the other hand, organization theory's risk-saving hypothesis indicates governments facing more risk factors are in greater need of savings. Administrators in these governments have greater motivation to accumulate savings. Su (2018) used a dynamic model to analyze over 2000 municipal governments in the United States before and after the Great Recession. Results show that risk factors such as revenue volatility and non-discretionary categories lead to greater municipal discretionary savings. High-risk factor has a larger impact on municipal savings than the low-risk factor. Stewart et al. (2013) examined the relationship between economic volatility and governmental savings based on county-level data in Illinois, North Carolina, and Mississippi. They found that greater volatility in property tax and other revenues leads to higher savings. Findings in these two studies both support organization theory's risk-saving hypothesis. Risk factors inherent in a government's fiscal structure lead to greater government savings. The characteristics of a government also matter. Cities with larger population, more politically conservative, reformed, and professional, accumulate more savings (Hendrick 2006). Wealthier cities demonstrate greater ability of accumulating unreserved general fund balance.

## An Overview of Municipal Governments' Discretionary Savings

This section of the entry provides a brief overview of municipal discretionary savings measured by unreserved general fund balances of 2,160 American cities from fiscal years 2003 to 2011. Data comes from GFOA's Financial Indicators database. Figure 1 illustrates the trend of municipal savings over time. The trend demonstrates a clear pro-cyclical pattern: during

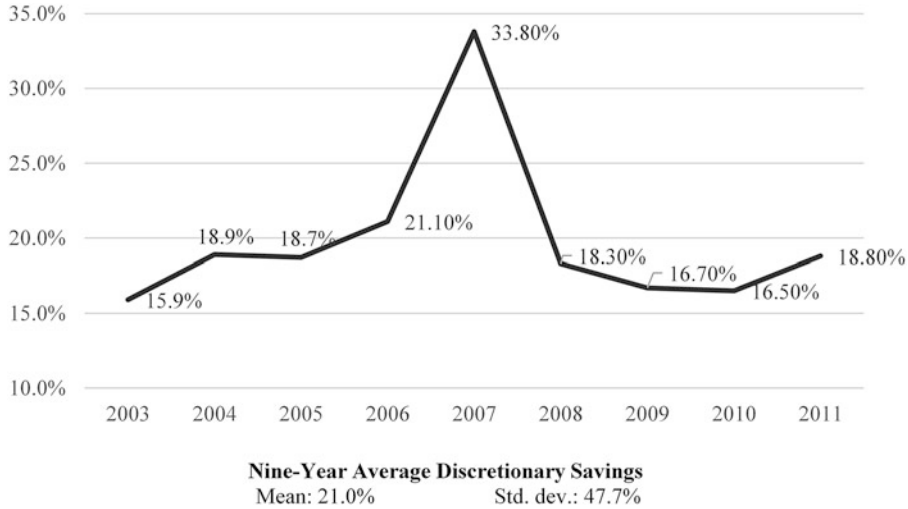


**Accumulation of Local Government Savings, Fig. 1** Trend of discretionary savings by American cities

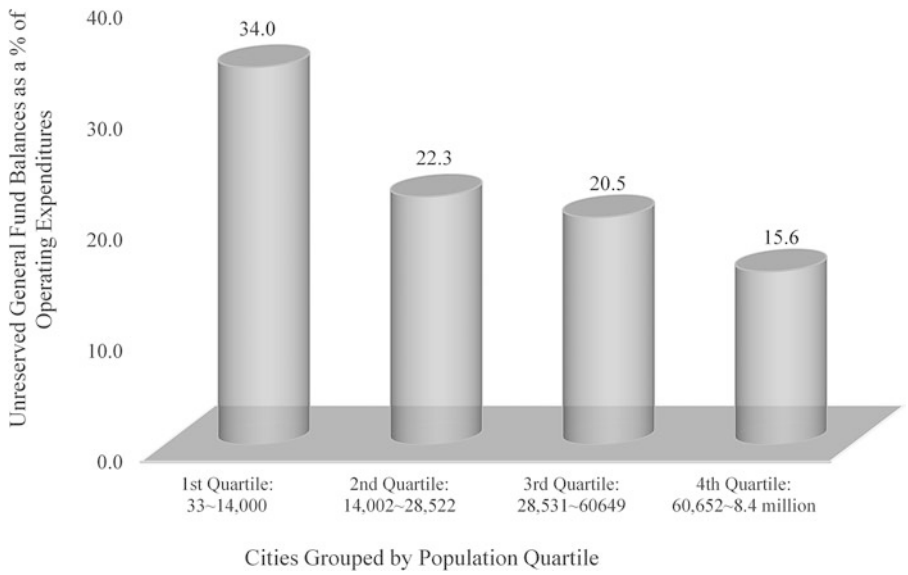


**Accumulation of Local Government Savings, Fig. 2** Municipal discretionary savings by city size

economic expansion, cities increased discretionary savings, and the unreserved general fund balances as a percent of operating expenditure peaked when the US economy reached its summit in 2007. Discretionary savings drained away quickly during the Great Recession. When the economy recovered from recession, discretionary savings slowly recovered. On average during the 9 years, cities in the sample maintained unreserved general fund balances about 21% of operating expenditure (or equal to 2.5 months of operating expenditure). This national average is close to but slightly above the GFOA's recommended benchmark of unreserved general fund balances about 15% (or 2 months) of operating expenditure.

Figure 2 demonstrates that small cities (those in the first quartile) accumulated savings twice as

The Eight Major Economic Regions defined by the U.S. Bureau of Economic Analysis

**Accumulation of Local Government Savings, Fig. 3** Municipal discretionary savings by economic regions

much as large cities (those in the fourth quartile) did. This finding is consistent with the results in Hendrick's (2006) study based on a sample of cities in the Chicago metropolitan area. Figure 3 demonstrates a regional pattern of municipal savings. On average, cities in the New England and the Mideast regions saved far less than cities in the rest of the United States. Cities in the Southwest region accumulated more savings, almost three times as much as those in the New England region did.

## Conclusion

This entry introduces the concept of financial slack in governmental budgeting and financial management research. The entry summarizes theories and perspectives used to understand why governments accumulate financial slack. The entry also presents the size of financial slack in municipal governments in the United States. Now that many municipal governments have recovered from the worst economic

downturn and started rebuilding their reserves, understanding what determines municipal discretionary savings and the adequate levels of discretionary savings becomes critical for both policymakers and taxpayers. For municipal officials, maintaining an adequate level of discretionary savings protects their governments from potential risks and uncertainties. The adequate level of savings is determined by managerial benefits, the risk factors a government faces, and certain characteristics. For state policymakers, they should give local government officials enough discretion in designing their savings policies. There is no "one size fits all" optimal savings level for all municipal governments. For taxpayers, this entry suggests accumulating savings does not indicate their municipal governments are slack maximizers. Governments do so partially to build up a cushion against risks and uncertainties.

## Cross-References


- ▶ Financial Health and Distress in Local Government
- ▶ Financial Management for Local Government
- ▶ Fund Accounting
- ▶ Local Governance


## References


Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood

Hendrick R (2006) The role of slack in local government finances. Public Budg Financ 26(1):14–46

Marlowe J (2005) Fiscal slack and counter-cyclical expenditure stabilization: a first look at the local level. Public Budg Financ 25(3):48–72

Marlowe J (2011) Beyond 5 percent: optimal municipal slack resources and credit ratings. Public Budg Financ 31(4):93–108

Niskanen WA (1971) Bureaucracy and representative government. Transaction Publishers, Piscataway

O'Toole LJ Jr, Meier KJ (2010) In defense of bureaucracy: public managerial capacity, slack and the dampening of environmental shocks. Public Manag Rev 12(3):341–361

PEW Charitable Trust (2017) When to use state rainy day funds. Retrieved from: http://www.pewtrusts.org/-/media/assets/2017/04/when-to-use-state-rainy-day-funds.pdf

Simon HA (1979) Rational decision making in business organizations. Am Econ Rev 69(4):493–513

Simsek Z, Veiga JF, Lubatkin MH (2007) The impact of managerial environmental perceptions on corporate entrepreneurship: towards understanding discretionary slack's pivotal role. J Manag Stud 44(8): 1398–1424

Stewart LM, Phillips JN, Modlin S (2013) An evaluation of the connection between economic volatility and governmental savings levels for Illinois, North Carolina, and Mississippi counties. Public Financ Manage 13(4):361–382

Su M (2018) Understanding the accumulation of local government savings: a dynamic analysis. Int J Public Adm:1–11

Su M, Hildreth WB (2018) Does financial slack reduce municipal short-term borrowing? Public Budg Financ 38(1):95–113


# Active Representation


Joan M. Gibran
College of Public Service, Tennessee State University, Nashville, TN, USA


## Synonyms

Advocacy, representativeness, acting on behalf of some individuals, groups, or societies

## Definition

Administrative action that purposefully pursues the interests of persons with whom administrators share common bonds.

## Introduction

The theory of representative bureaucracy holds that an organization, which mirrors the demographic characteristics of the population it serves will be more responsive to the interests of the public from which it is drawn. This is based on the idea that in a democracy, public administrators should not only mirror the society from which they are drawn, they should also hold values in

common with that society. Such a bureaucracy would be more responsive to the people government represents. Following this logic leads to assumption that the presence of minorities in public agencies ensures greater responsiveness to minority concerns.

There is an important distinction between passive and active representation. Passive or "sociological representation" refers to administrators' source or origin and the degree to which they reflect the demographic composition of the population at large. Active representation is the *purposeful* pursuit of the interests administrators share with those they represent (Mosher 1982). Pitkin distinguished between active and passive representation by pointing out that the passive representative is one who is "standing for" those he or she, represents, not as an active force but in a symbolic capacity. On the other hand, the active representative is one who is "acting for" others in ways that correspond to what they embody and represent as a group (Pitkin 1967). Thus, the concept of representative bureaucracy connects administrators and their actions to those with whom they share common bonds through the concept of active representation.

Early scholars assumed that merely passively representing the population would lead to active representation. But the link between passive and active representation is not a direct one, and many factors mediate between these two forms of representation. It was not until researchers identified administrative behavior as an intervening variable that they cleared the way for an extensive body of research, which positively identified the attitudes and values of public administrators and their representation of community interests as mediating factors in the relationship between passive and active representation. Administrative behavior emerged from this research as a significant nexus between the two forms of representation.

These developments allowed researchers to make the important distinction between holding similar attitudes with represented populations and actually behaving in ways consistent with what the represented population would expect on issues of common concern. With this distinction clarified, researchers turned their attention to the task of identifying the factors shaping administrators' attitudes and influencing their behavior. As a result of this work, it is now an accepted wisdom that public administrators' demographic characteristics, their acceptance of a representative role, and their perceptions, personal values and professional values, organizational environment, and administrative discretion are all significant variables in the mediation process between passive and active representation.

The following sections will review the settled knowledge on the significant variables linking passive and active representation.

## Demographic and Social Influences

The earliest studies on the subject of representative bureaucracy sought to establish measures of representativeness and verify the existence of passive representation. Mosher was the first to identify variables intervening between passive and active representation. He identified the social background and socialization of individuals as important factors in motivating active representation. Other researchers later explored active representation by looking at the relationship between sex, race, ethnicity, personal values, attitudes, and active representation. Their research confirmed that these variables are significant in explaining active representation. Since then, research has also confirmed that even after individuals become associated with an organization, their racial background continues to influence their attitudes and behavior.

On the assumption that bureaucrats maximize their own values when making decisions, the theory of representative bureaucracy posits that personal values influence administrators to make decisions which seek to maximize the policy preferences of the population groups with which they identify because, in so doing, they are serving their own interests. Their personal values, held in common with their demographic counterparts, move administrators to seek greater access to policy processes and promote policy outcomes, which they believe are more responsive to the interests of their community. Therefore, a central

assumption of the theory of representative bureaucracy is that minority administrators assume representative roles and become advocates for their group's interests because they tend to be socialized in the same values as their population counterparts and perceive group needs similarly.

Different demographic backgrounds produce common socialization experiences within groups. These experiences help to shape common attitudes, values, and beliefs (Brudney et al. 2000). Individual perception and behavior is shaped by social learning experiences, and even organizational behavior is a partial product of administrators' perceptions. So, administrators' perceptions and behavior are tied to personal experiences in the world around them and to their recollections of social experiences. The social background and values which inform perceptions, attitudes, and behaviors persist to motivate active representation even after the individual becomes a public administrator. Therefore, organizational socialization does not always overcome the effects of individual and group socialization that individuals bring to an organization and does not completely counteract representative tendencies in administrators.

Research on the effects of demographic factors, such as race, ethnicity, sex, and gender, on active representation helped to clarify why the demographic status of public administrators is significant for active representation by showing that though the organization influences administrative behavior, it does not generally overwhelm the effects of sex, social and demographic background, socialization, or ideology on individual inclinations to active representation. The general consensus is that demographics and individual values affect organizational action and makes these variables critical for understanding active representation because they interact with the organizational environment to encourage or discourage active representation.

Further research showed that race and ideology are highly significant variables in explaining administrative behavior and active representation. They also demonstrated that political attitudes mediate the personal relationship between sex and gender and that administrative behavior, attitudes, and experiences are divergent between sexes. Gender encompasses social differences in the experiences of men and women with respect to the same processes, practices, images, and ideologies. These differences in attitudes and orientations help to shape the priorities administrators attach to different policy alternatives making these variables important for translating passive representation into active representation (Keiser et al. 2002; Saidel and Loscocco 2005).

## Organizational Influences

In addition to earlier studies focusing on individual and group characteristics, a second generation of research developed around the task of identifying the factors within the organization and its environment that translate passive representation into active representation. This research demonstrated that it is necessary, but not sufficient, that administrators come from a particular background and possess certain demographic characteristics to be motivated to pursue active representation. There are other variables than personal or social values and demographic characteristics important in explaining the transition process from passive to active representation of minority group interests. Some of these other variables include the organizational environment, the issue area under consideration, the degree to which employees are organized into groups, and the functional position and physical location of minority administrators within the agency.

We now have strong evidence that within the organizational context, a convergence between professional norms, gender issues, and personal values exerts strong influence over administrative choices, particularly in gendered policy areas (Saidel and Loscocco). Moreover, the inclusion of the issue of concern on the agency's policy agenda makes administrators more willing to pursue active representation. Hence, when citizen groups and institutions both promote and press for particular policy outcomes, the organization's external environment becomes a source of heightened stimulus for active representation with agency personnel. This influence is found to be even more significant when the consequences of

policies have clear implications for the groups they affect. Research has also confirmed that in addition to internal and external environmental factors, the relevance of a particular policy issue to the group in question is highly significant in motivating active representation.

Active representation is encouraged when an issue matters to a minority community. Having the issue on the organization's policy agenda makes active representation more likely (Meier and England). But administrator's willingness to engage in active representation is not uniformly likely at all organizational levels. Research indicates that the organizational level at which the administrators work is significant for their willingness to pursue active representation. For example, street-level administrators are sometimes more actively representative than higher-level administrators. Differences in administrators' willingness to engage in active representation depending on the organizational level were further explained by research finding that organizational socialization is more likely to overwhelm the effects of community socialization at higher agency levels and that minority administrators at higher organizational levels with longer tenure are less likely to engage in active representation. But as the number of minority administrators at higher organizational levels approaches a critical mass, this negative effect can be overcome (Meier 1993). Additional research also indicates that individual social values counteract the effects of organizational socialization in gender-sensitive policy areas in female administrators at higher organizational levels.

The connection between passive and active representation is stronger when administrators enjoy a higher level of discretion. This is more noticeable in administrators with longer organizational tenure (Seldon et al. 1998). This link between passive and active representation is reinforced when minority administrators are able to influence the direction of organizational policies and when they are involved in implementing these policies (Meier and England 1984). Active representation is also more likely when peer groups and associations formed within the organization reinforce and encourage active representation. These groups and associations provide administrators with a degree of immunity to organizational pressures, which could otherwise discourage active representation. Indeed, the physical proximity of minority individuals in organizations can reinforce group perspectives on pertinent policy issues. Isolated minorities in government organizations may feel more constrained by the organizational environment and be less likely to pursue active representation. But, if there is a sufficient number of a minority group within an organization who hold similar views to those held by the external community, it is more likely that they will assume a representative stance (Meier et al. 1999; Hindera and Young 1998). Therefore, greater diversity in public organizations augers well for active representation.

Organizational characteristics and the type of government agency in which administrators work are also significant variables for understanding active representation. Administrators working in agencies that reward and encourage advocacy are more likely to engage in active representation and when the external community supports a particular policy response to a salient and directly relevant policy issue, passive representation is significantly linked to active representation (Meier 1993). So, employees who perceive strong external support on an issue and also believe that their agency has a mission of service tend to be less constrained by traditional notions of administrative neutrality and are more willing to actively pursue active representation of needy constituents.

In addition to the agency mission, agency policy function has also been found to be a significant factor for active representation to take place. Administrators working in redistributive agencies tend to be more likely to believe that their agencies support active representation (Thompson 1976; Seldon et al. 1998). This is partly explained by the fact that redistributive agencies are apt to hire more females and that their missions tend to highlight feminine rather than masculine skills and values. Employees of redistributive agencies are more likely to be socialized into advocacy and representative administrative roles. On the other hand, regulatory agencies tend to hire more men

and typically have missions based on more masculine values, and their employees are socialized to adopt more neutral administrative roles. In addition to the service category of the agency, several other factors are identified as meaningful for encouraging active representation. These include the public visibility of the agency, the level of citizenship participation, and the organization structure of the agency.

## Role Perceptions and Active Representation

A role is an enactment of behaviors which an individual believes others expect of him or her. Administrators adopt different conceptions of their roles depending on the ideals that appeal to them and their perceptions of what their close coworkers expect of them. These role perceptions play an important role in motivating active representation, because when administrators believe that others within and outside of their organization expect them to assume a representative role, they are more likely to act on those role perceptions. With respect to internal organizational expectations, when there is a visible presence of minorities in an agency, it increases the probability of active representation because it raises expectations that these minority administrators will be sympathetic to minority concerns and respond to address their needs. Research found that individual minority administrators may feel significant pressure to conform to minority group norms and assume representative roles on behalf of their community counterpart. Additionally, the external environment, political superiors, agency clientele, interest groups, and the general public also exert role pressures on public administrators. However, if they lack the status, the power, or the resources to act on these perceptions, administrators otherwise inclined toward active representation might actually refrain from such behavior despite their perception that there are internal and external expectations of active representation.

In many instances, the professional norms and standards of conduct of public administrators support the reception of advocacy roles, particularly in human service agencies. In redistributive agencies with advocacy functions, there is greater convergence between policy area, the agency type, and administrators' professional background. These convergences are powerful predictors of active representation. Street-level administrators in human service distributive agencies work at the front lines of their clients' problems. Their working environment is charged with high expectations from different sources. Therefore, these public administrators may be more attuned and responsive to pressures from both internal and external sources such as the legislature, agency leaders and peers, and agency recipients.

## Discretion and Active Representation

In order to have active representation, administrators must also be able to actually exercise their discretion to address group interests. In other words, they must have some degree of actual influence to implement policies in ways that back up values held in common with their clientele. They must not only be willing, but also able, to exercise discretion in areas where they assume a representative or advocacy role. Public administrators enjoy some degree of discretionary authority when their job responsibilities permit them to exercise their own judgment in making choices among alternative courses of action. Administrators with discretion can take actions that serve the interests of those they represent. Therefore, bureaucratic discretion and autonomy are yet another set of crucial conditions for active representation to take place.

Legislative mandates cannot provide sufficient details to govern decision-making for every aspect of policy implementation in all the myriad circumstances administrators face. Neither can they tailor every aspect of policy to fit every individual and circumstance. Thus, discretion becomes both necessary and unavoidable for administrators to interpret and apply the general legal requirements set out in laws and policy regulations to specific circumstances, persons, and

local situations. In view of this, many have argued that much of administrative discretion originates in legislative vagueness and is essentially legislative decision-making by proxy.

Political officials must then rely on public administrators for critical information. Because administrative agencies have more exposure in a policy area, they are more intimately aware of the big picture as well as its more intricate subparts. So, rather than being responsible only for the implementation of policy, public administrators are unavoidable partners with legislators in public policy making. By drawing on the expertise and knowledge of public administrators, legislators can frame better policy goals and better define programs and implementation parameters, which support objectives than they can by working on their own.

This makes administrators indispensable partners with legislators, who delegate some policy making details to public organizations and public administrators. This constitutes a grant of administrative discretion.

Legislative vagueness is another source of administrative discretion. Legislatures often deliberately leave legislation vague because clarity may be undesirable and impractical in a political system driven by pluralism and the need to build consensus. So, while administrators have some discretion in policy formulation and implementation, they are accountable to executive and legislative superiors and are constrained to taking the actions they believe best embody policy intent while responding to the needs of their communities. By interpreting and operationalizing policy, they are exercising discretion and assuming the responsibility of filling in the details of the broader policy legislation. While senior agency officials are responsible for shaping broad goals and directions for their agency, they are also removed from the service front lines of agency action. So, like their legislative superiors, agency leaders are not always able to provide sufficiently granular guidance to address all the specific and varied circumstances the agency workers encounter in day-to-day policy implementation. Hence, agency leaders are forced to rely on the bureaucratic intermediaries who interface most directly with agency clientele.

The most immediate consequence of this dependence is that agency leaders are forced to delegate day-to-day decision-making to lower-level administrators including street-level bureaucrats. When these conditions for active representation converge at the street level, administrators are more likely to act as active representatives than are individuals at higher organizational levels. This is because individuals at higher organizational levels interact less with agency clientele, while street-level employees engage with them on a one-on-one basis and are closer to their immediate needs. This proximity tends to motivate more active representation.

## Conclusion

The literature has identified variables such as administrators' demographic characteristics, their organizational role sets, personal value orientations, and agency type as significant variables motivating administrators to active representation on behalf of minorities in the communities they serve. These variables are well accepted as mediating between passive and active representation, and they include, but are not limited to, administrators' demographic characteristics, social background, personal values and ideology, role perceptions, internal and external role expectations, the organizational environment, the organizational level occupied by administrators, organizational diversity, agency type and function, and administration discretion.

The subject of active representation continues to attract considerable interest, and the research continues to refine our understanding of the mechanisms that link passive and active representation. But we still do not have a clear picture of how passive representation is actually translated into active representation because we have not completely identified how, or from where, administrators who assume a representative role derive the perception that they can exercise discretion and implement policies in a manner which benefits minority interests. We are yet to fully explore the effects and sources of administrative discretion as a catalyst that transforms passive

representation into active representation. We also do not fully understand all the factors that motivate administrators to go beyond the mere perception of discretion to take affirmative actions on behalf of those they represent. While we have established that there are differences in administrative behavior between organizational levels, we do not fully understand how the organizational context at different organizational levels interacts with individual and agency characteristics and perceptions of discretion to transform passive representatives into active representatives of community interests. Recently researchers have turned greater attention to uncovering how these personal and environmental factors affect administrator's perceptions and motivate active representation. These subjects are the new frontiers for research in active representation and representative bureaucracy.

A better understanding of these relationships will help to clarify the extent to which professional orientations and different modes of personal service ethics influence behaviors within the organizational context. Greater understanding of these variables understanding will do much to advance our understanding of the linkages between passive and active representation.

## References

Brudney JL, Hebert TF, Wright DS (2000) From organizational values to organizational roles. J Public Adm Res Theory 10(3):491–521

Hindera J, Young CD (1998) Representative bureaucracy: the theoretical implications of statistical interaction. Polit Res Q 51(3):655–671

Keiser LR, Wilkins VM, Holland CA (2002) Lipstick and logarithms: gender, institutional context, and representative bureaucracy. Am Polit Sci Rev 96(3):553–564

Meier KJ (1993) Latinos and representative bureaucracy: testing the Thompson and Henderson hypotheses. J Public Adm Res Theory 3(4):393–414

Meier KJ, England RE (1984) Black representation and educational policy: are they related? Am Polit Sci Rev 78(2):392–403

Meier KJ, Wrinkle RD, Polinard JL (1999) Representative bureaucracy and distributional equity: addressing the hard question. J Polit 61(4):1025–1039

Mosher FC (1982) Democracy and the public service, 2nd edn. Oxford University Press, New York

Pitkin HF (1967) The concept of representation. University of California Press, Berkeley

Saidel JR, Loscocco K (2005) Agency leaders, gendered institutions, and representative bureaucracy. Public Adm Rev 65(2):158–170

Seldon SC, Brudney JL, Edward Kellough J (1998) Bureaucracy as a representative institution: toward a reconciliation of bureaucratic government and democratic theory. Am J Polit Sci 42(3):717–744

Thompson FJ (1976) Minority groups in public bureaucracies: are passive and active representation linked? Adm Soc 8:215–217

# Active Representation in Indigenous Public Managers: New Challenges to Representative Bureaucracy Theory

Verónica Figueroa Huencho and Juan Pablo Araya Orellana
Institute of Public Affairs-INAP, University of Chile, Santiago, Chile

## Synonyms

Ethnic managers self-identification; Indigenous institutionally; Indigenous managers performance

## Definition

It is the activation of specific performances developing by Indigenous public managers who act influenced by individual, organizational, or contextual factors, to contribute to improving the quality of the public implementations processes, looking to satisfy principally the interest of indigenous citizens.

## Section

Comparative and Development Public Administration and Policy.

## Introduction

Since the middle of the last century, a debate has arisen in Europe and the United States in public

administration literature about diversity in public bureaucracies and their influence in the processes of democratization. This debate put in tension concepts such as merit, hierarchy, or civil services career, typical of the Weberian Bureaucracy Model implemented in Latin America. However, today the need for a bureaucracy that represents great social diversity is evident.

The Theory of Representative Bureaucracy (TRB) holds that public agencies must reflect their societies to represent and serve the needs of those citizens considered "diverse" (ethnic, sexual, gender, or racial minorities), thus ensuring pluralism and legitimacy in public policies, improving their outcomes. In Latin America, since 1990, constitutional and legal reforms began to promote a better representation of these peoples (Figueroa Huencho 2014), but the limited outcomes of indigenous public policies show the necessity to give more attention to those factors that promote an active behavior of indigenous managers. Therefore, it is interesting to identify the factors that could trigger the change from a "passive" bureaucratic representation toward an "active" representation, where bureaucrats make decisions on behalf of those they represent.

In that sense, it is necessary to promote an agenda that contributes to the theoretical and empirical debate about TRB from the Latin American case, looking for similarities and differences with the Anglo-Saxon experience. Thus, it contributes to enriching the TRB considering some elements that characterize the public administration model in Latin America and that exert influence on active representation. For this, it is necessary to advance in the following aspects: (a) what the TRB means and the relevance of the context; (b) what are the challenges that arise in TRB to indigenous public managers; (c) what are the implications of a research agenda in this area.

## TRB: Relevant Factors for Active Representation

In the Latin American case, many states implemented Weberian models of organization and management. But societies have changed, and most developing countries in this region face many challenges that require managers who represent the social diversity in public institutions as an opportunity to strengthen democracy. This is important in the case of Indigenous People.

TRB has had an important theoretical and empirical development, being introduced by Donald Kingsley in 1944. Lately, Mosher (1968) has had an important influence on research by proposing a differentiation between "passive" and "active" representation. A representative bureaucracy will be *passive* when the composition of bureaucracy reflects the characteristics of its population in terms of race, social class, ethnicity, religion, gender, occupation, or other characteristics. In contrast, a representative bureaucracy will be *active* if it seeks to achieve the interests of a specific segment of the population through concrete actions that contribute to improving the quality of the public implementation process (Kennedy 2012; Morabito and O'Connor 2015). The active representation is influenced by different variables and can be classified according to three types of factors: individual factors, organizational factors, and factors of the sociopolitical environment.

### Individual Factors

For public managers, the perception of sharing the same social origin (ethnic, race, gender, etc.) with citizens positively affects their attitudes, having a greater disposition to promote actions that increase their welfare (Lim 2006). In the indigenous case, belonging to the same ethnic group, coming from the same communities of origin, sharing realities of personal, academic, or professional development, among others, can act as catalysts for identification processes with targeted recipients (Meier and Stewart 1992). Thus, managers spend more time paying attention to those citizens who share their demographic characteristics. Regarding the Chilean case, previous studies show the relevance of shared origins to generate confidence networks in the public policy process. For that, we can point out that ethnic belonging, as well as managers' self-perception concerning their role as representatives of indigenous peoples, could be relevant to analyze.

### Organizational Factors

The active representation of managers can arise from organizational factors related to their autonomy by taking normative or regulatory decisions that favor them (Meier and Morton 2015). Therefore, the occupation of strategic positions is relevant. Also, it is important to give visibility to minorities in the organizational mission. The existence of a body of professionals belonging to these minorities will also favor the empowerment of managers (Calmar 2017). In sum, the literature in the field considers the perception of the existence of spaces of discretion, the institutional design, and the inclusion of minorities in strategic definitions as organizational factors that favor active representation.

### Factors of the Political-Social Environment

Finally, active representation can arise influenced by some characteristics of the environment, being relevant a) the political support and the role of minority interests in political agenda, and b) the ability of political forces to influence decisions. These contribute to the visibility of minorities and empowers senior civil servants by favoring specific policies aimed at these sectors (Selden and Selden 2001), feeling greater political, or social legitimacy. So, environmental factors could catalyze processes of active bureaucratic representation, depending on the place that targeted recipients occupy on government agenda, the valuation of society regarding the policy matter, and the relationship with the citizens, among others.

## TRB in Latin America: Challenges to Indigenous Public Managers from Chilean Case

### The Chilean Context to TRB

For the Chilean case, two analysis dimensions are relevant. One the one hand, the political system is characterized as hyper-presidential, in which the President acts as a co-legislator and has exclusive powers, especially to design and implement public policies without the approval of Parliament. Besides, Chile is a unitary state with a high level of political and administrative centralism, where its bureaucracy plays a preeminent role in the implementation of public policy (Mainwaring and Shugart 2002). On the other hand, the Chilean public administration performance is considered one of the most professional and efficient in the region, with a system of high public management consolidated from a Weberian perspective. For all that, Chile is characterized as "meritocratic bureaucracy" (Zuvanic et al. 2010) that represents a Weberian ideal: officials recruit from open mechanisms, and for their credentials and merits.

From in-depth interviews applied to 25 key actors (between December 2017 and March 2018) who have played a role at different stages in the indigenous policy process in Chile since 1993 until now, challenges to TRB will be analyzed, looking for similarities or differences with Anglo-Saxon experience. The interviews were codified using the NVIVO software.

### Individual Factors

In Chile, Law No. 19.253 recognizes nine ethnic groups that represent 12.8% of the population. Most of the interviewees identify themselves with indigenous people's demands or recognizes themselves as part of indigenous people. Between them, indigenous managers say that they feel proud of their ascendancy especially considering their ancestors, where their ethnic identification can favor the understanding of the interests of the indigenous beneficiaries, contributing to a harmonious relationship with them. In the Chilean case, ethnicity is not only indicated as a factor of pride and recognition, but it also puts indigenous managers in a position of advantage compared to others who do not belong to their ethnic group.

However, ethnicity is not a sufficient condition to obtain legitimacy, where indigenous managers must be careful to represent the interests of the indigenous citizen and government priorities. Therefore, there is no evidence of a correlation between the sense of belonging and activated representation, where belonging seems to be a symbolic issue since the senior civil servants prioritize their role as state officials or representatives of the President, rather than their ethnic origin. In fact, ethnicity is understood as a less relevant factor than political militancy.

Thus, in the Chilean case, there is no activation of bureaucratic representation at the individual level. An element that explains this inhibition is the institutional and organizational structure, specifically, the level of centrality in the decision-making process where the indigenous managers constantly depend on the instructions of the President or Ministries. This could explain why public managers think that it is more important they are politically and hierarchically dependent on the President of the Republic than their ethnic identity. As some indigenous managers indicate, this is because they belong to political parties and is for their political militancy that the President chooses them to be public managers.

### Organizational Factors

In the Chilean case, the President of the Republic and Ministries tend to limit the autonomy of indigenous managers because this area of public policy has an impact in other policy areas (economic, social, etc.). These managers do not have many spaces to introduce changes because they are controlled by political players on different levels. Therefore, it is difficult for them to manage from a strategic point of view since aspects defined at a political level largely dominate their dairy activities, becoming an inhibitor to active representation. Also, it is interesting to note that indigenous managers say they have limitations to dialogue with political decision levels. For that, it is important to them to know the institutional framework to find areas of action with higher levels of autonomy, regardless of informal relationships. In this sense, the relationship with political decision-making levels is important, but to indigenous managers is more important their knowledge or their experience in public administration.

Thus, in the Chilean case, there are organizational limitations to the activation of bureaucratic representation. The indigenous managers have little spaces of autonomy, especially because Chilean political systems are characterized as a hyper-presidentialism. Managers are measured and controlled with the same standards that the rest of public organizations, inhibiting the appearance of positive discrimination toward indigenous people. In this way, it does not exist formal incentives to encourage indigenous managers to focus their agenda on indigenous people's problems.

### Political-Social Environment

Although the indigenous issue has been present on the political agenda in Chile in the last decades, it is not perceived as a relevant policy. This is related to the lack of understanding about what needs indigenous peoples, especially from political levels. However, indigenous demands have been gaining visibility during the last decades, which is reflected in different instruments for measuring social perception as public surveys. One important limitation to indigenous managers is that they do not take the relevant decisions because it is taken by politicians in high spheres, who often decided contrary to indigenous interests. This has put indigenous managers in difficult positions against indigenous targeted recipients, evidencing that exists a tension for them: being a "government representative" or an "ethnicity representative." A relevant issue of the relationship with the targeted recipients of these policies is the difficulty of the indigenous managers to act in an "empowered way" before them, especially because of the limited political attributions that they feel to possess.

Thus, in the Chilean case, the greater sensitivity and understanding of the demands of indigenous peoples has not been reflected in the empowerment of indigenous institutionally. Therefore, there is little "political capital" and "political management capacities" exhibited by managers, so their level of involvement or empowerment in the definition of indigenous policies is very scarce, prioritizing their role as government agents over their self-recognition as indigenous. In this sense, the lack of "political capital" or capacities to impulse a political agenda, with the lack of spaces of autonomy, is an important issue that limits their influence in the definition of indigenous policies.

## TRB in Latin-America: Implications for a Research Agenda

From the Chilean case, the evidence shows that there is no activation of bureaucratic

representation in indigenous public managers. When comparing the Chilean case to other cases in the international literature, it is necessary to point out that the most of cases of active bureaucratic representation come from Anglo-Saxon institutional experience, where there are higher levels of administrative decentralization, and where bureaucrats have greater discretion spaces, so is permitted to guide their action to benefit a certain group. On the contrary, in the Chilean case, which follows the Weberian tradition, the action of bureaucrats is conditioned to political elements, with limited spaces of autonomy, which restricts the activation of bureaucratic representation. Therefore, only a passive representation of indigenous people is evidenced.

As in other Latin American cases, the concept of TRB has been rarely used in academic debates (Pardo 2013) but we can find some experience to promote its implementation in public administration. However, Chilean experience shows that this has not been implemented from a systemic perspective, rather than as specific decisions. The evidence shows the non-activation of bureaucratic representation in indigenous managers could be explained mainly by organizational factors than individual factors. The Anglo-Saxon experience shows the relevance of ethnic belonging. However, in the case of Chile, although the bureaucrats feel part of indigenous peoples, it is the loyalty to political authorities and to principles of Weberian structure that prevail. In that case, it is the organizational dimension the first inhibitor to an active representative bureaucracy, especially because of the limited spaces of autonomy that the managers have. In the Chilean case, it is necessary to have a structural change in the political and administrative design to decrease the rigidity of the Weberian model and to deliver greater areas of autonomy and discretionally to indigenous managers.

This evidence is relevant for the Latin American case as well, where the principles of the Weberian model can influence the success of initiatives that seek to promote greater representation of today's diverse societies. Research in the TRB area is still incipient in Latin America. However, its progress could generate diverse contributions to a better understanding of the emerging problems around indigenous peoples, from making new dimensions of the problem visible to providing diverse solutions to long-standing demands.

## Cross-References


- ▶ Conceptual Perspective in the Making of Indigenous Policy in Latin America
- ▶ Development Administration
- ▶ Public Employment and Representative Bureaucracy
- ▶ Representative Bureaucracy


## References


Calmar S (2017) From passive to active representation. Experimental evidence on the role of normative values in shaping white and minority bureaucrats' policy attitudes. J Public Adm Res Theory 7(3):400–414

Figueroa Huencho V (2014) Formulación de políticas públicas indígenas en Chile. Editorial Universitaria, Santiago

Kennedy B (2012) Unraveling representative bureaucracy: a systematic analysis of the literature. Adm Soc 46(4):395–421

Kingsley J (1944) Representative bureaucracy: an interpretation of the British civil service. Antioch Press, Yellow Springs

Lim H-H (2006) Representative bureaucracy: rethinking substantive effects and active representation. Public Adm Rev 66:193–204

Mainwaring S, Shugart M (2002) Presidencialismo y democracia en América Latina. Paidós, Buenos Aires

Meier K, Morton T (2015) Representative bureaucracy in a cross-national context: politics, identity, structure and discretion. In: Peters BG, von Maravic P, Eckhard S (eds) Politics of representative bureaucracy: power, legitimacy, and performance. Edward Elgar Publishing, Cheltenham

Meier K, Stewart J (1992) The impact of representative bureaucracies: educational systems and public policies. Am Rev Public Adm 22(3):157–171

Morabito M, O'Connor T (2015) Representative bureaucracy: understanding the correlates of the lagging Progress of diversity in policing. Race Justice 5(4):330–355

Mosher FC (1968) Democracy and the public service. Oxford University Press, New York

Pardo M (2013) Representative bureaucracy in Mexico. In: Maravic PS (ed) Representative bureaucracy in action. Edward Elgar Publishing, Cheltenham, UK

Selden SC, Selden F (2001) Rethinking diversity in public organizations for the 21st century. Adm Soc 33(2):303–329

Zuvanic L, Iacovello M, Rodriguez L (2010) The weakest link: the bureaucracy and civil service systems in Latin America. In: Scartascini CG, Stein E, Tommasi M (eds) How democracy works: political institutions, actors and arenas in Latin American policymaking. David Rockefeller Center for Latin American Studies, Harvard University, Cambridge, MA

A

## Activity-Based Costing in Public Services

Danilo Tuccillo
Department of Economics, Second University of Naples, Naples, Italy

### Synonyms

Cost activity management; Process accounting

### Definition

The activity-based costing, applied in public services, is a full costing method which recognizes the relationship between costs, activities, and products/services of a public administration.

### Introduction

A cost accounting system aims to provide to an organization relevant cost information, related to product and services, to support the decision-making process.

Traditionally, the cost accounting system of an organization was designed to support the needs of financial (external) reporting and to help the determination of a satisfactory price for goods and services sold. When traditional methodology has been developed, direct labor and materials were the most significant product or service costs, with overhead costs that engraved only with a small percentage of total costs.

But the functions of a cost accounting system have not remained unchanged over the years. In the last years, the productive process – in large sectors of economy – has been characterized by a progressive reduction in labor and material costs and a very intensive use of technology. With this shift of resources, the overhead costs have become a significant portion of the total costs. Then, the allocation of these cost to product and services, if don't comply with causality principle, produces cost information that is not effective because it does not reflect the use of the organization's resources (Kaplan and Johnson 1987).

The traditional cost accounting system has not evolved to recognize changes in the productive process. With this kind of methodologies large amount of general costs are allocated to products and services on a single allocation base, substantially related directly or indirectly to the volume of production, for which the cause-effect relationship is no longer as precise as it should be (Brown et al. 1999).

In this setting, the traditional system is not providing accurate cost information, while the activity-based costing may provide the structure for the establishment of a true management-oriented system. The ABC approach gives a better view of the relationship between resources, activities, and products/services; using multiple drivers to assign overhead costs to the activities allows a better allocation of this costs. Furthermore, a more comprehensive allocation of the resources, based on the cause-effect relationship, allows to manage and reduce them without necessarily reducing the quality.

In recent years, government organizations have begun to look to private sector to improve their business practices and their efficiency in resource use. The pressure to initiate public sector reforms, under the development system promoted by the new public management (Hood 1995), increased often the outsourcing choices, with a new scenario in which public goods and public services are provided both by public and by private entities. When an institution, public or private, has to operate in an increasingly competitive environment, it is very important to look for useful tools providing information for decision-

making process accurate and relevant, particularly for those decision that affect the level of costs. In the public sector in fact, it is possible to observe a growing pressure for reducing the cost production of public services; against the background of declining tax revenues, local administrations have to deal with improving and redesigning their work routines (Becker et al. 2010). Also local administrations can improve their financial management by adopting activity-based cost accounting systems that measure not only their inputs but also their outputs (Granof et al. 2000).

Activity-based costing is one of the most important tools being introduced in the effort to achieve these ends, in a time in which public sector organizations at all levels are facing intense pressure to do more with less. This require to understand costs; efficiency and performance, once reserved to private sector, will increasingly be part of the language of the public sector (Cokins 2006).

## The Construction of ABC System

The activity-based costing is an approach for costing and monitoring of activities which involves tracing resource consumption and costing final output. The basic idea is to change the way to allocate overhead costs to outputs beyond the traditional distinction between fixed costs and variable costs depending on the quantity produced, focusing on the "complexity costs." It is a different view of the costs allocation process that permits to go over the simple distribution of indirect costs as a percentage of direct costs.

In this view, the business processes are considered as a set of activities that accepts inputs and produces outputs. To obtain products and services, companies need to implement these activities by using their resources. The consumption of more or less resources is related to the factors that cause the need of more or less activities. Are those ones that, in order to produce products and/or services, generate costs. In public sector it is possible to use the same approach: The aim of public administration is to produce goods and services for the citizens, and often it are exchanged in the market; however, the absence, for many public services, of a selling price or of a remunerative price does not influence the ABC process. Besides, it could be different the use of information or the objectives of the analysis.

In a public administration the ABC process can be summarized into six interrelated steps:

(a) *Indentifying Activities*.

Activities are aggregation of homogeneous actions or single operations that are interrelated because they produce a single output by using the same resources. An activity is well defined if, by observing it, it is possible to record who carries out the single operations, using which kind of resources, and what is the (measurable) output at the end of these operations. All the operations must be aggregate in activities: The final goal of this step is to have a map of all the activities implemented. It is recommended to avoid a wide aggregation of operations, or that individual activities are constituted by a high number of operations. In this case, in fact, the drivers identified in phase sub (b) may not adequately represent the factors that cause the consumption of the resources by the activities.

Another important aspect concerns the interconnections among different activities: indeed, the mapping process should highlight any links between the activities developed for satisfying the citizens' demands.

(b) *Identifying Resource Cost Drivers*.

The resource cost driver should be able to transform the expenses of resources (e.g., salaries, supplies) into the costs of the work activities. A cost driver is any factor that can cause a change in the costs level of an activity. The objective of this step is to determine the sources of expenses that affect each activity: by observing the increasing or decreasing costs in a time frame is possible to identify the elements that cause these increases or decreases as the elements that drive the change. At the end of this step for each activity are defined the drivers that describe the cause-effect relationship between activity implementation and resources consumption.

The drivers must reflect the different characteristics of the resources: for employees they should reflect the time people spend performing work activities, while a resource driver for indirect material purchased items reflect their usage by an activity, such as energy expense's kilowatts by a machine.

(c) *Assign Resource Cost to Activities*.

Preliminarily, the cost of resources is classified in direct and indirect cost: direct costs are allocated to the activities without the needs of any assumption, while indirect costs are assigned to the activities using the resource cost drivers. The indirect costs are aggregate in homogeneous cost pool, and for each cost pool is individuate an appropriate cost driver. In this way, each activity could have one or more cost driver: these parameters, due to their attitude to explain the cause of increase or decrease of costs (of a single cost pool), lead the allocation of the cost of the resources to the activity. The output of this step is the calculation of the cost of each activity, as consequence of its absorption of resources.

In public sector it has to evaluate whether to proceed to a full costing type indictment: it would be recommended for a correct amounting of production costs of public services that some of the institutional operating costs (e.g., the town council operating costs) are excluded from indictment.

Alternatively, deciding to keep the full costing approach of the activity-based costing, it could be possible to divide and classify the activities into:

- *Primary activities*: These are activities whose output is directly connected to the production of goods or related to the provision of services required by citizens.
- *Secondary activities*: These are all the activities that support primary activities.
- *Mandatory activities*: These are all the activities which should be carried out due to legal obligations.
- *Discretionary activities*: These are all the activities connected with the government policies and strategies, which are affected, therefore, of specific choices of politicians and managers called to implement the political guidelines.

(d) *Recognition of cost objects*.

Cost objects should reflect the reason of the analysis. The flexibility of ABC system allows to adapt the target of observation to the informational needs. Public managers should need information related to single public goods or services to evaluate the level of resources consumed and the level of quality reached. But the cost object may be also represented by all the services provided by each department of a local administration, rather than specific territorial areas. Defined the cost objects, the direct cost as labor or material is assigned directly to them.

(e) *Identifying Activity Cost Drivers*.

The activity cost drivers are the factor that can cause a change in the level of the requested unit of activity. The objective of this step is to determine the sources of the consumption of each activity: by observing the increasing or decreasing of demand of activity in a time frame it is possible to identify the elements that drive the change in demand level, generating the need of more or less unit of output of an activity. These drivers describe the cause-effect relationship between cost objects and activity consumption. In the public administrations, these drivers should be the result of a process of benchmarking with similar entities.

These drivers are conceptually very different from the "resource drivers"; an activity driver should reflect a measure of the output of an activity. Some examples could be: the number of documents related to the activities of registration or the number of payment order for the expenditure management, even the number of certificates issued by a certain office for advice activities, certifications, concessions, etc.

(f) *Assign Activity Costs to Cost Objects*.

In this step, the costs of activities are transferred to the cost objects in function of the activity cost drivers.

All the operations which express the consumption of activities by the cost objects,

constitute the bill of activities (BOA) of a product, of a service, or of another cost object.

In a BOA must be listed the compulsory activities and what it is necessary to achieve a product, a service, or another output. The quantity must be expressed through the number of outputs of the activity used to obtain a unit of product/service/output. Knowing the unit cost of each activity included in the BOA and determining the uses required by each cost object, you can determine the part of activity absorbed by different products and, consequently, the cost share of each activity to allocate to each cost objects.

## Advantages and Limits of ABC in Public Services Management (Conclusion)

Previous studies have shown that ABC is useful in two situations (Cooper and Kaplan 1988):

(a) When organizations have growing expenses in indirect and support costs, with a traditional cost accounting system that is based on the assumption that cost objects consume resources, and it is generated prevalently by direct labor and materials.
(b) When organizations have several products, services, and processes, as typically registered in public administrations.

In public entities, the management is often inspired by a financial/monetary logic rather than economic, and therefore lacks a constant focus on economic rationality. The decision to acquire effective tools of economic analysis stressed on results, with which to guide and empower the public managers, is a need in the various levels of public administration. It represents the result of the need to have appropriate tools to measure economy and efficiency. This means that it is necessary to implement a major overhaul of management accounting systems for public services that leads to a constant search for the best utilization of the resources. On this topic the management accounting system assumes great relevance: it is able to promote this constant search identifying the processes on which managers could and must intervene. However, to effectively realize this intervention is necessary to have adequate managerial tools; in particular, the cost accounting system must be able to recognize the expenses and revenue of public services.

Activity-based costing is now an accepted element of the accounting and control systems of industrial and service firms, and it has been employed in both governmental and not-for-profit organizations. The characteristic of public sector organizations, as overhead-intensive service entities, suggests the use of ABC. The adoption of ABC in private sector was propelled by increasing proliferation of all businesses outputs (including types of suppliers, products, services, channels, and customers) that cause increased complexity and increased indirect expenses to manage the complexity. For public administrations the variety of services offered, of suppliers and the cross-sectored demand of various category of citizens with differentiate needs is not an effect of transformations in its own environment, but rather a characteristic of its own activity.

*From the public managers and politicians' perspective*, the ABC allows a more detailed and accurate analysis of overhead cost, with a direct connection between services-outcomes, resources necessary to implement activities, and factors that consume them. An analytical map of activities and a detailed cost analysis represent a great help for budgeting.

By analyzing all the activities, ABC is able to provide the administration information about the contribution of each activity in value creation for citizens: for an effective cost-benefit analysis, this methodology describes better than traditional cost accounting the ability of activities to improve services quality and those of them that contribute less or cost more than their contribution. This characteristic of ABC help to match the actual need of efficiency in public service management: with different kind of representation, all citizens require to pay less tax without a decrease in public services quality or to have an increase in public services quantity and quality holding the line on taxes.

Moreover, the obtained cost rates can be used for cost control, for managers' evaluation, for comparing administrations and, with a forward-looking approach, to evaluate the cost benefits of the strategic decisions planned. ABC, by assigning costs to previously unmeasured factors in decisions and providing a measure of the full cost of programs and activities, helps to identify circumstances in which goals and objectives are out of line with spending decisions.

ABC resolves the problem inherent to the lack of useful information in the general ledger by converting accounting data in activity costs. This costs reprocessing can be used to identify operating relationship that represents the key elements to making good decision affecting products, services, and citizens.

*From the citizens' perspective*, the last years were characterized by an increase in public services quality obtained mainly by using new technologies; however, the citizens perceive yet these services as too expensive and often of a low quality. It is widespread but very relevant in countries where a large part of citizen transaction is done with the public administration.

The cost accounting tools, and particularly the activity-based costing, with its capability to analyze and to classify activities and actions, can help the change in the public administration (PA) by analyzing each part of local government and promoting mechanisms of improvement. The citizens have certain legitimate expectation of the standard and quality of services, and the government should be able to deliver them. As taxpayers, the citizens-consumers can evaluate through a cost accounting system able to produce relevant quantitative information, the level of effectiveness of instruments as the "citizens charter," adopted by several governments to set out in a transparent way the standards and the types of services that are being offered (Rizvi 2008).

According with the need to improve accountability in the PA, ABC, linking budgets with performance, allows a better evaluation of the results of the political choices. Furthermore, the standardization and the simplification of administrative processes can constitute one of the powerful mechanisms of transparency; a well-defined and knowledge procedure is an effective weapon against corruption.

Despite its advantages, the activity-based approach has also several limitations, including that of being very complex to apply. And probably, in the public sector this complexity is harder than in private sector. Its introduction in fact requires a thorough organizational analysis to identify and define the activities. This analysis may also have a high strategic and organizational value, allowing to appoint the activity owners with the aim of rationalizing the activities of which have identified as leaders. However, it is an analysis which takes time and requires the involvement of a plurality of persons. Some activities may not coincide with the cost and responsibility units defined according to the functional vision. Furthermore, if there is already a traditional cost accounting system, this will require significant changes, and investments, in procedures, softwares, and behaviors. Furthermore, in designing a costing system, there is always a trade-off between the cost of the system and the detail, accuracy, and flexibility of the system. ABC implementation is expensive for all kind of organizations, particularly in the public organizations, where often the public relevance of the outputs requires more complex procedures. The desired level of detail and accuracy of information, affecting directly the level of costs to be sustained, depends on what decisions will be made.

The introduction of this approach requires that the public decision-makers understand fully the strategic significance and would exploit all the potential uses of this methodology. The final objective of this approach, in fact, cannot be only to calculate the "true" cost of public services. The awareness of the politicians and of the top management of public entities is required on the potential use of information activities in order to define effective strategies and resource reallocation policies, compose outsourcing choices of activities, and/or redesign activities and processes. To achieve this awareness is often necessary to start the process of training and awareness from decision-making levels.

## Cross-References

▶ Cost Accounting in Public Services
▶ New Public Financial Management

## References

Becker J, Bergener P, Rackers M (2010) Activity based costing in public administrations: a business process modeling approach. Int J E-Serv Mob Appl 2:1
Brown RE, Myring MJ, Gard CG (1999) Activity-based costing in government: possibilities and pitfalls. Public Budg Financ 19(2):3
Cokins G (2006) Activity-based cost management in government, 2nd edn. Management Concepts, Alexandria
Cooper R, Kaplan RS (1988) Measure cost right: make the right decisions. Harv Bus Rev 65:96–98
Granof MH, Platt DE, Vaysman I (2000) Using activity-based costing to manage more effectively. The PricewaterhouseCoopers Endowment report, Austin
Hood C (1995) The "new public management" in the 1980s: variations on a theme. Acc Organ Soc 20(2–3):93
Kaplan RS, Johnson HT (1987) Relevance lost: the rise and fall of management accounting. Harvard Business School Press, Boston
Rizvi G (2008) Serving citizen and strengthening democracy. In: Borins S (ed) Innovations in government: research, recognition and replication. Brookings Institution, Washington, DC

# Adaptive Public Administration

Ani Matei and Mădălina-Cristina Gogu
The National University of Political Studies and Public Administration(SNSPA), Bucharest, Romania

## Synonyms

Adaptive governance; Adaptive institutions; Responsive public administration; Transformation of Public Administration

## Definition

The term adaptive administration describes what happens when administration adjusts to change, theories evolve and contribute to practice insights, and the results of practice experience are used to modify the theories being used (Mitchell and Mitchell 2015).

## Introduction

In the last period, the public sectors have undergone fundamental transition due to the financial stress, digital revolution, globalization, and political polarization, affecting the evolution and development of public policies and programs (Matei et al. 2017, p. 764). Thus, public administration must adapt, both now and in the future, to the turmoil in the environment, economy, and politics; to social unrest and military confrontations; to the lack of drinking water, the food crisis, and the difficulty of citizens to access medical services; to pollution, stress, new viruses and bacteria, terrorism, strong and large-scale fires, catastrophic floods, and large-scale earthquakes; as well as to the occurrence of phenomena and processes with a high risk to human health and life (Gogu 2018).

The concept of adaptation has quickly gained ground among theorists and practitioners in public administration. The special interest shown in adaptive public administration requires a better knowledge of the problem in order to understand and solve the problems that the public administration will face. The transformation of the public administration into an adaptive administration is done through two complex processes, namely, adaptive management and adaptive administration. Adaptive public management is an integrative process of induced transformations in public administration, in which change, adaptation, and innovation are dominant features (Matei et al. 2017), and, at the same time, it is an iterative structured, decision-making process, robust when faced with uncertainty, in order to reduce uncertainty over time by monitoring the system (Holling and Sundstrom 2015). Adaptive administration is, in turn, a dynamic, conscious process that allows external and internal changes to induce and operationalize new statuses for public administration, in order to respond to the sociopolitical context . (Matei et al. 2017).

The process of transforming public administration into an adaptive administration is based on the concepts of Holling and his colleagues (1978) and also on the theories advanced by both the authors Mitchell (2015).

## Adaptation of Public Administration

Adaptation of public administration consists in the application of adaptive management which is a formal iterative process of resource management that acknowledges uncertainty and achieves management objectives by increasing system knowledge through a structured feedback process (Matei and Antonie 2015). The adaptive public administration represents the most adequate framework for operationalizing the adaptive public management (Matei et al. 2017, p. 776).

Adaptation of public administration consists in the application of adaptive management, which is a formal iterative process of resource management that recognizes uncertainty and achieves management objectives by increasing system knowledge through a structured feedback process (Matei and Antonie 2015). Adaptive public administration is the most appropriate framework for operationalizing adaptive public management (Matei et al. 2017).

Figure 1 shows the stages of public administration transformation, which must constantly adapt, if it wants to remain relevant as a field (Mitchell and Mitchell 2015); thus, the objective is to transform the administration, from a rigid administration to an adaptive administration (Gogu 2016). The stages, described in Fig. 1, are iterative, there is no final stage, and the adaptation to new realities continues permanently.

Public administration is difficult to define (Rosenbloom 1989) due to the impossibility to include in a definition the multitude of administrative facts and the diversity of aspects incorporated by administrative phenomena (Matei 2000). The essence of public administration is the translation of politics into the reality that citizens see every day (Kettl and Fessler 2008).

Adaptation of public administration is done in three stages, namely:

1. Public administration
2. Understanding the behavior of public administration
3. Evaluation and design of adaptive public administration

The first stage takes place within the current public administration; in this stage, the work team is established, the necessary data are collected, and the organization of the public administration system is analyzed.

The work team consists of two or three analysts, with training in public administration, administrative law, economics, communication, etc., who have experience in integrating information and coordinating people. The team must be supported by a support group of up to two people. The team refines the models, develops alternative policies, and analyzes the data, while the support group collects and integrates the data. The analysis of the organization of the public institution is presented in several successive workshops, in which a maximum number of 20 scientists, managers, and politicians are involved. The decision-maker, usually the head of the public institution under analysis, is only involved in key points for short periods of time (Holling 1978).

In the second stage, entitled "Understanding the behavior of public administration," the work teams analyze the institution in terms of stability and resilience, complexity and simplicity, etc. Understanding behavior can be decisive for the development capacity of institutions (Matei et al. 2017, p. 775). In terms of behavior, public institutions are grouped into institutions that have a sustained pace of change, that respond flexibly and adaptively to any type of uncertainty, and that maintain stability at all costs and exclude disruptions and risks from their work (Holling 1978). In adaptive practice, an institution is not validated, but first it is invalidated, by endangering it, so as to call into question the credibility of the functioning, in good conditions, of the institution in situations of uncertainty, to see where fails. The creation of a model, of a public institution, to function in the real world, must not be too simple, because it has no credibility or must be made at the level of detail, because the real world changes between the moment of the model

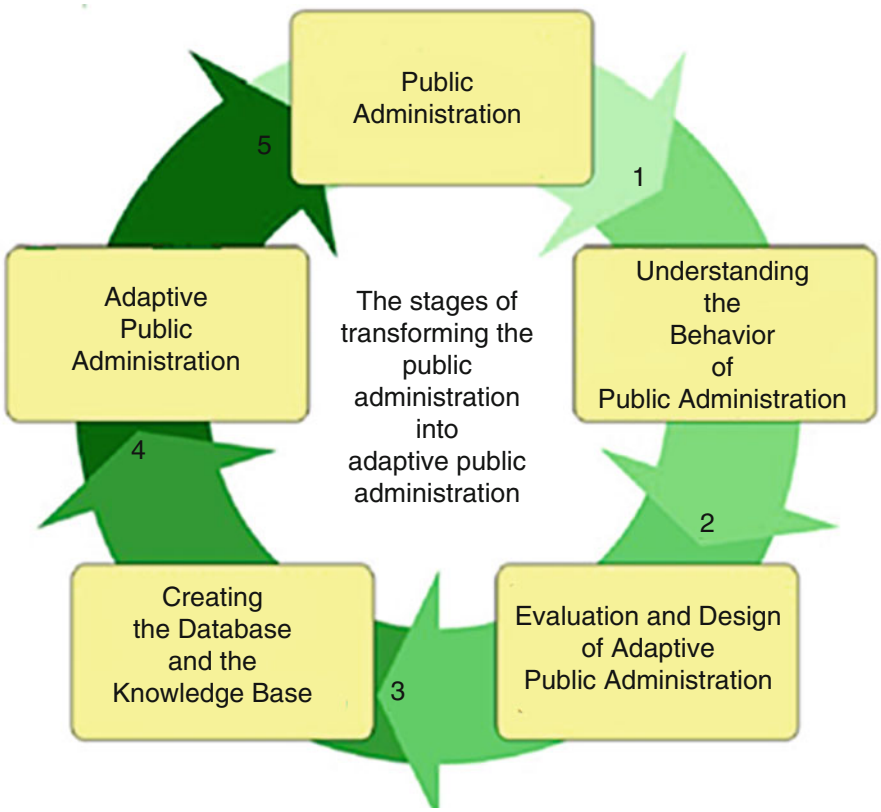


**Adaptive Public Administration, Fig. 1** The stages of transforming the public administration into adaptive public administration

and the establishment institution. The adaptive approach to the problems for which an institution is set up uses, on the one hand, an adequate degree of complexity to approach the model in real life and, on the other hand, uses creative simplification, due to the requirements of understanding the model, critical evaluation, and communication (Holling 1978). An action taken by an institution currently changes future realities and decisions, so it is necessary that the present action does not contribute to the establishment of realities that can no longer be adapted in the future; in this sense, it is necessary that any action be adaptively evaluated and to identify a part of the actions that will be undertaken, obligatorily, in the future, as a consequence of the present actions.

In the third stage, entitled "Evaluation and design of adaptive public administration," the public administration and its adaptability are evaluated, working models are built, the processes that will take place are described, and the institutions are designed for future uncertainties. Assessing the impact of uncertainty on the activity of public institutions does not aim at eliminating uncertainty but only a recognition of the inevitability of uncertainties and the consequent selective risk-taking (Holling 1978). Evaluation and design involve changes in institutions and legislation; these changes are more feasible in developing countries and less so in developed countries (Holling 1978). Public institutions must be designed to cope with large, impossible-to-eliminate disasters and to learn from small-scale disasters. The purpose of design is, first of all, to prevent and, secondly, to survive when a failure occurs. In the evaluation and design stage, the world must be seen from the perspective of adaptability, responsiveness, and uncertainty, as fundamental aspects of life, rather than prediction and

tight control aimed toward an achievable certainty (Holling 1978). The adaptability capacity of institutions is determined by their ability to learn and store knowledge and experience, by their creative flexibility in decision-making and problem-solving, and the existence of power structures that respond to and take into account the needs of all stakeholders (Matei et al. 2017).

## Adaptive Public Administration

In the fourth stage, the technical stage, entitled creating the database and the knowledge base, the institution is equipped with Big Data systems, adaptive computer programs, knowledge bases, and theory generators. The technical capacity of institutions to equip themselves with high-performance systems consists in the ability to implement all of the key organizational functions and deliver programs and services (Matei et al. 2017). Big Data information systems pre-process the received information and store it in the database in a format that will be used later; it also post-processes information, using logical algorithms. Knowledge bases, created with the help of Big Data, have the potential to revolutionize the field of administration because they can contribute with answers, in real time, to the questions of the heads of public institutions (Mitchell and Mitchell 2015). Data analysis methods, from knowledge bases, rely on qualitative modeling and typological analysis and involve a combination of typological scales and search tables to create representations of interactions between concepts that may vary over time (Mitchell and Mitchell 2015). A computer program is adaptive if it automatically changes its operating algorithm and sometimes its structure, in order to maintain or achieve an optimal state, when the external conditions change (Ciobu 2014); the program must be adapt to present and future situations. Adaptive software uses available information about changes in its environment to improve its behavior (Norvig and Cohn 2021). The theory generator, on the one hand, eliminates the rigid theories proposed to be applied in practice, which are often irrelevant, thus being useless because they are inflexible (Mitchell and Mitchell 2015), and, on the other hand, must produce, with the help of a computer mechanism, useful theories in practice about certain topics and problems, theories that adapt to the existing situation at a given time and a well-defined place. This process of producing theories from experience and making them available to practitioners is an adaptive process and produces adaptive concepts.

Adaptive public administration must adapt to risks, constraints, challenges, frustrations, and stress; solve dilemmas; manage cooperation and conflict, rigidity, and flexibility; adopt adaptive strategies; and develop and apply administrative-practical theory (a-p).

The ability of the administration to adapt and accept the changes that take place both outside and inside the institution and the ability to overcome crises, achieve performance, and get closer to the citizens will be an important pillar of efficiency (Matei et al. 2017). Changes that take place outside the institution receive different responses, and the risks can vary substantially from institution to institution. The heads of public institutions need to assess the advantages, disadvantages, and risks associated with the various options and engage in effective risk management. Public institutions that have adopted rigid strategies in their activity are subject to a certain type of risk; at the same time, the institutions that have introduced adaptability in their activity are subject to another type of risk. Doing nothing is usually associated with a significantly higher risk than in the case of institutions that have implemented adaptability in their work (Mitchell and Mitchell 2015).

Some of the constraints to which the institutions are subject are closely related to the costs, as well as to the social benefits realized; any decision that the leaders of the institution take involves numerous evaluations and risks but also compromises both qualitative and quantitative. Decision management is done intuitively by the leaders of the institution. Experienced leaders make quick decisions, based on the intuition developed from experience gained, but it would be much more useful for the institution if a decision was made based on information received from a knowledge

base (Mitchell and Mitchell 2015). Other constraints to which public institutions are subject are of a physical nature, such as the proper arrangement of work spaces. Although considered a minor fact, compared to the main activity of the institution, the arrangement of spaces can have a major impact on institutional performance and individual staff reactions that can affect both labor productivity and job satisfaction (Mitchell and Mitchell 2015).

The category of challenges, both for the institution and for civil servants, includes the use of Big Data, new technologies, theory generators, as well as administrative-practical theory (a-p).

Relationships within an institution, as well as relations with the outside world, with other institutions, and with citizens, are based on forms of cooperation, conflict, or a combination of the two. Internal cooperation, between the staff of an institution, and external cooperation, with other institutions, contribute to the elimination of conflicts and to the increase of the efficiency in activity. There are many degrees of cooperation, from full commitment to extreme caution; it all depends on the interests of those involved. If the staff of an institution decides that it is in their interest and they are satisfied when decisions are approved by all those involved, then there is cooperation. As the internal and external environment of an institution changes, cooperation becomes difficult, in which case an adaptive dispute settlement procedure is needed. As in the case of cooperation and conflict, there are degrees of conflict, between citizens, officials, groups, and institutions, from open warfare, hidden opposition, lies, etc. Conflicts are considered normal and accepted, and efforts are made to collaborate more through the use of adaptive administrative strategies (Mitchell and Mitchell 2015).

The reaction to changes outside the institution can be characterized as flexible, rigid, or mixed; some reactions are instinctive and others can be planned. Rigid reactions maintain institutional predictability, are part of the same way of solving situations, and are on already established capabilities and values. Adaptive reactions allow the institution to evaluate and change its activity in response to changes that occur. The slower introduction of change allows for greater stability, and, vice-versa, greater adaptation to change reduces the stability of the institution. It takes good cooperation between theorists and practitioners so that the theorists understand the real world and for the practitioners, the leaders of institutions to understand what mix of strategies should be applied (Mitchell and Mitchell 2015).

Frustration and stress are manifested, both among leaders and civil servants, due to the lack of available information on how the activity of institutions can be improved and, among citizens, due to the relationships they have with public institutions, relations considered by them as inflexible, arbitrary, burdensome, and intrusive. Leaders often feel that they lack a knowledge base that makes choices in decision-making easier, helps them solve problems, and provides them with methods that could be applied in everyday practice. Citizens do not understand how public institutions work and why they do so in a rigid way; at the same time, the heads of institutions and civil servants feel threatened by the wave of criticism, both external and internal; and in this case they do not takes risks to improve the activity preferring to act rigidly, in a strictly legal framework (Mitchell and Mitchell 2015).

There are two dilemmas regarding the path that leads the public administration to the desired results: the first of them represents the way of managing, at some point, in the future, the activity (rigid or adaptive), and the second represents the way to get from here, from the present, up to there, in the future. The disadvantage of jumping to the future is that today there is no certainty about where the institution should go, what methods should be used to move us in a new direction, and what the risks are if major changes are made (Mitchell and Mitchell 2015).

The performance of a public institution must be effective and efficient, in accordance with the imposed standards; in this sense, the leaders need information, both quantitative and qualitative. This information can be provided by a relevant, ever-changing knowledge base but also by strong support systems built around knowledge bases. In the current public administration, leaders are usually left on their own, to

cope with the realities of their functions; all this limits flexibility and reduces the performance of leaders of public institutions. The need for a knowledge base appropriate to a sector of activity is essential; from this, base managers can access information and suggestions, as well as from an online consulting service. This approach is specific to adaptive administration and administrative practice theory (a-p) (Mitchell and Mitchell 2015).

The experience of the staff of a public institution contributes a lot to the performance achieved by the institution in its entirety, because the experience contributes to the efficiency of the practice and the practice contributes to the enrichment of the theory. The lessons learned can be understood, generalized, and added to the database of the field of activity only if references are made to appropriate reference theories; only in these conditions, the lessons learned can build bridges with other experiences. The experience incorporated in the lessons learned represents an intermediate step in linking the theories of practice and the use of practice in improving the theories (Mitchell and Mitchell 2015).

The strategies that the adaptive public administration must adopt concern the fields of planning, personnel, financial, management, etc.

Planning begins with the activities carried out by legislators when drafting new laws in the field and continues with the decisions taken by political leaders in government, on what public institutions should do, and in the last part the legislation and rulers' decisions are implemented, and it aims to be framed within the limits of the approved budgets and the time frame for which the budget was approved. Adaptive planning explicitly takes into account the uncertainty at the time of drawing up the plan, respectively, and analyzes the reaction of the planned system, on the one hand, and the limited knowledge of the planner, on the other hand. In adaptive planning, new information and feedback are quickly and continuously integrated into the plan, planning does not end with the approval of the plan but continues throughout the implementation, and the management, each time, is adjusted accordingly (Mitchell and Mitchell 2015).

Changes that take place in society affect public institutions and the relationship between institutions and its staff. Personnel strategies develop, among the staff of an adaptive public institution, understanding, skills, and motivation, in order to ensure compatibility between the institution and the staff working within it. At the same time, it is necessary for staff assessment to adapt to new circumstances, the assessment must be made in terms relevant to the situation that a public institution is facing, and the assessment methods must be reviewed as part of the adjustment process (Mitchell and Mitchell 2015).

Under the conditions for the introduction of adaptive administration, new requirements for financial and budgetary planning, accounting, and reporting should be introduced. Permanent change forces public institutions to react and correlate financial plans with the new situation. The budget, in conditions of uncertainty, is no longer relevant, and accounting becomes much more difficult as new categories of expenditure appear, and the funds available for such expenditure are neither foreseen nor correctly classified. A major problem is financial reporting, which must justify why planned expenditure does not correspond to expenditures. Applying the current method, in the conditions of permanent changes, would mean that the financial plan is applied as foreseen at the time of its approval, without any adaptation, although the situation has changed and the results obtained will be far from established. The application of adaptive management in the financial field of public institutions should reconcile, by flexibility, standard financial strategies with the requirements of adaptive administration, which is difficult to achieve due to the rigidity of public administration. One solution to counteracting rigidity would be to include footnotes in current financial plans describing how the occurrence of unforeseen events may change the destination of funds or the source of revenue. Permission to change the destination of the funds, based on the footnotes, in the event of unforeseen events, may be granted by the law that approves the respective budgets. A better solution would be to aggregate budgets at a higher level, which means that the source of revenue and the destination of

expenditure would no longer be provided in detail. The latter proposal would lead to the development of a new type of accounting and tracking of income and expenditure, as well as another way of financing work teams (Mitchell and Mitchell 2015).

The management of the institutions must look, both to the inside of the institution (the staff of the institution and the activities it carries out) and to its outside (citizens, the environment, politics, etc.). Many challenges face the head of a public institution such as pressures due to limited funding, criticism of citizens and the business environment; the reputation, difficult to maintain, of the institution; and the lack of a knowledge base in the field of activity (base that provides better information about the institution and the outside world). The introduction in the institutional practice of the concept of administrative-practical theory (a-p) would help the leadership to better understand how leadership can be effective in conditions of uncertainty (Mitchell and Mitchell 2015).

Administrative practice theory (a-p) is based on the fact that both theory and practice are constantly evolving, they are not separate and distinct, and they are interconnected and codependent; the relationship between theory and practice is unique and must constantly evolve together to effectively address the changes facing public administration (Mitchell and Mitchell 2015). Theories that present fixed concepts, as true, both now and in the future, are not useful in adaptive public administration. Updating theories can only be done with the theory generator. Such a tool ensures the collection, from practice, of new information, which it models, thus producing new theories about certain topics and problems, theories that are constantly evolving (Mitchell and Mitchell 2015). The term administrative-practical theory (a-p) can include any concept of administration. The theory must be based on generalizations of practical experiences and, in turn, must be available to practitioners to directly support their activities; theories must be seen as variables, not as absolute ideas (Mitchell and Mitchell 2015) as the new theory it is presented and the practice must also change.

## Conclusion

Adaptive public administration has both the tools and the capacity to cope with financial stress, the digital revolution, globalization, political polarization, and the turmoil that takes place in the environment and society. The adaptive transformation of the public administration consists, firstly, in the evaluation of the institutions and their adaptive design; secondly, in the equipping with Big Data systems and adaptive computer programs, on the basis of which databases and knowledge can develop, and with the help of theory generators to make functional the administrative-practical theory (a-p); and, thirdly, in the creation of tools; adaptive reaction to risks, constraints, challenges, frustrations, and stress; solving the dilemmas that appear in the functioning of institutions; managing cooperation and conflict, rigidity, and flexibility; as well as adopting and implementing adaptive strategies in areas such as planning, personnel, financial and leading management, and others. The adaptation of the public administration is an iterative process, and it does not stop because the causes that contributed to its appearance do not disappear either.

## References

Ciobu V (2014) Aplicații adaptive pentru cercetarea sistemelor fizice și managementul resurselor. In: National Scientific Conference with international participation “integration through research and innovation”. State University of Moldova, Chisinau

Gogu M-C (2016) Adaptive management: from ecology to public administration. Global J Sociol Curr Issues 6(2): 24–28

Gogu M-C (2018) Developing emergency medical transportation services for a turbulent future, 6th world congress of administrative and political sciences (ADPOL-2017), 23-25 November 2017. University of Barcelona, Barcelona, Spain. Global J Sociol Curr Issues 8(1):13–21

Holling CS (1978) Adaptive Environmental Assessment and Management. In: International Institute for Applied Systems Analysis. Wiley, Chichester/New York/Brisbane/Toronto

Holling CS, Sundstrom S (2015) Adaptive management, a personal history in adaptive Management of Social-Ecological Systems. In: Proud E, Willett B, Westerman B, Kurtz J (eds) Managing complexity:

adaptive management at Mercy Corps. https://www.mercycorps.org/sites/default/files/2020-01/Adaptive%20management%20paper_external.pdf. Accessed 07 Jan 2021
Kettl D, Fessler J (2008) The politics of the administrative process, 4th edn. CQ Press, Washington, DC
Matei A (2000) Introducere în analiza sistemelor administrației publice. Editura Economică, Romania, București
Matei A, Antonie CM (2015) The need for positive change: adapting management in public administration, 4th world conference on business, economics and management, WCBEM. Procedia Econ Finance 26(2015): 345–350
Matei A, Antonovici CG, Savulescu C (2017) Adaptive public administration. Managerial and evaluation instruments. Lex Localis J Local Self-Gov 15(4): 763–784
Mitchell FH, Mitchell C (2015) Adaptive administration, practice strategies for dealing with constant change in public administration and policy. CRC Press, New York
Norvig P, Cohn C (2021) Adaptive software Harlequin Incorporated. http://norvig.com/adapaper-pcai.html. Accessed 10 Jan 2021
Rosenbloom DH (1989) Public administration. Understanding management, politics and law in the public sector. Random House, New York

# Addressing Food Insecurity: Role of Community Mapping

Veronica Adams-Cooper
Master of Public Administration Program, Albany State University, Albany, GA, USA

## Synonyms

Asset mapping; Food availability; Food security; Neighborhood mapping

## Definitions

| | |
|---|---|
| Community mapping | It is defined as the creation of physical or computer-generated visual maps of assets in communities by local stakeholders, external entities, or a combination. |
| Food access | It is defined as access to sources of healthy, nutritious, and affordable food in a resident's living environment such as grocery stores, supermarkets, and supercenters. |
| Food desert | It is defined as the lack of access at the neighborhood level to healthy, nutritious, and affordable food. |
| Food insecurity | It is defined as the situation that exists when all people, at all times, do not have physical, social, and economic access to sufficient, safe, and nutritious food, which meets their dietary needs and food preferences for an active and healthy life. |

## Introduction

Food insecurity is one of the major challenges of urbanization in nations across the world. It is a complex, global phenomenon that destabilizes the healthy, sustainability of the world population. The COVID-19 Pandemic emerging in 2020 has exacerbated the food insecurity crisis even more (Erokhin and Gao 2020; Shanks et al. 2020). This entry will discuss the role of community mapping in addressing food insecurity in the urban cities of the USA. First, an overview is provided on the role of urbanization in food insecurity. A discussion follows on food insecurity globally and within the USA. Next, a brief review is given on community mapping encompassing these major organizations identified in the case descriptions that provide technology services or data for the development of the food security mappings: Environmental Systems Research Institute (ESRI), Feeding America, PolicyMap, UrbanFootprint, Urban Institute, and the US Department of Agricultural Economic Research Service (USDA ERS). Finally, nine case descriptions are presented that describe community mapping utilization to address food insecurity in urban settings in the USA. The case descriptions involve the following eight states and nine cities: Fresno, California; Albany and Atlanta, Georgia; Boston, Massachusetts; St. Louis, Missouri;

Philadelphia, Pennsylvania; Providence, Rhode Island; Memphis, Tennessee; and Milwaukee, Wisconsin.

## Urbanization and Food Insecurity

Globally, 56.2% of the world's population lives in urbanized areas with projections rising to 60.4% by the year 2020 (UN-Habitat 2020). Urbanization refers to the considerable population shift of people residing in rural areas to living in urban or city areas. The process of urbanization creates changes in local ecosystems (Gianotti et al. 2016). Changes resulting from urbanization often include usage strains on natural environment resources such as land and water. Additionally, urbanization can result in access challenges regarding built environment resources inclusive of but not limited to food supply, infrastructure, housing, employment, and services such as public transit. Social environment factors stemming from urbanization may pertain to wage disparities and differential access to quality education and physical and mental health services.

At the global level, food insecurity resulting from urbanization is related to the influx of population to urban cores to fill jobs created through industry and corporate economies. However, most unplanned urban centers do not have the infrastructure to support the citizens. One international example of the challenges of urbanization is China, known for its densely populated urban centers. Li and Cao (2020) discuss how China's traditional urbanization period from 1978–2012 involved the expansion of urban space. The space was utilized to house industry and corporate growth that benefited from tax and wage benefits provided by the local governments. The populations that flowed into the cities from the rural areas did not necessarily benefit well in terms of quality of life issues. Subsequently, new urbanization began in 2012 with the development of, "The National New Urbanization Plan (2014–2020)," that aims to improve the needs and living standards for citizens that should address such issues as food security, wage inequities, and physical and mental health wellness.

For the USA, urbanization that began in the eighteenth century was the result of the influx of populations to inner cities in response to the Industrial Revolution. Subsequently, industry was replaced with corporations driving the urban economies. However, the residential living patterns shifted from urban city employees with the financial means moving to the outskirts of the cities into the suburbs. The occurrences of suburbanization (Hortas 2015) and white flight (Wade 2017) were especially prominent during the period 1970–2000. The economic impact of this population shift was significant disinvestment from many urban areas leading to closures of grocery stores that substantially diminished access to quality and affordable food for residents (Deener 2017).

When well planned and executed, urbanization is not automatically a threat to urban areas (UN-Habitat 2020). In regard to food insecurity, urban areas have to improve the design of cities to adequately support the food accessibility needed by the population. Seto and Ramankutty (2016) see employing urban planning and land use policies as a means of increasing food security. Citizens must have stores available with healthy, nutritious food options that are affordable. Additionally, urban areas with high levels of wage gaps must find solutions for affordable food opportunities. Even if there are accessible food choices, if residents are unable to afford local, available food and produce, the problem is still present. Concerted and collective efforts by businesses, government, and citizens will be required.

## Overview of Food Insecurity Globally

For almost the past 50 years, the Food and Agriculture Organization of the United Nations (FAO) has been fighting to decrease food insecurity. The significance of food insecurity as a critical condition impacting the world is evidenced by millions of people experiencing the lack of quality food access across the globe (FAO et al. 2020, p. xvi). Data from FAO (2020) reveal that in 2019, approximately 750 million people suffered severe

levels of food insecurity. That occurrence is an alarming rate of about one in every ten persons in the world suffering from a critical level of food insecurity (p. xvi).

Food security was initially defined during the 1974 World Food Summit in response to the extensive food shortages and famine occurring in many parts of the world between 1972 and 1974. By the 1996 World Food Summit, an ambitious goal was set to address food insecurity by reducing 50% of persons experiencing hunger by 2015 (FAO 2006). At that time, approximately 820 million persons worldwide were impacted. During the 1996 Food Summit and subsequently in 2001, the definition of food security was revised resulting in the conceptualization of food security now used to combat global food lack in both urban and rural environments. The definition is, "food security is a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life" (FAO 2003). Reflected in this latest iteration of food security are four key dimensions: (1) physical availability of food, (2) economic and physical access to food, (3) food utilization, and (4) stability of dimensions 1, 2, and 3. Throughout this protracted struggle to address food insecurity, some progress has been made. The number of persons who were undernourished in emerging countries decreased dramatically between 1990 and 2015, from 23.3% down to 12.9% (Adkins 2018).

## Overview of Food Insecurity in the USA

Similar to other nations where progress in reducing food insecurity has been hindered by factors in the natural environment, political landscape, and social settings, the USA has also experienced such impediments (Adkins 2018). Too often the focus on the developing nature of countries experiencing food insecurity overshadows the fact that the highly, post-industrialized nation of the USA also experiences a significant level of food insecurity. In 2018, data revealed that over 37 million citizens lived in food insecure households in the USA (USDA ERS Food-Insecure Households 2018).

Addressing food insecurity in the USA began as a major policy response to the Great Depression in the 1930s. This economic disaster resulted in millions of citizens experiencing hunger due to the lack of funds for purchasing food, excess farm products, and negative sales for local grocers and supermarkets. Under the presidency of Franklin D. Roosevelt, the First Food Stamp Program was implemented to address the three-pronged food access problems driving food insecurity. Its modern-day counterpart is SNAP (Supplemental Nutrition Assistance Program) that uses an electronic debit card (USDA FNS) (n.d.). Despite SNAP, national intermediary food banks such as Feed America, and a decentralized, network of local food banks and pantries sponsored by faith-based organizations and nonprofits, food insecurity remains a critical challenge for millions of citizens.

## Community Mapping to Address Food Insecurity

Policy-making to address food security is linked to community mapping with origins in the centuries-old use of cartography and geography for political purposes and social policy. With the rise of computer technology in modern times, there has been a marked increase in using maps at the community level to develop policies for solving local problems. Specifically, geographic information systems (GIS) are employed to create community maps to explore issues such as health, education, crime, and economics. Thus, governments, nonprofits, and communities have the ability to more readily employ community mapping aimed at decreasing food insecurity.

The process for community mapping generally involves community members or stakeholders in a local, geographic area identifying various assets within identified boundaries and creating physical or computer-generated visual maps of the assets (Parker 2006). This process may also include enlisting services from third parties who have

the technology infrastructure and services for data collection, analysis, and presentation. Additionally, the process may involve using community-level data that have been independently collected by third parties. The community mappings resulting from these approaches range from simple, paper-based ones to sophisticated visual and interactive mappings of community assets. Further, the computer-generated maps may be made available on websites that feature interactive features for users to locate information. Decision-making and policy development are the ultimate goals of these local mappings for residents and government officials.

The utility of employing community mapping to address local or community-driven issues is that it provides key data and information at the closest level of analysis. This drill-down access to the direct areas being impacted allows for more precise policymaking and greater success for program development and implementation. Additionally, the opportunity for citizen engagement and empowerment is also shown to be purposeful in community mapping (Parker 2006). According to Pine and de Souza (2013), empowerment and inclusion of citizens are particularly essential when addressing food insecurity. These issues are important when considering some of the critiques of stakeholder approaches. For example, Murphy (2014) expressed concern that the dynamics of power relations may not be intricately examined when traditional "stakeholder" models are used. Additionally, there is concern whether the stakeholders best represent the broader community. Efforts should be made to ensure that such issues are identified and resolved.

## Technology and Data Providers for Food Insecurity Community Mapping

There were six major entities involved in the food insecurity mapping within the case descriptions presented in the next section. ESRI, Feeding America, PolicyMap, UrbanFootprint, Urban Institute, and the US Department of Agricultural Economic Research Service (USDA ERS) are organizations at the national level that span government, nonprofit, and for-profit sectors. These organizations provide some level of technology that aids community mapping related to food insecurity or provide independent collection of food security data available for use by communities. Their involvement constitutes implementing their technology enterprises, collecting data, analyzing data, and/or presenting data for decision-making and policy development.

ESRI is a global, business leader in providing GIS services (www.esri.com). It is a third-party used by several of the communities completing food security community mapping. The scope of ESRI services used by each community varied. The community mappings are made available to the public through a website/s of the respective communities.

Feeding America sponsors the Map the Meal Gap interactive community mapping at the county level to capture food insecurity data in the USA (Feeding America 2018). Feeding America is the USA's largest food relief network after the national government. The interactive feature allows for users to enter the geographic location by state, county, food bank, or district and to filter options for demographic (overall or child), location (national or state), map type (county or district), and year (2016–2018). The results are displayed in gradient green colors with the range being light green at 4–14% up to dark green at 30% or higher. Legends display additional information about poverty level program eligibility. A description is also provided on the corresponding number count for persons experiencing food insecurity, the average meal cost, and the annual food budget shortfall for the area.

PolicyMap (2020) has a community mapping on estimated food insecurity rates for 2017 at the city-level. It is one of over 50,000 indicators in its interactive data warehouse. PolicyMap is a small business, benefit corporation aimed at making geographic data more easily accessible and understandable for decision makers. The interactive features require that an indicator be used in the find box and information entered for the address, geographic location, or latitude/longitude points field. Maps are displayed containing purple

gradient coloring for five categories. The categories range from lavender at 10.1% or less through indigo at 16.1% or higher. The color gray is shown for insufficient data. A filter is available for searching the 3 years of data from 2015 to 2017. There is also a filter to search by percent or number and a filter to shade the visualization by choosing the options of county 2010 Census data, congressional district, or state.

UrbanFootprint is a business provider of cloud-based software used by planners and industries to analyze various data sets translated into mappings. Food security community mappings encompass one of the data sets developed by UrbanFootprint. The data used for communities are extrapolated from the US Department of Agriculture's Food Access Research Atlas (USDA ERS 2015). The Food Atlas data set contains information at the census level for local community indicators of socioeconomic status and food access by miles.

The Urban Institute has developed the interactive, Disrupting Food Insecurity (DFI) Map (Urban Institute 2019). The Urban Institute is a 501(c)(3), nonprofit organization that provides objective, social science research on policy issues impacting urban areas in the USA. Under its Food and Nutrition research area, it has created the DFI to present food insecurity information on communities at the county level through an interactive mapping dashboard feature. In addition to food insecurity data, it also presents information on corresponding and interacting risk factors such as physical health challenges, economic indicators, housing costs, and resiliency that are identified as some of the underlying, root cause factors for the food insecurity levels. The main feature of this community mapping effort is its use of the "peer group." A user may search for a particular county and view which peer group the county falls into based on the county's grouping within ten levels encompassing food insecurity, the aforementioned at-risk indicators, and other background demographics including rural and urban designations. Gradient, colors from dark red to sky blue denote the ten levels.

The US Department of Agricultural Economic Research Service (USDA ERS 2015) is the main provider of policy research data on food security through its Food Access Security Atlas. The Atlas is interactive. Users type in a place and the color-coded mapping will yield information on four categories or layers: (Green) – Low Income and Low Access within 1 mile (urban) and 10 miles (rural) from a grocery story; (Orange) – Low Income and Low Access within 1/2 mile (urban) and 10 miles (rural) from a grocery story; (Red) – Low Income and Low Access within 1 mile (urban) and 20 miles (rural) from a grocery story; and (Yellow) – Low Income and Low Access using vehicle access to a grocery story. There are data available for 2010 and 2015. The mapping is generated by ESRI technology.

## Community Mapping Case Studies

This section details nine urban cities within eight states that use community mapping to address food insecurity complexities. The cities are Fresno, California; Albany and Atlanta, Georgia; Boston, Massachusetts; St. Louis, Missouri; Philadelphia, Pennsylvania; Providence, Rhode Island; Memphis, Tennessee; and Milwaukee, Wisconsin. For this research, the methodology is delimited to basic descriptions of the existing literature on the communities' food security mapping process. The grouping of case presentations by the participation of stakeholders in the community mapping process is used for classification purposes only. The classifications are Combined Stakeholder Participation ($n = 2$) encompassing citizens, community groups, and local government officials involved in the community mapping and Local Government Stakeholder Participation wherein only government officials are involved in the process of community mapping ($n = 7$). These instances of food insecurity mapping for communities also involves the third-party technology or data source providers.

### Combined Stakeholder Participation

The two cities with the classification of Combined Stakeholder Participation include Albany, Georgia and Philadelphia, Pennsylvania. For Albany, the stakeholders are the City of Albany,

institutions of higher education, and an array of community organizations, along with support from the GIS technology enterprise, ESRI. Philadelphia has three different examples of community mapping constituting the Combined Stakeholder Participation approach of community mapping. The first model features the Anti-Hunger Subcommittee of the Philadelphia Food Policy Advisory Council, which is comprised of citizens and local government officials and its transfer of the food security mappings to Key Medium, a for-profit that uses its corporate philanthropy arm to maintain it along with community support from SHARE, a local food bank. The second model involves a Feeding America network member, Philabundance, participating in food insecurity community mapping. And, a third model consists of community mapping for food insecurity conducted by the Children's Hospital of Philadelphia PolicyLab.

Albany, Georgia, is the central city for the Albany metropolitan area. Population estimates for 2019 indicated there were 72,130 residents (US Census 2020). Data in 2017 indicated that the food insecurity rate for Albany was approximately 16.1% or higher (PolicyMap 2020). In February, 2020, a Food Security Initiative was begun to help address the growing food insecurity levels resulting from closure of grocery stores in neighborhoods experiencing low to moderate income levels. Increasing food security and food access are two of the goals. The Initiative involves the partnership of the City of Albany, Albany State University (ASU), the Georgia Institute of Technology and support from ESRI, along with stakeholder groups including A Better Way Grocers, Feed the Valley Food Bank, Flint River Fresh, Southwest Georgia Project, Southwest Georgia Rising, and the USDA. Citizens, organization members and officials, and ASU students participated in the community mapping process that collected data in February and June 2020 (City of Albany, Georgia 2020).

Collected data were used to develop visualizations that are located within story maps featuring food access, food security, and health outcomes information. These story maps are in the Food Security Initiative section on the City of Albany's GeoHub. The GeoHub serves as a portal point for viewing open data sets, increasing citizen awareness and engagement, monitoring maps, and viewing data dashboards. The ESRI generated mappings contain colored location points, gradient color, and heat maps to display various food access and food security data. The food access data set includes information on the availability and quality of fresh fruits and vegetables, the availability of meat, and the spatial location of food store access by drivability and walkability measures. The food insecurity data set encompasses information from existing data on county-level health rankings for the State of Georgia.

Philadelphia, Pennsylvania, is the capital city of the Philadelphia metropolitan area. It is also the most populous city in the state. Population estimates for 2019 showed approximately 1,584,064 persons in Philadelphia (US Census 2020). Data for 2015–2017 indicated that 1 in 5 residents, approximately 18.3%, (302,685) of the citizens experienced food insecurity (Hunger Free America 2018). Community mapping under the Combined Stakeholder Participation classification is applied in three different manners for Philadelphia. The first instance involves the collaboration between citizens, local government, a for-profit, and a nonprofit to address food insecurity using community mapping. The Anti-Hunger Subcommittee of the Philadelphia Food Policy Advisory Council was the guiding force between 2014 and 2018 in the initial development of the food resources toolkit that includes the Philly Food Finder interactive map (Philly Food Finder 2020). The Council is comprised of citizens and local government officials working in collaboration to achieve a stronger food system that is equitable in meeting the food access needs of citizens. Thereafter, the for-profit company, Key Medium, which specializes in website design, assumed the management of the site under its Coding for Causes program. Additionally, the SHARE Food Program, a local food bank, assisted as well.

The interactive map displays color coded points within the City Council districts. Users input the address of the locally desired food resource. There is a custom filter available and there are standard

filters to search for results in six categories that include farmers markets, food pantries, senior meals, SHARE host sites, soup kitchens, and WIC (Women, Infant, and Children) sites. Filters are available to search by requirements for photo ID, social security card, proof of address, and referral. Filters are also included to search for benefits accepted including SNAP (Supplemental Nutrition Assistance Program), FMNP (Farmers Market Nutrition Program), and Philly Food Bucks (i.e., a SNAP incentive to purchase more fresh fruits and vegetables). Further, there is a filter for public transit accessibility. ESRI technology was used to create the mapping.

The second community mapping process to address food insecurity in Philadelphia is one initiated by the nonprofit, Philabundance, a member of the Feeding America, nationwide network of food banks (Philabundance 2020). Philabundance collaborates with 350 social service agencies in providing food resources to the local residents. The interactive map requires the user to input the address and desired distance. The results yield colored points on the street-level map identifying the location of the social services agencies. A corresponding directory is shown with the numbered results of the agencies. The information includes name, address, distance, and an option for directions. The mappings are generated by Google Maps.

The third instance of community mapping for the City of Philadelphia is through the Children's Hospital of Philadelphia PolicyLab. The hospital is a non-profit that developed its policy arm through the PolicyLab. The food security mapping was initiated to improve the health outcomes for the children and youth they served and their families. The agency used available mapping tools and developed the color-gradient maps using clinical screening data and publicly accessible information from the Food Access Research Atlas of the USDA ERS (PolicyLab 2019).

### Local Government Stakeholder Participation

The remaining seven cases for cities are those with the Local Government Stakeholder Participation classification of community mapping. Boston, Massachusetts and Milwaukee, Wisconsin have individual forms of community mapping. In contrast, St. Louis, Missouri; Providence, Rhode Island; Atlanta, Georgia; Fresno, California; and Memphis, Tennessee are all cities using the same form of community mapping.

Boston, Massachusetts, is the central city for the Boston metropolitan area and largest city in the state. Population estimates for 2019 revealed 692,600 residents (US Census 2020). As of 2016, the food insecurity rate for Boston was 18% with neighborhood rates ranging from 8.7% to 27.1% (Mayor' Office 2019). To address its food insecurity challenge, The Mayor's Office of Food Access (OFA) for the City of Boston, was created. The Office commissioned a food assessment that used community mapping to provide color-gradient visualizations for access to food stores and multiple socioeconomic and personal characteristics of residents. Additional maps were developed showing location points for food resources, youth meal sites, and farmer markets. Mappings were ESRI created.

Milwaukee, Wisconsin, is the largest populated city in the state, and it is the central city of the Milwaukee metropolitan area. Population estimates for 2019 showed there were 590,157 citizens in Milwaukee (US Census 2020). This urban location has experienced a significant degree of food insecurity in recent years. The Milwaukee Department of City Development initiated the development of community maps in 2013 to establish the baseline for food access to address this social challenge (Sachs 2017). A 3-map series was developed by ESRI to show the prevalence of food deserts and related socioeconomic factors of median household income and racial diversity (ESRI 2013). In 2017, comparison community maps were created. The analyses revealed that there was some increase in food access. Yet in 2019, a report revealed that at least 21% of residents still lived in areas considered food deserts (Hess 2019).

There are five cities employing the use of community mapping by UrbanFootprint to address issues of food insecurity. These cities are St. Louis, Missouri; Providence, Rhode Island; Atlanta, Georgia; Fresno, California, and

Memphis, Tennessee. Data indicated that the food insecurity rate for these cities is as follows: St. Louis, 16.1% or higher; Providence, 12.1–13.6%, Atlanta, 16.1% or higher; Fresno, 13.7–16.0%; and Memphis, 16.1% or higher (Bhargava 2019). The 2019 population estimates for these urban areas are as follows: St. Louis, 300,576; Providence, 179,883, Atlanta, 506,811; Fresno, 531,576; and Memphis, 651,073 (US Census 2020). The mappings consist of various gradient colors that represent the percentage of residents experiencing low income and who live beyond a half mile from the nearest grocery store (UrbanFootprint 2019).

## Conclusion

The phenomenon of urbanization presents challenges for citizens and government officials in these areas such as food security. Food insecurity continues as a serious trial for both the global community and the USA within the milieu of rising environmental, political, and social ills. For instance, the COVID-19 Pandemic has had serious consequences for already food insecure urban and rural areas globally. Fortunately, government, nongovernmental organizations/nonprofits, business communities, and citizens are aided through geographical information system technologies to map assets at the community level to make better decisions and quicker decisions when it comes to such critical issues of food insecurity and others facing urban areas. A local community's response to address food insecurity is critical because available and healthy food supplies impact the overall developmental health and quality of life of a community, especially for children and youth.

This entry describes the instances of nine urban cities in the USA employing GIS services and other GIS-generated data to accomplish community mapping to address food insecurity. The cities of Fresno, Albany, Atlanta, Boston, St. Louis, Philadelphia, Providence, Memphis, and Milwaukee conducted varying community mapping processes classified as either the Combined Stakeholder Participation approach or the Local Government Stakeholder Participation approach. The prominent entities providing the GIS technology or data for the food security mappings were ESRI, Feeding America, PolicyMap, UrbanFootprint, Urban Institute, and the US Department of Agricultural Economic Research Service (USDA ERS). These cases reveal aspects about the processes that may serve to show the viability for other cities to employ community mapping to address food insecurity. The majority of the cases show that the local government is the initiator of the community mapping endeavor. Citizens and citizen groups may have been involved in the process but the involvement was not present in the existing information. The community mapping processes in the cities of Albany and Philadelphia reveal citizen and citizen group involvement with local government officials.

The food security maps as the outputs of the community mapping process provides these cities with key data points to hopefully make decisions that will improve the food security levels in their respective communities. It is most helpful that the maps are publicly available for citizens, government officials, and others to view, which can help chart future efforts for agenda setting, budget prioritization, and programming. While these case descriptions detail aspects of community mapping to address food insecurity, the limitations of using existing data result in a "surface only" snapshot. There is a need for deeper information gathering regarding the success of the community mapping efforts. Citizens and government officials in these urban areas may consider conducting analyses of their community mapping outcomes to determine the impact of the efforts to address food insecurity. It would be particularly important to identify if stakeholder concerns presented in the literature by Parker, Pine and de Souza, and Murphy were relevant to the community mapping processes undertaken. Such information will provide additional data to help these communities as they engage in sustainable efforts for addressing food insecurity. Concomitantly, that information will be of aid to other jurisdictions seeking to employ community mapping to respond to their issues of food insecurity.

## Cross-References

▶ Food Security
▶ Human Resource Information Systems

## References

Adkins M (2018) The global food security act: America's strategic approach to combating world hunger. J Food Law Policy 14(2):345–363

Bhargava V (2019) Mapping food deserts and understanding food insecurity in our communities. UrbanFootprint. https://urbanfootprint.com/mapping-food-deserts-and-understanding-food-insecurity-in-our-communities/

City of Albany, Georgia (2020) Food security initiative. https://food-security-initiative-albgis.hub.arcgis.com/

Deener A (2017) The origins of the food desert: urban inequality as infrastructural exclusion. Soc Forces 95(3):1285–1309. https://doi.org/10.1093/sf/sox001

Erokhin V, Gao T (2020) Impacts of COVID-19 on trade and economic aspects of food security: evidence from 45 developing countries. Int J Environ Res Public Health 17(16). https://doi.org/10.3390/ijerph17165775

ESRI (2013) Food deserts in Milwaukee. http://www.arcgis.com/apps/Compare/storytelling_compare/index.html?appid=5ff0848aad224aeb93091df1c2fcd14f

FAO (2003) Chapter 2. Food security: concepts and measurement. In: Trade reforms and food security: conceptualizing the linkages. http://www.fao.org/3/y4671e/y4671e06.htm

FAO (2006, October) World hunger increasing: FAO Head calls on world leaders to honour pledges. http://www.fao.org/newsroom/en/news/2006/1000433/index.html

FAO, IFAD, UNICEF, WFP, WHO (2020) The state of food security and nutrition in the world 2020. In: Transforming food systems for affordable healthy diets. FAO, Rome. https://doi.org/10.4060/ca9692en

Feeding America (2018) Food security in the United States. https://map.feedingamerica.org/

Gianotti AGS, Getson J, Hutyra L, Kittredge D (2016) Defining urban, suburban, and rural: a method to link perceptual definitions with geospatial measures of urbanization in central and eastern Massachusetts. Urban Ecosyst 19(2):823–833. https://doi.org/10.1007/s11252-016-0535-3

Hess C (2019, April 10) Access to fresh food remains a barrier for many in Milwaukee: city looking at ways to combat food deserts, food swamps. Wisconsin Public Radio. https://www.wpr.org/access-fresh-food-remains-barrier-many-milwaukee

Hortas RM (2015) Sprawl, blight, and the role of urban containment policies: evidence from U.S. cities. J Reg Sci 55(2):298–323. https://doi.org/10.1111/jors.12145

Hunger Free America (2018) Philadelphia falling behind in freedom to eat: greater Philadelphia hunger report, 2018. https://www.hungerfreeamerica.org/sites/default/files/atoms/files/Philadelphia%20Hunger%20Report%202018_0.pdf

Li S, Cao P (2020) Does local government debt promote China's new urbanization? Chin Econ 53(4):342. https://doi.org/10.1080/10971475.2020.1728482

Mayor's Office of Food Access (OFA) for the City of Boston (2019) Boston food assessment. State of food security in Boston. https://boston.maps.arcgis.com/apps/Cascade/index.html?appid=bde3986b2972483a835a2e49d6210737

Murphy JW (2014) Community-based interventions: philosophy and action. Springer, New York. https://doi.org/10.1007/978-1-4899-8020-5

Parker B (2006) Constructing community through maps? Power and praxis in community mapping. Prof Geogr 58(4):470–484. https://doi-org.proxygsu-alb1.galileo.usg.edu/10.1111/j.1467-9272.2006.00583.x

Philabundance (2020) Food map. https://www.philabundance.org/find-food/food-map/

Philly Food Finder: Food Access Guide in Philadelphia (2020) Philly food finder map. https://phillyfoodfinder.org/#map

Pine AM, de Souza R (2013) Including the voices of communities in food insecurity research: an empowerment-based agenda for food scholarship. J Agric Food Syst Community Dev 3(4):71–79. https://doi.org/10.5304/jafscd.2013.034.007

PolicyLab (2019, March 4) Mapping food insecurity in Philadelphia: helping individual families while gathering evidence for policy. https://policylab.chop.edu/blog/mapping-food-insecurity-philadelphia-helping-individual-families-while-gathering-evidence

PolicyMap (2020) Estimated food insecurity rate in 2017. https://www.policymap.com/maps

Sachs J (2017, June 22) We've seen real improvement: city of Milwaukee working to eliminate 'food deserts.' FOX 6 Now Milwaukee. https://www.fox6now.com/news/weve-seen-real-improvement-city-of-milwaukee-working-to-eliminate-food-deserts

Seto KC, Ramankutty N (2016) Hidden linkages between urbanization and food systems. Science 352(6288):943–945. https://doi.org/10.1126/science.aaf7439

Shanks CB, Hingle MD, Parks CA, Yaroch AL (2020) The COVID-19 pandemic: a watershed moment to strengthen food security across the US food system. Am J Public Health 110(8):1133–1134. https://doi.org/10.2105/AJPH.2020.305760

U.S. Census Bureau (2020) Quickfacts. https://www.census.gov/quickfacts/fact/table/US/PST045219

U.S. Department of Agriculture, Economic Research Service (USDA ERS) (2015) Food access research atlas. https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas/

U.S. Department of Agriculture, Economic Research Service (USDA ERS) (2018) Food-insecure households. https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx

A

U.S. Department of Agriculture, Food and Nutrition Service (USDA FNS) (n.d.) A short history of SNAP. https://www.fns.usda.gov/snap/short-history-snap#1939
UN-Habitat (United Nations Human Settlements Programme) (2020) World cities report 2020
Urban Institute (2019, October) Disrupting food insecurity: tapping data for strategies that tackle the root causes. https://apps.urban.org/features/disrupting-food-insecurity/
Wade OS (2017) White flight and the endless cycle of poverty for urban people of color in America. Eur J Acad Essays 4(4):141–145

## Admin Reform in Sub-Saharan Countries

Emmanuel Botlhale
Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana

### Synonyms

Betterment; Improvement; Reorganization; Reorientation; Transformation

### Definition

In a generic sense, reform is an effort to improve institutions or processes. Administrative reform is a purposeful transformatory process whose over-achieving aim is to have a public sector that conforms to the three 3Es of management: efficiency, effectiveness, and economy.

### Introduction

In modern public organizations, betterment, improvement, reorganization, reorientation, and transformation are a commonplace pursuit. These initiatives are founded on the fact that public organizations do not exist in a theoretical vacuum. They exist in a given context, and consequently, they have to respond to demands, pressures, and stimuli that emanate from both the internal and external environments. This response, encapsulated in betterment, improvement, reorganization, reorientation, and transformation initiatives, is collectively called administrative reform. Administrative reform is a reaction to a perceived problem with the aim of improving current processes. For expository purposes, the key term, *administrative reforms*, must be defined. Khan (1980: 57) states that these are "...efforts which call for or lead to changes in the bureaucratic system of a country intended to change the existing and established practices, behaviours and structures within it." Caiden (1969: 65) says that "the need for administrative reform arises from the malfunctioning of the natural processes of administrative change." Using Caiden's logic, "administrative reform is the artificial inducement of administrative transformation, against resistance" (ibid.). Three characteristics define its distinctive features: (i) moral purpose (e.g., to improve the status quo), (ii) artificial transformation, and (iii) administrative resistance (ibid.).

Administrative reform is predicated on the philosophies of movements and schools of thought such as New Public Management, New Public Service, and New Public Governance. The other influence in the post-NPM era is the whole-of-government approach. In recent years, many countries have undertaken administrative reform as a crucial step towards strengthening their economy and better management of their social development (United Nations Department of Economic and Social Affairs 1997: 3). In both developed and developing countries, the state is the driving force in administrative reform initiatives, particularly in the latter case where the administrative apparatus is yet to be modernized so that it fully comports with the three 3Es of management. In the case of most developing countries, administrative reform is externally driven by multilateral organizations such as the World Bank and European Commission. Largely, these reforms are girded in principles of New Public Management. In some developing countries, though, the process of reform is internally driven. Such an example is Botswana. After then President Ketumile Masire

(1980–1998) visited Singapore in mid-1992, he was impressed by the country's Work Improvement Teams (WITs) movement. On his return, he introduced the WITs movement and the Botswana National Productivity Centre was established in December 1993.

In light of the dire need for administrative reforms in developing countries, some multilateral organizations help in this endeavor. An example is the United Nations Programme in Public Administration and Finance. The United Nations initiative supports developing countries and countries in economic transition in their efforts to reform their public administration structures (ibid.). In a similar vein, the United Nations produces World Public Sector Reform reports which focus on various reform initiatives. For example, the second World Public Sector Reform report in 2003, titled *World Public Sector Report 2003*; *e-government at the crossroads*, focused on *e*-government as a reform initiative (see United Nations 2003). In a similar-minded fashion, regional bodies – for example, the African Union – and subregional bodies – for example, the Southern African Development Community – are concerned with administrative reform issues. At a national level, there are many and different fora that discuss administrative reform issues. Some examples are: (i) Annual Public Sector Innovation Conferences in South Africa (e.g., the 2017 Annual Public Sector Innovation Conference, in its 11th year, took place on 30 and 31 August 2017 and focused on service delivery innovation within the context of the fourth industrial revolution) and Botswana (Public Service Conventions – the 2017 Public Service Convention was held on 12 June 2017; see, e.g., Botswana Press Agency 2017).

Administrative reforms are efforts to improve institutions or processes. Among others, they create public value. Public value refers to the value created by government through services, laws regulation, and other actions (Kelly et al. 2010: 4). Public value goes to the heart of the social contract because "the legitimacy of government as a whole generally depends on how well it creates value" (ibid.). In this regard, economic theory assumes that economic units being individuals, households, firms, and governments are *homo economicus* (economic men). In this regard, governments must optimize by maximizing benefits and minimizing costs of administrative reforms. So, reforms, if correctly applied, will favorably circumstance governments to increase public value, notably, through service delivery. Failure to add value can result in service delivery protests as it often happens in South Africa (dubbed "the protest capital of the world"; e.g., see Coetzer and Terblanche 2013).

## Political Economy of Administrative Reforms

Political Economy Analysis (PEA), deriving from Political Economy, "is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time" (DFID 2009: 4). It focuses on three variables: (i) actors/players, (ii) institutions, and (iii) ideas. In this regard, for one to fully understand administrative reforms, one, inescapably, needs to understand actors/players, institutions, and ideas that come to play in the space of administrative reforms. This is so because administrative reforms, like other processes, do not happen in a vacuum. Thus, they are mediated in a crucible of actors/players, institutions, and ideas. Political Economy Analysis questions such as these are important: (i) Who are the key actors/players? Are they endogenous or exogenous? (ii) What are the key administrative institutions? What are their capacities, capabilities and independence and/or autonomy? and (iii) What are the key ideas that provide the impetus for administrative reform? What are the motivators of administrative reforms? What are the centrifugal (enablers) and centripetal (dis-enablers) forces?

Thus, the application of PEA allows the observer, researcher, or similar-minded persons to go beyond the surface of administrative reforms. This is akin to peeling off layers of the proverbial onion to get to the core of the onion.

Thus, in this regard, PEA is a very powerful tool for understanding the dynamics of administrative reforms. This is so because administrative reforms, arguably, have had positive impact in some regions in the developed world, but this record has not been duplicated in the developing world, particularly in Sub-Saharan Africa. This brings to the fore the overarching question; why are administrative reforms, generally, not producing the desired fruit in the developing world, particularly in Sub-Saharan Africa? This question is pertinent in Sub-Saharan Africa in the post-global economic crisis period. Most economies are dependent on primary products, for example, mineral-led economies (e.g., Botswana) and oil-producing economies (e.g., Angola, Libya and Nigeria) and post-2008, they are experiencing subdued demand, hence, falling prices for their products. Chronic fiscal stress has become their lot, hence, the need for administrative reforms. The administrative reforms would result in a "biggest bang for the buck" and also increase the public value. As variously documented in the literature, the record from administrative reforms in Africa presents a mixed record: few successes and many failures (e.g., see Karyeija 2012). To understand why, one must go beyond the surface through PEA.

## Contextuality of Administrative Reforms

Related to PEA is the idea of contextuality; that is, the context in which administrative reforms are carried out. Contextuality is key to the success or failure of administrative reform (Khan 1991: 60). Therefore, as much as administrative reform is firmly rooted in public bureaucracies, there is a need to consider the economic, social, and political context. In view of the foregoing, Khan advises that "reform, therefore, needs to be viewed from a systemic view" (ibid.). Therefore, based on Khan's logic, it can be argued that the economic, social, and political context can either be an enabler or dis-enabler of administrative reforms. That is, it can either positively or negatively affect the success of administrative reforms. As *homo economicus*, administrative reforms implementers must maximize and minimize enablers and dis-enablers, respectively. In this regard, governments, together with multilateral agencies such as the World Bank and European Commission, must be alive to the enabling or dis-enabling propensities of the founding economic, social, and political context.

Just like PEA, paying regard to the founding economic, social, and political context will very favorably circumstance implementing governments, together with cooperating multilateral agencies such as the World Bank and European Commission, to implement administrative reforms. In a related vein, scanning the founding economic, social, and political context will necessitate a SWOT (strengths, weaknesses, opportunities, and threats) exercise. Once the SWOT exercise has been done, administrative reforms can be rolled out.

## Administrative Reforms in Sub-Saharan Countries

The legacy of colonialization is that almost all Sub-Saharan countries were underdeveloped when they attained independence, mostly in the 1960s. Thus, big public sectors were formed in order to deal with issues of underdevelopment. By the dawn of the 1980s, there was disenchantment with the performance of the state. This led to a wave of public sector reforms. Ayee (2008), one of the pre-eminent scholars on public sector reforms in Africa, has divided public sector reforms in Africa into three phases: (i) reforms of the 1980s, (ii) reforms of the mid-1990s to early 2000, and (iii) post-2000 reforms. The 1980s saw the imposition of Structural Adjustment Programmes (SAPs) by the Bretton Woods institutions, International Monetary Fund and World Bank. Thus, most administrative reforms were introduced as part of the SAPs package. Added to the SAPs were Reaganism and Thatcherism: cutback policies of the United States President Ronald Reagan and United Kingdom Prime Minister Margaret Thatcher. Overall, the record of the SAPs in terms of re-engineering African

economies and public sectors was mixed: a few successes and many failures.

The mid-1990s to early 2000 saw an explosion of public sector reforms, particularly, New Public Management (NPM), together with the emphasis on good governance (its principal proponent being the World Bank). Subsequent to NPM and post-mid-1990s to early 2000, there were other reform packages such as New Public Service, New Public Governance, and the whole-of-government approach. Finally, post the global economic crisis, whose high noon was experienced in 2009 when the global economy contracted, there are moves to reform economies and public services in Sub-Saharan Africa. This is so because most Sub-Saharan countries are faced with chronic fiscal stress. This is due to the fact that most are primary products-reliant that have been experiencing price falls since 2009.

If one periodizes administrative reform in Africa as beginning in the 1980s, it is evident that the subregion has been experimenting with reforms for nearly 40 years. After nearly 40 years of reforms in Africa, what is the record? Admittedly, this is an area that is currently the subject of continuing scholarly enquiry. Notwithstanding, there is a body of evidence, for example, Ayee (2008), Economic Commission for Africa (2013), and Karyeija (2012), which demonstrates that the record is mixed: a few successes and many failures. There are many reasons for the dismal record. For instance, Karyeija (2012: 105) argues that there are critical areas that need to be considered when discussing public sector reform (PSR) in Africa. Some are: (1) there is need to acknowledge the importance of culture and context, because at times local values contradict the content of reform efforts, (2) PSR need both political support and support from the civil society, (3) PSR take time to bear fruit, (4) incremental implementation may be better, (5) not all support for PSR is altruistic, (6) corruption still hinders reform in Africa, (7) there is a need to revisit the role of donors, (8) first things first – let us create a credible public sector before we reform it, and (9) ownership of reform programs by African governments and other stakeholders is necessary.

## Enhancing Administrative Reforms in Sub-Saharan Countries

Based on a review of limited literature, it can be concluded that the fruit of administrative reforms in Sub-Saharan countries is yet to be realized. It is imperative that there must be concerted efforts to ensure that administrative reforms in Sub-Saharan countries bear fruit. Among others, doing would result in an increased public value that will be in good service of the social contract whose deficit is apparent in Sub-Saharan Africa. Post-2009, primary products-reliant economies are faced with subdued demand, hence, falling prices that translate into constrained revenue envelopes. These fiscal pressures mean that there is a need to ensure the "biggest bang for the buck." Added to these are pressures from a rights-asserting and assertive citizenry. In the modern day, the public service customer is not very meek, accepting of shoddy service. He/she is rights-asserting and assertive as amply instanced by deep pockets of service delivery protests. In this regard, South Africa, dubbed in some circles as the capital of protests (e.g., see Coetzer and Terblanche 2013), offers very instructive lessons on what rights-asserting and assertive citizens can do in the face of a public sector that does not satisfactorily deliver. Therefore, given the foregoing pressures and demands, being a reduced revenue envelope post-2008 and rights-asserting and assertive citizens, there is a dire need to re-think the architecture of administrative reforms in Africa as next proposed.

*Political Economy Analysis of administrative reforms*: As previously stated, administrative reforms do not, and cannot, happen in a theoretical vacuum. Among others, they happen within a political economy that, chiefly, entails players/actors, institutions, and ideas. Given the political economy of administrative reforms, it is imperative to adopt a Political Economy Analysis (PEA) approach towards the implementation of administrative reforms in Sub-Saharan Africa. PEA will enable the implementers of administrative reforms to scratch beyond the surface of the matrix of administrative reforms. In this regard, and in reference to institutions of governance of which Obama decried in September 2009 that

"Africa doesn't need strongmen, it needs strong institutions," that "development depends upon good governance," and "that is the 'ingredient which has been missing in far too many places, for far too long'" (Sunday Times 2009), there is a need to ask whether Sub-Saharan Africa is endowed with strong institutions that have the capacity to carry out administrative reforms. If, as Obama claims, there is a deficit of strong institutions in Africa, PEA will help African governments to diagnose the cause of the deficit of strong institutions with a view to find a cure. Thus, the PEA approach will enable governments to have a 360-degree appreciation of players/actors, institutions, and ideas that populate the space of administrative reforms.

*Contextuality of reforms*: Related to PEA is the idea of contextuality, that is, the context in which administrative reforms are being carried out. As correctly pointed out by Khan (1991: 60), "contextuality is key to the success or failure of administrative reform." Therefore, African governments must pay heed to the economic, social, and political context in which administrative reforms are predicated upon. A lot of contextual questions arise in this regard. Examples are: (i) Is there a grand coalition of ideas around the necessity of administrative reforms? (ii) Is there political buy-in from the highest office for reforms? What interests are threatened by the implementation of administrative reforms? In a related vein, administrative reforms are inimical to practices such as corruption in the public service and society in general. In other words, administrative reforms cannot thrive in the face of deep-rooted and endemic corruption. It is common knowledge that with the exception of a few cases such as Botswana, Cape Verde, and Mauritius, corruption is deep-rooted and endemic in Africa (see various Transparency International reports on corruption in Africa), detracting from the fruit of administrative reform. Thus, corruption is an important contextual factor to consider.

*Capacity to implement administrative reforms*: Largely due to a lack of application of professional project management techniques in many Sub-Saharan African countries, implementation is problematic. Needless to say, implementation is key to the success of any and every endeavor. Successful implementation ensures that intentions are brought to fruition. Given the fact that often, indeed almost always, projects and programs are not delivered as per the Project Management Triple Constraint of cost, time, and scope, or not implemented at all, there is no reason to expect that administrative reforms do not suffer from the same malaise. Therefore, there is a need to improve on the architecture of public sector implementation in Africa so that administrative reforms are successfully implemented.

*Monitoring & Evaluation* (M & E) *of administrative reforms*: M & E are critical to project and program success. On the one hand, monitoring allows the implementer to check if he/she is on track in terms of project objectives and goals. On the other, evaluation enables the implementer to answer questions such as what happened? what went right and wrong? and what lessons can be carried forward? It is common knowledge that most projects and programs in Sub-Saharan African countries fail due to a lack of a robust M & E framework. In this regard, given weak M & E frameworks in many Sub-Saharan African countries, it is very imperative to develop a results-based M & E framework to monitor and evaluate administrative reforms. Very vitally, the M & E framework must have indicators to ensure effective M & E of administrative reforms.

*Nonstate actors*: While the state is the chief implementer of administrative reforms, the role played by nonstate actors in this enterprise is very important. This is so because nonstate actors are critical stakeholders without whose participation and support, projects, and programs (including administrative reforms) will fail. In many Sub-Saharan African countries, there is an adversarial relationship between the state and nonstate actors. At times, the former, without adducing evidence, accuses the latter of pursuing insurrectionary foreign (read western) agendas, inclusive of illegal regime change. As a result, nonstate actors are not afforded sufficient space, if not zero space, to participate in public life. Therefore, there is a need for a paradigm shift regarding state and nonstate actors relationships.

*Strengthening parliament to oversee the executive*: In many Sub-Saharan African countries (Botswana being an example), the principle of primus inter pares (first among equals) is more honored in the breach than the observance. Thus, parliament is very weak, subservient, and subject to the whims and caprices of the executive arm of the government. In the end, it fails to exact accountability for performance (being results and no results) from the executive arm of the government. Therefore, there is an imperative need to strengthen parliament to enable it to oversee the executive, including accountability for the delivery (or none thereof) of administrative reforms. Furthermore, there is a need to create a select parliamentary committee to receive implementation reports on administrative reforms. Relatedly, there is a need to move beyond a practice where parliamentary committees, save the Public Accounts Committee, are talk shops whose recommendations the executive arm of the government can choose to ignore. Thus, the law, inclusive of parliamentary standing orders, must be amended to compel the government to act on recommendations of parliamentary committees.

## Conclusion

The state plays a very pivotal role in social and economic development in the developing world. For the state to capably discharge its social and economic obligations to the citizenry, hence, deliver on the social contract, it must be able and capable. To build ability and capability, the state must continually renew and reinvent itself through many variants of reforms, for example, administrative reforms. The overarching aim of administrative reforms is to improve the performance of the state bureaucracy. Betterment, improvement, reorganization, reorientation, and transformation, which are commonplace phrases in the lexicon of reforms, go to the heart of administrative reforms. Since the 1980s, Sub-Saharan African countries have introduced a raft of administrative reforms to, among others, increase public value and better deliver on the social contract. As much as there is dearth of empirical studies on the efficacy of administrative reforms in Sub-Saharan African countries, few available works point out to a mixed record: a few success and many failures. The causes of failures are varied. Notably, many causative factors can be blamed on the implementers, for example, lack of capable administrative institutions to carry out administrative reforms, deep-rooted and endemic corruption, and lackadaisical political support for administrative reforms from the first offices. Given the importance of reforming administrative systems in Sub-Saharan African countries, particularly post-2009, there is an imperative need to reconfigure the architecture of administrative reforms. Among others, political economy analysis and contextuality of administrative reforms are key. Beyond the foregoing two factors, there are key policy issues that reformers in Sub-Saharan Africa must consider. Examples are: building implementation capacity, establishing results-based monitoring and evaluation frameworks, cultivating cordial state and nonstate relationships to enable the latter to exercise oversight on the executive arm of the government and, finally, strengthening parliament to exact accountability for results, inclusive of implementation of administrative reforms, from the executive. Finally, doing so will ensure value for money from reforms.

## References


Ayee JRA (2008) Reforming the African public sector; retrospect and prospect. CODESRIA, Dakar

Botswana Press Agency (2017) Drivers of public service introspect, Daily News, 12 June 2017, p 1

Caiden GE (1969) Administrative reform. Aldine Publishing Company, Chicago

Coetzer P, Terblanche S (2013) Escalating protests; rising revolutionary climate building in South Africa. http://www.leadershiponline.co.za/articles/escalating-protests-4437.html. Accessed 6 Sept 2017

DFID (Department for International Development) (2009) Political economy analysis; how to note. http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/events-documents/3501.pdf. Accessed 6 July 2017

Economic Commission for Africa (2013) Public sector management reforms in Africa; lessons learned. Economic Commission for Africa, Addis Ababa

Karyeija GK (2012) Public sector reforms in Africa: what lessons have we learnt? Forum Dev Stud 39(1): 105–124

Kelly G, Mulgan G, Muers S (2010) Creating public value; an analytical framework for public service reform. http://webarchive.nationalarchives.gov.uk/20100407164622/; http://www.cabinetoffice.gov.uk/strategy/seminars/public_value.aspx. 010, 2010. Accessed 6 Sept 2017

Khan MM (1980) Bureaucratic self-preservation; failure of major administrative reform efforts in the civil service of Pakistan. University Press of Dhaka, Dhaka

Khan MM (1991) Resistance to major administrative reforms in South Asian bureaucracies. Int Rev Adm Sci 57:59–73

Sunday Times (2009) Africa doesn't need strongmen, it needs strong institutions; Obama. http://www.sundaytimes.lk/090712/International/sundaytimesinternational-03.html. 12 Sept 2009. Accessed 8 Sept 2017

United Nations (2003) World public sector report 2003: e-government at the crossroads. United Nations, New York

United Nations Department of Economic and Social Affairs (1997) Administrative reforms; country profiles of five Asian countries. United Nations, New York

# Administering Evil in Flint: The State-Sanctioned Traumatization of an Entire Community

Haris Alibašić[1] and Kimberly Budnick[2]
[1]Public Administration Program, University of West Florida, Pensacola, FL, USA
[2]Reubin O'D Askew Department of Government, The University of West Florida, Pensacola, FL, USA

## Synonyms

Administrative evil; Environmental injustice; Flint; Technical rationality

## Definition

The Flint Water Crisis persisted despite residents' protestations, and the crisis can be viewed through the lens of technical rationality across all levels of government (i.e., local, state, and federal). Technical rationality explains that the crisis was due to excessive reliance on professionals, neutral objectivity, and contextual indifference. These three factors combined to create an egregious example of environmental injustice in Flint, Michigan.

## Introduction

The systemic flaws within all levels of government paved the way for the Flint Water Crisis. Both Flint and Detroit are marked by a history of population shrinkage and white flight (Benz 2019). Once a thriving American industrial community, Flint experienced significant population loss. At its greatest in the 1960s, Flint's population was close to 200, 000 people (Hammer 2019). The GM layoffs decreased middle-class homeownership while Flint was still struggling to replace the lost population (Sadler and Lafreniere 2017). The outcome was a significant loss in population and the deindustrialization of Flint. An impoverished, minority community was left in its wake while Genesee County remained both whiter and wealthier than the city of Flint (Hammer 2019). These early changes to the population of Flint lay the foundation for what would eventually become one of the worst environmental injustices in America.

## The Birth of a Crisis: Flint Decision-Makers

Flint has been a concern for several decades due to its declining population and a high percentage of citizens living below the poverty line (Davis et al. 2016). Possibly correlating its high poverty rate, Flint's crime rate has soared, and the city is ranked one of the lowest in quality of line and other health concerns. Over a few years, the spotlight in Flint has been the issue of the Flint water system, the topic now referred to as the Flint Water Crisis. In 1967, Flint signed on with the Detroit Water and Sewerage Department (DWSD) to maintain its water supply. The Flint Water Treatment Plant (WTP) had been used before 1967 for their water treatment, and after 1967 was used as an emergency backup to the DWSD. Flint signed a

35-year contract with DWSD and renewed it annually after that. During the last 10 years, the DWSD increased prices at about 6.2 percent a year (Davis et al. 2016). In April 2013, the Flint City Council voted to join the Karegnondi Water Authority (KWA), which prompted the DWSD to withdraw their renewal with Flint.

### The Flint Water Crisis

A year later, on April 25, 2014, the DWSD stopped supplying water to Flint, and so the Flint water system began to operate under the WTP as before 1967. The Environmental Protection Agency (EPA) requires that water be treated for corrosion control. Due to purported confusion surrounding the federal regulations related to population size, the Michigan Department of Environmental Quality (MDEQ) determined that this was unnecessary and so the WTP began to distribute the water to Flint citizens. Within 6 months, *E. coli* had been discovered in the water and the incidence of Legionellosis had increased. In August and September of that year, a boil advisory was issued. By October, General Motors had taken steps to switch to a different water source after chemicals in the Flint water were rusting and corroding their materials. The city began warning residents of the presence of harmful chemicals within the water in January 2015. However, following the many reported issues related to the Flint Water, the city's emergency manager, appointed by Governor Snyder, refused an offer from the DWSD to switch the water source back to Lake Huron (Anderson 2017). Over this time, there had been many cases of high levels of lead reported, and Virginia Tech stepped in to study the lead issue. In October 2015, Flint finally switched back to the DWSD for their water supply (Davis et al. 2016).

## The Impact of the Flint Water Crisis

The consequences of the FWC are far-reaching: citizen mental and physical health; Flint's financial well-being; decreased community engagement; and impaired trust in the government (Inwood 2017; Sherwin 2017). When the water source was switched to WTP, complications arose from lead and bacteria leaching into Flint drinking water, and residents complained of brown water and several physical ailments, including hair loss and rashes (Anderson 2017; Sherwin 2017). After the water toxicity was realized by the government and General Motors, the danger was concealed from the public (Dettloff and Bernico 2017). Attempts at minimizing the issue extended as far as discrediting an EPA official who alerted citizens to the contamination (Anderson 2017; Sherwin 2017). Only after university staff began independent testing did the media begin to inform the public about the contaminated water (Chavez et al. 2017).

Unfortunately, by this time, numerous children were already suffering from elevated lead levels and a severe outbreak of Legionnaires' disease had left several citizens dead (Berliner 2017; Inwood 2017; Sherwin 2017). Although the lead poisoning and Legionnaires' disease are widely publicized (Anderson 2017; Dettloff and Bernico 2017), the less-discussed factors of the switch have also caused considerable harm. For example, studies have found that Flint residents display symptoms of post-traumatic stress disorder (Kruger et al. 2017) and increased rates of depression and anxiety postcrisis (Cuthbertson et al. 2016). Although steps have been taken to resolve the crisis, the impact of the contaminated water continues to harm Flint (Dettloff and Bernico 2017).

## Administrative Roles in the Flint Water Crisis

The multilevel nature of the FWC from onset to the present, as well as accountability for the crisis, spreads across federal, state, and local government, as is indicated by its legal implications. Sherwin (2017) identified the role that government levels played in the FWC through an analysis of local, state, and federal manipulations of the Lead and Copper Rule. Berliner (2017) further supported the multilevel role of government with a critique of federal and state lawsuits against the professionals who facilitated the water changes. Several other authors place culpability on the

negligent acts of officials during the crisis (Anderson 2017; Chavez et al. 2017). Inwood (2017) emphasized the indifference of state and federal officials concerning funding assistance during the FWC's initial stages. Yet perhaps the clearest example of the interplay between these three levels is the appointment of an emergency manager by state officials.

## PA 436 of 2012 and Emergency Management Laws

PA 436 OF 2012 is a law passed by the Michigan Legislature to appoint emergency managers during times of financial crisis in local communities. During the FWC, emergency managers were appointed to address the financial problems caused by the increasing prices of the DWSD. Emergency managers were the main actors who made the decisions that harmed Flint. Emergency managers affected the decisions in Flint: Ed Kurtz decided to switch from DWSD to WTP, Darnell Earley allowed the switchover to WTP, and Jerry Ambrose and Darnell Earley decided that switching back to DWSD would be too costly despite the harm WTP was causing citizens (Davis et al. 2016). The primary issue was lack of accountability as the emergency managers were not elected officials.

## The Undemocratic Nature of Emergency Management

Although emergency managers were authorized under PA 436, it is necessary to reassess their role in government decisions. The law allowed them to take over the functions of the governing body and make decisions that they found essential to save cities from the financial crisis, with no connection to constituents as state-appointed, nonelected officials. Their focus is quickly shifted to the financial crisis instead of citizen needs, fractioning decisions based solely on technical needs. In Anderson's (2017) evaluation of Michigan's emergency management laws, she argued that they remove power from local politicians and residents by placing decision-making exclusively in the hands of the emergency manager. Citizen-elected delegates are replaced with disconnected emergency managers while the already struggling city is forced to take on the additional costs of an unelected public official.

Several scholars have argued that the federal, state, and local governments are responsible for causing and resolving Flint's suffering (Anderson 2017). The presence of such a large-scale and significant crisis known by federal, state, and local officials indicates that systemic flaws created it and contributed to its survival. Only through systemic-level weaknesses could a crisis continue to prevail as it was brought to the attention of increasingly powerful levels of government.

## Technical Rationality and Administrative Evil in Flint Case

Technical rationality is a thought process that values the scientific process and professionalism to the detriment of ethical behavior (Adams and Balfour 2014, pp. 28). The scientific method that technical rationality favors is marked by neutral objectivity and professional specialization. Both undermine ethical considerations through rigid standards that fail to take situational context into account (Adams and Balfour 2014, pp. 29–32). Typically, those involved believe they are fulfilling their administrative role without considering the harm caused by their decisions. A hallmark of technical rationality and modern professionalism is that experts are given nearly unlimited influence over their field and often remain unquestioned throughout decision-making processes (Adams and Balfour 2014, pp. 30–33). A prime example of the devastating impact of technical rationality and the focus of this entry is the Flint Water Crisis (FWC). The FWC is an example of modern administrative evil and the abysmal failure of government at all levels. Technical rationality in Flint occurred through an excessive trust in professional specialists, the neutral objectivity of administrators, and contextual indifference to Flint's lead risk factors in favor of widespread budget-cutting. Neutral and detached decision-

making was the result of disastrous consequences. The most dramatic example of technical rationality within the Flint Crisis was through the application of emergency management laws.

A hallmark of technical rationality and modern professionalism is that experts are given nearly unlimited influence over their field and often remain unquestioned throughout the decision-making processes (Adams and Balfour 2014, pp. 30–33).

## Conclusion

The harm of technical rationality, as it relates to various social issues, has been highlighted in past literature (Adams and Balfour 2014, pp. 108). Technical rationality and modern professionalism are ineffective at forming public policy as social issues are too complex for such a simplified approach (Adams and Balfour 2014, pp. 107–108). Further, such an approach often not only fails to protect citizens but can also cause excess harm to those who are already vulnerable. Despite this, signs that technical rationality is currently applied to contemporary social issues are prevalent. The evidence of widespread neglect, indifference, and application of technical rationality in the case of water poisoning in Flint is overwhelming and requires an evaluation of the current understanding of the governmental role in traumatizing communities in a democratic society.

## Cross-References

► Comparative Policy Reforms

## References

Adams G, Balfour D (2014) *Unmasking administrative evil*. Routledge, Hoboken

Anderson CL (2017) Taking flint. Hous J Health L & Pol'y, 17:105–180. http://www.hjhlp.org/volumes/Vol_17/V17%20-%20Anderson-FinalPDF.pdf

Benz TA (2019) Toxic cities: neoliberalism and environmental racism in Flint and Detroit, Michigan. *Crit Sociol* 45:49–62. https://doi.org/10.1177/0896920517708339

Berliner JV (2017) Environmental injustice/racism in Flint, Michigan: an analysis of the bodily integrity claim in Mays v. Snyder as compared to other environmental justice cases. Pace Environ Law Rev 35:107–134

Chavez M, Perez M, Tunney C, Nunez S (2017) Accountability and transparency diluted in the Flint water crisis: a case of institutional implosion. NorteAmerica *12*:11–52. https://doi.org/10.20999/nam.2017.a001

Cuthbertson CA, Newkirk C, Ilardo J, Loveridge S, Skidmore M (2016) Angry, scared, and unsure: mental health consequences of contaminated water in Flint, Michigan. *J Urban Health* 93:899–908. https://doi.org/10.1007/s11524-016-0089-y.

Davis M, Kolb C, Reynolds L, Rothstein E, Sikkema K (March 2016) Flint water advisory task force: final report. Retrieved from http://www.michigan.gov/documents/snyder/FWATF_FINAL_REPORT_21March2016_517805_7.pdf

Dettloff D, Bernico M (2017) Atmoterrorism and atmodesign in the 21st century: mediating Flint's water crisis. Cosmos Hist: The J Nat Soc Philos 13:156–189

Hammer PJ (2019) The Flint water crisis, the Karegnondi water authority, and strategic-structural racism. Crit Sociol 45:103–119. https://doi.org/10.1177/08969205177729193

Inwood JFJ (2017) "It is the innocence which constitutes the crime": political geographies of white supremacy, the construction of white innocence, and the Flint water crisis. Geogr Compass 12:1–11. https://doi.org/10.1111/gec3.12361

Kruger DJ, Cupal S, Franzen SP, Kodjebacheva G, Bailey ES, Key KD, Kaufman MM (2017) Toxic trauma: household water quality experiences predict post-traumatic stress disorder symptoms during Flint, Michigan water crisis. *J Community Psychol* 45:957–962

Sadler RC, Lafreniere DL (2017) Racist housing practices as a precursor to uneven neighborhood change in a post-industrial city. *Hous Stud 32*:186–208. https://doi.org/10.1080/02673037.2016.1181.724

Sherwin BD (2017) Pride and prejudice and administrative zombies: how economic woes, outdated environmental regulations, and state exceptionalism failed Flint, Michigan. Univ Colo Law Rev 88:653–720

# Administration and Discretion

Benson Matipa
Mwense District Administration, Mwense, Luapula, Zambia

## Synonyms

Management; Choice; Department and misuse of authority

## Definitions

1. **Administration**
   It entails the responsibility of running or controlling a business, company, or organization.
2. **Discretion**
   It means the freedom to decide what should be done in a particular situation. It also entails the power or right to decide or act according to one's own judgment.
3. **Administrative agencies**
   It means an official governmental body empowered with the authority to direct and supervise the implementation of particular legislative acts.
4. **Abuse of discretion**
   It entails a failure to take into proper consideration the facts and law relating to a particular matter.

## Introduction

Discretion in public administration is a necessary part of government in the modern world due to government's various roles and activities undertaken daily. The idea of administrative discretion dates back as far as the time of Socrates, the Greek philosopher. Thus, administrative discretion is beneficial because it gives individuals with authority the opportunity to make quick decisions in situations where they are necessary and it also gives power to those who have the wisdom and experience to make important decisions. Administrative discretion allows agencies to use professional expertise and sound judgment when making decisions or performing official duties, as opposed to only adhering to strict regulations. Thus, an administrator has administrative discretion when he or she has the freedom to make a choice among potential courses of action.

## Administration

The word "administration" is derived from the Middle English word *administracioun*, which in turn is derived from the French *administration*, itself derived from the Latin *administratio* a compounding of *ad* ("to") and *ministratio* ("give service"). Administration refers to the universal process of organizing people and other resources efficiently so as to direct activities toward achieving common goals and objectives (Simon et al. 1950). It includes creating rules and regulations, making decisions, management of operations, and creating organization of employees to direct activities toward achieving an organizational goal. Administrators should ensure that the principles of management which include hierarchy, control, unity of command, delegation of authority, specialization, objectives, centralization, and decentralization are adhered to. Modern business management theory identifies six key functions of an administrator in an organization, namely, planning, organizing, staffing, directing, controlling, and budgeting.

## Discretion

Discretion entails the power to make a decision that cannot be determined to be right or wrong in any objective way. For instance, a university that interviews prospective students has the power to admit some applicants and reject some; an executive may choose a secretary out of a field of applicants; the sovereign may pardon some convicts and not others. While one could disagree with any of these decisions, there is no body or person entitled to correct them and declare them wrong (Grey 1979). Those in positions of power are most often able to exercise discretion as to how they will apply or exercise that power. As opposed to judgment, discretion is usually to be applied where it is expressly left to the functionary to make a determination at any point within a given range.

## Administration and Discretion

In modern management the demand for more issues to address and a greater number of actors

to address them mean that choice is ever more important in administrative roles. The administrators are therefore required to extensively exercise discretion to address the issues they face. In administration, discretion involves a right to choose between more than one possible course of action upon which there is room for reasonable people to hold differing opinions as to which is to be preferred (Grey 1979). It entails the usage of a public officer's own judgment or intuition to make decisions, especially where the rules, regulations, and procedures appear gray or such usage becomes imperative due to a context-dependent situation (Molander and Grimen 2010). For instance, discretionary powers become activated where the effective limits on the public officer's power and authority leave him or her free to make a choice among possible courses of action or inaction (Davis 1969). It is argued that when the constitution, laws, regulations, and standard operating procedures do not succinctly express a course of action or inaction (whenever there appears to be gray areas), administrators are then left with the freedom to make decisions among many options they deem fit ideally based on their best judgment.

Those in a position of power are most often able to exercise discretion as to how they will apply or exercise that power. Thus, discretion enables them (those in a position of power) ability to make decisions which represent a responsible choice and for which an understanding of what is lawful, right or wise could be arrived at. For instance, police officers use discretion to simplify their very complex job requirements and also to identify certain individual priorities. Each officer has to apply the very broad and often contradictory laws put into place by statutes and policy-makers. If officers had to cite or make an arrest on every law being broken, the world would need a police officer for every two to three citizens. Therefore, we have to leave it up to the individual officer to use discretion in cases where a gray area resides, because not every offense should be booked. This is one of many situations where discretion comes into play. There are other things that contribute to the individual officer's use of their discretion. For example, the sex or minority status of an officer would often lead them to act in different ways and use discretion in different ways than that of the opposite. Secondly, where an officer was raised or what they have experienced would lead them to react to situations differently.

Today what discretion has been converted to is just simple favoritism of the ugliest appearance. Discretion has been so shamelessly used that it has lost its real meaning. Just because rules and laws cannot be made for all possible eventualities, the use of discretion was given to people in high places and to people who matter. In old days, discretion was meant to be used with caution and sparingly only where and when necessary. It was also meant to be used for the furthering of a task. However, with the passage of time, this discretion has come to be used as a tool for advancing personal interests rather than tasks at hand. In this way, the discretion meant to be a blessing for people to see work move smoothly has become a curse to activities of human existence. This is because, just as man misuses all his other rights, he is found misusing this right of using discretion also. The idea of giving this discretion was originally to help him utilize whatever is available to him for the best use for work. However, it is mostly seen that it is conveniently converted to favoritism. With an eye on future gratification, discretion is used to serve personal advantages rather than the advantage of work.

Favors are given not to the most deserving or to those who need the favors to work more efficiently, but to those from whom advantages may be reaped at a later date. Human nature is so weak, greedy, and selfish to the extent that rosy ideas of the like of discretion become more of liabilities than assets. Either the wrong people reap advantages or the authority takes advantage, and it all becomes a genuine deception. Thus, the use of discretion in an organization demands for highly disciplined, selfless, and goal-focused administrators to apply it genuinely. Otherwise without these qualities, the concept of discretion in administration is just a curse.

## Types of Administrative Discretion

In a bureaucratic system, discretion could be classified into two, namely, de facto and de jure. De facto discretion entails that officials derive their discretion by taking advantage of some form of vagueness or ambiguity in the letters of procedures, the rules or the regulations, and inadequate checks and controls on the public official. On the other hand, de jure involves some kind of formal approval to use such discretionary powers where feasible, for example, to ascertain a social right or assess needs (Hvinden 1994). This kind of discretion has its conferment done by policy-makers or legal documents relative to standards set by the same authority. For instance, Ghana's Petroleum (Exploration and Production) Act 2016 has a provision that gives the sector Minister the power to discard competitive bidding results and to use his discretionary powers in the award of oil block contracts to an entity he deems fit.

## Administrative Agencies and Discretion

Generally, administrative agencies are given broad discretion to exercise their administrative authority. This is because administrative agencies' duties necessarily include the right to exercise discretion. Reason for granting discretionary power to administrative agencies is because they possess experience and specialization in a particular area. These experience and specialization help agencies in making decisions in the agencies' area of expertise.

An administrative agency enjoys wide discretion in ascertaining best way to handle related, yet discrete issues in terms of procedures and priorities. Administrative agencies exercise wide discretion in selecting the methods to attain the legislature's goals. Administrative agencies can adopt rules and policies to carry out duties delegated by legislature. The rules and policies should be consistent with statutory provisions. This discretion is allowed to administrative agencies to adapt their rules and policies to the demands of changing circumstances. Administrative agencies' discretionary power extends to deciding remedies for infringement of agency policies. Administrative agencies have specialized knowledge and power to achieve legislature's objectives. Hence, the agencies have discretion to develop appropriate enforcement policy to attain statutory obligations. Administrative agencies can also decide on appropriation of funds available, efficiently and economically to accomplish its policies.

Discretionary powers exercised by administrative and legal authorities are permissive and not binding. These powers are granted to these officials by statute or delegation. Discretionary powers do not impose an obligation on a decision-maker to exercise them or to exercise them in a particular manner. Thus, administrative agencies must exercise discretionary powers in accordance to legal requirements. Discretionary power must be used reasonably, impartially, and avoiding oppression or unnecessary injury.

Administrative agencies are provided with discretionary power to ascertain place and time to hear and decide matters that come before it. Agencies have the power to prosecute or enforce matters through civil or criminal process. For instance, administrative law judges have discretion to abstain from participating in a legal proceeding due to a conflict of interest of the adjudicator. In addition to that, an adjudicator has power to decide whether or not to impose a sanction.

## Abuse of Discretion

An abuse of discretion is a failure to take into proper consideration the facts and law relating to a particular matter, an arbitrary or unreasonable departure from precedent and settled judicial custom. Abuse of the discretionary power can be alleged only to reverse a decision and not to allow it. On the other hand, failure to exercise reasonable judgment or discretion is also termed as abuse of discretion. It is therefore imperative for administrative law to be applicable in any organization; otherwise public interest could be at risk if various agencies were not following laws and regulations.

## Conclusion

Although administrators are faced with challenging situations in their day-to-day decision-making, they are seen in society as moral agents with the task to exercise discretion so as to reflect the society's values. Hence, the public expects administrators to be the exemplary role models of society and follow laws and regulations in their day-to-day decision-making. Administrators therefore must use discretion at one point or the other as they are bound to uphold the highest standards of accountability and responsiveness. Nevertheless, administrators should first figure out whether or not they have discretion in the first instance before applying it. It is indisputable that discretion is required in administrative processes, although the challenge lies in ascertaining ways to confine and structure discretion in order to prevent violation of the rights of citizens. It is thus imperative that administrators exercise discretion in public interest and in recognition of the importance of representative bureaucratic norms.

## Cross-References

► Administrative Discretion
► Foundations of the Administrative Law

## References

Davis KC (1969) Discretionary justice. Louisiana State University Press, Baton Rouge

Grey JH (1979) Discretion in administrative law. Osgoode Hall Law J 17(1):107–132. Available at: http://digitalcommons.osgoode.yorku.ca/ohlj/vol17/iss1/3. Accessed on 20 Nov 2019

Hvinden B (1994) Divided against itself: a study of integration in welfare bureaucracy. Scandinavian University Press, Oslo

Molander A, Grimen H (2010) Understanding professional discretion. In: Svensson LG, Evetts J (eds) Sociology of professions: continental and Anglo-Saxon traditions. Daidalos, Göteborg

Simon HA, Smithborg Donald W, Thompson Victor A (1950) Public administration. Alfred A. Knopf, New York

# Administrative Adjudications

Gardenia Harris
Illinois State University, Normal, IL, USA

## Synonyms

Adjudicatory proceedings

## Definition

Administrative adjudication refers to federal and state administrative agencies' use of judicial powers granted to them by the legislative branch. Administrative adjudication includes a wide variety of agency activities, except for rulemaking, ranging from routine processing of tax returns to final determination of national regulatory policies. During adjudications, administrative agencies examine the facts and circumstances of individuals' or corporations' situations and then apply their policies to them (Funk and Seamon 2006). Adjudication is the application of the agency's policies to a past act to resolve disputes regarding rights and duties (West's Encyclopedia of American Law 1998). Many administrative adjudications resemble adversarial civil court trials, but other adjudications simply consist of routine administrative actions. The initial determination and reconsideration of eligibility for government benefits is an adjudication because the agency uses the individual's status and circumstances to decide if he or she qualifies for a benefit according to agency policies. Adjudication culminates in a formal disposition, known as an "administrative order" for or against the party or parties that appear (Funk and Seamon 2006).

## Introduction

The New Deal ushered in a new era of federal government characterized by increased regulation of social and economic matters. Congress

delegated much of the responsibility for implementing these regulations to the administrative agencies established for that purpose (Gellhorn and Levin 1997). Congress envisioned these agencies as apolitical bodies, run by experts who possessed the knowledge and skills needed to regulate industries effectively. However, in reality, the agencies were more political and less adept at regulation than expected. Not surprisingly, the formerly unregulated business sector balked at this government intrusion and challenged the government's right to regulate them through litigation (Funk and Seamon 2006).

The Fifth and Fourteenth Amendment due process protections guarantee that federal and state governments, and the agencies they create, cannot deprive someone of his or her life, liberty, or property without a reasonable opportunity to challenge the agency's actions. Under these protections, people have the right to receive fair warning of the limitations an administrative agency will place on their behavior (The Free Dictionary 2015). In constitutional democracies, government institutions that establish and enforce public policy are politically accountable to the electorate (Gellhorn and Levin 1997). Since agency heads and administrators are not elected, Congress established administrative courts within these agencies to make them directly accountable to the electorate, who may petition agencies directly (Nolan and Thompson 2014).

In response to the widespread complaints about the unreasonableness of administrative agencies' decisions, Congress enacted the Administrative Procedure Act (APA) (5 U.S.C.A §§ 551–706, 1946) to make agencies' procedures more fair and uniform so the public would have less reason to object to them. The APA establishes the rulemaking requirements, hearing procedures, and adjudicatory standards and procedures for federal agencies (Funk and Seamon 2006). The large number of cases where agencies were statutorily or constitutionally required to conduct a hearing required federal agency heads to delegate responsibility for conducting these hearings to subordinate hearing officers (Mullins 2004). Furthermore, the large number of formal adjudications coupled with the size of the records assembled for major contested hearings prohibits agency heads from reviewing more than a select proportion of cases (Gellhorn and Levin 1997). Based on long-standing common law principles and the judicial adversary model of decision-making, the APA structurally separated adjudication from other agency functions, including rulemaking, through the creation of an independent corps of hearing examiners (Kerwin 2003).

## Administrative Law Judges

Article III of the US Constitution establishes only one court – the Supreme Court. Article III gives Congress the power to establish the lower courts necessary to conduct federal business. Article III judges enjoy lifetime appointments and salary protection to insulate them from political pressures. To make the federal court system more workable, Congress established non-Article III courts to handle a variety of court cases that would normally fall under Article III judge's jurisdiction. The non-Article III judges who adjudicate administrative agency cases are called administrative law judges (ALJs) (Nolan and Thompson 2014).

As employees of the administrative agencies for which they hear cases, administrative law judges were subject to the direction and control of the agency and were therefore perceived as being inclined to issue decisions favorable to the agency. Considerations of fairness led to granting these hearing officers increasing degrees of independence, culminating in the provisions of the APA which accords these hearing officers unique status (Mullins 2004).

Although administrative law judges do not receive the same constitutional protections Article III judges enjoy, they are accorded some statutory protections regarding their appointment, tenure, and compensation to ensure their independence (Nolan and Thompson 2014). Administrative law judges are appointed through a professional merit system that considers applicants' scores on competitive examinations and often their experience with the administrative agency (Gellhorn and Levin 1997). To ensure their independence, their

appointment is unqualified. In addition, ALJs are exempt from most of the managerial controls that apply to other employees, including performance appraisals. In addition, their compensation is not based on agency recommendations, but is determined by an independent body, the Office of Personnel Management. Finally, the agency they adjudicate for can only discipline them for "good cause" which is established before the Merit Systems Protection Board (Mullins 2004).

## Formal and Informal Adjudications

Administrative adjudications can be formal or informal. Formal adjudications are governed by the APA. Most formal adjudications resemble judicial civil trials and employ an adversary decision-making process. They utilize adverse parties, trial-like procedures, lawyers, a judge, and a final decision based on evidence presented, complete with findings of fact and conclusions of law. There is also an opportunity for an appeal to the agency head or the full commission (Funk and Seamon 2006) and ultimately the courts.

Agency adjudications conducted outside the APA framework are called informal adjudications and are governed by special statutory procedures or the agency's own regulations and must comply with procedural due process (Funk and Seamon 2006). Often, informal adjudications resemble formal adjudications (Gellhorn and Levin 1997), but while only administrative law judges may preside over formal APA adjudications, they rarely preside over non-APA adjudications. Generally, non-APA informal adjudications are conducted by administrative judges (Funk and Seamon 2006). Administrative judges lack the same statutory protections granted to administrative law judges. To guarantee them a degree of independence, administrative judges are housed in organizations separate from the agency (Mullins 2004).

An increasing number of agencies have received statutory authority to decide individual cases through informal adjudications. The particular substantive statutes under which the informal adjudications take place often specify certain procedures. Typically, agencies adopt regulations specifying the procedures for their informal adjudications that closely follow formal adjudications. However, despite the increased use of informal adjudications, the formal adjudication process is still the preeminent model by which agencies make their most momentous decisions (Funk and Seamon 2006).

## Licensing

Licensing is a subset of administrative adjudication. Similar to the application for benefits, there are typically no adverse parties or trial-like procedures when licenses are issued. Licensing encompasses granting permission for someone to engage in a regulated activity. Examples of licensing include issuing permits for people to fill wetlands, allowing a company to operate a business on federal land, or granting a license for a civilian nuclear reactor to begin operation (Funk and Seamon 2006).

## Rules of Evidence

Administrative adjudications are governed by lenient rules for the admission of evidence and the scope of cross-examination. APA evidentiary rules allow the admission of any evidence the presiding officer deems appropriate, including questionable or challenged evidence. The APA only suggests that insignificant or redundant evidence should be rejected. Therefore, evidence that would be inadmissible in court proceedings is regularly accepted during administrative adjudications, including hearsay testimony. The APA established liberal rules for the admissibility of evidence because of the different nature of the administrative adjudication proceedings. Judicial rules of evidence are formulated with jury trials in mind and assume that jurors may overestimate the value of hearsay testimony (Gellhorn and Levin 1997). Although judicial proceedings rely heavily on the evaluation of the quality of eyewitness testimony and witness demeanor to assess the quality of evidence, witness demeanor contributes little to hearing officers' assessment of evidence. Instead, in administrative adjudications the

experts' qualifications and backgrounds that are more important in determining the soundness of the inference drawn on matters such as medical and psychological diagnoses or the likely impact of an action on the environment. It is assumed that administrative law judges with expertise on the issues are more highly qualified to evaluate the quality of evidence than typical jurors (CQ Press 2012; Gellhorn and Levin 1997). Expert decision-makers reduce the likelihood that the final decision will be based on erroneous evidence. In this context, it may be more efficient to allow expert decision-makers to assess the value of hearsay and other questionable evidence, as opposed to spending a lot of time and resources debating the admissibility of the evidence (Gellhorn and Levin 1997).

The APA also fails to provide a clear standard for the allowable scope of cross-examination during administrative adjudications. As a result, many adjudications allow almost unrestricted cross-examination of witnesses out of concern that the hearing time spent arguing over the scope of cross-examination might be greater than the time used for unrestricted cross-examination. Hearing officers also allow unrestricted cross-examination out of concern that cutting off a line of inquiry could result in an appeal or reversal of their decision (Gellhorn and Levin 1997), by agency heads or the courts.

Written evidence plays a more significant role in administrative proceedings than in court proceedings. A formal agency adjudication is supposed to be decided solely on the basis of the recorded evidence. The APA contains an "exclusiveness of the record" provision which mandates that the ALJs' decision be based solely on the transcripts of the testimony, the exhibits submitted during the hearing, and the papers and requests filed in the proceeding. Out of fairness, the litigating parties must be allowed to know the evidence that may be used against them, have the opportunity to rebut the evidence, and contest it via cross-examination. Allowing decision-makers to consider facts outside the record could nullify this right (Gellhorn and Levin 1997).

In contrast to judicial proceedings, the APA makes it clear that ALJ's decisions are not final and that agency heads are the ultimate decision-makers and are not required to accept the ALJ's fact finding or decision-making. However, the ALJ's decision carries considerable weight because they heard the testimony firsthand and devoted the most time to mastering the issues (Gellhorn and Levin 1997). Gellhorn and Leven (1997) suggest that the difference between judicial and administrative practice may be related to the importance of factual matters informing agency policy. They argue that appointed agency heads, who have the primary responsibility for formulating policy, should have some accountability to the political process and therefore should not be bound by ALJ's decisions. APA provisions support this contention.

## Formal Adjudication in the States

Administrative adjudication has become so widespread at the state and municipal level in areas such as public utilities, natural resources, banking, securities, worker's compensation, unemployment insurance, and employment discrimination, that outside of Washington, DC, most lawyers who practice administrative law primarily practice state administrative law (Goostree and Greenfield 2003). Federal administrative law, including the APA, does not apply to states or state agencies. State agencies are governed by state administrative law and each state's administrative law is unique to that state (Funk and Seamon 2006). Some states have administrative procedure acts comparable to the APA. At the state level, judicial review is usually broader than under the federal act (Goostree and Greenfield 2003). Like federal administrative law, state administrative law evolved through common law. At the state level, like the federal level, administrative adjudication covers a wide range of procedures; some state administrative adjudications look like APA adjudications, and some do not. Similar to the federal system, state adjudications apply state laws to particular facts and circumstance with respect to particular persons (Funk and Seamon 2006).

The most notable difference between administrative adjudication at the state and federal level is

the different way states responded to the issue of hearing officers' independence. Instead of employing hearing officers through the agency involved in the adjudication, many states have established central panels of administrative law judges to hear cases. Administrative law judges who are part of central panels are employed by a separate independent agency and hear cases arising in different agencies (Funk and Seamon 2006).

## Conclusion

People in the United States enjoy greater freedom than citizens of almost any other nation. Close scrutiny reveals that despite this high degree of freedom, most behaviors are regulated, at least to some extent, by law or administrative rule and regulation. Through these processes, governments place limitations on what citizens can do and often on when, where, and how they can do it. Federal and state legislatures established administrative agencies to implement and enforce laws and regulations. Administrative adjudication is the process through which agencies that wield vast amounts of power are theoretically held accountable to the public. Administrative adjudication provides a practical method for citizens to redress disputes with government while allowing government to operate in an expedient and cost-effective manner. However, this efficiency comes at a cost to the liberties the Founding Fathers considered so important.

In effect, administrative agencies have been granted powers contradictory to the US Constitution. For example, they are empowered to make momentous, far-reach judicial decisions, without the benefit of a jury. Furthermore, in contrast to civil and criminal courts, administrative courts have inquisitional power to investigate and initiate action, rather than simply hearing cases brought before them. Administrative agencies operate under looser rules of evidence and are granted the rare privilege of admitting hearsay evidence, if the presiding officer determines it is warranted. Some analysts have called for placing additional limitations on administrative agencies to more closely align them with Constitutional guarantees. Suggestions for reform include limiting administrative agencies' powers by returning them to the jurisdiction of the traditional court system and restricting them to powers and duties held by civil and criminal courts (Postell 2014).

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Administrative Procedure
- ▶ Law Constraints on Public Administration
- ▶ Legislative Oversight of Bureaucracy


## References


Administrative Procedure Act (APA), Pub. L. 79–40, 5 U.S. C. (1946)

Funk WK, Seamon RH (2006) Administrative law: examples and explanations, 2nd edn. Aspen Publishers, New York

Gellhorn E, Levin RM (1997) Administrative law and process: in a nutshell, 5th edn. Thomson/West, St. Paul

Goostree RS, Greenfield K (2003) Administrative justice. Dictionary of American History: Encyclopedia.com (The Gale Group, Inc.). http://www.encyclopedia.com/doc/1G2-3401800039.html. Accessed 14 Dec 2015

Kerwin C (2003) Rulemaking: how government agencies write law and make policy, 3rd edn. CQ Press, Thousand Oaks

Mullins ME (2004) Manual for administrative law judges. J Natl Assoc Adm Judges 23(Special Issue):1–157. http://digitalcommons.pepperdine.edu/naalj/vol23/iss3/1. Accessed 24 Mar 2016

Nolan A, Thompson RM II (2014) Congressional power to create federal courts: a legal overview. Congressional Research Service, Washington, DC, pp 1–28

Postell J (2014) Administrative adjudication: even worse than it looks? (Library of Law and Liberty, Liberty Fund, Inc. June 12). http://www.libertylawsite.org/2014/06/12/administrative-adjudication-even-worse-than-it-looks/. Accessed 30 Mar 2016

Press CQ (2012) Federal regulatory directory: the essential guide to the history, organization, and impact of U.S. Federal Regulation, 15th edn. CQ Press, Thousand Oaks, pp 22–23

The free dictionary. Administrative Law and Procedure. http://legal-dictionary.thefreedictionary.com/Administrative+Law+and+Procedure. Accessed 13 Dec 2015

West's Encyclopedia of American Law (1998) Administrative law and procedure, vol 1 A to Award. West Publishing, Minneapolis/St. Paul, pp 78–83

# Administrative and Judicial Due Process

Eric T. Kasper
University of Wisconsin-Eau Claire, Eau Claire, WI, USA

## Synonyms

Fairness; Impartiality; Lawfulness

## Definition

The conduct of administrative or judicial proceedings according to recognized standards and rules in cases where rights are at stake; these rights include notice and a fair hearing.

## Introduction

Due process is an important, although at times elusive, concept in common law systems, including the United States. It has both substantive and procedural elements to it, but at its core, it is a fairness protection of the individual from arbitrary government action. More specifically, it ensures that when the government wishes to take one's life, liberty, or property, the government gives a person adequate notice of the reasons for the government's actions and a hearing, possibly a trial, for the person to challenge what the government has done or plans to do.

In addition to protecting fairness, one of the hallmarks of due process is malleability. Indeed, the concept is intentionally vague so that it may be adapted to changing times and to different sets of circumstances. For reasons that will be explored in more detail below, due process promotes fairness while avoiding rigidity. Put another way, in the words of the US Supreme Court, due process "cannot be measured in minutes and hours or dollars and cents" (*Taylor v. Hayes* 1974). In other words, due process, and its underlying concept of fairness, encompasses procedures and rights that are not always the same in every context.

The idea of due process has a rich history that dates back at least eight centuries in Anglo-American law. It applies in similar ways, with some notable exceptions and alterations, in both judicial and administrative settings.

## The Historical Development of the Concept of Due Process

The contemporary notion of due process is derived from the English Magna Carta of 1215. The original Magna Carta placed numerous limitations on the power of the English King and government generally. Article 39 of that document held that "No free man shall be taken, imprisoned, disseized, outlawed, banished, or in any way destroyed, nor will We proceed against or prosecute him, except by the lawful judgment of his peers and by the law of the land." The last few words of this article required that if the liberty or property of English subjects would be taken, then a certain set of procedures – the law of the land – would need to be followed. This concept of legal procedures being required in such cases was underdeveloped in 1215, but its placement in Magna Carta began the long progression of the right that we know today as due process (Orth 2003; Kasper 2013).

By the fourteenth century, the phrase "law of the land" had become common in English law. In the seventeenth century, its power was tested by the infamous Five Knights' Case. King Charles I arbitrarily imprisoned five knights who had failed to pay back loans to the King. However, none of these knights had been formally charged, given the opportunity for bail, or given a trial. Parliament's reaction was to pass the 1628 Petition of Right, which reaffirmed that the "law of the land" guarantee from Magna Carta was a definite right, not a privilege that the King could take away as he pleased (Kishlansky 1999).

Shortly thereafter, the right to have one's case adjudicated according to the law of the land was

finding its way into legal documents in the American colonies. The Maryland Act for the Liberties of the People of 1639 stated that no one shall be "judged or punished than according to the Laws of this province." Similarly, New York's 1691 Act Declaring Rights and Privileges proclaimed that one's life, freedom, or possessions could not be taken except by "the Laws of this Province." After independence from Great Britain was declared in 1776, each American state wrote its own constitution. No fewer than 10 of the original 13 states included requirements that legal proceedings take place according to "the law of the land" or included similar language between 1776 and 1783 (Cogan 1997). Clearly, the right was seen as paramount throughout the fledgling new nation.

During the late 1780s, the phrase "law of the land" was changed to the more modern "due process of law." This began when New York rewrote its state constitution in 1787, using the latter phrase. During the first session of the US Congress, James Madison proposed as part of the draft for the Bill of Rights that "[n]o person shall. . .be deprived of life, liberty, or property without due process of law." This provision was not altered through the amendment process, and it was ratified as part of the Fifth Amendment to the US Constitution in 1791 (Cogan 1997; Schwartz 1992).

Lest there be any doubt that the legal precursor to the requirements of "due process of law" was Magna Carta's phraseology related to "the law of the land," the US Supreme Court held as much in *Murray's Lessee v. Hoboken Land and Improvement Company* (1856), when it stated that the "words, 'due process of law' were undoubtedly intended to convey the same meaning as the words 'by the law of the land,' in Magna Charta" because if the Constitution had used the older language, it "would have been in part superfluous and inappropriate" and "without its immediate context, might possibly have given rise to doubts" about the meaning of the phrase. For these reasons, the phrase "law of the land" was replaced in American legal documents by "due process of law," including in the Fourteenth Amendment in 1868.

## Basic Procedural Requirements of Due Process

As noted above, due process, at its core, requires fairness. At the very least, this means that when the government threatens to take away or deny a right protected by due process, the government must provide a right to notice and hearing. Examples of what constitutes a "fair hearing" were outlined by the US Supreme Court in *Goldberg v. Kelly* (1970); these rights, depending on the context, typically include the following: timely and adequate notice that detail the reasons for the government action, an effective opportunity to defend oneself against the government action by confronting adverse witnesses and by presenting one's own arguments and evidence, and the right to an attorney. Within a criminal case in court, many of these provisions are enshrined formally in the Bill of Rights. In civil court cases, there are often statutory requirements, including rules of civil procedure and rules of evidence, that ensure due process fairness.

For administrative or quasi-judicial hearings, the malleability of due process is on full display. Since *Mathews v. Eldridge* (1976), the Court has required a balancing test that considers three factors to determine if the hearing procedures are fair. These factors include the following:

> [F]irst, the private interest that will be affected by the official action; second, the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards; and, finally, the Government's interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirement would entail.

This balancing test permits administrative reviews to take into account the different circumstances that exist in various contexts and adjust the notice and hearing requirements accordingly.

For example, the Supreme Court's balancing approach to due process means that a welfare beneficiary is guaranteed a hearing *before* benefits are terminated because of the significant financial harms the dependent recipient is likely to suffer. On the other hand, according to *Mathews*, a disability benefit recipient is not guaranteed a due

process right to a hearing until *after* the termination of benefits; the Court held this in part because it reasoned that a disabled worker typically has greater access to private resources and other forms of government assistance compared to a typical welfare recipient. The fact that these two situations lead to a different weighting of the interests at stake and procedural requirements to be followed helps demonstrate the flexibility that due process entails.

The *Mathews* balancing test has been used in a variety of situations. The Supreme Court has employed the balancing test to rule that the Immigration and Naturalization Service could decide whether a permanent resident alien was attempting to "enter" the country at an exclusion hearing, thus precluding the need for a deportation hearing (*Landon v. Plasencia* 1982). The Court applied the *Mathews* test to hold that a state may not remove a civil servant's property rights to employment before providing an opportunity for the worker to respond to the charges offered for termination (*Cleveland Board of Education v. Loudermill* 1985). The Court has used the test to find that a state statute that authorizes attachment of real estate without prior notice or the opportunity for a hearing violates due process (*Connecticut v. Doehr* 1991). In a very different context, the Court applied *Mathews* to hold that suspected citizen enemy combatants in the war on terror are required to be given notice of the factual basis for their classification and a fair opportunity to rebut the government's factual assertions before a neutral decision maker; according to the Court, these requirements could be met by a properly authorized and properly constituted military tribunal (*Hamdi v. Rumsfeld* 2004).

## To Whom Due Process Rights Apply

According to the terms of the Fifth and Fourteenth Amendments, any "person" is protected by due process against government action. The term "person" includes men, women, and children. However, the common sense definition that we may have of the word "person" is actually much narrower than how the US Supreme Court has interpreted the word in the due process context. Nevertheless, some classes of persons are entitled to more due process rights than others (Wasserman 2004).

For example, it is unquestioned that American citizens have due process protections under the US Constitution. Aliens, both those who are in the country legally and illegally, have due process protections as well. Following *Mathews*, though, the Supreme Court has held that the amount of due process protection guaranteed can vary among aliens who entered the country legally versus illegally. Furthermore, the Court has ruled that the government "may make rules as to aliens that would be unacceptable if applied to citizens" (*Denmore v. Kim* 2003).

Due process protects the rights of corporations too. Precedents dating back to the 1930s hold that although a corporation is not a "citizen" under the Constitution, a corporation is a "person" within the meaning of the Due Process Clause of the Fourteenth Amendment (*Grosjean v. American Press Company* 1936) and the Fifth Amendment. Labor unions, depending on the circumstances, have also implicitly been treated as "persons" with due process protections (Wasserman 2004).

## Life, Liberty, and Property: The Interests to Which Due Process Applies

Referring to the text of the Fifth and Fourteenth Amendments reveals that due process protections are at issue when one is being deprived of "life, liberty, and property." One of these interests has to be at stake for the requirements of hearing and notice to be invoked. *Mathews* again provides guidance, as the gravity of the private interest at stake may necessitate greater or lesser procedural protections.

The first category of interests is a person's life. This interest is most prominently at stake in capital punishment cases. For instance, the US Supreme Court has held that due process was violated when a trial judge, relying on a presentence investigation report that was not provided to the defense, imposed the death penalty; according to the Court, the capital sentencing

process must satisfy the requirements of the Due Process Clause, meaning at the very least that the defendant needed an opportunity to deny or explain information provided to the judge (*Gardner v. Florida* 1977). This point notwithstanding, once a court has imposed a death sentence on a duly convicted defendant, the calculus changes. In that context, the death row inmate maintains merely what the Court has characterized as a "residual life interest." This means that such an inmate could not be summarily executed by prison guards, but a death row inmate cannot challenge clemency proceedings as violating due process procedural protections, as clemency proceedings are nothing more than a "matter of grace" by the executive branch (*Ohio Adult Parole Authority v. Woodard* 1998).

Although life interests are defined rather narrowly, liberty interests are defined more broadly. At its core, a liberty interest includes freedom from bodily restraint. For example, a parole revocation involves due process liberty interests (*Morrissey v. Brewer* 1972). But according to several Supreme Court cases, it includes much more, such as being able to seek employment, to acquire knowledge, to marry, to establish a home and raise children, and to engage in freedoms protected by the Bill of Rights (Pillow 2012). Aside from protecting persons from interference with their ability to act and choose, due process protections may apply to reputational interests under certain circumstances. Reputation alone is not a sufficient liberty interest, but it does invoke due process protections when connected with a tangible interest that has been recognized by the courts or that is protected by state law (*Paul v. Davis* 1976).

The third category, property interests, has progressively expanded over time, with some limitations reached in recent years. In addition to tangible property, rights have been found in a variety of other contexts. These property interests include professional licenses and driver licenses. Until the 1970s, the Supreme Court distinguished between "rights" and "privileges," with the former qualifying for due process protections and the latter not. These "privileges" were typically government benefits. However, in *Goldberg v. Kelly*, the Court reversed course: it eliminated the distinction between rights and privileges, holding that government benefits also constitute property interests that qualify for due process protections. The Court has not left this category unbounded, however, finding in recent years that there is no property interest in the enforcement of a restraining order (Hugenberger 2005).

## Due Process and Standards of Proof

In criminal cases, the standard of proof for the prosecution at trial is the very high proof beyond a reasonable doubt. According to the US Supreme Court, this standard of proof is required to protect criminal defendants "from dubious and unjust convictions, with resulting forfeitures of life, liberty and property" (*Brinegar v. United States* 1949). The Court has found that this standard in criminal cases is required by due process, stating that due process "protects the accused against conviction except upon proof beyond a reasonable doubt of every fact necessary to constitute the crime with which he is charged;" the Court has further ruled that this standard is required in juvenile delinquency cases, given that guilty verdicts in these types of cases are similar to adult criminal convictions and have the potential loss of liberty as a possible sentence (*In re Winship* 1970).

Outside of the criminal context, the standard of proof required by due process is not quite so simple. Depending on the context, the standard of proof that may be mandated by due process may be the very deferential "preponderance of evidence" standard or the elevated "clear and convincing evidence" standard. The Court has characterized these two standards and the proof beyond a reasonable doubt standard as follows:

> At one end of the spectrum is the typical civil case involving a monetary dispute between private parties. Since society has a minimal concern with the outcome of such private suits, plaintiff's burden of proof is a mere preponderance of the evidence. The litigants thus share the risk of error in roughly equal fashion.
>
> In a criminal case, on the other hand, the interests of the defendant are of such magnitude that,

> historically and without any explicit constitutional requirement, they have been protected by standards of proof designed to exclude as nearly as possible the likelihood of an erroneous judgment. In the administration of criminal justice, our society imposes almost the entire risk of error upon itself. This is accomplished by requiring under the Due Process Clause that the state prove the guilt of an accused beyond a reasonable doubt.
>
> The intermediate standard. . .is less commonly used, but nonetheless is no stranger to the civil law. One typical use of the standard is in civil cases involving allegations of fraud or some other quasi-criminal wrongdoing by the defendant. The interests at stake in those cases are deemed to be more substantial than mere loss of money, and some jurisdictions accordingly reduce the risk to the defendant of having his reputation tarnished erroneously by increasing the plaintiff's burden of proof. Similarly, this Court has used the "clear, unequivocal and convincing" standard of proof to protect particularly important individual interests in various civil cases (*Addington v. Texas* 1979).

Thus, the Supreme Court has held that due process creates a three-tiered system of standards of proof in court, dependent on balancing the rights of individuals and the legitimate concerns of the state. The Court ruled in *Addington* that civil commitment proceedings require the clear and convincing evidence standard because the significant deprivation of liberty involved demands a standard higher than preponderance of evidence, but the government's role in protecting persons who cannot care for themselves mandates a standard less than proof beyond a reasonable doubt (*Addington v. Texas* 1979).

Finally, a fourth standard, substantial evidence, is applicable in some administrative law settings. This standard falls below the preponderance of evidence standard, requiring the decision maker to find a bare minimum of evidence to support a conclusion. The amount of proof required under this standard has been described by the Supreme Court as "more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." This standard has been upheld in administrative proceedings ranging from labor disputes, Social Security Disability Insurance claims, and public school disciplinary proceedings (*Richardson v. Perales* 1971; Weizel 2012).

## Due Process and Access to an Attorney

In the criminal context, the US Supreme Court has long held that due process requires not only the right to counsel but also the right to appointed counsel for indigent defendants. This due process right developed piecemeal over time, however. Beginning in the 1930s, the Court ruled that the right of the accused in a capital case to have the aid of counsel for his or her defense is a fundamental right guaranteed by the Due Process Clause of the Fourteenth Amendment (*Powell v. Alabama* 1932). During the Warren Court's revolution of expanding rights of the accused in the 1960s, the Court extended that due process right to all felony criminal defendants, finding that indigent defendants accused of felonies have a right to appointed counsel to ensure they can put on a meaningful defense (*Gideon v. Wainwright* 1963). This right to appointed counsel for indigent criminal defendants has been broadened to any case where the defendant could face an actual deprivation of liberty, including a suspended sentence of a short jail term (*Alabama v. Shelton* 2002).

The malleability of due process, as has been explored in other contexts above, also requires different attorney access rights in proceedings that are not criminal. The Court has applied the *Mathews* balancing test to determine if appointed counsel are required in civil cases, often finding that the right does not apply. For instance, the Court has held that an indigent plaintiff had no due process right to government-appointed counsel in a termination of parental rights case. Furthermore, even in a civil commitment proceeding that could result in imprisonment, the Court has held that there is no right to appointed counsel if other substitute procedural safeguards are made available to the litigant. In these types of cases, the Court has ruled that a case-by-case approach to the question of appointed counsel meets the requirements of due process (Parkin 2014).

This case-by-case approach, following *Mathews* balancing criteria, has also been followed when determining if one has a right to an attorney, either appointed or of one's own

retention, in an administrative context. For instance, at a parole or probation revocation proceeding by a state department of corrections, one's right to appointed counsel turns on whether the agency concludes that the probationer or parolee is capable of speaking effectively for himself or herself (*Gagnon v. Scarpelli* 1973). In other administrative contexts, the right to retain one's own counsel may not even be required by due process, such as in certain public school disciplinary proceedings that could result in short suspensions. Following the notion that due process procedural requirements are to be interpreted flexibly, courts have expressed that the increased costs and delays imposed by having attorneys present at school disciplinary proceedings may outweigh the person's private interests if the penalty to be imposed is small (Mossman 2012).

## Due Process and Impartial Decision Makers

A final example of due process requirements in administrative and judicial settings is the mandate that the decision maker – whether it is a jury, a judge, or an executive branch actor – be impartial. Within the criminal context, due process mandates that a jury is impartial. For instance, if a criminal trial is dominated by mob justice to the point that the jurors fear for their lives if they acquit the defendant, the Court has held this is a violation of due process (*Moore v. Dempsey* 1923). Furthermore, if prejudicial pretrial publicity prevents a jury from being impartial, that violates a criminal defendant's right to a fair trial under the Due Process Clause (*Sheppard v. Maxwell* 1966).

In either a criminal or civil case, due process mandates that the judge presiding over the proceedings be neutral with respect to the parties appearing before the court. For example, if the judge keeps part of a fine imposed against a defendant, it is a form of bias – having "a direct, personal, substantial, pecuniary interest in reaching a conclusion" in the case – that violates the party's due process rights (*Tumey v. Ohio* 1927). In another context, a judge who receives substantial financial campaign support from a party having a case pending in that judge's court creates "a risk of actual bias" that violates due process (*Caperton v. A. T. Massey Coal Company* 2009). However, a nonlawyer judge may preside over misdemeanor cases and comply with due process if the defendant is permitted the right to appeal a conviction for a new trial before a judge who is a lawyer (*North v. Russell* 1976).

Within an administrative setting, the due process requirement of an impartial decision maker also applies, although what constitutes impartiality varies by the context. For example, a parole officer could not serve as both an investigating officer and an adjudicator at a parole revocation hearing, as that would prevent a parolee from having a case heard by an independent officer who had not already made up his or her mind (*Morrissey v. Brewer* 1972). However, the combination of both investigative and adjudicatory functions by a state medical examining board does not violate a physician's right to an impartial decision maker in a medical license suspension proceeding because the initial determination of probable cause and the ultimate adjudication in the case have different bases and purposes; in other words, they were two separate inquiries, and the first one resulted in no official decision, making the adjudication a separate matter that the same board could resolve (*Withrow v. Larkin* 1975). Nevertheless, the Court has found that the type of investigation/adjudication distinction it required in *Morrissey* is also mandated in reviews of claims of innocence by designated enemy combatants: "An interrogation by one's captor, however effective an intelligence-gathering tool, hardly constitutes a constitutionally adequate fact-finding before a neutral decision maker" (*Hamdi v. Rumsfeld*).

## Conclusion

There is no question that due process protections constitute some of the most important and

fundamental constitutional rights we possess. They ensure that one's rights to life, liberty, and property cannot be arbitrarily taken away. Indeed, due process ensures basic fairness, including rights to notice and hearing, in both judicial and administrative proceedings.

In perhaps the Supreme Court's most significant due process case, *Mathews v. Eldridge*, the Court quoted past decisions on what it called the "truism" that due process, "unlike some legal rules, is not a technical conception with a fixed content unrelated to time, place, and circumstances," instead proclaiming that due process "is flexible and calls for such procedural protections as the particular situation demands." The core of due process is that it is not a static, unchanging concept to be applied the same way to every judicial and administrative proceeding. Rather, context matters, with the rights at stake and the government interest being pursued affecting the proceedings that must be carried out to comply with due process. This case-by-case approach has long ensured that proceedings can be properly tailored, and it is an analysis that courts are likely to continue using for the foreseeable future.

## Cross-References


- ▶ Constitutional Intersection of Civil Liberty and Public Administration
- ▶ Constitutional Law and Public Administration
- ▶ Constitutional Rights of Public Employees
- ▶ Due Process Rights
- ▶ Supreme Court and Public Administration


## References


Addington v. Texas, 441 U.S. (1979)
Alabama v. Shelton, 535 U.S. 654 (2002)
Brinegar v. United States, 338 U.S. 160 (1949)
Caperton v. A. T. Massey Coal Company, 556 U.S. 868 (2009)
Cleveland Board of Education v. Loudermill, 470 U.S. 532 (1985)
Cogan NH (ed) (1997) The Complete bill of rights: the drafts, debates, sources, & origins. Oxford University Press, New York
Connecticut v. Doehr, 501 U.S. 1 (1991)
Denmore v. Kim, 538 U.S. 510 (2003)
Gagnon v. Scarpelli, 411 U.S. 778 (1973)
Gardner v. Florida, 430 U.S. 349 (1977)
Gideon v. Wainwright, 372 U.S. 335 (1963)
Goldberg v. Kelly, 397 U.S. 254 (1970)
Grosjean v. American Press Company, 297 U.S. 233 (1936)
Hamdi v. Rumsfeld, 542 U.S. 507 (2004)
Hugenberger J (2005) Redefining Property under the Due Process Clause: *Town of Castle Rock v. Gonzales* and the Demise of the Positive Law Approach. Boston Coll Law Rev 47(1):773–814
In re Winship, 397 U.S. 358 (1970)
Kasper ET (2013) Impartial justice: the real supreme court cases that define the constitutional right to a neutral and detached decision maker. Lexington Books, Lanham
Kishlansky M (1999) Tyranny Denied: Charles I, Attorney General Heath, and the Five Knights' Case. Hist J 42(1):53–83
Landon v. Plasencia, 459 U.S. 21 (1982)
Mathews v. Eldridge, 424 U.S. 319 (1976)
Moore v. Dempsey, 261 U.S. 86 (1923)
Morrissey v. Brewer, 408 U.S. 471 (1972)
Mossman EL (2012) Navigating a legal dilemma: a student's right to legal counsel in disciplinary hearings for criminal misbehavior. Univ Pa Law Rev 160(1): 585–631
Murray's Lessee v. Hoboken Land and Improvement Company, 59 U.S. 272 (1856)
North v. Russell, 427 U.S. 328 (1976)
Ohio Adult Parole Authority v. Woodard, 523 U.S. 272 (1998)
Orth JV (2003) Due process of law: a brief history. University Press of Kansas, Lawrence
Parkin J (2014) Due process disaggregation. Notre Dame Law Rev 90(1):283–333
Paul v. Davis, 424 U.S. 693 (1976)
Pillow M (2012) Liberty over death: seeking due process dimensions for freedom of contract. Florida A & M Univ Law Rev 8(1):39–52
Powell v. Alabama, 287 U.S. 45 (1932)
Richardson v. Perales, 402 U.S. 389 (1971)
Schwartz B (1992) The great rights of mankind: a history of the American Bill of Rights. Madison House, Madison
Sheppard v. Maxwell, 384 U.S. 333 (1966)
Taylor v. Hayes, 418 U.S. 488 (1974)
Tumey v. Ohio, 273 U.S. 510 (1927)
Wasserman R (2004) Procedural due process: a reference guide to the United States Constitution. Praeger, Westport
Weizel LM (2012) The process that Is due: preponderance of the evidence as the standard of proof for university adjudications of student-on-student sexual assault complaints. Boston Coll Law Rev 53(1): 1613–1655
Withrow v. Larkin, 421 U.S. 35 (1975)

# Administrative Appeal

Dacian C. Dragos
Center for Good Governance Studies, Babes Bolyai University, Cluj Napoca, Romania

## Synonyms

Administrative contestation; Administrative objection; Administrative recourse

## Definition

The administrative appeal is a request addressed to a public authority by which the aggrieved/interested person demands administrative measures to be taken regarding an administrative act: annulment, modification, or even issuance of a new act (when the latter has been refused by the administration).

## Introduction

In administrative law, there are two major ways of contesting allegedly unlawful decisions/acts: the administrative appeal and the judicial review (court action). While the administrative appeal is an attempt to solve the dispute at administrative level, the judicial review is an adversarial proceeding by which an individual transfers the conflict with a public authority to the (administrative) courts.

In principle, the administrative appeal and the judicial review are independent, and the rules for their exercise normally do not interfere with one another. Each action can be exercised separately, and those aggrieved by an administrative decision can opt freely between these two ways of contesting the decisions. In many jurisdictions, however, the applicable law requires that prior to commencing court proceedings, all administrative remedies shall be exhausted, and thus an administrative appeal must be filed. Other jurisdictions, without imposing the exercise of the administrative appeal, still link – in different ways – the administrative appeals to the judicial review – for instance, by tying the time limit for review to the solution in appeal Auby and Fromont (1971).

## Types of Administrative Appeal

The administrative appeal can be addressed to the authority that issued the unlawful act – *contestation, opposition*, *recours gracieux, appeal in reconsideration, or remonstrance* – or to its superior body, *hierarchical appeal or recourse*. There is also the so-called *quasi-hierarchical appeal*, *external appeal*, or sometimes *recours de tutelle*, addressed to an agency that is not the superior body of the issuer of the act, but has the power to control such decisions, in its quality of specialized control agency or overseeing body (the *prefect*, for instance). A variation of the administrative appeal is also the quasi-judicial appeal, regulated by special rules in different fields. It is addressed to a specialized public authority that is a combination of an administrative body and a judicial one. The decision on the appeal is still an administrative decision, issued by an administrative body, but the procedure has also features comparable to court procedures (public procurement review bodies, for instance). The administrative appeal may be used not just for administrative acts, but for administrative contracts as well, alongside with conciliation, arbitration, or mediation.

## Mandatory and Optional Administrative Appeals

From a comparative perspective, there are two major systems of administrative appeals – *mandatory* and *optional*.

The first one, adopted by a large number of legal systems (for instance, Germany, the Netherlands,

Hungary, Slovenia, Poland, Serbia, Denmark, Czech Republic, Romania, etc. Dragos and Neamtu 2014), precludes an action to court in the absence of a prior administrative appeal. At the level of EU law, in specific areas, administrative appeals are required prior to launching procedures by the Commission – regarding infringements of Union law by Member States, aids granted by Member States or when it comes to access to Union documents, appeals of servants within the Union civil service and in procedures of EU agencies. In the case of the mandatory appeal, which is more formalist than the optional one, the proceedings are to be conducted, within clear time limits, in an adversarial manner, and the final decision is subjected to extensive rules of motivation.

The second type of appeal (*recours administratif*), promoted by the French legal system and those inspired by it (partially Belgium, Italy), attaches certain effects to the exercise of an administrative appeal (prorogation of the time limits for bringing an action in a court of law) without making it mandatory (van Lang et al. 1999). The rules that govern the *optional* appeal have typically a jurisprudential source and are quite flexible. The claimant does not have to prove that there is a specific interest at stake; there usually is no requirement to conform to formal provisions, and, often, there is no time limitation for appeal.

No jurisdiction confines itself to only one system of administrative appeals. Even where the appeal is optional, there are instances where special legislation makes its use mandatory (for instance, in France – see Chapus 2008).

## The Foundations and Rationale of Administrative Appeals

The legal foundation of the administrative appeal can be found in the citizens' right to address petitions to the government, a fundamental right that has found its recognition in many constitutions or modern legislations. The right to petition is then supplemented with the administrative principle of revocation – according to which administrative decisions may be revoked by their issuer.

An administrative appeal has a threefold rationale. *Firstly*, from the perspective of public authorities, it offers them a chance to make good on their duty to reconsider allegedly unlawful acts (Serdeen and Stroink 2002); the prospective lawsuit should make public authorities assess again, perhaps more carefully than before, their initial decision; the appeal avoids formal court proceedings, the costs of a lawsuit, and possibly having to pay compensation – not to mention the prospect of having its image affected by losing a lawsuit. *Secondly*, administrative appeals evidently protect in the same time private parties who have allegedly been aggrieved; thereby, proceedings offer the participants the possibility of having a disputed decision annulled in a simple, fast, and free of charge proceeding. In this respect, the administrative appeal is usually much more beneficial for individuals than court trial. On the other hand, if the appeal is flatly rejected by the public authorities, the claimant has an opportunity to reassess his/her chances of winning in court and make a more informed decision in this direction, based on the reasoning put forward by the public authority – it basically provides a test-run for a full-blown court trial. *Thirdly*, the court's excessive caseload is sensibly eased when administrative appeals do their job in keeping parties out of court.

The worst-case scenario, as far as the rationale for administrative appeals goes, is when the public authority is silent in response to the administrative appeal – *administrative silence*. In such a case, the claimant will confront the public body for the first time in court, without being able to benefit from a test-run during administrative appeal proceedings. Even in this case, the administrative appeal must receive some consideration in the course of the court proceedings, in the sense that the attitude of the public authority could be deemed culpable. The administrative silence should be considered when deciding on the costs of litigation. The judge should address separately the fact that the public authority has not answered the administrative appeal in due time, consequently pushing the claimant to go to court. The other variant is that the party desists altogether because of cost of court litigation, in which case the administrative appeal has not had the envisaged effect.

Besides protecting the public authorities (and, hence, the public interest) and private parties by allowing public authorities to reform allegedly unlawful acts, the second important function of administrative appeals is relieving administrative courts of cases that can be solved at administrative level.

Another argument as to administrative appeals being more suited for solving administrative disputes than courts comes from the fact that judges may not always have the ability to grasp the full realities of the public administration, especially in the context of the extraordinary development of the tasks performed by public bodies, and that public administrators are better equipped to do this.

A noticeable advantage of the administrative appeal in those jurisdictions that pay reverence to the legality principle is its wide scope. The claimant can invoke not only legality aspects but also opportunity ones or issues pertaining to the principle of good administration, while as in court, the decision will be mainly assessed by applying legality standards. The administrative appeal can resort also to the "benevolence of the administration" (Brabant et al. 1973) in order to resolve the matter, where no strong legality arguments can be put forward.

## The Scope of the Administrative Appeal

The scope of the administrative appeal refers to the extent of powers bestowed upon the appellate body. The final objective of the appeal from the perspective of the appellant is first and foremost the *revocation* of the decision. It could also refer to the alteration of a decision or *issuance* of a new decision. However, the possible outcomes of an administrative appeal procedure range from dismissing the request to upholding the individual administrative act or to disregarding the appeal altogether.

The outcome of the appeal can be looked at from two angles: for the claimant it is intended to provide revocation or amendment of the decision, but a clarifying response of the public authority explaining that the decision is legal can also deter the claimant to challenge the decision in court. Very hard to determine are cases when the claimant renounces the court action even if the decision is unlawful and the administrative appeal was rejected. In this case, the decision not to go to court is only partially a result of the administrative appeal, because the aggrieved person did not intend to go to court anyway.

If the decision was revoked by the issuer or annulled by the superior body, the claimant has the possibility to file a court action for compensations, so the matter is often not solved entirely at the administrative level. Here, the question is whether public bodies can decide upon compensations themselves and put an end to the dispute for good. Administrative bodies are usually reluctant to allow the settling of compensation claims during administrative proceedings, due to legal culture, established administrative practices (Dragos and Neamtu 2014).

The powers of the appellate body depend on their positioning within the administrative system. The appeal to the issuer usually presupposes the widest powers of dispute resolution, because the issuer can decide upon its own acts (in principle) freely. The appeal to the hierarchical body is also quite wide in its scope, regardless of how the supervisory powers are defined in general in a given administration. Consequently, even where in principle superior bodies cannot interfere with their subordinate bodies except for giving guidance and for cases when the law expressly states otherwise, the administrative appeal has a *devolutive* effect, which means that the appellate body is entrusted with deciding the matter de novo, without being bound by the findings of the issuing body.

Another aspect of the scope of the review regards the application of the principle of *non reformatio in pejus*. The question here is whether public authorities may worsen the situation of the applicant in its (his/her) own (administrative) appeal.

The question is therefore whether the appeal should be dealt with by the public body within the confines of a *bound competence*, meaning that the appellate body is held to answer the claimant only within the limits of the request, or whether the authority can consider itself notified for an

analysis de novo of the decision, which implies the power to modify the decision in a way that may not be to the advantage of the applicant.

Mixed offerings are on the table also for the application of this principle. For instance, the possibility to reform an administrative decision against the interest of the claimant is allowed in Germany, with restrictions in some cases and with different solutions in the federated states (Stelkens 2014). In France, it is possible as a rule, but only if the decision creates other rights (Bousta and Sagar 2014). In the Netherlands, the principle applies fully to the objection and administrative appeal proceedings, as being a specific application of the principle of legal certainty. This applies only with regard to the appellant, and not to third party interests; conversely, if third parties are the appellants, it does not apply to the beneficiary of the original decision. A *reformatio in peius* is however permissible if the authority has generally the competence to amend at any time and also ex officio the contested decision to the detriment of the applicant (Langbroek et al. 2014).

Another question that can be raised in the context of the scope of the administrative appeal is whether the appellant can *modify* the scope of the review when reaching the court or the review should rather match the scope of the administrative appeal. In the comparative law, approaches differ: in Italy, for instance, the scope of administrative appeal has to be observed when lodging the court action: the claimant cannot modify the reasoning from the administrative appeal and invoke other grounds for judicial review (Comba and Caranta 2014). In France, the administrative appeal "crystallizes the judicial review," because the plaintiff will not be able to invoke other grounds than those invoked in the administrative appeal, except for public order grounds (Chapus 2008).

## The Suspensive Effect of the Administrative Appeal

The suspensive effect means that the administrative appeal stays the execution of the contested act. The Council of Europe's Committee of Ministers 2001 recommendations state that "[national] regulations may provide that the use of some alternative means to litigation will in certain cases result in the suspension of the execution of an act, either automatically or following a decision by the competent authority." There are two options for the suspension: automatic suspension or suspension decided by the appellate body or court.

The automatic suspension of the challenged administrative act is promoted in a number of jurisdictions (Germany, Poland, Slovenia, Hungary, Serbia, and the Czech Republic), while other jurisdictions have opted for the opposite solution: the appeal has no suspensive effect, but the suspension can be granted expressly by court order, usually in an expedited procedure (France, the Netherlands). In other cases, the suspension can be decided by appellate public bodies or by courts (Italy, Belgium, Denmark, Spain, Romania) (for details, see Dragos and Neamtu 2014).

## Conclusion

A chief feature of administrative justice is that it allows parties to resolve their dispute at the administrative level: they have the possibility to challenge the decision before the administration itself prior to resorting to courts. The administrative appeal may be included, in a broad sense, in the category of *alternative dispute resolution* (ADR) tools for the realization of the administrative justice, when compared to the resolution of the disputes by courts; it has been strongly recommended by the Council of Europe (Recommendation 2001) and has found its way into most of the jurisdictions.

There is no easily accessible empirical research measuring the effectiveness of administrative appeals. Few texts that dare to tackle the issue are just assumptions based on perceptions. Generally, their potential role is reducing the caseload of the courts while still securing a fair access to justice (Recommendation 2001). The literature that tangentially touched upon the issue describes only the organization of the administrative

appeals in various jurisdictions, without analyzing their influence on the judicial review and their effectiveness as ADR tools.

However, one study (Dragos and Neamtu 2014) tried to present empirical evidence from 15 European countries and the EU on the effectiveness of administrative appeals. Overall, the main conclusion is that when organized, administrative appeals are fulfilling their role as ADR tools or pretrial proceedings. They offer a good venue for seeking legal protection while playing also the role of pretrial procedures. However, their ability to provide legal protection comes with mixed blessings: there is sometimes reluctance to consider them as ADR tools because their role as legal remedies is well enshrined in the legal tradition of some legal systems and their status is rivaling the courts' (in Germany, Austria, Denmark, Slovenia, Serbia). Unorganized administrative appeals are nevertheless important, either as a venue for seeking alternative dispute resolution or as informal procedures destined to keep parties out of courts of law. In France, the Conseil d'Etat has asked for the generalization of mandatory administrative appeals, but this move is resisted due to French administrative law traditions.

When compared to other tools of ADR, like Ombudsman and mediation, arbitration, and conciliation, the administrative appeals still hold the spotlight in the majority of jurisdictions.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Procedure
- ▶ Private Law and Public Administration


## References


Auby J-M, Fromont M (1971) Les recours contre les actes administratifs dans les pays de la Communauté Économique Européenne. Jurisprudence générale Dalloz, Paris

Brabant G, Questiaux N, Wiener C (1973) Le contrôle de l'administration et la protection des citoyens (étude comparative). Cujas, Paris, p 270

Chapus R (2008) Droit du Contentieux Administratif, 13th edn. Montchrestien, Paris

Council of Europe, Recommendation Rec (2001) 9 of the Committee of ministers to member states on alternatives to litigation between administrative authorities and private parties, adopted on 5 September 2001. Retrieved 20 Mar 2016 at http://www.coe.int/t/cm/documentIndex_en.asp

Dragos DC, Neamtu B (eds) (2014) Alternative dispute resolution in European administrative law. Springer, New York. (Chapters: Ulrich Stelkens, Administrative appeals in Germany; Rhita Bousta and Arun Sagar, Alternative dispute resolution in French administrative proceedings; Mario Comba and Roberto Caranta, Administrative appeals in the italian law: on the brink of extinction or might they be saved (and are they worth saving)?; Philip Langbroek, Milan Remac, and Paulien Willemsen; The Dutch system of dispute resolution in administrative law; David Marrani and Youseph Farah, ADR in the administrative law: a perspective from the United Kingdom; Dacian C. Dragos and David Marrani, Administrative appeals in comparative European administrative law: what effectiveness?)

Serdeen R, Stroink F (2002) Administrative law in the Netherlands. In: Administrative law of the European Union, its Member States and the United States. Intersentia, Antwerpen

van Lang A, Gondouin G, Inserguet-Brisset V (1999) Dictionnaire de droit administratif, 2nd edn. Dalloz, Armand Collin, Paris


# Administrative Autonomy of Public Organizations


Tobias Bach
Department of Political Science, University of Oslo, Oslo, Norway


## Synonyms

Administrative discretion; Agency independence; Bureaucratic autonomy; Delegated authority

## Definition

Administrative autonomy refers to public organizations' ability to determine their own preferences and to translate those preferences into authoritative actions. The concept describes a relationship between an organization and a set of actors outside the organization, most importantly elected officials and executive politicians.

## Introduction

This chapter provides an overview of what is known about the administrative autonomy of public organizations. Broadly defined, administrative autonomy refers to public organizations' ability to determine their own preferences and to translate those preferences into authoritative actions (Maggetti and Verhoest 2014). However, public organizations are never completely isolated from other actors within the political system (Wilson 1989). They are part of a chain of delegation from the voters to elected officials to departments (ministries) and other public organizations. Yet another important relationship refers to the distance from public organization's clients or regulatees. Here, the question is whether the organization is captured by the very interests it is supposed to regulate, taking a lenient approach and acting as an advocate for those special interests. This is an important aspect for understanding public organizations, yet the remainder of this chapter will focus on public organizations' relationship to elected officials, in particular executive politicians (ministers).

The chapter distinguishes between two analytical perspectives on administrative autonomy. A top-down view focuses on the formal autonomy of public organizations, which is defined by the formal authority delegated to an organization by political decision-makers (Yesilkagit and Christensen 2010). In contrast, a bottom-up view focuses on the actual scope of an organization's decision-making powers, which may also include its ability to shape the preferences of political decision-makers (Verhoest et al. 2004). The actual autonomy of public organizations is based on the endogenous development of preferences and their ability to cultivate a coherent mission and legitimacy among stakeholders (Carpenter 2001; Wilson 1989).

The following sections introduce each perspective and illustrate different empirical dimensions of formal and actual autonomy, respectively. Then the chapter provides an overview of theoretical explanations of differences in both formal and actual administrative autonomy across public organizations. The subsequent paragraph sketches what is known about the consequences of administrative autonomy for crucial aspects of modern government.

## Delegated Authority: The Formal Autonomy of Public Organizations

The formal autonomy of public organizations can broadly be understood as their distance from elected officials, with higher degrees of formal autonomy implying fewer powers of elected officials to direct the organizations' conduct. From this top-down perspective, administrative autonomy is the result of delegated authority by political decision-makers, who are primarily concerned with ensuring political control over the permanent bureaucracy. The dominant theoretical paradigm for the analysis of delegated authority is the principal-agent approach, which theorizes on the relationship of a political principal that delegates a specific task to a bureaucratic agent (Pollack 2002). In such models, the agent's autonomy is little different from public organizations' discretion to take decisions within a limited policy space without interference by political principals. A core focus of this literature is the problem of moral hazard, i.e., bureaucrats' inclination to put as little effort as possible into performing their tasks or to misuse their informational advantages to pursue their idiosyncratic policy preferences.

Just how much formal autonomy a public organization has will depend upon the organization's formal-legal status, the degree to which delegated policies are rule based or based on policy results to be achieved, and the procedures to be followed when taking authoritative decisions, among others. Hence, formal mechanisms of political control over the bureaucracy (which define its formal autonomy) may be related to different aspects of public organizations and their activities. This multidimensional nature of administrative autonomy has several implications for both formal and actual autonomy. Most importantly, speaking about administrative autonomy in a general sense bears the risk of conflating different dimensions of autonomy. These dimensions tap into different aspects of organizational activities,

making their aggregation into one single measure of organizational autonomy highly questionable (Gilardi 2008; Hanretty and Koop 2012).

Another implication is that different dimensions of autonomy may vary independently from one another. For instance, an organization may have low autonomy in managerial terms but high autonomy in terms of policy discretion (Verhoest et al. 2010). Indeed, a high degree of policy discretion resulting from restricted powers of politicians to interfere in agency decision-making (and hence transferring powers away from elected officials to technocratic decision-makers) is the essence of the term "independence" which is often used as a synonym of autonomy (Roberts 2010). Among others, the term is used for "independent central banks" as well as "independent regulatory agencies" tasked with the enforcement (and sometimes development) of binding rules regulating economic and social activities (Gilardi 2008).

A common way to study public organizations' formal autonomy is to locate them on a continuum from departments (ministries) headed by elected officials to entirely private organizations that are beyond the discretionary control of elected officials, such as private companies. The classification of different types of "animals in the administrative zoo" (Bach and Jann 2010) is motivated by the observation that many public services are delivered by organizations that are not archetypical government bureaucracies but that somehow operate at the fringes of the public sector. For instance, van Thiel (2012) proposes a continuum including central government organizations (such as ministries, departments, directorates general), semiautonomous organizations without legal independence, legally independent organizations based on statutes, and either private or public law-based and private law-based organizations established by or on behalf of the government. The bottom line is that a location on the continuum further away from elected officials imposes greater restrictions on the latter for interfering into administrative decisions.

But what exactly makes some types of public organizations more formally autonomous than others? As a rule, organizations at different positions on the continuum of formal autonomy display distinct features potentially limiting political interference. That said, political decision-makers tend to be creative when designing public organizations, thereby diminishing the "fit" of formal-legal type and formal autonomy (Christensen 2001; Döhler 2002). One aspect of formal autonomy is the existence of a governing board that appoints and oversees the agency head, interrupting the direct chain of command from the minister to the head of the organization (Yesilkagit and Christensen 2010). Likewise, the term of office of the board members and the head of the organization has been shown to be powerful measures of formal autonomy (Hanretty and Koop 2012). Another measure of formal autonomy is the delegation of formal decision-making powers to an organization by law – either for single-case decisions or for issuing general regulations – and hence forbidding ministerial interventions into the organization's decision-making (Christensen 2001). These (and other) measures of formal autonomy have in particular been used in research assessing the formal autonomy of regulatory agencies (Gilardi 2008; Yesilkagit and Christensen 2010), inspired by empirical research on central bank independence. However, the focus of the top-down approach on formal mechanisms of political control over the bureaucracy also means that it pays little attention to what is happening within public organizations, which is at the core of the bottom-up approach.

## Beyond Formal Design: The Actual Autonomy of Public Organizations

The actual or de facto autonomy of a public organization can be defined as its actual decision-making powers with regard to a specific subject matter or dimension (Bach 2014). As opposed to the top-down perspective outlined above, the study of actual administrative autonomy considers delegated powers as one element of an organization's decision premises among others. For instance, several scholars have observed the empirical puzzle that organizations with similar degrees of formal autonomy display nontrivial

degrees of variation in their actual autonomy (Maggetti 2012; Verhoest et al. 2010; Yesilkagit and van Thiel 2008). A widespread method for studying actual administrative autonomy is through organizational surveys tapping into different dimensions of public organizations' actual decision-making powers. This method has been used in internationally comparative studies of public organizations more generally (Bach 2014; Verhoest et al. 2010), as well as in studies of regulatory agencies (Maggetti 2012). Arguably, organizational surveys are well suited to measure actual autonomy in day-to-day decision-making and to study drivers of autonomy across a broad range of organizations. Yet surveys perform less well in capturing the dynamics of critical events that put into question the organization's established way of functioning (Selznick 1957).

A typical challenge to public organizations' established mode of operation is a looming reform of the organization's sphere of responsibility, such as organizational mergers or the design of new policies. In such situations, highly autonomous public organizations will be able to shape the outcome of the decision-making process. This is the core of Carpenter's concept of bureaucratic autonomy, which he defines as a situation in which "a politically differentiated agency takes self-consistent action that neither politicians nor organized interests prefer but that they neither cannot or will not overturn or constrain in the future" (Carpenter 2001, p. 17). The ability to shape policies according to distinct organizational preferences and to translate those preferences into authoritative actions can thus be seen as the conceptual core of actual administrative (or bureaucratic) autonomy.

Moreover, Carpenter (2001) emphasizes the endogenous creation of bureaucratic preferences, the development of unique organizational capacities, and the ability of public organizations to create and maintain legitimacy among relevant stakeholders as key conditions of bureaucratic autonomy. In particular, he emphasizes the ability to create a reputation for the uniqueness of the organization's capacity as a key factor which enables the organization to take decisions in line with its preferences or even to change its formal mandate through strategical coalition building. An organization's actual autonomy is not simply the sum of delegated powers but the result of a gradual process of institutionalization through which the organization acquires a distinct identity and a coherent organizational mission that may diverge from its original mandate through an evolutionary process (Selznick 1957). According to Wilson (1989), a further characteristic of highly autonomous organizations is an undisputed jurisdiction (or "turf") with few rival organizations and few constraints imposed by political office holders.

The gradual process of institutionalization after the formal creation of a public organization, especially the creation of external legitimacy among stakeholders, can be deliberately shaped through managerial strategies. Groenleer (2014) lists four such strategies: (1) differentiation from other organizations by cultivating the uniqueness of the organizations capacities, (2) moderation with regard to asserting the organization's autonomy vis-à-vis political superiors, (3) the careful balancing of (potentially conflicting) demands of various audiences, and (4) networking with other organizations, under the condition that those relationships are cooperative and based upon common or complementary interests. Hence, a strategy of cooptation of stakeholders may counterintuitively lead to higher rather than lower levels of actual administrative autonomy (Groenleer 2014; Selznick 1957).

An important element of this comprehensive understanding of bureaucratic autonomy is that public organizations are relevant players in the political process of delegation. As shown by Wilks and Bartle (2002), competition authorities in Europe that were created for largely symbolic reasons have over time had a significant impact on policy outcomes and legislation: "The consequence of creating agencies has been to populate the policy area with actors (agents) who have their own priorities, interpretations, and influence" (Wilks and Bartle 2002, p. 149). More often than not, decisions to delegate authority take place in a crowded space, filled with existing policies and organizations. To defend their institutional interests, existing public organizations strive to match

their mission to their jurisdiction. As a result, organizations may try to fight off new tasks that do not match the organization's mission or to prevent the creation of rivaling organizations (Wilson 1989). For instance, scholars of international organizations have studied processes of organizational change as driven by these organizations' desire for bureaucratic autonomy (allowing them to pursue and expand their mandate), which has to be traded off against the need of resources to sustain the organization's activities (Barnett and Coleman 2005). However, the kind of strategies those organizations may (successfully) pursue will depend on the availability of resources and the match of the organization's mission and external demands. In sum, public organizations may develop into highly autonomous institutions, yet this is not the case for all organizations.

## Theories of Administrative Autonomy

Why do policy-makers delegate tasks to formally autonomous organizations instead of having them performed under the direct hierarchical control of elected officials? And under which conditions do legislators grant high levels of policy discretion, instead of writing detailed legislation themselves? These questions call for theoretical accounts of delegating formal autonomy to public organizations.

A first set of explanations is functional: policy-makers delegate authority for reasons of policy effectiveness that could not be achieved if tasks were performed by less autonomous organizations. A prominent argument is that delegation to politically independent organizations – i.e., organizations for which elected officials ultimately lack discretionary powers to intervene directly in single-case decisions – is used by policy-makers to credibly commit themselves to long-term policy objectives (Gilardi 2008; Majone 2001). The key rationale is that private companies are only willing to invest in a market if they can expect policy stability. This reasoning is essentially skeptical toward elected politician's ability to pursue consistent preferences over time (Roberts 2010). A related argument emphasizes the need for specialist expertise in complex policy areas. Accordingly, direct political control over administrative decisions in technically complex areas is likely to produce ineffective policies. Moreover, there is little electoral payoff for politicians engaging in highly complex policy issues (Elgie and McMenamin 2005).

A second explanation is that organizations operating at arm's length from elected officials are simply more efficient than less autonomous organizations. There are several arguments linked to this explanation. For instance, structurally disaggregated organizations may be freed from the straightjacket of public sector regulations (personnel, budgeting) which will lead to efficiency gains. Another argument is that separating policy and operations in a more clear-cut way will increase professionalism and results orientation in executive organizations. To be sure, the latter argument is not directly related to formal administrative autonomy, yet it was especially prominent among proponents of the creation of "executive agencies" in a number of countries (Pollitt et al. 2004).

Third, several scholars analyze decisions to delegate authority as a contentious political process (Moe 1990). Accordingly, legislative decision-making is about which powers to delegate and on what control mechanisms to establish in order to influence the substance of bureaucratic decision-making (Pollack 2002). The policy conflict thesis relates to agencies' formal autonomy reflecting the degree of policy conflict at the time of their creation, with more conflict allegedly leading to lower levels of formal autonomy. The political uncertainty thesis emphasizes that policy-makers will delegate more formal autonomy to public organizations if faced with the prospect of losing their electoral majority (Moe 1990). Formal autonomy may thus be used to prevent political opponents from controlling administrative decision-making after taking power. The empirical evidence for these explanations is mixed, though what can safely be said is that they are more robust in the US context than in parliamentary systems of government (Yesilkagit and Christensen 2010).

A fourth set of explanations is rooted in organizational sociology and in theories of policy diffusion. The bottom line is that autonomous organizations are created because that is perceived as the appropriate way of organizing in the public sector at large or in a specific segment of the public sector. Some prominent examples are the worldwide trend of creating regulatory agencies (Gilardi 2008) and the delegation of executive, service delivery tasks to bodies operating at arm's length from elected officials (Pollitt et al. 2004). Another important mechanism of how formally autonomous organizations spread can be located within a single context, namely, the use of "blueprints" in organizational design (Döhler 2002; van Thiel 2004; Yesilkagit and Christensen 2010). The underlying mechanism is that the creation of new organizations, or the reform of existing organizations, follows templates of organizational design that have been used before. This argument is backed by several empirical studies in the European context, which also indicate a rather limited explanatory power of political explanations of delegation.

Finally, delegation to formally autonomous organizations may be linked to political motives, though not in terms of ensuring political control over agency decision-making but rather in the sense of avoiding or diluting political responsibility. From this perspective, delegation is understood as a strategy of blame avoidance through the ingenious design of public organizations (Hood 2011). The bottom line is that formally autonomous organizations may function as "lightning rods" in the case of mishaps, scandals, and crises (Pollitt et al. 2004). Whether they can ultimately fulfill this function will however depend on whether elected officials can credibly claim that they have no (or limited) responsibility in overseeing a formally autonomous organization. However, empirical research shows that institutional design involving the formal delegation of authority may change the attribution of blame and credit in the long run (Mortensen 2013). That said, it is almost impossible to establish empirically whether decision-makers deliberately designed formal structures to diminish blame or whether this is a mere by-product of other motivations.

The above mentioned factors have been used in research seeking explanations for the decision to delegate formal autonomy to public organizations. However, explanations for public organization's actual autonomy are quite different. To be sure, there are different research traditions in the study of actual administrative autonomy. The tradition based on in-depth studies of a small number of public organizations (e.g., Barnett and Coleman 2005; Carpenter 2001; Groenleer 2014) stresses the careful deployment of managerial strategies to generate the support of relevant stakeholders and the development of a unique organizational identity as key conditions of administrative autonomy. Put differently, actual administrative autonomy is acquired as a consequence of the process of institutionalization of formal organizations ingeniously described by Selznick (1957). However, these studies do not always make a clear distinction between the drivers of actual autonomy, such as the cultivation of external legitimacy or the coherence and uniqueness of the organization's mission, and actual autonomy as a consequence of those conditions.

The remainder of this section focuses on the literature using a somewhat narrower understanding of autonomy: an organization's actual decision powers with regard to a specific subject matter. This literature often uses survey data (e.g., Verhoest et al. 2010) or case studies aiming at making generalizations across a broader set of organizations (e.g., Pollitt et al. 2004). The relationship between formal and actual autonomy is among the most pertinent issues within this strand of research: do different levels of delegation of formal autonomy make any difference for actual decision-making by public organizations? In particular, scholars have investigated whether differences in formal autonomy, either measured as the position on the continuum of formal autonomy (Painter and Yee 2011; Verhoest et al. 2010; Yesilkagit and van Thiel 2008), the statutory protection from political interference (Bach 2014), or a more complex index of formal autonomy (Gilardi 2008; Maggetti 2012) has a systematic effect on actual levels of autonomy. The results of

these studies are mixed: formal autonomy does sometimes affect actual autonomy, but not in a linear way. For instance, organizations that are further away from the core bureaucracy do not necessarily report higher degrees of formal autonomy (Yesilkagit and van Thiel 2008). Moreover, the effect of formal autonomy depends on the dimensions of autonomy under scrutiny. The legal protection from political interference is likely to provide an organization with greater policy autonomy (Christensen 2001), but not necessarily with greater managerial autonomy (Bach 2014). The limited explanatory power of formal autonomy, i.e., constraints on elected officials' direct intervention in administrative decision-making, points toward supplementary explanations of actual autonomy.

A key explanation for variation in actual autonomy is that elected officials do not prioritize the exercise of control over public organizations equally. Some public organizations are almost constantly on the radar of elected officials, whereas others are hardly known to the general public (Pollitt et al. 2004). The political salience of what agencies do may be related to different aspects, such as direct contact with substantial parts of the population (e.g., social services) or a large size in terms of budget and personnel. However, despite the intuitively high relevance of political salience for actual agency autonomy, there are only few studies that establish a causal relationship between the two, one explanation being the highly volatile nature of political salience: what is high on the political agenda changes quickly and so does the attention of elected officials.

More generally, scholars have elaborated on the relevance of public organizations' task characteristics for their actual autonomy (with political salience being one aspect of how tasks affect actual autonomy). These studies emphasize the degree to which the actions and effects of what public organizations do are observable (Wilson 1989) and the degree to which tasks are highly technical in nature (Pollitt et al. 2004). All else being equal, the expectation is one of higher actual autonomy for organizations with tasks that are difficult to observe (and hence hard to measure) and hardly intelligible for lay politicians. Yet again, empirical research using task as explanatory variable leads to mixed results (Bach 2014; Painter and Yee 2011; Verhoest et al. 2010). This may be related to coarse empirical measures, different definitions of tasks, but also to the fact that public organizations usually perform multiple tasks (van Thiel and Yesilkagit 2014).

Finally, turning to resources of public organizations that may enable them to resist hierarchical control and to carve out actual administrative autonomy, there is a growing body of research showing that the involvement of national public sector organizations in transnational administrative networks increases their (policy) autonomy vis-à-vis their domestic hierarchical superiors (Bach et al. 2015). Their membership in transnational networks not only provides national organizations with additional expert knowledge, thereby increasing the information gap between political principals and bureaucratic agents, but they also enable them to play a two-level game by strategically exploiting their knowledge on other participants' policy positions.

## Consequences of Administrative Autonomy

Having discussed some of the main drivers of administrative autonomy, both formal and actual, this chapter now addresses the consequences of administrative autonomy. In contrast to the rich empirical findings on the drivers of autonomy, empirical findings on the effects of autonomy of public organizations are more scattered. The delegation to a public organization outside a government ministry is perhaps one of the simplest measures of formal autonomy. As shown by Egeberg and Trondal (2009), employees in structurally disaggregated agencies pay significantly less attention to political considerations than their colleagues in ministerial departments when taking decisions. Hence, formal organizational autonomy impacts on the priority setting of officials.

Another view emphasizes the political usefulness of formal autonomy for different actors in the politico-administrative system (Christensen 2001). For instance, the existence of a board may blur lines of political accountability for a minister, potentially diffusing blame for failures and scandals (Hood 2011). Formally autonomous organizations can effectively serve as blame magnets for allegations of policy failures and mismanagement (Mortensen 2013). As shown by Overman (2016a), whether public tasks are performed by formally autonomous organizations or by government ministries has no discernible effect on citizens' satisfaction with the services provided by those organizations. Yet citizens' dissatisfaction with services provided by formally autonomous organizations does not have the same negative effects on their dissatisfaction with government as a whole, thus effectively absorbing blame.

Finally, turning to the effects of delegation to formally autonomous organizations on economic variables (such as effectiveness of task performance) or organizational variables (such as staff motivation and flexibility), there is no conclusive evidence supporting those relationships (Overman 2016b). This is rather intriguing, given the great emphasis placed by policymakers on the various beneficial effects of delegation (Pollitt et al. 2004). Likewise, a study investigating the effect of the degree of independence of competition regulators on policy outcomes finds no significant effects, thus questioning the credible commitment assumption of better regulatory performance caused by high formal autonomy (Guidi 2015). In sum, the overall picture regarding the ability of autonomous public organizations to deliver expected results is mixed. Yet what can be safely concluded is that delegation to autonomous organizations changes the institutional landscape and creates new political actors (Moe 1990; Wilks and Bartle 2002). These organizations may develop into institutionalized organizations that protect their institutional interests and may ultimately affect policy outcomes, though perhaps in different ways than anticipated by their creators (Carpenter 2001; Wilson 1989).

## Conclusion

The public sector in contemporary societies is composed of a usually large number of formal organizations. These organizations vary in terms of their formal status and delegated powers, and administrative reforms often consist of a redrawing of organizational boundaries. At the same time, public organizations are more than simply the creatures of elected politicians' choices. As any formal organization, they will accumulate specialist knowledge, strive for survival, and develop a distinct institutional identity. In consequence, understanding the causes and consequences of administrative autonomy – both formal and actual – is essential for a complete account of policy-making in the modern state.

## Cross-References

► Bureaucratic Power
► Institutional Theory of Organizations
► Organizational Reputation
► Principal-Agent Theory of Organizations

## References

Bach T (2014) The autonomy of government agencies in Germany and Norway: explaining variation in management autonomy across countries and agencies. Int Rev Adm Sci 80(2):341–361

Bach T, Jann W (2010) Animals in the administrative zoo: organizational change and agency autonomy in Germany. Int Rev Adm Sci 76(3):443–468

Bach T, Ruffing E, Yesilkagit K (2015) The differential empowering effects of Europeanization on the autonomy of national agencies. Governance 28(3):285–304

Barnett M, Coleman L (2005) Designing police: interpol and the study of change in international organizations. Int Stud Q 49(4):593–619

Carpenter DP (2001) The forging of bureaucratic autonomy: reputations, networks, and policy innovation in executive agencies, 1862–1928. Princeton University Press, Princeton

Christensen JG (2001) Bureaucratic autonomy as a political asset. In: Peters BG, Pierre J (eds) Politicians, bureaucrats, and administrative reform. Routledge, London/New York, pp 119–131

Döhler M (2002) Institutional choice and bureaucratic autonomy in Germany. West Eur Polit 25(1):101–124

Egeberg M, Trondal J (2009) Political leadership and bureaucratic autonomy: effects of agencification. Gov Int J Policy Adm Inst 22(4):673–688
Elgie R, McMenamin I (2005) Credible commitment, political uncertainty or policy complexity? Explaining variations in the independence of non-majoritarian institutions in France. Br J Polit Sci 35(3):531–548
Gilardi F (2008) Delegation in the regulatory state: independent regulatory agencies in Western Europe. Edward Elgar, Cheltenham
Groenleer MLP (2014) Agency autonomy actually: managerial strategies, legitimacy, and the early development of the European Union's agencies for drug and food safety regulation. Int Public Manag J 17(2):255–292
Guidi M (2015) The impact of independence on regulatory outcomes: the case of EU competition policy. J Common Mark Stud 53(6):1195–1213
Hanretty C, Koop C (2012) Measuring the formal independence of regulatory agencies. J Eur Public Policy 19(2): 198–216
Hood C (2011) The blame game: spin, bureaucracy, and self-preservation in government. Princeton University Press, Princeton/Oxford
Maggetti M (2012) Regulation in practice: the de facto independence of regulatory agencies. ECPR Press, Colchester
Maggetti M, Verhoest K (2014) Unexplored aspects of bureaucratic autonomy: a state of the field and ways forward. Int Rev Adm Sci 80(2):239–256
Majone G (2001) Two logics of delegation: agency and fiduciary relations in EU governance. Eur Union Polit 2(1):103–122
Moe T (1990) The politics of structural choice: toward a theory of public bureaucracy. In: Williamson OE (ed) Organization theory from Chester Barnard to the present and beyond. Oxford University Press, New York, pp 116–153
Mortensen PB (2013) Public sector reform and blame avoidance effects. J Public Policy 33(2):229–253
Overman S (2016a) Autonomous agencies, happy citizens? Challenging the satisfaction claim. Governance. https://doi.org/10.1111/gove.12207
Overman S (2016b) Great expectations of public service delegation: a systematic review. Public Manag Rev 18(8):1238–1262
Painter M, Yee W-H (2011) Task matters: a structural-instrumental analysis of the autonomy of Hong Kong government bodies. Am Rev Public Adm 41(4): 395–410
Pollack MA (2002) Learning from the Americanists (again): theory and method in the study of delegation. West Eur Polit 25:200–219
Pollitt C, Talbot C, Caulfield J, Smullen A (2004) Agencies: how governments do things through semi-autonomous organizations. Palgrave Macmillan, Basingstoke
Roberts A (2010) The rise and fall of discipline: economic globalization, administrative reform, and the financial crisis. Public Adm Rev 70:s56–s63
Selznick P (1957) Leadership in administration: a sociological interpretation. Harper & Row, New York
van Thiel S (2004) Trends in the public sector: why politicians prefer quasi-autonomous organizations. J Theor Polit 16:175–201
van Thiel S (2012) Comparing agencies across countries. In: Verhoest K, van Thiel S, Bouckaert G, Lægreid P (eds) Government agencies: practices and lessons from 30 countries. Palgrave Macmillan, Basingstoke, pp 18–26
van Thiel S, Yesilkagit K (2014) Does task matter? The effect of task on the establishment, autonomy and control of semi-autonomous agencies. Int Rev Adm Sci 80(2):318–340
Verhoest K, Peters BG, Bouckaert G, Verschuere B (2004) The study of organisational autonomy: a conceptual review. Public Adm Dev 24(2):101–118
Verhoest K, Roness PG, Verschuere B, Rubecksen K, MacCarthaigh M (2010) Autonomy and control of state agencies: comparing states and agencies. Palgrave Macmillan, Basingstoke
Wilks S, Bartle I (2002) The unanticipated consequences of creating independent competition agencies. West Eur Polit 25(1):148–172
Wilson JQ (1989) Bureaucracy. What government agencies do and why they do it. Basic Books, New York
Yesilkagit K, Christensen JG (2010) Institutional design and formal autonomy: political versus historical and cultural explanations. J Public Adm Res Theory 20(1):53–74
Yesilkagit K, van Thiel S (2008) Political influence and bureaucratic autonomy. Public Organ Rev 8(2):137–153

A

## Administrative Discretion

Eric E. Otenyo
Northern Arizona University, Flagstaff, AZ, USA

### Synonyms

Administrative circumspection

### Definition

Phillip Cooper defines administrative discretion as the "power of an administrator to make significant decisions that have the force of law, directly or indirectly, and that are not specifically mandated by the Constitution, statutes, or other sources of black letter law" (Cooper 2000, p. 300).

## Introduction: What Is Administrative Discretion and Why Does It Exist?

In practice, public administrators have a few situations in which they do not apply discretion. High-ranking administrators such as superintendents of school districts and city managers, among others, know that at times, situations may arise in operations and program implementation processes in which existing administrative regulations or legal procedures are inadequate or inappropriate. Use of discretion becomes necessary, especially in situations in which immediate action is needed. For the most part, frontline or street-level bureaucrats work in situations where discretion is required because the rules and laws are too complicated and may not be adequate in specific cases. However, no administrator and manager in public service is said to have complete discretion. The Constitution just doesn't allow that to happen.

In administrative law, discretion has multiple meanings and uses. In some instances, discretion refers to the act of individualizing decisions when administrators apply rules. In other words, an administrator "fills" in the "hole" left because the law fails to guide decisions in certain cases, in part because of statutory ambiguity. Experts note that statutory ambiguity exists for various reasons.

For instance, legislative bodies face time constraints and do not have all the information to write laws that cover all situations. Lawmakers are also ignorant of future events and must confront the possibility of unsolvable technical problems. It is widely held that law can become outdated quickly. Moreover, the social and economic heterogeneity of the electorate makes it difficult for a law to serve all groups equitably. It is also well known that lawmakers work toward political consensus and the need for compromise; therefore, the law attempts to capture a host of scenarios and situations and might be symbolic, if need be. In other words, laws are often expressed in broad and vague terms, rendering different interpretations by administrators. In point of fact, no one can anticipate all possible conditions or situations around an event or policy issue. Still, laws must confront the reality of language fallibility, which makes statutory precision elusive (MacIntyre 1986). Therein, above lies some of the explanations for the existence of discretion.

Additional accounts on why discretion is necessary may fall within two broad lenses. One, public administration scholars argue that providing officials discretion enables them to do their work efficiently. After all it assumed they are the professional experts and have delegated authority from legislative bodies. The argument is that the more discretionary authority is available, the greater the chance that an administrative action will result in efficiency and effectiveness. Thus, merit of discretion is that officials will tune decisions to suit variations in the administrative environment. This line of thinking informed many of the reforms aimed at de-bureaucratization with goals of speedier administration. That was one of the intents of the National Performance Review, which focused on administrative discretion for customer satisfaction.

Even if it was possible for public administrators to successfully implement all policies enshrined in law, governments across the nations continue to face intractable challenges. The ability to solve "wicked" problems necessitates discretionary actions. Wicked problems by nature have no agreed-upon definitions and solutions. An excellent example of such problems is immigration and migrations which continue to affect many nations. Handling these problems requires much thought and due considerations of justice, fairness, and compassion.

## Administration Discretion in Street-Level Situations

According to Lipsky (1980, p. 15), street-level discretion promotes workers' self-regard and encourages clients to have greater trust in workers rendering a service. Street-level bureaucrats like policemen, firemen, teachers, social workers, and others work in situations that often require responses to the human dimensions of situations. No case is exactly like another and the

administrator must evaluate a client in specific and unique ways.

Street-level officials especially those providing a service are prone to asking questions about *who* really deserves a benefit action or preference in service provision. In other words, public officials make judgments about the people they serve. Research shows that client characteristics are one of the influences in determination of award of benefits and services. As a consequence, street-level bureaucrats bend or ignore rules and practices just to disburse a service or benefit. Stories written on this subject reveal that street-level officials ask questions about "who is the deserving poor?" And they may make subjective decisions depending on whether a needy person is in that situation because of moral failing such as drug abuse or sloth or because of other more "acceptable" reasons.

Discretion is really about flexibility in policy implementation. Administrative "discretion is especially necessary because the technical expertise that is the basis for a good deal of administrative activity is constantly changing" (Cooper 2000, p. 303). Administrators have to react quickly to changing situations and make decisions that fit existing technological, economic, and social environments.

Discretion is about individualized treatment and attention to issues. And especially discretion plays a key role in criminal law all over the world. Traditionally policing was done "by the book" that is enforcing violations according to written rules and laws. Yet, police work is complex and discretion was at the core of decisions made. Police deal with so many unique individual cases and it is impossible to follow the law to the letter.

Individualized and differentiated applications of the law have recently become the focus of alleged incompetent policing in areas with minority populations. Police are said to abuse their discretion by manhandling African Americans who commit minor traffic violations. Police have also been reported to issue tickets where justification is questionable. For example, an elderly woman was issued a ticket for obstructing traffic as she crossed a street in Los Angeles (Vaughn and Otenyo 2007, p. ix).

Another area through which we can discern the applications of discretion in public administration is how different agencies have interpreted the Americans with Disability Act, ADA (1990). The law as written was not precise in its definition of who qualified as a disabled person. Indeed, the estimated number of "disabled" persons ranges from 25 to 100 million and depends on who frames debates about disability. In 2010, for example, the Census Bureau reported that one in five Americans have a disability. Accordingly, 56.7 million, roughly 19% of the population, would be covered under the ADA statutes.

Even though the numbers of those considered disabled are large, the levels of disability make it impossible for administrators to offer services in an equitable manner. Granted that the law prohibits discrimination against individuals based on disability, there is considerable vagueness concerning the levels of physical or mental disability existing in society. This is the reason why the Department of Justice continues to issue regulations to help agencies interpret the ADA. And still, the DOJ recognized that it was impossible to develop a list of all impairments.

## Managerial Actions and Policymaking Discretion

At the managerial and executive level, discretion takes many forms and shapes.

It can be in areas such as executive appointments, use of veto powers, and crisis management. Chief executives are known to use discretion in policymaking matters. When discretion is about policymaking, such authority must be expressly provided for in law. Policymaking goes beyond the power to extend legislation or filling in details for ease of implementation. Policymaking expands the work done by legislative bodies. Policymaking discretion involves considerations about the public interest and the expertise of the bureaucracy. For example, in emergency situations, the public relies on the guidance of experts to help secure public safety. A case in point is the reliance on experts from the

Center for Disease Control and Prevention (CDC) during outbreaks of dangerous communicable diseases.

Discretion is inevitable to allow for sufficient creativity and latitude to ensure effective operations of public organizations. Yet policymaking discretion has a lot to do with politics. Public managers respond to exhortations from politicians to take certain actions based on ideological positions. Politics affects managerial discretion in more than one way. Consider, for example, where policy level executives have made decisions on a purely discretionary basis. A case in point is the example of Sherriff Joe Arpaio in Maricopa County, Arizona, who ordered inmates to wear pink underwear because he believed that the color made it difficult for them to be undetected.

In recent times, governors, as policymakers, have made political decisions to reject or accept provisions of the Patient Protection and Affordable Care Act (2010), sometimes using their discretion, in line with political calculations. Different governors including Republican Rick Scott of Florida announced he would not agree to Medicaid expansion as promoted in the law. But he changed his position in 2013 to argue that he would support expansion of Medicaid because his conscience would not allow him to deny access to the uninsured. Governor Scott flipped again, in 2015, this time announcing that he did not trust the federal government would keep its commitments. Such is the nature of political expediency, which can in some ways reflect on leadership and the use of discretion.

## Administrative Discretion and the Courts

As Charles Koch Jr. notes, "administrative law is dominated by the term discretion" (1986, p. 469). There is a large body of administrative law to illustrate how discretion has played out in the courts. In *McAuliffe* v. *Mayor of New Bedford* (1892), the court ruled that city ordinances did not have a precise language that controlled the mayor's discretion in issuing permits. A preacher, who had violated a municipal ordinance, addressing the public without securing a permit, had sued the mayor. Among the earliest cases was *Morgan* v. *United St*ates (1938) in which the court ruled that it was important for public agencies to improve on their hearing procedures to align them with constitutional due process principles. In *Goldberg* v. *Kelly* (1970), the court ruled that officials could not terminate public assistance benefits in an arbitrary fashion. The class action suit involved Kelly, who had been denied benefits provided through the Aid to Families with Dependent Children (AFDC) provisions. The law required that a recipient must receive notice before changes or termination can be implemented.

In *Citizens to Preserve Overton Park, Inc*. v. *Volpe* (1971), the court held that the Secretary for Transportation had exceeded his discretionary authority and that a judicial review of the department's action was in order. The case was about citizens claiming that the Secretary of Transportation made a decision to construct a highway through Overton Park in a manner that violated congressional statutes. Congressional statutes gave the Secretary the authority to do so when "feasible and prudent." The court held that judicial review pursuant to the Administrative Procedure Act (1946) was necessary and that the application of discretion had to be checked.

A case involving the Secretary of Labor and the exercise of administrative discretion in matters of safeguarding the public against industrial pollution further illustrates the technical complexities involved in policymaking discretion. In *Industrial Union Department* v. *American Petroleum Institute* (1980), the court ruled that the Secretary exceeded his authority to set standards. The Secretary of Labor had acted under the authority of the Occupational Safety and Health Act of 1970 to set standards of airborne concentrations of benzene to which employees would be exposed. The court based its reason on the argument that the Secretary has acted without

full knowledge of the new standard's ability to ensure safe and healthful workplace.

Unbridled discretion was at the core of the case *City of Lakewoo*d v. *Plain Dealer Publishing Compan*y (1988). In this case, city ordinance gave the mayor considerable discretion to the point where abuse was possible. Plain Dealer Publishing Company argued that this ordinance gave excessive and unconstitutional powers to deny or grant applications for placement of newsracks on public property. The city ordinance was deemed to be an affront on the First Amendment. The court concluded that the licensing ordinance was invalid since it gave the mayor too much discretion to discriminate against permit seekers based on the content of their publications. Similar First Amendment arguments were expressed in other cases such as *Caren Cronk Thomas and Windy City Hemp Development Board* v. *Chicago Park District* (2002). In this case, the question before the court was whether the municipal park ordinance that required individuals to obtain permits before holding events was consistent with constitutional freedoms. The court unanimously ruled that the First Amendment guarantee did not require the Park District to initiate litigation every time the agency denied a permit for special events.

Perhaps some of the most well-documented cases on uses of administrative discretion are about immigration. Officials in the Department of Homeland Security, much like their counterparts in law enforcement, exercise much discretion in decisions concerning removal and deportation. These two terms are used interchangeably but in technical terms have different connotations. Before enactment of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, removal referred to two different procedures, deportation for aliens present in the country, and exclusion for those outside the United States. After 1996, these procedures were consolidated, meaning that unauthorized immigrants and legally admitted noncitizens who broke the law were subject to removal on grounds of inadmissibility or deportability.

Laws governing immigration are quite broad and offer much discretion to the various enforcement agencies. For instance, aliens holding permanent residence status who temporarily leave the country voluntarily after unrelinquished domicile of seven consecutive years, and not under an order of deportation, and who return to the United States may be admitted in the discretion of the Attorney General. The administration determines what is or is not "a person of good moral character."

Courts periodically determine that judicial review of administrative action is necessary to confine administrative discretion. In *Soon Bok Yoon* v. *Immigration and Naturalization Service* (1976), Mrs. Soon Bok Yoon, a married citizen of the Republic of Korea, appealed an Immigration and Naturalization Service (INS) deportation order arguing that INS officials abused their discretion. She had overstayed her visitor status and sought to work in the country after going through a labor certification process. The court ruled that decisions to grant visa extensions lie within the discretion of the INS and that the agency had not abuse its authority. A similar ruling was in *Nicholas v. Immigration* and *Naturalization Service* (1979). Petitioner George Bernard Nicholas, a native of the Bahamas, been arrested and convicted of a drug-related offense. He and his wife had two American-born children. INS ordered him deported in 1974, a decision he contested at the Board of Immigration Appeals, seeking discretionary relief from deportation. A subsequent judicial review of the deportation ruling rejected the humanitarian factors expressed in the petition to provide petitioner relief. The courts deferred to the INS, whose operations instructions and manuals have classifications of deportable aliens whose removal could cause different levels of hardships. Thus, those falling in the "nonpriority" classification, like Nicholas, would be subjected to immediate deportation proceedings. Those whose removal would entail considerable hardship, on humanitarian grounds, would be on delayed status. Further, in *Zacharakis* v. *Howerton* (1981), Panagiotis Zacharakis sued Joe Howerton, District Director, Miami, Florida, for improper use of his discretion

by refusing to grant him (petitioner) a stay of deportation. Zacharakis also contended that he should have been offered a "deferred action" status even though INS had already issued an order for deportation against him. The law grants the INS discretion to grant a stay order, but "stays" are a temporary measure and are appropriate for aliens whose substantive claims entitle them to stay in the country. The court rejected the petitioners petition to be included in the "deferred action category" and therefore sustained the administrative decision of the INS.

Other cases show similar patterns of official behavior. A Senate Judiciary Committee hearing in July 2015, chaired by R-Iowa Chuck Grassley, revealed that in some cases sanctuary policies hurt American families. Such politicization of immigration issues painted ICE as often-releasing criminals at the administrations' own discretion. Although many cases are framed in human rights lenses, the legal process tends to strongly defer to administrative authorities in enforcement issues.

## And So, Just How Much Discretion Is Acceptable?

The cases convey that administrative discretion has to be checked, structured, and confined. The possibility of abuse of discretion is precisely the reason for both legislative and judicial oversight, manifest in judicial reviews represented in the cases. When the legislation seeks to constrain agency rule making, it does so based on similar arguments – to protect the rights of citizens. Administrative law, therefore, provides the necessary external check on bureaucratic policy imperatives and permits those affected negatively by administrative action an avenue for redress.

A common observation is that administrators are faced with difficult situations and must use discretion at one point or the other. Even in situations where increased use of programmed decisions and other automated Artificial Intelligence (AI)-enabled devices, supervisors are bound to uphold the highest standards of accountability and responsiveness. As a matter of practicality, practitioners must first figure out whether or not they even have discretion in the first instance. Practitioners cannot just assume they have discretion and must apply ethical decision making.

## Conclusion

Although discretion is required in administrative processes, the challenge lies in ascertaining ways to confine and structure discretion to prevent violation of rights of citizens. From administrative theory perspectives, discretion has to be exercised in public interest and in recognition of the importance of representative bureaucratic norms. Administrative theory emphasizes the importance of accommodation of a variety of interests and the interplay among variables such as administrative neutrality, technical rationality, and constitutional competence. In particular, administrative discretion has to be in tune with "due process" clauses established in the Fifth and Fourteenth Amendments to the Constitution and the Administrative Procedures Act.

## Cross-References


- ▶ Administrative Procedure
- ▶ Administrative Responsibility
- ▶ Complex Interaction of Administration and Law


## References


Cooper PJ (2000) Public law and public administration, 3rd edn. F.E. Peacock Publishers, Itasca

Koch CH Jr (1986) Judicial review of administrative discretion. Faculty Publications. Paper 624. Retrieved from http://scholarship.law.wm.edu/facpubs/624

Lipsky M (1980) Street –level bureaucracy: dilemmas of the individual in public services. Russell Sage Foundation, New York

MacIntyre AA (1986) The multiple sources of statutory ambiguity: tracing the legislative origins to administrative discretion. In: Shumavon DH, Hibbeln KH (eds) Administrative discretion and public policy implementation. Praeger, New York, pp 67–88

Vaughn J, Otenyo E (2007) Managerial discretion in government decision making: beyond the street level. Jones and Bartlet, Sudbury

# Administrative Discretion and Development Administration: Pet Turned into a Monster?

Emmanuel Yeboah-Assiamah[1], Benjamin Otchere-Ankrah[2] and Samuel Alesu-Dordzi[3]
[1]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa
[2]Department of Management and Public Administration, Central University, Miotso-Greater Accra, Ghana
[3]Legal Practitioner & Associate ENSafrica-Ghana, Accra, Ghana

## Synonyms

Developing countries; Discretion abuse; Flexibility; Institutions; Street level bureaucracy

## Definitions

**Administrative discretion** Entails the usage of a public officer's own judgment or intuition to make decisions, especially, where the rules, regulations, and procedures appear grey or such usage becomes imperative due to a context-dependent situation.

**Discretion as "Pet"** The nature of services public officials provide calls for human judgment that cannot be programmed and for which machines cannot totally substitute; rules specify the duties and obligations of officials, and discretion allows them freedom of action (Lipsky 1980). Discretion is also required to adequately respond to somewhat novel, unexpected, and unique situations.

**Discretion turns "Monster"** The tendency for public power holders to use discretion in "bad faith"; inability to convincingly justify or account for the use of discretion. Excessive (mis) appropriation and usage of discretion less accountability reduces the efficacy of public administration regulations, procedures, as well as "the spirit and letter" of administrative practices and inimical to development administration.

**Development administration** Advances a need to restructure or reform aspects of public administration processes, practices, and behavior of public officials to empower the administrative machinery to efficiently and effectively carry out policies and actions that improve service delivery and social-economic advancement of countries.

## Introduction

In public administration discourse and practice, there is a recognition [new public management theorists] that public officials should be given some form of discretion in order to promote innovation and managerial flexibility and to prevent them from being "a cog in wheel" in the discharge of their duties (Osborne and Gaebler 1992). The exercise of discretionary powers is also useful in taking context-specific decisions (see Tummers and Bekkers 2013). This is against a backdrop that laws or regulations cannot fully foresee and adequately predict or anticipate all possible and plausible issues and events (see Simon (1947) on bounded rationality bounded rationality); and even if they do, some situations might require completely a different approach and improvisation (Lipsky 1980; Scott 1997). Consequently, the issue of discretionary powers has been the subject of copious and advanced discussions in the literature of public administration. This is also

because a larger degree of the work of public officials involves the exercise of discretion in one way or the other (Lipsky 1980). For instance, the street-level bureaucrats come into direct contact with clients or citizens on routine basis and the decisions they take invariably impact on the nature and quality of service provision (ibid). In addition, the administrators found in public agencies need to translate somewhat vague legislative mandate into actionable goals, consequently the quest for and use of bureaucratic discretion is largely part of the life cycle of public administration. In most cases, the level of discretion largely depends on the tasks organizational members perform. The literature argues that increased formalization of processes and procedures could reduce discretion while the organizational climate could moderate the amount of discretion exercised (Scott 1997).

The managerial flexibility associated with new public management has come with it greater levels of administrative discretion which in most cases has been usurped. Crucial questions remain: to what extent do public power holders use discretion in good faith? And how do they account for their use of discretion? Put differently, although discretionary powers cannot be dealt away with completely, it is widely acknowledged that a large amount of discretion without proper checks, monitoring and accountability mechanisms could make its deployment problematic to service delivery and development administration (Lipsky 1980). The notion of development administration connotes the various processes, procedures, and restructuring by which public administration could become a more appropriate instrument to foster socio-economic growth. It is within the foregoing context that scholars advocate for effective measures to guard against excessive (mis) appropriation and usage of discretion which could reduce the efficacy of public administration regulations, procedures, as well as "the spirit and letter" of administrative practices. The argument is that in spite of the theoretical and empirical arguments for bureaucratic discretion (see Huber and Shipan 2002), it appears that a lot more public officials abuse the systems and procedures to the detriment of utilitarian public interest. The main objective of this study is to discuss the theoretical underpinning of bureaucratic discretion and practical experiences in the public administration of Ghana using some selected cases. In other words, the paper seeks to examine how administrative discretion gets (ab) used in the delivery of public services. A key question underpinning the study is: how does the use of bureaucratic discretion influence development administration in Ghana?

## Conceptualizing Discretion

The concept of discretion is widely used in the literature of Public Administration even though a universally accepted definition is yet to be arrived at. It generally denotes the tendency for public officials to make decisions with their own *intuition, or whims and caprices*. For instance, in the view of Davis (1969), discretionary powers become activated where the effective limits on the public officer's power and authority "leave him [or her] free to make a choice among possible courses of action or inaction" (p. 4). In effect, Davis argues that whenever there appears to be grey areas in the constitution, laws, regulations, standard operating procedures [if they do not succinctly express a course of action or inaction], public officials are then left with the freedom to make decisions among many options they deem fit ideally based on their "best" judgment.

Bureaucratic discretion could be classified into de facto and de jure (see Hvinden 1994). By de facto, officials derive their discretion by taking advantage of some form of vagueness or ambiguity in the letters of procedures, the rules or the regulations, and/or inadequate checks and controls on the public official. Consequently, with the former, public officials allot or arrogate discretion to themselves sans legitimately assigned entitlement. For instance, Lipsky (1980) observed that public employees who interact with citizens behave in ways that are unsanctioned or unauthorized, sometimes even contradicting official policy. This is not to suggest that de facto discretion is necessarily bad, the nature of tasks and dynamics requires some form of discretionary

judgements to adequately respond to unexpected and unique situations (Thor'en 2008). Lipsky (1980) contends that street-level bureaucrats have discretion because the nature of services they provide calls for human judgment that cannot be programmed and for which machines cannot substitute; he maintains that while rules specify the duties and obligations of officials, discretion allows them freedom of action.

With regards to de jure, there is some kind of formal approval to use such discretionary powers where feasible, for instance, to determine a social right or assess needs (Hvinden 1994). With this dimension of discretion, its allotment or conferment is done by policymakers or legal documents relative to standards set by the same authority. For instance, Ghana's Petroleum (Exploration and Production) Act 2016 has a provision that gives the sector Minister the power to even discard competitive bidding results and to use his powers or discretion in the award of oil block contracts to an entity he deems fit.

From the discussion above, this entry provides a working definition of bureaucratic discretion to mean *the usage of a public officer's own judgment or intuition to make decisions especially where the rules, regulations and procedure appears grey or such usage becomes imperative due to a context-dependent situation*. Whether it is de facto or de jure, it is expected that public officials ideally use discretionary powers based on sound judgments and "good faith" towards effective public service delivery to satisfy greater number of persons and national interest (Molander and Grimen 2010).

## Determinants of Bureaucratic Discretion

Certainly there are numerous factors that may influence how discretion is exercised in public organizations. Variables such as the task at hand, the decisional context, workload pressures, an organization's internal culture, rules and constraints, and an organization's external environment are crucial factors. This presents a challenge for researchers trying to identify the most useful determinants that yield explanatory relevance while holding to acceptable levels of theoretical parsimony (Hempel 1966). Because discretion is influenced heavily by the context in which it is exercised, an essential first step involves selection of a specific organizational and/or policy context. One context typically associated with the exercise of discretion is the street-level bureaucracy. As an organizational form, street-level bureaucracies are unique in that they place high levels of reliance on individual service providers to serve as brokers between the organization and its clientele (e.g., Prottas 1979). Street-level bureaucrats are responsible for translating clients into bureaucratically defined categories in order to provide services, treatment, and other forms of assistance. Accordingly, street-level bureaucrats often are imbued with high levels of discretion, despite their low rank (Hasenfeld and English 1974). Street-level bureaucrats use this discretion to manipulate the information about its clients that is available to the organization and to limit the agency's ability to influence their own behavior (Prottas 1979).

Although street-level bureaucracies are found across a broad spectrum of organizations (e.g., hospital emergency rooms, schools, juvenile courts, police departments), several studies have focused specifically on human service agencies and the role of the individual decision maker characteristics in determining how treatment, services, and benefits are provided to clients (e.g., Stone 1981). In one study of a public assistance agency, Kroeger (1975) found that sympathetic case workers tended to provide more benefits to clients than did rule-oriented caseworkers. Other studies highlight the importance of organizational characteristics as potent influences on discretion. For example, Peyrot (1982) noted that decisions about client eligibility generally tend to be tightly circumscribed by organizational routines that limit caseworkers' flexibility. In a study of 116 health and welfare agencies, Aiken and Hage (1966) contend that high levels of formalization served as constraints on caseworker decisions. These constraints served as a source of alienation among professional employees. Kelly (1994) suggests that the values emphasized in an organization's culture influence the structural characteristics that moderate the level and type of discretion exercised. From a proficiency

perspective, these kinds of constraints are important because they enhance accountability; protect clients from the whims and caprices of individual bureaucrats; and reduce the potential for workers to breach the public trust, usurp political authority, and/or interject institutional, group, or individual bias into decision making (Burke 1986). A third, *albeit* mixed, stream of research points to the importance of client attributes in influencing decision outcomes in human service organizations (Stone 1981). According to Goodsell (1981), clients who exhibited greater levels of need tended to receive proportionally greater benefits. By contrast, another study showed that clients who were viewed as more difficult or troublesome received fewer benefits because service providers withheld information, evaded questions, and engaged in other tactics designed to make the application process difficult (Hasenfeld and Steinmetz 1981). Other studies have indicated that more articulate and knowledgeable clients tend to receive proportionately greater benefits, largely because of their ability to generate pressure on agency officials to modify bureaucratic routines to the clients' advantage (Tripi 1984).

Despite the mixture of evidence, all of these studies suggest three broad sets of factors that influence discretion in street-level bureaucracies: characteristics of the client, organizational characteristics, and attributes of the service provider. Hasenfeld and English (1974) allude to these categories by stating "in human service organizations the ...[service provider]..... may face counter pressures from three subsystems – the client, the organization, and the profession, each of which has its own distinct preference of goals and means" (p. 19). Similarly, Prottas (1979) notes that in the process of categorizing the client as a basis for providing assistance, the human service agency, the service provider, and the client all have an interest in how the client is categorized and each strives to influence that decision.

## Methodology

The main object of this entry is to discuss the practice of bureaucratic discretion and to contextualize its manifestation in Ghana's public administration. The entry therefore adopts case study design within qualitative research approach which is deemed more appropriate to explain, describe, and explore phenomenon. The entry made use of theoretical literature on bureaucratic discretion and later contextualized it within the Ghanaian Public Administration. The study largely used secondary sources of data which involved bulletins from the Ministries, Departments, and Agencies, newspaper publications, and online sources which report on possible abuse of bureaucratic discretion. Theoretical literature was obtained from published journal articles and relevant scholarly books. Key search phrases were used to obtain a pool of relevant literature which were sorted out for relevance at several stages. Content analysis was used to synthesize key themes from relevant data sources that that were pooled out.

## Results and Cases

This section discusses the notion and practice of discretion in the context of Ghana's Public Administration and the Constitution. The section begins with an overview of the legal basis for the exercise of discretion as well as the process for exercising administrative discretion within a more accountable framework. This is followed by three empirical cases that depict appearance of "discretionary abuse" which had tendencies for derailing the notion of development administration. Key lessons and policy implications as well as safeguard measures are derived from the discussion and cases.

### Exercise of Discretionary Power Under Ghanaian Law

The fourth Republican Constitution of Ghana provides an inbuilt system, which seeks to regulate the use of discretionary powers. Article 296 of the 1992 Constitution provides that a person or authority in whom discretionary powers are vested shall be required to exercise that power in a fair and candid manner; and not in an arbitrary, capricious, or biased manner actuated by resentment, prejudice, and personal dislike. With the

exception of judges and judicial officers, a person or authority exercising discretionary powers is required to publish a constitutional or statutory instrument showing how such discretionary powers are to be exercised. Similarly the Constitution requires administrative bodies under Article 23 to act fairly and reasonably and comply with the requirements imposed on them by law. Article 23 further provides that a person aggrieved by the exercise of such acts and decisions shall have the right to seek redress before a court or other tribunal. The combined effect of the Constitutional provisions on discretion under the Ghanaian Constitution can be seen as creating a situation of a "stiff discretion" as the basis of the discretion must be scrutinized first.

In the case of Republic v Minister for the Interior; Ex parte Bombelli [1984–86] 1 GLR 204, the court noted that the exercise of discretionary power conferred by statute on an administrative body or executive authority would be subject to the supervision of the High Court to see to it that the power was exercised legally (i.e., within the confines of the law).

### Deployment of Discretion: Appearance of Impropriety and Discretionary Abuse

This subsection presents and discusses three empirical cases that have appearance of discretionary abuse as well as their implications on the administrative machinery in the aftermath. The argument is that public officials are expected to exercise power and discretion in "good faith" to promote utilitarian public interest. The cases presented here raise red flags on abuse of administrative discretion.

**Case 1 Abuse of Police Discretion (New Patriotic Party V Attorney – General)**

Ghana once had a legislation (Public Order Decree, 1972 (NRCD 68), section 7 of which gave the Minister for Interior the power to prohibit the holding of public meetings or processions for a period in a specified area; section 8 provided that the holding of all public processions and meetings and the public celebration of any traditional custom should be subject to the **obtention of prior police permission**; section 12 of NRCD 68 gave a superior police officer the power to stop or disperse such a procession or meeting; and section 13 of NRCD 68 made it an offense to hold such processions, meetings, and public celebrations without such permission.

The plaintiff, New Patriotic Party, a registered political party in Ghana, sought for and was granted a police permit on 3 February 1993 to hold a rally at Sekondi on 6 February 1993. The police, however, subsequently withdrew the permit using their discretion. On 16 February 1993, the plaintiff in conjunction with other political parties embarked on a peaceful demonstration in Accra to protest against the 1993 budget of the government, but the demonstration was broken up by the police and some of the demonstrators were arrested and arraigned before the circuit court on charges of demonstrating without a permit and failing to disperse contrary to sections 8, 12(c) and 13 of NRCD 68.

On 17 February, the plaintiff was granted a permit by the police to hold a rally at Kyebi to commemorate the 28th anniversary of the death of Dr. J B Danquah (a Ghanaian political icon), but the permit was withdrawn and the rally prohibited by the police on the day of the rally. Aggrieved by those decisions and actions of the police, the plaintiff brought an action before the Supreme Court for a declaration that (i) sections 7, 8, 12(a), and 13 of NRCD 68 were inconsistent with and a contravention of the 1992 Constitution, especially the Constitutional provision dealing with the freedom of movement. The plaintiff also argued that under the 1992 Constitution, no permission was required of the police or any other authority for holding of a rally or demonstration or procession or the public

(continued)

celebration of any traditional custom by any person, group, or organization.

The Plaintiff asserted that the police should never be given the right to issue a permit authorizing a meeting, procession, or celebration as it was more than clear that they had abused it on a number of occasions.

The Supreme Court of Ghana agreed with the Plaintiffs. The Court held that the requirement of prior permission had the effect of giving the police the power to determine who had the right to gather and not. This in effect defeated the Constitutional right of the freedom of assembly and association.

**Case 2 Remission of the "Montie 3" Contemnors**

A radio presenter [Salifu Maase] at an Accra-based radio station, "Montie FM," and two of his panelists [all three being members of the NDC party, the then ruling government] on a political show made some threatening pronouncements against the judiciary of Ghana. They appeared to have threatened to kill judges of the Supreme Court if a case brought against the Electoral Commission did not go the way of the ruling government. They also threatened to rape the Chief Justice Georgina Theodora Wood. The three and the directors of Montie FM were hauled before the Supreme Court on the charges of contempt. They pleaded guilty to the charge. The Supreme Court found them guilty of contempt. They were sentenced to serve a jail term of 4 months with fines. The supreme court in imposing the sanction noted, "the attack which was directed at the Chief Justice of Ghana and the apex court of the land, amounts to a criminal contempt of the judiciary." In amplifying the situation, the court noted that it has come to its attention "that reckless attacks on judges of this court in particular and the judiciary in general have become rampant in recent times and appear to be escalating in outrageous temerity."

There were mixed reactions that greeted the sentence, although many analysts welcomed the sentence, others, especially, those aligned to the ruling government criticized as rather too harsh. Consequently, most followers of the NDC including cabinet ministers began signing a petition ostensibly to have the President activate his discretionary powers of mercy under Article 72 of the 1992 Republican Constitution and have the contemnors [party members] freed. The President heeded to the pressures from his party members and got the contemnors released after spending less than 3 weeks in jail instead of 4-month Supreme Court sentence. source: https://www.graphic.com.gh/news/general-news/supreme-court-jail-3-contemnors-4-months-in-imprisonment.html.

Abu Ramadan & Evans Nimako v Electoral Commission, The Attorney General (In Re The Owner of the Station – Montie FM, Salifu Maase @ Mugabe; Alistair Nelson, Godwin Ako Gunn) [Unreported Decision Of The Supreme Court Civil Motion No: J8/108/2016 (27TH JULY 2016)

**Case 3 Midnight Appointments and Contracts**

The term "midnight appointment" borrowed from American Jurisprudence is linked to the events culminating in the landmark decision of Marbury v Madison. In that case, the American supreme court upheld some last minute appointments made by the outgoing President (John Adams).

In recent times in Ghana, there have been public outcry regarding the question of what

(continued)

a president can do in his last days in office. At least two former Presidents [John Kufour and John Mahama] have in one way or the other been accused of acting in "bad faith" especially in the latter days of their tenure in office. These Presidents after their parties had lost elections and knowing very well that they would be handing over to a new government did carry out major decisions which in principle had the potential of saddling the incoming government with a myriad of obligations and debts (and which the new government would never have incurred in the first place).

Former President Kufour was criticized for a 16–32% increase he approved in salaries for workers in the public and civil service a few hours before leaving office in January 2009. To avoid such last minute tendencies, the Presidential (Transition) Act (Act 845) was passed in 2012. However, in the aftermath of the 2016 Presidential elections, the incumbent President John Mahama who lost to the main opposition leader Nana Akufo-Addo went on a similar path as former John Kufour. Ex-President Mahama, for instance, made at least three major appointments in the dying embers of his administration. He appointed Joseph Whittal as the Chairperson of the Commission on Human Rights and Administrative Justice, a Commission, which had been without a substantive Commissioner for almost a year, following the removal of the previous commissioner, Lauretta Lamptey over allegations of corruption. He also appointed Josephine Nkrumah and Daniel Domelovo as chairperson of the National Commission for Civic Education and Auditor-General, respectively, with less than 3 weeks to hand over power to the New Patriotic Party. Additionally, the Mahama-led government made a 63% increment in the allowance of National Service personnel and signed various contracts without active consultation with the incoming new government which would execute such contracts and the cost thereof. Meanwhile, the incoming government explained that when the transition team was formed, some ground rules were agreed on, which included an agreement to halt all employment and procurement as the then President-elect awaits his swearing-in.

Source:http://citifmonline.com/2016/12/29/last-minute-appointments-in-ghanas-interest-mahama/, http://3news.com/npp-to-review-mahamas-last-minute-appointments-contracts/

## Discussion

As already established under Ghanaian law, much as the concept of discretion is fluid and may appear as arbitrary; this aspect of the law and public administration is fairly circumscribed by provisions in the Constitution.

In the case of the New Patriotic Party v Inspector-General of Police (Case 1), the focus was on the exercise of discretionary power by both the Minister of Interior and the police. A number of issues relating to the exercise of discretion were raised including, inter alia, (i) whether the discretionary power of the Minister under the legislation in question was a clog on the exercise of freedom of assembly; (ii) whether there was a real likelihood of misuse of discretion by police to suppress fundamental freedoms and civil rights of Ghanaians; and (iii) whether the unfettered discretion of a police or public officer was constitutional.

In all the questions posed, the Supreme Court answered in the affirmative. With respect to the power of the Minister of Interior to grant permission before an assembly takes place, the court noted that "to invest the minister with such unfettered discretion is to place those who assert their constitutional rights of assembly, procession and demonstration at his mercy." The court went on to declare such power unlawful.

In the Montie 3 case (Case 2), the discretionary power of the President to grant pardon for the conviction of certain offenses came into sharp focus. Article 72 of the 1992 Ghanaian Constitution provides that the President acting in consultation with the Council of State may among other things remit the whole or part of a punishment imposed upon a person. The President, acting upon a petition of some of his supporters and on the advice of the Council of State remitted the sentences of the three men.

In the Supreme Court's judgment convicting the three men of contempt of court, the court noted that "they (the contemnors) completely forgot that they were on Planet Earth in a country called Ghana with laws, regulations and customary rules of etiquette and decorum. They were totally reckless and insensitive in their comments having regard to the fact that they were speaking on the eve of the anniversary of the murder of three judges, a very painful and sorrowful period for most patriots of Ghana."

The Supreme Court went on to note "... we realize that reckless attacks on judges of this court in particular and the judiciary in general have become so rampant in recent times and appear to be escalating in outrageousness and temerity."

Against the above background, the decision of the President to grant pardon in this instance was considered as an endorsement of the attack on the judiciary and to that extent was inconsistent with the spirit and purpose of the Constitution. In as much as the President had discretion relying on a constitutional power, it was not a prudent exercise of his discretionary power; and it would seem he suffered for it (including other factors) in the 2016 presidential polls when he campaigned for a second term but got rejected by Ghanaians which has never occurred in the political history of the country. The manner in which the President exercised his discretionary powers can be considered as having undone what the Supreme Court sought to achieve in its judgment (i.e., deterrence).

The question of "midnight appointments" is usually fraught with two competing and yet convincing arguments and counter-arguments. The competing arguments at play involve legal propriety on the one hand and concerns of ethical impropriety on the other hand (See Punay 2010). Under Ghanaian law, the President has the power to exercise any of his executive functions and power until the moment where he hands over power. This means that on the night before handing over power, he is entitled to make certain key decisions and strategic appointments he considers necessary (see also Rhodes 1964). His power to appoint is not limited or hampered by the fact that he may be in his final moments in office as President. Yet the manner and context in which his powers are exercised may raise certain questions regarding ethical impropriety especially at the blindside of the president-elect yet to be sworn who will be required to take responsibility of such last minute contracts and decisions (see also Hobson 2003; Stiglitz 2013). Some may go as far as saying that the exercise of his powers may not even be in consonance with the spirit of the Constitution.

There is no doubt regarding the power of the President as the number one bureaucrat of the land to make appointments and enter into certain agreements and arrangements. However, the wisdom behind these appointments and agreement is questionable, especially, when they have the potential of burdening the incoming government with additional costs and persons it may not necessarily want to work with (Stiglitz 2013). In the Ghanaian case (Case 3, par. 3), expressing their disappointment, the new NPP Administration (new government greeted with midnight appointments and contracts) made clear its intention of reviewing some of these agreements [midnight agreements] since they could have potential of impeding smooth administration and direction with which the government wants to go.

## Conclusions and Policy Implications

From the above discussions, the entry has revealed that although new public management theorists have advanced for much flexibility in the execution of public manager's function, the possible abuse of unfettered flexibility and administrative discretion makes this call shrouded with complexities. While public officials who wield authority are required to use their discretionary

powers to act in ways that maximize public value governance, the cases revealed in this paper have demonstrated that public officials in most cases are tempted to use discretion arbitrarily and for "political convenience." In conclusion, even though bureaucratic discretion has its benefits such as facilitating quicker decision making and taking away the need for excessively detailed guidelines, the possibility of abuse and wrong decisions makes it necessary to institute measures such as improving the capacity of the bureaucrats, making available appeal avenues, involving more people in the decision-making process to ensure that bureaucratic discretion leads to accurate and fair decisions within a framework of accountability and administrative responsibility. Public administration scholars have argued for managerialism which seeks to allow public officials more room to demonstrate innovation and to adopt context-dependent decisions, and the use of discretion in itself is not bad. In order to ensure the appropriate usage of bureaucratic discretion in the proper sense, the entry argues for a systems approach which requires "strong men and women," "strong institutions," and "strong third force" (see Yeboah-Assiamah 2016) which combine synergistically to guard against arbitrary use of administrative discretion.

By strong men and women, the study argues for public officials with positive personalities, and sense of conviction; put differently, true statesmen and women who take decision and actions largely based on collective interest and not for individual or sectional interest. In other words, it calls for individuals with public ethos who do not employ administrative flexibility or discretionary powers to abuse or oppress individuals, groups, and the state. Achieving such an ideal state requires ethical public officials; first of all, there is a need to improve capacity of public officials through training sessions to adequately equip them for their duties. There must also be regular workshops for bureaucrats on how to use their discretion responsibly. Secondly, there should be availability of "appeal avenues" so decisions taken can be revisited and corrected where necessary to serve as a check on administrative discretions.

Secondly, the entry argues for "strong institutions" which requires the appropriation of rules and systems to monitor the use and abuse of bureaucratic discretion and to hold public officials to account for such usage. In Ghana, the rules are explicit regarding how public officials ought to account for their usage of discretion and all possible and plausible de jure discretions need regularized and accounted way of exercising such with the exception of those wielded by Judges. However, public officials who capitalize on institutional grey areas, institutional laxities, and perhaps ignorance of citizenry mostly usurp the threshold of their powers without accounting for their use of such powers. It is, therefore, prudent for public agencies, departments, and ministries to adopt a directive to streamline how their officers use and account for discretionary decisions, and in situation where the scope of a decision may engender far reaching consequence, approval must be sought from other relevant authorities. This is not to suggest a reverse to traditional bureaucratic thinking where public officials were viewed as cog in wheel but to promote efficiency, effectiveness, and efficacy in a more accountable manner devoid of few people exploiting public trust and resources. This requires expanding the public decision-making space to counter the possibilities for abuse of discretion.

Finally, the study argues for an active "third force" which is conceptualized to mean the integrated watchdog and supervisory efforts of non-state actors such as the media, think tanks, opposition parties, interest groups, religious groups, traditional institutions, all other civil society organizations, and general citizenry. The combined efforts of the third force will serve as a formidable check on how public officials exercise their powers and discretion. For instance, civil society organizations could sensitize the public on their rights and responsibilities as well as powers, obligations, and limitations of public officials. In most cases, although there are regulations and institutions that guard against the arbitrary use of public power, ignorance on the part of many citizens and groups render them largely susceptible to the whims and caprices of bureaucratic power holders. For instance, police officials in most

cases tend to abuse their powers when they come face to face with motorists in an attempt to extort moneys from the latter. There is therefore a need for public sensitization and massive education to keep citizens well informed.

## Cross-References


- ▶ Administrative Discretion
- ▶ Frontline Bureaucratic Accountability
- ▶ Street-Level Bureaucracy


## References


Aiken M, Hage J (1966) Organizational alienation: a comparative analysis. Am Sociol Rev 31:497–507

Burke JP (1986) Bureaucratic responsibility. Johns Hopkins University Press, Baltimore

Davis KC (1969) Discretionary justice: a preliminary inquire. Lousiana State University Press, Baton Rouge

Goodsell CT (1981) Looking once again at human service bureaucracy. J Polit 43(3):763–778

Hasenfeld Y, English RA (1974) Human service organizations: a book of readings. University of Michigan Press, Ann Arbor

Hasenfeld Y, Steinmetz D (1981) Client-official encounters in social service sgencies. In: Goodsell C (ed) The public encounter: where state and citizen meet. Indiana University Press, Bloomington, pp 83–101

Hempel C (1966) Philosophy of natural science. Prentice Hall, Upper Saddle River, NJ, USA

Hobson CF (2003) John Marshall, the mandamus case, and the judiciary crisis, 1801–1803. George Wash Law Rev 72:289

Huber JD, Shipan CR (2002) Deliberate discretion? The institutional foundations of bureaucratic autonomy. Cambridge University Press, Cambridge

Hvinden B (1994) Divided against itself: A study of integration in welfare bureaucracy, Oslo: Scandinavian University Press

Kelly M (1994) Theories of justice and street-level discretion. J Public Adm Res Theory 4(2):119–140

Kroeger N (1975) Bureaucracy, social exchange, and benefits received in a public assistance agency. Social Problems, 23(2):182–196

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage, New York

Molander A, Grimen H (2010) Understanding professional discretion. In: Svensson LG, Evetts J (eds) Sociology of Professions: Continental and Anglo-Saxon Traditions. Göteborg: Daidalos

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming government. Adison Wesley Public Comp, Reading

Peyrot M (1982) Caseload management: choosing suitable clients in a community health clinic agency. Soc Probl 30:157–167

Prottas JM (1979) People processing: the street-level bureaucrat in public service bureaucracies. Lexington Books, Lexington

Punay E (2010) Supreme court won't stop sacking of midnight appointments. Available at http://www.philstar.com/headlines/601298/supreme-court-wont-stop-sacking-midnight-appointees. Accessed on 14 Sept 2017

Rhodes IS (1964) Marbury versus Madison revisited. Univ Cin Law Rev 33:23

Scott CR (1997) Identification with multiple targets in a geographically dispersed organization. Manag Commun Q 10(4):491–522

Simon HA (1947) Administrative behavior: A study of decision-making processes in administrative organization, 1st ed., New York: The Macmillan Company

Stiglitz EH (2013) Unaccountable midnight rulemaking-a normatively informative assessment. NYUJ Legis Pub Pol'y 17:137

Stone CN (1981) Attitudinal tendencies among officials. In: Goodsell C (ed) The public encounter: where state and citizen meet. Indiana University Press, Bloominigton, pp 43–68

Tripi FG (1984) Client control in organizational settings. J Appl Behav Sci 20:39–47

Tummers L, Bekkers V (2013) Policy implementation, street-level bureaucracy, and the importance of discretion. Public Manag Rev 16(4):527–547

Yeboah-Assiamah E (2016) 'Strong personalities' and 'strong institutions' mediated by a 'strong third force': thinking 'systems' in corruption control. Public Organ Rev 17(4):545–562


# Administrative Discretion in Participatory Processes


Roberto Falanga
Sociology, Instituto de Ciências Sociais,
Universidade de Lisboa,
Lisbon, Portugal


## Synonyms

Bureaucracy; Discretionary power; Institutionalization; New governance; New public management; Public administration; Public officials; Public participation; Public policymaking

## Definition

Administrative discretion in participatory processes refers to the degrees of power exerted by public officials at the margins of formal roles. As participatory processes in policymaking require public officials to intermediate between political representatives and social agents, administrative discretion is a key feature for the (re)configuration of public officials' roles in public administration.

## Introduction

Weber's theoretical model of bureaucracy provided an ideal type of organization for the management of democratic governance in the nineteenth century. The author identifies formal rules and procedures and argues the adoption of impersonal behavior by public officials in order to ensure a clear-cut separation between personal and organizational interests. The autonomy of bureaucracies was supposed to secure stability and continuity of democratic governance against the discontinuity of political cycles. More recently, scholarly debate has focused on bureaucracy as the organizational and normative structure that sustains democratic governance, and upon which public officials can develop full-time and lifelong careers. Ethical codes of behavior concerning duties and rights of the civil service provided by bureaucracies should secure the fair relationship between governors and those they govern against arbitrary practices in policymaking.

The Weberian ideal type of bureaucracy has been debated by scholars, who have problematized its potentials and limitations. While acknowledging the need for hierarchical distribution of roles in policymaking, the "black box" comprising decision-making has increasingly required further discussion upon matches and mismatches between different levels of political powers, as well as between administrators and political representatives. In addition, the role of external environmental pressures is recognized as a source of potential conflict with the preservation of stable boundaries and roles. Acknowledging both internal and external limitations, Selznick (1957) questions the effectiveness of approaching civil service according to merely formal rules, which may rather lead towards forms of "incapacity" of adaption to changing environments. The acknowledgment that public officials relate to each other according to formal rules and beyond has made Gouldner (1959) state that discipline-driven and impersonal rules are likely to reduce the commitment of public officials and, thus, the accomplishment of public administration's goals. This position echoes Merton's argument (1938) upon the "professionalized incapacity" of public officials to exert their functions and the increased difficulty in adapting to environmental changes, as the most probable outcome of Weberian bureaucracy.

While the ways through which public administrations are formally ruled and organized matters, the behavior of administrators, and the development of relationships out of the rigid grids of formal codes requires critical understanding. Multiple schools of thought and administrative reforms in the twentieth century have diversely captured the opportunity to reconfigure the formal division between elected and public officials. During the 1980s and 1990s, the "new public management" school of thought put emphasis on the need for highly professionalized top-level managers in public administration, who were required to ensure loyalty to elected officials (Osborne and Gaebler 1992). Professionalization and political loyalty were argued to radically transform the legally based neutral status of public officials, and the relationship among top-, middle-, and street-level public officials.

New public management-led reforms in public administration aimed at intervening in the enduring struggle, as Weber himself acknowledged, of political and technical expertise in public administration. More recently, scholars have recognized that new public management reforms do not adequately respond to the emerging complexity of different forms of expertise from within and outside public administration, which have considerable influence over effective policymaking. According to Page (2007), not only top-level bureaucrats but all levels of official hold

responsibilities that expose them to potential alignments and conflicts with elected officials. The establishment of new networks and partnerships between governmental and non-governmental agencies and the growth of new connections with associated and nonassociated citizens in participatory processes raise questions about current boundaries of political and administrative powers.

The "new governance" school of thought has shed light on the political output as part of a wider process of negotiation and bargaining with economic and social agents (Rhodes 1996). Against the emphasis on mere instrumental rationality underlying policy agents, there has been broad agreement on the need to render policymaking more open to and adequate for targeted public agents. However, without the reconfiguration of public officials' expertise and roles, from top to street levels, misperceptions and misunderstandings among the agents engaged in decision-making may become a major hurdle for the success of participatory processes. More pointedly, the potential conflict emerging between standard bureaucracies and participatory processes requires deeper understanding on the ways public officials contribute to their management within and beyond formal roles.

## Understanding the Roles of Public Officials in Participatory Processes

Scientific literature on the participation of both associated and nonassociated citizens in policymaking processes is longstanding and abundant. The growth of participatory processes worldwide confirms a great diversity of sociopolitical contexts, publics, and policy issues covered by these processes. Furthermore, the adoption of a wide variety of methods, mechanisms, and techniques, such as public hearings, citizen juries, advisory committees, consensus conferences, ballot initiatives, and the like, corroborates the growing importance of this field of study and practice (Gaventa and Barret 2010).

The management of citizen participation proves that standard bureaucracy and recent administrative reforms set up on managerial values are likely to clash with changes brought about by participatory processes in public administration (Vigoda 2002). Public administration is the battleground where the design for effective citizen participation in policymaking is conducted, and public officials play a key role in either improving or hindering the execution of participatory processes. As already stated in the 1970s, and confirmed by recent research on the topic, the participation of citizens in policymaking ultimately depends on the type of administrative commitment.

To understand the influence of public officials over the management of effective participatory processes, there is a need to define their formal roles. The wide variability of institutionalization of participatory processes, however, makes this question difficult to answer. Participatory processes can either depend on legal requirements that enforce administrative structures to adopt formal procedures or rely on temporary covenants issued by elected officials (Fung 2015). More often than not, participatory processes are implemented as one-off initiatives to complement standard policymaking, with little guarantee of their continuity in the long run. As stated by Rosenbaum (1976), low enforcement levels may stem from either governmental reluctance, which renders participation politically unrewarding, or administrative resistance against potential public dissensus, which could delay policy implementation.

Varying degrees of institutionalization of participatory processes and institutional designs provide information about the ways in which participatory processes and public officials are placed within the organizational chart, which reflects, to some extent, the ways citizen participation is embraced within the political agenda. Different degrees of institutionalization can have a marked impact on the rulemaking of participation and, therefore, on the definition of the roles of public officials. The variability of institutional designs adopted by participatory processes contributes an additional level of complexity to the understanding of public officials' roles. While, in some cases, participatory processes are

managed by administrative networks of departments (or single officials), in other cases, administrative units are created for the exclusive attainment of citizen participation goals, with officials dedicated to the management of participatory processes.

Against this backdrop, scholars are divided over the opportunity to institutionalize participatory processes. According to some thinkers, institutionalizing participatory processes could end up "normalizing" spontaneous practices of civil society and reduce their inner variability. In contrast, Hoppe (2011) argues that "[i]n systems of representative democracy, authorities that initiate deliberative experiments on an ad-hoc basis, but fail to institutionalize relations between deliberative procedures, representative bodies and their normal processes of decision-making, do indeed deserve suspicion." (ibid., 180). The lack of institutionalization may lead to "tick-box" exercises of participatory democracy with narrow scopes of political debate, which is rather transformed into one of mere policy implementation.

## At the Margins of Formal Rules: Administrative Discretion in Participatory Processes

Scholarly debate on the institutionalization of participatory processes does not provide an adequate understanding of the actual functions played by public officials in participatory processes. While the definition of boundaries for policy action helps acknowledge which formal requirements are made by the government to the daily commitment of public officials, the interaction with multiple agents cannot help but open new doors and increase degrees of administrative discretion. Despite efforts for institutionalized rule-making, policy processes inevitably maintain degrees of discretion, because there is always a gap between the issuing of normative frameworks and the actual behavior in public administrations. Likewise, reforming public administrations to institutionalize participatory processes may lead to organizational inertia or even reluctance (Thompson 1995).

Considering that the (re)configuration of the roles of public officials provides information about the boundaries of their action in participatory processes, degrees of discretionary power can be exerted at the margins of formal rules. Lipsky (1980) acknowledges that discretionary power is exerted by street-level bureaucrats whenever problems cannot be reduced to programmatic formats, as well as whenever employees have to make some judgment about people for the application of policies. This power is further nurtured by citizens whenever they believe (and are led to believe) that officials are likely to hold the "key" to their well-being. Consequently, discretionary adjustment of their work to the advantage of their own goals or in favor of citizen interests is likely to lead to diminished transparency of public action.

According to Theodoulou and Kofinis (2004), administrative discretion depends on the enlargement of interpretability of policy goals stemming from little clarity in current policymaking. However, the authors (ibid.) also acknowledge that discretionary power can be of help whenever long-term changes in political and administrative environments are needed. In fact, there is always the potential for public officials to counteract the intentions of elected officials, sometimes accidentally when the legislative process itself is contradictory and there is need for the agency to make sense of the mishmash. In this vein, Lipsky's notion of discretion has been questioned in light of more recent participatory processes. The need to interact with local agents and grasp lay knowledge often provides public officials, and especially street-level bureaucrats, with the exclusive opportunity to improve service delivery at the margins of formal roles. The need to make local knowledge useful for effective policy outputs led Thomas (1995) to propose a ladder, describing degrees of power held by public officials, that goes from autonomous decision-making to broad consultation with the public. However, Rosenbaum (1976) cautions on risks of spurious legitimacy of administrative practices that do not improve disadvantaged groups, which leads to an "abuse" of discretion, and moves beyond paradox to a parody of reform.

Against this backdrop, while there is a view that public officials can be a major hurdle to

democratic policymaking whenever moved by personal strategies, and discretionary power is considered a "bias" originating from the failure of formal rules, other scholars view positive contributions from power exerted in the interaction with the public of policymaking. Administrative discretion can be approached as either threatening the formal configuration of administrative roles and functions or as the opportunity to create new connections in the field with social agents. In both cases, more empirical knowledge is needed to broaden the debate on the administrative discretion deployed by public officials at top-, middle-, and street-level.

## Conclusion

Participatory processes challenge standard bureaucracies and previous administrative reforms with new opportunities to reconfigure the roles of public officials. Scholarly debate has focused on administrative discretion by shedding light on the negative and positive sides of it for participatory policymaking. On the one hand, administrative discretion may reproduce biases of unequal distribution of power among sectors of civil society. Out of a transparent definition of principles, mechanisms, and goals of citizen participation, arrangements for social inclusion may rely on nonbinding covenants which have considerable impact on the legitimization of the public agents invited to participate. This type of administrative discretion provides political input over policy processes that are disguised as technical decisions. On the other hand, administrative discretion is a necessary tool for participatory processes inasmuch as it allows for the grasping local knowledge and expertise for effective service delivery. Public officials, from top to street levels, are acknowledged as the gatekeepers for transparent and accountable participatory processes.

While empirical knowledge has been shared on discretionary powers of street-level bureaucrats, however, further research should help to shed light on the ways public officials at all levels contribute to participatory processes at the margins of their formal roles. Towards this aim, it is necessary to take into account the diverse degrees of institutionalization that sustain the different institutional designs of participatory processes, which define formal roles and boundaries required for public officials.

## Cross-References


- ▶ Administrative Discretion
- ▶ Bureaucratic Influence in Policy Formulation
- ▶ Citizen Participation in Public Management
- ▶ Citizen-Administration Relationships
- ▶ Collaborative Public Management (CPM)
- ▶ Co-production and Governance
- ▶ Frontline Bureaucrat
- ▶ Networks of Governance
- ▶ Participatory Budgeting
- ▶ Participatory Governance
- ▶ Politics and Administration
- ▶ Politics and Public Policy
- ▶ Public Participation
- ▶ Public Value: Bureaucrats Versus Politicians
- ▶ Reforms and Governance


## References


Fung A (2015) Putting the public back into governance: the challenges of citizen participation and its future. Public Adm Rev 75(4):513–552

Gaventa J, Barret G (2010) So what differences does it make? Mapping the outcomes of citizen engagement. Working Paper, IDS, vol 347, pp 1–72

Gouldner AW (1959) Organizational analysis. In: Merton RK, Broom L, Cottrell LS (eds) Sociology today: problems and prospects. Harper Torchbook, New York, pp 400–428

Hoppe R (2011) Institutional constraints and practical problems in deliberative and participatory policy making. Policy Polit 39(2):163–186

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russel Sage Foundation, New York

Merton RK (1938) Social structure and anomie. Am Sociol Rev 3:672–682

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Page EC (2007) Middle level bureaucrats: policy, discretion and control. In: Raadschelders JCN, Toonen TAJ, Van der Meer FM (eds) The civil service in the 21st century. Comparative perspectives. Palgrave Macmillan, New York

Rhodes RAW (1996) The new governance: governing without governance. Polit Stud 44(4):652–667
Rosenbaum WA (1976) The paradoxes of public participation. Adm Soc 8(3):355–383
Selznick P (1957) Leadership in administration. Harper and Row, New York
Theodoulou SZ, Kofinis C (2004) The art of the game: understanding policy making. Thomson Wadsworth, Belmont
Thomas JC (1995) Public participation in public decisions. Jossey-Bass, San Francisco
Thompson J (1995) Participatory approaches in government bureaucracies: facilitating the process of institutional change. World Dev 15(4):1521–1554
Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. Public Adm Rev 62(5): 527–540



## Administrative Discretion on Taxation

Fany Inasius
Department of Accounting, Faculty of Economics and Communication, Bina Nusantara University (BINUS University), West Jakarta, Indonesia

### Synonyms

Administrative discretion on taxation compliance; Administrative expediency on tax obedience; Administrative policy on taxation compliance

### Definition

An administrative discretion on taxation is a governmental policy related to tax that affects both microeconomic and macroeconomic aspects. The macroeconomic aspects involve the overall quantity of taxes to collect, which can inversely affect the level of economic activity. The microeconomic aspects concern issues of who should be taxed.

### Introduction

A good tax policy is worthwhile if it is implemented consistently, as it can have a positive impact on tax compliance. *Tax compliance* has various definitions. Alm (1991) defines it as the accurate reporting of income and claiming of expenses in accordance with the stipulated tax laws. Kirchler (2007) uses a simpler definition, in which *tax compliance* is the most neutral term describing a taxpayer's willingness to pay tax, while the OECD (2016) defines it as the degree to which a taxpayer complies (or fails to comply) with the tax rules of his or her country, for example, by declaring his or her income, filing returns, and paying tax in a timely manner. Based on the above definitions, it can be concluded that tax compliance is the sincerity to which a taxpayer reports his or her income, files returns, and pays all of his or her taxes on time.

In general, tax compliance involves two main factors: economic factors and noneconomic factors. Economic factors include tax rates, the probability of being audited, and perceptions of government spending, while noneconomic factors include perceptions of equity and fairness, referral groups, and tax knowledge. In addition, taxpayers can generally be divided into two groups: individual taxpayers and corporate taxpayers. Moreover, the economic capacity of taxpayers can be divided into two groups: small medium enterprise (SME) taxpayers and large enterprise taxpayers.

A standard international definition of *SMEs* does not exist (OECD 2017). In Indonesia, the SME Act of 2008 measures an SME based on its turnover. A micro-company's turnover does not exceed IDR 300 million, a small company's turnover does not exceed IDR 2.5 billion, and a medium-sized company's turnover does not exceed IDR 50 billion. A large enterprise's turnover exceeds IDR 50 billion (Inasius 2015). Therefore, SME taxpayers include individual taxpayers and small corporate taxpayers in relation to the sales turnover.

Due to their economic capabilities, SMEs contribute significantly to the national economy (OECD 2017). A study of the tax compliance of SMEs is important, as determining the factors that affect the compliance level of SME taxpayers can assist tax authorities in formulating administrative policies that can improve tax compliance based on the business size.

## SMEs in Indonesia

SMEs in Indonesia, as in many countries, play a significant role in the national economy. This is indicated by SMEs' contribution to approximately 60% of the total gross domestic product; further, SMEs contained approximately 97% of the total work force in Indonesia in 2012 (Ministry of SME Indonesia 2012). However, the contribution of SMEs to tax revenue is lower than that of large corporate taxpayers, who are the biggest contributors to Indonesian tax revenue.

There are several reasons why SMEs' contributions have not been maximized to secure the national economy particularly in tax revenues. First, SMEs have limitations in terms of their administrations. Complex administrative burdens make it difficult for SMEs to fulfill their tax obligations. Second, high tax rates have an effect on tax payment ability, as SMEs are financially limited compared to non-SMEs. Third, the influence of referent groups, including family members and business associates, affects SMEs' contribution level to tax compliance. Fourth, a sense of justice is present in the existing tax rules. Feeling as though they are being treated unfairly discourages taxpayers and decreases their level of confidence in tax authorities. Fifth, the inappropriate use of government funds decreases taxpayers' desire to pay taxes properly due to their disappointment with the use of funds. Sixth, the possibility of being audited contributes to the fulfillment of tax obligations present in SMEs. Being less likely to be audited by tax authorities could encourage taxpayers to be less prudent in completing their tax returns.

## Taxation System

Indonesia, with a population of around 255 million people (Biro Pusat Statistik 2016), is the fourth largest country in the world and has the 16th biggest economy in the world (World Bank 2017). A self-assessment taxation system has been implemented in Indonesia since 1983. There are two main tax types for taxpayers in Indonesia: income tax and value-added tax (VAT). With regard to income tax, the tax rate for individual taxpayers ranges from 5% to 30% depending on their income, while the tax rate for companies is 25%. In terms of VAT, the tax rate is 10% of the net sales turnover, both for individual and corporate taxpayers. This rate is also applied to both SME and large enterprise taxpayers. Therefore, tax compliance has always been an area of concern for tax policymakers, as noncompliance with tax reporting negatively affects revenue collection.

## Methodology and Discussion

To formulate an effective administrative policy for SMEs, it is necessary to determine the factors that significantly affect tax compliance. To determine the factors that influence SME tax compliance, it was necessary to test both individual and corporate taxpayers with turnovers ranging from IDR 600 million to IDR 4.8 billion (around $352,000 USD based on the exchange rate at the time of the study). A survey performed by 55 students was conducted in Jakarta, which is the center of the Indonesian economy with the largest percentage of tax revenue, from November 2015 to January 2016. Five areas were included: Central Jakarta, West Jakarta, North Jakarta, East Jakarta, and South Jakarta. Of the 1000 questionnaires distributed to small retailers, 330 returned responses; two were unusable responses.

The study used multiple regression to identify the factors that affect SME tax compliance. Multiple regression provides a way to objectively assess the relationships between independent and dependent variables (Sekaran and Bougie 2011). Here, the dependent variable is tax compliance, and there are six independent variables: tax rate perceptions, referral group influence, audit probability, tax knowledge, government spending perceptions, and equity and fairness perceptions.

## Tax Compliance

Several factors affect the tax compliance of SMEs in Indonesia. The first is the referral group. SMEs are influenced by tax knowledge limitations, so information obtained from colleagues or family members to evade or not evade taxes is quickly absorbed. The influence of referent groups is seemingly important in decision-making, particularly in decision-making related to monetary aspects and tax compliance. The second is the possibility of an audit. The subjective perception of audit probability is important; less intense audits could cause taxpayers to be less prudent in completing their tax returns. The third is taxpayer perceptions of equity and fairness. Unfair treatment of the authority related to taxation leads to taxpayers' dissatisfaction, which has implications pertaining to their willingness to pay taxes. Tax compliance is less likely if the tax system is perceived to be unfair. The fourth is tax knowledge. The level of education of taxpayers is an important factor that contributes to their general understanding of taxation. In general, SMEs have administrative limitations; therefore, more complex tax rules would complicate their ability to meet tax obligations. Conversely, simpler tax regulations would facilitate the understanding of taxpayers, thus improving tax compliance.

## Tax Administration Policy

Based on the multiple regression, the results show that four variables influence tax compliance: referral group influence, audit probability, tax knowledge, and equity and fairness perceptions. Referral group influence is the most significant variable among the four factors.

Tax rate perceptions do not significantly affect tax compliance. Thus, an increase or decrease in tax rates within acceptable limits may not have a significant effect on taxpayer compliance. A high tax rate could be seen as taxpayers' contributions to the community, which generates benefits for each taxpayer. However, this may be considered unfair to taxpayers when their trust to the authority is low. Therefore, administrative policies cannot consider tax rate perceptions alone. Decreasing the tax rate within acceptable limit without maintaining trust is unlikely to improve tax compliance.

Government spending perceptions also do not significantly affect tax compliance. Tax authorities should focus on how to allocate funds to raise the trust of taxpayers. Hence, using these funds to benefit taxpayers can further increase their trust. Accordingly, government spending that can build taxpayers' trust is useful to ensure tax compliance. However, low trust may be the cause of the taxpayers' indifference toward the use of funds by the government.

In contrast, referral group influence has a significant effect on taxpayer compliance. Family members and colleagues give immediate and direct information that influences taxpayers' decisions regarding tax compliance. Taxpayers are assumed to internalize social norms and act in accordance with their respective references group. Therefore, administrative policies that improve taxpayer trust will ensure taxpayers' compliance.

The perception of equity and fairness has a significant relationship with tax compliance. This indicates that unfair tax contributes tax compliance. If tax burden of taxpayers is comparatively heavier than others, tax compliance is likely to decrease. Therefore, tax policy that supports a sense of fairness based on trust-building measures that may be required and more useful.

However, nontransparent and unfair audits could encourage taxpayers to be less compliant in reporting their income and tax returns, and dissatisfaction reduces their trust in tax authorities. This, in turn, could lead to tax evasion. Thus, audit probability also affects tax compliance. The frequency and thoroughness of audits could encourage taxpayers to be more prudent in reporting their incomes and claiming correct deductions to ascertain their tax liability. Infrequent and informal tax audits may create doubts regarding the effectiveness of tax authorities' work and reduce taxpayers' trust. Therefore, audits should be designed to be fair, whereas

intrusive audits should be avoided. Accordingly, audit policies should be designed with the synergic atmosphere between taxpayers and tax authorities in mind. This can be done with audit policies that support fairness based on trust building between taxpayers and tax authorities.

Tax knowledge also affects tax compliance, wherein greater tax knowledge increases tax compliance. Understanding tax regulations can lead to a sense of participation in paying taxes. Conversely, a lack of understanding of taxation can increase the cost of taxation and the time required to file taxes. Practical tax knowledge can also contribute to tax compliance. For example, knowing the tax officers have conducted a large number of tax audits can make them appear powerful. Therefore, simplifying tax laws, improving taxpayer attitudes toward the complexity of tax systems, and increasing taxpayer services are likely to enhance taxpayers' trust in authorities.

## Conclusion

Based on the investigation of the factors that influence tax compliance using multiple regression, the results show that four variables significantly influence tax compliance: referral group influence, audit probability, tax knowledge, and equity and fairness perceptions. Referral group influence is the main factor that affects tax compliance. Greater tax knowledge and a fair tax system contribute to taxpayers' behaviors and affect each taxpayer. High audit probability may also encourage taxpayers to be more compliant.

Policymakers who are concerned with SME tax compliance can use this study to formulate future tax policies. Accordingly, this study could assist governments when considering the goals and implementation of tax reforms to ensure effective administration, especially in emerging economies. A transparent system not only increases taxpayers' trust but also facilitates taxpayers' understanding of tax, both of which increase tax compliance. Tax authorities should attempt to simplify tax regulations and public services. Reducing the complexity of taxes and increasing the transparency of decision-making by tax authorities could increase taxpayers' trust in tax authorities.

Existing regulations must be implemented fairly and under the full rigor of the law. Committed taxpayers must be supported, while tax evaders should be strictly prosecuted. Therefore, an administrative policy is needed to create a synergic atmosphere between taxpayers and tax authorities and to build a trusting relationship between them. Administrative policies that support a sense of fairness and that are based on trust-building measures may be more effective and less expensive.

## Cross-References

▶ Budgeting and Public Finance
▶ Taxation and Governance
▶ Tax Compliance

## References

Alm J (1991) A perspective on the experimental analysis of taxpayer reporting. Account Rev 66(3):577–593

Biro Pusat Statistik (2016) The projection of Indonesia population based on the results of the census of 2010. (Online). Retrieved 15 Nov 2017 from https://www.bps.go.id/

Inasius F (2015) Tax compliance of small and medium enterprises: evidence from Indonesia. Acc Tax 7(1):67–73

Kirchler E (2007) The economic psychology of tax behaviour. Cambridge University Press, Cambridge

Ministry of SME Indonesia (2012) The development of SME 2011–2012. Retrieved from http://www.depkop.go.id/phocadownload/data_umkm/sandingan_data_umkm_20112012.pdf

OECD (2016) Glossary of tax terms. Retrieved from http://www.oecd.org/ctp/glossaryoftaxterms.htm

OECD (2017) Enhancing the contributions of SMEs in a global and digitalized economy. Retrieved 3 May 2018 from https://www.oecd.org/mcm/documents/C-MIN-2017-8-EN.pdf

Sekaran U, Bougie S (2011) Research methods for business: a skill building approach, 5th edn. Wiley, London

World Bank (2017) Gross domestic product 2016. (Online). World Bank Data Bank. Retrieved 15 Nov 2017 from http://databank.worldbank.org/data/download/GDP.pdf

# Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective

Francis Nangbeviel Sanyare and Justine Guguneni Tuolong
Department of Social Political and Historical Studies (SPHS), Faculty of Integrated Development Studies (FIDS), University for Development Studies, Wa, Ghana

## Synonyms

Efficiency – efficacy; Quality of care – Service quality or quality of service; Welfare

## Definition

The National Health Insurance Scheme: The National Health Insurance Scheme is a social health insurance scheme to protect the insured against social risk – i.e., ill-health.
Efficacy: Inputs (either financial, structural, or infrastructural) provided by governments or stakeholders to derive quality of healthcare for the insured.
Wellbeing: Healthcare services delivered by providers to ensure that people have good health condition and working in safety.

## Introduction

Globally, as countries move toward universal health coverage, healthcare financing through social health insurance is a very important tool in achieving the guaranteed universal financial protection that meets the health needs of populations, especially in developing countries. Thus, healthcare financing has become the crux of ongoing discourse on global development policy for social protection especially situated in the context of social insurance. In Ghana, health care financing is perceived have made significant gains after few years that is since 2003 of implementation and yet there remain obvious gulfs to achieving its full potential remains prominent.

Empirically, it is suggested that social protection schemes are essential props to any polity's efforts at providing access to necessary social services and transfers (Norton et al. 2001). This is testimony to why Ghana developed its National Social Protection Strategy (NSPS) to provide more targeted sets of interventions for the chronically poor and to cushion the most vulnerable groups from environmental, health, and economic shocks. Arguably, many countries across the world have taken initiatives to establish and practice social health insurance policies, just like the case of the Ghana National Health Insurance Scheme (NHIS). Justifiably, this kind of social protection scheme, among many things, tackles multiple dimensions of poverty and deprivation.

However, perspectives are that financing health care has remained a formidable challenge for most developing countries (Konrad Adenauer Foundation 1999). Yet there is no doubts that health is a pre-requisite for development. Not surprisingly therefore, governments – Ghana inclusive – have a primary responsibility to ensure the health of its nation, which presuppose that, seeking alternatives to financing healthcare is a step in the right direction.

Since independence in 1957, Ghana has gone through series of healthcare financing reforms including the introduction of user fee in the late 1980s; and the Community-Based Health Insurance Schemes (CBHIS) in the early 1990s, which formally led to the National health Insurance of Ghana. It must be noted that foregoing governments strived to ensure that basic health care is available to all at affordable prices and is equitable because good health is both a cause and consequence of economic success. Thus, this is the central reason why the government of Ghana is committed to improving the health of its people regardless of age, sex, ethnic origin, religion, political beliefs or socio-economic standing. However, anecdotal evidence suggests that the situation faced by NHIS in Ghana is appalling as many accredited health care providers have voted out of the system, making insured persons unsure

of their faith. This has led to considerable deterioration of the scheme and making insured persons worst off. This chapter sought to contribute empirically to the efficacy of the National Health Insurance Scheme (NHIS) and assess whether there are administrative failures.

## Overview of Literature and Theoretical Perspectives

It is indisputable to say good health is a necessity to every living soul. And to guarantee this, there is a requirement for explicit measures to tackle health policy deficiencies in every society. Governments across the globe are compelled to find an appropriate health reform policy to arrest ill-health among its populace especially the poor or vulnerable. For this reason, healthcare financing continues to gain an overarching attention in health policy reform discourse across the globe, though no promising health financing reform has been succinct to tackle cost-effectiveness of healthcare delivery; it is hitherto found that user fee and CBHIS health financing system created barriers for the poor to access universal healthcare and hindered equity in healthcare for all (McPake et al. 2011). To restrain this, the National Health Insurance Schemes was introduced to bridge the gaps created in the earlier health financing systems of Ghana (Addae-Korankye 2013).

Considerably, those who researched earlier in the field identified issues that include poor quality of service delivery (Fatawu et al. 2014) and that the NHIS policy is inequitable but advantageous toward the rich than the poor (Oxfam International 2011). However, the main objective of NHIS is to promote cost and risk-sharing in a pool through compulsory insurance premium contributions and ensuring equity in healthcare delivery. This is to improve the wellbeing of the insured since health and wellbeing are interdependent. In most cases however, the evidence suggests that though strides have been made, these objectives, in most cases, are far from been achieved (Akazili et al. 2014).

The World Bank (1992, p. 32) argued that inefficiencies exist in health insurance policies because "low fees does nothing to discourage excess demand for high cost hospital care." As a result, "some of the potential efficiency gains of user fees are forfeited," in health insurance schemes. Hence, it is argued that health insurance schemes place higher burden on the poor and generate low revenue for government to cater for increasing health expenditure which user's fee does not (Lagarde and Palmer 2006). However, it is also argued that full-cost fees cannot be introduced until large parts of the population participate in some form of risk-sharing (World Bank 1992). It is therefore not surprising that Ghana's NHIS is facing problems despite the smooth implementation (2005–2008) and thereafter.

## Ghana's Experience With National Health Insurance

The Ghana NHIS took its cue from the UNICEF CBHIS which started in Nkoranza by the Catholic Mission. Through pilot studies by the government in four districts, the results compelled the enactment of the NHIS law in 2003; Act 650; act amended 2012 (Act 852). The NHIS started as a District Mutual Health Insurance Scheme (DMHIS) in 2003 and was fully implemented in 2005. In 2010 it transited from the DMHIS into a full NHIS coverage where health care could be sought for at any part of the country irrespective of the place of subscription to healthcare (NHIA 2010).

Enough evidence suggests that since the ingenuity of NHIS in Ghana, the scheme has been faced with numerous challenges regarding its quality of service to the insured, making its success a standing block on the one hand (Boateng and Awunyor-Vitor 2013). On the other stand, studies by Seddoh et al. (2011) showed that earlier (2005–2008) the policy made an appreciable benefits to include comprehensive level of care and treatment available for those who held valid NHIS membership cards and they were able to access services as compared to the noninsured.

But after 2010, studies came to contradict the earlier gains as Oxfam International (2011, p. 7) argues that the NHIS health system in Ghana is

unfair and inefficient. It was underscored that the coverage of the NHIS has been hugely exaggerated and could be as low as 18%. Stressing that despite every Ghanaian citizen paying for the NHIS through the National Health Insurance Levy (NHIL), Value Added Tax (VAT), unfortunately as many as 82% remain excluded. Therefore, concluding on the theory of equity, the NHIS is far from reaching its goal as "twice as many rich people (64%) are signed up to the NHIS than the poor people (29%)." These reiterate the inefficiency in the system.

Similarly, studies by Dalinjong and Laar (2012) showed that the NHIS presents huge waiting time of insured patients at hospital giving low quality treatment as compared to the uninsured. This was because of perceived opportunistic behavior of the insured who was responsible for the difference in the behavior of providers favoring the uninsured. Besides, delay in reimbursement by government was also underscored. These delays compelled providers to often prescribe drugs for patience to buy out of their pocket which fail to fully protect the insured financially. This means, those insured are less privileged to maximize their wellbeing as social insurance seeks to offer a social protection mechanism.

Notwithstanding, studies by Atinga (2011) and Fenny et al. (2014) however, reiterate that there were relatively no treatment gaps between the insured and the uninsured in terms of quality of service. This is because findings proved that insured patients obtained satisfactory quality of service. Besides, it was discovered that waiting time was generally perceived to be long, rather argued that, "waiting time alone" is not in any way associated with patient perception of quality of care.

However, Boateng and Awunyor-Vitor (2013), confirmed again that, 23.9% of insured persons had not renewed their insurance after enrollment and 15% had never enrolled. Reasons cited for non-renewal include poor service quality (58%), lack of money (49%) and taste of other sources of care (23%). Similarly, studies by Fatawu et al. (2014) indicates quality of service perceptions (20%) against expectations (80%) of the insured patients interviewed in the Wa Municipality of Ghana. This again presents a huge gap (60%) in quality of service regards NHIS healthcare delivery.

The foretold findings presents invariably differences of thought and largely encapsulates the daily experiences of the poor as they encounter the limitations that policy failure by government and authorities placed on them (Carrin 2002). Consequently, easily translates into emotional torments, as the poor are faced with uncomfortable opportunity costs. But one may ask, what accounted for those differences? And is the NHIS efficient to meet its role and purpose? These are questions which engaged the attention of this chapter.

## Measuring Efficacy or Efficiency in Policy Perspective

Efficiency is an input phenomenon which results in an output effectiveness. It is argued that, the rising cost of health care and inefficiency in policy implementation present in health insurance policies are perhaps the most significant threat to the long-term economic security of every nation. To achieving this, governments need to restrain the unsustainable growth in health care costs. Because, perspectives are that *"health care costs place a large and growing burden on today's . . . and they are projected to continue to grow faster than incomes"* (Social Security Advisory Board 2009, p. 19).

Thus, there have been insurgent debates on how to achieve effective health care reform and restrain the growth in costs, with attention focused on restructuring the payment processes (World Bank 2013). Herein, it is argued that, in order to reform the healthcare system of Ghana while at the same time reducing the growth of health care costs, without reducing quality, there is the need to improve the efficacy and efficiency of the healthcare delivery system (World Bank 1992; Hsiao and Shaw 2007). This means, there is the need for directly improving the efficiency of health care delivery or aligning financial incentives to reward more effective and efficient care

(WHO 2005) (i.e. the two approaches are complementary). Because, incentives are needed to control behavior, improve processes and change organizational culture (Masango et al. 2012).

Therefore, suggested mechanisms to measure and improve efficacy and efficiency in health care delivery systems include: process improvement regards quality, organized systems of care, coordination of care, diagnosis and treatment tools (e.g. new medical devices, well-established drugs and treatment protocols), informed patients choice and shared decision making, emphasis on wellbeing or welfare, health information technology and ultimately aligning financial incentives to reward more effectively and efficient care through value chain rather than volume chain (SSAB 2009, pp. 19–29).

On the other hand, Nies et al. (2010) also relate efficacy and efficiency to match quality assurance. It is put forward that four measurable indicators for efficacy or efficiency are eminent: *System efficiency, Organizational efficiency, Professional efficiency, and User efficiency*. This cuts into the broad spectrum of SSAB's assertions of policy efficiency. Therefore, it is suggested that, for the NHIS to be efficient, the National Health Insurance Authority (NHIA), healthcare providers, the insured and all other stakeholders who have a purpose of contributing to the healthcare of the Ghanaian population must work in consonance through the interlinked variables as put forward in Fig. 1:

In Fig. 1, it is projected that, to assess and improve on efficacy and efficiency to match quality assurance, the NHIS need to be measured on four variable:

- "*System level*. Through legislation, inspectorate, accreditation and certification and national standards and guidelines.
- *Organizational level*. Through quality management systems and audit, benchmarking, monitoring, and performance indicators, and improvement measures and processes.
- *Professional level*. Through Professional profiles/new professionals/new roles, Improvement structures, Accreditation, registration, Communication and information sharing.
- *User level*. Through Informed consent and shared decision making Choice, Client satisfaction, Information and Role of informal and non-formal care."

It is suggest that, these variables are interlinked between efficiency and effectiveness of the NHIS to deliver quality of service to the insured which institutions, and resources need to work in consonance as a system. Because, policy efficiency has variety between levels and each has extensive instruments to be measured on. Therefore, it is argued that in order to maximize the wellbeing of the insured, there is the concern of choices in managing efficiency and different approaches needs to be interspersed to incentivize all stakeholders towards continuous improvement. This is particularly necessary when it comes to the links and interfaces within and between health and social care.

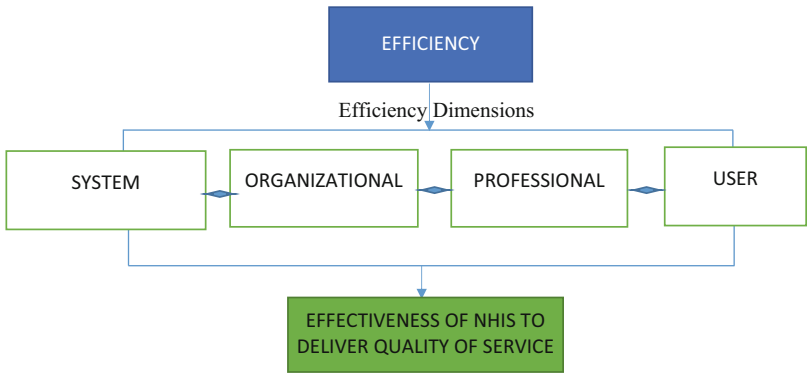


**Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective, Fig. 1** How to make efficiency work for the NHIS: a conceptual model for the NHIA

## How the National Health Insurance Scheme in Ghana Achieved Efficiency: Evidence From the Wa Municipality

As many foregoing literature have underscored inefficiency in health insurance schemes as practiced, Table 1, herein presents a comparative efficiency result among the Wa Municipal Health Insurance Authority (Wa MHIA), healthcare providers and insured persons in the Wa Municipality of Ghana.

In Table 1, it is confirmed that Ghana's health insurance policy was efficient based on the efficacy levels assessed; i.e. the system (92%, Agreed), organizational (61%, Agreed), professional (69%, Agreed) and user (54%, Agreed) of mean-totals in percent, adjudged between the authority (Wa MHIA) and healthcare providers but to many insured persons, they were "uncertain" because they had little knowledge concerning how the policy supposed to operate.

## Determinants of Administrative Failure to Ensure Policy Efficiency for Health Insurance

Herein in Table 2, administrative failure of NHIS took it locus to ask whether the policy generally is efficient, made funds available to healthcare providers, practiced trustworthiness and loyalty towards other stakeholders. Table 2, has some statistics to that effect in the Wa Municipality of Ghana.

From Table 2, it was unanimously clear that; the NHIS is generally efficient but the controversies surrounding its efficiency is based on administrative failures to include; government delay to reimburse healthcare providers for their services, doubts of trustworthiness and loyalty among authorities, and insufficient space to review its drugs basket to enable providers provide quality of care to the insured. This, confirmed World Bank (1992) assertion of why health insurance policies are inefficient in the long-run and Ghana's case is no exception. Because, it was confirmed that; in the Upper West Region the government debt toll to healthcare providers as at the end of 2015 was **GHS19 million** (Bank of Ghana exchange rate as of March 22, 2017 was, 1 USD = GHS 4.48) of which the Regional hospital alone is owed **GHS4 million**. This explained why quality of service was poor and additional cost [on drugs] were shifted to the insured despite many were covered in the policy.

## Collaboration Between Authorities and Stakeholders to Ensure Efficiency of NHIS

From Fig. 1, it is essential that authorities and stakeholders work in consonance in policy deliberations and dialogue to ensure the efficacy of the NHIS. Table 3, presents data gathered from field:

Also, in Table 3, it was confirmed again that collaboration between the Wa MHIA and health providers did not fit well the insured. Despite collaboration being "good" between the Wa MHIA and healthcare providers, insured persons were not well engaged with appropriate measures as compared to other stakeholders. This affected deliberations and policy dialogue among stakeholders for efficiency of the policy.

Therefore, from the foregoing, it can be said that the inefficiencies in health insurance policies are based on administrative failures. Indicating that, if not taken into consideration, the long-run effect of health insurance policies will always become forfeited to the short-term gains due to high demand of healthcare from its populace outweighing what government can contain.

## Conclusion

In determining whether the NHIS is efficient or there were administrative failures making the policy inefficient, the chapter confirmed that the NHIS in a way is efficient but its administrative failures were what entangles controversies in the field of debate. This, the administrative failures were blamed on several factors to include; delays in reimbursing healthcare providers and therefore possibly raised issues of doubts of trustworthiness

**Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective, Table 1** Determining the efficiency of national health insurance scheme from the Wa municipality of Ghana

| Levels | Narrations | Stratified sampled groups responses | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Wa MHIA | Healthcare providers | | | Insured persons | | |
| | | | *Agree* | *Not Sure* | *Disagree* | *Agree* | *Not Sure* | ***Disagree*** |
| **System** | The legislative instrument that established the NHIS is effective to serving it purpose | "Agreed" | 30 | 2 | 0 | 22 | 365 | 2 |
| | | | 94% | 6% | 0% | 5% | 94% | 1% |
| | NHIA have well competent inspectorate team & systems to monitor and ensure effectiveness of the scheme | "Agreed" | 31 | 1 | 0 | 26 | 361 | 2 |
| | | | 97% | 3% | 0% | 6% | 93% | 1% |
| | Accreditation & certification of healthcare providers follows regulation / L.I directives | "Agreed" | 31 | 1 | 0 | 52 | 331 | 6 |
| | | | 97% | 3% | 0% | 13% | 85% | 2% |
| | The NHIA follows accordance with the National Standards & Guidelines in its duties | "Agreed" | 26 | 6 | 0 | 24 | 355 | 10 |
| | | | 81% | 19% | 0% | 6% | 91% | 3% |
| | **Mean – Total (%)** | | 92% | 8% | 0% | 8% | 91% | 2% |
| **Organizational** | NHIA have quality management system & audit to check efficiency & effectiveness of NHIS | "Agreed" | 26 | 1 | 5 | 30 | 349 | 10 |
| | | | 81% | 3% | 16% | 7% | 90% | 3% |
| | NHIA have set benchmarking, monitoring and performance indicators to ensure efficacy & improve the well – being of the insured | "Agreed" | 26 | 6 | 0 | 230 | 141 | 18 |
| | | | 81% | 19% | 0% | 59% | 36% | 5% |
| | NHIA have improvement measures & processes in place to speed up disbursement of claims of healthcare providers | "Agreed" | 6 | 10 | 16 | 28 | 353 | 8 |
| | | | 19% | 31% | 50% | 7% | 91% | 2% |
| | NHIA have improvement measures & processes in place to ensure efficacy in healthcare delivery of the insured | "Agreed" | 20 | 6 | 6 | 321 | 56 | 12 |
| | | | 62% | 19% | 19% | 83% | 14% | 3% |
| | **Mean - Total (%)** | | 61% | 18% | 21% | 39% | 58% | 3% |
| **Professional** | The NHIA have professional profile/new professionals and their roles spell – out to ensure efficacy of NHIS. | "Agreed" | 22 | 10 | 0 | 56 | 333 | 0 |
| | | | 69% | 31% | 0% | 14% | 86% | 0% |

(continued)

**Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective, Table 1** (continued)

| Levels | Narrations | Stratified sampled groups responses | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Wa MHIA | Healthcare providers | | | Insured persons | | |
| | | | *Agree* | *Not Sure* | *Disagree* | *Agree* | *Not Sure* | ***Disagree*** |
| | The NHIA have improved their structures to ensure sound accreditation of healthcare providers | "Agreed" | 30 | 2 | 0 | 21 | 362 | 6 |
| | | | 94% | 6% | 0% | 5% | 93% | 2% |
| | The NHIA have improved their structures to ensure swift registration of clients | "Agreed" | 15 | 6 | 11 | 219 | 156 | 14 |
| | | | 47% | 19% | 34% | 56% | 40% | 4% |
| | The NHIA have improved their structures to ensure swift communication and information sharing with healthcare providers and the insured | "Agreed" | 21 | 5 | 6 | 34 | 321 | 34 |
| | | | 66% | 15% | 19% | 9% | 82% | 9% |
| | **Mean – Total (%)** | | 69% | 18% | 13% | 21% | 75% | 4% |
| **User** | The NHIA give informed consent & shared decision making choice to the insured in choosing their primary healthcare provider | "Agreed" | 21 | 1 | 10 | 193 | 192 | 4 |
| | | | 66% | 3% | 31% | 50% | 49% | 1% |
| | The insured person receives client satisfaction regards their healthcare from MHIA and healthcare providers | "Not sure" | 11 | 21 | 0 | 310 | 36 | 43 |
| | | | 34% | 66% | 0% | 80% | 9% | 11% |
| | The insured persons are often given the required information if need be in seek of healthcare | "Agreed" | 26 | 1 | 5 | 72 | 198 | 125 |
| | | | 81% | 3% | 16% | 32% | 49% | 19% |
| | The insured persons are privy to information's regards the role of informal & non – formal care offered by NHIS | "Agreed" | 12 | 15 | 5 | 56 | 310 | 23 |
| | | | 37% | 47% | 16% | 14% | 80% | 6% |
| | **Mean – Total** | | 54% | 30% | 16% | 44% | 47% | 9% |

NB: Sample population: Wa MHIA (1), healthcare providers (32), and insured persons (389)
Source: Field survey; November, 2015

and loyalty among stakeholders, while insured patients were charged relative additional cost for drugs which hitherto were provided by the scheme. Because, government was highly indebted to healthcare providers, thus, they provided poor quality of service leaving the poor to a dismay health status.

Therefore, whether inefficient delivery systems or not, the driving up of health expenditure due to the cost of porous healthcare to unprecedented

**Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective, Table 2** Determinants of administrative failure to ensure policy efficiency of health insurance

| Determinants of administrative failure | Wa MHIA | Stratified sampled groups responses | | | | | |
|---|---|---|---|---|---|---|---|
| | | Healthcare providers | | | Insured persons | | |
| | | *Yes* | *No* | *Not Sure* | *Yes* | *No* | *Not Sure* |
| The NHIS is generally efficient to improve healthcare delivery | "Yes" | 22 | 0 | 10 | 185 | 52 | 153 |
| | | 69% | 0% | 31% | 47% | 13% | 39% |
| Delay of disbursement of claims to providers challenged the effectiveness of NHIS | "Yes" | 32 | 0 | 0 | 123 | 17 | 249 |
| | | 100% | 0% | 0% | 32% | 4% | 64% |
| Is there trustworthiness between NHIA, healthcare providers and the insured persons | "Not sure" | 21 | 1 | 10 | 20 | 89 | 280 |
| | | 66% | 3% | 31% | 5% | 23% | 72% |
| Is there a challenge of widening drugs basket to improve healthcare to the insured | "Not sure" | 11 | 5 | 16 | 23 | 54 | 312 |
| | | 34% | 16 | 50% | 6% | 14% | 80% |
| Is there loyalty between NHIA, healthcare providers and the insured persons | "Yes" | 2 | 30 | 0 | 380 | 9 | 0 |
| | | 6% | 94% | 0% | 98% | 2% | 0% |

NB: Sample population: Wa MHIA (1), healthcare providers (32), and insured persons (389)
Source: Field survey; November, 2015

**Administrative Efficiency and Policy Failure: The National Health Insurance Scheme of Ghana in Perspective, Table 3** Collaboration between Wa MHIA and healthcare providers to fit well the insured

| Narrations | Wa MHIA | Stratified sampled groups responses | | | | | |
|---|---|---|---|---|---|---|---|
| | | Healthcare providers | | | Insured persons | | |
| | | *Yes* | *No* | *Not Sure* | *Yes* | *No* | *Not Sure* |
| There exist collaboration between NHIA, healthcare providers and the insured persons | "Yes" | 30 | 1 | 1 | 155 | 68 | 166 |
| | | 94% | 3% | 3% | 40% | 17% | 43% |
| They exist channel to deal with complaints interchangeably between NHIA, healthcare providers and the insured persons | "Yes" | 32 | 0 | 0 | 179 | 22 | 188 |
| | | 100% | 0% | 0% | 46% | 6% | 48% |
| Key actors/players (NHIA, providers and the insured) are aware of channel | "Yes" | 27 | 0 | 5 | 157 | 14 | 9 |
| | | 84% | 0% | 16% | 40% | 4% | 2% |

NB: Sample population: Wa MHIA (1), healthcare providers (32), and insured persons (389)
Source: Field survey; November, 2015

levels. The burden of health care costs on the country as a whole will continue to grow unless and until policymakers alter the efficiency or efficacy of our health care systems. For these reasons and more, it is believed that it is essential that policymakers take action to restrain administrative failures when implementing policies.

## References

Addae-Korankye A (2013) Challenges of financing health care in Ghana: the case of national health insurance scheme (NHIS). Int J Asian Soc Sci 3(2):511–522. Journal homepage: http://www.aessweb.com/journal-detail.php?id=5007

Akazili J, Welaga P, Bawah A, Achana FS, Oduro A, Awoonor-Williams JKW, Williams JE, Aikins M, Phillips JF (2014) Is Ghana's pro-poor health insurance scheme really for the poor? Evidence from Northern Ghana. BMC Health Serv Res 14(637):1–9

Atinga RA (2011) Healthcare quality under the National Health Insurance Scheme in Ghana: perspectives from premium holders. Int J Quality Reliab Manage 29(2):144–161. https://doi.org/10.1108/02656711211199883

Boateng D, Awunyor-Vitor D (2013) Health insurance in Ghana: evaluation of policy holders' perceptions and factors influencing policy renewal in the Volta region. Int J Equity Health 12(50):1–10

Carrin G (2002) Social health insurance in developing countries: a continuing challenge. Int Soc Secur Rev 55(2):57
Dalinjong PA, Laar AS (2012) The national health insurance scheme: perceptions and experiences of health care providers and clients in two districts of Ghana. Heal Econ Rev 2:13. http://www.healthecono micsreview.com/content/2/1/13
Fatawu A, Kpelle M, Kukurah J-D, Sakara A (2014) Service quality in national health insurance scheme healthcare: a case study of Wa municipal national health insurance scheme in the upper west region of Ghana. Develop Country Stud 4(20):108–123
Fenny AP, Enemark U, Asante FA, Hansen KS (2014) patient satisfaction with primary health care – a comparison between the insured and non-insured under the national health insurance policy in Ghana. Global J Health Sci 6(4):1–13
Hsiao WC, Shaw PR (2007) Social health insurance for developing nations. World Bank, Washington, DC
Konrad Adenauer Foundation (1999) Alternative ways of funding health care: the role of stakeholders in promoting sustainable community health insurance. Accra
Lagarde M, Palmer N (2006) The impact of health financing strategies on access to health services in low and middle income countries (Protocol). Cochrane Database of Systematic Reviews, vol 3. John Wiley & Sons
Masango L, Oren JN, Elovainio R, Kirigia J (2012) Moving from ideas to action – developing health financing systems towards universal coverage in Africa. BMC Int Health Hum Rights 12(30):1–11
McPake B, Brikci N, Cometto G, Schmidt A, Araujo E (2011) Removing user fees: learning from international experience to support the process. Health Policy Plan 26:104–117
National Health Insurance Authority (2010) Annual Report, 2009, National Health Insurance Authority, Accra. http://www.nhis.gov.gh/_Uploads/dbsAttachedFiles/1(1).pdf. Accessed 08 May 2015
Nies H, Leichsenring K, Veen R, Rodrigues R, Gobet P, Holdsworth LS, Mak E, Durrett H, Repetti M, Naiditch M, Hammar T, Mikkola H, Finne-Soveri H, Hujanen T, Carretero S, Cordero L, Ferrando M, Emilsson T, Ljunggren G, D'Santo P, Ceruzzi F, Turk E (2010) Quality management and quality assurance in long-term care. European Overview Paper. Utrecht/Vienna. Funded by the European Commission under the Seventh Framework Programme Grant agreement no. 223037
Norton A, Conway T, Foster M (2001) Social protection concepts and approaches: implications for policy and practice in international development. Working Paper 143. Centre for Aid and Public Expenditure. Overseas Development Institute, 111 Westminster Bridge Road London SE1 7JD UK
Oxfam International (2011) Achieving a shared goal: free universal health care in Ghana. Oxfam International, England, Wales and Scotland
Seddoh A, Adjei S, Nazzar A (2011) Ghana's National Health Insurance Scheme: views on progress, observations and commentary. Accra
Social Security Advisory Board of Trustees (SSABT) (2009) The unsustainable cost of health care. The September 2009 annual report. Washington, DC, USA
WHO (2005) Sustainable health financing, universal coverage, and social health insurance. Geneve
World Bank (1992) Financing health services in developing countries: an agenda for reform. The World Bank, Washington, DC
World Bank (2013) Africa health financing forum: finance and capacity for results. The World Bank, Washington, DC

A

## Administrative Ethics

Steven G. Koven
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

### Synonyms

Administrative ethos; Administrative integrity; Administrative morality; Codes of conduct

### Introduction

Texts that specifically address the question of ethics in the public sector identify a three-legged stool that focuses on the (1) consequences of action (utilitarianism), (2) inherent rightness or wrongness of actions (deontology), and (3) role of one's character (virtue) (Geuras and Garofalo 2005; Koven 2015; Svara 2015). These guides to behavior are discussed below as well as specific efforts to define ethics through formal codes.

### Utilitarianism

The philosophical theory of utilitarianism asserts that the worth of an action is determined solely by the consequences or end results of the action. Ethical behavior and proper action are linked to attain the greatest good for the greatest number.

Two of the pioneer figures of utilitarianism Jeremy Bentham (1748–1832) and John Stuart Mill (1806–1873) proposed that communities could be guided by the principle of maximizing pleasure and minimizing pain. By maximizing pleasure and minimizing pain, the greatest good for the majority would be realized. Under this perspective, if an action produced an excess of beneficial effects over harmful ones, it would be deemed ethical. Bentham formulated a specific methodology (hedonic calculus) for assessing pleasure and pain. He contended that the main sources of pain and pleasure were physical, political, moral, and religious. Pleasures and pain were evaluated according to measures such as intensity, duration, certainty, nearness, likelihood of leading to other pleasures, likelihood of not leading to pain, and scope.

John Stuart Mill further refined Bentham's ideas and cast them in a more humane light. Mill defended utilitarianism against attacks which proposed that the philosophy was nothing more than hedonism or pleasure seeking. Mill contended that utilitarianism would not lead people to forget or neglect their responsibilities. His worldview of utilitarianism was consistent with a belief that a moral community could be established by creating pleasure and happiness for individuals. Government would contribute to happiness by respecting individual liberty. Similar to the idea that an aggregation of individual wealth would define the wealth of nations (postulated by Adam Smith in his 1776 treatise *Wealth of Nations*), Mill viewed free people as the building blocks of a good state. He proclaimed that the worth of a state could be measured by the combined value of those who comprise it. Mill applied his philosophy of utilitarianism by serving in the British parliament and advancing social changes that he believed would lead to greater pleasure and less pain.

Critics of utilitarianism, however, questioned its practical application noting that the constructs of happiness, pleasure, and pain were difficult to operationalize. Committing morally reprehensible actions in the name of some ambiguous greater good was also difficult to justify. Ethicists question why the utility of the many should justify unconscionable harm to the few and whether some actions were intrinsically wrong. Furthermore, critics argued that one cannot definitely predict outcomes, and assessments of utility may be biased to benefit those in power to the disadvantage of the powerless (Svara 2015, p. 75).

## Deontological Ethics

Deontology focuses on the concepts of duty and principle. This philosophical perspective posits that acts are morally right or wrong in themselves regardless of consequences. It postulates the existence of moral absolutes that make an action moral regardless of circumstances. Under the precepts of deontology, people are autonomous; they act according to rules that they assign to themselves. It is believed that people act independently and may not choose to follow social convention even if they are pressured by others. Some deontologists believe in the "divine command theory" that insists moral obligations arise from God. German philosopher Immanuel Kant (1724–1804) further advanced the deontological view that ethical actions are voluntarily taken in obedience to a moral law. Obedience to such a moral law is guided by one's inner conscience. Moral laws are defined as those that can be universally applied; they are derived from practical reason.

John Rawls (1921–2002), a more contemporary political theorist associated with the philosophy of deontology, focused his scholarship on principles that could promote equality and justice. Rawls proposed that people cannot be totally objective because they occupy different positions in life. He believed that knowledge of factors such as one's status, income, age, health, ethnicity, religion, and political persuasion impaired one's rationality and weakened the possibility that one could act impartially. In order to resolve this dilemma, people should move behind a "veil of ignorance" or become ignorant of the position one occupied in society; one would then occupy an "original position." Rawls believed it was possible to formulate policies for the greater good for society if one operated from the original position (Rawls 1971).

Rawls proposed that two principles of justice should emerge if everyone were ignorant of their position in society. First, equal basic liberties for all citizens would be provided. These liberties include rights such as freedom of religion, freedom of speech, freedom of the press, right to assembly, equal protection of the law, guarantees of due process of law, guarantees of just compensation for taking of private property, and protection from cruel and unusual punishment. Second, social and economic inequities would be tolerated only if the inequities also advantaged the least well-off members of the society. Adherence to both of these principles would guide behavior, reinforce a sense of duty in people, and compel action.

Critics of deontology philosophy identify contradictions between principles and a lack of ordering between principles. They deride a lack of specificity in terms of how principles are to be applied in given situations (Svara 2015, p. 71).

## Virtue Ethics

Virtue ethics qualitatively differs from the other ethical frameworks in its focus on the role of one's character and the virtues that one's character embodies for determining ethical behavior. Virtue ethics or character ethics identifies with the nature of the person as a whole. Virtue theorists contend that developing morally desirable virtues for their own sake will aid in the decision to choose moral actions when such decisions are required. It is believed that virtuous individuals will choose noble behavior and shun ignoble behavior. Emphasis is placed on the value of good character in contrast to the value of obeying principles (deontology) or assessing the consequences of action (utilitarianism). The basic assumption of virtue ethics is that virtuous people will act ethically (Cooper 2004, p. 398).

Virtue ethics is by no means a new guide for behavior. It dates at least as far back as the time of the ancient Greek philosopher Aristotle (384 B.C–322 B.C). Aristotle and other Greeks had a profound influence on America's founders who highlighted virtue as a prerequisite for good government. For example, Madison noted that without virtue there was no theoretical check that could render citizens secure. Scholars speculate that America's founding fathers may even have been more comfortable with the virtue-centered ethics of character than the law-centered paradigm of duty (Hart 1984).

The study of virtue ethics faded in the West since the medieval period but enjoyed a revival of interest in the late twentieth century. The resurgence of interest is largely attributed to Alasdair MacIntyre who associated virtue with "internal goods" defined as all the good things that come from engaging in a practice (such as internal satisfaction, social bonding, advancement of what is considered excellent within the practice domain). In contrast, "external goods," such as money, power, and social status, are awarded by institutions. External goods are objects of competition, while internal goods are derived from cooperative practice (MacIntyre 1984, p. 190).

For MacIntyre, the modern focus on external goods does not encourage virtuous behavior. He contends that politics should concern itself with promoting internal goods. MacIntyre advanced the view that people should work together for a common good; they should work in cooperation to promote virtue and justice. This could occur within smaller communities where citizens have an ongoing role in setting laws and policy. These polities could enable citizens to judge political candidates on the basis of their actual character rather than through the distortions of advertising and the manipulation of propaganda. MacIntyre concludes that virtue is lacking in modern politics since people do not work together for a common good and do not work together to achieve justice.

Contemporary ethics scholars such as David Hart emphasized the need for moral trustworthiness of citizens. He contended that morality was a much stronger basis of governing than formal administrative structures. The virtuous citizen must critically examine assumptions, believe in the truth of American regime values, act as an independent agent in defense of regime values, and understand the nature and practice of civility (Hart 1984, pp. 114–116).

Other authors have also contributed to our contemporary understanding of virtue ethics.

Prominent among them is Michael Josephson, founder of a nonprofit organization that has trained government officials, corporate officers, Olympic athletes, and millions of schoolchildren in ethical decision making. Josephson denotes six pillars of character: (1) truthfulness (comprising honesty, integrity, reliability, and loyalty), (2) respect (comprising civility, dignity, and tolerance), (3) responsibility (comprising accountability, pursuit of excellence, and self-restraint), (4) fairness (including civility, dignity, and tolerance), (5) caring (consisting of benevolence), and (6) citizenship (duties that prescribe how one should behave as part of a community) (Josephson 2006).

Virtue ethics is not without its critics. Critics deride the possible use of virtuous qualities for dubious ends. For example, one may employ the character traits of industriousness in the pursuit of malevolence goals. One might believe in self-righteous fervor that one is virtuous while engaging in questionable conduct. History is plagued with cases of actors who believed they were ethical and virtuous while engaging in horrendous acts. The 9/11 attack on the World Trade Center is a recent example of actors who consider themselves to be highly ethical in their allegiance to religious dogma. In the name of virtue 9/11 attackers committed violence against innocents, striking out against those associated with a system they believed to be sinful.

Philosophy provides aids in defining right or wrong behavior. These aids, however, may not hold practical relevance for public sector workers who must make discretionary decisions every day in their jobs. In an effort to provide more practical guides for behavior, codes of ethics for public sector employees have been established.

## Codes of Ethics

Codes of ethics have been promulgated in an effort to establish greater ethical clarity. In 1924 the International City/County Management Association (ICMA) adopted a code that highlighted principles such as effectiveness, social responsibility, integrity, public interest, exclusion from political activities, competence in management techniques, courteous service, neutrality, fairness, diversity, and use of confidential information. More detailed guidelines accompanied principles. Guidelines address behavior such as accepting gifts, investments that conflict with official duties, private employment, and endorsing commercial products. Additionally, parameters for behavior were established with respect to conflicts of interest, running for office, self-assessment, and discrimination. The ICMA also promotes ethical conduct through its training programs, publications, technical assistance, and advice to members.

Following the lead of the ICMA, a Code of Ethics was adopted by The American Society for Public Administration (ASPA) in1984. ASPA's code was revised in 1994 and a new version was accepted in 2013. The 2013 code focused on eight core principles (Svara 2014, p. 564). Its core principles include: (1) advancing the public interest, (2) upholding the constitution and the law, (3) promoting democratic participation, (4) strengthening social equity, (5) fully informing and advising, (6) demonstrating personal integrity, (7) promoting ethical organizations, and (8) advancing professional excellence. The code affirmed ASPA's responsibility to develop the spirit of responsible professionalism within its membership and to increase commitment to ethical principles.

Codes of ethics are viewed as a useful step forward. Various scholars have praised codes of ethics for their ability to specify acceptable and unacceptable behavior in a profession, express expectations of behavior, and inform people outside the profession about what they can and should expect.

## Conclusions

The scholarly literature on administrative ethics is diffuse. Laundry lists of laudatory characteristics and prescriptions are often presented as heuristic models for proper behavior. Transcendent rights and wrongs are posited; consequences are assessed. These theoretical guides, however, may not be of great value for "street level"

bureaucrats who continuously face ethical questions at the margins. Theories only offer idealized visions of good behavior. They do not specifically answer the practical question of what to do when confronted with an array of ethical choices under stressful conditions.

Codes of ethics form a basic guide for behavior in organizations. These guides are enforced or not enforced within organizational contexts and standard operating procedures that have been adopted over time. Exhortations about the public good and public stewardship abound, yet consensus appears to be lacking on the precise parameters of acceptable behavior for public officials. To break away from the perception of administrative ethics as a utopian pursuit grounded in philosophy ethics research must provide greater clarity and practical value to public servants as well as to a disillusioned and cynical citizenry.

## Cross-References


- ▶ Administrative Theory of Ethics
- ▶ Code of Ethics
- ▶ Ethical Leaders
- ▶ Ethics and Duty
- ▶ Integrity in the Public Service
- ▶ Kantian Ethics
- ▶ Utilitarianism


## References


Cooper TL (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 64:4

Geuras D, Garofalo C (2005) Practical ethics in public administration, 2nd edn. Management Concepts, Vienna

Hart DK (1984) The virtuous citizen, the honorable bureaucrat and 'public' administration. Public Adm Rev 44

Josephson M (2006) The six pillars of character. In: West J, Berman E (eds) The ethics edge, 2nd edn. ICMA Press, Washington, DC, pp 11–17

Koven SG (2015) Public sector ethics: theory and applications. CRC Press, Boca Raton

MacIntyre A (1984) After virtue, 2nd edn. University of Notre Dame Press, Notre Dame

Rawls J (1971) A theory of justice. Belknap Press, Cambridge, MA

Svara J (2014) Who are the keepers of the code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74:5

Svara J (2015) The ethics primer for public administrators in government and nonprofit organizations, 2nd edn. Jones & Bartlett Learning, Burlington


A

# Administrative Evil


Danny Balfour[1] and Haris Alibašić[2]

[1]Grand Valley State University, Grand Rapids, MI, USA

[2]University of West Florida, Pensacola, FL, USA


## Synonyms

Bureaucracy; Ethics

## Administrative Evil and the Holocaust

In *Unmasking Administrative Evil*, Adams and Balfour (1998, 2015) develop the concept of administrative evil in connection with the genocide perpetrated by Nazi Germany during World War II. While the evil – the pain, suffering, and death – that was inflicted on millions of Jews and others in the Holocaust was so horrific as to almost defy comprehension, it can be understood as facilitated by administrative evil. The administrative evil of the Holocaust is now unmasked (although much of it was masked at the time), and it can now be recognized as an instance of administrative evil because "the Nazis did it" and because it occurred well over 70 years ago. The Holocaust occurred in a modernized society and in a culture dominated by technical rationality and largely within and by organizational roles driven by legitimated public policy. While the Holocaust was horrific and arguably without precedent in human history, ordinary Germans fulfilling conventional administrative roles carried out extraordinary destruction in ways that had been successfully packaged as socially normal and appropriate.

While, understandably, history has focused on Hitler and his henchmen, the brutality of the

SS, the Gestapo, and infamous concentration camp doctors and guards, much less attention has focused on the thousands of public and business administrators such as those in the Finance Ministry who engaged in confiscations, the armament inspectors who organized forced labor, municipal authorities who helped create and maintain ghettos and death camps throughout Germany and Eastern Europe, corporations that profited from slave labor, and women who served in roles from secretaries to concentration camp staff members (Kaplan 1998; Allen 2002; Hayes 2004; Lower 2013). Genocide was often carried out in ways that were procedurally indistinguishable from any other modern organizational process. Great attention was given to precise definition, to detailed regulations, to legal compliance, and to record keeping, adhering to the modern, technical-rational approach to public service in every aspect. Many administrators directly responsible for the Holocaust were, from the technical-rational perspective, effective and responsible administrators who employed administrative discretion to both influence and carry out the directives of their superiors. Professionals and administrators such as Eichmann, Speer, and Arthur Rudolph diligently obeyed orders, followed proper procedures, and were even sometimes innovative and creative while carrying out their assigned tasks in an efficient and effective manner. Ironically, even the SS was very concerned about corruption in its ranks and with strict conformance to the professional norms of its order (Sofsky 1997).

Even within the morally inverted universe created by the Nazis, professionals and administrators performed their duties within a framework of ethics and responsibility that conformed to the norms of technical rationality. Hilberg (1989) pointed out that the professionals were "everywhere" in the Holocaust. Lawyers, physicians, engineers, planners, military professionals, and accountants applied their professional skills to the destruction of the Jews and other so-called undesirables. Scientific experiments were devised that dehumanized and murdered innocent human beings, showing the moral vacuity of the modern model of professionalism, while the vast majority of those who participated in the Holocaust were never punished, and many were placed in responsible positions in postwar West German government or industry as well as in NASA and other public and private organizations in the United States. The need for "good" and reliable managers to rebuild the German economy, and to develop key technologies such as in the American rocket program, outweighed any consideration of the reprehensible activities in which they were complicit.

Given what is now known about the Holocaust and how it was implemented, all professionals involved in public life should be vigilant towards the possibility of administrative evil. For example, the role of the professional civil service and public bureaucracy in the Holocaust should lead the field of public affairs to reconsider Woodrow Wilson's (1887: 220) classic formulation of the politics/administration dichotomy and his conclusion that, "By keeping this distinction in view, that is, by studying administration as a means of putting our own politics into convenient practice . . . we are on perfectly safe ground," which he wrote at the end of the nineteenth century before the horrors of the two world wars. Recognizing the role of administrative evil in the Holocaust makes it difficult to maintain that public servants, in whatever political or administrative context, can find a safe ground, because the public service, whether aware of it or not, facilitated genocide at every stage. As the "final solution" evolved, no part of modern professionalism – education, expertise, ethical standards, scientific methods, bureaucratic procedures, accountability to elected or appointed officials – could prevent or resist the genocide of the Jews. Public servants were both willing and helpless in the face of great evil. This remains true today, because administrative evil wears a mask. Thus all professionals in public life – scholars, students, and practitioners alike – need to reflect on the possibility that their technical-rational ethical standards and professional training may not adequately address the potential for administrative evil.

## Public Service Ethics and Administrative Evil

The concept of administrative evil relies on the premise that evil – when defined as behavior that inflicts pain, suffering, and even death on innocent victims – is an essential concept for understanding the human condition and specific ethical issues, including those in public affairs and administration. Administrative evil can be distinguished from other manifestations of evil and ethical failures because its appearance is *masked*, meaning that people can engage in acts of evil unaware that they are in fact doing anything at all wrong (Adams and Balfour 2015). Indeed, ordinary administrators may simply act appropriately in their organizational role, doing what those around them would agree they should be doing – and at the same time, participate in or contribute to what a critical and reasonable observer, usually after the fact, would identify as morally wrong and even evil. In the case of *moral inversion*, when something evil has been redefined convincingly as good, ordinary people can engage in acts of administrative evil while believing that what they are doing is not only procedurally correct, but in fact, good or ethical.

The mask of administrative evil results from four characteristics of modern society. One is the modern inclination to *unname*, or deny, the utility of the concept of evil, a premodern concept that does not resonate with the scientific-analytic mindset. The second is found in the structure of modern, bureaucratic organizations, which diffuses individual responsibility and requires the compartmentalized accomplishment of role expectations in order to perform duties on a daily basis. The third characteristic is found in how the modern culture of technical rationality – a way of thinking and living that elevates the scientific-analytical mindset and the belief in technological progress over all other forms of rationality – has analytically limited the framework for formulating and implementing public policy, so that moral inversions are now more likely. And the fourth is the ongoing production of "surplus populations," that is, large numbers of people who are denied the basic rights and protections of citizenship in a stable political entity.

During the twentieth century, the Holocaust and other eruptions of evil and administrative evil (such as the genocides in Bosnia and Kosovo) showed that the assumptions and standards for ethical behavior in modern, technical-rational systems often failed to prevent or mitigate evil in either its subtle or its more obvious forms. Conventional public service and business ethics – and professional ethics more generally – in the technical-rational tradition draw upon both teleological and deontological ethics and focus on the individual's decision-making process in the modern, bureaucratic organization and as a member of a profession. In the public sphere, deontological ethics serve to safeguard the integrity of the organization by helping individuals conform to professional norms, avoid mistakes and misdeeds that violate the public trust (corruption, nepotism, etc.), and assure the accountability of public officials in a constitutional republic. At the same time, public servants are encouraged to pursue the greater good by using discretion in the application of rules and regulations and creativity in the face of changing conditions (utilitarian ethics). The "good" public servant should avoid both the extremes of rule-bound behavior and the undermining of the rule of law with individual judgments and interests. Public servants operate within a partly tacit mix of different ethical orientations, with the mix often shifting from one situation to the next. Public (and private) organizations depend on at least this level of ethical judgment in order to function efficiently and effectively and to maintain public confidence in government (and business). At the same time, these ethical standards of an organization or profession are only safeguards, not fail-safes, against unethical behavior and administrative evil. Nor do they necessarily help individuals to resolve tough moral dilemmas that are often characterized by ambiguity and paradox in rapidly changing times.

The historical record suggests that the individual conscience is very weak relative to that of legitimated authority in modern organizations and social structures more generally, and that conventional ethical standards do too little to limit the potential for wrongdoing and even evil in modern organizations. And, despite the extensive

literature on public service ethics, there is little recognition of the most fundamental ethical challenge to the professional within a technical-rational culture: one can be a "good" or responsible administrator or professional and at the same time commit or contribute to acts of administrative evil. Administrative evil warns that individual administrators and professionals, far from resisting administrative evil, are most likely to be either helpless victims or willing accomplices. The ethical framework within a technical-rational system posits the primacy of an abstract, utility-maximizing individual while binding professionals to organizations in ways that make them reliable conduits for the dictates of legitimate authority (Vanderburg 2000), which is no less legitimate when it happens to be pursuing evil policies or practices. An ethical system that allows an individual to be seen as an effective or even good administrator or professional while committing acts or contributing to acts of evil is thus lacking in moral content, or even morally perverse. When administrative evil can be unmasked and understood, public servants should question the notion that ethical behavior always means following procedures and doing things the right or acceptable way. Norms of legality, efficiency, and effectiveness – however "professional" they may be – do not necessarily promote or protect the well-being of individuals, especially that of society's most vulnerable members. Further, new patterns of institutional and public corruption in the twenty-first century, from the prison of Abu Ghraib to institutions on Wall Street and global refugee crises, create conditions that seem likely to increase instances of administrative evil.

## Critical Perspectives on Administrative Evil

Not everyone agrees that administrative evil belongs in the lexicon of public affairs and administrative ethics. Dubnick (2000) offered a critique grounded in the positivist tradition of research that takes a dim view of nonscientific concepts such as evil and of research that does not conform to the standards of empiricism (in effect, a defense of the primacy of technical-rationality). Frederickson (2012) argued that a focus on administrative evil detracts from the good that is done by public servants and institutions and that a useful framework for public service ethics needs to be built upon what should be done rather than on what should not be done, and exceptional events like the Holocaust, so that public administration can fulfill its vital role in society: "A preoccupation with evil diverts public administration from these challenges and does little to elevate public service."

Moreno-Riano (2001) employs the theoretical perspective of Eric Voegelin to question whether technical rationality is the primary causal factor for administrative evil, arguing that both are the result of modern civilization's failure to take seriously metaphysical questions of existence, freedom, and human dignity as important dimensions of organizational reality. Likewise, the literature on organizational spirituality (Garcia-Zamor 2003) seeks to bring such considerations into the forefront in workplaces as an antidote to evil and the basis for more ethical and humane organizations. Other recent literature broadens the application of the concept of administrative evil to more specific settings, including organizational culture, power, and the professions (Jurkiewicz 2012).

## Conclusion

Perhaps the most important contribution of administrative evil to public affairs and administration can be found in expanding the boundaries of ethics with the realization that ethical failures sometimes consist of something other than failure to comply with the norms of technical-rational public policy and administrative practice, which are often simply assumed to be ethical. In this view, public administration certainly encompasses, but is not centered on, the use of sophisticated organizational and management techniques in the implementation of public policy and consists of more than how to progress as an "art, science, and profession." Practitioners and scholars of public affairs, and other related fields and professions, need to recognize that the

pathways to administrative evil, while sometimes built from the outside by seductive leaders, often emanate from within and can lead any professional down a surprisingly familiar route: from focusing on the job at hand, to a moral inversion, then to complicity in crimes against humanity. While the concept of administrative evil does not preclude the possibility of ethical organizations, it does suggest that public administrators must also, and primarily, cultivate a historical consciousness and awareness of surplus populations and the potential for evil on the part of the state and its agents: a societal role and identity infused not just with personal and professional ethics but also with a social and political conscious – a public ethics – that can see beyond the mask of administrative evil and refuse to act as its accomplice.

## References

Adams GB, Balfour DL (1998) Unmasking administrative evil. SAGE, Thousand Oaks
Adams GB, Balfour DL (2015) Unmasking administrative evil, 4th edn. Routledge, New York
Allen MT (2002) The business of genocide: the SS, slave labor, and the concentration camps. University of North Carolina Press, Chapel Hill
Dubnick M (2000) Spirited dialogue: the case for administrative evil: a critique. Public Adm Rev 60(5): 464–482
Frederickson GH (2012) Evil in public administration: a contrary perspective. In: Jurkiewicz C (ed) The foundations of organizational evil. M.E. Sharpe, Armonk
Garcia-Zamor JC (2003) Workplace spirituality and organizational performance. Public Adm Rev 63(3): 355–363
Hayes P (2004) From cooperation to complicity: Degussa in the Third Reich. Cambridge University Press, New York
Hilberg R (1989) The bureaucracy of annihilation. In: Furet F (ed) Unanswered questions: Nazi Germany and the genocide of the Jews. Schocken Books, New York
Jurkiewicz C (ed) (2012) The foundations of organizational evil. M.E. Sharpe, Armonk
Kaplan M (1998) Between dignity and despair: Jewish life in Nazi German. University of Oxford Press, Oxford
Lower W (2013) Hitler's Furies: German women in the Nazi killing fields. Houghton\Mifflin Harcourt, New York
Moreno-Riano G (2001) The etiology of administrative evil: Eric Voegelin and the unconsciousness of modernity. Am Rev Public Adm 31(3):296–312
Sofsky W (1997) The order of terror: the concentration camp. Princeton University Press, Princeton
Vanderburg WH (2000) The Labyrinth of technology. University of Toronto Press, Toronto
Wilson W (1887) The study of administration. Pol Sci Q 2: 197–222

A

# Administrative Hearing

Gardenia Harris
Illinois State University, Normal, IL, USA

## Synonyms

Adjudications; Adjudicatory hearings; Adjudicatory proceedings; Evidentiary hearings; Formal adjudications; Trial-type hearings

## Definition

Administrative hearings are trial-like procedures federal and state administrative agencies use to adjudicate disputes between government agencies and the general public. The outcomes of administrative hearings, "administrative orders," resolve disputed facts, apply agency policies to individuals' and businesses' circumstances, determine policy in regard to a specific factual setting, and order compliance with laws and regulations (West's Encyclopedia of American Law 1998).

## Introduction

Administrative agencies conduct most of their work through informal procedures, such as handling applications for government benefits or processing tax returns. However, anyone who objects to an administrative agency's informal decision can request an administrative hearing. For example, people who feel agency standards are unclear or a decision violates their rights are entitled to have their objections heard before an administrative agency tribunal. Furthermore, if they are not satisfied with the outcome of the administrative hearing,

the decision can be appealed to the agency head, review board, or commission or challenged in court, a process known as "judicial review" (West's Encyclopedia of American Law 1998).

## The Administrative Procedure Act of 1946

The Administrative Procedure Act (APA) (5 U.S.C.A §§ 551–706) imposes uniform procedural requirements on most federal agencies and requires agencies to separate the judicial function from other administrative functions, including rulemaking. The APA provides the default procedures agencies must follow, including those for conducting administrative hearings – unless an agency's enabling statute requires other procedures (Cole and Shedd 2014). When the Congress stipulates in the enabling statute or elsewhere that an administrative adjudication must be formal, the agency must adhere to procedures outlined in the APA by holding trial-type hearings, known as "formal hearings." However, if the Congress has not specified that formal adjudications be used, agencies may hold "informal hearings." Informal hearings comprise a significant portion of administrative hearings (Mullins 2004). The APA does not prescribe specific procedures for informal hearings, but constitutional due process rights and the right of courts to overturn agency actions that abuse discretion, violate the law, or are arbitrary or capricious, establish minimum standards for such hearings (Gellhorn and Levin 2006; Goostree and Greenfield 2003).

Administrative hearings closely resemble court hearings. Like court hearings, administrative hearings are overseen by hearing officers who decide disputed issues with respect to specific parties, decide contested facts, apply the law to the facts, and conclude with an issuance of an order. However, administrative hearings differ from judicial hearings in several important ways. Administrative hearings often involve no adverse party; the applicant is the only party to the hearing with no one appearing on behalf of the agency to defend its denial of benefits or licensure. Also, unlike courtroom judges, the administrative hearing officer has a duty to assist the applicant in making his or her case (Funk and Seamon 2006). Civil and criminal courts embrace broader subject matter than administrative agency tribunals who concentrate on narrow activities such as benefits conferred by the government or a set of closely related economic activities. Finally, administrative courts mainly focus on assessing penalties for the violation of administrative or statutory regulations (Goostree and Greenfield 2003).

## Administrative Law Judges

Hearing officers who preside over formal hearings are called "administrative law judges" (ALJs), and hearing officers who preside over informal hearings are called "administrative judges" (AJs). Administrative law judges are appointed through a professional merit system based on their performance on a competitive examination and often their experience with a particular regulatory program (Gellhorn and Levin 2006). Although an employee of the agency, an administrative law judge is responsible for conducting formal proceedings, interpreting the law, applying agency regulations, and carrying out the policies of the agency in the course of administrative adjudications (Mullins 2004). Therefore, to ensure their ability to make fair and unbiased decisions, administrative law judges have statutory protections to ensure their independence. They are tenured employees who may not be assigned to perform duties inconsistent with their judicial functions (Gellhorn and Levin 2006). In addition, administrative law judges are not subject to most of the managerial controls which can be applied to other federal agency employees. For example, they are not subject to performance appraisals, and their compensation is determined by the recommendation of an independent agency, the Office of Personnel Management. Also, the agency can only take disciplinary action against an administrative law judge when good cause is established in proceedings before the Merit Systems Protection Board (Mullins 2004).

In instances where the APA does not apply or where statutes specify otherwise, informal

hearings are presided over by administrative judges who do not enjoy the same statutory protections as ALJs. However, agencies accord administrative judges a fair degree of independence and house them in independent organizations separate from the rest of the agency (Mullins 2004).

The powers of federal administrative law judges are defined in the APA, in the respective agency enabling acts, and in the procedural regulations promulgated by the agency. Thus, the specific duties of an ALJ vary widely among agencies (The Free Dictionary 2015). The APA authorizes administrative law judges to (a) administer oaths and affirmations, (b) issue subpoenas, (c) rule on offers of proof and receive relevant evidence, (d) take depositions or have depositions taken, (e) regulate the course of the hearing, (f) hold conferences for settlement or simplification of issues, (g) inform the parties about options for alternative dispute resolution and encourage its use, (h) require at least one representative for each party who has authority to negotiate resolutions of issues to attend any conference, (i) dispose of procedural requests or similar matters, (j) make or recommend decisions, and (k) take other actions authorized by agency rules consistent with the APA (Mullins 2004).

## Prehearing Procedures

Unlike most civil court cases, pretrial discovery, the opportunity for the respondents to discover the evidence against them, is not available for all administrative adjudications. Apart from the Freedom of Information Act, the APA contains no provisions relating to discovery against the agency, although it gives parities a limited right to obtain subpoenas against third parties. Likewise, many agencies enabling statutes fail to explicitly address discovery. Thus, some agency's procedures contain broad discovery provisions similar to those used in federal judicial courts, while others provide only limited opportunities for discovery. However, most formal administrative hearings are preceded by an investigation conducted by agency staff who are obligated to collect relevant information and evidence on behalf of all parties. If the investigation is thorough, it can serve as a proxy for discovery (Gellhorn and Levin 2006).

Administrative law judges prepare for prehearing conferences by reviewing the record to become familiar with the pleadings and the facts of the conference (Mullins 2004). During this phase, the hearing officer assesses the possibility of negotiating a settlement through alternative dispute resolution (ADR) techniques such as mediation or arbitration. In very simple cases, settlements can be negotiated during a conference call among all parties. More complex cases require an in-person prehearing conference during which the administrative law judges lay the groundwork for the hearing by identifying the issues and disputes to be resolved, arranging pretrial discovery (if it is available), establishing deadlines for the exchange of information and proposed evidence, and developing ground rules for the hearing. Regardless of the methods used, presiding officers prepare a transcript of the proceedings and a pretrial conference report with a list of parties who appeared, agreements reached, and rulings made. If pretrial discovery is available, in addition to requiring the parties to submit information, hearing officers may rely on subpoenas, dispositions, physical and mental examinations, etc., to obtain the information needed to decide the case (Mullins 2004).

The APA affords parties who appear for federal administrative hearings the right to notice of the hearing's date, time, and location, the statue involved, and the factual disputes to be decided (CQ Press 2012), the right to counsel, and the right to confront and cross-examine witnesses (The Free Dictionary 2015). The administrative law judge is responsible for providing timely notice to all parties with apparent interest in the case. Since administrative hearings may affect a broad spectrum of individuals and groups, in addition to contacting particular people, adequate notice may require the administrative law judge to contact industry representatives, professional associations, and other groups directly affected by the proceeding. Effective notice may require publication of notice in publicans that reach the

general public such as the *Federal Register*, trade journals, and media outlets (Mullins 2004).

## The Hearing

The procedures used to adjudicate claims or cases vary widely across agencies (West's Encyclopedia of American Law 1998), depending on whether the APA applies, the enabling statute, and agency procedures. Although many agency hearings follow an adversarial format, many administrative hearings, especially informal hearings, are not structured as adversary contests with presiding officers serve as referees. Hearings regarding welfare and benefit claims are often "inquisitorial" with the administrative judge questioning witnesses and eliciting relevant facts. In other situations, such as initial licensing cases, the administrative judge may simply certify a record that is then provided to agency heads and then issue a tentative decision subject to comment by the parties (Gellhorn and Levin 2006).

Formal administrative hearings resemble courtroom trials, are open to the public, and are conducted in an official manner (CQ Press 2012). Such hearings generally include the following elements:

(a) Convening the hearing – the administrative law judge convenes the hearing by announcing the title of the case and instructing the parties concerning the hearing format and procedures. Formal administrative hearings are recorded verbatim to ensure an accurate record (Mullins 2004).
(b) Opening statements – the complainant, often the agency, and respondent are represented by the counsel who establish the relief requested, provide an overview of the evidence and other relevant matters, and later introduce testimony and exhibits (Gellhorn and Levin 2006; Mullins 2004).
(c) Direct presentations – the parties present their cases in a predetermined order. Typically, the party with the burden of persuasion or proof makes the first presentation, followed by persons in support of his or her position. The opposing party and his or her supporters then present their case, followed by other interested parties (Gellhorn and Levin 2006).
(d) Cross-examination – the order of cross-examination is determined by the administrative law judge. Following the initial cross-examination by all adverse parties, redirect examination on matters brought out by the cross-examination occurs (Mullins 2004).
(e) Administrative law judge questioning – administrative law judges take a more active role in the hearings than courtroom judges because they are responsible for developing an accurate and complete record. To develop a complete record, the administrative law judge may actively question the parities and witnesses throughout the hearing. The administrative law judge identifies gaps in the record and insists they be filled. The administrative law judge also questions or cross-examines witnesses, calls additional witnesses when necessary, or raises important matters not covered adequately by the parties. Due to the administrative law judge's affirmative duty to try a case fairly, he or she may require the parties to provide additional oral or written information on germane issues or points or may even direct counsel to research a question of law and policy (Mullins 2004).
(f) Decision – the record is closed when the hearing ends. Each party then submits a memorandum to the administrative law judge and responds to the other side's presentations (CQ Press 2012). Unlike a trial, an administrative hearing has no jury; therefore, administrative law judges make both factual determinations and legal decisions based upon the evidence presented and the law governing the dispute (The Free Dictionary 2015).

Shortly following the hearing, the administrative law judge issues a decision, usually with written findings and a written opinion. This decision may be in the form of an administrative order that resolves a specific dispute

or violations of law (CQ Press 2012). An administrative law judge's decision may be either an initial or recommended decision. An initial decision becomes the final agency action, unless it is reviewed by an agency head or appeals board, while a recommended decision must be considered and acted upon by the agency leadership before it takes effect (Gellhorn and Levin 2006). Gellhorn and Levin (2006) note that if the proceedings involve routine application of settled principles to a particular fact situation, it is efficient to let administrative law judges' decisions become final without review by agency heads. However, when a proceeding is a "test case" to develop policy in an unsettled area, the use of a recommended decision assures that top administrators will review the decision and consider the policy implications of the case.

(g) Appeal – after the agency order has been served, the parities may appeal the decision to the agency review board or commission or the agency head. If the review uncovers omissions in the record, inappropriate procedures, insufficient evidence, or other inadequacies, frequently the case must be returned to the ALJ for correction or supplemental action (Mullins 2004).

After this review, the agency may adopt the administrative law judge's decision, reject it, or return it for further consideration. At this point, the agency's determination of the facts of the case is considered final (CQ Press 2012). However, the agency's decision is also subject to review by the courts. Courts can invalidate or return decisions that do not conform to agency procedures, rules for notice, evidence, or cross-examination or are based on insufficient evidence or other inadequacies (Funk and Seamon 2006; Mullins 2004).

## Conclusion

Annually, considerably more administrative hearings are held in the USA than courtroom trials. Administrative hearings are convened to adjudicate a wide swath of issues, ranging from individual claims for government benefits to disputes about what business mergers will violate antitrust rulings (The Free Dictionary 2015), giving them far-reaching influence over American life. Critics of the agency adjudication process, and administrative hearings in particular, argue that they violate core constitutional rights. Administrative hearings conducted by officers employed by the agency for which they adjudicate violate the constitutional principle of an independent judiciary. The current law allows agency heads and top administrators to rule on appeals for cases they initiated. Furthermore, critics challenge the notion that administrative law judges can be independent – even with the statutory protections Congress affords them. Furthermore, if people are not satisfied with the outcome of the administrative hearing, the decision can be appealed to the agency head, agency review board, or agency commission, or the decision can be challenged in court, a process known as "judicial review" (West's Encyclopedia of American Law 1998). The administrative judges who conduct informal hearings are often lower-level agency employees who lack the expertise and judicial experience needed to skillfully run hearings. Furthermore, administrative judges enjoy fewer protections than administrative law judges severely compromising their independence. Both types of judges are considered to operate under pressures that judges in the civil and criminal court systems would not tolerate. Suggested remedies for strengthening the administrative hearing process include shifting the administrative hearings back to the jurisdiction of Article III courts and adding additional procedures to the informal hearing process (Postell 2014).

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Administrative Procedure
- ▶ Constitutional Law and Public Administration
- ▶ Legislative Oversight of Bureaucracy
- ▶ Legislative Power

## References

Cole JP, Shedd DT (2014) Administrative law primer: statutory definitions of "Agency" and characteristics of agency independence. Congressional Research Service, Washington, DC, pp 1–16

CQ Press (2012) Federal regulatory directory: the essential guide to the history, organization, and impact of U.S. In: federal regulation, 15th edn. CQ Press, Thousand Oaks, pp 22–23

Funk WK, Seamon RH (2006) Administrative law: examples and explanations, 2nd edn. Aspen Publishers, New York

Gellhorn E, Levin RM (2006) Administrative law and process: in a nutshell, 5th edn. Thomson/West, St. Paul

Goostree RS, Greenfield K (2003) Administrative justice. Dictionary of american history: encyclopedia.com. The Gale Group. http://www.encyclopedia.com/doc/1G2-3401800039.html. Accessed 14 Dec 2015

Mullins ME (2004) Manual for administrative law judges. J Natl Assoc Adm Judges 23(Special Issue): v-157. http://digitalcommons.pepperdine.edu/naalj/vol23/iss3/1. Accessed 24 Mar 2016

Postell J (2014) Administrative adjudication: even worse than it looks? (Library of Law and Liberty, Liberty Fund. June 12, 2014), http://www.libertylawsite.org/2014/06/12/administrative-adjudication-even-worse-than-it-looks/. Accessed 30 Mar 2016

The Free Dictionary (2015) Administrative law and procedure. http://legal-dictionary.thefreedictionary.com/Administrative+Law+and+Procedure. Accessed 13 Dec 2015

West's Encyclopedia of American Law (1998) Administrative law and procedure, volume 1. A to award. West Publishing, Minneapolis, pp 78–83

# Administrative Intergovernmental Agreements, Russia

Ivan Leksin
School of Public Administration,
Lomonosov Moscow State University,
Moscow, Russia

## Synonyms

Administrative agreements between federal, regional, local governments; Intergovernmental agreements on public administration issues

## Definition

An administrative intergovernmental agreement is a negotiated arrangement between executive bodies and individual officials belonging to two or more governments within a country. Such a bilateral or multilateral document contains either legally binding or non-binding provisions devoted to public administration issues. Administrative nature of the discussed agreements manifests in three dimensions:

- Institutions and officials performing administrative functions act as the parties of the agreements.
- Execution of these functions is the primary matter of these agreements.
- The latter are usually subordinates to the legislative measures.

## Introduction

Russia belongs to a relatively small group of countries where administrative agreements have been being extensively used for shaping federal-regional, interregional, regional-municipal, and intermunicipal relations (see chapter ▶ "Multi-level Governance and Public Administration, Russia"). This can be explained by the fact that in Russia, executive bodies actually either dominate or have considerable political influence over legislative ones. However, unlike most countries noted for intensive usage of intergovernmental agreements, in Russia most of such agreements are considered to be legally binding. This feature makes intergovernmental agreement-making in the Russian Federation an attractive field for studies. It is also responsible for the fact that in Russia legal authors are most active in studying these agreements.

Scholars' activity in investigating the Russian practice of making administrative treaties and agreements peaked in the end of the twentieth century. That boost coincided with the intensive treaty-making aimed at the distribution of powers between federal and regional governments in

the 1990s. Hundreds of papers had been published at that time, including several monographs focused on the intergovernmental treaty-making (Demin 1998; Ivanov 1997; Leksin 1998).

In the beginning of this century, changes in the federal legislation regarding intergovernmental treaties and agreements gave an incentive to a new wave of publications on that issue. However, as the political significance of treaties in power-sharing has been fading away, the academic community started losing interest in studying this theme, although administrative agreement-making is still ongoing.

During the last decade, the scholars' interest in investigating this area has been coming down gradually. The recently published papers on the issues regarding intergovernmental treaties and agreements are mostly aimed at reviewing and recapitulating the prior publications (e.g., Bleshchik 2015; Chertkov and Kistrinova 2014; Krasnova and Pimenov 2011). Besides, a considerable number of published articles look like experts' reports rather than research papers (e.g., Cherepanov 2011; Zhdanov 2007). A gratifying exclusion is the sphere of local self-government that supplies researches with vast grounds for expatiations upon intermunicipal agreements (e.g., Shugrina 2008).

## Historical Background

In order to understand the present-day state of administrative agreement-making, as well as the scholars' estimations of this state, the past dynamics of such arrangements should be considered.

Up until the early 1990s, neither administrative agreements nor intergovernmental agreements on the whole had been provided for neither in Russian nor in the union legislation and occurred rarely. However, the end of the Soviet era was marked with unprecedented belief in the treaty-making as the perfect way to elaborate legal foundations for almost every issue. Decades of arbitrary and highly centralized decision-making undermined authority of the legislation. At the turn of the 1980s, large-scale reforms had been started that drastically enhanced democratic institutions at all levels of government. However, these changes had neither led to economic successes nor satisfied political ambitions of the newly ascendant regional elites. The said period had been marked with the rise of bilateral and multilateral relationships between constituent parts of the Russian Federation (see chapter ▶ "Multilevel Governance and Public Administration, Russia"). The highest form of such relationships was interregional association. The first association of that kind, "the Siberian agreement," was established in 1990. However, the right of the regional governments to conclude agreements was formally recognized in 1992 only, while legislative basis for association-making did not exist until 1999.

Interregional agreements were followed by the federal-regional ones. The beginning of the 1990s was the time of precipitous decentralization that actually bordered on feudalization. It led to the practical impossibility of using traditional legislative regulation of federal-regional relations and caused a burst of treaties and agreements.

The first document of this kind had been signed on January 22, 1992. This was a sectoral agreement on economic cooperation between the RF Government and the Tatarstan Republic Government. This document established a highly privileged status of the Republic in economic sphere. Inter alia, it granted Tatarstan full discretion in mining and disposal of natural resources, as well as in foreign economic activities.

Shortly thereafter three comprehensive intergovernmental treaties on delimitation of jurisdictions and powers had been signed. Together they were named the Federative Treaty of 1992 (see chapter ▶ "Constitutional Federalism and Public Administration, Russia"). They contained general provisions that had been subsequently incorporated into the then-current federal Constitution (Basic Law) and were rather political documents than administrative ones. However, they paved the way to the further extension of the intergovernmental arrangements.

The new federal Constitution of 1993 provided for the conclusion of intergovernmental treaties and agreements of various kinds:

- Treaties on the delimitation of jurisdictions and powers between federal and regional governments
- Agreements for delegation of powers between federal and regional executive bodies
- Treaties (with no subject specification) between regional governments
- Interregional agreements on the alteration of the interregional boundaries

Among these intergovernmental arrangements, the federal-regional treaties on the delimitation of jurisdictions and powers possessed the highest significance in the 1990s. During 1994–1998, 42 treaties of that kind were concluded with the 46 RF constituent entities. Similar to the Federative Treaty, these documents were rather political than administrative ones. Their primary objective was to lessen the tensions in the federal-regional relations by ceding further powers to the RF constituent entities. However, these treaties were congeneric with the administrative agreements in respect of their parties. The RF president and the regional leaders (see chapters ▶ "Head of the State and Public Administration, Russia" and ▶ "Regional Executives, Russia") were the officials that signed them, while the federal and regional parliaments neither participated in negotiating the terms of the treaties nor ratified them.

Despite the mentioned variety of the intergovernmental agreements provided by the RF Constitution, during the first years that followed its adoption in 1993, most numerous of the federal-regional agreements were the agreements on delimitation of powers in certain areas that developed the provisions of the treaties on the delimitation of jurisdictions and powers but had no constitutional basis. Such documents used to be signed by the chairman of the RF Government and by the premiers of the regional governments (see chapters ▶ "Federal Government, Russia" and ▶ "Regional Executives, Russia"). Besides, numerous agreements had been concluded in the 1990s:

- On cooperation, interaction, coordination, and relations in various spheres between the RF Government or the authorized federal ministry and respective regional bodies
- On transfer of funds and other money and credit issues between the RF Government, the RF Central Bank, and the respective regional bodies
- On the delimitation of public property between the RF Government or the authorized federal ministry and the respective regional bodies
- On the pension system issues between the RF pension fund and regional governments

In the early 2000s, both the mentioned treaties and the agreements on the delimitation of powers, as well as many of the agreements of the other types, were terminated or ceased to be applied (Leksin 2007). The last document on delimitation of powers had been signed in 2007 by the RF president and the president of the Tatarstan Republic. It did not have much political and administrative significance and expired in 2017. The government of the Tatarstan Republic had repeatedly offered to conclude a new treaty on delimitation of jurisdictions and powers. However, the federal government expressed no intention to prolong treaty-based relations.

## Contemporary Agreement-Making

Despite actual abandonment of concluding the treaties on delimitation of jurisdictions and powers between federal and regional governments, intergovernmental agreements are in great demand. This is true for almost all types of administrative agreements, including federal-regional ones. For instance, as of October 2018, hundreds of such agreements are in force, many of them having been concluded in recent years (Leksin 2007). These are the agreements:

- On the delegation of powers between the federal ministries and respective regional bodies, provided for by Art. 78, para. 2 and 3 of the RF Constitution, Federal Law

No. 184-FZ (as amended on July 4, 2003), RF Code on Administrative Violations (as amended in 2014–2015), decision of the RF Government No. 924 dd. December 8, 2008, on the procedures to conclude and to take effect of the agreements between federal and regional governments and on delegation of powers between them

- On cooperation, interaction, coordination, federal, and regional program implementation, on economic and social development between the RF Government or the federal ministries and respective regional bodies and between the territorial offices of federal ministries and respective regional ministries, provided for by federal bylaws (rules of the federal executive bodies), regional laws, and bylaws
- On the interbudgetary subsidies between the authorized federal ministries and regional governments and administrations, provided for by the decision of the RF Government No. 999 dd. September 30, 2014, "On Formation, Granting and Distribution of Subsidies from the Federal Budget to the Budgets of the Subjects of the Russian Federation"
- On subsidizing social security programs between the RF pension fund and regional governments and administrations, provided for by the decision of the RF Government No. 456 dd. June 10, 2011, on the financial support of social programs of the RF constituent units
- On the implementation of regional health protection programs, the Federal Ministry of Health, Federal Compulsory Medical Insurance Fund, and regional governments and administrations, provided for by the ministry's rules adopted by the decision of the RF Government No. 608 dd. June 19, 2012, ministerial order on the IGA-making No. 918n dd. December 10, 2013

Sometimes agreements with governments of the certain RF constituent entities turn out to be multilateral. This feature owes to the fact that dozens of federal executive bodies have regional and subregional divisions. Thus, dozens of federal supervision institutions can be found within the territory of a constituent entity and can participate in an agreement. Occasionally, multiple parties represent both the federation and the region. For instance, on September 18, 2009, agreement on cooperation had been signed by the officials of the procuracy of Astrakhanskaya oblast (all procuracies in Russia are part of centralized federal system of bodies responsible for general supervision over legality) and regional departments of the Federal Security Service, Federal Tax Service, Federal Service for Financial-Budgetary Supervision, and Federal Antimonopoly Service and by the officials of three executive bodies of Astrakhanskaya oblast (the Auditing Office, Agency for Press and Communications, Service for Security and Information Protection).

New administrative needs of parties have given birth to multilevel agreement-making. In the recent years, three-tier intergovernmental agreements have been being concluded. The Federal Law No. 473-FZ dd. December 29, 2014, "On Territories of Advancing Socio-economic Development in the Russian Federation" provided for the agreements on the delimitation of the territories intended for advancing socioeconomic development to be concluded by the authorized federal ministries, regional governments and administrations, and local administrations. Besides, a number of agreements on the application of the standard for economic competition development have been concluded in last 3 years by the territorial offices of the Federal Antimonopoly Service, regional governments and administrations, and local administrations (or region-wide associations of municipalities). However, the RF Government designed the agreements on these matters as regional-municipal only, providing no explicit grounds for participation of the federal officials in such intergovernmental arrangements in the Order No. 1738-r dd. September 5, 2015.

Besides, some nontypical federal-regional-municipal agreements can be found. For instance, on August 31, 2010, an agreement on cooperation was concluded between the RF Ministry of regional development, the Krasnoyarsk Krai Government, the Administration of Norilsk city, and the public corporation "mining and

metallurgical plant Norilsk Nickel" on the resettlement of residents of the cities of Norilsk and Dudinka to the regions with favorable natural and socioeconomic conditions.

Overall, federal-regional-municipal agreements have good chances to expand on various issues, as during the past decade, local governments, especially the governments of the upper-tier and single-tier municipal entities (municipal areas and city okrugs), have been required to fulfill the ever-growing amount of federal and regional mandates.

Surprisingly, direct federal-municipal agreements can also be found in the vast practice of intergovernmental relations. For example, in the late 1990s to early 2000s, local administrations concluded agreements with regional centers of the RF Sanitary and Epidemiological Service on delimitation of powers in the sphere of ensuring sanitary and epidemiological welfare of the population. Later federal-municipal agreements had been being concluded irregularly. For instance, on May 10, 2011, the procuracy of the Kabardino-Balkarian Republic concluded an agreement on the interaction and cooperation with the association of municipal entities of the named republic.

Interregional treaties and agreements are more common and much more diverse, of course. They include treaties and agreements on interregional economic associations; treaties on friendship and cooperation, interaction, and coordination; agreements on the alteration of the interregional boundaries; and agreements on the formation of new regions. Most numerous interregional agreements are the ones devoted to cooperation in various spheres (on trade and economic relations, policy in science and technology, cultural and social issues). Usually such agreements have served for political purposes and contain either no, or quite few, provisions that are legally binding (Kabyshev et al. 2009). To calculate total number of such agreements, even roughly, is quite a demanding job, as the information on making them is fragmented and scattered. Thousands of such agreements are currently in force. Some of these are the heritage of the 1990s, but new agreements are being signed quite often.

Regional-municipal agreements originated in the 1990s. These were primarily agreements on delimitation of powers styled after federal-regional treaties on delimitation of jurisdictions and powers. Such agreements had been being concluded in some RF constituent entities. Currently they are out of use. Contemporary regional-municipal agreements are devoted to the application of the standards for economic competition development, interaction and cooperation, social participation, interbudgetary subsidies, and formation of the territorial development zones. Among the listed types, only the last appeared to be nonviable. The Federal Law No. 392-FZ dd. December 3, 2011, "On the Zones of Territorial Development in the Russian Federation and on Amendments to Certain Legislative Acts of the Russian Federation" had never been applied. Currently there is no actual need for such zones and for the agreements on their formation consequently, as the Federal Law No. 473-FZ "On Territories of Advancing Socio-economic Development in the Russian Federation" dd. December 29, 2014, had provided for another type of intergovernmental agreements that were discussed above.

Intermunicipal agreements are the most numerous ones among administrative intergovernmental arrangements, as municipal entities (almost 22,000, as of January 1, 2018) naturally outnumber other public entities in Russia (see chapter ► "Institutional Foundations of Local Self-Government, Russia"). Among such agreements, both typical and specific types can be found. The typical ones are agreements on cooperation and similar issues that every government can participate in. The nontypical ones are agreements on jurisdictional issues that can be concluded between upper-tier (municipal districts) and lower-tier municipal entities (settlements). Until the distribution of powers between such municipal entities had been comprehensively specified in the Federal Law No. 131-FZ dd. October 6, 2003, "On the General Organizational Principles of Local Self-government in the Russian Federation," these agreements had rather political nature and were devoted to delimitation of powers. Subsequently, they were displaced by agreements on delegation of powers. These

latter became widespread, as the small settlements (especially rural ones) used to be dramatically underfinanced.

A few years ago, the list of issues within rural settlements' responsibility was curtailed radically according to the Federal Law No. 136-FZ dd. 27 May 2014, on amendments to the abovementioned federal laws No. 184-FZ dd. October 6, 1999, and No. 131-FZ dd. October 6, 2003. Consequently, spending obligations of these municipalities decreased significantly, and the demand for agreements with the municipal districts abated correspondingly.

## Conclusion

Through the decades that passed since the burst of intergovernmental agreement-making in the early 1990s, much had changed in Russia's legal and political layout. The system of intergovernmental agreements had undergone dramatic changes as well. First of all, a notable shift from political decision-making to public administration issues took place. Contemporary period is characterized by pragmatic and utilitarian attitude to all means of legal regulation, including intergovernmental agreements.

Abandonment of federal-regional treaty-making on delimitation of jurisdictions and powers has nothing to do with the decline of the intergovernmental agreement-making as a whole. In the 1990s such treaties became widespread because of the desperate position of the federal government, but not due to the advantageous features of the treaty as an instrument of decision-making. In fact, the federal government currently refuses just to revive intergovernmental treaties in inappropriately pompous form. It does not mean at all that the process of agreeing upon political interests has terminated, although this process had undergone inevitable changes following the dynamics in alignment of political forces.

As the political sphere of the intergovernmental agreement-making had been curtailed dramatically, the field of practical administrative use of intergovernmental agreements has increased due to the emergence of new areas of state activity. Besides, the federal legislator and federal executive had given birth to such new types of intergovernmental agreements, as the mentioned above federal-regional agreements on subsidizing social security programs and federal-regional-municipal agreements on parceling out of the territories of advancing socioeconomic development.

However, the actual scope of agreement-making is not clear, as the governments do not collect and provide the statistics regarding their agreement-making activities. Besides, the border between federal-regional or regional-municipal agreement-making and unilateral decision-making by the federal or regional government is relative. Quite often agreements are being concluded not for the reason that some matter needs to be negotiated upon but for the reason of being a legally prescribed stage of the decision-making procedure. Given that, there may be no actual difference often between entering into a formal bilateral or multilateral agreement and issuing a unilateral decision. In general, there is no solid reason to believe that conclusion of formal agreements in any sphere of governmental activity cannot be replaced with other regulatory tools.

Nevertheless, nothing indicates that administrative agreement-making shall be substituted with legislation and bylaw-making. The trend that can be observed is rather displacement of the obsolete types of agreements with the newly introduced ones. Hence, agreement-making is likely to remain an employed tool alongside with other instruments of public administration.

## Cross-References


- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia

## References

Bleshchik A (2015) Prospects of agreement-based regulation of federative relations in Russia in the context of ethnopolitical stabilization. Const Munic Law 11:49–52 (in Russian)
Cherepanov V (2011) Federate relations: prospects of contractual regulation. J Russ Law 11:103–109 (in Russian)
Chertkov A, Kistrinova O (2014) Contractual aspect of division of jurisdictions in the Russian Federation: history and present. J Russ Law 8:16–24 (in Russian)
Demin A (1998) General issues of the theory of administrative agreement. Krasnoyarsk State University, Krasnoyarsk (in Russian)
Ivanov V (1997) Russian Federalism and domestic treaty policy. Krasnoyarsk State University, Krasnoyarsk (in Russian)
Kabyshev S, Leksin I, Elder J et al (2009) Federalism in Russia and Canada: study course. Formula prava, Moscow (in Russian)
Krasnova O, Pimenov E (2011) Practical approach to the making of agreements on delimitation of powers in the sphere of joint jurisdiction: Russian and Canadian experience. State Law 4:14–20 (in Russian)
Leksin I (1998) Conventional regulation of Federative relationships in Russia. URSS, Moscow (in Russian)
Leksin I (2007) The treaty on delimitation of jurisdictions and powers: reality or an illusion? Authority 12:47–53 (in Russian)
Leksin I (2018) Intergovernmental agreements in contemporary Russia. Int J Public Adm 41:5–6, 340–356
Shugrina E (2008) Responsibility for violation of the terms of agreements on delegation of powers of local governments on the issues of local significance. State Authority and Local Self-government 2:998–1006 (in Russian)
Zhdanov A (2007) State and prospects of legal regulation of conclusion of agreements on mutual delegation of powers between federal and regional enforcement authorities. J Russ Law 9:35–44 (in Russian)

# Administrative Justice

Jack S. Monell
Department of History, Politics & Social Justice, Winston-Salem State University, Winston-Salem, NC, USA

## Synonyms

Crime control; Criminal justice; Due process; Restorative justice

## Definition

The activity and structure of the justice system encompass the courts, police, and correctional systems charged with ensuring punishment of criminals and safety for the community.

## Introduction: Early Historical Applications

In looking at the historical practices of the administration of justice, one would be remiss if they did not highlight how the criminal justice system has been disproportionally representative of African Americans and Latinos. Since the turn of the nineteenth century and the formation of the United States' criminal justice system, the concept of law and order was primarily predicated in ensuring that African slaves and subsequently freed slaves understood their place within the context of society. This ideology was extended to other ethnic groups primarily in urban areas throughout the United States. Justice administration defined, though varying in context and practice from state to state and country to country, is the activity and structure of the justice system encompassing the courts, police, and correctional systems (Aman and Mayton 2001). It further provides a legislative body authority over the practices used to ensure that justice is administered equitably.

As the United States is governed by the Constitution, much of what the layperson sees in relation to public policy and criminal justice is directly related to the rules of law and its applications. Prior to the implementation of the Constitution, the country was managed by the Articles of Confederation (Carp and Stidham 1990) which did not allow for a separation of executive and legislative powers. This proved to create issues in early attempts at administrative processes; hence, the early framers proceeded with the creation of the Constitution.

Though society has seen progression in the last 200 years, we continue to see areas of concern as it relates to not only the justice system but the judicial processes as well. As one of the five major

institutions of social control, the justice administration, or criminal justice component, was a societal attempt in ensuring public safety, protection, and accountability for those who violated not only societal norms but codified laws.

Where historically the debate has often reflected its application and whom was impacted more, we continue to see disproportionate arrests and convictions. Understanding that as an institution of social control the charge is to maintain law and order within a society, but to what extent? Justice administration in theory is the balance or fairness in the process of addressing societal ills without appearing impartial or biased. Robinson (2009) further discusses how assuring the scales of justice are not imbalanced and that all persons are treated fairly is critical.

Though distinctively defining justice or the administration of justice has baffled philosophers dating back to ancient Greece (Owen et al. 2012), throughout its evolution, many to date simply view it as being achieved through a set of policies and laws. How does justice impact not only me but my community, society, and the environment? It is solely not limited to crime and punishment but many of the systemic issues we see in education, healthcare, and employment and income inequality.

Justice administration or the commonly referenced application of it within the criminal justice system far extends that area, and we see it being referenced in procedural justice, social justice, and individualized justice. The administration of justice impacts all in any particular society.

## Views of Justice

Throughout the history of the American justice system, we have seen a continuous shift in how the concept of justice should be applied. In the same tone, Americans are quick to want individuals who commit crimes punished but then want to ensure that no bias has occurred. Some prefer harsher and swifter punishments as often discussed by nineteenth-century classical sociological theorists. For others, they prefer to address crime and punishment by guaranteeing that more therapeutic/vocational approaches are available to offenders working toward reintegrating back into society.

The main conflict is ensuring the efficacy of the process while maintaining the public's confidence in punishing those guilty of crimes. According to Harrigan (2000), "justice is served neither if a guilty person is let go nor if an innocent person is punished" (p. 35). Allowing officers to have wide policing discretion for the purposes of fighting crime may sound good to some, but then some of the liberties that many Americans enjoy may be impacted and sacrificed.

The continued work toward balancing the justice system is an evolving process. The justice network must strive to achieve balance between fighting crime, punishing the correct perpetrators, and safeguarding that we do justice for victims. Though the scales of justice do sway back and forth, particularly resulting from societal pressures, political agendas, and trends in crime patterns, rebalancing the "system" must occur periodically so that the community has faith in the process.

## Models of Justice

There has always been tension between those who subscribe to the crime control model versus the due process model. The crime control model is charged with protecting the community. This is achieved by lowering crime by any means within the confines of the law. Unfortunately, this at times means that innocent persons are convicted as well. The primary objective is safety first, with other elements of due process coming after.

Due process subscribes to the notion that all procedural components are in place and that all individual liberties have been adhered to with no violations. In this instance, sometimes the guilty may go free due to some constitutional violation that has taken place.

Despite the various differences in how each model is conceptualized and applied, both do view justice as an outcome. Looking at models politically, Democrats have historically viewed justice more liberally and subscribe to the due process model, whereas Republicans have been

more conservative in their approaches to justice and are more aligned with the crime control model.

Understanding that the practice of justice does stem from legislative powers and the laws produced, partisan-controlled houses could influence the direction of the administration of justice for a particular period. Partisan politics aside, when there appears to be an increase in crime, especially violent crimes, the public and its elected officials sway away from due process ideologies and push for more "get tough" approaches to fighting crime.

Presidential policies on crime and justice stems back to the 1960s when President Richard Nixon, a Republican, enacted the Omnibus Crime Control and Safe Street Act of 1968. Prior to the 1960s, crime or the administration of justice (minus Federal offenses) was more of a local matter and dealt with by municipalities as opposed to the broader sword of the Federal government. "Street crimes" during those periods were not a major concern for Federal politicians, let alone the Commander in Chief. Under Nixon's administration, the shift in the judiciary began as he moved toward appointing more conservative-minded judges that would be hard on crime (Mays and Ruddell 2008). Despite the intention to address criminality, this was also an attempt at the time to address the social unrest and nationwide activism protesting the Vietnam War and social injustices affecting many communities.

Thirty years late during the 1990s, under President William J. Clinton's administration, a Democrat, he dealt with one of the major crimes waves in US history. His approach was to be tough on crime more than any Democrat or Republican prior to him. This was directly resulting from the War on Drugs and the drug crime wave of the mid to late 1980s. Hence, the United States saw a rise in criminal convictions particularly for drug-related offenses. Under his administration, he made significant expansions of the war on crime, drugs, and terrorism (Robinson 2009). In 1994, President Clinton signed the Violent Crime Control and Law Enforcement Act and, in 1996, the Antiterrorism and Effective Death Penalty Act. These two examples of legislation pushed for harsher sentences with limited appeals, particularly for the death penalty cases on the Federal level (Maybrey 2005).

Twenty years later (2000s), we have now seen a shift in some of the drug-related convictions that were a direct result of mandatory minimum sentencing practices that convicted individuals (even first-time offenders) to long prison sentences. The unfortunate reality is that regardless to what model one sides with, some individuals will go free who possibly do not deserve to, where others are convicted just the same.

## Restorative Justice

A practice where the offender, victim, and community come together to restore some sense of normalcy and healing for the victim and accountability for the offender. Though communities are more inclined to view this approach as more conducive for juveniles and financial reparations, it also proves beneficial to assist in helping victims deal with being victimized.

Though not always appropriate for all circumstances, it has been used with some success in various types of offenses. In such cases, the victim and offender must have gone through a series of sessions to ensure both are prepared in meeting since their first encounter. Coming together to address the crime and for the offender conveying a sincere apology can go a long way in the healing process for a victim and possibly impacting legal actions. Haley (1986) states that for the apology, it can be powerful enough to render further legal action unnecessary.

## Ideological Justice

Looking at justice administration through the lens of one's ideological beliefs, also supported by government policy, is often the approach most Americans use in adopting their positions on how justice is managed throughout society. Granted, there are many ideologies that are represented in any given society, the objective or

goal is to find a common place where the diversity of society can be captured. Not an easy task, this becomes the continuous and daunting task as society's change, ideological beliefs shift, coupled with cultural views and norms.

## Justice Inequality

Understanding that there is no perfect society, albeit, within the United States or abroad, the administration of justice at best works in ensuring that equitable justice practices occur within the system to maintain that all of its citizens are being treated fairly, despite their actions or disagreements within a particularly society. Though historically, since the conception of this great land, we have seen bias, prejudice, and racism at its ugliest points in modern-day society.

Discrimination in justice administration is not just reflective of abusive policing practices but all aspects of the criminal justice system. From the initial arrest, through post convictions, to placements into prisons, we see systemic flaws at every phase that impacts individuals, families, and even the communities they represent.

Often debated is whether we need to address the continued discriminatory practices by some law enforcement officials, or should the legislation be revised, or should there be more training for our law enforcement officials? Is there a perception that people of color are more prone to criminality or violence, or is that a commonly themed media perpetuation? Russell (1998) argued this point in the 1990s where television images and programming heavily portrayed African Americans in a deviant manner. A constant barrage of negative images and character depictions gets imbedded in the minds and consciousness of those who view them, even for African American's themselves. Viewing certain negative characters in various media outlets, with no real interaction with described ethnic groups, one formulates their opinions and stereotypes based on those characterizations.

Some of the fear that we see directed toward African Americans or Latinos is heavily influenced by media outlets that have incredible reach or deeply rooted racially motivated beliefs stemming back from the slave codes and Jim Crow. Knowing that early in this country's history, the justice system did not view Africans, or their many descendants today, as a human; it is not inconceivable to see how certain segments in society view African Americans unfavorably, despite having the nation's first biracial (African American and Caucasian) president.

Despite some of the noted disproportionality in arrests and convictions historically, the justice system is an evolving process that strives toward an equitable system where the scales are actually balanced. As with most systems, changes and shifts take time, and the justice system is no different.

## Conclusion

In looking at justice administration from various perspectives and philosophical approaches, where faults are apparent, this system still works at ensuring that unbiased justice is practiced throughout the United States. As a model for even countries abroad, our system works hard in this regard. The complexity of the various components within the system is where it becomes unnerving as they operate independently but then rely on each other to keep the flow or process moving forward.

As previously discussed, though we have seen racial disparities and biases in the criminal justice system, those are not solely areas that are affected. We see how justice applies in all areas of our social institutions. As one of the major institutions of social control, it feeds into other areas as well which makes it incredibly impactful.

As the system continues to work toward addressing some of its systemic issues related to racism and discriminatory practices, especially toward marginalized groups and communities, it will improve. The justice system is an entity that is influenced by the legislators and the laws they pass. Depending on their ideological views of justice, it will ultimately determine how it is carried out in everyday life.

## Cross-References

▶ Ethics in Public Administration and Government

## References

Aman A, Mayton W (2001) Administrative law, 2nd edn. West Group, St. Paul
Carp R, Stidham R (1990) Judicial process in America. Congressional Quarterly, Washington, DC
Haley J (1986) Comment: the implications of apology. Law Soc Rev 20:499–507
Harrigan J (2000) Empty dreams, empty pockets: class and bias in American politics. Addison-Wesley Longman, New York
Maybrey D (2005) Homeland security funding, strategies, and needs. Telemap Bulletin 12(2). Bill Blackwood Law Enforcement Management Institute of Texas, Sam Houston State University, Huntsville
Mays L, Ruddell R (2008) Making sense of criminal justice. Oxford University Press, New York
Owen S, Fradella H, Burke T, Joplin J (2012) Foundations of criminal justice. Oxford University Press, New York
Robinson MB (2009) Justice blind? Ideals and realities for American criminal justice, 3rd edn. Pearson/Prentice-Hall, New Jersey
Russell K (1998) The color of crime. Racial hoaxes, white fear, black protectionism, police harassment, and other macroaggressions. NYU Press, New York

# Administrative Law and Government Employees

Nuri Heckler
School of Public Affairs, University of Colorado Denver, Denver, CO, USA

## Synonyms

Human relations law; Public employment law; Public management legal context

## Definition

Legal context of public personnel management.

## Introduction

US public administration is guided by a complex tapestry of laws concerning government workers. This legal framework developed over the course of US history, arguably starting with one of the foundational cases of US law. *Marbury v. Madison* (1803) is cited for the rule that the Supreme Court is the primary authority over constitutional law, but the Court also held that a justice of the peace appointed by a previous president could not be fired by the current president without sufficient justification until the completion of the 5-year term created by law. Since that time, laws covering the public workforce have expanded and spread in several directions.

## Four Goals of Law for Government Employees

Administrative laws governing public employees can be understood as serving four primary objectives. These objectives can reinforce each other, but they can also come into conflict with each other:

1. *To promote government efficiency* – laws that establish hiring and promotions based on merit rather than partisan allegiance and/or racial and gender stereotypes are often justified as creating a more effective and efficient government (Rosenbloom et al. 2010).
2. *To support equity in government* – often the same laws that promote efficiency have the effect of guaranteeing that employees will not face discrimination based on identities and affiliations that are not relevant to government work and by doing so help to prevent discrimination in government services (Naff et al. 2014).
3. *To strengthen democratic governance* – protecting public employees' freedom of speech is often justified by the claim that they are in a unique position to provide information to the public that is necessary for a democratic

government. Protecting government employees from discrimination is a way of improving the amount to which the bureaucracy itself is representative of the people. Other laws limit what workers can say in their capacities as public employees to make sure that the bureaucracy must abide by the wishes of the people (Rosenbloom et al. 2010).

4. *To protect government employees from abuse* – along with laws that protect public and private employees from unsafe working conditions, grievance procedures and whistle-blower protection laws give workers a voice in their working conditions (Rosenbloom et al. 2010).

This article provides an overview of laws that apply to public employees. It reviews important laws that guide and constrain working conditions in government, including requirements for hiring and promotions, hedges against discrimination, protections of constitutional rights, and health and safety considerations. This article is not a substitute for sound legal advice, and any real-world legal dilemmas should be resolved with the help of a licensed attorney. While the focus here is on the federal government, some mention will be made of laws governing state and municipal workers, especially in areas where the laws differ substantially.

## Hiring, Promotion, and Conditions of Employment

Legal requirements for hiring and promotion of government employees are as old as the nation, with protections for government employees embedded in the Constitution (Rosenbloom et al. 2010). These protections expanded dramatically after the assassination of President Garfield by a disgruntled job applicant in 1881. Responding to the practice of patronage for hiring in the executive branch, Congress passed the *Civil Service Act of 1883*, also known as the *Pendleton Act*, mandating competitive examinations for most jobs with the federal government (Rosenbloom et al. 2010).

The federal government and all 50 states require that merit be the determining factor in hiring and promotions of most public servants. Applicants to federal government competitive positions are often required to write knowledge, skills, and ability assessments because of language in the *Civil Service Reform Act* (CSRA 1978) requiring that hiring and promotion be made "solely on the basis of relative ability, knowledge, and skills,.."(§2301). All the states have similar legal requirements that hiring and promotion are based on merit rather than nepotism, patronage, or other prejudice. These requirements are thought to promote efficient government by identifying the most qualified applicants while simultaneously promoting equity and protection from discrimination. The agency tasked with creating the policies and regulations that ensure that hiring is based solely on merit in the federal government is the *Office of Public Management* (OPM 2018).

OPM must align "human capital strategies of agencies with the missions, goals, and organizational objectives of those agencies . . ." (CSRA 1978). If an agency violates the law and resorts to patronage or nepotism in hiring, OPM begins enforcement action. Other remedies for those who feel they are the victims of illegal hiring and promotions include reporting the violation to the organization's inspector general or filing a lawsuit (Naff et al. 2014).

While the law was originally reluctant to acknowledge that government employees had individual rights to their jobs, more recent case law and statutes have held that governments are constrained by the Constitution even in their role as employer. Once a person is hired to a federal job, and even before in some circumstances, that person has a property right to the job (Rosenbloom et al. 2010). The Fifth Amendment to the US Constitution (1789) protects persons, including government employees from being "deprived of life, liberty, or property without due process of law." The US Supreme Court (the Court) held that public employment is a property right and so cannot be terminated

without protections including fair notice and a minimal hearing. These requirements are referred to as "procedural due process" (Rosenbloom et al. 2010). For the procedural due process requirement to be met, the hearing must be "heard at a meaningful time and in a meaningful manner" (Mathews v. Eldridge 1976, 424:333) after balancing the interests of the employee, the interests of the government in efficient government, and the risk of mistakenly firing an employee. These constitutional requirements place a burden on government employers to strengthen democratic governance by demanding that employees not be terminated arbitrarily for political reasons or prejudice while at the same time protecting government employees from abuse.

The Contracts Clause also protects the public workforce and strengthens democratic governance; however, it only applies to state governments and requires only that states allow recovery of damages from a violation of a contract. The Contracts Clause of the Constitution mandates that "No State shall . . . . . pass any . . . . . Law impairing the Obligation of Contracts. . ." (Art. I, § 10, cl. 1). While the Supreme Court has not yet heard a case on the Contracts Clause for government employees, an appellate court held that a state law delaying payment for employees of Hawaii until the end of the month instead of the beginning was a violation because the law deprived employees of any means of recovering damages for the potential breach of contract (University of Hawai'i Professional Assembly v. Cayetano 1999). This is a high bar for state employees, who are unlikely to be able to appeal to the Contracts Clause for protection unless the legislature itself is breaching a contract without leaving any opportunity to recover money in damages.

Federal workers have no protections under the Contracts Clause, but they do have protections not afforded to other government employees under the *Federal Labor Relations Act* (FLRA). The FLRA was signed to law as part of the *Civil Service Reform Act* of 1978, described above. The FLRA protects employees' rights to engage in union activity, including attempting to start a union, or turning to a union for help with a working condition (FLRA 2018). The latter in FLRA parlance is called a grievance and is an important remedy that union employees can use to resolve problems with their employers, or with the union itself.

Unlike most employees of private companies, the FLRA forbids federal workers from striking. This restriction is placed on government workers' unions over concerns for public safety if police officers, air traffic controllers, or other safety workers should walk off the job. The FLRA also gives employees the ability to collectively bargain for working conditions that are not related to wage, hours, or other terms of employment while requiring that the government bargains with the union before certain enumerated working conditions and any working conditions for which the union has previously bargained.

Unions in state and municipal governments have a tapestry of protections created by the states. Despite lacking a federal law that protects union members in state and municipal governments, state and municipal employees are more likely to be union members than federal workers and more than four times more likely than private sector employees who are protected by a different federal law. While federal unions are not permitted to strike, at least 12 states have granted public employees limited rights to strike (Naff et al. 2014). These facts have led some scholars to argue that local and state unions are better off without a federal law (Walker 2014).

All workers, regardless of sector, have employment rights that are mostly focused on protecting employees against abuses. The *Fair Labor Standards Act* (FLSA 1938, commonly pronounced "*flissuh*") empowers the Department of Labor (DOL) to enforce the minimum wage, overtime pay for hourly employees, and child labor laws and requires employers to record and report certain data pertaining to employees (DOL 2016). Government employers are not exempt from FLSA protections.

Employees of the 25% of companies who contract with the federal government often have additional rights and protections. Laws and executive orders specify that contractors with the federal government must pay their employees the

regional prevailing wage (DOL 2016). Additionally, many contractors are required to provide paid sick leave and must also make contributions to their employee's health insurance.

Regulations, statutes, and the Constitution constrain government employers in ways that they do not in the private sector, and some of these protections extend to private contractors working with the government (Rosenbloom et al. 2010). Hiring government employees must be based on merit alone, not family relationships or political beliefs. The labor rights to unionize federal government offices are protected by the FLRA, but that might be part of the reason that state and municipal workers who are protected by various state laws are more likely to have joined unions. One place where human relations law remains the same across sectors is in administering basic wage and hour laws under FLSA. The next section discusses how the law guarantees that government does not discriminate against public employees.

## Discrimination

While courts have established legal principles concerning discrimination in government employment, the law is contested and continues to evolve. The 14th Amendment of the Constitution includes the "Equal Protection" clause. Law coming out of this clause is commonly referred to as Equal Protection or EP. This clause reads "No State shall . . . . . deny to any person within its jurisdiction the equal protection of the laws." In this literal reading, Equal Protection applies only to the states, and the Supreme Court has held that this clause also applies to local governments. It was this clause that the court cited in the famous *Brown v. Board of Education of Topeka* (U.S. 1954) to outlaw segregation in local government-run school districts.

On the same day that the court released the holding in *Brown v. Board*, it also released *Bolling v. Sharpe* (*U.S.* 1954) holding that the federal government was also bound by the Equal Protection clause, not because it was a state but because it was impossible for people to have *due process* under the Fifth Amendment without getting equal protection under the law. For this reason, equal protection law that is applied to the federal government is often referred to as "substantive due process," and this phrase is sometimes used to refer to Equal Protection law applied to state and local governments as well.

Under the equal protection clause, government employee identities receive different types of protection. Given the history of racism in America, the Court was justifiably protective of government action that discriminated between races and so established a very high bar for government actions that even consider race in decision-making. The test for government decision-making that distinguishes between races requires that the government action must be the least restrictive means for achieving a compelling state interest (see Table 1) (Epstein and Walker 2007). This level of scrutiny is referred to as strict scrutiny and is applied to race, national origin, alienage (the state of not being a US citizen), and religion. In practice, this standard means that the government can almost never consider these factors when making decisions.

**Administrative Law and Government Employees, Table 1** Substantive Due Process Tests by Identity

| Test | Identity | Standard |
|---|---|---|
| Rational basis | Age, disability, anything not listed | Law must be *rationally related* to achieve a *legitimate government purpose* |
| Rational basis with bite | Sexual orientation, children of undocumented immigrants | Law must be *rationally related* to achieve a *legitimate government purpose*, and *not single out a group for discrimination* |
| Intermediate scrutiny | Sex, birth legitimacy | Law must be *substantially related* to achieving an *important governmental objective* |
| Strict scrutiny | Race, alienage, religion, national origin (also fundamental rights) | Law must be the *least restrictive alternative* for achieving a *compelling state interest* |

Adapted from Epstein and Walker (2007, p. 621)

When considering a person's sex, the Supreme Court determined that women were inherently different in some ways, like the fact that they bear children, and decided that government should be able to consider sex differences when they are substantially related to an important government objective (Epstein and Walker 2007). This level of scrutiny is referred to as heightened scrutiny, or intermediate scrutiny, and applies to government actions made based on sex or the legitimacy of one's birth (i.e., bastardy). This lower bar is not always detrimental to gender equality advocates. Because this bar is not nearly as high as the bar for considering racial differences, some programs that are designed to create equality, such as affirmative action programs, can be easier to implement on behalf of women than on behalf of people of color (Epstein and Walker 2007).

There are several instances when the government needs to be able to readily discriminate between people. For example, when hiring a lawyer, the government needs to be able to discriminate between people with and without a law degree. For most categories of identity, including age and disability, the standard the government must meet when making a decision is that the discrimination based on identity be rationally related to a legitimate government purpose (Epstein and Walker 2007). This level of scrutiny is referred to as rational basis, and when the court reviews decisions under this standard, the government is almost always permitted to discriminate (Holoszyc-Pimentel 2015).

The one notable exception to the low bar for rational basis scrutiny involves discrimination against gays and lesbians. In the case, *Romer v. Evans* (1996), the court held that the state electorate could not pass a law that forbade municipalities from giving protections for sexual orientation using rational basis scrutiny, arguing that no legitimate government purpose could be met by singling out a group of people for discrimination. This case has led some to argue that sexual orientation, or at least gay and lesbian identities, receives a little bit more than rational basis, or "rational basis with bite" (Holoszyc-Pimentel 2015), but not quite intermediate scrutiny (see Table 1). Other cases have applied a similar rational basis with bite standard to the children of undocumented immigrants and to people harmed by laws of a nearby state where they are not allowed to vote (Holoszyc-Pimentel 2015).

While these constitutional provisions only apply to government decisions, several other laws apply to most employees and deal with discriminatory effects as well as the motivations behind decisions. The Equal Employment Opportunities Act (EEOA 1974) makes it unlawful for most employers, including governments, to use race, color, religion, sex, or national origin as "a motivating factor" in making a decision about employees, even if other factors were also motivating the decision. The EEOA has created a statutory and regulatory scheme for bringing discrimination lawsuits against employers. The EEOA forbids creating discriminatory outcomes, even when the actions themselves are not intended to discriminate. These discriminatory outcomes are called "disparate impacts." Once discrimination or disparate impact is proved, the employer can defeat a lawsuit by showing that the discriminatory practice is a "business necessity" (EEOA 1974).

Discrimination based on disability is scrutinized using the rational relationship standard under constitutional equal protection, but the *Americans with Disabilities Act* (ADA 1990) gives extra protection to employees who have physical or mental impairment in the public or private sector. The ADA mandates that employers make "reasonable accommodation" for people with any kind of disability. Reasonable accommodation includes modifications to the work setting that enable people with disabilities the same employment opportunities as others. Accommodations are reasonable so long as they do not impose an "undue hardship" on the employer and can include hiring an interpreter for a job applicant who is deaf or adding a universal access restroom. Another identity that is protected by statute but not the Constitution is age. The *American Discrimination in Employment Act* (ADEA 1967) prohibits public and private sector employers from discriminating against employees who are over 40 based on their age.

There are some groups for whom the federal government is instructed to discriminate. In *Morton v. Mancari* (1974), the Supreme Court held that a preference for hiring American Indian tribal members for the Bureau of Indian Affairs was neither unconstitutional nor prohibited by the EEOA because the discrimination was based on tribal affiliation, not race, and because tribal affiliation is rationally related to furthering the self-sufficiency of Indian nations. Similarly, Veterans of wars, the Iraq campaign, and the Afghan campaign receive a hiring preference in the federal government, and preference is also applied to certain family members of a veteran killed or permanently disabled in honorable service (OPM 2018). Additionally, active duty personnel on national reserve have a right to reclaim their job after they are deployed for up to 5 years, and employers are prohibited from discriminating against them based on the possibility of deployment (OPM 2018).

These discrimination laws promote equity, protect employees from abuse, and promote democracy and efficiency. Laws promoting veterans are concerned that veterans are mistreated and are determined to recruit better candidates for the military by promising them work benefits after their tours are over. Similarly, preferences for American Indians to administer programs serving Tribal Nations are designed to promote democracy and create equity for all tribal members. The EEOA, ADA, and ADEA protect employees from abuse based on some characteristics, but they also create a hedge against discrimination by government against people who share the characteristics generally protected by the laws. This supports democracy as well by creating governments that include more of the voices they serve and represent, especially when you grant these same employees protections for their speech.

## Speech and Ethics

Government employees have the rights that other citizens enjoy, but those rights sometimes conflict with their job requirements. The freedom of speech, the right to privacy, the right to marriage, and the right to be free from unlawful search and seizure are all referred to as "fundamental rights" by the Supreme Court. The same strict scrutiny test used for equal protection claims applies to government actions that infringe on these fundamental rights (Epstein and Walker 2007). Therefore, for the government to infringe on the freedom of speech, the government must show it did so for a compelling state interest and that there was alternative means of achieving that state interest that minimized infringement on the fundamental right (Heffernan v. City of Paterson, NJ 2016). For public employees, the government interest in running the government efficiently can constitute a compelling state interest (Heffernan v. City of Paterson, NJ 2016).

Government employees' fundamental rights are protected, but they are balanced against the need to run an efficient and effective government. This balance is called the Pickering Test because it was introduced by the Supreme Court in the case, *Pickering v. the Board of Education* (1968). The Supreme Court recently affirmed the Pickering Test in a case of a police officer who agreed to pick up a campaign sign for his ill mother, and drove to the campaign headquarters of a man running for mayor against the incumbent (Heffernan v. City of Paterson, NJ 2016). Other police officers witnessed him picking up the sign, and the next day he was demoted for supporting the wrong candidate in the election. The Supreme Court held that he could not be demoted for opposing the incumbent mayor, but stated that the officer could have been demoted for partaking in political speech if it was necessary to promote "practical realities, such as the need for efficiency and effectiveness in government service" (Heffernan v. City of Paterson, NJ 2016, 136:1417).

In theory, the Pickering Test implies that fundamental rights could legally be infringed by the government employer when efficiency and effectiveness dictate, but in case law employees are almost always protected when their fundamental rights are abridged. To find for the government, the Court generally avoids finding an infringement of a fundamental right in the first place. For example, the court in *Connick v. Meyers*

(1983) held that a district attorney could be fired for her speech about her job conditions because she was not speaking about a matter of public concern and therefore was not speaking in the way that is protected by the Constitution. In this case, no Pickering Test was applied because no fundamental right was infringed.

Usually, once a government employer has been found to violate a fundamental right of an employee, the Pickering Test has been used to find for employees' rights. One appellate jurisdiction has adopted a line of cases that is the exception that proves the rule, finding that police as paramilitary agencies require higher levels of discipline and so "are entitled to impose more restrictions on speech than other public employers" (Brickey v. Hall 2016, 828:304). So far, most other jurisdictions have declined to adopt this reasoning, and the Supreme Court has not yet considered such a case. In general, courts find that public employees have expansive speech rights because they are in a position to inform voters about "matters of public concern" (Heffernan v. City of Paterson, NJ 2016; Pickering v. Board of Ed. of Township High School Dist. 1968).

The ability of public employees to shed light on matters of public concern is also the reason behind many whistle-blower laws. Whistle-blower laws usually protect public employees from being fired or experiencing other forms of retaliation, but they can also reward public employees who save the government money with a portion of the money saved (Kohn 2011). Whistle-blowers risk being fired or otherwise aggressed when they point out fraud and other malfeasance in the government, and Congress has determined several times that they should be rewarded for taking such a risk. The *False Claims Act of 1863* was signed by Abraham Lincoln in reaction to scams implemented by civil war profiteers and updated in 1986 in response to the treatment of whistle-blowers who sounded alarms before the Space Shuttle Challenger disaster.

The law includes provisions for rewarding whistle-blowers that save the government money, called qui tam provisions. Similarly, the tax code, the Securities Exchange Act, the Commodity Exchange Act, the Dodd-Frank Consumer Protection Act, several environmental protection laws like the Clean Water Act and the Superfund Act, the Occupational Safety and Health Act, transportation laws, and the 2009 stimulus signed by President Obama all include protections for whistle-blowers in the interest of government efficiency. The Civil Service Reform Act (1978) includes protections for federal workers who blow the whistle on illegal human relations practices. Similarly, both FLSA and the FLRA provide protections for employees who blow the whistle on employers who mistreat their employees. Whistle-blower protections are limited for national security employees due to the need to keep national secrets, and specific laws limit the speech rights of the Department of Defense, Federal Bureau of Investigations, and other homeland security and paramilitary employees (Kohn 2011). What is almost never limited is the right of public employees to speak to elected officials, and the Federal Labor Relations Act (1978 § 7102) specifically protects this right.

Ethics laws do not protect government employees who speak out but rather dictate when and how they are permitted to exercise their freedom of speech. Although it is not often described, thus, laws and regulations enforced by the Office of Government Ethics are often encroachments on government employees' fundamental rights that pass the Pickering Test. The primary statute dictating ethics requirements is known as the *Hatch Act* (1939). Generally, the government may not restrict citizens' affiliation with political parties, but ethics laws ban federal employees, including most military personnel, from several types of association with political parties, including soliciting political contributions for political candidates except under specific circumstances (*Hatch Act* 1939; *Political Activities by Members of the Armed Forces* 2008). Similar state-level laws restrict political activities in most state and local governments, and those that receive government funds must

also abide by the federal *Hatch Act* (Bowman and West 2009).

Ethics laws also constrain public employees from having financial interests that conflict with the public interest. In an effort to guard against bribes, government employees may not accept gifts from anyone who has business before the agency (OGE 2017). Similarly, government employees may not hold a financial stake in any organization they oversee, nor may they investigate any business with which they are pursuing employment (OGE 2017). The general purpose of ethics laws is to promote efficiency and strengthen democratic governance that is undermined by government employees who attempt to serve more than one master.

While at first glance, it may seem that the purpose of Constitutional law concerning government employees' fundamental rights is primarily focused on protecting employees from abuse, the Supreme Court and subsequent laws on speech and ethics make it clear that the primary objective of these laws is often to strengthen democratic governance. The Supreme Court repeatedly justifies protections of free speech rights based, not on the inalienable rights of public officials, but on the need for the public to know about the internal workings of government, and the number of whistle-blower protections backs up this reasoning. The ease with which ethics regulations limit the fundamental rights of government workers to associate with political parties and search for work also backs up the idea that free speech for public employees is first and foremost about strengthening democratic governance and only secondarily about protecting workers from abuse.

## Health and Safety

Two laws are dedicated to protecting both public and private sector employees from abuse – the Occupational Safety and Health Act (OSHA 1970, pronounced "*oh-shuh*") and the Family and Medical Leave Act (1993). These laws guarantee minimum safety and health standards and promote equity by helping women, who bear an outsized burden of caring for the health and wellness of their families and constitute a majority of the federal workforce (OPM 2018). While workers' health is important in itself, a healthy workforce is also better for efficiency. Both OSHA and FMLA serve all of these goals.

OSHA (1970) protects from hazards that might kill or seriously injure employees. The law applies to all government contractors working in construction or other fields where serious injury is likely. Similarly, OSHA (1970) regulations mandate safety in office spaces including fire protections, access to clean water and toilets, access to medical and first aid, and numerous other potential hazards. As noted above, OSHA (1970) includes whistle-blower protections, and without whistle-blowers, the underfunded Occupational Safety and Health Agency would be unable to protect many workers (Kohn 2011). Some municipal and state governments have specific OSHA implementation agreements that create heightened standards, but the law and its whistle-blower protections are applicable to almost all employers, including nonprofit and for-profit companies.

The FMLA (1993) is similarly applicable to almost all governments and contractors. The FMLA protects employees who take up to 12 weeks off because they are ill or their close family members are ill. Employees are not guaranteed pay during their leave, but they are guaranteed a job when they return. Valid reasons for leave include an employee's own illness, maternity and paternity, adopting a child, and caring for a seriously ill parent, spouse, or child. Relatedly, President Obama's health-care law included a section mandating reasonable accommodations for breaks and private space for nursing mothers to express breast milk while at work (DOL 2016). It is notable that the laws primarily focused on protecting workers apply similarly to both public- and private sector employees, while laws that are only applicable to public employees are more often aimed at promoting efficiency, democracy, and equity. This indicates that public

employee protections may be more often justified as protections of the nation and the people rather than the employees.

## Conclusion

The laws described here do not constitute all the legal and regulative constraints on the public workforce. Multiple volumes have been written on each of these laws. This article is intended as a starting point for researchers and practitioners by clarifying the legal context of government employment, including the constraints placed on public managers, the rights and protections for government employees, and the multiple aims of this multifaceted legal framework.

## Cross-References

► Constitutional Law and Public Administration
► Foundations of the Administrative Law

## References

Bowman JS, West JP (2009) To 'Re-Hatch' public employees or not? An ethical analysis of the relaxation of restrictions on political activities in civil service. Public Adm Rev 69:1

DOL (2016) Handy reference guide to the Fair Labor Standards Act. Government. U.S. Department of Labor. 2016. https://www.dol.gov/whd/regs/compliance/wh1282.pdf

Epstein L, Walker TG (2007) Constitutional law for a changing America: rights, liberties, and justice, 6th edn. CQ Press, Washington, DC

FLRA (2018) Federal Labor Relations Agency Homepage. Government 2018. http://www.flra.gov

Holoszyc-Pimentel R (2015) Reconciling rational-basis review: when does rational basis bite? N Y Univ Law Rev 90:2070

Kohn SM (2011) The whistleblower's handbook: a step-by-step guide to doing What's right and protecting yourself. Lyons Press, Guilford

Naff KC, Riccucci NM, Freyss SF (2014) Personnel Management in Government: politics and process, 7th edn. CRC Press, Boca Raton

OGE (2017) Compilation of federal ethics laws. Government. Office of Government Ethics. 2017. https://www.oge.gov/web/oge.nsf/All+Statutes

OPM (2018) Office of personnel management. Government. 2018. https://www.opm.gov

Rosenbloom DH, O'Leary R, Chanin J (2010) Public administration and law, 3rd edn. CRC Press, Boca Raton

Walker AN (2014) Labor's enduring divide: the distinct path of public sector unions in the United States. Stud Am Polit Dev 28(2):175–200

### Statutes of Interest (with Common Abbreviations Where Applicable)

ADEA. *Age Discrimination in Employment Act*. 1967. *U.S.C.* Vol. 29

ADA. *Americans with Disabilities Act*. 1990. *U.S.C.* Vol. 42

CSRA. *Civil Service Reform Act*. 1978. *5 U.S.C.* Vol. 5

EEOA. *Equal Employment Opportunities Act*. 1974. *USC*. Vol. 42

FLSA. *Fair Labor Standards Act*. 1938. *U.S.C.* Vol. 29

*False Claims Act*. 1863. *U.S.C.* Vol. 31

FMLA. *Family Medical Leave Act*. 1993. *U.S.C.* Vol. 29

*Hatch Act*. 1939. *U.S.C.* Vol. 5

OSHA. *Occupational Safety and Health Act*. 1970. *U.S.C.* Vol. 29

*Political Activities by Members of the Armed Forces*. 2008. *DoD Directive*. Vol. 1344.10

*U.S. Constitution*. 1789

### Cases Cited

*Bolling v. Sharpe*, 347 U.S. 497 (1954)

*Brickey v. Hall*, 828 F. 3d 298 (4th Cir. 2016)

*Brown v. Board of Ed. of Topeka*, 347 U.S. 483 (1954)

*Connick v. Meyers*, 461 U.S. 138 (1983)

*Heffernan v. City of Paterson*, NJ., 136 S. Ct. 1412 (2016)

*Marbury v. Madison*, 5 U.S. 137 (1803)

*Mathews v. Eldridge*, 424 U.S. 319 (1976)

*Morton v. Mancari*, 417 U.S. 535 (1974)

*Pickering v. Board of Ed. of Township High School Dist*, 391 U.S. 563 (1968)

*Romer v. Evans*, 517 U.S. 620 (1996)

*University of Hawai'i Professional Assembly v. Cayetano*, 183 F. 3d 1096. (9th Cir. 1999)

# Administrative Law and Public Administration, Russia

Ivan Leksin
School of Public Administration, Lomonosov Moscow State University, Moscow, Russian Federation

## Synonyms

Administrative legislation; Legal provisions regarding public administration matters

## Definition

In Russian, two separate notions correspond to the English collocation "administrative law." The first one is closer to legal practice than to the legal theory and can be rather defined as administrative legislation comprising of statutes, bylaws, and other formal documents that affect federal and regional administration. According to the Russian legal doctrine, this body of legal sources should be distinguished from the administrative law in the theoretical sense. The latter refers to the content of the administrative legislation, but not to the legal documents themselves.

The academics see every branch of law as a system of legal provisions that are connected through the congeniality of the affected matters and the uniformity of the regulation techniques (Agapov 2019; Alekhin and Karmolitskiy 2018). Thus, administrative law constitutes a system of mostly prescriptive (imperative) provisions that affect a wide variety of public administration issues:

- Formation, composition, and functions of the executive governmental institutions and their performance and relationships (see chapters ▶ "Federal Government, Russia," ▶ "Multi-level Governance and Public Administration, Russia," and ▶ "Regional Executives, Russia")
- Public service, including civil service, military service, and service in the law-enforcement agencies, institutional system and procedures for the recruitment and dismissal of public servants, social security for the acting and retired public servants, etc.
- Administrative offenses and administrative discipline
- Administrative decision-making, including governmental and ministerial procedures, making executive bylaws, administrative agreement-making (see chapter ▶ "Administrative Intergovernmental Agreements, Russia"), and licensing, certification, and execution of supervisory powers and administrative and disciplinary proceedings

The Russian scholars had been long used to extend administrative law to include court procedures regarding administrative offenses and administrative disputes. However, the recent decades show a persistent trend to conceptualizing the law of administrative procedures as a separate branch of Russian law (Zelentsov et al. 2020).

## Introduction

Administrative law is commonly considered to be the branch of law that bears the larger portion of responsibility for the public administration practices. As far as the listed matters cover the great part of the governmental activities, administrative law appears to be an outstandingly massive branch of the Russian law. It encompasses numerous sources created at both federal and regional orders of government. Administrative law also belongs to the most complex branches of law. It contains a number of sub-branches, referring to public service, administrative procedures, police activities, and public administration in particular sectors (domestic affairs, foreign affairs, economic development, science and education, industries, agriculture, transportation, communications, emergency management, etc.). Consequently, by the quantity of legal provisions and of the legal sources, administrative law excels every other branch of the Russian law.

## Administrative Law and Adjacent Branches of Law

Since the unanimity of the Soviet legal doctrine had vanished, numerous views on the systematics of legal provisions regarding public administration can be found. As mentioned above, some scholars stand up for independence of the administrative procedures law; others conceive it as a part of administrative law. Autonomy of subject-based groups of legal provisions related to public administration is also a matter of disputes. The narrow specialists argue in favor of treating such spheres as housing, transportation, forestry, power

engineering, and mineral industry like separate branches of law, while most academics adhere to understanding administrative law as a single branch encompassing the named spheres. Yet the scholars tend to recognize some other administrative-based divisions of law as independent branches. These are, particularly, the information law (that contains provisions governing data management), environmental law, and social maintenance law.

However, within the body of provisions governing public administration issues, the scholars generally acknowledge a number of branches of law separate from administrative law. These are primarily constitutional law (see chapter ▶ "Constitutional Law and Public Administration, Russia"), municipal law (see chapter ▶ "Institutional Foundations of Local Self-Government, Russia"), and financial law.

## Sources of the Russian Administrative Law

Administrative provisions can be found in multifarious sources: in the Constitution of the Russian Federation; in the federal constitutional laws and ordinary federal laws; in the presidential decrees; in the decisions of the RF Government; in the orders being issued by the federal ministries and other executive bodies subordinate to the RF President and to the RF Government; in the constitutions, statutes, laws, and bylaws of the RF constituent entities; in the rulings of the Constitutional Court and of the Supreme Court of the Russian Federation; and in the administrative intergovernmental agreements (Leksin 2018).

In fact, most of these sources are multibranch in their nature, as far as ascribing provisions to different branches of law does not make a strong practical ground for distributing these provisions between different sources in case these provisions are devoted to a single matter. Thus, most sources of administrative law are at the same time the sources of constitutional, municipal, financial law, etc.

The supreme of these sources is indisputably the RF Constitution of 1993. It contains dozens of provisions that set the guidelines for the institutional basis of public administration, define the functions of the RF Government, and outline the mechanisms meant for constraining officials from arbitrariness (see chapter ▶ "Constitutional Law and Public Administration, Russia"). Recently the RF Constitution has undergone extensive changes through the Amending Law No. 1-FKZ dd. 14 March 2020, "On Developing Regulation on the Matters of the Public Authority Organization and Functioning." A larger portion of the alterations focused on the RF President and on the RF Government. In particular, the latter is henceforth officially considered to operate under President's general direction (see chapter ▶ "Head of the State and Public Administration, Russia"), the formation of the federal Government now depends on both chambers of the federal parliament, and the list of the governmental powers becomes more specified and relevant. Besides, the mentioned law provides for more close interaction of the local governments (see chapter ▶ "Institutional Foundations of Local Self-Government, Russia") with the upper ones and incorporates basic requirements for entering upon key public administration offices into the RF Constitution. These offices include members of the RF Government, other heads of federal executive bodies, and regional chief executives (see chapter ▶ "Regional Executives, Russia").

A federal constitutional law is a designation for a statute that does not amend the federal Constitution but elaborates upon a subject specially indicated by the Constitution. Besides the subject matter, a federal constitutional law requires a qualified majority in both chambers of the federal parliament in order to be passed. The most important of such laws regarding public administration is the Law No. 2-FKZ dd. 17 December 1997, "On the Government of the Russian Federation." It provides for the composition of the RF Government, its powers, and relationships with federal ministries and other executive bodies, as well as with the regional governments, for the distribution

of functions between members of the RF Government, as well as for financial and logistic support for the RF Government and its members (see chapter ▶ "Federal Government, Russia"). Besides, federal constitutional laws No. 3-FKZ dd. 30 May 2001 "On the State of Emergency" and No. 3-FKZ dd. 30 January 2002 "On the State of Martial Law" are considered to be significant sources of administrative law, although neither of them were ever applied.

Unlike federal constitutional laws, ordinary federal laws are numerous statutes that can be passed on the issues of both federal and joint jurisdiction with approval by simple majority of the federal parliament. Among these the RF codes should be distinguished. These are the statutes that belong to the category of federal laws as regards parliamentary procedures and the hierarchy level within the system of the sources of law. Yet they are recognized as the key federal statutes that are destined to lead the respective legislative branch. However, unlike some less complicated branches of law, the administrative law does not possess a single leading code but distributes its provisions among a number of the RF codes and thousands of other federal laws. Most noteworthy of the RF codes related to the administrative law are the following: Budget Code of 1998, Tax Code of 1998–2000, Code on Administrative Offenses of 2001, Inland Water Transportation Code of 2001, Land Code of 2001, Urban Development Code of 2004, Forest Code of 2006, and Water Code of 2006.

Besides, in 2015 the Code of Administrative Court Procedures had been passed. Depending on the point of view, it can be regarded either as one of the crucial sources of the RF administrative law or as a source of the RF law of administrative procedures, separate from the RF administrative law.

Apart from the national codes, a single supranational one exists since 2017. That is the Customs Code of the Eurasian Economic Union. That is, surely, not a unique supranational source of the RF administrative law but definitely the only one that had been favored with the title of a code. In fact, it deserved this title, as far as it replaced the content of the customs legislation of the Union members.

Outside the codes ordinary federal laws cover various matters of public administration. As stated above, usually they contain provisions that belong to several theoretical branches of law. This fact permits the scholars to regard such statutes as the sources of administrative, constitutional, municipal, financial law, etc. simultaneously. Yet, this multibranch nature of federal laws does not impede defining many of them as particularly important sources of administrative law. Among these the following ones ought to be mentioned:

- The statutes governing relations of individuals with the executive (namely, federal laws No. 62-FZ dd. 31 May 2002 "On the RF Citizenship," No. 114-FZ dd. 15 August 1996 "On the Procedure for Leaving from the Russian Federation and Entry into the Russian Federation," No. 115-FZ dd. 25 July 2002 "On the Legal Status of Foreign Citizens in the Russian Federation," No. 109-FZ dd. 18 July 2006 "On Migration Registration of Foreigners and Apatrides," RF Law No. 5242-1 dd. 25 June 1993 "On the Rights of the RF Citizens to Freedom of Movement, Domicile and Residence Choice," etc.)
- The statutes setting administrative rules for business undertakings (namely, federal laws No. 294-FZ dd. 26 December 2008 "On the Protection of Legal Entities and Sole Proprietors in the Exercise of Government Control," No. 99-FZ dd. 4 May 2011 "On the Licensing of Certain Types of Undertakings," No. 173-FZ dd. 10 December 2003 "On Currency Exchange Regulation and Control," No. 183-FZ dd. 18 July 1999 "On Export Control," etc.)
- The statutes on some federal and regional executive bodies (namely, federal laws No. 403-FZ dd. 28 December 2010 "On the RF Investigative Committee," No. 40-FZ dd. 03 April 1995 "On the Federal Security Service," No. 184-FZ dd. 6 October 1999 "On the General Principles

of Organization of the Legislative (Representative) and Executive Bodies of the RF Constituent Entities," etc.)
- The statutes related to public service (namely, federal laws No. 58-FZ dd. 27 May 2003 "On the System of Public Service in the Russian Federation," No. 79-FZ dd. 27 July 2004 "On the RF Civil Service," No. 53-FZ dd. 28 March 1998 "On Military Duty and Military Service," No. 76-FZ dd. 27 May 1998 "On the Status of Military Personnel," No. 161-FZ dd. 12 July 1999 "On Material Liability of Military Personnel," No. 3-FZ dd. 07 February 2011 "On the Police," No. 342-FZ dd. 30 November 2011 "On the Service in the RF Internal Affairs Agencies, etc.)
- The statutes governing administrative operations (namely, federal laws No. 210-FZ dd. 27 July 2010 "On the Public Services Provision," No. 59-FZ dd. 02 May 2006 "On the Procedure for Considering Applications from the RF Citizens," No. 129-FZ dd. 8 August 2001 "On the Government Registration of Legal Entities and Sole Proprietors," No. 170-FZ dd. 01 July 2011 "On the Technical Inspection of Vehicles," No. 218-FZ dd. 13 July 2015 "On the Government Registration of Real Assets," No. 31-FZ dd. 14 March 2009 "On the Government Registration of Aircrafts and Dealing in Them," etc.)
- The statutes setting quantitative and qualitative standards (namely, federal laws No. 184-FZ dd. 27 December 2002 "On Technical Regulation," No. 412-FZ dd. 28 December 2013 "On the National Accreditation System," etc.)

Under the RF Constitution, administrative legislation belongs to the huge sphere that is formally called joint jurisdiction of the Russian Federation and its constituent entities. However, the name "joint" is not completely adequate to the legal nature of this sphere. In fact, it would be more precise to designate it as concurrent jurisdiction (Leksin and Seliverstov 2017). The scope of federal legislation within this sphere has no fixed limits. The Federal Assembly is not obliged to leave room for the regional legislation on any matter of the joint jurisdiction. Consequently, regional parliaments cannot compete with the federal one in lawmaking as equals. However, within the sphere of public administration, there remain huge areas where the regional legislatures enjoy considerable discretion.

Every of the 85 RF constituent entities passes its own legislation regarding almost all public administration issues indicated above (a noteworthy exception is establishing court procedures that are totally controlled by the federal legislation). Due to the great number of constituent entities, regional laws taken as a whole outnumber federal ones passed on the public administration issues by 20 to 1. The system of statutory sources of administrative law varies from one region to another, as every regional government decides independently whether to pass a codified statute covering a number of relative issues or to enact several separate laws and bylaws. However, one can observe considerable interregional regularity as well.

First, all regions have their own legislation, as well as much more numerous bylaws on the formation and composition of the executive branch of government; on the distribution of powers and responsibilities between the ministries, departments, agencies, inspections, committees, and other bodies established by the respective legislator, by the governor, and by the higher regional executive body (the council of ministers, the administration, etc.); and on the public services provided by these bodies. In lawmaking on these issues, regional parliaments have to follow some federal guidelines of rather constitutional than administrative nature. Namely, these are the federal provisions concerning election and impeachment of the governor, the list of his powers and responsibilities, his relations with the higher regional executive body (or the governor's position within the latter), and common functions of the latter (see chapter ► "Regional Executives, Russia").

Second, every RF constituent entity legislates upon its civil service. However, regional laws on this issue are not very creative. As a rule, regional legislatures borrow structure and phraseology

from the Federal law dd. 27 July 2004 "On the RF Civil Service."

Third, the RF constituent entities pass their own statutes or codes or laws on administrative offenses. Many categories of the violations of this kind are covered by the RF Code on Administrative Offences, so regional legislation deals with the punishment for such violations as breaches of peace and quiet at nighttime and on rest days, breaking the rules of sanitary control within settlements, of refuse collection, of snow cleaning, nonpayments for commuter services, etc.

Altogether, on federal and regional levels, the statutes containing administrative provisions are estimated in dozens of thousands. However, bylaws being issued by federal and regional administrative bodies exceed this number a hundredfold. Among these bylaws are the decrees of the RF President; resolutions of the RF Government; orders and other regulations issued by federal ministries, agencies, and oversight bodies; as well as the documents passed by similar regional bodies.

The RF President above all has the power to define the structure of the federal executive. Actually, almost all current federal ministries, agencies, and oversight bodies had been established by his decrees. Besides, he sets the criteria for the regional governments' performance evaluation. In addition, he determines the composition and functions of dozens of administrative and consultative bodies, including five ministries (Ministry of Foreign Affairs, Ministry of Home Affairs, Ministry of Defense, Ministry of Emergencies Management, and Ministry of Justice). The President has also broad regulating jurisdiction regarding civil, military, and law-enforcement service. Namely, he is responsible for approving the register of the federal civil service offices, the list of standard regional civil service offices, and the guidelines for the qualification requirements at the civil service, establishes procedures for the civil servants' qualification tests, defines the salaries of the RF civil servants, enacts the requirements for official conduct of the RF civil servants, lays down the rules for settling conflicts of interest, issues army and police regulations, etc.

The RF Government issues bylaws governing economics, social policies, science and technological development, education, healthcare, power engineering and power supply, transportation, housing, as well as some issues of law enforcement. For instance, it determines the composition and functions of most federal executive bodies; issues tariff regulations, road regulations and rules for the federal property management, for distribution of social support, and for assigning subsidies and subventions from the federal budget; defines the unemployment benefit; establishes procedures for conducting technical inspections and examinations, as well as for federal licensing, certification, accreditation, and attestation, for the government purchases, for applying protective measures and out-of-court restraints, and for the regional governments' performance evaluation; establishes federal institutions and enterprises; and approves federal programs.

Separate ministries, agencies, and oversight bodies issue instructive documents that particularize the guidelines issued by the RF President and the RF Government and pass numerous administrative regulations covering procedures for providing various public services, for performing state duties, and for conducting intergovernmental and intragovernmental interaction.

As mentioned above, regional governors, councils of ministers, administrations, ministries, departments, and other bodies issue normative decisions as well (see chapter ▶ "Regional Executives, Russia").

On the overall administrative law is considered to be imperative by its nature. However, within the sphere of public administration, one can find some space for agreement-making as well. Thus, unilateral decisions coexist with bilateral and multilateral regulation (see chapter ▶ "Administrative Intergovernmental Agreements, Russia").

## Administrative Law and Russian Judiciary

Unlike many civil law countries, Russia does not have a system of administrative courts.

A protracted argument regarding establishing such specialized institutions came to almost nothing. The mentioned Code of Administrative Court Procedures had been passed in 2015, but that did not imply the institutional changes in the Russian judiciary. As before, multifarious bodies and officials adjudicate in cases of administrative offences, settle administrative disputes, and deal with complaints against administrative decisions. Most typical administrative violations belong to the jurisdiction of numerous executive bodies at both federal and regional levels of government. Regular courts consider administrative disputes and try significant cases of administrative violations committed by individuals, while commercial courts (literally called "arbitration courts") deal with administrative violations imputed to legal entities and sole proprietors.

Notwithstanding the lack of specialized administrative courts, judiciary plays a considerable role in the formation of the RF administrative law. They have already made substantial contribution to the RF administrative law through interpretation and transformation of the federal and regional legislation. The RF Constitutional Court had taken a number of marked decisions regarding the formation of the RF Government, the structure of federal executive, as well as compliance of the RF Code of Administrative Offences with the RF Constitution (see chapter ▶ "Constitutional Law and Public Administration, Russia"). The RF Supreme Court's decisions are more focused at the issues of administrative offenses and public services.

## Conclusions

Administrative law is undoubtedly the main container for the rules regarding public administration. Yet, the borders of this branch of law are vague and disputable. However that may be, no one recognizes that the legal rules that govern public administration issues can be reduced to the provisions belonging to the administrative law. The latter shares this role with the set of adjacent branches of law. The list of the latter is also a matter of discussions. Nevertheless, against the background of average-size branches of law, the RF administrative law looks like a superbranch. It possesses a wide variety of regulative tools that allow to permeate through every nook and cranny of public administration. Statutes and bylaws remain most common of these tools, though administrative agreements are also in demand. Besides, although Russia is popularly considered to be a part of the civil law system, court decisions play a constantly increasing role in the considered sphere.

## Cross-References


- ▶ Administrative Intergovernmental Agreements, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia


## References


Agapov A (2019) Administrative law: in 2 vol. Yurait, Moscow. (in Russian)

Alekhin A, Karmolitskiy A (2018) Administrative law of Russia. Zertsalo, Moscow. (in Russian)

Leksin I (2018) Intergovernmental agreements in contemporary Russia. Int J Public Adm 41(5–6):340–356

Leksin I, Seliverstov V (2017) Concurrency of powers in the Russian Federation. In: Steytler N (ed) Concurrent powers in federal systems: meaning, making, managing. Brill Nijhoff, Leiden, pp 164–206

Zelentsov A, Kononov P, Stakhov A (2020) Administrative procedures law of the Russian Federation. Yurait, Moscow. (in Russian)

# Administrative Law Judges and Politics

Benjamin Kassow
Department of Political Science and Public Administration, University of North Dakota, Grand Forks, ND, USA

## Synonyms

ALJs; Judges of Specialized Jurisdiction; Social Security Administrative Law Judges

## Definition

An administrative law judge (ALJ) is a trial court judge that resolves claims/disputes involving administrative law within certain agencies (federal or state, depending on the particular judge).

## Introduction

A standing debate in American politics and the role of bureaucrats within American politics involves the role of administrative law judges: are they bureaucrats or are they traditional judges? While the jury is still somewhat mixed, Taratoot and Howard (2011) find evidence that the role of an administrative law judge (ALJ) encompasses both bureaucrats and judges, at least with regard to the National Labor Relations Board (NLRB). On the one hand, ALJs are employed as bureaucrats and are encouraged to help ensure that individuals comply with federal agency regulations. On the other hand, the fact that an ALJ is a judge mandates that ALJs have some degree of independence from interference from other political actors. In order to begin to answer this question, one needs to know about the role of ALJs in society more generally, as well as to understand how they came about, as well as their functions and organization, both at the federal and state levels.

In this entry, I discuss the following things: who administrative judges are and their role in federal government, the history of ALJs in the US federal government, evidence on the degree that ALJs act (and/or have the ability to act) politically, and conclude with discussion with administrative law judges at the US subnational (i.e., state) level. I ultimately conclude that the power of ALJs is relatively extensive (if not absolute); I describe evidence that suggests that ALJs have the ability to act politically much of the time, and often do act politically, and describe recent changes to state ALJs that encourage increased levels of professionalism and independence among ALJs in states.

## Who Are Administrative Law Judges? What Do they Do in the Federal Government?

Evidence is in fact fairly clear that ALJs share characteristics with both bureaucrats and federal judges. Similar to bureaucrats, they are employed through the Office of Personnel Management (OPM) and must pass civil service exams to obtain the job and to receive various types of promotions; these are done to ensure that ALJs are qualified and understand the legal areas that they will be ruling on. The requirements include both a 4-h written examination and an oral examination. On the other hand, compared with bureaucrats who generally are paid through the agency that they work for, ALJs actually get paid and promoted through the Office of Personnel Management. In some regards, this is quite useful for increasing an administrative law judge's political independence, as it ensures that these judges are not able to be fired or have their pay reduced by the particular agency that they work for (Taratoot and Howard 2011, p. 835).

An important implication of the fact that ALJs are not hired by the agency is that they are actually merit-appointed-based judges and serve a unique role in the United States by virtue of

being selected purely on the basis of merit. In fact, this makes ALJs more akin to civil law judges in a comparative perspective, where judges are generally given a code to apply to specific sets of cases and are promoted primarily via a merit-based, test-based system. Consequently, this similarity to civil law judges makes administrative law judges unique in the US perspective.

Also, importantly, decisions by administrative law judges are not reviewed directly by an Article III court (generally a US court of appeals three-judge panel but this depends on the federal agency) (see Ringquist and Emmert 1999), but, rather, are reviewed by an agency head (or commission), which then gets reviewed by some type of Article III court. As a result, this puts ALJs in a position where they are not directly held accountable by an Article III court but whose decisions can be directly overturned by a commission (or agency head, depending on the particular agency that an ALJ is working in). However, similarly to an Article III judge, the agency head cannot remove an ALJ, unless an ALJ is being fired for cause, which can additionally be reviewed by a US district court judge. In practice, this arrangement gives quasi-lifetime protection to administrative law judges in a way that many other judges, who are part of an Article I tribunal (this includes ALJs), do not. This system is in contrast to that of magistrates or bankruptcy judges, who served fixed terms (bankruptcy judges and magistrates serve 14-year terms).

ALJs, in the US constitutional perspective, are considered to be Article I judges (created by legislature rather than created directly by virtue of the Constitution, as is the case for Article III judges), although ALJs have a relatively large amount of freedom from political interference compared with many other types of Article I judges. ALJs, in particular, have a role that is similar to that of a US district court judge, where an ALJ has the power to rule of the admissibility of evidence, regulate all administrative hearings, and make decisions regarding claims against an agency, although they do not generally have the power to forcibly sanction an agency (unless Congress specifies otherwise). If an ALJ was to recommend a sanction or enforcement against an agency, the case would go to a US district court, for full adjudication.

The federal government has approximately 1800 ALJs across 24 separate agencies (FedScope 2012), although the Social Security Administration has a majority of these 1800 ALJs in the federal government. Most agencies, specifically, only have several dozen ALJs working at a given time, although they can request additional ALJs, on a temporary basis (up to 6 months at time), from the Office of Personnel Management. The role of an ALJ is to serve as an independent arbiter in adjudication. Unlike Article III (and most other Article I) judges, administrative law judges also have the ability to rule on hypothetical cases, or ones that do not constitute "cases and controversies," in an Article III definition. This gives administrative law judges a unique ability to shape law in an especially large way, as it allows administrative law judges to make rulings on a variety of administrative-related issues. On the other hand, administrative judges do not have the ability to overrule decisions made by either the legislative or executive branch (Baum 2009; Moliterno 2006).

According to sections 553–559 of Title V in the US Code, in order to be an ALJ, a candidate must be able to comply with the following requirements: (a) must be a licensed attorney who has passed the bar exam in a state, in the District of Columbia, or in Puerto Rico; (b) must have 7 years of active experience as a trial attorney in litigation and/or administrative law; and (c) must pass an exam relating to the duties of an administrative law judge. Interestingly, these requirements are more than that for most Article III judges and are similar to that of other specialized judges (regardless of Article III or Article I-based specialized judges). In effect, what this means is that ALJs are likely to have high levels of experience and a specialized skill set in administrative law (Miller and Curry 2009, 2013). This effect may have other important

implications with regard to judicial behavior, which is mostly, as of now, unknown (Baum 2009).

## Political History of ALJs

The idea of an administrative law judge initially came into existence in 1946, with the passage of the Administrative Procedures Act (APA). The APA specifically designates that administrative law judges are to be hired and promoted in terms of pay and responsibilities, via a merit-based system, thus making them (uniquely) the only set of judges in the United States that are hired and promoted based primarily on a merit-based system. The primary reason that Congress set up administrative law judges to work this way in the APA was the fact that they would be working primarily for an institution, rather than for a particular presidential administration. In so doing, Congress sets up ALJs to be a quasi-independent part of the executive branch but that could only be removed by a president or an administration for proper cause.

What the 1946 APA does, which is quite innovative with regard to bureaucratic administrations, is it creates two types of agency actions: rulemaking (quasi-legislative) and adjudication (quasi-judicial). The importance of this split is that the quasi-judicial portion or the ALJs are responding primarily to requests regarding the application of agency rules, rather than primarily ruling on larger statutory or constitutional questions, although their decisions do have real-world impact on public decisions, such as enforcement of various types of policies, including energy policy, environmental policy, as well as the distribution of social security benefits, among a variety of other things.

More recently, ALJs have received more de facto power, as their role has changed to some degree. At least at the federal level, many ALJs are dealing with benefit and enforcement of regulation cases that occur almost like that of a trial against the US government. While this has enhanced the power of ALJs, as Skoler (1982) notes, this has also made the position somewhat more problematic in a normative sense, in that their decisions are more likely to be final.

## Evidence Regarding ALJ Decisionmaking

While relatively little evidence exists regarding the degree that administrative law judges act politically with regard to the decisions that they make, some evidence does exist. Notably, Taratoot (2014) finds evidence suggesting that ALJs respond to cases in a similar manner to that of Article III federal district court judges, in that they are influenced in some degree by ideology but are primarily influenced by other factors, including characteristics of litigants, as well as facts related to individual cases. In one regard, this is somewhat surprising in that administrative law judges do not have complete independence as they are Article I judges, although they do have a greater degree of independence from the agency that they work for compared with most Article I judges, given that they are not employed through the agency itself.

In many cases, given the language regarding statutes that ALJs frequently must interpret, Taratoot (2014) speculates that ALJs actually have substantial independence regarding their interpretation of administrative procedure and congressional statutes that relate to specific agencies they are designated to work on. However, because ALJs are at least part bureaucrat, Congress also has substantial ability to constrain ALJs if they choose to do so. Because ALJs have the freedom to rule on cases and are difficult to remove from their positions unless for cause (which is not defined by Congress), they likely have more of an ability to act "politically," at least in a theoretical sense, compared with other types of judges.

Also importantly, evidence also exists that may be unusual for federal boards to routinely overrule ALJ decisions (Taratoot 2013). Specifically, Taratoot finds, while examining decisions made by the political appointees of the National Labor

Relations Board, that the decision made by an ALJ is much more likely to determine the outcome of an appeal to the political board, compared with the board members' ideology. He finds these findings to hold regardless of whether the decision being reviewed is an "easy" decision or a "difficult" decision, denoted by a combination of whether the full political board hears an appeal, as well as cases that "involved novel questions or set precedents that may be of substantial importance in the future administration of the Act" (Cooke et al. 1995, p. 247). What Taratoot finds specifically with regard to the NLRB is that approximately 66% of ALJ decisions are completely affirmed, whereas approximately 16.5% are reversed (with 17% partially modified). Thus, it can be said that while the board is not simply a "rubber stamp" for an ALJ, it does not generally have an inclination to overrule the ALJ's ruling either. Future work should examine the degree to which boards at other federal agencies (that have ALJs) have similar types of results in this regard.

Yet, in some regards, at the same time, there are reasons to potentially expect that ALJs may be restricted, at least in some cases. Unlike Article III judges, their decisions do get reviewed from within the executive agency itself (Moliterno 2006), which serves as some degree of a check against the agency.

## State ALJs

Similar to the state and federal dual systems of judiciaries, many states also have their own administrative law judges, as a part of state administrations. Like the fact that state courts vary highly in terms of professionalization as well as in the degree of independence that state court judges have, state ALJs vary significantly in terms of their ability to make independent decisions. In some states, such as California, the setup of ALJs is quite similar to that of the federal government, where ALJs are part of an agency but are employed and paid by a state agency similar to that of the OPM, in the federal government. On the other hand, other states, such as New Jersey, use a "central panel agency," where administrative law judges serve all agencies within a state rather than being assigned to an individual state agency to work for. Very little is known about the degree that state ALJs behave politically, but given the research on state courts that finds large differences in political behavior among state high court justices, there are reasons to suspect that differences among institutions with regard to ALJs may similarly encourage (or discourage) varying types of political behavior.

As Hoberg (1994, 2001; see also Flanagan 2005) notes, a central agency is a group of ALJs that are employed by a central office that preside over agency proceedings on as "as needed" basis. What this effectively means is that the agency gets ALJs that are appointed by a group other than the agency (similar to the federal system) that allows an ALJ to be impartial and to not worry about potentially being fired from her position if she rules against the agency, as she would not be hired by the particular agency that she would be working for (see Levinson 1981).

Some evidence exists suggesting that central panel judges may be especially effective for state administrative law judiciaries for several reasons from a theoretical perspective. First, they provide an extra check against the firing of administrative law judges at the state level, who do not necessarily have the same level of protection as in the federal bureaucracy (Felter Jr 2001). Rather, in most states that use central panels, there is a panel of judges that examine state ALJs on a performance-based metric, with the ability to fire ALJs that are not performing acceptably. This performance evaluation is completely separate from the frequency that the ALJ rules in favor of (or opposed to) any particular agency that the judge is ruling with regard to. In other cases, states actually make an ALJ's decision final (Flanagan 2005), where an agency has minimal ability to overrule an ALJ's decision. On the other hand, in many instances, state make it easier to remove a case from a state administrative agency directly to an elected state judge (or federal judge in some instances) compared with the feasibility of doing so in a federal agency, where one must exhaust all

appeals within an internal agency before going to an actual Article III court for adjudication.

## Conclusion

In conclusion, while much is still unknown about the degree that administrative law judges act politically, what current evidence exists suggests that across a variety of agencies, ALJs have the ability to act politically, both in terms of their own political viewpoints, as well as acting strategically toward a variety of other actors (the board that receives appeals from the ALJ, as well as the US courts of appeals), which suggests that ALJ decisionmaking is relatively similar to that of US district court judges and magistrates, who make a variety of decisions regarding the admissibility of evidence, as well as making direct decisions in some criminal cases (i.e., those that involve a bench trial), as well as all initial federal civil cases (except for those that qualify and receive a jury based on the Seventh Amendment – roughly 3% of those eligible cases do receive a jury) (see Klein 2002; Baum 2006, with regard to court of appeals judges).

Of equal importance is the idea that an ALJ's decision has a reasonable probability of surviving review by a political board. This suggests that an ALJ's decision has real "teeth" and is not hugely likely to be overruled. More specifically, this means that an ALJ's decision has a reasonable probability of being final with regard to the interpretation of an administrative rule or a remedy to a violation of an administration rule. This finding is likely true both at the federal and at the state level, meaning that ALJs are becoming increasingly professionalized and relied on across several layers of the judiciary. In short, the importance of ALJs and the potential for ALJs to act politically may increase over time, as they become more professionalized (Baum 2009; Squire 2008). Finally, the role of ALJs seems to be shifting in states to a more professionalized form of ALJ, giving administrative law judges a greater ability to act politically in the future, similarly to the discussion given to federal ALJs.

## Cross-References


- ▶ Comparative Federalism and Law
- ▶ Constitutional Law and Public Administration
- ▶ Executive Orders and Public Administration
- ▶ Federalism and Public Administration
- ▶ Law Constraints on Public Administration
- ▶ Policy Pressures and Public Law


A

## References


Baum L (2006) Judges and their audiences. Princeton University Press, Princeton

Baum L (2009) Probing the effects of judicial specialization. Duke Law J 58(7):1667–1684

Cooke WN et al (1995) The determinants of NLRB decision-making revisited. Ind Labor Relat Rev 48: 237–257

FedScope (2012) U.S. Office of Personnel Management. Retrieved from http://fedscope.opm.gov

Felter EL Jr (2001) Special problems of state administrative law judges. Adm Law Rev 53(2):403–418

Flanagan JF (2005) An update on developments in central panels and ALJ final order authority. Indiana Law Rev 38:401–434

Hoberg AC (1994) Administrative hearings: state central panels in the 1990s. Adm Law Rev 46:78–90

Hoberg AC (2001) The progress of state central panels. J Natl Assoc Adm Law Judges 21:235

Klein DE (2002) Making law in the United States courts of appeals. Cambridge University Press, Cambridge, UK

Levinson LH (1981) The central panel system: a framework that separates ALJs from administrative agencies. Judicature 65(5):236

Miller B, Curry B (2009) Expertise, experience, and ideology on specialized courts: the case of the court of appeals for the federal circuit. Law Soc Rev 43(4): 839–864

Miller B, Curry B (2013) Experts judging experts: agency review on a specialized court. Law Soc Inq 38:55–71

Moliterno JE (2006) The administrative judiciary's independence myth. Wake For Law Rev 41:1191–1234

Ringquist EJ, Emmert CE (1999) Judicial policymaking in published and unpublished decisions: the case of environmental civil litigation. Polit Res Q 52:7–37

Skoler DL (1982) The administrative law judiciary: change, challenge, and choices. Ann Am Acad Pol Soc Sci 462:34–47

Squire P (2008) Measuring the professionalization of state courts of last resort. State Polit Policy Q 8:223–238

Taratoot C (2013) Review of administrative law judge decisions by the political appointees of the NLRB, 1991–2006. J Public Adm Res Theory 41: 551–580

Taratoot C (2014) The politics of administrative law judge decision making in civil penalty cases at the environmental protection agency: 1992–2010. Am Polit Res 42:114–140

Taratoot C, Howard R (2011) The labor of judging: examining administrative law judge decisions. Am Polit Res 39:832–858

## Administrative Politics and Lobbying Regulation

Direnç Kanol
Public Administration Department, Near East University, Nicosia, Northern Cyprus, Turkey

### Synonyms

Accountability; Advocacy; Good governance; Policy influence; Political equality; Public integrity; Public interest; Regulatory capture; Transparency

### Definition

Lobbying regulation is a combination of rules set up for organized interests which then they must follow when trying to influence public policy.

### Introduction

How a society is governed differs widely based on the political system of a country. Political scientists differentiated between democratic regimes, authoritarian regimes, and those which fall in between hybrid regimes. There are also different types of executive-legislative relationships in different countries. The basic differences being among parliamentary, presidential, and semi-presidential regimes. Public administration scholars have their own contribution to classifying governing styles: governing with traditional (bureaucratic) tools, business-like New Public Management (NPM) instruments, Neo-Weberian, or public value oriented governing instruments. Despite differences in each of these styles of governance, what is common among them is that a government must find ways to properly interact with nongovernmental actors. These nongovernmental actors can be corporations, business associations, workers' unions, or nonprofit organizations striving to further the public interest. The degree and style of interactions between governmental and nongovernmental actors can change in each governance structure; however, non-state actors' importance in governance cannot be underestimated in any political system.

The question to ask, then, would be: What are the consequences of outside interests participating in public decision-making processes? Participation of outside interests into policy-making mechanisms can be desirable. Interest groups represent an array of citizens and organized interests possess expertise which might not be in public actors' possession. However, concerns remain about the unequal power of different non-state actors. In fact, many citizens believe that wealthy companies own the policy processes, hence, destroying the very essence of political equality which is a necessary condition for any type of democratic regime. Moreover, citizens, some nonprofit organizations, and some political parties lament the lack of transparency in how organized interests influence decision-making structures. Different policy instruments might be available for governors to address the concerns of citizens about opaque and excessive influence of some groups in governance.

Recently, democratic countries have turned to lobbying regulation as one of these instruments. Lobbying regulation means setting up rules for organized interests which then they must follow when trying to influence public policy. These rules can be one or more of the following: registering the influence seeker's name on a public register, stating whom and/or which organizations the influence seeker is talking to, about which policies the discussions take place, specifying the amount of financial resources put into lobbying activities, banning exchange of gifts between lobbyists and public actors, and regulating the public actors' post-employment practices (e.g., banning public actors from being employed as a

public affairs professional for a certain amount of time, also known as "cooling-off" period).

Lobbying regulation used to exist in only a handful of countries. The USA, Germany, Australia, and Canada experimented with lobbying regulations in the 20th Century. With the rise of anti-politics sentiment, an increased interest by international institutions like the Organization for Economic Cooperation and Development (OECD), and attempts to engineer lobbying regulation at the European Union (EU), lobbying regulation policy started to diffuse from country to country, especially in Europe. Because of this fast pace of policies developing and evolving, the most comprehensive study on global lobbying regulations written by Chari et al. (2010) has already been outdated. This chapter briefly presents what is currently known about lobbying regulations so far, and what this knowledge implies for their usefulness in good governance.

## Regulating Lobbying: The State of the Art

Comparative research measures the strength of lobbying regulation in different contexts, albeit with mixed results. The stringency of lobbying regulation in the USA has served as a model for other polities. The length of time in experiencing with lobbying regulation, the number of lobbyists functioning in the pluralist system, the unchecked power of lobbyists and the various problems faced due to this unchecked power might be part of the reasons why the USA has established a strong regulatory system for lobbyists. It should be noted that self-regulation or voluntary registering schemes used by the European Commission should be discussed separately than lobbying regulations. Regulatory policy defines the rules of a game, and thus, societal actors must comply with these rules. Therefore, to say that a polity has lobbying regulation, that polity needs to have mandatory rules for lobbyists to follow.

Researchers provide explanations to why lobbying regulations exist in some contexts but not in others, or why lobbying regulation is more stringent in some contexts than in others. On the whole, political scandals and policy diffusion together are mainly responsible for such variations (Crepaz 2017). Political scandals about public actors granting favors to outside interests in return for personal benefits occupy a high place on the media's agenda. This, in turn, captures the attention of the public and destroys the positive image of politicians and public administrators. Lobbying regulation policy, then, immediately becomes a topic of discussion in the government and among the legislators. Agenda-setting is also influenced by international institutions suggesting benchmarks for integrity in lobbying. Policy formulation and adoption stage is highly influenced by examples in other countries. Good practices might diffuse from one country to another or policy-makers might selectively pick some parts of the policy in another country and leave others out.

Arguably, the most intriguing question for scholars and practitioners alike is if lobbying regulations work. To answer this question, first a consensus is needed on what lobbying regulations aim to achieve, and then observe their effect on these desired outcomes. At the same time, it is imperative to investigate if there are any unintended consequences of lobbying regulation policy. The aim of lobbying regulation is to have transparency, accountability, political equality, and integrity around the influence of non-governmental actors on public policy. Transparency is the main driver of these desirable outcomes expected from regulating lobbying. Transparency is needed because of public suspicion about what takes place behind closed doors. The public should first know who influences whom, when, and how. Only then can they hold public actors accountable, and only then can they react to excessive influence by a few wealthy groups on public policy. Organized interests would be more inclined to lobby responsibly if they know that the public can investigate their actions. "Cooling-off" periods can curb the inclination towards acting irresponsibly while in public office or using contacts to influence public policy in favor of certain groups as soon as public officials leave their post and get a public affairs position in a private company or an interest group.

Current knowledge about the impact of lobbying regulations is still limited. Overall, one might be cautiously optimistic about lobbying regulations achieving their desired aims. In the USA, the Honest Leadership and Open Government Act which became law in 2007 managed to curb the number of legislators turning lobbyists (Cain and Drutman 2014). The stringency of lobbying regulations in American states is correlated with both overall interest group influence in legislatures (Ozymy 2010) and political equality (Flavin 2015). Moreover, experimental data shows that when people are exposed to information about lobbying regulations, they become less cynical towards the government (Kanol 2018). However, in the EU, stakeholders mainly questioned the effectiveness and sustainability of lobbying regulation (Bunea, 2018). One should, however, emphasize that the EU is in the process of adopting a mandatory regulatory lobbying system, and thus, it is too early to evaluate if that new regulatory system will be an effective one. There is, also, an unintended consequence of regulating lobbying, which is red tape. Lobbyists must enter all information into a public register which is then managed by public officials. These public officials are responsible for checking irregularities in the data and act accordingly. Enforcement is as important and difficult, if not more, as designing sound lobbying regulation policy. Both lobbyists and public administrators need to spend significant time and effort to function in this regulatory system efficiently. Therefore, it might be expected that stakeholders might develop negative feelings towards lobbying regulations.

## Conclusion

Lobbying regulation policy is necessary for the public to gain knowledge about outside influence on policy-making and set preventive rules against lobbyists acting against the public interest. To an extent, this might prevent influence peddling behind closed doors and undue influence by some groups. Recently, political scandals and policy diffusion have triggered discussion and adoption of lobbying regulation in various countries. As countries experiment with regulating lobbying, the knowledge about the effectiveness of lobbying regulation is expected to consolidate. The limited number of research on the effect of lobbying regulations until now might suggest that the jury is still out. However, the preliminary knowledge suggests that they have, on average, produced positive results.

Multiple administrative challenges exist for both top-level and street-level bureaucrats to implement the rules defined by lobbying regulations. Administrative burden, however, is a by-product of almost all regulatory policies. The trade-off between creating rules for "fixing" lobbying practices and administrative burden should not occupy the minds of regulators who are distressed with the legitimacy crisis in representative democracies. When designing lobbying regulation, policymakers should also consider how it would work together with political finance regulation. Political donations provided by private actors are also a means of influencing public policy. Therefore, it can hardly be separated from lobbying. Policy success can be disrupted by discrepancies with or deficiencies in political finance laws.

Advanced democracies are in the process of creating democratic innovations to tackle the challenge of cynicism towards politics and populism. In the near future, it is reasonable to expect to see mandatory rules for lobbying in almost all democratic countries as a part of these democratic innovations. One should not perceive these rules to be a panacea for corruption. If private actors decide to bribe public actors, and if the latter goes along with it, lobbying regulation can hardly prevent this. However, lobbying regulation creates transparency and induces ethical practices which decrease the likelihood of opaque, chaotic, and highly unequal system of influence production. Therefore, it should be understood as a policy which is an indispensable part of good governance.

## Cross-References

► Accountability
► Accountability and Corruption, Europe
► Accountability and Democratic Administration

▶ Accountability Mechanisms
▶ Accountability: Breaches and Trust
▶ Administrative Ethics
▶ Administrative Reform
▶ Advocacy and Policy Influence
▶ Anticorruption Reforms and Governance
▶ Code of Ethics
▶ Comparative Policy Reforms
▶ Conflicts of Interest in the Public Sector
▶ Ethics and Good Governance
▶ Ethics and the Public Interest
▶ Ethics in Public Administration and Government
▶ Ethics Policy
▶ Global Administrative Reforms
▶ Good Governance
▶ Governmental Accountability
▶ Integrity and Corruption
▶ Integrity in the Public Service
▶ Integrity Management
▶ Lobbying
▶ Political Corruption
▶ Politics and Ethics
▶ Public Attitudes and Corruption
▶ Trust in Government

## References

Bunea A (2018) Legitimacy through targeted transparency? Regulatory effectiveness and sustainability of lobbying regulation in the European Union. Eur J Polit Res 57(2):378–403

Cain BE, Drutman L (2014) Congressional staff and the revolving door: the impact of regulatory change. Elect Law J 13(1):27–44

Chari RS, John H, Murphy G (2010) Regulating lobbying: a global comparison. Manchester University Press, Manchester

Crepaz M (2017) Why do we have lobbying rules? Investigating the introduction of lobbying laws in EU and OECD member states. Interest Gr Advocacy 6(3):231–252

Flavin P (2015) Lobbying regulations and political equality in the American states. Am Politics Res 43(2):304–326

Kanol D (2018) Knowledge of lobbying regulations and attitudes toward politics: findings from a survey experiment in Cyprus. Public Integr 20(2):163–178

Ozymy J (2010) Assessing the impact of legislative lobbying regulations on interest group influence in US state legislatures. State Polit Policy Q 10(4):397–420

A

# Administrative Politics: Context, Roles, and Process

Richard C. Box
University of Nebraska, Omaha,
Omaha, NE, USA

## Synonyms

Administrative discretion; Bureaucracy; New public governance; New public management; Politics-administration; Principal-agent

## Definition

Administrative politics addresses the role of public administrators in a democratic society. This role is embedded in an institutional context in which administrators, elected leaders, and the public advocate for particular goals, principles, or decision-making processes in government.

## Introduction: The Societal Context

The term "administrative politics" may seem an awkward combination of words, if one assumes that public-sector administration should be shielded somewhat from things political. The realities of practice and a considerable body of research have shown, however, that the politics-administration relationship is a matter of emphasis rather than clear separation, a continuum rather than a dichotomy.

For the purposes of this chapter, politics can be defined as activities in which people advocate for particular goals, principles, or decision-making processes in government. The phenomenon is not limited to parties, elected officials, and political appointees, but is also found in the administrative hierarchies of public agencies. In the typical "overhead" model of democracy, the people elect leaders and representatives who make policies and direct the activities of career

professionals employed to implement them. Authority runs downward in the hierarchy, accountability runs upward, and the legal mandate for making policy rests at the top.

In this model the public will is expressed only by elected leaders, whose legitimacy in doing so is gained through election. In practice, the model fails to recognize that unelected public professionals, chosen for their demonstrated abilities rather than political loyalty, learn much about public needs and preferences in their daily work. They use this knowledge to adjust operating procedures and to recommend new policies and changes to existing policies, so they share with elected leaders the function of representing perceived public will in the policymaking process.

Scholarly writing on politics in bureaucracies often focuses, understandably, on elected leaders and their political appointees. This is important, but these people are a small percentage of all those who work in government. Instead, this chapter focuses on politics involving career professionals. This includes intraorganizational politics in which public professionals interact with elected officials and political appointees, as well as extraorganizational relationships with other units of government, citizens, interest groups, businesses, and nonprofit organizations.

The legal authority for funding and evaluating the performance of administrative agencies rests with elected leaders. As a result, the behaviors of public professionals will be affected by what they believe to be the preferences of those leaders, preferences that are influenced by public opinion, economic conditions, and other factors. In addition, the work of public professionals will be affected by what they believe to be the preferences of individuals and organizations outside the agency hierarchy.

In these ways, the political and economic context of society shapes the work of public professionals. The societal context includes periods of economic downturn, heightened public dislike of bureaucracy, and legislative or executive desire to shrink government. When such trends occur, they can produce pressures for cost cutting, structural reform, or changes in policy and mission that impact the goals and priorities of public agency staff. The societal context also includes periods during which there is public demand for greater public-sector activity to deal with current societal problems. At these times, public agencies grow and public professionals experience opportunities to create new initiatives.

It is in this setting of structural constraints on bureaucracy; the complexities of interacting with a variety of people, groups, and organizations; and the effects of conditions in the societal environment that this chapter examines aspects of administrative politics. The narrative is divided into two substantive sections, addressing the effort to control bureaucracy and the exercise of administrative discretion. The conclusion draws together concepts from these two sections and highlights implications for public administration theory and practice.

## Control of Bureaucracy

Bureaucracy as a form of human organization has a long history, but the modern study of bureaucracy is often dated from the writing of Max Weber in the early twentieth century. Weber's description of bureaucracy is an "ideal type," a means of describing bureaucracy as it would exist in a pure form. This description of a pure form can then be used to analyze the extent to which actual organizations differ from the image of the perfect bureaucracy. Weber's bureaucracy is characterized by strict hierarchy, maintenance of detailed documentation of an organization's activities, and workers who carry out their duties in a standardized, value-neutral fashion determined by the rules derived from adopted laws (Harmon and Mayer 1986). The characteristics of Weber's ideal type of bureaucracy parallel Woodrow Wilson's (1887) normative description from the late nineteenth century, in which he sought to differentiate the rational, businesslike operation of government from the turbulent and value-driven sphere of politics. For Wilson, government offices are set apart from political life, and bureaucrats serve as tools for implementation of the laws, not as participants in their creation.

Bureaucracy is generally recognized as necessary to the functioning of a modern society, but it can also be regarded as unruly or even dangerous. It is staffed by experts who may feel a sense of loyalty to the principles of democratic governance but not to the current regime. These people possess knowledge that is difficult for the public and elected leaders to understand, creating a problem of information asymmetry. In the several decades from the mid-twentieth century to the present, bureaucracies have grown so large and complex that citizens worry they are corrupt, too expensive in relation to services rendered, unresponsive to political or public will, or inclined to exert inappropriate control over the actions of political leaders.

Thus, it is not surprising that the study of government organizations in political science has focused on the theme of how to control the bureaucracy (Gruber 1987; Meier and O'Toole 2006, p. 23). The theme of control of bureaucracy has moved through phases. Into the 1940s, the supposed "politics-administration dichotomy" was the focus, featuring a clear separation of politics from administration. This was followed in the postwar era by "iron triangles" and "capture theory" in which federal agencies are influenced by private interests and by research on issues such as congressional oversight and budgeting (Wood and Waterman 1991).

### An Economic Perspective

Beginning in the 1980s there was a shift toward using economics-based "agency theory," in the form of "principal-agent" models, to describe relationships between political actors and bureaucracies. In this perspective drawn from the study of private-sector firms, the goal preferences of principals (major players in the policymaking process) such as members of congress, the president, political appointees, interest groups, and so on may differ from those of career bureaucrats, their agents. In addition, career professionals have knowledge of practices and conditions that some or all of the principals lack, creating a condition of information asymmetry. In this setting, principals may use forms of monitoring as a means of limiting "shirking," the extent to which bureaucrats engage in behaviors other than those preferred by principals (Moe 1984; Waterman and Meier 1998).

This shift toward use of economic concepts to study the control of bureaucracy had its roots in the development of "public choice" economics. In public choice theory, the economic assumptions of individual self-maximization and aggregated individual choice as the basis for collective action are imported from the private sector and applied to the public sector. In the post-World War II period, this approach was found in areas such as description of cities as market-like entities exhibiting packages of services and taxes to compete with other cities for new residents (Ostrom et al. 1961; Tiebout 1956), analysis of democratic decision-making processes (Buchanan and Tullock 1962), and description of bureaucrats as budget maximizers (Niskanen 1971).

In the field of public administration, the trend toward application of public choice theory in the public sector became especially evident in the 1980s. In the USA, the Reagan administration grounded its program of "supply-side" or "trickle-down" tax cuts for the wealthy on the ideas of economist Arthur Laffer. The "Laffer Curve" suggested that tax reductions for the wealthy would result in greater investment and economic growth and therefore increases, rather than decreases, in tax revenues, with more jobs and prosperity for everyone (Willoughby 2014, pp. 347–348). In addition, privatization of publicly provided services and contracting the production of public services to the private and nonprofit sectors were a focus of attention in the UK and the USA during the 1980s. Again, these concepts imported from the competitive private-sector market were consistent with public choice economics.

### New Public Management

In the 1980s, a loosely defined package of reform elements known as New Public Management became central to actions taken in several developed countries, including New Zealand, Australia, Sweden, and the UK. In broad summary, NPM included separating policymaking from the management of implementation,

emphasizing program outputs rather than inputs and process, using explicit measures of performance, introducing competition into service provision, using performance contracting and variable pay instead of fixed salaries for government managers, and shrinking the size of government (Hood 1991, 1995).

NPM spread to additional countries into the 1990s, including the USA. It took different forms in different nations; in some places the focus was on institution-level reorganization and decentralization of departments, and in others more attention was given to managerial issues such as performance measurement and contracting out services. In addition, the extent of adoption of features of NPM varied from nation to nation, with significant impact in some developed countries and little impact in others (Hood 1995). In the USA, the Clinton administration was inspired by the book *Reinventing Government* (Osborne and Gaebler 1993) to create broad reforms in the federal government that shifted attention from bureaucratic processes to a performance orientation. The reinvention version of NPM also emphasized organizations that would be mission-driven and entrepreneurial in the manner of a private firm and treat citizens as "customers," supposedly providing them with more choices and better service (Osborne and Gaebler 1993).

As might be expected with a model intended to replace traditional bureaucracy's order, process, and sense of serving the public interest with entrepreneurial government in the service of economic efficiency, NPM drew substantial criticism. Researchers observed that treating the clientele of the public sector as customers, delivering a pleasing interaction equivalent to purchasing a product from a private firm, ignores the fact that citizens want more than this from government. In a democracy, they expect to be able to play an active role in setting the public agenda, should they choose to do so (Schachter 1997). A related critique was that the customer orientation abandons a collaborative relationship between citizens and public administrators, making it difficult to sustain a substantive democracy in which the people participate in addressing issues such as social justice, environmental sustainability, and economic inequality (Box et al. 2001).

At the agency level, there was concern that the intraorganizational focus of NPM was poorly adapted to the contemporary governance setting of public organizations, which involves interorganizational and cross-sectoral relationships (Osborne et al. 2013). Also, to the extent public managers could be encouraged to act as market-like entrepreneurs, they might not be interested in values of fairness, justice, and accountability that are important to the functioning of public organizations (Terry 1998). Finally, using financial incentives to motivate public employees may not be effective in the public sector because public employees are more interested in an ethos of public service and the public interest (Rayner et al. 2011).

The concerns voiced in these critiques are reflected in changes made to some NPM initiatives. As an example, in New Zealand the business model of government was largely abandoned, the trend toward separation of policy and operational departments was reversed, and the size of the government workforce was increased to counter the loss of capacity that occurred when it was downsized at the beginning of the NPM initiative (Whitcombe 2008). Globally, adoption of features of NPM has been uneven, with recognition of the impacts of national political culture. Some leading nations in the global economy were slow to adopt NPM measures, suggesting this is not a universal paradigm sweeping the industrialized world (Hood 1995). NPM can also be problematic in authoritarian countries such as China; they are quite different from Western NPM-adopting nations in relation to professionalized bureaucracies, civil society, administrative processes, and fully developed market economies (Yang 2007).

### The Post-NPM Era

Though NPM did not become a universal global paradigm, it had considerable impact on public organizations. This can be observed in several areas of practice, such as an emphasis on performance measurement, improvements in budgeting,

greater attention to employment arrangements and incentives, and expanded use of the nonprofit and private sectors to deliver contracted services. The broader context of application of economic thought in the public sector continues. The metaphor "running government like a business" frequently expresses an expectation for government performance among political leaders and citizens, and the explanatory and normative attractiveness of principal-agent models is difficult to ignore once the politics-administration relationship is conceptualized in this fashion.

Meanwhile, attention in the research literature of public administration has shifted to the idea of New Public Governance (NPG). Despite use of the term "new," in some ways NPG represents rediscovery of concepts long present in the field. It focuses on interorganizational and cross-sectoral relationships, treating governance as a matter of service delivery systems in a networked environment (Koliba et al. 2011; Osborne et al. 2013). It returns attention to the role of public professionals in the policy process and recognizes members of the public in their roles as active citizens in addition to their status as consumers of public services (Osborne et al. 2013).

Several threads of NPG thought, including networks, citizen involvement, and administrative involvement in policymaking, can be traced well back into the history of public administration. Predictably, concerns about a polycentric governance environment have arisen, including insufficient democratic accountability, poor performance due to complexity, and excessive influence by political and economic interests (Koliba et al. 2011). Nevertheless, NPG may be thought of as a rebalancing following a period of single-minded focus on the market metaphor while acknowledging the effects of the market focus on the political environment of professional practice.

## Administrative Discretion

Control of bureaucracy is an institutional and organization-level perspective. It portrays public employees as objects to be manipulated for the purpose of maximizing compliance with the will of policymakers. While the concept of administrative discretion can operate at the level of institutions and organizations, it also examines the extent of each public professional's legitimate latitude of action, adopting the perspective of individuals who work in public organizations. The focus of administrative discretion is on how public professionals respond to demands from the political environment and the rationales they use in doing so.

A key point of beginning in the contemporary literature of administrative discretion is an exchange between Carl Friedrich (1940) and Herman Finer (1941), published just before the onset of World War II. They were debating the appropriate form of administrative responsibility in a democracy, an important issue then as it is now. Friedrich took the position that public administrators should shape the direction of public policy using technical knowledge, professionalism, and a sense of the needs of the public. Finer, in contrast, thought it is the duty of public employees to carry out the will of the people as expressed in policies adopted by their elected representatives. The opposing positions of Friedrich and Finer express a classic ethical dilemma of professional public service, captured in the question, "Whom do I serve, and for what purposes?" They also parallel the polar positions of trustee of the public interest and neutral implementer on the role continuum discussed below.

### The Role of the Administrator in a Democratic Society

The concept of administrative discretion may be thought of as an application of role theory (Biddle 1986).When a public professional considers options, makes decisions, and manages the consequences of acting, she or he is likely to be aware of constraints such as a constitutional system, subnational laws, administrative regulations and policies, personnel rules or a collective bargaining agreement, judicial decisions, and a job description.

Additional role constraints flow from the expectations for a professional's role held by people who have the capacity to influence or sanction

the professional for actions they believe are not role appropriate. These members of the "role set" include elected officials and political appointees; organizational superiors, peers, and subordinates; people in other public organizations; staff in nonprofit and private organizations with whom the professional interacts; staff in professional associations; and members of the public. A professional's role may evolve over time because of changes in external conditions, laws, policies, or organizational structure, the people with whom she or he interacts, or suggestions for change made by the individual professional.

If we imagine a continuum of the role of the public administrator in a democratic society, at one end is the traditional value-free, politically neutral implementer of adopted laws and policies. This model of the administrative role can be unrealistic because of the knowledge professionals accumulate in dealing with dynamic on-the-ground conditions, in addition to their specialized education and training. Career professionals often contribute meaningfully to constructive changes in policy and operations by giving feedback and making recommendations to organizational superiors and elected leaders.

At the other end of this role continuum is the public administrator who functions as a trustee of the public interest, taking into account the preferences of elected leaders as well as those of the courts, interest groups, and the public. This public professional may use normative preferences to advocate for changes in laws, policies, and operational procedures that serve general goals such as social justice, environmental protection, and rational decision making or goals related to professional specializations such as planning, environmental protection, law enforcement, social work, education, and so on. This model of the administrative role can be unrealistic because the public expects unelected public employees to be subordinate to elected leaders. While they may make their knowledge and expertise available to people with the institutional legitimacy to create public policy, they are not expected to direct or manipulate the decisions of elected leaders.

Most roles fall somewhere between the polar ends of this continuum. An individual's view of her or his role can shift over time, even during the daily process of considering alternative courses of action. When there are discrepancies between the professional's understanding of the role and the expectations of people in the role set, role conflict can occur, with possible realignment of the relationship between the individual and the organizational environment. As public professionals consider options in making a decision, whether in routine daily circumstances or in particularly challenging situations, the question of how to carry out the role of the administrator in a democratic society becomes especially relevant.

### Models of Administrative Discretion

The substantial body of research literature on administrative discretion may be illustrated with perspectives that occupy different positions on the administrative role continuum. Though there are differences between the perspectives described here, most lean toward the Friedrich/trustee position. While the bureaucratic control view of bureaucracy can be criticized for regarding public administration as a tool of implementation with little legitimacy in policymaking, the administrative discretion view is open to critique on grounds that it minimizes the importance of elected representatives in the legal and institutional order. It also tends to ignore the practical reality of employment, in which failing to perform one's duties as expected by elected leaders can have serious impacts on the careers of public employees.

The model of the administrator as steward of the public's business lies roughly equidistant between the polar opposites of the neutral implementer and the trustee of the public interest. Administrators who work in a stewardship mode go beyond functioning as a technocratic manager, taking responsibility for the justice of their actions and demonstrating an ethic of care for the people they serve (Kass 1990, p. 114). This can mean making independent judgments about the public interest that go beyond directives from elected leaders. However, stewardship also includes accountability, so administrators understand their actions are subject to review and reversal by those with constitutionally legitimate authority (Kass 1990, p. 127).

Writing from an institutional perspective, the several authors of the "Blacksburg Manifesto" argued for a legitimate, virtually coequal place for public administration in the constitutional order of the USA (Wamsley et al. 1987). This model of administrative discretion is located further toward the trustee end of the administrative role continuum than the stewardship concept. The authors base their argument on the importance of public administration in the contemporary American governance setting. Though the nation's founders did not establish public administration as a separate branch of government, it has become a large and influential part of process of making and implementing public policy. In today's constitutional order, public administration is not merely an apolitical tool of policy implementation, it serves the public interest in a political context. Because it is as representative of the broader public as the three established branches of government, the authors claim, public administration may turn to any of the three branches of US government, the public, or the administrators' own conception of the public interest for guidance (Wamsley et al. 1987, pp. 312–314).

Well toward the trustee end of the role continuum, a "discretionist" model is found that very nearly frees administrators from the will of elected leaders. The argument is that the overhead democracy model of elected representation is failing as a measure of the public will, characterized as it is by flawed election processes and the poorly developed capacity of many elected leaders to govern in the public interest. In contrast, public professionals, trained in administration and sensitive to the public interest, are often better equipped to deal with the challenges of policymaking and implementation. A version of this model uses the metaphor of Plato's guardian class to suggest that public administrators should have close to complete discretion to act in accord with their professional training. The authors who use this metaphor recognize, though, that they may not be ready to abandon entirely the notion of democratic oversight of administration (Fox and Cochran 1990, p. 109). In another version of the model, administrators function as facilitators of citizen discourse on public issues, working toward answers to the question of what should be done next (Fox and Miller 1995).

Also near the trustee pole of the continuum is a model of public administrators as "citizens in lieu" of the rest of the citizenry, acting on their behalf (Cooper 1991). Most members of the public do not have the time or specialized knowledge to be directly involved in policymaking and administration, so in this model the career professional represents their interests within the public agency. The general public will is expressed through broad policies adopted by elected leaders, and then public professionals provide the details needed for implementation. They interact with citizens as policies are implemented, bringing back to elected leaders what they have learned so that changes in policy can be made as needed. In this model, accountability to elected leaders is regarded as conditional; in this sense, the model portrays a horizontal rather than hierarchical set of relationships, in which participants in governance work together rather than exercising dominance (Cooper 1991, pp. 139–142).

Discussing models of administrative discretion leaves open the question of what values administrators have in mind as they make decisions. "Regime values" (Rohr 1989) are often mentioned as a source of guidance to administrators, who would consider the constitutional history and institutional context as illustrated by specifics such as judicial decisions. This concept is somewhat limited by its American setting (Overeem 2015), but there is also research on cross-national comparison of administrative values, finding similarities and differences among public administrators in countries with quite different cultural contexts. An example is a study of rank ordering of more than 20 ideal and actual values in practice by administrators in the Netherlands and in China, values such as accountability, effectiveness, efficiency, expertise, transparency, and social justice. The high ranking given ideal values such as expertise by respondents in both countries reflects similarity in values, but rank ordering of the most important actual values in practice, such as obedience in China and effectiveness in the Netherlands, reflects the expected variation in

cultural emphasis (Yang and Van der Wal 2014). Interestingly, the substantive value of equality was ranked low in importance in both countries, while the substantive value of social justice was given a low ranking by Dutch administrators and did not appear on the Chinese ranking.

## Conclusion: Administrative Politics in a Multidimensional Context

This chapter began with the claim that politics can be found throughout public-sector administrative agencies. Administrative politics has been examined from the perspectives of control of bureaucracy and administrative discretion, finding a context that includes differing political cultures and legal structures, multiple levels of government, and public organizations engaged with many other participants in a cross-sectoral, networked process of governance. Though much of the theory building in administrative politics focuses on national-level public agencies, subnational levels are also important in examining politics-administration relationships, for example, between city managers and elected officials.

Few elements of the contemporary political and economic environment of public administration are new. The term "new" is sometimes used loosely in public administration, perhaps as a means of calling attention to an idea that might otherwise be ignored. Features of the administrative environment such as intergovernmental relations, contracting out, citizen involvement, and public-private relationships have all been part of public affairs and public administration for decades. Today, however, the societal context of public administration is particularly complex, not least because of the ongoing blurring of boundaries between the economic imperative of the market sector and the public purposes of the government sector.

In this contextual setting, clear functional demarcation between politics and administration is often elusive. Nevertheless, characteristics of the roles of people involved in public affairs need to be recognized, because societal expectations are different in important ways for career professionals, elected leaders, political appointees, and the public. These roles are dynamic, not static, involving cooperation, conflict, and feedback prompting change. Administrative politics can be described as an ongoing process of defining the roles of public professionals who are accountable to legitimate state authority through the people's representatives. It is in this process, which is political in the broadest sense, that the latitude of administrative discretion available to an individual public administrator becomes apparent.

There are limitations on the generalizability of the ideas reviewed in this essay, in no small part because of the cross-national variation to be found in history, culture, politics, and economics. Nevertheless, concepts such as control of bureaucracy, administrative discretion, administrative roles, and application of economic thought in the public sector can be used to inform research and practice in administrative politics.

## References

Biddle BJ (1986) Recent developments in role theory. Annu Rev Sociol 12:67–92

Box RC, Marshall GS, Reed BJ, Reed CM (2001) New public management and substantive democracy. Public Adm Rev 61(5):608–619

Buchanan JM, Tullock G (1962) The calculus of consent: logical foundations of constitutional democracy. University of Michigan Press, Ann Arbor

Cooper TL (1991) An ethic of citizenship for public administration. Prentice Hall, Englewood Cliffs

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1:335–350

Fox CJ, Cochran CE (1990) Discretionary public administration: toward a platonic guardian class? In: Kass HD, Catron BL (eds) Images and identities in public administration. Sage, Newbury Park, pp 87–112

Fox CJ, Miller HT (1995) Postmodern public administration: toward discourse. Sage, Thousand Oaks

Friedrich C (1940) Public policy and the nature of administrative responsibility. Public Policy 1:1–20

Gruber JE (1987) Controlling bureaucracies: dilemmas in democratic governance. University of California Press, Berkeley

Harmon MM, Mayer RT (1986) Organization theory for public administration. Little, Brown, Boston

Hood C (1991) A public management for all seasons? Public Adm 69:3–19

Hood C (1995) The "new public management" in the 1980s: variations on a theme. Acc Organ Soc 20(2/3):93–109

Kass HD (1990) Stewardship as a fundamental element in images of public administration. In: Kass HD, Catron BL (eds) Images and identities in public administration. Sage, Newbury Park, pp 113–131
Koliba C, Meek JW, Zia A (2011) Governance networks in public administration and public policy. CRC Press, Boca Raton
Meier KJ, O'Toole LJ (2006) Bureaucracy in a democratic state: a governance perspective. Johns Hopkins University Press, Baltimore
Moe TM (1984) The new economics of organization. Am J Polit Sci 28(4):739–777
Niskanen WA (1971) Bureaucracy and representative government. Aldine-Atherton, Chicago
Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector, from schoolhouse to statehouse. Addison-Wesley, Reading
Osborne SP, Radnor Z, Nasi G (2013) A new theory for public service management? Toward a (public) service-dominant approach. Am Rev Public Adm 43(2):135–158
Ostrom V, Tiebout CM, Warren R (1961) The organization of government in metropolitan areas: a theoretical inquiry. Am Polit Sci Rev 55(4):831–842
Overeem P (2015) The concept of regime values: are revitalization and regime change possible? Am Rev Public Adm 45(1):46–60
Rayner J, Williams HM, Lawton A, Allinson CW (2011) Public service ethos: developing a generic measure. J Public Adm Res Theory 21(1):27–51
Rohr JA (1989) Ethics for bureaucrats: an essay on law and values, 2nd edn. Marcel Dekker, New York
Schachter HL (1997) Reinventing government or reinventing ourselves: the role of citizen owners in making a better government. State University of New York Press, Albany
Terry LD (1998) Administrative leadership, neo-managerialism, and the public management movement. Public Adm Rev 58(8):194–200
Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424
Wamsley GL, Goodsell CT, Rohr JA, Stivers CM, White OF, Wolf JF (1987) The public administration and the governance process: refocusing the American dialogue. In: Chandler RC (ed) A centennial history of the American administrative state. Macmillan, New York, pp 291–317
Waterman RW, Meier KJ (1998) Principal-agent models: an expansion? J Public Adm Res Theory 8(2):173–202
Whitcombe J (2008) Contributions and challenges of "new public management": New Zealand since 1984. Policy Q 4(3):7–13
Willoughby KG (2014) Public budgeting in context: structure, law, reform, and results. Jossey-Bass, San Francisco
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wood BD, Waterman RW (1991) The dynamics of political control of the bureaucracy. Am Polit Sci Rev 85(3):801–828
Yang K (2007) China's 1998 administrative reform and new public management: applying a comparative framework. Int J Public Adm 30(12–14):1371–1392
Yang L, Van der Wal Z (2014) Rule of morality vs. rule of law? An exploratory study of civil servant values in China and the Netherlands. Public Integr 16(2):187–206

A

# Administrative Procedure

Dacian C. Dragos
Center for Good Governance Studies, Babes Bolyai University, Cluj Napoca, Romania

## Synonyms

Administrative process

## Definition

Administrative procedure relates to the methods and processes before administrative agencies, as distinguished from judicial procedure, which applies to courts. The administrative procedure can be defined as a succession of acts and operations issued or performed by an administrative body on its own motion or upon request, in order to adjudicate on rights, interests, and obligations of parties of the procedure or decide based on the public interest, according to the laws and other regulations in force. There is no widely recognized definition of the administrative procedure – many General Administrative Procedure Acts (GAPAs) only refer to the term and do not define "administrative procedure" as such (except the German GAPA and the Portuguese GAPA).

## Introduction

In all countries that are attentive to the idea that the public administration is bound by the rule of

law and needs legitimation by the people, there is an ongoing debate about the importance of administrative procedure (Pierce et al. 2009; Pünder 2013a; Barnes 2010).

The advantages of administrative procedure are well known: protection of rights of parties, information gathering, sound decision-making and thus an increase in the legitimacy of the final decision, and pre-litigation remedies. At disadvantages, we can list the need for resources in terms of time, personnel, and financing for an effective decision-making procedure.

GAPAs were adopted all over the world: most European countries have such a procedural law, and then outside Europe, the GAPAs are to be found in the USA, Japan, South Korea, China, Taiwan, Chile, and Peru, just to name a few. In the formation of GAPAs in the world, we can identify three historical stages: the founding models were established in Spain (1889) and Austria (1925) and the latter then inspiring other European countries. Postwar laws that also influenced other systems were adopted in the USA (1946) and Germany (1976). From the 1990s on, the GAPAs have flourished, sometimes as a response to the need to reform former communist regimes in Eastern Europe.

## Administrative Procedure Versus Court Procedure. Hybrid Procedures: Tribunals

First, we have to distinguish between administrative procedure and the procedure by which courts adjudicate on administrative acts (Auby 2014a). In the first one, administrative bodies are in charge with issuing administrative acts and then reviewing them through administrative appeal, on reasons of legality and/or opportunity (exercise of discretion). In the latter, the courts review administrative acts on legality reasons and only exceptionally on the use of discretion. Generally, the scope of the administrative procedure is wider than that of a court procedure.

In most of the administrative systems, this distinction is strict and easy to understand, but recently there is a development called "tribunalization" which means that administrative procedures become more jurisdictionalized and tribunals that are in charge of such procedures are gaining more and more influence. In countries who experiment with tribunals and also have a GAPA (such as the USA), the GAPA also applies to quasi-judicial bodies (for instance, to administrative law judges in the USA).

A tribunal is an administrative body with quasi-judicial nature, a hybrid that aims at dealing with administrative disputes outside courts of law but still assuring a proper and balanced protection of the rights of parties. Its main function is to adjudicate disputes between citizens and governmental agencies. Although tribunals adjudicate many more administrative disputes than courts, their role as "dispensers of administrative justice" (Cane 2009) receives relatively little scholarly attention. An effective administrative tribunal addresses in the same time the shortcomings of an administrative appeal procedure (lack of independence) and those of court proceedings (length, associated costs, in some cases lack of specialization), providing for independent review and quick redress in (sometimes) less complex matters, which do not need the intervention of a court.

## Administrative Procedure: Phases

The stages of administrative procedure follow the usual trajectory of a request from its formulation to its resolution and beyond. Depending on the way in which the administrative procedure laws are drafted, the content of the procedure may vary, but generally the following stages are considered to be part of all administrative procedures:

(a) *Initiation/commencement*. Generally, the administrative procedure is initiated by *petition/request* addressed by an individual or a legal person to an administrative body or ex officio by an administrative body. Sometimes, the obligation to initiate an administrative procedure flows from the law or other legal norms that are binding on the administrative body.
(b) *Parties of procedure*. Rules on how to interpret the notion of "party in the procedure,"

"administrative body" or "public authority," "legal person," or "individual" are to be observed, if they are enshrined in the GAPA, because the different features of the administrative systems may entail different interpretations. Also, rules about representation of parties during procedure are important, as well as the communication with such parties.

(c) *Incidents of competence/jurisdiction*. The administrative body has to verify its competence to deal with the administrative matter at hand or else to transfer the matter to the competent body. Rules on conflicts of competence and delegation of competence are also laid down in the dedicated sections of the GAPAs.

(d) *Investigations/evidence*. The administrative body carries out investigations in order to establish the facts of the case, if the case is either ex officio or at the request of the parties. The evidence may be comprised of statements from parties or other persons, documents, and site visits. If the administrative body needs an expert opinion on the object of the investigation, such opinions are included in the procedure files. The burden of proof lies with the party that has initiated the procedure, but the administrative bodies have the obligation to make available to party's information under their possession.

(e) *Consultations* with interested parties or parties that might be affected by the final decision are necessary in order to establish all the facts and legal implications of the case.

(f) *Right to be heard*. Potentially aggrieving decisions are to be adopted only after the parties that might be affected by the decision are heard and their statements recorded in the file. All interested parties must be given access to their files and the possibility to comment on the way the procedure is conducted and on the findings.

(g) *Principles* guiding the discretion exercised by public bodies during administrative procedure and the conduct of procedure itself include legality, transparency, access to information, fairness, impartiality, equal treatment and nondiscrimination, objectivity, confidentiality and protection of personal data, proportionality, informality, control and liability, conflict of interest, and reconciliation of parties.

(h) *Time limits* for the conduct of procedure have to be observed by all parties in procedure. Extension, reinstatement of time limits, and calculation of time limits are incidents in the procedure. Usually, the administrative silence (failure to observe the time limits for answering a request by a public body) means rejection of the request, but sometimes the presumption is reversed, and for expressly identified acts, administrative silence might mean acceptance.

(i) *Administrative acts*. Defining and interpreting the notion of administrative act is important in order to establish the scope of judicial review. *Interim decisions* are necessary if the danger of irreparable damages occurs, and they can be challenged separately on administrative level or in court. *Final administrative acts* are the ones that have legal effects and can be challenged through the administrative appeal or judicial review. The form and content of administrative acts are determined in GAPAs or in other laws or in the case law of the courts when no codification of administrative procedure exists. Acts need to be reasoned in order to justify the solutions envisaged in them and to inform the addressees. Administrative acts might have effect only for the future or even for the past (retroactive effects), under the conditions established by law. They enter into force by publication (rulemaking, general acts) or communication to the beneficiaries/addressees (adjudicating/individual acts).

(j) *Administrative operations*. Sometimes the administrative procedure does not end with the issuance of an administrative act, but with other forms of administrative activity, called generically administrative operations. They are actions that do not have legal effects by themselves, but either serve the issuance of an

administrative act or serve as modes of execution of such acts.

(k) *Administrative contracts*. The outcome of an administrative procedure may be also an administrative contract, concluded between a public body and a private person or another public body, for the execution of works and provision of services or goods, financed entirely or partially by public funds, under a public law legal regime – for instance, public procurement and concessions.

(l) *Administrative appeal* is an administrative remedy for unlawfulness or inopportunity of an administrative act or for the refusal (explicit or tacit – administrative silence) to solve a request. Administrative appeals may be mandatory before going to court for judicial review, or optional, with certain benefits for the appellants such as the extension of deadlines for court action. The competence for solving the administrative appeal lies with the issuing body, the superior administrative body, or the control body. The appeal to a tribunal is a hybrid, quasi-judicial procedure, but still different from the court procedure per se. Some GAPAs provide also for alternative means of dispute resolution – arbitration, mediation, conciliation, or just refer to the possibility to resort to such ADR tools.

(m) *Execution of administrative acts*. After entering into force, acts are executed either voluntary or forcefully, and the rules for forceful execution are provided by the GAPAs or by other laws.

(n) *Suspension of administrative acts* refers to the stay of execution for acts that may produce damages that could be irreparable. Suspension can be decided either by the issuing authority or by the review bodies. In some jurisdictions, the administrative appeal suspends de jure the execution of the act, and the issuing authority may reverse this effect by invoking the public interest in execution. In other systems, the suspension may be granted only upon request and proper reasoning.

(o) *Reopening of the procedure*. Some GAPAs provide for instances where administrative procedures may be reopened – new circumstances entail a different outcome surfaced, court decisions that contradict the solution adopted by the public body are issued, a previously lawful act with continuous execution becomes unlawful, etc.

These are roughly the main phases of an administrative procedure. In identifying the most relevant of them, we looked at the most referred to GAPAs (the USA, Germany, Austria, the Netherlands) and at the more recent ones, developed by SIGMA OECD for countries in Central and Eastern Europe – Croatia (2009) and Albania (2014) – as well as at the Research Network on European Administrative Law (ReNEUAL) Model rules of Administrative Procedure (2014) that will constitute the basis for a codification of the administrative procedure in the EU.

Apart from the stages discussed above, GAPAs usually include also provisions regarding information management and institutional issues (conflict of interests, decision-making by collective bodies).

## The Importance of Codifying the Administrative Procedure

Codification can be defined broadly and non-technical as "the process of repealing a set of acts in one area and replacing them with a single act containing no substantive change to those acts" (Mandelkern Report). However, some codifying processes are also creative and reformatory, in the sense that they change some rules that may be redrafted in a clearer or simpler manner or insert new provisions.

The advantages of codifying administrative procedure rules (Ziller 2011; Mir-Puigpelat 2011) are generally applicable:

(a) *Increased legal clarity and certainty.* Based on the experience of jurisdictions that have codified their procedural administrative law, it is clear that a written code, which summarizes, coordinates, and systematizes the procedural provisions that are spread across

secondary legislation, courts judgments, and codes of conduct adopted by institutions, bodies, offices, and agencies, is a significant improvement in terms of legal clarity and certainty and would help to achieve the principles of simplification and accessibility associated with the imperative of quality regulation. Of course codification means that the rules of procedure will be more abstract than they would be in a specific sectoral regulation, but this would also allow its provisions to be applied to all areas in which the administration acts, without the need to adopt any more rules for specific fields. Other advantages include a better knowledge of current law among authorities and citizens which also favors its acceptance and observance by both: the reduction of costs to business for obtaining information on the applicable law and increase of the competitiveness of the respective territory. Greater clarity in legislation also results in less litigation and lower costs for administering the judicial system.

(b) *Standardization of procedural rules and guarantees and coherence of principles* – to the benefit of citizens, who would enjoy certain uniform procedural guarantees in their relations with the whole administration, boosting the efficiency of the administrative action. As is commonly known, a well-designed administrative procedure not only serves to guarantee the rights and interests of citizens but also, and very importantly, helps to increase the quality of administrative decisions and their acceptance by their intended targets, the uniform application of the law.

(c) *Default procedures to fill gaps in existing laws*. Gaps exist due to sectoral legislation and procedures and also due to the development of the administrative law through case law which addresses specific issues and not the procedure in a uniform manner.

(d) *Opportunity to reform*. Codification that is not limited to summarizing, coordinating, systematizing, and resolving the contradictions in the existing rules and principles, but uses this opportunity to improve the rules, by providing innovative solutions to current challenges and problems, is a drive for reform in public administration.

(e) *Stability of legal rules*. A code is intended to resist a long time, thus giving stability to the legal rules it encompasses. The codification should incorporate the technical elements ensuring that it is resistant to the passage of time and that it can be duly adapted in line with the rapid changes that are currently occurring, in order to thus reduce the risk of petrification and obsolescence. The sectoral legislation cannot be stopped altogether, but it will at least have to take into consideration the general legal framework.

## Codification of Administrative Procedure in the USA

The codification of administrative procedure in the USA was finalized in 1946 with the adoption of the Administrative Procedure Act (APA), a federal statute that governs the way in which administrative agencies of the federal government of the USA may propose and establish regulations. The APA also sets up a process for the US federal courts to directly review agency decisions. It is one of the most important pieces of the US administrative law, as it applies to both the federal executive departments and the independent agencies. The text of the APA is included in the US Code at Title 5. Based on APA, a similar Model State Administrative Procedure Act (Model State APA) was drafted, but not all states have adopted the model law.

According to the Attorney General's Manual on the Administrative Procedure Act, drafted after the 1946 enactment of the APA (Attorney General 1947), the basic purposes of the APA are to require agencies to keep the public informed of their organization, procedures, and rules, to provide for public participation in the rulemaking process, to establish uniform standards for the conduct of formal rulemaking and adjudication, and to define the scope of judicial review. The APA's provisions apply to many federal governmental institutions. An "agency" is defined as "each authority of the Government of the United

States, whether or not it is within or subject to review by another agency," with the exception of several enumerated authorities, including the Congress, federal courts, and governments of territories or possessions of the USA [5 U.S.C. 551(1)]. Courts have also held that the US President is not an agency under the APA [Franklin v. Mass., 505 U.S. 788 (1992)].

## Codification of Administrative Procedure in the EU

Many European jurisdictions have administrative procedure acts that regulate the conduct of administrative procedures: Austria, Bulgaria, Croatia, Spain, Germany, Hungary, Luxembourg, Denmark, Sweden, Poland, Italy, Portugal, the Netherlands, Greece, Czech Republic, Lithuania, Slovakia, Estonia, Slovenia, Finland, Norway, Latvia, Switzerland, and recently Albania. They usually follow the content discussed above, with few differences.

In a European comparative perspective, English and French law are well worth mentioning as both countries lack an exhaustive codification of administrative procedural law – in spite of the tendencies toward codification in other European countries, which to a good part follow the German (or the comparable Austrian) role model. However, the English and French administrative procedural standard is comparable to German and American law (Pünder 2013b). The explanation lies in the fact that in the UK and France, the administrative law is a judge-made law, and judges want to keep the control over vital aspects of administrative law (Auby 2014b).

Codification of EU administrative procedure is a new topic in recent years, as European public law scholars have been debating whether the basic rules and principles of administrative procedure applicable to both the EU administration and the administrations of the member states when implementing EU law should be codified at EU level (Mir-Puigpelat 2011). Such codification would have an evident influence within the various member states through cross-fertilization of standard institutions and procedures, helping in the construction of a European identity and the resulting increase in Union integration. The extension of the codification to national administrations is also an envisaged path in the future (Harlow 1995; Schwarze 1988; Chiti 2004; Mir-Puigpelat 2011), although other scholars consider that there is no legal basis for the EU to attempt this (Vedder 1995; Kahl 1996).

As a result of these debates, the Research Network on European Administrative Law (ReNEUAL) has drafted the Model Rules of Administrative Procedure, which have been presented to the European Parliament who then adopted a resolution (15 January 2013) with recommendations to the Commission on a Law of Administrative Procedure of the European Union.

The ReNEUAL Model Rules of Administrative Procedure are organized in six "books." These books are designed to reinforce general principles of EU law and identify – on the basis of comparative research – best practices in different specific policies of the EU. Book I addresses the general scope of application of the model rules, their relation to sector-specific rules and member state's law, and the definitions of wordings applied in all the books. The Preamble of Book I contains a summary of principles, which guide administrative behavior and the interpretation of all subsequent norms in Books II to VI. The latter books cover more in-depth administrative procedures in the EU that have the potential to directly affect the interests and rights of individuals. The books address nonlegislative implementation of EU law and policies by means of rulemaking (Book II), single-case decision-making (Book III), contracts (Book IV), and, very important for the composite nature of EU administration, procedures of mutual assistance (Book V) and information management (Book VI) (Hofmann et al. 2014).

## Conclusion

Administrative procedure is at the core of administrative law, thus the interest in its codification and stability in time. National systems of administrative procedure, traditionally different and

largely considered to be incompatible with the process of convergence, are more and more convergent under the pressure of international and regional (European) commonly shared values and principles or under the influence of court decisions (ECHR and CJUE for the EU members states). Thus, the ideal of having convergent administrative procedures globally is not an illusion any more. Different national GAPAs are comparable, and they feature the same principles and institutions of administrative law. The codification touches upon fields that were intangible a few years ago, such as the common European administrative law. Living without GAPAS is also possible, as long as administrative procedures are regulated in different laws and feature the same principles and institutions that are commonly shared by the legal doctrine and offer proper standards of protection for citizen's rights and interests.

## Cross-References


- ▶ Administrative Appeal
- ▶ Administrative Ethics
- ▶ Private Law and Public Administration


## References


Attorney General's Manual on the Administrative Procedure Act, prepared by the United States Department of Justice (1947) Tom C. Clark, Attorney General. http://archive.law.fsu.edu/library/admin/1947cover.html. Accessed 1 Apr 2016

Auby JB (2014a) General report. In: Auby JB (ed) Codification of administrative procedure. Bruylant

Auby JB (2014b) Codification of the law of administrative procedure. General perspectives. In: Wang W-Y (ed) Codification in international perspective. Springer

Barnes J (2010) Towards a third generation of administrative procedures. In: Susan R-A, Lindseth PL (eds) Comparative administrative law. Edward Elgar, Cheltenham

Cane P (2009) Administrative tribunals and adjudication. Hart, Oxford, UK

Chiti MP (2004) Diritto amministrativo europeo, 2nd edn. Giuffrè, Milan

Harlow C (1995) Codification of EC administrative procedures? Fitting the foot to the shoe or the shoe to the foot. EUI Jean Monnet Chair papers 27

Hofmann HCH, Schneider J-P, Ziller J (2014) (eds) with Auby J-B, Craig P, Curtin D, Cananea G, Galetta D-U, Mendes J, Mir O, Stelkens U, Wierzbowski M. ReNEUAL model rules on EU administrative procedure. http://www.reneual.eu/images/Home/ReNEUAL-Model_Rules-Compilation_BooksI_VI_2014-09-03.pdf. Accessed 30 Mar 2016

Kahl W (1996) Das Verwaltungsverfahrensgesetz zwischen Kodifikationsidee undKahl, Wolfgang, 'Hat die EG die Kompetenz zur Regelung des Allgemeinen Verwaltungsrechts?' NVwZ

Mir-Puigpelat O (2011) Arguments in favour of a general codification of the procedure applicable to EU administration, briefing note, Directorate-General for Internal Policies Policy Department C: Citizens' Rights and Constitutional Affairs Legal Affairs. http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JURI_NT(2011)432776. Accessed 15 Apr 2016

Pierce RJ Jr, Shapiro SA, Verkuil PR (2009) Administrative law and process, 5th edn. Foundation Press (November 24, 2008)

Pünder H (2013a) Administrative procedure – mere facilitator of material law versus cooperative realization of common welfare. In: Pünder H, Waldhoff C (eds) Debates in German public law. Hart, Oxford, UK

Pünder H (2013b) German administrative procedure in a comparative perspective: observations on the path to a transnational ius commune proceduralis in administrative law. Int J Constitutional Law 11(4):239

Schwarze J (1988) Europäisches Verwaltungsrecht, vol II. Nomos, Baden-Baden

The Mandelkern Report. http://ec.europa.eu/governance/better_regulation/index_en.htm. Accessed 11 Apr 2016

Vedder C (1995) (Teil) Kodifikation des Verwaltungsverfahrensrechts der EG?, EuR special edition 1

Ziller J (2011) Is a law of administrative procedure for the Union institutions necessary? Introductory remarks and prospects. Briefing note. Directorate-General For Internal Policies Policy Department C: Citizens' Rights and Constitutional Affairs Legal Affairs. http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JURI_NT(2011)432771. Accessed 25 Mar 2016


# Administrative Reform


Jerry E. Herbel
Kennesaw State University, Kennesaw, GA, USA


## Synonyms

Change management; Organizational restructuring; Process improvement; Reorganization; Technology adoption; Transformational leadership

## Definition

Administrative Reform: Changes to the structure or processes of public organizations designed to improve outcomes or respond to public demands for better accountability or transparency.

## Introduction

One could say that every administrative system and every administrative agency is continuously engaged in some phase of administrative reform. Administrative reform is not only continuous but is often the first step managers can take either to improve performance or recover from significant blows to agency prestige. Reform is a common element of high-performing organizations and effective leaders. One key to grasping the role of reform in public organizations is to understand how the best public managers lead organizations to expect continuous reform and objectively evaluate the results of reform. These concepts lie at the heart of twenty-first-century public management.

Administrative reform is best understood as changes to the structure or processes of public organizations designed to improve outcomes and respond to public demands for better accountability and transparency. This definition includes both the internal and external factors that drive reform and the goals that well-designed administrative reform can achieve. Performance of public organizations depends on matching processes to expected outcomes, thereby making reform of those processes integral to improving outcomes as conditions or missions change (Pollitt and Bouckaert 2004). As organizations mature and adapt to new public or stakeholder expectations, reforming processes and structures becomes a critical component of the organizational environment.

However, not every change amounts to reform. For example, adjusting the hours of work for employees could be considered a "process change," but is too minor to fit comfortably under the general heading of reform. Some degree of magnitude of organizational change is also implied in order to be considered reform in the fullest sense. True reform determines both the agency's performance and the outcomes it is capable of achieving and in this way redirects organizational activities. At the same time, certain administrative actions that may seem trivial on the surface can amount to fundamental reform. An example of this would be changes to employee benefits such as the elimination of tenure in a public university. Such process reforms so alter the way a public organization functions that it has a measurable impact on outcomes. These types of changes comprise the field of administrative reform both in practice and as a subject of academic study.

Frequent and significant administrative reform is a world-wide phenomenon. Since the 1980s, for example, public institutions throughout Europe but especially in Eastern Europe implemented enormous changes to adapt to European Union standards for transparency and transnational standardization. In other cases, reform results from a desire to adapt internal processes to globalization. States such as Vietnam, China, and Indonesia adapted their public bureaucracies to meet the needs of their expanding economic power and political influence. Attempts at administrative reform in Africa have been extremely uneven, with notable success in places such as Nigeria and Uganda. Where failures have occurred, it has been largely the result of inadequate integration of cultural practices with the requirements of bureaucratic accountability, impatience to allow reforms time to mature, and a penchant for sweeping reforms when incremental change might be better. The pressing need for capital and technology in Africa makes these miscalculations understandable. But, the lesson for administrators everywhere is the extent to which administrative reform affects bureaucracies, regardless of size or mission. Effective management of public organizations depends on fostering a culture of reform to ensure consistent delivery of crucial public services.

## Brief History of Administrative Reform

The expectation of continuous administrative reform is a relatively new development in public

administration. Around 1500, at the beginning of the modern bureaucratic era, the work of court ministers was expected to be consistent and stable amid changing policy environments and political elites. The strength of medieval governments and even of the feudal system itself was a by-product of the need to establish stable administrative practices that could provide policy continuity. Feudal offices, even relatively low-level local administrative or law enforcement positions, were heritable. This allowed continuity in administrative practice as well as smooth intergenerational transfers of authority. In addition, some countries tried to involve as high a percentage of the population as possible in the duties of government administration. For example, it has been estimated that half of all males in England served in official county or municipal positions during any 10-year period. This provided another source of administrative and policy stability.

The preference for stability that was integrated into the very nature of modern public bureaucracies as they were being established persisted. In the nineteenth century, Max Weber assumed that ideal bureaucracies would be resistant to reform and he assumed that this was one of bureaucracy's most desirable features. Continuity and steadiness of purpose made public sector organizations and their policies permanent and predictable elements of modern life. This gave bureaucracies justification for their hierarchical structures, division of duties, and systematized work processes.

But, the assumption of stability could only last as an expression of an ideal type. In reality, public bureaucracies have long been the subjects of serious reform. For example, administrative reform has been part of the American bureaucratic experience since its inception. Leonard D. White's (1958) four-volume history of US administrative development demonstrated that administrative processes and structures evolve in long arcs that are very often out of administrators' control. External factors have led throughout American history to continuous shifts in administrative practice and broad reforms. External factors have included economic, political, and social changes which served as catalysts for such administrative reforms as the professionalization of the civil service and improvements in public ethics. But, despite the various external factors leading to reform, White observed that the single most important element in administrative reform is the personalities of senior administrative leaders. When leaders recognize or even anticipate change, the response from the bureaucracy is quicker and more effective. On the other hand, leaders who are slow to realize changing circumstances or even actively fight against them impede the proper development of agencies to better serve their publics.

The municipal reform era of the 1920s through 1960s illuminates the strong connection between reform and leadership. As cities grew and social problems multiplied in the first half of the twentieth century, the structure of municipal management changed dramatically as more and more cities took on the adapted city model that was neither a purely political mayor-council form nor a purely administrative council-manager form. The adoption of one or another variation was driven by the needs of communities and the characteristics of those filling leadership positions. The single most important criterion for these reforms was, as might be guessed, performance of the municipal government in addressing issues important to the citizens (Frederickson et al. 2004). Once again, the adoption of structural and procedural reform helped improve government performance in achieving outcomes.

Significant structural changes to basic government processes such as the Pendleton Civil Service Reform Act of 1883, the publication of the Brownlow Committee report in 1937, and the Civil Service Reform Act of 1978 are infrequent but powerful moments in administrative reform. These three examples introduced sweeping changes into public management at all levels and all were reactions to changes in the demands placed on government to perform better and to exemplify democratic principles. While these reforms may have only a minimal impact on individual government employees, the administrative reform movement that began in earnest in the twentieth century has had far-reaching importance.

## Administrative Reform and Organizational Performance

Popular literature is replete with references to the importance of organizational reform and performance during periods of rapidly changing organizational dynamics and of management's role in facilitating and guiding performance of subordinates. Fueled by a growing realization that organizational reform was becoming a permanent feature of modern life, Spencer Johnson's *Who Moved My Cheese?* sold more than 26 million copies worldwide since its publication in 1998 and has been translated into 37 languages. This introduction to the benefits and pitfalls of organizational reform sparked interest in both the private and public sectors. Workers today are perhaps more accepting of reform than ever before. And, they are more attuned than ever to the crucial role leaders play in making reform effective.

The emergence of a broader culture of reform in the twentieth century came as a response to demands for higher levels of public sector performance. The increasing public demands for high levels of efficiency and effectiveness created pressures that have culminated in the expectation of continuous reform. Responses to public demands for solutions after highly publicized failures of public bureaucracies now often include procedural reform as a way to guarantee improved outcomes. Recently, for example, police departments across the country have adopted new methods of policing in the wake of high-profile cases involving excessive use of force. In cases where agency performance is significantly below expectations, administrative reform is either the only corrective attempted or is central to a multipronged effort to improve outcomes. Therefore, the continuously reforming agency, searching for ever higher levels of performance, serves as the equilibrium expectation for public managers in responding to critics or changing circumstances. Normatively, reform advocacy and effective implementation of reform is the sine qua non of ethical organizations and strong leaders. Administrative reform undertaken to public answer demands for performance and transparency demonstrates a commitment to public service values. These demands also proliferate in the wake of an agency scandal or as whistleblowers point out serious cases of agency malfeasance.

One of the most widely accepted theories of public administration is the notion that workers' performance is related to the structure and processes of the organizations in which they work. Administrative reform changes formal structures and processes that trigger this reaction, hopefully in a desirable direction. One example of this is the creation of the Department of Homeland Security in the wake of numerous bureaucratic failures leading to the 9/11 attacks. Since most scholars and practitioners agree that workers respond to the influence of structural and environmental factors, changing those factors generates changes in workers' expectations that can be extraordinarily positive, or can create severe dysfunction if not managed well.

Chester Barnard (1938) theorized a "zone of indifference" toward bureaucratic change. Barnard saw this zone as defining the limits of worker's tolerance for administrative reform. The boundaries of this zone constitute the limits of tolerance that workers have toward organizational change. Relatively minor changes to structures or processes inside this zone are unlikely to have much of an effect on morale or productivity, while changes from outside the zone can inspire extreme reactions as workers come to understand the effects the changes will have on them personally. These reactions sometimes jeopardize the positive effects managers expect reform to produce. Herbert Simon's (1947) *Administrative Behavior* expanded on Bernard's work. Simon called the range of worker comfort with change the "zone of acceptance" and noted that organizational identification is the key to understanding tolerance for organizational change.

To a certain extent, performance affects reform just as reform affects performance. When agencies perform poorly, administrators face pressure to improve outcomes and are also expected to engage, simultaneously, in the difficult process of agency reorganization. This dual imperative can be compounded if the agency faces funding cuts due to performance budgeting, where resources are redirected from under-performing

agencies to high-performing ones. On the other hand, because high-performing agencies do not usually face calls for reform, they can become complacent and allow operations to stagnate. Without the spur of demands for reform from stakeholders, more management effort is required to evaluate the need for reform and convince workers of its necessity.

Designing neutral or nonpolitical tools to determine how well agencies perform their missions is critical for developing and implementing effective reforms. The George W. Bush administration implemented a measure called the Program Assessment Rating Tool (PART) to assess performance throughout the federal bureaucracy. The intended effect of PART was to gather data from managers on a standardized survey allowing evaluation of program purposes and design, planning, management, and results. While PART did produce some striking insights into a variety of agency practices, it ultimately did not become a neutral, bipartisan assessment tool. As a result, whatever insights PART may have provided have been dismissed by advocates of both parties as biased and that the results are tainted by politics (Lavertu et al. 2013).

## Theories of Reform Leadership

Leadership is essential in establishing the boundaries for workers' zone of acceptance for reform and for the overall effectiveness of administrative reform. As a general rule, public administration research over many years and in countless environments has established that administrative reform is most productive in organizations led by managers who view reform positively. When managers are optimistic about how beneficial administrative reform could be and convey these feelings to workers, workers view management reform directives with credibility, and their zone of indifference toward reform enlarges (Dull 2009).

Theories of reform leadership, and administrative leadership generally, fall into three categories. The first are trait theories which emphasize personal traits of the manager. These theories, originated by Max Weber with his notion of charismatic leadership, see leaders as born, not made. The second are behavioral theories, which see leaders as made, not born, mainly because of the rather unnatural circumstances in which administrative leadership exists. Artificial organizing of human labor in the structures of state executive power requires a learned adaptation to manage effectively. Ralph Hummel (2008) pointed out the challenges this artificial environment poses for leaders and the potentially harmful effects of bureaucratic life on workers. A third class of theories, contingency theories, see leadership as determined by the organizational environment. According to this view, leadership of administrative reform should be measured against the inherent difficulties introduced by reform efforts and the upheaval in relationships it leads to. For example, managers may face different challenges in reforming a drivers license office compared to an organization conducting primary scientific research.

When managers recognize the need for reform, they tend to become agents of change themselves, seeking to inculcate a reform mentality throughout the organization. The reform initiatives of those change agents multiplies by leading to further changes as the effects of previous reform become observable. This approach is known as diffusion of innovation. Especially with regard to integrating technology in the workplace, the speed and reach of diffusion depends on the enthusiasm managers exhibit for the use of technology. Leaders are the central hub around which administrative reform revolves. Without strong commitment from managers to embrace changes, especially changes in essential technologies, little progress is likely to occur.

Many reforms are the results of technological changes or other innovations introduced from outside the organization. The diffusion of innovation follows the S-curve of diffusion theory described by Everett Rogers (2003). Significant organizational reform that includes diffusion of new technology proceeds in two stages: (1) the initiation stage that involves agenda setting and matching a technological solution to a problem the organization needs to solve, and (2) the

implementation stage where the technology is adapted to particular agency circumstances, its role in agency problem-solving is clarified, and the innovation is routinized to become synchronous with the ongoing activities. Successful diffusion of innovation therefore depends on leadership commitment to bring improvements to bear in solving problems. By demonstrating an eagerness to exploit technology for agency purposes, leaders facilitate the speed with which reform occurs and ultimately overall agency performance.

This is a common occurrence, as organizational change is often the result of external factors such as changing technology and social values. Leadership plays a key role in identifying these changes, scanning the organizational horizon for benchmarks to use in designing reform, and then advocating reform through to implementation to adapt the institution to the new values. The characteristics of society and the events that shape social perceptions play a major role in determining the macro direction of administrative practice. In periods marked by high distrust of government, as in the Watergate era of the 1970s, public demands for transparency may outpace calls for high levels of performance. Conversely, repeated policy failures generate greater demand for reform aiming at improving outcomes and transparency may be of less perceived importance.

The transformation of government ushered in by the New Public Management (NPM) movement that emerged in the 1990s was a response to widespread dissatisfaction with bureaucratic performance throughout all levels of government (Osborne and Gaebler 1992). New Public Management was a reform designed for outcomes-oriented government led by managers empowered to take action quickly with maximum discretion. Obviously, this created a parallel demand on managers to adopt a more entrepreneurial approach to decision-making. NPM leadership requires managers eager to adopt a more aggressive posture in tackling problems to move organizations away from old ideas and old ways of doing things.

This second aspect of reform leadership, moving away from old ways of doing things, is often overlooked but presents perhaps a more difficult task than innovation and reform. Before a new practice or process can be adopted, an old one must be jettisoned. Many employees feel uncomfortable with the rapid elimination of traditional patterns of activity they trained to do and became comfortable with. But businesslike governance requires constantly challenging work processes and the risk-taking implicit in rejecting a method that, while inefficient, was nevertheless safe. Managers in the New Public Management era encouraged their employees not just to embrace risk, but to manage risk so as to increase the likelihood of successful outcomes.

What are the characteristics of the more effective leaders in implementing these difficult reforms? Among the most important is a broad point of view, born from a rigorous and varied education that exposes managers to important ideas in the widest possible range of subjects. Some exposure to psychology, economics, history, sociology, political science, and the humanities would provide essential knowledge building blocks. The second characteristic is the ability to maintain a certain degree of detachment or moral autonomy that allows leaders to question their own performance and to challenge the broader direction of agency mission development. Terry Cooper's (2012) idea of ethical autonomy helps leaders stay in tune with public demands for transparency. A third factor, growing out of the other two, is a free mode of inquiry, not unlike a scientific attitude, to examine agency operations objectively, with an open intellectuality that raises hard questions and seeks data-driven assessments of performance. These characteristics will aid in facilitating reform whether it comes in the form of integrating technology, understanding public demands on the agency, shifting political and ideological priorities, or broad developments in economic conditions.

## Conclusion

Administrative reform is a core concept in public administration for administrators and scholars alike. Over time, reform movements have generated tremendous benefits for those who work in government and for citizens who depend on the

work they do. The recent appreciation of leadership as the keystone to reform and consequently to improvements in government performance has grown substantially in recent years. More work is needed to determine with greater precision the organizational and human factors that lead to the best climate for initiating and sustaining a reform mentality. Additionally, the integration of administrative reform as a topic in professional graduate programs, or even as stand-alone courses, would seem to be relevant in preparing future public leaders to continue adapting and improving their agencies.

## Cross-References


- ▶ Accountability
- ▶ Bureaucracy and Leadership
- ▶ Bureaucratic Structure
- ▶ Civil Service Law and Public Personnel Management
- ▶ Ethical Leaders
- ▶ Global Administrative Reforms
- ▶ History of Organizations
- ▶ Leadership Effectiveness
- ▶ Leadership in Organizations
- ▶ Managerial Leadership


## References


Barnard CI (1938) The functions of the executive. Harvard University Press, Cambridge, MA

Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role. Jossey-Bass, San Francisco

Dull M (2009) Results-model of reform leadership: questions of credible commitment. J Public Adm Res Theory 19(2):255–284

Frederickson HG, Johnson GA, Wood CH (2004) The adapted city: institutional dynamics and structural change. M.E. Sharpe, Armonk

Hummel RP (2008) The bureaucratic experience: the post-modern challenge. M.E. Sharpe, Armonk

Lavertu S, Lewis DE, Moynihan DP (2013) Government reform, political ideology, and administrative burden: the case of performance management in the Bush administration. Public Adm Rev 73(6):845–857

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis, 2nd edn. Oxford University Press, Oxford

Rogers EM (2003) Diffusion of innovations, 5th edn. Free Press, New York

Simon H (1947) Administrative behavior: a study of decision-making processes in administrative organization. Macmillan, New York

White LD (1958) The Republican era, 1869–1901: a study in administrative history. Macmillan, New York


A

# Administrative Reform in Ireland: Exploring Continuity and Change in the Irish Civil Service


Petros B. Ogbazghi
Department of Public Administration, University of Asmara, Asmara, Eritrea


## Synonyms

Administrative reform; Civil service; Ireland

## Definition

Civil Service refers to a body of permanent and professional employees of the executive branch of government, who constitute the state bureaucracy, which is entrusted with the provision, implementation, and execution of government functions that are delivered to citizens.

Administrative reform can generally be defined as the introduction of a comprehensive or incremental set of structural, institutional, attitudinal, and organizational strategic changes that are aimed at transforming, modernizing, and adapting the administrative system to meet national development goals.

## Introduction

Shaped by the common features of British government's administrative structures and institutions, commonly referred to as the Westminster-

Whitehall model, the Irish civil service system is engendered or at least influenced by long-established British precedents. Once British administration over Ireland was terminated, and the transfer of sovereign power to Irish hands effected, the first task of the Provisional Government of the Irish Free State, in 1922, was to take ownership of the wheels of political power from Dublin Castle – the seat of British administration in Ireland – to the *Dàil Èireann* (the Irish Parliament). Although the bulk of the reform initiatives during the immediate post-independence was motivated by the imperatives of regime consolidation, the common understanding that the machinery of government, and the civil service, in particular, had become fragmented, inefficient, and less effective, and hence in need of reform, had long played on the back of the minds of the new leaders. But as it turned out, the reforms of the 1920s were more of adapting the inherited administrative machinery rather than radically transforming it, which was deemed to have worked relatively well in its current form with only a few amendments and modifications needed to reflect the new political reality of independence.

Reform initiatives were undertaken during the 1950s, and there was a new reform package in the 1960s, following what came to be known as the Devlin Report. Reforms during these periods too proved to be merely ad hoc, residual, and ameliorative rather than holistic initiatives. However, during the 1980s, it was becoming apparent that major reform initiatives were needed on a number of fronts, including enhancing the policy making role of public administration, its effectiveness was stymied by senior civil servants' commitment to ministerial functions, as well as the need to provide government departments with specialist staff all the while increasing staff morale impacted by lack of motivation and career path prospects. To this end, in 1984, a *White Paper, Serving the Country Better* came along, with its emphasis on the significance of management principles against the backdrop of maximizing effectiveness by rendering public administration more economical and cost-effective. Despite popular, in practice, however, this set of reforms was never or as thoroughly implemented. It was not until the early 1990s that the impetus for a comprehensive reform finally came from two corollary and parallel sources: Ireland's membership into the European Economic Community and the introduction of the Social Partnership Agreement framework to policy making, which set the stage for the espousal in 1994 of a major reform package known as the Strategic Management Initiative.

## Civil Service Reforms of the 1920s

The first reform ever to be enacted following the independence of Ireland in 1922 related to the passing of the Civil Service (Regulation) Act, 1924, which saw the establishment of the Civil Service Commission. The hitherto British administrative institutions and the personnel that filled them came to be subsumed under a centralized control exercised by the newly established Ministry of Finance. Although there was a preponderance of the inherited structures and practices, there were also marked differences that defined the organization and operation of the emergent Irish civil service. These changes were made to adapt the inherited practices in keeping with the prevailing political and economic realities of the nascent state. Specifically, the imperatives of nation-building and regime stability against the backdrop of the just-concluded civil war and the subsequent demobilization of members of the army required that a large number of these unemployed people be absorbed into the lower and clerical ranks of the civil service as a form of integration into civilian life. This required not only the suspension, if not a complete abrogation, of civil service entry examination procedures but also that men be given employment priority over women as a means of settling the sizzling social and political grievances that were directed against the state. Despite some leaders' expressing their intentions to retain the inherited systems and procedures, which appeared to have worked relatively well, in practice, however, the government introduced substantial incremental changes that reoriented if not entirely transformed the inherited structures (Mac Consaidìn 2014, p. 13).

Another notable civil service reform Act during this period was the Ministers and Secretaries

Act, 1924, which was somehow innovative in terms of laying down the basic contours of the public administrative machinery of the Irish state (Collins and Cradden 2007, p. 19). This Act, which provided the legal basis upon which the civil service including the various government departments it subsumed were anchored, stipulated how departmental responsibilities, jurisdictions, and scope of functions would be defined. Furthermore, this Act rolled back all the various committees, quasi-judicial boards, and commissions, which had proliferated during the British administration – a quiet common modus operandi of discharging executive functions – and incorporated them, as they were, into the pertinent portfolios of the newly reconstituted administrative departments.

Perhaps one of the defining characteristic features of the Ministers and Secretaries Act, 1924 was that it laid down a more elaborate framework for the dichotomy between public administration, which was conceived of as consisting of two categories – namely, the civil service and the public service, on the one hand, and the policy making authority, which came to be represented by the minister and the principal officer or the secretary, on the other. Whereas the civil and public services were comprised of administrative officials who were ultimately responsible for implementing policy by executing the functions of their respective departments, ministers and their secretaries, on the other hand, were responsible for the formulation of public policy of their respective departments. The reforms, although crucial in delineating the roles and responsibilities of each category, did not turn out to be ground-breaking as they did not address the overall civil service management issues other than reaffirming the initial British principle of politico-administrative dichotomy in which an impartial and neutral civil service would implement public policy, which is formulated by elected political officials.

The most pivotal, if somehow, problematic aspect of the Ministers and Secretaries Act, 1924 related to the reorganization and incorporation of the various government departments under a corporation sole. This provision sought, as it did, to invest government departments (and the individual officials at the helm) with artificial legal persona, having the capacity to sue and be sued as legal rather than private individuals. The implication of legal personality or the investiture of legal power and authority upon the minister – and by extension to the department of which he or she is the sole embodiment – is that not only that ministers would now have full control and management over their respective departments but would also be entirely accountable to and fully answerable to the *Dàil Eireann* (Barrington 1980, p. 31). Although the 1924 Act was subsequently amended under Ministers and Secretaries (Amendment) Act, 1939, the provision, emerging in the context of the civil war that undermined the process of nation-building, could be regarded as a unique and radical concept in Ireland of the 1920s.

## Civil Service Reforms of the 1930s–1950s

If the reforms of the 1920s were aimed at state consolidation and regime stabilization, the reforms that appeared in the 1930s proved to be more creative and imaginative in which *Fìanna Fàil*, having come to power following the national election of the 1932, sought to learn from the mistakes of its predecessors in paying greater attention to social policy that underpinned long-term economic strategy (Ferriter 2005, p. 363). As a result, significant financial resources were dedicated to economic development that increasingly relied on economic policies that called for austerity and simplicity. During this time, senior civil servants were called upon to play a leading and central role in defining and devising national development strategy. In particular, from the 1950s onward, the public service began to play a central role – so much so that the process of economic and social modernization of Ireland could not be seen in isolation from the overriding role played by the civil service (Mulreany 2009, p. 3).

A notable legislation during the 1950s, which provided for the regulation of recruitment, tenure, unfair dismissals, and terms of employment and related issues that governed the control and management of the civil service, came with the enactment of the Civil Service Regulation Act 1956.

This reform Act, which underwent a series of amendments, including in 1958, 1996, and in 2005, culminating in a revised and consolidated Act of 2017, was bound by discriminatory clauses against the current and potential women members of the civil service. Thus, for example, under this legislation, women civil servants were not only expected to leave their jobs upon marriage but were also offered limited career development prospects and promotion opportunities. Such discriminatory provisions, which had been seen by rights activists as less progressive and more chauvinistic had its roots in the provisions of the 1925 Civil Service Regulation Bill, in which women were not allowed to sit in competitive examinations that provided admission into the civil service. In fact, under the 1927 Act, they were banned altogether from jury services. Such gross violations, which could be deemed to have served the political interests of state and religious elites stemmed from the worldview of the Catholic Church that was overwhelmingly prevalent in a society that was also primarily characterized by a hierarchically institutionalized male-dominated social order, if not stratified class system.

Discrimination against women remained far from improved with the rise to power of the *Fianna Fàil* government in 1932, either, which raised the stakes even higher by enforcing the early retirement of married women civil servants, especially those working in the education and teaching profession. The employment restrictions placed on married women was not limited to those engaged in the education profession either. Indeed, under the leadership of Eamon de Valera, the *Fianna Fáil* government did introduce a number of bills aimed at limiting the number of positions for women working in the industrial and commercial sectors. The barring of married women from employment – known as the Marriage Bar – eventually came to be instituted in all the civil service under the Civil Service Regulation Act 1956, which provided that "women holding positions in the Civil Service, other than positions which are declared excepted positions under subsection two of this section, are required to retire on marriage" (Civil Service Regulation Act 1956). Although the Marriage Bar for primary school teachers was lifted in 1957, it was not until 1973, following a legislative enactment, which came under the Civil Service (Employment of Married Women) Act, 1973, that the statutory provisions that restricted the employment of married civil servants was repealed.

In the intervening two decades since the introduction of the Civil Service Regulation Act (1956), no comprehensive reform initiatives had been undertaken. Even the 1956 Act itself, which was more of a reaffirmation of the ideals of classic Weberian bureaucracy rather than an attempt at the modernization and transformation of the civil service, represented a continuation rather than a break with the 1924 reforms. Indeed, modernizing forces that propelled the Irish civil service toward more gender equality eventually came both from within and without the civil service, as a result of feminist and women's movements, Ireland's membership into the European Economic Community (EEC), the formulation of innovative trade and economic policies, as well as the introduction of national planning approaches that were based on economic and social partnership agreement frameworks. Indeed, modernizing forces that accelerated the transformation of Ireland's administrative institutions socially and culturally were long in coming following Ireland's acceptance of the Marshall Plan, at the end of the Second World War. This event, for example, required the establishment of new institutions and agencies, including the Industrial Development Authority (IDA) and Board Trachtala, which aimed to promote trade liberalization, economic openness, and foreign investment (O'Hearn 1995, p. 92). Ironically enough, however, with the establishment of these institutions, the British legacy of agency approach to public administration was revived once again, reaching its peak, following Ireland's accession into the European Community in which scores of newly established statutory and quasi-statutory bodies came to operate side by side with central government departments and local government units.

## Civil Service Reforms of the 1960s–1980s

The first major reform initiative since the reforms of the 1920s was introduced in 1969, following

what came to be known as the Devlin Report. One of the key aspects of the report was the realization of the national economic planning and development programs that were spearheaded by the then Minister of Finance – T. K. Whitaker – at the end of the 1950s. T. K. Whitaker, himself, who placed high regard to training and skills development, encouraging his staff to develop competencies even in foreign spoken languages, was advancing reform initiatives, which encapsulated wide-ranging ethos and orientations, including increasing the proportion of staff with economics background and integrating the same into the generalist administrative force of his department (Coghlan 2011, p. 148). In this regard, Whitaker's modernizing reforms could be regarded as the foreshadowing of the Devlin Report.

The Devlin reform package, however, seemed to stand out in stark contrast against the backdrop of the preceding reforms, which it deplored for being "confused, and confusing but long-sustained attempts to centralise responsibility yet depoliticise public business" (Barrington 1980, p. 33). In particular, the Devlin Report, which can be considered the first of its kind in terms of its aims of putting in place comprehensive structural and institutional administrative frameworks, identified two major shortfalls in the public administration system. These pertain to policy formulation as well as inter- and intradepartmental coordination of functions. One of the primary recommendations of the report was the assertion and defense of the artificial dichotomy between policy and administration. The rationale behind this classical orthodoxy, which purported to govern and delineate the activities and relationships between political executives and public administrators was twofold: civil servants must be committed to and guided by the principles and procedures of administration in order to impartially and neutrally implement political decisions that were derived from the public will; likewise, politicians must be committed to and guided by the values and ethos of public will in the formulation and execution of public policy.

Moreover, in an attempt to remedy the confusion of roles and administrative disorganization, the report highlighted the need to "freeing the policy-making function from the mass of detail which now impedes it and at delegating to the executive levels the power of taking the day-to-day decisions" (GOI, Devlin Report 1969, p. 197). The recommendations called for the need to explore and adjust policy making vis-à-vis policy implementation roles in which, on the one hand, the demands of ministerial constituency, parliamentary functions, and parliamentary scrutiny and their ministerial executive detail were accommodated, and on the other, the structural, behavioral, and functional barriers that hinder senior civil servants from playing a policy making role were accounted for. Although the nexus between policy formulation and policy implementation was conceived of as qualitatively split entities rather than as two sides of the same coin, the report was not only inspired by lofty goals but also marked by profound devotion to the values and ethos of public policy formulation and execution. Sadly, the policy recommendations contained in the Devlin Report never got off the ground, much less implemented, leaving behind a yawning reform chasm.

It was not until the mid-1980s that the need to orient the administrative machinery toward the goals of promoting the values of efficiency and effectiveness made itself felt very strongly. These ideas were consolidated in a Government *White Paper: Serving the Country Better* that was published in 1985 advocating for the adoption of a set of management principles that could be applied across the wide spectrum of the public sector. In what appeared to have been a long-established systemic, or at least a patterned practice of shelving, the reform proposal contained in the White Paper were, as with the Devlin Report, never implemented, or at least only partially implemented. As such, the White Paper recommendations never materialized and, if anything, they only seemed to have raised the stakes to transform the structure, organization, and thrust of the civil service very high.

## Civil Service Reform and Ireland's Accession to the European Economic Community (EEC)

The pace of change in the Irish civil service was dramatically accelerated when Ireland joined the

European Economic Community (EEC) in 1973. Ireland's accession to the EEC, which actually began in the 1950s with the signing of the first European Payments Union Agreement, represented a watershed in terms of putting in place innovative and creative administrative frameworks. These encapsulated structural, procedural, and operational strategies adopted in order to deal with the emergent institutional demands and structural arrangements. Thus, for example, the transition from economic protectionism, which defined the fiscal policy of successive governments until the mid-1960, toward trade liberalization was driven by anticipations of EU membership, in which member states were expected to subject their agricultural and industrial sectors to market competition.

The implication of Ireland's membership into the European Community for its civil service is that it represented significant changes in terms of the need to adapt to the pressures and incentives placed by the new EU structures and institutional arrangements, including the realization and implementation of EU policy goals and the attendant challenges of putting in place the necessary administrative frameworks at the local and national levels. If Ireland's accession into the EEC appeared to have been the harbinger of administrative reform, it also represented a formidable institutional challenge for the civil service in terms of handling the administrative and support services, including the coordination and implementation of EU policy and regulatory directives, for which the Irish public service institutions were inadequate to the task (Connaughton 2008, p. 100).

Throughout the 1990s, however, a new picture started to emerge with the establishment of new agencies and cross- and interdepartmental liaison committees that handled the bulk of policy making and coordination activities. Similarly, subcommittees were set up to provide support services, including the conduct of discussion forums, the arrangement of ministerial meetings, analysis of common EU sectoral and regulatory policies, and submission of policy proposals for ministerial consideration. Key among such agencies and cross-departmental committees that were established since the end of the 1990s and early 2000s include the Senior Officials Group, the Interdepartmental Coordinating Committee on European Union Affairs, and the International Division in the Department of the Taoiseach, which all aimed, among other things, to facilitate the coordination of EU-related policies and initiatives both domestically, cross-departmental, as well as cross-nationally.

However, due to the increasingly diffused patterns of responsibility and hence fragmentation of activities and multiplicity of agencies, it soon became apparent that lack of coordination and communication was once again hampering progress, prompting the cliché of "administrative jungle." This state of affairs gave rise to the need for particular attention to be paid to the coordination of EU affairs in which all the various government departments would harmonies and integrate their activities with each other vertically and horizontally, while at the same time broadening the role of the Oireachtas (Legislature) Committee on EU affairs; the latter was established in 1995 with the specific task of overseeing and scrutinizing EU legislative proposals. Similarly, the widely felt need to better coordinate, liaise, and implement EU regulatory policies precipitated the establishment of new agencies, such as the Environmental Protection Agency (EPA) and the Equality Agency.

## Civil Service Reform and the Introduction of Social Partnership Agreement

In what could be seen as a defining moment in the politico-administrative milieu of Ireland, the *Fianna Fàil* party when it came to power in 1987 introduced a tripartite system of collective bargaining called the Social Partnership Agreements. In fact, the forerunner to the present system was developed initially and temporarily in the early 1960s at an enterprise level, as a framework for facilitating pay increase agreements between employees and employers. The acute economic and social crisis of the 1980s, which was reflected in the constant and increasing levels of unemployment, mass emigration, and industrial unrest, formed the backdrop against which a

comprehensive social and economic program could be effectively mobilized and implemented. This involved the construction of a framework in which an ensemble of state and nonstate actors, including representatives of trade unions, employers, employees, farmers associations, as well as voluntary local community groups, can bargain collectively. Particularly, by formulating a 5–10-year tripartite system of national wage agreements across civil society and the economy, the state aimed to find ways of coordinating and creating an inclusive government in which macroeconomic stability, competitiveness, private investment, and sustained growth could be accelerated. Similarly, in the sphere of industrial relations, the social partnership agreements sought to maintain consensus in collective bargaining and collective agreements, including social welfare policies with the view of promoting issues of equality and social justice.

In so far as the social partnership framework has been purely driven by consensus building and interest integration strategies in which the state plays a dominant role in effecting agreements among key stakeholders over sectoral and national socio-economic policy goals and objectives, the approach can indeed be characterized as a corporatist policy and decision-making process. Furthermore, and by the same token, to the extent that it has been permeated by corporatist arrangements in which clientelistic policy networks distribute state resources in an environment of asymmetrical information and power structures, the framework is fraught with problems. The implication of social partnership framework to civil service reform is that it reinforced and indeed expanded the policy making scope of senior civil servants at the national and local government levels, trekking down the various statutory agencies and voluntary community groups. The approach has been standardized and firmly and formally institutionalized reaching down the local level under a unique and innovative scheme called Area-Based Response to Long-Term Unemployment. With the creation of what came to be known as Local Development Companies, the framework brought together a wide variety of community and voluntary groups.

Similarly, as the framework "trickled down" the hierarchies of statutory and nonstatutory institutions, it facilitated the development of a holistic public management and modernization strategy, which has been embedded and mainstreamed into basic community development programs and initiatives. Indeed, as a result of the adoption of the partnership frameworks, the Irish administrative system has been made to adapt and respond to the requirements of the new structural and institutional environment not only in terms of administrative and bureaucratic density but also in terms of technical capacities in relation to public policy making, policy analysis, implementation strategy, planning, control, and evaluation mechanisms. Furthermore, to the extent that the social partnership approach is underpinned by a modernization agenda, it anticipates the adoption and demonstration of innovative management practices and performance measures that must be employed across the wide spectrum of the public sector.

Likewise, in so far as the civil service is tasked with ensuring the progression, continuity, and coordination of the partnership agreement framework, it has created a mechanism for the state to ensure the development of the quality and effectiveness of the public sector, including the expansion of its institutional framework, promotion of its structural adaptation, as well as building its leadership, administrative, and policy making capacity. Thus, for example, since the introduction of the social partnership framework in the 1980s, the government had been setting up a number of new institutions, which bore common structural denominators that underscored the integration and consolidation of the national social and economic policy objectives. Some of these coordinating and monitoring institutions include the National Centre for Partnership and Performance (NCPP), the National Economic and Social Council (NESC), the National Economic and Social Forum (NESF), and the National Economic and Social Development Office (NESDO). All these institutions specialize in the production and dissemination of scientific policy research and analysis and render consulting and advisory support services. Whereas the NESDO provides policy guidance (in addition to being ultimately

responsible for the coordination of the above three agencies), the NCPP is focused on rolling out and maximizing the impact of the concept of partnership at operational and enterprise levels, within and outside the workplace, including local development agencies. Despite the proliferation of administrative and statutory agencies and multiplicity of activities, and the challenges they pose in terms of coordination and synergy, the partnership framework has stimulated innovative and transformative set of organizational and institutional arrangements in addressing a wide range of socio-economic and development issues.

## Civil Service Reform and the Introduction of Strategic Management Initiatives (SMI)

Enter the 1990s, and it was a time of explosive changes as far as civil service reform is concerned, culminating in the introduction of what came to be known as the Strategic Management Initiative (SMI). Inspired by New Public Management principles, these set of reforms were launched in 1994 by the then Taoiseach, Albert Reynolds. The main thrust of the SMI framework was to enhance the capacity of the public sector in order to play a vital role in national development and deliver a responsive and quality service to the public by ensuring the effective and efficient use of resources. Under these reform proposals, which were supported and accentuated by a corollary set of reform proposals – which came under the theme *Delivering Better Government* – that was published in 1996, every Government department was expected to formulate a strategy, under the guidance and support of an internal committee of secretaries appointed by the minister.

The main objective of *Delivering Better Government* was to ensure the development of effective and efficient civil service and administrative structures that emphasize public expectations with the delivery of excellent service. To achieve this, each government department was required to make a thorough inventory and examination of its baseline operations with the aim of improving departmental efficiency and coordination framework so as to meet government objectives. Specifically, under this reform initiative, departmental strategy, which must be prepared once every 3 years, was to contain a comprehensive benchmark outlining the activities to be pursued and the rationale behind them, including the formulation of a program of reform options.

The civil service reforms during this period were said to have been ground-breaking and indeed foundational as they started to experiment with corporate governance approaches that place greater emphasis on transparency and accountability. The SMI, which drew theories and practices from the private sector and indeed from the experience of other countries, with the ultimate goal of transposing the same into the public sector, was guided by the imperatives of strategic management foundations of public service. These required, as it were, the need for capacity building and increasing the opportunities for mobility within and outside the public sector. As such, the reforms sought to bridge the public–private divide thus allowing greater transference of skill and expertise across the public sector, the community, and the private sector. Furthermore, the introduction of the Strategic Management Initiatives (SMI) set in motion a chain reaction of complementary reform proposals that were devoted to issues of performance management, evaluation and performance rating, and customer service quality and efficiency. Some of the corollary elements of the SMI reforms include Management Information Framework (MIF), Performance Management Development System (PMDS), Regulatory Impact Analysis (RIA), Quality Customer Service, Value for Money Evaluations, and Output Statements. Yet, most of the reforms that were introduced under the rubric of SMI/DBG appeared to have been marked by undue concentration on personnel inputs and management processes rather than on output. Moreover, although much has been achieved to address the operational deficiencies and coordination problems since the second half of the 2000, this period was also marred by the most commonly voiced criticism of the administrative system, which pertained to the highly centralized decision-making process in which the most senior civil servants had been

made to play a predominantly subservient role in relation to policy formulation.

## Civil Service Reforms of the 2000s–2018

Ireland witnessed a rapid economic growth from mid-1990s throughout the first half of the 2000s, which was comparable to growth levels recorded by the four Asian Tigers, hence earning Ireland the epithet "Celtic tiger." Indeed, it was a period in which economic growth was boosted by strong consumer demand for housing, which bubbled the property market, fuelling, in turn, employment in the construction industry and financial sectors. The changing socio-economic environment of the time generated the momentum for policy reforms and it was during this time (or at least not far removed from) that a number of ancillary legislative and/or amendment reform Acts were being advanced and enacted. Thus, for example, many legislative Acts, including the Organization of Working Time Act, 1997; the Employment Equality Acts, 1998–2015; National Minimum Wage Act, 2000, the Parental Leave Acts, 1998–2006; the Safety, Health and Welfare at Work Acts, 2005 and 2010; and the Protection of Employment Acts, 1977–2007 were driven by the current economic and employment conditions. The central thrust of most of these reforms was to ensure compliance with relevant national and international labor laws aimed at protecting and safeguarding the rights of workers, employers, and trade unions.

The financial downturn of 2008–2009 marked the culmination of the deepest global economic crisis, the like of which was never seen since the Great Depression of the 1930s. Indeed, what was initially supposed to be a credit crunch soon morphed into a full blown global financial crisis accompanied by a severe recession that had significant and adverse effect on the economies of several countries of which Ireland was the hardest hit. For Ireland, in particular, the economic burst was soon followed by a property market collapse, giving way to a dire recession, which spiraled into a near total economic meltdown. This produced the conditions for a huge stimulus spending and government borrowing aimed at bailing out Ireland's banks and major financial institutions, which "suddenly" found themselves incapable of refinancing their debts. Furthermore, the sharp dip in economic growth resulted in a steep rise in unemployment, with employment in the private sector, in particular, decreasing sharply as many businesses were forced to close down or massively retrench the size of their labor force.

In the public sector too, it triggered a chain reaction of changes that led to the radical restructuring of the fiscal and financial framework of the public sector, leading to cutbacks in public spending on social services, including social welfare programs, health services, social housing, and education. Furthermore, driven at least in part by cost-saving and efficiency gains as by the desire to promote performance improvements, a number of government agencies were retrenched in what came to be known as a process of de-agencification. This strategy of restructuring and downsizing involved the merging and integrating of public bodies under a new program of joined-up government. Furthermore, in an attempt to bridge its growing fiscal and budgetary deficits, the Irish government had to incur unsustainably high levels of sovereign debt that accrue high market interest rates. The effect of bankruptcy and stagnant economy was that revenues shrank while national debt swelled. Consequently, this led to the introduction of fiscal consolidation measures, in which austerity and moratorium packages would be put in place, causing all new recruitments to the public service to dwindle to a trickle.

It was within the context of dire economic circumstances that the first set of reform proposals were presented in 2011, coming under the rubric of Public Sector Reform Plan 2011–2016. The reform plan, which was triggered, as it were, by the looming economic crisis, and hence by the imperatives of creating a sustainable fiscal position, had five major objectives vis-à-vis the promotion of efficiency gains by streamlining existing services, alignment of shared services and projects by establishing common senior management teams and shared procurement and delivery strategies, as well as the introduction of innovative and cost-effective technology, which involved e-government and information and

communication technology (ICT) strategies. The reform proposal was drastic in terms of its consequences, which resulted in a reduction of 37,500 staff, bringing the total numbers to 282,500, by 2015, down from 320,000 in 2008 (DPER 2011). The reform framework was also extensive enough in terms of content, process, and coverage, creating enhanced visibility and awareness of the reform agenda across the wide spectrum of the public service.

The reform plan was deemed to have been substantially permeated by strategic planning and project management thinking, which was enhanced by a reporting mechanism – a key ingredient in ensuring increased levels of accountability. In an evaluation report conducted by the OECD, it was noted that overall, the Public Service Reform Plan 2014–2016 was effective in creating a model for interdepartmental network structures, allowing the sharing of experience and learning opportunities (OECD 2017). For all its success and acclaim, however, the reform plan was not without its problems. In particular, the OECD was highly critical of some aspects of the reform, viewing them as ultimately driven by cost reduction and efficiency gains, which provided the underlying rational for public service cross-cutting. Furthermore, the assessment report suggested several recommendations that highlighted the need to shift the reform focus from a process-oriented toward output-oriented perspectives.

## Conclusion

The fundamental contours that formed the basis of the modern civil service system of Ireland were shaped by a long-established British legacy, whose governmental and administrative institutions and structures continued to have a lasting and enduring influence on current processes and praxis. Yet, if the fundamental principles of the Irish civil service system have stood the test of time, they have also been constantly adjusted out of the need to effectively respond to the unique and peculiar national, political, and social circumstances, not least of which the imperatives of nation-building and state-formation were key parameters. One of the initial reform efforts that were undertaken following the foundation of the Irish Free State, in 1922, were largely occasioned by the need for regime security and stability, which was best thought to be achieved by demobilizing and integrating the former soldiers of the civil war into the ranks of the civil service. Similarly, the prolific extra-departmental agencies, quasi-independent statutory boards, authorities, and commissions, which changed hands in response to the prevailing political reality at independence had to be centralized and put into the newly configured government departments. Although such structural and functional anomalies led to the introduction of the Ministers and Secretaries Act, 1924, which conferred the minister with a corporate sole status, the most commonly voiced criticism of the approach was that it resulted in a decision-making system that was highly centralized, offering the most senior civil servants fewer incentives to focus on the wider issues of public policy formulation.

But perhaps the most overlooked reform area was the employment and equal rights of women civil servants, which could be pointed out as negative aspects of the civil service reform experience of Ireland during the 1950 throughout the 1970s. Indeed, it was not accorded the attention that it deserved, in terms of protecting women's jobs, providing a welcoming work environment, fair treatment in the workplace, and equal employment and career development opportunities. Of course, Ireland has made significant improvements in the present in terms of increasing the representation of women in the top echelons of the public sector, but much remains to be done in order to promote female leadership and gender parity at all levels of the public service. Similarly, the minister-oriented behavioral norms and power structures have increasingly been seen to impose duty and a higher expectation on civil servants in terms of demonstrating responsiveness to the exigencies of political leaders and their executive functions.

The uniqueness and idiosyncrasy of the single-minded application of the principle of independence and political impartiality, which forms an essential component of the structure and

organization of the civil service system of Ireland rather creates an "administrative myopia." Whereas the most senior civil servants are not only unable to gain autonomous space for policy analysis and reflection, but also lack the legal and institutional framework within which they could play their true role, "namely to have the courage to tell the emperor if he has no clothes" (Mulreany 2009, p. 8). Alternately, those who work at the frontline of the administrative field become myopic as they cannot anticipate "the broader policy issues that arise from their day-to-day working experiences" (Boyle 2009, p. 17). By and large, despite the plethora of reform initiatives wrought within the civil service, and, which, as a result, have been making innovative inroads against the inherited framework, and seemed to have produced a branching, if not a separate trajectory, there is still so much that remains the same.

## Cross-References


- ▶ Administrative Reform
- ▶ Civil Service Reform and Ethics
- ▶ Public Sector Accounting


## References


Barrington TJ (1980) The Irish administrative system. Institute of Public Administration, Dublin

Boyle R (2009) Performance reporting: insights from international practice. IBM Centre for the Business of Government, Washington, DC. http://www.businessofgovernment.org/sites/default/files/PerformanceReporting.pdf

Civil Service Regulation Act (1956) Available at: http://www.irishstatutebook.ie/eli/1956/act/46/enacted/en/print#sec10

Coghlan N (2011) Rethinking the Irish civil service. Studies 100(398):147–154

Collins N, Cradden T (2007) Ireland's bureaucratic traditions. In: Collins N, Cradden T, Butler P (eds) Modernising Irish government: the politics of administrative reform. Gill & Macmillan, Dublin

Connaughton B (2008) Ireland: modernisation as opposed to radical reform. In: Killian J, Eklund N (eds) Handbook of administrative reform: an international perspective. CRC Press, London/New York, pp 95–111

Department of Public Expenditure and Reform (2011) Public Service Reform Plan, Dublin. http://reformplan.per.gov.ie/2014/downloads/files/Reform%20Plan%202011.pdf

Ferriter D (2005) The transformation of Ireland: 1900–2000. Profile Books, London

Government of Ireland (1969) Report of Public Services Organisation Review Group, 1966–1969. Part one (Devlin Report). The Stationary Office, Dublin

Government of Ireland (1985) Serving the country better: a white paper on the public service. The Stationery Office, Dublin

Mac Consaidìn P (2014) Ireland in austerity: implications for reform of performance management and development systems in the Irish civil service. Tom O'Connor working paper series, Department of Government, UCC

Mulreany M (2009) Serving the state: the public sector in Ireland. Institute of Public Administration, Dublin

O'Hearn D (1995) Global restructuring and the Irish political economy. In: Clancy P, Drudy S, Lynch K, O'Dowd L (eds) Irish society: sociological perspectives. Institute of Public Administration, Dublin

OECD (2017) OECD assessment of Ireland's second Public Service Reform Plan 2014–16. OECD, Paris. https://www.oecd.org/gov/ireland-public-sector-reform-plan-assessment.pdf


# Administrative Reform in Malaysia: Experimenting with Collaborative Governance


Abdillah Noh[1] and Nadia Hezlin Yashaiya[2]
[1]International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia
[2]University of Western Australia, Crawley, WA, Australia


## Synonyms

Administrative changes; Changes; Collaborative governance; Governance; Malaysian public sector; Public sector reform

## Introduction

Malaysia has embarked on several ambitious transformation programs to improve policy design and delivery. One of its policy initiatives is the National Transformation Programme (NTP) which comprises of the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP).

This chapter examines the role of a unit tasked to carry out the NTP – Malaysia's Performance Management and Delivery Unit or Pemandu, in short. Specifically, this paper concerns Pemandu's role as a collaborative agent and its dealing with relevant stakeholders in delivering administrative reform (see section "About PEMANDU").

The Malaysian example underlines few essentials to administrative reform efforts. First, it highlights the importance of institutional design when dealing with collaborative governance and how institutional design remains a function of context. Second, the case highlights issues that are essentials to facilitate or inhibit the process of collaborative governance (see section "Designing the Collaborative Process"). Third, the Malaysian example demonstrates the numerous challenges that states face at institutionalizing administrative reform, specifically collaborative governance. It drives home the point that to make deep-rooted administrative changes, one needs to be cognizant of issues of bureaucratic culture and idiosyncratic political arrangement (see section "Collaborative Governance").

This chapter is divided as follows. The first part provides various definitions and discussions on collaborative governance. The next part discusses the role of Pemandu and how its various processes have unintentionally laid down the importance of collaborative governance in the Malaysian bureaucracy. The final part provides discussions on collaborative governance in Malaysia and highlights various issues that are impeding or facilitating the collaborative governance endeavor.

## Collaborative Governance

There are many definitions to collaborative governance, but the definition that we will adopt here is that collaborative governance encompasses a range of processes and structures of decision making, regulation, and management that see the involvement of multiple actors – be they government agencies, private actors, and nongovernmental organizations – for the purpose of designing and realizing public policy (Ansell and Gash 2008).

## About PEMANDU

PEMANDU (the Performance Management and Delivery Unit) was set up in 2009 and it is fashioned after the United Kingdom's Prime Minister Delivery Unit (PMDU). Its primary mandate is to implement the Government Transformation Programme (GTP). The unit is tasked to work closely with the bureaucracy to deliver on the agreed NKRA and this is done by defining the targets, tracking improvements, and employing various mechanisms to achieve the stated goals. Unlike other administrative outfit in the bureaucracy, Pemandu is given a fixed life span; it will cease operation in 2020, the year when Malaysia expects to achieve a high-income economy.

Structure-wise, Pemandu occupies a unique and unprecedented position within the bureaucracy. Even though it is a unit under the Prime Minister Office (PMO), it behaves more like an autonomous unit, independent of the civil service code. Pemandu's Chief Executive Officer, Idris Jala, reports directly to the Prime Minister and not to the head of the Malaysian civil service, the Chief Secretary of State (Antony et al. 2016: 87). In fact, Idris, for 4 years, assumed the role of a cabinet minister, being made a full minister until 2015. This is unprecedented because under normal circumstances, administrative units in the bureaucracy are headed by directors who are civil service appointees, not cabinet ministers.

Pemandu has other qualities that are uncharacteristic of a unit under the Prime Minister Office. Pemandu, for example, conducts its own hiring process. Recruitment of officers is not managed by the civil service's central personnel department. Also, Pemandu officers' remuneration packages do not follow the civil service scale. On average, these officers are paid higher than those in the civil service. One reason for that is to obtain experienced and well-qualified officers to helm Pemandu, the unit needs to provide a pay packet that is competitive and aligned to the private sector. But the higher pay comes with more demanding employment contracts where renewal of contract is based on the officers' ability to deliver on key performance indicators (KPIs). The competitive pay packet allows Pemandu to

hire the best talent from the private sector; in fact, almost 80% of Pemandu officers came from the private sector. These officers are usually sourced from big consultancy firms and they often have with them years of experience. So distinctive is this arrangement that the World Bank describes that replicating the Pemandu model elsewhere would pose challenges saying that "not all countries will be able to get exemptions from the civil-service structure" (World Bank 2017: 47).

To carry out its mandate, Pemandu has drawn up a comprehensive plan in which collaboration is heavily featured. Under its "Eight Steps Transformation" programme, three initiatives involve collaborative undertaking, specifically workshops involving cabinet ministers to establish strategic direction, coordinating bottlenecks, and convening social labs that involve various stakeholders. We discuss this next (see sections "Pemandu and Its Collaborative Effort Involving Cabinet Ministers" and "The Social Labs").

## Pemandu and Its Collaborative Effort Involving Cabinet Ministers

One of the main features of Pemandu-led initiatives was its organization of a workshop for cabinet ministers. The workshop turned out to be an important foundation to Pemandu's role as a collaborative agent. It helped Pemandu achieved two important things. First, it promoted buy-ins from cabinet ministers to the various state initiatives. Convincing cabinet ministers of the merit of the workshop and collaboration is so important because without it Pemandu would have with stiffer resistance from the bureaucracy in running its programs. Second, the workshop forged inter-ministerial cooperation. At the end of the 6-week-long workshop, ministers started to see the interrelatedness of the change agenda across the ministries that provided an important currency to Pemandu's future collaborative efforts.

During the workshop, the cabinet ministers were tasked to map a comprehensive plan to identify key areas to improve public service delivery and accomplish Malaysia's vision 2020 goals. In the initial stages of the workshop, obtaining buy-ins from cabinet ministers was a challenge because the ministers were not convinced of the value of the project and that issues in one ministry could be tied to issues raised in other ministries.

To ease their collaborative efforts, the ministers were provided with information from surveys and dialogues sessions obtained from various members of the public and they ministers were constantly cajoled by consultants to look beyond their individual ministry's concerns when identifying critical policy concerns and goals. To facilitate collaborative tendencies among them, the conveners urged ministers to adopt a "backward" strategy in addressing policy issues. This strategy encouraged participating ministers to first identify policy goals and then to work backwards to search for ways that could best achieve the policy goals. In adopting the "backward" strategy, the consultants helped nudge the ministers to design a collaborative solution with different agencies for optimal policy outcome.

Another feature of the workshop that facilitated collaboration was that the workshop had the heavy presence of the prime minister. The prime minister's presence provided the right signal to the ministers on the seriousness of the workshop and collaboration. The distinctive quality of the Malaysian bureaucratic culture where power distance is high means that the presence of the prime minister inevitably induced reciprocal commitment on the part of the cabinet ministers to treat the collaborative project with greater intensity and seriousness.

By the end of the 6-week-long workshop, the cabinet ministers were bought into the idea of collaboration. One evidence of this was when the ministers became champions of Pemandu's future social labs. When needed, they urged department heads of their respective ministries to send their very best officers to attend Pemandu's various social labs. In a collaborative mood, the ministers also agreed, at the end of the workshop, to establish six important policy goals, called the National Key Result Areas (NKRAs). They agreed to appoint six ministries as leading or coordinating ministries with the other ministries collaborating in ensuring the delivery of the policy goals.

Pemandu's ability to design techniques to optimize collaborative tendencies amid a distinctive Malaysian bureaucratic culture is worth mentioning here. In designing its initiatives, Pemandu understood Malaysia's bureaucratic culture which is high on collectivism (Hofstede 1980: 35). This is a condition when bureaucrats tend to display in-group cohesiveness, collective distribution of resources, and collective action. (Kennedy and Mansor 2000: 7). Pemandu understood the presence of "perverse equalitarianism" prevalent among Malaysian bureaucrats, one where being too direct or forthright are not considered virtue and perceived as insensitive or rude. Under such conditions, in group settings, members tend to forego openness in the interest of maintaining social harmony. Individuals tend to be conformist for fear that if they take excessive initiatives, they would be seen as insensitive and rude and hence subject to ridicule and kept down to size by group members. Given the possibility that ministers (especially junior ones) might subscribe to such "perverse equalitarianism" and suppress their opinions or ideas, Pemandu adopted the blind voting system. Ministers were first told to be as unrestrained as possible with their ideas even if the ideas were "absurd." After the lively discussion, the ideas were put to blind voting. Indeed, the blind voting technique promoted confidentiality of opinion and helped identify priority areas of concern. With such initiatives, ministers could freely rank their choice without inhibitions. It provided the ministers with a better sense of the most pressing issues of strategic interest and encouraged them to adopt the collaborative imperative (Deepa Iyer 2011a: 4–6).

Pemandu's ability to convince the cabinet ministers and the various ministries, departments, and agencies (MDAs) on the merits of collaboration is unprecedented in Malaysia's public sector reform efforts. Another quality of Pemandu's collaborative endeavor is its establishment of a set of processes to promote collaboration. We turn to this next.

## Designing the Collaborative Process

To settle disputes and resolve bottleneck issues on agreed upon policies, Pemandu designed mechanisms that incorporated elements of collaboration while at the same time taking into account Malaysia's bureaucratic culture. One of the first initiatives was the setting up of the Delivery Management Offices (DMOs), which are housed in each ministry. The DMOs act as coordinating agency to ensure the delivery of the National Key Results Areas (NKRAs) as planned. They act as first touch point in settling bottleneck issues that arise because of competing interests or due to institutional constraints. And, in true collaborative mode, the DMOs are made up of Pemandu officials as well as officials from the various Ministries, Departments and Agencies.

Besides DMOs, Pemandu also designed several administrative layers to escalate outstanding issues which are heavy in collaborative elements. Issues that remain unresolved by DMOs were first brought to a technical working group for resolution. This working group comprised mainly of members from the leading ministry and members from institutions relating to the issue with Pemandu assuming the advisory role. Should the problem remains unresolved, the issue would then be brought to a steering committee which comprised of relevant ministers, secretary generals, directors-general, and CEOs from important ministries and agencies. If the issue still remains unresolved, the matter would be brought to the Problem-Solving Meeting (PSM). This meeting is held twice a year and is chaired by the Prime Minister. Usually though issues would be resolved at the steering committee stage; only rarely did the issue be brought to the PSM (World Bank 2017).

A feature in the design of Pemandu's dispute or debottlenecking mechanism is that it takes into consideration Malaysia's bureaucratic culture, a culture that is not naturally predisposed to interministerial collaboration. Pemandu had to negotiate serious issues of group dynamics among bureaucrats – that of "face saving" or members' avoidance of group conflict. Such nature of group dynamics was well understood by Pemandu's CEO, Idris Jala. When he chaired meetings, Idris ensured that Pemandu officials played a non-intrusive role. To get people to think of solutions, Idris drove the message to participants that the solution to issues were already there with them,

reiterating that "the good ideas are already there, and people know these ideas, but the reasons we don't move from ideas to results is because there are technical, political, administrative, process, system hurdles" (Iyer 2011a: 9). In essence, Pemandu understood the group dynamics and merely nudged participants to resolve issue using their collective resources.

To make for better monitoring, there were also weekly, monthly meeting as well as the twice yearly meeting chaired by the Prime Minister that all bear the collaborative imperatives. The weekly meetings – involving each of the NKRA team, delivery management office staff and other key members of the delivery chain – were meant to enable team members to be on the same page when it comes to outstanding issues and goals. The twice-yearly meeting is a six-eye meeting involving the Prime Minister, the minister leading the project and Idris Jala, Pemandu's CEO. During such meetings, progresses were reviewed using data compiled by DMOs. A dashboard system was employed where performances were assessed using a green, yellow, and red rating; with green signaling, that progress has been made while red conjures the opposite. The meetings are important tools to consolidate the collaborative framework, monitor the progress made, and ironed out outstanding issues. In commenting on the meetings, one Pemandu officer said that "although Pemandu engages with the ministries on a daily basis, these weekly problem-solving meetings with the higher management and the monthly sessions with the PM meant that little would fall through the cracks" (Iyer 2011a: 10).

To sum up, the design of Pemandu's delivery process indeed portrayed the many challenges as well as the idiosyncratic techniques used to promote collaborative governance. One important lesson to be drawn here is that any design of the collaborative framework needs to take into account institutional quality, where in the Malaysian case, it is one that is characterized by silo thinking, high power distance, collective thinking and bureaucrats' nonconfrontational disposition when implementing policies. Besides the process, Pemandu employed another tool to promote collaborative tendencies – that of social labs.

## The Social Labs

Pemandu-organized social labs were aimed at translating the broad targets of the six key policy areas (NKRAs) into tangible goals. The labs consisted of officers from the various ministries and agencies. These officers were handpicked and deemed to be the best of their cohorts. They had the full backing of their respective ministers. When there were occasions when heads of department were reluctant to send their top officers to attend the 8-week-long lab sessions, the cabinet ministers were on hand to intervene and gave orders to the various agencies to send their best officers for the lab sessions.

The lab sessions were intense and inclusive. Participants were expected to look beyond the immediate concerns of their respective ministries in coming up with solutions and to do that they were told to start with a blank canvass and move from broad policy goals to more specific targets. This process is described by Pemandu's CEO Idris Jala as "going from 3,000 feet to 3 feet." It involved "starting with the big picture and sharpening the focus to inspect its smallest detail" (Iyer 2011b: 6).

Participants were told to adopt an iterative and recursive approach when coming up with specific targets. To do so, participants needed to revisit old assumptions, raise new information, and reconfigure earlier targets and plans (Charles and Jordan 2015). To assist them in making policy prescription, participants were given views from the public, collated from interviews, online feedback, and text messaging (Iyer 2011b: 6). The ultimate aim of this process was to induce collaborative tendencies, for participants come to know and trust one another and bring to the fore knowledge of problems or solutions that, at the outset, they may have held closely to themselves" (Charles and Jordan 2015: 19).

The lab participants were also made to present their plans to senior officials from two key agencies – the Ministry of Finance (MoF) and the Economic Planning Unit (EPU). Called the "stress test," the lab group presentations were attended by ministers and senior government officials where participants were queried on the

details of their plans and how they weighed the proposals against financial and administrative limitations. Indeed, the lab sessions aided the collaborative process as it did away with hierarchical concerns and promoted more lateral network settings. Pemandu's insistence on the recursive and iterative approach to policy prescription and the informal nature of the lab sessions encouraged participants to make realistic judgement of policies as well as forced them to look at issues from a multi-sectorial perspective. What is equally important is that the interactive dialogues and the iterative approach to policy making helped promote buy-ins from stakeholders. As one Pemandu officials mentioned, the "lab is an environment where hierarchy is set aside. We encourage participants to leave their 'organisational hats' outside the door. It empowers civil servants, giving them a chance to voice ideas that may have been in the works for years" (Iyer 2011a: 7).

Indeed, the lab sessions helped the collaborative process. They became sites for stakeholders to bond and make realistic assessment of each agency's strengths and weaknesses before coming up with tangible targets. Indeed, the inclusive nature of the sessions enhances accountability and improves the legitimacy of policy decisions. The whole process also helps generate trust among the multiple stakeholders and to make participants move beyond each ministry's parochial concerns. In fact, participating officers admitted that the lab sessions trained them to decide on socially desired outcome from a collective standpoint. Indeed, Malaysia's collaborative governance exercise provided us with qualities needed for more effective. We turn to this next.

## Highlights of Malaysia's Collaborative Governance: A Permanent Feature of the Malaysian Bureaucracy?

One important takeaway of Malaysia's collaborative governance exercise is that reform can be made by tweaking existing institutional arrangement. Pemandu's ability to operate alongside existing bureaucracy is indeed unprecedented. Indeed, this ability by the state to establish a delivery unit that did not strictly conform to existing bureaucratic code help ensured that changes were done quickly. This is an important point because - without Pemandu - instituting reform using existing bureaucracy would be far slower as bureaucracy tends to have institutional inertia, one where bureaucrats tend to stick to traditional bureaucratic practices than make radical change. Indeed, the fact that Pemandu is not bound by institutional compliance expected of a typical bureaucracy allowed it to make bold reform efforts quickly.

Another important takeaway of the Malaysian experience is that Pemandu's near autonomy provided it with a unique resource combination that makes it possible to engage multiple stakeholders in the various collaborative projects (Huxham and Vangen 2000: 1171). Pemandu's unique positioning, the temporary nature of its existence, its direct access to the prime minister, and its independence in terms of recruiting the best from the private sector have all facilitated the collaborative endeavor. It is this unique arrangement that differentiates Pemandu from other delivery units and one that the World Bank admits would be hard to follow.

The Malaysian example also highlights the importance of context, specifically the imperatives of bureaucratic culture when designing collaborative governance. Malaysians' collective tendencies when it comes to decision making, bureaucrats' deference to authority, and the prevalence of perverse egalitarianism in collective setting all point to the need to craft unique and clever processes and techniques to maximize collaborative tendencies. Pemandu's adoption of the blind voting system, its design of several tiers of dispute settlement mechanisms, the heavy involvement of the Prime Minister in workshops, the firewalling of Pemandu's operation from the rest of the civil service, the use of recursive and adaptive measure to policy prescription, and the employment of horizontal integration through the use social labs suggest the need to craft unique mechanisms for effective collaborative governance to work. Indeed, a nuanced

understanding of bureaucratic culture is essential for collaborative governance to work.

Finally, even though collaborative governance could lead to more deliberative democracy, a caveat is warranted here. There remains outstanding issues in Malaysia's experiment with collaborative governance. Institutionalization of collaborative governance in Malaysia is still work in progress. Pemandu's achievements in driving results through collaborative projects are still uneven. Take for instance, the unit's effort to increase rice production by amalgamating agricultural land of small holders in northern region in Malaysia. The project, which involved collaboration of government agencies as well as cooperatives, did not meet its target mainly because farmers did not see the benefit of a collaborative arrangement. Despite Pemandu targeting that come the year 2020, 50,000 hectares of paddy fields in Malaysia's northeast region would be amalgamated and operated under estate farming method, by end 2014, only about 20,000 hectares had been amalgamated, translated to about 40% of the targeted goal. The low take up rate is even perplexing because despite participating farmers seeing their income improving due to better yields, amalgamation rate remains low. One possible reason for this is the issue of trust. This is reflected in its annual report when Pemandu acknowledged the administrative challenges it still faced in implementing the paddy projects. Its report highlighted that not all farmers enjoyed these benefits [higher income] because they chose not to implement the Standard Operating Procedures. The report also mentioned that farmers were reluctant to use new technologies and adhere to internationally proven agricultural best practices method. Issues of trust also seems to surface when the report acknowledged that nonamalgamated farmers did not see any need to be part of the project because they were already seeing increasing yields from using new technology. To add, Pemandu also highlighted legal and administrative issues it was experiencing with the farmers – underlining yet again issues of trust. In its report, Pemandu acknowledged that the construction of irrigation infrastructure ran into problems due to issues of land acquisition. Pemandu also mentioned that its intention to introduce a special purpose vehicle to manage the industry's entire value chain was now put on hold because the "state of operational readiness is yet to be established" which, it admitted "hinder fruitful collaboration."

Also, Malaysia's collaborative governance endeavor might be stalled. It is still unclear whether collaborative governance would be sustainable given Pemandu's temporary status. Pemandu is already making exit plans to retrench its role as an agent of change. Given such an arrangement, the legacy of collaborative governance could fade with Pemandu's absence. There is of course the possibility of replicating Pemandu's role in the civil service, but without Pemandu's unique authority line, there is a possibility of "conflicting agency goals and missions, inflexible administrative and legal procedures and constrained financial resources." (Purdy 2012: 409).

## Conclusion

The Malaysian example points to the importance in appraising state-society structure when designing collaborative governance. Pemandu's unique organizational design and organizational positioning within the bureaucracy, its direct access to the prime minister, and its exclusive recruitment and talent management programs that lie outside the civil service structure have made it easier for it to drive programs and attract critical stakeholders to buy-in on its collaborative endeavor. This arrangement is difficult to replicate elsewhere. As the World Bank report suggests, few countries would tolerate a unit, like Pemandu, that enjoys exemptions from the civil service salary structure. (World Bank, 47).

Collaborative governance, however, remains a nonsystemic feature of Malaysia's administrative reform effort. This is because the noncentrality of collaborative governance in the overall national transformation program means that institutionalizing collaborative governance will be a challenge. Pemandu's exit plans and the gradual

retrenchment of its mandate could only mean that administrative instruments that support collaborative governance could likely be dismantled if there is lack of political will.

The Malaysian case also highlights that trust, or the lack of it, could inhibit the institutionalization of collaborative governance. Trust relates to concerns like legitimacy and commitment and the lack of it interferes with the idea of shared motivation that is so necessary in collaborative governance.

## Cross-References

► Governance

## References

Ansell C, Gash A (2008) Collaborative governance in theory and practice. J Public Adm Res Theory 18(4):543–571

Antony XJ, Siddique NA, Mohamed MZ (2016) The Government Transformation Programme of Malaysia: a successful approach to public sector reform. Public Money Manag 36(2):81–87

Charles S, Jordan L (2015) Doing, learning, being: some lessons learned from Malaysia's National Transformation Program, World Bank Report, p 19

Hofstede G (1980) Culture's consequences: international differences in world-related values. Sage, London

Huxham C, Vangen S (2000) Leadership in the shaping and implementation of collaboration agendas: how things happen in a (not quite) joined-up World. Acad Manag J 43(6):1159–1175

Iyer D (2011a) Tying performance management to service delivery: public sector reform in Malaysia, 2009-2011. Princeton University, Princeton

Iyer D (2011b) Innovations for successful societies, Massachusetts. Princeton University, Princeton http://www.princeton.edu/successfulsocieties

Kennedy J, Mansor N (2000) Malaysian culture and the leadership of organisations: a GLOBE study. Malaysian Management Review 35(2):42–53

Macquire M (2006) Collaborative public management: assessing what we know and how we know it. Public Admin Rev 66(s1):33–43

Purdy J (2012) A framework for assessing power in collaborative governance processes. Public Adm Rev 72(3):409–418

World Bank (2017) Driving the performance from the center, Malaysia's experience with Pemandu. World Bank, Washington, DC

# Administrative Resilience: Potential Approach for Disaster Management

Md Nazirul Islam Sarker
School of Public Administration,
Sichuan University, Chengdu, China

## Synonyms

Absorptive capacity; Adaptive capacity; Adaptive governance; Administrator's response to the disaster; Community resilience; Livelihood resilience; Organizational resilience; Resilience; Socio-ecological resilience; Transformative capacity

## Definition

Administrative resilience is the ability of the administrative system to provide appropriate measures to uncertainties and bounce back to previous conditions after facing risks, shocks, disasters, and other threats to organizational stability. It also enhances the ability of social systems to remain stable during and after times of adversity.

## Introduction

A vulnerability regarding climate change is increasing all over the world. The importance of policy and governance of climate change is increasing day by day. Peoples are living in an interconnected and complex world. Complexities among social, ecological, and administrative system are gradually increasing due to gradual changes in the environment. So, there is a big concern about the disruptive effects of the ecological system on social and administrative system. Due to the massive adverse effect of climate change and natural disasters, its management is a prior concern to the public administrators and policymakers all over the world. Development

scientists usually suggest that mitigation and adaptation are the key tools for the management of climate change and natural disasters. Resilience is a potential approach to deal with a socio-ecological and administrative vulnerability which enhances the capacities of the system for mitigation and adaptation (Folke 2006).

The term "resilience" is derived from the Latin word "*resiliens*" that means "to bounce back" or "to rebound" (Harper and Speed 2012). It also means recuperation from depression or illness in psychology and medical sciences. Resilience refers to the capability to regain the previous state or original state after facing calamity or change. Generally, it focuses on the capacity to regain or bounce back to the original state after facing adverse events. Resilience is a tool to return to the original state after facing vulnerability. Traditionally, it was used as a term "invulnerable" due to the gradual acceptability of the term by the various disciplines; it becomes resilience by replacing "invulnerable."

The concept of resilience is quickly gaining acceptability in the practices and researches in public administration. This interest of resilience among public administrators and scholars requires a better understanding of this issue to understand and solve the problems of relatively complex, fragile, and interconnected socio-ecological systems and legitimate governance. Administrative resilience is a potential tool to make resilient public administration which is different from traditional Weberian bureaucracy. Resilient public administration consists of non-hierarchical network, the capability to respond in a crisis; depends on interdisciplinary knowledge, information sources, and stakeholder participation; and also uses social learning and develops policy accordingly to manage risk, threat, and disaster events (Milley and Jiwani 2014).

## Complexities of Systems

The main characteristic of the socio-ecological system is its multi-scale nature of the structure of the social system. People are the main actor in the system who engages themselves with various components of the system like resource management, norms, values, and pattern of consumption. Governance is a process to shape the system as usual and prevent undesirable circumstances or recover from adverse events. An effective policy decision requires a proper understanding of the interaction among social, ecological, and administrative system. Generally, the dynamics of the socio-ecological system is dependent on the changing nature of the elements of both systems. Since climate change effects are increasing all over the world and cause various natural disasters, it affects equally to the social system. Administrative system is governed by public administrators, so they are responsible to manage any events occurred by the dynamics of social and ecological systems. Administrative resilience is a tool to capable the administrative system for responding to the dynamics of socio-ecological systems.

## Administrative Resilience in Public Administration

Resilience is considered as the most effective approach to solving administrative problems emerging from dynamic socio-ecological systems. Resilience generally focuses on the ability of a system, organization, or society to withstand or recover from the effect of natural hazards. It also reveals the organization's capacity to survive an uncertain and risky situation gaining experience from the past and solving the future. Resilience is now gaining popularity in policy goals as a metaphor for the expected condition (Manyena 2006). Scholars and practitioners of public administration are now turning attention to administrative resilience as a systemic way for organizations to cope with shocks, risks, vulnerability, and adversity of natural hazards (Manyena 2006). It provides an opportunity to deal with uncertain situations in a better way of preparation, dealing, and adaptation. Since the 1980s, the concept of resilience has been used in emergency preparedness and management (Baker and Refsgaard 2007) and natural resource management (Haase 2009). Hood (1991) introduced the

concept of resilience in public administration in the 1990s as a neglected concept which conflicted with "efficiency" to the previous administrative interest. But in 2000, resilience gained popularity in public administration to address the vulnerability, shocks, risks, and crisis. As a new domain, administrative resilience was used in governance system to address uncertainty and complexity (Vandenabeele 2007). Generally, two considerations of administrative systems are related to resilience: first, the level of concept, plan, and preparation of administrative system to prevent, mitigate, and adapt to the adversity and, second, the level of response to uncertainty and complexity through innovation, learning, and adaptation strategies. The ultimate goal of administrative resilience is to enable people, community, system, or organization to "bounce back" to a previous normal condition. Administrative resilience promotes the ability of social systems to remain stable during and after times of adversity.

## Characteristics of Administrative Resilience

The major characteristics of an administrative system are varied according to size, heterogeneity, flexibility, and dynamic nature. The size of an administrative system may be small or large. The small administrative system consists of few people or groups within an organization, whereas large system consists of a multitude of organizations. The participant should be individual or organization which have a diversity of assets, capabilities, aims, and barriers (Comfort et al. 2001). The administrative system should be flexible in a way that participant may come from jurisdiction level and various funding sources, and they can contact other administrative systems in seeking assistance to manage the adversity of disasters. The administrative system should be dynamic in nature so that participant can choose to interact, solve problems, and exchange ideas, goods, and services for optimum outcomes. Resilient administrative system should act as nested sets where the system is consisted with people and environment as parts of a system. So, the system as well as subsystems is important in the administrative system.

Every administrative system has three capacities such as absorptive, adaptive, and transformative capacity. In response to absorb the suddenly emerged hazards, risk, and challenges, administrators can adjust the structure and process of the organizational administrative system using adaptive capacity (Fig. 1). Similarly, an administrator can adapt any adverse conditions emerged due to hazards, risks, and threats by using an organizational adaptive system which is usually known as adaptive capacity.

According to Ostrom and Janssen (2005), there are seven principles of a resilient administrative system such as (i) specific boundaries, (ii) cost-benefit analysis, (iii) monitoring, (iv) matured sanctions, (v) problem-solving mechanism, (vi) right to organize and recognition, and (vii) nested enterprises. An administrative system must translate the policy into action like it has a technical infrastructure for information management because of its necessity to collect, process, and translate the information into action for disaster management. Transformative capacity is not only transforming policy, rules, regulations, and information but also taking immediate action for managing the hazardous condition in an effective way.

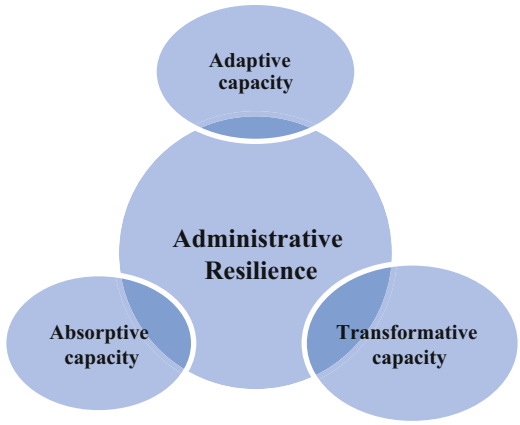


**Administrative Resilience: Potential Approach for Disaster Management, Fig. 1** The major elements of administrative resilience

Advancement of organizational learning can promote administrative resilience. The administrative system can modify the internal and external challenges by gaining knowledge and organizational learning and various capacities. But organizational learning is fully depended on the demand of the operational environment (Fiol and Lyles 1985), organizational structure (Morgan 2006), way of interpretation of information (Daft and Lengel 1986), and memory of organization using proper technology (Dodgson 1993). The effective decision for crisis management requires the availability of information which can enable the administrative capacity. The ineffective decision can reduce the administrative capacity of an individual organization as well as the whole administrative system.

In this case, technology can help to resolve the challenges of collection, processing, and dissemination of information as a collective action for enhancing the resilience of an administrative unit. Technology also can help administrators in two ways such as easy access and availability of technology for operational works and integration of technology for quick and accurate decision-making. Both ways are necessary for administrators who are engaged to deal with the uncertainty, risk, and natural hazards. The available technology for disaster management is like sensor technology for detection of weather condition, flood, cyclones, and storms, server and database for resource and personnel management, and communication technology such as cellular phone, the Internet, email, and community radio for better communication with official and people. Technological integration is not only necessary for decision-making but minimizing the gap between the operational environment and administrators. Though technology cannot do anything in itself, it requires better customization for translation of information into knowledge and action for disaster management.

## Administrative Resilience in Resilient Thinking Paradigm

Resilient thinking paradigm is an advanced thinking phase of public administration for dealing with the socio-ecological system under subfields like environmental governance, crisis management, organization studies, and natural resource management (Duit 2016). This concept also gained acceptance of research on international politics and governance of risks, threats, and uncertainties. It was social learning and adaptation strategies for tackling the adverse effects of natural disasters. Resilient thinking provides an opportunity for public administrators to make public goods and services for a citizen in a dynamic and changing complex environment. It is particularly beneficial for resilient governance arrangements like stakeholders' participation, knowledge and information management, and resilient institutional structure. Administrative resilience is a suitable approach under the resilient thinking paradigm of public administration for disaster management.

## Conclusion

As a key tool, administrative resilience promotes an administrative system to protect, save, and reduce vulnerability in the face of natural hazards. Administrative resilience always considers public values, social norms and values, the technical capacity of public administration, environmental issues, and administrative reforms in the context of shocks, risks, and other vulnerabilities. The status of administrative resilience in a social system is considered as poor when it is unable to develop the system due to administrative unwillingness, ignores disaster-prone hot areas, exercises corruption in project implementation, and avoids local people and adaptation strategies. Various capacities of the administrative system will be enhanced by following the disaster management policies, related laws, and regulations, involving local people's participation in decision-making, and utilizing resources, expertise, and context-specific information. Administrative resilience can be enhanced through developing a disaster information-based database to support quick decision-making; strengthening policies, accountability, and transparency of the administrative unit; enabling warning system and

physical structure of the community; and promoting international collaboration to gain experiences from success events and disaster management funding.

## Cross-References

- ▶ Coastal Zone Hazards Management
- ▶ Community Resettlement
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Counterterrorism and Community Resilience
- ▶ Critical Infrastructure and Crisis Management
- ▶ Disaster Management and Nonprofits Organizations
- ▶ Disaster Response Management
- ▶ Education and Training in Crisis Management
- ▶ Governance in Crisis Management
- ▶ Governance of Disaster Management
- ▶ Local Governments and Crisis Management
- ▶ Social Work and Governance
- ▶ Socio-Technological Aspects in Disaster Mitigation

## References

Baker D, Refsgaard K (2007) Institutional development and scale matching in disaster response management. Ecol Econ 63:331–343. https://doi.org/10.1016/j.ecolecon.2007.01.007

Comfort LK, Sungu Y, Johnson D, Dunn M (2001) Complex systems in crisis: anticipation and resilience in dynamic environments. J Conting Crisis Manag 9:144–158. https://doi.org/10.1111/1468-5973.00164

Daft RL, Lengel RH (1986) Organizational information requirements, media richness and structural design. Organ Des 32:554–571

Dodgson M (1993) Organizational learning: a review of some literatures. Organ Stud 14:375–394. https://doi.org/10.1177/017084069301400303

Duit A (2016) Resilience thinking: lessons for public administration. Public Adm 94:364–380. https://doi.org/10.1111/padm.12182

Fiol CM, Lyles MA (1985) Organizational learning. Acad Manag Rev 10:803–813

Folke C (2006) Resilience: the emergence of a perspective for social–ecological systems analyses. Glob Environ Chang 16:253–267. https://doi.org/10.1016/j.gloenvcha.2006.04.002

Haase TW (2009) Administrative resilience: evaluating the adaptive capacity of administrative systems that operate in dynamic and uncertain conditions. PhD Dissertation, University of Pittsburgh, Pittsburgh, Pennsylvania, U.S.A

Harper D, Speed E (2012) Uncovering recovery: the resistible rise of recovery and resilience. Stud Soc Justice 6:9–25

Hood C (1991) A public management for all seasons? Public Adm 69:3–19. https://doi.org/10.1111/j.1467-9299.1991.tb00779.x

Manyena SB (2006) Rural local authorities and disaster resilience in Zimbabwe. Disaster Prev Manag Int J 15:810–820. https://doi.org/10.1108/09653560610712757

Milley P, Jiwani F (2014) Resilience and public administration: implications for the "new political governance" in Canada. In: The second world congress on resilience: from person to society, Medimond, pp 811–816

Morgan G (2006) Images of organization. Sage, Thousand Oaks

Ostrom E, Janssen MA (2005) Multi-level governance and resilience of social-ecological systems. In: Globalisation, poverty and conflict. Kluwer Academic Publishers, Dordrecht, pp 239–259

Vandenabeele W (2007) Toward a public administration theory of public service motivation. Public Manag Rev 9:545–556. https://doi.org/10.1080/14719030701726697

# Administrative Responsibility

Sid Olufs
Department of Politics & Government, Pacific Lutheran University, Tacoma, WA, USA

## Synonyms

Accountability; Legislative oversight of bureaucracy

## Definition

Administrative responsibility is the control of officials in administrative organizations by officials with legitimate political authority.

## Introduction

During the twentieth century, the wealthiest countries of the world experienced growth, and war,

beyond previous experience. The growth of the administrative state in the developed democracies was a part of this economic and military expansion and gave rise to theoretical development of the concept of administrative responsibility. We should note the discipline's discussion of *administrative responsibility* overlaps substantially with that of *accountability*, the former coming out of a focus on the wealthy representative democracies. There is no disciplinary consensus on the boundaries of either concept.

## The Classical Definition

Max Weber offered an account of bureaucracy that, in many ways, the field is still trying to catch up to (Weber 1978, Chap. XI.). Weber understood bureaucracy to be a modern development that was a product of the evolution of authority in societies. Bureaucracy became widespread because it was technically superior to other forms of organization in the things that mattered – gathering the resources within a country, keeping production going, and in military affairs.

But that technical superiority also held a source of social power that presented a tension for democratic politics. An unelected state apparatus that held power to tax, imprison, regulate, and otherwise control people presents a challenge to legitimate political authorities. The apparatus itself was a source of power beyond others that conferred political legitimacy. Further, Weber warned that once established bureaucracies are the most difficult social structures to destroy. Their quest to rationalize human activities has no inherent limit. They can turn on a society and reorder it according to the values that are embedded in the bureaucracies (Waldo 1948). Weber saw a fundamental and inescapable tension between modern administration and the politics of any particular society. Weber's warning was accompanied by a general claim that properly motivated politicians and administrators could exercise the powers appropriate to their respective, and largely separate, domains. This is hardly a satisfactory answer to the tension. Politicians are typically not experts on most policy questions, administrators are human beings whose motivations run far beyond the efficient commission of political guidance, and the laws passed by politicians are almost never precise guidelines for the behavior of administrators. The growth of the administrative state thus posed fundamental questions about democratic politics. In a representative democracy, bureaucratic discretion is a challenge to constitutional control of state power. Unelected administrators need to be either controlled by elected officials or subject to some other set of controls that support representative democracy.

Two decades before Weber, Woodrow Wilson suggested an additional layer to the tensions presented by bureaucracy (Wilson 1887). This suggests the problem of bureaucratic power came to the attention of scholars at least as early as the 1880s and illuminates an American cast to the problem. Wilson asserted a stark division between politics and administration, but he attempted to dampen conflicts through politically neutrality of bureaucratic officials. The neutrality of bureaucracy would be achieved through a separation of the public and administration. Put differently, he insisted we take the public out of public administration. And yet, the path to achieving that was curious. Civil servants could be neutral servants if they were products of a social consensus that incorporated elections and popular thought. He relied on the right people, properly educated men with the right values, to control bureaucracy. A quarter century later, Wilson was elected President with only 42% of the popular vote, in the Jim Crow era, before women were permitted to vote in national elections. The source, content, and durability of his social consensus were not things he examined closely. But, of course, they turn out to be important.

This tension over control of bureaucracy set the stage for the classic debate in public administration that still usefully frames an investigation of administrative accountability. In 1935 Carl J. Friedrich lectured on constitutional control at the London School of Economics, and given his background as a scholar of constitutional development and responsible bureaucracy, he offered a nuanced account of policymakers and administrators working and learning together, often making

mistakes and seeking improvement based on experience. In the audience was Herman Finer, a member of the faculty, who vehemently disagreed with Friedrich. Their arguments developed and were published in separate journals in 1940 (Finer 1941; Friedrich 1940).

Finer made the point simply: External control of bureaucracy is essential in a democracy. Elections confer legitimate authority onto office holders, who in turn pass laws. The roles of administrators start, and stop, where the law dictates.

Friedrich reiterated his position that things are not so simple and offered that the professional values of administrators are an essential part of the relationships that make bureaucracies responsible.

## Complications

The discipline of public administration has largely conceived of the Friedrich-Finer exchange as marking the two poles of a continuum, at one end a formal model of strict political accountability (Finer 1941) and at the other a recognition of the context of administration (Friedrich 1940).

If we see the two as marking the poles of one dimension, we should add some intersecting dimensions that produce a two- and then a three-dimensional space of possible features of administrative responsibility. One additional dimension is represented by the history of institutional reforms aimed at bureaucracy. At one end are those reforms intended to support democratic values in administration, such as the Administrative Procedures Act at the national and state levels. At the other end are reforms intended to improve bureaucratic performance, which include many attempts at budget controls that incorporate performance measures. There are mixes of the two, such as the establishment of Offices of Inspectors General, a reform that responded to the mostly political excesses of the Nixon presidency. That these and similar developments are typically labeled *reforms* should tell us something. Since Weber we have seen a constant search for the tensions posed by bureaucratic power in representative democracies.

A second additional dimension can represent the degree to which a political system incorporates the diverse values and preferences of a society. The more oligarchical or corrupt a representative democracy, for example, the less would a hierarchical approach to administrative responsibility lead to agreement and trust in policy outcomes. There is an inherent irony in Friedrich's position. The more democratic a society, the less the tension over democratic control of bureaucracy. Of course, implicit in Weber's analysis is the notion that it is bureaucracy itself that imperils democratic authority.

Finer's approach emphasizes the *accountability* in administrative responsibility. Above all he wants an answer to the question, responsible to whom? A formal understanding of authority emphasizes a story about democracy. Through elections, citizens choose who will wield lawful authority and delegate certain powers to the elected officials. Through lawmaking, elected officials constitute authority and delegate certain powers to appointed or civil servant officials. The delegation continues, sometimes downward through hierarchical organizations, to other levels of government (with their own procedures for constituting authority), and sometimes to private actors who carry out the work of public authorities. Let us stipulate that these features of bureaucratic authority are, to use Weber's term, ideal/typical relationships, rather than the result of empirical analysis of the operation of bureaucracies. Finer was part of a movement in public administration that sought to find principles of administration that could be applied anywhere.

As such, the Finer position does not have a clear place to put questions raised by the other dimensions suggested above. Whether our concern is with organizational performance, with effects on some features of democracy, or broader questions of the representativeness of the controlling institutions, these are herded into a general category of oversight of bureaucratic management. The questions about context are taken as givens or not asked at all.

Friedrich wanted to emphasize the many departures from the ideal/typical relationships. He was a political theorist who emphasized the need to understand the critical methods of historical research and this at a time when the discipline outside of political theory was moving away from this position. The way Dwight Waldo put it, "despite occasional claims that public administration is a science of universal validity, American public administration has evolved political theories unmistakably related to unique economic, social, governmental, and ideological facts" (Waldo 1948, p. 3.). Standards of appropriate behavior are going to be negotiated over time among political actors, actors we refer to in the twenty-first century as *stakeholders*. Constituencies are not simply made up of voters, but also of neighbors, of the news media, fellow professionals, and other parts of the social fabric that confer expectations, reputation, and tools for critical reflection. These change over time. The changes were the focus of much of Friedrich's empirical work on governments.

One way to characterize the different positions is by discipline. Part of public administration is strongly influenced by political science and its focus on power (Henry 1987). Explanations with that focus usually employ concepts that draw attention to elections, changes of administration, shifts in public mood, ideological distribution of elected officials, pressure group campaigns, feedback on existing programs, and crises and other focusing events that prompt action by officials in positions of authority. Students of administrative responsibility have tended to examine the ways these many strands influence professional and personal values of administrators.

Occasionally academic gatherings have attempted to bring more conceptual coherence to the field – the Minnowbrook Conference and publication of the Blacksburg Manifesto were two – but public administration is very far from having a consensus theoretical core.

One way out of the difficulty of defining the relationship between bureaucracy and democracy is to develop more knowledge of how bureaucracies are constituted and shaped by authorities, how management matters, and how bureaucratic values and norms shape outcomes (Meier and O'Toole 2006). Out of that knowledge, a current focus of the field will perhaps emerge a better understanding of how we actually work through the tension. Such knowledge is essential to an informed discussion of administrative responsibility.

But more likely is that the original answers of Wilson, Weber, and Friedrich pointed to irresolvable tensions. There is no problem to fix aside from the central dilemma of representative governments. Represent *whom*? Woodrow Wilson clearly did not envision representation for many people we now recognize as full citizens in a democracy. But he also believed in vigorous antitrust laws and their enforcement and would likely be appalled by the oligarchic nature of today's politics in the USA. Administrative responsibility has several dimensions.

Wilson had his blind spots. We have ours.

## Size and Complexity

The size and scope of government activities increased dramatically in the twentieth century. In all of the wealthy capitalist countries, the largest impetus to growth was war, followed by responses to crises like the Great Depression, the demands of formerly excluded citizen groups, and growing recognition of problems like industrial pollution. The dynamic of growth shifted the grounds of political participation (Pierson and Skocpol 2007). The growth of activist government helped to bring about a change in patterns of civic voluntarism toward more professionally managed organizations. The *public* in public life became more bureaucratized, encouraging widespread policy changes but with no concomitant popular mobilization. A conservative reaction to the new activist roles of government included organizing across class boundaries to produce a populist base for a newly invigorated Republican party, in the case of the USA. So while the scope and size of government grew, by the last quarter of the twentieth century, so did the organized opposition to the new activist government presence.

In the USA, this was complicated by its separation of powers constitution, which does not define administrative functions or powers at all. The early creation of somewhat independent regulatory agencies and the later creation and expansion of executive branch departments present problems of control less readily answered than under parliamentary systems in which elected officials are typically installed as heads of agencies. Some contemporary government powers are simply beyond anything remotely on the minds of people who wrote various clauses and amendments. To take an extreme example, the President of the USA is never more than a few yards from a person that carries a machine that enables the President to launch nuclear weapons on another country. Less extreme are the hundreds of agencies that carry out the new roles of government, but are set up and run in that strange new context of reconfigured activism and civic participation.

The Minerals Management Service was one such example. It was responsible for approving leases and drilling plans for offshore oil drilling, both the management of the lease process and the safety of the operations. As it turned out, the agency was much better at the former than the latter. The well blowout that polluted the Gulf of Mexico in 2010 was entirely preventable, but the Minerals Management Service accepted the judgment of the drilling companies that their procedures were adequate. An additional half-million-dollar piece of equipment would have stopped the blowout very soon after it occurred. Not long after the episode, the agency was divided into several parts, with one responsible for encouraging drilling and a separate part responsible for safety.

It takes bitter experience to persuade elected officials to take administrative responsibility seriously. The political context rarely permits such clarity of focus on the part of government organizations.

Another contemporary complication in the administrative state is the increasing use of private corporations to do the work of government. This is largely due to an ideological shift in our politics, and it raises significant accountability issues. Is there less access for democratic control of the public's business? Is the revolving door between government and the private sector a conduit for improper influence over public resources? Here are two examples of the shift in styles of governance.

The original Tacoma Narrows Bridge was a classic disaster, and film footage of its collapse is widely available. It was built as a piece of public infrastructure, opening within months of the Friedrich/Finer debate, to facilitate automobile and truck traffic. But it catastrophically collapsed, largely because engineers had little experience with the particular design features of this bridge, although the lessons of the failure have influenced the design of every long bridge built since. The $6.4 million construction cost and one dog were casualties of the collapse. The second bridge was also a piece of public infrastructure, built and owned by government, and maintained by government employees. It opened a decade after the Friedrich/Finer debate. Its costs were covered by bonds to be paid off by tolls, which exceeded the estimated revenues. The tolls were dropped 13 years earlier than expected. A decision to build a third bridge beside the second was made in the late 1990s. The bridge was put beside the old one because the political opposition was small compared to other preferred locations and because the tolls were collected in a place where drivers had no practical alternatives, in effect a captive audience. The newest was built through a "public/private partnership," a new arrangement connected to the state transportation department through a commission and a citizens' advisory group. The latter is made up of unpaid members of the public, appointed by the Governor, whose role is to look at the various costs of paying for bridge maintenance and debt service and to recommend toll raises when the costs exceed the current toll revenue. This indirect public involvement is assigned a bureaucratic, not a democratic role. The head of the state transportation department at the time of this deal was a former member of Congress who actively pushed the new model of public/private partnerships that promised a continuing revenue flow to a private corporation. Due to a legal complication over bridge financing, the Department of Transportation had to step in as

supervisor to construction and toll collection. The new model had a steep learning curve.

A second example of the use of private contractors came in the second US invasion of Iraq, in 2003. Back in the early 1990s, Secretary of Defense Richard Cheney commissioned a study by the Halliburton corporation to see if a private entity could supply the armed forces with most of its logistical needs. Halliburton found that it could and was awarded lucrative contracts to do so. Not long after leaving his post at the Pentagon, Cheney became CEO at Halliburton and oversaw an expansion of the logistical work in many countries. After the election of 2000, Cheney was again in government service, this time as Vice President. He left the company with the largest severance package in its history. Within his first year of service as Vice President, Halliburton and its subsidiary KBR were awarded a lucrative 10-year contract to expand its logistical services to our military. During the Iraq War, after the 2003 invasion, Halliburton was paid over $39 billion for its services.

In both of these examples, the lines of accountability run through legislative oversight. To understand why legislatures do, or do not, engage in effective oversight is a complicated matter that can perhaps be started by examining ideological shifts in states' and national legislatures over the last generation. The growth of public/private partnerships is in significant part an outcome of growing conservatism, particularly in US politics.

## Conclusion

Bureaucracy entails an implicit delegation doctrine. It is simply impossible to build these large, complicated organizations and expect effective oversight by elected officials. Friedrich believed we have to work with the problems that emerge from bureaucracy, in our own political systems, with the problems we face at a given time, and he believed we were up to the task. Final called the development of indirect controls of bureaucracy a new form of despotism.

Administrative responsibility is about authority in modern representative governments. The more than century-long development of what Weber called legal-rational authority has changed how we live, and yet we keep telling ourselves the same story about authority, but with entirely new meaning. We get used to more bureaucracy and less effective representative government, and we still call it representative democracy.

## Cross-References

▶ Accountability, Politics, and Power
▶ Bureaucracy and Professionalism

## References

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1(4):335–350
Friedrich CJ (1940) The nature of administrative responsibility. Public Policy 1:3–24
Henry N (1987) The emergence of public administration as a field of study. In: Chandler RC (ed) A centennial history of the American administrative state. Free Press, New York, pp 37–85
Meier K, O'Toole LJ Jr (2006) Bureaucracy in a democratic state: a governance perspective. Johns Hopkins University Press, Baltimore
Pierson P, Skocpol T (eds) (2007) The transformation of American politics: activist government and the rise of conservatism. Princeton University Press, Princeton
Waldo D (1948) The administrative state: a study of the political theory of American public administration. Ronald Press, New York
Weber M (1978) In: Guenther R, Claus W (eds) Economy and society, vol II. University of California Press, Berkeley
Wilson W (1887) The study of administration. (Bobbs Merrill, Indianapolis, reprint no. PS244), from The Academy of Political Science Quarterly 2(2):197–222

# Administrative System of the European Union

Ani Matei and Madalina Cocosatu
National School of Political Studies and Public Administration, Bucharest, Romania

## Synonyms

European public administration; European Union administration; Integrated administration

## Definition

"European Union public administration" represents a European reality, based upon the European law that represents the synergy of the European institutional development, the creation and functioning of the internal market, of the financial and budgetary policies, and of the external, security, and judicial cooperation policies and, last but not least, of the relations between the European Union and the national, regional, and local administrations (Hoek 2005).

The EU administration is an "atypical concept in a traditional approach of public administration that allows important developments closing it to the modern theories of public management" (Matei 2005), "a political hybrid between a national and international administration" (Nedergaard 2007).

The European administration comprises European and national elements that create a multipolar system having a complex architecture, which is ideally and legally represented by the EAS. From this perspective, the European administration is more and more a reality as the European integration and construction process deepens and extends. Still, the above characterization is not enough since the European administration is currently "a curios hybrid, a result of the continuous interaction between supranational and national" (Kassim 2003).

The European administration may be considered from a formally or organizational standing point and a material or functional one.

From the organizational point of view, the European administration may be sketched so as to largely bring together all the European and national institutions and structures that are involved in the organization and execution of the provisions set forward in both the European treaties and in other European legal acts and the national legal frameworks. Stricto sensu, the European administration would name all the European institutions and structures that bear administrative competencies. These two spheres of European administration are complementary linked in a body-part relationship, one that suggests systemic interactions, including hierarchical ones. The two spheres are to be added to the ones of national administrations of member states and are considered as parts of the European administration (lato sensu defined) and quasi-hierarchic situated in relation to the European administration (stricto sensu defined). The two spheres are administratively cooperating with other public administrations of the member states (Matei and Matei 2010, p. 17).

## Introduction

The debates on the concept of EU administration are frequent and tend to trigger the attention toward the usual absence from the texts of the constitutive treaties of certain clear and direct provisions on administration.

The role and nature of European public administration is extended and subject to a major transformation, and it must be understood in correlation with the term of governance, which presupposes a complex system in which public administration entails collaboration efforts, partnerships, and regulation activities performed in strong connection with national administrations; with civil society; with nongovernmental organizations and government agencies; with the local, regional, and national authorities and institutions; as well as with other categories of stakeholders involved in the decision-making process in society.

The EU administration has developed simultaneously with the construction of the United Europe on a distinct area that overlaps with the EU area in its various enlargement stages. In a regulatory perspective, the EU administration has benefited due to the constitutive treaties, from a contextual ground containing relatively few direct and explicit assertions, but which valorize the European traditions and culture, mainly in the member states, integrating creatively the international developments of public management.

Currently, "there is an intense cooperation between administrative actors of Member States in all the phases of the practical cycle, meaning: agenda setting, decision-making and implementation" (Hofmann and Türk 2006), which proves

that the classical model of European administration is different from the reality within the European Union and requires a new approach.

## Legal Framework of European Public Administration as a Multilevel Administration

The legal basis of the EU administration is to be found however, even if it disappeared, in the constitutive treaties of the European Union.

The functioning and organization methods of the EU institutions most certainly emphasize the fact that they cannot be compared to any other existing structure, whether it is a state or an international organization.

The European Union is a union of states, but it is also a union of peoples. From this point of view, the Commission represents, first of all, the common interest of the states, although it cannot be equated with a true national Executive. As regards legislative power, the exercise of legislative power is done differently, and it belongs not only to the European Parliament but also to the Council.

The starting point in the legal delimitation of the European Union administration is the provisions of Art. 13(1) of the Treaty on the European Union, as well as the content of the Sixth Part "Institutional and Financial Provisions" of the Treaty on the Functioning of the European Union (TFEU) which establishes the institutional framework of the European Union. In the same time, these articles represent the legal foundations for the administrative institutions of the European Union. Article 17(1) of TEU sustains the administrative character of several institutions; among them, the most important is the European Commission which "exercises coordinating, executive and administration functions, as laid down in the Treaties."

Likewise, the organization and functioning of European administration are also based on the Rules of Procedure of the European Parliament, Rules of Procedure of the Commission, The Working Methods of the European Commission, Council Regulation (EC) 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and Rules of Procedure of European Court of Justice.

## Systemic Considerations About European Union Administration

Regarding the structure of the European administration system, unlike any other social systems, is multiplane and tridimensional, in the sense that the administrative actions take place, mostly simultaneously, in parallel plans. These parallel plans refer on one side to the member states' administrations, and 27 on the other, at the EU administration, concentrated around the European Commission (the main plan) and national or regional administrations (secondary plans). According to both of these plans, a specific typology of the administrative actions of axiological, guidance, or executive actions emerges. This means that in each of those plans, one can identify the multilevel systems of administration: European, regional, and national, for the European administration plan, or national, territorial, and local, for the member states' administrations, the secondary plan.

The European Union adopted a more complex institutional structure than the one that exists in a state, in order to enable the participation of states and peoples to the community ensemble, without transposing the institutional system that results from the application of the principle of separation of powers.

In so far as the relations between the different subsystems, these may be of different kinds:

- Quasi-hierarchical relations, present between EU administrative institutions and the national administrations. Although one cannot speak of a subordination of the national administration in relation to the European ones, there are, however, relations of hierarchical nature that derive from the member states obligation to see the treaties provisions implemented and the preeminence of the European legislation on national rules (Fig. 1).

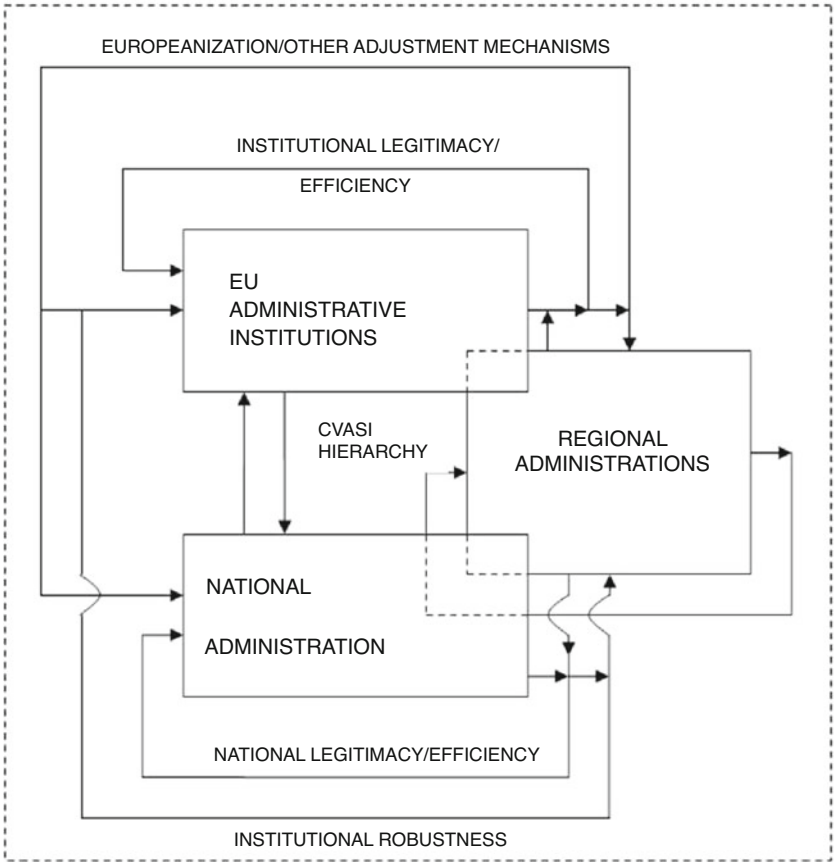


**Administrative System of the European Union, Fig. 1** Mechanisms for general adjustment of the European administration. (Source: Matei and Matei 2010, p. 37)

- Administrative cooperation relations, active both between the EU administrative institutions and the national ones. *Governing within the states is being conducted more and more on the basis of public-private partnerships, and* via *formal and informal networks involving state and non-state agencies, whereas, on an international level, states and other entities are regulated* via *an extended network of conventions, treaties and international agencies, all of which operate without the support of an encompassing hobbesian power/constraint (*Hindess 2005).
- Hierarchical relations, in the traditional way, that one may find both in the European institutions administrations and the particular subsystems of the member states' administrations.
- Referring to the cybernetic character of the European administrative systems, the latter are active through the specific mechanisms of self-regulation.

As a system, the European administration has three important characteristics: it is complex, open, and dynamic and cybernetic. It is however possible to add a few more. These continue and develop the specifics of the EAS, thus operationalizing the concepts, principles, and beliefs that lay down on the basis of the EAS' construction.

The European administration is a system with many characteristics described in many reference papers of the literature (Kassim 2003). With the correct adaptation of the context, the above may be formulated as follows:

(a) Lack of an agreed demarcation of competencies and powers between the EU administration and the national administrations; we add to this that EU as a unified system has a complex structure, based on three pillars with different decisional powers, structures, and procedures.
(b) Fluidity. Many studies have described the Union as a "fluid, ambiguous and hybrid" since "there is no shared vision or project or common understanding pf the legitimate basis of a future Europe" (Olsen 1997). Of course, these remarks are previous to the Treaty of Lisbon, yet they are still at least partially pertinent. It cannot be argued upon the fact that EU is in a constant becoming step, in which its membership, rules, relationships, authorities, and institutions are constantly evolving and its competencies and functions ever-changing.
(c) Institutional fragmentation, by means of which the power at the European level is shared between several institutions, and there is no single authoritative legislator. Legislative power is shared by two institutions – the Council and the European Parliament – that form a "classic two-chamber legislature" (Hix 1999), and executive authority is spread between the member states (individually and collectively) and the Commission.
(d) The complexity of the EU policy process is a consequence of the fact that the decision-making into EU involves a multiplicity of actors, including, besides the member states, the EU institutions and other European bodies and agencies, representatives of the regional and local authorities, and lobby groups. Each is at once an actor with its own interests, an institution with its own rules, code of conduct, and operating style.
(e) Sectorialization, which shows a specific logic for the construction of the EU. A broad distinction is to be made between constitutional matters, such as treaty negotiations, institutional reform, and enlargement, which involve heads of the state and government and foreign ministries – and routine policy of regulatory, redistributive, or distributive nature.
(f) Decision-making and behavioral dynamics. Decision-making can be seen as endless streams of premises, of which some may become relevant for decision-making and from which choices occasionally happen (March 1994; Simon 1957).

## Characteristics of the EU Administration

### Multilevel System

The multilevel system indicates the manner in which certain competences are transferred from the national state portfolio to the supranational level and respectively to the subnational, public or private authorities. The actors participating in the elaboration and implementation of EU policies are situated on various administrative levels, and the relationships among them are characterized by partnership and competition.

Multilevel in this administrative context means that a new platform emerges that interlinks the national institutional setup with other corners of the EU system. This platform consists of the paradoxical mix of institutional independence and institutional interconnectedness across levels of government. It consists of separate institutions (such as the Commission) that are able to act (potentially) relatively independently from member state governments and at the same time of an institutional interconnectedness between the very same institutions across levels of governments. Understanding the dynamics of this paradoxical mix – of administrative independence and interdependence – is essential in order to gain an adequate understanding of the multilevel character of the EU administrative system (Bauer and Trondal 2015).

On a supranational level, the main actor is the Commission – the EU government – its position established via treaties causes tensions arising both from the national states and from the Parliament. The Commission has extensive competences in the legislative area, as it is the only institution with legislative initiative. The Commission's legislative proposals are submitted to the Parliament and to the Council, because they reach the Commission in the form of

recommendations coming from the working groups, and before being approved by the Council, the drafts are examined by COREPER. The decisions made at EU level are the Community interests synthesized either via combining or transforming the interests of member states or regions. Through the agreement of member states, some mechanisms have been introduced in order to limit the power of the Commission. The Commission's activity is marked by the fact that the political arm is extremely powerful while being extremely reduced, and therefore, the constituent units – the Commissioners – benefit from a major influence on the whole. The Commission plays an important part in the restructuring of the political system at European level, and the actions it performs are in line with the interest of particular type of actors: on the one hand, territorial communities – subnational actors – and, on the other hand, functional communities, various transnational groups of interests.

### The Incongruence of Competences

The decentralization of competences and the increase in the number of decision-makers are part of the integrated effort of the European Union to render governing more efficient, more democratic, and more legitimate in its representation of the citizens, as well as to bring the Union closer to the citizens.

Regarding the competences of the Union, the Treaty on the European Union clearly stipulates the aspects in relation to which member states must transfer the power of action to the Union and introduces a classification of the competences of the Union.

The delimitation of the competences of the Union is governed by the principle of assignment, and the competences are to be exercised in accordance with the principles of subsidiarity and proportionality. Thus, on the grounds of the principle of subsidiarity, in fields that are not related to its exclusive competence, the Union intervenes only if and to the extent to which the objectives of the envisaged action cannot satisfactorily be reached by the member states at a central, regional, or local level, but, due to the size and expected effects, can be better met at the level of the Union.

### The Importance of Networks

The European administration is a system based on a network in which the institutions working on different governing levels collaborate, leading to the emergence of a new administrative order, of new models and processes of public administration integration, in attaining the objectives set out via polices on a European level.

### Demographic Heterogeneity

The model of the representative bureaucracy assumes that the demographic "baggage" that civil servants bring with them into a bureaucracy profoundly shapes their behavior. It is also assumed that the "diversity of public sector workforce" (Peters et al. 2013) impacts on how public sector organizations perform, how they are internally controlled, how legitimate they are perceived to be, and how they relate to the constituent populations (Andrews et al. 2005; Selden 1998).

Civil servants' former institutional affiliations, their educational backgrounds, their geographical origins, and so on are assumed to affect the way they act in office. The bureaucracy will thus change its performance according to the composition of staff. In short, what civil servants bring with them into the organization is of significance to its conduct (Bauer and Trondal 2015).

Appointment of European public officials is another trait of the autonomy of European institutions; regardless of the fact that the fundamental treaties do not contain provisions in this respect, this is the competence of each institution, in accordance with Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community. Each institution establishes its own rules regarding the implementation of the statute, as it results either from an express provision in the statute or from the general power of the institution to freely organize its services.

### Institutional Fragmentation

The power at the European level is shared between several institutions, and there is no single authoritative legislator. Legislative power is

shared by two institutions – the Council and the European Parliament – that form a "classic two-chamber legislature" (Hix 1999), and executive authority is spread between the member states (individually and collectively) and the Commission.

As such, a conclusion with regard to the European administration stems from its unique character, direct consequence of the EU's unique political system. Being unique, the European administration offers a complex image, marked by national and European interpretations and interrelation. National administrations have reached the EU's decisional bodies; they are present in every European area and determine the functioning of every European institution. In the same time, the national civil services acknowledge adaptations in their structures and practices. We may add to this the specific character of the coordination mechanisms at EU institutional level and, with direct link to the national administrations, mechanisms that are permanently articulated and are formally, increasingly consolidated, thus ensuring the foundation for a European public administration system (Matei and Matei 2010).

## Principles of the EU Administration

The principles of the EU administration are:

(a) Reliability and predictability. These attributes derive from the essence of the rule of law which affirms the law supremacy as "multi-sided mechanism for reliability and predictability" (OECD 1999). As an EAS principle, it may be rephrased as "administration through law," a principle meant to assure the legal certainty or juridical security of the public administration actions and public decisions. Other connotations of this principle may be observed when we refer to the opposition of the law supremacy in regard to the arbitrary power, cronyism, or other deviations of the latter that should not be seen as similar to the discretionary power applicable in cases when, within the legal framework, a certain degree of decisional freedom is allowed. Exercising the discretionary power is limited by the principles of administrative law by means of which the public administration is forced into acting in good trust and to follow the public interest, use fair procedures for equal and nondiscriminatory treatment, and respect the legal principle of proportionality.

(b) Openness and transparency draw from the reality that public administration is the resonator of the society, assuring the interface with the citizen, the user of its services. The development of different social phenomena, such as the corruption or maladministration, must be controlled by the society. This urges the administration to become available and to offer sufficient information to the exterior. As such, the openness and transparency refer to these exact attitudes and constitute the necessary instruments for achieving the supremacy of law and the equality before the law and its representatives. Assuring the openness and transparency, we protect both the public and individual interests.

We refer here to practices imposed by the administrative principles, like in the case of administrative actions being accompanied by statements of reasons, etc. To this, we may add the necessity to grant the access to public recordings, the restrictions placed for the civil servants, and the necessity for the chosen authorities to exactly represent the public interest. The Lisbon Treaty sets out a more stable institutional system and advocates in this respect for a more democratic, responsible, and transparent governance. It should be noted that openness gained new characteristics once the public administration was considered to be a public service. In this context, openness becomes acquisitiveness to the citizens or other authorities' initiatives regarding the improvement of public services and their getting closer to the citizen. A new concept emerged, largely described by OECD (1996) that of the open administration.

(c) Accountability. It is one of the instruments showing that principles like the rule of law, openness, transparency, impartiality, and equality before the law are respected; it is

essential to ensuring values such as efficiency, effectiveness, reliability, and predictability of public administration. As it is described by the authors of the EAS, accountability means that any administrative authority or institution as well as civil servants or public employees should be liable for their actions to other administrative, legislative, or judicial authorities. Furthermore, accountability also requires that no authority should be exempt from scrutiny or review by others, which means that, simultaneously or priory, mechanisms for implementation are created.

These mechanisms contain a complex of formal procedures that give a concrete form to the accountability act, as well as supervision procedures that aim to ensure the administrative principle of "administration through law," as it is essential to protect both the public interest and the rights of individuals as well.

(d) Efficiency and effectiveness. The introduction for the public sector and public administration of the efficiency and effectiveness as important values is relatively recent. This fact is topical in the conditions of serious budgetary and fiscal constraints for public services and goods, more generally, for the public sector (Matei 2004).

In this context, efficiency becomes a managerial value that points toward maintaining the optimum equilibrium between the allocated resources and the obtained results, while effectiveness is a connected value that makes sure that the activity of the public administration achieves the intended objectives and solves the public problems recognized by law and the governance process as in its duties.

The analyses in the field show that it is possible to discuss of contradictory developments between assuring efficiency and the rule of law. The European Commission has already intervened, by creating legal institutional solutions – directives to prevent these developments. European Community law also calls for efficient administration, particularly with regard to the application of Community directives and regulations. Relevant to this end, we may note the reinforcement, under the Lisbon Treaty, of the protocol on the application of the principles of subsidiarity and proportionality, where for the Commission, it is stated that "any legislative proposal should contain a detailed statement [. . .] which [. . .] should contain some assessment of the proposal's financial impact and, in the case of a framework law, of its implications for the rules to be put in place by Member States, including, where necessary, the regional legislation" (Art. 4).

## The Administrative Structures of European Union Institutions

### European Parliament's Administrative Structure

The European Parliament's administrative support structure is organized in three main parts:

- The General Secretariat (234 Article, Title XI, Rules of Procedure of the European Parliament)

  The General Secretariat constitutes the main part of the European Parliament administration. The General Secretariat performs its activity under the authority of a Secretary-General, appointed by the Bureau. The Secretariat role is to coordinate legislative work and organize plenary sittings and meetings. The Secretary-General is directly assisted by several services of the European Parliament responsible for organizing the proceedings of European Parliament political bodies such as the Bureau, the Conference of Presidents, and the political groups. In addition to this, a few sensitive services come under the direct supervision of the Secretary-General. Also, the Secretary-General ensures the requisite cooperation and coordination among Directorates-General of the European Parliament: DG for the Presidency; DG for External Policies of the Union, responsible for organizing the work of Parliament's committees and interparliamentary delegations in the field of external policies; DG for Communication, communicates the political nature of the institution and the work carried out by its members; DG for Infrastructure and Logistics, responsible for

managing infrastructure and logistics in Parliament's various places of work; DG for Logistics and Interpretation for Conferences, provides the linguistic, technical, and logistical support for the organization of the parliamentary meetings and conferences of EP members and bodies; DG for Innovation and Technological Support, provides Parliament with information and communication technology services as well as printing and distribution services, implements Parliament's policy of transparency and access to information, and helps Parliament to work more efficiently; DG for Internal Policies of the Union, responsible for organizing the work of Parliament's committees in the field of internal policies and contributing to the exercise and development of the legislative and control powers of the European Parliament; DG for Parliamentary Research Services, provides members with independent, objective, and authoritative analysis of, and research on, policy issues relating to the European Union, in order to assist them in their parliamentary work; DG for Personnel, helps ensure that Parliament's other directorates-general have the human resources necessary to carry out their work; DG for Translation, ensures that Parliament's documents are available in all the official languages of the European Union; DG for Finance; and DG for Security, works to facilitate Parliament activities, while guaranteeing sufficient protection to people, assets, and information.

- The staff of the European Parliament's political groups
- Personal assistants of members of the European Parliament

Members of the European Parliament are free to choose their own assistants within a budget set by Parliament. The relevant terms and conditions are laid down in Chap. 5 of the Implementing Measures for the Statute for Members.

Members of European Parliament (MEP) can choose different kinds of assistants:

(a) Accredited assistants, based in Brussels (or Luxembourg/Strasbourg), are managed administratively directly by Parliament's administration, under the same employment conditions as for temporary EU staff. MEPs can recruit a maximum of three accredited assistants (under certain conditions four). A minimum of a quarter of the total budget must be used for the employment of accredited assistants.
(b) MEPs can also hire "local" assistants based in their member states. They are managed administratively by qualified paying agents to ensure that tax and social security requirements are properly met. A maximum of 75% of the total budget can be used for these local assistants.

Currently, in the European Parliament, around 7500 people work in the General Secretariat and in the political groups.

### European Commission's Administrative Structure

The European Commission is the executive of the European Union.

The European Commission has a unique governance system, with a clear distinction between political and administrative oversight structures and well-defined lines of responsibility and financial accountability. The origins of this system lie in the treaties, but the structure has evolved to adapt to a changing environment and to remain in line with best practice as set out in relevant international standards such as the COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 Internal Control-Integrated Framework, the 2014 Conceptual Framework of the International Public Accounting Standards Board, or audit standards as drawn up by the Institute of Internal Auditors (Communication to the Commission 2020).

The Treaties, Rules of Procedure and the present Working Methods organise the European Commission's work to ensure its efficient functioning. The purpose of this document is to describe the Commission's Working Methods and explain how they ensure that the Commission functions as a modern, transparent and performance-oriented institution (Communication from the President to the Commission 2019). Operational implementation of Commission's activity is

delegated to Directors-General and Heads of Service who lead the administrative structure of the European Commission. Directors-General and Heads of Service are responsible for the management of their departments in accordance with the rules and standards laid down by the Commission. They shape the organizational structures of their services, on the basis of the organization charts adopted by the College, to pursue the political objectives of the Commission and fulfil its legal and financial obligations, while striving for efficiency, flexibility, and a high level of performance.

The staff of the European Commission is part of the European public office. Around 32,000 permanent and contract employees work in the European Commission. These include policy officers, researchers, lawyers, and translators.

### European Council's Administrative Structure and Council of the EU's Administrative Structure

The General Secretariat of the Council (GSC) is the body of staff responsible for assisting two EU institutions: the European Council and the Council of the EU, including its presidencies, the Permanent Representatives Committee (COREPER), and the other Council committees and working parties.

In addition to handling the practical organization of meetings and the preparation of related meeting documents, the GSC also chairs the following Council committees and working parties: Security Committee and its subareas (Information Assurance, GNSS experts, Security Accreditation Board), Working Party on Information, Working Party on E-Law, Coordination Committee for Communication and Information Systems, Working Party on Codification of Legislation, and Working Party of Legal/Linguistic Experts.

In present, the General Secretariat employs 3062 staff: officials, temporary and contract staff, and seconded national experts.

### European Court of Justice's Administrative Structure

The Court of Justice of the European Union is made up of two courts: Court of Justice proper and the General Court.

The Registrar, as the institution's Secretary General, coordinates the administrative services under the authority of the President. They provide for the engagement of the services in support of the jurisdictional activity.

The services are mainly grouped under three poles: administrative support services grouped under the Directorate-General of Administration, the linguistic services grouped under the Directorate-General for Multilingualism, and the information services grouped under the Directorate-General for Information.

The Research and Documentation Directorate and the Protocol and Visits Directorate are directly subordinate to the Registrar of the Court.

These services support the activity of the two courts, which, in addition, benefit from their own registry of the court in order to ensure the proper performing of all procedures, as well as the receipt, communication, and storage of all procedural documents.

Two thousand two hundred and fifty six persons, that is, officials, members of the temporary staff, and members of the contract staff, are employed by the Court.

The EU allocates about 6% of its annual budget to expenses related to the staff, administrative expenses, and building maintenance expenses.

## Conclusions

The normative fundaments of the European administration system are mainly traceable in the spirit of the European treaties; the explicit provisions consisting in a mosaic of normative and procedural nature do not follow the legal, constitutional, and administrative custom, to be found in the law systems of member states. This fact creates serious difficulties for the understanding and the setting of a unitary, methodological framework applicable in the cases of administrative phenomena and processes in the European Union. Brought into discussion by the practical administrative procedures and methods over five decades ago, the European administration has evolved in a rather unique and specific manner that differentiates it from any other administrative

system that exists in Europe or elsewhere (Matei and Matei 2010).

In simplified terms, the system of administration in Europe began its development on the basis of a system within "closed" states with national administrations as state-specific structures reflecting different identities and historic traditions of organization (Hofmann 2008).

## Cross-References


- ▶ Institutional Theory of Organizations
- ▶ Systems and Complexity Theories of Organizations
- ▶ Systemics of Public Administration


## References


Andrews R, Boyne GA, Meier KJ, O'Toole LJ Jr, Walker RM (2005) Representative bureaucracy, organizational strategy, and public service performance: an empirical analysis of English local government. J Public Adm Res Theory 15:489–504

Bauer M, Trondal J (2015) The Palgrave handbook of the European administrative system. Palgrave Macmillan, Houndmills

European Commission (2003) Report from the commission on European governance. Office for Official Publications of the European Communities, Luxembourg

European Commission (2019) Communication from the President to the Commission, The working methods of the European Commission, Brussels, 1.12.2019 P (2019) 2

European Commission (2020) Communication to the commission, governance in the European Commission, Brussels, 24.6.2020 C(2020) 4240 final

Hindess B (2005) Politics as government: Michel Foucault's analysis of political reason. Altern Glob Local, Pol 30:389–413

Hix S (1999) The political system of the European Union. Macmillan Press, Houndmills

Hofmann HCH (2008) Mapping the European administrative space. West Eur Polit 31:662–676

Hofmann HCH, Türk A (2006) The challenges of Europe's integrated administration. In: Hofmann HCH, Türk A (eds) EU administrative governance. Edward Elgar, Cheltenham, pp 107–124

Kassim H (2003) The European administration between Europeanization and domestication. In: Hayward J, Menon A (eds) Governing Europe. Oxford University Press, Oxford, pp 139–161

March JG (1994) A primer on decision making. Free Press, New York

Matei A (2004) Public economics. Economic analysis of public decisions. The Economica Publishing House, Bucharest

Matei L (ed) (2005) European administration contemporary concepts and approaches. The Economica Publishing House, Bucharest

Matei A, Matei L (2010) European Administration. Normative fundaments and systemic models. Available at SSRN: http://ssrn.com/abstract=1651782

Nedergaard P (2007) European Union Administration: legitimacy and efficiency. Martinus Nijhoff Publishers, Leiden/Boston

OECD (1996) Responsive government: services quality initiatives. The Economica Publishing House, Bucharest

OECD (1999) European principles for public administration SIGMA papers, 27. www.sigma.web.org/dataoecd

Olsen JP (1997) European challenges to the nation state. In: Steunenberg B, van Vught F (eds) Political institutions and public policy. Kluwer, Amsterdam, pp 157–188

Peters BG, Schroter E, von Maravic P (2013) Representative bureaucracy: concept, driving forces, strategies. In: von Maravic P, Peters BG, Schroter E (eds) Representative bureaucracy in practice. Edward Elgar, Cheltenham, pp 1–18

Selden SC (1998) The promise of representative bureaucracy diversity and responsiveness in a government agency (Armonk, New York: M.E. Sharpe)

Simon H (1957) Administrative behavior. Macmillan, New York

Treaty on European Union and the Treaty on the Functioning of the European Union

van der Hoek MP (ed) (2005) Handbook of public administration and policy in the European Union. Taylor & Francis, Boca Raton


# Administrative Theory of Ethics


Eric K. Austin
Department of Political Science, Montana State University, Bozeman, MT, USA


## Synonyms

Administrative ethics; Governance and ethics of public service; Philosophical ethics; Theories of ethics

## Introduction

Ethics, most broadly, is the study and development of rules for determining and promoting right

or good action rather than wrong or bad action. In public, administrative, and governance settings, the adoption of an administrative theory of ethics and corresponding practices is central to maintaining public trust, fairness, and the appearance of propriety in government action. This entry describes the topic by first locating administrative theory of ethics in broader study of ethics and traces the links between the study of ethics in philosophy to the study and practice of administrative ethics. This treatment also identifies some of the challenges and dilemmas facing both the theory and practice of administrative ethics, as well as contemporary efforts to respond to those challenges.

## Philosophy and the Formal Study of Ethics

The formal study of ethics in philosophy, especially Anglo-American or analytic philosophy, is divided into three separate categories, metaethics, normative ethics, and applied ethics. The first of these areas of study, metaethics, is the most abstract or conceptual of the three and is concerned with questions such as what is the true nature of morality or goodness in the first place. Some philosophers argue that metaethics serves as a foundation or basis from which normative and applied ethics can be developed. In other words, without having a conceptual understanding of what is good and bad, the nature of moral judgments, and the logic or rationale to support or justify moral judgments, it would be impossible to develop robust normative and applied theories of ethics.

Normative ethics is the study of ethical action and the development of theories governing what one's behavior and conduct *should* be. Normative ethicists generally set out to establish moral criteria, embodied in rules, principles, or a logical framework, by which actors can determine how to act in any given circumstance. Normative ethical theories generally fall into one of three categories: duty-based theories, virtue theories, and consequentialist theories.

Duty-based theories include at least two forms that have familiar expressions in modern, Western political systems. The first of these forms, advanced by philosophers including John Locke, is rights-based approach, wherein each member of a community has certain natural or political rights, which in turn imply corresponding duties for all members of that community. The presence of those rights, such as speech or assembly, for example, creates a duty among others, including the state, not to violate or abridge those rights. A second form, found in the work of Immanuel Kant and more recently John Rawls, articulates self-evident principles or categorical imperatives, rather than rights that establish resultant duties. Kant (2002), for example, argues that there is an imperative to treat others as an end rather than as a means. That is, the principle of human dignity and value creates a duty to act in ways that preclude using another as a means of achieving one's own objectives.

Virtue ethics, rather than emphasizing rights or principles and resultant duties or operational rules, seeks to establish right action and behavior by focusing on the character of or virtues embodied by the actor. If the character of the person can be developed, then appropriate action will result. Aristotle's (1947) emphasis on virtues including courage, temperance, justice, and prudence, moderated by the golden mean, is one example of the character traits developed in the tradition of virtue ethics. Although attention to virtue ethics declined through much of the enlightenment era, twentieth-century ethicists including Alasdair MacIntyre (2007) championed and reenergized the consideration of virtue in prescribing right action over what was seen as an overemphasis on rules.

A third normative theory of ethics is consequentialism, which seeks to determine right action by assessing or calculating the balance of good and bad outcomes, or consequences, of an act. The diversity and sophistication of consequentialist ethical theory is substantial, and the two forms described here are intended to both provide a sense of the underlying logic and the expression of consequentialism in administrative theories of ethics. The first, utilitarianism, is perhaps most widely recognized in the work of Jeremy Bentham and John Stuart Mill. In

simplest terms, utilitarianism determines the rightness of an action by calculating the net utility, happiness, or pleasure generated in comparison to the pain that results. Over time, a wide range of formulae have been developed for conducting this calculation, each of which emphasizes different concerns and priorities, such as pleasure by comparison to freedom, happiness, or justice; universal by comparison to individual outcomes; direct or actual outcomes by comparison to intended outcomes; as well as many others. The second form of consequentialism, social contract theory and ethical egoism, can be found in Thomas Hobbes' (1991) influential work. This form of consequentialism assumes individuals to be egoistic or narrowly self-interested. However, because they are also rational and capable of calculating the consequences of various courses of action, the most rational option for any given individual is adoption of a rule-based framework, or social contract, which prescribes behavior in ways that maximize positive outcomes for the individual and minimizes negative impacts both for the individual and for the larger community.

Applied ethics, the final category of ethical study in analytic philosophy, is the moral analysis of specific, often controversial, issues in public and private life. Although there is not a single, comprehensive framework describing all areas of applied ethics, common areas of study include:

- Biomedical ethics including issues such as euthanasia and gene therapy
- Environmental ethics and topics such environmental justice and endangered species protection
- Sexual ethics and concerns including same-sex marriage and abortion

The study of administrative theories of ethics, which also overlaps with organizational ethics, professional ethics, and, to some degree, business ethics, tends to be categorized within applied ethics. While applied ethics generally and administrative ethics specifically are typically treated as a discrete category of study, it is heavily influenced by normative ethical theories.

## Administrative Ethics

As an applied topic, much of the discourse about and around administrative ethics focuses on specific problems or perceived ethical failures of government officials. Public concerns about corruption, conflicts of interest, transparency, and accountability are among the central concerns of administrative ethics.

A common framework used for assessing the actions of actors describes three separate categories of unethical behaviors. The first, misfeasance, describes decision-making, management, or other activities wherein a public official or agent acts in a careless or insufficiently cautious way, resulting in errors or mistakes that have a negative or unfortunate outcome. Misfeasance is distinct from the next category of action, malfeasance, in that it occurs inadvertently and without illegal intent or the violation of policy or law. Malfeasance, then, describes intentionally taken action that is understood by the actor to be either legally or, correspondingly, morally wrong. Malfeasance, by definition, involves dishonesty, illegality, and knowing violation of law, policy, and/or formal authority for improper reasons. The final category, nonfeasance, is the failure of an administrator or agent to perform a duty or task for which they are formally or explicitly responsible, which then results in harm.

Administratively, one of the most common responses to past and potential instances of misfeasance, malfeasance, and nonfeasance is the adoption of a code of ethics, either by a profession or an organization that is designed to prohibit unethical behavior. Although there are many examples of codes of ethics, at least two forms are common and influential with respect to administrative practice, namely, organizational codes of ethics and professional codes of ethics. The first, which may be adopted by specific organizations or by entire entities such as states or municipalities, establishes standards regarding what sorts of behaviors can, must, or must not take place in that organization. Organizational codes of ethics reflect and are specific to the mission and values of each individual organization.

Professional codes of ethics, including that developed by the American Society for Public Administration (n.d.), focus on the principles and responsibilities, as well as the challenges practitioners of a given profession face in the conduct of their work. Professional ethics and associated codes are intended to apply all members of a profession, regardless of organizational setting. Professional ethics is attuned to the standards and desired conduct associated with the particular skills, values, knowledge, and expertise of each profession.

While codes of ethics are common and important in formally and publicly expressing what is or is not acceptable action or behavior for public officials, codes have limitations. One limitation is that while they articulate potential wrongs and limit the likelihood of those wrongs being done, in doing so, they skirt or avoid the issue of doing harm without it being recognized as wrong. That is, a reliance on codes leaves open the possibility, or inevitability, that administrators do harm to others without violating the code and therefore by definition do so without acting unethically. This is the so-called dirty hands problem, in which political actors, especially administrators, find themselves in the unenviable position of having to take action which is ethical but nevertheless does harm. Examples of such behavior might include the use of eminent domain to condemn and take ownership of private property or the use of the government's police power to quarantine individuals who are ill by no fault of their own but nevertheless find their liberty curtailed. The result is the paradox of right actions *and* harm or dirty hands.

The second corresponding difficulty with codes has to do with the potential response to the gap between wrongs and harms. Within an ethical framework that relies on codes as the basis of ensuring ethical behavior, when a gap is identified in the code, the appropriate response is to modify or amend the code to reflect the newly recognized wrong. The consequence of this pattern, however, is a code of ethics that must be infinitely and forever amended and extended. In other words, unless our understanding of ethics is static and finite allowing us to exhaustively identify all right and wrong action, or the world itself does not change in ways resulting in new ethical questions, codes of ethics will have to be extended forever and in infinite ways.

## Normative Theories Implicit in Administrative Ethics

In part, the founding of the United States can be understood as being driven by ethical concerns. To the degree to that the American Revolution was prompted by perceptions of arbitrary, unjust, and even corrupt treatment of colonial subjects by the British Crown, founding documents including the Declaration of Independence, Articles of Confederation, and ultimately the Constitution can be read as articulating a set of ethical claims and establishing a corresponding set of structures and procedures designed to prevent the violation of ethical standards. Although the Declaration of Independence has no legal standing, its articulation of both unalienable rights and governing grievances – violations of ethical standards – sets out a moral and ethical position that remains deeply embedded in American political culture. The US Constitution, and more specifically the Bill of Rights, operationalizes ethical principles into a codified set of political structures, norms, and processes. Those norms, including freedoms speech, assembly, press, and religion, as well as the processes of clarifying and extending ethical norms, whether by amendment, judicial review, or legislation, make real and reinforce the centrality of ethics in all aspects of American politics – including administrative realms.

Although the founding embeds a concern with ethics firmly into the practice and culture of American politics and governance, it also embodies tensions that can be best understood as being expressions of normative rather than applied ethics. That is, the ethical principles present at the founding, and which are embodied in the Constitution and our political culture, can be understood as including elements of duty, consequentialist and virtue ethics. The expression of these forms of normative ethics is, paradoxically,

both central to our ethical expectations and practices but, at the same time, results in thorny forms of tension between the various ethical theories present and the practices that result.

## Normative Ethics in American Politics and Administration

Although administrative ethics is often viewed as primarily applied, there are important expressions of normative ethics present at the founding and running through the history and ethos of public administration that should be recognized.

### Consequentialist Ethics in Administrative Theory and Practice

The formal study or discipline of public administration typically traces its origins to the works of Woodrow Wilson, Max Weber, Frederick Taylor, and other late nineteenth- and early twentieth-century scholars. This foundational work both embraces and establishes a consequentialist ethical logic into the study and practice of public administration. The notion of what is good takes on two different, but interconnected, means at the turn of the twentieth century. One, clearly moral, understanding of the good that can be seen in the political and administrative reform movements of the progressive era is partly a response to the corruption of the spoils system and machine politics of the times. The movement toward a merit-based civil service, and the passage of the Pendleton Act, for example, reflects efforts to improve the moral character of public administration. The idea of merit, or technical competence, reflects a second form of good as well, that of improved effectiveness. Wilson's articulation and advocacy of the politics-administration dichotomy and the systematic study of public administration, as well as Taylor's emphasis on efficiency, appear as being focused primarily on technical competence but in fact simultaneously advance the idea that the effective course of action is also the good or the right course of action. What is good and right is determined based on a calculation of inputs and outputs, costs, and benefits. The requirement for federal agencies to conduct cost-benefit analyses prior to any major policy decisions, which Ronald Reagan established with Executive Order 12291 in 1981, is one example of consequentialism in administrative practice. More recently, work out of the reinventing government and new public management movement has advanced a consequentialist logic in its emphasis on using competition, attention to exchange values, and reduction of transaction costs as a means of maximizing the benefits of government activity while reducing or minimizing the costs of those activities.

### Duty Ethics in the Constitution and Administration

The presence of a duty-based, deontological form of ethics in the form of rights in the Constitution was noted above. Beyond the presence of rights in the founding, much of American political and administrative history continues the concern with rights and the corresponding duty to protect them. This has been largely seen as a political, rather than administrative, concern, in that the discourse of which rights to acknowledge and recognize has played out primarily within and among political institutions, rather than administrative settings. Operationally, the connections between duty, rights, and administrative theories of ethics have developed in at least two ways. The first can be found in work that advances the importance of regime values as the basis of ethical administrative behavior. John Rohr (1989) and Michael Spicer and Larry Terry (1993), in slightly different ways, argue that the values embodied in the Constitution, or *regime values*, should serve as the guide for administrative behavior. Because rights are one of the key expressions of deontological or duty ethics and rights are among the central values both in the Constitution and in the subsequent amendments and Constitutional case law clarifying the original document, deontological ethics can be seen as clearly manifest in their administrative theory of ethics. While his model includes other features as well, the inclusion of moral rules and ethical principles in Terry Cooper's (1990) model of ethical decision-making ties it to this form of deontological ethics as well.

Another variation of deontological ethics can be seen in the emergence of the New Public Administration movement of the late 1960s. The New Public Administration movement developed in response to social changes including the civil rights, equal rights, and anti-Vietnam war movements. Reflecting these social changes, as well as a growing concern that there was an overemphasis on efficiency and technical expertise in both the practice of and training for public administration, scholars and practitioners associated with New Public Administration began to call for increased attention to issues of social justice. In this view, administrators have a responsibility not just to be technically competent and efficient but also an ethical duty to protect and advance the rights of those who are or have been historically marginalized.

### Virtue Ethics in the Constitution and Administration

Although virtue ethics, with some notable exceptions, has largely fallen out of favor since the enlightenment, the idea of virtue and its expression as character in the behavior of administrators is still present in administrative theory and prescribed practice. Administrative ethicists including Mark Lilla (1981) and Edmund Pincoffs (1986) critique dominant approaches to ethics training and practice as either allowing administrators to rationalize any and all preferred actions as being ethical or are so reductionist as to lose sight of the critical, ethical dimensions. Instead, they call for the ongoing, rigorous effort to develop virtue or character in administrators. For Pincoffs, the development of character occurs by ongoing reflection on and assessment of one's own and others' character, not for the sake of judgment but instead for learning and development. Lilla advocates for the establishment and presence of a democratic ethos, which would serve as a sort of backdrop or framework by which character can be examined and developed. Interestingly, Lilla's democratic ethos seems to bear a striking resemblance to Rohr's regime values. Dreyfus and Dreyfus' (2004) work on ethics and the development of expertise further strengthens the tie by describing how the development of virtue may start with a system of rules but in fact comes to be a virtue or part of character with time, practice, and experience.

## Ethical Dilemmas and Contending Values

The preceding section reveals several expressions of normative ethics that are linked to and inform our thinking and practice of administrative ethics. One of the challenges that results from the presence of these varying, and in some cases contending, ethical theories is the potential for ethical dilemmas. For example, there is a classic and often raised tension between utilitarian/consequentialist ethics and deontological ethics, as found in the thought experiment weighing the presence of a ticking bomb against the use of torture to find and disarm it. Such dilemmas reveal a thorny problem at the intersection of politics and ethics, wherein politics, especially democratic politics that is concerned about the achievement of the good life for the political community and all of its members, lies in tension with ethical theories which are driven largely by an assumption that the individual is the primary agent or unit of analysis, if not also being the central or privileged target of or focus for ethical questions.

Another challenge of contemporary ethics has to do with or emerges from real-world complexity and context that, when combined with choice within democratic communities, puts the stability and consistency of principle and practice in tension. For example, as individual communities assess how to balance deontological and utilitarian principles, such as the trade-off between private property rights and the collective benefits that can result for the exercise of eminent domain or the trade-offs between private liberty and public health in considering the use of quarantines in response to outbreaks of infectious disease, it is easy to imagine how distinct communities might come to different, but equally, reasonable conclusions and courses of action. In such cases, consistency and stability of principle gives way to the relative value priorities across communities or even within communities over time. Any given theory from within the major approaches of normative ethical theory aims toward being comprehensive and exhaustive. That is, those theories

aim to answer any and every ethical question in a consistent way. As such, normative ethical theories are not well suited to dealing with the political and social reality of relativism.

## Constructivist and Poststructuralist Approaches

Some contemporary ethical theorists, especially those working out of continental rather than analytic philosophy, conclude that these dilemmas are logically and empirically irresolvable. In their view, there are neither a priori nor a posteriori means derived from either metaethics or normative ethics, by which to resolve these other potential tensions. If this is in fact the case, then at least two ethical questions persist. First, on what basis are we to act or respond given this irresolvability? Second, ethically, what can be or should be done to respond to the presence of sociopolitical power structures that result in unequal or inequitable distribution of harms and benefits within a community? In response to the conceptual and practical limits of normative and applied ethics, some ethical theorists working from a continental, and in some cases poststructuralist, tradition seek to develop prescriptive approaches framed in social structure and process and/or relationship.

Continental and poststructuralist approaches to ethics are comparatively new, especially when compared to the much longer traditions in normative ethical theory. Emerging in the latter half of the twentieth century, continental and poststructuralist approaches of ethics are also heterodox and often conceptually complex. Two in particular, namely, the work of Michel Foucault and Jacques Lacan, have seen substantive treatment in administrative theories of ethics.

### Foucaultian Ethics

French philosopher Michel Foucault spent the first significant portion of his career exploring the history and development of sociopolitical structures or patterned expressions of power and knowledge across a variety of disciplines. He then traces the consequences of these histories or genealogies into contemporary patterns of social and political behavior. Later in his career, Foucault shifted the focus of his studies to include an examination of ethical or moral dimensions of these structures. Much of his later thinking sought to understand the "conduct of conduct" or the means by which conduct or behavior was determined by or open within structures of knowledge and power – what he terms governmentality and biopower/biopolitics. Foucault sets out to consider the degree to which one might be able to act with freedom in the face of these structures and the extent to which they influence or determine conduct. Foucault (1984) takes up the notion of ethics as "care of the self," which he traces to the ancient Greeks, and he explores how care of the self, or the development of the self, meshes with contemporary structures of biopower and governmentality. One specific aspect of Foucault's care of the self, parrhesia, has garnered particular attention in administrative theories of ethics.

Parrhesia, for Foucault and contemporary administrative theorists like Jennifer Eagan (2014) and Louis Howe (2014), is a form of truth-telling, but of a particular sort, that denotes a different understanding of the social world and has implications for how administrators related to and work with the public. First, parrhesia is not simply speaking truth to power in modern way, like that implied by the story of the emperor's new clothes. Instead, parrhesia is the telling of a personal truth, rather than an absolute or universal truth, whether it be based in principle or empirical fact. Parrhesia is not intended purely as a rhetorical, pedagogical, or discursive tool for convincing the listener to do or be something different, though it does require a particular skill for listening, not for rational analysis, but of the capacity for self-care as an attentiveness to how we live our own lives.

This conception of parrhesia and care of the self positions administrators as having to be attuned to their relationship to citizens and to the processes by which they interact with them. Rather than operating narrowly from universalized principle or abstracted calculations of net good or happiness, attentiveness to relationship and process requires ongoing maintenance. At

the same time, this attentiveness is intended to provide sufficient stability and continuity to ensure a degree and sense of sociopolitical equity or fairness.

### Lacanian Ethics

French psychoanalyst Jacques Lacan is perhaps most well known for his theories of language, discourse, and behavior, and his ideas have moved from the level of individual psychotherapy to social, political, and now ethical theory. Lacan, like other poststructuralists, made the so-called linguistic turn and embraced the idea that language is not denotative. For Lacan, language does not directly denote or represent things as they really are. Instead, while it is relatively stable and meanings are widely enough shared for communication to function, language is actually self-referential and free floating. There is no exact or precise correspondence between words and the things those words refer to in the world. So although we have a sense of what is meant by words such as justice, fairness, rights, morality, and the like, these terms do not directly or perfectly, comprehensively or exhaustively, define or describe these concepts as they exist in the world.

As a concern for psychotherapy, the question is then, how do individuals function in a world where language, and our very sense of reality, lacks a foundation? Lacan frames the process of psychotherapy as largely focused on helping the patient recognize the corresponding patterns of understanding and behavior that are dysfunctional and to the construct alternatives that are more functional. Sociopolitically and administratively, the processes by which the patient becomes aware of and more capably navigates the world of unstable language and understanding are not dissimilar to the means administrators can more effectively work with citizens and communities in functional and stable ways.

From this perspective, Michael Harmon and O.C. McSwite (2011) argue that the key problem public administrators face is an ideology/world view that assumes stable denotative language and rationality on the part of actors in that world. These assumptions are increasingly under fire from administrative and other social theorists as no longer serving to provide a stable perceptual reality. For Harmon and McSwite, the failure of these assumptions are responsible for precluding the possibility of effective administrative action and also explain or describe the limits and tensions of traditional approaches to administrative theories of ethics that are derived from analytic philosophy.

The psychoanalytic alternative to modernist ethics proposed by Harmon and McSwite, as well as Thomas Catlaw and Gregory Jordan (2009), draws from Lacan, as well as Carl Jung, and is informed by neo-pragmatists like Richard Rorty and American pragmatists like John Dewey and Mary Parker Follett. This form of ethical theory relies on relationship and discourse rather than principle or calculative reasoning. In the absence of language that directly represents the real world, it is a robust and authentic relationship that enables ethical choice and is the basis of human action, creativity, and original action of all forms. Relationship is the source from which choice and corresponding action can be brought into the structured, social world, be that the organization or the political community.

## Conclusion

The study and practice of public administration has long been concerned with normative or value questions such as the legitimacy question, since its founding. Ethical questions of how to act and how to treat citizens are similarly central to public administration, and the ethical theories of administration that endeavor to answer them are critical to maintaining public trust and functional, equitable governing organizations. While no single ethical theory currently available resolves all potential ethical issues, the importance of ensuring, or at least enhancing, ethical behavior is built into the very structure, practice, and even political culture of American public administration. Ethical theorists working form both analytic and continental traditions continue to extend both administrative theories of ethics and corresponding ethical practices.

## Cross-References

▶ Code of Ethics
▶ Kantian Ethics
▶ Power and Ethics

## References

American Society for Public Administration. Code of ethics (n.d.). http://www.aspanet.org/public/ASPA/Code%20of%20Ethics/ASPA/Resources/Code_of_Ethics/Code_of_Ethics1.aspx?hkey=7d5473b7-b98a-48a4-b409-3efb4ceaa006. Accessed Feb 2016
Aristotle (1947) Nicomachean ethics. In: McKeon R (ed) Introduction to Aristotle. Random House, New York
Catlaw TJ, Jordan GM (2009) Public administration and "the lives of others": toward an ethics of collaboration. Adm Soc 41(3):290–312
Cooper TL (1990) The responsible administrator: an approach to ethics for the administrative role, 3rd edn. Jossey-Bass, San Francisco
Dreyfus HL, Dreyfus SE (2004) The ethical implications of the five-stage skill-acquisition model. Bull Sci Technol Soc 24(3):251–264. https://doi.org/10.1177/0270467604265023
Eagan JL (2014) Withholding the red ink. Adm Theory Prax 36(2):240–258. https://doi.org/10.2753/ATP1084-1806360205
Foucault M (1984) The ethics of the concern of the self as a practice of freedom. In: Rabinow P (ed) Michel Foucault: ethics, subjectivity and truth. New Press, New York, pp 281–301
Harmon MM, McSwite OC (2011) Whenever two or more are gathered: relationship as the heart of ethical discourse. University of Alabama Press, Tuscaloosa
Hobbes T (1991) Leviathan. Cambridge University Press, New York
Howe LE (2014) Genealogy and the governance of self and others. Adm Theory Prax 36(2):219–239. https://doi.org/10.2753/ATP1084-1806360204
Kant I (2002) Second section: transition from popular moral philosophy to the metaphysics of morals. In: Wood AW (ed) Groundwork for the metaphysics of morals. Yale University Press, New Haven, pp 22–55
Lilla MT (1981) Ethos, 'ethics' and public service. Public Interest 63:3–17
MacIntyre A (2007) After virtue: a study in moral theory, 3rd edn. University of Notre Dame Press, Notre Dame
Pincoffs EL (1986) Quandaries and virtues. University of Kansas Press, Lawrence
Rohr JA (1989) Ethics for bureaucrats: an essay on law and values. Marcel Dekker, New York
Spicer MW, Terry LD (1993) Legitimacy, history and logic: public administration and the constitution. Public Adm Rev 53(May/June):239–246

A

# Adverse Action

Jessica L. DeShazo
California State University, Los Angeles, CA, USA

## Synonyms

Employee discipline; Retaliation

## Definition

There are two definitions of adverse actions. The first definition is broad and refers generally to formal discipline of an employee. The second definition that is used by the US Equal Employment Opportunity Commission is narrower. It refers to an action that attempts to prevent an employee from opposing a discriminatory practice or participating in a discrimination proceeding. In the first definition, the adverse action has a negative impact on the employee's job, but the negative impact can be justifiable by the employee's misconduct and/or unacceptable performance. In the second definition, the negative impact is unjustifiable and is retaliation against the employee.

## Introduction

The words adverse action can be used in reference to a variety of situations including employee retaliation cases, discrimination cases, and employee discipline. It is important to first understand the context of the situation in which adverse action is being used. The context provides information about the types of adverse action that are legal as well as the rights and protections of employees. One situation entails formal discipline of employees who violate an organization's policies, the law, or perform poorly in their job duties. The employees in this situation are being disciplined for either

misconduct or poor job performance. Another context is retaliation against employees who either bring charges of discrimination against an organization, participate in the discrimination case, claim the agency has violated their rights, or act as whistle-blowers against the agency. In order to be considered an adverse action in this context, it must be materially adverse. These types of actions include demoting an employee, probation or suspension, transferring an employee to another location, and salary reductions as well as denying a position to someone who meets all of the requirements to carry out the job. The employee must be able to prove that the action is materially adverse. The following discusses adverse action in each of the situations. It begins with employee discipline and then goes on to cases of discrimination and whistle-blowing.

## Employee Discipline and Adverse Action

Sometimes, an employee must face disciplinary action. When an employee does not follow an organization's policies and procedures, the law, or when an employee performs poorly, they may be disciplined with adverse action. Usually, such action must fit with the nature of the employee's negative behavior or action because of employee rights. For example, if an employee comes to work late, they may receive a verbal or written warning for a first offense. However, they may face a written warning for a second offense. A third offense could be met with suspension. In most circumstances, they are not terminated. This is considered progressive disciplinary action, which is increasing the severity of a penalty for repeated offenses. If an employee is violent toward a coworker, they could be suspended or even terminated even if it was a first offense. The types of discipline that are allowed can be found in employee handbooks, union contracts, as well as government policies. Employees can be disciplined for both on-duty and off-duty actions. For example, a federal air traffic controller who is convicted of drinking with driving and is charged with a DUI can be placed on suspension and forced to enter a rehabilitation program as a condition of their continued employment with the Federal Aviation Administration. Employees can face disciplinary adverse action for off-duty actions and still be in violation of an organization's policies. Many organizations have open-ended lists of violations that include phrases such as "conviction of a crime" or "conduct unbecoming of a public employee" (Berman et al. 2013, 62).

Civil servants, public sector employees who are not part of the military, may have the right to challenge adverse actions. The ability to challenge adverse action helps to ensure that decisions are made based on the inability of the employee to carry out their job and act accordingly. Probationary and exempt employees are considered to be "at-will" employees and do not have the right to challenge adverse actions. Nonexempt civil servants can face an adverse action, but the agency must be able to provide a cause for the action. They have procedural due process rights. Public sector employees must be given notification and a hearing when an employer terminates their employment or adversely impacts their employment status.

When an employer gives an employee a disciplinary measure, the reason should be well documented, and the employee must understand why such adverse action is taking place. The employer must also communicate with the employee the necessary corrective measures to improve their conduct or performance. Employers cannot treat employees unfairly, and they must treat all employees equally. The disciplinary action must be based on the employee's performance or conduct and not on the employee's personality. Some unionized employees may have disciplinary standards outlined as part of their bargaining contract. Often, this provides greater job security, and it is meant to minimize managerial discretion and unfair disciplinary action. Employees in covered positions may be able to file a grievance if they believe they are being discriminated against. If the employee is part of a union, the union typically represents the employee in the grievance process (Kearney and Mareschal 2014).

## Discrimination Cases and Adverse Action

Public sector employees must be treated equally. An employer cannot give harsher punishments to some employees for the same infractions as other employees. An adverse action can be discriminatory if an employee is receiving a harsher punishment than their coworkers for the same negative behavior or actions. In this case, the adverse action is illegal and considered discrimination. Discrimination can also take place against protected group. For example, Title VII of the Civil Rights Act protects against discrimination on the basis of race, color, religion, national origin, and sex. The prevention of discrimination on the basis of age is covered under the Age Discrimination in Employment Act. States have provided protection to more groups of people on the basis of sexual orientation and gender identification. Protections also exist for genetic information as well as personal disability. Additionally, if the employee files a claim of discrimination or testifies in a discrimination case, the employer cannot retaliate. Such retaliation would be considered adverse action as well. Title VII of the Civil Rights Act of 1964 and a Supreme Court ruling are important in determining what is considered to be retaliation. The burden of proof is on the employee to show that the action would have dissuaded a reasonable person; this is called materially adverse. In this context, the employer's motive is important. The Equal Employment Opportunity Commission further explains that "stray negative comments in an otherwise positive or neutral evaluation, snubbing a colleague, or negative comments that are justified by an employee's poor work performance or history" are not considered adverse actions (Equal Employment Opportunity Commission website).

## Whistle-Blowing and Adverse Action

Whistle-blowing is when an employee discloses their employer's wrongdoing. Not all instances of whistle-blowing involve discrimination. The employee can disclose acts of discrimination or other unlawful acts such as wasteful spending of public funds. There is a different set of laws that protect employees who act as whistle-blowers than those who protect them against discrimination. These are the whistle-blower statutes that protect the free speech of employees. For example, the federal government has the Whistleblower Protection Act. Each state has its own set of laws governing what type of whistle-blowing activity is protected for state employees. If an employee engages in whistle-blowing and then faces an adverse action, the employer's motive is suspect. In many instances, the adverse action can be seen as retaliation because the employee acted as a whistle-blower. However, it is up to the employee to prove that the action was retaliatory.

There are limitations on the protections provided to public employees to act as whistle-blowers. The US Supreme Court decided that an employee can be formally disciplined for contents in an official memorandum pursuant to their work duties even when the information is a matter of public concern (Garcetti v. Ceballos 2006). The issue is a matter for the courts to decide. The case of Garcetti v. Ceballos modified the previous ruling for Pickering v. Board of Education (1968) when the court ruled if contents of a public employee's communication were a matter of public concern, they could not face adverse action from their employer.

## Conclusion

Determining whether an adverse action is legal or not is dependent upon the context. If the adverse action is disciplinary due to misconduct or poor performance, it can be legal. However, some employees have due process rights. An adverse action can be considered retaliation, and therefore illegal, in some instances when cases of discrimination and whistle-blowing are involved. In these instances, the employee must support the claim that action was retaliatory.

In public sector human resource management and personnel administration, it is important to

understand adverse action. Employees have rights that cannot be infringed upon.

## Cross-References

▶ Diversity in Organizations
▶ Organizational Justice
▶ Volunteer Motivations and Nonprofit Organizations

## References

Berman EM, Bowman JS, West JP, Van Wart MR (2013) Human resource management in public service; Paradoxes, processes, and problems. Sage, Los Angeles
Equal Employment Opportunity Commission https://www.eeoc.gov/laws/types/facts-retal.cfm
Garcetti v. Ceballos, 126 S.Ct. 1951 (2006)
Kearney RC, Mareschal PM (2014) Labor relations in the public sector, 5th edn. CRC Press, Boca Raton
Pickering v. Board of Education, 391 U.S. 563 (1968)

# Advocacy and Policy Influence

John G. McNutt
University of Delaware, Newark, DE, USA

## Synonyms

Activism; Government relations; Interest groups; Lobbying; Policy practice; Practical politics

## Definition

Advocacy and policymaking refer to the actions of nonprofit organizations to affect public policy deliberations.

A major function of the nonprofit sector is the defense of the poor, the dispossessed, and the powerless (Jenkins 2006). Over the history of the sector, strides in human right and social justice have been attained by nonprofit organizations working for social betterment. Labor legislation, children's rights, social welfare legislation, environmental protection, and a host of other progressive policies are due to the product of nonprofit advocacy. In addition, the sector's fortunes are often determined by public policy and the mood of the political system. For both of these reasons, nonprofit advocacy is essential to the sector and an important ingredient of third sector activity.

## Why Nonprofits Advocate

The largest part of the incorporated nonprofit sector in the United States is health and human service organizations such as hospitals, clinics, social service organizations, mental health organizations, and so forth. Much of the funding for this component of the sector is from government allocations, grants, contracts, and insurance payments. This makes these organizations highly depend on this type of support and to the government policies that make it possible. Tax treatment is another area where government policy is critical. Loss of tax exempt status can be very damaging to a nonprofit but, as McLaughlin (2016), is a rare occurrence. There are also a large variety of other issues that can affect the sector directly. All of these reasons create a need for policy intervention on behalf of nonprofits. Nonprofits are regulated or controlled in many societies throughout the world, a situation that makes policy advocacy essential for many nonprofit organizations.

In addition, there are issues that affect social situations that the nonprofit sector is concerned with the rights of children, vulnerable adults, refugees, victims of war and violence, health and disease, civil rights, and a host of other issues that the sector cares deeply about. Some nonprofits address a range of issues, while others address a single issue.

These motivations often coincide. Service agencies are concerned about their funding and survival but the fate of those they serve is also important. A threat to one is a threat to both. Many organizations, regardless of sector, attempt to intervene in the political process. Businesses have government relations programs, and business groups, such as the Chamber of Commerce,

are effective advocates for business interests. Government organizations have legislative liaisons that work directly with other parts of the government, and governmental agencies often belong to coalitions of governmental units.

It is useful to divide nonprofits into those whose principle function is service delivery and those that are primarily advocacy or social change organizations. The latter are often called advocacy organizations, interest groups, or social movement organizations. Some nonprofits are a mix of both. Both service and advocacy organizations can be divided into formally incorporated organizations and associations that are not formally incorporated. It is important to note that political parties, political action committees, and similar organizations are nonprofits. The regulations that govern these organizations are different than those that govern other types of nonprofit organizations.

Larger nonprofit service organizations often have a government relations department that centralizes advocacy activities in one place and that may correspond to a board committee that oversees that function. Smaller organizations might have an internal government relations person or a contract lobbyist. Some organizations use the executive director or a board member as their government relations voice. Finally, some organizations are represented by a national or state group or a coalition. These organizational strategies are often used in combination.

Dedicated advocacy organizations typically have more substantial advocacy capacity. Many are often smaller organizations (when compared to service provider organizations), but the ratio of advocates to service providers is higher. They may have a broad range of interventions or may specialize in a single intervention. Research organizations and public interest law firms are examples of the latter. Advocacy organizations vary in the number of issues addressed.

Unincorporated voluntary associations will hire advocates or depend on members to advocate. These occasionally become formally incorporated organizations as the need arises. The need to expand means hiring staff, which requires a physical presence and fundraising. This creates a need for incorporation.

As technology develops potential for online advocacy groups emerges. This might allow voluntary associations to come to scale without incorporation or the establishment of a bricks and mortar nonprofit (McNutt et al. 2015). If the growth of virtual associations becomes common practice, it may shift the balance of the advocacy group community toward voluntary associations. Coupled with this emergence of leaderless organizations (Brainard et al. 2012; Earl and Kimport 2011) and what is essentially sole practitioner advocacy via technology, the future of advocacy organizations could be interesting.

Nonprofit advocacy is regulated in many parts of the world. In totalitarian states it may be completely prohibited (see the chapter on ▶ Dictatorships and Nonprofit Organizations). In the United States, certain types of advocacy are regulated by state and federal entities (Irvin 2005). The Internal Revenue Service regulates lobbying and partisan political activity. States regulate nonprofits as well and some go beyond what federal rules require. Those nonprofits that operate in the realm of partisan politics (such as 501 (c) 4 s and Political Action Committees) have other agencies to contend with, such as federal and state election agencies. Some aspects of advocacy are almost never regulated.

Membership: Some advocacy organizations have members, while others do not. Berry (1977) argued that the transition from membership-driven organizations to staff-driven organizations (where membership, if any, had a minor role) began in the 1960s and led to the rise of public interest groups. In some organizations, members have a marginal role often referred to as "checkbook members." The staff led advocacy that resulted tied professional advocates with fundraisers. This is part of the professionalization of politics that includes emphasis on message control, professional political operatives, and direct mail fundraising. This approach has been criticized by social scientists because it destroys the capacity of advocacy organizations to develop the civic skills that are needed to build social capital (Skocpol 2003).

Advocacy Methodology: Advocates use a set of well-understood and tested tools that have

evolved over decades of use. Organizations typically use a mix of these strategies, although some specialize in one strategy or another.

*Lobbying*. Lobbying means contacting government officials to influence them to make a decision in a certain direction. This can be inside or outside lobbying and direct or grassroots lobbying and includes techniques such as letter writing/e-mail/phone campaigns, nonprofit days, and a host of related techniques (Libby 2011). Lobbying is regulated by the IRS and by many states. Lobbying is done by organizational staff, grassroots groups, volunteers, members, and lobbying firms.

*Policy Research*. Information is critical to any advocacy effort. Policy research is conducted to document social problems or support potential policy choices. Many agencies do research to support their advocacy activities, and some do research to support other organizations who advocate more directly.

*Election-Related Activities*. There are a range of nonprofit advocacy activities that can support elections. Not all nonprofits participate in partisan political activity. While some nonprofits are barred from partisan political activity, others choose not to participate because of potential consequences. On balance, political parties, political action committees, and other similar nonprofit entities are completely involved in partisan politics.

Nonpartisan voter education is conducted frequently by nonprofit organizations and may consist of candidate forums, voter information, and discussions. Voter registration campaigns are also frequently conducted by community-based organizations. Nonpartisan get-out-the-vote efforts can also be conducted by a range of nonprofits and use techniques such as door-to-door canvass efforts, telephone and e-mail campaigns, voting day transportation, and leaflet distribution (Green and Gerber 2015).

Some nonprofits can directly support candidates. This is particularly true of political action committees and political parties. Some of this is paid for with the "dark money" provided by anonymous donors. In the wake of Supreme Court decisions such as *Citizen's United v. FEC* (130 S.Ct. 876) and *McCutcheon v. FEC* (134 S. Ct. 1434), this use of nonprofits has become more controversial. On balance, nonprofits can form their own political action committees. Professional and labor associations, business groups, and other types of advocates often form PACs to support their advocacy efforts.

*Lawsuits and Legal Action*. The use of lawsuits and legal action to change policy is a well-established strategy for nonprofit advocates, particularly in the environmental arena. A variety of legal strategies are available and legal action is often used with other strategies to affect change. Legal action is expensive and significant funding is often needed. Using a legal strategy may be disempowering to community members who see their fate in the hands of a lawyer.

*Administrative Advocacy.* Some lobbying is done directly with agency heads and this is generally considered administrative advocacy. Also relevant is intervention in the rule-making process. When a law is passed, one agency is usually tasked with creating regulations to implement the law. These regulations are created via a comment and review process that allows advocates to make their voices heard. Most experienced advocates know that legislative victories can be undone by implementation efforts.

*Community Organizing*. Organizing communities is a time-honored nonprofit advocacy tool that allows organizations to bring people to the decision-making process. Efforts in this vein often run from low-level activities that do not confront power directly to demonstrations and civil disobedience. Social movement organizations and community-based nonprofits have historically favored this type of approach. Most of these activities involve door-to-door or street organizing, community meetings, and a range of related techniques. They tend to depend on a large number of volunteers and incur considerable transaction costs.

*Electronic Techniques*. The growth of technology has created a revolution in nonprofit advocacy. In the 1980s and 1990s, activists were beginning to use a range of early techniques to facilitate their work. Early networks like Peacenet and Earthnet allowed communication. As personal technology became available and the

Internet evolved, the use by activists and advocates began to expand. Technology is an expected tool in advocacy campaigns throughout the world. The rise of Web 2.0/social media has revolutionized campaigning and undercut the assumptions that have prevailed in earlier periods. Technology tools that have been developed specifically for advocacy are widely available. The growth of data science and predictive analytics offers the possibility for substantial improvement in advocacy practice. One area is in the personalization of advocacy messages. Instead of providing messages that can appeal to everyone, we can narrow cast requests that deal specifically with the individual's concerns.

While these tools have been presented as discrete categories, they are frequently used together, either in sequence or at the same time. They might be considered ingredients of a larger strategy to attain a goal.

## Controversial Issues

There are a number of issues that confront nonprofit advocacy and policymaking. Some are philosophical issues, while others deal with the techniques that make the process work.

Who participates? Political participation is built on the idea that people have the opportunity to participate in the decisions that affect them. Advocacy groups are often controlled by professionals who make the decisions about efforts without recourse to people who are affected. This, at least to an extent, raises as substantial ethical issue. Research demonstrates that less affluent, less educated citizens participate at a lower level than their wealthier, better educated brethren (Verba et al. 1995).

Money and Politics: The growth of large donor politics means that control of the political system is influenced by those who have and are willing to spend a great deal of money. Advocates for the nonprofit sector often find themselves in pitched battles against well-funded interests. While innovations like Internet fundraising will redress this situation to some extent, campaign finance reform might be the real solution.

Resistance to Advocacy: Many nonprofits are reluctant to engage in advocacy (Berry and Arons 2002; Bass et al. 2007). Some feel that it is unprofessional. Others fear retaliation from government or political leaders. Still others think that it is a violation of their nonprofit status. While the last point might be true, it also might be that not all nonprofits fully understand what they are allowed by applicable law.

Astroturf: The creation of synthetic participation in political campaigns is called *Astroturf* (McNutt and Boland 2007). Typically, public relations consultants can create a fictitious organization that appears to take a position that agrees with their sponsor. This is often difficult to detect and can greatly complicate the role of decision-makers who must respond to all legitimate parties.

## Conclusion

Nonprofit advocacy has a healthy future. The need to engage the political system will continue as government continues to shrink and the nonprofit and commercial sector occupy the space that was once part of the public sector. The growth of money in politics will make this more difficult for many advocates, especially those who deal with less well-funded groups.

Technology is likely to revolutionize much of the practice of advocacy. Developments in data use, communications, and fundraising are likely to engender these new vistas. Some of the developments from the civic technology movement are likely to create a re-envisioning of nonprofit government relations.

New developments in the social sciences offer an array of possibilities to improve the effectiveness of nonprofit advocates. Data science opens the door to a wide range of new ways to understand social issues and to appreciate the advocacy environment. This can offer exciting new ways for nonprofit advocates to be effective. The growth of experimental political science (Green and Gerber 2015) also provides new insights into traditional and emerging techniques.

The cultural issue of resistance to advocacy is another serious barrier. Some of this is based on

the reality that politics is a hard place and that people and organizations get hurt there. Others are resistant because they misunderstand what is legally permissible. On balance, the business, the professions, and even the public sector understand that their options depend on the political system and advocacy is often richly rewarded when it is successful.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Dictatorships and Nonprofit Organizations
- ▶ Government and Nonprofit Relationships
- ▶ Lobbying
- ▶ Technology and Nonprofit Organizations


## References


Bass G, Arons D, Guinane K, Carter M (2007) Seen but not heard: strengthening nonprofit advocacy. The Aspen Institute, Washington, DC

Berry JM (1977) Lobbying for the people. Princeton University Press, Princeton

Berry JM, Arons D (2002) A voice for nonprofits. Brookings, Washington, DC

Brainard L, Boland K, McNutt JG (2012) The advent of technology enhanced leaderless transnational social movement organizations: implications for transnational advocacy. Paper read at the 2012 ARNOVA Meeting, Indianapolis, Nov 15–17

Earl J, Kimport K (2011) Digitally enabled social change: activism in the Internet age. MIT Press, Cambridge

Green DP, Gerber AS (2015) Get out the vote, 3rd edn. Brookings Institution Press, Washington, DC

Irvin RA (2005) State regulation of nonprofit organizations: accountability regardless of outcome. Nonprofit Volunt Sect Q 34(2):161–178

Jenkins JC (2006) Nonprofit organizations and political advocacy. In: Powell WW, Steinberg R (eds) The nonprofit sector: a research handbook, 2nd edn. Yale University Press, New Haven, pp 307–331

Libby P (2011) The lobbying strategy handbook. Sage, Thousand Oaks

McLaughlin TA (2016) Streetsmart financial basics for nonprofit managers. Wiley, New York

McNutt JG, Boland KM (2007) Astroturf, technology and the future of community mobilization: implications for nonprofit theory. J Sociol Soc Welf 34(3):165–179

McNutt JG, Brainard L, Zeng Y, Kovacic P (2015) Information and technology in and for associations and volunteering. In: Smith DH, Rochester C, Stebbins R, Grotz J (eds) Forthcoming. Palgrave handbook of volunteering and nonprofit associations. Palgrave Macmillan, Basingstoke/Hampshire

Skocpol T (2003) Diminished democracy: from membership to management in American civic life. University of Oklahoma Press, Norman

Verba S, Schlozman K, Brady H (1995) Voice and equality: civic voluntarism in American politics. Harvard University Press, Cambridge, MA


# Advocacy Coalition Framework and the US Immigration Policy


Geiguen Shin
School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA


## Synonyms

Advocacy coalition framework; Policy change; Policy process

Like other policy issues, political beliefs on immigration policy are not always uniform or consistent over time. Instead, some exogenous occasions such as the 9/11 and the USA occupation of Iraq have caused a dramatic change in immigration policy. Thus, both long-term stable changes and short-term major policy changes have coexisted within the immigration policy at least in the USA; if so, what has caused the short-term major policy change in immigration policy in the USA? Based on the Advocacy Coalition Framework (hereafter, ACF), which was first developed by Sabatier and Jenkins-Smith (1993), policy change in the USA is caused by various resources, power competitions, unexpected accidents or shocks inside and outside of the subsystems. The ACF has become a comprehensive theory by emphasizing the need to take a long-term view of policy change and to deal with policy subsystems as the primary unit of analysis (Burton 2006). In particular, many researchers

discuss the interplay between external shocks and conditions of the internal subsystem in fostering policy change. Thus, the ACF provides a comprehensive understanding of changes in US immigration policy.

## Advocacy Coalition Framework

The ACF is a policy theory that explains policy change caused by both competition within the subsystem and stable and dynamic events outside the policy subsystem. Based on the version after 1999, the ACF as an alternative to the stages heuristic explains the significant policy change through the interaction between two or more different coalitions within a specific policy subsystem. Sabatier defines the policy subsystem as a network of individuals from a variety of public and private sectors who are involved in the maintenance and evolution of policy in a specialized area. Within the subsystems, individuals are clustered into competing advocacy coalitions that have the different beliefs and policy positions (Wildavsky 1962; Sabatier 2007).

The ACF argues that policy change is best viewed as a change or a modification of a certain coalition's beliefs over time. Within each advocacy coalition, their beliefs work as a glue that holds each coalition together. The ACF conceptualizes three different levels of beliefs: deep core, policy core, and secondary. *Deep core beliefs* are the critical normative beliefs of the members. *Policy core beliefs* represent applications for achieving deep core beliefs and are subsystem-wide in scope. *Secondary beliefs* are relatively narrow in scope and include more detailed instrumental decisions. Unlike deep core and policy core beliefs, which are more resistant to change, secondary beliefs remain more open to change as new information and pressures provide the opportunity to alter such beliefs.

The goal of each coalition is to change policies based upon their beliefs and preferences. Therefore, policy decisions are based upon the consensus between coalitions and can alter policies. In particular, the ACF suggests several sources that may cause both stable and major policy change. First, ACF involves two sets of external elements – stable parameters and dynamic events – that affect the constraints and resources available to subsystem actors over time. Stable parameters include basic constitutional rules, sociocultural values, and natural resources. These stable parameters make policies resistant to change over time. In contrast, dynamic elements include fluctuating events such as economic dislocation, changes in public opinion, and shifts in the make-up of the ruling coalition. These events often affect policy change relatively quickly over a short time and are a necessary condition for major policy change (Sabatier 2007). Second, policy knowledge has an effect on policy change via policy-oriented learning (James and Jorgensen 2009). Because coalitions consistently acquire policy knowledge through social, economic, political analyses and other forums, policy knowledge disseminated through policy-oriented learning can alter the beliefs of members. Policy-oriented learning may additionally work to change the secondary beliefs because the relatively narrow scope of such beliefs requires less evidence than core beliefs (Sabatier 2007). Thus, policy-oriented learning works as a catalyst for changing the beliefs of the coalitions across the policy process over time. Figure 1 presents the basic logic of ACF.

## ACF to Immigration Policies: Security Versus Economy

The ACF addresses the random nature of policy processes in practice. While the stages heuristic model assumes that the policy process works along the sequential stages, the ACF supposes that the policies are formulated and changed in unexpected and complicated environments. That is, the ACF is not constrained by a very legalistic and top-down focus as in the stages heuristic. The ACF as a theoretical tool that accounts for dynamic policy change or stability can be applied to complex, wicked, and seriously polarized immigration policy issues. Wong (2006) suggests that each policy group within the policy subsystem takes different stances on immigration policy-making. Scholars of migration studies

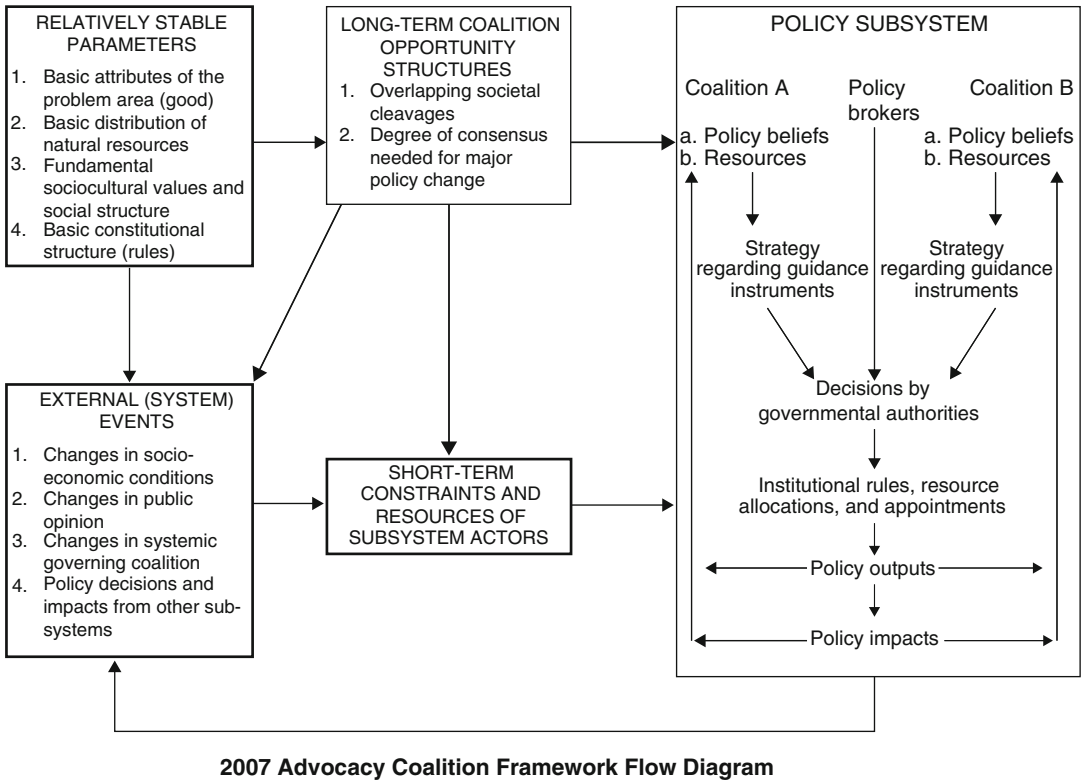


**Advocacy Coalition Framework and the US Immigration Policy, Fig. 1** The basic logic of Advocacy Coalition Framework. (Source: Sabatier and Weible (2007))

suggest that the expansive immigration policy, which is based on economic logic, increases the number of immigrants, thereby stabilizing labor supply in the domestic market and increasing economic performance (Tichenor 2002). On the contrary, a particular ethnic group which focuses on representing the concerns or interests of native-born Americans is more interested in increasing societal security than economic benefit and thus it tends to take a negative position on immigration policy.

Over the past quarter-century, the national stance on immigrants has been back and forth between more liberal and more conservative immigration policies. For instance, the most radical shift in the national immigration policy was the enactment of the Immigration and Nationality Act Amendment of 1965, which abolished immigration preference categories. Later, the national government shifted back to more restrictive immigration policies as shown in the enactments of the Immigration Reform and Control Act in 1986 and the Illegal Immigration Reform and Immigrant Responsibility Act in 1996. The aftermath of the September 11 attacks, the national government enacted even more restrictive laws to increase boarder security. For example, the Real ID Act of 2005 set forth higher federal standards for identification documents. The recent immigration law, the Deferred Action for Childhood Arrivals (DACA) Dream Act of 2012, indicates the changing national immigration policies to be more liberal. However, the Trump government has attempted to terminate the DACA program due to the concern about some negative perspectives of those undocumented immigrants who may not only deprive native-born Americans of jobs but push down wages (Alonso-Yoder 2018). Overall, the national government has sought to balance the inflow of immigrants, but

the numbers of those entering the country legally and illegally has been increasing exponentially.

The changing national stance on immigration issues indicates that there have been dynamic changes of immigration policies between what are advantages and disadvantages of immigration. Naturally, this raises one critical question: what have influenced some temporal changes of immigration policy to be either more expansive or more restrictive in the short run? Such rapid changes in the US immigration policy can be explained by looking at dynamic external events such as the 9/11 terrorist attacks and the increasing concerns about border insecurity. For instance, 9/11 made Americans abruptly change their image of immigrants who live in the USA from "good friends" to "risky enemies," with the concern of national security. In response to the mounting backlash against illegal immigration, the Trump government, as a means of enhancing national security, has made significant changes in national immigration policies during 2017 and 2018, including the construction of a wall along the US-Mexico border, the ban on admissions of nationals from eight Muslim countries, the termination of the DACA program, ending Temporary Protected Status for nationals of several countries, and deep cuts to refugee admissions (Pierce and Selee 2017).

However, the strict national security policy of the USA has faced strong criticism from the groups in the business sector, especially travel and tourism industries, and major allies of the USA like Eastern and Central European countries, and some Asian countries. The US government has been pressured to build more expansive immigration policy by such the pro-immigration groups as the US travel industry, the business community, and Department of State (Siskin 2007). These coalitions that believe that the economic growth is more important support more expansive immigration policy. The economic cohort that supports a strong economic impact of immigration suggest that increasing immigrants especially in high technology areas can improve human capital (e.g., Kerr and Lincoln 2010), and that immigration can lead to innovation (e.g., Akcigit et al. 2017).

## The US Visa Waiver Program and ACF

The US Visa Waiver Program (hereafter, VWP) is a good example that would explain the pattern of immigration policy changes. The VWP shows the polarized responses on the implementation of the program between policy actors and stakeholders. The case also creates two distinctive coalitions between the security-concerned group and the economy-concerned group. Since the VWP has specifically focused on changing number of visa waiver countries, the basic attention is given to the change of the secondary beliefs, which is more easily adjusted in the appearance of new information or changing strategic considerations.

The VWP was launched as a pilot program in 1986. It was designed not only to facilitate tourism by demanding no more than a passport from visitors but also to reduce the workload of State Department for foreigners who apply for a US visa. Initially, the VWP was allowed in only eight countries but was expanded to 27 in 2000. In 2007, the Congress and the Senate passed the reformed VWP, which added 12 more countries. Most recently, Secretary Napolitano at the Department of Homeland Security announced that Taiwan is included into the VWP as of November 1, 2012.

Over the years, the VWP has been under the center of tensions between security-concerned coalitions and economy-concerned coalitions. Despite of the striking confrontation between two different groups, stable external parameters influenced the federal government to limit the VWP. Stable external parameters that cause the policy change on the VWP could be explained by three compositions: (1) problems in the parameters in the national security, (2) social value on illegal immigrant issues, and (3) Legislative history and Acts. These stable parameters have driven the federal government to be resistant to expand VWP. Specifically, in the case of legislative history and acts on immigration, there have been some efforts to enact laws to limit visa issuance and VWP participation, to require stricter entry-exit controls for foreign students and exchange visitors, and to increase local police cooperation in the process of immigration policy

implementation. In 1996, Congress passed the Illegal Immigration Reform and Immigration Responsibility Act (IRAIRA), with "a provision (Section 110) requiring the Immigration and Naturalization Service (INS) to set up a database to track this information within two years" (Federation for American Immigration Reform 10/2011). After September 11, Congress again mandated the implementation of a computerized entry-exit database by 2005 (Federation for American Immigration Reform 10/2011). These congressional enactments significantly limited the entrance of temporary foreign visitors and were an obstacle to the expansion of VWP.

Dynamic external events regarding implementation of the VWP include (1) the impact of 9/11 terrorist attack, (2) increasing border insecurity connected with Mexican illegal immigrants and a perceived increase in illegal activity, and (3) the gradual decline of the number of travelers and tourists. The US Government Accountability Office (GAO) points out that "the VWP can pose risks to U.S. security, law enforcement, and immigration interests because some foreign citizens may exploit the program to enter the United States" (2006, p. 11). Another issue regarding dynamic external events on the VWP is concern about increasing border insecurity and related social problems connected with Mexican illegal immigrants. As a result, the increasing influx of illegal immigrants may bring about a feeling of a serious disorder in American social, economic, and national security systems. These problems have become major negative factors that would discourage policymakers who want to support the expansion of VWP.

However, economic decline in the business sector – especially the travel and tourism industries – has influenced policymakers to be more supportive to the VWP expansion. By the statistics from travel industries, the number of travelers seeking admission to the USA dropped about 17% during last 5 years. Friedman (2007) in Discover America Partnership says that travelers feel like a potential criminal while they engage in the process to enter into the USA. The strict national security policy of the USA has been criticized by the groups in the business sector, especially travel industries, and also the US allies in Eastern and Central Europe, along with some Asian countries. Indeed, the US allies have consistently pressured the national government to expand the VWP. This outer pressure has actually motivated the national policy makers to adequately respond to its allies by highlighting the point that international cooperation is an essential part of the US foreign policy (Carafano and Weitz 2005). The VWP was also supported by the US travel industry, the business community, and Department of State (DOS) (Siskin 2007), while it was strongly opposed by large anti-immigration policy action groups, communities, and research institutes, such as Minuteman, the Federation for American Immigration Reform, American Immigration Control Foundation, Families for a Secure America, American Congress for Truth, Pro English and Project USA. As a result, the external factors that would further increase substantial economic benefits in the USA and maintain reciprocity with its allies affected the expansion of the VWP. Table 1

**Advocacy Coalition Framework and the US Immigration Policy, Table 1** The belief systems between two coalitions on expanding the VWP

| | Security-concerned coalition | Economy-concerned coalition |
|---|---|---|
| Deep core beliefs | People's safety and nation's increased border security<br>Pessimistic for more tourism | Nation's economic growth<br>Optimistic for more tourism |
| Policy core beliefs | Government's more active defense of security and higher border control | Developing and increasing the competence of travel industry among nations |
| Secondary aspects | Keeping lower accessibility and strict control for immigrants, foreign-born people, and visitors to enter the nation<br>Ending the VWP, not expanding it | The least regulation for future travelers<br>Improving technical systems to check out foreign-born visitors and immigrants and expanding more visa-waiver countries |

presents different beliefs system between the security-concerned and the economic-concerned coalitions.

A successful consensus between two coalitions was made in a process of changing their secondary beliefs, which is most pliable to change in response to new information and events. The ACF predicts that policy-oriented learning can occur during the types of technical disputes over the administrative processes (Ellison 1998). Siskin (2007) points out that there exists the lack of information on aliens regarding the implementation of the VWP. Several hearings, forums, multiple rounds, professional analyses, and reports from political, economic, consular, commercial, and law enforcement officials could help two coalitions on the VWP by providing new information. For instance, the Senate Judiciary Committee's Terrorism, Technology, and Homeland Security Subcommittee through the hearing received the information that identifies some significant benefits and inherent risks of the VWP. One of the most influential information was from the report of the US Government Accountability Office (GAO). The GAO suggests that "the Office of International Enforcement officials attributed the lengthiness of the assessment process to the multiple rounds of clearances for each of the 25 assessments and the summary report" (The U.S. Government Accountability Office 2006, p. 20). Further, the economic-concerned coalition could mitigate a significant national security concern that the opposition coalition has raised. That is, it suggests that when the government waives the visa requirement for high-volume and low-risk countries, the cost and concentration of resources can be significantly reduced. As a result, the government can divert more of their own resources to control for the greater-risk nations (Siskin 2007). Overall, these policy-oriented learning processes provided a window of opportunity to change belief systems of the security-concerned coalition.

Additionally, policy brokers within the policy subsystem could help compromise two of the coalitions. Policy brokers on the VWP include INS, Department of Homeland Security (DHS), and the President. Particularly, President Bush actively worked with members of Congress based on security concern by suggesting that the USA should allow more foreigners to enter the USA without a visa on a temporary basis. Further, with dominant parties demanding to pursue the expansion of the VWP, the security-concerned coalition conditionally accepted its expansion by suggesting that the biometric requirement, as one of the safety requirements for desirable implementation of the VWP, should be fulfilled by countries which contain electronic data chips in the passport. Additionally, the security-concerned coalition asked the government to strengthen and improve efficiency, transparency, and reliability in the visa issuing and management process. Under these dynamic interactions and negotiations between two polarizing coalitions on the issue of the VWP expansion, two coalitions finally reached a mutual agreement. The mutual learning experience that professional and scientific information can better deal with the border security altered the secondary beliefs of the security-concerned coalition in the policy subsystem, which eventually influenced two coalitions to change more restrictive VWP to more expansive VWP.

## Conclusion

The ACF provides the capability to account for the process of complicated policy change on the immigration issues within the policy subsystem. Particularly, the Visa Waiver Program suggests three primary advantages of the ACF. First, the ACF clearly explains why and how two different coalitions – the security-based coalition and the economy-based coalition – underpinning the VWP subsystems have been formulated in a complex immigration policy. Second, the ACF explains the dynamic policy interaction between two coalitions through conflicts, negotiation, and persuasions. Third, the ACF identifies the impact of the policy-oriented learning on the policy process to discuss the expansion of the VWP.

## Cross-References

▶ Immigration Policy
▶ Nonlinear Policy Change

## References

Akcigit U, Grigsby J, Nicholas T (2017). Immigration and the rise of American ingenuity. Am Econ Rev 107(5): 327–331.
Alonso-Yoder C (2018) Trump is targeting illegal immigrant children – US citizen kids could be next. Retrieved from http://thehill.com/opinion/immigration/400977-trump-is-targeting-illegal-immigrant-children-us-citizen-kids-could-be
Burton P (2006) Modernizing the policy process: making policy research more significant. Policy Stud 27(3):173–195
Carafano JJ, Weitz R (2005) Building the alliance for freedom: an agenda for improving and expanding the visa waiver program (Report Defense). The Heritage Foundation, Washington D.C.
Ellison BA (1998) The advocacy coalition framework and implementation of the Endangered Species Act: a case study in western water politics. Policy Stud J 26(1):11–29
Federation for American Immigration Reform (2011) Immigration and national border security. Retrieved from https://www.fairus.org/issue/national-security/immigration-and-national-border-security
Friedman TL (2007) 9/11 is over. The New York Times. Retrieved from https://www.nytimes.com/2007/09/30/opinion/30friedman.html
Government Accountability Office (2006) Border security: stronger actions needed to assess and mitigate risks of the visa waiver program (report no. GAO-06-854). U.S. Government Accountability Office, Washington, D.C.
James TE, Jorgensen PD (2009) Policy knowledge, policy formulation, and change: revisiting a foundational question. Policy Stud J 37(1):141–162
Kerr WR, Lincoln WF (2010) The supply side of innovation: H-1B visa reforms and US ethnic invention. J Labor Econ 28(3):473–508
Pierce S, Selee A (2017) Immigration under Trump: a review of policy shifts in the year since the election. Retrieved June 3, 2018, from https://www.migrationpolicy.org/research/immigration-under-trumpreview-policy-shifts
Sabatier PA (2007) Theories of the policy process. Westview Press, Boulder
Sabatier PA, Jenkins-Smith HC (1993) Policy change and learning: an advocacy coalition approach. Westview Press, Boulder
Sabatier PA, Weible CM (2007) The advocacy coalition framework: Innovations and clarifications. In P. Sabatier (ed), Theories of the Policy Process. Boulder, CO: Westview Press, 189–222
Siskin A (2007) CRS report for congress: visa waiver program. Congressional Research Service, Washington, D.C.
Tichenor DJ (2002) Dividing lines: the politics of immigration control in America. Princeton University Press, Princeton
Wildavsky AB (1962) The analysis of issue-contexts in the study of decision-making. J Polit 24(4):717–732
Wong C (2006) Lobbying for inclusion: rights politics and the making of immigration policy. Stanford University Press, Stanford

# Advocacy Groups

Argun Akdogan
Ankara Social Sciences University, Ankara, Turkey

## Synonyms

Activism; Advocacy and policy influence; Interest groups; Lobbying; Practical politics

## Definition

The term advocacy refers to the attempt of actors to adopt strategies and tactics in order to influence decision makers and the public. As the policies of public or private organizations at the local, regional, or global level affect the lives of a variety of actors, they attempt to shape these policies to fit to their interest and demands. The term "actor" can designate either an individual (CEO of a company, Member of Parliament, journalist, etc.), a legal entity (a public agency, an enterprise, a trade union, etc.), or a social group (environmentalist, farmers, etc.). These actors try to influence policy process in terms of problem definition, policy formulation, implementation, or evaluation. Every individual or social group which can be affected from the existence or non-existence of a policy to solve a particular problem can be considered as a potential actor of this

policy field. Although all individuals have interests, not all of them take initiatives to influence policies which may have an impact upon them.

Advocacy groups are not the only participants to the policy process. Policy entrepreneurs, brokers, analysts, decision makers, interest groups, stakeholders, etc. are among others actors which shape the process. Most advocacy activity tends to be undertaken by organized actors rather than individuals although there are certain cases which prove that individual advocacy may have an impact on politics. For instance, Pakistani education advocate Malala Yousafzai who became the youngest person to win the Nobel Peace Prize at the age of 17 campaigned to change the policies of world leaders on education and women's rights. Despite the fact that social networks, global media coverage facilitated the possibility of an individual to make a change in public policies, most of the advocacy campaigns or movements are initiated by advocacy organizations. Malala Yousafzai continues her advocacy efforts with an advocacy organization called Malala Fund.

Thus, the unit of analysis to observe and examine advocacy activities is usually advocacy groups. Advocacy groups are important and perhaps central to the policy process because the power of individuals is greatly magnified when they form groups. These groups can be legal organizations working with salaried employees or informal organizations working with non-salaried volunteers. The important point is that all advocacy groups have a common interest as Olson (1971) argues that there is no group without a common interest.

Advocacy should be considered as a political act since actors or groups seek to influence other decision makers, elites, and the broader public. Exit or the threat to exit from the policy process is also considered as a form of advocacy although most actors or groups seek to exercise voice within a policy community. Advocacy can be realized through a variety of forms including persuasion, advising, participation, lobbying, mobilizing, networking, advertising, funding, forming coalitions, bargaining, campaigning, protests, unruly politics, sanctions, and threats.

Sometimes groups may advocate policies that promote the causes of others rather than pursuing their own interests. Advocacy groups may work on behalf of excluded groups in pursuit of citizenship rights, the public interest, or justice. Keck and Sikkink (1998) describe NGO advocacy as "plead[ing] the causes of others or defend[ing] a cause or proposition. . .[Advocacy groups] are organised to promote causes, principled ideas, and norms, and they often involve individuals advocating policy changes." Advocacy can also be performed to inform the targeted population about a policy which is planned or being implemented. Another function of advocacy is to provide expertise on a specific policy issue.

In liberal democratic countries, advocacy groups are usually seen as necessary and irrevocable elements of the policy process. The policies that shape the lives of citizens are usually formulated by a variety of advocacy groups competing with each other to influence policymakers, publics, or media. The literature on this topic documented hundreds of cases where advocacy actors have successfully influenced public policy and, in some cases, business policies (Keck and Sikkink 1998; Tarrow 1998). In most democratic countries, the number of advocacy groups is increasing at a growing pace. Berry (1997) characterizes this trend as the "advocacy explosion".

## Historical Development

Advocacy studies are strongly related with pluralism. Although pluralist theory is usually associated with United States, it has first emerged in the Great Britain. In the beginning of the twentieth century, British pluralists thought that traditional rights and liberties were under threat as there was a slide towards a state authoritarianism, and intermediate associations are thought as a bulwark against the expansion of the state. A leading figure of British pluralism Figgis argued that the authority of the state historically and legally did not override the rights of groups and associations. Such groupings according to Figgis generated a network of social relationships and linkages which sustained

individual identity and social integration (Hyman 1989). British pluralism was a challenge to the theory and practice of servile and monistic state and in that sense it was substantially different from conventional American pluralism.

The concept is borrowed by the conservative American political scientists after the Second World War to legitimatize the sociopolitical relations of the United States. On that account, as Nicholls (1974) argues political pluralism in Britain and in the United States has differed substantially in orientation and emphasis. Pluralism became the dominant school of thought in political science from the 1950s to the 1970s in the United States. The theory's basic premise is that the people who are adversely affected by a social condition or policy will organize and put pressure on the government to change the situation in their favor. Groups advocating policies affecting racial and ethnic minorities, women, consumers, individuals with disabilities, gays and lesbians, and the environment have been proliferated in the late 1960s, but their demands have been largely disregarded by government authorities. In contrast to theory's assumption that all interest groups have equal opportunity to influence decision makers, the discrimination against discriminated groups resulted with the demise of pluralism. The theory was criticized for being naive and complacent about deep inequalities that prevent some interests from getting adequate representation.

Today, most dominant theoretical models of policy analysis rely on American pluralism. For instance the model Kingdon (1995) proposes is highly pluralistic with a multitude of different centers of power in the legislative and executive branch and great number of advocacy groups struggling to place items on the political agenda. The political system is so fragmented that no single actor can dominate it and thus "a combination of people is required to bring an idea to policy fruition."

## Assumptions

The operation of advocacy groups in policy communities is dependent upon the existence of the following assumptions:

**Rational Individuals**: Advocacy groups operate in a society where human beings are characterized as autonomous, rational decision makers. Accordingly, all actors are behaving rationally when they join to advocacy groups in the sense that they care about the consequences of their own decisions and actions. This does not mean that individuals are able to anticipate and control all of the effects that stem from their own decision and actions. The same logic can be extended when advocacy groups come together to form advocacy coalitions. Thus, the logic of Olson's (1971) arguments regarding rational individuals considering membership in a group can be extended to organizations contemplating joining an alliance. Individuals or groups having their own objectives or preferences compare alternative ways of attaining their objectives, and they each choose the way that yields the most satisfaction. They maximize their self-interest through rational calculation. In that sense, the market model and the rational-making model are tightly related. Gerber (1999) argues that the behavior of advocacy organizations is analogous to that of firms. Advocacy groups weigh the costs and benefits of proposed actions just as firms do. Both firms and groups seek to maintain themselves and to reap profits. For firms, profits are monetary, whereas for groups, profits take the form of policy successes.

Borrowing from classic theories of firm behavior, it is suggested that people participate to advocacy groups because formal organizations reduce transactions costs by internalizing routine interactions (Williamson 1985). Individuals are much less efficient political actors when acting alone than as part of a group. Indeed, the sorts of collective action problem identified by Olson plague any efforts at political action that require the continued voluntary participation of individuals outside of a formal organization. Consequently, it is important to remember that advocacy organizations represent solutions to the collective action problem rather than manifestations of it. When a group is established, it reflects an effort to consolidate resources and reduce the challenges of voluntary coordinated political participation.

**Diverse and Open**: Advocacy groups operate in a political system which is diverse and open. The variety, independence penetrability, and heterogeneity of the various segments of decision-making bodies "guarantee that any dissatisfied group will find spokesmen in the political stratum." (Dahl 1961). The society is depicted "as fractured into congeries of hundreds of small special interest groups, with incompletely overlapping memberships, widely differing power bases, and multitude of techniques for exercising influence on decisions salient to them" (Polsby 1963). There are multiple centers of power that advocacy groups may try to influence and none of these centers is or can be wholly sovereign.

**Counterweighing Power**: As the centers of decision-making are diverse and pluralistic, so are the advocacy groups. On the assumption that in democratic countries power is significantly decentralized among a variety of political, professional, economic, social, cultural, and religious organizations, the existence of an advocacy group in one policy field is always matched by an alternative counter group. No single group is able to exercise exclusive control over more than one range of issues. That is, although a group may be influential in one "issue area," it cannot extend its influence to other areas (Schwarzmantel 1987).

The term countervailing power was firstly suggested by Galbraith to indicate that the exercise of one kind of power will give rise to organizations which counteract that power, for example, organization of buyers will emerge to counteract seller's organization. The multiplicity of groups prevents the domination of one single group. Coalitions between the groups are assumed to be flexible and impermanent, being formed on the basis of each new issue. Furthermore, different issues attract the attention of groups in different ways, so that many groups not in a present coalition are potential coalition partners on subsequent issues (Gamson 1972).

Although a situation of "perfect competition" is not entailed in pluralist theory, a rough equilibrium of power is assumed especially between the capital and labor. It is supposed that neither side has a privileged position and absolute dominance (Schwarzmantel 1987). Truman (1951) maintains that business groups are faced with the problem of internal cohesion, and this results in "significant differences in economic and political power." Dahl (1961) discovers a number of constraints on the power of economic notables such as their small number and disagreement among themselves. It is concluded that the authority of the business was mainly confined to business and they participated marginally in other policies.

**Overlapping Memberships**: As there are many advocacy groups in a particular policy field, members of these groups usually choose to participate to more than one group to promote their interests. Overlapping membership prevent the atomization of the society and to give it a sense of organism. It is assumed that through becoming a member of different associations, individuals will link themselves to different set of individuals and they will not be embraced or dominated by one of these associations. Advocacy groups coalesce and divide over policy proposals, depending on how they expect the proposal to affect them. Groups, which come together to fight a policy proposal, may longer wish to ally with the same groups for a different policy.

**Observable Interests**: The actions of advocacy groups and their influence on policy process are observable. In that respect, scholars take a behavioralist approach to observe actual conflict and cooperation between the groups. The emphasis on group behavior and group organization to understand policy-making is supported by an idealization of a civic culture in which a variety of advocacy groups participating, interacting, and competing for power and influence in decision-making. The classic explanation of power according to Dahl (1963) is the following: "A influences B to the extent that he gets B to do something that B would not otherwise do." He also argues that it is possible to measure A's influence by the extent or amount of the change in B's behavior from what it would have been."

The ability of groups acting alone or with other groups to in influence policy is not simply determined by using the most technically or rhetorically persuasive argument. The advocacy groups' power is determined on the basis of their

membership, ability to pool organizational resources, their prestige, credibility, expertise, strong administrative capacities, and political and media connections.

## Categorization

Advocacy efforts of actors are classified in the literature either on the forms of advocacy or on the type of group. Edwards and Hulme (1992) makes a distinction between two forms of advocacy: the first, which attempts to influence structures and ideologies, is a more systemic approach; the second, which attempts to influence specific policies and programs, is a more incremental one. However, the two approaches are not mutually exclusive and an organization can work at both levels. Advocacy groups' efforts to influence decision-making may also differ on the basis of the strategies that they use. Some groups use inside strategies to influence decision makers. Inside strategies usually involves direct contact with decision makers in the form of meetings, drafting legislation, or providing research. On the other hand, groups that use outside strategies prefer indirect forms of public pressure in the form of email, letter, or phone campaigns or getting media coverage of their cause.

In terms of actors, there are two broad categories of advocacy actors in policy process: *official actors* and *unofficial actors*. Official actors participate in public policy from the rights and obligations that are originated from legal regulations. The official actors which have responsibility in the decision-making process of a policy either at the legislative, executive, and judicial branches may involve in advocacy activities to persuade the public opinion. Unofficial actors refer to groups which involve in policy process without any explicit legal authority (or duty) to participate.

Official actors may prefer to organize some advocacy groups' interests and voices "in" and "out." They may block or keep at arm's length advocacy groups which they consider as marginal or non-negotiable. These groups are outsiders. On the other hand, insider groups are considered to be responsible in their expectations and willing to work with and through official actors. Insider groups are frequently consulted and they may develop routine and standardized patterns of interaction. A policy network may develop between insider groups and official actors.

## Groups in Advocacy Coalition Framework

Sabatier's advocacy coalition framework which gives a special importance to advocacy groups in policy formation also benefits from pluralism despite some methodological differences. Advocacy coalitions are an amalgamation of advocacy groups with shared beliefs that come together to influence policy process. These coalitions tend to consist of legislators, interest groups, public agencies, policy researchers, journalists, and indeed many other subnational actors who wield tremendous influence in the policy process (Sabatier and Jenkins-Smith 1999). So, although interest groups attempt to affect government policy whether at the local, regional, federal, or state level by articulating a position and putting pressure on decision makers, advocacy groups do not only seek to influence the public policies but also the policies of private companies, courts, NGO's, media, and broader public.

An advocacy coalition is a coalition of groups that come together based on a shared set of beliefs about a particular issue or problem. Sabatier, the originator of the advocacy coalition framework, develops a more elaborate approach than pluralism to explain how the groups come together despite their differences. He argues that groups will coalesce based on their more peripheral beliefs, provided that the coalition will advance their goals in the debate at hand.

Although most of these assumptions are in line with those of pluralism, there are certain differences. First of all, although in pluralism groups within the civil society such as interest groups, nongovernmental organizations come together to put pressure on the state organizations, in ACF, interest groups can act with public agencies to bring a certain cause to the agenda. Other actors or groups can be part of these coalitions such as

legislators, policy researchers, journalists, and other subnational actors (Sabatier and Jenkins-Smith 1999).

Second, advocacy coalition framework deviates from the rational model in the sense that it does not dictate that core policy belief systems operate on purely instrumental terms. The actor or the group's choice of action may stem from their ignorance or intuition, their emotions, or feelings. In that sense, ACF presumes that individuals are rationally motivated but are bounded by their imperfect cognitive ability to learn about, and comprehend, a complex world (Simon 1985). Having cognitive constraints, individuals are limited by their capacity to acquire and learn new information. Advocacy coalitions engage in what Sabatier (1988) described as "policy-oriented learning." Advocacy groups continually revise their beliefs in order to adapt to changes in the political and socioeconomic environment.

## Benefits of Advocacy Groups

Advocacy groups facilitate healthy political competition, the condition of a democratic public sphere. Advocacy groups perform the role of mediation between the individual and the state. As Almond and Verba (1972) suggest "through them the individual is able to relate himself effectively and meaningfully to the political system. These associations help him to avoid the dilemma of being either a parochial, cut off from political influence, or an isolated and powerless individual, manipulated and mobilized by the mass institutions of politics and government." The group bargaining process creates a barrier to extremism and provides a climate conducive to the formation of alliances.

Almond and Verba (1972) draw attention to the role of advocacy groups for the formation of democratic citizens. On the basis of their empirical research in five countries, they conclude that "[i]f the citizen is a member of some voluntary organization, he is involved in the broader social world but is less dependent upon and less controlled by his political system." Members of the advocacy groups, according to their findings are more prone to civic culture. The individual who belongs to a group, compared with one who does not, is more likely to feel competent to influence the government. Almond and Verba (1972) consider advocacy groups as small political systems and an individual who is a member of such an organization will gain the democratic skills by participating to its functioning and his/her competence vis-à-vis the political system will be enhanced. The activity of advocacy groups may have the following advantages:

1. Advocacy groups provide an essential freedom for citizens especially minorities particularly those connected with parties not in government to organize with like-minded individuals so that their views can be heard by others and taken into account by government.
2. They help disperse power downwards form central institutions and provide important checks against possible overpowerful legislature and executives. They act as buffers between the government and the people.
3. They provide functional representation according to occupation and belief.
4. They allow for continuity of representation, communication and consultation between government and public between elections, thus enhancing the degree of participation in the democratic system.
5. They provide detailed information on specific areas of economic and social activity. So they help to structure alternative policy choices.
6. People who are not necessarily active in political parties find an opportunity to participate in the policy process.
7. By concentrating on specific issues, the individual can join a group of genuinely like-minded people, can generally avoid the typical left/right ideological splits common in parties, and, moreover, may see more immediate policy results.
8. They represent marginalized interests that can find little voice in party politics and public opinion.
9. Advocacy groups provide venues where opinions are formed, voiced, and tested, where agendas are developed. Advocacy groups make significant contributions to the

public sphere by enacting a kind of communicative power that exists outside the state and market.

## Disadvantages of Advocacy Groups

Advocacy groups sometimes have bad connotations mainly due to the perception that some powerful or privileged groups dominate a specific policy field by blocking other groups to articulate their interests. When an advocacy group gets a law passed that benefits their group, the entire country may pay the costs. They may even use negative, divisive, and harmful social constructions of other advocacy groups. In order to promote their interests, advocacy groups may hide or distort crucial information during the formation phase of a policy. Interest advocacy is conducted by many groups that can be anti-democratic and illiberal in their ideals and functioning (Young 2000). Members of an advocacy group may view their access to a certain decision maker or source of information as a strategic advantage. They may not share such resources for not losing their competitive edge.

Despite the assumptions that any legitimate advocacy group will make itself heard at some stage in the process of decision, some groups may systematically excluded from policy venues. The power of some groups can be derived from the very organizational and institutional structure of a polity. There may even be some structural constraints on government to be more receptive to some interests. Similarly, political institutions may shape the formation and efficacy of interest groups. Even in advocacy coalition frameworks in which government agencies establish partnerships with NGO's, the relationship may not be on equal terms. As Gramsci pointed out, the state institutions may reinforce their hegemony on the civil society by supporting or empowering NGO's that support their policies. Not only institutions but also public policies affect interest groups. As Steven Lukes (1974) puts it, "A may exercise power over B by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping or determining his very wants. Indeed, is it not the supreme exercise of power to get another or others to have the desires you want them to have?" Lukes points out that scholars should take into structural power to analyze how the interests of advocacy groups are formed and shaped.

Collective action in most contemporary polities is such that the powerful and best resourced advocates tend to speak the loudest and have the most influence. As a result, public deliberation is often deprived of weaker and more marginalized perspectives. An advocacy group might oppose opening up a policy issue to public scrutiny, particularly if they benefit from the status quo or are accustomed to exerting coercive forms of power. Some of the interest groups may simply not want to engage with opponent groups or participate in a process that could marginalize their interests. More disadvantaged groups may fear co-option and prefer to fight injustice through more disruptive means such as protests, boycotts, or sit-ins.

Thus, advocacy group involvement in policy-making is not always synonymous with more or better democracy. Their ability to represent their constituency is constantly challenged, and their relationship to base organizations is often tenuous. Schattschneider (1960) remarked that the interest-group chorus in the United States sang in an upper-class accent. Skocpol (2003) concluded that associational life had become more elite and oligarchic and less participatory over time due to the proliferation of professional advocacy groups. According to Walker (1991), advocacy groups "depend heavily on philanthropic and, sometimes, government funding. Social movements and advocacy groups comprise only 20% of the major interest groups with a strong presence in Washington, DC"

## Conclusion

Public policy process requires reconciling conflicting points of view held by different groups and individuals outside government. Advocacy group activity will be part of the policy process as long as the political institutions have the capacity to address all possible alternatives to all possible problems that arise at any one time. Groups will compete and sometimes will form coalitions

with each other to determine the agenda and to propose their solutions to public problems. Advocacy group activity will also be observed in their attempt to keep issues off the agenda as such blocking action is as important as the affirmative act of attempting to gain attention (Cobb and Ross 1997). Thus, legitimate democratic governance is only possible in a participatory model of democracy which includes those who are affected by a particular in policy formation.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Government and Nonprofit Relationships
- ▶ Lobbying
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Technology and Nonprofit Organizations


## References


Almond GA, Verba S (1972) Organizational membership and civic competence. In: Malcki ES, Mahood HR (eds) Group politics: a new emphasis. Charles Scriner's Sons, New York, pp 25–44

Berry J (1997) The interest group society, 3rd edn. Longman, New York

Cobb RW, Ross MH (1997) Agenda setting and the denial of agenda access: key concepts. In: Cobb RW, Ross MH (eds) Cultural strategies of agenda denial. University Press of Kansas, Lawrence, pp 3–24

Dahl RA (1961) Who governs? Democracy and power in an American City. Yale University Press, New Haven

Dahl RA (1963) Modern political analysis. Prentice-Hall, Englewood Cliffs

Edwards M, Hulme D (1992) Making a difference: NGOs and development in a changing world. Earthscan Publications Ltd, London

Gamson WA (1972) Stable unrepresentation in American society. In: Malcki ES, Mahood HR (eds) Group politics: a new emphasis. Charles Scriner's Sons, New York, pp 60–75

Gerber ER (1999) The populist paradox: interest group influence and the promise of direct legislation. Princeton University Press, Princeton

Hyman R (1989) The political economy of industrial relations: theory and practice in a cold climate. Macmillan, London

Keck ME, Sikkink K (1998) Activists beyond borders. Cornell University Press, New York

Kingdon JW (1995) Agendas, alternatives, and public policies, 2nd edn. Longman, New York

Lukes S (1974) Power: a radical view. Macmillan, London

Nicholls D (1974) Three varieties of pluralism. Macmillan, London

Olson M (1971) The logic of collective action- public goods and the theory of groups. Harvard University Press, Cambridge, MA

Polsby N (1963) Community power and political theory. Yale University Press, New Haven

Sabatier P (1988) An advocacy coalition framework of policy change and the role of policy-oriented learning therein. Policy Sci 21(2–3):129–168

Sabatier PA, Jenkins-Smith H (1999) The advocacy coalition framework: an assessment. In: Sabatier PA (ed) Theories of the policy process. Westview Press, Boulder, pp 117–166

Schattschneider EE (1960) The semi-sovereign people: a realist's view of democracy in America. Holt, New York

Schwarzmantel J (1987) Structures of power: an ıntroduction to politics. St. Martin's Press, New York

Simon H (1985) Human nature in politics: the dialogue of psychology with political science. Am Polit Sci Rev 79:293–304

Skocpol T (2003) Diminished democracy: from membership to management in American civic life. University of Oklahoma Press, Norman

Tarrow S (1998) Power in movement: social movements and contentious politics. Cambridge University Press, Cambridge

Truman DB (1951) The governmental process: political interests and public opinion. Knopf, New York

Walker J (1991) Mobilizing interest groups in america: patrons, professions and social movements. University of Michigan Press, Ann Arbor

Williamson OE (1985) The economic institutions of capitalism. Free Press, New York

Young IM (2000) Inclusion and democracy. Oxford University Press, Oxford


# Affirmative Action as Social Policy


Ester W. Stokes
Jackson State University, Jackson, MS, USA


## Definition

Adverse impact is when there is a substantially different rate of selection in hiring, promotion, or other employment decision which works to the

disadvantage of members of a race, sex, or ethnic group.

Affirmative action refers to proactive efforts on the part of an employer to address the effects of past discrimination when EEO efforts alone will not suffice.

The Civil Rights Act of 1875 (18 Stat. 335–337), sometimes called Enforcement Act or Force Act, was a United States federal law enacted during the Reconstruction Era that guaranteed African Americans equal treatment in public accommodations, public transportation, and prohibited exclusion from jury service. The Supreme Court ruled in 1883 that the act was unconstitutional.

The Civil Rights Act of 1964 (Title VII) prohibited employers and employment agencies from making employee and applicant personnel decisions based on race, color, religions, gender, or national origin and tasks the Equal Employment Opportunity Commission (EEOC) with enforcing the provision of the Act. The Act also prohibited discrimination in voting, public education, and accommodations in organizations with more than 15 employees.

The Civil Rights Act of 1991 is a United States statute that was passed in response to a series of United States Supreme Court decisions which limited the rights of employees who had sued their employers for discrimination.

Disparate impact prohibited employers from using a facially neutral employment practice that has an unjustified adverse impact on members of a protected class.

The Equal Employment Opportunity Act of 1972 mandated that state, local, and federal agencies adhere to the Civil Rights Act of 1964.

Equal opportunity refers to the treatment of all individuals in the employment process fair and equitably, regardless of race or gender.

Executive Order 10925 requires that government contractors take affirmative action to ensure that applicants are employed, and employees are treated during employment, without regard to their race, creed, color, or national origin.

Executive Order 11114 supplemented Executive Order 10925 declaring it is the policy of the United States to encourage by affirmative action the elimination of discrimination in employment.

Executive Order 11246 gave the Department of Labor the authority to enforce antidiscrimination policies among federal contractors under the Department's Office of Federal Contract Compliance Programs (OFCCP). The Executive Order prohibited discrimination by most employers providing goods and services to the federal government.

Social policy is the study of the causes of social problem and how government and society as a whole address issues of social welfare, individual well-being, and social justice.

## Introduction

The current scope of affirmation action programs is best understood as an outgrowth and continuation of our national effort to remedy subjugation of racial and ethnic minorities and of women. Although affirmative action is a contentious issued, the majority of Americans in our society agree that government has some kind of obligation to ensure racial equality, but that consensus breaks down in the specifics of implementation and social practice. While affirmative action, executive orders, and court rulings address racial discrimination and resulting inequities, as shown in *The Debate on Affirmative Action*, which is a collection of writing by the leading voices crucial to the dialogue on affirmative action, there is no consensus among scholars over the government's role in ensuring equality (Curry 1996).

First, this research provides an overview of the history of affirmative action in the United States and affirmative action as a social policy and concludes with an examination of the extent to which discrimination and exclusion of people of color continue to persist today.

## Social Policy

While public policy is concerned with the policy process, social policy is with the content of the policy. The history of social policy efforts to remediate racial discrimination can be traced to the post-Civil War period. Ultimately, social

policy is a term applied to various areas of policy, usually within a governmental or political setting such as the welfare state and the study of social services. In the context of social services, there is an interest in people's living conditions, the processes which lead to the recognition of human needs and problems, and ways to address these needs and resolve these problems, and the impact which social services and social policies have on living conditions and society in general. Thus, social policy entails the study of societal problems as well as policy (Spiker 2008).

## Overview of Affirmative Action

The Civil Rights Act of 1866 provided for the equality of citizens of the United States in the enjoyment of civil rights and immunities, which meant that in all things civil, social, and political, all citizens without distinction of race or color should be equal. Similar to the Equal Protection Clause in the newly proposed Fourteenth Amendment, the Act deliberated on the need to provide reasonable protection to all persons in their constitutional rights of equality before the law, without distinction of race or color, or previous condition of slavery or involuntary servitude (see ► Civil Rights). However, this Act, the Emancipation Proclamation, the 13th Amendment, the 14th Amendment, the 15th Amendment, the Civil Rights Act of 1875, *Plessy v. Ferguson*, the 19th Amendment, *Brown v. Board of Education of Topeka*, *Kansas*, the Equal Pay Act, and other executive orders and court cases failed to secure the rights of African Americans.

Affirmative action (AA) is a product of the Civil Rights Movement of the 1960s that emerged to get America to honor its original contact that all people are created equal. Thus, the underlying motive for affirmative action is the Constitutional principle of equal opportunity, which holds that all persons have the right to equal access to self-development. In other words, persons with equal abilities should have equal opportunities (Rosado 1997).

Affirmative action policies are those in which an institution or organization actively engages in efforts to improve opportunities for historically excluded groups in American society, with a focus on employment and education. The term affirmative action originally emerged in United States law to allow regulatory agencies such as the National Labor Relations Board to require employers found violating employment policies to take "affirmative action" on behalf of the victim(s) of violations such as reinstatement or back pay (Chen 2009). However, in 1961, President John F. Kennedy became the first to utilize the term in Executive Order 10925. This executive order realized the government's intent to create equal opportunities for all qualified people. In June 1963, President Kennedy continued his policy of affirmative action by issuing Executive Order 11114. Through this order, all federal funds, such as grants, loans, unions, and employers who accepted taxpayer funds, and other forms of financial assistance to state and local governments were by mandate to comply to the government's policies on affirmative action in employment practices (Kelly and Dobbin 1998). The Civil Rights Commission describes it as encompassing any measure, beyond termination of a discriminatory practice, which permits the consideration of race, national origin, sex, or disability, along with other criteria and which is adopted to provide opportunities to a class of qualified individuals who have either historically or actually been denied opportunities, and to prevent the reoccurrence of discrimination in the future (Curry 1996).

President's Kennedy's executive order initial focus was on improving opportunities for African Americans in employment and education; however, the order also established the President's Committee on Equal Employment Opportunity (PCEEO), now known as the Equal Employment Opportunity Commission (EEOC). Executive Order 10925 did not advocate preferential treatment of affected groups. However, in order to correct inequities, especially in the areas of housing, education, and employment, steps were taken to ensure that those groups that historically had been excluded or given limited access to societal rewards were given an opportunity to catch up.

Kennedy's Executive Order was amended and superseded by Lyndon B. Johnson's Executive

Order 11246. The Office of Federal Contract Compliance Programs (OFCCP), under the Department of Labor, monitors requirements for all federal contractors and developed regulations to which these contractors must adhere. In addition, an official of the organization must be assigned responsibility for implementation of equal employment opportunity and the affirmative action program (Nash 1971).

A landmark piece of legislation, Title VII of the Civil Rights Act of 1964 indicated that the Act was not designed "to grant preferential treatment to any group because of race, color, religion, sex, or national origin." There is no requirement in Title VII that an employer maintains a racial balance in the workforce. On the contrary, any deliberate attempt to maintain a racial balance would involve a violation of Title VII, because maintaining such a balance would require an employer to hire or refuse to hire on the basis of race. The Act however did not provide criminal penalties for employers that discriminated, nor did the civil remedies established by the act include compensation for pain and suffering or punitive damages. Rather, the Act sought to establish a conciliation process by which victims would be restored to the situation they would have had in the absence of discrimination. To carry out the conciliation process, the EEOC acts as a facilitator between plaintiffs and private employers and also pressures violating employers to provide compensation, whether in the form of back pay or restitution. The EEOC also provides legal support for plaintiffs should the plaintiffs pursue their grievances in court.

Two important issues were challenges in the wake of the Civil Rights Act of 1964: (1) whether unintentional or structural discrimination constituted violation of the principle of equal opportunity and (2) the extent to which preferential treatment should be given to affected groups. These issues came to the forefront during the Johnson administration. President Johnson frames the concept underlying affirmative action, asserting that civil rights laws alone are not enough to remedy discrimination. His appeal was for a more active interpretation of affirmative action that would assure equality as a result. Thus, due to slow results, in 1966, the US Department of Labor began collecting employment records with breakdowns by race in order to evaluate hiring practices. As a result, in 1968, the Office of Federal Contract Compliance issued regulations which required, for the first time, that specific targets be set to evaluate the effects of affirmative action programs. The regulations required that contractors provide in detail specific steps to guarantee equal employment opportunity key to the problems and needs of minority groups, including, when there were deficiencies, the development of specific goals and timetables for the prompt achievement of full and equal employment opportunity. It was in these regulations and analogous measures by the Equal Employment Opportunity Commission (EEOC) that the debate over affirmative action quotas had its origins.

The affirmative action debate was further fueled in 1972 when the Secretary of Labor's Revised Order No. 4 landed on campus by way of directives from the Department of Health, Education, and Welfare. Its predecessor, Order No. 4, first promulgated in 1970, cast a wide net over American institutions of higher education, both public and private (Stanford Encyclopedia of Philosophy, http://plato.stanford.edu/entries/affirmative-action/), by extending to all contractors the basic apparatus of the construction industry "plans." The Order imposed a one-size-fits-all system of "underutilization analyses," "goals," and "timetables" on institutions that did business with the government. The utilization analysis statistically compared the proportion of employed women and minorities in organizations with the proportion of women and minorities in the regional workforce, deriving a measure of what the department called "disparate impact." In the absence of discrimination, it was assumed that these proportions would and should be roughly equal. In addition, these regulations provided an official and measurable basis for the preferential treatment of affected groups.

In contention was the nature of the "goals" and "timetables" imposed on every contractor by Revised Order No. 4. Weren't the "goals" tantamount to "quotas," requiring institutions to use racial or gender preferences in their selection processes (Ezorsky 1977)? However, affirmative

action did not require or even permit the use of gender or racial preferences although some believes that it does, and if it does not impose preference outright, at least it countenanced them (Goldman 1976). To critics, reverse discrimination exists when employers and schools favor women and blacks, hence creating the same injustice perpetrated by Jim Crow discrimination (Newton 1973; Eastland and Bennett 1979).

Affirmative action in American employment law has evolved through a series of governmental proclamations, court decrees, and voluntary programs instigated by employers in the public and private sectors. However, private employers who receive no public funding are not required to adopt affirmative action policies. Affirmative action policies are enforced by the entities adopting them if they are voluntary, while affirmative action policies required by government mandates can be enforced through the legal system. For federal contractors and subcontractors, affirmative action must be taken by covered employers to recruit and advance qualified minorities, women, persons with disabilities, and covered veterans.

Affirmative action procedures should be incorporated into the company's written personnel policies. Employers with written affirmative action programs must implement them, keep them on file, and update them annually. The Office of Federal Compliance Programs (OFCCP) oversees the administration of plans for private entities which are government contractors under either a construction or nonconstruction contract.

The EEOC was strengthened by the Equal Employment Opportunity Act of 1972, which enabled the Commission to file class action suits. Under the Carter administration, the *Uniform Guidelines on Employee Selection* established the "four-fifths rule." Under this theory, a violation of Title VII of the 1964 Civil Rights Act may be proven by showing that an employment practice or policy has a disproportionately adverse effect on members of the protected class as compared with nonmembers of the protected class (*EEOC v. Sambo's of Georgia*, *Inc*., 530 F. Supp. 86, 92 (N.D. Ga., 1981)). The disparate impact theory under Title VII prohibits employers from using a facially neutral employment practice that has an unjustified adverse impact on members of a protected class. A facially neutral employment practice is one that does not appear to be discriminatory on its face; rather it is one that is discriminatory in its application or effect (The Free Dictionary, http://legal-dictionary.thefreedictionary.com/Disparate+Impact)." Where a disparate impact is shown, the plaintiff can prevail without the necessity of showing intentional discrimination unless the defendant employer demonstrates that the practice or policy in question has a demonstrable relationship to the requirements of the job in question (*Griggs v. Duke Power Co*., 401 U.S. 424, 91 S. Ct. 849, 28 L. Ed. 2d 158 (1977). This is called a "business necessity" defense.

While disparate impact is a legal theory of liability under Title VII, adverse impact measures the effect an employment practice has on a class protected by Title VII. The four-fifth rule was significant in that it provided an explicit benchmark to determine disparate impact, which had been left vague in earlier US Department of Labor regulations.

The tide favoring affirmative action began to turn in the 1980s during the Reagan and Bush administrations. However, in an effort to fight the rollback of affirmative action, Congress passed the Civil Rights Act of 1991. However, despite such efforts, the mid-1990s saw affirmative action programs continue to be rolled back based on critic claims that it is a form of "reverse discrimination," meaning that by favoring minorities and women, it discriminated against white males. In addition, they argues that affirmative action sometimes prevented companies from hiring the best available worker and in so doing caused resentment toward minority workers on the job. Although criticism was abundant, in 1995, President Clinton acknowledged in a speech the need for affirmative action and reaffirmed the continuing existence of systematic discrimination in the United States.

## Affirmation Action as a Social Policy

Affirmative action is a social policy created to promote the welfare of minorities by supporting

the idea that individuals are all created equal and should not be judged by race or gender. In short, it tries to give minorities that have been at a disadvantage their whole life an opportunity to level the playing field by providing a broader context by which to measure a job applicant or prospective employee (Shapiro 1968).

Social policy generally refers to action taken by government to deal with social and economic distress and other problems of an urban-industrial society. More specifically, social policy has a variety of different but related goals which are to: (1) mitigate or abolish poverty, (2) provide for groups unable to survive without some form of assistance, (3) improve and humanize conditions of work, (4) grabble with the sanitary and hygienic problems resulting from technology and urbanization, (5) control and punish crime, and (6) establish surrogate structures for functions once performed by family, church, or the immediate community (Gord 1979). Examples of social welfare in the United States include Medicare, Medicaid, temporary assistance for needy families, food benefits, and section 8 housing assistance. Other programs, such as worker's compensation, unemployment insurance, and Social Security benefits, are also considered social welfare programs. Historically, government agencies tasked with addressing social ills and identifying solutions took it upon themselves to initiate and carry out social policy action plans. More recently, governments have changed their approaches to collaborate with other nongovernmental and quasi-governmental agencies including businesses, nonprofits, and even other governments to effect positive change (Gord 1979).

Modern social policy is usually understood as state programs and services that address economic inequality resulting from risks to income and are bureaucratically administered to specified groups of citizens in specified circumstances. Thus, scholars place social insurance programs at the center of social policy (Flora and Heidenheimer 1981). However, research on gender inequality, childcare, and the role of race in the incomplete development of American social policies has provided new conceptualizations of social policy in the United States.

As a social policy, affirmative action encourages favorable treatment of socially disadvantaged groups, in order to reverse historical trends of discrimination and to create equality of opportunity for qualified persons. In an effort to wipe out the legal sanction of discrimination, the 13th, 14th, and 15th Amendments, along with enabling legislation, were passed without controversy regardless how ethical the motive. However, unjustified discrimination has been, and remains, a major problem of American life (Lugg 1997), and scholars surmise that the dilemmas over how to respond to the problem raise some of the most profound and delicate questions of morality, politics, and law. At a moral level, the concern is about principles of social justice, liberty, and welfare. Legislation is passed followed by dissection and interpretation from the courts followed by even more legislation. And so has been the pattern of discourse around the topic of civil rights over the past 100 plus years (Greenawalt 1983).

The first civil rights bill was passed in 1866. Its most powerful effect was to overrule the *Dred Scott* decision by declaring that all persons who were born in the United States of America and were not a subject of any foreign powers were citizens of the United States. Afterward, the Fourteenth Amendment was passed to make certain that civil rights would be truly nationalized, that the federal government would inject itself into this realm that had hitherto been exclusively reserved to the states, and that all individuals would be protected in the full and equal enjoyment of the rights of person and property (Gressman 1952).

Despite the passage of post-Civil War, federal antidiscrimination legislation employment and educational opportunities were still not equal. Blacks, Hispanics, and native Americans continued to be disproportionately represented in the lower socioeconomic strata of society. In 1965 the Department of Labor published a monograph entitled *The Negro Family: The Case for National Action*, commonly referred to as the Moynihan Report which called for affirmative action designed to produce the group results required by the doctrine of equal opportunity based on the assumption of racial equality (Moynihan

1965). The architects of affirmative action were minority groups, politicians, and affirmative action "liberals" who were trying to implement the philosophy of distributive justice which asserts that equals be treated equally, precluding arbitrary distinctions based on irrelevant characteristics (Greenawalt 1983). The very act of discrimination on the basis of race violated the above-stated tenets of distributive justice, thus creating hostility and divisiveness within society. It could no longer be plausibly argued that such discrimination was necessary to avoid racial strife or further social policies.

The United States' commitment to nondiscrimination was broadly understood to encompass the eradication of intentional and overt discriminatory practices against minorities and the elimination of laws and legally sanctioned traditions and practices that resulted in government classification and legislation on the basis of race. The concept of a "color-blind society" was introduced and strongly supported, stating that racial categories would be both irrelevant and impermissible as classifications in law or policy (Sindler 1983). One of the reasons why such a principle of nondiscrimination has historically enjoyed and continues to be enjoyed is that broad public support is that racial neutrality is clear, limited, and closely tied to the traditional view of equal opportunity held by most Americans. Accordingly, the individual best able to perform the tasks required by the job is the obvious best choice. This view of equal opportunity is apparently "fair" by its very definition and operation, and yet, because of its highly individualistic nature, it fails to take into account the inherent inequity among groups by way of income, status, and past discrimination. In reality, however, what is often meant when discussing equal opportunity is something more than a fair chance to compete on the basis of one's present skills, namely, a claim that the government should afford minimally satisfactory, or equal, opportunities to develop talents and skills. In fact, from the start of the Kennedy Administration in 1961, federal officials pursued race-conscious affirmative action by applying government pressure to hire members of favored minority groups, justifying the action by reference either to an explicit charge or an implicit perception of discrimination, which was defined as racial imbalance in the work force (Greenawalt 1983).

It was assumed that once society behaved in a "color-blind" manner and removed racially discriminatory barriers, which would allow minorities to surge in the job market and gain the equality due them. However, this did not happen. Thus, government policymakers were forced to strengthen efforts at equalizing opportunity. Under the broad rubric of "affirmative action," the government stepped up efforts aimed not solely at ending discrimination but at remedying the effects of past discrimination. During the 1970s, these efforts transformed policy from nondiscrimination and equal opportunity for individuals as traditionally understood to racial preference and group proportional equality (Sindler 1983). It was at this point that various methods of affirmative action started to emerge. The traditional or nondiscriminatory affirmative action such as wide notice of job vacancies and active recruitment of minority persons continued; however, policies were introduced that was more aggressive and legitimate to increase minority participation although critics were of the opinion that such seemingly preferential policies stifled competition and committed what was to be known today as reverse discrimination against nonminorities (Sindler 1983). Hence, the 1970s not only witnessed heated controversy about the legal viability of affirmative action legislation from a constitutional perspective but also questioned the basic wisdom of using legislation as the vehicle to carry out social policy. There existed no judicial precedent to support or justify the innovative programs embodied in federal or state affirmative action legislation.

Affirmative action policies were based on a concept of compensatory justice which is the premise that persons who have suffered because they have been wrongly treated on the basis of some arbitrary characteristic may claim that those who wronged them should pay them back for the harm done. The two main arguments for favoring minorities and redressing underrepresentation are that preferences are needed to

place blacks and other minority groups in the position they would have had but for discrimination and that preferences serve the ideal of equal opportunity (Greenawalt 1983). If this premise is accepted, then a more aggressive form of affirmative action for groups of individuals which is more than just a color-blind racially neutral solution is defensible as an acceptable means to finally abolish the lingering consequences of historic discrimination (Sindler 1983). Therefore, it is this idea of statistical group parity which for a time became the alternate definition of equal opportunity which has raised the greatest claim of reverse discrimination.

The impetus to redefine equal opportunity to include group rights and equality of result accelerated with the start of Title VII enforcement in 1965. Ironically, this impetus for change came through the EEOC. The commissioners, staff, and clientele groups of the EEOC agreed that discrimination should be defined as patterns of social and economic disadvantage caused by employment practices and social institutions in general, in relation to which complaint processing and case-by-case litigation were irrelevant. Because of its inability to actually file suit in district court, the EEOC fell back on the practice of data gathering and holding public hearings at which patterns of discrimination were attacked. Although lacking substantive rule-making authority, EEOC advanced new principles of employment discrimination law through its power to make reasonable cause findings which could be pursued in the courts, issuing procedural regulations and filing of amicus briefs.

The OOFCP purposefully maintain a vague definition of contractors' affirmative action compliance, for by pushing a "result-oriented" agenda without being overly specific, it could avoid the ban on quotas posed by the "color-blind" wording of Title VII. It was pressure both from the civil rights lobby, which sought more rigorous enforcement of the contract obligation, and from critics of affirmative action, who sought to stop the trend toward race-conscious practices, which led the Johnson Administration to adopt "hard and fast" quotas instead of the strategy of coerced yet non-specific minority hiring.

Starting in the early 1960s, in reaction to civil rights campaigns in Philadelphia and elsewhere, the federal government used the wedge of contracting to require companies seeking its business to take affirmative action to assure the inclusion of African Americans among its employees. The policy took a new turn during the Johnson administration by targeting construction trades in key metropolitan areas for compliance, starting with St. Louis in 1966 and extending to Philadelphia the following year. Philadelphia garnered national attention from efforts to integrate historically white building trades (Gillette 2013). The Nixon administration held that it could require affirmative action plans going beyond the requirements of Title VII, provided they were aimed at the purposes of the law: eliminating discriminatory practices and promoting employment equality for blacks. Initiated by President Richard Nixon in 1969, the "Philadelphia Plan" was the most forceful federal affirmative action plan thus far to guarantee fair hiring practices in construction jobs. Philadelphia was selected as the test case because assistant secretary of labor Arthur Fletcher explained that craft unions and the construction industry are among the most egregious offenders against equal opportunity laws, openly hostile toward letting blacks into their closed circle. The order included definite goals and timetables. Pursuant to Nixon's assertion, the order did not impose quotas, but require federal contractors to show "affirmative action" to meet the goals of increasing minority employment.

Although Reagan had the power to unilaterally alter or abolish affirmative action programs, such was not done. The Reagan administration tried to limit its excesses and make it more politically and administratively palatable. It was under his leadership that the Justice Department embraced the theory of disparate impact. By the 1980s, the majority of corporations had institutionalized the concept of affirmative as part of the corporate culture, but the Reagan administration did little more than rationalize the use of affirmative action, thereby legitimizing and strengthening the underlying policy. Goals and timetables were justified as good for business for idealistic social reasons.

## Conclusion

Affirmative action cannot be understood in isolation of other major social problems. Hence, a more workable model of affirmative action may be more realistic based on individual need rather than on group traits such as race or color which are systemic problems, interconnected and interdependent on economical and political policies, and cultural values that legitimize inequality (Shogren 1998).

Is it socially justifiable to provide, through federal and/or state legislation, preferences to those individuals who have suffered unjustified and arbitrary discrimination in the past in order that those individuals may escape the effects of that discrimination which exist in the present? Courts today are skeptical of affirmative action as a remedy for past discrimination. Under both the Constitution's equal protection guarantee and Title VII of the Civil Rights Act of 1964, distinctions based on race are inherently suspect, whether such distinctions are burdensome as in the case of traditional discrimination or "benign" as in the case of affirmative action. Under the Constitution, courts must subject affirmative action programs to strict scrutiny. Accordingly, such programs cannot pass constitutional muster unless they serve a compelling interest and are narrowly tailored so that the identified interest is served with the least harm to those who have not suffered discrimination (Richardson 1998).

Yes, affirmative action is under attack; however, once established in legislation and administrative regulation, it takes a much greater force to remove the social policy than to allow it to remain. The current state of the law suggests that an affirmative action program will survive strict scrutiny if it is tied to the original purpose of social programs: remedying proven, not speculative, past, or present discrimination. The reality of situation is that the final arbiter of social policy is the Court as it interprets those statutes and policies in the name of judicial review.

Affirmative action is a social policy created to promote the welfare of minorities by supporting the idea that individuals are all created equal and should not be judged by race or gender. Therefore, minorities should be considered as a feasible choice for hire as a white male candidate, taking into consideration their qualifications.

## References


Chen AS (2009) The fifth freedom: jobs, politics, and civil rights in the United States, 1941–1972. Princeton University Press, Princeton, pp 94–99

Curry G (1996) The affirmative action debate. Basic Books, New York, p Xiv

*EEOC v. Sambo's of Georgia, Inc.*, 530 F. Supp. 86, 92 (N.D. Ga. 1981)

Ezorsky G (1977) Hiring women faculty. Philos Public Aff 7:82–91

Flora P, Heidenheimer AJ (1981) The development of welfare states in Europe and America. Transaction Books, New Brunswick

Gillette H (2013) The Philadelphia plan. The encyclopedia of Philadelphia. See http://philadelphiaencyclopedia.org/archive/philadelphia-plan-2/

Goldman A (1976) Affirmative action. Philos Public Aff 5(Winter):178–195

Gord G (1979) Reflection on the history of social policy in America. Rev Am Hist 7(3):293–306

Government Printing Office (1966) Public papers of the presidents of the United States: Lyndon B. Johnson, vol II, entry 301. Government Printing Office, Washington, DC, pp 635–640

Greenawalt K (1983) Discrimination and reverse discrimination. Knopf, New York, p 3

Gressman E (1952) The unhappy history of civil rights legislation. Mich Law Rev 50:1323–1342

*Griggs v. Duke Power Co.*, 401 U.S. 424, 91 S. Ct. 849, 28 L. Ed. 2d 158 (1977)

Kelly E, Dobbin F (1998) How affirmative action became diversity management: employer response to anti-discrimination law. Am Behav Sci 41(7):960–984

Lugg ET (1997, March 27) The future of affirmative action: social policy and judicial reality. Paper presented at the Annual Meeting of the American Educational Research Association, Chicago

Moynihan D (1965) The Negro family: the case for national action. Office of policy, planning, and research, U.S. Department of Labor, Government Printing Office, Washington, DC

Nash PG (1971) Affirmative action under executive order 11246. NY Univ Law Rev 46(2):225–261

Newton L (1973) Reverse discrimination as unjustified. Ethics 83:308–312

Richardson A (1998) What is the constitutional status of affirmative action?: Reading tea leaves. Focus Law XIII(2)

Rosado C (1997) Affirmative action: a time for change? See http://www.edchange.org/multicultural/papers/caleb/aff-action.html

Shapiro H (1968) The Muckrakers and American Society. Heath, Boston

Shogren E (1998) Clinton called for a new approach to 'affirmative action.' Los Angeles Times, July 9 1998
Sindler AP (1983) Equal opportunity: on the policy and politics of compensatory minority preferences. American Enterprise Institute for Public Policy Research, Washington, DC, p 3
Spiker P (2008) Social policy: themes and approaches, 2nd edn. Policy Press, Great Britain
Stanford Encyclopedia of Philosophy "Affirmative Action". See http://plato.stanford.edu/entries/affirmative-action/
The Free Dictionary. See http://legal-dictionary.thefreedictionary.com/Disparate+Impact

## Affordable Housing Policy in Penang State of Malaysia

Kuan Heong Woo
School of Social Sciences, Universiti Sains Malaysia, George Town, Pulau Pinang, Malaysia

### Synonyms

Low-and-middle income housing; Low-cost housing; Public housing; Social housing

### Definition

Affordable housing refers to housing which part of the rent or cost is borne by the government to assist the middle or lower income households in obtaining and paying for appropriate housing without experiencing undue financial hardship.

### Introduction

Housing is one of the basic necessities of human. It is a fundamental right for everyone to have access to a safe and habitable home, and it is the responsibility and obligation of the government to guarantee adequate housing for its citizens (UN Habitat 2009). There is substantial evidence of a growing housing affordability problem in most urbanized cities. A recent report shows that cities housed more than half of the world population; however, there are only 13% of the world's cities have affordable housing (UN Habitat 2016), indicating the severity of shortages of affordable housing in urbans, especially in swelling cities. Therefore, unsurprisingly housing affordability remains a major concern worldwide and providing decent affordable housing remains one of the hardest policy challenges for many governments around the world.

Housing surely is a key socioeconomic agenda of most, if not all, governments in the world. Housing programs around the world have long measured housing affordability in terms of percentage of income. The most conventional of all housing affordability indicators presupposes that cost burden or affordable rent burden should no more than 30% of household's monthly income (Earl et al. 2017). Nonetheless, housing affordability is more than an income issue. This multidimensional concept is beyond cost and pricing (economic) but also includes environmental, social, and cultural aspects. Therefore, the motivation and debate for housing policy often swing between social (providing shelter) and economy (creating wealth). The policy choice between community and economy often come with conflicts. Tension and conflict would be heightened if housing affordability not only confined to economic matters but also to include the broader affordability of housing sustainability issues. These competing goals between economy, social, and environment have created a great challenge to most governments in juggling to meet the demand of those competing and sometimes conflicting goals in their housing policy. Like other cities that are experiencing urbanization, the state government of Penang in Malaysia is no exception in facing housing policy dilemma.

Penang is one of the 13 states of Malaysia. The state is dynamic and fast-growing. As one of the

The scope of the study is from 2008 until the Malaysian 14th General Elections which held on 9 May 2018, where Malaysia experienced its first time change of government at federal level since 1957.

This study is supported by Universiti Sains Malaysia (Grant no.: 1001/PSOSIAL/8016016).

most urbanized Malaysian states, development in Penang has been phenomenal, especially after the inscription of George Town (the capital of Penang) as a UNESCO World Heritage Site in 2008. The inscription has not only reinforced Penang on the world map but has also boosted the state's economy through tourism, foreign direct investment, and commercial developments. These developments come with prices, however. Conflicts over land use between industries, traffic, residences, and recreations are intense in the tiny state with an area of only 1046 square kilometers. As one of the most attractive states to invest and live in in Malaysia, Penang properties have a steady increase of nearly 10% a year in particular residential properties since 2008. House prices in Penang escalated. With a 6.32 median multiple housing affordability, Penang homes were categorized under the "severely unaffordable" category in 2016 (Yeap 2017). The situation was worsening when the Opposition-run state government was not at a good term with the Barisan National-run federal government. The then federal government was accused of taking a punitive attitude towards Penang, a state which was governed by political rival. (Penang was ruled by Pakatan Rakyat (PR) after the Malaysian 12th General Elections which held on 8 March 2008. PR is an informal Malaysian opposition political coalition formed on 1 April 2008.) Viewing from the scenario of hostile political environment between the then federal and state governments in addition to escalating property prices and land scarcity, therefore, developing affordable housing in Penang has been a constant challenge to the state government.

## Penang State's Own Brand of Affordable Housing

In Malaysia, affordable housing is a federal as well as a state matter. According to the Federal Constitution of Malaysia, at the federal level, the federal government is responsible in providing grants or loans and technical expertise to undertake the development of affordable housing, while at the state level, as land is a state matter, the state government is responsible in identifying suitable location for affordable housing project. It is also the responsibility of the federal government to formulate policies and guidelines for housing provision; whereas, state governments have to cooperate with federal government on the implementation of affordable housing project in their respective states.

However, knowing nothing much it can get from the then federal government, Penang state government has announced the launch of the Penang affordable homes scheme registration in 2013 and set up a MYR500 million Public and Affordable Housing Fund to build affordable and public housing in the state. This is the largest amount set aside by any state government in Malaysian history to build its own brand of affordable housing (Lim 2013). Generally, affordable housing scheme in Penang is mainly government-driven projects even though there are two ways of doing affordable homes, namely, by requirements of the state government to private developers and by the state itself. Initially, there were a total of 14 affordable housing projects (included are the projects of Teluk Kumbar, Pintasan Cecil, Jelutong, SP Chelliah, Sandiland, Perak Road, Bandar Cassia, Kampung Jawa, Ampang Jajar, Mak Mandin, Juru, Bukit Mertajam, Ujung Batu, and Kampung Main Road) are undertaken in all five districts of Penang by the state government. Three more projects (Kota Giam, Kepala Gajah, and Permatang Tok Subuh) were added to the list in 2016. These 17 affordable housing projects will deliver 27,230 units of various types of affordable housing for Penang people with different earning categories (Penang State Government 2017).

Since the launch of Penang state own brand of affordable housing, the issue has become an unending bone of contention between the Barisan Nasional-run federal government and the Opposition-run Penang state government then. Finger pointing at each other on issues related to affordable housing is not uncommon. Due to political hostility between both governments, disputes over affordable housing in Penang have never been resolved.

## Housing Affordability: Pricing

The rapid population growth in cities forces an unprecedented reorganization of their physical environment, including housing. Accessing to affordable housing remains a challenge for most countries in the world and this challenge is especially real in developing countries where a large portion of the population is unable to access to adequate and appropriate houses at the market price. In recent years, the world witnessed the increasing wealth disparity between the rich and the poor. This tension brought in by social inequalities has highlighted the importance of harmonious social relationships and sustainable development in housing system. Therefore, it is very important for the government to develop affordable housing that aiming at creating balanced society with a variety of housing at a variety of price points. A mix of (affordable) housing opportunities that shelters a demographically diverse population helps to create a sustainable community.

In its effort to control surging property prices, Penang state government has intervene and implement cooling measures to control the property market. Consistent with the concept of housing diversity builds great neighborhoods, and in addition to its effort to control house prices in order to create harmonious and sustainable society, the state government has designed and developed five types of affordable housing which cater for Penang people with different income levels. Type A and Type B affordable housing used to refer as social housing which termed as low-cost and low-medium cost housing. These two types of affordable housing have a minimum floor size of 650 square feet and are respectively capped at MYR42,000 (about USD10,468) and MYR72,500 (about USD18,069). (All calculations in this article were based on the currency exchange rate of 1.00 Malaysian Ringgit equal to 0.25 US Dollar as of 20 June 2018.) Type A affordable housing is meant for Penang people whose monthly household income is not more than MYR2,500 (about USD623), while Type B affordable housing is meant for those people whose monthly household income is not more than MYR3,500 (about USD872) separately. There are three types of Type C affordable housing, namely, Type C1 (750 square feet), Type C2 (750 square feet), and Type C3 (850 square feet) affordable housing where their prices are, respectively, capped at MYR150,000, MYR200,000, and MYR300,000 (about USD37,384, USD49,845, and USD74,768) which meant for those with monthly household incomes not more than MYR6,000, MYR8,000, and MYR10,000 (about USD1,495, USD1,993, and USD2,492) separately (Penang State Government 2016).

The cornerstone of a thriving community is housing for all. Affordable housing project that consists of a variety of housing opportunities with a coherent vision of diversity and affordability is the hallmark of a healthy and balanced community. Obviously, the effort of Penang state government in creating affordable housing system with a variety of price points is in tandem with the state government's housing motto of "1 Family, 1 House". With its determination in creating a supportive housing environment and expanding the availability of affordable housing to Penang families with different income levels, it is hoped that Penang will be heading toward a more healthy and balanced society.

## Broader Affordability Issues: Green Design and Community Living

As discussed earlier, housing affordability issues are more than cost and supply. A sustainable affordable housing development required the balanced pursuit of broader affordability concepts such as social inclusion, community living, green lifestyle, and sustainable design, among others. Therefore, in developing its affordable housing project, Penang state government has taken broader affordable concepts like green living, community living, and affordable living into its consideration. In this article, Hijau E-Konumiti – the pioneer and biggest affordable housing project of Penang state government – will be taken as example to show case the inclusion of the broader conceptualization of affordability of green design

and community living into the state's affordable housing system.

Hijau E-Komuniti is one of the largest master planned development projects in Penang. Hijau E-Komuniti will cover five parcels of land totalling 200 acres and will provide some 11,800 units of affordable residential units. These 11,800 units of affordable housing comprising 3372 low-medium cost apartments and 8428 medium-cost apartments to be built over 80.9 hectare to 59,000 residents once completed. It will be developed in five phases over a period of 10–15 years. The first phase of Hijau E-Komuniti called Suria comprises of 520 units of affordable housing has been completed in early 2018 and now is waiting for the Certificate of Completion and Compliance.

Consistent with the concept of eco-town, the development and overall planning of Hijau E-Komuniti is friendly to nature and is in harmony with the environment. To be in line with the green design concept, the Green Building Index (GBI) is followed. GBI is Malaysia's industry recognized green rating tool for buildings to promote sustainability in the built environment and raise awareness of these issues among relevant stakeholders such as developers, architects, and contractors. Six main criteria are used to assess residential properties including energy efficiency, indoor environment quality, sustainable site planning and management, materials and resources, water efficiency, and innovation. In line with its name "Hijau" (literally means "green"), this affordable housing project promises a green living environment. At least 20% open space is created within its area. Apart from that, recreational places such as international golf course, sport complex, water sport, theme park, Batu Kawan Stadium, as well as mangrove and bird sanctuary for eco-tourism, higher learning institutions, and Batu Kawan Industrial Park are situated within its vicinity (Penang Development Corporation 2014). The above features of Hijau E-Komuniti demonstrated that it is an affordable housing project that is consistent with principles of green approach and affordable living.

Besides green design, providing opportunity for meaningful community living is also one of the considerations in developing Hijau E-Komuniti. Social dimension is one of the significant components of sustainable housing development. Therefore, it is important to include the concept of community living in developing affordable housing in order to foster social inclusiveness and integration by putting in adequate infrastructure and sufficient public spaces to engage community. Enough open space and sport facilities have been put in in the state-driven affordable housing project. In addition to the 2-km green lung, cycling lanes, jogging tracks, other public space such as 3G Center (a center that meant for the young, adult and older generations), linear park, together with such sport facilities as basketball court and football field – which sounds a bit luxury for affordable housing project – are also provided in Hijau E-Komuniti. This indicates the state government's determination to materialize the community living concept in its affordable housing system through sport and other meaningful community engagement activities.

The concept of community living is also further strengthened through religious site design. In Malaysia, providing a *surau* (prayer room) in each building is one of the requirements for residential development. However, in Hijau E-Komuniti, *surau* is not provided in each phase of the project. A bigger mosque will be built instead. The notion of building a bigger mosque to replace separate *surau* is an effort to call residents of Hijau E-Komuniti to pray and meet at the mosque in order to create a sense of community among residents in the affordable housing system.

All the above design demonstrates that Penang state government has taken initiative to create quality public space in encouraging community living and green design in its own brand of affordable housing project.

## Conclusion

Even though there are still considerable challenges, Penang state government is trying its very best to adopt and implement policies and strategies which aim at making housing habitable, affordable, and accessible to Penang people. With its own brand of affordable housing, the state

government aims to increase and diversify the supply of affordable homes to Penang people from lower and middle strata groups with various income categories. While the household income affordability is the main concern, broader affordable issues like integrating housing with such functions as environmentally friendly and social integration are also been taken care in the state affordable housing policy.

A holistic housing approach that integrate human and nature determined the sustainability of affordable housing program. As demonstrated in the case of Hijau E-Komuniti, its development is complementarity between political and socio-economic systems, and the environment which aims to improve human well-being, nurtures social capital through encouragement, mutual understanding, and trust with little compromise on the viability of the environment.

Developing affordable housing is not an overnight job. Therefore, it is still too early to judge if Penang state government has failed or succeeded in having its own brand of affordable housing as the state's own affordable housing scheme is still considered at its infancy. However, there are early signs to indicate that the state government is trying to develop and build affordable housing that is decent and habitable to Penang people.

## References

Earl G, Roca E, Liu B, Jayawardena NI, Jojnson D (2017) Housing affordability policy and measures, vol 1. Griffith University, Australia: Sustainable Living Infrastructure Consortium

Lim GE (2013, December 8) The official launch of the Registration of Affordable Housing. Official Speech by Penang Chief Minister. Official Portal of Penang State Government. Retrieved from https://www.penang.gov.my/en/dmedia/2385-the-official-launch-of-the-registration-of-affordable-housing

Penang Development Corporation (2014) Hijau E-Komuniti. Retrieved from http://www.pmm.gov.my/project_overview

Penang State Government (2016) PN1: Permohonan untuk satu unit Rumah Mampu Milik. Penang State Government, Penang

Penang State Government. (2017, August 12). The Penang State Government Affordable Housing Expo. Official Portal. Retrieved from https://www.penang.gov.my/en/dmedia/359911-the-penang-state-government-affordable-housing-expo

UN Habitat (2009) The right to adequate housing: fact sheet no. 21 (rev.1). United Nations, Geneva

UN Habitat (2016, July 26) Only 13% of world's cities have affordable housing – according to new research. Retrieved from https://unhabitat.org/only-13-of-worlds-cities-have-affordable-housing-according-to-new-research/

Yeap C (2017, October) House prices now at 'severely unaffordable' levels. Housing Watch. Retrieved from www.housingwatch.my/doc/articles/edge_20171016.pdf

# African-American History Commission Act, 400 Years of

Veronica Adams-Cooper
History, Political Science and Public Administration Department, Albany State University, Albany, GA, USA

## Synonyms

400 Years of African-American History Commission Act of 2018; 400YAAHCA; Civil rights, slavery (enslavement); Pub.L. 115–102; Public Law No: 115–102; PL 115–102

## Definition

The federal law establishing a national commission charged with commemorating the 400th anniversary of the arrival of Africans at Point Comfort, Virginia, in 1619, and other purposes.

## Introduction

The 400 Years of African-American History Commission Act, referred to as the Act or the 400YAAHCA, is the federal policy responsible for the establishment of the 400 Years of African-American History Commission and other purposes. The primary duty of the Commission is to lead and manage the national 400-year

commemoration of the 1619 arrival of Africans in the English colonies at Point Comfort, Virginia. Overall, there are six duties that the Commission is responsible for fulfilling as indicated in Section 3(c), the core of the Act. These duties focus on coordinating and facilitating programs, research, and publication activities appropriate for the remembrance. The scope of the activities is the creation of an enduring commemoration that benefits the public's understanding, appreciation, and recognition of the important contributions made by this group and their descendants to the United States of America (USA). Further, the commemoration is to acknowledge the significant impact on these persons and the nation during this 400-year period as a result of enslavement policies and subsequent laws perpetuating racial discrimination.

This entry addresses four areas. Initially, prior enslavement legislation is reviewed. Secondly, the passage of the Act is presented. Thirdly, the Act is highlighted. And fourthly, the Act as a civil rights victory is discussed.

## Prior Key Legislation Regarding Enslavement in the USA

The 400 Years of African-American History Commission Act of 2018 Act marks a major milestone for the USA. At the heart of this Act is the nation's past involvement in the economy of human trafficking or enslavement through the TransAtlantic Triangular Trade or Middle Passage. No other issue has been more contentious in the nation's history. The enormity of this matter was so great that by May 1836, the House of Representatives passed a resolution known as the "Gag Rule." This rule prevented any enslavement legislation from being considered. The goal was to block anti-enslavement petitions from being heard by having them tabled or postponed. This rule was rescinded in 1844. Ending it cleared the way for the eventual passage of the landmark 1863 Emancipation Proclamation Act that eventually freed all enslaved persons after the end of the Civil War on April 9, 1865. The repeal of the rule also enabled the passage of the 13th, 14th, and 15th Amendments, respectively, outlawing race-based enslavement, recognizing the citizenship of the formerly enslaved Africans and African Americans, and granting them voting rights.

Notwithstanding these laws, there was no cohesive policy on how the nation and states would provide for the successful economic and social transition for the emancipated citizens. At that time in history, truth commissions did not exist for nations ending enslavement like the Truth and Reconciliation Commission convened by South Africa in the aftermath of its dismantling of racial apartheid in 1994. Segmented efforts included the revoked Special Field Orders No. 15 of General William T. Sherman that was to allot 40 acres of land per household for emancipated black families in parts of Georgia and South Carolina for a total of 400,000 acres of confiscated land in the former confederate territory (i.e., commonly referred to as "The 40 Acres and a Mule" policy); the Freedman's Bureau that was created by Congress in 1865 and reauthorized through 1877 to assist emancipated blacks and poor whites in adjusting to the changed economy; and reconstruction policy that was to rebuild the nation after the war.

Further, without a national healing and reconciliation process to deal with the moral and ethical issues stemming from the human rights abuses against Africans and African Americans that facilitated unlawful wealth confiscation, the humanity of blacks was never acknowledged. Consequently, blacks, especially the men, became subjected to criminal enslavement (i.e., prison industrial complex or mass incarceration). According to the 13th Amendment, slavery and involuntary servitude is legal in the USA and its jurisdictions as a punishment for a crime conviction. With this understanding, states implemented Black Codes beginning in 1865 that grew into Jim Crow policies of segregation. Federally, segregation was outlawed nearly 100 years later with the historic passage of policies including the Civil Rights Act of 1964, the Voting Rights Act of 1965, and the Fair Housing Act of 1968. However, persisting incongruent criminal justice policies continue the proliferation of criminal

enslavement for African Americans and other socially marginalized groups.

In 1989, Congressman John Conyers (Dem-MI-13) began introducing legislation that focused on creating a type of truth commission that would study the impact of enslavement and its aftermath. This legislative agenda has faced an "invisible gag rule" over a nearly 30-year period. In January 2017 at age 87, Congressman Conyers reintroduced for his final time, H.R. 40, The Commission to Study and Develop Reparation Proposals for African-Americans Act. He retired in December. Two key aspects of H.R. 40, a national apology and reparations, have been particularly controversial. To date, no US President has issued a national apology for the USA's participation in the enslavement economy and operation of a racially segregated society. In June 1997, President Bill Clinton called for a new national dialogue on race and considered apologizing. However, he was opposed to reparations. In 2008, the House issued H. Res. 194 that apologized for enslavement and its aftermath of racial segregation as a step forward toward racial reconciliation. In 2009, the Senate issued concurrent resolution S.Con.Res.26. This legislation was another apology for the enslavement of and racial segregation against African Americans. It was highly criticized for containing a key provision prohibiting the resolution from being used as a cause for future reparations claims. The 400YAAHCA builds on these two resolutions and can serve as a preliminary step toward an impact study based on its key provision for "acknowledging the impact" of enslavement and racial segregation. If passed, Congressman Conyers' legislation could have provided the impact study that would have been ready for the commemoration.

## Passage of the Act

H.R. 1242 – 400 Years of African-American History Commission Act was signed into law by President Donald Trump on January 8, 2018, during the 115th Congress (2017–2018). Congressional sponsors for the Act introduced the legislation in February 2017. Senator Tim Kaine (D-VA) introduced S. 392 on February 15, 2017. His bill had three cosponsors. Representative Robert C. "Bobby" Scott (D-VA-3) introduced H.R. 1242 on February 28, 2017. His bill had 53 cosponsors.

The initial legislation did not pass that was introduced by these congressional leaders in 2016 during the 114th Congress (2015–2016) under the second term of President Barack Obama, the nation's first president of African descent. A major press conference was held during Black History Month on February 11, 2016, announcing the introduction of congressional bills H.R. 4539 sponsored by Rep. Scott and S. 2548 sponsored by Sen. Kaine. Participants at the press conference included Virginia Senators Tim Kaine (D) and Mark Warner (D), Virginia Representatives Robert C. "Bobby" Scott (D-3) and Don Beyer (D-8), Representative G.K. Butterfield (D-NC-1), Congressional Black Caucus Chair, and Hilary Shelton, NAACP Washington Bureau Director and Senior Vice President for Policy and Advocacy. There were six Senate cosponsors and 65 House cosponsors for this initial legislation. H.R. 4539 passed on July 5, 2016. S. 2548 stalled after being placed on the legislative calendar on September 13, 2016.

There were two prior federal policies establishing commissions to commemorate anniversary periods in the USA ranging from 400 years to 450 years. Congressional and civil rights leaders recognized the historical significance of these policies and included elements from these laws in creating the legislation for the 400YAAHCA. The Jamestown 400th Commemoration Commission Act of 2000 or Public Law No: 106–565 was enacted by President Bill Clinton on December 23, 2000. This Commission was created to lead the 2007 national commemoration of the 400th anniversary of the founding of Jamestown. On March 30, 2009, President Barack Obama signed the Omnibus Public Land Management Act of 2009, also known as, Public Law No: 111-11. Under Subtitle E: Advisory Commissions (Sec. 7404), the St. Augustine 450th Commemoration Commission was established to plan and implement 2015 national activities recognizing the 450th anniversary of the founding of St. Augustine, Florida. Both policies included

provisions authorizing appropriations to carry out the commemorations.

## The Act

The Act is officially titled, To establish the 400 Years of African-American History Commission, and for other purposes. It contains nine sections pertaining to following: the short title, definitions, establishment, commission meetings, commission powers, commission personnel matters, plans and reports, termination, and expenditures. The Act prescribes that there are to be 15 members of the Commission based upon selective criteria. The Commission is authorized to seek donated funds for expenditures because there are no authorized appropriations for this national commemoration. By July 1, 2020, the termination date for the Commission, it is to have submitted its final report that summarizes the commemoration activities, budget, and findings and recommendations.

As indicated in the introduction, the core of the Act is the duties clause in the establishment section of the Act – Section 3(c) as shown below:

> SEC. 3. ESTABLISHMENT.
> (c) Duties. —The Commission shall—
> (1) plan, develop, and carry out programs and activities throughout the United States—
> (A) appropriate for the commemoration;
> (B) to recognize and highlight the resilience and contributions of African-Americans since 1619;
> (C) to acknowledge the impact that slavery and laws that enforced racial discrimination had on the United States; and
> (D) to educate the public about—
> (i) the arrival of Africans in the United States; and
> (ii) the contributions of African-Americans to the United States;
> (2) encourage civic, patriotic, historical, educational, artistic, religious, economic, and other organizations throughout the United States to organize and participate in anniversary activities to expand understanding and appreciation of—
> (A) the significance of the arrival of Africans in the United States; and.
> (B) the contributions of African-Americans to the United States;
> (3) provide technical assistance to States, localities, and nonprofit organizations to further the commemoration;
> (4) coordinate and facilitate for the public scholarly research on, publication about, and interpretation of—
> (A) the arrival of Africans in the United States; and
> (B) the contributions of African-Americans to the United States;
> (5) ensure that the commemoration provides a lasting legacy and long-term public benefit by assisting in the development of appropriate programs; and
> (6) help ensure that the observances of the commemoration are inclusive and appropriately recognize the experiences and heritage of all individuals present at the arrival of Africans in the United States.

## The Act as a Civil Rights Victory

The Act is a commemorative policy in and of itself. Yet, it falls within the purview of the congressional policy area of c*ivil rights and liberties, minority issues*. With its passage, it serves as a type of civil rights victory. The Act serves as a new phase for the nation to realize greater levels of fairness, justice, and equality (Frederickson 2005, p. 32) for African Americans and all citizens. This notion of achieving greater social equity is seen in this reflection by Rep. Scott.

> The commission established by the Act will be charged with the important task of planning, developing and implementing a series of programs and activities throughout 2019 that fully tell the story of African Americans, their contributions to the fabric of our nation, and their resilience over the last 400 years. We cannot hope to see greater levels of social equity today, without confronting the harsh truths of our past, and the history of Virginia and our nation cannot be fully understood or appreciated without learning about every aspect of the African-American experience. (personal communication, May 14, 2018)

Specifically, Sec. 3(c)(1)(C) of the Act acknowledges that the nation's policies of enslavement and racial discrimination have impacted African Americans. Retrospective analysis shows that the crux of the civil rights struggle has been fighting to overcome policies of racial animus that have unfairly and unjustly marginalized African

Americans and others too. With this Act, the federal government has taken another step toward moral and ethical responsibility for its actions during this 400-year period. That acknowledgment presents a sea change moving forward. According to Sen. Kaine (personal communication, May 3, 2018),

> It is impossible to understand the American experience without understanding the African American experience from 1619 to today. We cannot imagine the United States without the contributions of African Americans, and our *400 Years of African-American History Commission Act of 2018* will help us tell that story in both its pain and beauty. As much as we would like history to always move in a positive direction, instead we have often seen a series of advances and retractions. From *Dred Scott* to the end of the Civil War, Jim Crow, disenfranchisement, and the imperfect laws we have today, we have to study the African American experience to improve and grow as a nation. This road toward equality had pain, but it also had great beauty: From Barbara Johns' walk-out of Moton High School leading to the landmark *Brown v. Board of Education* case, to Virginia becoming the first state to elect an African American governor, the grandson of a slave. The commission will help us tell that story and understand how far we've come as well as how far we still have to go.

The commemorative activities planned by the Commission can provide opportunities for additional social healing and racial reconciliation. The Act has the potential to help further address the deeply rooted trauma of racism in the nation's history. While not a truth commission, the Commission's role is still morally uplifting. The implementation of a national commemoration that acknowledges the truth about the impact of America's forms of racial oppression against African Americans is critically important for the nation's continued quest to uphold its founding principles for all of its citizens. H. Shelton expresses (personal communication, May 11, 2018),

> The commission established by this legislation will play a crucial role in recognizing, understanding, and celebrating the resilience and contributions of African Americans to the history of our nation. It is fitting and proper that in this era of questions about the treatment of African Americans by officers of the state, as well as an ever-growing influence in the daily lives of all Americans by people of African descent, that this commission be established now. The goal of this committee should be to help all Americans to better understand, and hopefully take steps to mitigate rather than extend, the ongoing negative effects of the institution of slavery four hundred years after it first came to the shores of our nation.

On July 4, 1776, the nation declared its freedom from Great Britain, which included the acknowledgment that there are universal Truths that all people are created equal and given Rights by their God that include life, liberty, and the pursuit of happiness. However, Africans and African Americans of 1619 descent were excluded by the Declaration of Independence, becoming representative of other groups excluded too. It would not be until 1965 when a strategic "plan of action" was proposed to guide the nation in responding to the generational consequences of exclusionary and unequal citizenship for African Americans. Daniel Patrick Moynihan, then Assistant Secretary for the Department of Labor, wrote the, *Report on the Negro Family: A Call to Action*. The report forthrightly acknowledged key issues relating to the ongoing battle for civil liberties and human rights for African Americans that were the direct result of the unaddressed consequences of the nation's enslavement past. In the opening for Chapter 3, "The Root of the Problem," he wrote the following,

> The most perplexing question about American slavery, which has never been altogether explained, and which indeed most Americans hardly know exists, has been stated by Nathan Glazer as follows: "Why was American slavery the most awful the world has ever known?" The only thing that can be said with certainty is that this is true: it was.

Further, Moynihan concluded that the need for a national plan was based upon the belief that, "Three centuries of injustice have brought about deep-seated structural distortions in the life of the Negro American" (1965). Presently, the Act has the potential to engender justice for the four centuries of social inequity. It lends itself toward greater ethical accountability for upholding the integrity of the USA's founding principles.

## Conclusion

The 400YAAHCA of 2018 is the law authorizing a national commission to commemorate the 400th anniversary of the arrival of Africans at Point Comfort, Virginia, in 1619, and other purposes. There are six key duties of the Commission. The commemoration will highlight the resilience and contributions of African Americans in light of their intense struggle for freedom, liberty, and justice since 1619. While a commemorative policy, the Act is a civil rights victory because it moves the nation from "apologizing" to "acknowledging the impact" of enslavement and racial discrimination caused to this group. The commemoration is preparation to help the nation begin a season of social and economic restoration for addressing the impact.

With the magnitude of emotions associated with this subject, the arts and humanities and other creative fields of human expression are essential for facilitating the commemoration. These fields can greatly shape the commemoration's ability to fashion a narrative tapestry of understanding, healing, and reconciliation for this deeply, complex mosaic of human experience. One example of a tapestry thread is a social healing poem, "The Artesian Renaissance" (Adams-Cooper 2016). It defines "The Artesian Renaissance" as,

> . . . a period of healing and restoration beginning in 2019 with consecration, commemoration, and celebration . . . of the 400-year journey for African Americans that has served as, . . . 'a humanitarian bridge for many cultures to be honored for their diversity, richness, and sanctity within a shared future of purpose, prosperity, and peace for all'. . .

## Cross-References


- ▶ Civil Rights
- ▶ Human Trafficking
- ▶ Mass Incarceration in Urban America
- ▶ Social Equity Leadership


## References


Adams-Cooper V (2016) The artesian renaissance. Author, Albany, GA

Frederickson HG (2005) The state of social equity in American public administration. Natl Civ Rev 94(4):31–38. Retrieved from https://oied.ncsu.edu/selc/wp-content/uploads/2013/03/The-State-of-Social-Equity-in-American-Public-Administration.pdf

Moynihan DP (1965) The Negro family: the case for national action. U.S. Department of Labor, Office of Policy Planning and Research, Washington, DC. Retrieved from https://www.dol.gov/oasam/programs/history/webid-meynihan.htm


A

# Agency Costs and the Quality of Education in the UK Universities


Mudassar Mehmood
Nelson College London, London, UK


## Synonyms

Agency Relationship: Principal-Agent Relationship; Agency Costs: Costs of agency conflicts; Public Sector Organizations: Government owned organizations

## Definitions

| | |
|---|---|
| Agency Relationship | The relationship between managers and shareholders/owners of a business organization. |
| Agency Costs | The costs of inefficient decisions made by the managers of a company that impinge upon the shareholders' interests (see section "Background of Agency Costs"). |
| Public Sector Organization | Whereas a "public sector" organization is the one which has its more than 50% shares |

| | |
|---|---|
| | owned by the government, in this section, the term public organization is used to refer to the former type of organizations. |
| Organizational Performance | Organizational performance refers to the profitability, assets turnover, and share price of an organization (see section "Agency Costs and Organizational Performance"). |

## Introduction

An organization incurs several different types of costs to operate and to generate revenue. Most of these costs are quantitative and therefore are easily traceable. These costs generally appear in management accounts as well as financial accounts of the company. However, some of these costs are not quantitative and therefore are difficult to trace back to their source, and agency cost is one such type of cost. Due to intricate nature, it has widely been researched since its discovery in 1976. This section provides a detailed interpretation of the term "agency costs" and an explanation of different types of agency costs. The section provides an in-depth account of how agency costs impact the performance of private as well as public sector and charity organizations. In doing so, it divides these organizations into profit and nonprofit organizations and evaluates the varying level of impact the agency costs have on the performance of these two types of organizations.

## Background of Agency Costs

Agency costs arise due to the presence of an agency relationship in an organization. These costs or the agency issue is found to be more intense in the large-sized organization as these organizations have their shareholders scattered all around the world. The agency issue has existed since the birth of modern corporations; however, the financial impacts of this relationship on the organizational performance were first introduced by Jensen and Meckling (1976) who proposed that, in absence of the shareholders, the managers tend to pursue personal interests rather than the shareholders', leading to a conflict of interest between the two.

Such conflict of interest leads to the creation of different types of costs, known as the agency costs. These costs, unlike the cost of goods sold or salaries and wages, are subjective as well as indirect costs. These costs aren't recorded in any financial statements but are significant enough for the owners to devise strategies to monitor, control, and minimize them. Nevertheless, according to Jensen and Meckling (1976), such cost can be quantified by using various proxy variables and financial ratios. By definition agency costs are the costs of management's decision taken to serve personal interest rather than the shareholders'. For example, if managers declare bonuses at costs of the dividend to the shareholders, then these bonuses are classed as agency costs. Similarly, if managers, to secure their positions, invest in low-risk projects which do not yield significant returns to the shareholders, such investments can also be classed as agency costs. Agency costs, in a nutshell, have many facets and they exist in an organization in many forms. Nevertheless, there are certain proxies which can be used to sum up, identify, and quantify these costs.

The agency costs may arise as a result of a conflict of interest not only between shareholders and the managers but also between the shareholders and debtholder or between two or more parties or stakeholders in an organization. So, using the stakeholders as a base, these costs can be divided into two main categories: agency costs of equity and agency costs of debt. Agency costs of equity are the costs that result from the conflict of interest between the managers and shareholders of an organization. These costs may also arise as a result of the conflict of interest between minority shareholders and large shareholders. The agency costs of debt on the other hand are the outcome of conflict of interest between the shareholders and debtholders. If managers serve the interest of debtholders of an organization rather than its shareholders, then it creates the agency costs of debt. For example, debtholders prefer the

managers to invest their funds in low-risk projects, generally because such investments guarantee the repayment of their funds. However, such investments yield a significantly lower level of returns; and the shareholders prefer investment in the higher-risk projects which yield higher returns. Thus there arises a conflict of interests between the debtholders and shareholders.

## Proxies of Agency Costs

There are three main financial ratios which are used as proxies of agency costs, and these are assets turnover ratios, operating expense ratios, and leverage ratios. Assets turnover ratios determine how efficiently the managers utilize organizational resources in generating revenue. A lower assets turnover suggests an inefficiency on the part of the managers to generate revenue. Operating expense ratio on the other hand reveals management's ability to control organizational expense/costs. A higher operating expense ratio implies managers' incompetency in controlling organizational expenses and vice versa. Leverage ratio signals a conflict of interest between shareholders and debtholders. In this regard, long-term debts to total assets are usually the preferred ratio to determine the leverage level of an organization. A higher leverage ratio indicates the possibility that the managers prioritize debtholders' interest over the shareholders' interest and vice versa.

## Agency Costs and Organizational Performance

The term "performance" can be interpreted differently depending upon the underlying aim of a research study. Generally, there are different indicators which are used to measure the performance of an organization, and these are profitability, assets turnover, share price, etc. However, these indicators are used to measure the objective (quantitative) performance of for-profit organizations. The definition of the term "performance" changes for public sector or nonprofit/charity organizations. Therefore, in nonprofit or charity organizations, the performance is generally referred to the maximization of public utility.

Numerous studies (Geis 2006; Sitkoff 2004) have established that the agency costs exist widely in private sector for-profit organizations; these organizations generally suffer from relatively lower assets turnover, higher operating expense, and higher reserves of free cash flow. Moreover, these costs have been found to have an inverse relationship with the performance of organizations; in private for-profit organizations, a higher level of the operating expense ratio and lower level of assets turnover ratio result in lower organizational profitability as well as lower share price.

Public sector organizations may be for-profit or nonprofit organizations. Nevertheless whatever the aim a public sector organization has, it is likely to suffer from the agency costs like the private sector organizations. This is because the separation of ownership and control also exists in public sector organizations, which is the root cause of agency issue and agency costs. However, unlike a private sector organization, the owner in the public sector organization is generally the government of a country. Moreover, it is not the government that is the ultimate stakeholder in public sector organizations but the general public and taxpayers. Therefore, the government is interested in the maximization of the welfare of the society and maximization of the public utility rather than the maximization of wealth. However, the public sector organizations suffer from a lower level of agency costs as compared to the private sector organizations; this is because the governments are in a relatively stronger position, as compared to private shareholders, to exercise power over the management of public sector organizations. The government requires the management to provide regular reports on the financial and nonfinancial performance of public sector organizations and takes necessary actions when the performance starts falling below a certain threshold. Among the public sector organizations, the organizations which have given relative higher powers to their CEOs suffer from a higher level of agency costs as the CEOs in these organizations are in a stronger position to camouflage

the decisions they make to serve their interests. Thus, in a nutshell, the public sector organizations suffer from a lower level of agency cost as compared to the private sector organization. And overall, the public sector organizations with low CEO powers suffer from the lowest level of agency costs.

However small the agency costs, their presence in itself necessitates the use of different monitoring and bonding mechanisms to control them and prevent them from escalation. The bonding mechanism generally includes offering stock, bonuses, and perks to the management. The mechanism to monitor and control management activities includes regular reporting of companies' performance, an audit of companies' account by external auditors, and hiring external, independent individuals as a member of the board of directors. However, in the case of public sector organizations, some of these bonding and monitoring mechanism cannot be used for various reasons. For example, in the case of public sector organizations, governments assume the ownership of the organizations. So offering stock to the management beyond a certain level will result in the transfer of ownership to the private individuals or at minimum sharing the control of the organization with them. Technically, a public sector organization which transfers 51% share to private individuals becomes a private sector organization. Therefore, governments prefer to use more of a monitoring mechanism to resolve agency issue and minimize the agency costs over the bonding mechanisms. Another commonly proposed approach to mitigate the agency costs in public sector organization is to run such organizations in partnership with the private sector while keeping the overall ownership with the government. This solution prevents the transfer of ownership to the private sector and at the same time benefits from the bonding and monitoring mechanism used by the private sector organizations. However, such a strategy may have certain legal, security, and security implications. For example, a government partnership in the communication industry with the private sector may compromise national security; during critical times, foreign elements may interfere with the network and disable countrywide communication restricting the mobility to necessary resources. Nevertheless, there are other organizations which may safely be operated in partnership with the private sector such as postal service, schools, etc. Besides the public sector organizations, the private nonprofit and charity organization also suffer from agency issues and agency costs. The key difference between the charity and nonprofit organizations is that the nonprofit organization engages in some kind of trading or service-providing activity to generate revenue and the charity organization, generally, does not engage in such activities but instead relies on the subscribers to generate revenue (funds). However, the public organization, private nonprofit organizations, and charity organization are founded to serve a similar purpose, i.e., maximizations of public utility. But in the case of the charity organizations, the subscribers work as the principles of the organizations and the governments assume the responsibility to regulate such organizations. Although these organizations are generally under direct government supervision, yet the level of supervision these organizations face is less than those of public and private sector organization resulting in the creation of agency costs; the management in absence of supervision or in presence of minimal supervision misappropriates organizational resources and work for personal interests rather than those of subscribers' or governments'. Therefore a more suitable approach to mitigate the agency costs in such organizations is to increase monitoring of management activities and supervision of the reporting system.

## Agency Costs in the UK Universities

UK universities are classed as public sector nonprofit organizations serving UK households. The main source of their revenue, besides students fees, is the funding they receive from the UK government, and for that reason, they are closely monitored by various government regulatory authorities. The overall aim of these universities is the provision of quality education to UK students, which is also the criteria to measure their

performance. The quality of education here refers to the ranking of the UK universities as determined by the universities league table. The UK government uses several controlling and monitoring mechanism to manage the performance of these universities. For example, these universities regularly undergo various quality assurance visits by regulatory authorities; they have to get their account audited by a government-nominated auditors, and they have to provide certain reports to the regulatory authorities on regular basis. The universities as well as the overall education sector in the UK are considered as one of the most regulated sectors in the UK and around the world. Perhaps for these reasons, the universities in the UK do suffer from an unconventional type of agency costs which have unique dynamics with the performance of the universities. These universities suffer from relative higher agency costs (in form of higher operating expense ratios and lower assets turnover ratio) as compared to organizations in other sectors; however, the higher level of agency costs seems to have been positively impacting the performance of these universities (Mehmood 2020). As a result, the universities which suffer from higher agency costs provide a higher quality of education than the universities which suffer from lower agency costs. Overall, it can be argued that these universities, rather than focusing on the optimum utilization of the resources, focus more on ensuring the sufficient availability of resources for all their students, that is, a relatively large number of resources are made available to a relatively fewer number of students. Moreover, these universities acquire good-quality resources and hire highly qualified and experienced staff member and lecturers at the cost of increased operating expenses to ensure the provision of quality education. Nevertheless, theoretically, being a public sector organization, these universities are meant to face a certain level of agency costs. However, there are various mediating or transforming factors, such as the government regulation and stringent nature of these regulations, that reverse the role of agency costs in determining the performance of these universities.

Generally, the organizations which are opined to suffer from minimal or zero agency costs are those which are managed by their owners. These organizations can be used as a benchmark to assess the level of agency costs suffered by other organizations. However, the practice of owner managing the organization is mainly found in the micro organizations, whereas the agency costs are mainly prevalent in large-scale organizations. In retrospect, the UK universities present a new paradigm of dynamics of agency costs, that is, a higher level of agency costs may have a positive impact on the performance of an organization provided that the performance is measured in nonmonetary terms that the agency costs are traded off for enhancement of nonmonetary performance.

## Conclusion

Agency costs exist in almost every public and private sector organization except if these organizations are managed by their owners. However, the public sector organizations suffer from a relatively lower level of agency costs as compared to private sector organizations. A key reason behind the low level of agency costs in public sector organizations is the governments acting as principles of these organizations; governments, as compared to the shareholders, are in a much better and stronger position to discipline managements if their interests are misaligned. Generally, agency costs negatively impact the performance of an organization, be it a public or private sector organization. However, in case of UK universities, which are government-regulated nonprofit public organizations, the agency costs have been found to have positive impact on performance of these universities. This unusual relationship between the agency costs and the performance calls for an investigation if this phenomenon (of the positive relationship between agency costs and performance) exists in public sector nonprofit organization operating in other sectors of the economy within the UK and outside the UK, and the UK universities are a unique case study.

## References

Geis GS (2006) Business outsourcing and the agency cost problem. Notre Dame Law Rev 82:955
Jensen MC, Meckling W (1976) Theory of the firm: managerial behaviour, agency costs & ownership structure. J Financ Econ 3(4):305–360
Mehmood M (2020) Agency costs and performance of UK universities. Public Org Rev 2:197–202
Sitkoff RH (2004) An agency costs theory of trust law. Cornell Law Rev 89:683–684

# Agency Rulemaking

Elizabeth Wheat
Public and Environmental Affairs (Political Science), University of Wisconsin-Green Bay, Green Bay, WI, USA

## Synonyms

Administration; Bureau; Department; Government

## Definition

Administrative Procedure Act (APA): a federal statute that specifies the rules and procedures federal administrative agencies of the US government must follow. The APA also specifies how agencies must propose and pass federal regulations.
Agency deference: based on the *Chevron* doctrine, if a statute does not directly speak to an issue, then the Congress is deemed to have delegated power, or deferred, to the agencies to use their expertise.
Adjudication: an administrative procedure conducted by an agency that can be formal or informal. In a formal process, agencies conduct hearings that resemble trials and include witnesses, a written record, and final ruling. Informal adjudication consists of inspections, meetings, or negotiations.
Federal Register: a daily publication by the National Archives and Records Administration of the US government in which all proposed and final regulations and administrative orders are made available.
Orders: the product of the adjudication process conducted by agencies. Orders are only binding on the parties involved.
Rulemaking: the process agencies use to create regulations, also known as rules. Through this process, administrative agencies create detailed regulations based on their own scientific expertise, public input, industry feedback, and oversight from congressional committees or other actors.
Rules: the product of the rulemaking process conducted by agencies. The Administrative Procedure Act defines them as "the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret or prescribe law or policy." Rules are binding and enforceable on the public.

## Introduction

In the US political system, federal agencies are part of the executive branch, yet are tasked with many responsibilities that can be perceived as legislative because the rules they produce through rulemaking have the effect of law. This chapter will first look at the statutes defining agency powers, responsibilities, and processes, rulemaking, adjudication, review by the courts and the Congress, guidance documents, and then a controversial rulemaking process from December 2015 by the Environmental Protection Agency (EPA).

## Background

After the Congress fulfills its responsibility to pass bills that become law and delegates responsibility to agencies through enabling statutes, the federal agencies must then implement these laws and provide a level of detail and expertise the Congress could not (Lubbers 2006; Office of the Federal Register 2016; U.S. Legal 2016). This is done through the rulemaking or adjudication process. Agencies can and do use both processes. The

National Archives and Records Administration publishes the rules every business day in the *US Federal Register* (Government Publishing Office 2016). The final rules and orders may also be accessed at the Federal Register website (Federal Register 2016). In the Administrative Procedure Act (APA), which will be discussed shortly, the required steps and rulemaking process are set forth.

As part of rulemaking and adjudication, agencies gather information from studies and surveys, and data collection is done by the agency itself or by other agencies, private companies, public organizations, or consultants. The Office of Information and Regulatory Affairs (OIRA) established by the 1980 Paperwork Reduction Act and part of the White House Office of Management and Budget (OMB) facilitates this process and reviews the agency's proposal and supporting documentation (DoD Regulator Program 2016). Per allocations and budgeting determined by the OMB, OIRA has desk officers responsible for specific agencies and the same officer will review both the paperwork and regulatory proposals. 5 C.F.R. 1320.9 states that a desk officer will allow an agency to start an information collection activity if the officer is satisfied; the information is "the least burdensome necessary for the proper performance of the agency's functions to comply with legal requirements and achieve program objectives; not duplicative of information otherwise accessible to the agency; and of practical utility" (Center for Effective Government 2016). Once the proposal is approved by the OIRA, an "OMB control number" is assigned and an agency may proceed in the regulatory planning process. Based on 2011 staffing allocations, 30–40 desk officers review approximately 3000 information collection requests and 500–700 significant rules annually (Congressional Research Service 2011, p. 30; Center for Effective Government 2016).

## Administrative Procedure Act (APA)

Under the APA, agencies may choose to use either rulemaking (to create rules) or adjudication to create policy and orders (Funk and Seamon 2009). For each of these processes, agencies may use formal or informal approaches. Rulemaking and adjudication, formal approaches, will be the focus of this chapter, but examples of informal ways agencies make policy include the following: "press releases, speeches, statements, letters, advisory opinions, rulings, negotiation and litigation strategies" (Lubbers 2006).

The APA defines a rule as "the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret or prescribe law or policy" (Administrative Procedure Act 1946). They are binding and enforceable on the public. The statute sets forth the general process of creating a regulation which involves the following: an agency begins the rulemaking process and posts plans on the Regulatory Agenda, a rule or order is published on Regulations.gov, a specified timeframe for comments is set, and the final rules are then published on Regulations.gov (U.S. Department of State 2016). Rules and regulations are binding and enforceable, meaning they have the effect of law on the entire public. Orders are only binding on the parties in the adjudication (Lubbers 2006).

One purpose of rulemaking is to inform the public about proposed policies before they take effect. This gives citizens, experts, interested parties, etc. the opportunity to comment and provide additional data or feedback to the deciding agency (Administrative Procedure Act 1946; Araiza 2000). The agency's rulemaking record, data, and analysis can also be evaluated during this time. A second purpose is for the agency to have a forum to respond to the public's comments and create an official record of its decision-making that can be reviewed by the courts (U.S. Department of State 2016). The National Archives maintains an e-Rulemaking website as a guide to electronic rulemaking initiatives and to provide interested parties with the ability to comment online (National Archives 2016).

Agencies specify the length of time for public comments in the "Dates" portion of the Federal Register. Most periods range from 30–60 days, but agencies can extend it longer if needed and justified. If an agency feels it has not received

enough high-quality comments or there is a public demand for more time, agencies may reopen comments or issue multiple proposed rules (Office of the Federal Register 2016). In addition to written or digital comments, agencies may hold public hearings to allow the public to submit statements or data. Some agencies such as the Federal Motor Carrier Safety Administration (FMCSA) use webcasts or interactive web sessions to help broaden the audience giving comments (Minimum Training Requirements for Entry-Level 2013). Once the comment period has concluded, an agency is required to base its rule on the record, data, expert opinions, comments, and additional information gathering during the proposed rule stage (Office of the Federal Register 2016).

## Rulemaking Process

Prior to issuing a proposed rule, an agency may receive a "Petition for Rulemaking" from a citizen or it may choose to initiate the rulemaking process itself. In the early stages of developing a rule, public comments may be submitted and the agency can publish an "Advance Notice of Proposed Rulemaking" (ANPRM) in the Federal Register (Cornell University 2016). These notices are part of the notice-and-comment processes in administrative law. Any interested person or group may submit feedback (Office of the Federal Register 2016; Center for Effective Government 2016).

Once an agency has chosen to undertake rulemaking, it must comply with Executive Order 12866 Regulatory Planning and Review and publish a "Regulatory Rule" yearly in the fall and an "Agenda of Regulatory and Deregulatory Actions" each April and October (Center for Effective Government 2016; Department of Defense 2016). These documents are called the "Unified Agenda" and agencies use it to announce their actions and update the public in compliance with the APA (Office of the Federal Register 2016). These publications are important for notifying the public that an agency plans to develop regulatory actions.

A final rule will include a "Summary" section discussing the problems and goals necessitating the rule, provide an "Effective Date," and identify the legal authority for making the rule. Any supplementary information obtained during the notice-and-comment period will be published with the final rule (Cornell University 2016; Office of the Federal Register 2016). As stated in the Congressional Review Act, final rules take effect no less than 30 days after the publication date with significant and major rules go into effect a minimum of 60 days later (Center for Effective Government 2016; Administrative Procedure Act 1946). This extended period of time allows the Congress and the Government Accountability Office (GAO) to review a rule and consider passing a resolution of disapproval to be signed by the president. Only one rule has been disapproved by the Congress since 1996 when the process began (Office of the Federal Register 2016). On August 6, 2015, Senators Ayotte (R-NH), Collins (R-Maine), Cornyn (R-TX), Ernst (R-IA), Johnson (R-WI), King (I-ME), and Perdue (R-GA) introduced S. 2006: Regulatory Accountability Act, calling for greater congressional input on how regulations are developed and requiring agencies to do further advance work to justify the need for issuing additional rules (Nord 2015; Regulatory Accountability Act of 2015 2015).

## Types of Rulemaking

There are three types of rulemaking: formal, informal, and negotiated. Formal rulemaking is similar to a courtroom procedure and requires a hearing on the record with evidence before an administrative law judge (ALJ) or panel of judges. The ruling from this hearing may be reviewed by a higher federal court. The APA puts forth formal rulemaking procedures at the federal level, but states may have separate formal rulemaking procedures for state laws (Justia 2016).

Using informal rulemaking under the APA, informal rulemaking involves notice and comment and publication in the Federal Register. This will be discussed shortly in the Rulemaking section of this chapter.

Negotiated rulemaking, "Neg-Reg" is conducted by the agency formulating the rule. A small number of interested parties are invited to discuss the rule and attempt to reach a consensus that can then be used as the basis for the agency's proposed rule (Office of the Federal Register 2016). The Negotiated Rulemaking Act of 1990 provides this structure and the Congress can mandate an agency to use it when they pass a bill. This process enables agencies to improve their rule by receiving feedback and addressing concerns affected parties may have prior to the rule's enactment. Due to the difficulty of incorporating the views of many diverse parties who could be affected by a rule, though, agencies do not use Neg-Reg often (Center for Effective Government 2016).

## Types of Adjudication

Adjudication can be formal or informal. In a formal process, agencies conduct hearings that resemble trials and include witnesses, a written record, and final ruling. Informal adjudication consists of inspections, meetings, or negotiations. Adjudications are held by administrative law judges, who issue a ruling subject to appeal to the agency's highest administrative authority (U.S. Legal 2016).

## Rulemaking Versus Adjudication

Whether an agency relies on rulemaking or adjudication varies throughout the bureaucracy and the Congress may require one process or the other in a law (Office of the Federal Register 2016). For example, the National Labor Relations Board (NLRB) primarily uses adjudication and has been criticized for not using rulemaking on more occasions (Lubbers 2010). Environmental statutes such as the Resource Conservation and Recovery Act and Clean Air Act, in contrast, require the EPA to issue rules on specific issues such as performance standards and national ambient air quality standards (Lubbers 2006).

*SEC v. Chenery Corporation* (1947) first noted the general concept that it is the agency's choice between rulemaking and adjudication. The majority opinion held, "[t]he function of filling in the interstices of the Act should be performed, as much as possible, through the quasi-legislative promulgation of rules to be applied in the future. . .the choice between proceeding by general rule or by individual, ad hoc litigation, is one that lies primarily in the informed decision of the administrative agency" (Araiza 2000; Lubbers 2006). In *Christensen v. Harris County* (2000) and *United States v. Mead Corporation* (2001), the Supreme Court held that the deference explained in *Chevron v. NRDC* (year) should apply to agencies when the Congress has delegated rulemaking power to the agencies as long as their interpretation is consistent with that power (Lubbers 2006).

In some instances, when adjudication was used to make policy rules, there have been questions of whether §553 of the APA on Rulemaking, requiring notice and comment, was violated. The NLRB received this criticism because of the agency's refusal to use rulemaking (Lubbers 2006). The Supreme Court upheld the *Chenery* rationale in *NLRB v. Bell Aerospace Co*. (1974).

Former Administrative Conference of the United States General Counsel Richard K. Berg identified the following advantages of rulemaking:

1. Rules are fairer to participants because they allow broader participation.
2. It is a prospective process in contrast to the responsive nature of adjudication.
3. Rules provide more clarity and uniformity.
4. Rules are more efficient and flexible because of the notice-and-comment provisions.
5. Rules give agencies greater control over their policy agenda because they do not have to wait to respond to an issue.
6. Rulemaking is more efficient because they produce a general principle instead of case-specific decision (Lubbers 2006; Berg 1986).

Advantages of adjudication include the following: (1) it can avoid the complex procedures of rulemaking; (2) it may be easier to modify an order than major rules; (3) adjudication can minimize conflict with overseeing committees or

agencies; and (4) decisions reached by adjudication are situation-specific and can therefore avoid being over inclusive or under inclusive (Eyer 2008). Limitations of adjudication include the narrow formal scope of the process, limited number of parties involved, "nature of the dispositive facts as 'adjudicative' rather than 'legislative,' and the incremental nature of the common law court system" (Arazia 2000).

## Review

In addition to citizens having opportunities to review and provide feedback, the Office of Information and Regulatory Affairs (OIRA) assists the president with analyzing draft-proposed rules deemed "significant." If a rule is found to raise an important policy issue or have economic effects, it is classified "significant" and the drafting agency must include both a cost-benefit analysis of the rule, known as a "Regulatory Impact Analysis," and discussion of proposed alternatives (Cornell University 2016; Office of the Federal Register 2016). Additional evaluation may be done for impacts of rules on small businesses, state, local, and tribal governments, and families.

After the rulemaking process has concluded, the OIRA and president may review a proposed "significant" rule prior to publication in the Federal Register. Agencies can also consult with other agencies that will be responsible for helping with implementation, and in some cases this interagency review is mandatory (Center for Effective Government 2016). For example, when the Environmental Protection Agency is designating a Department of Defense (DOD) Superfund site, the DOD would have likely review the rule and provide input to the EPA. Similarly, the Department of Transportation (DOT) would review EPA rules on motor vehicle emission standards. Most mandatory review involves the Office of Management and Budget (OMB) (Models in Environmental Regulatory 2007).

The final area of review is done by the court system. A court can review a rule for the following: whether it is constitutional, if it exceeds the agency's legal authority, was it made without the APA-required notice-and-comment period, was it arbitrary and capricious (as defined by the APA and legal precedent), did the agency administrator abuse his/her discretion, or did the agency fail to act in a timely manner (Office of the Federal Register 2016; U.S. Legal 2016). If a court finds the agency made an error or any of these areas of review failed, the rule is set aside or vacated temporarily to give the agency the opportunity to correct the problem (Office of the Federal Register 2016).

## Guidance Documents

To assist the public in understanding how a regulation applies, agencies may issue interpretive rules, policy statements, or other guidance documents. These documents can explain how to interpret a rule as it applies to a specific statute, as it applies to a specific case, or how a citizen or business should comply. Guidance documents cannot set new legal standards and do not go through the APA notice-and-comment process. They may be published in the Federal Register or on an agency's website (Office of the Federal Register 2016).

## EPA "Waters of the United States" (WOTUS) Rulemaking Controversy

To illustrate one example of the challenges of rulemaking for an agency and affected parties, the Environmental Protection Agency's WOTUS rule will be discussed (Environmental Protection Agency 2015). There are two rulemaking disputes in this case: the rule itself and the means the EPA used to elicit support for the rule during the public notice-and-comment period.

On June 29, 2015, the EPA redefined "waters of the United States" in 80 Fed. Reg. 37054 and it became known as the Clean Water Rule. The rule was set to take effect on August 28, 2015, but a federal district court judge issued a stay right away that covered 13-state party to one legal challenge, and a federal appeals court affirmed

the stay, extending it to the entire country (Leahy 2015). The Clean Water rule would create eight categories of jurisdictional waters with the majority covered by the CWA and a few covered by the agency's "significant nexus" test. The purpose of these categories from the agency's perspective is to clarify the jurisdictional boundaries for the EPA and Army Corps of Engineers and to state which types of water need a case-by-case analysis instead (Beck 2015). The rule itself was designed to make the National Pollution Discharge Elimination System (NPDES) permit system easier and to make sure Corps-issued NPDES permits were in compliance with 2001 and 2006 opinions of the Supreme Court (Montgomery and Antoniolli 2015; Cohen 2015).

Critics of the rule argue that it expands the EPA's authority too far, violating the statute's original intent and the APA, that the "significant nexus" test could be difficult to apply in practice, and that the rule is unconstitutional. Almost immediately after the rule became final, there were ten pending lawsuits in eight district courts and 29 states participating in two federal suits (Montgomery and Antoniolli 2015; Leahy 2015; Cohen 2015). As one example of the court's involvement, in *State of Ohio*, et al. *v. U.S. Army Corps of Engineers* (2015), the Sixth Circuit issued a nationwide stay of the EPA's rules defining "waters of the United States" under the Clean Water Act (CWA) (Cavender 2015).

The GAO issued a finding on July 24, 2015 stating the EPA complied with APA requirements prior to issuing the final rule (Montgomery and Antoniolli 2015). On December 14, 2015, though, the GAO issued a report that found the EPA violated federal law on grassroots lobbying when it used Thunderclap to lobby for public support for the WOTUS rule (Fatka 2015). Thunderclap is a social media service to share messages across multiple social media platforms including Facebook, Twitter, and Tumblr (Thunderclap 2016). The GAO estimated Thunderclap posted the EPA's message on 980 social media accounts on September 29, 2014, and reached approximately 1.8 million people (Fatka 2015).

The legal decision by the GAO argued the EPA's use of Thunderclap was "covert propaganda" and violated restrictions on indirect or grassroots lobbying. It also violated the Anti-deficiency Act, barring employees of the government from using funds unless legally authorized. The GAO stated, "At issue here is whether the EPA violated publicity or propaganda and anti-lobbying provisions concerning the use of its FY 2014 and 2015 appropriations. The use of appropriated funds associated with implementing EPA's Thunderclap campaign and establishing hyperlinks to the NRDC and Surfrider Foundation webpages violated prohibitions against publicity or propaganda and grassroots lobbying contained in appropriations acts for FYs 2014 and 2015. Accordingly, EPA should report the violation to the president and Congress, with a copy to the Comptroller General, as required by the Anti-deficiency Act. The agency should determine the cost associated with the prohibited conduct and include the amount in its report of its Anti-deficiency Act violation" (Government Accountability Office 2015; Leahy 2015).

Lobbying organizations such as the National Cattlemen's Beef Association, American Farm Bureau Federation, and Heartland Institute have strongly opposed the WOTUS rule and supported litigation to try and stop it from taking effect (Cohen 2015). The House of Representatives voted to prevent the rule from taking effect and the Senate attempted to do the same, but fell short of the necessary 60 votes to override President Obama's veto on January 19, 2016 (Fatka 2015; Korte 2016). In his veto message, President Obama said, "Too many of our waters have been left vulnerable. Pollution from upstream sources ends up in the rivers, lakes, reservoirs, and coastal waters near which most Americans live and on which they depend for their drinking water, recreation, and economic development" (Korte 2016).

The WOTUS controversy illustrates the difficulties of agencies such as what the EPA can face when they are trying to follow statutory requirements such as the CWA and presidential directives for policy improvements. It also shows how a rule can be interpreted and applied by the court system.

## Conclusion

Agency rulemaking is an important process for making policy and for giving citizens the opportunity to participate. Through statutes such as the APA, agencies have formal and informal procedures to follow and both the Congress and the courts retain oversight authority. Though not without its limitations, agency rulemaking plays a critical role in US policymaking.

## Cross-References

▶ Bureaucracy and Public Policy
▶ Formal Rulemaking in Public Administration

## References

Administrative Procedure Act, 5 U.S.C. §§ 551–559 (1946). http://www.archives.gov/federal-register/laws/administrative-procedure/556.html. Retrieved 1 Apr 2016

Araiza WD (2000) Agency adjudication: the importance of facts, and the limitations of labels. Wash Lee Law Rev 57(2):351–404

Beck LE (2015) Monday morning regulatory review-12/28/15: a regulatory appropriation. Federal Regulations Advisor website: http://www.fedregsadvisor.com/2015/12/27/monday-morning-regulatory-review-122815-a-regulatory-appropriation/. Retrieved 1 Apr 2016

Berg RK (1986) Re-examining policy procedures: the choice between rulemaking and adjudication. Adm Law Rev 38(2):149–180. http://www.jstor.org/stable/40709330

Cavender AB (2015) "Waters" run through it: sixth circuit confirms jurisdiction to hear challenges to new rule. http://www.lexology.com/library/detail.aspx?g=31136673-62f1-4bfb-b89e-77a5469f8b40

Center for Effective Government (2016) Notice-and-comment rulemaking. http://www.foreffectivegov.org/node/3463. Retrieved 1 Apr 2016

Cohen BR (2015) States sue over WOTUS. Heartland website: http://news.heartland.org/newspaper-article/2015/07/29/states-sue-over-wotus. Retrieved 1 Apr 2016

Committee on Models in the Regulatory Decision Process, Board on Environmental Studies and Toxicology, Division on Earth and Life Studies, National Research Council, Comps (2007) Models in environmental regulatory decision making. National Academies Press. http://www.nap.edu/catalog/11972/models-in-environmental-regulatory-decision-making

Congressional Research Service (2011) Federal rulemaking: the role of the Office of Information and Regulatory Affairs. (C. W. Copeland, Author). https://mspbwatch.files.wordpress.com/2013/02/federal-rulemaking-the-role-of-the-office-of-information-and-regulatory-affairs.pdf

Cornell University (2016) What is rule making? Regulation Room website: http://regulationroom.org/learn/what-rulemaking. Retrieved 1 Apr 2016

Department of Defense (2016) DoD regulatory program http://www.dtic.mil/whs/directives/infomgt/regulatory/process/omb_approval.htm. Retrieved 1 Apr 2016

Environmental Protection Agency (2015) Clean water rule. https://www.epa.gov/cleanwaterrule. Retrieved 1 Apr 2016

Eyer KR (2008) Administrative adjudication and the rule of law. Adm Law Rev 60(3):647–706

Fatka J (2015) EPA violated rulemaking procedures in WOTUS rule. http://feedstuffs.com/story-epa-violated-rulemaking-procedures-wotus-rule-45-135201. Retrieved 1 Apr 2016

Federal Register (2016) Homepage. https://www.federalregister.gov. Retrieved 1 Apr 2016

Funk WF, Seamon RH (2009) Administrative law, 3rd edn. Aspen, New York

Government Accountability Office (2015) Environmental Protection Agency–application of publicity or propaganda and anti-lobbying provisions (Report No B-326944) (Government Accountability Office Author). GAO. http://www.gao.gov/products/B-326944

Government Publishing Office (2016) Homepage. https://www.gpo.gov. Retrieved 1 Apr 2016

HYPERLINK "http://www.lexology.com/1751/author/Anthony_B_Cavender/" Cavender AB (2015) "Waters" run through it: sixth circuit confirms jurisdiction to hear challenges to new rule. http://www.lexology.com/library/detail.aspx?g=31136673-62f1-4bfb-b89e-77a5469f8b40

Justia (2016) Formal rulemaking. https://www.justia.com/administrative-law/rulemaking-writing-agency-regulations/formal-rulemaking/. Retrieved 1 Apr 2016

Korte G (2016) Obama vetoes attempt to kill clean water rule. USA Today. http://www.usatoday.com/story/news/politics/2016/01/19/obama-vetoes-attempt-kill-clean-water-rule/79033958/. Retrieved 25 Mar 2016

Leahy MP (2015) Constitutional law professor: GAO report 'A black eye for the EPA.' Breitbart. http://www.breitbart.com/big-government/2015/12/16/constitutional-law-professor-gao-report-black-eye-epa/. Retrieved 21 Mar 2016

Lubbers JS (2006) A guide to federal agency rulemaking, 4th edn. ABA, Chicago

Lubbers JS (2010) The potential of rulemaking by the NLRB. FIU Law Rev 5(2), 411–436. http://ecollections.law.fiu.edu/lawreview/vol5/iss2/10/?utm_source=ecollections.law.fiu.edu%2Flawreview%2Fvol5%2Fiss2%2F10&utm_medium=PDF&utm_campaign=PDFCoverPagelawreview/vol5/iss2/10. Retrieved 14 Mar 2016

Minimum Training Requirements for Entry-Level Commercial Motor Vehicle Operators, 49 C.F.R. § Parts 380, 383, and 384 (Feb. 28, 2013). https://www.regulations.gov/#!documentDetail;D=FMCSA-2007-27748-0790. Retrieved 22 Mar 2016

Montgomery J, Antoniolli A (2015) EPA and the U.S. Army Corps of Engineers "clarify" the "Waters of the United States" definition and exclusions. http://www.schiffhardin.com/Templates/Media/Files/Publications/PDF/Environmental_20150812.pdf. Retrieved 1 Apr 2016

National Archives (2016) E-Rulemaking web sites. http://www.archives.gov/federal-register/public-participation/rulemaking-sites.html. Retrieved 1 Apr 2016

Nord N (2015) Regulatory reform bills could improve agency rulemaking. http://thehill.com/blogs/congress-blog/255217-regulatory-reform-bills-could-improve-agency-rulemaking. Retrieved 1 Apr 2016

Office of the Federal Register (2016) A guide to the rulemaking process. https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf. Retrieved 1 Apr 2016

Regulatory Accountability Act of 2015, S. 2006, 114th Congress, 1st Session (2015)

Thunderclap (2016) Frequently asked questions. https://www.thunderclap.it/fa. Retrieved 2 Apr 2016

U.S. Department of State (2016) Rulemaking. http://www.state.gov/m/a/dir/rulemaking/c42660.htm. Retrieved 1 Apr 2016

U.S. Legal (2016) Types of administrative agency action: rulemaking, adjudication, investigation. http://administrativelaw.uslegal.com/three-types-of-administrative-agency-action-rulemaking-adjudication-investigation/. Retrieved 1 Apr 2016

# Agency Theory in Organizations

Fred Thompson
Atkinson Graduate School of Management, Willamette University, Salem, OR, USA

## Synonyms

Conflicts of interest; Financial economics

## Definition

Agency theory is concerned with a specific class of transactional relationships, those involving actors with partially conflicting interests, which are potentially fraught by imperfect and/or asymmetric information.

## Introduction

In this particular class of transactions, the dyad comprises a nominal superior and a nominal subordinate – in the literature of social institutions, master-servant, supervisor-supervisee, employer-employee, or principal-agent relationships. Hence, unlike other strategic relationships, we presume that the preferences of one of the parties, those of the nominal superior, are somehow more legitimate than those of the other. This presumption is fundamental to an understanding of the concept.

Shakespeare's *Tragedy of Romeo and Juliet* aptly illustrates the nature of the agency relationship. In this story, a young lady, Juliet, entertains proposals from various suitors. She selects Romeo, based on ex parte talks from her balcony. Of course, our initial reaction is that Juliet's preference for Romeo is her business alone. And, we would be callous, indeed, not to sympathize with the star-crossed lovers. But, this reaction reflects an implicit assumption that this is a transaction involving two principals, Romeo and Juliet. It is not. The tragedy arises because Juliet is not a principal in Shakespeare's story; she is an agent. The paterfamilias Capulet is the principal and he counts on Juliet to accept Paris, his friend, as her partner. Unfortunately, Juliet's preferences are not the same as her father's. Moreover, because Capulet is unaware of Juliet's inclinations or Romeo's seductions, she is given the opportunity to pursue her infatuation and disloyally does so. In the end, "all are punished": Juliet dies, Romeo dies, and so does poor, blameless Paris. Moreover, this unhappy outcome can be attributed directly to monitoring and enforcement failures on the part of Capulet.

Note that, like all problematic transactional relationships, the Capulet-Juliet dyad is characterized by imperfect information or, perhaps more correctly, asymmetric information. Under perfect information, transactions are inherently costless

and compliance perfect. Principal-agent relations are characterized by asymmetric information of a specific kind, however: the agent is presumed to have valuable information or expertise, which the principal lacks but must also rely upon. This means that the principal cannot know precisely what the agent can do, short of replicating the expertise of the agent, which would, of course, preempt the function and role of the agent. But left to their own devices, it also means that agents can exploit this asymmetry to pursue their own aims at the principal's expense or, using the language of transactions-cost economics, to behave opportunistically. Moreover, because this implies that the principal's full menu of options is inherently truncated, the agent may be uncertain as to the principal's preferences as well. This is important because the value of agent commitment and initiative depends on the extent of alignment between what agents think success means and what principals think it means.

### Transaction Costs

The following analytical generalizations reflect Oliver E. Williamson's ideas about the economics of governance (1967, 1985), which hold that various kinds of transactions are associated with differential hazards. These hazards are a consequence of the human propensity to exploit opportunities when they arise. Where principal-agent transactions are concerned, because the preferences of the nominal superior are presumed to be legitimate, opportunism on the part of agents is frequently described as fraud, abuse, and waste. These are not good things. Avoiding them leads to the elaboration of institutional mechanisms, contracts, norms, and rules, which structure relations, activities, and behavior, that are designed to encourage productive outcomes while limiting or avoiding their adverse accompaniments.

Under Williamson's formulation, the comparative advantage of alternative institutional arrangements boils down to a simple matter of cost minimization: minimizing the costs of opportunistic behaviors, which an arrangement allows, together with its running costs. For example, carrying out transactions through organizations rather than markets or through government rather than private organizations makes sense where it reduces this sum. Reduction does not imply elimination, however. This fact implies a very important corollary to the basic governance insight; there are very few if any perfect governance mechanisms; the conditions that adversely affect markets, for example, also impair organizations and governments (Gibbons 2003). Even so, there is a second corollary: governance mechanisms tend to evolve over time to check the adverse consequences of opportunistic behavior and/or to reduce monitoring and enforcement costs (Brown and Potoski 2003).

### Game-Theoretic Aspects of Agency Theory

Bargaining power plays an important role in agency theories. Consequently, most analysts these days rely on bargaining solutions from cooperative game theory like the Shapley value, to make sense of theories of cooperative games with incomplete information, including specifically, principal-agent relationships.

How do principals induce agents to align their actions with the preferences of principals? If the task is "simple," optimal effort can be achieved by making compensation contingent upon outcomes. For example, it is frequently assumed that, if managers (agents) were allowed to do as they wished, they would maximize revenue rather than free cash flows or that budgeters (agents) would overestimate outlays and low-ball revenue forecasts rather than provide unbiased forecasts. In both cases, it is easy to show that, if owners (principals) want agents to focus on profits or elected officials (principals) want unbiased estimates, they can easily induce agents to align their actions with the principals' preferences (see Jensen and Meckling 1976; Choate and Thompson 1988, 1990).

Tricky situations arise where the relationship between effort and outcome is uncertain and neither effort nor outcomes are directly observable, where outcomes depend upon teamwork among multiple agents, where outcomes are complex and multisided (and cannot be converted to a single unidirectional metric, e.g., via a balanced scorecard), and where both the relationship between effort and outcomes are inherently uncertain and

agents are risk averse (in the executive compensation situation noted in the previous paragraph, e.g., where not only do principals want agents to focus on profits rather than other things, they also want them to maximize profits).

The standard game-theoretic outcome in all of these tricky situations is one in which the outcome is, from the standpoint of the principal, inherently less than perfectly optimal. According to Bengt Holmstrom and Paul Milgrom (1987, see also 1991), the best outcomes that can be realized in practice will generally be obtained via straightforward contracts, composed of a fixed wage plus a bonus that varies directly with output. They claim that, because this kind of incentive scheme is less susceptible to manipulation by agents under a wide range of situations and circumstances, it is the most "robust" method for dealing with opportunism (see e.g., Thompson 1984). Implicitly, they argue that, because we cannot get the best outcome that is theoretically possible, we ought to be content with results that are pretty good no matter what.

In contrast, Eric Maskin and Jean Tirole (1999) argue that events, which are unforeseeable ex ante or impossible to verify ex post, may not really matter all that much, because agents can be presumed to care only about how possible future circumstances affect mutual valuations and can agree to contingent payoffs that will induce optimal actions in the present. They also show how agents can be motivated to reveal their true valuations when unforeseen events occur, presenting a workable mechanism that induces truthful revelation of private value, thereby defeating the information problem at the heart of agency relationships. As Kevin Bryan *explains*, "Taking the model's insight seriously but the exact mechanism less seriously," Masten and Tirole imply "that incomplete contracts don't matter if we can truthfully figure out *ex-post* who values a relationship at what amount, and there are many real-world institutions like mediators who do precisely that."

## Agency Theory in Public Administration

So far as principal-agent relations are concerned, students of public administration have concerned themselves primarily with mediating institutions, their elaboration, and their working. As Barry Mitnick (2015), one of the first scholars to propose a theory of agency and almost certainly the first student of public administration to do so, explains, there is an economic theory of agency and an institutional theory of agency. They are both different and complementary. Economists focus primarily on problems of compensation, contracting, and incentives. Mitnick, early on, observed "that institutions form around agency, and evolve to deal with agency, in response to the essential imperfection of agency relationships: Behavior never occurs as it is preferred by the principal because it does not pay to make it perfect. But society creates institutions that attend to these imperfections, managing or buffering them, adapting to them, or becoming chronically distorted by them."

Mitnick's (1975) model of policing in the context of agency relations and managerial discretion incorporated these basic notions. His model had three elements: (1) policing (observation and enforcement) mechanisms, (2) the allocation of resources between policing and other activities, and (3) the agent's reaction to policing. He explicitly applied the model to government regulation of business, arguing, "that public interest groups are constrained (and perhaps in some cases may elect) to police the manifestations of agent fidelity in the regulatory agencies rather than adherence to public interest criteria. This has possibly paradoxical consequences in that return to public interest criteria may thereby be reduced." Later, George Tsebelis (1989), focusing primarily on its third element, replicated this insight using a formal game-theoretic structure, and Gary Miller (1993) brilliantly explicated the centrality of principal-agency relations to an understanding of the nature of organizations and hierarchy. Indeed, it may be argued that Mitnick's concern with policing adumbrated the basic logic of Williamson's transaction-cost analytic framework. That, outside of the community of scholars concerned with government regulation of business, Mitnick's work has not gotten the attention it arguably deserves is, therefore, something of a mystery, although it may have something to do

with its lack of clarity with respect to the identity of principals and agents, from the standpoint of methodological individualism, a weakness not apparent in the work of Tsebelis, Miller, or Williamson.

It is more likely that the answer goes to the complex chain of putative principal-agent relationships characteristic of governments in general and the American federal government in particular – the public-elected officials; elected officials-agencies; agency executives-frontline workers, staff specialists, etc.; frontline workers-regulated businesses; and so on and so forth. Most analysts focus on a single dyad in this chain, and Mitnick tried to comprehend them all at once.

One of the more fraught of these dyads is the relationship between congress and executive agencies. Matt McCubbins, Roger Noll, and Barry Weingast (McCubbins and Schwartz 1984; McCubbins et al. 1987, 1989) argue that, where this dyad is concerned, acute information asymmetries render direct monitoring of agency performance problematic or ineffective. Nevertheless, they argue that "elected officials can gain leverage over bureaucrats through informal oversight mechanisms and carefully structured administrative procedures to guarantee that the relevant legislative constituents are well served." Frequently, the fix takes the form of what McCubbins, Noll, and Weingast call "fire-alarm" mechanisms. Under these mechanisms, responsibility for alerting politicians to agency decisions that stray from preferred policy paths is assigned to the parties who bear the consequences of the agency's failures, that is, interested third parties. McCubbins, Noll, and Weingast conclude that elected officials may more or less satisfactorily rely on third parties to monitor public employees' compliance with policy priorities in a large number of fields, although they acknowledge that third-party monitoring also creates problems of its own.

Undoubtedly, the threat of third-party opportunism is omnipresent under existing institutional arrangements. Moreover, the threat of opportunism can increase with institutional complexity. Nevertheless, its adverse consequences can be minimized. Indeed, many of the design features of third-party monitoring mechanisms have evolved to remedy the hazards associated with third-party opportunism. These carefully structured administrative procedures ensure that third-party interventions will be promptly dealt with, that spurious and immaterial interventions will be rejected, and that valid, material interventions will be sustained.

The more general problem with institutions – that, once put into place, they are often inimical to learning – is more worrisome. Moreover, failure tends to predispose principals to impose ever more rigid procedures, greater monitoring, and severer sanctions where deviations from prescriptive standards are detected. Consequently, the upshot is all too often a flight from discretion on the part of agents, leading to inaction or to a rigid and unthinking compliance with the rules, an important aspect of the more general phenomenon Mitnick and others have identified.

This is not surprising; the issue was at the heart of the Finer-Friedrich debate, one of the foundational dialogues defining public administration as a field of scholarship and instruction in the United States. Herman Finer defended congressional supremacy, the rule of law, and detailed, legislatively authorized, input-oriented spending plans, with frontline workers, staff specialists, and middle managers fitted into hierarchies characterized by the decomposition of activities and tasks, functional specialization, sequential processing, standardized procedures, and vertical integration. In contrast, C. J. Friedrich insisted upon the inevitability of administrative discretion, the value of technical expertise, and the importance of professional norms and standards. As he observed, "no mere reliance on some traditional device can be counted upon to render the vast public services of a modern government responsible." Indeed, Friedrich was skeptical that this hazard could be remedied entirely: "responsibility must remain fragmentary because of the indistinct voice of the principal whose agents the officials are supposed to be" (Friedrich 1941, p. 20). From our vantage point, it appears that the crux of the issue in this epic debate goes directly to the identity of the principals in the relationship – congress or the public. Friedrich also identifies one of the key

problems specific to this particular principal-agent relationship – uncertainty as to the principal's preferences.

Recently, using a principal-agent formulation and game-theoretic analysis, in which agents obey normative principles of rationality, Gary Miller and Andrew Whitford (2016) have revisited Friedrich's position. They posit that government exists to create public value – defined largely in terms of promoting the general welfare and stability – and ask how public servants' actions can be aligned with those goals. Like Friedrich's, their answer stresses the importance of "professionalism, which embeds its professional practitioners in professional norms and culture, and incidentally mitigates corruption." More originally, they show, using common language and techniques to describe a broad range of institutional arrangements, how long-term, cooperative relationships – which "(when successful) bind agents to pursue public value in exchange for autonomy" – can be negotiated. These mechanisms are imperfect, but they often go a long way toward balancing task alignment with discretion – to solving the principal-agent dilemma that lies at the very heart of democratic governance.

## Conclusions

Agency theory has a myriad of implications for structuring incentives, designing mechanisms, and making sense of institutional arrangements. The basic framework can be applied to a wide array of circumstances because the principal-agent relationship presents itself in divers ways: public-elected official, congressional committee-bureau head, manager-worker, teacher-student, regulator-business, and so forth. Hence, the basic insights are reflected in a wealth of applications each of which adds to the body of theory and our understanding of governance devices and the control of programs and activities.

## Cross-References

► Principal-Agent Theory of Organizations

## References

Brown TL, Potoski M (2003) Transaction costs and institutional explanations for government service production decisions. J Public Adm Res Theory 13(4): 441–468

Choate GM, Thompson F (1988) Budget makers as agents: a preliminary investigation of discretionary behavior under state-contingent rewards. Public Choice 58(1):3–20

Choate GM, Thompson F (1990) Biased budget forecasts. J Econ Behav Organ 14(3):425–434

Friedrich CJ (1941) Constitutional government and democracy. Little, Brown and Company, Boston

Gibbons R (2003) Team theory, garbage cans and real organizations: some history and prospects of economic research on decision-making in organizations. Ind Corp Chang 12(4):753–787

Holmstrom B, Milgrom P (1987) Aggregation and linearity in the provision of intertemporal incentives. Econ. J Econ Soc 45:303–328

Holmstrom B, Milgrom P (1991) Multitask principal-agent analyses: incentive contracts, asset ownership, and job design. J Law Econ Organ 7:24–52

Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3(4):305–360

Maskin E, Tirole J (1999) Unforeseen contingencies and incomplete contracts. Rev Econ Stud 66(1):83–114

McCubbins M, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179

McCubbins M, Noll RG, Weingast BD (1987) Administrative procedures as instruments of political control. J Law Econ Organ 3(2):243–277

McCubbins M, Noll RG, Weingast BR (1989) Structure and process, politics and policy: administrative arrangements and the political control of agencies. Virginia Law Rev 75(2):431–482

Miller GJ (1993) Managerial dilemmas: the political economy of hierarchy. Cambridge University Press, New York

Miller GJ, Whitford AB (2016) Above politics: bureaucratic discretion and credible commitment. Cambridge University Press, New York

Mitnick BM (1975) The theory of agency. Public Choice 24(1):27–42

Mitnick BM (2015) Agency theory. In: Wiley encyclopedia of management, vol 2. Wiley, Hoboken, pp 1–6

Thompson F (1984) How to stay within the budget using per-unit subsidies. J Policy Anal Manag 3(2):285–288

Tsebelis G (1989) The abuse of probability in political analysis: the Robinson Crusoe fallacy. Am Polit Sci Rev 83(01):77–91

Williamson OE (1967) The economics of defense contracting: incentives and performance. In: McKean RN (ed) Issues in defense economics. Columbia University Press, New York, pp 217–256

Williamson OE (1985) The economic institutions of capitalism. Firms, markets, relational contracting. The Free Press, New York

# Agenda Setting

Lois M. Warner
School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

## Synonyms

Goal setting; Issue recognition; Plan of action; Prioritization

## Definitions

An agenda is a list, outline, or plan for discussion and/or action among groups and individuals. The inclusion and order of the items on an agenda reflect their priority and importance to its authors and participants. "Agenda setting" aims to influence what is or is not included in an agenda. It is a principal component in decision-making activities at all levels of government. Recognizing that governments rarely have the resources to attend to all of the issues that concern all of their constituents, setting governments' policymaking agenda is a competitive process that involves a range of stakeholders, who engage in getting certain items onto an agenda, as well as keeping others off (Birkland 2020).

## Introduction

Processes of influencing governments' agendas involve a range of stakeholders, both inside and outside of government, with diverse interpretations of the issues and varying opinions on the best way to address them. Although these situations can be contentious, stakeholder involvement in agenda setting can contribute to clarifying and communicating the issues that impact their lives and to promoting a better understanding of them by public policy decision-makers. Several agendas exist simultaneously, and a number of political and social factors can influence public attention to issues and their desire to get them onto governments' agendas. Agenda items are then selected for deliberation by elected officials who consider options for addressing them. Depending on consensus among elected officials, these deliberations may lead to public policy developments that respond to public needs and expectations. Some prevailing explanations of agenda setting processes are presented here. They include political influence, windows of opportunity, focusing events, lessons from a disaster, media influence, and public participation in decision-making that impacts their lives. Finally, some brief comments on agenda blocking are included.

## Agenda Setting Processes

### Political Influence

Elected and appointed officials ultimately determine what is included in governments' policy decision-making agendas for majority approval. The delay in including some issues may rest on the uncertainty about adequate support from parties involved. In the interim, political actors engage each other, negotiating what compromises can be made regarding their different priorities. But the balance of power plays a significant role. Those with majority representation in the debate have the advantage of being able to dominate and of avoiding compromise.

The public interest and the common good are traditionally expected to be at the core of public decision-making, but it is essential that determining what comprises these, in contemporary contexts, should remain open for debate, among both elected officials and those whom they serve. This is especially pertinent in democratic politics where public opinion should matter. Over time, however, there has not always been congruence between political priorities and the common good. The needs of minority groups have not always been represented, whether defined by economic standing, disability, gender, or race. Such groups have benefitted from coalitions formed by advocates outside of government with shared interests and concerns, who unite to augment their voice in the political arena. This can be effective in

attracting political interest and in moving minority concerns onto governments' policy agenda.

Advocates and related interest groups devoted to articulating public interests also partner with career bureaucrats in influencing governments' agenda. Such groups provide an abundance of information from their supporters and can be a good resource for explaining the issues that truly concern them. By partnering with the bureaucrats in issue-related government agencies, agenda issues can be presented in the context of what is achievable within the organizational framework of the public sector, including nonprofit organizations within those interest groups. These partnerships can be especially valuable in lesser developed countries but elsewhere also.

One of the challenges facing elected officials in working through their agenda is difficulty in responding to public demand due to the diversity that it comprises. The range of issues that may be presented to a government at any particular point in time may be enormous. Governments may prioritize issues based on existing capacities to respond, for example, existing expertise, prior experience, organizational infrastructure, and overall availability of resources. Some issues, however, require investments in research and development, such as in the case of environment preservation and utilization of alternative sources of energy. It can be difficult to keep items on governments' agendas when the solutions are not clear. In the interim, introducing a focus on sustainability has been meaningful in some parts of the world (United Nations 2030 Agenda for Sustainable Development).

Indeed, organizing issues according to common causes can be empowering to governments. Poverty, for example, can be the cause of poor health, homelessness, and poor access to education. Attention to reducing poverty can favorably impact the related social issues, while contributing to productivity and economic growth. Another common cause can be the lack of access to information about existing public programs that provide opportunities for betterment. Improvements in the dissemination of public information can reassure the public of their governments' responsiveness. Focusing on these central underlying causes may also augur well for elected officials seeking to strengthen their political careers.

## Windows of Opportunity

John W. Kingdon (2001, 2003) explains agenda setting in relation to how the agenda for public policy formulation is influenced. To do so he creates a model in response to the questions of how issues attract the government's attention at a particular time, by identifying who influences this and why and, also, why some issues capture the government's attention and others do not. He identifies the following four main factors that create interest among those in and around government: systematic indicators, feedback from existing programs, changes in perception, and focusing events.

### Systematic Indicators

Systematic indicators draw attention to the magnitude of an issue. It is recognized that these may be circumstantial, such as rising numbers of teenage pregnancies, fatal highway accidents, or casualties of war, but by recognizing the value of such information, it is understood that data gathering would also keep government officials abreast of emerging issues. This promotes the inclusion of a research competence within government agencies, which ideally would enable them to plan ahead in their policy development.

### Feedback from Existing Programs

Feedback from existing programs is seen as a valuable source for evaluation and performance measurement that should be built into all of the public service activities as an indication that public servants are committed to addressing the best interests of citizens. At the very least, this feedback is considered to directly monitor the accuracy of policy decisions. A large body of performance measurement literature and citizen involvement in such processes has evolved to address this. Some of the issues that remain on governments' agenda and benefit from these kinds of feedback are national defense, public safety, and the economy.

### Changes in Perception

Changes in the perception of issues can alter how they are brought to governments' attention. An example of this is the earlier belief that the HIV virus could be contacted simply by touch. Many citizens would have lobbied for the segregation of infected persons, but informed government officials recognized that developing education programs would be more effective, less costly, and more beneficial to the society in terms of preserving family relations and the well-being of those infected with the virus. It is also worthy of note that facts and ideas are often reinterpreted and manipulated in the agenda-setting process (Kamieniecki 2000).

### Focusing Events

Focusing events are described as situations that draw attention to certain conditions. These might be protest marches and similar demonstrations of the public's objection or dissatisfaction, or simply an indication of a need too long neglected. Thoman A. Birkland (2007) further explains that focusing events expose different weaknesses in government, depending on their magnitude, from crises to disasters to catastrophes. He explains that whereas a crisis reveals a weakness at the organizational level, a disaster points to more widespread failure across government, and a catastrophe might render an entire country inoperative and reliant on international support. Focusing events, therefore, expedite the passage of issues on political agendas.

Kingdon (2001) argues that the four factors described above present "windows of opportunity" either because the problem is pressing, verging on a crisis, or creating an opportunity for people to advocate their solutions to it or because the political viewpoint changes and advocates take advantage of the circumstances to push their proposals. At these moments, a problem is recognized, a solution is available, the political conditions are right, and these three streams get joined together. He emphasizes that these windows are "choice opportunities," open for only a limited period of time due to the dynamics of the social and political environments. If there is a change in the political viewpoint, for example, a new administration comes in, that new administration creates opportunities for some advocates and closes windows for others. On these occasions advocates can join their proposals to the pressing problems as solutions, or otherwise they push their proposals at another time when the political conditions may be right. If a proposal is not ready at the time when the window opens, it is too late to develop it at that point, and any action is delayed until another window of opportunity comes.

## Lessons from Disasters

Further to the position taken by Birkland (2007) that focusing events accelerate the passage of issues onto governments' agendas, he argues that such events can provide the foundation for instrumental, political, and social learning. Regarding instrumental learning, the accumulation of knowledge about policy failure at the implementation stage can be the result of the effects of a focusing event. This may highlight the need for policy refinement, as well more proactive ideas that could build on experiences and new awareness. Focusing events demonstrate that political positions previously upheld have become more difficult to defend with evidence of policy failure. It becomes necessary to reconsider previous arguments and to develop different approaches to interpreting issues in the aftermath of significant policy failure. Social learning brings awareness of vulnerabilities that policy failure highlights. The public may become more aware of factors that threaten their quality of life and consequently redefine their agenda setting goals. Whereas Birkland agrees with Kingdon that "windows of opportunity" can be used strategically in the public interest, he argues that new policy development and policy change are unlikely to occur, without placing emphasis on deriving instrumental, political, and social learning from such occurrences.

## Media Influence

From inception, the news media has been instrumental and influential in agenda setting, with its advantageous capability of disseminating information. From the printing press to radio, television, cable networks, and the Internet, without

replacing earlier methods, the media has progressively increased and expanded its scope for communicating with the public, locally, and internationally. Pocket-size smartphones have most of the features previously offered through personal desk top computers and make it possible to access news in real time. Daily newspapers are accessible through the worldwide web, many with search features that facilitate customization according to individual and specialized interests. The developments in video conferencing software and the immediacy of email are fostering new forms of political motivation and participation.

The extensive reach of the media can command public attention, as well as shape their opinion. Those who study communications have found that the emphasis placed on certain issues by the media can be transferred to the public. For example, frequent reports of crime can promote ideas of insecurity and fear of the threat of crime in communities as pointed out by Maxwell McCombs (2005). Elected officials are also exposed to these kinds of output from the media. In both cases, whether among members of the public or their leaders, the media can influence which issues are selected for governments' agendas. In the last two decades, since the start of the new millennium, increase in the kinds and number of media outlets accommodates the proliferation of all kinds of information that can empower the presentation of contrasting agendas. This scope of influence brings with it ethical responsibilities for the quality and veracity of that information.

Social media play an increasingly important role in facilitating political mobility among individuals and groups. With a growing number of participants, already exceeding millions, the scope for social media platforms to support agenda setting is broad. Following similar practices by other media platforms, social media can influence public perception of the importance of issues they choose to promote by continuously and repeatedly engaging the users on those issues. By doing this, they can also distract users' attention from other issues also worthy of public and government attention. The use of social media is twofold in that the general public may use it to influence the political agenda, while activists, political aspirants, and elected officials can use it to promote their own agenda. Social media as described here also facilitates the transfer of resources and can be used to raise financial support to empower different political interests.

Anecdotal evidence is often powerful in influencing support for different social and political agenda. Social media platforms can be useful in communicating personal experiences and stories aimed to provide evidence in support of specific agendas. Whereas decision-making by elected officials is expected to be influenced by facts, in general, the public may be influenced by readily available, shared stories enhanced by video recordings and framed with selected forms of symbolism that appeal to emotions among individuals and groups. According to McCombs (2005) the media can be successful in telling the public what to think, as well as how to think about it, and raise social and political attention to issues, influencing their attitudes and opinions, simply because they are being covered.

## Public Participation in Decision-Making That Impacts Their Lives

Developments in information and communications technologies (ICTS) continue to support public electronic participation in agenda setting. The willingness of public officials to engage the public in this way has improved in recent years, with their understanding that their readiness to do so reflects their commitment to more inclusive political processes. This manner of public engagement also creates a resource for elected officials toward gaining insight into the issues that inhibit social development and actions that may be taken to enhance it. Support for public participation in agenda setting requires attention to opinions expressed so that participants believe that they are being taken seriously (Warner 2013).

Support for public participation also requires that programs are put in place by public organizations and elected officials to accommodate the kinds of activities that facilitate these interactions. In addition to promoting public participation, the

public may need encouragement, by way of specific types of information that engages them and fosters critical thinking and objectivity. Done in an organized and efficient manner, these efforts are likely to build confidence among constituents to contribute their ideas, as well as offer evaluative feedback on existing policies and related programs. Indeed, these activities need to be monitored in order to inform continuous development and progress with engaging the public.

ICTs also enable public connectivity to political representatives via email, online blogs, and smartphones. Increasingly, elected officials in many parts of the world also maintain websites to keep their public abreast of their political activities, including their actions in parliament. For example, legislation that they sponsor and vote for or against. This contributes to assuring their electorate that their representatives' political agenda reflects the public's needs and expectations. In some cases, if accommodated, members of the public can influence political debates in real time, via text messages to their representatives. This degree of connectivity introduces a level of fluidity to the agenda-setting processes.

## Agenda Blocking

Agenda setting is aimed toward policy change or new policy development and is met by agenda blocking activities by those opposed to proposals for change. K. S. Lawrence (1997) found in the past that success in agenda blocking depends as much on cultural strategies as on resources available to competitors. In the contemporary agenda setting arena, these still apply. Agenda conflicts continue to be regarded as the outcome of competing interpretations of political problems connected to widely held views. Cultural strategies still appeal to positions based on values that are deeply cherished. An example Lawrence gives of this is a group's sense of identity.

Regarding strategies based on available resources, Lawrence separates these into three categories, dependent on low, medium, or high amounts of resources being available. It is his view that defenders of the status quo might choose low-cost strategies, such as denial that there is a problem or refusal to recognize the groups raising the issue. A medium-cost strategy would be, for example, by attacking the issue position or the position of the group initiating the policy proposal. High-cost strategies would involve stronger measures such as law suits and economic boycotts.

Susanna Rance (2004) saw that the recognition of shared values and principles could contribute to building alliances among policy contenders. Her area of study is women's health. She posits that parliamentarians tend to keep pace with a "patriarchally defined agenda," seeking maximum political impact nationally and with their constituents. In Rance's work as a women's health advocate, she holds that the group's approach is based on principles of gender equity, all kinds of social discrimination, racism, and violence. She further states that the values of the group are based on shared principles of "personhood, equality, and respect for diversity." The values as described by Rance conflict with what she discerns as the dominant patriarchal values that influence the policy agenda of parliamentarians. She argues that the influence of shared values can affect agendas by creating unison among advocacy groups and in this way increase their profile in attracting governments' attention, as well as shape the resistance of parliamentarians.

## Conclusions

In summary, agenda setting in contemporary political and social contexts is enhanced by advancements and innovation in the use of modern information and communications technologies and the creative use of mass media and social media platforms. These developments render elected officials and other public sector actors more accountable to those whom they serve. With the awareness of situations that empower agenda setting and expedite related public policy development, the public has more opportunities to influence political agenda and contribute increasing congruence between public and political agenda.

## References

Birkland TA (2007) Lessons of disaster: policy change after catastrophic events. George Washington University Press, Washington, DC
Birkland TA (2020) An introduction to the policy process, 5th edn. Routledge, New York
Kamieniecki S (2000) Testing alternatives of agenda setting: forest policy change in British Columbia. Policy Stud J 28(1):176
Kingdon JW (2001) A model of agenda setting, with applications. Law Rev 2:331
Kingdon JW (2003) Agenda, alternatives, and public policies, 2nd edn. Longman, New York
McCombs M (2005) A look at agenda-setting: past, present and future. J Stud 6(4):542–557. Routledge Press
Rance S (2004) The gender agenda: role of parliamentarians in the establishment of agenda sensitive health policies. Retrieved from January 31, 2021 from https://www.un.org/womenwatch/daw/csw/rance.htm
Warner LM (2013) Concept paper on developing capacity for e-participation. United Nations Public Administration Network (UNPAN). United Nations Department for Social and Economic Affairs

# Agrarian Reforms

Carol Scott Leonard
Institute for regional studies and urban planning NRU HSE, Moscow, Russia
Institute of Social Policy, RANEPA, Moscow, Russia

## Synonyms

Development economics; Land reform; Rural development

## Definitions

| | |
|---|---|
| Land titling | It refers to the component of broad reform assigning formal property rights, where land was previously held informally or worked by customary tenure. |
| Land reform | It refers to introducing laws, regulations, or customs regarding land ownership, most often as a measure led by the government to redistribute agricultural land so that elite landowners or state managers part with some share of their extensive land holdings to allow for the expansion of small individual owners or other rural dwellers. Governments may transfer the land with or without compensation; land registry reform generally accompanies land reform to encourage the land market. |
| Rural development policy | It is the program of measures undertaken by governments to improve rural welfare and agricultural productivity, generally in less developed countries, to increase alternative job opportunities and/or expand production in areas of land-intensive agriculture or forestry. |

## Introduction

Agrarian reform is a grant of substantive freedom, enabling or expanding choice for rural dwellers, who gain rights, or powers, to consume, obtain income from, and transfer landed assets. (This chapter draws on Leonard (2010).) Land titling is a core element of agrarian reform, but, alone, it will not address the constraints of customary land tenure or ensure the development of a land market (Sen 1973; Hoff et al. 1993). Market-led agrarian reform, dominant since the 1990s, is a larger package, including also tax reform and other measures in support of markets (Lahiff et al. 2007; Serova and von Braun 1999). It consists of a multi-instrument design for rural development.

Financial and technological assistance among core measures promotes change through new production techniques and mechanization. Different policies aim at consistency across sectors to diminish a variety of supply-side obstructions where markets are weak. Policies ease financial and other barriers to the exit of households and individuals from a community or region. Multi-

instrument reforms make rural organization sufficiently flexible to release labor and other resources for use in more productive sectors. By definition, a reform that promotes departures from the village, along with productivity improvement, draws on a vision of the future of the entire economy (Mellor 1995). Departures from the village, permitted by improved technologies, reduce costs along the food chain, making the industry more competitive and reducing poverty. The agricultural sector is expected to shrink as its productivity grows during the modernization process, and it increases revenues from exports.

Agrarian reform is one form of industrial policy. Economists model agriculture as a declining sector while the industrial sector leads. As agriculture becomes more productive, it releases labor and fosters industrial development. The path by which agriculture releases labor begins with urban financial institutions making farm credit more widely available, and this increases the demand for the purchase or lease of new technologies in agriculture. Once its capital constraint is relaxed, agriculture improves together with rural incomes, enabling further rural outmigration.

The model of agrarian reform as industrial policy goes back to notions of a dualistic economy in the writings of Friedrich List (1789–1846), who reasoned that protectionist policies would promote "national economies" and the welfare of future generations. After him the concept of a modern and traditional sector – the latter seen as sociologically and technologically backward – became widespread in development theory In the developing world, industrial policy shifts the terms of trade against agriculture, squeezing the agricultural sector to encourage industrialization without causing inflation. This is done by overvalued exchange rates, tariffs on manufactured commodities, and export duties on agricultural commodities to force out a labor contribution from the agricultural sector and to adjust the components of the net surplus flow between sectors. Rural emigration and technological improvement are the instruments of industrial change. The leading sector approach was developed by Lewis (1955) and revised by Ranis and Fei (1966). It follows from the concept of surplus labor from disequilibrium theory, which models the savings constraint on industrialization (Kaldor 1977). A policy that encourages the extraction of labor resources will encourage rural savings and economic surplus from the agricultural sector. Such a policy, as noted above, will contribute to industrialization by lowering food costs and adding to foreign exchange by commodity exports.

In recent years, there has been a move away from this model or any single model for all developing countries. The post-"Washington consensus" policy understanding is that constraints on growth differ among countries and regions. Whether more urban workers promote growth, for example, depends on sectoral differences in rates of return, giving importance to the kind of industry where jobs are being created and to whether peasant migrants have the skills for those jobs. Industrial policy can easily be used to shift the price advantage to industry, but the market rate of return may not justify that investment. To assess this and other country constraints requires highly complex models, including rates of return on investment across the economy, income, and price elasticities of demand for food and the impact of appropriately advanced technologies. Data are required about taxpayers, land boundaries, and future administrative costs. In view of scattered data or developing countries, complicated models can fail to reflect reality (Sah and Stiglitz 2002).

Even if a model could theoretically be designed to reflect completely the constraints in a given country, many policies that might be essential for effective reform are out of reach in the developing world. This is because the set of feasible taxes is extremely limited. Also, the size of the agricultural economy and the extent of poverty may be such that savings across the economy will fail to finance industrial growth. Continued taxation of the agricultural sector in this circumstance will not help because it will prevent the rise in demand for industrial goods. Moreover, since the demand for industrial goods in modern times comes mostly from government investment and services in urban areas, input price support, the standard tool of industrial policy, will not

address effectively the causes of economy-wide backwardness (Gerschenkron 1962). Taxing the agricultural sector will have mixed results.

## Agrarian Reform

Among its modern political appeals, land reform has populist support. In Latin America in the 1960s, for example, many governments introduced agrarian reform to break up latifundia and to create small farms. They targeted large farms as a source of injustice although they also underscored the efficiency of smaller-scale farming, that is, the importance of factor proportionality in agricultural productivity. Governments anticipated that an equitable distribution of land could result in a considerable increase in food production. Reform, it was thought, would induce development and reduce poverty while fostering trade and creating a common market.

At that time, the common experience in land reform of land titling, by itself, and the breaking up of larger farms had an uneven and relatively modest record of results. Farm fragmentation undermined the success of land titling and other reforms in Brazil, Chile, Mexico, Peru, Venezuela, Nicaragua, Guatemala, Zimbabwe, and South Africa. Where fragmentation was avoided, mixed-benefit land-titling reforms were more successful, as in Taiwan, South Korea, and Egypt, where it was not, as in Japan from 1945 to 1950, although carried out by sweeping redistribution, reform failed to deal with farm fragmentation (Waswo 1996).

In the 1950s and 1960s, with mixed results from land titling, technological development in agriculture was given greater prominence by aid agencies as a "green revolution," oriented to new seeds, better farm management, and measured amounts of fertilizers, pesticides, and water. These programs constituted what Vernon Ruttan calls the "high-payoff input model" – based on the insights of Theodore Schultz (Ruttan 2001, p. 186). Technological improvements were labor-intensive, land saving, scale neutral, and efficient in the use of costly capital resources to meet the needs of developing countries. For many reasons, these efforts tended to be insufficient, although there certainly were some countries and regions in which the green revolution produced striking results. The primary drawback was that the new technologies required appropriate institutional settings. Agrarian communities sometimes did not absorb technological innovation. For example, where plots were small and scale-neutral technologies had been imposed, the technologies were ill-adapted to local custom (Griffin 1979). In this model, problems of poverty were generally unaddressed.

A technological focus remains important in rural development theory: technology's vital role in agricultural advancement is well documented by world experience (Binswanger and Ruttan 1978). However, a focus on labor skills and market infrastructure is equally critical. Effective aid, which is tailored to country needs and directed at education, training, and infrastructure, will help mobilize savings for investment in new and/or improved technology. The risk in high-payoff models is that they can leave large farms dominant, with technological innovation held back on small subsistence farms. It also deprives the economy of the benefits of competitiveness that is assured on small as well as large farms, once property rights secure the autonomy of producers. Finally, models too focused on technology can have an undesired ecological impact.

Two country experiences before the 1990s illustrate the importance of timing agrarian reform in a period of economic growth and introducing technological advances in a larger set of multifaceted rural reform measures. The first is South Korea, where in the late 1940s and early 1950s, about 80% of all land farmed under tenancy conditions and land owned by absentee landlords was redistributed, and land titling was completed. In the 1970s, new technologies were fostered in the New Community Movement, which promoted the diversification of production and construction of new roads and bridges and installation of electricity and water supplies. The whole economy grew by about 10% per year between 1965 and 1981, and the rising Gini coefficient for rural household income during this period showed the penetration of entrepreneurship (Kwack 1990, p. 77).

The second example of successful agrarian reform before the 1990s is China. Reform began with decollectivization. Incentives were provided for individual farming through the household responsibility system (HRS), which made the household the residual claimant on the land. Between 1978 and 1989, agricultural output (in constant prices) nearly doubled in gross value of output (de Brauw et al. 2002, p. 26). In China, as in Korea, technological change and non-conventional inputs were promoted: research and extension for improved seed and fertilizers; services, including credit and marketing agencies and cooperatives; and rural governmental resources for building feeder roads and market information infrastructure. Reform has not been a success in all regions of these countries, but in some, farm incomes rose. Food became cheaper, more diverse, and better in quality. Finally, in both countries, incentive-oriented reform was state-led and not associated with the opening of markets, which followed reform. de Brauw, Huang, and Rozelle (2002, p. 26) observe, "Had China led reforms with market liberalization rather than incentive reform, it is unclear that market liberalization would have led to the same gains in agriculture." Timing and a broad focus, along with the state's capacity to implement reform, were critical in these two country examples.

That macroeconomic conditions are crucial, for effective reform can be seen also in the experiences of India, Taiwan, Iran, and Japan. The increased capacity of the agricultural sector is matched by and benefits from the increased capacity of other sectors. When an economy is expanding, by redistributing the land and granting autonomy to producers, agrarian reform relieves producer debt and improves production, while shedding labor in the agricultural sector. By contrast, if a government continues to inject resources into agriculture despite urban employment reaching a maximum, then self-sustaining complementarities end, and support for the agricultural sector is a dead weight on the industry, choking off growth through taxation, as occurred in the Soviet Union after the 1970s. Growth, by definition, is the only means in the long run of reducing rural poverty.

In the period up to the1990s, agrarian reform often failed. Those that were successful tended to rely on a degree of coercion. The relevant historical examples include England and France, where parliaments issued a multitude of new laws to be enforced universally in the establishment of new property rights. In Korea and China, the state was a powerful force behind the initiation of change in rural areas. The use of force or even significant levels of aid, however, does not guarantee that agrarian reform will be successful. Even high-payoff models proved insufficient in the long run for a lasting rural change.

After the end of the Communist regime in Central and Eastern Europe (1989–1991), 23 countries, including 12 successor republics of the former Soviet Union (excluding the Baltic states), began the transition to markets with the common agricultural institutional and organizational heritage of collectivized farming from the 1950s and, in Russia, from the late 1930s. Zvi Lerman (2001, p. 96) describes the nature of the agricultural regime at that time in Central and Eastern Europe:

> . . .most land, regardless of its ownership, was cultivated collectively in large-scale farms that managed thousands of hectares and employed hundreds of member-workers; the commercial production from the collective sector (which included large production cooperatives and state farms) was supplemented by subsistence-oriented individual agriculture based on rural household plots of less than 1 ha.; product markets and input supply channels were largely controlled by state organizations within an administrative command framework; budget constraints virtually did not exist.

These farms were inefficient, with no market information about consumer preferences and no profits, which would have introduced accountability. The imposition of socialist nonmarket structures on previously agrarian market economies was done for the sake of planning and to gain economies of scale, which were quickly exhausted. The result is that farms were deprived of owners with local knowledge and incentives to improve the land and invest in or rent appropriate machinery. Far too large to be competitive, when in the 1990s, these state and collective farms faced competition, along with adverse macroeconomic

conditions, surplus labor, and a drop in demand, they experienced a rapid lasting and deep decline in most countries (Swinnen 2018).

In most of these countries, agrarian reform was introduced both by laws permitting members of the collective to remove their collective shares from the state or collective farm and by the introduction of private ownership of agricultural land, although in most countries some private landholding remained from before the era of collectivization. In Russia, a grant of new rights in 1990 was confirmed by the Russian Constitution of 1993. Restitution and/or some measure of redistribution, accompanying a guarantee of private landownership rights, powerfully contributed to economy-wide transition policy objectives, even in Russia and Ukraine, where regulatory delays stalled the buying and selling of land, and transactions were mainly limited to leasing. Restitution differed among countries. In Hungary, former landowners received value-denominated certificates, and these were used in land auctions. In Estonia and Lithuania, vouchers could be used to purchase even urban land or assets. In Bulgaria, where land was returned to former boundaries, restitution led to farm fragmentation even into non-contiguous parcels and strips (Swinnen 2018). In Russia, after a more than a 70-year lapse in farm ownership, the land was given by large-scale privatization to the collectives and then, with the guide of a new land registry, turned into shares. In Armenia and Georgia, among CIS countries, the land was largely given to individuals, and use rights were turned into individual private ownership.

Across the entire region, large farms downsized in response to the introduction of land and product markets. State farms lost land due to restitution in some countries and through redistribution in others. Over time, the average size of individual holdings across the region has increased, as independent farmers gain profitability and have access to larger plots of land. Large commercially oriented landholding in Russia now shows the buoyant adjustment of farm structures and the labor supply to the market economy (Serova 2020). At the time, during the 1990s, extreme macroeconomic instability during price reform, along with a sectoral impact of industrial restructuring, led to a mixed outlook for agrarian reform in Russia and other post-Soviet states. The dramatic fall in per capita income and cheap and attractive food imports discouraged production. In Russia, the government had to decrease procurement in order to open up new channels of trade, as production stagnated. Association agreements with the EU in 1994 and 1994 brought mitigation in those countries by tariff and trade concessions; membership in the EU by the enlargements of 2004, 2007, and 2013 gave some access to hefty farm subsidies and regional rural development programs under the Common Agricultural Policy (CAP) of the EU. The CAP provided considerable resources, including new supply networks, agricultural extension, vital new services, and rural infrastructure. The differences in agricultural output for EU and non-EU members have declined dramatically over the past 10 years, with accession agreements having harmonized for the latter institutions and policies with the CAP, resulting in enhanced farm viability, competitiveness of the agro-food sector, sustainable management of natural resources, mitigation of the effects of climate, and balanced territorial and economic development of rural areas (Erjavec et al. 2020). In the long run, agrarian reforms also can be counted a marked success in regard to agricultural and economic performance (Serova 2020); Russia is now the top-ranking wheat exporter in the world. To be sure, those left behind in Russia now, as in other advanced countries, are smallholders, without technological resources to compete with agroholdings as the country emerges as a global food superpower (Wegren 2018).

In modern developing countries in other parts of the world, without similar resources and institutional structures, there continues to be no universal template for successful agrarian reform bringing about sustainable rural development. Country differences are paramount in the impact of framework reforms, as they were in the past (Gerschenkron 1962). Complex models and estimates of how the supply will respond to reform measures prove too weakly predictive to be

useful in a practical sense in the developing world (Sah and Stiglitz 2002). The effectiveness of agrarian reform depends greatly on local traditions and historical factors. One example is the slow pace of change in South Africa, where there is little evident impact of agrarian reform on livelihoods and poverty (Waeterloos 2020). The political discourses of equity and land redistribution contrast with elite-biased land use, showing persistent weak state capacity, underfunding, and neglect of poor beneficiaries in the implementation of reform (Scoones et al. 2018). Factors in the success of agrarian reform include, but are not limited to, the way a government approaches the reform process; the adequacy of budgetary resources and their expenditure on reconstruction; the flexibility of available tax instruments; and the macroeconomic conditions in which reforms are begun.

## Conclusion

In sum, effective agrarian reforms are thought to be those that least distort markets, rely on multiple instruments, and aim at sustainable rural development (Koopmans et al. 2018). Such measures will include support for learning, property rights, business plans, and training both for agriculturalists and farmers who choose to leave agriculture. Along with the critically important provision of financial infrastructure, effective reforms will promote aid for self-sustaining improvement in marketing and technologies by means of marketing boards and research and extension. Essential for the provision of public services for agricultural extension, costs soared without showing that new technologies were taken up at the village level. Decentralization of agricultural extension is part of efforts in reform to encourage greater participation of local government in financing and managing these services with the goal of accountability. Governments supporting reform have begun to move institutionally and technically to ensure that farmers themselves manage agricultural extension programs to make them more responsive to local conditions, more effective, and more sustainable.

## Cross-References

▶ Economic Development Policy

## References

Binswanger HP, Ruttan VW (1978) Induced innovation: technology, institutions, and development. Johns Hopkins University Press, Baltimore

de Brauw A, Huang J, Rozelle S (2002) Sequencing and the success of gradualism: empirical evidence from China's agricultural reform. Department of Resource Economics, University of California at Davis, Davis

Erjavec E, Volk T, Rednak M, Ciaian P, Lazdinis M (2020) Agricultural policies and European Union accession processes in the Western Balkans: aspirations versus reality. Eurasian Geogr Econ 62:46–75

Gerschenkron A (1962) Economic backwardness in historical perspective. Harvard University Press, Cambridge, MA

Griffin K (1979) The political economy of agrarian change. Macmillan Press, London

Hoff K, Braverman A, Stiglitz JE (1993) The economics of rural organization: theory, practice, and policy. Oxford University Press, Oxford

Kaldor N (1977) Equilibrium theory and growth theory. In: Baskin M (ed) Economics and human welfare; essays in honour of Tibor Scitovsky. Academic, New York

Koopmans ME, Rogge E, Mettepenningen E, Knickel K, Šūmane S (2018) The role of multi-actor governance in aligning farm modernization and sustainable rural development. J Rural Stud 59:252–262

Kwack SY (1990) The economic development of the Republic of Korea, 1965–81. In: Models of development: a comparative study of economic growth in South Korea and Taiwan. I.C.S. Press, pp 65–126

Lahiff E, Borras SM Jr, Kay C (2007) Market-led agrarian reform: policies, performance and prospects. Third World Q 28(8):1417–1436

Leonard CS (2010) Agrarian reform in Russia: the road from serfdom. Cambridge University Press

Lerman Z (2001) Agriculture in transition economies: from common heritage to divergence. Agric Econ 26(2): 95–114

Lewis WA (1955) The theory of economic growth. Homewood, IL.: R.D. Irwin

Mellor JW (ed) (1995) Agriculture on the road to industrialization, vol 2. Johns Hopkins University Press, Baltimore

Ranis G, Fei J (1966) Agrarianism, dualism and economic development. In: Adelman I, Thorbecke E (eds) Theory and design of economic development. The Johns Hopkins University Press, Baltimore

Ruttan V-W (2001) Technology, growth, and development: an induced innovation perspective. Oxford University Press, New York/Oxford

Sah RK, Stiglitz JE (2002) Peasants versus city-dwellers: taxation and the burden of economic development. Oxford University Press
Scoones I, Edelman M, Borras SM Jr, Hall R, Wolford W, White B (2018) Emancipatory rural politics: confronting authoritarian populism. J Peasant Stud 45(1):1–20
Sen A (1973) On economic inequality. Oxford University Press, Oxford
Serova E (2020) Challenges for the development of the Russian agricultural sector in the mid-term. Russ J Econ 6:1
Serova E, J. von Braun, Peter Wehrheim (1999) The impact of financial crisis on Russia's agro-food sector. European Review of Agricultural Economics 26(3):349–370
Swinnen JFM (ed) (2018) Political economy of agrarian reform in Central and Eastern Europe. Routledge
Waeterloos E (2020) State-led agrarian reform in South Africa: policy incoherencies and the concern for authoritarian populism. Can J Dev Stud 41(3):399–416
Waswo A (1996) Modern Japanese Society, 1868–1994. Oxford University Press
Wegren SK (2018) The "left behind": smallholders in contemporary Russian agriculture. J Agrar Chang 18(4):913–925

# Agricultural Government Commercial Company

Jashwini Narayan
Discipline of Management and Public Administration, School of Business and Management, The University of the South Pacific, Suva, Fiji

## Synonyms

Agriculture; Government commercial company; Public sector; Rice industry

## Definitions

**Government Commercial Company**: A 100% government-owned corporatized enterprise that is required to operate purely on commercial objectives.

**Product Differentiation**: Making changes to product to set it apart from competitor products in the marketplace.

**Product diversification**: Modifying current products to add variety or adding new products to the existing line or mix of products.

A

## Introduction

In the field of public administration or public management, the issue of organizational performance has become critical since it is seen as the ultimate goal (Rainey 2003). Providing solutions to the reforming, yet struggling public companies will not only help improve their performance but also greatly enhance the overall public sector portfolio performance of economies. However, certain public companies are resource dependent on other stakeholders. The perusal of literature is indicative of public management scholars paying little attention to the role and importance of resources though (Fernandez and Rainey 2006). The focus of this entry is, thus, the supply and demand situation of an agriculture-based public enterprise – a Government Commercial Company (GCC), namely, Fiji Rice Limited. A GCC is a wholly government-owned corporatized enterprise that is required to operate purely on commercial objectives.

## Fiji Rice Limited

> When the Colonial Sugar Refining (CSR) Company Limited closed its milling operations in 1959, some two thousand families were left with farms that could no longer be worked on in the scale they were originally intended. (Narayan 2016)

The GCC, Fiji Rice Limited (FRL) was initially established in the early 1960s as Rewa Rice Limited when the government of Fiji took over CSR to provide employment to those left unemployed upon CSR closure. At that time, it was "a viable compromise for the farmer" (Narayan 2016). Rice was then introduced as the alternative crop because of unsuitable climatic conditions for sugar cane. While it was a humble beginning, it did bring about genuine appreciation of basic human needs.

FRL established itself as a buyer of paddy from the rice farmers using an emotional approach, helping farmers realize that in addition to earning a living, being a paddy supplier will also restore their self-respect. This sensitive approach proved effective in encouraging the former sugar cane farmers to pioneer Fiji's rice industry (Narayan 2016).

The core functions of FRL are to purchase and mill paddies supplied by the rice farmers and then market the milled rice. FRL buys paddy mostly from the second largest island of Fiji, namely, Vanua Levu and some parts of Viti Levu – the largest island in Fiji. All along, FRL has made continuous effort to encourage farmers to increase rice production which in turn helps Fiji reduce its import bills. Since the late 1990s, FRL underwent different administrations and reforms in order to revitalize the rice industry (Narayan 2016). Despite genuine efforts over the years, it still lacks self-sustainability.

In 1975, Fiji's first retail packing machine was put into place when FRL installed a new rice processing machinery. Subsequently in 1980, FRL made further progress and expanded its operations. In so doing, it set up a modern rice drying and processing mill then (Narayan 2016). Through the establishment of this mill, FRL offered the much needed assistance to farmers of the rice growing belt and the other areas close by. Farmers could use the facilities of FRL and in return sell their paddy to it, to sustain themselves. FRL used to have two mills, one in Vanua Levu and the other in Viti Levu (Narayan 2016). FRL continued with a comprehensive expansion and modernization program a decade later. This involved the construction of a new building, the installation of a fully computerized receiving and weighing machinery with tempering dryers, installation of two new dust extractors, construction of storage silos, installation of conveyor belts, and the replacement of oil-fired driers (The Review 2002: 27). Such changes not only created a cleaner and better work environment but also allowed for speed and efficiency (Narayan 2016). At present FRL has five tempering dryers. Its new mill has 3000 ton milling capacity while the old one mills 1000 tons.

However, the 1993 deregulation of the industry brought with it problems of competition (Singh 1998). The then chairperson who was also a government senator at that time mentioned that even back then, FRL received no preferential treatment despite being government owned. The then Chairperson remarked that they were told otherwise during the 1993 senate. In the 1993 senate, the officials from the Central Planning Office, Ministry of Trade, and the Ministry of Finance assured that interest of the farmers will be unaffected by deregulation. On the contrary, the end result of deregulation was dismal. According to the chairperson, "there [was] hardly any local rice to be milled" (Singh 1998: 26). Faced with poor supply of local rice, FRL then began purchasing rice from overseas for its mill in Viti Levu. This brought with it the problem of foreign exchange losses. Back then at one shipment per month, Fiji spent some $US2.5 million.

As the status of FRL changed to that of a GCC, it changed directions for its survival (Narayan 2016). For instance, in 1997, it decided to do what the bigger companies did. Singh (1998) interviewed the then CEO and discloses the following in his article. FRL began offering other products but to different target markets. It tapped into the wholesale market to distribute a range of grocery items to rural areas to ward off competition and to be at par with competitors. In this regard, FRL opened up wholesale outlets around Fiji in areas that lacked competition. For most wholesalers, these areas were not viable for business. Unlike its competitors, FRL used a profit sharing technique with selected districts, provinces, or whoever's premises they used. The then CEO elaborated on what they did in these areas as follows. Because villagers do not buy in large quantities given their low spending capacity, FRL sold groceries in smaller packs such as milk powder packs of 250g instead of 500g. In addition, FRL transported groceries to small shops to ensure lower selling price. For small shop owners, coming into town to buy items in small quantities and then going back to sell them in villages was not feasible. They lost out on time and ended up with items that had to be sold at higher prices to cover transportation costs. Initially, FRL

purchased eight new trucks to increase its delivery capability to get itself established. However, later it decided to cut back on its fleet to save costs by contracting out deliveries. The then CEO admitted that diversification was needed for survival. FRL was competing with larger rice millers such as the Rice Company of Fiji and Visama Rice Mill who offered better prices to customers. The CEO complained, "we couldn't rely on rice because customers told us our price was too high." If we try matching competitor prices, "then our profit is reduced" (Singh 1998: 26). The CEO explained that the other companies were giving rebates on other items which attracted retailers to buy their rice. FRL's high overhead costs made it difficult for it to compete in terms of price. Diversification helped it regain some of its lost margins. Currently FRL engages in its own distribution directly, from its mill to supermarkets.

All along, FRL remained the rice miller to the farmers until 2017. It then engaged itself in farm projects such as the recent introduction of two new varieties with the assistance of the Ministry of Agriculture and a Chinese technical team. A third variety is currently being tested. The introduced varieties are high in yield. One of the varieties also does not require much water for growth, making it a good option for dry land planting (Pratap 2021). With the assistance of the Fijian Government, FRL continues to engage farmers in conducting pilot projects from land preparation till harvesting (Strategic Plan 2020–2025).

The company particularly focuses on meeting its domestic market demand (Pratap 2021). Its marketing and promotional activities are limited to setting up booths in agricultural and trade shows, radio and TV advertisements, newspaper information, as well as a three-staff sales and marketing team. Its advertisements are largely informational, using the personal testimonial advertisement execution style which shows someone from smart labs, explaining how he gets off insulin after consuming the healthier, more nutritious FRL brown rice. Sales has seen an increasing trend over the years, so much so that FRL is unable to fulfill the current market demand which has led to prioritizing production. The local production caters for around 20 % of national consumption. FRL has about 15 % of market share. While FRL has not conducted any customer survey, supermarkets at times do relay to it, customer enquiries which FRL tries to address (Pratap 2021). It has just purchased a rice flour mill and will begin supplying local rice flour too in the market from April 2021 (Pratap 2021).

The year 2017 marked the year of significant improvements. Rewa Rice was rebranded to FRL in 2017 and since then became part of the Fiji government's "Fijian grown" campaign. FRL attained HACCP certifications for the mill in Vanua Levu and looked into new milling techniques for better rice quality. In this respect, it set a strict paddy grading policy, mostly in terms of moisture levels, foreign seeds, and chemicals to ensure that quality raw materials are supplied to the mill. This remains a challenge since farmers are not always consistent in the quality especially during wet seasons. Policies such as those related to accounting, HR, operations, etc., have been improved also for tighter controls. Mills and machineries have been improved through maintenance, in addition to a new mill in 2017 (Pratap 2021).

The abovementioned and the current qualified team has turned around the company to profitability from 2016 onwards, doubling production levels on farms as well as milling and sales. The company has explored product diversification in terms of par boil rice and may consider this in the near future. Also, by 2017 the company managed to sort our lingering issues of yesteryears and recorded a small profit for the 2016 financial year. It was then when FRL decided to rebrand Rewa Rice to Fiji Rice. There is an obvious ready demand for brown rice and this continues to increase particularly in the larger island of Fiji. FRL rice is available in Australia but through indirect marketing, exported by one of the supermarket customers of FRL. FRL is currently not into exporting given that domestic market demand is yet to be fully catered for (Pratap 2021).

FRL, however, is adversely affected by inconsistent supply of rice paddy; lack of farming

willingness; distant location of mill to markets, resulting in an increasing high cost of freight; high mill cost operations; weak controls and checks of operations; awareness programs; ineffective stakeholder (Agriculture) policy implementation; regional dependence on rice plantation mainly in two areas only; financial dependency on government grant; natural disasters such as cyclones/droughts, aggressive competition; being single-product manufacturer overly dependent on the current local market; other potential millers and suppliers operating at lower cost; insecticides and weeds and; climate change impact (Strategic Plan 2020–2025). Notwithstanding, the company plans to actively market its products in Viti Levu and in the future, plans to also supply to other smaller islands. Export market will thus only be an option once the domestic market demand is fulfilled but that depends on adequate production in Fiji. Nonetheless, FRL is thinking "product diversification" such as products like animal feed from its by-products, "differentiation" highlighting the nutritious aspect of their product, sustainable food security, as well as extending its product line to rice flour (Strategic Plan 2020–2025).

## Suggestions

FRL has sought strategic alliance and in this regard, held a meeting with World Bank, ADB, and Fiji's High Commission in India to look for partnerships (Sharma 2021). It also used to have a strategic alliance with the Rice Company of Fiji for some time (Narayan 2016). The Rice Company of Fiji is a subsidiary of Flour Mills of Fiji (FMF) which is a prominent local rice importer. FMF used the FRL brand "Rewa Rice" as a label on the rice they imported from Thailand. This strategic alliance was meant to facilitate private investment and growth in the rice industry and gave "a new lease of life" to the "Rewa Rice" brand. A problem erupted in this alliance when the Rice Company of Fiji expressed its interest in purchasing the "Rewa Rice" brand name – an offer declined by FRL (Narayan 2016). FRL has met with this company again and its work in progress. Any collaboration will require the shareholder (Government) approval.

FRL can also think of the same with other GCCs like Food Processors Fiji Limited in the area of product diversification such as healthier snacks, cereals from rice such as ricies, rice cereals, and mixed cereals. FRL can also come up with special package deals for hospitals and airlines. It used to have deals for supplies to Fiji Airways in 2018 and prisons in 2017 but prisons began their own farming and milling. For marketing, it can make use of means which may not cost anything or little. For example, create "new-stories" which are not only informative but have greater readability as they appear as news items in the newspapers and reporters are normally interested and in search of stories. Other cheaper advertising means can be local TV programs such as cooking shows, farming shows – these are not really screened as advertisements but captured as TV programs, watched by many.

However, at this point advertisements may not be that needed given the ready demand which FRL is unable to fully cater for, given supply issues. FRL together with the government like the Agriculture ministry and even some international partners can look into improving supply and try to address issues of poor supply and poor quality. RRL is no doubt dependent on its key resource provider – paddy suppliers. Issues like aging farmers, disinterested younger generation need sorting out first. Scholarships in Agricultural studies, help with farm mechanization, subsiding farming-related expenses such as those related to pesticides and looking into transportation issues from the farm to mill; may also need to be considered. FRL is, however, trying to entice new farmers, youth groups, as well as landowners. It does so by engaging in farm projects in Vanua Levu. In this arrangement, FRL gets its team to cultivate the farms where farmers also provide labor. After harvest, the proceeds are given back to the farmer. The idea is to empower them to do the rice farming after the completion of 3 years of engagement. FRL targets idle farms, youth groups, and mataqalis (Fijian clan or landowning unit) (Pratap 2021).

## References

Fernandez S, Rainey HG (2006) Managing successful organizational change in the public sector. Public Adm Rev 66(2):168–176. https://doi.org/10.1111/j.1540-6210.2006.00570.x

Narayan J (2016) Business economics in a rapidly changing world. Enterprises: the case of government commercial companies in Fiji. On-line book. Nova Science Publishers Inc., New York. isbn:978-1-63485-199-2

Pratap A (2021) Email interview with General Manager, Fiji Rice Limited. 16, 22 February

Rainey HG (2003) Understanding and managing public organizations. Jossey-Bass, San Francisco

Sharma R (2021) Email correspondence with Board Chairperson, Fiji Rice Limited. 20 February

Singh D (1998) Rewa rice or is it Rewa trading? Government rice company diversifies into wholesaling to survive competition. The Review, 26 September

Strategic Plan (2020–2025) Fiji Rice Limited

The Review (2002) Rewa rice: revitalising production. Dr Ali charts a new path for the struggling company. The Review, 22–27 July

# Alienation and Accountability as Depicted Through Movies

Serena Hoermann
Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Accountability; Criminal justice systems; Hierarchy; Instrumentalization; Law enforcement; Pluralization conflict; Public opinion; Public service; Workforce alienation

## Definitions

Alienation: the state or experience of being isolated from a group or an activity to which one should belong or in which one should be involved; separation from work or self.

Accountability: the fact or condition of being responsible; measurement of a public servant's commitment.

## Introduction

Public servants may suffer from alienation in the workplace, often compounded by their sense of accountability toward superiors, the public, and the organizational mission. Two iconic films illustrate these concepts from organizational theory. Each film employs well-established tropes of their respective eras to provoke a conversation about personal freedom and hierarchy, and alienation versus accountability within corporate organizations and public institutions. *Modern Times* (1936) uses slapstick comedy, while *High Noon* (1952) relies on the drama of the classic Western. The films make a statement about living at the mercy of society and the inevitable march of time. Within this context, each comments on the role of the criminal and justice systems to govern individuals' lives. In both films, the clock – the social construct of time – features as a device to control people. The universality of these themes has likely contributed to the films' enduring place in American pop culture and can assist in understanding key ideas of organizational theory.

## Modern Times

Charlie Chaplin wrote, directed, and starred in the 1936 film, *Modern Times*, the last of his films considered to be "silent" even though the film incorporates some dialog. Chaplin's decision to limit the spoken word at a time when the film industry had abandoned the silent genre in favor of "talkies" is deliberate. Like his beloved character the Little Tramp, Chaplin might be caught up in progress, but would only embrace newer technology as it suited him.

### Hierarchy

Whereas Aristotle argued for citizens taking part in ruling and being ruled, Foucault highlights the segregation between those issuing commands and obeying them, repressing and being repressed. So, too, within the factory setting of *Modern Times*, the hierarchy is a vertical relationship between the CEO and his employees. The factory CEO can watch the entire operation from his office – even

the toilets – and issue commands to increase the pace of the assembly lines to levels that induce physical and mental harm. In the opening scene, herded sheep (among them, one black sheep) foreshadow thousands of factory employees heading to work, and later when factories reopen, thousands of jobseekers. The theme of rulers and being ruled, commands, and repression repeats throughout the film.

### Market Theory and Dehumanization

Thayer disdains economic theory, calling economic competition absurd and dehumanizing in the sense that competition, hierarchy, and alienation relate to and support each other (Catlaw 2008). In keeping with this view, Chaplin's character has no name (as an abbreviation, this text will refer to Chaplin's character as Chaplin) and is simply introduced as "a factory worker." In the factory, an experimental technology purports to feed the worker in a hands-free mode, so they no longer need breaks. The competitive advantage is emphasized. Chaplin is forced to eat faster until the machine malfunctions and attacks him; he cannot escape, and no move is made to free him. When restarted, the machine dumps soup on him, flings soup at him, stuffs him, feeds him spare parts, and slaps him with a pie. The machine is rejected, not because of the injuries, but because the CEO deems it impractical.

If our hero pauses for even a moment on the assembly line, he falls behind and must catch up. When he falls behind, he incurs the wrath of other workers who are also affected, and the line must stop. After lunch the pace increases, and Chaplin cannot keep up. He gets fed into the machine, and when he emerges, he seems to have lost his mind, parodying a ballet and tightening bolts on everything in sight, even the buttons on the women's dresses. He chases a woman until a policeman intervenes. Yet even when chased, Chaplin remembers to punch his timecard.

Taylor's scientific management emphasized efficiency, rationality, structure, and hierarchy to envision the organization as a machine that produces desired outcomes (Farazmand 2002). Symbolic of this, the factory is a massive clockwork. When a colleague falls into the gears, Chaplin attempts to free him. But when the lunch horn sounds, Chaplin takes a break even though the handyman is still trapped. Chaplin feeds the man his lunch. When the break is over and the machinery restarts, the handyman travels further into the machine and is freed. The factory's frenetic drive to increase output and gain competitive advantage leads to absurd and dehumanizing conditions that endanger the workers on multiple levels. Similar charges have been leveled at the trends of globalization and sweeping privatization as a cause of corruption, accountability deficit, and unethical conduct (Farazmand 2002, p. 133).

### Law Enforcement and Criminal Justice Agencies

Professional competence of public servants must be balanced with ethical and sound behavior (Farazmand 2002, p. 129), as when the police must deal with violence or social disorder. When Chaplin's character, now unemployed, wanders into a communist protest march, the police beat back the demonstrators with billy clubs.

Institutional theories serve as models for public organization of government functions, such as judicial and bureaucratic systems, and economic markets; they emphasize structure, process and rationality, and values, such as the rational instrumentalization of bureaucrats to serve organizational goals; bureaucrats serve to ensure efficiency (Farazmand 2002). When the protagonist is mistaken for the protest leader, he is arrested and sent to jail. Similar to the factory, the prison has its rules of conformity. The prisoners are whistled to march into their cells, dress identically, and follow the schedule. However, when pardoned, Chaplin does not want to leave prison because he finds it peaceful after his nervous breakdown and release into the stress of society. Institutionalization via the law and judicial institutions has changed him. However, he gains employment in a department store, is caught up again in criminal activity, again fired, imprisoned, and released. The cycle of employment-imprisonment catch-and-release mirrors the gears of the factory, relentlessly processing people, and its dehumanizing aspects. In a similar

vein, the so-called school to prison pipeline is a phenomenon primarily affecting children with learning disabilities or histories of poverty, abuse, or neglect well-documented by the American Civil Liberties Union (https://www.aclu.org/issues/juvenile-justice/school-prison-pipeline).

Examining the 1950s classic western film *High Noon* illuminates additional concepts of alienation and accountability.

## High Noon

The film *High Noon,* directed by Fred Zimmerman in 1952, demonstrates issues around public service and accountability. Watching the film in 2020, the public administration scholar questions the role of law enforcement and the justice system, as Americans protest the death of George Floyd (and many other Black citizens killed by police officers) and calls for defunding the police. An alternative to the ideal type bureaucrat, pluralization, and public opinion can all be found in the film. And a public meeting highlights accountability-diminishing tactics.

### The Public Servant, Weber, and Marx

On the surface, *High Noon* depicts a faceoff between the law and the criminal: at noon a convicted but pardoned criminal will arrive in town to find and kill the marshal who arrested him. On a deeper level, the film portrays a man's struggle with his sense of duty to serve and protect a largely uncaring public, the lonely burden of wearing the badge, and self-preservation.

This public servant does not enjoy the social esteem of a social position guaranteed by rules and conventions (Weber 1946, p. 7). Even though the bureaucrat relies upon tenure for life (Weber 1946), the bureaucratic, scientific management, and systems theories portray an adversarial relationship between organizations, society, and the individual – each pursues its own interests in a rational manner, seeking stability and self-preservation (Farazmand 2002).

The film opens with theme song lyrics, "Do Not Forsake Me" that describes facing the villain and facing fear. With this musical backdrop, three cowboys gather and ride into town. The town reacts with anxiety – a woman crosses herself and others hide. The viewer understands that the bad guys have arrived. A church bell announces the wedding of Will and Amy Cain. Just as Will turns in his badge to retire from his post as marshal, the telegraph man brings the news that Frank Miller has been pardoned and his gang is waiting for him to arrive on the noon train. As Marx (1967) observed, although the individual can align with organizational goals and attain success within the framework, the rewards system will favor those who conform and reinforce the structure; in fact, the upper echelon and the lower ranks practice mutual deception to preserve the organization. In this scenario, the judge "up north" undid the work of the local public servant who brought a criminal to justice, a conflict between competing agencies of law enforcement and judiciary. And Will Cain must reinforce the structure he swore to serve, even at the cost of his life. A dramatic overhead shot in one of the film's final scenes shows Will in the deserted main street walking to face the men. The ex-marshal who returned to protect the town must face the threat alone.

### Law Enforcement and Criminal Justice Agencies

As in *Modern Times*, the film *High Noon* portrays varying degrees of effectiveness and alignment within and among law and judicial agencies. Compared with the (ex-)marshal, public servants in *High Noon* have less commitment to their jobs. Will appeals to the local judge for advice, but the judge says, "You shouldn't have come back." The judge "gives Will a civics lesson," telling Will the townspeople will not support him and reminding him that the villain swore revenge. The judge tells Will the town does not matter, and Will is wasting his time and his life. Meanwhile, the police force is internally conflicted. Will's young deputy Harv wants the marshal's job, but Will does not feel he is ready. So, the deputy quits.

A retired lawman proves to be a disappointing mentor to Will, complaining that cops arrest people and judges set them free to shoot at cops again. He asks, "For what? A tin star. It's all for nothing."

Will says he cannot round up deputies and the old cop replies, "Maybe they just don't care. I was hoping you wouldn't come back." Referring to Frank Miller, Will counters that sometimes prison changes a man. No, the older man replies – not Miller, you should get out. Will asks, "Will you come to the train depot with me?" The old lawman demurs, he would not be helpful and that would endanger Will, who would worry about him. After this exchange, ex-deputy Harv sees the marshal go into the barn for a horse. They fight, and Will knocks Harv unconscious. Finally, the single remaining volunteer deputy, seeing it is just the two of them, bails out. As the clock ticks down its final minutes until noon, Will composes a letter to be opened in case of his death and lets the prisoner out of his cell.

## Public Opinion, Pluralization Conflict, and Accountability

Trained administrators "have to recognize an intellectually developed, educated, and freely moving 'public opinion'" (Weber 1946, pp. 8–9), and Will has a multitude of voices with which to contend. Democratic institutions are meant to be responsive to the wishes of the public; however, the public may support inconsistent goals, forcing leaders to make policy decisions on their own (Peters 2010, pp. 209–210). At the beginning of the movie, everyone in town, including friends and enemies, think Will and Amy Cain should leave town quickly to avoid the showdown, and the wedding guests send off the couple to enjoy their honeymoon. However, Will is convinced he must face his nemesis. Amy urges Will not to be a hero, but Will argues the criminals will follow them wherever they go. Amy threatens to leave town on the noon train without him; she takes the carriage and goes to the station. Although retired, Will still feels a great responsibility to protect the town and puts the public good above his personal safety and domestic tranquility.

While *High Noon's* setting of the Old West provides a simplified version of conflicts between public agencies, public opinion, and privatization, and the debate among townspeople in the church depicts how legislators, bureaucrats, and the public grapple with high-risk scenarios. The pluralization dynamic occurs when the diversity of bureaucracies and scarcity of resources combine to create interagency conflict and institutional rivalry (Goodsell 1983).

Additionally, six types of accountability-diminishing tactics (Durant 2010) by the townspeople challenge Will as the public servant: (1) altering the definition of the issues at hand to the one's advantage (issue [re]framing); (2) questioning the legitimacy of [administrators] to act (delegitimation); (3) rallying allies and demobilizing opponents (mobilization and demobilization); (4) reducing the capacity of [administrators] to take action (deinstitutionalization); (5) reducing the transparency of its operations (opacity); and (6) (re)packaging data on its operations to advance a campaign for [administrative] relief (data manipulation).

The debate in the church, which serves a public meeting, demonstrates the townspeople employing the above ideas and tactics diminishing accountability, while others support the public servant's authority and autonomy. Will enters the church, disturbing the service and asking for volunteers (privatization). At first, many step forward. But one person tells them Will is no longer the marshal, and the matter is personal between Will and Frank (reframing). Another man argues the politicians up north pardoned Miller, and they should deal with it (interagency conflict). A third says they pay for a marshal and deputies, and the police should deal with it; yet another says they need more deputies, and if they had hired them, the town would not be facing the crisis now (scarcity of resources). A sixth man says Will was the best marshal they had ever had, and they should support him. "Why didn't you arrest them?" asks someone else. "They haven't done anything wrong," Will replies. A woman says that when Frank Miller's gang ran the town, you could not safely walk the streets. Another person is in denial – will Frank really be on the train? The parson equivocates, quoting the Bible "Thou shall not kill" but acknowledging the need to hire others to do it; he cannot tell his congregation whether they should join the fight to kill Miller (inconsistent goals). If people up north read about shooting in the streets, they will not

invest in the town and that will set us back 5 years (reframing).

Additional statements in the church illustrate the kind of public and legislative debate that leads to no action taken. They include: "It's our problem because it's our town, we have to do what it is needed and be brave." "Will is brave, he came back, but I wish he hadn't." "If Will were gone, Frank would not come back." The new marshal should deal with it, Will should go. In the end, Will says thank you and leaves with no support. The debate inside the church echoes the group of kids outside the church playing tug-of-war.

In a surprising, women-empowering happy ending, the hero Will Cain – supported by his young bride – defeats the villain Frank Miller. His alienation complete and accountability fulfilled, Will drops his badge on the ground, and the Cains leave town.

## Concluding Thoughts

Neither the slapstick comedy *Modern Times* nor the Western drama *High Noon* pretends to be a realistic depiction of bureaucratic institutions; however, each demonstrates a few important concepts from organizational theory. *Modern Times* depicts the instrumentalization of individuals within hierarchies that leads to dehumanization and alienation from self and work. *High Noon* showcases a public servant withdrawn from self and his role within the public agency, conflicted by public debate and accountability until he leaves his post.

## References

Catlaw TJ (2008) Frederick Thayer and the structural transformation of the public sphere. Adm Soc 40(4): 358–383

Durant RF (2010) National defense, environmental regulation, and overhead democracy: a view from the "greening" of the U.S. military. Pub Org Rev 10(3): 223–244

Farazmand A (2002) Modern organizations: theory and practice. 2nd Edition. Westport, CT: Praeger Publishers

Goodsell C (1983) The case for bureaucracy: a public administration polemic. Chatham, NJ: Chatham House

Marx K (1967) The spirit of bureaucracy. In: Easton LD, Guddat KH (eds) Writings of the Young Marx on philosophy and society. Garden City, NY: Doubleday, pp 185–187

Peters BG (2010) Bureaucracy and democracy. Pub Org Rev 10(3):209–222

Weber, M. (1946) 1973. Bureaucracy. In: From Max Weber: essays in sociology, 24–39. trans and ed. H.H. Gerth and C. Wright Mills. Oxford University Press New York: Oxford University Press

A

# Alternative Marketing Strategies in Nonprofit Organizations

Barry D. Friedman
University of North Georgia, Dahlonega, GA, USA

## Synonyms

Conducting outreach via online technologies; Entrepreneurship; Innovation; Networking

## Definition

Modern approaches to exploit technological, Internet-based communication and networking methods; building capacity; and increasing revenue.

## Introduction

The entry ▶ "Marketing in Nonprofit Organizations" in this encyclopedia describes the marketing function in general terms. This entry discusses less traditional and more entrepreneurial approaches to making a nonprofit organization more competitive and financially sound. The approach of alternative marketing strategy takes advantage of twenty-first century technology, such as social media, and emphasizes innovation and adaptation to the modern environment.

This description of alternative marketing strategies will discuss new technological approaches

to reaching consumers in cyberspace, modern methods of fund-raising, nonprofits' creation of commercial enterprises, joint ventures, investments, and other alternative means of raising revenue and surviving in a competitive environment.

## Alternative Marketing Approaches

Khankaew et al. (2015) describe six cutting-edge approaches to alternative marketing. They are:

- *Expeditionary marketing*. This approach focuses on being a market leader through innovation.
- *Guerrilla marketing*. This approach focuses on the use of low-cost communication methods and strategic reliance on collaboration and networking.
- *Radical marketing*. This approach focuses on effective use of market research that facilitates extensive understanding of customer behavior and preferences.
- *Buzz marketing*. This approach focuses on information exchange through social networks to engage customers.
- *Viral marketing*. This approach takes advantage of economical communication through e-mail and online advertising.
- *Convergence marketing*. This approach recognizes modern consumer involvement as being a hybrid between being relatively passive receivers of products at neighborhood retail stores and being fully participatory online decision-makers who "name your own price," use a "name-your-price tool," and enter an acceptable price in an auction.

## Using Digital Applications

Buzz marketing and viral marketing use Web 2.0 applications – the social media capabilities of YouTube, Facebook, and Twitter – to reach the extensive audience that exchanges messages at a brisk rate and can transform what is obscure into what is prominent. Hausmann describes how arts institutions in Germany – including the Bavarian State Opera of Munich, the State Ballet of Berlin, the Duisburg Philharmonic Orchestra, the Städel Museum of Frankfurt, the Museum Folkwang of Essen, and the NRW-Forum of Duesseldorf – are now accomplishing their marketing objectives with social media. Hausmann adds that social networking sites allow for the presentation of videos that "materialize the intangible acoustic and/or visual cultural experience and. . .emotionally activate the user. . ." (Hausmann 2012).

Guerrilla-marketing expert Jay Conrad Levinson lists a number of e-media "guerrilla" tactics that nonprofit organizations can use. These tactics include the use of social media, participation in forums and chat rooms, posts on Internet bulletin boards, generation of personalized e-mail, uploading of a Web site, use of a merchant account, insertion of a shopping cart feature on the Web site, maintenance of a blog, use of podcasting, publication of a personal e-zine, publication of e-books, the offer of Webinars, and an arrangement for the appearance of pay-per-click ads (Levinson et al. 2010).

For several years, Amnesty International's Norwegian affiliate has been using online software to encourage supporters to sign e-petitions on behalf of political prisoners. The organization engages an estimated total of 55,000 supporters through its use of Facebook, Twitter, and YouTube, as well as its Web site, which was overhauled to stimulate two-way communication between the organization and its members in 2010.

## Strategic Fund-Raising

Even if their managers are not supposed to be profit-oriented, nonprofit organizations have the same need for revenue as do for-profit firms. Raising revenue is an ongoing challenge; the competition for financial resources is frantic. Many observers in the United States recall how President Ronald Reagan's policies included severe cutbacks in grant and subsidy programs through which the US national government had provided support to nonprofits, especially from the 1960s to the early 1980s.

Beyond the traditional forms of fund-raising, such as direct-mail solicitation, collections of membership dues, and advertising, charities can engage in episodic (short-term) fund-raising activities, including raffles, canvassing, and gatherings. In the United States, the Muscular Dystrophy Association, led for many years by comedian Jerry Lewis, was the most successful user of the telethon device, which brought in $65 million at its peak in 2008.

The central rallying point of a nonprofit's fund-raising can be its "annual fund" effort. The "annual fund" is a methodical outreach to prospective donors, sometimes at a specific time of each year. A charity can use such themes as fund-raising goals, collective targeting to specific groups, and recognition of donations at various levels.

Few nonprofits will be able to cover their expenses through the collection of small donations. Generally, large donations from individuals capable of giving them are necessary if the organization is to be able to fund its programs and cover its fixed expenses and payroll. The experience of many organizations follows Pareto's 80/20 rule: In this context, 80% of donations come from 20% of the donors. Modern charitable fund-raising emphasizes the approach of *development*. This approach seeks to develop recurring relationships with donors, especially affluent individuals who can provide significant support worthy of prominent recognition. The development of such relationships often relies on the approach of *exchange*: The charity provides the donor something of tangible or intangible value in exchange for the donation. The charity might offer a tote bag, a T-shirt, a calendar, or some other item on which the organization's logo appears. In the case of large donations, the exchange may involve the donor's name being inscribed on a plaque or a room or building named for the donor.

A modern approach to fund-raising is online "crowdfunding." Flamenco Australia organized a Flamenco Festival in Hobart, capital of the -Australian island state of Tasmania, in 2013. The organization obtained A$3520 through the crowdfunding site Pozible. The crowdfunding proceeds along with entrance fees allowed Flamenco Australia to self-fund the entire event that featured Spanish music, dance, and culture. A similar approach, Sina Weibo's Micro Commonweal (*Wei gongyi*) software, was used by the Wuhan Member Group of the Friends of Nature and the Green Beagle Environment Institute of Beijing, China, to raise RMB 30,000 Yuan (equivalent to US$5000) online to purchase a portable monitor to measure Shanghai's level of $PM_{2.5}$ – air-pollution particles less than 2.5 μm in diameter – in the air. The successful campaign seemed to be the impetus for the Shenzhen Chinaway Environmental Technology Co., Ltd., to proceed to donate *100* portable $PM_{2.5}$ detectors for use by nonprofits and journalists. The equipment has been instrumental in getting China's government to address the country's pollution crisis.

## Solicitation of Grants

Insofar as many nonprofits are not self-sufficient financially, because they provide goods or services at below-market prices or for free, they require resources from other nonprofits, such as foundations, or from entities in the government and for-profit sector. Therefore, they often turn to other entities, some of which structure their philanthropy through grant programs. Many such grant programs are competitive in nature, require the applicants to justify the request and provide convincing evidence of their worthiness in terms of such bases as values and commitment, and then demand convincing evidence of successful results. As a trend, grant benefactors expect grant recipients to self-fund at least some of their program expenses through earned-income ventures.

When an agency or foundation announces (in a "call for proposals") the opportunity for nonprofits to apply for a grant, an industrious nonprofit can enter the competition. Clear writing that suggests that the organization has a vision and a viable plan can attract a favorable response. Francois suggests this sequence of section headings for a grant application:

- Cover page
- Table of contents
- Abstract
- Problem or needs statement
- Goals and objectives
- Project description or activities
- Timeline
- Organizational capability
- Evaluation
- References cited
- Budget
- Budget narrative
- Appendices (Francois 2015)

## Competition with Commercial Enterprises

Nonprofit organizations have the option of offering for sale goods and services that are not particularly distinguishable from goods and services offered by for-profit firms. Such nonprofit institutions as hospitals, day-care centers, research facilities, multiunit housing, and theaters are not easily distinguishable from similar for-profit enterprises.

In the United States, the small-business community has objected to the nonprofit sector's encroachment on its turf. A 1990 report of the US Small Business Administration cited competition between nonprofits and for-profits in traditional service industries such as merchandise sales, health care, travel, laboratory testing, audiovisual services, engineering consulting, and data processing.

An example of what was a nonprofit organization that realized surpluses is the Blue Cross and Blue Shield insurance plans in the United States. While their for-profit competitors distribute part of their profits to shareholders, the nonprofit Blue plans did not distribute surpluses except in the form of lower subscription rates. Until 1986, Blue Cross and Blue Shield were covered by Section 501(c)(4) of the Internal Revenue Code. Pursuant to that section, the Blue plans were exempt from paying taxes but contributions to them would not constitute an income tax deduction for donors. The history of Blue Cross and Blue Shield accounted for their 501(c)(4) eligibility. The way for their creation was paved by the existence of small, voluntary plans for prepaid medical expenses, the largest such plan founded in 1929 by Baylor University Vice President Justin Ford Kimball, in response to his observation that a large proportion of debts that went bad at Baylor's medical facilities was associated with local schoolteachers.

Profit-making insurers had so much difficulty competing with Blue Cross given its advantages as a nonprofit organization that, for this and other reasons, many threw in the towel in the health-insurance field. However, state governments became increasingly eager to regulate the Blue plans and Blue Cross association executives came to regard the 501(c)(4) status to be a straitjacket that forced them to offer universal eligibility and be overly flexible in their underwriting. Finally, the US Congress converted the Blue plans' status from 501(c)(4) to 501(m) in the Tax Reform Act of 1986. The Blue plans' tax exemption was scaled back, although some remnants remain in place.

Other prominent examples of nonprofit organizations presenting formidable competition to for-profit firms include the American Red Cross and Underwriters Laboratory. The blood-transfusion market was dominated by for-profit blood banks that paid donors for their blood until the mid-twentieth century, when the ARC – emerging from a successful World War II effort to provide blood for US military personnel – entered the civilian marketplace in 1948. In order to improve its competitive position, the ARC proceeded to denigrate the use of paid blood. In the 1970s, the ARC agitated for regulation by the federal government to drive for-profit banks that paid for blood out of the market. The ARC has insisted that blood from unpaid donors is safer than blood from paid providers. "Under no circumstances will the Red Cross pay blood donors," the ARC declared on its Web site. "Donors who give blood for reasons other than benevolence could potentially compromise the safety of the blood supply."

Blood banks that paid people to donate blood repeatedly insisted that there was inconclusive evidence that volunteer blood was safer than

paid blood; in fact, those blood banks warned that there was more danger associated with a shortage of blood. However, the repeated insinuations by the Red Cross that volunteer blood is safer than paid blood put the paid blood banks on the defensive and undermined public confidence in them, and most of them disappeared because they could not compete successfully in the hostile environment that ARC had created for them.

Underwriters Laboratories (now known as UL LLC) is an entity that, since 1894, has tested electrical equipment and evaluated whether it should be certified as being safe. For-profit laboratories strenuously objected to UL's nonprofit status for years, stating that UL's operations could scarcely be differentiated from what the for-profit laboratories did. According to UL, its mark appears on 22,000 types of products worldwide.

Nonprofit organizations' sale of goods and services in competition with the for-profit sector is an ongoing source of resentment by for-profit firms. Small businesses in the United States have been particularly vocal about what they perceive as unfair competition. The for-profit business people's objections center on nonprofits' exemption from an array of national, state, and local taxes and charities' acceptance of tax-deductible donations. If, at one and the same time, the Keebler Company and the Girl Scouts of the USA organization are selling cookies, Keebler must pay taxes on its profits, on its real estate, and on its payroll, and consumers pay state sales tax upon purchasing the cookies at a store, while the GSUSA pays no income or real-estate tax, has a limited payroll because most of the labor is voluntary, and in most states is not required to collect and remit state sales tax. For-profit firms complain that, under circumstances like that one, they approach the marketplace at a significant disadvantage. They characterize the tax advantages of nonprofits engaging in similar competition as, essentially, a subsidy granted to the nonprofits by government policy and, therefore, they perceive that, for all intents and purposes, they are competing with the government itself.

For-profit firms object that nonprofit organizations, as they present such competition and enjoy such tax advantages, are relatively unregulated. State governments have few instrumentalities to determine whether nonprofits are operating in ways that public policy intends. The major source of nonprofit-sector regulation in the United States is the US Internal Revenue Service's Exempt Organizations Division, whose staff is not large enough to be able to monitor hundreds of thousands of organizations vigilantly. State taxation agencies carry out limited oversight on nonprofits' compliance with tax-exemption requirements. State laws pertaining to the creation and operation of corporations, including those that are nonprofit, impose general obligations on their leadership and managers. More specialized regulation is industry specific, as in the case of federal and state laws and rules that pertain to all health care organizations.

For-profit owners and managers conclude, therefore, that the competition from nonprofit organizations is unreasonable and unrelated to any original intention that society had in recognizing the category of nonprofit organization. In expressing its objection to tax-exempt competition from nonprofits, the US Small Business Administration (SBA) has asserted on behalf of small-business owners that the tax laws must draw a distinction between the related commercial activities of charitable organizations – such as the American Red Cross and the Salvation Army – and commercial nonprofits whose revenues are predominantly fee based, which collect only modest amounts of donations, and which differ from for-profit service providers only on governance structure. For-profit hospitals, daycare centers, nursing homes, research institutes, and publishers resent competition from nonprofit organizations that offer the same commercial services.

Nonprofit arts and cultural organizations have struggled in recent years because of cutbacks in government support and numerous entertainment alternatives. For many decades, marketing experts have urged such organizations to adopt marketing principles and practices, to become more consumer oriented by embracing the marketing concept, and to learn about their audiences and meet their needs more than others do.

## "Unrelated" Enterprises

While it is within the range of options for a nonprofit organization to set up an enterprise not directly related to its core mission, so that it can obtain revenue from that "unrelated" enterprise, the entirety of the net revenue from that enterprise is likely to be potentially subject to corporate income taxation. US income tax law prescribes three tests that establish an enterprise as being "unrelated": the activity is "a trade or business," it is "regularly carried on," and it is not related to the tax-exempt organization's program purposes.

The US Internal Revenue Code and the Internal Revenue Service (IRS) consider a tax-exempt organization to be a collection of segments, each of which must be evaluated with respect to the organization's exempt purpose. In accordance with the *fragmentation rule*, the IRS examines each activity to evaluate whether it is an "unrelated" enterprise. For example, the IRS will acknowledge an educational organization's publication of a journal to be covered by tax exemption but will require that income tax be paid on sales of advertising in that journal. Similarly, the IRS will concede that sales in a museum's gift shop of items reflecting the museum's collection are exempt from income tax but will consider sales of souvenirs reminiscent of the surrounding city to be taxable.

A nonprofit organization may establish an unrelated enterprise, structuring it as a for-profit entity and paying dividends. An example would be a nonprofit research laboratory that creates a subsidiary to hold its employees' patents and gives the employees ownership shares so that they can reap rewards from royalties and other fees.

Naturally, the national tax laws that pertain to nonprofit organizations vary around the world, and the inevitable complexity of such laws eliminates any possibility of uniformity from one country to another. The US Internal Revenue Code is generous to charities. Some developing countries' legislatures have yet to enact laws offering tax advantages to charities. In the United Kingdom, nonprofits may conduct commercial activities only through a for-profit subsidiary that transfers its revenues back to the nonprofit without any payment of tax. Canada's stringent laws do not allow nonprofits to conduct unrelated, surplus-generating commercial activities. Nonprofits in India stand to forfeit their tax-exempt status if they earn revenue from unrelated commercial activities. Etchart and Comolli analyzed laws and regulations in the Latin American nations of Argentina, Brazil, Chile, Ecuador, and Peru. Argentina exempts from taxation income only from mission-related activities. In Brazil, charities' commercial-activity revenues are rarely taxed. Chile exempts revenues from only mission-related activities for only welfare organizations that have obtained exemption from the nation's president. Ecuador exempts charities' commercial-activity revenues as long as the revenues are reinvested within 1 year. Peru exempts commercial-activity revenue of nonprofits organized for charity, social assistance, education, culture, science, art, literature, athletics, politics, unions, and housing as long as the revenue is directed to a social purpose (Etchart and Comolli 2013).

Any nonprofit organization's leadership that wishes to establish such an enterprise should form a planning team – which may include the executive director, other top managers, and board members – and may wish to get help from a consultant in order to develop a business plan. La Piana, Gowdy, Olmstead-Rose, and Copen suggest the following elements of the plan.

- A description of the organization's mission
- A discussion of the program's or organization's history, business model, and focus
- A market analysis
- A description of the organization's governance, management, staffing, and operations
- A description of collaborative relationships
- A description of contemplated promotional and outreach approaches
- Financial projections and a plan for fund development
- A plan for the evaluation of the program's impact
- Identification of risks and description of approaches to risk mitigation (2012)

## Program-Related Enterprises

Money-raising activities of a nonprofit organization will normally be exempt from income tax if the activities are reasonably related to the organization's core purpose. Here are some categorical examples of related enterprises, in accordance with US tax laws and other countries' laws:

- *Enterprises that serve the day-to-day needs of patrons*. Universities operate bookstores, sell housing and meals, perform contract research and testing, and operate publishing houses. Student-identity cards issued by the City University of Hong Kong provide admission to the university's canteen and bookshops. In Great Britain, the Scout Association operates Scout Shops Ltd. that sells uniforms, other clothing, equipment, and publications, proceeds from which benefit the scouting movement.
- *Enterprises that serve the interests of patrons and visitors*. A museum's gift shop can sell reproductions, posters, and tote bags on-site and have a Web site or mail-order catalogue. Retail businesses, such as gift shops, bookstores, and restaurants, reach nonprofit institutions' clientele and can be staffed by volunteers. In New York City, the Metropolitan Museum of Art's gift shop and the New York City Ballet's Gift Bar have produced significant revenue for those institutions. At the Smithsonian Institution in Washington, D. C., food and beverage sales are similarly productive. Parking lots generate revenue for museums and symphony halls. New York City's Museum of Natural History and the American Jewish Congress organize tours and trips for members, students, and other customers.
- *Publications whose content is reflective of the organization's theme*. The Association of Junior Leagues International, Inc., has nearly 300 affiliated leagues in Canada, Mexico, the United Kingdom, and the United States. The association, says its Web site, "is an organization of women committed to promoting voluntarism, developing the potential of women and improving communities through the effective action and leadership of trained volunteers. Its purpose is exclusively educational and charitable." Chapters have raised money by compiling and selling celebrated cookbooks that they compile locally in accordance with local cuisine. Environmental, conservation, and cultural organizations gravitate toward publications, such as the Sierra Club, whose calendars and books depict natural wonders, and the National Geographic Society and New York City's Museum of Natural History, which publish magazines.
- *Government enterprises that serve the needs of residents*. Utilities operated by state and local governments are exempt from the corporate income tax.
- *Short-term enterprises, though the activity itself is not related to the organization's core purpose*. An enterprise of a nonprofit organization will be considered an "unrelated" enterprise only if the activity is "regularly carried on" by it. For example, if a veterans' service charity were to sell hamburgers at a stand during a 2-week-long exposition, then that is not considered a regularly operated enterprise. One-time fund-raising activities such as a dance or a concert are "unrelated" as well.
- *Ventures in which "nonprofits that offer therapeutic and rehabilitative assistance to their clientele…combine training with enterprise activity."* These programs are called *sheltered workshops*. In these workshops, nonprofits' clients "carve decorative wooden clocks in Florida; produce pickles, mustard, and ketchup in Rhode Island; raise feeder pigs in upstate New York; and operate a recycling center in Seattle." What kind of work will be performed in a workshop is determined by workers' needs and abilities, the paid- and volunteer-staff members' skills, and the surrounding communities' needs (Crimmins and Kiel 1990, p. 319). Skloot reports that few of such workshops bring in much revenue "[d]ue to their large social service and training components…." The workshops operated by Goodwill Industries International, the Salvation Army, and the Volunteers of America have been most successful (Skloot 1988, p. 5).

- *Manufacture, distribution, and sale of program-related goods and services*. Nonprofits may design goods related to their mission, and their brand can propel sales. For example, the Planned Parenthood Federation of America sold its "house-brand" condoms to affiliates and clinics. The American Red Cross and many local blood centers sell fractionated blood products. Minnesota Public Radio sold apparel related to the *A Prairie Home Companion* radio program.
- *Enterprises that are suited to the volunteer labor of members and the reselling of in-kind donations*. For 100 years, the Girl Scouts of the United States of America have sold cookies as a fund-raiser. The IRS does not tax the revenue because the scouts are considered to be learning responsibility and professionalism while organizing their cookie sales. A trade or business that resells merchandise received as gifts or contributions, such as a "thrift store," is tax-exempt.

## Licensing

Soft property, often known as "intellectual property," includes such property as copyrights, patents, trademarks, and artwork. These assets can be prolific sources of revenue. For example, the Children's Television Workshop, which created the very successful, enduring *Sesame Street* show for the US Public Broadcasting System, has licensed *Sesame Street* characters for use in musical recordings, toys, and books produced by for-profit firms, earning many millions of dollars in the process. The National Wildlife Federation, headquartered in Reston, Va., has licensed the Ranger Rick character for adaptation by for-profit firms. These kinds of soft property are a form of "goodwill" that has remunerative value for the nonprofit and profitable potential for corporations in the for-profit sector.

London's Royal Opera House, The Royal Ballet, and The Royal Opera have made their brands available for licensing to such retailers as the Boodles jewelry store, the Pepper & Mayne woman's-wear label, the Calken Gallery, Carlton Books, and the Cocorose London designer of shoes and accessories.

The matter of licensing is intertwined with the matter of the organization's *brand*. The brand includes the organization's logos, other symbols, and mottos and slogans. It also includes the organization's reputation in its market and in the wider community. A prominent and admired brand is a valuable asset for a nonprofit organization. It behooves every manager and employee in a nonprofit organization to protect the brand and, in the course of interactions with clients and others, to enhance the regard that stakeholders feel for the organization.

## Joint Ventures and Contracting

Nonprofit organizations create valuable connections and raise badly needed revenue through their partnerships with for-profit and nonprofit organizations and governments. For example, two nonprofits in Dakota County, Minn. – one called 360 Communities and the other known as Vineyard Community Services – agreed in 2013 to work together to address the needs of the county's 28,000 impoverished families by ensuring the operation of a fully stocked food bank. IKEA, the multinational furniture and home-accessories conglomerate designed in Sweden and headquartered in the Netherlands, established a partnership with Save the Children in 1994 to accomplish the elimination of child labor from products entering IKEA's supply chain. The IKEA Foundation has invested large amounts of donations in Save the Children's programs to combat child abuse and poverty.

Nonprofits also provide a variety of services to for-profit firms, as in the case of Family Service America that has provided drug and alcohol counseling to employees of General Motors. Universities conduct long-term research studies under contracts with for-profit corporations. The governments of Fairfax County, Va., and of the cities

of Fairfax and Falls Church, Va., operate the Fairfax-Falls Church Community Partnership to Prevent and End Homelessness. The partnership includes 15 nonprofits, all of which enter information about homeless families into a county-wide Homeless Management Information System (HMIS) operated by the local governments through which aid to affected families can be coordinated.

In Britain, during the Queen's Golden Jubilee in 2002, Barnardo's, a British children's charity dating to 1866, ran a Golden Jubilee campaign, partnering with Procter & Gamble. Donors received discounts on P&G household products, while Barnardo's reportedly received from P&G a benefit of £150,000.

## Renting Out of Unused Capacity

Many nonprofits have capacity – facilities, equipment, technology, and employees – whose size is intended to satisfy its needs at peak times of the week or year. For example, a church building may be bustling with activity on Sunday morning but may be all but abandoned on other days of the week. This circumstance, which is often unavoidable, presents the opportunity for such organizations to rent out their unused capacity at off-peak times for them. Such opportunities may include these examples:

- Renting rooms in a building to other organizations for their meetings when the building would otherwise be unoccupied.
- Hosting a convention, adult-educational program, or other gathering and accommodating attendees in otherwise unoccupied classroom buildings, dormitories, residences, dining facilities, etc.
- Renting school sports stadiums to professional or adult sports leagues.
- Leasing space on a university campus to start-up firms, as the Rensselaer Polytechnic Institute in Troy, N. Y., has done in order to "incubate" technology firms.
- Renting unused technology, as in the case of New York City's Public Broadcasting System affiliate, WNET, that makes its production services available to clients.
- Making employees available to consult with other organizations that are short on expertise relative to technology, managerial methods, and operations.
- Leasing out portions of facilities that are currently unneeded by the organization but useful to others.

## Investments

Passive investment income – including dividends, interest, rents, and royalties – of nonprofits is ordinarily exempt from taxation. The rule that "unrelated" enterprises are subject to income tax relates to *active* businesses, not to passive investments.

The endowment funds of prestigious universities are munificently funded. In 2016, Harvard University's endowment, the largest in the world, was approaching the $40-billion mark. Such funds are invested in corporate stocks and bonds, real estate, and other assets. The resulting dividends, capital gains, and rents go untaxed.

## Conclusion

For nonprofit organizations that find themselves in a fierce competitive struggle for resources that threatens their very existence, consideration of more complex ways of reaching out to potential partners – donors, other nonprofits, government agencies, and for-profit firms – may be essential for survival. Examples of such complex alternatives are more sophisticated fund-raising (including the "development" approach), entrepreneurial ventures, investments that generate "passive" revenue, and such arrangements with other organizations as contracting and mergers. In the modern era, nonprofit organizations are well advised to reach out to consumers through

social media and other online technologies, insofar as so many potential clients and donors are attuned to Internet communication. The marketplace imposes a discipline on inefficient organizations that often results in their demise. The organizations that are most likely to survive are those that are open to daring strategies, that take advantage of their strengths and opportunities, and that increase their power relative to other entities in their task environment.

## Cross-References


- ▶ Competition and Nonprofit Organizations
- ▶ Donors' Expectations: Lessons for Administrators
- ▶ Philanthropy and Nonprofit Organizations, Russia


## References


Crimmins JC, Kiel M (1990) Enterprise in the nonprofit sector. In: Gies DL, Ott JS, Shafritz JM (eds) The nonprofit organization: essential readings. Brooks/Cole Publishing Company, Pacific Grove, pp 315–327

Etchart N, Comolli L (2013) Social enterprise in emerging market countries: no free ride. Palgrave Macmillan, New York

Francois EJ (2015) Financial sustainability for nonprofit organizations. Springer Publishing Company, LLC, New York

Hausmann A (2012) Creating 'Buzz': opportunities and limitations of social media for arts institutions and their viral marketing. Int J Nonprofit Volunt Sect Mark 17: 173–182

Khankaew C, Ussahawanitichakit P, Raksong S (2015) A conceptual framework of alternative marketing strategy and marketing outcomes. Proc Acad Market Stud 19(2):1–16

La Piana D, Gowdy H, Olmstead-Rose L, Copen B (2012) The nonprofit business plan: the leader's guide to creating a successful business model. Turner Publishing Company, Nashville

Levinson JC, Adkins F, Forbes C (2010) Guerrilla marketing for nonprofits: 250 tactics to promote, recruit, motivate, and raise more money. Entrepreneur Press, Irvine

Skloot E (1988) The growth of, and rationale for, nonprofit enterprise. In: Skloot E (ed) The nonprofit entrepreneur: creating ventures to earn income. The Foundation Center, New York, pp 1–9


# Alternative Recruitment Strategies


Charlene M. L. Roach
Department of Political Science, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago


## Synonyms

Alternative employment; Alternative methods of recruitment; Alternative work arrangement; Contract employment

## Brief Definition of Alternative Recruitment Strategies

Alternative recruitment strategies are short-term measures used to attract potential persons to fill vacant positions in an organization to meet the staffing and maintenance needs of organizations without the long-term responsibility that the recruitment function requires. These include overtime, temporary employment, and contracting (outsourcing).

## Introduction

This chapter assesses alternative recruitment strategies. It begins with an overview of how recruitment strategies evolved in human resource management (HRM). It highlights the critical role of recruitment as it pertains to its staffing and maintenance activities in public organizations. It also illustrates the complexity of this function as it relates to costs, time, and labor intensiveness. There are paradoxes that need to be addressed, and this also has an impact on this function. Recruitment strategies vary depending on organizations' plans, resources, and choices. Regardless of whatever methods are used, this is a critical function as it attracts potential persons to organizations; attempts to make that mutual

appeal to them in an effort to select the most suited and successful candidates who hopefully will fit the organizational cultures; be equipped for their jobs; and will effectively perform them to accomplish the organizational goals and objectives.

Thus, the first part of the chapter provides a good background and transition into the next section which is an analysis of alternative recruitment strategies as they are used in contemporary organizations. The alternatives discussed are overtime, temporary employment, and contracting (outsourcing). This second section also discusses how these strategies have deviated from traditional ones.

Finally, the chapter ends with a critical reflection of some of the major future implications that need to be considered for the adoption of these alternative strategies in contemporary public organizations. Problems and paradoxes have developed that need to be reconciled. Other issues emerge with a clear indication of a dual system in operation where two categories of employees are recruited using traditional recruitment and alternative recruitment strategies to staff and maintain the workforce for public organizations. The literature supports the compelling advantages of alternative recruitment methods, but they come with a high cost and mixed bag of benefits and challenges. Big questions are posed. These help to frame recommendations that are proposed for future planning and consideration for Strategic HRM practices and principles.

## Evolution of Recruitment Strategies

Recruitment is a "life-blood" function in human resource management (HRM) as it focuses on the staffing and maintenance functions. Staffing is demonstrated when it provides the system with prospective candidates who possess the knowledge, skills, abilities, and aptitudes (KSAAs) for the respective jobs that become vacant or are created and require persons to fill them. In essence, it sustains the system with its valuable human resources. Maintenance is achieved when these candidates are actually hired in a timely manner and placed in the positions that match their KSAAs and their organizations' needs for these types and numbers of employees. By so doing, public bureaucracies are able to achieve their end outcomes such as productivity, efficiency, competitive service, longevity, loyalty, motivated employees, and other strategic objectives.

Although recruitment is a critical function in HRM, it is also a time consuming, costly, and labor intensive one. Time is taken for organizations to create realistic job previews; devise different methods of recruitment (internal and external); apply them to the process; interact with potential candidates while introducing them to the recruiting organizations. Additionally, organizations utilize their resources with setting up recruitment requirements such as detailed job descriptions and job specifications that highlight and differentiate essentials of each job from desirables. Organizations also need to ensure that all requirements are adhered to during the process from start to finish-thereby, enhancing reliability, validity, sensitivity, and feasibility. Human resource (HR) administrators also need to have an intimate knowledge of their organizational policies and regulations that are relevant to recruitment and comply with them and other standard operating procedures (Ivancevich 2013). Efforts are also marshaled in presenting an attractive public image of these organizations to their potential recruits.

Environmental factors may also impact the recruitment function which during the process can create time lags. Governments' policies and laws change from time to time. There may be restrictions imposed, as well as labor union agreements or negotiations. Some laws in the past made it mandatory to assess the composition of the labor force in an attempt to mitigate against discriminatory practices in employment. Yet, other factors may influence the pool of candidates recruited like sector differences, location of the agencies/organizations, and market forces. For the latter, if there is a surplus of labor, modest recruitment efforts may yield tons of applicants. On the other hand, when organizations may have reached near to their full capacity within their establishments, skilled and continued recruitment may be required

in order to attract the relevant candidates who are most suited for the positions and would be the right fits/matches for the organizations and the jobs. All of these reasons noted above and more make the recruitment function time consuming, costly, and labor intensive.

In the same vein, there are many paradoxes with recruitment in Public HRM. It is supposed to place "the right persons in the right jobs at the right time." This is not always the case. Many scholars critique this activity as some of those hired in public organizations may be "square pegs in the round holes." Similarly, other challenges such as delays due to public bureaucracies' red tape, fragmentation within these agencies, budgetary constraints, and other limitations prevent the recruitment of "the best and brightest candidates" in a timely manner. Merit lists may be created and there may be a time lag before the short-listed candidates are interviewed and another lag before they are finally selected for the positions, to the extent that many potentially capable and talented candidates lose interest or take up other positions in other sectors or other organizations where recruitment occurs faster and is more effectively executed. There are other forces that constrain this function such as politics, the economy, government and union restrictions, labor market conditions, and other internal influences that may obstruct the process to flow as HRM theory informs. Yet, recruitment is portrayed as a bedrock function in HRM. It is supposed to sustain organizations with the life blood of a cadre of human resources, with relevant KSAAs and good "persons-jobs-organizational" fits.

Traditionally, organizations adopted diverse methods to carry out this strategic function with intentions to hire employees who will be retained for permanent positions within their establishments. These methods have expanded today in contemporary organizations to include internal and external methods such as job postings, internships, referrals, internal moonlighting, e-recruiting, media advertisements, social media networking sites, employment agencies, executive search firms (for executive and higher level positions), college recruiting, vacation internships, and special events recruiting (Ivancevich 2013).

## Analysis of Alternative Recruitment Strategies: Contemporary Practices and Diversions

Alternative recruitment strategies are also being impacted by contemporary demands in the environment. These include increasing budgetary allocations for additional employees, cost containment, and other financial constraints. As a result, organizations are using these alternative methods to recruitment in strategic ways to circumvent these challenges. As noted earlier in the introduction, recruitment is a costly, labor intensive, and time consuming HR activity. Traditional recruitment absorbed the sunk costs associated with hiring and retaining these prospective employees as part of the permanent workforce within organizations.

Therefore, more and more organizations have applied alternative recruitment strategies when their HR plans may signal that additional or auxiliary human resources are needed. Hence, alternative approaches are used in order to alleviate the sunk costs associated with permanent hiring for the agency. The rationale behind these approaches was initially to give organizations temporary "relief" from incurring exorbitant costs, other budgetary commitments, and circumventing the red tape and time lags that can occur when the recruitment activity is activated to attract the prospective employees to organizations (Roach and Davis-Cooper 2012).

In the short to medium terms, alternative recruitment strategies offered multiple benefits to public organizations. Organizations received the human resources that were lacking. Time lags in between the search for prospective candidates and their actual hiring during the recruitment process were reduced. The uncertainty that is captured during recruitment of attracting and selecting "square pegs in round holes" was controlled since those recruited were there on more temporary assignments/periods. They also helped to circumvent a lot of the red tape that traditional recruitment practices.

In the long term, organizations projected and anticipated great savings from not having to pay those recruited pensions and other benefits that

permanent employees would have to be paid. Overall these alternative strategies were supposed to enhance timeliness within this HR activity which is critical to ensuring the ongoing staffing and maintenance of the HRM system. This alternative approach also minimized the strain and other challenges organizations experience when vacancies exist but due to cost, time, and other factors they are not always able to apply recruitment strategies, to replace employees in vacant positions and potentially vacant ones with potential recruits within a short space of time entailed (Roach and Davis-Cooper 2012).

These alternative methods or strategies include: over time, temporary employees, and outsourcing (or contract employment). As noted above, HRM systems in the planning function may signal the need from time to time of recruiting additional or auxiliary employees. Overtime, as an alternative strategy, facilitates this quick relief measure by allowing employees within the organizations to provide the services and KSAAs needed for jobs that exist or may be newly created. Benefits are symbiotic to organizations and employees. Organizations benefit as vacancies or labor shortages are plugged, work resumes uninterrupted, and strategic priorities are maintained. Employees also enjoy additional income, expand their skill-sets and job enrichment opportunities. On the other hand, excessive use of overtime may put a drain on organizational and human resources. In the long term, if HR planning is not effectively coordinated organizations may pay more especially if overtime becomes a recurring expenditure. Employees who work overtime on a long-term basis may suffer from work stress, burn out, and fatigue, which ultimately could impair their health and well-being and overall capacity to contribute to the achievement of organizational goals and objectives.

Similarly, temporary employment and outsourcing (or contract employment) are alternative strategies that have compelling advantages for organizations and employees. These latter methods have also become a feature of global public management cost containment initiatives. For instance, New Public Management (NPM) reform initiatives have adopted business practices to public administration and management (Hernes 2005; Hood 1991, 1998). Hence, contracting, privatization, and other efficiency measures are projected as popular approaches for public management (Ban 1999; Leland and Smirnova 2009; Lynn 1999). In keeping with these practices there is a need to cut back costs; manage human resources to the extent that more can be achieved using less; and produce greater productivity and higher performance for public organizations (Osborne and Gaebler 1992; Vigoda and Meiri 2008; Weikart 2001).

Temporary employment was typically used for lower skilled employees in administrative and clerical functions. Such employment facilitates the recruitment of these types of workers on short-term employment arrangements that require little or no formal training. There is also no obligation by employers to provide long-term compensation as those employed within the permanent establishment. Hence, under this arrangement, public organizations are not expected to incur long-term expenses such as payments of fringe benefits and other responsibilities such as pensions.

Similar to overtime, this alternative recruitment strategy offers benefits to employees such as flexibility in their work schedules, fewer risks, and, as a result, these employees may be more motivated to adapt to change demands in their work environment. For instance, temporary employees may be regarded as "on call" or "providing temporary help" as organizational needs dictate such as performing meaningful tasks in jobs that are vacant. On the other hand, organizations gain by having a continuous supply of labor with low obligations to pay them any pensions. A corollary to overtime is that excessive use of this strategy may negatively impact workers who may not develop long-term organizational ties, loyalty, or become familiar with their organizational cultures. All of these help to foster deeper bonds with employees and their organizations such as development of psychological contracts that permanent employees would have developed. By so doing, public values such as loyalty, commitment, and public service motivation and accountability to their goals could be challenged (Chen and Brudney 2009).

Outsourcing (hereafter called contract employment or contracting) is an alternative recruitment strategy which falls under NPM approaches as previously discussed (Matusik and Hill 1998). Among the hallmarks of NPM principles are efforts to streamline and increase public organizations' efficiencies, operations, processes, structures, and service delivery as they impact their responsiveness and overall productivity. These principles are becoming quite popular in light of global economic recessions, financial constraints, and reducing budgetary allocations for public organizations and other challenges. NPM philosophy reinforces principles of cut back management, decentralization, privatization, reengineering, contracting, and other reforms that reflect private sector practices. In essence, NPM uses a business model of evaluating organizations based on their returns on investments (Hood 1991, 1998; Osborne and Gaebler 1992). However, public organizations operate within a sector that is fundamentally different from the private sector. Public organizations are oriented towards serving the public and their interests whereas the private is oriented towards profitability. Sector differences exist as well in their structures and incentives. Thus, contracting as an alternative strategy to recruitment has become a contemporary NPM technique to help staff and maintain some of the human resources of public organizations.

There are many benefits for public organizations in using contract employment as an alternative recruitment strategy. However, for best practices in HRM, contracting, like temporary employment, is not intended to be a permanent method. Its contemporary usage signals diversions from traditional recruitment strategies. As with temporary employees, contract employment facilitates a peripheral human resource pool by which public organizations may attract, recruit, and select prospective individuals for jobs that require their KSAAs. They are also used during peak periods, special assignments, unique projects and other special organizational needs, and during unplanned increases in labor demands (Chen and Brudney 2009). This alternative method provides public organizations with highly skilled workers who may perform specialist roles such as for information technology (IT) expertise to staff and maintain initiatives such as e-government projects, Human Resource Information Systems, and other IT programs. Further, they contribute in circumventing limits on current employment levels (Ban 1999).

Within contemporary HRM practices, contracting is a strategic approach used to enhance knowledge management. When contract employees are recruited with their KSAAs especially those that possess idiosyncratic skills sets and very developed competencies they can be used to enhance organizations' training and development of existing employees. Strategically, they can be used to develop organizations' human resources talent management and knowledge management (Matusik and Hill 1998). Organizations by their recruitment can have time to transfer their KSAAs to existing staff, bridge skills and competencies gaps, and develop employees for success planning and other career pathing in their work streams. Using this contingent supply of human resources also provides time for organizations to develop these KSAAs and competencies to their current workforce. This approach allows cost savings from sunk costs associated with recruitment of employees who are already developed and may require more competitive compensation and benefits in the long term if they were hired as permanent human resources within the establishment.

Contract or contingent employees are not part of the permanent establishments' budgetary allocations regarding their long-term commitments for payments of benefits and other compensations. As mentioned in an earlier section, contract employees may not get time to foster a deep psychological contract with their public employers due to their temporary status (Pearce 1993). Whereas, permanent employees may expect certain protections and commitments by their employers, contract employees do not have similar or comparable expectations. They do receive benefits but to a limit. They can also feel a bit like outsiders to the permanent employees; marginalized, less committed to the public service's call to serve in the public's interest and

intrinsically not as motivated to achieve agencies' organizational goals and strategic priorities.

Hence, what has developed in its contemporary practice is a parallel system of permanent employees alongside contract workers (Marshack 2011). There are implications for this shift. In a sense, they may be perceived as not "full-fledged" employees with all the rights and privileges accorded to permanent ones. This can create awkward tensions between existing employees and contractual workers in the long term and add challenges to employment relations and other conditions of employment (Chen and Brudney 2009).

Additionally, other challenges may develop for public organizations that use this as an alternative recruitment strategy. From an HRM perspective, issues can arise such as lack of commitment due to the absence of job security, low morale, lack of motivation, job satisfaction, and low quality of work life experiences (Pearce 1993). Similarly, the persistent use of this as an alternative method may create for permanent employees inherent fears, anxieties, and stressors.

Therefore, contract employment, as one among three of the alternative recruitment strategies, is being used more as a popular contemporary NPM technique to staff and maintain the workforce of public organizations. Traditionally, this was not the rationale behind alternative recruitment strategies. While there are strategic benefits, there are also some limitations in using this as a long-term strategy of alternative recruitment. The literature demonstrates that there may be compelling advantages such as cost savings due to their temporary contracts and nontenured status within agencies' permanent establishments. Yet, on the other hand, the practice and use of contract employment as an alternative recruitment strategy in contemporary organizations demonstrate shifts from strategic HRM practices.

## Future Implications and Recommendations

From the forgoing discussion, strategic HRM views employees as their organizations' most valuable resources. It also promotes "people's first practices. This means that organizational policies, HR functions, activities, systems, processes, and operations should be streamlined in a way to promote employee engagement philosophies while organizations' strategic goals and priorities are aligned to meet their end outcomes.

Recruitment as a "life-blood" function within a strategic HRM system should be conducted in a way to ensure that the right persons are recruited for the jobs that they will be most suited for and in a timely manner. Recruitment strategies should also be linked strategically to this people's first practice by ensuring that there are good persons-jobs-organizational fits. In essence, prospective employees should be recruited to fit in well within their organizations they are hired to work in and that they will also possess the requisite KSAAs for their jobs. Within this framework, one would expect that recruitment strategies will be focused on the selection and retention of these prospective employees into organizations.

However, from time to time organizations may seek to use alternative recruitment strategies for various reasons as discussed throughout the chapter. These alternative strategies may have been initially intended as short-term measures in order to meet the staffing and maintenance needs of organizations without the long-term responsibility that the recruitment function required. Hence, organizations would be able to hire the right numbers and types of employees to perform these jobs while decreasing costs incurred through the recruitment of permanent employees.

In contemporary organizations, alternative strategies such as temporary and contract employment have been used more as popular approaches to recruitment. Clearly, this demonstrates a deviation from traditional recruitment strategies and strategic HRM principles. Such shifts to using temporary and contract employment as alternative strategies to sustain the staffing needs of public organizations may have serious implications for the future and for best practices as they relate to strategic HRM. Some of these implications include but are not limited to knowledge management systems, talent management, employee

engagement, and transfer of KSAAs from contracted persons to permanent employees.

The use of alternative strategies alongside conventional methods of recruitment produces paradoxes within an HRM system. In many public organizations today there exist parallel systems of contract and permanent employees. This may produce some awkward tensions between tenured and nontenured staff. It may also impact negatively on contract employees' abilities to commit to their organizations' long-term goals wholeheartedly under agreements that are not permanent. While temporary and contract employment as alternative strategies are becoming the hallmark of NPM principles and practices, there may be positive and negative impacts to both employees and their organizations.

A corollary to this twofold system of recruitment and alternative recruitment strategies are awkward tensions between permanent and contingent employees. This unresolved issue can also lead to low morale, poor quality of work life experiences, and internal conflicts between two categories of employees. Some who are contracted may even perceive that there may be little qualitative differences between their jobs and what contracted persons perform. This is a matter for HR professionals and public administrators to reconcile in the near future if this dual system persists.

These dual impacts are areas for administrators to consider as they streamline HR policies, strategic HRM approaches and recruitment strategies. Questions arise over how the recruitment function using a strategic HRM approach that focuses on people's first practices, selecting employees who would fit, produce and be retained; yet, at the same time, adopting alternative recruitment strategies in a sustained manner that do not retain employees permanently expect them to produce organizational end outcomes and provide no commitment to them regarding their permanent well-being such as tenure, benefits, compensation, and other perks. It seems to suggest that within the same organization there is a different psychological contract that exists between their employers and these two categories of employees. The question remains, is this popular trend the way to go as a contemporary recruitment approach and philosophy in HRM? How should public administrators define temporary and contract employees within public organizations? Are we being fair to them and are these practices consistent with strategic HRM principles, i.e., a people's first practice? How can these employees be engaged in temporary and contracted positions while working alongside permanent ones within their establishments? How are permanent employees being affected by those contracted by the same organization to work alongside them and at times to work with them? These are "big questions" for public HRM to address and for administrators to reflect on as they observe the dual system and its mixed impacts on all stakeholders.

Clearly, the literature demonstrates that there are compelling benefits to alternative recruitment strategies. Organizations and employees both share some degree of gains and losses. Thus, another implication to address in the future is to consider from a cost benefit analysis whether gains outweigh the costs or costs exceed these benefits.

Reflectively, some recommendations to consider for the near future as strategic HRM practices are implemented in public organizations is to determine how alternative recruitment strategies will be used within public organizations strategically and be linked to organizational strategic plans, HRM policies, and HR functions to ensure that end outcomes will be achieved. Mechanisms need to be put in place for monitoring, tracking, evaluating, and implementing policies as they relate to alternative recruitment strategies. The next recommendation is to continually assess the long-term impacts of cost containment initiatives as they relate to recruitment and other HR functions such as planning which should be linked carefully within an HRM system.

## Conclusion

Alternative recruitment strategies do present a mixed bag of negative and positive impacts. Careful HR planning will need to be exercised in reflecting on past implications and future plans. Recommendations may also play a critical role in evaluating how these strategies are being

implemented and their effects on public service values, public HRM practices, employees, and their work places.

## References


Ban C (1999) The contingent workforce in the US Federal Government: a different approach. Int Rev Admin Sci 65:41–54

Chen CA, Brudney JL (2009) A cross-sector comparison of using nonstandard workers: explaining use and impacts on the employment relationship. Admin Soc 41:313–339

Hernes T (2005) Four ideal-type organizational responses to new public management reforms and some consequences. Int Rev Admin Sci 71:5–17

Hood C (1991) A public management for all seasons? Public Administration (Winter) 69:3–19

Hood C (1998) Individualized contacts for top public servants: copying business, path dependent political re-engineering – or trobriand cricket? Governance 11(4):443–462

Ivancevich JM (2013) Human resource management, 12th edn. Irwin Inc, Chicago

Leland S, Smirnova O (2009) Reassessing privatization strategies 25 years later: revisiting perry and babitsky's comparative performance study of urban bus transit services. Public Admin Rev 69(5):855–867

Lynn L (1999) The new public management. Government Fin Rev 15:15–18

Marshack S (2011) Alternative recruitment strategies case study on contract employment in the public service of Trinidad and Tobago, 7 Sept 2011. Retrieved from http://unpanl.un.org/intradoc/groups/public/documents/UN/UNPAN021826.pdf.

Matusik SF, Hill CWL (1998) The utilization of contingent work, knowledge creation, and competitive advantage. Acad Manag Rev 23:680–697

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Pearce JL (1993) Toward an organizational behavior of contract laborers: their psychological involvement and effects on employee co-workers. Acad Manag J 36: 1082–1096

Roach CMLR, Davis-Cooper G (2012) Public service cost containment in Trinidad and Tobago: assessing the impact of contract employment. In: Mitchell DJB (ed) Public agendas: the public sector in an era of economic stress. Labor and Employment Relations Association, Illinois

Vigoda E, Meiri S (2008) New public management values and person-organization fit: a socio-psychological approach and empirical examination among public sector personnel. Public Admin 86(1):111–131

Weikart LA (2001) The Giuliani administration and the new public management in New York City. Urban Affairs Rev 36:359–381


# Amortization and Depreciation


Marco Maffei
University of Naples "Federico II", Naples, Italy


## Synonyms

*Amortization* and *depreciation* have the same meaning. In some countries, the term provision is used in the context of items such as depreciation and impairment of assets; these kinds of provision are to be intended as adjustments to the carrying amounts of assets.

## Definition

Proper definitions are provided in the International Accounting Sector Accounting Standards. In this document the references are to IPSAS 17, Property, Plant, and Equipment, and IPSAS 31, Intangible Assets.

Amortization: Amortization is the systematic allocation of the depreciable amount of an asset over its useful life. In the case of an intangible asset, the term amortization is generally used instead of depreciation. Both terms have the same meaning.

Depreciation: Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. In the case of a tangible asset, the term depreciation is generally used instead of amortization. Both terms have the same meaning.

Depreciable amount: Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Impairment: Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortization).

## Introduction

Amortization and depreciation are expenses, which arise from the consumption of assets

through depreciation and erosion of service potential and ability to generate economic benefits through impairments.

Under the historical cost model, assets are initially reported at the cost incurred on their acquisition. Subsequent to initial recognition, this cost may be allocated as an expense to reporting periods in the form of depreciation or amortization for certain assets, as the service potential or ability to generate economic benefits provided by such assets is consumed over their useful lives.

If an asset has been acquired in an exchange transaction, historical cost provides information on the resources available to provide services in future periods, based on their acquisition cost. To reflect the operational capacity of the asset, when depreciation or amortization is recognized, it reflects the extent to which the service potential of an asset has been consumed. Historical cost information shows that the resources available for future services are at least as great as the amount at which they are stated.

Estimates of depreciation and impairment used in the historical cost model, particularly for noncash-generating assets, can affect representational faithfulness. Because application of historical cost generally reflects resources consumed by reference to actual transactions, historical cost measures are verifiable and understandable and can be prepared on a timely basis.

## Depreciation of Property, Plant, and Equipment

One of the main issues is the depreciation charges and impairment losses to be recognized in relation to property, plant, and equipment. After recognition as an asset, an item of property, plant, and equipment shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.

### Component Approach

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. An entity allocates the amount initially recognized in respect of an item of property, plant, and equipment to its significant parts and depreciates separately each such part. A significant part of an item of property, plant, and equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge.

To the extent that an entity depreciates separately some parts of an item of property, plant, and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts of the item that are individually not significant. If an entity has varying expectations for these parts, approximation techniques may be necessary to depreciate the remainder in a manner that faithfully represents the consumption pattern and/or useful life of its parts.

An entity may choose to depreciate separately the parts of an item that do not have a cost that is significant in relation to the total cost of the item. The depreciation charge for each period shall be recognized in surplus or deficit, unless it is included in the carrying amount of another asset.

### The Depreciation Charge

The depreciation charge for a period is usually recognized in surplus or deficit. However, sometimes, the future economic benefits or service potential embodied in an asset is absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount. For example, the depreciation of manufacturing plant and equipment is included in the costs of conversion of inventories. Similarly, depreciation of property, plant, and equipment used for development activities may be included in the cost of an intangible asset.

### Useful Life and Residual Value

The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

The residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change(s) shall be

accounted for as a change in an accounting estimate.

Depreciation is recognized even if the fair value of the asset exceeds its carrying amount, as long as the asset's residual value does not exceed its carrying amount. Repair and maintenance of an asset does not negate the need to depreciate it. Conversely, some assets may be poorly maintained or maintenance may be deferred indefinitely because of budgetary constraints. Where asset management policies exacerbate the wear and tear of an asset, its useful life should be reassessed and adjusted accordingly.

The depreciable amount of an asset is determined after deducting its residual value. In practice, the residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount.

The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation, the depreciation charge can be zero while there is no production.

### Future Economic Benefits of Property, Plant, and Equipment and Their Consume

The future economic benefits or service potential embodied in an item of property, plant, and equipment is consumed by the entity principally through the use of the asset. However, other factors such as technical or commercial obsolescence and wear and tear while an asset remains idle often result in the diminution of the economic benefits or service potential that might have been obtained from the asset. Consequently, all the following factors are considered in determining the useful life of an asset: (i) expected usage of the asset, which is assessed by reference to the asset's expected capacity or physical output; (ii) expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle; (iii) technical or commercial obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset; and (iv) legal or similar limits on the use of the asset, such as the expiry dates of related leases.

The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of an entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits or service potential embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets.

Land and buildings are separable assets and are accounted for separately, even when they are acquired together. With some exceptions, such as quarries and sites used for landfill, land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets. An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building.

If the cost of land includes the cost of site dismantlement, removal, and restoration, that portion of the land asset is depreciated over the period of benefits or service potential obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits or service potential to be derived from it.

### The Depreciation Method

The depreciation method shall reflect the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the entity.

The depreciation method applied to an asset shall be reviewed at least at each annual reporting date, and, if there has been a significant change in the expected pattern of the consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate.

A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method, and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method result in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

### Impairment

To determine whether an item of property, plant, and equipment is impaired, an entity applies IPSAS 21 or IPSAS 26, Impairment of Cash-Generating Assets, as appropriate. These Standards explain how an entity reviews the carrying amount of its assets, how it determines the recoverable service amount or recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.

### Recognition and Measurement Issues in Case of Application of the Revaluation Model

After recognition as an asset, an item of property, plant, and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses. When an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways: (i) restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost, eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. This method is often used for buildings.

The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for.

Some or all of the revaluation surplus included in net assets/equity in respect of property, plant, and equipment may be transferred directly to accumulated surpluses or deficits when the assets are derecognized. This may involve transferring some or the whole of the surplus when the assets within the class of property, plant, and equipment to which the surplus relates are retired or disposed of. However, some of the surplus may be transferred as the assets are used by the entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the assets and depreciation, based on the assets' original cost. Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

## Amortization of Intangible Asset

One of the main issues is the amortization charges and impairment losses to be recognized in relation to intangible assets. After recognition as an asset, an item of intangible assets shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.

### Amortization Period and Amortization Method

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with noncurrent assets held for sale and discontinued operations and the date that the asset is derecognized. The amortization method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

A variety of amortization methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method, and the unit of production method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits or service potential embodied in the asset and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

Amortization is usually recognized in surplus or deficit. However, sometimes the future economic benefits or service potential embodied in an asset are absorbed in producing other assets. In this case, the amortization charge constitutes part of the cost of the other asset and is included in its carrying amount. For example, the amortization of intangible assets used in a production process is included in the carrying amount of inventories.

### Review of Amortization Period and Amortization Method

The amortization period and the amortization method for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortization method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates.

During the life of an intangible asset, it may become apparent that the estimate of its useful life is inappropriate. For example, the recognition of an impairment loss may indicate that the amortization period needs to be changed.

Over time, the pattern of future economic benefits or service potential expected to flow to an entity from an intangible asset may change. For example, it may become apparent that a diminishing balance method of amortization is appropriate rather than a straight-line method. Another example is if the use of the rights represented by a license is deferred, pending action on other components of the entity's strategic plan. In this case, economic benefits or service potential that flows from the asset may not be received until later periods.

Amortization of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with noncurrent assets held for sale and discontinued operations.

## Further Accounting Issues of Amortization and Depreciation

### Changes in Accounting Estimates

A change in the estimated useful life of, or the expected pattern of consumption of economic

benefits or service potential embodied in, a depreciable asset affects the depreciation expense for the current period and for each future period during the asset's remaining useful life. The effect of the change relating to the current period is recognized as revenue or expense in the current period. The effect, if any, on future periods is recognized in future periods.

### Finance Leases

Finance lease gives rise to a depreciation expense for depreciable assets. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life. The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term or its useful life. The sum of the depreciation expense for the asset and the finance expense for the period is rarely the same as the lease payments payable for the period, and it is therefore inappropriate simply to recognize the lease payments payable as an expense. Accordingly, the asset and the related liability are unlikely to be equal in amount after the commencement of the lease term.

### Service Concession Arrangements

Depreciation or amortization is based on that deemed cost and starts from the date for which the entity established the deemed cost.

## Disclosure Issues

The financial statements shall disclose, for each class of property, plant, and equipment recognized in the financial statements: (i) the depreciation methods used, (ii) the useful lives or the depreciation rates used, (iii) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and (iv) selection of the depreciation method and the estimation of the useful life of the assets are matters of judgment. Therefore, disclosure of the methods adopted and the estimated useful lives or depreciation rates provide users financial statements with information that allows them to review the policies selected by management and enables comparisons to be made with other entities. For similar reasons, it is necessary to disclose depreciation, whether recognized in surplus or deficit or as a part of the cost of other assets, during a period, and accumulated depreciation at the end of the period.

The financial statements shall disclose, for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (i) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used, (ii) the amortization methods used for intangible assets with finite useful lives, (iii) the gross carrying amount and any accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period, (iv) the line item(s) of the statement of financial performance in which any amortization of intangible assets is included, and (v) a description, the carrying amount, and remaining amortization period of any individual intangible asset that is material to the entity's financial statements.

### Information to be Presented on the Face of the Statement of Financial Performance

Amortization and depreciation are presented on the face of the statement of financial performance. However, the thoroughness of the information concerning these items depends on the classification employed based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant. The first form of analysis is the nature of expense method: amortization and depreciation are aggregated according to the nature and are not reallocated among various

functions within the entity. The second form of analysis is the function of expense method, which classifies expenses according to the program or purpose for which they were made. This method can provide more relevant *information* to users than the classification of expenses by nature, but allocating amortization and depreciation to functions. This allocation could suffer arbitrary allocations and could involve considerable judgment.

### Reporting Cash Flows from Operating Activities

Under the indirect method, the net cash flow from operating activities is determined by adjusting surplus or deficit from ordinary activities for the effects of noncash items such as depreciation and amortization.

### Segment Assets and Expense

Segment assets include current assets that are used in the operating activities of the segment: property, plant, and equipment, assets that are the subject of finance leases, and intangible assets. If a particular item of depreciation or amortization is included in segment expense, the related asset is also included in segment assets. Jointly used assets are allocated to segments if, and only if, their related revenues and expenses are also allocated to those segments. For example, an asset is included in segment assets if, and only if, the related depreciation or amortization is included in measuring segment expense.

## Cross-References

► Financial Statements

## References

IPSAS 1, Presentation of financial statements
IPSAS 2, Cash flow statements
IPSAS 3, Accounting policies, changes in accounting estimates and errors
IPSAS 12, Inventories
IPSAS 13, Leases
IPSAS 17, Property, plant, and equipment
IPSAS 18, Segment reporting
IPSAS 21, Impairment of non-cash-generating assets
IPSAS 26, Impairment of cash-generating assets
IPSAS 31, Intangible assets
Jones R, Pendlebury M (2000) Public sector accounting. Pearson Education, Harlow

A

# Analysis of Factors of Overpricing in Public Procurement: A Study for Low-Performing EU Countries

Michal Plaček[1], Juraj Nemec[2], František Ochrana[1], Martin Schmidt[1] and Milan Půček[1]
[1]Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic
[2]Faculty of Economics and Administration, Masaryk university, Brno, Czech Republic

## Synonyms

Contracting out; Public buying; Public contract

## Definition

Public procurement refers to the process by which public authorities, such as government departments or local authorities, purchase work, goods, or services from suppliers.

## Introduction

Public authorities have a statutory obligation to provide certain types of public goods and public services. These can be provided in-house or by outsourcing. The outsourcing of public goods and services can be realized in the form of a public contract or PPP project. In the case of a public contract, the contracting authority is the key actor. In short, the contracting authority is one of the public authorities. It uses the public contract as an effective allocation of resources, by which the contracting authority usually pursues economic and social objectives. The role of the contracting

authority may be played by the state (for example, a particular ministry), a municipality, a government organization, and the like. A public contract can be defined as the case where a public project (for example, construction of a highway or the purchase of vehicles for police and the like) or activity (for example, guard or cleaning services in Ministry buildings) or a public service (for example, ensuring transport services to an area) is not carried out by the public actor, but by a nonpublic entity (also referred to as a contractor). Public contracts can be divided into construction public contracts (such as motorways, municipalities building kindergartens, etc.), supplies (such as hospital equipment, fire brigade vehicles, etc.), and services (such as public transport, waste collection in the municipality, etc.).

In economic terms, public procurement is understood as a way of allocating resources in the public sector as part of the economic system. The reasons for the existence of public contracts are related to the fulfillment of the role of the state. Economically developed countries are so-called mixed economies, where there are concurrently private and public sector entities. In doing so, the public sector has a significant impact on all economic processes.

Current mainstream economics thus admits the necessity of state intervention in the economy and explains market failures, where markets do not allocate (Pareto) the optimal state. These "failures" include, in particular, externalities, public goods, imperfect competitive structures, and incomplete information. These microeconomic aspects relate mainly to the allocation role of the state. From a macroeconomic point of view, the function of the state is based, for example, on the existence of business cycles. In all its activities, the public sector uses a large number of goods and services which it either consumes or provides to others.

Erridge and McIlroy (2002) in the context of public procurement policy being outside economic objectives (e.g., to minimize costs, efficiency) emphasize the objectives of regulatory (e.g., the development of a single EU market) and social (e.g., the promotion of employment, favor certain social groups or environmental aspects). In general, various noneconomic objectives may conflict with economic objectives, for example, favoring contractors employing people with disabilities may result in increased costs for the desired good and create less efficient public procurement. Another problem is a possible conflict with the principles of national and supranational legislation, in particular the principle of nondiscrimination, which could be violated in favor of a certain group of suppliers. Another possible risk may be the related reduction in the transparency of public finances as well as an increase in the cost of acquiring the good.

Unlike with purchasing by ordinary consumers, in public procurement, it is true that the purchasing entity is not the final consumer and the characteristics of the purchased goods thus do not directly affect the level of utility of the contracting authority (or persons who decide on the purchase). Purchasing in public procurement is also decided by a larger number of people, which can result in inflexible and slow decision-making. As far as the volume of trades carried out through public procurement is concerned, it is also incomparably larger than in standard consumer purchases. Last but not least, the fundamental difference is the formalized procurement process aimed at imitating the market mechanism, where the only bidder is the contracting authority.

Why public procurement is important:

- Every year, public authorities important of GDP on the purchase of services, works and supplies.
- In many sectors such as energy, transport, waste management, social protection and the provision of health or education services, public authorities are the principal buyers.
- The public sector can use procurement to boost jobs, growth, and investment, and to create an economy that is more innovative, resource and energy efficient, and socially inclusive.
- High quality public services depend on modern, well-managed, and efficient procurement.
- Improving public procurement can yield big savings (European Commission 2017).

Modern public procurement is based on the following elements:

- Value for money: Providing the required goods, works, and services in an economic, efficient, and effective way.
- Transparency: Disclosure of information related to public procurement procedures in a comprehensible, accessible, and timely manner.
- Fairness: The public procurement process should be free from bias and ensure equal treatment of all bidders.
- Good governance: Procurement should not be seen as an administrative process; on the contrary, it is as an opportunity to deliver various societal objectives through smart spending. This may lead to improved trust in government, green measures, social measures, or innovation (European Commission 2016).

Therefore, we can also include the term responsible public procurement under the term good governance which is a process whereby organizations meet their needs for goods, service, works, and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, while minimizing damage to the environment (Sustainable Procurement Task Force UK 2006). Specifically, this means the following forms of public procurement (Sustainable Procurement Task Force UK 2006):

- Socially responsible public procurement I (focuses on the social aspects of responsible procurement, such as promoting the employment of people disadvantaged in the labor market, decent working conditions, etc.)
- Socially responsible public procurement II (these are procedures that take into account social criteria, so the emphasis is on social inclusion, social and labor rights, fair trade, etc.)
- Sustainable public procurement (covering both social and environmental aspects)
- Green public procurement (focusing on environmental aspects only)

## Procurement Life Cycle

According to the material of the World Bank, the process of awarding and implementing a public contract is carried out in the following steps.

The first step is to assess needs, prepare a tender, and publish it. This phase is extremely important because the quality of the tender preparation will be reflected in its results, which are the final price of the contract, the managing of the work, and deliveries within the time limit as well as the quality of supply. At this stage, the contracting authority may use consultations with potential suppliers, internal market analysis, and other tools. From the perspective of potential suppliers, as much information as possible needs to be made available such as the procurement plans, tender notices, and tender documents in order to make a decision on whether to file an objection (World Bank 2016).

The next step is the bid submission phase. In this section, the potential supplier submits a bid. It is often necessary to prove that the supplier meets all the requirements of the tender. These requirements can create unnecessary hurdles. It is therefore important to make sure that the process is streamlined and easily accessible to all bidders (e.g., the possibility to bid online or to provide access to foreign companies to the markets) (World Bank 2016).

This is followed by the bid opening, evaluation, and awarding phase. This part of the public contract is critical in terms of transparency, corruption, and integrity; it is necessary to guarantee the fairness and efficiency of the whole process. Specific steps include a transparent bidding procedure that can be online or open to the public. This is followed by the process of evaluating the bids, justifying the selection of the specific tenderer, and then informing the unsuccessful tenderers. This phase is completed by signing a contract with the successful tenderer (World Bank 2016).

A complaint filed by an unsuccessful bidder may occur during the above-mentioned bid opening, evaluation, and awarding phase, the pre-award stage. Bidders or potential bidders can notice flaws in the procurement process. They

then should be able to file a complaint and receive a decision in a timely manner. The following factors are particularly important at this stage: legal standing to file a complaint, the cost of filing a complaint, the existence of a requirement to notify the procuring entity, the existence and duration of a suspension of the procurement process, the independence and training of the reviewers of the complaint, the time to render a decision, remedies granted by the first-tier review, and publication of decisions. Depending on the settings of the public procurement regulatory system, the unsuccessful tenderer may be able to appeal to a second tier review body (World Bank 2016).

Equally important is the actual implementation and management of the procurement contract. Procurement management must be transparent and must provide sufficient assurance and protection to the winner of the contract against unilateral change of contract by the contracting authority. There may also be changes to contracts or complete cancellation of the public contract. This phase culminates in the assumption of the subject of the public contract (World Bank 2016).

One of the final stages is the collection of performance guarantee and payment to suppliers. Performance guarantee protects contracting authorities against delays in delivery of the contract. The payment process itself can be divided into several sections or the entire amount can be paid at once. The payment mechanism chosen significantly affects the cash flow of the payment recipient (World Bank 2016).

## Factors Influencing Public Procurement

The final public procurement results are the result of a combination of the contracting authority's internal decisions and external institutional factors. Internal factors include the decisions of the contracting authority that affect the public contracts. The core rules for procurement decisions are determined by the existing legislation, but the contracting authority has sufficient discretion within the existing legislation to determine all of the details, with possible impacts on processes and results, such as the results of public contracts.

The contracting authority can manipulate the anticipated value as many studies show that it is possible for the contracting authority to manipulate the expected size of the public contract so that it falls below the threshold where the public contract would have to be strictly regulated by law. This manipulation is often used to award work to a local business.

The way that the details of tender rules are defined can very well determine the potential number of bidders. As for the impact of the number of bids on the resulting price, the results of empirical studies show that the number of bids has a clear effect on the resulting contract price. Up to some point, the higher the competition is, the lower the prices are. Most empirical studies do not consider this relationship to be linear.

One frequently discussed issue is the tendering method used for the public procurement. Most authors argue that open tenders create greater competition and potentially lower prices and, of course, lower risk of corruption. Contract overpricing is often due to the selection of non-transparent and restrictive procedures.

In evaluating public contracts, the contracting authority may choose between an economic advantage evaluation and an evaluation based on the lowest bidder. The choice of evaluation is linked to the uncertainty level. They insist that "points to lowest price as an adequate method when the degree of uncertainty is low, for example, because the procured products are standardized and since quality is verifiable. When there is significant cost uncertainty, it is better to use the so-called MEAT (the Most Economically Advantageous tender) method." (Lundberg and Bergman 2017).Using the lowest price criterion appears to be the most advantageous for the contracting authority in terms of transaction costs and possible administrative risks. However, lowest-price-based contracts for services and works are very risky. Several studies question this option, as very often there are additional contract changes that increase the final price or unacceptably low quality is delivered.

If we focus on external and institutional factors, corruption must be considered. The first very important institutional factor is corruption. This

problem is often perceived as a trade-off between avoiding corruption and giving officials the flexibility to make decisions in light of their own knowledge (Rose-Ackerman 1999). Locatelli et al. (2017) state that there is a risk of corruption at all stages of the preparation of public projects and that corruption has a significant impact on the results of these projects. Carson et al. (2006) argue that it is not socially optimal to try to achieve zero corruption, as the potential benefit of achieving this state will be outweighed by the transaction costs to the public sector. In terms of analysis, corruption is very difficult to uncover. The corruption perception index (CPI) from Transparency International is the one used most frequently for this measurement. Some studies claim that the CPI is an appropriate tool for measuring corruption. Other authors criticize this approach as being excessively subjective and having problems with the validity of the sample of respondents. Based on an analysis of large administrative data on government procurement, Fazekas et al. (2016) constructed government indicators with the purpose of identifying areas more likely to uncover corruption. Doroftei (2016) notes that kickbacks and the percentage of particularistic awarded values can be used as a measure of corruption. Fervarda et al. (2017) use significant signs of public procurement to establish corruption indicators for identified corrupt practices. According to Hudon and Garzón (2016), a corrupt coalition consists of entrepreneurs, officials, and politicians who have to achieve three basic things: (1) identify suitable members of the coalition, (2) generate and distribute the benefits of corrupt behavior, and (3) evade external and internal controls. Uncertainty will therefore logically increase the transaction costs of creating such coalitions and lead to the overpricing of public contracts.

Another important and frequently mentioned factor is the quality of governance. A limited quality of governance can be a source of passive corruption because of the low quality of regulation and the negative power (influence) of the regulating institutions. Many studies describe how a regulator's decision in the public procurement market influences the behavior of the contracting authorities. This topic is especially important for low-performing countries that are still struggling with institutional quality. According to Grødeland and Aasland (2011), these countries are still fighting habits such as negative perceptions of the law and informal practices. They also underline the influence of culture, which is often defined as shared beliefs, attitudes, values, norms, and practices, and the necessity of its recognition in the academic literature as an element of potential importance, as it has not been incorporated into the design of aid programs to reform civil services.

Another important factor is the administrative organization of public procurement. In this context, there is often talk about the centralization versus decentralization of public procurement. The OECD (2007) notes the following benefits of centralizing public procurement: better products, reduced legal costs, and easier procurement procedures. Centralized procurement should be used for the purchase of standardized commodities such as common interest goods, furniture, travel and transport services, and ICT goods. The potential benefits are usually greater for smaller entities than for larger purchasing entities, and it is expected to be advantageous for countries with a higher number of smaller purchasing entities. However, it creates many risks. In addition to the problem of centralized corruption, creating barriers to the entrance of small and medium-sized suppliers, collusive cartels, the demanding implementation of a central procurement system, and the rise of costs associated with coordination, investments, and transactions in the first years of operation.

Various authors have argued that the efficiency of public procurement can be affected by the economic wealth of the country. Specific issues for less developed countries include local preferences, described using the term "home bias," which can be defined as preferring domestic suppliers to international competition. This may also be due to differences between the cost functions of domestic and foreign suppliers. Explanations may vary. For example, the difference may be due to corrupt behavior, as corruption networks can be better created in an "intimate" home environment.

Another explanation may be related to macroeconomic variables such as GDP growth, unemployment rates, and real exchange rates. With high GDP growth, the motivation for home bias is lower because there is no need for stimulus in the spirit of the Keynesian political economy. Keulemans and Van de Walle (2017) showing home favoritism may be part of the public's demands. However, their empirical analyzes also show a change in public preference towards sustainable procurement.

## Cross-References


- ▶ Contract Monitoring
- ▶ Corruption
- ▶ Cost Efficiency


## References


Carson SJ, Madhok A, Wu T (2006) Uncertainty, opportunism, and governance: the effects of volatility and ambiguity on formal and relational contracting. Acad Manage J 49(5):1058–1077

Doroftei IM (2016) Measuring government favouritism objectively: the case of Romanian public construction sector. Eur J Crim Policy Res 22(3):399–413

ERRIDGE, Andrew; MCILROY, John. (2002).Public Procurement and Supply Management Strategies. Public Policy and Administration, 17(1): 52–71.

European Commission (2017) Public procurement. https://ec.europa.eu/growth/single-market/public-procurement_cs

European Commission (2016) Buying green! A handbook on green public procurement. https://ec.europa.eu/environment/gpp/buying_handbook_en.htm

Fazekas M, Tóth IJ, King LP (2016) An objective corruption risk index using public procurement data. Eur J Crim Policy Res 22(3):369–397

Fervarda J, Deleanu J, Unger B (2017) Corruption in public procurement: finding the right indicators. Eur J Crim Policy Res 23(2):245–267

Grødeland AB, Aasland A (2011) Fighting corruption in public procurement in post-communist states: obstacles and solutions. Commun Post-Commun Stud 44(1):17–32

Hudon PA, Garzón C (2016) Corruption in public procurement: entrepreneurial coalition building. Crime Law Soc Chang 66(3):291–311

Keulemans S, Van de Walle S (2017) Cost-effectiveness, domestic favouritism and sustainability in public procurement: a comparative study of public preferences. Int J Public Sect Manag 30(4):328–341

Locatelli G, Mariani G, Sainati T et al (2017) Corruption in public projects and megaprojects: there is an elephant in the room! Int J Proj Manag 35(3):252–268

Lundberg S, Bergman AM (2017) Tendering design when price and quality is uncertain. Int J Public Sect Manag 30(4):310–327

OECD (2007) Central public procurement structures and capacity in member states of the European Union, SIGMA papers, no. 40. OECD Publishing, Paris

Rose-Ackerman S (1999) Corruption and government: causes, consequences, and reform. Cambridge University Press, New York. ISBN: 978-0521659123

Sustainable Procurement Task Force UK (2006) Procuring the future. Sustainable procurement national action plan: recommendations from the sustainable procurement task force. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69417/pb11710-procuring-the-future-060607.pdf

The World Bank (2016). Benchmarking public procurement 2017. Assessing public procurement regulatory systems in 180 economies. http://bpp.worldbank.org/


# Animal Care in Disaster Response


Abdul-Akeem Sadiq[1] and Rachell Laucevicius[2]
[1]School of Public Administration, University of Central Florida, Orlando, FL, USA
[2]Indiana University-Purdue University Indianapolis, Indianapolis, IN, USA


## Synonyms

Disaster response for animals; Federal pet policy; Household pets; Pet shelter; Pets and emergency support functions; Pets Evacuation and Transportation Standards (PETS) Act

## Definition

Animal care is defined as providing for the physical and emotional needs of all animals under ones' stewardship.

> "Caring for animals is a credible component of providing care to people, because the needs of animals are inevitably linked to the needs of people," – Patricia Forkan, Executive Vice President of the Humane Society of the United States (2010)

## Introduction

Animals are a large part of daily life in the United States. In this chapter, we focus on pets or companion animals. According to the Humane Society of the United States (HSUS), there are over 358 million pets in the United States (Mike 2011). A household pet is a "... domesticated animal, such as a dog, cat, bird, rabbit, rodent, or turtle that is traditionally kept in the home for pleasure rather than for commercial purposes, can travel in commercial carriers, and be housed in temporary facilities" (Federal Emergency Management Agency (FEMA 2007, p. 1)). Disasters can have significant consequences on pets as was the case in the aftermath of Hurricane Katrina. The loss of companion animals often leads to substantial stress on the owners because companion animals are sometimes viewed and treated as surrogate persons (Gunter 1999) or as family members (Triebenbacher 2000). This chapter provides critical insights into animal care before, during, and after Hurricane Katrina. In addition, it focuses on various legislations regarding animal care during disasters. Finally, this chapter concludes by offering some recommendations for improving the care of animals during disasters.

## Animal Care in Disasters Pre-Katrina

Although Hurricane Katrina brought unprecedented national attention to the plight of household pets in disasters, this was not the first disaster to highlight the suffering of animals during disasters. After Hurricane Andrew ravaged south Florida in 1992, approximately 1,000 dogs and cats were euthanized for a lack of shelter space (Irvine 2004). Responders that focused on animal rescue efforts prior to Hurricane Andrew were often stifled as animal control, rescue, and treatment were considered nonessential. At the National Animal Disaster Conference in Orlando, Florida, in March 2000, Patricia Forkan, executive vice president of the Humane Society of the United States, stated "I clearly remember our teams going into disaster areas and essentially being told that animal needs weren't even on the list of priorities, much less anywhere near the top" (Montl 2010).

The most significant response to the animal tragedy of Hurricane Andrew was the creation of Veterinary Medical Assistance Teams (VMAT) by the American Veterinary Medical Association (AVMA) and the signing of a Memorandum of Understanding (MOU) with the Department of Health and Human Services, making VMAT part of the Federal Response Plan in 1993. In 1994, the AVMA also signed a MOU with the Department of Agriculture, allowing the response of VMAT to animal health emergencies. This made members of the VMAT temporary federal employees when activated by the National Disaster Medical System, at the request of affected states (Montl 2010).

Hurricane Floyd struck North Carolina on September 16, 1999, killing 56 people and over three million domestic and farm animals (North Carolina State Animal Response Team 2013).

This disaster sparked the creation of a cooperative response plan that included state agencies, non-governmental organizations, and animal groups and led to the creation of the State Animal Response Team (SART) in North Carolina. However, even though many states created partnerships for the care of animals in emergencies after the tragedies of Hurricane Andrew and Floyd, there was nowhere near the large-scale coordination required to respond to the catastrophe of Hurricane Katrina. In almost alarming accuracy, Craig Fugate, then bureau chief for preparedness and response with the State of Florida, pointed out several of the issues that would haunt response to Katrina while at the National Animal Disaster Conference in 2000. Fugate stated one of the most important things to remember about animals and disasters is that "people will not take appropriate measures to take care of themselves if they can't take care of their pets" (Montl 2010). The purpose of evacuation, he said, is to get people out of harm's way, and if "... people are choosing to stay, we have not improved the situation," if "... people are going to choose behavior that puts them in harm's way to save and protect their animals, we're going to lose people" (Montl 2010).

## Animal Care During Katrina

In addition to the more than 1,400 lives lost, Hurricane Katrina had a devastating impact on pets and tested the human-animal bond. Of the approximately 259,400 families that owned pets in New Orleans prior to Hurricane Katrina, about 104,000 pets were abandoned in the storm according to Louisiana Society for the Prevention of Cruelty to Animals (SPCA 2016). Of this number, an estimated 88,700 pets have yet to be accounted for (Louisiana SPCA 2016). Prior to Hurricane Katrina making landfall, Louisiana SPCA evacuated 263 animals from Japonica Street shelter in Ninth Ward, Louisiana, to Houston SPCA (Louisiana SPCA 2016). Due to the destruction of the Louisiana SPCA shelter, there was a need to find a replacement. With the help from the Louisiana Department of Agriculture and Forestry, a new shelter, the Lamar Dixon Expo Center, which was an equestrian center, became the new animal shelter (Louisiana SPCA 2016). It was there that the largest animal rescue and shelter operations in US history took place; over 15,500 animals were rescued (Louisiana SPCA 2016). Unfortunately, only 15–20% of animals rescued during Katrina were successfully reunited with their owners (Louisiana SPCA 2016). The unprecedented care and rescue operation at Lamar Dixon Expo Center was aided by the immense support from other organizations like ASPCA, the Humane Society of the United States (HSUS), the San Diego Society for the Prevention of Cruelty to Animals, the Humane Society of Broward County, the Humane Society of Missouri, and the Nebraska Humane Society (Louisiana SPCA 2016).

After Hurricane Katrina, the HSUS was in need of facilities that could house displaced pets and other animals. With the tremendous support of veterinarians, emergency responders, and inmates from the Dixon Correctional Institute (DCI) in Jackson, Louisiana, a temporary shelter was established at DCI (Smith and Unti 2016). This makeshift shelter was used to care for 200 cats and dogs displaced by the hurricane (Smith and Unti 2016). Several weeks later, HSUS, DCI officials, and the LSU School of Veterinary Medicine in Baton Rouge worked together to create the Pen Pals project, and with the help of a $600,000 grant from HSUS, a permanent animal shelter and emergency relief facility was constructed at the DCI (Smith and Unti 2016). The shelter provided the opportunity for veterinary students from LSU to gain practical experience, inmates to care for the animals and develop a sense of personal satisfaction, and homeless pets in East Feliciana Parish to receive care and love (Smith and Unti 2016).

Despite the valiant efforts by welfare organizations and state and local emergency management agencies during Katrina to rescue, evacuate, and shelter animals, as many as 600,000 pets and animals either died or were without shelter. Due to the lack of state and local pet rescue, evacuation, and sheltering plans, many pet owners risked their lives by refusing to leave their animals behind. In a survey conducted by the Fritz Institute in 2005/2006, 19% of individuals (. = 430) that did not evacuate during Hurricane Katrina chose to remain because they did not want to leave their pets behind (Fritz Institute 2006). Many other pet owners did evacuate, but were forced to leave their animals behind. The reasons companion animals were abandoned by their owners include, but are not limited to, unavailability of shelters and hotels that accept companion animals (Zottarelli 2010) and the so-called "No Pets Allowed Policies." Another issue that may have exacerbated the plight of animals was that authorities did not allow pet owners to return to their homes after the storm to care for animals left behind in kennels or homes. It became apparent that the government had underestimated the bond between people and their pets.

Public outcry in the aftermath of Hurricane Katrina led the US Government to reevaluate federal policies with the goal of reducing disaster impacts on pets. Shortly after Hurricane Katrina, Congress passed the Pets Evacuation and Transportation Standards (PETS) Act (42 U.S.C.A. § 5196a–d [2006]). The Act makes it mandatory for state and local governments to include pets and animals in their emergency evacuation plans. Along with the Post-Katrina Emergency

Management Reform Act of 2006 (PKEMRA) and the National Response Framework, the PETS Act is a proactive step to reform the federal government's policy regarding animal evacuation and care during major disasters. Government agencies at all levels are collaborating with private entities and non-governmental organizations to ensure that animals, and their owners, are as protected as possible from emergencies and disasters.

## Animal Care Post-Katrina

In the aftermath of Katrina, the images of non-evacuated pets and anecdotes from volunteers and owners drew attention to the plight of animals. While this was not the first disaster to bring about change in animal policy, it was the first time that household pets and their place in disaster planning were added to federal disaster policy; service animals, while previously supported under separate federal protections, were also specifically addressed. These additions are meant to supplement efforts and resources of state and local actions through changes to the Robert T. Stafford Disaster Relief and Emergency Assistance Act by the PETS Act, PKEMRA, and inclusion of animal care in the Emergency Support Function (ESF) system as defined by the National Response Framework 2008.

H.R. 3858, the PETS Act, was signed into law by President George W. Bush on October 6, 2006. This law was created to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to ensure that the needs of household pets and service animals prior to, during, and following a major disaster or emergency are addressed in state and local emergency preparedness operational plans. The Act also allows the Director of FEMA to make financial contributions to state and local authorities for animal emergency preparedness purposes, including the procurement, construction, leasing, or renovating of emergency shelter facilities and materials that will accommodate people with pets and service animals. The PETS Act is operational only after the declaration of an emergency or disaster under the Stafford Act and is mainly focused on reimbursement of eligible expenses (Pets Evacuation and Transportation Standards Act of 2006).

The PETS Act is supported by Disaster Assistance Policy (DAP) 9523.19, Eligible Costs Related to Pet Evacuations and Sheltering. This document identifies "the expenses related to [s]tate and local governments' emergency pet evacuation and sheltering activities that may be eligible for reimbursement following a major disaster or emergency declaration under the Stafford Act" (FEMA 2007). While private nonprofits and contractors are not granted reimbursement directly through this policy, FEMA can reimburse these entities through state and local governments if evidence of services provided is presented (FEMA 2007). To support FEMA and provide additional resources for the inclusion of animals in disaster preparedness and response, the PKEMRA authorizes the provision of rescue, care, shelter, and essential needs to individuals with household pets and service animals. It also seeks to ensure that state and local emergency preparedness, evacuation, and sheltering plans take into account the needs of individuals with household pets prior to, during, and following a major disaster or emergency.

The most sweeping change to federal policy with regard to animals came through the National Response Framework in 2008 that added Emergency Support Function responsibilities caring for household pets. The responsibility of providing for the safety and well-being of pets was designated as part of ESF 11, Agriculture and Natural Resources, through the Department of Agriculture Animal and Plant Health Inspection Service (APHIS). APHIS's mission is to coordinate a multi-ESF response together with ESF 6 (Mass Care, Emergency Assistance, Housing, and Human Services), ESF 8 (Public Health and Medical Services), and ESF 9 (Search and Rescue) to provide for the safety and well-being of household pets as well as provide technical expertise. Transportation of pets is coordinated with FEMA both before and after a disaster. ESF 6, Mass Care, Emergency Assistance, Housing, and Human Services, with the Department of Homeland Security/Federal Emergency Management Agency as the primary agency and the USDA as a supporting

agency, is tasked with the mass evacuation and sheltering of household pets (FEMA 2016).

Medical care for household pets is overseen by ESF 8, Public Health and Medical Services, with the Department of Health and Human Services as primary agency. This provides veterinary public health and clinical subject matter expertise support through the US Public Health Service Commissioned Corps veterinary teams. Also supported are epidemiologists to address environmental public health, toxicology, bite/scratch injuries from animals, and zoonotic disease hazards. The veterinary teams can also deliver animal health care and perform veterinary preventive medicine activities. To assist with veterinary needs, the Department of Defense is a supporting agency of ESF 8 and provides available veterinary military personnel to assist with the medical treatment of animals. Interestingly, while ESF 9 is mentioned in other ESF descriptions as conducting search and rescue operations for household pets, there is no mention of this function in the actual annex of ESF 9 (FEMA 2016).

In 2016, the National Disaster Recovery Framework was updated significantly to include what was previously ESF 14 Long-Term Community Recovery from the National Response Framework. This revised framework is part of the larger National Preparedness System set forth in Presidential Policy Directive, PPD-8, on March 30, 2011. Unlike the National Response Framework, the National Disaster Recovery Framework identifies core principles and key concepts to promote resiliency and provides recommendations to establish support for effective recovery outcomes; it does not give a detailed accounting of lead agencies for specific roles or responsibilities. In the document, animals are frequently addressed in addition to those with access and functional needs, children, older adults, and underserved populations. The only specific mention of animal recovery functions is addressed as the responsibility of recovery management staff to consider the needs of animal owners and caretakers. This is also the only instance in the framework that directs attention to other types of animals, including zoo animals and animals used in research (FEMA 2016).

## Conclusion

It is important for local emergency management offices to work with their respective SPCA or the Humane Society chapter to educate pet owners and care providers on their responsibilities before, during, and after a disaster. In addition, there is also the need to apprise pet owners and care providers about the animal care services available from local, state, and federal government agencies, as well as private organizations and nonprofits. For example, community awareness campaigns can alert pet owners and care providers about FEMA's IS 10 and IS 11 training modules on animal care.

Although all the animal care-related laws passed since Katrina have certainly improved our planning and care for animals before, during, and after a major disaster, there are currently no laws regarding how to reunite rescued animals with their owners. As noted earlier, only 15–20% of rescued animals after Katrina were successfully reunited with their owners. There is a lot of room for improvement in this area. Perhaps, a similar system used by the American Red Cross to reunite family members after a disaster can be developed for animals and owners. The inclusion of community education and resources regarding the use of imbedded microchips to easily identify animal owners should also be considered.

It is paramount for states that do not currently have an Animal Response Team to consider starting one. State Animal Response Teams (SARTs) are multi-agency coordination groups that consist of both government agencies, nonprofits, and private entities focusing on preparing for, responding to, and recovering from disasters involving animals. There are model states such as North Carolina (State Animal and Agriculture Response Teams), Pennsylvania (Pennsylvania State Animal Response Team), and Florida (State Agricultural Response Team). States in need of starting their own SART can adopt the basic framework of SART in existence and modify the framework to fit their local contexts.

Finally, there is still a substantial reliance on NGOs to provide disaster services related to animal care in disaster response. While federal

directives exist, they are not updated regularly and do not address specific issues found during previous disasters (e.g., reunification of pets and owners). At the state and local level, there is difficulty in planning and preparedness activities for pets due to the heavy reliance on NGOs to provide care and the inability of states and localities to direct services provided by outside agencies. As a result, there is no clear explanation on the significant difference between household pets, service, and companion animals. There is a need for federal, state, and local governments to provide guidance on the use of these terminologies.

## Cross-References

▶ Disaster Response Management
▶ Inclusive Emergency Management

## References

Federal Emergency Management Agency (2007) Disaster assistance policy. Eligible costs related to pet evacuations and sheltering. Retrieved from https://www.fema.gov/pdf/government/grant/pa/9523_19.pdf

Federal Emergency Management Agency (2016a) National disaster recovery framework. Retrieved from https://www.fema.gov/media-library-data/1466014998123-4bec8550930f774269e0c5968b120ba2/National_Disaster_Recovery_Framework2nd.pdf

Federal Emergency Management Agency (2016b) National response framework. Retrieved from https://www.fema.gov/pdf/emergency/nrf/nrf-annexes-all.pdf

Fritz Institute (2006) Hurricane Katrina: perceptions of the affected. Retrieved from http://fritzinstitute.org/PDFs/findings/HurricaneKatrina_Perceptions.pdf

Gunter B (1999) Pets and people: the psychology of pet ownership. Whurr Publishers, London

Irvine L (2004) Providing for pets during disasters: an exploratory study. University of Colorado Boulder: Natural Hazards Center, Boulder. Retrieved from http://www.colorado.edu/hazards/research/qr/qr171/qr171.pdf

Louisiana Society for the Prevention of Cruelty to Animals (2016) Katrina dogs & animal rescue stories-hurricane Katrina-Louisiana SPCA. Retrieved from http://www.la-spca.org/katrina

Mike M (2011) Katrina's animal legacy: the pets act. J Animal Law Ethics 4:133–205

Montl DJ (2010) Disaster conference gives animal issues a "seat at the table". Retrieved from https://www.avma.org/News/JAVMANews/Pages/s051500a.aspx

North Carolina State Animal Response Team (2013) About us. Retrieved from http://sartusa.org/about-us/

Pets Evacuation and Transportation Standards Act of 2006 (2006) P.L. No. 109–308, § 4, 120 Stat. 1725

Smith JC, Unti B (2016) Second chances: pen pals Inc., the Dixon correctional Institute and Louisiana's post-Katrina animal rescue legacy. Correct Today 78(1): 40–44

Triebenbacher SL (2000) The companion animal within the family system: the manner in which animals enhance life within the home. In: Fine AH (ed) Handbook on animal-assisted therapy: theoretical foundations and guidelines for practice. Academic, New York, pp 357–374

Zottarelli LK (2010) Broken bond: an exploration of human factors associated with companion animal loss during hurricane Katrina. Sociol Forum 25(1):110–122

# Anti-corruption Agencies

Nurul Huda Sakib
Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Anti-Corruption Commission; Ethics committee; Integrity Commission; Watchdog agencies

## Defining Anti-corruption Agencie

**Anti-corruption agencies (ACAs)** can be defined as a strong public (funded) bodies especially to fight against corruption and reduce the opportunity of corruption in the society through preventive and/or repressive measures. Meagher (2005, p. 70) describes ACAs as "separate, permanent agencies whose primary function is to provide centralised leadership in [such] core areas of anti-corruption activity. . . [as] policy analysis and technical assistance in prevention, public outreach and information, monitoring, investigation, and prosecution." De Sousa (2010) has termed ACAs a new kind of "integrity warrior." Due to their power and independence, integrity theory often sees ACAs as part of a fourth branch of government (Brown and Bruerton 2017). The NIS theory suggests that this

watchdog over executives and other government organs is crucial for maintaining healthy government (Howe and Haigh 2016).

## Development of ACAs

ACAs are one of the most common elements prescribed by isomorphic anti-corruption models around the world. More than half of the countries in the world now incorporate an anti-corruption body in their national integrity systems (Branduse 2016). The ACA model started in 1952 in Singapore and 1974 in Hong Kong. The two oldest ACAs became famous for their enormous success in combating corruption (Johnston 1999; Meagher 2005). These models are later followed by countries like France (1993), Argentina (1999), Botswana (1994), Ecuador (1997), the Dominican Republic (1997), Honduras (1998), and Colombia (1998) (Branduse 2016; Johnston 1999). The final phase of creating ACAs came in the aftermath of the UNCAC from the early 2000s onward, under the auspices of the United Nations Office on Drugs and Crime (UNODC). The international organizations desire to have a separate legal instrument for combatting corruption due to widespread corruption and developed the UNCAC. The UNCAC ratification includes a range of articles and guidelines for countries to prevent corruption. For example, Article 5 of the convention emphasizes the formation of the ACAs and has the authority to monitor in a comprehensive manner (United Nations (UN) 2004). However, drafting and signing of the UNCAC took several years and eventually came into force on December 14, 2005. TI also played a significant role in drafting the UNCAC in force due to their investigative and informative research on corruption (Heimann et al. 2013). Apart from these efforts, the European Union (EU) also promoted ACAs by encouraging its member states to adopt the UNCAC, the Council of Europe Criminal Law Convention on Corruption, and other international anti-corruption laws. In 2011, the EU created its own comprehensive anti-corruption legal framework – the EU Anti-Corruption Report monitoring and policy instrument – to take measures to combat corruption in Europe (Branduse 2016). Since 1990 trend of the ACA laws also likely to emerge significantly (See Fig. 1).

## Typology of Anti-corruption Agencies

Heilbrunn (2004) divided the ACAs into four categories to compare international experience, namely, the universal model, the investigative model, the parliamentary model, and the multi-agency model.

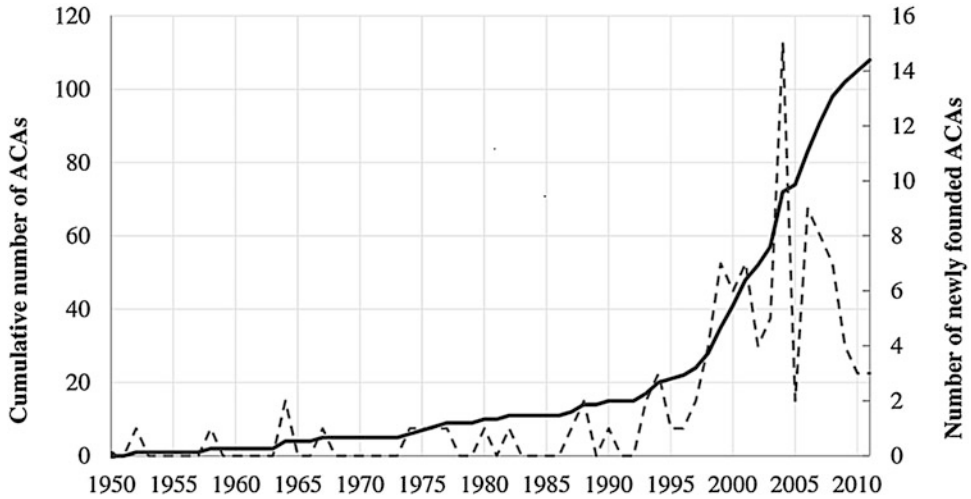


**Anti-corruption Agencies, Fig. 1** Trends in ACA laws, 1950–2011 (Gemperle 2018)

### The Universal Model (The Independent Commission Against Corruption, Hong Kong)

The first is the universal model, typified by Hong Kong's the Independent Commission Against Corruption (ICAC), which has investigative, preventative, and communication functions. Governor Sir Murray MacLehose established the ICAC of Hong Kong on February 15, 1974, during British rule. The ICAC was founded at a time when corruption in Hong Kong was systematic. It took 26 years to become an independent commission from the Anti-Corruption Branch (ACB) as a special unit of the CID of the Royal Hong Kong Police Force (RHKPF) (Quah 2010). Now comprising 2889 (establishment and strength) officers, the ICAC is one of the successful ACAs in the globe with a robust framework. ICAC has developed a unique three-pronged strategy to fight against corruption. The approach is also imitated in the organizational framework, the Operational Department, the Corruption Prevention Department, and the Community Relations Department. The Operational Department is responsible for the investigation. It is the largest and has three fourth of the budget, and workforce is allocated for the department. The Corruption Prevention Department mainly deals with prevention. Therefore, it provides funds to study corruption and organizes seminars and workshops for different stakeholders, including business leaders, private organizations, and citizens. The department conducts research to understand corruption dynamics to prepare or review laws. Finally, community education is the main focus of the Community Relations Department. Therefore, the department builds awareness among people about the legal changes and the risk of corruption. They organize poster campaigning, television commercials, and short films, dramatizing the investigation and apprehension of corrupt officials by ICAC officers (Heilbrunn 2004).

### The Investigative Model (The Corrupt Practices Investigation Bureau, Singapore)

Singapore's CPIB follows an investigative model, which is characterized by a small, powerful, and centralized investigative commission answerable to the executive. The CPIB is one of the oldest anti-corruption agencies in the world. In contrast to Hong Kong's ICAC, CPIB of Singapore took 15 years (1937–1952) to establish (Quah 2010). The CPIB, under the Prevention of Corruption Act (Chapter 241), investigate corruption offenses and other related offenses. However, the Bureau is under the Prime Minister's Office and enjoys functional independence, where the director reports to the Prime Minister. The CPIB is headed by a Director and has three main departments – Investigations, Operations, and Corporate Affairs. The primary function of the CPIB is accomplished by the Investigations Department. The department has separate branches for specific duties. For example, the public and private sector corruption cases are monitored by the Special Investigations Branch (Public) and Special Investigations Branch (Private).

Similarly, money laundering and transnational corruption investigations by the Financial Investigations Branch, day-to-day corruption cases by the General Investigations Branch, corruption trends analysis and crafting investigative policies by the Investigations Policy Unit, and finally the Investigations Training Unit trained the Bureau's Investigation Officers through curriculum planning and conducting specialized courses. The Operations Management and Support Division mainly execute various field operations like arrest and escort accused persons, seizure, and examination of documents. They also assist the Investigation Department through polygraph testing and computer forensics. The Corporate Affairs Department conduct activities like human resource, financial matters, and CPIB's international affairs. The Bureau also operates public education and community outreach efforts to spread the anti-corruption message.

### The Parliamentary Model (New South Wales Independent Commission Against Corruption, Australia)

In the third parliamentary model, the ACA reports to a parliamentary committee and is independent of the executive. The parliamentary model is exemplified by the New South Wales Independent Commission Against Corruption in Australia. In the 1980s narcotics trade from Southeast Asia to NSW raised a serious concern over the communities as the public officials began to receive a bribe

from the drug traffickers. After a series of consultations, the NSW Government established the Independent Commission Against Corruption (ICAC) in 1988 following Hong Kong's success (Heilbrunn 2004). The *Independent Commission Against Corruption Act 1988* ("the ICAC Act") provides enormous powers and discretion to the commission. However, to guard these extensive powers, the ICAC is designed to be accountable through a Parliamentary Committee combining with members from both houses of the NSW Parliament. The performance of the ICAC is monitored by this committee. Like other, the commission has four main divisions: Investigation, Corruption Prevention, Corporate Services, and Legal. Besides, there are also separate Assessments and Communications and Media sections. Like others, the ICAC investigate and expose corrupt conduct, prevent corruption, and educate the NSW community and public sector.

### The Multi-agency Model (United States Office of Government Ethics)

Finally, the multi-agency model spreads anti-corruption efforts among several separate agencies. An excellent example of this kind of model is the United States Office of Government Ethics (OGE). Diversified corruption scandal like Tammany Hall in New York City during the nineteenth century, Teapot Dome, the Lockheed bribery scandals, and Abscam scandals led to the establishment of the OGE to fight bureaucratic corruption (Heilbrunn 2004). Based on the 1978 Ethics in Government Act, the OGE prohibit senior officials from involving in activities that are associated with conflict of interest. The OGE does not have any investigative power, but it cooperates with a variety of offices in the executive branch, including the Office of Management and Budget, Government Accountability Office, and police agencies in the Justice Department to prevent corruption. Therefore, the OGE's role can be characterized as preventative. As a part of a multi-agency model, it defines corrupt practices and informs elected and appointed officials about laws and legal changes that the Congress has passed. Consequently, the OGE tries to improve bureaucratic understanding of laws and regulations (Heilbrunn 2004). The main objective of the OGE is to create an ethical environment by coordinating multi-agency cooperation.

All these ACAs have enormous success in combating and preventing corruption. Therefore, these countries remained as least corrupted countries in the world. Consequently, following one or more of these models, some countries have had very positive results in their anti-corruption drives (Quah 1999). For example, following the universal model, Botswana remained one of the least corrupted countries in the world. Similarly, Lithuania modeled CPIB of Singapore and had notable success. Also, Tanzania followed parliamentary model; India and Argentina adopted the multi-agency approach (Heilbrunn 2004). Some general features and principles which seem essential for the success of ACAs are independence, inter-institutional cooperation, recruitment and specialization, extensive competences and special powers, research capacity, and sustained commitment from the political elite (Meagher 2005; Quah 2013).

## Functions of ACAs: Watchdogs or Guard Dogs

The typology of the ACAs around the world has given a basic idea of their activities. The ACAs may appear in different names but usually undertake three activities: investigation and enforcement, corruption prevention, and corruption awareness and education. These three functions have been drawn from the Hong Kong Independent Commission Against Corruption (ICAC) and Singapore's Corrupt Practices Investigation Bureau (CPIB), which have acted as exemplars of successful ACAs for many other countries (Doig et al. 2006). Among these activities, most of the ACAs emphasized investigation and enforcement. Therefore, ACAs spend much of their budget and personnel on investigation and enforcement. However, ACAs in many countries do have the capacity to enforce power to the people. They had to rely on other government agencies. A widespread debate arises whether ACAs should have its prosecution unit or not. Therefore, researchers around the world nowadays feel much comfortable calling ACAs with weak enforcement power unit as watchdog agencies or "toothless" agencies. Typical watchdog agencies have

**Anti-corruption Agencies, Table 1** Brief comparison between guard dog ACAs and watchdog ACAs (Kuris 2015)

| | Typical guard dog ACA | Typical watchdog ACA |
|---|---|---|
| Role | Investigate, advise, arrest, and/or prosecute | Investigate, advise, draw attention |
| Enforcement powers | Strong | Weak |
| Public profile | High | Low |
| Evidentiary standard | High | Low |
| Disclosure restrictions for on-going cases | Strict | Weak |
| Investigative focus | Criminal violations | Ethical violations, systemic issues |
| Need for safeguards | High | Low |
| Risks | Political manipulation | Irrelevance, importance |
| | Pushback | Dependence on reliable justice system |
| | Competition with law enforcement | |
| Resource needs | High | Low |
| Examples | Latvia KNAB, Croatia USKOK, Indonesia KPK, Hong Kong ICAC | Slovenia CPC, Massachusetts OIG, Ghana CHRAJ, Serbia's ACA |

investigative power, can provide preventative advice or draw attention, but lack prosecution and strong enforcement. Therefore, most of the countries prefer to establish these watchdog agencies. They are politically viable, less expensive, and very easy to manage (Kuris 2015). Especially in developing countries, political parties fell less threatened due to its lack of prosecution power (Table 1).

On the other hand, guard dog ACAs are bigger and aggressive, meaning they possess "teeth" to curb corruption. They are more powerful than watchdog ACAs due to strong law enforcement. Guard dog may impose hefty fines, take away pension, state privilege, keep suspects in prison, and even bankrupt them. Their officials can carry weapons and use their police power when required. New York City's Department of Investigation (DOI), Hong Kong's ICAC, and Singapore's CPIB played key roles as a guard dog to transform less corrupted cities from notoriously corrupt-ridden cities. However, out of many problems, guard dog ACAs need substantial financing, skill, resource, as well as tighter checks and balances to control abuse of power (Kuris 2015).

## Why ACAs Fail in Developing Countries?

In many cases, outside Singapore and Hong Kong, ACAs have had limited success, especially in developing countries (Hindess 2005). Several authors have demonstrated the limitations of ACAs in developing countries. For example, Doig (1995) and Heilbrunn (2004) argued that ACAs in developing countries are fashionable institutions created for the show and not real anti-corruption work. There are several apparent reasons for this failure. Research has identified a lack of political will as one key reason for their ineffectiveness (Abdulai 2009; Brinkerhoff 2000; Johnston and Kpundeh 2004; Persson et al. 2013). Most of the ACAs in developing countries also lack political independence (Lewis and Stenning 2012). Brinkerhoff (2000), in his political will model, explained why a political will is critical in the context of developing countries. He argued five issues to consider while establishing ACAs: (1) locus of initiatives, (2) degree of analytical rigor in anti-corruption solutions, (3) mobilization of stakeholders, (4) application of credible sanctions, and (5) continuity of efforts. When ACAs are established without considering these issues, it might likely fail. Unfortunately, most of the developing countries form ACAs without considering these issues. For example, the Anti-Corruption Commission in Bangladesh was formed in 2004 due to coercive pressure from the donors. As a result, the ACC does fail to mobilize the citizens, and its efforts do not have continuity (Sakib 2019). Similarly, other research found that ACAs in developing countries remain inactive due to a

lack of organizational development, performance expectation and organizational continuity, and differing cycles of donor and government activity (Doig et al. 2006). In many developing country/countries, ACAs have achieved minimal organizational development, although people's expectations remain high. Thus, they have failed to deliver on those expectations (Persson et al. 2013). Therefore, De Sousa (2006, p. 17) interpreted ACAs as "a desperate cosmetic manoeuvre to regain trust from a disenchanted electorate."

## Conclusion

Michael Johnston (1999, p. 225) advised that ACAs are "unlikely to be right for every country." Indeed the creation of ACAs is somewhat blessing for many countries. Nevertheless, an ACA is not a magic bullet that will eradicate corruption in a country. There is a need to combine efforts from the community as well as the policymakers. Citizen awareness is crucial to maintain integrity as they may guard the integrity pillars. Therefore, ACAs in developing countries might follow the universal model of Hong Kong ICAC, engaging citizens to prevent corruption.

## Cross-References


- ▶ Accountability
- ▶ Ethics and Accountability
- ▶ Ethics in the Public Sector


## References


Abdulai A-G (2009) Political will in combating corruption in developing and transition economies: a comparative study of Singapore, Hong Kong and Ghana. J Financ Crime 16(4):387–417

Branduse D-M (2016) Anti-corruption agencies, multiple principals, and the institutional framework. Doctoral thesis, Binghamton University, New York. ProQuest Dissertations Publishing. Retrieved from http://usyd.summon.serialssolutions.com/2.0.0/link

Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20(3):239

Brown A, Bruerton M (2017) Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing. Crime Law Soc Chang 68(3):341–358

De Sousa L (2006) European anti-corruption agencies: protecting the community's financial interests in a knowledge-based, innovative and integrated manner. Lisbon: ISCTE

De Sousa L (2010) Anti-corruption agencies: between empowerment and irrelevance. Crime Law Soc Chang 53(1):5–22

Doig A (1995) Good government and sustainable anti-corruption strategies: a role for independent anti-corruption agencies? Public Adm Dev 15(2):151–165

Doig A, Watt D, Williams R (2006) Hands-on or hands-off? Anti-corruption agencies in action, donor expectations, and a good enough reality. Public Adm Dev 26(2):163–172

Gemperle S (2018) Comparing anti-corruption agencies: a new cross-national index. Int Rev Public Adm 23(3):156–175. https://doi.org/10.1080/12294659.2018.1518002

Heilbrunn JR (2004) Anti-corruption commissions: panacea or real medicine to fight corruption? In: Campos JE, Pradhan S (eds) The many faces of corruption: tracking vulnerabilities at the sector level. World Bank Institute, Washington, DC

Heimann F, Dell G, Bathory G (2013) United Nations Convention Against Corruption: progress report. Transparency International, Berlin. Retrieved from https://www.transparency.org/whatwedo/publication/un_convention_against_corruption_progress_report_2013

Hindess B (2005) Investigating international anti-corruption. Third World Q 26(8):1389–1398

Howe SW, Haigh Y (2016) Anti-corruption watchdog accountability: the limitations of judicial review's ability to guard the guardians. Aust J Public Adm 75(3):305–317. https://doi.org/10.1111/1467-8500.12185

Johnston M (1999) A brief history of anticorruption agencies. In: Schedler A, Diamond LJ, Plattner MF (eds) The self-restraining state: power and accountability in new democracies. Lynne Rienner Publishers, London, pp 217–226

Johnston M, Kpundeh SJ (2004) Building a clean machine: anti-corruption coalitions and sustainable reform. World Bank Institute, Washington, DC. Retrieved from http://siteresources.worldbank.org/WBI/Resources/wbi37208.pdf

Kuris G (2015) Watchdogs or guard dogs: do anti-corruption agencies need strong teeth? Polic Soc 34(2):125–135. https://doi.org/10.1016/j.polsoc.2015.04.003

Lewis M, Stenning P (2012) Considering the Glenister judgement: independence requirements for anti-corruption institutions. S Afr Crime Q 39:11–20

Meagher P (2005) Anti-corruption agencies: rhetoric versus reality. J Policy Reform 8(1):69–103

Persson A, Rothstein B, Teorell J (2013) Why anti-corruption reforms fail – systemic corruption as a collective action problem. Governance 26(3):449–471

Quah JS (1999) Comparing anti-corruption measures in Asian countries: lessons to be learnt. Asian Rev Public Adm 11(2):71–90
Quah JS (2010) Defying institutional failure: learning from the experiences of anti-corruption agencies in four Asian countries. Crime Law Soc Chang 53(1):23–54. https://doi.org/10.1007/s10611-009-9213-1
Quah JS (2013) Curbing corruption and enhancing trust in government: some lessons from Singapore and Hong Kong. In: Liu J, Hebenton B, Jou S (eds) Handbook of Asian criminology. Springer, New York, pp 25–47
Sakib NH (2019) One size does not fit all: an analysis of the corruption preventative approach of the Anti-Corruption Commission (ACC) in Bangladesh. Asian J Polit Sci 27(2):211–234. https://doi.org/10.1080/02185377.2019.1642773
United Nations (UN) (2004) United Nations Convention Against Corruption. Author, Vienna. Retrieved from https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf

A

# Anti-corruption Institutional Multiplicity Facade in Uganda

Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda

## Synonyms

Anti-corruption agencies; Corruption; Institutional multiplicity; Uganda

## Definition

Anti-corruption institutional multiplicity is defined in this entry as having several agencies fighting corruption in a country at the same time (Carson and Prado 2016).

## Introduction

Uganda established several anti-corruption agencies in its efforts to curb corruption. However, contrary to expectations, institutional multiplicity has failed to effectively curb corruption in Uganda. Using a comparative analytical approach, this entry examines factors within and outside anti-corruption agencies in Uganda that have contributed to their failure to curb corruption. This entry argues that anti-corruption agencies have failed to curb corruption in Uganda because they are not supported with strong anti-corruption laws, there isn't sufficient political will from the political establishment, and the deliberate way anti-corruption agencies were created, structured, resourced, positioned, and supervised has not been effective but rather resulted in wasteful duplication of functions, uncoordinated way of things, blame games, conflicts, and neglect of corruption cases. The entry is structured into three main sections. The first section defines corruption and examines classifications, theories, and effects of corruption. The second section examines anti-corruption institutional multiplicity and gives an in-depth analysis as to why this approach has failed to curb corruption in Uganda. The third section provides conclusions and recommendations.

## Definition and Classifications of Corruption

Corruption has no universally accepted definition, and its meaning usually changes depending on different contexts. However, in this entry, a more precise definition of corruption as the use of public resources or power for private gain is used (Johnston 2010). Corruption is a very complex process intertwined with social, economic, political realities that are constantly changing and must be understood within the context of the environment in which it happens. Therefore, its classification has to be done cautiously to avoid oversimplifying it into a static reality. Nonetheless, corruption has been classified by some scholars in ways that can help in its understanding from different perspectives and thus worth noting. When political power is used to illegitimately convert collective goods into private payoffs, wealth accumulation, status, and sustaining power, it is classified as political corruption.

When private interests significantly influence the decision-making processes of a state, it is classified as state capture. When a regulatory agency charged with regulating a sector advances the special concerns of a particular interest group, it is classified as regulatory capture. When favoritism is exercised in the distribution of legal permits, government grants, special tax breaks, and other forms of state intervention, it is referred to as crony capitalism. When corruption involves small amounts of money, it is referred to as petty and grand when it involves huge amounts of money. When someone who facilitated an illicit transaction is secretly paid, it is classified as kickback corruption. When a public official makes a demand for a bribe payment in relation to an official decision, it is classified as extortion. When perpetuators act in methodical ways as individual persons or groups to commit corrupt practices, it is referred to as systematic. When public officials and private agents collaborate to share the benefits generated from corrupt practices and then move ahead to create a perception that all rules and procedures have been respected, it is referred to as collusive corruption. When corrupt activities are the norm rather than the exception within the everyday structure of society, it is classified as systemic corruption. When civil servants and politicians favor relatives, citizens from the same area of the country, or ethnic groups when exercising their authority, it is classified as patronage corruption (see Søreide 2014). These classifications are not mutually exclusive meaning that they can happen and do happen in the same society simultaneously and evolve within and among societies.

## Theoretical Drivers and Effects of Corruption

There are theories such as the principal-agency theory and the rotten apple theory that have argued that people's individual interests, characteristics, personality, career history, rank, education, experience with corruption, and confidence may be the main drivers of corruption. These theories are grounded in the rational choice theory whose perspective is that individuals rationally participate in corruption when the benefits are greater than the costs (Pratt 2008). However, such theories that focus on individual attributes find a lot of difficulty when it comes to explaining institutionalized and collective corruption that involves larger networks, cliques, acquaintances, patrons, superiors, and brotherhoods. Thus other theories such as the collective action theory, patron-client theory, and social network theory have been advanced to explain the nature and causes of corruption from a social, political, and collective point of view. There is anecdotal literature and evidence, which suggest that corruption may grease the wheels of inefficient and mismanaged bureaucracies especially in developing countries with significant natural resources and that in such circumstances corruption, may potentially improve efficiency and help economic growth. However, there is also overwhelming evidence and research that strongly suggests that corruption can easily distort a country's economy and is one of the greatest obstacles to economic and social development around the world. In the case of Uganda, there is a small clique of individuals who have personally or politically benefited out of corruption. However, the overall impact of corruption on the entire Ugandan society has been detrimental. In 2005, the World Bank estimated that Uganda was losing US$ 300 million to corruption every year. Some observers including Ms. Cissy Kagaba the executive director of the Anti-Corruption Coalition Uganda have argued that this figure may have increased or doubled since then as corruption has been increasing year after year as reported by transparency international and other credible sources in the country such as the Inspectorate of Government. But even if it remained at US$ 300 million reported in 2005, Hon. Nandala Mafabi the former chairperson of the Public Accounts Committee of Parliament has argued that this is enough money to fund and sustain the countries collapsing healthcare system (Mugerwa 2016). Therefore, from this perspective, corruption has been detrimental to Ugandans whether directly engaged in corruption or not.

## Anti-corruption Institutional Multiplicity

Within the anti-corruption literature, the term institutional multiplicity has been adopted to explain the presence or use of several anti-corruption agencies to fight corruption. Using a case study of Brazil, Carson and Prado (2016) have argued that institutional multiplicity can be an effective approach to curb corruption by diversifying avenues through which authorities may detect, investigate, and punish corruption while leaving the old institutions intact thus avoiding raising resistance from those with entrenched interests in the old institutions. They suggest that the success in Brazil can act as a reference for other countries to adopt a similar approach. Other proponents of institutional multiplicity argue that it may help strengthen institutional competition, collaboration, complementarity, and compensation and provides opportunities to see these multiple institutions in action at the same time thus making assessment of their relative effectiveness easier and benchmarking of best practices observed in one institution to be meaningfully transplanted to another institution possible (see Zilber 2011). Critics of institutional multiplicity have argued that it results in wasteful duplication of functions (Weijer 2013) and complex coexistence of contradictory rules of the game in the same territory creating unsolvable conflicts and situations among institutions (Di John 2008).

## Anti-corruption Institutional Multiplicity in Uganda

In Uganda, institutional multiplicity has been a preferred method adopted virtually across the entire government apparatus mainly as a very well-orchestrated political strategy by President Museveni to keep effective control of what happens in government and him a fallback position in case one agency or institution acts or wants to act against his personal or government interests. This technique has been politically successful since every government agency or official is kept working at the mercy of President Museveni (Bukenya and Muhumuza 2017). On the anti-corruption front, the same approach was adopted with the deliberate creation of several anti-corruption agencies. These include the Inspectorate of Government which is the lead national anti-corruption agency with power to investigate, inspect, and freeze bank accounts; search, arrest, and order for production of documents; enforce asset declaration; and prosecute public official involved in corruption; the Directorate of Public Prosecution (DPP) works with the Uganda Police Force (UPF) to investigate and prosecute private and public officials engaged in corruption; the Anti-Corruption Court is responsible to preside over corruption offenses; the Financial Intelligence Authority (FIA) is mandated to combat money laundering activities; the Directorate for Ethics and Integrity (DEI) coordinates policies toward effective anti-corruption efforts; the Office of Auditor General (OAG) audits financial management of central and local government institutions; the Public Accounts Committee (PAC) of Parliament provides oversight functions over management of public resources (Carson 2015). Despite of all the anti-corruption agencies, corruption both petty and grand is endemic across all the levels of government and has been on the increase year after year, and Uganda is now ranked among the most corrupt countries in the world. In 2018, president Museveni ordered that government agencies which duplicate functions be merged with their parent ministries or agencies or be scrapped off altogether. Instead of scrapping off nonperforming anti-corruption agencies or merging them following President Museveni's 2018 directive, he created another anti-corruption unit within State House. Hereunder is an in-depth analysis and discussion of why anti-corruption institutional multiplicity has failed to curb corruption in Uganda.

## Ineffective Monitoring and Supervision Structure

In the case of Uganda, having several anti-corruption agencies has created supervisory challenges among anti-corruption agencies. Some government agencies that are supposed to monitor

and supervise other government ministries were created by and report to the same government ministries that need to be monitored and supervised. This makes them unable to actually supervise the ministries that created and control them. For instance, the Accountability Sector Secretariat is mandated to promote accountability, coordinate adherence to fiduciary assurance, and supervise government ministries so as to combat corruption and improve service delivery. In actual sense, the Accountability Sector Secretariat that is currently housed in the Ministry of Finance, Planning, and Economic Development (MoFPED) premises is the one supervised by the Ministry of Finance. It was the MoFPED that initiated the creation of the Accountability Sector Secretariat, the ministry decides how much money the Secretariat gets in its budget for wage and nonwage, the ministry virtually controls who is recruited in the Secretariat, the ministry determines the activities of the secretariat, all its reports are submitted to the Ministry of Finance, and the secretariat operates in a project mode meaning that its very survival is at the mercy of the ministry. In view of all this, it is practically very difficult for the staff members of the Secretariat to pin officials of the Ministry of Finance to whom they actually report, and ever since its inception in 1998, the Secretariat has never implicated any official in corruption. Therefore, one can argue that the creation and maintenance of the Accountability Sector Secretariat was and still is wastage of public resources without much value for money. Instead of working to reduce corruption, the Public Procurement and Disposal of Public Assets Authority (PPDA) which is mandated to set standards and regulates procurement and disposal activities of Procurement and Disposal Entities (PDEs) across government is made to collude and conceal or constrained to confront corruption because of the way it was also created, mandated, and supervised thus making institutional multiplicity in Uganda's anti-corruption efforts ineffective. The PPDA also started as one of the departments in the MoFPED. It was later granted a vote status to function independently. However, MoFPED retained the PPDA policy formulation and the supervisory functions, while the PPDA just became a regulatory body. MoFPED still influences the PPDA because it determines who heads the Authority and one of its officials must be included on the PPDAs' governing Board. Additionally, PPDA is obliged to conduct procurement audits of PDEs and report to finance, yet MoFPED is also a PDE. This creates a conflict of interest and sometimes results into collusion and hiding of corruption cases other than exposing them. The Financial Intelligence Authority (FIA) that is mandated to prohibit and prevent money laundering in the country is another case in point. FIA was actually started as a project in the MoFPED and later granted a vote status to function independently. However, the so-called independence remains questionable because they still have to be at the whims of the MoFPED for their capitalization, and the Ministry decides how much money FIA can get for their wage, nonwage, and development. In many cases, this acts as a trap because FIA cannot act against the MoFPED on which it depends for its survival. When FIA was created, its directors were drawn from the MoFPED, Inspectorate of Government, Office of the President, and Uganda Police. Given the fact that these were agencies already fighting corruption with limited success, there was nothing new in creating a new agency other than creating more expenditure on the side of government. Therefore, the Anti-Money Laundering Act 2013 could have been more effective if the law was made more stringent and strengthening the Inspectorate of Government and Uganda Police in terms of training and equipping them with tools and technology to track and deal with money laundering. The Internal Auditor General is another example that shows failure of institutions to perform their duties based on how they are formed, structured, and positioned. The Public Finance Management Act 2015 provides that the Internal Auditor General shall oversee the internal audit function across government; develop internal audit policies, rules, standards, manuals, circulars, and guidelines and internal audit strategy; supervise its implementation; review and consolidate audit reports from the votes and externally financed projects; and provide evidence to the relevant parliamentary oversight committees when requested to do so. The

Internal Auditor General is supposed to ensure that all Ministries, Departments, Agencies and Local Governments (MDALGs) accounting officers comply with the internal controls, procedures, rules, and regulation through internal audits. The Internal Auditor General's Office has not effectively performed its function due to the fact that it is structured in such a way that it reports to the Ministry of Finance that is also an MDA. The Internal Auditor General receives report from internal auditors of MDALGs and also reports to the Permanent Secretary and Secretary to the Treasury. In other words, instead of the MoFPED reporting to the Internal Auditor General, it is the Internal Auditor General reporting to MoFPED. Given this kind of structuring, it becomes difficult for the internal auditor to sanction officials from MoFPED in situations of noncompliance or corruption involving them. In other words, instead of the MoFPED reporting to the Internal Auditor General, it is the Internal Auditor General reporting to MoFPED. The Ministry of Finance and its officials are so strong and politically connected that they divert or abuse public money and even when it is revealed, they determine who should investigate them and what the recommendations should be or are aware that they cannot be punished because their actions are done with the knowledge of the highest office in the land. The most recent example of such a scenario is the abuse of a US$ 200 million loan from the Trade and Finance Bank (PTA) exposed by the Public Accounts Committee of Parliament in 2018. Right from its busting, those implicated: Finance Minister Matia Kasaija and Secretary to the Treasury Keith Muhakanizi demanded that they should determine who investigates the matter. Thus instead of PAC carrying out the investigation, they opted for the Auditor General. Thus both PAC and Auditor General have written reports to be debated by parliament and make recommendations for actions on the two officials. In his report to Parliament, Mr. John Muwanga the auditor general cleared Mr. Matia Kasaija and Mr. Keith Muhakanizi over the alleged abuse by noting that all the intended beneficiaries got their share of the money. However, new evidence shows that Mr. Kasaija requested for Shs 41 billion in the Supplementary Schedule No.1 of 2017/2018 to meet the funding deficit for the purchase of essential medicines even after he claimed that the same money was considered as part of the Shs 68 billion. This put into question the independence of the Auditor General's report as it has also been revealed that he was under tremendous pressure from the two to write the report in their favor (Arinaitwe 2018). It has also been known for years now that the executive never implements the recommendations of PAC, which it accuses of political witch hunt and nobody will be surprised if no punishment recommendations will be acted upon.

## Lack of Implementing Powers

While there are many anti-corruption agencies in Uganda, the major ones have failed to reduce corruption because they do not have legal power to implement their findings and recommendation. Key in this category is the Office of the Auditor General (OAG) that has been credited on so many fronts but has no powers to implement its own recommendations and just reports to parliament that has been accused by many commentators for taking a very long time to debate these reports, is itself gagged, engages in corruption, and mainly serves to entrench the interests of President Museveni and his regime. Parliamentary anti-corruption oversight committees also have to make recommendations to the executive for action. It has been noted that over the years, these committees (Public Accounts Committee, Committee on Commissions, Statutory Authorities and State Enterprises, and the Local Governments Accounts Committee) have made significant investigation and exposed serious corruption scandals, but many of their recommendations have been squashed by the ruling party's majority number in parliament or overturned by the presidents' intervention who usually accuse the opposition MPs for turning these committees as avenues for fighting political wars with a purpose to discredit or tarnish the name of government (Bukenya and Muhumuza 2017).

## Political Interference

Many scholars have argued that for corruption to be effectively fought in any country, the different institutions of government must be allowed to carry out their work without interference from the executive and punish anybody implicated in corruption without fear or favor including members of the executive, and this must be backed with strong political will exemplified in actions of political leaders and not mere rhetoric. This argument has been vindicated through many examples, for instance, in Singapore during the leadership of Prime Minister Lee Kuan Yew; any government leader involved in corruption was severely punished without fear or favor. Many senior government officials and close colleagues of Prime Minister Lee Kuan Yew were prosecuted and convicted because of different corruption cases. For instance, in 1975, Wee Toon Boon, a very close friend of Lee Kuan Yew, a loyal non-communist trade union leader, and a minister in the eight ministry of the environment, was charged, convicted, and sentenced to 4 years and 6 months in jail. In December 1979, Phey Yew Kok, then president of the National Trade Union Council and a member of parliament in the ruling People's Action Party, was charged on four counts of criminal breach of trust although he later run into exile at the peril of his sureties (Lee 2011). Tan Kia Gan then minister for the National Development was removed from office for allegedly accepting bribes in connection with the sale of aircraft to Malaysian Airways. Choy Hon Tim the former director of the Electricity Department and Deputy Chief Executive of the Public Utilities Board was convicted and sentenced to a 14-year jail term for his involvement in the $13.85 million bribery scandal; Peter Lim Sin Pang, the former chief of the Singapore Civil Defence Force, was convicted and jailed for 6 months for corruptly obtaining sexual gratification in relation to awarding information technology contracts; and in December 1986, Mr. Teh Cheang Wan then minister for the National Development took his life after failing to influence the CPIB or the prime minister to let him off the hook after revelation of his involvement in corruption (Lee 2011). In other words, Prime Minister Lee Kuan Yew Lee allowed the CPIB to investigate, prosecute, and punish anyone involved in corruption without fear or favor, and this sent a clear signal that you engage in corruption at your own peril. There are countries where institutions maybe embryonic, and in such circumstances, strong political will can help uproot corruption. In the East African region, President Kagame of Rwanda is a good example of a leader whose political will has significantly reduced corruption. In scenarios where top political actors may be culprits in corruption scandals, there need to be strong and independent institutions to make them accountable, for instance, in Brazil, President Dilma Rousseff was impeached in 2016 by parliament because she was able to exercise its mandate without gagging from the executive. In April 2018, former Brazilian President Luiz Inacio Lula da Silva was given a 12-year prison sentence for money laundering and corruption. In 2017, South Korean President Park Geun-hye was removed from office by an independent parliament that voted to impeach her because of corruption. The South Korean constitutional court unanimously upheld the decision of parliament and she was prosecuted. In April 2018, former South Korean president Lee Myung-bak was indicted on 16 charges that included bribery, embezzlement and abuse of power. In October 2018, Lee was handed a 15 years jail sentence for corruption and ordered to pay a fine of 13 billion won ($11.5 m) by the Seoul Central District Court. In 2017, court in Kenya was able to nullify a presidential election won by the incumbent President Uhuru Kenyatta who set the precedent as the first president in Africa's recent political history to accept that decision. This unprecedented court decision was mainly due to the constitutional reforms embedded in the new Kenyan Constitution promulgated in 2010 that gave the judiciary power and protection away from the executive. In the case of Uganda, President Museveni who has been in power for 32 years is effectively in control, influences what happens across government institutions and fights corruption where and when it serves his interests. For instance, during the early 1990s, President Museveni was seriously committed to fighting corruption, and there was

a lot of success in that respect as evidenced in the sacking and prosecuting of key government leaders from office for corruption including his brother who was sacked from the position of army commander. However, starting with the 2001 elections, increased political threats and competition to his position made Museveni to turn a blind eye on the war on corruption, as it became one of the tools through which political power is maintained, reproduced, and consolidated. Thus on many occasions, President Museveni's name has been mentioned in several high-profile corruption scandals, or he has interfered with the work of anti-corruption agencies in defense of his cadres or members of his inner circle (Bukenya and Muhumuza 2017). Museveni's complicity in corruption is not very unique because there is extensive research that shows that in many corrupt regimes, political leaders publicly endorse anti-corruption rhetoric but in actual sense they engage in corruption themselves, protect the corrupt, and have minimal incentives to change the corrupt system because they benefit most from it. The examples of Brazil, South Korea, and Kenya may not happen in Uganda because constitutional reforms that limit the power of the executive while strengthening other branches of government with a purpose of put in places checks and balances, strengthening good governance are not present in Uganda under Museveni's leadership. On the contrary, the Uganda Constitution 1995 gives the president powers to appoint the Chief Justice (Article 142), chairperson of electoral commission (Article 60), Inspectorate General of Government (Article 213), Inspectorate General of Police, the head of public service (Article 173), and Governor Bank of Uganda and Secretary to the Treasury (Article172a) (Uganda Constitution 1995). Because of these constitutional presidential powers, President Museveni has influenced the creation and demise of government agencies, appointment of almost all the judges in Uganda, electoral commissioners, heads of anti-corruption agencies, police, army, and prisons, and in all these scenarios, people loyal to him have been appointed and those hostile removed or sidelined. He has been in power for 32 years now, and as a military man, his real power comes from his effective control and support of the army as echoed by Hon. Evelyn Anite, the State Minister for Finance, Investment and Privatization during the heated confrontations in December 2017 that resulted in the scrapping off of the 75 years age limit from the constitution paving way for Museveni to contest again in 2021.

## Uncoordinated Way of Doing Things

Uncoordinated way of doing things has been true for the case of anti-corruption agencies in Uganda. There are no clear guidelines set for when each anti-corruption agency is supposed to take on a case and that on many occasions officials in several agencies have ended up investigating the same cases making it difficult for the public or other interested stakeholders to identify which agency is accountable for failures to investigate and prosecute specific incidents of corruption. It has also been pointed out that lack of clear-cut guidelines on where each agency starts and ends has in many cases resulted into blame games, conflicts, and neglect of some corruption cases, for instance, on several occasions, the Inspector General of Government Ms. Irene Mulyagonja has blamed the failure to prosecute major corruption cases on the conflict of interest wars between the judiciary, the attorney general, Inspectorate of Government, Directorate of Public Prosecution, and the Police. Mulyagonja told the Members of Parliament on the Legal and Parliamentary Affairs Committee that the trial of former top Public Service ministry officials implicated in the Shs165 billions pension scam hit a dead end after High Court stopped the Directorate of Public Prosecution from including the Cairo International Bank on the charge sheet. The IGG also cited an inquiry she had launched into the disputed procurement of a contractor for the US$ 2.2 billion Karuma Hydro Power Project where the High Court ruled that the Inspector General of Government had no powers to investigate the matter (Bukenya and Muhumuza 2017).

## Dispersion of Limited Finances

Anti-corruption institutional multiplicity in Uganda has resulted into dispersion of the already limited finances into the numerous agencies, and at the end, each agency gets a very meager share, and this seriously affects the execution of each agency's mandate in terms of ability to recruit, train, and equip sufficient numbers of staff with skills and tools necessary to fight corruption. Lack of capacity in terms of finances, human resource, and equipment has sternly constrained asset recovery, affected investigations, and prosecutions which has resulted into long delays, dismissal, or withdraws of corruption cases costing the government dearly, for instance, in the office of the Directorate of Public Prosecutions, 650–750 cases are dismissed every year due to inadequate staff, high staff turnover, and inadequate prosecutorial and investigative skills. In 2010, a review of ongoing cases in the Anti-Corruption Court indicated that 54.2% of cases took more than 12 months to be resolved, while in 2013, for the 85 cases that were ongoing, 34 had been before the courts for more than 24 months, and this number increases year after year. These prolonged cases are caused by lack of enough staff that is also mainly attributable to low pay that has made it impossible for the Directorate of Public Prosecutions to attract, train, and retain competent and highly skilled employees to fill several vacancies for state attorneys. In the Inspectorate of Government, the situation is not different. Lack of sufficient finance, staff, expertise, and equipment has made it impossible for the directorate to verify and enforce the declaration of assets by leaders. As a result, only 50 of declared assets are sampled for verification, and the rest are kept without confirmation for any inaccuracy and inconsistency (Carson 2015). Leaders take advantage of this loophole to under or over declare their assets in anticipation of a future embezzlement because they know that the declaration of assets and liability has become a mere public service norm but without any deterrent effect and the probability of getting them is too low.

## Corruption Within Anti-corruption Agencies

According to several reports from reputable institutions such as the Transparency International, Afrobarometer, Inspector General of Government in Uganda, and Uganda Bureau of Statistics, the Judiciary and Uganda Police are the most corrupt institutions in Uganda, yet they are directed connected with the fight against corruption (Kato 2016). Corruption within these key anti-corruption agencies has hindered effective application of the laws from those expected to enforce it and complicated the war on corruption, for instance, corruption within the Ugandan judiciary has affected the application of anti-corruption sanctions and convicting corrupt officials. Corruption within the judicial takes many forms such as bribery especially among lower-order court clerks who solicit bribes for producing or hiding certain information that is crucial to cases and prosecutors who are bribed to avoid bringing a case forward or to assess evidence in unfair manner, de facto sale of favorable decisions by courts, and selective investigations and prosecutions of corruption culprits. In 2014 alone, the Police Standard Unit (PSU) arrested over 70 police officers over numerous felonies that among others involved extortion, bribery, and concealing exhibits. In March 2017, President Museveni told the country that the Uganda Police has been seriously infiltrated by criminals and specifically singled out the Directorate of Criminal Investigations (CIID) a department that is mandated to investigate corruption but in real practice is highly involved in extorting bribes and kickbacks and assisting corrupt people to avoid prosecution by providing false information or tampering with evidence (Tumwine and Bagala 2017). In October 2017, acting on the directives of President Museveni, the Chieftaincy of Military Intelligence arrested and court martialed several senior police officers that for many years were involved in investigating high-profile criminal and corruption cases. Most of these officers were alleged to be involved in illegal repatriation of refugees back to their countries of origins where they faced danger especially staging armed robberies, kidnapping

people, and demanding ransom from the victims' families, operating private cells. In addition to those arrested, the Police Standard Unit has recommended the sacking of over 80 police officers over misconduct, while a total of 105 officers, both junior and high ranking, are under probe by the Police Standard Unit over cases ranging from extortion to robbery, concealing evidence, fraud, and corruption. The DPP and sometimes IGG depend on the CIID who carry out investigations, and in circumstances where one component fails on its part, services in the other agencies cannot be delivered effectively. The most recent examples include pension scam where government was conned over Uganda shillings 60 billion, but the case was dismissed by court citing government failure to produce even single witness to pin down the suspects, and it was later discovered CIID investigators were bribed to kill off the case (Kato 2016). Police officers and militias affiliated to the ruling NRM party such as Boda Boda 2010 also working with the police have been implicated in many of these scandals, kidnaps, murders, and extortions of bribes. On March 9, 2018, a week after sacking the Inspector General of Police General Kale Kayihura and the Security Minister Major General Henry Tumukunde, President Museveni revealed to the country that bean weevils had infiltrated the police (URN 2018), a metaphor used to mean that the police is full of criminals. For many Ugandans, the president's revelation was no surprise because those that have dealt with the police are very well known that the police is very corrupt as vindicated by many studies (see Kato 2016).

## Weak Anti-corruption Laws and Rule by Law

Its strong laws and the rule of law are strong pillars upon which the fight against corruption can be built upon. An independent, impartial, honest, and competent judiciary is an integral part in upholding the rule of law. Judicial appointments should be made on the basis of clearly defined criteria and by a publicly declared process that ensures equality of opportunity and appointment on merit, progressive attainment of gender equity and the removal of other historic factors of discrimination. For effective corruption reduction to be achieved, corrupt countries need to strengthen their laws relating with punishing corruption, property rights, contract enforcement, and asset recovery, and people should know that the costs of corruption are far higher than its rewards. For instance, in Singapore, during the 1960s, anti-corruption laws were amended to give wide powers to investigators, including arrest, search, and investigation of bank accounts of suspected persons, their partners, children, and agents. Judges were allowed to accept the evidence of an accomplice. Courts were also allowed to treat proof that an accused person was living beyond his or her means or had property his or her income could not explain as corroborating evidence that they had accepted or obtained a bribe. Giving false or misleading information to the CPIB became an offense subject to imprisonment and a fine of up to S$10,000. All these legal mechanisms made corruption a very risky and costly business in Singapore and contributed to its significant reduction (Lee 2011). In Uganda, strong anti-corruption laws are to a bigger extent lacking. Anti-corruption agencies have been let down where mega corruption scandal culprits have gone scot-free because the laws are not wide enough to implicate them or their accomplices; in other circumstances, many have been prosecuted, but the punishment handed down is far much inferior compared to what they gained through corruption. Thus, saved for petty corruption, many people in Uganda with an opportunity to engage in grand corruption are not afraid of the laws. In terms of the rule of law in Uganda, many commentators have argued that what actually exists is rule by law where the will of the strong is meted on the weak or the wish of those in authority is enforced on those in opposition. Anti-corruption laws are applied selectively and mainly used to target dissenting voices, while people can get off the corruption punishment hook if they are in good government books in terms of support (Bukenya and Muhumuza 2017). The appointment of judicial officers is corrupt and influenced by partisan interests. This

undermines the rule of law because judges serve the interests of the appointing authority that in this case is a corrupt government. On the other hand, it is very ironic because while anti-corruption laws are very weak and their implementation is wanting, Uganda also has very strong and prohibitive laws that limit freedom of expression, assembly, and communication, which are ruthlessly implemented, and to some extent limit anti-corruption efforts. For instance, in 2013, the government of Uganda passed into law the Public Order Management Act that provides the police discretionary powers to veto gatherings in public places and break up political meetings of three or more people discussing political issues without prior police permission. Under this law, police has a right to deny or accept permission for people to assemble. The motivation for this law sprung from the fear that the Arab Spring Revolution that saw many long-serving Africans and Arab dictators lose their power would spread southward and inspire regime changes in countries under similar conditions. Indeed, in Uganda, similar situations had begun to evolve under the walk to work demonstrations as opposition political activists had embarked on a walk to work campaign with an aim of forcing government to act on skyrocketing inflation. In return, government used brutal force to crack down on these activists. Security forces harassed and locked up opposition politicians and their supporters who are taking part in a protest. The law allows police to use firearms in self-defense or against those resisting arrest. From then on, the police is always in the daily headlines for the wrong reasons like tear-gassing peaceful demonstrators, beating innocent citizens and journalists, dispersing opposition politicians and activists' rallies, and carrying out abusive, illegal preventive arrests and detentions thus violating people's right to assembly, expression, political participation, and speech (Amnesty International 2014). In addition, the government of Uganda passed into law the Interception of Communications Act 2010 that permits the Minister of Security to tap all forms of communication in the country. The Act provides for the registration of SIM cards and interception and monitoring certain communication in the course of their transmission through telecommunication, postal, or any related service. The stated objectives of the law were to thwart and prevent a terrorism action and organized crime. Undesirably, the law violates a right to privacy and lacks adequate safeguards to ensure respect of rights to freedom of expression enshrined in the constitution of Uganda. Besides, the law gives the government far-reaching discretionary powers in surveillance and interception of electronics, telecommunications, and postal communications between individuals, groups, and organizations. The broad and undefined basis for interception of communication also allows for possible intrusion into communications of individuals and professionals such as journalists, human rights defenders, and political dissidents engaged in legitimate activities and exercising their human rights. The Interception of Communications Act 2010 has had far-reaching impact on human rights and the war on corruption as it is used and abused for other purposes other than the stated one. For example, it has been used to conduct espionage, surveillance, and curtailing dissenting politicians' plans, operations, and organization capacity. The law has curtailed the ability of the opposition politicians and activists to carry out any effective political and anti-corruption work. In addition, this law has made the work of many journalists and their sources very difficult due to the continuous disruptions by state agencies. The government has further used the law to break into people's homes taking them away only suspicious reasons. With such laws in place and their ruthless implementation, it is very difficult for anti-corruption campaigners to hold demonstrations similar to the ones witnessed in Brazil or South Korea in 2016 and 2017, respectively. Even civil society organizations and NGOs that promote accountability in Uganda have not escaped the full wrath of the state as many including international ones such as the Action Aid have had their offices surrounded, sealed off, and closed without warning in 2017 in what the government called operations against enemies of the state, they are just promoting accountability. All these factors limit the emergency of a strong civil society and an assertive population that values and demands accountability, exert

pressure on the leaders to be responsive and accountable to the people they lead, and encourage the formation and reinforcement of legitimate social norms of conduct and fairness which are important social values that contribute to a transition to the rule of law and independent institutions that can operate independently from their leaders. Besides these, telecommunication companies have failed in their role to ensure that every active SIM card is registered using the owner's national identity card or valid passport for the case of foreigners. In the recent example of kidnapping, demanding for ransom and brutal killing of an innocent Ugandan female Susan Magala in March 2018, criminals were using several SIM cards registered in fake names and others unregistered. For over 3 weeks, they tortured and extorted a ransom of over Shs 700 million from the family before brutally murdering her. This exposed a very big lapse in the security system in the country given that it came after a wave of several kidnaps and murders.

## Conclusion and Recommendations

This study concludes that having several anti-corruption agencies is not an end in itself, and they cannot be effective unless they are supplemented with strong laws and political will, a vocal population that is less tolerant to corruption, and constitutional reforms that limit the power of the executive against the other branches of government; anti-corruption agencies must be empowered with both financial and human resources to carry out their work and be able to implement their findings and recommendations, and the monitoring and supervision structure has to be changed such that anti-corruption agencies become independent. In August 2017, President Museveni ordered for a review of government agencies so that many can be scrapped and others merged so as to reduce the current wastage of public resource (Arinaitwe 2017). It is the recommendation of this entry based on the above discussion that anti-corruption agencies be looked into with a purpose of scrapping some and streamline and resource the remaining ones so that they can effectively curb corruption which is affecting everyone in Uganda whether involved in it or not.

A

## Cross-References

► Ethics and Accountability
► Integrity and Corruption

## References

Amnesty International (2014) Rule by law, discriminatory legislation and legitimized abuses in Uganda. Amnesty International, London

Arinaitwe S (2017, August 23) Museveni orders review of government agencies to minimise wastage. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 8 Jan 2018

Arinaitwe S (2018, March 15) Queries as AG clears Kasaija, Muhakanizi on Shs700b loan. Daily Monitor. Retrieved from www.dailymonitor.co.ug on 20 Mar 2018

Bukenya B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the façade. ESID working paper no. 85

Carson L (2015) Institutional specialization in the battle against corruption: Uganda's anti-corruption court. Johns Hopkins School of Advanced International Studies, Washington, DC

Carson LD, Prado MM (2016) Using institutional multiplicity to address corruption as a collective action problem: lessons from the Brazilian case. Q Rev Econ Finance 62:56–65. https://doi.org/10.1016/j.qref.2016.07.009

Human Rights Watch (2013) Letting the big fish swim. Failures to prosecute high-level corruption in Uganda. United States of America

Di John J (2008) Conceptualizing the causes and consequences of failed states: a critical review of the literature crisis states. Development Studies Institute, London School of Economics. Working paper 25

Johnston M (2010) First, do no harm – then, build trust: anti-corruption strategies in fragile situations. World developments report 2011

Kato J (2016, June 22) Police most corrupt institution-UBOS. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 9 Jan 2018

Lee KY (2011) From third world to first: Singapore and the Asian economic boom. Harper Collins, New York

Mugerwa Y (2016, July 23) Probe reveals new ways of stealing money from government. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 15 Mar 2018

Pratt TC (2008) Rational choice theory, crime control policy, and criminological relevance. Criminol Public Policy 7(1):43–52. Retrieved from https://books.google.co.ug/

Søreide T (2014) Drivers of corruption: a brief review. World Bank Study, World Bank, Washington, DC
The Constitution of the Republic of Uganda (1995)
Tumwine A, Bagala A (2017, March 20). Police infiltrated by criminals – Museveni. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 5 Jan 2018
URN (2018, March 9) Police infiltrated by bean weevils – Museveni. The observer. Retrieved from www.observer.ug/news/headlines/57144-police-infiltrated-by-bean-weevils-museveni.html on 20 Mar 2018
Weijer FD (2013) A context of multiple institutions: engaging in fragile settings. The Broker Online. Retrieved from http://www.thebrokeronline.eu/Articles/Acontext-of-multiple-institutions on 28 Dec 2017
Zilber TB (2011) Institutional multiplicity in practice: a tale of two high-tech conferences in Israel. Organ Sci 22(6):1539–1559. Retrieved from https://www.jstor.org/

# Anti-corruption Measures in Uganda

Pius Gumisiriza[1] and Robert Mukobi[2]
[1]School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda
[2]Ministry of Finance, Planning and Economic Development, Kampala, Uganda

## Synonyms

Anticorruption; Asset declaration; Corruption; Debarment; Monetary fines; Rescission of contracts; Uganda; Whistleblowing

## Introduction

In the last two decades, Uganda has come up with several anticorruption measures both homegrown and those domesticated from the provisions of the United Nations Convention Against Corruption and the African Union Convention against Corruption in its efforts to combat endemic corruption. Different parameters used to measure the effectiveness of anticorruption measures indicate that some success has been registered. For example, the Inspectorate of Government (IG) prosecutions increased from 44 in 2006 to 168 cases in 2012 before declining modestly to 145 in 2013. The IG conviction rate also increased from 28.6% in 2006 to 56.25% in 2013 (Inspectorate of Government 2014). However, this does not underscore the magnitude of the problem still at large. Uganda remains one of the most corrupt countries in the world, with most people resigned to corruption rather than stand up against it. This entry discusses different anticorruption measures such as laws criminalizing money laundering, contract rescission (nullity), monetary fines, debarment, asset declaration, whistleblowing, asset confiscation, and why they have achieved minimum success in combating endemic corruption in Uganda. The main argument made is that these anticorruption measures/laws are internally weak and further constrained by exogenous factors such as lack of sufficient political will from the current regime, weak, and dysfunctional institution and lack of capacity in terms of human resources, skills, and equipment to deal with complex grand corruption scandals. Thus, to robustly address the corruption crisis in Uganda, adequate attention must be taken to strengthen the measures/laws already in place so that they can withstand the complexity of sophisticated corrupt actors, ensure that they are fair, accountable, transparent, well publicized, timely, unbiased, and also address the wide political and anticorruption institutional dysfunctions.

## Rescission (Nullity) of Contracts

Rescission of contracts is one of the key anticorruption measures that the current government in Uganda has employed in its fight against corruption. Rescission (nullity) of contracts happens when a contract is cancelled, annulled, or abrogated by the parties, or one of them, thereby restoring the parties to the positions they would have occupied if no contract had ever been formed. The adoption of contracts rescission by governments is a big step toward combating corruption because it entails substantial costs and risks for the bribe-giving party. Contracts induced by bribery and corruption can be annulled either from the beginning or for the future and contracts must be rescinded entirely not just part of

it. A contract is null and void when it can no longer be legally enforced and this entails legal consequences. If one party to the contract gives an indication that it is unable to hold up its end, the other party may claim an anticipatory breach of contract. If the agreement is unconscionable or grossly unfair to one party, or one party commits fraud, the contract may be void. An agreement may also be void if one party is incompetent or a minor and unable to enter a legal agreement, a bilateral mistake is made, it involves restraint of legal proceedings, it is an agreement with uncertain terms, it is a wager or it involves impossible acts (Nell 2008; Lambsdorff 2013). In Uganda, the conditions for rescission of contracts are provided for in the Constitution and different Acts of Parliament. Article 2 and clause 119 (5) of the Uganda Constitution stipulates the conditions to be fulfilled in contract management failure of which would render such a contract or contracts null and void (The Constitution of the Republic of Uganda 1995). The Public Procurement and Disposal of Public Assets Act (PPDA) 2003 stipulates the guidelines and the conditions to be fulfilled under public procurement and the conditions for nullification of contracts. Section 45 of the PPDA Act 2003 requires that Procuring and Disposing Entities (PDE), bidders and providers observe the highest standards of ethics during procurement and the execution of contracts. Also section 55 of the same Act emphasizes the application of rules, guideline, and regulation set out by relevant bodies. Section 93(1) of the same act requires public officers as well as expert engaged to deliver specific service to sign the code of ethical conduct. Therefore, noncompliance with these provisions of PPDA Act 2003 renders a contract illegal, null, and void. According to Sub-Clause 3.1 of the procurement guidelines, the Procuring and Disposing Entity (PDE) may terminate a contract for Supplies if it at any time determines that representatives of the PDE or of a provider engaged in corrupt or fraudulent practices during the procurement or the execution of that contract. Many procurement contracts obtained by way of bribery and/in contravention of public procurement procedures both at central and local government level have been annulled. The most massive example was the annulment of the 600 MW Karuma Hydro Power Dam contract awarded to a company from the People's Republic of China in 2014 because it was done outside the law and the nullification was upheld. However, in many cases, the usefulness of nullity of contract as a deterrent to corruption in Uganda remains ineffective because of political interference and collusion between corrupt actors both individuals or companies and government technocrats to approval contracts that should be annulled. For example, in 1996, the Ugandan Parliament Accounts Committee (PAC) recommended the termination of Swiss Procurement Company (SWIPCO) on the ground of incompetency, irregularities in procurement process, and political interference. However, in 1999, through bribery and connivance with Ministry of Finance officials, the same PAC produced a report that commented favorably on SWIPCO's experience and credentials and recommended them to render services to government.

Nullity of a contract tainted with bribery sometimes leads to renegotiated contracts that are costly, not transparent, failure to recover lost money, massive compensation money, even the renegotiated contracts may be prone to more corruption if the entire system is not cleaned up (Lambsdorff 2013). Indeed, experience in Uganda has indicated that in most cases annulled contracts are renegotiated with the same or other contractors but the government usually picks up an increased bill for the contracts. In 2013, the Karuma Hydro Electric Dam was initially terminated but later renegotiated, costing Uganda US$ 2.2 billion instead of the initial US$ 1.2 billion. In 2014, EATAW an alleged American Company was awarded a contract to construct 75 km road; however, because of fraud in the procurement process, the contract was cancelled and the government lost 24 billion shillings. The renegotiated Kyetume-Katosi Road cost UgShs 254 billion instead of the initial 165 billion. The decision to nullify or staying a nullified contract in Uganda especially government ones that involve huge amounts of money is susceptible to political influence peddling and usually perpetuate corruption rather than deterring it. For instance, in 2014, the

Parliament of Uganda recommended the termination of the contracts awarded to two electric power distribution companies (Eskom and Umeme) due to gross manipulations encountered in the procurement of Umeme concessions and scandalous provisions of the power distribution agreements signed between Uganda and Umeme Ltd. However, the President revoked parliament resolutions and ordered the approval of the contracts. In 2011, Members of Parliament wanted to nullify the contract agreements of an oil exploration and extraction company (Tullow) on the ground that there was no transparency and accountability in the procurement process, and government officials had taken kickbacks. However, the president ordered the Minister of Energy to sign and uphold the Tullow production sharing agreement with Uganda. In 2008, Inspectorate of Government cancelled the tender for the UgShs 312 billion second phase of the National Social Security Fund (NSSF) pension towers due to corruption. In the process, the government lost US$ 16 million in compensation and up to now the construction of the NSSF pension towers has not progressed. In the National Population Data Bank Identification Solution project, the government lost UgShs 205 billion, which had already been used in procurement. In 2006, the National Enterprises Corporation (NEC), which is the trading arm of the Uganda People's Defence Force, signed a mining contract with Dura Cement to mine limestone from the 473-hectare land owned by NEC in Kamwenge and nearby districts. However, President Museveni later ordered the cancellation of this contract because the directors and address of Dura Cement Company were not known. Dura sued the government for loss of business after their contract was given to Hima Cement and demanded $103 million but was paid more than $16 million after negotiations. Another example where annulling a contract has led to massive loss of money by the Ugandan taxpayer involved the compensation of Hassan Basajjabalaba a businessman with close links to the ruling NRM party. Basajjabalaba was compensated UgShs 142.6 billion after his companies contracts to manage four city markets and properties of Nakasero market, Shauriyako market, Constitution Square, and St Balikuddembe market (formerly Owino market) were cancelled by government in 2010 after the market vendors and parliament opposed the move. An investigation conducted by the parliamentary public accounts committee into this matter found that the deal to compensate Mr. Basajjabalaba was highly inflated, much as the businessman informed MPs that President Museveni was aware of what was given to him and that he had personally approved his claim. The Basajjabalaba scandal caused parliament to interdict Syda Bbumba the minister of finance at the time, Khiddu Makubuya, also the attorney general at the time, and Emmanuel Tumusiime-Mutebile, the Bank of Uganda governor, narrowly survived because President Museveni intervened on his behalf (Bukenya and Muhumuza 2017). In other cases, companies may get their contracts rescinded even when they are not corrupt themselves. This happens in cases where such companies are in partnership or joint venture with corrupt partners and end up suffering from nullity of contract. There could also be bribe-paying employees in a company who can make the contracts rescinded if detected thus adversely affecting the profitability and survival of the company (Lambsdorff 2013). For instance, in 1999, Greenland, a commercial bank in Uganda lost its license because it had a joint partnership with a company (Divinity Union) that was involved in many corrupt and money laundering scandals. Rescission is applied to a contract irrespective of the size of corrupt act and a company that paid a small facilitation for obtaining a contract may suffer the same consequences as those involved in big corruption scandals. For example, in Uganda, a falsification of documents, like an academic certificate or tax verification certificate, will earn an individual a loss of contract and some jail time; the same apply to an individual involved in big contracts like road construction with millions of dollars.

## Monetary Fines

Monetary fines are charges imposed on individuals or entities that have been convicted of a

crime. A fine is an amount of money an offender must pay to the offended or for compensation of breach of contracts, rules, or violation of codes of conduct or nonconformity to agreed procedures (Zucker 2004). The size of the penalty is sometimes linked to the contract value or reflects the gravity of an offence, taking into account an enterprise's size, culpability, and other factors such as the harm caused by an offence. Monetary fines also provide a conflict resolution where there is a less stringent burden of proof and they can be revoked without substantially disadvantaging the contractor, the risk of a wrong judgment is thus more fairly shared among the contracting parties. Monetary fines encourage self-reporting as companies strive for leniency. Through monetary fines, resources are shifted from one party to another without further social costs. They are penal in nature, designed to punish misconduct and deter future offences by a defendant. Legislation sets out either a maximum fine or base penalty level and the actual fine will be determined upon consideration of aggravating or mitigating factors (see Lambsdorff 2013). In Uganda, the use of monetary fines as a punishment for corruption has been embraced in different laws spread throughout various statutes. The Anti-Corruption Act 2009 stipulates the punishment for the corruption offences committed. A person convicted of an offence under sections 2, 3, 4, 5, 6,7, 8, 12, and 13 is liable on conviction to a term of imprisonment not exceeding 10 years or a fine not exceeding two hundred and forty currency points (240), or both. In monetary terms, a month of imprisonment is roughly equal to 2 currency points and each currency unit is Uganda Shillings 20,000 (US$ 6). The PPDA Act 2003 prescribes a jail sentence of 5 years and a minimum fine of 5 million Uganda Shillings (US$ 1,700) upon conviction for accounting officers who collude with a firm and award a contract by fraudulent means. New financial penalties have been added in the legislation, and quite often, these have been used as deterrent in engaging in fraudulent practices and committing crimes. According to Anti-Money Laundering Act 2013, an individual who commits a crime under the Act faces between 5 and 15 years in prison or be liable to a fine ranging from UgShs 660,000,000 (six hundred sixty million Uganda shillings only) to 2,000,000,000 (two billion Uganda shillings) (approximately US$ 2,575–780,340). For a legal person, the fine imposed on the entity will range from UgShs 1,400,000,000 (Uganda Shillings One billion four hundred million) to UgShs 4,000,000,000 (Uganda shillings four billion only) (approximately US$ 546,240–1,560,680). The use of monetary fines as corruption deterrent tool comes with several advantages such as easy implementation. In Uganda, police and courts of law are mandated to give out fines for people who commit offences for instance corruption, embezzlement, misuse of public resources, and neglect of duty. Fines collected under this arrangement are then used to improve the welfare of these public institutions (JLOS 2014). Despite of the legal provisions for the use of monetary fines and their continued applications in courts law, various reports indicate that these penalties have not been effective in deterring bribes and corruption prevalence in Uganda. In fact, in some instances, they seem to accelerate corruption because most monetary fines laws are outdated. Monetary fines provided in the anticorruption laws are weak and just a fraction of what is embezzled, for example, a person who embezzle UgShs 18 billion (US$ 5 million), is not required to pay back the money but rather jailed for 3–5 years and sometimes get out on bail. In some cases, individuals and companies who have been fined are left in business and continue with their vices. The financial penalties are scattered throughout various statutes and are not consolidated in any one place and each of them is looked at in isolation of the other. Therefore, it becomes very difficult to track and assess the total impact of such financial penalties on an individual or company. The different anticorruption laws give judicial officers powers to order for compensation or repayment of the money to the owner, but this power can be misused when rules are vague and hardly enforced; officials then obtain sovereignty in interpreting them and may take a bribe. In addition, it is hard to estimate accurately the amount of fines that is sufficiently punitive to deter corruption. If the penalties are not severe enough and

applied each time that inappropriate behavior is detected, they will not be effective in reducing corruption. While it can be argued one should raise the amount of fines and penalties against companies to draconian levels, the intended purpose of fines is forgotten in the process. Sometimes, lack of enforcement of fines has accelerated bribery in Uganda. Cases of asking and accepting a bribe in form of a cash payment in order not to issue a speed fine or reduce the fine are very common in Uganda. Even the fines as prescribed by the current legislations have not kept pace with inflation. Many of the minimum and maximum are now absurdly low, and consequently, it is difficult to assess the total impact of financial penalties on an individual or company (JLOS 2014).

## Debarment

Debarment as anticorruption initiatives has gained momentum and emerged as a noteworthy tool. Debarment happens when company or an individual is formally prohibited from tendering or participating in a project that a government or multinational agency is funding following a finding that the company or individual was involved in the use of corruption to obtain contracts on past or present projects with that agency or government (Moran et al. 2004; Baghir-Zada 2010). Debarment is a restrictive measure; it creates lists of untrustworthy, unreliable, and irresponsible companies and individuals proven that they participated in acts of corruption and preventing their participation in public contracting. Governments and international institutions have developed their own debarment systems to exclude contractors that have committed bribery or fraud or more broadly to exclude contractors that pose unacceptable performance or reputational risks because of bad acts or broken internal controls. In 2005, Transparency International published a list of recommended minimum standards to be applied to all public contracts, blacklisting the companies and debarring them was listed as standard No. 3 (Transparency International 2006). In Uganda, debarment is one of the corruption deterrent measures that has been adopted by the government and provided for in the laws. Section 94 of the PPDA Act and Regulation 351 of the PPDA Regulations empower the Public Procurement and Disposal of Public Asset Authority (PPDA) to suspend providers who do not comply with procurement regulations or guidelines. The PPDA may suspend a provider (business entity) from engaging in any public procurement and disposal process for a period determined by the PPDA. Debarred companies have received suspensions ranging from 1 to 10 years before being allowed to reapply. Suspension is done following the recommendation of an investigation by PPDA. The grounds for suspension include: breach of the Code of Ethics of providers, submission of fogged documents, bid security, sheer negligence, bribery, corruption, shoddy work, abuse of office, general flouting of procurement procedures, and debarment from the procurement process of an international agency of which Uganda is a member. Assessing debarment, as an effective device in the fight against corruption, requires careful consideration of its potential costs, benefits, and the challenges involved during application from perspectives of various stakeholders in the procurement, anticorruption communities, policymakers, and contractors. As an anticorruption device, debarment may encourage compliance with the law because only companies/individuals who act within the laws are supposed to participate in public contracts that in turn may ensure proper use of public resources. Under cross-debarment, when one agency debars a contractor, the other institutions automatically debar that very contractor. This improves anticorruption efforts by multiplying the impact of debarment actions; thus, contractors could potentially face exclusion from many systems and this would mark a significant change in fraud and corruption practices (Yukins 2013). However, debarment and cross debarment practices are not without weaknesses. They have been criticized for being unfair, inefficient paper tigers pretty to look at but not to be feared, poorly publicized, fail to include big companies with proven involvement in corrupt deals, subjected to technicalities such as unwillingness to debar for many reasons such as lack of strong evidence

or lack of a court order and resistance to giving the public access to blacklists (Schooner 2004). However, according to Global Integrity 2011, although companies that violate anticorruption regulations are legally prohibited from participating in future public bids, companies guilty of major violations of anticorruption regulations sometimes bid again using their influence particularly if those companies are politically well connected. At the same time, there is also a risk that a parent or subsidiary company, an agent, a joint venture, a consortium partner, or a subcontractor of the other company can be debarred for the actions of another company over which they had no control and in situations where they were not involved in corrupt conduct. In Uganda, PPDA has the power to blacklist providers and maintains a list of suspended contactors/service providers. Although debarment is provided for in Ugandan laws, debarment of corrupt firms has not been effectively implemented. This is because the process involved in getting a firm debarred is quite long and complicated, and many debarred firms have sometimes been able to circumvent disciplinary measures, including bribing their way back into bidding processes (UDN 2013).

## Confiscation

Confiscation of corruption proceeds constitutes another deterrent that makes corruption less attractive (OECD 2008a). In Uganda, the Leadership Code Act 2002, Anti-Corruption Act 2009, and Anti-Money Laundering Act 2013 confer power to Inspectorate of Government and Directorate of Public Prosecution to freeze, seize, and confiscate proceeds of corruption and make recoveries. Money recovered from investigations and prosecution of corrupt officials or companies is paid directly to the institutions or local governments that had sustained the losses while some money is kept on the Asset Recovery Account maintained by the Inspectorate of Government. However, a critical analysis of the implementation of asset recovery laws shows little progress in making recoveries. This is mainly because corrupt officials register their assets in the names of their spouses, children, associates, relatives, or friends. Investigation of such cases is hard, as it is not provided in the law. This loophole is often taken advantage of by many corrupt public officials who amass illicit wealth and register it in other people's names. Furthermore, the law is not strong enough to criminalize those living beyond their known sources of income. The sanctions provided for under the same laws are so weak to deter someone to be involved in corruption; for example, a person who embezzles US$ 5 million may not pay back the money but rather jailed for 3–5 years. A convicted public official continues to enjoy stolen misappropriated funds and assets after serving his or her jail sentences, which does not reflect the seriousness of their crime or the magnitude of the losses suffered by the state. The confiscation of assets under the current anticorruption legal regime occurs only after conviction at the discretion of the court yet prosecutions leading to convictions are difficult. The value of recovered funds has been low compared to the value of public resources that are misappropriated. In 2007, out of US$ 43,676,471 lost in fraudulent procurement during CHOGM, less than US$ 2,941,176 was recovered. Annually, Uganda loses over US$ 300 million; however, between 2008 and 2011, only US$ 252,920 was recovered while US$ 4,275,499 was saved as the result of investigation (UDN 2013). In 2013, the recovery rate in IG was reported to be merely 21% (Inspectorate of Government 2014).

## Whistleblowing

Whistleblowing and whistleblower protection if well implemented can also be one of the most effective tools in detecting and combating corruption, safeguarding public interest, and promoting a culture of public accountability and integrity (Goel and Nelson 2013). In Uganda, the Whistleblowers Protection Act 2010 was enacted to encourage individuals to blow the whistle on corruption cases, provides protection and monetary incentives for whistle blowing. The Inspectorate of Government (IG) established a hotline where individuals can report corruption

anonymously. However, the whistleblowers protection law remains largely on paper or poorly enforced, thus allowing continued cases of retaliation against whistleblowers. Consequently, most whistleblowers are reluctant to cooperate after receiving threats or fear losing their lives, jobs, and properties yet without testimony of those who can identify high-level officials as the orchestrators of corruption, prosecutors are left with little evidence to convict corrupt officials (Mahoney 2010). For example, in 2012, out of intimidation and fear, all the key 11 prosecution witnesses denied any knowledge of the 3 ministers involvement in CHOGM scandal where UgShs 14 billion was lost to corruption and as a result, the Anti-Corruption Court acquitted the 3 ministers. The lack of a clear system to protect witnesses and insulate prosecutors from bribery and intimidation means that whistleblowers protection law cannot be effective and anticorruption institutions in Uganda have ended up focusing on low-level corruption involving small sums of money, while the big fish have continued to accumulate wealth and power (UDN 2013). It is recommended that government strengthen whistleblowers and witness protection. There is a need to protect whistleblowers not only in law but also in real life by strengthening the Inspectorate of Government to receive and investigate complaints of retaliatory, discriminatory, or disciplinary action taken against whistleblowers and witnesses. And create a more robust system to ensure that quality evidence against high-ranking members of government comes to light under all circumstances.

## Asset Declaration

Asset declaration provides valuable information that helps uncover misconduct and illicit enrichment and ensures that leaders are accountable and that the acquisition of their assets is not through corruption. Successful enforcement requires an effective asset declaration monitoring body with clear mandate, powers, capacity, resource, and authority to receive, process public officials' asset declarations, as well as assess their authenticity, completeness, inaccuracies, and inconsistencies (OECD 2011). In Ugandan, the Leadership Code Act, 2002 mandates the Inspectorate of Government to ensure that leaders and their spouses, children, and dependents less than 18 years declare their incomes, assets, and liabilities every 2 years, and verify them to ensure that they are accurate. It constitutes a corruption act for a leader to be found in possession of assets and income which is disproportionate to the known source of income, and penalty is confiscation or forfeiture to government any excess or undeclared property (Inspectorate of Government 2014). The implementation of the Leadership Code Act 2002 in Uganda has only yielded marginal success due to weakness within the law and lack of capacity in the enforcement agencies. The Leadership tribunal required by the law to implement and enforce the Leadership Code Act has not been constituted leaving the law a mere paper tiger subject to challenge on occasions that the Inspector General of Government has attempted to implement it. In 2014, over 40% of eligible leaders failed to declare their assets and liability and were able to go away with it, even for those who declared, many falsified their declarations. Private individuals who are not leaders within the meaning of the law, presidential appointees, and low staff who may amass a lot of wealth through commission of corruption offences are not required to declare their wealth. Such people continue to enjoy their ill-gotten wealth unchecked. Since the Access to Information Law came into force in 2005, the law cannot be applied to release asset declarations to the public for scrutiny and therefore lacks the potency to prevent illicit enrichment. The Inspectorate of Government lacks sufficient finance, staff, expertise, and equipment to enforce and verify all the declaration. Annually, only 50 of declared assets are sampled for verification and the rest are kept without confirmation for any inaccuracy and inconsistency. Leaders take advantage of this loophole to under- or overdeclare their assets in anticipation of a future embezzlement because they know that the probability of getting them is too low. As a matter of urgency, the Parliament should expeditiously put in place a legal framework for establishing a Leadership Code Tribunal

for arbitration of corruption cases. Amend the law to ensure that all leaders at all levels and public officials become eligible to declare and provide more finance resources, equipment, and training to IG.

## Criminalizing Money Laundering

Money laundering can severely accelerate corruption and organized crime; thus, criminalizing it provides the possibility of courts to hold persons involved in it liable (Schneider 2010). In Uganda, the enforcement of the Anti-Money Laundering Act 2013 has not achieved the desired outcomes because the Financial Intelligence Authority that is responsible for its enforcement is hampered by technical and operational challenges such as limited capacity (finance, human resource, technology, and equipment) and lack of an effective framework to foster collaboration among the different stakeholders. As a result, there are very few successful convictions of money launders given the rising money laundering activities in the country. The effective enforcement is further hampered by the large informal sector that makes it difficult to track and monitor informal financial transactions, widespread use of cash rather than other means of exchange, confidentiality rules in banks and fear to lose customers, poor remuneration which makes officials responsible for detecting and controlling money laundering vulnerable to bribery and lack or poor record keeping (Edopu 2010; Kulabako 2013). As regards to effective enforcement of antimoney laundering, there is need to develop legislative measures to address co-operation in tracing requests and transfer of such property or proceeds and provide resources to improve the capacity of enforcement agencies. The government must also refrain from using the Anti-Money Laundering Act 2013 to thwart the legitimate activities of NGOs, especially those involved in issues relating with the rule of law, governance, and human rights that now being intimidated by the regime.

Besides the above-discussed measures having internal challenges, there are also societal challenges, institution, and political weakness that make the fight against corruption very difficult in Uganda. For instance, civil society organizations that should also play a very active role in trying to ensure that there is better accountability and proper use of public resources are very embryonic, lack the necessary capacity in terms of resources, skills, and insider information of what happens inside the corridors of corruption deal making. As a result, they have not effectively provided enough oversight and held service providers accountable to improve service delivery. There is serious corruption with the key anticorruption agencies, especially the police and judiciary; anticorruption agencies face other challenges of their own such as understaffing, inadequate funding, and equipment, and instead of the political establishment leading the anticorruption crusade, it is part of the corruption problem for self-enrichment and political power consolidation reasons. All these factors put together make the success of anticorruption measures very difficult. The overall recommendation is that there is need for a holistic approach starting from serious awareness and sensitization campaign to the general public to stand up and castigate corruption and its perpetuators. The laws need to be strengthened to make corruption a very costly and prohibitive practice and the political leadership especially president Museveni must walk the talk when it comes to corruption.

## Cross-References


- ▶ Ethical Probity in Public Service
- ▶ Leading Governmental Reform
- ▶ Political Corruption
- ▶ Public Attitudes and Corruption


## References


Baghir-Zada E (2010) Debarment as an anti-corruption tool in the projects funded by Multilateral Development Banks

Bukenya B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the façade. Working paper no. 85, Effective States and Inclusive Development Research Centre (ESID), University of

Manchester, United Kingdom. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954595 on 15 August 2018
Edopu P (2010) Infrastructure to detect and control money laundering and terrorist funding in Uganda. Retrieved from www.files.ethz.ch/isn/117789/FULL107.PDF on the 24 Aug 2018
Goel R, Nelson M (2013) Effectiveness of whistle blower laws in combating corruption. SSRN Electron J. https://doi.org/10.2139/ssrn.2268429. Retrieved from www.researchgate.net/publication/256064188 on the 13 Aug 2018
Inspectorate of Government (2014) Fourth data tracking mechanism. Tracking corruption trends in Uganda. EPRC, Kampala
JLOS (2014) Report on the study on sentencing and offences legislation in Uganda. Retrieved from www.commonlii.org on 7 Aug 2018
Kulabako F (2013, September 10) Anti-money laundering law faces challenges. The Daily Monitor. Kampala. Retrieved from www.monitor.co.ug/Business/Prosper/Anti-money-laundering-law-faces-challenges/688616-1984978-lw3m7r/index.html on 15 Aug 2018
Lambsdorff JG (2013) cited in Susan Rose-Ackerman and Paul Carrington: anti corruption policy. Can international actors play a constructive role? Carolina Academic Press, Durham. Retrieved from https://cap-press.com/books/isbn/9781611633030/Anti-Corruption-Policy on 22 Aug 2018
Mahoney C (2010) Uganda: conflating witnesses protection and protection of informants. In Mahoney C (ed) The justice sector afterthought: witness protection in Africa. Institute for Security Studies. Retrieved from https://issafrica.s3.amazonaws.com/site/uploads/Book2010WitnessProt.pdf on 19 Aug 2018
Moran J, Pope J, Doig A (2004) Debarment as an anti-corruption means: a review report. Retrieved from www.u4.no on 22 August 2018
Nell M (2008) Contracts induced by means of bribery: should they be void or valid? Friedrich-Alexander-University Erlangen-Nuremberg. Retrieved from www.bgpe.de/texte/DP/042_Nell.pdf on 27 Aug 2018
OECD (2008a) Asset recovery and mutual legal assistance in Asia and the Pacific. Retrieved from www.oecd.org on the 3 Sept 2018
OECD (2011) Asset declarations for public officials. A tool to prevent corruption. Retrieved from www.oecd.org/corruption/anti-bribery/47489446.pdf on the 6 Sept 2018
Schneider F (2010) Money laundering and financial means of organized crime: some preliminary empirical findings. German Institute for Economic Research. Retrieved from www.defensesociale.org/xvicongreso/usb%20congreso/2ª%20Jornada/01.%20Panel%206/10_P6_Schneider.Friederich_MoneyLaundering&FinancialMeans.pdf on the 4 Sept 2018
Schooner SL (2004) The paper tiger stirs: rethinking suspension and debarment, in suspension and debarment: emerging issues in law and policy. Public Procure Law Rev 13(5):211–218
The Constitution of the Republic of Uganda (1995) Uganda Government Printing and Publishing Corporation, Entebbe
Transparency International (2006) Publicity of debarment and current debarment systems in place in international organizations and some countries
UDN (2013) Dossier on corruption in Uganda from 2002–2012. Retrieved from www.udn.or.ug on 15 Aug 218
Yukins CR (2013) Cross-debarment: a stakeholder analysis corruption mean. Retrieved at www.scholarship.law.gwu.edu/cgi/viewcontent.cgi?article=2210&context=faculty_publications on 26 Aug 2018
Zucker JS (2004) The Boeing suspension: has consolidation tied the defence department's hands? In: Suspension and debarment: emerging issues in law and policy, Public Procure Law Rev 13(6):260–277

# Anti-corruption Policy in Regional Governments, Latin America

Emilio Moya Díaz
Department of Sociology and Political Science, Catholic University of Temuco, Temuco, Chile
Studies Director of Chile Transparente, The Chilean chapter of Transparency International, Santiago, Chile

## Synonyms

Accountability Mechanisms; Anti corruption reforms; Local Governance; Non ethical acts

## Definition

An anti-corruption policy is defined in regional governments as those institutional, normative, cultural and technological actions and measures that together help to reduce the risks and probabilities of corruption within those public institutions.

## Introduction

Before starting the description of the subject, it is important to note that this analysis is the product

of Fondef Project "Consolidation and implementation of a monitoring system corruption risks in regional governments" (Toro et al. 2014), which ran between 2014 and 2015.

Chile has significant legislative progress on transparency and corruption. The entry into force of Law No. 20,285 on access to public information, the creation of the Transparency Council, the creation of the Transparency and Probity Commission, the implementation of the Lobby Law, and the new regulations on political financing have Generated in recent years a legal framework of transparency and access to public information on Chilean public administration and administration.

Beyond the undoubted contribution of these initiatives, there is still corruption problems associated with the functioning of public institutions, particularly in regional and local governments. For example, in a review of cases of corruption and irregularities linked to Regional Governments in Chile (Esperguel and Aguilera 2014), the most frequent crime observed is treasury fraud or embezzlement. This information that seems relevant falls within a universe of only 17 cases registered between 1993 and 2014 through official information provided by the Comptroller General of the Republic and in different media. These cases account for, on the one hand, the low levels of investigation that have been formally carried out during the last 20 years, and on the other hand, there is a low public scrutiny and high levels of impunity that have facilitated the development of a type of corruption silent that the formal systems of denunciation and control of the State have not been able to face. In this context, these bodies are still vulnerable to acts of corruption even if there is transparency regulation. These records highlight the challenges faced by regional governments in the fight against corruption and show how important it is to prevent and anticipate irregular acts that directly affect the quality of life of people due to the misuse of public resources.

The Regional Government in Chile is an autonomous service that is in charge of the superior administration of the region through the formulation of development policies that consider the national guidelines as those formulated from the region itself and its respective communes. It is composed of a Regional Intendent in its capacity as Executive Body and by the Regional Council, which is made up of Regional Councilors and Councilors representing the provinces that the region has; Being elected by popular vote. The Regional Council (CORE) defines and sanctions regional development projects and plans and their modifications, through the allocation of the budget from the National Fund for Regional Development (FNDR). In general terms, the main function of the Regional Government is to elaborate and approve policies, plans, and programs of development of the region. These programs must be adjusted to the national development policy and to the national budget.

An optimal anticorruption policy adopted by regional governments should complement regulatory measures with a tool to prevent the risks of corruption, allowing a timely response to possible irregularities in public management to avoid acts of corruption, whether voluntary or managerial within the agency. Although the transparency law requires the publication of information on the management of the service, it does not guarantee that the process involving such management is transparent or adequate to the standard. In this sense, a preventive tool contributes to the visibility, monitoring, and control of the management of processes and decision making by the public agent. The internal logic of procedures is a matter that the law of transparency does not make visible, and therefore, citizen control in this area is nil. In addition, the Transparency Law does not verify the veracity of the documents produced by the agency and published on its website, increasing the risk of corruption in public management.

In fact, research studies such as Pradenas (2012), Leeuw et al. (1999) show that the incidence of transparency laws and initiatives alone in the control of corruption is low. The first one verifies that the phenomenon of corruption can not be avoided merely by the mere existence of the norm, but that it is important to consider various institutional variables such as degree of formality of processes, political systems, etc. The latter carry out an evaluation of certain administrative, political, and institutional reforms in

certain African countries, showing an important impact of these activities against corruption. Moya et al. (2012) argue that for the Chilean case the transparency of information is not an effective mechanism in generating greater probity in public management. Transparency must be accompanied by information that is friendly of quality and demonstrates its truthfulness.

Under this scenario, the question arises as to how the risks of corruption in public institutions are optimally addressed. As part of the modernization actions of the Chilean State, management indicators have been implemented that show the effectiveness of the objectives established for and by the regional organizations. These management indicators are organized around the lines of action of the modernization agenda: excellence, strengthening, and continuous improvement of public institutions. In this context, a preventive corruption tool contributes to generate specific indicators to measure whether the execution of the processes – even when they are effective – is in accordance with the norms or established goals for their correct performance. The early warning system of corruption risks in management appears as an effective and innovative tool for the control of risks of corruption in regional governments as it allows to anticipate possible irregularities that endanger the integrity of the service and the fulfillment of its objectives.

If the standardization of the internal management of services helps to optimize processes and achieve the objectives proposed by it, the transparency of the processes contributes to optimize the control of the risk of corruption.

## Corruption, Corruption Risk, Risk Monitoring System of Corruption

Corruption is now a central issue in the public agenda of various countries, as it is seen as a complex phenomenon that directly and negatively affects countries' political, economic, social, and cultural development (Donovan 1995; Echebarría 2004). It is specifically considered one of the main factors that affect public confidence, it increases the level of public confidence in the public sector, (Segovia et al. 2008), makes public policies inefficient, generates greater expenditure and loss of state resources (Kaufmann et al. 2000), excludes some sectors of the population, and deepens the levels of inequality at a material and symbolic level, among (Halim 2008; Johnston 2010; Klitgaard 2008; Schloss 2010).

To describe how corruption operates, it is necessary to come up with a specific definition. In this regard, there are many definitions of what is meant by corruption, these come mainly from disciplines such as law, economics, political science, and public administration. The law understands it as that action of a public or private subject that violates the legal norms and violates the obligations of the position, with abuse of position and the purpose of obtaining private personal benefits. The Economy is understood as the abuse by the agent (official or company manager) of the position of the principal (citizenship or shareholders), in which the obligation to ensure the principal's interest in all actions is violated, Putting the self-interest of the agent ahead (Rose-Ackerman 2001). Political Bobbio and Pasquino (2001) science understands it as the phenomenon through which a public official is driven to act differently from the normative standards of the system to favor particular interests in exchange for a reward. Independent of the discipline from which it is defined, corruption is understood as illegal behavior that connotes a violation of a normative and moral standard and involves a conscious act to achieve some particular benefit.

While international organizations such as Transparency International, the World Bank, and the Inter-American Development Bank use a broader definition of corruption, defining it as the use of public office to gain self-profit or abuse of power entrusted to private benefit are definitions that shed much light on how corruption works. Specifically, the revised definitions exclude elements such as the sense that individuals give to these acts, the motivations that drive them, the dynamics they develop, and the links that support them (Moya and Dueñas 2015).

According to authors such as Luhmann (1993), corruption can be explained by the existence of social forms, "such as chains of reciprocity,

interested friendships, patron/client relations and the like" (Luhmann 1998, p. 181). That alienate the resources of the functional systems to support transverse connections and to maintain such networks. They are networks that mostly arise in a context of exclusion and are included informally in the systems, generating that they do not reach their maximum degree of rationalization and bureaucratization. That is, they interrupt the standardized processes of systems and institutions.

These networks operate on the basis of reciprocity and trust. If one wanted to develop this idea in a systemic way, it could be pointed out that the foundation of this network lies in the logic of the self-referential circle, that is, I do what you want, if you do what I want. In other words, whoever wants to achieve something must collaborate. As Luhmann puts it: "The decisive factor to be part of the integrative network is the capacity and the operational disposition dependent on the occupation of positions in functional systems, which are thus used parasitically, short circuited and corrupted" (1998, p. 188).

However, Luhmann points out that these networks have the peculiarity of reproducing themselves through their own operations, that is, these same networks establish mechanisms of exclusion and inclusion that are no longer based on a functional logic of the systems, but are based on the relations of friendship and patronage that establish the individuals among themselves. In this way, it can be pointed out that the networks that form the corruption generate their own mechanisms of exclusion and inclusion. Corruption is a form of inclusive exclusion.

An interesting advance on the definition of corruption is Mujica's delivery (2004). His proposal leaves aside the moral and normative components. This author points out that corruption must be considered as a social phenomenon, since through language and social practices, a space for socialization is possible, characterized by constant mergers and fissions of alliances that allow the implementation and mobilization of strategies and techniques that serve to obtain material or symbolic benefits. It is a phenomenon that surpasses the public by what implies a complex network that extends to different subjects, businesses, activities, and functions. In fact, in corruption, the public-private bond becomes fundamental.

The definition of Mujica is interesting since it incorporates elements such as socialization and social bonds that are key to understanding how this phenomenon operates. However, the pursuit of individual benefit continues to play an important role in the definition, since it is emphasized that any corrupt act can finally be considered a strategic action.

Mujica (2011) criticizes the approaches that conceive of corruption as a political-economic epiphenomenon sustained in incentives and political ambitions (Mujica 2004), since, above all, this must be considered as a phenomenon in itself, a social act with logic and proper sense, because "it does not work in a single sense, but it takes many forms, it is a performative activity that is recreated in action, which makes sense there where practice is a mode of action social" (Mujica 2004, p. 1).

Trying to break with this rational logic of corruption, but incorporating the elements related to sociability and social ties, corruption will be understood as a social practice that breaks the rules and logic of the formal processes of public institutions and services, where material or symbolic goods are obtained, operates through a network of contacts, based on the trust and exchange of favors that are carried out through the interaction of the actors involved in the network (Luhmann 1998; Mujica 2004, 2011; Lomnitz 2003; Auyero 2002; Moya and Dueñas 2015).

From this approach, the development of social links along with the breakdown of formal processes becomes central to understanding how corruption operates. In this way, this phenomenon is understood as a social practice that goes beyond the deliberate attainment of material and symbolic benefits since these can be obtained, but not necessarily because of a rational plan or the conscious search for certain results. Moreover, this definition focuses mainly on factors and logics and not only on the consequences and the end of corrupt acts.

Corruption mobilizes the construction of social networks that make possible the exercise of such an act. In the public sector, these networks of

corruption transcend the bureaucracy characteristic of the public function, making use of the elements of internal management to favor the existence of such practices in a sophisticated and standardized way. Different authors defend the idea that excessive rigidity of bureaucratic processes is a factor that increases the chances of occurrence of an act of corruption, since it favors the use of informal and/or illegal logics for the acceleration of very elaborate codes for the acquisition or delivery of public services or goods that exceptionally concealed their occurrence (Mujica 2011; Rose-Ackerman 2001).

To this type of network, some experts (Mujica 2004; Orrego 2000) call it microcorruption, in the sense that it is "not limited to bureaucracy or public servants or civil servants; but rather involves a more complex framework that extends beyond the walls of public buildings and involves various subjects, businesses, activities, and functions" (Mujica 2011, p. 8). In effect, corruption occurs at different levels and is represented in different forms, depending on the context and locality.

The definition of corruption risk arises as a need to differentiate the risk of irregularity and, in turn, to identify the limits of corruption in the risk. In this sense, the risk of corruption is understood as the susceptibility or probability of an act of corruption to occur. Under this definition, risk is always present. The limitation of this definition is to differentiate the will to commit an irregularity against irregularity as a result of poorly executed management. However, whether or not the irregularity is conscious, this implies the existence of a risk that must be mitigated or controlled.

Among the risks of corruption that more frequently affect regional governments are: there is no regulation on conflicts of interest that can be presented by regional councilors when voting for a particular project, companies that have presented irregularities continue to participate in tenders from regional governments, weak verification on the ground of the execution of public works, public expenditure of regional governments finance private activities, money is used for projects to pay extraordinary bonuses to officials, there are no responsible for processes critical to within the regional governments, little monitoring of the uses of FNDR funds, and little capacity to react to allegations of corruption (Toro et al. 2014). In this context, the risks of corruption in regional governments can be classified as: (a) economic, that is, associated with the fulfillment of institutional goals on budget execution; (b) political, those that are linked to political decisions in the equitable distribution of regional resources, and (c) management, associated with the procedures of each regional investment process.

In this context, the early warning system of corruption risks in management appears as an effective and innovative tool for the control of irregularities in the regional governments as it allows anticipating possible acts that endanger the integrity of the service.

An early warning system should consider the following processes for its construction (Toro et al. 2014).

Step 1. Casuistic Corruption: The challenge is to be able to characterize the most typical corrupt behaviors and their modus operandi. Once identified and characterized, they can be monitored "backwards," that is, reverse engineering. This procedure allows identifying the formal and informal causes that violate the established processes. The question that is asked is: "Given such a concrete casuistry of behavior, what is the process from which this behavior came?" Likewise, through the application of interviews with key actors: Public officials, ex-civil servants, journalists, teachers, businessmen, NGOs, provide complementary information, that is, specific cases of corruption.

Step 2. Determine Criticity: The next activity consists in subjecting the list of findings and causes of corrupt behavior to criticality scrutiny, that is, determining which of them are more or less critical in relation to the conduct of potential corrupt acts. This is achieved through a methodological complement, in which measurable values are associated to each of the found findings. Specifically, a "Critical Scale" will be designed in which

each of the findings is requested to be graded, with a criticality level or scale. Using the Criticality Scale, a rating should be made by associating, for each finding, a value ranging from 1, "no impact," to 5 "maximum impact."

Step 3. Selection and Weighting of Programs Regional Government: Also, since the early warning system aims to offer the design of a set of early warning indicators, it is necessary to select the programs of regional governments, in this regard it is necessary to deploy another methodological complement whose objective will be to weigh the identified findings with each of the regional investment programs implemented by regional governments.

Step 4. Ranking of Findings: A ranking will be made of the findings that will be qualified by their level of criticality and will be weighted with the programs indicated in step 3. The final results of all this activity will be presented in a table called "Ranking of Findings."

Step 5. Process Inventory: The next stage will be weighted by the number of processes that each of the Regional Government programs execute. This step is necessary to be able to associate or weigh the ranking of critical findings, with those business processes representative of such investment programs. In this way, a catalog of processes will be obtained, which will add up to a certain amount of global processes of the selected program.

Step 6. Identification of Critical Processes. This procedure can be separated into three stages:

STAGE I: There will be a ranking of significant critical findings that represent the most likely to be defined as corrupt behavior by agents linked to the processes of the Regional Government's FNDR programs. These findings will be graded according to the criticism level according to the scale designed and will be ranked from highest to lowest level of criticality, leaving a ranking with findings rated with values 5 and 4. Then, it will proceed to cross the ranking of findings for each program. The counterpart team may associate the ranking of findings with each of the selected programs, entering a number 1 (presence) in the case of finding a certain probability that said critical finding may materialize in the form of a corrupt behavior by a agent.

STAGE II: The counterpart team of each of the FNDR programs will then be asked to identify the overall business processes underlying each investment program, resulting in an inventory of business processes. Note that each of these global processes per program will have associated one or more critical findings relieved in Stage I.

STAGE III: Identifying the global process inventory for each of the programs, the next thing to do is to ask the counterpart expert teams to identify in which one or which of the global processes, each of the identified critical which must finally throw a set of critical processes for each FNDR program.

Step 7. Critical Process Modeling: After identifying the critical processes for each of the FNDR Programs, we will proceed to model the flows of the current situation or as is, as a way of documenting each process, using the tool Bizagi Process Modeler.

Step 8. Identification of Critical Activities: The modeling of the critical processes associated with the Regional Government's FNDR Programs will represent the status of how each process is being developed, how it will be managed in practice, and provides a detailed picture of The transversal nature of the process, which departmental areas are involved and how, what activities and tasks are carried out, the decisions faced by the administrative, tactical, and managerial agents in them, etc. So, given this level of detail, it will be plausible to detect, by asking the right questions, which specific tasks are permeable to the undue pressure of internal agents with or without power, in what stage of it does it occur, in what department does such an event occur, etc., so that such corrupt behavior will be identifiable, affecting in this way the route of public investment, in all or part of it, where particular interests are ahead of the social interests involved.

This Step 9. Design of Early Warning Indicators: Once identified concrete and specific activity within the critical process susceptible to undue

pressure by an agent with influence power, the design of one or more early warning indicators, that is, a construct, a mathematical relationship, capable of adequately measuring the corrupt act, yielding an intelligible result capable of being interpreted, and triggering a subsequent control action. Establishment of tolerance thresholds: The idea is to establish values that will be critical to determine what act or process is at risk of corruption. This threshold, associated to a performance indicator, will represent the smallest or tolerable signal that may exist to be warned by a system (application), whereby said program will generate an alert to be taken into account by users Of the system and, consequently, to take specific decisions.

Step 10. Validation and consolidation of Prototype: Finally, a technological application (software) will be developed that will have an attractive, functional, friendly graphic interface design that will allow the monitoring of non-corrupt behaviors associated with the FNDR programs through Indicators Early Warning.

The technological application must relate GORE, program, critical processes, critical activities, and casuistry.

The web-platform application should also ensure the provision of an interactive resource where the citizen can act as a public prosecutor of a GORE and can, in fact, feed the early warning indicator whose collection must be constantly updated. The information and data that will feed and qualify the indicators will be provided by an authorized GORE official, one for each FNDR Program, or natural person (citizen, NGO, inspector). The registry will be hosted on the web platform to which the official (authorized user) will enter with user, password, and other privileges. (This methodology was developed during the execution of the FONDEF project "Consolidation and implementation of a system of monitoring risks of corruption in regional governments" developed and validated by Ladis Parra principal investigator of the project, Sergio Toro Principal Director and Emilio Moya Alternate Director (See Fig. 1)).

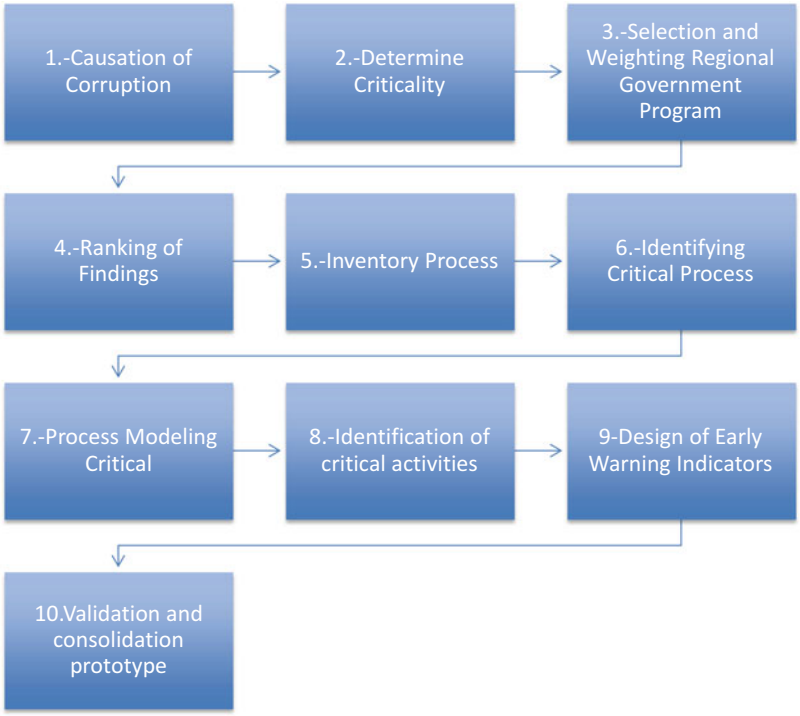


**Anti-corruption Policy in Regional Governments, Latin America, Fig. 1** Explaining the construction of monitoring system

## Conclusions

The current problem that regional governments and public agencies generally face is the lack of control mechanisms that prevent corruption in the management of public institutions. Although there is currently legislation that under the principle of publicity obliges public bodies to publish all information they generate and make it available to citizens, this measure is insufficient as it does not prevent corruption and verifies whether the information delivered Is true or not. Specifically, regional governments have complied with the regulations and have also implemented projects to improve the management of public information access systems. This regulation strengthens the mechanisms of transparency of the agencies but does not address the problem of corruption directly.

Currently, regional governments do not have a monitoring system of the characteristics proposed in this section and do not have the tools to prevent irregularities in management. In this context, they remain weak institutions in the face of corruption and, therefore, are exposed to jeopardize their integrity and reliability in the face of citizenship. With the resources available today, regional governments will be able to make available to the public greater information about the management they carry out, they will be able to optimize certain processes but they will remain vulnerable to undue acts, which will generate a discredit and a lack of legitimacy. Indeed, in the project that underlies this definition, it was possible to observe the low level of standardization that exists in the different processes carried out by the regional government, the low degree of control and monitoring of the actions and activities that it executes as well as the absence of those responsible for the critical processes of the institution.

The implementation of this policy aims to develop a system that reduces the risk of corruption in regional governments, which also contributes to the standardization and modeling of relevant processes, to the identification of critical areas that must be observed with special attention, to the construction of indicators that show the behavior of the processes and that can anticipate when they move away from the expected behavior, in addition, it is expected that the decision maker can take action against the alert.

In short, the idea is to generate a process of greater standardization of the management of the regional governments, through a technological platform that prevents corrupt and irregular acts. This is to ensure that regional governments are effective in using their resources both internally and externally.

The advantages of this system are:

Process modeling: The possibility of improving communication within regional governments through process modeling not only helps to detect critical areas of management, but also makes visible the functioning and participation of each administrative division involved in regional government activities. Specifically, it gives account of the times, resources, and officials involved in the management to a detailed level.

Creation of early warning indicators: Survey of early warning indicators that indicate if a certain critical process of the regional government presents an irregular behavior.

Technological system of early warning of risks of corruption focused on the management: Technological tool for the control of risk of corruption. In addition to being a system that monitors corruption risk, you can manage the corruption event once it has happened. This means that it manages the exogenous complaints (citizens and collaborating entities) sending messages and indicating what will be done with that alert and how it will proceed to solve it.

Finally, in order to make progress in the fight against corruption, it is not enough to only implement regulations for transparency and it is also necessary to incorporate policies to prevent corruption. Changing behaviors and practices is a time-consuming process. If public institutions are making progress in modernizing their management, it is possible to think of tools that use early warning indicators to prevent acts of corruption. However, a tool alone does not solve the problem, but it is a key element that helps in the fight against corruption, understanding that this phenomenon violates the formal processes from a predominantly informal dynamic and is

sustained in social bonds of reciprocity that revolve Around trust. The idea of this tool is to standardize processes and generate alerts when there is a risk of corruption, finally, what to do with that risk is a decision of the political authority and therefore not enough technology application to change practices and habits.

## References


Auyero J (2002) Clientelismo Político en Argentina. Doble vida y negación colectiva. Perfiles Latinoamericanos número 20:33–52

Bobbio N, Pasquino G (2001) Diccionario de Politica. siglo XXI, México

Donovan M (1995) The politics of electoral reform in Italy. Int Political Sci Rev 16:47–64

Echebarría K (2004) Objetivar la gobernanza: funciones y metodología. Una aproximación a la objetivación del análisis institucional a través de indicadores de gobernabilidad Pública, Madrid, pp 1–32

Esperguel D, Aguilera M (2014) Estudios de casos de corrupción de Gobiernos Regionales en Chile. Universidad Católica de Temuco, Temuco. in press

Halim N (2008) Testing alternative theories of bureaucratic corruption in less developed countries. Soc Sci Q 89: 237–257

Johnston M (2010) Assessing vulnerabilities to corruption: indicators and benchmarks of government performance. Public Integrity 12:125–142

Kaufmann D et al (2000) Measuring governance, corruption, and state capture: how firms and bureaucrats shape the business environment in transition economies. World Bank Policy Research Working Paper, 2312

Klitgaard R (2008) Corrupción Normal y Corrupción Sistémica. Memorias del Seminario Internacional Gestión Pública y Lucha contra la corrupción, Bogotá Colombia, pp 1–9

Leeuw F et al (1999) Evaluating anti-corruption initiatives underlying logic and mid-term impact of a World Bank program. Sage 5(2):194–219

Lomnitz L (2003) Globalización, economía informal y redes sociales (Culturas en contacto: encuentros y desencuentros, Madrid

Luhmann N (1993) Teoría de la sociedad. Laberinto de Cristal, Guadalajara

Luhmann N (1998) Complejidad y modernidad: de la unidad a la diferencia. Trotta, Madrid

Moya E, Dueñas G (2015) Las relaciones sociales que posibilitan la corrupción en municipios: Un estudio de dos casos. Rev Trasnparencia Soc 3:13–28

Moya E et al (2012) Calidad del acceso a la información pública en Chile. DFID y Transparency International, Santiago

Mujica J (2004) Relaciones Corruptas: Poder, Autoridad y Corrupción en Gobiernos Locales. XVIII Concurso de Ensayos CLAD sobre Reforma de Estado y Modernización de la Administración Pública, Caracas, Venezula, pp 1–38

Mujica J (2011) Actores y escenarios de los sistemas de microcorrupción en el Palacio de Justicia del centro de Lima, Perú. Relaciones XXXII:87–117

Orrego C (2000) Corrupción y Modernización del Estado. Banco Interamericano de Desarrollo, Washington, DC, pp 2–25

Pradenas M (2012) El efecto de la normativa de transparencia y acceso a la información pública en la conformación del Índice de percepción de corrupción. Análisis cross nacional en el periodo 1995 al 2011. Universidad Católica de Temuco, Temuco

Rose-Ackerman S (2001) La Corrupción y los Gobiernos: Causas, consecuencias y reformas. Siglo Veintiuno Editores, Buenos Aires

Schloss M (2010) Experiencias Internacionales para fortalecer la gobernabilidad. GCG Georgetown Univ UNIVERSA 4:16–38

Segovia C et al (2008) Trust in political institutions in Chile: a model of the main components of trust judgments. Rev Cien Políticas 28(2):9–60

Toro S, Moya E, Parra L (2014) Consolidación y aplicación de un sistema de Monitoreo de Riesgos de corrupción. http://www.conicyt.cl/fondef/files/2013/03/Listado_Proyectos_Adjudicados.pdf. Accessed 1 de mayo 2016


# Anticorruption Reforms and Governance


Alessandro Hinna[1], Fabian Homberg[2] and Federico Ceschel[1]

[1]Department of Management and Law, University of Rome Tor Vergata, Rome, Italy

[2]Southampton Business School, Southampton, UK


## Synonyms

Good Governance; Anti-Corruption initiatives

## Introduction

The phenomenon known as corruption is widely recognized as a social plague that can affect every country in the world. Throughout the years, corruption has affected postcommunist countries (Rose et al. 1998; Rose 2001; Sandholtz and

Taagepera 2005), democracies in transition (Jiménez 2017) as well as free market economies (Rose-Ackerman and Palifka 2016; Cordis and Milyo 2016; Liu and Mikesell 2014).

The visible effects of corruption are just "the tip of the iceberg" of a complex phenomenon. Both the public sector (Anechiarico and Jacobs 1996; Jain 2001; Auriol 2006; Schneider 2007; Auriol and Blanc 2009; Amundsen and Pinto 2009) and the private sector (Argandoña 2003; Lange 2008) suffer from corrupt activities with detrimental outcomes at the national and industry level (Fisman and Gatti 2002; Blackburn and Forgues-Puccio 2007). Corruption reduces economic and social wealth (Dela Rama 2011; Kaptein 2011; Lange 2008) due to the waste of public and/or organizational resources.

It is further useful to think about different forms of corruption in order to identify a full range of possible incidences. "Grand corruption" (Argandoña 2003) commonly implies corruption on a large scale taking place at national level and including central decision makers and politicians. In contrast, "petty corruption" is a form of corruption occurring when "small actors" with limited resources are involved (Rose-Ackerman 1978; Rose-Ackerman and Palifka 2016; Jancsics 2013).

Analyzing corruption in a public-sector context, Jain (2001) distinguishes political (i.e., politicians take advantage of their power), administrative (i.e., citizens try to bribe a public official), and legislative corruption (i.e., individuals influencing the behavior of a legislator) and defines corruption as "the way in which the power of public office is used for personal gain in a manner that contravenes the rules of the game" (Jain 2001, p. 73).

Consistently with the recognition of corruption as a global threat, over the past decades, there has been an internationalization of the fight against corruption, trying to address its cross-border nature. Originally conceived as an unbalance affecting Economic Governance, the fight against corruption was mainly focused on free-market policies aiming to tackle this issue only in international trade transactions. However, as isolated anticorruption initiatives emerged, it was clear that by not addressing the root causes of corruption, they often remained ineffective, while attempts to contain corruption may enable the development of stronger governance frameworks. Indeed, a number of experts (Kaufmann 2005; Mungiu-Pippidi 2013) promote the view that an effective fight against corruption will only emerge if it is understood as a collective action problem. The latter can only be addressed through involvement of multiple actors such as governments, citizen, businesses, and NGOs alike who take collective responsibility. "The key is to help build sustainable collective-action networks around them until the society reaches a reasonable level of normative constraints, so that these corruption fighters no longer remain isolated and exceptional" (Mungiu-Pippidi 2013, p. 114).

This entails conceiving corruption as a Public Governance problem, with governance being looked at as a multilevel process where the micro-, meso-, and macrolevels are interdependent. In particular, as Aguirre (2008, p. 13) argues, "addressing one level of the triad, without ignoring another, renders the entire system ineffectual." Focusing on governance in the public administration domain, the macrolevel concerns the relationship between government and society; the mesolevel is about top managers in the public administration, while the microlevel refers to middle- and project managers in public institutions (Meulenam 2008).

## Antecedents and Causes of Corruption

There is wide range of academic literature reflecting the complex nature of corruption and analyzing its effects (Ashforth et al. 2008; Martin et al. 2007; Rodriguez et al. 2006; Uhlenbruck et al. 2006). Although one can find various definitions of corruption in this literature, most scholars would converge on understanding corruption as the abuse of entrusted power for private gain (Pope 2000; Ashforth and Anand 2003; Tanzi 1995, 1998; Treisman 2000). Thus, corruption is based on the interaction among two or more parties (Ashforth and Anand 2003; Heidenheimer and Johnston 2002), it entails a mutual benefit (Park 2003), and

it includes activities that deviate not only from legal rules and regulatory frameworks (Khan 1996; Nye 1967) but also from widely agreed standards of social behaviour (e.g., with respect to ethical rules; Vaughan 1999; Gibbons 1988; Messick and Bazerman 1996).

A key question arising is what causes corruption, both at the theoretical and empirical levels (De Graaf 2007). More specifically, three macro-categories of causes can be identified: (i) socio-political and legal, (ii) cultural, and (iii) economic factors (Monteduro et al. 2016).

(i) Social-political factors: Electoral systems, freedom of press, population's education level, and the rule of law are key socio-political determinants of corruption. Electoral systems where public officials can be held individually accountable as well as larger electoral districts and open lists are associated with lower corruption (Persson et al. 2003). Kunicová and Rose-Ackermann (2005) argued that incidence of corruption increases in presidential forms of government while parliamentary systems, implying a higher degree of control on the executive branch of government, are less likely to be corrupted. Media engagement is also a key determinant as demonstrated by several scholars with freedom of press leading to lower levels of corruption (Brunetti and Weder 2003; Treisman 2007). Incidence of corruption is expected to decrease when populations are more educated (Treisman 2000; Alt and Lassen 2003; Glaeser and Saks 2006) as civil society plays a watchdog role.

(ii) Cultural factors: Countries' colonial past, gender considerations, and traditions/customs are key cultural determinants of corruption. Many studies focus on the relation between the incidence of corruption and a country's colonial past. For instance, Treisman (2007) argued that former British colonies are less corrupted today, arguably because of the effects of common law. Finally, evidence suggests that traditional customs/habits affected the likelihood of wrongdoing. For example, tax evasion by foreign-owned corporations in the USA are correlated with corruption level of their countries of origins (DeBacker et al. 2015).

(iii) Economic factors: Key economic determinants of corruption are income, funding sources, and civil servants wages. Income is a variable used by many authors to investigate corruption. Nevertheless, its impact on corruption is unclear. While most scholars agree that corruption is lower in richer societies (Treisman 2000; Alt and Lassen 2003; Damania et al. 2004; Serra 2006), others argue that income increases corruption because ethical values decrease during economic booms (Braun and Di Tella 2004). Income distribution also plays a significant role. Paldam (2001) noted a skew income distribution may increase the temptation to make illicit gains. Finally, many empirical studies have highlighted the correlation between civil servants' wages and corruption (Van Rijckeghem and Weder 2001; Herzfeld and Weiss 2003; Beylis et al. 2012).

Second, the mesolevel refers to organizational factors facilitating fraud. Organizations can nudge individual behaviors towards honest or corrupt conduct by clearly identifying right and wrong conduct (Palmer 2012) and simultaneously sanctioning violations of incorrect conduct. For instance, various studies highlighted the detrimental effects of ill-balanced incentive schemes (Osterloh and Frey 2004) and other organizational characteristics which may push individuals towards wrongdoing.

Finally, the "fraud triangle" (Cressey 1950, 1953, 1965; Albrecht et al. 1984) helps conceptualizing corruption at the microlevel. According to the "fraud triangle," for corruption to materialize three elements need to be present simultaneously: a personal motivation, an opportunity to commit wrongdoing, and a rationalization or "justification" of the wrongdoing. Aguilera and Vadera (2007) suggested an analysis of the simultaneous interaction of the three pillars of the "fraud triangle" model, as an antecedent to organizational corruption. Using social identity theory (Tajfel

and Turner 1979), Den Nieuwenboer and Kaptein (2008) have offered another important account of the fraud triangle focusing on three downward organizational spirals. They distinguish between the spiral of divergent norms, the spiral of pressure, and the spiral of opportunity. By presenting corruption as a dynamic rather than a static process, the authors noted how corruption develops over time through the interaction between the three pillars of the fraud triangle. Recently, Schoenborn and Homberg (2016) used the fraud triangle to study bribery tipping as a form of petty corruption.

A further research path revolved around the so-called "bad apple theory" (as opposed to "bad barrels" where the problem is systemic, see, e.g., Arellano-Gault 2016). The "bad apple" literature identified a series of characteristics associated with those individuals who commit wrongdoing. Among those characteristics are lack of integrity (Frost and Rafilson 1989), moral identity (Aquino and Reed 2003; Reed and Aquino 2003), low levels of cognitive moral development (Kohlberg 1969; Trevino 1986; Wasieleski and Weber 2001), as well as a psychopathology (Babiak and Hare 2006). Individual causes of corruption are also associated with the limited cognitive capacity of individuals who fail to recognize the moral nature of situation (Reynolds 2006) or use cognitive scripts excluding ethical dimensions (Gioia 1992).

## Measuring Corruption

Measuring corruption is not an easy task. Most people agree to the fact that it is almost impossible to observe corruption directly. As a consequence, many corruption indices (such as the World Governance Indicators (WGI) or Transparency International corruption index (TI)) rely on (expert) opinions, perceptions, and results from general polls. According to the WGI documentation "Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests" (Kaufmann et al. 2011, p. 223). However, such surveys are rather reactive research designs (for a detailed debate see Sequeira 2012; Cole and Ahn 2011) subject to a range of biases most importantly social desirability. While advances towards observing corrupt behavior directly have been made through well-designed experiments (Rabl 2011; Armantier and Boly 2011), archival studies (Cole and Ahn 2011), shadowing bribe givers (Olken and Barron 2009), and ethnographies (Blundo 2007), such studies are still the exception, in particular in cross-country corruption research.

## Linking Good Governance and Corruption

"Good Governance" can be seen as a qualitative measure of how much a governance system is effective, transparent, efficient, and accountable towards its goals, functions, stakeholders, and recipients (Kaufmann et al. 1999; OECD 2006)

This definition highlights the need for sound governance frameworks, capable to address public sector demands and inefficiencies in a more comprehensive way, where sectoral policies are conceived not only as vehicles and components of an overall system, but as better governance enablers.

Within this framework, control of corruption is together with voice and accountability, political instability and violence, government effectiveness, regulatory burden and rule of law, one of the six Worldwide Governance Indicators identified by the World Bank assessing Governance.

In fact, corruption is often a symptom of poor or bad governance (Botchwey et al. 2000), which affects the overall quality of the governance system, becoming in turn a cause. This double nexus means that acting on public corruption has the potential to enable the development of better governance frameworks. Achieving a sound governance framework, in turn, makes anticorruption policies more effective and responsive to broader systemic goals rather than merely focusing on the fight against corruption. In this sense fighting corruption could mean addressing a vicious cycle by nurturing a virtuous cycle.

Recalling the three levels of analysis of corruption (macro, meso, and micro), it is possible to list some of the effects of addressing its causes on promoting sound governance:

- Macro level: Pairing anticorruption policies with good governance reforms at macro level, means achieving a twofold objective. In fact, policies promoting accountability, transparency, and integrity cannot be effective where governance is weak. On the contrary, administrative reforms that call for efficient reform of the public sector, transparent budgeting, and public procurement and enhance participation of the civil society granting disclosure and access over public information are some of the tools used at macrolevel that consolidate the governance pillars while attempting to reduce the opportunities for corruption.
- Meso- and microlevel: Promotion of ethical behavior through the adoption of codes of conduct, performance monitoring and audit committees, are some of the most effective managerial tools to simultaneously reduce corruption and improve organizational governance. Acting on leadership, organization's structure, human resources management, and organizational culture, anticorruption policies become then drivers for better organizational performance within public organizations.

At the national level, making the nexus between governance and anticorruption policies work implies addressing the need for a systemic coordination between the macro-, meso-, and microlevel policies and the alignment of the different subsystems of the organization toward this mutual goal (Fernandez and Rainey 2006).

Fostering the mutual reinforcing link between good governance and anticorruption policies, International Organizations such as the OECD, United Nations, and the World Bank promoted the adoption of Open Government policies and of a Whole-of-Government approach, recognizing the need to adopt coordinated and comprehensive policies that take into account when designing and implementing specific policies (such as anticorruption policies) their interaction with the overall governance system.

## Main International Anticorruption Initiatives

Corruption as a global problem requires global responses. The attention of the International Community towards corruption as a cross-border issue arose during the 1990s focusing on corruption as an International trade transactions issue. In line with this approach, it is noteworthy to mention the "United Nations Declaration against Corruption and Bribery in International Commercial Transactions," adopted by the General Assembly on 16 December 1996, as well as the "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" signed on 17 December 1997 in Paris by all Member States of the OECD. The convention established legally binding standards to criminalize bribery of foreign public officials in international business transactions. It is the first and only international anticorruption tool focused on the "supply side" of the bribery transaction. Subsequently, there has been a shift in focus due to the limitations of the above-mentioned conventions and based on the recognition that corruption represents a threat to democracy, rule of law, and good governance.

Hence, international conventions and frameworks have tried to adopt a holistic approach, imposing reforms on member States on administrative organization, legality of administrative acts and use of financial resources, legislation for civil servants, competition, and a free market for public tenders.

The United Nations Convention Against Corruption (UNCAC), adopted in 2003, well represents this new approach stressing the importance of preventive and punitive measures in the fight against corruption and including provisions for both the public and private sector. Other relevant international regulatory initiatives are the European Union "Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union" (1997); the Decision of the European Council 2008/801/CE as well as an "anticorruption package" including a "Communication on fighting corruption in the EU" and a decision about the establishment of the EU Anti-Corruption Report. The above-mentioned

instruments rely on similar means to fight corruption by emphasizing themes like preventive measures, criminalization, international cooperation, assets recovery, and technical assistance.

Additionally, the European Council has been promoting a threefold strategy whose main pillars are: the definition of legal principles of "soft law," monitoring progress made by Member States, and their implementation of technical cooperation programs.

In so doing, the European Council works at the intergovernmental and governmental levels. At the intergovernmental level, the Council has adopted the "Model Code of Conduct for Public Officials" and "Twenty Guiding Principles for the Fight Against Corruption," which include a code of conduct for civil servants to be used when elaborating codes of conduct at the national level.

In addition, the "Group of States against Corruption (GRECO)" was established in 1999 by the Council of Europe to monitor States' compliance with the organization's anticorruption standards.

At the governmental level, in 2008 the OECD implemented programs aiming to improve ethical behavior in public organizations, such as the "Principles for Enhancing Integrity in Public Procurement," "Recommendation of the Council on Enhancing Integrity in Public Procurement," and "Recommendation in Principles for Transparency and Integrity in Lobbying" in 2010.

There are a number of international regulatory initiatives. For example, the European Union "Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union" (1997); the "United Nations Convention against Corruption (UNCAC)" (signed in Merida (Mexico) in 2003); and, finally, the Decision of the European Council 2008/801/CE as well as an "anticorruption package" including a "Communication on fighting corruption in the EU" and a decision about the establishment of the EU Anticorruption Report. The above-mentioned instruments rely on similar means to fight corruption by emphasizing themes like preventive measures, criminalization, international cooperation, assets recovery, and technical assistance.

At the informal level, the international community has also implemented some initiatives of "intergovernmental cooperation," such as the Open Government Partnership (OGP). Established in September 2011 through the Open Government Declaration, this partnership involves 45 States and adopted the UNCAC and all international conventions in this field. The OGP aims to enhance transparency in public administration and improve access to information, as well as citizens' participation in decision-making processes to boost flow of information and social networks.

## Conclusion

It is noteworthy to mention that there does not appear to be an integrated theory combining the micro-, meso-, and macrolevels. Fighting corruption and enhancing transparency in public sector contexts can only succeed through collaborative efforts among all involved actors. At the international level, governments need to sign up to and promote anticorruption initiatives. The various public-sector bodies need to enforce rigorously compliance with their codes of conduct and individuals need to understand the detrimental consequences for both themselves and their institutions that can result when engaging in corrupt transactions.

## Cross-References


- ▶ Political Corruption
- ▶ Principles of Good Governance, The
- ▶ Public Administration and Corruption
- ▶ Public Corruption
- ▶ Reforms and Governance


## References


Aguilera RV, Vadera AK (2007) The dark side of authority: antecedents, mechanisms, and outcomes of organizational corruption. J Bus Ethics 77(4):431–449

Aguirre D (2008) The human right to development in a globalized world. Taylor & Francis Ltd, Oxford, UK

Albrecht WS, Howe KR, Romney MB (1984) Deterring fraud: the internal auditor's perspective. The Institute of Internal Auditor's Research Foundation, Altomonte Springs

Alt JE, Lassen DD (2003) The political economy of institutions and corruption in American states. J Theor Polit 15(3):341–365

Amundsen I, Pinto V (eds) (2009) Public sector ethics [online]. Available from Internet http://www.cmi.no/publications/le/3290-introduction-to-public-sector-ethics.pdf

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago

Aquino K, Reed A (2003) The self-importance moral identity. J Pers Soc Psychol 83:1423–1440

Arellano-Gault D (2016) Understanding the trap of systemic corruption. Gov Int J Policy Adm Inst 29(4):463–465

Argandoña A (2003) Private-to-private corruption. J Bus Ethics 47:253–267

Armantier O, Boly B (2011) A controlled field experiment on corruption. Eur Econ Rev 55(8):1072–1082

Ashforth BE, Anand V (2003) The normalization of corruption in organizations. Res Organ Behav 25:1–52

Ashforth BE, Gioia DA, Robinson SL, Treviño LK (2008) Re-viewing organizational corruption. Acad Manag Rev 33(3):670–684

Auriol E (2006) Corruption in procurement and public purchase. Int J Ind Organ 24(5):867–885

Auriol E, Blanc A (2009) Capture and corruption in public utilities: the cases of water and electricity in Sub-Saharan Africa. Util Policy 17(2):203–216

Babiak P, Hare RD (2006) Snakes in suits: when psychopaths go to work. HarperCollins, New York

Beylis G, Finan F, Mazzocco M (2012) Understanding corruption: theory and evidence from the audits of local. UCLA and UC-Berkeley, United States

Blackburn K, Forgues-Puccio GF (2007) Distribution and development in a model of misgovernance. Eur Econ Rev 51:1534–1563

Blundo G (2007) Hidden acts, open talks. How anthropology can "observe" and describe corruption. In: Nuijten M, Anders G (eds) Corruption and the secret of law. A legal anthropological perspective. Ashgate, Farnham, pp 27–53

Botchwey K (2000). Fighting corruption, promoting good governance. Commonwealth Secretariat

Braun M, Di Tella R (2004) Inflation, inflation variability, and corruption. Econ Polit 16(1):77–100

Brunetti A, Weder B (2003) A free press is bad news for corruption. J Public Econ 87(7):1801–1824

Cole S, Ahn T (2011) Evidence from the firm: a new approach to understanding corruption. In: Rose-Ackerman S, Søreide T (eds) The international handbook on the economics of corruption. Edward Elgar, Cheltenham, pp 408–427

Cordis AS, Milyo J (2016) Measuring public corruption in the United States: evidence from administrative records of federal prosecutions. Public Integrity 18(2):127–148

Cressey DR (1950) The criminal violation of financial trust. Am Sociol Rev 15:738–743

Cressey DR (1953) Other people's money: a study in the social psychology of embezzlement. Free Press, New York

Cressey DR (1965) The respectable criminal: why some of our best friends are crooks. Criminologica 3:13–16

Damania R, Fredriksson PG, Mani M (2004) The persistence of corruption and regulatory compliance failures: theory and evidence. Public Choice 121(3–4):363–390

De Graaf G (2007) Causes of corruption: towards a contextual theory of corruption. Public Adm Q 31:39–86

DeBacker J, Heim BT, Tran A (2015) Importing corruption culture from overseas: evidence from corporate tax evasion in the United States. J Financ Econ 117(1):122–138

Dela Rama M (2011) Corporate governance and corruption: ethical dilemmas of Asian business groups. J Bus Ethics 109(4):501–519

Den Nieuwenboer NA, Kaptein SP (2008) Spiraling down into corruption: a dynamic analysis of the social identity processes that cause corruption in organizations to grow. J Bus Ethics 83(2):133–146

Fernandez S, Rainey HG (2006) Managing successful organizational change in the public sector. Public Administration Review, 66(2):168–176. https://doi.org/10.1111/j.1540-6210.2006.00570.x

Fisman R, Gatti R (2002) Decentralization and corruption: evidence across countries. J Public Econ 83:325–345

Frost AG, Rafilson FM (1989) Overt integrity tests versus personality-based measures of delinquency: an empirical comparison. J Bus Psychol 3(3):269–277

Gibbons K (1988) Toward an attitudinal definition of corruption. In: Heidenheimer A, Johnston M, Levine V (eds) Political corruption: a handbook. Transaction Press, New Brunswick

Gioia DA (1992) Pinto fires and personal ethics: a script analysis of missed opportunities. J Bus Ethics 11(5/6):379–389

Glaeser EL, Saks RE (2006) Corruption in America. J Public Econ 90(6):1053–1072

Heidenheimer AJ, Johnston M (eds) (2002) Political corruption: concepts and contexts. Transaction Publishers, New Brunswick

Herzfeld T, Weiss C (2003) Corruption and legal (in) effectiveness: an empirical investigation. Eur J Polit Econ 19(3):621–632

Jain AK (2001) Corruption: a review. J Econ Surv 15(1):71–121

Jancsics D (2013) Petty corruption in Central and Eastern Europe: the client's perspective. Crime Law Soc Chang 60(3):319–341

Jiménez A (2017) Corruption and private participation projects in Central and Eastern Europe. Manag Int Rev 57(5):775–792

Kaptein M (2011) Understanding unethical behavior by unraveling ethical culture. Hum Relat 64(6):843–869

Kaufmann D (2005) Myths and realities of governance and corruption, MPRA paper 8089, University Library of Munich, Germany

Kaufmann D, Kraay A, Zoido-Lobatón P (1999) Aggregating governance indicators. World Bank Policy Research working paper no. 2195, Washington, DC
Kaufmann D, Kraay A, Mastruzzi M (2011) The worldwide governance indicators: methodology and analytical issues. Hague J Rule Law 3(2):220–246
Khan MH (1996) The efficiency implications of corruption. J Int Dev 8(5):683–696
Kohlberg L (1969) Stage and sequence: the cognitive development approach to socialization. In: Goslin DA (ed) Handbook of socialization theory. Rand McNally, Chicago, pp 347–480
Kunicová J, Rose-Ackermann S (2005) Electoral rules and constitutional structures as constraints on corruption. Br J Polit Sci 35(4):573–606
Lange D (2008) A multidimensional conceptualization of organizational corruption control. Acad Manag Rev 33(3):710–729
Liu C, Mikesell JL (2014) The impact of public officials' corruption on the size and allocation of U.S. state spending. Public Adm Rev 74:346–359
Martin KD, Cullen JB, Johnson JL, Parboteeah KP (2007) Deciding to bribe: a cross-level analysis of firm and home country influences on bribery activity. Acad Manag J 50:1401–1422
Messick DM, Bazerman MH (1996) Ethical leadership and the psychology of decision making. Sloan Manag Rev 37:9–22
Monteduro F, Hinna A, Moi S (2016) Governance and corruption in the public sector. An extended literature review. In: (a cura di): Gnan L, Hinna A, Monteduro F (eds) Governance and performance in public and non-profit organizations. Studies in public and non-profit governance. Emerald Group Publishing, Bingley
Mungiu-Pippidi A (2013) Controlling corruption through collective action. Journal of Democracy, 24(1):101–115. https://doi.org/10.1353/jod.2013.0020
Nye JS (1967) Corruption and political development: a cost-benefit analysis. Am Polit Sci Rev 61(2):417–427
OECD (2006) DAC guidelines and reference series applying strategic environmental assessment: good practice guidance for development co-operation. OECD, Paris
Olken B, Barron P (2009) The simple economics of extortion: evidence from trucking in Aceh. J Polit Econ 117(3):417–452
Osterloh M, Frey BS (2004) Corporate governance for crooks? The case for corporate virtue. In: Grandori A (ed) Corporate governance and firm organization. Oxford University Press, Oxford, pp 191–211
Paldam M (2001) Corruption and religion adding to the economic model. Kyklos 54(2–3):383–413
Palmer D (2012) Normal organizational wrongdoing: a critical analysis of theories of misconduct in and by organizations. Oxford University Press, Oxford
Park H (2003) Determinants of corruption: a cross-national analysis. Multinatl Bus Rev 11(2):29–48
Persson T, Tabellini G, Trebbi F (2003) Electoral rules and corruption. J Eur Econ Assoc 1(4):958–989
Pope J (2000) TI source book 2000 – confronting corruption: the elements of a national integrity system. Transparency International, Berlin, p 35
Rabl T (2011) The impact of situational influences on corruption in organizations. J Bus Ethics 100(1):85–101
Reed A, Aquino K (2003) Moral identity and the expanding circle of moral regard toward out-groups. J Pers Soc Psychol 84:1270–1286
Reynolds SJ (2006) Moral awareness and ethical predispositions: investigating the role of individual differences in the recognition of moral issues. J Appl Psychol 91(1):233–243
Rodriguez P, Siegel D, Hillman A, Eden L (2006) Three lenses on the multinational enterprise: politics, corruption, and corporate social responsibility. J Int Bus Stud 37(6):733–746
Rose R (2001) How people view democracy: a diverging Europe. J Democr 12:93–106
Rose R, Mishler W, Haerpfer C (1998) Democracy and its alternatives: understanding post-communist societies. JHU Press, Baltimore
Rose-Ackerman S (1978) Corruption: a study in political economy. Academic, New York
Rose-Ackerman S, Palifka B (2016) Corruption and government: causes, consequences, and reform. Cambridge University Press, Cambridge
Sandholtz W, Taagepera R (2005) Corruption, culture, and communism. Int Rev Sociol 15(1):109–131
Schneider F (2007) Shadow economies and corruption all over the world: new estimates for 145 countries. Economics, No. 2007–2009
Schoenborn D, Homberg F (2016) Goffman's return to Las Vegas: studying corruption as social interaction. J Bus Ethics 1–18. https://doi.org/10.1007/s10551-016-3245-0
Sequeira S (2012) Advances in measuring corruption in the field. In: Serra D, Wantchekon L (eds) New advances in experimental research on corruption. Emerald Group Publishing Limited, Bingley, pp 145–175
Serra D (2006) Empirical determinants of corruption: a sensitivity analysis. Public Choice 126(1–2):225–256
Tajfel H, Turner JC (1979) An integrative theory of intergroup conflict. In: Austin WG, Worchel S (eds) The social psychology of intergroup relations. Brooks/Cole, Monterey
Tanzi V (1995) Fiscal federalism and decentralization: a review of some efficiency and macroeconomic aspects. In: Annual World Bank conference on development economics. World Bank, Washington, DC
Tanzi V (1998) Corruption around the world, causes, consequences, scope, and cures. IMF Staff Pap 45(4):559–594
Treisman D (2000) The causes of corruption: a cross-national study. J Public Econ 76(3):399–457
Treisman D (2007) What have we learned about the causes of corruption from ten years of cross-national empirical research? Ann Rev Polit Sci 10:211–244

A

Trevino L (1986) Ethical decision making in organizations: a person-situation interactionist model. Acad Manag Rev 11(3):601–617
Uhlenbruck K, Rodriguez P, Doh J, Eden L (2006) The impact of corruption on entry strategy: evidence from telecommunication projects in emerging economies. Organ Sci 17(3):402–414
Van Rijckeghem C, Weder B (2001) Bureaucratic corruption and the rate of temptation: do wages in the civil service affect corruption, and by how much? J Dev Econ 65(2):307–331
Vaughan D (1999) The dark side of organizations: mistake, misconduct and disaster. Annu Rev Sociol 25:271–305
Wasieleski D, Weber J (2001) Investigating influences on managers' moral reasoning. Bus Soc 40(1):79–111
Worldwide Governance Indicators: methodology and analytical issues. Hague J Rule Law 3(2):220–246

# Anti-corruption War and the Ambivalence of Legalism in Nigeria

John Sunday Ojo
School of Public and International Affairs,
Virginia International University,
Virginia, NV, USA

## Synonyms

Anti-corruption; Corruption; Criminal justice; EFCC; ICPC; Nigerian legal system

## Definition of Terms

| | |
|---|---|
| Plea bargaining | This is a legal principle that allows both the accused and prosecutor to enter into agreements with the aim of getting lesser punishment in exchange for losing assets acquired through illegal means to the state |
| Fiat Justitia Ruat Caelum | Let justice be done even if heaven will fall |
| Corruption | This entails illegitimate diversion and accumulation of public wealth by public officials |
| Anti-corruption | A movement against corruption championed by the government, international organizations, civil society organizations, and NGOs |
| Criminal justice | The existing legal framework that guides and stipulates the necessary punishment for the prosecution of crimes committed by individual citizen |
| EFCC | It is an acronym of Economic and Financial Crime Commission |
| ICPC | It means Independent Corrupt Practices and Other Related Offences Commission |

## Introduction

Corruption has become a philosophical phenomenon in neoliberal and political discourse. Its obnoxious upshot and devastating effects on democratization, economic growth, social well-being, investment, and developmental quest have been discerned across political perimeters. The devastating effects of corruption on the general welfare of the people cannot be deserted. The ominous subsistence of corruption has engendered civil war, deplorable infrastructural development, terrorism, health hazard, and global environmental degradation. Owing to the prevalent damage which corruption has unleashed on human and social development in the world over, war against corruption therefore becomes an epicenter of every political administration. When societies around the world observed the grim corollary of this grotesque syndrome, their actions have been directed toward taming, mitigating, and deracinating the solitude of corruption by damping a web of prosecutorial institutions and campaign outlets aided by national and transnational legal portico in the global political topography. With greater awareness of the colossal effects of corruption on development, strategies to combat it are now the top agenda of global policymakers.

The historical relevance of global anti-corruption institution is sketched to a model established in New York City in the 1890s, followed by a parallel form instituted in Singapore

in the early 1950s, and prototyped by Hong Kong bureau in the 1970s. The subsequent ones around the globe substantiate the awareness of corruption as a fundamental obstruction to effective public administration. A distinctive cognizance of the anti-corruption movement by both less and high corrupt nations in the global north and south continued in the nineteenth and twentieth century (Meagher 2005). Addressing corruption therefore becomes inevitable by devising a mechanism toward establishing temporary or ad hoc anti-corruption commissions which are still predominant in the regions like Europe, North America, as well as Africa. The outcomes of the divergence mechanisms have increasingly supported the war against corrupt political elites and public officials.

A number of regional institutions, international organization, and nongovernmental organizations (NGOs) have champed the fight against corruption. After a series of failed attempt by the United Nations Economic and Social Council to institute the issue of anti-corruption movement before the General Assembly in the early 1970s, the General Assembly implemented a resolution in 1975 geared toward promoting international cooperation against bribery and corruption in the international market. Other international organizations include the European Union (EU), the Transparency International (TI), the World Bank (WB), the International Monetary Fund (IMF), the United Nations (UN), the European Bank for Reconstruction and Development (EBRD), the World Trade Organization (WTO), and the Organisation for Economic Co-operation and Development (OECD). These organizations are gradually incorporating anti-corruption measure and good governance into their mission as a benchmark for lending, borrowing, and humanitarian assistance for the countries soliciting for support around the world. International non-governmental organization like the Transparency International has been concerned with the issue of corruption, and it has been working through its platforms "Bribe Payers Index" and "Corruption Perceptions Index" aimed at creating a world free of corruption and also to ensure that the issue of corruption becomes a forefront of global agenda. The numerous institutions set up to coordinate and manage the illicit cash flow aimed at bushwhack the web of corruption across borders which ensconced the pursuit against corrupt practices.

Following the return to democratic governance in 1999, the Nigerian state led by Olusegun Obasanjo queued on existing international posture, championing the struggle by employing twofold anti-graft agencies – Economic and Financial Crimes Commission [EFCC] and Independent Corrupt Practices and Other Related Offences Commission [ICPC]. This exertion was channeled through legalistic advancement to accomplish the stated goals. Although successes have been recorded in prosecuting some political juggernaut, public officials and private individuals, however, in spite of these exultant struggles, the two institutions have been perplexed with the challenge of legalism in bringing the looters into judgment. The legal foothold employed to curb corruption has sustained unsatisfactory outcomes which constructs a paradoxical rendezvous that sheltered the looters, thereby weakening and thwarting ecological base of anti-corruption movement in Nigeria. It is important to be acquainted with the legalistic power of the EFCC and ICPC which are empowered with prosecutorial competence in the court of law. However, the advancement of legal routine applied in prosecuting the alleged public looters has not been fully ingrained in promoting anti-corruption agenda. Anti-corruption agencies have failed to win many prominent cases against the political and public officials who have economic resources to hire legal luminaries capable of challenging the agencies in the court. It can be observed here that due to inadequate methodical investigative competence, political interference, and inadequate funding to absorb experience legal experts, the agencies have unable to win some of the high-profile corruption cases against the political and public officials in court. Moreover, the legal techniques such as plea bargaining and injunction and other sophisticated legal provisions utilized by the defense counsels have chided the war against corruption. This entry intends to explain the logicality and technicality of criminal jurisprudence that paves way for the corrupt elite class to escape

the wrath of the law which also bewildered effective anti-corruption movement in Nigeria.

## Theoretical Aperture on Corruption

A series of critics have contested the theoretical assumption in contextualizing corruption. Some have offered commonsensical acumen based on the cross-country examples to situate the ecological domain of corruption, while others dwell within the context of cultural realism. Despite the divergence and non-universalistic concurrence, it is important to dampen out the major element of corruption and how it's being perceived at the local and international political climate. One of the approaches put forward in understanding the perception of corruption is the opinion painstakingly affirmed by Rothstein (2011); he claimed that corruption should be considered from principal-agent approach. In this model, corruption is considered as criminal act by some element entrusted to manage public resources. In this approach, the common citizens are the benevolent, while the corrupt politicians are the beneficiaries of the looted funds. In this political environment, it is difficult to single out a principal agent that dissociates from vicious cycle of corruption in the community, "since it makes no sense to be the only honest player" within the convoluted corrupt political prefecture. However, the situational conduct of corruption is also understood within the three different perspectives as it was reviewed by Daniel Agbiboa (2013); he contextualized corruption within the public office perspective, market-centered approach, and public interest-centered. The first considered the use of public office for private gain, while the second articulates a perception of being considered public office as business-oriented outlet by the public servants. The public office is being regarded as a capitalist entity aimed at garner profit. The third conjecture invalidates both the public office perspective and market-centered analysis. It tends to situate the character of corruption within public interest analysis. Nye provides a pejorative entry in defining corruption by aligning its nomenclature within behavioral perspective; according to him, corruption is perceived as deviating from normative rules guiding public office for private gain. Although this is most commonly used in the study of corruption, however, the problematic façade in determining what corrupt practices should connote is centered on the sociocultural explanations of corruption in the divergence societies. Notably, the operational and guiding definition of corruption in western societies may likely contradict what people perceived as corruption in the developing nations of the world. It is against this backdrop that moral standards and legal pedestal appear non-universalistic and, therefore, provide an unpalatable conventional understanding of corruption across the globe (cited in Lancaster and Montinola 1997).

To understand the nature of corruption in Africa, the neo-patrimonial theory explained by Clapham (1985) evidently put it thus:

> Officials hold positions in bureaucratic organization with formally defined powers which are exercised not as a form of public services but as a form of private property relationships of the official with other members of society fall into patrimonial pattern of vassal and lord-lord rather than relational legal one of subordinate superior official behavior is correspondingly devised to play a personal status rather than to perform official functions, the relationship between officials and their clients or underlings is one of personal subordination; state officials treat their posts as personal fiefdom, use them to extract bribes or to appoint relatives; subordinate cannot take official decisions without referring them upwards because to do otherwise would be taken to mean slighting the authority of the boss.

This basic theoretical discourse inherent in neo-patrimonial theory exemplified the contemporary sociopolitical culture in Africa. It defines the very way of life of both the citizens and those in the helm of affairs. The governmental businesses are being employed to serve the interest of the ethnic cabals. In a similar discourse, prebendalism which explains the nomenclature of corruption in Africa also considered how public office is being used to foster exchange of loyalty and patronage between the rulers and political supporters for personal rewards. To have a clear pictorial practices in African politics, several attempts have been made to link the ever-increasing level of

corruption especially among the political capitalists with ethnicity and the institutional legacy established by colonialism. In the context of ethnicity, it is important to recognize the thematic connotation of phenomenon especially in the context of sociopolitical configuration which constitutes a perceptive construct employed by the colonial authority to ease the political occupation in Africa. This conjecture has been attached to sociopolitical arrangement that induces forceful matrimony of diverse ethnic nations, channeled through non-consultative approach, surmised to be exclusive root of Africa's ordeal. Thus, the simulated ethnic configuration infused in the fabric of African sociopolitical psyche by colonialism constitutes a major bane for modern-day sociopolitical mutilation. The social cohesion of ethnic nationalism in Africa was put forward by Osaghae (1995) that claimed to have advanced the predicament of African nations. In line with the above, Ake (2000) concludes that ethnic and identity politics are colonial construct, which remains with the character of African postcolonial state. The resemblance of these institutional legacies imbibes the promotion of selfish interest encapsulated in the colonial governance, synchronized and spiraled by the postcolonial state. Patrice Lumumba is one of the proponents of this school of thought that colonialism engendered and contributes to African dilemma. He believed that the legacy of corrupt governance system board-walked by the colonialist provides a safe haven to accommodate recruited African leaders that become a reality in the post-independence regime (Lumumba 2011). Understanding Lumumba's assumptive view, it can be distinguished that, in the precolonial regime, corruption is an aberration in African political life. The social commonality established in the region before the arrival of white men substantiates and validates how African political community was organized, embracing communalism for collective development in the social arena. Therefore, the delinquency of corruption could be seen as a substance imported, nurtured, developed, and entrenched in the continent of Africa. In the post-colonial epoch, the institution was sustained to breed and promote ethnic self-centeredness, nepotism, favoritism, and what Bayart (1993) fashioned as "politics of the belly." Thus, ethnicity was considered to be a powerful ideological mechanism which adopts to promote corruption by the political elites in Africa. The general posture of electioneering, voting system, and citizen's choice(s) of political candidates dwells within the context of ethnic belonging, thereby coordinating the mode of governance especially at the national level. As theorized by Iwara (2008, p. 33), ethnicity formed the foundation for identity politics and becomes instrumental for "sociopolitical engineering" through which ethnic community claims political power for the benefit of its membership. Osaghae (2003) buttresses this argument; he observed that ethnicity revolves within four arenas, namely, individual level, intragroup, intergroup, and ethnic state. These four arenas provide cadence for ethnic political representatives to influence electoral victories, employment, appointment, and promotion at workplace and admission in higher institution of learning that established the foundation of corrupt political community in Nigeria. The embracement of ethnicity as a potent device to provide social security in the political organism therefore facilitates its entrenchment in Nigerian party politics. The institutional failure and political environment therefore impel to promote corruption as a result of altitudinal temperament and social arrangement that was pigeonholed as national cake for their ethnic cronies and political supporters.

## Nigerian State and Perception of Corruption

Corruption is the main challenge preventing Nigerian state from accomplishing its great potential. It consumes the country's greatest resources, weakening developmental efforts and continuing to affect the daily lives of the poor segment of the population. Nigeria's corruption idiosyncrasies cut across all sectors in both the private and public arena. The corollary of corruption is found in the security sectors especially in the North-East, Lake Chad Basin, Middle Belt, and Niger Delta. The Economic and Financial Crimes

Commission (EFCC) (Establishment) Act delineates corruption within the following:

> non-violent criminal and illicit activity committed with the objectives of earning wealth illegally either individually or in group or organized manner thereby violating existing legislation governing the economic activities of government and its administration and includes any form of fraud, narcotic drug trafficking, money laundering, embezzlement, bribery, looting and any form of corrupt practices, illegal arms deal, smuggling, human trafficking and child labour, illegal oil bunkering and illegal mining, tax evasion, foreign exchange malpractices including counterfeiting of currency, theft of intellectual property and piracy, open market abuse, dumping of toxic waste and prohibited goods, etc.

According to Article 4, Clause 1, of the African Union Convention on Preventing and Combating Corruption and Related Offences, corrupt practices include the following:

(i) The solicitation or acceptance, directly or indirectly, by a public official or any other person, of any goods of monetary value, or other benefit, such as a gift, favor, promise, or advantage for himself or herself or for another person or entity, in exchange for any act or omission in the performance of his or her public functions
(ii) The offering or granting, directly or indirectly, to a public official or any other person, of any goods of monetary value, or other benefit, such as a gift, favor, promise, or advantage for himself or herself or for another person or entity, in exchange for any act or omission in the performance of his or her public functions
(iii) Any act or omission in the discharge of his or her duties by a public official or any other person for the purpose of illicitly obtaining benefits for himself or herself or for a third party
(iv) The diversion by a public official of any other person, for purposes unrelated to those for which they were intended, for his or her own benefit or that of a third party, of any property belonging to the state or its agencies, to an independent agency, or to an individual, that such official has received by virtue of his or her position
(v) The offering or giving; promising; solicitation or acceptances, directly or indirectly; or any undue advantage to or by any person who directs or works for, in any capacity, a private sector entity for himself or herself or for anyone else, for him or her to act, or refrain from acting, in breach of his or her duties
(vi) The offering, giving, solicitation or acceptance directly or indirectly, or promising of any undue advantage to or by any person who asserts or confirms that he or she is able to exert any improper influence over the decision-making of any person performing functions in the public or private sector in consideration thereof, whether the undue advantage is for himself or for anyone else, as well as the request, receipt, or the acceptance of the offer or the promise of such an advantage, in consideration of that influence, whether or not the influence is exerted or whether or not the supposed influence leads to the intended result
(vii) The significant increase in the assets of a public official or any other person that he or she cannot reasonably explain
(viii) The use or concealment of proceeds derived from any of the acts referred to in this article
(ix) Participation as a principal, co-principal, agent, instigator, or accomplice after the fact, or in any other manner in the commission or attempted commission of, in any collaboration or conspiracy to commit any of the acts referred to in this article

The Nigerian corruption is so complex to the extent that no one can actually provide conventional understanding on how corruption is legalized in the public domain. The thought provoking explanation of Daniel Jordan Smith in his book published in 2007 provides sociological and anthropological views of the culture of corruption in Nigeria. Based on his experience in the country, the citizens often pay extra money

for the basic social services that have been provided for free by the government. Other services that public official receives illegal payment include issuance of license, university admission, employment, contract, passport, and birth certificate. The money is usually paid by the citizens in the form of bribe and gratuity so that they can bypass the procedural rules governing the scheme of things as well as getting the preferential treatment. Correspondingly, the kleptocratic nature of Nigerian politics makes Nigerian level of corruption more intense; it is observed that the political elites relied on the looted funds to finance election campaigns and other activities associated with party financing. The other ways through which political parties promote corruption is the selection of candidates against the internal democratic principles that guides the party's routine. During the selection of political contestants, some political parties adopt consensus against popular primary which can be influenced by vote buying. In a situation whereby primary election holds, vote buying becomes the other of the day as the country witnessed in the 2018 gubernatorial elections conducted in Ekiti and Osun states.

Additionally, electoral corruption is another area vulnerable to corruption. Since 1999, electoral corruption has been an epicenter of Nigerian politics as Independent National Electoral Commission INEC determines the winners of an election. The 2007 election that brought Umaru Musa Yar'Adua to power was manipulated by the electoral umpire led by Professor Maurice Iwu – the former Chairman of INEC. It is against this backdrop that Nzeogwu's Declaration of Martial Law on January 15, 1966 captured the current Nigerian dilemma:

> Our enemies are the political profiteers, the swindlers, the men in high and low places that seek bribes and demand 10 percent; those that seek to keep the country divided permanently so that they can remain in office as ministers or VIPs at least, the tribalists, the nepotists, that make the country look big for nothing before international circles, those that have corrupted our society and put the Nigerian political calendar back by their words and deeds. . .

Furthermore, the legislative chambers that are constitutionally assigned to make law, ratify executive appointments, perform oversight functions, and support and strengthen anti-corruption policies are found in frustrating the anti-corruption agencies. In many occasions whereby legislative members are alleged of corruption by the anti-corruption agencies, the legislative chambers perceived its action as political witch-hunting from the Presidency and therefore ensure that the agencies are subverted in its constitutional occupation. The recent loggerhead between the National Assembly and the Presidency regarding the confirmation of appointment of the current Chairman of EFCC can be reckoned with. Due to prosecution of some political bigwigs in the legislative chamber by the EFCC, the National Assembly repudiated the confirmation of the appointment of Ibrahim Magu – the acting Chairman of EFCC. Some of the areas where corruption strives in the National Assembly include padding of budget, skyjacking of constituency project funds, and kickback from the ministries. Legislative corruption is also considered in terms of exorbitant salaries, allowances, and benefits of the individual federal lawmaker. This type of corruption is perfected as the lawmakers assigned whatever they deem fit to enrich themselves. Similarly, the country has witnessed occasion whereby the political figures alleged of corruption are being romanced by the Presidency when his or her political support is needed. This is usually experienced during election period; once the bargain has been sealed, the corruption allegations against the political colossuses are jettisoned by the regime in power. This scenario now raises the question of transparency, integrity, and independence of anti-corruption institutions in the country.

However, the media outlets that would have been the promoter of anti-corruption campaign in Nigeria have been found in several collisions with the politicians. Corruption strives among the journalists in such a way that it takes another dimension in form of gift or transport money from politicians. It is believed that more than 75% of journalists have received such gifts from the political elites. Some publishers and newspaper editors usually receive bribes in brown envelop to conceal any story that may tarnish the image of political office holders. The recent allegation of corruption by the EFCC against DAAR

Communications that the media outlet received $12.4 million during the reelection of President Goodluck Jonathan certified the level of corruption that has entrenched in the psych of Nigerian media outlets. There are a series of factors that facilitate corruption in this arena, including poor salary and remuneration; there is a popular saying that "the music that hunger plays in your stomach makes you deaf to reason." You don't begin to preach ethics to a hungry man. Therefore when journalists are not paid, they are prone to being compromised.

Furthermore, in explaining the perception of corruption in Nigeria, Matthew Page (2018) provides insight on taxonomy of corruption that categorizes corruption from the behavioral perspectives which are interconnected across national and sub-national levels within the Nigerian state. These include political party, media, electoral, legislative, bureaucratic, petro-corruption, trade-related, industrial, agricultural, infrastructural, power sector, financial sector, environmental, defense sector, police, judicial, anti-corruption, educational, health, and humanitarian. It is believed that the culture of corruption revolves around these substantial sectors which provide a difficult environment for any sector in both private and public to be immune of corruption. Together, the various forms of corruption as analyzed in Fig. 1 explain the categorization and divergence areas in public and private sectors within which corrupt practices domiciled in Nigeria.

## The War Against Corruption and Nigerian State: Mechanism and Strategies

There are pragmatic criticisms regarding anti-corruption measures and its legitimacy in defining corrupt practices and the benchmark to determine its practices. In this parlance, anti-corruption movement faces numerous challenges with respect to the unsettled space between the universalism of corruption phenomenon and application of anti-corruption within the local context. Gephart (2009) posits that this contention is fundamental especially because it lies on the political and cultural context in determining what constitutes the public and the private which relatively differs from one cultural environment to another. It is important to note that the contextualization of anti-corruption movement needs to accommodate some certain values in order to work in various areas: first, the cultural understanding that separate what is private from the public; second, the acceptance of local conception and understanding of corruption; and third, the recognition of socioeconomic development stages in some countries which do not guarantee absolute freedom from corruption.

Since Africa has been recognized as a haven for the corrupt public officials, it is not surprising that the region is the target of anti-corruption movement. The evolution of global anti-corruption standards marked a crucial aspect of international political economy. It constitutes an expansion coalesced as the requirement for liberal market economy among the countries of the world. It is also a symbolic exodus from the previous regimes device toward similar outcomes; the synergy provides a precondition for moral compliance in international political economy, focusing on transparency, public accountability, and separation of power justified beyond the jurisdiction of institutional solutions and into the cycle of ethical civilization. The theoretical discourse underscores anti-corruption movement rooted in classical political economy debate of the eighteenth century, a discourse that has been deserted by the rationalist and neoliberal theorists. The nexus of the contemporary anti-corruption campaign is to promote internationalization of liberal thoughts that bifurcates a boundary between an arena of private interactions representing the market and a public domain wherein political options are made and administrative responsibilities are marketed in the interest of the public.

At the commencement of President Olusegun Obasanjo's regime, Nigeria's international political image was brutalized due to astronomical increase in the level of corruption among the political office holders, civil servants, and fraudulent Yahoo boys who based their

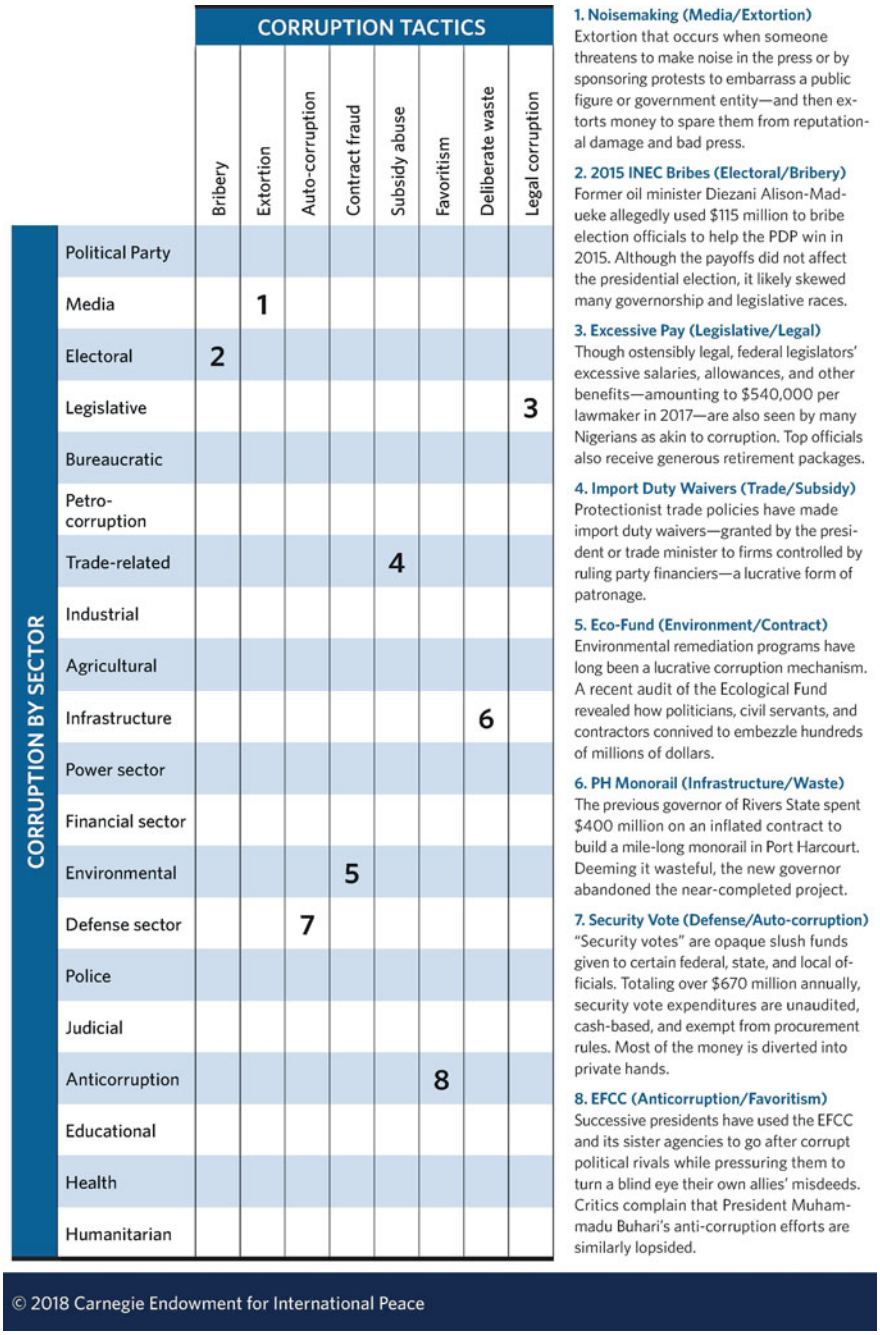


**Anti-corruption War and the Ambivalence of Legalism in Nigeria, Fig. 1** Corruption taxonomy overview with categorized examples

professional survival on defrauding the Westerners. The effort to make Nigeria a corrupt-free state was prompted by the global corruption index that placed Nigeria as one of the most corrupt countries in the world published by Transparency International – a think tank international organization concerned with observing corruption at the global scale. The pictographic analysis of the

report of Transparency International which rated Nigeria as the second most corrupt country in the world gingered the establishment of an institution designed to curb corrupt practices in Nigeria. As a result of these events, former President Olusegun Obasanjo established dual institution to checkmate the corrupt practices among Nigerians. Ever since Nigeria's Fourth Republic in 1999, the former President Olusegun Obasanjo developed and made the fight against corruption a fundamental issue in the national public policy. In establishing anti-corruption institutions, most countries developed a combination of specialized and traditional state agencies. Traditional administrative and judicial institutions are considered while building supportive agencies that may facilitate anti-corruption agenda. This similar structure was put in place by Obasanjo's administration that led to creation of Economic and Financial Crimes Commission [EFCC] and Independent Corrupt Practices Commission [ICPC].

The formal inauguration of Independent Corrupt Practices and Other Related Offences Commission [ICPC] took place in September 29, 2000; the institution was legalized under the Corrupt Practices and Other Related Offences Act 2000 (Act 2000). The administrative departments consist of investigation unit, prosecution unit, planning department, research and review units, education and public enlightenment departments, special duties department, chairman's special unit, special investigation team, financial investigation unit, asset tracking and recovery management unit, and intelligence security and support unit. The following figure shows the administrative amalgam of the ICPC (Fig. 2).

The commission was saddled with the following responsibilities under Section 6 of the ICPC Act 2000:

- To receive and investigate complaints from members of the public on allegations of corrupt practices and, in appropriate cases, prosecute the offenders
- To examine the practices, systems, and procedures of public bodies and where such systems aid corruption, to direct and supervise their review
- To instruct, advise, and assist any officer, agency, or parastatal on ways by which fraud or corruption may be eliminated or minimized by them

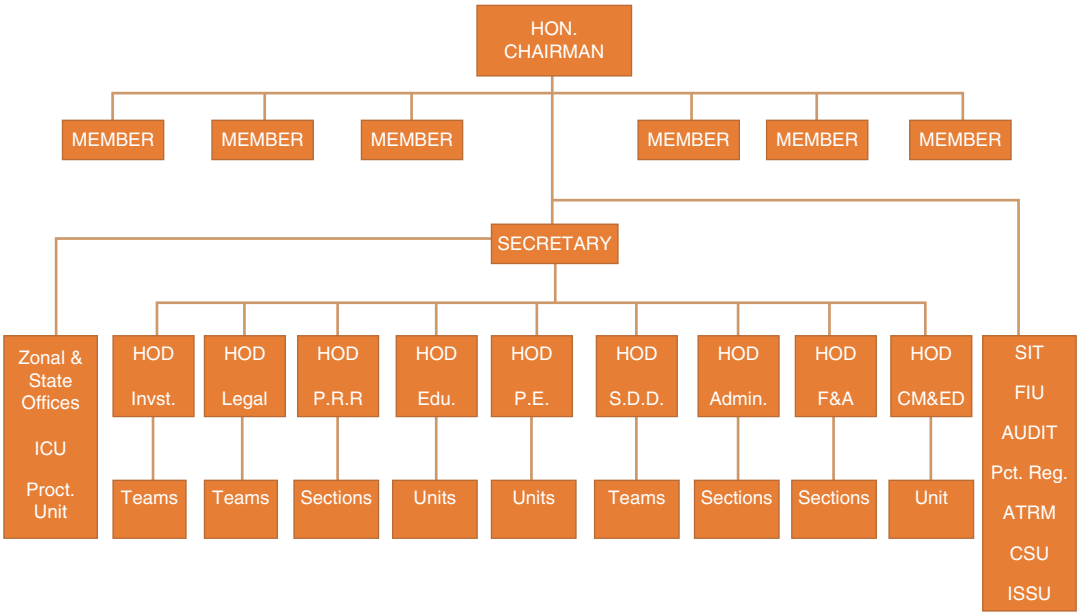


**Anti-corruption War and the Ambivalence of Legalism in Nigeria, Fig. 2** Administrative structure of ICPC

- To advise heads of public bodies of any changes in practice, systems, or procedures compatible with the effective discharge of the duties of public bodies to reduce the likelihood or incidence of bribery, corruption, and related offences
- To educate the public on and against bribery, corruption, and related offences
- To enlist and foster public support in combating corruption

The Economic and Financial Crimes Commission [EFCC] as a subsequent institution was established in 2003 by the political regime of former President Olusegun Obasanjo; the institution was founded under the Establishment Act 2004, the Money Laundering Act 1995, the Money Laundering (Prohibition) Act 2004, the Advance Fee Fraud and Other Fraud Related Offences Act 1995, the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994, the Banks and Other Financial Institutions Act 1991, and Miscellaneous Offences Act. These are various penal codes implemented by the national government to investigate and prosecute economic and financial crimes in the country. During Obasanjo's political era, Mr. Nuhu Ribadu was appointed as the Chairman of the commission. According to Nuhu Ribadu, the former EFCC Chairman:

> Since the founding of the EFCC till date there are more than enough examples to illustrate the culpability of public officials who abused the process, there are cases of serving ministers offering bribes to pass budgets, cases of permanent secretaries who compromise themselves through outright theft, cases of ministries where deals were made of salaries and numerous abuses at state level of the ecology fund, fertilizer scams and other examples of sleazy practices in government. (Ribadu 2004)

After the expiration of Obasanjo's political administration, another election was conducted which pronounced the emergence of Umaru Musa Yar'Adua, as a new elected President of the country. One of the incongruous restructurings of the administrative leadership of the EFCC carried out by Yar'Adua's regime was the firing of the former EFCC Chairman, Nuhu Ribadu. It is believed that Mr. Nuhu Ribadu was kicked out by the President as a result of probing of one of his political allies, James Ibori, the former Governor of Delta State. The dismissal of the EFCC Chairman led to the installation of Farida Waziri as a new Chairperson of the EFCC.

Following the demise of Ya'Aradua, Goodluck Jonathan became the new elected President of the Federal Republic of Nigeria. The then President followed the trend of his predecessor; he replaced Farida Waziri with Ibrahim Lamorde as a new anti-corruption czar. Several cases of corruption were carpeted, while the EFCC was silenced by the regime. The corruption allegations against the regime that include the case of Stella Oduah, the former Minister of Aviation, and Abdulrasheed Maina, Chairman of Pension Reform, among others, are good examples of how the battle against corruption was lost during the regime.

The subsequent presidential election pronounced President Muhammadu Buhari as a newly elected President; his emergence provides another ecological limpidness for anti-corruption campaign in Nigeria. One of his precedence campaign pledges includes tackling corruption in the country. In tandem with his campaign agenda, President Muhammadu Buhari challenged some of those that were alleged of looting state resources through the instrumentality of EFCC under its new Chairmanship – Ibrahim Magu. According to President Muhammadu Buhari:

> Corruption is a cancer which must be fought with all the weapons at our disposal. It corrodes the very fabric of government and destroys society. Fighting corruption is Key, not only to restoring the moral health of the nation, but also to freeing our enormous resources for urgent socio-economic development. (Vanguard Newspaper, May 27, 2017)

Among the prominent cases championed by the Buhari's regime is Dasukigate which implicates the former President Goodluck Jonathan and some of his cabinet members in arms procurement scandal. Under the current political regime of President Muhammadu Buhari, some policy measures aimed at curtailing corruption tendencies were implemented; these include policy of whistle-blowing deliberately put forward to encourage Nigerians to expose and report corruption-related crimes to the relevant

authorities with a compensation of 5% of the recovered loot. Besides the whistle-blowing policy, the government further implemented Treasury Single Account [TSA], Presidential Advisory Committee Against Corruption, and Bank Verification Number [BVN] policies aimed at checkmating corrupt practices within the Nigeria domain. The TSA, in particular, aimed at providing a single purse for all government revenues in order to avoid multiple banking system practiced in the past that allowed public officials to siphon public resources. These are national policies superficially arranged to quell the hauteur of corruption. Anti-corruption reforms are now becoming a national political inevitability by enchanting, advocating, and supporting good governance which has continued to materialize from the grass-roots civil society organizations, NGOs, and advocacy groups.

## Criminal Justice System, Plea Bargaining, and Anti-corruption Crusades

It is believed that Nigeria inherits the existing legal system from the British colonial administration. Some of its principles are based on English common law and legal practice, and it has been utilized to manage the sociopolitical affairs of the nation in the postindependence regime. At this point, it is important to queue from this historical memory lane that guides Nigerian criminal justice system and understand what plea bargaining is, which serves as an instrument for anti-corruption campaign in Nigeria. According to the *Black's Law Dictionary*, plea bargaining implies a process whereby the accused person and the prosecutor in a criminal case work out a mutually satisfactory disposition of the case, subject to court approval. The origin of plea bargaining can be traced to the United States. It is found in the Middlesex County in Massachusetts between the years 1780 and 1900, and it was often applied in the legal proceeding of unlicensed liquor selling. The accused is offered plea bargain whereby the various charges leveled against the accused are reduced to one charge with a specific court sentence and fine.

The application of this concept sought to solidify negotiation between the defendant through his or her legal counsel and the prosecution in which the defendant allows to plead guilty in exchange for minor punishment. It can also be considered as an agreement offer by a prosecutor which provides opportunity for the accused person to plead guilty, often employed as an incentive and requirement for lesser punishment amidst multiple charges leveled against the accused person. The advantages of plea bargaining are conceived under criminal justice believing as an essential tool that can be used to reduce the workload and unnecessary delay in the administration of justice. There are three types of plea bargaining; these include the charge bargain, sentence bargain, and fact bargain. First, the charge bargain implies a situation whereby the prosecutor allows the defendant to plead guilty to a lesser charge against him or her. It is often negotiated in the pre-trial stage of the case. Second, a sentence bargain is usually introduced when the accused is foretold the nature of the sentence if he or she pleads guilty. The third one is fact bargain which entails the admittance of certain facts by the accused person in agreement with the prosecutor not to expose these facts as evidence before the trial court. In some countries like Australia, the United States, and the United Kingdom, the accused person may be allowed to enter into agreement with the prosecutor to plead guilty to some charges while the prosecutor drop the residual charges.

In Nigeria, the reflection of plea bargaining can be found in Section 14(2) of EFCC Act. The concept has been applied in many high-profile corruption cases where the accused persons are given opportunity to plead guilty after they have agreed to forfeit some of the assets acquired through fraudulent means especially the one possessed through the diversion or embezzlement of state resources. Some of the high-profile corruption cases that have benefited from plea bargaining include the case of former Chief Executive Officer of Oceanic Bank, Cecilia Ibru, who was charged on economic and financial crimes. Amidst 25-count charge, the accused was offered plea bargain with the opportunity to plead guilty

to a lesser 3-count charge. The accused was convicted on three-count charge with the forfeiture of her assets worth 191 billion Naira. Thus, she was sentenced and imprisoned for 6 months. Another reference to plea bargain is the case of former Governor of Bayelsa State, Alamieyeseigha, who was sentenced by the court to 12 years in jail. The accused was charged on six-count charge related to financial and economic crimes which amounted to 2 years per charge. Following this ruling, the EFCC offered plea bargain to the accused which allowed him to plead guilty to the charges. In his ruling, Justice Mohammed Shuaibu of the Federal High Court in Lagos State states that:

> in respect of the properties in the Charge Sheet (Information Sheet), they are hereby forfeited to the Complainant (Federal Republic of Nigeria). The proceeds after sale would be forfeited to Bayelsa State couple with six months imprisonment

The accused was released after he has spent nearly 2 years in prison. Furthermore, the corruption case against Mr. Tafa Balogun, the former Inspector General of Police, also serves as a good example when dealing with plea bargaining in Nigerian criminal jurisprudence. Following the acceptance of plea bargain by Mr. Tafa Balogun, he was sentenced to just 6 months in prison while his properties were confiscated by the state. A typical case of the former Governor of Edo State, Lucky Igbinedion, who was alleged of financial impropriety followed similar deportment. The accused person was alleged of looting 4.4 billion Naira believing to be public funds and the arrays of properties bought within and outside the country with the state resources. In his judgment, Justice Abdul Tafari of the Federal High Court in Enugu pronounced that the former Governor should pay a sum of 3.5 million Naira as a fine against the huge looted funds.

However, the concept of plea bargaining is alien to Nigerian criminal jurisprudence, according to former Justice of the Supreme Court, late Justice Kayode Eso:

> There is no plea bargaining in the Nigerian legal system, and that it was wrongly imported, it is even a corruption to import the concept of plea bargaining into the Nigerian legal system.

In similar direction, the former Chief Justice of Nigeria, Justice Dahiru Musdapher, opined that:

> The concept is not only dubious but was never part of the history of our legal system at least until it was surreptitiously smuggled into our statutory laws with the creation of the Economic and Financial Crime Commission.

The major benefactors of Nigerian criminal justice systems are the rich, powerful, wealthy, and those in the helm of political affairs, while the poor are treated as criminals. Although, in every civilized society, criminal justice system is considered to be a rehabilitative, protective, and corrective abode for the convicted criminals, the Nigerian criminal justice system has continued to breed more criminals and serve as a center stage for corruption. One of the provisions put in place to shield the corrupt political class from going to prison is plea bargaining, and this instrument has been applied in many corruption cases in Nigeria. The legal approach is constructed by allowing powerful political or public office holder alleged of corruption to return some of the looted funds to the government, once the person return part for the loots, the gravity of the punishment could be reduced. This legal approach toward fighting corruption aimed at preserving the powerful political class serves as an escape route for the looters to get away with the public resources. This reflects an array of bias design to serve the powerful and the rich political class while criminalizing the misdemeanor of the poor, downtrodden, and the most vulnerable in the country. Some of Nigerian poor citizens are groaning in the Nigerian congested prisons, while the rich are being provided with plea bargaining to continue with their daily lives after some of their assets have been confiscated by the state. It is in line with the above that it was argued somewhere that:

> Nigeria is a country of paradoxes, one in which the VIP steals an elephant and runs away with it but the poor man stealing a goat goes to jail for up to 30 years. (Sahara Reporter May 26, 2016)

A number of Nigerian political class and public figures have used plea bargaining to escape punishment for looting the country's treasury, while the poor are not opportune. The rate at which the

looters are being celebrated and legally protected from proper execution has become a farcical of Nigerian criminal justice system.

## Between the Gatekeepers and Getaway: Anti-graft Agencies and the Conundrum of Legalism

The knowledge of the facts that anti-corruption war in Nigeria fundamentally relies on the substance of the evidence provides in the court and the experience of legal team representing the institution dictates whether the war against corruption could be won or not. It should be noted that *the judge was not there when the offence was allegedly committed and can only rely on the facts produced by the prosecution. So, if that evidence cannot sustain the charge, the judge releases the accused* (Daily Post October 7, 2017). It is on this basis that several top corruption cases have either been won against the institution or dismissed by the jury. The cursory look into the cases of *FRN v JUSTICE ADENIYI ADEMOLA & 2 ORS*, *FRN v MRS. PATIENCE JONATHAN, FRN v MIKE OZEKHOME, FRN V ORUBEBE, and EFCC V HYDIAZIRA NGANJIWA* provides a critical indulgent into the deplorable composition of the EFCC legal contingent.

### FRN v JUSTICE ADENIYI ADEMOLA & 2 ORS

Following the search of the residences of seven judges carried out in October 8 and 9 by the Department of State Security (DSS), the defendants were charged on an 18-count charge. Justice Adeniyi Ademola; his wife, Olabowale; and Mr. Joe Agi (SAN) were arraigned by the Federal Government on charges bordering on criminal conspiracy to receive gratification in various ways, contrary to Section 8(1)(a) of the Independent Corrupt Practices and Other Related Offences Act 2000.The respondents filed *a-no-case* application against the EFCC. The trial judge Jude Okeke of the FCT High Court, Maitama, Abuja, maintained *a-no-case* submission which eventually led to the discharge of the defendants. The case was therefore struck out by the court. The trial judge held that:

> The prosecution did not establish a prima facie case against the defendants. *With respect, the learned trial judge ought not to have considered the merit of the case and the credibility of witnesses in the ruling. Having regard to the facts and circumstances of the case coupled with relevant decided authorities on no case submission I am of the strong view that the government has an arguable appeal. I suggest that the appeal already filed against the ruling of the learned trial judge by the government should be pursued with vigor. My belief in the possibility of the success of the appeal is anchored on the cases of Olawale Ajiboye v The State (1995) 8 NWLR (PT 414) 408 wherein the Supreme Court had this to say: It must be recognized that at the stage of a no case submission, the trial of the case is not yet concluded. At that stage, therefore, the Court should not concern itself with the credibility of witnesses or the weight of their evidence even if they are accomplices. The Court should also at this stage be brief in its ruling at too much might be said which at the end of the case might falter the Court's discretion. The Court should again at this stage make no observation on the facts*. (Sahara Reporter April 12, 2017)

### FRN v MRS. PATIENCE JONATHAN

A sum of $5.9 million was traced to the Skye Bank account of the wife of former President of Nigeria, Patience Jonathan, believing the funds were part of looted funds. The EFCC filed an application to freeze the account of the respondent. However, the respondent lawyer, Mr. Ifedayo Adedipe (SAN), filed a counter application, praying the court would unfreeze his client's account, challenging the EFCC on legal jurisdiction. Justice Olatoregun of the Federal High Court in Lagos upheld the necessity to lift the frozen order placed on the defendant's account. Justice Olatoregun held that:

> she had no option but to discharge the freezing order as the EFCC, despite being served with Patience application, did not file a counter-affidavit to oppose her prayers and all the averments contained in her affidavit. She stated, It is trite in law that an order cannot be made against any person who is not a party before the Court. (The Punch Newspaper, April 7, 2017)

### EFCC V OZEKHOME

On February 7, 2017, the Economic and Financial Crimes Commission (EFCC) filed an interim order to freeze the bank account of

Mr. Ozekhome, a counsel to Governor Ayodele Fayose, the Governor of Ekiti State. The EFCC argued that the N75 million paid into the account of Ozekhome was a proceed from the arms procurement funds looted by Col. Sambo Dasuki (rtd.), the former National Security Adviser [NSA] to former President Goodluck Jonathan which was later traced to Ayo Fayose's account. Ozekhome filed a counter-affidavit against the EFCC to vacate the interim order; in his ruling, the trial judge, Justice Anka J., of the Federal High Court sitting in Lagos held that:

> Though it was not in doubt that the N75m came from Fayose, Ozekhome could not be held liable because there was no restriction on Fayose's account as of the time the N75m was paid to his law firm. Justice Anka noted that the freezing order earlier obtained by the EFCC in respect of Fayose's accounts had been lifted by Justice Taiwo Taiwo of the Federal High Court in Ado-Ekiti. My decision is based on the following considerations: considering the fact that the source of the fund of the respondent/applicant is derivable from an unencumbered account;. . .put into consideration also was the fact that the funds are monies paid for the services rendered by the respondent/applicant in prosecuting various actions before various Courts. . .I find it very doubtful if the objection of the EFCC can be lawfully sustained. (Sahara Reporters, April 03, 2017)

## FRN V ORUBEBE

The defendant was charged as a result of diversion of N1.9 billion from the funds allocated for the construction of the east-west road. The ICPC was prosecuting the case while the Attorney General of the federation *filed a nolle prosequi* questing to withdraw the case by the constitutional power conferred on him under section 174 of the 1999 Nigerian constitution. As a result of the constitutional provision, the case was struck out by the court, while the defendant was discharged.

## EFCC V HYDIAZIRA NGANJIWA

The EFCC arraigned Justice Nganjiwa, a serving judge of the Federal High Court in Bayelsa State, for unlawful gratification of $260,000 and 8.65million Naira which negates the ethic of public office. On June 23, 2017, the EFFC charged the defendant – Justice Nganjiwa – on a 14-count charge before Appellate Court in Lagos State. The defendant lawyer, Chief Robert Clarke (SAN), challenged the court jurisdiction to entertain the matter. The counsel argued that by the virtue of Section 158 of the 1999 constitution which stipulates that only the National Judicial Council had jurisdictional capacity to hear such a matter. The Court of Appeal sitting in Lagos under Justice Adele Obaseki held that:

> Only judicial officers that have been dismissed by the National Judicial Council could be tried or investigated by the commission. (PM News December 12, 2017)

From the above several cases of corruption, it appears that judiciary remains a big challenge to the realization of anti-corruption crusade in Nigeria. With the handling of high-corruption cases, the anti-corruption agencies have been bewildered with the technicalities of law that provides avenue for the looters to escape from the actual punishment. The mechanisms employed include court injunction usually ex parte and subversion of legal, procedural, and constitutional principles. The courts have been criticized regarding the excessive application of these legal tools which serves as safety net for the corrupt political and public figures. Several cases have been lost by the anti-corruption as a result of court injunction that restricts the EFCC and ICPC from apprehension or further prosecution of individuals alleged of corruption. Regarding the prevention of the agencies in performing its statutory functions, the case of James Ibori, the former Governor of Bayelsa State, comes to mind; the court restrained the EFCC from investigating corruption allegation against the former Governor. The ex parte injunction granted by the court was characterized as one of the challenges of legalism faced in fighting corruption by the anti-corruption institutions. The ex parte is considered as legal stratagem employed by Nigerian political elites alleged of corruption to evade punishment. Moreover, the courts are perplexed with the delay tactics adopt by the defendant counsels. In many occasions, some of the alleged corrupt individuals also adopt application for bail in order to frustrate their prosecution. The myriad of challenges facing

Nigerian anti-corruption war is centered on unreformed legal system which creates opportunity often exploited by the corrupt political class to get away with the right punishment.

## Anti-corruption Institutions and the Politics of Uncertainty

Having considered the legality of action against the anti-corruption institution, there are other approaches through which political elites getaway with the public funds. One of the baselines includes the ingenuity of elected representatives. Several regimes have exploited the power of political incumbency to sustain membership loyalty despite the allegation of corruption against their cabinet members as it is applicable to Nigeria's political operation. Although this is not only applicable to Nigeria's political environment, a pictorial explanation from the developed country like the United States provides an expounding paradigm in explaining the politics inherent in anti-corruption movement. The case of Federal Bureau of Investigation [FBI] constitutionally empowered to probe the US-Russia collision in the US presidential election against President Donald Trump which escorted the dismissal of James Comey constitutes a difficult environment for any agency being controlled by the Presidency to perform its functions without bias or political interference. The firing of former Director of FBI – James Comey – was considered as a political mechanism to manipulate and undermine the realism of the investigation carried out by the FBI. Notably, the power to appoint the Director of FBI lies within the constitutional jurisdiction of the US President and therefore has prospect to solicit favorable investigative outcomes from the appointed loyal individual. In similar political phraseology, it is difficult for any agency established by a particular regime to freehandedly operate in a political environment where the power to appoint the Chairman or Director of the institution dwells within the command of the Presidency. Concomitantly, this analogous intricacy has continued to engender low level of conviction of corrupt political office holders in Nigeria. Even though there is no alternative approach to combat corruption without interrogating the political nomenclature that sets up the agency, the nature and the sincerity of the political leadership determines the actualization of anti-corruption campaign in Nigeria. It should be observed that many challenges affecting the realization of anti-corruption agenda are centered on political leadership. Perhaps, in many occasions, the anti-corruption institution could be designed to protect the corrupt political class or to entrench credibility of the state in order to fascinate international aid donors. The structural and legal design of the institution is championed and orchestrated by the political class; therefore, the genuineness and substance of the institution to operate a translucent manner largely depends on the political will of the regime. It is important to note that anti-corruption institution needs a measure of independence, public accountability, and integrity to operate within the political system.

It is observed that many regimes have utilized anti-corruption agencies in intimidating political opponents in Nigeria. The country has witnessed the case of the former Vice President of Nigeria, Alhaji Atiku Abubakar, and other political opponents especially those who objected President Olusegun Obasanjo's third term bid. The political regime of Olusegun Obasanjo co-opted anti-corruption agencies to punish, victimize, persecute, and prosecute political opponents by employing section 137 of Nigerian 1999 constitution which restricts any citizen with corruption allegation from contesting an election.

> The way this instrument worked is that a person that the President perceives as political opponent could be alleged of corruption by the EFCC. Once the accusation is made, fabricated information can be leveled against the political fellow. The strategy was to use section 137 Subsection 1 of Nigeria's constitution to stop his political ambition which stipulates that: A person shall not be qualified for election to the office of President if he has been indicted for embezzlement or fraud by a judicial commission of inquiry. . . (Ojo 2016)

Therefore, the current approach in mitigating corrupt practices in the country makes a mockery of Nigerian state. The agencies have been criticized on the basis of being bias in its anti-corruption war

by protecting the incumbent regime and political loyalist from prosecution while pursuing political enemies of the regime in power.

## Concluding Remarks

Nigeria remains one of the countries of the world that houses the largest number of poor people; this is as a result of culture of corruption that shapes everyday life of its citizens. To make the situation worrisome, the anti-corruption agencies assigned with the responsibility of combating corruption have been moribund with the dearth of prosecutorial proficiency which remains a big obstruction of legalism. The challenge is not far-fetched from inadequate fiscal capacity to acquire experienced legal professionals coupled with unreformed criminal justice system that ensuing beleaguered display of anti-corruption institution in the court of law. Therefore, some of the alleged corrupt individuals utilized these legal technicalities to get away with the looted public resources. Some of the corrupt public officials have pursued numerous legal logicalities such as perpetual injunction and plea bargain to escape the fury of the laws. In addition, the ineffectiveness of the coordinating security agencies – police, SARS, civil defense, and other security apparatchik – draws back the fight against corruption. The recent loggerhead between the officials of EFCC and National Intelligence Agency [NIA] in the course of apprehension of the Director General of National Intelligence Agency [NIA] who was alleged of economic crime by the EFCC acknowledged the lack of concerted efforts within which the Nigerian anti-corruption institutions operate. In order to build effective anti-corruption institution capable of bringing justice to humanity, there is a need to reform the gray areas in Nigerian legal system especially those sections that are often manipulated by defense counsels who allow the looters to abscond commensurate punishment, with the aim of building a viable and independent anti-corruption institution, free of political bias, manipulation, and intimidation. Moreover, some measures of autonomy that safeguard budgetary stability which will provide opportunity for the anti-corruption agencies to hire experienced legal experts is inevitable. The composition of well-trained legal connoisseurs will provide opportunity to gather substantial evidence against the alleged corrupt public officials. Furthermore, the constitutional provision that empowers the President to appoint and remove the Chairman of the anti-corruption agencies should be amended so that the agencies are not subject to the whims and caprices of the political class. Besides, the protection of whistle-blowers; the right to monitor financial inflows and assets, income, and expenditures; and tax compliance by partnering with financial institutions and all security agencies become crucial in winning the war against corruption. Perhaps, if the necessary time is spent in gathering essential evidences with the help of security networks, informants, and financial institutions, it is believed that Nigeria will triumph over its corruptible sociopolitical ecology.

## Cross-References

► Anti-corruption Agencies

## References

Agbiboa D (2013) Corruption and economic crime in Nigeria. Afr Secur Rev 22(1):47–66

Ake C (2000) Feasibility of democracy in Africa. Council for the Development of Social Science Research in Africa, Dakar

Bayart J (1993) The politics of the belly. In: The state in Africa: the politics of the belly. Cambridge University Press

Clapham C (1985) Third world politics: an introduction. Croom Helm, London

Daily Post (2017, October 7) Why EFCC, ICPC, others continue to lose corruption cases in Court– Ex- Minister, Akin Olujimi

Economic and Financial Crimes Commission (Establishment) Act, Laws of the Federation of Nigeria, 2010, SS 2 and 46 respectively

Gephart M (2009) Contextualizing conceptions of corruption: challenges for the international anti-corruption campaign. German Institute of Global and Area studies working paper series, no. 115. German Institute of Global and Area studies Hamburg, Hamburg

Iwara A (2008) Identity politics, globalization and socio-political engineering in Nigeria. In: Oni D, Gupta S, Omoniyi T, Adegbija E, Awonusi S (eds) Nigeria and

globalization: discourses on identity politics and social conflict. Centre for Black and African Arts and Civilization (CBAAC), Lagos
Lancaster T, Montinola G (1997) Toward a methodology for the comparative study of political corruption. Crime Law Soc Chang 27:185–206
Lumumba P (2011) The war against corruption as a poverty reduction Agenda in Africa. In: A paper presented at the 2nd African Governance, Leadership and Management Convention organized by Kenya Institute of Management Mombasa, 2–6 August 2011
Meagher P (2005) Anti-corruption agencies: Rhetoric Versus reality. J Policy Reform 8:69
Nzeogwu Declaration of Martial Law on January 15, 1966
Ojo JS (2016) Looting the looters: the paradox of anti-corruption crusades in Nigerian fourth republic. Can Soc Sci 12(9):1–20
Osaghae EE (1995) Structural adjustment and ethnicity in Nigeria, vol 98. Nordic Africa Institute, Uppsala
Osaghae EE (2003) The state and ethnic autonomy in Nigeria. Reg Fed Stud 13(2):84–105
Page M (2018) A new taxonomy for corruption in Nigeria, Carnegie Endowment for International Peace
PM News (2017, December 12) EFCC to appeal ruling against prosecution of judges
Ribadu N (2004) Anti-corruption management. Ethics Resource Centre, Abuja
Rothstein B (2011) Anti-corruption: the indirect 'big bang' approach. Rev Int Polit Econ
Sahara Reporter (2016, May 26) Nine key milestones in President Buhari's first year by Garba Shehu
Sahara Reporter (2017, April 12) Why government loses corruption cases by Femi Falana
Sahara Reporters (2017, April 03) Court unfreezes Ozekhome's Account
The Punch Newspaper (2017, April 7) Court unfreezes Patience Jonathan's $5.9m account
Vanguard Newspaper (2017, May 27) War against corruption: Buhari's legacy in the making

# Antitrust in India

Roma Mitra Debnath
Indian Institute of Public Administration, New Delhi, India

## Abbreviations

| | |
|---|---|
| CCI | Competition Commission of India |
| CUTS | Consumer Unity and Trust Society |
| MoU | Memorandum of Understanding |
| MRTP | Monopolistic and Restrictive Trade Practices |
| NCLAT | National Company Law Appellate Tribunal |
| SERP | Search Engine Results Page |
| WTO | World Trade Organization |

## Synonyms

| Sr. No. | Original Word | Synonyms |
|---|---|---|
| 1 | Productivity | Efficiency measured as a ratio of input to output, Efficiency = useful output/ total input |
| 2 | Inconsequential | Insignificant |
| 3 | Dispute | Disagreement |
| 4 | Concentration | Focus/deliberation |
| 5 | Monopolistic | Relating to a person or business that has exclusive possession or control of the supply of or trade in a commodity or service |
| 6 | Restrictive | Imposing restrictions on someone's activities or freedom |
| 7 | Suo Motu powers | **Suo motu** ("on its own motion") describes an act of authority taken without formal prompting from another party. The term is usually applied to actions by a judge taken without a prior motion or request from the parties |
| 8 | Prima facie | Based on the first impression; accepted as correct until proved otherwise |
| 9 | Competitive | Relating to or characterized by competition |
| 10 | Licensing | A business arrangement in which one company gives another company permission to manufacture its product for a specified payment |

## Introduction

"Competition law is all about economics and economic behaviour" (Nariman 2007). Stigler (1987) defined "competition is a rivalry between individuals (or groups or nations), and it arises whenever two or more parties strive for something that all cannot obtain." Listraa (2015) dealt with the different meanings of competition, to systemize the

versions of concepts of competition arranging these in the same unifying framework in the conceptual paper.

The concept of competition on the level of countries as given by Porter (1990, 2008) discusses how to improve the clearly existing competitiveness and Krugman (1994, 1996) believed that the concept is inconsequential.

However, the proposition assumes that competition is to be sustainable. The consumers are generally not aware of anticompetitive practices by the companies. The companies take the advantage of the situation and take the decision with little regard given to consumer reactions.

It can be summarized that competition is a market situation which offers a wide range of choices to consumers at a realistic prices. This also encourages innovation and productivity for the organizations that are participating in the market. Furthermore, to increase the productivity, optimum allocations of resources are being done.

The first three decades after the independence, India planned the economic development, characterized by controls and licensing, hence the competition was subdued. However, with the initiation of the economic liberalization in 1991, the Indian economy started removed the controls and started to open up.

The Monopolistic and Restrictive Trade Practice (MRTP) Act, an outcome of the licensing and controls administration, became obsolete in the post liberalization era. The MRTP act, constituted in 1969, had some shortcomings.

The act failed to define many of the anticompetitive acts, viz., the "unfair trade practices" invited complaints that resembled consumer or contractual disputes. Thus, the Commission spent much of its limited resources responding to claims about the production of defective goods, deficient services, and related claims that did not allege an injury to competition (Bhattacharjea 2012).

The MRTP act was not enough to deal with the competition aspect, as India entered in to a new regime of globalization in early 1990s. The primary objective of the act was to control the economy, not allowing the concentration of the market power to few players and thus barring any monopolistic practices.

However, the Indian companies faced a severe competition from the domestic as well as from the global enterprises, hence creating a need for a new completion law, which would focus more on competition for future investment and growth rather than controlling monopolies. The Antitrust law is an improvement upon the previous one, which promotes a fair competition along with a prevention of abuse in the open market economy. It is more contemporary and resonates with the realities of the international practices. It prevents the unfavorable impact of the competition within India.

The Competition Act primarily seeks to regulate three types of conduct: anticompetitive agreements, abuse of a dominant position and combinations (i.e., mergers, acquisitions, and amalgamations). As per the preamble of the Act, the primary goal is to (i) prevent practices having adverse effect on competition, (ii) promote and sustain competition in markets, and (iii) protect interests of consumers and to ensure freedom of trade (Pingali 2016).

The aim of the Act is to promote the sustainable competition in markets and also protect the interests of consumers to ensure freedom of trade carried on by other participants in markets in India.

It is procedure intensive and is structured in an uncomplicated manner that renders it more flexible and compliance-oriented. The act has been designed to deal with matters relating to the existence and regulation of competition and monopolies (Dubey 2005). The key component of the Act is competition advocacy. The primary intention is to help evolve competition law through review of policy, promotion of competition advocacy, creating awareness, and imparting training about competition issues.

India's antitrust law, The Competition Act, 2002, was fully constituted on March 1, 2009, by replacing the Monopolistic and Restrictive Trade Practices (MRTP) Act of 1969.

The Competition Act, which was amended by the Competition (Amendment) Act 2007, later came into force on 20 May 2009, when the

Government of India notified the provisions related to anticompetitive agreements and abuse of dominant position of the Competition Act. It took three more years for the merger control provisions of the Competition Act to be brought into force in June 2011 (Gandhi et al. 2016).

Some of the salient differences between the MRTP (1969) act and the Anti-Competitive Act (2002) are as follows:

(i) The MRTP act considered Monopolistic, restrictive, and unfair trade practices were considered illegal. However, in the Competition act (2002) Anti-competitive agreements between enterprises and abuse of dominance by enterprises are prohibited but combinations between enterprises are permitted with a regulatory oversight.
(ii) The MRTP act was not involved with the competition advocacy. Whereas, in the competition act, Competition advocacy is a statutory mandate.
(iii) The competition act provides No suo motu powers to the DG. However, in the MRTP act DG (I&R) enjoyed suo motu powers of initiating investigation concurrently with the MRTP Commission.
(iv) The competition act is part of the law and has already been implemented partially. However, in the MRTP act, the International cooperation policy was not part of the law.
(v) The Competition act is more transparent in nature as Non-obstante clause is part of the Law and the Civil Court jurisdictions are barred by law. However, in the MRTP act, No non-obstante clause existed.

Although the Act was enacted in 2002, the Commission got its enforcement powers in 2009, and since then up to 31 March 2017, it has reviewed over 868 antitrust cases. It has issued orders in 654 cases. The merger review provisions kicked in from 2011. The Commission has since then cleared over 490 merger filings out of 506 filed till March 2017 (Sikri 2017).

## The Administration

The Competition Commission of India (CCI) functions as a corporate and an independent unit, possessing the power to enter into contracts and to sue in its name. It is to consist of a chairperson, who is to be assisted by a minimum of two, and a maximum of ten, other members.

The Commission reviews complaints and decides which are worthy of further investigation. Once the Commission decides that a prima facie case exists, the members order the Director General to conduct an enquiry.

The Director General heads the investigative arm of the Commission. After a period of time, the Director General submits a report on the facts and law, including his recommendation for further action.

The parties involved are given an opportunity to respond, after which the Commission can choose to close the matter, order further investigations, or pronounce an order that directs the guilty party to "cease and desist" from their anticompetitive conduct or pay a fine (not exceeding 10% of the average turnover during the preceding 3 years).

The Commission can also levy a higher fine against cartels, taking three times their illegal profits if this number is greater than 10% of their annual turnover (Lund 2012).

It is also entrusted with the power to enquire into unfair agreements or abuse of dominant position or combinations taking place outside India but having adverse effect on competition in India.

CCI is empowered to enter into any Memorandum of Understanding (MoU) or arrangement with any foreign agency of any foreign country with the prior approval of Central Government to deal with cross-border issues.

If a prima facie case exists with respect to anticompetitive agreements and abuse of dominant position, CCI is empowered to direct the Director General to conduct an investigation in the matter.

The primary objective of the act is to monitor any economic activity which can monopolize the

domestic competition. It also aims to protect consumers and small enterprises, and ensures the freedom of trade.

The Director General would submit his/her report with recommendations. If CCI is of the view that there are no merits to the case, the complaint would be dismissed, with costs. However, during the course of enquiry, CCI may grant interim relief by way of temporary injunctions refraining a party from continuing with the anti-competitive agreements or abuse of dominant position.

In case of failure to comply with the directions of CCI and Director General or false representation of facts by parties, penalties ranging from Rs 1 lac (one hundred thousand) to Rs 1 crore (ten million) may be imposed as the case may be (Sikri 2017).

In the nutshell, the commission looks for the following factors while deciding whether any business deal has any adverse effect on competition.

(i) It should not create any barriers to new entrants in the market.
(ii) It should not drive out the existing competitors out of the market.
(iii) There must be improvements in production or distribution of goods or provision of services.
(iv) There should be opportunities for promotion of technical, scientific, and economic development by means of production or distribution of goods or provision of service.
(v) Overall the consumers must be benefitted from the deal.

Any individual person or any state government or any trade association is able to file a complaint with the Commission, because the petitioner has to pay a nominal fee to register the complaint, the commission has to bear the complete financial burden of investigation. All competition offenses are treated as civil offenses. Jail time may only be imposed (by an independent magistrate's court) if an individual refuses to comply with the Commissions orders (Lund 2012).

## Case of Google

In India, there were two cases against Google, handled by CCI. The first case (Case No. 07 of 2012) is between Matrimony.com Limited, the Informant and Google LLC (Opposite Party No. 1), Google India Private Limited (Opposite Party No. 2), and Google Ireland Limited (Opposite Party No. 3).

The second case (Case No. 30 of 2012) is between Consumer Unity and Trust Society (CUTS), the Informant and Google LLC (Opposite Party No. 1), Google India Private Limited (Opposite Party No. 2), and Google Ireland Limited (Opposite Party No. 3).

It was stated by the Informant that Google runs its core business of search and advertising in a discriminatory manner, causing harm to advertisers and indirectly to the consumers. It was alleged that Google is creating an uneven playing field by favoring Google's own services and partners, through manually manipulating its search results to the advantage of its vertical partners, viz., video (YouTube), news (Google News), maps (Google Maps), etc. It has been asserted that in order to promote Google's own vertical search sites, Google started mixing many of its vertical results into its organic search results. Therefore, when a user searches, for example, the name of a song on Google, he receives links to videos of that song from Google Video or YouTube, both of which are properties owned by Google. It was further emphasized out that Google's own sites would appear prominently on the search results page irrespective of whether they are the most popular or relevant sites to the search, and Google will not place results from any other vertical search sites as prominently as Google's own vertical search sites in its list of results. Google's dominance in algorithmic search market leads to its status as an unavoidable trading partner in search advertisement market. It was also stated that the search algorithm used by Google to determine where a website appears on a search results page, the algorithm used to calculate an advertiser's quality score which forms the basis for determining where an advertisement

appears, the history of changes to Google's search and quality score algorithms, the basis for placing Google's vertical properties toward the top of the search results pages and what caused Consim's (Matrimony.com) quality scores to fall, the ad hoc behavior of Google, etc. will only come to light if and when Google is directed to provide this information by the CCI during the course of an investigation.

In the view of the above allegations, it is concluded that Google has abused its dominant position in the relevant market in India thereby contravening the provisions of Section 4 of the Act.

The informant stated that because of its market share, size, resources, reputation, etc., Google enjoys a dominant position in the market for online search and online search advertising worldwide including in India. Google enjoys a position of strength in the relevant market, which enables it to operate independently of competitive forces and to affect its competitors, consumers, and the market in its favor. It was alleged that Google is indulging in abuse of its dominant position in the market for online search through practices leading to search bias, search manipulation, denial of access to competing search engines, refusal to license content to competing search engines and creation of entry barriers, etc.

Based on these allegations, the Commission asked for investigation for both the cases. In 2012, during the investigation, it was found that (i) online advertising is distinct from offline advertising and (ii) online search advertising is distinct from other forms of advertising like display advertising consisting of text, images, graphics and videos, social network advertising, email-based marketing, and advertisements on mobile applications.

Online search advertising is linked to user-initiated search query that reveals user's immediate interest in the subject matter of the query and thus allows very effective means for targeting potential customers. On the other hand, online non-search advertising is more appropriate to improve brand awareness and brand building. It was also found that Online Search and Search Advertising are complementary and do not form a part of the same relevant product market. The market share of Google in Internet search in April 2018 is 90.61% as compared to 3.24% of Bing, 2.09% of Yahoo, 2.04% of Baidu, 0.68% Yandex Ru, and 0.28% of Duck Duck Go (gs.statcounter.com).

This was the case despite the long-standing presence of other competitors like Yahoo! and Microsoft Bing and the entry of new players in the market. In 2016, Google was also ranked first in terms of digital advertising revenue of selected online companies, generating more than double the amount of revenue as second-ranked Facebook. In total, Google's 2016 net revenues amounted to 89.46 billion US dollars, up from 74.54 billion in 2015 (https://www.statista.com).

Other factors like Google's size and resources, economic power, commercial advantages, etc. further reinforced Google's position of dominance. For these reasons, Google has been able to establish itself as a critical platform for all the stakeholders. The competitors have not been able to dent its market position despite long presence and do not pose any significant competitive constraint upon it.

The committee concluded that Google enjoys a position of strength in these markets which enables it to operate independently of competitive forces and to affect its competitors/consumers as well as the relevant markets in its favor. It was also observed that Google also offers specialized search services like Google News, Google Maps, Google Flights, etc. It provides other products and services such as Google Reviews, Google+, and YouTube.

Google was found to be indulging in practices of search bias, and by doing so, it causes harm to its competitors as well as to users. Investigation has revealed that Google blends its own vertical search features in its online search services in Universal Results. Its own specialized search features (Commercial Units, Universal Results, etc.) at prominent ranks or positions on the Search Engine Results Page (SERP).

Top results receive higher user attention and are critical for online visibility. This structure offers abundant opportunities for leveraging and has also raised issues of conflict of interest.

Thus, the users may not receive the most relevant results. This also adversely affects the

competitive landscape in the markets for online general web search and search advertising as well as adjacent markets such as travel, maps, social networking, and e-commerce.

Consequently, users may be devoid of additional choices of results. This shows that competition is hampered in the market-impeding innovation, and thus, harming consumers. Therefore, Google's conduct was found to be anticompetitive in terms of Section 4(2)(a)(i), Section 4(2)(b)(ii), Section 4(2)(c), and Section 4(2)(e) of the Act.

It was thus found that there does not exist a level playing field for third parties competing with Google's House ads to appear in paid results in response to user searches. Such conduct also amounts to imposition of unfair and discriminatory conditions on third-party advertisers using AdWords and was found by the commission to be in violation of Section 4(2)(a)(i) of the Act. Fines are an important means to achieve deterrence, and avoid future harm to competition (and consumers).

Consequently, the Commission imposed a penalty of Rs. 135.86 Crore only (Rupees One Hundred Thirty-Five Crore and Eighty-Six Lakh) upon Google for the infringing antitrust conduct. A penalty on Google at the rate of 5% of their average total revenue generated from India operations from its different business segments for the financial years 2013, 2014, and 2015 as provided by Google vide its submissions dated 18 January 2018 furnishing financial details. Accordingly, the details of the quantum of penalty imposed on Google are given in Table 1.

A detailed analysis (public Version) of the cases can be found online on the website of CCI for comprehensive reading, where the commission has analyzed various indicators like relevant product market, relevant geographic market, etc. to draw the conclusion.

**Antitrust in India, Table 1** The analysis of the financial penalty (in INR crores) imposed on Google

| Turnover for FY 2013 | Turnover for FY 2014 | Turnover for FY 2015 | Average turnover for 3 years | @5% of average turnover |
|---|---|---|---|---|
| 1722.93 | 2680.31 | 3748.57 | 2717.27 | 135.86 |

Source: CCI

## Conclusion

It is an irrefutable fact that Google is a giant in digital business and needs to generate huge revenues to sustain itself. However, being biased toward "organic" (non-advertising) results as opposed to "sponsored" (advertising) results is still a subject of debate.

This existing body of growing literature on Internet search shows that the countries are taking antitrust act seriously. Today's renewed interest in antitrust represents an opportunity to strengthen competition policy in global scenario. Much has been written about the technological, economic, and regulatory aspects of search engines. These writings have led, for example, to extensive policy debates and to discussions of the quality of search results.

Google obtained a partial stay on the ruling from India's company law tribunal, which allowed it to deposit only a small part of the imposed penalty. Google has appealed against the ruling by CCI that found it guilty of "search bias." CCI would also defend its verdict in the National Company Law Appellate Tribunal (NCLAT).

The Commission used its discretion to penalize Google, striking a balance between the need to reduce anticompetitive behavior and the protection of legal aspect in businesses. Despite a fine that is an insignificant amount for Google is important for prosecuting the company on the ground of abusing the market dominance. In India, being an open market economy, some enterprises may resort to anticompetitive practices for short-term gains. These practices can completely nullify the benefits of competition. It is for this reason that, while countries across the globe are increasingly embracing the open market economy, they are also strengthening their economies through the enactment of competition law and setting up competition regulatory authority.

According to the World Trade Organization (WTO) report, developing countries are more vulnerable to anticompetitive practices than the

developed countries. The reasons are "... high 'natural' entry barriers due to inadequate business infrastructure, including distribution channels, and (sometimes) intrusive regulatory regimes; asymmetries of information in both product and credit markets; and a greater proportion of local (non-treadable) markets. Thus it may be particularly important to protect, consumers in developing countries against cartels, monopoly abuses, and the creation of new monopolies through mergers. Bid rigging in public procurement markets (i.e. collusive tendering) is also pervasive in many developing economies, and merits vigorous enforcement initiatives. ..."

This is a crucial case for India, being a developing country, where the consumer welfare is given more importance, unlike the developed countries, where the innovation is preferred over the welfare of the society. Since the matter is subjudice, as the time progress, the final outcome will be known to us; however, it is a land mark case against Google, which enjoys a large user base in India.

## References

Bhattacharjea A (2012) India's new antitrust regime: the first two years of enforcement. Antitrust Bull 57(3): 449–484. Fall 2012 (invited contribution for a special issue)

Dubey RK. (2005) India: Indian competition act: an overview. http://www.mondaq.com/india/x/33971/Antitrust+Competition/Indian+Competition+Act+An+Overview. Retrieved on April 26, 2018

Gandhi S, Dadwal H, Sircar I (2016) Antitrust and competition in India. https://globalcompliancenews.com/antitrust-and-competition/antitrust-and-competition-in-india/. Accessed 20 Nov 2020

http://gs.statcounter.com/. Retrieved on May 17, 2018

Krugman P (1994) Competitiveness: a dangerous obsession. Foreign Aff 73(2):28–44

Krugman P (1996) Making sense of the competitveness debate. Oxford Rev. Econ. Policy 12:17–25

Listraa E (2015) The concept of competition and the objectives of competitors. Procedia Soc Behav Sci 213: 25–30

Lund DL (2012) A competition act by India, for India: the first three years of enforcement under the new competition act. Indian J Int Econ Law 59:59–99

Nariman FS (2007) Law and economics. In: Dhall V (ed) Competition law today: concepts, issues and law in practice xv. Oxford University Press, New Delhi

Pingali V (2016) Competition law in India: perspectives. J Behav Decis Mak 41(2):168–193. https://doi.org/10.1177/0256090916647222

Porter M (1990) The competitive advantage of nations. The Free Press, New York

Porter M (2008) On competition. A Harvard Business Review Book, Boston

Sikri DK (2017) Competition law enforcement in India: issues and challenges opening statement from the competition Commission of India. J. Antitrust Enforc 5: 163–165

https://www.statista.com/statistics/193530/market-share-of-net-us-onlinead- revenues-of-google-since-2009. Retrieved on May 30, 2018

Stigler G (1987) In the New Palgrave. In: Eatwell J, Milgate M, Newman P (eds) The new Palgrave: a dictionary of economics, The MacMillan Press Limited, London, pp 531–535

# Application of Sanitary and Phytosanitary Trade Measures

Suwastika Naidu
School of Management and Public Administration, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji

## Synonyms

Trade theories; World Trade Organization

## Brief Definition

The World Trade Organization is an international organization that deals with the rules and guidelines governing international trade.

Sanitary and phytosanitary measures establish the safety rules for plant, health, and human.

## Introduction

All countries that are members of the World Trade Organization (WTO) have to comply with the WTO's agreements and measures on international trade. Fiji is not an exception to this. By becoming

a member of the WTO in 1996, Fiji has to adhere to WTO's requirements on the application of sanitary and phytosanitary measures for the export of products from its national boundaries (Ravuvu et al. 2017). The Pacific Island countries (PICs) are struggling to meet the SPS requirements of the international trading system with the adverse impacts of these visible in fisheries, ginger, dalo, and kava exports. Recent studies conducted by the international agencies in the PICs confirm that the policymakers and practitioners need to strengthen legislative frameworks, enforcement mechanisms, laboratories, and infrastructure to harmonize the region's SPS compliance with the international standards (United Nations ESCAP 2010). The main aim of this essay is to discuss the SPS agreement and its implications to the Pacific Island exporters and how the agriculture exporters can comply with this agreement.

## SPS Agreement and Its Implications for the Pacific Island Exporters

To begin with, the primary objective of the agreement on the application of SPS measures is to outline the basic rules for food safety and plant and animal health requirements (WTO 2020). These measures are applied to protect the natural ecosystem (plants, wildlife, forests, fish, and animals) and human life from disease-causing organisms. This agreement allows countries to set their own standards based on scientific reasoning, which is applied to protect human, animal, and plant health. The specific forms of the sanitary and phytosanitary measures relate to the inspection of products, treatment of products, setting the maximum levels of pesticide residues, and determining the limits for the use of additives in food. These measures not only apply to domestically produced products but also imported products. The sanitary measures apply to human and animal health, while the phytosanitary measures relate to plant health (WTO 2020). There are certain environmental protection measures that may overlap with the SPS agreement (WTO 2020). These measures include (1) avoiding contamination of drinking water, (2) preventing farm soils and fish stock contamination from heavy metals, and (3) protecting the natural biodiversity. Measures that are taken to protect consumer interest do not form part of the SPS agreement (WTO 2020). The SPS agreement outlines clearer and detailed food safety and animal health measures that affect international trade. Governments can easily challenge their trading partner's food safety and animal and plant health requirements based on the grounds of scientific evidence (WTO 2020). Table 1 summarizes the specific focus areas for SPS measures.

Furthermore, the Pacific Island exporters are facing numerous challenges in accessing the Australia and New Zealand market as a result of the implementation of the SPS agreement on January 1, 1995, by the WTO (Department of Foreign Affairs and Trade 2020; Pomfret 2016). The Pacific Island exporters are struggling to meet the international SPS standards on the export of organic foods and fisheries products and provide certification and scientific evidence related to food safety (Department of Foreign Affairs and Trade 2020). Resultantly, this imposes numerous implications for exporting agricultural and fisheries products to the Australia and New Zealand markets. First, the science-based biosecurity requirements for Australia and New Zealand markets are

**Application of Sanitary and Phytosanitary Trade Measures, Table 1** Specific focus areas for SPS measures

| Focus area | Specific measure |
|---|---|
| Food contents | Food contamination |
| | Food additives |
| | Poisonous substances |
| | Pesticides in food |
| Certification | Food certification |
| | Product labels on food safety |
| Processing methods and quarantine | Processing methods that have implications for food safety |
| | Quarantine for plant and animals |
| | Declaring pest- and disease-free areas |
| | Prevention of disease and pests from spreading to another country |
| | Import sanitary requirements |

Source: WTO (2020)

stringent and demanding which requires the exports from the Pacific Islands to Australia and New Zealand market to be competitive, pest-free, reliably packaged, and subject to high-quality certification and preparation process (Department of Foreign Affairs and Trade 2020). Due to lack of laboratories and skilled personnel, it is difficult for the Pacific Island exporters to meet the quality standards desired by the Australia and New Zealand markets (Department of Foreign Affairs and Trade 2020). Second, the export of Kava from Vanuatu and Fiji still faces export restrictions from the New Zealand, Australia, US, and EU markets. The Kava ban had a devastating impact on the economy of Vanuatu as it is one of its chief exports. Before the implementation of the SPS agreement by WTO, Kava trade had enormous trade prospects for Fiji and Vanuatu. However, SPS-related compliance issues have curtailed the export potential of Kava to Australia and New Zealand markets. Figures 1 and 2 show that Fiji and Vanuatu experienced a major decline in the export of kava with the imposition of the EU-led global ban on the imports of kava. Figure 1 shows that the export of kava declined from 503 million vatus in the year 2001 to 232 million vatus in the year 2002.

Figure 2 shows that the export of Kava from Fiji declined from FJ$5 million in the year 2001 to 1.7 million in the year 2002.

According to Tahana (2020), kava is classified as a drug under the Customs Regulations of Australia. Travellers to Australia can only bring 4 kilograms of kava, but this ceased with the COVID-19 restrictions imposed by the Australian government. Currently, Australia is reviewing its import ban of commercial importation of kava into the country (Tahana 2020). Although the SPS

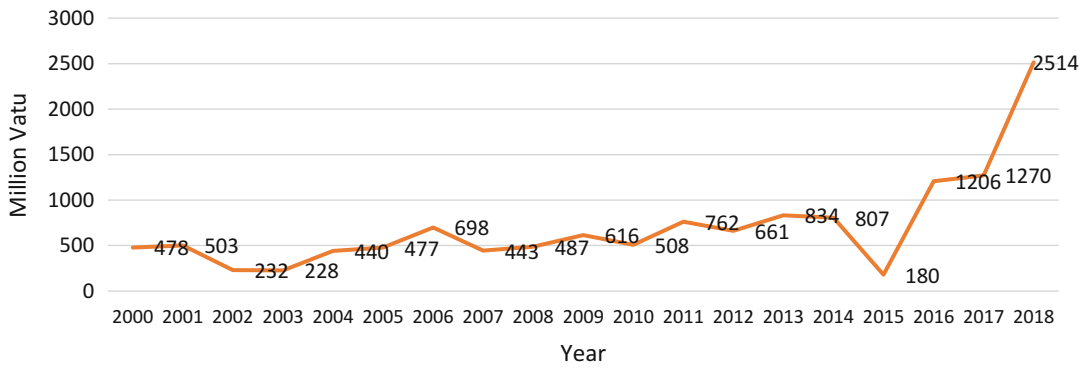


**Application of Sanitary and Phytosanitary Trade Measures, Fig. 1** Export of kava from Vanuatu. (Source: Created by the author (2020) by using information from the Vanuatu National Statistics Office (2018))

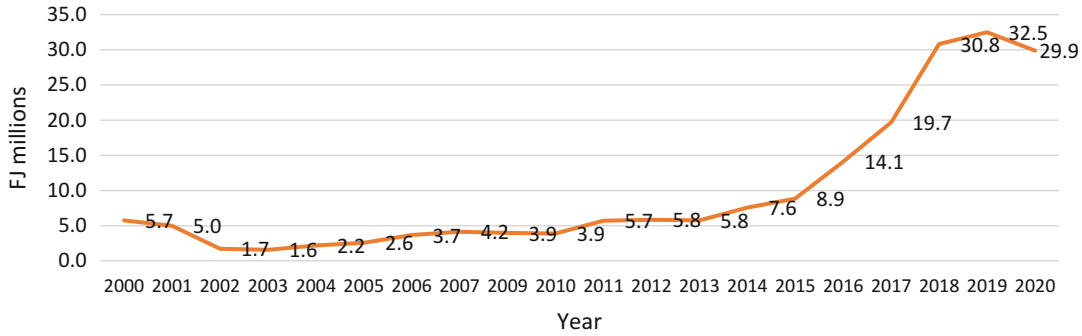


**Application of Sanitary and Phytosanitary Trade Measures, Fig. 2** Export of kava from Fiji. (Source: Created by the author (2020) by using information from the Bureau of Statistics Database (2020))

standard compliance remains a challenging task for the Pacific Island exporters, the implementation of these standards has generated numerous learning opportunities for exporters.

Moreover, the Pacific Island agricultural products, such as ornamental foliage, sawn timber, taro, limes, breadfruit, eggplant, papaya, cocoa, beef, zucchini, and copra, have high potential to access the wide Australia and New Zealand market provided the local authorities invest in strengthening the local SPS measures to suit the requirements of these markets (Department of Foreign Affairs and Trade 2020). Initially, when the SPS standards came into full force on January 1, 1995, it was extremely challenging for the exports from the PICs to enter the Australia and New Zealand market. However, the PACER Plus trade agreement and Pacific Horticultural and Agricultural Market Access Program (PHAMA) have relieved some of the major constraints faced by the Pacific Island exporters in accessing the Australia and New Zealand markets (Department of Foreign Affairs and Trade 2020). Specifically, PHAMA and PACER Plus have improved Australian and New Zealand market access for timber, beef, watermelon, cooked breadfruit, taro, and copra (Department of Foreign Affairs and Trade 2020). Table 2 provides specific details on the difficulties faced by the PICs to access Australia, New Zealand, and other international export markets as a result of the implementation of SPS measures related to food safety, certification, and quality. PHAMA played a critical role in maintaining, enhancing, and opening new market opportunities for the Pacific Island exporters.

One of the main advantages of PACER Plus agreement is that it allows special and differential treatment on the implementation of the SPS measures, which includes increasing the time frames for compliance with the SPS measures for the

**Application of Sanitary and Phytosanitary Trade Measures, Table 2** PHAMA'S role in providing PICs market access to international markets

| Product | Issues | PHAMA's role | Impact |
|---|---|---|---|
| Seafood products | Stringent standards to ensure seafood is safe to eat and has been caught legally | Capacity building and benchmarking audits to meet international standards | Illegal, unreported, and unregulated (IUU) fishing yellow card was uplifted in February to provide Solomon Islands market access to the EU markets |
| Kava | Import ban by EU countries and restrictions on the commercial importation of kava by Australia and New Zealand markets | Developed a national quality standard on the production of kava | Increase in kava sales by $800,000 |
| Sawn timber | Australia and New Zealand export markets require timber to be sourced from sustainable and legal sources | Established the Timber Industry Working Group to develop the timber legality assurance guidelines | Protection of market for Solomon Islands timber to Australia and New Zealand market valued at AU$10 million annually |
| Beef | Australia and New Zealand markets require the PICs to demonstrate that the export of beef from PICs is free from mad cow disease, brucellosis, and tuberculosis | Refurbishment of animal health labs<br>Facilitating the country visits by experts from the World Organization for Animal Health | Ensure ongoing market access of the beef products from Vanuatu to Australia and New Zealand markets |
| Coconut | Inspection of copra meal exporting company's facilities by the Australian Department of Agriculture and Water Resources | Provided funding to three companies in Solomon Islands and one company in Samoa | Companies in Samoa received accreditation from Australian Department of Agriculture and Water Resources |
| Taro | Fiji lacked Hazard Analysis And Critical Control Points (HACCP) accreditation to export to Australia and New Zealand markets | Funded a HACCP specialist to train taro exporters | Exporters become HACCP certified |

Source: Australian Aid (2017)

developing countries to expand export opportunities, as well as building capacity for the Pacific Island exporters to implement the requirements of the SPS measures (Department of Foreign Affairs and Trade 2020).

## Ways of Supporting the Pacific Island Exporters to Comply with SPS Standards

Furthermore, with the increase in regional and international trade from the PICs, there has been a rise in the risk of disease prevalence within the Pacific community. It is common for diseases and pests to migrate from one geographic region to another as products are exported from one country to another. The PICs are small developing island market economies with limited capacity and key competencies to implement the International Standards for Phytosanitary Measures (ISPMs). The main objective of the ISPMs is to ensure that agriculture and other commodities that may threaten the sustainability of the natural ecosystem are safely traded from one country to another. Importantly, exporters from the PICs lack capacity and key competencies to implement international phytosanitary requirements by using the Phytosanitary Capacity Evaluation (PCE) Tool of the International Plant Protection Convention (IPPC). Exporters from the PICs can be supported in numerous ways to achieve compliance with the ISPMs. The support to exporters from the PICs can be from the private sector, government organizations, and the nongovernment organizations (NGOs). Figure 3 shows that different stakeholders have different roles to play in supporting the Pacific Island exporters to comply with SPS standards. Capacity building of the Pacific Island exporters is one of the most priority items highlighted in Fig. 3.

Firstly, at a holistic level, the government officials, private sector, and NGOs can collaborate to enhance communication and exchange of ideas among the exporters and importers from Australia and New Zealand and health experts in the region on the international framework for trade in plants and plant products (STDF Secretariat 2012). This communication and exchange of ideas can be facilitated by using workshops and conferences whereby officials from different backgrounds come together to ensure that the key concerns raised in these official meetings are incorporated in the design of bilateral interventions (STDF Secretariat 2012).

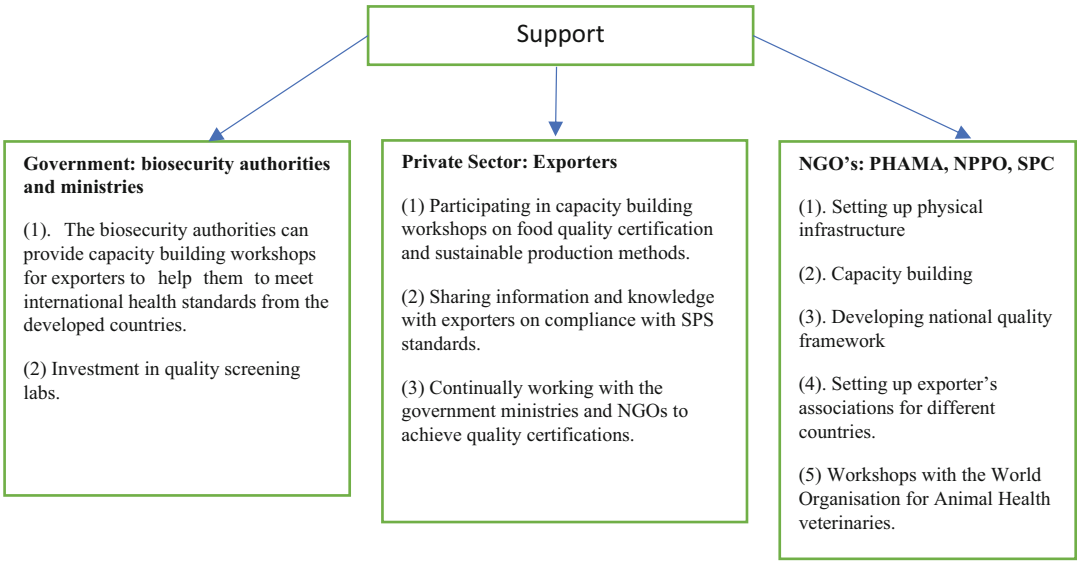


**Application of Sanitary and Phytosanitary Trade Measures, Fig. 3** Support to Pacific Island exporters to comply with SPS standards. (Source: Fiji Sun (2020))

Secondly, government policymakers, NGOs, and private sector organizations can closely work with the leaders from the Pacific Island countries to identify legal frameworks that are incompatible with the IPPC, weaknesses in the export facilitation procedures, and National Plant Protection Organization (NPPO) management capacity. Once these issues have been identified, the PICs can work together to address these concerns via the application of the regional collaboration programs. Thirdly, there is an immediate and urgent need to improve the biosecurity services in the PICs. A collaborative action strategy for strengthening biosecurity services in the PICs should be developed to harmonize the biosecurity laws among the PICs. Undeniably, the biosecurity authority's role is to work with international agencies around the world to provide market access opportunities for exports from the PICs, provide new market access protocols, and make changes to the current market access protocols as and when the need arises. Acquiring export market access is a rigorous process whereby the two trading partners develop import health standards by taking into account the disease status of the exporting countries. The biosecurity authority facilitates the compliance process related to SPS standards by submitting the scientifically justified market access submissions to its trading partners. As a competent regulatory authority, its role is to oversee the effective surveillance programs for managing pests related to quarantine concerns (Fiji Sun 2020).

## Conclusion and Recommendations

To conclude, this essay highlighted that the SPS measures are applied to protect the natural ecosystem from pests and diseases as dangerous organisms can easily migrate from one region to another with international trade of agriculture, fisheries, forestry, and poultry products. The PICs lack skilled personnel, equipment, and infrastructure to comply with SPS standards. There are numerous ways how the PICs can deal with the challenges imposed by the SPS standard compliance issues on its exports. Firstly, the PICs can represent their collective voice on the export bans that are not supported by scientific reasoning and methodologies by the importing countries. There are numerous cheaper dispute settlement processes that can be used by the economically disadvantaged small island economies to resolve trade disputes arising from the implementation of the SPS agreement rather than the process stipulated by the WTO. Secondly, the PICs need to strengthen their laboratories and quality testing infrastructure to confirm and verify the scientific evidence presented by the scientists from the developed countries. The ban on kava exported from the PICs to the EU, Australia, and New Zealand markets is a typical case of small island developing countries losing out on the imposition of import ban from developed countries that has not yet been substantiated by scientific reasoning and evidence. Thirdly, the PICs need to undertake a regional approach to strengthening its legal and institutional frameworks on market access and changes to existing market access protocols. In the long term, the PICs need to expand their industrial capacity to enhance its market access to the Australia and New Zealand markets.

## Cross-References

► Globalization and Global Trade

## References

Australian Aid (2017) Impact report. Retrieved November 15, 2020, from https://phama.com.au/wp-content/uploads/2017/10/PHAMA_Impact_Report_e-copy-final.pdf

Bureau of Statistics (2020) Trade statistics: Merchandise trade statistics. Retrieved November 15, 2020, from https://www.statsfiji.gov.fj/index.php/statistics/economic-statistics/merchandise-trade-statistics

Department of Foreign Affairs and Trade (2020) Sanitary and phytosanitary measures. Retrieved November 15, 2020, from https://www.dfat.gov.au/trade/agreements/not-yet-in-force/pacer/fact-sheets/Pages/sanitary-and-phytosanitary-measures

Fiji Sun (2020) BAF's role in market access. Retrieved November 15, 2020, from https://www.pressreader.com/fiji/fiji-sun/20180101/282406989730809

Pomfret R (2016) Multilateralism and regionalism in the South Pacific: World Trade Organization and Regional Fora as complementary institutions for trade facilitation. Asia Pacific Policy Stud 3(3):420–429

Ravuvu A, Friel S, Thow AM, Snowdon W, Wate J (2017) Monitoring the impact of trade agreements on national food environments: trade imports and population nutrition risks in Fiji. Glob Health 13(1):33

STDF Secretariat (2012) SPS needs in the Pacific Island Countries. Retrieved November 15, 2020, from https://www.standardsfacility.org/sites/default/files/PG_133_PCE_Pacific_Islands.pdf

Tahana J (2020) Australia reviewing kava import restrictions. Retrieved November 15, 2020, from https://www.rnz.co.nz/international/pacific-news/421490/australia-reviewing-kava-import-restrictions

United Nations ESCAP (2010) Sustainable development in the Pacific: progress and challenges. Retrieved November 15, 2020, from https://sustainabledevelopment.un.org/content/documents/11783Pacific_Regional_Synthesis-MSI5-Final.pdf

Vanuatu National Statistics Office (2018) International Merchandise trade statistics. Retrieved November 15, 2020, from https://vnso.gov.vu/images/Public_Documents/Statistics_by_Topic/Economics/Merchandise_Trade/2018/IMTS-12-December-2018.pdf

WTO (2020) The WTO Agreements Series: sanitary and phytosanitary measures. Retrieved November 15, 2020, from https://www.wto.org/english/res_e/booksp_e/agrmntseries4_sps_e.pdf

# Arbitration and Governance

Mohammad Mamunur Rashid
Eastern University, Dhaka, Bangladesh

## International Commercial Arbitration Governance

### Synonyms

Arbitration; Arbitration agreement; Arbitration clause; International commercial arbitration; Party autonomy; Public policy

### Introduction

International commercial arbitration (hereinafter referred to as ICA), adjunct to court litigation of commercial disputes, is new locus of private authorities of adjudication system. There are queries how much ICA is efficient, functional, and valid (Renner 2014). However, it evolves as transnational private adjudication system due to indiscriminate booming of international market with no state interference. It is more neutral, widely enforceable, and cheaper though the same adjudicative exercise is accomplished in different venues and flat forms. Activities of ICA have constituted a form of global governance unlikely to atomized form of global governance derived from the authority of national laws and courts and emergence of universal organization demoralizing sovereignty, to some extent, of member states. The objectives of this write-up are to find out the overall frameworks and commercial natures of the ICA.

### Definition of Arbitration

Arbitration means any kind of arbitration administered whether or not by permanent arbitral institution (Indian Arbitration and Conciliation Act 1996). It is a process by which the parties consensually submit a dispute to a nongovernmental or private decision-maker (who may be from other than court of competent jurisdiction, Morgan 1997), selected by or for the parties, to render a binding decision resolving a dispute in accordance with neutral, adjudicatory procedures affording each party an opportunity to present its case (Milos Novovic 2015). It primarily functions on civil disputes despite conflicts or differences of the parties may usually be on legal, technical, or commercial issues or a combination of all. Arbitration may be explained in the following manners (Milos Novovic 2015):

| |
|---|
| **Consensual means to resolve disputes** |
| Arbitration is a matter of contract and a party cannot be required to submit to arbitration any dispute which it has not agreed so to submit |
| No arbitration agreement = no arbitration, there are few exceptions |
| **Nongovernmental decision-maker selected by or for the parties** |
| If governmental decision-maker is selected then we have CoF (choice of forum), not an arbitration agreement |
| Arbitrators usually selected by the parties or arbitral institutions on their behalf of the parties |
| **Final and binding decision-award** |
| It does not result in a merely advisory recommendation |
| Arbitral award can be coercively enforced (New York Convention) |
| **Adjudicatory procedure** |
| Impartial procedure allowing each party to present its case |

## International Commercial Arbitration

International commercial arbitration (ICA), alternative method of solving contractual disputes (Moss 2014), is the process of resolving business disputes between or among transnational parties through the use of one or more arbitrators (if the number of the arbitrator is not mentioned in the arbitration agreement, number would be odd, i.e., one or three). It is simply a private and consensual mechanism of settlement of dispute and leads to final and binding determination of the rights and obligations of the parties (UN 2005).

Section 2 (c) read with Section 9 of the Arbitration Act 2001 (This Act has originally been enacted in Bengali.) refers to:

> "International Commercial Arbitration" means an Arbitration relating to disputes arising out of legal "relationships, whether contractual or not, [and it is] considered as commercial under the law in force in Bangladesh and where at least one of the parties is —
> (i) "An individual who is a national of or habitually resident in, any country other than Bangladesh; or
> (ii) A body corporate which is incorporated in any country other than Bangladesh; or
> (iii) A company or an association or a body of individuals whose central management and control is exercised in any country other than Bangladesh, or
> (iv) The Government of a foreign country;

The status of the people of managerial level of any company and shares of the company are very important to decide whether central management of any company is exercised in Bangladesh or any country other than Bangladesh. There are serious debates in our country when central management and control is said to be in any country other than Bangladesh. In Reckitt Benckiser (Bangladesh) Ltd vs. Oram Limited, majority shareholders and shares are from UK (Reckitbnkisar (Bangladesh) Ltd Vs Oram Limited 2008). As the company has been running its business in Bangladesh, the court did not accept the central management and control which is in a country other than Bangladesh. In Siemens Bangladesh Limited vs. RZ Power Limited, the approach of the court was different.

### Meaning of International Arbitration

Arbitration may be national or international (though every arbitration is considered as national arbitration). In practice it is usual to distinguish between national and international arbitration.

An arbitration is international if:

(a) The parties to an arbitration agreement have, at the time of the conclusion of that agreement, their places of business in different states
(b) One of the following places is situated outside the state in which the parties have their places of business:
  (i) The place of arbitration if determined in, or pursuant to, the arbitration agreement.
  (ii) Any place where a substantial part of the obligations of the commercial relationship is to be performed or the place with which the subject matter of the dispute is most closely connected; or (c) the parties have expressly agreed that the subject matter of the arbitration agreement relates to more than one country (UNCITRAL Model Law).

As per definition of the Act of 2001, three issues are significant to make any arbitration international, i.e., (a) any of the parties is foreign national, or (b) any of the parties is a corporation incorporated in a country other than Bangladesh; or (c) central management and control of the corporation from any country other than Bangladesh (Arbitration Act 2001 of Bangladesh).

An arbitration is international if we have two companies from country A, arbitrating a dispute in country B, under the law of C. If the dispute arose out of the contract to build a spaceship in the country D, a non-Model Law country, it may be an example of the international arbitration.

### Meaning of an Arbitration Commercial

A form of arbitration which is designed for us within commercial relationship and not personal, i.e., family law or labor law relationships, is commercial arbitration. The term "commercial" refers to transactions entered into between parties in the course of their business activities. This leaves consumer contracts outside of the scope of the subject, as well as other aspects of private law, such as family or inheritance law (Milos Novovic 2015).

"In practice the commercial reservation generally has not caused problems as the courts tend to interpret the coverage of 'commercial' broadly" (Diag Human Albert Jan van Berg). However, the term commercial should be given a wide interpretation so as to cover matters arising from all relationships of commercial nature, whether contractual or not. Relationships of a commercial nature include but are not limited to the following transactions: any trade transaction for the supply or exchange of goods or services, distribution agreement, commercial representation or agency, factoring, leasing, construction of works, consulting, engineering, licensing, investment, financing, banking, insurance, exploitation agreement or concession, joint venture and other forms of industrial or business cooperation, and carriage of goods or passengers by air, sea, rail, or road (Article 1(1) of the UNCITRAL).

Commercial legal relationship means a "transaction, contract or agreement described in section 2 of the FAA what is either a maritime transaction or a contract involving commerce" and then noted that Part 1 of the FAA (Federal Arbitration Act 1926) defines "commerce" as means commerce among the several states [of the USA] or with foreign nations, or in any territory of the USA or in the District of Columbia, or between any such territory and any state or foreign nation, or between the District of Columbia and any state or territory of foreign nation (Diag Human 2014).

## Principles of Governing Arbitration

There are few fundamental principles to constitute international commercial arbitration (ICA). These may be:

### Arbitration Agreement

Arbitration agreement is an agreement which provides that, if a dispute arises, it will be resolved by arbitration. Agreement contains an arbitration clause. On the other hand, arbitration agreement may also be agreement when agreement is signed after a dispute has arisen agreeing that the dispute should be resolved by arbitration. The former is mostly practicing type of arbitration agreement. For example, in certain Commonwealth countries (not including England and Wales), it is possible to provide that each party should bear their own costs in a conventional arbitration clause but not in a submission agreement. Article 7(1) of the Model Law states:

> Arbitration agreement is an agreement by the parties to submit a arbitration all or certain disputes which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not. An arbitration agreement may be in the form of an arbitration clause in a contract or in the form of a separate agreement.

Arbitration agreement should be in writing (Jugal Kishore Rameshwardas vs. Mrs. Goolbai Hormusji, [1955] 2 SCR 857). In Smt. Rukmanibai Gupta vs. The Collector, Jabalpur and Ors., AIR 1981 SC 479 the court held that:

> an arbitration clause is not required to be stated in any particular form. If the intention . . . to arbitration can be clearly ascertained from the terms of the agreement,. . . also not necessary that agreement to arbitration should appear in the document containing the other terms of agreement between the parties. Law is well settled that arbitration clause may be incorporated by reference to a specific document which is in existence and whose terms are easily ascertainable. . . It should also be noted that the arbitration clause is quite distinct from the other clauses of the contract. . . arbitration agreement embodies an agreement between the parties that in case of a dispute, such dispute shall be settled by arbitrator, or umpire of their own constitution or by an arbitrator to be appointed by the Court in an appropriate case.

In M Dayanand Reddy versus AP Industrial Infrastructure Corporation Limited and others (1993) 3 SCC 137, the court provides that "in the absence of clear intention of both the parties, agreement for arbitration cannot and should not be inferred more so when the specific case of the respondents is that by mistake the clause relating to arbitration crept." The decision of the arbitration is final. However, if the award of the arbitration has been achieved with the exercise of fraud, or manifest or evident material mistake, court may vacate the award.

### Institutional Arbitration and Ad Hoc Arbitration

Institutional arbitration is arbitration which would be conducted through any institutional arbitration

rules. After the submission before the institution, the arbitral institution would decide the procedural and substantive issues. Even the party autonomy is also very limitedly used in the institutional arbitration. Each institution has its own set of rules which provide a framework for the arbitration and its own form of administration to assist in the process. Few institutions are common, i.e., the London Court of International Arbitration (LCIA), the International Chamber of Commerce (ICC), the Dubai International Financial Centre (DIFC), and the Dubai International Arbitration Centre (DIAC). Besides these, there are approximately 1200 institutions worldwide and they offer arbitration services. Some of the institutions deal with a particular trade or industry. Care should be taken in the selection process as some institutions may act under rules which are not adequately drafted and would not be capable to provide fundamental resolution to the parties.

There are some advantages of the institutional arbitration. These may be the availability of preestablished rules and procedures which ensure the arbitration proceedings begin in a timely manner administrative assistance from the institution, which will provide a secretariat or court of arbitration, a prepared list of qualified arbitrators to choose from, an assistance in encouraging reluctant parties to proceed with arbitration, and an established format with a proven record.

Institutional arbitration has few disadvantages as well. These may be administrative fees for services and use of the facilities. Sometimes, administrative fees are more than the amount in dispute. Bureaucratic complexities of the institution may lead the delays of resolution. The time for the parties to respond is serious disadvantage for the parties if the time is unrealistic.

Ad hoc arbitration is arbitration when the arbitration law in force in the place of arbitration would govern the arbitration. It is not administered by an institution such as the ICC, LCIA, DIAC, or DIFC. The parties will therefore have to determine all aspects of the arbitration themselves, for example, the number of arbitrators, appointing those arbitrators, the applicable law, and the procedure for conducting the arbitration.

Ad hoc arbitration has the potential to be more flexible, faster, and cheaper than institutional arbitration. The absence of administrative fees alone provides an excellent incentive to use the ad hoc procedure.

In ad hoc arbitration, arbitration agreement may be reached before or after the dispute has arisen (Arbitration Act 1996). If the agreement states simply, "dispute between parties will be arbitrated." It is preferable at least to specify the place or "seat" of the arbitration.

The party autonomy can be exercised significantly in ad hoc arbitration. The parties should decide substantive and procedural law to govern the arbitration and enforceability of the award. If the parties can't agree in detail, all unresolved issues and implementation of the arbitration would be determined by law of the seat. Ad hoc arbitration would not work if the seat of the arbitration has an established arbitration law.

A properly structured ad hoc arbitration is more cost-effective and flexible, enabling the parties to decide the resolution procedures themselves and better suited for the parties. It places a heavier burden on the arbitrator to organize and administer the arbitration. Here the parties to be very much cooperative, affording, implant the expertise to determine the rules. A distinct disadvantage of the ad hoc process is that its effectiveness is dependent on how willing the parties are to agree on the arbitration procedures at a time when there may already be a dispute. The failure of one or both parties to fully cooperate can result in time spent resolving issues or an ultimate recourse to court.

### *Lex Arbitri*

International commercial arbitration mostly takes place in a country that is neutral in the sense that none of the parties to the arbitration has a place of business or residence in the place of arbitration. In *Paul Smith Ltd vs. H & S International Holding Incorporation*, *lex arbitri* was described "as a body of rules which sets a standard external to the arbitration agreement, and the wishes of the parties, for the management of the arbitration." Functions of the *lex arbitri* may be:

(i) ***Internal Lex Arbitri***:

*Lex arbitri* governs the constitution of the arbitration tribunal; the appointment and challenge of the tribunal; the maintenance of the standards of independence and impartiality; the constitution of the arbitration proceedings; the allocation of roles between parties and arbitrator, procedural rights, powers and obligations, formalities, timings and methods of presentation of the case, place of hearing, service of process, rebuttal rights of each party, close of hearings, and admission and probative value of evidence; and the form of the final award (Mistelis, L).

(ii) ***External Lex Arbitri***:

*Lex arbitri* governs the extent of judicial assistance, supervision, or control over the arbitration proceedings, support of the arbitration proceedings, and relevance of local or international mandatory rules and public policy (Mistelis, L).

### Selection of Arbitrators

In choosing the appointment of the arbitrators, two points should be taken into account. These may be:

(i) In choosing an arbitrator to be nominated by a client, advocate should find out the tendency of the arbitrator's minimum appearance of bias (Smit and Pechota 1997).

(ii) If you [any one] shoot at the King, you [he/she] must kill him.

Besides above points, the parties should conduct research about the potential arbitrators. If the institution provides any list of the arbitrators, read the biographies of each arbitrator to find out the individual's primary occupation and obtain a general sense of his or her background. The consultation with colleagues and staffs of other companies may also be taken into consideration. The reasoning and justification of the award previously provided by the concerned arbitrators are to be scrutinized. In appointing an advocate as the chair of the arbitration, his controlling and ruling capacity should also be taken into consideration.

### Language

The language or languages of the arbitration can be agreed upon by the parties. Party autonomy is particularly important here since the choice of the language affects the parties' position in the proceedings, the expediency and costs of the arbitration. If the parties have reached an agreement on the language to be used in the arbitration, due to the principle of the priority of party autonomy, the tribunal has to accept the determination by the parties unless such language avails unfair advantage to anyone's party (Binder 2005, 201). Since the arbitral tribunal has no lex fori, the parties are not bound by mandatory provisions in force at the seat of the arbitration which provide that proceedings before domestic courts must be conducted in the language of that country.

Article 17(1) UNCITRAL Arbitration Rules provides that the arbitral tribunal shall determine the language of the arbitration "promptly after its appointment." This rule should generally be followed in international arbitration, even if, as in our case, the proceedings are not conducted under the UNCITRAL Arbitration Rules. The tribunal is not completely free in determining the language. There are both practical and legal issues which the tribunal has to take into account in making its decision.

Firstly, the arbitrators have to take into account the language of contract documents, the correspondence between the parties, the parties' own language capabilities, and the costs involved in extensive translations of oral proceedings and written submissions. For example, the London Court of International Arbitration rules (Article 17) and the American Arbitration Association rules (Article 14) presume that the contract's language shall be used as the language of the arbitration.

Secondly, the arbitrators have to be aware that the factual background of the case and the relevant legal arguments are to be presented to the tribunal which affect the position of the parties in the arbitration. The International Chamber of Commerce (ICC) rules (Article 16) stipulate that the arbitral tribunal shall consider "all relevant circumstances, including the law of the contract."

### Separability of the Arbitration Agreement

Arbitration agreement is treated separately from the underlying contract. Validity of the contract does not affect the validity of the agreement. According to the separability principle, the invalidity of the underlying agreement will not have an impact on the arbitration clause; likewise, the invalidity of the arbitration clause will not render the underlying agreement invalid.

### Arbitration Clause

An arbitration clause is a content of the arbitration agreement. It requires the parties to resolve their disputes through an arbitration process. It may be two types, i.e., formal and informal. Formal clauses contain the provisions for the parties to decide by what manner they would resolve their dispute (American Express Card Member Agreement). In case of informal arbitration clause, keeping with the informality of the arbitration process, the law is generally keen to uphold the validity of arbitration clauses even when they lack the normal formal language associated with legal contracts. Each arbitral institution has its own arbitration clause.

## Legal Frameworks

Several national and international legislations have been functioning on international commercial arbitration (ICA). National laws have been enacted on the basis of the UNCITRAL Model Law. Despite law is national, its approaches are very much likely to the law relating to arbitration irrespective of national and international law maker's approach. However, we may take the help of the diagram of the following table to understand the legal frameworks of the international commercial arbitration (ICA).

| **Arbitration agreement** |
|---|
| Contractual, conditio sine qua non |
| **Institutional rules** |
| Contractual, extension of the agreement between the parties |
| **National legislation** |
| Legislation, typically only few mandatory rules that the parties cannot deviate from; a lot of national laws are modeled on UNCITRAL Model Law |
| International conventions |
| Legislative, New York convention is the most important instrument, regulated recognition and enforcement of foreign awards |

(continued)

### Party Autonomy and Principles of Public Policy

"Literally, autonomy means 'total independence of the parties' in 'organizing' but not 'conducting'an arbitration." Party autonomy should not be exercised where it is an institutional arbitration; the procedural framework is already tailor-made by the arbitration institution and not by the parties, whereas in ad hoc arbitration the procedural framework made by the parties governs the arbitration. Autonomy could be said to exist "when an individual has the capacity to make a choice among real alternatives and can make the choice for reasons with which he or she is comfortable" (Matz 1994).

Public policy or *ordre public* is a sociological concept. It is made and enforced by members of the society. It comprises of different types of cultures, social and moral values. It is very dynamic in nature as it changes with time and place. Though party autonomy is an important guiding principle in international arbitration, it cannot be protected by law if contrary to public policy, morality, natural justice, public interest, and existing law (Pryles 2016; Egbedi Tempara 2016; Fagbemi 2015).

## Challenges for Local and International Commercial Arbitration

International commercial arbitration has achieved enormous popularity due to its proper and timely initiatives in different issues ranging from legal to commercial specters. The people of any area having special qualification can exercise his/her prudence in ICA unlikely to any other traditional adjudication system. This popular but not traditional adjudication system has to encounter few challenges in practice.

### Selection of the Arbitrator

In case of ad hoc arbitration, parties should have to select the arbitrator. As the parties or stakeholders of the dispute are from different countries, it is a great challenge for the parties to come to an agreement on the following issues, i.e., Who would be the arbitrator? What procedures should be followed in adjudication? How the arbitral award would be enforced? Even the ideological or regional or business interest is considered by the parties to decide who would be their arbitrators. After the appointment of the arbitrator, the elations of the arbitrator and party appointing are contractual. As a result, arbitrator is passive in dissenting with the interest of his appointing party.

### Selection of the Arbitration Institutions

More than 1200 arbitral institutions worldwide have been functioning to provide the institutional arbitration. Party has the chance of choosing their appropriate arbitral institution. The problem is that every institution is not capable to provide every type of resolution. If the party has no knowledge in this regard which institution is appropriate for their dispute, they would be in trouble. Hence, the parties should accommodate the arbitration agreement consulting with the expert.

### Expenses

Arbitration is speedily and timely for the parties. The parties would be in trouble if the arbitration is not accomplished with reasonable expenses. Sometimes the arbitrators are specialist on the issue and they charge so big amount that the parties are discourage to go for arbitration. On the other hand, if the arbitration is institutional, the parties have no chance to avoid the expenses fixed by the concerned institution.

### Timing of the Arbitrators and Institutions

If the arbitration is institutional, institutions would fix the time. Sometimes, timing of the institutions would be awkward for the parties, whereas ad hoc arbitration avails the parties to appoint the parties and determine many significant issues of the arbitration. Practically those appointed arbitrators work so arbitrarily that they take enormous time to resolve the issue. Two arbitrators are willing to sit for one day; another one is ill. So it is not possible for that day. The next day, one arbitrator is in *omrah*; the remaining two arbitrators are ready for sitting. Basically there is no institution to oblige the arbitrator to sit immediately.

### Enormous Laws

In arbitration, parties and arbitrators are simultaneously at liberty to determine what should be governing law. No law is fixed by the specific locality. Party can choose the seat of arbitration. Then arbitrators would determine what would govern their arbitration. Thus, party should also consult with legal experts what law and seat of arbitration would more suit their dispute.

## Conclusion

International commercial arbitration is appropriate and timely innovation in the field of resolution unlikely to the traditional approaches. It opened the gate for the business entrepreneurs to sustain a sound environment to boost up the national economy with their profitable business. Business groups do not, now, need to walk here and there and wait for a long time to get resolution of any issue.

In comparison with the commercial characteristics, international commercial arbitration is more flexible, less time-consuming, and cost-effective. It tries to see the business interest. People from business expertise and stake may be appointed as arbitrator.

No national law is obligatory for the parties or arbitrator except the law of the seat. Law and arbitrators are transnational. There is no territorial boundary for the arbitration. Even if the arbitration is institutional, the seat of the arbitration may be placed another even if the law will be applied according to the arbitration agreement. Hence, international commercial arbitration (ICA) may be an example of the global governance unlikely to the endeavor of the international organization attempted in 1944. Attempt of 1944 was tried curtailing the strict sovereignty, whereas the ICA attempt has been done to pacify and smoothen the world business system.

## References


Ar. Gör. Şeyda Dursun (2012) A critical examination of the role of party autonomy in international commercial arbitration and an assessment of its role and extent in Yalova Üniversitesi Hukuk Fakültesi Dergisi (2012/1). Website: http://www.yalova.edu.tr/Files/UserFiles/83/8_Dursun.pdf. Last accessed on 21 June 2016

Binder P (2005) International commercial arbitration and conciliation in UNCITRAL model law jurisdictions, second edition, 2005, p 201. https://www.documentcloud.org/documents/2488250-american-express-cardmember-agreement.html and Arbitration everywhere, stacking the deck of justice, New York Times, 31 October 2015. http://www.nytimes.com/2015/11/01/business/dealbook/arbitration-everywhere-stacking-the-deck-of-justice.html?_r=0

Chatterjee C (2003) The reality of party autonomy in international arbitration. J Int Arbitrat, 12 Jan 2003 http://www.accessmylibrary.com/com2/summary_0286-20043302_ITM. Last visited on 19 June 2016

Cordero-Moss G (2014) Limits to party autonomy in international commercial arbitration. Oslo Law Rev (1), see for details: http://www.jus.uio.no/ifp/english/research/projects/choice-of-law/publications/979-4604-1-sm.pdf

Egbedi Tamari, An analysis of the effect of public policy on party autonomy in international arbitration. Website: http://www.dundee.ac.uk/cepmlp/gateway/files.php?file=CAR-11_6_508934278.pdf. Last accessed 15 June 2016

Fagbemi SA (2015) Doctrine of party autonomy in international commercial arbitration: myth and reality. AFEBabalola University: J Sustain Dev Law Policy 6(1) Website: http://www.ajol.info/index.php/jsdlp/article/download/128033/117583. Last accessed 16 June 2016

Istelis L Reality test: current state of affair in theory and practice relating to the lex arbitri vol 1

Matz DE (1994) Mediator pressure and party autonomy: are they consistent with each other? Negotiation Journal 10, pp 339–365, Summary by Tanya Glaser, http://www.colorado.edu/conflict/transform/matz.htm. Last visited on 16 Apr 2007

Milos Novovic (2015) International commercial arbitration-overview (author delivered this lecture at the Department of Private Law under University of Oslo). http://www.uio.no/studier/emner/jus/jus/JUS5852/h15/undervisningsmateriale/1%2D%2D-international-commercial-arbitration-overview.pdf

Morgan R (1997) The arbitration ordinance of Hong Kong: a commentary. Butterworths Asia, Hong Kong

Pryles M (2016) Limits to party autonomy in arbitral procedure. Website: http://www.dundee.ac.uk/cepmlp/gateway/files.php?file=CAR-11_6_508934278.pdf. Last accessed 14 June 2016

Renner M (2014) Private justice, public policy: the constitutionalization of international commercial arbitration. http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780198716723.001.0001/acprof-9780198716723-chapter-5. Last accessed on 9 June 2016

Smit H, Pechota V (1997) The roster of international arbitrators

UN (2005) United Nations conference on trade and development, dispute settlement, international commercial arbitration. http://unctad.org/en/docs/edmmisc232add38_en.pdf

Wautelet P (2015) Party autonomy in international family relationships: a research agenda in SSRN, http://poseidon01.ssrn.com/delivery.php?ID. Last accessed 12 June 2016


### Legal Instruments

Arbitration Act 1996 (England and Wales)
Arbitration Act 2001 (Bangladesh)
Arbitration and Conciliation Act 1996, India
Federal Arbitration Act 1926
United Nations Commission on International Trade Law (UNCITRAL) Model Law

### Web Links

http://www.out-law.com/en/topics/projects%2D%2Dconstruction/international-arbitration/institutional-vs-ad-hoc-arbitration/)

### Case Laws

Diag Human S. E. V Czech Republic Ministry of Health, Memorandum Opinion 14 august 2014 at p. 7 and Sumitomo Corporation V Parakopi Compania Maritime, 477 F. Supp 737, 741, (S. D. N. Y. 1979).

In Smt. Rukmanibai Gupta v. The Collector, Jabalpur &Ors., AIR 1981 SC 479

Jugal Kishore Rameshwardas v. Mrs. Goolbai Hormusji, [1955] 2 SCR 857

M Dayanand Reddy V AP Industrial Infrastructure Corporation Limited & others (1993) 3 SCC 137

Reckitbnkisar (Bangladesh) Ltd Vs Oram Limited, Sele Centre, 2008, 37 CLC (HCD) [8759]

Siemens Bangladesh Limited Vs RZ Power Limited

# Arbitration in Public Administration


Katharine Leigh
Ball State University, Muncie, IN, USA


## Synonyms

Adjudication; Adjustment; Agreement; Compromise; Decision; Determination; Judgment

## Definition

Arbitration is a form of alternative dispute resolution (ADR) in which parties choose to have a dispute or disputes decided by the third party (an arbitrator) and agree to be bound by the arbitrator's decision. That decision is legally binding on both sides and enforceable by the courts.

## Introduction

Globalization has both benefits and drawbacks, including an increase in the number of commerce and labor disputes. These disputes can lead to lengthy court battles, which can cost companies and governments huge amounts of money, time, and energy. In an effort to avoid these costs, countries have turned to alternative dispute resolution (ADR). Alternative dispute resolution refers to various processes that help parties to resolve disputes without going to trial. Alternative dispute resolution includes negotiation, collaborative law, mediation, and arbitration.

Mediation and arbitration are similar, but they differ in several important ways. In mediation, a third party (the mediator) assists the parties in negotiating a settlement. Arbitration also involves parties referring their dispute to a third party (the arbitrator or arbitration tribunal), with the parties usually agreeing to be bound by the decision made by the arbitrator. The decision is called an award; it is analogous to a judgment in a court of law. Arbitration is similar to court proceedings in that there can be testimony and evidence given. Arbitration is often faster and therefore more cost-effective. Arbitration also allows both parties to precisely define the boundaries of their confidentiality. Arbitration has a long history and is becoming more widely used with modern businesses and governments.

International arbitration has been increasing popular as a method to resolve disputes, usually regarding commerce. The main areas of conflicts in commerce are energy and natural resources. International arbitration is particularly useful because a country can take an international arbitral award and enforce it in the 160 countries that have signed up to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (more commonly known as the New York Convention). The decisions are binding not just in the debtors' country, but everywhere the debtor has assets (Kinder 2015). Overall, arbitration makes international trade easier to conduct.

There are centers for arbitration all over the world. London is considered to be the main center for arbitration, as it houses the London Court of International Arbitration (LCIA). In recent years there has been a shift in where the international arbitration centers are located, from heavy concentration in the West to more centers in the Middle East and the Far East. To be a regional arbitration center, a potential site needs good hotels, flight connections, and a stable court system (Kinder 2015). It is important to have multiple centers for arbitration resolution, in order to secure buy-in from countries. Countries want to feel like the place of the hearing is neutral or even "home court" in order for them to participate in arbitration.

In the public sector, governments have been looking to arbitration to avert or resolve labor unrest, especially strikes. Governments provide essential services and strikes can have major consequences. Many public employees do not even have the right to withhold their services, such as the police and firefighters. Adequately addressing labor concerns while balancing public safety can be difficult, but such arbitration has been successful in many instances.

There are some potential disadvantages to governments using arbitration to settle their disputes. Some argue that arbitration constitutes an illegal delegation of authority, that arbitration distorts settlements and redistributes resources in favor of unions, and that arbitration destroys (or at least "chills") free collective bargaining (Kearney and Mareschal 2014). Also potentially troubling is that there is no link between the arbitrator and the electorate. When politicians are making a decision they can be held accountable by the voting public, but the same is not true for an arbitrator. Despite the potential disadvantages, use of arbitration continues to grow.

## Types of Arbitration

In its simplest form, arbitration involves two parties agreeing to let an arbitrator hear their complaints and accept whatever legally binding decision the arbitrator makes. Although the definition might be simple, there can be many variations on arbitration. Some variations deal with how an arbitrator is allowed to make a decision (conventional and final offer). Conventional arbitration is where an arbitrator makes an unconstrained decision, and final offer arbitration in where the arbitrator must choose between the parties' final offer. In addition, there are other types of arbitration: grievance, interest, night baseball, and high-low. There are even hybrids, like mediation-arbitration and arbitration-mediation.

Grievance arbitration (sometimes called rights arbitration) is when there is a dispute between the parties of a collective bargaining agreement over interpretation, administration, application, or alleged violation of the terms and conditions of a collective agreement while it is still being enforced. It is often the final step taken in order to avoid a strike. An arbitrator hears evidence from both the union and the management and interprets terms in an existing contract. The arbitrator then determines whether one party to the agreement has violated the agreement, making a ruling accordingly. Grievance arbitration is often criticized on the grounds that it is an illegal delegation of authority and that there are other groups that should make determinations about collective bargaining agreements (such as state and local grievance commissions or state labor agencies). Despite the criticisms, grievance arbitration has achieved almost universal acceptance in unionized areas in the private sector and is used in many governmental settings as well (Kearney and Mareschal 2014).

Interest arbitration (also called contract arbitration) involves an arbitrator deciding what will be included in the parties' collective bargaining agreement when the parties cannot come to an agreement while negotiating. This differs from grievance arbitration, in which an arbitrator decides if there is a violation in an existing agreement. The arbitrator conducts a formal hearing in which both parties present their sides. Upon review of the testimony and evidence, the arbitrator will decide what language should be in the contract. Over half of the states have some form of interest arbitration procedure for at least one group of public employees (Gaylord 2010).

Final offer arbitration requires the arbitrator to adopt the final offer of one of the parties in its entirety, presumably the most reasonable proposal overall. The benefit to this approach is that the arbitrator must use one of the party's agreements, taking the drafting of the agreement out of the arbitrator's hands (since the arbitrator is not an elected official). The downside to this approach is that if both proposals are unreasonable the final decision will not be satisfactory. Final offer arbitration does help solve the chilling effect issue that is a criticism of more traditional arbitration. The thought that either party may lose everything in arbitration could serve as a strong incentive for the parties to seek security in their own negotiations. Final offer arbitration also has several variations: issue-by-issue, night baseball, and high-low.

A way to lessen the likelihood of a poor decision being chosen is to use issue-by-issue arbitration. This allows the arbitrator the freedom to find in favor of one party on some of the issues and for the other party on the remaining issues. Ruling issue-by-issue can be more time consuming because it might encourage parties to keep all issues open for discussion, but it does allow the arbitrator to reject the most unreasonable terms in both proposals (Gaylord 2010).

Another variation on final offer arbitration is night baseball arbitration. In this case, both parties make offers that the arbitrator does not see. The arbitrator then goes through the proceedings, listening to testimony and evidence, and makes an award. The parties go back to the original offers and have to use the offer that most closely matches the arbitrator's award. This also keeps the final agreement out of the hands of the arbitrator and in the hands of the parties.

In high-low arbitration (also known as bracketed arbitration), the parties agree before the proceedings to the high and low parameters for the award. The arbitrator, who does not know the

parameters in advance, goes through the regular proceedings and makes an award. If the arbitrator's award is between the high and low figures, the award stands as is. If the award is lower than the low bracket, the low figure is used, and if the award is higher than the high bracket, the high figure is used (Kearney and Mareschal 2014).

The two hybrid approaches, mediation-arbitration and arbitration-mediation, have both had some success. In mediation-arbitration the third party functions as both the mediator and the arbitrator. The first part for parties to do is to negotiate. If the parties are unable to come to an agreement in a reasonable period of time, the proceedings become arbitration, during which the third party can make a ruling. The benefit to this approach is that the third party will have in depth knowledge of the case before the arbitration even begins. Arbitration-mediation works in the reverse order. First arbitration is performed, after which a decision is made but is not communicated to the parties. Mediation then commences, with the hope of a voluntary settlement. If no agreement is made, the arbitration award stands. The benefit to this process is that it often leads to the parties settling (Kearney and Mareschal 2014).

## Arbitration Around the World

A major moment for international arbitration came in 1958 when the New York Convention was adopted by a United Nations diplomatic conference. Under the terms of the Convention, each country undertakes to recognize arbitral awards as binding and to enforce them in accordance with the rules of procedure of the territory where the award is to be recognized (Bedrosyan 2015). The rules for arbitration can come from the agreement, or from special rules drafted for a particular case, or from the law of the country in which the arbitration proceedings will take place. In order to enforce an award, a party needs to produce a certified copy of the award and the agreement to arbitration to the country where the enforcement is being sought. The New York Convention is not the only agreement about cross-border enforcement of arbitration awards, but it is the most important. Approximately 160 countries have signed the agreement, thus far making its global reach impressive.

Countries that use arbitration have different rules for the process. Below is a look at how arbitration is applied in four large countries on four different continents: China, Egypt, Brazil, and the United States.

Over the past four decades, China has been engaging in reforms in order to open itself to the world. Unsurprisingly, being open to the world meant an increase in conflicts between individuals and companies. Like many other countries, China turned to negotiation, mediation, and arbitration as alternative methods of dispute resolution instead of litigation. In order to deal with the new reality, China passed the Arbitration Law in 1994 (Xu 2012).

In China, arbitration generally refers to civil and commercial arbitration used for resolving disputes related to contractual matters and property rights between individuals and organizations. It excludes disputes involving marriage, adoption, guardianship, maintenance, succession, and administrative disputes that are handled by the relevant administration authorities. China's definition of arbitration is very similar to the definition used in Western societies. Arbitration refers to a dispute resolution system in which the disputing parties voluntarily agree to bring the dispute to nonjudicial third party who will impartially judge the dispute and issue an arbitration award with a binding effect on the parties (Xu 2012). The arbitration system in China consists of domestic arbitration and international arbitration. Domestic arbitration is used to settle domestic civil and commercial disputes between local citizens. International arbitration refers to civil and commercial arbitration involving foreign matters or matters with an international perspective.

Another country that has a fairly new arbitration law is Egypt. Egypt turned to arbitration after it found its judicial system overloaded with investment disputes, causing long delays in judgments. This led to Law No. 27 of 1994 on Arbitration in Civil and Commercial Matters. The law

specifies that an arbitral tribunal must be composed of an odd number of arbitrators (typically three). Each party appoints an arbitrator, and then both parties jointly agree on the third arbitrator. An arbitrator does not have to hold a law degree or any specific academic qualifications and can be of any nationality or gender (Taha 2015). An arbitrator cannot be a minor, under guardianship, or deprived of his/her civil rights by reason of a judgment against him/her for a felony or misdemeanor due to dishonesty or a declaration of bankruptcy, unless their civil status has been restored. Arbitral proceedings typically commence on the date the respondent receives the request for arbitration from the claimant. The arbitral tribunal must render its final award within the period agreed upon by the two parties and, if no period can be agreed upon, then within 12 months of the date of commencement of the arbitral proceedings. In Egypt the award is final. The dispute may not be reviewed by or re-litigated before state courts, but could possibly be voided if it does not meet certain conditions.

Arbitration in Egypt also covers government contracts. An arbitration clause in a government contract concluded between a government agency and a private person is effective only upon the approval of the concerned minister or the head of the contracting agency where the agency is not subject to a specific minister (Taha 2015). There have been complications using arbitration in regard to government contracts due to the new 2014 Constitution in Egypt. The 2014 Constitution "requires the submission of any administrative dispute to the exclusive jurisdiction of the State Council." By submitting disputes to the State Council, it is reasonable to have doubts about the fairness of this process.

In Brazil the right to arbitration is set out in Law No. 9.307 (1996), which has been updated many times in the past two decades. Parties may bring their disputes to an arbitral tribunal either by agreement or because of an arbitration clause in a contact. An arbitrator can be any legally capable individual who is trusted by the parties. There can be more than one arbitrator but it must always be an odd number. The award is supposed to be made within the time limit specified by the parties. If there is no stipulation, then the award will be made within 6 months from the date of the commencement of arbitral proceedings or from the date of the substitution of an arbitrator. A decision will be made in writing, which will have the same effect as a judgment issued by a state court. The law also addresses recognition and enforcement of foreign arbitral awards. In 2015 Brazil amended the law to allow companies owned by the state and/or government agencies to be bound to arbitration agreements, allowing them to settle disputes related to disposable property rights in which they might be involved (Dimitroff and Mattioda 2015).

There is a long history of arbitration in the United States. The United States Congress passed the Arbitration Act of 1888, which laid out the federal government's role in railroad labor conflicts. The act was the first federal law enacted in the United States to set up arbitration procedures in critical industries. Although railways were privately owned, the US government was deeply concerned with keeping them running; railroads were a major form of transportation for the United States. In the end the Arbitration Act of 1888 was a failure. It was eventually replaced by the more successful Erdman Act of 1898 and the Newlands Act of 1913.

Arbitration made a giant leap forward in 1925 when the United States enacted the Federal Arbitration Act (FAA). The law was the first federal act in the United States to formalize arbitration through an act of Congress. The act provided for contractually based mandatory and binding arbitration, which results in arbitration award made by an arbitrator. The parties must agree to arbitrate versus going to court, and they must give up the right to appeal on substantive grounds to a court. Any award made must also be confirmed by a court of law. Confirming the award reduces it to an enforceable judgment, which can be enforced by the winning party in court. The act requires that the award be confirmed within 1 year; any objection to the award must be challenged within 3 months.

There have been challenges to the Federal Arbitration Act, but the Supreme Court has always upheld it. In *Southland Corp. v. Keating*,

465 U.S. 1 (1984), the US Supreme Court ruled that the Federal Arbitration Act applied to contracts under state law (MacNeil 1992). The case involved several franchisees of 7-Eleven being sued by the owner of 7-Eleven. The owner of 7-Eleven wanted to uphold the original contract that requires arbitration in case of a dispute. Although dissenting justices argued that the Federal Arbitration Act only applied to federal contracts, the majority felt otherwise. After this decision, the act became much broader reaching.

Despite the 1925 Federal Arbitration Act, arbitration was not quickly utilized by the public sector. That changed in 1970 when federal postal workers engaged in a 2-week-long strike over low wages, stopping mail service around the country. President Nixon ordered the Army to deliver the mail; postal unions asked the government to intervene the negotiations. Those negotiations culminated in the Postal Reorganization Act of 1970, which transformed the US Post Office Department into the more corporate-like US Postal Services. American postal workers gained collective bargaining rights, including arbitration, but lost the right to strike.

Impasse procedures for state and local government are handled differently in regard to public sector workers based on the laws of their respective locations. As of 2012, at least 36 states provide for mediation, at least 28 states provide for fact finding, and at least 27 states provide for arbitration (Kearney and Mareschal 2014). Some provisions call for conventional arbitration while others final offer arbitration or both methods.

## Conclusion

Labor unrest, especially in areas with essential services, is not beneficial for any country. Finding ways to settle disputes before they lead to strikes and other unrest is in everyone's interest. There are a variety of ways arbitration can be applied, and it is up to the governments of countries to apply it as they deem necessary. Countries have come together to use arbitration successfully in international commercial disputes. Many countries also use arbitration for dispute resolution in their public sectors, especially for their most important services (such as firefighters and police officers).

There are many variations of arbitration for governments to use. There are conventional, final offer, interest, grievance, high-low, and night baseball. There are even hybrid forms, including mediation-arbitration and arbitration-mediation. It seems likely that there will be more forms developed going forward. Arbitration has both benefits and drawbacks, but can be an important tool for conflict resolution if done properly.

## Cross-References

► Administrative Adjudications
► Administrative Hearing
► Mediation in Public Administration

## References

Bedrosyan AS (2015) The limitations of tradition: how modern choice of law doctrine can heal courts resolve conflicts within the New York convention and the federal arbitration act. U Pa L Rev 164(1):207–242

Brazil – Law No. 9.307 (1996) http://www.jus.uio.no/lm/brazil.arbitration.law.no.9.307.1996/doc.html#4. Accessed 29 Mar 2016

Dimitroff SD, Mattioda G (2015) Key changes in the Brazilian arbitration law. http://www.bakerlaw.com/alerts/key-changes-introduced-in-the-brazilian-arbitration-law. Accessed 18 Mar 2016

Gaylord AM (2010) Interest arbitration: pros, cons and how tos. In: Paper presented at ABA 2010 annual meeting, San Francisco. http://www.americanbar.org/content/dam/aba/administrative/labor_law/meetings/2010/am/gaylord.authcheckdam.pdf. Accessed 29 Mar 2016

Kearney RC, Mareschal PM (2014) Labor relations in the public sector, 5th edn. CRC Press, Boca Raton

Kinder T (2015) How firms are getting to grips with the surge in global arbitration. Lawyer 30(17):1. Retrieved from www.lexisnexis.com/hottopics/lnacademic

MacNeil IR (1992) American arbitration law: reformation, nationalization, internationalization. Oxford University Press, New York

Taha MO (2015) Egypt: legal framework for arbitration. The Law Library of Congress, Washington, DC. http://www.loc.gov/law/help/arbitration/egypt-legal-arbitration.pdf. Accessed 29 Mar 2016

Xu W (2012) Definition of arbitration in China. J Law Comm 30:107–116

# Artificial Intelligence and the Future of Labor Market in Bangladesh

Shah Md Azimul Ehsan
Department of Public Administration, Faculty of Social Sciences, Jagannath University, Dhaka, Bangladesh

## Synonyms

Future of labor market in Bangladesh; Impact of artificial intelligence on the labor market of Bangladesh

## Definition

Artificial Intelligence, or AI, is the collection of multiple technologies that allow machines to detect, understand, act, and learn either on their own or to augment human activities.

## Introduction

Since the last decade, Artificial Intelligence (AI) has become a buzzword that has drawn the attention of researchers, academics, policymakers, business owners, and practitioners across the globe. AI is not a new term, rather it was first coined by John McCarthy, back in 1955 (Deowan 2020). However, of late, there has been remarkable progress and much development in its usage and applications (Stone et al. 2016). In fact, the wide application of AI technologies, automation, robotics, and machine learning is fueling the "fourth industrial revolution" and taking human civilization into a "digital age" or "machine age" (Islam 2018; Bari 2021).

The proponents of AI who view the future of mankind from an optimistic lens believe that the usage of AI technologies will not only resolve the challenging problems of humanity (Saha and Sarker 2019) but also augment human capabilities which will lead to higher productivity and creation of more employment opportunities with higher pay and better job quality (Lane and Saint-Martin 2021). However, the skeptics harbor a different philosophy and have made alarming predictions that the recent development of AI will be the fundamental reason for large-scale job losses in the upcoming years, which stems from the fact that AI has the ability to automate both routine and nonroutine tasks, and so the planet might be left in desolation (Saha and Sarker 2019; Lane and Saint-Martin 2021). The speculations made by the scholars from the pessimistic bloc cannot be totally ruled out since recent empirical shreds of evidence from the Global South suggest that there has been a gradual transition in the business model of the RMG (Ready-Made Garments) and textile sector (i.e., from decades-old labor-intensive production model to the capital-intensive system) which is resulting in the substitution of humans by the AI and robotics, and further threatening millions of livelihoods in the emerging and low-income economies (Deegahawathura 2018). Thus, it implies that AI applications might also have far-reaching implications on the labor market of a lower-middle-income country like Bangladesh, which has the accolade of being the second largest apparel manufacturer in the world (Ovi 2017). Nonetheless, this gives rise to some critical questions – Will the applications of AI be a zero-sum game for Bangladesh that will entirely reshape the RMG sector's labor market or will it create new employment opportunities? How will the labor market in the apparel industry of Bangladesh look like 20 years from now on, that is, in 2041?

In order to unpack the answer of these questions, this chapter attempts to assess the likely impact of AI applications on the RMG sector's labor market for the next two decades in Bangladesh. The study is qualitative in nature where data has been collected from both primary and secondary sources. Data from the secondary sources (Robson and McCartan 2016) was obtained by an extensive review of the existing literature relevant to the objectives of this study which include books, book chapters, journal articles, newspaper articles, policy documents, consultancy reports, online documents, etc. While data from the primary source was collected from

two experts – an academician, that is, Professor from the University of Dhaka, Bangladesh, and a practitioner in the RMG sector of Bangladesh, by adopting KII (Key Informant Interview) technique through virtual platforms. Having set the scene in the introductory part, the next section will precisely conceptualize AI and then critically discuss the various scholarly debates regarding the implication of AI on the future of the job market. The following section sheds light on how the use of AI technologies will shape the labor market of the RMG sector in Bangladesh in the next two decades.

## AI and Its Impact on the Labor Market

Although the world has witnessed spectacular advances in AI and robotics in the last two decades (Acemoglu and Restrepo 2018) that has resulted in a proliferation of literature in this particular field, both Stone et al. (2016) and Lane and Saint-Martin (2021) note that there is still no universally agreed definition of AI. For IBM Cloud Education (2020), AI is the ability of a computer, machine, or robot that can exhibit human-like intelligence. While Accenture (2018 cited in Aly 2020: 03) has provided a more comprehensive definition of AI as "the collection of multiple technologies that allow machines to detect, understand, act and learn either on their own or to augment human activities." From the synthesis of both these definitions, it can be extrapolated that computer vision, speech recognition, machine learning, robotics, and natural language processing, all fall within the realm of AI (Uddin 2019).

Considering AI's development trajectory of the past two decades, some commentators, Brynjolfsson and McAfee (2014), Zinser et al. (2015), Ford (2015), and McKinsey Global Institute (2017) take the position that the future acceleration of AI could be even more overwhelming that might led to the massive transformation of the works around the world. Arguing in the same vein, a few other scholars like Kurzweil (2005), Callaghan et al. (2017), and Shanahan (2015) opine that at one point, AI might surpass human intelligence which is usually termed as "technological singularity." So, does it mean that human civilization is going to experience something quite similar to science fiction movies where it is often portrayed that machines and robots are replacing the positions of humans? Well, some insights can be obtained from several assessment studies that have been conducted in the last decade for explicitly understanding the pattern and severity of the impact of AI on jobs and livelihoods in the coming years (Makridakis 2017). For instance, renowned Oxford Economists, Frey and Osborne (2013) examined 702 jobs in context to the USA and concluded that 47% of those jobs are at "high risk" of automation over the coming decades. Another study by the World Bank (2016) also drew a similar inference that around 57% of the jobs in the OECD (Organization for Economic Cooperation and Development) countries will be replaced due to automation by the year 2036. Even the findings of two other popular studies, OECD (2017) and McKinsey Global Institute (2017) are also in congruence with the line of argument that the earlier studies have drawn. More precisely, all these studies take a similar stance regarding the fact that a large portion of present jobs done by humans, be it blue collar or white collar, might get automated. Consequently, this has raised an alarm of "automation anxiety" in the global labor market (Islam 2018).

Despite such pessimistic overtone being echoed by the above-mentioned studies, another group of scholars has contested those claims for several reasons. Firstly, Atkinson (2017) has boldly criticized the widely cited studies of Frey and Osborne (2017) and McKinsey Global Institute (2017) for having methodological flaws which fail to provide a holistic picture of the future job market. Secondly, both Islam (2018) and Lane and Saint-Martin (2021) argue that just because a certain number of jobs have been termed as "highly exposed" to automation does not really mean that they will be totally replaced or automated any time soon. Because legal, regulatory, societal, and economic constraints will inevitably slow down the pace of the transition process that will give ample time for both the institutions and the labor markets to adjust.

Thirdly, this group of researchers (Pew Research 2014; Brynjolfsson and McAfee 2017; Acemoglu and Restrepo 2018) further argue that AI will not only eliminate a swathe of jobs in the future but also will create new occupations that perhaps never existed before. They refer to previous industrial revolutions that stoked similar fear of job losses although it was later proved to be incorrect. Instead, it was found that those technological revolutions eventually increased more employment opportunities that resulted in a surge in labor pay.

Notwithstanding the counter-arguments made by the optimistic scholars, the pessimists firmly maintain their precautionary principle which stems from the fact that, unlike previous technological revolutions which flourished rather at a snail's pace, the current AI applications are accelerating at such a velocity that will eventually make it extremely hard for both institutions and market to endure with. Albeit they acknowledge that better-paid jobs might be created over time due to AI usage, however, they further have raised concerns that it will create new challenges for the emerging economies. This is because the newly created employment opportunities will require a higher level of both technical and cognitive/non-cognitive skills, which unfortunately are very much nonexistent in the developing economies. Thus, they conclude that it will only add more burden to the overall labor market of these low-income economies, which already are suffering from the overhang of unemployment and under-employment (Oxford Martin School 2016; Yusuf 2017).

From the above discussion, it is evident that the scholarly debate on this topic has revolved around a dichotomy, which offers two contrasting narratives. On one hand, the optimistic studies have emphasized the complementary and creation effect (positive implications) of AI on the job market, while on the other hand, the pessimistic studies have put much of their argument on its substitution effect (negative effect). Nonetheless, Autor (2015), Bakhshi et al. (2017), and Bloom et al. (2018) have brought another dimension and suggest that for making an objective futuristic assessment about the impact of AI on the labor market for a particular sector of an economy, total effect (a summation of complementary effect, substitution effect and creation effect) has to be measured. Hence, this paper will also use a similar strategy to map the likely impact of AI applications on the labor market of the RMG sector in Bangladesh, which has been discussed in a more detailed way in the next section.

## How AI Applications Will Shape the Labor Market of RMG and Textile Sector of Bangladesh in Next Two Decades?

Bangladesh proudly holds the title of being the - second-largest exporter of RMG products in the world. Since its inception three decades ago, the RMG and textile sector has been playing a pivotal role in uplifting the nation's economy through the injection of numerous jobs in the labor market that has helped to push down the poverty level (Ahmed et al. 2019; Khan 2019a). The total export earnings from this sector are 84%, and its net contribution to GDP is around 16% (Uddin 2018). Moreover, it has also greatly fostered female participation in the labor market. Of the total 4.4 million workforces currently employed in 4222 garment industries throughout the country, 80% are female (LightCastle Analytics Wing 2018). Before making a discussion about how AI applications and automation might shape the fate of this huge labor force in this sector, it's important to understand how this export-oriented business functions.

The entire RMG and textile business operates based on the supply chain management model which is composed of four interconnected factors, viz. – supply chain, lead time, wage, and compliance (Hasan 2017). More specifically, in this model of production, a developed country designs an RMG product that is sourced for manufacturing at lower-income countries, like Bangladesh, Vietnam, or Cambodia, to exploit the cheap labor. However, due to the nonavailability of raw materials required for production in the sourcing destinations, these manufacturing countries have to depend on developing countries, like China. Once the finished product is ready, it is sold to both developing and developed countries. The

interesting picture that the RMG and textile value chain reveals that the manufacturing countries are placed at the lowest segment even though they have to bear a high amount of risk (Hasan 2017). Bangladesh's regional peers in this business are India, Pakistan, China, Vietnam, and Cambodia, who are relatively well-placed in terms of the supply chain, lead time, and compliance factors compared to Bangladesh. More specifically, both Vietnam and Cambodia need almost half of the lead time, that is, 20 days compared to Bangladesh's lead time of 40 days (Ahmed et al. 2019). Similarly, Pakistan, India, and China have the upper hand compared to Bangladesh due to the availability of domestic sources of raw materials. Nonetheless, the competitive advantage for which Bangladesh has been outperforming its competitors is low wages (Hasan 2017). But having only wage competitiveness compared to the competitors has itself made the sector quite vulnerable. In fact, it has become a serious issue to ponder for Bangladeshi RMG and textile industries about how the business can be sustained amidst a fiercely competitive market environment which offers plenty of options for the developed countries for outsourcing. The strategy that some of the Bangladeshi RMG and textile industries, for instance – Mohammadi Fashion Sweaters Ltd., Envoy Textiles Ltd., Karim Textile, Khalil Knit Composite Ltd., Akij Textiles, and a few others (see Table 1) have recently adopted is the application of AI, that is, they have turned to automation and technology for maintaining a competitive advantage (Khan 2019).

**Artificial Intelligence and the Future of Labor Market in Bangladesh, Table 1** Recent automation and AI applications in the apparel sector of Bangladesh. (Adapted from Khan (2019))

| Name of the RMG industry | Recent interventions that have been made |
|---|---|
| Envoy Textiles Ltd (ETL) | At its Bhaluka factory, ETL has installed 14 robotic autoconers in spinning and rotor. This has resulted in boom in production, that is, 55 tons of denim yarn/day |
| Mohammadi Fashion Sweaters Ltd | They have installed 173 German-made automated knitting machines for knitting black sweaters. This has drastically limited the intervention of garment workers to only designing the case program or cleaning the machines |
| Karim Textile | They have installed two robotic auto-cutters and six European automatic fabric spreading machines in their cutting section |
| Khalil Knit Composite Ltd | They have equipped a dyeing laboratory with hyper-technical appliances like Robolab, which is totally a computerized automatic dispenser. It can contain 240 bottles and make measured, error-free recipe dispensing for dye house in working conditions of fully robotic motion |
| Akij Textiles | In order to increase both productivity and quality of the end product, they are using "automatic rotor spinning machine" called robotics piers carriage on Schlafhrost Autocoro |

Again, several functions in the textile and apparel industry make a strong case for AI application in this sector (Uddin 2018). The transformation of fabric to readymade garments involves 14 stages (Khan 2019a, b). In each of these phases, be it the identification of the fabrics and grading stage, or in dyeing and manufacturing stages, AI can be effectively used (Uddin 2019). The adoption of these technologies has so far proven to be extremely beneficial for the above-mentioned Bangladeshi apparel units. Along with quantitative and qualitative improvement of RMG products, these industries have experienced a reduction in lead time which has consequently resulted in enhanced profitability. However, the downside of automation has been that it has led to a reduction in labor dependency (Khan 2019b). Moreover, there have been several reports regarding workers being laid off. For instance, a recent study conducted by Behtarin et al. (2020) found that because of ongoing automation, a good number of sweater factories terminated their workers as jacquard machines are capable of doing a similar job with much efficiency and effectiveness. Although large-scale termination of RMG workers has not yet begun since only big garment factories have started using AI applications; that

however, does not mean that there is not much to worry about the future job losses that might take place in this sector. Especially, with the advent of "sew-bots" (an entire assembly line maintained by robots which can not only pick a piece of garment but also arrange it appropriately and later sew it), the fear about job cuts in the garment and textile factories has become very much persistent (Ahmed et al. 2019; Crabtree 2018). A few estimations have predicted that because of ongoing automation in RMG and the textile sector, there might be 64% and 88% job cuts in Indonesia and Cambodia (Ahmed et al. 2019). The scenario should not be very different in the Bangladesh RMG sector as well, given the huge volume of low-skilled workers it employs who are mostly involved in doing manual and repetitive jobs. A recent study, jointly conducted by a2i (Access to Information Program) and ILO, adopting the similar methodology developed by Frey and Osborne (2013), estimates that 60% of the current workforce (i.e., 2.7 million) in the Bangladesh apparel sector might lose their jobs by 2041 (see Fig. 1) (Ahmed et al. 2019). Anir Chowdhury, the policy advisor of the A2i Project, stated that the real number of job losses might be much higher as these are just conservative figures (The Daily Star 2018a, b).

The study also specified the major areas of this sector which are most exposed to automation and AI applications (see Table 2).

Although automation might lead to a huge number of layoffs, the study further speculates that it will also inject many new jobs in the labor market (see Table 3).

However, the creation of these new jobs does not mean that the existing low-skilled workers in the RMG sector will be able to undertake those specialized roles owing to skill mismatch. Moreover, garment owners also might not deem the retraining and upskilling option of these large number of labor force viable as it will be both time-consuming and have high-cost implications. Rather, they might opt for using more sophisticated automated technologies induced by AI for sustaining a cutting edge in the business. As a matter of consequence, there is a high possibility of workers getting outnumbered by machines in the next two decades, as has been the case in few Chinese RMG factories (Saadat 2019). In addition, there is a high possibility that the gender composition of this sector's labor force might drastically change. An independent think tank in Bangladesh, CPD (Centre for Policy Dialogue) found that automation in the garments sector is already causing more job cuts of female workers

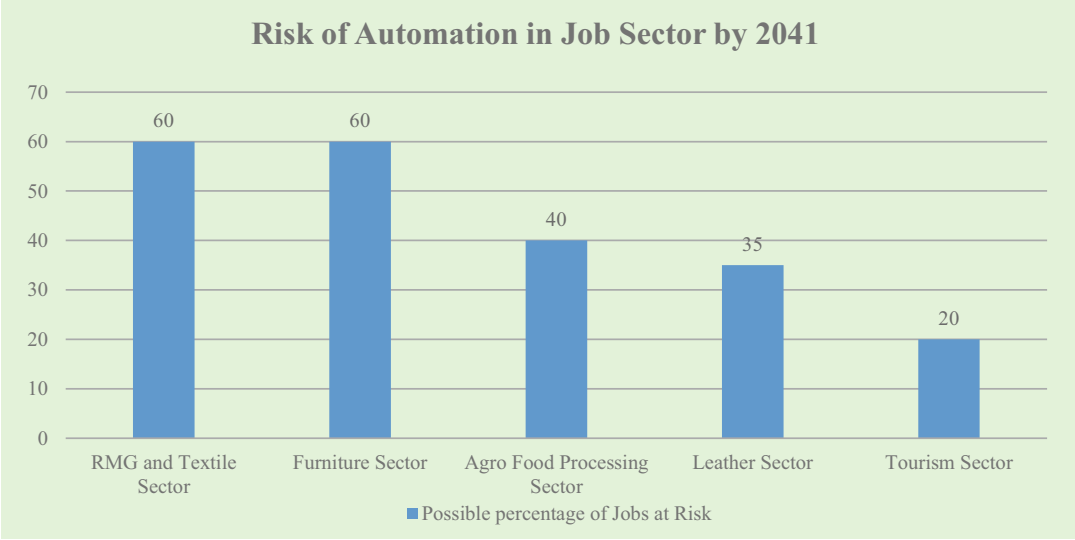


**Artificial Intelligence and the Future of Labor Market in Bangladesh, Fig. 1** Risk of automation in job sectors by 2041. (Adapted from Ahmed et al. (2019))

**Artificial Intelligence and the Future of Labor Market in Bangladesh, Table 2** Major jobs in the RMG and textile sector which are most exposed to automation. (Adapted from Ahmed et al. (2019) and Khan (2019))

| Occupations | Possible number of job losses |
|---|---|
| Sewing operators who operate single needle lockstitch machine, double-needle lockstitch machine, single and double-needle chain stitch machine, sewing machine mechanic | 500,000 |
| Floor supervisor, pattern maker | 10,000 |
| Pattern making for knitwear, quality control, production planner, merchandiser | 10,000 |
| CAD–CAM operator, fashion designer production planner, and controller, portfolio developer | 5000 |

**Artificial Intelligence and the Future of Labor Market in Bangladesh, Table 3** Emerging new occupations in the RMG and textile sector. (Adapted from Ahmed et al. (2019) and Khan (2019))

| New occupations | Areas of application |
|---|---|
| Artificial neural network expert | Fabrics inspection, color solutions, garment inspection, supply chain, and retail management |
| Computer-aided process planning professional | Production planning linkage between CAD and CAM |
| Automated inspection | Fabric trims inspection |
| Computer-aided quality-control professional | Garment inspection and statistical process control |
| Automated material handling devices | Fabric, pattern, and semi-finished garment handling |
| Computer-aided training professional | Intermediate testing of semi-finished materials or final inspection |
| Pick and place robot operator | Fabric handling for sewing |
| Automated fusing and pressing machine operator | Fusing and pressing operation |
| Enterprise resource planning expert | Fabric storage, spreading, cutting, sewing, pressing packaging, human resources, inspection, supply chain, and retailing |
| Numerical controller | Sewing, buttonholing and button attaching |

than their male counterparts for the last few years. This has mostly happened because of the stereotyped mentality that female labors are not worthy of being retrained (The Daily Star 2018b).

Regarding the possible implications of AI applications on the RMG and textile sector's labor market in Bangladesh, one of the senior Professors from the Department of Development Studies, University of Dhaka, stated that:

> Well, to be honest, AI applications in RMG and the textile sector will create few pockets who will reap its benefits. However, those benefits won't filter down. Many small and medium garment factories will suffer to cope up with the emerging scenario. And so, there is a strong possibility that Bangladesh will see many mergers and acquisitions, particularly in this sector in the next few years. Already it is evident that the new jobs that automation and AI applications will generate will require more specialized skills. The worrying factor for the nation is that there is an adequate shortage of such skilled labor both within the existing RMG and textile units and also in the entire labor market in Bangladesh. Moreover, as there is very little linkage with the tertiary educational institutions and RMG and textile industries, there is no such assurance that the vacuum will be filled up from the supply of fresh graduates that each year these institutions produce. Consequently, this will create more dependency for expatriate workers in Bangladesh for bridging that gap. Anecdotal evidence suggests that the sector employs around 4,00,000 to 5,00,000 Indian and Sri Lankan nationals who are highly skilled and occupying the middle and senior managerial positions in different RMG units, although the country suffers from high unemployment and underemployment issues. Thus it means that this figure of expatriate workers will drastically increase in the next two decades which might cause a social disruption. (Key Informant Interview)

Perhaps, the biggest risk that Bangladeshi garment factories might have to encounter in the next two decades is the threat of reshoring, as cheap labor is no longer a necessary factor for producing RMG and textile products (Yusuf 2017; Khan 2019; Green 2017). In this regard, Thomasson and Michalska (2017) noted that Adidas has recently shifted their production of sneakers from Asia to the USA and Germany for two reasons-first, the production line by robots will be much cheaper than by humans; second – closer proximity to the main markets. A similar scenario might also take place in Bangladesh apparel

industry which can disrupt the entire nation's economy. Interestingly though, one of the Executive Directors of Babylon Group, who was interviewed had a different perspective regarding this. He stated that:

> Although there is much anxiety about reshoring owing to automation and AI application in the RMG and textile sector, it is very much unlikely to happen. This is because reshoring has its own cost. When the developed countries will do the cost-benefit analysis, they won't find the reshoring option viable. Also, automation and the use of AI in this sector is all about making the production system smoother and sustaining the competitive advantage. It is true that there will be few displacements in this sector's labor force but seriously speaking, there is nothing much to panic about. Similar predictions were made when the Rana Plaza incident happened in Bangladesh back in 2013. Scholars from home and abroad made pessimistic predictions that reshoring will take place very soon. But has it happened? No. Predictions are not always cent percent correct. I believe that cheap labor will still be something that Bangladesh can cash on for quite some time. (Key Informant Interview)

## Concluding Remarks

It is evident from the above discussion that in the next two decades, there might be a massive disruption in the labor market of Bangladeshi RMG and textile sector owing to AI applications. However, the adoption of AI in the apparel sector won't be a zero-sum game for Bangladesh as it will have both substitution and complementary effects. Interestingly though, when compared with its complementary and creation effect (i.e., creation of few pockets for big apparel industries and generation of new high-skilled jobs) with the substitution effect (large-scale job cuts leading to social disruption, dependency on expatriate workers, change of gender composition of labor force, and threat of reshoring), it appears that the negative impact will outweigh whatever positive implications it might create. Therefore, it is pertinent that the Bangladesh government and concerned policymakers plan ahead and act strategically so that adverse effects that might be created in the coming years can be minimized to a certain extent. Firstly, special retraining and upskilling programs should be arranged for facilitating the laid-off workers in settling for other jobs. Secondly, industry-academia linkage is now a crying need to ensure that an adequate flow of skilled labor force can come from the national labor market that will subsequently reduce the dependency on the expatriate workers. Thirdly, special financial incentives should be provided to small and medium garment factories so that they can adjust to the forthcoming automation changes and sustain their business rather than falling prey to acquisition from big brother.

## Cross-References

► Artificial Intelligence in the Public Sector

## References

Accenture (2018) How artificial intelligence can drive diversification in the Middle East. Accenture Consulting. Retrieved from https://www.accenture.com/_acnmedia/pdf-77/accenture-impact-ai-gdp-middle-east.pdf. Accessed 4 June 2021

Acemoglu D, Restrepo P (2018) Artificial intelligence, automation and work. National Bureau of Economic Research working paper no. 24196, pp 1–43

Ahmed AU, Zaman AU, Hossain K, Sultana R (2019) Future skills: finding emerging skills to tackle the challenges of automation in Bangladesh. Retrieved from http://a2i.gov.bd/publication/automation-in-bangladesh/. Accessed 4 June 2021

Aly H (2020) Digital transformation, development and productivity in developing countries: is artificial intelligence a curse or a blessing? Rev Econ Polit Sci. https://doi.org/10.1108/REPS-11-2019-0145

Atkinson RD (2017) Unfortunately, technology will not eliminate many jobs. Information Technology and Innovation Foundation (online). Available at https://itif.org/publications/2017/08/07/unfortunately-technology-will-not-eliminate-many-jobs. Accessed 4 June 2021

Autor DH (2015) Why are there still so many jobs? The history and future of workplace automation. J Econ Perspect 29(3):3–30

Bakhshi H, Downing JM, Osborne MA, Schneider P (2017) The future of skills: employment in 2030. Pearson, London

Bari MA (2021) Bangladesh in the age of artificial intelligence. The Daily Star, January 04. Retrieved from https://www.thedailystar.net/opinion/news/bangladesh-the-age-artificial-intelligence-2021801. Accessed 4 June 2021

Behtarin J, Rashid S, Basher S (2020) Automation is not hurting RMG employment. . . yet. The Daily Star, June 25. Retrieved from https://www.thedailystar.net/opinion/news/automation-not-hurting-rmg-employment-yet-1919897. Accessed 4 June 2021

Bloom DE, McKenna M, Prettner K (2018) Demography, unemployment, automation, and digitalization: implications for the creation of (decent) jobs, 2010–2030. National Bureau of Economic Research working paper no. 24835, pp 1–34

Brynjolfsson E, McAfee A (2014) The second machine age: work, progress, and prosperity in a time of brilliant technologies. W. W. Norton & Company, London

Brynjolfsson E, McAfee A (2017) Machine, platform, crowd: harnessing our digital future. W. W. Norton, New York

Callaghan V, Miller J, Yampolskiy R, Armstrong S (eds) (2017) The technological singularity: managing the journey. Springer, Berlin

Crabtree J (2018) Robots threaten Asian jobs: automation risks hitting the region's low-skill industrial posts. Retrieved from https://asia.nikkei.com/Opinion/Robots-threaten-Asian-jobs2. Accessed 4 June 2021

Deegahawathura H (2018) The garment industry's technology challenge. Retrieved from http://rmg-study.cpd.org.bd/the-garment-industrys-technology-challenge/. Accessed 4 June 2021

Deowan SA (2020) Artificial intelligence: Bangladesh perspective. The Business Standard, February 12. Retrieved from https://www.tbsnews.net/tech/artificial-intelligence-bangladesh-perspective-44017. Accessed 4 June 2021

Ford M (2015) The rise of the robots. Basic Books, New York

Frey CB, Osborne MA (2013) The future of employment: how susceptible are jobs to computerization. Oxford, Martin School. http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf

Frey CB, Osborne MA (2017) The future of employment: how susceptible are jobs to computerisation? Technol Forecast Soc Chang 114:254–280

Green D (2017) What does artificial intelligence mean for the future of poor countries?. Retrieved from https://oxfamblogs.org/fp2p/what-does-artificial-intelligence-mean-for-the-future-of-poor-countries/. Accessed 4 June 2021

Hasan M (2017) Supply chain management in readymade garments industry of Bangladesh. Asian Bus Rev 7(3): 103–110

IBM Cloud Education (2020) Artificial intelligence (AI). Retrieved from https://www.ibm.com/cloud/learn/what-is-artificial-intelligence. Accessed 4 June 2021

Islam I (2018) Automation and the future of employment: implications for India. South Asian J Hum Resour Manag 5(2):234–243

Khan SR (2019) Apparel 4.0: the next big thing. Retrieved from https://www.textiletoday.com.bd/apparel-4-0-the-next-big-thing/. Accessed 4 June 2021

Khan SS (2019a) Automation: a threat for RMG workers or an opportunity for the sector as a whole?. The Daily Star, October 18. Retrieved from https://www.thedailystar.net/star-weekend/news/automation-threat-rmg-workers-or-opportunity-the-sector-whole-1814956. Accessed 4 June 2021

Khan SS (2019b) Is automation a threat for RMG workers in Bangladesh?. The Financial Express, October 11. Retrieved from https://www.globaltimes.cn/content/1166912.shtml. Accessed 4 June 2021

Kurzweil R (2005) The singularity is near. When humans transcend biology. Duckworth Overlook, London

Lane M, Saint-Martin A (2021) The impact of artificial intelligence on the labor market: what do we know so far?. OECD social, employment and migration working papers no. 256, pp 1–61

LightCastle Analytics Wing (2018) RMG and textiles sector in Bangladesh. Retrieved from https://databd.co/stories/rmg-and-textiles-sector-in-bangladesh-526. Accessed 4 June 2021

Makridakis S (2017) The forthcoming artificial intelligence (AI) revolution: its impact on society and firms. Futures 90:46–60

McKinsey Global Institute (2017) A future that works: automation, employment and productivity. Retrieved from https://www.mckinsey.com/global-themes/digital-disruption/harnessing-automation-for-a-future-that-works. Accessed 4 June 2021

OECD (2017) Future of work and skills. Paper presented at the 2nd meeting of the G20 employment working group, Hamburg, 15–17 February 2017

Ovi IH (2017) RMG factories turn to technology to maintain competitive advantage. Dhaka Tribune, November 27. Retrieved from https://www.dhakatribune.com/feature/tech/2017/11/27/rmg-sector-software-cutting-technology. Accessed 4 June 2021

Oxford Martin School (2016) Technology at work: v2.0. Citi GPS: Global Perspectives and Solutions. Retrieved from http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi_GPS_Technology_Work_2.pdf. Accessed 4 June 2021

Pew Research (2014 ) AI, robotics, and the future of jobs. Retrived from https://www.pewresearch.org/internet/2014/08/06/future-of-jobs/. Accessed 4 June 2021

Robson C, McCartan K (2016) Real world research: a resources for users of social research methods in applied setting, 4th edn. Wiley, Chichester

Saadat SY (2019) Employment in the age of automation: what policymakers should consider. The Daily Star, January 19. Retrieved from https://www.thedailystar.net/opinion/perspective/news/employment-the-age-automation-1689487. Accessed 4 June 2021

Saha A, Sarker T (2019) AI in Asia: challenges and opportunities. Retrieved from https://www.brinknews.com/challenges-and-opportunities-of-ai-in-asia/. Accessed 4 June 2021

Shanahan M (2015) The technological singularity. MIT Press, Cambridge, MA

Stone P, Brooks R, Brynjolfsson E, Calo R, Etzioni O, Hager G, Hirschberg J, Kalyanakrishnan S, Kamar E,

Kraus S, Leyton-Brown K (2016) Artificial intelligence and life in 2030: the one hundred year study on artificial intelligence. Stanford University, Stanford
The Daily Star (2018a) Automation to cut 53.8 lakh jobs by 2041: study. The Daily Star, December 21. Retrieved from https://www.thedailystar.net/business/news/automation-cut-538-lakh-jobs-2041-study-1676683. Accessed 4 June 2021
The Daily Star (2018b) Women losing more jobs to automation: CPD study. The Daily Star, March 04. Retrieved from https://www.thedailystar.net/business/women-losing-more-jobs-automation-cpd-study-1543222. Accessed 4 June 2021
Thomasson E, Michalska A (2017) Adidas to mass-produce 3D-printed shoe with Silicon Valley start-up. Retrieved from https://www.reuters.com/article/us-adidas manufacturing/adidas-to-mass-produce-3d-printed-shoe-with-silicon-valley-start-up-idUSKBN1790F6. Accessed 4 June 2021
Uddin M (2018) Artificial intelligence in RMG: what's in store for Bangladesh?. The Daily Star, September 10. Retrieved from https://www.thedailystar.net/opinion/perspective/news/whats-store-bangladesh-1631515. Accessed 4 May 2021
Uddin M (2019) Technology and sustainability in RMG. Dhaka Tribune, March 23. Retrieved from https://www.dhakatribune.com/opinion/op-ed/2019/03/23/technology-and-sustainability-in-rmg. Accessed 4 June 2021
World Bank (2016) World Development Report: digital dividends. World Bank, Washington, DC
Yusuf S (2017) Automation, AI, and the emerging economies. Centre for Global Development. Retrieved from https://www.cgdev.org/publication/automation-ai-and-emerging-economies. Accessed 4 June 2021
Zinser M, Rose J, Sirkin H (2015) The robotics revolution: the next great leap in manufacturing. Boston Consulting Group. Retrieved from https://www.bcg.com/publications/2015/lean-manufacturing-innovation-robotics-revolution-next-great-leap-manufacturing. Accessed 4 June 2021

# Artificial Intelligence in the Public Sector

Bernd W. Wirtz and Jan C. Weyerer
German University of Administrative Sciences Speyer, Speyer, Germany

## Synonyms

AI; Intelligent automation; Machine intelligence; Machine learning; Robotics

## Definition

Artificial intelligence (AI) describes the capability of a computer system to perform human-like intelligent behavior and problem solving by means of specific core competencies, comprising perception, understanding, action, and learning.

## Introduction

Artificial intelligence (AI) has become an important topic for government and the public sector around the world (compare for the following Wirtz et al. 2018). This importance mainly results from AI's ability to significantly contribute to the problem solving of long-standing issues in the public sector, such as high turnover rates, large unmanageable caseloads, administrative burdens, long waiting times, and delays in service delivery and language barriers. Accordingly, AI can provide great benefits for governments, the public sector, and society as a whole, including automated working processes, reduced administrative burden, greater working efficiency, as well as improved decision-making and service quality (Eggers et al. 2017). Against this background, governments across the globe are increasingly acknowledging the potential of AI for economic and social progress, introducing specific AI development programs and heavily investing in the field of AI (Wirtz et al. 2018). As a result, a growing number of governments and public authorities have introduced AI applications within the scope of pilot projects (Herman 2017a; Mehr 2017).

However, due to the novelty of AI implementation and use in the public sector, AI applications are still emerging and are therefore not sufficiently known and fully used in the public sector. Likewise, the associated risks and challenges are relatively unknown and thus remain widely unaddressed, potentially threatening the secure and successful implementation and application of AI in the public sector. Against this background, Wirtz et al. (2018) have identified and systematized AI applications and related challenges in the public sector, providing a comprehensive overview thereof.

## AI Applications in the Public Sector

In order to be able to determine the best AI-based solution for a certain objective, requires governments and public authorities to gain a holistic understanding of the manifold AI-based opportunities in advance. In doing so, they need to be aware of and take into account the full range of potential AI applications, including AI-based knowledge management software, AI process automation systems, virtual agents, predictive analytics and data visualization, identity analytics, cognitive robotics and autonomous systems, recommendation systems, intelligent digital assistants, speech analytics, as well as cognitive security analytics and threat intelligence. More particularly, governments and public authorities also need to understand the functional proposition and value creation with regard to these applications. These aspects are summarized and described in the integrated matrix of potential AI applications for the public sector of Wirtz et al. (2018) in Table 1.

## AI Challenges in the Public Sector

While the implementation and application of AI in the public sector can take place in a number of ways, they are also subject to a variety of major risks and challenges. Overcoming these risks and challenges is not only a complex and demanding task for governments and public authorities but also a crucial success factor of AI in terms of effectiveness, security, and acceptance. Against this background, Fig. 1 depicts the Four-AI-Challenges Model of Wirtz et al. (2018) that represents an integrated approach to visualize the key challenges of AI that need to be considered and where necessary systematically addressed when implementing and applying AI-based solutions in the public sector.

The Four-AI-Challenges Model proposes four major dimensions of AI challenges, including AI technology implementation, AI law and regulations, AI ethics, and AI society, which in turn are composed of certain subchallenges.

## AI Technology Implementation

The dimension of AI technology implementation includes the challenges of AI safety, system/data quality and integration, financial feasibility, as well as specialization and expertise. AI safety refers to the challenge of ensuring that an AI application operates in a safe and reliable manner (Boyd and Wilson 2017). Another major challenge is ensuring an appropriate quality and integration of AI systems and data, since these determine the learning success of AI applications and thus also their smartness and performance (EY 2018). Moreover, financial feasibility or insufficient budget are among the most important challenges in the context of AI technology implementation, especially due to the high technological, labor, and training costs (Bughin et al. 2017; Roberts 2017; EY 2018). Finally, the great lack of AI-related specialization in the workforce and the shortage of well-trained AI experts represents a central challenge when it comes to implementing AI applications (EY 2018).

## AI Law and Regulations

The dimension of AI law and regulations comprises the challenges of governance of autonomous intelligence system, responsibility, and accountability, as well as privacy/safety. The governance of autonomous intelligence systems pertains to the challenge of understanding and controlling the often black-box-like behavior and decision-making of AI applications, as well as establishing effective and transnationally compatible governance mechanisms and systems (Bostrom et al. 2016; Gasser and Almeida 2017). Another major challenge refers to legally determining who can be held responsible and accountable for the behavior and decisions of AI applications, which is a controversial issue given that AI applications may defy from human control, leading to a responsibility gap (Matthias 2004; Johnson 2015). The last challenge in the context of AI law and regulations is securing humans' privacy by protecting personal data and sensitive network resources through effective laws and policies (Wirtz et al. 2018).

**Artificial Intelligence in the Public Sector, Table 1** Integrated overview of potential AI applications for the public sector

| AI application | AI value creation and functional proposition | Public sector use cases |
|---|---|---|
| AI-based knowledge management (KM) software | Generation and systematization of knowledge – gather, sort, transform, record, and share knowledge<br>Expert systems can support the codification of the knowledge of KM<br>Use of neural networks enables to analyze, distribute, and share knowledge with others | Clinical documentation powered by AI (Lin et al. 2018) |
| AI process automation systems | Automation of standard tasks; perform formal logical tasks with unpredictable conditions in consistent quality<br>Complex human action processes (formal logical or dangerous tasks) can be transferred to automation systems, which can support humans in performing tasks<br>May include rule-based assessment, workflow processing, schema-based suggestions, data mining, case-based reasoning, intelligent sensor technology<br>Robotic process automation has emerged as a subarea through further technology innovations. This leverages the ability of software robots or AI-driven workers to mimic human interaction with user interfaces of software systems | Faster and higher quality request processing for immigration application forms (Chun 2007)<br>Automated image diagnoses (Collier et al. 2017).<br>Human-computer interaction for repetitive tasks like data entry etc. (Jefferies 2016) |
| Virtual agents | Computer-based system that interacts with the user by means of speech analytics, computer vision, written data input but may also include real-time universal translation and natural language processing systems and affective computing<br>Software that can perform tasks for humans<br>Subareas are chatbots and avatars | Task allocation according to the respective area of responsibility of a specific agency (smart HR services) (Zheng et al. 2018)<br>Virtual nursing assistant (Collier et al. 2017)<br>A chatbot for helping refugees that seek asylum to fill out and search documents (Mehr 2017) |
| Predictive analytics and data visualization | These analytics are based on quantitative and statistical analysis of data.<br>Processing of big data for reporting, prescriptive analysis, and predictive analysis<br>Machine learning as a technical subarea based on algorithms that can learn from data | Control and performance monitoring in public areas for police departments to determine terror threats and crime hotspots for preventive action (Power 2016)<br>Determine high crime-risk situations to secure public transport (Kouziokas 2017)<br>Forecast model to predict water levels (Kouziokas et al. 2017) |
| Identity analytics | Software combined with big data, advanced analytics, and identity access management to control the access to IT systems and automate risk-based identity checks<br>May include deep learning and machine learning, affective computing, and artificial immune systems | Facial recognition software to verify or identify criminals in public areas (Power 2016)<br>AI fraud detection to secure governmental data (Hemken and Gray 2016) |
| Cognitive robotics and autonomous systems | Systems with higher-level cognitive functions that involve knowledge representation and are able to learn and respond<br>Sometimes in connection with affective computing to determine and adapt human behavior as well as respond to respective emotions | Electric-powered autonomous vehicles for public transport (Christchurch International Airport Limited 2016; Jefferies 2016)<br>Robot-assisted surgery (Collier et al. 2017) |

(continued)

**Artificial Intelligence in the Public Sector, Table 1** (continued)

| AI application | AI value creation and functional proposition | Public sector use cases |
|---|---|---|
| Recommendation systems | An information filtering system<br>Software-based systems that screen personalized information to predict preferences of individuals | E-service for government offices to provide personalized information for employees (Cortés-Cediel et al. 2017) |
| Intelligent digital assistants (IDA) | Software based on speech analytics<br>Providing an intuitive interface between a user and a system/device to search for information or complete simple tasks | Connecting federal programs to IDAs to make public service information available for customers (Herman 2017b)<br>IDA-Amelia to help residents locate information and complete applications forms using speech analytics and affective computing (Jefferies 2016) |
| Speech analytics | Software for intelligent recognition and processing of language<br>Understand or respond to natural language<br>Translate from spoken to written language or from one to another natural language<br>May include real-time universal translation and natural language processing systems | Real-time universal translation (Microsoft 2018) to translate speech and text in face-to-face communications in public service settings<br>Administrative workflow assistance with voice to text transcription (Collier et al. 2017) |
| Cognitive security analytics and threat intelligence | Additional application for cognitive technologies to analyze security information through natural language processing and machine learning<br>Interpret and organize information and provide reasoning | Applications like Watson for cybersecurity (Dheap 2017) to support human security analysis in the public sector |

## AI Ethics

The dimension of AI ethics involves the challenges of AI-rulemaking for human behavior, compatibility of machine versus human value judgment, moral dilemmas, and AI discrimination. AI-rulemaking for human behavior refers to the issue of whether it is ethically justifiable to allow AI applications that lack certain human traits and constitutional personhood to determine the rules of human behavior (Wirtz et al. 2018). In addition, the compatibility of machine versus human value judgment represents another important ethical challenge, as it is associated with the difficult task of integrating the ethical principles of human behavior and decision-making into AI applications, in order to prevent AI applications from developing their own system of values that may be a potential threat to humans (Mittelstadt et al. 2016).

Closely connected to this issue are moral dilemmas that refer to the challenge of ethically educating AI applications in such a way so that they are able to make ethical decisions in situations where only negative outcomes are possible, including life and death decisions (Conitzer et al. 2017). Finally, AI discrimination as another ethical challenge involves the development of measures that help to eliminate discriminatory behavior and decisions of AI applications as well as to prevent the transmission of discriminatory prejudices and stereotypes from humans to AI applications, particularly in the course of AI programming and data transfer (Citron and Pasquale 2014; Mittelstadt et al. 2016).

## AI Society

The dimension of AI society includes the challenges of workforce substitution and transformation, social acceptance and trust in AI, as well as the transformation of H2M/M2M interaction. Workforce substitution and transformation represents a major social challenge, as AI applications will replace and complement human labor leading to high unemployment as well as changed job profiles and requirements that demand AI-specific skills (Bataller and

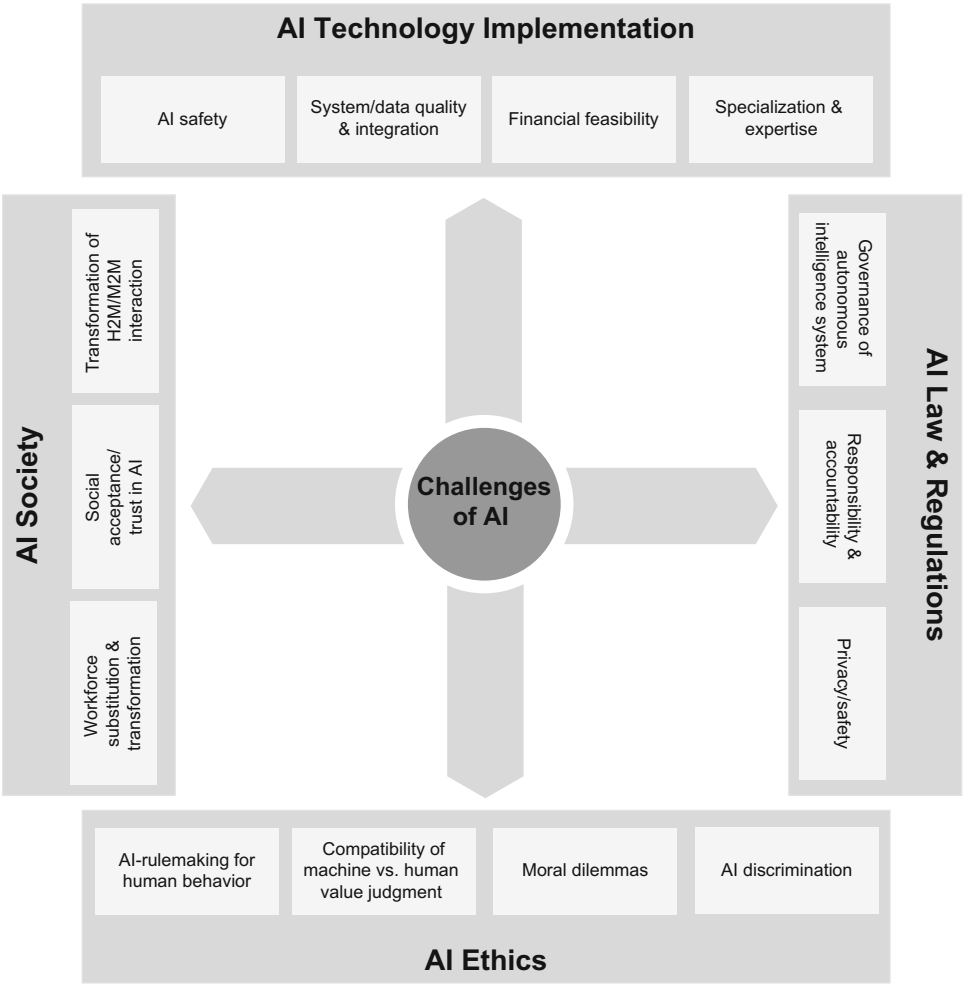


**Artificial Intelligence in the Public Sector, Fig. 1** Four-AI-Challenges model

Harris 2016; Manyika et al. 2017; EY 2018). Another social challenge in connection with AI refers to establishing social acceptance and trust, overcoming current concerns and uncertainties in society with regard to AI and its potential risks (Fast and Horvitz 2017; Johnson and Verdicchio 2017). Finally, the transformation of H2M/M2M interaction due to AI is also a challenging issue because of the difficulty to reproduce all details of human interaction in AI-related interactions, which is essential for understanding the mode of operation of AI applications and maintaining human control in these interactions (Wirtz et al. 2018).

## Conclusion

AI is a technological concept that is becoming increasingly important to governments and the public sector due to its revolutionary potential to increase the effectiveness, efficiency, and quality of public service delivery. However, AI is still in its infancy stage of development in the public sector and has so far been primarily applied in the context of pilot programs. Against this background, applications for the public sector have been emerging recently, including AI-based knowledge management software, AI process automation systems, virtual agents, predictive

analytics and data visualization, identity analytics, cognitive robotics and autonomous systems, recommendation systems, intelligent digital assistants, speech analytics, as well as cognitive security analytics and threat intelligence (Wirtz et al. 2018).

As AI is increasingly entering the public realm, the great challenges and risks associated with its implementation and application become also more relevant. A consideration and critical appraisal of these challenges and risks, which can be technological implementation-related, legal-regulatory, ethical, and social in nature, is mandatory for a responsible, secure, and expedient approach to AI (Wirtz et al. 2018). Overcoming these challenges and risks will be decisive for the future success and acceptance of AI in the public sector and society. Accordingly, pertinent regulation and risk management will take on an important role in the future.

## Cross-References


- ▶ E-Government and Corruption
- ▶ Innovation and the Public Workplace
- ▶ Law and Public Administration Innovation
- ▶ Leadership and Technology
- ▶ Leading Innovation
- ▶ Modernity and Bureaucracy


## References


Bataller C, Harris J (2016) Turning artificial intelligence into business value. Today. https://www.accenture.com/t20160401T100530__w__/us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Technology_11/Accenture-Turning-Artificial-Intelligence-into-Business-Value.pdf. Accessed 29 June 2018

Bostrom N, Dafoe A, Flynn C (2016) Policy Desiderata in the development of machine superintelligence. Future of Humanity Institute, University of Oxford. https://www.fhi.ox.ac.uk/wp-content/uploads/Policy-Desiderata-in-the-Development-of-Machine-Superintelligence.pdf. Checked on 8 June 2018

Boyd M, Wilson N (2017) Rapid developments in artificial intelligence: how might the New Zealand Government respond? Policy Q 13(4):36–44

Bughin J, Hazan E, Ramaswamy S, Chui M, Allas T, Dahlström P et al (2017) Artificial intelligence: the next digital frontier? Edited by McKinsey Global Institute. https://www.mckinsey.com/~/media/McKinsey/Industries/Advanced%20Electronics/Our%20Insights/How%20artificial%20intelligence%20can%20deliver%20real%20value%20to%20companies/MGI-Artificial-Intelligence-Discussion-paper.ashx. Checked on 29 June 2018

Christchurch International Airport Limited (2016) New Zealands's first trial of autonomus vehicle announced. http://www.christchurchairport.co.nz/media/. Checked on 2 June 2018

Chun AHW (2007) Using AI for e-government automatic assessment of immigration application forms. In: Proceedings of the national conference on artificial intelligence, AAAI 2007, Vancouver, BC, Canada, vol 2, pp 1684–1691

Citron DK, Pasquale FA (2014) The scored society: due process for automated predictions. Wash Law Rev 89(1):1–33

Collier M, Fu R, Yin L (2017) Artifical intelligence: healthcare's new nervous system. Edited by Accenture. https://www.accenture.com/t20170418T023052Z__w__/au-en/_acnmedia/PDF-49/Accenture-Health-Artificial-Intelligence.pdf#zoom=50. Checked on 29 June 2018

Conitzer V, Sinnott-Armstrong W, Borg JS, Deng Y, Kramer M (2017) Moral decision making frameworks for artificial intelligence. In: Proceedings of the 31st AAAI conference on artificial intelligence, AAAI 2017, San Francisco, CA, USA, pp 4831–4835

Cortés-Cediel ME, Cantador I, Gil O (2017) Recommender systems for e-governance in smart cities. In: Yang J, Sun Z, Bozzon A, Zhang J, Larson M (eds) Proceedings of the international workshop on citizens for recommender systems – CitRec '17. The International Workshop, Como, Italy, 31.08.2017. ACM Press, New York, pp 1–6

Dheap V (2017) IBM QRadar advisor with Watson: revolutionizing the way security analysts work. Edited by IBM. https://securityintelligence.com/ibm-qradar-advisor-with-watson-revolutionizing-the-way-security-analysts-work/. Checked on 2 July 2018

Eggers WD, Fishman T, Kishnani P (2017) AI-augmented human services: using cognitive technologies to transform program delivery. Edited by Deloitte. https://www2.deloitte.com/content/dam/insights/us/articles/4152_AI-human-services/4152_AI-human-services.pdf. Checked on 2 July 2018

EY (2018) The growing impact of AI on business. Edited by MIT Technology Review. https://www.technologyreview.com/s/611013/the-growing-impact-of-ai-on-business/. Checked on 7 June 2018

Fast E, Horvitz E (2017) Long-term trends in the public perception of artificial intelligence. In: Proceedings of the thirty-first AAAI conference on artificial intelligence (AAAI-17), pp 963–969

Gasser U, Almeida VAF (2017) A layered model for AI governance. IEEE Internet Comput 21(6):58–62

Hemken T, Gray C (2016) Smart move: technologies make their mark on public service. Edited by Accenture. https://www.accenture.com/t20170224T040950Z__w__/us-en/_acnmedia/PDF-36/Accenture-Public-

Service-Emerging-Technologies-Slideshare.pdf. Checked on 29 June 2018
Herman J (2017a) Federal pilot to integrate public services into intelligent personal assistants. Edited by DigitalGov. U.S. General Services Administration. https://digital.gov/2017/04/24/federal-pilot-to-integrate-public-services-into-intelligent-personal-assistants/. Checked on 5 June 2018
Herman J (2017b) Opening public services to artificial intelligence assistants. Edited by U.S. General Services Administration. https://www.gsa.gov/blog/2017/06/06/Opening-Public-Services-to-Artificial-Intelligence-Assistants. Checked on 6 June 2018
Jefferies D (2016) The automated city: do we still need humans to run public services? Edited by The Guardian. https://www.theguardian.com/cities/2016/sep/20/automated-city-robots-run-public-services-councils. Checked on 2 July 2018
Johnson DG (2015) Technology with no human responsibility? J Bus Ethics 127(4):707–715. https://doi.org/10.1007/s10551-014-2180-1
Johnson DG, Verdicchio M (2017) AI anxiety. J Assoc Inf Sci Technol 68(9):2267–2270
Kouziokas GN (2017) The application of artificial intelligence in public administration for forecasting high crime risk transportation areas in urban environment. Transp Res Procedia 24:467–473
Kouziokas G, Chatzigeorgiou A, Perakis K (2017) Artificial intelligence and regression analysis in predicting ground water levels in public administration. Eur Water Publ 57:361–366
Lin SY, Shanafelt TD, Asch SM (2018) Reimagining clinical documentation with artificial intelligence. Mayo Clin Proc 93(5):563–565. https://doi.org/10.1016/j.mayocp.2018.02.016
Manyika J, Chui M, Miremadi M, Bughin J, George K, Willmott P, Dewhurst M (2017) A future that works: automation, employment, and productivity. Edited by McKinsey Global Institute. https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Digital%20Disruption/Harnessing%20automation%20for%20a%20future%20that%20works/MGI-A-future-that-works_Full-report.ashx. Checked on 20 June 2018
Matthias A (2004) The responsibility gap: ascribing responsibility for the actions of learning automata. Ethics Inf Technol 6(3):175–183. https://doi.org/10.1007/s10676-004-3422-1
Mehr H (2017) Artificial intelligence for citizen services and government. Harvard Kennedy School, Ash Center for Democratic Governance and Innovation, Cambridge, MA. https://ash.harvard.edu/files/ash/files/artificial_intelligence_for_citizen_services.pdf. Checked on 2 July 2018
Microsoft (2018) Machine translation. https://www.microsoft.com/en-us/translator/mt.aspx. Checked on 2 July 2018
Mittelstadt BD, Allo P, Taddeo M, Wachter S, Floridi L (2016) The ethics of algorithms: mapping the debate. Big Data Soc 3(2):1–21. https://doi.org/10.1177/2053951716679679
Power DJ (2016) "Big Brother" can watch us. J Decis Syst 25(Suppl 1):578–588
Roberts Al (2017) Five big challenges to AI adoption and success. Edited by ClickZ. https://www.clickz.com/five-big-challenges-to-ai-adoption-and-success/112795/. Checked on 2 July 2018
Wirtz BW, Weyerer JC, Geyer C (2018) Artificial intelligence and the public sector – applications and challenges. Int J Public Adm 13(7):1–20. https://doi.org/10.1080/01900692.2018.1498103
Zheng Y, Yu H, Cui L, Miao C, Leung C, Yang Q (2018) SmartHS: an AI platform for improving government service provision. In: The thirtieth AAAI conference on innovative applications of artificial intelligence (IAAI-18), pp 7704–7711. https://www.aaai.org/ocs/index.php/AAAI/AAAI18/paper/view/16041/16369. Checked on 2 July 2018

A

# Assessing Procurement Reforms in Russia

Konstantin Igorevich Golovshinskiy
National Research University Higher School of Economics (HSE), Moscow, Russia

## Synonyms

Assessment; Contract system; Evaluation; Guideline; Problems of procurement; Purchases in Russia; Recommendations; The Russian Federation; The Russian procurement system

## Definition

Russian Procurement Reforms, its characteristics and assessment, problems and recommendations addressing streamlining of the public procurement system in Russia.

## Introduction

In recent years, Russian procurement system was gradually changing and has attained many achievements.

**The website for placement of information on government procurement.** Over the last 10 years, the system of government procurement has significantly been updated and modernized. The centralized official site, where all tender

notices are published, is created. The official site is the full-fledged instrument of the common market in all territory of the country which allows all participants (irrespective of the place of their stay) to take part in the state or municipal competitions.

**Electronic platforms.** Development of system of the electronic platforms within public procurement since 2005, in fact, is implemented in model of the state private partnership. Electronic platforms give an opportunity of participation in the auctions and signing contracts without any paper. All infrastructure is created by operators of platforms, without investments from the state, which has allowed to save up to eight to ten billion rubles of budgetary funds.

**Procedural control.** Over the last 10 years, the system of procedural control, characterized by high efficiency and speed, has been created. Any applicant can appeal against violations of the competition at all stages of a cycle of public procurement. The number of such complaints is estimated in tens of thousands a year. Many hundreds of purchases are canceled because tender documentation contains rules that violate competition principles or the tender commission illegally rejects more competitive application.

## The Current Reforming

Since 2014 the ambitious attempt to construct service model of public procurement is implemented. It aims to build public procurement in more wider context of state programming and a goal-setting. The adopted Federal law No. 44-FZ is designed to provide the solution of this task.

The ideology of the Federal law No. 44-FZ provides that public procurement is one of the key services providing implementation of state programs. The service ideology creates conditions for effective regulation of a full cycle of ensuring the state needs – from planning of purchase to the final result, through monitoring and emphasis on control of results of performance of contracts, including public control.

## Problems

**Low level of credibility to the market of public procurement. Russian public procurement is indicated with low activity of players.**The low trust leads to a small amount of participants at competitions and finally, to the low level of the competition. In turn it demotivates business to take part in competitions. Confirmation of mistrust of the market to public procurement manifests in extremely low values of average number of participants at a competition (2–2,5 2,5 participants per procedure). At the same time, adoption of the Federal law No. 44-FZ has not changed the situation.

**Corruption level in public procurement remains high.** Neither the official site nor electronic auctions have transformed market of the state and municipal order so far to the mechanism, where always wins the offer which is the most favorable to the state. Many purchases continue to remain an enrichment source for a layer of the corrupted officials, but not means of achievement of tasks of state programs.

**Expenses of customers to run tenders' procedures have significantly grown.** Most of respondents customers have specified that tender process by new rules since 2014 demands huge expenses. Most of respondents have specified on noticeable (in two and more times) growth of the corresponding administrative costs. First of all, these expenses have been connected with the need of preparation of ample volume of documents at a stage of planning of purchases and justification of the prices and also with interaction with regulators (e.g., at coordination of purchases at the only supplier following the results of the competitive procedures, recognized cancelled).

**Low level of quality of service functions of a unified information system of public procurement.** One of the main problems of the **unified information system of public procurement** in Russia is the lack of analytical opportunities. It causes to low quality of planning and internal control in the sphere of procurement. The incompleteness of system of information support of

contract system is shown, first of all, in lack of the catalog of goods, works, and services. It constrains development of system of rationing and other components of system of government procurement.

## Main Directions of Reforming of System of Purchases

The recommendations, given below, are structured into two main parts – on system-wide recommendations (mention system of public procurement in general) and thematic recommendations (affect separate processes of the state and municipal order).

### System-Wide Recommendations

#### Debureaucratization

Rules of ensuring performance of contracts (200 – and more page documentation on purchases), rigid terms of a volume package of documents (preparation of the application demands the appeal on average to three instances), and impossibility to make changes to already submitted application all this averts private business from participation in procedures of purchases.

And on the one hand it deprives of the conscientious customer of an opportunity to select the best proposal of the reliable supplier. The real steps directed to removal of administrative barriers of participation in procurement are not undertaken yet. Moreover, in connection with transition to regulation on the new law the number of documents which should be "collected" for participation in the tender in some cases has even grown. It is necessary to simplify significantly an order of participation of subjects of small and medium business in the auction, to deprive of a possibility of customers to impose the overestimated requirements to participants of competitions/tenders.

It will create an opportunity for providing necessary confirmations not at a stage of submission of applications, but at a stage of signing contract or even performance of the contract. Certainly, the initiative of debureaucratization of purchases should not result in risks of delivery of low-quality goods, works, and services, since there are interests of citizens that are at stake.

#### Personalization of Responsibility

Long time the state reform was based on a paradigm of a detailed regulation of processes. The culture of bribery was offered "to be taken in pincers": on the one hand, to lock the official effectiveness indicators, on the other – to regulate his work with detailed instructions. Administrative regulations of rendering of services and the current legislation on contract system is obvious proof of this ideology's fiasco.

The first step has been taken in the Federal law No. 44-FZ: function of contract officers and the contract managing director is appeared. At the same time, the potential of contract managing staff corpus in a government procurement system is underused. People, who everyday have an opportunity to influence decision-making at the price of several billion rubles, have to work in special system of restrictions and encouragement.

In exchange for more strict requirements to the conflict of interests, use of polygraphs, disclosure of data not only on the income, but also expenses, contract officers have to get access to the compensation packages. It is normal corporate practice. Such approach will allow the state to enter the market of qualitative purchasing personnel and to involve directors of the contract services, having broad corporate experience and, above all, not having "slippery" or negative stories in the track record. For big customers, nondepartmental council has to be engaged in the selection of contract managing directors and employees of contract services.

Reputation mechanisms have to mention not only personnel structure of contract services, but also departments in general. Following the results of a periodic assessment of executive agencies' contract systems (competition level, economy, effectiveness of purchases), the worst departments have to lose the right to use difficult, discretionary and, therefore, more susceptible to corruption ways of purchase. Or they have to step

away and transfer their purchasing function to the centralized service purchasing agency (such as former British Office of Government and Commerce).

### Monitoring Not Only of Procedures, But Also Results

Russia already has experience of creation of effective system of procedural monitoring in the sphere of public procurement. The same pipeline shall be created concerning monitoring of informative results of purchases. Now such functions are assigned to financial monitoring agencies, but actually are carried out by nobody. Any citizen, as the user of results of performance of the state or municipal contract, shall acquire the right to make the complaint to low-quality service (the low-quality road, badly repaired playground, and so on). And authorized body of the power shall quickly consider the complaint and to make the decision, including following the results of instrumental check.

### The Fastest High-Quality Development and Deployment of the Catalogue of Goods, Operations, and Services

Absence of the Catalogue of goods, operations, and services leads to the fact that the main innovations of contract system, designed to provide new quality of system of government procurement, do not work. The Catalogue will allow to pass to different modes of planning of the repeating purchases on standard types of goods, operations, and services.

Absence of the Catalogue is also saving opacity in case of determination of the initial (maximum) price of the contract for standard goods, operations, and services. And it is saving monetary overpayment in a segment of public procurement, which reaches up to 10–15% of total amount of budget funds, allocated for purchases. Now it is impossible to use information on the prices on already held competitions for determination of initial maximum price of new purchase of goods, operations, and services in view of incomparability of names.

Without Catalogue, it is impossible to automate the processes of formation of declarations of purchase, protocols, contracts attracting essential labor costs for customers. Without directory, it is impossible to create complete library of standard contracts, to exercise high-quality control in the sphere of purchases.

Thus, the directory is a rod element of a unified information system, institutes of purchase planning, reasons for purchases, determination of the initial (maximum) price of the contract, and monitoring in the sphere of purchases. And also it provides decisions of indirect tasks of contract system – development of import substitution and stimulation of innovations.

### Electronic Shop

In quantitative expression in public procurement, small purchases dominate. Instead of a straight line of simple purchase, customers are forced to carry out difficult weeks-long procedures. For simple purchases of standard goods electronic shop should be introduced. It assumes placement on electronic platform of notices on purchase with the instruction on category of goods (work, service has to be used), his volume indicators, the initial (maximum) price, and also the required delivery time (rendering, performance). And for commission of small purchases (with the contract price to 10–20 thousand rubles), contract managing directors have to have an opportunity of use of debit cards of widespread payment service providers.

## Thematic Recommendations (Affect Separate Processes of the State and Municipal Order)

Thematic recommendations affect separate processes of the public procurement. The following measures should be also introduced in order to modernize Russian procurement system:

1. To create free for customers online support system (informing and consultation for customers and authorized bodies (organizations))
2. To simplify procurement rules, especially in the sphere of purchases planning

3. To create system of contracts' results monitoring
4. To create project management system focusing on large contracts (from 100 million rubles)
5. To develop and introduce library of standard contracts' forms
6. For reduction of expenses to carry out centralization of functions of purchases for small institutions with creation of uniform purchasing services at the level of their higher bodies of management
7. To provide opportunities for an independent assessment of efficiency of functioning of contract system

## Conclusions

The main drawbacks of the current contract system in Russia are:

- Low level of credibility to the market of public procurement
- Corruption level in public procurement remains high
- Low level of quality of service functions of a unified information system of public procurement

In order to improve the state of arts, some ambitious and resolute actions should be undertaken, aimed at:

- Procedure simplifications and business process streamlining within contract system
- Strengthening personal of responsibility
- Focusing on contract results during internal control performance
- The fastest high-quality development and deployment of the Catalogue of goods, operations and services
- Introducing of government-wide Electronic shop

## Cross-References

► Framework Agreement
► Key issues in E-Procurement in Russia
► Public Procurement in Russia

# Asset Management

Yulia Kasperskaya
Department of Economics and Business Organization, Faculty of Economics and Business, Universitat de Barcelona, Barcelona, Spain

## Synonyms

Corporate asset management; Property management; Real estate management; Strategic asset management

## Definition

Asset management includes all activities aimed at the maintenance and effective use of public assets in order to maximize societal well-being. In its narrower, more practical sense, asset management embraces acquisition planning and the recording, maintenance, and disposal of public assets by government entities and enterprises.

## Introduction

In serving their citizens, national and local governments are entitled to manage public assets of great economic and social value, including, for example, land, buildings, roads, natural resources, gold and currency reserves, and IT systems. Governments are also the guardians of the heritage and cultural assets that have to be preserved for future generations. This management of public assets has become an integral part of the broader package of financial management reforms, aimed at increasing the accountability, transparency, and efficiency of public service provision. In line with privately owned enterprises, today, public entities quantify the value of those assets that can be reliably measured so as to maximize their return to society. Sound asset management has become part of the good governance agenda, which seeks to control corruption, ensures greater governmental

effectiveness and accountability, and provides higher regulatory quality. The main building blocks of effective asset management are (1) faithful asset measurement and reporting, (2) a comprehensive asset register, (3) a supportive institutional and regulatory framework, and (4) the employment of best practices of asset management by government entities. Modern public asset management aims at embracing society's main concerns, such as increasing the efficiency and effectiveness of asset deployment while respecting community needs and the requirements of sustainability.

## Definition and Classification of Assets in the Public Sector

The Public Sector Committee of the International Federation of Accountants (IFAC 1995) defines assets as resources that can be recognized in the financial statements. Such resources should possess the following fundamental characteristics: (1) the existence of service potential or future economic benefits, (2) these benefits should arise from past transactions (future assets cannot be recognized), and (3) the service potential or future economic benefits must be controlled by the reporting entity (IFAC 1995, p. 7). In the public sector, economic benefits, traditionally measured by cash flows, can be substituted for some other social or environmental metric indicating service potential, given that the primary purpose of many public sector assets (equipment, buildings, roads, etc.) is to provide services for the citizens rather than generate profits.

The nature of asset management in the public and private sectors differs (Table 1).

In the private sector, assets are resources employed in production or service provision for the purpose of generating profits. Typically, private enterprises have full ownership rights over their assets, including rights of sale, rent, and disposal. Most of these assets have well-defined useful lives and values. In the public sector, in contrast, assets are employed in the course of service provision, with the primary goal of satisfying citizen well-being. Many asset types, including roads, bridges, monuments, historical buildings, and the equipment employed by government entities, serve the citizens without generating financial wealth. These assets are managed for social purposes only, and the benefits that accrue from their use are shared among all potential users. In this respect, governments are not the ultimate owners of many types of asset but rather their custodians (Pallot 1992). Notwithstanding this, public sector assets do have significant societal value and associated maintenance and preservation costs.

Table 2 identifies and describes the main asset types employed in the public sector.

The classification of assets in each country depends on the specific character of each national and legal context. Cross-jurisdictional differences may exist as to which assets can be considered heritage, infrastructure, or community assets. As Table 2 shows, public sector assets can be broadly classified as financial and nonfinancial assets, while the latter can be further broken down into tangible and intangible assets.

Furthermore, in line with the practices of private enterprises, assets can be classified as *current*

**Asset Management, Table 1** Asset management: public versus private sectors

| Features of asset management | Public sector | Private sector |
|---|---|---|
| Purpose | Maximization of societal value | Maximization of economic and financial profitability |
| Focus | Optimizing service potential | Maximizing return on assets |
| Ownership | Typically, stewardship with rights restricted to control and maintenance of assets | Typically, private ownership with rights of sale, rent, disposal, etc. |
| Useful life | Indefinite for some assets | Definite in most cases |
| Value | Difficult or impossible to define for several asset types | Typically well defined as the acquisition or replacement value |
| Financing | Chiefly, tax revenues and revenues from government debt issuance | Private entity earnings and external debt and equity financing |

**Asset Management, Table 2** Classification of public assets by nature and function

| Type | Description |
|---|---|
| Financial | Cash: coins, paper currency, amounts on demand deposit with banks, checks, foreign currencies<br>A right to receive cash from another entity or exchange financial instruments with another entity<br>Equity instruments (securities) |
| Nonfinancial (tangible) | Inventories<br>Plant and buildings<br>Infrastructure assets (roads, bridges, communication networks, sea defenses)<br>Heritage assets (monuments, museums, national art treasures, historical documents, and buildings)<br>Defense assets (lands, buildings, airports, other facilities for military purposes)<br>Natural resources (petroleum and mineral deposits, forests, fish stocks, water reserves, etc.)<br>Community assets (assets granted to local authorities such as land, parks, historical buildings) |
| Nonfinancial (intangible) | Licenses<br>Rights (using the radio spectrum, fishing, using historical events or personalities)<br>Patents<br>Software systems<br>Brands, lists of customers using services |

Source: Based on IFAC (1995)

and *noncurrent* (long-term) assets. Current assets – for example, short-term securities and inventories – are consumed within a single cycle of service provision. Noncurrent or capital assets, including plants, buildings, equipment, infrastructure, heritage assets, etc., have a longer or indefinite useful life.

Assets may also be classified as *cash-generating* and *noncash-generating* assets. *Cash-generating* assets – such as financial securities, assets held by government enterprises, and investment property – generate profits (cash inflows) in the course of their exploitation. *Noncash-generating* assets – for example, most community and infrastructure assets – serve the citizens without generating profits.

As Table 2 shows, many public sector assets are highly specialized and distinct in nature from other asset types. Tangible nonfinancial assets include heritage, infrastructure, and community assets, as well as natural resources. Heritage assets, such as historical buildings, monuments, archeological sites, and art collections, are elements with great historical and cultural importance. As part of the national heritage, they can be neither sold nor replaced. They have an indefinite or potentially perpetual useful life and are, often, physically irremovable and non-tradable (Aversano and Christiaens 2014; Barton 2005). Infrastructure assets, such as roads, bridges, water and sewage systems, and the like, are defined as integrated systems that provide essential services to the citizens. Many of these assets are also physically irremovable and have an indefinite useful life. Being a common property, they are non-tradable and under the custody of the government (Pallot 1997). It has been suggested that heritage, infrastructure, and community assets should be treated as a separate class of assets in common use, managed by the government on behalf of the citizens (Barton 2005; Christiaens 2004; Pallot 1992).

## Measuring the Value of Public Assets

The aim of the measurement of public assets is the objective valuation of the cost of services and of the operational and financial capacities of the entity in a way that is useful in holding that entity to account and for decision-making purposes. Operational capacity refers to the capacity of the entity to provide the services by employing all necessary resources, while financial capacity refers to its ability to fund its activities. Currently, the International Public Sector Accounting Standards Board (IPSASB) stipulates several approaches to measuring the value of assets, distinguishing between their *entry* and *exit* values (IPSASB 2015a, pp. 107–109), where the former reflect the cost of purchase and the latter reflect the economic benefits from the sale or future use of an asset.

The most common measurement basis, and one widely used in all jurisdictions, is the *historical cost* approach, whereby assets are initially recorded in the financial statements at the cost incurred on their acquisition including possible transaction and installment costs. After the initial record, parts of this cost can be allocated as an expense in the form of amortization or depreciation over the useful life of the asset. The historical cost of an asset is an entry-type value. The historical cost approach is considered to be the most verifiable and objective and, therefore, very useful for holding an entity to account. However, it does not reflect changes in the assets' price over time.

An alternative basis to asset valuation involves current value measurements. Here there are four measurement bases aimed at reflecting the prevailing economic and market conditions at the reporting date.

The first basis is *market value*, defined as the amount for which an asset could be exchanged between buyer and seller in an exchange transaction at the reporting date. The reliability of the market value approach depends on whether markets are active and orderly, as they are in the case of commodities, currencies, and securities. When markets are not reliable and it is costly to obtain information, any asset purchases or sales have to be negotiated individually, and several possible prices might be agreed for a given transaction. In this case, the so-called *fair value* estimation can be employed, where seller and buyer agree on a value based on current market conditions and available information.

The second current value measure, the *replacement cost* approach, can be defined as "*the most economic cost required for the entity to replace the service potential of an asset (…) at the reporting date.*" It includes a residual value, which the entity can obtain from the disposal of an asset (IPSASB 2015a, p. 115). The measure reflects the cost of replacing the service potential of an asset in the course of normal operations and takes into consideration the procurement and construction processes associated with the replacement. This basis can be useful for assessing the value of specialized operational assets for which an active market does not exist. Replacement cost, moreover, is a useful measure for assessing the operational capacity of an entity, but it may require subjective and complex judgments.

The third basis is *net selling value*, defined as "*the amount that the entity can obtain from the sale of the asset (*at the reporting date*), after deducting the costs of sale*" (IPSASB 2015a, p. 118). The net selling price is an exit-type value, and it is entity and market specific. Moreover, it does not require an orderly, efficient market. It can be useful for an asset held for future sale after its exploitation or when there is a contractual obligation to sell an asset at below existing market value.

The fourth basis is *value in use*, defined as "*the present value to the entity of the asset's remaining service potential or ability to generate economic benefits if it continues to be used, and of the net amount that the entity will receive from its disposal at the end of its useful life*" (IPSASB 2015a, p. 119). Reporting an asset at its value in use in the public sector is of limited usefulness. As the measure is usually derived from expected cash flows, it can only be applied in the case of cash-generating assets, if such an analysis is feasible.

Different types of asset require different types of valuation. For instance, the valuation of infrastructure assets can be done at historical cost if records are available or at replacement cost. The valuation of heritage assets at historical cost conveys little information for the users of financial reports and is often not feasible. Therefore, heritage assets, such as artworks, are valued in some jurisdictions at symbolic value because of the difficulties of establishing a fair valuation. In some countries, such as New Zealand, heritage assets have been valued at market values (IFAC 1995, p. 38; Tanzi and Prakash 2000).

According to accounting conventions, non-current, long-term assets should be depreciated. This means that the part of the value of an asset corresponding to a period of its useful life should be stated as an expense, so as to reflect the loss of the asset value. In the public sector, not all assets can be depreciated as it is not always possible to establish their useful life. This is the case, for example, of some heritage and community assets with potentially perpetual life cycles. Overall, the

valuation and depreciation of heritage and infrastructure assets constitute one of the main challenges in public financial reporting, and there has been much debate in the academic literature concerning their recognition and valuation (Aversano and Christiaens 2014; Barton 2005; Pallot 1992, 1997).

IPSASB (2015b) issued specific standards concerning the recognition and measurement of certain classes of asset, including inventories (IPSAS 12); investment property (IPSAS 16); property, plant, and equipment (IPSAS 17); intangible assets (IPSAS 31); and others. It also provides guidelines on impairment disclosure, distinguishing between noncash-generating and cash-generating assets (IPSAS 21 and 26, respectively). While not compulsory, these standards can serve as guidelines for national standard setters of asset disclosure and measurement.

## Financial Reporting of Public Assets

Various financial reporting methods can be employed in the public sector, including cash basis, modified cash, modified accrual, and full accrual accounting. Of these methods, only full accrual accounting requires entities to disclose and depreciate the value of all their recognizable assets, including long-lived capital and intangible assets. This is important when assessing the full costs of government services and the management effectiveness of capital assets. Full accrual accounting provides information about capital assets and the long-term solvency of government entities (Chan 2003).

There is an ongoing debate in the academic literature regarding the appropriateness of the full accrual basis of accounting for the public sector. This is partly due to the fact that for some types of noncash-generating assets, such as heritage, community, or infrastructure assets, it can be difficult at times to establish their value. Despite this, the full accrual method is the one recommended and promoted by the IPSASB, which considers it the most useful in terms of ensuring accountability and for decision-making purposes. Indeed, the countries that pioneered full accrual reporting, including the UK, Australia, and New Zealand, have made significant progress in the registering and valuation of their fixed assets.

In short, asset reporting across countries has yet to be harmonized with different countries using different approaches to value assets. Some assets are not recognized at all in financial statements because of valuation difficulties or because governments continue to use the cash or modified cash reporting bases.

## Public Asset Register

One of the main requisites of efficient public management is the availability of a comprehensive, up-to-date register or cadastre of public assets. Ideally, this register should include the quantity, value, location, and custodians of all public assets in a given country. This is important to ensure the control of public assets, provide a basis for the determination of a country's net worth, help the rating agencies establish national and regional credit rankings, and guarantee efficient asset management (Tanzi and Prakash 2000). New Zealand, Australia, the UK, and France are well-known examples of countries with well-established, comprehensive public asset registers (Grubišić et al. 2009). For example, in 1997 the UK government launched its National Asset Register, which includes all fixed assets and fixed asset investments owned by central government. It also provides details about government acquisitions and disposals of assets (HM Treasury 2007). In Australia, the Ministry of Finance publishes a register of heritage assets on its website. In line with these centralized asset registers, local authorities in some countries publish community asset registers, indicating which assets are controlled by a given entity and including such details as asset location, condition, maintenance requirements, etc.

Recent developments in IT and e-government have seen the use of geographical information systems (GIS) to support the asset management of local government institutions. The use of these management information databases allows

information about major infrastructure, land, and heritage assets to be represented spatially (Gilfoye and Thorpe 2004). GIS can also provide information about asset location, condition, and value and can be used to schedule effectively maintenance and repair work. Their value lies in their ability to facilitate asset management through the sharing of data across different agencies involved, for example, in the maintenance, control, and protection of lands, roads, bridges, parks, water and drainage systems, and the like.

## Institutional and Legal Framework of Public Asset Management

Each country has its own institutional and legal framework for regulating and monitoring its public assets. The institutions involved in asset management operate at different tiers of public authority: central government and government business enterprises, regional and municipal government, and city council entities. Recently, in many countries, institutions with more complex forms of governance have emerged, including public-private enterprises, privatization funds, professionalized advisory bodies, etc. (Grubišić et al. 2009). The legal framework for asset management is comprised of specific regulations, standards, and guidelines, which are drawn up and promulgated by government and professional bodies with expertise in the field of asset management. Asset management legislation includes a broad array of specific regulations and laws concerning land acquisition and disposal, investment property, regimes of concession and leases, protection of heritage assets, property registration and maintenance, etc.

To illustrate one particular national framework, the main government entity in charge of asset management in Australia is its Department of Finance (Department of Finance of Australia 2016). This department acts in accordance with the general legislative framework as stipulated in the Public Governance, Performance and Accountability Act 2013. The Department of Finance is responsible for policies and regulations concerning land acquisition and disposal, public works, the oversight and construction of domestic nondefense property, environmental and heritage assets, and the management of government shareholdings in business enterprises.

Several professional units within the Department of Finance provide expertise in specific areas of public asset management. For example, the Committee of Public Works oversees major public works requiring parliamentary approval. The Property and Construction Division manages major capital work projects on behalf of the government and individual government entities. The Business Advice Branch assists the Australian government in all issues concerning the management of its business enterprises and other commercial entities. The Heritage, Environment and Sustainability Services Panel, comprising experts from privately owned companies, provides support for heritage and environmental asset management.

The Department of Finance also regulates and controls the activities of the Australian government's investment funds, including Future Fund, the Nation-building Funds, the DisabilityCare Australia Fund, and the Medical Research Future Fund. As in the majority of jurisdictions, the oversight of financial assets tends to be separated functionally from the oversight of land, property, and heritage assets due to their different nature.

The Australian National Audit Office (ANAO), for its part, is responsible for ensuring the veracity of financial reporting on asset acquisition, depreciation, and sales. It also conducts performance audits, aimed at demonstrating the effective use of assets, and promotes best practices of asset management for government entities (ANAO 2010).

Regional and local governments may also implement their own asset management policies. For instance, in Australia, the state of Victoria's Department of Treasury and Finance has drafted the *Asset Management Accountability Framework*, which regulates the practices of local agencies accountable to the state government (Department of Treasury and Finance 2016).

In addition to the government entities, professional associations and consulting firms may be engaged to promote the worldwide diffusion of benchmark practices of asset management. For

example, the Royal Institution of Chartered Surveyors, with its headquarters in London, a professional organization that certifies professionals in the land, property, and construction sectors, issues guidelines on best public sector asset management practices (RICS 2008). Similarly, not-for-profit, watchdog organizations may be engaged in the control of public asset management.

## Best Practices of Asset Management in Government Entities

Government entities operating at different tiers of public authority are responsible for asset management to ensure the efficient delivery of their programs and projects. Benchmark asset management practices reflect the principles of good governance, applicable in many countries, including control of corruption, governmental effectiveness, accountability, and transparency (Kaufmann et al. 1999). In particular, asset management seeks to prevent the misappropriation or misuse of public assets, to ensure their most effective use and to provide complete and faithful information on asset decisions to the general public.

The best practices of public sector asset management in many countries have the following features in common. First, asset management forms an integral part of the organizational and strategic management of an entity and is undertaken in accordance with the entity's goals and capacities. Second, a life-cycle costing approach is adopted when the potential of assets is assessed, and entities devise their asset management plans and strategies. Third, the importance of performance assessment in asset management is emphasized, including the estimation of social and environmental outcomes. Fourth, strong control is exercised, and accountability mechanisms are employed when taking decisions concerning asset acquisition and disposal.

While asset management procedures are specific to each jurisdiction and entity, Fig. 1 provides a generic picture of public asset management processes at the government entity level.

A community's needs and a government's mandate influence an entity's decisions concerning the programs and projects required for the provision of services. Operating within its designated budget and adhering to its strategic objectives, an entity defines specific programs

**Asset Management, Fig. 1** Framework for asset management in public entities. (Source: Own elaboration)

and projects together with their corresponding objectives and measurable outcomes.

As a part of its resource planning, the entity reviews its asset portfolio so as to define the most economic and sustainable mix of resources to carry out its projects. At this stage of asset management, an entity analyzes whether the functional or operational capacity of the assets available meets the project requirements. It may also conduct a cost-benefit analysis of alternative asset deployment schemes (i.e., ownership, leasing, or outsourcing) and undertake a risk analysis to assess possible changes in the asset's working conditions.

The outcomes of these analyses can impact the tactical and operational levels of asset management, where the so-called *life-cycle costing approach* to asset valuation can be employed. Life-cycle costing involves tracking the total cost of an asset over its useful life, including costs of acquisition, operation, maintenance, and disposal. The approach is applicable to tangible assets with long life cycles, such as buildings, equipment, vehicles, and the like. The total cost of exploiting these assets often exceeds their acquisition value since many require additional resources for implementing possible repairs, ongoing maintenance, upgrading, and meeting costs of disposal. These costs may also include the costs of materials and consumables, spare parts, specialized labor, and the like. The following formula (Fig. 2) shows the value of an asset under the life-cycle approach.

In practice, future costs may be difficult to estimate since the useful life of some assets can be very long. The discounting of future costs is required, as is the correction for inflation, where applicable. For cash-generating investments, the net present value can be determined.

The life-cycle costing approach ranges from the drawing up of tables to illustrate the projected annual life-cycle costs of specific assets to more sophisticated methods of estimation using probabilistic modeling or scenario analysis. Based on its life-cycle cost appraisals, an entity can draw up operational, maintenance, and disposal plans, including a list of specific actions, their timing, and responsibilities. Due to the specific nature of some operational assets, tactical and operational asset management requires broad expertise in procurement, engineering, logistics, ecology, and human resource management. Future expenditure on asset acquisition, utilization, maintenance, and disposal is reported in an entity's budget, ensuring that the entity has sufficient funds to meet future payments.

In addition to complying with the operational side of asset management, an entity must ensure compliance with accounting and recording standards and the legal practices of its jurisdiction. In most jurisdictions, significant future capital investments, included in capital budgets, need the approval of a corresponding ministry and/or parliament. Depending on the capital investment project, special manuals and codes of practices are drawn up to assist public servants in asset management related to infrastructure, energy, heritage, IT, and other domains. National accounting standards provide the bases for recording asset values, depreciation, and impairment.

An important part of asset management involves the ongoing review of asset deployment and the assessment of asset effectiveness. For this purpose, performance indicators can be employed at various stages of asset management. Such indicators can assist managers in selecting an optimal portfolio of assets, providing them with information about the functional and operational characteristics of assets. Performance indicators can also be used during program evaluation, providing inputs for cost-outcome or cost-effectiveness analyses. Entities also include performance information when reporting to their supervisory bodies

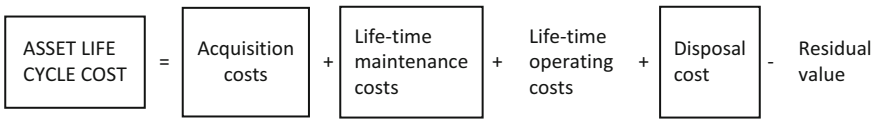


**Asset Management, Fig. 2** Life-cycle cost of an asset. (Source: Adapted from ANAO (2001))

and to the general public for purposes of accountability.

In short, asset management in government entities is a multifaceted process that underpins the specific projects and programs these entities implement so as to meet their planned outcomes and goals. Asset management includes, therefore, the selection of an optimal portfolio of assets, the identification of the complete life-cycle costs of noncurrent assets, and financial and performance reporting in strict compliance with available codes of practice and regulations.

## Conclusion

Asset management in the public sector involves all those activities designed to preserve and manage public assets effectively, with the objective of maximizing societal well-being. Faithful asset measurement and reporting, a comprehensive asset register, a supportive institutional and regulatory framework, and the employment of best practices of asset management by government entities constitute the building blocks of sound asset management.

Public assets are government-controlled resources, the result of past transactions, that have service potential or which are capable of delivering future economic benefits. Assets in the public sector are employed mainly for the societal purpose of satisfying citizen needs, as opposed to generating profits, as is their aim in the private sector. Some public assets, in particular heritage and infrastructure assets, are quite distinct from other asset types in that they are unique, irreplaceable, and physically irremovable, they have an indefinite useful life, and the benefits that accrue from their use are shared by the community.

Assets can be valued in variety of ways, including the *historical* cost approach – the most frequently adopted – and a number of *current* value measures, which include the *market value*, the *replacement cost*, the *net selling value*, and the *value in use*. Different asset types require different methods and national standard setters, and the International Public Sector Accounting Standards Board has developed specific standards for their recognition and measurement. Notwithstanding this, there has been considerable debate among standard setters and academics concerning the valuation and recognition, in particular, of heritage and infrastructure assets.

Full accrual accounting provides the most comprehensive reporting coverage for the asset types employed by government entities. It is the only reporting regime that requires the disclosure of long-lived capital and intangible assets, as well as their depreciation over their useful life. While it is considered the best method for decision-making purposes and for ensuring accountability, there continues to be much debate in the literature given the difficulty in establishing the value of heritage and infrastructure assets and a fair rate of depreciation for them.

A comprehensive register of public assets is essential for sound asset management. These registers are compiled at both central and local government levels and include information on asset location, value and condition, and details of the controlling entity. Some authorities today employ geographical information systems to spatially represent information about major infrastructure, land, and heritage assets and to facilitate their maintenance and preservation.

Various institutions from different tiers of public authority, including ministries of finance (or similar entities), public property committees, professional bodies, and audit offices, develop the legal rules and codes of practice that regulate asset management in their respective jurisdictions. Usually, all major infrastructure projects involving asset construction and acquisition are subject to parliamentary scrutiny and approval. Asset management regulations, specific to each jurisdiction, provide a legal framework for decisions concerning land acquisition and disposal, investment property, regimes of concession and leases, the preservation of heritage and community assets, etc.

Best practices of asset management in government entities adhere to principles of good governance. They are aimed at the prevention of corruption, promoting effective asset use and ensuring transparency in the acquisition and disposal of assets. Asset management practices are tailored to the needs of specific projects and

programs that entities adopt in seeking to meet their strategic objectives and outcomes. Asset management includes the selection of an optimal portfolio of assets; the appraisal of the complete life-cycle costs of capital assets; planning the acquisition, maintenance, and disposal of assets; and undertaking performance evaluation and financial reporting in compliance with national legislation and codes of practice.

## Cross-References


- ▶ Accrual Accounting
- ▶ Amortization and Depreciation
- ▶ Capital Budgeting
- ▶ Heritage Assets


## References


Australian National Audit Office (2001) Life cycle costing. http://www.anao.gov.au/~/media/Uploads/Documents/life_cycle_costing.pdf. Accessed 5 Feb 2016

Australian National Audit Office (2010) Strategic and operational management of assets by public sector entities: delivering agreed outcomes through an efficient and optimal asset base. http://www.anao.gov.au/Publications/Better-Practice-Guides/2010-2011/Strategic-and-Operational-Management-of-Assets-by-Public-Sector-Entities%2D%2D-Delivering-agreed-outcomes-through-an-efficient-and-optimal-asset-base. Accessed 10 Feb 2016

Aversano N, Christiaens J (2014) Governmental financial reporting of heritage assets from a user needs perspective. Financ Account Manager 30(2):150–174

Barton A (2005) The conceptual arguments concerning accounting for public heritage assets: a note. Account Audit Account J 18(3):434–440

Chan JC (2003) Governmental accounting, an assessment of theory, purposes and standards. Public Money Manage 23(1):13–20

Christiaens J (2004) Capital assets in governmental accounting reforms: comparing Flemish technical issues with international standards. Eur Account Rev 13(4):743–770

Department of Finance of Australia (2016). http://www.finance.gov.au/property/. Accessed 5 Feb 2016

Department of Treasury and Finance of Victoria's State, Asset Management Accountability Framework, State of Victoria (2016). http://www.dtf.vic.gov.au/Investment-Planning-and-Evaluation/Understanding-investment-planning-and-review/What-is-asset-management. Accessed 15 Feb 2016

Gilfoye I, Thorpe P (2004) Geographic information management in local government. CRC PRESS Taylor and Francis Group, Boca Raton

Grubišić M, Nušinović M, Roje MG (2009) Towards efficient public sector asset management. Financ Theory Pract 33(3):329–362

HM Treasury (2007) The National Asset Register. https://www.gov.uk/government/publications/the-national-asset-register. Accessed 5 Feb 2016

International Federation of Accountants (Public Sector Committee) (1995) Study 5 definition and recognition of assets. IFAC, New York

International Public Sector Accounting Standards Board (2015a) Conceptual framework for general purpose financial reporting by public sector entities: measurement of assets and liabilities in financial statements. In: Handbook of international public sector accounting pronouncements, vol 1. IFAC, New York

International Public Sector Accounting Standards Board (2015b) Handbook of international public sector accounting pronouncements, vol 1 and 2. IFAC, New York

Kaufmann D, Kraay A, Zoido-Lobaton P (1999) Governance matters. Policy research working paper series 2196. The World Bank, Washington, DC

Pallot J (1992) Elements of a theoretical framework for public sector accounting. Account Audit Account J 5(1):38–59

Pallot J (1997) Infrastructure accounting for local authorities: technical management and political context. Financ Account Manager 13(3):225–242

RICS Public Sector Asset Management Guidelines (2008) A guide to best practice. In: Jones K, White AD (eds) Royal Institution of Chartered Surveyors, Coventry

Tanzi V, Prakash T (2000) The cost of government and the misuse of public assets. Working paper UOI/180. International Monetary Fund, Washington, DC


# Auction Systems and Public Procurement


Panos L. Lorentziadis
Department of Business Administration, Athens University of Economics and Business, Athens, Greece


## Synonyms

Competitive bidding in public procurement; Public tenders; Reverse auctions

## Definition

The purchase of goods and services by government agencies or state run companies through an auction process by which the tenderer with the lowest price or the most advantageous proposal is selected for contracting.

## Introduction

Supplier selection and the determination of payments for the procurement of goods and services by the public sector is mainly carried out through auction bidding. Auction systems for public procurement are considered to stimulate and enhance competition, leading to efficiency in purchasing. Framework agreements, which are contracts for repeated procurements by short-listing bidding firms, are implemented by auctions. Moreover, auctions discourage corruptive behavior, provided that tendering procedures are open, transparent, and subject to independent audit.

## Requirements and Procedures

Auction systems are designed and conducted strictly following standard procedures which ensure that awarding is objective and non-discriminatory. Additionally, tendering is required to fully comply with different regulations imposed by the national or international legal framework and technical norms. The aim for the purchasing authority is to extract the highest possible utility at the lowest cost. The specific rules and procedures which govern an auction, together with the requisition list and participation requirements, are publicly announced by the purchasing authority, who issues and runs the public tender. These details become explicit in the call for proposals, which must be easily accessible and readily available to any interested party. All tendering procedures are required to be transparent, verifiable, and unambiguous in their implementation. Ideally, all participants should be granted access to the decisions of the contracting authority at the various stages of the evaluation of proposals and awarding. Bidding in a public tender typically requires a participation guarantee as an incentive against potential refusal for contracting. Sometimes, additional participation costs are involved, such as, for example, the submission of samples or a site survey. Adherence to the contract terms is imposed by a performance bond for a percentage amount of the contract, submitted by the auction winner before the conclusion of the procurement contract. Other penalty clauses for liquidated damages may also be present at the contract.

A preliminary screening of the qualification of participating agents ensures that bidders have adequate financial and technical capacity to complete the procurement project. The selection criteria for awarding could be either entirely based on the bid price or they could be multidimensional taking under consideration differences in terms of quality among the proposals.

## Price-Only auctions

In the case of price-only competition, the purchasing agent specifies the minimum quality standards that must be met by each tenderer. Awarding is made to the proposal with the lowest price, provided that the project's technical specification is satisfied in full. The most widely used formats of tendering are the sealed bid first-price and the English auction. In first-price tendering, sealed proposals are submitted to the purchasing agent, and the winner receives as payment, upon the successful completion of the procurement, the respective price, which is the lowest bid. In the English descending auction, the auctioneer gradually reduces the price eliminating the tenderers who drop out. Awarding is made to the last remaining bidder who will be paid for the procurement the lowest price level reached. A variation of this procedure, which is less common, is the sealed bid second-price (or Vickrey) auction, in which awarding is made to the lowest price bidder but the payment received is equal to the second-lowest price. In the Dutch auction, which is less frequently used in public procurement, the price is step-wise elevated up to a level where the first bidder agrees to contract. The

preset budget of the project, as determined by the purchasing authority in the call of proposals, serves as the reserve auction price, above which no bid is acceptable.

Game theory provides a prescriptive quantitative analysis on optimal strategies for bidding and the design of auction systems, under the assumption that all players behave rationally optimizing their payoffs or, more generally, their utility (Lorentziadis 2016).

## Price-Only Auction with Independent Private Cost

Under the independent private value paradigm, the cost of each bidder is viewed as an independent realization of a random variable, which takes values under the same probability distribution. The individual cost of supply remains private information of each bidder. In this symmetric framework and provided that all tenderers are risk-neutral, both the sealed first-price and the English auction result to the same procurement cost for the contracting authority on the average (Krishna 2010). The dominant strategy for each bidder in the English auction (and in the second-price auction) is to bid until the price level drops to the respective individual cost. In a sealed-bid first-price auction, the equilibrium price of a tenderer is the expected value of the minimum cost of the opponents under the condition that it exceeds the individual cost of the particular bidder. If tenderers are equally risk averse, in the sense that they would prefer to bid with less uncertainty when the expected payoff is the same, then under sealed first-price tendering, the expected cost for the buyer is lower compared to the English auction. The rationale is that in the first-price tender risk aversion triggers a lower mark-up in an effort to reduce the uncertainty of winning. On the other hand, in the English auction, the dominant strategy remains bidding at cost which implies that risk-aversion has no effect. When bidders are financially constrained, a first price auction should be preferred by the purchasing agent as competition tends to become more aggressive compared to an English auction. When the cost of the tenderers does not follow the same probability distribution, the two auction systems cannot be ranked in general with respect to the project cost. Nevertheless, purchasing authorities usually find first-price auction more preferable due to the form of asymmetry, which is often displayed by the bidders.

## Price-Only Tendering with Interdependent Cost Signals

In many cases, the exact cost for project completion is unknown to each bidder, who only receives an imperfect noisy signal of the actual cost involved. These signals are usually interdependent as the underlying project is the same. For this reason, a signal, which is low due to randomness, may mislead the bidder to underestimate the cost involved, resulting in more aggressive pricing. Therefore, the winner of the auction may be surprised to find out that profit is reduced or even negative. This complication, known as the "winner's curse," can be alleviated by an additional mark-up. When bidders are symmetric and the signals exhibit a strong form of correlation, which is termed affiliation, the procurement cost of the buyer under an English auction is lower compared to sealed first-price tendering (Milgrom and Weber 1982). Moreover, auctioneers should publicly reveal any information which may be useful to the bidders in their cost estimation, in an effort to reduce uncertainty. The purchasing authority is not allowed to discriminate in information disclosure despite potential reductions in the procurement cost. When tenderers hold asymmetric signals for the project cost, the ranking of the English and the first-price auction remains ambiguous. If a group of bidders enjoy an information advantage, such as specific knowledge about the project acquired only by domestic tenderers, the English auction yields a lower procurement cost compared to first-price tendering. In the asymmetric case, the public disclosure of available information may not always be beneficial for the purchasing authority.

## Multidimensional Auctions

Multidimensional auctions take under consideration, together with price, various non-price attributes such as technical, aesthetic, or functional characteristics of the proposal, after-sales support, the duration and extent of the warrantee extended, the length of the delivery time, potential environmental impact, and other points of differentiation. Non-price criteria are expressed in quantitative terms. The individual attributes of each proposal are then aggregated by applying a weighted average. The "quality" aggregate $Q$ captures in monetary terms the non-price dimension of the corresponding proposal. The weights reflect the importance of each criterion. In practice, they are usually ex-ante fixed by the call for proposals, although they can also be determined ex-post, after the proposals become known, by objectively applying a predefined quantitative method, such as data envelopment analysis (Lorentziadis 2010).

Although in purchasing management there is a large number of alternative supplier selection techniques, such as the analytic hierarchy process or the multi-attribute utility theory, in public procurement, the evaluation of competing proposals is usually made by a score rule, which involves the price $P$ and quality $Q$. For example, the score required by EU regulations is the price over quality ratio $P/Q$, which yields the "most economically advantageous tender." The US Department of Defense employs a quasilinear form $S(Q) - P$, where $S(Q)$ is a transformation of $Q$. "A+B bidding," introduced by the US Federal Highway Administration, considers the total cost of highway repair plus the promised project duration multiplied by the daily cost due to increased traffic. In Japan and Australia, the quality over price ratio is extensively used. Awarding is made to the bidder with the best score. In a first-score auction, which is the most common, the winner delivers the promised price and quality. In a second-score auction, the score provided by the winner should match the second best score or, alternatively, the exact price and quantity of the proposal with the second best score.

## Verifiable Quality

In most tenders, the quality is verifiable upon the completion of the procurement and high penalties are imposed for poor performance or default. When the cost of each tenderer is determined by the quality chosen and the individual efficiency in production, which is random for each bidder, and the score function is quasilinear, the first-score and the second-score auctions are equivalent with respect to the procurement cost (Che 1993). When the scoring rule is the price over quality ratio and bidders are symmetric in their cost inefficiency, first-score tendering results in higher procurement cost compared to the second score auction. The optimal scoring rule, which minimizes the project cost, does not, in general, coincide with the buyer's true utility. For this reason, the purchasing authority should downward distort the quality assigned to each bidder instead of adopting a scoring rule which accurately represents utility.

## Uncertain but Verifiable Quality

When the cost of procurement is uncertain but the quality is verifiable, the auction can often be implemented by an incentive-based contract, where payment is contingent on the delivered quality, rather than a fixed-price contract. A cost-plus contract in which the contractor is fully reimbursed for any additional cost is preferable for complex projects where adaptations may be needed and cost-saving is not a priority.

## Unverifiable Quality

In projects where the delivered quality is observable but not verifiable, the purchasing agent is not able to proceed to litigation for poor performance of the contractor. Since black-listing without court decision is not foreseen in public procurement, possible methods to discourage poor quality are to establish a reward or penalty depending, for example, on customer response, or to develop an option contract, such as "purchase upon

approval," which gives the right to reject the supply. Alternatively, the buyer may leverage on the discretionary extension of the contract duration as an incentive for performance.

When the actual quality can only be observed long after the delivery, multidimensional auctions are inapplicable. In such a case, bargaining with one selected contractor appears to be the socially optimal method of contracting.

## Corruption

Corruptive behavior, which is a prevalent issue in public procurement, can take many different forms in the conduct of auctions. Public officials who run the tender may influence awarding in exchange for bribes. Type I corruption is implemented in first-price auction by allowing the winner to increase the price up to the second highest bid. In type II corruption, the favored bidder, who is not the auction winner, is permitted to revise the proposal and slightly overbid the lowest price (type II corruption). An English auction or a sealed Vickrey auction instead of first-price tendering drastically curbs such fraudulent practices. The selection of the favored bidder is usually made before the auction, although sometimes the preferred tenderer is ex-post determined by running a bribe competition or by targeting a bidder among the lowest in price tenderers.

In multidimensional auctions, a corrupt buyer may define the weights of quality criteria in favor of a particular bidder. Alternatively, direct manipulation of the values of non-price attributes may occur, improving the favored tenderer's score. Strangely enough, when corruptive score inflation is low, the procurement cost may sometimes decline, since honest bidders will be forced to bid more aggressively. When the auctioneer enjoys high manipulation power, tendering becomes inefficient at the expense of considerable inflation of the project cost. Second-score auctions are more vulnerable to this form of corruptive behavior compared to first-price auctions. Reducing the impact of quality in awarding and introducing random third-party audits can limit this form of corruption. Rotation of the purchasing staff may also prove useful. Finally, tendering through an electronic platform may impede the ability of manipulation of the submitted proposals.

## Collusion

Bidders may collude to act co-operatively and reduce competition. In the most simple form, a tenderer may receive a payment from another bidder to abstain from the auction or to submit a comparatively high price. More complicated ring formation of colluding bidders is usually led by a "center" player. In bid orchestration, a corrupt government official, who represents the purchasing authority, acts as the "center" of the ring. The simple exchange of information and coordination results in a weak cartel, which ideally raises the winning price to the budget level. A strong cartel, with coordination and transfer payments between the ring members, enables the collusive bidder with the lowest cost to win the procurement at the highest possible price, while the proceeds are distributed by the "center" within the cartel. Payments, however, can make the cartel more visible and detectable to the authorities. The operation of a ring is more stable in an English auction rather than in sealed first-price tendering, because collusive bidders can better imitate competition while deviation in bidding by individual cartel members is more easily controlled. Collusion-proof auction mechanisms have been proposed in theory but their applicability in practice remains limited. With interdependent cost signals, collusion can also take the form of information sharing to improve the estimation of the eventual procurement cost. Auctioneers can reduce the effect of collusion by lowering the budget of the project. Withholding information about the outcome of the tender does not prevent cartel formation, especially when the "center" can dictate bids.

## Conclusion

Governments worldwide spend annually an estimated average of 15% of their country's gross

domestic product in public procurement. Auction systems enhance competition and ensure value for money and best use of taxpayers' resources. Behavioral forces appear to play a key role in pricing decisions and provide a plausible explanation for the frequently observed deviation of actual bidding from the game-theoretic predictions. Purchasing authorities should take into consideration the presence of irrationality, which is widespread in auction bidding.

It is expected that big data analysis will enable government agencies to make increasingly more efficient use of the available information in order to reveal the cost structure of the bidder population. The introduction of risk management tools in auction systems, such as risk sharing, is another challenge in the development of cost-reducing auction systems. Finally, it is expected that purchasing authorities will continue to develop more sophisticated tendering schemes, such as combinatorial or sequential auctions, to better address the increasingly more complex needs of public procurement.

## Cross-References


- ▶ Anti-corruption Agencies
- ▶ Competitive Acquisition Processes
- ▶ Competitive Sourcing
- ▶ Contract Administration
- ▶ Contracting with Government
- ▶ E-Government Procurement (e-GP)
- ▶ Framework Agreement


## References


Che YK (1993) Design competition through multidimensional auctions. RAND J Econ 24(4):668–680

Krishna V (2010) Auction theory, 2nd edn. Academic, Burlington

Lorentziadis P (2010) Post-objective determination of weights of the evaluation factors in public procurement. Eur J Oper Res 200:261–267

Lorentziadis P (2016) Optimal biding in auctions from a game theory perspective. Eur J Oper Res 248: 347–371

Milgrom PR, Weber RJ (1982) A theory of auctions and competitive bidding. Econometrica 50(5):1089–1122


# Auditing


Belén González-Díaz and Roberto García-Fernández
Department of Accountancy, University of Oviedo, Oviedo, Spain


## Synonyms

Audit; Checking; Examination; Inspection; Review; Verification

## Definition

An official examination and inspection of financial accounts and records.

A systematic process which aims to obtain enough appropriate evidence that state organizations are complying with the law (compliance audit) and that they present their financial information in accordance with the accounting principles and standards that apply to them (financial audit).

An independent, objective and systematic review of an organization, program, activity or public function whose aim is to assess the level of economy, efficiency and effectiveness reached in the use of available resources (performance audit).

## Introduction

The Lima Declaration of Guidelines on Auditing Precepts states in Article 1 that *"The concept and establishment of audit is inherent in public financial administration as the management of public funds represents a trust. Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economy of financial management early enough to make it possible to take corrective action in individual cases, to make those accountable accept responsibility, to obtain compensation, or to take*

*steps to prevent -or at least render more difficult- such breaches*."

Audit is a cornerstone of good public sector governance (Goodson et al. 2012). Public sector auditing is a systematic process aimed at gathering the right amount of relevant evidence that state bodies are complying with their legal obligations, that they have presented their financial information in accordance with applicable accounting principles and standards, that they manage their resources economically and efficiently, and that they meet the objectives and goals set out in their plans and programs (Fuentes 2013).

A systematic process of pre-established assessment and control practices needs to be developed. Audit work requires prior planning and preparation of methods and procedures which are to be carried out.

Auditors should gather the right amount of relevant evidence concerning legal compliance by undertaking and assessing any audit test which they regard as necessary and which will vary depending on the type of audit involved.

In general, auditors, within their own sphere of responsibility, should ensure that public sector-dependent bodies comply with current law, that financial statements accurately reflect their financial situation and that resource management corresponds with principles of economy, efficiency and effectiveness. As well as traditional audit objectives, such as expenditure control and verification of financial statements, the last few decades have seen the inclusion of the public funds management objective, known as the performance audit. This aims to assess whether the body concerned has been able to reduce costs and whether it has improved the efficiency and effectiveness with which it manages its services.

In order to achieve all of this, controlling bodies apply a set of public sector auditing principles and standards which have been issued by different international institutions and adapted to each country in its domestic legislation.

This entry in the Global Encyclopedia gives a general perspective of public sector auditing in Europe by describing different types of audit and the structure and functions of auditing bodies and those institutions responsible for standardizing audit practices. Furthermore, it describes principles and standards which regulate internal and external public auditing, and also includes regulations concerning private sector auditing, since it also has an influence on public audit.

## Types of Public Sector Audit

Depending on their purpose, public sector audits may be classified as financial, performance or compliance audits.

### Financial Audit

These types of audit attempt to determine whether the audited body's financial statements are presented according to the regulatory framework governing the issuing of financial information.

The reference frameworks for issuing financial information are the International Public Sector Accounting Regulations (IPSAS), the International Financial Information Regulations (IFRS), or other national or international frameworks related to financial information for use in the public sector.

The audit of financial statements aims to reveal as far as possible whether the most important aspects of financial statements have been drawn up according to the financial information reference framework applicable to them. It should also point out whether statements are reasonably presented and provide a true and fair perspective in accordance with their framework and do not contain major errors attributable to fraud or oversight. In this context, the auditor may issue a clean, or unqualified, opinion and thus increase the degree of confidence of any future users of the financial statements.

Public sector financial statements usually involves a statement of financial position, a statement of financial performance, a statement of changes in net assets/equity, a cash flow statement, a comparison of budget and actual amounts, and notes, all of which include a summary of accounting policies and other explanatory information. An example of this can be seen in the following extract from the report to the Public

Accounts Committee on the audit of the Danish government accounts for 2014 (Rigsrevisionen 2015):

> Rigsrevisionen has audited the Danish government accounts for 2014. The audit included an examination of the completeness of the accounts and a comparison of appropriations against the accounting figures.
>
> We have audited the revenue, expenses and appropriations of the departments referred to in sections 5–29 in the main part of the government accounts (summaries, statements of appropriations and accounts, balance sheet specifications and inventories) and in the part of the government accounts where individual items in the accounts and settlement of appropriations are specified. We have also audited sections 35–38 and 40–42 of the government accounts.
>
> Moreover, we have reviewed the departments' explanations of the variances between accounting and appropriation figures that appear from the annual reports for 2014 prepared by the government agencies and bodies under the respective departments.

As well as the traditional audit of financial statements, a financial audit may have as its objective the accounts and other financial reports pertaining to the state or to state organizations: budgets or sections of budgets, allocation and other decisions taken concerning resource appropriation and application, public policy, programs or activities, areas of responsibility, income and payment categories, or assets and liabilities. The following is another example from the report to the Danish Public Accounts committee (Rigsrevisionen 2015):

> The audit also included EU funds in Denmark. Denmark receives funds from the EU and settles duties, levies, VAT and GNI contributions to the EU's own resources every year. EU revenues and expenses are significant and have the attention of the European Commission as well as the European Parliament. Rigsrevisionen therefore issues an opinion on the audit of EU funds in Denmark, which can be found in chapter six of this report.

### Performance Audit

This is an independent, objective and systematic review of an organization, program, activity or public function whose aim is to assess the level of economy, efficiency and effectiveness reached in the use of available resources, to detect possible deficiencies and to make appropriate proposals to management in order to correct these deficiencies in accordance with general principles of good management.

A performance audit supplies fresh information, knowledge or value as it provides new analytical perspectives, makes existing information more accessible to interested parties, and puts forward an independent viewpoint on the basis of audit findings. Furthermore, its recommendations are based on analysis of audit results, which facilitates decision-making or the start of corrective procedures by those responsible.

The aims of a performance audit may be related to one or a number of entities or to an identifiable group of actions, systems, operations, programs or activities, always conforming to principles of economy, efficiency and effectiveness.

- The principle of economy refers to the conditions under which financial, human and material resources are acquired (time, costs, quantity and quality). It entails resource attainment at minimum cost with easy availability and the right quantity and quality at the best price.
- The principle of effectiveness refers to the extent to which predicted objectives and results have been reached.
- The principle of efficiency refers to the relationship between resources used and the results (products), in terms of quantity, quality and opportunity.

The following is an example from the Office of the Auditor General's investigation of Norwegian development aid to the health sector in Malawi (Riksrevisjonen 2013):

> The objective of the audit was to assess the attainment of targets for Norwegian health inputs in Malawi, and the public administration's follow-up and overview of the use of the funds. Another objective was to take a look at the degree to which human resources, medicines, supplies and funds for equipment and infrastructure reach hospitals and health centers.

Sometimes the audit's aim does not link the three principles together and attempts to verify whether

the results obtained by the audited body have reached pre-established objectives (effectiveness audit) or whether it is using its resources economically and efficiently (economy and efficiency audit).

The performance audit is also known as the "value-for-money audit".

### Compliance Audit

This aims to verify whether all major aspects of actions, operations and management procedures have been carried out in compliance with the relevant authority that runs the audited body. Authority may include rules, laws and regulations, budgetary decisions, policies and codes or principles that regulate the public sector and its employees.

The main focus of a compliance audit is on compliance with formal criteria such as laws, regulations and agreements. It may, however, aim to verify abidance of general principles that regulate a healthy financial administration and the behavior of civil servants. Such principles could be those which are generally accepted or national or international ones related to good practice, for example, the following extract from "The Audit concerning state sector hiring carried out in the 2012 financial year" (Tribunal de Cuentas 2015):

> Verify compliance with the obligation to provide the Audit Office (Tribunal de Cuentas) with the documentation established by law or public regulations concerning the requirement to present the Audit Office with contract details and the relationship between contracts and collective agreements in the state sector. And analyze the drafting and awarding of contracts and their subjection to existing law.

A compliance audit may be undertaken either independently or together with a financial and performance audit. Any audit which includes all three types is known as an integrated audit. A regularity audit is that which involves a financial and compliance audit.

Similarly, and depending on their purpose, other audits can be carried out; for instance quality, environmental, systems and IT, information, security, management and privatization audits among others.

### Other Kinds of Public Auditing

As well as the three types mentioned above, there are other public administration supervisory and audit categories based on the auditing bodies' status, scope, audit frequency, time of audit and mandate.

- Status
  - *Internal audit*. Undertaken by the public body itself or by state-run organizations and aimed at verifying different procedures and systems in order to analyze anomalies and propose improvements.
  - *External audit*. Undertaken by independent organisms. For public administrations there may be several kinds – those carried out by Supreme Audit Institutions (SAIs), by Regional Audit Institutions (RAIs) and by external private firms.
- Scope
  - *Partial or limited*. Involves checking and analyzing specific aspects so as to be able to give a particular opinion.
  - *Global auditing*. Its scope is determined by the type of audit being undertaken. It will, nevertheless, always cover the audited area fully and globally.
- Frequency
  - *Constant monitoring*. This is carried out permanently throughout the year. Such frequency is more common in internal control given that external audits need to base their assessments on completed actions.
  - *Recurring*. This is repeated cyclically, for instance, annually.
  - *Occasional*. This type of control takes place when an audit is used to clarify problematic situations or when audit costs prevent it from being done annually.
- Time of Audit
  - *Pre-audit*. This is undertaken before completion of the action under review.
  - *Concurrent audit*. It takes place at the same time as the action being monitored is brought to an end.
  - *Post or a posteriori audit*. This is done once an action has finished or a financial statement drawn up. In this case the term "audit" can be applied in its true sense.

- Depending on the origin of the mandate of the SAIs
  - *Imperative*: Undertaken because it is legally required.
  - *Selective or optional*: Undertaken at the behest of the controlling body itself, the auditing body or at the request of the audited entity or parliament, when legislation requires it.

## Public Sector Auditing Bodies. Organization and Functions

Internationally, there are no public sector monitoring bodies as such; rather, there are organizations dedicated to standardization of audit practice, specifically the International Federation of Accountants (IFAC), the International Organization of Supreme Audit Institutions (INTOSAI) and the Institute of Internal Auditors (IIA). In Europe, the European Court of Auditors (ECA) and the Internal Audit Service (IAS) are responsible for monitoring in the European Union (EU). At national, regional and local level the most representative bodies are SAIs and RAIs but this depends largely on the country concerned as it is difficult to generalize about the nature of public sector internal auditing, internal control institutions or top managers.

At European, national, regional and local levels there are organizations which do not establish standards or undertake public sector audits. Generally speaking, these bodies are made up of professional people or institutions that do internal and external auditing of different organizations in order to orient them professionally and to foster cooperation among members and the sharing of experiences. This is the case with the European Organization of Regional External Public Finance Audit Institutions (EURORAI), the European Organization of Supreme Audit Institutions (EUROSAI), the European Confederation of Institutes of Internal Auditing (ECIIA) and the National Institutes of Internal Auditing.

Given their relevance in both the standardization area and in that of public sector control, the structure and functions of some of the above-mentioned institutions will be analyzed next.

### INTOSAI

The INTOSAI is a professional, autonomous, independent, apolitical and international body which represents SAIs belonging to United Nations (UN) member countries. It is a forum which allows government auditors from all over the world to debate matters of mutual interest and also to keep up to date with the latest auditing trends and other applicable standards and better practice. The INTOSAI was founded in 1953 at the first congress held in Cuba. Its headquarters are in Vienna and it has 197 SAI members, all belonging to the UN (INTOSAI 2007, 2013a).

During its more than 60 years of existence INTOSAI has become a fundamental strategic organization, fostering independent and efficient SAIs which, through their technical capacity and competence, help governments to improve transparency and accountability, retain credibility, fight corruption, reinforce public confidence and, ultimately, improve how public funds are used (INTOSAI 2013a).

Various major milestones stand out in the INTOSAI's recent and past history:

- The Lima Declaration of Guidelines of Auditing Precepts from 1977 and the Mexico Declaration on the Independence of SAIs from 2007 comprise the Magna Carta of external government auditing and define the premises for SAIs to be independent and efficient in their practices.
- The INTOSAI Development Initiative (IDI). This was created in 1986 and its aim is to improve the institutional capacity of SAIs in developing countries by implementing training programs for public sector auditors so they will be able to contribute to improvements in transparency and accountability.
- The First INTOSAI Strategic Plan (2005–2010) was a response to the demand for the organization to have a strategic focus. Its application has entailed the drawing up and adopting of appropriate professional standards, the strengthening of SAI professional and

institutional capacity through the Capacity Building Committee, capacity building projects, and voluntary peer review programs which allow best practices to be identified in order to improve audit quality. The plan has also brought about a communication strategy which has improved both internal and external reporting, as well as an international organization model to guarantee economy, efficiency and effectiveness.

- The South Africa Declaration on the International Standards of SAIs from 2010 which calls for SAIs to use International Standards of Supreme Audit Institutions (ISSAIs) as a reference framework for public sector auditing and as a means of assessing their own performance. ISSAIs should be implemented according to SAI mandates and national laws and should be publicized at a global, national and regional level.
- UN Resolution A/66/228: "Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions". This acknowledges the role SAIs play in promoting these areas of the state in an international context, outside the confines of INTOSAI.

In order to undertake all its activities the INTOSAI has the following institutions at its disposal (INTOSAI 2007, 2013a):

- The International Congress of Supreme Audit Institutions (INCOSAI) is the highest body, comprising both full and associate members and it meets every 3 years to share ideas and experiences, discuss topics of common interest and approve recommendations aimed at improving public administration accountability. It also has powers related to the structure, management and supervision of the INTOSAI. INCOSAI is where international auditing standards are approved and endorsed.
- The Governing Board comprises 18 members who meet annually in order to provide guidelines, governance and continuity between congresses. So as to ensure a balanced representation of all INTOSAI member states, at least one member of each regional group and each SAI model is guaranteed a place on the committee. Some of its functions entail the approval of annual and tri-annual budgets, determining which SAIs can be part of the INTOSAI, and reviewing and approving the annual report, which includes the audited financial statements for the calendar year ended with comparative statements for the preceding 2 years.
- General Secretariat. Its director is the president of the Audit Office of Austria, where the INTOSAI has its headquarters. The director has executive and attendance functions in keeping with this type of organization.
- Regional Working Groups promote INTOSAI goals at a regional level, giving its members the chance to focus on topics which are specific to their area. There are seven Regional Working Groups: Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS), African Organization of Supreme Audit Institutions (AFROSAI), Arab Organization of Supreme Audit Institutions (ARABOSAI), Asian Organization of Supreme Audit Institutions (ASOSAI), Pacific Association of Supreme Audit Institutions (PASAI), Caribbean Organization of Supreme Audit Institutions (CAROSAI), and EUROSAI.

The INTOSAI's technical work is carried out by committees, working groups, task forces and project groups which help to provide a regional balance and reflect different SAI models and approaches. Their work is published in the International Journal of Government Auditing, the INTOSAI's official bulletin for fostering government auditing procedure and techniques (INTOSAI 2013a).

### Institute of Internal Auditors

The IIA, founded in the United States in 1941, is an international organization comprising internal auditors from all over the world. It provides them with standards and guidance on professional practices, certification programs, training and

forums where information and experience are shared. It has 180,000 members from 190 countries.

The Institute is managed by a Board of Directors and it has a number of standing committees which develop and implement programs aimed at achieving IIA goals and objectives.

The national institutes of internal auditing in Europe come together in the ECIIA, together with some non-European countries from the Mediterranean basin. Its function is to improve corporate governance through the promotion of professional internal audit practices. It is governed and managed by the General Assembly Audit Committee and the Governing Board.

In the regional and linguistic areas, institutions which stand out are: the Asian Confederation of Institutes of Internal Auditors (ACIIA), the Federación Latinoamericana de Auditores Internos (FLAI), the African Federation of Institutes of Internal Auditors (AFIIA), and the Union Francophone de l'Audit Interne.

### European Courts of Auditors

The ECA was set up in 1977 by virtue of the Treaty of Brussels and it began to function that same year. The 1999 Treaty of Amsterdam bestowed on it the category of UE institution at the same level as the European Parliament or European Commission. It is a collegiate body comprising 28 members, one for each EU member state. It is divided into five departments, each of which is responsible for, on the one hand, adopting special reports, specific annual reports and legal rulings and, on the other hand, for preparing annual reports on the EU budget and European Development Funds for their adoption by the ECA's plenary session.

The ECA is responsible for external auditing of the EU. Its job is to verify that community funds have been correctly accounted for and have been obtained and spent in accordance with the regulations in force and with the principles of good financial management: economy, efficiency and effectiveness.

The ECA, as an independent auditing institution and SAI, has several functions in the EU: contributing to the improvement of financial management, fostering transparency and accountability to its citizens regarding community funds, providing politicians and citizens with reports and rulings, applying international auditing standards and cooperating closely with member state SAIs which monitor European funds managed and used by individual national governments.

The ECA carries out its activities in conformity with international auditing standards. In order to do so effectively it has put into place long-term plans which define its strategy and annual plans which specify the activities it is going to undertake over the financial year.

It does three types of audits – financial, compliance and management. The ECA's Statement of Assurance, one of the most important audits it carries out, is an annual financial and compliance audit by virtue of which the court audits the reliability and regularity of underlying financial operations in the EU. It is published in the ECA's annual report as part of its output, along with specific and special annual reports, opinions on proposed legislation and general analysis.

### Internal Audit Service

Set up on 11 April 2000, the IAS is a basic part of the internal auditing system of the EU and EU agencies.

The IAS is presided over by the Vice-President of the Commission responsible for better regulation, inter-institutional relations, the rule of law and the charter of fundamental rights. It is broken down into three directorates which are responsible for assessment and the issuing of opinions on internal control system quality and operation in the Commission's departments and organizations and in EU Agencies, executive agencies and other autonomous bodies which receive funds from the EU's budget (European Commission 2015).

The IAS works in conformity with IIA international professional standards and is accountable to the Audit Progress Committee (APC). The IAS reports to the APC on audit results and recommendations it has made, as well as providing an overall opinion on the Commission's financial management and on compliance with its annual auditing plan (European Commission 2015).

At European level, there are other organizations like EUROSAI, the EURORAI or the ECIIA which, although they do not aim to set auditing standards, they do promote the sharing of information and audit experience, inform their members of current legislation and work towards terminology standardization so as to bring about public auditing uniformity.

### Supreme Audit Institutions

These are public state institutions (or belonging to a supranational organization) which independently – with or without judicial responsibility – and in accordance with laws or other formal state or supranational organization regulations exercise the maximum financial control function of said states or supranational organizations, whatever their designation, formation or organization (INTOSAI 2007).

In Europe there are at least three types of SAI: the Napoleonic model, the Westminster model, and the Board system (Dye and Stapenhurst 1998; García 2005; National Audit Office 2005; Wang and Rakner 2005).

- Napoleonic Model (or Court of Accounts System). SAIs have both judicial and administrative authority, are part of the judicial system and are independent from legislative and executive branches. This system is directed more towards compliance audits and less so towards performance audits given that their staff is largely made up of lawyers and magistrates. It is a model used by the Latin countries of Europe (France, Belgium, Portugal, Spain, Italy and Greece). Additionally, they have an advisory function and may also pass judgment on likely irregularities arising from public fund mismanagement.
- Westminster Model. Also known as the Anglo Saxon or Parliamentary Model, it can be found in the SAIs of the United Kingdom, Hungary, Malta, Poland, Ireland, Sweden, Finland, Denmark, Estonia, Cyprus, Latvia, and Lithuania. The SAI is overseen by the Auditor General, who regularly presents to parliament reports, produced by professional auditors and technical experts, on financial statements and performance of government entities. Unlike the Napoleonic model, the emphasis here is on financial and performance audits, with less focus on compliance. These SAIs also act as parliamentary advisors and do not have a judicial function, although they do report irregularities detected while in the course of their work. In this system, the SAI is a key feature of parliamentary control and has a close relationship with parliamentary committees.
- Board System. This is similar to the Westminster model but with a collegiate structure. The German SAI, for example, has a three-member board, including the chairperson. Other countries using this system are The Netherlands, Slovakia, the Czech Republic, Norway and Sweden.

Not all European SAIs fit exactly into these models, but they do get close. In general, legal, financial, political, cultural and social contexts influence SAI structure. Other aspects such as president or auditor-general affiliation to certain political parties, appointment procedures, resource allocation, the type and role of staff members, the kind of bodies they audit, the kind of audit or the way they report results to recipients also have a bearing on structure.

In order to be effective, however, all of them need organizational independence or autonomy from other branches of government, a formal and clear mandate established by their constitution or statutes, adequate funding, facilities and staff to guarantee quality work, unlimited access to all the information they might need while working and adhesion to professional audit standards promulgated by INTOSAI or other international bodies which issue standards (Dye and Stapenhurst 1998).

### Regional Audit Institutions

In some European countries financial monitoring of regional and local government bodies is carried out by RAIs.

Like SAIs, RAIs differ from one country to another or even from one region to another. Germany, Austria, Spain, France, Ireland, Italy, Russia and Switzerland are examples of countries

with regional and local public sector financial control institutions. Their scope of audit activity varies, however, in terms of audit objectives, relationships with other audit institutions, recipients and reporting of their work or the way physical and human resources are allocated. This is largely due to the diversity of their constitutional or regional structures (EURORAI 2004).

Likewise, not all regions within a state, Spain or Russia for example, have control institutions. In some countries like France or Germany control institutions do local body auditing and not exclusively at regional level. Others, in Austria, Russia and Switzerland, do not undertake external control of public finances since they are regarded as internal control bodies (EURORAI 2004).

RAIs are grouped together under the umbrella organization known as the EURORAI. It is made up of RAIs from 15 countries and promotes cooperation among RAIs as well as the sharing of knowledge and experience of auditing public income and expenses so as to guarantee better use public finances in local and regional sectors (EURORAI 2001).

EURORAI is organized firstly through its highest authority, the General Assembly, which is made up of the chairpersons of RAI members and also through its Management Committee and General Secretariat. It is funded by members' fees and other forms of income such as subsidies, donations and earnings arising from the sales of its publications and other activities it is involved in.

## Principles of Public Sector Auditing

The principles that govern any activity have a basis which should be respected. In the context of public sector auditing, its principles are regarded as the main ideas that influence how auditing practice is carried out. Auditing standards are the rules that should be followed in order to put auditing principles into practice.

The INTOSAI establishes in ISSAI 100 the principles applicable to all public sector audit engagement, whatever its form or context. Public sector auditing principles can be classified as general principles and as principles related to the audit process (see Fig. 1).

General principles are those related to auditors themselves; they involve ethics and independence, professional judgment, due care and skepticism, work quality and audit team management and skills. They also cover certain matters that auditors should consider before starting an audit and while it is being carried out – audit risk, materiality, documentation and communication.

- Ethics and Independence. Ethical principles should be part of an auditor's professional behavior and the auditor should have an independent, objective attitude towards the entity being audited and other external special-interest groups.
- Professional Judgment, Due Care, and Skepticism. An auditor's professional conduct entails the use of knowledge, skills and collective experience during the audit process (professional judgment). Auditor conduct also calls for careful planning and carrying out of audits (due care) as well as professional detachment and an alert attitude as to whether evidence which comes to light during an audit is appropriate and sufficient (skepticism).
- Quality Control. This refers to the use of quality control systems in order to guarantee, on the one hand, that auditors are complying with professional standards and applicable legal requirements; on the other hand that the reports they produce are appropriate.
- Audit Team Management and skills. People in the audit team should be aware of, and have practical experience in, the type of audit they are going to undertake. They also need to be familiar with applicable regulations, have some knowledge of the organization they are auditing and have the right capability and experience to make a professional judgment.
- Audit Risk. This refers to the possibility that an auditor's opinion or conclusions may be wrong after carrying out a full audit procedure.
- Materiality. The auditor should bear in mind materiality, or relative importance, throughout an audit. Relative importance is understood as the criteria used to assess the effect any

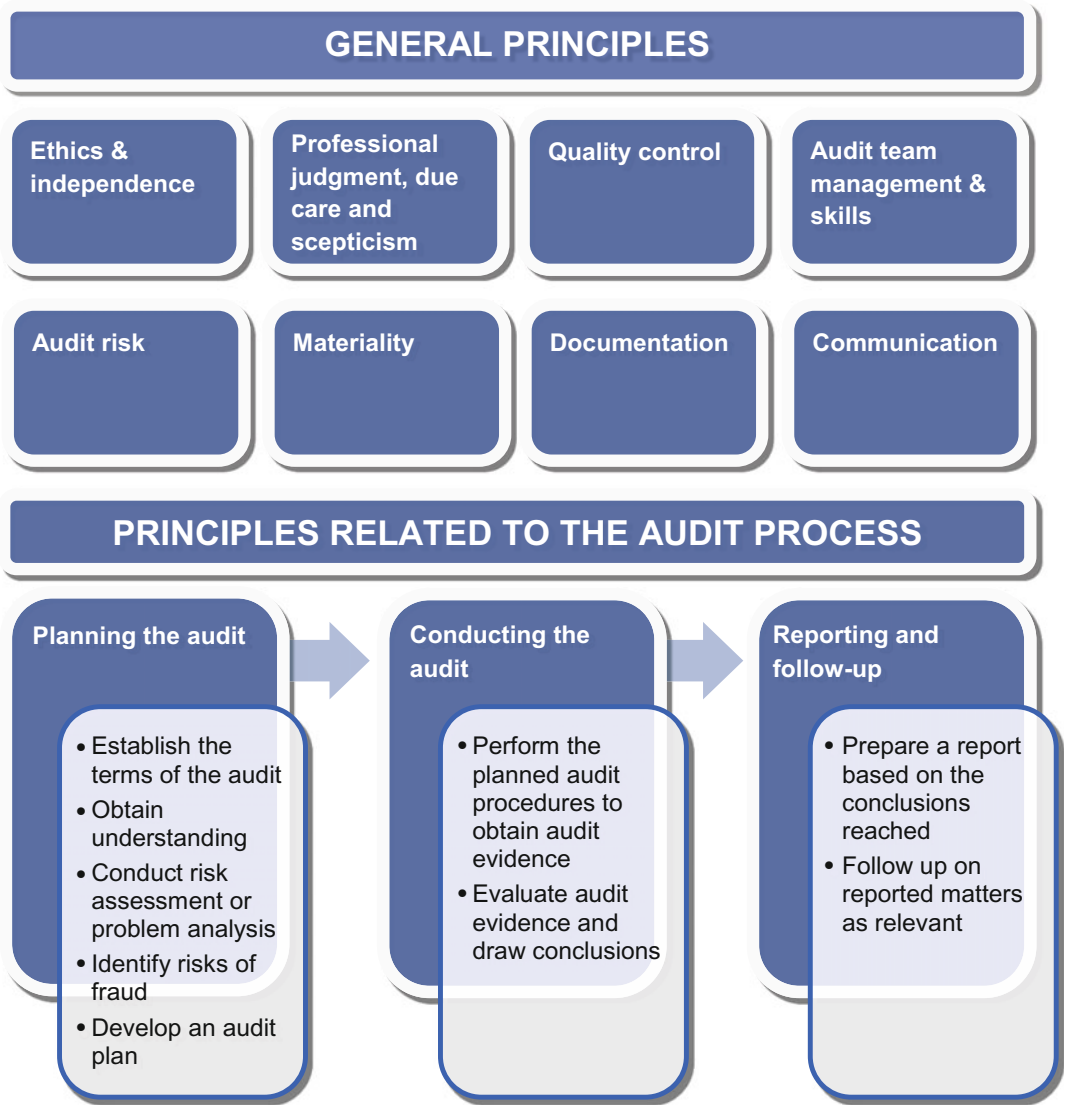


**Auditing, Fig. 1** Areas covered by the principles for public-sector auditing. (Source: INTOSAI 2013b)

oversight or inaccurate information might have on a reasonable person and whether these would affect his/her judgment.

- Documentation. Auditors should prepare audit papers in sufficient detail so as to allow for easy understanding of the work undertaken, of the evidence obtained and of the conclusions reached.
- Communication. The auditor is responsible for establishing effective communication throughout the audit. This entails participation by the audited entity's management in the auditor's responsibilities within the audit framework, in gathering information relevant to the audit as well as providing management with opportune advice, observations and suggestions as they arise during the audit process.

The *principles related to the audit process* can be linked to the planning phase, conducting the audit and the production of audit reports as well as follow-up of any matters arising from the reports.

- Planning. Auditors need to plan their work in order to identify the aims of the audit in question. During this phase auditors should learn about the entity or program about to be audited, assess audit risks via procedures which include looking at and rating internal control processes and weighing up the risk of fraud. They also require guarantees that the audit will be undertaken economically, efficiently and effectively, which means that audit procedures will need to be appropriate to the aims and risks involved and that the right human and technical resources are in place; otherwise, people with the required skills should be brought in.
- Conducting the Audit. Auditors conduct audit procedures which allow them to compile evidence that backs up their conclusions. Evidence comprises information gathered by the auditor so as to document whether a matter complies with applicable criteria. Evidence may be documentary, physical, testimonial or analytical and it should be ample and appropriate. Evidence at this stage should be assessed and conclusions should be reached.
- Production and Follow-up of Audit Reports. Auditors need to draw up a report to convey audit results to legally entitled recipients, to the body which has been audited and to the general public. Reports should be pertinent, easy to understand, objective and well grounded. Their full extent will depend on whether or not their scope, findings and conclusions are specified. The same can be said for their potential consequences and recommendations, which may be limited by legal requirements, financial audit internal control mechanisms, legal compliance and performance audit management. Auditor performance does not conclude with the production and submittal of the report; recommendations need to be monitored until faults are corrected.

## Public Sector Auditing Standards

As for standards which cover the public sector, it is necessary to distinguish between international and European standards and those applicable at a national, regional or local level. There is, however, a tendency these days towards uniformity of standards.

### Auditing Standardization at an International Level

*Internationally*, the IFAC, the INTOSAI, and the IIA issue auditing standards which are applied in public sector audits.

The IFAC and INTOSAI are institutions whose professionals and SAIs do external audits; the IIA does internal auditing.

#### IFAC

The IFAC does not issue specific public sector auditing standards as it considers that the standards drawn up by one of its boards, the International Auditing and Assurance Standards Board (IAASB), are applicable to all audit work, whatever the sector in which the audited entity operates (Miaja 2013).

IFAC formulates high-quality international auditing and assurance standards: specifically, 36 International Standards on Auditing (ISAs) concerning general principles and responsibilities (200–299), risk assessment and response to assessed risks (300–499), audit evidence (500–599), using the work of others (internal auditors, auditor's expert) (600–699), audit conclusions and reporting (700–799), and specialized areas (800–899).

All ISAs are structured in the same way:

- Introduction. This explains the ISA's purpose and scope as well as auditor responsibility within the context established by the ISA.
- Objective – describes the objective sought by the auditor when applying each ISA.
- Definitions. Each ISA contains a definition of the terms it uses and how the terms refer to the area where the ISA is applied.
- Requirements – are established for auditors to comply with in order to reach the objectives sought when applying each ISA. Requirements always start with the words: "the auditor shall. . ."
- Application and Other Explanatory Material. The content and purpose of a standard is

explained in more detail through complementary material which expands on information given in previous sections. Also included are examples or opinions concerning ISA application to public sector or other audits.

The IFAC also releases a range of declarations on professional auditing practices and is involved in other work concerning reviews, assurance and related services.

### INTOSAI

INTOSAI, since it was set up, has issued auditing standards based on the Lima and Mexico Declarations from 1977 to 2007 respectively. Standards have also been based on conclusions and recommendations adopted at INTOSAI congresses and work carried out by the UN think tank dealing with accounting and auditing in developing countries.

These standards, which reflected the general opinion of SAIs concerning best audit methods and practice, were not, at first, binding. INTOSAI, however, in its strategic plan (2005–2010) pledged to draw up a framework of international standards. The outcome of this was the approval by all INTOSAI members of the *South Africa Declaration on the International Standards of Supreme Audit Institutions* during INTOSAI's 10th congress held in Johannesburg en 2010.

Thus, SAIs are required to guarantee that these standards are used as the common reference framework for public sector auditing and to foster and implement them, both nationally and regionally, in accordance with national mandates and legislation. Their use provides SAIs with permanent access to a common, broad framework of up-to-date auditing standards, adds credibility to their auditing work, promotes public sector transparency and improves work quality. They also improve the professional image of SAIs and allow for joint audits to be conducted (Elmose 2011).

INTOSAI has drawn up two kinds of professional standards: the ISSAIs and the INTOSAI Guidance for Good Governance (INTOSAI GOV).

The ISSAI framework involves a two-pronged approach: on the one hand, the General Auditing Guidelines on Financial Audit are defined on the basis of the ISAs issued by the IAASB of the IFAC; on the other hand, INTOSAI produces its own General Auditing Guidelines on Compliance Audit and Performance Audit and Guidelines on Specific Subjects.

Every standard is given an ISSAI number of between 1 and 4 digits which indicates the document's ranking. Table 1 includes current guidelines, their designation and approval date.

ISSAIs are classified into four levels.

- Level 1 Founding Principles (ISSAI 1) are contained in the Lima Declaration and their main purpose is to protect SAI independence.
- Level 2 (ISSAI 10–99) are pre-requisites for the functioning of SAIs. They contain declarations about correct SAI functioning and professional conduct which are relevant to all public audits in terms of independence, transparency, accountability, ethics and quality. The Mexico Declaration on the Independence of SAIs can be found at this level.
- Level 3 (ISSAI 100–999) comprises fundamental auditing principles, 4 in total, which provide a general outline of audit procedure and report writing. ISSAI 100 gives detailed information about the ISSAIs' purpose and authority, the reference framework for public sector auditing, mandate, aims, and types of audit as well as its components and principles to be applied. ISSAIs 200, 300, and 400 expand on key areas of the auditing of public sector financial, performance and compliance statements by specifically adapting the general principles of ISSAI 100.
- Level 4 (ISSAI 1000–5999) involves more detailed guidelines than the Fundamental Principles and so can be used on a daily basis during an audit. This level includes both general financial, performance and compliance audit guidelines (ISSAI 1000–4999) and specific ones (ISSAI 5000–5999).

Financial audit guidelines are made up of 38 ISSAIs (ISSAI 1000–2999). The first two contain a general introduction to the guidelines (ISSAI 1000) and a glossary of terms to help

**Auditing, Table 1** International SAIs standards

| Level | ISSAI | Designation | Approval date |
|---|---|---|---|
| Founding principles | | | |
| **1** | 1 | The Lima Declaration | 1977 |
| Prerequisites for the functioning of SAIs | | | |
| **2** | 10 | Mexico Declaration on SAI Independence | 2007 |
| | 11 | INTOSAI Guidelines and Good Practices Related to SAI Independence | 2007 |
| | 12 | Value and Benefits of SAIs - making a difference to the life of citizens | 2013 |
| | 20 | Principles of Transparency and Accountability | 2010 |
| | 21 | Principles of Transparency and Accountability. Good Practices | 2010 |
| | 30 | Code of Ethics | 1998 |
| | 40 | Quality Control for SAIs. Implementation guidance and tools | 2010 |
| Fundamental auditing principles | | | |
| **3** | 100 | Fundamental Principles of Public-Sector Auditing | 2013 |
| | 200 | Fundamental Principles of Financial Auditing | 2013 |
| | 300 | Fundamental Principles of Performance Auditing | 2013 |
| | 400 | Fundamental Principles of Compliance Auditing | 2013 |
| Auditing guidelines | | | |
| **4** | Auditing guidelines | | |
| | 1000–2999 | General Auditing Guidelines on Financial Audit | 2007–2010 |
| | 3000–3999 | General Auditing Guidelines on Performance Audit | 2004–2010 |
| | 4000–4999 | General Auditing Guidelines on Compliance Audit | 2010 |
| | Guidelines on specific subjects | | |
| | 5000–5099 | Guidelines on International Institutions | 2004 |
| | 5100–5199 | Guidelines on Environmental Audit | 1998 |
| | 5200–5299 | Guidelines on Privatisation | 1998–2007 |
| | 5300–5399 | Guidelines on IT-audit | 1995 |
| | 5400–5499 | Guidelines on Audit of Public Debt | 2007–2010 |
| | 5500–5599 | Guidelines on Audit of Disaster-related Aid | 2013 |
| | 5600–5699 | Guidelines on Peer Reviews | 2010 |
| | 5700–5799 | Guidelines on Audit of Corruption Prevention | Ongoing |
| | 5800–5899 | Guidelines on Cooperative Audit between SAIs | Ongoing |

Source: http://www.issai.org

understanding and interpretation of the standards (ISSAI 1003). The other 36 ISSAIs (1200–1810) originate in an ISA, and therefore the last 3 ISSAI number digits are the same as the ISA number; for example, ISSAI 1300 (Planning an Audit on Financial Statements) and ISA 300 of the same name. Every financial audit guideline has its corresponding ISA and a practice note specific to the public sector, which orients ISA application to the public sector and should be read together with the ISA.

All practice notes are structured in the same way – background, applicability of the ISA to public sector auditing and additional guidance on public sector issues – and their paragraphs are numbered consecutively. To differentiate them from ISAs, paragraph numbers start with the letter P.

The performance audit guidelines (ISSAI 3000–3999) deal with audits whose aim is to monitor the efficiency and effectiveness of the administration's activities, programs or institutions, focusing in particular on finances and areas open to improvement. Two guidelines (ISSAI 3000 and 3001) describe features and principles of performance audits, serve as a basis for good practice and establish a methodological and professional framework which provides

auditors with standards and orientation in order to plan and carry out audits and report their results. The guidelines, however, are not intended to be applicable to all performance audits, given the diversity of SAIs in terms of mandate, scope, organization and methods; neither do they encompass every approach, technique and method used over the whole range of issues and perspectives in the public sector.

Compliance audit guidelines (ISSAI 4000–4999) deal with audits whose purpose is to check whether public sector institutional activities are undertaken in accordance with the laws, regulations and standards they are bound by. These guidelines cover all levels of the civil service – central, regional and local – and may be applied also to audits of private organizations which take part in the management of public goods or services, for instance as recipients of state aid or subsidies. ISSAI 4000 is a general introduction which describes its scope of application, how a compliance audit should be carried out according to a particular SAI's mandate and also how it is linked to other auditing standards. ISSAI 4100 deals with compliance audits which are carried out separately from financial ones, such as an independent or performance audit. ISSAI 4200 analyzes compliance audits carried out in conjunction with financial ones.

Most SAIs in the EUROSAI regard ISSAIs as highly relevant, especially those at levels 1, 2, and 3, the same being true for the general guidelines at level 4. Most EUROSAI members are familiar with the ISSAI framework, but application is not uniform. Some SAIs are required by law to use ISSAIs while others either apply the full set of standards or part of the regulatory framework or they use ISSAIs as a basis for their own auditing standards and guidelines (Engels 2012).

Specific guidelines aim to empower SAIs so that they can carry out audits of international institutions, environmental audits and audits related to privatizations, information technologies, public debt, disaster related aid, peer reviews or corruption prevention. Every guideline has a different structure and content, but they all attempt to help auditors to understand the nature of audits, to identify procedures and methodologies, to facilitate orientation and good practice, or to put forward assessment concepts and indicators, among other questions.

The INTOSAI also draws up, together with the ISSAIs, the INTOSAI GOV. They are a set of principles and pronouncements whose aim is to define a solid reference framework in matters of internal control and accounting standards for governments, institutions and auditors in particular and for the international community in general. The purpose of these guidelines is the fostering of good governance in the public sector.

### Institute of Internal Auditors

The internal auditing profession is governed by the International Professional Practices Framework (IPPF), which was drawn up by the IIA. The framework is made up of two types of professional guidance – mandatory guidance and strongly recommended guidance (see Fig. 2). Mandatory guidance is comprised of the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. Strongly Recommended Guidance includes Position Papers, Practice Advisories and Practice Guides.

- Definition of Internal Auditing. Establishes the purpose, nature and scope of internal auditing (IIA 2013):

  > Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- *Code of Ethics*. Develops the definition of internal auditing as it establishes the principles (integrity, objectivity, confidentiality and competence) and the rules which govern individual and organization behavior in the performance of internal audits.
- *International Standards*. These must be complied with and applied internationally by individual internal auditors and when carrying out internal audit activities. They involve a statement of basic requirements for internal audits

**Auditing, Fig. 2** International professional practices framework. (Source: IIA 2013)

and for assessing their effectiveness and also interpretations which clarify terms or concepts used in statements. There are three types of standards: attribute standards, which deal with the features of the organizations and people providing internal audit services; performance standards, which describe the nature of internal audit services and also provide quality criteria for carrying out these services; and implementation standards, which expand on the other standards and determine what requirements are applicable to assurance or consulting activities.

Finally the IIA drafts strongly recommended guidance which help internal auditors to deal with issues linked to fraud, independence, objectivity, IT and quality assurance (Positions Papers). They also advise on the application of mandatory guidance (Practice Advisories) and orient auditors with detailed information on procedures, tools, programs and samples of audit reports (Practice Guides).

## Auditing Standardization at a European Level

In Europe, the EU fosters the application of international auditing standards given that governments of its member states are required to bear them in mind when carrying out monitoring procedures of EU finances (Miaja 2013). Article 28 of the delegated regulation (UE) 480/2014 of the Commission (3 March 2014), which complements regulation (UE) 1303/2013 of the European Parliament and Council, recognizes ISAs, ISSAIs and IIA as generally accepted international auditing standards.

Similarly, the ECA and the IAS of the European Commission do not draft public auditing standards but they do promote direct application of the above-mentioned standards.

The ECA undertakes audits in accordance with ISSAIs. However, it also avails itself of a set of guidelines and auditing manuals which include detailed information about how to carry out financial, compliance and performance audits.

The ECA guidelines are auditing methods aimed at providing support to auditors during different phases of an audit. ECA has published 10 guidelines, some of which may be applied to all TCE audits (guidelines on audit interview, data collection, surveys and report-collection) and others solely to performance audits (guidelines on issue analysis and drawing conclusions, developing audit objectives and evaluation, risk assessment).

The auditing manuals establish principles of international auditing standards and provide orientation and instructions about how to apply the principles to both the ECA's annual declaration of

trustworthiness and to financial, compliance and performance audits. They also include a glossary of terms and acronyms.

As for the IAS, it works according to the Institute of Internal Auditors' International Professional Standards and Code of Ethics.

### Auditing Standardization at National, Regional and Local Levels

In the area of external audit, SAIs and RAIs are responsible for public sector audit. In some countries, external private firms audit certain public bodies, for instance local government financial audits in Sweden and Belgium, special funds in Cyprus, or universities, private schools, and high schools in Denmark (Ernst & Young 2012). Also, in Finland, authorized public accountants undertake financial audits of some local government departments.

Generally speaking, SAIs and RAIs apply internationally accepted auditing standards by adapting them to their own regulations. Internationally accepted auditing standards mean ISAs issued by the IAASB of the IFAC, and the ISSAIs approved by the Professional Standards Committee of the International Organization of SAIs.

Most European countries use ISAs and ISSAIs, or very similar standards, when they carry out public sector financial audits that tend to take place annually (Ernst & Young 2012). In Austria, France, Germany, Italy and Spain, regions have autonomy to regulate audits (Brusca et al. 2015).

The standard reference framework which is followed for conducting compliance audits is made up of ISSAIs (400 and 4000–4200) and the Financial Compliance and Audit Manual of the ECA. Some countries like the Netherlands and the United Kingdom have their own specific guidelines as well. Compliance audits are a key element in public sector transparency and accountability, which is why they are carried out in all countries without exception (FEE 2015a).

Performance audits are carried out in all European countries except Greece. They have a long tradition in Nordic countries (Denmark, Finland, Norway and Sweden) and in the Netherlands, the United Kingdom, Belgium, Italy, France, Portugal and Slovenia (FEE 2015b). SAIs and RAIs have drawn up specific guidelines for this type of audit, which are used in conjunction with the INTOSAI ISSAIs 3000 and 3100.

Internal audits are carried out in the public sector by most EU countries and they do so through audit boards, audit committees, internal audit services, top managers/top officials and internal auditors. However, they do not cover every part of the sector and nor do they deal with each part in the same way. The degree of internal auditing varies, as does the type of audits regularly undertaken (EU 2014).

Most member countries base their internal auditing systems on the IIA regulations, although some differences can be observed in terms of the extent to which they are applied. Some countries, such as Slovenia, apply the IPPF fully, others apply the mandatory guidelines (Estonia, Ireland), while others only apply the standards (Austria, Belgium, the Czech Republic, France, Hungary, Poland, Romania, Slovakia) or the code of ethics (The Netherlands) (EU 2014). Finally, countries like Bulgaria, Croatia, Greece, Italy, Latvia, Spain, Sweden and the United Kingdom have their own regulations governing internal auditing, which tend to be in line with IIA standards (EU 2014).

## Conclusion

Auditing activity in the public sector should be a response to social demand for good government. Public auditing should have an impact on verification of compliance responsibility by managers and on how they explain their management through their statements of accounts (García 2005).

For this purpose, different types of audit, compliance, financial, and performance audits, are performed by individuals or institutions which follow generally accepted auditing principles and standards.

Regional, economic, social and political diversity among European countries have given rise to different control models and different entities in both the internal and external auditing areas. EU countries carry out internal audits through audit

boards, audit committees, internal audit services, top managers/top officials and internal auditors, while external ones are performed by SAIs, RAIs, external private firms or private auditors.

This diversity, however, does not mean that public auditing is carried out in noticeably different ways, and this is where audit standardization at an international level has become a key factor. The IFAC, INTOSAI and IIA, through the ISAs, ISSAIs and the IPPF are developing a regulatory framework which will allow the standardization of general auditing principles and those related to the development of audit work in all countries.

There are other organizations which take part in the standardization process at European and national levels: EUROSAI, EURORAI, ECIIA and national institutes of internal auditing. Also, the EU, the ECA and the IAS all promote the application of this framework because, on the one hand, the EU requires its use when central governments are auditing EU funds, and on the other, because the ECA and the IAS are already applying it to the audits they carry out.

To sum up, over the last decade Europe has made a major effort in matters of financial control, laying the foundations for the application of standards which are as uniform as possible. Nevertheless, public sector auditing over the next few years will have to face major challenges in a complex context of increasing demand for public services, demographic pressure and budgetary cutbacks brought about as a result of austerity measures.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Corruption, Europe
- ▶ Auditing Principles
- ▶ Auditing for Financial Reporting
- ▶ Balanced Scorecard
- ▶ Budgeting in the Public Sector
- ▶ Cost Accounting in Public Services
- ▶ E-Government, Accountability, and Performance
- ▶ External Budgetary Auditing
- ▶ Financial Statements
- ▶ Financial Reporting
- ▶ Harmonization
- ▶ Internal Budgetary Auditing
- ▶ Performance Auditing


A

## References


Brusca I, Caperchione E, Cohen S, Manes RF (2015) Comparing accounting systems in Europe. In: Brusca I, Caperchione E, Cohen S, Manes RF (eds) Public sector accounting and auditing in Europe. IIAS series: governance and public management. Palgrave Macmillan, London, pp 235–252

Dye KM, Stapenhurst R (1998) Pillars of integrity: the importance of supreme audit institutions in curbing corruption. Economic Development Institute of the World Bank. http://documents.worldbank.org/curated/en/1998/01/442360/pillars-integrity-importance-supreme-audit-institutions-curbing-corruption. Accessed 10 Sept 2015

Elmose A (2011) ISSAI implementation. EUROSAI Mag 17:138–141

Engels D (2012) EUROSAI goal team 2. Application of ISSAI within EUROSAI. Eur Org Suprem Audit Institut Mag 18:55–56

Ernst & Young (2012) Overview and comparison on public accounting and auditing practices in 27 EU Member States, Prepared for EUROSTAT 19 Dec 2012

EU (2014) Compendium of the public internal control systems in the EU Member States, 2nd edn. Office of the European Union, Luxembourg

European Commission (2015) Mission charter of the internal audit service of the European Commission. http://ec.europa.eu/dgs/internal_audit/about/what-we-do/index_en.htm. Accessed 20 Dec 2015

EURORAI (2001) Statutes of the European Organization of Regional External Public Finance Audit Institutions. http://www.eurorai.org/eurorai/eurorai_eng.nsf/menu/statutes. Accessed 16 Oct 2015. Accessed 1 Sept 2015

EURORAI (2004) Regional public sector audit institutions in Europe. EURORAI, Valencia

FEE (2015a) Information paper on the compliance audit in the public sector. http://www.fee.be/library/list/42-public-sector/1530-compliance-audit-in-the-public-sector.html. Accessed 2 Nov 2015

FEE (2015b) Information paper on the performance audit in the public sector. http://www.fee.be/component/content/article.html?id=1500:performance-audit. Accessed 2 Nov 2015

Fuentes MS (2013) La auditoría pública versus la auditoria privada [Public auditing versus private auditing]. In: Fuentes MS, Rodríguez AR (eds) Manual de auditoría pública [Handbook of public auditing]. Thomson Reuters, Valencia, pp 25–42

García M (2005) Public control: a general view. In: García M (ed) Public expenditure control in Europe. Edward Elgar, Cheltenham, pp 3–29

Goodson SG, Mory KJ, Lapointe JR (2012) Supplemental guidance: the role of auditing in public sector governance,

2nd edn. Institute of Internal Auditors. https://na.theiia.org/standards-guidance/leading-practices/Pages/the-role-of-auditing-in-public-sector-governance.aspx. Accessed 15 Sept 2015
Institute of Internal Auditors (2013) International professional practices framework (IPPF), 2013th edn. The IIA Research Foundation, Altamonte Springs
INTOSAI (2007) Statutes. INTOSAI. http://www.intosai.org/en/about-us/statutes.html. Accessed 1 Oct 2015
INTOSAI (2013a) 60 years INTOSAI – 50 years General Secretariat. Transparency, accountability, good governance. INTOSAI
INTOSAI (2013b) ISSAI 100: fundamental principles of public-sector auditing. http://www.issai.org/3-fundamental-auditing-principles/. Accessed 20 Oct 2015
Miaja M (2013) La normalización de la auditoría pública. Normas nacionales y normas internacionales en el ámbito del control interno y externo [National and international standards on external and internal audit]. In: Fuentes MS, Rodríguez AR (eds) Manual de auditoría pública [Handbook of public auditing]. Thomson Reuters, Valencia, pp 43–68
National Audit Office (2005) State Audit in the European Union. NAO. https://www.nao.org.uk/report/state-audit-in-the-european-union/. Accessed 1 Sept 2015
Rigsrevisionen (2015) Report on the audit of the Danish government accounts for 2014. http://uk.rigsrevisionen.dk/publications/2015/232014/. Accessed 1 Dec 2015
Riksrevisjonen (2013) The Office of the Auditor General's investigation of Norwegian development aid to the health sector in Malawi. https://www.riksrevisjonen.no/en/Reports/Pages/Malawi.aspx. Accessed 10 Dec 2015
Tribunal de Cuentas (2015) Fiscalización relativa a la contratación del sector público celebrada durante el ejercicio 2012 [Audit concerning state sector hiring carried out in the 2012 financial year]. http://www.boe.es/boe/dias/2015/10/23/pdfs/BOE-A-2015-11415.pdf. Accessed 5 Dec 2015
Wang V, Rakner L (2005) The accountability function of supreme audit institutions in Malawi, Uganda and Tanzania. Chr. Michelsen Institute, Bergen

# Auditing for Financial Reporting

Tatiana Antipova
The Institute of Certified Specialists (ICS), Perm, NA, Russia
Perm State University (PSU), Perm, NA, Russia

## Synonyms

Auditing for financial reporting = Financial statement audit in the public sector (for the purpose of this entry)

## Definition

The term "audit" possibly originates from the Latin "audire," meaning "to listen". In the ancient Rome practice, one official would compare records with another for a separation of duties and verification. Later this practice expanded to England that confirmed a quotation from Shakespeare's piece:

> If you suspect my husbandry or falsehood,
> Call me before the exactest auditors
> And set me on the proof. (W. Shakespeare 1623)

Auditing: "A systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users." (Hyytinen and Kallunki 2014).

Government auditing: is essential to the government's responsibility of accountability to the public. Government audits are intended to provide an independent, objective, nonpartisan assessment of the stewardship, performance, and cost of government policies, programs, and operations (GAO-06-729G Government Auditing Standards, 1.01, 1.02).

Most often the government auditing is divided into financial statement audits and performance audits. So we can see that financial statement audit is a part of government auditing.

Financial statement audit in the public sector: an assessment of the public sector organizations' financial position and results of its operations, as a rule for the whole fiscal year. The primary purpose of a financial statement audit is to provide an opinion (or disclaim an opinion) about whether an entity's financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles (GAO-06-729G Government Auditing Standards, 1.25).

The term "**financial statements**" refers to a presentation of financial data, including accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time or the changes for a period of time in conformity with an

identifiable framework, such as generally accepted accounting principles (GAAP) or another comprehensive basis of accounting (GAO-03-673G). **Financial statements** are a structured representation of the financial position and financial performance of an entity (IPSAS 2015. 1, 15).

**Fiscal year** is a period used for calculating annual ("yearly") *financial statements*.

All of definitions are considered for the public sector.

## Introduction

Nowadays, with globalization of the economy, good governance of public finance is of fundamental importance for all countries to ensure the sustainability of the national budget and financial systems, as well as mutual financial security and sustainable economic growth. The public sector of many economies has been subject to dramatic change.

Accounting is a major mechanism by which many of these changes have been enacted. Effective budget implementation is an important factor in influencing the volume and quality of public services. Furthermore, it is important to bear in mind that leakage of resources through poor accounting directly threatens fiscal stability since it requires more resources than should be necessary to achieve any given result. Government auditing provides independent assessments of that information for the benefit of those charged with oversight and for the public. When public are confident that the information they receive is relevant, reliable, understandable, consistent, and comparable, it creates trust.

Transparency and public accountability further engender trust in a representative democracy. Working together, these factors lead to greater citizen satisfaction and better access to capital at a lower cost. As long as budget resources come from the public in the form of taxes, every citizen demands greater understanding of where their tax money goes and how it is spent and control.

Financial statement audit as part of *governmental auditing* will focus attention on how budget resources are spent. Assessment procedures of financial auditing serve to avoid misrepresentation and fraud in public sector financial statements. Since the public sector financial statements are placed on the Internet, any citizen can get acquainted with this reporting. And citizens can trust the information set in these financial statements if it is verified by auditors properly. Auditors should assess fair presentation of public sector financial statements. When financial statements "furnished by a state agency are in fact reliable, citizens' trust should be increased by auditors. When, on the other hand the information is significantly unreliable, auditors should reveal that and consequently decrease citizens' trust" (Budding and Grossi 2014, p. 146).

On the other hand, "fair presentation is not equivalent to financial health (i.e., a good picture is not necessarily a pretty picture). . .Yet there is no inconsistency between a government receiving an unqualified opinion on the fairness of its financial statements and that same government experiencing financial difficulties. The financial statement audit is designed to vouch for the reliability of the financial statements, not the soundness of the finances they portray. Just as the image of something unattractive in a photograph is no indication of a defective camera, a poor financial condition is in no way inconsistent with fair financial statement presentation" (Gauthier 2009). Indeed, the quality of financial reports also depends on the indicators used to present them.

## Financial Statement Audit in the Public Sector

First of all, it is necessary to know the structure of the public sector. The most common public sector comprises general government and public corporations. Government-owned enterprises, such as the central bank, post office, or railroad are often referred to public corporations. General government usually consists of three levels: central government, state or regional government, and local government. Public corporations are divided on nonfinancial (e.g., post office) and financial (e.g., central bank).

To understand the essence of financial statement audit, it is necessary to define its subject and object. The subject is the audit institution and the object is the auditee.

**The subject** depends on the public sector level.

At the central government level, financial statements are audited by federal government or parliamentary bodies like Government Accountability Office (GAO), Supreme Audit Institutions (SAI), federal financial control bodies, treasury, Accounts Chambers, etc.

At the state/regional government level, financial statements auditing (control) is conducted by regional branches of federal financial control bodies, state Accounts Chambers, regional Account Chamber.

At the local government level, financial statements auditing (control) is conducted by local parliamentary bodies like local Accounts Chambers and some of central and state governments body in sharing functions.

**The object** is auditee – public sector entities belonging to the public sector that present financial statements. Financial statements of an entire country presented to the International Monetary Fund (IMF) are prepared and approved by the member country's Ministry of Finance in accordance with Government Financial Statistics Manual (GFSM 2014). All 188 IMF member countries (including European countries) must comply with GFSM 2014 and ESA 2010.

Inside any country, financial (including budgetary) statements of each separate public sector (budgetary) entity are prepared by accountants and approved by the head of this organization. Many regulations (e.g., budget code) and rules are usually ordered by the Ministry of Finance and spread inside the country. The financial statements of each budgetary entity presented depend on the level of budget system of this country. For instance, federal level budgetary entity presented their financial statements to the federal authority, etc. Many countries use IPSAS to accomplish this. Subsequently, financial statements are consolidated on each level of the budget system and then for whole country.

To conduct financial statement audit in the public sector, auditors must know public sector accounting standards (e.g., GAGAS, IPSAS), rules, laws, and regulations for preparing financial statements, as well as auditing standards (e.g., INTOSAI, SAS, ISA, PCAOB), rules, laws, and regulations for writing auditor's reports. Because "the auditor's report is the most important product of the audit. The auditor's report is normally directed to parliament and the cabinet. It is thereby often made available to citizens." (Budding and Grossi 2014, p. 155). The report should include all significant instances of noncompliance and abuse and all indications or instances of illegal acts that could result in criminal prosecution that were found during or in connection with the audit (GAO/OP-4.1.2, p. 40).

When giving the auditor's report, auditors must be sure that financial statements are complete, reliable, accurate, consistent, and timely. In addition to law, "the rules and regulations specifically relevant to audit in the public sector can be presented in four categories: the Lima declaration, the Code of Ethics, auditing standards and practice notes" (Budding and Grossi 2014, p. 151).

In order to carry out financial statements audit, it is necessary to perform two main procedures: ***(1) verification of financial statements compliance to laws and regulations and (2) analysis of financial statements elements***.

### Verification of Financial Statements Compliance to Laws and Regulations

When checking the correctness of *financial statements*, one should determine (Antipova 2014):

1. The guidance of international and domestic accounting rules. A simplified block diagram of generalized audit procedures for compliance with the existing legal framework is shown in Fig. 1.
2. Completeness and timeliness of reporting. Completeness means that all requirement statements (see Table 1) are presented.

The composition of public sector financial reporting is established in international regulations such as GFS, IPSAS, and others. A comparison of the required forms for reporting is shown in Table 1.

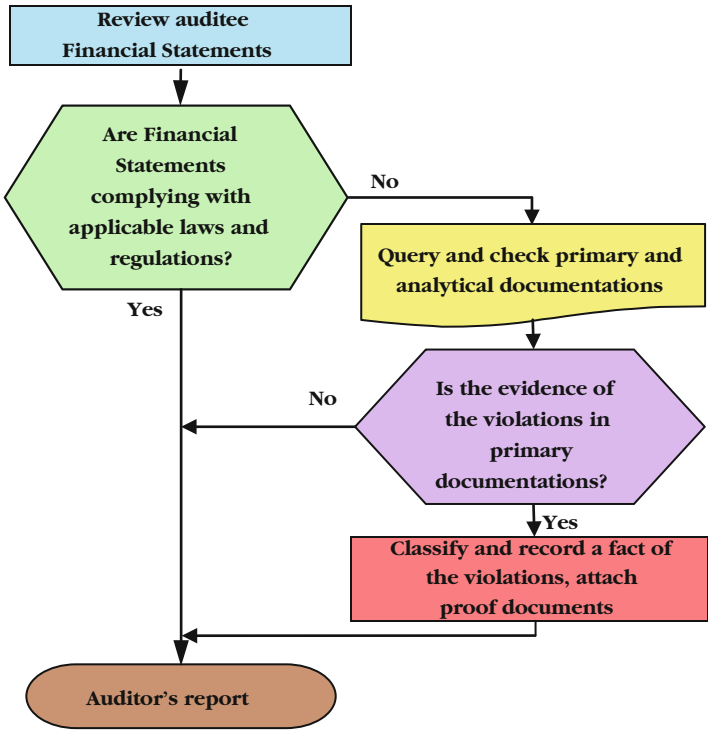


**Auditing for Financial Reporting, Fig. 1** Block scheme of financial statements control procedures

**Auditing for Financial Reporting, Table 1** The required forms for reporting

| GFSM (2014) | IPSAS (2015), 1, 2, 24 |
|---|---|
| Statement of operations | A statement of financial performance |
| Statement of other economic flows | – |
| Balance sheet | A statement of financial position |
| Statement of sources and uses of cash | A cash flow statement |
| Statement of total changes in net worth | A statement of changes in net assets/equity |
| Summary statement of explicit Contingent liabilities and net Implicit obligations for future Social security benefits | Notes, comprising a summary of significant accounting policies and other explanatory notes |

Timeliness depends on the end of the reporting period. Usually financial statements must follow a strictly defined deadline, for example, in 20 days after the end of the reporting period or fiscal year. In addition, according to the budgetary rules, all transactions of public sector entities must fit into the fiscal year (see Table 2). Usually audit bodies prefer to check financial statements for whole fiscal year because it is clearly seen how to execute year budget. That is all of budget money that was received by budgetary entity must be spent during fiscal year and this spending must be reflected in financial statements.

As shown in Table 2, different countries have fiscal years which end in different dates, complicating data comparability by comparing statements between those countries.

3. Whether all transactions with budget funds are accounted for the fiscal year.
4. The availability of authentic primary documents, timeliness, and accuracy of recording reflected into the accounts.
5. Whether the total amount on the accounts equal the sum in their detailed transcript.
6. Compliance with the instructions of the Ministry of Finance on the accounting and registers.
7. Compliance with established procedure for correcting errors in primary documents

received by the accounting department in the accounting records, as well as printouts.

8. Whether considered the results of previous audits of accounting and reporting.

### Analysis of Financial Statements Elements

During a financial audit, key financial elements, such as assets, liabilities, revenue, and expenses, are analyzed and checked. These elements are reflected mostly in two main statements: the balance sheet and the statement of operations. Let's look at the essence of these statements' elements.

A **balance sheet** is a statement of the values of the stock positions of assets owned and of the liabilities owed by an institutional unit or group of units, drawn up in respect to a particular point in time (GSFM 2014, 3.56). In accordance with **a double-entry system**, each transaction gives rise to at least two equal-value entries, traditionally referred to as a credit entry and a debit entry (GSFM 2014, **3.54**). In other words, balance sheets consist of a left side which reflects all assets' leftover and right side which reflects all liabilities' leftover.

**Auditing for Financial Reporting, Table 2** Fiscal year duration's in some countries

| Country | Beginning of fiscal year | End of fiscal year |
|---|---|---|
| Canada, Norway, Sweden | 1st July | 30th June |
| Most Continental European countries | 1st January | 31st December |
| Russian Federation and post-Soviet Countries | 1st January | 31st December |
| Turkey | 1st March | 28th February |
| United Kingdom, Japan | 1st April | 31st March |
| USA | 1st October | 30th September |

**Asset** is a store of value representing a benefit or series of benefits accruing to the economic owner by holding or using the resource over a period of time. It is a means of carrying forward value from one reporting period to another (GFSM 2014, **3.42**). **Assets** are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity (IPSAS 2015 1, 7).

**Liability** is established when one unit (the debtor) is obliged, under specific circumstances, to provide funds or other resources to another unit (the creditor) (GSFM 2014, **3.45**). **Liabilities** are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential (IPSAS 2015. 1, 7).

As net worth equals assets minus liabilities, it is the balancer of the balance sheet. If the difference between the sum of assets and liabilities is positive (assets > liabilities), net worth is added to liabilities to the balance as shown on Fig. 2. Thence assets = liabilities + net worth.

If liabilities > assets, net worth will be moved to the left side and balance assets. Therefore it will be assets + net worth = liabilities. The left side total must always equal right side total in the balance sheet due to the double-entry system.

Since the *net worth* equals assets minus liabilities, it becomes necessary to check the assets and liabilities during balance sheet control to perform financial statement auditing.

So in the balance sheet (also designed "statement of financial position") auditing must

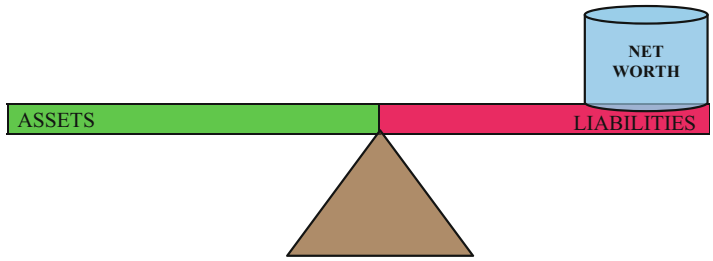


**Auditing for Financial Reporting, Fig. 2** Balance between main balance sheet elements

control two main elements: assets and liabilities. Assets are classified differently depending on the regulations. General rules for determining the regulated assets are GFSM (2014) and IPSAS (2015).

When controlling the elements of the balance sheet, auditors need to ensure:

1. The accuracy and completeness of elements provided in the forms of reporting, and the coordination of related elements presented in separate forms and the balance.
2. Compliance with the actual performance on the reporting date (end of the financial year).
3. That all assets and liabilities actually existed at the reporting date; in case of doubt an inventory should be conducted.
4. Whether the same analytical and synthetic accounting data. If any discrepancies exist, the deviation in each account should be calculated. The magnitude of the deviation should note as the amount of financial statementsâ€™ distortion.
5. The correctness of the assets' and liabilities' amount.
6. Controlling of the operation with different debtors and creditors. To do this, auditors must check the reasons for the formation of receivables and payables; the terms of the debt of each debtor and creditor, the reality of receivables and payables.

**The *statement of operations*** presents details of transactions in revenue and expense. Revenue minus expense equals the *net operating balance*, reflecting the total change in net worth due to transactions with financial assets and liabilities (GSFM 2014, 4.16, 4.17). Since the *net operating balance* equals revenue minus expense, it becomes necessary to control the revenue and expense during financial statement audit.

Any of budget revenues can be classified as all proceeds from transactions that result in an increase in the value of assets. But the detailed classification of revenue for operations statement purposes is significantly different depending on the regulations ordered by Ministry of Finance from country to country. So compliance factual revenue with classification needs to be controlled in the audit.

First of all, control starts with checking the completeness and correctness of the reported amounts of revenues and expenses. **Revenue** is an increase in net worth resulting from a transaction (GSFM 2014, 4.23). **Revenue** is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners (IPSAS 2015 1, 7). **Expense** is a decrease in net worth resulting from a transaction (GSFM 2014, 4.24). **Expenses** are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners (IPSAS 2015 1, 7).

A key point when checking revenue and expense is the recording bases because the amount of revenue and expense depend on applicable recording bases. Broadly, the time of recording could be determined on **four bases**: the accrual basis, the commitments basis, the due-for-payment basis, and the cash basis. In practice though, many variations on these bases of recording may exist (GSFM 2014, **3.61**).

According to GSFM (2014) and IPSAS, the accrual basis is a preferable recording base for financial accounting. But the result of research of 14 European countries shows that "out of 14 countries covered, five use cash, four apply modified cash, two use modified accrual, while there are only three countries using full accruals for budgeting purposes (Austria, Switzerland and the United Kingdom)" (Brusca et al. 2015, p. 236).

In the course of checking **revenue**, the auditor pays particular attention to:

- The completeness and correctness of recording and reporting all revenue.
- A contract between the government/state and the contractor, the definition of contractual compliance with applicable laws.
- The presence of an integral part of the contract between the customer (the state) and the performer – budget programs and activities

justifying the targeted use of budgetary funds; special attention in the implementation of this complex work should be focused on coming budgetary allocations to finance capital (current assets) and operating costs.
– The nature of the receipt of funds – if the entity is a budgetary entity or state budget funds, the budget comes to exercise their statutory activities within the estimates of revenues and expenses.

If the budget comes in the form of grants, subsidies, and other transfers, it is necessary to examine the contract for their provision; especially attentively one must check the performance of all the essential conditions of the contract.

The main thing in this block is the control over the use of finance, which should confirm the reasonable assertion that the budget users achieve the goals set in their outcome.

To check **expense**, the auditor performs the following procedures:

1. Check the distribution of the sum of debit turnover of the account "expenses," taking into account the formation of the cost of the transaction log.
2. Check the completeness, accuracy, and timeliness of the entries in the transaction logs.
3. Verify the resulting amount of expenses of primary documents with a total transaction log on the account "expenses" for a month, and then – with a total of the general ledger for each month and a whole year. Then compare the results of the general ledger with a total cost in the statement of operations.
4. In the event of discrepancies in the amounts of analytical and synthetic accounting, find out the cause.
5. Pay attention to the procurement procedure because it is known that during public procurement some officials have enriched.
6. Control for whether government activities are operating in accordance with the principles of economy, efficiency, and effectiveness.
7. Control of social spending.

A financial statement audit should be led to ensure the issuance of reliable financial information and to deter fraud, waste, abuse, and others violations of public resources. The most common violations in the public sector are: abuse, fraud, waste, bribery, and kickbacks. However, unfortunately these kinds of violations are really difficult to reveal, because such violations very often do not have documentary proof and are made as a result of face-to-face agreements in cash (black) or virtual money, and so are not reflected in the financial statement. This is caused by the appearance and prosperity of the shadow economy, and some senior officials became oligarchs due to these nonrevealed and nonidentified violations.

## Conclusion

Now seems like an opportune time to improve financial statements auditing that is dealing with some major headwinds across a variety of fronts. Many types of crisis, government failures, bureaucratizing, and budget troubles called for a new innovative approach to financial statements auditing around the world. Financial statement auditing needs to rethink its priorities, put transparent decision-making, simpler legislation, make better methodology, and simplify the rules it uses to define and measure auditing results. The improvement of the financial statement auditing in the public sector has two sides: how to further improve the financial reporting process and how to further improve the financial auditing.

In considering how to further improve the public sector financial reporting process in their countries, researchers thought that the following measures were a high priority (IFAC 2008, p. 21):

- Continue convergence to one global set of financial reporting standards
- Globally unify, simplify, and clarify financial reporting standards focusing more on the best practice
- Ensure that boards of directors pay attention to the quality of financial reports
- Provide additional education and training for preparers.

The priorities to further improve the financial statement auditing in the public sector were (IFAC 2008, p. 26):

- Continue to focus on independence, objectivity, and integrity
- Converge to one set of global, principles-based auditing standards over time
- Ensure consistent use of audit standards and safeguarding of quality within auditing bodies
- Improve the auditor's communication, both internally and externally
- Raise the auditor's competence and professionalism
- Consider limited/proportionate liability for auditors

Currently, no more than 60% of budget organizations and operations with budgetary funds are object to the government audit. The existence of the shadow economy and an impressive amount of violations indicate that many financial transactions with budget money go out of control. We need a transition to a fuller control of the budget organization and operations with budgetary funds. This can help a new approach to financial statements auditing – digital auditing.

Moving auditors to new and evolving techniques will modernize financial statement auditing by making full use of current and emerging technologies to overhaul traditional sampling-based auditing approaches and fully leverage technology to digital auditing. Digital auditing allows leveraging sophisticated tools, such as online analytical processing to analyze large populations of both manual and automated journal entries from the financial management system. Getting there will take dedicated investments, concerted effort, executive-level commitment, and strong partnerships with agency management, who will likewise greatly benefit from this evolution. In doing so, it will enable the auditor's profession to move into the future and add even greater value to managing the cost of government and providing the highest levels of accountability and transparency to the public (Lewis et al. 2014, p. 34).

In addition, it is necessary to note that "many auditors want further hands-on guidance to be included in the standards" (Budding and Grossi 2014, p. 159). Despite the fact that auditors have many types of instructions, there are still not enough really workable, clear, and easy manuals for beginners and students.

## Cross-References


- ▶ Auditing
- ▶ Auditing Principles
- ▶ Contingency Model of Reforms in Public Sector Accounting
- ▶ Cost Accounting in Public Services
- ▶ Ethics in Public Administration and Government
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ New Public Financial Management
- ▶ Performance Auditing
- ▶ Performance Evaluation and Reporting
- ▶ Performance Management
- ▶ Performance Measurement
- ▶ Provisions and Contingent Liabilities
- ▶ Whole of Government Accounting


## References


Antipova T (2014) Government auditing in the regions. PSU, Perm

Brusca I, Caperchione E, Cohen S, Manes-Rossi F (2015) Public sector accounting and auditing in Europe the challenge of harmonization. Palgrave Macmillan, New York

Budding T, Grossi G (2014) Public sector accounting. Taylor and Francis, New York/London

GAO-06-729G (2006) Government auditing standards. United States general accounting office by the comptroller general of the United States

GAO-03-673G (2003) Government auditing standards. United States general accounting office by the comptroller general of the United States

GAO/OP-4.1.2 (1989) United States general accounting office. Office of policy

Gauthier SJ (2009) Better understanding the financial statement audit. Gov Financ Rev 25(3):44–48

Government finance statistics manual (2014) International Monetary Fund, Washington, DC

Hyytinen A, Kallunki J-P (2014) Auditing. In: Encyclopedia of law and economics. Springer, New York

International Federation of Accountants (IFAC) (2008) Financial reporting supply chain. Current perspectives and directions
International Federation of Accountants (IFAC) (2015) International public sector standards (IPSAS)
Lewis AC, Neiberline C, Steinhoff JC (2014) Digital auditing: modernizing the government financial statement audit approach. J Gov Financ Manage 63(1):32–37
Shakespeare W (1623) Timon of Athens (2.2), Flavius

## Auditing Principles

Marco Bisogno
Department of Management & Innovation Systems, University of Salerno, Salerno, Italy

### Synonyms

Principles of auditing

### Definition

Auditing is a complex and iterative process, based on several principles. Taking into account that there are different types of audits (compliance, financial, and performance audit) in the public sector context, the aim of these principles is to allow auditors to objectively determine if information or actual conditions conform to predetermined criteria.

### Introduction

Generally, auditing is the process by which auditors provide an independent assurance on the ability of financial statements to give a true and fair view of the economic and financial performance of an entity. In a more general sense, auditing refers to any form of review of systems, processes, or outputs concerning an audited body.

However, in the public sector realm, this general concept needs further specifications. Public sector entities have to provide services to citizens, who pay taxes; this means that elected members and the governing bodies have to provide information about the proper use of resources received, pursuing the objectives of openness, accountability, and integrity. In this way, public sector auditing plays an important role; in fact, it provides legislative bodies as well as entities charged with governance and the general public with both information and independent assessments concerning the stewardship and performance of government policies, programs, and operations. Accordingly, public sector auditing can be considered as a systematic process by which an audit institution is able to objectively determine if information or actual conditions conform to predetermined criteria.

Public sector auditing is carried out by organizations on different governmental levels, such as supreme audit institutions (SAIs) at the national level and local audit institutions at the regional as well as municipal levels. Generally, the SAI, namely, an auditor general office, is in charge of both internal and external audits; in order to guarantee its independence, the SAI is appointed by Parliament. In some European countries, this general office (named *Court de Comptes* in France, *Rechnungshof* in Germany, and *Corte dei Conti* in Italy) has a judicial power in public sector financial law. This jurisdictional function implies that the SAI has to guarantee that any public sector entity managing public funds is held accountable.

At a municipal level, external auditors, who have to communicate their findings to the SAI, also carry out public sector auditing. Their role is similar to that played by private sector entity auditors, since they provide an opinion on the fairness of budget and financial statements.

The SAIs can be considered as an important pillar of national democratic systems, emphasizing the principles of transparency, accountability, governance, and performance. More specifically, according to the International Standards of Supreme Audit Institutions 100 (ISSAI 100) issued by the INTOSAI (International Organisation of Supreme Audit Institutions), all public sector auditing contributes to good governance in several ways (ISSAI 100, no. 21):

- Providing independent, objective, and reliable information, conclusions, or opinions based on appropriate evidence relating to public sector entities
- Enhancing accountability and transparency, inspiring continuous improvement in the proper use of public funds as well as in the performance of public administrations
- Reinforcing the effectiveness of bodies that exercise general monitoring and corrective functions over government and those responsible for the management of publicly funded activities
- Creating incentives for change by providing knowledge, comprehensive analysis, and well-founded recommendations for improvement

## Types of Public Sector Auditing

Public sector auditing can be categorized into three basic types:

- Compliance audit (i.e., audits of compliance with authorities)
- Financial audit (i.e., audits of financial statements)
- Performance audit

*Compliance audit* (sometimes called "regulatory audit") aims to determine if a specific subject matter (such as activities, financial transactions, and information, depending on the scope of the audit) is in compliance with the authorities that govern the audited entity. These authorities may include laws, regulations, rules, budgetary resolutions, codes, and general principles that govern proper financial management as well as the conduct of public officials.

*Financial audit* aims to determine if financial information is presented in accordance with the applicable regulatory framework. The subject matter of financial audit is the financial statements of a public sector entity, more specifically the financial position, performance, cash flows, and other related elements recognized, measured, and presented in the financial statements. Auditors are expected to collect sufficient and appropriate evidence that enable them to express an opinion as to whether the financial information is free from material misstatement due to fraud or errors. Moreover, they have to point out whether financial statements are complete and presented in accordance with law and accounting standards (if they are adopted). According to Whittington and Pany (2003) and Bergmann (2009), a generic audit process of financial statements should include the following steps:

1. Planning of the audit as well as, if required, classification of scope and mandate
2. Evaluation of the internal control system of the audited entity
3. Collection of evidence about the financial statements' fairness
4. Proposal of adjustments
5. Follow-up on necessary changes
6. The issue of a report

Arguably, the third step is particularly delicate, due to the different level of confidence: actually, significant misperceptions would derive from a lack of coincidence between the adopted level of confidence upon which assurance is prepared and expectations of the intended users (i.e., legislative bodies or the general pubic to whom the audit report is addressed) regarding this level. Therefore, the International Audit and Assurance Standards Board (IAASB), in its conceptual framework for assurance engagement, provides a clear distinction between reasonable assurance and limited assurance:

- Reasonable assurance, which is high but not absolute, aims at a "reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner's conclusion" (IAASB (2005), par. 11). In this case, the auditor will express an opinion on the compliance of the subject matter with the relevant standards and the completeness of financial statements;
- Limited assurance aims at "a reduction in assurance engagement risk to a level that is

acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the practitioner's conclusion" (IAASB 2005, par. 11). In this case, the opinion of the auditor intends to exclude some elements of risk, concluding that "based on the procedures performed, nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the applicable criteria" (ISSAI 100, par. 33).

*Performance audit* aims to assess if a subject matter is performing in accordance with the principles of economy, efficiency, and effectiveness, also pointing out if it can be improved. More specifically, according to Ng (2002) and Politt et al. (1999), performance audits focus on efficiency in using public resources, on effectiveness in conducting programs and projects, and on ability in using these resources in the most productive manner as well as in increasing performance of the public sector. Coherently, the mandate of audit institutions is to establish whether the subject matter has operated with due regard to economy, efficiency, effectiveness, and good management practices (Nutley et al. 2012; Pollitt et al. 1999). The subject matter of the auditing activities may be a public sector entity, a specific program or fund, a public policy or defined activities, evaluating their outputs, outcomes, impacts and, more generally, any financial as well as nonfinancial information concerning these elements. The main role of auditors consists in evaluating and measuring the subject matter, assessing the extent to which the established criteria have or have not been met, and providing recommendations aiming to remove ineffectiveness of public policies. Reports prepared by auditors, in most cases, are sent to Parliament.

A shift from financial auditing to performance auditing can be observed, due to the growing need to examine outputs and outcomes of public sector entities (Dwiputrianti 2011). The scope of auditing cannot focus only on financial aspects concerning how money was spent, but has to go further in order to pay attention on economy, efficiency, and effectiveness (Guthrie 1992). According to Jones and Pendlebury (2000), this wider definition of audit reflects the changes of the last decades in the way of defining public sector auditing, according to seminal concepts provided by the so-called Yellow Book (*Standards for Audit of Governmental Organisations*, *Programs*, *Activities and Functions*, issued by the US General Accounting Office (GAO 1998). More generally, it is worth to notice that performance audit is a very complex task and that it consists of a "value-for-money audit," which focus on entity's core activities, as well as on "audit of systems," which means concentrating on systems developed to manage those activities (Öhman 2015).

According to the literature, there is a trade-off between accountability and performance (enhanced accountability can diminish or impede organizational performance), since auditing would discourage innovation and ignore results if it leads to excessive caution (Reichborn-Kjennerud 2013). Therefore, scholars argue that auditors should modify their idea of accountability, aiming at emphasizing learning in the audited organizations. As a consequence, auditing plays an important role in contributing to learning and improvement, if it is oriented toward improved performance and results instead of a mere compliance with rules and regulations. In this way, the auditing reports on one hand provide audited entity to make changes and, on the other, improve and enhance accountability.

## Principles of Auditing

Auditing activities in the public sector should accomplish some fundamental principles. Generally, a hierarchy between these principles can be proposed, since there are some *general principles*, which auditors should follow prior to commencement and also during the process, and other *specific principles*, which affect the different steps of the iterative auditing process.

According to the ISSAI 100 (par. 34), these principles can be classified into three main categories:

(a) Principles related to the organizational requirements of the SAI
(b) General principles that the auditor should take into account both prior to commencement and during the auditing
(c) Principles related to specific steps concerning the auditing process

The first category of principles (*sub a*) concerns the organizational requirements, which means that the SAI has to define and constantly adopt procedures for both ethics and quality control. The aim is to guarantee that its personnel are complying with professional standards as well as the applicable ethical, legal, and regulatory requirements. ISSAI 30, *Code of Ethics*, provides guidance in this regard, emphasizing that each SAI has to guarantee that its auditors are made aware of these principles and act accordingly. On the same wavelength, ISSAI 40, *Quality Control for SAIs*, aims to assist SAIs to design a quality control system that is appropriate to their mandate, also responding to their quality risks.

The second category of principles (*sub b*) consists of the following general principles:

- *Ethics*. According to the abovementioned *Code of Ethics*, the SAI has to define ethical requirements to which its auditors have to comply with.
- *Independence*. This basic principle means that public sector auditors should carry out their delicate role freely, without interference of the audited entity. The quality of auditing activities is largely based on the independence of auditors and, in turn, the independence largely depends on the methods of appointment, which would assure that the designated auditors could report impartially. The auditors of SAI are directly appointed by Parliament and this should guarantee their independence. Similarly, the statute guarantees the independence of national auditing agencies.
- *Professional judgment, due care, and skepticism*. These principles refer to a general attitude of the auditors in forming decisions about the appropriate course of action. Professional judgment refers to knowledge, skills, and experience of the auditors, which have to be applied in forming their judgment and expressing their opinion. Due care means that the auditors should plan and perform audits in a careful and conscientious way, at the same time avoiding any conduct that might discredit their work. Professional skepticism means that auditors have to adopt an open-mind approach, maintaining a "professional distance and a questioning attitude" when they assess the appropriateness of the evidence collected during the auditing process.
- *Quality control*. This principle concerns the abovementioned quality control policies and procedures of the auditing process defined by the SAI, in order to guarantee that audits are performed at a consistently high level.
- *Audit team management and skills*. Each component of the audit team is expected to have all the necessary skills, knowledge, and expertise required by the auditing activities. More specifically, auditors should have suitable qualifications; have knowledge on laws, rules, and standards to be implemented; understand the operations of the audited entity; and possess practical experience. In some jurisdictions, SAI's auditors adopt the findings of internal auditors as well as of other (external) auditors; in such circumstances, on one hand SAI's auditors should take into account that objectives pursued by these different auditors are or should be different; on the other hand, this collaboration could improve transparency and accountability for the use of public resources, as well as economy, efficiency, and effectiveness in public administration.
- *Audit risk*. This basic principle means that the audit report could be inappropriate, providing wrong conclusions. Therefore, auditors should aim to reduce risk, even though they have to recognize limitations characterizing all auditing activities, which can never provide a total and absolute certainty about the condition of the subject matter. It is worth recalling again the distinction between reasonable assurance and limited assurance, since auditors in the first case should reduce audit risk to an acceptably low level (given the circumstances of the

audit), while in the second one they provide a level of assurance that, in their professional judgment, will be meaningful to the intended users.

- *Materiality.* The subject matter is considered material if the decisions of the intended users would be influenced by its knowledge. Determining materiality is not an easy task, depending on the interpretation and professional judgment of the auditors regarding the users' needs as well as on the context in which it occurs. Materiality may be expressed in both quantitative and qualitative ways, even though it is frequently expressed in terms of value.
- *Documentation*. Auditors should prepare audit documentation concerning both the auditing strategy and the auditing plan, providing detailed information on: (.) the nature, timing, scope, and results of the adopted procedures, (*ii*) the evidence obtained, and (*iii*) the audit conclusions achieved and the recommendations.
- *Communication*. This principle refers to the need of informing the management of the audited entity on all matters concerning the audit, providing them with timely observations and findings throughout the engagement. In a wider sense, auditors should communicate audit-related matters also to other stakeholders, such as legislative bodies.

The third category of principles (*sub c*) relates to the auditing process. According to ISSAI 100, this principle may be divided into three sub-principles:

- *Planning an audit*.

  This principle refers to the need of a complete planning of all the auditing activities. The first step concerns the definition of the terms of the audit, at the same time specifying the subject and the objectives of the audit, the access to the data, the auditing process, and the reports resulting at the end of it, as well as the roles and the responsibilities of all the involved parties. Subsequently, auditors should gain a proper understanding of the subject matter (entity, programs, or activities to be audited) through constant interactions with management and other relevant stakeholders. After an accurate assessment of the risk, according to the audit objectives, auditors should plan their work in order to ensure that auditing will be performed in an effective and efficient manner. This planning covers both strategic aspects (defining objectives and approach of auditing) and operational aspects (such as defining the nature, timing, and extent of the auditing procedures).
- *Conducting the audit*.

  This principle refers to the way of performing auditing activities, providing appropriate evidence in order to support auditors' final report. Evidence consists of any information (based on records of transactions, communication with third parties, observations by the auditors, etc.) gained through different methods (such as inspection, observation, inquiry, confirmation, and so on). Obviously, evidence should be sufficient, relevant, and reliable, in order to support the conclusions of the auditors, who have to determine if the subject matter has been audited in a sufficient and appropriate manner.
- *Reporting and follow-up*.

  This final principle concerns the preparation of the report where auditors express their opinion, communicating to all the interested parties their conclusions. The report should be clear, complete, and easy to understand, as well as objective and fair, avoiding ambiguity. Generally, the report may appear in a short or long form, with its content and form depending on the nature of the auditing, the intended users, and the legal requirements. The final auditors' opinion may be unmodified or modified.

  The unmodified opinion can be used in both limited and reasonable assurance.

According to ISSAI 100, par. 51, the modified opinion may be:

- *Qualified*, "where the auditor disagrees with (or is not able to achieve appropriate audit evidence about) some subject matter items that are, or could be, material but not pervasive"
- *Adverse*, "where the auditor, having obtained sufficient and appropriate audit evidence,

concludes that deviations or misstatements are both material and pervasive"
– *Disclaimed*, "where auditor is not able to gain sufficient and appropriate audit evidence due to an uncertainty or scope limitation which is both material and pervasive"

In the case of modified opinion, auditors should clearly explain the underlying reasons, focusing on the applicable criteria, the nature, as well as the extent of the modification; moreover, the report should include recommendations for corrective actions contemporarily highlighting any internal control deficiencies.

Finally, the SAI should monitor if matters raised in the auditing report have been addressed.

## Conclusions

Previous sections have summarized the main principles of public sector auditing; some of them express general and basic principles of all (private and public sector) auditing activities, such as the basic principles of independence and materiality.

Other principles seem to be specific to the public sector realm.

Firstly, public sector auditing has a wide scope; while private sector auditors are expected to provide an opinion on the ability of financial statements to present an accurate picture of the financial conditions and performance of a company, public sector auditors have a wider scope: their role is not limited to financial statements of the audited entity but also includes issues such as legality, probity, and value for money. It is worth recalling again that originally, external audits were considered as a tool to assess that the government's financial statements were a fair and accurate reflection of revenue collected and expenditures carried out (financial audit), and that agencies were managed in accordance with the law and regulations (compliance audit). In recent years, there has been a shift from financial to performance audit, since SAIs have to pay attention on value for money, evaluating performance of all public sector entities. However, it is worth noticing that performance audit:

- Is quite uncommon in the European context (Brusca et al. 2015, p. 247).
- Has been conducted within federal and state or provincial governments for years, while it is relatively new, or conducted rarely or not conducted at all in local governments, in both the United States and in Canada (Foster and O'Connor 2014, p. 12).

Secondly, public sector auditors play their role in the public interest, reporting their findings to the elected representatives and, in a broader sense, to the citizens who provide financial resources for funding the audited activities. Accordingly, pertinent reporting arrangements are required.

In this way, in the view of public interest, the conditions for accountability are improved, underlining the important role of auditors to support such a development (Cassel 2015).

Finally, it is worth considering that the auditing in the public sector offers a heterogeneous panorama (Brusca et al. 2015) especially on the types of auditing and the mechanisms involved in appointing auditors; however, even though many countries adopt standards developed by a governmental body, they generally take as a reference the International Auditing Standards of IFAC as well as the International Standards of Supreme Audit Institutions of INTOSAI, at the same time requesting the collaboration of these organizations.

## Cross-References

► Auditing
► Performance Auditing

## References

Bergman A (2009) Public sector financial management. Prentice Hall, Essex

Brusca I, Caperchione E, Cohen S, Manes Rossi F (2015) Comparing accounting systems in Europe. In: Brusca I, Caperchione E, Cohen S, Manes Rossi F (eds) Public sector accounting and auditing in Europe: the challenge of harmonization. Palgrave, Basingstoke, Hampshire, pp 235–251

Cassel F (2015) Financial audit in the public sector. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, New York, pp 145–162
Dwiputrianti S (2011) Scope of auditing on the quality of content in the Indonesian external public sector auditing reports. Int Rev Public Adm 16(3):133–149
Foster RC, O'Connor TF (2014) Emerging strategies for performance auditing. Insights from city in major cities in the U.S. and Canada, research report. Available at: http://www.vbgov.com/government/departments/city-auditors-office/Documents/IIA%20Research%20Study%20Performance%20Auditing.pdf. Last accessed 1 Mar 2016
General Accounting Office (1988) Standards for audit of governmental organisations, programs, activities and functions. Available at: http://www.gao.gov/assets/200/194261.pdf. Last accessed 11 Jan 2016
Guthrie J (1992) Critical issues in public sector auditing. Manag Audit J 7(4):27–32
International Audit and Assurance Standards Board (IAASB) (2005) International framework for assurance engagement. Available at: http://www.ifac.org/system/files/downloads/b003-2010-iaasb-handbook-framework.pdf. Last accessed 11 Jan 2016
International Organisation of Supreme Audit Institutions, International Standards of Supreme Audit Institutions 100 (ISSAI 100). Available at: http://www.issai.org/media/69909/issai-100-english.pdf. Last accessed 11 Jan 2016
International Organisation of Supreme Audit Institutions, International Standards of Supreme Audit Institutions 30 (ISSAI 30) Code of ethics. Available at: http://www.issai.org/media/12926/issai_30_e.pdf. Last accessed 11 Jan 2016
International Organisation of Supreme Audit Institutions, International Standards of Supreme Audit Institutions 40 (ISSAI 40) Quality control for SAIs. Available at: http://www.issai.org/media/12938/issai_40_e_.pdf. Last accessed 11 Jan 2016
Jones R, Pendlebury M (2000) Public sector accounting, 5th edn. Prentice Hall, Essex
Ng AY (2002) Public accountability and performance auditing in government. Int J Audit 6(2):109–118
Nutley S, Levitt R, Solesbury W, Martin S (2012) Scrutinizing performance: how assessors reach judgements about public services. Public Adm 90(4):869–885
Öhman P (2015) Performance auditing in the public sector. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, New York, pp 163–175
Pollitt C, Girre X, Lonsdale J, Mui R, Summa H, Waernes M (1999) Performance or compliance? Performance audit and public management in five countries. Oxford University Press, Oxford
Reichborn-Kjennerud K (2013) Political accountability and performance audit: the case of the auditor general in Norway. Public Adm 91(3):680–695
Whittington OR, Pany K (2003) Principles of auditing and other assurance services, 14th edn. McGraw Hill, New York

# Authentic Leadership

Inmaculada Adarves-Yorno
University of Exeter, Exeter, UK

## Synonyms

Authenticity; Identity; Mindfulness; Self-awareness; Self-reflection

## Introduction

Imagine an institution in which the person on top is self-aware, listens to criticism, owns his/her mistakes, and does not blame others. In addition, that leader behaves congruently with his/her values and they "walk the talk and talk the walk." That is what a leader with high authenticity looks like.

In the past decade, there has been a great increase of interest in authentic leadership (Gardner et al. 2011), and indeed authenticity has become "the gold standard for leaders" (Ibarra 2015, p. 54). But there is no agreement around what it means to be an authentic leader. Shamir and Eilam (2005) posited four characteristics of authentic leaders: (1) they are true to themselves instead of conforming to the expectations of others; (2) they are motivated by personal convictions rather than being motivated by status and other extrinsic benefits; (3) they lead from their own point of view; and (4) the actions of authentic leaders are based on their personal values and convictions. In a similar vein, George (2003) suggests authentic leaders possess five key attributes: *purpose, values, heart, relationship*, and *self-discipline*. Avolio and colleagues (e.g., Avolio and Gardner 2005) argue that internalized moral perspective is a key component for authentic leadership.

To overcome the complexities of definition, an authentic leader is operationalized in this chapter as one who possesses authenticity (see later for more discussion of this definition). This chapter

will focus on describing some of the critical elements necessary to be an authentic leader and, in particular, delve into a key aspect which is essential to understand in order to fully comprehend and develop authenticity: self-awareness. In addition, it will introduce the concept of multiple identities and briefly present a leadership identity approach as it relates to successful authentic leadership. A discussion on how to develop authentic leaders as well as how to hire one will also be provided.

## Authentic Leaders

There are many well-documented benefits to both being and working with an authentic leader. First, for the leaders themselves, some of the benefits are better psychological wellbeing and contingent self-esteem are developed (Toor and Ofori 2009). Second, for their followers, authentic leaders both directly and indirectly elicit higher work engagement from followers and higher levels of organizational citizenship behaviors (Walumbwa et al. 2010), reduced follower burnout (Wong and Cummings 2009), higher trust in leadership (Clapp-Smith et al. 2009), and greater work engagement (Giallonardo et al. 2010). Finally, for organizational outcomes, authentic leaders have been found to enhance job performance (Walumbwa et al. 2008) and organizational commitment (Jensen and Luthans 2006).

Yet what is an authentic leader? As aforementioned, there are different conceptualizations of authentic leaders and leadership (for a review, see Gardner et al. 2011). Many of them emphasize the positive nature of the authentic leader with high moral values and positive characteristics such as confidence, hope, and optimism (e.g., Avolio et al. 2004). However, those definitions have been challenged as they do not necessarily fit with all leaders who possess authenticity (Ladkin and Taylor 2010; Wilson 2013; Shamir and Eilam 2005) and thus present a number of paradoxes (Adarves-Yorno 2013; Adarves-Yorno 2016). There is no space here to engage these caveats; therefore this chapter operationalizes an authentic leader as one who possesses authenticity.

Kernis and Goldman (2006) define authenticity as "the unimpeded operation of one's true or core self in one's daily enterprise" (p. 344). They outline and describe four dimensions of authenticity: (1) self-awareness, (2) unbiased processing, (3) authentic behavior, and (4) authentic orientation toward interpersonal relationships. *Self-awareness* refers to awareness of aspects of self, such as one's own personal characteristics, values, motives, feelings, and cognitions. *Unbiased processing* is characterized by an openness to evaluate desirable and undesirable self-aspects without denying, exaggerating, or ignoring knowledge and experiences. *Authentic behavior* means that people are transparent in their actions, and their behavior is rooted in inner factors instead of trying to gain external recognition or avoid rejection. *An authentic orientation toward interpersonal relationships* refers to an active process of self-disclosure, which leads to development of trust between people. That is, people share aspects of themselves such as thoughts and feelings when appropriate.

## Self-Awareness

Self-awareness is the basis for two of the elements required for authenticity, authentic behavior and authentic relationship orientation (Kernis and Goldman 2006), and thus is a pivotal component of authentic leadership (Gardner et al. 2005; Kernis and Goldman 2006). Self-awareness allows leaders to effectively draw on their experience and knowledge when making decisions (Crossan and Mazutis 2012). Furthermore, self-awareness allows leaders to understand how others affect them (Goldman Shuyler 2004). Kouzes and Posner (2012) posit that ultimately the success of a leader is dependent on the extent to which one is in tune with oneself. There are many different strategies that can be used to enhance self-awareness. It has been argued that for self-awareness, we need reflection and introspection (Walumbwa et al. 2008). Below is a

description of self-awareness processes which can be useful for leaders: self-reflection, mindfulness, and self-exploration in nature.

*Self-reflection* is widely used in leadership development. It is through reflection that a leader can *gain clarity* (Gardner et al. 2005). There are many different forms of reflection (for a review, see Raffo 2014). The main purposes of reflection are to make sense of experiences and to try to understand thoughts, emotions, behaviors, reactions, and patterns of being. In some cases, reflection is used to find coherence of thoughts, emotions, and behaviors (Rosenberg 2010).

*Mindfulness* is an area that has received exponential attention in the last decade. Currently there is a new model based on underlying neurocognitive mechanisms being developed which links mindfulness with authentic leadership (Venkatasubramanian and Dorjee 2011). Mindfulness refers to being aware of what is happening while it is happening in a nonjudgmental way (Kabat-Zinn 2003). Mindfulness research demonstrates clear benefits for the individual in terms of health and well-being as well as function and performance (for a review, see Good et al. 2016). In addition, the trait mindfulness of leaders has been positively associated with employees' job performance, job satisfaction, work-life balance, and citizenship behavior (Reb et al. 2015). These findings support the evidence cited above that authentic leaders elicit higher performance from employees.

Working with senior managers and leaders over the last 10 years has made something apparent: In most instances, the managers and leaders are so defined by their external role and their context that they are unable to engage with deeper forms of self-explorations. Therefore, many leaders allow little time for self-discovery, in spite of the key importance of self-awareness (George et al. 2007). To overcome these issues, leaders can engage in intensive but short forms of self-exploration that take place in a neutral and reenergizing context: nature. Having worked and evaluated a number of programs in nature over the last 5 years made something clear: nature-based programs can allow leaders to engage into deeper forms of self-exploration. There are a range of programs available to implement this ranging from a 2- to 3-day residential authentic leadership "retreat" to a vision quest.

## Multiple Identities and Authenticity

The previous sections fall within the statement that authenticity is understood as encompassing a *true self* (George et al. 2007), and it seeks to understand that *one* self. However, Wilson (2013) argues that there are multifaceted and often contradictory aspects of our "selves." Yet, multiple identities have, to date, been largely overlooked in the area of authentic leadership (Gardiner 2013). In fact, the common understanding of self-awareness refers to the knowing of "I," that is, being aware of our *individual sense of self*, habits, weaknesses, and strengths (i.e., personal identity). However, a robust perspective in psychology, the social identity approach (encompassing social identity theory (SIT; Tajfel and Turner 1979) and self-categorization theory (SCT; Turner et al. 1987)), argues and has demonstrated that our sense of self is composed of a personal identity (as aforementioned) and as many social identities as meaningful groups the individual belongs to. The application and understanding of multiple identities have been proliferous in leadership (Haslam et al. 2011). In the context of authentic leadership, the concept of multiple identities has been unpacked and its paradoxes exposed (Adarves-Yorno 2016).

## Becoming an Authentic Leader

Becoming an authentic leader is a personal lifelong journey which one must be willing to engage with fully. There are different paths that one can take to facilitate becoming an authentic leader (Adarves-Yorno 2013). But authentic leadership development should not be seen as a discreet program. Indeed, Avolio and Gardner (2005) notes that if anything, authentic leadership development should be labeled as a life's program. There are various strategies in lifelong journey that can be useful. In line with the chapter, the

ones noted below are mostly related to exploring their authenticity and self-awareness:

1. Following from Avolio (e.g., Avolio and Gardner 2005) and many other scholars in this field, it is essential to enhance levels of self-awareness. Self-awareness can focus on different aspects and layers of oneself. The leader can engage with questions such as "Who are you? What are your beliefs, convictions, and values? How do you react to others? What are your most prevalent emotions and thoughts?"
2. Following from George (2003), the leader needs to find out what he/she is passionate about and what his/her purpose is.
3. Although the question "who you want to become?" may be seen as straightforward by some, it is important to invite the leader to ask himself/herself why, at least three times, to question your responses. The answer to the last "why" needs to be aligned with the answer to the question (see Adarves-Yorno TEDx).
4. Boyatzis and Mckee (2005) in their book on resonant leadership note that is essential for the leaders to be aware of what sustains them and what drains them.
5. Following the social identity approach to leadership (Haslam et al. 2011), it is useful to investigate our social identities, when do they become active, and what impact do they have on us (see Adarves-Yorno 2016).
6. When engaging with all the questions above, it is important to consider the following mindfulness principles: curiosity, courage, compassion, and sense of humor.

## Authenticity and Leadership

Up to this point, the chapter has focused on the authentic leader, but to understand leader*ship*, it is critical to include followers in the equation. Successful leadership is a process of social influence that involves making *followers* want to contribute to shared goals (Steffens et al. 2014; House et al. 2001). Whereas it is true that authentic leadership is linked with a wide range of positive outcomes as aforementioned, it is critical to be aware of the social and contextual factors that impact upon a leader's capacity to influence others (Haslam et al. 2011).

Some contextual factors revolve around the culture of the institution; for instance, typically the Ministry of Defense would have a different culture than the Ministry of Culture and Social Issues. By the same token, what is expected from a leader from the Ministry of Defense may be different from what is expected from a leader from the Ministry of Culture and Social Issues. In a stereotypical scenario, a caring, thoughtful, sensitive, and open-minded individual may be a more prototypical leader in the latter one than in the Ministry of Defense. Leadership prototypicality is encapsulated in the phrase "being one of us," that is, representing the unique qualities that define the group they are leading, embodying the attributes that make the group distinct, and being an exemplar model member of that group (Steffens et al. 2014). Comprehensive reviews (Haslam et al. 2011; Hogg et al. 2012) demonstrate that leader prototypicality contributes to positive leadership outcomes such as trust in leaders (Giessner and van Knippenberg 2008), endorsement of leaders (Ullrich et al. 2009), and perceived leader charisma (Steffens et al. 2014).

A new model of identity leadership (Steffens et al. 2014) is arguing that in addition to "being one of us" (identity prototypicality), leaders need to "do it for us" (identity advancement), "craft a sense of us" (identity entrepreneurship), and "make us matter" (identity impresariorship). And they need to do so in a way in which it fits within the given context. For instance, all the above will be influenced by a war or crisis context (see Haslam et al. 2011 for a detailed review of these factors).

If a leader finds himself/herself in an organization where some or all of his/her authentic self is different to the organizational culture, to really create, represent, and embody follower identity, the leader effectively has three choices. Option one is for the leader to display only aspects of the self that fit within a given context and if necessary "fake it" (Ibarra 2015). The problem

with that option is that, to a degree, it can compromise one of the pillars of authenticity: authentic behavior. A second, more elaborated, although not always possible, strategy is to choose an environment and institution which fit with the "authentic self" of the leader. When this is not possible, but if is still desirable, the leader can slowly "craft a sense of us" which respects each individuals' authenticity and diversity, fostering a sense that it is okay to be different in the given institution. In other words, leaders could create a culture of authenticity in their institutions.

## So Now What?: How to Select an Authentic Leader in an Interview Process?

First of all, it is very important to decide, depending on the culture of the organization and other factors, what type of authentic leader the institution is interested in selecting. As noted in the introduction, there are different conceptualizations of authentic leader, each placing emphasis on different aspects. While George (2003) emphasizes the importance of heart and self-discipline, Shamir and Eilam (2005) emphasize that the authentic leader should not aim to conform to expectations of others and should not be motivated by status; Avolio and Gardner (2005) pay special attention to the internalized moral perspective of the authentic leader. Having said that, the key aspect that should be present in any authentic leader and which can be explored through the selection process is self-awareness as it is undoubtedly the fundamental aspect of authenticity.

There are different processes that can be used which need to be adjusted to the culture of the organization and the type of leader they aim to select. For instance, asking the candidate to tell a story of his/her personal and work life including the personal crucibles would be aligned with George's approach. Selecting a candidate based on responses to specific personal questions in which the applicant is asked to demonstrate and illustrate how he/she does not aim to fulfill the expectations of others, he/she is not concerned with status, he/she leads from his/her point of view, and his/her decisions are based on personal values and convictions would be a way of selecting a candidate based on Shamir and Eliam's (2005) components. If the institution is interested in a candidate with, among other things, internalized moral perspective, Avolio and colleagues have designed a theoretically driven questionnaire (e.g., Walumbwa et al. 2007). Part of this questionnaire also assesses self-awareness, so it could easily be included in the assessment process. Another process is the use of work scenarios with dilemmas relevant to the institution and their culture. Candidates will be asked to immerse themselves in the dilemmas, and their nonverbal communication could be observed as well as their formal responses. Candidates would be asked how they react to the dilemma (behavior, decision, communication with others). Candidates would also be asked to self-disclose in terms of their levels of ambivalence, uncertainty, doubts, willingness to own their mistakes, willingness to ask for negative feedback, etc. To assess somehow whether the candidates "walk the talk and talk the walk," the answers to the scenario question can be contrasted to the answers of the interview and professional life story (when relevant).

However, it is important to bear in mind that the general standard interview process tends to be one in which people feel they can put on a façade to fit with what is expected and the culture of the institution. Therefore they may try to fake their authenticity. To overcome this normal and well-spread tendency, the selection panel would create a safe and nonjudgmental space and explicitly encourage a certain level of self-disclosure from the candidate. If the selection panel is fully engaged in the concept of authenticity, then they might, for example, partake in self-disclosure to set an example for the candidate. This process could signal the applicant that authenticity is valued and incite the interviewee to dare to be different by being himself/herself. Equally the selection panel might include a tour or induction into the organization showing "warts and all" which would again signal the value of authenticity.

## Conclusion

To conclude, it has been argued that there are different ways of conceptualizing authentic leaders, but they are all rooted in self-awareness. Several forms of self-awareness processes have been discussed. Ideally leaders should combine them all to deeply enhance their self-awareness. Nonetheless, it is important to remember that authentic leadership development is a lifelong journey; there are no shortcuts and faster is not necessarily better. Some reflective questions have been offered as pointers for that development, but ultimately, the leader needs to select those with which they can engage at the present moment.

This chapter has also questioned the "one true self" concept and has noted that there are multiple identities that need to be accounted for. In that sense, the authentic leader needs to be aware of his/her different social identities and how they impact on his/her perception, behavior, communication, and decision-making.

It has been noted that successful leaders are those who influence followers to embrace a common purpose. To engage in that level of social influence and engage with the followers psychologically, the model of identity leadership (Steffens et al. 2014) argues that leaders need to represent their followers and be "one of us." So whereas the authenticity of the leader refers to the "I," a successful leader needs to also be authentic to "we" (Adarves-Yorno 2016). Therefore, it is not just a matter of being authentic to "I" as the literature on authentic leadership is encouraging. And it is not just about being authentic to "we" as the identity leadership model would encourage. Successful authentic leaders need to be authentic to both "I" and "we." That is, they need to be true to themselves and also lead in a way that honors the core values, beliefs, and norms of the group they are leading.

Finally, different suggestions have been posited to be considered when designing an interview process. This has opened up the complexities of selecting authentic leaders when they are expected to fit into "us" the institution.

## Cross-References

▶ Ethical Leaders

A

## References

Adarves-Yorno I (2013) Becoming an authentic leader: reconciling the paradoxes. EO&P J Assoc Manag Educ Dev 20:73–78. (Special Issue on Leadership Paradoxes)

Adarves-Yorno I (2016) Leadership and the paradox of authenticity. In: Bolden R, Witzel M, Linacre N (eds) Leadership paradoxes. Routledge, London, pp 115–130

Avolio BJ, Gardner WL (2005) Authentic leadership development: getting to the root of positive forms of leadership. Leadersh Q 16:315–338

Avolio BJ, Gardner WL, Walumbwa FO, Luthans F, May DR (2004) Unlocking the mask: a look at the process by which authentic leaders impact follower attitudes and behaviors. Leadersh Q 15:801–823

Boyatzis R, McKee A (2005) Resonant leadership. Harvard Business School Press, Boston

Clapp-Smith R, Vogelgesang GR, Avey JB (2009) Authentic leadership and positive psychological capital: the mediating role of trust at the group level of analysis. J Leadersh Org Stud 15:227–240

Crossan M, Mazutis D (2012) Transcendent leadership. In: Rosenbach WE, Taylor RL, Youndt MA (eds) Contemporary issues in leadership. Westview Press, Boulder, pp 51–68

Gardiner R (2013) Cameo: a powerful antidote: Hannah Arendt's concept uniqueness and the discourse of authentic leadership. In: Ladkin D, Spiller C (eds) Authentic leadership: clashes, convergences and coalescences. Edward Elgar, Cheltenham

Gardner WL, Avolio BJ, Luthans F, May DR, Walumbwa F (2005) Can you see the real me? A self-based model of authentic leader and follower development. Leadersh Q 16(3):343–372

Gardner WL, Cogliser CC, Davis KM, Dickens MP (2011) Authentic leadership: a review of the literature and research agenda. Leadersh Q 22(6):1120–1145. https://doi.org/10.1016/j.leaqua.2011.09.007

George W (2003) Authentic leadership: rediscovering the secrets to creating lasting value. Jossey-Bass, San Francisco

George B, Sims P, McLean A, Mayer D (2007) Discovering your authentic leadership. Harv Bus Rev 85(2): 129–130, 132–138

Giallonardo LM, Wong CA, Iwasiw CL (2010) Authentic leadership of preceptors: predictor of new graduate nursesâ€™ work engagement and job satisfaction. J Nurs Manag 18:993–1003

Giessner SR, van Knippenberg D (2008) "License to fail": goal definition, leader group prototypicality, and

perceptions of leadership effectiveness after leader failure. Organ Behav Hum Decis Process 105:14–35
Goldman Shuyler K (2004) Practitioner – heal thyself! Challenges in enabling organisational health. Organ Manag J 1:28–37
Good DJ, Lyddy CJ, Glomb TM, Bono JE, Brown KW, Duffy MK et al (2016) Contemplating mindfulness at work: an integrative review. J Manag 42:114–142. https://doi.org/10.1177/0149206315617003
Haslam SA, Reicher SD, Platow MJ (2011) The new psychology of leadership: identity, influence and power. Psychology Press, East Sussex
Hogg MA, van Knippenberg D, Rast DE III (2012) The social identity theory of leadership: theoretical origins, research findings, and conceptual developments. Eur Rev Soc Psychol 23:258–304
House R, Javidan M, Dorfman P (2001) Project GLOBE: an introduction. Appl Psychol 50:489–505
Ibarra H (2015) Authenticity paradox. Harv Bus Rev 93(1/2):52–59
Jensen SM, Luthans F (2006) Entrepreneurs as authentic leaders: impact on employees' attitudes. Leadersh Org Dev J 27:646–666
Kabat-Zinn J (2003) Mindfulness-based interventions in context: past, present, and future. Clin Psychol Sci Pract 10:144–156
Kernis MH, Goldman BM (2006) A multicomponent conceptualization of authenticity: theory and research. In: Zanna MP (ed) Advances in experimental social psychology, vol 38. Academic, San Diego, pp 283–357
Kouzes JM, Posner BZ (2012) Leadership begins with an inner journey. In: Rosenbach WE, Taylor RL, Youndt MA (eds) Contemporary issues in leadership. Westview Press, Boulder, pp 117–123
Ladkin D, Taylor S (2010) Enacting the 'true self': towards a theory of embodied authentic leadership. Leadersh Q 21:64–74
Raffo DM (2014) Reflection and authentic leadership. In: Schuyler KG, Baugher JE, Jironet K, Lid-Falkman L (eds) Leading with spirit, presence, and authenticity: a volume in the international leadership association series, building leadership bridges. Jossey Bass, San Francisco
Reb J, Narayanan J, Ho ZW (2015) Mindfulness at work: antecedents and consequences of employee awareness and absent-mindedness. Mindfulness 6:111–122
Rosenberg LR (2010) Transforming leadership: reflective practice and the enhancement of happiness. Reflective Pract 11(1):9–18
Shamir B, Eilam G (2005) "What's your story?" A life-stories approach to authentic leadership development. Leadersh Q 16(3):395–417
Steffens NK, Haslam SA, Reicher SD (2014) Up close and personal: evidence that shared social identity is a basis for the 'special' relationship that binds followers to leaders. Leadersh Q 25:296–313
Tajfel H, Turner JC (1979) An integrative theory of intergroup conflict. In: Austinv, Worchel S (eds) The social psychology of intergroup relations. Brooks/Cole, CA, pp 33–47
Toor S, Ofori G (2009) Authenticity and its influence on psychological well-being and contingent self-esteem of leaders in Singapore construction sector. Constr Manag Econ 27:299–313
Turner JC, Hogg MA, Oakes PJ, Reicher SD, Wetherell MS (1987) Rediscovering the social group: a self-categorization theory. Basil Blackwell, Cambridge, US
Ullrich J, Christ O, van Dick R (2009) Substitutes for procedural fairness: prototypical leaders are endorsed whether they are fair or not. J Appl Psychol 94: 235–244
Venkatasubramanian S, Dorjee D (2011) Mindfulness and authentic leadership: a theoretical model based on underlying neuro-cognitive mechanisms (Poster session). Mindfulness Now Conference. Bangor University, Bangor
Walumbwa FO, Avolio BJ, Gardner WL, Wernsing TS, Peterson SJ (2008) Authentic leadership: development and validation of a theory-based measure. J Manag 34: 89–126
Walumbwa FO, Wang P, Wang H, Schaubroeck J, Avolio BJ (2010) Psychological processes linking authentic leadership to follower behaviors. Leadersh Q 21: 901–914
Wilson V (2013) Viewpoint: the authentic leader reconsidered: integrating the marvellous, mundane and mendacious. In: Ladkin D, Spiller C (eds) Authentic leadership: clashes, convergences and coalescences. Edward Elgar, Cheltenham
Wong CA, Cummings GG (2009) The influence of authentic leadership behaviors on trust and work outcomes of health care staff. J Leadersh Stud 3(2):6–23

# Authority in Organizations

Dermot O'Reilly
Management School, Lancaster University, Lancaster, UK

## Synonyms

Control; Government; Hierarchy; Influence; Jurisdiction; Leadership; Legitimacy; Management; Power; Rule; Sovereignty

## Definition

Authority is a social relationship between two or more people or objects where one is accorded the right to direct the others in some respect.

## Introduction

Authority is perhaps one of the defining characteristics of organizations, and it tends to be taken for granted, yet it is seldom the object of reflection or research. This is all the more surprising as it was an object of reflection in the work of Max Weber, one of the founding figures of sociology, and was the object of research in Stanley Milgram's experiments into obedience to authority, one of the most famous and controversial social psychology experiments.

The definition of authority used in this entry – that authority is a social relationship between two or more people or objects where one is accorded the right to direct the others in some respect – is developed from Weber's ideas. This entry will begin by outlining why the common conception of authority as formal power is insufficient and move on to Weber's notion that authority is legitimate domination. This is the clearest explanation of what authority is, and how it works, although it is abstract. The following section outlines how Weber's work has been expanded into a deeper understanding of authority as a social relationship. Having outlined how authority can be understood, the following subsection will look at Milgram's social psychological work into obedience to authority which illustrates how authority works in practice. Alternative perspectives for understanding authority, the psychological and psychoanalytic views of authority, will then be introduced.

Following these different perspectives on how to understand authority and how it operates in practice, the final section discusses the role of authority in organizations and in public sector organizations in particular.

## Why Authority Is Not Just Formal Power

The view that authority is formal power is perhaps a very common understanding of authority, and is often implicit in how many people use the word, without them actually defining it as such. The assumption is that authority is the formal power that is ingrained in hierarchical systems – whether they are a religious organization, military organization, or political system. In all these instances there is a formal codification of authority – with differentiations of titles, and explicit rules and obligations – which accords those higher in the hierarchy with a degree of mandated power over those below.

All of these are clearly forms of authority, but when one considers linguistic phrases or terms such as "moral authority," "a voice with authority," or "an authority on the legal system," these phrases suggest that someone can have a degree of respected power even without a formal title, role, or rules, even if this source of respect is informal or difficult to identify. While it would be possible to define authority as formal power, such a restrictive definition would not be capable of shedding any light on the many forms of social interaction that are not shaped simply by formal hierarchy. Indeed such phrases and forms of social interaction that indicate the presence of informal authority imply that there is something about authority that goes deeper than just formal power or hierarchy.

It is just such a recognition that there is something shared between formal authority and the various forms of informal authority that such phrases indicate that Weber articulates in his conception of authority as legitimate domination.

## Authority as Legitimate Domination

Weber discusses authority in the context of his development of a "sociology of domination" – an attempt to understand how some people or groups are capable of being in a superior position in relation to others in modern society. Weber acknowledged the importance of force, but he was particularly interested in how relative stability was accomplished in modern society without the use of force or violence, and, mostly, even without the threat of force or violence.

For Weber, the only way to explain how people in an inferior position accept this inferior position and relationship over time is, quite simply, that

they do accept it – that they see the relationship between themselves and those in a superior position as legitimate, as somehow justified. This accepting of domination, therefore, is what authority is – it is the acceptance of a dominant relationship between one person or group and another. Domination without authority requires force or violence.

This gives the first part of the answer to what authority is – it is legitimate domination – a relationship between two or more people or objects where one is accorded the right to direct the others in some respect. Who, or what, accords this right is crucial to this definition. Those in a superior position can claim a right to direct, but it is only if those in an inferior position accept this claim, that authority is exercised. If a claim to authority is imposed, then the nature of the domination changes from being legitimate (as regarded by the dominated party) to being domination via force.

The central feature of authority, therefore, is a belief by the dominated that the commands of the dominating are valid. This leads to Weber's well-known typology of different forms of authority. In essence, the types of authority are different types of belief in the validity of the commands of the dominating by the dominated. They are different means by which authority is recognized.

These three types of authority, or forms of legitimacy, are:

- Rational-legal authority – which is based on a belief in the legality or correctness of rules and the right of those elevated to hierarchical positions on the basis of such rules to issue commands. This type of authority is evident in states when people accept the rules and outcomes of elections, in the legal system when people accept the rules and judgments of judges, and in organizations when people accept the mechanisms of designing and filling the positions of managerial roles and the right of such managers to direct activity.
- Traditional authority – which is based on established beliefs in the sanctity of immemorial traditions and on the legitimacy of those exercising authority under them. While this calls to mind the image of tribal society and chiefs, it also applies to contemporary customs and habits and those afforded authority according to such customs and habits. Indeed, it is often the case that many organizations operate along habitual lines and exercises of authority rather than operating solely according to explicit rules and lines of command.
- Charismatic authority – which is based on a belief in the exceptional or exemplary character of a person, and of the normative patterns or order revealed or ordained by him/her. Whereas both rational-legal authority and traditional authority are formal, in different ways, in that the rules or customs that justify them can be displayed or interrogated, charismatic authority is not open to rational deliberation. Its basis is not formal but affectual – it is based on an affective submission of the subordinate to the superordinate. It is thus the most immediate form of authority, as it is not dependent on external justifications. It is dependent only on the submission of the subordinate to the person or sayings of the superordinate. As a result of this immediacy, however, it can also be the most fragile or temporary form of authority (for the original, see: Weber 1978, pp. 215–216).

It is important to note that for Weber these were analytical distinctions, and that in any particular case these different forms of authority are intermingled, and often impossible to distinguish from each other. It is also important to note that although authority might be initially established by one means of legitimation, it may develop other forms of legitimacy. Weber believed that owing to the temporary and fragile nature of charismatic authority, those in such positions tend to try and secure their positions by developing customs or rational-legal rules and structures to support them. He also noted that the rational-legal authority that is one of the defining characteristics of modern bureaucratic organizations is often insufficient for such organizations to function. In reality, most such organizations require some people with some degree of charismatic authority in order to function.

### Authority as a Social Relationship

Weber's writings on authority firmly establish a dyadic aspect to authority – that it involves at least two related agents – one that exercises authority and one that defers to the authority thus exercised. Writers following Weber, however, have concerned themselves with understanding what enables this relationship and have argued that there is, in fact, not simply a dyadic relationship, but a triadic, or social, one. Wrong (1995), for example, argues that the authority relationship is not simply voluntary, since the imperatives delivered by the person in authority are seen as legitimate and, therefore, as compulsory by the person submitting to authority.

The source of legitimacy, it is argued, has to come from outside of the dyadic relationship, and this is supplied by culture, history, the community, or language use. This development of Weber builds on the insight that authority requires a belief in its legitimacy and argues that it is always some sort of contextual (cultural) feature that provides the source of this belief in legitimacy. This argument then extends the types of authority beyond Weber's three types, since any type of belief in the legitimacy of an imperative is therefore a source of authority. Wrong uses the example of an imperative given by a professional such as a doctor – their authority is not based in any of Weber's types of authority (it is not simply based on their position in a hierarchy, or tradition, or their charisma) but in the authority of expertise or competence.

Having outlined Weber's conception of what authority is, how it works, and how this has been developed to argue for the social basis of authority, the next subsection briefly outlines some social psychological research that shows how authority is enacted and responded to in practice.

### Social Psychological Research on Authority

Whereas Weber and Wrong discussed authority in the abstract, social psychologists have been interested in how authority is exercised and experienced in real social situations. Building on previous social psychological research on authority, and influenced also by Weber and other social scientists, Milgram's experiments expressly looked at obedience that is willingly assumed without any sort of threat and which is maintained through the simple assertion by authority that it has the right to exercise control over the person.

In short, Milgram's experiments involved volunteers in laboratory experiments. The volunteers were told that they were involved in an experiment on the effects of punishment on learning. They were assigned the role of "teacher" whose role was to test a "learner" and to administer electrical shocks to the "learner" when they provided incorrect answers to a test. The severity of these electrical shocks increased as more incorrect answers were provided, or if no answer was provided, up to a level where they could potentially kill the recipient (from 15 V to 450 V). In reality, the assignment of roles was rigged and the "learners" were accomplices to the experiment. The third role in the experiment was an "experimenter" – an actor playing a researcher in a lab coat. The "experimenter's" role was to give a series of orders to ensure the "teacher" continued if they refused to administer the shock. The aim of the experiment was to see whether or not the "teachers" would inflict high voltages just because they were commanded to by an "experimenter."

In the initial experiment of 40 participants, 65% of the "teachers" administered the full 450 V, and all of them administered up to 300 V. Milgram also carried out a number of variations to the experiment in which he altered aspects of the situation to see how they affected the degree of obedience to authority. From these he concluded that a number of factors affected whether the participants would obey authority – the status of the experimenter (higher status "experimenters" in a laboratory coat elicited more obedience than an "experimenter" who was an ordinary member of the public); the status of the location (slightly less people were obedient when the location changed from Yale University to a set of run down offices); the proximity of the "teacher" to the "learner" (when the "teacher" had to put the "learner's" hand on the shock plate after 150 V the obedience level fell to

30%); social support (when an accomplice to the experiment played another "teacher" that refused to obey, the level of obedience dropped to 10%); and proximity of the authority figure (when the "experimenter" ordered the teacher by telephone from a different room, the level of obedience fell to 20.5%).

Milgram drew a number of conclusions from his study. He regarded the chief finding to be "the extreme willingness of adults to go to almost any lengths on the command of an authority" (Milgram 1974). In order to explain this finding he noted that those who obeyed had a tendency to disavow personal responsibility for the consequences of their actions and to place responsibility on the authority figure of the "experimenter." For Milgram, the experiments showed that obedience to authority tended to override moral considerations depending on how the social situation was structured.

Even those who defied the "experimenter" related themselves to authority. A number of those who defied the "experimenter" questioned their authority and argued that there was a greater ethical imperative calling for the protection of the "learner" over the needs of the "experimenter." Some of these individuals felt that they were accountable to a higher authority. A significant element of defying one form or source of authority, therefore, is to invoke another form or source of authority.

Milgram's experiments can be interpreted as a direct illustration of the conception of authority as a social relationship of legitimate domination. The "teachers" that accepted the commands of the "experimenter" did so because they saw the commands as legitimate. Those that did not accept the commands did not see the commands as legitimate as they invoked a higher, or different source of, authority. The various factors of the social relationship – the status of the experimenter, the status of the location, the proximity of the "teacher" to the "learner," the presence or absence of social support, and the proximity of the authority figure – are all different parts of the social relationship that establish, amplify, or attenuate the perceived legitimacy of the authority figure.

## The Psychological and Psychoanalytic Views of Authority

While both Weber and Milgram draw attention to the social nature of authority, there are alternative psychological and psychoanalytic perspectives that view authority as being a prime psychic drive and need, and which is seen as the reason as to why authority, and submission to authority, is so prevalent in social and organizational life.

In terms of drive, the desire for authority is seen as part of an "authority/power motive," which can be either personalized (that is, a drive for personal power which is self-serving) or socialized (where the drive for power is other-serving) (McClelland 1975). Such authority/power motives are held to be the reason why people strive for positions of power, with the different forms of authority/power motive being held to affect the types of decisions they make. In particular, people who display authoritarian and dictatorial behaviors are held to be narcissistic, antisocial, aggressive, and often destructive because the motive behind their power and authority is primarily self-serving.

In contrast, the need to submit to authority is often seen as a primal or infant need for a father or mother figure according to psychoanalysts such as Freud or Lacan. According to this line of thought, the authority relationship is powerfully shaped by the subordinate's psychic fantasies. These are very much linked to the subordinate's earliest experiences of their mother and father as authority figures, and the subordinate is seen to want to rescind their autonomy and responsibility in favor of the psychic security of conforming to the authority figure. Research on ego development and moral reasoning suggests that psychologically immature individuals are more likely to conform to authority. For example, Freud (1922) argued that when involved in a crowd, individuals' superegos collapse and, through an unconscious process of transference, they are replaced symbolically by the authority figure, who then becomes the individual's guide to action.

Having presented alternative psychological and psychoanalytic conceptions of authority, the

final section applies these perspectives to understanding authority in organizations and, in particular, in public service organizations.

## Authority in Organizations

Authority, as a social right to direct others, is a key component of the political nature of organizations – how, what, and why decisions are made; who makes them, the allocation of resources; and who benefits. As such, the questions as to who has authority, over what, and to what degree are key issues in organizational politics, as different individuals, groups, or functions debate and deliberate on areas of jurisdiction, modes of allocation, lines of communication, and means of adjudication. Contemporary studies of organizations suggest that the answers to these questions have to be developed, negotiated, and reinterpreted over time, rather than being definitively settled by prior decisions and procedures. Prior decisions and procedures, however, do have a significant influence in how these questions are interpreted and addressed because they are a key part of the social and cultural fabric that affords legitimacy to certain positions or actions.

While the rational-legal form of authority may be the most obvious aspect of contemporary organizations, for example, in the distribution of positional titles, organizational rules, and procedures, and the capacity to allocate rewards or sanctions, others forms and sources of authority are evident. The need for other forms of authority is in fact partly necessitated by the irony of bureaucratic authority. The irony of rational-legal bureaucratic authority is that the formal power and administrative autonomy of the administrator in a bureaucracy is significantly delimited by rules and procedures. The bureaucratic administrator is only officially empowered to implement rules and procedures; they do not have the formal power to act beyond them. While this may not be an issue in relatively stable environments, in less stable environments it can result in organizational stasis and subsequent brittleness. It is partly arguments about the inflexibility of public service organizations that led to the "new public management" in many countries as an attempt to empower public service managers.

Rational-legal bureaucratic authority also has a particular inflection in public service systems – owing to the tradition of the separation of powers between the executive, the legislature and the judiciary, and the system of checks and balances, there is often not a single source of authority in public service organizations. Rather, although public service organizations are in many respects an executive function of government, they are sometimes subject to pressure from external parties as well as from the legislative and can be held to account by the judiciary for their processes and outcomes. The public service motivation and public value literatures would also suggest that for many who work in public service organizations that the ultimate authority is not the government (or the judiciary) but the moral authority of the public good.

## Conclusion

This entry has provided an overview of how authority has been conceptualized, of some of the classic studies of obedience to authority, and a discussion of the role of authority in organizations and public service organizations.

The entry began by outlining why the common conception of authority as formal power is insufficient for accounting for the many instances when authority is present in social relationships that are not structured by formal hierarchy. Weber's conception of authority as legitimate domination was then developed. For Weber, authority is seen as a social relationship between parties whereby one party accepts the legitimacy of the other to direct them in some manner. This conception holds that the central feature of authority is a belief by the dominated that the commands of the dominating are valid. Weber's typology of legitimacy was outlined: rational-legal authority, traditional authority, and charismatic authority.

The entry then considered how Weber's ideas have been developed beyond considering the

dyadic relationship between two parties, to acknowledge the role of cultural and social features in supplying the basis of legitimacy. This argument thus extends the types of authority beyond Weber's three types to any cultural or social feature that is used to accept the legitimacy of an authority.

The entry then outlined how Milgram's experiments into obedience to authority illustrate how authority, as a social relationship of legitimate domination, works in practice. The "teachers" that accepted the commands of the "experimenter" did so because they saw the commands as legitimate. Those that did not accept the commands did not see the commands as legitimate as they invoked a higher, or different source of, authority. The various factors of the social relationship that Milgram varied in different experiments are all different parts of the social relationship that establish, amplify, or attenuate the perceived legitimacy of the authority figure.

The entry then outlined alternative psychological and psychoanalytical views on authority which regard authority as being a prime psychic drive and need. This is seen, by some, as the reason as to why authority, and submission to authority, is so prevalent in social and organizational life.

The final section of the entry then discussed the role of authority in organizations. In particular, the role of authority in organizational politics – where different individuals, groups, or functions debate, contest, or deliberate on areas of jurisdiction, modes of allocation, lines of communication, or means of adjudication. The vital role of the questions as to who has authority, over what, and to what degree in these processes was highlighted. It was noted that contemporary studies of organizations suggest that the answers to these questions have to be developed, negotiated, and reinterpreted over time, rather than being definitively settled by prior decisions and procedures. Prior decisions and procedures, however, do have a significant influence in how these questions are interpreted and addressed because they are a key part of the social and cultural fabric that affords legitimacy to certain positions or actions.

This section also pointed to the question of authority in public service systems, where the tradition of the separation of powers between the executive, the legislature and the judiciary, and the system of checks and balances often means that there is not a single source of authority in public service organizations.

The development of Weber's ideas to understand that authority is a social relationship between two or more people or objects where one is accorded the right to direct the others in some respect is thus helpful in understanding and interrogating the dynamics of organizations. The question of authority in organizations – the sources of its legitimacy, and the cultural and social features and relationships that establish, amplify, or attenuate its legitimacy – is a crucial issue in the public sector, in particular, in how it relates to the distribution and use of power.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Bureaucratic Power
- ▶ Leadership in Organizations
- ▶ Max Weber and Organizational Theory
- ▶ Political Ideology in the Bureaucracy
- ▶ Politics and Bureaucracy
- ▶ Public Service Motivation
- ▶ Public Values in Public Organizations
- ▶ Social Psychology of Organizations


## References


Freud S (1922) Group psychology and the analysis of the ego. The International Psychoanalytical Press, London/Vienna

McClelland DC (1975) Power: the inner experience. Irvington Publishers. : distributed by Halsted Press, New York

Milgram S (1974) Obedience to authority: an experimental view. Harper and Row, New York

Weber M (1978) Economy and society: an outline of interpretive sociology (trans: Roth G, Wittich C). University of California Press, Berkeley

Wrong DH (1995) Power: its forms, bases, and uses. Transaction Publishers, New Brunswick

# B

## Balanced Scorecard

Leonor Mora
King Juan Carlos University, Madrid, Spain

### Synonyms

Control panel; System of strategic indicators

### Definition

The Balanced Scorecard is a management tool whose purpose is to communicate and help to operate the strategy of an organization. It consists of financial and nonfinancial indicators that should refer to their key factors, i.e., strategic factors for the future of the organization viewed from the main internal and external dimensions that affect it.

### Introduction

The concept of the "Balanced Scorecard" stems from the private sector environment; specifically Kaplan and Norton (1992) were the ones who, during the 1990s, proposed it as a tool to overcome the hitherto traditional analysis based on financial indicators and short-term measures (insofar as they did not incorporate any measure of strategic factors and their information was based on ratios about the past and the present of the organization). Nonetheless, the first antecedents to the concept that served as source of inspiration for these authors can be traced to the *Tableau de Bord*, used in France during the 1960s that intended to show, in a single document, several financial ratios for the control of the company (Meyer 1969), as well as to Michael Porter's theories of "value chain in the company."

The use of non-strictly financial indicators in order to assess the strategic dimension of the company involves incorporating to the management control of the organization the monitoring of their intangible assets, such as the knowledge and training of their employees, their internal procedures, etc. Thus, Kaplan and Norton gathered up the interest of the accounting literature to find a method to assess this intangible capital (see Flamholtz 1974; Caplan and Landekich 1975; Grove et al. 1977, cited in Kaplan 2010, p. 8).

In their classical version for private companies, they consider four perspectives or approaches on which the key indicators should be defined; these are the financial perspective, the customer perspective, the business process perspective, and the learning and growth perspective (related to the employees of the organization). For each perspective, key control indicators will be defined in a way that the managers of the organization might, periodically, have the information for appropriate decision taking.

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

## Balanced Scorecard Framework and its Practical Applications Example of the Public Sector

The Balanced Scorecard is not a template or standard model that could be applied to any organization in a general way. The activity of the organization, the market conditions, the particular strategies depending on the offered product or service, and the degree of competition in the environment in which the entity operates determine which specific Balanced Scorecard is the most appropriate for each organization. In public administration, and from the four mentioned classic perspectives, it is possible to identify the following ones:

- Budgetary and financial perspective
- Citizen perspective (users of public services that can be identified with the customers in a private organization)
- Internal process perspective (referred to as the processes followed during the provision of public services)
- Civil servant perspective (also called potential perspective, as it addresses the resources and capabilities the organizations count on in order to develop their activity)

The construction of the matrix of indicators in each area or perspective is developed after the environmental analysis in which this administration operates, allowing the identification of the major strategic issues to be addressed.

We develop in more detail these four perspectives taking into account that the proposed factors are examples. Other different factors will depend upon the specific organization in which the Balance Scorecard is set:

- Budgetary and financial perspective: includes factors such as investment capacity, budget deficit or surplus, capital raising capacity from other governmental organizations and private entities, etc.
- Citizen perspective: metrics covering key factors such as satisfaction of citizens in the face of the public services they receive, citizen participation and involvement in public decisions, perception of transparency in public administration, etc.
- Internal process perspective: metrics that measure the provision of public services in dimensions such as promptness, standardization, quality, simplification of processes, capacity for their redesigning, etc.
- Civil servant perspective or potential perspective: considers the productivity by employee, satisfaction of the employee, their suitability for the work they are carrying out, their participation in training programs, etc.

As already mentioned, these perspectives can be modulated or complemented by others depending on the specific entity and their functions in the public scope, provided they are truly strategic for the future of the organization. In this regard, some authors (López and Gadea 2001) propose the incorporation of territorial sustainability perspective or social cohesion perspective.

Whatever the perspectives selected, the work method for the construction of the Balanced Scorecard involves the definition of concrete objectives for each of them. Together with the objective, a strategic result indicator will be defined, i.e., the ratio or indicator that will measure the achievement of that objective, as well as a performance indicator. The latter takes a specific quantitative value that represents the value that the organization wants for the defined objective. It is also possible to attach and describe qualitative strategies for each indicator that summarize the policy of the organization in regard to the objective.

We propose an example of this methodology, assuming that the organization that formulates the Balance Scorecard is a public university. On the assumption that, within the internal process perspective, it takes as objective "Increasing the number of practical classes taught by subject," the work to be done in relation to the objective would be as follows (Table 1):

This methodology would be replicated for the rest of the objectives of all the selected areas. Regarding the number of objectives the tool should have, it should be noted how, in many

cases, the high number of selected indicators can both decrease the effectiveness of the Balanced Scorecard – as it might contain redundant information – and hinder the overall vision it should provide to the managers. Kaplan and Norton (1997) suggest between 12 and 24 indicators for the Balanced Scorecard to be focused on the success factors and to be absorbed by the organization. There is no reason that this recommendation made for the private sector scope does not apply to the public administration environment.

It is also important to emphasize how the objectives identified in each perspective can be linked together, because they all serve to the same strategy. Graphically these links can be drawn through cause-effect diagrams or maps. The basic outline of a map of objectives for a Balanced Scorecard that is applicable to public administration may be as follows (Chart 1).

**Balanced Scorecard, Table 1** An example of Balanced Scorecard

| | |
|---|---|
| Objective | Increasing the number of practical classes taught by subject |
| Strategic result indicator | Percentage of hours of practical lessons taught divided by the total hours of the subject |
| Threshold/ trigger | 50% of the hours devoted to practical classes divided by the total hours allocated to the subject |
| Strategies | Reinforcing the educational staff with professors devoted to practical classes<br>Reviewing of the educational guidelines of the subjects incorporating methodologies based on practical work |

## Usefulness of the Balanced Scorecard in the Public Environment

In general terms, for any type of organization – private or public – the Balanced Scorecard can be very useful, starting from the missions of the organization: to set specific objectives, to design the system of execution and control indicators, and to analyze the results achieved within a logic of purposes or goals and required means or resources (Barros Da Silva and Rodríguez González 2004).

Kaplan and Norton (1992) summarize the usefulness of the tool in aspects such as the clarification and updating of the strategy, the communication of this strategy to the entire organization, the ability to align the individual objectives or goals of the different members of the organization to that known common strategy, the linkage of the objectives to the long-term budget, and the ability to conduct the reviews on the functioning of the internal processes toward the improvement of the strategy itself.

In fact, this tool adds value in the specific field of the public entities. Since the Balanced Scorecard incorporates financial and nonfinancial indicators, its use in entities such as public institutions where nonfinancial aspects prevail on financial ones is particularly appropriate. We will not go into detail in the prominence of the qualitative aspects over the financial ones in public organizations, although we need to only recall the main differences in the concept of "financial management" in both scopes: different financial objectives, higher number of stakeholders, different nature of the so-called shareholders of these

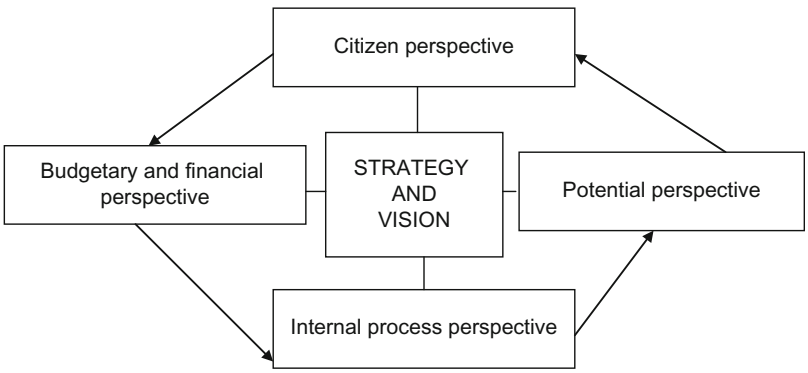


**Balanced Scorecard, Chart 1** Map of objectives for a Balanced Scorecard (Source: Adapted from Kaplan (2010, p. 4))

public bodies, and public funding mechanisms in which, as noted by Holtham (1984), it is more appropriate to consider finance in many senses as a constraint rather than as a target.

Thus, while keeping the budgetary and financial perspective of the Balanced Scorecard in private enterprises, the absence of a strictly economic goal (maximization of profit or search for returns) and the economic backing that often have public entities in the event of budget difficulties (transfers or collaterals from the administration on which the public entity is dependent) make that the most relevant perspectives are precisely the other three: citizen, internal process, and potential perspectives.

The richness of this tool over other more traditional (ratios, financial management control, etc.) is in its qualitative and strategic dimension. Its application in specific experiences that are cited in the next section demonstrates its usefulness to unite the management team and the entire organization, conveying the strategic objectives toward the day-to-day running of the organization. The use of the Balanced Scorecard for the modification of cross complex internal processes that affect various areas or departments of the organization also seems to be positive.

From a European perspective, Ruiz Muñoz (2006) highlights how governments are challenged by the request of their citizens for the provision of public services (this has certainly contributed to the generalization of the welfare state as a generally accepted principle to formulate the budgetary policy of the public bodies). In this environment, management tools such as the Balanced Scorecard can be a great help in trying to achieve the objective of providing a public service of the highest possible quality. In this regard, it should be noted how the implementation of the Balanced Scorecard usually reflects the influence of the excellence models, such as the "European Foundation for Quality Management (EFQM)" (Dale 2002, cited in Ruiz Muñoz 2006). The EFQM excellence model shares with the Balanced Scorecard some basics: focus on customers, pursuit of the continuous improvement and innovation, care in partnership and venturing with vendors and suppliers, focus on leadership, coherence in the strategic objectives, development and linkage of people, and assessment of the results.

Nonetheless, both concepts should not be confused, as although they have a common philosophy, EFQM may be considered as a helper method for improving the organization, while the Balanced Scorecard is a real management tool that allows to evaluate the achievements of the organization in the controlled perspectives.

## An Example of Balanced Scorecard in the Public Environment

Although the Balanced Scorecard of a specific public organization, as already mentioned, depends on the type of entity and its specific activity, in this section we will include some of the features that, as per our understanding, these indicators should have, depending on which perspective is concerned, while we try to propose some valid indicators also for public organizations in each of the four perspectives aforementioned.

### Budgetary and Financial Perspective

According to the objectives that the organization has raised for its financial area, they should choose indicators that approach the budget performance and financial balance of the entity. These are structure indicators that will inform on the use (generation and consumption) of resources and that will provide information on the cost of public services. The inputs for the construction of these indicators will come from the accounting and financial statements, so they will be numerical indicators with quantitative information. Among others, we propose the following:

- Total budget income linked to the service
- Total budget expense linked to the service
- Gross savings or difference between current income and current expense
- Budget deficit or surplus measured as the difference between financial income and expense
- Total capital spending or investment spending associated with the service
- Financial liabilities on current income

### Citizen Perspective

The indicators that show this perspective are result indicators, i.e., those that report on final impact of public policies on citizens. For its construction, it will be required not only the economic or activity inputs but also those compared with the outputs offered to citizens. Even beyond, it is trying to approximate the measure not only to the service actually provided to the citizen but to the perception the citizen might receive from the service. Ultimately, the satisfaction of the citizens is, by itself, a result of the public action. In order to incorporate the citizen's point of view, it is necessary to use methodologies for the knowledge of the citizen perception such as the survey, the collection of complaints through suggestion boxes, etc. With this information, it will be possible to build indicators such as:

- Number of complaints attributable to public service
- Number of complaints attributable to other services that interact with the assessed service
- Number of suggestions related to the service received (it allows to evaluate the degree of citizen participation and involvement)
- Quantitative assessment of the quality perceived by the citizen (provided the accomplishment of a previous survey, allowing to assess in a certain scale the level of satisfaction of the citizen)
- Quantitative assessment of the perceived transparency by the citizen (provided the accomplishment of a previous survey, allowing to assess in a certain scale the level of perceived transparency by the citizen)

The use of information and communications technologies (ICT) will undoubtedly facilitate the development of these indicators, to the extent that the administration has a website that allows citizens to interact. It will provide valuable elements to assess the citizen's perception to the activity performed by the entity.

### Internal Process Perspective

In order to capture the internal process perspective, we will use process indicators that inform both the number of activities undertaken and their quality. These indicators will give information on the processes or action programs before obtaining definite results, as well as on how the planned program is executed to achieve the proposed objectives. The ultimate goal, from this perspective, will be to measure the capacity of the organization to act, focusing not only on results but also on analyzing whether the system, with their respective protocols and procedures and works. That is, we will try to measure or compare actual activities with those that are planned or used resources versus actual activities.

Some key features that should be measured are capacity of innovation, adaptation to the environment, and change management. We propose several indicators, for example:

- Number of performed activities (in ordinary processes)
- Activities successfully completed (to measure specific projects)
- Number of provided services/global cost of the service
- Temporary deviations (measured in days, hours, as appropriate) between phases of a global process with a priori time planning

### Civil Servant Perspective or Potential Perspective

The indicators to be raised from this perspective should provide information on how the resources and capabilities of the organization and possibilities for improvement in this regard have been used. These indicators on intangible but strategic elements for the organization should be considered (i.e., indicators on motivation and satisfaction of the employees and future needs of this human capital). Examples of indicators for this perspective could be the following:

- Training received by public workers (it may be possible, by professional category, to establish specific training hours, distinguishing where appropriate if it is theoretical or practical)
- Qualifications obtained by workers that participate in training programs (or any other measure that report on the degree of successful completion of the received training)

– Quantitative assessment of the degree of job satisfaction of employees (it will require a previous survey that allows the self-assessment according to numerical criteria)

## Conclusion

The Balanced Scorecard has been used in public entities from different sectors. A bibliographic review shows the health sector as one of the pioneers in the use of this tool. In this context, the works conducted by Dana Forgione (1997) should be highlighted. Forgione detected, as from the workshops organized by the "European Institute for Advanced Studies in Management," the existence of an increasing demand of the use of the Balanced Scorecard in the sector. In particular, he spotlighted the contributions that this tool could offer to health institutions for financial control and management of the quality of the service. Since the publication of the article by Dana Forgione, many works regarding the adaptation to healthcare environment have followed. In Ruiz Muñoz (2006), we can find references to the works by Curtright Jonathan, W. et al. (2000) and Pink George, H., (2001).

However, the transition from theory to practice can be found in 1997 with the project of developing a Balanced Scorecard for the hospital system in Canada. The project was extended to 89 hospital organizations in the area of Ontario. The proposed Balanced Scorecard encompassed indicators related to the activity of the participating centers and allowed the public circulation of the provided information. Baker (1998) published the information of this project, providing levels of performance indicators designed for this project.

In the Spanish environment, Ruiz Muñoz (2006) develops a Balanced Scorecard for a specific hospital, the Parc Taulí Health Consortium, located in the Catalan town of Sabadell.

Another sector where many references on practical applications of Balanced Scorecards can be found is that of higher education institutions or universities. There are interesting experiences developed between the nineties of the last century and early years of this century. In this regard, see Pupius et al. (2003, p. 16), Johnson (2003, p. 28), Cullen et al. (2003, p. 8), and Rohm (2003), who provide specific references to their successful implementation in universities such as the University of Edinburgh, Open University, Glasgow Caledonian University, or Napier University. Other experiences supported in the academic literature should be noted, such as the ones at the University of California, 1999 (O'Neil and Harold 1999); Ohio State University, 2007; Universitat Pompeu Fabra, 2000; Universitat Jaume I, 2000; Fort Hays State University, 2003; (Zbinden 2002; Ramírez Córcoles and Baidez González 2011); etc.

The complexity of the university activity and management suggests the use of advanced management tools such as the Balanced Scorecard. The plurality of objectives pursued by public institutions of higher education, as well as the absence of a single measure of the success of the organization, recommends the definition of different indexes to give a sufficiently broad view of the goodness of the management and the achievement of the objectives and goals at both strategic and operative level.

## Cross-References

▶ Organizational Excellence
▶ Performance Evaluation and Reporting
▶ Performance Management and Culture
▶ Public Values in Public Organizations

## References

Baker (1998) A system- wide, Hospital Report

Barros Da Silva JB, Rodríguez González R (2004) Una nueva visión del Cuadro de Mando Integral para el sector público. Rev Iberoam Contabilidad Gestión 4: 117–148

Caplan EH, Landekich S (1975) Human resource accounting: past, present, and future. National Association of Accountants, New York

Cullen J, Joyce J, Hassall T, Broadbent M (2003) Quality in higher education: from monitoring to management. Qual Assur Educ 11:5–14
Curtright JW, Stolp-Smith SC, Edell ES (2000) Strategic performance management: development of a performance measurement system at the Mayo Clinic. J Healthc Manag 45(1):58
Dale BG (2002) European quality challenges for the new millennium. Meas Bus Excell 6(4):28
Flamholtz E (1974) Human resource accounting. Dickenson Publishing, Encino
Forgione D (1997) Health care financial and quality measures: international call for a "balanced scorecard" approach. J Health Care Finance 24(1):55–58
Grove HD, Mock TJ, Ehrenreich KB (1977) A review of human resource accounting measurement systems from a measurement theory perspective. Acc Organ Soc 2(4):219–236
Holtham C (1984) Financial planning and control. In: Hopwood A, Tomkins C (eds) Issues in public sector accounting. Ed. Philip Allan Publishers, Oxford, p 6
Johnson S (2003) EFQM and Balanced Scorecard for improving organisational performance. A research report. http://www.som.cranfield.ac.uk/som/cbp/pma/Balanced%20Scorecard%20and%20EFQM.pdf
Kaplan (2010) Conceptual foundations of the Balanced Scorecard, working paper 210–074, Harvard Business School
Kaplan RS, Norton DP (1992) The balanced scorecard. Measures that drive performance. Harv Bus Rev 70:71
Kaplan RS, Norton DP (1997) El cuadro de Mando Integral (The Balanced Scorecard). Ed. Gestión 2000, Barcelona
López CJ, Gadea CA (2001) Una nueva administración pública: estrategias y métodos para mejorar la calidad y la eficiencia del e-Gobierno. Ed. IVAP, Oñati
Meyer J (1969) Le contrôle de gestion. Presses Universitaires de France, París
O'Neil JR, Harold FY (1999) Designing and implementing an academic scorecard. US News World Rep 31:30–32
Pink GH (2001) Creating a balanced scorecard for a hospital system. J Health Care Finance 27(3):1
Pupius M et al (2003) Linking the EFQM excellence model to other management models and tools. Sheffield Hallam University, Sheffield
Ramírez Córcoles Y, Baidez González A (2011) El Balanced Scorecard como herramienta para la gestión estratégica en las instituciones de educación superior. Partida Doble 232:64–76
Rohm H (2003) Improve public sector results with a Balanced Scorecard: nine steps to success. The Balanced Scorecard Institute. http://www.balancedscorecard.org
Ruiz Muñoz D (2006) La aplicación del Cuadro de Mando Integral en organizaciones sanitarias. Rev Iberaom Contabilidad Gestión 4(8):13–32
Zbinden AM (2002) Introducing a Balanced Scorecard management system in a university anaesthesiology department. Anesth Analg 95:1731–1738

# Bangladesh Civil Service (BCS) Examination

Fardaus Ara
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

B

## Synonyms

Cadre service; Civil service recruitment; Public service examination

## Definition

### Civil Service

Usually, the civil service of a country includes all permanent functionaries of government which distinctly excludes defense service. Moreover, a member of civil service cannot hold a position in the political or judicial office. Briefly, civil service is a part of the executive branch that performs the functions and activities of the government.

### Cadre

Cadre is the distinct functional subdivision of the government services developed according to law and has specific recruitment and promotion rules. Each cadre consists of a certain number of posts. In Bangladesh, a small percentage of the civil servants are recruited to the cadre services. Jobs in the cadre services are considered highly prestigious.

## Introduction

Civil service is the executive organ of a state having specific structures, rules, values, and responsibilities that support the implementation of government policies and programs for the welfare of the people. The civil service systems in Bangladesh has a traditional colonial legacy inherited from the British colonial rule that is

still in practice. However, to cope with the continually changing world, a modern, meritorious, and efficient civil service is inevitable. Thus, the government needs to recruit and select talented, competent, and committed civil servants. Considering the socioeconomic context of Bangladesh, a job in the cadre service is considered as one of the most prestigious as one enjoys a high salary along with various facilities here that other service holders usually are not entitled to. Therefore, civil service most particularly the cadre services is regarded as one of the most demanding professions in Bangladesh. The Bangladesh Public Service Commission (BPSC), one of the most significant constitutional bodies in Bangladesh, arranges the Bangladesh Civil Service (BCS) Examination to recruit fresh entrants in the service. However, questions arise very frequently regarding the credibility and quality of the existing BCS Examination system. Based on secondary sources, i.e., books, journals, research reports, newspapers, and the Internet, this chapter examines loopholes in the examination process and suggests a few recommendations to improve the examination system.

## Civil Service System in Bangladesh

Bangladesh Civil Service consists of class I, II, III, and IV personnel. Moreover, the civil servants can be categorized into two further groups: Class I and part of class II officers are gazetted I officers with higher powers, responsibilities, and greater privileges, whereas the remaining belongs to non-gazetted. Furthermore, the service is again divided into two groups: cadre and non-cadre. Within the public service, a very small number of civil servants belong to the cadre services. Class I cadre posts are classified vertically into six ranks: secretary, additional secretary, joint secretary, deputy secretary, senior assistant secretary, and assistant secretary in terms of seniority and status. Bangladesh follows a closed entry system where class I officers are recruited directly in the cadre services through an open competitive examination known as BCS Examination, conducted by the BPSC to the post of assistant secretary and alike. At present, there are 26 cadres in the civil service of Bangladesh. According to the prescribed educational qualifications, the cadres are divided into general cadres and technical/professional cadres (Ara 2013).

### General Cadres

BCS (Administration), BCS (Ansar), BCS (Audit and Accounts), BCS (Cooperative), BCS (Customs and Excise), BCS (Foreign Affairs), BCS (Family Planning), BCS (Police), BCS (Postal), BCS (Railway Transportation and Commercial), and BCS (Taxation).

### Technical/Professional Cadres

BCS (Agriculture), BCS (Fisheries), BCS (Forestry), BCS (General Education), BCS (Health), BCS (Livestock), BCS (Public Health and Engineering), BCS (Public Works), BCS (Railway Engineering), BCS (Roads and Highways), BCS (Statistical), BCS (Technical Education), and BCS (Trade).

Besides BCS (Food) and BCS (Information), cadres recruit candidates in both general and technical/professional categories (BPSC 2019).

## Recruitment Rules of Bangladesh Civil Service

The first comprehensive recruitment rules, BCS Recruitment Rules (1981), were declared in 1982 for the appointment of officers to various cadres of Bangladesh civil service, and the first BCS Examination was conducted in 1982. Currently, for direct recruitment at the entry level, the Bangladesh Civil Service (Age, Qualification, and Examination for Direct Recruitment) Rules 2014 has to be followed.

There are three types of recruitment procedures for the different cadres of the civil service in Bangladesh:

- Direct recruitment through open competitive examination at the entry level
- Recruitment through promotion
- Recruitment through transfer or deputation

Generally, the respective ministry informs BPSC about the number of vacant posts through the Ministry of Public Administration (MOPA). BPSC then invites candidates to apply for the vacant posts by advertisements in daily newspapers. The eligible candidates are invited to appear in a preliminary test. The applicants who succeed in the preliminary test have to sit in a written examination. Candidates who passed the written test are considered qualified for oral examination followed by a psychological test. If any applicant disqualifies in the psychological test, he/she is not considered for final selection. Based on the results of the written examination, psychological test, and the viva voce, a final selection is made to send to the MOPA. Candidates then go through physical examination at designated hospitals arranged by the Directorate General of Health Services (DGHS). Besides, every single candidate needs a police report to certify that he/she has no criminal report or engaged in any activity subversive of the state. The MOPA arranges the final approval of the President before issuing the letter of appointments (Ara 2013).

## Bangladesh Civil Service Examination

The BCS Examination is considered one of the hardest and competitive examinations. Initially, 29 cadre services were formed in the civil service of Bangladesh, and accordingly, BCS Examination was held in 1982, 1983, and 1984 based on written and viva without any preliminary test. In 1985, a new system of examination was introduced which is currently in practice to recruit fresh candidates at the entry level (BPSC 2013). Since the introduction of the BCS Examination, the BPSC has completed 39 examinations, and the 40th BCS applicants are waiting for a written examination. BPSC has published the circular for the 42nd and 43rd BCS Examinations in November 2020.

### Eligibility Criteria to Apply

Receiving vacancy list from the MOPA based on the BCS (Age, Qualification, and Examination) Rules 2014, BPSC circulates an advertisement through its website and national dailies mentioning cadre wise educational qualification, examination fees, tentative date of examination, subjects of written examination for a particular cadre, age, and other terms and conditions of the job. A candidate has to complete all formalities mentioned by BPSC. Any citizen of Bangladesh fulfilling the required eligibility can apply irrespective of his/her sex.

#### Age Limit

- If the age limit of the candidates is below 21 and above 30 on the first date of the month when the advertisement is circulated by BPSC, he/she will not be considered as worthy candidates of the BCS Examination.
- The maximum age limit for freedom fighters and their sons, daughters, grandchildren, disabled candidates, and BCS (Health) cadre candidates is 32.
- In the case of BCS (General Education), BCS (Technical Education), and BCS (Health), the maximum age limit of tribal candidates is 32, and in other cases, the age limit is 30.

#### Educational Qualification

- A master's degree from any recognized university or a degree that requires at least 4 years of education after passing the Higher Secondary Certificate (HSC), i.e., year 12 examination or equivalent, provided that, in his/her academic career, an applicant with more than a third division/class is not qualified.
- If a candidate appeared at any examination that is threshold level for BCS Examination, he/she will be able to apply, provided that all written examination would have been completed by the deadline of applying.

All appeared candidates have to submit their original or provisional certificates as education qualification from any university to BPSC before the interview board. Educational qualification for technical/professional cadre depends on respective cadres. Generally, a graduation degree is needed to apply in a professional/technical cadre. However, usually, third-class graduates are not accepted in most of the technical cadres.

### Nationality

The candidate must be a citizen of Bangladesh. Besides, he/she cannot marry or promise to marry a foreign citizen without prior permission from the government of Bangladesh.

## Quota in the Civil Service

In Bangladesh merit and quota both were used in recruitment. According to the quota system, 44 percent of available posts would be filled based on merit while the remaining 56 percent by district quota. The district quota was further distributed, i.e., 30 percent for families of freedom fighters, 10 percent for women, 10 percent for disadvantaged districts, 05 percent for small ethnic groups, and 01 percent for people with disabilities. However, due to criticisms from academics and researchers and countrywide movement by students and job seekers against quota, the government announced the abolition of quota in recruitment of class I and II civil servants in 2019. Accordingly, BPSC declared that from the 40th BCS Examination, recruitment to the service would be based solely on merit (Senior Correspondent 2020).

## Structure of the Examination System

As per the provisions of BCS (Age, Eligibility, and Direct Recruitment Examination) Rules 2014, BPSC conducts the following three steps of recruitment examination to recommend suitable candidates in the civil service of Bangladesh:

- Multiple-choice question (MCQ)-type preliminary test of 200 marks
- A written test of 900 marks for candidates who passed in the preliminary test
- Oral test of 200 marks for the successful candidates in the written test

### Preliminary Test

BPSC conducts an MCQ-style preliminary examination of 200 marks with 200 questions to select a certain number of suitable candidates for the written test. Until the 34th BCS Examination, the preliminary test was taken at 100 marks. However, a new system has been introduced to take the MCQ-type preliminary test on 10 subjects in 2 hours from the 35th BCS Examination as per the BCS Examination Rules 2014. Additionally, the provision for deduction of 0.50 marks is introduced for each wrong answer given in the preliminary MCQ test so that no candidates can get undue advantage by making answers on a guess (BPSC 2015). Subjects and marks distribution in the preliminary test are as follows:

| Subjects | Marks |
|---|---|
| Bangla language and literature | 35 |
| English language and literature | 35 |
| Bangladesh affairs | 30 |
| International affairs | 20 |
| Geography (Bangladesh and the world), environment, and disaster management | 10 |
| General science | 15 |
| Computer and information technology | 15 |
| Mathematical reasoning | 15 |
| Mental skills | 15 |
| Ethics, values, and good governance | 10 |
| **Total** | **200** |

Topics under Bangladesh affairs are:

- National affairs of Bangladesh: the history of Bangladesh (ancient to modern); culture; the history of independence war of Bangladesh; language movement; the election of 1954; six-point demands 1966; mass movement 1968–1969; the general election 1970; noncooperation movement 1971; historical 7 March Speech of Bangabandhu; declaration of independence; composition and functions of Mujibnagar government; strategies during the war of independence; the role of superpowers during the war of independence; the surrender of the Pakistan Army; and the emergence of Bangladesh.
- Agricultural resources of Bangladesh
- Economy of Bangladesh
- Industry and commerce of Bangladesh
- The Constitution of Bangladesh
- System of government in Bangladesh

### Written Test

Candidates declared successful by BPSC in the preliminary test have to appear in the written test. Initially, each candidate had to sit for an

examination of 1600 marks when the open competitive examination for BCS recruitment started in 1982. However, the total marks were reduced to 900 in 1984. BPSC decided to increase the total marks again in 1985. Since then, each candidate had to participate in an examination of 1000 marks: 500 marks for compulsory subjects, 300 marks for optional subjects, and 200 marks for the viva voce. The five compulsory subjects were Bangla, English, Bangladesh affairs, international affairs, and general mathematics and science with 100 marks for each. Besides, a candidate could choose 3 subjects from 64 optional subjects each carrying 100 marks. The technical/professional cadres had no optional subject examinations; 300 marks were based on the candidate's academic achievements (BPSC 2004).

BPSC instigated a reform in 1998 to restructure the BCS written examination system to fit with the contemporary demands. Subsequently, in 2004, BPSC decided to introduce a uniform system of BCS Examination system in which all examinees have to sit for the same subjects (except for examinees sitting for technical/professional cadres) to be effective from 2006 with the 27th BCS Examination. Therefore, candidates missed the scope to choose optional subjects that gave an extra facility to the students having a science background in previous examinations (BPSC 2011). Currently, both general and professional cadre candidates have to sit in a written test of 900 marks.

According to the latest provision of BPSC, a candidate with less than 30% marks in the written examination, instead of the previously existing 25%, would be considered to have received no number. Besides, from the 38th BCS Examination, 2 examiners are set to check the answer scripts. Additionally, an answer sheet is to be re-evaluated if the difference between the marks given by the two examiners exceeds 20. Candidates who give preference for the posts of both general and technical/professional cadres are required to appear for the written examination of 200 marks in the relevant subject for additional posts or services in addition to 900 marks in the subjects prescribed for the general cadres. The time allotted for each subject consisting of 200 marks is 4 hours. In the case of a subject consisting of 100 marks, the allotted time is 3 hours. The pass mark for the written test remains the same as 50% (BPSC 2015, 2019). Subjects and marks distribution in the written test are:

| General cadres | Marks | Technical cadres | Marks |
|---|---|---|---|
| Bangla | 200 | Bangla | 100 |
| English | 200 | English | 200 |
| Bangladesh affairs | 200 | Bangladesh affairs | 200 |
| International affairs | 100 | International affairs | 100 |
| Mathematical reasoning and mental skills | 100 | Mathematical reasoning and mental skills | 100 |
| General science and technology | 100 | Job-related subjects | 200 |
| **Total** | **900** | **Total** | **900** |

Source: BPSC (2019)

### BCS Oral Examination

Candidates who have passed the written test of the BCS Examination are required to sit in an oral test of 200 marks. The minimum pass mark in the oral test is 50% instead of the previously existing 40%. BPSC creates the Board of Oral Examinations as per the provisions of the BCS Examination Rules 2014 with the Chairman/Member of the Commission who acts as the Chairman of the Board, officers of the rank of joint secretary or above nominated by the government as Board member, and thematic experts as the Board member nominated by BPSC.

## Problems and Issues in the BCS Examination

The current system of BCS Examination fails to recruit meritorious officers in the civil service of Bangladesh. Several reasons affect the overall process of recruitment. First, the existing examination process is time-consuming and outdated. The 35th BCS Examination circular was issued on 09 September 2014, and the final result was published on 17 August 2016. The whole examination process took about 2 years. MOPA began to issue appointment letters on 02 April 2017. Advertisement for the 36th BCS Examination

was published on 31 May 2015, and BPSC published the final result on 17 October 2017. It took 2 years and 5 months to complete the examination. MOPA started issuance of appointment letters on 31 July 2018. Likewise, the 37th BCS Examination took 2 years and 4 months, while MOPA began to issue the appointment letters on 20 March 2019. BPSC needed 3 years and 10 days to publish the final result of the 38th BCS Examination. However, the issuance of the appointment letter by the MOPA has not yet been completed due to Covid-19 catastrophe. Exceptionally, BPSC took only 1 year to complete the 39th BCS Examination that was conducted to recruit only health professionals. The 40th BCS Examination candidates are awaiting their written examination result; the 41st BCS Examination applicants are waiting for the preliminary examination (BPSC 2019; MOPA 2021), while BPSC has published the 42nd and 43rd BCS job circulars. Thus, it is evident that BPSC typically spends almost 2 years finalizing the BCS Examination recruitment process. Then about 1 more year is required to complete the medical test, police verification, and issuance of appointment notification. Although it is expected that the recruitment process starting from job advertisement to final result must be completed within a year, however, it is not happening. Additionally, the system of dual examiners for the evaluation of written scripts launched since the 38th BCS Examination may further delay the result.

BPSC announced to reform the BCS Examinations, and thereby it was expected that various changes would be incorporated in the examination. However, the changes are merely cosmetic. The syllabus and questions of the civil service examination are designed in such a way that seems unsuitable to test the analytical or managerial skills of the candidates. For example, in the Bangla Paper I, 30 marks are allocated to grammar (correction of errors in sentences, filling in the blanks with correct words, changing simple sentences to compound and complex, and use of idioms and phrases), 20 marks each to the elaboration of ideas and writing summary, and 30 marks for short answers to questions about Bengali literature – from medieval to modern. In Bangla Paper II, 40 marks are assigned to writing an essay and 15 marks each for translation (from English to Bangla), fictional dialogue, book review, and letter writing. Such content suggests that the examination aims at finding talent for administrative and support roles rather than looking for leaders and managers who may lead and manage during transition or crisis. Furthermore, the mathematics paper tests algebra, geometry, and elementary statistics. Class I officers are unlikely to solve such mathematical problems in the course of their government work. In the Bangladesh affairs paper, candidates are asked to explain how Bangladesh came into being as an independent nation or to describe the development policies followed during the first decade of independence. Likewise, as part of the international affairs paper, candidates have to write about the different organs of the United Nations. The questions are descriptive rather than analytical and exploratory. Therefore, it fails to test whether a candidate possesses good analytical ability or whether he/she can learn from real-life experiences and apply it in his/her job, or whether he/she can lead and manage changes (World Bank 2006). Moreover, it is widely believed that the subjects in the written examinations are favorable to the candidates with science or related backgrounds, thus creating discrimination. Besides, many mediocre students passed the examination by memorizing traditional guidebooks because of the nature of questions.

Allegations against the leakage of BCS question paper have become a regular practice. The Criminal Investigation Department, Bangladesh Police, has announced on 01 February 2019 of arresting a gang of people in 1.5 years who were involved with BCS Examination question paper leakage for the last few years (Staff Correspondent 2019). This incident affects the validity and credibility of the examination system.

Despite recommended by BPSC, several candidates are regularly dropped out due to negative police verification reports. A candidate is considered unfit for recruitment if he/she is charged in any criminal case or engaged in any form of unlawful activities. The worst part of the process is that apart from the character of the candidate,

the history of his family members is being searched which is unfair. About 400 meritorious young job seekers from the 32nd BCS to the 39th BCS Examination were denied final appointment letters despite being recommended by BPSC due to negative police reports. In many instances, the political affiliation of the candidate, his parents, and even his relatives is given special priority during the police verification. It is often seen that negative reports about the candidate are given by the police due to their minimal affiliation with any anti-government political party and even rumors about it. Besides, there are allegations of unethical practices like bribing to get a positive police report (Hossain 2020).

Complain regarding oral examination is another major issue to deal with as no specific guideline or manual has been followed for conducting the viva voce. The entire viva voce is influenced by the partisan effect. It is a common assumption that the roll numbers of the mentioned candidates are forwarded to the interview board chairman/member. The chairman of the viva boards is often advised by the external members of the boards to prevent awkward circumstances for the mentioned candidates. In general, the candidates mentioned are asked basic questions, while other candidates are asked critical questions (Karim 2007).

## Conclusion and Recommendations

The civil service of a country is a tool the government may use to convert its manifesto into results. To move the country toward its social and economic development objectives, Bangladesh needs a more effective and efficient civil service. Improving the performance of the civil service and more effectively using the latent talents of its officers are the keys to progress (World Bank 2006). And for this, Bangladesh firstly needs to recruit an eligible pool of civil servants. Therefore, reforming the BCS Examination is inevitable.

The number of BCS applicants is growing with time. The examination has become the first choice for the majority of job seekers in Bangladesh. However, due to the limited number of vacant posts and multiphases recruitment and selection systems in the civil service, a large number of aspirant candidates remain deprived. Reducing the time in evaluating the preliminary answer scripts, written scripts, oral examination, police verification, and medical checkup may accelerate the whole process in BCS, thereby saving time and money for the unemployed and others.

The examination needs to be designed in such a way that a candidate can prove his/her merit and hidden talent rather than merely memorizing guidebooks. To ensure quality and professionalism in the service, the existing generalized examination system should be replaced by cadre-specific examinations. Measures should be taken to ensure that any sort of nepotism and favoritism cannot influence recruitment.

The concerned authority must take precautionary measures to stop the leakage of questions along with ensuring exemplary punishment to the criminals so that no one can dare to repeat the crime once again. There is a complaint against the police verification report. In the recruitment of candidate applicants who have succeeded in the BCS test, the police verification process must be transparent, fair, and ethical. It needs to be ensured that except for criminal cases, no candidates should be denied the final notification of the job.

In the BCS Examination, BPSC does not take into consideration of previous academic achievements of the candidates. Past examination marks of the applicants may be taken into account while making the final list for the oral examination. In this way, BPSC can call a specific number of applicants for interviews, thus saving time. Besides, this can be an efficient measure to exclude less eligible candidates, thus eliminating the scope of corruption in the recruitment process.

At each stage of the civil service examination, there is scope for efficiency gains, including improving the way candidate documents are obtained and scrutinized, shortening the time between the preliminary and main written exams, having a question bank, promptly publishing examination results, improving examination venues and logistics, and offering higher fees for

those evaluating the scripts. Additionally, a team of local and external consultants could be involved in reviewing and updating existing examination processes. Finally, BPSC must be allowed to act as a neutral independent organization free of all political influences that are necessary to make an effective and efficient civil service for the country.

## References

Ara F (2013) Gender mainstreaming in Bangladesh civil service. Soc Sci J 18:91–103

Bangladesh Public Service Commission (2004) Annual report. Government of the People's Republic of Bangladesh, Dhaka

Bangladesh Public Service Commission (2011) Annual report. Government of the People's Republic of Bangladesh, Dhaka

Bangladesh Public Service Commission (2013) Annual report. Government of the People's Republic of Bangladesh, Dhaka

Bangladesh Public Service Commission (2015) Annual report. Government of the People's Republic of Bangladesh, Dhaka

Bangladesh Public Service Commission (2019) Annual report. Government of the People's Republic of Bangladesh, Dhaka

Hossain M (2020) Negative police verification report a curse for BCS candidates. Prothom Alo, October 4. Retrieved 4 Jan 2020 from https://en.prothomalo.com/youth/education/negative-police-verification-report-a-curse-for-bcs-candidates

Karim R (2007) Restoring the credibility of Bangladesh Public Service Commission: major challenges and policy recommendations. Bangladesh e-J Sociol 4(2):1–12

Ministry of Public Administration (MOPA) (2021) Notification of recruitment in different cadres of Bangladesh Civil Service. Retrieved 4 Jan 2021 from https://mopa.gov.bd/site/view/bcs_recruit/

Senior Correspondent (2020) Quota system in BCS jobs comes to an end. bdnews24.com, July 01. Retrieved 30 Dec 2020 from https://bdnews24.com/bangladesh/2020/07/01/quota-system-in-bcs-jobs-comes-to-an-end

Staff Correspondent (2019) Racket of question leak busted-CID says forgery in BCS exams continues for few years. New Age, February 1. Retrieved 30 Dec 2020 from https://www.newagebd.net/article/63455/racket-of-question-leak-busted

World Bank (2006) Is class I top tier? Can the civil service be a key to progress in Bangladesh? World Bank, Washington, DC. Retrieved 2 Jan 2021 from https://openknowledge.worldbank.org/handle/10986/19626

# Bankruptcy Risk and Political Connection in Indonesia

Iman Harymawan, Ardyan Kusuma Agung, Mohammad Nasih and Dian Agustia
Universitas Airlangga, Surabaya, Indonesia

## Synonyms

Altman Z-Score; Bankruptcy risk; Leverage; Political connections

## Definition

Prior research regarding bankruptcy risk suggests that there are several ways to mitigate the bankruptcy risk. If the firms can increase their productivity, use Porter's firm strategy, and use accounting conservatism, then the firm can reduce the bankruptcy risk and help to avoid from bankruptcy (Biddle et al. 2016; Bryan et al. 2013). However, whether the level of leverage of politically connected firms varies across firms and industries or not and how the firms leverage affect the relation between political connections and bankruptcy risk are remain unknown.

## Introduction

The purpose of this study is to further enhance our understanding on the motivation behind the firms being politically connected through the relation of political connections on the bankruptcy risk and firm leverage. Prior research find that the firms leverage has positive and significant relationship to bankruptcy risk (Bryan et al. 2013). Another research also find that political connections has positive and significant relationship to firm leverage (Bliss and Gul 2012; Faccio 2010).

One of the benefit of politically connected firms that can derived from their connections is preferential access to the loan (Cull and Xu 2005).

If the connected firms get the credit from the bank through their connections, this situation will increase the level of leverage which will also potentially increase the risk of bankruptcy. In this research, it is examined the relationship between political connections and bankruptcy risk and also the role of firm leverage that can affect this relation. First, predict that bankruptcy risk of politically connected firms higher than non-connected firms. Furthermore, extend the findings from prior research by investigating the effect of leverage level of politically connected firms to bankruptcy risk. It is expected that the different level of leverage, especially for politically connected firms have different level of bankruptcy risk due to different motivation of a firms on establishing political connections.

To investigate this issue, it is used the listed firms from Indonesia as our sample. Based on some major prior research on political connections study, Indonesia is a good setting to examine the value of political connections in business. Fisman (2001) finds that the politically connected firms are strongly rely on the benefits of their connections. Leuz and Oberholzer-Gee (2006) shows that politically connected firms face financial difficulties when they loss their connections.

In this study, it is used a sample of 882 year-firm observations from 294 firms listed in Indonesia Stock Exchange from period 2010–2012. This research uses Ordinary Least Square (OLS) regression method to empirically examine the relationship between political connections and firm leverage to bankruptcy risk. The results indicate that politically connected firms are more likely to have higher bankruptcy risk than non-connected ones. And also, this study finds that different level of leverage for politically connected firms have different level of bankruptcy risk. These results are robust after doing cluster method from Petersen (2009) by clustering from firm and year.

The results of this study are in line with the findings from Bliss and Gul (2012), Bryan et al. (2013), and Faccio (2010), which stated that political connections and bankruptcy have positive and significant relationship to the leverage. Hence, it can be concluded that because of the leverage level of politically connected firms are higher than non-connected firms, the bankruptcy risk for politically connected firms are also higher than non-connected firms.

The second issue that is investigated in this study is the relationship between levels of leverage for politically connected firms to the bankruptcy risk. It is examined that different level of leverage will result in different level of bankruptcy risk. Then, find that politically connected firms with high leverage significantly have low level of bankruptcy risk. In other hand, for politically connected firms with low level of leverage, they have high level of bankruptcy risk. This finding indicates that leverage become the important determinant to explain the relationship between political connections and bankruptcy risk. It argues that this condition happens due to different motivations of firm to be politically connected. The result of this study contributes to the literature by further enhance our understanding that firm leverage is one of important determinants to explain the motivation of a firm on establishing political connections.

The remainder of this paper is structured as follows. Section "Synonyms" outlines the literature review and develops the research hypotheses. Section "Introduction" describes the sample and variables. Section "Literature Review and Hypothesis Development" specifies the methods, empirical models, and presents the empirical results. Section "Data and Variable Measurement" summarizes the paper and presents concluding remarks.

## Literature Review and Hypothesis Development

Prior research regarding bankruptcy risk suggests that there are several ways to mitigate the bankruptcy risk. If the firms can increase their productivity, use Porter's firm strategy, and use accounting conservatism, then the firm can reduce

the bankruptcy risk and help to avoid from bankruptcy (Biddle et al. 2016; Bryan et al. 2013).

Prior studies show that leverage has positive relationship to the bankruptcy risk (Bryan et al. 2013; Seppa 2014). Seppa (2014) conducted the research regarding bankruptcy risk with the sample consists of 314 Estonian small firms. He finds that the use of inside-debt is positively and significantly related to the bankruptcy risk. In other research, Bryan et al. (2013) finds that leverage has negative relationship to the Altman Z-Score, which means that high leverage will have low Altman Z-Score (high bankruptcy risk).

Another stream of literature regarding political connections also finds that the firm can get several benefits from their connections. The benefits include higher chance to be bailed out by the government, preferential access to credit, easier to win the government's tender or contract, pay lower tax, and have strong market (Cull and Xu 2005; Faccio 2010; Faccio et al. 2006; Goldman et al. 2013; Johnson and Mitton 2003).

Results from international studies suggest that political connections are generally higher in the country that has higher levels of corruption. Faccio (2006) finds that the benefits of political connection are higher in countries that have high level of corruption, have less developed, strict regulation on foreign investment, and have transparent system. In different research, she found that the financial characteristics of politically connected firms have differ more than non-politically connected firms in the countries that categorized as high level of corruption.

The international studies also documented various findings related political connections. For developed countries, Goldman et al. (2009) show that the S&P500 Firms in United States that have politically connected on their board report a positive announcement effect and get positive and significant stock price response when politically connected S&P500 Firms announce the board nomination of politically connected individuals. But, in Australia, Gray et al. (2016) find that the directors from political and government connections have significantly lower market reaction than other directors and they are not valuable to shareholders in Australia.

Various result of research regarding political connections also found in developing countries. Harymawan and Nowland (2016) examined the relationship between political connections and earnings quality by using sample of 2073 firm-year observations from firms listed in Indonesia stock exchange. They found that the earnings quality of politically connected firms listed in Indonesia Stock Exchange increases as government effectiveness improves, but decreases as the political environment becomes more stable.

Fisman (2001) found that the connected firms in Indonesia have negative returns when they loss their connection as the effect of the rumor of Soeharto's health. This could be occurring because the politically connected firms in Soeharto's era are strongly relied on their connection. Also in Indonesia, Leuz and Oberholzer-Gee (2006) showed that politically connected firms will suffer and face financial difficulties when they loss their connection and hard to establish new connection to the new government.

Bliss and Gul (2012) conducted the research regarding political connections and leverage by using Malaysian top 500 nonfinance public-listed companies as their samples. The result shows that leverage to be positively and significantly associated with political connection, firm size, and property, plant, and equipment and to be negatively and significantly associated with return-on-assets.

Bryan et al. (2013) found that bankruptcy risk is positively associated with leverage. High leverage comes from easier access to credit, as one of the benefits for being politically connected firms. By having easier access to get loan for politically connected firms (Cull and Xu 2005), the politically connected firms will tend to borrow rather than do the other alternatives to get external financing to finance their operation and just rely on the credit (Faccio et al. 2006). If this condition persists, the leverage ratio for the firms will be higher than non-connected ones, which are not having preferential access to credit. Faccio (2010) and Bliss and Gul (2012) showed that the political connection has positive relationship to the leverage. It implies that the politically connected firms have higher leverage ratio than

nonpolitically connected firms. If a firm has high leverage ratio it will bring them to the bankruptcy. Therefore, it is proposed the hypothesis 1 as follows:

> Hypothesis 1: Firms with political connections have higher bankruptcy risk than non politically connected firms.

Although the politically connected firms are having higher leverage than non-connected firms, it is not always that the politically connected firms also have high bankruptcy risk. Based on the benefits that the firms can extract from their connections, the firms tend to borrow to get external funds. This funds can be used to do the expansion plan by getting the government tender (Goldman et al. 2013). Although the firms have high leverage, they expect that the contract is profitable and cover their financial problem. So, the firms can avoid the bankruptcy. In the other hand, although the leverage ratio of politically connected firms is low and the firms' plan is to avoid the high bankruptcy risk, then the firms use their connection to make the firms to be bailed out by government. Hence, it is expected that the politically connected firms have different level of bankruptcy risk because of their different level of leverage. The formal hypothesis 2 is as follows:

> Hypothesis 2: Politically connected firms with different level of leverage will have different level of bankruptcy risk.

## Data and Variable Measurement

### Sample and Data Sources

For this study, the sample consists of all firms listed in Indonesia Stock Exchange for period 2010–2012. All of financial data are obtained from Indonesian Stock Exchange (IDX) website. For sample selection, there are several criteria used in this study. First, excludes all of financial institution from this study due to different type of financial statement. Second, the companies should have published and audited financial statement for period 2010–2012 with fiscal year end in December. Third, the company has the necessary data and information related to the variables used in this study. From all of above criteria, it is obtained 882 firm-year observations from 294 listed companies as the main sample.

### Measurement of Bankruptcy Risk

This study uses Altman Z-Score to measure the bankruptcy risk in a firm. Altman (1968) introduced this bankruptcy evaluation model to differentiate between bankrupt and non-bankrupt firms. This model result will represent a firm's risk of bankruptcy. The Altman Z-Score model is as follows:

$$Z = 1.2\,(X_1) + 1.4\,(X_2) + 3.3\,(X_3) + 0.6\,(X_4) + 0.999\,(X_1)$$

Where:

$X_1$ = Working Capital divided with Total Assets
$X_2$ = Retained Earnings divided with Total Assets
$X_3$ = Earning Before Interests and Taxes divided with Total Assets
$X_4$ = Market Value of Equity divided with Total Liabilities
$X_5$ = Sales divided with Total Assets

$X_1$ will measure the liquidity of a firm. $X_2$ will measure firm's cumulative profitability and as a measurement of a firm's ability to finance their investment without external funds. $X_3$ will measure the firm's ability to generate profit with existing assets. $X_4$ will measure the leverage, and $X_5$ will measure the firm's ability to generate sales with the firm's assets. If the results are below 1.8, it means the firm has high risk to bankruptcy. If the result is between 1.8 and 2.99, the firm is in grey area, which means the firms have the risk of bankruptcy. If the result is higher than 2.99, the firms are in safe zone, which means the firms are less likely going to bankrupt. Therefore, high value of the score indicates that firms have a good financial condition (low bankruptcy risk).

### Measurement of Political Connection

This study also uses the data from Faccio (2006) to identify the firms with political connections.

According to her, a firm is defined as having political connection if:

> . . . at least one of its large shareholders (anyone controlling at least 10% of voting shares) or one of its top officers (CEO, president, vice-president, or secretary) is a member of parliament, a minister, or is closely related to a top politician or party. (Faccio 2006:370)

In this study, there are 23 firms that are matched with the data from Faccio (2006) for the firms that have political connections. This will leave 271 firms as non-politically connected firms. All of politically connected firms in our sample are connected through ownership or the directors by a minister, police officer, army, member of political parties, or someone related with them.

## Empirical Results

### Descriptive Statistics and Correlation

All variables definition used in this study are available in Appendix 1. Table 1 present the criteria for the sample selection in this study. The totals of firms listed in Indonesia Stock Exchange (IDX) are 442 firms as of 31 December 2011. There are several criteria that used for sample selection in this study. All of the criteria are described in the Table 1 below. After doing the sample selection based on those criteria, the firms used in this study are 294 firms listed in Indonesia Stock Exchange (IDX). With the firm-year for period 2010–2012, the total firm-year observations in this study are 882 Firm-Year observations.

**Bankruptcy Risk and Political Connection in Indonesia, Table 1** Sample selection

| | Total |
|---|---|
| Initial data of firms listed | 442 firms |
| Excluded: | |
| Financial institution | 111 |
| IPO in 2011 | 22 |
| Firms delisted in 2012 | 4 |
| Missing financial statement | 6 |
| Financial statement that are not ended in 31 December | 5 |
| Available observations per year | 294 firms |
| Final number of firm-year observations (3-year observations) | 882 year-firms |

This table shows the criteria for sample selection in this research. The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012

Table 2 represents the descriptive statistics for the variable used in this study. The mean of bankruptcy risk (*ZSCORE*) is 3.735 with the range of the values from −9.127 to 29.508. The mean value indicates that on average, the firms in this study are categorized as healthy firms and are not going to bankrupt. The average value of firm-size is around 5 trillion rupiah (Indonesian currency). The leverage ratio of the firm samples on average appears to have the debt of 0.552 to the total assets, which is calculated in *LEV* variable. The mean of *ROA* variable and *CASH* variable in this study are 0.048 and 0.106, respectively.

Table 3 represents the correlation coefficient and the significance level of correlation between the variables used in this study. The significance between variable is signed with star beside the correlation coefficient and below followed with the significance level. As expected, the correlation between *ZSCORE* and *PCON* is negative and significant indicating that politically connected firms are associated with high bankruptcy risk (low *ZSCORE*). The correlation between *PCON* and *LEV* is positive and significant. This correlation is in line with the findings from Faccio (2010) and Bliss and Gul (2012), which stated that politically connected firms have positive association with leverage.

Table 4 presents firm characteristics between politically connected and nonpolitically connected firms. This independent t-test used 882 year-firms as the samples to determine if there are differences between politically connected firms and nonpolitically connected firms. It is divided into two groups: connection and no connection groups, which has 69 and 813 firms-year observation, respectively. The results show that the mean of *ZSCORE* variable indicates that the politically connected firms have lower *ZSCORE* (higher bankruptcy risk) than nonpolitically connected firms. This indicates that the Altman Z-Score between politically connected firms and nonpolitically connected firms are significantly different. And also, based

**Bankruptcy Risk and Political Connection in Indonesia, Table 2** Descriptive statistics

| Variable | Mean | Median | Minimum | Maximum |
|---|---|---|---|---|
| *ZSCORE* | 3.735 | 2.596 | −9.127 | 29.508 |
| *PCON* | 0.078 | 0 | 0 | 1 |
| *TOTAL ASSETS* | 5,181,521,669,788 | 1,365,955,756,344 | 12,709,117,176 | 59,324,207,000,000 |
| *LEV* | 0.552 | 0.499 | 0.056 | 2.788 |
| *ROA* | 0.048 | 0.041 | −0.644 | 0.410 |
| *CASH* | 0.106 | 0.063 | 0.001 | 0.579 |

The table shows the descriptive statistics from all of variables used in this research. The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012

**Bankruptcy Risk and Political Connection in Indonesia, Table 3** Pearson's correlation

| | *ZSCORE* | *PCON* | *SIZE* | *LEV* | *ROA* | *CASH* |
|---|---|---|---|---|---|---|
| *ZSCORE* | 1.000 | | | | | |
| *PCON* | −0.097*** | 1.000 | | | | |
| | (0.004) | | | | | |
| *SIZE* | 0.106*** | 0.070** | 1.000 | | | |
| | (0.002) | (0.038) | | | | |
| *LEV* | −0.483*** | 0.098*** | −0.112*** | 1.000 | | |
| | (0.000) | (0.003) | (0.001) | | | |
| *ROA* | 0.531*** | −0.068** | 0.230*** | −0.412*** | 1.000 | |
| | (0.000) | (0.044) | (0.000) | (0.000) | | |
| *CASH* | 0.354*** | −0.039 | 0.053 | −0.218*** | 0.323*** | 1.000 |
| | (0.000) | (0.250) | (0.116) | (0.000) | (0.000) | |

This table shows the Pearson's Correlation between variable *ZSCORE* and the other variables. The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012. Result of Pearsons Correlation and significance levels are displayed. Significance level at * 10 percent, ** 5 percent, *** 1 percent

**Bankruptcy Risk and Political Connection in Indonesia, Table 4** Firms characteristics

| Variable | Connection | No Connection | | |
|---|---|---|---|---|
| | N = 69 | N = 813 | Coef | t-value |
| *ZSCORE* | 2.019 | 3.881 | −1.862*** | −2.896 |
| *SIZE* | 28.362 | 27.893 | 0.470** | 2.079 |
| *LEV* | 0.689 | 0.541 | 0.148*** | 2.932 |
| *ROA* | 0.017 | 0.050 | −0.034** | −2.014 |
| *CASH* | 0.091 | 0.108 | −0.017 | −1.150 |

This table shows the firm characteristics of politically connected and non-connected firms. The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012. Result of means t-test are displayed. Significance level at * 10 percent, ** 5 percent, *** 1 percent

on t-test result, this indicates that there are significant differences between politically connected firms and nonpolitically connected firms in terms of firm size, leverage ratio, and their return on assets. But, the result shows that there is no significant difference between politically connected and nonpolitically connected firms in terms of cash holding ratio. In other words, the politically connected firms have higher leverage, lower return on assets, larger in terms of firm size than nonpolitically connected firms, and no significant difference between them in terms of cash holding

ratio. This result is supporting the findings from Faccio (2010) and Bliss and Gul (2012), which stated that politically connected firms are have higher leverage than nonpolitically connected firms.

### Main Analysis

In this stage, empirical analysis of the relations on firms' bankruptcy risk, political connections, and firm leverage has been done. It analyzes two cases in this study. First is analyzing the differences of firms' bankruptcy risk level between politically connection and nonpolitically connected firms. Second, this study wants to investigate the bankruptcy risk of politically connected firms from the difference of leverage level of firms.

It uses Ordinary Least Square (OLS) with cluster model on testing the hypotheses. Regression model with ordinary least square (OLS) is the most common model of regression that is used in the research to analyze the relationship between dependent and independent variable. However, the likelihood to have heteroscedasticity and autocorrelation problem becomes the weakness of this model. Therefore, this study follows Petersen (2009) by clustering firm and year for estimating the regression model to make the output and the standard error for the regression model more robust.

#### Impact of Political Connections on Bankruptcy Risk

To test hypothesis 1, it is estimated the following regression model to evaluate the relationship between bankruptcy risk and political connections with several control variables as the determinant of bankruptcy risk and also industry and year fixed effect.

$$\begin{aligned} ZSCORE_{jt} = \beta_0 + \beta_1\, PCON_{jt} + \beta_2\, SIZE_{jt} \\ + \beta_3\, LEV_{jt} + \beta_4\, ROA_{jt} \\ + \beta_5\, CASH_{jt} + \beta_6\, INDUSTRY \\ + \beta_7\, YEAR + \varepsilon \end{aligned}$$

*ZSCORE* is the variable of Altman Z-Score for the measurement of bankruptcy risk. *PCON* is the variable of political connection of a firm. Following with prior research (Bliss and Gul 2012; Bryan et al. 2013; Campbell et al. 2008; Eberhart et al. 2008; Harymawan and Nowland 2016; Shumway 2001; Uhrig-Homburg 2005), there are several control variables used in this research. Those are leverage ratio (*LEV*) which calculated as ratio of total debt (short and long term liability) to total assets, firm size (*SIZE*) calculated by natural logarithm (Ln) of total assets, return on Assets (*ROA*) calculated as the ratio of net income for the current year to total assets, liquidity ratio (*CASH*) calculated as the ratio of cash holdings to total assets, and industry dummies are determined using SIC codes. Consist with prior research, it is expected that high level of bankruptcy risk (lower *ZSCORE*) to be associated with high leverage (*LEV*). Moreover, low level bankruptcy risk (higher *ZSCORE*) to be associated with big firm size (*SIZE*) and high liquidity (*CASH*).

Table 5 presents the result of the regression analysis of the bankruptcy risk (*ZSCORE*) on political connection. In line with the expectation, the coefficient of political connection (*PCON*) is negative and significant. The coefficient of *PCON* is −0.812, significant at 5 percent level with t-value is −2.44. The coefficient of *PCON* remains significant even after control (specification 1) or do not control (specification 2) industry and year fixed effects. This indicates that politically connected firms have lower score of Altman Z-Score than nonpolitically connected firms. This is consistent with hypothesis 1 and confirms that politically connected firms are more likely to have higher bankruptcy risk than nonpolitically connected firms.

The results for control variables are also consistent with the findings in the prior research and in line with the expectation. The coefficient of leverage (*LEV*) is negative and significant (coefficient = −3.775; *t*-statistics = −6.84). This relationship proves that the leverage is the important factors as the indicator of bankrupt risk. The coefficients of return on assets (*ROA*) and liquidity (*CASH*) are positive and significant (coefficient = 13.252; *t*-statistics = 7.16 for *ROA*; and coefficient = 8.233; *t*-statistics = 5.31 for *CASH* respectively). But, different with prior research, firm size is not the important factors as the indicator of bankruptcy risk. The result shows that the value of firm size (*SIZE*) is negative and

**Bankruptcy Risk and Political Connection in Indonesia, Table 5** Political connections and bankruptcy risk

| Variable | Predicted Sign | *ZSCORE* (1) | (2) |
|---|---|---|---|
| *PCON* | – | −0.812** | −0.694** |
| | | (−2.44) | (−2.17) |
| *SIZE* | + | −0.004 | −0.041 |
| | | (−0.04) | (−0.50) |
| *LEV* | – | −3.775*** | −3.798*** |
| | | (−6.84) | (−6.71) |
| *ROA* | ? | 13.252*** | 13.619*** |
| | | (7.16) | (7.59) |
| *CASH* | + | 8.233*** | 7.553*** |
| | | (5.31) | (5.04) |
| *INTERCEPT* | ? | 6.565** | 5.592** |
| | | (2.11) | (2.30) |
| Industry dummies | | Included | Not included |
| Year dummies | | Included | Not included |
| R-squared | | 0.411 | 0.395 |
| N | | 882 | 882 |

First regression model relate the bankruptcy risk to political connections and firm-specific control variables. The dependent variable is *ZSCORE* The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012. Standard errors are clustered by firm and year. t-statistics are in parentheses. Significance level at * 10 percent, ** 5 percent, *** 1 percent

insignificant, flip with previous research. This regression result indicates that firm with high leverage ratio have high level bankruptcy risk (low *ZSCORE*) and firms with high liquidity and return on assets have low bankruptcy risk (high *ZSCORE*), no matter how big the firm it is. Overall, the result confirms the Hypothesis 1 that political connections has predictive effect on bankruptcy risk and politically connected firm have higher bankruptcy risk (lower *ZSCORE*) than nonpolitically connected firms.

### Political Connections, Bankruptcy Risk, and Leverage

To examine hypothesis 2, it is estimated the following regression model to investigate the effect of different level of leverage in politically connected firms to the bankruptcy risk. The new variable, *PCON*LEV*, is the interaction variable between politically connection and leverage ratio. *PCON*LEV* is dummy variable. *PCON*LEV* is equal to 1, if the politically connected firm has leverage ratio above the median. Vice versa, *PCON*LEV* is equal to 0 if the politically connected firm has leverage ratio below the median. This regression model uses the same control variables and also uses industry and year fixed effects.

$$ZSCORE_{jt} = \beta 0 + \beta 1\ PCON_{jt} + \beta 2\ PCON^{*}LEV_{jt} + \beta 3\ SIZE_{jt} + \beta 4\ LEV_{jt} + \beta 5\ ROA_{jt} + \beta 6\ CASH_{jt} + \beta 7\ INDUSTRY + \beta 8\ YEAR + \varepsilon$$

Table 6 presents the results of the regressions of bankruptcy risk on political connections and leverage ratio. In this model, the interested variable is the interaction between political connection and leverage ratio (*PCON*LEV*). The result shows that the coefficient of *PCON*LEV* is 1.523, significant at 1 percent level (t = 2.91). This indicates that the politically connected firms with high leverage ratio relatively have higher Altman Z-Score (lower bankruptcy risk) than politically connected firms with low leverage ratio and

**Bankruptcy Risk and Political Connection in Indonesia,**
**Table 6** Political connections, leverage, and bankruptcy risk

| Variable | Predicted | *ZSCORE* | |
|---|---|---|---|
| | Sign | (1) | (2) |
| *PCON* | – | −1.778*** | −1.781*** |
| | | (−6.74) | (−6.78) |
| *PCON*LEV* | ? | 1.523*** (2.91) | 1.724*** (3.31) |
| *SIZE* | + | 0.001 | −0.036 |
| | | (0.01) | (−0.44) |
| *LEV* | – | −3.856*** | −3.892*** |
| | | (−6.90) | (−6.77) |
| *ROA* | + | 13.241*** | 13.627*** |
| | | (7.17) | (7.62) |
| *CASH* | + | 8.287*** | 7.599*** |
| | | (5.33) | (5.06) |
| *INTERCEPT* | ? | 6.464** | 5.494** |
| | | (2.08) | (2.27) |
| Industry dummies | | Included | Not included |
| Year dummies | | Included | Not included |
| R-squared | | 0.413 | 0.397 |
| N | | 882 | 882 |

Second regression model relate the bankruptcy risk to political connections, leverage and firm-specific control variables. The dependent variable is *ZSCORE*. The samples from 294 firms listed in Indonesia Stock Exchange (IDX) for period 2010–2012. Standard errors are clustered by firm and year. t-statistics are in parentheses. Significance level at * 10 percent, ** 5 percent, *** 1 percent

nonpolitically connected firms. This results shows that the different level of leverage for politically connected firms have different level of bankruptcy risk. It has obtained consistent results in both specification of control or do not control the industry and year fixed effects.

For politically connected firms with high leverage, it does not mean that the firm will go bankrupt. For Indonesia case, by having political connection, although it has high leverage, in the result shows that the firms tend to have low level of bankruptcy. This phenomenon can occur because of the benefit from being politically connected. There are several benefits for the firms to be politically connected. For example, if the firm wants to expand their business, they will need more money to do so. Then, by having political connection, they hire politician as their board of directors to make their expansion plan on the track. The first benefit, the firm will use their political connection to easily get preferential access credit from the external sources (Cull and Xu 2005; Faccio et al. 2006). After the firm has enough money, they will also use their political connection to easily get the contract or tender from government (Goldman et al. 2013). Although this plan will make the firm become having high leverage, but because of their connections, they will easily get credit to cover the cost of contract and expect that the government contract is profitable and from that contract, they can expand their business without worrying about their financial condition, which has been covered from that tender. Hence, because of this motivation, the firms can avoid the bankruptcy. Another example, if the firms are in export-import sectors, by having political connection, they will easily get export-import license. This license will make them easier to do their business and make the firm avoid the bankruptcy.

In the other hand, based on the regression results, the politically connected firms with low level of leverage have high level of bankruptcy risk. This can be caused by the motivation of firms

to be politically connected. For Indonesia's case in this study, politically connected firms with low level of leverage tend to hire the politician and use their connections to improve the performance of their finances. The motivation is to avoid the bankruptcy and use their connection to get easier access to loan. Different from the high-leverage firms that use the political connections to expand their business, the low one will only concern about the preventive action to avoid the bankruptcy, so they become politically connected firms. And also, another reason why they become politically connected is they want to be bailed out by government if they cannot repay their debt to avoid the bankruptcy. Faccio (2006) stated that one of the benefits of political connections is the firm can be bailed out by government. Because of the politically connected firms with low leverage have high bankruptcy risk, they want to be bailed out by government to reduce the risk of bankruptcy and make their finances back into good condition.

Based on two regression analyses above, the results show that the leverage is the important factors as indicator for bankruptcy risk, especially for politically connected firms. In the first analysis, the results is supporting the findings from Faccio (2010) and Bliss and Gul (2012), which stated that politically connected firms have higher leverage than non-connected firms. Because having high leverage, the bankruptcy risk of politically connected firms is also higher than non-connected firms. But, it is not always that all of politically connected firms are having high bankruptcy risk because of their high leverage. The second analysis proves that for politically connected firms, although they have high leverage, relatively they have lower bankruptcy risk than politically connected firms with low leverage and non-connected firms. This can be caused from different motivation of firms to be politically connected. They can get the benefit from their connections, for example, to be bailed out by government (Faccio et al. 2006) for politically connected firms with low leverage to avoid the bankruptcy, get preferential access to credit (Cull and Xu 2005), and easily get the government contacts (Goldman et al. 2013) for politically connected firms with high leverage for their expansion planning.

From all these regression models above, it is found that the VIF in the estimation are in the acceptable levels. VIF score for the first and second regression are 2.46 and 2.59, respectively. Therefore, the VIF score indicate that there are no multicollinearity problems in this research. It also addresses the heteroscedasticity and autocorrelation problem by using clustering model from Petersen (2009). All of those two regressions analyses use cluster by firm and year for estimating the regression model. This clustering model also makes the standard error of the regression model become robust. So, the output and the data of the analysis are robust for all of regression model.

### Additional Tests

Since the firms can choose either to be politically connected or not (endogenous), there are some potential of endogeneity problem in this research. First, it is possible that observed variables (for this study: *SIZE, LEV, ROA, and CASH*) are the source of the relation between political connections (*PCON*) and bankruptcy risk (*ZSCORE*). If that is the case, the results of the main findings could be bias. To deal with this issue, it is proposed the method suggested by DeFond et al. (2016) by using Coarsened Exact Matching (CEM) approach. (Please see DeFond et al. (2016) for the detail discussion.) Under this method, it will select matching samples (control sample) of political connections sample (treated sample) based on coarsened range (or strata) of covariates. Based on this approach, it is found 55 treated samples matched to 199 control samples (254 firms-year observations). Then, from this sample it re-examines the hypotheses.

Table 7 Specifications (1) and (2) present the results using CEM method. The results of Specification (1) show that the coefficient of *PCON* is −0.889 and significant in 1% of significant level (*t*-value is −2.82). In Specification (2), the results show that the coefficient of *PCON* is −1.839 and significant in 1% level. With respect to *PCON*LEV,* the results show that the coefficient is 1.548 and significant in 1% level. Overall the results support the main findings of this study.

**Bankruptcy Risk and Political Connection in Indonesia, Table 7** Endogeneity problems

| Variables | Predicted | Coarsened exact matching | | Heckman 2-SLS | |
|---|---|---|---|---|---|
| | Sign | (1) | (2) | (3) | (4) |
| *PCON* | – | −0.889*** | −1.807*** | −0.856*** | −1.839*** |
| | | (−2.82) | (−3.74) | (−2.61) | (−6.78) |
| *PCON*LEV* | ? | | 1.537** | | 1.548*** |
| | | | −2.59 | | −2.93 |
| *SIZE* | + | −0.445*** | −0.412** | 1.603 | 1.68 |
| | | (−2.74) | (−2.59) | −0.77 | −0.81 |
| *LEV* | – | −10.029*** | −10.479*** | −3.782*** | −3.866*** |
| | | (−3.86) | (−3.93) | (−6.84) | (−6.90) |
| *ROA* | + | 9.307 | 10.011 | −3.278 | −4.028 |
| | | −1.2 | −1.29 | (−0.16) | (−0.19) |
| *CASH* | + | 0.136 | 0.465 | 11.559*** | 11.763*** |
| | | −0.03 | −0.11 | −2.75 | −2.81 |
| *MILLS* | ? | | | 14.099 | 14.729 |
| | | | | −0.76 | −0.8 |
| *INTERCEPT* | ? | 22.098*** | 21.285*** | −64.663 | −67.95 |
| | | −3.35 | −3.29 | (−0.70) | (−0.73) |
| Year dummies | | Yes | Yes | Yes | Yes |
| Industry dummies | | Yes | Yes | Yes | Yes |
| Observations | | 254 | 254 | 882 | 882 |
| $R^2$ | | 0.322 | 0.327 | | |
| *Adjusted* $R^2$ | | | | 0.401 | 0.402 |

Significance level at * 10 percent, ** 5 percent, *** 1 percent

Second, it is possible that the unobserved variables of characteristics of individual directors are correlated to both dependent and political connections variables. If this is the case, the results from this study could potentially subject to self-selection bias problem. One appropriate approach to address this issue is Heckman 2-Stages Least Square (Heckman 1979). As the second additional test, conduct Heckman test presented in Table 7 on Specification (3) and (4). Lennox et al. (2012) suggest to add 1 variable which theoretically will affect bankruptcy risk only through its effects on political connections in the first stage regression. Follow Kim and Zhang (2016) by adding variable using industry percentage of Connected Firms, namely, *PROBPC.* Therefore, in the first stage regression, estimating *PCON* is a function of *SIZE, ROA, CASH,* and *PROBPC.* In the first regression (unreported results), it is found the coefficient of *PROBPC* is 0.470 and significant in 1 percent level (*t*-value is 12.26). As the expectation, the probability of being politically connected is also driven by industry information. From this results, then calculate the inverse mills ratio (*MILLS*) to be included in the second stage of regression.

As it can be seen from Table 7 Specification (3), it is figured that political connection (*PCON*) has negative and significant association to bankruptcy risk. In Specification (4), it is found that for connected firms with lower level of leverage, the association between political connections (*PCON*) and bankruptcy risk is negative and significant. With respect to firms with high level of leverage (*PCON*LEV*), find that the association between political connections and bankruptcy risk is positive and significant. In not tabulated results, it is also found consistent findings in the second stage of regression when drop either *SIZE, ROA,* or *CASH* variable in the first stage regression. To summarize, the results presented in the main findings are robust from several endogeneity issues (observed and unobserved).

## Conclusion

Prior literature indicates that leverage is positively and significantly related to the bankruptcy risk (Bryan et al. 2013) and political connections (Bliss and Gul 2012; Faccio 2010). This relationship indicates that politically connected firms have higher leverage than nonpolitically connected firms. Because of high leverage, the bankruptcy risk of politically connected firms will be higher than nonpolitically connected firms. This paper investigates the relationship between political connection in business and bankruptcy risk. This paper also investigates the role of leverage, especially for politically connected firm, that can affect this relationship.

Using the data of politically connected firms from Faccio (2006) to measure political connections and Altman Z-Score developed by Altman (1968) to measure bankruptcy risk, it shows that political connections have negative and significant relationship with Altman Z-Score. Consistent with prior findings, this result indicates that politically connected firms are more likely to have higher bankruptcy risk than nonpolitically connected firms. Furthermore, it extends the issue by investigating the effect of firm leverage on the relation between political connections and bankruptcy risk. It is examined whether different level of leverage of connected firms will result in different level of bankruptcy risk. It is found that politically connected firms with high leverage significantly have lower bankruptcy risk than non-connected ones. In contrast, it is also found that politically connected firms with low leverage level significantly have higher bankruptcy risk than non-connected ones. The findings of this study indicate that firm leverage is one important determinant to explain the relation between political connections and bankruptcy risk. It argues that this is due to different motivation of a firm on being politically connected firms.

Future research should continue to examine the effect of political connections not only in the board and ownership comes from politician but also from the other type of connections which indirectly connect the firms to the politicians. It is expected that the results from this study are useful for stakeholders to analyze the bankruptcy risk and for future research in other emerging markets around the world.

## Cross-References

▶ Political Connections, Corruption, and Tax Practices

## Appendix 1

| Variable | | Definition | Data Sources |
|---|---|---|---|
| *ZSCORE* | = | The Altman Z-Score value | ICMD |
| *PCON* | = | 1 for the firm with political connections based on Faccio (2006), otherwise 0 | Faccio (2006) |
| *SIZE* | = | Natural logarithm of total assets | ICMD |
| *LEV* | = | Total liabilities scaled by total assets | ICMD |
| *ROA* | = | Net income divided by total assets | ICMD |
| *CASH* | = | Cash without restricted cash divided by total assets | ICMD |
| *PROBPC* | = | Percentage of politically connected firms within specific industry | ICMD |

## References

Altman EI (1968) Financial ratios, discriminant analysis and the prediction of corporate bankruptcy. J Financ 23(4):589

Biddle GC, Ma ML, Song FM (2016) Accounting conservatism and bankruptcy risk. Available at SSRN: https://ssrn.com/abstract=1621272

Bliss MA, Gul FA (2012) Political connection and leverage: some Malaysian evidence. J Bank Financ 36(8):2344

Bryan D, Dinesh Fernando G, Tripathy A (2013) Bankruptcy risk, productivity and firm strategy. Rev Acc Financ 12(4):309

Campbell JY, Hilscher J, Szilagyi J (2008) In search of distress risk. J Financ 63(6):2899

Cull R, Xu LC (2005) Institutions, ownership, and finance: the determinants of profit reinvestment among Chinese firms. J Financ Econ 77(1):117
DeFond ML, Erkens DH, Zhang J (2016) Does PSM really eliminate the Big N audit quality effect?. Marshall School of Business Working Paper No. ACC 02.14. Available at SSRN: https://ssrn.com/abstract=2472092
Eberhart A, Maxwell W, Siddique A (2008) A reexamination of the tradeoff between the future benefit and riskiness of R&D increases. J Account Res 46(1):27
Faccio M (2006) Politically connected firms. Am Econ Rev 96(1):369
Faccio M (2010) Differences between politically connected and nonconnected firms: a cross-country analysis. Financ Manag 39(3):905
Faccio M, Masulis RW, McConnell J (2006) Political connections and corporate bailouts. J Financ 61(6): 2597
Fisman R (2001) Estimating the value of political connections. Am Econ Rev 91(4):1095
Goldman E, Rocholl J, So J (2009) Do politically connected boards affect firm value? Rev Financ Stud 22(6):2331
Goldman E, Rocholl J, So J (2013) Politically connected boards of directors and the allocation of procurement contracts. Rev Finance. https://doi.org/10.1093/rof/rfs039
Gray S, Harymawan I, Nowland J (2016) Political and government connections on corporate boards in Australia: good for business? Aust J Manag 41(1):3
Harymawan I, Nowland J (2016) Political connections and earnings quality: how do connected firms respond to changes in political stability and government effectiveness? Int J Account Inf Manag 24(4):339
Heckman J (1979) Sample selection Bias as a specification error. Econometrica 47(1):153
Johnson S, Mitton T (2003) Cronyism and capital controls: evidence from Malaysia. J Financ Econ 67(2):351
Kim CF, Zhang L (2016) Corporate political connections and tax aggressiveness. Contemp Account Res 33(1):78
Lennox CS, Francis JR, Wang Z (2012) Selection models in accounting research. Account Rev 87(2):589–616
Leuz C, Oberholzer-Gee F (2006) Political relationships, global financing, and corporate transparency: evidence from Indonesia. J Financ Econ 81(2):411
Petersen MA (2009) Estimating standard errors in finance panel data sets: comparing approaches. Rev Financ Stud 22(1):435
Seppa R (2014) Implication of inside-debt: signalling for bankruptcy probabilities within small firms. Balt J Manag 9(2):168
Shumway T (2001) Forecasting bankruptcy more accurately: a simple hazard model. J Bus 74(1):101
Uhrig-Homburg M (2005) Cash-flow shortage as an endogenous bankruptcy reason. J Bank Financ 29(6):1509

# Benefits and Wages in Nonprofit Organizations

Jiahuan Lu
School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

## Synonyms

Employee benefits; Employee compensations

## Definition

Wage: monetary compensation paid by an employer to an employee in exchange for the employee's work.
Benefits: nonmonetary compensation provided by an employer to an employee in addition to the normal wage, such as retirement benefits, sick leave, social security, and tuition reimbursement.

## Introduction

The study of employee compensations in nonprofit organizations always proceeds through comparison with for-profit organizations. Indeed, many industries operate in a mixed-sector market, with nonprofit and for-profit organizations being two predominant players. This is particularly the case in service industries, where services are mostly provided by nonprofit and for-profit organizations, with limited involvement of public organizations. For example, in the United States, citizens generally receive various social services such as child care and employment training from either nonprofit or for-profit providers. Given that, the comparison between nonprofit and for-profit organizations offers interesting implications. Clearly, these two types of organizations differ in a variety of ways such as rationale for existence, organizational goal, and operational logic. However, how these differences shape organizational outputs

and outcomes has been a lingering question for scholars and practitioners.

This entry explores the compensation differential between nonprofit and for-profit organizations. It addresses three major questions: (1) why there is a compensation differential across sectors, (2) what might the relationship between wages and benefits in nonprofit organizations be, and (3) what constitutes an appropriate method to study cross-sector compensation differentials. The first question is the major focus of the entry, because it lays the foundation for later discussion.

## Why Does a Cross-Sector Compensation Differential Exist?

Basically, there are two competing lines of reasoning to account for the compensation differential between nonprofit and for-profit organizations. Let us hold an economic lens to consider that an individual's compensations in the labor market are determined by both the supply and the demand sides of the market. The labor supply side examines how individual characteristics affect one's compensations, and the labor demand side looks at how employer demand shapes employee compensations. In this way, there are two competing strands of arguments that shed light on the discussion on nonprofit and for-profit compensation differential: labor donation hypothesis and property rights hypothesis.

### Labor Donation Hypothesis

The labor donation line suggests that employees are willing to accept lower compensations in exchange for the chance to work in nonprofits in order to advance social benefits. This labor donation hypothesis rests upon a long-standing assumption that nonprofit employees are more intrinsically motivated by the work and self-fulfillment, while for-profit ones are more extrinsically motivated by material gratification and advancement. Conceptually, intrinsic motivation refers to engaging in an activity for the inherent enjoyment and satisfaction of the activity itself, while extrinsic motivation considers performing an activity due to its instrumental value toward separable outcomes such as rewards and income. Comparatively speaking, intrinsic motivation could result in greater psychological well-being and better behavioral outcomes (Ryan and Deci 2000). Holding this analytical lens, nonprofit workers are found to be with stronger intrinsic motivation and thus are highly self-motivated. For example, Lyons et al. (2006) noted that nonprofit employees value contribution to society more and opportunities for personal advancement less, when compared to their for-profit counterparts.

Based on the finding of intrinsic motivation, intrinsically motivated individuals may accept lower compensations in exchange for intrinsic values and self-satisfaction from work. In this way, the compensation level in nonprofit organizations would be lower than the one in for-profit organizations. This phenomenon is termed by Preston (1989) as the labor donation where "workers supply labor to nonprofit organizations at lower than market wages in return for the opportunity to provide goods with positive social externalities" (p. 438). In the meanwhile, nonprofit organizations may also intentionally set their compensation level below the for-profit level, as a screening mechanism to identify individuals with stronger commitment to nonprofit mission rather than financial gains (Handy and Katz 1998). As such, intrinsically motivated individuals could self-select themselves to work for nonprofit organizations rather than for-profit ones. By contrast, when extrinsically motivated individuals choose to work for for-profit organizations, the divergence between employee motivation and the cause of the organizations has to be made up by compensation differentials such as higher wages and/or more benefits. To support this labor donation argument, Gregg et al. (2011) found, for example, nonprofit employees are even more willing to work unpaid overtime than for-profit employees. In sum, the labor donation hypothesis posits:

**$H_1$**: Because of their stronger intrinsic motivation, nonprofit employees accept lower compensations than for-profit counterparts.

### Property Rights Hypothesis

On the other hand, there is also good reason to believe that nonprofit organizations may overpay their employees. This demand line of analysis is represented by the property rights hypothesis, which suggests that attenuated property rights in nonprofit organizations lead to weaker incentive to cost minimization in organizational management, causing nonprofit compensations higher than the for-profit level. This property rights line of reasoning starts with an assumption about lower operational efficiency in nonprofit organizations due to nonprofits' attenuated property rights. Unlike for-profit organizations, nonprofits operate in a unique market niche where they do not have pressures to maximize their profits and to be strictly oversighted by stakeholders. In for-profit organizations, the central focus on profit leads to that the outcome of any organizational behavior can be clearly specified and thus has a financial bottom line. In contrast, in nonprofit organizations their organizational goals – to create social value and advance social mission – are always too broad to be captured clearly. When organizational objectives cannot be specified clearly, the incentive structures associated with the objectives would be less efficient. Further, the nondistribution limit in nonprofit organizations makes that no one has a legal claim for residual earnings, leading to that the property rights in nonprofit organizations are often unclear. In most cases, there is no simple answer to a seemingly simple question: who owns a nonprofit organization? All these issues complicate nonprofit management, resulting in more severe agency problems and weaker incentive of efficient management. For example, DeVaro and Brookshire (2007) reported that nonprofit employers are less likely to offer financial incentives such as merit-based promotions and output-based incentives.

Along with weaker incentive of efficient management and thus lower operational efficiency in nonprofit organizations, there is higher chance of managerial shirking in nonprofit management. Nonprofit employers have weaker incentive about cost minimization since any financial surplus would not be distributed among organizational members. Rather, employers may even receive utility (such as pleasant work environment and low staff turnover) from overpaying their workers. Again, nonprofit employers may try to make up their shortages in financial incentives by overpaying their employees. In this way, compensation overpayment could be a charitable act to protect nonprofit employees. Preston (1988) called this utility-maximization line of explanation as "the property rights hypothesis." To support this property rights explanation, Mocan and Tekin (2003) found that even though teachers in nonprofit childcare centers are more willing to donate labor, they actually enjoy wage and benefit premium. In sum, the property rights hypothesis posits:

**$H_2$**: Because of lower operational efficiency in nonprofit organizations, nonprofit employees receive higher compensations than for-profit counterparts.

Overall, there are two different explanations for the compensation differential across nonprofit and for-profit organizations. As can be seen above, the two lines of reasoning are built upon different units of analysis, assumptions, and causal mechanisms. Indeed, both lines sound plausible and are supported by empirical evidence. As Preston (1989) summarized, "because the nonprofit wage differential is a result of two opposing forces ([1] demand, or managerial discretion in imperfect markets to pay higher wages; and [2] supply, or workers accepting lower wages to help generate social benefits), its sign is theoretically ambiguous" (p. 443).

## What Is the Relationship Between Wages and Benefits in Nonprofit Organizations?

The previous discussion treats compensations in nonprofit organizations as a whole, without differentiating between wages and benefits. Actually, employee compensations can be broadly divided into two categories: monetary and nonmonetary compensations. Conceptually, wage is monetary

compensation paid by an employer to an employee in exchange for work. In addition to their wages, employees usually receive various nonmonetary compensations such as retirement benefits, sick leave, social security, and tuition reimbursement. These nonwage compensations are usually referred to as fringe benefits. In nonprofit organizations, the relationship between wages and benefits is not well understood. Literally, the interaction between wages and benefits in nonprofit organizations might proceed with two directions.

### Negative Association

The negative association view treats wages and benefits as complementarity. This "negative" view can be justified by the labor donation hypothesis discussed above. Following the labor donation line of reasoning, nonprofit employees may be willing to accept lower wages to grasp the chance to serve social benefits through working for nonprofit organizations. Nonprofit employers may also use lower wages to attract intrinsically motivated individuals. However, to make up the shortage in wages, employers might offer better benefit packages to their employees. In this way, the shortage in wages would be compensated by the generosity in benefits, making the total compensation packages in nonprofit organizations comparable to the ones in for-profit organizations. Therefore, this negative association thinking would suggest lower wages but more benefits in nonprofit organizations. As such, this negative line of argument would posit:

**$H_3$**: Nonprofit employees receive lower wages but more benefits than for-profit counterparts.

### Positive Association

This positive association view considers wages and benefits as partners. This "positive" view can be justified using the both lines of reasoning discussed above. From the labor donation perspective, since individuals are willing to donate their labor for the causes they cherish, nonprofit organizations could offer lower wages and less benefits to their employees than for-profit organizations. From the property rights perspective, if nonprofit employers overcompensate their employees because of their lower operating efficiency, nonprofit employees could receive higher wages and more benefits than their for-profit peers. Therefore, in either line of reasoning, there is a positive association between wages and benefits in nonprofit organizations. In this way, this positive association view would lead to a cross-sector differential in total compensation packages. Accordingly, this positive line of argument would posit:

**$H_{4a}$**: Nonprofit employees receive higher wages and more benefits than for-profit counterparts.

**$H_{4b}$**: Nonprofit employees receive lower wages and less benefits than for-profit counterparts.

## What Constitutes an Appropriate Method to Explore Cross-Sector Compensation Differentials?

The discussion above proposes a number of research hypotheses on the cross-sector compensation differential between nonprofit and for-profit organizations. Although all these hypotheses are built on theoretical reasoning and supported by available empirical evidence, we still have limited understanding on the wages and benefits in nonprofit organizations compared with for-profit organizations. To better test these hypotheses to advance our knowledge in these regards, we need careful research designs. Arguably, empirical studies exploring cross-sector compensation differentials have to overcome three methodological challenges, that is, selection bias, confounding factors, and causality.

First, statistical analysis of compensation differentials in nonprofit and for-profit organizations is disturbed by endogeneity, because individuals with different traits would self-select themselves into the two sectors. For example, people with more intrinsic motivation are more likely to choose to work for nonprofit organizations to advance social value. In this way, individual characteristics that affect their sectoral choices may also effect employee behaviors, making employees in the two sectors systematically different. This endogeneity issue would be a particular concern in observational studies where

data are generated by mechanisms other than a randomized experiment. Thus, without appropriate corrections of endogeneity, selection bias would lead to the parameter estimates from regular regression models with a sectoral dummy variable inconsistent and biased. To solve the endogeneity problem in observational studies, researchers might consider more advanced statistical methods like Heckman selection model and sample matching.

Second, an unbiased estimate of compensation differentials across sectors also depends on a comprehensive control for relevant confounding factors at demographic, occupational, organizational, and environmental levels. Indeed, to fully control for all relevant factors seems extremely challenging in most observational studies. In this way, many existing studies have been criticized to be biased because they fail to sufficiently control for important confounding factors. Without including those controls into the analysis, employees in the two sectors are less comparable, which would make the analysis biased (Leete 2006). To facilitate future research, a list of potential confounding factors is provided below. Researchers should note that this list is not exhaustive, just for demonstration purposes only.

- Demographic factors: gender, age, race, marital status, education, etc.
- Occupational factors: professional experience, full-time or part-time status, working load, professional qualification, etc.
- Organizational factor: organizational size, organizational age, government regulation, staff turnover, etc.
- Industrial factors: service field, interorganizational competition, market concentration, etc.
- Socioeconomic factors: labor market, population density, population size, geographic location, etc.

Third, to better understand the compensation differentials between the two sectors, we need to test the causal mechanisms underlying the labor donation and the property rights hypotheses. The labor donation hypothesis is built on the mechanism that intrinsically motivated individuals tend to accept lower compensations in nonprofit organizations for the chance to advance social benefits. In contrast, the property rights hypothesis is dependent on the mechanism that lower efficiency in nonprofit organizations leads employers to overcompensate their employees. Future research should take a step to directly test these two causal mechanisms. Unfortunately, most observational studies are not well prepared to explore causality. Future research should consider employing experimental designs.

## Conclusion

In conclusion, this entry explores the wages and benefits in nonprofit organizations through comparing with for-profit organizations. In particular, the entry discusses three issues. First, it delineates why there is a compensation differential between the two types of organizations. Second, it digs deeper into compensation packages in nonprofit organizations and describes the possible relationships between wages and benefits. Finally, it demonstrates the methodological challenges in comparing nonprofit and for-profit compensations and provides some hints. Overall, our existing knowledge concerning wages and benefits in nonprofit organizations is still limited and awaits advancement by future studies.

## Cross-References

► Volunteers and Volunteer Management

## References

DeVaro J, Brookshire D (2007) Promotions and incentives in nonprofit and for-profit organizations. Ind Labor Relat Rev 60(3):311–339

Gregg P, Grout PA, Ratcliffe A, Smith S, Windmeijer F (2011) How important is pro-social behaviour in the delivery of public services? J Public Econ 95(7): 758–766

Handy F, Katz E (1998) The wage differential between nonprofit institutions and corporations: getting more by paying less? J Comp Econ 26(2):246–261

Leete L (2006) Work in the nonprofit sector. In: Powell WW, Steinberg R (eds) The nonprofit sector: a research

handbook, 2nd edn. Yale University Press, New Haven, pp 159–179
Lyons ST, Duxbury LE, Higgins CA (2006) A comparison of the values and commitment of private sector, public sector, and parapublic sector employees. Public Adm Rev 66(4):605–618
Mocan HN, Tekin E (2003) Nonprofit sector and part-time work: an analysis of employer-employee matched data on child care workers. Rev Econ Stat 85(1):38–50
Preston AE (1988) The effects of property rights on labor costs of nonprofit firms: an application to the day care industry. J Ind Econ 36(3):337–350
Preston AE (1989) The nonprofit worker in a for-profit world. J Labor Econ 7(4):438–463
Ryan RM, Deci EL (2000) Self-determination theory and the facilitation of intrinsic motivation, social development, and Well-being. Am Psychol 55(1):68–78

# Best Practice Versus a Diagnostic Approach to Public Service Reform: The Malaysian Experience

Noore Alam Siddiquee[1] and John Antony Xavier[2]
[1]College of Business, Government and Law, Flinders University, Adelaide, Australia
[2]Graduate School of Business, National University of Malaysia, Bangi, Selangor, Malaysia

## Synonyms

Administrative reform; Best practice solutions; Problem-solving approach; Public management reform; Public sector reform

## Definitions

Best practice reforms are those believed to be effective at delivering results and have already produced best outcomes elsewhere. They can therefore be used as exemplars of successful reform. Diagnostic reform refers to a problem-oriented approach that rejects universal solutions and places emphasis on identifying and fixing problems in a given context.

## Introduction

Public service reforms are commonplace in developing countries. They seek to improve governmental performance and deliver public services in tune with popular expectations. Despite proliferation of reform initiatives, cases of successful reform are few and far between. In fact, much of the recent evidence points to the failure of reform programs (see, World Bank 2008). While existing theories make competing claims, empirical work on successful reforms remains scarce. Consequently, what makes reforms work and why have been among the intriguing questions to those interested in public service reform in developing countries. This entry attempts to answer these questions by analyzing Malaysia's public service reform experience.

Malaysia is among a few developing countries that have introduced significant and sustained reforms to enhance governance and achieve national developmental goals. By and large, these reforms are transplants of "best practices" from abroad. Most reforms are public service improvement initiatives across the government, designed and implemented in a top-down fashion. However, the launch of the Government Transformation Program (GTP) in 2009 signaled a shift in the reform process. Modeled on the UK's Performance Management Delivery Unit, the GTP is diagnostic in nature. It is focused on producing improvements in selected areas of public service, as opposed to the public sector as a whole. Together with its unique methods of implementation, the GTP represents a new approach to public service reform. This entry reviews Malaysia's reform experience to answer the following questions: Does the current "diagnostic approach" have a better record of performance compared to the conventional reform models? What lessons does the Malaysian experience offer on public service reforms generally? It draws on information gathered from both primary and secondary sources. In addition to a review of policy documents, data were collected through a series of in-depth interviews and open-ended discussions with selected government officials, academics,

and professionals in West Malaysia during July 2013 to January 2014.

## Best Practice Versus a Diagnostic Approach to Public Service Reform

Academic literature on public service reform has traditionally been dominated by two major perspectives: the top-down approach and bottom-up approach to reform. Under the top-down model, those in authority play a central role in the identification, selection, and implementation of reform programs. Given that reforms are conceived and executed by power holders, e.g., politicians and senior bureaucrats, this model is elitist in nature. It provides the ordinary citizens or the rank and file members with little or no say in the reform process. In contrast, the bottom-up model holds that reforms are essentially governmental responses to environmental pressures – political, economic, social, and administrative. It places the citizens in the driver's seat – allowing them to set reform priorities and directions (McCourt 2012).

More recently discussions have focused on explaining reasons behind the limited success of reform programs. Diagnosis shows that often reforms fail due to lack of political support and bureaucratic resistance. Poor design and implementation, limited capacity and resources, lack of champions, and inadequate involvement of key stakeholders (see, Brinkerhoff and Crosby 2002) are among the other significant factors that explain reform failures. Given their service-wide application, reforms often sucked in bucket of resources but produced limited results.

Two distinct approaches to reform have been identified: the "best practice" approach and the "best fit" approach (World Bank 2012; Levy 2015). Under the best practice model, governments adopt models of public service reform that have produced results elsewhere (Pal and Clark 2013). Often developing countries imitate – wittingly or unwittingly – reform models developed in advanced nations. They seek to make similar gains by introducing similar administrative institutions and practices. While this is nothing new, the process has accelerated especially since the advent of the New Public Management (NPM) in the 1980s. The NPM has come to be seen as a framework of general applicability: "public management for all seasons" (Hood 1991, p. 8). It is peddled as a panacea to many of the perennial problems afflicting public bureaucracy, as well as a strategy for enhancing the quality and efficiency of the public sector. Its perceived capacity to revitalize the public sector based on market principles coupled with its aggressive implementation in developing countries under the influence of aid donor has made the NPM a text-book example of the "best practice" approach (Xavier et al. 2016).

The best practice approach has its flaws. (i) It is based on an assumption that "one-size-fits-all" that ideas and practices are transferable from one country to another. However, what works in one jurisdiction may not necessarily work in another due to contextual differences. (ii) It focuses primarily on the reform content to the virtual neglect of the wider context in which reform is implemented. Rarely, it asks the question if the reform fits into the institutional and cultural milieu of the host country. (iii) The best practice historically entails transfer or extrapolation of neoliberal recipes that have produced questionable results (Pal and Clark 2013).

Such weaknesses reinforced by lackluster performance of so-called best practice models in other contexts have led to an alternative – referred to as "best fit" or "good fit" model. It is increasingly seen as an approach that considerably enhances the prospects of reform success. Even the World Bank and IMF – the traditional champions of the "best practice" model now consider such alternatives as preferred approaches to public sector reform. A recent World Bank document has signaled this shift by suggesting that it would move away from solely focusing on reform content to broader concerns that include reform context and the process in which it should be implemented (World Bank 2012).

The "best fit" model adopts a "diagnostic approach" to problem solving. It seeks to base reform design on empirical evidence gathered from the ground and focuses precisely on where shoe pinches the most. That is, it takes the context

seriously. Unlike the "best practice" approach, a diagnostic approach focuses on identifying problems in a given environment and concentrates on fixing them. It advocates local stakeholder engagement, viewing it as a critical element for ensuring the ownership and its sustainability.

This entry uses the best-practice versus diagnostic models as a framework of analysis. In particular, it tests the argument that the so-called "best practice" is a weak basis for reform as it is not specific to the service delivery problem that it is intended to redress. Reforms that are diagnostic and problem-solving in nature have a better grounding in the specific context to which they relate and therefore stand a better chance of success (Xavier 2013).

## Public Service Reform in Malaysia

Since the 1960s, Malaysia has seen wide variety of reforms aimed at improving public services. The 1966 Montgomery-Esman Report marked the beginning of a top-down reform process and set the tone of reforms for next two decades. One of the most significant reforms was the Program and Performance Budgeting System (PPBS) introduced in 1968. The PPBS took the public sector away from the traditional line-item budgeting – a colonial legacy – that had dominated the landscape of public budgeting in Malaysia. A new phase of public-service reform began following the rise of Dr. Mahathir at the helm of power in 1981. Throughout the 1980s and 1990s, Dr. Mahathir personally spearheaded reforms that covered virtually every aspect of the public service management. His personal interest combined with the influence of contemporary reforms under the NPM saw the introduction of institutional restructuring, service charters and one-stop shops, personnel and public financial management reforms, and the application of ICT in the public sector. Inspired by the Thatcherite and Reaganite belief in free markets, Malaysia adopted privatization in its various forms. State enterprises were converted into corporatized entities making them operate along private sector principles. The Malaysia Inc. policy created platforms that allowed government officials to work with the private sector to resolve issues that hamper growth of business.

Public budgeting and human resource management witnessed significant reforms. The Modified Budgeting System (MBS) was introduced in 1989 in an attempt to revitalize performance aspects of public budgeting by aligning it with contemporary budgetary reforms elsewhere. The New Remuneration System (NRS) introduced in 1992 was an attempt to replicate the UK and New Zealand models of pay reform. It aimed at linking pay with performance and offered accelerated increments to public servants who performed exceptionally well. Combined with the new appraisal system designed to facilitate a more objective evaluation of one's performance, the NRS marked a shift towards greater meritocracy and performance management in the public sector.

The productivity improvement initiative launched in 1991 was followed by the adoption of Total Quality Management (TQM) in 1992. The TQM emphasized the importance of quality control, results, and customer orientation in public service delivery. Drawing on the UK's Citizens Charter, Malaysia introduced Clients' Charter in 1993. The Charter committed the public service to a set of publicly documented standards of service provision. To further build on service quality, the government agencies have since 1996 been made to pursue the MS ISO 9001 certification and the subsequent versions. Another milestone in service delivery reform is the introduction of e-government in 1996. Numerous initiatives implemented during the past two decades helped make much of the public services available online**.** Benchmarking introduced in 1999 represents another major drive for improving service delivery. It requires agencies to emulate local and overseas best practices of service delivery and management.

The Abdullah Badawi government (2003–2008) placed greater emphasis on performance management. The 2005 Key Performance Initiative (KPI) initiative of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) requires the agencies to develop KPIs to measure the quality of their service

delivery. The KPI system was further strengthened with the introduction of star rating by Auditor General's Office and MAMPU in 2006 and 2007, respectively. The five-star rating assessed a ministry's performance from poor, warranting only one star, to excellent and deserving five stars. Additionally, Badawi instituted a joint committee comprising public- and private-sector participation to cut red-tape and support the ease of doing business.

Public management reform in Malaysia received a fresh spurt under the current prime minister Najib Tun Razak who assumed power in 2009. Najib came to office amid rising public frustrations with the quality of governance and service delivery. This prompted him to seek public opinion and introduce the GTP, a program that drew heavily on the UK's service delivery reform under the Blair administration. The GTP entails the government targeting seven National Key Result Areas (NKRAs) – education, corruption, urban transportation, rural infrastructure, cost of living, crime, poverty – that needed urgent redress. Each NKRA was assigned measurable outcomes and performance targets. Lead ministries were identified for each NKRA to achieve national performance targets; other ministries were also assigned performance targets in their respective jurisdictions. A Performance Management and Delivery Unit (PEMANDU) was established within the Prime Minister's Office to drive the implementation of the GTP.

## Reform Results: Evidence on Selected Reforms

The varied nature of Malaysia's reforms and the patchy evidence of their progress makes it difficult to make a detailed assessment of impacts and outcomes. Therefore, this entry focuses on public budgeting, personnel management, and service delivery reforms.

As best-practice models, Malaysia's budgetary reforms like the PPBS and MBS have received acclaim as an exemplar of performance budgeting. However, evidence suggests that these have performed poorly. Though budgetary reform was to make a shift away from line item details, they still remained the center-piece of Treasury's budget review. Many of the key elements of performance budgeting still remained at infancy, even after more than two decades of experimentation (Siddiquee 2010). Though outcomes evaluation received a boost under the PPBS and MBS, measurement and reporting by line agencies was overly output focused. Outcomes and impact measurement remained rudimentary and of limited use to parliament, budget review officers, and even line managers. And there was no explicit link between performance and the budget, a link much touted by performance budgeting.

Likewise, the record of personnel management reforms has been equally wanting. While the NRS was aimed at promoting meritocracy in the public service, it had no bearing on Malaysia' affirmative policy which reserves 80% of public service positions for *Bumiputeras*. This is seen as a drag on efficiency and an impediment to attract the best and brightest in the public service. The NRS was opposed by most public servants for being subjective and biased especially the new methods of performance assessment. This combined with pressures from the unions prompted the introduction of the Malaysian Remuneration System (MRS) in 2002. The MRS sought to enhance quality and productivity in the public service through improved service conditions, pay structures, and career prospects. However, it elicited widespread denunciations especially against its written examination component. Despite several revisions, the government was forced to abandon its 2012 pay plan amid public-sector union pressures.

Service delivery reforms have performed better. Reforms like process-reengineering and one-stop centers, client's charters, and quality improvement initiatives are generally viewed positively, although it is hard to pinpoint exactly how much each has contributed. Much of the public services are now available online that people and businesses can access them at their own convenience. Additionally, urban transformation centers have brought service-delivery agencies in

**Best Practice Versus a Diagnostic Approach to Public Service Reform: The Malaysian Experience, Table 1** NKRA results (%) against targets, 2010–2015

| NKRAs | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Crime | 168 | 130 | 102 | 110 | 160 | 114 |
| Corruption | 121 | 134 | 91 | 78 | 82 | 93 |
| Early education | 156 | 188 | 118 | 99 | 94 | 94 |
| Poverty alleviation | 79 | 103 | 112 | 111 | 102 | 97 |
| Rural infrastructure | 91 | 123 | 116 | 120 | 102 | 107 |
| Urban transportation | 107 | 108 | 109 | 116 | 99 | 72 |
| Cost of living | – | – | 110 | 94 | 99 | 98 |
| Composite score | 121% | 131% | 109% | 104% | 105% | 96.4% |

Source: PEMANDU Annual Reports 2011, 2012, 2013, 2014, 2015

one location throughout the nation, thereby making public services conveniently accessible to the public. The GTP, the reform currently underway, has had an impressive start; it has demonstrated evidence of concrete improvements in service delivery in various areas.

Besides our positive interview findings, validation from independent audits also attests to improved public perception on the impacts of the GTP. Table 1 summarizes the GTP achievements over the past 6 years. As shown, the GTP has performed commendably, having exceeded targets in most NKRAs. Although the overall achievement rate is quite high, it also shows a declining trend since 2013 and ongoing challenges in areas of corruption, education, and cost of living. The apparent downtrend in composite scores perhaps reflects diminishing returns as the GTP enters the more challenging phase that involves tougher fixes after strong performance in delivering "low hanging fruits" in its early phases. Some observers see the GTP success as "pockets of excellence" which caused balkanization of public service with different parts operating at different speeds (Xavier 2013).

## Discussion: Learning from Malaysia's Experience

Best practices have shaped much of Malaysia's reform programs. The Thatcherite and Reaganite ethos of reforming the public service through private-sector practices inspired Malaysia's privatization reforms. Similarly, international practices of performance budgeting, TQM and ISO certification as proof of quality, KPIs and performance-target setting, league tables of service performance, citizen's charter, and e-government have created motivation for similar reforms in Malaysia. As these reforms addressed broad issues of service improvement, they produced limited impacts. Given their broad remit, results were long in coming and hard to discern. Malaysia's experience with performance budgeting and the performance-related pay shows a "lack of fit" to local context. After 45 years of experiment, the specifics of outcome measurement and program evaluation under the MBS have remained elusive. Likewise, despite noble intentions, pay reform proved difficult (Xavier et al. 2016).

The Malaysian experience broadly validates the limitations of the best-practice and top-down approach. The observance of other "best practices" such as the ISO, TQM, and quality control circles has been more in form than in substance, usually referred to as "isomorphic mimicry" (Levy 2015). However, reforms that are specific regarding problems to be addressed such as the GTP have had greater success. That is, targeted efforts that focus on specific aspects of public service tend to be more effective than comprehensive government-wide reforms.

Nonetheless, the Malaysian experience makes it hard for us to dismiss "best practice" reforms,

more so as the GTP itself, patterned on the UK model, constitutes a best practice. Therefore, this entry challenges the view that best practices are inappropriate for administrative problems in developing countries (Pritchett and Woolcock 2004). Notwithstanding their failure to produce visible results, the incremental and cumulative effects of best-practice reforms on public service can be significant. Despite poor records in some areas, the overall impact of Malaysia's reforms has been positive, as reflected in global assessments that compare Malaysia quite favorably. The 2015 world competitiveness report ranks Malaysia at 18th position out of 140 economies. Malaysia tops the list among 20 economies under the transition stage from an efficiency-driven to innovation-driven economy (WEF 2015). Malaysia is ranked as the 14th most competitive nation in the world. Further, Malaysia is the sixth most business-friendly and eighth most efficient government globally, according to the Global Competitiveness Report 2014–2015 (WEF, 2014–2015). Malaysia holds 60th position among 184 countries in the UN e-government development index (UN 2016).

The Malaysian experience shows that successive reforms have built on previous ones to embed a performance culture in the public service. Past failures have provided the paradoxical foundation for present success, through the momentum for change and the systems and processes that the previous reforms generated (Xavier 2013). The Malaysian case also shows that in the design and execution of a reform, central direction alone will not do. This was the *modus operandi* in the past. Recent reforms have taught the authorities that there must be consultation from ground up especially in identifying the pain-points of citizens respecting public services and how these issues can be resolved. The GTP encapsulates such a consultative approach. The areas for service improvement that citizens were most concerned about were identified from citizen feedback. Likewise, consultations with stakeholders – private and public sectors and the public – were solicited through reform labs. These consultations also offered a forum to hammer out an execution road map for the solutions suggested to overcome service improvement issues. In the process, these consultations laid a solid foundation for reform success (Iyer 2011).

A further lesson of Malaysia's experience is that substantial reforms require substantial resources. Given its political significance, the GTP was able to attract disproportionate amount of resources. It also benefitted from the patronage of the highest political office, as reflected in the active involvement of the Prime Minister and his deputy in the GTP process.

## Conclusion

The Malaysian experience shows that bulk of reforms were based on international best practices. Over the years Malaysia has come to realize that reforms would have a better impact if they were diagnostic and specific problem-focused and if stakeholders were taken in confidence. Hence, the GTP was born. The GTP experience largely vindicates the World Bank's recent approach to public management reform. It highlights that reforms that are based on thorough diagnosis of the situation have a better chance of success. This is because they resonate with the public and help attract disproportionate amount of resources. They also offer a platform to blend the top-down and bottom-up approaches where practitioners take heed of the collective wisdom of all stakeholders, including the public.

While a problem-oriented approach to reform is more impactful, the value of best practice reforms should not be underestimated. The latter may not have laser-sharp focus on the public service delivery problems like the diagnostic approach yet they do have a general sense of enhancing performance. While it is diagnostic, the GTP is not without the taint of the best-practice approach. Whatever the merits of a diagnostic model over the best-practice approach, the Malaysian experience indicates that it is the follow-through of the implementation effort together with a robust system of

accountability that ultimately determines reform success.

## Cross-References


- ▶ New Public Management and Governance
- ▶ Performance Management in the Public Sector
- ▶ Public Service and Service Delivery


## References


Brinkerhoff DW, Crosby BL (2002) Managing policy reform. Kumarian Press, Bloomfield

Hood C (1991) Public management for all seasons? Public Adm 69(1):3–19

Iyer D (2011) Tying performance management to service delivery: public sector reform in Malaysia, 2009–2011. Princeton University, Princeton

Levy B (2015) Governance reform: getting the fit right. Public Adm Dev 35:238–249

McCourt W (2012) Can top-down and bottom-up be reconciled? Electoral competition and service delivery in Malaysia. World Dev 40(1):2329–2341

Pal LA, Clark ID (2013) Best practices in public management: a critical assessment, University of Toronto Working paper

PEMANDU (2011/2012/2013/2014/2015) Government transformation program: annual report, 2010, 2011, 2012, 2013, 2014, 2015. Prime Minister's Department, Putrajaya

Pritchett L, Woolcock M (2004) Solutions when the solution is the problem: arraying the disarray in development. World Dev 32(2):191–212

Siddiquee NA (2010) Managing for results: lessons from public management reform in Malaysia. Int J Public Sect Manage 23(1):38–53

United Nations (UN) (2016) UN E-Government Survey, 2016

World Bank (2008) Public sector reform: what works and why. World Bank, Washington, DC

World Bank (2012) World Bank's Approach to Public Sector Management 2011–2020. World Bank, Washington, DC

World Economic Forum (WEF) (2015) The Global Competitiveness Report 2015–2016, World Economic Forum, Geneva

Xavier JA (2013) Commentary on the World Bank approach to public sector management 2011–2020: lessons from the Malaysian experience. Int Rev Adm Sci 79(3):426–432

Xavier JA, Siddiquee NA, Zin M (2016) The government transformation program of Malaysia: a successful approach to public service reform. Public Money Manage 36(2):81–87


# Biafra's Secessionist Movement


John Sunday Ojo[1] and Kazeem Oyedele Lamidi[2]
[1]School of Public and International Affairs, Virginia International University, Fairfax, VA, USA
[2]Department of Local Government Studies, Obafemi Awolowo University, Ile-Ife, Nigeria


B

## Synonyms

Genocide; Indigenous People of Biafra [IPOB]; Nigeria-Biafra civil war; Secession; Western power

## Definition of Terms

| | |
|---|---|
| Secession | A political withdrawal from an independent nation to form a separate political entity – a state |
| Biafra's Secessionist Movement | This refers to a political struggle championed by late Lt. Col Odumegwu Ojukwu in 1967 to form an independent nation of Biafra. The secessionist movement led to Nigeria-Biafra civil war that lasted between 1967 and 1970. |
| IPOB | It is an ellipsis for Indigenous People of Biafra [IPOB], a new separatist movement championed by Nnamdi Kanu in the Eastern part of Nigeria. |

## Introduction

On 30 May 1967, the Federal Military Government [FMG] in the Eastern Region, headed by late Lt. Col Odumegwu Ojukwu, broadcasted the secession of Biafra from the Nigerian federation and its independence as a sovereign State. He acted so as a result of mammoth massacres of more than 30,000 Igbos in the northern Nigeria in September 1966 (Smith 2014), which led to Nigeria-Biafra civil war, characterized as a

"Holocaust dramaturgy" (Heerten and Moses 2014), shrewdly to eliminate the Igbos from the surface of Nigeria's vista, considered as one of the most deadly conflict before the episodic tumult of Rwanda genocide. The phenomenological reminiscence of devastation and self-acclaimed genocide of Igbo nation triggered by expulsion synchronized in the northern region and relinquish proclamation from Nigerian federation which ultimately convoyed through 1967 civil war to the current secessionist uprising led by Nnamdi Kanu, the leader of Indigenous People of Biafra [IPOB], becomes a substantial concern for global political debate.

While the origin of the crisis is traced to leadership struggle among Nigerian political elites, as put by Kirk-Greene (1975), the genesis of this political upheaval had its roots in general disillusionment within the then Nigerian ruling political class. Although, countless reservations have been made on this issue by participants and observers as well as post-hoc public affair analysts. The central theme of this war appeared not only to be indigenous, as accounts could be referenced on the significant role played by both western and eastern powers. The former, namely Soviet Union and Britain, as documented by Ogunbadejo (1980), wanted to establish its foothold and further extend their influences, while the eastern powers, China and France, embraced the biafran cause.

The Nigerian security challenges, although, had before the civil uproar, thus serving as a major setback in driving the course of a neo-colonialist state. This was evident in 1962 crisis on political census among other civic anomalies. The Nigerian sovereignty became scattered at the eve of this civil unrest in 1967. This position seems susceptible because the challenges posed by this civil explosion between 1967 and 1970 still linger in the security tensions of the Nigerian nation-state. From this subjective position, it may therefore be possible to understand the fundamental and formative set of coinciding forces and circumstances whose applicability, as argued by Kirk-Greene (1975), have a more general validity for wider issues on continental security in the new states of independent Africa.

The Northerners and Easterners took the confrontational stage during the civil war, as the latter assumed the position of minorities, encapsulated with the motive of seceeding from the geographical area known as Nigeria – which still constitutes, among others, the bane of Nigerian democracy. Secessionist movements present themselves to the global public as analogues of colonial liberation movements: long-established identities are denied rights of self-determination by quasi-imperial authorities (Federal Military Government). Secession is, by definition, spatial. That is, the exiting group must inhabit contiguous territories that can form a unity distinct from the existing political entity. In the normal case in which the richer part of the national population is geographically dispersed – for example, living in the better suburbs of each city.

The Northerners seemed to take a posture of dominant ruling group, as most of the ethnic men were at the corridor of power. Often, elements of ethnic affinity and prebendalism is, at glaring level, observed in actions and activities of the military junta. Intertwining issues therefore emanates from the different ethno-political positions of the military leaders. In this regard, the inter-ethnic conflicts pose to be inimical to the democratic sustenance in the polity. For instance, whenever a Northerner emerges as the leader of the country, governance impeding crises, most times, upsurge in the eastern part of the country, vice versa. This milieu, which has its roots in the Nigeria-biafra war, provides a flashlight to most crises, which although takes different dimensions, specifically on religion as well as regional disadvantages, but mostly hinges on personal disillusionments of the ruling class.

Fifty years (50 years) of Nigeria-Biafra civil war – 1967–2017, the Eastern Nigeria could not move away from the deplorable memories the war entrenched in the psychological, sociological, economical, and political landscape of the region. The resurgence of Biafra agitation for statehood under the civilian regime of President Muhammadu Buhari raises a fundamental

question in Nigerian political discourse, with reference to the emergence of Nnamdi Kanu, a leader of IPOB, and the political and security implication that surrounds the agitation. In this entry, an attempt is made to investigate the posthumous waves of Biafra's secessionist movement that metamorphosed into Nigeria-Biafra civil war in 1967 and political impasse that circumvents its resurgence in 2017. The memories of the war have recently gained momentum in the Easter region, as underscored by the formation of the Indigenous People of Biafra [IPOB]. This entry provides alternative political solution, channeling through regional autonomy in the country. It further argues that existing 36 states should be jettisoned by conceding autonomy to allow each province valve from their natural resources and reimburse the necessary approved revenue formulae to the national government. The subterfuge behind this proposition is to make the center unappealing to ethnic cronies, political elites, and Biafra secessionists.

**Adapted from Ojo .J.S. & Fagbohun .F.O. (2014) Military Governance and Civil War: Ethnic Hegemony as a constructive Factor in Nigeria; Global Journal of Human Social Science, Volume 14 Issue 4: 17–35.**

| Date | Combatant advancements |
|---|---|
| 6 July 1967 | Fighting breaks out between the federal and Biafran troops |
| 10 July 1967 | The first division of the Nigerian Army under colonel Mohammed Shuwa captures Ogoja. Biafran aircraft bombs Lagos |
| 15 July 1967 | Shuwa captures Nsukka |
| 25 July 1967 | Third marine commandos division of the Nigerian Army under colonel Benjamen Adekunle captures Bonny |
| 9 August 1967 | The rebels invade mid-west and capture Benin. Later, in a hurried response, a second division of the Nigerian Army under colonel Murtala Mohammed is formed |
| 10 August 1967 | Gowon declares total war. Lagos bombed again |
| 29 August 1967 | Murtala recaptures ore and thus halts Biafran threat to Ibadan and Lagos |
| 14 September 1967 | Murtala recaptures Benin |
| 4 October 1967 | Shuwa captures Enugu |
| 9 October 1967 | Murtala captures Asaba. Subsequent attempts to cross the Niger and capture Onitsha proved abortive |
| 18 October 1967 | Adekunle captures Calabar |
| January 1968 | After the abortive attempts to capture Onitsha from Asaba Murtala moves up the Niger, crosses it at Idah, and advances down to Awka and Onitsha |
| 21 March 1968 | Murtala captures Onitsha |
| 5 April 1968 | Shuwa captures Abakaliki |
| 21 April 1968 | Shuwa captures Afikpo |
| Late April 1968 | The entire south eastern state liberated by Adekunle |
| 6 May 1968 | Adekunle captures Bonny oil field in rivers state |
| 19 May 1968 | Adekunle captures port Hacourt and thus completes the sealing off of Biafra from the sea |
| 26 May 1968 | Colonel I.B.M Haruna replaces Murtala as G.O.C. Second division |
| 29 July 1968 | Adekunle captures Ahoada, last major state in rivers state |
| 4 September | Adekunle captures Aba |
| 10–11 September 1968 | Adekunle captures Oguta and advances on the Uli airstrip which was Biafra's major link with the outside world |
| 15 September 1968 | Biafrans retake Oguta |
| 16 September 1968 | Adekunle captures Owerri |
| 30 September 1968 | Shuwa captures Okigwi |
| November/ December 1968 | Nigerian airforce begins air strikes on Biafran airstrips especially Uli but with little effect |
| 21–24 December 1968 | Biafran offensive to recapture Owerri and Aba foiled |
| 22 April 1969 | Biafra recaptures Owerri |
| 12 May 1969 | Major reshuffle of Nigerian's Army commanders. Obasanjo takes over from Adekunle, Jalo from Haruna, and Bisalla from Shuwa |

(continued)

| Date | Combatant advancements |
|---|---|
| 27 December 1969 | Third division links up with the first at Umuahia |
| 7 January 1970 | Third division recaptures Owerri |
| 11 January 1970 | Ojukwu flees Biafra for Ivory Coast |
| 12 January 1970 | Obasanjo captures Uli airstrip. Lieutenant-Colonel Philip Effiong who took over from Ojukwu brocasts surrender over on Radio Biafra |
| 13 January 1970 | Gowon accepts Biafra surrender |

Source: Adapted from Ojo (2014)

## The New Waves of Biafra Secessionist Movement

In the post-civil war regime, the ever-increasing cadence for statehood has been threatening the political consolidation of Nigerian ethnicized matrimony, marked as second wave of Biafra secessionist movement, muscled by Indigenous People of Biafra [IPOB], concocted by Nnamdi Kanu [IPOB], validates the chronological pursuit toward independence of Biafra nation. The former Biafra's leader Lt. Col Odumegwu Ojukwu was defeated by Nigerian state in his expedition to declare a sovereign State of Biafra in 1967; however, the resurgence of a new movement – [IPOB] – in 2015 triggers the second waves of secessionist impasse that raises a contemporary political discourse in Nigeria.

Nnamdi Kanu formed Indigenous People of Biafra [IPOB] while studying at the London Metropolitan University; he pioneered Radio Biafra in London in 2009. The radio station was instrumentalized as a mouthpiece for Biafra secessionist agitation. After his study in the UK, Nnamdi Kanu was arrested in Nigeria and charged with treasonable felony. He was granted bail by the court on certain condition in 2017. The conditions include provision of three sureties with N100 million each, "he must not be seen in a crowd exceeding 10 people; and that the defendant should not grant any interviews, hold or attend any rallies, respectively" (The Punch Newspaper 22 July 2017).

The pro-Biafra nationalist accused Nigerian government of political marginalization and underdevelopment in the Eastern Nigeria. The leader of IPOB emphasized the necessity to pull out of Nigerian state; he noted that "nothing seems to be working in Nigeria. There is pain and hardship everywhere. What we're fighting [for] is not self-determination for the sake of it. It's because Nigeria is not functioning and can never function" (Aljazeera 30 May 2017). The form of marginalization of Igbo by Nigerian state includes exclusion from holding prominent political appointment in Nigeria such as Inspector-General of Nigerian Police Force, Chief of Army Staff, and other important positions. It was argued that "more than a dozen officers have held the post of inspector general police. Two of them have been Igbo. In a lineup of almost two-dozen chiefs of army staff, the highest-ranking military officer in the Nigerian army, two have come from southeastern Nigeria. There has only been one Igbo president and one Igbo vice president since Nigerian independence in 1960". "The southeast feels it has been politically marginalized. There is a point to that. It has been shrunken from being one of the three major regions of the country to now being virtually a minority with the smallest number of states of the six zones in the federation" (Aljazeera 2017).

## Biafra Claimed Territory

See Fig. 1.

## Nigeria's Federal Political Structure

See Table 1.

## Political Restructuring as an Antidote for Secession

The cacophony for political restructuring has circumscribed Nigerian polity since the resurgence of Biafra separatist movement in Nigeria. The divergence ethnic groups have pushed for devolution of power to the constituent authorities as against the current political arrangement. The

**Biafra's Secessionist Movement, Fig. 1** Ipob claims these existing states would make up an independent Biafra. Source: BBC News (5 May 2017)

existing lopsided political amalgam, which foster imbalance in political appointment and resource allocation, has been reprimanded by the Nigerian populace. According to Nwabueze "the country should be restructured into six more or less self-governing zones or regions, with the powers of the central government drastically reduced, so as to minimize the fierce contest for its control" (quoted in Vanguard Newspaper 7 June 2017).

Regionalism has played a prominent role in resolving conflict in multi-ethnic political community all over the world (Spolaore 2008). Ability to self-determination encourages optimal performance of federating units in a federal political structure; as Diamond (2004) bolsters this argument that if different ethnic and regional minorities have some autonomy, some ability to determine their own local affairs with respect to education, culture, and economic development, they will feel more secure and be more willing to accept the authority and legitimacy of the larger national state. Federalism presupposes that the national and states/or regional governments should stand to each other in a relation of meaningful autonomy resting upon a balanced division of powers and resources. Each regional government is obliged to have political capacity and resources adequate to sustain the structure of a functioning government, competent to compete on its own. In today's Nigeria, inter-ethnic intolerance has reached its pinnacle and become prevalent. Consequently, the nationalities within the Nigerian state are mutually distrustful of each other, and there are many evidences from such festering issues as the violence in the Niger Delta areas, the ethnic clashes in many of the northern and Middle-Belt states, and insecurity allover the country, the unresolved debate over the Sharia question, and the call for resources control by the southern states. In light of all these crises and mutual distrust among Nigerians, there is a definitely a need for the Nigerian nationalities to enjoy relative regional autonomy which is the basic pillar of true federalism (Abegunrin Undated). Therefore, true federalism implies a compromise between the extreme concentration of power (the current case in Nigeria) and a loose confederation of independent states, for governing people usually in a large expanse of territory. Under this form of government, local pride, traditions, and power are retained by the constituent units, while the central government is given the task of handling common problems like currency, international relations, among others.

The current campaigns for regional autonomy in Nigeria intends to augment regional development as well as providing opportunity for each region to valve from the existing endowed natural resources within its jurisdiction. Nigeria has practiced regionalism in colonial and postcolonial regimes. The each region was able to develop their agricultural produce such as cocoa in south west, groundnut pyramid in the North, as well as palm oil in the Eastern Nigeria. During this political epoch, oil has not been discovered in the southern Nigeria; therefore, this generates regional competition in developmental processes which has been a major benefit of true federal system.

**Biafra's Secessionist Movement, Table 1** Nigeria's Federal Political Structure and Natural Resources

| No | State | Geo-political zone | Natural resources | Population | Number of ethnic groups | Number of local government area |
|---|---|---|---|---|---|---|
| 1 | Borno | North-east | Bentonite, clay, diatomite, gypsium, hydro-carbon, kaolin, and limestone | 4,171,104 | 21 | 27 |
| 2 | Yobe | North-east | Soda ash and Tintomite | 2,321,339 | 10 | 17 |
| 3 | Bauchi | North-east | Gold, cassiterite (tine ore), columbite, gypsium, Wolfram, coal, limestone, lignite, iron-ore, and clay | 4,653,066 | 55 | 20 |
| 4 | Adamawa | North-east | Bentonite, gypsium, kaolin, and magnesite | 3,178,950 | 58 | 21 |
| 4 | Taraba | North-east | Lead/zinc | 2,294,800 | 52 | 16 |
| 6 | Gombe | North-east | Gemstone and gypsium | 2,365,040 | 21 | 11 |
| 7 | Plateau | North-central | Barite, bauxite, Betonite, bismuth, Cassiterite, clay, coal, Emeral, fluoride, gemstone, granite, iron-ore, kaolin, lead/zinc, marble, molybdenite, phrochlore, salt, tantalite/columbite, tin, and Wolfram | 3,206,531 | 65 | 17 |
| 8 | Kogi | North-central | Cole, dolomite, feldspar, gypsium, iron-ore, kaolin, marble, talc, and tantalite | 3,314,043 | 8 | 21 |
| 9 | Benue | North-central | Barite, clay, coal, gemstone, gypsum, iron-ore, lead/zinc, limestone, marble, and salt | 4,253,641 | 6 | 23 |
| 10 | Federal Capital Territory, Abuja | North-central | Cassiterite, clay, dolomite, gold, lead/zinc, marble, and tantalite | 1,406,239 | 7 | 6 |
| 11 | Niger | North-central | Gold, lead/zinc, and talc | 3,954,772 | 27 | 25 |
| 12 | Kwara | North-central | Cassiterite, columbite, feldspar, gold, iron-ore, marble, mica, and tantalite | 2,365,353 | 3 | 16 |
| 13 | Nassarawa | North-central | Amethyst (topaz garnet), Barytex, barite, cassirite, chalcopyrie, clay, columbite, coking coal, dolomite/marble, feldspar, galena, iron-ore, limestone, mica, salt, sapphire, talc, tantalite, tourmaline quartz, and zireon | 1,869,377 | 29 | 13 |
| 14 | Jigawa, | North-west | Butyles | 4,361,002 | 6 | 27 |
| 15 | Kebbi | North-west | Gold | 3,256,541 | 8 | 21 |
| 16 | Katsina | North-west | Kaolin, marble, and salt | 5,801,584 | 3 | 34 |
| 17 | Kaduna | North-west | Amethyst, aqua marine, asbestos, clay, Flosper, gemstone, gold, graphite, kaolin, hyanite, mica, rock crystal, ruby, sapphire, sihnite, superntinite, tentalime, topaz, and tourmaline | 6,113,503 | 23 | 23 |
| 18 | Kano | North-west | Gassiterite, copper, gemstone, glass-sand, lead/zinc, pyrochinre, and tantalite | 9,401,288 | 2 | 44 |

(continued)

**Biafra's Secessionist Movement, Table 1** (continued)

| No | State | Geo-political zone | Natural resources | Population | Number of ethnic groups | Number of local government area |
|---|---|---|---|---|---|---|
| 19 | Sokoto | North-west | Clay, flakes, gold, granite, gypsium, kaolin, laterite, limestone, phosphate, potash, silica sand, and salt | 3,702,676 | 3 | 23 |
| 20 | Zamfara | North-west | Goal, cotton, and gold | 3,278,873 | 2 | 14 |
| 21 | Lagos | South-west | Bitumen, clay, and glass-sand | 9,113,605 | 3 | 20 |
| 22 | Osun | South-west | Columbite, gold, granite, talc, tantalite, and tourmaline | 3,416,959 | 1 | 30 |
| 23 | Oyo | South-west | Aqua marine, cassiterite, clay, dolomite, gemstone, gold, kaolin, marble, silimonite, talc, and tantalite | 5,580,894 | 1 | 33 |
| 24 | Ondo | South-west | Bitumen, clay, coal, dimension stones, feldspar, gemstone, glass-sand, granite, gypsium, kaolin, limestone, and oil/gas | 3,460,877 | 3 | 18 |
| 25 | Ekiti | South-west | Feldspar, granite, kaolin, syenite, and tatium | 2,398,957 | 1 | 16 |
| 26 | Ogun | South-west | Bitumen, clay, feldspar, gemstone, kaolin, limestone, and phosphate | 3,751,140 | 3 | 20 |
| 27 | Bayelsa | South-south | Glay, gypsium, lead/zinc, lignite, limestone, manganese, oil/gas, and uranium | 1,704,515 | 9 | 8 |
| 28 | Delta | South-south | Clay, glass-sand, gypsium, iron-ore, kaolin, lignite, marble, and oil/gas | 4,112,445 | 5 | 25 |
| 29 | Rivers | South-south | Clay, glass-sand, lignite, marble, and oil/gas | 5,198,716 | 9 | 23 |
| 30 | Akwa-Ibom | South-south | Clay, lead/zinc, lignite, limestone, oil/gas, salt, and uranium | 3,902,051 | 6 | 31 |
| 31 | Cross-River | South-south | Oil/gas, salt and uranium barite, lead/zinc, lignite, limestone, manganese | 2,892,988 | 24 | 18 |
| 32 | Edo | South-south | Bitumen, clay dolomite, phosphate, glass-sand, gold, gypsium, iron-ore, lignite, limestone, marble, and oil/gas | 3,233,366 | 7 | 14 |
| 33 | Enugu | South-east | Coal, lead/zinc, and limestone | 3,267,837 | 1 | 17 |
| 34 | Imo | South-east | Gypsium, lead/zinc, lignite, limestone, marcasite, oil/gas, phosphate, and salt | 3,927,563 | 1 | 27 |
| 35 | Anambra | South-east | Clay, glass-sand, gypsium, iron-ore, lead/zinc, lignite, limestone, phosphate, and salt | 4,177,828 | 2 | 21 |
| 36 | Abia | South-east | Gold, lead/zinc, limestone, oil/gas, and salt | 2,845,380 | 1 | 17 |
| 37 | Ebonyi | South-east | Gold, lead/zinc, and salt | 2,176,947 | 14 | 13 |

Source: Authors Compilation

Adopting regionalism will quench the current glow of ethno-religion politics that lengthening insecurity in Nigerian political environment. The regions should be self-reliant in sustaining their economy and also providing opportunity for other regional entity to benefit from its economic surplus

through the exchange of goods and services in differing ethno-religious climates. The logic of regional autonomy is to make the center unappetizing to the political elites while strengthening regional political structure as well as plummeting ethnic tension that marinated Nigerian political system. Therefore, the current six geo-political zones should be retained to form regional governments; these include South-South, South-East, South-West, North-East, North-Central, and North-West, while scrapping all the 36 state in the country. Hence, each regional government should be allowed to control its resources at the same time allocating an agreed revenue formula to the central government in order to perform its statutory functions. The diagram below illustrates a proposed facade of regional government for the country:

## A Designed Model for Regionalism

Figure 2 illustration explicates structural framework for true federalism in Nigeria. The proposed political framework called for abolition of 36 states with its replacement with existing six geo-political zones which shall form regional governments. Therefore, the regional government shall be allowed to control its resource; each region is expected to allocate agreed formula from revenue generated to the central government. Assuming one quarter of the Internally Generated Revenue (IGR) of each regional government is proposed to be remitted to the central government, where N is the IGR, and AF represents the Allocated Fund. The below statistical illustration follows using this sharing formula:

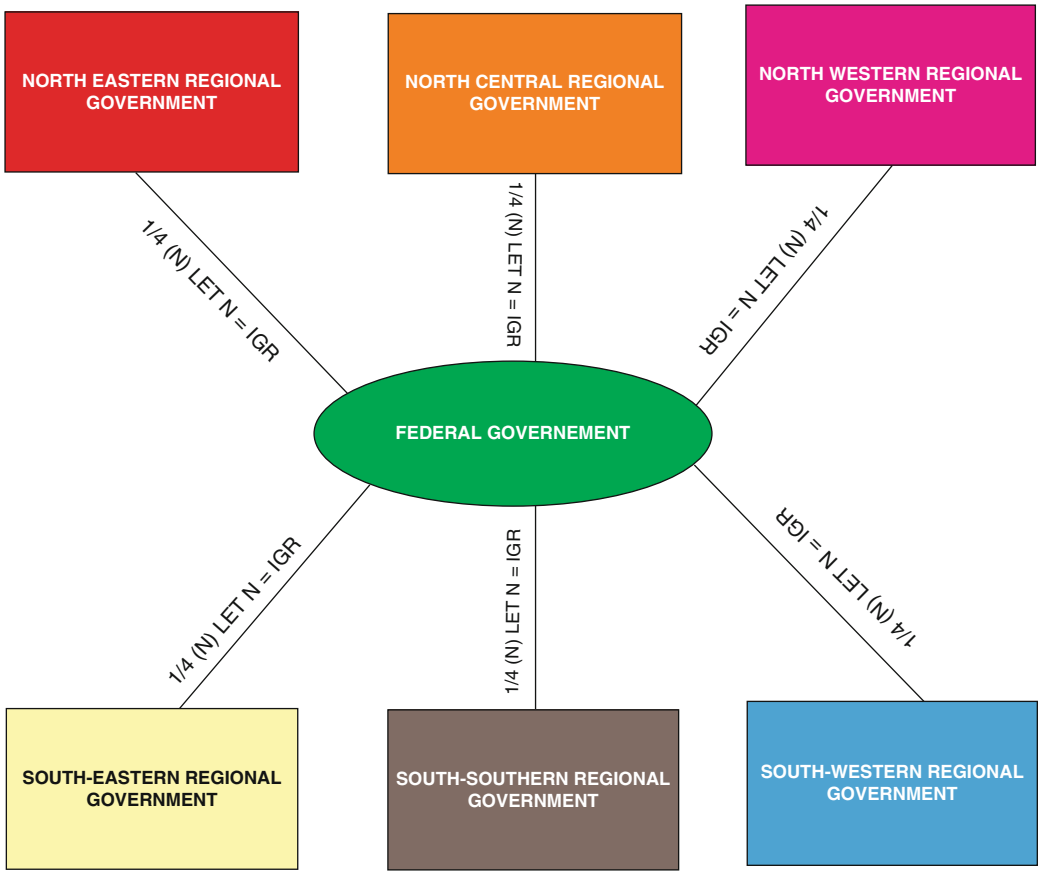


**Biafra's Secessionist Movement, Fig. 2** A proposed structure for true federalism

$$¼(N) = AF$$

$$R^i : \text{North} - \text{Eastern}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

$$R^2 : \text{North} - \text{Central Region}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

$$R^3 : \text{North} - \text{Western Region}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

$$R^4 : \text{South} - \text{Eastern Region}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

$$R^5 : \text{South} - \text{Southern Region}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

$$R^6 : \text{South} - \text{Western Region}$$
$$= \frac{\text{InternallyGeneratedRevenue} \times 100}{4}$$
$$= ¼(N) = AF$$

At the end, the summation of the Allocated Funds (i.e., $\sum AF$) becomes the remittance to the central government so as to carry out the national assignments as specified by the governing rules and regulations. However, the "truthfulness" of this type of federalism relies on the regional government, by ensuring immediate and accurate disbursement of the agreed sharing formula without recourse to the inequality of revenue generated by various regions.

## Conclusion

It is important to note that ethnicity, identity politics, and the problem of marginalization are the major issues that circumvent Biafra secessionist movement in Nigeria. The absence of mutual trust in the political settings of the country has necessitated the incessant agitation of the Pro-Biafra nationalists. To ease ethnic edginess and lengthening political turmoil, this entry advocates for regional autonomy as a panacea for Nigerian lopsided federal political structure; regionalizing the political composition is tantamount to efficient allocation of resources to provide infrastructural facilities which will allow regional competition for development in Nigeria. Under the new arrangement, each regional government or geopolitical zone should be allowed to manage its resources to foster development for the benefit of the people. In order to achieve sustainable regional political edifice, a new peoples' oriented constitution needs to be enacted by the existing regions which shall provide prospect for ethnic dialogue and mutual cohabitation for the sustenance and demonstration of true federal political assemblage in Nigeria.

## References

Abegunrin L (Undated) How to sustain Nigerian federalism. Department of Political Science, Howard University

Aljazeera (2017) 50 years on: Nigeria's Biafra secessionist movement. Aljazeera News, 30 May

BBC News (2017) Biafran leader Nnamdi Kanu: the man behind Nigeria's separatists. BBC News, 5 May

Diamond L (2004) Why decentralize power in a democracy? Presented to the conference on Fiscal and Administrative Decentralization, Baghdad, 12 Feb 2004

Heerten L, Moses D (2014) The Nigeria–Biafra war: postcolonial conflict and the question of genocide. J Genocide Res 16:2–3, 169–203

Kirk-Greene, A. H. M. (1975) The genesis of the Nigerian civil war and the theory of fear. Nordiska Afrikainstitutet. Research report - Scandinavian Institute of African Studies; 27

Ogunbadejo O (1980) Nigeria's foreign policy under military rule 1966–79. Int J 35(4):748–765

Ojo .J.S. & Fagbohun .F.O. (2014) Military Governance and Civil War: Ethnic Hegemony as a constructive

Factor in Nigeria; Global Journal of Human Social Science, Volume 14 Issue 4: 17–35.
Smith KE (2014) The UK and 'genocide' in Biafra. J Genocide Res 16(2–3):247–262
Spolaore E (2008) Fiscal federalism "Regional fiscal flows, balance-sheet federalism, and the stability of federations," IEB-IEA. A paper prepared for the 5th symposium on Barcelona, 19–20 June 2008
The Punch Newspaper (2017) Nnamdi Kanu fights bail conditions: I want to attend rallies, grant press interviews, 22 July
Vanguard Newspaper (2017) Kanu not demanding secession – Nwabueze, 7 June

# Bias in the US Criminal Justice System

Tia Sherèe Gaynor
University of Cincinnati, Cincinnati, OH, USA

## Synonyms

Bias against the poor; Criminal legal system; Discrimination; Gender bias; Implicit bias; Inequality; Racial bias; Racial disparity; Sentencing bias

## Definition

Bias in the criminal justice system refers to the systematic ways in which undesirable social groups are disproportionately impacted and targeted by agencies and actors working within law enforcement, corrections, and the courts.

## Introduction

The criminal justice system in the United States is primarily comprised of agencies and actors working within law enforcement, corrections, and the courts. Bias in the criminal justice system refers to the systematic ways in which certain social groups – those considered undesirable in society – are disproportionately impacted and targeted by these agencies and actors. Targeted groups tend to be associated with crime and criminality and experience profiling throughout all facets of the criminal justice system. Overwhelmingly, bias in the criminal justice system is experienced by people who are not affluent, White, cisgender, and heterosexual.

Structurally, each component of the criminal justice system works in conjunction with the other to generate social group disparities, revealing how public agencies and policy – at all levels – contribute to the disparity that exists and persists in the impacted communities.

Consequently, bias is engrained in the culture and practice of criminal justice public administration. Conscious and unconscious biases play out in the use of discretion, decision-making processes, and implementation of policy.

## Law Enforcement

Modern-day policing in the United States can be traced to the mid-seventeenth century. As larger numbers of immigrants began to settle in northern areas, mostly New York City and Boston, changes in culture, crime, and other social disturbances increased. In response, settlers began to organize watch systems and volunteer groups in efforts to maintain order. In the mid-1600s, a system of volunteer night watchmen was created to provide warnings of imminent danger. Watchmen were ineffective at crime management, largely because many of the volunteers were attempting to elude military service, were participating as punishment, or were drunk while working. The constable system was later created as a form of oversight, although these positions had no law enforcement responsibilities and were mostly used to survey land and, in some locales, oversee watchmen.

By the mid to late-1800s, informal mechanisms of law enforcement began to evolve into the creation of formalized police organizations designed to restore order and social control in local communities. The first police departments in the United States were Boston, MA (1838); New York City, NY (1845); Albany, NY and Chicago, IL (1851); New Orleans, LA and Cincinnati, OH (1853); Philadelphia, PA

and Milwaukee, WI (1855); and Baltimore, MD and Newark, NJ (1857). These quasi-military police forces professionalized the practice of law enforcement in northern United States and, for the first time, offered officers full-time salaries as employees of a government agency.

In the southern states, White society's fear of slave rebellions led to a perceived need to supervise Blacks by local enforcers (Spruill 2016). By the mid-1700s, slave patrols existed in every antebellum southern colony to enforce slave codes – laws that attempted to control the activities of enslaved Africans. These patrols served as the first distinctive police system in the southern United States. While slightly varied across colonies, slave patrols had three main overarching responsibilities. First, to patrol and disrupt the socializing and gatherings of enslaved and free Africans, both on and off plantations; second, to oversee discipline and apprehend enslaved Africans who attempted to run away; and, third, to protect White communities, people, and their "property."

Following the Civil War and the emancipation of enslaved Africans, the slave patrols grew into, what are now, modern police forces. At this time, the role of such police forces was largely for the social control of free Blacks and to enforce Jim Crow laws. The evolution of policing in the United States has, historically, had no direct correlation with peaks of or a reduction in crime but rather to maintain order and enforce social control (Potter 2014).

Across time, practices of social control have been disproportionately associated with groups deemed less desirable, i.e., people of color, those who experience poverty, and those who identify as LGBTQ+. As social control was positioned as law enforcement the regulation of undesirables was not seen as an association between identity and economic conditions but as a means to address the "ills" of society, legitimizing policing those considered to be more prone to criminal activity (Muhamnad 2010). The associations connecting identity and crime have persisted overtime and have resulted in biased policing across the United States.

The US Department of Justice (DOJ) states that biased practices are unfair, maintain negative and harmful stereotypes, and promote mistrust of law enforcement officials and agencies. In the 2014 report, *Guidance for Federal Law Enforcement Agencies Regarding the Use of Race, Ethnicity, Gender, National Origin, Religion, Sexual Orientation, or Gender Identity*, the DOJ prohibited officers and agencies from the use of biased, inappropriate considerations. However, in its investigations, the DOJ has also found that law enforcement agencies across the country routinely engaged in biased policing practices against people of color, the LGBTQ community, Spanish-speaking individuals, and those of lower socioeconomic status.

Bias in US law enforcement agencies has persisted throughout time. Its foundation as watchmen, slave patrols, and enforcers of social control has fostered a legacy that has produced injustice for targeted communities since its inception.

## Corrections

As a network of government and private agencies, the US correctional system is tasked with the supervision of incarcerated people, those on parole or probation, or those with other penalties that require supervision but not incarceration. While corrections are considered the "back end" of the criminal justice system, it is important to understand that it is not synonymous with incarceration. Incarceration is one component of the larger system. Most people under correctional supervision are not incarcerated but remain restricted and under governmental control.

The first prison in the United States was established in 1773 in Philadelphia. The Walnut Street Jail was meant to ease overcrowding in the existing city jail. The prison system, at that time, did not consider rehabilitation but was solely a place to house criminals. However, in 1790, through the influence of Quakers in Philadelphia, Walnut Street Jail became the first state penitentiary in the United States. By designing the facility with windows located high on the walls and

building individual cells that are isolating, the Walnut Street Penitentiary House offered incarcerated people time and space for reflection and rehabilitation. According to the Quaker belief system, this solitary confinement was not punishment but an opportunity for those who were incarcerated to be remorseful.

With an increase in crime in Philadelphia, came the need for additional facilities leading to the establishment of the Western and Eastern State Penitentiaries in 1826 and 1829, respectively. As part of a movement meant to change the behavior of incarcerated people through "confinement in solitude with labor," Eastern State Penitentiary became one of the most expensive and emulated prisons in the country. The first prisoner at Eastern Penitentiary was Charles Williams, an 18-year-old African American man convicted of larceny. Other states quickly followed the lead of Pennsylvania, building more prisons and incarcerating more individuals and increasingly incarcerating people of color at disproportionate rates.

Prior to the Emancipation Proclamation in 1865, the labor force and the US economy were tied to the enslavement of Africans. After the Civil War and the ratification of the 13th Amendment, business owners found themselves in need of labor to perform the duties that had been previously completed by Blacks. While the 13th Amendment to the US Constitution abolished slavery, it also explicitly exempted slavery and involuntary servitude as punishment for a crime. Accordingly, Black codes – laws that exclusively applied to subjecting Black people to criminal prosecution for quality of life offenses – were passed. These laws were effective in using vagrancy, loitering, and other minor offenses to incarcerate Blacks and poor Whites. With increasingly more people incarcerated through convictions under Black codes, the system of convict leasing became commonplace and useful in reviving the labor force that was vacated by emancipation.

Convict leasing was a highly profitable system where the labor of incarcerated individuals was controlled and distributed to private industrialists. These private interests were responsible for housing, clothing, and feeding prisoners while using their labor to fill the labor gaps left from the abolishment of slavery. Through the exploited labor of primarily Black men, many who were incarcerated through Black codes, private industry and governments made substantial financial profits.

The United States has less than 5% of the world's population but almost 25% of the world's incarcerated population. As of 2016, there were more than six million people under the supervision of US adult correctional systems. The US corrections system has and continues to be biased against targeted individuals including people of color, those of lower economic status, and individuals who identify as LGBTQ. Largely because of former President Nixon's War on Drugs, the United States targeted Black communities and now jails more people than any other nation in the world. These practices disproportionately impacted communities of color, despite parity in drug use and sales rates. People of color, in the United States, are more likely to be arrested and incarcerated than Whites for drug offenses and are therefore, overrepresented in the corrections system.

Targeted communities disproportionately experience the collateral effects of bias in the US corrections system. Laws associated with convictions impact formerly incarcerated individuals' voting rights, employment opportunities, and access to public housing and student aid, resulting in a de facto second-class citizenship status. As the effects of mass incarceration are concentrated in the same communities, its impact is much broader than just the incarcerated individual. The larger communities and the neighborhoods themselves are also affected. These include stress and dissolution experienced by family members, high mobility of community residents moving in and out of prison, and an increase in community residents with scarce employment opportunities, impacting the economic stability of targeted communities.

The biases that exist within each facet of the system have created a complex web of practices, policies, and organizations that concentrate on and negatively impact targeted communities.

## Courts

Bias within the US legal system occurs in several forms and crosses varying components. These biases impact bail decisions, sentencing, and convictions, among other areas.

Judges hold a tremendous amount of discretion when determining who will be held or released before trial. Bail judges have the option to release defendants without a monetary condition, with a monetary condition, or not at all. If the judge deems a defendant a flight risk or a danger to the community, they can be held in jail without bail. While bail is not guaranteed by the Constitution, the Eighth Amendment states that when given, it should not be excessive. When bail is set, however, disparities exist. Black defendants are more likely to be assigned monetary bail and at larger amounts than their White counterparts. Defendants who are unable to pay bail or bond are detained in jail prior to their trail. Individuals, in these cases, are more likely to be convicted and to receive lengthier prison sentences than defendants who are released before trial.

Race also plays a key role in sentencing decisions. Harsher sentences are more likely to affect communities of color and at higher rates than White communities. Offenders whose victims are White are more likely to receive longer sentences than those who commit crimes against victims of color. Prosecutors are also more likely to pursue mandatory minimum sentences for defendants of color than for White defendants for the same offenses.

Race neutral policies are responsible for some of the racial disparities in sentencing that has inadvertently resulted in disproportionate impacts for people of color. Race neutral policies refer to laws that do not explicitly target people based on race or ethnicity but result in overwhelming racial and ethnic disparities. For instance, mandatory minimum sentencing, school zone drug laws, and crack cocaine sentencing laws while seemingly race neutral have played a major role in the disparities that exist in incarceration rates.

Bias is a part of each stage of the legal process. Targeted groups are more prone to experience bias and, consequently, more likely to have a negative and disparate outcome when interacting with defense attorneys, judges, probation officers, and even juries.

## Conclusion

The historically embedded associations between identity and crime are fundamentally responsible for the establishment and continuation of disparate outcomes in the criminal justice system. Bias against targeted populations has been and continues to be allowed in the various criminal justice sectors, making it a key defining aspect of the system. The disproportionate and biased processes that occur in policing contribute to disparities in the courts and ultimately shape outcomes in corrections. Further, the long-term culmination of biased policies, practices, attitudes, and decisions has produced an administrative structure characterized by the highest rates of incarceration in the world and a prison population that is overrepresented by people of color. These decisions and practices have created an imbalance both within and outside the criminal justice system, impacting the structures, economic vitality, and long-term sustainability of communities.

## Cross-References


- ▶ Bureaucratic Power
- ▶ Educational Leadership
- ▶ Equity Theory of Organizations
- ▶ Ethics and Policing
- ▶ Inequality in Organizations
- ▶ Institutional Racism and the Public Sector
- ▶ Organizational Justice


## References


Muhamnad K (2010) The condemnation of blackness: race, crime and the making of modern urban America. Harvard University Press, Cambridge, MA

Potter G (2014) The history of policing in the United States. Retrieved from http://plsonline.eku.edu/sites/plsonline.eku.edu/files/the-history-of-policing-in-us.pdf

Spruill LH (2016) Slave patrols, "packs of negro dogs" and policing black communities. Phylon 53(1):42–66

United States Department of Justice (2014) Guidance for federal law enforcement agencies regarding the use of race, ethnicity, gender, national origin, religion, sexual orientation, or gender identity. Washington, DC. Retrieved from https://www.justice.gov/sites/default/files/ag/pages/attachments/2014/12/08/use-of-race-policy.pdf

# Bibliometrics in Public Administration

Tânia M. G. Marques[1], Nuno Rosa Reis[1] and Fernando A. R. Serra[2]
[1]CARME – Centre of Applied Research in Management and Economics, School of Technology and Management Polytechnic of Leiria, Leiria, Portugal
[2]Graduate Program of Business Administration, Universidade Nove de Julho, São Paulo, Brazil

## Synonyms

Altmetrics; Scientometrics; Quantitative measures of research outputs

## Definition

Bibliometry is the application of quantitative methods, namely, mathematical and statistical methods, to research outputs, such as articles, books, or others, to gain an overview of an existing research field.

## Introduction

Bibliometrics refers to the studies which seek to compute the processes of written communication, including several methods for tracking the scientific information on a discipline, a field, or a topic. Thus, bibliometrics make available a complementary perspective of the history, path, and evolution of a discipline through the quantitative analysis of its existent literature. In Public Administration, there is arguably a scarcity of bibliometric studies. The relevance and usefulness of the bibliometric approach have not been yet fully grasped by the Public Administration scholars. Thus, an advancement on this comprehension and a widespread use of bibliometric techniques may contribute to advance the research in the Public Administration discipline.

## Relevance

Bibliometric studies are considered a useful tool to analyze a research field or a given research issue. They are widely used in several disciplines, ranging from Physics to Economics, from Medicine to Computer Science. They are especially useful to complement traditional literature reviews. The abundant bibliometric studies that have been published recently particularly in social sciences – international business (e.g., López-Duarte et al. 2016), public administration (e.g., Marques 2020; Ni et al. 2017), and performance management separating the business domain from public sector (e.g., Cuccurullo et al. 2016) – also denote bibliometrics' importance and usefulness.

Bibliometric studies have a number of merits that are worth pointing out. First, they allow dealing with a large volume of works and analyze them to detect patterns and trends. Reviewing hundreds or thousands of papers using the traditional approach would not be feasible. Second, they allow performing quantitative analyses of the extant literature which help gain a broad understanding of the field. They are especially useful for newcomers to quickly grasp the existing literature on a given discipline, field, or topic. Third, the quantitative and graphical tools available allow researchers to understand the intellectual structure of a given field. This mapping of the literature allows to better understand the structure of the existing literature and to detect emerging themes and research gaps.

In general, bibliometrics have advantages over traditional literature review approaches. Bibliometrics facilitate systematic quantitative analysis of the existing literature on a specific (or a combination of) topic. Moreover, bibliometrics allow scholars to reveal unseen ties

among large volumes of bibliometric materials, bringing explicit connections to light and creating visual images of those ties. By allowing subsequent use of the same method (namely, concerning procedures and databases), bibliometrics allow replication thus enhancing generalization. Notwithstanding the relative merits of bibliometrics, it is worth mentioning that it is useful to complement bibliometric studies with qualitative analyses. However, qualitative analyses may focus specifically on the most relevant works identified through the bibliometric studies.

## Data Sources and Types of Bibliometric Analyses

Bibliometrics require the analysis of research outputs. These research outputs may be books, dissertations, proceedings papers, or, more commonly, peer-reviewed published papers. Usually bibliometric studies rely on papers published in leading journals for two main reasons. (1) The research fields are usually led by high-impact papers published in leading journals. Thus, getting a clear picture of a field and grasping the relevance, the theoretical foundations, and the historical evolution require analyzing the papers published in leading journals. (2) The leading journals are usually included in indexes and databases that collect and offer easy access to the meta-data needed for the bibliometric analyses. Therefore, for practical reasons, the bibliometric studies usually retrieve the information from Web of Science, Scopus, Journal Citation Reports, SciVal, Google Scholar, and others.

The bibliometric studies may offer a wide range of information, using several types of analyses. On one hand, the outlets of the research may be analyzed to assess the journal (or conference) that leads the publishing efforts in the field. On the other hand, authorship analyses (along with the affiliation analyses) allow identifying the most prolific authors and the universities/research centers that drive the field. Furthermore, it is also possible, using co-authorship analyses, to identify networks of collaborating authors, thus mapping eventual clusters and their interconnections. Finally, it is also possible to analyze the keywords and the abstracts to depict the most relevant (i.e., the most common) words and their connections (i.e., which words are often used together), thus constructing a networking and observing the centrality of the most relevant concepts.

Nevertheless, despite the existence of several bibliometric procedures, citation analysis is one of the most commonly adopted. Bibliometrically analyzing the knowledge base of the works (the analysis of the bibliographic references included in the sample of the literature reviewed) provides a measure of scholarly influence and assesses the development of a discipline. The most often cited works (or authors) are deemed the more influential in the field and arguably the most relevant. Also, bibliometrically analyzing co-citations (examining the joint use of references in each article) of prior research among scholars allows the scientific community to draw the knowledge base of the research field, inferring the most relevant works and the relation among them, i.e., the intellectual structure of the field. This thus allows to create a graphic representation of the intellectual structure that makes visible the interconnectedness of the studies which form the knowledge base of the field.

## Bibliometric Studies in the Field of Public Administration

Bibliometric studies are not widespread in the Public Administration discipline. Despite the merits and usefulness, Public Administrations scholars have seldom used these techniques to organize the existing knowledge of the field. Public Administration scholars have implemented forms of discourse analysis on, for instance, New Public Management (NPM) studies, where they have identified major trends, offered definitional clarity, and examined its influence, diffusion, and change over time. Nevertheless, there are some noteworthy examples of bibliometric studies in Public Administration (e.g., Chandra and Walker 2019; Homberg and Vogel 2016; Marques 2020; Vogel and Masal 2015).

Based on the bibliometric analyses of the mentioned studies, some important conclusions may be pointed out. Chandra and Walker (2019) conducted several bibliometric analyses of Hood's 1991 article "A Public Management for All Seasons?" (Hood 1991) and its impact on Public Administration field. They concluded, from the citation analysis of the 949 Hood-citing articles in the Web of Science, that Hood is typically studied within Public Administration, but it also shows that Hood (1991) is an ongoing topic of interest beyond the Public Administration field. Citation progressively increases over time and includes several citation peaks in 1998, 2008, 2011, and 2015. In the analysis of the top 40 journal sources where Hood is cited, 12 Public Administration journals contained at least 10 articles that cited Hood (1991), and *Public Administration* is the journal leading this analysis. Thus, Hood (1991) has been widely cited in many journals. The main findings from the co-citation analysis showed that the field has been led by a close association between the writings of Hood and other leading authors on NPM (e.g., Aucoin, Barzelay, Ferlie, Osborne), including Hood's coauthors (Dunleavy and Peters).

Homberg and Vogel (2016) combined a bibliometric analysis and a meta-analysis using data from the Social Sciences Citation Index. The study reviewed how the extant literature on public service motivation (PSM) and human resource management (HRM) are interconnected. Several results emerged, namely, that HRM is among the core subject categories to which the literature on PSM refers. The study shows the interdisciplinary structure of the field and public sector is by far the largest and most central cluster among the core subject areas. This was especially useful to put this research area into context, since Homberg and Vogel's study (2016) was an introduction to a special issue on HRM and PSM.

Marques (2020) also analyzes the interconnection between public service motivation and leadership, within the Public Administration discipline. The study employs bibliometric techniques on a sample of articles published until 2018 and indexed in Web of Knowledge (formerly Web of Science). Results show that, recently, a continuous increase of this line of research has occurred, the USA is the country driving the research, and Bradley E. Wright emerges as the most productive author. Moreover, the transformational leadership approach emerges as a key feature of the research on PSM and leadership. Based on the citation analysis, the seminal work "The motivational bases of public service" by Perry and Wise (1990) is found to be the most influential in this line of research. Additionally, results of the co-citation analysis recognize the strong interconnection between the works by Perry and Wise (1990) and by Perry (1996) as being the drivers of the field.

Finally, the study by Vogel and Masal (2015) analyzed and reviewed the literature on public leadership with a novel combination of bibliometric methods. The findings allow to identify some trends in the extant literature, namely, four generic approaches to public leadership. According to the literature analyzed, the public leadership may have one of the four traits, a functionalist, a behavioral, a biographical, and a reformist approach, which differ with regard to their philosophy of science in terms of objective vs subjective and level of analysis in terms of micro-level vs multi-level.

A detailed reading of the briefly presented works is recommended as several other results and details are identified in the works. Nevertheless, it is possible to identify some common findings in the bibliometrics in Public Administration. On one hand, it is possible to identify the works (and therefore the theories) that are more often used and therefore the theories that drive the Public Administration discipline. On the other hand, identifying and depicting the interconnection between works of the knowledge base may help understand the commonalities of different theories, their evolution throughout time, and the overall intellectual structure of the field. All in all, the rearview mirror perspective that bibliometrics offer allow readers to get an overall perspective of the discipline as a whole or of specific fields within Public Administration.

## Conclusion

Bibliometric studies are very common in several disciplines as they offer a means to deal with large volumes of research. They are especially useful to identify the intellectual structure of a field, to map the evolution, and to discern emerging themes and existing research gaps. As Ni and colleagues put it, "[a]cting as meta-analysts, bibliometricians whose role is to present results and not to speculate on their meaning, we, instead, turn to you reader, the experts in the field, to interpret or evaluate these results" (Ni et al. 2017, p. 505). Therefore, bibliometric studies would be beneficial for further developing the research in Public Administration, allowing the readers (and researchers) to identify novel issues and existing gaps and thus advancing the research. The lack of the use of advanced bibliometric analysis in Public Administration may be one reason for the rare studies on the evolution of a concept, theory, or seminal article in Public Administration (Chandra and Walker 2019). Thus, we call for additional bibliometric studies in all the fields of the Public Administration discipline.

## Cross-References


- ▶ Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018
- ▶ Public Administration as an Academic Discipline and Social Science
- ▶ Public Policy and the Life Sciences
- ▶ Scientific Research on the Efficiency of Public Expenditures


## References


Chandra Y, Walker RM (2019) How does a seminal article in public administration diffuse and influence the field? Bibliometric methods and the case of Hood's "a public management for all seasons?". Int Public Manag J 22(5):712–742

Cuccurullo C, Aria M, Sarto F (2016) Foundations and trends in performance management. A twenty-five years bibliometric analysis in business and public administration domains. Scientometrics 108(2):595–611

Homberg F, Vogel R (2016) Human resource management (HRM) and public service motivation (PSM): where are we, and where do we go from here? Int J Manpow 37(5):746–763

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

López-Duarte C, Vidal-Suárez MM, González-Díaz B, Reis NR (2016) Understanding the relevance of national culture in international business research: a quantitative analysis. Scientometrics 108(3):1553–1590

Marques T (2020) Research on public service motivation and leadership: a bibliometric study. Int J Public Adm 1–16

Ni C, Sugimoto CR, Robbin A (2017) Examining the evolution of the field of public administration through a bibliometric analysis of Public Administration Review. Public Adm Rev 77(4):496–509

Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Vogel R, Masal D (2015) Public leadership: a review of the literature and framework for future research. Public Manag Rev 17(8):1165–1189


# Bid Protest Behaviors in Public Procurement


Rashid Musa Ntale[1], Lawrence L. Ssemusu[2], Joseph Mpeera Ntayi[3] and Patrick Ruharuza[4]

[1]Ministry of Internal Affairs, Kampala, Uganda

[2]Makerere University Business School, Kampala, Uganda

[3]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

[4]Institute of Petroleum Studies, Kampala, Uganda


## Synonyms

Administrative review; Bid challenge

## Definition

Bid protest is a formal, written objection to agency's solicitation for bids or offers, award, or

proposed contract award. Bid protest is a challenge to the terms and conditions of a solicitation, an award decision, or a decision to cancel a solicitation or award.

## Introduction

This article examines bid protests in public procurement. The article defines bid protest, describes bid protest behaviors, and provides potential theoretical explanations of bid protests behaviors in procuring and disposing entities. The paper is anchored on the justice perception and complexity models to demonstrate that bid protest behaviors are a result of injustice- and complexity-related constructs of interactions, networking, and coordination.

### Protest

Protest is a product of frustration, anger, and alienation. Klandermans (2004) posits that protest is undertaken to enforce change and gain dignity through struggle and moral expression. Contempt, anger, and fear influence protest participation (2004). Fear of a protest may motivate procurement agency officials to conduct more rigorous market research, hold a competition instead of sole-source awards, or conduct a more thorough and fair competition (Schwartz et al. 2013). Fear of a protest could also prompt officials to try to structure a contract in a manner deemed less likely to be protested (Schwartz et al. 2013). Bid protest leads to effective competition, investments and innovations, cost-efficiency, promotion of ethics, and transparency (Parry 2011).

### Bid Protest

Bid protests play a central essential role in protecting the integrity of the procurement system (Gordon 2006). Rankin and O'Hara (2016) observe that bid protest which is also referred to as "bid challenge," presents opportunity to the suppliers to scrutinize government procurement practices. A bid protest is a written objection to the conduct of a government agency in acquiring supplies and services for its direct use or benefit. Among other things, the challenged conduct can include violations of law or regulation in the way in which an agency solicits offers for a contract, cancels such a solicitation, awards a contract, or cancels a contrac. Bid protest is a formal, written objection to agency's solicitation for bids or offers, award, or proposed contract award. Bid protests are challenges to the terms and conditions of a solicitation, an award decision, or a decision to cancel a solicitation or award. Arena et al. (2018) note that bid protest are challenges to the terms and conditions of a solicitation, an award decision, or a decision to cancel a solicitation or award. A bid protest is classified into pre-award and post-award protests. Pre-award protests generally raise issues about the terms and conditions of the solicitation. They may challenge an interpretation of specific language in the solicitation document or decisions to restrict competition. Post-award protests typically challenge the evaluation process by arguing that the soliciting agency failed to follow evaluation criteria; that the evaluation violated procurement laws, regulations, or policies; or that the award was arbitrary and capricious or exhibited an abuse of discretion (Arena et al. 2018).

### Bid Shopping

Bid shopping currently is not illegal, but it is certainly unethical practice. Bid shopping is defined as the unethical practice in which a contractor discloses the bid price of one contractor or sub-contractor to another, in order to obtain a lower bid price (Degn and Miller 2003). According to Angelo (2002), bid shopping exists in three forms: pre-award shopping, post-award shopping, and electronic reverse auction bidding; all three can lead to questionable ethical practices. Travers (2015) posit that bid shopping occurs when contractors disclose the bid price of one sub-contractor or supplier to its competitor in order to obtain a lower bid. Butcher and Tayton explain that bid shopping is often facilitated when the tender impose requirements or award marks in a way which favors the incumbent supplier over other suppliers. The contracting authority might have favored one bidder over another in its scoring, by awarding more marks for a similar answer. The contracting authority might not have applied

the award criteria correctly. The contracting authority might have changed the award criteria or weightings after bids have been submitted to favor particular providers. Bid shopping occurs for several reasons. These reasons include the inability of the sub-contractor to tie the contractor to the bid. Under common law, except for on federal projects, the contractor is not obligated to contract with the sub-contractor, even though the sub-contractor's bid was used in the contractor's original bid (Degn and Miller 2003).

### Bid Peddling

Bid peddling occurs when a provider, whose bid was not selected, offers to reduce its price in order to induce the contractor to substitute it after award of the contract (Travers 2015). The sub-contractor approaches the successful prime contractor after the award and offers to perform the sub-contract work at an increasingly lower price than submitted by the sub-contractor whose bid was relied on by the successful prime contractor. It is mostly experienced in fixed-price contract type such as engineering, construction, and manufacturing. The use of low-bid selection system is steadily decreasing due to defects generated by bid peddling.

#### Bid Rotation

In a bid rigging scheme, participants often rotate bid winning by geographic areas. For instance, one road contractor may get all the works in one country, and another or others also concentrate in other countries – or by type of job or by time to give each member an opportunity to share in the spoils. Losing bidders may receive a percentage of the profits of the company or be hired as a sub-contractor to improve on their cash flows as they wait for their turn.

#### Bid Suppression

This involves members of a particular group preventing "outsider" companies from bidding. This is accomplished by rewarding an interloper or by forceful measures such as threats or violence. The procurement officials facilitate bid suppression by disqualifying legitimate bidders during the bidding process. The collusive group submits fabricated bid protest or coerces local suppliers and sub-contractors not to do business with the "outsider" in order to protect their monopoly. Sub-contractors and local providers participate in suppression of outsider firms by quoting extremely high prices to make the bid prices uncompetitive.

### Specification of Protest Participation

Schussman and Soule (2005) found presence of interpersonal network to be a good predictor of protest participation. Norris et al. (2005) noted that grievances and emotions are very important factors for motivating protest. Klandermans (2004) observes that protest participation is "wanting to express one's view and the emotions associated to it. Putnam (2000) explains that without interest, knowledge and information individuals would not engage in protest." Verhulst and Van Laer (2008) contend that organizational membership facilitates ties and organizational members are more likely to receive information about protest through channels closed to non-members. Kamhon and Yan (2001) explain that protest participation is triggered by instrumental and expressive motives. Instrumental motives relate to interests and values, whereas expressive motives are concerned with feelings and emotions (Toka 2008). Simon and Klandermans (2001) argue that apart from instrumental and expressive dimensions of protest participation, there is individual and collective motive as dimensions to protest participation. Bridge explains that collective motive focuses on group solidarities.

## Bid Protest Behaviors and Their Theoretical Explanations

Maser and Thompson (2010) argue that bid protest mechanism used by government agencies give providers the right to contest the procedure or outcomes of a procurement process. Boulding (1967) explains that protests arise when there is strongly felt dissatisfaction with existing programs, policies, and procedures. Toka (2008) explains that protest behaviors can either be instrumental or expressive. Instrumental behavior is more concerned with getting something done,

whereas expressive behavior is about sending out signals (Rugg and Coles 1995). Expressive protester more than instrumental protester offers a means by which the individual participant may stake out role. The instrumental protesters are more likely to engage in face-to-face confrontation with the target. The expressive protester elicits feelings to the target that something is not right. Instrumental protesters expect the target to respond with changes. A number of explanations based on the justice and complexity models can be used to explain bid protest behaviors.

## Justice Perceptions

Justice perception is the perception of individuals of an organization about fairness of the work environment including organizational processes followed. In organizational setting, justice perception can be of three dimensions: distributive, procedural, and interactional.

### Procedural Justice, Distributive Justice, and Interactional Justice

Procedural justice in public procurement refers to participants' perceptions about the fairness of the rules and procedures that regulate the procurement process. Procedural justice may also refer to the perceptions of justice related with the decision-making processes that result in the award of a procurement contract. Procedural justice is anchored on the principles of impartiality, voice or opportunity to be heard, and grounds for decisions. Niehoff and Moorman (1993) define the fair procedures on the basis of six rules: consistency, bias suppression, accuracy, correctability, representativeness, and ethicality. Leventhal et al. (1980) suggested that procurement procedures are fair to the degree that the decision-making process demonstrates consistency, bias suppression, accuracy, correctability, representativeness, and ethicality. If the procedures leading to the unwanted outcomes are considered unfair, individuals are more likely to respond destructively (Cropanzano and Folger 1989). Distributive justice is the perception of the bidders whether the procuring and disposing entities' savings are distributed according to the real evaluation and the performance. In this case, the perception of the bidders that the PDEs will award contracts based on fair evaluation enhances a contractor's perception about a protest. Interactional justice is the interaction between the procuring and disposing entity and the bidders who will be affected by the allocation decision.

### Interactions

Anything that enhances the interactions will result into creativity and adaptability. Complexity theory suggests that, when agents come together to share information and respond to information, novelty is gained. Onyx and Edwards (2010) posit that through interaction and action, people start to develop a collective sense of how they can cooperate but also share experiences. OGC suggest the need for buyer-supplier interaction in procurement in order to better capture innovation. Close and early engagement with suppliers can also allow access to industry knowledge not available in-house that can be used to draw better tender specifications (Uyarra 2010). Interaction between buyers and suppliers can result into obtaining procurement information related to the bidders' rights.

### Networking

The structure emerging from self-organization can often be represented as a network (Heylighen 2008). These networks take many forms in contemporary organizations, including personal contact networks, flows of information within and between groups, strategic alliances among firms, and global network organizations (Monge and Contractor 2003). Initially, agents interact with other agents, and some of these interactions are synergetic. Such interactions result into a bond, relationship, or link. Within the network, agents come together as nodes, perhaps on the basis of friendship, trust, and collaboration (Heylighen 2008). According to Yoon and Klopfer (2006), the patterns of interactions form a collective network of relationships that exhibit emergent properties that are not observable at system levels. Networking or collaborative linkages improve the potential of the organization to develop innovations (Contractor and Lorange 1988). In other words, the behavior of the system cannot be

accurately determined by simply observing the behavior of the parts. The manner in which complex systems communicate, respond to perturbations, and self-organize is understood by studying the dynamical processes through which they evolve overtime.

### Coordination

Coordination is defined as the additional information processing performed when multiple, connected actors pursue goals that a single actor pursuing the same goals would not perform (Malone 1988). According to Malone (1990), coordination means the act of working together harmoniously. Coordination specifies the nature of relationships through which coordination occurs, proposing that these relationships include shared goals that transcend participants' specific functional goals, shared knowledge that enables participants to see how their specific tasks interrelate with the whole process, and the mutual respect that enables participants to overcome the status barriers (Gitteli 2011). According to Gitteli (2011), when tasks are reciprocally interdependent, feedback loops are created among them, therefore increasing the need for coordination to enable participants to mutually adjust their actions in response to the outcomes of each other's tasks.

### Feedback Behavior

Due to instrumental value of the concept of feedback, many studies have been conducted to understand it. Feedback is essential for goal pursuit (Fishbach et al. 2010). Feedback generally refers to the process by which information from the output of a system is returned to the original source (Yoon and Klopfer 2006). According to Yoon and Klopfer (2006), feedback is an important process that both explains system functioning and also coordinates and regulates system structures and behaviors. Firms acquire information from their environment through feedback; complex systems identify regularities in that information and use this to modify behavior in the real world. In this way, they are said to be adaptive (Gell-Man 1994). Feedback may change behavior if it provides information about the nature of the project. Moreover, if feedback is public, among participants, it may influence the behavior of participants (Mas and Moretti 2009). In social group activity, the self-correcting behavior of group members is often influenced by feedback that indicates divergence from group norms (Arrow et al. 2000). Feedback is used by Ugandan firms to learn, gather, and share information by stakeholders like directors and employees to challenge the bidding and contract award processes during procurement.

### Organizational Learning

Organization learning is the process of acquiring knowledge (Gozukara and Yildirim 2016). Cyert and March (1963) describe organization learning as a process of creating, retaining, and transferring knowledge within an organization. Weerawardena (2003) defines organizational learning as the development of new knowledge or insights that have the potential to influence behavior. Learning mainly consists of two kinds of activities, that is, obtaining know-how in order to solve specific problems based upon existing premises and establishing new premises to override the existing ones (Nonaka and Takeuchi 1995). These two learning activities have also been referred to as "single-loop learning and double-loop learning" (Argyris and Schon 1978). Organization creates and organizes knowledge relating to their functions and cultures. Organizational learning happens in all of the organization's activities, and it happens in different speeds. The goal of organizational learning is to successfully adapt to changing environment, to adjust under uncertain conditions, and to increase efficiency. Organizational learning is a continuous testing of experience and its transformation into knowledge available to the whole organization and relevant to their mission (Senge 1990). According to Argyris and Schon (1996), organizational learning emerges when organizations acquire information of any kind by any means. Jones (1985) emphasizes the importance of organizational learning for organizational performance defining it as a process through which managers try to increase organizational members' capabilities in order to better understand and manage the organization and its environment to accept decisions that increase

organizational performance. An organization's adaptation is the ability to find solutions for the problems (Cyert and March 1963). Amagoh (2008) observes that an organization is able to learn from its environment and change its internal structure and its functioning overtime, thereby changing the behavior of individual elements.

### Information Acquisition

Organization learning is the process of obtaining, combining, and developing information among the members of an organization (Huber 1991). According to Dixon (1992), information acquisition refers to the organization's information processing to utilize and value different information sources in organizations. Furthermore Daft and Weick (Draft and Weick 1984) observe that information acquisition is determined by two variables, which are data sources and intrusiveness of organization. Data sources can be internal or external, and intrusiveness of organization is the extent to which organization is capable of actively penetrating its environment with browsing and searching for data information (Draft and Weick 1984). Information acquisition contains internal acquisition and external acquisition. Organizational learning processes consist of key elements supporting activities of information generation, which involve seeking, developing, comprehending, and producing novel information (Verdonschot 2005). Internally focused learning enhances the absorptive capacity of the firm to acquire new knowledge and therefore is a prerequisite for acquisition of knowledge from external sources (Jay 2003).

### Knowledge Sharing

Knowledge sharing is the activity of transferring or disseminating knowledge from one person, group, or organization to another. This definition includes both tacit and explicit knowledge (Lee 2000). According to Cummings (2004), knowledge sharing refers to the provision of task information and know-how to help others and to collaborate with others to solve problems, develop new ideas, or implement policies or procedures. Argote et al. (2000) posit that knowledge transfer in an organization is a process through which one unit is affected by the experience of another. Wang et al. (2004) describe knowledge transfer as the process of a systematically organized exchange of

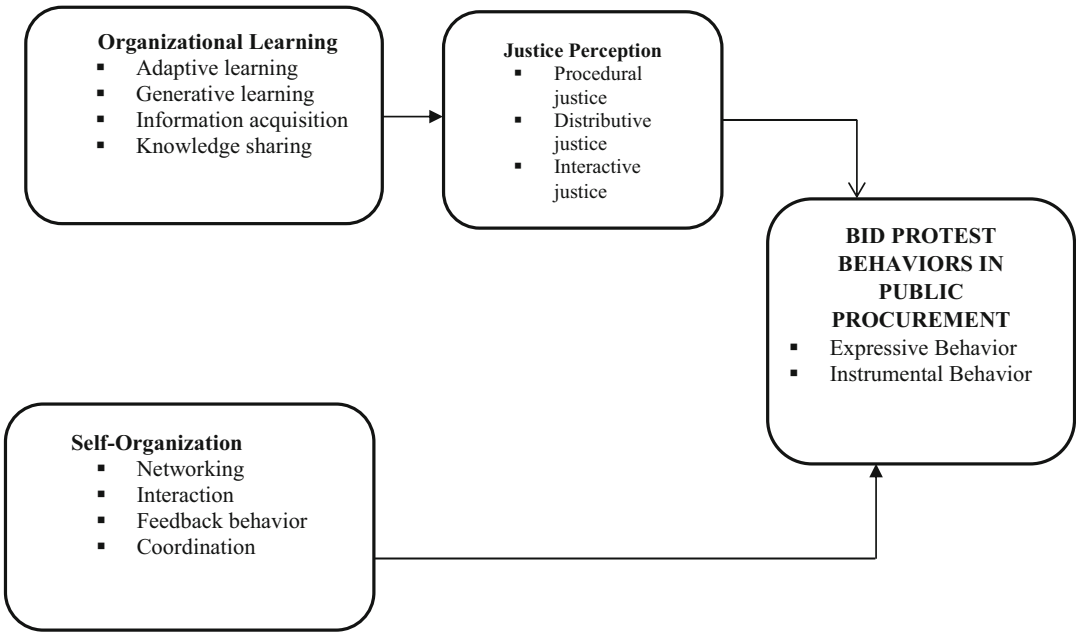


**Bid Protest Behaviors in Public Procurement, Fig. 1** Antecedents of bid protest behaviors

information and skills between entities. Modi and Mabert (2007) postulated that it is the implementation of activities involving direct interaction between the procuring firms and vendors. Such activities are time- and resource-intensive for the procuring firm, and firms undertake them with the objective of increasing supplier capabilities. According to Molina et al. (2007), knowledge transfer relates to organizational learning from the experience of another. Knowledge sharing can occur via written correspondence or face-to-face communications through networking with other experts or documenting, organizing, and capturing knowledge for others (Cummings 2004). Knowledge sharing was found to be positively related to procedural justice (Schepers and Van den Berg 2007). Lin (2007) found that both distributive and procedural justice had positive indirect effect on tacit knowledge while distributive justice also influences knowledge sharing through trust.

## Conceptual Framework for Bid Protest Behaviors

Figure 1 shows the relationship between organizational learning, justice perception, and bid protest behaviors in public procurement. It attempts to provide a link between organizational learning and bid protest behaviors in public procurement mediated by justice perceptions. The model also shows the relationship between self-organization and bid protest behaviors in public procurement.

## Conclusion

It is increasingly becoming common for contractors to challenge contract award decisions or the conduct within which procurement or disposal is carried out. This paper has attempted to provide theoretical explanations for the bid protest behaviors based on the constructs of self-organization, organization learning, and justice perception in public procurement. This conceptual model which has been derived from a critical review of literature can guide scholars in undertaking empirical studies of bid protest behaviors in public procurement.

## Cross-References


- ▶ E-Government Procurement (e-GP)
- ▶ Procurement and Finance in the Public Sector
- ▶ Procurement Integrity
- ▶ Rural Procurement in Indonesia


## References


Amagoh F (2008) Perspective on organization change: systems and complexity theories. Innov J 13(3): 1–14

Angelo WJ (2002) Reverse auctions raise new specter of bid shopping on industry projects: some contractors worry about services becoming commodities. Engineering News-Record, 4 Nov 2002

Arena V, Persons B, Blickstein I, Chenoweth M, Lee G, Luckey D, Schendt A (2018) Assessing bid protests of U.S Department of Defense Procurement: identifying issues, trends and drivers. RAND Corporation, Santa Monica. ISBN 978-9774-0005-5

Argote L, Ingram P, Levine JM, Moreland R (2000) Knowledge transfer in organization: learning from the experience of others. Organ Behav Hum Decis Process 82(1):1–8

Argyris C, Schon D (1978) Organizational learning: a theory of action perspective. Addison-Wesley, Reading

Argyris, Schon DA (1996) Organizational learning II: Theory, method and practice Reading, MA: Addison-Wesley, XXIX + 305 pp, $41.95

Arrow H, McGrath J, Berdahl J (2000) Small groups as complex systems. Formation, coordination, development and adaptation. Sage Publications, Thousand Oaks

Boulding KE (1967) Towards a theory of protest. A review of general semantics. ETC 12(1):46–60

Contractor F, Lorange P (1988) Cooperative strategies in international business. Lexington Books, Cambridge, MA

Cropanzano R, Folger R (1989) Referent cognitions and task decision autonomy: beyond equity theory. J Appl Psychol 74:293–299

Cummings JN (2004) Work groups, structural diversity, and knowledge sharing in global organization. Manag Sci 50(3):352–364

Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliff

Degn E, Miller KR (2003) Bid shopping. J Constr Educ 8(1):47–55

Dixon JR (1992) Measuring manufacturing flexibility: an empirical investigation. Eur J Oper Res 60:131–143

Draft RL, Weick KE (1984) Toward a model of organizations as interpretation systems. Acad Manag Rev 9: 284–295

Fishbach A, Eyal T, Finkelstein SR (2010) How positive and negative feedback motivate goal pursuit. Soc Personal Psychol Compass 4(8):517–530

Gell-Man M (1994) The quark and the jaguar. W.H. Free and Company, New York

Gitteli JH (2011) New directions for relational coordination theory. Comput Sci. https://doi.org/10.1093/OXFORD/9780199734610.013.0030

Gordon D (2006) Constructing a bid protest process. The choices that every procurement challenge system must make. Public Procure J 35:427–445

Gozukara I, Yildirim O (2016) Exploring the link between distributive justice and innovative behavior: organizational learning capacity as a mediator. Int J Acad Res Account Financ Manag Sci 6(2):61–75

Heylighen F (2008) Complexity and self-organization. In: The encyclopedia of library and information science. Free University of Brussels, Brussels

Huber GP (1991) Organizational learning: the contributing process and the literatures. Organ Sci 2(1):88–115

Jay W (2003, June) Exploring the role of learning capabilities in innovation based competitive strategy. Organizational learning and knowledge. In: 5th International conference, Brisbane

Jones EE (1985) Major developments in social psychology during the past five decades. In: Lindzey G, Aronson E (eds) The handbook of social psychology (3rd ed., pp. 47–108). New York: Random House

Kamhon K, Yan C (2001) On expressive voting: evidence from the 1988 U.S. presidential election. Public Choice 108:295–312

Klandermans B (2004) The demand and supply of participation: social psychological correlates of participation in social movements. In: Snow D, Soule SA, Kriesi H (eds) The Blackwell companion to social movements. Blackwell Publishers, Oxford, UK, pp 360–379

Lee JN (2000) The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success. Inf Manag 38(2001):323–335

Leventhal GS, Karuza J, Fry WR (1980) Beyond fairness: a theory of allocation preferences. Springer, New York

Lin HF (2007) Knowledge sharing and firm innovation capability: an empirical study. Int J Manpow 28: 315–332

Malone TW (1988) What is coordination theory. Massachusetts Institute of Technology, Cambridge, MA

Malone TW (1990) What is coordination theory and how can it help design cooperative work system. In: Conference proceedings on computer supported cooperative work, Los Angeles

Mas A, Moretti E (2009) Peers at work. Am Econ Rev 99: 112–145

Maser SM, Thompson F (2010) The bid protest mechanism: effective and fairness in defense acquisition. Atkinson Graduate School of Management, Willamette University, Salem

Modi SB, Mabert VA (2007) Supplier development: improving supplier performance through knowledge transfer. J Oper Manag 25:42–64

Molina LM, Montes JL, Moreno AR (2007) Relationship between quality management practices and knowledge transfer. J Oper Manag 25(3):682–701

Monge PR, Contractor NS (2003) Theories of communication networks. Oxford University Press, New York

Niehoff BP, Moorman RH (1993) Justice as a mediator of the relationship between method of monitoring and organizational citizenship behavior. Acad Manag J 36: 527–556

Nonaka I, Takeuchi H (1995) The knowledge-creating company: how japanese companies create the dynamics of innovation. Oxford University Press, New York

Norris P, Walgrave S, Van Aelst P (2005) Who demonstrates? Anti-state rebel, conventional participants, or everyone? Comp Polit 37(2):189–205

Onyx J, Edwards M (2010) Community networks and the nature of emergence in civil society. Cosmop Civ Soc J 2(1):1–20

Parry K (2011) Leadership and organization theory. In: Bryman A, Collinson D, Grint K, Jackson B, Uhl-Bien M (eds) The Sage handbook of leadership (1 ed., pp. 53–70). SAGE Publications Ltd

Putnam R (2000) Bowling alone: the collapse and revival of American community. Touchstone, New York

Rankin M, O'Hara J (2016) Procurement complaints against government: more than just bid challenges. Procurement bulletin. McMillan, Toronto

Rugg MD, Coles MGH (1995) The ERP and cognitive psychology: Conceptual issues. In: Rugg MD, Coles MGH (eds) Oxford psychology series, No. 25. Electrophysiology of mind: Event-related brain potentials and cognition (p. 27–39). Oxford University Press

Schepers P, Van den Berg PT (2007) Social factors of work-environment creativity. J Bus Psychol 21(3): 113–122

Schussman A, Soule S (2005) Process and protest: accounting for individual protest participation. Soc Forces 84(2):1083–1108

Schwartz M, Manuel KM, Martinez LP (2013) GAO Bid Protests: Trends and Analysis Kindle Edition. Congressional Research Service

Senge P (1990) The leader's new work: building organization learning. Sloan Manag Rev 32:7–23

Simon B, Klandermans B (2001) Politicized collective identity: a social psychological analysis. Am Psychol 56:319–331

Toka G (2008) Expressive and instrumental motivation of turnout, partnership and political learning. Central European University and University of Oxford/Oxford University Press, Oxford, UK

Travers, E.B, (2015). Bid Shopping/Bid Peddling: December 2015 LMCI/FIF Convention Las Vegas, NV

Uyarra E (2010) Opportunities for innovation through local government: a case study of greater Manchester, research report. NESTA, London

Verdonschot S (2005) Method for identifying learning processes in innovation processes. In: Proceedings of

the 6th international conference on HRD research and practice across Europe, Leeds
Verhulst J, Van Laer J (2008) Determinants of sustained activism across movement issues. Paper prepared for presentation at the 2nd ECPR graduate conference, 25–27 Aug, Barcelona
Wang P, Tong TW, Koh CP (2004) An integrated model of knowledge transfer from NNC parent to China subsidiary. J World Bus 39:168–182
Weerawardena J (2003) Exploring the role of market learning capability in competitive strategy. Eur J Mark 37: 407–429
Yoon SA, Klopfer E (2006) Feedback fuelling adaptation, network growth and self-organization: a complex systems design and evaluation approach to professional development. J Sci Educ Technol 15(5–6):353–366

## Bioethics and Health Policy

Leandra H. Burke
Center for Clinical Research, Western Michigan University Homer Stryker MD School of Medicine, Kalamazoo, MI, USA

### Synonyms

Medical ethics; Moral philosophy; Research ethics

### Definition

Bioethics is the study of ethical issues in biological science, health care, and health policy.

### Introduction

Bioethics, as a field, has focused on a wide variety of topics, from the allocation of scarce health resources, to debates over what constitutes life, to genetic engineering. Although bioethics is primarily concerned with human well-being, it can also confront ethical dilemmas pertaining to the nonhuman biological environment. It is difficult to ascertain definite limits of the discipline of bioethics, as some bioethicists feel that the field should encompass all ethical matters pertaining to biology and medicine, while others prefer to narrow the scope. Undoubtedly, the field of bioethics continues to grow and present new challenges with emerging scientific breakthroughs, such as cloning, gene therapy, and reproductive technologies.

There is a cost to this profound advancement. While mankind has made tremendous progress in life sciences, the ethical, legal, and social ramifications of such advances must be carefully evaluated. For example, organ transplantation, a breakthrough technique responsible for saving numerous lives, is also marred in controversy over illegal organ trade. The persistent shortage of available organs to transplant has led to situations where potential organ recipients travel abroad to procure organs through monetary transactions. This has been acknowledged as a serious health policy issue in the global community. A 2004 World Health Assembly resolution (WHA57.18) reminded World Health Organization (WHO) Member States to "take measures to protect the poorest and vulnerable groups from 'transplant tourism' and the sale of tissues and organs" (WHO 2004). Moreover, geographical disparities persevere when it comes to access to this lifesaving procedure. In 2011, WHO estimated that 62% of the 112,939 solid organ transplants reported were performed in high-income Member States, while only 28% were performed in upper-middle, 9% in lower-middle, and less than 1% in low-income Member States (White et al. 2014).

The organ transplantation example illustrates the necessity for policy development to contend with serious bioethical issues. Public policies are necessary to ensure that advances in medicine and science are done in a responsible manner.

### The Four Principles

Prior to the 1960s, biomedical ethics had hardly changed from the traditions of Hippocrates and were primarily the concern of physicians, focusing on patient welfare and medical professionalism. By the 1960s, advances in science and medicine, coupled with cultural and societal

changes, particularly in the West, revealed new ethical problems. New procedures, such as kidney dialysis and organ transplantation, had the potential to save lives. Doctors now essentially had to make choices over which patients would benefit from lifesaving treatment and which should be allowed to die. During this time, the increased emphasis on individual well-being prompted shifts in traditional values in regard to sexuality and marriage, reproduction and child-rearing, and civil rights. The acknowledgment of the patient's right to retain control over his own body led to resentment of the paternalistic tendencies of medicine at the time.

In 1974, the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research was established to address human experimentation. Five years later, the commission released the Belmont Report to announce that autonomy, beneficence, and justice were the ethical principles that should guide human subject research (1979). This report has influenced bioethicists across a range of issues and disciplines besides research, with others adding additional guiding values. Building upon the Belmont Report, *The Principles of Biomedical Ethics* was presented in 1979 as an effort to create a global framework for bioethics based on the four principles of autonomy, justice, beneficence, and nonmaleficence (Beauchamp and Childress 2012). The first principle, autonomy, calls for health-care providers to respect the autonomous decisions of competent adults. The second principle, justice, holds that health professionals should act fairly when dealing with the interests of different groups or individuals in competition for resources. The third principle, beneficence, means that health-care providers should aim to promote the interest of their patients. Lastly, the fourth principle, nonmaleficence, means to do no harm.

Proponents of the four principles assert that theorists can use this framework in a variety of different cultural settings, because the principles are independent of any singular ethical theory. Critics argue that the four principles are too vague and that it is impossible to assume that a common moral language exists across different religions and cultures. Also, there is no clear way of prioritizing the principles in circumstances where they conflict.

In spite of the imperfections, the four principles are still considered a useful tool with which to contemplate moral issues in medicine and life sciences. To this day, many bioethicists agree that autonomy is the most important of these principles.

## Public Attitudes and Involvement

Specialists from a variety of different disciplines, such as philosophers, theologians, doctors, and lawyers, have always inhabited the field of bioethics. In recent times, the efforts of social scientists have also become increasingly important to bioethical research. Social scientists can survey members of the public to gain perspective on their views of new advances in biomedical science.

Many religious communities have developed their own guidelines on how to deal with bioethical issues from the viewpoints of their particular faiths, and, in fact, there exists large collections of literature on these matters based on Muslim, Jewish, and Christian points of view. The separation of religion and philosophy does not prevail in most non-Western cultures. For example, Buddhist bioethicists tend to approach bioethical matters in an objective, logical way. Meanwhile, according to Sarma, although authors suggest that Hinduism supports lifesaving measures such as organ transplant, one cannot make any generalizations about the Hindu view of bioethics (2008). In many Latin American and African countries, where political power relations and poverty are major concerns, bioethics often focuses on what is practical and realistic. Meanwhile, Morioka contends that the bioethics movement in Japan started with feminists and disability advocates in the 1970s, and in the academic sense in the 1980s, as supported by discussions on brain death and disability appearing in the literature at that time (2015).

A report from the British Nuffield Council on Bioethics determined that the following

challenges have led international institutions to emphasize a need for public involvement activities (PIAs) in an effort to educate the public of emerging issues: the diverse public views on the implications and values that go along with emerging biotechnology, the uncertainty about outcomes, and the concern of creating dramatic changes to societal practices (Lander et al. 2014). The problem with current PIAs is that they are quite variable in terms of not only the methods used but in the choice of wording and objectives as well. Consistency in PIAs could be useful for policy development; in this case, the authors recommend specific reporting guidelines to help in this regard (Lander et al. 2014).

## Bioethics Commissions

Until guidelines are developed to ensure uniformity in PIAs, a variety of bioethics commissions worldwide are engaging in public policy and education initiatives. This is crucial to the formation of sound public policies on complex issues.

At the national level, programs, such as those encouraged by the United States' Presidential Commission for the Study of Bioethical Issues, have been established to educate the public of such advances, in the hopes of increasing public participation (2016). Other examples of national organizations involved in policy making for bioethical issues include the previously mentioned British Nuffield Council on Bioethics, the National Consultative Bioethics Committee in France, and the Danish Council of Ethics in Denmark.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) is an intergovernmental organization with 193 Member States aimed at improving the ethics framework for science and technology. In 2005, UNESCO adopted the Universal Declaration on Bioethics and Human Rights, in an effort to address bioethical issues relevant to humans while also considering their environmental, legal, and social aspects. The existence of these sorts of committees demonstrates the rise of political influence of bioethics.

## Global Considerations

In the twenty-first century, much discussion is underway regarding the likelihood of global bioethics policies that would reflect the values and traditions of non-Western societies. While some bioethicists contend that global bioethics could be based upon the four-principle approach, others argue that this is not appropriate because some of the values, particularly autonomy, reflect especially Western concepts. In Western societies, autonomy is understood to be a matter of individual patient choice, where in other settings, it is presumed that family members will make decisions for seriously ill relatives. Around the world, there is overwhelming variation in the understandings of normal human activities, from birth to death and everything in between.

## Contemporary Issues

The following is a partial list of contemporary bioethical issues in science and medicine. It is meant to serve only as a small sampling of the bioethical considerations in today's world.

| | |
|---|---|
| Abortion | Medical research |
| Animal rights | Mitochondrial donation |
| Artificial insemination | Nanomedicine |
| Biological agents | Overtreatment |
| Blood transfusion | Organ donation |
| Body modification | Patients' Bill of Rights |
| Brain-computer interface | Population control |
| Cloning | Prescription drug prices |
| Confidentiality | Professional ethics |
| Consortia science | Reproductive rights |
| Cryonics | Sperm and egg donation |
| Disability | Stem cell research |
| Euthanasia | Surrogacy |
| Gene therapy | Transexuality |
| Genetically modified organism | Transplant |
| Human experimentation | Vaccination controversy |
| Infertility treatments | Xenotransfusion |
| Life support | Xenotransplantation |

While some issues are simply criticized, others, such as nanomedicine, have seemingly divided societies.

## Conclusion

Advancements in science and medicine have resulted in countless benefits to human life. While society is able to reap the rewards of these incredible biomedical breakthroughs, it is not without a price. Emerging technology brings to the forefront new bioethical issues, which must be dealt with while respecting the diverse cultures and belief systems of the global community. With public education and involvement, the development of sound public policies can commence to ensure that biomedical advances can be researched, developed, and distributed fairly and responsibly.

## Cross-References

▶ Ethical Issues in Regulating Reproductive Technologies
▶ Healthcare Ethics

## References

Beauchamp TL, Childress JF (2012) Principles of biomedical ethics, 7th edn. Oxford University Press, Oxford

Lander J, Hainz T, Hirschberg I, Strech D (2014) Current practice of public involvement activities in biomedical research and innovation: a systematic qualitative review. PLoS One 9(12):e113274. https://doi.org/10.1371/journal.pone.0113274

Morioka M (2015) Feminism, disability, and brain death: alternative voices from Japanese bioethics. J Philos Life 5(1):19–41

National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research (1979) The Belmont report. Retrieved from http://www.hhs.gov/ohrp/regulations-and-policy/belmont-report/index.html

Presidential Commission for the Study of Bioethical Issues (2016) Bioethics for every generation: deliberation and education in health, science, and technology. Retrieved from http://www.bioethics.gov

Sarma D (2008) "Hindu" bioethics? J Law Med Ethics 36(1):51–58

White SL, Hirth R, Mahillo B, Dominguez-Gil B, Delmonico FL, Noel L, Chapman J, Matesanz R, Carmona M, Alvarez M, Nunez JR, Leichtman A (2014) The global diffusion of organ transplantation: trends, divers, and policy implications. Bull World Health Organ 92:826–835

World Health Organization (2004) Resolution on human organ and tissue transplantation. (WHA 57.18). Retrieved from http://www.who.int/transplantation/en/A57_R18-en.pdf

# Biometric Voter Registration, Zimbabwe

Sylvester Marumahoko
Department of Politics and International Relations, University of Johannesburg, Johannesburg, South Africa

## Synonyms

Constituency; Constituent; Election register; Electoral lists; Electorate; Electors; Lists of electors; Register; Turnout; Voters list

## Definitions

**Biometric:** Biometrics are physical or behavioral human characteristics that can be used to digitally identify a person to grant access to systems, devices, or data. Examples of these biometric identifiers are fingerprints, facial patterns, and voice or typing cadence.

**Voter:** Is a person who votes or who has a legal right to vote in elections, or people who are voting in a particular election.

**Registration:** With regard to elections, it is a process that establishes the eligibility of individuals to vote. In almost all countries, voters must be registered in order to be eligible to participate in an election.

**Zimbabwe:** The Republic of Zimbabwe is a landlocked country in Southern Africa that shares a border with Mozambique, Zambia, South Africa, Botswana, and Namibia.

## Introduction

Toward the end of 2017, Zimbabwe embarked on an ambitious Biometric Voter Registration (BVR) that sought to register 7,224,128 people and facilitate the replacement of the country's archaic manual voters' roll which was allegedly bloated, inaccurate, and duplicated and facilitated multiple voting, with a new biometric voters' roll. BVR is the capturing of the biometric features of a person for the purpose of creating an electronic voters' roll (IDEA 2016). A biometric register can be created at the constituency level. In most cases, however, it involves the construction of a database at national level as well as the establishment of infrastructure for data transfer and communication. The benefits of a centralized register are many: duplication of the names of voters is avoided, updating of the register is expedited, all data is stored in one server, and the need to physically transfer data from other sources to the central database is eliminated.

Facial images are some of the biometric data that can be captured (Moyo 2013). The voter's photo is either printed on voter lists or on identity cards. It is then processed and fed into the national biometric data storage facility and is used for purposes of facial recognition. The voter's ten fingerprints can also be scanned using an automatic fingerprint identification system. Fingerprint recognition is often used together with facial recognition to identify a registered voter. The iris scan is yet another method used to capture biometric data, and its advantage over the fingerprint recognition is that the eye and the iris enjoy better physical protection. An individual's electronic signature can be used to identify a voter. However, this method has its drawbacks in that people's signatures often vary. Using biometric registration kits, electoral management bodies can issue voter identification cards.

There is an increase in the number of countries using biometric registration in electoral processes worldwide. Most of the countries that opted to use biometric voter registration are in Africa and Latin America. Of the 135 electoral management bodies, 35% used biometric registration (IDEA 2016). Biometric information is also used by 25% of the electoral management bodies to verify and identify eligible voters at polling stations (IDEA 2016).

The entry assesses Zimbabwe's BVR which commenced on 10 October 2017 and ended on 8 February 2018. The entry is organized as follows: It begins by introducing the framework and procedure for BVR in Zimbabwe. Next, it discusses the shortcomings of the institutions, procedures, and processes for BVR in Zimbabwe. It then draws the lessons and implications of the Zimbabwe case for other countries intending to adopt BVR as an option to the manual system for registering voters. The entry then draws concluding remarks.

## Introducing BVR in Zimbabwe: Its Framework and Procedure

On 21 July 2017, the Zimbabwe Electoral Commission (ZEC) amended voter registration regulations. It achieved this by gazetting Statutory Instrument 85 of 2017 (also known as Electoral (Voter Registration) Regulations of 2017). This way, it assumed full control and responsibility for the voter registration, compilation, and maintenance of the country's voters' roll. Previously, this function was carried out by the Registrar General of Voters (RGV). The regulations were approved by the Minister of Justice, Legal and Parliamentary Affairs, and paved the way for biometric voter registration and the replacement of the country's notorious manual voters' roll.

Among other things, the regulations made proof of citizenship a requirement for one to register as a voter, in addition to one being aged 18 years and above. Proof of identity was listed as a Zimbabwean passport, a green waiting pass, and the national identity card. Also required was proof of residence, which, among other things, constituted title deeds, rates, water, electricity, telephone, or credit store statements showing the claimant's name and physical address. In the case of those who failed to obtain a residence document, use was made of "residence affidavits" in which a commissioner of oaths confirms their

addresses at the registration centers. The voter registration took place at the district and provincial offices of the ZEC. In addition, the ZEC could also set up mobile registration centers.

The procedure for registration began with the potential voter presenting himself or herself to a voter registration officer at any of the district or provincial offices of ZEC, including the mobile registration centers. The voter registration officer firstly determined that a claimant qualified to register as a voter. If the officer was satisfied, she/he registered the claimant by filing online a completed voter registration form (also referred to as VR1 Form). The officer then took a passport size photograph of the person and then scanned the ten fingerprints of the claimant. The only exception to the fingerprint scanning was when the claimant had an illness or was suffering from a physical injury that rendered the scanning impossible. On completion of registration, a certificate of registration as a voter was issued. The certificate indicates the name of the registered voter, identity number, serial number, polling station where a ballot will be cast, the ward number, the names of the local authority, constituency, and the district under which the voter falls.

## Shortcomings in Zimbabwe's BVR

The BVR did not go without problems. It was beset with a plethora of challenges: inadequate voter education, intimidation of aspiring registrants, unsuitable registration centers, malfunctioning equipment, "aliens" being excluded in the initial stages of the voter registration, the failure by aspiring registrants to acquire proof of residence, and a lack of transparency in the handling of data.

## Inadequate Voter Education

Voter education is as good as the tools used to promote it. The ZEC under the Registrar General of Voters (RGV), for the past three decades, mobilized and provided somewhat incoherent information on voter registration, by way of, for example, roadshows, radio shows, television, adverts, the distribution of IEC materials, and newspaper coverage. However, the suitability of some of the tools used for voter education required revision in order to address issues such as cultural needs and other impediments. For example, the print media and television are tools that are largely suitable to people in the urban areas, whereas rural communities mostly rely on infrequent radio services as a means of obtaining information on government programs. Even then, not everyone owns a radio, underscoring the need to combine various communication methods to mobilize and educate people on the requirements for BVR. The messages in the voter education campaign remained static and basic and lacked innovation toward encouraging robust voter registration. In this regard, the ZEC failed to break with a past in which voter education under the defunct RGV was more about passive information sharing and not real voter education.

Voter education, as has been the practice over the past three decades, was conducted concurrently with voter registration. The ideal arrangement was for the voter education to precede voter registration. A survey undertaken by the Election Resource Centre (ERC) showed that only 40% of the registered voters had received information on voter education before BVR (2017, p. 7). A comprehensive and robust voter education requires a program that, among other things, deals with the significance of voter registration, the requirements for voter registration, the importance of voting, and the implications of refraining from voting. It should also deal with the requirements of a free and fair election' such as the secrecy of the ballot and the independence of the electoral body.

## Insufficiently Funded and Poorly Designed Voter Education

The other problem that the ZEC encountered was that it lacked the financial resources to fully fund its voter education. Given the fact that voter education is an extensive exercise, it requires partnerships with nongovernmental organizations. It also demands immense organizational

coordination, which ZEC currently lacks. In addition, there were shortcomings in terms of the content of the voter education curriculum. For example, the curriculum did not specifically target potential first-time voters such as those who had turned 18 and were now eligible to vote (Zaba 2017). In addition, it did not tackle apathy by motivating and appealing to the younger generation of voters. The reason for this is that the ZEC did not consult with stakeholders such as the political parties and civic society organization. Furthermore, the curriculum was not professionally developed in consultation with knowledgeable individuals for such a program to speak to the needs of the different audiences such as the youth to whom more modern voter education methods would appeal.

## Intimidation and BVR

A further problem was that the voter registration was marred by intimidation, coercion, and, to some extent, subtle violence, allegedly committed by people who were sympathetic to the ruling party. They included traditional leaders, councillors, and ward coordinators on the payroll of either the local or national government. The recent BVR was no exception. The intimidation took various forms. For example, villagers were told that BVR would make it easy for the ruling party to "track voting preferences of individual voters in the 2018 elections" (ZESN 2017). It was also reported in the private media that some community leaders forced voters to submit the serial numbers of their voter registration slips and names, thus undermining the existence of a conducive environment for voter registration. There were also instances soon after voter registration when entire rural communities, including the vulnerable (widows, the sick, infirm, and destitute), were preemptively threatened with the loss of their livelihoods and land, if they voted for the opposition party as was the case in the first round of the 2008 presidential election (ZESN 2017). According to Bhalla (2012, p. 1), BVR will not achieve much, in the face of "transgressions of voter intimidations."

## The Voter Registration Centers and BVR

Another issue was the suitability of the voter registration centers. The ZEC as required by the legislation and in line with the operational arrangements in place set up 2528 (fixed) voter registration centers. They were supplemented by several mobile registration centers, including movable tents. However, not all the centers were suitable for the task at hand. The mobile tents, for example, were often prone to destruction by heavy rains, sending aspiring registrants back home. To add salt to a festering wound, some of the mobile registration centers were not connected to the power grid. Others were connected but power supply was unreliable. This affected the BVR. A further problem was that the registration centers often changed without notice, thereby creating uncertainty among stakeholders, including political formations who were mobilizing their members to register.

## Unsatisfactory Manpower and Equipment

Yet another problem was that the ZEC did not have adequate voter registration officers and equipment. Across much of the country, the centers failed to open on time. The reasons for this glitch range from a shortage of voter registration officers in the opening stages of the BVR to the late arrival of ZEC registration officers and equipment. In some centers, 7% of the equipment used in the BVR, including voter registration forms, were not always available (Election Resource Center 2017). In the first 3 days of voter registration in phase 4, 76 of the 2585 pieces of voter registration equipment malfunctioned, and delays by the technical teams to repair the equipment affected aspiring registrants (Zimbabwe Election Support Network 2017). In other parts of the country, many voter registration centers ran out of the printing paper used for issuing voter confirmation registration slips, making it difficult for voters to later on inspect the voters' roll.

## The Problems Encountered by "Aliens" in the BVR

Another problem is that people born in Zimbabwe to parents of foreign origin (i.e., the Southern African Development Community (SADC) region) and holding identity cards labelled "aliens" were not eligible to register as voters during the ZEC's BVR. However, on 29 November 2017, the High Court of Zimbabwe, following an application by Sarah Kachingwe and two political parties, the MDC-T and MDC-N, ruled in favor of people with dual citizenship registering as voters. Even then the so-called aliens still had to follow a long process before they were eligible to register. It was a requirement that they applied for the Zimbabwe birth certificate (also known as the long birth certificate) before they could register as voters. At US$10.00 an application, the cost of acquiring a birth certificate and the National Identity Document were beyond what most people could afford (Zimbabwe Election Support Network 2017, p. 2). No effort was made to waive the application fees. Pleas to waive the application fees for both documents were ignored by the Registrar General (RG), increasing the risk of disenfranchisement. To make matters worse, the ZEC made no effort to work with the RG to provide the so-called aliens with the documents needed to register as voters. It is estimated that hundreds of thousands of so-called aliens were in this predicament.

## Proof of Residence and BVR

Proof of residence was one of the documents required for one to register as a voter. For those with the required proof of residence documents, the route to voter registration was short and easily accessible. Those without the required proof of residence documents could only register after they had obtained residence affidavits from commissioners of oaths. Most of the voter registration centers did not always have commissioners of oaths to certify for proof of residence. The absence of such commissioners of oath was one of the explanations for turning away 91,643 people during all the phases of the BVR (Election Resource Centre 2017). Partisanship often characterized the issuing of the residence affidavits. For example, it was not unusual for traditional leaders to manipulate voter registration by refusing to sign the affidavit forms of people with strong allegiances to the opposition political parties. At times, aspiring registrants were taken through political education lectures before their affidavit forms were signed.

There were also reports that the signing of the residence affidavits was preceded by intimidation, violence, threats, and coercion. Some of the commissioners, including traditional leaders, charged villagers between 0.20 cents and US$5 to sign the voter registration affidavit form (Zimbabwe Election Support Network 2017). Some councillors selectively signed affidavit forms. In this regard, they refused to sign the affidavit forms of supporters of the opposition parties. A further trend that emerged was that community and political leaders (including members of parliament) dispersed presigned affidavits along partisan lines. Apolitical commissioners of oath often found themselves threatened with "unspecified action if they confirmed the residency of aspiring registrants supporting opposition political parties" (Zimbabwe Election Support Network 2017).

## Transparency

Issues of transparency, openness, and accountability were raised regarding the ZEC's transfer and transmission of data from the voter registration centers to the district, provincial, and national data centers. There were inconsistencies, irregularities, and variances, pointing to a failure to follow laid down procedures, in the way data was transferred from the BVR kits to the USB drives. In some centers the transfer was not done at the registration centers as stipulated, but at the district offices of the ZEC. There was also a shortage of equipment in some centers including USB drives. This situation was only rectified when voter registration was well underway. Furthermore, observers were often barred from tracking the data transmission process.

## The Voter Registration Figures: A Cause for Concern?

The state of a country's voters' roll indicates whether or not outcomes of elections are going to be accepted. Earlier on, it was noted that one of the reasons outcomes of elections were rejected in Zimbabwe was because there were disagreements between the ruling party and the opposition over the number of eligible people on the voters' roll. Precisely, the opposition has always pointed to the inconsistency between the number of people on the voters' roll and other official government statistics as one of the reasons for doubting the legitimacy of electoral outcomes. Seemingly, their suspicion holds water.

Nongovernmental organization working in governance and electoral reform areas have analyzed the voters' roll in the past and confirmed the existence of inconsistencies. An analysis of the voter registration figures released by the ZEC at the end of the phase 4 of the BVR and the mop-up exercise is particularly telling (see Table 1 below). The Zimbabwe Electoral Commission (ZEC) announced it had registered 5,310,734 aspiring voters, which translates to 73.5% of its official target of 7,224,128 million registered people. The voter registration missed its target by 26.5%. Another problem is that, as in the past, voter registration was low in the metropolitan provinces where support for the opposition is strong. In these provinces, voter registration averages around 60%. As shown in Table 1 below, in the Harare metropolitan province, only about 63.1% of eligible voters registered to vote. Similarly, in the Bulawayo metropolitan province, another opposition stronghold where the ruling party has endured electoral rejection for a long time, voter registration stood at a mere 59.4%. It is pertinent to note that Harare is the most populated province in the country.

According to the statistics released by ZIMSTATS, the projected voter population in the Harare metropolitan province stands at 1,345,818. In that sense, it is the only province with over one million people who are eligible to vote. It is ironic therefore that only 63.1% of these people registered to vote. The same goes for the metropolitan province of Bulawayo where voter registration only stands at 59.1%. The results of the voter registration do not seem to reflect the fact that the two metropolitan provinces are strongholds of the opposition. Prior to the voter registration, the opposition, along with its partners in the civil society organizations, carried out a strong voter education initiative. In addition, they called on their supporters to come out in large numbers and register. The figures announced by ZEC do not reflect that effort. The other reason why the two provinces are of interest is the fact that they are the only provinces in which the ruling party has been repeatedly defeated in the polls since 2000.

The state of voter registration in the two metropolitan provinces is poor when compared with voter registration in the rural provinces where the ruling party draws most of its support. Voter registration is clearly tilted toward the rural constituencies. For instance, voter registration is pegged at 83.9% in the Midlands Province, 81.5% in the Mashonaland Central Province, and 80.3% in the Mashonaland East Province. The ZEC has not bothered to explain the reasons for the disparities. The disproportionate figures would seem to suggest that people no longer have faith in the electoral system. This is not surprising given the fact that outcomes of elections have been contested for a long time in Zimbabwe and that generally ordinary people are not convinced that their votes will make a difference.

## Lessons Drawn and the Implications for BVR Elsewhere

A few lessons can be drawn from Zimbabwe's implementation of BVR. One of the lessons is that the introduction of biometrics in electoral processes has not entirely made it possible to address all the challenges involved in the modernization of national voters' rolls in developing countries. An additional lesson is that where there is trust deficiency among stakeholders involved in electoral processes, BVR can only assist to resolve challenges with the identification of voters but it "cannot, by itself, render an

**Biometric Voter Registration, Zimbabwe, Table 1** Voter registration by province

| Province | ZEC registered figures (phases 1, 2, 3, 4, and mop-up) | Provincial ZIMSTATS 2018 projected voter population | Percentage registered to date | Cumulative turned away to date (phases 1, 2, 3, 4, and mop-up) |
|---|---|---|---|---|
| Bulawayo | 243,146 | 409,389 | 59.4 | 1,887 |
| Harare | 849,128 | 1,345,818 | 63.1 | 4,652 |
| Manicaland | 693,874 | 912,762 | 76.0 | 12,663 |
| Mashonaland Central | 505,576 | 620,279 | 81.5 | 10,751 |
| Mashonaland East | 590,609 | 735,790 | 80.3 | 13,135 |
| Mashonaland West | 557,729 | 834,414 | 66.8 | 16,565 |
| Masvingo | 585,785 | 754,314 | 77.7 | 12,359 |
| Matabeleland North | 319,549 | 389,592 | 82.0 | 6,453 |
| Matabeleland South | 239,367 | 356,586 | 67.1 | 3,739 |
| Midlands | 729,971 | 865,185 | 83.9 | 9,439 |
| Total | 5,310,734 | 7,224,129 | 73.5 | 91,643 |

Source: ZESN (2017, p. 1)

electoral process reliable, credible and transparent" (Gemalto 2019). Another lesson is that biometric technology in itself will not "increase confidence in a voter registration process if, for example, the entity that conducts voter registration does not have the confidence of the populace as a competent and impartial" (Evrensel 2010).

Another lesson is that digitized voters' rolls are prone to technical malfunction, errors, tampering, and the hacking of election outcomes. In both Kenya (2017) and Zimbabwe (2018), election authorities admitted that attempts were made to manipulate the outcome of elections by hacking national servers where data was stored. Another lesson is that the security of personal data is not guaranteed. There was also a concern that personal information derived improperly from BVR had been accessed by the governing ZANU-PF of Zimbabwe and Jubilee Party of Kenya and used in political advertising and "to disseminate undesirable political SMS content via electronic communications networks" (Muthuri et al. 2018). In 2018, Cambridge Analytica, a data analytics firm based in the United Kingdom, inappropriately used personal data gathered during BVR to allegedly develop predictive models and psychographic targeting and to influence outcomes of presidential elections in favor of Donald Trump of the United States and Uhuru Kenyatta of Kenya (Moore 2018). Yet another lesson is that the prospects of BVR contributing to the realization of democratic elections are reduced if it is implemented amidst acrimony, political bickering, and squabbling as was the case in Zimbabwe, Kenya, and the Democratic Republic of Congo (DRC).

Another lesson is that BVR does not resolve issues surrounding the exclusion of certain categories of voters on nefarious political grounds. In Zimbabwe, for example, over three million citizens based in the diaspora were excluded from BVR although Section 155 (2) (b) of the Constitution of Zimbabwe protects the voting rights of all citizens, including those based in the Diaspora. Zimbabwe's BVR is not unique as it reflects the same trends seen in other African countries, e.g., Kenya and the DRC. In these countries, "technically perfect" biometric voters' registers did not necessarily deliver the political acceptance of election outcomes by the contestants prompting judicial intervention.

## Conclusion

The entry assessed Zimbabwe's BVR. After the introduction, it discussed the basic tenets of BVR. Following this was a brief discussion of the framework and procedures for BVR in Zimbabwe. It then discussed the factors undermining BVR. They include inadequate voter education, insufficiently funded voter education, intimidation, unsuitable voter registration centers, malfunctioning equipment, lack of proof of residence, and deficiencies in transparency. It also raised as an issue of concern the inconsistency between the number of people on the voters' roll and other official government statistics. Given these gaps, it was not astounding that the outcome of the 30 July 2018 presidential, parliamentary, and local government elections was disputed even though it was organized using a biometric voters' roll. It remains to be seen whether the authorities are motivated enough to address the shortcomings of Zimbabwe's biometric voter registration in order to enhance the prospects for widely accepted elections.

## References

Bhalla J (2012) Can tech revolutionize African elections? https://edition.cnn.com/2012/11/17/opinion/sierra-leone-election-biometric/index.html

Election Resource Centre (2017) A monitoring and observation report on the implementation of the biometric voter registration in Zimbabwe (Phase 4). Election Resource Centre, Harare

Evrensel A (2010) Voter registration in Africa: a comparative analysis. EISA, Johannesburg

Gemalto (2019) Biometric voter registration: trends and best practices. https://www.gemalto.com/govt/coesys/enrolment/biometric-voter-registration

IDEA (2016) Introducing biometric technology in elections. IDEA, Stockholm

Moore J (2018) Cambridge Analytica had a role in Kenya elections, too. https://www.nytimes.com/2018/03/20/world/africa/kenya-cambridge-analytica-election.html

Moyo H (2013) Disputed elections results: biometrics future of voting. https://www.theindependent.co.zw/2013/08/02/disputed-elections-results-biometrics-future-of-voting/

Muthuri R et al (2018) Biometric technology, elections, and privacy investigating privacy implications of biometric voter registration In Kenya's 2017 election process. https://privacyinternational.org/sites/default/files/2018-06/Biometric%20Technology-Elections-Privacy.pdf

Zaba J (2017) Zec voter education lacks in motivating electorate. https://www.newsday.co.zw/2017/10/zec-voter-education-lacks-motivating-electorate/

Zimbabwe Election Support Network (2017) Biometric voter registration update, Issue Number 13. A report on the voter registration process in Zimbabwe. ZESN, Harare

B

# Birth Trajectory and Population Policy in South Korea

Mingean Park[1], Byung-Ho Lee[2] and Soonae Park[3]
[1]School of Public Affairs, Pennsylvania State University, Middletown, PA, USA
[2]Ajou University, Suwon, South Korea
[3]Public Performance Management Research Center, Seoul National University, Seoul, South Korea

## Synonyms

High-order birth; Lowest-low fertility; Population policy; Total fertility rate

## Definition

| | |
|---|---|
| Total fertility rate: | The average number of children of women aged between 15 and 49 who are expected to give birth. |
| Lowest-low fertility: | A country's total fertility rate below 1.3. |
| High-order birth: | Births occurring after two or more children. |
| Population policy: | The policies and particular activities of the government that aim to influence such vital statistics as birth, death, marriage, and divorce by adopting various means to realize a sustainable population structure. |

## Introduction

The lowest-low or ultra-low fertility, the total fertility rate (TFR) below 1.3 (Jones et al. 2008; Yoo and Sobotka 2018), first emerged in South Korea in the early 2000s when the TFR fell from 1.48 in 2000 to 1.18 in 2002. This has been persistent for two decades with a further remarkable TFR decline in the last 5 years: The TFR reduced by one-third from 1.24 in 2015 through 0.92 in 2019 to 0.84 in 2020. Such ultra-low fertility will unleash a sharp reduction in the working-age population and lead to a super-aging society. Hence, South Korea's ongoing population dynamics will inevitably transform the overall economic structure and social insurance system in the future.

Since around 2005, when the government enacted pronatalist policies, both central and local authorities in South Korea have collectively implemented various population and family policies to respond to the lowest-low fertility. This action has raised skeptical critiques and heated debates on policy effectiveness. To design better policy planning, demographers have focused on identifying the causes of lowering fertility levels: the tendency of late marriage, the tempo of fertility, the decline of childbirth intentions and plans, and the improvement of educational standards. The changes in nuptiality and fertility can also be attributed to socioeconomic conditions such as economic recession and housing affordability, as well as normative and institutional contexts like gender inequality, work-family balance, and parenting systems (Eun 2007; Suzuki 2008; Yoo and Sobotka 2018).

Previous studies aptly pointed out problems suggesting solutions; however, they paid relatively little attention to the spatial dimensions of quantum changes in parity – particularly in the second or higher-order birth. As will be discussed, for instance, the comparatively low proportion of third or higher-order birth in South Korea causes its ongoing ultra-low fertility to some extent. Further, the parity-specific birth trajectory has a marked contiguity effect.

This study attempts to identify the determinants that influence each birth ranking by using the parity-specific birth data released by the Korean National Statistical Office. It also tries to examine the spatial effect of birth by employing a spatial panel regression model. A recent study dealing with birth in a spatial aspect argues that South Korea's birth tendency reveals spatial interdependence (Jung et al. 2019). We infer that such findings imply the following: one local authority's population-related policy can positively or negatively affect childbirths in its adjacent regions, thereby suggesting a mutually cooperative relationship across local authorities for implementing an effective policy.

As for the organization of this study, we will first address the trajectory of high-order births in South Korea by checking whether there exist notable spatial effects that deserve empirical tests. We then explain our data and methodology and report the results of spatial regression analysis. We finally conclude with policy suggestions.

## Research Background

The tempo effect (Bongaarts and Feeney 1998), significantly associated with changes in childbearing age of high-order birth, can be a critical factor for determining overall fertility. South Korea has maintained a significantly lower fertility rate in high-order birth than other OECD member countries. As shown in Fig. 1, the proportion of third or higher-order birth from 2000 to 2015 had been only around 10% in South Korea, consistently far below other countries. In 2015, it was 9.7%, significantly behind the 16.6% of OECD average and the 24.3% of Belgium. It could be estimated that about 30,000 more babies would have been born in 2015 if South Korea reached the same level as the OECD average. If it was the Belgian level, roughly 60,000 extra births could be expected. However, instead of an increase, the proportion in 2019 was 8.5%, decreasing by 1.2 points compared with 2015. This trajectory further indicates that the central and local governments of South Korea have failed to provide adequate policies for increasing high-order births. As such, it is essential and worthwhile to conduct active research and

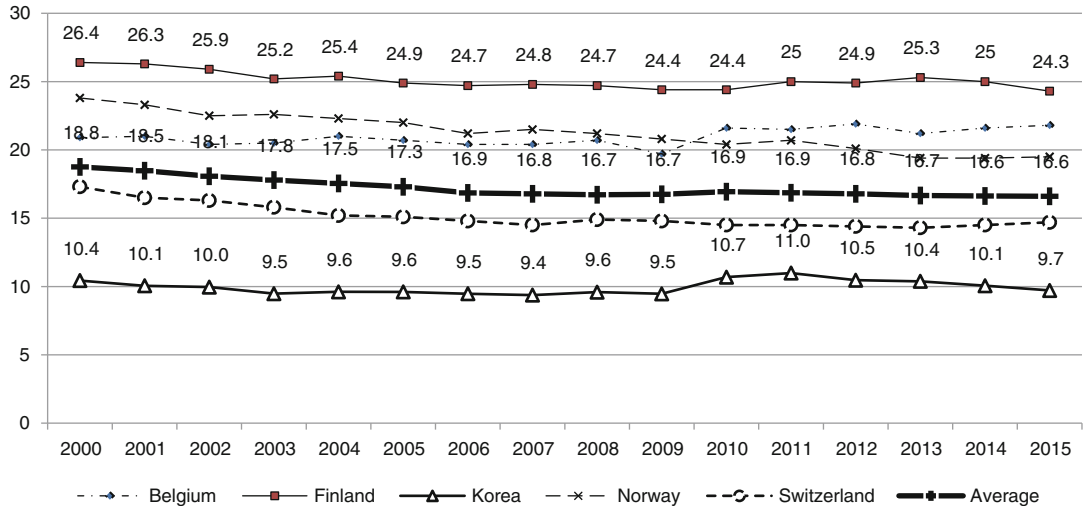


**Birth Trajectory and Population Policy in South Korea, Fig. 1** The proportion of third or higher-order births in OECD member countries

in-depth reflection on why South Koreans do not give birth to as many children as other OECD member countries.

As a result of socioeconomic development, the fertility decline below the replacement level is an unavoidable and universal phenomenon. Sociodemographic structure and economic environment could influence fertility. Becker (1992), who studied fertility from an economic perspective, viewed the decrease in childbirth as an inevitable phenomenon due to changes in the value of children. In other words, the qualitative rather than quantitative aspect in raising children becomes more and more emphasized (Becker and Tomes 1976). The emphasis on this qualitative aspect comes with an increase in education and child support costs, which eventually leads individuals to follow the trend of small-sized families. Meanwhile, van de Kaa (1987) and Lesthaeghe (2010, 2020) have theorized the Second Demographic Transition (SDT) to make sense of the global spread of sub-replacement fertility and aging. Their hypothesis of intercultural diffusion has already been confirmed throughout Europe, Latin America, and East Asia and is expected to accelerate in the future. These theories, however, do not generally consider the geographical aspect of fertility.

We adopt a new approach that takes a spatial effect into consideration to make a better account of the determinants of lowest-low fertility in South Korea. We also consider some recent studies that explored geographical dimensions to elaborate our research scheme (Jung et al. 2019; Kim and Kim 2020). To begin with, we test whether the spatial effect is present by calculating Moran's *I* and mapping out interregional clustering patterns.

Figure 2 shows the results of analyzing the regional autocorrelation regarding total crude birth rate (CBR) in 2016. This demonstrates that considering district-level births is necessary for examining fertility patterns: Moran's *I* value is 0.349, showing a positive correlation. The map further visualizes the locus of significant autocorrelation in the Seoul Capital Area (left upper region), Gangwon (right upper region), and Chungcheong-Honam (left middle region). This means that regions with solid autocorrelation are spatially clustered together. Moran's *I* values by order-specific CBR – the first, second, and third or above – are 0.385, 0.320, and 0.246, respectively; they all indicate a clumped pattern rather than a random one.

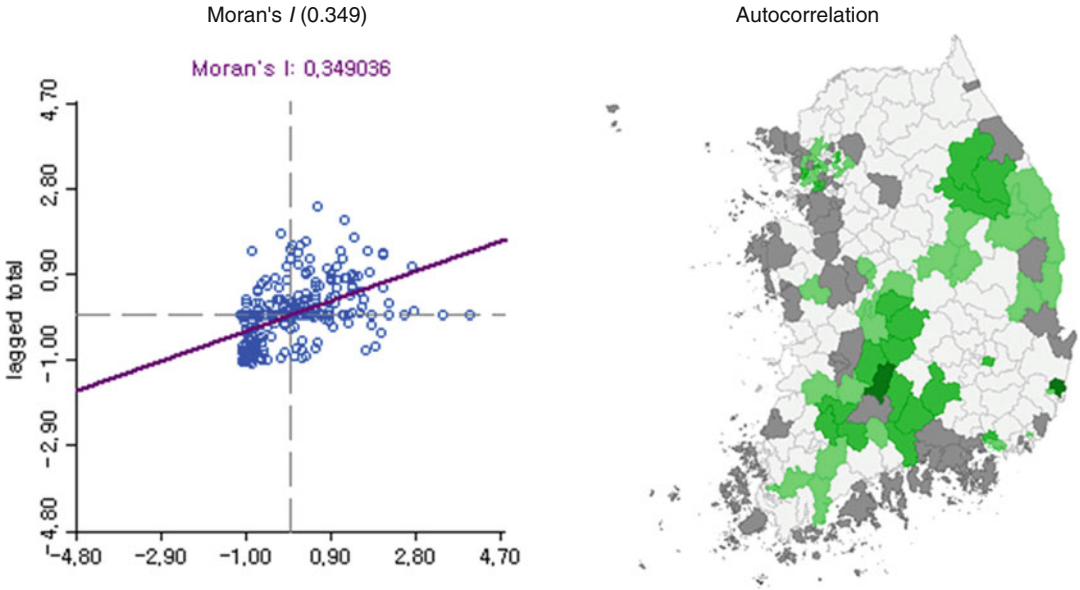


**Birth Trajectory and Population Policy in South Korea, Fig. 2** Spatial autocorrelation in total crude birth rate as of 2016

## Data and Method

In addition to spatial contiguity, we assume that some other demographic factors such as marriage, divorce, the female population of childbearing age, and female first marriage age also influence the composition and changes in parity-specific fertility. Hence, we include these four elements as independent variables as follows: the female population of childbearing age (15–49 years old), female first marriage age, number of marriages, and number of divorces. Our four dependent variables are total birth and three parity-related births categorized as first, second, and third or higher birth order. We construct spatiotemporal panel data with 3859 observations derived from 227 administrative districts in South Korea from 2000 to 2016. These data allow us not only to conduct a time-series analysis but also to identify spatial effects.

All the variables employed here are converted from the numbers into the rate of change to standardize our panel data. They refer to the percentage change from the previous year. The formula for calculating the rate of change is as follows.

$$\Delta v_t = \frac{v_t - v_{t-1}}{v_{t-1}} \times 100$$

Table 1 is the result of descriptive statistics. First of all, the mean of all four birth-related independent variables is negative, which denotes the fact that local district-level births, particularly the second birth, are on average decreasing in South Korea. It is also noteworthy that the standard deviation of annual changes is the highest at the variable of third or higher-order birth, which demonstrates a significant variance between regions and legitimizes the analysis using geographical information to reflect regional disparity. Meanwhile, the mean of two independent variables that increase fertility – female population of childbearing age and number of marriages – is negative. By contrast, the mean of two variables that would play an essential role in fertility reduction – female first marriage age and number of divorces – is positive.

As mentioned, our study strives to identify whether the effect of spatial contiguity on fertility changes is present. We, therefore, construct a

spatial weighting matrix using the district-level geographical information of South Korea. We then apply the queen method by assigning adjacency, in which the weight of each region is normalized to be 1. The spatial term ($\rho w$) in our regression model is derived by substituting the dependent variable into the spatial weighting matrix. The spatial weighting matrix ($w$) is as follows:

$$i \text{ region's } w = [w_1 w_2 \cdots w_{227}]$$

$$\text{Nomalization of } i \text{ region's } w, 1 = \sum_{j=1}^{227} w_{ij}$$

$$w = \begin{bmatrix} w_{11} & \cdots & w_{1j} \\ \vdots & \ddots & \vdots \\ w_{i1} & \cdots & w_{ij} \end{bmatrix}$$

Prior to the regression analysis, we also conducted two panel unit root tests to assure the robustness of our dataset. These tests prevent spuriousness and derive accurate results. Table 2 shows the results of testing each variable. There is no unit root in both the Levin-Lin-Chu (LLC) test assuming a long time series and the Harris-Tzavalis (HT) test assuming a large cross-section. We, therefore, conclude that our data are stationary and ready to conduct regression analysis.

## Results

Table 3 shows the results of regression analysis for total birth and first birth. According to the changes in both the Akaike and Bayesian Information Criterion (AIC, BIC), the spatial panel model significantly improves the goodness-of-fit compared with panel regression. This confirms the findings of Fig. 2 that our dependent

**Birth Trajectory and Population Policy in South Korea, Table 1** Descriptive statistics

| Variable | Obs. | Mean | Std. Dev. | Skewness | Kurtosis |
|---|---|---|---|---|---|
| Total birth | 3632 | −2.882 | 9.880 | 0.769 | 5.218 |
| First birth | 3632 | −2.067 | 12.609 | 1.046 | 7.104 |
| Second birth | 3632 | −3.163 | 12.305 | 0.748 | 5.599 |
| Third birth or higher | 3632 | −1.932 | 19.448 | 1.925 | 16.974 |
| Female population of childbearing age | 3632 | −1.396 | 2.999 | 1.730 | 11.271 |
| Female first marriage age | 3632 | 0.905 | 1.386 | 0.064 | 7.247 |
| Number of marriages | 3632 | −1.153 | 9.736 | 0.547 | 5.162 |
| Number of divorces | 3632 | 0.447 | 14.084 | 0.801 | 5.977 |

Note: All figures are the rate of change

**Birth Trajectory and Population Policy in South Korea, Table 2** Panel unit root tests

| Variable | LLC | HT |
|---|---|---|
| Total birth | $-38.780^{***}$ | $-0.041^{***}$ |
| First birth | $-36.602^{***}$ | $-0.157^{***}$ |
| Second birth | $-27.277^{***}$ | $-0.176^{***}$ |
| Third birth or higher | $-29.150^{***}$ | $-0.280^{***}$ |
| Female population of childbearing age | $-20.647^{***}$ | $0.576^{***}$ |
| Female first marriage age | $-29.854^{***}$ | $-0.482^{***}$ |
| Number of marriages | $-24.971^{***}$ | $-0.211^{***}$ |
| Number of divorces | $-29.237^{***}$ | $-0.305^{***}$ |

Note: $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

how =1?^!"number(contains(./comment(),'[spileg]'))"$^!"substring-after(string(./comment()),'[spileg]')", [?-}end]>Birth Trajectory and Population Policy in South Korea, Table 3 Results of panel regression on total birth and first birth

| | Total birth | | | | First birth | | | |
|---|---|---|---|---|---|---|---|---|
| | Panel | | Spatial-panel | | Panel | | Spatial-panel | |
| | Coefficients | Std. error | Coefficients | Std. error | Coefficients | Std. error | Coefficients | Std. error |
| $\rho w$ | | | 0.928*** | 0.019 | | | 0.892*** | 0.025 |
| Female population of childbearing age | 1.130*** | 0.078 | 1.343*** | 0.060 | 1.233*** | 0.103 | 1.449*** | 0.088 |
| Female first marriage age | 0.053 | 0.110 | 0.114 | 0.083 | −0.203 | 0.144 | −0.119 | 0.122 |
| Number of marriages | 0.281*** | 0.016 | 0.115*** | 0.013 | 0.325*** | 0.021 | 0.153*** | 0.019 |
| Number of divorces | −0.041*** | 0.011 | 0.006 | 0.008 | −0.032** | 0.014 | 0.018 | 0.012 |
| Constant | −1.010*** | 0.211 | 1.600*** | 0.168 | 0.227 | 0.277 | 1.995*** | 0.241 |
| R-squared | 0.176 | | 0.491 | | 0.130 | | 0.350 | |
| Obs. | 3632 | | 3632 | | 3632 | | 3632 | |
| F | 160.63*** | | 726.45*** | | 117.94*** | | 392.70*** | |
| AIC | 26,124.35 | | 24,115.38 | | 28,112.64 | | 26,930.82 | |
| BIC | 26,155.33 | | 24,152.56 | | 28,143.63 | | 26,968.00 | |

variables are spatially interdependent. In the spatial panel model, the effect of the spatial term ($\rho w$) is statistically significant for both dependent variables. Further, two independent variables of childbearing age and the number of marriages are statistically significant in total and first births, while the other two do not manifest any significant observations. Hence, the rising trend in women's first marriage age does not necessarily lead to significant fertility changes in South Korea, albeit it negatively affects the annual changes of first birth as shown in its coefficients (−0.119).

Table 4 renders the results of panel regression analysis with and without the spatial term for second birth and third birth or higher. The effects of spatial contiguity also play a role in both dependent variables. In the second birth, all variables except divorce have a significant effect. In addition, the female population of childbearing age and marriage are statistically significant in the annual change of third or higher-order birth.

In summary, according to the regression coefficients of spatial effect, the second birth (0.908) is the strongest, followed by the first birth (0.892) and the third birth or higher (0.828). Indeed, the average annual fertility decline is the highest in the second birth, as discussed in Table 1, and this trajectory is strongly associated with regional interdependence. Further, three variables – spatial effect, marriage, and the female population of childbearing age – are vital determinants of birth order-specific fertility in South Korea. Among them, the effects of the spatial term are higher than those of marriage in all regression models. The issue of contiguity is more severe than nuptiality, the situation of which leads to our conclusion on the importance of population policy at the local level.

## Discussion and Conclusion

Our study aims to track the birth trajectory in South Korea during this century with an emphasis on a comparatively less discussed issue – the geographical impact on fertility. Based on our analysis of district-level panel data from 2000 to 2016, we argue that the changes in order-specific fertility of South Korea are spatially contiguous,

**Birth Trajectory and Population Policy in South Korea, Table 4** Results of panel regression on second birth and third birth or higher

| | Second birth | | | | Third birth or higher | | | |
|---|---|---|---|---|---|---|---|---|
| | Panel | | Spatial-panel | | Panel | | Spatial-panel | |
| | Coefficients | Std. error | Coefficients | Std. error | Coefficients | Std. error | Coefficients | Std. error |
| $\rho w$ | | | $0.908^{***}$ | 0.027 | | | $0.828^{***}$ | 0.036 |
| Female population of childbearing age | $1.190^{***}$ | 0.103 | $1.343^{***}$ | 0.090 | $0.633^{***}$ | 0.167 | $0.909^{***}$ | 0.156 |
| Female first marriage age | $0.297^{*}$ | 0.144 | $0.323^{*}$ | 0.125 | 0.190 | 0.233 | 0.258 | 0.218 |
| Number of marriages | $0.199^{***}$ | 0.021 | $0.070^{***}$ | 0.019 | $0.345^{***}$ | 0.035 | $0.138^{***}$ | 0.034 |
| Number of divorces | $-0.043^{**}$ | 0.014 | −0.007 | 0.013 | $-0.123^{***}$ | 0.023 | −0.031 | 0.022 |
| Constant | $-1.522^{***}$ | 0.278 | $1.292^{***}$ | 0.256 | −0.767 | 0.449 | $0.979^{*}$ | 0.426 |
| R-squared | 0.082 | | 0.289 | | 0.048 | | 0.171 | |
| Obs. | 3632 | | 3632 | | 3632 | | 3632 | |
| F | $70.96^{***}$ | | $297.70^{***}$ | | $40.45^{***}$ | | $141.13^{***}$ | |
| AIC | 28,126.29 | | 27,100.59 | | 31,619.58 | | 31,105.42 | |
| BIC | 28,157.28 | | 27,137.77 | | 31,650.57 | | 31,142.60 | |

Note: $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

and this spatial effect is stronger than the regional variations in nuptiality.

Such results bear a vital policy implication: The pronatalist policy of local government needs to be cooperative to cope with the spatially clustered trend of ultra-low fertility systematically. So far, however, the pronatalist programs of local authorities have been implemented sporadically and inconsistently. The current situation is that there are certain administrative and fiscal limits to the capabilities of specific areas launching successful childbirth promotion policies. What makes the situation even worse is that each local authority presupposes the necessity of establishing policy countermeasures in competition with neighboring regions. In this respect, South Korea's ongoing lowest-low fertility can be attributed to a more considerable extent to the consequence of government failure.

We thus suggest that a cooperative pronatalist policy implemented horizontally among neighboring administrative districts can to some degree mitigate the issue of lowest-low fertility in South Korea. Further, the system of vertical cooperation between central and local authorities should be forged in a more effective way. Given that the problem of fertility reduction is the most salient in the second birth, and the proportion of third or higher birth order is far below other OECD member countries, the South Korean government needs to pay more attention to the second or higher-order birth trajectory and devise some innovative policy alternatives to break the status quo.

## References


Becker GS (1992) Fertility and the economy. J Popul Econ 5(3):185–201

Becker GS, Tomes N (1976) Child endowments and the quantity and quality of children. J Polit Econ 84(4): 143–162

Bongaarts J, Feeney G (1998) On the quantum and tempo of fertility. Popul Dev Rev 24(2):271–291

Eun KS (2007) Lowest-low fertility in the Republic of Korea: causes, consequences and policy responses. Asia-Pac Popul J 22(2):51–72

Jones G, Straughan PT, Chan A (2008) Ultra-low fertility in Pacific Asia: trends, causes, and policy issues. Routledge, London

Jung M, Ko W, Choi Y, Cho Y (2019) Spatial variations in fertility of South Korea: a geographically weighted regression approach. ISPRS Int J Geo Inf 8(6):262
Kim KW, Kim OS (2020) Super aging in South Korea unstoppable but mitigatable: a sub-national scale population projection for best policy planning. Spat Demogr 8(2):155–173
Lesthaeghe R (2010) The unfolding story of the second demographic transition. Popul Dev Rev 36(2):211–251
Lesthaeghe R (2020) The second demographic transition, 1986–2020: sub-replacement fertility and rising cohabitation: a global update. Genus 76(10):1–38
Suzuki T (2008) Korea's strong familism and lowest-low fertility. Int J Jpn Sociol 17(1):30–41
van de Kaa DJ (1987) Europe's second demographic transition. Population bulletin 42(1). Population Reference Bureau, Washington, DC
Yoo SH, Sobotka T (2018) Ultra-low fertility in South Korea: the role of the tempo effect. Demogr Res 38: 549–576

# Boards of Directors in Nonprofit Organizations

Stephen R. Block
Lone Tree, CO, USA

## Synonyms

Governance; Governing boards; Trustees

## Definition

Boards of Directors: Directors are individuals who govern an organization and responsible for establishing policy.

## Introduction

Boards of directors in nonprofit organizations consist of individuals who assume legal responsibility to govern and control the affairs of either tax-exempt or nonexempt nonprofit organizations. They operate as a collective for purposes of decision-making and conducting the affairs of their nonprofit during regular or special meetings. In other words, no single board member can make decisions for the organization unless the board has agreed to such delegation of authority during the course of a legitimately held board meeting and in concert with their own rules that are known as corporate bylaws (O'Connell 2003).

## Roles and Responsibilities

Nonprofit boards must make weighty decisions that impact programs designed for a constituency in need of certain services. In the USA, one of their most important decisions is to pursue tax-exempt status through the submission of an Internal Revenue Service (IRS) Application (Form 1024). In doing so, the board must decide whether the organization should be organized for one of the following reasons: charitable, educational, religious, scientific, literary, fostering national or international sports competition, preventing cruelty to children or animals, and testing for public safety (Block 1998).

Whichever purpose is selected, the following board responsibilities apply:

- Ensuring the establishment of an organizational mission
- Setting policies and adopting plans for the organization's operations
- Approving the budget, establishing fiscal policies and financial controls, and monitoring the financial position of the organization
- Providing adequate resources for the organization, establishing resource development goals, and demonstrating a commitment to fundraising through personal giving and soliciting others
- Developing organizational visibility through networking in the community
- Ensuring that the organization's corporate and governance documents are updated and secured and all reports are filed with regulatory agencies, as required
- Recruiting and selecting new board members and providing them with an orientation to the board's business
- Recruiting, hiring, evaluating, rewarding, or terminating, if necessary, the executive director of the organization

- Protecting and preserving the organization's nonprofit tax-exempt status.

The idea of a board of directors is a complex concept. For example, an interesting and sometimes confusing aspect of nonprofit boards of directors is how they are distinguished from the governing bodies of for-profit companies and governmental organizations. For-profit corporations that issue stock are referred to publicly traded companies that operate in the private sector. Members of the general public can purchase shares of stock in publicly traded companies to gain some percentage of ownership, allowing the stockholder to vote on issues presented during the corporation's annual or special meetings. Members of corporate boards are usually handpicked but approved by the stockholders. Frequently, members of corporate boards are compensated for their participation, and stockholders may also earn dividends from the company's profits. In contrast, the board of a nonprofit organization may not receive a distribution of the organization's profitable revenues and as a practice does not receive payment for their board service. Since nonprofit organizations do not issue stock, there are no owners in the traditional sense. In contrast, members of a nonprofit board engage in a self-perpetuating process of selecting board prospects and voting to add or replace board positions during regularly or specially held meetings. There is an exception for membership organizations, such as professional associations and unions in which the members are entitled to vote on a slate of board candidates.

Although nonprofit organizations engage in activities for the public good, the Internal Revenue Service determines whether a nonprofit will retain its tax-exempt status based on a formula that measures the level of support donated by the general public. Although reliant on the public, nonprofit organizations are private entities and not public corporations. As part of the review of an application for tax-exempt status, the IRS seeks evidence that a nonprofit board will adhere to a "nondistribution" constraint and "inurement" prohibition. Individuals in control of the organization may not directly or indirectly benefit from the distribution of organizational profits or assets. This restriction is an essential difference between a nonprofit organization and a for-profit corporation. Finally, upon dissolution of the tax-exempt organization, the IRS requires through a statement in the application for tax exemption that none of the assets of the company will inure to the benefit of board members, staff, or other individuals. Instead, the applicant organization's board must agree that upon its dissolution, its assets will be distributed to one or more tax-exempt entities or to a government agency. Public sector organizations have different types of governing bodies, and almost all are elected to their position by a publicly and politically supported voting process. They include city council, county commissioners, state and federal legislators, school boards, and others. The similarities with nonprofit boards are few but do exist. They all operate as a collective, vote on policy matters, and serve in the interest of a community.

The number of board members, the frequency of meetings, and the responsibilities of members and officers are outlined in a nonprofit organization's bylaws. Bylaws should be written to address the individual and specific governing responsibilities for a nonprofit organization. However, many nonprofits copy from other existing nonprofits or from books and do not give homage to the importance of this governing document. Boards should identify the organization's special niche and write its bylaws accordingly. If a board is unable to distinguish their nonprofit purpose from other nonprofit organizations, the board needs to decide whether there are unmet needs that would warrant an additional nonprofit in their community.

It is not uncommon to read books and journal articles that describe tension between board members and their paid staff, that is, executive directors (Golensky 1993). In most cases, conflict may exist due to ambiguity about leadership and management roles (Eadie 2008). The roots of conflict may also result from the nature of boards being a social construction that has roles and responsibilities, but not uniformly the same from organization to organization. Additionally, there are usually no extraordinary requirements to be

invited to serve on a board of directors. Consequently, most individuals who serve on boards learn their role by observation and not by being educated on how to function as an effective governing board member. The actual burden of being a board member is generally not acknowledged in the literature, and there are many expectations that are placed on board members that need to be met to prove they are effective and responsible leaders.

Part of the challenge for board members wanting to fulfill expectations to be considered effective is balancing board obligations with personal demands of work, family responsibilities, or other community activities. Board members do pay a personal price by spending time away from their family, work, and friends on top of giving money to support a wide range of mission-oriented programs, such as mental health, child welfare, developmental disabilities, refugee resettlement, homelessness, hunger, and aging. As a result of this type of kindness and generosity, governing boards of directors have become the bedrock on which nonprofit organizations have come to rely on. Also, the general public and government agencies such as the Internal Revenue Service rely on the board of directors to be accountable for the performance and fiscal health of the organization. While the board may delegate management authority to a paid executive director, the board can never be relieved of its legal and fiduciary responsibilities. Since tax-free revenues come from the general public as donations from individuals, foundations, and corporations or from government grants and contracts, the boards of directors are accountable to the taxpaying public through federal regulations and state corporate statutes. Governing board members are fiduciaries of the public interest and have a burden of responsibility to use and preserve the organization's assets for advancing the purpose of the organization.

In addition to adhering to a "nondistribution" constraint and "inurement" prohibition against aggrandizing one's own personal assets, board members have additional requirements to have their organization become tax exempt or to retain its tax exemption. They must ensure that their organization will not participate (for or against) anyone's campaign for public office. In the eventuality of the board deciding to close and liquidate the organization and its assets, the IRS wants assurances through a statement in the application for tax exemption that none of the assets will inure to the benefit of board members, staff, or other individuals. Instead, the board must agree that upon the organization's dissolution, its assets will be distributed to one or more tax-exempt entities or to a government agency.

## Board Composition

Many board problems are the result of how individuals are identified and recruited as board prospects and eventually elected to share in governing responsibilities. Some boards approach the recruitment process as a casual chore and resort to selecting friends, co-workers, or anyone expressing an interest in serving. Board composition should result from purposeful recruitment strategies. The task of filling vacancies on the board should be approached carefully, resulting in a board composition that is able to advance the organization's mission. There are two preparatory steps to actively recruiting the "right" person. The initial step is to recognize that organizations go through different stages of development, similar to the life cycles experienced by individuals. Various maturational stages lead to differing organizational issues and needs. Being able to assess which phase an organization is in can be useful for preparing the organization for change and determining the leadership qualities required of potential board members. Matching an organization's life cycle to the indispensable knowledge and skills needed of a board member could lead to more effective and purposeful organizational outcomes.

A second step is to conduct a thorough demographic inventory of the board to identify the board's weakest representational areas. Inventory results will show a compositional balance or imbalance in such variables as gender, age range, ethnicity, socioeconomic status, political party affiliation, educational level, professional or vocational interests, knowledge of consumer issues, and location

of primary residence. Information of this type can be valuable to organizations especially seeking to create a diverse board.

Composition of the board can contribute to the level of ease or difficulty with which an organization is governed and managed. A board composed of individuals with similar socioeconomic backgrounds or other familiar traits may reach consensus more often, but homogenous groups are less likely to formulate challenging ideas or seek out policy reforms. Diversity among the board members can create greater participatory challenges with differing values, mores and interpretation of community information, and beliefs. However, as a result of the various ways an issue can be examined by a diverse board, participation can enrich the quality of a board's work.

To be an effective decision-making body, it is important that time is devoted to briefing candidates to the issues and expectations of the board. They should be introduced to the organization's purpose, mission, vision, goals, and objectives. In addition, they should be informed about board duties, responsibilities, and any of the expectations that the organization has of its members. When this type of information is properly conveyed, it becomes easier for the candidate to judge whether she/he has a real interest in joining the board and can make an informed decision and commitment. There should be no surprises emerge after the candidate is elected on to a board member. For example, the prospect needs to know if there are expectations to raise money, donate money, serve on committees, use their personal contacts, or apply their vocational skills in lieu of hiring an expert. It is always advantageous for the board to screen candidates and determine if there is a good fit with the personalities of the existing board. During discussions with board prospects, their reactions can be observed and used as information to weed out individuals who are not likely to make a strong commitment to board service. Also, board prospects can appropriately self-select out of the recruitment process when they have an understanding of what is truly expected of them.

Board prospects should be given relevant information that will allow them to make intelligent and informed decisions about participation. An invitation to observe a board meeting and an introduction to board members are ways of sharing information. Another tool for information sharing is a board-prospecting packet which may contain some of all of the following documents:

- A history of the organization
- Board job descriptions
- A copy of the articles of incorporation
- A copy of the bylaws
- A copy of the organization's purpose/mission statement
- An organizational chart
- A description of program services
- A list of committees and duties of each
- A roster of the current board with work affiliations, addresses, and phone numbers
- Dates of future meetings and special events
- An annual report
- Organization brochures, newsletters, or related materials
- A copy of a recent auditor's financial report, annual budget, and financial statements

It may also be helpful to assign a veteran board member to assist the prospect in "learning the ropes." The availability of a support person may encourage the board prospect to join a concerned board of directors. The veteran could serve as a resource person during the recruitment phase and then as a mentor during the transition period following induction.

Composition is important, but there is no perfect formula for determining the appropriate size of an organization's board of directors. The size of the board must be tailored to suit the needs of the organization. The number of people serving on a board can be a factor that influences how board members comport themselves. Large boards are generally unwieldy because it is difficult to pay attention to so many people. Because the larger group will find it more difficult to become cohesive and familiar as a cohort, it may tend to be more formal in its board conduct and meetings. Organizations which are just starting out, or those in need of a boost in financial resources, may be better served by a larger board of 20–25

individuals. In this case, the larger the number of board members, the greater the chances of reaching out to potential donors.

Smaller boards mean fewer individuals to devote time and effort on supportive activities. However, smaller numbers also have certain advantages, such as:

1. Fewer obstacles for achieving group cohesion
2. Learning how to mesh effectively their collective wisdom, advice, and counsel
3. Reaching decisions without the need for parliamentary procedures

## The Role of Board Officers

The officers of the board of directors have a responsibility to set the tone for organizational leadership (Block 1998). The duties of the president or chairperson (Harrison and Murray 2012), vice president, treasurer, and secretary are described in the organization's bylaws:

1. President – In most nonprofit organizations, the title and position of president refer to the highest level volunteer who also serves as chairperson of the organization. In some nonprofit organizations, a corporate model of governance is followed; therefore, the title of "president" replaces the more commonly used title of "executive director." If the president is also the paid chief executive, the position usually allows for participation as a board member. In this instance, the role of chairperson is handled by the chief volunteer.

   Traditional models of board governance would have the volunteer president/chairperson be responsible for the activities of the board and for assigning board committee chairs, unless assignments are automatically spelled out in the bylaws. The chairperson is responsible for monitoring the work of the board and evaluating the board's performance. The chairperson calls and presides at special meetings of the board and sets the direction for organizational goal setting. This volunteer position requires a great deal of time commitment and responsibility.
2. Vice President – In the absence of the volunteer president, the vice president usually assumes the duties of president and the responsibility for chairing board meetings. Oftentimes, the role of vice president entails chairing a major committee of the board. In some organizations, the vice president automatically becomes president-elect, a succession plan that may not be effective in all organizations. The position of president should be earned by leadership performance, commitment to the mission, and proven governance abilities. Service as vice president does not assure that the individual would be a suitable president and board chair.
3. Secretary – The board secretary has the obligation to protect the organization's corporate documents, such as the bylaws, the articles of incorporation, board and committee minutes, and important correspondence.

   Many individuals try to avoid election to the office of secretary because of the myth that the board secretary must take the minutes of the board and executive committee meetings. The board secretary does not have to write the minutes, but he/she is responsible for ensuring that the minutes are taken and accurately reflect the business meetings of the board and executive committee. To accomplish this assignment, the board secretary may want to take the minutes or rotate the responsibility. In some organizations, a paid staff person takes the minutes. In this case, the secretary might review a draft before it is circulated to the full board. Upon becoming official records of the organization, the board minutes should be signed and dated by the board secretary. In organizations that rely on parliamentary rules and procedures for conducting board and committee meetings, the board secretary is required to become familiar with the meeting procedures and may have to make procedural rulings.
4. Treasurer – The treasurer should not be expected to do the bookkeeping and accounting for the organization. Instead, the treasurer

is responsible for making sure that the organization's finances are properly accounted for and excess revenues are wisely invested. If a finance committee exists, the treasurer often serves as its chairperson. On behalf of the board, the treasurer ensures that financial controls are in place and tested on a periodic basis. The treasurer also participates in the selection and recommendation of an auditing firm. The treasurer reports on the financial statements at board meetings, at executive committee meetings, and, if applicable, at annual meetings of the organization. While an accountant or banker is often recruited to serve as the treasurer, the position does not necessarily require a professional background in accounting or finance. The treasurer should understand finances and be able to articulate the financial issues of the board.

## Successful Governance

Despite a board's shared beliefs in the mission of their nonprofit organization, boards of directors can face challenges in their ability to achieve their strategic goals. The key obstacle is usually a lack of understanding of their governing roles and responsibilities and unfamiliar with three standards of conduct that can be found in most state statutes on incorporating nonprofits, as follows:

1. Duty of care – imposes an obligation that all board members discharge their duties with the care that an ordinarily prudent person would exercise under similar circumstances. This includes being diligent, attending meetings, and becoming acquainted with issues before reaching a decision.
2. Duty of loyalty – requires that each board member acts primarily in the best interest of the organization and not in their own personal best interest or in the interest of individuals at the expense of the organization.
3. Duty of obedience – imposes an obligation that board members will act lawfully and in accordance with the organization's mission.

Acting prudently, lawfully, and in the best interests of the organization can, in part, be achieved with the following best practices:

1. Becoming an active board member. Board members who are familiar with the organization's mission and purpose are generally able to make better decisions for the organization. Revisiting the mission annually also serves as a reminder that the board's decision-making uses the mission statement as a guidepost.
2. Attending all meetings. It is unrealistic to believe that a board member will never be absent from a meeting. However, being absent will not excuse a board member from the decisions reached by those in attendance. In fact, absence from meetings increases potential risk because the board is making decisions without the benefit of views from all of its members.
3. Insisting on having sound financial management tools and control systems. Board members need to learn how to read and use financial statements and audit reports for understanding and monitoring the organization's fiscal health. Board members also need to understand how their decisions have a financial impact on the organization.
4. Speaking up. Board members should not remain silent when they disagree with a decision item or an opinion expressed by others. Additionally, board members should ask questions when the organization's goals and objectives are not being met.
5. Identifying conflicts of interest. Board members need to reveal any real or perceived conflicts of interest and avoid participating in discussions and decision-making related to those conflicts. Faced with an actual conflict or the perception of one, the board member must inform the other directors during the course of a meeting. The minutes should identify the board member and his or her recusal to participate.

   A best practice is to have a conflict of interest policy in the bylaws, and annually board members and executive management staff should sign a form that would indicate

adherence to the policy and whether there exists a real or perceived conflict of interest.

6. Staffing. In addition to having personnel policy guidelines for the executive director, the board must be certain that all personnel policies are adequate and updated to reflect all applicable mandates of law. In practice, the responsibility to ensure the adequacy of the personnel policies would be the organization's director of human resources, who along with the executive director would present updated policies to the board for their review and adoption.

Some nonprofits also entertain additional groups of leaders and may refer to them as a board, an advisory board or an honorary board of directors. However, unlike governing boards they do not shoulder the legal burden of a governing board. An advisory board exists to assist the governing board or the executive director in examining issues and recommendations. However, recommendations that result from the work of an advisory board do not have to be accepted or followed by the executive director or governing board.

Honorary boards are much different than governing or advisory boards. They usually are composed of individuals who are well known because of some measure of celebrity or prominence in the community. Honorary boards do not necessarily meet. In fact, some individuals agree to serve as honorary members because they do not have the time or inclination to attend meetings. Individuals serving in this honorary capacity lend credibility to an organization by allowing the use of their recognizable names in brochures and on letterhead. Sometimes, members of honorary boards and advisory boards are enlisted to assist in organizational fundraising activities. The visibility and credibility of the honorary member or advisory member send a signal to the community that the organization is worthy of the public's financial support.

## Board Models

Over the last three decades, nonprofit board scholars have been studying methods and practices that can lead to more effective governing boards. These efforts have led to the application of theories to explain board performance to prescriptive writings that inform on how to manage and govern (Miller-Millesen 2003; Brown 2005). For most executive directors and board members, the existence of board models remains unknown. Knowledge and the application of board models require reading peer-reviewed journal articles, books on boards, or attending courses taught by consultants or more formal higher education degree or certificate programs in colleges and universities (Tsui et al. 2004).

Board models provide a framework albeit theoretical that can be used to plan, problem-solve, and conduct everyday affairs for management and the board. Some models stress the involvement of client representation, focus on innovation, fluid structural changes, or incorporating nonboard members in governing decisions (Bradshaw et al. 2007).

Miller-Millesen (2003) used three theories of organization – agency theory, resource dependence theory, and institutional theory – to examine board roles and responsibilities, recognizing that each theory has a different focal point for explaining board behavior. Also, Brown (2005) used survey research to investigate the relationship between six dimensions of board performance with three organizational theories (agency theory, resource dependency theory, and group/decision process theory) to help determine how board governance activities influence organizational performance. His research recognized the importance of building a team mindset with a focus on interpersonal connections.

Four board models have received more attention than most because they represent a clear division of scholarly thought within the nonprofit board literature (Houle 1989; Carver 1997; Herman and Heimovics 1991; Block 1998, 2015).

Houle was one of the early writers on the subject of nonprofit boards, and his work has become a classic that is often referred to as a "traditional model." He appreciates the executive director/board chairperson relationship but

considers the board chair to be the most important figure in the organization. A major attribute of the traditional board model is Houle's belief in a hierarchical arrangement with the board in a dominant position, and the executive director is in a subordinate position. Houle's seminal ideas about hierarchy and control have shaped generations of scholars' and consultants' beliefs about the chain of command in nonprofit organizations.

John Carver's (1997) Policy Governance Model agrees with Houle on the board being in charge. Carver's model is popular and easy to understand and has filled a need for board members who were confused about the board's roles and responsibilities and how to implement them. He defines the board's role as creating all policies and not taking any policy suggestions from organizational staff and management. The board sets the organizational goals and objectives (the "ends"), and the executive director determines how the ends will be achieved (the "means"). Carver's approach gives the executive director latitude to determine how the ends will be met, providing that the board has not issued a policy limiting how the executive director can do his or her job to accomplish the ends. In Carver's model, restrictions on the executive director come in the form of executive limitation policies. As in the Houle model, the board leads the organization, speaks with one voice, and delegates operational matters to the executive director. The executive director is evaluated on the basis of complying with the board's policies and achieving its ends.

Prescriptive directions can be quite helpful to board members who have uncertainties about what is expected of them. However, over the years too much structure and direction have led to an expectation overload and a burden for volunteers who are unable to meet all of the traditionally expected demands of their board role – that they must fulfill to be considered responsible and effective. For traditionalists, an inability of a board member to adhere to all of the board expectations is symbolic of a lack of commitment, a lack of leadership, and an imprudent way of conducting board business. It is the acceptance of this platform of ideas that led to the critical remarks of executive directors (and some board members) about a board member's questionable allegiance as exemplified by absenteeism, fundraising phobia, or other unmet expectations.

Board models that are non-traditionalist oriented suggest that there are flaws in the structural design of the traditional and policy governance models. The specific concern is the attribution of governance effectiveness being a derivative of the leadership hierarchy with the board in the dominant position. One of the earlier departures from the notion of dominance over the executive director was a model known as "conjoint directorship" (Leduc and Block 1985). It challenged the central ideas of hierarchical models of board governance. The authors called for a team approach with both governance and management roles being assigned to the most appropriate board member or manager. Through their research, Herman and Heimovics (1991) identified the executive director as central to advancing the work of the board. Their board-centered model is based on the executive director's focus to help the board achieve its objectives. As a result of their findings, the executive director's leadership role became a dominant theme in understanding the effectiveness of nonprofit boards and organizations.

The emphasis on the executive director being fully responsible for the success of the board is rejected by the traditionalists and adherents of the policy governance models but is the central theme in the executive director-concerted leadership model that has evolved into the relationship model that places emphases on understanding motivational theories and its use in encouraging and supporting board interaction.

## Boards in NGOs

Most developed countries throughout the world have tax policies that allow for nongovernmental organizations (NGOs). The term NGO is to represent that the organization is a nonprofit

organization that is independent of government. While NGOs may not be an administrative arm of government, in some countries they are dependent on government for funding or to be sanctioned as a legitimate entity that is allowed to operate in their locality. As in the USA., issues of organizational accountability are a common concern among NGOs (Lewis 2014). An essential ingredient to achieve effective outcomes is the important role of boards of directors (Jaskyte 2015). In the case of NGOs, Rajesh Tandon (2014) describes a number of board of director issues which are similar to those described in the board literature published in the USA.

## Conclusion

The roles and responsibilities of a governing board of directors in nonprofit organizations are often overlooked or misunderstood. Given the legal responsibilities that board members assume, it is essential that the board has a working knowledge of its bylaws and a keen understanding of their duties of care, loyalty, and obedience. To be an effective board member in the USA or in other countries, each board member must fully participate through attendance, reading documents, examining financial statements, and not voting on any matter or recommendation unless he or she understands the issues and implications of a final decision.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Founder's Syndrome in Nonprofit Organizations
- ▶ Governing and Managing International and Global Nonprofit Organizations
- ▶ Nonprofit Leadership
- ▶ Stakeholder Perspective in Nonprofit Organizations
- ▶ Volunteers and Volunteer Management


## References


Block SR (1998) Perfect nonprofit boards: myths, paradigms & paradoxes. Simon & Schuster, Needham Heights

Block SR (2015) Social work and boards of directors. Lyceum, Chicago

Bradshaw P, Hayday B, Armstrong R (2007) Nonprofit governance models: problems and prospects. Innov J 12(3):2–22, article 5

Brown WA (2005) Exploring the association between board and organizational performance in nonprofit organizations. Nonprofit Manag Leadersh 15(3): 317–339

Carver J (1997) Boards that make a difference: a new design for leadership in nonprofit and public organizations. Jossey-Bass, San Francisco

Eadie D (2008) Extraordinary board leadership: the keys to high impact governing. Jones and Bartlett Publishers, Sudbury

Golensky M (1993) The board-executive relationship in nonprofit organizations: partnership or power struggle? Nonprofit Manag Leadersh 4(2):177–191

Harrison YD, Murray V (2012) Perspectives on the leadership of chairs of nonprofit organization boards of directors: a grounded theory mixed-method study. Nonprofit Manag Leadersh 22(4):411–437

Herman RD, Heimovics RD (1991) Executive leadership in nonprofit organizations: new strategies for shaping executive-board dynamics. Jossey-Bass, San Francisco

Houle CO (1989) Governing boards: their nature and nurture. Jossey-Bass, San Francisco

Jaskyte J (2015) Board of directors and innovation in nonprofit organizations model: preliminary evidence from nonprofit organizations in developing countries. Voluntas 26(5):1920–1943

Leduc R, Block SR (1985) Conjoint directorship: clarifying management roles between the board of directors and the executive director. Nonprofit Volunt Sect Q 14(4):67–76

Lewis D (2014) Non-governmental organizations, management and development, 3rd edn. Routledge, New York

Miller-Millesen JL (2003) Understanding the behavior of nonprofit boards of directors: a theory-based approach. Nonprofit Volunt Sect Q 32(4):521–547

O'Connell B (2003) The board members book: making a difference in voluntary organizations, 3rd edn. Foundation Center, New York

Tandon R (2014) Board games: governance and accountability in NGOs. In: Edwards M, Hulme D (eds) Non-Governmental organizations – performance & accountability: beyond the magic bullet. Earthscan, New York, pp 41–50

Tsui M, Cheung FCH, Gellis ZD (2004) In search of an optimal model for board executive relationships in voluntary human service organizations. Int Soc Work 47(2):169–186

# Boko Haram Insurgency and Defense Corruption

John Sunday Ojo[1], Kazeem Oyedele Lamidi[2], Ayotunde David Odewale[2], Bolanle Shiyanbade[3] and Godwin Ihemeje[4]
[1]Institute for Housing and Urban Development Studies, Erasmus University Rotterdam, Rotterdam, Netherlands
[2]Department of Local Government Studies, Obafemi Awolowo University, Ile-Ife, Nigeria
[3]Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria
[4]Department of History, Political Science, and Interdisciplinary Studies, Albany State University, Albany, GA, USA

## Synonyms

Bribery; Carnage; Crime; Extortion; Felony; Fraud; Graft; Homicide; Islamic fundamentalism; Jihadist Movement; Terrorism

## Definition

### Boko Haram

The word "Boko Haram" is derived from Hausa language, meaning that Western education is a sin or forbidden. It is a radical Islamic group, formally christened as "Jama'atu Ahlus-Sunnah Lidda Awati wal Jihad." Its formation could be traced back to Mohammed Yusuf in 2002 in Maiduguri, Borno State – north-eastern Nigeria. Yusuf imparted extreme Islamic philosophy in the group that incongruent to Western education in the region. Western education was branded as against Sharia law. Initially, Boko Haram benchmarked Nigeria as a country governed by unbelievers, it is against this backdrop that it propagates the idea of creating an Islamic state in which the mode of governance would be entrenched in Sharia law, which was considered as capable of liberating the citizens from corrupt government, social inequality, and deprivation. The group considered the existing governance structure as against the fundamental ethos of Islamic law. Boko Haram is one of the deadliest terrorist group in the world, it has spread from Nigeria to neighboring countries such as Cameroon, Niger, and Chad.

### Defense Corruption

Defense corruption entails misuse or illegitimate use of defense budget for personal gain. It means diversion of military procurement funds into private pockets by the political class, senior military officers, or public officials.

## Introduction

One fundamental assumption in the studies of security sector reform and civil-military relations is the believe that political class is dynamically obliged to perform oversight function over the military institution. Making the issue of security a central function of government in both emerging and developed democracies of the world. In Nigeria, this cardinal function of government seems to have been threatened owing to a whole lot of reasons, mainly among whom is the insurgency of *Boko Haram* in Northeastern Nigeria. In response to this terrorists' milieu, the Federal Government under President Jonathan's administration in 2011 set up a special military taskforce consisting the army, air force, navy, the Department of State Security Service, and the Nigerian Police force. The rationale behind the creation of the joint force was basically to allow resources to be pooled, prevent duplication, and allow the free-flow of information between the different parts of the security agencies. However, the federal nature of Nigerian state and its security forces undermined the objectives behind the creation of this joint taskforce, not only by disconnecting from the assignments but misappropriating the resources for carrying out the intelligent assignment.

One of the remarkable recommendations of the taskforce was to indorse the procurement of arms for combating the insurgents in the conflict-prone

environments. Amidst other counter-terrorism strategies, the poor state of Nigerian security forces has further encumbered the national fight against insurgency; however, at the peak of the insurgents' attacks, the Nigerian presidency fashioned out modalities for the procurement of sophisticated arms to combat the restiveness in the volatile states. On the contrary, the procurement of the arms was attendant upon the military corruption. Knowing fully well that Corruption in military procurement is a very serious problem (Willett 2009), particularly for developing economies that have experienced the greatest increase in military spending since the Cold War. Nigerian example is not far-fetched from this mishap. The current economic status is, however, not surprising due to the misappropriation of the allocated funds to security sensitive assignments. The modalities for procurement seem clear-cut in most political and administrative systems, Nigeria not an exception. The allocation of 2.1 billion dollars for arms procurement is succinctly for above-mentioned security challenge in the Northeastern Nigeria.

Although, the corrupt nature of Nigerian political and military leadership has been widely considered as the reason for prolonged terrorist radicalism, it has been argued that, defense procurement is susceptible to corruption for many reasons: first, governments are disposed to be less transparent in their defense procurement as a result of security purpose; Second, military procurement does not allow for competitive market and, therefore, creates opportunity for corruption. However, corruption in defense procurement has exhibited its potentials in exacerbating conflict. It was observed to have been embedded in the fabric of conflict, both in state militaries and non-state rebels. The common practice of military patronage through corruption divulges that commanders have an interest in continued conflict, offering some stakeholders the opportunity to enrich themselves and thus providing disincentives to ending conflict. While, its economic consequences of prolonged conflict can also be enormous.

DFID's 2006 policy paper "*Preventing Violent Conflict*" points out that the average cost of one conflict is nearly equivalent to the value of annual development aid worldwide (Dunne and Haines 2001). The outlined modalities for procurement become shortchanged for the negative purposes, specifically for Presidential Election in 2015, as later exposed in the arraignment of the former National Security Adviser (Rtd. Col. Sambo Dasuki). Often, this feat seems contributory to the protracted conflicts and inability of the insurgent groups to be deradicalized by the Military taskforce. It is thus important to examine the political corruption tendencies within the Nigerian State. This entry therefore contributes to this debate; it interrogates why Boko Haram could not be tamed despite the huge resources employed into security sector. The entry provides analysis on Dansukigate scandal and why defense institution is prone to corruption and its implication on national security concern. There are two main findings. First, the major subterfuge employed for diversion of arms procurement funds was channeled through alliance formation between the political elites, the serving, and retired top military officers. Second, the persistent Boko Haram revolt has been a concealed boulevard for diversion of state resources into private coffers; therefore, ensuing the reign of terror to be more tough, lengthened, and unconquerable due to secretive benefits associated with defense expenditure enjoyed by political and military cabals in Nigeria.

## Military and Nigerian State

Understanding the architectural, occupational, and operational formation of military institution in Africa, one must first be able to provide explanation of the internal working machineries entrenched in the system. The military enjoy a relative autonomy especially in terms of recruitment, promotion, procurement of military hardwares, and logisitics. However, the military institution needs to comply with the directive and authority of the state. This implies that the key appointment within the military are subjected to the approval of the state. In many occasions, the government in power appoints all the officers that constitutes the military leadership.

Therefore, absolute loyalty requires from the leadership of the military authority. In many occasions, the political leadership of the country often prefers the military officers who share similar ethnic origin with the President. This philosophy has been employed by various political regimes – both military and civilian in Africa. Importantly, it must be recognized that African militaries are unprofessionalized, personalized, and lack institutional structure that could aid national development. It is against this backdrop that Michael Bratton and Nicolas van de Walle conclude that "authority is entirely personalized, shaped by the ruler's preferences rather than any codified system of laws" (Bratton and Van de Walle 1997). In such personalistic system, the regime in power has the absolute control of the security architecture.

African military system has been characterized as an institution where there is predominance of personal interest rather that state interest. This has been the culture of military governance in Nigeria dated back to 1966 first military coup. The many faces of corruption in Nigeria cut across all sectors without any single institution left behind when explaining the complexity of the syndrome in the country. No one has done much groundbreaking work except Daniel Jordan Smith when it comes to understanding the comprehensive interface of corruption in Nigerian social and political cycles; the military institution has been a source of capital accumulation for state managers. According to Smith (2001), he suggests that institution such as military which primarily supposed to be a protector of the people has been considered as perpetrator of corruption and injustices. The Nigeria's 30 years' experience of military rule has signified looting and personalization of state resources by the different regimes.

The political crises and politics of corruption that encircled democratic regime prior independence provides a pretext for a military coup executed by a group of young military officers on 15th January 1966 that usurped power from democratic regime. This marked the beginning of military involvement in politics and dead end of Nigerian first republic. The editorial of the Daily Times Newspaper of January 16, 1966 argued thus:

> With the transfer of authority of the Federal Government to the Armed Forces, we reached a turning point in our national life. The old order has changed, yielding place to a new one. . . For a long time, instead of settling down to minister to people's needs, the politicians were busy performing series of seven day wonders as if the act of government was some circus show. . . still we groped along as citizens watched politicians scorn the base by which they did ascend. . . (Daily Times 1966).

The prevalence of corruption among the political office holders was a direct response of military takeover. The military coup d'état led to assassination of some political leaders in the Northern and Southern parts of the country. However, despite unjust killing by military men, there were general jubilations in the country. At the inception of inauguration of military governance, General Thomas Aguiyi Ironsi who became the first military President instituted several commissions of enquiry to probe the activities of democratic government and several other agencies managed by the past political regime. The agencies include Nigeria Ports Authority, the defunct Electricity Corporation of Nigeria, Nigeria Airways and Nigeria Railway Corporation which were employed by the past political regime to execute fraudulent contracts and perpetrate corruption. The report of investigations conducted into the activities of numerous agencies found that these government parastatals were used by the past political office holders to misappropriate public funds. Moreover, the report further revealed that there was total disregard to established rules and procedures in awarding contracts and widespread corruption in the public establishment. In July 1966, another military coup was staged against the Ironsi's government which led to installation of General Yakubu Gowon as a new head of state. The Gowon's era witnessed an era of oil-boom in the 1970s; the unprecedented oil wealth consequentially enmeshed the regime in mismanagement and looting of public funds. By 1974, the prevalence of corruption in Gowon's regime became a popular debate in country. Hence, in July 1975, the political regime of General Yakubu Gowon was toppled in a military coup carried out by General Murtala Mohammed. The 1975 coup was

defensible to end ground corruption in the public sector. This regime-initiated asset declaration ethic of all public officials, the new government in power instituted investigation into the spending of past political leaders. The report of Federal Investigation Panel of 1975 indicted 10 of 12 state military governors that worked with General Yakubu Gowon of corruption. Thus, instigated the dismissal of the guilty governors from the Nigerian military service; they were also forced to forfeit all the properties acquired from ill-gotten wealth to the government.

In tandem with the above, Belgore Commission of Inquiry was also instituted to probe the "Cement Armada." The report of the commission indicted the past regime of General Yakubu Gowon of inflating contracts for cement on behalf of Ministry of Defense. According to the report, the commission observed that the Ministry of Defense needed only 2.9 million tons of cement at a cost of N52 million as against the 16 million metric tons of cement, it ordered, at a cost of N557 million. The reports of similar commission of enquiry resulted in dismissal of a number of public officials while those who have looted public funds were instructed to refund the stolen public funds. Following several indictments of public officials who have involved in looting of public resources, General Murtala was assassinated after only 6 months in office. He was succeeded by General Olusegun Obasanjo who has primarily served as his Chief of Staff during his regime. Unlike General Murtala Muhammed, General Olusegun Obasanjo did not provide a political nomenclature to prosecute the corrupt public officials. However, General Olusegun Obasanjo championed transition of power from military to democratic regime in October 1979. This era marked the beginning of Second Republic under the democratic political leadership of President Shehu Shagari. The recurrent problem of corruption implicates the government of Shehu Shagari in which more than $16 billion oil revenues were stolen from the public purse between 1979 and 1983. It became obvious common, for mysteriously flames engulfed federal government building, most especially before the arrival of investigated audit committee; thus, becomes difficult to discover written document of the fraud perpetrated by the regime in power. The inability of the Shagari's government to look into corruption allegations against his cabinet ministers led to a coup championed by General Muhammadu Buhari in 31st December 1983. The coup was carried out to rescue the country from the corrupt political leaders as well as entrenching integrity, discipline, and dignity to public arena. In the course of setting the country on a corrupt-free track, the regime was toppled by General Ibrahim Babangida in a bloodless coup on 27th August 1985. Following this event, corruption became institutionalized during the regime. According to Maduagwu:

> Not only did the regime encourage corruption by pardoning corrupt officials convicted by his predecessors and returning their seized properties, the regime officially sanctioned corruption in the country and made it difficult to apply the only potent measures, long prison terms and seizure of ill-gotten wealth, for fighting corruption in Nigeria in the future. (Maduagwu quoted in Gboyega 1996: 5)

One of the fact findings, the 1994 Okigbo Panel Report on the Reorganization and Reform of the Central Bank of Nigeria (CBN), indicted the General Ibrahim Babangida, former Head of State, for conniving with the senior public servants in the CBN to mismanage public resources allocated for developmental projects. The report further exposed diversion of public resources through operations of secret accounts. As explained in the 1988 Okigbo's report, General Babangida officially approved the diversion of crude oil of 65,000 barrels per day (bpd) dedicated for the funding of special priority projects such as Shiroro Hydro-electric, Itakpe Iron Mining, including Ajaokuta Iron and Steel projects. It is believed that the account was also meant to be used for external debt buy-back and to build-up reserves. The quantity allocated was later increased to 105,000 barrels per day and later to 150,000 barrels per day. Moreover, a stabilization account meant to accommodate the oil proceeds of the Gulf War and a Special Account for Mining Rights and Signature Bonus were opened.

Overall, between 1988 to June 1994, $12.4 billion was allocated to these accounts. By 30th June 1994, the funds received in these accounts had been siphoned, leaving a balance of $206 million (Executive Summary of Okigbo Panel Report, 1994). In the context of misrule, Babangida political administration was brought to an end by transferring power to Interim National Government (ING) led by Chief Ernest Shonekan in 26th August 1993. The Shonekan's regime was toppled in a military coup championed by General Saani Abacha in November 1993. Under the regime of late General Sanni Abacha, corruption was rooted in the public sector. It has been argued that Abacha's plundered funds have exceeded that of some of notorious African political leaders, such as Mobutu Sese-Seko of Zaire (now Democratic Republic of Congo). It was estimated that Abacha's loot was about $4 billion. Following the demise of Sanni Abacha, General Abdulsalami Abubakar emerged as new military president, the regime pledged to transfer power to democratically elected leader, however, put little commitment in the fight against corruption. Therefore, the Abubakar's regime marked the end of third republic and military misrule in the country. From 1966 to 1999, Nigeria experienced six successful coups, two aborted attempts and three alleged plots that necessitates military trials and sanctions. No more than 117 personnel were assassinated in the various attempted, failed, and successful coups. Some of the coup leaders who employed their offices for personal enrichment provides a philosophical tenet that officers were only interested in siphoning public funds. Incontrovertibly, corruption became pervasive during the military regime, and despite the transition from autocracy to democracy which raised peoples' aspiration for good governance, corrupt practices continued to escort the vehicular movement of Nigerian democratically elected political regimes. This therefore challenge the efficacy of democratic theory as capable of safeguarding good governance in Africa, it can therefore be argued that some of the leaders that were presented for democratic occupation were still the same corrupt military leaders who have retired from service, therefore, recruiting and recycling the unapologetic military men into democratic space, and simultaneously, sowing, propagating, and conveying the seed of corruption into Nigerian democratic landscape.



## Corruption and Political Environment of DasukiGate Scandal

The existing evidence regarding the character of Nigerian state demonstrates that corruption serves two crucial primary purposes: to preserve power through electoral manipulation and political patronage. Power preservation mechanism include the allocation of government contracts and distribution of jobs to powerful individuals who have the capacity and strength to influence electorates and these strategies are employed to buy political support from the big men and political associates. The entrenchment of these social norms formed the basis of Nigerian political economy. Under President Goodluck Jonathan's regime, such credence formed the basis of relationship among the political machineries of the state. Importantly, in this type of political environment, the President must ensure that the key political appointments are allocated to his loyalists, ethnic cronies, and kinsmen so that the manipulation of state resources to maintain political power could be assured. To achieve this, the former President Goodluck Jonathan like other past Nigerian political leaders ethicized the key leadership position in the military, "the strategic posts of Chief of Army Staff (COAS) and National Security Advisor (NSA) were occupied by faces from areas which strongly support Jonathan. The appointment of Azubuike Ihejirika represents a major boost for the Igbo south-east and represents the region's first top command appointment since the Biafra war. Similarly, the National Security Advisor (NSA), late General Andrew Azazi is from Jonathan's home state of Bayelsa" (Kaplan 2018). It should be recalled that following the death of late General Andrew Azazi, Col. Sambo Dansuki was appointed to fill the vacuum. Therefore, the kinship and patronage politics continue to dominate the political atmosphere of every

political regime which in turn fueling the ember of corruption in Nigeria.

Notably, the political administration of Goodluck Jonathan was moribund with the challenge of terrorism led by Boko Haram jihadist group in the northern Nigeria. Essentially, there is a need to recognize the intensity of Boko Haram terrorist group, operating in major cities and villages in the northeastern region of the country. Several efforts were employed in curtailing the persistent activities of the insurgents. Therefore, this necessitates provision of adequate funds to purchase military hardware and logistics. This was championed by the office of National Security Adviser [NSA] to the President, Col. Sambo Dansuki [Rtd]. And, it should be acknowledged here that, the Presidential election was fast approaching in which the former President showcased intension to (re)contest for the second term. Here, it can be observed that two fundamental issues are at stake – the problem of terrorism and the conduct of Presidential election (Vanguard Newspaper, December 9, 2015). Therefore, $2.1 billion was allocated to the office of National Security Adviser [NSA], Col. Sambo Dansuki [Rtd] for the purchase of military hardware in order to combat the activities of Boko Haram in the northern part of the country. Apparently, the fund was meant to purchase arms and ammunitions for Nigerian soldiers battling the insurgency in the restive states in the Northeastern part of the country.

Following the defeat of former President Goodluck Jonathan in 2015 Presidential election, President Muhammadu Buhari who took the mantle of leadership began to interrogate the political condition accompanying with the military procurement funds and general defense expenditure. The issue emerged in November 2015 as the Presidential constituted committee saddled with the responsibility of auditing arms procurement since 2007 came out with its interim report, detailing mismanagement and large-scale fraud in the general activities of the military, accredited to the former National Security Adviser (NSA), Colonel Sambo Dansuki (Rtd), the report argues that out of 513 contracts awarded by the office of NSA, there was no evidence for the delivery of 53, estimated as $2.1 billion, including the purchase of 12 helicopters, Alpha Jets, as well as bombs and ammunition. The report described the procurement as superfluous as at the time the exercise was carried out. The report further established massive fraud and general irregularities in defense procurement, confirming that between September 2009 and May 2015, the air force expended approximately $75 million on maintenance of Mi-24 V/35P helicopters, C-130H aircraft, and Alpha Jets. It was established that about $22 million was allocated for contracts not executed. In their fact findings, the committee acknowledged a new form of corruption in the sector, involving diversion of funds allocated for the maintenance, renovation of barracks, and soldiers' allowance by the commanding officers. Moreover, there were allegations that some military and naval officers collaborated with the criminal syndicates in the Niger Delta in carrying out illegal bunkering, oil theft, and illegal oil refining operation.

The nature of governance instituted on the principle of reciprocity that exist between patrons and clients was observed in 2015 arms procurement scandal, often referred as DasukiGate, which interrogates the patronage politics at the expense of the larger population. The Dansukigate is one of the most comprehensive and pejorative allegations in defense sector. In furtherance of the findings, The EFCC began to investigate the pipeline through which the funds were distributed which was later discovered to be facilitated through the financial institutions where some of the looted funds were transferred to the accounts of political big men and allies across the differing ethnic groups within the country. The allotted funds were shared among the few political big men, allies, and associates with the aim of employing the funds to secure the support of political stakeholders within the People's Democratic Party [PDP] for the 2015 Presidential election so that political continuity could be guaranteed. This event led to the arrest of former National Security Adviser [NSA], Col. Sambo Dansuki [Rtd] by the Economic and Financial Crimes Commission. [EFCC]. He was grasped by the Economic and Financial Crimes Commission [EFCC] to answer some vital questions on

the $2.1 billion arms deal scandal, no one knew that the names of high-profile politicians and military generals were allegedly linked to this national embarrassment, who are in-turn enemies within the Nigerian state.

It became obvious that since the confession and trial of the former NSA started, several top-notch politicians who have been allegedly accused of being involved in the $2.1 billion arms deal scandal have been revealed. This is a strong indication that there is a political undertuning tendency in the procurement of arms and ammunitions in the fight against insurgency. An indictment was, however, placed on the then President Goodluck Jonathan by the Socio-Economic Rights and Accountability Project (SERAP) for diversion of arms funds. However, several political juggernauts within the Peoples' Democratic Party [PDP] who have been accomplices in the arms scandal were offered plea bargaining which is considered "as an agreement offer by a prosecutor which provides opportunity for the accused person to plead guilty, often employed as an incentive and requirement for lesser punishment amidst multiple charges leveled against the accused" (Ojo 2019, p. 11). The established legal provision can be found in Section 14(2) of EFCC Act. "The concept has been applied in many high-profile corruption cases where the accused persons are given opportunity to plead guilty after they have agreed to forfeit some of the assets acquired through fraudulent means especially the one possessed through diversion or embezzlement of state resources" (Ojo 2019, p. 12). It is quite absurd that a well-meaning security mission would just be diverted by some supposedly respected senior citizens of the country, without considering the consequential effects of the diversion of purpose. This cannot be inscribed with anything remarkable; rather it was a national embarrassment among the comity of nations. Several revelations have reported that these big men squirrelled the large sums of looted funds in major foreign banks and also used to buy properties in major cities across Europe, America, and Asia, while the killing of defenseless innocent citizens continued across the north-eastern part of Nigeria.

One fundamental issue observed across Africa is that "the big men have monopolized all the political offices, and the youths who they allow to occupy public office are their children and puppets who are being groomed to take over the legacies of the political big men, thereby entrenching a form of circulation of elites" (Nwogwugwu 2018, p. 113). The close political allies of the big men are appointed as senior special advisers, senior special assistants, special assistants, special advisers, and aides without meaningful portfolios. They are often used to facilitate the smuggling of the looted funds out of the country to various foreign banks. The rest of the recruited youth are assigned with dangerous responsibilities. They are usually recruited as political thugs, assassins, election riggers, or as an instrument of intimidation against political enemies and all sorts of occupations that will sustain political legitimacy and hegemonic tendency of the big men, thus, they perpetuate themselves in power and recycle their godsons who are not qualified through the existing predatory political master-plan. Hence, promoting culture of mediocrity and "a system of relations linking rulers not with the 'public' or even with the ruled (at least not directly), but with patrons, associates, clients, supporters, and rivals, who constitute the system" (Jackson and Rosberg 1982, p. 19). Table 1 below reveals the names of political office holders, allies, and military personnel involved in diversion of arms procurement funds under Goodluck Jonathan's regime.

## Defense Institution, Arms Procurement, and Corruption Vulnerability

There are three broad sources of corruption in defense sector as explained in Table 2, including defense institutions (ministries and the armed forces), defense officials (ministerial and military staff), political contexts, and controls. There are several ways through which corrupt conspiracies are executed in defense sector. The most common form is bribery, in which payment of bribes are solicited. The payment usually enacted in form of electronic transfers or cash, it should be

**Boko Haram Insurgency and Defense Corruption, Table 1** Names of political and military officers alleged of sharing arms procurement funds

| No | Names of the Looters | Position held | Amount |
|---|---|---|---|
| 1 | Col. Sambo Dasuki (rtd) | A former National Security Adviser (NSA) | $2.1 billion |
| 2 | Air Chief Marshal Alex Badeh (rtd) | Former Chief of Defense Staff | $930,500,690.00 |
| 3 | Attahiru Bafarawa | Former Sokoto State Governor | N4.6 billion |
| 4 | Diezani Alison-Madueke | Former Minister of Petroleum Resources | $115million |
| 5 | Bashir Yuguda | Former Minister of State for Finance | N1.275billion and N775million |
| 6 | Chief Raymond Dokpesi | Chairman emeritus of Daar communications Plc | N2.1billion |
| 7 | Alhaji Aminu Babakusa | Former General Executive Director at the Nigerian National Petroleum Corporation (NNPC) | N2.2billion |
| 8 | Waripamowei Dudafa | Former Special Assistant to President Goodluck Jonathan on Domestic Matters | N10billion |
| 9 | Femi Fani-Kayode | Director of Publicity of the President Goodluck Jonathan campaign, | N840million |
| 10 | Chief Olu Falae | | N100million |
| 11 | Rashidi Ladoja | | N100million |
| 12 | Prof. Rufai alkali | Coordinator of the Goodluck Support Group (GSG) | N320million |
| 13 | | | |
| 14 | Patrick Ziadeke Akpobolokemi | Former Director-General of the Nigeria Maritime Administration and Safety Agency (NIMASA) | N2.6 billion |
| 15 | Bala James Ngillari | Past governor of Adamawa State | N450 million |
| 16 | Mrs. Esther Nenadi Usma | Former Minister of State Finance and Director of Finance of the Goodluck Jonathan Campaign Organization | N2.5billion |
| 17 | Emeka Mba | Former Director-General of the Nigerian Broadcasting Commission (NBC) | N17 billion |
| 18 | Chief Olisa Metuh | Former National Publicity Secretary of the PDP | N1.4billion |

Source: Authors' Compilation

recognized, here, that it is unusual for defense contractors to make the payment directly to the public officials. Rather, these payments are made through third party – an agent or broker – so as to create gap between the contractors and the corrupt public officials. Thus, limiting the investigative capacity of local and international anticorruption institutions.

In an environment where defense procurement strategies are not based on clear objectives, misuse of security budget is inevitable, and as such, benefiting terrorist organization as well as facilitating general insecurity. Although, the secrecy and little oversight makes the sector a treacherous haven for corruption. It has been argued that defense procurement requires sensitivity and secrecy, as the research survey conducted by Omitoogun and Hutchful (2006) regarding defense procurement mechanisms employed in eight African states which include Kenya, Sierra Leone, Mali, Mozambique, Ethiopia, Ghana, Nigeria, and South Africa validates that there was no transparency, comprehensive analysis, and clarity in the military budgets with the exception of South Africa. As a result, this creates lacuna that is being employed by political profiteers to promote personal accumulation. For this reason, it becomes difficult for the general public to have a blatant information regarding the defense budget due to secrecy and confidentiality

**Boko Haram Insurgency and Defense Corruption, Table 2** Sources of corruption in defense establishment

| Defense officials (ministerial and military staff) | Defense institutions (ministries and armed forces) | Political context and control |
|---|---|---|
| Failure to observe agreed standards of business conduct.<br>Bribery of public officials to bend rules (e.g., avoiding army service; getting preferred postings; "typical" small scale bribery).<br>Money to pass security and other checkpoints | Profiteering from procurement (e.g., steering business to one's self and cronies; breaking rules of competitive bidding; taking kickbacks and bribes).<br>Profiteering from soldiers' payroll (e.g., extracting percentages from total cash; ghost soldiers; adding cronies on secret payrolls).<br>Income from state-owned assets (e.g., below-price sales of property portfolios; selling of surplus equipment; below price privatizations).<br>Self-serving use of budgets and resources (e.g., paying consulting fees to one's self and cronies; appropriating or leasing cars, apartments, equipment, and other goods for personal gain).<br>Receiving benefits from private defense companies<br>Misuse of reward, promotion, and disciplinary processes (e.g., nepotism, clientelism and favoritism; extorting favors from subordinates; sabotaging personnel/other reforms for own advantage). | Non-agreed defense policy.<br>Under-estimated or off-budget defense spending.<br>Dishonest leadership and secret power networks.<br>Involvement in elections and politics and misuse of power to influence legislation and parliamentary investigations.<br>Corrupt judicial processes.<br>Organized crime links.<br>Control of intelligence and misuse of related powers.<br>State capture and the de facto, illicit takeover of defense |

Source: Extracted from Transparency International (2007)

associated with arms procurement. Thus, the political class hides under this clandestine requirement to perpetrate corruption by employing state resources which are distributed among the patrons, big men, clients, loyalists, and political allies to influence, mobilize, and buy the votes of the electorates in order to maintain political control at the national and subnational levels.

Allegation of corruption in defense sector is not surprising. It has been observed that inadequate competition in defense procurement provides a fertile ground for informal contracts, rent-seeking, and corruption; consequently, burdening the nation's economy. Two perspectives that should be considered in understanding defense corruption is the complexity and secretive nature of military procurement as well as bureaucratic sophistication which accommodates corruption tendencies within the security sector. For instance, "it will be recalled that the arms procurement audit revealed that Mr. Dasuki, and the other defense chiefs, purchased unserviceable and cheaper military equipment when they had budgeted for newer military hardware. They then diverted the leftover funds to their personal accounts" (Sahara Reporter January 17, 2016). Many of the contracts carried out in this sector were characterized with breach of extant procurement regulation and lack of due process. The implication of this clandestine makeup in defense contract that prohibiting freedom of information legislation and effective monitoring creates an environment for corruption in the military. The monopolistic market environment also raises a mammoth challenge for arms procurement within the security sector.

The problem associated with single-source procurement contracts moribund the fundamental principles of transparency, value for money, and accommodates vulnerable landscape for

corruption risk. In most countries, the existing public procurement law proscribes single-source contract with an exclusion of emergency period such as in time of war or an urgent period to deal with security challenge like terrorism, conflict, or secessionist movement. In this time, there is possibility to bypass procedural condition as it has to do with emergency that may jeopardize national security. The manifestation of this type of corruption marked the political regime of President Goodluck Jonathan in Nigeria. Uganda also serves as another typical example. Following the 1986 efforts geared towards acquiring military hardware through third parties, a number of agreements were entered into for the procurement of aircraft, guns, and military uniforms. These deals were tainted with bribe, kick-back, excessive payment, and sort of corruption profited by the top military officers, business associates, middlemen, and government officials. It was observed that whenever there is a need to combat insurgency or during war time, the top military officers often profited financially from the operation. Senior military commanders in the country have had a history of corruption, the case of Major-General Salim Saleh who was alleged of awarded $400,000 to his own company while other military officers also pursed their selfish profiteering operation much more than combating the warfare. The datasets on defense expenditures published by Stockholm International Peace Research Institute (SIPRI) also reveals how the principle of transparency and accountability in military spending becomes poor, unreliable, and even implausible from international standard in Sub-Sahara Africa (Willett 2009). Unarguably, since Nigeria returned to democratic regime in 1999, the legislative arm has been assigned with basic oversight function over the issue of national security budget. However, Presidency rather than legislative assembly has been exclusively controlling the defense institution which facilitated its vulnerability to corruption. The national security has been an instrument for regime security rather than a veritable weapon to promote human security of the larger population. In this regard, "the ruling political elites replicated the instrumental approach of their colonial predecessors to state power and security forces continued to serve the interests of the ruling elites rather than the security requirement of the people" (Bendix and Stanley 2008, p. 12).

Corruption in defense sector becomes difficult to get rid of due to complexity and alliance formation embedded in the institution. At the National Assembly, legislators who are assigned with oversight function usually demand their share before the passage of defense budget. Defense budgets are often padded by the parliamentary committee once their share has been taken care of. Considerable interest therefore attaches to the question of whether the budget should be approved. Moreover, in a situation where the majority of legislative memberships are derived from the ruling party, it becomes difficult to default from the wishes of the Presidency due to absolute loyalty and allegiance placed on individual party member. In this context, the issue of parliamentary oversight becomes ineffective, meaningless, and ineffectual to establish accountable security governance. Consequently, establishing accountable, transparent, and inclusive defense institution becomes a difficult task especially in emerging democracies such as Nigeria where patronage politics impounds the basic foundation of democratic institution.

## The Nexus Between Corruption and Insecurity

When corruption abounds in defense sector, terrorism, human security, and organized crime thrive, resulting in ineffective security forces. Evidence from a fragile environment like Afghanistan revealed that the principal motivation for the recruitment of Taliban was the abuse of power by the government. Similar evidence from Nigeria also shows that corruption, bad governance, human right abuse, and institutional failure are responsible for the Boko Haram uprising in the country. An empirical study explained how political corruption can fuel political instability, political terror, violent demonstration, organized

crime, and access to small arms and light weapons which in turn triggers the level of criminality. By misallocating state resources, corruption deteriorates the capacity of the state to provide adequate security. This may directly incapacitate the security personnel to provide adequate security for the general population. For instance, if security personnel remain unpaid or their equipment is obsolete because procurement funds are embezzled, their capability and motivation to defend the state is likely to be degenerated. A typical case in Tunisia where light weapons are being smuggled and transferred through its borders to Afghanistan, facilitated by the government forces, established the effects of corruption on security of a nation. This is rightly observed by transparency international that

> Corruption within the defense and security sector degrades any nation's ability to provide security. It can mean soldiers operating with equipment that doesn't work, or with no equipment at all – such as in Ukraine, where it has been cheaper for a citizen to bribe his way out of military service than to buy the equipment that the Ministry of Defense fails to provide its soldiers with; or it can destroy morale – such as in Nigeria, where soldiers have deserted in unprecedented numbers as a result of the theft of the basic supplies and resources they need to fight; or in the worst cases, whole armies can fall apart – such as in Iraq, where a decade of effort and billions of pounds has delivered poorly coordinated institutions where accountability is so low that an estimated 50,000 ghost soldiers are on their payrolls. (Transparency International 2014)

In too many places, the connection between corruption and insecurity is gaining momentum. In Kenya, bribery also paved way for terrorist attack in Westgate mall. In Iraq, the ISIS disintegrates army as a result of corruption that embedded in Iraqi's military institution. Nigerian annual military budget is estimated between five and six billion dollars, despite the huge funds allocated to security institution, defense sector is plagued with diversion of arms procurement funds for personal use, constraining the soldiers to fight the terrorist group with RPGs which rendered them incompetence in the fight against terrorism. In the north east region of Nigeria, where Boko Haram operates, it has been proclaimed that soldiers budgeted allowances are shaved off by commanders and senior army officers, leaving less than 50% for the soldiers. The failure of the military to curtail the insurgency is attributed to corruption. There are other corruption cases surrounding security votes which bequeath political class to appropriate millions of dollars to personal coffers. Many of the contracts allocated for procuring military hardware are marred by lack of due process, breach of extant procurement regulations, and tainted corrupt practices.

The activities of Boko Haram continued to strive despite the complaints raised my Nigerian military that were ill-equipped, thus endangered the lives of Nigerian soldiers on the altar of corruption by diverting and sharing public resources among the political loyalists and military stakeholders. In this kind of environment, "lives are lost, people displaced, trade links cut, and organized crime groups or terrorists are given an opportunity to take root, exacerbating instability" (Government of the United Kingdom 2011).

Recently, some junior army officers were prosecuted at the martial court as a result of withdrawal from fighting Boko Haram extremists due to shortage of effective ammunition to combat the insurgency. Since the emergence of Boko Haram terrorist group and unceasing bombing, security experts are wondering why the activities of Boko Haram could not be tamed despite Nigerian army is known as one of the best in the world. There is a strong connection between corruption and insecurity. "When a country's institutions are weak, its security forces are not trusted and its borders are not strong, as is the case in Nigeria, giving terrorist organizations room to flourish" (Transparency International 2014). "Pay and equipment shortages have led to large-scale defections and the sale of goods and equipment to Boko Haram fighters" (Transparency International 2015).

There are evidences that Nigerian army allegedly collected bribe from Boko Haram to carry out major operation in the north east, and they have occasionally collided with the terrorists to

promote their lethal operation in the region. The elongation of insurgencies in the northern Nigeria is facilitated mainly to maintain direct private gain from the 20% allocated funds to fight terrorism in the national budget. The corruption lacuna embedded in the military institution therefore exploited by the Boko Haram Islamic group to perpetuate their daily killings. However, the frontline troops suffer the byproduct of corruption. They are under-equipped while many have been ambushed and killed in the battlefield due to superior weapons acquired by the terror group. The case of 66 combatant soldiers who fled during confrontation with the insurgent group established this fact. Also, there are cases of ghost security personnel who only exist on paper, the senior military officers employed ghost payment arrangement as a leeway to siphon public funds. Thus, the high level of corruption in Nigerian military institution provides an alternative approach for Boko Haram to bribe the military officers in order to carry out their major deadly operation in the northern Nigeria. Transparency international further elaborates how corruption has advanced the level of insecurity in the country, it argued that, "If you've got an ill-disciplined security sector that is abusing its own power, whether it's because its soldiers are not being paid or because there's just [a] sort of a culture of impunity, then, of course, you are driving people to join groups like Boko Haram, who offer a very simplistic alternative to what is considered to be a corrupt establishment" (quoted in Solomon 2017). The 2016 Government Anti-Corruption Index published by Transparency International indicates mammoth flaws and irregularities in the defense sector, placing Nigeria as the most vulnerable country when it comes to defense corruption (Transparency International 2016). It is in line with the above views that it was observed that:

> Thousands of needless Nigerian deaths would have been avoided if the money had been properly spent. (Telegraph 18 Nov 2015)

The case of Nigeria exemplified how corruption in defense sector promotes terrorism in the northern part of the country, resulting in utilization of obsolete weapons by the army and other security forces, making the fight against the violent extremism more difficult to win by the security forces. Thousands of villages, communities, and cities have been destroyed by the Boko Haram as a result of diversion and mismanagement of funds. It can now be argued that the effects of corruption on the general security of lives and properties are enormous; it impinges on the effective performance of the security forces and its institution. It is observed that the major reason why Boko Haram has not been defeated is centered on corruption instituted in the military. This takes many dimensions, including diversion of security funds by the top military and political office holders for personal use, bribery, and tactical elongation of Boko Haram revolt by the political and top military officers so that those in government will continue to allocate more funds for the curtailment of insurgency.

## Conclusion

There are damn consequences in patrimonial state where access to power is leverage on access to state resources. The persistent application of patronage system to sustain political leadership has been one of the devices used to garner political support in the country. The case of Dansukigate revealed how defense sector was employed by the political leadership of former President Goodluck Jonathan in diverting public resources allocated for the fight against Boko Haram jihadists. Jonathan's political regime became a prey to regional political patrons and big men who served as the key determinants in advancing and sustaining his second-term bid, and this systemic political operation explains the governance system in Africa. The support of political big men becomes necessary and, therefore, required negotiation and distribution of state resources as a precondition for (re)election under the aegis of People Democratic Party [PDP]. Over the last 10 years, corrupt elites have profited from

the conflict in the northeast and driven Nigeria to a crisis point. It is not that Nigeria has no military competence to subdue Boko Haram insurgency in the north east, corruption is exacerbating the level of insecurity, and it's considered as a big driver that prolong Boko Haram insurgency. "Reports from soldiers and officers on the field indicated that Boko Haram could be wiped out easily but for colluding military commanders who want the campaign prolonged for selfish commercial benefits" (Daily Post June 4, 2018), while Nigerians continued to wonder why the war persisted for so long, and how the rag-tag Boko Haram could occupy the northeast despite the fact that Nigeria's armed forces are known as one of the best in the world. In spite of the huge funds allocated annually to defense sector, the military is underequipped, the solders are not well trained, and they are underpaid due to corruption that ravaged the institution. Although, confidentiality is inevitable in national security, however, this does not absolutely guarantee noncompliance with the national and international democratic accountability operates in civilized societies. Several evidences revealed that the funds allocated for arms procurement during President Goodluck Jonathan's regime were shared among the political office holders and the senior military personnel in the country, thus, thwarting and subjugating the war against terrorism, and depicting the corrupt political and military officers as the enemies within the Nigerian state. From the context of public policy and budgetary administration, the military sector has similar features like other public sector in which the issue of accountability, transparency, and procedural compliance are considered sacrosanct, it is therefore essential to prioritize openness in budgetary matters and military spending, subjecting to the parliamentary approval, political and administrative authorities within the Nigerian public sector. The national defense policy needs to be thoroughly debated in the parliament, while the ministry of defense needs to inform the parliament on the periodic military spending in a comprehensive manner, detailing secret spending and overall defense spending. In tandem with the scrutinization by the parliament, the defense procurement activities should be in conformity with the public procurement policy which allows the defense committee, Auditor General of Federation, Accountant-General to carry out their responsibility with the help of external auditing verification in order to build public confidence in overall military expenditure in Nigeria.

## References


Bendix D, Stanley R (2008) Deconstructing local ownership of security sector reform: a review of the literature. African Security Studies 17(2):93–104

Bratton M, Van de Walle N (1997) Democratic experiments in Africa: regime transitions in comparative perspective. Cambridge university press, Cambridge

Daily Post (2018) Boko haram fight commercialized, sack military officers in charge – Fasheun Tell Buhari, 4 June 2018

Daily Times (1966) The editorial column, 16 January 1966

Dunne P, Haines R (2001) Defense procurement and regional economic development in South Africa: a case study of the Eastern Cape. Economics discussion paper, Middlesex University Business School. http://bobbins.mdx.ac.uk/SAoffsets/

Gboyega A (1996) Corruption and democratization in Nigeria. Agba Areo Publishers, Ibadan

Government of the United Kingdom (2011) Building stability overseas strategy (BSOS). London

Jackson RH, Rosberg CG (1982) Why Africa's weak states persist: the empirical and the juridical in statehood. World Polit 35(1):1–24

Kaplan S (2018) Democracy in Nigeria. Available from: https://fragilestates.org/2012/01/26/democracy-in-nigeria/ (Accessed on 12/02/2019)

Nwogwugwu N (2018) Youth and big men politics. In: Kalu K, Yacob-Haliso O, Falola T (eds) Africa's big men: predatory state-society relations in Africa. Routledge, New York, pp 136–155

Ojo JS (2019) Anti-corruption war and the ambivalence of legalism in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature, Cham

Omitoogun W, Hutchful E (eds) (2006) Budgeting for the military sector in Africa: the process and mechanisms of control. Oxford University Press, Oxford

Sahara Reporter (2016) How scandalous corruption in the Nigerian military led to the death of Air Force Pilot, others, 17 January 2016

Smith DJ (2001) Kinship and corruption in contemporary Nigeria. Ethnos 66(3):344–364

Solomon S (2017) Report: corruption in Nigerian military benefits Boko Haram, Voice of America, 19 May 2017

Telegraph (2015) Nigeria's former security chief accused of stealing $2bn from Boko Haram fight, 18 November 2015
Transparency International (2007) Addressing corruption and building integrity in defense establishments, Working Paper
Transparency International (2014) Nigeria: corruption and insecurity. https://www.transparency.org/news/feature/nigeria_corruption_and_isecurity
Transparency International (2015) Nigeria 2015 country summary. http://government.defenseindex.org/countries/nigeria/
Transparency International (2016) Defense corruption. http://ti-defense.org/defensecorruption/
Willett S (2009) Defense expenditures, arms procurement and corruption in sub-Saharan Africa. Rev Afr Polit Econ 36(121):335–351

# Border Governance and Shoot-to-Kill Policy

Saleh Shahriar
Department of History and Philosophy, School of Humanities and Social Sciences, North South University, Dhaka, Bangladesh

## Synonyms

Border deaths; Border killings; Border management; Border violence

## Definition

Border governance is a multifaceted concept. There is no clear-cut unanimity as to its meaning. Border governance facilitates social and economic development and contributes to an environment where human rights are respected. The issue of accountability is the central dimension in cross-border governance. Promotion and respect for human rights is crucial for border governance. A shoot-to-kill policy is a border reinforcement strategy. It is a systematic shooting practices employed by border guards against unauthorized border crossers as an official state policy. The shoot-to-kill strategy is an impediment to border governance.

## Introduction

The existence of borders and borderlands is a global reality. The rise of governance in border studies has become an opportunity to increase efficiency, generate better institutional arrangements, and reduce the gap between theory and practice (Wong Villanueva et al. 2021). Borders are an integral part of the modern nation-states. They facilitate interstate cooperation, bilateral trade, and regional tranquility. International borders are one of the central institutions defining states and organizing international politics. There are more types of border today than ever before in history (Nail 2016). In turn, border crossings and deaths have become a global phenomenon. The violation of human rights at the border is a matter of global concern. Individual borders have their own specific histories, and the policies designed to defend them are shaped by local as well as global factors (Weber and Pickering 2011). Therefore, border management is a highly complex system (Ulusoy et al. 2019).

The *Deaths at the Borders Database* is the first longitudinal and geographically comprehensive collection of official evidence about deceased irregular border crossers in EU Member States. The database found that more than 3000 people died while they were trying to cross the borders of Europe between 1990 and 2013 (Last et al. 2017). More than 1000 deaths are also documented along the US-Mexico border and deaths from hyperthermia, hypothermia, and dehydration increased sharply from 1993 to 1997 as intensified border enforcement redirected undocumented migration flows from urban crossing points to more remote crossing areas where the migrants are exposed to a greater risk of death (Eschbach et al. 1999).

In South Asia, most of the borders were demarcated by the then British colonial government to overcome their security anxieties and governance crises. These borders are the results of war,

conflicts, violence, and victories while sometimes they were drawn as an outcome of diplomatic efforts and politico-administrative conveniences. Bangladesh and India share 4,096 km of land borders. Since the beginnings of 2000s, India adopted a shoot-to-kill policy on the borderland of Bangladesh. However, there is a dearth of knowledge on India's shoot-to-kill policy employed on the border of Bangladesh. Indeed, states that have poor human rights records might feel less restrained in killing unauthorized border crossers (Oztig 2018). Against this backdrop, the current chapter aims to explore the dynamics of border governance in relations to the shoot-to-kill policy of India. It argues that India's shoot-to-kill policy is antithetical to cross-border governance. Note that India has assured Bangladesh of using non-lethal of weapon at the border to bring down border killing zero.

## Border Studies: Conceptual and Theoretical Perspectives

A border is conceptualized as a set of institutions, contextual power dynamics, social discourses, everyday practices, population movements, and cross-border trade flows (Shahriar 2020). Currently, there is an absence of a single explanatory model or theoretical framework to study the cutting-edge issues of borderlands. Therefore, theorizing borders and the dynamics of bordering, ordering, and re-bordering have become key components of understanding contemporary social and political change (Kolossov 2012; Paasi 2020; Rumford 2006). The modern concept of borders and boundaries emerged with the Westphalia Treaty of 1648 which marked the beginning of the era of the nation-state. Several words, namely "frontier," "boundary," "border," and "borderland" are technically different although often used interchangeably (Banerjee 2010; Bhardwaj 2016). From the very beginning of the nation-state, border has been the main priority for governments, and this has also been reflected in the security policy research. Since the end of the Cold War, the numbers of borderlands have increased and consequently, there is an urgent need for border studies (Paasi 2012).

The study of borderlands has become interdisciplinary and border studies have also become global over the past few decades. In fact, the study of borders has undergone a renaissance during the past decades (Newman 2006, 2011). There are a number of paradigms to study borders and borderlands. The paradigms include territoriality, borders in globalization, bordering practice, and borderscapes. Border studies is a relatively young field where paradigm competition is present and alive. Border studies are at a crossroad of moving away from the territorial notion of space developed by the Westphalian system, but without an agreement or a solid paradigm to understand the emerging specialization of borders (Ferdoush 2018, 2020; Peña 2021). Agnew (2019) observes a contemporary political crisis about borders due to the problems of current demographic changes, mass migration flows, and global climate changes. Newman (2003) argues that power relations are of great importance to understand the dynamics of borders and bordering. Another border scholar argues that four key variables – market forces, multiple and integrated government action, culture, and popular control – must be considered to understand borders (Brunet-Jailly 2004, 2005). The construction of physical barriers along borders, such as walls and fences, is a matter of debate in international relations. Walls have been a hot topic, especially since the former US President Donald Trump promised to build a wall along the US-Mexico border – and to make Mexico pay for it. His agenda to build a "big" and "beautiful" border wall raised alarms for anyone concerned with social justice and environmental well-being throughout the Mexico-US borderlands (Aras 2020; Meierotto 2020; Ochoa Espejo 2020; Wright 2019). In this era of globalization, an emerging trend at borders globally, and in Asia specifically, is the militarization of border spaces. The militarization of borders has meant surveillance technologies, drones, and high-tech sensors, as well as military weapons including tanks, armored personnel carriers, and battle weapons are increasingly used to monitor the civilian

movements in borders. As a result, borders have become increasingly militarized, hardened, securitized, and violent (Jones 2018).

## Border Governance and Shoot-to-Kill Policies

### Policy Analysis

The notions of "governance" and "good governance" are issues of huge debate. These concepts provide opportunities as well as constraints or challenges in the literature (Farazmand 2017). Border governance "involves various institutions, technologies, laws and practices to secure and control the state's borders with the primary goal of suppressing clandestine migration and 'illegal' border crossings" (Mengiste 2021, p. 7). The dataset made by Oztig et al. (2020), has several border security strategies of 58 countries. Of them, in 38 cases, states reinforced their borders through wall/barrier building, militarization, joint patrolling, etc. In the remaining 20 cases, states adopted shoot-to-kill policies.

Cross-border governance takes many different, more or less structured forms including cooperation protocols, conventions, agreements, meetings, and memorandum of understandings. The violation of human rights is a major concern at the Bangladesh-India borderlands. The shoot-to-kill policy is a tool for human rights violations. Bangladesh-India border is, therefore, recognized as a "killer border" (Schendel 2005) as well as the "deadliest" border in the world (Percot 2020). Table 1 shows that a total of 1238 Bangladeshi citizens were killed at the Bangladesh-India border during 2000 to March, 2021. It is argued that a section of India's Border Security Force (BSF) is

**Border Governance and Shoot-to-Kill Policy, Table 1** Human rights violation by Indian Border Security Force (BSF) against Bangladeshi Citizens: 2000–2021

| Years (s) | Killed | Injured | Abducted | Missing | Rape | Snatching/ Looting | Push in | Other | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| 2021 (till March) | 2 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 6 |
| 2020 | 51 | 27 | 7 | 0 | 0 | 0 | 0 | 0 | 85 |
| 2019 | 41 | 40 | 34 | 0 | 0 | 0 | 0 | 0 | 115 |
| 2018 | 11 | 24 | 16 | 0 | 0 | 0 | 0 | 0 | 51 |
| 2017 | 25 | 39 | 28 | 0 | 0 | 0 | 0 | 0 | 92 |
| 2016 | 29 | 36 | 22 | 0 | 0 | 0 | 0 | 0 | 87 |
| 2015 | 44 | 60 | 27 | 1 | 0 | 0 | 0 | 0 | 132 |
| 2014 | 35 | 68 | 99 | 2 | 0 | 0 | 0 | 5 | 209 |
| 2013 | 29 | 79 | 127 | 0 | 1 | 77 | 41 | 0 | 354 |
| 2012 | 38 | 100 | 74 | 1 | 0 | 9 | 0 | 16 | 238 |
| 2011 | 31 | 62 | 23 | 0 | 0 | 0 | 0 | 9 | 125 |
| 2010 | 74 | 72 | 43 | 2 | 0 | 1 | 5 | 0 | 197 |
| 2009 | 98 | 77 | 25 | 13 | 1 | 1 | 90 | 3 | 308 |
| 2008 | 61 | 46 | 81 | 0 | 0 | 3 | 20 | 0 | 211 |
| 2007 | 118 | 82 | 92 | 9 | 3 | 5 | 198 | 0 | 507 |
| 2006 | 155 | 121 | 160 | 32 | 2 | 9 | 0 | 0 | 479 |
| 2005 | 88 | 53 | 78 | 14 | 3 | 4 | 0 | 0 | 240 |
| 2004 | 72 | 30 | 73 | 0 | 0 | 5 | 0 | 0 | 180 |
| 2003 | 27 | 41 | 120 | 7 | 2 | 8 | 0 | 0 | 205 |
| 2002 | 94 | 42 | 118 | 30 | 0 | 12 | 0 | 0 | 296 |
| 2001 | 84 | 29 | 55 | 0 | 1 | 10 | 0 | 0 | 179 |
| 2000 | 31 | 17 | 106 | 0 | 2 | 13 | 0 | 0 | 169 |
| Grand Total | 1238 | 1149 | 1408 | 111 | 15 | 157 | 354 | 33 | 4465 |

Source: http://odhikar.org/wp-content/uploads/2021/06/Border_2000-2021.pdf (Accessed 15 September, 2021)

the main violator of human rights at the borderlands between the two countries. India has assured Bangladesh of using non-lethal of weapon at the border to bring down border killing zero. That assurance is yet to be materialized.

Jones (2016) identifies five forms of border violence: violent practices of border guards; border reinforcements (such as walls) that direct unauthorized border crossers to cross borders through unsafe areas; states' threat of punishment for the absence of proper documents at borders; and the disruptive impacts of borders on the economic well-being of people and the environment. In conflict situations, the enactment of the border is often associated with violence (Yoni 2020).

### Illustrative Case Study

The case study method relies heavily on a great variety of evidence, including in-depth interviews, surveys, direct observation, secondary accounts, books, and so forth (Gerring 2017). The method is preferred in the examination of contemporary events. The case study approach provides an in-depth analysis of a single unit or a real-life problem (Yin 2014). Felani Khatun, a 15-year-old Bangladeshi girl, was shot and killed by India's Border Security Force (BSF) on 7 January 2011, at the Bangladesh-India border. Her life is an illustration of shooting practices at the Bangladesh-India borderlands. Like many adolescents in south Asia, she had dropped out of school and would marry early. Ten years have already passed since adolescent Felani was killed. On January 7, 2011, members of the Indian BSF shot dead Felani Khatun, as she was crossing the Bangladesh-India border into Bangladesh. Her body was left hanging from the barbed wire fence of the border (Fig. 1). On August 19, 2013, the special court constituted by the BSF had acquitted Amiya Ghosh from the charge. On September 22, the case was reopened due to huge criticism by the media and NGO. BSF member Amiya Ghosh, who was involved in the killing, and his superior officers has not been convicted.

The hanging of Felani's body came to exemplify Bangladesh's geo-body and its unequal relationship with India (Sur 2021). By the end of 2020, India had completed almost 3,120 kilometers of fencing to prevent illegal migration from Bangladesh and aims to finish the rest of it soon.

## Causes and Consequences

The impact of India's shoot-to-kill policy on the bilateral relationship between Bangladesh and India has been documented elsewhere. For instance, Shahriar et al. (2020) observe that the continued culture of border killings hampers the bilateral relationships between India and Bangladesh by creating a climate of fear and

**Border Governance and Shoot-to-Kill Policy, Fig. 1** Felani's body hanging from the fence of the Bangladesh-India border. (Source: Odhikar 2018)

mutual mistrust. Further, the border areas between the two countries are densely populated and socio-economically backward. Many people on both sides have lost farms and livelihood due to floods and riverbank erosions (Shahriar 2021b) and are dependent on cross-border activities, such as cattle trade and smuggling of illegal arms, drugs, electronic goods, oil, dried fishes, cosmetic products, bicycle, rice, onions, goats, medicine, fabrics, seeds, fertilizers, coals, gold, coins, stones, and other commodities. Smuggling is an important economic activity all along the Bangladesh-India border (Ghosh 2019; Van Schendel 1993). There is no reliable statistics on the flows of smuggled items at the borderlands. According to an estimate, the total volume of smuggled goods from India to Bangladesh is valued to be as high as $900 million or three times the volume of legal trade (Sur 2013).

The Bangladesh-India border governance is thus related to the issues of smuggling, migration, drug trafficking, and trans-border crimes. It is expected that Land Boundary Agreement (LBA) implementation will bring about positive outcomes through effective border management, counter-terrorism cooperation, and prevent smuggling and other border-centric crimes (Islam 2021). Nevertheless, Bangladesh and India share a bilateral trade of US $6 billion, more than 90% of which is Indian exports to Bangladesh. There is an increasing deficit in Bangladesh-India trade. It is crucial to reduce the trade deficit to curb illegal flows of goods along the border.

## Implications and Future Research

A key challenge in maintaining sound border governance is to produce reliable data on border deaths or killings. It is important to investigate whether – and if so: why? – there is any significant correlation between the occurrence of border deaths and killings on the one hand, and changes in national, regional, or international immigration and border control policies on the other (Gombeer et al. 2020). The trust deficit and lack of political will among the neighboring countries of the Asian region due to a number of cross-border issues, particularly political and security issues, i.e., presence of cross-border insurgency and criminal activities, border crossing of illegal migrants, as well as drug and arms trafficking in border region, often affect the trade promotion, greater mobility of people, and institutional collaboration and exchanges across international borders (Gogoi 2020). It would be a timely study how borderlands shooting practices are perceived and experienced by individuals in both border and nonborder areas of the two countries – Bangladesh and India. Moreover, the global dataset on shoot-to-kill policies and more in-depth case studies on border killings merit future scholarly attention. Devising an acceptable as well as implementable strategy to stop India's shooting practices on Bangladesh's borderlands is an area of urgent attention (Shahriar 2021a).

Border *haats* are local markets or bazaars that operate on border regions and attract clientele and sellers from both sides. Cross-border tourism and cooperation is getting momentum around the world (Kozak and Buhalis 2019). The introduction of the border *haats* is an important step toward the development of cross-border relations between Bangladesh and India. Border *haats* are informal market places organized by the two countries one day each week. The governments of the two countries – Bangladesh and India – had initiated the idea of border *haats* along the Indo-Bangladesh border with the objective of helping people living in border areas to market their local produce and also as a confidence-building measure among the citizens of the two countries (CUTS International 2019). China has proposed to build up the Bangladesh-China-India-Myanmar (BCIM) economic corridor under the Belt and Road Initiative (Gabusi 2020; Rippa 2020). The markets/haats/bazaar economy might take place through a network of contacts, prices, sellers, and buyers. The governments of Bangladesh, China, India, and Myanmar could develop a plethora of industrial and educational development projects along the borderlands. The projects could address several issues, including poverty alleviation, income-generating activities

(IGA) promotion, livelihoods development, employments generation, and tourism growth. This will, in turn, contribute to the reduction of cross-border insurgent movements and terrorism as well as support peace in cross-border regions.

India constructed a controversial barbed fencing of 3,120 kilometers out of more than 4,000 km long India-Bangladesh borderlands. If one can do fieldwork in a selected India-Bangladesh location to find out what the outcome of the fence has been in terms of border crossings, effect on employment, poverty or household income, and cross-border informal trade, then it will certainly be very interesting research. Another interesting topic can be on the value of remittances produced by informal migrants and informal cross-border trade. There is enormous interest in the kind of resources generated by migrants, even very poor ones, if one can somehow quantify the cross-border trade and money sent by the migrants to Bangladesh. Further research is, thus, needed to explore the socioeconomic, cultural, and political dynamics of the Bangladesh-India border wall making.

## Conclusion

This chapter has explored India's shoot-to-kill policy adopted on the Bangladesh border. As a young field of study, border research has gone through quite a few evolutionary changes and processes. The impact of India's shoot-to-kill policy is evident on the complex bilateral relations between Bangladesh and India. The act of smugglings, illegal drug trade, insurgencies, and border crossing pose threat to border governance. The knowledge about these factors could help policymakers to take decisions with the aim at peace and stability at the Bangladesh-India borderlands. Indian leaders have, however, repeatedly assured the government of Bangladesh that it would stop its current shooting practices on the Bangladesh border. The commitments made by the Indian leaders and policy elites should be translated into reality for ensuring cross-border peace and governance. The civil society organizations, rights activists, and scholars from both Bangladesh and India would need to raise their voices against India's shoot-to-kill policy to uphold the spirits of cross-border governance.

B

## References


Agnew J (2019) Dwelling space versus geopolitical space: reexamining border studies in light of the "crisis of borders". In: Cooper A, Tinning S (eds) Debating and defining borders: philosophical and theoretical perspectives. Routledge, London, pp 57–69

Aras R (2020) The wall: the making and unmaking of the Turkish-Syrian border. Palgrave Macmillan, Cham

Banerjee P (2010) Borders, histories, existences: gender and beyond. Sage, London

Bhardwaj SK (2016) India–Bangladesh border governance. Int Stud 50(1–2):109–129. https://doi.org/10.1177/0020881716654387

Brunet-Jailly E (2004) Toward a model of border studies: what do we learn from the study of the Canadian-American border? J Borderl Stud 19(1):1–12. https://doi.org/10.1080/08865655.2004.9695613

Brunet-Jailly E (2005) Theorizing borders: an interdisciplinary perspective. Geopolitics 10(4):633–649. https://doi.org/10.1080/14650040500318449

CUTS International (2019) Bordering on happiness: an assessment of socioeconomic impacts of Bangladesh-India border haats. Retrieved from CUTS International, Jaipur. https://cuts-crc.org/pdf/bordering-on-happiness-an-assessment-of-socio-economic-impacts-of-bangladesh-india-border-haats.pdf. Accessed 12 Feb 2021

Eschbach K, Hagan J, Rodriguez N, Hernandez-Leon R, Bailey S (1999) Death at the border. Int Migr Rev 33(2):430–454. https://doi.org/10.2307/2547703

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17(4):595–617. https://doi.org/10.1007/s11115-017-0398-y

Ferdoush MA (2018) Seeing borders through the lens of structuration: a theoretical framework. Geopolitics 23(1):180–200. https://doi.org/10.1080/14650045.2017.1341406

Ferdoush MA (2020) Structuration theory. In: Kobayashi A (ed) International encyclopedia of human geograpy, vol 13. Elsevier, London, pp 97–104. ISBN 9780081022955

Gabusi G (2020) China's structural power and the fate of the BCIM economic corridor. Int Spect 55(3):17–34. https://doi.org/10.1080/03932729.2020.1782071

Gerring J (2017) Case study research: principles and practices, 2nd edn. Cambridge University Press, Cambridge

Ghosh S (2019) Chor, police and cattle: the political economies of bovine value in the India–Bangladesh borderlands. South Asia J South Asia Stud 42(6):1108–1124. https://doi.org/10.1080/00856401.2019.1672926

Gogoi D (2020) Making of India's northeast: geopolitics of borderland and transnational interactions. Routledge, London

Gombeer K, Ulusoy O, Basilien-Gainche M-L (2020) Understanding the causes of border deaths. In: Cuttitta P, Last T (eds) Border deaths: causes, dynamics and consequences of migration-related mortality. Amsterdam University Press, Amsterdam, pp 131–146

Islam SM (2021) Fifty years of Bangladesh-India relations : issues, challenges and possibilities. Pentagon Press, New Delhi

Jones R (2016) Violent borders: refugees and the right to move. Verso, New York

Jones R (2018) Violence in Asian borderlands. In: Horstmann A, Saxer M, Rippa A (eds) Handbook of Asian borderland. Routledge, New York, pp 17–29

Kolossov V (2012) Border studies: changing perspectives and theoretical approaches. Geopolitics 10(4): 606–632. https://doi.org/10.1080/14650040500318415

Kozak M, Buhalis D (2019) Cross–border tourism destination marketing: prerequisites and critical success factors. J Destin Mark Manag 14:100392. https://doi.org/10.1016/j.jdmm.2019.100392

Last T, Mirto G, Ulusoy O, Urquijo I, Harte J, Bami N, . . . Spijkerboer T (2017) Deaths at the borders database. J Ethn Migr Stud 43(5):693–712. https://doi.org/10.1080/1369183x.2016.1276825

Meierotto L (2020) Immigration, environment and security on the U.S.-Mexico Border. Palgrave Macmillan, Cham

Mengiste TA (2021) Intensifications of border governance and defiant migration trajectories in Ethiopia. Geopolitics 1–24. https://doi.org/10.1080/14650045.2021.1874934

Nail T (2016) Theory of the border. Oxford University Press, Oxford

Newman D (2003) On borders and power: a theoretical framework. J Borderl Stud 18(1):13–25. https://doi.org/10.1080/08865655.2003.9695598

Newman D (2006) Borders and bordering: towards an interdisciplinary dialogue. Eur J Soc Theory 9(2): 171–186. https://doi.org/10.1177/1368431006063331

Newman D (2011) Contemporary research agendas in border studies: an overview. In: Wastl-Walter D (ed) The Ashgate research companion to border studies. Ashgate, London, pp 33–47

Ochoa Espejo P (2020) The border wall as a populist challenge. Crit Rev 31(3-4):420–439. https://doi.org/10.1080/08913811.2019.1717742

Odhikar (2018) Seven years since the killing of Felani by India's Border Security Force. Retrieved from Dhaka: Odhikar (A Bangladeshi national human rights organization), 6 Jan 2018. http://odhikar.org/wp-content/uploads/2018/01/Statement_Felani_06.01.18_English.pdf. Accessed 15 Sept 2021

Oztig LI (2018) Pakistan's border policies and security dynamics along the Pakistan–Afghanistan border. J Borderl Stud 35(2):211–226. https://doi.org/10.1080/08865655.2018.1545598

Oztig LI, Gurkan TA, Yigit OE (2020) Borders and guns: does violent repression impact border violence? Territ Politics Gov 1–24. https://doi.org/10.1080/21622671.2020.1840426

Paasi A (2012) Generations and the 'development' of border studies. Geopolitics 10(4):663–671. https://doi.org/10.1080/14650040500318563

Paasi A (2020) Problematizing 'bordering, ordering, and othering' as manifestations of socio-spatial fetishism. Tijdschr Econ Soc Geogr 112(1):18–25. https://doi.org/10.1111/tesg.12422

Peña S (2021) From territoriality to borderscapes: the conceptualisation of space in border studies. Geopolitics 1–29. https://doi.org/10.1080/14650045.2021.1973437

Percot M (2020) 'Picking up the neighbours' waste': migration of Bangladeshi villagers to India metropolises. Migr Dev 9(1):43–55. https://doi.org/10.1080/21632324.2018.1487908

Rippa A (2020) Borderland infrastructures: trade, development, and control in Western China. Amsterdam University Press, Amsterdam

Rumford C (2006) Theorizing borders. Eur J Soc Theory 9(2):155–169. https://doi.org/10.1177/1368431006063330

Shahriar S (2020) India's economic relations with Myanmar: a study of border trade. J Borderl Stud 1–23. https://doi.org/10.1080/08865655.2020.1816202

Shahriar S (2021a) Bangladesh-India border issues: a critical review. Geoforum 124:257–260. https://doi.org/10.1016/j.geoforum.2021.05.008

Shahriar S (2021b) Impacts of floods and riverbank erosions on the rural lives and livelihoods strategies in Bangladesh: evidence from Kurigram. In: Leal Filho W, Luetz J, Ayal D (eds) Handbook of climate change management: research, leadership, transformation. Springer International Publishing, Cham, pp 1–26

Shahriar S, Qian L, Sokvibol K (2020) Anatomy of human rights violations at the Indo-Bangladesh borderlands. Territ Politics Gov 8(4):553–578. https://doi.org/10.1080/21622671.2019.1582359

Sur M (2013) Through metal fences: material mobility and the politics of transnationality at borders. Mobilities 8(1):70–89. https://doi.org/10.1080/17450101.2012.747778

Sur M (2021) Jungle passports: fences, mobility, and citizenship at the Northeast India-Bangladesh border. University of Pennsylvania Press, Pennsylvania

Ulusoy O, Baldwin-Edwards M, Last T (2019) Border policies and migrant deaths at the Turkish-Greek border. New Perspect Turk 60:3–32. https://doi.org/10.1017/npt.2019.2

Van Schendel W (1993) Easy come, easy go: smugglers on the ganges. J Contemp Asia 23(2):189–213. https://doi.org/10.1080/00472339380000121

Van Schendel W (2005) The Bengal borderland: beyond state and nation in South Asia. Anthem Press, London

Weber L, Pickering S (2011) Globalization and borders: death at the global frontier. Palgrave Macmillan, New York
Wong Villanueva JL, Kidokoro T, Seta F (2021) A governance theory for cross-border regions: identifying principles and processes with grounded theory. J Borderl Stud 1–24. https://doi.org/10.1080/08865655.2021.1878924
Wright MW (2019) Border thinking, borderland diversity, and Trump's wall. Ann Am Assoc Geogr 109(2): 511–519. https://doi.org/10.1080/24694452.2018.1542290
Yin RK (2014) Case study research: design and methods. Sage Publications, Thousand Oaks
Yoni N (2020) Enacting border governance through multi-scalar violence: Exclusion and discrimination of Rohingya people in Rakhine state, Modern Asian Studies. https://doi.org/10.1017/S0026749X21000135

# Bottom-Up Anti-corruption Approach

Nurul Huda Sakib
Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Home-grown initiatives of preventing corruption; Localism in anti-corruption; Social accountability

## Defining Bottom-Up Anti-Corruption Approach

The bottom-up approach of anti-corruption can be defined as a process of preventing corruption from the community level through active participation from the citizens while public officials or corrupt syndicate is involved in wrongdoing. The term often is also known as localism, community engagement, spontaneous participation, or home-grown initiatives in preventing corruption. Participatory budgeting in South and North America can be cited as a textbook example of the bottom-up approach of anti-corruption where local people involved in public policymaking to ensure proper use of public money in their locality.

## Early Development of the Bottom-Up Approach of Anti-Corruption

The top-down approach of anti-corruption suggests that preventing corruption or anti-corruption measures taken from the central authority. This is more like a principal-agent relationship where the principal will monitor his agents and punish while caught in wrongdoing (Klitgaard 1988). However, the traditional top-down approach does not have potential success as the principal cannot monitor them due to complex bureaucratic paradox (Berman 1978). Therefore, in top-down approach public officials or assign authority likely to involved in corrupt practice as there is a lack of obligatory accountability measures. Often, they all are involved in an organized syndicate to manipulate the system. Consequently, public officials demand a bribe, delaying service, harass citizens, nepotism, favouritism, and so on. However, in the 1970s and early 1980s, a quite different approach emerged in response to the apparent feebleness of the "top-down" perception. Driven by new public management (NPM), bottom-up approach rather focusing on problem issues avoiding various policy stages like formulation, implantation (Sabatier 1986). The concept further developed by novel laureate Amartya Sen and Elinor Ostrom arguing poor and marginalized people needs bottom-up solution to empower their rights. Ostrom (1990) in her theory of "commons" particularly focused on local solutions for local people by building institutions through collective action at the community level. Similarly, Sen (1999) in his "capabilities framework" suggested empowering people for opulence or utility through social capital at the community level. Further, the successful implementation of bottom-up through community participation from 1978 to 1990 of the Independent Anti-Corruption Commission (ICAC) of Hong Kong added a new dimension in anti-corruption policymaking around the world (Scott and Gong 2015). Their (Sen and Ostrom) scholarship and ICAC evidence shaped the donors to think a new approach of development through community engagement in the development process. As a result, donors were keener to promote citizens

participation through social accountability mechanisms as a development process and bring service at doorsteps. It will bring government closer to citizens and become more accountable to the citizens (Schatz 2013).

## Why Is Bottom-Up Anti-Corruption Critical?

The early development of bottom-up approach suggests that top-down approach fail to meet the citizens demand in public policy delivery. But the approach is become increasingly popular not only the failure of top-down but also driving citizens in public policymaking. According to Rocha Menocal and Sharma (2008), the direct involvement of citizens in policymaking will make public institutions more responsive to citizens' needs and demands. As a result, public officials will be more accountable for their actions and there will be a change in policy, practice, behavior, and power relationship. The consequence of the change has a broader outcome of poverty reduction, human development and achieving the Millennium Development Goals (MDGs) as a whole. Similarly, In the case of the United Kingdom's (UK)'s *Localism Act 2011*, Lawton and Macaulay (2014) suggest that engrossment in local issues make citizens expert and empowered to achieve their rights.

On a similar note, Banerjee and Duflo (2006) have identified three reasons for promoting bottom-up approach at the community level; first; citizens are always in a better position to judge the quality of the service and nature of the public service quality in their locality. Therefore, the local community can assess the situation and take necessary steps to prevent the wrongdoing. Second; citizens have direct involvement with the process as they are the beneficiaries of the service. Therefore, they have stronger incentives to monitor the process. Third; there is the case of social disapproval of public officials if they caught while wrongdoing. Besides, public officials are being monitored by the community might lead them to watchful during their duties.

These outcomes of the bottom-up approach denote a few crucial factors to succeed;

**First**; the approach needs active participation from the citizens. The success of the bottom-up approach to prevent corruption profoundly depends on the active participation of the local people. Active participation not only serves the purpose of the local people but also strengthening the efficiency of citizen action, both individually and collectively. For example, the case of negotiation of garments worker in Bangladesh with the relevant stakeholders for their rights or in the Philippines, the network of peasant organizations and NGOs efforts to drive land reforms and making substantive can cite as the active participation of the community (Gaventa and Barrett 2012). Also, active participation reduces the opportunity for corruption in public service delivery. Therefore, the success and sustainability of the bottom-up approach depend on this.

**Second**; the factor that drives to the success of the bottom-up approach of anti-corruption is the local solution to the local problem. Analyzing problems of best practice or isomorphism Matt Andrews (2013) argues that donor led isomorphic approach often failed to understand the local context and ignores several critical issues during policy implementation. Therefore, these public policy measures failed, and anti-corruption efforts hardly see accomplishment. Alternatively, the bottom-up approach always assesses the problem and drive towards direct solutions. It reduces the intermediaries or channels of corruption. Often uses an informal mechanism to escape local political power during the process.

**Third;** a crucial factor in the bottom-up approach is the sense of ownership and responsibility. The other issues like a sense of social identity, dignity and bonding are also linked with a sense of ownership and responsibility. When the ownership and responsibility are visible among citizens that ultimately drive active participation in the bottom-up approach. For example, community protest Asia Energy at Phulbari in Bangladesh was successful due to a sense of ownership and responsibility among all the community members. The entire community

in Phulbari was united against the corruption of trio-nexus of politics, bureaucracy, and Asia Energy (Karim 2016).

## Models and Implications of Bottom-Up Anti-Corruption Approach Worldwide

Since 1990 the World Bank has made a significant move to promote a bottom-up approach, especially in developing countries to ensure accountability. It also opened new avenues for homegrown solutions to several countries. Countries both developed and developing countries around the world have significant success using the bottom-up approach. At the same several pieces of research have been conducted on the bottom-up approach notably by Matt Andrews, Lant Pritchett, and Michel Woolcock upholding "Problem Driven Iterative Adaptation" (PDIA) model to escape capability traps. Instead of the application of "best practice," PDIA encourages viable and relevant interventions based on specific problems. They argued that developing countries should focus on local context rather than donor-assisted reforms and global isomorphic best practices (Table 1).

Their PDIA model is based on four core principles which entirely ignore the top-down model of project implementation. It starts with performance-based locally nominated solutions of the problems, generates a rational environment for local people in decision-making, frequent feedback loop, and actively engage local people in reforms for viable and legitimate solutions of their problems (Andrews et al. 2013). The underline fact of the PDIA model is it brings a promising result where institutional reforms through the top-down approach have a substandard result (Andrews 2013). A wonderful example of PDIA model success is the case of Uganda, where reform based on local context in the local government and government procurement made the significant process of countries anti-corruption measures (Andrews 2018).

Another notable example of the bottom-up approach of preventing corruption is "participatory budgeting" (PB) which initially begin in Porto Alegre, Brazil in 1989 as an anti-poverty measure. Now spread over 3000 cities in the world the model is now a mechanism of civic engagement controlling public money expenditure in the local school, housing and required institutions. The PB is year wise process starts with designing the process where a steering committee representing from the community creates the rules and engagement plan and decide where to spend public money. In Brazil numerous municipalities now using the model and reduce the opportunity of corruption Studies found that PB also improved the socioeconomic indicators like health services, reducing infant mortality

**Bottom-Up Anti-corruption Approach, Table 1** Contrasting mainstream development project approaches and PDIA (Andrews et al. 2013, p. 240)

| Elements of approach | Mainstream development projects/policies/programs | Problem-driven iterative adaptation |
|---|---|---|
| What drives action? | Externally nominated problems or "solutions" in which deviation from "best practice" is itself defined as the problem | Locally problem-driven – looking to solve particular problems |
| Planning for action | Lots of advance planning, articulating a plan of action, with implementation regarded as following the planned script. | "Muddling through" with the authorization of positive deviance and a purposive crawl of the available design space |
| Feedback loops | Monitoring (short loops, focused on disbursement and process compliance) and Evaluation (long feedback loop on outputs, maybe outcomes) | Tight feedback loops based on the problem and on experimentation with information loops integrated with decisions |
| Plan for scaling up and diffusion of learning | Top-down – the head learns and leads, the rest follow and listen. | Diffusion of feasible practice across organizations, communities of practitioners |

rates (holding per capita budgets constant). Also, it enhanced institutional quality to provide services (Fox 2015).

Apart from these widely popular models, studies on bottom-up approach also found several local initiatives that are making a significant contribution to promoting accountability and uprooting corruption at the local level. For example, in India, there are dozens of examples of a home-grown initiative to prevent corruption. One such initiative is community public oversight hearings at the grassroots level which significantly influence national policy. In Rajasthan, the local politician blocked the state government efforts to implement the law through social auditing (Pande 2014). In a different context, Webb (2012) found that the poor people in Delhi obtained services from public institutions through a collective approach and the use of the *Right to Information Act 2005*. Even Citizen Report Card (CRC) in Bangalore is making an influence in the election as the State government was emphasizing on the CRC results. CRC provides feedback on service delivery which also denotes public attitudes towards government. Therefore, the State government is keen to implement reforms, to strengthen monitoring, and to reduce opportunities for corruption (Schatz 2013).

Similarly, the Indian Ocean nation Mauritius also have some success through the bottom-up approach. The director of Independent Commission Against Corruption made some reforms at the local level and cut the network of graft which significantly reduced the highly visible forms of graft in the country. It also helped to reduce the opportunities for bribe-taking, nepotism, and conflicts of interest in the public service (Dreisbach 2017). Contrasting two town administration in Slovakia, Martin and Sala, Jacko (2012) found that Sala's efforts made a positive impact. At Sala, the local anti-corruption activists used the bottom-up approach of the anti-corruption program including more basic measures and incremental change for governance compared to Martin. Uganda's education spending information campaign is another example of tracking corruption which reduces the opportunity of systematic and high rates of leakage. Information campaign raising parental awareness of block grants for schools sharply reduce the share of funds diverted (Fox 2015). Other bottom-up initiatives like Cooperative Community Groups (CCGs) in Thailand, Residents' Committees in Singapore, Neighbourhood Associations in Japan (Read and Pekkanen 2009), and Civic Organizations in Indonesia (Achwan and Ganie-Rochman 2009) also made a significant change in public service delivery. In another research based on 60 case studies, Goetz and Gaventa (2001) found that citizens' engagement and civil society initiatives have fostered public services, thus having a direct influence on policy and spending decisions. Using evidence from Hong Kong, Scott and Gong (2015) found that a bottom-up approach has a significant impact on public attitudes on corruption and works to prevent corruption.

All the models and case studies from different countries and context showed these initiatives not only encourage local development but also reduce opportunities for corruption by engaging citizens in the process. Consequently, these are making a drastic change in local level through active participation, local solutions, and ownership.

## Criticism and Limitations of Bottom-Up Anti-Corruption

The bottom-up approach of anti-corruption has been criticized from different perspectives and there are many limitations of practical implication of the concept. Evidence suggests that the entire approach is very difficult to implement in the local context. Past literature advocates that bottom-up anti-corruption efforts may likely to fail due to lack of power to enforce. In practice, local realities are far complex than it looks like. Therefore, these theories of change involving citizens at the local level more likely to be donor intervention where development outcome depends on local authorities (Gaventa and Barrett 2012). Local authorities or community-based organizations do not have enough capacity to enforce their power against the ruling class or power elites. As Jenkins

(2007) rightly pointed out accountability often rely on power relationship. Therefore, in the local context citizens often need actors in-between to hold officials accountable. Thinking about the role of intermediary Schatz (2013, p. 163) mentioned that;

> *In such triangular relationships, the media, academic bodies, citizen committees or the like act as 'proxies for the people'. Especially in environments with a large power gap, social accountability mechanisms are both dependent on these 'surrogate participants' and strengthening them alike.*

However, societies with corrupt media and partisan civil society might have a different outcome to promote bottom-up approach. For example, developing countries like Bangladesh where patronage politics is intensively complex these efforts need active participation from the community (Sakib 2019). However, it is many often lacks active participation from the community due to awareness, fair of falling into danger, or death. As the outcome of the bottom-up approach is time-consuming and need direct involvement people on many occasions thinks that these sorts of activities are a waste of time. Fox (2015) arguing that bottom-up collective approach on many occasions lacks information, monitoring often lacks bite due to local elite influence and official approach capture by local elites. Similarly, Verdenicci and Hough (2015) also found that these citizen-centered approach easily lose their direction due to coordination and greatly influenced by elite capture. All these problems of bottom-up approach on many occasions directed towards catastrophe. They either politically used or failed to sustain for a longer time.

## Conclusion

Countries with higher governance index now promoting bottom-up approach under NPM concept. Citizens are also involved in decision making in local governance. However, the context in the developing world is different as these countries had to battle with poverty, inequality, and other socioeconomic issues. Awareness level in those countries is a significant problem as well. Despite having many constrain, developing countries is showing significant promise to battle against corruption through a bottom-up approach. Several cases drawn in this text from many developing countries proved that corruption can be prevented and public service could be improved through localization and homegrown efforts. It not only empowers citizens but also improve integrity and social bonding among the community.

## Cross-References


- ▶ Leadership Challenges in Civic Engagement
- ▶ Role of Community-Based Organization to Combat Corruption


## References


Achwan R, Ganie-Rochman M (2009) Civic organisations and governance reform in Indonesian cities. Asian J Soc Sci 37(5):799–820

Andrews M (2013) The limits of institutional reform in development changing rules for realistic solutions. Cambridge University Press, Cambridge

Andrews M (2018) Overcoming the limits of institutional reform in Uganda. Dev Policy Rev 36(S1): O159–O182. https://doi.org/10.1111/dpr.12353

Andrews M, Pritchett L, Woolcock M (2013) Escaping capability traps through Problem Driven Iterative Adaptation (PDIA). World Dev 51(C):234–244. https://doi.org/10.1016/j.worlddev.2013.05.011

Banerjee A, Duflo E (2006) Addressing absence (teachers, health workers). J Econ Perspect 20(1):117–132. https://doi.org/10.1257/089533006776526139

Berman P (1978) The study of macro- and micro-implementation. Public Policy 26:157–184

Dreisbach T (2017) Tackling corruption from the bottom up: decentralized graft prevention in Mauritius, 2009–2016. Princeton University Retrieved from https://successfulsocieties.princeton.edu/publications/tackling-corruption-bottom-decentralized-graft-prevention-mauritius

Fox J (2015) Social accountability: what does the evidence really say? World Dev 72(C):346–361. https://doi.org/10.1016/j.worlddev.2015.03.011

Gaventa J, Barrett G (2012) Mapping the outcomes of citizen engagement. World Dev 40(12):2399–2410. https://doi.org/10.1016/j.worlddev.2012.05.014

Goetz AM, Gaventa J (2001) Bringing citizen voice and client focus into service delivery. IDS working paper 138. Institute of Development Studies, Sussex.

Retrieved from https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/3900/Wp138.pdf
Jacko T (2012) Bottom- versus top-down local governance: local government anti-corruption approaches in the Slovak towns of Sala and Martin compared (Case Study). Innov Issues Approaches Soc Sci (IIASS) 5(2):118–134. http://search.proquest.com/docview/1417542313/
Jenkins R (2007) The role of political institutions in promoting accountability. In: Shah A (ed) Performance accountability and combating corruption. The World Bank, Washington, DC
Karim L (2016) Resistance and its pitfalls: analyzing NGO and civil society politics in Bangladesh. In: The SAGE handbook of resistance, pp 461–472. SAGE
Klitgaard R (1988) Controlling corruption. University of California Press. https://doi.org/10.1525/9780520911185
Lawton A, Macaulay M (2014) Localism in practice: investigating citizen participation and good governance in local government standards of conduct. Public Admin Rev 74(1):75–83
Ostrom E (1990) Governing the commons: the evolution of institutions for collective action. Cambridge University Press, Cambridge
Pande S (2014) The right to know, the right to live: grassroots struggle for information and work in India. Doctoral thesis (PhD), University of Sussex. Retrieved from http://sro.sussex.ac.uk/id/eprint/47622
Read BL, Pekkanen R (eds) (2009) Local organisations and urban governance in East and Southeast Asia: straddling state and society. Routledge, Milton Park
Rocha Menocal A, Sharma B (2008) Joint evaluation of citizens' voice and accountability: synthesis report. DFID, London
Sabatier P (1986) Top-down and bottom-up approaches to implementation research: a critical analysis and suggested synthesis. J Public Policy 6(1):21–48. https://doi.org/10.1017/S0143814X00003846
Sakib N (2019) One size does not fit all: an analysis of the corruption preventative approach of the Anti-Corruption Commission (ACC) in Bangladesh. Asian J Polit Sci 27(2):211–234. https://doi.org/10.1080/02185377.2019.1642773
Schatz F (2013) Fighting corruption with social accountability: a comparative analysis of social accountability mechanism potential to reduce corruption in public administration. Public Adm Dev 33(3):161–174. https://doi.org/10.1002/pad.1648
Scott I, Gong T (2015) Evidence-based policy-making for corruption prevention in Hong Kong: a bottom-up approach. Asia Pac J Public Adm 37(2):87–101. https://doi.org/10.1080/23276665.2015.1041222
Sen A (1999) Development as freedom. Oxford University Press, Oxford
Verdenicci S, Hough D (2015) People power and anti-corruption; demystifying citizen-centred approaches. Crime Law Soc Chang 64(1):23–35. https://doi.org/10.1007/s10611-015-9585-3
Webb M (2012) Activating citizens, remaking brokerage: transparency activism, ethical scenes, and the urban poor in Delhi. Polit Legal Anthropol Rev 35(2):206–222. https://doi.org/10.1111/j.1555-2934.2012.01199.x

# Boundary Spanning and Public Administration

Christopher L. Atkinson
Public Administration, University of West Florida, Pensacola, FL, USA

## Synonyms

Boundary objects; Boundary work; Complexity leadership

## Definition

Boundary spanning encompasses a range of activities through which individuals seek to connect and engage their home organization with other organizations and structures; in public administration, boundary spanning behavior may be thought of as an asset, as those with this capacity can help organizations achieve objectives, both particular and societal, and to bridge gaps that would otherwise needlessly persist.

## Introduction

The working environment of the public sector is often challenging: public problems have grown ever more complex, and tasks have been divided among agencies in a fragmented government space. There are calls for greater public participation, but these calls are sometimes offset by internal realities of resource allocations and the potential for failed

collaborations. Boundaries, whether internal or external to organizations, increase specialization but also obstruct coordination (Van Meerkerk and Edelenbos 2018).

The role of public service, as a result, relies on an evolving skill set; the abilities to adroitly understand various stakeholders, gauge needs, find common ground, and pursue appropriate activities to extend connections are, by virtue of increasingly complexity and competition for public resources, crucial (Rhodes 2016). Vital networks between stakeholders, organizations, and even the people within institutions are only maintained with work, dedication, and an intuitive sense of there being an optimal way forward where many can share in success.

To this end, boundary spanning, where "people. . .operate at the periphery or boundary of an organization, performing organizational relevant tasks, relating the organization with elements outside it" (Leifer and Delbecq 1978, pp. 40–41), remains a topic of interest and study. Boundary spanning is representative of an adaptive leadership approach, in that its agents bring perspective and diverse viewpoints into discussions, facilitating connections, relationships, and networks that might not otherwise exist (Murphy et al. 2017). Through boundary spanning, communities of practice can be developed to traverse areas of specialization and structural boundaries (Smith 2016). Boundary spanning work is thought to lead to stronger organizations that are more able to withstand shocks; boundary spanners assist in helping competing and even contrary perspectives attain consensus, by understanding commonalities that exist among the parties. Boundary spanning can refer to individuals engaged in these activities, organizations that stand on the periphery between organizations with potentially competing viewpoints (through the individuals engaged in these activities), or the potential for objects to be seen and evaluated differently by various individuals and groups, given some sense of their usefulness across contexts.

## Boundary Spanning in Theory and Practice

While there is general agreement that boundary spanning is relevant and important, harmony on definitions is ephemeral. Work on organizational theory and behavior presupposed a general need to make sense of organizational similarities and differences, so that objectives could be realized. James D. Thompson described boundary spanning as an output role, "designed to arrange for distribution of the organization's ultimate product, service, or impact to other agents of the society...linking organization and environment through interaction between member and nonmember" (Thompson 1962, p. 309). The definitions of the concept now have evolved in numerous ways. Some definitions have focused on the boundary spanner as an individual, working within a system to control the flow of information between parties in a discussion and therefore potentially holding considerable power. Other approaches have focused on the ability of the boundary spanner to relate dissimilar and distinct perspectives in furtherance of common, even societal, goals. Boundary spanning is both a role and an activity. While a boundary spanner is working between organizations, or even to bridge cultural gaps within an institution, the individual must still carry out their primary activities within their home group (Brown 2017). In a sense, the boundary work is entrepreneurial and is value added. Because it is often not well understood, there is sometimes a failure on the part of organizations that benefit from this boundary work to consider maintenance of boundary channels and relationships or succession planning to ensure that boundary work continues (Carey et al. 2017).

Updates to personnel qualifications in government service have tended to include boundary spanning-related language, like "leading change, leading people, and delivering results through the strategic management of resources and building of internal and external coalitions" (Husar Holmes 2012, p. 451). This indicates awareness of complexity and the need of the role of internal agents

that can work within a complex environment to make actionable bonds.

Van Meerkerk and Edelenbos (2018) completed a systematic literature review of boundary spanning as applied to public organizations. Boundary spanning also figures in other recent literature, including a study on senior civil servants in the UK and the nature of their roles (Guarneros-Meza and Martin 2016), a comparative approach to bureaucracy in Ghana where boundary spanning behavior is evident (McDonnell 2017), and "swatting" (calling in false police calls to threaten or endanger another party) and the role of network governance (Wachhaus 2018).

## Conclusion and Opportunities for Future Research

Boundary spanning as a concept is adaptable and adjusts to fit the case in question. In one sense, this makes the term valuable, in that it can be applied to so many potential cases and contexts; from another view, this mutable quality may lead boundary spanning study toward dilution and irrelevance. The test of research in this area is the value that it might bring to the practice of public administration. Of great use is academic work that allows public practitioners to employ knowledge attained through research in real-world scenarios. For boundary spanning, research may allow boundary spanners to better understand the nature of their roles and involvement, as well as the interactions they have with others in their home organizations and with other groups, and engage in useful coping strategies (Agger and Poulsen 2017). It can be difficult to attribute the benefit of boundary spanning to the specific activities of individuals and this factor alone, given its supporting position amid the complexity of organizational process, so efforts to focus in on this particular aspect, beyond the occasion of an isolated case study, would prove useful to create more generalizable knowledge. Regardless, the precarious nature of public programs generally does tend to reinforce the value of roles and practices that involve and connect contrasting viewpoints and priorities; boundary spanning will remain a focus of research, as a result.

## Cross-References

▶ Organizational Boundary Spanning
▶ Organizational Structure and Crisis Management

## References

Agger A, Poulsen B (2017) Street-level bureaucrats coping with conflicts in area-based initiatives in Copenhagen and Malmö. Scand Polit Stud 40(4):367–387

Brown PR (2017) Attempting to cultivate mindsets for boundary spanning in remote indigenous policy. Aust J Public Adm 76(4):412–425

Carey G, Buick F, Pescud M, Malbon E (2017) Preventing dysfunction and improving policy advice: the role of intra-departmental boundary spanners. Aust J Public Adm 76(2):176–186

Guarneros-Meza V, Martin S (2016) Boundary spanning in local public service partnerships: coaches, advocates or enforcers? Public Manag Rev 18(2): 238–257

Husar Holmes M (2012) Raising the ranks of public sector leaders: results of a national survey of executive masters of public administration programs. Public Personnel Manag 41(3):449–463

Leifer R, Delbecq A (1978) Organizational/environmental interchange: a model of boundary spanning activity. Acad Manag Rev 3(1):40–50

McDonnell EM (2017) Patchwork leviathan: how pockets of bureaucratic governance flourish within institutionally diverse developing states. Am Sociol Rev 82(3):476–510

Murphy J, Rhodes ML, Meek JW, Denyer D (2017) Managing the entanglement: complexity leadership in public sector systems. Public Adm Rev 77(5): 692–704

Rhodes RAW (2016) Recovering the craft of public administration. Public Adm Rev 76(4):638–647

Smith AE (2016) Knowledge by association: communities of practice in public management. Public Adm Q 40(3):655–689

Thompson JD (1962) Organizations and output transactions. Am J Sociol 68(3):309–324

Van Meerkerk I, Edelenbos J (2018) Boundary spanners in public management and governance: an interdisciplinary assessment. Edward Elgar, Cheltenham

Wachhaus TA (2018) Network governance as a mechanism for responding to internet violence. Int J Public Adm 41(11):888–898

# Branding's Strategy in Regional Policy

S. Fedyunina and G. Panichkina
Social Communication Department, Stolypin's Volga Region Institute of Administration – Russian Presidential Academy of National Economy and Public Administration, Saratov Branch, Saratov, Russian Federation

## Synonyms

Brand development; Regional brand

## Definition

The strategy that creates a brand at regional level by the regional authorities.

## Introduction

At the beginning of the twenty-first century, the region is becoming the subject of research as a geographical, administrative, economic, cultural, historical, and ethno-cultural unit. Ensuring a balanced socioeconomic development of regions as one of the targets of Russia's development requires synchronization of the following areas of regional policy: promoting economic development by creating new centers of economic growth in the region on the basis of competitive advantage, coordination of infrastructure investments and investment strategies of the state, and expanding market for regional products. Territorial boundaries of the production cycles in the economy can be divided into three types: national, regional, and local (Шнипер 1978). The majority of business processes occurs at the regional level. Synchronization of the directions can be achieved through regional branding technology.

Regional branding is a relatively new phenomenon for Russia with its high development potential. Successful brand plays an important role in the development of economy, culture, and tourism in infrastructure area of the region. Territorial branding creates the territory of "social climate," which would increase the attractiveness of the territory as investment object and living environment. This approach obliges local authorities, the "sellers," become active participants at the investment market, where they have to take a competitive position, to establish a niche for their "goods" (Паничкина and Черняева 2015).

## Key Issues in the Region

Since the objectives of this study is to analyze the status and prospects of Saratov region branding, let us turn to the strategy of socioeconomic development of the Saratov region up to 2030 "(http://saratov.gov.ru). The basis of the legal framework document is the federal law on June 28, 2014, № 172-FZ "On the strategic planning in the Russian Federation" and the Law of the Saratov region on April 28, 2015, № 56-OZ "On the strategic planning in the Saratov region."

The strategy is a global vision of the future of Saratov and provides the following steps:

- Definition of a system of strategic priorities of socioeconomic development based on a comprehensive assessment of the starting positions of the Saratov region, its competitive advantages and potential, taking into account the effects of external and internal factors in the long-term period.
- The formation of three-dimensional model of economic growth in the context of regional and municipal development.
- Steps and mechanisms to achieve the strategic priorities.
- A system of indicators to achieve the strategic priorities.

On the basis of SWOT analysis, the program identifies key problems of the region: strengths and weaknesses of the region and opportunities and threats, as well as the strategic priorities of Saratov on the federal and regional levels.

The key problems of the region are the following:

1. A significant proportion of sectors and services that traditionally have a minor tax potential (agriculture, public sector, and services) with a minuscule proportion of extractive industries, traditionally representing the main income source of budgets.
2. Insufficient number of enterprises producing finished products.
3. Low profitability of agriculture.
4. Low innovation activity of some enterprises, insufficient development of high-tech industries.

The performed SWOT analysis revealed the strengths of the region. The strengths of the socio-economic situation of the Saratov region are the following:

- Favorable transport and geographical position at the crossroads of transport corridors for the creation of transport and logistic nodes and executing transit functions and promotion of goods in the direction of "North-South" and "East-West"; there is objective prerequisites for the appearance of the functions of the region transport and logistic center.
- Significant resource potential: reserves of the mineral resource base, primarily building materials, high energy security, significant water resources, and the availability of land for agricultural production.
- A diversified industrial structure that includes: electricity, mechanical engineering and metal working, chemical and petrochemical industry, building materials industry, and food industry.
- Relatively favorable climatic conditions and geographical position of the region for the cultivation of major crops and the production of ecologically clean agricultural products.

Saratov has developed educational complex, high educational potential of human resources, sufficiently high scientific and innovative potentials. There is availability of investment areas and a favorable investment climate.

The strength of the Saratov region prevents weaknesses, among them are the following:

- A small fraction of the final production in the production of finished industrial products and, as a consequence, the share of low value added.
- The presence of imbalance between agricultural production and processing sector.
- High wear of the housing and communal networks, especially in rural areas, and the low rate of new facilities.
- Significant physical and moral depreciation of fixed assets of enterprises.
- Natural and climatic position of the region in the zone of risky farming.
- Negative demographic trends, which in the long term will lead to a decrease in the demographic potential.
- High levels of informal employment due to lack of quality jobs in some territories of the region.

## Analysis of the Saratov Region Development Potential

The opportunities for social and economic development of Saratov area include:

- Government support of the development of import substitution industries.
- Global food crisis, forming an increased demand for the products of agricultural sector and the food industry.
- The use of the former Soviet Union states market potential with a focus on countries of the Eurasian Economic Union, as well as the Asia Pacific region and Latin America; countries participating in the BRICS format to increase exports of Saratov enterprises.
- Intensification of cooperation with neighboring regions in terms of promoting products and services of the Saratov region, as well as implementation of joint projects.
- Realization of the investment potential of the region, reducing investment risks, attracting strategic investors in the economy and social sphere.
- Realization of the transit potential of the Saratov region, the creation of transport-logistic cluster, including the implementation of the

project on construction of the international transport corridor "Europe-Western China".

Potential threats to the socioeconomic development of the Saratov region are the following:

- Strengthening interregional competition in the labor markets, investment, and goods and services.
- Depletion of nonrenewable natural resources, including soil fertility, water resources, species diversity of flora, and fauna of the area.
- Limited service lives of existing power units.
- Reducing the financial assistance from the federal budget.
- The preservation of regional imbalances in the labor market.
- Reducing the quality of human capital area, the outflow of young population outside the region.

However, it should be noted that the program of development rather clearly defined strategic priorities and has a vision of the target area as a multiethnic and multicultural region, the territory of national peace and civil harmony.

It is expected that as a result of implementation of the strategy in 2030, a competitive basis of the economy of the Saratov region will develop high-tech industry clusters as concentrations of high value-added agriculture, attracting high-quality human resources and investment.

It is declared that by 2030, the Saratov region should be one of the most attractive place in the Volga Federal District and a place of social infrastructure development. High-quality education, health care, cultural benefits available, comfortable housing, a high level of safety, and a clean environment will create favorable conditions for the further and attract and retain highly skilled professionals to the region.

## The Development of the Region Based on the Analysis of Municipalities

To analyze potential and prospects for the development of certain areas of the Saratov region, a comprehensive analysis in the context of municipal districts and urban districts was carried out, which provided their analysis of attractiveness for the population and investors. Based on the analysis of the main indicators characterizing the quality of life of the population, municipal districts were divided into groups according to the degree of comfort for living and the availability of infrastructure.

Moreover, the analysis of migration flows allowed imposing differentiation in the degree of attractiveness of municipalities and municipal districts of the region to the public. The following main typologies of territories in terms of their development prospects can be identified in view of their development.

- Areas – "engines" (Saratov, Engels, Balakovo, Balashov), large industrial centers that can become points of growth and agglomeration centers for neighboring, less successful areas.
- Areas – "bioecological policy," with significant resource potential for the development of agri-food cluster, focused on the production of environmentally friendly products.
- Areas – "satellite infrastructure," located close to major transport infrastructure primarily at the federal level, the border areas, and tourist facilities.

In the long term, three possible scenarios of the region development are possible.

- Conservative – is based on the assumption that the inertial development of the economy and the preservation of the existing approaches to its management, where the region will grow mainly due to extensive expansion of the economy, by increasing resource utilization volumes. The dynamics of economic growth will slow down, and slow transformation as quality of life and living environment will lead to a further reduction of the population.
- Moderately optimistic – implies more efficient use of all resources with increased attention to the issues of improving business climate, creating favorable conditions for economic activities. However, positive changes in the economy will be accompanied by adequate positive changes in the social sphere with certain time delays.

– Innovative – focused on maximum disclosure of strategic capacity development, effective use of human capital, balanced development of the regions, and implementation of new approaches to the management of the region. This scenario contains basic elements of a moderately optimistic scenario, coupled with a significant influx of capital, the intensification of the development of the social sphere, more efficient use of resources, building human capital, and improving the parameters of innovation.

## Branding of the Territory as a Basis for Development of the Region

Regional branding is developing in Russia recently. Under the territory brand, we mean a set of unique qualities, timeless universal values that reflect the originality, and unique original consumer characteristics of the territory and the community, which are widely known, that received public recognition and steady demand of consumers of the territory. Simon Anholt defines a brand as a competitive identity, noting that area branding is a system process of harmonizing the actions, behaviors, investment, innovations, and communications of the state (territory) for implementation of a competitive identity (Anholt and Hildreth 2004). It can be concluded that branding has become an integral part of the activities of local authorities and local communities with appropriate signs, symbols, and identity.

We can consider the territorial branding in the following way: a strategy for increasing the competitiveness of cities, provinces, regions, geographical areas, and countries in order to attract investors, tourists, new residents, and skilled migrants, as well as the conquest of foreign markets (Fedyunina and Panichkina 2016).

Currently, territorial brands act as the main way of attracting people to the city. A common tendency in Russia is the outflow of population from the peripheral cities of the Russian Federation to the cities to megacities. Over the last decades, the situation in the Saratov region is characterized by migration of residents into larger cities: the youth, born in Saratov, goes to Moscow and St. Petersburg. School graduates from Saratov region come to get higher education in Saratov, but after graduation do not return to their native places, preferring to stay in Saratov. Thus, people in search of a better life migrate to a large (rich) city, believing to find there education, work, and family. Meanwhile, provincial cities are becoming empty and lose resources to increase competitiveness. Enterprises are being closed; small and medium businesses do not develop. In this situation, the government of the Saratov region believes that areas need branding, determining the identity processes in the settlements of the region. Active participation of the population in the life of any village, city, or the country is one of the most important tasks of the local authorities. The identity of inhabitants is becoming a significant factor of population involvement in the settlement management processes with particularly acute issue of territorial identity that arises when people make decisions about a place of residence and work.

Earlier, in the Soviet period, the city was no more than a habitat for the population; mayors mainly competed for cash and manpower. The past, the present, and the future of the city were separated from each other, and very few people thought of common senses. Now understanding of the city as a commodity is formed, and the success of the city is determined by the fact to what extent its inhabitants are attached to it and to what extent the city is attractive for investors and tourists. So for the heads of municipalities, the strategic objective is not only to increase the number of permanent residents but also to attract the most "visitors," who should not apply for permanent employment and permanent residence. They should be interested in a simple visit to the city or for a temporary occupation within it. An important part of the regional policy and the strengthening of the brand of the city may be something that areas infrastructures offer: offices with views to the River Volga, good high-speed Internet, and low-quality housing for rent. Innovative technologies for municipalities become the involvement of people in work and leisure, into the city debates

and branding design. Residents and visitors become agents of stories and stories about the city, its adherents, and custodians. Over the past year, in order to create a brand and enhance the attractive image of the territory, a large number of events were held: Tulip Festival in Novouzensk, area soup Volsk Festival, and Festival of Historical Reconstruction – "Uvek. A day in the life of a small city." This is only a part of the activities of the year, actually there were more than a hundred. For the basics of branding, various grounds are involved: climatic resources, architectural monuments and places of interest, cultural events, and culinary traditions and customs.

A clear delineation of cultural branding zones in the city – the area of business activity and competition, leisure and adventure, peace, and community cohesion – is necessary. Isolation of these zones should be determined by the choice of identification of the urban community and should become the basis of long-term urban development strategy. Such work is being done right now in Saratov; the map of the area with the release of various zones is being drawn. Since the identity of the brand is determined, inter alia, by a symbol or individuality, 2016 was declared the Year of the Saratov region; during the whole year, the 80th anniversary of the region is celebrated. Students and pupils participate in various competitions, preparing essays, posters, and videos about the region. The best works will be included in the exposition of museums and archives of organizations. It seems that this work will contribute to the development of a regional brand. It is particularly important that the work is carried out with different target audiences, participating in the activities, and this occasion forms the identity of the inhabitants of the city.

Regional branding must take into account the characteristics of different target groups. Interests of tourists and local residents, business community, and the authorities cannot be the same, and sometimes they even may conflict. Regional branding strategy should align the interests of these target audiences and through communication with them should form a stable brand positive territory, that is, what the attention of local authorities should be directed to.

## Conclusion

The above analysis of the region development allowed to identify strengths and weaknesses and to identify opportunities for regional progress. Innovation scenario of the Saratov region, which the city government is focused on, is aimed at maximum disclosure of the potential of strategic development, effective use of human capital, balanced development of areas, and implementation of new approaches to the management of the region. The implementation of this scenario assumes a substantial inflow of capital and strengthens the development of social sphere, more efficient use of resources, building human capital, and improving parameters and roles of innovations. It is in this plane regional authorities pursue policies, and the basis of the policy is the formation of territorial brand.

Regional brand is considered as a set of unique qualities, timeless universal values that reflects originality, and unique consumer characteristics of the territory and the community, which are widely known and received public recognition and steady demand of consumers of the territory.

## References

Шнипер РИ (1978) Регион: Экономические методы управления/Р.И. Шнипер. Новосибирск: Наука. 367 с. 12

Паничкина Г, Черняева К (2015) Городская идентичность как основа построения коммуникаций власти и общества (по результатам эмпирического исследования) (Panichkina G., Chernyaeva K. Urban Identity as a Basis for Building Communications Power and Society (According to the Results of Empirical Research))//Местное самоуправление в системе публичной власти. Саратов 2015.

In.: Стратегия социально-экономического развития Саратовской области до 2030 года http://saratov.gov.ru; Об утверждении Стратегии социально-экономического развития Саратовской области до 2030 года. http://docs.cntd.ru/document/467710021

Anholt S, Hildreth J (2004) Brand America: the mother of all brands, 2004 edn. Cyan Books [Paperback], 16 Nov 2004

Fedyunina S, Panichkina G (2016) Formation of regional brand: geomarketing and image resources of the territory//Svetlana Fedyunina, Galina Panichkina EDULEARN16 8th international conference on education and new learning technologies/proceedings, Barcelona. Number of Pages in PDF File: 7 iated.org/education

# Bridging the Funding Gap

Philip L. Brooks
Brooks Consulting LLC, Pittsburgh, PA, USA

## Synonyms

Valley of death

## Introduction

All businesses need cash to exist. The sources for this cash may vary, but it is an unquestionable need. A recent study published by Failory (Kotashev) found that among the 80+ startups that were interviewed, financial problems were the third most common reason for failure. Marketing problems, including lack of product-market fit, was the most common source of failure (56%), followed by team problems (18%). Of those startups interviewed, only 16% shuttered due to lack of funding.

While money is not the most critical determinant for success, the need for it (perhaps in even modest amounts) is nonetheless essential to do even the most basic business tasks. This is not a modern business problem as this tale from the late nineteenth century penned by the author's great grandfather illustrates:

> *A Mr. Robertson solicited my services for the sale of sewing machines. He had the agency for the sale of Howe Sewing Machines. After a lot of persuasion on his part, I reluctantly consented. Having no selling experience, no horse, harness or wagon it looked like a forlorn hope. However, through his assistance I got the necessary rolling equipment and drove out into the country and succeeded in selling one machine as a result of the first day's efforts.*
>
> *I started out from Beaver Falls in the afternoon with only 30 cents as working capital and expense money. I stopped at a brick house to try for a sale, where I was given permission to show my machine. I carried it in, placed it on the floor and when I commenced to demonstrate its sewing qualities, it just would not work. While I was trying to get it to work, a train passed by and frightened my old horse so thoroughly, he took immediate flight in the same direction as the train, but not so fast. I overtook him before any damage was done, loaded my two machines into the wagon.*
>
> *The following morning, I sold a machine for cash at the farm home in which I lodged the night before, and in the afternoon sold another one in the same neighborhood. When driving back to home the next evening, my spirits were high, as I had surmounted the difficulties and discouragements of the day before. From that time on, I feel I have been a success as a sewing machine salesman. I don't believe many others have started in a business they knew nothing about under more adverse circumstances.*
>
> *I learned the Domestic Sewing Machine Co. [was] planning to discontinue their Pittsburgh office. A business friend and I formed a partnership under the name of Rodgers and Brooks and bought out the Domestic Business. We enjoyed success from the start and for three years our business proved prosperous, increasing each year. I continued the business the following fifteen years under my own name, when I also sold out…an experience of 35 years in the selling of sewing machines* (Brooks 1909).

Although this entrepreneurial venture began in 1870, so many elements of the story ring true for today's entrepreneur: a lack of equipment to start the business, insufficient working capital, a live demo gone wrong, persistence, the joy of making the sale, building a partnership, and before the blink of an eye – 35 years have passed. In this chapter, the focus is on one of these challenges: fundraising.

## Some Basic Fundraising Realities

The Rest of Us highlights some of the basic steps and terms you may encounter in their ten-minute video presentation, "Startup Funding Explained" (The Rest of Us 2016). While it may seem obvious, before you begin fundraising, you need to understand what you will need. See "Building a Financial Model" later in this chapter for a key step in developing your "ask."

The next step is determining who to ask. Potential sources for funding may include your own savings, gifts, grants, debt, equity, and revenue from customers. For an early-stage company, the most typical sources are Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grants from the US federal government, economic development agency funding (often in the form of convertible notes), and/or patient advocacy research grants (e.g., Bill & Melinda Gates Foundation, Michael J. Fox Foundation). As these funds are used to further refine the technology and the business, once the company's value proposition and initial customer segments are defined and it's time to scale, the next sources are often angel or venture capital investors. See "Sources of Capital" for more details on the various types of potential funding.

Tom Walker, President and CEO of Rev1 Ventures, suggests that you should not assume that all fundraising options require an equity tradeoff, or at least not a big one. Some suggestions to consider:

1. *"Open your own wallet first*: . . .Knowledgeable investors want to see founders show confidence with cash. . .
2. *Sign up strategic partners early on*: . . .Early adopters provide [a] unique and invaluable hands-on perspective of what's right and what must be changed in order to improve the value proposition of your solution with respect to the markets you plan to serve. These companies will be less focused on final returns and more interested in getting your prototype to beta. . .
3. *Bootstrap*: Paying as you go by earning revenue from early adopters and [conserving cash] is the most cost-effective way to stretch your company's resources. . .
4. *Pursue non-dilutive capital*: Grants, solicitations, and RFPs. . .
5. *Match capital to milestones*: Matching capital requirements to achievable milestones keeps the company from giving up equity before it's required. . .
6. *Establish a line of credit*: Bankers will return your calls once one of their competitors has vetted you" (Kerpen 2015).

"When Carolyn Green left the University of Pittsburgh. . .to help start Logical Therapeutics Inc.,. . .they crafted a strong funding story and hit the road in search of investors. And the fledgling venture soon landed $30 million in venture capital from a San Francisco-based investor syndicate" (Green, Life Sciences Venture Capitalist and Pitt Alumna Carolyn Green Shares Five Lessons for Attracting Investors to an Early-Stage Life Sciences Start-up). While this is an impressive fundraising result, the company committed significant resources and effort achieving this milestone. Ms. Green offers these five recommendations (listed in italics):

1. "*Expect to invest lots of your own time and some money up front*";
   (a) Investors want to know that you are at least as committed as they are and, hopefully, a lot more. You will be more likely able to do this with your time rather than with money. However, personally investing even a modest sum shows investors that you are in this with them.
2. "*Develop a great 'story' for your company*";
   (a) Once you hone your story, you will have many opportunities to share the message – in short form (i.e., the elevator pitch), as part of your investor pitch, making a sale, and on your website.
3. "*You'll need personal introductions*";
   (a) Christian Manders, founder of the Pittsburgh BioBreakfast and COO of Promethean LifeSciences, Inc., suggests that you "build your network in advance, before you need the money" (Manders 2020).
   (b) "If you need to do a hundred pitches to get funding, then you aren't being selective enough," according to Kit Needham, Associate Director of Project Olympus at Carnegie Mellon University in Pittsburgh, PA (Needham 2020).
   (c) By speaking with the CEOs of investor's portfolio companies, you will have the opportunity to learn whether the investor is a fit for your company, but you may also establish a strong enough relationship with

the CEO that they will personally introduce you to the investor.

4. "*Think globally*"; and
   (a) Don't just look in your own backyard. Your company may be in Hartford, Connecticut, but you are able to apply to the Wellcome Trust's Innovator Award in London, United Kingdom (Innovator Awards n.d.). Individuals and teams from nonprofit and commercial organizations may apply for up to £500,000, or up to £750,000 for multidisciplinary collaborations.
5. "*It's all about risk*."
   (a) As an entrepreneur you take risks every day to advance your company's mission. You are asking potential investors to share in that risk. You need to give them sufficient information to assess both the level of risk and the potential rewards.

While a Corporate Development Partner for Andreessen Horowitz (a venture capital firm commonly referred to as a16z), Steve McDermid wrote that some companies are able to raise money within days of starting, but "for others it takes many, many months. Either way, be prepared for the process to take longer than you expect. Also give yourself plenty of cushion when assessing your cash runway" (McDermid 2015). Preparation is key when targeting a sufficiently large group of investors, so that you don't risk having to restart the process if you run out of targets without having obtained the funding you sought. Running your business well, while simultaneously fundraising, is a challenge, but is often a strong factor in winning over investors as they complete their due diligence. See "Due Diligence" later in this chapter to learn how to prepare for this critical element of fundraising.

## Create Your Pitch

As you refine your business model you should consider creating an elevator pitch. While you may have no prior sales experience, all entrepreneurs must play an active role in the marketing efforts for their technology/business. As the name suggests, the premise is simple: in the time an elevator takes to arrive at a potential investor's "floor," you must capture their interest in your innovation.

To develop the elevator pitch, start with refining your value proposition into a very concise and simply worded description of your innovation and the business opportunity it provides. Mel Pirchesky of Eagle Ventures, Inc. describes the elevator pitch as the first 10–15 seconds of an initial meeting during which you must be able to state "what you do and something that independently authenticates the importance of what you do. The objective [of which is them prompting] 'Tell me more'" (Pirchesky 2020). This is not very different than advice given for the preparation of a resume. Describe what you did at each previous job as well as quantifying the results.

The pitch is based on the value proposition. "The Value Proposition. . .describes the bundle of products and services that create value for a specific Customer Segment. The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need" (What is a Business Model 2019). Strategyzer offers a tool called the Value Proposition Canvas to guide its refinement (The Value Proposition Canvas 2020).

If you have cleared the first hurdle, and the prospective investor has asked, "Tell me more," you are potentially ready for the investor pitch. The investor pitch is most typically a brief (10–20) slide presentation.

Founders Fund principal, Delian Asparouhov, is quoted in the CB Insights article, *The Early Pitch Decks Of 21 Startups Before They Became Billion-Dollar Companies*, "In order to build conviction, we rely on founders to tell us a compelling story, almost always in the form of slides. We've funded companies almost entirely because of the quality of their seed decks. Poor deck? We'll likely pass on the opportunity" (Asparouhov 2020).

While there is wide latitude with what to include in (as well as the order of) an investor pitch, at a minimum, you should include the following:

- Problem that your innovation solves (often told through a story)
- Market potential
- Brief description of your innovation (nonconfidential and in layman's terms)
- Comparison to existing solutions
- Explanation of the development stage of your innovation
- Status of any intellectual property protection you have received to date
- Your team and why you are uniquely qualified to make this business successful
- Business model (i.e., how will you make money for your company and its investors)
- Your ask (how much money you are seeking and under what terms)

Catherine Mott, Founder and CEO of BlueTree Allied Angels, recommends that entrepreneurs highlight the business strategy and their knowledge of the industry because investors care most about return on investment (Mott, CEO/Founder BlueTree Allied Angels, 2020). She adds that intellectual property owned/licensed and how the technology works are less important.

After the presentation (typically 15–20 min), the focus shifts to the question-and-answer portion of the meeting. Here are some practices to consider as you respond to the investor's questions:

1. Anticipate the questions and have backup slides in your appendix to address them. Don't go overboard with these follow-up slides, however. You can get flustered trying to locate the appropriate slide and lose your audience's attention.
2. "No question is dumb, so answer them all with respect" (Mott, CEO/Founder BlueTree Allied Angels, 2020).
3. If you don't know the answer, don't try to make something up or develop one on the fly. Simply state, "I can't answer, but I can get back to you, if you like."
4. Many people buy time to answer by responding, "great question." Resist the urge because when you don't use it in your next response, that questioner is left diminished.
5. Provide succinct answers to allow everyone in the room to get their questions answered. If your answer is perceived as incomplete, the questioner will ask follow-up questions to become satisfied.

The business model, described above as one of the key components of the pitch deck, is supported by a "Financial Model".

## Building a Financial Model

Building a financial model with well documented assumptions and the flexibility to support sensitivity analysis on those assumptions is critical to both running your business, and convincing investors that your plan is solid. Templates and software for building financial models of varying complexity abound. You can build a model yourself by utilizing spreadsheet software such as Microsoft Excel or Google Sheets. Additionally, the US Small Business Administration (SBA) has over 900 Small Business Development Centers (SBDCs) spread across the country where you can connect with consultants to help you build your financial model (Find Local Assistance n.d.).

Ray Vargo, Director of the University of Pittsburgh SBDC (2020 winner of the national SBDC Excellence and Innovation Award), stated that consultants in his office will provide approximately 10 hours of free assistance with model building. The entrepreneur is largely responsible for collecting the relevant documents. These include 3 years of tax returns, prior year-end balance sheet, interim income statements, and solid/detailed assumptions about the business (Vargo 2020).

When presenting a business model during a pitch, one of the more common challenges is lodged against its underlying foundation. A strong financial model places you in a position to quickly modify any assumptions a potential investor challenges you on to more easily show the impact on your company's projected performance. If it has very little effect, the investor's uneasiness is quickly dispelled. If not, the inconsistency between their assumptions and yours

may make them lose interest. All is not lost, however, if you have strong supporting sources for these assumptions. The model offers a framework to focus the discussion on the (hopefully) few points of disagreement rather than a daunting list.

## Divide the Pie: Sharing the Equity

A common element of "Due Diligence" is the investors' request for a copy of your company's capitalization (cap) table. The cap table illustrates the individuals and organizations that own equity in the company and how many shares they own (Learned, Simple Capitalization Tables Instructions, 2016). Typically, the largest portion of common stock on the cap table is characterized as founder's shares. Also important is to develop an agreement on how, as the company grows, the founders and future employees will share in allocations of equity. "...[I]nvestors ... want to be sure the founders have adequate incentive to continue to work very hard right through the exit" (Learned & Dunlap, Capitalization Tables Demystified, 2019). To make this determination, the cap table is utilized to evaluate the impact on ownership of each round of funding to both the founders and investors. Kevin Learned of Loon Creek Capital offers a simple spreadsheet model to calculate the cap table (Learned, Simple Capitalization Table Model, 2019).

An early question for a startup that includes multiple founders, is focused on how to divide these shares. The default answer is to take the number of shares and divide by the number of founders. This implies that everyone who is an owner of the startup has contributed equally up to this point. This is rarely the case. While it is an easy choice now, when real money becomes involved it may lead to a lot of unhappiness.

Frank Demmler created a methodology and tool to address dividing the founder's pie. In his article, *Cutting Up the Founders' Pie*, he describes an approach to assess the contributions each founder makes to five primary elements that create enterprise value (Demmler, Cutting Up the Founders' Pie, 2009a). The five are: (1) Idea; (2) Business Plan; (3) Domain Expertise; (4) Commitment and Risk; and (5) Responsibilities. Demmler proposes that the founders first determine the importance weight of all five elements on a scale from 0 to 10, with 10 having the greatest importance. In the second step, each founder rates themselves on their contributions to each element (also on a scale from 0 to 10). The third step involves multiplying the weights by the contribution. Finally, the resulting values are summed for each founder and their relative percentage of the grand total is calculated. Demmler does not recommend accepting the resulting equity percentages without assessing and debating the reasonableness of each founder's share as a group. The framework serves as a tool to understand each other's perceptions about the importance of each element, and their anticipated contribution to each. This is much like the assumptions utilized by the entrepreneur and the investor in understanding the reasonableness of the financial model. He has also made a spreadsheet available to allow entrepreneurs to easily perform these calculations (Demmler, Founders Pie Calculator final, 2009b).

## Due Diligence

The National Venture Capital Association's (NVCA's) Principles for Operating a Venture Capital Fund state in part, "[a] venture capital firm will engage in reasonable and appropriate due diligence and legal review prior to making investments or divestments on behalf of the fund" (Principles for Operating a Venture Capital Fund n.d.). Entrepreneurs should expect that seasoned investors of all types – not limited to angels and VCs – will engage in some level of due diligence.

Serious potential investors will launch a formal due-diligence investigation. Often, at this stage, the investor will conduct a review of the business assumptions that are critical to determining the commercial value and potential of the innovation. This will include how the company plans to make money and how it will scale. They will test the assumptions of your "Financial Model" by performing sensitivity analysis utilizing

alternative inputs derived from their own market research, subject matter experts, and their own members with relevant experience. To develop confidence in the team, the investors will explore both prior successes and failures on a corporate and individual level.

> *Through Rob Wiltbank's ground-breaking study in 2007, angels in groups learned that collective due diligence on new deals really pays off. The 538 angels included in this study enjoyed 2.6X returns over the life of their investments. However, for deals on which collective due diligence totaled less than 20 hours, returns were only 1.1X. But, deals on which angel[s] put in over 40 hours of due diligence (the top quartile) returned 7.1X to angel investors. Due diligence clearly makes a big difference for angel investors* (Berry 2013).

David Eyler of Columbia University writes, "[t]he one thing that everyone in the venture industry is in harmonious agreement on is that management is absolutely critical and the single most important aspect of a deal" (Eyler 2007). Eyler identifies the following seven elements for assessing management during due diligence:

1. Credentials
2. Legal Background Check
3. Mindset
4. Leadership Ability
5. Honesty and Integrity
6. Intelligence
7. Good Judgment

This is merely one portion of the due diligence process. "A 2007 study found that angel investments in which at least 20 hours of due diligence was done were five times more likely to have a positive return than investments made with less due diligence time" (Hudson 2015). One quickly realizes this assessment is potentially very time consuming. As an entrepreneur you should do your own assessment of the investors you plan to approach. This assessment should include asking the expected timing for the investor's due diligence process. If it is going to take months for them to complete, you may want to look elsewhere.

So, what else will investors seek for their evaluation? Tony Lettich, CEO and Co-founder of Funding Sage, presents fourteen types of information they may request:

1. Investor Pitch Documents
2. Organizational Documents
3. Management & Organization Information
4. Board of Directors
5. Contact Information
6. Intellectual Property
7. Development Plans
8. Products/Services
9. Customers & Clients
10. Material Contracts
11. Financial Information
12. Information Technologies
13. Environmental
14. Legal Information (Lettich 2020)

From the initial application, through due diligence, and ultimately term sheets and investment documents, a tremendous amount of information needs to change hands from entrepreneur to investor. A variety of companies have sprung up to manage this document flow, including Attio, Gust, ProSeeder, and Seraf.

If the investor is satisfied with its due diligence effort, the two parties will enter into a negotiation of key investment elements and detail them in a term sheet. NVCA in partnership with investment analytics company, Aumni, developed an Enhanced Model Term Sheet (National Venture Capital Association 2020).

## Sources of Capital

There are a broad range of potential sources of capital. Within each category there are numerous individual programs or organizations to choose from. The entrepreneur must first evaluate which type(s) are appropriate for their current stage of development, and then which organizations to approach. "...finding the right source of capital is far more complicated than just getting cash to fuel your business idea. Some entrepreneurs are so eager to get money that they do not apply enough scrutiny in assessing their investors. The decision on where to raise money will impact your ability

to succeed as a business and has far reaching consequences. So, entrepreneurs should choose wisely and be aware of the downside of bringing investors in" (Stefanovo 2014).

Sources of capital include the following:

1. Angels
2. Accelerators
3. Competitions
4. Crowdfunding
5. Economic Development
6. Friends & Family
7. Foundations
8. Grants
9. Microloans
10. Paid Pilots
11. Private Equity/Family Office
12. SBA Loans
13. Self-fund
14. Strategic Investors
15. Venture Capital

What follows is brief detail on a subset of these sources.

## Angels

Angels are high net worth individuals who make investments in early stage businesses in order to own part of the company and hopefully gain returns that are greater than investing in the stock market. As an entrepreneur, you should only seek investments from angels who qualify under the US Securities and Exchange Commission's definition of an Accredited Investor.

An Accredited Investor is anyone who:

- "earned income that exceeded $200,000 (or $300,000 together with a spouse) in each of the prior 2 years, and reasonably expects the same for the current year, OR
- has a net worth over one million dollars, either alone or together with a spouse (excluding the value of the person's primary residence)" (Updated Investor Bulletin: Accredited Investors 2019).

Angel groups are "[i]ndividual angels . . . joining together with other angels to evaluate and invest in entrepreneurial ventures. The angels can pool their capital to make larger investments. ACA [Angel Capital Association] has more than 400 angel groups in its database and many more across the globe. Angel organizations come in many forms, but all have certain characteristics:

- They meet regularly to review business proposals
- Selected entrepreneurs make presentations to the membership of the group
- Member angels decide whether to invest in the presenting business
- Angels work together to conduct due diligence to validate the plans, statements and history of the entrepreneurial team

Other points of interest and important statistics about angel groups are:

- The size of angel group investments in entrepreneurial firms varies widely. The average ACA member angel group had 42 member angels and on average, invested a total of $2.42 million in 9.8 deals per year in 2015.
- Between 10,000 and 15,000 angels are believed to belong to angel groups in the US.
- Many angel groups co-invest with other angel groups, individual angels, and early-stage venture capitalists to make investments of $500,000 to two million dollars per round.
- Groups invest in innovative firms in a range of industries. The most common areas are software, medical devices, telecommunications, and manufacturing.
- While some groups focus on a specific industry area, the majority are open to a variety of areas and select those markets with which some of their members have expertise" (Angel Capital Association 2020b).

The Angel Capital Association Member Directory (Angel Capital Association 2020a) is a good resource to identify specific angel groups.

## Accelerators

"The startup accelerator remains one of tech's most popular ways to get a business up and running. But which ones are the best for new

startups? With hundreds of programs to choose from . . . not all accelerators are created equal" (Konrad, The Best Startup Accelerators of 2017, 2017).

Susan Cohen and Yael Hochberg define the accelerator as, "[a] fixed-term, cohort-based program, including mentorship and educational components, that culminates in a public pitch event or demo-day" (Cohen and Hochberg 2014). Founded in 2005, Y Combinator is widely claimed as the first accelerator. In 2016, Ian Hathaway identified 700 US-based accelerators. However, when applying Cohen's and Hochberg's accelerator definition, two thirds of the original group were excluded (Hathaway, Accelerating growth: Startup accelerator programs in the United States, 2016). On average, accelerators take 6% equity in each company they accept, and the most popular accelerators receive up to 5,000 applications per cohort (Konrad, The Best Startup Accelerators of 2017, 2017).

Table 1, reprinted by permission from Hathaway (email communication between I. Hathaway and P. Brooks on November 20, 2020) compares accelerators to incubators, angels, and hybrid models across numerous criteria (Hathaway, Accelerating growth: Startup accelerator programs in the United States, 2016).

The Seed Accelerator Rankings Project (SARP) classifies the top accelerators into several categories. The classification is based on a weighted assessment of Valuation, Qualified Exit, Qualified Fundraising, Survival, Founder Satisfaction, and Alumni Network. Rankings published in 2018 note that Y Combinator, AngelPad, and StartX share the top category of "Platinum Plus" (Seed Accelerator Rankings Project 2018).

## Competitions

Competitions, whether university-based or community-based, are increasingly the source of rather significant pre-incorporation and/or non-dilutive funding. These competitions may offer small or large prizes, exist in your own community or internationally, include broad publicity or limited social media mentions. As an example of utilizing competitions to assemble a substantial war chest, TopoGraft is a unique biomimetic technology designed to reduce thrombosis of prosthetic arterial grafts and mechanical circulatory support circuits. Invented in 2015 by a University of Pittsburgh (Pitt) chemical engineering professor, and a University of Pittsburgh Medical Center (UPMC) vascular surgery resident, and tested by an undergraduate student researcher, TopoGraft was identified by Pitt's Innovation Institute as a promising high value technology. In 3 years, the team raised $165,000 (see full funding history in Table 2) from Pitt entrepreneurship competitions

**Bridging the Funding Gap, Table 1** Key differences between incubators, angel investors, accelerators, and hybrid early-stage investors

| | Incubators | Angel investors | Accelerators | Hybrid |
|---|---|---|---|---|
| Duration | 1 to 5 years | Ongong | 3 to 6 months | 3 months to 2 years |
| Cohorts | No | No | Yes | No |
| Business model | Rent; nonprofit | Investment | Investment; can also be nonprofit | Investment; can also be nonprofit |
| Selection | Noncompetitive | Competitive, onging | Competitive, cyclical | Competitive, ongoing |
| Venture stage | Early or late | Early | Early | Early |
| Education | Ad hoc, human resources, legal | None | Seminars | Various incubator and accelerator practices |
| Mentorship | Minimal, tactical | As needed by investor | Intense, by self and others | Staff expert support, some mentoring |
| Venture location | On-site | Off-site | On-site | On-site |

**Bridging the Funding Gap, Table 2** TopoGraft/Aruga funding history

| Year | Funding source | Amount |
|---|---|---|
| 2015 | Center for Medical Innovation Award | $ 20,000 |
| 2016 | Pitt Ventures NSF I-Corps Site First Gear (medical markets) | $ 3,000 |
| 2016 | Center for Medical Innovation Award | $ 25,000 |
| 2016 | Kuzneski Innovation Cup (third place) | $ 3,000 |
| 2016 | Pitt Ventures NSF I-Corps Site First Gear (industrial markets) | $ 3,000 |
| 2017 | Chancellor's Innovation Commercialization Fund | $ 50,000 |
| 2017 | NSF National I-Corps Team Grant | $ 50,000 |
| 2017 | Pitt Ventures NSF I-Corps Site Second Gear | $ 6,000 |
| 2017 | Michael G. Wells Competition (third place) | $ 5,000 |
| | **TOTAL** | **$165,000** |

and internal grants (University of Pittsburgh 2019). With commercialization support from the Innovation Institute, the inventors spun out Aruga Technologies as a seed-stage company to finance a round of capital to begin FDA product testing and to acquire government contracts. In late 2018, Aruga was accepted into LifeX™, a life sciences incubator in Pittsburgh, where entrepreneurs-in-residence are supporting early-growth stages and company development.

A number of competitions attract teams/companies from across the United State and around the world. Some of the more well-known include:

1. **Rice Business Plan Competition** – characterizes itself as the "largest and richest graduate student startup competition" (Rice Business Plan Competition n.d.)
2. **Atlantic Coast Conference InVenture Prize Competition** (ACC Inventure Prize n.d.)
3. **Baylor New Venture Competition** – with a "focus on encouraging student entrepreneurs worldwide to catalyze and grow their business" (Baylor New Venture Competition n.d.)
4. **IBM Watson AI XPRIZE** (IBM Watson AI XPRIZE) – one of several focused multi-million-dollar competitions sponsored by the XPRIZE Foundation (AI to Solve Global Issues n.d.)
5. **AlphaLab Gear Hardware Cup** – a touring pitch competition for early-stage hardware startups in six US regions along with partner-led international competitions (AlphaLab Gear Hardware Cup 2021 2020)
6. **New Venture Competition** – in its 47th year, the Whitney M. Young Conference is launching this competition to showcase a new generation of Black innovators (Powering a New Generation of Black Innovators 2020)

## Crowdfunding

"Crowdfunding is about persuading individuals to each give you a small donation – $10, $50, $100, maybe more. Once you get thousands of donors, you have some serious cash on hand.

This has all become possible in recent years thanks to a proliferation of websites that allow nonprofits, artists, musicians – and yes, businesses – to raise money. This is the social media version of fundraising.

There are more than 600 crowdfunding platforms around the world, with fundraising reaching billions of dollars annually, according to the research firm Massolution" (The Basics of Crowdfunding 2020).

Some of the more popular crowdfunding sites include:

1. **AngelList** – "Over 5,000 companies funded on AngelList through syndicated deals and funds" (Venture AngelList n.d.)
2. **Go Fund Me** – fundraising for individuals, groups, or organizations (Go Fund Me 2010–2020)
3. **Indiegogo** – "Acquire starter capital and validate your idea by tapping into Indiegogo's

global network of early adopters" (Indiegogo for Entrepreneurs 2020)

4. **Kickstarter** – "Kickstarter's mission is to help bring creative projects to life" (Kickstarter 2020)
5. **Honeycomb Credit** – "expansion loans crowdfunded from your customers and fans. Share your successes with the community, without giving up ownership" (Honeycomb Credit n.d.)

## Economic Development

These organizations are typically governmental organizations or nonprofits with a mission to build local, state, national, or world economies. One of the key drivers for economic development is job growth. Much of today's job growth comes from startups and small businesses.

The State Science & Technology Institute (SSTI) is a nonprofit organization that includes a large membership of US-based Technology-Based Economic Development (TBED) organizations. (State Science and Technology Institute (SSTI) n.d.)

"The award-winning Ben Franklin Technology Partners is one of the nation's longest-running technology-based economic development programs. For more than 31 years, BFTP has provided both early-stage and established companies with funding, business and technical expertise and access to a network of innovative, expert resources" (What is Ben Franklin Technology Partners? 2017). The previously mentioned AlphaLab Gear Hardware Cup is funded by the Western Pennsylvania regional office of BFTP, Innovation Works.

The US Economic Development Administration (EDA) is a bureau within the US Department of Commerce. "EDA provides economic development financial assistance to communities so they can encourage innovation and entrepreneurship in a way that works best for them. Through its network of regionally-based staff and portfolio of flexible grant tools, EDA helps communities experiencing economic distress, take control of their future and position themselves for economic prosperity and resiliency" (About EDA n.d.). LifeX, the life sciences incubator mentioned previously, is funded, in part, by an EDA grant. In fiscal year 2020, EDA launched the "Build to Scale program." Through this program, select entities are provided multiple-year funding to "build regional economies through scalable startups" (Build to Scale Program).

These entities include accelerators, angel groups, the blue economy (freshwater and marine related businesses), investor training programs, universities, and nonprofits. The 2020 program included: "three competitions supporting entrepreneurship, acceleration of company growth and increased access to risk capital across regional economies" (Build to Scale Program). The venture challenge awards that year ranged from approximately $300 K to $1.5 million.

Bloomberg ranks South Korea second to Germany in its 2020 Innovation Index. President Park Chung-hee began the country's economic development focus in 1961 and maintained it as a priority for 20 years until his assassination. "By 2010, South Korea had 105 regional innovation centres and 18 techno-parks, as well as 7 federal programmes to strengthen the competitiveness of industrial cluster programmes. . . . The South Korean government's systematic approach has been the crucial factor in creating an innovative economy adept at turning ideas from laboratories into products and industries" (Dayton 2020).

*Women's Entrepreneurship Day Organization (WEDO) . . . was founded in 2013 as a non-governmental, non-racial, non-gender, and non-political volunteer non profit organization. Our movement was established to bring awareness to the 250 million girls living in poverty globally that deserve to be given a chance in life, while simultaneously inspiring and empowering the 4 billion women on the planet! . . . Our movement accelerates and educates the world on the importance of why it's pivotal to empower women in business globally. WEDO convenes Business Leaders, Change Makers, Government Officials and Civil Society to collaborate and find solutions in critical areas of entrepreneurship ecosystems, education and policy creation to empower women in business. WEDO is celebrated at the United Nations and in 144 countries and 65 universities/colleges internationally. When women are elevated financially, communities and countries prosper. It builds a*

*global blueprint to alleviate and eradicate poverty* (Women's Entrepreneurship Day Organization 2020).

"The Israel Innovation Authority, an independent publicly funded agency, was thus created to provide a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of the local and international innovation ecosystems. This includes early-stage entrepreneurs, mature companies developing new products or manufacturing processes, academic groups seeking to transfer their ideas to the market, global corporations interested in collaborating with Israeli technology, Israeli companies seeking new markets abroad and traditional factories and plants seeking to incorporate innovative and advanced manufacturing into their businesses" (Israel Innovation Authority n.d.).

Programs such as these outlined in the small sample above exist in countries all over the world. Economic policy that ignores the powerful impact of small businesses is fortunately a rare circumstance in today's global economy.

## Foundations

Foundations are organizations formed by individuals/families/corporations who share a common mission to provide grants to support entities that address similar goals. These missions might include addressing environmental impacts, or finding cures/treatments for diseases. If your startup aligns with a foundation's mission, you might consider contacting them to learn whether they are willing to provide grants to your business.

"Grantmakers of Western Pennsylvania (GWP) is a professional membership association formed in 1985 by leaders who wanted to create a place where grantmakers could learn and work together to increase their community impact" (Grantmakers of Western Pennsylvania 2014). While based in Western Pennsylvania, its membership is not geographically limited to that region.

In 2019, Foundation Center and GuideStar came together to form Candid. The focus of the merged organization is to link the people and organizations that are making an impact with the resources that are required to implement that impact. Through Candid's Glass Pockets transparency initiative, over 100 foundations are sharing 27 attributes of their organizations including governance policies, financial information, grantmaking information, and performance measurement (Candid 2020).

The list below offers a brief list of foundations to consider:

1. Bill & Melinda Gates Foundation (Bill and Melinda Gates Foundation 1999–2020)
2. Juvenile Diabetes Research Foundation (Juvenile Diabetes Research Foundation n.d.)
3. Michael J. Fox Foundation (Michael J. Fox Foundation n.d.)
4. Richard King Mellon Foundation (Richard King Mellon Foundation n.d.)
5. Stand Up To Cancer (SU2C) (Stand Up To Cancer 2008–2020)
6. The Forbes Funds (The Forbes Funds n.d.)
7. The Heinz Endowments (The Heinz Endowments n.d.)
8. The Pittsburgh Foundation (The Pittsburgh Foundation 2020)
9. Wellcome Trust (Wellcome n.d.)

## Grants

Non-dilutive grants allow a startup company to obtain funding to de-risk some of its technology challenges without a requirement to provide equity in exchange and no money is required to be paid back. These grants are available from the federal, state, and local government.

What has become known as America's Seed Fund is the SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs (SBIR * STTR America's Seed Fund n.d.). This federal program provides grants to small businesses

(under 500 employees) to fund research and development projects oriented toward commercializing innovative technologies. As of 2019, Phase I award budgets up to $256,580 and Phase II awards up to $1,710,531 are allowed. The funds are sourced from 11 agencies (e.g., National Institutes of Health, Department of Defense, and National Science Foundation) with extramural research and development (R&D) budgets that exceed $100 million. The current set aside from these agencies requires that they allocate 3.2% of their annual R&D budget in support of the SBIR/STTR program.

These SBIR/STTR grants are extremely competitive with paylines and success rates that vary by year, agency, and grant phase. A grant proposal's impact score established during its review is compared to each agency's payline to determine if they will fund the proposal (NIH Paylines and Success Rates 2020; NIH SBIR/STTR Award Data 2020). National Institutes of Health Research Portfolio Online Reporting Tools (RePORT) provides an advanced search tool that allows the user to search both active and completed grant projects. A specific tool called Matchmaker enables one to find program officials and/or similar projects based on entering a brief description of your own anticipated project (NIH Reporter 2020).

The SBIR/STTR grant proposal process is complicated. As a result, a number of states have created programs to support early-stage businesses with programming about the application process and/or funding to partially defray the cost of hiring a grant support consultant. Examples of such programs include the Pennsylvania Innovation Partnership (Innovation Partnership 2020) and the ScaleUp West Virginia SBIR/STTR Assistance Program (Scaleup West Virginia 2020). The SBA provides a summary of SBIR/STTR state matching programs by phase. Some are cash matches for successful grant recipients and some are funds to assist in proposal writing. (SBIR/STTR Phase 0 State Matching programs 2020).

## Venture Capital

Venture capital firms raise capital from limited partners (LPs) to form funds. These LPs are most typically public employee pension funds, endowments, insurance companies, and philanthropic foundations. The LPs and venture capital investors enter into a limited partnership agreement, which establishes key operating criteria that include the industry segment focus, company development phase (e.g., pre-revenue, annual recurring revenue of at least five million dollars), and the amount of time it will take to return money back to the LPs (typically 5 or 10 years).

Venture capital firms typically invest at later stages than angel investors. Many of the same methods used for identifying appropriate angel groups, however, also work for venture capital firms. Tools like CB Insights (2020) and PitchBook, permit entrepreneurs to "research and analyze companies, deals, funds, investors and service providers across the entire private investment lifecycle" (PitchBook 2020) – both venture and angel. Using these tools you are able to identify which groups/firms are investing in companies similar to yours and, therefore, may have an interest in looking at your company. These are expensive subscription services, so you may want to first explore obtaining access at a local business library, SBDC, or economic development organization. Participating in business plan competitions and venture capital fairs are other ways to network and learn more about venture capital firms (3 Rivers Venture Fair n.d.).

Forbes in partnership with TrueBridge Capital Partners published the 19th annual Midas List in 2020. This list ranks the 100 best venture capital investors "by their portfolio companies that have gone public or been acquired for at least $200 million over the past five years, or that have at least doubled their private valuation since initial investment to $400 million or more over the same period" (The Midas List 2020). The NVCA offers a membership directory (National Venture Capital Association n.d.-a) and a regional venture capital

group directory (National Venture Capital Association n.d.-b).

PitchBook describes the global venture capital firm, 500 Startups, as the "Most active early stage investor in the world." They have "backed more than 2,400 companies or 5,000+ entrepreneurs in 75+ countries" (500 2010–2020).

## Private Equity

Private equity is where stock in a company is not listed publicly on an exchange, such as the New York Stock Exchange. Often the same groups that invest in venture capital firms also fund private equity investments. These types of investments are typically for larger and more established companies. They are seen less frequently in the early-stage market. Family offices are where the private equity is held by a group of family (sometimes extended) members to invest and more closely manage the family's money.

Some examples include Incline Equity Partners (Incline Equity Partners 2020), and the McGeever Family Office (McGeever 2020) with its unique additional resources through LCO Capital and SalesForce4Hire.

## Conclusion

There are numerous types and sources of capital to fund your business. Your ultimate success may actually depend on more than one of them as the company grows. You will need to prepare in order to convince others to invest in your vision.

Carolyn Green's advice is an appropriate recap of the process. She reminds us to:

- "Expect to invest lots of your own time and some money up front
- Develop a great 'story' for your company
- You'll need personal introductions
- Think globally
- It's all about risk" (Green, Early-stage Life Sciences Start-up Funding)

Do not do it alone. You have many resources to assist you to find a method for bridging your funding gap. These include the technology transfer office of your university, SBDCs, accelerators, economic development organizations, national government support programs (e.g., Startup India (Looking for Funding? 2020), Your Europe (Access to Finance 2020) your local business library, and your own personal network.

## References

3 Rivers Venture Fair (n.d.) Retrieved November 2020, from 3 Rivers Venture Fair. https://3rvf.com

500 (2010–2020) Retrieved November 2020, from 500 Startups. https://500.co/about

About EDA (n.d.) Retrieved December 2020, from Eda.gov. https://www.eda.gov/about/

ACC Inventure Prize (n.d.) Retrieved December 2020, from http://accinventureprize.com

Access to Finance (2020, September 25) Retrieved November 2020, from Your Europe. https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/

AI to Solve Global Issues (n.d.) Retrieved December 2020, from ai.xprize.org. https://ai.xprize.org/prizes

AlphaLab Gear Hardware Cup 2021 (2020) Retrieved December 2020, from Alphalabgear.org. https://alphalabgear.org/hardwarecup/

Angel Capital Association (2020a) Retrieved December 2020, from angelcapitalassociation.org. https://www.angelcapitalassociation.org/faqs/#What_are_angel_groups_

Angel Capital Association (2020b) Retrieved December 2020, from Angelcapitalassociation.org. https://www.angelcapitalassociation.org/directory/

Asparouhov D (2020, September 21) The early pitch decks of 21 startups before they became Billion-Dollar companies. Retrieved November 2020, from CB Insights. https://www.cbinsights.com/research/billion-dollar-startup-pitch-decks/

Baylor New Venture Competition (n.d.) Retrieved December 2020, from Baylor.edu. https://www.baylor.edu/business/newventurecompetition/index.php?id=84631

Berry T (2013, March 26) How we do the due diligence for our Angel Investment Group. Retrieved November 2020, from blog.gust.com. http://blog.gust.com/how-we-do-the-due-diligence-for-our-group/

Bill & Melinda Gates Foundation (1999–2020) Retrieved December 2020, from gatesfoundation.org. https://www.gatesfoundation.org

Brooks E (1909) Autobiography of Eli Brooks, Pittsburgh

Build to Scale Program (n.d.) Retrieved December 2020, from Eda.gov. https://www.eda.gov/funding-opportunities/

Candid (2020) Retrieved December 2020, from Candid.org. https://candid.org

CB Insights (2020) Retrieved November 2020, from CB Insights. https://www.cbinsights.com

Cohen SG, Hochberg YV (2014, March) Accelerating startups: the seed accelerator phenomenon. Retrieved December 2020, from Seedrankings.com. http://seedrankings.com/pdf/seed-accelerator-phenomenon.pdf

Dayton L (2020) How South Korea made itself a global innovation leader. Nature Index 2020 South Korea 581: S54–S56

Demmler F (2009a) Cutting up the Founders' Pie. Retrieved November 2020, from Carnegie Mellon University: https://www.cmu.edu/swartz-center-for-entrepreneurship/assets/Connect%20Spring%202017/Frank%20Demmler%20-%20Equity%20Pie/Founders_Pie_Final.pdf

Demmler F (2009b) Founders Pie Calculator final. Retrieved November 2020, from Carnegie Mellon University: https://www.cmu.edu/swartz-center-for-entrepreneurship/assets/Connect%20Spring%202017/Frank%20Demmler%20-%20Equity%20Pie/Founders%20Pie%20Calculator%20final.xls

Eyler D (2007) Best practice Guidance for Angel Groups – Due Diligence. Retrieved November 2020, from Association as the organization is called Angel Capital Association. https://www.angelcapitalassociation.org/data/Documents/Resources/AngelCapitalEducation/ACEF_BEST_PRACTICES_Due_Diligence.pdf?rev=C7C4

Find Local Assistance (n.d.) Retrieved November 2020, from US Small Business Administration: https://www.sba.gov/local-assistance/find/?type=Small%20Business%20Development%20Center&pageNumber=1

Go Fund Me (2010–2020) Retrieved December 2020, from gofundme.com. https://www.gofundme.com

Grantmakers of Western Pennsylvania (2014) Retrieved December 2020, from gwpa.org. https://gwpa.org/about

Green C (n.d.-a) Early-stage life sciences start-up funding. Retrieved November 2020, from University of Pittsburgh Innovation Institute. http://www.innovation.pitt.edu/resource/fund-raising-realities/

Green C (n.d.-b) Life sciences venture capitalist and Pitt Alumna Carolyn Green Shares Five Lessons for Attracting Investors to an early-stage life sciences Start-up. Retrieved November 2020, from University of Pittsburgh Innovation Institute. http://www.innovation.pitt.edu/resource/fund-raising-realities/

Hathaway I (2016, February 17) Accelerating growth: startup accelerator programs in the United States. Retrieved December 2020, from Brookings.edu. https://www.brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/

Honeycomb Credit (n.d.) Retrieved December 2020, from Honeycomb Credit. https://www.honeycombcredit.com/team

Hudson M (2015, January 15) How Much Due diligence does an angel really need to do? Retrieved December 2020, from Forbes.com. https://www.forbes.com/sites/mariannehudson/2015/01/15/how-much-due-diligence-does-an-angel-really-need-to-do/#39a542cc4e0e

IBM Watson AI XPRIZE (n.d.) Retrieved December 2020, from ai.xprize.org. https://ai.xprize.org/prizes/artificial-intelligence

Incline Equity Partners (2020) Retrieved November 2020, from Incline equity partners. https://inclineequity.com

Indiegogo for Entrepreneurs (2020) Retrieved 2020 December, from Entrepreneur.indiegogo.com. https://entrepreneur.indiegogo.com/how-it-works/

Innovation Partnership (2020) Retrieved December 2020, from Innovationpartnership.net. https://innovationpartnership.net

Innovator Awards (n.d.) Retrieved November 2020, from wellcome.org. https://wellcome.ac.uk/grant-funding/schemes/innovator-awards

Israel Innovation Authority (n.d.) About us: israel innovation authority. Retrieved December 2020, from Israel Innovation Authority Web site. https://innovationisrael.org.il/en/contentpage/israel-innovation-authority

Juvenile Diabetes Research Foundation (n.d.) Retrieved December 2020, from jdrf.org. https://www.jdrf.org

Kerpen D (2015, May 28) Clever ways to raise money for your startup without making an investor pitch. Retrieved November 2020, from Inc.com. https://www.inc.com/dave-kerpen/5-clever-ways-to-raise-money-for-your-startup-without-making-an-investor-pitch.html

Kickstarter (2020) Retrieved December 2020, from Kickstarter. https://www.kickstarter.com/charter?ref=global-footer

Konrad A (2017 June 7) The Best Startup Accelerators of 2017. Retrieved December 2020, from Forbes.com. https://www.forbes.com/sites/alexkonrad/2017/06/07/best-accelerators-of-2017/#2025700510cb

Kotashev K (n.d.) Failory. Retrieved November 2020, from startup failure rate: ultimate Report + infographic: https://www.failory.com/blog/startup-failure-rate

Learned K (2016, August 8) Simple capitalization tables instructions. Retrieved November 2020, from Angel Capital Association. https://www.angelcapitalassociation.org/data/Webinars/ExplanationofCapTableModel.pdf?rev=EE0A

Learned K (2019, February 27) Simple capitalization table model. Retrieved November 2020, from Capital because the company is called Loon Creek Capital. https://www.looncreekcapital.com/resources

Learned K, Dunlap D (2019, May 16) Capitalization tables demystified. Retrieved November 2020, from Angel Capital Association. https://www.angelcapitalassociation.org/blog/capitalization-tables-demystified/

Lettich T (2020, August 12) 14 Types of information investors may request as part of their due diligence checklist for your startup. Retrieved December 2020, from fundingsage.com. https://fundingsage.com/14-types-of-information-investors-may-request-as-part-of-their-due-diligence-checklist-for-your-startup/

Looking for Funding? (2020) Retrieved 2020 November, from Startup India Hub. https://www.startupindia.gov.in/content/sih/en/looking_for_funding.html

Manders C (2020, August 6) Personal interview. (P. Brooks, Interviewer)

McDermid S (2015, February 27) 16 Common questions about fundraising. Retrieved November 2020, from Andreessen Horowitz. https://a16z.com/2015/02/27/16-common-questions-about-fundraising/

McGeever (2020) Retrieved November 2020, from McGeever. https://mcgeeverllc.com

Michael J. Fox Foundation (n.d.) Retrieved December 2020, from michaeljfox.org. https://www.michaeljfox.org

Mott C (2020, August 26) CEO/Founder BlueTree Allied Angels. (P. Brooks, Interviewer)

National Venture Capital Association (2020) Retrieved December 2020, from https://go.aumni.fund/termsheet

National Venture Capital Association (n.d.-a) Retrieved November 2020, from NVCA. https://nvca.org/about-us/members/

National Venture Capital Association (n.d.-b) Retrieved November 2020, from NVCA. https://nvca.org/resources/regional-groups/

Needham K (2020, August 7) Personal conversation. (P. Brooks, Interviewer)

NIH Paylines and Success Rates (2020) Retrieved December 2020, from Einstein.yu.edu. http://www.einstein.yu.edu/administration/grant-support/nih-paylines.aspx

NIH Reporter (2020 December 5) Retrieved December 2020, from projectreporter.nih.gov. https://projectreporter.nih.gov/reporter.cfm

NIH SBIR/STTR Award Data (2020, August 11) Retrieved December 2020, from sbir.nih.gov. https://sbir.nih.gov/statistics/award-data

Pirchesky M (2020) Creating your elevator pitch. Retrieved November 2020, from Eagle Ventures as this is the name of the company. http://www.eagleventures.biz/resources.asp

PitchBook (2020) Retrieved December 2020, from PitchBook. https://pitchbook.com

Powering a New Generation of Black Innovators (2020) Retrieved December 2020, from WYM47. https://www.wmyconference.com/new-venture-competition

Principles for Operating a Venture Capital Fund (n.d.) Retrieved November 2020, from NVCA. https://nvca.org/operating-principles/#toggle-id-2

Rice Business Plan Competition (n.d.) Retrieved December 2020, from Rice.edu. https://rbpc.rice.edu

Richard King Mellon Foundation (n.d.) Retrieved December 2020, from rkmf.org. https://www.rkmf.org

SBIR * STTR America's Seed Fund (n.d.) Retrieved December 2020, from sbir.gov. https://www.sbir.gov/

SBIR/STTR Phase 0 State Matching programs (2020, August 25) Retrieved December 2020, from sba.gov. https://sba.app.box.com/s/0igoxz10x1gg800b78hkubhc3i16f7jw

Scaleup West Virginia (2020) Retrieved December 2020, from techconnectwv.org. http://techconnectwv.org/scaleup-west-virginia-sbir-assistance-program/

Seed Accelerator Rankings Project (2018) Retrieved December 2020, from Seedrankings.com. http://seedrankings.com/#home

Stand Up To Cancer (2008–2020) Retrieved December 2020, from standuptocancer.org. https://standuptocancer.org/research/

State Science & Technology Institute (SSTI) (n.d.) Member List: SSTI. Retrieved November 2020, from SSTI Web site: State Science & Technology Institute (SSTI)

Stefanovo K (2014, November 10) Creative ways to raise money for your startup. Retrieved December 2020, from forbes.com. https://www.forbes.com/sites/katinastefanova/2014/11/10/creative-ways-to-raise-money-for-your-startup/#3761948857e3

The Basics of Crowdfunding (2020) Retrieved December 2020, from Entrepreneur. https://www.entrepreneur.com/article/228125

The Forbes Funds (n.d.) Retrieved December 2020, from forbesfunds.org. https://forbesfunds.org

The Heinz Endowments (n.d.) Retrieved December 2020, from heinz.org. https://www.heinz.org

The Midas List (2020) Retrieved November 2020, from Forbes. https://www.forbes.com/midas/

The Pittsburgh Foundation (2020) Retrieved December 2020, from pittsburghfoundation.org. https://pittsburghfoundation.org

The Rest of Us (2016, June 2) Startup funding explained: everything you need to know. Retrieved November 2020, from YouTube: The Rest of Us. https://youtu.be/677ZtSMr4-4

The Value Proposition Canvas (2020) Retrieved November 2020, from Strategyzer. https://www.strategyzer.com/canvas/value-proposition-canvas

University of Pittsburgh (2019, February 14) A New Wrinkle on Vascular Implants. Retrieved December 2020, from University of Pittsburgh Innovation Institute. https://www.innovation.pitt.edu/a-new-wrinkle-on-an-old-medical-device/

Updated Investor Bulletin: Accredited Investors (2019, January 31) Retrieved December 2020, from US Securities and Exchange Commission. https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/updated-3

Vargo R (2020, August 11) Director, University of Pittsburgh Small Business Development Center. (P. Brooks, Interviewer)

Venture AngelList (n.d.) AngelList Venture. Retrieved December 2020, from AngelList venture. https://angel.co/v/venture/invest

Wellcome (n.d.) Retrieved December 2020, from wellcome.org. https://wellcome.org

What is a Business Model (2019) Retrieved November 2020, from Strategyzer. https://www.strategyzer.com/expertise/business-models
What is Ben Franklin Technology Partners? (2017) Retrieved December 2020, from Benfranklin.org. https://benfranklin.org/what-is-bftp/
Women's Entrepreneurship Day Organization (2020) About Us: WEDO. Retrieved December 2020, from WEDO Web site. https://www.womenseday.org/about-us/our-story/

## Bridging the Skills Gap in the Bahamas

Robert W. Robertson
Bahamas Technical and Vocational Institute, Tampa, FL, USA

### Synonyms

Disaster management; Economic development; Education; Online education; Skills gap; Technical and vocational training; The Bahamas; Workforce development

### Definition

The skills gap refers to the differences between the needs of the business and the actual capabilities of prospective employees. This gap is identified as impeding economic development and economic growth in many countries including the Bahamas. The skills gap in the Bahamas is exacerbated by Hurricane Dorian and the COVID-19 pandemic generating innovative educational options including online industry certified trade training.

### Introduction

Globally, governments are struggling to address the impacts of the COVID-19 pandemic which has impacted social, political, and economic interests. High unemployment, a significantly reduced GDP, and stresses on the healthcare and education systems are only a few of the impacts. For example, the global COVID-19 pandemic has dramatically changed the face of education across the world from classroom and face to face, to home and online – a revolution in how we will learn and train forever. Most research suggests that there will be a period of higher unemployment and an increased need for a more highly skilled workforce. Governments globally are struggling to manage the short and long-term impacts of this pandemic (International Labour Organization 2020). The International Labour Organization (2020) reports that "the world of work is being profoundly affected by the global virus pandemic. In addition to the threat to public health, the economic and social disruption threatens the long-term livelihoods and wellbeing of millions."

Another important impact is related to education. The OECD notes that the COVID-19 crisis has forced school closures in 188 countries, heavily disrupting the learning process of more than 1.7 billion children, youth, and their families (OECD 2020). Further, the World Economic Forum (2020) highlights the following:

- The COVID-19 has resulted in schools shut all across the world. Globally, over 1.2 billion children are out of the classroom.
- As a result, education has changed dramatically, with the distinctive rise of e-learning, whereby teaching is undertaken remotely and on digital platforms.
- Research suggests that online learning has been shown to increase retention of information and take less time, meaning the changes coronavirus have caused might be here to stay.

The pivot to online education to address the pandemic has not been easy in many instances. There are always questions and concerns about the equity of access to the basic tools (computers and the Internet). In fact, shortly before the pandemic outbreak, a survey noted that 6 in 10 online learning administrators say their campuses require professors to train before teaching online – but 70% say students aren't formally prepared to study virtually (McKenzie 2020) creating concerns about learning quality.

Another recent survey conducted by CHLOE (Legon and Garrett 2020) confirmed that about 70% of respondents noted that students looking to study online do not have to take any orientation related to that mode of study.

Legon and Garrett (2020) state that "given the known difficulties of students adjusting to online study and the higher dropout rates, we considered the figures for required online student orientation . . . as surprisingly low." This CHLOE survey suggests that most professors are moving on ground content online with limited support which may reduce the potential positive impact of online courses; indeed, the survey authors note that ". . .the brand of virtual education most of them (students) are seeing right now isn't the sort of high-quality online education that is possible when it is designed thoughtfully with help from professionals and well-trained professors" (Legon and Garrett 2020).

Overall, the data from the CHLOE "collectively show that most institutions aren't prepared to flip a switch and move all their learning into truly online settings" said Legon (Legon and Garrett 2020). Indeed, crises, like the pandemic, often can afford challenges and opportunities for innovation and new opportunities for the education sector.

In addition to COVID-19 impacts, the Bahamas has a compounding challenge. Specifically, the Government of the Bahamas is dealing with the results of a major Category Five hurricane. The Hurricane Dorian disaster (September 1–3, 2019) had an estimated impact of $ 3.4 billion or approximately 25% of the GDP of the country (IDB 2019). By comparison, this loss would be equal to losing the economic contribution of Florida, Texas, and California in the United States (IDB 2019). Damage to the housing sector included approximately 3000 homes with an impact estimated at $ 1.48 billion (IDB 2019). In particular, the hurricane has generated an increased urgency of addressing the skills gap – from on-the-job training to accelerated, blended, and certificate-based skills development and SME creation.

Clearly, the combined impact of the pandemic and the hurricane represents an unprecedented political, social, and economic challenge to the Bahamas. A key policy response advanced by the Government of the Bahamas has been to focus on the need to develop more capacity within the labor force notably in the areas of technical and vocational education such as the trades and information technology.

## The Bahamas Technical and Vocational Institute

The Bahamas Technical and Vocational Institute (BTVI) is the national, public, and tertiary community college which has been fully engaged in responding to these critical and urgent national priorities. In fact, the government directed an increase in public scholarships to support skills-related training to address pressing workforce skills gaps related directly to Hurricane Dorian and COVID-19. These scholarships are aimed at supporting more than 1200 students per year (Lloyd 2020). Initially established in 1980, in part, these scholarships were designed to bridge the national skills gap in the Bahamas which includes approximately 65% of businesses stating that the quality of employees is not satisfactory (The Tribune, 2019). BTVI offers certificate, diploma, and associate degrees as well as customized training. The key areas of enrollment are in information technology; office and business; cosmetology; and the trades. BTVI is a Cisco Academy, a City & Guilds center, and it has received CompTIA awards of excellence for regional leadership in IT. In addition, BTVI has been pursuing registration with the National Center for Construction Education and Research (NCCER). The purpose of pursuing NCCER certification is to facilitate offering accelerated, focused, and certified trade courses.

At the start of the 2020 spring term, BTVI was serving approximately 2200 traditional on ground, face-to-face students in Nassau, Freeport, Abaco, and Andros delivering more than 450 classes primarily using a face-to-face model. In

response to the pandemic, BTVI has undertaken the following.

## Online Education

A key direction that BTVI has advanced in the past few years has been to develop the capacity to offer online education and online training. In that regard, many faculty members have been trained to develop and offer online courses. There is more to do in this area, but BTVI has made tremendous steps in advancing online education. At the onset (March 2020) of the pandemic, approximately 40 mostly IT courses were being delivered in a blended mode, and this afforded a model for moving all courses online.

The technology infrastructure at BTVI had been improved over the past few years including the addition of computer labs and smart classrooms. These improvements made the transition to online more effective. Although there remains more work to be completed to support a smart campus concept, the improvements are being made incrementally as budgets dictate.

Globally, the transition to online education has accelerated dramatically with the COVID-19 pandemic. In response, BTVI moved almost all the 450 classes offered during the spring 2020 term that were moved to an online format using the Moodle learning management system. These courses were supplemented with case studies, simulations, videos, and Zoom classes. Although some classes in the trades are particularly difficult to accommodate, more than 95% of classes across the system continued online. In addition, for the trade-related courses, alternatives to ensure student success for all students were made using "boot camps" of small, face-to-face, hands-on practical sessions. The intention has been to use a blended format of the "theory" component online and the "practical" component on ground.

As a certified Cisco Academy and CompTIA award-winning institution for leadership in the Caribbean and Latin America, BTVI is uniquely qualified to be an online center of excellence. In that regard, a Centre for Online and Distance Education was established at BTVI in the spring of 2020.

Unfortunately, many efforts to pivot to online education in response to the pandemic were less than successful. For example, "the brand of virtual instruction that most professors and students are doing on the fly right now could damage perceptions of online education" (Legon and Garret 2020). Indeed, Legon and Garret argue that for those with a limited background in online education, the response to the pandemic will simply confirm existing stereotypes of online learning.

## Intensive Online Faculty Training

A key to a successful online program is the importance of faculty training. In that regard, additional training related to online education was initiated, in part, through a grant from the Commonwealth of Learning (COL). The Commonwealth of Learning is an "intergovernmental organization created by the Commonwealth Heads of Government to promote the development and sharing of open learning and distance education knowledge, resources and technologies" (Commonwealth of Learning n.d.). Twenty-two faculty members completed this training, and the Ministry of Education had a participant in the training. Additionally, five faculty members were identified to complete a program to be certified as a lead online instructor. An important outcome of this COL project is the creation of five blended courses (Information technology, numeracy, literacy, entrepreneurship, and student success) that will be rolled out primarily for dual enrollment purposes.

## Faculty and Staff Professional Development: Online

During the initial lockdown period (March–July 2020), BTVI faculty and staff remained actively engaged in upgrading their professional credentials. More than 90 completed Occupational Safety and Health (OSHA) certification as a safe workplace is a key in all sectors. Many

jurisdictions are developing COVID-19 construction guidelines including OSHA.

Ten staff members completed training on the financial and registration systems (Empower) to ensure a fully online registration process is available for students.

Also, a number of other short, online courses (emergency preparedness, management, and leadership) were completed.

In addition, a series of courses including an Introduction to Computers and Online Education were developed and made available for all faculty members. These short courses can be packaged as "nano degrees." This program uses open education resources and includes a number of industry-recognized certifications. The purpose of these courses is to assist instructors in being more effective particularly in the digital classroom.

In total more than 1100 h of training was completed by faculty and staff between March and August 2020.

In general, there is a need to build better competency among the teaching faculty and support staff. As a part of this initiative to focus on training, faculty members have been encouraged to develop individual training plans.

It is anticipated that some of this training could be made available at low cost to family island high school technology and vocational teachers to build capacity at that level as well.

## Accelerated Technical Training Program

BTVI has developed an accelerated technology training program. This accelerated program is aimed at quickly developing a trained workforce to address the national skills gap and provide training specific to the trades including courses in carpentry, plumbing, electrical, and masonry over a focused period of 10 weeks. The program is based on certification in the trades available with the National Center for Construction Education and Research (NCCER). This key program includes professional certifications to ensure that the graduates meet industry standards, including safety standards that will be of increasing importance post-COVID. The mandate of the NCCER is to "share the common goal of developing a safe and productive workforce via a standardized training and credentialing program" (NCCER n.d.). Indeed, the safety response to COVID-19 vitally needed by the construction industry mandates that BTVI supports and elevates the applicable training to ensure workplace safety. The Commonwealth of Learning has produced a "best practices" document that has assisted in delivering technical projects online (Commonwealth of Learning 2020).

In particular, the intent is to work in cooperation with the Bahamas Contractors Association to initially and immediately assist in the rebuilding efforts required in the Hurricane Dorian impacted areas of Abaco and Grand Bahama. This key program includes professional certifications to ensure that the graduates meet industry standards including safety standards that will be of increasing importance. The mandate of the NCCER is to "share the common goal of developing a safe and productive workforce via a standardized training and credentialing program" (NCCER n.d.). Indeed, the safety response to COVID-19 vitally needed by the construction industry mandates that BTVI supports and elevates the applicable training to ensure workplace safety. The first step in advancing this initiative was to hold a "train the trainer" seminar which certified approximately 100 craftsmen and women to NCCER standards. The second step of training students, particularly on those islands impacted by Hurricane Dorian, is underway.

Overall, the development of the skills within the key trade areas will assist in reducing unemployment and having more Bahamians certified and therefore in a position to participate in the economy in a tangible way as rebuilding efforts take place in the country.

## Student Satisfaction

BTVI conducts a regular student satisfaction survey.

The most recent survey was conducted during the lockdown phase (March to June 2020), and it included responses from more than 200 students. Overall, 85% of student respondents stated that

their experiences with respect to online courses at BTVI were "good."

This survey is repeated regularly, and the results provide empirical data that can be used to form the basis of improvement strategies. Key findings include:

1. Percentage of first-time online or blended learning students: The number of students identified as "first-time enrollees" to the online learning platform represented 70%. The other 30% had prior online or blended learning exposure.
2. Adequacy and quality of the online instruction: The average scores of satisfaction for Instructional services ranked at 90%. Students were satisfied that the classes met the learning objectives, the courses were easy to navigate, and they provided adequate auditory and visibility to accommodate all learning styles.
3. Final examinations: About 80% of student responders took a final exam through the virtual learning platform.
4. Faculty engagement: The satisfaction scores for teacher engagement ranged from 81% to 85%. The questions included levels of engagement, as well as faculty guidance.
5. Challenges faced: Students ranked the challenges faced as follows: the most challenging factor, the Internet, and the least challenging issue, the lack of computer equipment.
6. Overall satisfaction: The score for overall satisfaction included the student's likelihood to take another online course. The responses indicated 70% would like to take another online session, and the overall satisfaction score for the COVID-19 online learning experience came in at 85%.

In summary, the results indicated that students were mostly satisfied with the BTVI's response to the COVID closures and the instructional methodology was adequate. The area showing an area of concern related to technical and Internet challenges. Teacher engagement from the point of faculty guidance showed some average ratings. Overall the results were positive. It is anticipated that the results will be assessed in additional detail and used to improve the online experience. For example, based on these concerns, computer labs are now opened by appointment and students use these facilities using social distancing protocols. In addition, an introductory online course has been finalized that provides students with an understanding of how the online systems work. Finally, ongoing teacher training is underway to improve both course development and delivery.

## Community Support

BTVI has consistently attracted the support of key corporate and community stakeholders. One recent example is the Race for the Kids and the support of the Royal Bank. The funds generated by the RBC were specifically designed to assist the hurricane-impacted areas of the country and to provide a software system to enhance student retention. In addition, the Rotary Clubs of the Bahamas contributed laptops for the hurricane-impacted areas.

Another example is a partnership between the Commonwealth of Learning (COL) and BTVI in which the COL is sponsoring online education training for a number of BTVI faculty members.

Overall, these types of partnerships are critical, and it is anticipated that this support can be enhanced to build the brand particularly related to up-skilling the workforce in these very challenging post-COVID times. Firms and organizations both domestic and global are looking to partner to assist community development efforts. Finally, a skills gap survey was developed with the support of key stakeholders. The survey conducted in 2019 confirmed that 60% of employers suggested that prospective employees were not globally competitive. The survey results were designed to inform additional training opportunities throughout the country.

## Post-COVID Workplace Skills

A key consideration for any academic institution in today's environment is the need to assess the critical skills that will be in demand post-COVID.

The European Commission (2020) suggest that the critical post-COVID skills will include: leadership, particularly related to teams and working remotely; emotional intelligence to work with ourselves and others in uncertain and challenging times; technology skills will be increasingly "indispensable"; digital and coding skills to manage processes and data; adaptability and the ability to understand change and the ability to embrace change; creativity and innovation to continuously improve; data literacy to effectively gather and manage "big data"; and critical thinking to evaluate data and make informed decisions.

Of course, ensuring an effective educational system to achieve these objectives will not be an easy task. Indeed, a key challenge for educators is the budgetary constraints made more pressing by the global pandemic. The OECD (2020) suggests that "governments should not solely focus on the short-term effects of the more than two months of disrupted learning, which may fade out by the time students complete their school education. The policy focus should be set on keeping students engaged in learning to limit hysteresis, the long term impact on students' outcomes, which also potentially aggravates inequalities in education."

## Summary

In summary, there are a number of key initiatives that have been started at BTVI which are providing positive results. In particular, it is critical that skills are developed to address the dual national impacts of Hurricane Dorian and the COVID-19 pandemic. Projections indicate that there will likely be continued high unemployment as the pandemic is resolved. Strategic investment in skills development is timely and can pay significant dividends in the recovery phase of rebuilding the national economy. The specific outcomes that BTVI is aiming to achieve include:

Quality – it is critical that quality and national accreditation be advanced illustrating the vital focus on providing a global standard of excellence in all programs. This will strengthen relationships with international institutions as BTVI partners with firms in other countries that will facilitate acceptance of BTVI credits and programs.

Certifications – increase the percentage of graduates completing courses with industry-recognized certifications. This will increase employment opportunities as foreign direct investment and major developments take place throughout the country notably in the hurricane-impacted areas. Entrepreneurship will also be promoted/increased.

Accelerated Trade Courses – the model will move to shorter more focused courses and programs that will enhance retention, graduation, and output while maintaining quality. These courses will be employed focused on building employment skills including specific training in starting and operating a business. Entrepreneurship represents a key skill that will be advanced.

Online – use more technology to deliver online and or blended content to a broader range of Bahamians countrywide. Improving online course quality is a key goal.

Training Faculty – ensure that the faculty are properly trained to meet the demands of the new reality using primarily short, industry-recognized certifications.

Dual Enrollment – as a method to introduce younger Bahamians to the trades, develop stronger relationships with students and provide specific, primarily trade courses and programs for high school students.

Online Centre of Excellence – an online center that has been formally established. This center is designed to promote, support, and deliver online education. The center will solicit partnership support from other academic institutions, industry, NGOs, and the Government of the Bahamas.

Physical Infrastructure – the infrastructure to deliver high-quality programs must be enhanced as BTVI has for many years required facility improvements. This is also a requirement of some of the international certification and accreditation institutions. For example, the Freeport campus remains only partially

operational as a result of Hurricane Dorian damage. Major repairs are urgently required to make the facility useable as classes are being held at the local high school. In that respect, the capital budget is designed to repair the damaged buildings in Freeport and to bring Nassau facilities up to standards required to offer industry approved certificates and accredited courses.

In conclusion, BTVI made the pivot to online very quickly and efficiently. For example, moving courses to the learning management system was completed within 72 h. Also, developing and implementing a series of training initiatives that includes more than 11,000 h of professional development work by faculty and staff shows a strong commitment to continuous improvement during difficult times. Going forward, training priorities for the next year are being identified, and these include customer service, conflict resolution, and leadership. Student survey data from the initial lockdown are quite positive; however, ongoing surveys are important to develop a culture of continuous improvement. Finally, a focus on short, industry-certified courses in the trades using the NCCER model is imperative in addressing the skilled worker shortage in the Bahamas particularly driven by Hurricane Dorian. It will take a united effort over time to close the skills gap and rebuild the country.

## References


Commonwealth of Learning (2020) Strategies for blended TVET: in response to COVID-19. Commonwealth of Learning, Burnaby

Commonwealth of Learning (n.d.) About the Commonwealth of Learning. Retrieved from https://www.col.org/about/what-commonwealth-learning

European Commission (2020) Eight essential skills to succeed in a post COVID-19 world. Retrieved from https://ec.europa.eu/eures/public/news-articles/-/asset_publisher/L2ZVYxNxK11W/content/8-essential-skills-to-succeed-in-a-post-covid-19-world

Inter-American Development Bank (2019) Damages and other impacts on the Bahamas by Hurricane Dorian estimated at $ 3.4 billion. Retrieved from https://www.iadb.org/en/damages-and-other-impacts-bahamas-hurricane-dorian-estimated-34-billion-report

International Labour Organization (2020) COVID-19 and the world of work. Retrieved from https://www.ilo.org/global/topics/coronavirus/lang%2D%2Den/index.htm

Legon R, Garrett R (2020) CHLOE 5: the pivot to remote teaching in spring 2020 and its impact. Quality Matters and Eduventures. Retrieved from https://encoura.org/project/chloe-5-the-pivot-to-remote-teaching-in-spring-2020-and-its-impact/

Lloyd J (2020) 2020–2021 budget contribution. The Honourable J. Lloyd, Minister of Education, House of Assembly, Nassau, The Bahamas. Retrieved from https://www.bahamaslocal.com/newsitem/244871/20202021_Budget_Contribution_by_The_Hon_Jeffrey_L_Lloyd_Minister_of_Education_House_of_Assembly_June_16th_2020.html

McKenzie L (2020) COVID-19 and online education decisions. Higher Education. Retrieved from https://www.insidehighered.com/news/2020/07/30/survey-data-reveal-impact-covid-19-perceptions-online-education

National Center for Construction Education and Research (n.d.) Retrieved from https://www.nccer.org/

Organization for Economic Cooperation and Development (2020) Education and COVID-19: focusing on the long-term impact of school closures. Retrieved from https://www.oecd.org/coronavirus/policy-responses/education-and-covid-19-focusing-on-the-long-term-impact-of-school-closures-2cea926e/

World Economic Forum (2020) The COVID-19 pandemic has changed education forever. Retrieved from https://www.weforum.org/agenda/2020/04/coronavirus-education-global-covid19-online-digital-learning/


# British Model of Local Government and Personnel Management


Intae Choi
Yonsei University, Seoul, South Korea


## Synonyms

Organizational setup; Organizational structure

## Definition

Local governments of the United Kingdom possess an organizational environment where local governments can autonomously regulate their activities rather than be intensively controlled by the central government. The central government

simply presents larger directions, leaving local councils to handle, change, and decide upon specific affairs appropriate to local circumstances.

## Introduction

General local governments in the UK are largely categorized as either upper tier or lower tier, also known as a two-tier local government system. The upper tier includes the Greater London Authority and County Council, while the lower tier includes the Borough Council, District Council, and City Council. There also exist unitary authorities, which include Metropolitan Districts. On the other hand, as part of the federal union, the Welsh and Scottish governments take on a unitary form of a single-tier system. In the UK, there are also sub-local governments where administrative authority does not exist. In certain parts of England, there are Parish Councils and Town Councils, and Community Councils exist within the Scottish and Welsh governments. In terms of administrative authority, the right and authority of taxation are not acknowledged in sublocal governments, and partial administrative functions may be delegated by district local governments for operation.

## Organizational Setup of the United Kingdom's Local Government

The UK's existing local government system has its foundation in the Local Government Act 2000. Because the main members of a local government's executive committee are local council members rather than public officials, the system makes it convenient for a local council to respond to its residents. Mayors are not given significant authority in UK's local governments. They are not granted the authority to make decisions, but are only responsible for conducting council meetings. The actual decision-making power lies within the local councils. The role of the council member, then, is significant because local councils make key decisions regarding regulation, planning, permission, schools, and staffing. Public officials of the executive committee only serve as consultants (Local Government Association 2011).

The authority to restructure a local government organization is given to the chief executive. This is stated in Part II Article 12 Section 3 of the Local Government Act 2000. In other words, the repeal of an existing local government organization or the establishment of a new organization is entrusted upon a chief executive's autonomy. A chief executive may adjust an organization to increase its administrative accountability through transparent and efficient operations that are suitable to local affairs. The local council approves the report submitted by the chief executive, and the organization establishment item gets proposed along with other agenda items. The local council systematically analyzes the proposal and prepares explanatory materials from an impartial point of view, which then gets reported to the Secretary of State for review. In fact, it becomes a decisive moment in the process when the local council approves the report submitted by the executive committee. Realistically, the operation budget is the main decisive factor that determines whether or not an organization can be established. According to local government cases in which chief executives submitted reports when local governments propose to restructure an organization, the main purpose is to increase operative efficiency with the expectation of a budget increase effect (Sarah Dennis 2011). On the one hand, the chief executive emphasizes that organizations should not peremptorily make decisions regarding organization structure, but should go through the process of discussing with chief administrative officials and strive for cost reduction effects (Stoke-on-Trent City Council 2014).

## Personnel Management of the United Kingdom's Local Government

The size of executive staffing that constitutes upper-level management in a self-governing body is limited to a maximum of 10 members by law. According to Part II Article 11 Section 8 of the Local Government Act 2000, no matter what

form a self-governing body takes, the total size including the mayor and committee executives cannot exceed 10 members. In other words, staffing regulations only exist for top executive officials, and all other government staffing below are carried out in a top-down manner suitable to the needs and state of affairs of each local government. With the exception of the top executive committee, all staffing matters are entrusted to the executive committee's autonomy. In other words, personnel management is carried out for an efficient administrative operation, and when personnel changes occur due to retired employees or new employees, internal audits are executed by the local council. The internal audit report is prepared by the chief executive (Argyll Bute Council 2009). Although the executive committee possesses autonomy for staffing, their decision-making process cannot be carried out independently. They must form a committee to gather officials' opinions and convince the local council (Newham Council 2013). Although the local government itself has the autonomy to configure its own staffing, it is not impossible for the central government to exert control. According to Part III Article 49 of the Local Government Act 2000, the Secretary of State, who is part of the central government, may regulate government officials of the local governments in England and Wales. The National Assembly for Wales can regulate government officials of its local governments. In order for the central government to exert control over local government officials, it must go through mutual consultation with the related committee, and in the absence of a committee, it must go through a consultation process with the appropriate person in charge.

Personnel expenses are the main influence factor of management for government staffing. Although local governments in the UK generally recruit based on the demand for administrative services, personnel expenses for government workers, which is a main budget expenditure, influences the staffing size (Department for Communities and Local Government: London 2014). Personnel expenses are considered important in UK's local governments because they are directly related to the pensions that government workers receive upon retirement. The breakdown of a government worker's personnel expense includes, wage, worker's insurance, annuity insurance, local allowance, education, and cost of recruitment (Department for Communities and Local Government: London 2014). Although local governments can autonomously recruit based on demand for administrative services and need, the most commonly recruited positions are teachers, police officers and police support, fire service workers, traffic management workers, and other general labor workers within the local government (Department for Communities and Local Government: London 2014). Considering such circumstances, a number of schools, police stations, public safety services, fire stations, etc. are indicators that are closely related to the personnel management and staff recruitment of UK's local governments.

## Conclusion

The local governments in the United Kingdom usually design their organizational structure autonomously. Though central government can control local governments' operations and structure, regulations on local government rarely take place. This is because the relationship between them is based on mutual trust. The local government in the United Kingdom can adjust their organizational structure and size at their discretion upon their budget size. It can be an adequate way to go forward to sound local autonomy.

## Cross-References

► Civil Service Law and Public Personnel Management

## References

Argyll Bute Council (2009) Internal audit report, review of recruitment and retention of staff

Sarah Dennis (2011) Proposed senior management restructure. Southamton City Council

Department for Communities and Local Government: London (2014) Local government financial statistics England, no. 24
Local Government Association (2011) The LGA quick guide to local government
Newham Council 2013 Officer Employment Procedure Rules
Stoke-on-Trent City Council (2014) Extraordinaty city council meeting summons

# Budget Analysis

Maria Teresa Balaguer-Coll
Universitat Jaume I, Castellón, Spain

## Synonyms

Budget indicators; Revenue and expenditure analysis

## Definition

Budget analysis: involves examining and explaining the components of budget expenditure and revenue. The use of budget indicators (ratios) can help to improve understanding of issues such as the level of implementation of expenditure and revenue budgets or the structure of the budget. In the public sector, the main objective of budget analysis is to control expenditures and predict future budget needs, thereby providing decision makers with the information they need to prepare the budget for the next fiscal period.

The International Public Sector Accounting Standards Board (IPSASB) 2014 defines a number of basic concepts related to the budget, some of which are presented below:

- Approved budget: means the expenditure authority derived from laws, appropriation bills, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period.
- Original budget: is the initial approved budget for the budget period.
- Final budget: is the original budget, adjusted for all reserves, carry-over amounts, transfers, allocations, supplemental appropriations, and other authorized legislative or similar authority changes applicable to the budget period.

## Introduction

The budget plays a key role in the public sector, as it is an essential tool for financial management and control. Studying its composition provides information about important aspects such as forecasts and executions of revenue and expenditure. However, classification criteria are needed in order to analyze and compare the budgets in different countries. Various international organizations have introduced methods for this purpose, such as the International Monetary Fund's (IMF) system for classifying expenditures and revenues according to their economic and functional nature or the International Public Sector Accounting Standards Board's (IPSASB) International Public Sector Accounting Standards (IPSAS), an important tool in helping to prepare accounting reports.

The international financial crisis and the associated large fiscal deficits and rising debt levels in many countries have highlighted the importance of having access to comparable data at the international level for taking appropriate corrective action. In recognition of this need, the IMF published the third edition of the Government Finance Statistics Manual 2014 (GFSM 2014). This manual represents an important step forward in clarifying the rules for submitting fiscal statistics, thereby improving public sector information and transparency.

In addition, in light of the variations in accounting criteria and practices among public sector entities, the IPSASB considered it necessary to publish standards providing a basis for public sector entities; to standardize the criteria in financial, accounting, and auditing matters; and to increase both the quality and the comparability of financial information reported by public sector entities in different countries across the world. At the European Union (EU) level, the financial crisis has highlighted the importance of the European Public Sector Accounting Standards (EPSAS),

Europe's common accounting standards. These standards are based on the IPSAS, and their purpose is to promote greater fiscal and budgetary integration among member countries.

The main objective of this chapter is to present some fundamental aspects in public budget analysis. The chapter is structured in five sections. The first section defines the basic characteristics of budgets. The second section analyzes the economic and functional classifications of expenses and revenue budgets, in accordance with some generally accepted classifications (in particular the GFSM 2014). In the third section, taking into account the recommendations of the International Public Sector Accounting Standards Board (IPSASB), the differences between the approved budget and the executed budget are explored. Section four describes some basic indicators that can be drawn from the budget information. Finally, the main conclusions are presented.

## The Importance of the Budget in the Public Sector

Although numerous authors have written on the conceptualization of the budget, Anthony and Young's (2003) definition of the budget as "a plan expressed in quantitative, usually monetary terms" is particularly useful. Horngren et al. (2012) define the budget as "the quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinating what needs to be done to implement that plan." Thus, public budgets can be said to have the following features:

- The budget activity is an act of foresight. The budget reflects expenses and revenues during a given period of time.
- It is produced at regular intervals (usually one year).
- It is based on quantitative balance between revenue and expenses, expressed in accounting language.
- It is an important planning and control instrument, which includes the forecasts and execution of expenditures and revenues. Thus, it shows the government's economic performance for a given period with marked targets and the resources required for its implementation.

## Budget Classifications

The budget is divided into revenue and expense budgets. The revenue budget can be further divided into two classifications: administrative and economic. The spending budget can have three classifications: administrative, economic, and functional. As well as these three classification systems, some countries use additional systems to provide complementary information (Jacobs et al. 2009):

- Classification by *geographical location* of the administrative unit, the taxpayer, or the recipient of government transfers and subsidies
- Classification of the *beneficiaries* of government transfers and subsidies
- Classification of the *sources of financing* and counterpart funds used for recording external loans and grants

A budget classification system provides a normative framework for public administration, the structure of which is based on the establishment of common aspects that help authorities make decisions at all stages of the budget process (planning, execution, and presentation of information). The classification of budgetary operations in terms of their economic, functional, administrative, and other characteristics is important for policy and performance analysis, allocating resources efficiently among sectors, ensuring compliance with the legislative authorizations and financial regulations, and the day-to-day administration of the budget (Tommasi 2013; Jacobs et al. 2009).

### Revenue Classifications

Revenue classifications are generally based on international standards. Revenue can be classified according to two systems:

- Administrative classification: informs which entity is responsible for entering the resource.
- Economic classification: identifies the type of revenue.

### Economic Classification of Revenue

The economic classification of revenue is based on the nature of income and distinguishes between current and capital revenue. Current revenue comprises direct and indirect taxes, fees for services, property income, and received current transfers. Capital revenue covers real investments and received capital transfers.

The IMF's Government Finance Statistics (GFS) provides an internationally accepted framework for economic classification of revenue. The framework from the 2014 GFS Manual is shown in Table 1.

### Expenditure Classifications

Expenditures can be classified according to various criteria:

- Administrative classification: identifies the entity responsible for managing the public funds concerned.
- Economic classification: identifies the type of expenditure incurred.
- Functional classification: organizes expenditure according to the purposes and objectives for which it is intended.

**Budget Analysis, Table 1** Economic classification of revenue

| |
|---|
| 1. Revenue |
| 11. Taxes |
| 111. Taxes on income, profits, and capital gains |
| 112. Taxes on payroll and workforce |
| 113. Taxes on property |
| 114. Taxes on goods and services |
| 115. Taxes on international trade and transactions |
| 116. Other taxes |
| 12. Social contributions |
| 121. Social security contributions |
| 122. Other social contributions |
| 13. Grants |
| 131. From foreign governments |
| 132. From international organizations |
| 133. From other general government units |
| 14. Other revenues |
| 141. Property income |
| 142. Sales of goods and services |
| 143. Fines, penalties, and forfeits |
| 144. Transfers nor elsewhere classified |
| 145. Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes |

Source: GFSM (2014)

Through the Government Financial Statistics (GFS) system, the IMF establishes codes to facilitate comparisons between countries and assist in computing analytic measures for fiscal policy decisions. The reporting system prescribed by the IMF is a statistical system to measure fiscal performance. GFS classify the expenditure in two categories: functional and economic. However, some countries do not apply internationally recognized classification systems, and the classification categories may vary from one country to another.

### Economic Classification of Expenditure

The economic classification reports how the budget is spent, identifying the type of expenditure incurred (e.g., salaries, goods and services, transfers and interest payments, or capital spending). Budgets should distinguish between current and capital expenditure to improve transparency and political decision making.

Capital expenditures reflect public sector investment and include direct investment (infrastructure, buildings, equipment, and other long-lived assets) and capital transfers to other entities; current expenditures cover spending on maintaining and operating the services governments provide during the fiscal year and consumed in that period (e.g., salaries, goods and services, interest payments, current transfers). However, the distinction between current and capital expenditures may vary by country, as governments may establish an arbitrary cutoff point to distinguish between the two types.

The GFS establishes a classification for revenues based on the nature of expenditure, shown in Table 2.

### Functional Classification of Expenditure

The functional classification identifies spending according to its objectives. It gives information on how the money is spent (education, health, defense, social services, etc.). This classification

**Budget Analysis, Table 2** Economic classification of expense

| |
|---|
| 2 Expenses |
| 21. Compensation of employees |
| 211. Wages and salaries |
| 212. Employers' social contributions |
| 146. Use of goods and services |
| 147. Consumption of fixed capital |
| 148. Interest |
| 149. To nonresidents |
| 150. To residents other than general government |
| 151. To other general government units |
| 152. Subsidies |
| 251. To public corporations |
| 252. To private enterprises |
| 253. To other sectors |
| 153. Grants |
| 261. To foreign governments |
| 262. To international organizations |
| 263. To other general government units |
| 154. Social benefits |
| 271. Social security benefits |
| 272. Social assistance benefits |
| 273. Employment related |
| 155. Other expenses |
| 281. Property expenses other than interest |
| 282. Transfers not elsewhere classified |
| 283. Premiums, fees, and claims related to nonlife insurance and standard guarantee schemes |

Source: GFSM (2014)

is especially useful in analyzing the allocation of resources among sectors.

One of the best-known classification systems is the classification of the functions of government (COFOG), developed by the OECD and defined by the United Nations Statistics Division. This system has been incorporated into the International Monetary Fund's Government Financial Statistics Manual (GFSM), which classifies government expenditure data from the System of National Accounts (SNA) according to the purpose for which the funds are used. The complete classification of the functions of government has three levels of detail: divisions (first level), groups (second level), and classes (third level). At the first level, the COFOG system divides spending into ten broad categories. Table 3 lists all the categories and subcategories.

**Budget Analysis, Table 3** Classification by expenditure by functions of government (*)

| | |
|---|---|
| 01. General public services | 06. Housing and community amenities |
| 011. Executive and legislative organs, financial and fiscal affairs, and external affairs | 061. Housing development |
| 012. Foreign economic aid | 062. Community development |
| 013. General services | 063. Water supply |
| 013. Basic research | 064. Street lighting |
| 014. R&D general public services | 065. R&D housing and community amenities |
| 015. General public services n.e.c. | 066. Housing and community amenities n.e.c. |
| 016. Public debt transactions | 07. Health |
| 017. Transfers of a general character between different levels of government | 071. Medical products, appliances, and equipment |
| 02. Defense | 072. Outpatient services |
| 021. Military defense | 073. Hospital services |
| 022. Civil defense | 074. Public health services |
| 023. Foreign military aid | 075. R&D health |
| 024. R&D defense | 076. Health n.e.c. |
| 025. Defense n.e.c. | 08. Recreation, culture, and religion |
| 03. Public order and safety | 081. Recreational and sporting services |
| 031. Police services | 082. Cultural services |
| 032. Fire protection services | 083. Broadcasting and publishing services |
| 033. Law courts | 084. Religious and other community services |
| 034. Prisons | 085. R&D recreation, culture, and religion |
| 035. R&D public order and safety | 086. Recreation, culture, and religion n.e.c. |
| 036. Public order and safety n.e.c. | 09. Education |
| 04. Economic affairs | 091. Preprimary and primary education |
| 041. General economic, commercial, and labor affairs | 092. Secondary education |
| 042. Agriculture, forestry, fishing, and hunting | 093. Postsecondary non-tertiary education |
| 043. Fuel and energy | 094. Tertiary education |

(continued)

**Budget Analysis, Table 3** (continued)

| | |
|---|---|
| 044. Mining, manufacturing, and construction | 095. Education not definable by level |
| 045. Transport | 096. Subsidiary services to education |
| 046. Communication | 097. R&D education |
| 047. Other industries | 098. Education n.e.c. |
| 0.48. R&D economic affairs | 10. Social protection |
| 049. Economic affairs n.e.c. | 101. Sickness and disability |
| 05. Environmental protection | 102. Old age |
| 051. Waste management | 103. Survivors |
| 052. Wastewater management | 104. Family and children |
| 053. Pollution abatement | 105. Unemployment |
| 054. Protection of biodiversity and landscape | 106. Housing |
| 055. R&D environmental protection | 107. Social exclusion n.e.c. |
| 056. Environmental protection n.e.c. | 108. R&D social protection |
| | 109. Social protection n.e.c. |

Source: GFSM (2014)
Notes: *R&D* research and development, *n.e.c.* not elsewhere classified
(*)The GFSM classification incorporates the classification of the functions of government (COFOG) of the OECD and the UN

EU member states are required to provide Eurostat data for the ten COFOG categories. This data must include the cost of all public administrations so that flows between the different subsectors of general government, such as interest payments and transfers, should be consolidated to adequately reflect total public expenditure.

The IMF's Government Finance Statistics Manual (GFSM) provides a standard framework for developing a budget classification structure. However, as Jacobs et al. (2009) point out, the GFSM is generally not sufficient for the purposes of developing a budget classification system. It focuses on revenues and economic and functional reporting for statistical purposes, while a budget classification system is also an instrument of policy formulation, administration of the budget, and accounting. As a result, the classification system for both expenditures and revenues may need to be adapted to meet the needs of budget preparation and execution.

### Cross-Classification of Expenditure by Functional and Economic Classification

In the GFSM 2014, the IMF points out the usefulness to analysis of a cross-classification of functional classifications of expenditure (COFOG) with each of the categories of the economic classification of expenses (Table 4). The cross-classification allows analysis of the following:

- The inputs, which show how governments perform their functions, and the outputs, which reflect the products and services produced by a program or activity
- How governments carry out their public expenditure policy functions and the changes produced in the composition of expenditure over time to attend to specific policy objectives
- Comparison of how different governments perform certain functions

## Comparison of Approved Budget and Executed Budget

The International Public Sector Accounting Standards Board (IPSASB) publishes International Public Sector Accounting Standards (IPSAS) for use by public sector entities around the world in the preparation of their financial statements. The IPSAS 24 *Presentation of Budget Information in Financial Statements* establishes that public sector entities should present a comparison of the budget (approved) and actual amounts (executed budget) in financial statements that report information about (Table 5):

- The original and final budget amounts. The entity must "present an explanation of whether changes between the original and final budget are a consequence of reallocations within the budget, or of other factors."
- The actual amounts on a comparable basis. To enable comparisons, budget and actual

**Budget Analysis, Table 4** Cross-classification of expenditure by functional and economic classification

| | Compensation of employers | Use of goods and services | Consumption of fixed capital | Interest | Subsidies | Grants | Social benefits | Other expenses | Net investment in nonfinancial assets (*) |
|---|---|---|---|---|---|---|---|---|---|
| General public services | | | | | | | | | |
| Defense | | | | | | | | | |
| Public order and safety | | | | | | | | | |
| Economic affairs | | | | | | | | | |
| Environmental protection | | | | | | | | | |
| Housing and community amenities | | | | | | | | | |
| Health | | | | | | | | | |
| Recreation, culture, and religion | | | | | | | | | |
| Education | | | | | | | | | |
| Social protection | | | | | | | | | |

Source: GFSM (2014)
(*)A column for acquisitions of nonfinancial assets is included in the economic classification

**Budget Analysis, Table 5** Statement of comparison of budget and actual amounts

| | Budget amounts (approved budget) | | Actual amounts (budget execution) (3) | [a]*Difference: final and actual budgets* (4) = (2–3) |
|---|---|---|---|---|
| | Original (1) | Final (2) | | |
| Revenues | | | | |
| Expenses | | | | |

Source: IPSASB (2014)
[a]The column difference is not required. However, a comparison between the actual and the final budgets may be included

amounts shall be "presented on the same accounting basis (accrual, cash, or other basis), same classification basis and for the same entities and same period as for the approved budget."

- The differences between budget amounts and actual amounts. The entity should present differences in additional columns appended to the budget or in an additional financial statement.

The comparison of the approved and the executed budgets informs users whether the resources were obtained according to forecasts and whether they were carried out according to the approved budget. Although all budgets need some flexibility to respond to unexpected circumstances, variations from the approved budget must be clearly reported because they can have significant economic and social impacts.

## Budget Indicators

This section shows some indicators that can be obtained from the information contained in the budget (Brusca and Condor 2001; Carcaba 2003).

## Budget Execution Indicators

These indicators analyze the extent to which the forecasts and final appropriations have led to settlement of receivables and recognition of payment obligations, how easily these receivables can be turned into cash, or the rate at which payments are made. They can be studied following the economic and/or the functional budget classification. Some of these indicators are:

- *Expenditure execution: total expenditures (executed)/total expenditure final estimates*.

This ratio reflects the proportion of appropriations approved in the period that have led to recognition of budget obligations. For a more in-depth analysis, it is useful to break down the budget implementation rate into its components, such as current expenditure and capital expenditure and, for greater detail, into levels such as expenditure on personnel, goods and services, etc. This indicator provides information on the executed budget as compared to the approved budget and is therefore a useful reference with which to appraise future budgets.

A further possibility is to analyze the level of execution of the expenditure budget in light of its functional classification; this analysis would reveal the extent of execution in approved budgets for defense, health, or education, for example.

- *Revenue execution: total revenues (executed)/total revenue final forecasts*.

This ratio reflects the extent to which approved (forecast) budget revenues give rise to net budget revenues, that is, the degree to which they were executed. Starting with the economic classification of the budget, as with the previous indicator, it would also be of interest to break down the execution rate for revenue budgets into current revenue and capital revenue and even at a greater level of detail, such as taxes, transfers from other government subsectors, etc.

- *Payment execution: total payments/total expenditures executed (net recognized obligations)*.

This ratio shows the expenditure payment arrears, in other words the proportion of obligations recognized in the period that were paid

by the end of that period in relation to total recognized obligations.

- *Receivable execution: net receipts/total revenues executed (net recognized revenue*).

  This ratio shows the percentage referring to receivables obtained in the period over net recognized revenues; it therefore measures an entity's capacity to turn into cash sums due to be collected.

### Indicators of the Budget Structure

- *Percentage of current expenditure: current expenditures executed/total expenditures executed (net recognized obligations*).

  This ratio measures the percentage of total expenditure represented by current expenditure (salaries, goods and services, current transfers, and interest payments).

- *Percentage of capital expenditure: capital expenditures executed/total expenditures executed (net recognized obligations*).

  This ratio reflects the entity's investment strength. It establishes the proportion of total budget spending represented by capital operations in the period.

- *Fiscal capacity: own fiscal capacity (taxation revenues)/total revenues*.

  This reflects the proportion of total budget revenues collected during the period represented by budget revenues from taxation.

## Conclusions

Today's economy demands increasing analysis and transparency in public budgets, which are essential documents for studying government policies and commitments, involving decisions that determine how resources are obtained and what will be spent. However, well-defined budget classifications are needed to analyze the budgets of various public institutions at a particular time or across time (of the same country or among countries). The IMF's Government Finance Statistics (GFS) represent an important step in this direction, as they provide an internationally accepted framework for developing a budget classification structure.

Another important tool to help develop accounting reports is the IPSASB, through the development of International Public Sector Accounting Standards (IPSAS). Specifically, the IPSAS 24 *Presentation of Budget Information in Financial Statements* establishes a series of definitions and bases for presenting public budgets designed to improve the quality and comparability of information contained in countries' public budgets across the world. The IPSAS 24 establishes that public sector entities must present a comparison between the budget (approved) and actual amounts (executed budget), informing users whether resources were obtained in accordance with their provisions and whether they were carried out in accordance with the approved budget. The use of budget indicators (ratios) can help to improve understanding of issues such as the level of implementation of the expenditure and revenue budgets.

## Cross-References


- ▶ Accrual Budget
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector
- ▶ Capital Budgeting
- ▶ Internal Budgeting
- ▶ International Public Sector Accounting Standards (IPSAS)


## References


Anthony RN, Young D (2003) Management control in nonprofit organizations, 7th edn. McGraw-Hill, Boston

Brusca MI, Condor V (2001) El análisis financiero en las administraciones locales. Span J Financ Account 30(108):475–504

Carcaba A (2003) Análisis financiero de las entidades locales mediante el uso de indicadores. Span J Financ Account 32(118):661–692

Horngren CT, Datar SM, Rajan MV (2012) Cost accounting; a managerial emphasis, 14th edn. Pearson Education, Harlow

International Monetary Fund (2014) Government finance statistics manual (GFSM) 2014. International Monetary Fund, Washington, DC
IPSASB (2014) Handbook of international public sector accounting pronouncements, vol I–II. International Federation of Accountants, IFAC, New York
Jacobs D, Helis JL, Bouley D (2009) Budget classifications, technical notes and manuals. International Monetary Fund, Fiscal Affairs Department, Washington, DC
Tommasi D (2013) The coverage and classification of the budget. In The international handbook of public financial management. Palgrave Macmillan

# Budget Approval and the Legislative Process

Igor Khodachek
Nord University Business School, Bodø, Norway

## Synonyms

Budget adoption; Budget process; Legalization of budget projections

## Definition

The budget approval is a process when annual estimates of public revenues and expenditure made by governments (executive branch of power) acquire a status of a legal act after discussion and voting in parliaments (or similar elected institutions).

## Introduction

Historically, the French revolution (1789–1799), which gave the power to authorize budgets to the legislative body, is seen as a starting point for public budgeting (Bergmann 2009: 45). The process of developing and approving the annual budget remains to stay among the most important activities undertaken by governments and politicians in parliaments.

Budgeting is always about making the best use of limited amount of resources; hence, it is about making complicated decisions. A probably good metaphor for the budgeting process is a store shelf where goods with price labels represent competing policy alternatives (Wildavsky and Caiden 2004). The often-implied controversy of trust/mistrust between the public and the government on the spending of money collected in the *bougette* (old French word for a small leather bag used for carrying money) drives the demand for an ideal procedure of allocating these scarce resources. This is where the rational economic ideas of efficiency and effectiveness practically come from. Thus, the elected politicians are expected to support the decisions that promise to implement the chosen policy in a most efficient and effective way, or it may be said, the most rational way. However, the rationality of political decisions may be questioned due to the human factor behind them, which is an inevitable feature of the democratic governance that in turn has a dialectical nature of competition and consensus.

This entry presents the topic of budget approval and the legislative process in the following way. First, the idea of incrementalism as one of the ways of addressing the political nature of budget is presented. Second, the entry discusses budget approval in New Public Management (NPM). The third part discusses about budget approval in a globalized world, reflecting on the analysis of multiple countries and the examples of best practices derived from it. The fourth part presents the concrete illustrations from three different contexts: the United States of America, the Russian Federation, and the People's Republic of China. The fifth part concludes the entry, summarizing its key points.

## Politics of the Budgetary Process and Incrementalism

The political dimension in the analysis of the relationships around budget approval dominated the recent academic debate in the West while trying to answer the core question: "On what basis shall it be decided to allocate x dollars to

activity A instead of activity B?" (Key 1940: 1137). Politics is a struggle between various interest groups over a limited amount of resources. However, these interest groups should always come to a consensus in a certain point of time. Otherwise the work of the government will stop. Reflecting on the ideas of complexity and the compromise nature of political decisions, the concept of incremental budgeting, proposed by Wildavsky (2004), suggests the decision to finance the program (or the activity) on bases of how much it received in the previous period, adding a small increment to satisfy the supporters of the program. The approved amount of the increment reflects the performance of the supporters in the political game around budget. Although the incrementalism had later proven to be irrelevant to address the factual major "automatic" increase in the US budgetary spending on healthcare programs in the 1970s, it used to be a powerful all-encompassing framework that not only described but also prescribed how budget approval should be done. The incrementalism theory remains useful for scholars and practitioners interested in how budgetary politics affects the work of government and policy decisions (Kettl in Wildavsky and Caiden 2004).

## Budget Approval and NPM

The reemergence of rationality in the normative models of budget decision-making after incrementalism is associated with the 1980s' turn to managerialism in the public sector (also known as NPM). The NPM framework focuses on performance, decentralization, and businesslike practices (Hood 2001). Together with the financial and economic projections, budgets include long-term strategic goals, instruments to achieve them, and performance indicators. Along with some neoliberal economic implications like the reduction of the state and eliminating the distinctions between public entities and private companies, NPM brings the organizational perspective into budget approval. Budget is seen as a prospective plan of activities of an organization (a government), authorized shortly before the commencing of the period it refers to. The focus in budget approval shifts from the issues of power and politics to the instruments of rational planning of public resources. A public sector manager's role is to balance the current expenditure and investments with revenue and borrowings and get the authorization (approval) by the highest level of governance, which may or may not include elected politicians (Bandy 2011). The form of approval may vary, but as a generally accepted principle, this is done through legalizing annual budgets in the form of a law.

## Budget Approval in a Globalized World

Due to the diversity and uniqueness of each country's path toward their current state, the generalizations presented above should be made with great accuracy. However, they can be helpful to analyze the trends and understand the current discourses both in politics and in research, regarding budgeting. One of such discourses that have implications for the conceptual understanding of the budget approval is a debate on globalization. At the core, there lies a question of whether it is possible to develop "one-size-fits-all" universal prescriptions for every country disregarding historical and geographical implications or this is irrelevant due to distinctiveness and specificity of local contexts. While the turn to global convergence and standardization in economics adds legitimacy to the harmonization of government activities, such as International Public Sector Accounting Standards (IPSAS), which are based on International Financial Reporting Standards (IFRS) for corporations, this entry suggests that to get the holistic understanding of the essence of budget approval and legislative process, it is important to analyze and compare diverse national cases. The conclusions based on the comparative analysis of large sets of countries, thus, present a more reliable source of knowledge than general theories, derived from single case studies. Since cross-country studies are expensive and require multiple language and contextual expertise, they are often supported by global institutions such as the World Bank (WB), the

International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD). In this section, the entry addresses the IMF Technical Notes and Manuals series and *The International Handbook of Public Financial Management* that suggest the following overview of good practices for budget legislation in the OECD member countries.

## Good Practices on the Role of the Legislature in the Budget Process

Parliaments become more actively engaged in budget matters (Posner and Park 2007). There are many parliamentary arrangements conditioning the budget process. These are parliament structure (one house or bicameral), number of political parties, electoral cycles, coordination among parliamentary committees, coalitions between politicians in the parliament and executives, etc. Budget discussions in parliaments and parliamentary oversight are important elements in democratic governance. The elected representatives formulate and approve policies and programs, making them closer to public's needs. In opposite, when executives dominate the decision-making, the budget may represent the wishes of unelected elites. Active involvement of legislature in the budget process leads to more transparent budgeting and enhances overall governance, but at the same time, it creates discipline risks – in those countries where parliaments have more authority over the executives, the legislature tends to increase spending and reduce taxes, which may misbalance the budget systems (Lienert 2010). In addition, politicians due to their nature tend to fall into short-termism and populism. All these may lead to increase of public debt that becomes a burden for future generations.

### Budget Process Activities

Most of the budgets represent annual fiscal plans. The annual budget cycle embraces several activities (Lienert 2010):

- Pre-budget discussions
- Reviews and debates of the government's draft budget that presuppose authorization of budget spending and approval of the revenue estimates
- Approval of supplementary budgets
- Review of budget execution

During pre-budget discussions that usually happen in the middle of the year, the executive presents their estimations, which should inform the parliament about annual and midterm budget strategy and policy priorities for the following year. At this stage, the executive gets the spending ceilings for a detailed budget proposal approved by the parliament. The approval process usually starts from 2 to 4 months prior to the coming year when the executive proposes detailed budget estimations and ends in December or in the beginning of the new fiscal year. The members of the European Union (EU) also send national budget for endorsement at the supranational level, which extends the approval time comparing to non-EU countries. If the parliament does not approve the proposal, in order the keep the budget programs running, the executive authorizes reversionary budget that allows monthly spending calculated as 1/12 of the previous year's budget with some seasonal adjustments. Some countries (Finland, Germany, and Japan) base reversionary budgets on the proposed budget. Supplementary budgets emerge when policy or macroeconomic circumstances change within the coming year after the approval. In addition, the need for supplementary budgets arises in case of natural disasters, crises, and price shocks that create unexpected demands of public funds (Lienert 2016b).

### What Is Approved?

Besides authorizing the appropriations of annual spending and new borrowing, the legislature reviews, endorses, and approves the following items, ideally together with the annual budget (Lienert 2016b):

- The macroeconomic framework, which may include the prices on key commodities, currency rates, estimates of the world's, and national economic growth
- Revenue projections, including the methodology and the assumptions

- Revenue policies that include the annual tax framework and/or permanent rules, for example, how the oil revenues should be distributed between the budget and extrabudgetary funds
- Medium-term budget framework and spending ceilings, which enhances the sustainability of the future budgets and aimed at preventing short-termism
- Strategies to manage public debt, including the sources of new borrowings and managing existing debts considering the conditions on the capital markets – often coordinated with medium-term framework
- Extrabudgetary funds and spending, which can be of public or mixed nature

### Budget Process Institutions

Ministries and agencies constitute the structure of a government. However, parliaments too need their structures that provide support to the legislative process, including approving the budget and the budget reporting. These structures are parliamentary committees, external audit offices, and parliamentary budget offices, whose work also requires appropriate funding, which is usually provided independently from the government. Parliamentary committees make recommendations on the distribution of budget spending among various policy areas and provide information for decision-making on the budget by parliament's plenary sessions. In one-party governments, the parliamentary committees are usually weaker than in coalition governments. There are sectoral and budget committees. The distribution of responsibilities between them varies from country to country and usually presupposes that the budget committee is responsible for the oversight of the overall budget, while sectoral committees oversee the implementation of specific budget policies. External audit offices (namely, Court of Accounts, General Audit Office, Chamber of Accounts) provide annual audit of the government's accounts, allowing parliaments to oversee the budget execution. External audit reports are often discussed by the budget committee. Parliamentary budget offices are usually technical units and nonpartisan, which means that they do not belong to any of the parties. They produce independent and sometimes alternative fiscal projections and assess the impact of new tax and spending policies that may differ from those provided by the governments (Lienert 2016b).

B

## Good Practices of the Legal Framework for the Budget Process

Public governance is performed on the legal basis. The legal framework regulating the budget approval and legislative process usually is threefold and consists of the constitution, a budget system law(s) (BSL), and government (ministerial) acts.

### Constitutions

Constitutions describe the general roles of the legislature and its relationship with the executive and may prescribe the supremacy of the parliament over the executive, which is often limited to the formal approval of revenues and expenditures of the annual budget law drafted by the government. Generally, the constitution provides the framework for all laws, and some budget provisions may be included in it. This refers to the division of general responsibilities of the power branches (executives and parliaments), relations between federal and regional or central and local government, general principles of the budget system, and sometimes the prerequisites for the external audit body. The constitution may also state the debt-GDP ratio, balances between the central and regional budgets in federal states, and requirement for overall budget balance (relevant for both unitary and federal states).

### Budget System Laws

The rules for formulating, executing, and reporting on the annual budget are usually specified in a BSL or in a set of laws that provides guidance for budget process and defines the roles of executives and parliamentarians in this process. The BSL may have a status of an ordinary law or it may have a special higher-ranked, so-called organic law, as it is the case of France. The BSL creates a general framework (e.g., broad principles) leaving the detailed rules and regulation for the executive branch. BSLs are usually more stable than other regulations and do not include

issues that tend to change frequently. The BSL reflects the specificity of administrative, cultural, and structural features of the country, e.g., the federal/unitary state, presidential/parliamentary systems, bicameral/unicameral parliament, and sometimes the peculiarities of political tradition like the number of parties usually involved in policy making. It also reflects the balance of power between the legislature and the executive – parliaments are usually in the supreme position: the BSL requires that all taxation and all expenditures should be based on law, which implies that all revenues can be spent only after the approval of the legislature (the BSL also specifies exceptions from this rule). The BSL specifies the accountability of the executives to the legislature: the executive's main responsibilities are to submit a draft budget law to the legislature and report on its implementation. Accountability within the executive branch is usually regulated by internal ministerial or government decrees and may not be specified in the BSL. The key steps in the budget process stated above are also specified in the BSL. The extent to which further and more detailed steps are covered by the BSL varies throughout the countries, but usually if the legislature has very strong power in the budget process, it puts legal constraints on the executive's ability to maneuver the budget execution. The following areas are specified in the BSL rather than in subsidiary regulation (Lienert 2016a):

- Submission of annual budget or appropriation laws to the legislature. The BSL specifies the date by which the executive submits the draft of the annual budget to the legislature, budget principles (e.g., annuity and balance), budget rules (like those regulating oil revenues), and classification of budget appropriations – line items or a degree to which expenditures need to be disaggregated (programs, economic and functional classifications).
- Documents to accompany the annual draft budget law. These are midterm macroeconomic and fiscal projections, budget assumptions, budget implications of extrabudgetary funds, and performance information (objectives and targets).
- Adoption of the budget by the legislature, including amendments and procedures.

The practical value of the above-presented good practices and possible generalizations derived from them are uncertain because of contextual specificities of analyzed cases. Nevertheless, they are helpful for comparative analysis and may serve as a point of reference for understanding single country examples.

## Country Examples

### The United States of America

The United States is a federal republic with strong parliamentary democratic traditions. As a major economy, the United States plays a decisive role in global governance institutions, such as IMF and WB. The budget process in the United States is outlined in The Budget and Accounting Act that has been adopted in 1921. Its official title is "Budget and Accounting Act, 1921" (Budget Act 1921), but it is usually referred to as the Budget Act. Beside the Budget Act, the budget process regulation includes the rules of the House and Senate and other relevant legal acts. The budget process in the United States comprises five stages: Stage 1 – President's budget submission; Stage 2 – adoption of the budget resolution; Stage 3 – passage of appropriation bills; Stage 4 – consideration of reconciliation legislation; Stage 5 – consideration of authorization legislation (Committee on the Budget 2016).

On stage 1, which commences on or before the first Monday of February, the President submits a comprehensive budget request to the Congress. It outlines the Administration's policy and funding priorities and the economic outlook for the coming fiscal year, which begins in the 1st of October. On stage 2, on or before 15th of February, the Congressional Budget Office submits the budget report to the budget committees. House and Senate Committees hold hearings on the President's

budget. Not later than 6 weeks after the President submits the budget, the committees submit views and estimates to budget committees. On or before 1st of April, the budget committees report a concurrent resolution on the budget that sets each committee's allocation of spending authority for the next fiscal year and aggregate spending and revenue levels for at least 5 years. The resolution is adopted on or before 15th of April. It is not signed by the President and therefore does not become a law. The resolution also establishes aggregate totals with respect to revenues and spending for the entire federal budget. The allocations, enforceable through points of order, establish the framework to consider spending and revenue bills in the House of Representatives and Senate. On stage 3, on or before 15th of May, the House of Representatives begins consideration of the 12 annual appropriation bills for the next fiscal year based on the discretionary spending allocation in the budget resolution. As these bills move through hearings, markups, parliament's consideration, and conference, they are constrained by the levels and allocations in the budget resolution and the enforcement of the Budget Act, as well as through House of Representative and Senate rules. The House of Representatives Appropriations Committee reports the last annual appropriation bill by 10th of June. On stage 4, if the spending and revenue levels in the budget resolution require changes in existing law, the resolution would contain instructions to committees to report legislation containing such statutory changes. By June 15th, the Congress completes action on reconciliation legislation (if required by the budget resolution). The House of Representatives completes action on annual appropriation bills on or before 30th of June. On the stage 5, the Congress considers numerous measures authorizing the appropriation of funds on many programs each fiscal year (Committee on the Budget 2016).

### The Russian Federation

Russia is a federal state with three levels of budget system – federal, sub-federal (regional), and municipal (local). Russia is a successor of the Soviet Union – a socialist state that used administrative planning to govern national economy. After the collapse of the USSR in 1991, the Russian Federation performed rapid reforms in economic, social, and political spheres. Although there are many sediments of Soviet legacy, today Russia is a presidential republic with market economy and core democratic institutions, such as two-chamber parliament – Federal Assembly – where the Council of the Federation is the higher chamber and State Duma is the lower chamber. The budget plays an important role in socioeconomic development since the state controls up to 70% of the country's gross domestic product (FAS 2016).

The Constitution of the Russian Federation states that federal budget, federal taxes, and federal expenditures should be legalized in the form of federal laws. The Constitution defines the responsibility of the federal government to prepare and submit budget projections to the State Duma.

The Budget Code of the Russian Federation is a collection of federal laws governing issues related to federal, regional, and local budgets. It states key fundamental issues of budget legislation, describes the country's budget system, and regulates the budget process: participants and their competence, preparation of budget projections, hearings and approval, and budget execution and control. Given that Russia is a federal state, the Budget Code also prescribes how subfederal legislation and municipal legal acts should look like regarding the budget process at regional and local levels.

The federal government introduces budget projections to State Duma in the 1st of October at the latest. The projections reflect the issues the President raises in his annual address to the Federal Assembly. Besides, they consider long-term (12 years) and midterm (6 years) strategic planning documents, such as the strategy of socioeconomic development and the strategy of national security; budget, macroeconomic, and technological forecasts; as well as state and municipal programs. The budget is approved for the coming

year and the planning period of the 2 years after it, thus creating a 3-year budget framework.

Within 10 days after the State Duma receives the budget projections, parliamentary committees submit their assessment to the budget committee. During the assessment, the committees invite executives and auditors from the Chamber of Accounts of the Russian Federation who give their perspectives on the projections. The budget committee produces the overall assessment and prepares the first hearing (Budget Code 2016).

During the first hearing, the government members, the budget committee, and the auditors of the Chamber of Accounts provide their perspectives on key budget parameters. The legislature approves the overall revenue (with oil and gas revenue projected separately) and expenditure, the inter-budgetary distribution ratios, the state debt level, the size of the reserve fund, and the level of budget deficit. During the first hearing, the members of Duma cannot increase the revenue and the deficit level without support of the government – they either approve or reject the projections.

In the second hearing, the members of Duma discuss the draft of the law – the text and the applications – which include programs, lists of receivers of budget funds, sources for deficit coverage, and other information. Institutions and organizations that possess the right of legislative initiative (President of Russia, federal as regional governments, higher chamber of federal parliament, members of lower chamber of federal parliament, regional parliaments, and Constitutional and Supreme courts – Constitution 2016) submit their amendments to the budget committee, which summarizes them and submits to the parliamentary committees and the federal government within 10 days. The approval of the amendments is governed by parliamentary acts. The Constitution states that all amendments that concern taxation or other issues that may increase the budget expenditure are considered only after receiving the federal government's opinion.

In the third hearing the draft of budget law is approved as a whole, together with all applications. Within 5 days after the third hearing, the budget is transferred to the Council of the Federation, which has 14 days for its approval or rejection. Within 5 days after the approval by the Council of the Federation, the budget projections are transferred to the President for signature and publication.

### The People's Republic of China

Like the Russian Federation, the People's Republic of China has socialist background, and today the Communist Party of China continues governing the country. According to the Constitution, all power in the republic belongs to the Chinese people and is exercised through a national congress and several subnational congresses. The Chinese National Congress elects the president, and the State Council is the highest executive organ.

The Budget Law was adopted in 1994 and received major revision in 2015. The revision introduced "full-scope" budgeting that includes a general public budget, a budget for government funds, a budget for state-owned capital operations, and a budget for the social security fund. The adoption of the Budget Law in 1994 was a major step toward opening government finances to the public, which used to be treated as private matter before that. However, the law still secured the domination of the executive branch over the budget process. The 2015 revision shifts this balance to the legislature (Xu and Yang 2015).

China is a unitary state with provinces, autonomous regions, centrally governed municipalities, and special administrative districts. The Budget Law describes five levels of budget system: the Central Government; the provinces, autonomous regions, and municipalities directly under the Central Government; the cities divided into districts and autonomous prefectures; the counties, autonomous counties, cities not divided into districts, and municipal districts; and the townships, nationality townships, and towns (Budget Law 2016).

According to China's Budget Law, the annual budget cycle includes four stages: formulation,

approval, execution, and auditing. The law says that a budgetary year begins on January 1 and ends on December 31, according to the Gregorian calendar (Budget Law 2016). However due to flexibility of congressional session schedule, a typical fiscal year starts in March after the Chinese New Year. The set of participants of the budget process is typical to other countries with the important role of the Communist Party, which, however, is not specified in the Budget Law.

The central budget and the budgets of local governments at various levels shall be compiled with reference to the actual implementation of the previous year's budget and to the estimation of the current year's revenues and expenditures. The public budget of the Central Government should not contain deficit. The concrete matters relating to the compilation of draft budgets shall be arranged by the financial department under the State Council. One month before the annual session of the National People's Congress, the financial department under the State Council submits the main contents of the draft central budget to the Financial and Economic Committee of the National People's Congress for preliminary examination. When the National People's Congress is in session, the State Council makes a report to the Congress on the drafts of central and local budgets. The central budget is examined and approved by the National People's Congress (Budget Law 2016).

## Conclusion

The budget approval and legislative process are important elements in democratic governance. However, in order to keep the revenue and expenditure balanced, strong parliaments require advanced legal framework constructed at the highest levels of public governance, such as constitutions and budget laws.

The good practices, developed at the global scale, suggest that the budget process requires supporting institutions, such as parliamentary committees and budget offices. Since budgets implement policies and programs, there is a demand for performance information, bringing in so-called performance budgeting. At the same time, since budget revenues in the most cases are predominantly collected from taxes, budget projections include macroeconomic forecasts and other relevant information. The approval of budget projections is usually done within several stages when the legislature, with the help of the support institutions and the responsible executives, analyzes and discusses the overall adequacy of the budget, redistribution policies, development programs, and – most often nowadays – the debt service issues. When approved and signed by the country's leader, budget projections become a law. As each law, budget presupposes sanctions for its violation, but for the purposes of flexibility, the budget may be revised within the fiscal year.

The concrete examples show that there are indeed many common features in very different countries. First, it is the highest position of budget approval regulation in the hierarchy of legislation, namely, constitutions and budget system laws. Second, there are clear stages in the budget approval process through which the financial projections prepared by the executive branch of power become legal acts. Third, as any legal act, budgets require both professional expertise and legitimacy. Budget institutions, such as parliamentary and budget committees, provide the expertise, while the elected politicians, whose role in the budget approval becomes more and more important, provide the legitimacy.

## Cross-References


- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Constraints
- ▶ Budgetary Politics
- ▶ Budgetary Principles
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector
- ▶ Legislative Power

## References

Bandy G (2011) Financial management and accounting in the public sector. Routledge, Abingdon
Bergmann A (2009) Public sector financial management. Pearson Education Limited, Harlow
Budget Act (1921) Budget and accounting act. http://www.legisworks.org/congress/67/publaw-13.pdf. Accessed 30 Nov 16
Budget Code (2016) The budget code of Russian Federation. http://budget.gov.ru. Accessed 30 Nov 2016
Budget Law (2016) The budget law of the people republic of China. http://www.npc.gov.cn/englishnpc/Law/2007-12/12/content_1383623.htm. Accessed 30 Nov 2016
Committee on the Budget (2016) The budget, U.S. house of representatives, committee on the budget home page. http://budget.house.gov/budgetprocess. Accessed 30 Nov 2016
Constitution (2016) The constitution of Russian Federation. http://constitution.kremlin.ru. Accessed 30 Nov 2016
FAS (2016) Report of federal antimonopoly service of Russian Federation "On the state of competition in 2015". http://fas.gov.ru/about/list-of-reports/report.html?id=1685. Accessed 30 Nov 2016
Hood C (2001) Public management, new. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social and behavioral sciences. Elsevier, pp 12553–12556. http://www.sciencedirect.com/science/article/pii/B0080430767011803. Accessed 30 Nov 2016
Key VO (1940) The lack of the budgetary theory. Am Polit Sci Rev 34:1137–1144
Lienert I (2010) "Role of the Legislature in Budget Processes" – International monetary fund, technical notes and manuals. http://blog-pfm.imf.org/files/tnm1004.pdf. Accessed 30 Nov 2016
Lienert I (2016a) The legal framework for public finances and budget systems. In: Allen R, Hemming R, Potter B (eds) The international handbook of public financial management. Palgrave MacMillan, New York, pp 63–83
Lienert I (2016b) Role of the legislature in budget process. In: Allen R, Hemming R, Potter B (eds) The international handbook of public financial management. Palgrave MacMillan, New York, pp 116–136
Posner P, Park C-KP (2007) Role of the legislature in the budget process: recent trends and innovations. OECD J Budg 7(3):1–26
Wildavsky A, Caiden N (2004) The new politics of the budgetary process, 5th edn. Pearson Longman, New York
Xu Y, Yang Q (2015) New development: China's budget law and local debt. Public Money Manag 35(6): 447–450

# Budget Cycle

Yu Shi
Department of Public Administration, University of North Texas, Denton, TX, USA

## Synonyms

Accounting and auditing; Budget cycle; Budget preparation; Executive implementation; Legislative approval

## Definition

The budgeting cycle involves a system of checks and balances between both the executive and legislative branches of the governments (Bland 2013).

## Introduction

In terms of budgeting within governmental entities, the one aspect of budgeting that is almost identical among all institutes is the budget cycle. By definition, the budgeting cycle involves a system of checks and balances between both the executive and legislative branches of the governments (Bland 2013), the executive branch who proposes expenditures and the legislative branch who empowers the executive branch to enter into these financial commitments (Bland 2013). The cycle requires the council verifying the executive's compliance with the proposed obligations.

While there might be some slight differences at each phase of the budget cycle between different jurisdictions and levels of governments, most budget cycles can be characterized by the acronym PLEA which includes preparation, legislative approval, executive implementation, and accounting and auditing (Bland 2013). Such a four-phased cycle is almost universal among

state and local governments in the United States regardless of the size or the institutional location (Bland 2013). Each phase comes with its own array of decision-makers, financial documents, and management process. Each phase also serves its own unique purpose in the budget cycle from priority identification to financial control to civic engagement and financial transparency.

This essay in the *Global Encyclopedia of Public Administration, Public Policy, and Governance* has three goals. First, it aims to introduce four phases in the budget cycle which is nearly universal life of a budget from preparation, approval, and implementation to evaluation for state and local governments in the United States. Second, it discusses major actors, key events, financial products, and additional details about the budget process used by state and local governments. By pursuing these goals, this essay aims to help practitioners who are interested in the governmental budgeting to understand the budget cycle of state and local governments.

## Budget Preparation

The first phase of the budget cycle is preparation. It typically occurs 3–6 months prior to the beginning of the new fiscal year. Those who actively involved in this phase of the cycle are the budget directors and analysts in the budget office, the chief executive, and the department heads. This phase generally starts with a budget "call" which consists of the chief executive's budget priorities; possible fiscal, institutional, and legal constraints for budget requests; and a set of detailed instructions on how to prepare their budgets. The budget office prepares two major items, including the budget timetable and the budget manual. The budget timetable sets out the dates for budget request submission, or public hearings, while the budget manual provides detailed instructions to each agency or department about how to prepare and submit budget requests, how to estimate program revenues, and what to expect as far as budget targets are concerned. The budget manual may also include contextual information about the upcoming budget process, such as information about upcoming events that may affect revenues or expenditure and specific council priorities or goals that agencies should focus on in their budget requests. After these budget timeline and budget manual are completed, the budget director will host certain budget kickoff events. In these events, budget directors, department heads, or any other personnel would gather in a room and discuss the budget priorities and process. This is also typically where the budget call is distributed.

During this phase, budget analysts in the budget offices have the administrative responsibility of preparing and updating revenue projections based on major revenue sources. Revenue forecasting can be considered the most important task in the phase of budget preparation (Bland 2013) because most state and local governments have some types of balanced budget requirements in the law. Determining available revenues for the coming fiscal year is important for budget deliberations as it will address the resources available to be spent and possible actions required to be taken. For example, if expected revenues will be less than what was budgeted for, the governing board may look for measures to cut service and reduce expenditures. If revenues rise, on the other hand, the board may look for ways to cut tax or to increase expenditure moderately. While budget analysts are responsible for revenue projections, the chief executive has a key responsibility in brining integrity to revenue forecasts and discouraging their manipulation to ensure financial accuracy in the budget process (Bland 2013).

After identifying budget priorities and receiving budget instructions in the kickoff events, all agencies or departments need to develop and formulate their budget requests. The greatest time has been spent in this part. Agency or department needs to provide sufficient justification for each budget request and link their requests to priorities and goals so that they have a better chance at getting their requests approved. The budget office

also requests that department heads provide as much information as possible, because this can ease the processing speed in the subsequent budget reviewing process.

The budget office will conduct a rough review of the department budget requests after receiving them. This round of review can be conducted quickly because budget analysts are looking for major changes or issues that can be immediately address. For example, these issues can be major increase in full-time equivalents employees, major reduction in programmatic revenues, or potential additions to capital improvement plans. After dealing with these issues, a detailed review will be conducted by the budget office. This round of review may include close interactions between the budget office and each department because the budget office needs to collect more information to gain a better understanding of exactly what each department requests and why they need it. The budget office works with the department in multiple approaches to develop realistic expectations for upcoming fiscal years. These communication approaches can be informal or formal public hearings, face-to-face meetings, and field visits. All these communications are used to ensure that the appropriate amount of resources is allocated to provide adequate services to local residents. After settling down any major disputes, the budget office compiles all requests into the executive budget which represents the chief executive's proposed spending plans for the coming fiscal year. This single document may be posted on web for financial transparency or circulated internally for departments to review, but more importantly it should be delivered to the council and prepare for the next phase which is legislative approval.

## Legislative Approval

This phase – legislative approval – typically occurs 2–3 months before the fiscal year begins and does not have a general pattern, as it varies by state and local governments. Most of the work in this phase is done by the council or through committees, with guidance from the budget directors or city managers. The council begins with an initial review of the budget document whose purpose is to ensure that the proposed budget is balanced (i.e., revenues are equal to or more than expenditures). Following the initial review, the council engages in formal budget work sessions, which are where the budget director and the chief executive go over the budget line by line with the council to ensure that they know what enhancements are being submitted and what programs are being changed.

This phase requires much input from the council because they may request amendments based on conversations or discussions during the work sessions. In small governments, these work sessions may take place during regularly scheduled council work sessions, while it is possible for large governments to have a designated budget work session which covers over 2 to 3 days. Council members may also have areas of special interests and may devote much time to these areas than others to ensure they understand the impact of these proposed changes. It is common to see most conversations will center around activities or services that are funded by taxes. For example, the legislature will enact the property tax rate when it appropriates the budget because the property tax is one of the most important revenue sources for local governments. Councils may devote less time to budgets for proprietary activities, for example, utilities and government-sponsored enterprises unless it has a significant fee increase.

Following the review of the chief executive's proposed budget, the legislature adopts the budget into the law by passing an appropriation. The appropriation is a legal act that binds the departments, legislature, and juridical branch into a spending limit for the upcoming fiscal year. Some state and local governments hold public hearings about the proposed budget before its adoption. These public hearings are open to the public and are legally required to be posted publicly a few weeks before the occurrence which gives citizens some time to review the documents and prepare for questions or comments. Generally, there is at least one public hearing specifically for the budget and one specifically for the proposed tax rate. After the

public hearings, the council votes to adopt the budget via a budget appropriation bill.

## Executive Implementation

The third phase, executive implementation, occurs at the beginning of the fiscal year and typically involves the department heads and the budget office. Along with the fourth phase of the budget cycle (including financial management, accounting, and auditing), executive implementation is one of three pillars of financial control (Bland 2013). There are several tasks in this phase. The first task in executive implementation is to communicate budget information to various actors, including citizens, creditors, state, and federal grantors by posting budget documents on government websites or conducting public hearings.

The second task is to maintain budget compliance by designing some procedures. Nearly all local governments use encumbrances, which occurs when a request for the purchase of goods or services is approved and forwarded to an outside vendor (Bland 2013). It thus serves as a temporary hold on a portion of a department's budget authority. Budget offices also approve the creation of new positions and reapproval of existing positions. Two of the oldest forms of budget control include apportionment and allotment. According to the US Government Accountability Office (GAO), apportionment divides appropriations into specific time periods, while allotment is the distribution of budget authority among the subunits of an agency. These two controls help keep the department accountable to the appropriation bill that was enacted during the legislative phase.

While it is important to maintain budget compliance, it is also necessary to take corrective actions once a problem has been identified in the implementation process. In this case, budget authority can be altered to realign the budget with actual amounts of revenues and expenditures. One common approach used by local governments is to shift budget authority between departments or the funds used to track transactions (Bland 2013). If there is an unexpected rapid drop in revenues and the budget cannot be balanced by spending, the managers may take impoundment-like measures by imposing a spending freeze, such as delaying large purchases or restricting travel. Due to the changes in the external political or economic conditions, the council's budget may be amended during the fiscal year. A supplemental appropriation will be created to provide additional budget authority during the current fiscal year for unexpected events such as natural disaster. To respond to fiscal crises, budget reserves (or called rainy day fund) may assist with budget authority adjustment with appropriation by the council, or a number of budget balancing strategies can be used to mitigate a budget shortfall and return the budget to a balance.

Although these corrective actions are taken to deal with unforeseen events and to help the governments to enforce financial control, Schick (1964) argues that an emphasis on such detailed controls may lead to a large amount of paper work which reduces the efficiency of government agencies and limits the flexibility of public managers to adjust to changing circumstances.

## Accounting and Auditing

In addition to executive implementation, accounting and auditing are two of the three pillars that provide financial control at the local level. Some key participants in this phase are the comptroller's office, the budget office, and the external auditors. The accounting and auditing phase assists with holding those involved in the budget process accountable through means of financial monitoring to maintain a balanced budget.

While the budget document is the financial planning document for state and local governments, the accounting framework provides sufficient financial information regarding revenues, expenditure, and net position. These information can be used for evaluating governments' financial condition and for identifying trouble spots –

where the spending is out of control or where the revenues lag behind budgeted expectations (Bland 2013). These information can be found in a major product of accounting/auditing which is the annual financial report, or called the Comprehensive Annual Financial Report (CAFR). It aggregates all the financial information for operations and reports on the financial position of state and local governments.

About 2–3 months after the close of the fiscal year, the comptroller collects and processes financial information and prepares the financial document; the council or commission then retains an external auditing firm to verify the accuracy of the fund balance reported in the financial document, the local governments' compliance with state and local laws and internal policies, and the integrity of the government's financial control (Bland 2013).

## Conclusion

The budget cycle is an ongoing process that repeats itself at the end of each fiscal year. This process attests to the financial accountability and transparency for state and local governments that use taxes and intergovernmental grants to maintain a balanced budget. The preparation phase identifies priorities and conduct financial planning for the budget documents. In this phase, the budget office formulates the budget into the chief executive's proposed budget. The legislative phase is additional round of check and balance by the council who determines the appropriation and provides legal authority to spend the financial resources. The executive phase compels each department into a legal binding agreement that allows for the issuance of purchasing orders and the entrance into encumbrances. Those involved in this phase must monitor the budget carefully to request corrective actions to ensure financial control. The last phase, accounting and auditing, provides additional check and balance of the entire system. Each of the phases is an integral part of the budget process that ensures the effective operation of the municipality and gives rise to good budgeting practices.

## Cross-References

▶ Budget Execution: Spending Patterns During the Fiscal Year

## References

Bland RL (2013) A budgeting guide for local governments, 3rd edn. ICMA Press, Washington, DC

Schick A (1964) Control patterns in state budget execution. Public Adm Rev 53:445–454

# Budget Cycle: Preparation, Execution, and Revision

Evelyne Lande
EA1722 CEREGE, Université de Poitiers, Poitiers, France

## Synonyms

Budget approbation; Fiscal year; Revenue and expenditure control; Revenue and expenditure prevision

## Definition

The budget cycle consists of different phases: preparation and formulation, approbation by a vote, execution, revision, and control of the budget. The budget refers to a fiscal year, and, sometimes, the budget covers a period larger than the fiscal year (multi-year budget). The budget cycle often begins the previously fiscal year (preparation and approbation phases) and finishes the next fiscal year (control phase).

At the origin, the budget cycle symbolized the separation between the executive and the legislative powers: the Parliament by its vote approve the budget and control the execution of the budget made by the Government. Even if the budget still has this role, nowadays, it becomes a real tool for the Government in their forecasts and a tool of management.

## Introduction

The budget procedure, and especially the preparation, the vote, the execution, and the control of budget, in democracies, are established by each country even if they are addressed by various international institutions like PEFA (2016) or IMF (2007) to qualify budgetary transparency and quality of democratic debate in a country. These budget procedures are dependent on the history of institutions in each country, and, wherever it is possible, this entry will present the main models in different jurisdictions, but not aspiring to make a detailed comparison of the budget cycles in each country.

The budget cycle consists of different phases: preparation, adoption, execution, revision, and control of the budget. Instead of examining these different phases in sequence, this entry proposes to study the different meanings of the budget, which can be seen as (1) a political act of a Government and a Parliament; (2) a technical construction and revision, governed by rules and considering an underlying accounting system; or (3) an act of management, involving control and accountability.

## Budget as a Political Act: Budget Preparation and Approval

The budget is often presented as a major political act of democracy. Indeed, the budget is the instrument for the implementation of public policies and involves two major players in its preparation and its vote: the executive (Government) and the Parliament. The "principle of separation of powers" and its respect help to qualify the level of democracy of the country. It also induces a number of prerogatives or powers to the Parliament who, through the vote of the budget, authorizes the collection of taxes, defines the framework of the expenditure (public policy choices that will be funded), and sets the main budget balances. The Government, for its part, prepares the budget to be submitted to the Parliament and is also accountable for the implementation of that budget to the Parliament.

### Democracy and Transparency of the Budget Debate

Across the world, as displayed in Fig. 1, there are generally two kinds of Parliaments – unicameral Parliaments and bicameral Parliaments – whose powers may differ from one country to the other.

Parliaments organize internally the work of parliamentarians through various committees, among which there is generally a Budget and Finance Committee. In most cases, this Committee is composed of members representing the different political sensitivities and is sometimes even mandatory to be chaired by a member of the opposition. The role of these committees is essential because if the construction of the budget is the jurisdiction or the responsibility of the Executive, the Executive must then submit it to the specialized Budget and Finance Committee of the Parliament before the start of the debate by the whole Parliament in plenary session. In some parliamentary systems, the budget cannot be changed by amendments or modifications (see Table 1, some examples for African countries listed by CABRI (2008); see also Lienert (2005) who carried out a study on the Legislative and Executive power around the budget with a focus on Nordic countries and a few Asian and Latin American countries); these modifications are considered a distrust on the Government. In these configurations, the discussion of the budget is carried out within the Budget and Finance Committee, and amendments or negotiations are done prior to the presentation and the vote or approval of the budget by the Parliament (Table 2).

During the prior presentation of the draft budget to the Budget and Finance Committee of the Parliament, the Government presents, generally for a medium-term time frame, the macroeconomic forecasts, the Government fiscal objectives, allocations by major policies, estimates for the main categories of revenues, and the description of the cost of the new measures. This presentation aims to initiate a debate on the major budget aggregates and their relevance to the economic situation of the country. It must also be a way for the public or its elected representatives to understand the link between policies and budgetary

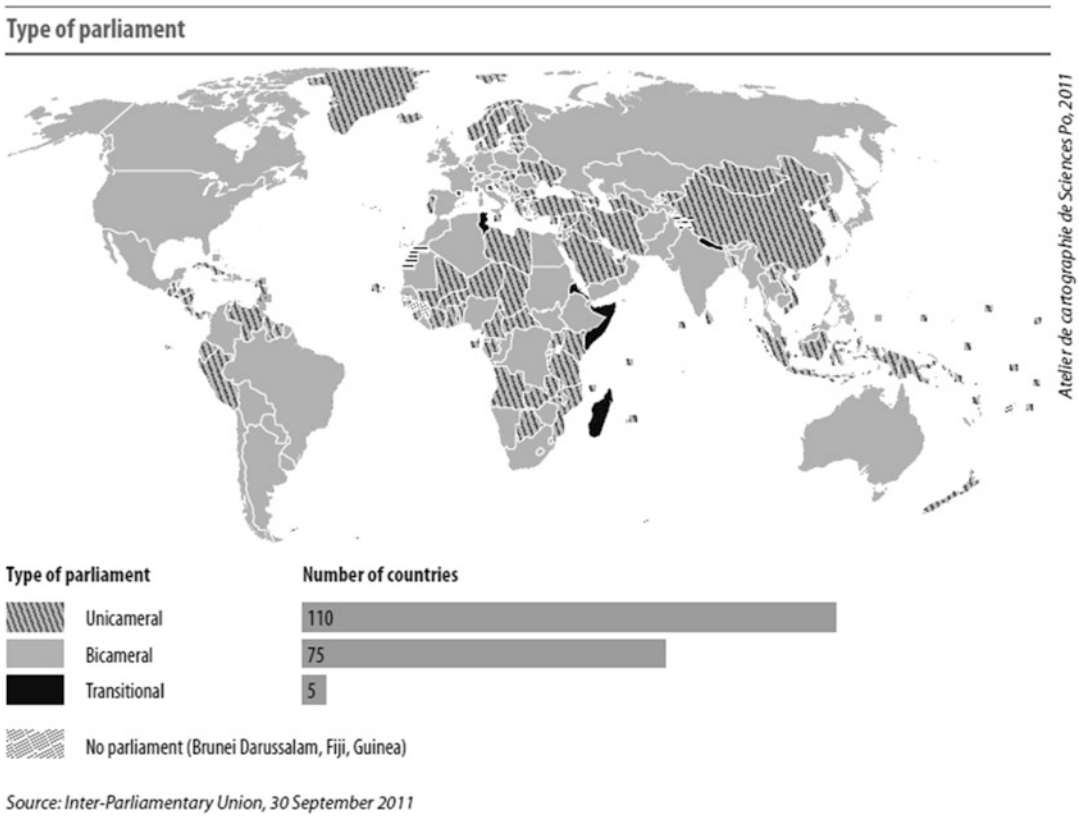


**Budget Cycle: Preparation, Execution, and Revision, Fig. 1** Type of parliament (Source: Inter-Parliamentary Union and UNDP (2012), p. 96)

allocations and to strengthen the accountability of the Government to Parliament.

In the context of the European Union, since 2014 Budget Cycle, the draft budget of the Member States should be submitted, before its vote by national Parliament, to the European Commission who gives its opinion and advises even demand some adjustment but cannot reject a budget. The new procedures are based on Article 136 of the EU Treaty. This Article enables euro area Member States to strengthen the coordination and surveillance of budgetary policies in order to ensure the necessary budgetary discipline in the Economic and Monetary Union. The new legislation therefore only applies to the euro area.

The non-governmental organization *PEFA – Public Expenditure and Financial Accountability* – defined a *Performance Measurement Framework* (PEFA 2016) to ensure the transparency of the budget debate. This framework identified seven pillars of performance of an open and orderly Public Financial Management (PFM) system (Table 3). Each of these pillars is composed of several ratios (Table 4).

## The Budget: A Bargaining Area

In principle, the budget is approved before the beginning of the year. In case the budget is adopted after the beginning of the fiscal year, e.g., due to technical or political reasons, the budget of the previous year continues (e.g., 80% of the budget of the previous year in France; in Portugal, a duodecimal regime comes to practice, meaning applying 1/12 of the precious year budget every month, until the approval of the new budget) to avoid an interruption of public services. In some countries, like the USA, no expenditure may be performed in the absence of the

**Budget Cycle: Preparation, Execution, and Revision, Table 1** Amendment powers

| Q40: What are the formal powers of the Legislature to amend the budget proposed by the Executive? | |
|---|---|
| The Legislature has unrestricted powers to amend the budget | Ethiopia, Liberia, Mozambique, Namibia[a], Nigeria[a] |
| The Legislature may make amendments but only if it does not change the total deficit/surplus proposed by the Executive | Benin[a], Congo (Brazzaville)[a], Guinea, Madagascar[a], Mali, Rwanda, Sierra Leone |
| The Legislature may only decrease existing expenditures/revenues (i.e., the Legislature cannot increase existing items nor create new ones) | Botswana[a], Burkina Faso, Ghana, Kenya[a], Lesotho[a], Mauritius[a], Swaziland, Tunisia, Uganda[a], Zambia, Zimbabwe[a] |
| The Legislature may not make any changes; it can only approve or reject the budget as a whole | Malawi, South Africa[b] |
| Other: The Legislature may not increase spending or decrease revenues | Morocco[a] |

Source: CABRI (2008)
[a]Responses classified on the basis of survey comments, peer reviewer comments, or delegate comments at the Pretoria workshop
[b]In October 2008, the National Assembly approved the Money Bills Amendment Procedure and Related Matters Bill, which outlines a procedure for amending the budget

approval of the budget by both houses (House of Representatives and Senate). In the latter case, the budget becomes a tool of power and a trading area involving new actors, as pressure groups, who will try to mobilize parliamentarians to bend the Government policies in their favor (Table 5).

The influence of pressure groups is more or less important, depending on the parliamentary system of the country (see above, Tables 1 and 2, and Posner and Park (2007)). Indeed, normally in the Constitution, each country defines the relations between the Government and the Parliament and their respective powers over amendment of the budget, the Government veto power, the power of the Parliament to override this veto or oppose its counter-vetoes, the procedure in the event of budgetary stalemate, and the time allocated for the examination and review of the budget.

The electoral representativeness of the Parliament, the majority accorded to the Government, and the role of the opposition are also crucial elements of the bargaining game (Lapsley et al. 2011). Pressure groups are involved throughout the process of discussion and approval of the budget, but in countries where Parliament has no possibility or no opportunity to amend the budget, groups may intervene upstream during the budget analysis and review by the Budget and Finance

**Budget Cycle: Preparation, Execution, and Revision, Table 2** Power to amend the annual budget. Does the legislature have unlimited powers to amend the draft budget proposed by the executive? If there are any restrictions, how severe are these?

| | Westminster | Parliamentary Monarchy | Parliamentary Republic | Semi-presidential | Presidential |
|---|---|---|---|---|---|
| No restriction to change balance and composition | | Belgium, Denmark, Japan, the Netherlands, Norway, Sweden | Germany, Iceland, Italy | Austria, Finland, Hungary, Portugal | Bolivia, the USA |
| Budget deficit may only be increased if offsetting measures | | | | France | Argentina, Indonesia |
| Budget deficit may not be amended, but composition of expenditures may change | Australia | Spain | | | Mexico |
| Neither budget balance nor composition may change except in very minor ways. Legislature must, in effect, accept or reject entire budget | Canada, New Zealand, UK | Turkey | | Greece, Ireland, Korea | |

Source: Based on Lienert (2005)

**Budget Cycle: Preparation, Execution, and Revision, Table 3** "Two-Pack" enters into force, completing budgetary surveillance cycle and further improving economic governance for the euro area

| |
|---|
| Since the launch of the euro, clear rules to ensure sound public finances have been in place in the form of the Stability and Growth Pact (SGP), which sets the well-known limits for budget deficits and public debt of 3% and 60% of GDP, respectively. However, the global economic and financial crises exposed shortcomings in economic governance and budgetary surveillance at the EU level. These shortcomings were effectively addressed with the creation in 2010–2011 of the European Semester of economic policy coordination and the six legislative proposals known as the "Six-Pack," which strengthened the SGP in a number of ways.<br>However, given the higher potential for spillover effects of budgetary policies in a common currency area, there is a clear need for still stronger mechanisms specifically for the euro area. To address this need, in November 2011, the Commission proposed two further Regulations to strengthen euro area budgetary surveillance.<br>This reform package, the so-called Two-Pack, enters into force on 30 May 2013 in all euro area Member States. The new measures mean increased transparency on their budgetary decisions, stronger coordination in the euro area starting with the 2014 budgetary cycle, and the recognition of the special needs of euro area Member States under severe financial pressure.<br>(. . .)<br>What are the main components of the Two-Pack?<br>The Two-Pack comprises two Regulations designed to further enhance economic integration and convergence among euro area Member States. The Regulations build on and complement the Six-Pack reforms to the SGP, the European framework for fiscal surveillance, and the European Semester for economic policy coordination.<br>The first Regulation applies to all euro area Member States, with special rules applying to those in the corrective arm of the SGP, the Excessive Deficit Procedure (EDP).<br>The second Regulation sets out clear and simplified rules for enhanced surveillance for Member States facing severe difficulties with regard to their financial stability, those receiving financial assistance, and those exiting a financial assistance program.<br>The Two-Pack creates a common framework in the euro area based on a graduated approach. It introduces appropriate surveillance requirements for a wide range of budgetary situations, to ensure a seamless continuity of policy monitoring.<br>(. . .)<br>**How will the Two-Pack improve euro area budgetary coordination?**<br>The Two-Pack introduces a common budgetary timeline and common budgetary rules for euro area Member States. Specifically, and starting with the forthcoming budgetary cycle:<br>By 30 April, euro area Member States must publish their medium-term fiscal plans (Stability Programs), together with their policy priorities for growth and employment for the forthcoming 12 months (National Reform Programs) in the context of the European Semester on economic policy coordination. |
| By 15 October, euro area Member States must publish their draft budgets for the following year.<br>By 31 December, euro area Member States must adopt their budgets for the following year.<br>A major innovation of the Two-Pack is that the Commission will examine and give an opinion on each draft budget by 30 November at the latest. If the Commission detects severe non-compliance with the obligations under the Stability and Growth Pact, it will ask the Member State concerned to submit a revised plan. For the euro area as a whole, the Commission will publish a comprehensive assessment of the budgetary outlook for the forthcoming year. The Commission's opinions on national budgets and on the euro area will facilitate discussions in the Eurogroup.<br>As this exercise of coordinated surveillance takes place in the autumn, i.e., between two European Semesters, it usefully complements the existing governance framework by setting the scene for the following spring as well as by providing a follow-up to the recommendations addressed in the previous one. Also, in the spirit of integrated surveillance which led to the creation of the European Semester, the Two-Pack ensures consistency between budgetary and other economic policy processes and decisions.<br>Importantly, the Two-Pack will also enhance the soundness of national budgetary processes by obliging Member States to base their draft budgets on independent macroeconomic forecasts and ensure independent bodies are in place to monitor compliance with national fiscal rules. |

Source: Extract from European Commission (2013)

Committee of the Parliament, or even by acting directly at the level of the preparation of the budget by the Government, through the publication of surveys, reports, etc.

Several economic studies based on the Public Choice Theory have also demonstrated that the budget construction and especially fiscal balance were influenced by the electoral cycle (Shi and

**Budget Cycle: Preparation, Execution, and Revision, Table 4** Performance Measurement Framework – PEFA

| |
|---|
| I. Credibility of fiscal strategy and budget – The fiscal strategy and the government budget are realistic and implemented as intended. This is measured in terms of PFM system outturns and captures the immediate results of the PFM system in terms of actual revenues, expenditures, and fiscal deficit by comparing them to the original plans and approved budget.<br>II. Comprehensiveness and transparency – Key system features that cut across the budget cycle, including the comprehensiveness of budget coverage and fiscal risk oversight, as well as public access to fiscal and budget information.<br>III. Asset and liability management – Effective management of assets and liabilities ensures that public investments provide value for money, that financial investments offer appropriate returns, that financial resources for asset maintenance are well planned, and that asset disposal follows clear rules. It also ensures that debt service costs are minimized and fiscal risks are adequately monitored, so that timely mitigating measures may be taken.<br>IV. Policy-based planning and budgeting – The fiscal strategy and the budget are prepared with due regard to Government fiscal and sector policies.<br>V. Predictability and control in budget execution – The budget is implemented in an orderly and predictable manner, and there are arrangements for the exercise of control and stewardship in the use of public funds.<br>VI. Accounting, recording, and reporting – Adequate records and information are produced, maintained, and disseminated to meet decision-making control, management, and reporting purposes.<br>VII. External scrutiny and audit – Arrangements for scrutiny of public finances and follow-up are operating. |

Source: PEFA (2016), p. 5

**Budget Cycle: Preparation, Execution, and Revision, Table 5** Reversionary budgets

| 43: If the budget is not approved by the Legislature before the start of the fiscal year, which of the following describes the consequences? | |
|---|---|
| The Executive's budget proposal takes effect | Botswana, Madagascar, Morocco, Sierra, Leone, Tunisia, Zambia |
| The Executive's budget proposal takes effect on an interim basis, i.e., for a limited period | Lesotho, South Africa[a], Uganda |
| Last year's budget takes effect on an interim basis, i.e., for a limited period | Benin, Congo (Brazzaville), Ethiopia, Guinea, Malawi, Mali, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Swaziland, Zimbabwe |
| Other interim measures are voted on by the Legislature | Burkina Faso, Ghana, Kenya |
| Expenditure without legislative approval is not allowed | Liberia |

Source: CABRI (2008)
[a]Responses classified on the basis of delegate comments at the Pretoria workshop

Svensson 2006). Thus, in pre-election period, budgets are often unbalanced. Similarly, the government's position (weak or strong), the weight of the opposition in the Parliament, and the quality of democratic debate are elements strongly influencing the construction of the budget. The assumptions underlying this theory are that (Downs 1957; Buchanan 2003):

1. The elector has political preferences (ideological basis, impacts of noneconomic issues, etc.), but he modulates his vote on the basis of the results of economic policies and in particular their impact on unemployment and inflation. If we assume that the elector is rational, it will prefer low unemployment and low inflation.
2. The elector has partial or insufficient information on the state of the economy, the options available to policymakers and their consequences. He ignores, in particular, the consequences or impact in the future of the public services delivered today (e.g., debt as a burden on future generations).
3. The political parties are seeking for their part to win the greatest number of votes to beat their rivals in the upcoming elections.
4. The monopoly of a political party, regardless of the intentions, has the same effects as any other monopoly: the abuse of dominant position and the preference for policies favorable to its own sustainability.

Thus, the budget is a political act, which reflects a policy of a Government subject to external and internal political order and economic

pressures. But the budget is also a technical act in the sense that it must comply with certain rules in its construction.

## Budget as a Technical Act: The Budget Elaboration

In the phases of preparation, implementation, and revision of the budget, the technical dimension is often predominant. However, in recent years, many countries opt for a more managerial dimension, especially to cope with budgetary constraints and improve the performance of public action.

The budget process often begins 1 year before the start of the fiscal year. It leads to define the amount of revenues and their allocation between the various Ministries through the budget guidelines (e.g., fiscal plans or letters sent to each Ministry which indicate, for example, the maximal amount of expenditures they can engage).

Revenues are in most cases estimated by the Ministry in charge of finance affairs, adjusted by policy measures of other Ministries related to tax credits for expenses (e.g., for investments aimed at the reduction of energy consumption). Naturally, this amount often depends on the economic situation of the country (corporate profits, growth, consumption, corporate profits, unemployment, etc.), and this is why estimated revenue figures rely on economic forecast established by national or supranational statistical agencies such as Eurostat for Europe, the IMF, or the World Bank.

With regard to expenses and expenditures, the government defines budget guidelines by Ministry. These budget guidelines determine the maximum expenditure limit (often with details) on the amount allocated for investment expenditures (including debt repayments), payroll-related expenses, and current operation expenses.

Some of these expenditures could be classified as mandatory and are clearly identifiable as coming from previous commitments (e.g., repayment of debt, interest, amount due to a public contract which committed the State over several fiscal years, etc.). Others must be estimated. This is, for example, the case of the salaries of active personnel, which depend on the number of retirements, the rate of renewal of these departures, the impact of the effect of career development for civil servants (promotion), and the upgrading of salaries in line with inflation if necessary, among others.

These budget guidelines determine the financial flexibility and scope of each Ministry, following the general guidelines set by the Government. The Ministers may then make counterproposals, and a second phase is devoted to the budgetary arbitrations and decisions by the Government.

At this stage, two budgetary strategies are present: to propose an input-based budget (financial allocations) or to propose an outcome-based budget (objectives and results to be achieved). These budgets also may cover a single fiscal year or cover a multi-year period.

### Input-Based Budget

An input-based budget (or budget based on financial allocations) will present the various items of expenditure according to their nature and between the services of the Ministry. Let's take the example of a budget for education representing 10% of the State's budget. In a presentation of the budget based on financial allocations, it divides, for example, in 60% in payment of wages, 20% in current expenditure, and 20% in investment expenditure, and these amounts will be divided between the primary, secondary, and higher education.

In the development of these budgets, often the operators renew the allocated amounts by incorporating the effects of inflation, without connecting them systematically to public policy and achievements or outcomes.

With this presentation of the budget based on financial allocations, dissension may occur between Ministries (and specially between the several ministries and the Minister of Finance), and each Minister will have at heart to have the biggest budget or, in case of budgetary restriction, to be the least affected, in order to show that he was well able to defend his budget and his Ministry.

In this logic of resources allocated to departments, the dimension of public policies to implement and results or outcomes to be obtained is put in the background. The construction of the budget

is then primarily technical and translated the political power of a Minister to fight against this trend, and experiments were launched in some countries, either using the Zero-Based Budgeting or developing budgets based on results to be achieved or outcomes.

### Outcome or Performance-Based Budget

A budget based on objectives and outcomes to achieve involves identification of the major missions and tasks of a Ministry and the actions that it intends to implement to achieve this. The question is no longer how much the Ministry has consumed of the financial allocations at its disposal but if the Ministry has achieved the objectives it had set upstream and for which it has defined indicators of activity (Robinson 2007).

The construction of the budget under this strategy takes a strong managerial dimension, because it involves to operationalize public policies through missions, actions, and indicators.

The passage of a budget based on financial allocations to a budget based on outcomes is an important challenge in terms of the managerial functioning as it implies for the Ministries to identify the strategic objectives and then to divided them in programs and operational actions. This presentation of the budget leaves more flexibility for program managers, because the Parliament generally votes distribution by major programs and allows also reallocation of resources between actions within a program and also reallocation, within an action, between the different types of expenditures (Posner and Park 2007). For example, in France it is possible to transfer credits from the current operating expenses to investment expenditures and vice versa. As a general rule, the reallocation of credits does not include staff costs, which are subject to a separate vote of the Parliament with a spending limit that cannot be exceeded. Indeed, the recruitment of an official during a fiscal year then engages the State over the following years and therefore permanently compromising the budgetary leeway.

Budgets based on outcomes to be achieved are a more interesting qualitative source of information for parliamentarians than the ones based on financial allocations. They are sometimes coupled with a monitoring of multi-year commitments or even with a multi-year budget monitoring.

### The Monitoring of Multi-Year Budget Commitments

One of the main budgetary principles is "annuity." Nevertheless, several countries now distinguish the concept of "commitment" or "budget authority," which can lead to obligations for future years, and the concept of "payment appropriations" or "outlays," which is the amount committed during a fiscal year (Posner and Park 2007).

For example, in France, the commitment authorizations are voted by the Parliament and constitute the upper limit of expenditure which may be incurred. These authorizations limit the legal commitments that governments are permitted to contract with third parties on behalf of the State. Payment appropriations are also voted by the Parliament and constitute the upper limit of expenditure which can be scheduled or paid during the year to cover commitments. These payment appropriations retrace as and when payments cancel the debts incurred by the State.

The duality of budget authority for expenditure, in payment appropriations and commitment authority, involves having a twofold monitoring within the budgetary accounting: at the time of their opening after the vote by the Parliament of the commitment authority and payment appropriations and then at the time of consumption of credits (Ministère des finances et des comptes publics 2015).

However, this distinction between commitment authorities and payment appropriations is complex for staff costs. Indeed, the commitments arise from a multitude of management acts, not only recruitments but also of promotions, revaluations of compensation or treatment, etc., without one that can assess precisely neither the total impact nor its timing throughout the years concerned. Therefore, for this expenditure item, rather than a commitment authority, an employment limit in full time equivalent and currency is sometimes implemented. This limit is both the commitment authority and the annual payment appropriation, as Example 1 illustrates.

**Example 1 Mechanism of Payment Appropriation and Commitment Authority in France**

For a public contract for a total amount of €100,000 over 2 years, the following appropriations are as follows:

- Fiscal year N
  Expenditure commitment corresponding to the entire public contract: €100,000
  Payment appropriations for the first instalment: €50,000
- Fiscal year N+1
  Expenditure commitment: 0 (the expenditure was incurred during the fiscal year N)
  Payment appropriations for the second instalment: €50,000

In this example, one will open more payment appropriations than commitment authority during the fiscal year N+1, but the total amount of commitment authority is equal to the sum of payment appropriations (€100,000).

However, States may provide more relevant budget information by presenting multiannual information, attempting to measure the impact of budgetary provisions on the balanced budget in the medium term and therefore the sustainability of fiscal policies.

## Multiannual Budgets

The practice of the multiannual programming tends to develop in OECD countries. A few examples are the following: Canada makes estimates up to 4 years (different duration depending on the State and federal level); Australia has a multiannual budget over 4 years and France over 3 years; in the USA, the Congressional Budget Office (CBO) publishes *The Budget and Economic Outlook*, which covers a ten-year window. The European Union sets a multiannual financial framework over 7 years, reflecting the priorities of the EU, without being a budget for 7 years but a basis for its annual budget exercise (Schick 2005).

The multiannual programming allows to integrate the fact that the budget annuity principle is increasingly questioned, because some commitments (in particular some procurement or public contracts) may have budgetary implications over several years. Countries opting for multi-year budgets are able to provide to their Parliaments more complete budget documents and better qualitative information (Auerbach 2011). Multiannual programming also requires strengthened and coordinated control of expenditures and revenues.

**Example 2 Multi-Year Budget in France**

**Programming of expenditures over 3 years**

The multiannual budget includes a program of State's expenditure over 3 years: an overall limit of State's expenditure and expenditures limits by major missions or public policies. The overall limit includes budget expenditure of the State, levies from revenue for the benefit of the EU or local authorities, as well as tax allocations. The limits are imperative for the first 2 years and may be adjusted in the third year.

**Triennial budget and Finance Bill**

For each year of the budgetary programming, projects of finance bills are prepared and presented to the Parliament in accordance with limits set in the triennial budget. The preparation of the finance bill now follows a different procedure in even years (preparation of the triennial budget) and in odd years (updating of the second three-year term of the budget).

In the first year, the expenditure limits set at the level of missions and the distribution of funds by program are those enrolled in the initial finance bill of the year and thus are considered as certain.

In the second year, the limits on expenditure for missions are considered not

(continued)

subject to revision. However, they may be revised in certain exceptional cases. On the other hand, the distribution of appropriations between programs of a mission, planned in the preparation of the triennial budget, may be revised in compliance with the limit of the mission.

In the last year, however, credits per mission may be subject to further adjustments. This third-year "revised" programming is therefore the starting point of the new multi-annual budget for the three following years.

Source: www.performance-publique.budget.gouv.fr/budget-comptes-etat/budget-3-annees/

Often, these multi-year budgets are a way to define the multiannual guidelines for public policies in the medium term, and this is an objective of balance of the financial statements of Government and fiscal sustainability (Auerbach 2011).

### Commitment Authority: An Essential to the Analysis of Fiscal Sustainability

Accounting for commitment authorizations traces the initial budget allocation and consumption upon notification of legal acts in which the State engages (IPSASB 2016). These are indeed legal commitments, which consume commitment authorizations up to the amount of firm commitment; they materialize the birth of the obligation of the State, which will result in an expenditure. In contract, purchase order, or grant notification, the legal commitment is indeed the founding act of the expense.

The accounting of commitment authorizations also determines, at the end of a fiscal year and with the reconciliation with payments, the balances payable, namely, the commitment authorizations consumed and not payed. The balances payable thus allow accurate assessment of payments that will intervene in a subsequent fiscal period and be deducted from the realization of future budgets.

Fiscal sustainability in the short or medium term is based on a program of legal commitments, giving rise to deadlines of provisional payments compatible with the limit of payment allocation defined in the budget, not only in respect of the current fiscal year but also for following fiscal years.

To supervise effectively the State's management and to obtain reliable future expenses and costs, the amount consumed in commitment authorizations is the total amount of the commitment made, including for the part that will give rise to a disbursement on a subsequent fiscal year.

### Multi-Year Expenditure Management and Sincerity of the Budget

The multiannual budget has two main advantages (Schick 2005; Posner and Park 2007).

First, it allows to strengthen the role of parliamentarians who control now the two ends of the chain of expenditure, authorizing the commitment of the expenditure and its regulations. Payment appropriations and commitment authorizations are voted by the Parliament for a fiscal year. The commitment authorizations not consumed shall, in principle, be canceled, according to the budget regulations, except when they correspond to investment projects, which involve legal commitments over several years.

The commitment authorizations can also neutralize the effects of the reallocation between appropriations: they ensure that the substitution of expenditure, with its own temporality, by another whose schedules may differ, is *in fine* neutral for the budget, since the cumulative amount of the corresponding commitments across fiscal years remains unchanged.

Finally, by giving full visibility to managers and to parliamentarians on payments made at the end of a fiscal year, while tracing the balance payable, accounting for the commitment authorizations and payment appropriations reconciles multi-year expenditure management and scope of the annual budget.

The budget is also a managerial act in the sense that once the budget is approved, it must be implemented by managers.

## Budget as a Managerial Act: Budget Execution and Revision

With the vote of the initial finance bill, the Parliament gives the Government a budget authorization akin to an option, but not an obligation to spend. The execution of the State's budget obeys a number of rules designed to ensure that the execution is carried out as close as possible to the will expressed by the Parliament while giving managers some flexibility.

### Monitoring and Control of Expenditure Budgets

The Budget Department, within the Ministry of Finance, carries out the monitoring and steering of the implementation of the State's expenditure in transverse way, ensuring the regularity of the management, the sustainability of public expenditure, and the compliance of execution with regard to the budgetary commitments voted by the Parliament through the finance bill.

This responsibility can materialize especially at the beginning of the fiscal year by the constitution of a "reserve of precautionary," which permits to put aside a part of appropriations for each program, as explained in Example 3. This reserve is an essential tool of budgetary control to cover the ups and downs or contingency expenditures that can occur during the execution of the budget.

**Example 3 Mechanisms of the Reserve of Precautionary Set-Up in France**

Under the French Organic Law (Article 51) and the multiannual budget law for 2012 to 2017 (Article 6), the precautionary reserve is to make unavailable, at the beginning of the fiscal year, a fraction of the appropriations voted in the budget. This reserve is formed at the beginning of the fiscal year by the application on each program of differentiated rates (at least 0.5% of appropriations under staff costs and 5% for other expenditures in the general budget). It offers to the Government a flexibility easily mobilized to deal with credit risks and hazards arising during the year. It also helps to maintain a certain "stress" on expenditures of the different Ministers.

In each Ministry, program managers are required to establish an initial budget programming, which takes into account the reserve; the budget controller ensures the accuracy of calculating the sums set aside. During the budget execution, it belongs to the Minister of Finance to decide or not about partial release of credit, program by program, to face, for example, unavoidable expenditure.

Source: http://www.performance-publique.budget.gouv.fr/actualites/2013/maitrise-depenses-etat-mise-en-reserve-credits-gestion-2014-0#. VnfM8hFglLM

The responsibility of the Minister of Finance for enforcement requires also continuous monitoring and analysis throughout management to understand, predict, and anticipate changes in the State's expenditures.

Considering that the Budget meanwhile passed as a law was built on macroeconomic and financial assumptions, the budget management may face unforeseen events during the execution: e.g., various hazards may occur on expenditure management such as natural disasters, unforeseen new needs, etc. The Ministry of Finance must therefore anticipate, throughout the year, what will be the total amount of expenditures at the end of the fiscal year (including unpredicted expenditures) and propose, if appropriate, corrective measures or actions when the forecasts tend to deviate from the initial budget bill.

**Example 4 The Case of the "Zero Value Standard" Implemented in France**

The steering of the implementation of the State's budget is performed through the monitoring of expenditures standard – the "zero value standard" – which is one of the

(continued)

main tools of management and control of public finances at the disposal of the Government.

When the Government proposes the Budget Bill to the Parliament, it is committed to control the expenditure of the State and respect the "zero value standard." These standards of expenditure intend to give a simple management tool that allows the Government to be accountable for its steering and monitoring of State's expenditure before the Parliament.

The "zero value standard" covers all the expenses of the State considered controllable, therefore excluding the burden of debt and the contributions of the State and its operators for the financing of pensions of officials, which are rigid expenses, inherited from the past, and therefore hardly controllable.

The "zero value standard," introduced in 2011, aims to avoid that potential gains from under-implementation of the burden of debt and pension reform are used to fund other expenditures; it is therefore a virtuous rule that facilitates the reading of the execution of the State's budget implementation; the Government in this way commits that the controllable expenditures do not increase or even decline from 2014 in constant euros compared to the previous fiscal year.

The "zero value standard" requires greater rigor and transparency in monitoring the implementation of State's expenditures: to serve as a supporting tool to the decision, this standard must indeed be revised during the year by analyzing State's expenditure estimates, item by item, program by program, and Ministry by Ministry.

Source: http://www.performance-publique.budget.gouv.fr/budget-comptes-etat/execution-budget-etat/essentiel/s-informer/prevision-suivi-execution-budget#. VnfDaRFglLM

The Ministry of Finance conducts periodic work of analysis of the implementation of the expenditure. Analytical works permit, using available data on the management of the previous fiscal year, to update the forecasting execution of the current year compared to the assumptions used to build the initial budget. These analyses are used to update data on the determinants of the expenditure, as the number of beneficiaries of a benefit paid by the State, and, more generally, to take into account in the forecast of expenditures' any new factor – or hazard – that may cause a gap from the forecast established at the time of the initial budget bill.

To estimate the level of spontaneous evolution of the expenditure, the Ministry of Finance shall organize an exchange of information with the relevant Ministries. This information is confronted with statistical history of previous years and other relevant information of the public sector or the economy.

In addition to regular exchanges during the year with the Ministries' correspondents, the Ministry of Finance can also rely on the expertise of accounting and budget controllers in each Ministry, which are in contact daily with Ministry's managers and have therefore a good knowledge of the technical records of the Ministry to which they are placed. These exchanges are formalized in infra-annual meetings and interim management reports, which also help to identify possible difficulties during the budget execution and to analyze the gaps occurring with the initial budget bill. The Ministry of Finance uses this information to establish a forecast of the spontaneous evolution of State's expenditures and then to propose measures that will correct these gaps.

The forecast conducted by managers also covers staff costs. For example, in France, the Ministry of Finance monitors with the Ministries of all statutory and compensatory measures applicable to staff. For this, the Ministry of Finance has general jurisdiction to countersign draft regulatory texts related to the public service or to officials who have direct or indirect financial implications. On the expenditure themselves, whether in terms of employment or payroll, the

Ministry of Finance ensures that the assumptions underlying the ministerial job schemes, i.e., the outputs or recruitment needs, are consistent and proven and especially that the job limits set up in the budget are respected at the end of the fiscal year. For payroll, it is important that expenditure has been properly evaluated and if necessary to adjust appropriations.

At the end of the fiscal year, the forecast is used as a diagnostic by the Government to decide on possible corrective measures to be implemented before the end of the year, to ensure that final expenditure complies with the original intention and is consistent with the objectives of budget targets voted by the Parliament.

### The Monitoring of the Results of Budget Execution by the Parliament

The Parliament examines, during the fiscal year N+1, the report on the implementation of the budget of year N and the financial statements for the year N. The budget and financial statements may be subject to different accounting rules – for example, the budget can follow the legal commitments and receipts/disbursements, while the financial statements are prepared in accordance with accrual accounting.

During the presentation of the budget execution to the Parliament, several documents can be handed over to elected representatives, depending on the accounting obligations of the State in each country. The following information is generally provided (IMF 2007; IPASAB 2016):

- A reporting information with the financial outcome of the year, according to both the budgetary accounting statements and the financial accounting statements
- Information on budget performance, including a thorough presentation of annual performance reports by major public policies and the financial outcome of each Ministry with regard to commitments made during the budget vote
- The auditor's report on the certification of the State's budgetary and financial statements by the SAI and eventually by a private organization
- The report on financial outcomes and fiscal management of the State carried out by the SAI

Even before the end of the fiscal year, it can also be forwarded to the Parliament a monthly situation of the State's budget. This is a photograph of the infra-annual execution of the State's budget by recording, month after month, the main accounting items: expenses, revenues, balance of special accounts and their overall result, and the balance of the general budget. Based on the financial accounting data, monthly budgetary situation offers a synthetic vision of the evolution of budget execution of the State's during the fiscal year. It also allows comparisons with the results observed during the prior years to the same periods of the year.

This reporting on the monthly budgetary situation allows economic commentators to appreciate the trends month by month for all factors that contribute to the formation of the current execution of the budget balance. It is often commented by the Minister of Finance that puts into perspective the data to local or global economic conditions.

This communication derives from a desire for financial transparency, thus contributing to strengthen knowledge and understanding of the execution of the State's budget. It is part of a code of good practices on public finance transparency designed by the International Monetary Fund (IMF 2007).

Good practices also include the publication, according to a schedule announced in advance, the monthly situation of the State's budget. The publication, by the State, of the monthly budgetary indicators allows all stakeholders involved in the budget situation of a country, including the creditors of the public debt; international organizations such as the World Bank, the IMF, and the European Union; and the citizens in general, to stay informed of the monthly evolution of the situation of public finances.

## Conclusion

The budget is both a political act and a negotiation or bargaining between the Government and the Parliament and other stakeholders. It is also a technical act, considering that most countries have defined fiscal rules and standards governing both the preparation and the execution of the budget. These rules can be aimed to ensure that authorizations voted by the Parliament are well respected, but also to provide information on multi-year commitments that permanently commit a State. Finally, during the execution phase, the budget is a managerial act too. The New Public Management has, in recent years, deeply changed the role of budget managers. Thus, new jobs have appeared in Ministries, such as fiscal and financial controllers. Similarly, the objective of public sector managers is not to spend money but to develop and implement actions to achieve results and to report and to be accountable to the Parliament for both the Government action and the implementation of public policies.

Additionally, even if this has not been addressed in this entry, the budget is also an "accounting philosophy' with different countries to be able to choose between using an accrual basis regime or a cash basis regime to elaborate the budget, despite the financial statements being based on an accrual accounting system.

## Cross-References

- ▶ Accrual Budget
- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Budgeting and Austerity
- ▶ Budgeting and Decision-Making
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Performance Budgeting

## References


Auerbach A (2011) Long-term fiscal sustainability in major economies. In: BIS working paper. http://www.bis.org/publ/work361.pdf

Buchanan J (2003) Public choice: the origins and development of a research program. Center for Study of Public Choice at George Mason University Fairfax, Virginia. http://www.gmu.edu/centers/publicchoice/pdf%20links/Booklet.pdf

Collaborative Africa Budget Reform Initiative (CABRI) (2008) Budget practices and procedures in Africa, 101p. http://www.cabri-sbo.org/uploads/files/Documents/report_2008_cabri_capable_finance_ministries_budget_practices_and_reforms_english_budget_practices_and_procedures_in_africa_english.pdf

Downs A (1957) An economic theory of democracy. Cambridge University Press, Cambridge/New York

European Commission (2013) 'Two-Pack' enters into force, completing budgetary surveillance cycle and further improving economic governance for the euro area, Memo. http://europa.eu/rapid/press-release_MEMO-13-457_en.htm

International Monetary Fund (IMF) (2007) Code of good practices on fiscal transparency, 4p. http://www.imf.org/external/np/fad/trans/code.htm

International Public Sector Accounting Standards Board (IPSASB) (2016) Handbook of international public sector accounting pronouncements, vol I–II. International Federation of Accountants, IFAC, New York

Inter-Parliamentary Union & UNDP (2012) Global parliamentary report, 112p. http://www.ipu.org/pdf/publications/gpr2012-full-e.pdf

Lapsley I, Midwinter A, Nambiar T, Steccolini I (2011) Government budgeting, power and negotiated order. Manag Account Res 22(2011):16–25

Lienert I (2005) Who controls the budget: the legislature or the executive? IMF working paper, WP/05/115

Ministère des finances et des comptes publics (2015) Recueil des règles de comptabilité budgétaire de l'État. http://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/files/documents/gestion_publique/cadre_gestion_budgetaires/referentiels/RRCB_20151215.pdf

Posner P, Park CK (2007) Role of the legislature in the budget process: recent trends and innovations. OECD J Budg 7(3):71–96. https://www.oecd.org/gov/budgeting/43411793.pdf

Public Expenditure and Financial Accountability (PEFA) (2016) Framework for assessing public financial management, 103p. https://pefa.org/content/pefa-framework

Robinson M (2007) Performance budgeting, linking funding and results. Palgrave Macmillan, Basingstoke/Hampshire/New York

Schick A (2005) Sustainable budget policy: concepts and approaches. OECD J Budg 5(1):107–126

Shi M, Svensson J (2006) Political budget cycles: do they differ across countries and why? J Public Econ 90:1367–1389

# Budget Execution: Spending Patterns During the Fiscal Year

Birgit Moser-Plautz
Department of Public, Nonprofit and Health Management, University of Klagenfurt, Klagenfurt, Austria

## Synonyms

Budget implementation

## Definition

The public budget contains the maximum expenditures allowed, with their planned utilization and the estimated public revenues for the budgetary period needed for covering the expenditures. The administrative bodies are responsible for executing the budget as approved by the legislative branch. Spending patterns within a budgetary period are about the timing and the amount of budget spent during the fiscal year (e.g., a peak in spending at the end of the year).

## Introduction

Public sector organizations are under increasing pressure to spend taxpayer's money efficiently and sustainably to create public value, as resources decrease and legitimacy problems surge. Budgeting is the process where public policies are prioritized and a government's revenues and expenditures are monitored and controlled. The budget determines expenditures for objects as well as purposes and thus links financial resources and human behavior to achieve certain policy targets (Wildavsky and Caiden 2001). In this regard, not only allocating scarce resources but also the execution of the budget has become central issues in public finance. Budget execution came up as a link to reforms in practice, but has been neglected in academic literature, as Cain et al. (2004, p. 558) states: "While budget execution remains an integral phase of the budgetary process, it continues to be overlooked in the academic literature." Nevertheless, in the academic literature are three intertwined research streams about budget execution observable: (1) budget control, (2) rebudgeting, and (3) spending patterns during the budgetary period. The first research stream investigates budget control systems used to control budgets and spending behavior in public sector organizations, focusing on the design, use, and effectiveness of budget control instruments. The second stream examines rebudgeting – changing the approved budget during the fiscal year. And the third research stream focuses on spending patterns within a fiscal year, investigating the timing and the amount of budget spending, and if spending patterns exist like heightened spending at the end of the year. The literature on the spending patterns examines the underlying causes for certain patterns and consequences and discusses remedies against dysfunctionalities.

This contribution is structured as follows. The next section provides an overview of the budget cycle in particular of the phase of budget execution. Section three looks at the different spending patterns and section four discusses different remedies. The conclusion is provided in the final section of the contribution.

## The Budget Cycle: Budget Execution

Budgeting is a process and can be distinguished into different phases. In general, four phases are identified: Preparation and submission, approval, execution, and audit. The budget cycle overlaps 3 years, in the first year the budget draft is prepared and approved usually by the legislative branch of government, with the start of the fiscal year the budget is executed by the executive branch of government and after the close of the fiscal year, the budget is audited, therefore the legislative branch examines the implementation reports and financial statements for the previous fiscal year. As the budget is usually for one fiscal year, an organization has to deal with three budgets at the same time, as shown in Fig. 1.

| | | Fiscal Year 1 | Fiscal Year 2 | Fiscal Year 3 | Fiscal Year 4 |
|---|---|---|---|---|---|
| 1 | Budget preparation | B1 | B2 | B3 | B4 |
| 2 | Budget approval | B1 | B2 | B3 | B4 |
| 3 | Budget execution | | B1 | B2 | B3 |
| 4 | Budget audit | | | B1 | B2 |

**Budget Execution: Spending Patterns During the Fiscal Year, Fig. 1** Overlapping budget cycles. (Adapted from Pfäffli 2011, p. 19)



Only after the budget is approved, the administration is allowed to make expenditures within the approved limits and to generate revenues for fulfilling their tasks. Thereby expenditures ceilings can be exploited but do not have to (Pfäffli 2011). While budget preparation is a planning act, budget execution is a management process (McCaffery and Mutty 1999), which is less visible than the preparation and approval phases are, in particular, the latter is open to the public with hearings and debates. Day-to-day routines in the execution phase are not public unless legislative approvals or notifications become necessary. Although budget execution is often assumed as a mechanical task, the degree of discretion by public managers in budget spending as well as unforeseen events and uncontrollable circumstances make the budget execution a complex process. Depending on different scientific authors' views, monitoring and controlling budget execution during the fiscal year is sometimes assigned to the execution phase and sometimes to the audit phase. Monitoring budget execution should detect deviations from the planned budget in order to set corrective measures, but these controls should be balanced with the level of discretion and flexibility in budget spending by public managers (Cain et al. 2004).

## Spending Patterns

Although there is a limited number of publications investigating budget execution, research identified two spending patterns, most publications investigate spend-downs at the end of the fiscal year and only a limited number of contributions focus on expenditure deferrals (e.g., Baumann 2015). Reviewing the literature shows a multiplicity of terms for spend-downs, which makes the research field complex and diversified. Terms for spend-downs range from spending sprees, spending surges, September Grasshoppers, June end-play, and March Madness to December fever. One reason for the limited number of studies on spending patterns is that spend-downs are often hidden from the public and even more from the researchers. Nevertheless, some contributions analyzed monthly spending data and were able to show an increase in spending in the last months of the fiscal year (e.g., Balakrishnan et al. 2007; Fichtner and Greene 2014; Liebman and Mahoney 2013).

The analysis of the literature shows that some contributions focus on the underlying causes of spending patterns (e.g., Forster 1990), and some concentrate on the analysis of archival data aiming to find evidence for (wasteful) spend-downs (e.g., Fichtner and Greene 2014), while others discuss remedies to avoid spend-downs without investigating the underlying causes or evaluating already implemented remedies (e.g., Hyndman et al. 2007). The working paper by Liebman and Mahoney (2013) has a hybrid focus, as it looks for evidence for spend-downs as well as for their wastefulness, and additionally investigates several remedies.

The contributions show some conflicting findings regarding the underlying causes and explanations of wasteful spend-downs. Forster (1990), one of the first scientific works on this topic, already described the underlying causes for wasteful spend-downs in detail and named "uncertainty" and "risk" as the main drivers for

deferring expenditures and budget exhaustion at the end of a fiscal period. Only a few publications refer to Forster's paper (1990) and investigate the mentioned causes. In contrast to the contributions put forward by the economics and operations research discipline, where the main assumption behind spend-downs, or rather lapsed funds is that this is the result of rational behavior of public managers (i.e., doing their jobs properly) (Douglas and Franklin 2006; Forster 1990; Liebman and Mahoney 2013). Uang and Liang (2012) see the problem in an opportunistic behavior by public managers. Other contributions identify the rules themselves as the reason for spend-downs or procrastination resulting in spending deferrals (Baumann 2015). In contrast, Balakrishnan et al. (2007) used institutional theory and argued that spending the whole budget at the end of the fiscal year is a socially accepted behavior. Literature in this research field either does not refer to a theory or refers to principal-agent theory, the predominance of principal-agent theory might stem from a strong economic perspective.

## Remedies for Wasteful Spend-Downs

Literature on spend-downs at the end of the fiscal year recommends several remedies for wasteful spend-downs, which either reduce disincentives for budget surpluses or create incentives for surpluses (Reiter 2016). The most frequently discussed remedies: carry over rules, extension of fiscal year, limiting spending at the end of the fiscal year, transferring funds/virement and closer monitoring are summarized in the following.

### Carry-over Rules

This remedy allows carrying over unspent funds to the next fiscal year and has been part of several New Public Management reforms with the prospect to increase efficiency and flexibility in budget spending. To avoid spend-downs the funds carried forward should be well protected and available for the respective unit. In addition, savings should not be seen as a signal for lower budget needs and result in budget cuts for the respective unit.

Douglas and Franklin (2006) developed a framework for understanding potential costs and benefits of agency surpluses, for details see Fig. 2.

Lienert and Ljungman (2009) argue that carry-over rules are based on three assumptions: appropriate budget allocation in relation to the tasks of the budget unit, only a small portion of the approved budget will be carried over, and the timing of expenditures is not important for the budget authority. As the assumptions are only rarly met in practice, evaluations are necessary: "i) if a carry-over is justified; ii) how much of the unspent appropriations should be allowed to be retained, and iii) if the carry-over should be allowed to be used in a particular year" (Lienert and Ljungman 2009, p. 6). Over the years a significant amount of savings can accumulate, which could threaten aggregate fiscal targets. Therefore, restrictions should be applied regarding the time and the volume of carry-overs (Fichtner and Greene 2014; Korac et al. 2019). In addition, Lienert and Ljungman (2009) recommend that six preconditions should be fulfilled before a country implement carry-over rules: accurate appropriations, well-developed accounting and reporting systems, access to financing, well-functioning internal control and external audits, devolved budget management powers, and a medium-term approach to fiscal policy.

### Extending the Fiscal Year

Most public administrations use annual budgets, prolonging the fiscal period could give public managers the possibility to spend unused funds more wisely. However, extending the fiscal year could just defer the wasteful spending-behavior, and in addition, it comes at the costs of flexibility to respond to new information (Pollack and Zeckhauser 1996). An alternative would be extending the period of obligation, where the approved budget is allowed to be spent within, for example, 2 years, but appropriations are made annually (Jones 2005).

### Limiting Spending at the End of the Fiscal Year

Research shows that certain categories like goods and services are more prone to spend-downs than

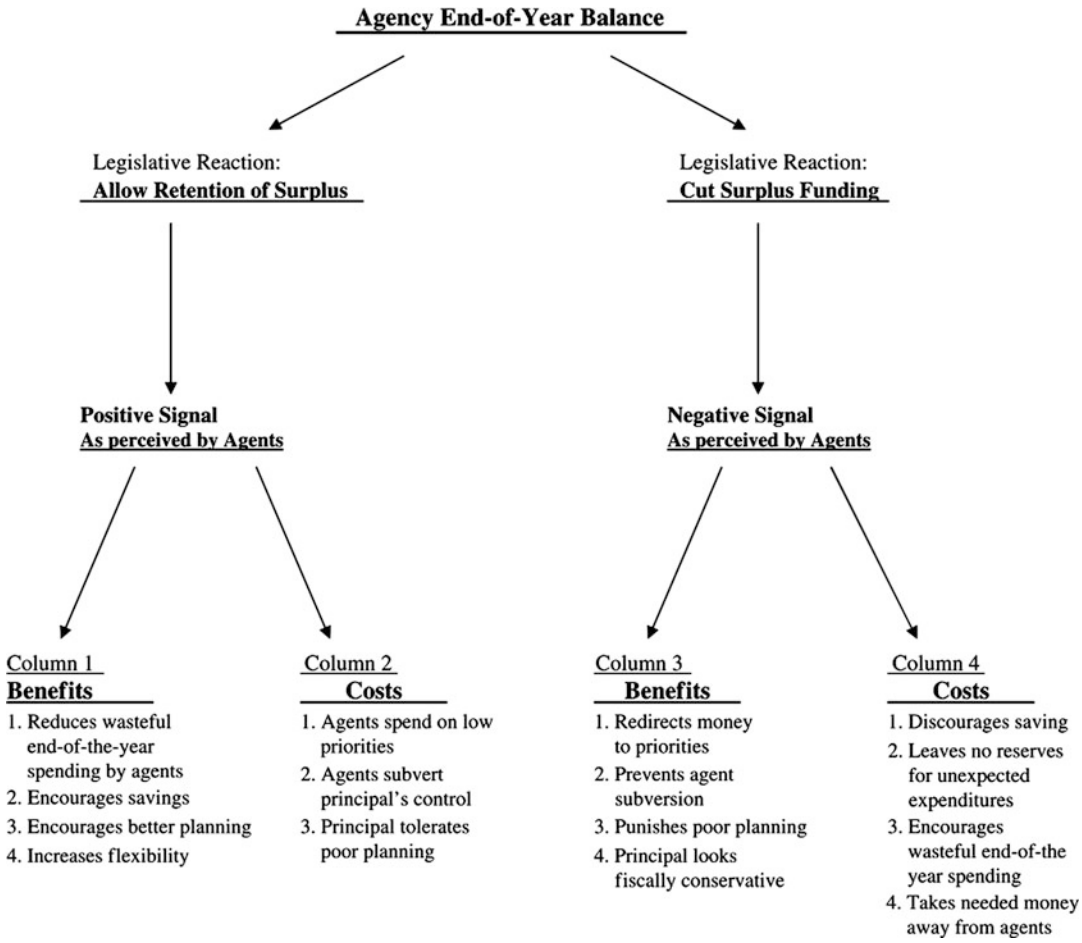


**Budget Execution: Spending Patterns During the Fiscal Year, Fig. 2** Framework for understanding potential costs and benefits of agency surpluses (Douglas and Franklin 2006, p. 51)

other categories like pay and benefits for employees, for these categories one could set spending limits at the end of the year (Kozar 1993). An alternative would be a time variant budgetary tax to even out the expenditures during the fiscal year (Baumann 2015), which would make spending in the later months more expensive.

### Aggregating the Budget of Subunits

Aggregating the budget of subunits could be a remedy for inefficiencies of decentralized budget spending. Pollack and Zeckhauser (1996) argue that aggregating budget subunits would lead to fewer deferrals at the beginning of the fiscal year due to risk sharing. The argument is that units defer spending to the end of the year as the uncertainty about unforeseen costs is the highest at the beginning of the year and decreases as the year proceeds. A disadvantage would be the common pool problem of excess expenditures as monitoring becomes more difficult.

### Transferring Funds

Literature also recommends increasing the flexibility of public managers by the possibility to transfer funds from one account to another, although this remedy could result in a lack of control by the central authority (Pollack and Zeckhauser 1996).

### Closer Monitoring

The remedies described above lead to more flexibility and discretion for public managers that could result in unintended and opportunistic behavior, which makes closer monitoring and control necessary. Brimberg and Hurley (2015) recommend an audit focus on expenditures at the end of the fiscal year. Another example of closer monitoring is mid-year budget reviews, which on the other side could create incentives for spend-downs before the mid-year review.

### Improving Information System

If uncertainty about occurring costs is the cause for spend-downs at the end of the fiscal year, an improved information system could reduce uncertainty and help budget units to spend the approved budget in time. Nevertheless, an improved information system could solve the problem of spend-downs only to some extent (Brimberg and Hurley 2014).

### Surpluses Should Not Justify Future Budget Cuts

An incentive for spend-downs is possible budget cuts in the future, as it could be a signal of overbudgeting. Budget units with efficiency savings should not be punished with budget cuts, but rather rewarded for spending taxpayer's money carefully. Although the concept is simple, it would mean a fundamental change of a budgeting rationale (Reiter 2016).

## Conclusion

Budgeting is a process often divided into four phases: budget preparation, budget approval, budget execution, and audit. While budget preparation and approval are about planning, budget execution is implementing the budget as planned and thereby less public than other phases in the budget cycle. Nevertheless, budget execution is not a mechanical task, as public managers have discretion about the amount and timing of spending during the fiscal year. For this reason, spending patterns can become visible, like spending deferrals at the beginning of the year and spend-downs at the end of the fiscal year. Despite the growing attention in research and practice toward spending patterns, especially on wasteful spend-downs, only a limited number of journal articles and other scientific publications have up to now addressed this topic. Spend-downs are often only of anecdotal evidence, and nevertheless, some studies addressed this issue and discussed remedies against spend-downs, like the possibility to carry over unspent funds.

## Cross-References


- ▶ Budget Cycle
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Principles
- ▶ Budgeting in the Public Sector


## References


Balakrishnan R, Soderstrom NS, West TD (2007) Spending patterns with lapsing budgets: evidence from U.S. Army Hospitals. J Manag Account Res 19:1–23

Baumann S (2015) Putting it off for later – procrastination and end of fiscal year spending spikes. Edinburgh school of economics discussion paper series number 260

Brimberg J, Hurley WJ (2014) Limitations on the "better information system" solution to the problem of lapsed government operating funds. J Def Model Simul 11(4): 375–385

Brimberg J, Hurley WJ (2015) Allocating operating funding in the public sector and the newsvendor problem. J Oper Res Soc 66:1035–1043

Cain C, Choudhury E, Clingermayer JC (2004) Turnover, trust, and transfer: an examination of local government budget execution. Int J Public Adm 27(8–9):557–576

Douglas JW, Franklin AL (2006) Putting the brakes on the rush to spend down end-of-year balances: carryover money in Oklahoma state agencies. Public Budg Financ 26(3):46–64

Fichtner JJ, Greene R (2014) Curbing the surge in year-end Federal Government Spending: reforming "use it or lose it" rules. Mercatus Working Paper

Forster J (1990) Rational managerial behavior, risk and expenditure surge in the public sector. In: Forster J, Wanna J (eds) Budgetary Management and Control: the public sector in Australasia, pp 103–113

Hyndman N, Jones R, Pendlebury M (2007) An exploratory study of Annuality in the UK public sector: plus ça change, plus c'est la même chose? Financ Account Manag 23(2):215–238

Jones LR (2005) Outyear budgetary consequences of agency cost savings: international public management network symposium. Int Public Manag Rev 6(1): 139–168

Korac S, Moser B, Rondo-Brovetto P, Saliterer S (2019) Carry-overs or leftovers? Tackling year-end spenddowns at the central government level. Public Money Manag 39(6):393–400
Kozar MJ (1993) An analysis of obligation patterns for the Department of Defense Operations and Maintenance Appropriations. Master thesis, Naval Postgraduate School
Liebman JB, Mahoney N (2013) Do expiring budgets lead to wasteful year-end spending? Evidence from Federal Procurement. HKS Faculty research working paper series RWP13-038
Lienert I, Ljungman G (2009) Carry-over of budget authority. Public financial management technical guidance note. Fiscal Affairs Department, International Monetary Fund
McCaffery J, Mutty JE (1999) The hidden process of budgeting: execution. J Budg Account Financ Manag 11(2):233–257
Pfäffli, S. (2011). Budgetierung im öffentlichen Sektor: ein Handbuch für Studium und Praxis aus finanzwissenschaftlicher Sicht., Bern
Pollack H, Zeckhauser R (1996) Budgets as dynamic gatekeepers. Manag Sci 42(5):642–658
Reiter C (2016) September grasshoppers: why federal agencies spend so much at the end of the fiscal year. Army Lawyer:53–62
Uang J, Liang C (2012) Does monitoring frequency affect budget execution patterns? Asia Pac Manag Rev 17(1): 59–75
Wildavsky AB, Caiden N (2001) The new politics of the budgetary process, 4th edn, New York

# Budget Formulation Process of Japan's National Government

Harunori Yamada
Faculty of Political Science and Economics, Waseda University, Tokyo, Japan

## Synonyms

Bureaucracy; Public finance

## Definition

The framework by the Cabinet and the Diet to formulate the Japan's national budget

## Introduction

Japan adopts three-tier government system; the national government, 47 prefectural governments, and about 1700 municipal governments, each having authority to formulate its own budget. We simply call the national budget. But Japan does not adopt the unified budget system. The national budget of Japan for fiscal year 2017 can be divided into 14 budgets. The national government's budget of Japan consists of the general account budget and 13 special account budgets. These budgets are formulated by the government and submitted to the Diet for approval along with the budgets of four government-affiliated financial agencies.

The general account budget is the most fundamental budget of the Japanese national government. Therefore, when we just simply say "the budget" in Japan, it often means the general account budget. All national taxes except several special-purpose taxes are treated as the revenues of the general account budget. According to the Public Finance Law, "Zaisei hou," all expenditures for each fiscal year must be financed by the revenues of that fiscal year, which is called the single-year budget principle. The expenditures of the general account budget are classified according to the government programs, such as social security, public works, education and science, and national defense. We can see the overview of the government's policies and activities through the general account budget. Special account budgets are established by legislation when the government needs to carry out specific projects, or to administer and manage specific funds, or to administer revenues and expenditures separately from the general account budget (Ministry of Finance 2004, p. 3).

Budget formulation process of Japan's national government is largely composed of two stages: the government stage and the Diet (parliament) stage. The government stage is at which the budget is formulated within the government. The Diet stage is at which the budget is deliberated in the Diet. The climax of the budget formulation may be regarded as residing in the parliament stage in

many countries. Oppositely, it resides in the government stage in Japan.

## The Government Stage

### Ministry of Finance

Under the Constitution of Japan, only the Cabinet has the right to prepare and submit the budget to the Diet. In case of ordinary bills, members of the Diet as well as the Cabinet can submit the draft bills according to the law "the Diet Act." However, unlike the case of ordinary bills, any Diet members do not have authority to submit budget proposals to the Diet (Ministry of Finance 2004, p. 13).

The Cabinet of Japan is composed of the Prime Minister and Ministers of State. Under the Cabinet law, the number of Minister of State is limited within 14, but when necessary, the number can be raised up to 17. One of the Ministers which composes the Cabinet is the Minister of Finance, which is the top of the Ministry of Finance.

Among the Cabinet, the Ministry of Finance has primary jurisdiction over budget formulation. The Ministry of Finance of Japan is now called "Zaimu-sho" in Japanese, but it had been called "Ohkura-sho" until 2001 despite English name still remains unchanged as the Ministry of Finance. The name "Ohkura-sho" had a long tradition from the beginning of the eighth century. Ohkura-sho, having authority over both of the fiscal policy and monetary policy, had been credited with the prominent power. So especially in the past, powerful members of the ruling party, who have experienced other Ministers or high-ranking executive posts among the ruling party, have been usually nominated as the Minister of Finance. Experiencing Minister of Finance was regarded as a gateway to be a Prime Minister.

Due to the prominent power it had, the Ministry of Finance was regarded as one of the main targets in the central government reform which was enacted in 2001 by Hashimoto Cabinet. Consequently, Ohkura-sho was wrested control over the banking and other financial policies, broken up into the Zaimu-sho and Kinyu-cho (Financial Services Agency) and renamed from Ohkura-sho which had a special meaning to more ordinary name Zaimu-sho.

The Ministry of Finance is one of the 11 ministries of Japan. The Ministry of Finance has primary jurisdiction over public finance including budget formulation, and within the Ministry, the Budget Bureau, "Shukei-kyoku," is in charge of drafting the budget. There are other bureaus in the Ministry of Finance which are related to budget formulation: Tax Bureau which is in charge of tax system, Customs and Tariff Bureau which is in charge of customs and tariff, and Financial Bureau which is in charge of issuance of Japanese government bond. Among these bureaus, the main bureau for the budget formulation is the Budget Bureau. Since the budget formulation is regarded as the most significant duty in the Ministry, the head of the Budget Bureau, the Director General of the Budget Bureau, "Shukei-kyokucho," will be usually expected to next promote to the Administrative Vice Minister of Finance, "Zaimu-zikan," which is the head of the tens of thousands of officers of the Ministry of Finance.

### The Outline of the Government Stage

The fiscal year in Japan's national budget begins on April 1st. The budget formulation process begins in the summer of the previous year. In the initial stage, each ministry makes budget request and submits its budget request "gaisan youkyu" to the Ministry of Finance by the end of August of the previous year. But it is not the real start of the budget formulation process. About 1 month before these budget requests, usually by the end of July, the Cabinet approves the guidelines for budget requests, which is called "gaisan youkyu kizyun" in Japanese (Ministry of Finance 2004, p. 14).

The guidelines for budget requests set out ceilings for programs such as social security, public works, and other expenditures for the next fiscal year's budget request. These ceilings are usually expressed in terms of absolute or percentage increase or decrease against the previous fiscal year's amount. The guidelines also establish special priority-allocated categories in order to promote the allocation of funds to politically

targeted areas. Since each ministry is required to prepare its budget request within the limits of these guidelines, each ministry needs to determine the priorities of the expenditure items within the ministry before submitting its request to the Ministry of Finance. Therefore, these guidelines are regarded to be effective in controlling each ministry's inclination toward making excessive budget requests. This system has played an important role in curtailing overall government expenditures since first employed in the fiscal year 1961 budget (Ministry of Finance 2004, p. 14).

Following the submission of budget requests, budget examiners of the Budget Bureau in the Ministry of Finance start a series of hearings with each ministry on the details of the budget requests. Budget examiner is called "shukei-kan" in Japanese. Budget examiners are elite division director class officers around mid-1940s and early 1950s. The budget examiners review each budget item, requesting additional supporting materials and data as necessary (Ministry of Finance 2004, p. 15).

The budget examination process continues, and usually around early December, the Cabinet releases the "basic principles of budget formulation" and the ruling party(ies) releases(se) "outline of budget formulation" and "outline of tax system reform." Following these decisions, final negotiations are held between the Minister of Finance and each Minister, which are called Minister negotiations, "daizin sessyou." After the Minister negotiations, the Cabinet authorizes the final Draft Budget around late December.

### Abolition of MOF's Draft and the Revival Negotiations

Until the formulation of FY2009 budget, following the guidelines for formulation of the budget, the Ministry of Finance (MOF) had finalized a draft of the Draft Budget each year, which was called as "Zaimu-sho gen-an," MOF's draft. It was presented to each ministry and final negotiations regarding the budget requests were held between MOF and each ministry for about 1 week on the basis of MOF's draft. These final negotiations were called revival negotiations, "fukkatsu sessho." Revival negotiations were held by several stages. The first stage was held at the official level, and continued by raising the class of officials, beginning at the division director class; next, director-general class; and next, vice minister. When there were matters which did not reach agreement by official level sessions, next were held between Ministers. If agreement was not reached here, next held was at political level, Ministers and the executive members of the ruling party. After necessary adjustments to the MOF's draft through the revival negotiations, the Draft Budget was approved and finalized by the Cabinet usually near the end of December.

Once, especially until 1980s, revival negotiations were regarded as a climax of budget formulation. People paid much attention to this process, and media, newspapers, and television networks provided wide coverage to the revival negotiations. Campbell expressed the revival negotiations as high drama (Campbell 1977, p. 198). However, at the formulation of FY2009 budget, the revival negotiations were abolished by the order of Prime Minister Aso; instead, the Minister negotiation was held just before completing the MOF's draft. Continuously, at the formulation of FY2010 budget, the MOF's draft was abolished by the Hatoyama Cabinet. Abolition of MOF's draft and the revival negotiations are parts of the reform, which pass the control over budget formulation process from the Ministry of Finance to the Cabinet.

### Establishment of the Council on Economic and Fiscal Policy

It had been criticized in Japan that bureaucrats had taken control of budget making, drafting government policies and bills instead of politicians. Especially, the lack of leadership of the Prime Minister in the Cabinet had been under criticism. In case of budget making, despite the Constitution stipulates the Cabinet makes and submits the budget, in realty, the officers of the Ministry of Finance had been regarded as the real budget maker.

To change such situations and to strengthen the administrative leadership of the Cabinet and the Prime Minister, the central government reform was executed by the Hashimoto Cabinet. On January 6th 2001, simultaneous to the

reorganization of the Japanese Central Government, which is well-known as restructuring of national administrative organs, under which the Prime Minister's Office and 22 Ministries were reorganized into the Cabinet Office and 12 Ministries by realigning the roles of the government, the Council on Economic and Fiscal Policy (CEFP) was established to support the Prime Minister in exerting its leadership. The CEFP is composed of senior ministers including the Prime Minister as a chair and Chief Cabinet Secretary, Minister of State for economic and fiscal policy, and authority on economics, business executives. The CEPT is expected to decide the basic framework of the budget, including priority areas and policies, and to make each ministry prepare the budget request and Ministry of Finance draft the budget in accordance with the ideal the CEPT shows (Ministry of Finance 2004, p. 11).

The CEFP has exerted a fairly big influence on budget formulation since its establishment, except 3 years from 2009 to 2012 while the Democratic Party of Japan (DPJ) had in power; the National Policy Unit established by the DPJ Administration took the place of CEFP. the so-called "Honebuto-no-houshin," large-boned principle by literal translation, made each year version by the CEFP and approved by the Cabinet in every June annually, has been regarded as a basic policy for the budget formulation. Following the Honebuto-no-houshin, CEFP issues the overview of the budget, "Yosan-no-zentaizou," which applies the Honebuto into the budget formation each year in July. Until CEFP was established, the guidelines for budget requests had been drawn up mainly by the Ministry of Finance; instead, since 2001, it has been drawn up in accordance with the Honebuto-no-houshin CEFP makes. Especially, two prime ministers, Jun-ichiro Koizumi and Shinzo Abe, both as a chair of CEFP, are acknowledged as well-utilized it in exerting leadership in budget formulation. CEFP has enabled cabinet-led budget formulation.

## The Diet (Parliament) Stage

The Cabinet submits the Draft Budget to the Diet at the beginning of the ordinary session. The ordinary session of the Diet is convoked in January. The budget bill can only be initiated by the Cabinet. The Diet is composed of the two Houses: the House of Representatives and the House of Councillors. According to the Constitution of Japan, the House of Representatives is given priority over deliberation on the Draft Budget.

After the submission of the Draft Budget to the House of the Representatives, the Minister of Finance outlines the Draft Budget and the government's fiscal policies in budget speech. This speech is called financial address. Financial address is one of the four speeches of administrative policies by cabinet members which are done at the beginning of the ordinary session of the Diet: policy speech by the Prime Minister, foreign policy address by the Foreign Minister, and economic policy address by Minister of State for Economic and Fiscal Policy.

In the House of Representatives, the Draft Budget is deliberated by the Committee on Budget. When the budget is referred to the Committee on Budget, the Committee may request the presence of the Prime Minister and other Ministers of State. During the deliberation, the opening of public hearings is required. Since the budget proceedings frequently provide opportunities for criticizing the administration for opposition parties, the Committee on Budget is the most popular committee in each House with the largest number of members composed.

After approval by the Committee by majority vote, the Draft Budget is put to a vote at a plenary session of the House of Representatives. After approval by the House of Representatives by majority vote, the Draft Budget is sent to the House of Councillors. In the House of Councillors, the Minister of Finance makes financial address, along with other speeches as well as in the House of Representatives.

In the House of Councillors, the Committee on Budget holds deliberations in the same manner as in the House of Representatives. Likewise, the Committee sends the Draft Budget to a plenary session of the House of Councillors after approval. Following its passage in the House of Councillors, the Budget becomes effective on April 1st, the beginning of a fiscal year.

## The Difference Between the Budget and the Bill

Both budget and bill are submitted and deliberated in the Diet. But, the House of Representatives is given priority over deliberation on the Draft Budget. On the contrary, the bill can be submitted and deliberated in the House of Councillors prior to the House of Representatives, or vice versa.

A bill becomes a law when passed by both Houses. But despite the House of Representatives passes a bill, when the House of Councillors makes a decision different from that of the House of Representatives, a Conference Committee comprised of selected members from both Houses can be convened to enter into the reconciliation process.

This Conference Committee of both Houses is called "ryo-in kyougi-kai." If the Conference Committee cannot come to common conclusion, or if the House of Councillors does not make a final resolution within 60 days after the receipt of a bill approved by the House of Representatives, a bill can become a law when passed a second time by the House of Representatives by a majority of two-thirds or more of the members present. And usually, since two-thirds vote is difficult to obtain, it is hard for a bill to become a law.

In case of the budget, when the decision of the House of Councillors differs from that of the House of Representatives, the Conference Committee of both Houses must be convened. Unlike in case of law, the opening of the Conference Committee is mandatory. If the Conference Committee cannot come to an agreement, or if the House of Councillors does not make a final resolution within 30 days, the conclusion made by the House of Representatives shall be that of the entire Diet. The Draft Budget can be a budget by the approval of the House of Representatives without the approval of the House of Councillors (Ministry of Finance 2004, p. 15).

This term, 30 days, is shorter than that of the bill, 60 days, which the conclusion made by the House of Representatives shall be that of the entire Diet. Namely, a Draft Budget can become a budget relatively easier than a bill becomes a law. It is because a budget can be effective for only 1 year; conversely, a law can be effective eternally once it is made, unless it is abolished by another law.

The Constitution guarantees superior position of the House of Representatives in budget deliberations like this way for the purpose of facilitating budget deliberations so that government activity will not be jeopardized due to the delay of the budgetary process.

## Conclusion

In this chapter, the budget formulation process of Japan's national government has been introduced. What is of most importance in budget formulation process would be to establish financial democracy in its process. In Japan, the Ministry of Finance has been under criticism as a main culprit of bureaucrats-led budget formulation. To tackle with this problem, several efforts have been made by shifting the power from the MOF to politicians. They have succeeded in some points: making budget formulation more transparent and setting priorities in budget allocation. However, they have failed in curtailing government spending, halting the expansion of budget deficits and government debt, which might impose the burden on future generations. With the absence of any legislative measures to cut the budget deficits, efforts to establish financial democracy in the budgetary process are still on the way.

## Cross-References

► Administrative Reform

## References

Campbell JC (1977) Contemporary Japanese budget politics. University of California Press, Berkeley

Ministry of Finance (2004) Understanding the Japanese budget 2004. Ministry of Finance of Japan, Tokyo, Japan

Yu U (2010) Koizumi and Japanese politics: reform strategies and leadership style. Routledge/University of Tokyo Series, Oxon, UK

# Budget Office

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, Australia

## Synonyms

Congressional Budget Office; Fiscal Council; Independent Fiscal Institution; Legislative Budget Office; Parliamentary Budget Office

## Definition

1. Legislative Budget Office (LBO): an office of economists and budget experts that is attached to, but separate from, the legislature. It has a mandate to provide impartial analysis of important fiscal matters relevant to current and future budgets. This term is the most frequently used, particularly in governance, public administration, and political science literature.
2. Independent Fiscal Institution (IFI): a term nearly synonymous with LBO, but with a wider remit, because IFIs may be attached to institutions other than legislatures, such as the audit office (France, Finland), or to no institution at all (Belgium). This term is more commonly used in the economic literature.
3. Congressional Budget Office (CBO): a subset of LBOs in countries with congressional political systems, such as the United States.
4. Parliamentary Budget Office (PBO): a subset of LBOs in countries with parliamentary political systems, such as Canada and Australia.

## Introduction

The budget is an inherently complex and obtuse document. This is because it is often very large, constituted of numerous moving parts, and underpinned by many economic assumptions and political predilections. It is also susceptible to intrusion from vested interests that are not always immediately evident, and is usually the product of a process of negotiation that has evolved over a long period of time. These elements make budgets difficult to grasp without the help of economic expertise, which is why *budget offices* are created to facilitate a greater understanding of what is an erstwhile intimidating and inaccessible document.

In the broadest sense, budget offices are institutions tasked with providing various forms of fiscal analysis. This may include duties such as (Chohan and Jacobs 2017) providing forecasts for economic variables over various time-horizons (Chohan and Jacobs 2016), analyzing how the government is taxing and spending public money, and (Joyce 2011) providing estimates of the costs associated with specific government policies ("costing"). In some countries, budget offices are given a very broad mandate, while in other countries they may be tasked with very specialized duties. The decision about what roles are to be ascribed to a budget office is often a product of the specific political and economic circumstances in which the office is conceived. However, the roles of a budget office are also normally influenced by international best practices, at least to some degree. These best practices have been prepared and honed over several decades by international institutions such as the OECD, the World Bank, and the IMF, among others. This is particularly true for budget offices that are now being created in developing and emerging countries.

There are at least three rationales for instituting a budget office, and each emerges from a different discipline: economics, political science, and governance. The **economic** rationale for a budget office stems from the need to address a long-standing concern about the ballooning debt and deficit levels of countries around the world, which are unsustainable and potentially calamitous. This concern was made all too evident after the economic crisis of 2008, which is incidentally why so many budget offices were created in its immediate wake (Kopits 2013). The problem of swelling debts and deficits emerges from the notion of *intertemporal consumption*, which stipulates that

if the current generation will consume an amount greater than what it can pay for at the present time, it will incur debts that will need to be repaid by a future generation, which will in turn reduce the consumption of that future generation. Without an expert institution such as a budget office to study and warn against the unsustainable incurrence of debt, there will be insufficient pressure for current consumption to be mitigated, particularly in terms of the *ways in which* it can be controlled or reduced.

The **political science** rationale for a budget office arises from the study of the relative power that different institutions have over the budget process, which is to say, over the decision to allocate society's resources. Typically, budget offices are proposed as a mechanism for supporting legislatures due to the pressing need of legislators for economic expertise, which they often do not themselves possess. Lacking budgetary acumen, legislators are usually at a disadvantage to the executive branch, which usually controls budget machinery such as the Treasury or the Department of Finance. This can lead to a diminished role for the legislature in the budget process, and thus to a reduced voice for electoral constituents, as well as a truncated ability of the legislature to play an oversight role in the budget process.

The **governance** rationale for a budget office stems from the proposition that countries, and developing countries in particular, need to build strong mechanisms for accountability, which will foster a governance environment that is more participatory, which can in turn boost economic growth and distribute the fruits of that growth in a more inclusive manner. Budget offices are thought to be a particularly effective institution for boosting accountability and transparency in the budget process, because they can be designed to produce independent and impartial economic analysis that is extensive and rigorous. This helps to hold other agents in the budget process to account, and makes the complex nature of the budget more accessible (transparent) to all stakeholders.

There are at least two other disciplines that are also beginning to take an interest in budget offices, namely **accounting** and **public administration**. The emergent accounting rationale for budget offices stems from their ability to "mobilize accounting," which is to say, rigorous numbers-based analysis, to serve social goals. The emergent public administration rationale stems from the "politics-administration dichotomy," which studies the role that public managers can or should play in the political sphere. Through their impartial and rigorous analysis, budget offices provide an example of reconciliation of the dichotomy because they are offices staffed by public managers that serve in the budgeting process that is by its very nature a political enterprise; and they enhance both "efficiency" in terms of analytical accuracy, but also enhance "democracy" by making the budget more accessible to stakeholders (Chohan 2017).

Given the various perspectives that can justify the instatement of a budget office, it is not surprising that their numbers are increasing around the world. That said, budget offices diverge tremendously in shape, size, scope, and mandate. This makes effective comparisons between them quite difficult. As an example, the Congressional Budget Office (CBO) of the United States has a multimillion dollar budget, strong legal and functional independence, as well as the largest number of economists of any federal agency, second only to the Federal Reserve. By contrast, the budget offices of several developing countries are housed in ramshackle conditions and accorded paltry resources to fulfill what is an erstwhile important task. Most budget offices are found between these two extremes, with somewhat meager resource endowments that hard-working budget office staff must make the most of as they navigate a complex economic and political space.

In terms of design, budget offices are usually attached to a larger institution, which in many cases is the legislature, whether congressional or parliamentary, and are then known as **Legislative Budget Offices** (LBOs). However, in some countries, such as Finland and France, the budget office is appended to the audit institution. In a few cases, such as Belgium's High Council of Finance, the office is not appended to any institution at all.

Given that they can come in various forms, the broad term that economists use for budget offices is "**Independent Fiscal Institution**" (IFI), and this term in turn reflects the need for *independence* in the structure and the mandate of a budget office. In other words, despite being attached to a larger institution, most budget offices are conferred a degree of statutory independence from the institution to which they are affixed. This is done so that the budget office is allowed to conduct its analytical work without direct intrusion or pressure.

As they appear in their current form, budget offices were conceived in the latter part of the twentieth century, with the first national-level LBO being founded in the 1974 in Washington, DC, as the **Congressional Budget Office** (CBO). Since then, other countries adopted similar models for their local contexts, with congressional systems such as those in Latin America and the Philippines acting as early adopters. After the 2008 crisis, many countries in Europe (most Eurogroup members), Africa (e.g., South Africa), and Oceania (specifically Australia) began to consider and then implement budget offices. Today, the large majority of OECD countries have an institution akin to a budget office, while developing countries are quickly following suit. Furthermore, subnational jurisdictions are also implementing LBOs for their local budgetary requirements, such as New South Wales, Australia, and Ontario, Canada.

## Requirements for Effective Budget Offices

In order to succeed in its mission of providing rigorous budgetary analysis that facilitates the fiscal understanding of its stakeholders, a budget office requires several essential ingredients, without which it is left vulnerable to varying degrees of risk. The ingredients that a budget office requires include resources and mechanisms both tangible and intangible. Some require a greater urgency in fulfillment than others. They are enumerated in Table 1.

**Budget Office, Table 1** Requirements for effective budget offices

| Requirement | Description and example |
|---|---|
| Statutory independence | An LBO must be able to exercise a degree of independence from its affixed institution to avoid pressure and recrimination. Example: the PBO of Canada is not an independent "Officer of Parliament" and has therefore faced tremendous reprisals from the government in the past |
| Legitimacy from political Stakeholders | An LBO must be accorded a degree of legitimacy to function as a participant in the budget process. Example: many Congressmen in the United States do not even start debating a policy until they first have it costed by the Congressional Budget Office; such is the legitimacy and standing of that institution. |
| Open publishing capacity | An LBO must be able to disseminate its findings widely in order to enhance budget transparency. Example: the PBO of Canada has adopted an open-publishing approach and thus brought many important and controversial government policies to light, e.g., the war in Afghanistan and the procurement of fighter jets |
| Able leadership | LBOs must be headed by men and women of integrity and nonpartisan dedication to economic rigor. Examples abound of able leadership: Directors Rivlin, Elmendorf, Orszag in American CBO; Kevin Page in Canadian PBO; Phil Bowen in Australian PBO |
| Sufficient funding | LBOs must be given sufficient funding to function as effective offices. Examples: when the Canadian PBO costed policies that displeased the government, it threatened to cut the office's funding by half |
| Competent staffing | LBOs must have competent staff to execute the actual work of budget analysis. Example: the Australian PBO has a large office of budget experts, but also brings able staff from |

(continued)

**Budget Office, Table 1** (continued)

| Requirement | Description and example |
|---|---|
| | Treasury or Department of Finance on a secondment-basis, and also resorts to external consultants on a needs-basis |
| Internal controls | LBOs must have internal controls so that corruption is not practiced within the institution itself. Example: the head of the PBO of Uganda was charged in 2015 on three counts including embezzlement, false accounting, and abuse of office; a situation made possible by weak internal controls |
| Access to information | LBOs require access to information that is relevant to their budget tasks, but often this information may be in the hands of another department, which may refuse to divulge it under a variety of pretexts. Nonetheless, many LBOs are adept at using indirect analytical methods to study complex issues when information is not forthcoming |
| Relationships with key departments | LBOs must navigate a sensitive political environment tactfully because they are often less powerful than other departments. As such, they need to develop working relationships with other departments. Example: in Australia, the PBO has signed Memoranda of Understanding (MoUs) with departments to help assure their cooperation |
| Relationships with budget offices abroad | LBOs, particularly new or very small ones, can gain much from the guidance and mentorship of larger and better-established budget offices. Example: international associations such as the *Global Network of Parliamentary Budget Offices* help foster such mentorship relationships |
| Legal protection | LBOs require protection that is enshrined in law, including: a high barrier to dismissing LBO staff, a firm and clear position in the budget process, and legal recourse in situations where its work is stifled or its existence is threatened. Example: the PBO of Australia is situated within a law known as the *Charter of Budget Honesty*, which provides clarity on its roles, as well as legal protections for the office |
| External evaluation | LBOs must themselves be held accountable in a nonpolitical and expert manner, which is why external independent reviews are strongly recommended. Example: in Australia, a periodic independent review is conducted by external experts to assess the conformity of the PBO with its stipulated goals |

## Dangers for Budget Offices

Budget offices are inherently fragile organizations, very much at the mercy of the larger political and macroeconomic undercurrents in which they must swim. This essentially leaves them mired in a defensive posture where, instead of advocating for the fulfillment of more requirements to make them effective, they find themselves simply focusing on remaining viable. There are four basic forms of danger that menace budget offices. The first, and mildest, is that an LBO may go largely **ignored** in the budget process, as is the case in some European countries. In such instances, whereas they are allowed to exist, budget offices find themselves relegated to a marginal presence in the wider budget architecture. Second, budget offices may be actively **stifled** by a branch of government (executive, legislature or the bureaucracy), whether through the cutting of their funds, reticence in providing them necessary information, or through the dismantling of their independent mandates, among other methods. All of these have been meted out upon the PBO of Canada in the not-too-distant past (Page 2015). Third, budget offices can be **disbanded**

altogether. A total shutdown has occurred in countries where a severe shock to the democratic equilibrium has occurred, with the two most notable instances of disbanded LBOs being Venezuela (1999) in the wake of the Chavez government's ascent to power, and Hungary (2010) soon after the rise of a far-right government which crippled many independent institutions including the nascent budget office. Fourth, an LBO can be **sabotaged** from within. This has happened in Uganda (2015) where the head of the budget office was charged on three counts including embezzlement, for which he is serving concurrent sentences at the time of this writing. In sum, budget offices face a host of threats to varying degrees, which adds a sizeable pressure to what is an already difficult objective: the maintenance of dispassionate, analytical rigor in studying a document as complex as the budget.

## Conclusion

Budget offices are widely recognized as an important tool for improving accountability and transparency in the budget process, and irrespective of the logic for their implementation (economic, political, governance, etc.), it is clear that their numbers are increasing around the world. This growth notwithstanding, there are still some questions that linger in the abstract about these offices.

First, it is important to ask whether budget offices are a *necessary* institution and whether some other mechanism isn't capable of performing a similar budget-accountability role. A fact that draws attention to this question is that the country with the highest-ranked level of budget transparency (2015), New Zealand, does *not* have the equivalent of a Legislative Budget Office or other Independent Fiscal Institution. Further to this point of necessity, the original system in which the Legislative Budget Office was conceived, the Congressional arrangement of the United States, is an exceptional design in itself, which is why its transposition into countries with other forms of government (parliamentary systems), different degrees of democratic participation (Venezuela), and different levels of socioeconomic development (Uganda) have been less successful than in the United States.

Second, it is worth pondering whether an institution, such a legislature, that is bolstered by a budget office, really should be a dominant player in the budget process. It must be noted that for much of the history of liberal democracies, the tacit understanding was that it was the *executive* who was to dominate the budget process, not the legislature. Scholars continue to debate whether a strong legislative role in the budget process is in fact a worthy objective, because whereas active legislative participation increases the level of electoral representation and budget oversight, excessive legislative involvement in the budget process tends to detract significantly from the efficiency of the budget process.

Finally, perhaps the greatest hindrance to a fuller acceptance of budget offices as institutions lies in the inherent difficulty of measuring what their "success" is. Scholars have begun to investigate the ways by which such an assessment may be made, including through comprehensive and independent external reviews, stakeholder surveys, modeling counterfactual economic situations, assessing the fiscal trajectory ex-post facto, and so forth. However, all of these methods suffer from inherent limitations.

These limitations notwithstanding, there is a general agreement among academics and practitioners that independent budget offices do provide "some form of good." As a result, budget offices continue to draw both academic and practitioner interest and are very likely to do so in the years to come.

## Cross-References

► Building Reform Capacity

## References

Chohan UW (2017) Independent budget offices and the politics-administration dichotomy. Int J Pub Adm 41:1009

Chohan UW, Jacobs K (2016) Public value and politics: a legislative budget office approach. Int J Pub Adm 40:1063
Chohan UW, Jacobs K (2017) The presidentialisation thesis and parliamentary budget offices. Parliam Aff 70(2): 361–376
Joyce PG (2011) The congressional budget office: honest numbers, power, and policy making. Georgetown University Press, Washington, DC
Kopits G (2013) Restoring public debt sustainability: the role of independent fiscal institutions. Oxford University Press, Oxford
Page K (2015) Unaccountable: truth and lies on parliament hill. Penguin, Ottawa



# Budget Policy and Reconstruction in Iraq

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

## Introduction

Modern Iraq's budgetary history is characterized by the monopolization of decision-making by power structures that have not exhibited a sufficient commitment to transparency, accountability, general welfare, citizen participation, or the "fiscal liberation of the Iraqi people" (Chohan 2016: 101; Savage 2013). Despite having an endowment of natural resources, particularly oil, that is vast by any measure, that oil wealth has not been channeled toward the needs and aspirations of Iraq's citizens. Over the past decade, Iraq's oil industry has accounted for 40% of GDP but only 1% of employment (United Nations Iraq Joint Analysis Unit [UNIJAU] 2013), and tens of billions of dollars' worth of oil revenues, if not more, have been effectively squandered in not being diverted toward the general welfare of the Iraqi people.

The current challenges faced by budget reformers in Iraq are the product of a long history of convoluted and counterproductive acts, and they are not just relegated to the Saddam-era or earlier. As Chohan (2016) and Savage (2013) separately explain, the US invasion of Iraq in 2003, while ostensibly paving the way for a pro-democracy fiscal era, was mired in catastrophic failures and a largely anti-democratic approach to the budget process, one that is far different from the way in which the United States attempts to structure its own budget processes.

In other words, the approach toward budgeting that the United States has applied to itself is very different from that which it has propagated abroad. A stark example of this was in the *Future of Iraq Project*, which reflected the preinvasion American thinking and planning for Iraq, argued for the installment of an "Economic Czar" in the country to manage American interests (United States Department of State [USDS] 2002), a motion that is neither participatory nor particularly democratic.

Budget reform has been a crucial, albeit only partially understood, component of the reconstruction effort in Iraq. It has been argued that the Americans who planned the invasion and occupation strategy in Iraq "knew little or nothing about Iraqi budgetary institutions, their histories, or even their functions within the budgetary process" (Savage 2013: 25). In light of such issues, the purpose of this chapter is to present a historical background and delineate the budgetary and fiscal hardships for which Iraq's people continue to pay an exacting price and to draw lessons from this both in the context of Iraq and beyond (Table 1).

## Historical Evolution of Budgeting in Iraq

Savage (2013) has outlined the convoluted history of budgeting in Iraq under Ottoman, British, Hashemite, and Baathist rule, characterizing it as a "historical layering of institutions" that occurred as a result of "dramatic exogenous shocks" such as world wars, invasions, and foreign occupation (2013: 46). During their colonial regime, British forces attempted to model Iraq's budget system on that found in other Westminster-style colonial arrangements, and although the budget was the main focus of legislative preoccupation at the time, oil was not. In the early 1930s, oil royalties comprised only 0.3% of government revenues

**Budget Policy and Reconstruction in Iraq, Table 1** Chronology of the budget process in Iraq

| Period | Years | Budgetary events |
|---|---|---|
| Ottoman Rule | 1533–1918 | Economy managed variously through local appointees or directly from the Ottoman Porte, and majority of revenues diverted to Constantinople |
| British Mandate | 1920–1933 | Westminster-style political and legislative conventions instituted around the budget process<br>Strong fiscal position, minimal debt, and strong treasury balance sheet |
| Hashemite Kingdom | 1933–1958 | Codification of rules on budget, audit<br>Oil becomes important part of revenues<br>General fiscal position remains stable |
| Baathist Period and Saddam Hussein | 1968–2003 | Excessive secrecy, lack of transparency and accountability, budget becomes "state secret"<br>Priorities: centralization of power, rewards and patronage, economic nationalism<br>Shadow budget system and parallel hierarchy of decision-making<br>Climate of stress and uncertainty: Iran-Iraq War and Gulf War. Military-oriented budget<br>Lack of long- and short-term planning, resort to ad hoc fiscal maneuvers<br>Expenditures "without fiscal constraint" |
| American-led occupation | 2003–2007 | Lack of strategy and a poorly planned fiscal reform playbook, influenced by inexperienced and non-expert neoconservative ideologues<br>Intent does not match budget process in occupying countries' own context, e.g., anti-democratic suggestion to establish "'Economic Czar"<br>Most budget information destroyed, Ministry of Finance outside protected Green Zone<br>Coalition Provisional Authority (CPA) promulgates laws without accountability<br>CPA displays wanton corruption and ineptitude, fails to deliver on significant budget aspects<br>CPA withdraws and companies offered budget-related awards on contractual basis, most fail abjectly and subsequent audits disband or discard the projects |
| 2008–present | | Violence, sectarianism, uncertainty increase<br>Political squabbling and short-termism, frequent changes of finance ministers and officials<br>Budget reform-related contracts continue to be awarded to foreign companies, most fail to meet standards<br>Oil prices remain depressed<br>Tens of billions of dollars in lost oil revenues<br>Multilateral agencies continue to engage with stakeholders, remain optimistic |

Sources: Savage (2013), Chohan (2016)

(Iraqi Administrative Reports [IAR] 1992). This changed, however, in 1933, when the oil industry began to be developed and concomitant payments began to be made to the Iraqi treasury. At that time, Iraq had a very healthy balance sheet, with no floating debt, no capital debt, and a substantial treasury balance (IAR 1992).

In 1940, the Hashemite Monarchy began to codify budget rules in terms of budget preparation, government accounting rules, and auditing procedures (Savage 2013: 32). This structure was modeled on best practices found in Commonwealth countries at the time. With the rise of the Baathists in 1968 and Saddam Hussein in 1979, that responsible and stable budget process fell into disarray, and the economic priorities of "centralized political control, economic rewards and patronage to maintain regime support, and economic nationalism" took center stage (Savage 2013: 34). This in turn promoted a shadow budget system removed from the mainstream budget process and rested on a system of parallel hierarchical decision-making and extreme secrecy. Furthermore, a climate of stress and

uncertainty due to conflicts such as the Iran-Iraq War and the Gulf War nullified much of the long- and short-term planning ability of government machinery, which created a much more ad hoc and military-focused budgeting context.

By 1985, Saddam had promulgated several laws that transformed the budget into a state secret and completely disbanded the democratic, participatory, and transparent elements in budgeting. In fact, Saddam's regime began to act "without fiscal constraint," and oil revenues were used to prop up this rentier system (USDS 2002: 3). Savage has euphemistically described all this as "a distinct alternative to contemporary international best practices" (2013: 44).

## Occupation-Era Budgeting and American Failure

The general consensus among scholars is that the American planning for fiscal and budgetary reconstruction of Iraq following the toppling of Saddam was "woefully inadequate" and that the United States "went into the business of state building in Iraq reluctantly and ill-prepared" (Savage 2013: 47). This is somewhat counterintuitive, given that the "Washington Consensus" and the hardline neoliberal philosophy adopted by Bush administration ideologues ostensibly place a very high priority on budget reform, at least in theory (2016: 96). In practice, however, mishandling budget reform was one of the most staggering blunders of the American neoconservatives who claimed to "liberate" the Iraqi people, a fact made worse since many of the Coalition staff involved in this area comprised young, inexperienced neoconservatives who were unprepared for the mammoth task ahead.

Prior to the invasion of Iraq, the US Department of State conducted a largely abstract exercise in the delineation of fiscal objectives in a post-Saddam environment (USDS 2002). It made many recommendations characteristic of neoliberal regimes, such as low income taxes, higher consumption taxes, no export taxes (even as Iraq's largest export was oil), no customs duties (even though this had been the second largest source of government revenue), and no exemption on taxes for necessities such as food and medicine (USDS 2002).

Worse still, the Future of Iraq Project suggested that "the way to take advantage of the possibilities of harmonization and solidarity is for a post-Saddam regime to appoint an *Economic Czar* to coordinate the different measures advocated [here]" (USDS 2002: 36). It can be inferred from wording such as "an Economic Czar" that early American planning for Iraq's fiscal framework was sadly not tailored toward a participatory, nor even a particularly democratic, approach to budgeting. This is regrettable because the main external stakeholder in Iraq's reconstruction, the United States, could have seized that opportunity to bring core governance reforms, such as greater legislative participation in the budget process, to the fore, instead of designing anti-democratic arrangements for an occupied country.

Instead, the United States installed a *Coalition Provisional Authority* (CPA) as soon as its forces declared their invasion complete. The CPA was an unaccountable authority that engaged in severe mismanagement through various means (Office of the Special Inspector General for Iraq Reconstruction [SIGIR] 2005). The first budget that the CPA attempted to hash together in 2003 has been described by Allawi as an "amateurish and unrealistic affair, hastily put together by ministries that had no idea of modern budget preparation requirements, [. . .] and the old ways were kept going for the sake of expediency" (2005: 194). Budget promulgations by the CPA can be described as a mixed blessing, for while they attempted to institute basic measures, they failed to incorporate long-lasting and crucial fiscal reforms. Subsequent revelations of the CPA's gross mismanagement discredited much of the authority's budgetary credibility in any case, particularly in a figure of $8.8 billion that went unaccounted for (SIGIR 2005: 1). The CPA's lack of budgetary accountability and transparency, "ghost employees," inaccurate metering of oil production, and lapses in record-keeping of funds were just some of the problems highlighted in an alarming SIGIR audit, which also lamented that the CPA's budget effort was "burdened by inefficiencies and

poor management" (SIGIR 2005: 2). In sum, the American approach to Iraq was through the edicts of an unelected outside authority that was not accountable to anyone for its poor management.

## Aftermath of the Invasion

After the transfer of power to the Iraqis was nominally accomplished, there were three different governments in less than 3 years, which meant three different finance ministers came and "disrupted cohesive and comprehensive budgeting of any kind" (Savage 2013: 46). Even the primary attempt to implement a modern electronic budgeting system in Iraq, through a contract awarded to the consulting company BearingPoint to install financial management software, was halted, mismanaged, and ultimately deemed a failure (Savage 2013: 112–143). A crisis of insecurity, sectarian disharmony, and political instability only worsened the situation. It has been estimated that between 2004 and 2006, Iraq had $24.6 billion in lost oil revenues (Savage 2013: 149). The little progress that had been achieved during the years of occupation began to recede, and by 2011, the budgetary situation was as bad as in the immediate fallout of the invasion.

The tense security situation in Iraq, combined with dwindling oil prices in 2014 and 2015, meant that the strains in the budget process were getting much worse. Further programs to address budget reforms, such as a legislative strengthening program in 2008, were grossly mishandled and largely deemed failures; and the reasons for this lack of success have been attributed both to foreign and local stakeholders, their lack of cooperation, and their lack of commitment to see meaningful reform through (United States Agency for International Development [USAID] 2011). However, despite such a long list of setbacks and failures seen before, during, and after foreign occupation, it must be noted that both internal and external stakeholders have not lost hope and continue to consider ways in which the budgetary architecture and fiscal processes of Iraq can indeed be reformed (UNIJAU 2013). Nonetheless, scholars and practitioners alike note that it will be a long road ahead.

## Conclusion

The history of budgeting in modern Iraq is fraught with convoluted and counterproductive acts, as well as exogenous and endogenous challenges. Despite the claims of American occupying forces, much of their planning for Iraq's fiscal structures did not reflect their own fiscal beliefs or practice. In light of the American planning documents vis-à-vis Iraqi occupation and reconstruction (USDS 2002), the case of Iraq should be highlighted in the discourse on foreign interventionism in the twenty-first century, as an example of the incoherence between the exacting standards of accountability that liberal democracies demand for themselves, as opposed to the undemocratic arrangements that they would seek to install in occupied countries. Furthermore, as Savage categorically states, "The United States simply does not manage money well when the solution to difficult problems rests with spending large amounts of money quickly to achieve strategic military and political goals" (2013: 109).

While instability continues to wreak havoc across the country and oil prices continue to stay at comparatively low levels as of this writing, it is incumbent upon both scholars and practitioners to consider sustainable, participatory, democratic, transparent, and accountable mechanisms for rebuilding Iraq's fiscal processes; ones that are not premised on hardline economic ideologies such as those espoused by the Bush administration officials (Allawi 2007).

Future research must go beyond highlighting the problems in Iraq's fiscal architecture toward articulating meaningful solutions. For example, Chohan (2016) suggests that mechanisms such as *Legislative Budget Offices* can to help ground the budgetary process in a more accountable framework and also suggests that greater legislative oversight of the budget process is needed to shift the fiscal impetus away from the executive branch. Such solutions only mirror the architecture found

in the local contexts of the countries that occupied Iraq in the first place. This is perhaps the most resounding conclusion in the study of Iraq's budget policy and reconstruction: that those agents who wish to espouse reform in other countries must not engage in double standards, and as the old refrain suggests, "wish for others what they would wish for themselves." Iraq continues to possess great natural and human wealth, and robust budget reforms can indeed help her to realize a fiscal liberation for her people.

## Cross-References


- ▶ Budget Office
- ▶ Changing Nature of Global Armed Conflict
- ▶ Globalization and War
- ▶ Iraq's Pressing Need to Adopt Unified Conceptual and Procedural Models for Public Policy Making, Implementation, and Evaluation Processes
- ▶ Military Governance and Trends


## References


Allawi AA (2007) The occupation of Iraq: winning the war, losing the peace. Yale University Press, New Haven

Chohan UW (2016) The idea of legislative budgeting in Iraq. Int J Contemp Iraqi Stud 10(1–2):89–103

Iraq Administrative Reports (1992) Iraq administrative reports 1914–1932, volume 10, 1931–1932. Cambridge Archive Editions, Cambridge

Office of the Special Inspector General for Iraq Reconstruction (2005) Audit report: oversight of funds provided to Iraqi ministries through the national budget process, Report no. 05-004. SIGIR, Arlington. 30 Jan

Savage J (2013) Reconstructing Iraq's budgetary institutions: coalition state building after Saddam. Cambridge University Press, Cambridge

United Nations Iraq Joint Analysis Unit (2013) Iraqi budget execution. United Nations Iraq Office, Baghdad

United States Agency for International Development (2011) Legislative strengthening program (LSP) mid-term evaluation and considerations for future programming. USAID, Washington, DC

United States Department of State (2002) The future of Iraq project, economic and infrastructure (public finance) working group. The future of Iraq project. United States Department of State


# Budget Punctuations and Incrementalism


Hari Prasad Guragain[1] and Seunghoo Lim[2]
[1]Local Level Capacity Development Division, Ministry of Federal Affairs and General Administration, Kathmandu, Nepal
[2]Public Management and Policy Analysis Program, Graduate School of International Relations, International University of Japan, Minamiuonuma, Niigata, Japan


B

## Synonyms

Budgetary incrementalism; Punctuated equilibria and budget; Theories of the budgetary process

## Definitions

Due to constraints during the decision-making process, shifts in policies are gradual. However, a breach in the policy monopoly and long-term inattention and overreaction to an issue lead to large-scale policy changes at specific times. These patterns of incremental or large-scale change in policies could be measured in terms of budget allocations in different sectors.

## Introduction

Governments prepare annual budgets allocating available financial resources to different policy domains to promote the wellbeing of their citizens. The actual amounts allocated to different sectors are determined by the governments' intentions and attention toward such sectors, as reflected in the respective field of public policies. Additionally, democratic governments show a willingness to accommodate the diverse needs, demands, and interests of multiple competing groups during the budgetary process, which results in significant year-to-year changes (not limiting a constant allocation over time) in such

budget allocations in particular sectors. Theories of the budgetary process, including incrementalism (Lindblom 1959; Wildavsky 1964) and punctuated equilibrium (Baumgartner and Jones 1993), offer plausible explanations for such changes in budget appropriations in respective budget functions over time. This chapter highlights the theories of incrementalism and punctuated equilibrium in budgetary process and introduces the typology in budget punctuations.

## Incrementalism in the Budgetary Process

Annual budgetary decision-making processes can broadly be categorized into "traditional (incrementalism)" or "reform" perspectives. The arguments in the reform perspective suggest that annual budget appropriations are determined rationally and comprehensively via an analysis of an abundance of information related to the issues. Zero-based and performance budgeting approaches are examples that focus on activities and their outcomes rather than on budget line items (Brusca and Labrador 2016). These budget appropriation approaches require a large amount of information and technical calculations to analyze the possible outcomes of allocations to particular sectors.

Compared with the "reform" perspective, scholars of the traditional perspective argue that budgetary decision-making cannot be rational and comprehensive due to time, resource, and information constraints; in contrast, budgetary decision-making is incremental. Beyond the managerial judgments of the decision makers, the budgetary process involves interactions among a number of stakeholders of diverse and conflicting issues across diverse policy subsystems. Bureaucrats, legislatures, interest/pressure groups, and other budgetary actors interact and negotiate to reach an annual marginal change. Competition and bargaining among these actors result in negotiated and adjusted choices, and gradual changes in policies are eventually reflected as minor changes in the budget appropriations to particular sectors (Bailey and O'Connor 1975; Lindblom 1959).

"The Politics of the Budgetary Process" by Aron Wildavsky (1964) represents a classic work, and in the fourth edition (1984), it states that "Traditional budgeting makes calculations easy precisely because it is not comprehensive. History provides a strong base on which to rest a case" (Wildavsky 1984, p. 221). In general, the budgets for each item are reported incrementally every year. Even in formulating and designing a new campaign or funding in situations of crisis, decision makers rely on previous experiences and similar existing solutions.

Bureaucrats are supposed to be equipped with information and knowledge for analyzing issues, and they participate as key actors in the budgetary process. However, according to Lindblom (1959), these officials choose to make small changes in policies instead of comprehensively analyzing the issues and making radical changes. Bureaucrats possess very limited information about the problems and their causes, and the skills they are trained with to solve those problems are limited. Due to these cognitive limitations and information and time constraints, bureaucrats prefer incremental decision-making, which is mainly based on previous actions and results achieved regarding similar problems rather than analyzing issues comprehensively and rationally (Birkland 2015). Moreover, due to political control in the public sphere, Swain and Reed (2010) argued that public officials tend to propose politically appealing and predominant agendas for budget allocation and implementation that are less likely to incorporate rational and technically competent "reform" agendas.

Wildavsky (1964) contributed to establishing a practical approach to incrementalism in the public budgetary decision-making process. This scholar, along with Davis et al. (1966), utilized the following model of budgetary changes to empirically analyze the dynamics of the US federal budget based on samples from 56 agencies from 1947 to 1963:

$$y_t = \alpha y_{t-1} + \epsilon_t$$

where $y_t$ and $y_{t-1}$ represent budget allocation in a particular budget function in the current year and the previous year, respectively. The parameter $\alpha$ represents the percentage change in the previous year's allocation, and $\epsilon_t$ represents an indefinite number of exogenous elements, such as stochastic disturbances, including wars, economic recessions, changes in majority in government, and the availability of resources.

## Punctuated Equilibrium in the Budgetary Process

Baumgartner and Jones (1993) embedded incrementalism into a new model to analyze the policy process in a more comprehensive manner, which is known as punctuated equilibrium theory. The authors exhibited the idea differently in the policy process models that emphasized "stability, rules, incremental adjustment and gridlock" and suggested that "policy change is not always predictable." These authors observed frequent unexpected changes in policies and noted that the changes are "disjointed and episodic" (Jones and Baumgartner 2012, p. 1). The usual continuation of marginal adjustments following incrementalism may breakdown at a certain time point. Long periods of policy stability are disrupted by significant changes, but such substantial changes occur infrequently.

Jones and Baumgartner (2012) listed two main factors that elucidate the discontinuous change dynamics. According to the authors, the cognitive abilities of decision makers allow them to focus on only a limited number of issues at a time, leading them to neglect other indefinite issues. Due to this serial processing and long-term inattention to a particular issue in the policy environment, the neglected issue worsens to a point at which decision makers are forcefully obliged to intensify their efforts and "overreact" to address the issue, thereby ensuring a significant shift in the particular policy. Another factor responsible for a significant shift in policy is "progressive institutional friction." When pressure for change accumulates in a political system and breaches the policy monopolistic status quo, a major policy reform occurs, and the budget allocations in such sectors breach the incremental trend. Such unpredicted and sudden significant changes in budget appropriations are defined as budget punctuations.

In support of the arguments provided by Jones and Baumgartner (2012), many scholars explained the reasons behind the punctuated equilibrium in particular policies. Breunig and Koski (2006) argued that political and institutional constraints lead to punctuation in policies, and the ideological distances between a ruling party and opposition parties can be observed in the punctuation. Similarly, budget punctuations in multiple budget functions can be observed if the budgetary authority projects significant changes in revenue and external grants compared to the previous year's projections (Guragain and Lim 2018). The government needs to address many issues, including issues that attract high levels of public attention and media coverage and other issues that may have little impact on the public arena but may involve international obligations. Media coverage amplifies public attention, and decision makers' prior obligations toward certain issues escalates attention to the issues, causing punctuations (John and Beven 2012). Budget punctuations do not always present similar patterns across all governments. Local government budgets are highly influenced by national-level economic and financial environments. Jordon (2003) argued that national grants have a substantial influence on local expenditure allocations.

To determine whether budget appropriations are punctuated, scholars have used different measures and criteria. The degree of incrementality is the general benchmark and an operational definition to identify punctuation. Wildavsky (1964) defines incremental change as a 10% average annual change in budget allocation compared with the previous year. Bailey and O'Connor (1975) and Danziger (1976) defined incrementality as only a positive change, whereas others included negative changes in the definition of incrementality. Baumgartner and Jones (1993) used a wider range of ±25% change compared

with the previous year to explain punctuation. Some scholars compared changes with the average annual change. Among them, Jordan (2003) defined 25% positive change and 35% negative change, compared to the average annual change, as the degree of incrementality. The change in allocation beyond such ranges is regarded as the budget punctuation. The use of histograms and kurtosis measures together with the test for normality are also common in many studies (Breunig and Koski 2006; Guragain and Lim 2018; Baumgartner and Jones 1993; Jones and Baumgartner 2012; Jordan 2003) to validate whether the budget appropriation data follow a nonnormal distribution pattern resulting in budget punctuations.

## Budget Punctuation Typologies

The government provides policy indications in its annual budgets, and the magnitudes of policy changes are reflected in the budget allocations for particular sectors. The annual budgets earmarked for certain sectors may follow incremental changes, or the budget allocations may deviate from the incremental change pattern. Several empirical studies have highlighted the occasional interruptions to static year-to-year increments in budget allocation for a specific budget function (Jones et al. 1998; Jordan 2003; Breunig and Koski 2006) but have rarely considered that such interruptions are conditioned to the constraints posed by macrobudgetary factors, including the availability of revenue. Considering revenue endogenous in allocating resources to different budget sectors, Guragain and Lim (2018) have illustrated the following budget punctuation types, creating more space in which to analyze the budgetary process based on the theory of punctuated equilibrium.

### Parallel Punctuation

The significant increment in the national treasury reharmonizes budget appropriations; as claimed by Heller (1975), "increases in tax revenue positively influence the expenditure categories" (p. 441). The increment will induce simultaneous budget punctuations in budget allocations across the policy sectors and can be defined as parallel budget punctuations.

As shown in Fig. 1, the changes at time points $t_1$, $t_2$, and $t_3$ follow the same pattern in all sectors. The significant reduction in revenue at time point $t_2$ leads to the simultaneous reduction in allocation in all sectors, and a significant increment in revenue at time point $t_3$ leads to the simultaneous increment in allocations.

### Sequential Punctuation

In a nominal revenue growth situation, the constraints of revenue in expenditure allocations allow decision makers to concentrate only on particular issues. Incremental or minor changes in revenue collection follow the transfer of punctuations sequentially across different sectors in budget appropriations.

Figure 2 also illustrates the shifts or transfers of punctuations from sector 3 to sector 2 at time point $t_2$ and sector 1 at time point $t_3$ under the condition of incremental changes in revenue.

### Complementary Punctuation

Budgetary actors with narrow roles in the budgetary process have a tendency to exhibit incremental changes in their agency's

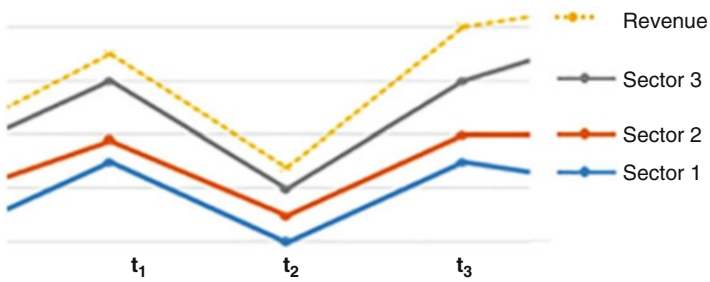


**Budget Punctuations and Incrementalism, Fig. 1** Parallel punctuation

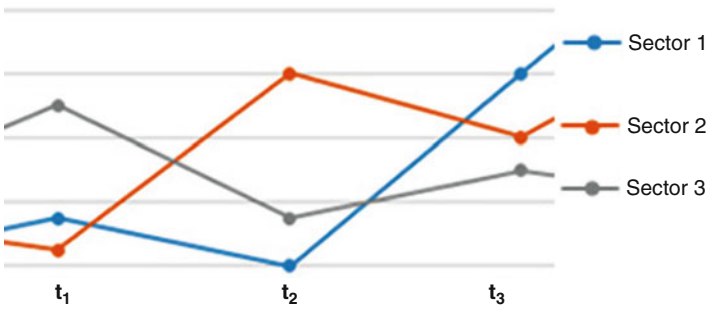


**Budget Punctuations and Incrementalism, Fig. 2** Sequential punctuation

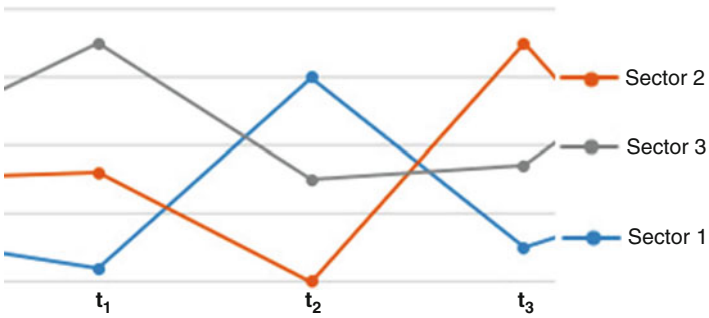


**Budget Punctuations and Incrementalism, Fig. 3** Complementary punctuation

budget allocations (Berry 1990). However, the bureaucratic agencies at the field level prepare their budgets in isolation while considering only their own sectoral goals. Revenue is always inadequate to equalize the totality of the compilation of all agencies' budget requests. Therefore, budgetary trade-offs between the budgetary sectors are inevitable (Mogues 2012). The pattern of complementary relationships among the multiple budgetary domains exhibits complementary budget punctuations.

Complementary punctuation is depicted in Fig. 3. At time point $t_2$, the punctuation in allocation in sector 1 is complemented by a decreased allocation in sectors 2 and 3. The punctuation in sector 2 at time period $t_3$ is complemented by minor changes in sector 3 and rapid negative changes in sector 1.

## Conclusion

The theories of incrementalism and punctuated equilibrium explain the budgetary dynamics of government budget allocations. The theory of punctuated equilibrium is more practical and relevant for explaining the budgetary decision-making process in an inconsistent decision-making environment. An unstable political environment is the key factor that breaches the policy monopoly and status quo, which leads to an unpredictable policy shift in a particular budgetary domain. The availability of resources is also an endogenous factor in the budgetary decision-making process. Considering revenue endogenous in budgetary decision-making, different budget punctuation types – parallel, sequential, and complementary punctuations – explain the policy shift represented in a budget allocation.

## Cross-References


- ▶ Budgetary Politics
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector

## References

Bailey JJ, O'Connor RJ (1975) Operationalizing incrementalism: measuring the muddles. Public Adm Rev 35(1): 60–66

Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. University of Chicago Press, Chicago, IL

Berry WD (1990) The confusing case of budgetary incrementalism: too many meanings for a single concept. J Polit 52(1):167–196

Birkland TA (2015) An introduction to the policy process: theories, concepts and models of public policy making. Routledge, New York

Breunig C, Koski C (2006) Punctuated equilibria and budgets in the American states. Policy Stud J 34(3): 363–379

Brusca I, Labrador M (2016) Budgeting in the public sector. In: Farazmand A (ed) Global encyclopedia of public administration. Springer, Cham

Danziger JN (1976) Assessing incrementalism in British municipal budgeting. Brit J Polit Sci 6(3):335–350

Davis O, Dempster M, Wildavsky A (1966) A theory of the budgetary process. Am Polit Sci Rev 60(3): 529–547

Guragain HP, Lim S (2018) Nepalese budgetary dynamics: following incrementalism or punctuated equilibrium?. Public Organ Rev, 1–26. https://doi.org/10.1007/s11115-018-0418-6

Heller P (1975) A model of public fiscal behaviour in developing countries: aid, investment, and taxation. Am Econ Rev 65(3):429–445

John P, Bevan S (2012) What are policy punctuations?: Large changes in the legislative agenda of the UK Government, 1911–2008. Policy Stud J 40(1):89–108

Jones BD, Baumgartner FR, True JL (1998) Policy punctuations: US budget authority, 1947–1995. J Polit 60(1):1–33

Jones BD, Baumgartner FR (2012) From there to here: punctuated equilibrium to the general punctuation thesis to a theory of government information processing. Policy Stud J 40(1):1–20

Jordan MM (2003) Punctuations and agendas: a new look at local government budget expenditures. J Policy Anal Manage 22(3):345–360

Lindblom CE (1959) The science of muddling through. Public Adm Rev 19(2):79–88

Mogues T (2012) What determines public expenditure allocations?: a review of theories, and implications for agricultural public investment. International Food Policy Research Institute (IFPRI) Discussion paper 01216. Retrieved from https://ssrn.com/abstract=2198472

Swain JW, Reed BJ (2010) Budgeting for public managers. M. E. Sharpe, Armonk

Wildavsky AB (1964) The politics of the budgetary process. Little, Brown, Boston

Wildavsky AB (1984) The politics of the budgetary process, 4th edn. Little, Brown, Boston

# Budget Reform and Political Reform

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

## Synonyms

Accountability in the budget process; Budget discipline; Budget documentation; Fiscal rules; Political reform

## Definition

"Budget Reform and Political Reform" examines the political nature of the budget process, including the interplay between the agents in the budget exercise, and considers the difficulties and opportunities that the politicization of the budget process provides for conducting meaningful fiscal reform.

## Introduction

The budget is an inherently political enterprise. It is susceptible to intrusion from vested interests that are not always immediately evident and is usually the product of a process of negotiation that has evolved over a long period of time. While it may feign the semblance of a neutral process, the budget is the politically driven, subjectively oriented, "financial reflection of what the government intends to do" (Wildavsky 1961).

Therefore, "reforms" and other alternations in the budget process are often characterized by either overt political wrangling or at the very least by covert political machinations, as various agents in the budget architecture vie for greater power, attempting to steer any "reforms" in a propitious direction. This observation has not been lost on academics, as they have long noted that much of the literature on budgeting has dealt in some way with "reform" (Wildavsky 1961) and

that the budget is a quintessential "instrument of reform" (Willoughby 1918).

Furthermore, the fact that the budget is "political" also means that the budget can be "democratic," in the sense that democratized budget processes, involving the bargaining maneuvers of innumerable interests, are more representative and participatory, than budget processes which are "dictated from above," even while such non-democratic budget processes might be more efficient in a procedural and executional sense (Chohan and Jacobs 2017a, b).

In attempting to theorize budget reforms, approaches such as *rational institutionalism* and *historical institutionalism* have found that budget reform is either extremely difficult or quite nigh-on unfeasible (Meyers 2016). The impediments to executing meaningful budget reform appear either too cumbersome or at the very least highly dissuasive, leaving the process of actual reform substituted for incremental motions or simply rhetorical practice (see Chohan and Jacobs 2017b; Chohan 2017).

Yet budget reform is a problem of pressing consequence for many, if not most, societies; and it is no exaggeration to say that their very prosperity in future years hinges on their suppleness in fostering meaningful budget reform (Meyers 2016; Posner et al. 2012; Schick 2004). With this mind, the purpose of this chapter is to delineate some of the problems posed by the politicized nature of the budget process and then proceed to discuss solutions to engage in reform despite the political challenges of budgeting.

## The Political Problems of Budget Reform

There are philosophical, social, and material factors that influence the political problems of budget reform, which is why an ex ante enumeration is warranted (see Table 1).

Many if not most countries today appear to face three basic problems pertaining to the sustainability of their budgets (see also Chohan 2017). First, many budgets exhibit a persistent and continued reliance on borrowing to fund expenditures. Second, they exhibit an inability to withstand fiscal shocks or respond to fiscal crises. Third, they fail to exhibit sufficient transparency and accountability. These three problems have been made more evident since the Global Financial Crisis of 2008, which made the necessity for fiscal reform increasingly obvious to policymakers, but more importantly, it also gave them the political breathing-space to articulate their will to undertake reform (Chohan 2017). However, it is a very costly strategy for governments, and societies more broadly, to wait for crises to undertake budget reform (Meyers 2016; Posner et al. 2012; Schick 2004). That is because engaging in such undertakings from a position of weakness severely restrains both the magnitude and the directions of possible reform.

Furthermore, it is not clear that those societies which profess to be making budget reforms are actually doing so. A growing body of research (see review in Chohan and Jacobs 2017b) examines the "rhetorical aspect" of budget reform, wherein much of the initiative around budget reform is actually just politicians seizing on expedient mantras, without in fact engaging in the significant processes which may incur political costs (see Australian example in Chohan and Jacobs 2017b; Chohan 2017). Budget reforms may involve significant budget restraint, which may imply significant cuts to programs that voters or interest groups may want, which means in turn that political entities undertaking these reforms face a vehement political backlash. There is ultimately an ambiguity about whether citizens actually *want* budget reform. They may signal that they "value" budget reform to politicians, but they do so without accepting that this means restrained consumption, welfare, or expenditure for them. This speaks to a *problem of public value*, wherein citizens articulate contradictory and conflicting values between which politicians must adeptly prioritize (Chohan and Jacobs 2017b).

There is also a heightened polarization among political parties today in many countries, which makes the process of bargaining and negotiation over budget items far more difficult than in the past (Meyers 2016). Without recourse to compromise, strongly entrenched positions leave budget reformers with very little room to maneuver. In the United States, the polarization of political parties

**Budget Reform and Political Reform, Table 1** Political problems of budget reform

| Problem | Consideration |
|---|---|
| Persistent borrowing | Governments find themselves increasingly reliant on borrowing larger sums to fund more and more components of the budget. While borrowing may represent a prudent means of expanding and seizing economic opportunities, a persistent reliance on borrowing is likely to be unsustainable over an extended period of time and can lead to fiscal ruin if left unchecked |
| Inability to withstand shocks | The most reliable indicator of the fiscal health of a society is to examine its ability to withstand fiscal shocks and adequately respond to crises. As the budgets of more and more countries are saddled with debts and other constraints, their ability to respond to shocks has become severely diminished, as was made evident in the Global Financial Crisis of 2008, and this has increased the risk (as well as the cost) of future financial setbacks |
| Lack of transparency & accountability | In a strong democracy, the process of allocating resources through a budget should be reinforced through mechanisms of accountability and bolstered by a high level of transparency. The global level of transparency and accountability in budgeting is still very low, and mechanisms such as Legislative Budget Offices or Charters of Budget Honesty (Chohan and Jacobs 2017a; Chohan 2017) as well as fiscal rules (Posner et al. 2012) can help reduce the transparency and accountability deficits |
| Political will and waiting for crises | Many public institutions and governments cannot muster the political will to undertake meaningful reform, because the accompanying budget restraint may likely lead to political recrimination (loss of office, angry voters). This is why it appears that they wait for economic crises to articulate the need for serious reform, which is a risky strategy that incurs a steep price, as reforms must then be conducted from a position of weakness, if at all |
| Rhetorical aspect | A large proportion of what is described as "budget reform" may in fact be treated as the exercise of rhetoric, with politicians reverting to expedient mantras instead of swallowing the bitter pill of actual budgetary reform, and this rhetoric precludes the truly difficult project of restructuring the fiscal architecture |
| Subjectivity of targets | There is no universally accepted target for most fiscal parameters. Different political parties express different values and aspirations for fiscal variables, such as some preferring planned deficits while others preferring balanced budgets. This delves into the realm of political beliefs and philosophy, as opposed to any scientific process |
| Contradictory citizen values | Politicians may simply be unable to engage in fiscal reform because they are bound by the values of citizens which are conflicting and contradictory. On one hand, citizens may articulate the value of budget restraint, but on the other hand, they do not want this to detract from their actual welfare, consumption, or expenditure |
| Manipulative interest groups | The politicized nature of the budget process is often hijacked by manipulative interest groups which expropriate larger and larger amounts of the overall budget totals for single-issue purposes, and when taken in aggregate, it means that less compromise is possible and less of the budget is directed towards truly broad-based fiscal goals |
| Public and private debt | Countries which do demonstrate strong public debt management still find that their private debt levels balloon, often mathematically so, as private consumption fuels excessive borrowing, even while public budget appears well managed (e.g., Australia) |
| Polarization of political parties | The heightened polarization of political parties means that compromises are unlikely to be reached, and more radical measures (e.g., government shutdowns) are seen as easy recourse, instead of tackling the fundamental budgetary challenges. Such excess politicization detracts from the execution and implementation of sustainable budgeting |
| Rewarding coalition interests | More divided governments can work towards at least a degree of compromise, but a government highly united under a political party will find the budget reflecting a determination towards rewarding the ruling party's coalition of mobilized interests, which detracts significantly from budget reform |

over the past few decades now leads to annual threats (both rhetorical and actual) of shutting down the Federal government (Meyers 2016; Posner et al. 2012; Schick 2004).

Beyond this, there is a need to distinguish between the public and private debt of countries, because those countries that have been successful at public debt management have often seen a

bloating of their private debts. So while the government of a country may be stringent in its expenditure and borrowing, the private growth of debt can and often does compensate for that public restraint with binges in private borrowing. Even within the private sphere, there is a distinction to be made between citizens (voting individuals) and private interest groups. It has long been understood (see Wildavsky 1961) that interest groups can manipulate the politicized architecture of the budget process, but today that system is so categorically usurped by interest groups that budget reform is seen to be scarcely more than an adherence to interest group bargains (Meyers 2016), who may be insistent on little more than a single issue, on which they absolutely refuse to budge (Meyers 2016; Posner et al. 2012; Schick 2004). Further to this point, when a government is divided, there is a greater chance of arriving at political compromises (if negotiations are conducted adeptly), but when governments are mostly unified under a single political party, then the budget will reflect the party's resolve towards rewarding its mobilized coalition interests (Meyers 2016), which is to say that interest group manipulation is even more evident when government is dominated by one party.

All of this is circumscribed by a philosophical problem: that are simply different attitudes towards the architecture of budgeting, which differ in value judgments that cannot be repudiated or contradicted in any logical way (Wildavsky 1961; Chohan 2017). For example, some political parties prefer reasonable deficit spending, while others prefer to balance the budget. Such notions are subject to the philosophy of political agents rather than to any scientific measure. To this point, in creating ideal targets for budgeting that would somehow not be political, the most serious hurdle is that there is no universal target for sustainable budgets, deficits, or debt that would unanimously be agreed upon.

## Solutions to Push Budget Reform

With such a large number of challenges of a political nature weighing down on the budget process, it behooves both academics and practitioners, whether of a reformist persuasion or not, to consider solutions to budget reform that can be implemented in spite of the aforementioned difficulties. This section enumerates four sorts of solutions: fiscal rules, budget offices, bureaucratic initiative, and citizen budgets.

The first set of solutions can be described as **fiscal rules**, as these aim to establish binding rules that governments must continually adhere to. A fiscal rule may be as simple as a law that forces the government to maintain deficits (or other fiscal parameters) within a certain threshold. Another form of rule is known as a *balanced-budget requirement*, which stipulates the degree of balance that must be continually achieved on both sides of the budget equation. A more interesting and complex form of such imposition is a "Charter of Budget Honesty" which is a document that sets out the rules for how the government should conduct its budget process (see Australian example in Chohan 2017). While such rules have garnered increasing appeal around the world, they are subject to critical limitations. For example, as discussed above, there is an arbitrary element to targets set in such rules, premised on the divergent philosophies of political parties. If a government is beset with a deficit target of 40% of Gross Domestic Product (GDP), why not 50%? Why not 30%? Aside from the arbitrariness of fiscal rules, there is also an important question around the enforcement of such rules. How is noncompliance treated? What sorts of penalties are imposed, and by whom? In the European Union, countries that have failed to adhere to fiscal rules have not regularly been penalized, which weakens the legitimacy of such rules. As a final brief critique, it should be noted that fiscal rules reduce the flexibility of governments to respond to shocks. Budgeting is premised on a trade-off between discipline and flexibility, and while fiscal rules bolster discipline, they reduce government flexibility to a significant extent (Chohan 2017).

The second set of solutions revolve around **nonpartisan budget offices**, who act as an agent in depoliticizing (or more precisely, "apoliticizing") the budget process (Chohan and Jacobs 2017b). Budget offices are created to inform political agents about key matters pertaining to the budget. In the case of

legislatures, which are crucial to the budget process in democratic countries, it is a Legislative Budget Office (LBO) that is appended to, but independent from, the legislature (Chohan and Jacobs 2017a), with a mandate to engage in fiscal issues and provide dispassionate, nonpartisan analysis to legislators. These offices face intense resistance from politicians, but if conferred with sufficient legitimacy, resources, and expertise, LBOs can provide immense value towards addressing the political problems of budget reform, as they can develop long-term oriented, expert-driven approaches towards budgeting (see Chohan and Jacobs 2017a, b).

The third set of solutions revolve around what is known as **bureaucratic initiative**, which suggests a greater role for bureaucrats in lieu of politicians in driving the budget process. Such solutions have been put into place in the budgets of countries such as New Zealand, and have generally been perceived positively insofar as the efficiency (and even transparency, see Chohan 2017) of the budget process is concerned, since bureaucrats such as Treasury officials have drawn upon their fiscal and financial expertise to treat the budget as a comprehensive resource-allocation problem best managed by specialized institutions. However, they have been questioned in terms of the level of democratic input, which is to say the involvement of democratically elected political representatives in that exercise.

The fourth set of solutions relate to a somewhat new but well-regarded initiative known as a **citizen budget**, whose purpose is to educate the wider public about the key elements of the national or regional budget in a highly simplified and straightforward manner. A citizen budget highlights the core fiscal priorities of a government, provides visually clear and concise information, and provides citizens with summarized aspects of the budget. The goal of a citizen budget is to cultivate a more fiscally informed citizenry, and particularly so in regions where financial literacy is low. Citizen budgets are being implemented in developing countries quite proactively and yielding positive results in terms of engaging citizens in the otherwise remote and inaccessible budget process.

The aforementioned four sets of solutions are by no means exhaustive, but they present overarching categories that help typologize solutions that have garnered particularly keen attention from academics and practitioners in the past decade.

## Conclusion

It is not possible to disaggregate the political ambit from the budgetary ambit, as the budget represents the allocation of society's resources through a political process of negotiation. Given that politics is so inextricably embedded within the budget, there is a need to examine what sorts of reforms could be made in spite of "politics." Whereas this chapter has suggested certain sets of solutions towards that end, budgetary thinkers have long asserted that true budgetary reform is not possible without substantial political reform as well (Wildavsky 1961), and perhaps vice versa. Irrespective of their deep entrenchment, both political and budgetary reforms warrant heightened urgency because of the constraints that societies face as they embark on unsustainable trajectories, particularly in the fiscal realm. A growing reliance on borrowing, an inability to withstand shocks, and a lack of accountability in the budget process loom large as challenges for democratic societies to address, still attempting to draw lessons from the Global Financial Crisis of 2008, as they proceed towards more robust budgetary and political systems in the years to come.

## Cross-References


- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle
- ▶ Budget Cycle: Preparation, Execution, and Revision

▶ Budget Office
▶ Budgetary Politics
▶ Charters of Budget Honesty
▶ Municipal Budgetary Processes
▶ Public Value and Bureaucratic Rhetoric
▶ Public Value: Bureaucrats Versus Politicians

## References

Chohan UW (2017) Qu'est-ce que une charte de l'honnêteté budgétaire? Le cas de l'Australie. La Revue Parlementaire Canadienne 40(1):11–15. (French)
Chohan UW, Jacobs K (2017a) The presidentialisation thesis and parliamentary budget offices. Parliam Aff 70(2):361–376
Chohan UW, Jacobs K (2017b) Public value as rhetoric: a budgeting approach. Int J Public Adm 1–11
Meyers RT (2016) How to make budget process reform politically feasible. Econ Stud Brook 2016(4):1–11
Posner P, Redburn S, Joyce P, Meyers R (2012) Strengthening the federal budget process. National Academy of Public Administration and American Society for Public Administration, 12 July
Schick A (2004) Fiscal institutions versus political will. In: Kopits G (ed) Rules-based fiscal policy in emerging markets. Palgrave MacMillan, New York, pp 81–94
Wildavsky A (1961) Political implications of budgetary reform. Public Adm Rev 21:183–190
Willoughby WF (1918) The budget as an instrument of political reform. Proc Acad Polit Sci City NY 8(1):56–63

# Budgetary Assistance for Crisis Management

Barbara L. Neuby
Department of Political Science and International Affairs, Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Contingency planning; Disaster funding; Emergency management

## Introduction

Almost any event can be a crisis for a particular government or organization. All organizations are aware of common natural disasters: hurricanes, fires, floods, and other weather anomalies. All realize the dangers of terrorism and accidents but few specifically budget for these events. Governments and nonprofit agencies have emergency plans and contingency funds, the latter ranging from around 1% to 3% of their budgets and a few larger jurisdictions, like the City of New York, for example, have crisis budgets. State and local governments in the US devote portions of their budgets as revenue and politics allows, but nations devote even larger shares of their budgets to the security and emergency functions.

When disaster occurs, state, provincial, or local governments go it alone until or unless help arrives. While resources must be used to respond to the emergency, whatever the type, even a minor crisis can slice through the best-laid budget. The organization may not have the skills and capabilities to manage the crisis appropriately or the funds to provide them. Help may be needed and can take many forms. Direct funding, grants, education or expertise, free or affordable equipment, or financial options specific to their situation are all available. If contingency or emergency funds are consumed, governments and nonprofits also have a variety of in-house measures they may be able to take on their own that will decouple the budget from the emergency. Sometimes the assistance offered is instrumental in rescuing a budget because of what is not spent, because funds not expended on that crisis response can make the difference between surplus and deficit at the end of the fiscal year. The type of assistance is often particular to the type of crisis. A review of disasters and the types of assistance available are the subject of this essay.

## Crises

When we think about a crisis, we probably think about our own experience, of what has happened

to us. That is a somewhat narrow, but understandable, view. Governments and most organizations do not have that luxury but must consider all possible hazards. The US Department of Homeland Security and most national governments take an all-hazards approach. Studies have shown that terrorism is unpredictable, and weather or natural calamities, while some claim predictive power, often take us by surprise. Yet governments and nonprofits must be prepared for whatever comes their way.

## Natural Disasters

Hurricanes, floods, and wildfires are the most predictable emergencies. We usually have hours if not days' notice. Tornados, tsunamis, and earthquakes offer a mere few minutes of warning. Entire industries have been built around weather, climate, and public notification. Scales and indices like the Saffir-Simpson for hurricanes and the Fujita-Pearson for tornados measure intensity and warn of the size of the threat. Historical information about past threats is used as a guide by governments to plan future budget allocations for disasters. Organizations can plan and budget for a potential response commensurate with the level of threat based on the likeliness of the event and the scale of loss. As in real estate, sometimes disaster management and funding depend on location. It is all relative. Jurisdictions that fall on a coastline must be ready for hurricanes. Drought-stricken areas must incorporate wildfire management into their emergency budgets. Governments on a fault zone must consider earthquake response plans, while those near rivers must bargain for floods and so on.

Biological events are also nearly totally impossible to budget for because there are so many "unknowns." For starters, there are an untold number of viruses in the world, weaponized strains of bacteria, and unknown consequences of medical research. Governments and private organizations stockpile medical supplies. Hospitals buy backup power and conduct mass care drills. The 2014 Ebola outbreak severely challenged budgets worldwide, and the 2016 Zika virus threatens to do the same. Resource utilization must be coordinated between public and private sectors for the good of all (World Bank 2016). Mass care is enormously expensive.

## Man-Made Disasters

Terrorism is an increasingly likely event for which no budget can adequately prepare. Governments face potentially devastating losses. Security is costly and most often these costs are shared with partners or mitigated by external funders of one sort or another. Monitoring, response, and recovery form the basis of crisis budget operations. Water, sewer, and power systems form the critical infrastructure by which state and local communities run. Obligations to maintain them are shared with the private sector that generally owns most of this infrastructure (United States 2013). Attacks on a large enough scale will usually bring assistance from other governments, mainly the federal government and an outpouring of volunteer assistance as happened on 9/11.

In the wake of the November 13, 2015 Paris terror attack; the Brussels, Belgium attack on March 22, 2016; and the truck that plowed through the crowded streets of Nice, France on July 13, 2016, European country budgets, once diminished in the face of the austerity regimens imposed by the EU government, are now increased and planned for crisis management. French President Francois Hollande noted that security took precedence over financial stability, and the country has added 23,000 military positions devoted to anti-terrorism in a move that will stretch budgets once again (Alderman 2016). Germany has added to its police and intelligence forces to the tune of 130 billion Euros or $141 billion. Companies across the EU zone plan to spend up to 500 million Euros more for surveillance and response activities (Alderman 2016). Israel spends five times on security what other

EU nations spend, crowding out other priority expenditures (Bassok 2013).

Sometimes accidents happen and sometimes they are made to happen. A company is allowed to forgo safety testing of its deep-sea oil well and the well explodes. Mechanical failures occur and a valve sticks shut on a cooling system in a nuclear power plant and radiation is released. A string of malicious code is sent unwittingly throughout a computer system and everything downstream crashes. Today, with power, water, and sewer systems electronically and remotely controlled, cybercrime is an ever-present reality. Hackers are alive and well with thousands of breaches occurring since 2001, and cybersecurity professionals do not come cheap (Center for Strategic and International Studies 2015). Other than basic protection against malware, communities cannot afford to support larger efforts.

Closely related to the cybercrime issue is the potential for failure of the electric grids in every country. In the US as in many developing nations, the electric power grid is a patchwork of old and newer generating stations pieced together in a disordered and haphazard fashion. The system is often unstable and is rife with vulnerabilities. An electromagnetic pulse, whether natural or man made, could wipe out a region's or even a country's electric capacity for weeks or months. New transformers require months to build and are manufactured by private industry. Governments are charged with overseeing the effort.

A financial collapse is also possible; some in international financial circles say the world is suffering from financial turmoil due to the levels of global debt, deflation, and economic woe (Council on Foreign Relations 2013; Subacchi 2010). In the US, in 2008, the federal government authorized its central bank to print money to loan to shore up the nation's banking sector. Now, with one quadrillion worth of derivatives trading in financial markets, a financial house of cards needs only one card to be withdrawn. Such a precarious situation has few good solutions. Events like the "flash crash" of the US stock market on May 6, 2010 when the main index dropped 1000 points in 5 min (Treanor 2015) caused widespread panic. Globally, the International Monetary Fund (IMF) serves as a crisis manager for the world's governments through its 13 programs for forestalling financial Armageddon (Moghadam 2011). Currency crises, balance of payments, unemployment, refugee crises, and food insecurity could push the financial sector over the edge, and only a sovereign government can budget for these events.

Civil unrest could come about as a result of each of the aforementioned disasters if food and funds suddenly became unavailable. Events such as those above can challenge government crisis leaders to the maximum point. Financial disasters require vastly different resources and skills compared to those required in a hurricane or fire, for example.

How do governments plan for all these potential hazards? Where do governments and nonprofits get budget help when needed? What tools can they use to help themselves?

## External Assistance for Crises Management

### Funding

When people think about budgetary assistance that might be available in a crisis, federal grants easily come to mind as they are the greatest single source of budget help when disaster overwhelms state or local resources. With regard to security or emergency preparedness events, the Department of Homeland Security anti-terrorism grant distributes over $1 billion to state and local governments for training to support 32 core capabilities. For large cities, the Urban Areas Security Initiative offers millions in preparation and equipment. Mass transit security is funded at $87 million and emergency management at $350 million, all from the federal purse. The funds go directly to states that are then supposed to pass it through to the cities, yet cities complain they do not ever see the money and hire lobbyists to chase it down in

**Budgetary Assistance for Crisis Management, Table 1** Department of Homeland Security grant funding 2008–2016 (000,000 s)

| Grant name | Amount |
|---|---|
| State Homeland Security Program | $1770 |
| Operation Stonegarden (state, local, and tribal coordination) | $55 |
| Urban Areas Security Initiative (UASI) | $1940 |
| Transit | $87 |
| Port security | $100 |
| Nonprofit security | $13 |
| Emergency management | $350[a] |
| Total | $4315 |

[a]Emergency management funding for FY 2016. Other amounts in previous years (United States Department of Homeland Security (2016)

state offices (National League of Cities 2017; Eisinger 2006; Table 1).

It is not only terrorism or natural disasters for which grants are offered to state and local governments but also for domestic crises like drug epidemics and homelessness. As noted, crises are particular to each jurisdiction. In some areas, the homeless and drug-addicted population has reached the crisis stage, and local policies or state aids have not solved the problems. The Department of Housing and Urban Development (HUD) and Department of Health and Human Services (DHHS) have awarded over $2 billion to nonprofit, government, and faith-based groups to alleviate local emergent crises from 2008 to 2015 (U.S. Department of Health & Human Services 2016; U.S. Department of Housing and Urban Development 2014). Many other federal grant programs provide funding to manage crises.

Closely related to anti-terror or weather disaster funding is the military equipment giveaway program. The Federal Support for Local Law Enforcement Acquisition Program, better known as the "1033 Program," sells or gives Humvees, automatic rifles, electronic surveillance and communications gear, and riot control equipment to state and local law enforcement at bargain basement prices (10 United States Code, Sec 381 2015). After race-related unrest occurred in 2015 in major cities, President Obama ordered the defense department to take the military equipment back leaving sudden holes in the equipment list of law enforcement agencies all over the country (Obama 2015).

The Federal Emergency Management Agency (FEMA) operates a particular reimbursement program for nonprofit organizations that lose facilities or suffer other losses during and after a disaster. Lutheran Social Services, the North American Mission Board, Catholic Charities, and other community organizations offer valuable services to public during emergencies. Mass care, food, medicine, transportation, and grief counseling are just a few charitable goods they deliver to a public in need. The FEMA Public Assistance Program is very complex and contains many specific regulations regarding how a nonprofit can apply for reimbursement for losses sustained during the nonprofit's disaster response. A nonprofit that sustains a substantial loss of a building or equipment while performing emergency activities under the direction of FEMA can possibly recoup many of their large financial losses thereby saving their budget for current services (FEMA 2016).

The National Volunteer Organizations Active in Disaster (NVOAD) is a nationwide nonprofit coordinating group that helps faith-based and other volunteer organizations serve a public during a crisis. NVOAD saves government money by providing services so that the government does not have to. NVOAD includes groups like the Lutheran Social Services, the Salvation Army, the Red Cross, and Catholic Charities, whose members have been trained to offer mass care, feeding, shelter, and grief counseling. Topical and industry organizations like the National Emergency Management Association (NEMA), the International Emergency Management Association (IEMA), and the International City Management Association (ICMA) can also serve local and state governments by providing information, training, and connections to other similarly situated governments. In addition, states and cities make their own compacts for crisis response, called emergency management assistance compacts or "EMACs." Through these agreements they share equipment, personnel, and best

practices about crisis response. Sometimes they pool funds to be used by a member of the compact after the event. Industry groups like the National Electric Manufacturers Associations (NEMA) and CyberSecurityVentures.com offer governments the chance to work with the most up-to-date encryption and fraud detection equipment. They provide state-of-the-art technology to support all manner of government network security and, at times, at reduced rates for their service.

Any government that seeks budget assistance for crises should not overlook their respective lobby group. For US cities there are two: the National League of Cities and the US Conference of Mayors. For counties, it is the National Association of Counties and for states, the National Conference of State Legislatures and the National Governor's Association. These organizations have offices and lobbyists in Washington, DC and serve as vital pipelines to the best grant, funding, and assistance packages available. These groups bring governments together often in real time. At the state level, the Governor's Council brings state emergency managers together to discuss DHS grants, and a Grants Committee filters through the fine print to inform state officials of the quickest path to funding relief. States share stories about what worked well for them. The budget is always an issue and that which saves time and effort saves money. Recently, ICMA developed websites for governments to come together in real time and talk about proven methods to prevent cybercrime, accidents, and other disasters.

## Training and Education

The Federal Emergency Management Agency (FEMA) offers local governments and states training on the National Incident Management System, or "NIMS," and supplies educational materials and a forum for coordination with private owners of critical infrastructure. Without these aids, state and local governments would have to find other training, probably in the private sector, and pay for it out of their own source revenues. Although nominal fees are levied, NIMS training saves local governments millions of dollars a year and, perhaps more importantly, makes them eligible for federal grants.

Working closely with state and local governments to prevent and monitor financial crises is the federal Financial Crimes Enforcement Center or "FinCen" for short. Although the banking system is privately owned and operated, states, local governments, and nonprofits depend heavily on it to manage their financial affairs. States have agencies to oversee banks within their jurisdiction, but the state cannot afford and is ill equipped to serve in the role of watchdog of the entire system. Fraud, embezzlement, other white collar crimes, or system security poses serious risks to state and local financial operations and would be devastating to their budgets. FinCen is a subdivision of the Federal Bureau of Investigation and, through the Automated Clearing House (ACH) network, monitors money flows through all the banks in the Federal Reserve System. This is a function state, and local governments have no capacity to do but must count on the federal level to safeguard.

## In-House Solutions

Governments, whether federal, state, city, or county, are not bereft of money-saving methods. They have their options that include borrowing from a bank or financial institution, passing legislation to acquire new revenues, or reprogramming funds through a budget amendment to move money where it is needed most without resorting to higher taxes or fees. Public authorities can also be created to serve as a financial foundation and focal point for one or more particular crises. Such an example of this mechanism is the Exchange Stabilization Fund, created and run by the treasury department of the US government during the 2008–2009 fiscal crisis. New or higher user fees are also viable although unpalatable options.

Borrowing is the least palatable way of finding money to manage crises. Governments have two kinds of debt they can incur: general obligation, or "G.O." debt, and revenue bonds. There are more complex, less used, financial techniques but they are beyond the scope of this essay. General obligation debt is easier to acquire because it is backed

by the "full faith and credit" of the issuing government and usually pays the borrower a lower interest rate because it is safer than revenue debt that is not so supported. Because of the lack of government support, revenue bonds generally pay higher interest rate to the lender. Generally, to sell revenue bonds, a government or nonprofit must have an income-producing activity like a stadium or a water plant from which to charge fees then used to pay off the bonds. Crises do not fit this description but financial institutions will often sell these debt instruments for governments. One example is the pension-obligation bonds sold by the state of Illinois. Because the state has not funded its pension fund appropriately over the past 50 or so years, the liabilities of paying the retirees' pensions has outstripped the state budget's ability to support the obligation. As was noted earlier in the essay, a crisis is particular to the government who owns it. For Illinois, one crisis is the public pension system and the state has chosen, on several occasions, to borrow money from willing lenders to stave off a crisis so that pension checks can go out tomorrow (Moody's 2016). While this is not the best way to respond to a crisis, the state's leaders are trying to find a more manageable plan.

Governments can also reprogram funds from one department to another department where money is needed more. As most crises do not happen at opportune times, money is often not where it is needed immediately. If the legislative body has already passed the budget (usually a long-drawn-out affair between the executive and legislative branches) then major moves of funds require their permission. If a disaster occurs, often staff in a department will continue to render needed service even though they are technically out of funds to do so, knowing that a budget amendment will transfer monies later on after the legislature has signed off. Here, structure and process are important tools governments must put in place before a crisis happens. The right offices and personnel must be trained on the right techniques to adjust the budget. It is important that governments are able to respond quickly and appropriately. Failure to do so could result in greater financial trouble than a minor budget overrun.

## Conclusion

While it is true that governments face far more challenges to their budgets from a wider range of disasters and crises than ever before, it is also true that they have adapted by creating new funding solutions and reforming existing ones to meet the new threat. Governments and nonprofits have more resources on which to draw: financing from and sharing arrangements with other governments, help from volunteers and national organizations, and in-house financial techniques that are creatively employed to maintain budget stability.

## Cross-References


- ▶ Budgeting and Decision-Making
- ▶ Disaster Response Management
- ▶ Financial Health and Distress in Local Government
- ▶ Local Governments and Crisis Management


## References


Alderman L (2016) Terror threats thaw budgets across Europe. New York Times, Mar 1, A1

Bassok M (2013) Israel shells out almost a fifth of national budget on defense, figures show. http://www.haaretz.com/israel-news/business/israel-shells-out-almost-a-fifth-of-national-budget-on-defense-figures-show.premium-1.503527

Center for Strategic and International Studies (2015) Commission on Cybersecurity for the 44th Presidency

Eisinger P (2006) Imperfect federalism: the intergovernmental partnership for homeland security. Public Adm Rev 66(4):537–545. https://doi.org/10.1111/j.1540-6210.2006.00614.x

Moghadam R (2011) Enhancing international monetary stability: a role for the SDR? International Monetary Fund Jan 7

Moody's Investors Services (2016) Illinois, state of. https://www.moodys.com/credit-ratings/Illinois-State-of-credit-rating-600024371

National League of Cities (2017) National municipal policy and resolutions. http://www.nlc.org/sites/default/files/Images/Icons_and_Images/2017%20National%20Municipal%20Policy%20Book.pdf

Obama, B. H. U.S. President (2015) Executive order – Federal support for local law enforcement equipment acquisition. https://www.whitehouse.gov/the-press-office/2015/01/16/executive-order-federal-support-local-law-enforcement-equipment-acquisition

Subacchi P (2010) Who is in control of the international monetary system? Int Aff 86(3):665–680
Treanor, J. (2015) The 2010 'flash crash:' How it unfolded. The Guardian, April 22
U.S. Council on Foreign Relations (2013) The global finance regime. Available online from: http://www.cfr.org/financial-regulation/global-finance-regime/p20177. Accessed 22 May 2016
United States (2013) National infrastructure protection plan (NIPP). https://www.dhs.gov/national-infrastructure-protection-plan
United States Code (2015) Procurement of equipment by state and local governments through the department of defense. 10 U.S.C. 381
United States Department of Health and Human Services (2016) HIV/AIDS prevention, treatment and education grants. http://minorityhealth.hhs.gov/omh/browse.aspx?lvl=2&lvlid=66
United States Department of Homeland Security (2016) Fiscal year 2008–2015 law enforcement terrorism prevention activity funding. https://www.fema.gov/media-library-data/1475103088969-41d58a2adf314fc43775eff29fdce147/FY_2008-2015_LETPA_Funding.pdf
United States Department of Housing and Urban Development (2014) Homelessness assistance. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/homeless
United States Federal Emergency Management Agency (2016) Public assistance program: policy and guidance. https://www.fema.gov/public-assistance-policy-and-guidance
World Bank Group (2016) World Bank group Ebola response fact sheet. http://www.worldbank.org/en/topic/health/brief/world-bank-group-ebola-fact-sheet

# Budgetary Constraints

María-Dolores Guillamón
Department of Accounting and Finance, Faculty of Economics and Business, University of Murcia, Murcia, Spain

## Synonyms

Arrest; Captivity; Check; Circumscription; Clampdown; Confinement; Control; Cramp; Curb; Curtailment; Damper; Detention; Deterrent; Hampering; Handicap; Hindrance; Impediment; Limit; Limitation; Obstruction; Rein; Restraint; Restriction

## Definition of Budgetary Constraints

Most governments set some type of restriction on their public finances figures in an attempt to prevent the recurrence of the wave of defaults and excessive deficits and borrowing. The introduction of these constraints could be explained by the theory of fiscal illusion. Fiscal illusion might take five distinct forms: the complexity of the tax structure, renter illusion with respect to property taxation, income elasticity of the tax structure, debt illusion, and flypaper effect. In the case of debt illusion, which involves the choice between debt and tax finance, it is assumed that individuals are more likely to perceive the costs of public programs if they pay for them through current taxation than if tax liabilities are deferred through public-sector borrowing. From this perspective, politicians would prefer to increase the budget with debt-funded spending, rather than tax funded. Furthermore, if citizens tend to underestimate the future taxes necessary to service the deficit, then the marginal taxpayer resistance to higher spending is lower than it would be under budgetary balance. Therefore, a debt limit, on the one hand, enhances future taxes anticipation, and on the other hand it prevents governments from increasing debt beyond socially optimum levels.

Budgetary constraints can be classified into two groups: exogenous and endogenous. On the one hand, exogenous constraints include the rules, limits, and conditions imposed by international organizations and treaties (e.g., the Stability and Growth Pact for the European Union). Endogenous constraints are mainly at the national level and refer to the issue of the financing of public expenditure, in terms of taxation and deficits.

Different types of instruments can make these constraints operative. They range from trusting market mechanisms to establishing some internal control in the public sector. In this latter option, instruments can be limiting rules, coordination mechanisms, or central government's direct control tools. Furthermore, budgetary constraints may take two models: ex ante controls and ex post mechanisms for dealing with insolvency. On the

one hand, ex ante regulations include individual limits (e.g., the purpose, types, and procedures of borrowing) and permissions. On the other hand, ex post regulations aim to control the debt stock and the current budget for dealing with insolvency.

## Introduction

The impact of fiscal institutions on the level of government debt and deficits has attracted intense interest in both economics and political science. In fact, most countries apply restrictions to budgeting and borrowing. These restrictions vary according to the concrete limit applied, which in turn determines how strict the requirement is.

The aim of fiscal institutions is to constrain government officials' behavior. In fact, limits and rules are designed to curb government officials' fiscal decision-making. Thereby, voters use fiscal institutions to reduce their principal-agent flaw, i.e., the problem that arises when officials use taxes in ways that do not maximize voters' interests.

The reasons that justify the establishment of these limits can be summed up as follows:

(a) To promote intergenerational equity, i.e., to prevent nowadays population from getting in debt to enjoy services whose financial cost will be transferred to future taxpayers
(b) To sustain financial balance, i.e., revenues must cover expenses.
(c) To protect the solvency of governments and to protect bondholders.
(d) To avoid the bilking problem in debt financing, since if transmigrants can shift the debt burden onto the future residents, the former under-evaluates the cost of debt and thereby overissue debt.
(e) To reduce interest costs and to get higher credit ratings. Anti-deficit rules can affect the bond market's perception of the borrowing jurisdiction, and this way affects the required interest rate on outstanding debt.

In the framework of the European Union (EU), economic governance aims to detect, prevent, and correct problematic economic trends such as excessive government deficits or public debt levels, which can stunt growth and put economies at risk. Thus, all EU member states are committed under rules known as the Stability and Growth Pact (SGP) to pursuing sound public finances since they are an essential prerequisite for sustainable economic growth and financial stability.

## Types of Budgetary Constraints

There are four main types of budgetary constrains based on the type of budgetary variable that governments seek to constrain (Schaechter et al. 2012):

- Debt rules set an explicit limit or target for public debt in percent of GDP. This type of constrain is the most effective in terms of ensuring convergence to a debt target and is relatively easy to present.
- Budget balance rules constrain the variable that primarily influences the debt ratio and are largely under the control of policy makers. These rules can be specified as overall balance, structural or cyclically adjusted balance, and balance over the cycle.
- Expenditure rules set limits on total, primary, or current spending. Such limits are typically set in absolute terms or growth rates and occasionally in percent of GDP.
- Revenue rules set limits or floors on revenues and are aimed at boosting revenue collection and/or preventing an excessive tax burden.

Furthermore, governments also can establish constraints about the use of some resources for restricted aims. In this case, it is possible to distinguish between three kinds of funds: unrestricted (available for general use), temporarily restricted (these funds have a time or purpose restriction during a period of time), and permanently restricted (these funds are restricted for a time or purpose restriction that never expires).

## Budgetary Constraints in Europe: The European Stability and Growth Pact

The two principal treaties on which the EU is based are the Treaty on the Functioning of the European Union (TFEU) and the Treaty on European Union (TEU) (European Union 2012). The TFEU is based on the 1957 Treaty of Rome (European Union 1957) and was originally known as the "Treaty establishing the European Economic Community," but was renamed when the Treaty of Lisbon came into effect on 1 December 2009. The TFEU organizes the functioning of the European Union and determines the areas of, delimitation of, and arrangements for exercising its competences.

The TEU (European Union 1992), signed in Maastricht on 7 February 1992 (for this reason is also called Treaty of Maastricht), represents an important step in European integration since it opens the way to political integration, introduces the concept of European citizenship, reinforces the powers of the European Parliament, and launches the European economic and monetary union (EMU). Thus, the member states must ensure coordination of their economic policies, provide for multilateral surveillance of this coordination, and are subject to financial and budgetary discipline. The main objective of monetary policy is to create a single currency (the euro) and to ensure this currency's stability thanks to price stability and respect for the market economy.

There are five criteria set out by the TEU that must be met by European countries if they wish to adopt the euro:

1. Inflation of no more than 1.5 percentage points above the average rate of the three member states with the lowest inflation over the previous year.
2. The ratio of the annual government deficit to gross domestic product must not exceed 3% at the end of the preceding fiscal year. If not, it is at least required to reach a level close to 3%.
3. The ratio of gross government debt to GDP must not exceed 60% at the end of the preceding fiscal year. Even if the target cannot be achieved due to the specific conditions, the ratio must have sufficiently diminished and must be approaching the reference value at a satisfactory pace.
4. Long-term interest rates should be no more than two percentage points above the rate in the three member states with the lowest inflation over the previous year.
5. The national currency's exchange rate should have stayed within certain preset margins of fluctuation for 2 years prior to entry.

The stability of the EMU has been and remains one of the top concerns of their leaders. The SGP, enacted in 1997, is the legal framework that seeks to ensure sustainable public finances so as to contribute to the stability of the EMU (European Union 1997). It is an agreement that is to be applied to all member states of the EU and complements the creation of the EMU. It consists of two main building blocks: the corrective arm and the preventive arm. On the one hand, the corrective arm of the SGP governs the Excessive Deficit Procedure (EDP). The EDP is triggered by the deficit breaching the 3% of GDP threshold or the debt being above 60% of GDP. On the other hand, member states that are not subject to an EDP have to fulfill the provisions of the preventive arm of the SGP. Thus, it compiles a set of rules designed to ensure that countries in the EU pursue sound public finances and coordinate their fiscal policies. Each country has to set their budgetary target, known as a Medium-Term Budgetary Objective (MTO). In April of every year (preferably by mid-April and not later than 30 April), all EU member states present to the European Commission (EC) the budgetary measures that they intend to implement in order to fulfill their commitments. These targets take into consideration business cycle swings and are included in stability programs, in the case of EMU member states, or in convergence programs, for the other EU member states. At the same time, all EU member states also submit details of the structural reforms they are

planning to boost growth and jobs in "National Reform Programs." The European Commission analyzes the two programs of every country and then makes specific policy recommendations to each of them. Governments discuss these recommendations with the European Commission and with each other and then integrate them into their national policies with their parliaments. EU member states base their budgets on a set of commonly agreed priorities to address economic risks and challenges detected by the EC.

The EC monitors the development of the budgetary situation and of the stock of government debt in the member states with a view to identifying gross errors. According to the TFEU, the EC examines compliance with budgetary discipline on the basis of the following two criteria:

1. Whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless either the ratio has declined substantially and continuously and reached a level that comes close to the reference value or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value
2. Whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace

Countries that fail to respect the SGP's preventive or corrective rules may ultimately face sanctions. For member states sharing the euro currency, this could take the form of warnings and ultimately financial sanctions including fines of up to 0.2% of GDP, if they fail to abide by either the preventive or the corrective rules, or 0.5% of GDP, if they repeatedly fail to abide by the corrective rules. In addition, all member states (except the United Kingdom) could see a suspension of commitments or payments from the EU's structural and investment funds.

## Legislation to Reinforce and Strength SGP

In 2005, new legislation amends the SGP deepening MTO and EDP (Council Regulations 1055/2005 and 1056/2005). This regulation favors the consideration of national circumstances and adds more economic rationale to the rules to be complied with. According to this regulation, each member state shall have a differentiated medium-term objective for its budgetary position. These country-specific MTO may diverge from the requirement of a close to balance or in surplus position. They shall provide a safety margin with respect to the 3% of GDP government deficit ratio; they shall ensure rapid progress toward sustainability, and, taking this into account, they shall allow room for budgetary maneuver, considering in particular the needs for public investment. Taking these factors into account, the country-specific medium-term budgetary objectives shall be specified within a defined range between –1% of GDP and balance or surplus, in cyclically adjusted terms, net of one-off and temporary measures. Furthermore, the EC and the Council, when assessing and deciding upon the existence of an excessive deficit, may consider an excess over the reference value resulting from a severe economic downturn as exceptional if the excess over the reference value results from a negative annual GDP volume growth rate or from an accumulated loss of output during a protracted period of very low annual GDP volume growth relative to its potential. The EC shall take into account and reflect developments in the medium-term economic position (in particular the potential growth, prevailing cyclical conditions, and implementation of policies in the context of the Lisbon agenda and policies to foster research and development and innovation) and developments in the medium-term budgetary position (in particular, the fiscal consolidation efforts in "good times," debt sustainability, public investment, and overall quality of public finances). Furthermore, the EC shall give due consideration to any other factors which, in the opinion of the member state concerned, are relevant in order to

comprehensively assess in qualitative terms the excess over the reference value and which the member state has put forward to the EC and to the Council. In that context, special consideration shall be given to budgetary efforts toward increasing or maintaining at a high-level financial contribution to fostering international solidarity and to achieving European policy goals, notably the unification of Europe if it has a detrimental effect on the growth and fiscal burden of a member state.

In December 2011, it entered into force a new set of rules for economic and fiscal surveillance that reinforces both the preventive and the corrective arms of the SGP (European Union 2011). These new measures, the so-called Six-pack (6P), are made of five regulations (Regulation 1173/2011, Regulation 1174/2011, Regulation 1175/2011 amending Regulation 1466/97, Regulation 1176/2011, Regulation 1177/2011 amending Regulation 1467/97) and one directive (Directive 2011/85/EU) proposed by the EC and approved by member states. The 6P strengthened the existing legislative framework, specifically the instruments available for the EU's economic policy coordination and multilateral surveillance. The Regulations 1174/2011 and 1176/2011 focus on macroeconomic imbalances, and the other regulations center on fiscal policy.

Specifically, Regulation 1174/2011 presents the measures to correct excessive macroeconomic imbalances in the euro area. This regulation lays down a system of sanctions for the effective correction of excessive macroeconomic imbalances in the euro area. Regulation 1176/2011 sets out detailed rules for the detection of macroeconomic imbalances, as well as the prevention and correction of excessive macroeconomic imbalances within the EU too. According to this regulation, the EC prepares and publishes an annual report containing a qualitative economic and financial assessment based on a scoreboard with a set of indicators the values of which are compared to their indicative thresholds.

On the other hand, Regulation 1173/2011 focuses on the effective enforcement of budgetary surveillance in the euro area. It sets out a system of sanctions for enhancing the enforcement of the preventive and corrective parts of the SGP in the euro area. In this sense, Regulation 1175/2011 sets out the rules covering the content, the submission, the examination, and the monitoring of stability programs and convergence programs as part of multilateral surveillance by the Council and the EC so as to prevent, at an early stage, the occurrence of excessive general government deficits and to promote the surveillance and coordination of economic policies thereby supporting the achievement of the EU's objectives for growth and employment.

According to the later regulation, a deviation from the MTO or from the appropriate adjustment path toward it shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures. The assessment of whether the deviation is significant shall, in particular, include the following criteria:

(a) For a member state that has not reached the MTO, when assessing the change in the structural balance, whether the deviation is at least 0.5% of GDP in a single year or at least 0.25% of GDP on average per year in two consecutive years
(b) When assessing expenditure developments net of discretionary revenue measures, whether the deviation has a total impact on the government balance of at least 0.5% of GDP in a single year or cumulatively in two consecutive years

The deviation of expenditure developments shall not be considered significant if the member state concerned has overachieved the MTO, taking into account that the possibility of significant revenue windfalls and the budgetary plans laid out in the stability program do not jeopardize that objective over the program period. Similarly, the deviation may be left out of consideration when it results from an unusual event outside the control of the member state concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the European

Union as a whole, provided that this does not endanger fiscal sustainability in the medium term.

Regulation 1177/2011 lays down the provisions for speeding up and clarifying the EDP. This rule highlights the importance of government debt criteria (debt ratio above 60% of GDP) together with the government deficit one. Furthermore, it clarifies that the ratio of the government debt to GDP is considered sufficiently diminishing and approaching the reference value at a satisfactory pace if the differential with respect to the reference value has decreased over the previous 3 years at an average rate of one twentieth per year as a benchmark, based on changes over the last 3 years for which the data is available. The requirement under the debt criterion also is considered to be fulfilled if the budgetary forecasts of the EC indicate that the required reduction in the differential will occur over the 3-year period encompassing the 2 years following the final year for which the data is available.

Finally, Directive 2011/85/EU presents detailed rules concerning the characteristics of the budgetary frameworks of the member states. These rules are necessary to avoid excessive government deficits.

In March 2012, the Treaty on Stability, Coordination, and Governance in the Economic and Monetary Union (TSCG) was signed by the leaders of 25 EU member states at that time (all but the United Kingdom and Czech Republic). It entered into force on 1 January 2013. It also aims to strengthen fiscal discipline in the euro area through a balanced budget rule and an automatic correction mechanism, to strengthen the coordination of their economic policies, and to improve the governance of the euro area, thereby supporting the achievement of the EU's objectives for sustainable growth, employment, competitiveness, and social cohesion. Despite there are already detailed EU about these issues, particularly about fiscal stability, TSCG repeats some of these rules, reinforces some, and introduces some new rules. The treaty is an intergovernmental treaty and not an EU treaty, but its implementation involves using the EU institutions. It binds only EMU member states, while other contracting parties will be bound once they adopt the euro or earlier if they wish. The fiscal part of TSCG is frequently referred to as "Fiscal Compact Treaty" or "Fiscal Stability Treaty." This part requires contracting parties to respect/ensure convergence toward the MTO, with a lower limit of a structural deficit of 0.5% of GDP or 1% of GDP for member states with a debt ratio significantly below 60% of GDP. In the event of significant observed deviations from the MTO or the adjustment path toward it, a correction mechanism is triggered automatically. The mechanism includes the obligation of the country concerned to implement measures to correct the deviations over a defined period of time. The European Court of Justice may impose financial sanction (that shall not exceed 0.1% of GDP) if a country does not properly implement the new budget rules in national law and fails to comply with a European Court of Justice ruling that requires it to do so. The amounts imposed on a country whose currency is the euro shall be payable to the European Stability Mechanism. In other cases, payments shall be made to the general budget of the EU.

The sovereign debt crisis suffered by some euro area of member states shows the risks and the potential economic, financial, and budgetary consequences on the eurozone. Based on this rationale and building on the 6P, the European Parliament and the Council adopted two further pieces of legislation aimed at strengthening the surveillance mechanisms in the euro area which entered into force at the end of May 2013. This so-called Two-pack (2P) consists of two regulations: Regulation 473/2013 of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the member states in the euro area and Regulation 472/2013 of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of member states in the euro area experiencing or threatened with serious difficulties with respect to their financial stability. These two new regulations contribute to strengthening the surveillance mechanisms applicable to all member states in the euro area, while at the same time they establish a comprehensive and better aligned surveillance regime for those member states in the euro area threatened

with or experiencing serious difficulties with respect to their financial stability, those in receipt of financial assistance, and those that are in the process of exiting such assistance.

At the end of 2014, the EC presented a review of the Regulations in the 6P and 2P (European Commission 2014). This review has revealed some strengths, as well as possible areas for improvement, concerning transparency and complexity of policy making, and their impact on growth, imbalances, and convergence. Although the EC expresses its general satisfaction with the way the regulations helped the EU weather the economic crisis, it notes that, at this stage, the review cannot be comprehensive because of the short experience of their operation. Furthermore, the EC points out that the effectiveness of the regulations needs to be further tested, as until now they have been applied only under severe financial and economic crisis, whereas the preventive arm of the packs also needs to be tested under better conditions. Therefore, the EC considers that this review serves as an initial basis for examination which has to be discussed with the European Parliament.

## Conclusions

The Stability and Growth Pact for the European Union, which sets the well-known limits for budget deficits and public debt of 3% and 60% of GDP, was introduced at the same time as the single currency in order to ensure sound public finances across the EU. However, the way it was enforced before the crisis did not prevent the emergence of serious fiscal imbalances in some member states. These imbalances were exposed during the financial crisis.

As a response to weaknesses in its economic governance system revealed by the economic and financial crisis, the EU has taken a wide range of measures to strengthen economic governance and to achieve sustained convergence, economic growth, and jobs. Central to these efforts have been the legislative packages known as the "Six-pack" and "Two-pack." The legislation aims at a closer coordination of economic policies through a strengthening of budgetary surveillance under the Stability and Growth Pact, the introduction of a new procedure in the area of macroeconomic imbalances, the establishment of a framework for dealing with countries experiencing difficulties with financial stability, and the codification in legislation of integrated economic and budgetary surveillance.

According to the European Commission, the new legislation had contributed to the progress of fiscal consolidation in the EU. The review highlighted some strengths as well as possible areas for improvement, which has to be discussed with the European Parliament and member states.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Budgeting and Austerity
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector
- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ Deficit Control
- ▶ Financial Sustainability
- ▶ Performance Budgeting


## References


Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the member states

Council Regulation (EC) No 1055/2005 of 27 June 2005 amending Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies

Council Regulation (EC) No 1056/2005 of 27 June 2005 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure

European Commission (2014) Economic governance review. Report on the application of Regulations (EU) n° 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013

European Union (1957) Treaty of Rome on European Union

European Union (1992) Treaty of Maastricht on European Union

European Union (1997) Resolution of the Amsterdam European Council on the Stability and Growth Pact. Official Journal of the European Union, Luxembourg

European Union (2011) EU Economic governance "Six-Pack" enters into force. European Union, Brussels
European Union (2012) Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union. Official Journal of the European Union, Luxembourg
Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area
Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area
Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies
Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances
Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure
Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of member states in the euro area experiencing or threatened with serious difficulties with respect to their financial stability
Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the member states in the euro area
Schaechter A, Kinda T, Budina NT, Weber A (2012) Fiscal rules in response to the crisis-toward the 'Next-Generation' rules: a new dataset. IMF Working Paper 12/187

# Budgetary Politics

Carla M. Flink
Department of Public Administration, The University of Texas at San Antonio, San Antonio, TX, USA

## Synonyms

Financial management; Public budgeting

## Definition

The process by which a government collects, distributes, and manages financial resources in a society.

## Introduction

*Public* budgeting refers to financial decisions for governments (municipalities, counties, states, countries, etc.) and public organizations. Public budgets are unique in that they support the functions of government – intervening in market failures (for example, supplying public goods), economic stabilization, and redistribution (For full discussion on market failures see Weimer and Vining (2011), Chapter 5. For discussion on functions of government see Mikesell (2014), Chapter 1). Politics enters public budgeting decisions in several different ways – process, taxation and revenue systems, expenditure choices, balancing the budget, and so forth (Rubin 2014). While many people view budgets as simply numbers on a page, those who have studied the budgeting process know it represents more than just dollar amounts, but the dynamics of power struggles among branches of government, elected officials, citizens, political parties, interest groups, and bureaucrats among other actors (Wildavsky and Caiden 2004). Public budgets set the course of government activities and dictate what governments will and will not provide for its citizens. In a deeper sense, all of the financial allocations give estimates of the government's priorities. As binding documents, public budgets can also be a source of accountability. This entry will provide an overview of the political characteristics of the public budgeting process in the context of the United States federal and state governments.

## What Makes *Public* Budgeting Unique?

The budgeting process is conducted for private/individual use and for businesses, in addition to public organizations and governments. Each type

of budgeting has unique features. Public budgeting differs from the other two categories (individuals and businesses) in four key ways (Mikesell 2014). One, government resources can be expanded through taxation. Although raising the tax rate or creating new taxes is never favorable to citizens or easily accomplished by public officials, it is a unique feature of public revenue generation. Theoretically, governments can extract more financial resources without providing improved goods or services. For businesses to gain greater financial resources, they must do things such as ramp up production, find new clientele, or increase prices (which leads to lower demand). For individuals, they must generally work more or find a higher paying job.

Two, there are many stakeholders (elected officials, citizens, bureaucrats, nongovernmental organizations, interest groups, political parties, etc.) who are concerned with government decisions and outcomes – this leads to a blurred view of who truly "owns" the government. Without a clear owner, it becomes difficult to meet and prioritize all of the diverse views and demands in society. In business and private budgeting, the "owners" and decision-makers are known by members, employees, and customers. Furthermore, there are typically one or only a few key actors – fewer actors than the government must accommodate. Public budgeting is further complicated since budgets are constructed to last a full year or two and are often constrained (by funding structure, controls to limit financial abuse, implementation of oversight, see Rubin (2014), Chapter 1) in how quickly it can adjust to current demands.

The third difference between public and other types of budgeting processes is the difficulty in quantifying or measuring government services. Many goods and services provided by government are normative or broadly defined public goods (nonexclusive and nonrivalrous). For example, how should government measure the success of public education, environmental protection, the judicial system, or health initiatives? There is no one correct answer. Measuring success in businesses is typically done through sales figures or total profits – items that are more easily quantified or widely agreed upon as legitimate measures of success.

Lastly, governments are involved with "public trust and reputations of all citizenry" (Mikesell 2014, p. 2). Because of this, not all the financial tools available to businesses and individuals, like bankruptcy or default, can be considered by governments. Governments must work to preserve their citizens' confidence in the financial system and a functioning economy. Recovery from economic downturns can take years. Businesses, on the other hand, can attract many different types of clients and customers. Relatedly, government officials are entrusted to spend the citizens' money – this means government must be responsive and accountable to their constituents' requests or get voted out of office. Businesses and individuals spend their own money, which gives them somewhat more flexibility in budgeting decisions.

## What Are the Components of Public Budgets?

In simplest of terms, budgeting is the process of deciding how to collect and allocate scarce financial resources. In more in-depth terms, a budget is "a financial plan that carries forward the financial implications of carrying out a particular planned response to the anticipated operating conditions in a future period (typically a year)" (Mikesell 2014). In this view, there are three distinct parts to a complete budget: a financial plan that reflects expenditures and sets the size of public sector, a revenue forecast as to how government will get money, and a management plan to handle differences between expenditures and forecasts (Mikesell 2014). Politics influences each of these three categories, as will be explained in the subsections below.

### Politics of Expenditures

Choices must be made on potential expenditures. However, making these choices on how to allocate financial resources can be a highly contentious and political process – meeting all the needs in a diverse and changing society is impossible. In an effort to get more input on budgeting choices,

the government has set up extensive and lengthy procedures for elected officials and bureaucrats to justify their budgets. While good intentions and responsiveness to current political sentiment helped to create these procedures, in reality it has now become a process filled with inefficiencies. Today, the dominant actors in the expenditure process are agency heads, legislatures, the president, and interest groups. The major government agencies in charge of budget development are the Office of Management and Budget (OMB) and Congressional Budget Office (CBO). The OMB serves the president and works to implement his political agenda. The CBO assists congressmen and their staff.

Agencies and elected officials are always looking to secure more funds through the budgetary process for their causes. There are several strategies that can help aid this endeavor (Rubin 2014). For agency heads, they should work to form relationships with the legislatures that will vote on their budget proposals. By gaining their favor, agencies may be able to gain access to more funds through earmarks, budget proposals, or in implementation. Another successful strategy is building a geographic coalition and then expanding. Having a large concentration of citizens who depend on agency/public organizations' work will lead to more congressional support. Expanding will bring in more constituencies to potentially create a block of congressional support. One of the most important strategies agencies can do is demonstrate the unlimited value of their work and how it is done efficiently and effectively for a low price. With the growth of performance budgeting, politicians need to know what outcome they are getting for the price. Producing essential goods and services for Americans at a low price is a sure way to gain favor in budgetary decision-making.

Expenditures are classified as discretionary or mandatory. Discretionary expenditures can be changed and controlled by officials through the budgeting process, while mandatory expenditures are government obligations that must be paid to citizens. In the United States federal budget, a vast majority of expenditures are mandatory entitlements (for example, Social security and Medicare). Only about 20–30% of the annual budget is discretionary. This smaller portion of the budget is where many of the hard-fought political battles take place. In addition, this part of the budget must be responsive to the current demands of the day and be able to respond to any potential issues (seen or unforeseen) in the future.

### Politics of Revenue

In the American context, revenue collection is one of the most polarizing issues. Citizens, politicians, and the media consistently debate about the tax system. The tax code is arguably one of the most complicated processes created by our government. Even the tax experts have difficulty keeping up with the massive number of changes in tax laws from year to year. Amid all this complexity, though, all taxes face fundamental questions that elected officials and citizens must consider.

To collect public funds, decisions must be made about *how* public money will be collected, *who* will pay, and *how much* money needs to be obtained to carry out planned activities. Elected officials and interest groups are the major actors in deciding revenue systems. Depending on the desired level of expenditures (again, this comes back to the government's policy goals), decisions must be made on if existing taxes should have increased or decreased rates, which type of tax or user fee will generate funds, and the availability of tax credits or exemptions.

Citizens, of course, overwhelmingly believe taxes should be decreased or at the very least should never see an increase. Elected officials will find it hard to win a campaign on the idea that taxes should be raised (an exception would be those that say taxes should be raised on the rich in society). The platform adopted by most candidates is that taxes should decrease and the government should use funds more efficiently. To ensure citizens will not see a massive tax increase, many state and local governments have set legal limits on the amount of tax rate increases per year or require supermajorities in the legislature to pass tax increases. Given all of the negative attitudes around taxes, especially the potential at tax increases, it seems unlikely that increases occur. However, there are times that elected officials are able to raise the tax rate. To accomplish this, there are strategies officials can adopt such as: detailing

the legitimate revenue problem and the consequences of not receiving adequate funding, explaining exactly what the new revenue will be used for, balancing the increased tax burden on all (many) groups in society so no one group is having to sacrifice a lot, trying for a temporary tax increase, or having a public referendum to gain official public support (for more explanation see Rubin (2014), Chapter 2).

There are many types of taxes and fees at public officials' disposal, all with pros and cons. Overall, the tax system must rely on a variety of revenue types so all of the worst features of one tax are not exaggerated, leading to one group that is overly burdened to pay for public goods and services. For any tax, defining taxable wealth is a difficult decision – both technically and politically. A good tax system diversifies how funds are generated by pulling from different pockets of wealth in society. Politics, unsurprisingly, guides the choice of and details of taxes. For example, the income tax system for the US federal government is under scrutiny for its filing complexity, equity (see Mikesell (2014), Chapter for discussion on tax equity) concerns between high- and low-income individuals, plethora of exemptions (which erodes the taxing base and adds complexity), and its dominance in federal government revenue generation. Property taxes are also constantly questioned for their assessment accuracy and horizontal equity issues. Sales taxes are collected in small amounts as purchasing transactions occur, thus, individuals do not usually complain about these. There are exemptions to sales tax, like labor and food. However, of the goods that are taxed, most people do not realize how this tax can add up over time to result in a sizable contribution to the government.

Credits/exemptions are part of majority of taxing systems and have grown over time. One positive aspect about tax breaks is their ability to offset inequitable features of taxes (for example, sales tax exemptions for food or income tax deductions for major medical expenditures). Furthermore, tax breaks can be used to target specific industries and sectors of work that are promising to enhance the economy. Elected officials fight for tax breaks in order to please more constituents (and gain votes). However, while everyone enjoys paying less taxes, used in excess, credits and exemptions can erode the tax base, leading to a higher rate for all other payers.

### Politics of Balancing the Budget

In connection to expenditures, the revenue collection needed by a government is dependent upon the amount of anticipated expenditures. The money coming in to government must be equal to or greater than the money being spent by government. If these two categories come out of balance (typically a deficit of more money being spent than collected), a plan must be made to get them back in balance. There are only a few ways to do this – either raise more revenue, cut spending, or some combination of the two options. Each of these options has political and partisan motivations. Raise rates on which tax? Which group of people will pay the higher tax? Which programs will have their funds cut? How much? Raising taxes and cutting programs are both politically unfavorable things for elected officials to do – thus, they avoid doing so, leading to increasing debt and last minute budget deals.

The urgency of clearing the debt depends on the government's rules (like the debt must be cleared by the end of the budget cycle or it may accumulate from year to year) or environmental conditions (war, economic recession, etc.). There are ideological divisions on the tolerance of debt. Political liberals tend to favor debt as a mechanism of remediation in economic recessions. Welfare and unemployment spending are one way officials try to spark straggling economic activity. Political conservatives argue spending must be curtailed when revenue drops due to economic recession. However, deficit can be acceptable if the tax breaks go towards businesses and wealthy who can create jobs to stimulate the economy.

The US federal debt is growing each year. Political rhetoric by democrats, republicans, and independents all agree the debt needs to be alleviated, but meaningful, lasting change is yet to be seen. Congress and the president have added debt limits and other rules to the budgeting process in an effort to curtail the deficit, but again, these efforts have not resulted in sizable debt decreases. State governments have balance budget requirements, annual or biennial depending on their

budget cycle, making their situation much different than the federal government. The obligation to have a balance budget puts many pressures on states; however, they have found ways to cope like rainy-day funds. States engage in more questionable methods that trick the books into showing favorable outcomes – disregarding small deficits, accelerating tax collections, delaying expenditures, or playing with the definition of deficit. State governments have also found ways of securing their financial stability by altering financial arrangements with local governments – demanding localities perform new services without state funding, taking local revenue, and by granting less financial aid to local governments.

## Approaches to How Politics Influences Public Budgets

Overall, the literature offers five approaches to understanding how politics enters the budgetary process: reformism, incrementalist bargaining, interest group determinism, process, and policymaking (Rubin 2014). Each of these approaches captures a piece of the budgetary process. While no approach can capture every element, there is much to be learn by isolating specific components. The five approaches are explained below; however, for further discussion see Rubin (2014), Chapter 1.

The *reformer orientation* approach views budgets as technical documents that work to achieve efficiency and effectiveness. Politics – like self-motivated elected officials and interest groups – deteriorate the rationality in budgeting decisions. In this approach, professionalism clashes with politics. Professional public administrators work to produce a technical budgeting document, while elected officials and other interest groups want to see their politically favored groups secure financial resources.

The *incrementalist* perspective acknowledges the routine nature of the budgeting process – each year (or biennial budget cycle), a common group of actors come together to negotiate a budget. In this simplistic view, there are many actors, the process is open, and there is minimal conflict because each actor has at least some victories in the final budget document.

The *determinism* approach, unlike the *incrementalist* perspective, is conflict intensive. This approach illustrates how interest groups can dominate the budgetary process. Generally, this view says it's the rich and powerful that rule government decisions. Democracy is broken down since industries and special interests are represented instead of the good of the people. Potentially, this model can lead to big winners and big losers in the political landscape.

Fourth, the *politics of process* approach says the actual budget *process* is the central political battle. The process can provide a clear path or one full of obstacles to seeing budgetary requests realized. The process can be a battle between two branches of government. The best example of this is observed in the history of the US budgetary process – it has been characterized as a struggle of power between the executive and legislative branches. Since the late 1700s, processes have been altered to allow for either presidential or congressional control over the budgetary process, whatever the public sentiment was for that period of time. Aside from the two branches, the process can favor agencies by the amount of scrutiny their budget justifications receive. Citizens can experience increased transparency based on the budgetary process. For example, some budgetary processes emphasize participatory budgetary decisions and value citizen input.

The last approach to politics in the budgetary process is *policymaking*. This says that all budgetary decisions come down to policy decisions – whether that be on revenue collection or expenditure choices. A big part of policy development is tradeoffs of what government will do and not do – priorities must be made. The budget can be a tool to help compare programs and make policy decisions.

## Conclusion

In summary, the public budgeting process is unique in how it functions to provide goods and services by governments. Politics influences

decisions on public expenditures, tax revenue systems, and how the budget is balanced. Scholars have further theorized on several different approaches to how politics enters the public budgeting process. By studying the public budgeting process, it becomes clear that budgets are not just numbers on a page but representations of political battles of the day.

## Cross-References


- ▶ Budget Approval and the Legislative Process
- ▶ Budgetary Principles
- ▶ Financial Analysis
- ▶ Management Strategies and Budgetary Politics


## References


Mikesell JL (2014) Fiscal administration, 9th edn. Wadsworth Cengage Learning, Boston

Rubin IS (2014) The politics of public budgeting: getting and spending, borrowing and balancing, 7th edn. CQ Press, Thousand Oaks

Weimer DL, Vining AR (2011) Policy analysis, 5th edn. Pearson, Upper Saddle River

Wildavsky AB, Caiden N (2004) The new politics of the budgetary process. Pearson/Longman, New York


# Budgetary Principles


Anna Francesca Pattaro
Department of Economics Marco Biagi, University of Modena and Reggio Emilia, Modena, Italy


## Synonyms

Budgetary practices; Budgetary rules; Budgetary values

## Definition

Budgetary principles represent values and rules that need to be considered and/or accomplished when preparing, executing, and analyzing the budget of a government or a public sector entity. Therefore they indirectly affect different aspects of the budgeting process and the budgeting cycle, as well as many other issues of public administration.

They differ from budgetary constraints, like those imposed in some countries to governments or specific public sector entities in order to comply with some general macroeconomic targets. Examples of budgetary (or fiscal) constraints are those imposed by the European Union under the Stability and Growth Pact.

While different budgetary constraints, as budgeting techniques, might be used according to specific contingencies, budgetary principles have general value and can be applied to all governments and public sector entities, regardless of particular circumstances.

## Introduction

In the last three or four decades, and in particular in the last few years after the 2008/2009 economic and financial crises, the main concerns of most governments all around the world have been policy planning and the control of public expenditure. Budgeting, auditing, and evaluation have been significant instruments for the pursuit of those goals.

Therefore, as Gray et al. (2002) state, given the relevance of budgeting in a public sector entity, it is fundamental to build up a logical, organizational, informational, and social integration of budgeting with auditing and evaluation under several preconditions that can be technical, organizational, political, and constitutional. In effect, budgets allow to manage, coordinate, and plan different activities related to different policies, while audit permits to guarantee both the financial control and the accountability of the use of resources; finally, evaluation consents to promote economy, efficiency, and effectiveness of action. In addition, budgeting, auditing, and evaluating have been used by different governments to strengthen control planning, and accountability in the policy process, despite of diverse political

cultures and environments influencing national patterns in fundamental ways. These functions have been regarded as central both to the cohesion of the political system and to sustaining of economic growth (Gray et al. 2002).

The present entry aims at presenting the main issues concerning budgetary principles as foundations of budgeting process, budgeting cycle, and budgetary governance.

First the entry focuses on budgeting process and on budget document, and then a brief presentation of the relationships among financial management, financial viability, and budgetary rules is highlighted. Afterwards, the main principles for a successful budgeting process and budgetary governance, then for sound financial management and budgeting, are pointed out. Finally, after some short references to reforms, austerity drift and the influence of consolidation on budgetary rules, conclusions are presented.

## Budgeting Process and the Budget Document

As above mentioned, budgeting is a basic managerial and political process, while the budget is a document resulting from budgeting process. Both budgeting and budget are characterized by a significant level of complexity.

In effect budgeting is a process endowed with different functions; actually, it has a political, a financial, and a managerial function.

As Gray et al. (2002) point up, budgeting can be considered as related especially to how to distribute resources among competing claims, a perspective that suggests mainly an allocative aim of budgeting; alternatively it can be estimated as mainly concerned with revenue raising. Besides, budgeting is regarded both as an historical issue, since it takes place over time, and a dynamic issue, considering it is influenced by the changing internal and external political environment.

Moreover, budgeting is fundamental for planning government operations and services. It forces elected officials and public managers to early consider changing conditions, potential problems, and possible solutions. Budgeting also helps to coordinate different policies and activities of internal management, performed in different units of a public organization; it contributes to motivate managers to work hard to achieve budget goals; and, finally, it helps performance evaluation (of the whole organization, of an office, of a policy, of a service, of managers or employees, etc.).

Therefore, the budgeting process and the budget statement can be considered fundamental instruments for attracting, or on the other hand destroying, consensus of citizens and other stakeholders, since they define how financial resources will be distributed and afterwards used or allocated to several public policies purposes.

Just as budgets serve planning, coordination, control, and motivation in the management of public policies, the budgetary process acts primarily as a mechanism for integrating differentiated interests into the regularities of the political process. As a consequence, budgeting is not only a process that seeks to insert economic efficiency in the political process but also a major mechanism for ensuring political efficiency by acting to resolve competing interests (Gray et al. 2002).

The output of budgeting is a statement, the budget that sets out the results of the (political) decision-making process. In fact, as several scholars (e.g., Wildavsky 1975) have recognized, the budget is a multipurpose document, while at the same time, the process of budgeting is a multifunctional activity in a political system.

Moreover, the budget is an essential tool for internal and external accountability and communication of results and outcomes. Therefore, the budgetary process and political commitment of public money allocation are central not only in terms of authorization/entitlement of the distribution and use of public money among different projects, activities, and policies but also in terms of autonomy (both political and managerial). From the commitment issue derives the importance of disclosure of financial results, performance, and accountability toward citizens and stakeholders in general (e.g., Wildavsky and Caiden 1997; Khan and Hildreth 2002).

Thus, budget has been studied according to different scientific disciplines, e.g., political

science, economics, management, and accounting, and according to different theoretical perspectives, e.g., management theory, public finance, budget theory, and new public financial management. In addition, the budget can be considered and evaluated according to a micro as well as to a macro perspective, since it can represent, on the one hand, the activities and policies undergone by a single government or public entity or, on the other hand, those of an aggregate of governments linked through some treaty – like in the case of the European Union. This is relevant considering not only administrative or managerial matters, but also budgetary constraints or targets, such as debt or deficit values.

## Financial Management, Financial Viability, and Budgetary Rules

The economic activity of a government or different public sector entities generates money inflows or outflows measured so as to evaluate the public value they produce and in order to register the economic effect of the administration (financial management), assess the quality of the administration (financial reporting system), provide an "asset of information" useful for future good administration (planning, programming, and budgeting system), and support "managerial responsibility systems" (management control and performance management) (e.g., Anessi-Pessina 2002).

Budgeting has always been at the heart of the political process, and it may in fact be defined as the expression of politics itself, since it is in the budget that the questions of "who gets what, when, and how" are determined. As a result, the role of finance ministries (or of any public finance deputy) has a strategic position affecting the relationships with other government's departments and the processes through which these units operate (Heclo and Wildavsky 1981). In effect, the budget shows how the resources to finance expenditures will be obtained: taxes, prices, and tariffs for the use of services or public items, funds transfers, revenues from the public assets, borrowing (or issuing bonds) or liability management, securitization, and leasing. Therefore, if elected officials want to reduce taxes, they need to clarify what spending they will do without it and how they will finance it.

Then, public sector financial management involves decision-making so as public financial resources are raised and applied in the best way for the public services and interest; this decision-making involves the development of laws, organizations, and systems to enhance sustainable, efficient, effective, and transparent management of public resources. At the basis of financial management lies the core principle of *financial viability* or *financial sustainability*. In the long run, a government or public sector entity should be able to autonomously accomplish its outcomes and tasks through a balance between revenues and expenses, and it should benefit of appropriate liquidity, without depending on external (either public or private) financial funding.

*Budgetary rules* are one of the main instruments used to control government financial viability at the supranational, national, or subnational levels. They are often known, especially in the public finance literature, as "fiscal rules" (Kopits and Symansky 1998), particularly when referring to supranational fiscal frameworks. They are based on some permanent constraints on the key budgetary aggregates, such as the annual budget balance, expenditures, and borrowing. In addition, budgetary rules usually provide specific indications about monitoring, enforcing, and sanctioning if they are not accomplished. Even if budgetary rules often consist in numerical targets or ceilings for budgetary aggregates for a certain period (usually medium to long term), they differ from general fiscal targets set by governments on an annual basis for policy measures (e.g., Guarini 2013).

The *balanced budget* is a budgetary rule crucial for the financial control of a government's (or public sector entity) financial viability. If the budget is not balanced, the government (or the entity, if allowed) risks to carry-over a deficit to the following fiscal years with the risk to determinate, in the long run, a financial distress and to undermine its financial viability. This rule in many countries has a constitutional rank, and it requires

that the government cannot spend more than its revenues. The control of the *balanced-budget* rule is based on the budget balance (difference between revenue and expenditure), which evidently offers an indication of the financial sustainability of the existing level of government services (e.g., Wildavsky 1975).

## Principles for a Successful Budgeting Process and Budgetary Governance

As OECD (2014) states, the budget is similar to a contract between citizens and state, showing how resources are raised and allocated for the delivery of public services. Therefore this document might be "clear, transparent, and credible," since it must suggest trust and it must serve as a basis of accountability.

Budget allocation decisions should be conducted in a deliberative, participatory, and transparent manner, involving elected officials, public managers, and, when possible, also other representatives of citizens of societal organizations, and other stakeholders. The objective is not only to inform but also to collect some hints for expansion and/or better use of existing resources in order to improve effectiveness. Therefore, the budget cycle is a quite long process involving in several phases/steps a significant number of people in charge of different policy areas or representing specific (personal, collective, professional, etc.) interests. The bargaining process can be complex and time-consuming – Wildavsky and Caiden (1997) refer to budgets as "struggles for power" or "conflicting commitments." It is anyway important that, while complying with national laws, there might be some stability in the budgetary decision-making process.

In general, the basic steps in a standard budget preparation system are the following (Potter and Diamond 1999). The first is the determination of the economic framework for the budget year. This allows the budget department within the public entity or the Ministry of Finance in a government to determine the global level of expenditure that can be afforded, given expected revenues and the level of deficit that can be safely financed. In a few countries, such as in some EU member states, there are some fiscal rules in place that may limit total spending or recurrent spending (e.g., the "golden rule," which is a guideline for the operation of fiscal policy stating that over the economic cycle, the government will borrow only to invest and not to fund current spending). The second step should be the allocation of resources among offices/functions/policies, leaving room for reserves to be managed by the government financial department.

The third step is the preparation, by the budget general department, of a budget circular or budget draft to give instructions to different elected officials/ministries about spending ceiling and how to prepare their estimates in a way that will be consistent with the general objectives of the government or the public sector entity. Afterwards, the budget general department should receive the proposals of spending (and revenues) from the different officials/ministries. Then, there are negotiations, usually at official and then bilateral or collective levels, leading finally to agreement. Finally, step six is the Cabinet of Ministries or of designated officials' endorsement of the proposals for inclusion in the general budget that will go to council/parliament.

As OECD Senior Budget Officials highlight (2014), an effective budgetary process must take into accounts and weight the contributions of external stakeholders and of different actor that, as above reminded, can deeply contribute to budget construction (e.g., central budget authority, ministers, parliamentarians, public officials and other trusted advisers, civil society organizations and advocacy groups, and, increasingly, citizens themselves); in addition it transforms them into a set of proposals for action aiming to improve society. On the other hand, a sound budgeting system "engenders trust among citizens that government, in the broad sense, is listening to their concerns, has a plan for achieving worthwhile objectives, and will use the available resources effectively, efficiently, and in a sustainable manner in doing so." Therefore the expression "budgetary governance" refers to the processes, laws, structures, and institutions in place for ensuring

that the budgeting system meets these objectives in a sustainable, enduring manner.

In addition OECD experts (2014) highlight that, since budget systems and procedures should be coordinated, coherent, and consistent across levels of government, the principles of budgetary governance are relevant and should be applied to all levels of government. Moreover, good budgeting is supported by, and in turn supports, the various pillars of modern public governance: integrity, openness, participation, accountability, and a strategic approach to planning and achieving national objectives. Budgeting is thus an essential keystone in the architecture of trust between states and their citizens.

Therefore according to OECD (2014), some principles of budgetary governance, that can be effective at international level without contrasting with budgeting practices determined across countries in light of traditional, institutional, and cultural factors, are the following:

1. Budgets should be managed within clear, credible, and predictable limits for fiscal policy.
2. Budgets should be closely aligned with the medium-term strategic priorities of government.
3. The capital budgeting framework should be designed to meet national development needs in a cost-effective and coherent manner.
4. Budget documents and data should be open, transparent, and accessible.
5. Debate on budgetary choices should be inclusive, participative, and realistic.
6. Budgets should present a comprehensive, accurate, and reliable account of the public finances.
7. Budget execution should be actively planned, managed, and monitored.
8. Performance, evaluation, and value for money should be integral to the budget process.
9. Longer-term sustainability and other fiscal risks should be identified, assessed, and managed prudently.
10. The integrity and quality of budgetary forecasts, fiscal plans, and budgetary implementation should be promoted through rigorous quality assurance including independent audit.

Encoding best budget practices in law can guarantee to citizens and stakeholders that policymakers will follow these procedures every session. This is strictly connected with the accountability and transparency issues, i.e., with the necessity that decisions, together with their basis, results, and costs, are accessible, clear, and communicated to the wider community (World Bank 1998).

Thus, on the one hand, accountability refers to the duty of an individual or organization to answer, to be responsible, and therefore to be accountable in some way about how they have conducted their activities and how they have used the resources made available. It is strictly connected with the liability concept, so with trust. As Bovens (2005) highlights, public accountability can be internal or external; vertical or horizontal; organizational, political, legal, administrative, or professional, and it can refer to a single individual or to an organization or a group of individuals.

On the other hand, transparency broadly means to operate in a manner that makes decisions, rules, and other information visible from outside. In fact, as Meijer (2009) states summarizing literature on transparency, "the general idea is that something is happening behind curtains and once these curtains are removed, everything is out in the open and can be scrutinized." Therefore, translating this idea to budgeting, budget communications should be clear, open, and available to all public officials, the general public, and the *media*, in order to offer to stakeholders all relevant issues and complete and accurate information.

The principle of transparency must be respected at every stage of the budgetary cycle, from its establishment and implementation to the presentation of the accounts. One effect of this principle is that the budget, the amending budgets, the consolidated financial statements, and the financial management reports drawn up by each institution are in general all published.

Thus transparency and accountability are strictly related: budget transparency is an essential requisite for ensuring political accountability. Elected politicians and public officials have an accountability duty: to explain their use of resources to the public. The framework for budgetary accountability usually includes a combination of political, legal, and administrative mechanisms which vary from country to country. To sum up, transparency and accountability require those decisions, together with their basis, and the results and the costs are accessible, clear, and communicated to the wider community.

## Principles for Sound Financial Management and Budgeting

According to the Virtual Centre of Knowledge on Europe (Centre Virtuel de la Connaissance sur l'Europe – CVCE 2016), the principle of sound financial management requires to use budget appropriations in accordance with the principles of *economy*, *efficiency*, and *effectiveness*. The principle of economy requires that the resources used by the institution for the pursuit of its activities or the delivery of public services are available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the optimum relationship or ratio between resources employed and results achieved. The principle of effectiveness is concerned with accomplishing the specific objectives established and achieving the intended results or outcomes.

The application of the principle of *sound financial management* is based on the definition of specific objectives that are measurable, achievable, relevant, and timed for all sectors of activity. The fulfillment of these objectives is monitored by performance indicators in order to move from resource-led management to result-led management.

It is widely accepted (e.g., CVCE 2016; Potter and Diamond 1999; World Bank 1998) that the main budgetary principles supporting sound budgeting and financial management, together with transparency and accountability presented in the previous session, are unity and budget accuracy, universality, comprehensiveness and discipline, realism, annuity, and specification, plus the principles of equilibrium and the principle of unit of account.

The principles of *unity and budget accuracy* mean that, for every financial year, all revenues and expenditures of a government or entity must be entered in a single document: the budget. It needs to be completed in a precise and accurate way according to the specific indications and rules of each country's legislation and budgeting system without, for instance, register expenditures not authorized.

The principle of *universality* means that the budget must embrace all revenues and all expenditures of the entity or government; the budget must be all-embracing or all-inclusiveness. Therefore all resources should be directed to a common fund and to be allocated and used for expenditures according to the current priorities of the government.

This is strictly connected to the *comprehensiveness and discipline* principles: the annual budget process is the only mechanism available, at least between elections, to guide decision-making and to allocate resources among policies. Therefore comprehensiveness requires a holistic approach to identifying problems, understanding all the links among them, evaluating possible impediments to performance, and then finding the most appropriate solutions. The *discipline* principle, coupled with economy, also implies that the budget should absorb only the resources necessary to implement government policies.

In addition, *realism* is necessary: the budget should be based on a realistic macroeconomic framework and on reasonable revenues and expenses projections. At the same time, costing of policies and programs need to be clearly determined and spending priorities established and agreed during the budget process.

The principle of *annuity*, which is designed to make it easier for the budgetary authority to monitor the executive body's activities, requires that all budgetary operations to relate to one financial

year. Revenues and expenditures are estimated for each financial year; they are authorized and executed for one financial year.

Under the principle of *specification*, each appropriation must have a specific intended use, and it must be allocated for an explicit purpose in order to prevent any confusion in authorization or in implementation phases. The principle of specification also requires a budgetary nomenclature covering all revenues and expenditures.

Lastly, the principle of *equilibrium* refers to balanced budget including the same amount of revenue and expenditure; on the other hand, it is necessary to remember that budgets are expressed in *units of account* that usually coincide with national currencies.

In addition, according to World Bank (1998), some more principles of sound budgeting and financial management could be, together with comprehensiveness and discipline (plus transparency and accountability), the principles of legitimacy, flexibility, predictability, contestability, honesty, and information.

*Legitimacy* means that decision-makers and their resolutions, during the budget process and formulation, should fit with the aims and policies of the government or public sector entity. *Flexibility* is linked to the idea of "pushing decisions to the point where all relevant information is available." In addition, *predictability* – i.e., stability in macro and strategic policy and funding of existing policy – are important for efficient and effective implementation of policies and programs. This involves attention to the balance between the short and the long run, and it requires to ensure the timely flow of funds to programs and projects. This requires a medium-term approach to the adjustment of budgetary imbalances, program development, and evaluation. *Contestability* in policy development and service provision is then necessary for greater predictability, as it ensures that existing policy is subject to review and evaluation. Also *honesty* denotes a budget derived from neutral and not too optimistic projections of both revenue and expenditure. Sources of bias can be both technical and political. It is related to the principle of *information*, since it underpins honesty and sound decision-making. In effect accurate and timely information on costs, outputs, and outcomes is essential (World Bank 1998).



## Reforms, Austerity Drift, and Consolidation

As above mentioned, financial management has been central in public sector reforms in most countries worldwide in the last three or four decades, and it has been particularly critical in the last few years. In fact, financial and economic crises, taxation shocks, and the increased requirement of public services suggested the improvement or enhancement of financial management principles, techniques, and instruments. The general tendency is to privilege austerity initiatives and instruments and principles oriented in this direction as addressed in literature on austerity and cutback management (e.g., Pandey 2010; Pollitt 2011; Cepiku and Bonomi Savignon 2012; Overmans and Noordegraaf 2014).

Another important trend diffused on the last years is consolidation. Budgetary consolidation is based on the unification or harmonization of different budgetary systems, in order to increase coordination among different governmental levels or public sector entities, through the application of some rules and schemes. It is also seen as a way to increase efficiency, effectiveness, and performance of the public sector (e.g., von Hagen et al. 2002).

Nevertheless some debate about the possible fallacy on economic growth of austerity measures based on fiscal consolidation has recently emerged (e.g. IMF 2010; Ball et al. 2011; Wren-Lewis 2011).

## Conclusion

Along this entry, it comes clear that the budget and the budgeting process are widely explored topics, since they have been studied and analyzed by different academic disciplines through several theoretical perspectives.

Besides, they have been influenced by different elements of socioeconomical or cultural backgrounds.

There can be different budgetary rules and constraints concerning different public sector entities or diverse countries, and different budgeting techniques can be adopted according to specific contingencies. Moreover, in different settings, the budget may perform a range of functions for resource planning and control.

But budgetary principles, as basic pillars underlying the preparation, execution, and analysis of the budget of any government or public sector entity, have general value and can be applied overall, regardless the circumstances, which is why it is very important to understand their content, utility, and use.

## Cross-References


- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Participatory Budgeting
- ▶ Performance Budgeting


## References


Anessi-Pessina E (2002) Principles of public management. Egea, Milano

Ball L, Leigh D, Loungani P (2011) Painful medicine. Finance & Development, September 2011, 20–24

Bovens M (2005) Public accountability. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford/New York

Centre Virtuel de la Connaissance sur l'Europe (CVCE) (2016) Budgetary principles. http://www.cvce.eu/obj/budgetary_principles-en-3f6aa90a-486a-40c7-9a50-76ea3decdabb.html

Cepiku D, Bonomi Savignon A (2012) Governing cutback management: is there a global strategy for public administrations? Int J Public Sect Manage 25(6/7):428–436

Gray A, Jenkins B, Segsworth B (eds) (2002) Budgeting, auditing and evaluation. Functions and integration in seven governments. Transaction Publishers, New Brunswick

Guarini E (2013) Financial management and governance across levels of government. In: Maggi D, Vendramini E (eds) Financial management and budgeting in the public sector. Theories and practice. McGraw-Hill, Milano

Heclo H, Wildavsky A (1981) The private government of public money. Macmillan, London

International Monetary Fund (IMF) (2010) From stimulus to consolidation: revenue and expenditure policies in advanced and emerging economies. IMF, Washington, DC. 30 April 2010

Khan A, Hildreth WB (eds) (2002) Budget theory in the public sector. Quorum Books, Westport

Kopits G, Symansky S (1998) Fiscal policy rules, IMF occasional paper 162. International Monetary Fund, Washington, DC

Meijer A (2009) Understanding modern transparency. Int Rev Adm Sci 75(2):255–269

OECD Senior Budget Officials (2014) OECD principles of budgetary governance, draft recommendation of the OECD Council July 2014

Overmans JFA, Noordegraaf M (2014) Managing austerity: rhetorical and real responses to fiscal responses to fiscal stress in local government. Public Money Manage 34(2):99–106

Pandey SK (2010) Cutback management and the paradox of publicness. Public Adm Rev 70(4):564–571

Pollitt C (2011) Cuts and public sector reforms: let's not kid ourselves, The public management research sessions, 02/05/2011. http://publicmanagement.wordpress.com/2011/05/02/session-1-cutbacks-and-public-management-reform-christopher-pollitt/. Accessed 2 Feb 2016

Potter BH, Diamond J (1999) Guidelines for public expenditure management. International Monetary Fund – IMF publications. https://www.imf.org/external/pubs/ft/expend/guide3.htm

Von Hagen J, Hughes Hallett A, Strauch R (2002) Budgetary consolidation in Europe: quality, economic conditions, and persistence. J Jpn Int Econ 16(4): 512–553

Wildavsky A (1975) Budgeting. A comparative theory of budgetary processes. Little, Brown and Company, Boston

Wildavsky A, Caiden N (1997) The new politics of the budgetary process. Longman – Addison-Wesley Educational, New York

World Bank (1998) Public expenditure management handbook. http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf

Wren-Lewis S (2011) "Lessons from failure: fiscal policy, indulgence and ideology", National Institute Economic Review 217 (July 2011). Sage, Thousand Oaks

# Budgeting and Austerity

Marco Cangiano[1] and Luís Morais Sarmento[2]
[1]Fiscal Affairs Department (FAD), International Monetary Fund (IMF), Washington, DC, USA
[2]Statistics Department, Bank of Portugal, Lisbon, Portugal

## Synonyms

Budget systems; Credits; Debt management; Governmental loans; Grants; H61: Budget; H62: Deficit; H63: Debt; H81: Bailouts; H83: Public administration; L32: Public enterprises; Loan guarantees; Public sector accounting and audits; Public-private enterprises; Sovereign debt; Surplus

## Definition

Austerity: Disciplined and responsible uses of scarce public resources.

Budgeting: Processes and procedures to define availability of public resources and to allocate them efficiently and effectively among different uses to fulfill goals and objectives defined by the government so as to maintain macroeconomic stability.

## Introduction

The word austerity emerged in Great Britain during World War II to characterize "a policy of deficit-cutting, which by definition requires lower spending, higher taxes, or both." It has now become almost a synonym for the fiscal consolidation efforts undertaken by many countries as a result of the 2008 financial crisis. Does austerity also requires budgeting – the managing of public resources for a given set of policy objectives – to be austere? Its etymology suggests severity, simplicity, frugality, and discipline, entailing an idea of responsibility. But are not these also the characteristics of good budgeting, regardless of the circumstances and of the policies and objectives governments intend to pursue?

This entry argues that the austerity and good budgeting are two sides of the same coin. Poor budgeting, while not one of the root causes of the crisis, amplified its effects, as governments were repeatedly caught by surprise by sizeable undetected and contingent liabilities often generated beyond the traditional perimeter of central government budgets. Further, because of poor budgeting, policies developed in response to the financial crisis relied excessively on across-the-board spending cuts, since proper tools for re-prioritization and performance evaluation were either absent or, barring very few exceptions, very poorly developed and not fully integrated with the budgeting process.

After defining the key features of good budgeting as a result of the last two decades' innovations, this entry analyzes how budgeting fell short of those standards. Prior to the crisis, budgeting had remained essentially focused on the central government and not on entities and transactions outside its perimeter that were often at the origin of fiscal problems; kept ignoring the medium-to-long-term implications of today's fiscal policy decisions; and continued to rely on inadequate information because of outdated accounting and reporting systems. The entry then discusses the policy implications of these weaknesses and how these are being addressed by a renewed international agenda aimed at revamping fiscal transparency and budget governance.

## What Constitutes "Good Budgeting"?

The definition of budgeting has evolved over the last 60 years. In essence, budgeting remains at its core a set of processes and procedures that relate the expenditure of funds to the accomplishment of planned objectives (Schick 2013) or "attempts to allocate financial resources through political

processes to serve different human purposes," to use Wildavsky's 1975 words (Wildavsky 1975). These relatively simple definitions though hide a complexity and multidimensionality that need to be disentangled to understand its various phases, components, key functions, and actors. Moreover, the focus of budgeting has shifted from central and local administrations to encompass all public resources under a public financial management umbrella. Its coverage has thus expanded from the narrowly defined central government budget to all levels of government and the broader public sector, including state enterprises and public-private partnerships or PPPs (Cangiano et al. 2013).

That said, public financial management remains anchored to the annual budget calendar and processes articulated along in its four canonical phases – formulation and preparation, approval, execution, and evaluation or validation. Regardless of the political context, it involves a large number of institutions and actors: the executive and the legislature branches; central fiscal agencies – typically ministries of finances and/or treasuries, but also planning or development ministries and revenue administrations – and increasingly independent fiscal agencies such as fiscal councils; audit institutions; and, in varying degrees, civil society. It is thus a complex, inherently political, and interdisciplinary set of contextual processes, rules, and procedures that requires a 360-degree view of its ultimate purposes and objectives, each of which should not be seen in isolation. The reasons why many reforms remain to be fully absorbed and implemented is that fiscal institutions and actors still maintain a silo, if not adversarial, mentality – ministries of finance and treasuries versus sectoral ministries; central versus decentralized institutions; accountants versus economists; budgeteers versus statisticians; political scientist versus management gurus.

The key objectives of public financial management – maintaining a sustainable fiscal position or aggregate fiscal discipline, an efficient allocation of resources, and an effective delivery of public goods and services – have long been established in the literature (as recalled in Cangiano et al. 2013 and Andrews et al. 2014). They follow closely Musgrave's objectives of fiscal policy as stated in his path breaking volume *The Theory of Public Finance* (Musgrave 1959): macroeconomic stabilization, resource allocation, and income redistribution.

The last two decades have seen a set of innovations that have attempted to crystallize good budgeting so as to achieve the above objectives. These innovations have included, among others, new legal frameworks to promote fiscal responsibility, often accompanied or complemented by fiscal rules and top-down budgeting, medium-term budget frameworks, independent fiscal agencies and councils, new fiscal risk management techniques; performance budgeting; and accrual accounting and reporting. These innovations (also discussed, among others, in Cangiano et al. 2013 and Andrews et al. 2014) have been introduced on the top of more traditional set of systems, processes, and rules to counter the well-documented deficit bias inherent in the political process on the one hand,[1] while emphasizing efficiency and effectiveness in the delivery of public goods and services on the other.

However, it is being argued that in the decade preceding the 2008 financial crisis, the dominant themes of (more often than not failed) reforms were on efficiency and effectiveness in spite of the spreading of fiscal responsibility legislation often associated with numerical fiscal targets or fiscal rules (Robinson 2016). More importantly, reforms did not consider public financial management as an integrated framework so that the pendulum kept swinging between emphasis on fiscal discipline and service delivery. Only in the years immediately preceding the financial crisis there has been an increasing awareness that without sustainable public finances, the effectiveness and efficiency risked becoming secondary objectives. Nevertheless, while available long-term sustainability tools, such as the debt sustainability analysis (DSA), and implications of aging population

[1] (The deficit (and debt) bias has been analyzed and explained in the literature as a common pool resource problem (Weingast et al. 1981); prisoners' dilemma (Hallerberg and von Hagen 1997); time inconsistency; and principal-agent relationships (Kydland and Prescott 1977).)

on social security and health systems, had been further developed and refined, their liabilities – actual or contingent – were never reflected in budget documents. Partly as a result, the opportunity for strengthening fiscal positions in good times was lost.

The financial and economic crisis has proved to be quite a test for those innovations and public financial management in general. It has revealed how many reforms were far from being well entrenched. For instance, expenditure control mechanisms turned out to be weaker in practice than expected as some countries in financial distress saw expenditure arrears increase very rapidly. Even among advanced economies, government's understanding of their current fiscal position was inadequate, as shown by the emergence of previously unrecorded deficits and debts and the crystallization of large, mainly implicit, government liabilities to the financial sector, as discussed in the following sections.

In light of the above, what are then the key characteristics of good budgeting?

- First, good budgeting – much as good decision-making – requires good quality information. Public availability of clear, reliable, frequent, timely, and relevant information on past, current, and future fiscal developments is a condicio sine qua non to assess governments' capacity to meet their stated objectives and goals in an efficient and effective manner. But today's quality leaves much to be desired in spite of the considerable progress registered over the last decade (Blondy et al. 2013) both in terms of coverage of entities and types of transactions. Reporting standards have been lagging behind the rising complexity of governments' operations.
- Second, without good information the capacity to analyze the true underlying fiscal policy and its dynamics becomes a challenge. Information is thus essential to analyze the status quo, understand what led to it, and how it may evolve – in other words, the baseline – to devise and implement the appropriate policies that satisfy the stabilization, efficiency, and effectiveness objectives.
- Third, only a top-down perspective of the budget can ensure that the macroeconomic constraints are duly respected so that stabilization and long-term sustainability are re-established where needed and maintained. Without such a perspective, efficiency and effectiveness aspects risk being swept away as seen in most crisis situations.
- Fourth, key to devise on appropriate policy response is the capacity to assess the impact on the medium to long term of today's policy decisions on the populations at large, including their distributional and environmental aspects.
- Fifth, without intruding into the lively, yet at times arid, debate on sequencing of public financial management reforms, financial compliance remains the core of any good budgeting system so that policies can be executed as planned. Realistic and credible budgets need to be executed as approved and planned, yet able to adapt to emerging realities by seeking regulated amendments to both plans and executions. Victory may have been declared too quickly on the traditional expenditure control mechanism as well as on internal and external audit functions.
- Finally, accountability must be exercised at all levels via the constitutionally protected independence of audit and statistical institutions, a vibrant dialogue within the society, and public participation in the budget process.

As discussed in the following section, with a few notable exceptions, most of the countries affected by the 2008 financial and economic crisis had public financial management systems that did not reflect the above characteristics. But in most cases, even if they did, they turned out not to be as robust as expected, thus complicating an already difficult situation.

## Why Budgets Failed to Be "Austere" When the Crisis Hit?

Between 2007 and 2013, OECD countries saw their overall gross public debt to GDP ratio increased from 80% to 118% (OECD 2015).

This deterioration was particularly stark in countries more directly affected by the financial crisis: Ireland's debt ratio increased by 109 percentage points; Greece, Iceland, Portugal, and Spain saw increases between 60% and 70%. While the bulk of this deterioration was due to a generalized falling output as measured by the Gross Domestic Product (GDP) and the need to sustain the economy and in particular financial sector institutions, other factors were at play.

Most importantly, many governments failed to have a clear understanding of their underlying fiscal position. With the benefit of hindsight, this largely reflected revisions in general government deficit and debt prior to the crisis; further revisions due to the inclusion of hidden or implicit obligations to public corporations, PPPs, and other public entities that were previously outside the general government perimeter; and cash-to-accrual accounting adjustments to capture arrears and other net payables that were not captured by budget reporting systems mainly based on cash accounting.

Table 1, which is reproduced from a report prepared by the International Monetary Fund in the aftermath of the financial crisis (IMF 2012), is an attempt at disentangling the largest ten unexpected increases in general government gross debt. As shown in the Table, in these economies the overall debt–to-GDP ratio increased by more than 26 percentage points. More in detail: 26.4% of the GDP.

- Six percentage points of the increase was due to incomplete information about the government's underlying fiscal position. Hidden or implicit obligations to public corporations and PPPs generated outside the general government perimeter came back onto the government finances as the crisis struck in Greece, Germany, Iceland, Portugal, and the USA. Moreover, in a number of countries, not only those more directly hit by the crisis such as Greece and Portugal but also Italy and Spain, governments' cash-based budgeting, accounting, and reporting systems failed to control expenditure commitments, resulting in an accumulation of payment arrears.
- Almost ten percentage points of the increase reflected an underestimation of the likelihood and scale of shocks to the government's fiscal position. The unexpected fall in GDP was the most important factor, followed by the financial support that a number of countries (e.g., Germany, Iceland, the Netherlands, and the UK) had to provide to troubled financial institutions.
- Slightly less than five percentage points was attributable to discretionary policy measures introduced in the wake of the crisis. Their net impact varied across countries depending on whether their overall aim was to stimulate the economy (France, Germany, Netherlands, Portugal, Spain, the UK, and the USA) or consolidate the fiscal position (Greece, Iceland, and Ireland).
- The remaining six percentage points of the increase was due to the interactions of the above as well as other factors.

The above finding found a stark confirmation in the Fiscal Transparency Evaluation carried out by the IMF for Portugal in 2014 (IMF 2014a). In addition to a deterioration of the underlying deficits, debt increased rapidly as a result of the inclusion of liabilities that were previously excluded from the general government under the European System of National and Regional Accounts – 1995 (ESA 95) framework, as illustrated by Fig. 1. Whereas half of the recorded increased in the general government debt from the initially reported 76% of GDP in 2009 to an estimated 130% of GDP in 2014 was the result of nominal deficits and unfavorable debt dynamics, the rest was due to reclassifications of entities that were previously outside of the general government – mainly state-owned rail and transportation companies; operations related to PPPs whereby most of the financing and associated risks were initially borne by the private sector; and interventions to sustain financial institutions. Moreover, at the time of the publication of the IMF report, there was a further 12% of GDP worth of public corporation debt that remained outside the general government perimeter. Finally, expenditure arrears,

**Budgeting and Austerity, Table 1** Sources of unanticipated increases in general government debt between 2007 and 2010. In percentage of GDP

| | Fra | Ger[a] | Neth | Spn | Port | UK | US | Grc | Ire | Ice | Weighted Avg[b] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2007 FORECAST FOR 2010 GROSS DEBT** | **62.4** | **59.8** | **39.4** | **31.2** | **61.2** | **42.5** | **64.2** | **73.2** | **23.4** | **28.5** | **58.8** |
| **Underlying fiscal position (a + b + c)** | **1.7** | **3.2** | **−2.4** | **1.8** | **11.3** | **3.7** | **8.1** | 16.3 | 1.3 | 10.9 | 6 |
| Revisions to 2007 deficit (a) | 1.7 | 1.8 | −0.9 | −0.1 | 0.1 | 1.5 | 7.1 | 2.5 | 1.6 | 4 | 4.7 |
| Changes to the general government perimeter (b)[c] | −0.7 | 1.4 | −0.2 | 0.6 | 9.4 | 1.9 | 0.9 | 11.2 | −0.1 | 2.5 | 1.1 |
| Case to accrual adjustments (c) | 0.7 | 0 | −1.3 | 1.3 | 1.7 | 0.3 | 0 | 2.6 | −0.2 | 4.5 | 0.2 |
| **Exogenous shocks (d + e)** | **8.4** | **12.8** | **14.2** | **15.4** | **8.1** | **17** | **6.3** | **40** | **60.2** | **39.5** | **9.8** |
| Macroeconomic factors (d), of which: | 8.3 | 4.7 | 5.2 | 13 | 4.4 | 8.9 | 3.8 | 38.4 | 35.7 | −3.3 | 6 |
| *Output shock* | *7.8* | *6.3* | *6.3* | *13.9* | *4.4* | *8.3* | *5.2* | *34.6* | *30.3* | *−18.8* | *6.9* |
| *Interest payments* | *0.5* | *−1.6* | *−1.1* | *−0.9* | *−0.2* | *0.6* | *−1.4* | *3.8* | *5.4* | *3.5* | *−0.9* |
| *Exchange rate* | *0* | *0* | *0* | *0* | *0.2* | *0* | *0* | *0* | *0* | *12* | *0* |
| Financial sector interventions (e) | 0 | 8.1 | 9 | 2.5 | 3.6 | 8.1 | 2.5 | 1.6 | 24.5 | 42.8 | 3.8 |
| **Policy changes (f)** | **2.3** | **3.8** | **1.9** | **4.9** | **4.7** | **1.1** | **6.4** | **−8** | **−9.9** | **−4.3** | **4.7** |
| **Others factors (g)** | **2.1** | **-0.3** | **6.5** | **1.9** | **3.7** | **6.2** | **8.3** | **-6.7** | **7.5** | **21.6** | **5.9** |
| **HIGHER THAN EXPECTED DEBT (a + b + c + d + e + f + g)** | **14.4** | **19.5** | **20.2** | **24** | **27.8** | **28** | **29.1** | **41.7** | **59.1** | **67.7** | **26.4** |
| **LOWER THAN EXPECTED GDP (h)[d]** | **5.5** | **3.9** | **3.3** | **6** | **4.4** | **4.6** | **5.3** | **27.9** | **9.9** | **-3.5** | **5.4** |
| **INCREASE IN DEBT TO GDP RATIO (a + b + c + e + f + g + h)** | **20** | **23.4** | **23.5** | **30** | **32.2** | **32.6** | **34.3** | **69.6** | **69.1** | **64.3** | **31.8** |
| **ACTUAL 2010 GROSS DEBT** | **82.4** | **83.2** | **62.9** | **61.2** | **93.4** | **75.1** | **98.5** | **142.8** | **92.5** | **92.8** | **90.6** |

Source: IMF (2012)

[a]Changes to the GG perimeter and financial sector intervention include the estimated impact of liabilities transferred to newly created government sector entities, taking into account operations from the central and subnational governments. As public debt is a gross concept, this neglects the simultaneous increase in government assets. Taking this into account, net debt effect amounted to 1.4 percent of GDP, which was recorded as a deficit. The EU Commission has assessed the aid element of these transfers at about 0.8 percent of GDP

[b]GDP PPP weighted average

[c]Includes reclassifications of public corporations, PPPs, public banks and conservatorship of Government Sponsored Enterprises

[d]The increase in the debt to GDP ratio owing to the GDP forecast error of the denominator, rather than higher nominal debt. Source: Staff estimates, WEO, Eurostat, Article IV reports, IMF Fiscal Monitor and country budget documents

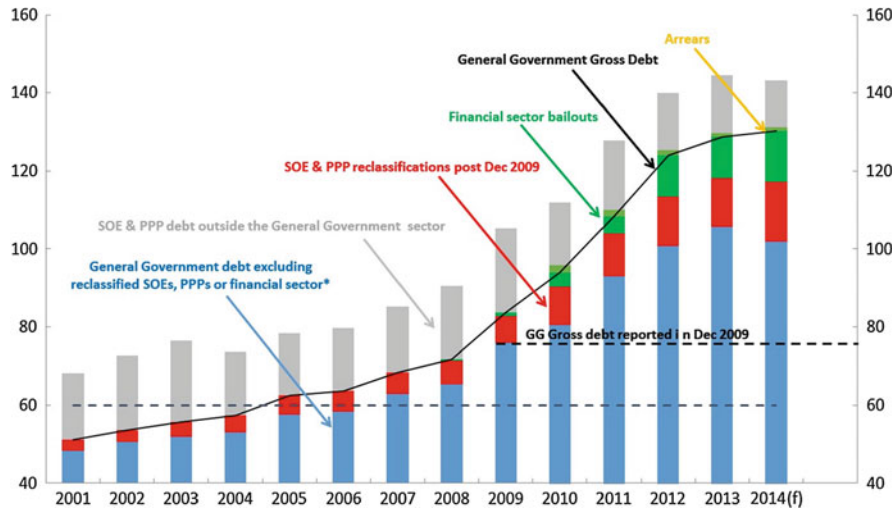


**Budgeting and Austerity, Fig. 1** Portugal Debt Decomposition, 2001–2014. (Source: WEO Database, except for 2014, 12th review staff report, Banco de Portugal Eurostat EDP supplementary table, Annual SEE reports (DGTF), PAEF Arrears monitoring table)

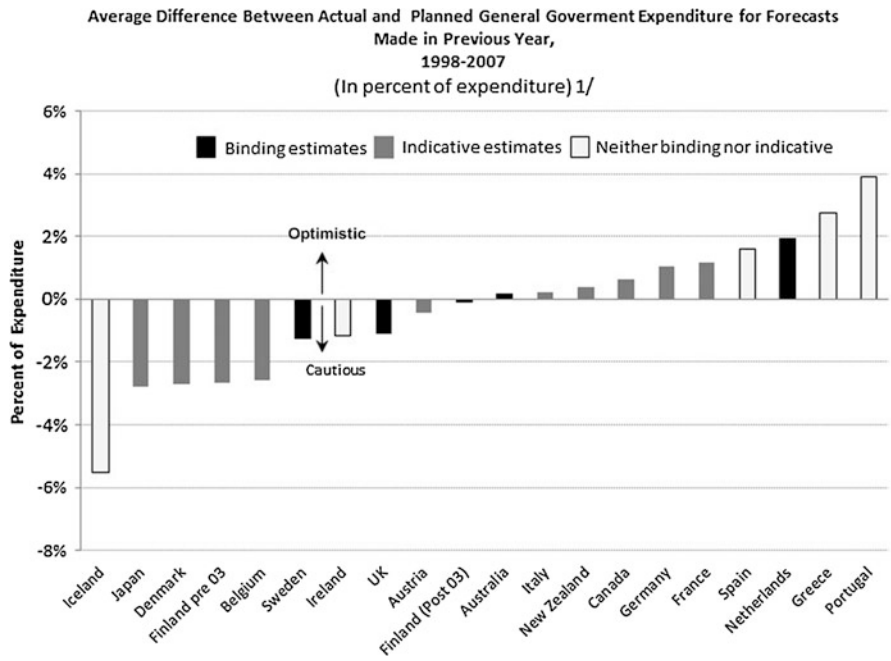


**Budgeting and Austerity, Fig. 2** Actual versus Planned Expenditure Outcomes, 1998–2007. (Sources: EU Countries: Stability and Convergence Programmes, Australia, Canada, Iceland, Japan, New Zealand: Year end budget documents, for non-EU Countries, central government figures were substituted for general government figures. 1/Countries which are discussed in this chapter but excluded from Fig. 1 include Czech Republic, Hungary, Poland Slovakia, and Turkey, as there were 4 years of data or fewer for these. This sample has been classified according to the stringency of multi-year planning which each country was implementing in 2007, expect for Finland, which changed its MTEF in 2003)

largely from outside the central government budget, add a further one percentage point to debt, down from 2% in 2010, but are not included in the Maastricht debt definition.

Finally, even lacking a medium to long-term orientation, budget forecast were not very reliable even before the crisis developed as shown by Fig. 2. Fiscal as well as macroeconomic forecasts were either excessively conservative, as was the case in Iceland, or optimistic, as was the experience in Greece and Portugal.

In light of the above-recalled key characteristics of a good public financial management system, it is therefore not surprising that although not being the root cause of the crisis, budget systems acted as an amplifier. They failed in all countries, even in those like the UK with quite sophisticated systems, on at least one of the characteristics identified in the preceding section.

The common shortfalls were failure to identify the true underlying fiscal position, reflecting insufficient coverage of entities and transactions compounded by inadequate, at least in most cases, accounting and reporting frameworks. These were followed by an insufficient attention to medium-to-long-term impact of policy decisions, as medium-term budgetary framework remained more of paper exercise without being fully integrated in the budgeting processes, thus failing to impart a true top-down view to the budget. Finally, financial compliance, while formally in place, started to leak as the pressure built up. More in detail:

- Inadequate coverage of entities and transactions. Although fiscal policies were increasingly set with regard to the general government, particularly in the European context, budget documents – not necessarily the appropriation structure – continued to be focused on the narrowly defined central administration. But many problems emerged at subnational levels and with nonfinancial and financial enterprises owned or controlled by the government and its subnational layers. Lack of coordination between central and subnational governments and between government and entities owned and controlled outside budgetary appropriation had generated a degree of fragmentation that cut across all the canonical budget phases – formulation and preparation, execution, and validation – as various levels of governments followed different formulation processes, were subject to different accounting bases and reporting requirements, and were set according to many different governance arrangements often with the purpose of obfuscating to main shareholder – the sovereign government – their modus operandi and objectives.
- Outdated accounting and reporting frameworks. In spite of the progress seen in the last 15–20 years with the emergence of the revised System of National Accounts –2008 (SNA-2008) and the European System of National and Regional Accounts – 2010 (ESA-2010) frameworks, the Government Financial Statistics Manual (GFSM) and the International Public Sector Accounting Standards (IPSAS), and of the fact that macro fiscal objectives were increasingly set in national accounts terms at the general government level, as discussed above, countries continued to formulate, account for, and report their budget and fiscal plans on a cash basis. This failed to detect underlying phenomena like the accumulation of overdue liabilities but also failed to uncover large – and often implicit – liabilities related to public enterprises, social security systems, and large investment projects funded in partnership with the private sector (Blondy et al. 2013).
- Lack of a baseline scenario and of a true top-down perspective. As noted, countries did not possess good information on their underlying fiscal position and dynamics nor had a strict top-down approach to budgeting. In spite of the proliferation of numerical fiscal rules, the lack of these two instruments made most of these rules nonbinding indicative objectives that were easily bypassed. In Europe, many countries, including large economies such as Germany and France, failed to meet the 3% deficit limit of the Maastricht Treaty numerous times. Figure 3 shows the comparison between planned fiscal balances as presented in the

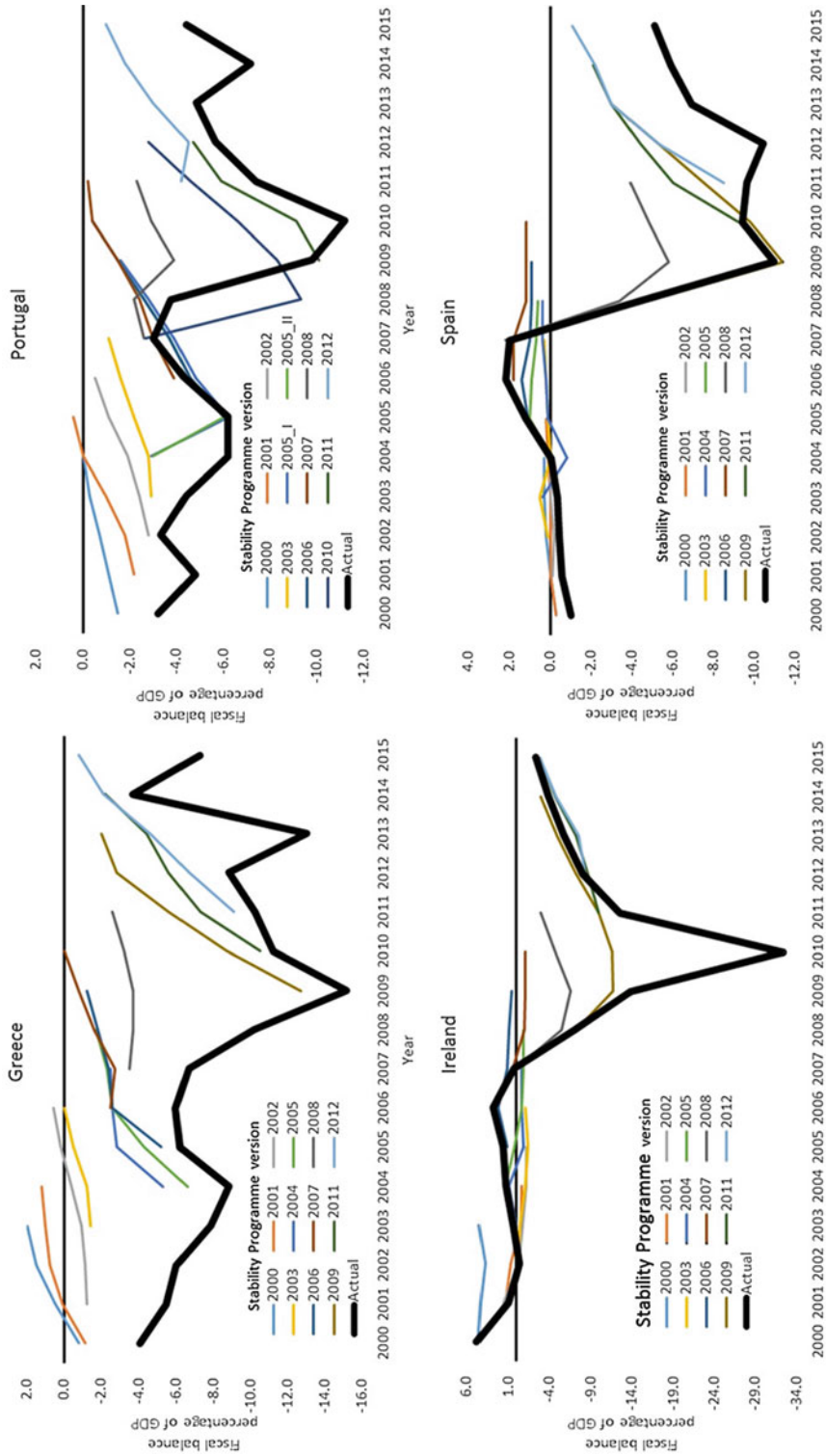


**Budgeting and Austerity, Fig. 3** Fiscal balances – planned in stability programs versus actual. (Sources: European Commission, Stability and Convergence Programmes (http://ec.europa.eu/economy_finance/economic_governance/sgp/convergence/index_en.htm) Actual data AMECO Database, May 2016 (http://ec.europa.eu/economy_finance/db_indicators/ameco/index_en.htm))

respective in Stability Programs and the outturn for Greece, Portugal, Ireland, and Spain. (The differences between planned and actual balances also reflect changes in the general government perimeter that has been changing over time.) The point is illustrated by the cases of Greece and Portugal by showing the objectives for the fiscal balance stated in annual updates of the Stability Program and the actual values. As the figure shows, the actual balances fell systematically short to the planned objectives, which ended up being repeatedly postponed. This state of affairs was compounded by an optimistic bias in the underlying macro forecasts (e.g., GDP growth) and key fiscal drivers. In the case of Spain and Ireland, albeit those countries had a number of years were fiscal balance outturn were better than planned, they failed to take into consideration the full costs of rescuing their financial systems.

- Short-termism. Although plans were increasingly formulated with medium-term objectives, but with the above discussed limitations, budgets remained exclusively focused on the 1-year ahead period. Medium-term objectives were not binding and largely ignored in re-setting budgets and targets in the following years.
- Poor expenditure control mechanisms. Even a poorly conceived plan has to be delivered as approved. This turned out to be a challenge as traditional expenditure controls, budget release procedures, and cash/debt management operations came under pressure and reveled another layers of fragmentation. (It may be worth mentioning that budgets experienced symmetrical difficulties in the early phase of the 2008 crisis when countries such as the USA decided to expand their fiscal stance. Excessively rigid budget procedures impeded the USA to spend quickly many of the initiatives identified under the Troubled Asset Relief Program (TARP) and the Recovery Act, as described in Geithner (2014).) Compounded by increasingly inadequate accounting and reporting frameworks, budget execution mechanisms led to the emergence of expenditure arrears, often undertaken until they reached egregious dimensions such as in Greece and Portugal but also in Italy. This phenomenon was not limited to countries affected more directly by the crisis but was a much wider phenomenon (Flynn and Pessoa 2014). As countries under severe liquidity constraints struggled with placing their debt instruments, large amount of liquidity were left idle at large opportunity costs within the banking system by subnational levels of government, social security institutions, and various extra budgetary agencies and funds.

On top of the above, countries did not have at their disposal tools to reprioritize spending in spite of the considerable efforts and large amount of information generated in the decade preceding the crisis (Curristine and Flynn 2013). Most budget systems failed to reflect performance-based information in their decision-making process (Robinson 2015). Routine review of spending programs and activities had very rarely become an integral part of the annual budget process, with the notable exceptions of Australia and the UK. Ad hoc mechanisms and processes prevailed thus failing to create much needed fiscal space or to reduce debt ratios and reducing even further the policy options available to not only the countries more severely affected by the financial crisis but also to the international financial institutions that provided financial support and help design consolidation measures, as discussed in the following section.

## Some Policy Considerations

As discussed in the above sections, many countries entered their "austerity" phase with ill-equipped budget systems. As a result, countries that were eventually more directly hit by the crisis had run pro-cyclical policies in the preceding years. Five of the OECD's seven largest economies – the exceptions being Canada and Germany – had been running very high deficits before the crisis in 2007, as reported by the OECD itself (2015). One explanation is that political economy arguments and mispricing of risk by

a drastic convergence in interest rates on sovereign debt had provided the incentives for pursuing a pro-cyclical fiscal stance. But these policies were also favored by the fact that because of ill-equipped budgetary systems – as argued on the preceding section – countries misread their true underlying fiscal positions. Short-termism and over optimism compounded this problem.

The public reporting systems failed to consider past and future responsibilities assumed by governments. The incomplete coverage of the reporting systems led to the fragmentation of the process as the assumption of commitments was shifted onto entities, such as state-owned enterprises, outside the general government perimeter. With the crisis deepened, such entities could not serve their commitments due to the fall in their revenue and had to revert to budget support. Moreover, because of an under appreciation of risks a large portion of the implicit liabilities such as guarantees issued in favor of to the private sector and other entities were called and added to the public debt.

This state of affairs had consequences on the way countries analyzed and perceived their fiscal situation and on the policies they devised to address such situation. A full discussion of the policy consequences of this course of action is well beyond the scope of this entry, but two aspects may require some discussion as they are more directly linked with budgeting. The first one is the (re)discovery of the macro stabilization functions of fiscal policy as a prerequisite to allocative efficiency and income redistribution. The second one is the definition of fiscal space and the use of public debt – properly defined – as ultimate buffer.

Financial markets were also surprised by the real indebtedness and by the difficulties of some governments. The situation raised doubts to the capacity of governments to serve their financial commitments, leading markets to react in a sharp and scathing way. In consequence, countries rediscovered dramatically the role of market discipline via widening interest rate *premia* on their sovereign instruments. Starting with Greece, and then Ireland and Portugal but also Spain and Italy, markets priced their default probability as spread vis-à-vis German debt instruments. Interestingly enough, such spreads all of a sudden also seemed to reflect the opacity of past and present fiscal information, as illustrated in Figs. 4 and 5, which although well known until the crisis hit, had not had any particular effect on the spreads. Countries

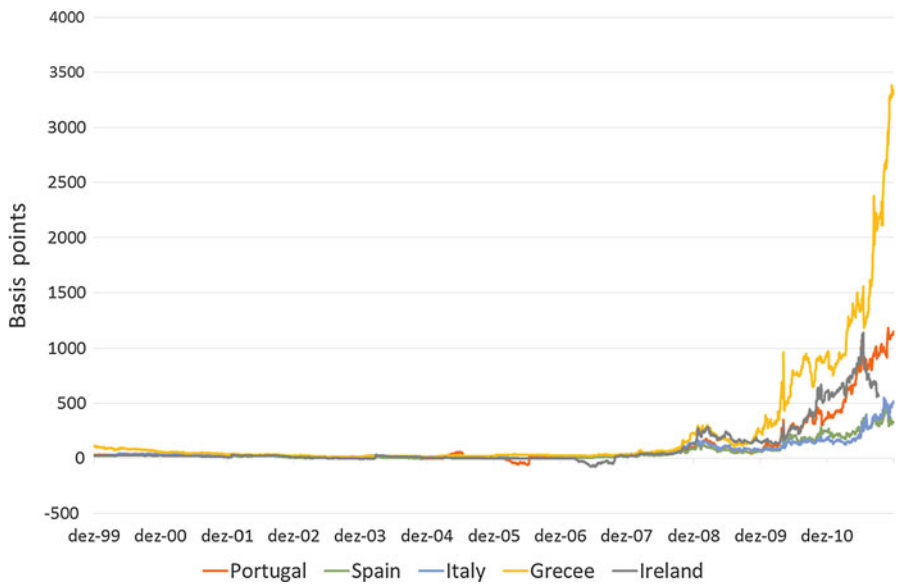


**Budgeting and Austerity, Fig. 4** Spreads of 10-years Treasury bonds vis-à-vis German. (Source: Bloomberg)

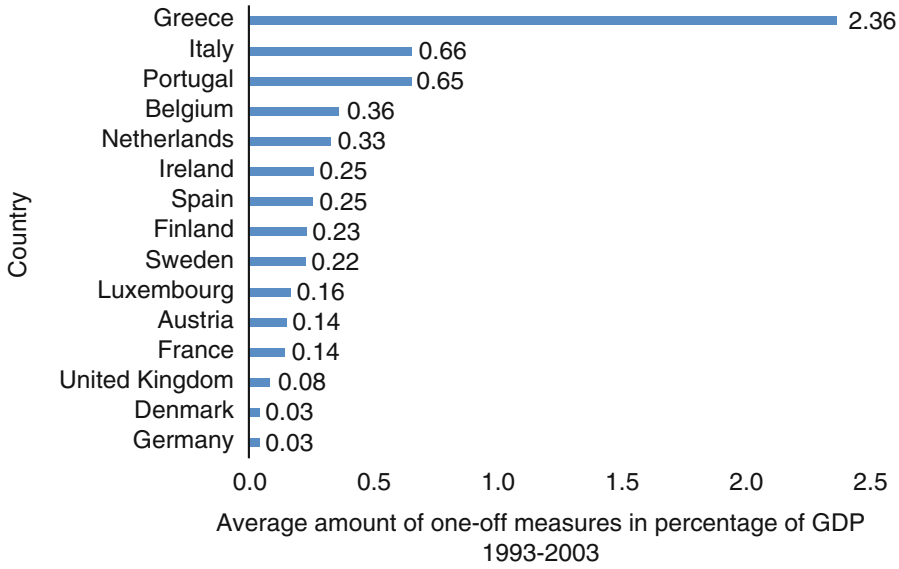


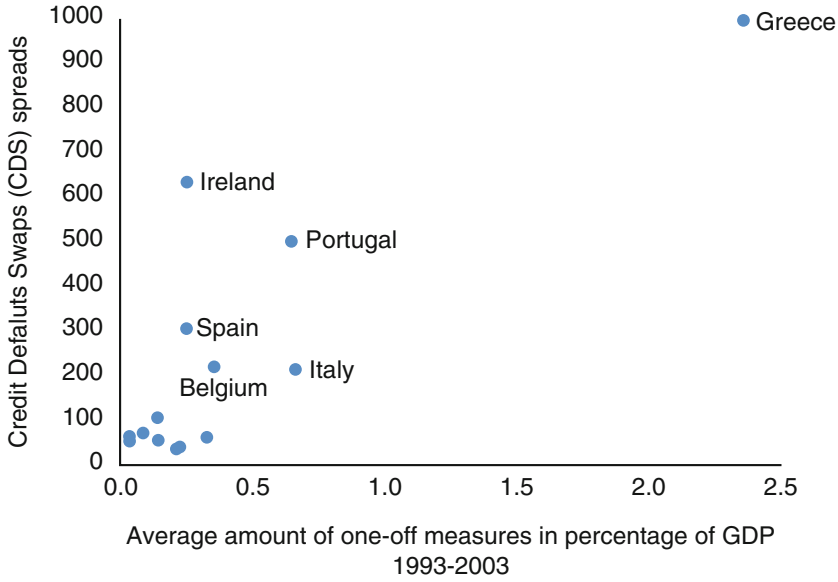


**Budgeting and Austerity, Fig. 5** Average Annual Impact of "Fiscal Gimmicks and One-off Measures" in Europe (1993–2003; Percent of GDP), and relationship to CDS Spreads in January 2011. (Source: Koen and van den Noord (2005) and Bloomberg)

thus saw their cost of borrowing increase sharply as revenue collection collapsed, de facto preventing them from borrowing on international markets. The most glaring cases were Greece, Ireland, and Portugal that has to rely on financial support – and the associated conditionality – of the European Commission, the European central bank, and the International Monetary Fund.

Reducing the deficit by adopting "austerity" measures became thus the mantra. The general consensus and market perception were that without regaining control of public finances, the access to financial markets would not be reestablished. But because of the noted weaknesses in their budgetary systems, countries did not have that many options, even considering the

time dimension. They had thus to rely on expenditure consolidation measures. Further, this approach was also deemed more appropriate to address the deficit bias that had generated a pro-cyclical stance prior to the crisis by attacking the very source of the problem. Moreover, the time dimension was crucial and revenue measures were largely used as a stop-gap device to bring public finances under control while allowing more structural measures on the expenditure side to be designed and approved.

Poor budgeting led these countries to follow pro-cyclical policies, both in times of plenty and in times of crisis. In the first case, poor budgetary systems did not revealed how prodigal the policy was. In the second case, a pro-cyclical policy had to be followed to regain control of the fiscal variables. Accordingly, poor budgeting exacerbates the cyclical effects and the impact of the crisis.

Regaining control over public finances reverted the emphasis that had been attached by many OECD countries to reform their budgetary systems in the decade prior to the crisis with a view to enhance the service delivery aspects. While still important, overarching macroeconomic stabilization objectives had taken a back seat, although the period also saw the development of top-down budgeting, fiscal responsibility legislation and fiscal rules, and medium-term budgetary frameworks. But the emphasis on performance in service delivery or value-for-money in the need fell short of expectations; countries found themselves without appropriate prioritization tools when the time came to reduce spending with the result that blunt across-the-board expenditure cuts were one of the few viable options in the immediate needs (Raudla and Savi 2015). As budgeting in the end revolves around a relatively small amount – typically 5–10% at most – reducing spending turned out to be more complex and time consuming than initially thought. It also faced constitutional challenges, as was the case in Portugal where the government tried to implement across-the-board cuts on public wages and pensions paid by the public sector, which were considered unconstitutional by the Constitutional Court. (As noted, similar considerations applied in the cases, such as the USA and the UK, where the initial reactions to the crisis was to expand the fiscal policy stance by increasing spending, as described by the former US Secretary to the Treasury (Geithner 2014).)

With the recognition that macro stabilization was a prerequisite to fiscal policies' allocative and effectiveness functions, very few countries could rely on prioritization mechanisms based on performance information. The first reason is that the use of performance information, if available and usable, to decide where and how to cut expenditure requires a political compromise that in turn needs lengthy discussions and negotiations. As most countries had relied on incrementalism, this triggered soul searching debate on the very role of the state within an economy and relative responsibilities across layers of government. In most situations, there was simply no time for such debate. A second reason is that, in a crisis situation, the needed spending cut is sizable and across the board cuts are seemed more feasible and perceived as fairer. An exception to this is the case of the UK, where the Chancellor of the Exchequer, in a speech in June 2010, highlighted the need to cut expenditure by £ 32 billion per year by 2014–2015 relying on performance information.

Regaining control on public finances by acknowledging the true costs of carrying out ongoing policies and reflecting the implications of today's policy decision on future generations has helped consolidation measures while regaining access to borrowing. The redefinition of fiscal space became thus crucial so that along with deficit reduction there could be use of borrowing as a natural buffer against unfavorable future developments. To avoid past mistakes, however, budgetary systems will have be to be upgraded so as to become austere.

## How Can Budgeting Become Austere Again

After re-establishing the access to financial markets, countries most affected by the financial crisis have yet to put their public finances on a sustainable long-term path. This requires sound and affordable policies; a better institutional

governance for the public sector; and different organization and management of government sector.

First, countries need to design fiscal policies in line with their needs and compatible with the resources available in a long-term perspective. This point is crucial. No matter how strong the budgetary frameworks, countries are bound to face problems if a sufficiently long view of the implications of their policy does not become standard practice.

The second element is an institutional governance of the public sector. An adequate governance implies the reinforcement of the top-down structure and lining up the incentives of the budgetary managers with the objectives defined at the center by the government. This implies accountability at all levels and across all public entities and requires disclosing information on their activities in a transparent manner and to accept responsibility for the results achieved. Hence, accountability cannot exist without a proper and transparent accounting and financial information. Providing transparent information should not, however, be confused with disclosing large amounts of data. To be transparent, the information needs to be concise, appropriate, truthful, and useful and be released in a way that can be properly understood and interpreted. This may require differentiated documents so that both the public at large, by way of citizens' guides, and the initiated professionals that rely on detailed and highly technical financial statements drawn up on the basis of internationally accepted accounting standards can be satisfied. This means that the information presentation should be adapted to the public.

The third element links the definition of policies with the governance process, in essence the public financial management tools and innovations discussed earlier. Without such tools there remain the risk of a fragmented and opaque public sector, where risk are not disclosed – let alone manage – and accountability and responsibility a mere declaration of intent.

Most, if not all, of the characteristics of good budgeting summarized in section "Why Budgets Failed to be "Austere" When the Crisis Hit?" had been enshrined in a set of principles, code, and diagnostic tools developed by international financial institutions in the late 1990s. These include the IMF first code of fiscal transparency, issued in 1998 as part of a set of 11 similar codes that covered the entire spectrum of economic activities; and the 2002 OECD best practices of fiscal transparency (OECD 2012). They were also reflected in a number of public financial management diagnostic tools, the most successful of which was and remains the Public Expenditure Financial Accountability Framework (PEFA), a partnership formed in 2001 between donor agencies and international financial institutions, aimed at assessing and scoring countries' performance in this respect. As history has a tendency to repeat itself, those instruments were developed in response to the Asian crisis, although much of their thinking had been developed in tackling the transition of planned economies to a more market friendly regime.

After initial success and some progress, many of these instruments showed sign of maturity and eventually ceased to play an active role (IMF 2012). In part this reflected the voluntary nature of these exercises, in addition to some degree of reform fatigue. It is in fact not surprising that the instrument that seems to have fared better is the PEFA, largely because in addition to its merit, it has now become a mandatory trigger for EC and some bilateral donors to provide budget support to low income countries.

As in the wake of the Asian crisis, there has been a renewed effort on the parts of international institutions to redefine the way budgeting should support fiscal policy-making. In particular, there has been a special emphasis on fiscal risks. These are defined by IMF (2012) as developments and events that prevent countries from achieving their set objectives. Two such initiatives deserve credit: the IMF's new Fiscal Transparency Code (IMF 2014b), and the OECD's Principles of Budgetary Governance (OECD 2014a).

In the European Union, new standards and rules have been introduced to promote transparency and fiscal responsibility. The introduction of the ESA in its 1995 version and more recently with its 2010 upgrade version set a common standard to assess public finances, although these

systems were primarily developed as national accounts systems. The adoption of ESA increased the comparability between the fiscal positions of different member-states enhancing transparency of public accounts

As reaction to the sovereign debt crisis, the European Union decided to strength its fiscal surveillance mechanisms and define more strictly fiscal stability. The Treaty on Stability, Coordination, and Governance and the so-called six-pack introduced in 2012 and 2013 reinforce the rules already defined in the Stability and Growth Pact and define sanctions to noncomplying members states. These rules apply to both the fiscal balance and the debt.

In terms of fiscal balance, member-states should reach a fiscal balance close to balance or in surplus. In the path to reach a close to balance or in surplus position, the country should reduce its fiscal structural deficit by 0.5% of GDP each year. The Treaty also includes a rule for countries with a public debt ratio to GDP higher than the threshold of 60% defined in the European Union Treaty. In this case, a country must reduce its debt ratio by 1/20 of the difference between the actual ratio and the 60% threshold, per year, on an average of a 3-year period.

The European rules are directed to attaining a result and constrain the definition of policies by member-states. These rules can be considered policy rules. However, in order to achieve a long and lasting result in consolidating public finances it is needed to combine these policy rules with an improved and transparent governance and with a budgetary process and machinery that supports and applies these fiscal rules.

To complement this new set of rules, there has been a movement towards the introduction of independent fiscal institutions. Although, the functions and competences of these institutions differ across member states, the assessment of the compliance with the European rules falls under their statutory. Other functions they perform include assessment of debt sustainability and of the medium-term fiscal plans.

The above initiatives have already produced some results, as illustrated by the OECD's Budgetary Practices and Procedures database (OECD 2014b) and in the first wave of Fiscal Transparency Evaluations carried out by the IMF since 2013. More countries have introduced a top-down approach to budgeting, various forms of medium-term budgetary frameworks, and overall better reporting of fiscal developments, although the international debate on public sector accounting is proceeding at a very slow pace. There has also been a proliferation of fiscal rules and councils, mainly concentrated in Europe, as a result of the EC fiscal compact requirements. This said, fiscal risk management remains in its infancy and many of the reforms introduced aimed more at gaining some international credibility and legitimacy, rather than at addressing genuine problems. As such, reforms risk being driven by so-called international best practices and thus repeating past mistakes. This is a risk that should be avoided.

## Concluding Remarks

This entry argues that austerity, understood as prudence, responsibility, transparency, and discipline, is at the center of any good budgetary process. Notwithstanding the improvement in the instruments of public financial management in last two decades, the 2008 financial crisis showed that in many countries the upgrading was not sufficient to prevent serious fiscal problems.

In fact, during the crisis, some governments were not prudent and promote fiscal expansions to revive the economy without having the fiscal space to follow such policy, putting their public finances at risk. Other governments assumed implicit or explicit liabilities without assessing the responsibilities and risks associated that decision As a result, many governments were repeatedly surprised by the true underlying situations of their public finances.

To regain the control and secure the progress of their public finances, countries have to continue to follow responsible policies, strengthening the management of their scarce public resources. A full understanding of countries' underlying fiscal positions cannot be delayed any further. In this regard, a further effort to develop and adopt public

sector accounting and reporting standards such as the IMF's GFSM, the IPSAS, and the still evolving European Accounting Standards or EPSAs along with a convergence across statistical and accounting standards would pave the way towards genuine accountability. As history has shown, accountability can be an elusive objective (Soll 2014). But there is a real opportunity this time for not letting a crisis go wasted so as to ensure that governments can be held accountable once and for all and be austere, as the etymology of the word requires.

## Cross-References

- ▶ Accrual Accounting
- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ European Harmonization and EPSAS
- ▶ Financial Sustainability
- ▶ National Accounts
- ▶ Principles of Good Governance, The
- ▶ Public Sector Accounting

## References


Andrews M, Cangiano M, Cole N, De Renzio P, Krause P, Seligmann R (2014) This is PFM, Center for International Development at Harvard University, Working paper no. 285, July

Blondy G, Cooper J, Irwin T, Kaufman K, Khan A (2013) The role of fiscal reporting in public financial management. In: Cangiano M et al (eds) The emerging architecture of public expenditure management. International Monetary Fund, Washington, DC

Cangiano M, Lazare M, Curristine T (eds) (2013) The emerging architecture of public expenditure management. International Monetary Fund, Washington, DC

Curristine T, Flynn S (2013) In search of results: strengthening public sector performance. In: Cangiano M et al (eds) The emerging architecture of public expenditure management. International Monetary Fund, Washington, DC

Ferry L, Eckersley P (2012) Budgeting and governing for deficit reduction in the UK public sector: act 2 'the annual budget'. Public Money Manage 32(2):119

Flynn S, Pessoa M (2014) Prevention and management of government expenditure arrears, Technical notes and manuals. Fiscal Affairs Department, International Monetary Fund, Washington, DC

Geithner T (2014) Stress test. Random House Books, London

Hallerberg M, von Hagen J (1997) Electoral institutions, cabinet negotiations, and budget deficits in the European Union, NBER working paper, vol 6341. National Bureau of Economic Research, Cambridge, MA

International Monetary Fund (2012) Fiscal transparency, accountability, and risk http://www.imf.org/external/np/pp/eng/2012/080712.pdf

International Monetary Fund (2014a) Portugal: fiscal transparency evaluation, IMF Country report no. 14/306 https://www.imf.org/external/pubs/ft/scr/2014/cr14306.pdf

International Monetary Fund (2014b) Fiscal transparency code http://blog-pfm.imf.org/files/ft-code.pdf

Koen V, van den Noord P (2005) Fiscal gimmickry in Europe: one-off measures and creative accounting, OECD Economics Department working papers, vol 417. OECD Publishing, Paris

Kydland FE, Prescott EC (1977) Rules rather than discretion: the inconsistency of optimal plans. J Polit Econ 85(3):473–492

Musgrave RA (1959) The theory of public finance: a study in public economics. McGraw-Hill, New York

OECD (2002) OECD best practices for budget transparency. OECD Publishing, Paris

OECD (2014a) OECD principles of budgetary governance. OECD Publishing, Paris

OECD (2014b) Budgetary practices and procedures in OECD countries. OECD Publishing, Paris. https://doi.org/10.1787/9789264244290-en

OECD (2015) The state of public finances in 2015: strategies for budgetary consolidation and reforms in OECD countries. OECD Publishing, Paris. https://doi.org/10.1787/9789264059696-en

Raudla R, Savi R (2015) The use of performance information in cutback budgeting. Public Money Manage 35(6):409

Robinson M (2016) Budget reform before and after the global financial crisis. OECD J Budget 16(1):30–63. https://doi.org/10.1787/budget-16-5jlvc85w7nkf

Schick A (2013) Reflections on two decades of public financial management reforms. In: Cangiano M et al (eds) The emerging architecture of public expenditure management. International Monetary Fund, Washington, DC

Soll J (2014) The reckoning. Basic Books, New York

Weingast BR, Shepsle KA, Johnsen C (1981) The political economy of benefits and costs: a neoclassical approach to distributive politics. J Polit Econ 89(4):642–664

Wildavsky A (1975) Budgeting: a comparative theory of budgetary processes. Little, Brown, Boston

# Budgeting and Decision-Making

Kiyoshi Yamamoto
Graduate School of Education, The University of Tokyo, Tokyo, Japan

## Synonyms

Financial planning; Political and administrative decisions; Resource allocation and financing

## Definition

Budgeting is the essential part of financial management in which sometimes has nonfinancial measures and targets.

A decision-making process within the public sector might be a political process in harmonizing varied/conflicting interests among constituents.

Budget reform is an institutional effort for improving in planning, control, and coordination.

## Introduction

A budget is a monetary function of a plan. In other words, it is "a definite plan or proposal for financing the business of a future period both with respect to revenues and expenditures" (Willoughby et al. 1917). All activities for strategic objectives in the plan need resources allocated for implementing them. In the public sector, especially for the government sector, the budget is prepared and submitted by the executive to the legislature for its approval. By contrast to the private sector, resources for all activities and programs in the public sector shall be determined in the budget as the upper limit. Of course the budget drafts are discussed and finalized within the government through an examination by the Budget Office or the Ministry of Finance. In this regard, budgeting is a most important and influential process in public policy and management. Also it is necessarily related to the contents and focuses on the plan. Since the 1980s, the pressures on enhancing efficiency and improving quality of services in the public sector have globally strengthened in parallel with public management reform called the "New Public Management" (NPM), which is now developed into new concepts like the New Public Governance (Osborne 2010) or the Neo-Weberian State (NWS) (Lynn 2008). In accordance with this micro perspective seeking efficiency, the global economic crisis in 2008 made the government to harmonize with macroeconomic policy. Budgetary control has moved from input control to increasingly focus on results orientation and adopted business management tools into the public sector, in addition to introducing a market mechanism. Public sector reform proposes that more flexibility in budget execution shall be given to managers in exchange of strengthening accountability for the results. It means that the roles of budgeting have expanded an annual financial plan into a more comprehensive plan in financial and performance, in addition to a longer term. However, as Wildavsky (1978) indicated about 40 years ago, these progressive reform ideas, which are proposed as a public financial management reform, have not caused so far the intended outcomes; rather, the current situation is considered as "the traditional budget lasts."

This entry offers a fundamental knowledge about budget decision-making. In order to understand the difference between ideas and practices in decision-makings, we first briefly review the nature and purposes of budgeting in the public sector. In the third section, from the perspective of political decision-making on budgets, theoretical and analytical models on budgeting are presented. The fourth section discusses about principal constituents in the decision-making, identified as politicians, bureaucrats, citizens, and interested parties. Also, it shows that the budget process is a series of decision-making and control procedures within public finance. In the fifth section, several approaches on budget decision-making are presented and compared in strengths and limitations. Finally, some conclusion is summarized.

## Nature and Purposes of Budgeting

Budgeting is, as described earlier, a financial plan to achieve the strategic goals, whether in the public or private sector. Budgeting in the public sector, however, has a specific nature from the perspective of democratic control to the government. Public goods and services, like roads and police services, are not traded in a market by contrast to the private sector. As Jones and Pendlebury (1992, p. 3) mentioned, they have the feature that "the enjoyment of (their) benefits cannot be withheld for non-payment."

The funding for providing public services comes usually through taxation and fees, which are enforced for citizens. Paying taxes is considered an obligation for citizens whose benefits are not necessarily matched with costs or tax burden. For example, citizens earning higher salaries pay usually more taxes than other making lower income, in exchange of delivery of public services, like police patrol, which is a universal service and free in using for every citizen. In other words, benefits and costs in the public sector are not matched by individual person or trade, in contrast to private goods in the market. If a person buys a chocolate in a store, he or she can fully enjoy eating it. This is caused by the character of public goods/services called "nonrival" or "non-exclusion" (Samuelson 1954); the former means that the consumption by one person does not prevent the consumption by others; the latter is that while in theory exclusion in consumption is possible, in practice exclusion is not enforceable or impossible. Public goods and services exist when market mechanism does not work well, i.e., in market failure.

However, there are limitations on tax revenues in contrast to growing demands for public services, although the roles of public finance are to improving efficiency in resource allocation, redistribution of income, and economic stability (Musgrave and Musgrave 1989). Therefore, to what extent people bear the taxes or costs, who pays them, and who are beneficiaries or target population for the services are crucial issues in the public sector. In welfare state, government provides varied services whose benefits are targeted for some people such as handicapped persons, not everyone. This means a lot of requests for public expenditures have to be examined to balance with the limited funds.

People favor to consume more public goods and services with less money. In order to make priority among many requests and match expenses with revenues, resource finance and allocation for democracy adopts a collective decision-making system, where citizens directly determine the budget or the representatives discuss it in the legislature (Gray et al. 1992). It is contrastive that exchange transaction in the private sector is led by an individual decision-making between providers and consumers. In the representative democracy, the parliament or the legislative body is the political place to examine, discuss on, and approve the initial budget proposed by the executive branch. The parliament or legislature is in the public sector context, the alternative mechanism on how to fund and allocate the resources to reach the goals on public welfare, while market play the corresponding role in the private sector.

The nature of budget has three main functions (Schick 1966). The first is *planning*. Budget is a financial plan putting mission and strategy into operation. It ensures the resources to implement the plan. Unless necessary resources are allocated to the planned operations or activities, the successful results would not be caused. Also, if allocated resources are much larger to implement the plan, budgets will result in waste or inefficient money.

Forecasting and appraisal of budget proposal is consequently critical in appropriate planning.

The second is *control*. Budget is the standard or criterion in its execution and audit or evaluation. The budget approved by the legislative body is the authorized resource allocation and funding plan, which the executive has to comply with. Non-authorized budget (including taxation) is not allowed to be implemented, owing to democratic control. Budget is a critical democratic control instrument by the people against the government, through which the legislative branch delegates its execution into the executive branch, although budget control is of course limited to the unit as

authorized item. Therefore, management decisions on budget execution are based on the budget. The government and public entities are accountable for the budget and value for money in economy, efficiency, and effectiveness to the people through the legislative body.

The third is *coordination* or *communication*. Since the budget is a financial plan for strategic goals, which people shall bear the costs, there is a need to reach consensus among constituencies or tax payers. Budgeting is an adjusting and dialogue process through which budgets proposals and requests are examined, prioritized, and chosen to meet the budget revenues (Grizzle 1997). Accordingly, budget for the government has to make clear why the programs or activities are approved and why others are not approved or do not receive attention or higher priority. For public sector entities, budgeting is a tool for their employees to understand the strategic goals and share the problems to cope in financial terms.

## Budgeting and Decision-Making Theory

Budgeting implies financial decision-making in resource allocation and funding. Decision-making theory shows that decision-making is a process of transforming information into decision (Simon 1977; Kuhn and Beam 1982). From this perspective, budget reforms or innovations are to explore how rational choice for accomplishing goals could be chosen in budget decision-making, based on information. In rational theory, it is assumed that decision maker sets the goals, considers all alternatives and environment factors, assesses them, and chooses the most appropriate strategy. However, as Simon (1957) indicates, practical decision-making is based on "bounded rationality." Even if politicians or bureaucrats seek to maximize the public welfare from altruism without selfish attitude, it is quite difficult to calculate or compare the alternatives in terms of public interest due to nonexistence of market price, which in the public goods and services its economic value is reflected.

The development of the economic and rational theory caused some other advanced theories. Principal-agent theory is one of them and has been extensively adopted in the fields of political science and public administration (Lane 2005). It has advantages in analyzing the interactions and relations in the budgeting process: in representative democracy, the public or citizens are the principal and agents are politicians and bureaucrats; in addition, bureaucrats are the agent of politicians. This theory can be taken into the organization structure and institution in budget decision-making. The legislature is the principal of the executive branch, who discusses and approves the budget from the executive. The executive is also the principal of bureaucrats, who execute the budget approved. Citizens are the highest principal and vote the representatives and monitor the behavior of politicians.

Since budgeting is a political decision-making process in government sector, we can use a conceptual framework for reaching the decision, developed by Weiss (1995). At the organizational level, policy decisions are the result of the interaction among four elements – interests, ideology, information, institutional rules, and culture, i.e., "4I's." The framework is considered an integration of decision-making theory on *information*, political theory on *interests* and *ideology*, and institutional theory on *institution* and culture. Many empirical studies and experiments however show that practices differ from the forecasts or prescriptions by rational theory. Recently, behavioral science and social psychology shed light on why people sometimes make a decision based on their intuition rather than information, being useful in decision-making even though it is from policy analysis. Haidt (2001) showed that moral judgement was caused by intuition rather than reasoning based on rational thinking or information. The former corresponds to System 2 and the latter System 1 in accordance with the concept by Kahneman (2011). An experimental study also found that politicians were not interested in using policy relevant information until political intuitions conflicted with the information (Demaj and Schedler 2014).

In response to the above theories, we present three primary theoretical models in budget decision-making. The first and second models

are based on rational theory. The third is historically based on bounded rationality and behavioral model (Cyert and March 1963). Firstly, Niskanen (1971) indicated the budget maximizing model by bureaucrats, based on public choice theory, in which each player in political arena seeks to maximize its utility. The model assumes that the bureau receives resources from the government (sponsor) and provides services. Given the budget constraint, which the total costs are covered by the sponsor owing to information asymmetry, the output level of the services are larger than the social efficient level. It shows that bureaucratic behavior causes inefficient results in budgeting. The model however does not analyze the budget process within the bureau, namely the interactions between budget proposals or spending departments and budget examiners. Dunleavy (1991) developed the second model keeping the principle of utility maximization by the bureau. Exploring the behavior of bureaucrats and interactions between politicians, he developed the bureau-shaping model that bureaucrats are interested in the nature of the work. Therefore, it is assumed that senior bureaucrats or the group of high-ranked officials place a greater value on policy-related works over operations or providing services. This type of bureaucrats maximizes their utility through engaging in policy-related work rather than seeking the size of the organization or budget. The model explains why downsizing through privatization and "agencification" in the public sector has been promoted by senior bureaucrats in cooperation with government.

The third is the aspiration model based on a behavioral theory. Originally the model was developed considering the enterprise behavior. As a result, until recently no scholar adopted the model into the public sector. However, aspiration model explores how organizational goals are set in the decision-making process, in other words, how budgets are determined. In the original model, it is presumed that aspiration levels depend on the prior aspirations, prior performance, and the experience of comparable organizations. Nielson (2014) adapted the aspiration model in public schools and found that the prioritization of goals was related to the reported underperformance. Thus, this model could explain how budget decisions are made in using performance information and expectations: budget is considered a joint product of future, historical and social aspirations, not a result of the rational policy analysis.

## Budgeting Process and Decision Makers

The budget process is a cycle of management and decision-makings usually called "budget cycle." The process is generally composed of budget request, budget review, budget submission, approving budget, budget execution, accounting, auditing, and feedback to the next budgeting. There are multiple cycles in any organization: organizational level, department level, and section or division level, which is the budget unit. In case of government, the cycles consist of state level, ministerial level, bureau/department level and division level, which is ordinarily the budget unit. In the public sector, owing to the democratic control, budgeting process and procedures are regulated and institutionalized by the constitution and by law. It is contrastive that budgeting is an internal management process in the private sector: in case of corporations, budget decision is made by the board of directors; there is no need to be approved in the general meeting of shareholders (Jonsson 1984).

Primary stakeholders in budget decision-making for the government are the executive and the legislative branches, in addition to citizens and interested parties. The character of public goods and services provided by the government needs political decision-making on resource finance and allocation in amount, quantity, and quality. Budgeting as a political process (Wildavsky 1964) ranges not only the stage from budget requests to budget approval but also the stage of execution, accounting, and auditing. The former stage is a struggle for acquisition of resources and the latter is related to how the people and its representative legislature (as the principal) monitor and control the executive branch (as the agent) in its execution, in order to be complied with the budget and regulations. In other words, the

decision on who bears the costs is to determine the resource financing policy and likewise the decision on who are beneficiaries or what is the objectives of public services is to set up the policy of resource allocation.

Especially the nature of nonexchange transaction between taxation and public services leads to political resolution in budget decision. In a representative democracy, the primary decision makers are politicians in the legislature because citizens delegate the mandates in budget decision-making to the legislature. However, in practice bureaucrats or departments in the executive branch prepare a budget draft and the interested parties could approach politicians through the department in an iron triangle. Therefore, the divide between benefits and costs shall be coordinated with a collective decision-making place where stakeholders other than politicians are also involved.

Wilson (1980) indicates public services might be classified into four types in terms of the distribution of costs and benefits (Table 1). The number and strength of people involving in political confrontation differ by the type. For example, when the costs and benefits of a public policy are concentrated, the number of stakeholders involved is limited; however, the strength is strong: interest party politics will appear. Whether or not a policy will be adopted or approved in the legislative branch depends on the political relations between beneficiaries and cost bearers among stakeholders.

## Budget Models and Reforms

Budget reforms are considered a series of changes transforming the traditional budget system into a more rational and reasonable model. The traditional budget is featured as input oriented, line-item based, one-year term, and centralized system. Incremental budget (Lindblom 1965) is a revised model of the traditional budget system. The budget increases or decreases in X% in expenditures for the coming fiscal year over the budget for current fiscal year. The model presumes that the current budget is generally efficient and the relationship between budget and policy outcomes is stable.

After the Second World War, policy analysts in the United States, originated from operation research in military affairs, developed a new budget system called the planning, programming, budgeting system (PPBS). It is an integrated system of strategic planning, budgeting, and assessment. In other words, by contrast to the traditional system, it is result oriented, output based, long term horizon, although centralized or top down (Schick 1966).

In PPBS, in order to accomplish the strategic goals, all possible alternatives are examined in terms of efficiency by calculating the costs and benefits in accordance with rational decision-making. Then the best alternative is chosen. The system was introduced in budgeting for fiscal year of 1968 to the federal government. However, due to difficulties in calculating benefits of public policy and the nature of politics in budgeting, PPBS was discontinued in 1971.

Efforts for rationalizing budgeting system have continued in the United States. In 1973, Nixon administration introduced the management by objectives (MBO) into the government. MBO was a management tool for corporations founded by Drucker (1954). It focuses on how the objectives are achieved in most efficient way. The core idea lies in the linkage between objectives and activities or programs. MBO did not use cost-benefit analysis, taking into consideration of feasibility. However, it also faced measurement

**Budgeting and Decision-Making, Table 1** Distribution of benefits and costs

| | | Costs of policy | |
|---|---|---|---|
| | | Concentrated | Dispersed |
| **Benefits of policy** | Concentrated | *Interest group politics* | *Client politics* |
| | Dispersed | *Entrepreneurial politics* | *Majoritarian politics* |

Source: Wilson (1980)

problems, by contrast to the profit sector: what is the objective of a public policy, how to measure it, and to what extent the policy is associated with the objective. In 1979, Carter administration adopted the zero-based budgeting (ZBB) into budgeting in the federal government. ZBB was developed by Pyhrr (1970). ZBB assumes that all activities and programs shall be assessed and justified in terms of effectiveness and priorities provided being zero base of current expenditure. Like in case of PPBS, ZBB also showed infeasibility in its implementation, while MBO and ZBB adopt a bottom-up and decentralized approach.

Since the 1980s, a new movement, NPM, has been actively adopted in the UK, New Zealand, and Australia, owing to economic pressure and fiscal stress. In this decade, public sector reform in the United States was not a major concern in politics; by contrast to the previous two decades, higher priority was paced on foreign policy. In the Commonwealth of Nations, output budgeting in financial management was introduced to strengthening accountability for results in exchange of greater autonomy in resource management: managers are accountable for outputs, not inputs, and have discretional power how to allocate the money into operations given the approved budget by output. Although the movement was not originated from the United States, Clinton administration in 1993 was interested in the concept, which was admired in Osborne and Gaebler (1992)'s *Reinventing Government*. The National Performance Review led by Vice-President Gore to introduce the ideas into the federal government. Especially, it is noteworthy that performance-based budgeting linking performance to budgeting was enacted in the Government Performance and Results Act of 1993. Previous reforms were implemented by the executive orders not by legislation, despite a political process of budgeting between the executive and legislative branches.

These budget reforms and models are basically closed systems within the government and based on representative democracy, while NPM has partly a participation model by citizens as customers through satisfaction survey and a market mechanism. A budget system which citizens or people participate in budgeting or budget decision-making was advocated and introduced in some nations (Röcke 2014). The participatory budget is an open budget system through a direct democracy. The budget system is basically split to partially admit for a type of public involvement in budget decision-making, allocating some resources as a community budget. The movement has potential for realizing a more democratic society, while it is so far limited and has little influence on budgeting.

One may say that the budget in practice nowadays is a mixed of the above models, regardless whether in developed and in developing nations.

## Conclusion

For a long time, budgeting in the public sector has been reforming to improve the decision-makings more rational to reach the strategic goals. A new system and idea appears, is implemented and fails, and then other innovative system replaces the current system. It is a budget reforming cycle. The cycle is generally caused by the specific nature of difficulty in measurement of performance and political process in government budgeting. Providing information, including performance and accrual-based financial information, to politicians does not always improve their decision-making. Some research (e.g., Pollitt 2006) indicates politicians do not use such information in budget decision-making. The budget in the public sector is partially a result of collective decision-making, seeking majority support reflected in the political belief, which is often prior to the rational thinking. Also to what extent the several innovative budgetary models are adopted in the government and in the public sector depends on the public administrative system, which is basically guided by the *Rechtsstaat* model in the Continental Europe, "respecting for the authority of the law," or public interest model in Anglo-Saxon nations (Pollitt and Bouckaert 2011).

In this entry, it was not our intention to support that budget reform or rationalization in budgeting does have no meaning in improving public sector

performance and social welfare. Still, we have offered some indications that the budget reform has been an experimental and innovative process towards a better decision-making and better budgeting in democratic governments.

Consequently, further investigation is needed on how politicians and bureaucrats interact and make decisions in budgeting and on whether rational methods could affect decisions and behavior in a political setting. Especially in terms of democracy, the perspective from discursive or deliberative politics in budget decision-making shall be explored other than rationality originated from economics and behavioral science.

## Cross-References


- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Principles
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Participatory Budgeting


## References


Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliffs

Demaj L, Schedler K (2014) What drives legislators' information behavior? An eye-tracking experiment with legislators. Paper presented at the IIAS workshop on Experiments in Public Administration, September 9–10 2014, Speyer, Germany

Drucker PE (1954) The practice of management. Harper & Row, New York

Dunleavy P (1991) Politicians, bureaucrats and democracy. Harvester Wheatsheaf, Hemel Hempstead

Gray A, Jenkins B, Segworth B (1992) Budgeting, auditing and evaluation. Transaction Publishers, New Brunswick/London

Grizzle GA (1997) Budgeting and financial management: propositions for theory and practice. In: Hildreth WB, Miller GJ, Rabin J (eds) Handbook of public administration, 2nd edn. Marcel Dekker, New York

Haidt J (2001) The emotional dog and its rational tail: a social intuitionist approach to moral judgement. Psychol Rev 108(4):814–834

Jones R, Pendlebury M (1992) Public sector accounting, 3rd edn. Pitman Publishing, London

Jonsson S (1984) Budget making in central and local government. In: Hopwood A, Tomkins C (eds) Issues in public sector accounting. Philip Allan, London, pp 128–146

Kahneman D (2011) Thinking, fast and slow. Farrar, Sraus and Giroux, New York

Kuhn A, Beam RD (1982) The logic of organizations. Jossey-Bass, San Francisco

Lane J-E (2005) Public administration and public management: the principal-agent perspective. Routledge, London/New York

Lindblom CE (1965) The intelligence of democracy: decision making through mutual adjustment. Free Press, New York

Lynn L (2008) What is a neo-Weberian state? Reflections on a concept and its implication. NISPAcee J Public Admin 1(2):17–30

Musgrave RA, Musgrave R (1989) Public finance in theory and practice, 5th edn. McGraw-Hill, New York

Nielson PA (2014) Learning from performance feedback: performance information, aspiration levels and managerial priorities. Public Admin 92(1):142–160

Niskanen WA (1971) Bureaucracy and representative government. Aldine-Atherton, Chicago

Osborne S (2010) The new public governance: emerging perspectives on the theory and practice of public governance. Routledge/Taylor and Francis, London/New York

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Adison Wesley, Reading

Pollitt C (2006) Performance information for democracy: the missing link? Evaluation 12(1):38–55

Pollitt C, Bouckaert G (2011) Public management reform, 3rd edn. Oxford University Press, Oxford

Pyhrr PA (1970) Zero-base budgeting. Harv Bus Rev 48(6):111–121

Röcke A (2014) Framing citizen participation: participatory budgeting in France, Germany and the United Kingdom. Palgrave Macmillan, Basingstoke

Samuelson PA (1954) The pure theory of public expenditure. Rev Econom Stat 36(4):387–389

Schick A (1966) The road to PPB. Public Adm Rev 26(4): 243–258

Simon HA (1957) Models of man. Macmillan, New York

Simon HA (1977) The new science of management decision, Revised edn. Prentice-Hall, Englewood Cliffs

Weiss C (1995) The four "I's" of school reform: how interests, ideology, information, and institution affect teachers and principals. Harvard Educ Rev 65(4): 571–593

Wildavsky A (1964) The politics of the budgetary process. Little Brown, Boston

Wildavsky A (1978) A budget for all seasons? Why the traditional budget lasts. Public Adm Rev 38(6):501–509

Willoughby W, Willoughby W, Lindsay S (1917) The system of financial administration of Great Britain. Appleton, New York
Wilson JQ (1980) The politics of regulation. Basic Books, New York



## Budgeting and Finance

Md Nurul Momen[1] and Z. R. M. Abdullah Kaiser[2]
[1]Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh
[2]Department of Public Administration, University of Chittagong, Chittagong, Bangladesh

### Synonyms

Budgeting in the public sector

### Definition

Budgeting can be defined as the statement which sets estimations for revenue and expenditure for a set period of financial year.

Public finance is the study of finance of public institutions as well as the broad objectives and rationale of the government activities.

### Introduction

The government has economic policies, which are basically reflected in the budget. Through the budget, the government of a country mobilizes and allocates resources, accelerates capital formation, and creates greater employment opportunity and equal distribution of resources. In addition, budget is an annual statement of estimated revenues and expenses. The term "budget" is derived from a French word, *bougette* meaning a pouch, bag, or wallet. In 1873, the term for the first time was used in its present form, in a satire directed against Robert Walpole's annual financial plan. Since then, the budget is used for an annual financial plan, containing income and expenditure of the government (Bhattacharya 2007). However, the entry is to briefly discuss the different aspects and classification of budget and to explore the nexus between budgeting and finance.

### Aspects of Budgeting

There are mainly three aspects to the understanding of the budget, such as resource allocation, the satisfaction of social and political demands, and the securing of political and social support (Cheung 2011). However, the primary role of the budget is to ensure the fulfillment of the financial, economic, and political aspects of the outlays. The financial task refers to spending the amounts for the purpose specified maximizing savings and avoiding unnecessary public expenditure within a financial year. The economic aspect, on the other, is a well-designed fiscal document that shows the revenues and expenditures and also consists of ensuring that the physical targets of programs have been achieved. Economically, it provides fiscal policy instruments to economic development and productive capacity of its economy, thereby affecting the well-being of the whole nation. As a planning document, it coordinates the allocation and the mobilization of public funds within the framework of government expenditure plan indicating what programs and activities will be delivered, at what levels, and with what intended results. From a legal perspective, it confers the rights and responsibilities, powers, and administrative parameters for the regulation of public expenditure (Cheung 2011). On the other side, from a political perspective, various kinds of budget actors within and between branches of government are involved in the budget making process (Lee 2016). However, there are political, economic and social priorities in the process through which the manifestoes of the ruling political parties are fulfilled (Cheung 2011).

## Differences Between Budgeting and Finance (with Reference to Public and Private Sector)

In the private sector, the budget is considered as a planning tool for financial management and control, through which the entity determines the business strategies and its future plans. On the other hand, the budget in the public sector is quite different in terms of purposes, processes, and procedures. In the public sector, the budget is a financial statement in a given period of time that is used for implementation of public policy and programs, for controlling and monitoring the activities of spending public agency, and for checking the legal compliance of political decisions made for public expenditure (Brusca and Labrador 2016). On the other hand, private sector sees revenues and expenses to estimate how much profit an organization or company will make in the ensuing days; for doing so, private sector is to reduce expenses and increase revenue to maximize profit.

In most countries, the budget sets the limit of expenditure that public agency can spend on each budgeted item. Public expenditure gets approval after a debate in the parliament, which needs the majority of votes. Thus, the budget is regarded as a point of contract between citizens and government, highlighting how public revenues are collected and disbursed for ensuring the welfare of its citizens. However, statutory frameworks highlight the balanced budget for public agency, where the estimated revenue fulfills and maintains the expenditure (Brusca and Labrador 2016).

## Public Finance and Its Classification

Finance is the fuel for the engine of public administration, as it is the first requisite for the execution of any policy or plan of the government. Public finance reflects its economic structure how it administers its financial system, such as citizens' well-being, and access to different sources of income, including taxation, public debt, or foreign assistance. It is pointed out that public finance of any country is certainly country-specific, which highlights the consequences of complex and dynamic social and political interactions, and also reflects the history of the state and its administrative capacity (Das-Gupta and Bird 2012).

Public finance is the branch of public economics that analyzes the taxation and expenditure of the government. However, public finance is evaluated from both perspectives – positive and normative. Positive analysis refers to cause and effect relationship, for instance, if the government decides to reduce tax rate on engine oil, what will be the consequences on engine oil consumption? On the other hand, normative analysis relates to ethical issues, for instance, is it good to impose high taxes on necessary commodities? (Rosen 2004).

Modern public finance stresses the microeconomic functions of government, for instance, how the government functions in an economy and the justification why the government should determine the allocation of resources and the distribution of income. On the other hand, the macroeconomic functions of the government, through taxing, spending, and monetary policies, may impact on the level of employment, growth, and price level (Rosen 2004). However, public finance is classified into main categories, such as revenue receipts or public revenue and capital receipts. Public revenue consists of all kinds of revenue receipts, collected at the given period of financial year; however, by nature it is recurring which consists of tax revenue, nontax revenue, and grants-in-aid (Karnam 2018). Fig. 1 shows the nature of public finance. It is highlighted that tax system must be capable of producing a sufficient amount of public revenue so that public expenditure can be planned and allocated for effective delivery of public services (Glenday and Hemming 2013).

## Nexus Between Government Budgeting and Finance

Public finance makes the relationship between revenue and expenditure, as the execution of any policy and programs depend on scarce money. Need connects to finance, and leads policy

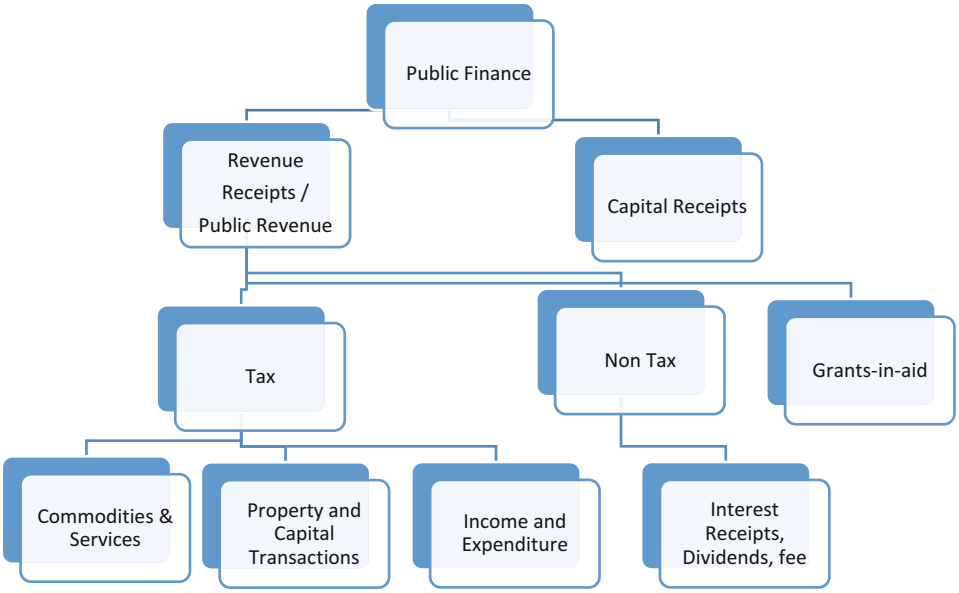


**Budgeting and Finance, Fig. 1** Source of public finance

planners to seek advice and expertise from finance officials, that establishes finance officials to make critical financial analysis and its interpretation (Miller 2012). It is evident that every modern budget system contains planning, management, and control mechanisms, though they are not given equal attention in the budget cycle. In the past, the budget was mainly focused on control-oriented approach, giving much importance to the role of accountant in the budget preparation system. The current paradigm of the budgeting is a transition from accountant to economist, as budgeting takes on more of planning function (Patwary 1983). On the economical perspective, budgeting focuses on making a balance of the marginal losses of welfare to the community from tax payment against the marginal gains from public expenditure. On the stabilization function, it is highlighted that balancing of revenue and expenditures should ensure increased expenditure without impairing rather helping to materialize the national goals. However, control of public expenditure can provide either restraints or stimulus in the economy. On the distributional perspective, budget emphasizes the assessment of public expenditure incidence between public and private sectors, income groups, regions, and program-wise and sector-wise distribution. This calls for trade-off condition between allocation and stabilization and between stabilization and distribution. On the growth perspective, it is viewed that additional expenditure in priority areas or by appropriate strategy of infrastructural development may encourage further investment (Patwary 1983).

## Modern Approaches in Public Budgeting

There have been tremendous developments in budget theories and practices in the recent years as below (Hussain 2007).

*Aggregative and Development*. Information moving into the Finance Ministry is called aggregate approach, and its moving out to spending agencies is called devolution approach. The aggregate approach is pronounced in the revenue budget, while the devolution approach in the development budget.

*Incremental, Comprehensive/Zero-Based*. Incremental budgeting refers to a situation where budget estimates are drawn up on the basis of preceding year's expenditure. This is sequential and fragmented.

*Performance Budgeting and Planning, Programming, and Budgeting System (PPBS)*. The approaches were developed in the USA with the intention to improve the mode of formulation and scrutiny of budget proposals in effective programming instead of confining it to executive accountability. Performance budget gives emphasis on functions, activities, and projects. The PPBS, on the other, is advancement on performance budget in terms of concepts and mechanism (Hussain 2007). However, there have been several stages of budgetary reforms that can be illustrated by Table 1.

## Budgetary Practices in the World

Budget making is always a political process. There are varieties of budgetary practices across the world that is discussed as below (Hussain 2007).

*British System*. The British type of budgetary model is still an accepted model in many of its former colonies in Asia, Africa, and Caribbean islands. Each year the Chancellor of the Exchequer presents the annual statement to the House of Commons, which highlight the current status of the economy and future challenges and any changes in terms of revenue. However, the House of Commons has the procedural right to make debates and discussion over the budget and also scrutinize the subsequent Finance Bill, through which the budget is approved. Under the system, there is a consolidated fund which presents how much public revenues flow and public expenditure incurred. Spending public institutions are subject to different degrees of monitoring during the budget execution. It is important to note under the system the central bank act as the custodian of public money, while the Comptroller and Auditor General (C&AG) acts as both the accountant and auditor of public money.

*French System*. It is practiced in France and her former colonies. Determining taxation and spending levels of agencies get approval by the national assembly and the senate in France. This system basically adopts two approaches: financial control and central treasury management. To execute the two approaches, the system has three operational units: comptroller is responsible to monitor the financial transaction of public agencies; accountants are assigned to collect and disburse public money; and inspector of finance is responsible to supervise for both account maintenance and audit.

*Other European System*. In Europe there are many practices in varying degrees in their respective former colonies. For example, in the Italian context, the ministry of economy and finance is responsible to formulate the budget; however, there is a parliamentary budget officer who must endorse the economic assumptions applied in the budget. Furthermore, annual budget formulation cycle is divided into three parts, such as stage 1 (macro-fiscal policy setting), stage 2 (baseline update), and stage 3 (resource allocation).

**Budgeting and Finance, Table 1** Evolution of budgetary reforms

| Budgetary reform | Main reform issues | Reform orientation |
|---|---|---|
| Performance budgeting (war time–1960s in the USA) | Focuses on management of inputs and outputs; incremental in policymaking style | Efficiency-oriented |
| Planning, programming, and budgeting system (PPBS) (1960s and 1970s) | Focuses on rational planning, entailing inputs, outputs, effects and alternatives; systemic in policymaking style | Policy-oriented |
| Zero-based budgeting (ZBB) (1976–1980 in the USA) | Short-lived experiment focusing on policy prioritization | Decision-making oriented |
| Cutback management (1980s) | Efficiency reviews, cost-cutting exercises, cash limits, privatization, and contracting out | Efficiency-oriented |
| Budgeting for results (1990s–current) | Performance indicators, output targets, and evaluation | Decision-making oriented (control over total spending and efficiency in resource management) |

Source: Adopted from Cheung (2011)

*US System*. The US practice is largely five stages involved in the federal budget-making process. Firstly, the US president sends a request for budget to the congress each February for the next financial year. Secondly, after receiving a budget request, both the House and Senate committees of the budget approve the budget resolution. Thirdly, both committees determine the levels of expenses of public agencies. Fourthly, the full House and Senate make debates and discussion and finally vote on appropriations bill, and finally the US president must sign each appropriation bill, and then it becomes a law.

*Japanese System*. Under this system, *budget-making process in Japan* is initiated by its Ministry of Finance; it is preceded by receiving the estimates from line ministries and some guidelines from the Cabinet as well. Four categories of budget are found in Japan, such as general account budget, special account budgets, budgets for public agencies, and the Financial Investment and Loan Plan (FILP). However, each type of budget needs approval by the Diet which must be submitted by the Cabinet for deliberation. This system is also found in some other Southeast Asian countries with some changes (Hussain 2007).

## Actors and Interactions in Government Budget

Budgeting is a complex financial task, involving political and administrative elements. Government budgeting not only deals with public revenue and expenses but also administrative and legislative responsibilities and supporting services like audit and account functions. However, there are many issues involved with respect to budget such as centralization or decentralization of processes, unification or fragmentation of the budget, the process of revenue collection and expenditure, and the nexus between national and regional or local governments (Naomi 2011). It is stressed that the budgetary cycle involves a lengthy procedure and different actors and interactions for the preparation of the budget, which is approved in the parliament, and its implementation depends on public agencies, and its monitoring and control are achieved through public account and audit department.

### Executive

It is a common practice that political executive gives a final nod about the overall financial policy, on the basis of which estimates are prepared. Upon receiving the guideline, the concerned public agencies (e.g., Finance Ministry), with the support of various administrative agencies, prepare their estimates. After many meetings and discussions between nodal ministry and other public agencies, annual plan of expenditure is consolidated into a single document, which must be placed to the political executive for decision before placing it to the legislature (Bhattacharya 2007).

### Legislature

The legislature has a dominant role in case of approval of annual financial statement, i.e., budget, and also provides budgetary oversight. Annual plan of budget is discussed and debated in the parliament, and then the proposal is voted and adopted by the legislature, as elected representatives in the parliament are the custodian of any financial strategies and policies. However, under the authoritarian regime, the usual role of the parliament is ignored in the decision-making of the budget, and in that case, budget is approved and authorized by despotic political executive upon the practical advice and expertise from administrative officials. It is stressed that if there is no proper accountability mechanisms over the activities of government, there will certainly be challenges that sound budget policies and practices will not be performed (Posner and Park 2007). However, there are beneficial effects of the discussions among the members of the parliament on the sound budgetary practices (Lienert 2013). After the budget has been prepared at the nodal ministry (ministry of finance), it is placed to the legislature for debates and discussion in order to get approval of the budget. Discussion takes place in the parliament in two parts, public expenditure and taxation, which allows concerned agencies to impose and collect taxes. After these two bills are passed by the legislature, the executive seeks to implement the budget.

### Execution of the Budget

Once the parliament approved the budget, spending public agencies are authorized to spend expenditure within the budgetary allocation through different mechanisms, for instance, issuing notice or circular. This authorization for undertaking expenditure may be permitted for the whole financial year or for shorter periods, for instance, quarterly (Tommasi 2013). Budget execution requires administrative process, which depicts the responsibilities and function between central ministry of finance and the spending public agencies.

### Accounting and Auditing

Government accounting and auditing system is very important for the successful execution of the budget. The function of keeping accounts and auditing maintains to fulfill sound practices of financial transaction made by the public spending agencies.

## Citizen's Participation in Budgeting and Finance

In a fully functioning democracy, taxpayers have the rights to know at all stages of budget cycle how public revenues are being collected and how public funds are allocated and utilized to spending agencies and programs. It is stressed that input from informed citizens about the economic and fiscal policies can make an impact on effective functioning of public money for the public good (Karnam 2018). However, citizen's participation in fiscal policy is not a new topic that has actually drawn attention for many decades (Franklin and Ebdon 2006). But there is a huge concern how to democratize the process of budget, as democratization in the budget process may focus on direct public input as the improvement plan for the development of the budget. As justification, it is argued that elected representatives, political executive, administrative officials, or legislature cannot adequately deliver the reflections of the ordinary citizens; thus citizens need an alternative channel for sharing their opinion or suggestions before adopting fiscal decisions. In many countries across the world, there are many local pressure groups involved into the cycle of budget preparation and execution (Miller 2012). Hence, the information about budget should be freely available to all in a systematic and timely manner, as required (Mikesell and Mullins 2011).

## Conclusion

Summing up, budget is a policy document that generally shows the annual financial plan. Government budget plays a very significant role in the economic life of a country. In this sense, a budget can help people understand the economic performance of a government. It can also be a good parameter for understanding the dynamic relationship between governments and markets. The government budgeting is one of the key instruments by which the use of public resources are planned and delivered to its citizens. Thus, it can be argued that the budget is a tool of public finance for the articulation of government financial policy and programs, which present the needs of the citizens that have been consolidated into annual financial plan that is popularly known as the "budget."

## Cross-References

► Budget Cycle
► Charters of Budget Honesty
► State Budgeting Practices

## References

Bhattacharya M (2007) Public administration. World Press, Kolkata

Brusca I, Labrador M (2016) Budgeting in the public sector. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Cham

Cheung ABL (2011) Budgeting and finance. In: Bevir M (ed) The SAGE handbook of governance. SAGE, London

Das-Gupta A, Bird RM (2012) Public finance in developing countries. Rotman School of Management Working Paper no. 2111065. https://doi.org/10.2139/ssrn.2111065

Franklin AL, Ebdon C (2006) Citizen participation in budgeting theory. Public Adm Rev 66(3):437–447

Glenday G, Hemming R (2013) Tax design from a public financial management perspective. In: Allen R et al (eds) The international handbook of public financial management. Palgrave Macmillan, London
Hussain M (2007) The system of government budgeting in Bangladesh. AHDPH, Dhaka
Karnam G (2018) Public budgeting in India principles and practices. Springer (India), New Delhi
Lee W (2016) Budget and financial management. In: Park K et al (eds) Understanding Korean public administration lessons learned from practice. Routledge, New York
Lienert I (2013) Role of the legislature in budget processes. In: Allen R et al (eds) The international handbook of public financial management. Palgrave Macmillan, London
Mikesell JL, Mullins DR (2011) Reforms for improved efficiency in public budgeting and finance: improvements, disappointments, and work-in-progress. Public Budg Financ 31:4
Miller GJ (2012) Government budgeting and financial management in practice logics. CRC Press, Boca Raton
Naomi C (2011) The unruly world of public budgeting (Book review). Public Budg Financ 31:4
Patwary SU (1983) Financial administration in Bangladesh. Dipika, Dhaka
Posner P, Park CK (2007) Role of the legislature in the budget process: recent trends and innovations. OECD J Budg 7:3
Rosen HS (2004) Public finance. In: Rowley CK, Schneider F (eds) The encyclopedia of public choice. Kluwer Academic Publishers, New York
Tommasi D (2013) The budget execution process. In: Allen R et al (eds) The international handbook of public financial management. Palgrave Macmillan, London

# Budgeting and Public Finance

Michal Plaček[1], Juraj Nemec[2], František Ochrana[1], Milan Půček[1] and Gabriela Vaceková[1]
[1]Center for Social and Economic Strategies, Faculty of Social Science, Charles University, Prague, Czech Republic
[2]Faculty of Economics and Administration, Masaryk university, Bruno, Czech Republic

## Synonyms

Balance of revenue and expenditure; Financial management in public sector; Financial plan; Revenue and expenditure plan

## Definition

Budget is the tool through which governments decide how much to spend on what, limiting expenditures to the revenues available, and preventing overspending.

## Introduction

Budget is the tool through which governments decide how much to spend on what, limiting expenditures to the revenues available, and preventing overspending (Anessi-Pessina et al. 2016). The budget aims to turn plans and aspirations into reality. The budget thus constitutes revenue on the one hand and expenditure on theother. Budget revenues and expenditures can be divided according to more criteria and according to the customs in the given state. For example, this revolves around types of income and expenditures, i.e., tax and non-tax revenue, current expenditures (e.g., energy, services, employee salaries, etc.,) and capital expenditures (e.g., construction of motorways, purchase of police equipment, etc.). They can also be broken down by sectors where revenue is generated or where expenditures are used (for example, in health, social services, transport, culture, security, etc.) An important breakdown also exists according to whether or not the money has to be spent – it can be a compulsory (mandatory – resulting, for example, from the law) or a non-compulsory expenditure. In terms of budgeting, the budget can be balanced (expenditure equals revenue), surplus (expenditure is lower than revenue), or deficit (expenditure is higher than revenue; the state usually has to borrow in the case of a deficit – increasing its debt). The public sector should strive for balanced budgets, which is a problem for most countries.

The budget plays a key role in any public sector organization. The budget is an eclectic tool which, in addition to its basic allocation function, can be viewed from a political, managerial, and economic perspective each focusing on a particular facet or function of public budgeting (Anessi-Pessina et al. 2016).

The budget can be viewed from different perspectives, as shown in the following table (Table 1).

## Political Perspective

From a political point of view, the budget expresses the objectives of the given public policy as well as political preferences. The state budget is therefore a central policy document of government, which guarantees the prioritization of objectives and their achievement in the long (e.g., 3 year) and short (e.g., annual) term. The budget is a contract between citizens and states which shows how resources are raised and allocated for the delivery of public services (OECD 2015). Quality budgeting is a key tool for achieving good governance objectives such as transparency, integrity, openness, participation, accountability, as well as functioning as a strategic approach to planning and achieving national objective (OECD 2015). Budgeting is thus an essential keystone in the architecture of trust between states and their citizens (OECD 2015). The basic prerequisite for fulfilling these functions is the creation of tools for evaluating the results of public policies, including proposals and evaluations of alternatives. It should be noted that in this process there is a constant conflict arising from conflicting interests. We can think of budget decisions as a political arena where different stakeholder groups meet. Politicians, officials, managers, lobbyists, interest groups, and others are trying to meet their particular goals and try to amount to the resources devoted to such goals. External stakeholder groups try to influence the decision on resource allocation, so that in the end, the public interest does not have to be realized, but the narrow interests of these stakeholders do.

**Budgeting and Public Finance, Table 1** Perspectives of the budget

| Perspective of the budget | The result of this perspective (budget) |
|---|---|
| Political | A tool for prioritizing objectives, a tool for communication, a contract with citizens |
| Economic | Public policy instrument, stabilization of macroeconomic variables |
| Managerial perspective | A tool for controlling and obtaining information, reducing public expenditure |
| Purpose | Capital budget, current budget |
| Organizational and institutional | Central government budget, regional budget, local government budget |
| Approach to budgeting | Traditional (incremental) budget, performance planning system, planning, programming, budgeting system, participative budget, gender budgeting, budgeting for sustainable development goals |

Source: Authors

## Economic Perspective

In economic terms, the budget is an instrument of fiscal policy to help achieve macroeconomic objectives. The budget function can therefore be allocation, redistribution, and stabilization. The budget is primarily a tool for affecting income distribution, stimulating economic growth, promoting employment, tackling inflation, and encouraging economic stability (Anessi-Pessina et al. 2016). In the context of the economic crisis and within the existence of supra and international organizations, budgets face other challenges as recent fiscal and economic crises have to put enormous pressures on cutting back spending, balanced budgets, and reducing the amount of public debt accumulated (Anessi-Pessina et al. 2016). Budgets play a key role in economic recovery and growth. The economical view explores how budgets are used to decide, implement, and communicate macroeconomic policies; how to meet increasingly sophisticated and heterogeneous demand for services; and how to reach a consensus on specific resource allocation as decisions becomes more and more complex warping into fragmented and continuous bargaining (Anessi-Pessina et al. 2016).

## Managerial Perspective

The management perspective on the budget addresses how to streamline the budgeting process (for example, in terms of cost of creation and

administration, the time required to prepare and approve it, as well as in terms of transparency or resistance to corruption and fraud) and how to achieve the most effective allocation (i.e., its use for the fulfillment of public policy objectives and society's needs). This trend is associated mainly with reforms in the spirit of New Public Management, the managerial part of which spurred the implementation of managerial methods used in the private sector as well as market-based tools and mechanisms. The outcome of these reforms was the emergence of new budgeting methods and an extension of the types of information that budgets bring to the management control system. In this managerial concept, the budget serves as the key accounting and managerial document at the organizational level goals (Anessi-Pessina et al. 2016). The budget is therefore to be used for managerial activities, which may be aimed at curbing public expenditure through decentralization, allocation of responsibilities and decision-making powers within the organization, determining how public goods and services will be provided, determining criteria for monitoring, measuring, and evaluating quality and efficiency of provided public services, and setting individual and organizational goals (Anessi-Pessina et al. 2016).

## Perspective of Purpose

According to the perspective of purpose, the budget can be divided into capital and current budgets. In the case of the capital budget, these are one-off, nonrecurring public revenues and expenditures of the public budget. Capital income is, for example, financial resources from the sale of investments (property). Capital expenditures are resources spent on financing investments. The capital budget can be balanced, in surplus and deficit. The current budget is the balance of public revenue and expenditure for the financial year. These are (usually) recurring income (mainly taxes) and expenditures used to finance (noninvestment) current noninvestment needs, such as energy expenditures and the salaries of public servants. The principle is that the current budget should be constructed as balanced.

## Institutional Perspective

From an institutional point of view, there are the central government budgets, local government budgets, and the budgets of specific public sector organizations. Within public finance systems, these budgets are linked. It is important to set the relationship between the central government budget and the budgets of local governments regarding the possibility of obtaining self-revenue and deciding on the provision of public goods and services. This problem is addressed by the theory of fiscal federalism, and the process of transferring competencies in providing public goods and services to local governments known as decentralization.

## Approach to Budgeting

The following budgeting methods can be distinguished: Traditional (incremental) budget, performance budgeting system, planning, programming, budgeting system, zero-based budgeting, participative budget, and gender budgeting.

**The traditional (incremental method)** perspective is based on last year's budget, which forms the basis for the budget for the next period. It is a form of budget "in which there is a high-level legislative or executive control over individual objects of expenditure in large organizations (Bagdigen 2001)". The traditional method focuses on checking whether money has been spent on items for which it has been budgeted. The problem with this method is that it ignores the assessment of public expenditure outputs and does not evaluate the proposed expenditure in terms of purpose which can lead to the risk of higher costs. The main advantage of this budgeting system is simplicity, speed, low transaction costs, conflict reduction, better controllability, and risk elimination in the decision-making process. The disadvantage of this method is excessive simplification and the inability to respond to future risks and changes in society. This approach also ignores the creation of new public policies as it focuses only on specific existing public policies (i.e., those already funded by the budget and their financial intensity verified by previous budgets)

(Bagdigen 2001). There may also be duplicity in the budget. The budget thus created provides very little information for managerial decision-making and medium and long-term economic planning.

Another variant of budgeting is called **performance-based budgeting;** the basic prerequisite of this method is the requirement for the measurability of results, outcomes, and impact. Performance budgeting, in its ideal form, is a planning-oriented system and "centralize [s] the planning function and delegate [s] primary managerial and control responsibilities to the supervisory and operating levels accordingly" (Ho 2018). This method has entered the public sector in response to the shortcomings of traditional budgeting methods. It differs from traditional budgeting methods in that budget information is collected by activity rather than by item. The compilation of the budget also includes the collection of information on achievements. The process includes regular evaluation of the fulfillment of objectives and deviations from the set budget. In practice, such a method is more likely to be used as a tool for making public spending more efficient, not as an allocation mechanism, since the use of this method faces a number of theoretical and practical constraints on the public sector. It is very difficult to achieve a link between funding and achievements. In the public sector, it is very difficult to establish performance indicators for a number of activities and collect the necessary data to evaluate the achievement of these indicators. In some public sector activities, this can be directly undesirable (for example, if the police are to collect as many fines as possible in their targets, then this is an improperly set goal – police officers use a repressive approach instead of prevention to achieve that goal). The focus on achieving an incorrectly measurable target then goes against the needs of society. Another problem is the higher incidence of conflicts within organizations that are under pressure. This type of budgeting can also lead to negative behaviors such as gaming and cream skimming. Ultimately, organizations can only focus on achieving goals that are related to funding and ignore other goals.

Another variant of budgeting is the **planning, programming, and budgeting system**. The main purpose of this method is that it links program information to planning in decision-making and the evaluation of public services on output basis. This method applicable arises in the area that public funds have limited resources against increasing public demand (Bagdigen 2001). Unlike the traditional budgeting methods, expenditure is assessed on the basis of achieving the objectives. This method also takes into account the achievement of long-term objectives and takes into account the assessment of alternatives to the proposed programs and policies. The benefits of this method include awareness of the organization's objectives, assigning responsibility for achieving objectives, evaluating alternatives to existing and proposed projects, and reducing the risk of overlapping in public spending. One of the shortcomings of this method is that, although it focuses on achieving objectives, it does not say how to achieve those objectives. Another problem is the need to implement a system for efficient data collection, which makes it possible to make decisions; it is also very difficult to evaluate the long-term effect of spending programs.

**The participatory budgeting** method is based on the involvement of citizens in deciding on the allocation (usually a predetermined part) of public resources. This method is widely used by local governments (e.g., municipalities) (Džinič et al. 2016). This instrument has been seen as one of the most successful tools for engaging citizens in public affairs in recent years. Its success or failure depends on the willingness of the local government to involve citizens in decision-making and on the willingness of citizens to participate in decision-making. There are many variants of participatory budgeting, which vary in how citizens are involved in decision-making, from the broadest option where citizens influence methodology and have decision-making competence, to the option where community funds are created, or the option where citizens only have a consultative function (Džinič et al. 2016). The benefit of this approach is citizens' involvement in decision-making and better satisfaction of local demand

for public goods and services. The disadvantage is problematic aggregation of preferences, transaction costs, incomplete information had by citizens about the benefits and costs of projects.

A very current method for budgeting is **gender responsible budgeting**, whose main goal is to ensure gender-equitable distribution of resources and to contribute to equal opportunities for all. This process means thinking about the impact on people, including women and men. Using this method, it is crucial to monitor how money is spent and whether it is sufficient to meet the practical and strategic needs of women and men, how decisions on raising and spending money affect unpaid care work and subsistence work, and the distribution of these among genders (Oxfam 2018).This method of budgeting aims to compensate for the under-representation of women in the public policy process, which in turn results in, for example, lower wages or lower pensions. Women also often work in the informal economy, where we can, for example, include care for loved ones. These activities are not subsequently reflected in official statistics based on which policy makers then decide on the allocation of public funds.

**Sustainable development goal budgeting (SDG budgeting)** aims to achieve the goals defined in the 2030 Agenda for Sustainable Development. SDG budgeting requires a close link between consolidated public budgets, budgeting, and public policies. The basic prerequisite for achieving these objectives is that public budgets will not be drawn up centrally by the budgetary authority separately from other actors. It is essential that all relevant actors are involved in the budgeting process. Governmental stakeholders, including specialized analytical (policy advising) units, such as "value for money" units, institutes of fiscal policy, fiscal councils, and oversight bodies should be more integral and proactive in fiscal management, including nongovernmental stakeholders, including, notably, civil society organizations and the media (United Nations 2019). Transparency is also very important as it increases accountability. Transparency includes the right of the public to evaluate public decision-making, including the assessment of its predictability, transparency, and rendering the government more efficient and less prone to special interests and corruption while being better focused on public value. Decentralization is a key aspect of SDG budgeting. Under decentralization, one sees the transfer of responsibility for financing the provision of public goods and services to local governments. The expected benefits are better satisfaction of local demand, better allocation efficiency, enhancement of accountability, and more democracy in society. Successful fiscal decentralization depends on factors such as the capacity of subnational governments, the extent to which central and subnational governments agree on the sharing of tasks, and the overall fiscal Framework (United Nations 2019). A prerequisite for SDG budgeting is the efficient mobilization of resources, which goes hand in hand with reducing illicit financial flows. Indeed, illicit financial flows reduce the resources needed to ensure the production of public goods and services, limiting the country's capacity to attract investors and weakening trust between citizens and the State (United Nations 2019). The state should improve revenue administration through modernized, progressive tax systems, improved tax policy, and more efficient tax collection, which should lead to improved fairness, transparency, efficiency, and effectiveness of the tax systems, including broadening the tax base (United Nations 2019.)

## Budgetary Process

In spite of different budgeting methods and different legislative regulations and practices in different countries, several key steps can be seen that are necessary to achieve the efficient allocation and use of resources. The individual steps form the so-called budget process. The budget process is not linear but cyclical and may include multi-year budgeting; this process takes place at various levels of government (local, provincial, state (regional,) and national). The budgetary process usually has the following four phases as shown in Fig. 1.

**Budgeting and Public Finance, Fig. 1** Budgetary process

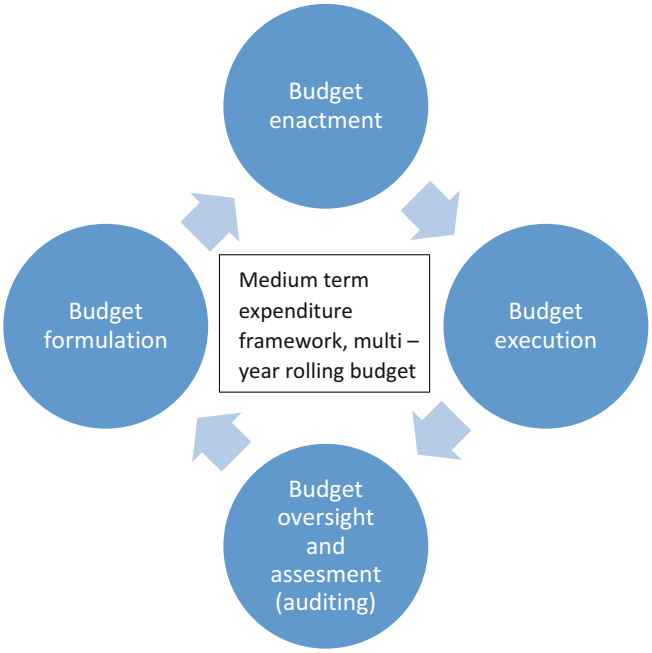


The first step in the budgetary process is budget formulation. This phase includes identifying the needs and policy priorities, revenue estimation, spending priorities, and how revenue is likely to be divided among priorities and politics.

The second step is to approve the budget itself. This step depends on the specific conditions and the level at which the budget is approved. At the central (state) level, the budget usually takes the form of a legislative standard, or the budget approval process can be precisely defined by law. The budget is approved by an expressed procedure in law by a legislature which includes different levels of government.

The third step is budget execution and expenditure management. The money is distributed to spending agencies based on the approved budget. Agencies initiate spending through payrolls, the procurement of goods and services, and the purchase of capital assets and infrastructure. Information on the payments of expenditure is recorded in the accounts and is the basis for reports on the budget, which are usually compiled on a monthly, quarterly, half-yearly, and annual basis.

The last step is budget oversight and assessment (auditing). Oversight is the act of limiting the discretion of the executive arm of government by monitoring its budget management. An oversight body controls the use of public money and compliance with the legal framework related to the management of public funds (financial audit) and the delivery of socioeconomics rights (performance audits).

## Cross-References

▶ Budget Cycle
▶ Tax Expenditures as Social Policy

## References

Anessi-Pessina E, Barbera C, Sicilia M, Steccolini I (2016) Public sector budgeting: a European review of accounting and public management journals. Account Audit Account J 29(3):491–519

Bağdigen M (2001) Budgeting systems and their applicability in public sector. EU IIBF Dergisi 17:17–36

Džinić J, Svidroňová M, Markowska-Bzducha E (2016) Participatory budgeting: a comparative study of Croatia, Poland and Slovakia. NISPAcee J Public Admin Policy 9(1):31–56

Ho T-KA (2018) From performance budgeting to performance budget management: theory and practice. Public Adm Rev 78(5):748–758
OECD (2015) Recommendation of the council of on budgetary governance. https://www.oecd.org/gov/budgeting/Recommendation-of-the-Council-on-Budgetary-Governance.pdf
OXFAM (2018) A guide to gender-responsive budgeting https://policy-practice.oxfam.org.uk/publications/a-guide-to-gender-responsive-budgeting-620429
United Nations (2019) Strengthening fiscal management at the national and subnational levels. E/C.16/2019/6. http://workspace.unpan.org/sites/Internet/Documents/UNPAN99072.pdf

# Budgeting for Nonprofit Organizations

David A. Bell
Savannah State University, Savannah, GA, USA

## Synonyms

Financial estimate; Financial forecasting; Financial projections; Fiscal plan

## Definition

Budgeting in the nonprofit sector is normally defined by its use. In general, budgeting is primarily understood as a financial accountability tool as its creation and oversight are a fiduciary responsibility of the board of trustees. Budgeting is also a process to allocate resources and thereby express the priority the nonprofit organization places on related activities. In addition, it is a plan for obtaining resources and employing them in service of the organization's mission. The result, the budget, is a communication device serving these uses and more. Budgeting produces a set of promises involving a specific time period that are monetized and communicated. Nonprofit budgeting has evolved from primarily an accounting task to a device for implementing and advancing the organization's mission and strategic priorities.

## Introduction

Nonprofit budgeting practices vary as greatly as the sector is diverse. From multi-million dollar educational and medical institutions to community organizations measured in thousands of dollars, budgeting utilizes different levels and degrees of complexity and sophistication. Still, there are basic components and steps generally considered regardless to size and complexity. These components and steps are viewed through a budgeting framework (Fig 1):

A *budget* consists of monetized *credible commitments* involving a period of *time* that are *communicated* to various parties. Budgeting occurs in a *context*, much like a cake is baked in an oven. This context is comprised of *structure*, *process*, and *external stakeholders*. This context is encompassed by an *environment*, like a house exists in a climate. One view of the environment involves three factors: *economy*, *market*, and *political*. This framework illustrates the interconnectedness of budgeting with other key functions of nonprofit organizations. Understanding various aspects of the framework, such as environmental factors, is served by other sections (see "Cross-References" section below). The context is affected by this environment similar to how the temperature in a building is affected by the temperature outside. The context's structural aspect involves the organization's internal roles, relationships, and rules (activities required, prohibited, and permitted). The external stakeholders of the context are generally those not included in the structure that affect, or are affected by, the nonprofit organization (e.g., foundations, government agencies, financial institutions). It is essential that budgeting does not occur in isolation and is informed by key processes of the organization.

Budgeting in nonprofit organizations commonly involves a four-step *process*:

- Data gathering
- Preparation and approval
- Implementation
- Monitoring and reporting

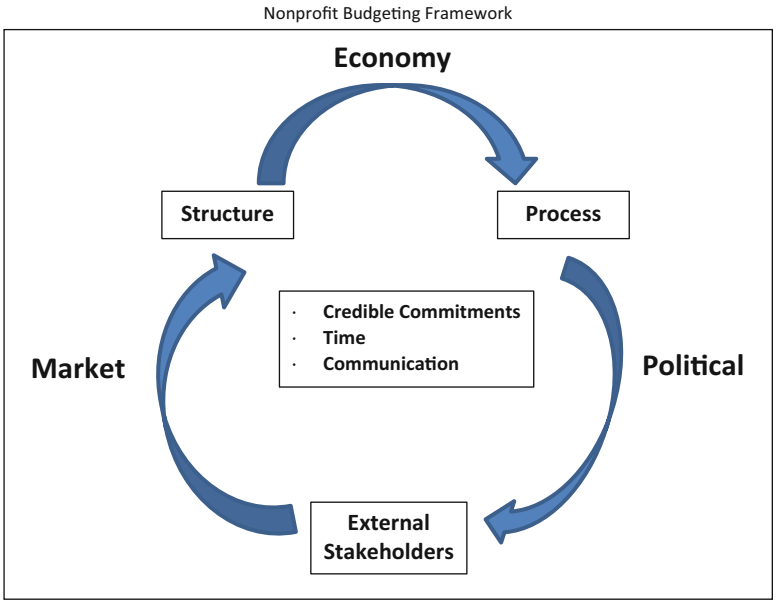


**Budgeting for Nonprofit Organizations, Fig. 1** Nonprofit Budgeting Framework

These steps are performed within a *structure* that intentionally identifies and considers *external stakeholders*. Credible commitments, time, and communication are the essence of the budget. That is, the result of budgeting is a set of promises involving a specific time period that are monetized and communicated in various ways to various parties. The organization's structure employs a process to perform budgeting that includes external stakeholders.

## Data Gathering

The budgeting process begins with data gathering. In large measure it is an iterative task observable throughout the budgeting process. It is important to understand this step involves collecting more data than will actually be needed and used. This is due in large measure to the uncertainties of the environment and context. Quality data is vital to creating goods and services used to advance the nonprofit organization's mission. It is also essential for quality decisions in budgeting.

Obtaining quality data has a lot to do with the nonprofit organization's structure and budgeting approach. Depending on the organization's size and complexity, the finance staff will gather the data and may also be the repository of data provided by others. The nonprofit sector's emphasis on organizational effectiveness including both *mission* and *financial* outcome performance necessitates linkages between mission advancement and budget *resources* and *use*.

Regardless of the structure or approach, the following types of data are generally obtained:

- Strategic long-range plan (including environmental data updates for matters such as competition and challenges of resource/income dependency)
- Economic metrics and projections
- Financial statements
  - Prior budgets
  - Budget-actual variance reports
  - Statement of financial position
  - Statement of activities
  - Statement of cash flows
- Income history and projections
- Expense/cash demands-history and projections
- Program and department budget requests

Economic data could include deposit and loan interest rates, labor costs, and international currency exchange rates. Income data should distinguish between regular/reoccurring and one-time

sources. In addition, there should be distinction by type, such as annual and capital campaigns, special requests, in-kind, membership dues, and fee-for-service (e.g., government contract, sales revenue, participation fees). Also, it is important to note that cash from loans is not income, nor is cash from designated/restricted funds. Endowed organizations should include any withdrawals, but not the endowment's earnings (e.g., interest, dividends, capital gains). Expense data should include amounts by various types of expense or line items (e.g., salary, benefits, interest expense, supplies), as well as amounts by various programs/departments (e.g., member training programs, youth after-school program, public awareness program). In addition, capital expenditures should be included, such as equipment (e.g., computers, automobiles, workstations, video projection) and building costs (e.g., construction and major maintenance/remodeling). Developing projections of income and expense is discussed in greater detail in the "Preparation and Approval" section. Data helps substantiate or uncover the connection between resources that are used and achievements in advancing the nonprofit organization mission.

## Preparation and Approval

There are three budget types: *operating*, *cash*, and *capital*. An operating budget reflects detailed income and expense figures for a year, often illustrating several years. A cash budget differs from the operating budget in that it may provide less account detail and provide more time detail. It reflects the cash inflows, outflows, and balances by month for a year. The capital budget reports planned expenditures for property, plant, and equipment. It also includes expenditures such as building renovations. In general, components in the capital budget are not items purchased every year; rather they have a useful life of several years and involve a substantial cost.

Preparation of the operating budget is primarily a function of forecasting. It involves work to project revenues and expenses. When numerous departments are involved, a common format is to be used for submission to the finance office. In more sophisticated organizations, this may involve specialized budgeting software. Others may create a spreadsheet template. It is highly recommended the preparation of operating budget forecasts be computerized.

There are several ways to create forecasts when preparing the operating budget. Although it must be done with care and examination, it is not unusual for revenue projection to be based on the prior year. It is essential to consider historical revenue patterns. However, projection of future revenue must also take into account other environmental and stakeholder considerations. New or expiring grant funding, for example, needs to be considered. In addition, there are a number of quantitative methods (Zietlow et al. 2007, pp. 263–265) that may be useful for developing revenue projections (e.g., time series analysis and regression models). Expense forecasts provided by departments must be reviewed for fixed and variable components (e.g., a certain amount of building space is fixed regardless to how many children are served in an early learning center and serving more children means an increase in meal costs). An appropriate portion of the organization's overhead should be allocated to programs (e.g., fixed cost such as property/liability insurance). There are a number of methods used to compute the allocation, such as time worked allocations and amount of full-time equivalent employees dedicated to the program.

More important than the forecast computation formulas are the method and rational that resulted in the computation. For instance, the use of quality environmental data may be important to support the rational backing for a projection. Revenue projection for a member training program requires consideration of changes in local competition (i.e., other providers of training), members' sources of training funds, as well as training space capacity. Woods Bowman (2011) provides four operating budget templates reflecting organizations of different levels of complexity to illustrate budget preparation (pp. 56–62). Critical to the credibility of income and expense forecasts is addressing the matter of preparing a balanced operating budget.

A balanced operating budget is when the projected revenues and expense are equal. Producing a surplus is generally understood as an aim. This is often expressed as an increase in unrestricted net assets: assets not obligated to satisfy a commitment, or an amount owed. Some organizations use a projected contingency expense budget item to make total expenses as much as total revenue. For many, a challenge to creating a balanced budget is what Kay Snowden (2008) calls "magical thinking" (p. 19). It is illustrated by a substantial reduction in revenue for a program without a commensurate reduction in service provision and expense. The service and associated expense is continued with the hope of obtaining yet-to-be-identified replacement revenue. Operating with an occasional deficit need not be a cause for alarm. What must be avoided is a substantial disconnect from data-driven decision making that results in preparing a fictitious operating budget.

One response to the risk of preparing a fictitious operating budget is budgeting for a reserve (i.e., unrestricted net assets). The matter of creating a reserve and its size is a critical philosophical consideration for the board of trustees. The decision to create a reserve includes questions of the amount used for service provision as compared to risk management (e.g., unexpected decrease in revenue or increase in expense).

The cash flow budget is foundational to considering questions of reserve creation. It illustrates the often asymmetrical relationship of cash inflows and outflows. An example is the payment for food to prepare meals in an early learning childcare center and the time of any reimbursement pursuant to the federal Child and Adult Care Food Program. The seasonality of flows is also observable. For instance, the months when three pay periods occur for biweekly payrolls are highlighted. The cash flow budget document reports the resulting projected change in cash balances.

The cash flow budget may use any of a number of formats, such as the organization's statement of cash flows. Various models can be found in the work of Zietlow et al. (2007, pp. 282, 283, 299, 300). These authors argue that liquidity management is among the most important areas in nonprofit management (p. 23). Liquidity has various tiers and is fundamentally understood as the amount of cash available from flows, balances, and investments (p. 31). It is important to the ability to pay expenses in a timely manner. The cash flow budget can be used to identify when cash balances are the highest and lowest, including any cash balance deficits. As a result, the amount of cash needed can be identified and inform decisions on reserve creation.

Capital budgets are often projects that emerge from nonprofit organization programs. These items often involve outflows over a number of years. For example, a building construction project could extend over 1 year. Capital budget expenditures may be underwritten by a number of methods, such as cash flows, cash balances (reserves), or debt. The capital budget details all the projects under consideration. Projects are ranked on desirability. The evaluation process often involves a cost-benefit analysis that informs comparing between alternative programs and projects. Examples of employing computations in the analysis are provided by Zietlow et al. (2007, pp. 329–333).

Budget approval is the consummation of important commitments. Essentially it is a commitment of senior management and the board of trustees to provide the agreed amount of resources and those working to advance the mission to provide the agreed to services (Renz 2010, p. 637). Accordingly, it is normal for key staff to meet after data is assembled to review and refine the budget. Similarly, the board's leadership meets (e.g., budget or executive committee) for a detailed review of the budget prepared by staff and completion of final additions, deletions, and adjustments. The resulting budget is provided to the entire board in advance for them to prepare for presentation and approval at a board meeting, where additional changes may occur. The budget finally approved represents the organization's belief that resources are sufficient to provide the services and the services will produce outcomes that advance the organization's mission.

Capital budget approval involves particularly solemn decisions by the board of trustees. Clara Miller (2010) discusses how the Great Recession

negatively impacted some well-run nonprofit organizations for many years to come. From a capital perspective, two of her "horsemen" considered potentially fatal for an organization involve capital budget decisions. One is too much real estate. She explains that often real estate is valued over other capital investments, such as technology, that may be important and central to mission advancement. Another horseman is too much debt. Debt service becomes a fixed obligation that limits the organization's financial flexibility. Approval of capital budgets must carefully incorporate big picture data.

## Implementation

After budget approval comes execution or implementation. Communicating budget information is one of the first acts of implementation. This includes not only staff but external stakeholders. Membership organizations, for instance, may provide members a summary version of the budget as part of its prior year annual financial report. Foundations providing grants may require a copy of the approved budget. In addition, a financial institution providing a line of credit may require a copy of the budget. Operating in compliance with the budget is a fundamental aspect of implementation. Approval of a budget expense is not the same as approval to make the expenditure. Actual cash inflows must be considered in approving cash outflows. Approval of expenditures involves various control mechanisms designed to balance fiscal accountability and efficient operations. For example, implementation involves levels of authority provided to selected staff allowing expenses to be incurred without prior specific approval. Above that level, certain prior approval steps are involved (e.g., a purchase order – a form requesting authority to order goods/services). Budget implementation involves alignment with the expected mission outcomes and financial parameters.

A board policy with respect to transferring amounts between budget accounts is important to efficiently achieving mission outcomes within established financial parameters (Bowman 2011). This policy serves the overarching compliance responsibility of keeping overall actual income and expenses in alignment. The transfer authority approval includes a limit on the allowable transfer by management. Transfers above that limit are to receive board approval and should be infrequent. Excessive use indicates a deficiency in the budget as a plan to obtain and employ resources in mission advancement.

## Monitoring and Reporting

The final budgeting step involves observing and reporting budget behavior. It is vital to not only ensuring compliance and making needed interim adjustments but also informing future budgets. Reports for budget monitoring include the basic financial reports (statement of activities, statement of functional expenses, statement of financial position, statement of cash flow); however, the most useful reports provide information needed internally by management. For instance, budget variance reports provide detail on when actual amounts exceed or are below expectations. Sample monitoring forms and reports are provided in Edward McMillan's (2003) nonprofit budgeting handbook (pp. 29–35).

Although internal reports are essential management tools, the backbone of monitoring and reporting is the accounting system. This may be an area of concern, especially for nonprofits not regularly obtaining an independent audit, with an opinion letter. Serious problems can emerge from well-meaning, diligent staff that do not possess the knowledge to account for transactions in a manner that results in financial statements prepared according to generally accepted accounting principles (GAAP). When only the finance person understands the reports, there is a problem. Do not fall victim to this form of magical thinking. The accounting system should conform to GAAP standards, even in simple application organizations (McMillian 2003, p. 43; Zietlow et al. 2007, p. 171). In addition, the management and board should possess a basic understanding of the reports (both GAAP and management reports).

The management and the board make needed adjustments once informed by these reports. Adjustments may be policy in nature and any income/expenditure components. Nonfinancial information is important to budget monitoring and reporting. An unanticipated change in a key environmental component, for example, can impact sensitive income and expense items. Disciplined decision making is important for responding to budget variances and environmental changes. The driver of organizational activity is mission advancement. As such, the response to budget challenges cannot always be to reduce spending. The budget serves mission advancement. Decision makers govern and manage the nonprofit organization informed by realities emerging from monitoring and reporting activities.

## Conclusion

Nonprofit organization budgeting occurs in a context. The context is affected by an environment similar to how the temperature in a building is affected by the temperature outside. The essence of the budget is credible commitments, time, and communication. In other words, the result of budgeting is a set of promises involving a specific time period that are monetized and communicated. Historically, nonprofit budgeting was seen primarily as an accounting task; however, it has emerged as vital to implementing and advancing the mission and strategic priorities.

Budgeting must not occur in isolation and is to be informed by key processes of the organization. Budgeting is a process generally involving four steps:

- Data gathering
- Preparation and approval
- Implementation
- Monitoring and reporting

This budgeting process occurs within a structure that intentionally identifies and considers external stakeholders. It also reflects the increased emphasis in nonprofit organizations on effectiveness that includes both *mission* and *financial* outcome performance.

## Cross-References


- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Budgetary Constraints
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Marketing in Nonprofit Organizations
- ▶ Needs Assessment and Nonprofit Organizations
- ▶ Nonprofit Organizations and Overhead Costs
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Stakeholder Perspective in Nonprofit Organizations


## References


Bowman W (2011) Finance fundamentals for nonprofits: building capacity and sustainability. Wiley, Hoboken

McMillian E (2003) Not-for-profit budgeting and financial management. Wiley, Hoboken

Miller C (2010) The four horsemen of the nonprofit financial apocalypse. The Nonprofit Q. https://nonprofitquarterly.org/2010/03/21/the-four-horsemen-of-the-nonprofit-financial-apocalypse/. Accessed 2 June 2010

Renz D (ed) (2010) The Jossey-Bass handbook on nonprofit leadership and management. Jossey-Bass, San Francisco

Snowden K (2008) The nonprofit quarterly. Summer 18–21

Zietlow J, Hankin J, Seidner A (2007) Financial management for nonprofit organizations. Wiley, Hoboken


# Budgeting in the Public Sector


Isabel Brusca and Margarita Labrador
University of Zaragoza, Zaragoza, Spain


## Synonyms

Allocations of resources; Revenues and expenditure estimations; Strategic planning

## Definition

Budgeting can be defined as the process of preparing a budget, which sets estimations for revenues and expenses for future periods. It is a mechanism for allocating resources to goals and objectives of an entity and is related to the strategic plan. The budget is the financial statement prepared in order to forecast the expenditures and revenues for the budgetary period and to be used by managers and policy makers in decision-making and accountability processes. The budget can refer to 1 year (annual budget) or more than 1 year (multiyear budget). In any case, the process of preparing the budget takes place during the months before the year it refers to so that it can be used by the beginning of the fiscal year.

Governmental budgets have their origin in the parliamentary systems (seventeenth century in UK and eighteenth century in France) in which the legislative power controls the executive power. The separation of powers had relevant implications for budgeting and decision making in the governments. Budgets were designed as a tool for controlling the expenditure of the executive power and become more relevant when the participation of the public sector in the economy increased. Nowadays, the budget is an instrument for implementing the economic policy of the government: it includes policies for the redistribution of wealth, the provision of social services, and macroeconomic and intergenerational issues.

The budgeting process is a cornerstone for management both in the public and in the private sector, as it has a function for planning, coordinating, and controlling the use of resources. It must be related with the strategic plan of an organization, where the main objectives and aims have been defined. However, there are important differences in budgeting for the private and public sector; the purposes, functions, and methods are very different. In the public sector, the budget is a tool for accountability and transparency while in the private sector budgets are not public usually.

In the public sector, to define the objectives of the entity in a quantifiable way is more difficult than in a private company, and the budgeting process can be even more complex; the budget will reflect the political objectives and requires a process of negotiation. In the public sector, there is no quantitative objective similar to that of the maximization of the profit in the private sector. To provide the services efficiently would be the most similar objective. Sometimes, the objectives may be mainly qualitative, and it is difficult to quantify them and to evaluate how they are actually achieved. The measurement of outcomes is difficult. Furthermore, there is often no direct relationship between the inputs used and the outputs achieved. Because of this, the budgeting process in the public sector traditionally has been mainly focused on inputs, but in last decades some new approaches have emerged that focus on the outputs and outcomes. In any case, the resources used are mainly measured in monetary terms and cash necessities are usually considered as the basis for the budgetary process.

The budgetary process has usually been focused on the short term, with the emphasis on financial measures. The importance of the short term and of legal control led to budgets prepared with cash accounting, where items are recognized when they are paid or received, instead of when the resources are used. However, in recent decades governments have become aware of the importance of the long-term focus and that short-term planning is not enough; most countries now use annual budgets included within multiannual frameworks.

## Introduction

The budget is the main document for government management and control in which the expenditures and revenues that the entity forecast for the next year must be estimated. It represents the framework for improving the management of public administrations, preserving financial sustainability, and ensuring efficient delivery of public services.

In the budgeting process, the government has to assign the resources to its objectives and this means that it is necessary to prioritize these objectives. There are important differences between the budget process in business and in public

administrations. In the latter, the budget is a management tool but also plays an important role in the accountability field.

In this chapter, we first analyze the relevance and particularities of the budget for public administrations. The budget is considered a key document for implementing public policies and it is the document used for political debate, so the budgetary process shows important differences with respect to the business sector.

After describing these differences, we will focus on the types and methods of budgeting. In section three we analyze the steps of the budgetary process and in section four the budgetary bases, showing the differences between the accrual and cash bases of budgeting. We will then refer to the budgeting process for revenues and expenditures in order to see the main steps in each of them. We finish the chapter with the main conclusions.

## Budgeting for the Public Sector and Differences with the Business Sector

In the private sector, the budget is an essential tool for financial management and control, containing the strategies and plans of the entity. However, the role of the budget in the public sector is very different and processes and procedures are adapted to the environment in which these entities operate. There are important differences in the purpose and also in the process and methods used.

In the public sector, the budget is a document for financial management but it is also used for policy implementation and for controlling and monitoring the achievements and the legal compliance of political decisions approved. It provides the basis for authorizing expenditure and for the collection of fees and charges. In most countries, the budget has a limitative character for the expenditures, which means that it sets the maximum that the government can spend on each budgeted item. It is approved through a political process and after a parliamentary debate, which usually requires the majority of votes. So, the budget can be considered as a contract between citizens and state, showing how resources are raised and allocated for the delivery of public services. Statutory frameworks ensure that public sector organizations set balanced budgets where the estimated revenues cover the expenditures.

In public sector, the main resources come from taxation and fees so that it is important to control on what the government has spent these resources. Budgeting is a cornerstone of the trust between states and their citizens and key to transparency and accountability. At the end of the year, the budgetary reporting shows the expenditures and revenues of the year along with the differences between them and the approved budget. Thus, the budget provides the basis for budgetary control.

The main objectives of public sector budgeting are:

- To assist strategic planning and defining the objectives for the budgetary period
- To help in planning expenditures and what resources (for example taxes) are necessary to carry them out
- To implement and control policies
- To provide the basis for authorizing expenditure
- To provide the basis for budgetary control
- To provide the basis for accountability
- To measure and monitor performance

## The Budgetary Cycle

The budgeting process is constituted by a group of activities that are gathered into a cycle. The budget cycle is the whole process that takes place during the budget period.

Usually, the budget cycle has four steps:

- Budget preparation and formulation
- Budget approbation
- Budget execution
- Monitoring and control of the budget

The budget refers to a fiscal year but the budgetary cycle extends beyond the fiscal year and several budget cycles can occur simultaneously (e.g., formulation of one, implementation of a second, and control of a third).

**Budgeting in the Public Sector, Table 1** The budget cycle

| Year t – 1 | | | Year t | Year t + 1 |
|---|---|---|---|---|
| Preparation and formulation | | Approbation | Execution | Control |
| Finance department: Preparation of an initial draft of the budget | Executive power of government: Formulation of the draft of the budget | Legislative power of government: Approbation of the Annual Budget Law | Executive power of government: Execution of the budget<br>Internal control office: Internal control | Internal control office: Internal control<br>Supreme Audit Institution: External control |



Table 1 synthesizes the phases of the budget cycle:

## Budget Preparation and Formulation

The preparation of the budget starts some months before the budgetary year and needs to be based on the long-term plan prepared by the government. It is the more complex phase and requires many preparatory activities. At the moment, budget preparation must comply with budgetary stability and the limits for the expenditure that laws state in some countries, especially within the framework of the European Union.

This step requires planning and an analysis of resources and expenditure needs. In this phase, it is necessary to estimate resources and allocate them to expenditure policies, which requires to define the policies of government. Because of this, the budget formulation has many political implications. Depending on the type of budget used, it is also necessary to define the objectives, outputs, and outcomes of the planned activities, as well as the performance indicators that will be used for the evaluation of the budget. Furthermore, the formulation of the budget requires negotiation as sometimes there is a conflict between the different departments of the governments.

Before the final budget, managers usually prepare a draft of the budget, with the objective of introducing a debate about the amounts and the outcomes of the activity. Two approaches can be used by managers to prepare the budget: top-down and bottom-up, although both of them can be combined in the budget preparation (Ljungman 2009).

In a top-down budget, a total expenditure level is decided at a first stage and then the expenditure is allocated between the policies and agencies. In a bottom-up budget, the process starts with the proposals of expenditure from the agencies and through a process of negotiation the decisions about allocations are made; the total expenditure is determined at a second stage as sum of the expenditures allocated to spending units. Managers have a key role in negotiating the expenditures in both cases.

The responsibility for preparation of the budget differs among countries, but initial formulation of the budget corresponds in most of the countries to the executive power of government.

## Budget Approbation

After the budget has been prepared by the executive power, its discussion and approbation corresponds to the legislative power. In this phase, the budget is available to the public and the political debate has a great impact in the media. Parliament can pass the budget, introduce some amendments, or not approve it, with its consequent return to the government. The budget must be approved during the year prior to the budgetary period. For example, in Spain, the budget must be approved by Parliament before the first of January; if it is not approved, previous year's budget is extended.

In some countries, the budget is approved in two phases. In the first of this, the global figures, the macroeconomic environment, and the medium-term provisions are approved. In the second phase, the government elaborates the budget within the limits approved and it is discussed in the Parliament. In other countries, the global figures are approved and the discussion carried out in a single parliamentary process.

### Budget Execution

The budget execution takes place during the fiscal year. The budget legislation regulates a number of phases or steps for the execution and control of expenditures in order to be sure that it is carried out within the initial budget approved, with some differences between countries.

Although the phases can vary, some of the most common are:

*The appropriation phase*: authorizes expenditures and fixes a maximum. Appropriations represent the legal authorization to spend, and expenditures are further subdivided through an allocation process that fixes maximum amounts by the nature, program, or function of the expenditure.

*The commitment phase*: purchase orders or contracts are prepared in accordance with the appropriations, but goods or services have not yet been received.

*Registration of the obligation phase*: the goods and services provided are received, so a liability and an asset or expenditure appear. Therefore, this budgetary phase is recorded in the financial accounting system and in the budget.

*Payment order phase*: once the goods and services provided have been received and the obligation has been recognized, a payment order is issued as a phase previous to the physical payments.

The information about the execution of the budget and its comparison with the amounts forecasted are registered in the budget execution statement. This information about budget execution is useful for accountability purposes and must be published in order to increase the transparency of government actions and activities. In fact, with the New Public Management reforms, budget transparency has become a cornerstone for good governance and for achieving accountable and responsible governments. The budget must include performance measures that can inform about the effectiveness and efficiency of public expenditures. This has encouraged governments to adopt performance budgeting, as we show in a later section.

### Monitoring and Control of the Budget

After the budgetary execution, the final phase is the monitoring and control of the use of resources in order to guarantee the process as a whole. The budget execution statement is the basis for the control and must be available for politicians, citizens, and audit institutions. The statement of budget execution is presented in the annual report, which also contains the financial statements that must also be approved by the legislative power.

There is usually a double process of control: internal control and external control. The internal control corresponds to a body of the government and is a priori. The external audit corresponds to external auditors, with important differences among countries. In most European countries, the external control is the responsibility of the Supreme Audit Institutions, an independent body that must control the legality of the process and the achievement of the objectives and the performance. The result of this control is included in the audit report.

## Budgeting Principles: Budgetary Stability and Financial Sustainability

There are differences among countries in the budgeting practices, which are influenced by institutional, economic, and cultural factors. In spite of it, the OECD (2014, 2015) states that the common elements of adequate budgeting practice in countries should be a set of principles that can guide the budgetary processes.

According to the OECD (2015), there are ten principles which provide a concise overview of good practices and aim to give practical guidance for the design, implementation, and improvement of budget systems:

1. Manage budgets within clear, credible, and predictable limits for fiscal policy
2. Closely align budgets with the medium-term strategic priorities of government
3. Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner

4. Ensure that budget documents and data are open, transparent, and accessible
5. Provide for an inclusive, participative, and realistic debate on budgetary choices
6. Present a comprehensive, accurate, and reliable account of the public finances
7. Actively plan, manage, and monitor budget execution
8. Ensure that performance, evaluation, and value for money are integral to the budget process
9. Identify, assess, and manage prudently longer-term sustainability and other fiscal risks
10. Promote the integrity and quality of budgetary forecasts, fiscal plans, and budgetary implementation through rigorous quality assurance including independent audit

In the present environment of financial crisis and austerity, there is another budgetary principle that can be highlighted: the budgetary stability and financial sustainability. This means that budget must be balanced both in its approbation and in its execution. This principle has a special relevance in the framework of the Stability and Growth Pact (SGP) of the European Union member countries, which aims to control debt and deficit. The stability programs include the medium-term budgetary objectives for each Member State that define the limit for the structural deficit.

European Union Member States have included the requirement to adapt their budget to stability and sustainability principles in their legislation. For example, in Spain, an organic law on budget stability and financial sustainability was passed in 2012. It requires that governments approve budgets that respect the stability principle: a balanced or surplus budget in terms of the European System of Accounts. The financial sustainability principle requires a limit for public debt (inferior to 60% of Gross Domestic Product, GDP) in order to control debt. Furthermore, Public Administrations' expenditure may not be higher than the GDP growth rate. In Italy, the 2015 budgetary stability law also tries to control debt and deficit.

## Types and Methods for Budgeting

Budgets can cover a variety of activities and purposes and can be prepared following different methods. We include some possible classifications in the following paragraphs.

### Expenditure and Revenue Budgets

First, budgets can be produced for either expenditures or revenue. In both cases, we can differentiate between operative and capital budgets. Operating budgets describe the expenditures and revenues for the functioning of an organization in a given period. Capital budgeting is the process of planning for investments with extended life spans and financial resources with long-term implications.

### Annual and Multiannual Budgets

Budgets can refer either to just 1 year or to longer periods. Multiyear or biannual budgeting includes 2 or more year projections of revenues and expenditures. During this period, adjustments are made according with new information, such as decreases in revenues or unexpected expenditures. This type of budget is considered a very useful tool for planning.

Traditionally, budgets have been prepared for 1 year but in many countries multiyear budgets are now recommended and implemented. For example, in the European Council of the European Union a multiannual financial framework is used. And according to the Council Directive 2011/85/EU of 8 November 2011, on requirements for the budgetary frameworks of the Member States, each Member State shall have in place numerical fiscal rules which are specific to it and which effectively promote compliance with its obligations under the Treaty on the Functioning of the European Union in the area of budgetary policy over a multiannual horizon for the government. The directive encourages the adoption of a multiannual fiscal planning horizon, including adherence to the Member State's medium-term budgetary objective. It states that Member States must define medium-term budgetary frameworks

as a specific set of national budgetary procedures that extend the horizon for fiscal policy-making beyond the annual budgetary calendar, including the setting of policy priorities and of medium-term budgetary objectives. In the USA, the Federal Government proposed a legislation to change the budget process from an annual to a biannual cycle. The Government Accounting Office (2001) highlighted that multiyear authorizations help both Congress and the executive branch by providing a longer-term perspective for program operation and appropriations determination. However, it warns that a shift to a biennial appropriations cycle could result in reduced congressional control and oversight and make budget forecasting more difficult.

The use of a multiannual orientation has some advantages for management and planning that can improve the performance of public expenditure. In this respect, the OECD (2015) recommends closely aligning budgets with the medium-term strategic priorities of government by developing a stronger medium-term dimension in the budgeting process, beyond the traditional annual cycle.

The methods used to prepare the budget can be diverse, with varying degrees of success for each type, as there has been some evolution and fashions that made some of them more used than others in some countries or periods. Traditionally, the design of budgeting systems has focused on parliamentary control rather than on the efficiency and effectiveness of public expenditure. However, in the twentieth century, various budgeting techniques were adopted to adapt the budget to the management needs of public administrations. In the following paragraphs we briefly review the different methods used.

### Incremental Budgeting

The traditional method for budgeting in the public sector is incremental budgeting, whereby the budget is prepared considering the budget of the current period as the base, with incremental amounts then being added for the next budget period. So, the budget of a department for a year is based on the budget of the last year, which can include some incremental amounts and adjustments for inflation and planned increases in revenues and expenditures. Some authors prefer to use a line-item concept to refer to this orientation to prepare the budget.

Some of the advantages of this method are that: (a) it is easy to prepare and does not require a lot of resources, (b) it can fit well in the public sector where complex organizations operate, and (c) it is easy to understand.

However, incremental budgeting has many disadvantages, such as: (a) it assumes that current activities are still needed without analyzing them in detail; (b) budget responsible do not need to justify the use of current expenditures and do not have incentives to improve the efficient use of resources; (c) it can incentive responsible to spend the money in a noneconomic way, just to maintain the amount for next years, because probably if they do not spend this year, will be reduce the assignations for the next year; (d) there are not measures to evaluate the performance achieved with the budget and if economy, efficiency and effectiveness principles have been followed; (e) managers do not have incentive to improve the quality of services as nobody measures the outcomes of the process.

This method has been used traditionally in many public organizations (including central governments, national health services, local governments, educational organizations) and in many countries, including the USA until the 1970s where annual increases averaging 5–10% were seen as confirming instrumentalism (Khan and Hildreth 2002). However, around 1970, this method was considered as inadequate and some other orientations have emerged since then. New concepts and approaches have been developed in practice. Some authors argue that the reasons for changes in budget theory were the environmental, institutional changes and legislative reforms, among others (Khan and Hildreth 2002).

### Zero-Based Budgeting

In contrast to incremental budgeting, this method of budgeting starts every year as it if were the first year of the organization. Each department must justify how much money it spends on each activity or program. Each year starts from scratch and

decisions and past budgets do not serve as a basis to calculate the level of current expenditure. However, analyzing all items of expenditure from scratch is a difficult task. Given its complexity, it is only applicable to particular aspects of the activity of an entity or programs that require special monitoring.

For the allocation of resources, it is considered that each function of a department proposes certain objectives that relate to some goal the department could achieve with the allocated financial resources. This technique provides a more targeted planning and can be applied together with a program budget or any other type of budget.

Zero-based budgeting tries to force managers to justify every activity of the departments; otherwise, the budget for their department is zero. That means that all expenditures that are not justified theoretically stop. Furthermore, it is necessary to evaluate the various proposals and the hierarchy between activities competing for the same resources.

The implementation of zero-based budgeting requires an annual review of the full budgeting process. All the activities that are being developed must be reviewed and alternative ways to provide the same services must be sought. This allows managers to identify and remove those that have proven to be inefficient. Martínez and García (2013) argue that zero-based budgeting can be a useful tool during fiscal crises helping to achieve the objectives at minimum cost and obtain financial sustainability and stability.

Some of the advantages of zero-based budgeting are (Pidgeon 2010): it allows the questioning of the inherited position and challenges the status quo, it focuses the budget closely on objectives and outcomes, it actively involves operational managers rather than handing them down a budget from above, it can be adapted to changes in circumstances and priorities, and can lead to better resource allocation. But it also has some disadvantages (Pidgeon 2010): it requires more time than incremental budgeting, professionals need skills and training with this type of budget, difficulties can arise for the decision about the activities to be carried out, difficulties to estimate resource requirements for new activities, and the identification of suitable performance measures may be difficult.

This budgeting technique began to be implemented in private companies in the 1960s and was introduced for the first time in a public administration in the Georgia State Budget in 1972 with great success (Martínez and García 2013). Later it was introduced into some US government departments, although the attempts to implement this budget system in countries like Canada and Mexico were failed. The high cost of implementation and the bureaucracy required, coupled with an environment of global economic growth, led many to give up this technique. However, with the financial crisis of recent years, interest in this budgeting technique has increased, because it is considered that it can help to better control the public deficit.

### Performance-Based Budgeting

Performance budgeting emphasizes the things that government does rather than the things it buys (Tyer and Willand 1997); it therefore changes the focus from the means of accomplishment to the accomplishment itself. The concept has been interpreted differently at different times and in different countries (Diamond 2003). This type of budgeting has undergone an evolution: originally it focused mainly on objectives and was also called budgeting by objectives. Nowadays, performance budgeting focuses on performance and results because of which some authors call it "new performance budgeting." Other names for the more actual version are output budgets and outcome budgets.

Performance budgeting shows the objectives and goals to be achieved with the use of public funds, the financial resources necessary for their implementation, and by obtaining quantitative data helps to measure the extent to which the objectives have been achieved.

The objectives were introduced into the budget in the 1940s in the USA for specific activities of certain municipalities and states. They were developed and implemented more widely by various European governments and the USA from the 1960s to the late 1980s. The main innovation

was the introduction of functional classification into the budget, classifying expenditure according to the purpose intended.

### Program Budgeting

Program budgeting can be considered a variant of performance budgeting. It is a budgetary philosophy which breaks with the traditional concept of incremental and line by line public budget.

It is based on the assignation of resources to the programs and activities that the organization carries out; it describes and gives the detailed costs of every activity or program that is to be carried out with a given budget. Program budgeting is made up of the sum of all activities and programs. This means that it is necessary to define the activities and programs and establish priorities among them. A program is a set of resources organized for an end. So, the budget delineates all the costs associated with doing something. Once the resources have been assigned to a program or activity, the output of the program can be decided. For example, it is necessary to describe the expected results of a proposed program.

In sum, the aim of a program budget is that the organization provides detailed information about the activities that will be carried out and their cost. So, this type of budget is sometimes mixed with other techniques. This is the case of the Central Government in Spain, where the budget identifies all the programs, although the data contained in it are estimated mainly through an incremental procedure. The true spirit of program budgeting involves the development of alternative programs to achieve the same goals but with different costs.

In the framework of program budgeting, the PPBS budgeting approach has acquired great relevance Kim (2006).

### Program Planning Budgeting System (PPBS)

PPBS is a technique that allows the integration of budgeting and planning through the programs. The budgetary process in this case has three basic phases (Diamond 2003): (a) the planning phase, where the objectives of the organization must be defined in order to evaluate the different possible ways of achieving these objectives; (b) the programming phase, which took the proposals of the planning phase and integrated them in the programs defined through a hierarchy of the objectives; and (c) the third phase is the translation of each multiyear program into a set of specific annual actions. The information about the execution and control of the annual budget offers usually conclusions or lessons that are useful for reviewing the plan in the medium and long terms. The PPBS can be a useful long-term planning tool as it informs not only about the short term but also about future implications of present decisions.

This type of budget was first adopted by the US Department of Defence in 1961 and by the UK Ministry of Defence in 1963. It was later applied by many other public administrations, such as states and local governments, both in the USA and in other countries (Diamond 2003). PPBS were embraced by the Netherlands in its Government Accounts Act of 1976 and by the Department of Education and Science in England. It was also used in France and Canada.

### Performance, Results, and Output-Based Budgeting

The Budget Committee of the Council of Europe (2005) defines results-based budgeting as a budget process in which (a) budget formulation is based on a set of objectives and expected results, (b) expected results justify the resource needs which are related to the outputs necessary to achieve these results and (c) actual performance is measured with related performance indicators.

Results-based budgeting has several designations depending on the country. For example, in the USA is referred to as performance-based budget, PBB, while in other countries output-based budget or outcome-based budget are more common.

The aim of this type of budget is to provide performance information that can be useful for management and evaluation processes. Its origins are linked to the New Public Management, where the focus is on performance management. The decision making is based on the ability of the programs to convert inputs to outputs and the outcomes of the process. So, budgetary authorizations are related to outputs and outcomes instead

of inputs, and the debate must be focused on these issues.

Within this philosophy, the following questions must be answered: What are the objectives of the department? What do we want to achieve with our activities? How will you achieve these goals? What are the costs of the activities? How will the effects of the activities be measured? As a consequence, the budget must contain information that permits the evaluation of whether the objectives have been achieved and if the results and costs are as expected.

One of the main strengths of results or performance budgeting is the introduction of performance reporting in the budgeting process, which has been recognized as an important advance. According to the OECD (2007), countries that have introduced it reported the following advantages for performance reporting: it focuses more keenly on results within the government; it provides more and better information on government goals and priorities, and on how different programs contribute to achieve these goals; it encourages a greater emphasis on planning and can provide signals to key actors about what is working and what is not; it improves transparency by providing more and better information to Parliaments and to the public, and it has the potential to improve the management of programs and efficiency.

To implement this type of budget, a cost accounting system is necessary to allows managers to know the cost of the services. Moving from a focus on inputs to one of outputs or outcomes requires some changes in the reporting systems, in order to generate the information that will be used for budgeting and management. Furthermore, it is necessary to develop a performance indicators system for evaluating the achievements and performance of services delivery.

The output focus has received some criticism. For example, it does not consider the impact of the programs on the society; politicians must be accountable not only in output terms but also in outcomes. Furthermore, although it may ensure that governments are getting more for less, they may obtain some outputs that make little contribution to solving policy problems (Rose 2003).

At the moment, there are few governments that have adopted results-based budgeting because it requires important changes in the administrative and budgetary procedures if the potential benefits of this type of budget are to be achieved; the programs and plans must be readapted to be useful for decision making. With the crisis and the cuts, interest in results budgeting has increased, as it is a tool that can help to improve financial management of governments. Performance measurement in the results budget can lead to a more effective and efficient management of resources. At the same time, citizens are demanding accountability and information about results and results budgeting offers performance reporting that can be very useful for performance evaluation.

According to the OECD (2007), the following factors must be considered for implementing performance or results budgeting:

- There is no one model of performance budgeting and each country needs to adapt its approach to the relevant political and institutional context.
- Performance measures should be integrated into the budget process.
- Designing government-wide systems that automatically link performance results to resource allocation should be avoided because these systems may distort incentives.
- Performance budgeting requires reliable output and outcome data that are continuously updated.
- It also requires political administrative support; one option is to develop incentives to motivate civil servants and politicians.

Some European countries, such as Denmark, the Netherlands, Sweden, and the UK, have already taken some initiatives towards implementing performance budgeting. In most of these countries, these initiatives are in the framework of introducing managing by results.

An example of a country that has adopted result-based budgeting is New Zealand. Initially the government focused mainly on outputs but little by little it moved towards an outcome-based-approach. Nevertheless, because of the difficulties

of definition, measurement, and management for outcomes, the progress towards this vision has been much slower than anticipated (Rose 2003). The evaluation of the reforms trying to move to an outcome focus is positive as it led to improvements in the information that has been added to the financial statements elaborated with accrual accounting. In any case, the reforms for introducing performance budget require a long time and implementation must be gradual.

### Participatory Budgeting

Participatory budgeting introduces an original way of managing public resources with the aim of engaging citizens in government. It is a democratic tool in which taxpayers participate in discussions and decisions about how to spend part of the public budget. It is also a means to increase the accountability and the responsibility of politicians. For this type of budgeting to work well, some training of citizens and groups that participate is convenient.

This type of budgeting is used mainly by local governments with the aim of using a more participatory approach in certain areas. According to Pidgeon (2010, p. 18), the potential advantages of this approach include: better decision making; greater understanding of budgetary processes; people will feel more involved in actions in which they have participated in the decision-making process; projects are more likely to be carried out; it is democratic, and transparently so; it leads to commitment to further development of PB; there will be less cynicism or apathy towards the local authority; and it will reach parts of the community otherwise excluded from decision making. Among the disadvantages of the process, we can include: the council may be seen as abrogating its responsibilities, participation may be low, decisions may be biased towards groups who can advance their view over that of the citizens in general, it is limited generally to second order budgets rather than core activity, it may be seen as undermining the council, it could be seen as bypassing the democratic process, and organizations which benefit from additional funding may not necessarily adhere to the same budgetary/financial disciplines and procedures as other public bodies.

Participatory budgeting has its origin in Brazil and has been used in recent years in the municipalities of many countries around the world: USA, the UK, France, Italy, and Spain, among others. For example, in New York, participatory budgeting has expanded since 2011 from four initial city Council Districts to 27 Council Districts at present. In these districts, residents vote toward proposals developed by the community to meet local needs (in 2014–2015, 51,000 New Yorkers voted to allocate $32 million dollars for locally developed capital projects across 24 Council Districts in New York City).

## The Budgetary Bases: Accrual Versus Cash Basis

The budget requires a criterion to be developed and different possibilities arise: cash, modified cash, modified accrual, or accrual can be applied.

The cash base budget includes the expenditures when cash is paid (regardless of when resources are consumed) and revenues when they are received (regardless of when they are earned). As it is focused on cash movements, it is said that it is mainly a short-term plan, which does not consider long-term implications. The modified cash basis is sometimes used for budgeting and means that budgetary revenues are recognized when cash is collected or when related receivables have a short-term maturity and expenditures are recognized when cash is paid or when related obligations have a short-term maturity. The budget, in this case, is a tool for control and to assure compliance with the limits of expenditure.

On the contrary, the accrual-based budgeting records amounts when the activity generates the revenue, increasing the liability or consuming the resources, regardless of when it is paid or received (General Accounting Office 2000). In this case, the budget follows the same criteria as the accounting statements, and the execution of the budget can be followed with the accrual financial statements. The main advantage is that decision making can be based on the cost of the activities, so planning considers the long-term impact of

investment and the applications of financial resources.

The cash basis has been widely accepted for several reasons: it is considered to adequately reflect the government's impact on the economy; it is linked to short-term vision; it is considered, in general, to provide adequate information and that it is useful to control spending limits; it is easy to trace the money; and it is consistent with the vision of financing departments according to the cash they need and with cash planning by governments.

There are some reasons for avoiding the accrual basis in budget according to Blöndal (2003, 2004): accrual budget is believed to put budget discipline at risk (if major capital projects, for example, could be voted on with only the commensurate depreciation expense being reported, there is a fear that this would increase expenditures for these projects); different purposes (a cash-based budget focuses on the traditional public sector control of legality); and the sheer complexity of accruals.

In most European countries, budgets are based on cash or modified cash methods. However, accrual is gaining ground over the cash basis in the accounting system. This means that there is a double system and the usefulness of financial accounting is not very clear. As the budget is the most important document for planning and management, all the debates focus on it and financial accounting is misused.

Nevertheless, in recent years, many European countries, including Finland or Sweden, have carried out some initiatives towards implementing accrual-based budgets. In these countries, the legislatures have a relatively weak role in the budget process (Blöndal 2003). These initiatives have usually been joined to performance reporting, where the focus is on outputs and outcomes. The use of accrual budgeting allows managers to have reporting about the cost and it is more convenient for performance measurement and control. Anglo-Saxon countries have also undertaken steps for the implementation of accrual budgeting, and it is used in the UK, Australia, and New Zealand. In the USA, there is increasing interest in accrual budgeting due to a desire to improve the recognition of long-term commitments in the budget and to link cost and performance information to the federal budget process more directly (GAO 2000).

Some of the advantages of the accrual budget are (Blöndal 2004): it provides cost information that can be useful for decision making, it will illuminate the long-term sustainability of public finances, it is a catalyst for other management reforms, and it provides a consistent base with accrual accounting.

Accrual budgeting is considered as a tool to improve public sector management that can help to manage financial sustainability of governments. Because of this, many international organizations recommend its application, but it is not an easy task. It is necessary to change budgetary legislatures and political procedures that are usually based on cash bases.

## Conclusions

Budgetary processes are essential in the public sector for implementing public policies and allow the estimation of revenues and expenditures. Budgets are the cornerstone for transparency and accountability in the public sector and permit the budgetary control in order to monitor the fulfillment of political decisions. They should also be a tool to measure and control the performance of governments.

The budgeting process is organized around four phases within the budget cycle: preparation and formulation, approbation, execution, and control and audit.

Budgeting techniques have evolved over time with different types of budgeting emerging in recent decades. Each of these has advantages and disadvantages and governments have used different combinations of them to succeed in the process.

Originally, budgets were mainly prepared following an incremental procedure but this technique has some disadvantages and has been criticized. On the contrary, zero-base budgeting starts each year with an evaluation of the activities and programs that are considered necessary. However, in both cases, the budget focuses how much the entity spends, not on the reasons and activities

it spends the money. Trying to overcome this problem, performance and program budgets organize the budget into programs, activities, and functions in order to focus on the objectives of the expenditures. One particular type is the program budgeting and program planning budgeting system. The main criticism applied to the above types of budgeting is that they mainly focus on inputs, so a new type of budgeting has emerged recently with the aim of focusing on results, which can vary depending on whether the interest is in the outputs or in the outcomes. This type of budgeting has its origin in the New Public Management Theory and has been recommended at international level under the general concept of performance budgeting. In order to implement performance measurement, it is important to define the objectives and the indicators that allow the evaluation of their fulfillment.

Performance budgeting is implemented at the moment in some European countries, mainly Nordic countries, with a focus on outputs and outcomes. However, it is not very extended in European continental countries, where the incremental budget is the most used procedure for the estimation of expenditures and revenues.

At the same time, some governments have introduced accrual-based budgets to bring them into line with accounting procedures, where the focus is the resources used. Accrual basis is considered to be more convenient when the aim is to introduce performance budget. Some experiences argue the positive benefits but the majority of countries continue using cash or modified cash basis for the budget.

## Cross-References


- ▶ Accrual Budget
- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Budgeting and Austerity
- ▶ Budgeting and Decision-Making
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Capital Budgeting
- ▶ External Budgetary Auditing
- ▶ Internal Budgetary Auditing
- ▶ Participatory Budgeting


## References


Blöndal JR (2003) Accrual accounting and budgeting: key issues and recent developments. OECD J Budg 3(1): 43–55

Blöndal JR (2004) Issues in accrual budgeting. OECD J Budg 4(1):103–119

Council of Europe (2005) Results based budgeting. http://www.coe.int/t/budgetcommittee/Source/RBB_SEMINAR/RBB_Manual_en.pdf. Accessed Feb 2016

Diamond J (2003) From program to performance budgeting: the challenge for emerging market economies. IMF Working paper 03/169. Washington, DC

Government Accounting Office (GAO) (2000) Accrual budgeting. Experiences of other nations and implications for the United States. Washington, DC. GAO/AIMD-00-57

Government Accounting Office (GAO) (2001) Biennial budgeting, three states' experiences. GAO, Washington, DC. GAO-01-132

Khan A, Hildreth WB (eds) (2002) Budget theory in the public sector. Quorum books, London

Kim JM (ed) (2006) From line-item to program budgeting. Global lessons and the Korean case. Korean Institute of Public Finance, Sejong

Ljungman G (2009) Top-down budgeting – an instrument to strengthen budget management. International Monetary Fund working paper, WP/09/243. International Monetary Fund, Washington, DC

Martínez JM, García MD (2013) Presupuesto Base Cero: una herramienta para la mejora de las finanzas públicas. Instituto de Estudios Fiscales, P.T. n° 10/2013, Madrid

Organization for Economic Cooperation and Development (OECD) (2007) Performance budgeting in OECD countries. OECD, Paris

Organization for Economic Cooperation and Development (OECD) (2014) Principles of budgetary governance. OECD, Paris

Organization for Economic Cooperation and Development (OECD) (2015) Recommendation of the council on budgetary governance. OECD, Paris

Pidgeon C (2010) Methods of budgeting. Research and library services Northern Ireland Assembly, Research paper 06/10, Belfast

Rose A (2003) Results-orientated budget practice in OECD countries. Working paper 209. Overseas Development Institute, London

Tyer C, Willand J (1997) Public budgeting in America. A twentieth century retrospective. J Public Budg Account Financ Manag 9(2):182–219

# Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based

Carla Marina Pereira de Campos[1] and Lúcia Lima Rodrigues[2]
[1]Higher Institute for Accounting and Administration of Aveiro, University of Aveiro, Aveiro, Portugal
[2]School of Economics and Management, University of Minho, Gualtar, Braga, Portugal

## Synonyms

Activity-based budgeting; Budgeting techniques; Incremental-based budgeting; Performance-based budgeting; Priority-based budgeting; Traditional and alternative budgeting approaches; Zero-based budgeting

## Definition

New Template:Budgeting is the keystone of the management control and accounting systems in almost all organizations, but despite its extensive use, it is far from perfect. Nowadays, when the control of available resources is vital for sustainability of any public or private entity, budgeting plays a strong role in controlling operations efficiently and effectively.

The budget has a central role in public sector management. Wildavsky (1975) argues that the budget is a vital element of any government because it reflects the action plan in the implementation of public policies. Researchers and practitioners have confirmed the loss of relevance of traditional approaches to budgeting. To overcome the criticism and weaknesses of traditional budgeting, it is clearly recognized that there is a need for alternative solutions of budgeting methods designed to adapt to the new environmental conditions, long-term planning focused on outputs, citizen orientation, or the effective achievement of objectives.

## Introduction

This chapter explores different techniques to budgeting in the context of more performance-oriented methods of management control required in conditions of uncertainty. Budgeting is considered to be one of the most important and useful technique used in management control systems, as it provides a mechanism for planning, organization, and control.

In the public sector, the budgeting process can be viewed as more problematic than in the private sector, since the objectives of public organizations are more difficult to measure. A private entity typically has maximization of profit as its central goal. In contrast, measurement of the outcomes of public expenditures can be a complex task since there is no profit or loss basis through which the performance of organizations can be evaluated.

The aim of this paper is to analytically evaluate the main techniques for preparing budgets – the incremental approach, performance based, activity based, zero based, and priority based. Each of these approaches is discussed in the light of its key strengths and weaknesses. We also found that they have been used in both public sector and private sector organizations, with varying levels of accomplishment.

The incremental approach is the most traditional budgeting method that uses previous year's figures adjusted to the management's assumptions and goals for the following year.

This technique, analyzed in the first section of this paper, is better suited for organizations whose operations are moderately stable. However, this method is being criticized because it does not reflect the strategy. Besides, it is also considered as a long and heavy process that leads to bad performance evaluation and promotes budget wastage.

In the next sections, alternative techniques to budgeting are summarized to provide guidelines and to make clearer the link between budgets,

outcomes, and performance. Conclusions are presented in the last section of the paper.

## Incremental-Based Budgeting (IBB)

Traditionally, most governments have decided to adopt the incremental budgeting approach. In this technique, the budget preparation for the following year is based on the approved budget for the current year plus an increased amount considering inflation.

Therefore, in incremental budgeting, the definition of the amount of resources to be allocated to the various public entities or departments is based on patterns of previous periods, including marginal additions. This involves using known factors such as new legislative requirements, service developments, and anticipated price inflation. So, it is relatively plain, and it is of most relevance in services where there is little year-on-year change in service activity.

This approach makes sense since the process is mainly concerned with the increment in operations or expenditure that will be incurred during the next budget period. In addition, a central feature of this approach is that budget preparation takes place through a process of discussion and compromise. It is, therefore, based on a fundamentally different view of decision-making compared to other approaches, which are more outcome oriented. The manner of negotiating between different interest groups depends fundamentally on the will to negotiate and compromise. Thus, this model presupposes the existence of a fairly stable and democratic form of society. The incremental process becomes invalid, if this consensus breaks down.

In brief, its key characteristics are therefore based on a prospect of decision-making focused on expenditures, discussion and compromise between interested parties to achieve a satisfactory budget, and a dependence on the current year budget to create the budget for the following year.

The system itself is moderately straightforward. As the next year's budget depends on the current one, time becomes a key factor. Since implementation specifically excludes the setting of objectives or outputs, there is an emphasis on inputs instead. However, some of the main advantages of incremental budgeting should be noted. It is easy to recognize that it is retrospective, makes marginal changes, and safeguards agreement through consensus and negotiation. Moreover, it is useful in the public sector because outputs are difficult to define and quantify. It allows concentration upon key areas of change, as far as policy makers are concerned. Consequently, the impact of change can be seen quickly, the budget remains stable, and change is gradual.

Indeed, this is the simplest and most traditional budgeting method, whose focus on incremental approach is the input control. It also promotes a system of budget execution control. However, as this technique is based on the budget approved for previous periods, it does not stimulate medium- and long-term planning or the effective achievement of objectives, regarding the use of available resources or their efficient allocation. It is reactive rather than proactive, and the support for increased expenditure is the increased cost of inputs.

The validation of the needs of subsequent periods does not take place, meaning that this kind of budget does not promote strategic solutions, maximization of value, opportunity and efficiency in resource control, and evaluation of results and performance. The decisions made and the priorities established in the past are more likely to remain unchanged in the future. It does not allow for an overall view of performance. Therefore, this approach may not incorporate a careful evaluation of the level of services being offered.

In turn, government unit managers often strive to spend the entire budget of that year, so there is no year-end surplus. This leads to maintain the current budgetary level and to help the unit manager apply additional funds. The inefficiency and wastage portrayed is in this sense often perpetuated and encouraged by incremental budgeting.

Some authors have presented the most cited weaknesses of traditional budgeting. Some of the major disadvantages identified in the Neely et al. (2001) study were the lengthy process, the high preparation costs, and mainly the lack of focus on

strategy. The study also highlights the fact that this budgeting model does not favor the increment of the organizations' value, given its strong focus on cost reduction and departmental barriers. Libby and Lindsay (2010) discussed similar results in their study. The authors report that the traditional budget does not consider strategy. Additionally, it is expensive and slow at detecting problems, becoming obsolete very quickly.

Incremental budgeting does, in fact, have a number of weaknesses as it assumes that existing budget patterns are relevant and satisfactory, meaning that activities and working methods will continue in the same way. There is no incentive for developing new ideas or incentives to reduce costs.

The main disadvantage of the incremental budgeting approach is that the majority of expenditure, which is associated with the base level of activity, remains unchanged. Therefore, past inefficiencies and present waste are perpetuated in the future.

## The Relevance Loss of Traditional Models: Time for Change?

### Performance-Based Budgeting (PBB)

The new budgeting approaches take place in this scenario of relevance loss of traditional models. The traditional approach to budgeting focuses on incremental changes in detailed categories of expenditures. This scenario leads us to new ways of budgeting, such as the performance-based budgeting (PBB). PBB focuses on results and changes in funding rather than on the base (the amount appropriated for the previous budget cycle).

In this PBB process, the entire planning and budgeting framework is result oriented. It reflects the practice of developing budgets based on the link between program funding levels and expected results from that program. Program administrators can use it to manage more cost-efficient and effective budgeting expenditures.

The major feature of PBB is accountability and not only the fulfillment of the law and previous funding decisions. It presents the purpose for which funds are allocated and sets measurable objectives. Moreover, it identifies programs that look for similar results, drawing the attention of legislators to such interrelationships.

Segal and Summers (2002) point out that PBB is an exercise that "costs out" various activities that are necessary to achieve a result. In their opinion, this technique comprises three components: the result (final income), the strategy (distinctive ways to achieve the final outcome), and the activity/outputs (what is actually done to achieve the final outcome).

For legislators, PBB is helpful to understand the background underlying the purposes of state-funded programs and the results they achieve. It explains previous legislative funding decisions and aids with estimating and justifying the potential consequences of new funding decisions.

In a study on US public administration, Kong (2005) evidences other advantages of the implementation of the PBB approach. The central question raised by the author was what is new about PBB when compared to conventional budgeting techniques (incremental line items)? The author identifies three key vectors in the conventional public budgeting structure: the allocation of resources, organizational management, and citizens. Incremental line-item budgets are mainly focused on the allocation of resources, including financial, human, and technical resources. The first versions of PBB were, according to the author, connected with organizational elements, including the definition of key objectives, political goals, and activities. Later versions, in the 1990s, focused on the outputs, service quality, and citizen's satisfaction.

With the aim of studying performance evaluation, Andrews and Hill (2003) developed a study on PBB technique, comparing it to the traditional approaches. They concluded that most American states have carried out reforms on PBB implementation, yet very few presented behavioral changes resulting from such reforms, both in terms of overall development and of response to new incentives based on performance or on resource allocation. The authors also explained that the PBB approach is applied simultaneously with traditional techniques, influencing the type of PBB

to be implemented, rather than complementing existing budgetary practices.

It can be concluded that the effectiveness of the PBB technique is enhanced when the old budgeting systems are totally replaced, as observed in the experiences carried out in the states of Florida and Virginia. These states included (Andrews and Hill 2003: 152) management accounting and auditing systems based on performance; adjustment of the existing budgeting systems to strategic changes, according to the specificities of the various bodies (tailoring model); introduction of responsibilities in required levels of performance; and behavioral uniformity in budget compliance, which should include simple rules, clarity, and seriousness in the announcement of performance expectations by budget managers.

Despite the many advantages of PBB, there are some challenges in the process, such as the confidence that performance information is valid and accurate, the dimension of state government coupled with the number of performance indicators available that can distract and overwhelm legislators when making crucial funding decisions, and the proper use of incentives and disincentives to improve performance.

Actually, PBB intends to improve the efficiency and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance data. However, PBB should not be seen as an isolated initiative. It should be viewed, rather, as part of a set of broader reforms, often referred to as managing for results, designed to help public management focus more on results and less on internal mechanisms.

### Activity-Based Budgeting (ABB)

Activity-based budgeting (ABB) also emphasizes outputs and value creation. ABB is the most common alternative technique to the traditional approach. This approach provides a high level of detail, when compared to other techniques.

The financial guidance of traditional budgets is, undoubtedly, problematic. In other words, they do not favor the understanding of financial data by operational managers. The idea is to create a new budgeting model that allows for greater flexibility in the organization while dealing with unexpected events, emphasizing, thus, the importance of operational planning (Hansen 2011).

ABB emphasizes communication and internal cooperation, since it focuses on activities rather than on responsibility centers, showing the imbalances, the useless activities, and other information that can be used to improve operations where resources are actually needed. Or, through a more simple definition, this approach intends to prepare budgets using overhead costs from activity-based costing (ABC) methodology.

The Chartered Institute of Management Accountants (CIMA 2013) describes ABB as a system of budgeting based on an activity framework, using cost driver data in the budget setting and variance feedback processes.

The initial formula of ABB uses cost drivers (identified through ABC) to help derive budgets. As previously mentioned, and as its name suggests, ABB focuses on activities rather than functions or responsibility centers.

According to that Institute, ABB follows three main stages:

1. Detecting activities and their cost drivers
2. Forecasting the number of units of cost driver for the required activity level
3. Calculating the cost driver rate (cost per unit of activity)

We can identify some of the advantages provided by ABB. Its strengths are similar to those of ABC, since ABB draws attention to overhead activities and their associated costs. It highlights that activity costs may be controllable if activity volume is controlled. If we can control the causes (drivers) of costs, then costs should be better managed and understood. Where traditional budgeting tends to put an emphasis on input costs, ABB takes an outputs-based approach, recognizing that activities drive costs. ABB analyzes business as a group of activities, a view point that

connects well with organizational strategy. ABB can also allow useful information in a total quality management (TQM) atmosphere, by relating the cost of an activity to the level of service provided.

Despite these strengths, there are some concerns or questions that could be considered when implementing ABB. It requires significant time to be implemented (as with ABC). In fact, a large amount of time and effort might be needed to link the key activities with their cost drivers.

Do we have the essential support? Do we have the required human and technical resources? Can we involve operational managers? Is it difficult to clearly identify individual responsibilities for activities? Like ABC, ABB is expensive to implement. Will the costs of application outweigh the benefits? It is arguable that in the short term, many overhead expenditures are not controllable, which might difficult the implementation of this approach. On the other hand, there are also expenditures that may not vary directly with the changes in the volume of activity, which does not benefit the task/procedure of cost-benefit analysis.

Even though this model is oriented toward continuous improvement, with an emphasis on the outputs, the ABB process is still a relatively new concept, and its practical advantages are yet unknown. Hansen et al. (2003) draw attention to the lack of scientific evidence to support its benefits and its pragmatic viability.

### Zero-Based Budgeting (ZBB) and Priority-Based Budgeting (PYBB)

The concept of zero-based budgeting (ZBB) emerged in the 1960s in the USA to overcome the criticism usually attached to the incremental budgeting. These terms were used for the first time by Peter Pyhrr who developed the process for Texas Instruments. Due to its success in the private sector, this model was also applied in the preparation of the 1973 budget by Governor Jimmy Carter in the state of Georgia.

This technique assumes that budgets can be recompiled from a zero base and focuses on programs and activities rather than departments or units. It aims to justify resource allocation in an individual budget scheme, regardless of prior period budgets. It is not based on historical data and begins each budget period afresh.

The budget is primarily allocated as zero, and the reasons for the financial resource allocation must be validated. This technique requires that the entire budget must be justified in detail and clarified why the organism should expend money in the proposed manner. This technique diverges from traditional budgeting techniques as it emphasizes the analysis of alternatives.

The process implies that each budget element is required to be treated as new before any financial resources are allocated to it. Moreover, any plan is justified in terms of the total cost included and total profits. In ZBB approach, the past performance is not referred to as a building block, i.e., new and old work tasks are handled equally. Each activity is correctly identified and then evaluated by analyzing alternative levels of operation for the same activity. These options are classified, and priorities are set for achieving efficiency and effectiveness in this process.

Under this framework, also Drury (2004) defined ZBB technique as an approach where all activities are justified before the decision on the amount of resources to be allocated to each activity. The focus is given to programs or activities instead of focusing on the functional departments (typical of traditional approaches).

The author claims that the ZBB approach assumes that the need to present the different expenses related to the activities in a ZBB ensures the allocation of all resources on a "cost-benefit" basis. Following this principle of allocation, organizations and governments will be one step closer to ensuring "value for money," questioning old assumptions and implementing a systematic analysis tool which might, for example, be able to declare the abandonment of unproductive contracts, projects, or programs. However, supported by the bottom-up strategy, the implementation of the ZBB technique implies the justification of all expenses, therefore introducing a certain economic rationality.

Finkler and Ward (1999) presented the four main objectives of the ZBB approach: (1) to

analyze the activities performed within the organization, (2) to understand the origin of those activities, (3) to study the most efficient and effective way to accomplish those tasks, and (4) to identify the vital activities of the organization and their cost. The authors also highlight the ZBB focus on budgeting expenditure, identifying another positive aspect of this technique – the special emphasis given to nonacceptance of long-standing government budget surpluses.

The study by Akten et al. (2009) presented a positive experience in the application of the ZBB technique. The authors identified a European telecommunications group which, in the implementation process, began to disaggregate their expenses into "logical decision units," considering new types of expenses, such as capital expenditures (e.g., building a third-generation network). Each decision unit of capital expenditure was classified into the following categories: (i) reviewing, (ii) maintaining, and (iii) cutting down capital expenditures. The authors discussed the financial priority of each capital expenditure and its alignment with the company's strategy. After a few interactions, the company reached the goal of reducing capital expenditures by about 20%.

Actually, ZBB provides distinctive benefits over traditional incremental budgeting. These can be summarized as follows:

- It is a systematic check of the base budget.
- The planning system needs procedures to examine every budgetary item as if it was new.
- It focuses attention on outputs in relation to value for money; it allocates financial resources based on results.
- It avoids incremental budgeting simply based on the previous year's figures with an increased amount of inflation.
- It enhances communication and management consensus and helps to develop a questioning attitude; inefficiencies and wastage can then be reduced.
- There is ultimately a better allocation of resources.
- It inspires managers to look for alternative operation plans in that it has the ability to be adapted to changing circumstances.
- It strengthens much of the thinking behind the current efficiency agenda.

Several articles were published in the 1970s about the ZBB technique, even though the number decreased rapidly in the early 1980s (Drury 2004). Currently, they are almost nonexistent. The gap between the years of successful research and present research has obscured the theory and the practice of ZBB technique, together with the political burden involved.

Wildavsky (1975) presented an unsuccessful case in the US Department of Agriculture. The reasons for failure were mainly the allocation of specialized human resources for the exhaustive and systematic task of identifying priority needs; the need to justify things from scratch, even though that was not possible with programs that could not be replaced or changed; and, finally, the nonacceptance, felt by the professionals, of the economic rationality logic, pressured by the constant monitoring of the tasks performed, even though they recognized the advantages of this technique.

Some academics have provided a few reasons for this lack of success: the powerful message that "the expenses have to be fully justified," excessive bureaucracy, high costs, professional awareness, and consequent long procedures (Drury 2004; Tayles et al. 2007; Worrall et al. 1998). Success will depend, according to Worrall et al. (1998), on the implementation of a solid strategic process.

## Why Does Zero-Based Budgeting Have Some Pragmatic Weaknesses? Is Priority-Based Budgeting a Long-Term Solution?

In fact, ZBB deserves acknowledgment, because it is a pace in the right direction and away from traditional budgeting. Nevertheless, ZBB has some pragmatic weakness.

- It is complex and sophisticated.
- It requires special skills and training.
- It is time-consuming.
- It is expensive, and there is a tendency toward excessive bureaucracy.
- There is a tendency for annual conflicts over budget allocation because a new budget allocation is started every year.
- There can be problems with performance measures and priority criteria.

Undoubtedly, in ZBB approach, the review procedure is time-consuming, long, and complicated. It requires broad analysis and reporting, sharing, and updating of information to ensure that everyone is in the same position. If the program is not totally understood or well done, ZBB can prove to be an insuperable objective.

Furthermore, ZBB depends on objectivity and solid leadership to honestly review programs. Additionally, it is hard to find an impartial budget reviewer and bureaucrats who do not have any interest in maintaining the fiscal status quo or challenge the government.

Indeed, the adoption of new techniques of accounting and management control is largely stimulated by the government. Lapsley and Wright (2004), after analyzing the Scottish health-care sector, concluded that the ZBB technique was the most used by these bodies: "The health care sector made particular use of budgeting techniques, with organisations using ZBB as well as one or other of management (RM) and activity-based management (ABM). In turn, its use in local authorities and government agencies was much lower, with over half of these organisations not using any of these techniques" (Lapsley and Wright 2004: 358).

According to this study, the National Health Service units are under high pressure to ensure any future savings and efficiencies. The adoption of the ZBB technique is advocated by the government to establish areas of cost savings. On the other hand, according to managers of health-care organizations, the ZBB technique is complex and time-consuming (3/4 months to be completed), with very low returns for the organization. Nevertheless, one of the main results of the interviews carried out in this study classified the ZBB technique as one of the most efficient techniques within the management accounting systems.

Despite the numerous advantages of this technique, ZBB also presents some fatal flaws. Nevertheless, priority-based budgeting (PYBB), which is a technical extension of ZBB, may be used to support/minimize some of those flaws.

The main objectives of the PYBB model are to emphasize corporate priorities in line with budget increasing. According to the Chartered Institute for Public Finance and Accounting (CIPFA 2006), its mode of operation is based on the review of current departmental services, and its evaluation requires the definition of some parameters: purpose of the services and standards for the provision of services and operating alternatives for such services. It is based on the analysis of these parameters that the items of expenditure for each unit of revenue will be ranked, which is a beneficial and highly expected factor for management decision makers.

PYBB allows a new vision that produces powerful concepts. It provides a system to expend within limited resources by uninterruptedly focusing on the outcomes most important for communities and on the programs that influence those results to the uppermost scale. It is a way to compare community values with the government programs and services. Thus, PYBB facilitates the determination of key community objectives and the evaluation of the impacts of these goals on programs and services. Moreover, it promotes participation in strategic decision-making regarding funding.

The method draws upon a systematic review of existing services, the reasons of its existence, the value they offer to citizens, and how they benefit the community. In parallel, the concern about the costs of each service and citizen expectations also assumes a key role. PYBB assumes that the guidelines can change and obstacles can be moved if it is necessary to maximize results for citizens.

Indeed, this technique of budgeting contributes to the long-term financial sustainability by

encouraging explicit options. These options help to develop a strategic budget that reflects the community values and ensures a high level of service to citizens. Furthermore, while ZBB usually uses the existing agency structure, the "silo" method, PYBB excludes silos and concentrates its attention on the state's core functions of government. It motivates governors and legislators to ask for strategic questions at the start of each legislative session like "What should the performance of the government be?" or "What is the best procedure for the government to measure progress and success?"

In determining the government's core functions, the essential services for citizens must be designed in order of priority (first question). After passing this step, it should outline quantifiable results to be achieved, as well as benchmarks to measure progress toward those outcomes within a given time period.

To answer the second question, performance indicators are a central instrument to make accountability possible. At least, the government should have one performance measure for each major activity and, optionally, intermediate measures.

Once these procedures are defined, programs and activities can be prioritized based on how they will really help achieve the government's objectives.

## A Priority-Based Budgeting Empirical Example

Worrall et al. (1998) demonstrated that the laws of a local government in the UK favored, among other aspects, the implementation of strategic priorities. The authors relate strategy-based budgets with the PYBB technique. In their study, it was concluded that 60% of the analyzed councils had submitted a strategic plan, although there was no consensus on the definition of "strategic management." The authors classified "strategy" as the management of a set of activities that will meet priority objectives based on values of equality and local democracy in detriment of more "sophisticated" purposes which were less adjusted to the real needs of organizations. As resources become scarcer, local political forces tend to focus more on their priorities. In fact, there is strong evidence that, although there are still many bodies acting according to the paradigms of the 1970s, most of the governments are rethinking the process of strategic definitions to achieve a mutual consensus on the effectiveness of the achieved results.

In order to provide a synthesis of the main strengths and weaknesses of the different budgeting approaches analyzed in the present study, we have prepared Table 1, which can be seen below.

**Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based, Table 1** A comparison of different budget techniques

| Budget technique | Strengths | Weaknesses |
|---|---|---|
| *Incremental budgeting* | Simplicity, inexpensive | Lack of strategy link; focus on margins; the cuts are arbitrary; delays in procedures |
| *Performance-based budgeting* | Focused on outputs, quality of service, and citizen's satisfaction | Few changes in behavior |
| *Activity-based budgeting* | Emphasis on outputs and value creation, reduction of bureaucracy; focus on activities and on the operational plan | Reduced practical implementation; little knowledge of its real advantages |
| *Zero-based budgeting* | Resources needed in a "cost-benefit" basis; focus on programs and activities; economic rationality | Complexity in implementation, high costs, excessive bureaucracy, procedural delays |
| *Priority-based budgeting* | Budget connected with strategy; global and participatory perspective | Laborious, difficult to implement |

## Conclusion

Budgeting is a key factor of management control systems. Nowadays, it is clear that these information systems are totally dependent upon the success of the organizations' priorities and strategic goals, whether public or private. This interface has reflected the need to integrate new budgeting techniques due to the inadequacy of traditional approaches.

For many years, the incremental approach was sufficient, because public spending was fairly stable and the revenues reflected economic growth. The revolution in the economic environment and the imbalance in current government accounts led to advancements in budgeting. Drawing on the traditional incremental-based budgeting approach more up-to-date techniques were created to prepare budgets, such as performance-based budgeting (PBB), activity-based budgeting (ABB), zero-based budgeting (ZBB), and priority-based budgeting (PYBB).

These alternative budgetary techniques received support and increased in popularity as they proposed keys to traditional budgeting's recognized difficulties. Moreover, these approaches can also be used as vital tools for the activity management control and interactive implementation of strategy and outcome analysis. For example, the implementation of the PYBB technique in a local government in the UK was intended to promote strategic management, such as a set of activities that will meet priority objectives based on values of equality and local democracy.

In fact, these new attitudes and concepts of budgeting seem to be more appropriate to face the current institutional challenges. Nevertheless, these new budgeting techniques are still scarcely disseminated.

## Cross-References


- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector
- ▶ New Public Financial Management


B

## References


Akten M, Giordano M, Scheiffele MA (2009) Just-in-time budgeting for a volatile economy. McKinsey Q 3: 115–121

Andrews M, Hill H (2003) The impact of traditional budgeting systems on the effectiveness of performance-based budgeting: a different viewpoint on recent findings. Int J Public Adm 6(2):135–155

CIMA (2013) The Chartered Institute of Management Accountants (CIMA), Chartered Global Management Accountant Resources- Activity Based Budgeting, June. Retrieved in 2016 from http://www.cgma.org/Resources/Tools/essential-tools/Pages/activity-based-budgeting.aspx

CIPFA (2006) Zero based budgeting briefing. Retrieved in 2015 from http://www.cipfa.org.uk/PT/download/zero_based_budgeting_briefing.pdf

Drury C (2004) Management and cost accounting, 6th edn. Thomson, London

Finkler SA, Ward DM (1999) Issues in cost accounting for health care organisations, 2nd edn. Aspen Publishers, Gaithersburg

Hansen S (2011) A theoretical analysis of the impact of adopting rolling budgets, activity based budgeting, and beyond budgeting. Eur Account Rev 20(2):289–319

Hansen SC, Otley DT, Van der Stede WA (2003) Practice developments in budgeting: an overview and research perspective. J Manag Account Res 15(1):95–116

Kong D (2005) Performance-based budgeting: the U.S. experience. Public Organ Rev Global J 5(2): 91–107

Lapsley I, Wright E (2004) The diffusion of management accounting innovations in the public sector: a research agenda. Manag Account Res 15(3):355–374

Libby T, Lindsay RM (2010) Beyond budgeting or budgeting reconsidered? A survey of North-American budgeting practice. Manag Account Res 21(1):56–75

Neely A, Sutcliff MR, Heyns HR (eds) (2001) Driving value through strategic planning and budgeting. Accenture, New York

Segal G, Summers A (2002) Citizens' budget reports: improving performance and accountability in government, Reason public policy institute, policy study No. 292. Los Angeles, p 4

Tayles M, Pike RH, Sofian S (2007) Intellectual capital, management accounting practices and corporate performance: perceptions of managers. Account Audit Account J 20(4):522–548

Wildavsky A (1975) Budgeting: a comparative theory of budgetary processes. Litle Brown and Company, Boston

Worrall L, Collinge C, Bill T (1998) Managing strategy in local government. Int J Public Sect Manage 11(6): 472–493

# Building a Civil Service System for Yemen

Moosa Abdo Ali Elayah[1,2], Bilkis Abu-Osba[1,2] and Fatima Al-Majdhoub[3]
[1]Centre for International Development Issues Nijmegen (CIDIN), Radboud University Nijmegen, Nijmegen, The Netherlands
[2]Sana'a University, Sana'a, Yemen
[3]Department of Communication and Media Faculty of Languages and Communication, Sultan Idris Education University, Tanjong Malim, Perak, Malaysia

## Synonyms

Bureaucratic reform; Changes to formal institutions of government; Civil service reform; Informal rules of civil services; Skills development and training; System of government reform

## Definition

Building civil service systems with career-structured elements; a capacity system that provides ranks, steps, and remuneration system components along with managerial and supervisory mechanisms for Yemen; building merit-based career systems with professional qualifications of knowledge, skills, and performance capacities; building a professional merit system of organization or machinery of governance and public administration in Yemen.

## Introduction

A civil service system was created to manage a bureaucracy in which individuals are selected for employment in the government on the basis of either competitive examinations or special qualifications, such as professional training. In the case of Yemen, it is not recommended to abandon the informal behavioral and management aspects within the Yemeni civil service system which offered, by the social structure and its effect on state power, control of society, the behavior and attitudes of the civil servants, and thus on any transition initiative within the public sector. By analyzing and understanding the impact of the informal system on both political and administrative aspects of the Yemeni state, and seeing how these formal and informal structures of power interact, that can help the donors more to precisely formulate, design, and implement sound aid policies and programs for promoting the capacity of the civil service system. In addition, the social structure that is mainly based on informal norms, values, and institutions affects the functions of the civil servants in Yemen, which in turn explains why Yemeni managers and organizations do not function in line with donors' expectations (see "Foreign Aid Policies").

## The Social Structure and the Civil Service System in Yemen

The power of Yemen's formal state institutions and organizations is far less than it appears on paper and is broadly subservient to the interests of informal institutions and organizations. The influence of the latter is reflected in the government's style of decision-making, in organization, management, interpersonal relations, and so on. Policymakers have to ensure that reforms are coherent with the existing social structures of society (De Soysa and Jütting (2007). The first question is thus: *What is the social structure of Yemen?*

According to North (1991), social structure is how social institutions such as clans, tribes, families, and educational, religious, economic, and political institutions organize a given society. In Yemen, Gabilih (tribes) are a key element in the social, political, economic, administrative, and cultural structure of society, as they constitute 85% of the population (Al-Thahery 2004). It is estimated that there are more than 200 big tribes in Yemen. The majority – 141 tribes – lives in the northern mountainous regions. The other 59 tribes inhabit the west coast and the southern and eastern regions. Yemeni tribes are social-economic

organizations that are significantly independent (Al-Dawsari 2012), with their own lands, water sources, boundaries, and markets. The tribes share a form of common law (‘Urf or Hukm ‘urfi), leadership (especially sheikhs), a sense of identity for members, and a code of ethical behavior (Gabyalah). Dresch (1989) stated that among the numerous definitions of tribes or tribalism, there are seven main characteristics worth listing:

- Solidarity: they share the same functions in terms of their role in promoting the welfare of their members
- Kinship: the tribes’ members feel, regardless of whether it is reality or not, that they have the same descent
- Culture and traditions: the tribesmen have the same culture, customs, and traditions
- Specific territory: each tribe often lives in a specific land
- Specific social, political, economic, and military organizations for each tribe
- The mechanics of “Asabiyya” (group solidarity) among their members and their fluidity
- Their ability to change and adapt to economic and political situations through alliances and feuds (see “Traditional Social Structure”)

Sheikhs of the tribes have various degrees of power, influence, and wealth and are usually “chiefs” who have authority over their “followers or individuals.” Generally, the sheikhs in the northern mountainous regions have more power than the sheikhs in plains and coastal areas, by virtue of their more isolated location. Based on origin, there are three major tribal gatherings in Yemen: Hashid tribes mainly inhabiting the mountainous regions; Bakeel tribes, partly in the mountains but the majority inhabiting the desert areas in eastern Yemen; and Madhaj tribes, inhabiting the coastal and southern and western areas (Dresch 1989).

The process of sticking to tribal norms and customs is still the key factor contributing to the power of the sheikh and the tribe in general. Therefore, the tribesmen are always ready to fight at any time and die for their sheikh and tribe, regardless of the personality, tribe, or entity they face. The more the sheikh is dedicated to tribal norms and traditions, the more tribesmen obey tribal customs and norms. If a tribesman disrespects the regulations, he will be disparaged, blamed, scolded, or even abandoned if the violations are major ones.

A tribal sheikh’s power also lies in the fact that he is supposed to be the most sophisticated and cunning in the tribe and the most aware of a tribe’s own traditions and customs. He is the owner of a large part of a tribe’s wealth and lands, and in most cases, he is the client of the political ruling elite. Even today, the authority of a sheikh takes precedence over state authority among tribesmen. He has the power to resolve the conflicts that occur between members of the tribe and to implement his demands on the members of his tribe, even by force. He is the protector of rights and justice through tribal customs, rules, and penalty systems (Al-Theeb 2006).

Yemen’s social structure does not only consist of tribes. There are several other social groups and classes, which have different social, political, economic, educational, and administrative characteristics. These are shown in Table 1:

The Sadah class (the descendants of the prophet PBUH) claims that their roots go back to the Prophet Mohammed; hence, they consider themselves blessed and distinguished from the public. They form 95% educated members an elite group from whom the imams (kings) were chosen. Together with the Qadhis (the judges) as the educated class, the Sadah occupied functions such as judges, religious teachers, and government officials of the imamate. Both Sadah and Qadhis formed the Yemeni *polyarchy system*. However, they do not derive their legitimacy from affiliation with any particular tribe. They arrived in Yemen only after the beginning of Islam, mediating between local tribes. They derive their legitimacy from a religious faith, as according to Islam, Muslims should respect and obey the Prophet Mohammed’s families. Muzayyinah (barbers, butchers, etc.) consists of “Akhadam” and “Abids” (the servants usually with black skin) representing about 4% of the total Yemeni population. Both have African roots and are the lowest members of the Yemeni

**Building a Civil Service System for Yemen, Table 1** Different Yemeni social groups and their characteristics

| Social groups | Percentage in society | Location of housing | Political and administrative roles | How they obtain the social status | Rate of educated people |
|---|---|---|---|---|---|
| Sadahs | 2% | Cities | Strong | Heredity | **95%** |
| Qadhis | 1% | Cities | Strong | Heredity | **95%** |
| Sheikhs | 0.1% | Countryside | Strong | Heredity | **85%** |
| Senior traders and owners | 0.003% | Cities and countryside | Strong | Heredity | **95%** |
| Tribesmen | 85% | Countryside | Weak | Heredity | **20%** |
| Small traders | 1% | Cities and countryside | Weak | Heredity and acquisition | **80%** |
| Traditional crafters | 0.05% | Cities and countryside | Weak | Heredity | **20%** |
| Intellectuals | 0.01% | Cities | Weak | Acquisition | **100%** |
| Governmental staff | 4% | Cities | Strong | Acquisition | **55%** |
| Army | 3% | Cities | Strong | Acquisition | **50%** |
| Akhadam and servants (Muzayyinah) | 4% | Cities and countryside | Weak | Heredity and acquisition | **5%** |
| **Total percent** | **100%** | **The men's category has 48% of the total percentage** | | | |
| Women | **52%** | Cities and the countryside | **Weak** | Heredity and acquisition | **27%** |

Source: Al-Theeb (2006) and Elayah (2014)

society. They have historically worked as butchers, barbers, innkeepers, wedding entertainers, and Ham'mam (public bath) operators. Their women have always worked in these urban occupations. The majority is landless, unable to defend itself by arms and dependent on tribesmen for protection.

The accommodation of social groups within the civil service system can be divided into three levels. The first level is the senior civil servants, ranking from director general to vice minister and minister. It represents the bureaucratic elites and is predominantly composed of the Sadah and Qadhi social groups. The second level is the middle management civil servants who occupy the positions of managers and heads of departments and branches. These account for more than 15% of the total number of civil servants. Although many have tribal descents, they are appointed by the top levels to guarantee the support in ruling the country, so they can be considered to belong to the strong men in the society. In turn, the mid-level leaders appoint lower-level personnel who are loyal to them. This third level are administrative personnel, specialists, technicians, and soldiers and represent the broad segment of society, accounting for up to 80% of the total number of civil servants in Yemen.

Generally, two ties of recruitment can be distinguished, namely, primordial and competing ties. In Yemen, primordial ties such as family/kinship, tribal associations, friendships, and regional and religious affiliation are dominant. But at all levels, some civil servants have been accommodated in office by competing ties such as a political party, private sector organization, and NGO or professional organizations. The concentric circles in Fig. 1 are a simplified visual representation of the complex interactions within the Yemeni civil service system. The values and norms influence the behavior and expectations of leaders and their followers as well as managers and their subordinates, as we will explore in the next section. In the tribal-political parties that rule Yemen, the members from the most powerful tribes are the key players who dictate the rules of the game within the party and the party's relations with the state, public sector, and civil service.

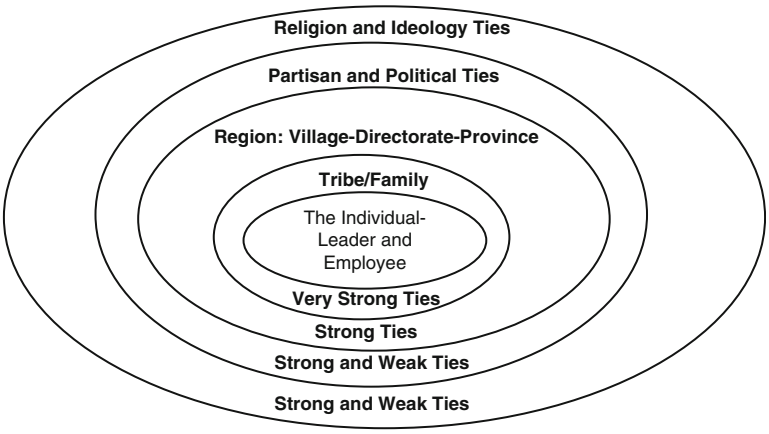


**Building a Civil Service System for Yemen, Fig. 1** Civil Service System and the Informal Ties within the Yemeni Society

With the democratic transition that took place in 1990, the sheikhs adapted to maintain their primordial power and gained new positions in the state and society. Some of them went to the top of trade unions and NGOs, and others formed political parties such as the Republican Party, led by Sheikh Mohammed Abu Lahoom; the National League for Democracy Party of Yemen, led by Sheikh Awad Alpatrh; and the Arab Ba'ath Party led by Sheikh Abdel Wahab Mahmoud. Sheikh Abdullah Bin Hussein Al-Ahmar and a number of sheikhs within the Muslim Brotherhood formed the Islah Islamist Party. The sheikhs held the senior leadership of the General People's Congress Party, which ruled for almost 20 years. Sheikhs hold almost 90% of the parliament seats and the government and military positions, and some are owners of the largest economic institutions (Al-Theeb 2006; Elayah 2014).

In terms of ideology ties, religious organizations in Yemen are still largely decentralized with small local actors managing mosques, schools, or Islamic courts. These informal organizations are mostly linked with the Islah Islamist Party and seem able to combine religious and tribal traditions. Bonnefoy and Poirier (2009) stated that the capacity of religious actors to link up with political organizations might explain the persistence and dynamism of the traditional/tribal civil society in contemporary Yemen. Much like the tribal system, religious organizations offer an alternative form of power (or "counterpower"), such as welfare, education, or Islamic justice, which are financed through endowments and religious endowments. There are many studies about Yemen that deal with the tribal politics phenomenon and how the tribal social structure forms the political life of the country. However, little attention has been paid to leadership and organizational practices. In the following section, the researchers attempt to redress the balance by presenting some of the informal organizational and managerial practices in the country (see "Organizational Leadership and Behavior").

## The Functions of the Civil Servants in Yemen

The function of the civil servants in Yemen features six important behavioral aspects, which are discussed in turn below: (1) the top man syndrome, (2) the decision-making process, (3) conflict management, (4) interpersonal style, (5) attitudes toward time and managerial behavior, and (6) attitudes toward women in management. There are many other aspects that could be considered, but these are the most important in terms of capacity building within the public sector.

In Yemen, the "top man" is the owner of public organizations and the prime agent of influence and control within his own organization. He sees himself as the head of a tribe, not as a formal organization that has formal rules and regulations. Thus the top man is the ultimate decision-maker, manager, planner, organizer, controller, and director.

*Top Man Syndrome:* there are four main features of this "top man syndrome." Firstly, the organizations' employees trust the interference of the top man, and his actions are crucial to solve many problems. Secondly, there is a feeling among outsiders – clients and suppliers to the public organizations – that "only the top man of an organization can get things done." Thirdly, the top man is overly busy and so not able to manage effectively (Muna 1980: 32). He is obliged to attend social events, conventions, and various other ceremonies. He accepts his role as a formal representative of his organization. He sees himself as the head of "a family," irrespective of the size or type of the organization, and often describes himself as "father" or, in the case of a younger top man, the "sheikh's brother" (Scott-Jackson 2009: 5). For example, as there is a strong societal norm of hospitality, the top man is overburdened with social visits to his office every day. Close friends, family and tribe members, government, and the top man's organization's officials all come by for nonbusiness-related chats. Formally, the main responsibility of the top man is to behave strategically as an agent of change in his organization, but instead, he is a social worker and an agent of his tribesmen, family members, friends, and so on. Fourthly, a leader's high expectations for success are also part of the top man syndrome. "Some Arabs recognize success as what one does for one's family rather than individual earnings or achievement" Al-Assad (2013).

The top man requires a strong commitment of all individuals to their tribes, hence facilitating and encouraging nepotism. The top man wants to gain the loyalty of members of his tribe and/or other important tribes and thus may select employees who would more likely strengthen his position among tribesmen and in his organization. This pleases the members who then declare their loyalty to him. The top man has to accept this strong sociocultural value to hire relatives and other trusted people. Nepotism in Yemen is practiced along different family lines. For example, Sadahs can always be recognized from their surname. As they assert that they are a noble social faction, they usually choose a fellow Sadah to take a job, thereby monopolizing the senior public jobs. Regionalism also plays a big role in practicing wasta (favoritism) and nepotism. When a top man in any administrative level recognizes that a person originates from a city or village that is close to his own, he begins building trust connections before starting the business relationship. Once trust is established, business is practiced on an informal level with high-valued social commitments. Thus the top man in a Yemeni organization has the ability and the capacity to employ influence and sustain control over the actions of actors in his organization, which is one of the common explanations of the power concept in public administration theory.

*Decision-Making Process:* the researchers turn to consider decision-making and how the top man uses his power in the decision-making process. Scholars and researchers in different disciplines of social sciences generally belong to one of two schools: one that asserts that decision-making is the distinctive managerial activity (Boussif 2010) and the other that states that the decision-making process is simply an integral part of the management process within each organization and at every level (Ali 1993). From scholars of organizational behavior, there is plenty of literature on leadership and leadership styles, often incorporating and/or discussing the decision-making process. One feature of this extremely multifaceted phenomenon is the leader's choice about how much and in what ways to include subordinates in decision-making processes.

In Yemen, subordinates usually respect and obey the decisions taken by the top men as these decisions are taken in consultation with subordinates and heads of units. This "custom" applies not only to the level of administrative organizations but also at the higher levels of family, clan, tribe, or nation. In most cases, neither the sheikh of a tribe nor a leader of an organization adopts a collective process of decision-making, but it has a somewhat autocratic style, where decision-making becomes highly centralized. Consultation is nevertheless an activity that is commonly applied and not just to ensure the decision is correct and based on good data, but because people expect to be consulted. The procedure helps to

avoid conflicts and allows for a "face-saving" mechanism. It is believed that consultation did include actual participation, rather than the somewhat passive consultation reported by others.

One can argue that the consultation process used by Yemeni administrative leaders is a human relations technique. It is used for several occasions and situations: to please, to placate, and to win over people who might be potential obstacles to one's ideas or actions. Even when decision-making takes place in a consultative setting, informality is not absent. Consultation is usually carried out on a person-to-person basis, while group meetings are strongly avoided. The communication channels, especially from the lowest level to the highest level, are important for effective decision-making processes. Top men generally do not occupy themselves with the communication system within their institution and between the lower levels. Managerial behavior is dominated by the need to take quick decisions that interfere with the monitoring process.

*Conflict Management:* Scott-Jackson (2009) argues that administrative leaders in tribal countries are: "concerned with non-verbal cues for conflict, third parties (mediators), procrastination. Consultation is normally used to reduce the chances of conflict in the first place" (2009: 11). Yemeni administrative organizations generally do not stray far from the tribal norms and customs of conflict management. Their conflict management system deals with conflicts at an early stage, when they are not yet aggressive. Yet they also have conflict management mechanisms in place to resolve conflicts if they become violent. This system relies heavily on arbitration methods as well as negotiation and mediation. If leaders or administrators sense a conflict brewing, they rush in to contain it before it escalates. They reconcile parties in the conflict to negotiate and settle their differences. Top men that each party authorizes as their representative usually facilitate negotiation (Al-Dawsari 2012).

As most tribal conflicts relate to personal interests and not the collective or organizational affairs of the tribes, personal issues are often a harbinger of conflict occurrence within public organizations. Most leaders and employees deal with organizational conflicts in a delicate manner. The top man always receives respect due to his position and power or the norms of society. His subordinates do not oppose him for fear of losing their jobs. In general, experience in Yemeni organizations shows that there is relatively little opposition and resistance from top-level managers to their leaders. Top men use many tactics to deal with top-level managers where there is "constructive" resistance, such as the aforementioned consultation approach, or by sending the general managers for training abroad, so they can earn US dollars to improve their lives. There is no mechanism to pacify for the moment till the next issue arises. A penal system is hardly used in the Yemeni civil service system, going from one issue to the other.

In addition to the power tactics described above, Yemeni top men use other behavioral tactics for conflict management, such as uttering "Insha'Allah" (If God will) as a face-saving and promising mechanism (just promising and keep promising). This mechanism is also inherited from collective norms, customs, and system values. In Yemen, face-saving processes are about honor and dignity. "Losing your face" means losing your tribal and social respect. Such symbolic meanings are illustrated in daily conversation. It is difficult for a Yemeni to say no because this may cause loss of face. Therefore, to avoid this insult, and to shift ownership of the matter beyond oneself, it is common to say "Insha'Allah." The use of the word "Insha'Allah" is a mere tactic to delay the work, or to discard made promises, in order to save one's reputation and to avoid direct confrontation. "Insha'Allah" can also be used as a vague signal of confirmation and agreement or rejection. Hence, it can mean yes, no, or maybe, depending on the context and the way it is articulated, but more often than not it just means "no" (Patai 2007).

*Interpersonal Style:* interpersonal communication is the process by which individuals exchange information and feelings through spoken messages and non-spoken messages, such as facial expressions. The typical feature of the interpersonal style in Yemeni organizations is the personal or person-oriented approach. Everybody will act

based upon their personal framework of reference and not on a general corporate or other mutually agreed framework. Because of the heavy emphasis on the personal approach, there is an "informality" in communications, both in the structure of the organization and in dealing with others. The first aspect of the interpersonal style in communication within Yemeni organizations is al wasta (connection) as a main tactic of socializing and association. The term wasta can be described as a "process of mediation": employing a go-between or intermediary. Wasta is a measure of influence through interconnected social networks based on kinship but extended to trusted individuals in the wider society.

Al wasta has transferred to Yemen's public sector and seems part of the clientelist phenomena in the administrative field. This clientelistic/administrative approach goes against reliance on official, institutional, or formal working channels and is an important means of running state affairs. The use of personal ties and connection (Wasata in Arabic) have become an ill in the Yemeni society. A person cannot do any type of business including fast-tracking, paperwork or taking any permits, obtaining referral or employment and resolving conflict without having connection or personal relationship with someone either in the government or any well know tribes. These informal ties lead to entrenched patron-client networks that limit the function of the Yemeni government. The use of personal (family and friendship) ties reflects both the strength of these ties and the weakness of institutional systems and procedures. Scott-Jackson (2009) questioned how core functions of government have been transformed into "personal fiefdoms." A transparent recruitment and promotion system is lacking, and personal relations are more important than formal knowledge and skills. In fact, one of Yemen government's greatest strengths is attracting the wrong people.

Time and effort will be minimized if the leader uses his personal ties and connections instead of the formal channels. Of course, this sort of activity only increases the inefficiency of formal systems. The researchers regard the wasta approach as nepotism and cronyism. They recognize, however, Scott-Jackson's caveat that: "simplistic criticism of this age-old and well-tried system, fails to distinguish between its more negative effects (e.g. promoting someone unfairly despite unsuitability) and its many benefits in building trust through strong social networks. Strong 'Wasta' is perhaps a competence in itself" (Scott-Jackson 2009: 6).

The second aspect of the interpersonal style is the *open-door policy* or tradition. This is another deep-rooted tribal tradition that has found its way into today's organizations. In tribal customs, the door of the sheikh should be open for the tribesmen and outsiders; otherwise, he is not regarded as a real sheikh. In the village, the sheikh's home, especially his Diwan (a meeting room for chewing Qat or a visiting room), is the place for receiving outsiders. The sheikh who maintains an open-door policy will receive great respect from his fellow tribesmen. An open-door policy promotes the standing and reputation of both the sheikh and the tribe, which consequently raises the status of the individuals and families belonging to this tribe. If someone has a problem that the government does not solve, they look for a powerful sheikh from a strong tribe to solve the problem.

These characteristics relate to the top man syndrome as he faces pressures from both formal and informal organizations (his tribe). The top man cannot compartmentalize his work life, his social life, and his personal life: they are often one and the same. The leaders ought to keep their door open because they feel compelled to accept the pressure in order to remain successful. They lead the organization by generating social acceptance inside. It is interesting to observe how often Yemeni administrative leaders bypass their subordinates by issuing instructions to employees at the middle or lower levels. The disadvantage of this is related to dysfunctional communication. Communication can become distorted when going up and down the hierarchical levels.

Employees are not accustomed to organization charts and job descriptions. Though written rules and procedures often exist, they are not used in reality. Most employees view their organization as a tribe; they ought to worship their leaders as long as they are in power. A similar construction is not

presented in the West. For example, Dorfman and House (2004) argue that the Dutch place emphasis on egalitarianism and are skeptical about the value of leadership. Terms like leader and manager carry a stigma. If a father is employed as a manager, Dutch children will not admit it to their schoolmates.

It is worth noting that in Yemen, management styles vary between Yemeni regions and subcultures. Therefore, managers adapt different styles depending on the situation and context. The managers that come from the strong tribal areas such as the northern areas of Yemen give priority to personal considerations over organizational goals and performance. It is part of their strong tribal values, which are part of their entire identity. Managers who come from the southern and western areas seem to be less prone to a personalized style of management as the tribal values are weaker in these areas. However, in general, top men in Yemeni organizations demand complete submission from their employees who, in return, do not take initiative and expect to be ordered around. As a means to control uncertain situations, most Yemeni managers adopt a highly personalized management style and assert their reliance on rules and regulations to avoid unpredictable situations. They assign duties according to their personal judgment, calling on rules and procedures that are generally neglected as a protective tactic to reinforce their power. Sabri (2011) believes that Yemeni managers are more prone to follow the trend of the day than to educate and lead.

*Time and Managerial Behavior:* in Yemen's civil service as in most other Arab tribal countries, the management of time is as much a management of social relations problem as it is proper utilization of one's working hours (Muna 1980). Most Yemenis spend a majority of their work time out of the office nourishing their socials networks, and it is very common to see people chatting over a cup of tea, chewing Qat, visiting the sick, or paying condolences during working hours. Many competing factors prevent the effective management of time in Yemen's civil service. As it is mentioned above, tribal and social norms of hospitality and reverence to others prevent a top man taking actions that save time. The civil servant has a double role in the community-tribe and the organization and has to succumb to heavy commitments to the extended family tribesmen, friends, and employees. Because of traditional parental behavior in management, it is unethical to tell an unexpected guest or visitor: "Sorry, I have an appointment or urgent work." Similarly, it is difficult for the top man to shorten a guest's visit even though the workload justifies doing so (Muna 1980). Senior government leaders fear relying on their subordinates. Therefore, they take up all sorts of activities and tasks that they should not, such as writing letters, inspecting the transportation system, and answering the phone. Indeed, a lot of time is wasted at all administrative levels. Time management in Yemen implies adherence to a concept of time that is not convenient for foreigners working in the country. For example, when scheduling or planning work activities according to specific timetables, Yemenis calculate double or three times the time needed. If an appointment is scheduled at a certain agreed time, it is not unusual to wait almost 3 h before something happens. The deadline is a flexible time frame. Prepared project plans are supposed to be implemented in accordance with time schedules and strategies, but these time frameworks are normally on paper, which is not suitable for a culture that accomplishes targets through the means of personal moods and appreciation.

Only when deadlines approach the Yemeni civil servants do begin the process of decision-making. Foreigners who deal with the civil servants are very strict in deadlines and will ask for reasons for the delay of the work or in obtaining approvals. This creates conflicts between donors and their Yemeni counterparts, which has a knock-on effect on networking between these actors. Yet the planning ahead strategies used in the West would probably not work in Yemen because society itself lacks the necessary social conditions. One has to be flexible by working with different scenarios and adapting to the flow of local life in order to deal with Yemenis. The nice aspect of the flexibility of Yemen society is that whenever something is not working you will find unexpected support on the spot. Yemenis are good

at firefighting, the practice of dealing with problems as they arise. Consequently, they are able to finish things at the last moment. That is their way of interpreting "just in time" management.

*Women in Management:* tribal and traditional cultural attitudes, patriarchal structures, and Islamic fundamentalism prevail in society, allocating women a low status in the family and community and a limited participation in society (Al-Bnan 2010). Women are subjected to various forms of violence and discrimination, including domestic abuse, deprivation of education, early or forced marriage, restrictions on the freedom of movement, exclusion from decision-making roles, denial of inheritance, deprivation of health services, and practicing female genital mutilation (Cooke 2008).

There is discrimination toward women in public or private offices. "Tribal honor" plays its role in this. Tribal sheikhs want to increase and enforce tribal culture among their communities. Therefore, they do their best to avoid any effective attempts by the state or international organizations to change the paternal attitude toward women and their lack of representation in civil service. The majority of women in tribal areas are not allowed to work in the government. Women in these regions do not hold positions outside of the home, because it is against the "tribal honor" (Al-Shara'af) for women to go outside a home alone. The majority of girls are educated until grade six, and after that, they are relied upon for household chores (see the indicators relating to the education sector in Table 1). Cooke (2008) describes how an absence of citizenship rights for women in Yemen is combined with crushing poverty, creating a society in which women are the property of men, unable to leave the house without the permission of a male relative and vulnerable to arbitrary arrest on the street even when they have permission to be there. They are also likely to be illiterate, to be married before they reach puberty, and to die during childbirth.

Women who are employed are often subject to harassment by male colleagues, especially in male-dominated environments. Social norms, combined with limited education and work-related opportunity, keep women far away from obtaining the required skills and resources to compete successfully with men for leadership positions. Women make up about 50% of Yemeni citizens at an age of potential employment (between 18 and 50 years), but form only 23% of the workforce. This means that most women are not participating in the country's development. About 72.1% of women are economically inactive (Al-Haj 2012).

Only women from Sadah and Qadhi families have leadership positions in the government. Like the top men, these "top women" see themselves as the prime agent of influence and control within their own organization. Both top man and top woman are quite aware of the importance of the concept and practice of power according to the inherited customs in the Yemeni society.

## Reflection for Donor Policies and Experts

Experienced donor organizations and experts often remark that working in Yemen is so much more complicated, and local involvement of Yemeni top and middle management is harder to reach than in any other country. For the last 20 years, the World Bank and IMF – with other donors following suit – have tried to reform the Yemeni civil service systems into a Western transparent and accountable model. The programs have been negotiated with top men and women. What the researchers witnessed is that they express their willingness to lead the proposed reform programs as long as their own positions of power, class, or tribe are not directly affected. For that reason, most of the reform programs so far have not been directed to restructuring the higher management levels, but have focused on skills training for the middle- and lower-level provision of computers and upgrading of physical infrastructure and cars. Practice shows that before the higher echelons commit themselves most programs run out of time and encouraged by the new trend in development cooperation where the recipient partner formulates the requests for a new development assistance more or less the same programs are submitted to donors for funding. In all these years, the population of

Yemen has hardly seen an improvement of the services of the public administration. They are still dependent on the informal network up to the highest level.

One of the main problems noticed here is that the top men and women will not place their future in the hands of a company whose experts they do not on forehand trust and which will be for a relatively short term engaged. It is also noticed that trust relations existed between the donor experts and most of the top level, because they were involved in the identification and formulation of the programs and they lived in or visited the country regularly over a long period of time. The balance of trust seemed, however, to break with the arrival of the commercial companies with their own expert groups. The inexperience of most Yemeni leaders in dealing with commercial "outsiders" made them to take distance from the program interventions and leave the daily actions over to lower-level personnel, who give again briefings to the top. Only during visits of the donor organizations they appeared themselves in meetings again.

The above description leads the researchers to the following suggestions: donor organizations should make a distinction in programs directly geared to the top levels and other interventions. For the first group it would be advisable that the donors and Yemeni top jointly appoint experts who would be recruited by the donors. It is clear that in the present free market policy, this recruitment would not be possible, but my argument is that the top leaders would better relate to an expert directly connected to the donor organization than to an expert from one of the commercial firms. Jointly, the donor experts and the top men and women could develop programs in which the experts would take the role of coaches. Where specific knowledge would be needed, the coaches could make use of funds to invite, in consultation with the donors, specialized experts. Jointly they would implement the agreed protocols signed by the donors and the minister in charge. The relations between the top and the coaches should be based on trust, where experiments can be done with transparency and accountability and where additional knowledge for carrying out the functions should be provided without having the top men or women losing face. The appointments of the donor experts should be independent from the three- or four-yearly newly formulated programs implemented by winning contractors.

While this coaching is taking place, commercial firms can implement their interventions at the lower level through skills training combined with equipment, materials, and fellowships. Through the relationship at high levels and the results of the commercial firms, the coaches and donors will also learn why certain policies and strategies are not (yet) feasible to undertake. They will get more understanding of the local knowledge in the sector they are working. The increased knowledge will also help to define what kind of assistance should be given, on what level, and what kind of local organizations and systems should be established, including training programs, to make the assistance efficient. Sometimes the Western models will not be sufficient.

If trust is established, experiments could be made in announcing positions based on qualifications in all these experiments the coach should be presented as to cover the face of the top men or women. Final decisions, however, have to be taken by the Yemeni partners. Other experiments could be undertaken by letting the minister or vice ministers explain the strategy for their sector to heads of departments and to let them discuss the implications for the different departments. The coach should have a monitoring role, instead of being the informant to the heads. The implications could lead to new job descriptions with new qualifications and that could be the start for the three- to four-yearly tender programs for different contractors.

The general lack of local knowledge which is shown in many analyses of the conflicts in Yemen and which makes it difficult for donors to work in Yemen leads me to propose to build a Bank for Local Knowledge where, with the help of Yemeni and foreign experts, past and present development programs in Yemen are analyzed. In particular, the focus would be on those factors leading to success (or failure) of programs and projects, who played the main roles in them, and lessons to be learned. This Bank would be a not-for-profit organization that would operate independently of the

government to ensure the neutrality of the reports. The Bank would provide reports at the request of ministries and donors, as well as data from the experts from Yemen and abroad with real expertise and experience.

The information provided in this article is merely a start to understand the necessary and valuable local knowledge that can be used as a background for donors and which can make or break foreign aid interventions. It is believed that donors intervention that needs dealing with policy makers, tribal or governmental leaders, and employee has to be addressed first. Donors' lack knowledge of the rules of the informal system may lead to conflicts especially during aid design and/or implementation stages. Helping the donors on these aspects may reduce conflict and boost the expectations and generate ideas about what the aid intervention should look like.

In the experience with Dutch consultants who were sent to universities in Yemen by Dutch university aid programs, there were many complaints that Yemenis did not take them seriously, that they were seen as pocket fillers, and that there was a lack of trusting work relationships. In a study that was done by Elayah (2014) about "Donor-Promoted Public Sector Reforms in Developing Countries and the Local Knowledge Syndrome," the author researched 4 of 13 projects that were set up within the NPT (the Netherlands Programme for Institutional Strengthening of Post-secondary Education and Training Capacity) with various universities in Yemen and concluded that only those projects that were important for Yemen, and where there were stable interactions between Dutch experts and their Yemeni counterparts, were successfully completed. The master's degree program for professionals in business administration from the University of Sana'a got enough support from the local private sector to set up a commercial study, and the Water and Environment Centre cultivated interest among private and public companies to enter its master's program, because water is vital to the population. But for the two other projects the author researched – a master's program in public administration for government personnel and a master's in gender – the results were poor, despite the motivated commitment of Dutch consultants. This was because, apart from a small group of immediate stakeholders, there was no interest in improving public administration, let alone in the improvement of male-female relations. In fact, such "novelties" from the West are met with suspicion. The quality of knowledge on the public administration and the gender issues provided by the Dutch experts was not sufficient to establish a situation of trust where the Yemeni partners could learn by doing so.

This lack of trust resulted more in conflicts about organizational cultures and working styles than fundamental discussions on how Western models could be integrated into Yemeni settings. A chance for the Dutch partners to gain from the local knowledge was lost, and the Yemeni partners could not accept the Dutch models without damaging their own positions.

The provision of local knowledge may help donors to overcome such difficulties. e.g. the Ministry of Finance MoF has established in every government agency a department with a representative from MoF that provides the essential information and knowledge budget, yearly bonuses, training staff in new accounting and systems and other related aspects. It is noticed that most of the planning departments leaders in most of the ministries dont have a background in planning or economics and are not able to keep abreast of the new developments in sectorial planning. The reason is that the staff is not competence in English language as the way of communication in training programs applied by the donors. in addition, knowing that the salaries of the civil servants depend on the level of education, and the competency system is not yet applied or accepted. The negotiations on in-service training may required other ways of operating to attract civil service to adopt these development programs. It is important to know who is the leader in the development, and his/her background to know whether he/she has experience in what program and with what results.

Also, for education and training institutions for civil service, it will be important to know where do the students come from and how are they recruited. Local knowledge should be available

on the level of the teachers and trainers and the relevancy of the education and training program. In that way donors should target the assistance in a more efficient and effective way. Another example: informal institutions in Yemen are relevant in the framework of gender equality. Engaging women in public organizations and other local initiatives is crucial to enhancing gender equality, as is changing norms and attitudes by designing appropriate formal institutions. There is a need for empowerment of women outside the dominant social groups, especially those in tribal and rural areas who could gain control of their lives and participate in leadership. This could be done through identifying and addressing issues that cause women to be powerless in society. There is a need to establish special organizations that involve marginalized women without being controlled by the existing top women bodies. That will ensure empowering women from other social and economic groups, advocating open access to leadership, and making the empowerment of such woman a national and international priority.

Based on the analysis in this article of the functions of the civil servants in Yemen, the researchers also propose some basic managerial skills below that could be useful for capacity building. These proposals bear in mind the role of the informal institutions as explored in the earlier sections and would encourage civil servants to redefine the clients they are working for, namely, the public and not their leaders, and to improve corporate policies, strategies, effective human resource management, and communications in line with the social structure or context (Al-Assad 2013). Both employees and managers in the civil service need to be well educated and well motivated, capable of not only administering, developing, and analyzing public policies fairly and appropriately but making effective and participatory decisions, developing strategic plans for an organization, and developing a plan of action and a basic budget based on the strategic plan. Top positions should be competitive, based on clear job descriptions and requirements.

Leadership development is neither new nor unique to the public sector. People want leadership in the public sector, looking for are individuals who will encourage institutional adaptations in the public interest. Leadership in this sense is not value neutral. It is a positive espousal of the need to promote certain fundamental values that can be called public spiritedness. The most important role of public sector leaders is to solve the problems and challenges faced in a specific environment (OECD 2001). There is a need to develop the leadership skills of public servants to create an effective public sector responsible for achieving real development, through: (a) stimulating and implementing team-building exercises, (b) sharing the responsibility for activities and putting quality first, (c) setting up and implementing a monitoring and control system for changing processes, (d) establishing reference groups to discuss and defend visions within an organization, (e) establishing reference groups to discuss and defend visions with the beneficiaries of the interventions, and most importantly (f) introducing and maintaining ethics and values such as transparency and accountability. In addition, there is a need to build skills related to time management in order to close the open-door tradition.

It is frequently observed that newly appointed managers remove, distance, or freeze out the inner circle of their predecessors and appoint their own people. It is not uncommon to find in a specific ministry a considerable number of people who carry the same surname or tribe name as that of the senior manager/administrator, which can lead to a difficult climate of interpersonal conflicts among different circles within the organizations. At the same time, most organizations use a traditional approach to management. In the process of training staff, there is a need to promote those employees and managers with pronounced leadership skills such as (a) ability to manage conflicts and settle disputes effectively based on the formal rules and regulations, (b) vision to set up and implement a reward and punishment penalty system, (c) being creative in solving problems, and (d) being a critical and/or analytical thinker.

Good communication skills are also very important, because every administrative function and activity involves some form of direct or indirect communication, be it planning, organizing,

leading, or monitoring. There is a need to develop the capacity and capability of employees and managers in terms of setting up and implementing a communication system, developing meeting skills, setting up a reporting system, and developing reporting skills. Furthermore, there is a need to develop the capacity and capability process of employees and managers to deal with physical barriers by ensuring that they (a) make use of modern technology such as e-mails, (b) communicate with different organizational levels, and (c) read and comprehend information.

Human resource management is poor in Yemen due to the absence of both a strategic vision on civil service management and development and a vision of civil service training delivery. Public administration in Yemen has no effective and efficient feeder organization to provide high-grade civil servants and in-service training. This gap can be filled by (a) devolving the capacity of the leaders and their subordinates to define the functions and job descriptions of the organization, (b) introducing and implementing an evaluation system of functions and jobs, (c) setting criteria for evaluating the performance of current employees, (d) developing an employees' upgrading program, (e) identifying the shortcomings of current employees to fulfill new jobs and functions, and (f) setting up and implementing a system monitoring and controlling process. Other human resource management tools should also be improved, in particular periodic assessment and the drafting of career paths.

Clearly, there are many other managerial skills and functions of equal significance, such as public relations skills and financial skills, as well as capacity and capability building needs such as managerial knowledge and skills. It would be impossible for a donor intervention to set up a self-sustainable civil service training system by merely tackling the supply side or focusing on building skills for civil servants. There should be a rational and strategic approach for the civil service training sector that shows who the civil servants are and which administrative level they belong to. It would be illogical to leave the decisions on training to an individual civil servant on the basis of their own interests and whether they can get their ministry or their employer to finance the training.

## Conclusion

To comprehend the dynamics of the Yemeni public sector, one must look beyond written laws and regulations, and institutional rules and procedures, to examine the informal rules of the game that govern organizational and individual behavior. The influence of informal institutions and organizations is reflected in government officials' distinctive and informal style of decision-making, management functions, and interpersonal relations.

Regardless of the quality and the effectiveness of the Yemeni top man's or woman's leadership, the power of the top man or woman is not derived from formal or quality choices at a senior level in the organization intended to smooth wider distribution of control. Instead, it is derived from the "bottom" of the hierarchy as social value, where individuals choose to admit a legitimate top man or top woman. Thus it is not sensible to consider the top woman as a local agent for empowering ordinary women. She knows that the real empowerment of ordinary women in society will create new centers of power and will diminish her own position.

Information on local knowledge may help outsiders such as aid contractors and aid policy implementers. Aid policy implementers need to be aware that local people might not accept imported principles and practices. Building the capacity of the civil service system in Yemen remains a necessity, while there is no framework on which the system can build. Foreign experts are needed to make effective change. They are, for the most part, trusted in Yemen. But it will only succeed if donors invest for a significant period of time and resources in local knowledge about who the actual leaders are, who to negotiate with, and how much confidence can be vested in people within the chosen sectors. The top men and women need to be part of the change process, and assurances have to made that they will not lose their positions through the changes, so that

they are supportive. Donors should shift their focus from the middle men and lower positions to the top men or women and their key players and carry out a training program that is knowledge- rather than skill-based. That could be done through establishing Yemeni Local Information Bank (YLIB) that can deliver formal and informal information on local knowledge for development programs and projects on the national and local levels before investments are made.

## Cross-References

► Capacity Building

## References

Al-Assad M (2013) Public administration reform: the case of Yemen. Faculty of Commerce & Economics, Sana'a University, 2009. Available at http://www.uafas.com/Media/%D9%85%D8%AC%D9%84%D8%A9%20%D8%A7%D9%84%D8%B9%D9%84%D9%88%D9%85%20%D8%A7%D9%84%D8%A7%D8%AF%D8%A7%D8%B1%D9%8A%D8%A9%202010/%D8%A7%D9%84%D8%B9%D8%AF%D8%AF2/Dr.%20Morheb%20Al-Assad,.pdf

Al-Bnan A (2010) The political participation of Yemeni women between the social and cultural obstacles: the democratic project. Yemeni Woman National Committee, Yemen

Al-Dawsari N (2012) Tribal governance and stability in Yemen. Carnegie Endowment for International Peace, Washington, DC Available at http://carnegieendowment.org/files/yemen_tribal_governance.pdf

Al-Haj AM (2012) Doing business in Yemen. HLB International. Retrieved from http://www.hlbi.com

Ali A (1993) Decision-making style, individualism and attitude toward risk of Arab executives. Int Stud Manag Org 23(1):19–25

Al-Thahery M (2004) Tribes and the political pluralism in Yemen. In: *Arabic*. Maktabat Mdlouli Press, Cairo.

Al-Theeb H (2006) Al Nhyahbahs Alsiaseh Fi al Yaman (The political elites in Yemen: a study of their social features and political roles. Dissertation, University Alniliyn)

Bonnefoy L, Marine P (2009) Civil society and democratization in Yemen. Enhancing the role of intermediate bodies, University of Amsterdam, The Knowledge Program Civil Society in West Asia (Hivos). Available at http://www.search4dev.nl/search?identifier=381624;docsPerPage=

Boussif D (2010) Decision-making styles of Arab executives: insights from Tunisia. Commun IBIMA. https://doi.org/10.5171/2010.66095

Cooke R (2008) Is this the worst place on earth to be a woman? Available at https://www.theguardian.com/lifeandstyle/2008/may/11/women.humanrights

De Soysa I, Jütting J (2007) Informal institutions and development: how they matter and what makes them change. In: Jütting J et al (eds) Informal institutions: how social norms help or hinder development. OECD Publishing, Paris

Dorfman P, Robert H (2004) Cultural influences on organizational leadership. In: House R, Hanges P et al (eds) Culture, leadership and organizations, the GLOBE study of 62 societies. Sage, Thousand Oaks

Dresch P (1989) Tribes, government, and history in Yemen. Clarendon Press, Oxford

Elayah M (2014) Donors-promoted public sector reforms in developing countries and the local knowledge syndrome. Leiden University and Smart Print, Leiden

Muna F (1980) The Arab executive. St Martin's Press, New York

North D (1991) Institutions, institutional change and economic performance. Cambridge University Press, New York

OECD (2001) it is an annual report retrieved from https://www.oecd.org/about/2080175.pdf

Patai R (2007) The Arab mind. Long Island City. Hatherleigh Press, New York

Sabri H (2011) Beyond Arab spring: societal context and prospects for a new paradigm of Arab management. J Soc Dev Sci 5:214–222

Scott-Jackson W (2009) The Persian Gulf management style as a source of strategic advantage: building global strategic capabilities on the foundations of local culture. Centre for Applied HR Research, Oxford Brookes University Business School, Oxford

# Building Reform Capacity

Goran Sumkoski
Graduate School of Global Governance, Meiji University, Tokyo, Japan

## Synonyms

Training for administrative reform

## Definition

Building reform capacity is creating sustainable mechanisms that promote economic regeneration and identify a range of microlevel skills by including both technical skills as well as reform mindset,

attitude, and leadership to introduce and manage change.

## Introduction

The global trends in the capacity building approach of public administration officials in developing counties are broadly following the last decades' paradigm shift of the developed countries toward the model of New Public Management. The global spread of this paradigm shift follows a fundamental alteration in the balance of state responsibilities such as movement away from attempting to manage the whole economy through command-and-control hierarchies toward creating conditions for growth, and it is helped by a wide variety of local, regional, and global actors such as international organizations, transnational policy networks, think tanks, etc. Moran (2001) further links these developments to the rise of the liberalization and privatization and the rise of the New Public Management concept building on the old Weberian and Wilsonian dichotomy between politics and administration, in which politics decides upon the desired output and outcomes, while public administration merely executes tasks.

The international development organizations have been instrumental in capacity building of public administration officials in developing countries necessary for, firstly, initiating and implementing and then managing in a sustainable manner such institutional and policy frameworks in professionalized public administration models. More specific capacity building training of public officials for instilling reform attitude and mindset is necessary for supporting the already implemented institutional legal and regulatory transplants in developing countries based on global models such as independent regulatory agencies, investment promotion agencies, free economic zones, tax compliance agencies, trade customs and tariffs models, competition agencies, ombudsman, etc.

## Capacity, Mindset, and Attitude Transfer

The question is to build capacity for doing what. The reform mindset and attitude change is intended to increase aggregated individual capacities of civil servants for managing and implementing the already established institutional and policy frameworks by effectively performing administrative functions, solving problems, and setting, achieving, and measuring goals and objectives (Farazmand 2009; Mentz 1997; North 1990). Public administration officials play key role in shaping and delivering policy outcomes "by initiating reforms and supervising bureaucratic practices" (Rodrik 1996; Gray and Gonsales 2002). The implementation capacity factor, once the institutional and policy transfer is completed, is becoming a key factor to the success of policy transfer (Evans 2004). For instance, findings in comparative policy analyses are that public leaders shape policy outcomes by initiating reforms and supervising bureaucratic practices. This institutional entrepreneurship is often seen to be the work of actors who are able to mobilize resources to enable collective action (Ostrom and Ahn 2008). Through their identification of new opportunities, creative and innovative addressing of issues, these institutional entrepreneurs infuse new innovative values, tools, instruments, and practices (Garud et al. 2002).

This has led to a quest to go beyond technical and content-specific training as a predominant form of capacity buildings implemented by the international development organizations and toward corresponding leadership skills training aimed at both mindset and attitudes, complementing the previous approach of more generic training on wider economic and social issues. In effect, there is now an agreement among scholars and practitioners that managing reforms, beyond technical skills, requires attitude and mindset that can change and adjust institutions in order to meet and anticipate changing circumstances (Stimson 2004). Introducing the need for skills beyond technical and content expertize, the institutional theorists argue that good institutions breed good leadership in the long run, so most research conflates leadership, mindset, and attitude with institutions (North 1990). Driscoll and Morris (2001) claim that major changes in the public sector are problematic or unsustainable unless the value and belief systems of the organizational members

experience a similar change. Hence a more systematic approach began to emerge with increased understanding of the importance and focus not only on skills but also on values and attitudes. This change of focus follows a similar trend in development theory that is converging toward a wider agreement of the need for inclusion of institutions into economic development research in general (North 1990; Acemoglu et al. 2005) and more recently in the theory and practice of public administration in particular (Levi-Faur 2005).

The institutional models as a reaction to earlier behavioral theories of organization focus on the need to modify collective values, culture, and structure to make the organization adaptive and dynamic (Farazmand 1997). Reform of public administration takes place through changes and modifications of not only the internal structure but also through changes internal organizational values and culture and their interaction and mutual adjustment (Farazmand 2009). This notion perfectly aligns with the dynamic view of the institutions beyond the system of laws and regulations but including the people, their capacity, and technical skills, and maybe even more importantly and what is a subject of this research, their willingness and attitude to apply its skills in creating policies and implement them through their institutions. This research provides a more granular analysis of the theoretical embedding of the institutional approach to public administration by focusing on confirming the re-constitutive links between the structure of institutions, laws, and regulations and the organizational values of people that run them. The results of this research appear to support the argument for further inclusion of institutional theory into administration reform theory beyond the "hard" institutions or structure and into a "soft" institutions such as organizational values and reform mindset.

The current, broader approach to capacity building by the international development organizations in developing countries is based on promoting change and introduction of novel models of governance through three correlated and coordinated notions such as institution building, policy transfer, and, capacity building in public administration officials. The focus of this research is on the third part of this wider definition of capacity building and more precisely on whether reform attitude and mindset of civil servants can be induced by training programs. Hence, the capacity of public administration officials in the context of business environment reform as a subject of this research may be defined by expanding Farazmand's (2009) definition of "the capacity to create sustainable mechanisms that promote economic regeneration and identify a range of micro-level skills" with "including both technical skills as well as mindset, attitude and leadership to introduce and manage change." It begins by the skills for identifying the existence of a problem, therefore of the necessity of a reform, and mindset and attitude for developing and implementing a viable solution for the identified obstacles. This gives an opportunity for attitude and mindset change to be analyzed as a separate capacity building concept and component.

## Methodology Scope and Approach of Public Administration Training Evaluation

Consequently, for this purpose in this paper, the working definition of analyzed capacity building is the one focusing on mindset and attitude as ability for leadership, managing change and the ability to influence institutional and policy processes and practices. The conceptual framework for this research is based on the more specific definitions of behaviors as institutions that both constrain and enable behavior, and even more so, the only way in which we can observe institutions is through manifest behavior (North 1990). The research sought to fill these gaps by asking: "Whether international organizations training programs were successful in changing the attitude and mindset in terms of leadership for managing change in trained public administration officials?"

The empirical analysis assumed the following model in order to observe the contribution of the training program toward changing the mindset of participants, as a core group and a control group consisting of public officials that were not part of the capacity building program.

| Activity | Outputs | Outcomes | |
|---|---|---|---|
| | | Immediate | Ultimate |
| Training | Knowledge and know-how | Change in perception | Change in attitude |

This study illustrates the issue of mindset and attitudes for managing with an empirical analysis of the learning programs for public officials in Tajikistan and in Bangladesh that beyond institutional and policy reforms were tasked with the change of practical and core beliefs of administrators who have taken part in trainings received by international organizations. All statements of the questionnaire were made subject to the Cronbach's alpha test, tests for normality, and a two-sample t-test and the z-approximation of the Mann Whitney U test that determines the differences in the mean ranks for each group.

## Data Collection

The empirical study was conducted in two countries with rather different administration systems and approach to staff training and job promotion in order to test whether such differences will lead in different outcomes in the impact on the mindset and attitude for leading and managing change from the two similar capacity building training programs. The study considered two populations: core group officials who received the training and control group that did not. A total sample of 80 respondents, 40 respondents from each group, drawn from the trained core group and a control group from the same level officials not involved in the training was interviewed in Bangladesh, while in Tajikistan the total sample was 36 with 18 respondents in each of the core and control groups.

### Tajikistan

The establishment of FEZ concept in Tajikistan was done with support by a number of international organizations such as UNDP and GIZ, providing in the period between 2010 and 2015, 11 international experts were working directly with the 2 FEZ and the MEDT and key government and private sector stakeholders. The support was varied and cross sectional, covering all key areas necessary at the initial stages of development of FEZ such as technical support at national level with developing national FEZ strategy in Tajikistan, study tour to Turkey that initiated the idea of establishing the FEZ concept in Tajikistan, support to two FEZ with developing strategic and operational plans, as well as support in various operational aspects such as developing marketing strategy, internal organizational plans, website, etc. The survey (The survey was conducted by the author in 2015 in Tajikistan.) was conducted in 2015 among the managers and staff of the two free economic zones that were not subject to training giving a natural control group within this survey and the 2 FEZ zones and the FEZ department in the Ministry of Economic Development in Tajikistan that were subject to various capacity building interventions in the period between 2010 and 2014 and are directly involved in management and administration of the FEZ.

### Bangladesh

The World Bank designed and implemented a Regulatory Reform Core Group Training Program in Bangladesh to improve the learning of content and shift the mindset of bureaucrats from that of a regulator to a facilitator. The project provided a series of tailored capacity building training with an aim of changing attitude of the government officials that would lead to identification, initiation, and implementation of regulatory reforms for private sector development. Recognizing the critical role of mid-level bureaucrats, a civil service training program was implemented between 2008 and 2011 to build a community of reform minded mid-level officials (Senior Assistant Secretary, Deputy Secretary, Joint Secretary levels). The program's objective was to sensitize participating civil servants about issues influencing PSD and to build their capacity to advocate, implement, and monitor needed reforms becoming change agents for PSD within the bureaucracy.

The project used learning-by-doing methods: seminars, lectures, training workshops, study tours to observe, first-hand experiences, international good practices, and exercises to analyze regulatory issues and propose solutions. The study was conducted between November, 2011, and June, 2012 (This study was conducted by Chowdhury Golam Kibria, an Associate Professor of Jahangirnagar University, Dhaka, Bangladesh; Syed Estem Dadul Islam, a Monitoring and Evaluation officer; and Sigma Shams, an M&E Consultant.).

## Results of the Empirical Analysis and Conclusions

The results appear to confirm that the capacity building efforts by international development organizations, if properly targeted and designed, can have a positive and measurable impact on the attitude and mindset in public administration officials to initiate and provide leadership in the reforms. The results of this study appear to support the theoretical argument for inclusion in the administration theory of the organizational values and reform mindset and attitude of people that run institutions beyond the focus on the structures and "hard" institutions such as institutional and policy transfer. This quasi-experimental study establishes reasonable evidence that the capacity building training programs succeeded in creating a difference not only in the technical skills and knowledge but also in the perception, mindset, and attitude of the public officials toward initiating and managing reforms. Both training programs evaluated here followed initial institutional building and policy transfer and fostered an inclusive and proactive reform outlook among the trained public administration officials. In both countries they were implemented in parallel or followed initial institutional building and policy transfer interventions. Majority of the respondents were able to incorporate their reform and management of change learning in their work, and some have taken independent initiatives to facilitate reforms. Participation in training has not only increased their knowledge of reforms and awareness of scope for reforms within their jurisdiction but also changed their mindset and attitude toward reform-related issues and their role in implementing such reforms in their countries. It also seems to be the case that the two very different administrative environments, legal and cultural, are not an obstacle for instilling such a reform mindset. There is also an indication that the acquired mindset trickles down to new incoming members of the teams that participated in the training through internal training system and mentoring. The lessons drawn from the results of this empirical research are that, firstly, it is possible to change mindset and attitude for identifying, initiating, and leading change in public administration officials in developing countries. Secondly, while it is essential for the institutional transplant and policy transfer to be supported by the capacity building for technical skills, this is not enough for managing such complex changes. It is also of a key importance to complement it with specifically targeted training that promotes reform mindset and attitude for leading such complex changes.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Comparative Public Governance and Management
- ▶ Innovations in Administrative Reforms
- ▶ Modernity and Bureaucracy
- ▶ Organizational Institutionalism


## References


Acemoglu D, Johnson S, Robinson JA (2005) Institutions as a fundamental cause of long-run growth. In: Handbook of economic growth, vol 1A. Elsevier, Amsterdam, pp 386–472

Driscoll A, Morris J (2001) Stepping out: rhetorical devices and culture change management in the UK civil service. Public Adm 79:803–824

Evans PB (2004) Development as institutional change: the pitfalls of mono-cropping and potentials of deliberation. Stud Comp Int Dev 38(4):30–53
Farazmand A (1997) Ethics, professionalism, and the image of the public service. Special publication of the united nations, paper presented at the world conference of experts on public administration and finance. New York: UN/ST/SG/AC.6/1997/L.3, May 6
Farazmand A (2009) Building administrative capacity for an age of rapid globalization: a modest prescription for twenty-first century. Public Adm Rev 69: 1007–1020
Garud R, Jain S, Kumaraswamy A (2002) Institutional entrepreneurship in the sponsorship of common technological standards: the case of Sun Microsystems and Java. Acad Manag J 45(1):196–214
Gray C, Gonsales E (2002) Organizational learning and entrepreneurial strategy. Int J Entrep Innov 3(1): 27–33
Levi-Faur D (2005) The global diffusion of regulatory capitalism. Ann Am Acad Pol Soc Sci 598(1): 12–32
Mentz J (1997) Personal and institutional factors in capacity building and institutional development. Working paper 14, European Centre for Development Policy Management
Moran M (2001) Rise of the regulatory state in Britain. Soc Sci Parliam Aff 54(1):19–34
North D (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge
Ostrom E, Ahn TK (2008) The meaning of social capital and its link to collective action. In: Svendsen GT, Svendsen GL (eds) Handbook on social capital. Edward Elgar, Northampton
Rodrik D (1996). Why do more open economies have bigger governments? NBER working papers 5537, National Bureau of Economic Research, Inc
Stimson J (2004) Tides of consent: how public opinion shapes American politics. Cambridge University Press, New York

# Bullying in Organizations

Frank L. K. Ohemeng
Department of Political Science, Concordia University, Montreal, QC, Canada

## Synonyms

Coercion; Extortion; Hectoring; Imperious; Intimidation; Overbearing

## Definition

A situation in which one or more persons, over a long period, perceive themselves to be on the receiving end of systematic negative treatment by one or more other persons, and where the person or persons exposed have difficulty defending themselves (Matthiesen and Einarsen 2007: 735).

Bullying is an escalated process, where the person confronted ends up in an inferior position, and becomes the target of systematic negative social acts (Einarsen et al. 2011: 22).

A repeated, health-harming, mistreatment of one or more persons (the targets) by one or more perpetrators, that is, threatening, humiliating, or intimidating, or work-interference, that prevents work getting done (The Workplace Bullying Institute).

## Introduction

The past few years have witnessed the rise of workplace bullying in both public and private sector organizations. It has led to the development of social movements, such as Me Too, Black Lives Matter, and a few others, which call for an end to it. Not only have these movements brought these issues to life in the public domain; in both developed and developing countries, continuous scholarly attention has resulted in growing interest in workplace bullying and other forms of interpersonal conflict (Branch et al. 2013). High profile cases involving senior politicians and bureaucrats continue to be reported in the both the print and electronic media in many countries. Yet, as explained by Carbo (2017), "the phenomenon of workplace bullying is still not completely understood. There are still today too many myths and misunderstandings about bullying."

The rise of workplace bullying, especially in public organizations, has caused governments to institutionalize various mechanisms to address or intervene in what many see as a social cancer. They do so in the wake of serious consequences, including severe effects on workplace health and safety issues that can significantly undermine the

performance of both individuals and organizations (Einarsen and Hoel 2010).

According to Suggala et al. (2019), workplace bullying is considered both a direct and an indirect behavior: a spectrum of violence that is not necessarily any one type of misconduct, violence, or incivility. It could comprise unfriendly behavior, impractical deadlines, mocking, separation, dismissal, unachievable goals, sabotaging careers, threats, professional elimination, condemnation, or humiliation. Another important aspect is that it "involves a temporal dimension whereby the behavior is sustained over time, involves regular occurrences, reflects power disparities (not necessarily hierarchical), and is systematic in nature (i.e., thought through or planned by the perpetrator)" (Samnani et al. 2013: 339). Workplace bullying thus means behaviors that are negative and are unwanted by the victim and are more often psychological than physical in nature (Einarsen et al. 2011).

Nielsen and Einarsen (2018) identified three main characteristics. First, an employee becomes the target of systematic negative and unwanted social behaviors in the workplace. Second, the exposure occurs over a long time; and third, the target experiences an inability to easily escape the situation or stop the unwelcome treatment. It is thus the persistence, the systematic nature, and the feeling of being trapped and victimized that distinguish bullying from other forms of workplace aggression and mistreatment.

## Types of Bullying at the Workplace

While it is clear that workplace bullying is unacceptable behavior, scholars have been unable to come up with a complete or definitive list of precisely what types of behavior constitute it. Consequently, it can be said to take many forms. Here we focus on the categories developed by Carbo (2017), which take into account what others have discussed from a broader perspective.

According to Carbo (2017), workplace bullying can be classified into three main forms: personal level, organizational, and by proxy. Personal level bullying occurs at a micro or personal level. There is no reliance on organizational policies, but that does not mean it is not linked to policies, inasmuch as they allow it to occur or, even, encourage it. The tactics are engaged in through direct interaction between the bully and his or her target. This form of bullying includes the use of any form of communication or lack thereof: yelling, berating, talking down to, threatening, or ostracizing and ignoring (as well as many other tactics the creative bully might come up with). This form of bullying often includes unlawful forms of harassment, such as sexual or race-based harassment.

The second form is organizational policy bullying. Here, the bully directly uses an organizational policy to torment their targets and does not include the reasonable application of reasonable organizational policy. Often the perpetrator exploits ambiguous or subjective policies to demean or degrade. This form of bullying often includes unfair evaluations, overloading with work tasks, assignment of menial tasks, or taking away the voice of the target by stripping them of autonomy. Bullies who have the power to implement organizational policies often indulge in this form of bullying.

The third type of bullying is by proxy, where the bully uses others to achieve their goal of inflicting pain. They may force the proxy to use a policy against the target: or it might be through gathering a mob, where others join in with them; or it might be by allowing and encouraging the proxy to engage in what amounts to personal or organizational policy misbehaviors. Many bullies engage in all of these forms, and many targets experience all of them.

In his study, Namie (2007) has identified four types of bullying behavior. These are: the screaming mimi; the constant critic; the two-headed snake; and the gatekeeper. According to him, the screaming mini publicly humiliates their target to instill fear and paralyze witnesses. Screaming, yelling, swearing, and throwing things may all feature. The constant critic is described as a "hypercritical nitpicker." Such a person picks on targets by branding them "incompetent" and methodically campaigns to destroy their victim's career. The third type of behavior is the two-

headed snake, a "duplicitous Jekyll-and-Hyde creature," destroying targets through rumors and engineering divide-and-conquer schemes. Finally, there is the gatekeeper. This bully, according to Namie (2007), is a control freak who withholds resources the target needs. The gatekeeper "steals credit, fawns over favorites, and isolates and torments the unfavored."

## Factors in the Rise of Workplace Bullying

Bullying at the workplace does not just happen. It is deliberate and conscious: a planned attempt by an individual to hurt someone. Scholars have, however, identified various factors that may facilitate its occurrence (Tuckey et al. 2019). First are the characteristics of the workplace environment; the organizational culture may make bullying easy. Einarsen (2005) says that "the quality of the psychosocial work environment seems to be an important cause of bullying. A work situation characterized by role conflict and a lack of interesting and challenging work tasks, combined with a negative interpersonal climate in the work group, seems to be a high-risk situation for bullying" (7).

Some scholars are of the view that an organizational environment that promotes masculinity at the workplace leads to bullying (O'Donnell and MacIntosh 2016; Pauksztat and Salin 2019). The literature points out that most workplace bullying is perpetrated by males on women (Pauksztat and Salin 2019). This does not mean, however, that males are not bullied by their male or female counterparts at the workplace. It is the level of prevalence, which makes it difficult for men.

Social categories are also believed to be instrumental in increased workplace bullying (Pauksztat and Salin 2019), including, say some scholars, gender. A number of studies continue to show that women in particular suffer much workplace abuse (Pauksztat and Salin 2019). Some have reported abuse of men, but males seem less inclined to report it, and to keep such things to themselves. Age is another element, and older workers may endure more bullying, although others maintain that younger workers are more exposed to bullying simply through their overrepresentation in the workforce (Einarsen and Skogstad 1996; Schat et al. 2006).

Organizational power is also thought to figure in the rise of workplace bullying (Zapf et al. 2011). In fact, Hodson et al. have described the workplace as "an arena suffused by power relations," and such powers are sometimes misused. It is therefore not surprising that bullying has significantly been attributed to supervisors, in what has been called abusive supervision at the workplace (Zapf et al. 2011). Abusive supervision is defined as "subordinates' perceptions of the extent to which supervisors engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact" (Tepper 2000: 178). Workplace supervisors may attribute their abuse of their subordinates to poor performance or violation of norms, or exhibiting other undesirable behaviors.

## Impact of Workplace Bullying

There is a consensus that workplace bullying has tremendous negative effects on both employees and their organizations in general. The most critical impact, though, is on the performance of the employee. The literature has consistently identified low performance and productivity as the most obvious repercussions of bullying. On the individual level, bullying can generate significant psychological and physiological problems. For instance, a number of researchers have discovered that bullying impairs sleep. According to Hogh et al. (2012), "targets of bullying are more likely than nontargets to have sleep difficulties, a lower sleep quality, and more often use of sleep-inducing drugs and sedatives compared to non-bullied respondents." The consequence of such sleep disorders is that such individuals are unable to function as expected in the workplace. They have less energy and may feel disoriented.

One important way scholars have identified to improve productivity is employee engagement (EE), involving "a positive, fulfilling, affective-motivational state of work-related well-being that can be seen as the antidote of job burnout" (Bakker and Demerouti 2008: 187–188). Employee engagement is defined as "the

simultaneous expression and employment of a person's 'preferred self' in their work task, thereby promoting connections to work and to others, personal presence (physical, cognitive, and emotional) and active, full role performances" (Kahn 1990: 700).

Workplace bullying, however, significantly undermines EE (Rai and Agarwal 2017; Law et al. 2011): as Meriläinen et al. (2019) explain, both directly and indirectly. To them, bullying decreases engagement through an employee's unsatisfied needs for autonomy, competence, and relatedness (1207). Park and Ono (2017) have further explained that exposure to workplace bullying decreases work engagement of employees and increases their health problems due to their perceived high level of job insecurity.

Bullying can also lead to such problems as absenteeism, employee burnout, high employee turnover, and loss of job satisfaction (Einarsen and Hoel 2008; Gordon et al. 2017; Niedhammer et al. 2013; Nielsen et al. 2016). Absenteeism, defined simply as "the failure to report for work as scheduled" (Johns 2008: 160), may be used by the bullied as a means of coping with the resultant trauma. In other words, those who experience bullying may stay home as a way of dealing with what they have gone through. They may be avoiding the perpetrator. Work in general may be affected. Employees who feel unfairly treated may express anger and outrage through subtle acts of retaliation against their employers, including work slowdowns or covertly sabotaging the abuser.

## Addressing Workplace Bullying

The negative effects of bullying on both the individual and the organization have led to calls for ways to address this social cancer at the workplace: how to manage as well prevent it. These calls have led to the development of a number of strategies (Caponecchia et al. 2020).

One of the most discussed in the literature is legislation or, simply, passing laws that will stop people doing it (O'Rourke and Antioch 2016; Stephen and Sasi 2017). Although many countries have labor laws that require employers to maintain a safe workplace, many feel that they are too general and broad to go deep enough in addressing bullying and are calling for specific legislation that includes elements of reporting incentives for victims, as well as punishment for perpetrators (Ferris et al. 2018; Stephen and Sasi 2017).

Institutionalizing training on workplace bullying could also go a long way. Not a few organizations have training regimes for their employees to identify bullying behaviors and that may be available to victims, as well as procedures for reporting and addressing such abuses. In addition, they clearly stress punishment for the bully. Thus, training should be about more than providing opportunities for learning and include "what needs to be trained, who needs to be trained, and what type of organizational system you are dealing with" (Salas et al. 2012: 88).

Work or job design is also seen as another way of helping prevent bullying at the workplace. It is perceived as "the content and organization of one's work tasks, activities, relationships and responsibilities" and has been linked to virtually every important organizational outcome domain, such as performance, safety, well-being, and innovation (Parker 2014: 662). Tuckey et al. (2019) have identified three main ways job or work design can help: the primary, secondary, and tertiary levels. According to them, primary interventions attempt to address the causes in work and organizational factors, such as organizational climate, job demands, and job resources. Secondary interventions attempt to reduce the effects of bullying on employees by modifying their reactions to bullying exposure through improving problem-focused coping strategies or environmental coping resources, such as higher autonomy or reduced task complexity. Tertiary interventions focus on managing the resultant mental health symptoms experienced by workers after being exposed to bullying at work, including depression, psychological distress, and emotional exhaustion, by providing professional services to treat the condition (7–8). It is thus believed that addressing issues relating to job design in the organization can help stem workplace bullying.

## Conclusion

Workplace bullying has been on the rise for some time now in both developed and developing countries. It exists in both the public and private sectors. Its prevalence has been a source of concern to government, private ownerships, labor unions, and individuals. The epic proportion of employees who continue to experience bullying has therefore led to a call to both government and private ownerships to do more to curb this social cancer. The idea underpinning this call is that bullying impacts both the individual and organizations at large. At the individual level, it may cause significant stress, leading in some cases to marital problems and, even, suicide. At the organizational level, it affects relationships, creating what has been described as a toxic workplace environment, and damaging overall performance.

While various measures, such as training and policies, continue to be undertaken and put in place, it is believed that these are not sufficient. Many have therefore called for effective enforcement of policies dealing with bullying, as well as institutional mechanisms for reporting, and then addressing, such reports. Bullying does not respect age, although it has been noted that different social categories experience bullying differently and at different frequencies. The need to address bullying at the workplace is of critical importance in an era where diversity and inclusion have become essential not only at the societal level, but at the workplace, to create a conducive environment for all.

## Cross-References

► Absenteeism in Organizations
► Abusive Leadership
► Stress Management

## References

Bakker AB, Demerouti E (2008) Towards a model of work engagement. Career Develop Int 13(3):209–223

Branch S, Ramsay S, Barker M (2013) Workplace bullying, mobbing and general harassment: A review. Int J Manag Rev 15(3):280–299

Caponecchia C, Branch S, Murray JP (2020) Development of a taxonomy of workplace bullying intervention types: informing research directions and supporting organizational decision making. Group Org Manag 45(1):103–133

Carbo JA (2017) Understanding, defining and eliminating workplace bullying. Taylor & Francis, London

Einarsen S (2005) The nature, causes and consequences of bullying at work: The Norwegian experience. Perspectives Interdisciplinaires Sur Le Travail et La Santé. 7 (3):1–19

Einarsen S, Hoel H (2008) Bullying and mistreatment at work: how managers may prevent and manage such problems. In: Kinder A, Hughes R, Cooper C (eds) Employee well-being and support: a workplace resource. Wiley, Chichester, pp 161–173

Einarsen S, Skogstad A (1996) Prevalence and risk groups of bullying and harassment at work. Eur J Work Organ Psychol 5(2):185–202

Einarsen S, Hoel H, Zapf D, Copper CL (2011) The concept of bullying and harassment at work: The European tradition. In: Einarsen S, Hoel H, Zapf D, Copper CL (eds) Bullying and harassment in the workplace (pp 3–40). Taylor & Francis, London

Ferris PA, Deakin R, Mathieson S (2018) Workplace bullying policies: a review of best practices and research on effectiveness. In: D'Cruz P, Noronha E, Caponecchia C, Escartín J, Salin D, Tuckey M (eds) Dignity and inclusion at work. Handbooks of workplace bullying, emotional abuse and harassment, vol 3. Springer, Singapore

Gordon R, Robinson L, Caputi P, Oades L, Magee C (2017) Workplace bullying and absenteeism: the mediating roles of poor health and work engagement. Hum Resour Manag J 27(3):319–334

Hogh A, Mikkelsen EG, Hansen AM (2012) Impact of bullying on workers. In: Tehrani N (ed) Workplace bullying: symptoms and solutions. Routledge, New York

John G (2008) Absenteeism and presenteeism: Not at work or not working well. In: Barling J, Cooper CL (eds) The sage handbook of organizational behavior, Sage, Los Angeles, pp 160–77

Kahn WA (1990) Psychological conditions of personal engagement and disengagement at work. Acad Manag J 33:692–724

Law R, Dollard MF, Tuckey MR, Dormann C (2011) Psychosocial safety climate as a lead indicator of workplace bullying and harassment, job resources, psychological health and employee engagement. Accid Anal Prev 43(5):1782–1793

Matthiesen SB, Einarsen S (2007) Perpetrators and targets of bullying at work: Role stress and individual differences. Violence and Victims 22(6):735–753

Meriläinen M, Kõiv K, Honkanen A (2019) Bullying effects on performance and engagement among academics. Empl Relat 41(6):1205–1223

Namie G (2007) The challenge of workplace bullying. Employ Relat Today 34(2):43–51
Niedhammer I, Chastang J-F, Sultan-Taieb H, Vermeylen G, Parent-Thirion A (2013) Psychosocial work factors and sickness absence in 31 countries in Europe. Eur J Pub Health 23(4):622–628
Nielsen MB, Einarsen SV (2018) What we know, what we do not know, and what we should and could have known about workplace bullying: an overview of the literature and agenda for future research. Aggress Violent Behav 42:71–83
Nielsen MB, Indregard AMR, Øverland S (2016) Workplace bullying and sickness absence: a systematic review and meta-analysis of the research literature. Scand J Work Environ Health 42(5):359–370
O'Donnell SM, MacIntosh JA (2016) Gender and workplace bullying: men's experiences of surviving bullying at work. Qual Health Res 26(3):351–366
O'Rourke A, Antioch SK (2016) Workplace bullying laws in Australia: placebo or panacea? Common Law World Rev 45(1):3–26
Park JH, Ono M (2017) Effects of workplace bullying on work engagement and health: the mediating role of job insecurity. Int J Hum Resour Manag 28(22):3202–3225
Parker SK (2014) Beyond motivation: job and work design for development, health, ambidexterity, and more. Ann Rev Psychol 65:661–691
Pauksztat B, Salin D (2019) Workplace bullying: A social network perspective. In: D'Cruz P, Noronha E, Notelaers G, Rayner C (eds) Concepts, approaches and methods: handbooks of workplace bullying, emotional abuse and harassment, Springer Nature
Rai A, Agarwal UA (2017) Linking workplace bullying and work engagement: the mediating role of psychological contract violation. South Asian J Hum Resour Manag 4(1):42–71
Salas E, Tannenbaum SI, Kraiger K, Smith-Jentsch KA (2012) The science of training and development in organizations: what matters in practice. Psychol Sci Public Interest 13(2):74–101
Samnani AK, Singh P, Ezzedeen S (2013) Workplace bullying and employee performance: an attributional model. Organ Psychol Rev 3(4):337–359
Schat ACH, Frone MR, Kelloway EK (2006) Prevalence of workplace aggression in the U.S. workforce: findings from a national study. In: Kelloway EK, Barling J, Hurrell JJ (eds) Handbook of workplace violence. Sage, Thousand Oaks, pp 47–89
Stephen TK, Sasi A (2017) Analysis of potential legal strategies for mitigation of workplace bullying in India. Manag Labour Stud 42(1):20–38
Suggala S, Thomas S, Kureshi S (2019) Impact of workplace bullying on employees' mental health and self-worth. In: Dhiman S (ed) The Palgrave handbook of workplace well-being. Palgrave Macmillan, Cham
Tuckey MR, Zadow A, Li Y, Caponecchia C (2019) Prevention of workplace bullying through work and organizational design. In: D'Cruz P, Noronha E, Caponecchia C, Escartín J, Salin D, Tuckey M (eds) Dignity and inclusion at work. Handbooks of workplace bullying, emotional abuse and harassment, vol 3. Springer, Singapore
Zapf D, Escartín J, Einarsen S, Hoel H, Vartia M (2011) Empirical findings on prevalence and risk groups of bullying in the workplace. In: Einarsen S, Hoel H, Zapf D, Cooper CL (eds) Workplace bullying: developments in theory, research, and practice. Taylor & Francis, New York

B

# Bullying in Public Administration

Orlanda Diaz-Garcia
University of Castilla-La Mancha,
Talavera de la Reina, Spain

## Synonyms

Leadership; Mobbing; Organizational structure; Power; Spanish public administration; Work harassment; Workplace harassment

## Introduction

Analysis of the organizational structure of the Spanish Public Administration and the prevention of psychosocial risks are two key approaches to address bullying (workplace harassment). Work harassment situations violate the respect and dignity of human beings, and such infringements harm the health of both the worker and the organization's productivity (Luceño et al. 2008).

A conclusion reached from the review of research studies is the need to consider the public administration as a work environment which favors this kind of behavior (González-Trijueque and Graña 2009).

## Theoretical Framework

To specify the theoretical approach to the conceptualization of bullying, this phenomenon is defined as:

> A set of behaviors – of different types (emotional, cognitive, behavioral and contextual) and severity – made towards a person and/or their labor context, which by its own nature, duration and repetition are harmful for the members of the organization and, in most of the cases, also for the organization itself. (Escartín et al. 2012, p. 42)

Research on the effects of this problem has focused on both the psychological impact on the victim and the organizational dimension. Work harassment is known to have an enormous impact on people's health and on the effectiveness of organizations (Barón et al. 2003). Regarding the psychological consequences the victim suffers, the review by Ovejero (2006) evidenced a great variety of consequences: loss of confidence (both in oneself and in one's professional capacity), feelings of personal unworthiness, development of guilt, sleep disorders, anxiety, stress, distress, depression, nervous breakdowns, irritability, hypervigilance, tiredness, weakness, personality disorders (obsessive, repressive, or resigned), emotional insecurity, clumsiness, and indecision, amongst others. In more recent research, Ovejero et al. (2011) consider that the consequences can be summarized as "posttraumatic stress disorder" and that the "consequences are so severe that the victim often is occupationally evicted for life, and in some cases [it] even leads to suicide" (p. 186).

Research of the cost of work harassment for organizations has shown a number of consequences for those entities that favor, or simply allow, these abuses. Negative effects at the organizational level can be seen in reduced production due to sick leave, incapacity, poor performance, absenteeism, and high turnover (Luceño et al. 2008; Rodríguez-Muñoz 2011). Rodríguez-Carballeira et al. (2008) also established a correlation between workplace harassment and a rise in workplace accidents.

## Approach to Background and Predictors of Work Harassment

The study of workplace harassment is a research area that has become greatly relevant in organizational contexts. There is no doubt that the structure and organization of the workplace determines whether the problem emerges and subsequently proliferates. The meta-analysis of Topa et al. (2007) concludes that organizational characteristics are the best predictors of harassment. Empirical evidence supports the relationship between factors of organizational environment and work harassment, taking into account that risk factors of this problem can be found in the work environment as a result of social structures and practices of organizations where it occurs (Hirigoyen 2014; Moreno-Jiménez et al. 2005; Salin 2003). There are toxic organizations with structural characteristics that increase the probability of the occurrence of both harassment and other occupational risks, such as psychosocial ones (Piñuel 2004). Labor organizations where harassment appears are most likely to be large, bureaucratic organizations, with stressful and competitive work environments, high workloads, little or no freedom for workers to express ideas and opinions, and high control over the tasks workers perform. There will likely be unclear roles for workers, dissatisfaction felt by civil servants with the social climate and internal communication within the company, and highly incohesive work groups (González-Trijueque and Delgado 2008; Rodríguez-Muñoz et al. 2006).

There already exists a significant amount of empirical data which one can explore with some rigor as to the causes and background of work harassment (Boada et al. 2003; Einarsen and Hauge 2006; Rodríguez-Muñoz 2011). Causative factors of work harassment are very diverse; however, two recurring factors between the background and predictors have been found: namely, the power element and leadership style. There is wide consensus that the origin of work harassment is the abuse of power (Boada et al. 2003; Hutchinson et al. 2010). Closely linked to this is the relationship of power to certain types of leadership considered to be the background of harassment (Peiró and Rodríguez 2008; Segurado et al. 2008).

Rodríguez-Muñoz et al. (2006) state that the occurrence of work harassment is closely associated with leadership style and appears as one of the most important predictors of harassment. It has been noted that poor management by supervisors, with a lack of appropriate leadership style, favors the emergence of situations of harassment. Proper and preventive leadership against harassment is based on ability, training and management skills, with provision of reinforcement, motivation, and constructive supervision (Meseguer et al. 2007; Quero et al. 2012; Rodríguez-Muñoz 2011). This also demands a new generation of managers (Farazmand 2004). Many studies link work harassment to an authoritarian leadership style, but many also found a link to weak or laissez-faire leadership. There is a broad spectrum of research that establishes, as a predictor of work harassment, the authoritarian leader with poor leadership in training and skills, who instead relies on and utilizes power based on hierarchical supremacy (Einarsen and Hauge 2006; Peiró and Rodríguez 2008; Segurado et al. 2008). Also compelling are discoveries that link the problem with a laissez-faire-style leadership. This is not neutral leadership, but a passive and destructive form where the leader refrains from taking responsibilities and allows – and is thus an accomplice of – harassment (Einarsen and Hauge 2006; Rodríguez-Muñoz et al. 2012).

Organizations that favor work harassment are strongly hierarchical, which typically encourage, or show leniency toward, authoritarian leadership styles, whereby workers are subjected to considerable stress caused by high work demands and deficiencies in the organization, work management, and also in asymmetrical power relationships (Correa 2004; González de Rivera and Rodríguez-Abuin 2005; González del Rey 2007; Jurado 2008; Martínez 2007). Such asymmetry is inherent in all processes of harassment as a necessary ingredient from the organizational point of view (Correa 2006). This illegitimate power is found in offensive behavior produced toward the harassed and in the abuse or deviation of power (Martínez 2007; Motta 2008). These behaviors should not be confused with the legitimate power that can be harnessed by a superior. The deviation of power (or abuse of power) occurs when a superior uses his or her legitimate power for purposes other than legitimate ones. Specifically, it refers to the use of that power to destroy or submit (and possibly both) the psyche of the person who is being harassed (González 2009).

In the Spanish Administration, the hierarchy, with all its intensity, takes precedence; it is, in essence, a form of bureaucratic administration. The relationship between a strong hierarchy and arbitrary or abusive exercise of management ability has been extensively studied from the legal perspective (Pomares 2010). How this relationship is linked to fear and the potential of harassment, and the concordance with fear and possibilities of harassment, have also received significant attention (Lorenzo de Membiela 2007). It occurs "even more intensively, in the public sector, because of their strongly hierarchical structure and the civil servants' privilege of being immovable" (Gamero 2011, p. 92), where a kind of vertically descending scale of harassment at work occurs, whereby the highest number of workers who are harassed are at the bottom of the company's hierarchical structure.

As can be seen, studies about the exercise of power in the Spanish Public Administration refer to a type of leadership based on hierarchical supremacy. However, proposals for proper running of public institutions have proffered that the key lies in the training of civil servants and in the ethics of those who run and manage the administration (Rodríguez-Arana 2012).

## Power and Leadership as Antecedents of Bullying

Good management of City Councils guarantees a quality service to citizens and a healthy environment for human resources, with management becoming both productive and effective. Taking into account the regulations of the Spanish City

Councils, can it be inferred that the organizational structure complies with prevention of bullying?

The aim is to explore configuration of the organizational structure of the City Councils. Analysis of legislation that sets the organizational structure of City Councils will allow, from a psychosocial perspective, identification of those factors linked to the emergence of work harassment studied here: namely, power and leadership. To identify systems put in place to limit power and prevent abuse, it is also necessary to study the effectiveness of the Labor Inspection and Social Security (LISS) organization, regarding healthy management of workers in the Spanish Public Administration, with specific regard to work harassment. In this respect, the legal research advises of a worrying lack of performance by LISS against harassment in the Administration (Molina 2003). It is also considered appropriate to examine the level of supervision provided in City Councils by other administrative entities. The City Councils' relationship with such risk prevention and external supervision provides cross-information with all human resource activity and allows collection of information about limits imposed to the power that the entities have.

## Power

### Individual Role of Each Human Resource Profile in City Councils

**Political profile**: The profiles that bind higher levels of power together over other human resources, and whose main functions are presented here, are the Mayor and City Councilors – especially those that make up the Governing Body. The Mayor heads the government, the municipal administration, and personnel management. He or she is in charge of structuring and organizing the administrative services, with advice from the Governing Body (Royal Decree 2568/1986). In all the regulations, no obligation has been found to approve and commit to some kind of structure and organization (because of its sustainability, effectiveness, health, for example), therefore no responsibilities are assumed and there are no consequences of default. For instance, if different ways of attaining power are based on free will, the distribution of extra benefits are not fixed or regulated, and therefore, there are no indicators of which objectives are to be awarded. The power profile of the Governing Body derives from its free appointment by the Mayor.

**Administrative and labor profile (civil servants)**: The local Administration servant with a national qualification, the personal eventual, the civil servants, and the permanent staff. The legislation provides a civil servant of the local Administration who has a national qualification (a qualified civil servant) with broad-reaching functions that have a decisive impact on entire City Councils. He or she belongs to a differentiated scale of the General Administration and Special Administration (Royal Decree 781/1986, article 167). The two different functions of this type of civil servant are as secretary and controller and internal auditor of economic, financial and budgetary management, accounting, treasury, and collection (Law 7/1985, article 92a1). The denominated secretary has functions of legal authority and legal advice (Royal Decree 1174/1987, article 8), with decisive powers of control and supervision over municipal government bodies. The public function of controller and internal auditor of economic, financial and budgetary management, accounting, treasury, and collection belongs to the Municipal General Intervention (Law 7/1985, article 136.1). Some examples will show its decisive impact. For instance, if the Secretariat or the Intervention consider that a report is required, the matter will not be approved without it; the Secretariat decides on the appropriateness of approving an issue in Plenary Session (composed of the Mayor and all council members) or "leaves it on the table" (Royal Decree 2568/1986, article 92) without approval or express rejection. There is a responsibility for documentation in the constitution of the new corporation after municipal elections, the heritage inventory, audit, preparation, and updating of the economic receipts (Royal Decree 2568/1986, article 36). The Secretariat decides whether a matter should

be reported to the Plenary Session in full or in a summarized way (Royal Decree 2568/1986, article 93). In addition, it decides whether the information that has to be sent to the State and the Autonomous Communities is sent completely or only in part (Law 7/1985, article 56 and Royal Decree 2568/1986, article 196.3).

On the other hand, the function of the control and internal audit of the economic, financial and budgetary management, accounting, treasury, and collection assumes the accounting and fiscal control functions specified in detail in Law 55/1999, Royal Decree 2/2004, article 218 and Royal Decree 1174/1987, and the monitoring capacity of all budget areas.

Power given to the Personal eventual is conferred by the free appointment of a governing body to perform functions assigned by it. Without having to pass tests required of the rest of staff, they can assume leadership positions, receive support and protection from the political group that has appointed them and enjoy privileges of the civil service system while holding the position as nonpermanent staff.

Civil servants and permanent staff both provide professional services permanently and achieve their positions through various tests called "opposition" or "concurso-opposition" (Law 7/1985, article 91.2). Their ascription to scale and subscale (or group) has required the same degree; however, the civil servant in his or her career advancement can reach positions whose duties involve direct or indirect participation in the exercise of public powers or safeguarding the general interests; in addition, they are reserved for functions involving the exercise of authority (Law 7/1985, article. 92.3). The regulations establish, in advance, an inequality and power imbalance between the workers on the same hierarchical level.

### Control, Supervision, and Disciplinary Possibilities

**Governing body**: The Mayor is the highest representative in this body and exercises control, supervision, and discipline. It should be highlighted that the legislation provides him or her power over all staff, except qualified civil servants. The Mayor is the highest management over all employees, and has the capacity to impose penalties, including dismissal, for instance, through a disciplinary penalty for a grave offence. Permanent staff may be dismissed without the need of disciplinary penalty. Law 3/2012 has increased this lack of equity. The Governing Body is a continuation of mayoral powers because the Mayor presides over it and selects its members.

The control over the Mayor and other governing bodies is exercised by monitoring political groups in opposition, through the Plenary and Commissions (Law 7/1985, article 126.3 and Royal Decree 2568/1986, article 42).

**Workers**: All those at the higher level exercise control, audit, and discipline over those at the lower level based on hierarchical supremacy established in the legislation. Those at the lower level must obey instructions and service orders from their superiors, and incur disciplinary measures for noncompliance (Law 30/1992, article 55 and Law 7/2007, article 37.2 Estatuto Básico del Empleado Público). Maximum control and discipline are exercised by qualified civil servants at the head of their administrative Units, or the Head of Service. They monitor, oversee, and make decisions both over the government bodies and over the management of the City Council as an entity. The potential of disciplinary power over the rest of human resources is based on the ability to influence governing and executive bodies, together with the independent membership scales at the highest hierarchical level. According to the regulations, there is not any organ of the City Councils that can control or supervise qualified civil servants and face disciplinary action because of serious or heavy offence, which would mean removal from their position.

### Independence

The most independence and autonomy within human resources belongs to the local Administration civil servants with a national qualification. This ensures proper auditing over the

management of the government bodies and managers (Law 27/2013, Law 7/2007, Royal Decree 781/1986, Royal Decree 2568/1986).

Government bodies of the City Councils depend on each other. Although the main representative is the Mayor, the Plenary Session oversees its management policy. In addition, City Councils must provide the State Administrations and the Autonomous Communities (in the terms and form determined by regulation) with a copy or extract of their actions and agreements (Law 7/1985, article 56.1). It should be noted that the Mayor, City Councilors, local government body, and Plenary Management are supervised by qualified civil servants.

## Leadership

### Based on Ability, Training and Management Skills

The need for training and management skills to perform any form of formal leadership (for example, in company headquarters or on a board of directors) has not been found in any legislation or professional profile. Specifically, the legislation states that the necessary tests "will focus on the content of the functions and tasks legally assigned to the scale, subscale or class" (Royal Decree 896/1991, article 8.2). Scale, subscale, or class determines the hierarchical position and not a professional profile.

### Based on Hierarchical Position and Capacity to Inflict Punishment

The strong hierarchy in the organizational structure of the City Councils where the highest positions are occupied by governing (political) bodies and qualified civil servants has already been shown. At a civil servant level, we find paperwork and administration tasks characteristic of each hierarchical position, involving work of the "higher level" (Royal Decree 781/1986, article 169.1), down to the hierarchically inferior subscale of the junior worker. The highest hierarchical position of civil servants is conferred to the local administration scale for civil servants with national character qualifications. This shows the desire to regulate hierarchical relationships of one group over another. The capacity to inflict punishment appears in the legislation in several ways. The analyzed legislation establishes that public authorities will correct, in a disciplinary way, infractions committed by workers. It also shows the high penalty capacity held by the Mayor and other government bodies over all personnel except qualified civil servants. The legislation allows the Mayor to use different formulas to exercise his or her power and to impose penalties. One of these is expressly established by disciplinary proceedings, while another by distributing extra benefits not fixed or regulated – therefore allowing the Mayor to reward personnel who are more obedient, or who are related to him or her.

## Relationship Between City Councils and Prevention Legislation

The prevention framework that specifically affects people employed in City Councils has been investigated, taking into account protection under Occupational Prevention Risks (OPR), inspectorate supervision, and their capacity to penalize.

### Protection that Prevention Legislation Provides Civil Servants of the City Councils

All rules of OPR include the need to integrate prevention into the general management system of the company, including both the set of activities and all hierarchical levels. This would allow control of risks, the effectiveness of preventive measures and the detection of deficiencies that lead to new risks (Royal Decree 39/1997, Law 54/2003, and Law 31/1995 on Occupational Prevention Risks). Although this is established by law, actions to enforce this necessity are not in the regulations affecting the City Councils, nor is the obligation to establish them in their rules of procedure.

### Inspectorate's Supervision and Its Capacity to Penalize

Activities for the inspectorate's supervision and the capacity to penalize are regulated by Law

31/1995, Law 42/1997, and Royal Decree 707/2002. However, the capacity to penalize is restricted only to private companies. In this case, the labor inspector begins an infringement procedure to a private company (for example, for breaking a definite requirement). It is established that for City Councils (as for all levels of government), the inspector will submit procedure to the relevant bodies of the City Councils, ending the process (Royal Decree 707/2002, disposición adicional segunda).

### Supervision and Control of City Councils

The State Administration has the power to exercise control, audit, and discipline over City Councils.

#### Areas Where Supervision is Established

Monitoring and control in budgetary matters are established, but only through results of the full accounting of revenue and expenditure, and general guidelines that justify those numbers (Law 27/2013 and Law 7/1985). There is no control over other elements, such as the causes of these financial results. There is no mention of the need for evaluation of human capital (for example, sick leave and absenteeism) in relation to productivity and economic efficiency.

#### Background Factors of Work Harassment or General Psychosocial Risks

There is no control or supervision over organizational factors studied here, or work harassment, or general psychosocial risks. This absence is striking, especially when it is compared with the supervision and control of a financial nature. The Organic Law 2/2012, which concerns budgetary stability and financial sustainability, establishes preventive, corrective, and coercive measures to ensure such control to local corporations. To ensure compliance, the law establishes the possibility of imposing measures that can be enforced or provides, where appropriate, dissolution of the local corporation.

## Conclusion

The analysis of the legislation reveals multiple elements that enable abuse of power, which can be summarized in the following types:

(a) Inequality resulting from power imbalance (even among groups of workers with identical training and academic qualifications), which is not justified by benefits for human resources, productivity, or service to citizens
(b) Elements that from a legal position are subject to free will, away from justice and equity
(c) Power of any superior body to require obedience to any lower body and the obligation to obey it, endorsed by a disciplinary penalty system without good management or concerns for public health (or both)
(d) Lack of any rules for working relationships or responsibilities in the workplace (which may prevent abuse of power); there are therefore no consequences for inadequate management

The profile with the greatest power among the government body is the Mayor, although the Plenary Session and the qualified civil servants can develop control over the governing body. The qualified civil servants, although they have no public visibility, they have strong powers of supervision and control over the entire City Council (including the Mayor).

Leadership in the legislation based on hierarchical supremacy and the possibilities of inflicting punishment. Moreover, a so-called laissez-faire management is allowed. This is because governing and managing bodies have no established penalties if they do not perform their functions correctly; only disobedience is punished. This is despite the fact that scientific research establishes that the type of leadership that prevents work harassment and other psychosocial risks is based on ability and training.

Supervision and control over potential psychosocial risks specifically regarding work harassment expected from the Labor Inspection and Social Security departments are constrained to

the City Councils. Despite having the power to penalize very serious offences concerning a private company, the Inspectorate has no such power when it comes to such public entities.

Profiles of power with multiple possibilities to exercise it abusively, therefore, are reinforced by the establishment of different types of leadership. These are classified as promoters of harassment, consolidated by the inability of the Labor Inspection to penalize the City Councils in the area of psychosocial risks (and specifically work harassment), along with a lack of external supervision of the City Councils. These factors consequently distance the entity from a model of preventive management and bring it ever nearer to being an organizational archetype that increases the probability of work harassment.

## Cross-References


- ▶ Abusive Leadership
- ▶ Authentic Leadership
- ▶ Authority in Organizations
- ▶ Bureaucracy and Leadership
- ▶ Bureaucratic Power
- ▶ Causes of Organizational Conflict
- ▶ Employee (Labor Management) Relations
- ▶ New Public Management
- ▶ Risk and Organizations
- ▶ Workplace Adversity


## References


Barón M, Munduate L, Blanco MJ (2003) La espiral del mobbing [The work harassment spiral]. Papeles del Psicólogo 23(84):71–82

Boada J, De Diego R, Vigil A (2003) Mobbing: Análisis de las propiedades psicométricas y estructura factorial de cuatro escalas [Mobbing: analysis of the psychometric properties and factorial structure of four scales] (MOBB-90; MOBBCF-21; MOBBCG-15 y MOBBCS-28). Revista Encuentros en Psicología Social 1(5):26–31

Correa M (2004) La juridificación del acoso moral en el trabajo: Bases metodológicas [Legislation of moral harassment at work: methodological bases]. Temas Laborales: Revista Andaluza de Trabajo y Bienestar Social 77:35–82

Correa M (2006) El concepto jurídico de acoso moral en el trabajo [The legal concept of moral harassment at work]. In: Correa M (ed) Acoso moral en el trabajo: Concepto, prevención, tutela procesal y reparación de daños [Moral work harassment: concept, prevention, judicial protection and redress]. Aranzadi, Cizur Menor, Navarra, pp 41–94

Einarsen S, Hauge LJ (2006) Antecedentes y consecuencias del acoso psicológico en el trabajo: una revisión de la literatura [Background and consequences of psychological harassment at work: a review of literature]. Revista de Psicología del Trabajo y de las Organizaciones 22(3):251–273

Escartín J, Rodríguez-Carballeira A, Zapf D (2012) Mobbing. Acoso psicológico en el trabajo [Mobbing. Psychological harassment at work]. Síntesis, Madrid

Farazmand A (2004) Innovation in strategic human resource management: building capacity in the age of globalization. Public Organ Rev 4(1):3–24. https://doi.org/10.1023/B:PORJ.0000015649.54219.b7

Gamero E (2011) El acoso laboral en la universidad: Consecuencias jurídicas y gestión de conflictos [Work harassment at the university: legal consequences and conflict management]. Temas Laborales 110:91–125

González F (2009) La dignidad del hombre y el acoso psíquico en el trabajo que se presta en una administración pública [Human dignity and psychological harassment at work that lends in the public service]. Civitas Thomson, Madrid

González de Rivera JL, Rodríguez-Abuin MJ (2005) Cuestionario de estrategias de acoso en el trabajo. El LIPT-60 [Strategy questionnaire about harassment at work. The LIPT-60]. Editorial EOS, Madrid

González del Rey I (2007) Acoso moral en el trabajo y derecho sancionador [Moral harassment at work and penal law]. In: Correa M, Valdés B (eds) Los medios de tutela frente al acoso moral en el trabajo [The means of protection against work harassment]. Comares, Granada, pp 149–182

González-Trijueque D, Delgado S (2008) El acoso psicológico en el lugar de trabajo: antecedentes organizacionales [Psychological harassment in the workplace: organizational background]. Boletín de Psicología 93:7–20

González-Trijueque D, Graña JL (2009) El acoso psicológico en el lugar del trabajo: prevalencia y análisis descriptivo de una muestra multiocupacional [Psychological harassment in the workplace: prevalence and descriptive analysis of a multi-occupational sample]. Psicotema 21(2):288–293

Hirigoyen MF (2014) Todo lo que hay que saber sobre el acoso moral en el trabajo [All you need to know about moral harassment at work.]. Paidós, Barcelona

Hutchinson M, Vickers MH, Jackson D, Wilkes L (2010) Bullying as circuits of power. An Australian nursing perspective. Adm Theor Prax 32(1):25–47. https://doi.org/10.2753/ATP1084-1806320102

Jurado A (2008) Acoso moral en el trabajo: Análisis jurídico-laboral [Moral harassment at work: legal-labor analysis]. La Ley, Las Rozas, Madrid

Lorenzo de Membiela JB (2007) Mobbing en la administración. Reflexiones sobre la dominación burocrática [Mobbing in the administration. Reflections on bureaucratic domination]. Bosch Editor, Barcelona

Luceño L, Martín J, Rubio S, Jaén M (2008) Psicología y riesgos laborales emergentes: los riesgos psicosociales [Psychology and emerging occupational risks: psychosocial risks]. EduPsykhé. Revista de Psicología y Educación 7(2):111–129

Martínez VA (2007) La protección extrajudicial frente al acoso moral en el trabajo [The extrajudicial protection against moral harassment at work]. Temas Laborales 92:31–118

Meseguer M, Soler MI, García-Izquierdo M, Sáez MC, Sánchez J (2007) Los factores psicosociales de riesgo en el trabajo como predictores del mobbing [Psychosocial factors of risk at work as predictors of harassment]. Psicothema 19(2):225–230

Molina C (2003) Del 'silencio' de la ley a la 'ley del silencio': ¿Quién teme a la lucha de la Inspección de Trabajo contra el acoso moral en las Administraciones Públicas? Argumentos normativos para la 'ilegalidad' y no vinculatoriedad del pretendido criterio 'técnico' sobre 'mobbing' de la DG de ITSS-CT 34/2003 [The 'silence' of the law to the 'law of silence': who is afraid of the struggle of the labor inspectorate against moral harassment in public administration? Legal arguments for the 'illegality' and not binding the 'technical' criterion about 'harassment' of DG-CT ITSS 34/2003]. Estudios Financieros. Revista de Trabajo y Seguridad Social 242:3–28

Moreno-Jiménez B, Rodríguez-Muñoz A, Garrosa E, Morante M (2005) Antecedentes organizacionales del acoso psicológico en el trabajo: Un estudio exploratorio [Organizational background of psychological harassment at work: an exploratory study]. Psicothema 17(4):627–632

Motta F (2008) El acoso laboral en Colombia [Work harassment in Colombia]. Revista Via Iuris 4:95–105

Ovejero A (2006) El 'mobbing' o acoso psicológico en el trabajo: Una perspectiva psicosocial ['Mobbing' or psychological harassment at work: a psychosocial perspective]. Revista de Psicología del Trabajo y de las Organizaciones 22(1):101–122

Ovejero A, Yubero S, Moral MV (2011) Acoso laboral: Un enfoque psicosocial [Work harassment: a psychosocial approach]. Psicología Conductual Behavioral Psychology: Revista Internacional de Psicología Clínica y de la Salud 1:183–205

Peiró JM, Rodríguez I (2008) Estrés laboral, liderazgo y salud organizacional [Work stress, leadership and organizational health]. Papeles del Psicólogo 29(1): 68–82

Piñuel I (2004) Neomanagement. Jefes tóxicos y sus víctimas [Neomanagement. Toxical Bosses and their Victims]. Aguilar, Madrid

Pomares E (2010) El Derecho penal ante el acoso en el trabajo: El Proyecto de reforma penal de 2009 [Penal law against harassment at work: project 2009 penal reform]. Temas laborales 105:61–86

Quero S, Baños RM, Bretón-López J, Botella C, Pérez MA (2012) El entrenamiento del liderazgo basado en un juego [Leadership training based on a game]. Gestión Práctica de Riesgos Laborales: Integración y Desarrollo de la Gestión de la Prevención 89:46–51

Rodríguez-Arana J (2012) Ciudadano y poder público: El principio y el derecho fundamental a la buena administración [Public citizen and power: the principle and the fundamental right to a good administration]. Reus, Madrid

Rodríguez-Carballeira A, Escartín J, Porrúa C, Martín J (2008) Un análisis psicosocial del mobbing y de sus comportamientos abusivos [A psychosocial analysis of mobbing and their abusive behaviour]. Revista d´ Estudis de la Violència 5:1–23

Rodríguez-Muñoz A (2011) Acoso psicológico en el trabajo: Revisión de la literatura y nuevas líneas de investigación [Psychological harassment at work: literature review and new researches]. Medicina y Seguridad del Trabajo 57(1):20–34. https://doi.org/10.4321/S0465-546X2011000500003

Rodríguez-Muñoz A, Martínez-Gamarra M, Moreno-Jiménez B, Gálvez M (2006) Predictores organizacionales del acoso psicológico en el trabajo: Aplicación del modelo de demandas y recursos laborales [Organizational predictors of psychological harassment at work: application of the model of demands and labor resources]. Revista de Psicología del Trabajo y de las Organizaciones 22(3):333–346

Rodríguez-Muñoz A, Gil F, Moreno-Jiménez B (2012) Factores organizacionales y acoso psicológico en el trabajo: El papel moderador del liderazgo 'laissez-faire' [Organizational factors and psychological harassment at work: the moderating role of 'laissez-faire' leadership]. Revista de Psicología Social 27(2):221–231

Salin D (2003) Ways of explaining workplace bullying: a review of enabling, motivating and precipitating structures and processes in the work environment. Human Relations 56(10):1213–1232

Segurado A, Agulló E, Rodríguez J, Agulló MS, Boada J, Medina R (2008) Las relaciones interpersonales como fuente de riesgo de acoso laboral en la Policía Local [Interpersonal relationships as a source of risk of work harassment in the local police]. Psicothema 20(4):739–744

Topa G, Depolo M, Morales JF (2007) Acoso laboral: Meta-análisis y modelo integrador de sus antecedentes [Work harassment: meta-analysis and integrative model of their background]. Psicothema 19(1):88–94

# Bureaucracy and Administrative Culture in Bangladesh

Rafiqul Islam
Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh

## Synonyms

**Bureaucracy**: Public servants; Civil bureaucracy; Civil servants; Government officials; Public bureaucracy

**Administrative Culture**: Administrative ethos; Administrative practice; Administrative system; Bureaucratic culture

## Definition

Bureaucracy: Bureaucracy can be defined as a body of nonelective government officials or administrative policy-making group characterized by specialization of functions, adherence to fixed rules, hierarchy of authority, and impartiality.

Administrative Culture: Administrative culture can be defined as shared norms, values, attitudes, perceptions, interpretations, and behavior of public bureaucrats or government officials that influence their interpersonal relationships between themselves and other members of the society.

## Introduction

Culture is defined as "norms, attitudes, values, perceptions, interpretation and behavior of an individual" (Almond and Verba 1965). Culture is social values or norms based on which people believe what is good or bad, right or wrong, and just or unjust. The culture of a given organization is molded by the legal, social, and economic frameworks within which it is ingrained. The culture of a given organization within a single political system is influenced by such variables as its history, mission, and services it provides and the employees' personalities. Culture is also a dynamic property or shared values that shift over time, although the change can be either swift or slow depending upon the form or type of organizations (Schachter 2002). In the context of an organization, culture helps explain organization events and human behavior. In organization, culture integrates members of organization by creating loyalty, identity, and belongingness. Culture can also be defined as "what organization is and what organization has" (Jamil 2007; Pettigrew 1979).

Administrative culture, according to Peters and Waterman (1982, p. 103), is defined as "a dominant and coherent set of shared values conveyed by such symbolic means as stories, myths, legends, anecdotes and fairy tales" (1982, p. 103). Deal and Kennedy (2000) define administrative culture as "the way we do things around here" (p. 4). This definition purports that a given organization's shared values have a history and this history legitimates their present and future maintenance (Schachter 2002). Administrative culture embraces values, norms, beliefs, and attitudes concerning administrative action and behavior. Since administration is culture-bound, administrative culture involves the mode and style of functioning of officials. As culture develops specific features in different environments, administrative culture is shaped by the setting or the environment in which it operates (Almond and Verba 1965). Administrative culture is influenced by political, economic, and sociocultural environments, and these environments are also influenced by administration. Administrative culture is also defined as beliefs and values that influence bureaucrats' interpersonal relationships and their responsiveness to society (Jamil 2007). As culture is changing over time, administrative culture is not static; it is dynamic.

Although bureaucracy can be defined from different perspectives, the common understanding of bureaucracy centers around public servants or government officials. Bureaucracy in a developing country like Bangladesh holds huge power, because it handles a variety of societal issues and problems. Public bureaucracy is the key actor of administrative culture. Because of its all pervasive

powers, bureaucracy has been a victim of administrative ills, including unresponsiveness, red tape, self-perpetuating, self-aggrandizement, corruption, lack of neutrality, departmentalism or empire building, and status quo.

The purpose of this entry is to analyze public bureaucracy and administrative culture in Bangladesh. This entry is divided into two main sections. The first section provides a historical background of the bureaucratic and public administrative systems that existed before the independence of Bangladesh, with particular emphasis on the civil service systems and administrative practices during the British and the Pakistani periods, followed by a brief discussion on the civil service in Bangladesh. The second section examines the common features of administrative culture in Bangladesh.

## Bureaucracy and Administrative System Under the British Rule

Although the Mughal ruled Bangladesh for several centuries, the basic structure of public administration and bureaucracy in Bangladesh was established during the British colonial periods for nearly two centuries (Zafarullah and Huque 2001, p. 1382). The administrative machineries under the British rule went through a series of reforms and reorganizations. At the initial stage of the British rule in India the scope of public administration was very limited. The scope of public administration during the British rule was mainly confined to collection of taxes, maintenance of rule of law, and dispensation of justice. The British colonial rule was established in the subcontinent since 1757 through the defeat of the last independent ruler of Bengal, Nabab Siraj Uddoula to the East India Company.

During 190 years of British rule in Indian subcontinent numerous reform initiatives were undertaken by the British rulers to make an effective administrative system and institutional setup. While the British colonial rulers brought about structural changes of bureaucracy in Britain, they retained the elitist and centralized administrative machinery in India. The British colonial administrative machinery, known as the Indian Civil Service (ICS), was completely alienated from the common masses. The members of the Indian Civil Service (ICS), who were educated in Britain, in fact, sustained the British colonial norms and values. The ICS officers were even trained to keep them alienated from the general masses. In fact, the British colonial rulers used the elitist and centralized bureaucratic machinery as an instrument of repression and control of the Indian native population in order to strengthen the foundation of imperial domination (Khan 1994, p. 146). Even after Indianization of British Indian Civil Service, the elitist behavior of the ICS officers remained the same that helped sustain the colonial rule. Moreover, the entry into the ICS during the colonial rule was extremely limited, and only highly educated people among the affluent Indians could qualify for entering the civil service career (Zafarullah and Huque 2001, p. 1382).

The bureaucracy under the British imperial rule became so segregated and privileged segment in the society and was so submissive and loyal to the colonial rule in safeguarding the imperial interests of the colonial masters that common masses experienced excessive difficulties in communicating with the bureaucrats and in receiving government services. However, even after independence of India from the British, the elitist and centralized administrative system was still very strong within the newly named Indian Administrative Service (IAS) (Zafarullah and Huque 2001). Secretariat was the nerve center of colonial administration located at both the center and provinces, while the miniature prototype of colonial administration was located at the district levels.

## Bureaucracy and Administrative System During the Pakistani Rule

After the partition of Pakistan from British India in 1947, Pakistan inherited an overdeveloped state apparatus, and the administrative elites. These administrative elites of Pakistan who were the "linear descendants" of the British colonial administrators also inherited the attitudes and orientations of their predecessors (Ahmed 1981, p. 37). As the successor of the British colonial bureaucracy, and being recruited and trained in the

same tradition and working within the institutional framework, the administrative elites in Pakistan were able to retain their elitist nature and became the most dominant social sector in Pakistan, or even more dominant than their British colonial masters. The framework of public bureaucracy in Pakistan was also developed during the colonial period, and little structural changes were made within the public bureaucracy (Ahmed 1981, p. 38).

### Bureaucracy and Administrative System in Bangladesh

The present bureaucracy in Bangladesh is a by-product of British colonial administration, which has centralized, elitist, nonparticipative, and undemocratic characters (See Khan 1991; Ahmed 1981). Although Bangladesh adopted the parliamentary democracy in 1972 after independence from Pakistan in 1971 to guarantee human rights and political freedom of citizens, the democratic politics was thwarted several times in the history of Bangladeshi politics. Numerous factors can be identified as the causes for the dwindling democracy and underdevelopment in Bangladesh. Among different factors responsible for obstructing the promotion of democracy and development in Bangladesh, military intervention, bureaucratic intransigence, elitist and centralized administration, widespread corruption in administration, and lack of commitment and political integrity, as well as noncooperation among the ruling party and the opposition political parties are highly remarkable.

Volatile and unstable political conditions, economic depression, illiteracy, poverty, unemployment, hunger, and malnutrition of poor people are the common phenomena in Bangladesh in which social services are extremely limited. Inefficiency in bureaucracy, nepotism and favoritism, political interference in public administration and management, and infringement of the rule of law and fundamental rights are also rampant in Bangladesh (Zafarullah and Huque 2001). Bangladesh has suffered from political instability since its independence, and the economic mismanagement has seriously marred the potential for development.

## Features of Administrative Culture in Bangladesh

Administrative culture in Bangladesh is very much influenced by its socioeconomic and political environments as well as historical perspectives. Jamil (2007) in his study has explained administrative culture in Bangladesh in terms of bureaucrats' interpersonal relationships and their social and political responsiveness. However, the major characteristics of administrative culture in Bangladesh identified by Jamil (2007) are briefly discussed as follows:

### Power and Authority Relationship

Bangladesh is characterized as hierarchical society in which interpersonal relationships are based on position, status, seniority, and gender, and the relationship between senior and junior is referred to as "patron-client" relationship or mostly hierarchical ones. In civil service, seniors give orders and juniors are expected to carry out orders. While personal paternal relationships are mostly confined within services, inter-service relationships are characterized by rivalry, factionalism, and lack of coordination (Jamil 2007).

### Trust

In Bangladesh, trust is mostly confined within family. In the civil service, low levels of interpersonal trust often impede cooperation and institutional growth. Trust is not only low across services, but within a service trust is also confined to a few. Low interpersonal trust in the bureaucracy in Bangladesh is an upshot of colonial legacy, which leads to centralization of authority.

### Commitment to Organization

In the civil service in Bangladesh, loyalty of civil servants is mostly cadre based rather than organization based. The bureaucrats are also loyal to their families and relatives. Although junior civil servants are very often rotated between central and local levels of positions and senior civil servants often move from one ministry to another ministry, the bureaucrats are often more committed to their cadres than the attainment of organizational goals. This is because of a centralized

recruitment system which recruits civil servants to functional services; a civil servant's career is organized within the service once he or she is recruited to a particular service.

### Autonomy

Although literally the civil servants of Bangladesh are recruited by an autonomous recruitment agency of the government called the Public Service Commission (PSC), the autonomy and neutrality of the PSC is tarnished because of political interference. Bureaucrats in Bangladesh are viewed as less autonomous and unaccountable. Civil service jobs in Bangladesh have lost past glory, prestige, and honor due to political interference, low salaries, and position benefits.

### Political Responsiveness

Due to absence of consistent policy formulation and policy adoption, bureaucracy in Bangladesh becomes rule oriented. As unclear national goals shift with changes in government, civil servants in Bangladesh often become uncertain. Because of political parties' failure to reach political consensus on national issues and insufficient institutional measures to hold bureaucracies accountable, the civil servants of Bangladesh often remain unresponsive and unaccountable to political decision makers.

### Societal Responsiveness

According to Jamil, the social responsiveness of bureaucrats in Bangladesh is more directed towards the higher levels of people in the society. In Bangladesh, due to the elitist behavior and attitudes, the civil servants become alienated from the common people. In Bangladesh society, hierarchy dominates interpersonal relations and governance is not based on responding to citizen's demands; bureaucratic actions often favor the elites with whom the bureaucrats share economic, social, and academic backgrounds. The increasing dissatisfaction of donors with bureaucracy is characterized by a low level of sensitivity to local needs and problems (Jamil 2007).

Anisuzzaman (1985) has identified some features of bureaucratic culture in Bangladesh, such as tadbir-based administration, regionalism or districtism, lack of integrity, and mystic of service. Tadbir is used as an administrative jargon in Bangladesh, which often means to make special effort to get the thing done if it does not operate automatically without any effort or persuasion. It has been a tradition in public organizations in Bangladesh that a file does not move normally from one table to another table without any special effort by people (Anisuzzaman 1985).

Regionalism or districtism is meant to place overemphasis on district-based quota system in the recruitment and promotion of civil servants in Bangladesh. Regionalism or districism is a hindrance to promotion of equity and social justice in civil service of Bangladesh, because it hampers merit system as it fails to recruit and promote the best qualified and most talented persons in civil service (Siddiquee 2003). Furthermore, the civil servants often have a tendency to avoid democratic responsibility to provide better and satisfactory services to the citizens due to ambiguity of rules. Civil servants are always reluctant to use their discretion in rational manner in order to solve the problems created by the ambiguous procedures or rules, which Professor Anisuzzaman called mystic of rule (Anisuzzaman 1985).

Apart from the above-mentioned characteristics of administrative culture in Bangladesh, an analysis of the bureaucratic features and practices will help understand the nature and characteristics of administrative culture in Bangladesh. In this regard, in the section that follows, I will critically examine some factors that help understand the nature and characteristics of the bureaucracy and administrative culture in a developing country like Bangladesh.

## The Elitist and Authoritative Characters of Civil Servants

The elitist or authoritative character of the civil servants of Bangladesh is not a new phenomenon. The Bangladeshi civil servants inherited the elitist and authoritative characters both from the British Indian civil service and the Pakistani civil service. However, in an interview of the senior civil servants of Bangladesh in 1976, about 60% of the civil servants replied that since the civil servants

were highly qualified and the guardian of the public, they were expected to formulate and implement policies and the responsibility of the common masses should be only to obey the law and order and to work hard, not to participate in any policy issues or developmental activities. In terms of the nature of the government, the majority of the civil servants opined that the government would be authoritarian than democratic. To them, Bangladesh needed a sort of benevolent dictatorship. The bureaucrats also expressed that the developmental activities would be highly centralized, and guided by a central agency (Ahmed 1980, pp. 167–174; 1981, pp. 81–89).

It is mentionable that both the civil and military bureaucrats of the British India and United Pakistan came from upper classes who were accustomed to Western style of social graces, dresses, and manner. Although the family backgrounds of most of the Bangladeshi civil servants are not as high as those civil servants of British India and United Pakistan, they belong to the upper and/or upper-middle classes in Bangladesh. Moreover, the civil servants of Bangladesh are also highly educated compared to the general public who play an important role in policy making and national development. Because of their high social status and expert power as well as widespread stronghold in all spheres of governmental activities the public bureaucrats or civil servants hold elitist character and view them as masters or guardians of the common masses rather than viewing themselves as servants of the state or citizenry.

### Change Versus Status Quo

Like the bureaucrats in many developing countries, the civil servants of Bangladesh are often viewed as parochial and resistance to any change or development who always try to maintain the status quo. Because an examination of the role of bureaucracy in administrative reforms of different regimes of Bangladesh reveals that the civil servants, especially the generalist civil servants of administration cadre, always tried to maintain their status quo and resisted the implementation of the recommendations of the reform/reorganization committees/commissions that went against their class interests. Although devolution of power and authority to local levels of government is essential to make administration democratic (Zafarullah and Huque 2001), the civil servants of Bangladesh were never interested in delegating administrative power and responsibility to the local levels of administration.

The Ahmed study revealed that when asked whether the civil servants advocate any change in the existing bureaucratic institutions for either promoting economic development or for distributing the benefits of economic growth, about four-fifths of the civil servants replied that were not impediments to either. They also contended that the existing bureaucratic institutions were not retarding the process. It was also revealed that although the scope of developmental activities widened to a greater extent, the nature of basic administrative duties, such as the maintenance of law and order, did not change so much (Ahmed 1980).

### Bureaucratic Corruption

Although administrative corruption prevails in many developed countries, the extent and magnitude of administrative corruption is more widespread in the Third World countries. In Bangladesh, administrative corruption takes place in several ways: (1) due to high levels of bureaucratic discretion, (2) public sector monopoly in commercial activities, (3) lack of strong mechanism for ensuring accountability, (4) low civil service salaries, (5) ambiguous regulatory measures, and (6) inadequate access to government information (World Bank 1996).

A survey conducted by Transparency International Bangladesh (TIB 1997) identified police stations (thana), lower judicial courts, public hospitals, sub-registrar's office, land record office, tahshil's office, and scheduled banks as most corrupt offices in Bangladesh. The study also revealed that the absence of accountability and misuse of position and powers appeared as the most salient features of corruption (TIB 1997). A study by TIB between January 2000 and June 2000 revealed that of 927 corruption cases, the highest number of corruption indicated were

reported in the law enforcement (Police, BDR, Ansar, etc.) agency (30%) followed by local government agency (17%), while the lowest incidents of corruption took place in transportation sector (2%). Moreover, the different types of corruption as identified by the TIB in public sector in 2000 included misuse of power, bribe taking, embezzlement and extortion, misuse of resources, and negligence of duty (TIB 2000).

### Factionalism and Fragmentation

Factionalism in the civil service of Bangladesh is a hindrance to democratization of administration, as it has slowed down the pace of development in Bangladesh since Bangladesh's independence. The democratization process of the civil service in Bangladesh has been hindered by the ever-existing inter-cadre and intra-cadre competition among the public servants for attaining personal benefits and opportunities (Mamoon and Ray 1987). Different factions in the civil service of Bangladesh which emerged after independence of Bangladesh were because of political patronage or participation in the war of liberation or even due to group interests of the civil servants (Zafarullah 1987). For instance, "Freedom fighters vs. collaborators" and "CSP vs. EPCS" were among different factions that caused conflicts and tensions in the civil service during the Mujib regime (Mamoon and Ray 1987).

While factionalism was a common phenomenon in Bangladeshi civil service during the Mujib regime, interest group conflicts such as "generalist-specialist" or "professional-technician" conflicts were more pervasive in the civil service during the Zia regime (Zafarullah 1987, pp. 470–471). However, the antagonism and conflict between the generalist and the specialist civil servants have also eroded the integrity and morale, coordination of civil servants during the successive regimes of General Ershad, Khaleda Zia, and Sheikh Hasina. In fact, over time, it has been observed that the civil servants do not even hesitate to call strikes, restrain from work, or to organize meetings and demonstrations by one group against another to protect their own group interests (For instance, see Khan 1991, p. 90).

### Lack of Administrative Accountability

Accountability is a significant component of sound and seamless administration in a democratic system of governance. Democracy creates a favorable condition for ensuring accountability of both the bureaucrats and politicians where the people have legal right to exercise control, directly or indirectly, over the administrators and politicians (Ahmed et al. 1992, pp. 389–407). While in a democracy the politicians or the elected members of a legislature are accountable to the people, the bureaucrats are supposed to be accountable to political leaders. The Mujib regime after coming to power was trying to make bureaucracy accountable to the politicians. But the politicians including the cabinet members of the Mujib government were corrupt. Mujib himself suffocated democracy by introducing authoritarian single party system by banning multi-party system in January 1975. Besides, due to famine, economic depression, and political instability Mujib's regime failed to develop a strong political institution for making bureaucracy accountable and responsible to political leadership. In fact, due to lack of political commitment and consensus among political parties and other socioeconomic and political realities, the successive governments of Bangladesh have failed to ensure administrative accountability in Bangladesh.

### Inefficiency-Underperformance Conundrum

Although the civil servants of Bangladesh are much more educated than the average population, many civil servants are blamed as less efficient and underperformed. This is because the training programs provided by the training institutions to the civil servants are mainly archaic and theoretical in nature, which are devoid of practical problem-solving strategies-lacking notion of the reality. Another way of envisioning the "inefficiency-underperformance" conundrums in Bangladeshi civil service is the over emphasis of seniority than merit in promotion system (Siddiquee 2003). In fact, one major reason of less efficiency and underperformance tendency among the public officials may be identified as improper strategy of assessing the performance of the civil servants of Bangladesh. The Annual

Confidential Report (ACR) used to assess the performance of the civil servants is also viewed as defective, which might be a main reason for 'inefficiency-underperformance' dilemmas in civil service of Bangladesh.

### Centralization of Administration

Like most of the developing countries, the patterns of bureaucratic system and/or administration in Bangladesh are still centralized. Indeed, holding the elitist character and mentality, the bureaucrats in Bangladesh are often reluctant to delegate administrative power and authority to local level of administration. Bureaucrats also believe that the process of development needs to be a highly centralized process, guided by a central agency, and all the state machineries should be maneuvered to make the development process a success by motivating the general public from below. The study by Ahmed (1980) also demonstrates that the civil servants of Bangladesh believe that all the developmental activities of the government will be controlled by central agencies. In fact, the centralized behaviors and mentalities of the civil servants have been developed by the authoritarian political decisions of the governments in Bangladesh. In Bangladesh, under both parliamentary and presidential forms government, major political decisions have been concentrated in one person – either in the hands of Prime Minister or President who maintained a strong secretariat to control the entire administrative structure (Zafarullah and Khan 2005). Not only during the Mujib regime, active participation of people and lower level public employees in nation-building activities have been hindered under the centralized administration of most of the successive governments of Bangladesh (Zafarullah and Khan 2005).

## Conclusion

Since Bangladesh was ruled by the British Empire, it inherited a British colonial bureaucracy and administration. Public bureaucracy in Bangladesh is viewed as parochial, elitist, authoritarian, hierarchical, centralized, excessive rule bound, inefficient, unaccountable, and unresponsive. Administrative culture in Bangladesh is best understood in terms of bureaucrats' interpersonal relationships and their social and political responsiveness. In Bangladesh, bureaucrats' personal paternal relationships are mostly confined within services, and inter-service relationships are characterized by rivalry, factionalism, and lack of coordination. Inter-service trust is not only low across services but within a service trust is also confined to a few. In fact, low interpersonal trust in the bureaucracy in Bangladesh is an outcome of colonial legacy, which leads to centralization of authority.

In the civil service in Bangladesh, civil servants are mostly loyal and committed to their cadres, families, and relatives rather than the attainment of organizational goals. Bureaucrats in Bangladesh are viewed as less autonomous and civil service jobs in Bangladesh have lost past glory, prestige, and honor because of political interference, low salaries, and position benefits. Furthermore, because of lack of political consensus by political parties on national issues and insufficient institutional measures to hold bureaucracies accountable, the civil servants of Bangladesh often remain unresponsive and unaccountable to political decision makers.

In terms of social responsiveness, bureaucrats are more responsive to the higher levels of people in the society, which is why international agencies choose NGOs over civil servants to provide financial assistance for implementation of developmental goals. In Bangladesh, due to the elitist behavior and attitudes, the civil servants become alienated from the common people. Some other features of bureaucratic culture in Bangladesh include tadbir-based administration, regionalism or districtism, lack of integrity, and mystic of service. Other factors influencing administrative culture in Bangladesh entail maintenance of status quo, anti-developmental, administrative corruption, and inefficiency-underperformance dilemma.

## Cross-References

► Administrative Evil
► Administrative Reform

▶ Bureaucracy and Culture
▶ Bureaucracy and Public Policy
▶ Culture and Organizations

## References

Ahmed E (1980) Bureaucratic elites in segmented economic growth: Bangladesh and Pakistan. University Press, Dhaka
Ahmed E (1981) Development administration in Bangladesh. Center for Administrative Studies, Dhaka
Ahmed B et al (1992) Government malpractices. In: Report of the task forces on: Bangladesh development strategies for 1990s, vol 2. University Press, Dhaka, pp 389–407
Almond GA, Verba S (1965) The civic culture. Little Brown and Company, Boston
Anisuzzaman M (1985) Administrative culture in Bangladesh: the public-bureaucrat phenomenon. In: Khan MM, Husain SA (eds) Bangladesh studies: politics, administration, rural development and foreign policy. Center for Administrative Studies, Dhaka
Deal T, Kennedy A (2000) Corporate cultures: the rites and rituals of corporate life. Basic Books, New York
Jamil I (2007) Administrative culture in Bangladesh. A H Development Publishing House, Dhaka
Khan MM (1991) Politics of administrative reform: a case study of Bangladesh. Ashish Publishing House, New Delhi
Khan MM (1994) Reform for decentralized development: Bangladesh's experiment with major administrative reforms/reorganization in the â€80s. In: Khan MM, Thorp JP (eds) Bangladesh: society, politics and bureaucracy. Center for Administrative Studies, Dhaka, Bangladesh, pp 146–167
Mamoon M, Ray JK (1987) Inside bureaucracy, Bangladesh. Jeeva Alternative Words, Texas
Peters TJ, Waterman RH (1982) In search of excellence: lessons from America's best-run companies. Harper and Row, New York
Pettigrew AM (1979) On studying organizational cultures. Adm Sci Q 234:570–581
Schachter H (2002) Administrative culture and metaphor change. Int Rev Sociol 12(1):89–92
Siddiquee NA (2003) Human resource management in Bangladesh civil service: constraints and contradictions. Int J Public Adm 26(1):35–60
Transparency International, Bangladesh (TIB) (1997) Corruption in Bangladesh surveys: an overview. TIB, Dhaka
Transparency International, Bangladesh (TIB) (2000) Report on corruption in Bangladesh. TIB, Dhaka
World Bank (1996) Bangladesh government that works. World Bank, Dhaka
Zafarullah H (1987) Public administration in the first decade of Bangladesh: some observations on trends and developments. Asian Surv 27(4):459–476
Zafarullah H, Huque SH (2001) Public management for good governance: reforms, regimes, and reality in Bangladesh. Int J Public Adm 24(12):1379–1404
Zafarullah HM, Khan MM (2005) The political system and bureaucracy: currents and crosscurrents. In: Zafarullah HM, Khan MM (eds) The bureaucratic ascendancy: public administration in Bangladesh. A H Development Publishing House, Dhaka

B

# Bureaucracy and Capitalism

Dragan Stanisevski
Department of Political Science and Public Administration, Mississippi State University, Mississippi State, MS, USA

## Synonyms

Bureaucracy – formalization; Bureaucracy – hierarchy; Bureaucracy – power; Capital – hierarchy; Capital – power

## Introduction

Regrettably, when speaking of capitalism as the dominant social and economic system frequently enough, the discussions by both the proponents and the opponents remain at the level of ideology. In the memorable words of John Kenneth Galbraith (1998, p. 6), our asserted understandings of capitalism, and its alternatives, often become forms of "conventional wisdom," a situation where concepts that have entered the social mainstream have become so commonly (mis)used that they continue being accepted because of their popularity rather than the veracity of the original ideas behind them, which are often forgotten. Labels are commonly attached, but not always are the meanings of the concepts, as well as their historical underpinnings, carefully reviewed on their own terms. This chapter attempts to provide a basic clarification in the process of which it aims

Definitions of core ideas in the Synonyms section are provided in text and are italicized

to integrate some of the main literature on this expansive subject and to logically demonstrate that capitalism and bureaucracy express the power of hierarchy that tends to permeate the modern society.

To start with, the chapter briefly outlines the three foundational concepts necessary in any understanding of capitalism: land, capital, and labor. These are the *major inputs in any productive process*, elaborated extensively in the economic literature (Piketty 2014), and are thus jointly known as *the factors of production* (Smith 1966; Marx 2007). "Entrepreneurial talent," is sometimes added to this trio of major factors of production (Galbraith 1967, p. 46), but this chapter retains the classical three factors with an explanation that entrepreneurship could be a feature of either labor or capital (Piketty 2014, p. 204).

For much of the premodern history, land was the main factor of production (Galbraith 1967, p. 51). The reason is rather simple. In conditions of a relatively low technological advancement in agricultural production, it took large swathes of land to feed the population. Since the available land was limited, the growth of population was quite limited as well (Ricardo 2004, p. 105; see also Maddison 2007, p. 376; Piketty 2014, p. 79). Of course, conquests of land became a major preoccupation of aspiring hegemons because more land meant more power and wealth, but in aggregate, and for the most part, there was a scarce amount of land available. If one applies the basic principles of supply and demand, all other things equal; if the supply is limited and the demand is high, the socioeconomic value of something is likely to be high as well (Galbraith 1967, pp. 51–53).

These economic conditions paved the way for a feudal patrimonial society, a "society of rentiers" (Piketty 2014, p. 264), where ownership of land and its resources gave massive privileges (Smith 1966, pp. 407–419). Although the discovery of the "New World," particularly the Americas, temporarily reduced the scarcity of land, what really changed the dynamics of social and economic production was a technological revolution (Galbraith 1967, pp. 50–56). This technological revolution took place not only in the sphere of industrial production but also in agriculture henceforth reducing the strategic importance of land as a factor of production (Stanisevski and Shoup 2014).

## Capitalism and Free Markets

Although all three of the factors of production were always vital, and land and its resources remain crucial even today (Piketty 2014), modern society is typified by a struggle for dominance between the labor and the owners of capital (Marx 2007, 2008). According to Marx (2008, p. 115) labor is "*. . . a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature* [emphasis added]". Obviously, the term *capitalism* itself implies that the capital is the essential aspect of modern economic production. Still, the interdependent relationship between the factors of production is much more complex. Generally, the proponents of capitalism as free markets believe that the relationship between capital and labor is naturally more horizontal, with capital serving as a reward for labor (Smith 1966; Friedman 1982), while the opponents contend that capital, once sufficiently concentrated, becomes a form of exploitation of labor (Marx 2007, 2008).

It is important not to be too harsh on Adam Smith (1966) as one of the founding fathers of modern political economy. Notwithstanding the more contemporary free-market thinkers (Friedman 1982, p. 133), among his admirers Adam Smith could also count on none other than Karl Marx (2007) himself (see also Galbraith 1998, p. 23). Marx's (2007, pp. 36–37) unpublished manuscripts and notes show that in developing his theory of capital as exploitation of surplus value of labor, among others, he heavily built upon the works of Smith (1966), Say (1821), and Ricardo (2004), the classical liberal thinkers. Marx (2007, p. 37) even derives his definition of *capital* as "*stored-up labour* [labor] [emphasis in original]" from Smith's (1966, p. 354) expression (see also in

Say 1821; Mill 1844; Ricardo 2004). Such diversity of admiration speaks loudly of the seminal nature of Smith's work. Adam Smith, nevertheless, lived in a very different world. His world was a world of small butchers and bakers, a world where a pin factory was a major advance in industrial production (Smith 1966, pp. 2–3, p. 13; see Galbraith 1967, p. 47).

Smith (1966, pp. 14–16) indeed had a very humanistic belief in equal talents of all individuals. Keeping his idealistic humanism in mind, it is perhaps understandable that Smith (1966, p. 16) believed that the free market represents a place that joins all the "dissimilar geniuses," resulting with a situation "...where every man may purchase whatever part of the produce of other men's talents he has occasion for." Instead of everyone attempting to be the proverbial "jack of all trades," people would more narrowly focus their diverse talents and exchange the produced goods resulting from their labor. Furthermore, Smith (1966, pp. 111–161) was not oblivious to the inequality of wages and profits, but maintained that "revolutions in public welfare" could not, in the long-term, alter the overall differentiated distribution of incomes, which is regulated through market competition and hence natural and relatively stable over time.

The key word in here, however, is *competition*, which assumes relatively equal power positions of contributors in the process of production. Given that Smith (1966, pp. 14–15, p. 361) maintained that people have equal talents, just different proclivities; proclivities that are often influenced by the society, so then it is not unreasonable for him to assume that the "accumulation of capital" at the end would be a result of "parsimony" and the lack of capital a result of "prodigality and misconduct".

More contemporary advocates of capitalism as free markets frequently tap into this assertion with an argument that violations of the competitive structure of the free market, such as monopolies, are aberrations emerging from nonmarket-related influences (Friedman 1982; Olson 2000). Friedman (1982, pp. 128–132), for instance, argues that there are three major sources of monopolies: (1) technical considerations, (2) direct and indirect government assistance, and (3) private collusion. Notice that these are all external influences. The appropriate role for the government is primarily to enact antitrust laws and maintain free competition in the market (Friedman 1982, pp. 132–133).

## The Power of Hierarchy

What is frequently disregarded by those who equate capitalism and freedom, like Friedman (1982) for example, is that the emergence of corporate monopolies and oligopolies, and hence a diminution of free markets, could be due to the very logic of accumulation of capital. Or to put it more bluntly, it takes capital to make capital. For Marx (2007, p. 21) it is precisely the separation of the factors of the production that is "fatal for the worker." Since workers are many and largely disorganized, in the absence of effective labor unions, and capitalists are few and can more easily combine their efforts, the worker is inevitably in a disadvantaged position. The principles of supply and demand continue to be relevant. As Galbraith (1967, p. 56) puts it: "Power goes to the factor which is hardest to obtain or hardest to replace." Galbraith here implicitly draws on Marx's (2008, p. 361, emphasis in original) "*absolute general law of capitalist accumulation*" according to which there is an inverse relationship between the "industrial reserve army," the size of available labor force, and the economic conditions of the labor force. If an industrialist can easily replace a worker with another, the bargaining power of that worker is very low. In addition, capitalists already have stored value in form of capital that they can tap into, while workers are dependent on wages for bare survival (Marx 2007, p. 20). Far from all the players in the market being free and equal, the workers as the suppliers of the labor are likely to be in a very precarious situation (Galbraith 1967, pp. 54–56).

What is there to prevent such a dystopian scenario and to maintain the capitalist market free and fair? According to Marx (2007, pp. 41–42), the "...sole defence [defense] against the capitalists is *competition*... [emphasis in the original]," but this defense inevitably fails because it necessitates

a multilateral accumulation of capital, relatively horizontal accumulation of capital, which is an unrealistic assumption given that the large capital naturally accumulates more quickly, thus leading to large discrepancies and ultimately to unilateral accumulation of capital, a skewed and more vertical accumulation of capital. It is a very plain logic comprehensible to a regular person, a logic that Marx (2007, p. 41) again bases on Smith's (1966, p. 109) insights; it is the power of compound interest that expands the profits of capitalists exponentially, while the wages of the workers only grow linearly, if at all.

Contemporary historical studies of patterns of accumulation of capital tend to corroborate Marx's (2007) expectations (Piketty 2014). In his seminal study, Piketty (2014), for example, clearly demonstrates that in absence of specific government policies for regulating capital and redistributing wealth, either directly or indirectly, capital accumulation remains painfully limited to the few in the very top income brackets. And the accumulation of income from capital is also consistently more inequitable than that of labor (Piketty 2014, pp. 237–270). To the extent that there has been a shift in the composition of total income from capital to labor, it could be seen particularly in the emergence of the so-called "supersalaries" of the top private and public sector managers, a movement which signifies a shift from a "society of rentiers" to a "society of managers" (Piketty 2014, pp. 276–278, pp. 298–300).

The shift from a "society of rentiers" to a "society of managers" that Piketty (2014, pp. 276–278) identifies in the historical data was recognized theoretically early on by Galbraith (1967, pp. 60–71) as the emergence of "the new industrial state," which is dominated by "the Technostructure." This shift to technocratic oligarchy is a tectonic change from the times of Adam Smith (1966) and even Karl Marx (2007). In early modern times, the ownership of capital was still closely related with a particular entrepreneur that took personal risks in employing capital. In "the new industrial state," which Galbraith (1967, pp. 70–71) considers as the core structure of the late modern society, the management of a company is dominated by a collective of corporate managers. These corporate managers, although they might have certain personal stake in the company, tend to be much less invested in the future of the company than an entrepreneurial owner would be. Witness, for example, the massive changes in the financial sector from the days of limited partnerships to the contemporary corporate conglomerates (Lewis 1989).

At this point, it is important to make a slight digression in order to clarify the concepts used. What Marx (2007) and Galbraith (1967) theoretical elaborated, and Piketty (2014) empirically observed, is that the accumulation of capital is clearly *hierarchical* in nature, which is to say it is *vertically organized and distributed*, and hence it also gives rise to hierarchical social structures (for an anthropological discussion see Graeber 2012). Not all hierarchical structures, however, are the same. A "society of rentiers" is also hierarchical, but it has a different character from a "society of managers" (Piketty 2014, pp. 276–278). There is a different dynamic in play that perhaps Marx (2007) himself could not have foreseen in the nineteenth century.

First, what Marx (2007) did foresee is the intimate relationship between capital and *power*, *the ability to regulate and govern the social production relations* (Marx 2007, pp. 36–41; 2008, p. 465). Expanding beyond Smith (1966), Marx (2007, p. 36) explicitly argues: "Capital is thus the *governing power* over labour [labor] and its products [emphasis in the original]." Galbraith (1967) similarly argues that with accumulation of capital comes also accumulation of power. Capital not only creates more capital, but it also concentrates the power in the society and enables the maintenance of structured hierarchies that protect and perpetuate the accumulated capital of the oligarchic class (for an alternative view from a free-market perspective, consider Olson 2000). The owners of capital overtime though tend to become so dependent on the managerial technocrats that power starts to shift away from the actual owners of the capital and toward the corporate managers (Galbraith 1967, pp. 49–50).

The owners of capital become dependent on the managerial technocrats, as Marx (1970, p. 46) observed, because in order for the power of the

capital to be thoroughly routinized, the bureaucracies must formalize the established social production relations (see also Marx 2008, pp. 465–481). Ultimately extending to the state level, this process of bureaucratic *formalization* is a process of *regulation and transformation of the particular hierarchical relations of social production into a universal will of the state* (Marx 1970, pp. 41–54; 2008, pp. 465–481). In these respects the aims of the state bureaucracy and the "corporation" are not that different, they both aim to formalize and routinize the power of hierarchy in the society (Marx 1970, pp. 46–47, p. 54; but see Hegel 1967).

There is a development in the late modern society, however, that for Marx (2007), in the early industrial age, perhaps would have been hard-pressed to envision: capital itself has become very abundant, albeit still heavily and increasingly concentrated in the hands of few (Galbraith 1967, p. 56; Piketty 2014). In turn, the late modern society gradually becomes so complex that the management aspects are evermore delegated to organizations and the technocratic class that manages these organizations. For Galbraith (1967), what is now scarcer is technical knowledge that includes corporate and governmental management, while much of the unskilled labor becomes redundant (see Rifkin 1996, but also see Marx 1970, p. 47).

As Piketty (2014) evidenced and as Galbraith (1967, p. 58) expected, the position of the labor in general, nonmanagerial, non-technologically savvy labor at least, is therefore not much improved, and in some instances the position of the labor even deteriorates further. What emerges is a Platonic "new class" of technocrats that is increasingly fused with the owners of capital (Djilas 1957; Plato 2008; Stanisevski 2011). This bureaucratic class rather than remaining limited to "[t]he maintenance of the state's universal interest . . .," which in the case of the state bureaucracy Hegel (1967, p. 189) envisioned as its proper role, along the lines of what later became known as the politics-administration dichotomy (Wilson 1887), makes its own interest the universal interests (Marx 1970, p. 47). In Marx's (1970, p. 47) words: "The aims of the state are transformed into aims of bureaus, or the aims of bureaus into the aims of the state." In Galbraith's (1967, pp. 60–71, p. 314) rendition of "the new industrial state," the displacement of the universal interest with the particular interest of the "technostructure" to maintain the power of hierarchy is typical to the capitalist organization in general, public or private.

## Conclusion

To students of public administration, the epochal shift to a technocratic structure would be easily recognizable in Weber's (1946) discussions of bureaucratization of modern societies on both the corporate and governmental side (for a discussion of the relationship between capitalism and bureaucracy in Weber, see Stanisevski 2004). Galbraith's (1967) approach to the issue is distinctly more post-Marxist than Weberian, focusing more on the nexus between capital and power rather than the nature of rationality.

Public administration, nevertheless, has a particular position in the new "society of managers" (Piketty 2014, pp. 276–278). It is a paradoxical position of both instrumental power and social derision. On one side, as Weber (1946) clearly demonstrated, bureaucracies, including public bureaucracies, are indispensable in the day-to-day running of modern complex societies, which are increasingly more urbanized (see Smith 1966, pp. 420–432). Eventually, somebody has to build and maintain streets, utility systems, or collect the trash, and it is the government bureaucracy that is likely going to be the provider, if not the producer, of most of these services (Stanisevski 2004, 2011). Even Adam Smith (1778, p. 332) acknowledged that a capitalist society needs public institutions providing for common welfare such as public works.

On the other side, in a social and economic system that is still dominated by capital, albeit now fused with upper management, government bureaucracy is regularly suspect. From the earliest days of modern conceptualizations of public administration, government bureaucracy was perceived in a subservient, instrumental position

vis-à-vis the economic enterprises, the state, and the society at large (Hegel 1967; Wilson 1887). The infusion of market-based theories in the late 1970s further created an ideological impetus for a massive departure from the welfare state that was created after World War II in the Western societies (Niskanen 1971; for a critique see Wamsley et al. 1990). Privatization became in vogue after 1980s Reagan and Thatcher revolutions (Savas 2000). This ideological movement consequently spread all over the globe along with the expansion of global capitalism (for a critique see Farazmand 1999a, 2002).

Conceptually, the antigovernment bureaucracy movement is driven in large part by the theoretical equivocation of capitalism and freedom, a thesis which Milton Friedman (1982) succinctly but effectively defended. It is a thesis that tries to persuade the reader that capitalism is synonymous to a free market and antonymous to a government bureaucracy. Nevertheless, the evidence does not seem to support this thesis (Piketty 2014). Capitalism seems to be very clearly hierarchical in its outcomes, if not in its nature. It is perhaps for this reason that earlier, Marx (1970, pp. 41–54) vehemently opposed government bureaucracies. As this chapter outlines, the connection between capitalism and free markets is not so straightforward. Instead, capitalism has much more in common with corporate and governmental bureaucracies, which frequently contribute to perpetuating the system of inequitable accumulation of capital.

Still, government bureaucracy is not necessarily opposed to the labor and is not inherently a partner of capital. As Piketty's (2014) historical study of income inequality shows, government policies can clearly ameliorate the level of inequality in the society. The historical evidence is perhaps most sticking in the USA, where a U-shaped pattern in income inequality in the period from 1910 to 2010 is obvious (Piketty 2014, p. 291). In the period after World War II, income inequality declined fairly noticeably. Yet, according to Piketty (2014, p. 294), the upper decile in the 2000s had between 45% and 50% of the national income, an increase from 30% to 35% in the 1970s. This is a colossal change in income inequality that has a lot to do with the changing nature of global capitalism and government policies after 1970s. To echo Piketty's (2014, pp. 481–487) conclusion, the evidence indicates that the "social state" is indeed in need of "modernizing" but not of "dismantling." It remains to be seen to what degree it is possible to modernize government bureaucracies, given their intransigency and resistance to change as well as their tendency for elitism in a capitalist society (Farazmand 1999b; Stanisevski 2004; Weber 1946). The larger conceptual contours still seem clear. What is needed is a government bureaucracy that in the struggle for dominance between the capital and the labor works for the people and is not an oligarchical partner of the capital.

## Cross-References


- ▶ Bureaucratic Power
- ▶ Inequality in Organizations
- ▶ Marxist Theory of Organizations
- ▶ Power Elites
- ▶ Proletarian Power
- ▶ Social Class and Governance
- ▶ Transnational Capitalist Class, The


## References


Djilas M (1957) The new class: an analysis of the communist system. Praeger, New York

Farazmand A (1999a) Globalization and public administration. Public Adm Rev 59(6):509–522

Farazmand A (1999b) The elite question: toward a normative elite theory of organization. Adm Soc 31(3): 321–360

Farazmand A (2002) Privatization and globalization: a critical analysis with implication for public management education and training. Int Rev Adm Sci 68(3): 355–371

Friedman M (1982) Capitalism and freedom. Reprint edition with a new preface. The University of Chicago Press, Chicago. Originally published in 1962

Galbraith JK (1967) The new industrial state. Princeton University Press, Princeton

Galbraith JK (1998) The affluent society. Fortieth anniversary edition. Mariner Books, Boston. Originally published in 1958

Graeber D (2012) Debt: the first 5,000 years. Melville House Publishing, Brooklyn
Hegel GWF (1967) Philosophy of right (trans: Knox TM (ed)). Oxford University Press, Oxford. Originally published in 1821
Lewis M (1989) Liar's poker: rising through the wreckage on wall street. W. W. Norton, New York
Maddison A (2007) Contours of the world economy 1–2030 AD: essays in macro-economic history. Oxford University Press, Oxford
Marx K (1970) Critique of Hegel's "philosophy of right" (trans: Jolin A, O'Malley J; O'Malley J (ed)). Cambridge University Press, Cambridge. Originally written in 1843
Marx K (2007) Economic and philosophical manuscripts of 1844 (trans: Milligan M (ed)). Dover Publications, Inc, Mineola. (Reproduction of work originally published: Moscow: Foreign Languages Publishing House, 1961). Originally written in 1844
Marx K (2008) Capital. (An abridged edition, McLellan D ed; trans: Moore S, Aveling E (1887); McLellan D; Progress Publishers (1971)). Oxford University Press, Oxford. Originally published in a period from 1867 to 1894
Mill JS (1844) Essays on some unsettled questions of political economy. John W. Parker, London
Niskanen WA (1971) Bureaucracy and representative government. AldineTransaction, Piscataway
Olson M (2000) Power and prosperity: outgrowing communist and capitalist dictatorships. Basic Books, New York
Piketty T (2014) Capital in the twenty-first century (trans: Goldhammer A). The Belknap Press of Harvard University Press, Cambridge, MA
Plato (2008) Republic. In: Plato (ed) Great dialogues of Plato (trans: Rouse WHD; introduction, Santirocco MS). Signet Classics, New York. Originally written in 4th BCE
Ricardo D (2004) The principles of political economy and taxation. Dover Publications, Mineola. (Reproduction of work originally published: London: J. M. Dent & Sons, 1911). Originally published in 1817
Rifkin J (1996) The end of work: the decline of the global labor force and the dawn of the post-market era. Tarcher, New York
Savas ES (2000) Privatization and public-private partnerships. Chatham House Publishing, New York
Say J-B (1821) A treatise on political economy (trans: Prinsep CR). Volumes I & II. Longman/Hurst/Rees/Orme/Brown, London. Originally published in 1804
Smith A (1778) An inquiry into the nature and causes of the wealth of nations, vol 2, 2nd edn. W. Strahan and T. Cadell., London. Originally published in 1776
Smith A (1966) An inquiry into the nature and causes of the wealth of nations. In: Edwin C (ed) Originally published in 1776, vol 1. Arlington House, New Rochelle, NY. Originally published in 1776
Stanisevski D (2004) Economy and bureaucracy: handmaidens of modern capitalism. Adm Theory Prax 26(1):119–127
Stanisevski D (2011) The aporias of democracy: grasping for the shadows. Adm Theory Prax 33(3):459–463
Stanisevski D, Shoup B (2014) The pastoral nation. In: Manuscript presented at the 19th annual world convention of the association for the study of Nationalities, Harriman Institute, Columbia University, New York City, 26 Apr 2014
Wamsley GL, Bacher RN, Goodsell CT, Kronenberg PS, Rohr JA, Stivers CM, White OF, Wolf JF (1990) Refounding public administration. Sage, Thousand Oaks
Weber M (1946) From Max Weber: essays in sociology (trans: Gerth HH, Wright Mills C eds). Oxford University Press, Oxford
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

B

## Bureaucracy and Citizen Journalism

Raphael Abumchukwu Ekwunife[1], Ikechukwu Ukeje Ogeze[2], Ojiaku Kalu[1] and Divine Favour Robinson[1]
[1]Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria
[2]Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ikwo, Ebonyi State, Nigeria

### Synonyms

Checkpoints; Co-production; Gatekeeping; I-reporting; Participatory journalism

### Definitions

| | |
|---|---|
| Regulations: | A body of laws and guidelines that checkmate media practice |
| Unprofessional-Journalism: | A form of journalism practice that shifts from the conventions to quasi practice |
| Public Journalism: | The journalism of the people, by the people, and for the people |

## Introduction

Globally, the absence of bureaucracy in the practice of citizen journalism has generated many criticisms about the influence of citizen journalism on professional journalism and media governance in general. Citizen journalism (CJ) "refers to the participation of ordinary citizens in news gathering and reporting" (Oberiri 2016, 2). In essence, it means that the practice of citizen journalism is not professional journalism. Citizen journalism is the media practice that beats checkpoints, a fast-growing trend in media practice where the preponderance of news gathered is from eye witness or people who send in reports regarding issues springing up around their locality. Nevertheless, its functions in the society are undeniable. In the view of Adilah Ramli in Ellie (2018), "instead of rivaling social media, news outlets are leveraging off the platform to reach a wider audience online." In many countries of the world, the mainstream media source news stories from citizen journalism, and many of the news items in citizen journalism are direct accounts of events from eye witnesses. This lends credibility to the reportage but has highly been criticized for its unchecked freedom that results in the presence of reports that are mindless of language, target audience, morality, fairness, fact, objectivity, and accuracy. In many occasions, there are different versions of the same story. All over the world, citizen journalism has deeply been involved in participatory governance. In the United States, citizen journalism has engaged in whistle-blowing leading to the impeachment of President Donald Trump by the Lower House. In Nigeria, the impact of citizen journalism has been felt in the report of official corruption, religious, and sociopolitical crises, among others. The implications of these due to the absence of bureaucratic checks are hydra-headed. Bureaucracy is seen as an idea that is both good and bad. The entry here therefore focuses on the impact of bureaucracy on citizen journalism, examining the implication on professional media practice.

## Origins

The history of citizen journalism is new. The growth and development of citizen journalism has hugely been facilitated by the emergence of the new media. The new media technology has miniaturized the globe in what Marshal McLuhan in MacQuail (2006) refers to as the global village. This has aided immensely the gathering and dissemination of information from anywhere to everywhere. In all parts of the world, news thrives on events. In many occasions, events that border on conflicts, disasters, and sentiments carry newsworthy elements that command attention. The report of such events is very crucial to the development of citizen journalism as they are hastily gathered and disseminated through blogs, Twitter, Facebook, WhatsApp, and many other new media powered by the Internet. The development of citizen journalism cannot be discussed without making mention of the Internet which powers these media of information gathering and dissemination. It is also called Web 2.0 journalism since its capability in shaping journalism cannot be underestimated. In the United States, debates about the history of citizen journalism are traceable to alternative media and the role of media in community development. In this sense, citizen journalism is also referred to as civic or participatory journalism. It is however observed that the history of citizen journalism varies in different contexts of its invocation. In nations of great political upheavals, citizen journalism can be linked to the struggle by individuals to disrupt the political and media landscape by news sharing or getting involved in intense public debate, while another thought sees it as the claim made by individuals about the legitimacy of the media they produce. The belief that change in the media industry is slow has also necessitated citizen journalism in some climes (Mathson, 2017). Shifting from this paradigm, RonRoss (2011) argues that the history of citizen journalism is as old as journalism itself, predating professional journalism by about 200 years. This is predicated on the background that 200 years after the

introduction of the first newspaper in America in 1690, none of the news writers were professional journalists because the profession had not been created. The press men of the day were just citizens who had the passion or facilities for journalism.

## Bureaucracy and Governance: A Discourse

Bureaucracy is a system of controlling or managing a country, company, or organization that is operated by a large number of officials employed to follow rules carefully. It is also an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals. It can be said that bureaucracy is a system of governance of offices and impersonal administration. It is a system of administration which a government can adopt to perform its systematic duties (Ukeje et al. 2019).

In spite of the benevolence of bureaucracy to any government in maintaining order and competence, researchers are of the view that it can cause a surge at work due to the much restrictions, protocols, and red-tapism. It is also proven that bureaucrats hardly consent to new method of doing things, thereby becoming an abstraction to innovation and change. Although following protocols or obedience to lay down rules and regulations is appropriate, sometimes due to the urgency of some administration problems, some of these protocols may need to be skipped. One problem with the bureaucratic government is that the rigidity and long protocols in its administrative system hinder the achievement of certain objectives on time. In journalism, it is believed that bureaucracy is the greatest challenge to beating deadlines. Illustratively, in a situation where a student of a university needs to apply or inform the vice chancellor about an issue in the university hostel, he has to write a letter and send it to the Head of the Department who in turn passes to the dean for response who has to approve the letter before it is sent to the Registry department and then to the secretary of the Vice Chancellor before it is finally delivered to be read by the Vice Chancellor. This process sometimes could take days or weeks before conclusion, and by that time, the harm that would have been prevented might be irreversible. It could also happen that one of the officials or gatekeepers could be harshly affected by the outcome of the letter, thereby refusing to approve it to pass his/her table. Many instances like this cause either a slow pace or complete failure in the achievement of tasks.

"Bureaucracy defends the status quo long past the time when the quo has lost its status" (Peter 1980). This statement is not alarming since bureaucracy is an embodiment of rigidity which hinders flexibility in meeting the fast-moving challenges of modern governance. But in spite of the delay in accomplishment of goals, bureaucracy also bears some advantages. It is an obstruction to fraud, corruption, and embezzlement.

## Citizen Journalism: Implication for Media Practice

Citizen journalism is journalism conducted by the people who are not professional journalists but who disseminate information using web sites, blogs, and social media. It is the performing of journalistic functions by non-journalistic professionals through the use of the Internet. Citizen journalism has the philosophy of "you see it, you report it." In this way, everyone becomes a journalist, thereby making the journalism profession unprofessional.

An online entrepreneur in South Korea Oh Yean-Ho declared in the year 2000 that "every citizen is a reporter." Going by this assertion, there is no need for specific people to ascribe themselves as those qualified to report news. If this assertion becomes generally accepted, it could lead to a season or age when there would be no profession like journalism since everyone is now a journalist. It should however be noted that doing something is different from doing

something well. Citizen journalism is the traditional journalism model turned upside down. Rather than being the gatekeeper, it is just opening up the gates and letting people come in without checks. Citizen journalism is therefore very unconventional as it does not submit itself to having every news story filtered through the views of a small group of editors. By this, citizens become their own reporters and editors; nobody comes in between to edit whatever they feel like publishing. This is a distortion of the original practices of journalism.

When there is no gatekeeper to stand at the gate, thieves and other criminals or unwanted visitors can easily enter the house. So it is with journalism when there is no check on what goes out as news. Harmful elements or information could be spread out. Individuals could seize such an opportunity to break media laws like laws of libel and slander, sedition, publishing of obscene materials, and even invasion of privacy. And since there is no check on what goes out as news, such contents could be published to the endangering of the society.

A recent trend in citizen journalism has been the emergence of what blogger Jeff Jervis terms "hyperlocal journalism" as online news sites invite contributors from local residents of their subscription areas, who often report on topics that conventional newspapers tend to ignore. This advancement without bureaucracy could be very harmful to the traditional media because it means that these online sites could get the news first. It also implies that they could lose their audience who may be interested in the reports of citizen journalists who bring news from the local areas. The implication is that the traditional media would not be able to successfully compete with the online media since they have abundant reporters in different strategic areas where they see the event first hand.

Individuals in disaster zones often provide instant text and video reports from the scenes which the professional journalists may not be close enough to do. A typical show of the roles of citizen journalism is in regard to one of its ancestors – Abraham Zapruder, who filmed the assassination of President John Fitzgerald Kennedy with a lone – movie camera. In spite of this, it is recognized that citizen journalism has a lot of flaws when it comes to objectivity and quality. Some of the citizen journalists could be activists within the communities they write about. And due to the fact that they are not trained in the art of reporting, their write ups could be lacking in quality.

Though professional journalists do report news as quickly as possible, they often initially source the news from citizen journalists who have reported it via social media. In fact, 51.8% of journalists according to Cision in Ellie (2018) use social media to find and build stories.

Citizen journalism via social media could therefore be seen as the rawest and unprocessed form of journalism. It provides eye witness and first-hand account. It is the fastest channel for breaking news and gives real-time information, which is what the public wants. "Instead of rivaling social media, news outlets are leveraging off the platform to reach a wider audience online" (www.thesundaily.com). This presupposes that social media or online media does not necessarily challenge or threaten professional journalism. An attempt at reconciling the two however shows that citizen journalism could be complementary to traditional media (Ellie 2018).

Professional journalism can benefit from citizen journalism because it provides a wider range or horizon directly and builds personal relationships. Citizen journalism can provide the immediate news that professional journalists can curate into stories and spread far and wide, or professional journalists can provide the news stories which social media can trend on its media.

The two media, thus, can complement each other's weaknesses. Social media provides immediacy and directness, while professional media provide objectivity, quality, and accuracy. The working together of these two media can bring about a better and faster news gathering and dissemination process to a wider audience. Hence, Sarah Hartley of the Guardian Newspaper

observes that "New technology enables normal people to do reporting. But new technology also improves the monitoring quality of journalism as well."

## Conclusion

Having seen citizen journalism as the collection and analysis of news and information by the general public, especially by means of the internet, bureaucracy is a system of administration distinguished by its clear hierarchy of authority, rigid division of labor, written and inflexible rules, regulations, procedure, and impersonal relationship. Following the entry here, citizen journalism is seen as the opposite of bureaucracy. Citizen journalism dwells on the concept of every man's right and ability to do as he likes, but bureaucracy brings in hierarchy, regulations, and procedures to be followed which citizen journalism does not subscribe to as it seeks to break the boundaries set by bureaucracy.

Media institutions that rigidly adopt the bureaucratic system of administration would surely experience conflicts in their governance, particularly in meeting up with deadline, hence, the need for citizens active participation as an indispensable element of governance (Idike et al. 2019). Also, a bureaucratic government would operate a media which will be under serious censorship and control. Limitation to what would be published based on security of government actions or official secrets may be beneficial to the public but too revealing about government. In such a system, the government may hinder the publication of news items because it reveals evil deeds of a high-ranking official. However, this is something citizen journalism has no regard for. It would simply publish as it receives the information without any coloring or editing.

The bureaucratic government would prefer that the media be under its full control. But since citizen journalism is not submissive, there would be a clash of interest between the two. In countries affected by political upheavals and countries in which the media is being controlled by government, people have used several technological tools like the Internet and social media to share information about vital events which may not be reported in the traditional media. This would seriously benefit the public but anger the government. However, application of sound governance and effective public relations principles in media practice could serve as a panacea to reconcile the clash between bureaucracy and citizen journalism (Ekwunife et al. 2020).

## Cross-References

▶ Bureaucratization and Service Delivery in Nigeria
▶ Sound Governance and Effective Public Relations: An Assessment of Nigerian Prison

## References

Ekwunife RA, Ukeje IO, Ogbulu U, Ojiaku K (2020) Sound governance and effective public relations.: an assessment of Nigerian prison. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4033-1

Ellie M (2018) Is citizen journalism killing professional journalism? Accessed 8 June 2020 at: https://artplusmarketing.com

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the federal character principle experience. Cogent soc sci. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

MacQuail D (2006) Theories of mass communication. Sage, London

Mathson D (2017) History of citizen journalism. Retrieved from http://www.oxford.com. Accessed 30 Dec 2019

Oberiri D (2016) Information communication technology and citizen journalism in Nig: Pros and Cons. Canadian Research & Development Centre of science and cultures 11(4):1–4

Peter J (1980) Quotes. http://www.brail

RonRoss (2011) Short history of citizen journalism. http://www.latest.com

Ukeje IO, Ogbulu U; Onyema UE, Ekwunife RA, Obi YMV, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007-978-3-319-31816-5_3824-1

# Bureaucracy and Cooperation

Alikhan Baimenov
Astana Civil Service Hub, Astana, Kazakhstan

## Synonyms

Administration; Bureaucracy; Civil service; Collaborative governance; Forms of cooperation and interaction; Global and regional cooperation; Limiting and stimulating factors for cooperation

## Definition

*Bureaucracy* is a system of administration of state apparatus often with a clear hierarchy, rules and procedures, and special types of internal and external relations that is designed to help solve common problems.

*Cooperation* is the process of acting together in various modalities toward achievement a shared goals or mutual objectives.

## Introduction

It is obvious that every government operates in a unique socioeconomic, cultural, and historic context, impacting administrative traditions and doctrinal fundamentals of perception of goals and mission of civil service and state machinery, the leadership model and corporate culture. Accordingly, this affects the perception of the notion of "bureaucracy and cooperation," both individually and in connection to one another.

At the same time, historically [though the paradigm is changing], the terms "bureaucrat" and "bureaucracy" were mostly perceived by public as secluded and isolated concepts, and "a thing in itself," not capable of responding to societal needs and not oriented at cooperation and interaction. On the one hand, such connotation was very much preconditioned by the history of state formation and its attributed role at that time. On the other hand, it is also explained by the nature of government activity, the results of which seem to be not always tangible, and thus, measurable in a short-term perspective for public.

Cooperation, from the historic perspective [which continues to be true even today], was rather associated with market entities and, to a less extent, with public sector.

Such public perception was also one of the reasons why the twentieth century scientific discourse was characterized by prevalence of publications covering the issues of autonomy of state apparatus, professionalization of civil service, and approaches to bureaucracy development, while mostly neglecting matters of cooperation.

At the same time, in today's globalized world of unprecedented level of interconnection, interdependence, and volatility, the world where the amount of information has drastically increased and where decision-making process requires processing of vast volumes of information and creating effective knowledge management systems, the role of cooperation at different levels becomes crucial.

Cooperation is important at all levels: within the structural units of state bodies (including cooperation between the administrative civil servants and political appointees), between the units, between the state bodies (interagency), with nongovernmental and business sectors, and finally, international (intergovernmental) cooperation.

Undoubtedly, the considerable advent of information and communication technologies brings about both new opportunities and new challenges for development of different forms of cooperation. The latter is primarily preconditioned by more sophisticated citizen demands and expectations as a result of their increased awareness of the solutions available in other countries. Thus, governments tend to operate in quasi-competitive environment, despite the monopolistic nature of their activity. Furthermore, technological development greatly impacts the trust of the citizens and legitimacy of the state, enhancing transparency, accountability, and effectiveness of the public sector. In the end, technological development facilitates cooperation of civil servants with NGOs and business structures, supplementing the limited public sector capacities, with public-

private partnerships being an effective instrument of such cooperation.

Internationally, cooperation is considered to be an important catalyst of progress within the national development plans and the 2030 Agenda for Sustainable Development. Thus, the Sustainable Development Goals, adopted by the United Nations General Assembly in September 2015, call for a new level of revitalized global partnership and cooperation for the sustainable development for all (General Assembly 2015).

Fundamentally, cooperation at all levels and in all modalities is an instrument to take full advantage of the environment, i.e., staff of an organization, institutional, and international partners.

## Factors Affecting Cooperation

Cooperation is subject to the influence of various factors, which may have limiting and stimulating effect, and some of which are implicit or explicit.

The monopolistic nature of the state body functions is one of the factors that can both restrain and stimulate the natural need for cooperation. A taxpayer cannot afford having two state bodies performing the same functions. A state body performs functions as a sole institution and this predetermines the need for cooperation to be able to employ the experience and knowledge of other professionals, state bodies, and governments.

Another factor that discourages cooperation is the lack of time resources. As a rule, while estimating the workload of civil servants, the time required for teamwork and cooperation is not often considered. The high workload of civil servants makes them use their planned time for self-development to fulfill their professional duties. In this way, bureaucrats over time become reluctant to acquire new skills and knowledge, alleging to enough knowledge of the sphere they are responsible for.

The need for an integrated approach to problem solving is often seen central, when speaking of effective cooperation. Within the state body, as well as in cooperation between state bodies, sometimes a common problem that engages the interests of the parties involved can be a stimulating factor. For instance, the introduction of a new health insurance system affects not only the Ministry of Healthcare but also other ministries that regulate such areas as labor, economics, and finance. At the same time, each ministry can have its own vision on this issue. In this case, more active communication between state bodies can contribute to making more balanced and informed decisions.

Furthermore, having clear common goals and being able to work in a team are also viewed as critical for interagency cooperation. Largely, civil servants of interacting state bodies come with specific experience, competencies, and vision. Yet, they are employed to fulfill a common mission and comprehending this is seen as crucial for successful partnership.

Undoubtedly, a productive cooperation very much relies on leadership in state bodies. Metaphorically speaking, leaders need to be like football team coaches, who are specifically proficient in building teams to achieve a shared goal. The best football coaches are outstanding leaders, capable of identifying clear roles and using each player's potential, when creating a team, where everyone is satisfied with his place and role.

Strong desire of civil servants for career growth stimulates them to cooperate and share the experience and knowledge with others to meet new challenges. This suggests the need to revise the system of promotion, so that it encourages and rewards civil servants to cooperate with other structural units, state bodies, and stakeholders (Baimenov 2000).

One of the stimulating factors of cooperation is the emergence of new technologies, which allow for creating and developing new forms of cooperation at all levels. Public-private partnerships can be a good example of cooperation, enhanced, to a great extent, by the technological advent.

In today's era of increasing uncertainty, the tendency to apply agile management models in public institutions to be able to respond to the challenges of a rapidly changing environment is also seen as a factor, which can considerably contribute to cooperation, especially within organizations.

Efficient knowledge management systems in public institutions, when everyone's knowledge,

technology infrastructure, and knowledge sharing practices work in the interests of all, is also regarded as a way to bring about the spirit of cooperativeness into an organization.

Last but not least, it is organizational culture and the system of values of state that create the setting for cooperation and partnership (Baimenov and Everest-Philipps 2016). As a matter of fact, some organizational cultures are inclined to preserve the monopoly status, in which the exchange of information is not a common thing. Such practices require systematic approaches to change the existent traditions in order to encourage cooperation. In this context, creation of environment within an organization that would foster innovations can have a great impact on developing the organization's potential for cooperation.

## Cooperation at Different Levels

Today, effective cooperation at different levels is more important than ever. The pace of global change and the rapidly changing environment place an unprecedented level of demands on the capacity of governments, public governance systems, and civil service.

One of the tools to improve the quality of decision-making is effective internal cooperation between different departments or units at the level of a government agency. This cooperation can take various forms and in the process of such cooperation, different approaches, and methods can be utilized. Yet, despite the diversity in forms and tools of cooperation, they are all a part of the knowledge management system at the organizational level. The examples can be brainstorming sessions, agile groups, project teams, expert working groups, etc., which are used as effective methods of knowledge exchange.

For example, in 2011, the Agency for Civil Service Affairs of Kazakhstan established the so-called Internal Council, where the head of the agency, as a rule, removed the formal hierarchy at these internal council meetings and everyone could freely express their ideas and proposals. These meetings were similar to academic discussions.

One of the effective examples of interagency cooperation is the strategic model of public administration named "Collaborative Governance" (Ansell and Gash 2007). It emphasizes the importance of partnerships and coordination of bureaucratic structures and other actors in the management process to improve their effectiveness. Thus, the structural model of joined-up government is oriented toward horizontal links and integration of state bodies (Wilson et al. 2015).

It often occurs that some administrative cultures may rely on vertical communications, which restrain cooperation both within the agencies and between them. One of the solutions to this may be the requirement to conduct preliminary consultations and discussions with partners horizontally. For example, between 1997 and 1998, the government of Kazakhstan ceased to consider letters with a request to take a certain decision from ministers and governors unless it had been previously worked out horizontally with other ministers (Baimenov 2000).

Another form of interagency cooperation is used by the government of Great Britain, which has created specialized agencies for informatization, public procurement, human resources management, and, what was unexpected, the legal services. The logic behind this decision is obvious and proceeds from the fact that ministers should devote most of their time to resolving priority issues in their industry and formulating an effective policy in their field they are responsible for.

In this regard, it is the separation of minor functions from the activities of ministries and their allocation to separately created structures that allowed the state body leaders to concentrate on core activities. This has led to an increase in the productivity of civil servants' performance and the improvement of all strategic and performance indicators. Having been implemented within the joined-up government framework, these qualitative changes have led to the enhanced horizontal cooperation with other public agencies.

In the 1980s, New Zealand undertook systemic reforms of its public sector. However, after

10 years of reforms, there were still concerns about fragmentation in their public service (Joined-Up government, Efficiency Unit Report 2009). A report called *the Review of the Centre*, published in 2001, displayed the need for a greater focus on outcomes of public policies, as well as improved interagency cooperation between its 170 public agencies. In 2003, the government commenced a new set of reforms to develop interagency cooperation between its state bodies. As an outcome of these initiatives, the Economic and Urban Development Office has been created, joining up the objectives of the Ministry of Economic Development, the Ministry for the Environment, and the Department of Labor (Efficiency Unit 1990).

In Finland, new initiatives have been introduced at the senior political level to achieve closer interagency cooperation within its civil service. Each year, the government identifies several priority areas for development which require horizontal or cross-ministerial cooperation to attain policy targets. Each priority area has a minister who is responsible for the progress in this area and manages a group of other relevant ministers.

More and more complex societies enable government officials to develop new models of public governance in which public organizations cooperate with their institutional partners, civil society, and other stakeholders.

As an example of such cooperation, in 2011–2014, the Agency for Civil Service of Kazakhstan established the Expert Council, which included representatives of academic circles, NGOs, and the private sector. At the meetings of the Expert Council, both projects and conceptual approaches were discussed.

In the current world, the bureaucracy ceases to be at the forefront of innovation, and new solutions from the private sector are applied with varying degrees of activity and success in government bodies.

A close cooperation of the public sector with business structures helps to define more clearly the social and economic goals that can be achieved through the participation of all stakeholders (Witters et al. 2012).

Moreover, the use of innovations and new information technologies leads to enhanced transparency of public agencies, making the results of their activity more tangible for the society and significantly reducing the time and financial resources that civil servants and citizens spend in interaction. In this way, the advent of technologies considerably facilitates the activities of the state bodies, the creation of partnerships, and cooperation.

Sometimes, information technologies are used in unexpected forms and spheres. A vivid example is the experience of applying new technologies in the agricultural sector of the People's Republic of Bangladesh. The government of Bangladesh has developed a mobile application for farmers growing sugar cane. This application informs farmers about the actual prices for reeds, thereby preventing price dumping in the market and protecting farmers (Prime-Minister's Office 2017).

Another example is the use of data from hospitals, emergency, and social services for the government's assessment of healthcare needs in the United States. The obtained data allows determining the necessary need for medical assistance or other social services and assessing the risks associated with the peculiarities and conditions of each region.

The "Living Cities" project in the United States of America, which uses an integrated approach to improve the lives of low-income people and revitalize the urban areas, is another case. The "Living Cities" project aims at strengthening partnership of the government and private sector on key urban issues (Witters et al. 2012).

Another example is the European experience in creating Living Labs PPP in cooperation with the state and private companies that established a user-driven open innovation ecosystem. In these centers, users experiment and test new ideas, new products, and new services in the field of ICT.

Public-Private Partnerships usually require collaborative approach in the decision-making processes and such cooperation leads to the improvement of public services in such spheres as education, transport, economic development,

healthcare, and others which are all of great importance for the citizens.

## International Cooperation

As previously stated, every government works in a unique socioeconomic and historical environment and addresses its own country-specific challenges, mindful of various factors. The enhancement of public governance systems requires that not only this context, but also global and regional trends as well as best international practices should be taken into account.

This is also underpinned by the assertion that there can be no teachers and students in this matter: there are countries with various income levels demonstrating effective solutions to different public governance issues; and there are also countries that are facing challenges in finding effective solutions (Baimenov 2017).

As such, international cooperation for addressing these challenges is so important. At the same time, cooperation in this matter is sensitive as its modality has to be very accurate to make it sustainable.

All of these concerns have led to finding specific mechanisms for international cooperation for institutional and civil service development in various forms, including joint research projects, joint capacity-building interventions, and peer-learning activities.

Good examples of this can be found in different parts of the world.

For instance, *the UNDP Global Centre for Public Service Excellence (GCPSE)* represents a unique form of cooperation. It is a joint venture of the Government of Singapore and the United Nations Development Program (UNDP). GCPSE conducts activities that identify civil service trends, innovations, and solutions. It draws on Singapore's advanced experience in civil service development as an inspiration for other countries seeking to build a professional civil service.

GCPSE works with leading research organizations, universities, and practitioners, and examines civil service trends and innovations and brings to light new knowledge relevant to emerging economies predominantly of the Asia-Pacific region.

GCPSE's agenda is underpinned by four significant factors fundamental to successful achievement of civil service excellence:

- "Cooperation between political and administrative leadership
- Motivation of public service officials
- Adaptive Governance – long-term planning, foresight, and complexity
- Innovation in Public Service" (UNDP 2016)

The *Effective Institutions Platform (EIP)* represents another type of international cooperation modality. EIP is an alliance of over 60 countries and organizations that support country-led and evidence-informed policy dialogue, knowledge sharing, and peer learning on management and institutional development in the public sector.

The OECD-led platform assists its members in their pursuit to develop accountable, inclusive and transparent public sector institutions capable of delivering responsive policies, effective resource management, and sustainable public services.

Another cooperation form that the EIP supports is Peer-to-Peer Learning Alliances. Learning Alliances are "collaborative multi-stakeholder groupings of institutions and organizations drawn from multiple contexts and countries that share knowledge, experiences and innovations on specific public sector reform topics" (EIP 2016).

Learning Alliances give peers the opportunity to learn from each other in a professional setting to explore successes and failures in public sector reform initiatives (EIP 2016).

Another example of international multi-stakeholder cooperation emerged in the CIS region. After gaining independence the countries of Central Asia and the CIS region embarked on institutional reforms. Inadequate knowledge base, the lack of evidence-informed solutions, practical tools, and guidance as well as of attention to emerging and innovative public administration and management models are all contributing to a rather low level of cooperation between the countries of this region on civil service development.

Toward addressing these concerns, the Republic of Kazakhstan together with UNDP had initiated the creation of the *Astana Civil Service Hub (ACSH)* in order to serve as a multilateral, institutional platform for continuous exchange, and upscaling experience and knowledge in the field of civil service development; stimulate civil service transformation in the region, through capacity development and south-south and triangular cooperation mechanisms; and produce innovative approaches to civil service development through evidence-based research.

ACSH's efforts in fostering partnerships resulted in 38 participating countries, the geographical range of which stretches from North America and Europe through the CIS, Caucasus, and Central Asian region to ASEAN countries, thus promoting regional as well as interregional cooperation. It is noteworthy that there are more than 30 institutional partners from different parts of the world, among which the OECD, European Union, American Society for Public Administration, and others, that accumulated significant knowledge bases.

Serving as a multilateral platform to promote civil service excellence, the ACSH launched the Innovative Solutions Scheme aimed at supporting initiatives to modernize public administration, improve public service delivery, and encourage innovation and creativity in public institutions.

Bearing in mind the demand from participating countries, the ACSH launched a Peer Learning Alliance of Kazakhstan, Azerbaijan, and Georgia to share their best solutions on public service delivery using one-stop-shops principle. The Alliance is the ever first implementation of the OECD EIP's Peer Learning Guide, capturing tacit knowledge of the countries in public service delivery (EIP 2016). This has contributed to the interactions among ACSH stakeholders to become more systemic.

International cooperation is one of key determinants of success and sustainability of any public sector transformation. The above illustration of examples of international cooperation allows us to conclude that there are some important factors that should be considered when developing such kind of cooperative arrangements. In particular:

- Flexible and demand-driven agenda. There is a demand for development solutions and knowledge, expertise transfer from the participating countries with common context and challenges taken into account. So, it is always important to carefully choose the right area for dialogue and sharing.
- Serving culture of the initiative. Importantly, national reform agendas are exclusively set by the national governments themselves. ACSH exists to serve and contribute to building the capacity of participating countries to reform.
- Cross-sectoral collaboration. Bringing together both scholastic knowledge and practical expertise.
- Benchmarking towards best regional and global practices in the field.
- Exchange of success stories and best practices.
- Promotion of less red tape and more open and pragmatic approach.

As illustrated above, international cooperation can take various forms though the list does not represent the exhaustive models thereof. While sharing best international practices serves as a useful tool in finding well-informed solutions, it is sensitive in terms of the development of bureaucracies at the national level.

It is not a coincidence that the international community has recognized the importance of international cooperation. One of the major developments in the global sustainable development agenda is the proposed Goal 17 which aims to promote strong commitment to cooperation at all levels as an important way to share knowledge and experience as well as advance innovations (General Assembly 2015).

## Conclusion

Evolution of countries and transformation of their role, sophisticated and complex societal expectations toward the governments outline the ways to enhance effectiveness of public governance. Alongside the traditional instruments, such as the principle of meritocracy in selection and promotion processes, professional capacity building

instruments, utilization of the innovative information and communication technology, application of modern management methods and others, cooperation at national level, and globally acquires particular significance (Global and Regional Trends in Civil Service Development 2016).

In this way, cooperation in the context of bureaucracy is understood as an act of government bodies working in a simultaneous way to ensure the systemic workings of the established administration system thus creating a synergy between bureaucracy and cooperation akin to that of a well-oiled machine. In its turn, bureaucracy in the context of cooperation is that of an administrative structure (public but not limited to), which is maintained by systemic collaboration of its structural agencies thus creating a synergy in the work of all involved parties.

Overall, the ability to collaborate is crucial at all levels: within the structural units of state bodies, between the units, between the state bodies, with nongovernmental and business sectors, and internationally.

Fundamentally, cooperation is an ability to take full advantage of the environment, i.e., staff members, other partners, and systems.

It is clear, that although not necessarily used straightforwardly, the term "cooperation" is firmly established in the routine activity of bureaucracy. In fact, any global, regional, trade, economic, or political associations are various forms of cooperation, the effectiveness of which, in most cases, lies in the particular requirements to the civil servant competencies.

Over the last decades, ability to work in a team, build partnership relations, and effectively engage with third parties have become an integral part of the qualification requirements for civil servants. It is also proved by the latest OECD report "Competencies for Effective Civil Service," which also necessitates the development of the abovementioned competences of civil servants. Thus, it identifies four key areas, required in the relationship between the civil service and society it serves, including policy advice and analysis, service delivery and citizen engagement, commissioning and contracting, and managing networks (OECD Public Governance Review 2017).

Undoubtedly, cooperation stands ever more important in today's globalized world. Attaining ambitious targets of the Global UN Agenda appeals to revitalized global partnership and cooperation, is set as a separate goal 17.

Thus, bureaucracy, both presently and in the future, will hardly be able to evolve effectively without cooperation.

## References


Ansell C, Gash A (2007) Collaborative governance in theory and practice. J Public Admin Res Theor 18:543–571

Baimenov A (2000) Civil service, international experience and the Kazakhstani model. Foliant Press, Astana

Baimenov A (2017) Modern trends of civil service and personnel development. Academy of Public Administration under the President of Uzbekistan, Tashkent

Baimenov A, Everest-Philipps M (2016) A shared perspective on public administration and international development. Public Admin Rev 76(3):389–390

Division for Sustainable Development, UN-DESA (2015) General Assembly resolution 70/1, Transforming our world: the 2030 Agenda for Sustainable Development, A/RES/70/1 (25 September 2015), Available from undocs.org/A/RES/70/1. Accessed 6 Nov 2017

EIP (2016) A guide to peer-to-peer learning. Available at: http://www.effectiveinstitutions.org/en/our-approach/2. Accessed 10 Sep 2017

Global & Regional Trends in Civil Service Development (2016) Regional Hub of Civil Service in Astana, Astana

Joined-Up government, Efficiency Unit Report (2009). Institute of Public Administration, Ireland. http://www.eu.gov.hk/en/reference/publications/joined_up_government.pdf. Accessed 7 Nov 2017

OECD (2017) Skills for a high performing civil service. OECD Public Governance Reviews, Paris

Prime-Minister's Office of Bangladesh (2017) http://a2i.pmo.gov.bd/innovation-lab/public-service-innovation-ecosystem-psie/innovation-pilots/. Accessed 8 Nov 2017

UNDP, Global Centre for Public Service Excellence (UNDP) (2016) http://www.undp.org/content/undp/en/home/ourwork/global-policy-centres/publicservice/about-us.html . Accessed 22 Oct 2017

Wilson S, Davison N, Clarke M, Casebourne J (2015) Joining up public services around local, citizen needs. Perennial challenges and insights on how to tackle them. Institute for Government, London

Witters L, Marom R, Steinert K, Lucent A (2012) The role of public-private partnerships in driving innovation. The Global Innovative Index

# Bureaucracy and Culture

Tomasz Olejniczak
Kozminski University, Warsaw, Poland

## Synonyms

Bureaucratic control; Clan control; Cultural control; Organizational culture.

## Definition

Bureaucracy refers to the way of organizing people characterized by functional specialization, formal rules, laws, regulations and hierarchical relationships.

Culture refers to the way of organizing people characterized by group work, socialization, informal norms, shared assumptions and values, dispersed authority, and codependence.

## Introduction

Bureaucracy and culture are two vast research topics each with a rich tradition and abundant academic literature. Although these two concepts do not come into mind as an obvious association, in the existing literature, particularly in the context of organizational control (Jaeger and Baliga 1985) and new public management (Osborne and Plastrik 1997), they were often positioned at the opposite extremes. A more in-depth reflection on the nature of these two concepts (Du Gay 2005), particularly from a dynamic perspective of organizational life cycles (OLC) (Cardinal et al. 2004; Kirsch 2004; Yasuyuki and Olejniczak 2014), demonstrates that the relationship between these two concepts is not as simple as previously argued and might require additional longitudinal studies.

The purpose of this entry is to provide a concise overview of these two major theoretical concepts with a particular focus on the relationship between them. It begins with a brief overview of theoretical origins of both concepts, which indicates historical context in which these two came into being. Next it discusses the relationship between bureaucracy and culture by positioning them in two different social science paradigms, illustrating the usage of both concepts in the debate concerning modes of organizational control and presenting some alternative perspectives. Then the relationship between both concepts is discussed in the context of public management literature. This entry concludes with the notion of interconnectedness of bureaucracy and culture while discussing the implications for theory and practice.

## Theoretical Origins

The origins of the concept of bureaucracy ought to be traced back to Max Weber (1947) who was the first to clearly define characteristics of an ideal bureaucracy as universal form of governance; these include:

- Fixed and official jurisdiction areas ordered by rules, laws, or regulations.
- The principle of office hierarchy and of levels of graded authority, which establishes a system of super- and subordinate relationships.
- The management of modern office based upon written documents.
- Office management based on expertise.
- Full-time employment of officials.
- The management of the office follows general rules, which are stable, exhaustive, and can be learned.

This classical characterization remains largely unchanged to this day. While traces of some of the characteristics can be found in all subsequent definitions stressing rational, specialized, formal, and hierarchical nature of bureaucracy, other crucial characteristics such as the importance of specialized knowledge and expertise or the importance of archiving and management of knowledge in the form of files became somewhat overlooked. The concept of culture is much less clearly defined, and it has been widely recognized as one of the trickiest theoretical concepts (Alvesson 2012). Its

origins can be traced back to anthropology and sociology while the peak of the debate in 1980s under the influence of Japanese investments and Japanese methods of management. In the broadest sense, culture is defined as set of basic assumptions developed by a given group, which shape the norms, values, and behavior patterns (Alvesson 2012), or as Hofstede defines it a "software of the mind" that distinguishes one group of people from the other. In this entry, culture is understood narrowly as a way of organizing people rather than an anthropological or social phenomenon.

## The Relationship Between Bureaucracy and Culture

### Bureaucracy and Culture in the Light of Sociological Paradigms

In order to fully grasp the nature of relationship between bureaucracy and culture, it is useful to refer to Burrell and Morgan's sociological paradigms. Paradigms in social sciences constitute a particular view of world and can broadly be divided into four groups along two dimensions representing views about the nature of science and society, i.e., subjective-objective dimension and regulation-radical change dimension (Burrell and Morgan 1979, p. 22). What is interesting is that while bureaucracy and culture differ in one of these dimensions, they show significant similarity in the other. While the concept of bureaucracy in its classical form (Weber 1947) is the embodiment of a belief in objective reality, the concept of culture, and in particular the notion of "cultural relativism" advocated, embodies the opposite extreme of the subjective-objective dimension. This dichotomy has often been embodied by a conceptual distinction between hard structural and soft cultural elements of organization. Situation is different, however, in the dimension of regulation-radical change where both bureaucracy and culture clearly advocate regulation whether it is formal, informal, or normative. As a result, research on bureaucracy falls into functionalist paradigm, while research on culture falls into interpretivist one; both of these paradigms are focused on regulation. This commonality becomes evident in case of research on modes of organizational control, which constitutes the main common theoretical platform on which both concepts were discussed in relation to each other.

### Bureaucratic and Cultural Modes of Control

Organizational control is defined as actions taken in order to decrease the uncertainty related to spontaneous behaviors of organizational members and to direct their efforts toward the attainment of organizational objectives (Flamholtz et al. 1985). Early literature on organizational control tended to focus on outputs while bearing strong resemblance to the main characteristics of ideal bureaucracy including rationality, impersonality, stability and continuity, formal schedules, hierarchy, specialization, and standardization in terms of content and channels of communication (Weber 1947). Subsequent studies on "cybernetic" models of organizational control extended these early contributions by adding measuring, assessment, and feedback mechanisms, which permitted organizations to regulate themselves while correcting deviations in organizational behavior (Flamholtz et al. 1985). The underlying idea remained the same as in case of bureaucracy since cybernetic models perpetuated the assumption of the objective nature of organizational reality. This view has been challenged by representative of the cultural stream of research, which at the time was emerging in the area of organizational theory. Hofstede (1978) questioned the division of responsibilities between controller and controlee providing an example of semiautonomous work groups, in which measuring, comparing, feedback, and intervening are carried out within the group. In a series of article devoted specifically to the issue of organizational control, Ouchi pointed out that due to limitations in the availability of output measures and explicit knowledge of the transformation process control based on output may be inefficient and may need to be supplemented by control of behaviors or control of symbolic nature (Ouchi 1980). In his typology of control, bureaucratic control represents control focused on behaviors since the outcomes are not easily measured while procedures are clear. Based on his observations made in

Japanese companies, in extreme cases when both the ability to measure output is low and the knowledge of the organizational transformation process is imperfect, he advocated so "clan control" (Ouchi 1980). The outcome of this debate was a taxonomy of organizational control modes which tended to distinguish "bureaucratic" and "cultural" modes of control as two extremes (Jaeger and Baliga 1985; Kirsch 2004; Raelin 2011). The table below presents comparison of characteristics of both modes of control in terms of measurement, evaluation, rewards, and roles and relationships of organizational members.

| | Bureaucratic control | Cultural control |
|---|---|---|
| Measurement | Measurable outcomes and explicit behaviors | Implicit norms and shared goals |
| Evaluation | Formal exchange of information based on written documents | Informal exchange of information based on dialogue and interaction |
| Rewards | Pay, bonuses, promotion/ demotion based on following the rules or achieving targets | Group recognition and peer pressure based on acting in a manner consistent with group |
| Roles and relationships | Hierarchical | Group work |

Source: Jaeger and Baliga 1985; Kirsch 2004

"Bureaucratic control" represents a formal mode of control, in which both behaviors and outcomes are subjected to measurement and formalized assessment based on standards. Rewarding in this mode of control is formal, tangible, and based on clear criteria, which describe desired behaviors or intended targets. Similarly roles and relationships are clear and described in the form of hierarchies (Jaeger and Baliga 1985). On the other hand, "cultural control" represents an informal mode of control, in which implicit norms, values, and goals shared by organizational members guide their behavior and constitutes the main frame of reference for measurement. Evaluation is performed trough constant interaction, socialization, and/or dialogue, and behaviors consistent with group expectations are rewarded with recognition or punished with peer pressure or exclusion. Roles and relationships among organizational members will be characterized by dispersed authority, group orientation, and codependence (Jaeger and Baliga 1985). Although useful, this dualistic taxonomy proved to be rather simplistic especially in the light of organizational life cycle (OLC) literature.

## OLC Perspective on Bureaucratic and Cultural Modes of Control

Organizational life cycle (OLC) models are based on an assumption that development of an organization follows a predictable pattern, which can be characterized by development stages, which are sequential in nature, occur in a hierarchical progression that is not easily reversed, and involve a broad range of activities and structures (Quinn and Cameron 1983). Conceptually OLC models represented a shift from a "static" or "snapshot" approach to a more comprehensive dynamic analysis (Kirsch 2004). What is most important is that in OLC models control often constituted one of crucial indicators of the organizational development stage (Quinn and Cameron 1983). Even more interesting was the fact that, although different OLC models conceptualized organizational control, under different names of formalization, bureaucracy, and structure, they observed similar phenomena of mode of control moving from informal to formal and then to informal again (Quinn and Cameron 1983). These observations were later on confirmed by empirical studies. For example, Laurie J. Kirsch (2004) has found empirical proof for the coexistence of two modes of control in the context of IT projects. He found that in the first phase of the project mostly informal modes are used, in the second phase focus shifts to formal control, and finally in the third phase both modes coexists and interact with each other. Further empirical evidences were delivered by Cardinal et al. (2004), who using their in-depth single case study of a moving company extended existing perspective on modes of control adding the notion of "latency." What they found was that although modes of control tended to switch from informal to formal and back again, neither of these modes

disappeared completely but remained latent only to reappear in later stages.

## Bureaucracy and Culture in Public Management Literature

Despite much longer tradition and much deeper understanding and appreciation for the notion of "bureaucracy," debate concerning relationship between bureaucracy and culture in public management literature bears significant resemblance to approaches discussed in management and organizational theory.

Weber's routinization of charisma (1947), which illustrates the process of gradual formalization of an informal authority based on shared values, which ultimately leads to development of a bureaucratic form, has touched upon the dynamics of the relationship between bureaucracy and culture long before OLC perspective came into being. This contribution however has been overlooked as large number of critics of bureaucracy began to implicitly or explicitly employ culture in order to point out its limitations. Some of the earliest critics pointed to the risk of dehumanization and impersonal rule-based, rational control (Merton 1957), which was one of the first attempts to stress the dichotomy between soft subjective nature of human culture and hard objective reality of bureaucracy. Later on Osborne and Plastrik (1997) explicitly called upon the creation an entrepreneurial culture as way of banishing bureaucracy and improving the efficiency of governance. These extreme views continued to echo in the discourse on the nature of post-bureaucratic administration imitating flat, decentralized, modern corporations based on autonomous work groups.

Some researchers took a more balanced stance perceiving bureaucracy and culture in a symbiotic rather than adverse relationship. For example Raelin (2011) pointed out that the efficiency of bureaucracy relies on organizational culture. He argues that bureaucracy as a way of organizing work is in itself is neutral; consequently whether the bureaucracy will lead to dysfunction or will bring the positive effects depends largely on the cultural aspects of the organization. Other researchers go even further in combining the two concepts and treating bureaucracy as an embodiment of "role culture" and including it directly into their taxonomy of organizational cultures.

Only recently we notice a more in-depth look into the nature of relationship between bureaucracy and culture in public management debate. Du Gay, who is one of the most notable proponents of bureaucratic form of organization, points to the fact that bureaucracy is much more complex and universal phenomena than often given credit, and since it can be found in all cultures, despite its dysfunctions, it must fulfill some important social need (Du Gay 2005). As a result, he urges for more studies into the nature of bureaucracy and role it plays in different cultural contexts. What is interesting is that Weber's mechanism of routinization of charisma, which might shed some light on dynamics of bureaucracy and culture, has not been as of yet extended.

## Conclusion

This entry provides a brief overview of the notions of "bureaucracy" and "culture" and the relationship between them. It demonstrates that even on the level of paradigms, these two concepts have a lot in common, which is exemplified by their adoption in the literature on organizational control. It has been shown how this relationship and interconnectedness of bureaucracy and culture can be understood better when supplemented by a dynamic perspectives offered by the OLC and evolutionary approaches. The final part of this entry demonstrates that the usage of both concepts within public management literature bears significant resemblance to debates in a broader field management and organizational theory. Theoretical implications include the need of overcoming the dichotomy of bureaucracy and culture and adopting a longitudinal perspective when researching the organizational phenomena related to these two concepts. From the point of view of practitioners, it might be useful to perceive the two concepts on a single continuum. One of the surprising implications resulting from such

perspective is that the road to strong organizational culture leads to bureaucracy and that in mature organizations, formalization, standardization, and measures should all be perceived as means of supporting and facilitating organizational culture.

## Cross-References


- ▶ Bureaucracy and Administrative Culture in Bangladesh
- ▶ Bureaucracy and Efficiency
- ▶ Culture and Organizations
- ▶ Ethics and Organizational Culture


**Acknowledgements** This work was supported by the National Centre for Research and Development under Grant number 611/L-4/2012.

## References


Alvesson M (2012) Understanding organizational culture. Sage, Thousand Oaks

Burrell G, Morgan G (1979) Sociological paradigms and organisational analysis. Heinemann, London

Cardinal LB, Sitkin SB, Long CP (2004) Balancing and rebalancing in the creation and evolution of organizational control. Organ Sci 15(4):411–431

Du Gay P (2005) The values of bureaucracy. Oxford University Press, Oxford

Flamholtz EG, Das TK, Tsui AS (1985) Toward an integrative framework of organizational control. Acc Organ Soc 10(1):35–50

Hofstede G (1978) The poverty of management control philosophy. Acad Manag Rev 3(3):450–461

Jaeger A, Baliga BR (1985) Control systems and strategic adaptation: lessons from the Japanese experience. Strateg Manag J 6:115–134

Kirsch LJ (2004) Deploying common systems globally: the dynamics of control. Inf Syst Res 15(4):374–395

Merton RK (1957) Bureaucratic structure and personality. Soc Forces 18(4):560–568

Osborne D, Plastrik P (1997) Banishing bureaucracy: the five strategies for reinventing government reading. Addison-Wesley, Reading

Ouchi WG (1980) Markets, bureaucracies, and clans. Adm Sci Q 25:129–141

Quinn RE, Cameron K (1983) Organization life-cycles and shifting criteria of effectiveness: Some preliminary evidence. Manag Sci 29(1):33–51

Raelin JA (2011) The end of managerial control? Group Organ Manag 36(2):135–160

Weber M (1947) The theory of social and economic organization. The Free Press, New York

Yasuyuki K, Olejniczak T (2014) Bureaucracy and culture: toward two-factor theory of organizational control. Manag Bus Adm Cent Eur 1(124):70–87


B

# Bureaucracy and Democracy

Eran Vigoda-Gadot
Division of Public Administration and Policy, School of Political Science, University of Haifa, Haifa, Israel

## Synonyms

Administrative structure; Citizens involvement; Democratic values; Governability; Organizations; Paramedical order; Political participation; Power flow

## Definition

Bureaucracy is thus a formal administrative order of actions by government (Farazmand 2009) and a mechanism to implement public policies. Democracy on the other hand is a political system of ruling and being ruled in return, based on elections, representation, and the rights of the people in a specific national entity (Mosher 1982).

## Introduction

One of the major ironies in modern governance is the complicating and confusing relationship between bureaucracy and democracy. This relationship can be viewed as a tango where both spheres are independent but still closely related in a unique way. As in a tango, they move together in different directions, keeping their distance from one another (Vigoda-Gadot and Mizrahi 2008), but in the same time seeking close contact and effective interaction. On one hand, building strong modern societies relies heavily on efficient

mechanisms for running the state, formulating wise policies, implementing them in good order, and thus providing excellent public services to citizens. However, at the same time, these mechanisms are expected to integrate themselves into a liberal environment of the "open society" (Popper 1991). Since the rise of the democratic ethos after World War II, the ideology of an open society encouraged stronger commitment to people's rights and a concern for freedom of choice, an environment that listens and responds to the voices of various segments of the society. Consequently, there are many occasions when bureaucratic mechanisms of formal order and strive to effectiveness seemed to be a barrier to a prosperous open democracy. From the other end and quite similarly, core democratic principles clash with ideal types of bureaucracy. This entry deals with the meaning, evolvement, and future of the relationships between democracy and bureaucracy in a highly globalized world. It touches political, ideological, social, and administrative aspects of the tango-style relationship with both old and new envisions.

## Bureaucracy and Democracy: A Paradox of Governability Under Stress

For most people, bureaucracy is related with the Weberian view of formal organization with hierarchy and order. Bureaucracy is thus a formal administrative order of actions by government (Farazmand 2009) and a mechanism to implement public policies. Democracy on the other hand is a political system of ruling and being ruled in return, based on elections, representation, and rights of the people in a specific national entity (Mosher 1982). Whereas there are handful of definitions for both bureaucracy and democracy, they represent quite different entities in terms of power flow, authority, and values. Thus, it is not surprising to find that bureaucracy and democracy do not live together happily. Whereas bureaucracy is the art of mastering others using hierarchical mechanisms of organization and formalization, democracy is built to echo the voices of many in an attempt to limit the power of few and balance the paramedical power chain with authentic impacts of citizens (Gawthrop 1997; Waldo 1977). This unhappy marriage reflects a paradox which largely affects current discontent in modern nations. The decline of the welfare state as a top-down transition of governments toward more restrained socioeconomic policies is one side of the story. This process is accompanied by bottom-up pressures from citizens who are demanding a greater involvement of the state in shaping people's lives. The demands create a gap between the public's expectations and the ability of the government to meet these expectations given its increasingly limited resources (Vigoda-Gadot 2009).

Governability under stress is similar to a body under stress. The curve model of stress suggests that bodies, physical or abstract, can bear a limited amount of external pressure. To a limited extent, such pressure can be productive and constructive. However, beyond a critical point, we should expect a breakdown. Indeed, governability in many modern nations has reached, or at least is quickly approaching, that critical point. The crisis that is on the horizon is reflected in the clash between democracy and bureaucracy, a clash that is defined here as the paradox of two desirable visions battling over the same time and space. One vision seeks an effective and responsive government while the other strives for political freedom and the maximum level of choice and voice.

Figure 1 presents the classical clash between the bureaucratic and the democratic ethos. While this is not a new model, it does highlight the black box of interfaces between these arenas. As suggested by Fox and Miller (1996, p. 15), this paradox is a reflection of the dichotomy between politics and political administration. "On the administration side are hierarchy and chain of command, enabling elected officials to both control nonelected career officials and superintend their carrying out of the people's will. Because they are not themselves elected, administrators (bureaucracy) must be neutral malleable tools so that elected officials, who embody the will of the people (democracy), can have their way and be held accountable for whatever does or does not get done."

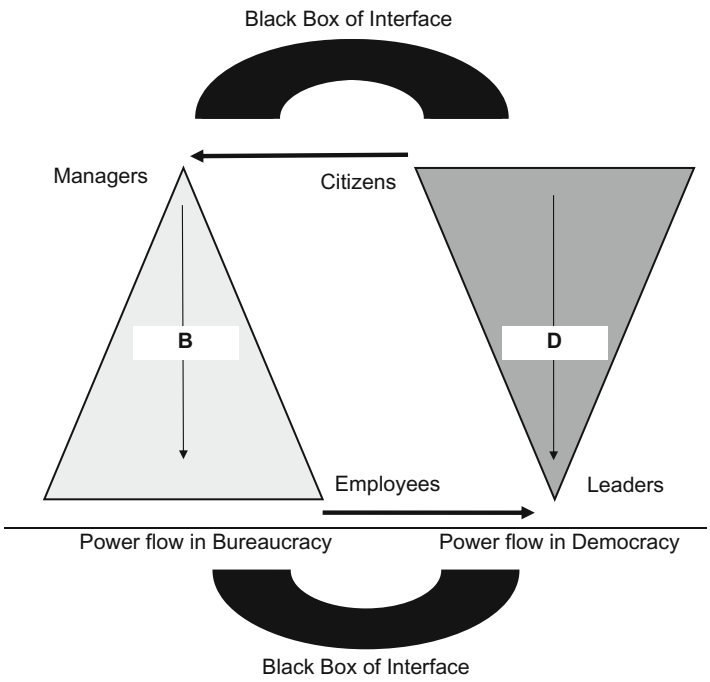


**Bureaucracy and Democracy, Fig. 1** The pyramidal paradox of democracy and bureaucracy (Vigoda-Gadot 2009)

## Public Administration in the Fire Zone of Bureaucracy and Democracy

It is not surprising though that the nexus between bureaucracy and democracy has become a puzzling research arena and the object of attention by both academics and practitioners worldwide over a number of years (Mosher 1982; Thompson 1983; Waldo 1977). This research track also affected the theory and models of new governance (Buss et al. 2006), New Public Management (NPM) (Christensen and Laegreid 1999), and a wave of third-way ideology for running the modern state that has become so popular in the early years of the twenty-first century. Notwithstanding, a common denominator of all these approaches and doctrines is the belief that reconciliation can be infused into the widening gap between public administration under pressure and democracies under threat.

Previous studies on the relationship between bureaucracy and democracy in modern societies suggest that many of the elements of one conflict with those of the other. Back in the 1970s and 1980s, this tension was discussed by Mosher (1982), Thompson (1983), and Waldo (1977). Woller (1998) encouraged finding ways for the "reconciliation of the bureaucratic and democratic ethos," as the two are basic aspects of modern life in free nations. Similarly, more recent studies by Vigoda-Gadot and Mizrahi (2008, 2014) suggest conceptual frameworks for the understanding of the nexus between bureaucracy and democracy. According to this line of thinking, managerial quality and participation in decision-making are essential antecedents of perceived performance in the public sector. How citizens view the performance of the public sector may, in turn, affect democratic values such as trust in administrative agencies and trust in government, as well as participatory behavior of various types.

## Models of Bureaucracy and Democracy in a Globalized World

In recent decades, reforms in public administration, and especially the New Public Management (NPM) doctrine, have raised many questions as to the role of citizens and governments in our modern societies. This leading contemporary paradigm in public administration has emphasized

the need to improve administrative performance and to treat citizens as clients, to create an ethos of a businesslike public sector and a market society. However, NPM and the new age of bureaucratic ideology has drawn fire from various fronts: from those who seek the improved governability of state agencies, from those who have prophesized a resulting decline in citizenry activism and involvement, and from those who have predicted serious damage to democratic values. The call for increased responsiveness by public bureaucracies in some ways contradicted the basic need for strong governments and for improved governability. It was also countered by pressure for more collaboration between bureaucracies and social players. This second paradigm believes that the goal of improved bureaucratic performance can be accomplished only by safeguarding and advancing democratic values (Vigoda-Gadot 2003).

In light of the above, it seems worthwhile to enlarge on the discussion about two major topics related to public administration and modern societies, namely *governability* through improved performance and *democracy* through liberal values. The conceptual territory between them is in fact a strong reflection of the democracy and bureaucracy paradox. In many ways such a discussion calls for a better balance between managerial/administrative theories and social/humanistic ideology, and the creation of a much more realistic understanding of public administration. It seeks a golden path between the needs and constraints of modern nations as market societies, and the desires and demands of the citizens of liberal states. This golden path should lead us toward effective governability that preserves democratic values. While bureaucracy and democracy are frequently perceived as two separate concepts, they also have complementary meanings that are central and essential for the prosperous growth of our societies, states, and nations.

Literature in public administration follows two complementary tracks for understanding changes and progress in the discipline: those that favor the bureaucratic framework of managed change and those that advocate a bottom-up transformation based on public choice. Similarly, there are two major theoretical models for reforming public administration: (1) administrative/bureaucracy-driven models and (2) democratic/citizen-driven or grass-roots-driven models. Both of these models imply change in the public sector, each from a different starting point. Both models are practical and possible. Neither of the models, however, is superior to the other. They are both legitimate abstractions of a very complicated reality where changes can work either way.

Administrative-driven models represent top-down governability. They view government and public administration as those who are responsible for the initiation of change and for making it work properly. On the other hand, grass-roots-driven models represent bottom-up governability. They make more demands of the people, expecting that they, instead of governments and bureaucracies, will make the first move toward change and reform. Hence, these models demonstrate how various reforms became successful when emanating from the urgent needs of individuals and groups or from the spontaneous collective support for an original, popular leader.

## The State Dominance: Administrative-Driven Models and Top-Down Governability

The most conventional path to governability, change, and reforms in public administration is by top-down initiatives of the state and a planned transformation from "old" to "new." A planned change by the government assumes that the state must lead national progress and development through effective tools of strategic thinking, the professionalism of public servants, and a balanced integration of political, economic, and social considerations. The idea of top-down governability is supported by the rational choice theory and by rational decision-making models. According to this approach, democracy functions to maximize the interests of all citizens and individuals of a national system. Hence, bureaucracy serves as a tool to facilitate the required change. Consequently, budgets, allocation of resources, employment of public servants, strategies for problem solving, and other core issues in state management are all subject to the rational thinking of

disinterested politicians and professional public servants.

However, rational choice theory originally suggests that humans are motivated by self-interests. Based on utilitarian philosophy and game theory arguments, it has been posited that individuals, as well as groups and institutions, generally operate according to desired goals and objectives. These may be formal or informal, but they always aim at maximizing personal benefits and minimizing costs (Ostrom 1990). On the assumption that social players constantly seek more revenues and at the same time attempt to reduce expenses and negative consequences, top-down initiatives may be problematic because the utopian view of collectivist vision contradicts human nature and self-centered interests. Thus, useful and long-range successful policies will emerge only in those cases where high ranking policy makers see a personal benefit (i.e., political, economic, psychological) in making a process work.

As opposed to this rationality, healthy and prosperous civic societies in practice seek higher levels of cooperation among their members to increase general "public goods" and to improve the welfare and well-being of large communities. Thus, collaboration is frequently initiated from the top down and may be referred to as another mechanism for conflict management (Vigoda-Gadot 2003). For example, Frederickson (1997) elaborated on the usefulness, but also the fragmentary nature, of analyzing conflict management methods in public domains as a continuum ranging from competitive to cooperative techniques. While the former represent a win-lose game, the latter are better described as win-win alternatives. Between the two extremes, several other alternatives exist such as litigation, arbitration, mediation, facilitated problem solving, and collaboration. However, these alternatives may be always subject to the basic contradiction between utilitarian human nature and the desirable altruistic nature of civic societies. For the emergence of reliable and honest leadership that plans ahead and initiates top-down ventures that accord well with citizens' needs and desires, a balanced mixture of self-interests and collective interests must be maintained. In top-down models of governability, egocentrism and communitarianism must find a way to coexist in peace. Consequently, healthy top-down initiatives in public domains depend on rational choice models, on social/economic exchange theory (i.e., Blau 1964), and on the collective vision of communal solidarism. Whereas false top-down initiatives are typical of nondemocratic regimes, true top-down changes exist only in liberal environments and prosperous societies, those that abound in mutual understanding and acceptance of others' needs and aspirations, but that also value the idea of free markets and free exchange mechanisms among people. Wherever such acceptance and approval are sparse, there is a greater likelihood of alienation from governments, distrust, diversification, intolerance, conflict, and self-centered activity rather than concern for society at large or public solidarity. In such cases, top-down initiatives of public policy are counterproductive, and the alternative path of bottom-up initiatives flourishes.

### The Peoples' Dominance: Citizen-Driven Models and Bottom-Up Governability

The less conventional track for governability relies on the democratic ideal of grass-roots change and reforms. As suggested above, the grass-roots-driven models represent bottom-up governability and make more demands of the people, expecting them to be more involved, active, and innovative in determining their lives and quality of life. Citizens, instead of governments and bureaucracies, are those who need to make the first move toward change and reform because they are the ones who will be affected by those changes.

Letting the people lead involves many partners who initiate a process of change in policies, services, and administration based on the voluntary actions of citizens as individuals and as groups. As will be demonstrated in the next chapter, the meaning of citizenship and of citizenship behavior is similarly transformed to cohere with this change in mindset in modern nations. According to this approach, the administrative state no longer has the monopoly on reforms and formation of policies. The state relies quite often on the

motivation and power of voluntary groups, on citizens, and on the third sector in general for performing tasks that in the past seemed to be within the purview of public officials and of politicians. Jordan et al. (2005) suggests that at the center of the debate about models for governability is the question of "who or what steers society." According to Jordan et al. (2005), a distinction must be made between the meaning of government and the meaning of governance. The governance debate is essentially concerned with understanding who or what steers society. Thus, under a government approach, society is steered by a central government, whereas in a governance model, "society actually does more self-steering rather than depending upon guidance from government" (Peters 2000, p. 36).

Without a doubt, we live in an era of great challenges for democracies and for free citizens, some of which come from the duality of the meaning of government and governance. The twenty-first century will necessitate enormous changes in our conventional perceptions of governability from top-down initiatives to higher levels of citizen involvement and participation in policy making and implementation. Thus, a similar reformation of the meaning of citizenship and a redefinition of the role of citizens in democracies and in bureaucracies is expected. This process will undoubtedly have an impact on other stakeholders in the public sphere, in private sector firms, in the third sector, in the media, in academia, and all of them in the international context. All these players, and others, will need to find better ways to collaborate, innovate, and change, and it is the role of academic activity and studies to pave the way for such productive interaction.

Moreover, the growing trend of bottom-up initiatives should be encouraged by governments as it has several advantages: (1) *building strong nations* with stronger and more deeply involved citizens; (2) creating an *active and responsible* citizen, rather than a passive and dependent customer; (3) *sharing the burden* of caring for and improving society among the many stakeholders of society; (4) highlighting *collaboration and partnership* instead of conflict and dissention in democracies; and (5) encouraging grass-roots *innovation* from the people who will benefit from it.

## Bureaucracy, Democracy, and the Decline of the Welfare State

Since the second half of the twentieth century, the welfare state in Europe, as well as in many other parts of the world, has been in decline. Many books and articles have depicted the crisis that has resulted from the movement of the state away from its former role as caregiver to its citizens. Razin and Sadka (2005) deal with the problem of the withdrawal of the state from its commitment and responsibility to citizens. They use a political economy framework to support their rationality, which is quite accepted by most of the political science and social science community worldwide. Focusing on global processes of aging populations, migration, and globalization, they suggest that we are witnessing a deterioration of the financial system and the welfare state benefits as known today. In their view, combined forces of demographic change and globalization will make it impossible for the welfare state to maintain itself at its present level, that is, to continuously increase services to citizens and increase public expectations. As the authors argue, in much of the developed world, the proportion of the population aged 60 and over is expected to rise dramatically over the coming years – from 35% in 2000 to a projected 66% in 2050 in the European Union and from 27% to 47% in the United States – which may necessitate higher tax burdens and greater public debt to maintain national pension systems at current levels. The migration of unskilled workers produces additional strains on welfare state financing because such migrants typically receive benefits that exceed what they pay in taxes. Moreover, higher capital taxation, which could potentially be used to finance welfare benefits, is made unlikely by international tax competition brought about by globalization of the capital market. Their conclusion is simple: the political pressure from both aging and migrant populations indirectly generates political processes that favor trimming

rather than expanding the welfare state. The combined pressures of aging, migration, and globalization will shift the balance of political power and generate public support from the majority of the voting population for cutting back traditional welfare state benefits.

## Bureaucracy, Democracy, and Citizens' Expectations

Ironically, as the welfare state and its bureaucratic power have been declining, the public has been increasing its demands for an improved quality of life and increased political freedom. The economic growth in modern democracies has a general positive effect on our lives. However, with this progress comes bottom-up pressure on the state to meet greater and more challenging goals. While this is a normal and expected process, it still creates a gap between expectations and reality that can never be bridged and gives rise to a serious reason for mistrust in government. Despite the power of bureaucracy, law, and authority (and some would also say control over resources and budgets), governments are in fact in an inferior situation compared with citizens. Whereas citizens' demands of governments may be justified and natural, the response of governments to such democratic bottom-up pressures poses many dilemmas. First, there is the normative, ethical, and ideological question of "should we meet the demands"? Then comes the practical, economic question of "can we meet the demands"? Finally, there is the technical question of "who will meet the demands"? Unsurprisingly, and in accordance with the main approaches of the disciplines defined earlier in this book as nation building, the answers come from three different sources. The normative question of "should we" must look to the sociopolitical framework of ideology and ethics for an answer. The practical question of "can we" relates to economic resources and the availability of budgets. Finally, the technical question of "who will" must be answered within the organizational, managerial, and administrative framework.

Moreover, as customers of public services, citizens tend to generalize their attitudes toward decision makers and public institutions as well as toward any specific person whom they encounter in such agencies. Yet most surprisingly, in many modern democracies the public expresses a great deal of dissatisfaction with public administration. Studies conducted in different countries, using various means and methods, repeatedly conclude that in general, the public trust in government and its administrative branches is low, that people are usually dissatisfied with public services (Nye et al. 1997, pp. 1–18), and that many times the level of government responsiveness is poor (Vigoda-Gadot 2009). Modern public administration thus encourages the use of satisfaction measures as part of performance evaluations both inside public agencies and around them (e.g., Swindell and Kelly 2000). It should also be noted that this strategy has been adopted despite some limitations it has and some criticism it needs to address.

The relationship between political trust and economic indicators of performance and citizens–clients' satisfaction is also elusive. King and Stivers describe it as the "antigovernment era" and state clearly, in the introduction to their book, that: "Over 200 years American citizens have tended to tolerate government rather than to support it with enthusiasm. Yet, in recent decades, distaste for government seems to have deepened" (1998, p. 3). For example, Americans' trust in their government dropped in the late 1960s (Nye et al. 1997) despite the economic stability during that time period. Many American scholars are similarly worried about the declining trend in Americans' trust in public institutions that had been briefly renewed during the 1990s. Neither stability in foreign affairs (the end of the Cold War) nor economic strength was enough to shore up Americans' trust in governmental institutions. Nevertheless, there have been some fluctuations in public trust, such as during the period after the terror attack of September 11th, which dramatically increased the level of trust in the government. Overall, however, the perception of government and the bureaucratic system in America is becoming negative over time and expresses

a sense of mistrust or even paranoia about government (King and Stivers 1998, p. 5).

## How Bureaucracy and Democracy Affect Governability in a Global World

The discontent in modern nations, however, also arises from the immense worldwide transformations in culture, politics, technology, and demographics. Since the 1990s, this issue has been discussed extensively in the literature on governance and administration (i.e., Giddens 1990). Globalization as both a problem and a challenge to modern nations' democracy and bureaucracy is widely reviewed and exemplified in a 33 nations study by Raadschelders and Vigoda-Gadot (2015). In the modern world, governing in the twilight zone of bureaucratic versus democratic realms is subject to sociocultural, political, and technological transformations. But how exactly they interact?

Sociocultural Transformations and GovernabilityMany of the current problems of governability in the developed, but also in the less developed world, are strongly affected by social and cultural changes in the structure of nations and in the lifestyle of our societies. Sociodemographic transformations such as the changing nature of populations in demographic terms (e.g., the need to handle the pressures of mass immigration from less developed countries, to deal with elderly populations, change of careers and the nature of jobs, greater demand for education and knowledge), the effect of the media revolution, the time and energy citizens tend to spend on activities that are not directly related to the production of goods and services (e.g., leisure time, volunteering, and work for the community) have all changed the world in which we live. However, there are also influential cultural dynamics that may affect governability such as the almost unrestricted flow of norms and values among nations and societies and the liberal jargon of the modernized democratic society that permits behaviors and new types of lifestyles that were unacceptable in the past. Moreover, the sociocultural revolution facing many states is affected by changes in other societies and cultures and by the rapid and almost unrestricted flow of knowledge and information from one part of the world to the other.

These are all challenges to modern governability, to bureaucratic and to the democratic systems we all live in. They simply set new goals for policies and create new problems with which governments of the past had not dealt in any way. First, when the structure and type of populations is in flux, governments need to respond by adjusting their policies and goals to the new audience. The change in the structure of society, in the demographic characteristics of age, health, aspirations, and urbanization, calls for a variety of responses on the part of governments and greater flexibility of their mechanisms. These are all goals that are difficult to realize, as in any other organization that loses its old clients and needs to adjust to a new market. The only difference here is that governability is expected to answer our needs and demands as citizens in all aspects of our lives, not merely one "market" or another. In addition, given the massive change in cultures, governability is facing growing levels of uncertainty and pressures to do things differently and according to new norms and values. Governments operate within the framework of a set of values. When those values change, the attitude of officials and the policies they promote must change as well, which is a not simple task, to say the least. Globalization adds yet another issue by forcing governments to operate in an environment that is constantly in flux, much like changing the tires on a car that never stops moving. When one policy in a specific field is proved successful (or unsuccessful) in one nation, other nations are often tempted to try it, sometimes with disastrous consequences. While we can learn a great deal from policies implemented in other states or cultures, we must recognize that every culture functions in a unique context. Ideas usually cannot be imported wholesale to another culture without some adjustments.

Political Transformations and Governability Clearly, governability in the modern bureaucratic and democratic sphere is also affected by political changes across the globe and in the internal arena

of each state and nation. In fact, politics and governability are quite synonymous in their meaning, as the political sphere is the place where governments work and their policies are implemented. Furthermore, the legitimacy of governments is based on political and judicial arrangements that are acceptable in a given state, subject to the very clear set of bureaucratic and democratic values. Therefore, when the political arena is in turmoil, governability is ultimately affected.

While the example of the immense changes in Eastern Europe as it transitioned toward democracy (or in other states in Asia or Africa that have experienced political transformations in recent years) springs to mind, our discussion focuses more on the political transformations *within* the democratic sphere. For example, in a parliamentary democracy, the capacity to govern is frequently determined by the balance among the parties. When electoral balance clearly gives one party (or a small number of parties) the mandate to rule and shape public policy, governability is much stronger than when more parties are involved in the process of governing. This point is simple and self-evident. However, reality is much more complicated and does not allow interpretations of governability merely based on electoral parameters. In other words, the balance of a coalition is only one aspect of the capacity to govern and the capacity to balance bureaucratic and democratic values. The power of governments is also determined by other factors in political life such as the type of political leadership and the personality of the political cadre of leaders, the presidents, the prime minister, or the chancellor. Hence, political stability is not just a substitute for the power of coalitions. Political disorder and problems of governability can also arise when citizens make greater demands of the government and changing events pit the public against the government, either on a temporary or continuous basis. When the political and bureaucratic order is challenged by contentious decisions of the political leadership, by its moral standing as a group, by the individual moral standing of its members, or by worldwide trends that force greater attention to urgent threats (e.g., environmental pressures, security threats, and problems of terrorism), the capacity to govern is affected as well. It seems that, as in many conventional organizations, optimal governability may be attained in times of peace and stability for the people and the leadership. Alternatively, in more turbulent times, governability becomes more and more subject to environmental changes and to the political transformations that create new rules for both those who are expected to govern and to those who are affected by such governability.

Technological Transformations and Governability Governability also is subject to the greatest revolution of recent years, the technological revolution in computers, information systems, communications, and media. Today, governments have greater access to their citizens than at any time in previous history. Similarly, citizens can interact with governmental services in a much more intensive and dynamic manner. Therefore, governments have more influence on the people, but the people have much more input into governmental decisions through a variety of means, methods, and technologies (e.g., access to data sources, involvement in decision-making, the actions of pressure groups, the criticism and advocacy of policy plans, and so on). Buss et al. (2006) describe the new approaches and mechanisms for modernizing democracy in times of greater change and the sophistication of bureaucracy and technology. They suggest that governability in the mass technological revolution era will necessitate not only new techniques for innovation in citizens' participation but also a shift in our collective understanding about the role of governments and citizens in building our nations. This shift will bring governments and their activities closer to the public. While this shift will make the governments' actions more open to criticism, it should also increase the number of innovative ideas for change. Information and knowledge will flow much faster and more broadly, allowing more responsive governance on one hand, but also demanding more participation by citizens and their integration into the actions of governance. Thus, in several ways the capacity to govern is enhanced by using the technological interfaces that modern society offers, but its boundaries

and fields of responsibility expand, and citizens are called upon to increase their role in the process of governance.

## Bureaucracy and Democracy Under the Information Age Revolution: E-democracy and E-bureaucracy in Modern States

Technological transformations, the information age revolution, and the development of new tools, methods, and rationale for e-democracy (taking part in the democratic process by electronic means) and e-bureaucracy (taking part in the bureaucratic process by electronic means) are a fact in our lives. They affect the nature of the modern state and governability. The modern state is subject to the greatest revolution of recent years, the technological revolution in computers, information systems, communications, and media. Today, governments have greater access to their citizens than at any time in previous history. The opposite line of access – from citizens to government – has changes as well but not in the same scope and intensity as many would expect or anticipate. Nevertheless, citizens can interact with bureaucracy and with governmental services in a much more intensive and dynamic manner.

As a result, governments have more influence on the people, and the people have more input into governmental decisions through a variety of means, methods, and technologies (e.g., access to data sources, involvement in decision-making, the actions of pressure groups, the criticism and advocacy of policy plans, and so on). Buss et al. (2006) describe the new approaches and mechanisms for modernizing democracy in turbulent times of greater change and the sophistication of bureaucracy and technology. They suggest that governability in the mass technological revolution era will necessitate not only new techniques for innovation in citizens' participation but also a shift in our collective understanding about the role of governments and citizens in building our nations. This shift will bring governments and their activities closer to the public. While this shift will make the governments' actions more open to criticism, it should also increase the number of innovative ideas for change. Information and knowledge will flow much faster and more broadly, allowing more responsive governance on one hand, but also demanding more participation by citizens and their integration into the actions of governance. Thus, in several ways the capacity to govern in the modern state is enhanced by using the technological interfaces that modern society offers, but its boundaries and fields of responsibility expand, and citizens are called upon to increase their role in the process of governance.

Buss et al. (2006) also present a varied collection of essays on citizens' participation in modern democracy in the age of information and technology. They try to point to the nexus between those who make and implement public policy and those affected by it. The era of technology mandates changes in policy agenda designed to increase citizens' participation; community learning and collaboration; strategies for greater accountability in developing countries; new methods for improving participation, such as focus groups, surveys, workshops, e-governance, and other technology-supported ideas for citizens' involvement; and simulation and decision support technologies for citizens' engagement in policy making and in policy implementation. A variety of players and stakeholders struggle with new demands for the authentic involvement of citizens in forming the institutions that affect their lives and their quality of life. The echo of this trend is heard in many fields such as environmental projects, transportation, planning and development, welfare policies, healthcare, crime prevention, and other governmental initiatives that may benefit from input by the public prior to implementation or even planning.

However, when we consider democratic and bureaucratic changes in the era of technology, we must pay more attention to the role of modern lifestyles in our societies. Our modern lifestyles hinder many efforts to increase participation and thus also stand between citizens and governments in the form of growing mutual mistrust. For

example, even with highly sophisticated technology, computer-based voting systems, and advanced techniques for involving citizens in policy making, the average individual will still avoid involvement when other, more pressing issues exist. Our modern lifestyle urges us to devote more time to personal individualistic issues such as providing for our families and saving time and energy for leisure activities. In a marketplace society where welfare networks are weakening and solidarity arises only in the face of governments' inability to govern and provide services to the people, why would the average person devote time to saving the government from its own self-defeating decisions? This interesting question should be mentioned, even if it is not answered in the discourse about participation and involvement in modern society. In many respects, not much has changed in the "civic society" of 50 years ago. However, enough has changed to conclude that we all have less time to invest in collective efforts targeted at making our life better, even in times of greater access to the state decisions and actions with e-democracy and with e-bureaucracy. This is an ironic conclusion but one that certainly seems to be true. Thus, in some respects, the good will of active citizenship, by individuals and by government, is frequently diminished in the face of mass media, instant information, and the generally hectic lifestyle of the twenty-first century.

Finally, citizens' participation in political and administrative dynamics (e-democracy and e-bureaucracy) is a cornerstone of the modern state, even in times of global changes and transformations in management style, technology, and knowledge structures. Whereas such participation may be classified as part of the idea of civism (i.e., Box 1998; Fredrickson 1982; King and Stivers 1998), we believe it better suits what Fox and Miller (1996) describe as the "discourse theory" of public administration. This theory seeks to mediate the two conventional doctrines of public administration: institutionalism/constitutionalism and communitarianism/civism. It is a third voice, one that adheres well with the seminal works of Giddens (1990) about the third way of governance. It emphasizes the authentic contribution of citizens to their states, communities, and fellow citizens that will endure in the years to come, even if its form and structure change. At the same time, it urges governments to develop a direct link to communities and to develop an effective "discourse" with citizens. Just as e-democracy is dynamic and changes its face over time, so too do the types and methods of participation constantly transform and reinvent themselves through the actions of both citizens and governments. Therefore, people's attitudes and behaviors in a democracy must be studied with the best tools that science can offer. Using T.H. Marshall (1950) typology, participation is the less obvious role of citizens in modern democracies. Beyond obedience and trust or loyalty, participation is the active part of citizenship and definitely a major component of good citizenship behavior that is so essential in the modern state, especially in turbulent times. The discourse approach also calls for innovative mechanisms that can bring the public closer to decision-making processes and encourage the genuine involvement of individuals in setting the policies and strategies of modern states and nations.

## Conclusions

Open democracies are strongly based on citizens' legitimacy. Legitimacy is reflected by mutual trust of players. There are several such types of trust in the democratic realm. First, public institutions need to fulfill their core duty of providing services to the people. In order to do this they need to develop and maintain professional staffs, methods, and tools that increase their responsiveness to their citizens. In other words, they need a strong and constructive bureaucracy that delivers. Second, citizens must indicate that they are satisfied with these bureaucratic institutions and with the public services they offer, as this satisfaction is the prime indicator of a bureaucracy that is functioning effectively. Third, and most important, such performance and satisfaction need to be in line with peoples' political attitudes toward

governance, with aspirations for humanistic rights and democratic values, and especially with citizens' trust in the government.

Building stronger democracies in a global world relies on more effective bureaucracies that struggle rapid changes in the technological and communicative arenas. But the stronger the bureaucracy gets, the greater is the threat on and challenge for democratic values. This paradox has been the soul of good governance since early days of modern states is far from reconciliation. Most presumably, it is here to stay and even intensify in view of greater global changes of greater technological power, mass communication, and ultra-fast transfer of ideas, information, and knowledge between countries, continents, and people. In the postmodern era of extensive globalization and progress in the welfare state aspirations, much more balance can and should be found between bureaucracy and democracy. After all, the stronger nations get the more effective bureaucracy, democracy, and their interaction should be.

## Cross-References


- ▶ Bureaucracy Responsiveness
- ▶ Bureaucratic Power
- ▶ Effectiveness of Local Government, The
- ▶ Global Governance
- ▶ New Public Management
- ▶ Open Government
- ▶ Trust in Government


## References


Blau PM (1964) Power and exchange in social life. Wiley, New York

Box RC (1998) Citizen governance: leading American communities into the 21st century. Sage, Thousand Oaks

Buss TF, Stevens Redburn F, Guo K (eds) (2006) Modernizing democracy: innovations in citizen participation. M.E. Sharpe, Armonk

Christensen T, Laegreid P (1999) New public management – design, resistance or transformation? Pub Prod Manag Rev 23(2):169–193

Farazmand A (2009) Bureaucracy and administration. CRC press, Boca-Raton/London

Fox CJ, Miller HT (1996) Postmodern public administration: toward discourse. Sage, London

Frederickson GH (1997) The spirit of public administration. Jossey Bass, San Francisco

Gawthrop LC (1997) Democracy, bureaucracy, and hypocrisy redux: a search for the sympathy and compassion. Public Adm Rev 57:205–210

Giddens A (1990) The consequences of modernity. Stanford University Press, Stanford

Jordan A, Wurzel R, Zito A (2005) The rise of "new" policy instruments in comparative perspective: has governance eclipsed government? Polit Stud 53: 477–496

King C, Stivers C (1998) Government is us: public administration in an anti–government era. Sage, Thousand Oaks

Marshall TH (1950) Citizenship and social class and other essays. Cambridge University Press, Cambridge

Mosher F (1982) Democracy and the public service, 2nd edn. Oxford University Press, New York

Nye JS, Zelikow PD, King DC (eds) (1997) Why people don't trust government. Harvard University Press, Cambridge

Ostrom E (1990) Governing the commons. Cambridge University Press, Cambridge

Peters G (2000) Government and comparative politics. In: Pierre J (ed) Debating governance. Oxford University Press1, Oxford, pp 36–53

Popper KR (1991) The open society and Its enemies. Routledge, London

Raadschelders J, Vigoda-Gadot E (with Mirit Kisner) (2015) Global dimensions of public administration and governance: a comparative voyage. San-Francisco, Wiley/Jossey-Bass

Razin A, Sadka E (2005) The decline of the welfare state: demography and globalization. MIT Press, Boston

Swindell D, Kelly JM (2000) Linking citizen satisfaction data to performance measures: a preliminary examination. Public Perform Manag Rev 24:30–52

Thompson D (1983) Bureaucracy and democracy. In: Duncan G (ed) Democratic theory and practice. Cambridge University Press, Cambridge, UK, pp 235–250

Vigoda-Gadot E (2003) Managing collaboration in public administration: Governance, businesses, and citizens in the service of modern society. Praeger, Westport

Vigoda-Gadot E (2009) Building strong nations: improving governability and public management. Ashgate, Farnham

Vigoda-Gadot E, Mizrahi S (2008) Public sector management and the democratic ethos: a 5-year study of key relationships in Israel. J Public Adm Res Theory 18: 79–107

Vigoda-Gadot E, Mizrahi S (2014) Managing democracies in turbulent times: trust and citizens' participation as a road to better governance. Springer Publishing, Berlin

Waldo D (1977) Democracy, bureaucracy, and hypocrisy. A Royer lecture. Institute of Governmental Studies, University of California, Berkeley

Woller GM (1998) Toward a reconciliation of the bureaucratic and democratic ethos. Adm Soc 30:85–109

# Bureaucracy and Economic Growth

Alexander Libman
Ludwig-Maximilians-University, Munich, Germany

## Synonyms

Bureaucracy and economic development; Bureaucracy and economic performance; Public administration and economic development; Public administration and economic performance

## Definition

Bureaucracy: the body of nonelected officials involved in public administration (adjusted from: Merriam-Webster n.d.)
Economic growth: quantitative expansion of the national economy over time, either through resource accumulation or through improvements in productivity, typically measured through the growth of the gross domestic product (adjusted from: Soubbotina 2004).

## Introduction

Governmental economic policy is, without doubt, one of the major factors influencing economic growth. However, the growth performance depends not only on *what* policy measures the government decides to implement but also on *how* these policies are implemented – and therefore, is influenced by the behavior of the bureaucracy. Inefficient and poorly functioning bureaucracy can undermine even the most insightful and reasonable policy measures; flexible adjustment by bureaucrats can overcome the rigidity of the political decisions, if the latter ignore the needs of economic growth. The available empirical evidence on the impact of bureaucracy on growth is unfortunately limited. The only research question, which received substantial attention in the scholarly studies, is the impact of corruption (as one of the characteristics of bureaucracy) on growth. Other aspects of how bureaucracies operate may have an equally (or more) important influence on the economic performance of individual countries – but the amount of empirical evidence to corroborate or to refute this claim is much smaller.

This essay provides a survey of the key arguments of the literature investigating the influence of bureaucracy on economic growth, describes the results reached so far, as well as avenues for future research. It focuses in particular on quantitative large-N studies in this field, at the same time attempting to cover various literatures in different social science disciplines – from economics over political science to sociology and public administration.

Generally speaking, there are two empirical characteristics of bureaucracies, which could be relevant from the point of view of this essay's discussion. First, the effect of bureaucracy on economic growth is likely to depend on the *quality of bureaucracy*, which, in turn, is a function of the formal and informal (e.g., the ethos of the civil servants) incentives bureaucrats are subject to. Second, the impact can be driven by the *size* of the bureaucracy, i.e., the number of the public officials. Hence, the paper systematically discusses each of these aspects one after another.

## The Quality of Bureaucracy

The research on how the quality of bureaucracy affects economic growth belongs to the general broad literature on the impact of institutions and governance on economic performance. There are hundreds or even thousands of studies dealing with this topic, but many of them measure institutions in a way capturing both characteristics of bureaucracy (e.g., corruption) and other features of the institutional environment – i.e., the legal characteristics or the political system – and occasionally even public policies (e.g., taxation). Thus, their findings are less relevant for the discussion of this essay. Several studies, however,

specifically concentrate on the impact of bureaucracy on growth. These papers attempt to single out particular characteristics of the bureaucracy, which make it better able to support growth, and to devise quantitative measures of these characteristics.

From the theoretical perspective, it is probably reasonable to go back to the early literature discussing how bureaucracy can serve economic performance. The classical work of Max Weber identified a number of characteristics of the government administration making it able to support growth. Weber especially focuses on two features: the recruitment of bureaucracy should be based on meritocratic principles rather than political loyalties or personal relations (which also implies a separation of the public administration from politics) and bureaucrats should be protected by long-term rather than short-term contracts. This should both ensure the competence of the bureaucrats and their motivation to focus on long-term goals, which are crucial, e.g., if the task of the administration is to provide public goods and organize financing for long-term investments. Evans and Rauch (1999) in a highly influential paper construct an index of the "Weberianness" of the national bureaucracies of 35 developing countries and indeed show that states with bureaucracy more resembling the Weberian ideas are characterized by higher growth rates. A further study by the same authors indicates that Weberian bureaucracies exhibit several features associated with good governance, in particular low level of corruption.

This approach is, however, in spite of its advantages associated with clear links to the theory, rather exceptional in the existing research. A much more frequent approach of studying how bureaucracy affects economic growth looks not at the bureaucratic organization and incentives as such but rather on the behavior of bureaucrats under these incentives and organization structures – in particular at the level of corruption. The influence of corruption on the economic performance is a highly controversial topic. On the one hand, it appears intuitive that corruption should reduce economic growth. Corruption acts as another tax on the private investors and businesses, making their operations more expensive (and in extreme case impossible). Furthermore, corruption limits competition by providing privileges to a small group of firms or individuals having access to bureaucrats – in this respect the "corruption tax" is more damaging than equivalent taxation burden. Corruption is harmful also because contracts between businesses and corrupt officials are not enforceable: officials can at any time request additional payments, and, anticipating it, business will be cautious while undertaking long-term expensive investment projects. At the same time, since Leff (1964), corruption is also considered a factor potentially improving economic performance. It happens if the quality of *economic policy* as such is very low: corrupt bureaucrats will provide larger opportunities to private business and individuals to avoid the formal (inefficient) requirements of the state, e.g., by speeding up the procedures and escaping inefficient regulations. As a result, the opportunities for growth will increase – in spite of predatory or at least inefficient governmental policies. Furthermore, corruption incentivizes bureaucrats; in extreme case, it leads to a competition among bureaucracies (e.g., in individual regions of a federal state), resulting into improvement of their performance.

This "grease the wheel" corruption argument has been put to a test in numerous empirical papers (for a survey, see Bose 2010). The majority of studies seem to confirm that corruption has a negative effect on growth. There are, however, also some contributions, which suggest that at least under certain circumstances corruption can be beneficial for growth. Meon and Weill (2010), for example, suggest that corruption improves efficiency in countries with extremely poor quality of economic institutions. One has to point out that the measures of corruption used in the empirical research rarely clearly separate bureaucratic corruption from political corruption. The arguments of the "grease the wheel" corruption specifically apply to bureaucratic corruption; if corruption persists at the political level (i.e., where the inefficient and contradictory laws bureaucratic corruption is supposed to overcome are created in the first place), there are no reasons

to expect corruption to strengthen economic performance of a country. Furthermore, many modes of corruption are country specific and therefore extremely difficult to compare.

Finally, there exists a relatively small group of papers, which, while intending to study bureaucracy in particular, use broader proxies of bureaucratic quality and link them to growth. Typically, these proxies have weaker theoretical foundation than the Weberian properties of bureaucracies and are less focused on particular aspects of the bureaucratic behavior than the measures of corruption. For example, the International Country Risk Guide (ICRG) dataset, a popular source of data on the quality of institutions, includes a component measuring the "bureaucratic quality" and capturing, broadly speaking, the level of independence and competence of bureaucrats. The Business Environment Risk Intelligence (BERI) dataset captures the level of bureaucratic delays in different countries. Some of the components of the Doing Business dataset can also be seen as proxies of bureaucratic quality. A certain disadvantage of these proxies is that, to some extent, they make the predictions about the effect of bureaucracy on growth self-fulfilling: one defines good bureaucracy as a bureaucracy acting in a way supporting business activity and growth. Most papers in this area of research document that the quality of bureaucracy has a positive effect on growth. Some papers use even broader measures to study the impact of bureaucracy on growth: Tsanana et al. (2016) argue that the index of economic freedom can be applied for this purpose. They also suggest that high quality of bureaucracy improves economic growth: however, in this case separating the effect of government policies from the effect of their implementation by bureaucrats is very difficult.

## The Size of Bureaucracy

Studies of how the size of bureaucracy affects the economic growth are even more limited than those looking at the quality of bureaucracy. To some extent, it is an outcome of the poor quality of data. While there is comparable information on the size of public sector employment, singling out bureaucrats (i.e., government officials involved in the functioning of the public administration, as opposed to the employees of the public sector in general) in different countries in a comparative perspective is a very difficult task. The definition and the status of the public service differ from country to country, and the assignment of particular publicly funded positions to the bureaucracy or merely to the public sector employment (or even to private or semiprivate contractors) is country specific as well. Employees of public schools, universities, healthcare facilities, railroads, or utility companies can both have a status of civil servants or merely work for a government-owned entity under the normal labor law requirements. In many cases, granting the status of a civil servant to some groups of state employees is an outcome of political debates and lobbying. It creates a further problem: those identified as "bureaucrats" in some of the countries may be engaged in occupations different from those theory of bureaucracy focuses at (i.e., public administration) and therefore may be subject to different stimuli and incentives than those governing the behavior of the bureaucracy in the theoretical work. It makes testing the theory regarding the influence of the size of bureaucracy on growth even more difficult.

Still, from the theoretical perspective, the size of the bureaucracy is likely to be an important factor influencing economic growth for two reasons: because it affects the costs necessary for sustaining the bureaucracy and because it can be seen as a proxy for capacity and power of bureaucracy. The most obvious factor how size of bureaucracy should matter for growth is associated with the fact that maintaining large and sophisticated civil service is frequently quite expensive. As a result, the government is forced to increase the burden of taxation, which, in turn, reduces the ability of the national economy to grow. It is unclear, however, whether the costs of even a very large bureaucracy can reach the level when they indeed have a macroeconomic impact. The share of compensation of government employees in the GDP is indeed substantial in some of the countries (especially in those with developed welfare state, e.g., in the European

Nordic states, France, or Greece, as well as in some post-Socialist states), but, as mentioned, these data cover various groups of state employees – and the bureaucrats in the strict sense constitute only a minority of it. Therefore, the second reason – the size of bureaucracy as a proxy for its power and capacity – is likely to be more important. On the one hand, particularly the public choice literature points out that the crucial goal of the bureaucracy is to maximize the discretionary budget available at its disposal. If bureaucracies are successful in achieving this goal, they are likely to expand, particularly increasing the size of their personnel. At the same time, powerful bureaucracies face lower constraints in terms of rent seeking. Rent seeking, in turn, results in lower economic growth. As a result, large size of the bureaucracy should be negatively correlated with growth. On the other hand, in many cases – especially in developing countries – the size of the bureaucratic staff is simply insufficient to implement the tasks assigned to the bureaucracy in an efficient and expedient manner. Then hiring new civil servants should solve some of these problems – e.g., expedite granting business permits, more effectively react on complaints from the private sector, etc. Then the size of bureaucracy should be positively correlated with growth.

The existing research on the link between the size of bureaucracy and growth frequently focuses on using subnational variation of the bureaucratic apparatus rather than the national one. The advantage of subnational data is that, first, they reduce the impact of unobserved heterogeneity and, second, allow the comparison of bureaucracies across different observations of the sample – while internationally, as mentioned, the precise definition of what constitutes a bureaucracy could vary substantially, within a single country regions are most likely to use similar approaches to separating the general public sector employment from the bureaucracy. In particular, several studies use the case of the Russian Federation. Russia is indeed a suitable laboratory for cross-regional analysis: it consists of a large number of regions characterized by an enormous heterogeneity in terms of their economic, social, and political characteristics. Furthermore, its statistical agencies publish detailed information on the size of bureaucracies of each region, clearly distinguishing between the bureaucrats and other state employees. The findings of the literature are, however, inconclusive. Libman (2012) investigates how the size of bureaucracy affects economic growth and finds a very strong and negative effect. For Russia, which has a century-old tradition of powerful, inefficient, and corrupt bureaucracy, it seems to be compelling. Russia in the 2000s, in fact, organized its bureaucracy based on principles precisely contradicting the Weberian idea: Russian bureaucrats have short-term employment contracts tied to strict quantitative performance criteria, and public officials are selected based on personal ties rather than on meritocratic criteria. At the same time, Brown et al. (2009) come to a different conclusion. They look at the variation in the impact of privatization on firm productivity across regions of Russia and find that the increase of productivity is more pronounced in regions with large bureaucracies, because the institutional environment after privatization in this case is better. Their argument is based on the idea that in regions with insufficiently large bureaucracies the state capacity is also insufficient to support the private business, and the Russian bureaucracy is indeed relatively small as compared to the country's population.

Thus, even in the specific country case of Russia with somewhat better data available to the researchers, there is no clear evidence on the role the size of the bureaucracy plays. Certainly, generalizing Russian findings to other countries – both developed countries with effective and much better organized and less corrupt bureaucracies and developing countries with very weak control over bureaucrats and poor professionalization and training of the civil servants – is very difficult. However, Russian results clearly suggest that the size of bureaucracy is a variable, which matters for the economic performance – which makes further research concentrating on this characteristic particularly important.

In terms of the cross-country evidence, the investigation of Goldsmith (1999) is almost unique in studying the effect of the size of bureaucracy on economic growth. He focuses on African states, which are frequently described as examples of overgrown predatory bureaucracies, and concludes that this frequent stereotype is not supported by the empirical evidence – on the contrary, in Africa large bureaucracy is occasionally characterized by higher level of economic well-being. This result is driven by the lack of state capacity, which is one of the key problems for Africa. At the same time, the predatory behavior of bureaucracies in Africa should not be easily dismissed. In his provocative paper, Leeson (2007) looks at Somalia and concludes that after the collapse of the government the economic situation in this country is by no way much worse than in other African states and in some aspects even improved – because even anarchy turned out to be a better economic regime than the repressive and corrupt state of Siad Barre preceding the Somalian civil war. Possibly, in case of the least developed countries, the effects of bureaucracy on growth is associated with a trade-off – increasing state capacity comes at a cost of increasing government predation.

Finally, Ayal and Karras (1996) link the discussion of the quality of bureaucracy and of its size by constructing what they refer to as a "bureaucracy inefficiency ratio": defined as the ratio of the share of public employment to the share of government consumption in the GDP. The intuition behind the ratio is to compare the productivity of a government employee vis-à-vis an employee of the public sector: how many employees are necessary to make a particular contribution to GDP. The problems with this indicator are, however, not only empirical (Ayal and Karras do not separate government employment from bureaucracy in the narrow sense) but also conceptual. First, the quantitative indicator of the government consumption captures only some of the contributions of the bureaucracy to economic growth – e.g., it fails to account for activities of the bureaucracy associated with upholding law and protecting property rights and contracts and thus making *private* businesses more effective. Second, a direct comparison of the public and the private sectors can be misleading – in the public sector there is no market pricing mechanism, and therefore the evaluation of the public goods produced by the government in comparison to the privately produced is difficult.

## Research Challenges

While investigating the link between bureaucracy and economic growth, the empirical large-N studies typically face a number of challenges. Some of them relate to the methodology of research; others concern the research topics, which are promising in terms of new interesting results, but have so far received only limited scholarly attention. In what follows, the paper discusses these challenges and opportunities.

### Endogeneity and Methodology of Large-N Studies

As it is typically the case in the empirical political economy research, the studies on the impact of bureaucracy on economic growth are plagued by severe problems of endogeneity. Intuitively, it is not clear whether countries with high level of economic growth are better capable of creating more efficient bureaucracies or whether bureaucracy (as it has been implicitly stipulated in this paper) supports growth. In the same way, economic growth could make it feasible for countries to sustain larger bureaucracies or to finance training programs for bureaucrats. Furthermore, omitted variable bias can also play an important role: the quality of bureaucracy can be correlated with other (unobserved) characteristics of a country affecting its growth performance. The issue of endogeneity has been discussed in the general literature investigating the link between institutions and growth, but much less frequently in the studies of the effect of bureaucracy on growth. The main problem is, on the one hand, the lack of reliable proxies of the bureaucratic capacity and quality and, on the other hand, extreme difficulties associated with finding plausible identification

strategies. One particularly interesting and promising approach could be associated with looking at the historical roots of the differences in the organization, motivation, and functioning of bureaucracies. In spite of major historical discontinuities and political changes, bureaucracies persevere: while using a different ideological language, they often replicate the old patterns of behavior. Bureaucratic legacies can be traced back to the type, size, and organization of the colonial administration for many developing countries, to the bureaucracies of the pre-World War I empires (Germany, Austria-Hungary, Ottoman, and Russian empires) for the countries of Central and Eastern Europe, to pre-colonial states and the level of their development (e.g., in Africa), etc. Investigating historical trajectories of bureaucratic development therefore becomes a potentially fruitful avenue to improve identification in the empirical analyses of the link between bureaucracy and growth.

### Bureaucracy and Political Regimes

Bureaucracy cannot be studied in isolation from other aspects of the social and political system: thus, its impact most likely is conditional on other characteristics of a country or a polity. From this point of view, one of the most interesting and hotly debated topics is how the influence of bureaucracies on economic growth varies in countries with different political regimes. The successful economic development of China in the last two decades triggered a large debate about the importance of governance vs. democracy for economic development. From this point of view, improving governance practices and bureaucracies could to some extent compensate for typical deficits a nondemocratic regime has in terms of supporting economic growth: for example, bureaucracies can (in most cases except highly politically sensitive ones) protect property rights and enforce contracts, thus encouraging private investments and business activity. Since at least early stage of democratization is likely to be associated with a massive increase of populist policy making (with potentially harmful consequences for growth), such a "bureaucratic" authoritarian regime could eventually turn out to be a better development alternative than an early attempt of a democratic regime transition. The optimal trajectory of economic development is then hypothesized to be the following: from creating a strong and efficient bureaucracy to high growth rates and ultimately to democratization when certain development goals have been achieved.

Certainly, the major question remains, what makes nondemocratic regimes able to create a functioning and efficient bureaucracy. Politicians in a nondemocracy are heavily involved in rent seeking and thus not necessarily interested in improving the quality of governance; providing credible commitments to bureaucrats (e.g., ensuring their long-term employment – necessary in the Weberian bureaucracy concept) is extremely hard due to the absence of political constraints, and the separation of bureaucracy and politics generally is very difficult. Besides, studies of nondemocracies in particular make it very hard to understand which characteristics of bureaucracy support economic growth – potentially, a "good" bureaucracy in a nondemocracy is different from a "good" bureaucracy elsewhere. China, for example, is by no means an example of an independent, meritocratic, and not corrupt public service – but its bureaucracy exhibits certain features (in particular, strict connection of the promotion of a bureaucrat and of growth performance of jurisdictions an official is responsible to), which make it able to encourage bureaucrats to support growth-enhancing policies.

Some studies indeed provide empirical evidence that high-quality bureaucracies can encourage economic growth in authoritarian regimes (e.g., Jamali et al. 2007). However, in most cases the definition of the bureaucratic quality applied in this research is extremely generic: thus, one cannot be sure whether the study singles out the effect of bureaucracy or, generally speaking, other aspects of good governance a nondemocratic regime can have (e.g., better codification of law, institutionalization of politics, or involvement of various groups in political decision-making process). Again, the problem faced by this literature

is the lack of comparable quantitative measures of the quality of bureaucracies for a sufficiently large sample of countries. Hanson (2015) offers an interesting discussion of state capacity and democracy, showing that both can improve the quality of public goods provision, but do not mutually reinforce each other. His quantitative proxies of state capacity measure the very fundamental issues of organization of bureaucracy: the length of the existence of statehood and the frequency with which census is conducted. Studying the interplay between bureaucracy and political regimes, one is also interested in a more nuanced view of how bureaucratic systems and performance can vary across countries, which already have sufficient state capacity. Overall, there exists large potential for further empirical research on the topic.

### Organization of Bureaucracy

Finally, a topic, which received very little attention in the studies of the link between bureaucracy and growth, is how the organization of the bureaucratic machinery affects the economic development. Bureaucracies are more fragmented in some countries than in others, are different in terms of the use of horizontal vs. hierarchical communication, have different assignments of functions to different agencies, have different structures of control and of promotion, use different remuneration systems for civil servants, etc. Do these differences affect the way bureaucracy provides public goods and regulation and, in turn, influences economic growth? In the actual policy making and design of bureaucracies, this topic is probably the most frequently discussed; there are also numerous studies investigating the comparative effectiveness and efficiency of different organizational designs. However, large-N studies, which would systematically examine the differences across various countries of the world (or various regions of a single country) in terms of the link between the organization of bureaucracy and the economic growth, do not exist yet. Again, it creates an important research gap and an attractive field for future research.

## Conclusion

The empirical evidence seems to support the claim that good bureaucracy provides an important contribution to economic growth and, even more, is able to compensate for some of the other deficits of institutional environment (e.g., lack of democracy). However, the proxies used in the literature are mostly extremely generic and hence may be insufficient to identify the specific effect of bureaucracy as opposed to other aspects of institutional environment; because of the problems of endogeneity, it is not entirely clear whether correlations indeed represent causal effects.

Furthermore, if one looks at the effects of bureaucratic corruption and of the size of bureaucracy on growth, one finds contradictory theoretical predictions empirical results in the extant studies. The literature generally leans toward supporting the conjecture that corruption has a negative influence on growth, but some studies provide evidence for the "grease the wheels" corruption hypothesis as well. Large bureaucracies can be both harmful for growth by increasing costs of public administration and being associated with larger rent seeking and favorable for growth by improving state capacity.

The literature on the link between bureaucracy and economic growth still provides numerous gaps and opportunities for future research. They are associated in particular with improving the quality of data more specifically capturing theoretically relevant aspects of the functioning of bureaucracy and searching for new identification strategies. Furthermore, a mostly neglected topic is how different models of organization of bureaucracy influence growth – the substantial variation between individual countries (and regions of large federal states) in this respect could become an attractive avenue for further studies.

## Cross-References


- ► Economic Development Policy
- ► Economic Liberalization and Governance
- ► Modernity and Bureaucracy

## References

Ayal EB, Karras G (1996) Bureaucracy, investment, and growth. Econ Lett 51(2):233–239
Bose N (2010) Corruption and economic growth. In: Durlauf SN, Blume LE (eds) New Palgrave Dictionary of Economics, Online edn. Palgrave Macmillan, Basingstoke
Brown JD, Earle JS, Gehlbach S (2009) Helping hand or grabbing hand? State bureaucracy and privatization effectiveness. Am Polit Sci Rev 103(2):264–283
Evans P, Rauch JE (1999) Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth. Am Sociol Rev 64(5):748–765
Goldsmith AA (1999) Africa's overgrown state reconsidered: bureaucracy and economic growth. World Polit 51(4):520–546
Hanson JK (2015) Democracy and state capacity: complements or substitutes. Stud Comp Int Dev 50(3): 304–330
Jamali K, Wandschneider K, Wunnava PV (2007) The effect of political regimes and technology on economic growth. Appl Econ 39(11):1425–1432
Leeson PT (2007) Better off stateless: Somalia before and after government collapse. J Comp Econ 35(4):689–710
Leff NH (1964) Economic development through bureaucratic corruption. Am Behav Sci 8(1):8–14
Libman A (2012) Democracy, size of bureaucracy, and economic growth: evidence from Russian regions. Empir Econ 43(3):1321–1352
Meon P-G, Weill L (2010) Is corruption an efficient grease? World Dev 38(3):244–259
Merriam-Webster Dictionary (n.d.) Bureaucracy. http://www.merriam-webster.com/dictionary/bureaucracy. Retrieved 5 May 2016
Soubbotina T (2004) Beyond economic growth: an introduction to sustainable development. World Bank, Washington, DC
Tsanana E, Chapsa X, Katrakilidis C (2016) Is growth corrupted or bureaucratic? Panel evidence from the enlarged EU. Appl Econ 48(33):3131–3147

# Bureaucracy and Efficiency

Taptuk Emre Erkoc
Institute for Islamic Studies, University of Vienna, Vienna, Austria

## Synonyms

Bureaucracy: Civil servants; Government officials; Public sector employees

Efficiency: Effectualness; Efficacy

## Definition

Bureaucracy: A system of administration distinguished by its clear hierarchy of authority, rigid division of labor, written and inflexible rules, regulations, and procedures, and impersonal relationships.

Efficiency: The state or quality of being efficient or able to accomplish something with the least waste of time and effort; competency in performance.

## Introduction

Rising economic inquiry on the provision of goods and services by public institutions sparked an investigative research on the efficient allocation of resources within public sector organizations (Duncombe et al. 1997; Pedraja-Chaparro et al. 2005). Whereas neoclassical assumptions on the theory of firm put forward by Coase (1937) and Alchian and Demsetz (1972) assume that a firm is always expected to operate at the efficient production frontier, unpredicted divergences from the neoclassical firm postulations attracted attentions of researchers working not only on the private firms but also on the public sector organizations (Lewis 2004; Bloom and Van Reenen 2007). In this section, the reasons behind the deviance of public sector organizations from the efficient frontier are scrutinized on the basis of the discussions around the economic theory of bureaucracy. The outline of this section is as follows: part II explores the theoretical framework for the efficiency in the public sector organizations, part III demonstrates the bureaucracy component of efficiency in the public sector, and part IV concludes.

## Efficiency in the Public Sector Organizations

Efficiency (For a comprehensive literature on the concept of efficiency in the allocation of resources, please see Erkoc (2012)) analyses of public sector organizations are often academically inspired by opposing readings on the frontiers of

state interference into the economic sphere. Although public provision of social services became a noteworthy phenomenon throughout the modern age particularly after the emergence of nation states (Rosanvallon 2000), debates on the proper function for governments in the social sphere are as long-standing as Plato's *The Republic*. The accumulated literature on this particular theme can be mainly classified into two streams as Besley (2011) points out clearly below:

> (. . .) One emphasises government in the public interest. It outlines the range of activities that government can undertake to improve the lives of its citizens. Government provides underpinnings of the market system by establishing property rights and a means of adjudication through the courts. (. . .) The logic behind this has been developed at length and provides the modern theory of state from a welfare economic point of view. At the other extreme are accounts of government seen mainly as a private interest. Government can be a focus for rent seeking in which the power to tax results in private, wasteful efforts to capture the state which then rewards the powerful at the expense of citizens at large (. . .). (Besley 2011, pp. 1–2)

In addition to the theoretical background for the efficiency in the public sector, there is a growing awareness amid the decision-makers in the governmental institutions concerning the efficient allocation of resources within public sector organizations, which resulted in an expansion in the number of academic papers (Duncombe et al. 1997). The driving factor behind this growing sensitivity among governmental bodies is highly associated with the fact that inefficiencies may "suggest that public service resources could be better used elsewhere in the economy, or that more outputs could be generated within the public services without additional resources" as well as "undermine the public's support for tax funding of public services" (Smith and Street 2005). Thus, studies assessing the efficiencies of public sector organizations are used as policy-recommendation papers together with their academic contributions as indicated by Duncombe et al. (1997).

The ultimate goal of the empirical researches on this particular area is "to measure the relative efficiency of different public organizations providing the same public service" (Pedraja-Chaparro et al. 2005). Accordingly, Pedraja-Chaparro et al. (2005) suggested two different measurement techniques. In the first technique, a number of partial performance measures are developed to comprehend the behavior of the organization. However, in the second one, a "general index" is defined to compute the efficiency of the given set of organizations. Hence, the former method specifies local efficiency scores, while the latter one refers to global efficiency indicators. The most common and methodologically well-established efficiency indicators are predominantly stemming from the second group of indicators that use a variety of methods including parametric, semi-parametric, and non-parametric models (Stone 2002).

There is a common argument in the efficiency analysis arguing that it is evidently hard to measure the efficiency performances of public sector organizations as opposed to the private companies due to the fact that public sector "produces goods that are provided either free at the point of use or at a price that is not determined by market forces" (IFS Report 2002) as well as the "non-tradable nature of goods and services" supplied by public organizations (Pedraja-Chaparro et al. 2005). Accordingly, price mechanism that is expected to ensure the efficient allocation of resources on the basis of conventional market dynamics does not function properly in the public sector. That is to say, "signaling" in the market mechanism tends to be substituted by the discretionary actions of political actors that would cause inefficiencies in the production process for the public sector organizations.

In addition to the intrinsic problems of the public sector regarding to the political manipulation on the provision of welfare services, ill-defined nature of property rights within them lead people in the public service to act in reluctant ways on the usage of resources. And accordingly "the allocation of public resources is governed by a political process which usually does not follow the price mechanism" (Kang 1997). The political and social constraints, in lieu of market based constraints, on the publicly provided goods and services result in inefficient allocation of resources as well. Besides, the lack of competition and the "monopolistic nature of public production" prevent the actors in the public sector organizations to be cautious about the efficient usage

of resources compared to their competitors in the private sector (Pedraja-Chaparro et al. 2005).

As indicated in the preceding paragraphs, outputs produced in the public sector organizations either in police, education, healthcare, and courts is questioned concerning their efficiency performances. Chong et al. (2014) claimed that the reasons behind the lower productivity and efficiency figures in public sector can be summed up as "inferior outputs, including human and physical capital, technology, and poor management". Moreover, Lewis (2004) and Bloom and Van Reenen (2007) stated that the poor public sector management is mostly motivated by lack of incentives, supervision, and monitoring. Consequently, the statements on poor management in the public sector encourage comprehensive investigation on bureaucracy that backbones the organizational structure in the public sector organizations.

The economic insights on the bureaucracy studies are mostly situated on the fundamental question exploring to what extent efficient or inefficient usage of resources are interrelated with the managerial performances of bureaucrats. Besides, these studies are largely consisted of budget size (Downs 1965; Niskanen 1971), slack maximization (Migue and Belanger 1974), and expenditure choices (Williamson 1964) models. Moreover, since Migue and Belanger (1974) extended Niskanen's (1971) assumption of technical inefficiency in the public sector by incorporating allocative inefficiency into the model, the number of empirical researches measuring both technical and allocative efficiencies of public sector organizations has boosted apparently. That is to say, the aforementioned papers on the economic theory of bureaucracy had paved the way for the current empirical researches to conduct efficiency analysis on public sector organizations.

## Bureaucracy and Efficiency in Public Institutions

Public sector employees, namely, bureaucrats, correspond to the major part of public sector discussions particularly when the efficiency in the public sector organizations is questioned. Hence, the efficient or inefficient allocation of resources to provide certain services to the public has often been examined on the basis of budget choices that are made by bureaucrats (McNutt 2002, p. 124). This part critically summarizes the fundamental insights and discussions on the bureaucracy and efficiency in the public sector.

**Preliminary Research on Bureaucracy.**
The introductory academic studies on the bureaucracy were inspired from Weber's (1947) influential work centered predominantly on German case. In his paper, Weber's first and foremost aim was to put forward certain set of ideal characteristics for each and every bureaucratic mechanism including profit-maximizing firms (McNutt 2002, p. 124). Moreover, he was also trying to create the most appropriate way of management in organizations to assure that a staff can enhance her technical competence as well as apply it to the certain practical cases. Weber's (1947) ideals for a well-functioning bureaucracy can be enumerated as "hierarchy, unity of command, specialization of labour, employment and promotion based on merit, full-time employment, decisions based on impersonal rules, the importance of documentation and a separation between the bureaucrats' work-life and private life". These aforementioned characteristics still influence modern conception of bureaucracy and stimulated the formation of vast literature in this particular area of research (Aucoin 1995, p. 157).

Following the early sociological analysis of bureaucracy introduced by Max Weber, economic insights on bureaucracy initially commenced with the works of Tullock (1965), Downs (1965), and Niskanen (1971). All three authors were aiming to figure out the modes of "relations between people within an organisation in receipt of a recurrent block of funds" (McNutt 2002, p. 124). And eventually, their theoretical conclusions formed the mainstream understanding in microeconomic research.

Downs (1965) proposed a fundamental assumption for bureaucrats by arguing that they are solely motivated by their own self-interests like any other agent in the society. Hence, rather than specifying public interests, they prefer to

maximize their utilities while they are working in the bureau. And subsequently, he indicates that the "nonmarket orientation" for bureaucratic outputs prevents an "objective monetary measure of profitability," which results in larger bureau sizes alongside with reluctance toward efficient usage of resources. As a final point, it needs to be stated here that Downs' preliminary analysis was rather influential on the further bureaucracy analysis particularly on Niskanen's theory of bureaucracy.

### Utility-Maximizing Models of Bureaucracy

Utility-maximizing models for managerial organizations including bureaucracy has widely been used in the economics literature focusing particularly on three different pillars: (a) budget maximization, (b) slack maximization, and (c) expense preference. The following paragraphs articulate these models separately.

### Budget Maximization

Niskanen (1971) coined the budget-maximizing model for bureaucracy stating that bureaucrats are willing to increase the level of production until it reaches the largest amount of budget. The basic reason behind this attitude is that "bureaucrats do not have property rights to the fiscal residuum of the bureau" which corresponds to the difference between social costs and benefits incurred in the provision of services (Kang 1997). That is to say, bureaucrats prefer producing the goods and services above their social optimum to utilize the remaining portion with an eye to enhance their position within the institution they work in (Downs 1965; Niskanen 1971).

Niskanen (1971) developed a demand function for output of bureau by assuming that demand and cost functions have linear characteristics. And accordingly, he claimed that bureaucrat does not prefer the point where profit is being maximized but his own budget is being maximized. Thus, public institutions face a fundamental challenge to operate at the efficient frontier due to the lack of profit-maximizing target set by bureaucrats. However, the budget-maximizing model developed by Niskanen received an essential criticism from Migue and Belanger (1974) on its very assumption that public sector operates technically efficient but may not be allocatively efficient. They criticized this assumption and relax it with the statement that public sector may both be technically and allocatively inefficient and eventually established a slack-maximizing model that is discussed below.

### Slack Maximization

Migue and Belanger (1974) expanded the economic theory of bureaucracy by disproving the Niskanen's (1971) ironic approach stating that bureaucrats' only motivation is to increase the amount of budget they have, and if this is right "then, no expenses other than those contributing to productivity are incurred since these would compete with output" (Kang 1997). In contrary to the Niskanen's conclusions, they argue that bureaucrats will opt for the point on the budget line where marginal rate of substitution among the output of bureau and other expenses is equal to the slope of the budget line (Migue and Belanger 1974). Therefore, the relative prices of output and other expenses become the significant subject of analysis in lieu of maximum amount of attainable output on the budget line.

The argument between Migue and Belanger (1974) and Niskanen's (1971) models of bureaucracy is examined by Wyckoff (1990) leaning on four separate empirical predictions on the basis of "utility-based model of bureaucratic choice." The author argues, "slack-maximizing and budget-maximizing bureaucracies are similar in their response to changes in cost and in their generation of 'flypaper effects', but they differ in their responses to matching and lump-sum grants". In relation to the efficient usage of resources, budget maximization causes technical inefficiency as it leads overprovision and cost efficiency; slack maximization creates allocative inefficiency, due to under-provision, and cost inefficiency (Duncombe et al. 1997).

### Expense Preference

In addition to the budget and slack-maximizing models, Williamson (1964) initiated expense preference model to explain why bureaucrats are inclined to produce above the expected minimum cost level, which results in cost inefficiencies in

the public sector organizations. Kang (1997) argues that Williamson (1964) meant in the expense preference model, "Managers do not have a neutral attitude toward all classes of expenses. Instead some types of have positive values attached to them". Thus, so as to "enhance individual and collective objectives of managers," certain types of expenses such as staff are incurred in higher amounts even though they do not have any impact on productivity and efficiency in the organization (Kang 1997). In other words, if this is the case, cost function of a given public institution is expected to be highly correlated with labor expenses as well as staff characteristics (which causes higher labor expenses) would have an impact on the efficiency performances.

Following the arguments put forward in Williamson's (1964) paper, De Alessi (1969) reveals an inter-temporal dynamic of bureaucrat's expenditure preferences that leads the current amount of expenditures to rise above the optimum. Unlike private companies, De Alessi (1969) argues that the government favors using lower discount rates, which result in over-investment in the public sector organizations due to the overestimation of the benefits yielded from current investments. And accordingly, managers in the government institutions have an incentive to increase the amount of present investments rather than waiting for prospective ones (Kang 1997).

### Public Choice Theory and Bureaucracy

Tullock (1965) has the pioneering work on the public choice model of bureaucracy that had an obvious impact on the Niskanen's (1971) budget-maximizing assumption of bureaucrats. Prior to the Tullock's economic analysis of bureaucracy, the sociological theories were manifesting themselves in this subject inspiring from Weber's model (1947) that was reluctant to the economic behaviors of bureaucrats. According to the public choice thinkers, actors in the political sphere comprised of voters, politicians, and bureaucrats perform their acts concerning conventional free market procedure, which is also known as catallaxy. Therefore, as far as public choice theory is concerned, bureaucrats are expected to maximize their utility levels either exploiting the monetary gains or enjoying higher status in the organization (Buchanan and Tullock 1965).

Tullock's (1965) particular hypothesis is centered on the growth of bureaucracy and output of bureaus from a dynamic or inter-temporal perspective. In his research, he concluded, "through time, bureaucracy grows in size and did not remain at initial size" (McNutt 2002, p. 143). He proposed a growth function of the budget for a given bureau depending on time as follows:

$$B_{t+1} = B_t \exp(r^t) \tag{1}$$

where $B_{t+1}$ represents the budget size at time period $(t + 1)$ and $B_t$ refers to the budget size at time period t. Additionally, $r$ corresponds to the magnitude of growth in the bureaucracy. Hence, as the time passes, the budget size is expected to grow referring to the fact that relatively older public institutions would experience higher inefficiencies as compared to their younger equivalents. This model also indicates that bureaucrats are desperately keen to increase the total amount of budget allocated to their bureaus as this increases their discretionary power over certain expenses that are more preferable to them (Williamson 1964).

In the following discussions within public choice theory, Brennan and Buchanan (1980) take one step further by incorporating tax base analysis into the budgetary preferences of bureaus. To these researchers, "if a citizen expected bureaucrats to maximise their budgets, they would constrain their ability" by imposing a limit on the tax base through certain legislative attempts (McNutt 2002, pp. 145–146). Therefore, the extent of budget size is not merely contingent upon the preferences of bureaucrats but also citizenry constraints concerning the level of taxation are highly influential determinants of budget size in public sector organizations (Brennan and Buchanan 1980).

### Alternative Perspectives on Bureaucracy

Over and above the models developed to illustrate the economic underpinnings of the

theory of bureaucracy that became a mainstream reference point for the current literature, some theoretical alternatives are shown below to expand the reasoned discussions on the (in)efficient allocation of resources within public sector.

### Dunleavy's Model of Bureau Shaping

Unlike the previous papers on the bureaucracy, Dunleavy (1991) assumes that the main motivation for bureaucrats is not pecuniary gains (although they have significance) but non-pecuniary ones including "status and prestige" and the "intrinsic value of the work involved" (McNutt 2002, p. 150). To clarify this, he argues that "There is always a pecuniary parameter in bureaucrats' concerns (...). But this is unlikely to be a constraint which is surmounted relatively easily and thereafter is not very influential positively or negatively in structuring individual behaviour especially when officials are making policy decisions" (Dunleavy 1991, p. 201). Hence, bureaucrats are expected to maximize their utilities through exploiting full control to shape their bureaus rather than maximizing the sizes of their budgets.

To Dunleavy, bureaus are shaped by a number of policy decisions consisting of major internal reorganizations to promote policy work over routine activities, transformations of internal work practices, redefinition of relations with external partners to enhance policy contacts, competition with other bureau to protect the scope of interesting work, load shedding, hiving off, and contracting out functions which are seen as undesirable (Dunleavy 1991, pp. 203–204). The main conclusion derived from Dunleavy's bureau shaping model can be summed up in two propositions: "Firstly, budget maximising will be more likely in bureaus where the core budget makes up most or all of the program budget, i.e. in delivery, regulatory, taxing, trading and servicing bureaus. And secondly, other types of self-interested behaviour by senior bureaucrats will influence the activities of bureaus" (Dollery and Hamburger 1995).

### Bureaucrats and Politicians

The abovementioned arguments on the theory of bureaucracy were lacking of the relationship between bureaucrats and politicians who both choose and implement policies (Alesina and Tabellini 2007). Even though the link between these two significant players in the policy-making attracted the attentions of researchers many years ago, first economic insight belongs to Rogoff (1985) who particularly focuses on the decision-making process for monetary policy. In the related paper (1985), he claims that nonelected central banker with independent and inflation-averse characteristics would enhance social welfare.

Departing from preceding literature on the bureaucracy-politics relationship based upon principle-agent models (Schultz 2003; Besley and Ghatak 2005), Alesina and Tabellini (2007) states that "bureaucrats are preferable to politicians in technical tasks for which ability is more important than effort, or if there is large uncertainty about whether the policymaker possesses the required abilities to fulfil his task". Moreover, they conclude that the policies encompass "highly technical tasks" need to be handed over to the high-skilled public employees particularly in monetary policy, regulatory policies, and public debt management. In addition to the aforementioned statements, Alesina and Tabellini (2008) extend their arguments in their following paper with certain propositions. They reveal the fact that bureaucrats are anticipated to perform better than politicians if "the criteria for good performance can be easily described ex ante, and are stable over time (...), the policy consequences touch narrowly defined interest groups and good performance can be easily formulated and assessed in terms of efficiency."

## Conclusion

After introducing the theoretical framework on the efficiency of public sector, this section examines the economic theory of bureaucracy that is seen as the major source of inefficient allocation of resources in the public sector organizations.

Besides, alongside with the earlier Weberian (1947) and Downsian (1965) interpretation of bureaucracy, alternative perspectives on bureaucracy including contemporary debate on the efficient role of politicians and bureaucrats in the policy-making are visited referring to the recent papers of Alesina and Tabellini (2007, 2008).

## Cross-References


- ▶ Bureaucracy and Administrative Culture in Bangladesh
- ▶ Bureaucracy and Capitalism
- ▶ Bureaucratic Power
- ▶ Modernity and Bureaucracy


## References


Alchian AA, Demsetz H (1972) Production, information costs, and economic organization. Am Econ Rev 62(5): 777–795

Alesina A, Tabellini G (2007) Bureaucrats or politicians? Part I: a single policy task. Am Econ Rev 97(1): 169–179

Alesina A, Tabellini G (2008) Bureaucrats or politicians? Part II: multiple policy tasks. J Public Econ 92(3): 426–447

Aucoin P (1995) The new public management: Canada in comparative perspective. Cambridge University Press, Cambridge

Besley, T, (2011) Principled agents?: the political economy of good government. OUP Catalogue

Besley T, Ghatak M (2005) Incentives, risk and accountability in organizations. Cambridge University Press, Cambridge

Bloom N, Van Reenen J (2007) Measuring and explaining management practices across firms and countries. Q J Econ 122(4):1351–1408

Brennan G, Buchanan JM (1980) The power to tax: analytic foundations of a fiscal constitution. Cambridge University Press, Cambridge

Buchanan JM, Tullock G (1965) The calculus of consent: logical foundations of constitutional democracy. University of Michigan Press, Ann Arbor

Chong A, La Porta R, Lopez-de-Silanes F, Shleifer A (2014) Letter grading government efficiency. J Eur Econ Assoc 12(2):277–299

Coase RH (1937) The nature of the firm. Economica 4(16): 386–405

De Alessi L (1969) Implications of property rights for government investment choices. Am Econ Rev 59(1): 13–24

Dollery B, Hamburger P (1995) The Dunleavy and Niskanen models of bureaucracy: the case of the Australian Federal Budget Sector, 1982–92. Department of Economics, University of New England, Armidale

Downs A (1965) A theory of bureaucracy. Am Econ Rev 55(1/2):439–446

Duncombe W, Miner J, Ruggiero J (1997) Empirical evaluation of bureaucratic models of inefficiency. Public Choice 93(1–2):1–18

Dunleavy P (1991) Bureaucracy, democracy and public choice. Wheatsheaf, Hemel Hemsted

Erkoc TE (2012) Estimation methodology of economic efficiency: stochastic frontier analysis vs data envelopment analysis. Int J Acad Res Econ Manag Sci 1(1):1

Institute for Fiscal Studies (2002) Chapter 8: measuring public sector efficiency, The IFS Green Budget: January 2002, Commentary no. 87, IFS, London

Kang, B (1997) Frontier education production functions and the sources of public education efficiency. PhD thesis. New York, Binghamton University State University of New York

Lewis W (2004) The power of productivity. University of Chicago Press, Chicago

McNutt PA (2002) The economics of public choice. Edward Elgar Publishing, Brookfield

Migue J, Belanger G (1974) Toward a general theory of managerial discretion. Public Choice 27:29

Niskanen WA (1971) Bureaucracy and representative government. Transaction Publishers, New Brunswick

Pedraja-Chaparro F, Salinas-Jimenez J, Smith P (2005) Assessing public sector efficiency: issues and methodologies, available at SSRN https://ssrn.com/abstract=2018855

Rogoff K (1985) The optimal degree of commitment to an intermediate monetary target. Q J Econ 100(4): 1169–1189

Rosanvallon P (2000) The new social question: rethinking the welfare state. Princeton University Press, Princeton

Schultz C (2003) Information, polarization and delegation in democracy. Economic Policy Research Unit, Institute of Economics, University of Copenhagen

Smith PC, Street A (2005) Measuring the efficiency of public services: the limits of analysis. J Roy Stat Soc: Series A (Stat Soc) 168(2):401–417

Stone M (2002) How not to measure the efficiency of public services (and how one might). J Roy Stat Soc: Series A (Stat Soc) 165(3):405–434

Tullock G (1965) The politics of bureaucracy, 1st edn. Public Affairs Press, Michigan

Weber M (1947) Legitimate authority and bureaucracy. Penguin Books, London

Williamson OE (1964) The economics of discretionary behavior: managerial objectives in a theory of the firm. Prentice-Hall, Englewood Cliffs

Wyckoff PG (1990) The simple analytics of slack-maximizing bureaucracy. Public Choice 67(1):35–47

# Bureaucracy and Gender

Hatice Altunok
Abant İzzet Baysal University, Bolu, Türkiye

## Synonyms

Bureaucracy and gender policies; Democratic administration; Equal representation in public space; Equality; Positive discrimination

## Definitions

Bureaucracy, in the context of gender, refers to the actor which can contribute to the formulation and implementation of policies that will ensure equal representation of women and men, *equally.*

## Introduction

The term "Bureaucracy" can be explained in various contexts. In this chapter, it is aimed to approach it in gender perspective. This perspective, naturally, has an interdisciplinary character; therefore, the analysis is limited by following subtopics: Historical Roots of the Gender of the Bureaucracy, Bureaucracy as a Mechanism to Ensure Gender Equality, Bureaucracy as a Policy Actor that can Contribute to Gender Equality.

## Historical Roots of the Gender of the Bureaucracy

It is a very common phenomenon that men and women have been pushed out of historical tradition for a number of reasons, such as the class, race, religious community they belong to throughout the history. The only exception to this is exclusion solely due to gender, to which only women who have been subjected and they have been discriminated because of their gender. Women were obstructed and limited to take part in education, work, to get paid for their work and to participate in social activities (Koray 2008: 343).When this case is examined in specific to the fact that women have been excluded from history writing and interpretation process, it is seen that the gender of the history date is male (Berktay 2015). It can be argued that the gender of the bureaucracy is also male based on the reference point suggesting that the gender of the history is male. In addition, the emergence of the state should also be considered as a decisive factor in the definition of the bureaucracy and gender relations since the bureaucracy is a state mechanism. Because when the historical background of the state is explored, references are made to a solidarity formation to establish and protect a community based on citizenship, tribal and familial bonds, and partnership between men. In these definitions, the authority of men to maintain the security of the society by making a power union, to determine the rules which are decided as necessary for this and to accept these rules, is striking. In this sense, the state is the construction of masculine imagination (Sancar 2014: 54). In this regard, Camilla Stivers in her article titled "Toward a Feminist Perspective in Public Administration" referring to Joan Landes and Wendy Brown points out that the limitation of women's participation in the public sphere has its source in the discourse that is seen universal and shapes this field. According to article, one of the reasons of the development and continuity of male-dominated political understanding is state construction of gender dimensions and origins (Stivers 2016: 713–714).

It is a fact that patriarchal family and society structure has been dominant in every society in parallel to the discrimination between men and women in every society for centuries. As there is no single type of society in which women have a real sense of dominance, it should be accepted that women, who are said to have dominance in the first place, have been generally defeated against men in the history. The gender discrimination between women and men leads to the division of roles in every society; this role division has left women alone with daily works by restricting them to house works and private life. On the other hand, a patriarchal society, in which men are interested

in politics and gain an effective status in society, has been established as a consequence of division of labor (Koray 2008: 343; Akal 1994: 52, 54). From this point of view, when the bureaucracy is analyzed in terms of gender, which is defined as the social and cultural construction of the sex difference, it is seen that the determinations in this area are in favor of the male. The male-dominated bureaucracy is the area where women try to make room for themselves.

In terms of gender roles, the focus has shifted from a mere women issue to comparison of men and women. Still, it is a fact that the search of gender roles in society is originated from the women's part because of gender discrimination and inequality (Maruani 2011: 795). However, because the bureaucracy is generally shaped on the ruling male and the ruled female, the hierarchy between the genders is clear. As the bureaucracy cannot hide it, the feminist point of view also explores this situation and endeavors to ensure gender equality. While traditional political theory naturally accepts gender relations, feminist theorists define them through patriarchal notions, as part of the political institutionalization of male power (Heywood 2016: 33).

## Bureaucracy as a Mechanism to Ensure Gender Equality

As of the end of the nineteenth century and the beginning of the twentieth century, women have been directed towards what was determined by men to be good for themselves. Occupational categories on which women concentrate on can be exemplified such as secretariat, nursing, and teaching. Besides these, they have been kept away from relatively more prestigious fields such as medicine and law. The compatibility of theory and practice should not be overlooked in gendered occupational activity. Max Weber, who theorizes the bureaucratic systems in which the decision-making stages are male-dominated, suggests that the initial professionals are clergymen, such as priests and prophets, who exemplify the construction of charismatic and traditional legitimacy forms. By the industrial revolution and the rationalization of the activities, the professions were designed for men until new occupational groups emerged (Picot 2015: 324–325). In this period, women who were active in the production process at home in the preindustrialization period entered work life outside the home. The introduction of a woman into working life has caused many problems related to the "case of working woman," and searching for solutions to these problems and questioning their rights have become a current issue. In the perspective of equality, the social changes have led to the demands of equality between men and women.

With the development of feminist thinking, women's right to education, right to elect and be elected, right to be appointed to public office, heritage and property rights have been included in constitutional and law, for example, the woman who waited for the eighteenth–nineteenth centuries to enjoy the right to education, waited for the twentieth century to be considered a citizen. In order to have equal vote as men, women in the USA and Western Europe had to fight for more than 100 years. In the twentieth century, women gained equal political rights in most of the member countries of the United Nations. In these acquisitions, the feminist movement had a significant impact on the treatment of the specific rights of women in the context of general human rights. In the late twentieth century, human capital, which required the redefinition of women and accompanying family life, was determined by the pursuit of economic independence and lifetime wage employment. Accordingly, a new gender equality balance can be mentioned. Although it differs by countries today, it is still a fact that women are much less able to participate in education, work, and politics than men (Berktay 1995: 758; Koray 2008: 343; Andersen 2011: 23).

While efforts are underway to improve the representation of women in each area, studies are still being carried out on the fact that even in developed countries, the historical contribution of women is not reflected and should be illuminated. For example, for American history, Stivers points out that both women and men take the lead in the progressive reform movement. There are the efforts of middle-class white women,

particularly the black women's organizations who are endeavoring to improve the administration in the south, women's support for legislation regulating working conditions and other achievements. Men in the same period are seen to be more effective and serious in the reforms and public administration processes, in which women were hardly ever involved. The period from the mid-nineteenth century to the end of the nineteenth century was the period when the roles of gender in the USA were sharply disrupted. When the process of the industrialization began, the gender-based discrimination of workers became an ideological distinction. The fact that more men work as paid workers outside while women deal with house works although they also had to work due to financial necessities is the basis of this ideology. Therefore, men increasingly began to be referred to as engaged, aggressive, and selfish, while women were defined to be more ethical, self-sacrificing, and loyal to their duties. This sexist formation is reflected in the appropriate political roles of women and men in the USA. While party politics is masculine, competitive, and open to all men of different classes, women's public roles are limited by voluntary charity activities (Stivers 1995: 523–525). There are widely used stereotypes of appropriate roles for each sex. Duties associated with demanding character or courage, creativity and other admirable qualities are defined for men. On the other hand, the natural role of the woman is defined as mother and the householder. Therefore, women's lower status in the American society is not entirely on public policies, but also results of these stereotypes (Cochran et al. 2012: 376).

As an example of another country, in Turkey, there is a clear male dominance in terms of bureaucracy and gender equality. In fact, some important steps such as women's right to political representation were taken earlier in Turkey than many developed countries. However, the representation of women particularly in senior bureaucratic decision-making levels is low. The number of female ministers who served throughout the history of the Republic is 21. In 2011, there was one female Deputy Minister that takes place as a political position in the Turkish administrative structure between 2011 and 2014. The figures are also in favor of men in terms of gender equality considering the number of undersecretaries and deputy undersecretaries who are the highest appointed administrators within the bureaucratic structure of the ministries. The first female undersecretary was appointed in the Ministry of National Education in 2010. Later, a female undersecretary took part in the Ministry of Family and Social Policy in 2014. During these appointments, it should be noted that the ministers of the relevant ministries were also women, so that it should not be overlooked that the position of women at the highest level of the bureaucracy was ensured by women ministers. At the level of Deputy Undersecretary, the first female was appointed in 1989. After that date, the representation of women in the deputy undersecretaries of several ministries was found. However, it is worth noting here that women are concentrated in certain areas of the bureaucracy (especially the Ministry of Family and Social Policy). For example, there are no female representatives in the upper levels of the bureaucracy such as the Ministry of National Defense, the Ministry of the Interior, the Ministry of Finance, the undersecretary or the deputy undersecretary (Altunok and Gedikkaya 2017). The current representation of women in the bureaucracy contradicts with gender equality considering that women gained the right to elect and to be elected in the early 1930s. In the story of gains obtained by paying big prices like democracy, justice, equality, men are told to struggle for victory while the same concepts are symbolized by female figures. "Republic" is a lean foot, a chest-open, attractive, and pure young girl, she rides a flag in her hands, and then she is recorded in the male-dominant history in which men resisted heroically not to give women the right to vote (Akal 1994: 76). Many problems that women and men now oppose and are struggling to deal with are related to gender which refers to preacceptances as defined by society and culture in the context of their male and female identities and roles (Michell 1985: 54). However, since unjust treatments such as the exercise of their rights, violence, and representation are mostly seen on the women's front, it is assumed that the gender issue is based on raising women's conditions to the existing male conditions. This is

generally a situation that is considered separately from people's economic or social problems. While efforts are being made to ensure gender equality, it is necessary not to confuse the goals of ensuring and developing male-female equality in context of ensuring the involvement of women in every field and balancing the statistics (Berktay 2014: 28). While demands increase in order to ensure gender equality in the bureaucracy, violence, mobbing, glass ceiling syndrome also increase. For this reason, ensuring the existence conditions of women is a priority criterion in order to ensure gender equality in the bureaucracy.

## Bureaucracy as a Policy Actor that Can Contribute to Gender Equality

The bureaucracy is an organizational model as well as among the official actors of the public policy process (Beresford 2000: 8–9). Therefore, bureaucracy must adopt gender equality as an actor of public policies and then take other steps once it has the necessary means. Bureaucracy is both an instrument to ensure gender equality and a barrier to it. In other words, as a key actor in both the formation and implementation of public policies, the bureaucracy can provide guidance on regulations and appointments that will contribute to ensuring gender equality. In terms of appointments in offices, especially in upper levels, gender equality can be prioritized. Models like representative bureaucracy can tackle the problems and barriers which can arise in implementation.

In this context, representative bureaucracy debates on ensuring gender equality in the bureaucracy bring a different perspective. Through this concept, all sections of society, not just women, are focused on bureaucracy representation and it has been suggested that these sections should assume bureaucratic positions. One of the scopes of the representative bureaucracy is the existence of women in organization and administration. Representative bureaucracy today is generally preferred as a short way of narration for the ultimate goal of equal employment opportunities and positive discrimination programs (Shafritz et al. 2017: 444–445; Farazmand 2010: 256).

The fact of male principles that are undoubtedly determinative in political field (Akal 1994: 83) is a case in the bureaucracy as well. However, there are also positive developments in the increasing number of well-educated women in the senior decision-making positions (UNIDO 2008). Despite the positive developments, this is far from being a real equality in domestic production and working life as feminists insist on (Andersen 2011: 220). This is not a problem that can be solved in the short run. In general, progress can be made in parallel with the development of the social and political mentality of women employment. This process manifests itself in the inclusion of woman-related goals in international organizations where it is not at the desired level. In the United Nations Post-2015 Agenda, the emphasis is on investigating the structural causes of violence against women, free care, limited supervision of their assets and ownership, and unequal participation in private and public decisions in order for women's rights to become universal reality. It is considered as one of the basic principles that women should be heard in decision making areas in public and private sectors.

## Conclusion

Bureaucracy is an actor with the capacity to produce and implement both a state mechanism and policies in which gender equality must be ensured. The bureaucracy as an organization model of the state has been shaped by patriarchy, which has been the dominant force since the birth of the state. However, with the development of the feminist point of view, the male dominant structure of the state has been criticized and women have begun to take place in the bureaucracy more than before. This involvement of women in the bureaucracy can be regarded as positive steps towards gender equality. Yet, democratization and equality in representation are not fully met in the bureaucracy. Today, it is emphasized that both developed and developing countries need to ensure gender equality especially in decision mechanisms. Likewise, the provision of gender equality in international texts is on agenda.

Gender equality is reachable if bureaucracy, as a policy actor, develops practices of equal representation and directs politics in this direction. In addition to all these, as Stivers emphasizes, public administrators should take into account the challenges by feminist theory. Thus, the historically determined predominant gender relations can be changed (Stivers 2016: 716).

## Cross-References

► Comparative Administrative Culture

## References

Akal CB (1994) Siyasi iktidarın cinsiyeti. İmge Kitabevi, Ankara
Altunok H, Gedikkaya F (2017) Cumhuriyet Türkiyesi'nde kamu politikalarının üretilmesinde kadın. Abant İzzet Baysal Üniversitesi Sosyal Bilimler Enstitüsü Dergisi 17(2):211–237
Andersen-Esping G (2011) Tamamlanmamış devrim kadınların yeni rollerine uymak (Çev: Selin Çağatay). İletişim Yayınları, İstanbul
Beresford Q (2000) Governments, markets and globalization public policy in context. Allen&Unwin, NSW
Berktay F (1995) Türkiye'de kadınlık durumu. Cumhuriyet Dönemi Türkiye Ansiklopedisi, Cilt: 13. İletişim Yayınları, İstanbul.
Berktay, F (2014) Felsefenin kadına bakışı. Türkiye'de toplumsal cinsiyet çalışmaları eşitsizlikler mücadeleler kazanımlar. H. Durukan, F. Gökçen, B. E. Oder, D. Yükseker (drl.), Koç Üniversitesi Yayınları, İstanbul.
Berktay F (2015) Tarihin cinsiyeti. Metis Yayınları, İstanbul
Cochran CE, Mayer LC, Carr TR, Cayer NJ, McKenze MJ, Peck LR (2012) American public policy. Wadsworth Cengage Learning, USA
Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258
Heywood A (2016) Siyasetin ve uluslar arası ilişkilerin temel kavramları (Çev: Fahri Bakırcı). BB101 Yayınları, Ankara
Koray M (2008) Sosyal politika. İmge Kitabevi, Ankara
Maruani, M. (2011). Toplumsal cinsiyet. Sosyolojik düşünce sözlüğü (Haz. Borlandi M, Boudan R, Cherkaoui M, Valade B), (Çev: Arıbaş B). İletişim Yayınları, İstanbul
Michell J (1985) Kadınlık durumu. Yaprak Yayınevi, İstanbul
Picot G (2015) Meslek. Eleştirel feminizm sözlüğü. (Haz. Helena Hırata, Françoiselaborie, Danielesenotier). Dipnot Yayınları, Ankara
Sancar S (2014) Türk Modernleşmesinin cinsiyeti erkekler devlet kadınlar aile kurar. İletişim Yayınları, İstanbul
Shafritz JM, Russell EW, Borick Chirstopher P (2017) Kamu yönetimini tanımak (Çev: Ed. Nail Öztaş). Nobel Yayınları, Ankara
Stivers C (1995) Settlement women and bureau men: constructing a usable past for public administration. Public Adm Rev 55(6):522–529
Stivers C (2016) Kamu yönetimi teorisine feminist bir yaklaşım. In: Shafritz JM, Hyde AC (eds) Kamu yönetimi klasikleri. Global Politika ve Strateji Yayınları, Ankara
UNIDO (2008). Promote gender equality and empower women UNIDO's Contribution: Women Economic Empowerment, https://www.unido.org/fileadmin/user_media/MDGs/MDG%203_UNIDO%20contribution_FINAL.pdf

# Bureaucracy and Internationalization

Rahel M. Schomaker[1,2], Michael W. Bauer[3] and Jörn Ege[3]
[1]German Research Institute for Public Administration, Speyer, Germany
[2]Department of Economics and Management, CUAS Villach, Villach, Austria
[3]German University of Administrative Sciences, Speyer, Germany

## Synonyms

Cross-national developments; Globalization; Transnationalization

## Definitions

Administrative internationalization is broadly defined as impact of global, transnational, or regional processes on public bureaucracies within and beyond nation-states. It thus comprises effects upon, first, domestic administration systems (their structure, processes, and personnel) and, second, on the emergence of international public administrations as well as, third, on the interrelationship between national-, subnational-, and international-level bureaucracies.

Globalization is defined as the processes that integrate societies worldwide, affecting and changing procedures and structures of the political and administrative level, the economy, and the civil society (Hood 1995).

## Introduction

The analysis of forms and effects of what is usually conceived of as globalization or internationalization has become a major topic of political speeches and academic research, especially in the social sciences. While the consequences of globalization for Western economies and societies are often at the forefront of debates, their effects on public administrations are focused on relatively sparsely yet.

This entry aims at identifying the different manifestations and effects of internationalization in the context of bureaucracies. The subsequent sections provide an introduction and delineate the main mechanisms of internationalization. The next section identifies the topics discussed in the context of globalization, internationalization, and transnationalization and distils the main characteristics of international public administrations, as well as the effects and ramifications of internationalization on domestic public administration.

## Dimensions of Internationalization

Global migration streams; culturally heterogeneous public personnel; the emergence of networks encompassing national and international actors from the public and the private sphere, including an ever-increasing number of societal actors with multiple backgrounds; modified responsibilities of national administrations; and international legislation and regulation that extort the creation of new administrations at the international level, all these recent phenomena, to name only some, can be understood as manifestations of internationalization that affect bureaucracy.

"Globalization" in this context can be defined as "the process by which particular societies are coming to be incorporated into a single world society" (Hood 1995, 168). Hence, "internationalization" can be conceived of as a particular subset of globalization, inducing the same effects, but involving not necessarily the whole world, but stretching over specific (groups of) countries and impacting in some policy sectors more than in others. Consequently, even if the terms are not fully conterminous, in the following they are used interchangeably, as their effects tend to have a similar impact on the bureaucracy.

In this context it is of importance to note that (administrative) internationalization does not occur only as a consequence of interactions between states or public authorities from various levels alone but often involves private actors and complex societal networks that span the boundaries between different levels of governance, policy sectors, and, of course, societies (see Stone and Moloney 2019). Thus, also the concept of "transnationalization" is relevant – not least in order to remain empirically open in respect to what actually constitutes the potential causes of domestic administrative transformations. Administrative transnationalization should therefore be conceived of as a particular form of administrative internationalization that covers "activities, institutions, actors or processes that cross at least one national border, *especially* when actors other than national governments are involved" (Hale and Held 2011, 15; emphasis in original).

But what do these phenomena concretely imply for the bureaucracy? To analytically take this issue with the phenomenon of internationalization in public administration, one has to consider the different manifestations of the phenomenon of internationalization more systematically.

Overall, the academic debate about the internationalization of the bureaucracy started only at the end of the 1990s – late compared to the boom of literature in other disciplines in social sciences. Nonetheless, from the very beginning of globalization debates, scholarship has stressed the substantial impact of globalization on our societies as a whole and on the nation-state in particular (see, e.g., Farazmand 1999). As the discipline of

public administration is very heterogeneous, an open and discursive definition of what we understand to be internationalization is chosen, even if it is by no means exhaustive nor are the different phenomena mutually exclusive. Internationalization in the context of bureaucracy and public administration becomes manifest – at least – in three phenomena.

Internationalization may stand for the emergence and relevance of organizations and therewith bureaucratic structures beyond the nation-state, i.e., at the international and supranational level (Grande 2018).

1. Internationalization can be observed in the intensifying interactions between international or supranational politics and its respective administrations with national public administrations or between non-state groups or actors and national bureaucracies. Transnational policy networks, transnational public-private partnerships, and overall increased intensity of transgovernmental actions are indicators in this field.
2. Internationalization in the context of bureaucracy may finally appear in the form of domestic administrative adaptation in reaction to or with view to better influence international transformations.

This entry covers all dimensions of the delineated categories of internationalization of public administration. In this context, it is important to mention that there is no overall "theory of internationalization of bureaucracy," but for all manifestations of internationalization, different phenomena are put center stage in the scientific debate, often without a link to other aspects of internationalization.

In the following, after delineating the main perspectives on international bureaucracies, we highlight especially *domestic administrative change* whose origin can be traced to developments outside the national realm. These developments – that also include phenomena such as Europeanization or the impact of other regional integration schemes, for instance, NAFTA – challenge domestic administrative arrangements and are likely to result in transformations of established organizational structures, forms of bureaucratic interaction, and bureaucratic behavior.

B

## International Public Administration

The changes induced by globalization – visible as an intensified cooperation between national states as well as the creation of international regulation and laws – led to the emergence of new forms of international bureaucracies, as well as a quantitative increase of these bodies. Accordingly, international public administrations (IPAs) in the current quantity and quality can be seen as an offspring of globalization and likewise as a driver of globalization. Consequently, the study of international – and regional – bureaucracies has recently intensified (for others Bauer et al. 2017b).

IPAs are the secretariats of international (governmental) organizations and constitute the international counterparts to administrative bodies at national and subnational levels. They are established to assist governments and other stakeholders in institutionalized multilateral negotiations over global or international public policies and their application on the ground. Owing to their intimate involvement in the internal functioning of international organizations, IPAs do not only fulfill administrative tasks but are consequential for how modern global governance works. This has induced research that aims to find explanations for their structures and operating principles, issues of autonomy, the differences between international and domestic administrations, and questions related to the culture of these entities.

Overall, the phenomenon of international public administrations is studied in two broad approaches. While one strand of research is focused on a decisively disciplinary PA perspective, putting international organizations and their bureaucracies on the agenda of the discipline, developing a genuine PA perspective on the subject, or adhering to the PA research tradition when studying IPAs (for a summary, see Bauer et al.

2017a), the other strand is characterized by a multidisciplinary approach, including international relations, organizational sociology, public administration, public policy (international), political economy, and anthropology and focuses on the empirical subject of inquiry, the bureaucratic apparatuses of international organizations.

So, what do we know so far about the structures of and processes within IPAs, their role in the process of globalization, and the linkages to the political or administrative level in the domestic sphere? Overall, different dimensions of IPAs are focused on recent research. In addition to studies focusing on member states' influence on the IPA, there is a considerable research looking at IPA's influence both on the member state principals and policy outputs. While there is not enough space to report the variety of topics studied with regard to the policy role of IPAs (for a summary, see, e.g., Eckhard and Ege 2016), four characteristics of IPAs may be referred to, as it suffices to demonstrate their importance (Bauer et al. 2017c):

1. IPAs are more autonomous than national counterparts.
2. IPAs are more entrepreneurial, especially in view to generate their own budget.
3. For IPAs, expertise and information are more important tools than rules and formal powers because of the greater "fluidity" of actor constellations and mission change in the international sphere.
4. IPAs actively shape their organizational environment, especially by themselves co-determining the creation of new international organizations.

Furthermore, various active strategies by which influence can be exerted can be identified: IPAs can align with member states by persuading them of the benefits of certain policy options, act as gatekeepers and agenda-setters, or publicly name and shame their principals where they see implementation failure. While these features and types of behaviors are supported by evidence showing IPA influence in particular situations, the challenge for future research is to generate more systematic knowledge and establish under which conditions these characteristics actually affect international policy-making beyond individual instances.

## Transmission Channels of and Obstacles for Internationalization of Bureaucracies

Research on internationalization and bureaucracy is primarily focused on whether and why political, economic, and societal processes beyond the state induce administrative change. How does internationalization of domestic bureaucracies emerge, what are the effects for the national administrations, and how relevant are observable changes caused by it? An overall concept of "internationalization of domestic public administration" is missing, and so are overarching findings on how domestic bureaucracies act or react, but these questions are often linked to more specific debates – Europeanization, diffusion, devolution, and the new public management paradigm. From a theoretical viewpoint as well as with a view to empirical evidence, three mechanisms can be detected on how domestic bureaucracies are affected or react: (1) diffusion, (2) resistance, and (3) the transformation of bureaucratic power.

## Diffusion Effects

One important dimension is the question of what comes from outside the realm of the individual state (usually in top-down fashion) to bear on domestic administrative structures, processes, and behavior. In particular new public management (NPM) and how respective reform waves "hit home" are of relevance at this point. Also phenomena such as devolution and "agencification" (Dommett et al. 2016) can be observed. Another phenomenon in this context – in particular when it comes to less-developed countries – is the effect of international assistance and its implications on the national public sector of recipient countries.

The rapid diffusion of NPM reforms which is often described as a global revolution gained pace through active promotion by international

organizations, such as the World Bank or the OECD. These reforms began in countries modeled on the Westminster system, but by now some kind of NPM change has been implemented throughout the globe, particularly in Western democracies, albeit to different degrees and sometimes probably as mere legitimation-seeking "window dressing" (Christensen 2012). Nevertheless, the NPM reforms can be understood as a manifestation of internationalization, as they disseminated a particular set of public service values that often clashed with traditional domestic ones and therewith challenge the domestic administrations.

Nonetheless, the international sphere and the domestic sphere, even if de facto closely linked, stay analytically separated, and the linkage of what might be a focus of the internationalization agenda remains a black box. Accordingly, the effects of new regulatory tools, such as International Public Sector Accounting Standards, or performance measurement are often discussed as affecting national administrative arenas exclusively as "recipients" triggering national bureaucratic adaptation (Radaelli 2005, 925). While origins, drivers, and boundary-spanning domestic actors often remain outside the analytic scope and theoretical explanations, isomorphism is focused on. Mimetic, coercive, and normative forms of isomorphism are employed to explain the speed and scope of NPM intake of national bureaucracies (Christensen 2012). It is in the context of the analysis of national implementation of NPM reforms that the differential and often important impact of national administrative traditions and actor configurations are considered.

In sum, neoliberal ideas in the context of the global NPM reform agenda have influenced national administrations worldwide and induced changes that continue to shape administrative realities in many countries and even IPAs (Ege 2018). Obviously, there are mismatches between an aggressive global reform rhetoric and the modest convergence brought about by national modernization processes. Nonetheless, diffusion can be observed in many cases and seems to be a useful approach to explain how internationalization shapes domestic bureaucratic realities.

## National Bureaucratic Resistance

Despite considerable outside reform pressures, we can observe that national administrative change remains limited. Domestic bureaucratic robustness in the face of international pressures is thus the flip side of the diffusion debate described in the previous section. Governments, so the assumption, have to align their political agendas in a way that allows them to act more effectively in the globalized world while also preparing regional or local administrations for these adjustments. However, owing to their traditional, vertically hierarchical operating principles, such adaptation pressures are usually absorbed or disregarded. Even if the effects may differ between federations and more centrally organized states, "most government bureaucracies remain structured and staffed to manage traditional direct programs through traditionally structured and staffed bureaucracies. As the government's strategies and tactics have changed, its structures and process—especially its personnel systems—have not. [. . .] Thus, the first governance problem is adaptation: fitting traditional vertical systems to the new challenges of globalization and devolution, and integrating new horizontal systems to the traditional vertical ones" (Kettl 2000, 495). Also the role of specific national structures, e.g., local governance structures, is still of relevance in this context.

Another important aspect is the one of increasing costs due to decentralization. Devolution induces the formation of smaller, more cost-intensive administrative units. Consequently, fierce competition for financial resources may develop among entities or regions that have to finance these administrations, which would ultimately result in a national welfare loss. On the other hand, governments have been found to avoid reforms that might threaten the authority of the central state. This becomes obvious in cases where the "bureaucratic factor" leads to insufficient or deficient introduction of measures, a phenomenon that often can be traced to issues of "organizational turf," which are rooted, e.g., in conflicts between regional and federal administrations, or the resistance – or resilience – of local bureaucracies, but also the central government

itself. However, by and large, the empirical evidence for outside pressure becoming effective and relevant in explaining change of national administrative structures and behavior remains modest, to say the least.

Nonetheless, there may be an argument that domestic administrative change takes place, but it is not prominent in the literature, as the impact of global pressures on national administrations is hard to grasp empirically. Internationalization can be understood as a factor that affects an administration from several directions – therewith, national administrations are increasingly "porous" (Welch and Wong 1998, 43) and come under pressure through the indirect filter of national political, economic, and social systems as well as through direct international constraints to adapt to globalization.

In sum, much superficial diffusion and no real convergence can be observed – when international policy instruments are the focus. Public administrations are the decisive factor behind inadequate policy implementation results, and they are usually viewed as a constraining factor in the face of internationally driven convergence pressures. In other words, a main narrative concerns how national administrative structures and practices remain robust or resilient to pressures from the international sphere – a phenomenon that, by taking a bottom-up perspective, implicitly limits the analyses to the robustness of national administrative systems in the face of internationalization pressures.

## Power Shifts Toward and Within the Executive and the Transformation of Accountability

The result of the previously identified debate would be a pervasive "no change" expectation. Nonetheless, shifts in domestic power relations are triggered by administrative internationalization. These power shifts may occur between the bureaucracy and its political superiors or within the bureaucratic apparatus itself on the one side or concern a transformation of domestic accountability regimes on the other.

International forces may indeed transform the capabilities of national administrations to respond to domestic needs and requirements. They have "reduced the state's ability to contain the causes and accumulated consequences of its social, political, and economic evolution within its own boundaries" (Baltodano 1997, 624) and have transformed national administrations into a network that is closely linked to global systems and actors. There is fair evidence for a general adaptability of domestic administrations (Farazmand 1999, 514). However, it has to be considered that globalization – in particular corporate globalization and the increased impact of multinational enterprises – poses a serious threat to democracy and community. It potentially increases corruption and elite empowerment and eventually makes it more difficult for the state to strike the right balance between corporate elite interests and the broad public interest (Farazmand 1999). Another argument goes into a similar vein, the loss of national political control capabilities because of global interdependence, inter alia due to public-private cooperations or privatization that is "pursued purposely, deliberately, and vigorously around the world as a strategic instrument for promoting the globalization of corporate capital" (Farazmand 2002, 152). For instance, the erosion of governmental capacities for supervising bureaucratic activities is the feared consequence (Huddleston 2000). Hence, the doubt if globalization is really a manageable task for public administrations – or for politicians – to control outlines two scenarios for public administration in the age of globalization. In both cases, the significance of national public administrations diminishes. Either international organizations take over domestic administrative functions, as in the "global regime management" scenario, or "public administration will be constrained, challenged, and fragmented [. . .] with no courts or overarching authorities to settle disagreements" as in the case of the "neo-medieval administration" scenario (Huddleston 2000, 679). Overall, a crisis of "accountability, governance, and legitimacy" (Huddleston 2000, 671) is to be expected.

There is also fair evidence that globalization will change responsibilities and legitimacy

patterns. A growing number of administrative tasks will derive from international treaties and agreements and obligations to institutions at the international – or at least regional – level. The accountability to national political institutions, therefore, is likely to become weaker. Global forms of "standard setting" thus represent a significant deviation from the traditional relationships between legislative and executive bodies. New interests and stakeholders are involved in policy-making, and the nation-states' sovereignty and power are likely to decline as a result of their shrinking capability to keep complete control over their own administrations (Kettl 2000).

Additional insights related to the impact of internationalization on bureaucratic control and accountability come from studies about the emerging, loosely coupled administrative multi-level system within regional integration schemes, in particular the European Union (see, e.g., Trondal and Bauer 2017). European integration has created a shift for national institutions, in particular regarding internal domestic balance of powers toward governments and administrations, and has altered the power distributions within national executives. The developments within the EU are thus examples of how an "institutionally thick" form of internationalization affects national administrative systems, even if there is considerable heterogeneity among European states in their adaption processes. In this context, there is a loss of power for the national executives vis-à-vis EU agencies observable, but also a strengthening of ministerial departments, whose role is often enhanced. Studying the effect of Europeanization on relationships between ministries and agencies at the national level, also national agencies, is winning influence vis-à-vis their parent ministries. The identified effect is differential, however, in that participation in EU networks strengthens national agencies' policy development autonomy but not their autonomy in policy implementation. But the debate is ongoing. More recently, it has been claimed that central executives have (re)gained some control over its agencies. Especially after the 2008 global financial crisis and in the context of the debt crisis, governments in different countries in Europe "have gained stronger controls over the structures and practices of agencies" (Dommett et al. 2016, 535).

Different domestic reaction patterns are observable, differing among nations, but also sectors. Overall, national executives may adapt their structure and interdepartmental coordination in order to improve their access to the EU decisional arena as well as their domestic management of EU affairs, in particular "by empowering prime minister's offices, often at the expense of foreign ministries; by fostering administrative emulation and transfer through supranational learning; and by encouraging the alignment of domestic coordinating structures with the EU decision-making process" (James 2010, 832). Nonetheless, there are exceptions, as also other ministries may act as interlocutors between the EU and the domestic realm.

## Concluding Remarks

Internationalization is one of the persisting megatrends, challenging economic, political, and social systems as well as the bureaucracy. Both the emergence and increased role of international public administrations and the effects and reactions in the realm of domestic administrations are important manifestations of this phenomenon.

As for the first manifestation, IPA research as a field of enquiry has received a lot of attention in recent years and has grown out of infancy. Nonetheless, there may be some shortcomings related to the state-of-the-art research in this field, and to establish a concise research program, there are still steps to take. Inter alia, a sufficient understanding of the political role or influence of international bureaucracies presupposes the complementary application of different conceptual lenses that are hardly provided by merely sticking to a limited number of established approaches of PA. Furthermore, to consolidate the field and prevent conceptual patchwork, rigorous tests of existing findings seem to be necessary.

The second manifestation, "bureaucratic internationalization," is a particular type of domestic administrative change, whose origins can be

traced to particular developments outside the national realm that challenge domestic administrative systems and are likely to result in changes of established organizational structures, forms of bureaucratic interaction, and bureaucratic behavior. Three main phenomena can be identified when it comes to the national bureaucracy challenged by internationalization: non-convergence despite superficial diffusion, national administrative structures and cultures that induce or at least imply resistance against administrative change, and differential empowerment of core executives.

While diffusion approaches provide explanations for how external pressures translate into domestic administrative change, the resistance debate highlights the stickiness of national administrative processes, institutions, cultures, and behavior. In particular in the context of Europeanization, however, semiformal administrative interactions have emerged that transcend national borders and make particular parts of the national administrative systems increasingly autonomous, therewith spurring a process of reintegrating administrative action beyond the state in various sectors or levels. Also the emergence of fluid networks that stretch over borders and levels and issues of informality of exchanges within these networks seem to be of relevance. This includes, but is not limited to, public-private partnerships or knowledge networks and issues of learning (for others, see, e.g., Schomaker 2017). These new networks have different functions, in particular the exchange of information, harmonization of rules, and cooperation in the execution of these rules. Another aspect of practical relevance is the role of cultural norms in the process of internationalization. While cultural norms and their influence on the macro level – that is, public administration per se – are implicitly covered by some studies using more institutionalist approaches, very little attention has been paid to the microlevel and the change of individual bureaucrats' dispositions toward cosmopolitism. Beyond these research gaps, inter alia questions of implementation and measurement, and the application of more comparative and methodologically mature approaches may be taken into consideration to form a more comprehensive research program.

To sum up, so far we see the emergence of international bureaucracies, and tightening linkages between the domestic and the international sphere de facto closely linked, but they stay analytically separated; IPA-related research is kept apart from approaches that focus on domestic internationalization. This is more than a technical aspect only, as the dissolution of borders requires thinking differently about the domestic and the international. Hence, internationalization of PA as something that "hits home" and "emerges from home" at the same time should be conceptually and analytically combined in future research.

## Cross-References


- ▶ Bureaucratic Culture in the context of Globalization
- ▶ Comparative Administrative Culture
- ▶ Comparative Public Administration and Globalization
- ▶ Global Administrative Reforms
- ▶ Globalization and Nation-States
- ▶ Globalization and Organizations
- ▶ Governance and International Regimes
- ▶ New Public Management (NPM) Framework, Fiji Correction Services


## References


Baltodano AP (1997) The study of public administration in times of global interpenetration: a historical rationale for a theoretical model. J Public Adm Res Theory 7(4):615–638

Bauer MW, Eckhard S, Ege J, Knill C (2017a) A public administration perspective on international organizations. In: Bauer MW, Knill C, Eckhard S (eds) International bureaucracy: challenges and lessons for public administration research. Palgrave Macmillan, Basingstoke, pp 1–12

Bauer MW, Knill C, Eckhard S (eds) (2017b) International bureaucracy: challenges and lessons for public administration research. Palgrave Macmillan, Basingstoke

Bauer MW, Knill C, Eckhard S (2017c) International public administrations – a new type of bureaucracy? Lessons and challenges for public administration

research. In: Bauer MW, Knill C, Eckhard S (eds) International bureaucracy: challenges and lessons for public administration research. Palgrave Macmillan, Basingstoke, pp 179–198
Christensen T (2012) Global ideas and modern public sector reforms. Am Rev Public Adm 42(6):635–653. https://doi.org/10.1177/0275074012452113
Dommett K, MacCarthaigh M, Hardiman N (2016) Reforming the westminster model of agency governance: Britain and Ireland after the crisis. Governance 29(4):535–552. https://doi.org/10.1111/gove.12227
Eckhard S, Ege J (2016) International bureaucracies and their influence on policy-making: a review of empirical evidence. J Eur Publ Policy 23(7):960–978. https://doi.org/10.1080/13501763.2016.1162837
Ege J (2018) Learning from the commission case: the comparative study of management change in international public administrations. Public Adm. https://doi.org/10.1111/padm.12546
Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522. https://doi.org/10.2307/3110299
Farazmand A (2002) Globalization, privatization, and the future of modern governance: a critical assessment. Public Financ Manag 2(1):151–185
Grande E (2018) Verwaltung im globalen Wandel. Neue Perspektiven für die Verwaltungswissenschaft. In: Bauer MW, Grande E (eds) Perspektiven der Verwaltungswissenschaft. Nomos, Baden-Baden
Hale T, Held D (2011) Handbook of transnational governance: institutions and innovations. Polity, Cambridge
Hood C (1995) Emerging issues in public administration. Public Adm 73(1):165–183. https://doi.org/10.1111/j.1467-9299.1995.tb00822.x
Huddleston MW (2000) Onto the darkling plain: globalization and the american public service in the twenty-first century. J Public Adm Res Theory 10(4):665–684. https://doi.org/10.1093/oxfordjournals.jpart.a024286
James S (2010) Adapting to Brussels: Europeanization of the core executive and the 'strategic-projection' model. J Eur Publ Policy 17(6):818–835. https://doi.org/10.1080/13501763.2010.486985
Kettl DF (2000) The transformation of governance: globalization, devolution, and the role of government. Public Adm Rev 60(6):488–497. https://doi.org/10.1111/0033-3352.00112
Radaelli CM (2005) Diffusion without convergence: how political context shapes the adoption of regulatory impact assessment. J Eur Publ Policy 12(5):924–943. https://doi.org/10.1080/13501760500161621
Schomaker RM (2017) Public-private governance regimes in the global sphere. Public Organ Rev 17(1):121–138. https://doi.org/10.1007/s11115-015-0333-z
Stone D, Moloney K (eds) (2019) Oxford handbook on global policy and transnational administration. Oxford University Press, Oxford
Trondal J, Bauer MW (2017) Conceptualizing the European multilevel administrative order: capturing variation in the European administrative system. Eur Polit Sci Rev 9(1):73–94. https://doi.org/10.1017/S1755773915000223
Welch E, Wong W (1998) Public administration in a global context: bridging the gaps of theory and practice between western and non-western nations. Public Adm Rev 58(1):40. https://doi.org/10.2307/976888

B

# Bureaucracy and Leadership

Richard F. Callahan
School of Management, University of San Francisco, San Francisco, CA, USA

## Synonyms

Leadership; Public Bureaucracy

## Introduction

In modern society, organizations are the dominant form of problem solving (Simon 1995). Organizations provide a structure and predictability for problem solving, which marks a fundamental shift from rules depending on a personal ruler to roles and rules that are impersonal (Webber 2017 [1922]). Within organizations, the role of leaders is a particular focus of research. At the core of this chapter are two premises: one, that organizations are central to addressing complex societal challenges; and two, that the complexity has significant implications for leading public bureaucracies. This chapter explores the interaction between leaders and bureaucracies in the following sections: one, ("Overview") an overview of organizations; two, ("Leadership") the varied levels of leadership in society; three, ("Four Frames of Public Organizations") the multiple frames for decision-making in organizations; and four, ("Complexities of Leading Public Bureaucracies") how public-sector leaders reconcile the implications of these complexities.

## Overview

The prevalence of organizations in contemporary society makes it difficult to realize the extent to which organizations problem solve in the private, public, and nonprofit sectors. In the past 100 years, the complexities of organizations draw on a range of academic disciplines to deepen the understanding the dynamics of organizations, including sociology, political science, and psychology. In professional fields, finding predictable patterns of behavior and consistent leverage points for effective action are centerpieces of business administration and public administration.

In the public-sector organizations are often referred to as bureaucracies. The study is strongly international (see for example Hood 1991). Extensive research has developed in a range of countries, including Western European Countries, Scandinavia nations, particularly Denmark; Asian democracies such as Japan, South Korea, and India, as well as extensive research on China; in North America, particularly in the United States; and in South American, particularly Brazil; and in Commonwealth nations, in-depth in the United Kingdom, Canada, New Zealand, and Australia.

In understanding bureaucracy and leadership, it is important to locate the unit of analysis. Herbert Simon's research into decision-making and organizations which was awarded the Nobel Prize, develops two distinctive insights into public bureaucracies: One, organizations are needed because of the limits of anyone individual to handle complex decision-making (1995). Two, there are five levels of society, best understood as each contained within the other, starting with individuals, then groups, then organizations, within the context of institutions and society (1952). Simon's insight suggests that leadership skills for organizations differ from leadership skills at the individual, group, institutional, or societal levels.

## Leadership

Recognizing organizations as only one of the levels of society suggests that leaders need a distinct set of skills to lead organizations as opposed to leading individuals, teams, communities, or institutions. The research on leadership in the public sector offers a wide range of theories and models of leadership (for the most comprehensive listing see Van Wart 2017). The initial distinction for leadership of public bureaucracies begins with the recognition of leadership in public organizations as fundamentally different than leadership in the private sector. The distinct nature of public sector leadership can be seen in the difference between models of strategy in the public sector developed by Moore (1995) that include a significant focus on the authorizing environment. The difference between strategically leading public versus private sector organizations is evidenced in Vining (2011) argument for the need for specific changes in the widely used in the private sector of Michael Porter's Five Forces Model to adapt to public sector demands.

Leadership skills needed in public bureaucracies vary across levels of government. In local government, the leadership skill set of a city or country manager emphasize direct supervision of department heads, working across a wide range of issues, a deep understanding of both the revenue and expenditure sides of the budget, political acumen to directly work with five or more elected officials, and community engagement. At the national level, the leadership skills needed to oversee employees spread over a wide geographical area differs for those skills needed in a specific policy area, such as health care. Also leadership position at different levels of government call for skills in expenditure controls or revenue projections, as well as in reporting to appointed officials, though occasionally needing a skill set to work for an elected executive and legislative oversight. Other units of government, such as special districts, which in the United States are the fastest and only growing number of units of government, can call for leadership skills that combine local government and national government (combining what? experience?).

As a result of varied expectations and structures of bureaucracies at different levels of government, no one template for leadership provides answers at each level of government. Some

reoccurring features across varied levels of government can include skills and abilities to:

- Effectively respond to elected official oversight.
- Generate new initiatives within the context of constitutional accountability.
- Develop and implement strategy.
- Meet the management requirements for audits and controls on public expenditures, while maximizing the effectiveness of budget resources.
- Anticipate future challenges while responding to current needs.
- Responsiveness to crisis either natural or man-made.
- Recognize fiscal constraints but to develop policy for minimizing the impact of future economic downturns.
- Offer new approaches to create new fiscal resources.
- Lead a diverse set of public employees.
- Civically engage.
- Master technical understanding across a wide range of specific functions.

Much of the research is specific to individual leaders of public agencies. The research offers a rich and varied set of individual examples of effective leadership at each level of government. Typically, the research considers exemplars of effective behaviors and skills of individual leaders, with details on the context, environment, and challenges. Also, comparative case studies have been developed in leadership to find shared characteristics across different agencies or policy arenas. Research also considers larger data sets, typically of surveys of existing leaders at a shared level of government. The overall findings suggest the dynamic nature of leadership calling for a mastery of context and specifics as well as interpersonal skills.

## Four Frames of Public Organizations

Effective leadership of bureaucracies starts with a recognition of the complexity of public organizations. The challenges that public organizations address range from education, to social services, infrastructure building, public safety, environmental protection, public health safety, national defense, and a wide range of additional responsibilities. The number and range of public sector organizations, across levels of government, defy generalizations that can be applied to all or many. Rather, the complexity of public agencies calls for multiple ways of understanding each organization. Varied models of organizational dynamics have been developed in research, with a helpful outline emerging from the research by Bolman and Deal, now published in a sixth edition (2017). Their findings start with the premise that no one perspective can fully explain the complexity of any organization. They argue for multiple frame analysis offering four frames to capture different drivers of behaviors in organizations. The frames are: Structural, Human Resources, Political, and Symbolic.

### Structure

The structural frame describes bureaucracies in terms of the reporting relationship, the job descriptions, the hierarchy, budgeting processes. The visual representation of analysis in this frame starts with the organizational chart. For leaders, analysis and decision-making in this frame develops structural alignment that support intended consequences, with a particular emphasis on oversight and accountability through clearly delineated chains of commands. In the public sector, this frame strongly aligns with an emphasis on civil service rules for hiring, promoting, and removing employees, coupled with the expectation of hierarchy and a top-down approach of providing orders and accountability as a dominant feature for problem-solving.

### Human Resources

The human resources frame places people at the center of the bureaucracy. This frame emphasizes addressing the needs of employees. In contrast to the structural frame, which views employees as readily replaceable in the organizational chart, the human resources frame views each employee as providing valuable contributions to the

organization's success. So, the central question for a leader becomes how to motivate and keep motivated the public-sector employees. Providing the support for workplace motivation becomes a pivotal task for the leader. Implicit in this frame is the belief that motivated employees more effectively problem solve, take the initiative, and create more effective organizations. For the public sector leader, the human resources frame calls for diverse teams of problems solvers, generating new and improved ideas from varied personal experiences and decision-making styles.

### Political

The political frame emphasizes the competition for scarce resources within a bureaucracy. The descriptive name does not refer to partisan, party politics, but rather the competition of competing factions within the organization. In public organizations, particularly these factions within a bureaucracy can reflect outside stakeholder groups, as well as internal groups. The resources include funding, personnel, as well as strategy and policy focus. In the public sector, this frame calls for leadership skills that include negotiation, consensus building, identification of competing factions, and the capacity to build and maintain consensus across varied various internal and external stakeholders.

### Symbolic

The symbolic frame recognizes the importance of symbols, as well as symbolic action. An important aspect of this frame is organizational culture, including behaviors that respond to unwritten expectations and values. The research on organizations over the past 30 years, increasingly finds that organizational culture drives organizational performance. For leaders of public bureaucracies, the implication of this frame is that analysis and actions need to account for the impact of symbols, as well as take steps to develop and support an effective organizational culture, driven by public sector values.

Supporting the multiple frame approach for understanding the complexity of public bureaucracies is the research on reform of U.S. federal agencies over a 50-year span by Paul Light (1997). Light finds four trends in reform of bureaucracies that strongly align with the four frames of Bolman and Deal (2017). Light argues that at different times, reform efforts predictable emphasize one of the following. He describes this predictability as a metaphor in the "tides of reform." As with the ocean tides, Light finds a regularly ebb tide of one reform, and the high tide of another type of reform. He describes the four tides as follows. One, scientific management, which similar to the Bolman and Deal structural frame, emphasizes organizational structure, through hierarchy and measurable results. Two, liberation management, which similar to the Bolman and Deal human resources frame, champions employees motivation as the key to improving overall organizational performance. Three, the watchful eye, which similar to the Bolman and Deal political frame, considers organizations as battlefields of negotiations and competing interest, calling for increases in political oversight of bureaucracies. Fourth, the war on waste, which similar to the Bolman and Deal symbolic frame.

For public bureaucracies, the concept of multiple frames analysis as the basis for more effective decision making coupled with the metaphor of the ebb and flow of tides of differing emphasis suggest the following four features to account for in leading public bureaucracy. One, the skills needed to lead a bureaucracy will include designing structures, connecting with employee motivation, negotiations, and building culture. Two, one-dimensional analysis or overly simple solutions will not address the multiple dynamics that affect organizational performance. Three, leadership of bureaucracy is context specific to the type of emphasis in the political environment. Four, bureaucracies are dynamic, subject to external forces, as well as internal pressures. These four features add up to make a strong case for what in leadership research is described as contingency theory (see for example, Van Wart 2017). In effect, the leadership skills needed, as well as the decision-making constraints and opportunities are largely contingent

on the circumstances and can vary considerably across different bureaucracies.

## Complexities of Leading Public Bureaucracies

The dynamics of organizations with multiple frames for actions and for reform occurring in real time, call for leaders of bureaucracies to reconcile the implications of these complexities. The focus on organizational level questions for leaders differs significantly from the questions for leaders to address, with significant implications for action with the type of question asked (Callahan 2001).

Within the contexts of bureaucracy, a range of research has developed to explain the best practices for effective public organizations. Key issues that have emerged in the last several decades in the study of public agencies include the very start of an organization in researching the design of public organizations (Moe 1990). However, as most public organizations are already in place, a significant amount of research has emerged on the reform of public organizations. This focus on reform has been developed at the national level looking how newly elected presidents have reorganized the executive branch (March and Olson 1983). Also, the emphasis on reform shifted from the national level to all levels of government with the concept of "reinventing government" (Osborne and Gaebler 1993). Reforming public bureaucracy is international, with the concept of "The New Public Management" characterizing a more entrepreneurial approach to the delivery of services through public bureaucracy. The challenge to this reform of public agencies was the tensions between streamlining existing processes while balancing the accountability in constitutional democracies.

In contemporary leadership of bureaucracies, several themes emerge that bring together the multiple frames into coherent action. The major trends in focus on leadership practices can be seen as across five research streams in public administration. These five are titled as follows: performance management (Moynihan 2008), creating public value (Moore 1995), strategy (Vining 2011), innovation (Borins 2014), and cross-sectoral (Crosby and Bryson 2005). The implications for each trend for leadership of public bureaucracies are described below.

B

## Performance Management

Developing from the New Public Management movement has been an emphasis on performance management. The emphasis on the role of the leader is to increase bureaucratic effectiveness through developing performance management systems (Moynihan 2008). Leaders rely on performance management systems to establish measures for performance of varied parts of the organizations, with a greater emphasis on outcomes as opposed to outputs. The expectation is that the leader develops structures and organizational culture that support performance measures. Effective performance management systems are expected to extend beyond the term of any particular leader, but to increase performance through increased accountability on an on-going basis.

## Creating Public Value

The concept of creating public value was developed to parallel the concept of creating profit in the private sector (Moore 1995). This framework looks at the leader's role as connecting the operating capacity of the bureaucracy, with the authorizing political environment to create new programs or better leverage existing resources to create services that are valuable to constituents and stakeholder groups. The leader is creating public value typically has strong negotiation skills to work with elected and appointed officials responsible for oversight of the public organization. Significantly, the leader's role is not necessarily to accept the status quo, but to develop a more entrepreneurial approach to leading the bureaucracy.

## Strategy

Increasingly, research shows the importance of strategy in leading public-sector organizations (Vining 2011). Fundamentally, strategy aligns the activity inside an organization with forces outside the organization. Strategy applies a bureaucracy's resources – budgets, people, expertise – with the expected impact or outcomes from the outside. Strategy in the public sector has an increased complexity in comparison to the private sector (Vining 2011) with the need to account for the inherently political environment of any public bureaucracy. Public sector executives lead both vertically within the organization, as well as with reporting to external oversight both appointed and elected.

## Innovation

Innovation in public bureaucracies can be characterized by persistence in leadership (Borins 2014). The process of innovation varies with a tension between leaders competing or collaborating as drivers for innovation, with the potential for leaders to facilitate bottom-up innovation or start with a top-down approach (Sorensen 2012). Innovative processes allow leaders the flexibility to respond to emerging needs, as well as changes in technology, funding, or state-of-the-art knowledge. In many ways, the process of innovation and implementation of innovation calls for mastery of the human resource and symbolic frames identified by Bolman and Deal (2017) to free up the potential of employees and to implement a culture of innovation.

## Cross-Sectoral Leadership

A significant shift in the leadership of public bureaucracies has occurred in the past 30 years. The emergence of the distinction between a public agency being responsible for a service and the actual providing of a service allowed for contracting out of public services. The increase in nonprofit service provision of social and health services calls for a leadership skill set in managing across the public and nonprofit sector (Crosby and Bryson 2005). For cross-sectoral leadership, the skill sets includes building and overseeing effective service delivery networks, working with community-based organizations, developing processes, such as Task Forces or community meetings to effectively identify community needs, as well as risk identification, risk management, and risk mitigation for contract management. This type of leadership can be described as horizontal with shared power, across public and nonprofit agencies, as opposed to the vertical leadership up and down a bureaucracy with the power of command and control found in organizational hierarchies.

## Conclusion

The complexities of addressing contemporary societal challenges through problem-solving call for the development of leadership skills over the course of a lifetime (Callahan 2017). Leadership of bureaucracies calls for mastery of the internal dynamics of structure, human resources, political negotiations, and organizational culture. Moreover, externally, to develop a strategy that aligns the internal missions with the external outcomes, the ability to design systems to measure results, to innovate, and the skill set calls for the capacity to build networks. A framework for leadership of public bureaucracies starts with the recognition that the complexities of the challenges faced by leaders call for dynamic solutions with analysis and action informed by multiple perspectives.

## Cross-References


- ▶ Bureaucratic Structure
- ▶ Contingency Theory of Leadership
- ▶ Human Resource Information Systems
- ▶ New Public Management
- ▶ Public Administration Theory
- ▶ Theories of Leadership

## References

Bolman LG, Deal TE (2017) Reframing organizations; artistry, choice, and leadership, 6th edn. Jossey-Bass, San Francisco
Borins S (2014) The persistence of innovation in government. Brooking Institution Press, Washington, DC
Callahan R (2001) Challenges of (dis)connectedness in the big questions' methodologies in public administration. Public Adm Rev 61:493–499
Callahan R (2017) Chapter themes for leadership best practices. In: Callahan R, Bhattacharya D (eds) Public health leadership: strategies for innovation in population health and social determinants. CRC Press/Taylor & Francis Group, New York, pp 157–164
Crosby BC, Bryson JM (2005) A leadership framework for cross-sector collaboration. Public Manag Rev 7: 177–201
Hood C (1991) A public management for all seasons. Public Adm 3:69
Light P (1997) The tides of reform: making government work. Yale University Press, New Haven, pp 1945–1995
March JG, Olson JP (1983) Organizing political life: what administrative reorganization tells us about government. Am Polit Sci Rev 77:281–296
Moe T (1990) The politics of structural choice: toward a theory of public bureaucracy. In: Williamson O (ed) Organizational theory: from Chester Barnard to the present and beyond. Oxford University Press, New York, pp 116–153
Moore M (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA
Moynihan DP (2008) The dynamics of performance management: constructing information and reform. Georgetown University Press, Washington, DC
Osborne S, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Penguin Books, New York
Simon HA (1952) Comments on the theory of organizations. Am Polit Sci Rev 46:1130–1139
Simon HA (1995) Organizations and markets. J Public Adm Res Theory 5:273–294
Sorensen E (2012) Governance and innovation in the public sector. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, UK, pp 215–227
Van Wart M (2017) Leadership in public organizations, 3rd edn. Routledge/Taylor and Francis Group, New York
Vining A (2011) Public agency external analysis using a modified "five forces" framework. Int Public Manag J 14:63–105
Webber M (2017/1922) Bureaucracy. In: Shafritz JM, Hyde AC (eds) Classic of public administration, 8th edn. Cengage, Boston

# Bureaucracy and Media

Simplice A. Asongu[1,2,3] and Sara le Roux[1]
[1]Department of Accounting, Finance and Economics, Oxford Brookes Business School, Oxford Brookes University, Oxford, UK
[2]Department of Economics, University of South Africa, Pretoria, South Africa
[3]Department of Economics & Development Studies, Covenant University, Ota, Ogun State, Nigeria

B

## Synonyms

Administrative procedure; Complex systems; Governance; Information technology

## Definitions

Bureaucracy is an excessively complex administration procedure or a system of governance in which most decisions are taken by stated officials instead of elected representatives. Media represent mechanisms of mass communication (broadcasting, publishing, and the Internet).

## Introduction

Over the past decades, the liberalization of information and communication technology (ICT), especially in many developing countries, has led to a multitude of positive development externalities. One such consequence is the improvement in governance and decrease of bureaucracy (Asongu et al. 2018b). This is essentially because new media technologies decrease intermediary rents between citizens and government agencies, since they enable direct participation of citizens in the public decision-making processes. In a nutshell, information sharing by means of new media and

technologies reduces informational rents previously enjoyed by a few elite who monopolized such information (Tchamyou and Asongu 2017; Asongu et al. 2018a).

Building on the above insights, a study by Asongu et al. (2018b) investigates the relationship between mobile phone penetration (respectively, proxy for a new media and technology) and good governance (respectively, proxy for decreased bureaucracy) in sub-Saharan Africa (SSA). The study is motivated by two main factors in academic and policy circles. First, recent literature is consistent on the position that while mobile phone penetration has reached saturation levels in developed countries and more technically advanced developing countries, there is a still a great potential for penetration in Africa (Tchamyou 2017; Afutu-Kotey et al. 2017; Asongu and Boateng 2018). By extension, such potential can be leveraged by policy makers to address policy syndromes such as exclusive development and poor governance.

Second, about half the countries in SSA did not achieve the millennium development goal (MDG) extreme poverty target, in spite of the fact that the subregion has enjoyed more than two decades of resurgence in economic prosperity (Asongu and Kodila-Tedika 2017; Tchamyou 2018). Good governance, which can be promoted with new media technologies, has been documented to improve a multitude of development outcomes, inter alia: living standards, inclusive development and efficient distribution of resources.

## Mobile Phones and Governance

A study by Asongu et al. (2018b) presents theoretical and empirical perspectives on the relevance of mobile phone penetration in boosting good governance in 47 SSA countries for the period 2000–2012. Three governance categories are considered in the study, namely: political governance (consisting of political stability/no violence and voice & accountability), economic governance (entailing government effectiveness and regulation quality), and institutional governance (encompassing corruption-control and the rule of law). As a robustness check, the governance measures are bundled by principal component analysis in order to provide room for more policy options (Asongu and Nwachukwu 2017).

The study is original and valuable in the perspective that, it offers both theoretical and empirical insights into the relevant media technologies (i.e., mobile phone penetration) in promoting governance and by extension decreasing bureaucracy which is a characteristic of poor governance. Moreover, the positioning of the study complements the scant literature on the importance of media and technologies in governance and bureaucracy in Africa (Snow 2009; Matthias 2012; Porter et al. 2016; Gagliardone 2016).

It is important to note that Snow (2009) has established a negative nexus between the mobile phone penetration and corruption levels. As for Matthias (2012), there is a positive relationship between openness and accountability in Africa. A focus on South Africa, Malawi, and Ghana by Porter et al. (2016) provides insights which lead to the conclusion that the use of mobile phones by youth, if effectively leveraged by policy makers, could increase the harmonization between practice and policy implementation. The relevance of linkages between government quality and mobile-radio interactions is examined by Gagliardone (2016) who concludes that preventive and corrective initiatives considerably enhance the investigated linkages.

It is important to note that the study by Asongu et al. (2018b) improves the discussed literature on four main ways. First, contrary to Snow (2009) and Porter et al. (2016) who have focused on country-specific cases, using panel data that entails many countries provides policy implications that are relevant to a broader set of countries. Second, instead of focusing on one dimension of governance, as is the case of Snow (2009), taking many governance indicators is relevant both in terms of robustness of the empirics and policy implications. Moreover, the study by Porter et al. (2016) does not directly

focus on good governance. Third, the radio channel used by Gagliardone (2016) is a somewhat outdated media; hence the need to consider a more updated media such as mobile phones. Fourth, the analysis of Snow (2009) is statistically fragile because the conclusion of the study is based on considers correlations rather than causality.

## Conclusion

The study by Asongu et al. (2018b) has provided empirical and theoretical arguments on the relevance of mobile technologies in boosting good governance in 47 countries in sub-Saharan Africa for the period 2000–2012. Generalized method of moments (GMM) are used as the empirical strategy and six governance indicators are bundled by means of principal component analysis (PCA) in order to derive three main composite indicators, namely: political governance (consisting of political stability/no violence and voice & accountability); economic governance (entailing government effectiveness and regulation quality) and institutional governance (encompassing corruption-control and the rule of law).

The following main findings are established in the study. *First*, with regard to unbundled measures of governance, it is found that mobile phones consistently improve governance dynamics. *Second*, within the robust framework of bundled governance indicators, the same conclusions hold with the exceptions of: (i) political governance for which the effect is not significant and (ii) the economic governance specification which fails to pass postestimation diagnostic tests. The effect of general governance is about thrice as high as the impact of institutional governance.

The findings converge with Snow (2009) in the perspective that informational rents which are captured by a few selected elites and contribute to poor governance can be reduced through an information sharing mechanism such as the mobile phone. This is consistent with the bulk of theoretical literature on the importance of mobile phones in improving governance. However, the findings are not broadly consistent with the strand of literature supporting the role of information technology in poor governance characteristics like violent collective action.

B

## Cross-References

▶ Good Governance
▶ Informal Administrative Processes

## References

Afutu-Kotey RL, Gough KW, Owusu G (2017) Young entrepreneurs in the mobile telephony sector in Ghana: from necessities to aspirations. J Afr Bus 18(4):476–491

Asongu SA, Boateng A (2018) introduction to special issue: mobile technologies and inclusive development in Africa. J Afr Bus 19(3):297–301

Asongu SA, Kodila-Tedika O (2017) Is poverty in the African DNA (gene)? S Afr J Econ 85(4):533–552

Asongu SA, Nwachukwu J (2017) The impact of terrorism on governance in African countries. World Dev 99:253–270

Asongu SA, Batuo E, Nwachukwu JC, Tchamyou VS (2018a) Is information diffusion a threat to market power for financial access? Insights from the African banking industry. J Multinl Financ Manage 45:88–104

Asongu SA, le Roux S, Nwachukwu JC, Pyke C (2018b) The mobile phone as an argument for good governance in sub-Saharan Africa. Information Technology & People: Forthcoming.

Gagliardone I (2016) 'Can you hear me?' Mobile–radio interactions and governance in Africa. New Media Soc 18(9):2080–2095

Matthias M (2012) Connectivity and Accountability in Africa. Futurist 46(1):6–7

Porter G, Hampshire K, Milner J, Munthali A, Robson E, De Lannoy A, Bango A, Gunguluza N, Mashiri M, Tanle A, Abane A (2016) Mobile phones and education in sub-Saharan Africa: from youth practice to public policy. J Int Dev 28(1):22–39

Snow BC (2009) Mobile phone diffusion and corruption in Africa. Polit Commun 26(3):333–353

Tchamyou VS (2017) The role of knowledge economy in African business. J Knowl Econ 8(4):1189–1228

Tchamyou VS (2018) Education, lifelong learning, inequality and financial access: evidence from African countries. Contemp Soc Sci. https://doi.org/10.1080/21582041.2018.1433314.

Tchamyou VS, Asongu SA (2017) Information sharing and financial sector development in Africa. J Afr Bus 18(1):24–49

# Bureaucracy and Outsourcing

Eunju Rho
Department of Public Administration and Urban Studies, The University of Akron, Akron, OH, USA

## Synonyms

Contracting; Government-by-proxy; Privatization

## Definition

Bureaucracy refers to a formalized, hierarchical, and specialized organizational setting designed to manage large-scale administrative functions and tasks by emphasizing rules, control, hierarchical authority, and coordination.

## Introduction

Bureaucracy refers to "the type of organization designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals" in an efficient way (Blau 1956, p. 127). The term *bureaucracy* implies (1) a distinct organizational setting, which is formalized, hierarchical, and specialized with both a clear functional division of labor and demarcation of jurisdiction, which is standardized, rule based, and impersonal; (2) a professional, full-time administrative staff with lifelong employment, organized careers, salaries, and pensions, appointed to office and rewarded on the basis of formal education, merit, and tenure; and (3) a larger organizational and normative structure where government is founded on authority, that is, the belief in a legitimate, rational-legal political order and the right of the state to define and enforce the legal order (Olsen 2006, pp. 2–3).

In relation to the politics-administration dichotomy, bureaucratic government has been considered an instrument for "good" government, regardless of political constraints, because bureaucracy meant efficiency and efficiency meant good government. In the process of transforming the United States from a regionalized agrarian society into an industrial and national society, bureaucracy has become an instrument of governance for addressing social problems in an efficient manner, on the assumption that it would contribute to "unity and coordination, precision and speed, predictability, obedience and loyalty, impartiality, reduction of friction and of material and personal costs, knowledge of files and an institutionalized memory, and continuity across changes in government" (Olsen 2006, p. 8).

However, its emphasis on rules, control, hierarchical authority, and impersonality has ironically been criticized as inefficient and undemocratic because of bureaucratic pathologies such as trained incapacity, replacement of ends with means, and over-conformity. Goodsell (2004) notes three key points made by critics of bureaucracy: poor performance, excessive power, and oppression of the individual. Since a brief encyclopedia article cannot capture the vast array of themes and studies of bureaucracy, this entry limits itself to the debates on bureaucracy in relation to the theme of performance. Thus, among Goodsell's (2004) three charges, the discussion that follows focuses on the first criticism by (1) reviewing the ongoing debates on bureaucracy in relation to its performance; (2) presenting contracting out, also called outsourcing, as a form of privatization; and (3) discussing privatization's pitfalls and ironies and what needs to happen for such strategies to work well.

## Debate on Bureaucracy and Performance

The first criticism that Goodsell outlines focuses on unacceptable performance, including arguments of general distrust of public ownership and government monopolies, fear of unlimited budget expansion, and obsessive conformity to rules, which creates goal displacement (Goodsell 2004). It has become a popular notion that bureaucracy – particularly governmental bureaucracy – is invariably huge and inefficient, as people

witness growing government budgets and tax assessments year after year. Although some argue that such common negative perceptions of bureaucracy are highly overblown, they do raise the serious question of why bureaucracy is so widely assumed to perform poorly when compared to other forms of organizations found in the private sector.

The most noted economic approach to bureaucracy, public choice theory, is concerned with inefficient allocation of resources because of the budget-maximizing attributes of government bureaucracy. To Ostrom (1989), a public choice theorist, bureaucratic organizations are inherently subject to conditions of institutional failure. Public agencies have difficulties in allowing the expressing of diverse preferences among different communities of people since they provide public goods without information about customers' preferences. Therefore, expenditures will be made with little reference to consumer utility, and producer efficiency in the absence of consumer utility is without economic meaning. In this sense, Ostrom conclude that bureaucracy will "(1) become increasingly undiscriminating in its response to diverse demands, (2) impose increasingly high costs on those who are presumed to be beneficiaries, (3) fail to proportion supply to demand, (4) allow public goods to erode by failing to prevent one use from impacting others, (5) become increasingly error prone and uncontrollable to the point where actions deviate from public purposes and objectives, and (6) compound these problems to the point that remedial actions actually exacerbate rather than ameliorate problems" (Ostrom 1989, p. 56).

Such a notion of inefficient bureaucracy is closely associated with the size and growth of governmental bureaucracies. Like all organizations, bureaucratic governments also inherently tend to expand in size (Downs 1967). As the bureaucracy expands, wasted motion or unproductive efforts can become dominant and authority is diffused; to counteract this decline in control, the administrative bureaucracy becomes "a gigantic machine that slowly and inflexibly grinds along in the direction in which it was initially aimed" (Downs 1967, p. 160). Likewise, Niskanen (1971) argues in his budget maximization bureaucrat model that public administrators tend to focus on their organization's budget maximization, operating out of self-interest instead of the public interest. In this view, bureaucratic expansiveness led by extensive regulation and government growth inherently results in bigger budgets, larger staffs, and higher salaries (Niskanen 1971).

Against the critics of bureaucracy, the pro-bureaucracy literature disagrees with the notions of an "inefficient" and "underperforming" bureaucracy, asserting that government performance is not as bad as the public may perceive it to be. Milward and Rainey (1983), for example, present eight reasons why governmental bureaucracy is more valuable than is widely understood. First, the notion of the inefficiency of governmental bureaucracy is ill-conceived because efficiency in the private sector cannot be compared with efficiency in government. Second, government pursues values that are more complex than efficiency; governments should achieve efficiency along with other values such as equity, responsiveness, and accountability, which can be inconsistent with one another and with efficiency. Third, government is required to adopt higher performance standards because the public is regarded as the owner of the government. Fourth, external groups such as Congress and interest groups make different and sometimes contradictory requests that limit the autonomy of government. Fifth, policymakers craft vague laws or regulations, forcing bureaucracies to accept responsibility for and take risks in the face of ambiguous guidance. Sixth, government, with its inherently limited capacity, faces a virtually endless array of often conflicting requests. Seventh, politicians focus on macroeconomic matters such as inflation and unemployment rates more than on the performance of specific programs, which can limit the effectiveness of those programs. Lastly, the public as a whole has a negative stereotype of bureaucracy, even though individuals regularly have favorable experiences with public agencies. Similarly, Goodsell (2004, p. 48) argues that the notion of "business-is-better" is a myth about governmental bureaucracy in which (1) the

public-private distinction is not clearly distinguished, that business also takes the form of organized bureaucracy, that the assumption of perfect competition in private markets is also mythical in the real business world, and that comparisons between the public and private amount to "apples and oranges."

## Privatization and Outsourcing: Transforming Bureaucracies into Market-Oriented Organizations

Over the last few decades, a vast array of administrative reform efforts have been undertaken under the general slogan of "running government more like a business," with the goal of improving the performance of public organizations, moving from bureaucratic ideas of hierarchical authority, responsibility, efficiency, a system of rules and control, and impersonality to post-bureaucratic ideas of customers, service, quality, value, flexibility, innovation, empowerment, and continuous improvement (Barzelay 1992, p. xiii). President Reagan cited bureaucracy as an axis of government failure, and some have used the very word "bureaucracy" as a "pejorative slogan" (Olsen 2006). Administrative reform movements include, but are not limited to, Total Quality Management programs, the Reinventing Government Movement, the National Performance Review, and the President's Management Agenda. Throughout these recent developments, the privatization of public services has been widely used as a managerial strategy aimed at achieving efficiency and flexibility in government programs at all levels in the United States.

Privatization is defined as "the act of reducing the role of government, or increasing the role of the private sector, in an activity or in the ownership of assets" (Savas 1987, p. 3). Under the privatization movement, many nongovernmental entities, including private and nonprofit organizations, have become involved in areas that were once the exclusive purview of government. Some scholars have called this phenomenon "third-party government" or "government by proxy." Third-party government refers to the system, in which "government establishes priorities and generates funds but leaves the actual delivery of services and the operation of public programs to a variety of nonfederal third parties"(Salamon 1989, p. 9), and "proxy" describes these third parties such as states, cities, counties, banks, industrial corporations, hospitals, and nonprofit organizations (Kettl 1988). Privatization takes various forms. For instance, Savas (1987) suggests a hierarchical order of many forms of privatization, arranged from high government involvement (e.g., contracting, grant, voucher, and franchise) to low government involvement (e.g., volunteers and self-service). Among these various forms, contracting with nongovernmental organizations (profit or nonprofit) is the most typical form of privatization so that the notions of privatization and contracting are often discussed together or even interchangeably.

What forces have driven privatization all over the world? Savas (1987) lays out four forces of privatization: pragmatic, ideological, commercial, and populist. First, when experiencing fiscal stress, governments have turned to privatization as a way to stretch smaller budgets and improve the cost effectiveness of government services. Second, privatization has been promoted due to ideological concerns that the size and power of government has expanded to the point of harming democracy. Since privatization involves "changing from an arrangement with high government involvement to one with less" (Savas 1987, p. 88), it also means a "depoliticization" of the bureaucracy that leads to opportunities for participation by third parties and the public. Third, commercial advocates argue that more government spending, which forms a large part of the economy, should be directed toward private firms. Fourth, based on public choice theory, populists believe that privatization is one way to offer the public more choices in public services. Those forces have heavily influenced privatization initiatives in recent decades.

In the United States, the privatization movement was spurred by Osborne and Gaebler's nationwide bestseller book, *Reinventing Government*, which highlighted competition as a mechanism to improve efficiency and effectiveness of

public service delivery. Such movement has forced agencies to reduce inefficiencies, to seek budget-performance integration, and to compete with other agencies or nongovernmental entities. It has led agencies to change their work environments to become more competitive and business like. Thus, the privatization movement has caused public agencies to transform their bureaucratic approach into a market-oriented perspective by bringing market-oriented mechanisms that emphasize increased efficiency, reduced costs, and improved quality of services.

Why does privatization make government programs efficient and flexible? According to neoclassical economic theory, in a free market, voluntary exchanges between someone who wants to buy and someone who wants to sell determine the level of supply and production, which results in both efficiency in resource allocation and an increase in individual welfare. This efficiency of resource allocation is further reinforced by competition between producers, which results in minimizing costs, limiting price increases, and increasing the consumer's choice. Finally, the competitive market drives inefficient producers out of business, which regulates the quality of products. Therefore, advocates of privatization believe that the private sector would be a more efficient producer than the public sector, which lacks competition and the profit incentive.

Based on the assumption of market theory that human beings are rational and tend to maximize self-interest, public choice theorists explain how government makes choices in resource allocation. Government choices are inferior to those made by markets in terms of resource allocation efficiency because supply and demand rarely balance in government programs and because government's monopoly position structurally excludes competition, meaning that the government cannot minimize costs and increase choice for consumers. Since bureaucrats have no incentive to seek efficiency in the operation of government programs – indeed, they have an incentive to maximize their agencies' budgets and their own job security – they are likely to produce inefficient results. Based on this logic, public choice theorists suggest privatization as a cure for the inefficiency of government programs, a way to break the monopolistic power of public agencies, and a means of forcing government to offer citizens more choices in services traditionally provided by the government.



## Privatization Pitfalls: Theoretical Problems

The theoretical issues concerning privatization problems can be classified into four categories: market imperfection, the agent problem and transaction costs, "governmentalization," and the problems of accountability and governance.

First, arguing efficiency through privatization should be based on several conditions that make the market competitive: Kettl called it "arm's length transactions among large numbers of buyers and sellers for relatively undifferentiated goods" (1993, p. 15). However, it is very difficult to meet these conditions in actual privatization efforts. Because public goods tend to be less profitable and more complicated to deliver, most public contracting involves either no competition (monopoly) or only minimal competition among very few firms (oligopoly) (Sclar 2000). Therefore, competition is rarely found in markets for public goods because of the fundamental structure of such markets.

Second, in the principal-agent relationship, the government (a principal) should write a contract that induces the contractor (an agent) to behave as the government desires. However, this principal-agent relationship has inherent weaknesses. First, agents always have their own interests that might conflict with the principal's interests, so the temptation for agents to shirk their duties is always present in principal-agent relationships. Second, principals' efforts to monitor agents' undesirable behavior is often futile, because agents always know more about their own behavior than principals do or ever could. Furthermore, the contractor, as an agent, is more liable to opportunism than government. With respect to this additional cost caused by information asymmetry and the consequent uncertainty between the government and the contractor, transaction costs theory provides

useful insights; when the government chooses contracting as opposed to direct administration, there are additional information costs necessary to ensure a successful transaction, such as searching, monitoring, enforcing, and policing costs (Williamson 1981).

Against the privatization proponents' argument of *less* government, some scholars insist that privatization through contracting has ironically resulted in increases in government roles (Rainey 2014). Through regulations, obligations, and restrictions accompanying contracts, privatization has produced unprecedented involvement of government in the affairs of the private sector. This "governmentalization" tends to make private contractors "just one more interest group" that lobbies the government to protect and expand its own financial bases and other interests (Rainey 2014).

Since contracting puts extra links in the hierarchical chain of overhead democracy, contracting relationships tend to attenuate the connection between citizens and public officials in government programs, which weakens the lines of political accountability (Moe 1987). Moreover, privatization involves "the sharing of powers," which means private institutions exercise considerable discretion over the spending of public money and the use of public authority. A system of shared powers inevitably allows private suppliers a substantial degree of autonomy from government control. The public managers administering contracting, then, are ultimately answerable and responsible for programs over which they have little actual control and authority (Salamon 1989).

## Barriers to Success: Managerial Problems of Contract Management

Debates over privatization, or the contract state, have tended to obscure longstanding issues of concern regarding public sector management. The political and economic context of privatization has been linked to the issue of declining resources and increasing pressures for efficiency, the legitimacy of bureaucratic administration, and the idea that privatization provides a way for cuts in service costs and spreads governmental responsibilities more widely. The expansion of privatization has raised questions about the changing nature of public management and imposed challenges on public managers. As Brown et al. (2006, p. 323) suggest, it is clear that there are several striking elements in public service contracting:

- Contracting is and will continue to be a major task facing public managers.
- Public managers do not always have a choice about contracting and may be required by elected officials to do so under less-than-optimal market conditions.
- Public managers charged with contracting operate in politically charged environments that put a premium on balancing competing stakeholder values.
- One-size-fits-all judgments about contracting are generally unrealistic: Contracting can improve service delivery or it can be a disaster, depending on the underlying market conditions and management efficacy.

In the evolution of the contract state, the effective management of public service contracts and privatization is necessary for excellence in public management. However, the fundamental irony of privatization arises from the fact that "the government's reliance upon the private sector has grown faster than its ability to manage it" (Kettl 1993, p. 20). Attempts to manage public service contracts successfully face a variety of obstacles, and the success of privatization, from the perspective of society and its citizens, depends largely on the administrative capacity of public managers responsible for privatization. In terms of the work flow regarding privatization, especially contracting, the managerial skills requiring excellent capacity are as follows: setting clear goals and performance criteria, choosing contractors, and monitoring and auditing performance.

### Setting Clear Goals and Performance Criteria

The goals and values of the contracting program should be clarified to make contractors know

what they are expected to do. Without a clear job description, no contractor can be expected to meet the government's expectations, and the government cannot monitor and evaluate the performance of the contractor. However, there are several problems in setting goals and performance criteria in privatization. First, in principle, the goals of government programs are determined by the legislature through laws (Kettl 1993). The policy intent described in many laws, however, is commonly vague and often encompasses multiple and even contradictory values. Moreover, many goals associated with the public interest, such as accountability, responsiveness, and fairness, are inherently hard to measure, due to their fundamentally intangible nature. Therefore, interpreting the true policy intent of the legislature and exercising appropriate discretion to serve the public interest are enormous challenges for public managers. Second, it is hard to match the goals of private partners with the government's precise objectives. Because of the self-interested nature of contractors, conflicts of interest create an inherent tension between the government and the contractor. To cope with these conflicts, it is necessary for the government to develop appropriate incentive systems in order to induce the contractor to perform as desired. Finally, there is a problem of over-specification and overregulation (Kettl 1993). While clarification and specification are very important in contracts, they may also be so voluminous as to be overwhelming and excessively detailed. This overspecification and overregulation may stifle the contractor's innovative impulse, which was the initial purpose of privatization. Obviously, a tradeoff is necessary between sufficient specificity to protect the public interest and enough flexibility to permit innovation and efficiency in contracts. Balancing these two demands is the role of public managers who are responsible for privatized programs.

### Choosing Contractors

In the principal-agent relationship, the government's selection of contractors cannot be perfect because of adverse selection and information asymmetry. Contractors always have more information about themselves than the government, so that they have both the ability and the incentive to conceal or downplay any critical problems or conditions. This makes it effectively impossible for the government to hire the best possible contractor. When the market for a privatized activity is dominated by a handful of vendors, the government often cannot make a good deal, because it is difficult for public managers to choose the best contractor among only a few qualified and experienced bidders. If the government's choice is limited by such environmental imperfection, the self-discipline of the market cannot work as it should in theory. Unless genuine competitive bidding can be employed, privatization leads to the waste of a new set of opportunities and incentives. Furthermore, a lack of competition in choosing the contractor can provide an opportunity for corruption and scandal. The awarding of contracts generally involves substantial sums of public money and considerable discretion among public officials, which often results from the lack of competition and thus may carry risks of bribery, collusion, and extortion (Moe 1987). In addition, political pressures in choosing a certain bidder may hinder fair competition in contracting, which results in the loss of the advantages of privatization (Rainey 2014).

Moreover, it is not always obvious that soliciting repetitive and competitive bids from many vendors is superior to a single long-term contract with a reliable vendor because it is not clear that regularly seeking a low price is superior to reducing uncertainty (Rainey 2014). As with private firms that prefer long-term relationships between buyers and sellers, the government often seeks reliability in supply and quality rather than merely low price in its privatization efforts. However, a long-term relationship often increases the government's dependency on the contractor and makes the government vulnerable in terms of maintaining accountability to provide the privatized activities. To relieve the risk caused by this situation, it is necessary for the government to prepare to deploy in-house expertise to take over the activity, although this can be an enormously expensive exercise.

### Monitoring Performance of Contractors

Monitoring is crucial to ensuring accountability in privatized activities. The monitoring system enables public managers to evaluate a contractor's performance in terms of the publicly determined goals of the program. To oversee privatized activities properly, the government must have sufficient staff with the appropriate expertise, but this requirement can be very difficult to meet. In addition to the lack of monitoring staff with expertise, there are other problems in acquiring appropriate information regarding a contractor's performance. First of all, excessive monitoring places additional burdens on the contractor and sometimes generates unnecessary bureaucratic red tape, thereby impeding the achievement of efficiency and flexibility, which are the main goals of privatization. In addition, the information asymmetry between the principal and agent may cause inefficiency in contract management since the government needs additional safeguards to avoid a distortion of information flow. The government's reaction to such problems, however, often causes another problem: recentralization (Kettl 1988). When severe problems develop in privatized activities, the government tends to centralize the privatized functions through more auditing and more rules. Inevitably, such strict auditing tends to make the privatized activities less flexible and innovative and thus fails to achieve the initial goals of privatization.

Along with such managerial concerns, Brown et al. (2006, pp. 328–329) suggest that there are three stages of the contracting process required for the successful management of privatization as follows:

1. Values, including public interest values, are the stakeholder preferences that public managers must balance or optimize as they deliver services. Throughout the phases of contracting, public managers should continually identify and prioritize the often politically contentious public-value preferences of key stakeholders. To the degree that managers have discretion, these values or value trade-offs should guide the use of different contract management tools, as well as inform the research strategies of scholars.
2. Institutions, or the laws and organizational arrangements that frame service delivery, determine the range of tools and resources that public managers can employ to achieve stakeholder values. Public managers need to identify (and researchers need to consider) the legal architecture that governs contracting. Legal mandates define the boundaries within which public managers can operate to optimize and balance targeted values, whereas contract management and monitoring incapacity increase the risk of failed contracts.
3. The characteristics of services and their markets influence which contracting tolls are best suited to achieve stakeholder values. Public managers should determine whether service and market conditions favor contracting. Of particular importance are factors that increase the risk of contract failure – thin markets and asset-specific and difficult-to-measure services. When these factors are present, public managers should internalize service delivery (if they can) or expand contract management capacity.

## Conclusion

This entry has set out to broaden and deepen the reader's understanding of the concept of bureaucracy by pulling together the various stands of the literature on notions of efficiency and effectiveness that are underpinned by strong theoretical foundations. In the context of a nationwide movement to improve government performance, bureaucratic systems and ideas have been transformed into market-oriented systems that emphasize service quality, customers, innovation, efficiency, and competition. Under such pressure, privatization, also referred to as outsourcing and contracting out, has frequently been touted as a mechanism to improve the delivery of government services. The concept has been promoted heavily by politicians, scholars, and practitioners, and while it may have benefits, many observers

have noted the serious difficulties that it may pose. This entry has also highlighted the key pitfalls of privatization and managerial concerns that the practice raises. Having recognized the weaknesses and contingencies of privatization, scholars and practitioners have long been searching for better strategies to sustain the benefits of privatization while minimizing its potential obstacles.

## Cross-References


- ▶ Bureaucracy and Efficiency
- ▶ Contracting with Government
- ▶ Privatization and Public Management


## References


Barzelay M (1992) Breaking through bureaucracy: a new vision for managing in government. University of California Press, Berkeley

Blau PM (1956) Bureaucracy in modern society. Random House, New York

Brown TL, Potoski M, Van Slyke DM (2006) Managing public service contracts: aligning values, institutions, and markets. Public Adm Rev 66(3):323–331

Downs A (1967) Inside bureaucracy. Little Brown, Boston

Goodsell CT (2004) The case for bureaucracy: a public administration polemic, 4th edn. CQ Press, Washington, DC

Kettl DF (1988) Government by proxy: (mis?)managing federal programs. CQ Press, Washington, DC

Kettl DF (1993) Sharing power. The Brookings Institution, Washington, DC

Milward H, Rainey H (1983) Don't blame the bureaucracy! J Public Policy 3(02):149–168

Moe RC (1987) Exploring the limits of privatization. Public Adm Rev 47(6):453–460

Niskanen WA (1971) Bureaucracy & representative government. Aldine, Atherton, Chicago

Olsen JP (2006) Maybe it is time to rediscover bureaucracy. J Public Adm Res Theory 16(1):1–24

Ostrom V (1989) The intellectual crisis in American public administration, 2nd edn. University of Alabama Press, Tuscaloosa

Rainey HG (2014) Understanding and managing public organizations, 5th edn. Jossey-Bass, San Francisco

Salamon LM (1989) The changing tools of government action: an overview. In: Salamon LM (ed) Beyond privatization: the tools of government action. The Urban Institute Press, Washington, DC, pp 3–20

Savas ES (1987) Privatization: the key to better government. Chatham House Publishers, Chatham

Sclar E (2000) You don't always get what you pay for: the economics of privatization. Cornell University Press, Ithaca

Williamson O (1981) The economics of organization: the transaction cost approach. Am J Sociol 87(3):548–577


B

# Bureaucracy and Partisan Issues


Abdulai Kuyini Mohammed
Department of Political Science, University of Ghana, Legon, Accra, Ghana


## Synonyms

Civil servants and politics; Neutrality versus party identification; Political affiliation; Political and apolitical public administrators; Public administrators

## Definition

Bureaucrats are appointed officers who work under the executive arm of government. They face a dilemma of either being political or apolitical or taking a middle position in the conduct of public business. This paper investigates the nature and extent of this dilemma in the context of Ghana and the consequences which issue therefrom.

## Introduction

Public administration has undergone several paradigm shifts since its birth. The most widely acknowledged paradigms are the traditional model of public administration, the new public management, and the new public governance. Each of these paradigms has been associated with one or more theoretical models about how the public sector should be organized and run to

achieve efficiency and effectiveness. The most important theoretical principle of the traditional model of administration is Weber's theory of bureaucracy. This theoretical model of public administration is characterized by hierarchical organization of government agencies; permanency of staff; neutrality and anonymity of officials, motivated only by the public interest; a view of public administration as a special kind of activity that requires a professional bureaucracy; appointed officers serving any government party equally; and a dichotomy between politicians who are responsible for policy design and bureaucrats whose work is merely to implement those policies decided by politicians (Hughes 2003: 17).

The NPM paradigm is underpinned by profoundly different theoretical foundations of economics and private management. The tenets of NPM include emphasis on results in terms of value for money, to be derived via management by objectives; the use of markets and market-type mechanisms; competition and choice; and devolution to staff through a better matching of authority; and responsibility and accountability (OECD 1998: 13). Among the outcomes of the NPM, reforms have been a significant improvement in public sector ethos and cost savings in some cases. However, there has been weakening of democratic accountability.

Some of the elements of the NPM are both backing and repudiating politicization or partisanship. The NPM aims at changing the culture of the public service with the importation of private sector ideas like improved service delivery, responsiveness, transparency, accountability, merit recruitment, greater autonomy and flexibility for administrators and managers, contract appointments, performance management, new financial techniques, reduction in red-tapeism, and rigidity (Pollitt and Bouckaert 2004). These elements are targeted at depoliticizing the public service to ensure that managers or administrators take responsibility for the achievement of results, a change in political-administrative relationship from master-servant relationship, the beginning of an interactive process between politics and administration, and a redefinition of the relationship between policy making and implementation (Cameron 2010).

Nevertheless, some of the features of NPM also support politicization such as the call for political leaders to choose their agency heads, which may require some sympathy with organizational goals that has the potential of undermining neutrality and nonpartisan administration as postulated by the traditional model of public administration (Hughes 2003). Furthermore, the NPM is seen by political leaders in Australia, the United Kingdom, and the United States as a reassertion of political control over the career bureaucracy (Ayee 2013).

It should be noted that a contemporary paradigm hardly completely supplants an earlier one. Undoubtedly, some elements of the erstwhile paradigm will normally persist alongside tenets of a current one. This is exactly the case with the public administration paradigms where some elements of the traditional model like hierarchy, neutrality, and public interest motivation have transcended the NPM paradigm. Hughes (2003: 3–4) agrees, arguing that paradigms change gradually – the decline of one school of thought occurs as a result of the rise of an alternative.

Ghana has embraced all the above public administration paradigms to varying extents. So if succeeding public administration paradigms hardly ever completely supplant their predecessors and if some paradigms emphasize political neutrality while others eschew and attempt to discard it, then the questions that are provoked are the following: (1) Is the bureaucracy in Ghana politically neutral or partisan? (2) What factors account for the neutrality or partisanship of the Ghanaian bureaucracy? (3) Has the bureaucratic neutrality or partisanship been exercised to the same extent across governments? (4) What are the consequences of the political neutrality or partisanship of the Ghanaian bureaucracy? (5) What measures should be taken to reorient the civil bureaucracy away from partisan concerns toward the public interest?

This paper is arranged such that the first section explicates the concepts of partisanship and neutrality. The second section looks at the bureaucracy during the colonial era. In the third section, the bureaucracy in the post-independence period is examined on the basis of its neutrality or

partisanship across regimes. The fourth section is focused on the causes and consequences of bureaucratic neutrality or partisanship in Ghana. In the fifth section, measures for reorienting the bureaucracy away from partisanship and toward the public interest are suggested. The final section concludes the paper.

## Partisanship and Political Neutrality

The term *partisan* defies a precise meaning as different scholars construe it differently, and this has led to a plethora of definitions. In politics, a partisan is a committed member of a political party or political coalition. In a multiparty system, the term is applied for politicians who strongly support their party's policies and are reluctant to compromise with their political opponents. Partisanship denotes how people identify with a specific political party. Campbell et al. (1960) construe partisanship in *The American Voter* as both a set of beliefs and feelings that result in a sense of "psychological attachment" to a political party. This definition has produced two rival notions of partisanship: instrumental and expressive (Lupu 2013).

The instrumental approach posits that partisanship is running tally of party preferences, ideological beliefs, and proximity to the party in terms of one's preferred policies that is affected by current characteristics of the political environment (Achen 2002). This conceptualization of partisanship is predicated on the rational choice model, which emphasizes utility maximization as the motivating force undergirding political decision making and involvement. In this model, myriad variables like economic evaluations, presidential approval (Mackuen et al. 1989), policy preferences, and party performance, as well as candidate evaluations (Garzia 2013), affect party loyalties and can induce partisans to abandon their party preferences if the party no longer satisfies these instrumental considerations. The instrumental approach to partisanship is appealing because its predictions are generally uniform across members of the electorate and variations in the design of electoral systems. Moreover, the rational voter can base a political decision on either ideological considerations or – in the absence of attitude constraint – a mix of various policy preferences, allowing for flexibility in voters' level of political sophistication and issue intensity.

The expressive approach is articulated by Green et al. (2002) in *Partisan Hearts and Minds*, in which partisanship is taken to mean an enduring identity strengthened by social affiliations to gender, religious, or ethnic and racial groups. These social affiliations with a party and its associated groups promote an emotional attachment to the party, generate stability over time in partisan identification and voter choice, and diminish the political influence of short-term events on party loyalties. Green et al. (2002: 8) describe the process by which people come to identify with a political party as starting with the question: "What kinds of social groups come to mind as I think about Democrats, Republicans, and Independents?" "Which assemblage of groups (if any) best describes me?" rather than with the question: "Which party best represents my political positions?"

While some writers stress the importance of the instrumental approach (e.g., Fionna 1981), others insist on the salience of the expressive approach (Iyengar et al. 2012). In practice, however, there is a likely mix of both approaches.

The rendering of the instrumental and expressive approaches to partisanship is done as if the partisan in all cases is an autonomous agent who can opt in and opt out of a party or be more or less engaged on the basis of his own volition and assessment of his party. I argue that, in the case of at least a partisan bureaucrat, the decision to identify with, and be committed and loyal to, a political party can be forced or manipulated by political bosses. It is possible for political bosses to break the ranks of civil servants by creating a culture of "us versus them," where the "us" refers to top-ranking public administrators who are perceived to be government party sympathizers or supporters who are identified and promoted. They are also given perquisites for the purpose of using their bureaucratic office to promote party agenda through patronage service delivery. They

may also be picked and loftily sponsored both financially and in kind and then imposed on the constituencies they hail from through manipulated primaries to compete as parliamentary candidates. A case in point was when the NDC picked a reluctant Director of the Ministry of Mines and Energy to stand as a parliamentary candidate in the Bosomtwe Constituency (an opposition party stronghold) in the Ashanti Region (Ayee 2013). Although his constituency was one of numerous constituencies in the region with numerous settlements which were not connected to the national electricity grid, he was given special privilege to embark on an elaborate rural electrification project in his constituency in order to gain electoral advantage.

The "them" denotes those bureaucrats who are perceived as not identifying with the ruling government's party. They are usually antagonized and intimidated to make a choice of either falling into line or face transfer to less glamorous departments or sidelined or forced to resign or in worst-case scenarios dismissed. To illustrate, in the 8 years (2001–2008) that the NPP was in power, the "Head of the Civil Service (HoCS) changed multiple times, with no one spending more than 2 years." Others were "designated as 'acting' with no clear timetable for their confirmation or removal" (Adarkwa and Ohemeng 2015: 23). Likewise, when the NDC assumed power in 2009 the HoCS position was subjected to the same turbulence. Such rampant changes make organizations headless that proceed in no particular direction – a state of affairs that is inimical to planning and development.

At the Director level, some bureaucrats who are distrusted by their ministers choose an alternative to quitting, that is, simply succumbing to the wishes of the politicians. The deference to the politician occurs irrespective of whether this offends bureaucratic professional ethos or is inimical to the public interest. Consequently, when an administrative problem crops up, there is passing of buck as it becomes quite formidable to pinpoint who should be held responsible.

The foregoing exposition means that bureaucratic partisanship has four dimensions:

1. Participation in political decision making in the sense that all public administrators are "political" because they are called upon to carry out political decisions, adapt to them, and explain them.
2. Partisan control over the bureaucracy which involves the subjection of the appointment and career of public administrators to political will. In this case, partisanship or politicization means that not only a public administrator's activity but also his or her career depends more on political than professional norms defined by the administration and ruled by law.
3. Political involvement which refers to the degree of public administrators' political involvement as citizens and voters. In other words, is the public service a political force? Public administrators as a group have their own aims and interests. Like any other interest group in society, public administrators are actively involved in the political process in pursuit of class interests (Haque 2001).
4. They are also forced or manipulated to identify with and get politically active in a party.

The opposite of partisanship is political neutrality of the civil service which Olaleye (2001) refers to as bureaucrats putting their politics in their pockets. This implies the task of public administrators is to help in the formulation and implementation of public policy as directed by the political executive. Thus, it is his responsibility to furnish his political boss with all the information necessary to arrive at a right decision. The bureaucrat must present to the elected officer the arguments on all sides to an issue fully, rationally, and fairly. Whatever his own sympathies may be, he must set aside all his/her personal prejudices, sentiments, affinities, and affection and faithfully present all the facts and information at the disposal of the department to enable the political head to take his own decision. Once the decision has been taken, the bureaucrat must loyally carry out the policy chosen even if he has his own reasons to prefer a different course of action. He is also required to make available his past experience to the service of the ministry and to offer

constructive suggestions as developed out of his experience. Moreover, the bureaucrat must execute policies and the substance of programs regardless of the regime in power. This duty emanates from the fact that the concern of the civil service is the good of the nation as a whole, irrespective of the political party in power. The public administrator's responsibility is to present the public interest viewpoint before each political superior who assumes office. Viewed in this way, the civil service ordinarily must strictly adhere to the principle of political neutrality while ensuring the continuity of policy predicated on overall national interest (Ayee 2013).

From the foregoing the question that arises is: Is the Ghanaian bureaucracy partisan or politically neutral or has it blended the two? This question is addressed through tracing the behavior of the bureaucracy from the colonial era to the present time. The implications and lessons of the evidence are then drawn out to inform improved conduct of public business.

## Bureaucracy and Partisanship in the Colonial Era

Colonial rule was imposed on the Gold Coast (name of Ghana before independence) rather than elected or agreed to by the native population. Thus, the colonizers had absolute power to determine public affairs including public policy making. Since the Gold Coast was an appendage or hegemony of Britain, the latter's preferred bureaucratic model was imposed on the former. Although Britain operated on the basis of the Weberian model of political neutrality of the bureaucracy, this approach was not straightforwardly applied to the Gold Coast. This was because the personnel preferences of the Colonial Office – the British ministry responsible for the administration of the colonies – reflected colonial objectives. Bureaucratic positions in the Gold Coast civil service were filled by "patronage," and often candidates were selected for reasons other than ability (Knupland 1953). This practice was known even to some indigenes (Burns 1949). This prompted one Governor of the Gold Coast, Casely Hayford, in 1903 in his condemnation of the colonial system to assert that, "patronage rules the day at Downing Street. . .Consequently there is a class of men who, as human nature goes, would be most obedient, humble, servants of the Colonial Office" (Blakeley 1972: 116–119). Administrative competence was downplayed, while premium was placed on political and personal connections in the selection and career progression in the service. Isichei's description of the colonial civil servant is apt on this non-meritocratic criteria of selection when she elucidates that, "Some [civil servant appointees] were escaping from financial problems or personal unhappiness, some were demobilized soldiers after the World Wars, some saw it as the only choice during the depression years, some were attracted by the prospect of change, adventure and outdoor life" (Isichei 1977: 214).

A similar picture of the nature of the colonial bureaucrat is painted by Kuklick (1979: 33–34) when she states that, for several of the men, service in the colonies "seemed to represent only one in a series of attempts to find exotic adventure." She adds that, "many were obviously escaping from an untenable situation at home," some saw it as "the only avenue open to them," and still others made the choice as an "act of desperation, undertaken only after past failures."

A further account of the quality of colonial civil servants is narrated by Sir Alan Burns, who proposed radical reforms in the colonial regulations that included principles that perpetuated the system of patronage (Burns 1949). He declared some bureaucrats "merely unsuited to colonial life either through temperament or because of indifferent health" (Isichei 1977: 214). Nevertheless, Burns elucidates that civil servants were never dismissed except when they were convicted of a criminal offense. According to him even chronic alcoholics remained on the job, and men who were unfitted for their appointments were routinely promoted (Burns 1949: 167). This was due to the cumbersome procedures required for a bureaucrat to be dismissed and the propensity of the Colonial Office, Governors, and heads of

departments to find excuses for the offenders (Burns 1949).

Kuklick provides additional minutiae to elucidate the human resource management culture in the colonial civil service. She referred to the service as an organization that assessed its "workforce on criteria of "immeasurable skills rather than precise technical accomplishment. . .tending to put a premium on the social graces that the man from a privileged background would possess" (Kuklick 1979: 85–86).

According to Kuklick (1979), officers who had a military background were more likely to get promoted to higher positions in the colonial civil service. The justification for this perhaps was their unique authoritarian style of administration, a style that must have been preferred by their superiors. She reasons that, in the colonial service, recruiters and selectors used their discretion favorably toward applicants whose education stressed "athletic character-building, and were considered to be capable of the visceral judgments and exemplary behavior," quality considered necessary to lead "genuine primitives," while those whose training had put accent on the development of "mere brains were but confined to an office. . ." (Kuklick 1979: 90).

The above exposition indicates that bureaucrats in the colonial civil service were appointed and progressed on the career ladder on the basis of patronage or political criteria rather than meritocratic standards. Thus, they were not the best qualified for the demanding tasks involved in decision making and administration of colonies, some of which were far bigger and more complex than Britain itself (Asante 2005). Consequently, the functional efficiency of the colonial civil service was dismal, geared as it was, toward serving imperial objectives to the detriment of the developmental aspirations of the colonized.

## Bureaucracy and Partisanship in Post-Independence Ghana

Matheson and colleagues in an OECD report concluded that "political involvement in administration is essential for the proper functioning of a democracy." Without this an incoming political administration would find itself unable to change policy direction. However, public services "need protection against being misused for partisan purposes, they need technical capacity which survives changes of government, and they need protection against being used to impair the capacity of future governments to govern" (Matheson et al. 2007: 5). This section examines the civil bureaucracy in the immediate post-independence period in 1957 to date in relation to whether it has been partisan or politically neutral.

The good days of the civil service generally span the period immediately before independence in 1957 to the mid-1970s when civil servants, on whose shoulder the machinery of government essentially revolved, appear to have been well trained and adequately remunerated and resourced. At the same time, the size of the service was "manageable," and security of tenure and the anonymity and neutrality of civil servants were guaranteed. All these factors combined to produce an environment which was congenial and thus elicited in most civil servants the highest degree of performance and productivity.

Despite these reputable, neutral, and professional accolades of the bureaucracy from the late 1950s to the mid-1970s, all was not completely rosy especially during the immediate post-independence period under the reign of Dr. Nkrumah. The desire to achieve rapid socio-economic transformation within the shortest possible time in order to improve the living conditions of Ghanaians necessitated the reorientation of the bureaucracy away from political freedom. This engendered a hostile relationship between politicians and bureaucrats (Amonoo 1981). Elected officials arrogated to themselves the design and execution aspects of the policy making process which made them to have an urge over public administrators in both realms. The alienation of the latter bred resentment and led to distrust between the two categories of officials. The frustration of Dr. Nkrumah especially about the bureaucracy stemmed from the fact that it was considered too slow to act – a perceived characteristic which was thought to be undermining the achievement of the political goal

of rapid socioeconomic development (Gyimah-Boadi and Rothchild 1990). Accordingly, this fed the impetus for the extreme politicization of the bureaucracy, with occupants of the top echelons of the hierarchy being replaced as heads of institutions by party members. This view corroborates Gyimah-Boadi and Rothchild who state that Dr. Nkrumah resolved that, "he would see to it that there were no 'civil masters' as under colonial rule but civil servants carrying out the policy decided by the cabinet" (Gyimah-Boadi and Rothchild 1990: 233). The two scholars assert that "senor officers were regarded with suspicion," which culminated in their loyalty being thrown into question. The Nkrumah's regime ensured that the bureaucracy was firmly brought under the control of the political executive.

An effective strategy Dr. Nkrumah's administration adopted to bring the bureaucracy firmly under political control was the establishment of several parallel bureaucratic apparatuses, to carry out national development (Amonoo 1981). These parallel bureaucratic structures included state-owned enterprises, specialized secretariats like State Planning Commission, the Productivity Center, the Water Resources and Power Secretariat, and the Civil Service Commission. All these institutions were outside the regular public services and brought under the Office of the President, who exercised direct control over appointments (Amonoo 1981). This deteriorated the already frosty relationship between bureaucrats and the Nkrumah's government because it not only over politicized the public service, but it also created coordination problems for it in national development efforts. The coordination problems arose from the fact that some organizations and sectors became silos which grossly undermined sociopolitical and economic growth (Amonoo 1981). Accordingly, an administrative confusion was created for the state, a labyrinth which Amonoo (1981) aptly characterized as "the politics of institutional dualism."

The National Liberation Council (NLC) was the first military regime in Ghana, which toppled the Nkrumah government in 1966. Initially the NLC attempted to depoliticize or is it over politicize the civil service. This is because it made strides to create a cordial relationship with public administrators by substituting politically appointed regional and district commissioners with administrators who were civil servants (Gyimah-Boadi and Rothchild 1990). In respect of economic policy making, the military junta enticed the participation of the bureaucracy in conjunction with the business community in the NLC's National Economic Council (NEC). The council exercised control over economic policies. The membership of NEC included five senior civil servants and two financial professionals. The governing style of the NLC and NEC, according to Kosack (2012), was reminiscent of the approach of the British. That approach ensured that public administrators were at the center and administered the local level via alliances with tribal chiefs and through central appointed bureaucrats.

The NLC appeared not to have the know-how to govern as was remarked by one of its leading members, Colonel Afrifa. He said that, as soldiers they were not cut to govern. Thus, they envisaged that they would serve as a stopgap measure – topple the Nkrumah's regime, put things in order quickly, and hand over power to a civilian-elected government. They had no other program or plans other than overthrowing the Nkrumah's government and installing themselves in power.

For this reason, although the NLC had ultimate power for the conduct of public affairs, it depended almost entirely on the civilian bureaucracy and the intelligentsia as the principal instruments for governing including policy making and implementation (Adu 1965). For the first few months after the 1966 coup, Ghana was virtually managed by civil servants, and this role expanded overtime. Despite the fact that senior military officers were appointed to head government departments and the administrative regions of Ghana and the NLC remained the de jure executive and legislative authority (Baynham 1988), in reality civil servants were the sources of policy ideas. Public administrators were also in charge of converting such ideas into official policies and for their implementation (Asante 2005). In responding to criticisms that the NLC was a government of bureaucrats, Major General Ocran,

another member of the junta, averred that, "I have yet to see a government in any part of the world which does not rely on civil servants for advice or even initiating policies" (Ocran 1977: 88). In digressing he conceded that a government becomes one that is run by civil servants "if those at the helm have no clear-cut policies" (Ocran 1977: 88). This admission goes to buttress the point of Colonel Afrifa that the military was wanting in terms of requisite expertise and skills in the area of government and therefore relied on civil servants to fill the void.

The consequence of the excessive dependence of the NLC military government on civil servants was that it weakened the dichotomy between the realms of politics and administration, which was drawn by Woodrow Wilson. According to him, "Administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices. The field of administration is a field of business. It is removed from the hurry and strife of politics. . ." (Wilson 1887: 209).

In other words, while policies were to be debated and decided by politicians, they were to be carried out by a politically neutral, professional bureaucracy. In this fashion, the everyday conduct of government would be isolated from the potentially "corrupting influence" of politics. The separation has been advocated on the grounds that the "dichotomous division of labor and authority between elected and administrative officials increases the democratic accountability and planning ability of public administrators" (Demir and Nyhan 2008: 81). However, since Wilson's time to date, the politics-administration dichotomy has been one of the most hotly contested theories of public administration. Some scholars describe it as a "myth," while others label it as an "aberration." Most of the academic treatises have concentrated on the interactive relationships between politics and administration as well as on the impact of political interference into democratic government operations (Demir and Nyhan 2008).

The NLC handed over power to the civilian-elected government of Dr. K. A. Busia (1968–1972). Like the NLC regime, technocrats were drafted externally including those who had worked with the World Bank and the IMF (Libby 1978). It was clear that the policy terrain was dominated by politicians and bureaucrats from international governmental organizations, which led to loss of policy ownership by local decision makers (Libby 1978). Despite the over politicization of the bureaucracy under the Busia's government, the period did not record any major strain in the relationship between the elected and appointed officers until the dismissal of 568 civil servants. While the government cited incompetence and inefficiency as the reason for its action, many observers believed they were politically motivated. The political motivation thesis is supported by the fact that a disproportionately large fraction of the dismissed was sympathizers of the Nkrumah's regime. The court order to reinstate the dismissed public servants fell on deaf ears.

The action of the government against the bureaucrats can be interpreted as based on partisan considerations. This is because Dr. Busia was one of the forebears of the United Gold Coast Convention (UGCC), the party that the Dr. Nkrumah-led Convention People Party (CPP) defeated in the election to select the first post-independence government. Dr. Nkrumah had antagonized its founding members to the extent of imprisoning its Chairman, Dr. J.B. Danquah, who died in jail (Gyimah-Boadi 1994). This embittered Dr. Busia and other UGCC leaders and supporters and turned them into vehement critics of the Nkrumah's regime. Not surprisingly, while in power Dr. Busia detested anybody who was aligned to Dr. Nkrumah and his CPP, and so the dismissed civil servants were disliked as well because they supported or were perceived as supporters of Dr. Nkrumah and his CPP.

The Rawlings' military Provisional National Defense Council (PNDC) rule (1981–1992) was a period where the bureaucracy was subjected to political subjugation and threats of annihilation. The process started with the lambasting of bureaucrats for the inefficiencies and ineffectiveness in the conduct of public business and for the socio-economic development problems of the country. This was followed by some structural changes, embracing the redesignation of the position of Principal Secretary to that of Chief Director.

The Chief Director was appointed on the basis of both merit and partisanship. Ascension to the position was no longer to be based on career progression in the service, but government sympathizer-outsiders were also eligible for consideration for appointment (Barnes 2014). The next was the establishment of revolutionary organs. The creation of these organs separated the country into "people" and "citizens," that is, friends and enemies (Oquaye 2000: 69). Those who were construed as "people" were members of the Committees for the Defense of the Revolution (CDRs) and the revolutionary organs including the 31st December Women's Movement (DWM), while those who were viewed as "citizens" embraced the Ghana Bar Association, the Medical Association of Ghana (GMA), the Association of Recognized Professional Bodies (ARPB), the University Teachers Association of Ghana (UTAG), the Ghana Employers Association, and the Masonic Lodges (Oquaye 2000).

Civil servants who were alleged as corrupt were also considered enemies of the revolution. The PNDC envisioned that for the civil service to be effective, it needed a transformation which would remove the bad nuts, reorient its culture, sharpen its skills, and enhance its responsiveness to public service customers. Accordingly, many civil servants were summarily dismissed, while others were accused of corruption and incompetence. Those who were accused of corruption were arraigned before the freshly constituted public tribunals and slapped with long prison sentences (Gyimah-Boadi 1994).

In other words, revolutionary politics distinguished between civil servants who identified with the military regime and those who were considered enemies of it. The civil service was therefore purged of the supposed enemies, and the perceived friends were elevated to positions of decision making. Remnants of the supposed enemy-bureaucrats who remained in the service were sidelined, and this divided the ranks of the civil service and created a culture of "we versus them." The PNDC government accused particularly the supposed enemy-bureaucrats for not only impairing its policies and delays but also described the apex stratum of the service as "allies of imperialism and neocolonialism which should be subjected to revolutionary overthrow and not mere reforms" (Ayee 2013). Accordingly, in the thinking of the PNDC, the civil service should be reorganized and politicized to ensure that its "orientation tallies with the objectives of the Revolution" (Ayee 2013).

The measure of the PNDC is reminiscent of the actions in the United States, whereby President Jimmy Carter promised to "clean up the horrible bureaucratic mess" and President Ronald Reagan vowed to "drain the swamp." In the United Kingdom, Prime Minister Margaret Thatcher introduced the language of public choice theory to top public servants; and in Canada, Prime Minister Mulroney declared that he would offer "pink slips and running shoes to bureaucrats" (Gordon 1992: 3).

The anti-bureaucratic corpus action that the PNDC took against the civil service considerably damaged its effectiveness, prestige, and credibility. The inability of the bureaucracy to perform its functions has led to the lack of trust and confidence reposed in it by most citizens, in turn affecting its perceived legitimacy. It has also affected its overall contribution to national development.

The new democratic dispensation in Ghana was ushered in after competitive multiparty elections in which the National Democratic Congress (NDC) which metamorphosed from the PNDC swept to victory. Ghana thus returned to civilian rule on January 6, 1993 after 19 years under the military dictatorship of the PNDC led by Flight Lieutenant J.J. Rawlings. Since 1993 to date, Ghana has stayed on the democratic trajectory.

There are constitutional provisions that bar civil servants from openly participating in political activities (Article 94 (3b), Article 191). Similar provisions are contained in the Civil Service Law of 1993 and Civil Service Code of Conduct of 1993. Under the last two laws, bureaucrats are supposed to demonstrate neutrality in political affairs. Despite these legal and constitutional provisions prohibiting civil servants from partisan politics, there has been a steady upsurge in the number of public administrators in partisan politics since the return to democratic governance in 1993. In 2009, for instance, there were 68 members of parliament as against 32 in 1993, whose last employment was in the public service. The

numbers may seem insignificant, but the concern is that high-profile bureaucrats either actively campaigned for political parties or stood for primaries without resigning their positions thus compromising their positions as public administrators and giving the public service a negative image and reputation (Ayee 2013: 445). Sometimes depending on who was in power, they were either asked or forced to resign before they contested the elections.

Some of the top-ranking bureaucrats who had involved in partisan politics embraced the Chief Director of the Ministry of Finance; Director, Ministry of Mines and Energy; Director General, National Development Planning Commission (NDPC); Chief Executive, Korle-Bu Teaching Hospital; Executive Secretary, Revenue Agencies Governing Board; Chief Executive, Driver and Vehicle Licensing Authority; Executive Secretary, Food and Drugs Board; Deputy Governor, Bank of Ghana; and Chief Director, Ministry of Health. There were also public administrators from the universities: Education, Health, Internal Revenue, Value Added Tax (VAT Secretariat), and Judicial Services. In addition, on August 6, 2012, K.B. Amissah-Arthur, the then immediate past Governor of the Bank of Ghana – the central bank – was sworn in as Vice President of the country following the ascension of the then Vice President, John Mahama, to the position of President following the untimely demise of President Atta Mills on July 24, 2012 (Ayee 2013: 446).

Several factors are responsible for the increasing bureaucratic partisanship. The first is the empowering provisions in the constitution. For example, the President's power of appointment which is given a further boost by the Civil Service (Amendment) Act 600, 2001 (Republic of Ghana 2001), gives him the power to create ministries and departments of government or redesignate them. In addition, the liberal environment of democratic governance created by the 1992 Constitution stipulates in Article 21 that "All citizens have the right to form or join political parties and to participate in political activities subject to such qualifications and laws as are necessary in a free and democratic society and are consistent with this Constitution," while Article 55 provides that "Every citizen of Ghana of voting age has the right to join a political party."

The second is the politicization of the public service, especially the civil service, by successive governments since independence in 1957. Dr. Nkrumah, Ghana's first head of state, for instance, cautioned that "it is our intention to tighten up the regulations and to wipe out the disloyal elements of the civil service even if by so doing we suffer some temporary dislocation of the service, for disloyal civil servants are no better than saboteurs" (Nkrumah 1961: 173). Glover-Quartey is even more succinct on the partisan tendencies of governments when he bemoans that:

> In Ghana, politicians have sought to directly manage resources—human, financial and material in the Civil Service'. . . They are eager to determine who gets recruited, who gets promoted or how placements are done, and who gets trained and where . . .Ministers and other political office holders . . . have sought to determine who works under them, contrary to the provisions of the Civil Service Law, PNDC Law 327 and the principles of the Service—a politically neutral and unbiased institution managed by the Head of the Service. (Glover-Quartey (2007: 22)

The third is the lack of clarity surrounding the Supreme Court ruling in 2000. On June 6, 2000, the *Ghanaian Times* featured a news piece on page 10 to the effect that the National Democratic Congress (NDC) had accepted the nomination of Kofi Opoku-Manu, the then Chief Director, Ministry of Finance, and Joseph Oteng-Adjei, Director, Ministry of Mines and Energy, as parliamentary candidates for Asante Akim North and Bosomtwe constituencies, respectively, and the two candidates were actively campaigning. The New Patriotic Party (NPP), the leading opposition party, challenged the approval of the two candidates of the NDC at the Supreme Court. That law suit was labeled New Patriotic Party v. the National Democratic Congress and others (Civil Motion No. 36/2000) on June 8, 2000. It sought a declaration that the action was inconsistent with and in contravention of the Constitution, particularly Article 94(3b), which stipulates that "a member of the Police Service, the Prisons Service, the Armed Forces, the Judicial Service, the Legal Service, the Civil Service, the Audit Service, the

Parliamentary Service, the Statistical Service, the Fire Service, the Customs, Excise and Preventive Service, the Immigration Service, or the Internal Revenue Service" is ineligible to be a member of parliament. On November 21, 2000, the majority decision of the Supreme Court held that the NDC's nomination of Opoku-Manu and Adjei did not constitute an act but only a mere intention (Supreme Court of Ghana 2000). This ruling thus fails to clarify whether public administrators should participate in partisan politics or not. This creates a dilemma for public administrators as the highest court of the land failed to rule unambiguously on their participation or otherwise in partisan politics (Ayee 2013).

Other factors for the increasingly bureaucratic partisan tendencies are intimidating influence of politicians and the power imbalance between them and public administrator, job security in the public service as permanent jobs are being replaced by short-term appointments based on contracts, the tradition of guaranteed promotion being undermined by the hiring of skilled private sector managers for top positions, and the personal benefits to be derived by public administrators from taking up political appointments (Ayee 2013; Glover-Quartey 2007).

The Ghanaian scenario can be compared and contrasted with the situation in other jurisdictions. Some countries like France permit partisanship whereby public administrators can contest elections, and if they succeed, they resign their positions. In Spain and Italy, however, public administrators are permitted to take leave of absence to contest elections but may be allowed to return if they are unsuccessful. In some cases, public officials are appointed because they are sympathetic to their government's policies. In some countries like India and South Africa, even though it is stipulated that public administrators who want to engage in partisan politics must resign, the provision has not been enforced because of patronage and the poor enforcement of some policies and regulations in these countries. This is typical of the Ghanaian case (Ayee 2012).

In the United Kingdom, industrial and junior public administrators are allowed to participate in politics, and senior public servants may join a party; but no public administrator is permitted to stand for election to the legislature until he/she has resigned from the public service. The implication is that as in Ghana, a career in the public service is an alternative to and not a preparation for entry to party politics (Ridley 1986). The extreme experience of partisanship, however, is in the United States and China where being a public administrator is not considered incompatible with a political career. In other words, one must have some political sympathies and affiliations before being appointed to a public service office.

A significant equivalent of Ghanaian practice with that of the United States is that a change of government results in a whole set of new senior public administrators. This is the same in the Ghanaian case. The Head of the Civil Service and Chief Directors – the administrative heads of government ministries – had either lost their jobs or redeployed with a change in government since the return to democratic rule in 1993 (Ayee 2013: 447). This practice is certainly not novel as it has been prevalent since independence in 1957. Consecutive regimes either while in office or when they came to office cultivated the proclivity for removing public administrators for several reasons such as the public administrators not supporting their programs and being accused of being too bureaucratic and supporters of the previous government (Glover-Quartey 2004).

The implication of this is that there is an atmosphere of insecurity in the public service which is not conducive to long-term policy formulation and implementation. The turnover of staff in the public service has also created an experience and expertise gap, which has tended to affect the capacity and capability of the public service to deliver its core mandates.

## Conclusion

This paper sought to determine whether and to what extent bureaucrats in Ghana are engaged in partisan issues and the implications of such involvement. The investigation covered the colonial era to the present time. The evidence showed

that there has been an upsurge in bureaucratic partisanship and that this is not novel as it predates the country independence from colonial rule. What distinguishes the current trend is that it is more sophisticated and has become almost a norm because of the country's constitutional and legal framework, the culture of patronage, and global influence such as the experiences of the United States and the OECD countries. The article also found that notwithstanding constitutional and legal provisions prohibiting civil servants from partisan politics, there has been a progressive rise in the number of bureaucrats in partisan politics. In other words, the constitution and civil service legislations have not provided an effective constraint against the partisanship of the bureaucracy in Ghana. Rather, governing parties can potentially, and do, influence bureaucrats to behave in partisan ways.

Bureaucratic partisanship has especially been pronounced at the senior ranks as evidenced by large turnover after changes of governments and by the clear political connection of appointees to positions that are normally part of the permanent civil service. The core structures of the central ministries have generally been less subject to politicization below the senior rank, but there are indications that the politicization of the ministerial bureaucracy is creeping downward increasingly involving the wider, non-managerial civil service.

The Ghanaian experience has once again strengthened the highly charged political environment within which civil servants function and the myth of the politics-administration dichotomy. It has evidenced that the distinction between the political and apolitical has tilted in favor of the former, and more positions that once would have been unthinkable for political meddling are now obviously subject to political intrusion and engagements. Consequently, the legitimacy of the bureaucracy as striving for the public interest has been dented.

## Cross-References

► Politics–Administration Dichotomy: Insight from a Developing Country

## References

Achen CH (2002) Parental socialization and rational party identification. Polit Behav 24(2):151–170

Adarkwa KO, Ohemeng FLK (2015) A fine line: the delicate relationship between political and bureaucratic heads in public sector management in Ghana. A paper presented for the XVII annual meeting of the international research society for public management, Birmingham, UK Ontario, March 30 – April 2

Adu AL (1965) The civil service in new African States. Praeger, New York

Amonoo B (1981) *Ghana1957–1966: The Politics of Institutional Dualism*, London: George Allen & Unwin

Asante MS (2005) *Deforestation in Ghana: Explaining the Chronic Failures of Forest Preservation Policies in a Developing Country*. University Press of America Inc, New York

Ayee JRA (2012) Improving the effectiveness of the public sector in Africa through the quality of public administration, In K Hanson, G Kararach, & TM Shaw (eds.), *Rethinking Development Challenges for Public Policy: Insights from Contemporary Africa* (pp. 83–116). London: Palgrave MacMillan

Ayee JRA (2013) Public administrators under democratic governance in Ghana. Int J Public Adm 36(6):440–452

Barnes EPD (2014) *In the Service of Country: The Story of One Public Servant*. Accra: G-Pak Publications

Baynham S (1988) The military and politics in Nkrumah's Ghana. Westview, Boulder

Blakeley BL (1972) *The Colonial Office, 1868–1892*. Durham: Duke University Press

Burns A (1949) Colonial civil servant. George Alan and Unwin, London

Busia KA (1968) *The Position of the Chief in the Modern the Modern Political System of Asante*. London: Oxford University Press

Cameron D (2010) Redefining political-administrative relationships in South Africa. Int Rev Adm Sci 76(4):676–701

Campbell A, Converse PE, Miller WE, Stokes D, E. (1960) The American voter. Wiley, New York

Demir T, Nyhan RC (2008) The politics-administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68:81–96

Fionna MP (1981) Retrospective voting in American national elections. Yale University Press, New Haven

Garzia D (2013) Changing parties, changing partisans: the personalization of partisan attachment in Western Europe. Polit Psychol 34(1):67–89

Glover-Quartey A (2007) The Ghana civil service: engine for development or impediment. Accra: Institute of Democratic Governance

Glover-Quartey A (2004) The response of the Ghana civil service to the working document on a new public service for Ghana. Speech delivered to chief directors of sector ministries and regional coordinating directors as well as public sector reform specialists from the

office of the senior minister, Agona Swedru, July 2004, to discuss towards a new public service for Ghana: A Working Document.
Gordon GJ (1992) Public administration in America. St. Martin's Press, New York
Green D, Palquist B, Schickler E (2002) Partisan hearts and minds: political parties and the social identity of voters. Yale University Press, Haven
Gyimah-Boadi E (1994) Ghana's uncertain political opening. J Democr 5(2):75–86
Gyimah-Boadi E, Rothchild D (1990) Ghana. In: Subramaniam V (ed) Public administration in the third world: an international handbook. Greenwood Press, New York
Haque S (2001) The diminishing publicness of public service under the current mode of governance. Public Adm Rev 61(1):65–82
Hughes OE (2003) Public management and administration: an introduction. Macmillan, New York
Isichei E (1977) *History of West Africa since 1800*. New York: Africana
Iyengar S, Sood G, Lelkes Y (2012) Affect not ideology: a social identity perspective on polarization. Public Opin Q 76(3):405–431
Knupland P (1953) James Stephen and the British colonial system, 1843–1847. University of Wisconsin Press, Madison
Kuklick H (1979) The imperial bureaucrat: the colonial administrative service in the gold coast, 1920–1939. Stanford: Hoover Institution Press
Libby RT (1978) External Co-optation of a Less Developed Country's Policy Making: The Case of Ghana, 1969–72, World Polit 29(1):67–89
Lupu N (2013) Party brands and partisanship: theory with evidence from a survey experiment in Argentina. Am J Polit Sci 57(1):49–64
Kosack S (2012) *The Education of Nations: How the Political Organization of the Poor, Not Democracy Led Governments to Invest in Mass Education*. Oxford: Oxford University Press
Mackuen MB, Erikson RS, Stimson JA (1989) Macro-partisanship. Am Polit Sci Rev 783(4):1125–1142
Matheson A, Weber B, Manning N, Arnould E (2007) Study on the political involvement in senior staffing and on the delineation of responsibilities between ministers and senior civil servants. OECD working papers on public governance no. 6. OECD, Paris
Nkrumah K (1961) I speak for freedom: a statement of African ideology. Praeger, New York
Ocran AK (1977) Politics of the sword. R. Collins, London
OECD (1998) Regulatory reform in Korea: background report on government capacities to assure high quality regulation. OECD, Paris
Olaleye A (2001) Fundamentals of public administration. Yemi Prints and Publishing Services, Ado-Ekiti
Oquaye M (2000) The process of democratization in contemporary Ghana. Commonw Comp Polit 38:53–78
Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis, 2nd edn. Oxford University Press, Oxford
Republic of Ghana (2001) The civil service (amendment) act (Act 600). Accra: Ghana Publishing Corporation
Supreme Court of Ghana (2000) New patriotic party v. national democratic congress and others (21/11/2000), Civil Motion No. 36/2000
Wilson W (1887) The study of administration. Polit Sci Q 2:209–210

B

## Bureaucracy and Personality

Mokgata Matjie
Industrial and Organizational Psychology Department, University of South Africa (Unisa), Pretoria, South Africa

### Synonyms

Behavior; Bureaucratic; Character; Government; Identity; Max Weber theory; Persona

### Definition

*Bureaucracy*: as a governance system based on strict rules and regulations that renders its organizational functioning independent of the personal qualities of the employees.

*Personality*: defined as the set of consistent or habitual behaviors, cognitions, and emotional patterns that evolve from biological and environmental factors. They are the combination of characteristics or qualities that form an individual's distinctive character.

### Introduction

Bureaucracy is a governance or administration system characterized by strict following of rules and regulations. While this system might work for some employees, it is not necessarily working for all employees due to their different personalities. Its formal structures tend to neutralize the otherwise personal, emotional, irrational, and often political behavior of the humans (Weber 1968).

Personality refers to the long-standing traits and patterns that propels individuals to think,

feel, and behave consistently in specific ways. Every employee or worker is a unique person, and they have an idiosyncratic pattern of enduring, long-term characteristics and a manner in which he or she interacts with other individuals and the world around them. Personality traits are long term, stable, and not easily changed. Hence, rigid rules of bureaucracy may work for other employees but not for others regardless of employment sector or industry.

The word *personality* comes from the Latin word persona. In the ancient world, a persona was a mask worn by an actor to portray or project a specific personality trait of a character. Various personality types exist and those relevant to the effects of bureaucracy one are discussed as follows.

Organizations comprise of people with physical, cultural, and most importantly personality differences. No single leadership style or administration style can satisfy all these different personalities. With that said, any organization needs rules and regulations to ensure control and accountability at all levels. Careful consideration should be taken to ensure that the rules are not the source of poor productivity or low morale of most employees, more especially if there is no flexibility and a gist of autonomy as in bureaucratic governance system.

As a result, it is imperative for bureaucratic employers to understand the impact of such governance style on various personality traits in the workplace as researchers have highlighted and to understand which personality types may fit in and which may not fit in.

## The Big Five Personality Traits

The most dominant approach to represent differences in personality traits is the Big Five concept. The concept is based on the idea that "most of the socially-relevant and salient personally characteristics have become encoded in the natural language" (John and Srivastava 1999). The Big Five were developed in the 1970s by two research teams led by Paul Costa and Robert R. McCrae and Warren Norman and Lewis Goldberg. The 5 factors grew out of decades of personality research, growing from the foundations of Cattell's 16 factors and becoming the most accepted model of personality to date. This model has been translated into several languages and applied in dozens of cultures, resulting in research that not only confirms its validity as a theory of personality but also establishes its validity on an international level. These five factors do not provide completely exhaustive explanations of personality, but they are known as the "Big Five" because they encompass a large portion of personality-related terms. The five factors are not necessarily traits in and of themselves, but factors in which many related traits and characteristics fit.

Hence, this model is used in this context because it has been widely accepted worldwide as reliable factors where traits and characteristics of humans fit and the broad personality dimensions in this model are superior too narrowly defined dimensions. Most importantly the Big Five have been found to relate to job performance if job fit is in place (Barrick and Mount 1991).

A popular acronym for the Big Five is "OCEAN." The five factors are laid out in that order here.

The Big Five are the ingredients that make up each individual's personality. A person might have a surge of openness, a lot of conscientiousness, an average amount of extraversion, plenty of agreeableness, and almost no neuroticism at all. Alternatively, someone could be disagreeable, neurotic, introverted, conscientious, and hardly

open at all. The Big Five personality traits are the result of decades of research trying to boil down an extensive list of expressions used to describe individual characters into a manageable and meaningful taxonomy of personality dimensions. Scholars (Goldberg 1990; McCrae and Costa 1997; John and Srivastava 1999) assert that differences in human personality can be measured on five dimensions, which are described below as follows:

### Openness to Experience

Openness to experience has been described as the depth and complexity of an individual's mental life and experiences. Openness to experience concerns an individual's willingness to try to new things, to be vulnerable, and the ability to think outside the box. Common traits related to openness to experience include imaginative, insightful, wide variety of interests, original, daring, preference for variety, clever, creative, curious, perceptive, intellectual, and complex/deep. An individual who is high in openness to experience is someone who has a love of learning, enjoys the arts, engages in a creative career or hobby, and likes meeting new people. An individual who is low in openness to experience probably prefers routine over variety, sticks to what they know, and prefers less abstract arts and entertainment.

People low in openness are likely to enjoy working in a bureaucratic system with less imagination and new things and to enjoy their habits. Evidently, people with high openness will not survive in a bureaucratic governance or administration system. They will always want to bend or not follow rules due to their personality type or persona.

### Conscientiousness

Conscientiousness is a trait that can be described as the tendency to control impulses and act in socially acceptable ways, behaviors that facilitate goal-directed behavior. Conscientious people excel in their ability to delay gratification, work within the rules, and plan and organize effectively. Traits within the conscientiousness factor include persistent, ambitious, thorough, self-disciplined, consistent, predictable, controlled, reliable, resourceful, hardworking, energetic, persevering, and planner. People who have high conscientious are organized and have a strong sense of duty. They are dependable, disciplined, and achievement-focused. People low in conscientiousness are more spontaneous and freewheeling. A person who is low in conscientiousness is much more likely to procrastinate and to be flighty, impetuous, and impulsive which may tend toward carelessness.

Bureaucratic administration system is likely to work for people with high conscientiousness because they are disciplined and organized, which implies that they are more likely to follow rules. However, those low in conscientiousness personality trait are more likely not to enjoy working under bureaucratic governance system.

### Extroversion

This factor has two familiar ends of the spectrum: extroversion and introversion. It concerns where an individual draws their energy and how they interact with others. In general, extroverts draw energy or "recharge" from interacting with others, while introverts get tired from interacting with others and replenish their energy from solitude. The traits associated with extroversion are sociable, assertive, merry, outgoing, energetic, talkative, articulate, fun-loving, affectionate, friendly, and socially confident. People high in extroversion tend to seek out opportunities for social interaction, where they are often the "life of the party." They are comfortable with others, gregarious, and prone to action rather than contemplation. Those high in extroversion are likely to value achievement and stimulation, and unlikely to value tradition or conformity. Extroverts are often assertive, active, and sociable, shunning self-denial in favor of excitement and pleasure. People low in extroversion are more likely to be people "of few words," people who are quiet, introspective, reserved, and thoughtful.

Highly extroverted people are impulsive and very active, which makes them less likely to follow the rigid, bureaucratic rules, whereas the introverts might to a certain extent follow bureaucratic rules because they are less impulsive, reserved, and thoughtful of consequences before

taking and action. However, caution should be taken not to totally conclude that all introverts could tolerate bureaucratic environment and vice versa with extroverts.

### Agreeableness

This factor concerns how well people get along with others. It is a construct that rests on how people generally interact with others. The following traits fall under the umbrella of agreeableness: altruistic, trusting, modest, humble, patient, moderate, tactful, polite, kind, loyal, unselfish, helpful, sensitive, amiable, cheerful, and considerate. People high in agreeableness tend to be well liked, respected, and sensitive to the needs of others. They likely have few enemies, are sympathetic, and affectionate to their friends and loved ones, as well as sympathetic to the plights of strangers. People on the low end of the agreeableness spectrum are less likely to be trusted and liked by others. They tend to be callous, blunt, rude, ill tempered, antagonistic, and sarcastic. Although not all people who are low in agreeableness are cruel or abrasive, they are not likely to leave others with a warm fuzzy feeling.

In the long term, high agreeableness is related to strong social support and healthy midlife adjustment, but slightly negatively related to creativity. Those who are friendly and endearing to others may find themselves without ample motivation to achieve traditional measure of success, instead focusing on family and friends. Agreeable people are more likely to agree with rules and regulations of the organizations they work for because of lack of creativity. With low agreeableness, they cannot survive in a bureaucratic system because they would lack discipline, and they will be spontaneous and free willing.

### Neuroticism

Neuroticism is not a factor of meanness or incompetence, but one of confidence and being comfortable in one's own skin. It encompasses one's emotional stability and general temper. The following traits are commonly associated with neuroticism: awkward, pessimistic, moody, jealous, testy, fearful, nervous, anxious, timid, wary, self-critical, unconfident, insecure, unstable, and oversensitive. Those high in neuroticism are generally given to anxiety, sadness, worry, and low self-esteem. They may be temperamental or easily angered, and they tend to be self-conscious and unsure of themselves.

The anxiety and self-consciousness component of neuroticism was also linked to values that are more traditional and negatively correlated with achievement values. The hostility and impulsiveness component of neuroticism relates negatively to tradition and conformity. Due to high anxiety and self-consciousness, they are likely to follow rules. However, they might also have another side whereby they become impulsive and hostile when their anxiety is high, thereby not following rules and regulations when required. Anxiety impairs self-esteem, and that has no bearing on their behavior with regard to following rules or not. Neuroticism has also been linked to poorer job performance and motivation, including goal setting and self-efficacy-related motivation. It is likely no surprise that emotional instability and vulnerability to stress and anxiety do not produce one's best work.

## Bureaucracy versus Human Nature

The critics of Weber have raised important considerations about the implication of increased specialization and formalization. Rather than a "reduction of friction," the critics of Weber argued that bureaucracy increases rigidity in the organization. This increased rigidity may result in lowered organizational productivity. Humanist critics argued that bureaucracy curtails individual autonomy and dooms employees to psychological alienation (Bennis 1968). This fear is further magnified by those who invoke "iron law of oligarchy" and by those who see bureaucracy as a means of class domination of employees or workers.

Scholars conclude that bureaucracy or "iron cage" is inevitable for human being because modern society cannot do without its technical benefits as seen in the definition below:

> [Bureaucracy is an instrument of great effectiveness; it offers great economies over unorganized effort; it achieves great unity and compliance. We must face up to its deficiencies, however].

The deficiencies include great waste of human potential for innovation and creativity and great psychological cost to the employees. In this view, bureaucracy appears to employees as a painful trade-off between economic security and wage income on one hand and alienating work content and context on the other.

There is a psychological need for autonomy by the individuals, but bureaucracy does not allow this need to be fulfilled. In addition, such bureaucracy will likely be felt as more constraining in cultures such as the American where an "independence norm" prevails. Bureaucracy may create what researchers call a psychological ambivalence for some people but no social ambivalence. Psychological ambivalence inheres in the individual: it is a function of individual differences in psychological reactions. In contrast, sociological ambivalence inheres in the social structure: here, the source of ambivalence is the incompatible normative expectations of attitudes, beliefs, and behavior assigned to a position by an internally contradictory social structure (Merton 1940).

To add to the inhumane nature of bureaucracy, the following criticisms are labelled against it:

1. Bureaucracy does not adequately allow for personal growth and the development of mature personalities.
2. It develops conformity and "groupthink." Hence, it is too difficult to determine specific individual contribution.
3. Its systems of control and authority are hopelessly outdated.
4. It does not possess adequate means for resolving differences and conflicts between ranks and, most particularly, between functional groups.
5. Communication (and innovative ideas) are thwarted or distorted due to hierarchical divisions.
6. The full human resources of bureaucracy are not being utilized due to mistrust, fear of reprisals, etc.
7. It cannot assimilate the influx of new technology or scientists entering the organization.
8. It modifies personality structure so that people become and reflect the dull, gray, conditioned "organization man."
9. A bureaucratic organization stresses a mechanical way of doing things.
10. Organizational rules and regulations are given priority over an individual's needs and emotions.
11. Not allowing people to use common sense, as everything must be as is written by the law.
12. There is rigidity making decision-making slow or even impossible when facing some unusual case and similarly delaying change and evolution (Bennis 1965).

There are two types of bureaucracies, namely, the negative and the positive views. According to the negative view, the bureaucratic form of organization stifles creativity, fosters dissatisfaction, and demotivates employees. According to the positive view, it provides needed guidance and clarifies responsibilities, thereby easing role stress and helping individuals be and feel more effective. The context of this chapter is on the negative view of bureaucracy which suppresses human nature and turns all humans into machines with no feelings and opinions.

In the midst of the above statement, it is important to mention that there are various notable benefits of bureaucratic governance for humans' nature based on their personalities. However, those benefits are outweighed the possible downfalls for humans in bureaucratic governance system. Firstly, bureaucracy leads to human costs, not only for external clients/subjects but also for employees within bureaucratically structured organizations. Secondly, Merton (1940) argued that working in a bureaucracy induced trained incapacity, timidity, and rigidity. Thirdly, employers see bureaucracy as "authority," or "domination"; thus bureaucracy's key function is to reinforce the domination over employees (Weber 1968). Fourthly, Marxists concluded that the bureaucratization of industry served no productive purpose at all: its function was entirely to

ensure managerial control for intensified exploitation.

## Individual Personality versus Bureaucratic System

Relationship between bureaucracy and personality is dependent on the personality traits of the workers. There are employees whose personality structure is built around order and structure and who are comfortable knowing exactly what is expected of them and who thrive on rules and regulations. Bureaucratic organizations are best for people for whom thinking outside the box is not part of the job description as shown on the table below. However, the employees who are creative, innovative, spontaneous, and freewheeling and employees who enjoy autonomy and independence cannot function effectively under the bureaucratic governance system and leadership style.

Highlighted below is the relationship between various personality traits and their chance survival in the bureaucratic system in terms of nature of a certain personality trait (Table 1).

Individuals who value innovation and those who enjoy autonomy, bureaucracy may not seem like an appropriate governance setting or leadership style. Scholars argue that bureaucracy undermines employees' commitment and fosters dissatisfaction by limiting innovation. They also conclude that bureaucracy is an ineffective form of organization for dealing with innovation, change, and environmental complexity.

Despite the identified ills of bureaucracy on personality, there are people who appreciate bureaucracy. Bureaucratic personality is based upon respect for organizational rules and regulations. Unlike authoritarian person, bureaucratic person's acceptance of authority is not total and blind. A bureaucratic person values subordination, conformity to rules, and impersonal and formal relationships. These people are not innovative. They do not like taking risks. They are better supervisors when the type of work is routine, repetitive, and proceduralized. This discussion on bureaucratic personality leads to discussion of bureaucratic leadership style.

## Bureaucracy as a Leadership Style

Theories of the bureaucratic personality hold that personal characteristics of certain bureaucrats make them prefer elaborate rules and regulations. Yet some organizations really do need more rules, as indicated by the bureaucratic organization

**Bureaucracy and Personality, Table 1** Link between "The Big Five" personality types and bureaucracy

| Big Five personality trait | Level | Can such an individual survive within bureaucratic system? |
|---|---|---|
| Openness | High | No (creative, wants to try new ideas and things) |
| | Low | Yes (prefers routine, not creative) |
| Conscientiousness | High | Yes (organized, disciplined) |
| | Low | No (spontaneous and freewheeling) |
| Extroversion | High | No (prone to action, active, impulsive) |
| | Low (introversion) | Yes (thoughtful, reserved) |
| Agreeableness | High | Yes (low creativity, likely to agree with rules) |
| | Low | No (low conscientiousness) |
| Neuroticism | High | Yes (anxiety and self-consciousness = follow rules) |
| | | No (impulsiveness and hostility = cannot follow tradition and conform) |
| | Low | N/A |

model that predicts that characteristics of the organization determine members' preferences for rules. Prominent theories of bureaucracy also suggest that bureaucratic personalities should be more prevalent in public institutions. Important to note is that leaders in public organizations have what is termed "bureaucratic personalities," due to their lack of competence, skills, and experience to perform duties. As a result, they need rules and regulations to confine employees to and to ensure that efficiency and effectiveness prevails.

Merton (1940) assumes that personal characteristics of leaders influence their preference of bureaucratic leadership style, hence "bureaucratic personality." Bureaucratic personalities are found in individuals who have an inherent need for constraints and regulation due to their lack of competence or experience (political appointees). The need for bureaucratic personality stems from personal insecurity of leaders, which gives rise to managerial efforts to exert control over public policies beyond any reasonable degree (Thompson 1961).

Weber, a German sociologist, described six principles that define bureaucratic leadership in the late nineteenth and early twentieth centuries. He described bureaucratic leadership as:

1. A strict hierarchy that is formalized by the leadership and strictly adhered to.
2. The organization is controlled by immutable rules, regulations, or laws.
3. The organization is structured along the lines of specialties. People with similar talents are grouped together.
4. The organization has one of two missions, "up-focus," meaning it focuses on the board of directors or stockholders, and "in-focus," which means the organization serves a product-oriented goal such as increasing profit market share.
5. Bureaucratic leadership is impersonal. It is about performance, not the worker.
6. Employment is based on the most technically proficient.

The bureaucratic leadership style is mainly used in established companies or governments that want to become more efficient and more effective. Mostly leaders who do not like to micromanage the organization, but rather choose to delegate tasks, knowing that the organization's structure is in place to support his requests, use it.

Here are some of the characteristics of bureaucratic leadership:

- Combines a top-down management style with strict adherence to policies and procedures within an organization.
- Leaders are empowered by the offices they hold and are held accountable to the next level in the hierarchy.
- The organizational structure is rigid and often has strict delineation of tasks and authority.
- Bureaucratic leadership does not require that the top leadership have personal influence on the organization, because regardless of who is the top executive, the rest of the organization is in place and can run itself, if need be.

## Conclusion

Bureaucracy demands reliability by pressuring officials to be methodical, prudent, and disciplined while exhibiting an unusual degree of conformity to rules and regulations (Merton 1940). Not all human beings will be able to conform and operate within bureaucratic realms. As such, organizations should be able to accommodate individuals with personalities not compatible with bureaucratic rules and make measures available necessary to allow for flexibility.

There are individuals who enjoy working in bureaucratic organizations. Scholars conclude that professionals or specialists who work in bureaucracies lack the autonomy, which is vital for successful performance. They are free to practice their profession or expertise but within confined rules and regulations that might hamper their decisions and freedom. Autonomy on the individual level is defined as the

professional's self-control over both his decisions and his work activities within a particular work setting, or his freedom to deal with his client, other than being bound by rules of bureaucratic organizations.

Organizations, either public or private, are complex and goal seeking. To achieve their goals, they need to maintain their internal systems and coordinate the human side of the organization, a process of mutual compliance called reciprocity. This implies that the organizations promise to treat employees like human beings in exchange for their performance and loyalty.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and Personality: Does Employee Ethnicity Matter?
- ▶ Personality and Leadership


## References


Barrick MR, Mount MK (1991) The big five personality dimensions and job performance: a meta-analysis. Pers Psychol 44:1–26

Bennis W (1965) Beyond Bureaucracy. Trans-Action 2:31–35

Bennis WG (1968) Beyond bureaucracy. In: Bennis WG, Slater PE (eds) The temporary society. Harper and Row, New York, pp 53–76

Goldberg LR (1990) An alternative "description of personality": the big five factor structure. J Pers Soc Psychol 59:1216–1229

John OP, Srivastava S (1999) The big-five trait taxonomy: history, measurement, and theoretical perspectives. In: Pervin LA, John OP (eds) Handbook of personality: theory and research, vol 2. Guilford Press, New York, pp 102–138

McCrae RR, Costa PT (1997) Personality trait structure as human universal. Am Psychol 52:509–516

Merton R (1940) Bureaucratic structure and personality. Soc Forces 18:560–668

Thompson V (1961) Modern organization. Knopf, New York

Weber M (1968) Basic sociological terms. In: Roth G, Wittich C (eds) Economy and Society. University of California Press, Berkeley, pp 3–62


# Bureaucracy and Personality: Does Employee Ethnicity Matter?


Dennis Gabriel Pepple, Eleanor Davies and Julie Davies
Huddersfield Business School, University of Huddersfield, Huddersfield, UK


## Synonyms

Behavior; Character; Civil servant; Cultural background; Public sector

## Definitions

Bureaucracies are the fabric upon which society is organized. They are the functional arm that implements government programs and policies.

Societies comprise of people from diverse ethnicities. Ethnicity represents various ways of identifying people with respect to their cultural heritage.

Personality explains the characteristics that make an individual unique. Example of such characteristics includes the individual's ethnicity.

## Introduction

Bureaucracies affect every stage of the existence of an individual: from the stage of birth and in most instances death (hospitals) to the stage of learning and skills development (educational institutions) (Cohen 1970). Bureaucracies also play a significant role in society as the single largest employer of labor in most countries. In view of the significance of bureaucracies for societal existence, there has been a growing call for such organizations to mirror the society where they operate. This has resulted in more ethnically diverse public sector workforce (Pepple et al. 2017).

This increase in ethnically diverse workforce has led to a challenge of influencing employees' shared interest with their organizations (Brown 1999). Within organizations, especially public sector bureaucracy, employees that perceive themselves as being discriminated as a result of their ethnicity tend to feel demoralized and lose confidence in the system (Brown 1999). In most multiethnic countries, individuals consider themselves in the light of their ethnic groups or extended family, and loyalty to it comes first in the scheme of things (Agbiboa 2012). This ethnocentric consideration is evident within all spheres of life including work. This warrants a need to study how to shift employees' individual or ethnic group loyalty to that of a shared interest with their organization.

To attract employees' shared interests, there is a need to understand an employee's personality. Employees' personality encompasses the way they regularly think, feel, and behave such that it is predictable and consistent over time (Hamidullah et al. 2016). Current organizational psychologists suggest that attracting an employee's shared interest in an organization involves an emotional attachment to such organization sometimes referred to as psychological ownership (Dawkins et al. 2017). Psychological ownership posits that ownership is a means of defining one's self, one's possession, and one's territorial boundary. Psychology of possession is innate in every individual such that they sometimes define themselves by what they possess (Peng and Pierce 2015). Possession may be material or immaterial, and the effect of ownership perception may reflect in employees' personality (behavioral, emotional, and psychological patterns) (Peng and Pierce 2015).

Employee personality as conceptualized in this study explains how employees think, feel, and behave in the like manner of owners of their organizations. This form of employee personality may be referred to as employee psychological ownership personality. Extant psychological ownership literature suggests a three-model factor of employee ownership personality, known as the roots to psychological ownership: employee efficacy, employee identity, and employee voice (Peng and Pierce 2015). Efficacy as an ownership personality trait is used to explain the need for one to have control over one's possession, while employee identity trait underpins the notion that possessions serve as a means of self-identity; this is as a result of the value placed on an object or possession (Peng and Pierce 2015). Employee voice trait explains the need for individuals to own a territory such that they can invest themselves in the organization, as well as come to intimately understand the organization (Peng and Pierce 2015). Employees with psychological ownership personality define themselves by their organization, such that the success or otherwise of their organization reflects on them. They are willing at every opportunity to defend their organization by their actions and speak well of it.

Drawing on the above background and psychological ownership theorization, this study aims to investigate how employees' psychological ownership personality is influenced by ethnic identification such that they develop a shared interest with their organization. The rest of this chapter is structured as follows: first, the chapter presents theoretical expectations for each of the three-model factor of employee ownership personality and their relationship with ethnic identification. Secondly, the scales that are used to measure the variables are reported. Findings from data analysis are presented in the third section. The tables in this section are products of field data collected for this study. Discussions and conclusions are presented at the end.

## Theoretical Expectations

Empirical literature is presented in this section of the chapter based on the theorization of employee psychological ownership personality and ethnic identification. Discussions are drawn from extant studies to support the propositions for linking ethnic identification at work to the three-model factors of employee ownership personality.

## Employee Ethnic Identification and Coworker Social Support

Within multiethnic organizations, employees feel a deep sense of commitment to their ethnic heritage (Barron et al. 2011). This involves employees making effort to get to know their ethnic background better, as well as the values and emotional significances of being part of their ethnic group. Thus, employee ethnic identification involves employees' behavioral manifestation of their ethnic heritage (Barron et al. 2011). Employees feel more comfortable to display their ethnic identities when they are among fellow employees of same ethnic group. The challenge that arises, however, is how they are perceived when they relate with others outside their ethnic group (Barron et al. 2011).

As a consequence of the manifestation of different ethnicities at work, managers need to take steps to avoid discriminatory or prejudicial behaviors among employees. Thus, rather than resulting in discrimination and negative treatment, ethnic identification may result in prosocial behavior among employees of different ethnic groups. This is because employees who feel like they are not differentiated because of their ethnicity respond favorably with each other. Such favorable responses include supporting each other, treating each fairly, and a cordial exchange between employees and their supervisors/managers. Also, social support within an organization has been observed to prohibit other relational challenges such as interpersonal unfairness, workplace incivility, and discrimination (Barron et al. 2011). This study therefore suggests that employees' ethnic identification will result in prosocial behavior and make the following proposition:

**Proposition 1** Employee ethnicity identification has a direct positive relationship with coworker social support.

## Ethnic Identification and Interpersonal Fairness

In this study, interpersonal fairness describes employees' reaction to perception of fair treatment that employees receive in their organization as a result of their ethnic identity (Yang et al. 2013). Employee ethnic identification explains the prosocial behavior within the organization because of employee outward manifestation of their ethnicity. Employees that perceive that they are not discriminated because of their ethnicity tend to feel a sense of acceptance and belonging at work. Organizations are therefore at risk if employees perceive that they are not cared for or supported at work. This is because employees that sense ethnicity-based discriminatory behavior may feel devalued and alienated from the organization. Thus, while employee ethnicity identification may result in prosocial behavior, its effect may be limited by employees' perception of interpersonal fairness.

A common concept underpinning employees' shared interest as suggested by Yang et al. (2013) is the issue of interpersonal fairness. This is a situation where an employee perceives the organization to treat everyone fairly and in a respectable manner. Existing studies show that interpersonal fairness enables employees to focus attention to get work done and reduces conflicts arising from attribution, thus identifying themselves with their organization (Yang et al. 2013).

**Proposition 2** Interpersonal fairness mediates the relationship between employee ethnicity identification and coworker social support.

## Coworker Social Support and Employee Ownership Personality

This study defines coworker social support as the willingness of colleagues to cooperate and help each to better perform their jobs and improve their relationships (Consiglio et al. 2016). Building on the theorization of employee ownership personality three-model factors, efficacy is further explained as the belief or expectation that employees will feel creative and competent if they perceive the social context within the organization to be supportive. Recent studies from (Consiglio et al. 2016) indicate that perception

of social context highlights a strong relationship with employee's feeling of efficacy. Employees that experience support from their colleagues may also identify with their organization. Voice behavior may also be associated with support from colleagues, as employee may be motivated to return the favor to their colleagues by helping them improve their work.

Social context is also important for fostering an environment that enables employees to cope better with stressors at work. Employees are able to assert personal control of their work and achieve assigned task following each ones' willingness to share their knowledge and expertise and the provision of support and encouragement to one another (Consiglio et al. 2016). Thus, the following is expected for the relationship between coworker social support and the three-model factors of psychological ownership personality traits:

**Proposition 3** Coworker social support has a direct positive relationship with employee efficacy, employee identity, and employee voice.

## Rationale for Linking Ethnic Identification to Psychological Ownership Three-Model Factor of Employee Personality

Existing studies suggest that ethnic identification may result in employees' shared interest with their organization, such that overtly ethnic-identifying employee feels, thinks, and behaves like they own their organization (Pepple et al. 2017). The relationship between employees that display ownership personality at work and ethnic identification is currently unknown (Pepple et al. 2017); hence, it is not surprising that scholars argue as to the efficacy of ethnic identification for employee personality.

In line with the theoretical expectations highlighted in Propositions 1–3, this study presents a fourth proposition to explain the relationship between ethnic identification and the three-model factors of psychological ownership personality. The expectation from Proposition 1 is that ethnic identification may lead to coworker social support, with Proposition 2 explaining the rationale for Proposition 1 by highlighting the mediation roles of interpersonal fairness. Proposition 3 illustrates the relationship between coworker social support and the three-model factors of employee ownership personality. Given the framework illustrated in the above theorization, it is therefore apt to suggest as follows:

**Proposition 4** Coworker social support mediates the relationship between employee ethnicity identification and employee efficacy, employee identity, and employee voice.

## Description of Participants

A total of 1500 survey booklets were distributed to employees working in 9 public sector organizations in Rivers State, Nigeria. Of this number, 1203 questionnaires were returned. Upon screening of the returned questionnaires, 295 of them were not usable for the following reasons: incomplete filling, having more than one answer to a question, and inconsistent response with questions reworded or reversed. At the end of the data screening exercise, only 908 questionnaires are used for analysis in this study.

A summary of the description of the participants are as follows: 89% of the employees were origins of Rivers State, while the rest were Nigerian citizens but not from Rivers State. Rivers State is divided into 23 local government areas (LGA). The organizations sampled were fairly representative of the various LGAs in the state. This is in line with the federal character principle (FCP) practiced by public sector organizations in Nigeria (Adeosun 2011). FCP mandates all government-owned organizations to employ people from various LGAs in a state (Adeosun 2011). Another interesting characteristic of the sample is the number of years that employees have worked for the organizations. About 70% of them have been employed for over 5 years. This implies that majority of the respondent had a good working knowledge of the employee relations issues presented in the survey instrument. Of the employees surveyed, 53% fall within the senior staff

category, while about 14% are at the managerial levels. It is also important to note that over 50% of the participants have been on their current position for more than 5 years. Although not planned, the sample has a balanced gender distribution, with 59% males and 41% females. The sample also shows that the participants had higher levels of education, with over 50% having a bachelor's degree or higher.

### Measures of Variables

The scales used to measure the variables in this chapter are adapted from validated studies that are mostly used within the field of study. For employee ethnic identification, the study adopts a revised multigroup ethnic identity measure (RMEIM) scale proposed by Phinney (1992). The study adopts the coworker social support scale provided by Caplan et al. (1975, pp. 251–252) to investigate support from colleagues variable. While general self-efficacy scale by Sherer et al. (1982) is used to investigate employee self-efficacy, organizational self-identity is measured using organizational identification (OID) scale by Mael and Ashforth (1992). Lastly, employee voice is measured using Farh et al. (2004) voice scale.

### Determination of Measurement Model Adequacy

Six different measures are adopted in this study to determine the adequacy of the theoretical model. They include computation of minimum discrepancy (CMIN/DF), incremental fit index (IFI), Tucker-Lewis coefficient (TLI), comparative fit index (CFI), and root mean square error of approximation (RMSEA) (Storm and Rothmann 2003). Findings from Table 1 summarizes the results alongside outputs that are generally considered as good fit for the different measures. The results show that the model is adequate as it conforms to the various measures used to determine its adequacy.

### Determination of Model Validity

In addition to the above analysis that confirms that the model is adequate, discussions in this section aim to ascertain the extent to which the items used represent the unobservable variables in the construct (Hair et al. 2012). The questionnaire sent to respondent is made up of statements that should collectively represent the variables in the theoretical framework. Two methods utilized in this study that are frequently used to determine construct validity are average variance extracted (AVE) and composite reliability index (CRI) (Hair et al. 2012). The rule of thumb is for AVE results to be $\geq$0.50. The minimum value generally accepted for a reliable construct is CRI $\geq$ 0.70. The values of coefficient of Cronbach's alpha, AVE, and CRI for the variables ranged from 0.75 to 0.92, thus confirming the validity of the constructs used in the analysis.

## Results

The analytical approach is straightforward: with the aid of repression analysis, this chapter presents findings on how ethnicity influences employees' psychological ownership personality. This result section is divided into three. First, direct relationship between ethnic identification and three models of psychological ownership personality is presented. Next, the chapter test for the mediating role of coworker social support, and, lastly, interpersonal fairness is introduced to explain the rationale for the relationship between ethnic

**Bureaucracy and Personality: Does Employee Ethnicity Matter?, Table 1** Determination of Model Fit

| Measures | CMIN/DF | IFI | TLI | CFI | RMSEA |
|---|---|---|---|---|---|
| Model output | 4.4 | 0.94 | 0.93 | 0.94 | 0.04 |
| Acceptable fit | $\leq 5 > 1$ | Closest to 1 | Closest to 1 | Closest to 1 | $\leq$0.05 |

identification and coworker support. Investigating the relationships in this order will make it easy to ascertain the mediating effects of coworker social support and interpersonal fairness.

## Direct Relationship between Ethnic Identification and Psychological Ownership Personality

The following findings are presented in relation to the three models of psychological ownership personality and employee ethnic identification: for efficacy trait, the relationship between employee ethnic identification and employee efficacy is negative such that an increase in employee ethnic identification results to a decrease of 0.30 in efficacy trait. The adjusted incremental $r^2$ is marginal at 0.06, with a $p$-value less than 0.05. This suggests that although the negative relationship is significant, the change in efficacy trait as a result of ethnic identification is low. Secondly, for employee voice trait, ethnic identification has a positive relationship with an estimation regression weight of 0.39. The adjusted incremental $r^2$ is 0.13, with a $p$-value less than 0.05. This suggests that the relationship is significant and positive. Thirdly, with regards to self-identity trait, the regression estimate for ethnic identification relationship is 0.38 and $p$-values less than 0.05. With an incremental $r^2$ of 0.12, this suggests that the relationship is significant. See Table 2.

## Mediating Role of Coworker Social Support

Upon determining the direct relationship between employee ethnic identification and the three models of psychological ownership personality traits, this section provides findings on the mediating role of coworker social support. Findings show that employees' ethnic identification positively influences coworker social support. The relationship is significant with regression estimates of 0.41, with a $p$-value less than 0.05 and an incremental $r^2$of 0.15. Proposition 1 therefore holds. The results also show that the introduction of coworker social support reduced the regression estimates of the relationship between employee ethnic identification and three models of psychological ownership personality traits. For example, repression estimates for employee voice and organizational self-identity reduced from 0.39 and 0.38 to 0.30 and 0.30 for prior and post introduction of coworker social support, respectively. Efficacy traits also reduced from −0.30 to −0.22. With a $p$-value less than 0.05 for this relationship, findings show that coworker social support significantly and partially mediates the relationship between employee ethnic identification and the three models of psychological ownership personality traits. It is important to note that the introduction of coworker social support in the framework increases the adjusted incremental $r^2$ for all three models of psychological ownership personality traits as follows: 0.14, 0.17, and 0.09 for self-identity, voice, and efficacy, respectively. In view of this result, Proposition 3 is supported partially as coworker social support relationship to psychological ownership personality is positive only for self-identity and voice. However, because the introduction of coworker social support reduced the direct effect of ethnic identification on all three traits of psychological ownership personality, Proposition 4 is therefore supported. See Table 3.

**Bureaucracy and Personality: Does Employee Ethnicity Matter?, Table 2** Direct relationship model

| Relationship between variables | | | Estimate | S.E. | C.R. | P | $r^2$ |
|---|---|---|---|---|---|---|---|
| Self-efficacy | <— | Ethnic identity | −0.303 | 0.04 | −7.65 | *** | 0.06 |
| Employee voice | <— | Ethnic identity | 0.39 | 0.034 | 11.578 | *** | 0.13 |
| Self-identity | <— | Ethnic identity | 0.376 | 0.034 | 11.079 | *** | 0.12 |

**Bureaucracy and Personality: Does Employee Ethnicity Matter?, Table 3** Indirect relationship (mediating role of coworker social support)

| Relationship between variables | | | Estimate | S.E. | C.R. | P | $r^2$ |
|---|---|---|---|---|---|---|---|
| Coworker social support | <— | Ethnic identity | 0.408 | 0.032 | 12.856 | *** | 0.15 |
| Self-efficacy | <— | Ethnic identity | −0.215 | 0.042 | −5.067 | *** | |
| Employee voice | <— | Ethnic identity | 0.302 | 0.036 | 8.423 | *** | |
| Self-identity | <— | Ethnic identity | 0.303 | 0.036 | 8.32 | *** | |
| Employee voice | <— | Support | 0.216 | 0.035 | 6.24 | *** | 0.17 |
| Self-identity | <— | Support | 0.18 | 0.035 | 5.131 | *** | 0.14 |
| Self-efficacy | <— | Support | −0.216 | 0.041 | −5.285 | *** | 0.09 |

**Bureaucracy and Personality: Does Employee Ethnicity Matter?, Table 4** Indirect relationship (mediating role of interpersonal fairness)

| Relationship between variables | | | Estimate | S.E. | C.R. | P | $r^2$ |
|---|---|---|---|---|---|---|---|
| Interpersonal fairness | <— | Ethnic identity | 0.357 | 0.041 | 8.771 | *** | 0.08 |
| Support | <— | Interpersonal fairness | 0.242 | 0.025 | 9.835 | *** | 0.24 |
| Support | <— | Ethnic identity | 0.321 | 0.031 | 10.233 | *** | |
| Self-efficacy | <— | Ethnic identity | −0.182 | 0.042 | −4.297 | *** | |
| Employee voice | <— | Ethnic identity | 0.289 | 0.036 | 7.981 | *** | |
| Self-identity | <— | Ethnic identity | 0.287 | 0.037 | 7.827 | *** | |
| Self-efficacy | <— | Support | −0.148 | 0.042 | −3.49 | *** | 0.12 |
| Self-identity | <— | Support | 0.147 | 0.037 | 4.013 | *** | 0.15 |
| Employee voice | <— | Support | 0.188 | 0.036 | 5.189 | *** | 0.17 |
| Self-efficacy | <— | Interpersonal fairness | −0.17 | 0.033 | −5.173 | *** | |
| Self-identity | <— | Interpersonal fairness | 0.082 | 0.029 | 2.854 | 0.004 | |
| Employee voice | <— | Interpersonal fairness | 0.069 | 0.028 | 2.452 | 0.014 | |

## Mediating Role of Interpersonal Fairness

Results here are presented to provide a rationale for the relationship between ethnic identification and coworker social support and by extension the three models of psychological ownership personality traits. First, on the relationship between ethnic identification and interpersonal fairness, findings show that employee ethnic identification is positive related to interpersonal fairness with estimated regression weight of 0.36, with an adjusted incremental $r^2$ of 0.08, and a $p$-value less than 0.05. Next, interpersonal fairness positively influences coworker social support with estimated regression weight of 0.24. The adjusted incremental $r^2$ for coworker social support increased to 0.24 as a result of the combined effects of ethnic identification and interpersonal fairness. Furthermore, the estimated regression weight of employee ethnic identification and coworker social support reduced following the mediation of interpersonal fairness from 0.40 to 0.32, thus, suggesting that interpersonal fairness partially mediates the relationship between employee ethnic identification and coworker social support. Extending the effect of interpersonal fairness to the three models of psychological ownership personal traits, the results show the effect of ethnic identification on psychological ownership further reduced from 0.30 to 0.29, 0.30 to 0.29, and −0.21 to −0.18 for employee, self-identity, and efficacy, respectively. These increases are marginal as the effect on the adjusted incremental $r^2$ was not noticeable. Proposition 2 therefore holds. See Table 4.

## Discussions, Contributions, and Implications

In this exploratory study, this chapter affirms that indeed, ethnicity matters for the formation of psychological ownership personality traits in employees. Generally, findings show that employee ethnic identification explains a fairly large percentage of changes in psychological ownership personality, with a range between 12 and 13 percent for voice traits and self-identity traits, respectively. See Tables 3 and 4. This study provides evidence to support the need for scholars and practitioners to focus on employees' ethnicity. This is especially for bureaucracies that operate within multiethnic societies. There are existing studies that show that ethnic identification forms core part of employee personality, and as such understanding how to deal with different ethnic identities at work will be of great benefit to organizations (Oruwari et al. 2004). Results from this study suggest that within bureaucracies that have multiethnic employees and where such employees perceive that they are accepted and not differentiated, they may display voice and organizational identification personality traits. Results from this study also suggest that the negative consequences of having multiethnic employee composition may be countered within a work climate that promotes interpersonal fairness and coworker social support.

The concept of psychological ownership personality is apt in investigating how to influence employees working in public sector organizations within the empirical context of the study. In Nigeria, there is a sense of entitlement toward government organizations. The notion is that the government belongs to everyone, thus, the struggle by the federating states and LGAs to have employee quotas in government bureaucracies (Adeosun 2011). Employees unintentionally have psychological ownership personalities. However, their feelings and actions are in most instance geared toward improving the lots of their regions. This study suggests that employees with such strong inclination to their ethnicity when treated fairly and accepted may exhibit coworker social support and display their psychological ownership personality traits to favor their organizations.

The findings presented in this chapter are not without some limitation. For example, the context wherein the study was conducted is highly collectivist, and people attach much importance to ethnic identification in terms of their region of heritage (Oruwari et al. 2004). However, if similar studies are conducted using the region to delimitate ethnic identity in another location such as Western countries with less collectivist ideology, the results may be different. Such limitation does not fault the findings from this study especially because of the methodological rigor underpinning the results. Future studies are solicited from a different context to enable comparison of outcome and to make inferences on the effect of context.

In conclusion, this chapter makes a case for public administration scholars and practitioners to focus on employees' ethnicity at work. The result has shown that it is worthwhile to examine how the strength of ethnic diversity influences employees' perceptions, attitudes, and behaviors, specifically its positive effect on self-identity and voice. As the call for representation of various ethnic groups at work continues to grow, scholars and practitioners must continue to investigate several ways of influencing employees' personality traits that favor the organization and ensure that discriminations associated with multiethnic settings are mitigated. One of such ways is already alluded to in this chapter.

## References

Adeosun AB (2011) Federal character principle and national integration: A critical appraisal. Int J Polit Good Govern *2*(2.4):1–13

Agbiboa DE (2012) Between corruption and development: the political economy of state robbery in Nigeria. J Bus Ethics 108(3):325–345

Barron LG, Hebl M, King EB (2011) Effects of manifest ethnic identification on employment discrimination. Cult Divers Ethn Minor Psychol 17(1):23

Brown DR (1999) Ethnic politics and public sector management in Trinidad and Guyana. Public Adm Dev 19(4):367

Caplan RD, Cobb S, French JR (1975) Relationships of cessation of smoking with job stress, personality, and social support. J Appl Psychol 60(2):211
Cohen H (1970) Bureaucratic flexibility: some comments on Robert Merton's 'Bureaucratic Structure and Personality'. Br J Sociol 21(4):390–399
Consiglio C, Borgogni L, Di Tecco C, Schaufeli WB (2016) What makes employees engaged with their work? The role of self-efficacy and employee's perceptions of social context over time. Career Dev Int 21(2):125–143
Dawkins S, Tian AW, Newman A, Martin A (2017) Psychological ownership: a review and research agenda. J Organ Behav 38(2):163–183
Farh J-L, Zhong C-B, Organ DW (2004) Organizational citizenship behavior in the People's Republic of China. Organ Sci 15(2):241–253
Hair JF, Sarstedt M, Ringle CM, Mena JA (2012) An assessment of the use of partial least squares structural equation modeling in marketing research. J Acad Mark Sci 40(3):414–433
Hamidullah MF, Hamidullah MF, Van Ryzin GG, Van Ryzin GG, Li H, Li H (2016) The agreeable bureaucrat: personality and PSM. Int J Public Sector Manag 29(6):582–595
Mael F, Ashforth BE (1992) Alumni and their alma mater: a partial test of the reformulated model of organizational identification. J Organ Behav 13(2): 103–123
Oruwari Y, Owei O, Jev M (2004) Gender, ethnicity and violence and their effects on livelihoods in the Niger Delta region, Nigeria: the case of Keegbara-Dere (Ogoni) and Bolo (Okrika) in Rivers State. Africa Media Rev 12(1):27–42
Peng H, Pierce J (2015) Job- and organization-based psychological ownership: relationship and outcomes. J Manag Psychol 30(2):151–168. https://doi.org/10.1108/JMP-07-2012-0201
Pepple DG, Davies E, Davies J (2017) Mirror organization: toward establishing a link between representative bureaucracy and employee ownership perception. J Organ Psychol 17(4): 67–77
Phinney JS (1992) The multigroup ethnic identity measure: a new scale for use with diverse groups. J Adolesc Res 7(2):156–176
Sherer M, Maddux JE, Mercandante B, Prentice-Dunn S, Jacobs B, Rogers RW (1982) The self-efficacy scale: construction and validation. Psychol Rep 51(2):663–671
Storm K, Rothmann S (2003) A psychometric analysis of the Maslach burnout inventory – general survey in the South African police service. S Afr J Psychol 33(4):219–226
Yang L-Q, Johnson RE, Zhang X, Spector PE, Xu S (2013) Relations of interpersonal unfairness with counterproductive work behavior: the moderating role of employee self-identity. J Bus Psychol 28(2):189–202

# Bureaucracy and Policy Alienation

Lars G. Tummers
School of Governance, Utrecht University, ZC, Utrecht, The Netherlands

## Synonyms

Anomie; Change cynicism; Identification; Resistance to change

## Definition

Policy alienation can be defined as a cognitive state of psychological disconnection from the policy program to be implemented.

## Introduction

Public service workers often have problems with new policies. This ranges from teachers striking against school reforms, professors protesting against cost-cutting in higher education, and physicians feeling overwhelmed by a constant flow of policy changes, resulting in conflicts and burnouts.

An illuminating quote – cited in a leading Dutch newspaper – comes from an insurance physician who had to implement stricter rules for work disability insurance, causing many former citizens classified as work disabled to lose their benefits, while nothing substantially changed in the situation of these citizens:

> The UWV [Dutch organization for employees' insurance] is nowadays called the Lourdes of the North: you visit the agency as work-disabled, you leave able to work… It is becoming extremely controversial. I cannot reconcile it with my conscience anymore.

When public service workers cannot identify with a policy, this can has severe consequences. It can negatively influence policy effectiveness, as

public service workers do not execute the policy or even try to sabotage it. Furthermore, public service workers themselves can become dissatisfied with their work. Some public service workers even experience burn-out or quit their jobs entirely.

Although identification problems have been acknowledged by public administration scholars (see, for instance, Lipsky 1980), there was no coherent, theoretical framework for analyzing this topic. Therefore, Tummers et al. (2009) developed the "policy alienation" model, building on the concept of work alienation developed in the field of sociology. Policy alienation can be broadly defined as a general cognitive state of psychological disconnection from the policy program to be implemented. Tummers et al. (2009) developed five dimensions in the policy alienation model, which can serve as explanations for low compliance with policies. This focus on attitudes of public service workers fits within a new direction for public administration research, where a shift is being witnessed from a focus on structures, through processes, to a focus on attitudes and behavior of public service workers (Grimmelikhuijsen et al. 2017).

Various scholars have used this model or particular policy alienation dimensions (for instance, Loyens 2016; Thomann 2015; Van der Voet et al. 2017). In general, they showed that the policy alienation model can be useful for studying public administration topics. It has been shown that effects of high policy alienation include reduced change willingness (Tummers 2011) or commitment (Van der Voet et al. 2017) and even clear resistance and rule breaking of policies (Tonkens et al. 2013). More generally, Thomann (2015) showed that policy alienation can lead to lower policy performance. Loyens (2014, 2016) shows various effective and ineffective ways to cope with policy alienation. Next to this, Van Engen et al. (2016) studied the concept of "general" policy alienation. Instead of alienation from a specific policy, the "general" policy alienation concept can be used to study identification problems with governmental policies in general.

This essay in the *Global Encyclopedia of Public Administration, Public Policy, and Governance* has three goals. First, it aims to discuss the background and development of the policy alienation model. Second, it shows how policy alienation can be measured via surveys or interviews. Third, this essay has the goal to indicate valuable future theoretical, methodological, and empirical research directions for scholars interested in further developing this line of research. To achieve this, this essay connects the study of policy alienation with core debates and concepts in public administration, including Public Service Motivation and red tape. By pursuing these three goals, this essay aims to help practitioners who are interested in using the policy alienation model to understand and improve policy implementation in their organizations. Next to this, it aims to provide scholars with a clear overview of the policy alienation model and lacunas in the field, which they can use when designing new studies.

## The Policy Alienation Model

Alienation broadly refers to a sense of social estrangement, an absence of social support or meaningful social connection. Its use in scientific literature can be traced directly to Hegel and Marx, who both saw capitalism as the main cause of alienation. Karl Marx concentrated on objective work alienation: workers are alienated when they do not own the means of production or the resulting product.

Sociologists, public administration scholars, and other social scientists have since used the alienation concept in various studies, thereby building upon Marx. However, these scholars differ in one important aspect from Marx. While Marx looked at objective work alienation, contemporary scholars examine *subjective* work alienation: alienation as *perceived* by the worker. Scholars have used the subjective alienation term in various analyses, and a number of meanings have been attributed to the term. In an attempt to provide clarity, Seeman (1959) – in a landmark

article – broke these meanings down into five alienation dimensions: powerlessness, meaninglessness, normlessness, social isolation, and self-estrangement.

In line with Seeman, policy alienation can also be considered as multidimensional, consisting of powerlessness and meaninglessness dimensions. In essence, powerlessness is a person's lack of control over events in their life. Meaninglessness, on the other hand, is the inability to comprehend the relationship of one's contribution to a larger purpose. Public service workers can feel powerless while implementing a policy. For instance, a police officer might be required by his superiors to issue a minimal amount of tickets each day, with no room to deviate from this. Linked to this, it is also evident that public service workers can feel that implementing a policy is meaningless if, for example, it does not deliver any apparent beneficial outcomes for society, such as decreasing the number of burglaries in your neighborhood. In making the dimensions more specific to the situation under study, the policy alienation model distinguishes between strategic, tactical, and operational powerlessness and between societal and client meaninglessness. The definitions of these dimensions – including examples – are shown in Table 1.

Next to focusing on alienation from a specific policy, public service workers can also be alienated from governmental policies in general. Public service workers are often confronted with various policies over time, intended to adapt, replace, or complement existing policies. Based hereon, public service workers will have a certain predisposition toward governmental policies in general, just like predispositions toward the public sector. To conceptualize this predisposition, Van Engen et al. (2016) introduced the term *general policy alienation*, which can be defined as a cognitive state of psychological disconnection from policy programs to be implemented in general. Hence, next to alienation from a specific policy (see Table 1), public service workers can also be alienated from policies in general (Table 2).

To illustrate the importance of general policy alienation, Van Engen et al. use an example of a month long strike of 5000 Norwegian teachers. This strike did start as a reaction to the introduction of a new controversial government proposal that orders teachers to spend 7.5 h of working

**Bureaucracy and Policy Alienation, Table 1** Defining the five dimensions of policy alienation (Based on Tummers 2011)

| Dimension | Definition | Examples of high scores |
|---|---|---|
| Strategic powerlessness | The lack of perceived influence by public service workers on decisions concerning the content of the policy, as is captured in rules and regulations | A public service worker feeling that the policy is drafted without the help of implementing public service workers or their associations |
| Tactical powerlessness | The workers' perceived lack of influence on decisions concerning the way policy is implemented within their own organization | Public service workers stating that the managers in the organization did not consult them or their colleagues when designing the implementation process for the policy |
| Operational powerlessness | The perceived lack of freedom in making choices concerning the sort, quantity, and quality of sanctions and rewards on offer when implementing the policy | Answering "fully agree" to a survey question on whether the public service worker felt that their autonomy during the implementation process was lower than it should be |
| Societal meaninglessness | The perception of public service workers concerning the lack of value of the policy to socially relevant goals | Stating in an interview that "I agree with the policy goal of enhancing transparency, but I do not see how this policy helps in achieving this goal" |
| Client meaninglessness | The workers' perceptions of the lack of added value for their own clients in them implementing a policy | A public service worker who argues that a particular policy seriously impinges on their clients' privacy |

**Bureaucracy and Policy Alienation, Table 2** Defining the five dimensions of general policy alienation (Based on Van Engen et al. 2016)

| Dimension | Definition | Examples of high scores |
|---|---|---|
| Strategic powerlessness | The influence that public service workers usually perceive themselves as having on decisions concerning the content of government policies as captured in rules and regulations | A teacher feeling that the government drafts education policies without involving teachers |
| Tactical powerlessness | The influence that public service workers usually perceive themselves as having on decisions concerning the way (new) government policies are implemented within their organization | A teacher stating that the school leader does not involve teachers structurally in designing the implementation of government policies within the school |
| Operational powerlessness | The influence that public service workers usually perceive themselves as having during the actual implementation of government policies | A social worker answering "totally agree" to a survey question asking if autonomy during the implementation of government policies is usually lower than it should be |
| Societal meaninglessness | The perception of public service workers concerning the added value of contemporary policy to socially relevant goals | A physician stating in an interview that contemporary health policy is, in her opinion, not contributing to a healthier society |
| Client meaninglessness | The perception of public service workers concerning the added value of contemporary policy for their own clients | A police officer noting that, overall, contemporary education policy has detrimental effects on the safety in their assigned neighborhood |

time at school each day. However, the strike was about more than that. Months before the strike started, the Norwegian teachers voted against another government proposal because they perceived it as a threat to their professional autonomy and their ability to deliver high-quality education. The President of the Union of Education of Norway therefore also stated that "This strike is about much more than the compulsory seven and a half hours teachers should spend daily at school." This statement is in line with the conceptualization of general policy alienation as a state of mind reflecting accumulated past policy experiences.

Based hereon, Van Engen et al. show how the policy alienation framework can be used to study *general* experiences with public policies, instead of experiences with a specific policy. Do public service workers have the impression that they can, in general, influence the shaping of government policies? Furthermore, do they have the impression that government policies are, in general, meaningful and add value for society as a whole and for their own clients? This is shown in Table 2.

## Measuring Policy Alienation

For both (specific) policy alienation and general policy alienation, measurement instruments have been developed. Sound measurement is crucial in each empirical study. We will first discuss measuring policy alienation via questionnaires. Hereafter, we show how policy alienation can be measured when conducting interviews.

Scales have been developed for the dimensions of both policy alienation and general policy alienation. To specify these scales to the context, "template" words are used. Templates allow researchers to adapt items to their specific situation by replacing general phrases with more specific ones: ones that fit the context of their research. For example, instead of using the terms "the policy," "organization," and "public service workers," the researcher can rephrase these items to suit the specific situation, for example, replacing them with "the new financial policy Alpha," "institution," and "mental healthcare professionals." As an example, one of the template items for tactical powerlessness was:

> In my *organization*, *public service workers* could take part in conversations regarding the execution of the *policy.*

In an example, this becomes:

> In my *institution*, *mental healthcare professionals* could take part in conversations regarding the execution of the *new financial policy called "Alpha."*

Scholars and practitioners who want to use the policy alienation items in a survey should decide which template terms are appropriate. All items use a five-point Likert scale ranging from strongly disagree, through disagree, neutral, and agree to strongly agree.

In Table 3, we show the items for one dimension (societal meaninglessness) for both policy alienation and general policy alienation. In this way, the reader can get an idea on how to measure policy alienation dimensions. For all scales, please see Tummers (2012) for policy alienation and Van Engen et al. (2016) for general policy alienation. For instance, in a recent study in *Public Management Review* Van der Voet et al. showed that societal and client meaninglessness were highly negatively related to commitment to change.

Next to developing specific measures for the different dimensions, Van Engen (2017) also developed a *short* measure of general policy alienation. Here, she follows the guidelines for general scale development. Multidimensional measures – like the ones developed by Tummers (2012) and Van Engen et al. (2016) – are usually seen as yielding a more nuanced understanding of the different origins or forms of a concept. However, short scales can also be valuable. The first reason for developing a short measure of policy alienation is that the current multidimensional scales (5 scales of each around 5 items) take up survey time that researchers could otherwise use to measure additional variables. Second, the length of the measure may prohibit its application to other fields of public administration where policy alienation is not the core subject matter, but could form a relevant antecedent, effect, or moderator. In sum, the advantage of a short measure is that it allows researchers to use just a few items to assess frontline workers' overall level of general policy alienation. They do not have to include the full range of policy alienation dimensions.

Based on two studies in the education sector, Van Engen developed a short scale of general policy alienation, which is shown below and can be used in future studies. This is shown in Table 4.

Next to quantitative survey studies, qualitative studies have been conducted to study the degree of policy alienation, its antecedents, its effects, and how to cope with policy alienation (Loyens 2014; Loyens 2016; Tummers et al. 2012; Thomann 2014). For instance, Loyens (2014) studied how public service workers cope with the tensions and frustrations that result from policy alienation. This is an interesting study, as it shows how public service workers can effectively deal with policy alienation. She uses a comparative case study design of labor inspectors and

**Bureaucracy and Policy Alienation, Table 3** Measurement of client meaninglessness for policy alienation and general policy alienation

| **Client meaninglessness – Policy alienation (for studying attitudes toward a specific policy)** |
|---|
| 1. With *government policy X* I can better solve the problems of my *clients* (R) |
| 2. The *government policy X* is contributing to the welfare of my *clients* (R) |
| 3. Because of *government policy X*, I can help *clients* more efficiently than before (R) |
| 4. I think that *government policy X* is ultimately favorable for my *clients* (R) |
| **Client meaninglessness – General policy alienation (for studying attitudes toward government policies in general)** |
| 1. In general, *government policy* enables me to better solve the problems of my *clients* (R) |
| 2. In general, *government policy* contributes to the welfare of my *clients* (R) |
| 3. In general, *government policy* enables me to help *clients* more efficiently (R) |
| 4. Overall, I think *government policy* is ultimately favorable for my clients (R) |

Note: Answer categories: Likert scale (fully disagree, disagree, neutral, agree, fully agree)
Template terms are underlined, these can be adapted to fit the research context, for instance, replacing "clients" by "patients" in a healthcare setting

**Bureaucracy and Policy Alienation, Table 4** Short measure of general policy alienation (Based on Van Engen 2017)

| Item template | Item applied in education setting | Item drawn from dimension |
|---|---|---|
| 1. *Public service workers* cannot influence the development of *policies* at the national level (Minister and Ministry of *X*, National Government) | School leaders and teachers cannot influence the development of education policies at the national level (Minister and Ministry of Education, National Government) | Strategic powerlessness |
| 2. Generally, I have freedom to decide how to use government *policies* (R) | Generally, I have freedom to decide how to use government education policies | Operational powerlessness |
| 3. Overall, I think that government *policy* leads to *socially relevant goal A* (R) | Overall, I think that government education policy leads to higher educational quality | Societal meaninglessness (1) |
| 4. In general, I think that government *policy* in the long term will lead to *socially relevant goal A* (R) | In general, I think that government education policy in the long term will lead to higher educational quality | Societal meaninglessness (2) |
| 5. In general, *government policy* enables me to better solve the problems of my *clients* (R) | In general, government education policy enables me to better solve the problems of my students | Client meaninglessness |

police officers in Belgium. She showed that labor inspectors and police officers use five coping styles to deal with the alienation they experience from implementing the Belgian asylum and migration policy. The first two are acquiescence (for instance, accepting that you can't really make a difference) and emotional habituation (for instance, noting that you just have to "get tougher" to deal with difficult policies). These ways of coping are forms of "positive feedback": they keep the often high degree of policy alienation intact. The other three are forms of "negative feedback": they *lower* the degree of policy alienation. One example is "bonding with the victim": public service workers bend rules and try to work together with the citizens to work out solutions.

Loyens and others measured policy alienation via interviews. When conducting interviews, a semi-structured interview protocol can be used. As with a structured interview, a set of themes is selected in advance. However, unlike a structured interview, a semi-structured interview is flexible, allowing new questions to be raised during the interview based on the answers from a respondent. The exact content of the interview will depend, among other things, on the research question, the policy and the sector involved, and on the individual characteristics of the interviewer and interviewee. Below I show some example questions from the semi-structured interview protocol for policy alienation, with a focus on the degree of policy alienation and its influencing factors. For the elaborate guidelines, readers can consult Tummers (2013, pp. 157–167, Table 5).

**Bureaucracy and Policy Alienation, Table 5** Sample questions for studying policy alienation and its antecedents using an interview

| |
|---|
| *Strategic powerlessness*<br>Do you think you, as a group of public service workers, could influence decisions concerning the content of *policy X*, as is captured in national rules and regulations?<br>What do you think are the main reasons for this? |
| *Tactical powerlessness*<br>Do you think you, as a group of *public service workers*, could influence decisions concerning the way *policy X* is implemented within you own organization?<br>What do you think are the main reasons for this? |
| *Operational powerlessness*<br>Do you feel that, when implementing *policy X*, you have sufficient autonomy?<br>What do you think are the main reasons for this? |
| *Societal meaninglessness*<br>What do you think are the goals of *policy X*?<br>To what extent do you agree with these goals?<br>Do you feel that *policy X* contributes to achieving these goals?<br>What do you think are the main reasons for this? |
| *Client meaninglessness*<br>Do you feel that you can help your own *clients* better as a result of *policy X*?<br>What do you think are the main reasons for this? |

## Conclusion and Future Research Suggestions

The previous two sections discussed, respectively, the background of the policy alienation model and the way it can be measured quantitatively and qualitatively. The goal of this final section is to show future theoretical, methodological, and empirical research directions for scholars interested in further developing this line of research.

A first area for future research is the relationship between policy alienation and important concepts in the field of public administration, such as *Public Service Motivation*, red tape and policy performance. For instance, Public Service Motivation can be connected to the meaninglessness dimensions of policy alienation. PSM can be described as the motivational force that stimulates people to perform meaningful public service. It is conceivable that PSM moderates the relationship between meaninglessness and willingness to implement (see also Van der Voet et al. 2017). For example, if public service workers feel that a policy does not contribute to society (a high societal meaninglessness) while they have a high commitment to serving this public interest, they might be less willing to implement such a policy. However, if they do not have a strong commitment to serving the public interest, this relationship might not hold. Then, other factors may be more influential in explaining their willingness to implement. Combining the policy alienation and PSM concept can be a worthwhile topic for public administration scholars to address.

Next to this, researchers could further analyze the relationship between policy alienation and the policy performance. It has been shown that policy alienation has a negative influence on behavioral support for that policy. Related to this, it would be interesting to investigate the effect of policy alienation on actual policy performance (see also Thomann 2014). A multimethod approach could be fruitful here. Researchers could use interviews or survey techniques to determine the public service workers' level of policy alienation. Using another source, researchers could then examine the actual policy performance of these public service workers when implementing the policy. This observed policy performance could then be related to the level of policy alienation. Alongside being of theoretical interest, this could also be very relevant for policymakers who need knowledge on the factors that affect policy performance.

The second suggestion for future research addresses methodological issues. The current literature is dominated by studies relying on cross-sectional studies and interviews. The value of these methods is that they are located in real organizational environments. However, these methods do not allow scholars to truly determine the causal direction of the relationships. Longitudinal studies and especially experiments – in the lab or in the field – can be useful here. A future study could for instance develop an experiment showing how policy alienation can be reduced via extensive communication or granting more autonomy to public service workers. More in general, future studies can conduct such studies to address the concerns about causality. Scholars can follow guidelines on the use of experiments in the public administration discipline (for instance, Jilke et al. 2016).

The final suggestion for future research is empirical. Most policy alienation studies have been focused on Western countries, including the United States, Germany, Belgium, Switzerland, and the Netherlands. Almost no studies have been conducted in developing countries or Eastern countries. It would be valuable to study the measurement of policy alienation, its antecedents, and its effects in such different settings. Does the measurement scale hold when applying it to other countries? Are the same effects found? Are effect sizes comparable? In this way, the generalizability of the policy alienation model would be tested further. More in general, scholars can conduct replication studies (also in Western countries). Replication is one of the core tasks of science and is increasingly valued in the last years.

Concluding, it is of paramount important to understand why public service workers are reluctant to implement new policies. Embracing and further researching the attitudes of these public service workers toward new policies should

prove to be a timely and productive endeavor for both scholars and practitioners alike.

## References


Grimmelikhuijsen S, Jilke S, Olsen AL, Tummers L (2017) Behavioral public administration: combining insights from public administration and psychology. Public Adm Rev 77(1):45–56

Jilke S, Van de Walle S, Kim S (2016) Generating usable knowledge through an experimental approach to public administration. Public Adm Rev 76(1):69–72

Lipsky M (1980) Street-level bureaucracy. Russell Sage Foundation, New York

Loyens K (2014) Law enforcement and policy alienation: coping by labour inspectors and federal police officers. In: Hupe P, Hill M, Buffat A (eds) Understanding street-level bureaucracy. Policy Press, London, pp 99–114

Loyens K (2016) How police detectives deal with policy alienation in the investigation of human exploitation crimes. Chapter 8. In: Burke R (ed) Stress in policing: sources, consequences and interventions. Routledge, New York

Seeman M (1959) On the meaning of alienation. Am Sociol Rev 24(6):783–791

Thomann E (2015) Is output performance all about the resources? A fuzzy-set qualitative comparative analysis of street-level bureaucrats in Switzerland. Public Adm 93(1):177–194

Tonkens E, Bröer C, van Sambeek N, van Hassel D (2013) Pretenders and performers: Professional responses to the commodification of health care. Soc Theory Health 11(4):368–387

Tummers LG (2011) Explaining the willingness of public professionals to implement new policies: a policy alienation framework. Int Rev Adm Sci 77(3):555–581

Tummers LG (2012) Policy alienation of public professionals: the construct and its measurement. Public Adm Rev 72(4):516–525

Tummers LG, Bekkers V, Steijn B (2009) Policy alienation of public professionals: application in a new public management context. Public Manag Rev 11(5):685–706

Tummers LG, Steijn B, Bekkers V (2012) Explaining the willingness of public professionals to implement public policies: content, context, and personality characteristics. Public Adm 90(3):716–736

Van der Voet J, Steijn B, Kuipers BS (2017) What's in it for others? The relationship between prosocial motivation and commitment to change among youth care professionals. Public Manag Rev 1–20:443. (in press)

Van Engen N (2017) Developing a short measure of general policy alienation: a 10-step procedure. Public Adm 95(2):512–526

Van Engen N, Tummers LG, Bekkers VJJM, Steijn AJ (2016) Bringing history in: policy accumulation and general policy alienation. Public Manag Rev 18(7): 1085–1106


# Bureaucracy and Politicians Agenda: Examining Politics-Administration Relationship in Ghana


Kwame Asamoah[1] and Emmanuel Yeboah-Assiamah[2]

[1]Department of Public Administration and Health Services Management, University of Ghana Business School, Legon - Accra, Ghana

[2]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa


## Synonyms

Complementarity; Neutral competence; Politicization; Politics-administration

## Definitions

| | |
|---|---|
| Politics | This involves the use of state authority and [discretion] to determine how policies, decisions, and resources target particular groups or sectors (perhaps and not others) in a political system at any given time. It determines who gets what, how and when in society done in explicitly or implicitly depending on the context. |
| Administration | It is largely a process which involves the interaction between humans and other resources to help make and enforce government programs and decisions in an effective, efficient, and more professional manner. Although is it largely professional in approach and process, administration is both technical and political |

| | |
|---|---|
| | process since it requires some major decisions over competing resources, conflicting options, and coalitions. |
| Complementarity | It stresses interdependency, reciprocal influence, and extensive interaction between elected officials and administrators along with recognition of the need for distinct roles and political supremacy. Complementarity argues for a synergy and partnership between elected officials and public administrators towards the pursuit of public good and effective service deliver (Svara 2001). |
| Politicization | Politicization of civil service basically entails the substitution of political criteria for merit-based criteria in the selection, retention, promotion, awards, and disciplining of members of the public service which could easily jeopardize bureaucratic integrity (Peters and Pierre 2004). |
| Neutral competence | It admonishes bureaucrats to execute "the work of government expertly, and [carry it out] according to explicit, objective standards rather than to personal or party or other obligations and loyalties". Due to the practical complementarity between politicians and bureaucrats, neutral competence in contemporary times entails expert analysis carried out by professional civil servants, enjoying an unclear degree of independence from political bosses. |

*The conflict between professional and political values ….; are they really contradictory or complementary? These two contending perspectives do not have to be contradictory; in fact, they can and should be complementary, one reinforcing the other. (Farazmand 2002, p. 137)*

## Introduction

The exact relationship between civil servants and politicians has been one of the most contentious issues in public administration (PA). It is perhaps within this context that some scholars describe the politics-administration debate as a "myth" or "aberration" (Overeem 2012). PA scholars hold the view that one of the most critical issues confronting the modern state is how to find a way to strike a balance and symbiotic relationship between politicians and the bureaucrats, who are key elites in the governing process. To Farazmand (2009), from the ancient times to the present, politicians and bureaucrats have been at the heart of PA. A harmonious relationship between politics and administration strengthens the legitimacy of the governmental system, while acrimonious relationship tends to undermine the legitimacy of the entire political system.

The civil service exists to rationally implement public policies of the executive so as to ensure the continued working of government. An efficient civil service hinges on the quality and professionalism of its members and leadership. This depends on certain conditions applicable in public personnel management, the most important of which involves an objective criterion to determine recruitment into, promotion, transfer, and termination of appointments in the civil service. For instance, Heclo (1977) provides that the civil service idea has rested on three basic principles, namely (i) that the selection be based on merit, that is, the capacity to perform as opposed to favoritism or patronage; (ii) that tenure be stable and not susceptible to

change as rampant as every regime change; and (iii) that civil servants be responsive to any government of the day as a price to pay for the job security enjoyed. This is a perfect criterion to address dysfunctions in service delivery and developmental challenges, especially, in developing countries. An empirical research on bureaucracies of 35 less-developed countries concluded that meritocratic recruitment is the most important structural feature for improving bureaucratic performance (Evans and Rauch 1999). The idea is that opting for meritocratic recruitment reduces politicization and patronage while making way for competence and professionalism with virtues that create value for people [state].

This entry contributes to the topical discussion on the neutrality-politicization syndrome by using a developing administrative system, Ghana. Ghana is a member of the Commonwealth and the first sub-Saharan African country to obtain political independence. The country has made advances in democratic consolidation with political power and earned an enviable position as a shining example of democracy in Africa. Ghana has also embarked on major reform programs in its administrative system. The Civil Service Reform Programme (CSRP) between 1987 and 1993 ostensibly sought to remove all obstacles that affected the service's ability to operate as an agent of change and progress whilst Civil Service Performance Improvement Programme (CSPIP) in 1995 was an effort to make for a rational, competent, and more productive civil service.

This article examines the principle and practice of *neutral competence* and politicization in the public service of Ghana. What is the relationship between politicians and bureaucrats or civil servants? What are the dilemmas in the relationships between politicians and civil servants in the developing administrative context? What should politicians think of civil servants and what should the civil servants do to adapt to their situations and positions? What is the implication of a flawed relationship between the two? These relevant questions are implied and addressed in the study conclusions.

## Theoretical Overview

### The Politics-Administration Dichotomy and Civil Service Neutrality

The principle of civil service neutrality emanates from the politics-administration dichotomy debate. The question of how to position PA in relation to politics bears important implications for both the intellectual identity and institutional development of PA (Henry 2004).

Demir and Nyhan (2008) state that the politics-administration dichotomy was meant to minimize the influence of politics in public administration by calling for expertise and neutrality in the management of government business. Henry (2004) contributes to the debate by positing that "the field's founders had harbored no qualms about the wisdom of differentiating public administration from the *hoi polloi* of politics because they firmly believed that only a knowledgeable, noble elite (that is public administrators) could pull the people from their pestilent cistern of civic suffering and into the light of prosperity and progress" (Henry 2004, p. 34).

Scholars report the difficulty in putting into practice the theoretical assumption that seeks to make an explicit distinction between politics and administration; Svara (2001) therefore argues for a mutually interactive, partnership, and complementarity approach that will ensure effective collaboration between politicians and administrators in public service delivery. According to the interactive approach, bureaucrats and politicians ought to and must work together, and their relationship should be cooperative, to promote efficient and effective governance (Farazmand 2009).

### Politicization: A Threat to Neutral Competence?

When faced with reality, political actors tend to view civil service neutrality as just an ideal and in most cases consider it as a mere metaphor provides that: "all theory is metaphor. Any theory or perspective that we bring to the study of organization and management, while capable of creating valuable insights, is incomplete, biased and potentially misleading."

The paradox of civil service neutrality is seen in terms of the perceived politicization of the civil service. Peters and Pierre (2004) view politicization as "the substitution of political criteria for merit-based criteria in the selection, retention, promotion, awards, and disciplining of members of the public service" (p. 2). Politicization, thus, connotes the notion of making appointments, dismissing employees, and making personnel decisions based on partisan political machinations. This results in patronage conceptualized to mean a situation where appointments and promotions become based on familiar relationships especially political party affiliations.

## Consequences of Politicization

An overarching effect is that a highly politicized public service distorts all ideal conceptualizations and benefits to be derived from a neutral competent civil service.

It is well argued that for the purposes of formulating and implementing complex public policies that are capable of creating conducive environment for development, a neutral civil service is required. Heclo (1977) discusses that a career civil service represents the institutionalization of continuity. Pfiffner (2007, p. 420) contends that "career civil servants have experience with what happened the last time something was tried, how members of Congress are likely to react, what realities of implementation are likely to spoil the boss's great new idea and so on" as well as promotes continuity with its institutional memory and provision of expert advice. Politicization will make this elusive as new governments mostly sideline these people and hire their own sympathizers with implication on public service delivery.

Secondly, if public service personnel functions are minced with partisanship, sycophancy, and patronage, it tends to undermine the merit-based principle of employment and promotion, efficiency, and professionalism. This results in weakening trust in the political system, loss of expertise, low morale among existing public administrators and widening the gap between senior public servants and rank and file (Cameron 2010). Commenting on the view that senior appointments in the civil service are political in nature, Gainsbosrough (2006) points out that even though civil service appointments are in theory merit-based, "the majority of senior appointments are political appointments, and for lower-level appointments nepotism and the buying of positions are common" (p. 22). Little drops of politicization set a stage for a debilitated civil service which may lead to a less productive and dysfunctional state machinery in the long term. For instance, Zafarullah et al. (2000) observe in Bangladesh that by the 1990s "the bureaucracy had become clearly factionalized along party lines; some senior civil servants openly defying the government with others lending their support. The former were punished by demoting them to trivial positions, while the latter were rewarded for their services with jobs in important ministries" (p. 47).

Again, with this practice, public personnel management becomes tattered as officials instead of using performance appraisal and competence as the basis of promotion, the managers and HR officials have often relied on political considerations, patronage, and corruption in determining the hierarchical advancement of civil and public servants (see Zafarullah et al. 2000). When politicization interferes in performance of public personnel functions – appointment, promotion, training, transfer, posting, and termination – without recourse to objective, rational, and merit principles, it leads to square pegs in round holes. Such phenomenon deteriorates efficiency and overall national development. Making a case on the delicacy of public personnel functions, Wriston maintains, "I believe the only game in town is the personnel game; my theory is that if you have the right person in the right place you do not have to do anything else, but if you have the wrong person in the job, there's not a management system known to man that can save you" (cited in Foulkes and Livernash 1982, p. 43). Moynihan and Roberts (2010) provide useful insights on the consequences of nonmerit appointments [wrong person in the job] from the US context. They observe that the Bush administration got involved in various nonmerit recruitments for instrumental reasons, which made the public service exhibit various counts of incompetence. They put

forward that "the damage to competence was perhaps best typified by Michael Brown, the head of the Federal Emergency Management Agency (FEMA), who resigned after the dismal response to Hurricane Katrina. Brown and other senior appointees in FEMA lacked emergency management expertise, but had significant political campaign experience" (p. 575).

Finally, politicization in personnel functions becomes dreadful because civil servants may tend to view party loyalty as a safeguard for promotion and continuity; there is a high tendency to jettison their professional values and neutrality which will affect overall public sector productivity, damages work ethics, erodes internal discipline, and seriously undermines the servicer's image in the society (Siddiquee and Faroqi 2010). Again, empirical studies indicate that merit-based recruitments are less prone to corruption (Evans and Rauch 1999); this suggests that nonmeritocratic criteria such as political considerations, nepotism, and favoritism could largely breed corruption and formation of clandestine rackets and networks for cover ups (see Yeboah-Assiamah et al. 2016).

## Methodology

The entry adopts cases from Ghana's public service from Kwame Nkrumah's era [first Republic] to contemporary period [fourth Republic] to assess the neutrality-loyalty maze in personnel functions of Ghana's public sector. We however draw much emphasis on the fourth Republic by discussing relevant provisions in the 1992 Republican Constitution and relate them to practicalities on the ground with relevant cases. The study essentially relies on primary data including government documents and reports as well as face-to-face interview with 15 key respondents selected from the civil service of Ghana. Other secondary sources of data including journal articles, newspaper publications, Internet sources, and book chapters were beneficial to the discussion. Although mostly touted as civil service *neutral competence*, in our illustrations we expand the scope to cover other sensitive public service positions (approach used by Moynihan and Roberts 2010). Consequently, we discuss the civil service within a broader context of public service; the term "public administrators" connotes the higher and lower echelons of the public services of Ghana as stated in Chapter 14 of the 1992 Republican Constitution. Article 190 (1) identifies the civil service as one of the fourteen Public Services. These public services include:

(a) Civil Service; Judicial Service; Audit Service; Education Service; Prisons Service; Parliamentary Service; Health Service; Statistical Service; National Fire Service; Police Service; Immigration Service; Legal Service; Customs, Excise and Preventive Service; Internal Revenue Service *[the final two plus a Value Added Tax Service merged to form Ghana Revenue Authority in 2009 by Ghana Revenue Authority Act 791]; [there is also a Local Government Service, Act 656 of 2003]*
(b) Public corporations other than those set up as commercial ventures
(c) Public services established by this Constitution
(d) Such other public services as Parliament may by law prescribe (Ghana 1992)

## Discussion: Contextual Analysis of Public Service *Neutrality-Politicization* in Ghana

### Recruitment into the Public Service

Although on paper public personnel processes in Ghana require merit considerations, the criteria to get entry into the civil service, transfer and promotion decisions, and termination in most cases reflect social and political consideration. Politicians and bureaucrats use the state to reward themselves and their supporters with lucrative jobs and juicy contracts. In Ghana, the politicization of the public service began in the First Republic when Dr. Kwame Nkrumah encouraged some top public servants to join the Convention People's Party (CPP), the party in Government at the time. Indeed some top officials of the public service were dismissed without recourse to the public service rules and regulations. Since then, the over-politicization of the civil service has

continued unabated, thus affecting the neutrality of the civil service.

The PNDC government, under Jerry John Rawlings, blamed the civil service for sabotaging its policies. Rawlings regarded the top echelons of the service as: Allies of imperialism and neo-colonialism which should be subjected to revolutionary overthrow and not mere reforms (Ghana 1982, pp. 5–6).

In the opinion of the PNDC, the civil service should be re-organized and politicized to ensure that its "orientation tallies with the objectives of the Revolution" get recruited (Ghana 1982, p. 5). This trend has continued unabated in contemporary public administration of Ghana. In an interview with a key official at the Ministry of Tourism, she explained that:

> The president may use recruitment as a tool of reward. Some make it so glaring... I cannot bootlick, so I remained in the same level for over so many years in my previous place of employment. I know people who have bootlicked and have been repeatedly promoted. For me I see that as an unfair way of rewarding or even punishing people.

The above was given support by another participant who narrated an incident she had witnessed in a previous place of work. She maintained:

> They pretend to be neutral... it was out of order for one to demand political party cards before appointing a worker in my former place of work. People in the same party align themselves to each other.

However, one respondent from the Ministry of Employment and Labor Relations attempted to be magnanimous in his submission but ended up detailing how such political machinations could occur. He tried at length to give the theory behind recruitment [what ought to be], but towards the end of submission, he brought out the reality [what is]. He explained that:

> Minister of State doesn't have that right to appoint or transfer a civil servant. In an abnormal case, a Minister may have to write and apply to the civil service authority giving reasons if he or she wishes to have a civil servant transferred elsewhere. In short, the politicians do not have any direct role to play in who gets transferred or promoted.

The submission above was forcefully brought home by an interviewee who explained the processes politicians mostly go through in their attempt to influence personnel processes of the public service. He added that:

> Politicians don't appoint people to the civil service but the OHCS [Office of Head of Civil Service]and PSC [Public Service Commission]... even when the politician appoints, the person appointed faces a vetting committee and based on their performance they are either given the role or not.... But in my opinion, there is the possibility of political undertone.

Another interviewee from the Ministry of Tourism corroborated the argument above by responding affirmatively that:

> I think to a large extent politicians influence recruitment into the civil service. They cannot directly control the process because of the structures. However, who eventually gets recruited can be influenced by the politician... persons who participate in the recruitment process usually are people presented by politicians....because it is usually a formal process, others who have no links with politicians also participate. Eventually, those who have links with the politicians often get recruited.

The above narratives provide support to the argument that there are some political undertones in the recruitment processes into the civil and public service of Ghana.

## Loyalty-Competence Maze: A Political Expediency Choice?

The preference for loyalty to competence in Ghana's public service is not a recent development but could be traced back to the first Republic. Discussing the importance of civil servants loyalty to the government of the day, Dr. Kwame Nkrumah, for instance, explicitly declared his preference for loyalty over competence by making it public that "it is our intention to tighten up the regulations and to wipe out the disloyal elements of the civil service, even if by so doing we suffer some temporary dislocation of the

civil service, for disloyal civil servants are no more than saboteurs" (Nkrumah 1961, p. 173).

Public service requires competence and patriotism; however, political leaders mostly tend to place more priority on political expediency and what appears personal loyalty [or perhaps *praisesinging*] even at the expense of competence. For instance, the appointment of a novice who appears to have no clue in disaster management as deputy national NADMO [National Disaster Management Organization] coordinator left many policy analysts and civil society organizations dumbfounded. Demonstrating his dismay about the deputy's incompetence, the national coordinator of NADMO fumed that *"apart from distributing relief items, 'xxx' [name withheld] has no knowledge or expertise in disaster management, at NADMO we work on nuclear, geological and man-made disasters and 'xxx' [name withheld] has no knowledge about these… they should ignore all the technical people and say 'xxx' go and do it but we will not sit down for that to happen because she does not qualify for the job"* (http://sankofaonline.com/archives/24563). In another instance, the late President Mills appointed a Commissioner for the Commission on Human Rights and Administrative Justice (CHRAJ), who although had legal qualifications had not adequately practiced her law in the Ghanaian setting and also appeared very naïve about her new working environment (http://citifmonline.com/2014/09/17/lauretta-not-qualified-for-chraj-job-gyimah-boadi/). What made her appointment questionable was that the President appeared to have contravened the rules to make the same individual sit on the Ghana Commercial Board concurrently (http://citifmonline.com/2014/09/17/lauretta-not-qualified-for-chraj-job-gyimah-boadi/) which appeared contrary to Article 222 of the 1992 Constitution which prohibits a Commissioner of CHRAJ from occupying any other public office. This discussion resembles an observation in the US context by Moynihan and Roberts (2010) who noted that in the Bush Administration, "so long as politicization was considered to be valuable for instrumental reasons,… inexperience or incompetence grew unacceptably large. Over time…strategy of politicization was transformed into dogma… applied for its own sake, and without regard to potential risks" (p. 575).

This is not surprising because political officials in most cases have their own definition of identifying people "loyal to them," their definition connotes perhaps those who may easily compromise their professional calling to act sycophantly at the beck and call of the appointing authority. Demonstrating his preference for loyalty, perhaps over competence, the Ex-President Kufour contends that although competence and experience are ideal values, he would rather opt for people who are loyal to him. This was in a sharp rebuttal to his former finance minister [sacked] who in delivering a lecture on the topic "*Ghana's Developmental Challenges: Perspective on the Roles of Competence, Loyalty and Sycophancy*" suggested that "we must be able to identify real loyalty from that of loyalty through sycophancy and praise singing, it is high time we placed emphasis on competence and the best available human capacity, skills and experience (http://www.ghanaweb.com/GhanaHomePage/features/Osafo-Marfo-on-competence-and-loyalty-166645)." Although the position held by Kufour is not necessarily an aberration, the argument is how do we determine one's loyalty? In his classical conceptualization, Menninger posits that "loyalty means not that I am you, or that I agree with everything you say or that I believe you are always right, loyalty means I share a common ideal with you and that regardless of minor differences, we fight for it, shoulder to shoulder, confident in one another's good faith, trust, constance and affection" (quoted in Manser 2001, p. 239). In the case of Ghana, political leaders and governments in most cases would want to hear sweet and praiseworthy words from people and groups (http://www.ghanaweb.com/GhanaHomePage/NewsArchive/Mahama-Ghanaians-have-very-short-memory-295218). One is easily touted an ally of the opposition if she/he critiques or provides platform for critiquing government policies or decisions (http://newsghana.

com.gh/ndc-exposes-prof-yankah-iea-et-al-says-they-are-npp-surrogates/; http://elections.peacefmonline.com/pages/politics/201505/241480.php?storyid=100&). In most cases, individuals who speak in favor of [sometimes sycopantly] to political parties are viewed as loyal, whereas objective and indifferent people become questionable and suspects. We argue that even if one is competent but shrouded in "praisesinging" and sycophancy to leadership [presidency], she/he is likely to fail in office because at the end of the day, it is not the competence that drives the appointee, but the presidency and how to please personality that urges him on. This ideal appears missing in the study context; in a discussion with a key interviewee from the Ministry of Tourism, he explained:

> . . .. I cannot bootlick, because of that I remained in the same level for over so many years in my previous place of employment. I know people who have bootlicked and have been repeatedly promoted. For me I see that as an unfair way of rewarding or even punishing people. . . The focus rather turns to be more of loyalty. This is seen often in times when people have just been elected into power or they are just about leaving power.

**Bureaucracy and Politicians Agenda: Examining Politics-Administration Relationship in Ghana, Table 1** Some public servants dismissed by President JA Kufour under the NPP Government

| Name of public/civil servant | Position of public/civil servant |
|---|---|
| Dr. P. K. Kuranchie | Managing director, agriculture development Bank (ADB) |
| Mr. Paul Adom | Commissioner, internal revenue service (IRS) |
| Mr. Charles Asare | Director-general, social security and National Insurance Trust (SSNIT) |
| Mr. S. Appiah-Ampofo | Chief executive, National Insurance Commission (NIC) |
| Mr. Ebenezer Allotey | Managing director, state insurance company (SIC) |
| Mr. Emmanuel Coleman de graft | Deputy managing director (SIC) |
| Mr. Gideon Agbemabiese | Director, National Investment Bank (NIB) |
| Mr. Kofi Kportuphy | Coordinator, National Disaster Management Organisation (NADMO) |
| Mr. Kwesi Ahwoi | Chief executive officer, Ghana investment promotion council |
| Mad. Magdalene Apenteng, | Debt management officer, Ministry of Finance |

Source: Compiled by Authors, 2014

## "Technicized" Termination of Appointments

Again, there have been reports in Ghana where people's appointments and promotions have been stalled for several years and even junior officers have by-passed senior officers to become superiors simply because the latter are not in the good books of the political leadership. There have been instances where people have been asked to proceed on leave without sufficient cogent reasons or adhering to laid down principles (Quartey 2007). He explains "the trend started under the First Republic when Dr. Eustace Akwei, the first Ghanaian Director of Medical Services was dismissed by Dr. Nkrumah on some flimsy charges which were not even properly investigated. Under the Second Republic, as many as 568 public servants were dismissed at a go" (ibid, p. 24). With the case of the second Republic, popularly known as "Apollo 568," one of the victims dismissed [E.K Sallah] took the matter to Court to challenge legality of the dismissal and won the case. Still, the Prime Minister [Busia] appeared headstrong by declaring that no court could enforce any decision that sought to compel the government to employ anyone it does not want to work with. This is known in Ghana's political history as "no court," "no court" syndrome.

The arbitrary dismissal of civil and public servants without just cause has continued in the Fourth Republic. A careful analysis reveals that the two major political parties in Ghana the National Democratic Congress (NDC) and the New Patriotic Party (NPP) appear guilty of dismissals and removal from office of civil and public servants without just cause (see Tables 1 and 2). It is important to note that in most cases, those who are dismissed are perceived not to be in the good books the governing party of the day, whether perceived or real. Such dismissals have implications on commitment level of hardworking public administrators, in terms of the loyalty and dedication required of public administrators who may harbor the feeling of being likely

**Bureaucracy and Politicians Agenda: Examining Politics-Administration Relationship in Ghana, Table 2** Some public servants dismissed by President JE Atta-Mills under the NDC Government

| Name of Public/ Civil Servant | Position of Public/Civil Servant |
|---|---|
| Professor ken Attafuah | Chief executive officer, National Identification Authority |
| Mr. Robert Ahomkah-Lindsay | Chief executive officer, Ghana investment promotion council (GIPC) |
| Dr. grace Bediako | Government statistician, Ghana statistical service (GSS) |
| Mr. Opoku Manu Asare | First deputy statistician, Ghana statistical service |
| Nana Obiri-Boahen | The National Service Secretariat (NSS) |
| DCOP Douglas Akrofi-Asiedu | Coordinator of National Disaster Management Organisation (NADMO) |
| Mr. Antwi-Boasiakoh | Ashanti regional director of NADMO |
| Owura Kwaku Sarfo | Managing director, Volta River authority |
| Mr. Martin Mireku, | Executive director of the Ghana tourist board (GTB) |
| Mr. Ras Boateng | National Health Insurance Authority (NHIA) |
| Mr. John Dekyem Attafuah | Chief executive officer, National Petroleum Authority (NPA) |
| Mr. prince Ernest Oduro- Mensah | Chief executive officer, National Sports Council |
| Madam Elizabeth Adjei | First woman director of Ghana immigration service (GIS) |
| Prof. Kwabena Frimpong–Boateng | A renowned cardiothoracic surgeon, and the chief executive officer, who established the National Cardiothoracic Center at the Korle Bu teaching hospital, and director of the center was just given a dismissal letter with immediate effect from the then minister of health |
| 30 civil servants | These were from the Ministry of Foreign Affairs who had officially received their appointment letters and had been duly sworn into office as A5 foreign service officers were sacked |
| Nii A. Barnor | Acting director of information services department |

Source: Compiled by Authors, 2014

to suffer the same fate in the near future (https://www.modernghana.com/news/348136/1/cardio-doctors-call-off-strike-after-president-mil.html).

At best, it tends to leave the resultant workforce with political intimidation, where public administrators are in fear that their future could be in jeopardy unless they succumb to whims [sometimes unpleasant to national interest] of their political bosses (Peters and Pierre 2004).

What appears paradoxical is that Article 191(a,b) of the 1992 Constitution seeks to protect civil and public servants against any wanton dismissal. It states "a member of the public services shall not be victimized or discriminated against for having discharged his duties faithfully in accordance with this Constitution; or dismissed or removed from office or reduced in rank or otherwise punished without just cause." In spite of this provision, politicians have their own "mafia" way or using some technicalities to actually circumvent around this constitutional provision. This is what we term as *technicized termination of appointment.* This was disclosed in our interaction with key respondents selected for the study. They explained how politicians demonstrate their dislike for particular civil servants. An interviewee from the Ministry of Employment and Labor Relations explained that:

> They try to find faults, monitor closely [perhaps set you up] and post you elsewhere when they feel or find you as a threat. They make it look like the rules and regulations apply to only one particular person and you will get frustrated.

The respondent provided a practical instance of how politicians tend to terminate appointments of civil servants or at best making them redundant. He continued:

> Some retired, some resigned and others proceeded on leave... There was once an incident where a worker was asked to choose from two options. The worker was to either resign or be sacked from the position he occupied.... in some cases the politician will not really be concerned about competence.

This point above was forcefully brought home by a key interviewee from the Ministry of Gender, Children and Social Protection who explained emotionally that:

> Oh hmmm, this one they demonstrate it by transferring or posting you elsewhere or sidelining you. What they do is that you will be there but they won't engage your services. They make you redundant and use your subordinate. They use abusive

> language for example, they say things like "a simple letter or report you can't draft.

Another interviewee from same context provided a practicality and technicalities involved in such process:

> . . . The Head of Civil Service (HOCS) and the members are in bed. The HOCS [head of civil service] doesn't dishonor the application of the Ministers and other politicians. There are a lot of cases that is best known to them. The Minister may not transfer an employee himself but has the power to do that through the HOCS.

The revelations above confirm a study by Quartey (2007, p. 22) which observes that politicians "have sought to determine who works under them, contrary to the provisions of Act 327 and the principles of the Service [politically neutral and unbiased institution managed by the Head of the Civil Service]."

### Special/Personal Assistants "Syndrome"

A complex dimension making the neutrality of the civil service a mirage is the surreptitious introduction of "special/personal assistants" into the civil service of Ghana. Under this system, some Ministers appoint their own "special assistants" to perform functions which hitherto were performed by career bureaucrats. This system is gradually gaining grounds with the potential of being entrenched in the administrative system. Such "special assistants" are normally appointed by the government of the day. As such their loyalty rests with the government of the day and not with subsequent governments. They tend to be more powerful than their Chief Directors as their authority and power are derived from the Presidency. This system can be seen as an extension of the patronage system, where party loyalists are rewarded with public sector positions. This situation negatively affects the meritocracy and impartiality principle espoused by the civil service and ultimately the efficiency of the public service in general.

In an interview with an official, he explained the prevalence and effect of the Special Assistant syndrome:

> It affects competence, demotivates and breaks continuity of service. It promotes bootlicking and eye service. Normally what they do are political in nature and so these special assistants run political errands for the Ministers. . . Redundancy of the deputy Minister, Chief Director and other Directors. It is even sometimes embarrassing when these youngsters (special assistants) are used to do Ministry work and the Deputy and the Chief Director are sidelined.

Another participant explained the principle behind that initiative and the challenges it posed: He posited:

> The special assistants' syndrome is a brilliant idea since it helps the civil servant to maintain his or her A-political stance. However, institutional memory is sometimes lost when the political head and the special assistants vacate the scene. Secondly, it leads to duplication of roles and subsequently bloats the wage bill.

This was given support by a respondent from the Ministry of Gender, Children, and Social Protection Ministry that:

> It is a sword cutting at both ends. I think the rationale behind it is good but was not applied prudently. Special assistant is supposed to be a personal aide to the Minister or the deputy Minister. The civil servant is all too careful or cautious to be involved with the politician. . . . This situation affects professionalism in the sense of responses to the issues centering on the Ministries. . .It also means they unnecessarily bloat the wage bill and the state losses. There is double salaries for an activity that can be done by one person.

### Appearance of Impropriety

Public administration is largely driven by rules, *albeit*, decisions are to be guided not only by rules but also ethics and quest for effectiveness. Public leadership "must look right, smell right and feel right and must avoid appearance of impropriety", and this creates a positive image for oneself and the public service. However, in the Ghanaian case, some practices may make this a fiasco. A typical example has been the appointment of a contextually novice (Anita De Souza not qualified for NADMO job – Kofi Portuphy asserts%C2%A0_%C2%A0Sankofa Online.htm) to head the

Commission on Human Rights and Administrative Justice (CHRAJ). In spite of the concerns raised at the time of her appointment, the President paid deaf ears (http://citifmonline.com/2014/09/17/lauretta-not-qualified-for-chraj-job-gyimah-boadi/), until she displayed her incompetence and unprofessionalism that the presidency had no option than to fire her (http://edition.myjoyonline.com/pages/news/201204/85477.php; http://citifmonline.com/2015/11/04/mahama-fires-chraj-boss-lauretta-lamptey/) in 2015. What makes her appointment at the time questionable was that the President concurrently made her a board member of the Ghana Commercial Bank contrary to Article 222 of the 1992 Constitution which prohibits a Commissioner of CHRAJ from occupying any other public office. Although the legality was debated, in short, there was an appearance of impropriety which creates a bizarre image for public service delivery and the public administration system. Public administrators are "guarantors of public trust" (cited in Farazmand 2002) and should avoid any appearance of impropriety.

In another instance, there have been reports of people engaged in active partisan politics and at the same time high profile public administrators. A typical example in recent times had been the National Coordinator of the National Disaster Management Organization (NADMO) who also became the chairman of the ruling NDC party, yet his public position was not revoked at the initial phase. Holding the Chairmanship of a political party and serving as a Coordinator of such an important public organization appears to constitute a violation of the 1992 Constitution and an appearance of impropriety and does not cast a good image of public administration. In that same organization, the deputy chairperson was also the ruling party's national women's organizer.

The neutrality of the public service becomes compromised if public administrators are seen to be explicitly engaged in partisan politics. Ayee (2013) enumerates a list of these by positing that:

> Some high profile public administrators who had engaged in partisan politics include the Chief Director of the Ministry of Finance; Director, Ministry of Mines and Energy; Director-General, National Development Planning Commission (NDPC); Chief Executive, Korle-Bu Teaching Hospital; Executive Secretary, Revenue Agencies Governing Board; Chief Executive, Driver and Vehicle Licensing Authority; Executive Secretary, Food and Drugs Board; Deputy Governor, Bank of Ghana; and Chief Director, Ministry of Health. (p. 446)

Perhaps, these officials would want to prove their loyalty to the appointing authority or to demonstrate their eligibility for appointment, reappointment, or promotion. This is because such criterion [loyalty] is what politicians seem to recognize and consider most. With the discussion so far, the political environment in which civil and public servants operate makes the demand for neutrality and competence a difficult enterprise. There are complex web of factors which come into play making the neutrality expectation both in theory and practice a myth. Balancing values appear difficult for public personnel managers and political elites. In all the ministries, at the apex is a political boss who is directly accountable to the government or president and so has a role or influence in virtually all appointments, promotions, transfers, and possible dismissals. This tends to make civil servants and public administrators in general, very vulnerable to the political elites, and therefore affects the neutrality in their decisions and actions. Consequently, irrespective of one's competence, dedication to work, seniority, and integrity, one may still not be able to achieve his ambition in the civil service if he is not in the good books of the political leadership in power.

## Conclusion

In the search for competent bureaucracies and a synergistic politics-administration continuum, what has been the main dilemmas in the relationship between politicians and bureaucrats; and how does politics operate to usurp the professional bureaucratic tendencies of the civil and public service? What is the implication of flawed

personnel processes in the operations of the civil service? And what should the civil servants do to adapt to their situations and positions?

This article sought to undertake a critical assessment of the Politic-Administrative Relationship from a developing administrative context [Ghana]. The study contributes to existing knowledge on politics-administration relationship and machinations of politicians vis-à-vis the public bureaucracy of developing administrative systems.

Firstly, although civil servants and public administrators are required to discharge their responsibilities in a fair manner, the political context within which they operate, together with other subtle political machinations by the political leadership tend to usurp the professional competence of public administrators. In their quest to "capture" the rank and file of the public service, appointment on merit in most cases has been sacrificed for political patronage and rent-seeking. There are situations where competence has been sacrificed for perceived loyalty. To politicians, the definition of "loyalty" means more than patriotism to the state to connote being sympathetic to the political party, "praise-singing" and even sycophancy which one demonstrates by either explicitly defending or chastising one political in the news media. This conclusion corroborates an observation that in spite of the administrative and public sector reforms in many developing countries, one could still observe traces of "increasing politicization" where "personal loyalty to political figures and party in power has become the most important virtue of civil servant which even overrides the loyalty of prospective official to the state" (Wijeweera 1989). It is common to recognize that political influences tend to affect selection of public servants which lead to the latter dancing to the tune of the former. In this case, politicians may have succeeded in "capturing" the public service for expediency, but a key question to ask is to what extent does this contribute to "jeopardizing bureaucratic integrity?" (Peters and Pierre 2004).

Secondly, from the data gathered and discussion above, this study adds to the literature that civil and public servants routinely are faced with ethical dilemma, a *neutral/professionalism-loyalty/succumbing* imperative. The neutral competence connotes responsiveness, efficiency, social equity in the recruitment and performance of public work. The quest for *loyalty/succumbing* and politicization tends to weaken or polarize the formidability of public administration. This is because those officials who may not want to succumb to the whims of politicians incur the wrath of their political bosses or get transferred to a deplorable context or have their promotions either delayed or asked to proceed on leave.

Thirdly, by way of appearing to legitimize their "mafia" actions, politicians mostly hide "behind the scenes" and influence [or direct] the legitimate bodies [offices, departments, and agencies] to perform this task in a well-designed manner to avoid series of legal implications. Getting competent public servants sacked for trivial or no reason through some *technicization* [with political undertones] especially when there is change of government has implication for the long-term productivity and strategic human resource planning. There is the need for institutional strengthening; development of the ethical tendencies and loyalty of civil servants and more importantly the role of civil society in acting as external checks and critiquing operations of politicians as well as civil servants and their interactions should be promoted (see Yeboah-Assiamah 2016).

Finally, for civil servants to cope with the competing imperatives, they need to balance between legality and code of ethics/profession and act effectively. This means that in spite of the competing or conflicting interests that tend to influence their decisions and choices, there is a need to protect or defend the law at all times. Again, the appointment of civil servants must be based on merit and where there is a need for representative democracy; such criteria should be a complement to the meritocratic principle. The two should not be seen as mutually exclusive or substitutory values but rather complementary. The study contends that irrespective of what instrumental reasons politicians want to achieve, merit criteria

should not be sacrificed for patronage, this is because there is a statistically significant relationship between meritocracy and public service delivery or productivity (Evans and Rauch, 1999). Elements of knowledge, skills, abilities, credentials, track records, and experience should be seen as constant aside other criteria. This point has also been advanced by Olowu (2002) who explains that those administrative systems that make merit considerations a priority are in most cases well equipped to progress in terms of management reforms. This has implication for development management since the civil service and public administration in general is quite phenomenal in the overall execution of public sector productivity.

## Cross-References


- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy and Professionalism
- ▶ Political Influence over Bureaucracy
- ▶ Politicization of Bureaucracy


## References


Ayee JRA (2013) Public administrators under democratic governance in Ghana. Int J Public Adm 36(6):440–452

Cameron R (2010) Redefining political-administrative relationships in South Africa. Int Rev Adm Sci 76(4):676–701

Demir T, Nyhan RC (2008) The politics-administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68:81

Evans P, Rauch J (1999) Bureaucracy and growth: a cross-national analysis of the effects of 'Weberian' state structures on economic growth. Am Sociol Rev 64(5): 748–765

Farazmand A (2002) Administrative ethics and professional competence: accountability and performance under globalization. Int Rev Adm Sci 68(1):127–143

Farazmand A (2009) Bureaucracy, administration and politics: an introduction. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton, pp 1–15

Foulkes FK, Livernash ER (1982) Human Resource Management: Texts and Cases. NJ: Prentice Hall

Ghana, Republic of (1982) Report of the Committee on the Restructuring of Civil Service Machinery, (Kaku Kyiama Committee Report), Assembly Press, Accra, Ghana

Ghana (1992) Constitution of the Republic of Ghana. Ghana Publishing, Accra

Heclo H (1977) A government of strangers. Washington: Brookings Institution

Henry N (2004) "Public Administration's Century in a Quandary", in Henry, N (Ed.) Public Administration and Public Affairs, 9th Ed., Pearson/Prentice Hall, Upper Saddle River, NJ

Menninger KA (2001) Definition of loyalty. In: Manser MH (ed) The Westminster collection of Christian quotations. John Knox Press, Westminster

Moynihan DP, Roberts AS (2010) The triumph of loyalty over competence: the bush administration and the exhaustion of the politicized presidency. Public Adm Rev 70(4):572–581

Nkrumah K (1961) I speak of freedom. Heinemann, London

Olowu D (2002) Introduction –governance and public administration in the 21st century: A research and training prospectus, 68 (3) pp. 345–353

Overeem P (2012) The politics-administration dichotomy: towards a constitutional perspective, 2nd edn. CRC Press, New York

Peters BG, Pierre D (eds) (2004) Politicization of the civil service in comparative perspective. Routledge, London

Pfiffner JP (2007) The institutionalist: a conversation with Hugh Heclo. Public Adm Rev 67(3):418–423

Quartey AG (2007) The Ghana civil service. Engine for development or impediment? Woeli Publishing Services, Accra

Siddiquee NA, Faroqi MG (2010) Equal employment opportunity in the public service: theory and practice in Bangladesh. Int J Public Adm 33(8–9):451–462

Svara JH (2001) The myth of the dichotomy: Complementarity of politics and administration in the past and future of public administration. Public administration review, 61(2),176–183

Wijeweera BS (1989) Policy developments and administrative changes in Sri Lanka: 1948–1987. Public Adm Dev 9(3):287–300

Yeboah-Assiamah E (2016) 'Strong personalities' and 'strong institutions' mediated by a 'strong third force': thinking 'systems' in corruption control. Public Organ Rev 17(4):545–562

Yeboah-Assiamah E, Asamoah K, Bawole JN, Musah-Surugu IJ (2016) A socio-cultural approach to public sector corruption in Africa: key pointers for reflection. Journal of Public Affairs, 16(3):279–293

Zafarullah H, Khan MM, Rahman H (2000) The civil service system of Bangladesh. In: Burns JP, Bowornwathana B (eds) Civil service systems in Asia: civil service system in comparative perspective. Edward Elgar, Chetterham, pp 24–78

# Bureaucracy and Politicians Relations

Muhammad Sayadur Rahman
Department of Public Administration,
Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Bureaucracy and democracy; Political control of bureaucracy; Politicization of bureaucracy; Politics, power, and bureaucracy; Politics-administration dichotomy

## Definition

Bureaucracy: Bureaucracy is a system of official rules or state apparatus that plays a vital role in policy formulation, implementation, and delivering public services to the citizens.
Politicians: Politicians are the actors or players of power game, and the persons those who are professionally involved in politics, and elected by the people and hold an elected office in the system of government.
Relations: The relations can be defined as the process and manner of power relationships among the actors of governance. It refers to the mode of interaction between politicians and bureaucrats.

## Introduction

Politicians and bureaucrats, these two actors are always inseparable and indispensable to each other. It may even be argued that from ancient civilization to the present globalized age, they have been at the heart of the governance and development (Farazmand 2009). Thus, the relationship between politics and administration has been recognized as a classical problem in political science and public administration, and it is a fascinating issue at any level of government (Svara 2006a). At the same time, the relation between politicians and bureaucrats has always been a central issue of governance, and it "has been a subject of extensive research" in the literature of politics and administration (Demir et al. 2015: 79). However, this relationship has not always been without apprehension. Therefore, scholars have attempted to explore the patterns of relations from different perspectives. Keeping in mind the above overall contextual background, this paper focuses on vexing to fathom the nature of the relationship between politicians and bureaucrats theoretically. It aims to figure out the theoretical perspectives of politicians and bureaucrats' relationships from the existing literature. At the same time, it tries to explore some overall underpinning variables which underpin the relationship between politicians and bureaucrats in any political systems.

## Bureaucracy and Politicians Relations: Theoretical and Conceptual Notes

From the theoretical perspectives, the academic discussions on politics-bureaucracy relations are extremely asymmetrical and diversified. Notwithstanding the theoretical divergence of perceptions and interpretation, this paper intends to organize a theoretical and analytical framework for understanding the politics-bureaucracy relations by combining classical, new classical, and contemporary views on politics-bureaucracy relations. A plenty of theoretical literature and empirical research findings proliferate demonstrating a strong relationship between the politicians and bureaucrats in the theoretical perspective. But there is no absolute single approach or paradigm of studying politics-bureaucracy relations. Maybe the reasons are differentiable legal-institutional arrangements in the contextual factors, as well as the elitist group (politicians and bureaucrats) behavior is not same in everywhere, although there are some common characteristics. Nonetheless, the question that is very much enduring is that how are they related to each other in an institutional structure? And how do these two actors interact? Thus, the nature of relationships between politicians and bureaucrats is a key issue

to explore and conceptualize. In this respect, classical thinkers have conceptualized the relationship providing a sharp division between political and administrative spheres in the conceptual foundation of politics-bureaucracy relations, which suggested a dichotomy approach in the roles and relationships of politicians and bureaucrats.

On the other hand, many new classical and NPA writers have argued from the theoretical point of view that in the performance of governance role, a clear-cut division or separation between politicians and bureaucrats is neither possible nor wise, while several empirical studies have yielded mixed results and tried to intermesh between the above two models with some variational modeling in explaining politics-bureaucracy relations. Similarly, many NPM and post-NPM writers have emphasized on the model of autonomy and complementarity.

Therefore, the debate on theoretical approach or perspective can be kept apart in the following four theoretical perspectives that have been developed over the centuries on the politics-bureaucracy relations. From the existing literature on politics-bureaucracy relations particularly combining the theoretical normative works and empirical research, the following theoretical paradigms or perspectives can be identified: (1) the classical "politics-administration dichotomy" approach, (2) the "mutual-interactive" approach, (3) the New Public Management and "return to dichotomy/autonomy" approach, and (4) the emerging "reconceptualization of dichotomy, complementarity, and political responsiveness" approach. Each paradigm identifies a set of explanatory factors, which also lenses the theoretical and conceptual framework. These theoretical understanding lend the land of comparative context.

## Politics-Bureaucracy Relations in a Comparative Context

The historical and comparative analyses from different countries suggest that the patterns of political and bureaucratic power relations are varied on the basis of political systems and different institutional practice. In general, politicians and bureaucrats play distinctive roles in policy-making process in western democracies. Cross-national variation is observable for many other reasons, including constitutional provisions, development sequences, nature of politicization, and party systems (Aberbach et al. 1981). In general, American bureaucrats are much more politicized ideologically, and they play more political role than the European bureaucrats, and the bureaucracy is more powerful in the United States, but they are structurally subordinate to politics and are not autonomous as is the United Kingdom and other European countries. However, bureaucracy in developing or postcolonial countries has not been developed following a natural process. Rather it is developed by the colonial power for their administrative support, and after independence of these countries, political leadership used this bureaucracy as state mechanism (Potter 1986; Carino 2001). Thus, politics-bureaucracy relations in developing countries are yet to shape in a certain character, and still it is under construction by following different notes and suggestions, though they have a long experience of the administrative state.

Consequently, we observe the paradigm shifts of the theoretical perspectives on politics-bureaucracy relations. Interestingly, scholars are frequently searching for proper paradigm using more theoretical or argumentative method along with less empirical inquiry. But the empirical evidence that underpins the narrative is by its very nature different understandings of politics-bureaucracy relations. In general, we find major two paradigms of relations: dichotomy and mutuality in western democracies. On the other hand, relations in developing countries did not shape in a certain character, and still it is under construction by following different theoretical models, notes, and suggestions. Another notable thing is that throughout the last two centuries, the process of bureaucratization in the administration has been significantly speeded up, and now bureaucracy has become a dominant institution indeed. Once upon a time, the western scholars embraced the bureaucratic domination in the development administration, and now, they are in doubt

whether the rational type of bureaucracy is advisable for or striking a balance between politics and administration. This question reminds us to explore what factors or variables underpin the politico-bureaucratic relationships in the process of governance.

## Bureaucracy and Politicians: The Relationship Underpinning Variables

Which factors underpin the relationships between politicians and bureaucrats? To this question, it is seemed that some systemic or organizational as well as some contextual variables or components shape or underpin the interaction pattern between politicians and bureaucrats in any system of governance. These underpinning variables are shown in Fig. 1.

## The Systemic or Organizational Factors

### Recruitment, Training, and Motivation

Recruitment, training, and motivations are very important functions for any political and administrative or organizational system. This is the first and for most comprehensive obligation for organizational entity according to the organization theory. To make proper policy decisions and implementation of that policy effectively, every organization applies their best modus operandi to recruit, train, and motivate their employees for organizational efficiency. However, if we apply these three concepts to the elected politicians and official bureaucrats, then we can find out mammoth differences between them in the context of recruitment, training, and motivation. In the context of recruitment, training, and motivation the empirical data suggests that politicians are involved in politics willingly and motivated by their respective political party ideology and to maximize their self-interest. On the other hand, bureaucrats are appointed in their service position recruited by the central government by the competitive public examination, and they are deployed to deliver the services to the people at any level of government. This distinctive nature of recruitment, training, and motivation influences their roles and relations.

### Politico-Administrative Culture and Values

Politico-bureaucratic culture has special importance to the configuration of the relationships among them. The concept of culture has become a tool in the study of organizations/institutions in the last several decades which include attitudes, beliefs, values, norms, symbols, rituals, and ceremonies. Politico-administrative culture refers to dominant norms and values that shape and influence politicians and bureaucrat's attitude, interpersonal relationships, behavior, and performance in the process of governance and development (Jamil 2007). The cultural theorists argue that everything is bonded by the culture and nothing is free from culture including institutions. At the same time, politico-bureaucratic culture reflects on individual attitude, group behavior,

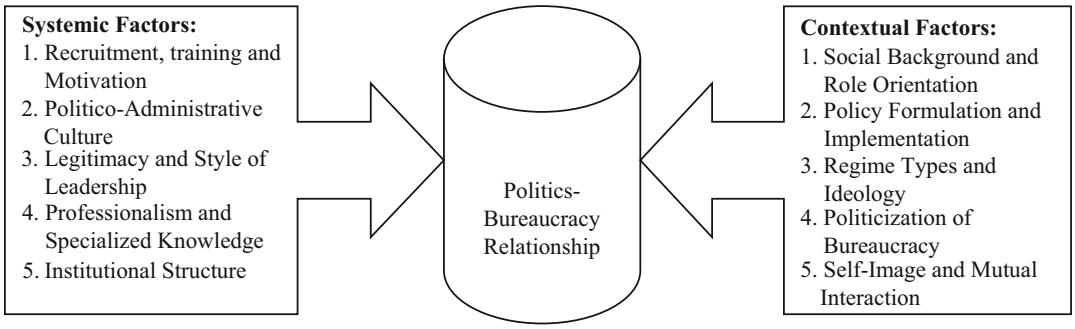


**Bureaucracy and Politicians Relations, Fig. 1** Underpinning variables of politics-bureaucracy relations (Source: Author)

and leadership traits. In that case, the organizational behavior and culture will be diverse according to the genetic character of the actors that are involved in the organization. Then the behavior of politicians and bureaucrats is likely to be different as it is very difficult "to find parallel forms of behavior between bureaucrats and politicians" (Aberbach et al. 1981: 31) in considering the politico-administrative culture although they are involved in the same organizational or institutional structure. So, on the basis of cultural diversity of politicians and bureaucrats, the argument can be provided that culturally bureaucrats are procedure and rule oriented as they are value neutral. On the other hand, culturally politicians are development goal oriented as they are ideological and value laden, and they want to emphasize diffusive public interest as what Almond and Verba called "subject political culture" (Almond and Verba 1963: 19).

### Legitimacy and the Style of Leadership

Legitimacy and style of leadership of the political leaders' vis-à-vis the bureaucracy shape the patterns of relationship between them. Legitimacy refers to the general acceptance of both political and administrative authority to rule. However, there is a substantial level of difference between the politicians and bureaucrats in the method of gaining legitimacy which may impact on their relations. The legitimacy of the political leaders comes from the people by the process of elections. On the other hand, bureaucrats gain their legitimacy by the legal/constitutional process of the state structure, and they are selected or appointed, not elected on the basis of technical qualifications (Weber 1958). That means it comes either through the legal structure or from the people's verdict in modern society. Secondly, another difference between them is in the question of succession. The politicians come to the ruling position because of the leader's "gift of grace" or in an established order through the election or traditional norms of inherited right, and they stay until a selective time. But the bureaucrats come to the ruling position by the selection or appearing in the competitive exam and in a manner of legal and constitutional process as agents, and they stay in administrative position until their retirement. The third difference is involved in the output of the government. The politicians are committed to perform all functions within their tenure as they emphasize reelection goals and hold interests and values, whereas bureaucrats are committed to perform selective functions by priority basis as they emphasize and are concerned with career goals, red tape, and patron-client interests and hold fact and knowledge (Aberbach et al. 1981). The fourth difference occurs in their leadership styles and traits, although there is no common argument as to what characteristics distinguish a political leader from a bureaucrat, what functions political leaders perform, and the effectiveness of their leadership styles. Nonetheless, if we consider Weberian classification of leadership traits, then politicians belong to the charismatic and traditional dominations or leaderships, while bureaucrats belong to the only rational-legal authority. On the other hand, bureaucrats always emphasize rational decision-making and hierarchical order in rational-legal structure of domination, whereas politicians in contrast emphasize customs, rituals, and hereditary process, and it patronages patrimonial and patriarchal forms of administration. These separate traits of leadership style of politicians and bureaucrats underpin the relationships between them.

### Professionalism and Specialized Knowledge

Professionalism and specialized knowledge are important underpinning variables of politics-bureaucracy relationship. Patterns of relationship in administration between politicians and bureaucrats always had been a term of query in the sense of professionalism and expertise of knowledge. Near about one century back, Weber mentioned the importance of professional politicians and professional bureaucrats. He had predicted that twentieth-century politics would be dominated by career politicians and bureaucrats but that bureaucrats, with superior knowledge and experience, would tend to dominate the politicians (Weber 1958). The theoretical arguments reveal that public policy decision needs professional and expertise knowledge. Professional knowledge and public policy decision-making are the area of

competition and combination between the politicians and bureaucrats. However, Weberian logic of political professionalization and differentiation of professional practice reveals distinctive practice between politicians and bureaucrats.

Therefore, it reveals that the nature of professionalism and its practice between politicians and bureaucrats are different. As Wilson (1989) viewed, politicians are motivated by a "reelection goal," whereas bureaucrats are motivated by a "career concern." Politicians are transitory, and bureaucrats are undying forces to serve the people of the state. Moreover, there is also a theoretical paradox in considering professionalism in bureaucracy. One view treats professionalism of bureaucracy as a threat to democracy and representative government and the other as a necessary condition for effective governance (Farazmand 1997). As a result, a sharp differentiation of professionalism between politics and bureaucracy always exists in the process where bureaucrats are more professional than the politicians in considering their policy expertise and knowledge – bureaucrats are more expert than politicians "who possess special knowledge and skills" (Demir and Nyhan 2008: 83). This segregate nature of professionalism and specialized knowledge determines the model of relationship between politicians and bureaucrats. Nonetheless, it can be said that more professional involvement in politics and administration reduces politics-administration conflict. That means more experience in politics and administration, less the conflict between them.

### Institutional Structure

What will be the apt relationship between the two actors is determined by the nature of institutional structure. Institutional structure is the most important variable among the organizational or systemic factors. What will be the roles and relations between or among the actors who are involved in the organization explicitly depend on three important principles: philosophical principle of institutional structure, nature of services, and autonomy practice. When an institution is built up following the Hierarchal-Subordination Model or the principles of classical Weberian-Wilsonian philosophy of separate duties, then theoretically, "politicians are the hierarchal leaders of the administration, as well as employers for the administrators" (Jacobsen 2001: 8) thus results the dichotomous relationship between politicians and bureaucrats. On the other hand, when the institution is built up following the philosophy of overlapping roles, then the relations are likely to be mutual. Secondly, the relations between politicians and bureaucrats depend on the nature of services provided by the particular institution. This implied that when the institution will be built up for providing "prescriptive service," then bureaucrats will dominate over the politicians. In contrast, in the case of "political machine" politicians will dominate over the bureaucracy. Bjorkman (1979) provides this kind of argument in the case of India. He finds that as Indian Civil Services and Indian local government is established for prescriptive service, thus it is dominated by the British-minded bureaucracy. Consequently, different types of roles and relationships may emerge in the interaction of local politicians and bureaucrats (Bjorkman 1979: 10–12). The third factor is autonomy practice and the degree of central control over the political institution. If the political institution can purely exercise autonomy and free from central control, then relations between elected representatives and bureaucrats are likely to be less conflicting than the central control institution. Therefore, the relations between elected politicians and bureaucrats are influenced by institutional setting.

## The Contextual Factors

### Social Background and Role Orientation

Several empirical studies show that politicians and bureaucrats belonged to two distinctive social classes, and these distinctive social characteristics are associated with distinctive role perceptions and values. They provided the argument that distinctive social background and role perceptions of politicians and bureaucrats display different interaction patterns both at the central and the local government. This different interaction patterns may influence the level of relationships.

### Policy Formulation and Implementation

An important question that is always associated with the politics-bureaucracy relation is concerning policy making and implementation. That means who makes policies and who implements are always a debatable issue in the literature of politics and administration. Although scholars have focused exclusively in response to the question providing their argument, different school of thoughts have been raised. Like the orthodox politics-administration dichotomy model, where politicians will approach the policy and bureaucrats will simply implement the policy, and their relationship will be superior-subordinate controlled by the politicians. On the other hand, another school of thought provides mutuality or partnership model and focuses on the interconnectedness between politicians and bureaucrats in the policy process, where the relationship will be mutually exclusive between politicians and bureaucrats. Notwithstanding these arguments and debate over the century, the question remains continued and challenging to the contemporary scholars and practitioners (Demir and Nyhan 2008).

Therefore, several empirical researches in the context of western and European context identified bureaucrat's leadership role in the policy-making and implementation process (Montjoy and Watson 1995; Jacobsen 2001). Aberbach et al. (1981: 24) observe that both the elected politicians and official bureaucrats are involved in the policy-making process and governance "although they differ typically in the scope of their concerns and the specialization of their knowledge," and they identified four different images in their roles and relations. Some research suggested complementarity view with acknowledging the distinct perspectives of politicians and bureaucrats (Nalbandian 1994, 2006; Svara 2001, 2006b), and some found that "political guidance had a low and nonsignificant impact on the planning ability of the public administrators" in the context of local government (Demir and Nyhan 2008: 92). Thus, the cross-national analysis shows that the characteristics and perspectives of politicians and bureaucrats vary on the basis of culture and context.

### Regime Types and Ideology

Politics-bureaucracy relation depends on the type and nature of the regime in which the two actors perform their functions. Thus, the regime type and ideology are the considerable variables in shaping politics-bureaucracy relationship in any administrative system. More explicitly, theoretically bureaucrats are "value neutral," and politicians are "value laden and ideological" in the Weberian administrative system where bureaucracy is "rational or "ideal type." But in practice, both politicians and bureaucrats are ideological as they are involved in the politics of policy making and implementation. On the other hand, the nature of the regime whether the democratic or military is in state political power is a considerable factor. If the military bureaucracies are in state power, then bureaucrats dominate over the politicians. In contrast, if the democratic regimes are in power, then bureaucracy allies with the politicians. This tendency of politics-bureaucracy relations negatively reflects when the local elected politicians and bureaucrats are both involved in the politics of policy-making process with holding different political ideology. In that case, different ideologies between elected politicians and official bureaucrats generate conflicting interest in the interest articulation and aggregation, and, thus, consensus on policy process and governance is usually difficult. This "ideological differences frequently divide them into hostile camps" (Kothari and Roy 1969: 9), and if sometimes this indirect political involvement of bureaucracy and ideological ambiguity violates the "rules of the game," then it is a threat to the whole system of governance in general and particular to the political regime.

### Politicization of Bureaucracy

The term politicization is not new as a method of political control over the bureaucracy. Many observers and thinkers of bureaucracy in developed and developing countries have noticed behavioral aberration reflecting societal culture of the developing countries and studied and that argued maintaining firm political control over the bureaucracy is essential for nation building and achieving national developmental goals for

developing nations. Notwithstanding its increased political role, the western bureaucracy still remains structurally subordinate to politics, but the political involvement of the bureaucracy in many third-world countries appears to be exceptionally high along with politicization. At the same time, most of the discussion of public administration for the past several decades has been focused on political control over the bureaucracy and administrative reform claiming that public bureaucracies are the major barriers to policy change especially on the "New Public Management" (NPM) that has emphasized the importance of effective management in controlling public programs and services. In this connection, maybe an affordable and profitable level of politicization can play a pivotal role in fostering the democratization process (Rouban 2007; Carino 2001). Therefore, politicization is a discernible fact in the discussion on politics-bureaucracy relations and their roles and responsibilities irrespective of developed and developing countries. However, the fact is that if politicization refers to such a situation where appointment, transfer, promotion, and other career decisions of bureaucrats are dependent on political biasness and the will of the political masters and bureaucrats are involved in politics for achieving such a particular aims and goals, then it creates an interaction problem between politicians and bureaucrats. Thus, the nature and gravity of politicization also determine the model of relationship between politicians and bureaucrats and process of governance and development.

### Self-Image and Mutual Interaction

The relationship between politicians and bureaucrats or between a minister and a secretary predominantly depends on mutual interaction and how they perceive each other that we may call the self-image between them. The culture of mutual interaction or trust builds up based on convention, and it takes long time. To promote institutional integrity, an environment of mutual trust and respect is necessary. Any relationship means trust, mutual respect, sharing of roles, and responsibilities with an approved manner. American spoils system, British Whitehall model, and German hybrid model of politics-bureaucracy relations are the best examples which are based on mutual trust. If the presidential selections of bureaucracy are right, trust and confidence grow automatically. Drewry and Butcher (1991) have explained the importance of mutual trust between a minister and a civil servant providing an example of a relationship between a husband and a wife in a Victorian household in the context of Whitehall model. A recent series of inquiries was conducted by the British House of Lords Constitution Committee (2010) and the House of Commons Public Administration Select Committee (2007) on the politics-bureaucracy relationships. They also emphasized the importance of mutual interaction and trust in the changing pattern of roles and relationships between minister and civil service. So, there is no doubt that mutual trust is an important underpinning variable of politics-bureaucracy relation.

## Conclusion

It is true that the realm of the politicians and that of the bureaucrats differ in many respects. However, the nature of relationship between them depends on the abovementioned variables. Thus, we indicated earlier that the systemic/organizational and contextual factors influence to shape role perceptions and relations between politicians and official bureaucrats because there is a substantial difference between politicians and bureaucrats in considering the systemic and contextual factors. Nonetheless, the theoretical understanding reveals that all variables are not equally important to shape the roles and relations between politicians and bureaucrats. From the above discussion, we can summarize the findings showing the itemed related differentiations between politicians and bureaucrats as follows: the recruitment process, training, and motivation of politicians and bureaucrats are completely different, and it matters in their relations. Similarly, politico-administrative culture is also different. Politicians are more ideological, and bureaucrats are more rule oriented, and their different cultures influence on the relationship between them. Likely, legitimacy and

style of leadership are different, and this difference impacts on their relationships. On the other hand, bureaucrats are more professional, and they hold specialized knowledge than politicians. It signifies the relationships between them. Institutional structure is a significant underpinning variable for determining the relations, as politics-bureaucracy relations depend on the nature of autonomy practice and institutional structure. Social background and role orientation are to some extent different between them. It influences the relations, and, furthermore, relationships depend on the mediating nature of role in policy formulation and implementation. Likewise, regime types and ideology are the important considerable variables of relationship. Politicization of bureaucracy is also an important underpinning variable of relationship between them which may sometimes display the negative relations between them. The relations between the elected politicians and bureaucrats mostly depend on self-image and mutual interaction between them. Therefore, it is necessary to explore the attitudinal and behavioral dimensions of their interaction to determine the prototype of relationships, and, thus, more empirical evidence is required to explore the ways in which these two set of actors view themselves, in their role perception, and interact with each other in the pursuance of governance.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Politics and Administration
- ▶ Politicization of Bureaucracy
- ▶ Public Value: Bureaucrats Versus Politicians


## References


Aberbach JD, Putnam RD, Rockman BA (1981) Bureaucrats and politicians in Western democracies. Harvard University Press, Cambridge

Almond GA, Verba S (1963) The civic culture. Princeton University Press, Princeton

Bjorkman JW (1979) Politics of administrative alienation. Ajanta Publications, New Delhi

Carino LV (2001) Regime changes, the bureaucracy, and political development. In: Farazmand A (ed) Handbook of comparative and development public administration, 2nd edn. Mercel Dekker, New York, pp 1053–1064

Demir T, Nyhan RC (2008) The politics-administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68(1): 81–96

Demir T, Reddick CG, Nank R (2015) The relationship between public service values and administrative involvement in policymaking. Public Organ Rev 15(2):79–98

Drewry G, Butcher T (1991) The civil service today, 2nd edn. Blackwell, Oxford

Farazmand A (1997) Professionalism, bureaucracy, and modern governance: a comparative analysis. In: Farazmand A (ed) Modern systems of government. SAGE Publications, Inc., London

Farazmand A (2009) Bureaucracy, administration and politics: an introduction. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton, pp 1–15

Jacobsen DI (2001) Are the relations between politicians and administrators at the local level determined by the degree of central government regulations? Paper presented at ECPR joint sessions of workshops, Grenoble, April 2001, workshop no. 21: "Local Autonomy and Local Democracy", Norway

Jamil I (2007) Administrative culture in Bangladesh. AHD Publishing House, Dhaka

Kothari S, Roy R (1969) Relations between politicians and administrators at the district level. Indian Institute of Public Administration, New Delhi

Montjoy RS, Watson DJ (1995) A case for reinterpretation dichotomy of politics and administration as a professional standard in council-manager government. Public Adm Rev 55(3):231–239

Nalbandian J (1994) Reflections of a "pracademic" on the politics and administration. Public Adm Rev 54(6): 531–536

Nalbandian J (2006) Politics and administration in local government. Int J Public Admin 29(12): 1049–1063

Potter DC (1986) India's political administrators 1919–83. Oxford University Press, Oxford

Rouban L (2007) Politicization of the civil service. In: Peters BG, Pierre J (eds) Handbook of public administration. Sage, London, pp 380–391

Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61: 176–184

Svara JH (2006a) Complexity in the political-administrative relations and the limits of the dichotomy concept. Adm Theory Prax 28(1):121–139

Svara JH (2006b) Introduction: politicians and administrators in the political process – a review of themes and issues in the literature. Int J Public Adm 29(12): 953–976


B

Weber M (1946) Bureaucracy. In: Gerth HH, Mills CW (eds) From Max Weber: essays in sociology. Oxford University Press, New York
Weber M (1958) Politics as a vocation. In: Gerth HH, Mills CW (eds) From Max Weber: essays in sociology. Oxford University Press, New York
Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York

# Bureaucracy and Politicians: Dynamics and Challenges

Pranab Kumar Panday
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Conflict between bureaucrats and politicians; Politics-administration dichotomy; Politics-bureaucrats relationship: Adversaries or Partnerships?

## Definition

Bureaucracy and politicians is a concept that refers to the theoretical relationship between bureaucrats and politicians in the affairs of the state. While defining politicians and bureaucrats, Wilson (1887: 210) stated that "politics is state activity in this great and universal, while administration, on the other hand, is the activity of the state in individual and small things." According to Wilson, "politics is thus the special province of the statesman, administration of the technical officials. Policy does nothing without the aid of administration, but administration is not therefore politics" (Wilson 1887: 209–210). Thus, this concept is used to provide a clarification about the role of bureaucrats and politicians in the administration of the state.

## Introduction

Elected politicians and appointed bureaucrats are two important actors in the modern government. Considering the importance of their existence in the policy process, the issue has drawn considerable attention of the academicians and practitioners. Politicians are seen as sovereign representatives of political values and interests while the bureaucrats are seen as the subordinate policy executors whose major concern is efficiency. The most important aspect of this issue is the politics-administration dichotomy that requires attention as a clear separation between political and administrative responsibilities is sine-qua-non for the successful formulation and implementation of the policies. The tussle between the politicians and bureaucrats has been in discussion for centuries. Max Weber advocated in favor of a "Neutral Competent" bureaucracy and a clear distinction between politics and administration (Weber 1947). This idea was modified by Woodrow Wilson in his classic essay "The Study of Administration" who advocated for adopting the separation principle in order to safeguard bureaucrats from partisan influence. This notion of their relationship was termed as "Complementarity" model of politics and administration by Svara (1999). The advocates of this approach were mostly in favor of exerting absolute political control of the bureaucrats in a representative democracy. Here, politicians were conceived responsible for policy making while bureaucrat's role were perceived as the executors of policies framed by the politicians (Farazmand 1997). Thus, it is very difficult to make a clear demarcation among their power and authority due to the simplistic nature of the doctrine which is difficult to hold up in practice. It has come out from the findings of different studies (Svara 2001) that the relationship between these groups is very complex and differentiated. As a matter of fact, making a separation between politics and bureaucracy is very difficult as these are two sides of a coin. Cooperation of both parties is required for their existence as power is very important for the politicians, and once they obtain power they require a legal entity to exercise that power. This write-up intends to explain the dynamics of politics-bureaucrats relationship, identifying challenges they face and suggesting appropriate mechanisms of overcoming those problems.

## Dynamics

The dynamics of politics-bureaucrats relationship can well be discussed through the agency theory. First, there is a strong hierarchy between the elected politicians and nonelected bureaucrats. Most importantly, bureaucrats are compelled to serve the democratic principles as they are bound by legal contract where it is clearly mentioned that their main responsibility is to implement the law faithfully. Second, over the period of time, the interests of politicians and bureaucrats have been separated. From time to time, priorities of political coalitions get changed as compared to initially adopted policies. Likewise, interests of the bureaucrats have been separated due to the influence of institutionalization and external politics. Third, there is a tendency among the politicians that they opt to change policy implementation. On the other hand, bureaucrats often try to resist external demands as they have different interests (Wood and Waterman 1991). Now, an important question is that whether it is really possible for the politicians to control bureaucracy. According to agency theory, political control is possible on the ground that bureaucracies are created by the elected institutions who design the structure in such a way that it facilitates their control on it. Politicians always remain vigilant on the activities of the bureaucrats in order to make sure that information is not distorted. Moreover, activities of bureaucrats are subject to sanctions and rewards if they fail to attain the desired result.

Another dynamics is the traditional view of neutrality in politics-administration relations which has been challenged on many grounds. For instance, the scope of policy making has been extended beyond the political executives. The reality is that the bureaucrats are required to play an important role in the policy process in addition to their perceived role as the policy implementers. The dynamics of coalition politics have attributed to the decline of bureaucratic neutrality as the ministers in coalition mostly remain busy in playing the power game, allowing the bureaucrats to play an upper hand role in the policy process.

Another major dynamics in the politics-administration relationship is the impact of politicization. This can be described from two broad perspectives. In the first category, politicization has been considered as the participation of the bureaucracy in the policy decision-making process, while the second category deals with the impact of politicization of the appointments in the bureaucracy. The first category is derived from the earlier politics-administrative dichotomy which was one of the founding theories of public administration. According to this model, bureaucrat's role was considered to be the implementation of all policy decisions enacted by the politics as part of their role as a policy maker. Once this process has been politicized, civil servants get involved in the process of taking policy decisions, adopting them, and provide explanation that are usually the responsibility of the political leadership (Rouban 2007). The advantage of the dichotomy model can be described from two perspectives. The first one is that the foundation of public administration has been strong due to the application of this mode. Secondly, partisan intrusion within the bureaucracy has been obstructed (O'Toole 1987). However, in the course of time, it has been found difficult in making a separation between the making and implementation of public policies which is the basis of dichotomy model. Thus, this model has been considered as myth than a reality.

Another important dynamics of politicians and bureaucrats is that, in most cases, this relationship has been considered in the decision-making level by the majority of the scholars. Only a few scholars like Nicholson-Crotty (2009) and Peters and Pierre (2001) have stressed the importance of considering this issue from the perspective of politics-management realm, particularly in the developing countries. The essence of considering this relationship between public management lies in a number of reasons. These are: (i) In a situation where the interests of politics and bureaucrats collide with each other, this relationship determines the success or failure of implementation of institutional (administrative) reforms; (ii) Institutional strengthening and achievement of successful development goals depend to a

large extent on the pattern of their relationship; (iii) Improvement of public sector efficiency as well as the functioning of the modern democratic state depends on this state of their relationship; and (iv) Their support is necessary in order to build citizen's trust in government and improve perception on the performance of entire government machinery (Vigoda-Gadot and Mizrahi 2008).

Another dynamics of this relationship has been described by Carino (1991) through four models. The first one is "a regime-dominant model" that speaks in favor of high political control over the public service. The second mode "bureaucratic co-primacy" that refers to the fact that democracy is dominated by the bureaucrats as they have expertise, permanence, and institutionalization. The third model which is an authoritarian regime suggests that bureaucrats find very little room to maneuver. That is why, they remain subordinate. And "an authoritarian and bureaucratic co-primacy" is the fourth model that suggests that since bureaucrats assume less explicitly subordinate roles they remain very close to an authoritarian leadership. To be more specific, this model indicates a rule of the state by a combination of military and civilian bureaucracy. Analyzing these four models, Carino came up with some observation about the dynamics of politicians-bureaucrats relationship. These are: (i) Commitment to democracy plays an important role in determining the government's mode of interaction and attitude towards bureaucracy; (ii) Regime changes force the bureaucracy to fall into a vulnerable position; and (iii) Level of institutionalization helps bureaucrats to overcome from their vulnerable situation.

Most importantly, institutional arrangement in the form of formal and informal rules governing the extent of democratic government practices affects the behavior of the public officials in most cases. Thus, public officials experience both the opportunities and constraints of varying political system when they carry out their responsibilities (Kwon and Tang 1998). In addition to this, institutional arrangement also affects the policy-making and administrative operation of democratic government (Ostrom 1991). Thus, it can be said that institutions play an important role in shaping and defining the politicians and bureaucrats relationship. To be more specific, it is the nature of bureaucracy and the extent of democratization that actually determine politics-administration relations which determines the extent of the success of any working organization.

## Challenges

Politics-bureaucrats relation suffers from a number of challenges. The first is the impact of politicization on the bureaucracy. It refers to a situation where the political masters play the most influential role in the decisions relating to the appointment, transfer, promotion, and other career decisions of civil servants. The application of this principle has two dimensions in different country contexts. In the developed country context, the practice of appointing party loyal at the key strategic positions is quite usual as it allows the executive branch to exercise some means of control over policy decisions. On the other hand, in the developing country context, political control is used as a means of exploiting the bureaucrats in order to serve the interest of the politicians.

Considering the importance of democracy and taking into consideration the vast array of policy issues that are placed before the government, the complexity of these issues, and the resources required to address these issues, elected politicians do not have any alternative than to delegate some of their responsibility to the bureaucracies. Thus, politicians lose control over those issues that are delegated to the bureaucracies. In this type of situation, bureaucrats find them over burden as well as empowered that could motivate them to serve their vested interest first instead of the interest of the politicians. The political nature of bureaucracy gets highlighted due to the tension between the necessity of delegation and the potential problems associated with it. However, different political actors, including legislators and courts, presidents and governors, prime ministers and cabinet ministers, and interest groups try to manage this tension. Thus, the relationship

between these two groups needs to be discussed from the lens of political analysis (Huber and Shipan 2011).

## Conclusion

The issue "politics-administration" relationship has gained importance in the literature of New Public Management (NPM) as well as this concept has stressed emphasis on the reshaping of the relations among politicians, administrators, markets, and citizens (Box 1999). However, one of the important factors that have mounted the tensions between politicians and civil servants is the increasing role of the administrators in the political process and increasing involvement of politicians in the policy implementation process (Svara 2001). In order to redress such tensions, emphasis has been given on the separation of political and administrative functions instead of integrating them by the economic ideology of the NPM. It was suggested with the expectation that a clear separation of power would lead them to understand that they have different functions to perform – that the goals should be set by the politicians while these goals should be implemented by the administrators according to the directions of the politics.

Finally, it can be stated that the above mentioned challenges could be overcome through the application of complementary model which is based on the premise that elected officials, and administrators should work jointly in the common interest of the state that would ensure sound governance as well. In this model, emphasis has been given to the fact that although both groups should have distinct roles, there should be interdependency among these groups that would bring compliance with independence. In addition, administrators should have respect for political control, and they should have a commitment to shape and implement policy in such a manner that serves the public interest. They should be able to express their differences to elected incumbents as well as they should be respectful of the law and provide support that ensures fair electoral competition. This means that the administrators should appreciate the politicians and the politicians should be supportive of professional standards. Most importantly, in order to overcome the dichotomy – whether public administrators are "instrumental or supportive" – they should follow the standard dichotomy versus non-dichotomy options. They should consider them as the instruments and contributors to the political process which is instrumental and constitutive (Heady 1984).

## Cross-References

▶ Politics and Administration
▶ Public Administration Theory

## References

Box R (1999) Running government like a business implications for public administration theory. Am Rev Public Adm 29(1):19–43

Carino LV (1991) Regime changes, the bureaucracy, and political development. In: Farazmand A (ed) Handbook of comparative and development public administration. Mercel Dekker, New York

Farazmand A (1997) Bureaucrats and politicians in comparative perspective. In: Farazmand A (ed) Modern systems of government. SAGE, London, pp ix–xvii

Heady F (1984) Public administration: a comparative perspective. Marcel Dekker, New York

Huber JD, Shipan CR (2011) Politics, delegation, and bureaucracy. In: Goodin RE (ed) The Oxford handbook of political science. Oxford University Press, Oxford

Kwon S, Tang S (1998) Reinventing government: a critique from institutional perspective. Int J Public Adm 21(10):1449–1471

Nicholson-Crotty S (2009) Politics and management: revisiting the politics/administration dichotomy in order to build a more complete understanding of public management. Public Perform Manag Rev 32: 610–617

O'Toole LJ (1987) Doctrines and developments: separation of powers, the politics administration dichotomy, and the rise of the administrative state. Public Adm Rev 47:17–25

Ostrom E (1991) A framework for institutional analysis. Working paper. Indiana University, Workshop in political theory and policy analysis

Peters BG, Pierre J (2001) Politicians, bureaucrats and administrative reform. Routledge, London

Rouban L (2007) Public management and politics: senior bureaucrats in France. Public Adm 85(2):473–501

Svara JH (1999) Complementarity of politics and administration as a legitimate alternative to the dichotomy model. Adm Soc 30:676–705
Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61: 176–184
Vigoda-Gadot E, Mizrahi S (2008) Public sector management and the democratic ethos, a longitudinal study of key relationships in Israel. J Public Adm Res Theory 18:79–107
Weber M (1947) The theory of social and economic organization (trans). Henderson and Parsons, New York
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wood D, Waterman RW (1991) The dynamics of political control of the bureaucracy. Am Polit Sci Rev 85(3): 801–828

# Bureaucracy and Politics

Rosalba Chiarini
Department of Political Sciences,
University of Roma Tre, Rome, Italy

## Synonyms

Political-administrative process; Politics-administration dichotomy; Politics-administration relationship

## Definition

Bureaucracy — The term appeared in France in the first half of the seventeenth century. It derives from the combination of the French word *bureau*, meaning "office," and the Greek term *κράτος*, which means "power." It denotes the supremacy of rules in the conducting of administrative functions. The new word entered the social sciences with Max Weber, for whom the bureaucracy was the typical administrative apparatus of legal power (Weber 1922).

Public administration — A public sector, nonprofit organization institutionally designated to carry out public functions and subject to the direct or indirect political guidelines of elective bodies. Public organizations often have bureaucratic characteristics but may also display non-bureaucratic organizational features.

Politics — Any activity concerning the acquisition, organization, distribution, exercising, reproduction, and transmission of political power is politics. Power is political when its decisions are imposed with cogent force on society as a whole. According to Sartori (1987, 214–215), "Collectivized decisions are, instead, decisions that apply to, and are enforced on, a collectivity regardless of whether they are taken by the one, the few, or the many. The defining criterion no longer is who makes the decisions, but their scope: Whoever does the deciding, *decides for all*. The notion of collectivized decisions permits, to begin with, the assertion that *politics consists of collectivized decisions*."

## Introduction

Administrative apparatuses have existed throughout history, even in remote ages such as the Egyptian and Assyrian-Babylonian civilizations. Although they were very different, the Latin and Byzantine civilizations had administrative structures, as did the ancient Chinese empire. An

excellent example of administrative organization is the bureaucracy of the Persian empire, founded by Cyrus the Great and expanded by his successors Cambyses and Darius, members of the Achaemenid dynasty. Lasting from 559 to 330 BC, when it was defeated by Alexander the Great, the Persian empire encompassed many peoples with different languages, cultures, religions, and type of social organization and economy. The empire was renowned for its ability to administer vast territories covering over 3 million square kilometers from the Western shores of Asia Minor to the Caucasus, the border with India and the Nile valley – no political structure had ever been so imposing. The Persian monarchs were not just great conquerors but also magnanimous and tolerant rulers (Farazmand 2001).

The Persian empire was unrivalled during the Achaemenid dynasty; Rome, which would later become a comparable imperial power in terms of territorial size and capacity to govern, had not yet made an impact in the ancient world. Founded in 753 BC, by the second century BC, Rome had become the largest Mediterranean power, and it continued to expand in the following centuries in the West and the East. In order to control of vast expanses of territory, the administrative solution was the "province," an administrative district outside Italy, the inhabitants of which were considered foreign subjects. In the imperial age – which ran from the first to the fifth century AD – they were granted Roman citizenship. The imperial was marked, at least until the second century AD, by a period of intense urbanization. Hundreds of colonies were established throughout the empire, which had Roman-style institutions and the right to self-government; they were also free to adopt local laws and customs (Kelly 2004). In the East, relations between Rome and the Parthians became difficult around 50 BC. The Parthian empire (Arsacid dynasty: 246 BC–AD 224) bordered with Roman territory along the upper reaches of the Euphrates, and the two empires were often at war: the Parthians wanted to conquer the rich eastern provinces of the Roman empire, while the Romans craved direct access to the Persian Gulf. The Parthians were the only people who could seriously compete with the Roman armies. But a series of Parthian defeats undermined the Arsacid dynasty, which fell as the result of a revolt in AD 224 and was replaced by the new Persian dynasty of the Sassanians (AD 224–651), descended from the Achaemenid line. It would be Rome's eastern adversary until the seventh century. The Persian and Byzantine empires became locked in a permanent war until the seventh century, so protracted that both sides underestimated the emergence of a third power in the Middle East. The expansion of Islamic power from the seventh century onward would be rapid and uncontainable: the Arabs conquered Persia definitively in 651, and vast territories were clawed away from the Byzantines. As they lacked administrative experience, the Arabs allowed expert Byzantine or Persian officials to remain in their posts in the conquered territories. The Western Roman empire gradually crumbled in the face of barbarian attacks (Huns, Visigoths, Vandals) and ended (conventionally) in 476. After 476, the Romano-Germanic kingdoms formed in the Western territories. The Germans, who were totally lacking in administrative experience, perpetuated the administrative structures built up by the Romans, which provided stability to the new dominion (Veyne 1997).

As this quick historic overview indicates, the Persian and Roman administrations are good examples of organizational systems designed to perform civil and military functions (Farazmand 2001). At the same time, the long and tormented process leading to the formation of the modern state, which would begin in Western Europe at the end of the Middle Ages, requires us to focus on the evolutionary path of politics (Poggi 1978). It involved a gradual process of differentiation and specialization, which would be reflected in the origins and development of a "modern" conception of the administrative function and of administrations. Political power became "secular," increasingly separate from social structures and from religion, and finally evolved into the rule of law. The public administrative function would emerge following a process of political modernization and the establishment of modern political institutions. The separation between politics and

administration would be a central aspect of the process of modernization of political power.

The relationship between politics and administration in democratic systems is a key theme in political studies. There are two fundamental reasons for this. First of all, public administrations, unlike private ones, make mandatory decisions, which are valid *erga omnes*, whatever the preferences of the individual citizen. They are coactive in nature, endowed with cogent force (Lowi 1964; Sartori 1987). Secondly, bureaucrats not only implement the law but contribute to producing it. In fact, a large proportion of legislation, after being passed by the deliberative bodies of the political system, requires further elaboration. Very often, the law simply establishes the general principles of a measure, leaving it up to the bureaucracy to produce second-level regulations designed to specify and flesh out content neglected by general and abstract dispositions. Moreover, if such decision-making power was not delegated to the administrative actors engaged in implementation processes, they would lack a resource that is often indispensable for resolving challenges posed by uncertainty. In fact, unpredicted events crop up as a matter of course when implementing public policies, and a discretionary approach is required when addressing them. That said, mention should also be made of the critical element of administrative action, namely, the lack of any form of democratic legitimation to exercise political authority (Page 1985).

Weber (1922) observes that the bureaucratic organization selects bureaucrats on the basis of their competence, and therefore there is no direct link between administrative action and the democratic-representative circuit. Consequently, the normative theory of democracy prescribes that public administrations should be subordinate to the representative political institutions, assigning to the latter some fundamental powers of control. The constitutive principles of democracies entail that political leaders are able to affirm their authority in the sphere of administrative institutions. It follows that in the absence of political guidance bureaucratic systems would not necessarily be bad, inefficient, or arbitrary instruments of government, but they would certainly be systems lacking public control (Page 1985).

Without political supervision, the bureaucracy might be induced to pursue its own interests, rather than performing the tasks with which it is charged. It is for this reason that one of the most complex problems is to create and maintain a responsible bureaucracy capable of responding effectively to political guidelines. The problem can never be definitively solved, only mitigated and kept under control by a set of counterbalancing structures and influences (Almond and Powell 1978).

## The Question of "Who" Makes Decisions

According to the normative theory of democracy, mandatory decisions are the responsibility of the elected, those who, through the democratic process, are legitimated to exercise political authority. Through the mechanisms of political responsibility, they are also held to account for their choices by the people. At the same time, bureaucratic subjects are tasked with actuating those very same political decisions, on the basis of the legitimacy deriving from their technical and professional competence. So in the realm of public choice, two different mechanisms justify the exercising of political authority: the first, which is political, emanates from democratic investiture, while the second, administrative one hinges on juridical and professional competence.

The constitutional and institutional arrangements of the relationship between politics and bureaucracy stem from these principles of the democratic political tradition.

### Analytic Perspectives and Empirical Dynamics of the Relationship Between Politics and Bureaucracy

These premises formed the basis for the separation between politics and administration that became established in the theory of bureaucracy from the second half of the nineteenth century onward, both in Europe and the United States (Weber 1922; Wilson 1887). The neutrality and impartiality of administrative action are key elements of that theory. According to the first principle, the bureaucracy must execute any political command

received from the legitimate holders of political power, whatever the political colors of the elected representatives. The second principle prescribes that the bureaucracy must carry out its tasks *sine ira ac studio* (Weber 1922), without any bias for or against the measures to be taken, and responding exclusively to technical considerations.

Historically, the modernization of central administrative apparatuses – which accompanied the development of the nation-state – was marked, in Europe, by a dissociation between politics and administration, with the development of a system of relations founded on the *hierarchic subordination* of bureaucrats to politics. It was based on the hierarchy between the political role and the bureaucratic role and follows Weberian theory, in that it established a rigid separation of the contributions of the types of actors. The roles were oriented toward two different functions: the discretional one was assigned to the political role, which dealt with the merit of government choices, while the procedural function was attributed to the bureaucrat, who applied, according to the rules, the decisions made by the politician and dealt with the method. From this perspective, the role of the bureaucrat was basically to execute orders.

The division originated in the Napoleonic age and became consolidated in the course of the nineteenth century, the historic period in which its maximum potential unfolded. However, this pattern gradually became looser and diversified. Many studies have documented a tendency toward convergence and integration between political and bureaucratic roles. Ultimately there tends to be a de facto convergence between the decision-making powers of politicians and top-level administrators. Empirical investigation of top-tier decision-makers reveals more elastic, complex, and mutually interchangeable relational systems than the clear-cut normative dichotomy.

Comparative research conducted by Aberbach et al. (1981) in seven Western democracies revealed at least four different models of relations between politics and administration. The first image corresponds to the "theory of separation": the role of bureaucrats is simply to implement decisions taken by politicians. The second image evokes the formulation of Simon (1947) and the separation of value judgments and factual judgments, present in every decision. It delineates the "theory of the distinction of facts/values" and acknowledges the bureaucrat's contribution to policy making. However, this contribution is limited to the factual and empirical sphere, while the definition of which values to pursue remains the preserve of elected politicians. The third image is that of "counterbalancing interests and competences": it describes the politician who, in making choices, looks to represent interests, while the bureaucrat takes part in decisional activity by attending to the balance of different competing and coexisting needs in public choices. Finally, in the fourth image, called the "pure hybrid," the two roles coincide and are interchangeable in policy making activities.

In order to classify the broad spectrum of relationships between political and administrative authority, Peters (1987) also described various typical-ideal setups, proposing five different models. The first one, the "formal model," expresses the theory of separation and of the predominance of politics, the analytic features of which have already been illustrated. It has played, and continues to play, an important role at a normative level, in that it embodies a fundamental principle of the Western political tradition. The second one, called the "village life model," is based on consensual cooperation by both elites. They are distinguished by considerable horizontal integration and sociopolitical homogeneity, with the actors sharing the same goals and agreeing on the methods of public action. The third proposed arrangement is the "functional model," grounded in consensual cooperation between both elites, as in the previous case, but in a specific policy sector. Here there is a vertical integration of elites, which develops along functional lines according to spheres of policy. The fourth model, called the "adversarial model," describes competitive and conflictual relations between elites: politicians and bureaucrats compete as adversaries in order to gain control over policy making. Finally, the "administrative model" outlines a relationship characterized by the dominance of the bureaucracy in the decision-making process. This

model hinges on the importance of technical competence, which enables the administration to perform a crucial role in policy making. In this relationship, politicians ratify or check technical proposals made by bureaucrats. The relationship in the administrative model is essentially overturned with respect to Peter's "formal model."

The principle of separation was normatively reformulated during the last decades of the twentieth century by the doctrine of New Public Management (NPM), rooted in the theory of public choice. This doctrine presented an alternative scheme to that of hierarchic subordination. According to this perspective, the relationship between politicians and administrators should be inspired by entrepreneurial principles. It follows that in the public policy sector there needs to be a division of roles based no longer just on legitimacy but on performance. The *system of contractual relations* envisages an exchange between two services. One is the political service and involves identifying the strategies and final goals of government action and evaluating results. Conversely, the management service consists of achieving the goals by choosing the means, overseeing their actuation, and accounting for the results. The administrative manager exercises discretion at the operational level. Corresponding to the exercise of decision-making power are different types of responsibility. Political responsibility (policy responsiveness) is the ability to formulate public policy guidelines correlated with the electoral programs and mandates. Management responsibility (accountability) is understood as the capacity to turn those plans into operational projects and give them concrete substance. The responsibility of the manager consists of being able to account for outcomes with respect to the contracted tasks. The integration between the two types of responsibility takes place through a contract, a program, and an agreement: as the person commissioning/acquiring public policies, the politician has the task of identifying the goals and evaluating the results; as the producer/supplier of public policies, the manager has the task of formulating strategies to turn input into output, to supervise implementation, and to record outcomes. Such a design reaffirms the separation between the guideline tasks of the executive body and the management tasks of the management body. The model pursues the intent of limiting opportunities for the bureaucracy to bend public policy choices to satisfy its own corporate interests but also for politics to collude with pressure groups to the detriment of the general interest.

In contrast to separation, an opposite way of regulating the relations between top-level decision-makers is the one based on the *fusion* of political and management roles, the historic example of which is the *spoils system*. By this term is meant a relationship between roles founded on a bond of trust between the politician and the bureaucratic manager, whereby the latter is co-opted by the former. The peculiarity of this decision-making arrangement is the sharing of the sense of direction regarding what decisions are to be taken, to the point that it becomes homogenous. Managers are appointed directly by politicians and remain in office for the period of the electoral mandate, though the appointment may be revoked in the course of the mandate. Two distinct elements result from this arrangement. The first is that the separation between politics and administration is apparent, in that the politician delegates part of their power to the manager, who is not impartial but an operative appendage of the politician: this enables the latter to supervise the process of actuation as well. Secondly, the administrative management is characterized by a high turnover, so one cannot say there is an independent class of public managers. The historic and geographic locus of this system of relations was the United States in the nineteenth century. The method was devised by President Jackson in the wake of his election victory in 1829. Its application to the federal apparatus enabled him to replace a body of amateur volunteers with a body of competent professionals chosen by the president from within his party. It involved an exchange between the loyalty received by the newly elect president during the election campaign and the conferral of public offices to his supporters by way of reward. The system came to an end in 1883, when a law known as the Pendleton Act introduced the merit system into

the United States as well. The transition to the new system was not immediate, nor definitive: a body of functionaries is still nominated directly by the federal president today, the heirs of the spoils system, who coexist with a body of professionals recruited on the basis of merit (Heclo 1984).

It should be observed, finally, that the evermore widespread and pervasive application of the principles of NPM has had the effect of reviving the practice of the political appointment of administrative chiefs in all the Western democracies (Peters and Pierre 2004). In fact, the clear-cut separation of tasks and responsibilities between political chiefs and bureaucratic chiefs, together with the delegating of significant amounts of decision-making autonomy to administrative managers, has prompted the politicization of management posts. If, on the one hand, the model is designed to give – also through a loosening of the hierarchic principle – full autonomy/operational responsibility to the administrative management, on the other hand, it is possible to observe a greater degree of discretion being exercised in the choice of who should occupy top-level posts.

### Political Control of the Bureaucracy

The trend toward a relationship based on trust is one means whereby executive political bodies can exercise control over the bureaucracy. It is accompanied by instruments present at a legislative level, whether procedural or structural. The former includes highly structured legislation that leaves little scope for exercising administrative discretion; stringent financial instruments; performance measures; periodic, in-depth activity reports; and hearings to gather information. One very effective structural instrument is the choice by the head of the legislative body to assign particular responsibilities to different administrations (Krause 2010). The above are all mechanisms by which political organs can control administrations. Alongside them, within any political system, it is also possible to find specific instruments that envisage and guarantee bureaucratic accountability. These have been classified as judicial, evaluative, informative, and participatory tools (Peters 1978). Judicial instruments are those whereby citizens can turn to the judicial system – whether in the form of special or ordinary courts – to seek a ruling on measures passed by the administration. Evaluative instruments are designed to ascertain institutional and individual performance with respect to preestablished policy goals. As regards the informative tools, periodic reports on the work and performance of offices are prescribed by all policies of transparency, with the purpose of subjecting the actions of administrations to public scrutiny. Finally, besides the transparency of administrative acts and access to data pertaining to administrative choices, a further aspect should be considered: this relates to the publicizing of the administrative process and public participation. One essential modality, in this respect, is that of public hearings, envisaged in a considerable number of areas at the level of local and state administration, before public action gets under way.

Naturally, the instruments for controlling the bureaucracy and the modes of expression of administrative responsibility, though present in all Western countries, especially in the age of NPM, vary considerably according to the political systems and the type of public function given to administrations.

## Bureaucratic Politics: Resources and Interactions Between Politicians and Bureaucrats

The relationship between politics and administration is a complex one, then, which is influenced by many factors and shaped by differing circumstances. As is evident, normative models outline unequivocal and constant modes of interaction. However, in the decision-making process, the relationship between politicians and bureaucrats is marked by a number of complex and changing patterns of behavior. It is affected in particular by the participation of other public and/or private actors in political processes and by the multiple interactions that arise as a result. In order to account for this multiform and shifting reality, the concept of *bureaucratic politics* was developed (Allison 1971). This concept denotes an

analytic perspective according to which the relations between politicians and bureaucrats are oriented toward reciprocal negotiation and toward the search for integration between political roles and administrative roles. The bureaucratic politics approach stresses that the relationship between politics and administration is unlikely to lead to separation or to the supremacy of one category over another. Instead, the tendency toward integration between top-level decision-makers (political and administrative) may display a variable degree of cooperation and collaboration or, vice versa, of competition and conflict.

From this perspective, in the ambit of the policy making process, several crucial resources are available to representative institutions to channel the behavior of bureaucratic actors in the desired direction. Their main resource is the *legitimacy to exercise political power*. The measures introduced by bureaucracies derive legal justification from the formal power conferred on them by the institutions of the representative government, so they can perform the duties with which they have been tasked. Political power is granted to elected politicians alone. Another important resource available to the political class is the so-called *power of the purse*. The assignation of financial resources and the definition of the rules governing how they can be spent are crucial processes for the survival of administrative bodies and their capacity to take action. Equally important is the *legal power to determine the responsibilities* of different administrations and their margins of autonomy and, more generally, to establish the ways in which bureaucracies can behave in formal terms (Peters 1978).

But bureaucrats have very significant resources as well, including technical competence, stability, the principle of political impartiality, and the strength of sector-based ideologies, together with strategic ties with interest groups (Peters 1978). In truth, the centrality of the monopoly of knowledge and of *technical competence* in the relationship between bureaucrats and politicians had already been stressed by Weber. Possession of such a resource tilts the balance of the relationship in favor of the administration, in that its contribution is indispensable for the achievement of any objective politicians wish to pursue. A second element of strength is *permanence of incumbency*: administrators generally remain in their posts for longer than politicians. On the one hand, this ensures a necessary degree of institutional continuity but on the other sets up a situation where politicians are dependent on administrators for the institutional information they hold. The bureaucracy also derives a significant advantage from the application of the principle of *political neutrality*. Their extraneousness to party politics gives administrators the image of being "experts" serving the public interest and gives their choices the guise of impartiality. From this perspective, bureaucratic decisions only have to answer to the criteria of the laws governing bureaucratic action and to the technical and professional expertise that led to the recruitment of the bureaucrat in the administrative institution. According to the principle of neutrality, it is precisely the detachment of the administrative role from the dynamics of having to seek electoral consensus that makes bureaucratic decisions impartial. The capacity of administrations to generate and consolidate *sectorial ideologies* is also an important element in the relationship between the administrative organ and political institutions. These ideologies take the form of doctrines, justifications, or rationalizations designed to support and give legitimacy to the bureaucratic program of action in a specific branch of government policy making. Equally important, in the ambit of relations with political organs, are the dealings the bureaucracy has with *interest groups* active in the same sector in which the administrative body also operates. Thanks to these ties, they are able to mobilize the support of social actors. This is particularly useful when it comes to requesting funds or decision-making autonomy from the political body and to receiving information about the sphere and recipients of their action. In many cases, policies are formulated and implemented through negotiation between administrative agencies and organized interest groups. The relations between the administrative institution and private subjects representing specific interests, affected from time to time by individual measures, range from consultation during the policy formulation stage to active involvement in the implementation phase and even the delegation of public functions to

them. Reasons of mutual convenience encourage exchange and dialogue between bureaucracies and interest groups. Peters (1978) singles out four different types of relationship: legitimate interactions, *clientela* relations, *parentela* relations, and illegitimate processes. Legitimate interactions are allowed, when they are not incentivized. In many sectors of intervention, institutional actors seek the collaboration of private actors, both in devising measures and in implementing them. Such collaboration brings the economic or social interest group directly within the circuit of production of public administration. *Clientela* and *parentela* relations – explored by La Palombara (1964) – are exclusive, privileged relations between the bureaucratic organ and an interest group. In the first case, the relationship is direct, and based on the administration's view that a particular group is the natural representative of a given area of public policy, and that it is therefore destined to express all the interests of that sector. In the second case, the relationship is indirect, mediated by the intervention of a government party, which secures privileged access to the administrative body for the interest group. In both cases, the risk is that the administration will be "snared" by the group (without/with party mediation). Illegitimate relations indicate a difficult or controversial interaction between bureaucracies and groups. In some cases, this is due to the particular inclination of the political system, which might deny access to some groups; in others, it stems from the nature of the action of private subjects, considered to be illegitimate bearers of social inputs, especially when this involves resorting to forms of pressure based on heterodox or violent protest.

Ultimately, the degree of influence of the bureaucracy on political decisions can vary significantly, depending on the resources deployed in dealings with political elites. However, the weight of the characteristics of policy issues should not be underestimated. Conditioning factors here are the degree of politicization of the question under discussion and likewise its degree of technical complexity. In the first case, high politicization would seem to correspond to a diminishing of the political role of bureaucracies. In the second case, if the issue involved is very technical in nature, the influence of the bureaucratic actor would be more widely felt. A third factor that needs to be considered is the cultural and structural characteristics of administrations: the more bureaucracies are culturally integrated and cohesive, and effectively structured, the more they will be able to perform a significant role in policy making.

On the other hand, the relationship between politics and administration and the political role of bureaucracies in public decision-making may vary according to the political/institutional system, rules and regulatory frameworks, the administrative tradition, and the role that this ascribes to the bureaucracy. The importance of the political-institutional context in which political and bureaucratic actors are operating was recently reaffirmed by the results of comparative research conducted by Page (2012). Structural constraints channel and regulate relations between actors, to the point that "The idea that bureaucrats use their position to shape policy as they wish away from the gaze, if not control, of politicians finds no supporting evidence. In fact a range of general procedures, bureaucratic norms, and institutional arrangements specific to individual systems ensure that politicians have a chance to intervene in even the tiniest issues of public policy should they wish" (Page 2012, 175).

Finally, two further external factors have a specific bearing on the relationship between politicians and administrators and on the question of the political control of the bureaucracy: the type of party system and the characteristics of the parties in government. Many research findings demonstrate that the stability of governments and their internal cohesion favor political control over the bureaucracy. At the same time, weak political leadership is often associated with weak or relatively uninfluential bureaucracies (Suleiman 1974).

## Conclusion

Political institutions and bureaucratic institutions plan and develop their actions according to a different logic and different constitutive and organizational principles. The choices of political representatives are inspired by ideals, interests,

values, beliefs, and world views that attempt to be coherent with those held by electors and, more generally, citizens. Conversely, the choices and behaviors of bureaucratic actors are inspired by coherence criteria relating to juridical norms and professional competence and ethics. Precisely due to the division of the top tier of decision-making, in democratic public institutions government, action is the fruit both of political and administrative considerations. Clearly, the phenomenon is of crucial importance, both because institutionally speaking it is very widespread and also because of its consequences. One of these is the unconquerable tension between democracy and bureaucracy, evidenced by Weber (1922) and mentioned in the introduction. It should also be observed that the issue of the shaping and control of bureaucratic institutions exploded with the shift toward mass politics and the full development of the welfare state, which took place in the second half of the twentieth century. In the face of increasing complexity, the proliferation of actors, and the themes addressed in decision-making arenas, bureaucracies were called upon to intervene and deliver complex, highly structured services. The performance of those tasks was accompanied by the delegation of decisional power by political organs (legislative assemblies and political leaders of administrations) to bureaucratic apparatuses. The process of political delegation necessarily posed the need for bureaucratic accountability and mechanisms, whereby administrations could exercise political control. Such pressures for change have grown over the last four decades, also due to the spread of reforms inspired by NPM. Without doubt, bureaucracies, at the service of democratic political institutions, have been called upon – and will be increasingly in the future – to find solutions to the great problems of globalization and of demographic, migratory, environmental, and technological changes.

## Cross-References


- ▶ Administrative Discretion
- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy
- ▶ New Public Management
- ▶ Politics and Administration
- ▶ Politics and Bureaucracy


## References


Aberbach J, Putnam RD, Rockman B (1981) Bureaucrats and politicians in Western democracies. Harvard University Press, Cambridge

Allison G (1971) Essence of decision: explaining the Cuban missile crisis. Little, Brown and Company, Boston

Almond GA, Powell GB (1978) Comparative politics: system, process and policy. Little, Brown and Company, Boston

Farazmand A (2001) Learning from ancient Persia: administration of the Persian Achaemenid World-State Empire. In: Farazmand A (ed) Handbook of comparative and development public administration. Marcel Dekker, New York, pp 33–60

Heclo H (1984) In search of a role: American's high civil service. In: Suleiman EN (ed) Bureaucrats and policy making. Holmes and Meier, New York, pp 8–34

Kelly C (2004) Ruling the later Roman Empire. Harvard University Press, Cambridge, MA

Krause GA (2010) Legislative delegation of authority to bureaucratic agencies. In: Durant RF (ed) The Oxford handbook of America bureaucracy. Oxford University Press, Oxford, pp 521–544

La Palombara J (1964) Interest groups in Italian politics. Princeton University Press, Princeton

Lowi TJ (1964) American business, public policy, case studies, and political theory. World Polit 16(4): 677–715

Page EC (1985) Political authority and bureaucratic power. A comparative analysis. Wheatsheaf Books, Brighton

Page EC (2012) Policy without politicians. Bureaucratic influence in comparative perspective. Oxford University Press, Oxford

Peters BG (1978) The politics of bureaucracy: a comparative perspective. Longman, New York

Peters BG (1987) Politicians and bureaucrats in the politics of policy-making. In: Lane JE (ed) Bureaucracy and public choice. Sage, London, pp 256–282

Peters BG, Pierre J (2004) Politicization of the civil service in comparative perspective. Routledge, London

Poggi G (1978) The development of the modern state: a sociological introduction. Stanford University Press, Stanford

Sartori G (1987) The theory of democracy revisited. Chatham House Publishers, Chatham

Simon H (1947) Administrative behavior. Macmillan, New York

Suleiman E (1974) Politics, power, and bureaucracy in France. Princeton University Press, Princeton

Veyne P (1997) The Roman Empire. The Belknap Press, Harvard
Weber M (1922) Wirtschaft und Gesellschaft. Mohr, Tubingen. English edition: Weber M (1978) Economy and society. University of California Press, Berkeley
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222



# Bureaucracy and Professionalism

Adam G. Hughes
University of Virginia, Charlottesville, VA, USA

## Synonyms

Bureaucratic innovation; Professions; Service provision

## Definition

Profession: an occupation in which individual members abide by a set of best practices developed by all members.

## Introduction: The Professional Bureaucracy

In 1968, Frederick Mosher observed that "For better or worse—or for better *and* worse—much of our government is now in the hands of professionals" (Mosher 1968, 132, cited in Teodoro 2011, 11). While professional organizations are well known in legal, medical, and scientific fields, they also serve an important role in bureaucratic organization, policymaking, and service delivery. Professional organizations establish shared standards and norms that members adhere to (Abbott 1988). They help policy innovations diffuse across agencies (Brehm and Gates 1997; Teodoro 2011; Wilson 1989). They also help develop public legitimacy and encourage public demand for services (Brint 1994). Since most agency heads in American bureaucracy at both the local and federal level are in fact career professionals (Green 1989), understanding the role of professional organizations is crucial for explaining when and why service delivery is effective.

Individual professionals are motivated not only by their superiors within an agency, but also by an outside reference group of fellow practitioners. This outside group includes other specialists who agree upon a group-defined set of best practices for conduct. Professions are open to only those who meet specified criteria for membership. Once standards are defined, individuals may join or leave professions according to their alignment with those criteria. In practice, professional associations work together to define best practices for individual members of the profession, inform group members of those practices, and limit group membership to those who agree to abide by fixed rules. Thus, the act of joining a professional organization standardizes bureaucratic behavior with respect to an outside reference group.

When agency heads join a profession, they are socialized to accept its norms, even when those norms conflict with an agency's existing standard operating procedure (Brehm and Gates 1997; Lipsky 1980; Mosher 1968). For some agencies, the difference between existing practices and professional guidelines might be small; for others, professionalism offers a dramatic challenge to the status quo. In both cases, the particular constraints and incentives that shape the behavior of professional bureaucrats originate from both inside and outside of their agency. However, this shift in organizational authority imposes both costs and benefits on agencies. While a larger degree of professional autonomy can improve service delivery, there is no guarantee that individual bureaucrats will subscribe to professional norms or that those norms coincide with an agency's existing objectives. If either of these disconnects occurs, increased professional autonomy has the potential to exacerbate problems in service delivery.

## Professions as Institutions

Both bureaucratic agencies and professional organizations are institutions: they constrain human behavior in predictable ways. Bureaucracies

define tasks for agents to execute and punish those who fail to complete them. Similarly, professional organizations define how tasks ought to be executed and exclude those who defy those expectations. But when bureaucratic agents join professional organizations that extend beyond the agency, the selection of tasks and the ways that those tasks are executed depend more on professional standards than on the agency's unique experiences and written directives.

James Wilson's (1989) example of the relatively more professional Forest Service and the less professional Park Service illustrates the distinction. While members of the Forest Service often held advanced degrees, conducted research, and applied practices endorsed by the Society of American Foresters, agents of the Park Service were less educated, less focused on research, and less innovative (63–65). However, professionalism can also exert costs: as members of the Forest Service joined a diverse array of different professional associations, the agency was less able to articulate and execute a shared mission. This failure made it more difficult for the Forest Service to sustain organizational cohesion.

The fact that most public agencies involve a blend of bureaucratic and professional modes of organization is uncontroversial (Clarke and Newman 1997). In most conceptions of bureaucratic organization, street-level agents complete standardized tasks, while supervisors aim to ensure that those tasks are completed (Lipsky 1980; Mintzberg 1983). Of course, administrators cannot perfectly monitor their agents, who enjoy varying degrees of autonomy and discretion. Professionalism, as a system of incentives outside of the worker-supervisor dyad, often aims to shape agent behavior by granting more autonomy to agents. When agents think of themselves as professionals, they ought to abide by professional standards even in the absence of direct supervision.

Adherence to professional standards that originate outside of an agency raises the prospect of conflict between individual agents exercising professional autonomy and their superiors' exercise of hierarchical authority (Engle 1970). Professional agents require autonomy in order to act in concert with the standards and guidelines developed by other practitioners. Yet the standards agents wish to abide by might conflict with those that their supervisors prefer. At the same time, agents are not equally likely to internalize professional norms. While some might exercise professional autonomy in ways that improve service delivery, others might prefer to shirk from their responsibilities, ultimately decreasing an agency's ability to deliver services effectively. However, it is important to note existing research that suggests many street-level bureaucrats are in fact "principled agents" who prefer to complete the tasks assigned to them, even in the absence of direct supervision (Brehm and Gates 1997). Modest increases in professional autonomy are unlikely to undermine agency performance in most cases.

## Costs and Benefits of Professionalism

Bureaucratic professionalism promises two central benefits at the agency level: facilitating the diffusion of procedural- and policy-related innovations and increasing alignment between supervisor and agent preferences. It accomplishes the first of these by socializing supervisors and executives, encouraging them to adopt shared standards for agency behavior and implement best practices. It accomplishes the latter by socializing street-level agents, so that they consider themselves part of a larger community of practitioners. However, professionalism also has the potential to increase oversight costs and initiate conflict between agency directives and professional objectives.

Professions help policy innovations diffuse among members by providing a centralized clearing house for best practices (Abbot 1988). Only members of a profession have direct access to the accumulated knowledge of all participating practitioners. This kind of access leads to entrepreneurial policy leadership: adopting important and effective new policies by relying upon accumulated evidence from the professional reference group. But being a professional also entails greater autonomy and professional discretion at the agent level. This commitment may cause

conflict with the hierarchical structure of bureaucratic organization and have unexpected negative impacts on service delivery.

As an example of this tradeoff, consider recent efforts to increase the professionalism of police agencies. Thousands of state and local law enforcement agencies seek professional accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA), a group created with the input of several preexisting professional associations. The process of accreditation is meant to professionalize agencies by providing a list of best practices that all agencies are required to abide by (Teodoro and Hughes 2012). These standards shape service delivery by encouraging agencies to engage in community-oriented policing and encourage diversity in hiring, among other widely endorsed professional norms. These standards originate from the professional organization and might conflict with the priorities of administrators in individual departments. If such conflicts occur, the hierarchical organization of local police agencies faces an external threat: individual officers who align themselves with the professional organization might prefer to adopt those standards, rather than those that originate within the agency.

At the same time, it is important to note that police officers enjoy broad discretion while on the job. Thus, the professionalizing influence of CALEA accreditation has the potential to improve service delivery when the costs of hierarchical supervision are highest. Research has found that professional accreditation does in fact lead officers to assert a common "sense of mission" (Wilson 1989), but that it has no effect on officer's willingness to report engaging in professional conduct (Hughes and Teodoro 2013). In other words, professionalism can build support for external standards without actually increasing agents' willingness to act upon them.

As this example makes clear, the costs and benefits of bureaucratic professionalism depend upon several factors. First, the alignment between agency leadership and professional leadership determines the success of bureaucratic professionalism. If agency heads desire outcomes that are completely at odds with professional norms, their subordinates may defect toward the professional authority. Second, bureaucratic agents may or may not "buy in" to professional norms. In cases where agents already enjoy a high level of autonomy and discretion, professionalism offers the most benefits. By aligning agents' preferences with those of an external reference group, bureaucratic professionalism could lead agents to develop their own self-monitoring capacities and ultimately encourage especially effective service delivery. But if agents do not abide by professional norms, the increased autonomy associated with professionalism could increase shirking.

## Conclusions

The professionalization of bureaucratic agencies has the potential to improve service delivery, increase the adoption of effective policy innovations, build common knowledge, and resolve oversight problems when agents enjoy broad discretion. But of course, the success of any professionalization initiative also depends upon the degree to which street-level agents observe professional norms. If individual bureaucrats do not subscribe to the best practices established by a larger group of practitioners, the benefits of professionalism will not accrue to an agency. While the leaders of most American bureaucracies are already professionalized, the degree to which those leaders endorse and apply professional norms varies dramatically. The willingness of subordinates to accept those norms varies even more.

Bureaucratic professionalism involves an implicit delegation of power: from local agency heads to the centralized authority of a professional organization. This exchange is often beneficial: adopting tried and true best practices should improve agency efficiency and service delivery. But it might also be the case that widely accepted policies and norms are ill-suited to addressing local challenges. At the same time, variation in bureaucrats' willingness to adopt professional policies means that professions will never be a one-size-fits-all approach to governance. Some agency heads resolve the delegation dilemma

posed above by selectively applying norms. Indeed, understanding why some agency leaders seek to enforce professional standards – even when those norms are contrary to local interests – requires examining individual-level factors, including personal ambition (Teodoro 2011).

American bureaucracies are already professionalized. But the degree to which individual agencies actually act in professional ways varies, and the costs and benefits of professionalization are similarly diffuse. Individual agency heads must determine whether they prefer to act in line with their elected *principals*, or if they instead ought to follow professional *principles* (Teodoro 2011, 9). As long as democratic governance requires both effective and responsive administrative agencies, agencies must act in line with both sources of bureaucratic constraint.

## Cross-References

► Bureaucratic Structure
► Politics and Bureaucracy
► Professional Ethics

## References

Abbot A (1988) The system of professions. University of Chicago Press, Chicago
Brehm J, Gates S (1997) Working, shirking, and sabotage. University of Michigan Press, Ann Arbor
Brint S (1994) In an age of experts. Princeton University Press, Princeton
Clarke J, Newman J (1997) The managerial state: power, politics and ideology in the remaking of social welfare. Sage, London
Engel GV (1970) Professional autonomy and bureaucratic organization. Adm Sci Q 15(1):12–21. https://doi.org/10.2307/2391182
Green RE (1989) The profession of local government management: management expertise and the American community. Praeger, New York
Hughes AG, Teodoro MP (2013) Assessing professionalism street-level attitudes and agency accreditation. State Local Gov Rev 45(1):36–45
Lipsky M (1980) Street level bureaucrats. Russell Sage Foundation, New York
Mintzberg H (1983) Power in and around organizations. Prentice-Hall, Englewood Cliffs
Mosher F (1968) Democracy and the public service. Oxford University Press, New York
Teodoro MP (2009) Bureaucratic job mobility and the diffusion of innovations. Am J Polit Sci 53(1):175–189
Teodoro MP (2011) Bureaucratic ambition: careers, motives, and the innovative administrator. John Hopkins Press, Baltimore
Teodoro MP, Hughes AG (2012) Socializer or signal?, how agency accreditation affects organizational culture. Public Adm Rev 72(4):583–591
Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York

# Bureaucracy and Public Opinion

Brandy Kennedy
Department of Government and Sociology, Georgia College and State University, Milledgeville, GA, USA

## Synonyms

Citizen satisfaction with public agencies; Trust in government organizations

## Definition

Bureaucracy and public opinion refers to the individual or public views toward government agencies.

## Introduction

The state of public opinion toward bureaucracy is interesting and important not just from an academic perspective, but a pragmatic, policy perspective as well. Popular support for governing institutions is considered an important component for healthy functioning of democratic institutions (Putnam et al. 1993; Doyle 2011). In general, there is a sense that the American population has a negative attitude toward bureaucracy. For example, the term bureaucracy is commonly used in a pejorative sense, to signal organizational

inefficiency and ineffectiveness. Yet, there is some evidence to suggest the American public is generally satisfied with their personal experiences with government agencies. This essay analyzes public opinion toward bureaucracy from an academic and public discourse perspective including trends in its usage as well as potential influencing factors.

### What Is Public Opinion?

Despite use of the term "public opinion" in common discourse, the concept is actually quite complex. While the contemporary term tends to denote polling results, its history goes back far before polling developed. The earliest usage of public opinion implied a much broader concept akin to "the will of the public." Erikson and Tedin (2015) explain in the late eighteenth century the term was often used interchangeably with "common will, public spirit, and public conscience." Thus, the term was understood to mean the general feelings of the population toward public institutions and public policy. The rise of modern public polling techniques altered the substantive meaning of public opinion. In the contemporary sense, the concept has come to refer to measurable sentiments that can be quantified and systematically analyzed. This distinction illuminates an important qualification in public opinion: individual-level opinion (micro) and aggregate opinion (macro). In other words, when referencing public opinion, it may be used to indicate an individual's opinion or a general public sentiment.

### What Is Bureaucracy?

Likewise, the concept of bureaucracy is complex and has evolved over time, both from an academic perspective as well as its usage in common discourse. Max Weber is well known for his contribution to the development and scholarly understanding of bureaucracy. For Weber, bureaucracy was an ideal type organized comprised of specific structural characteristics including hierarchy, merit selection, impersonality, and standard operating procedures (Morrison 2006). Since its inception, the term has evolved to denote a variety of meanings. In common discourse, for example, bureaucracy is used to describe public organizations, large public or private organizations, the people working for public organizations, and red tape or cumbersome procedural rules.

These distinctions between various meanings of public opinion and bureaucracy become important when analyzing the state of public opinion toward bureaucracy. In addition to these definitional issues, public opinion toward bureaucracy is not steady but fluctuates. A myriad of factors influence public opinion toward bureaucracy. At the aggregate level, the historical context and the political environment can shape the public mood toward government and bureaucracy. At an individual level, a variety of demographic and ideological factors may influence one's stance toward bureaucracy.

## The Academic Context

### Bureaucratic Legitimacy

The negative connotations of American bureaucracy were, in some ways, written into the design of the system. The American bureaucracy has inherent tension with democratic theory. As a constitutional democracy, the United States constitution conspicuously fails to address bureaucracy in any specific manner. As Stillman (1999) notes, while Article I goes into great detail regarding the power of Congress, the term administration or any other terms commonly associated with public administration do not appear in the text of the document. Article II denotes the power of the executive as belonging to the president, yet all other details of this are left undefined in the constitution.

This absence of public administration within the text of the constitution, coupled with a lack of democratic accountability, calls bureaucratic legitimacy into question. The bureaucracy is not created or protected by the constitution, and voters lack the direct ability to remove its officials. The field of public administration has grappled with this issue since its inception. In particular, conversations around bureaucratic accountability and legitimacy remain prevalent in the academic literature. Public administration scholars have sought

to legitimize bureaucracy via a variety of theoretical premises (Selden 1997; Stillman 1999). For example, scholars of representative bureaucracy argue that due to its demographic composition being more reflective of the general population than other electoral institutions, the bureaucracy is accountable and responsive to the public. Despite these academic efforts, on a popular level, these problems and negative sentiments remain.

### The Historical Context in America

Some scholars argue that the negative perception and feelings toward bureaucracy are in part driven by the unique circumstances surrounding the American founding. Stillman (1999) suggests that the construction of the American bureaucratic apparatus is very different from that of most other developed democracies. Stillman elaborates, "The most striking feature of America's public administration thought at the founding of the United States was its absence" (19). Western European nations developed democracy alongside already well-developed state apparatuses. America, on the other hand, developed its democratic institutions first. Additionally, the philosophical premise of small government was a centerpiece of the American philosophy that runs counter to a well-developed bureaucracy.

The history of American bureaucracy is one in which the state apparatus was small and not well developed at the founding. It remained this way until the late nineteenth century. Rapid urbanization and industrialization fueled a growing state apparatus. Stillman (1999) likens this process to the "chinking in" or filling cracks when building a log cabin. He argues this process was not systematic or well thought out. As Stillman notes, "In the process of this chinking, the development of the American administrative state would always seem half-formed and incomplete, at least by comparison to the unified and well-developed European administrative state" (58). This particular method and timing of state growth may account for some of the negativity surrounding bureaucracy.

### Hummel vs. Goodsell Debate

The academic conversation surrounding bureaucracy is best captured by the dialogue between Charles Goodsell and Ralph Hummel. Goodsell (1994) explains that the academic treatment of bureaucracy has been critical. A range of academic fields have sustained criticism of bureaucracy including public choice economics, sociology, and political science/public administration. The main focal points of this criticism include allegations that the bureaucracy performs poorly, has too much power, and is oppressive toward citizens and employees. In his seminal piece, Hummel (1977) writes a forceful and scathing critique of bureaucracy reflecting these sentiments. This widespread critique prompted Goodsell (1994) to write his influential piece defending bureaucracy.

Hummel (1977) offers a harsh critique of bureaucracy, on nearly all dimensions. He argues that everyone has problems with bureaucracy including the citizens who attempt to receive services, management and frontline employees, as well as political officials that attempt to oversee these agencies. He contends bureaucracy undermines traditional values of human life, that bureaucracy traps and transforms human beings, and that its inevitable state is riddled with conflict. He takes this even further arguing that bureaucrats are not ordinary people but are inhuman, incapable of emotion, devoid of will, and obsessed with control and efficiency.

The premise of Goodsell's (1994) piece is to combat the negative image plaguing bureaucracy reflected in Hummel's work. In contrast, Goodsell (1994) provides evidence of well-functioning bureaucratic organizations with which the American people are generally satisfied. Goodsell (1994) argues that by and large, most of the people are satisfied with most government agencies most of the time. He contends that most government agencies work well most of the time. These two contrasting presentations of bureaucracy provide a lens through which we can analyze the intricacies of public opinion and bureaucracy in America.

## Popular and Political Discourse

Public opinion on bureaucracy is not only important from an academic standpoint, but as a common piece of popular and political discourse. In

many ways, the political discourse helps shape popular discourse on bureaucracy. Goodsell (1994) addresses a myriad of these issues in his work.

### Popular Discourse

Goodsell (1994) provides a variety of survey results indicating negative attitudes Americans hold toward bureaucratic institutions. Question wording is always a concern when interpreting polls as the specific wording of polling questions can alter the response outcomes (Erikson and Tedin 2015). Question wording appears to influence the public response to questions about bureaucracy. When asked general, abstract questions about views toward bureaucracy and government agencies/workers polls suggest that the majority of Americans feel that bureaucrats are lazy, and bureaucracies are bloated and wasteful.

However, Goodsell (1994) counters this negative evidence with a litany of more positive attitudes toward bureaucracy. Goodsell (1994) argues that when asked about specific experiences with government agencies and individuals' satisfaction with services, the majority of individuals report high levels of satisfaction with their experiences and their ability to receive services in a timely manner. Goodsell (1994) expands "...it is important to note that most such polls aim at an abstract level of generalization. The questions are usually phrased very broadly, and they almost never ask citizens about their own experiences with government...when an individualized question is asked, a quite different picture emerges" (11). When analyzing multiple surveys, Goodsell (1994) concludes:

> In short these numerous individual citizen surveys, conducted at all levels of government in just about every functional area conceivable, and over several decades back to even 1929, all yield the same essential result: Most citizens are satisfied with their personal experiences with bureaucracy most of the time.

Additionally, Goodsell (1994) compares American attitudes toward bureaucracy to citizens of other developed democracies. The results suggest that generally Americans have more positive attitudes toward government agencies and their experiences than citizens of other countries.

Goodsell (1994) identifies multiple factors that contribute to the negative attitude toward bureaucracy in America. These include the historical context, as previously discussed, as well as political discourse and media coverage. According to Goodsell (1994), the media encourages negative sentiments toward bureaucracy by focusing almost exclusively on negative aspects of the bureaucracy. He argues that the media has no incentive to cover successful activity by the bureaucracy so the popular image of bureaucracy is one that is fraught with conflict, disaster, and scandal as this increases their viewership and ratings. Further, when covering negative incidence that does occur within bureaucracy, the media rarely includes details of the situation such as extenuating circumstances or the government side of the situation.

### Political Discourse

In addition to the media's contribution toward negative views of bureaucracy, Goodsell (1994) argues that politicians use these negative outcomes to their political advantage. In other words, politicians seeking office and reelection highlight the failure of government agencies to garner support from the electorate, presenting themselves as the person who can fix these problems. In this way, politicians run for government office by running against government agencies.

Goodsell (1994) elaborates:

> Countless politicians run for office...on platforms that blame society's problems on 'the bureaucrats' and their burdensome rules, lack of entrepreneurship, wasteful extravagance, social experimentation, intervention in business, and whatever else nettles. Candidates promise that when elected they will sternly deal with the bureaucratic enemy. When, after the election, neither the bureaucrats not the problems disappear, voters conclude that the survival of the former has caused perpetuation of the latter. (12)

This phenomenon may best be captured by the Reagan era, well known for the idea that government is the problem, not the solution. While Reagan personifies this sentiment, it is certainly not limited to Republican officials and

candidates. The Clinton era, for example, was well known for its push toward privatization and deregulation, supported by the argument that private organizations are more effective and efficient operations.

## Conclusion

The concept of public opinion and bureaucracy is fascinating and complex. The state of public opinion toward bureaucracy is important for public administration theory as well as government functioning. As this essay expounds, the public holds conflicting views about bureaucracy. While, on the one hand, they are generally distrustful of government and have negative attitudes toward bureaucracies and bureaucrats in general, they typically are satisfied with the specific services they receive from government agencies. The media and political discourse shape public discourse and sentiments on this issue. The work that Hummel and Goodsell devoted to this area of study is an important contribution to this phenomenon.

## Cross-References

▶ Bureaucracy and Democracy
▶ Bureaucracy, Bureaucratic Politics, and Democracy

## References

Doyle D (2011) The legitimacy of political institutions explaining contemporary populism in Latin America. Comp Pol Stud 44(11):1447–1473
Erikson R, Tedin K (2015) American public opinion, 9th edn. Pearson, Boston
Goodsell CT (1994) The case for bureaucracy: a public administration polemic. Sage, London
Hummel RP (1977) The bureaucratic experience. Palgrave Macmillan, London
Morrison K (2006) Marx, Durkheim, Weber: formations of modern social thought. Sage, London
Putnam RD, Leonardi R, Nanetti R (1993) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton
Selden SC (1997) The promise of representative bureaucracy: diversity and responsiveness in a government agency. ME Sharpe, Armonk
Stillman RJ (1999) Preface to public administration: a search for themes and direction. Chatelaine Press, Burke

# Bureaucracy and Public Policy

Anurag Kumar Srivastava
Department of Public Administration, School of Liberal Studies, Pandit Deendayal Petroleum University, Gandhinagar, Gujarat, India

## Synonyms

Bureaucratic ethics and public service; Civil servants and public law; Democratic polity and civil servants; Efficiency and civil services; Permanent executive and public plan; Professionalism and public policy; Public servants and governmental schemes

## Definitions of Bureaucracy

Bureaucracy comprises the permanent part of the executive organ of government. Its hallmark is political neutrality, permanency of tenure, and professional training. It runs the administration of the state according to the policies and laws decided by the political executive; however, it plays an integral role in framing the public policies and laws. It works under the leadership, direction, and control of the Political Executive. Bureaucrats put government policy into practice and exercise significant influence over policymaking.

Harold Laski defined "Bureaucracy" as the word which is usually used for "a system of government the control of which is so completely in the hands of officials that their power jeopardizes the liberties of ordinary citizens" (Laski 1930).

Gaetano Mosca concluded that in the modern State the ruling class is necessarily the

bureaucracy; he chose the word, "bureaucratic absolutism" (Mosca 1939).

Willoughby saw the task of administrators as establishing an appropriate formal organization and insuring adequate constraints on the administrator. For Willoughby, efficient bureaucracy was a solution to the manifold problems of democratic governance (Willoughby 1919).

Max Weber considered bureaucracy from a technical point of view capable of attaining the highest degree of efficiency and is in this sense formally the most rational known means of carrying out imperative control over human beings (Weber 1946).

## Definitions of Public Policy

Policy is a road map which guides the government for the achieving the required objectives. It may be defined as a public necessity assuming significance and as far as possible, properly considered for its accomplishment. Public policy can be described as the overall framework within which government actions are undertaken to achieve public goals.

"Public policy is whatever government chooses to do or not to do" (Dye 1980).

David Easton (1965) defined the concept of public policy as the authoritative allocation of values. Here, his emphasis is on the "distributive" role of the state or government.

Lasswell (1971) on the other hand, defined Public policy as a "projected programme of goals, values and practices of the government." The emphasis here is on the "goal" orientation of the state policy.

## Introduction

The term Bureaucracy was originally considered as the perversion of democracy. It was more defined in negative connotations than positive one. However, it was Max Weber who attached positive meaning to the bureaucracy. Scholars seem divided over the significance and utility of bureaucracy, as bureaucrats are considered power usurper, aristocratic, etc. The progressive outlook considers bureaucrats as change agent, development catalyst, etc.

There was another divided opinion for politics and administration. Ever since the evolution of Public Administration as an academic discipline the politics and administration dichotomy was emphasized; however, Wilsonian dichotomy of politics and administration has been rejected long back (Wilson 1887); therefore it is an accepted argument that the test of bureaucracy is not just limited to policy implementation but also for policy framing and formulation. Bureaucrats provide the wider choices, inputs, and construct the policy framework within the ambit of constitutional and legal boundaries for implementing public policies. The decision of the political executive in regard to public policy is largely based on the inputs provided by policy makers/civil servants.

Policies are purposive courses of action formulated in response to a perceived problem. Public policies undergo a specific policy process, adopted, executed through laws, regulatory instruments, courses of government action, financing priorities, and implemented by a public authority. Individuals and groups try to influence public policy formulation through the mobilization of interest groups, advocacy, and corporate and political lobbying. Public policy provides leadership to governments over a range of activities and also creates accountability channels between the government and citizens. The policy process consists of several key aspects such as defining the problem, the identified goals, and the instruments of policy which are engaged to address the problem and accomplishing the policy objectives. Henceforth it is rightly considered that Public policy is the heart, soul, and life blood of the governments.

## Features of Bureaucracy

### Permanent Character

Civil service is a career service. The civil servants hold permanent jobs in government. They mostly

join their services during their youths and continue to work as government servants till the age of retirement.

### Hierarchical Organization

Each official is placed at a particular level of hierarchy and he has access to the privileges and authority which are available to his colevel officials. Each official is supervised by superior next in higher command and supervises the immediate below level officer in hierarchy.

### Political Neutrality

The members of the Bureaucracy are not directly involved in politics. They are prohibited through civil services conduct for not joining political parties and participating in political activities. Whichever party may come to power, the civil servants remain politically neutral and carry out their assigned roles neutrally and faithfully.

### Professional and Trained

The members of civil service are recruited through open competitive examinations. They have to possess some minimum educational qualifications for appearing in competitive examination. Before their appointments in to the service, they get specialized training. They have the knowledge, training, and domain expertise necessary for carrying out their administrative duties.

### Fixed Salaries

The Bureaucrats receives a fixed remuneration. All the civil servants belonging to a particular class of administrative hierarchy are placed in one scale of pay.

### Bound by Rules and Regulations

The Bureaucrats are required to work in accordance with the "rules proper channel," and informed-making for conducting the administrative work. Each bureaucrat is required to work only within the sphere of policies and laws.

### Bound by a Code of Conduct

The civil servants have to follow a professional code of conduct which is meant for ensuring ethical behavior. Their rights, duties, and privileges are well defined. They can be penalized for incompetence or negligence or for a violation of their conduct rules.

## Features of Public Policy

### Decision-Making

Decision-making is an integral part of policy making. Policy requires clear cut and straight forward decision-making along with bounded rationality approach while finalizing policy objectives.

### Reflects Key Guidelines

Public policy, in general, provides broad directives, rather than detailed information. Once the broad contours of policies have been decided up only then the framework is identified for translating the policy propositions into tangible realities.

### Action Oriented

Public policy making is intended to result in action to achieve the desired objective for accomplishing the mandate of public policy.

### Contemporary and Futuristic

This is one of the most important features of policy making. Policy making not only attempts to address current issues and problems but also is directed towards the future challenges. Urgent issues and pressing problems require immediate handling and for that policy could be rolled out on exigency basis. While policy priorities, objectives, constraints, and instruments are decided upon, the ever-present elements of uncertainty and suspicions surrounds nearly all policy-making exercises. Actual policy making is predisposed to formulation of policies in vague and flexible terms, in order to adjust according to emerging scenario and future uncertainties.

### Formulated by Governmental Agencies

Public policy, in for the most part, is primarily directed at governmental agencies and institutions. Public policy is also directed in partially towards private persons and nongovernmental agencies, but the final decision on policy choices, modality, objectives, instrument, and framework

is taken by the political executive supported by bureaucracy.

### Public Interest

"Public interest" is a broad term which encompasses various activities intended to achieve public welfare and good for all. Furthermore, the reflection of "public interest" influences the public policy-making process and therefore is considered as the most significant determinant of policy making.

### Optimum Utilization of Resources

Public policy making intends at achieving the policy goal through harnessing the various available resources like social, capital, human, physical, and environmental. Inappropriate assessment of resources, resource constraint, and poor utilization of resources could impose serious limitations on policy framing.

### Involvement of Various Agencies

Voters, workers, students, professional bodies, academicians, intellectuals, legislators, corporates, bureaucrats, political parties, political executives, judiciary, etc., are the various organs that participate in public policy formulation process through their inputs, aspirations, and demands and can influence the policy priorities and objectives to a great extent.

### Functions of Bureaucracy

Bureaucracy or Civil Servants play a key role in running the public administration by performing the following functions.

### Implementation of Governmental Policies and Laws

Bureaucracy plays an active role in implementing government policies and laws. Not even the best policies can yield positive outcomes if they are not properly implemented by bureaucracy.

### Policy-Formulation

Bureaucrats provide the necessary information and data which is essential for formulating Public Policy. It is the prime responsibility of political executive to frame the policy. However, without the integration of the bureaucracy in the policy-making process, policies cannot be formulated. Bureaucracy with its sere expertise, professional training, and command over the information becomes a big player in the policy-formulation process. Incorporating the practitioner's inputs into the policies within the broader framework of laws and regulations provides bureaucracy a commanding position in policy formulation.

### Managing Administration

To manage and operate the administration the administration of various departments lies with the bureaucracy. While running the administration it is imperative for the bureaucracy to ensure that the administration is carried out in the accordance with policies, rules, laws, and regulations. The Political Executives, however, perform supervisory and regulatory functions.

### Legislative Work

The bureaucrats are also involved in law-making in an indirect manner. Various bills which are submitted to legislature are drafted by civil servants.

### Revenue Collection and Financial Administration

Bureaucracy plays an important role in financial administration. They play an active role in financial planning, budget making, tax administration, etc. They collect taxes, detect evasions of taxes, and settle disputes. In all they manage the financial affairs of their country which is one of the essential components for administrative functioning.

### Data Repository

Bureaucrats keep all the government data and records in a systematic manner. Not only they collect data but also classify and analyze data of government activities. This data resource helps the civil servants for making public policies and plans. In the abundant information, it is even more essential to keep all the authentic data in the public domain as well for making transparency in the administration and ensuring accountability.

## Functions of Public Policy

### To Organize Society

Through state policies societal problems like inequality, poverty, malnutrition, injustice, etc., are dealt with, which results in maintaining peace and prosperity in society.

### To Control Conflict

Policy is used to regulate conflict in the society by formulating laws pertaining to law and order management for guiding the behavior of members of society.

### To Collect Revenue

Policies provide the provisions in regard to collection of taxes for generation of revenue.

### To Distribute and Redistribute Resources

Identification, assessment, distribution and redistribution of resources in a fair and transparent manner are one of the most significant objectives of public policy.

## Conclusion

Bureaucrats are involved in ensuring government to citizen and citizen to government connectivity, and this channel of communication and interaction attains special significance especially in the context of developing countries. The task of bureaucrats is not just limited to policy formulation and implementation but also in policy engagement. Engaging the people by adopting participatory approach in policy formulation and policy implementation is one of the fundamental aspects of modern day bureaucracy. Bureaucracy acts as a bridge between government and the people for achieving the desired objectives of the public policies. Bureaucracy identifies the problems and needs of the people and makes policies that satisfy their demands.

Policy making is a challenging task especially in the context of developing countries. The constraints lie on various fronts such as financial, legal, social, technological, environmental, political, and behavioral. The pressure groups, lobby groups, think tanks, rating agencies, global treaties are some of the most dominant factors which influence the policy making. Internal factors like demands from various groups and associations like farmers, youth, employees, traders, artisans, etc., is also a prime concern while making the policies.

Therefore it is obvious that policy making is a complex activity through which ethos of social justice, equity, and development of all are to be achieved. The bureaucrats remain under constant vigil to roll out public policies for serving the larger interest of all. Civil servants with their understanding of nuances of socioeconomic-political and administrative systems are supposed to cater the requirement of policy making in holistic perspective. Policy should stand the test of legal-judicial, regional, national, and ethical scrutiny in order to achieve the broader acceptability of the policy. It is pertinent to ensure that public policy should be drawn on the basis of participatory, democratic, and people-oriented approach.

It has also been observed that civil servants are highly class conscious. They conscientiously work to protect and further the interests of their class of civil servants. They are called the white-collar class because of their faith in their superior statuses as government officials. These tendencies need to be arrested for making the bureaucracy truly representative of public interest and committed to the task of advancing the ideology and pursuits of public welfare. Civil servants have the moral and professional responsibility to carry out their duties in the public interest. The pressure and lobby groups attempt to exert enormous influence in policy making for catering their own parochial interest; however, bureaucrats are required to act as the champion of the cause of social justice and public welfare. Civil servants being the agent of socioeconomic change hold the key to roll out public policies for achieving development of all, particularly of the impoverished, poor, voiceless, and vulnerable, sections of the society.

## Cross-References

► Bureaucracy and Democracy
► Bureaucracy and Efficiency

▶ Bureaucracy and Professionalism
▶ Bureaucracy and Public Opinion
▶ Bureaucracy Responsiveness
▶ Competence in Bureaucracy
▶ Politics and Bureaucracy

## References

Dye TR (1980) Understanding public policy. Prentice Hall Inc, Englewood Chiffs
Easton D (1965) A framework for political analysis. Prentice Hall, Englewood Chiffs
Laski H (1930) Bureaucracy. In: Encyclopedia of the social sciences, vol 3. Macmillan, New York
Lasswell HD (1971) A pre-view of policy sciences. Elsevier, New York
Mosca G (1939) The ruling class. McGraw-Hill, New York
Weber M (1946) Bureaucracy. Oxford University Press, New York
Willoughby WW (1919) The underlying concepts of democracy. In Cleveland and Schafer 1919:48–66
Wilson W (1887) The study of administration. Polit Sci Q 2:197–222

# Bureaucracy and Public Trust

Nurgul R. Aitalieva
Indiana University – Purdue University Fort Wayne, Fort Wayne, IN, USA

## Synonyms

Confidence; Corruption; Evaluation of government performance; Perceptions; Public opinion

## Definition

Political trust is an evaluative orientation of citizens toward their political system, or some part of it, based upon their normative expectations.

## Introduction

The political trust literature has expanded in recent years, mainly because declining trust in government has sparked an interest in this topic. Survey-based studies have observed diminishing levels of trust in government in countries with different political systems and cultures across the United States and Europe (Houston et al. 2016). Studies show that trust in public bureaucracy is actually higher than in other government institutions. However, the low and declining trust in public administration is assumed to be a global phenomenon (Van de Walle 2007). Policymakers often blame poor bureaucratic performance as a cause of the declining public trust. Thus, citizenry dissatisfaction with specific public services and its possible consequences on public trust warrants special attention.

Citizens experience government through interactions with "street level" bureaucrats. Therefore, government employees play an important role in shaping citizens' trust in government. Citizens and elected officials who maintain high levels of trust in public administrators will be likely to provide them with more discretionary authority and less direct oversight (Marlowe 2004). Successful governance requires public support for the implementation of policy programs (Miller and Listhaug 1990). Trust has to stay above some minimal level if public policy programs are to continue to function (Houston et al. 2016). Therefore, a lack of trust is a troubling phenomenon.

## Definition of Political Trust

Political trust is the trust that people place in political institutions or their leaders. It links ordinary citizens to the political system that is intended to represent them. Trust in government is not analogous to personal trust. Personal trust is much richer and involves a reciprocal relationship. Therefore, one should speak of confidence in government and not of trust in government. Nevertheless, scholars use both terminologies in their studies of citizen attitudes towards government. For example, Katzenstein (2000) uses the word "confidence" in defining what political trust means: political trust is "the public's confidence in representative democratic institutions, including

political parties, parliament, bureaucracies, the legal system, the police, and the armed forces" (p. 122).

Thus, political trust can be regarded as an evaluative orientation of citizens toward their political system, or some part of it, based upon their normative expectations (Hetherington 1998, p. 791). As Miller and Listhaug state, trust is "a summary judgment that the system is responsive, will do what is right, and take into account citizens' interests even in the absence of constant citizens' scrutiny" (p. 358). Blind (2007) suggests that "political trust happens when citizens appraise the government and its institutions, policy-making in general and/or the individual political leaders as promise-keeping, efficient, fair and honest" (pp. 3–4). When one says that government has lost public trust and confidence, it means that the public believes that government neither intends to take the public interests into account nor would government have the competence and capacity to act effectively even if it tried to do so.

Trust in government is thought to be generally associated with government's ability to deliver services, maintain economic growth, protect citizens, and resolve basic social issues. Some policymakers have generally referred to the performance of a specific public service as an explanation for decline of trust in government (Van de Walle 2007). Policy initiatives such as the National Performance Review in the United States and New Public Management in Europe were part of government reforms that emphasized competitive, customer-driven, and market-based solutions to perceived inefficiencies in the delivery of government services. These reforms assumed that public trust can be cultivated by improving the performance of public bureaucracy and the services it delivers.

## Importance of the Trust for Public Administration

Trust is fundamentally important for public administration because it addresses a number of central and interrelated concerns: discretion, accountability, oversight, public cooperation and compliance with laws and regulations (Marlowe 2004). Several examples from the literature emphasize these points. For instance, Murphy (2004) examines the role of trust with regard to individuals accused of tax evasion and finds that when these individuals feel poorly treated, it leads to a decrease in trust, which in turn affects their willingness to comply. This suggests that actions on the part of public administrators – as simple as acting fairly, treating others with respect, and entering into friendly consultation – engender trust. In this case, increasing levels of trust translates into greater citizen compliance. Likewise, Tyler (1998) argues that public trust increases citizens' compliance with government regulations based on the premise that trusting citizens are more likely to believe that government will treat them fairly.

Trust is also important to management for reasons other than merely securing citizen compliance. For example, Zand (1972) reveals that the introduction of increased levels of trust can dramatically affect problem solving effectiveness. In an experimental study, he finds that there are highly significant differences in the level of problem-solving effectiveness between business executives primed to expect trusting relationships with other actors in their environment as opposed to untrusting. These results suggest that trust, when properly nurtured, can positively affect problem-solving effectiveness. While this investigation did not examine trust relationships with regard to the public sector, nonetheless, its implications for public management are stark. Trust, if manifested at sufficient levels, has the capacity to break the ice between entities and thus helps to enable program implementation and facilitate effective decision making.

Trust in government may also affect the willingness of a person to enter public service. In other words, distrust of government may negatively affect the ability of government to recruit people to work in the public sector. A Pew Research Center study finds that those who distrust the federal government are less likely to believe the federal government is a good place to work, to recommend to young people to start their

careers in government, or to say they would personally prefer working for the government over business (Pew Research Center 2017).

## Public Opinion Surveys

A majority of public opinion surveys have focused on citizens' attitudes towards government, its representative institutions and leaders. In contrast, for many countries the time-series data on trust in public bureaucracy are simply unavailable. Three public opinion surveys are mostly used in studying trust in public administration: The General Social Survey, The International Social Survey Program, and the World Values Survey.

The General Social Survey (GSS) provides the most comprehensive set of data to track public confidence and trust in political institutions in the United States. Since 1972, The National Opinion Research Center (NORC) at the University of Chicago has been regularly collecting survey data on all three branches of American national government and various institutions, including public administration. In 1996, 2006, 2012, and 2016, the GSS included the question that elicits public attitudes toward public administrators: "How much do you agree or disagree with each of the following statements? Most government administrators can be trusted to do what is best for the country." A five-item ordinal response scale was provided for this question with responses ranging from "strongly disagree" to "strongly agree."

In terms of international data, the International Social Survey Program (ISSP) is one of the largest programs of cross-national research in the social sciences. ISSP was created in 1984 by four social science institutes in the United States (NORC), Australia, Great Britain, and West Germany. Currently, ISSP includes 57 member-nations. One of the ISSP's topical modules "Role of Government" includes the following question: "Please tick one box on each line to show how much you agree or disagree with each of the following statements. Most civil servants can be trusted to do what is best for the country." Respondents were presented with five response options ranging from "strongly disagree" to "strongly agree."

Another largest international social survey program is the World Values Survey (WVS). The World Values Survey examines standardized cross-cultural measures of human values and goals such as politics, economics, family values, communal identities, and civic engagement. The WVS started in 1981 as a part of the European Values Study. It is currently one of the most widely-used cross-national and time-series surveys. The WVS provides data from representative national samples of the public of almost 100 countries containing 90% of the world's population (The World Values Survey 2017). A frequently used question by researchers asks citizens about their confidence in the civil service system. Responses to the following survey question comprise the key variable of interest: "I am going to name a number of organizations. For each one, could you tell me how much confidence you have in them: The Civil service?" Response options are: "a great deal of confidence," "quite a lot of confidence," "not very much confidence" and "none at all."

## Determinants of Political Trust

Trust in public bureaucracy is a function of three distinct categories of explanatory variables: socio-cultural, socio-psychological, and attitudes towards other governmental institutions. The socio-cultural approach views public trust as "the product of social experiences and socialization" (Newton and Norris 2000, p. 60). Cultural theories of democracy suggest that trust is intergenerationally transmitted and deeply embedded in society. Erikson (1953) argues that trust is established in early infancy, mediated, in a general way, by the mother's handling of her child. Studies in psychology show that a basic disposition to trust is learned during early childhood and formative years. For example, Katz and Rotter (1969) find that about 75% of the variation in teenagers' trust levels could be explained by their parents' level of trusting attitudes toward other people. Trust is an individual property and

is associated with individual demographic features, social position, cultural identity, and personal life experience (Newton and Norris 2000). For instance, Putnam (2000) maintains that "[I]n virtually all societies 'have-nots' are less trusting than 'haves,' probably because haves are treated by others with more honesty and respect" (138). While the findings generally are mixed, the following correlates tend to be examined: sex, age, education, government employment, political ideology, and civic engagement.

The second set of correlates is based on a socio-psychological explanation. It argues that political trust is a basic aspect of personality traits. People either trust or do not trust. Erikson (1953) opines that a "basic trust" personality trait is formed during the first stage of psychological development of a child. If a child is raised in the warm and secure environment and his basic needs are met, the child's view of the world will be one of trust. Basic personality traits are enduring and they influence many aspects of people's behavior.

Social trust is the attitude toward other people and may be helpful in solving collective action problems. Across a lifetime, individuals learn to trust or distrust by experiencing how others within their society treat them and how, in turn, others react to their behavior. According to theories of interpersonal trust, attitudes toward public officials reflect a generalized trust in others (Houston 2008; Richardson et al. 2001). People who trust each other are more likely to cooperate with one another. Those who are trusting of others are less likely to worry about being treated unfairly by the political-administrative system. Interpersonal trust helps make political institutions work because it "spills over" into cooperation with people in local civic associations, and then "spills up" to create national networks that are essential if democracy is to work (Putnam 2000).

The third set of correlates explains trusting attitudes as a function of individual assessment of government performance. Contrary to cultural theories, institutional theories of democracy contend that citizen trust is the product of citizen evaluations of the economic and political performance of the government. Positive assessments of the workings of government should enhance trust towards the civil service. Individual assessment of government performance and attitudes towards government actors are used to identify the trusting personality.

A trusting attitude is a function of satisfaction with the performance of government officials and institutions. Citizens trust government because government is working for them. Citizen trust in government can be increased by improving citizens' perceptions of government performance (Marlowe 2004). "Public administrators have to be trustworthy in order to win citizens' trust, believing in local knowledge and action, listening to citizens' voices, sharing power with citizens, displaying trust and respect in the administrative process, and educating and engaging citizens" (Yang 2005, p. 283). The research shows that citizens who perceive government as performing well report higher levels of trust in public institutions (Christensen and Laegreid 2005; Marlowe 2004; Van Ryzin and Gregg 2011). For example, Christensen and Laegreid (2005) find that citizens who are satisfied with the treatment they receive from the public health, employment, and social services generally have a higher level of trust in public institutions than citizens who are not satisfied with their treatment. Furthermore, the study shows that being a consumer of specific public services is less important for people's level of trust in government than their degree of satisfaction with them.

The perceived trustworthiness of administrators also may be influenced by diffuse support for government. Trust in one political institution spills over into attitudes about other political institutions (Christensen and Laegreid 2005; Hetherington 1998). For instance, Marlowe (2004) finds that trust in public administrators is closely related to respondents' perceptions of government performance as well as their confidence in particular institutions such as Congress and the executive branch. Van de Walle (2007) finds that positive attitudes towards municipal services spillover to confidence in public servants. To the contrary, Americans' increasing dissatisfaction with Congress triggered their distrust of politicians and government in general (Hetherington 1998).

## Conclusion

Political trust is an evaluative orientation of citizens toward their political system, or some part of it, based upon their normative expectation. A minimum level of political trust is necessary for the stability of government institutions and effective implementation of public policies. Trust in political institutions and their actors enhance citizens' willingness to comply voluntarily with government laws, regulations, and policies. Citizens experience government through interactions with "street level" bureaucrats. Therefore, government employees play an important role in shaping citizens' trust in government. Citizens and elected officials who maintain high levels of trust in public administrators are likely to provide them with more discretionary authority and less direct oversight (Marlowe 2004). Successful governance requires public support for the implementation of policy programs (Miller and Listhaug 1990). Trust has to stay above some minimal level if public policy programs are to continue to function.

The deficit of trust in government has raised concern about the legitimacy of the public bureaucracy and its role in governance. Public administrators across the globe have looked to modernization efforts as a means to enhance public attitudes, with the reforms of the "new public management" gaining broad international implementation. Implicit in these reforms is the idea that public trust can be cultivated by improving the performance of the public bureaucracy and the services it delivers. In light of the New Public Management reforms, public administration scholars have turned their attention to studies of citizen attitudes towards the public service and the causes and consequences of these views.

## Cross-References


- ▶ Governance and Trust
- ▶ Public Attitudes and Corruption
- ▶ Trust in Government
- ▶ Trust in Government and Income Inequality


## References


Blind PK (2007) Building trust in government in the twenty-first century: review of literature and emerging issues. In: Presented at the 7th global forum on reinventing government, building trust in government, Vienna, Austria, June 26–29, 2007

Christensen T, Laegreid P (2005) Trust in government: the relative importance of service satisfaction, political factors, and demography. Public Perform Manage Rev 28(4):487–511

Erikson EH (1953) Growth and crises of the "healthy personality.". In: Kluckhohn C, Murray H (eds) Personality in nature, society, and culture, 2nd edn. Knopf, New York

Hetherington MJ (1998) The political relevance of political trust. Am Polit Sci Rev 92(4):791–808

Houston DJ, Aitalieva NR, Morelock A, Chris S (2016) Citizen trust in civil servants: a cross-national examination. Int J Public Admin 39(14):1203–1214

Houston DJ (2008) Behavior in the public square. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 177–199

Katz HA, Rotter JB (1969) Interpersonal trust scores of college students and their parents. Child Dev 40(2):657–661

Katzenstein PJ (2000) Confidence, trust, international relations, and lessons from smaller democracies. In: Pharr SJ, Putnam RD (eds) Disaffected democracies: what's troubling the trilateral countries. Princeton University Press, Princeton, pp 121–148

Marlowe J (2004) Part of the solution or cogs in the system? The origins and consequences of trust in public administrators. Public Integrity 6(2):93–113

Miller AH, Listhaug O (1990) Political parties and confidence in government: a comparison of Norway, Sweden, and the United States. Br J Polit Sci 20(3): 357–386

Murphy K (2004) The role of trust in nurturing compliance: a study of accused tax avoiders. Law Hum Behav 28(2):187–209

Newton K, Norris P (2000) Confidence in public institutions: faith culture, or performance? In: Pharr SJ, Putnam RD (eds) Disaffected democracies: what's troubling the trilateral countries. Princeton University Press, Princeton, pp 52–73

Pew Research Center (2017) Public trust in government remains near historic lows as Partisan attitudes shift [data file and codebook]. http://www.people-press.org/2017/05/03/public-trust-in-government-remains-near-historic-lows-as-partisan-attitudes-shift/

Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon & Schuster, New York

Richardson LE Jr, Houston DJ, Hadjiharalambous CS (2001) Public confidence in the leaders of American governmental institutions. In: Hibbing JR, Theiss-Morse E (eds) What is it about government that Americans dislike? Cambridge University Press, New York, pp 83–97

Ryzin V, Gregg G (2011) Outcome, process, and trust of civil servants. J Public Adm Res Theory 21(4):745–760
The World Values Survey (2017) Welcome to the World Values Survey site. http://www.worldvaluessurvey.org. Accessed 24 Oct 2017
Tyler TR (1998) Trust and democratic governance. In: Braithwaite V, Levi M (eds) Trust and governance. Russell Sage Foundation, New York, pp 269–294
Van de Walle S (2007) Determinants of confidence in the civil service: an international comparison. In: Schedler K, Proeller I (eds) Cultural aspects of public management reforms. Elsevier, Amsterdam, pp 171–201
Yang K (2005) Public administrators' trust in citizens: a missing link in citizen involvement efforts. Public Adm Rev 65(3):273–285
Zand DE (1972) Trust and managerial problem solving. Adm Sci Q 17(2):229–239

# Bureaucracy and Revolutions in the Arab World

Imane Hijal-Moghrabi
Public Administration and Leadership Program, The University of Texas of the Permian Basin, Odessa, TX, USA

## Synonyms

Administrative apparatus; Public administration; Public offices; Public service

## Definitions

Organizations of government in the Arab world; the machinery of government in the Arab world; the executive branch of organizations of Arab states

## Introduction

Public bureaucracy is the executive arm of government. It is a means through which government policies and programs are implemented and public services are delivered. As such, bureaucracy is the locus of government action and the key institution of governance and administration. It is extremely functional to system maintenance and regime enhancement, and its military-security functions are fundamental for maintaining order and stability (Farazmand 2009).

Because bureaucracy, in its very nature, stands for stability and order, it is often slow to cope with changes (Farazmand 2009). If this is the case, then how do bureaucracies and bureaucratic structures deal with revolutionary changes? Political thinkers have addressed the relationship between public bureaucracies and revolutions from different perspectives. Some, like Karl Marx, contended that old-regime loyalists can never be trusted. For a revolution to achieve its objectives and protect its gains, all government officials of the old regime must be removed and replaced with new ones who are supportive to the new regime. Others, like Lenin, limited the removal and the purge process to key officials only (Farazmand 2009).

This essay highlights the relationship between bureaucracy and revolutions in the context of the Arab world. The Arab world is that region of the world that extends over the Middle East and North Africa and comprises 22 countries, most of which share a common history, language, religion, and culture (Jreisat 2009). Arab bureaucracies refer to governmental organizations in those countries which comprise the public sector and the civil service as well as the military-security bureaucracy which has played a significant role in the recent history of the Arab world.

The discussion begins with a brief historical background and, then, proceeds with addressing the relationship between the bureaucracy and the three waves of revolutions that have occurred in the Arab world since the mid-twentieth century. The essay concludes with a reflection on the Arab bureaucracies and the need for socioeconomic development and cultural change in the Arab world.

## Historical Background

In the late eighteenth century, the Ottoman Empire – the last of the Islamic dynasties, which ruled the Middle East for about 400 years – started to weaken and to lose its territories in North Africa. That was a time where different Western

powers were in a continuous race for armament and colonization. They turned to the Middle East to fulfill their imperial ambitions. This process started with the abortive Napoleonic attempts to occupy Egypt in the late 1700s. Afterward, the French shifted their attention to the *Maghreb* – the territories to the northwest of Egypt – thus occupying Algeria in 1830, Tunisia in 1881, and Morocco in 1883. The British and the Italians followed the lead with Great Britain establishing a British protectorate in Egypt in 1882 and occupying the Sudan in 1898 and Italy invading and occupying Libya in 1911. The rest of the Arab-speaking lands in the Middle East – namely, the Fertile Crescent and the Arabian Peninsula – remained under the Ottoman rule until the end of World War I, with the political power in the Arabian Peninsula divided among the Ottomans, the British, and a few family administrations that had managed to maintain an uneasy form of local autonomy (Owen 2012).

In North Africa, colonial powers sought to create spheres of cultural and commercial influence by attempting to replace what they saw as "the stagnant character of Muslim oriental culture" (Hudson 1977, p. 123) with modern, but alien, European values and standards. Under Western colonization, freedoms were restricted. Individual rights were abused. National cultures were suppressed. And religion became a secret practice that people were afraid to show. Foreign occupation was faced with "the passivity of a society losing control of its destiny" (Hudson 1977, p.108). The end results were a nurtured culture of fear and submissiveness, a schizophrenic identity oscillating between the East and the West, and an anti-Western sentiment that was getting stronger with every passing day under occupation. People under the Ottoman rule were not better off than their counterparts in North Africa. They, too, were suffering from a similar kind of oppression and suppression by the Ottoman Turks, awaiting the moment they become independent to establish an Arab nation. They saw in World War I an opportunity to fulfill their dream.

In 1918, World War I ended. The Ottoman Empire collapsed. But what is known today as Arab states were far from being independent, and their long-lived dream of an Arab nation was soon dissipated with the Sykes-Picot Treaty of 1916, which divided the Ottoman territories in the Levant into colonies and spheres of influence. Under the new structure, Lebanon and Syria went to France while Palestine, Transjordan, and Iraq to England under what technically was termed the League of Nations mandates. Arab countries under these mandates were promised to get their independence after they become mature enough to rule themselves. Nevertheless, "they were run more like colonies than nations-to-be" (Owen 2012, p. 13).

## Bureaucracies and Revolutions in the Arab World

### First-Wave Revolutions: The Post-Independence Era

From the remnants of the Ottoman Empire, the Europeans constructed a modern nation-state system and drew the current map of the Middle East. More interestingly, they set up new standards for legitimacy without providing the mechanism for their achievement (Hudson 1977). Colonial bureaucracies were, in turn, "rigid in character, rule bound, exploitative, elitist, and repressive" (Farazmand 2009, p. 4). Under such administrative structure, old elites were destroyed, manipulated, or replaced by a new bourgeoisie, whose interests were in line with that of colonial powers.

Anger and malaise characterized the long decades of occupation. Intentionally or unintentionally, the Arabs became politicized. Years of oppression led to a wave of revolutionary movements and independence that started in 1920s and got intensified throughout the Arab world, especially after World War II. Egypt was the first to be liberated in 1922 followed by Iraq in 1932. Lebanon and Syria got their independence in the early 1940s. Other Arab states followed the lead. By the early 1960s, all countries in the Arab world were liberated.

As a result of this revolutionary wave, the Europeans started to withdraw their troops from the Middle East and North Africa, leaving behind a fragile nation-state system, which was not only hard to govern but also fraught with uncertainty and instability (Hudson 1977). The newly independent Arab states soon were engaged in

maintaining order and stability and in restructuring their governments. Lacking political and bureaucratic experience, Arab rulers borrowed the administrative concepts and practices of their colonial masters, which were mostly legalistic, bureaucratic, and hierarchical. However, these Western administrative norms were, in reality, superimposed over existing tribal, religious, and particularistic local practices, some of which evolved over centuries of Ottoman repressive rule that left deep prints all over the institutions of the Arab world (Jreisat 2009, p. 584).

Attempting to reconcile these opposing ideals and practices prompted excessively centralized and ruler-centered administrative structures that pay due regard and loyalty to the ruler. Under such a structure, the public office became a reward to loyalists and trusted relatives. As a result, entrenched systems of patronage, cronyism, and nepotism prevailed throughout the administrative machinery. Corruption became quite rampant, and governments were characterized with apathy and with their indifference to meet the socioeconomic demands of their people.

## Second-Wave Revolutions: The 1950s and 1960s Revolutionary Coups

The fragility of the post-independence state and its inability to contain struggle and class conflict and to meet the demands of the masses opened the way to revolutionary coups from within and from above the system without the mass violence from below which is typical of mass revolutions. Thus, in the 1950s and 1960s, revolutionary coups rather than constitutional procedures were the primary mechanism of change (Lynch 2012). As a result, monarchies and absolutist regimes in Egypt, Libya, Yemen, Syria, and Iraq were overthrown and replaced with revolutionary regimes whose leaders' foremost goals were to remove all residuals of colonial influence, to curb corruption, to promote more economic and social development, and to address centuries of inequalities.

Revolutionary coups placed almost total responsibility for the planning and implementation of massive economic and social development upon the shoulders of the bureaucracy. To this end, revolutionary regimes sought to follow a path of development through central planning that incorporated policies, projects, and programs formulated by the state (Jreisat 2009, p. 583). Socialist strategies, including nationalizations of foreign companies and banks, land reforms, large-scale redistribution of wealth, expansion of education, and state-led socioeconomic development, became the fad of the 1950s and 1960s. They were pursued by most Arab leaders in an attempt to improve what they thought to be the well-being of their masses. These revolutionary military coups, directly or indirectly, affected the size, composition, processes, and behavior of Arab bureaucracies.

### Purge Movements

The first challenge faced by the 1950s and 1960s revolutionary leaders in the Arab world was to control the military and the bureaucracy by removing all residuals of the old regime, which could seriously threaten the gains of the revolution. Accordingly, old bureaucratic elites and key officers were removed, fired, or, even, put in jails. Because revolutionary leaders are often skeptical about those who served the postcolonial regimes/monarchies could also serve the revolution, one of the early art, which is common to revolutionary governments, was the establishment of "purge committees" or conducting purge movements whose aim was to remove top officers who were loyal to postcolonial governments in an effort to ensure loyalty, integrity, and efficiency in government. For instance, as a result of the 1952 Revolution or the Free Officers Movement in Egypt, approximately one half of the senior officials of King Farouk's bureaucracy in Egypt fell victim of the purge committee (Palmer et al. 1988, p. 4).

### The Size of the Bureaucracy

Post-independence bureaucracies were clearly inadequate to the challenges of the revolutionary era. They were elitist, their number was small, and their structure was oriented toward control rather than development. Revolutionary regimes in the Arab world transformed the countries into bureaucratic states, whereby few areas of political, economic, and social life were free from government intervention in a way or another. As a result,

postrevolutionary bureaucracies expanded to meet the needs, demands, and responsibilities of the new era. In this sense, central development plans required the creation of numerous public organizational structures to implement proposed politics and objectives of these plans. Thus, it was deemed necessary to set up structures such as central planning boards and institutions of public administration (Jreisat 2009).

The size of the civil service was substantially affected. The number of governments' employee significantly increased as a result of the nationalization trend. For instance, the Egyptian bureaucracy expanded from 250,000 employees in 1952 to approximately 1,200,000 in 1970. Likewise, the number of ministries increased from 15 to 28 during the same period (Palmer et al. 1988, p. 4). This phenomenon of bureaucratic growth was not triggered solely by the staffing requirements of the bureaucracy and the newly acquired public sector. Bureaucratic expansion was also motivated by a conscious decision to use government services as a means of reducing intellectual unemployment among thousands of graduates emerging from the revolution's expanded education system. In Egypt, for instance, under the newly proclaimed "graduate policy," university students were guaranteed bureaucratic positions upon graduation (Palmer et al. 1988, p. 10). As years passed, however, the number of graduates demanding government employment exceeded the needs of the bureaucracy.

### The Composition of the Bureaucracy

The revolutionary coups not only affected the size of the civil service but also its composition. It is worth noting that with the advent of the European domination of the Arab world, natives, more specifically the elites, were encouraged to enter government service. As such, the gap between the bureaucracy and the masses remained large. Post-independence bureaucracies continued along the same lines, thus replacing one elite merely with another elite. Revolutionary coups radically altered the social composition of the bureaucracy. Free education policy (and the graduate policy in Egypt) democratized the bureaucracy by transforming it into a mass-based institution staffed by educated segments of the society.

### Bureaucratic Processes and Behaviors

In terms of processes, no fundamental change took place. Centralization had been pursued eagerly. The merit system, though in place in most Arab states, was ignored. Nepotism and favoritism, rather than merit and competence, served as the basis for recruitment. These mechanisms were used primarily to ensure control over the bureaucracy.

Likewise, bureaucratic behavior and indifference on the part of many officials were hard to change. The new regimes, once settled, soon returned to old bureaucratic practices – conformity with rigid rules, centralization, red tape, and pervasive corruption of all sorts. Low morale, low salaries, and fear from arbitrary actions contributed to the persistence and resurrection of old bureaucratic and dysfunctional behaviors.

### The Politicization of the Bureaucracy

The burden of social and economic development was not the only burden to be placed upon the shoulders of the bureaucracy. Bureaucracy was also responsible to effect ideological and philosophical changes through politicization. As defined by Farazmand (2009, p. 9), politicization is "an ideological process for indoctrination of the bureaucracy and the people dealing with it. Politicization injects certain ideological, political, and economic values toward specific goals and missions." For instance, during the Nasser era (1952–1970), the Egyptian bureaucracy was required to embrace socialism as an ideology and to impose this ideology upon the masses. The same applies to Libya under Qaddafi (1962–2013) and to Syria under the Ba'thist regime of the House of Assad (1963–present).

Ideologies die hard. The socialist ideology in Egypt, for instance, persisted long after the Nasser regime was over. "The dramatic shift in the public and foreign policy initiated by the Sadat regime did little to enhance the circumstances of the Egyptian bureaucracy. Socialism continued to be a key element in the ideology of the state. The revolution's infrastructure of the state planning,

price support, and public corporations remained dominant elements in Egypt's economic superstructure" (Palmer et al. 1988, p. 6).

### Controlling the Military

While coups were prominent in the 1950s and 1960s, this phenomenon was put into an end by the 1970s and the 1980s, and the Arab world since then has entered a state of stasis. Arab leaders who came to power through military coups feared the occurrence of counter-coups that might lead to overthrow their regimes. They, then, tried to either tightly control their military as is the case in Syria, Libya, and Yemen or marginalize its role as is the case in Tunisia while establishing and relying on a more powerful structure – the security state – instead. In Syria, to keep control over the army, most highest officials were derived from the Alawite minority – the loyalist supporter to the Ba'thist regime. The regimes in Yemen and Libya tightly controlled the army through appointing their elite and family members in commending positions.

### The Security State

The revolutionary coups of 1950s and 1960s ushered a new era of the most repressive regimes the region had ever had. In the first decade of the twenty-first century, most Arab republics were ruled by authoritarian leaders who increasingly used their growing political and bureaucratic powers to entrench themselves in office for decades (Lynch 2012).

Security bureaucracies have played an important role in enhancing the survival of authoritarian regimes in the Arab world. To ensure continuity, revolutionary Arab leaders established a robust "coercive apparatus" (Bellin 2005; Wedeen 1999) of authoritarian regimes that is rigid and over-immune against every sort of change. This apparatus has been characterized in most Arab presidencies with the monopoly of political life and the suppression of political opposition – the strict control over public sphere through the establishment of the security state – with the extensive network of intelligence services and oppressive policing (Lynch 2012; Wedeen 1999). In this sense, a state of emergency was legitimated by laws in many Arab states due to fear from further revolutions, and popular depoliticization became an increasingly observable phenomenon of public life. Accordingly, strikes, demonstrations, and public meetings were banned; newspapers were censored or closed down; civil societies were limited; and intellectual life was brought close to an end (Kiel and Hijal-Moghrabi 2017).

Arab regimes, set up by the 1950s and 1960s revolutions and military coups, failed in keeping up to their promises in establishing a modern state that is responsive to the needs and demands of the masses and in achieving social and economic development. Several decades after those revolutionary movements, Arab states are still lagging behind in economic and political development, social justice, and the provisions of services. Despite the dramatic change in the size and composition of most Arab bureaucracies, the gap between the bureaucracy and the masses persisted. Arab bureaucracies grew autistic, unresponsive to the needs of the people they are supposed to serve. In the same token, corruption prevailed, and Arab governments and institutions continue to rank in the lower half of the Transparency Index. It is not surprising that distrust in government and its institutions has become a common commodity.

## Third-Wave Revolutions: The Arab Spring Movement

Between December 2010 and 2013, the Arab scene witnessed a series of uprisings and protest movements, both violent and nonviolent, commonly known as the Arab Spring. For the first time after long decades of submission and silence, the Arabs in many Arab countries rose up against corrupt authoritarian regimes which they have, for decades, admitted to live under their reign. They rose up against poverty, corruption, poor services, and injustice.

The spark of the Arab Spring started in a remote area in Tunisia on December 10, 2010, when a young Tunisian graduate, Mohamed Bouazizi, whose necessity ended him up working as a street vendor, selling fruits and vegetables, set himself in fire after his cart, the only source of his earning, was confiscated by the police because he

did not possess the proper permit for its operation. His story immediately resonated across the Arab world, as it spoke to the woes of million others who share a common fate.

Observers reduced the causes of the Arab Spring to the dire economic circumstances in which the Arabs live (Maloney 2011). While poverty per se is not viewed as the region's real economic challenge (Maloney 2011), the main challenges lie in an endless list of socioeconomic problems, comprising economic structure, unequal wealth distribution, unemployment, underemployment, widespread corruption, low level of investment, cronyism, favoritism, inadequate infrastructure, rapid urbanization, and an inefficient public sector (Kiel and Hijal-Moghrabi 2017).

In many areas across the Arab world, including Egypt, Yemen, and the Sudan, problems of overpopulation, poverty, and illiteracy remained unresolved. Unemployment, underemployment, and uneven distribution of wealth are also common problems across the Arab world. With their rigid rules, procedures, and fiscal policies, Arab bureaucracies failed to play a dynamic role in stimulating the economy. They rather emerged as a major obstacle of economic development. As such, they failed in encouraging entrepreneurship and business activities and in prompting the creation of new jobs to assimilate the increasing numbers of graduated youths. To ease the pressure of excessive unemployment, bureaucracies and the public service expanded in size and expenditure to become the last resort and safety valve.

However, little, if any, has been gained from the Arab Spring. Several years after the Arab Spring revolutionary movements, Tunisia is still struggling to achieve democratic reforms and achieve growth; Egypt is caught up in a vicious circle of repression; and Syria and Yemen are drawn into endless civil wars that claimed the lives of thousands. In fact, these uprising movements have generated more turmoil in the Arab world and affected the ability of the bureaucracy to deliver adequate public services. Likewise, as a consequence of the protests, government expenditures increased dramatically, which worsened the budget deficit of those states.

## Conclusion

Since independence, Arab bureaucracies have played an important role in nation building and in the institutionalization of governance and administration. However, they fell short in assuming a dynamic role in promoting and achieving social and economic development. Likewise, Arab bureaucracies have failed in achieving progress in areas of political participation and citizen engagement in governance. This is, actually, not surprising because promoting such democratic ideals "would put bureaucracies in disagreement with the desires of political leaders who, in general, rule autocratically and pack government senior posts with relatives and loyalists" (Jreisat 2009, p. 588) to ensure forceful control over their bureaucratic machinery. After all, most Arab regimes are primarily concerned with ensuring system continuity and survival. Under such conditions, it is no wonder that professionalism and neutral competence are in short supply in most Arab bureaucracies and nepotism, patronage, and corruption are the norm.

Unfortunately, bureaucracies in the Arab world did not take advantage of the positive side of the bureaucratic model. They have, rather, experienced the downsides of this model. Hence, they grew rigid, slow, pathological, dysfunctional, undemocratic, and unresponsive to their people's needs and demands and, more importantly, as an impediment for economic growth and development.

Revolutions in the Arab world did not result in the magnitude of change that was hoped for from such movements. This can be explained partly by the very nature of the bureaucracy itself which is slow and, even, resistant to change and, partly, by the social and political culture in which those bureaucracies are embedded and which greatly shapes how bureaucracies function. Hofstede (1980) used the concept of cultural determinism to refer to the fact that every managerial act is the inevitable consequence of its cultural antecedents.

Cultural change, as Inglehart and Welzel (2005) argued, is "path dependent; different societies follow different trajectories when subject to the same forces of modernization" (p. 21). The

main reason is that cultural traditions have proven antifragile and far more persistent than one can imagine because they shape, and even dictate, how societies and their institutions develop (Kiel and Hijal-Moghrabi 2017).

Cultural change in the Arab world is only possible when democratic values and ideals find their way to the Arab states. Such democratic values emphasize public debate, free public forum and mass media, transparency, and accountability for results. This, in turn, necessitates economic growth and development. Inglehart and Welzel (2005) demonstrated that modernization is a process of human development, in which economic development gives rise to cultural changes that make individual autonomy, gender equality, and democracy increasingly likely. As such, Arab bureaucracies are called upon to assume their role in the development process, to enhance transparency, and to promote a more responsible and accountable governance. At the heart of this process is the need for gradual structural social, economic, political, and institutional transformations.

## Cross-References

► Bureaucracy and System Maintenance

## References

Bellin E (2005) Coercive institutions and coercive leaders. In: Posusney MP, Angrist MP (eds) Authoritarianism in the Middle East: regimes and resistance. Lynn Rienner, Boulder, pp 21–42

Farazmand A (2009) Bureaucracy and administration. Taylor & Francis, New York

Hofstede G (1980) Culture's consequences: international differences in work-related values. Sage, Beverly Hills

Hudson M (1977) Arab politics: the search for legitimacy. Yale University Press, New Haven

Inglehart R, Welzel C (2005) Modernization, cultural change, and democracy: the human development sequence. Cambridge University Press, New York

Jreisat J (2009) Bureaucracy and reform in the Arab world. In: Farazmand A (ed) Bureaucracy and administration. Taylor & Francis, New York, pp 583–595

Kiel D, Hijal-Moghrabi I (2017) When the ground shakes: the Arab spring and its dynamics from a Lens of complexity science. In: Lost in translation: forgotten paradigms of the Arab spring. Sussex Academic Press, Portland, OR

Lynch M (2012) The Arab uprising: the unfinished revolutions of the new Middle East. PublicAffairs Store, New York

Maloney S (2011) The economic dimension: the price of freedom. In: Byman DL, Al-Turk A, Baev P, Doran MS, Elgindy K, Grand SR, . . ., Yerkes SE (eds) The Arab awakening: America and the transformation of the Middle East. Brookings Institution Press, Washington, DC, pp 66–75

Owen R (2012) The rise and fall of Arab presidents for life. Harvard University Press, Cambridge, MA

Palmer M, Leila A, Yassin E (1988) The Egyptian bureaucracy. Syracuse University Press, New York

Wedeen L (1999) Ambiguities of domination: politics, rhetoric, and symbols in contemporary Syria. University of Chicago Press, Chicago

# Bureaucracy and Service Delivery

Tarmo Puolokainen[1] and Annika Jaansoo[2]
[1]School of Economics and Business Administration, University of Tartu, Tartu, Estonia
[2]Department of Public Administration, University of Twente, Enschede, The Netherlands

## Synonyms

Co-production; Direct service delivery; Outsourcing; Public-private partnership; Service delivering; Service provision

## Definition

Bureaucracy: A body of nonelective government officials or an administrative policy-making group

Service delivery: Passing a service to a client.

## Introduction

Bureaucracy has been involved in the service delivery in one way or another throughout the

formation of bureaucracy's history. *Bureaucracy* can be defined as a body of nonelective government officials or an administrative policy-making group. Bureaucracy has several roles in forming the environment of the citizens: they must make decisions about influential impacts to local life and community and they have the obligation to provide public services. According to Alford and O'Flynn (2012), the term *service delivery* is typically used to refer to the provision of outputs (such as welfare benefits, school classes, roads) rather than outcomes (such as mitigation of poverty, improved literacy, road safety). In addition, it mostly implies to the service provision to the clients of the government entities and not to the entities themselves. According to Torres and Pina (2002), the public services can be delivered (in addition to inhouse provision) by government corporations, franchising, in association with public and private entities, in association with other municipalities, or by nongovernmental organizations, including voluntary organizations. To choose the most suitable for a specific service is a difficult task.

This entry aims to classify the possibilities of public service delivery from the bureaucracy's point of view, following the natural evolution of the service delivery. In addition, the advantages and disadvantages of each service delivery method are briefly discussed. The possibilities are introduced through the framework of three main paradigms in the Anglo-American public administration literature: "Old" Public Administration, New Public Management, and New Public Governance.

## Direct Service Delivery and "Old" Public Administration

The bureaucracy as a major producer of services is a rather recent concept (Alford and O'Flynn 2012), emerging since the late nineteenth century. Before that, the rulers at the time used extensively the services of private actors and community-based provision. One must note that many services (such as social services, state welfare) were nonexistent, and the typical governmental functions were limited to defense, foreign affairs, postal services, and the making of laws to regulate private actors (Alford and O'Flynn 2012). Since the industrial revolution and emerging middle-class, the social problems intensified, leading to proposing that social services such as education, health care, housing, and income security would become publicly provided. After the Second World War, due to the big economic growth in the 1950–1970s, the governments were able to raise revenues without increasing the tax rates unduly, which in turn heightened the expectations to the public service provision.

The main paradigm, which characterizes that era, is now named "Old" Public Administration (OPA) by the researchers in the public administration. OPA has the following characteristics (Denhardt and Denhardt 2000): politically neutral, focusing on direct delivery of services. According to this approach, the best organizational structure would be a centralized bureaucracy, with top-down control mechanisms, limiting discretion as much as possible. Bureaucracies seek to be closed systems to the extent possible, thus limiting citizen involvement. Efficiency and rationality are the most important values in public organizations. Bureaucracy does not play a central role in policy making and governance; rather, they are charged with the efficient implementation of public objectives. In case of OPA, the results of public agency are fixed by laws and accounting techniques (information about costs). In that period, most of the services were delivered directly by the bureaucracy.

## Outsourcing and New Public Management

After the boom comes the bust, in the 1970s, opposing trend arises, in which the "big government" was considered to be too strong and regulating excessively. The economic crisis tightened the fiscal situation of governments and the increasing pressure to governments' entities (public agencies, municipalities, regions)

imposed by growing scale of social and economic processes and the growing power in terms of tasks and competencies were forcing the entities to elaborate the ways of delivering public services. One frequently used option was to privatize some government functions, which was implemented first by the Thatcher administration in the United Kingdom. This was mainly justified by the will to withdraw the governments' share in the market production, which in turn would lower public debts and limit money supply. Another cause was to reduce the influence of labor unions in the government decision-making and to intensify the private markets and gain political support.

In the public administration literature, more focus went from then on to business-like management approaches, labelled under New Public Management and popularized by Hood (1991), Osborne (1993), etc. The NPM approach took off in the 1980s and has influence on public reforms to date. The NPM opposed the traditional OPA approach, as Hood (1991) points out its main doctrines: hands-on professional management, explicit standards and measures of performance, greater emphasis on output controls, shift to disaggregation of units in the public sector, shift to greater competition in public sector, stress on private-sector styles of management practice and on greater discipline and parsimony in resource use (efficiency improvement). So, in that era, in addition to privatization of services, also outsourcing and contracting-out took place.

There are many ways to deliver public services: by government corporations, franchising, in association with public and private entities, in association with other municipalities, and by non-governmental organizations including voluntary organizations. Delivery via each and every one of them has its strengths and weaknesses.

*Government corporation (or government-owned corporation)* – a corporation set up by a national or subnational government to carry out business transactions for its behalf – is one way to deliver public services. The delivery through government corporations differs from direct delivery as government corporations have greater commercial freedom and are usually operating according to commercial criteria. Furthermore, the production and delivery decisions are not generally taken by government even though the goals for government corporations may be set by government. Through the government-owned corporations, government can directly fund unprofitable business, e.g., railway services to remote areas. Government-owned corporations are common in case of natural monopolies and infrastructure (e.g., railways, telecommunications), strategic goods and services (e.g., postal services, weapons), natural resources and energy, politically sensitive businesses, broadcasting, banking, demerit goods (e.g., alcoholic beverages), and merit goods (e.g., healthcare) but also in local level water distribution and central heating. Government-owned enterprises cannot be declared bankrupt as government is responsible for its liabilities.

*Franchise agreement* is an arrangement in which bureaucracy grants a private organization (or organizations) authority to provide a particular public service within a certain geographic area, e.g., bureaucracy, instead of providing trash collection, may grant a franchise to a private collector who is then authorized exclusively to sell the service to residents in that jurisdiction. The primary benefit to franchising is that it allows a government to completely turn a service over to a private firm, while still allowing government officials to set service standards, levels, and rate structures. The citizen pays the provider directly for a service received instead of paying for the service out of general tax. The local government may regulate the service level, quality, or price charged. Franchising is used most frequently for residential and commercial solid waste collection, public utility functions, airport operations, vehicle towing and storage, and ambulance service and emergency medical service. The first concern about franchising is the issue of equity, i.e., all citizens, regardless of income, receive essential public services. This is an issue every bureaucracy has to look into, i.e., how much franchising will affect equity and what can be done about it

(e.g., providing vouchers for low-income citizens). Secondly, franchising may arise legal concerns as only private organization(s) receiving a franchise agreement are allowed to participate in the public service delivery and others are excluded. Finally, franchising tends to work best when citizens are knowledgeable about what various providers have to offer (assuming more than one firm receives a franchise) and can freely and easily change providers. However, there is a concern that citizens may have to pay more if there is a lack of competition among providers.

*Public-private partnership (PPP)* can be defined as typically a long-term agreement between a private party and a government entity for providing public service in which the private party bears significant risk and management responsibility, and remuneration is linked to performance. Public-private partnerships may contain varying degrees of risk, i.e., leaving the public entity exposed to fiscal and/or political fallout if proper due diligence does not occur, if the private partner fails to perform, or if expected project outcomes do not happen.

*Intergovernmental contracting* is an agreement made between two or more (subnational) governments to cooperate in public service provision. Intergovernmental contracting can improve services, save money through economies of scale, and lead to a culture of intercommunity cooperation in many areas. However, from the negative point of view, intergovernmental contracts can, by consolidating resources, reduce local control. This loss of some local control can produce a voter backlash, especially if not accompanied by commensurate local tax reduction.

*Nongovernmental organizations including voluntary organizations*. The use of nongovernmental organizations is a common practice in certain service areas such as fire, recreation, and human services. Outsourcing services to those organizations is beneficial in many ways. Firstly, in case of low-level competition in service market, nonprofit organizations including voluntary organizations are highly seen as an alternative. Secondly, bureaucracy, faced with declining resources and, in most cases, increasing demands for services are using voluntary organizations as one potential alternative for coping with such a complex environment. Furthermore, as those organizations have often been a familiar part of subnational government operations, it is easier to include those organizations. And finally, often voluntary organizations are not given direct compensation, although they may receive reimbursement for "out of pocket" expenses.

The movement towards outsourcing public services was based on public choice assumptions (increased choice, efficiency concerns, objective for better alignment of managerial objectives with citizen concerns, and promotion of local economic development) (Savas 1987; Osborne 1993). Outsourcing as one form of delivering public services is well discussed among scholars. Interesting in here is that the scholars are divided into two: one part is praising this form of public service delivery and the other one is completely against it. Proponents argue that such market-oriented strategies are important for improving the efficiency and effectiveness of public services, therefore reducing the costs and relieving the local governments' fiscal stress. At the same time opponents are saying that outsourcing leads to inequities in public services and carries substantial risks of waste or fraud; it often hollows out the expertise and problem-solving capacity from the public sector. It may also lead to inflexibility and create coordination difficulties concurrently making the government less accountable to its citizenry. There are also made several case studies to approve the views of one or another side.

## Co-production and New Public Governance

After and alongside the heavy privatization and outsourcing wave of government functions, the unfulfilled promises of efficiency gains and increases in service quality resulted in varied options to alternate the service delivery. Although one of the NPM initial ideas has been the

decentralization and horizontal specialization in public agencies, it has been evident that there is an increasing need for coordination and coherence in public policy, which has resulted in the re-centralization and restoration of the hierarchy (Christensen 2012). This process has been defined as post-NPM reform and has been the reaction to the "pillarization" of the public sector (Pollitt 2003) – the structural devolution encouraged by NPM ideas had ignored the need for horizontal planning and coordination (Fimreite and Lægreid 2009).

Following NPM, the post-NPM has key concepts of coordination, centralization, governance, networks, and partnerships (Christensen 2012). Christensen (2012) also argues that both approaches have overlapping and are not exclusive when discussing reform tools. This includes initiatives involving co-production by citizens, volunteers, or clients, along with nonprofit organizations. In the light of concerns about citizen engagement and the role of government, since 2000 the arrangements of service delivery have become more diverse and comprehensive (as well as more complicated) as more attention has been given to social choice concerns on the interaction between citizens and government (Denhardt and Denhardt 2000). Bouckaert (2009) describes the zig-zag action-reaction character of public reforms, meaning that the reforms follow a sequence of finding a solution to a problem created by the last reform. This sequence is never-ending. The last decade, however, has not seen a dominant model of public management (Pollitt and Bouckaert 2011), which is also true for the service delivery methods.

The concept of co-production emerged as it was recognized that services rely as much upon the unacknowledged knowledge, assets, and efforts of service users as the expertise of the professional providers, i.e., far from being passive consumers or needy drains of public finances, people in community is understood as important agent with the capacity to design and deliver services with improved outcomes. Co-production as not only a method but also a mind-set of service delivery is very different from other service delivery models discussed above. It fundamentally alters the relationship between service providers and users as well as emphasizes community as active agents, not passive beneficiaries as it has been so far. However, the radically different nature of this service delivery method is also a reason of many significant challenges that the ones wishing to use this method are facing. The biggest challenge in establishing co-production is existing structures and frameworks of service delivery. Firstly, the size – the co-production suits better to smaller organizations (traditionally those in the third sector) that are more used to working in less structured and hierarchical ways. Secondly, development of professional skills required for co-production (e.g., seeing customers through wider perspective). Thirdly, community has to start seeing itself as the ones that can make a difference – i.e., "clients" are not anymore passive receivers of a service. The criticism about the co-production has mainly been about blurring the lines of responsibly for the quality of services, and the services will look different in different areas as the resources and needs identified by communities in different areas are different.

## So, Which Delivery Method to Which Service?

As discussed in the previous sections, there are many ways for public service delivery. For each service delivery option, there is a theory that would justify the use of exactly this delivery option. However, there are two indicators – the presence of competition and service characteristics – that help bureaucrats determine whether or not to outsource a particular service and what kind of delivery method to use. The thumb rule is that only those public services will be outsourced which will have some competition. The presence of competition is important to guarantee the best ratio between the quality and price for the citizens. In case of services with no competition or in case the service is provided in low-competition area, the services are provided by (subnational) government itself. The service characteristics –

properties of scale economies, asset specificity, and measurability – are important in determining which service delivery method to use, i.e., should the service be delivered in-house or contracted out and in case of contracting out – what kind of contracting to use. Services with obvious properties of scale economies (e.g., urban transportation, garbage collection, and water sanitation) often are mentioned as strong candidates for intergovernmental contracting because of the expected cost savings from large-scale projects (LeRoux and Carr 2007). Asset specificity of a service means whether specialized investments are required to produce or deliver the service. When asset specificity is relatively low, the service is relatively standard and may be purchased from a variety of suppliers, i.e., transactions are standardized (as opposed to customized) and the private market could be an efficient means of production. Service measurability means, how easily service outputs can be measured (or observed). Governments are usually providing easily measurable services via external providers.

## Conclusion

The increasing pressure to bureaucracy imposed by growing scale of social and economic processes and the growing power in terms of tasks and competencies are forcing bureaucracy to think more and more about the ways of delivering public services. Delivery options like privatizing, outsourcing, collaboration, partnerships, and co-production have all been in one or other way the so-called "flavor of the month" pushed onto bureaucracy either by instruction, exhortation, legislation, or financial necessity. This brief overview was discussing the options for public service delivery following the history of public management theories.

## Cross-References


- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Outsourcing
- ▶ Centralization and Decentralization
- ▶ Citizen Participation in Public Management
- ▶ Competition and Nonprofit Organizations
- ▶ Contracting with Government
- ▶ Co-production and Governance
- ▶ Managerial Functions in the Public Sector
- ▶ Needs Assessment and Nonprofit Organizations
- ▶ New Public Management
- ▶ One-Step-Shop in Service Delivery in Kenya
- ▶ Outsourcing Public Services
- ▶ Privatization in Local Governments
- ▶ Public-Private Partnership and Governance
- ▶ Volunteers in the Public Sector


## References


Alford J, O'Flynn J (2012) Rethinking public service delivery: managing with external providers. Palgrave Macmillan, Basingstoke, 328 p

Bouckaert G (2009) Public sector reform in Central and Eastern Europe. Halduskultuur 10:94–104

Christensen T (2012) Global ideas and modern public sector reforms: a theoretical elaboration and empirical discussion of a neoinstitutional theory. Am Rev Public Adm 42(6):635–653

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Fimreite AL, Lægreid P (2009) Reorganizing the welfare state organization: partnership, networks and accountability. Public Manag Rev 11(3): 284–297

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

LeRoux K, Carr JB (2007) Explaining local government cooperation on public works: evidence from Michigan. Public Works Manag Policy 12(1): 344–358

Osborne D (1993) Reinventing government. Public Prod Manag Rev 16(4):349–356

Pollitt C (2003) Joined-up government: a survey. Polit Stud Rev 1:34–49

Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis – NPM, governance and the neo-Weberian state, 3rd edn. Oxford University Press, Oxford

Savas ES (1987) Privatization: the key to better government. Chatham House Publishing, Chatham

Torres L, Pina V (2002) Delivering public services – mechanisms and consequences: changes in public service delivery in the EU countries. Public Money Manag 22(4):41–48

# Bureaucracy and System Maintenance

Alexander Larionov
Public Service Improvement Center, Institute of Economic Policy and Economic Security Problems, National Research University Higher School of Economics, Financial University under the Government of the Russian Federation, Moscow, Russia

## Synonyms

Bureaucracy and smooth functioning; Bureaucracy and system stability; Bureaucracy and system sustainability; Public administration and system sustainability

## Definitions

| | |
|---|---|
| Bureaucracy | Nonelected government officials characterized by the specialization of functions, adherence to fixed rules, and a hierarchy (adjusted from Merriam-Webster 2020). |
| System maintenance | Maintaining the stability of the current elements of the system and creating conditions for its sustainable development. |

Bureaucracy permeates all state authorities to regulate their areas of responsibilities. Effective bureaucracy means a balance between costs and results. When this balance is violated, bureaucracy becomes inefficient (Klimenko and Barabashev 2017). For instance, excessive regulation leads to excessive costs negatively affecting the stability of the system maintenance. Bureaucracy develops a set of rules that evolve into state policies. The effectiveness of national bureaucracy depends not only on the quantity of policies developed, but also on the quality of their implementation. Efficient bureaucracy supports the stability of the state and the political system. Bureaucracy develops administrative procedures and maintains security. Performing these functions may lead to an imbalance in the costs (Farazmand 2009). The bureaucracy determines the rules that affect the entire system under its control. An imbalance in organization and goals leads to the inefficiency of the bureaucracy. By issuing policies, national bureaucracy directly affects the economic system, including its economic growth (Libman 2017). National bureaucracy ensures the system's sustainability and its development through legislative activities. (These systems could be the medical system, the insurance system, the educational system, and the banking system, comprising the state system in its entirety.) To ensure systemic economic and political viability, the state uses various tools of influence. Their effectiveness depends on the characteristics of the target system.

Bureaucracy carries out its operations through the calculated expenditure of funds and the conclusion of agreements with private entities. An important factor for effective bureaucracy is strict budget control and a sufficient level of judicial regulation. Poor control over bureaucracy results in payoffs to bureaucrats (Farazmand 1989). In contrast, an effectively functioning bureaucracy ensures the stability of the political system and the implementation of established rules. Ideally, bureaucracy should be balanced between performing administrative procedures and performing security tasks. Maintaining this balance maintains the system's stability.

State regulation is a tool of the rational administration determining the rules of activity and the procedural aspects of the system (Whatcott 1974). Every system consists of various elements. State policies developed and enforced by bureaucracies affect these elements. One unifying feature for all systems is interaction between people, including the legislative bureaucracy that produces systemic policies, on the one hand, and the populace regulated by these policies, on the other hand. All systems inevitably generate the so-called "behavioral factor" (Maslenikov 2000). Bureaucracy supports the stability of the state, but it consists of individuals with varying professional qualifications and convictions. In this regard, when

changing the political course, it is also necessary to ensure a change in the personnel composition of bureaucracy. The evolution of the state requires the development of a modern public administration, the effectiveness of which depends on the individual bureaucrats and target audience. The analysis of behavioral factors is one of the key elements to ensure system maintenance.

A governmental employee should follow the rules when making a bureaucratic decision. However, the lack of necessary qualifications usually leads to faulty decision-making. A lack of qualified governmental employees dramatically decreases the performance of administrative procedures (Farazmand 1994). As a result, even if there is a developed regulatory system supported by perfect bureaucratic policies, there may be errors due to the "behavioral factor." The "behavioral factor" depends on the individual goals of employees responsible for system maintenance. State regulation heavily depends on the mechanisms of the "behavioral factor" in the system. Even if there is a developed set of policies, an employee might not possess the qualifications or willingness to fulfill their obligations. The goals of a civil servant may not correspond to the goals of the state body and state policy. This mismatch of goals leads to bureaucratic inefficiency. This problem is closely related to the topic of Public Service Motivation (Gans-Morse et al. 2019).

The system is a complex organism involving various areas of activity. In order to ensure economic growth, bureaucracy must maintain the system's sustainability. Bureaucracy influences the system through developing and maintaining different policies and regulations. The bureaucracy's policies depend on its objectives, including goals to achieve the targets. The "behavioral factor" is embedded in all systems consisting of people and may affect the attainability of the state's goals.

Researching the "behavioral factor" is pivotal for determining and improving a bureaucracy's effectiveness in the regulation of its systems. This essay contains theoretical aspects of the systemic approach and the adaptive, reactive, and active types of behavior (Maslenikov 2000). The analysis can be applied to the interaction of bureaucracy and systems in different areas, such as insurance systems, pension systems, the medical system, and the educational system. These systems include the "behavioral factor" affecting their functioning.

B

## The "Behavioral Factor"

The "behavioral factor" of the system depends upon decision-making mechanisms. External users, such as consumers, state, and banking bureaucracies, ensure the system's cohesion and internal links. The influence of bureaucratic policies on the system depends on the "behavioral factor" (Maslenikov 2000). All systems pursue their own internal objectives. Bureaucracy, using available tools, regulates the system. If bureaucracy regulates without considering the "behavioral factor," this may negatively affect the system. The system consists of various policies reflecting guidelines produced by the bureaucracy, which should strive to create institutional conditions to implement the most favorable behaviors. Based on Blauberg's theory, the following types of system behavior have been identified: *active*, *adaptive*, and *reactive* (Maslenikov 2000) (Table 1). These types of behavior are common to all systems. The type of behavior may change depending on external conditions and the information received. Bureaucracy affects supervised systems by causing certain behaviors.

*Active behavior* implies the subject's ability to influence bureaucracy usually through lobbying. As a rule, active behavior is implemented through associations, labor, trade, and production unions. Associations and unions can hammer out a shared opinion and present it to the bureaucracy in order to adjust the policy. Active behavior leads to changes in the external environment and can also be implemented through active interaction with civil servants in the framework of joint events, conferences, sending official requests, etc.

*Adaptive behavior* takes into account the influence of the organizational environment on the system, and the system's reaction to it. The system's adaptive behavior assumes that subjects of influence receive signals from the bureaucracy,

**Bureaucracy and System Maintenance, Table 1** The "behavioral factor" in terms of systemic approach

| Types of behavior | Description |
|---|---|
| Active | The object of influence affects the subject of influence. An example of this behavior is the influence of middle enterprisers on the Ministry of Economy though lobbying |
| Adaptive | The object of influence experiences the influence of the subject, but has the ability to adapt to it independently, providing internal resistance. An example of this behavior is the implementation of bureaucratic supervision requirements |
| Reactive | The object of influence precisely fulfills all the requirements of the subject of influence taking no action. For instance, the Ministry of Economy has introduced favorable tax conditions, but no business actors express interest in using them |

Source: author based on Maslenikov (2000)

but also have freedom to implement the proposed recommendations. The bureaucracy issues requirements to subjects and they must comply. For example, the bureaucracy introduces supervisory norms. Individual approaches to fulfilling supervisory norms remain the subjects' strategic decision. Occasionally, local bureaucracy distorts the terms provided to subjects for a variety of reasons. Even in this case, the regulated system must demonstrate adaptive behavior.

*Reactive behavior* is associated with the reaction of the system to external influences. The higher the degree of reaction, the stronger the predominant reactive behavior in the system. This type of behavior assumes that bureaucracy determines the parameters of the system, and the system's subjects execute the bureaucracy's requirements. Subjects do not determine the method of execution of the received signal. They do not react to the bureaucracy's policy. An example of this behavior is the creation of subsidies that businesses do not use.

Bureaucracy encounters all three types of behavior which provide different challenges to the system. The type of behavior largely depends on the identical nature of the objectives of the bureaucracy and the regulated system. They could have different objectives some of which are aligned, some of which are not. All types of system behavior occur, but, in noncrisis conditions, there should be a predominance of adaptive and active behavior. During crises, increased governmental involvement enforces reactive behavior, supporting the system's maintenance and sustainability by manually managing the system. The formation of behavior types depends on cultural and educational factors. The type of behavior is also influenced by the previous experience of interaction between the system and the bureaucracy. Systems can develop certain algorithms and behavior models which are applied depending on the signal being sent by the bureaucracy. All three types of behavior are systemically essential to counter all potential challenges capitalizing on the human and social capital of its employees.

Different systems are also associated with the "behavioral factor." Accounting for behavioral aspects is necessary to improve the effectiveness of the regulatory system. Clear rules of regulation and the high qualifications of officials will improve the effectiveness of the bureaucracy. The bureaucracy itself will be less susceptible to the "behavioral factor," because it has a clear regulatory framework. The "behavioral factor" still exists but the bureaucracy's internal processes are less subject to it. Government bodies operate slightly differently in comparison to commercial bodies. The duality of the situation is underpinned by the imminent clash between state and private bureaucracies which originates in the "behavioral factor." The employees of a commercial body are oriented toward profit generation, whereas the bureaucrats are oriented toward system maintenance. Although a clear regulatory framework reduces the impact of the "behavioral factor," the bureaucracy tends to constantly grow, reaching a state of inefficiency. In this regard, it is necessary to analyze the powers of bureaucracy and reduce redundant functions (Klimenko and Klishch 2013). Encouraging the desired type of behaviors within the bureaucracy is possible through the use of performance indicators.

## Conclusion

The bureaucracy is responsible for maintaining the system's stability. This largely depends on the qualifications and efficiency of civil servants. There is a "behavioral factor" in all interactions between a bureaucracy and a system. The "behavioral factor" affects system stability through three types of behavior: active, adaptive, and reactive. The types of behavior of a regulated system depend not only on internal factors but also on the preferred bureaucratic policy. Bureaucracy faces the challenge of how to select and maintain the desired type of behavior depending on the economic situation. A thorough understanding of the "behavioral factor" characteristic for specific bureaucracies and systems is key for system maintenance.

## Cross-References


- ▶ Bureaucracy and Economic Growth
- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Public Policy
- ▶ Development Administration from System Perspective


## References


Farazmand A (1989) The state, bureaucracy, and revolution in modern Iran: agrarian reforms and regime politics. Praeger, New York

Farazmand A (ed) (1994) Handbook of bureaucracy. Marcel Dekker, New York

Farazmand A (ed) (2009) Bureaucracy and administration. CRC Press, New York

Gans-Morse J, Kalgin A, Klimenko A, Vorobyev D, Yakovlev A (2019) Public service motivation as a predictor of altruism, dishonesty, and corruption. Evanston: working paper series. WP-19-16. Northwestern Institute for Policy Research

Klimenko A, Barabashev A (2017) Russian governance changes and performance. Chinese Political Sci Rev 2, 22–39

Klimenko A, Klishch N (2013) Is it possible to save money on bureaucracy? Public Adm Issues 3, 90–109

Libman A (2017) Bureaucracy and economic growth. In: Farazmand (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham: Springer International Publishing, pp 1–8

Maslenikov V (2000) Factori razvitia nazionalnich bankovskich system. SPBGUEF, Saint Petersburg

Merriam-Webster (2020, February 11) Bureaucracy. Retrieved from https://www.merriam-webster.com/dictionary/bureaucracy

Whatcott W (1974) Bureaucratic focus and service delivery. Soc Work 19, 432–437


B

# Bureaucracy and the New Public Management


Angelo Erbacci[1] and Giuseppe Catalano[2]

[1]INEMA srl, Strategy and Operations Management, Bologna, Italy

[2]Sapienza – Università di Roma, Rome, Italy


## Synonyms

Expenditure reduction; Spending containment; Spending cuts

## Definitions

| | |
|---|---|
| Bureaucracies | Public organizations (organizations/units that provide public services) |
| New Public Management | A model of public administration that promotes the professionalization of public service managers for the purpose of reforming bureaucracy and emphasizing efficiency, cost control, and the quality of services |
| Spending review | Managerial process introduced by bureaucracy in order to reduce public spending |

## Introduction

After several years from the advent of the global financial crisis, the economic situation of many of the world's most advanced countries still seems to be affected by its startling consequences. This situation, characterized by international calls

for interventions to promote growth and foster fiscal consolidation and financial sustainability, is a direct consequence of the 2008 financial crisis. Many governments have tried to address these issues following *pro-cyclical* fiscal policies (OECD 2011). This choice refers to the strategy of decreasing spending and increasing revenues (tax and public services incomes). While this option is the more direct with the achievement of financial sustainability and fiscal consolidation, as a matter of fact, it is quite difficult to be implemented because it is characterized by the struggles in reducing spending.

In order to reduce public spending, many countries launched austerity action plans, even characterized by the introduction of *New Public Management* (NPM) reforms aimed at increasing the efficiency of bureaucracies. This brief chapter discusses the introduction of the spending review as tool inspired by the NPM movement.

In particular, the objective of this work is to present the potentiality of spending reviews in reducing public spending in bureaucracies, by examining this tool and its differences with other budgetary and regulatory tools of bureaucracies. Finally, in the conclusion, some concerns about the challenges in implementing spending reviews are presented.

## What Is the Spending Review?

In common terms the spending review may be defined as a budget revision process that consists essentially of an analytical evaluation of all of the expenses of a bureaucracy with the general goal of reducing its total amount of expenditures. In some cases, this review aims at containing the level of public spending through the identification and implementation of nonlinear expenditure cuts based on an analysis of performance evaluation, while in other cases the main review's purpose is to re-prioritize base expenditures, in order to identify space for new spending proposals or investments. In both cases what characterizes the spending review is the prioritization of different spending components within a general framework of expenditure reduction. Indeed, both in the selection between different spending proposals and in the application of nonlinear cuts, there is a work of ranking and prioritization. Within the spending review, this element of prioritization specifically aims at containing public spending. Thus, the essential idea is that it is possible to reduce public spending through a performance evaluation that leads to the identification of opportunities for nonlinear budgeting cuts or new spending priorities.

In this perspective, the spending review represents a novelty because it mixes together different elements generally associated to several managerial practices, such as budgeting procedures, instruments of regulatory policy, or the practices of performance evaluation. However, as a matter of fact, it perfectly fits within the New Public Management framework.

## Connections Between Spending Review and NPM

According to Lapsley and Midwinter (2010), the spending review process represents a revival of New Public Management practices (Hood 1991, 1995; Barzelay 2001). Indeed, for the authors, the spending review is a process that identifies possible areas of intervention and the actions needed to contain expenditure, by evaluating spending through the general concept of efficiency.

The NPM represents a new global paradigm for bureaucracies that points on the adoption of managerial approaches and methodologies borrowed from private sector organizations, based on efficiency and performance evaluations. According to Olsen and Peters (1996), while there is not a unique model of NPM, its central elements concern the introduction of managerial practices in bureaucracies (governance without government) and the use of market mechanisms. In this perspective, according to the NPM doctrine stated by Hood (1995), there are several elements of connections with the introduction of the spending review as managerial tool of performance evaluation:

- Disaggregation of bureaucracies into separately managed units (cost centers) for public sector product/service
- Greater competition between bureaucracies and the private sector
- Greater stress on discipline and parsimony in resource use and finding alternative less costly ways to deliver public services
- More explicit and measurable standards of performance for public sector organizations
- Attempts to control public organizations according to preset output measures

## Similarities and Differences from Budgeting, Managerial, and Regulatory Tools

While the spending review clearly takes inspiration from the NPM initiative, in terms of process, it seems to be a hybrid object. Indeed, it appears quite close to other tools related to the NPM (such as performance budgeting and regulatory instruments), but, at the same time, it presents several elements that makes it as a distinctive instrument.

The main element that distinguishes the spending review is its use of the prioritization of spending within a general framework of expenditure reduction. This approach presents several connections with the normal procedures of the *budget process*. Indeed, the spending review works for identifying savings that, in order to be really effective, will be inserted into the budget. This adjacency between the spending review tool and the budget process is confirmed by the fact that many bureaucracies have deliberately and fully integrated spending review practices within the budget preparation process. However, as suggested by OECD (2013), the budget process focuses excessively on the consideration of new spending proposals, with little review of baseline expenditures. Indeed, one of the main deficiencies of the budget process is the lack of specific procedures of ex post evaluation of spending. Thus, it happens that the production of new spending is generally not accompanied by a critical evaluation of the effectiveness of the current expenditure base. An extreme consequence of this lack of ex post evaluations is the possible proliferation of expenditures (typical of several budgeting experiences) that occurred under the logic of budgetary *incrementalism*. In times of austerity, the same practice has been labeled as *decrementalism* (see, i.e., Schick 1983; Behn 1985). The literature generally assesses these budgetary logics as highly ineffective (i.e., Levine 1985; Berry 2009). On the contrary, the approach toward evaluation typical of the spending review directly clashes this logic by proposing a prioritization of spending instead of a mutual and linear treatment of different spending components or programs. Under this perspective, the spending review represents a novelty in the budget process. Indeed, it involves a reestablishment of the role of the center (the head of the organization) in prioritizing and reallocating resources by recognizing that only with the evaluation of current base expenditures it is possible to create adequate room for new spending priorities and investments.

Several bureaucracies, in order to enforce the budget process, developed and applied specific *performance budgeting* procedures. After the 1960s, there has been an increasing use of this system. OECD (2007) shows that in recent years many countries institutionalized these types of practices. Performance budgeting essentially consists in the introduction of performance evaluation procedures into the budget process. OECD (2007) defines this system as a specific form of budgeting that relates funds allocated to measurable results. Through performance budgeting, the budget expenditures are classified in different programs in relation to their objectives and the types of services. In this way, the performances of programs are evaluated in terms of outputs and outcomes produced. This different organization clashes with the normal structuration of budget that classifies expenditures in relation at their organizational structures of reference (ministers, departments, and units). Therefore, performance budgeting can be generally defined as a methodology that classifies and associates the budgeting expenditures to their performances. Then the main purpose of the system is to rely programs to their

outcomes in order to assist and inform the budget preparation process. In these terms, the relationship between performance budgeting and spending review clearly appears. Indeed, like in the spending review, performance budgeting uses data and information concerning the performance of programs to guide policy-makers in new budgeting allocations, by providing guidance on the areas to cut back or on the programs on which to increase spending. In this way, the budget is built not only incrementally but also through the evaluation of the performances of its different components. Indeed, one of the main reasons to introduce performance budgeting was the improvement of spending prioritization into the budgeting preparation process. However, academic literature (e.g., Moynihan 2006; Helmut 2010; Schick 2014) suggests that the introduction of performance budgeting does not ensure that countries necessarily use performance information in the budget preparation process.

Bureaucracies' experiences demonstrate that the use of performance evaluation into the budgeting process does not ensure that performance information is automatically taken into account in assessing budgeting priorities and allocating new resources. This fact confirms that the placement of spending review within the performance budgeting arena is wrong. Indeed, performance budgeting must be seen as a system that simply introduces performance information on programs into the budgeting developing procedures, but it does not necessarily ensure the effective utilization of those data and information to assess new spending or to evaluate across different savings options. On the contrary, the spending review should be seen as a mechanism that identifies different savings options or reprioritizes spending within the budget, through the use of performance evaluations of base (and new) expenditures. In other terms, differently from performance budgeting, the spending review represents that tool that helps policy-makers in applying budgetary savings along a performance evaluation approach, while performance budgeting is a broader process that provides information on the performance of programs into the budget, not just restricted on spending containment. Thus, performance budgeting can be a good starting point to develop a proper spending review process, since the spending review has a narrower scope than performance budgeting. Moreover, the spending review may be seen more as a managerial process than a budgeting procedure. To confirm this view, there are many experiences of spending review openly disjointed from the budgeting process.

Another important element differentiates the spending review from the arena of budgeting instruments. Sometimes, in the spending review, the definition of different saving options takes place through regulatory and managerial processes rather than as mere budget exercise. In other terms, in the spending review, the identification of possible spending reductions is usually obtained across managerial and regulatory practices. For instance, in many cases the spending review interventions are represented by managerial improvements applied to specific processes or operations of public organizations, such as the introduction of ICT systems or the adoption of administrative best practices. In these cases, the spending review process is more similar to an operational improvement rather than a budgeting intervention, while in other cases the spending review savings are represented by modifications or removals of current regulation and regulatory burdens. For instance, some spending review interventions, such as the cutback of public sector workers, cannot prescind from specific modifications of the preexisting norms or regulations (in this case public labor regulation). Many spending review presented this type of intervention. For this and similar cases, the connection with the budget is a mere consequence of the modification of regulation. Indeed, the achievement of savings does not depend by budget adjustments but rather by the revision of those specific norms that regulate the amount of staff and the rules of layoff. Thus, the spending review presents strong connections with the field of regulatory policy.

Regulatory policy can be defined as the government effort in improving the production of coherent and effective regulations with the best advice evidence available. Among the regulatory policy tools, one in particular – the Regulatory

**Bureaucracy and the New Public Management, Fig. 1** The hybrid nature of the spending review

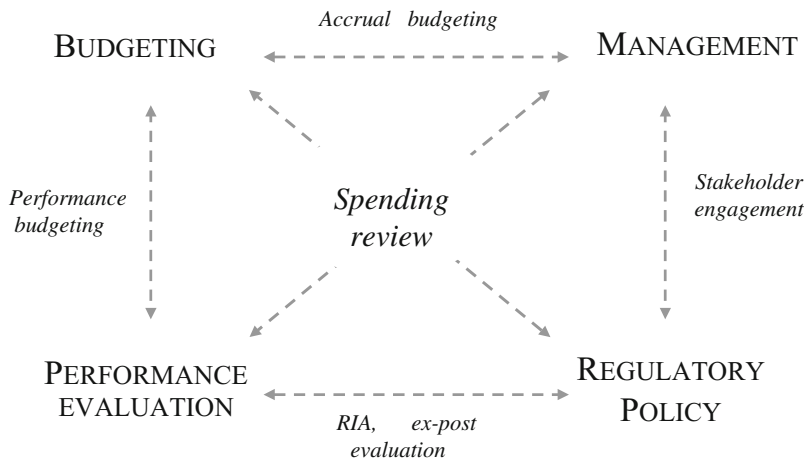


Source: Author's own elaboration.

Impact Analysis (RIA) – presents several correlations with the spending review. RIA is a tool generally used by governments to improve the quality of the decision-making processes. This instrument is an analysis that tries to inform policy-makers on whether and how the regulations are achieving public policy objectives. It can be defined as a systematic examination of the impacts produced by new (in the case of ex ante RIA) or existing regulations (in the case of ex post RIA). In other terms, the RIA tries to outline the effects produced by regulatory actions (programs, policies, and regulations) by considering (and trying to quantify and monetize) the costs and benefits of those interventions. In this sense, the experiences of spending review and RIA present many communalities, and for some perspectives the spending review may be seen as a particular form of RIA made on current (ex post) or new (ex ante) regulation with a focus to assess the financial impacts, especially in terms of expenditure reductions.

At the same time, however, there are also some elements that openly differentiate the RIA from the spending review. The RIA aims at assessing different types of impacts (especially, economic and financial effects) of new and base regulations. However, this does not implicate that RIA identifies different saving options or how to reduce spending. Moreover, even when the RIA openly investigates the impact of regulatory proposals in terms of spending reduction, this does not necessarily mean that the policy-makers will apply the RIA's findings to undertake a real reduction of base expenditure, as the spending review actually aims at doing. Thus, the mere identification of spending review into the arena of RIA procedures is not completely valid. There are many similarities, but, in the end, RIA and spending review are two distinct tools.

Thus, as discussed, the spending review presents at the same time many elements of connection and specific differences with four distinct areas: budgeting, performance evaluation (performance budgeting), public sector management, and regulatory policy. As a consequence, the spending review can be seen as a hybrids tool that overpasses these regulatory and budgetary tools (Fig. 1).

## Conclusion

As presented in this work, the spending review can thus be presented as an exceptional tool to achieve a strategy of expenditure containment, bringing together elements covering several fields such as budgeting, performance evaluation (performance budgeting), public sector management, and regulatory policy.

Thus, why the outcomes of spending reviews are contradictory? Why sometimes it results ineffective? Indeed, despite its potentiality and the new institutional attention toward this tool, to

date, there has been little evidence of the real results achieved by its application (Agasisti et al. 2015). Sometimes, the use of a spending review achieved its objectives, and the countries that adopted it were able to reduce deficits and debt, while in other cases the application of the spending review did not lead to the expected results. As suggested by Catalano and Erbacci (2018), there are some peculiarities in the spending review process that may help in understanding why the outcomes resulting from its application are difficult to be reached.

- *Implementation process*: as managerial process one of the primary elements that influence the performance of a spending review may be its degree of diffusion and implementation: the benefits of applying spending reviews are conditioned by the degree to which this innovation is accepted and diffused inside of the organization that adopts it. Thus, many controversial results regarding the use of the spending review may be related to the degree to which this innovation (the spending review) is not completely adopted and diffused.
- *The need of social and political commitment*: to result really effective, a spending review requires both political commitment and social consensus over its whole process. Without the presence of these kinds of support, the resistance over the change and austerity interventions may emerge and overcome the entire project.
- *The paradox of time*: in order to complete its evaluation analyses, the spending review necessitates a long-term perspective (and adequate time) to be effective. But often this is not possible, and bureaucracy looks primary for immediate and short-term savings.

## References


Agasisti T, Arena M, Catalano G, Erbacci A (2015) Defining spending reviews a proposal for a taxonomy, with applications to Italy and the UK. Public Money Manag 35(6):423–430

Barzelay M (2001) The new public management: improving research and policy dialogue. University of California Press, Berkeley

Behn BD (1985) Cutback budgeting. J Policy Anal Manage 4(2):155–177

Berry C (2009) The confusing case of budgetary incrementalism: too many meanings for a single concept. J Polit 52(1):167–196

Brusca I, Labrador M (2016) Budgeting in the Public Sector. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Cangiano M, Sarmento LM (2016) Budgeting and Austerity. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Catalano G, Erbacci A (2018) A theoretical framework for spending review at a time of widespread recession. OECD J Budg 2017(2):9–24

de Campos C, Rodrigues LL (2016) Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Ellul L (2016) Results and Output-Based Budgeting. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Garcia-Sanchez IM, Cuadrado-Ballesteros B (2016) New Public Financial Management. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Helmut U (2010) Better performance with performance budgeting? Analyzing cases of success and failure in public administrations. Int Public Manag J 13(4): 408–428

Hood C (1991) A public management for all seasons. Public Adm 69(1):3–19

Hood C (1995) The new public management in the 1980s: variations on a theme. Acc Organ Soc 20(2):93–109

Lapsley I, Midwinter A (2010) Moderniser l'Etat: Les Aspects Financiers des Programme Reviews au Royaume-Uni. Rev Fr Adm Publique 136:821–835

Levine CH (1985) Police management in the 1980s. From decrementalism to strategic thinking. Public Adm Rev 45(Special issue):691–700

Moynihan P (2006) What do we talk about when we talk about performance? Dialogue theory and performance budgeting. J Public Adm Res Theory 16(2):151–168

OECD (2007) Performance budgeting in OECD countries. OECD Publishing, Paris

OECD (2011) Restoring public finance: fiscal consolidation in OECD countries. OECD J Budg 11(2):15–68

OECD (2013) Spending reviews. OECD Publishing, Paris

Olsen JP, Peters GB (eds) (1996) Lessons from experience: experiential learning in administrative reforms in eight democracies. Scandinavian University Press, Boston

Schick A (1983) Incremental budgeting in a decremental age. Policy Sci 16(1):1–16

Schick A (2014) The metamorphoses of performance budgeting. OECD J Budg 13(2):49–79

# Bureaucracy in Bangladesh: A Disaster Management Perspective

Nazirul Islam Sarker and Min Wu
School of Public Administration, Sichuan University, Chengdu, People's Republic of China

## Synonyms

Bureaucrats; Civil servants; Public administrator; Public bureaucracy; Public servants; Nonelected administrator

## Definition

Bureaucracy usually means a group of policymakers and administrators come from non-elective process who are characterized by particular skill and exercise the power of government or public administration under constitutional rules and hierarchy of authority.

## Introduction

Bureaucracy is a key instrument of modern public administration. Modern state executes various policy and programs and provides public services through bureaucratic machinery. An efficient bureaucracy has great importance due to its vital role in public affairs. The pattern and style of bureaucracy are almost the same all over the world through public administration passed a number of continuous reforms. The main strength of bureaucracy is its expertise in a particular field which is also a key tool for public policy decision (Siddiquee 1999). Though bureaucracy is an indispensable part of the government system, sometimes it is considered as a threat of democracy. In developing countries, bureaucracy uses their power under illegal support of elective representative and gradually becomes a democratic threat (Delaporte and Maurel 2018). Sometimes bureaucracy exercises over power and involves in corruption and behave like a master forgetting as a role of public servant. So, accountability and transparency are necessary practices of public administration to control and monitor bureaucratic machinery. Good governance is an important milestone to emphasize accountability and transparency of bureaucracy for ensuring better services to the citizen.

## A Brief History of Bureaucracy

Bangladesh is born in 1971 after passing a long history with various regimes. Today's bureaucracy of Bangladesh comes from various norms, culture, and practices of various Muslim rulers, Hindu kings, British rulers, and Zamindars. Particularly the British regime was very much influential for bureaucracy in terms of the structure of bureaucracy and its practices (Mollah 2011). In 1947, India and Pakistan were developed as an independent country where Bangladesh was considered as East Pakistan. Then in 1971, Bangladesh gets its independence from Pakistan.

As a legacy of British colonial rule, the bureaucracy of Bangladesh followed the pattern and structure of inherited British colonial rule though it faces several reforms and rehabilitation. Due to ruled by various rulers hundreds of years, few legacies are embedded in the Bengali's culture which also affects the bureaucracy of Bangladesh (Rahman and Tosun 2018).

In the seventeenth century, the British company came to the Indian subcontinent for trading and gradually encroaching administrative power from 1772 to 1813. They launched converted civil service (CCS) as a court of the directory by direct recruitment and then unconverted civil service (UCS) for short term by local recruitment. Only 84 Indians got recruitment as CCS but up to district level against top-ranked 2644 Europeans (Hossain 2017). But the bureaucratic practices of the British regime were stable and function properly. In Pakistan period (from 1947 to 1971), the Pakistani government launched civil service of Pakistan (CSP) following the style and structure of British colonial bureaucracy. But bureaucrats were developed through intensive 2-year training.

But there was no justification of the recruitment process between the candidate of east and west Pakistan for bureaucracy (Siddiquee 1999).

After getting independence from Pakistan in1971, the government of Bangladesh tried to transform the style of provincial administration for creating accountability of bureaucracy to the people. Bangladesh Public Service Commission (BPSC) was developed in 1973 to recruit the Bangladesh public administration. BPSC recruited more than 2000 cadres against 300 BCS class-I vacant post which was one of the starting points of politicization of bureaucracy in Bangladesh (Rahman and Tosun 2018). Though more than 37 BCS recruitment has been taken place but the bureaucracy is gradually losing their acceptance to people. Now the bureaucracy of Bangladesh is suffering from lack of accountability, transparency, motivation, monitoring, and supervisions (Khan and Rahman 2007).

## Characteristics of Bureaucracy

As a multiparty system, the parliament of Bangladesh is run by prime minister headed cabinet system with few ministers. The ministries are distributed to the ministers according to their expertise to deal with ministry-related policy matters. The secretary is the bureaucratic chief of a ministry and liable for its administration. A number of subordinates are working under secretary to implement the policy at the field level. The bureaucracy of Bangladesh is now largely characterized by politicization (Islam 2016). This politicization starts from the recruitment process of Bangladesh Public Service Commission as a recruiting agency of Bangladesh Civil Service cadre officer as a bureaucrat. The recruitment process is designed into two groups like special cadre and general cadre. Special cadre is mainly for special or technical matters, whereas general cadre for overall matters. It is usually found that general cadre always represents the majority of developments and playing a role in different ministries as policymakers and supervisors. A regular of the general cadre among various departments is a tradition in public administration which generally reduces the institutional capacity of the bureaucrats for tackling policy-related problems (Khan and Rahman 2007). The general cadre is dominant and more politically powerful over special cadres. Division of BCS cadre's recruitment causes an imbalance of the power of the political system.

## Role of Bureaucracy on Disaster Management

Bureaucracy is considered as a key instrument of social change. Bureaucracy has an important role in dealing with global challenges. Climate change is considered as a key challenge of humanities irrespective of developed and developing countries (Rashid 2014). Most of the countries of the world emphasize a priority to mitigate the challenges of climate change. Climate change challenges can be solved by two ways like mitigation and adaptation. Mitigation is an appropriate measure to those countries which are responsible for greenhouse gas emission, whereas adaptation is a key tool for those countries which are victims of climate change (Sarker et al. 2019). However, the issues of mitigation and adaptation are getting priority in public policy decisions. In some cases, policy measures may be good, but its effective implementation is necessary for getting proper results. Bureaucracy is the responsible organ of the government to make policy measures as well as implement it to field level. The main bureaucratic role in disaster management is to make policy and practices related to climate change mitigation, adaptation, and disaster management-related project (Bhuiyan 2015). A successful policy and project implementation require efficient bureaucratic intervention. Bureaucrats are the supervision of almost all disaster-related project for which they can contribute from policy formation to successful implementation. They are acting as an authority of regulatory body and finance.

## Challenges Regarding Disaster Management

### Tendency of Elitism

The bureaucracy of Bangladesh is highly characterized by an uneven distribution of power and a

large power distance. This uneven hierarchical power practice is developed from long ago due to societal root. This uneven practice now becomes a part of the administrative culture of Bangladesh (Mollah 2011). Due to a large distance between subordinate and supervisor, an elitist attitude grows in the administrative culture which made bureaucrats a superior and subsequently made people as inferior. Another origin of elitism is the British colonial administration which is also a root of current bureaucracy in Bangladesh. The elitist attitude is a challenge and burden to build a good relationship between citizen and bureaucrats.

## Centralization of Decision-Making

One of the major characteristics of the bureaucracy of Bangladesh is centralized decision-making which encourages bureaucrats to get a position in ministry at any cost. Disaster management policy and decisions are taken by the bureaucrats of the concerned ministry. The centralized decision is rarely successful due to ignorance of the decision-makers of the disaster context (Emdad and Salim 2013). The field-level administrations are not capable to take a decision and spend money on disaster management. Though local administration (upazila which is upper than village level) is the top authority for dealing all affairs of the upazila including disaster management but it suffers from funding crisis which makes them unable to response, local administration is waiting for decision of district and state level administrative decision and fund that is the most challenging situation for disaster management arising from cumbersome democracy (Khan 2013).

## Lack of Coordination

Nowadays the bureaucracy of Bangladesh is suffering from lack of coordination which reduces the efficiency of policy execution. Due to context-specific nature, disaster management requires effective coordination among the stakeholders like within the bureaucrats and between bureaucrats and others. A desirable output from any project can come when it is implemented properly. So, governance is a vital matter to tackle disaster-related initiatives. Governance can be ensured through managing coordination among all related stakeholders. It is found that several public agencies and private organizations work for disaster management during or after a disaster, but they have no connection to each other (Mollah 2011). So, they are doing repeated work due to lack of coordination. As a result, the outcome for disaster management cannot be achieved at a desirable level. This lack of coordination is a result of negative bureaucratic attitude, poor capacity and communication, non-response of the so-called disaster management committee, and poor information.

## Policy Recommendations

- Local adaptation strategies should be given priority for context-specific disaster management and included in the disaster policy decisions.
- Coordination among public and private actors should be enhanced for better prevention of any response and recovery activities.
- The capacity of the actors of disaster management agencies should be strengthened through enhancing knowledge and skill of natural, sub-national, and local actors and included modern toolkit like GIS (Geographic Information System) for specific and accurate information.
- Disaster management training should be given to all related stakeholders like bureaucrats, local administrators, extension agents, NGO workers, and local leaders for disaster prevention, timely response, and quick recovery.
- A network should be developed among government actors, NGOs, journalist, academicians, and other professionals and focus their vital roles as well as contributions for solving the problems related to mitigation and adaptation of natural disasters. All level of disaster management committees should be activated for strengthening the capacity of monitoring and evaluation, decentralization of decision-making, and a better integration and coordination from local to national level.

## Conclusion

Bangladesh is susceptible to natural disasters due to its geographical deltaic position. Bangladesh has already taken some mentionable initiatives for disaster management, but due to poor network governance, the outcome is not up to expectations. Though policy documents are well enough focusing governance system, capacity building, resource utilization, and political will, the implementation are characterized by unwillingness, corruption, and red tapism. Proper disaster management requires national policies as well as effective implementation. Bureaucratic practices of Bangladesh for general cases are similar to disaster management, so the dominance of a general administrative cadre for technical matters of disaster management is not effective always. The lack of knowledge and skill, corruption and weak monitoring, and evaluation of bureaucrats cause a large failure of the climate change and disaster-related project. The main challenges of bureaucracy for disaster management are elitisms, the politicization of bureaucracy, large power gap, bureaucratic superiority attitude, poor financial authority, and malfunction action's network. A special task force is necessary for effective disaster management from local to national level which will be equipped by knowledgeable and skilled bureaucrats, context-specific policy and actions, coordinating attitudes, modern technical tools, and willingness to work with local people.

## Cross-References


- ▶ Coastal Zone Hazards Management
- ▶ Community Resettlement
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Counterterrorism and Community Resilience
- ▶ Critical Infrastructure and Crisis Management
- ▶ Disaster Management and Nonprofits Organizations
- ▶ Disaster Response Management
- ▶ Education and Training in Crisis Management
- ▶ Governance in Crisis Management
- ▶ Governance of Disaster Management
- ▶ Local Governments and Crisis Management
- ▶ Social Work and Governance
- ▶ Socio-technological Aspects in Disaster Mitigation


## References


Bhuiyan S (2015) Adapting to climate change in Bangladesh. South Asia Res 35:349–367. https://doi.org/10.1177/0262728015598702

Delaporte I, Maurel M (2018) Adaptation to climate change in Bangladesh. Clim Policy 18:49–62. https://doi.org/10.1080/14693062.2016.1222261

Emdad C, Salim M (2013) Disaster management discourse in Bangladesh: a shift from post-event response to the preparedness and mitigation approach through institutional partnerships. In: Tiefenbacher J, Brand D (eds) Approaches to disaster management – examining the implications of hazards, emergencies and disasters. InTech, Rijeka, p 217

Hossain MA (2017) Bureaucratic system in Bangladesh. Rev Public Adm Manag 05:2–4. https://doi.org/10.4172/2315-7844.1000214

Islam R (2016) Bureaucracy and Administrative Culture in Bangladesh. In Global Encyclopedia of Public Administration, Public Policy, and Governance (1st ed., pp. 1–9). https://doi.org/10.1007/978-3-319-31816-5_2511-1

Khan MM (2013) Public administration in the governance framework : Bangladesh public administration at forty. J Asiat Soc Bangladesh 58:277–288

Khan MR, Rahman MA (2007) Partnership approach to disaster management in Bangladesh: a critical policy assessment. Nat Hazards 41:359–378. https://doi.org/10.1007/s11069-006-9040-y

Mollah MAH (2011) Growth and development of civil service and bureaucracy in Bangladesh: an overview. South Asian Surv 18:137–156. https://doi.org/10.1177/0971523112469530

Rahman MS, Tosun J (2018) State bureaucracy and the management of climate change adaptation in Bangladesh. Rev Policy Res 35:835–858. https://doi.org/10.1111/ropr.12289

Rashid AK (2014) The role of the bureaucracy in policymaking in Bangladesh. Asia Pacific J Public Adm 36:150–161. https://doi.org/10.1080/23276665.2014.911491

Sarker MNI, Wu M, Alam GM, Shouse RC (2019) Livelihood vulnerability of riverine-island dwellers in the face of natural disasters in Bangladesh. Sustainability 11:1623. https://doi.org/10.3390/su11061623

Siddiquee NA (1999) Bureaucratic accountability in Bangladesh: challenges and limitations. Asian J Polit Sci 7:88–104. https://doi.org/10.1080/02185379908434149

# Bureaucracy Responsiveness

Yuguo Liao
University of Missouri-St. Louis, St. Louis, MO, USA

## Synonyms

Bureaucratic responsiveness; Public responsiveness

## Definition

Bureaucracy responsiveness, or public responsiveness, refers to the extent that administrators can track public interests in a timely and accurate manner, providing the appropriate services accordingly.

## Introduction

Most theorists agree that bureaucracy responsiveness is a multi-facet concept because bureaucrats have to attend to multiple legal concerns in the pursuit of public interest. In other words, professional administrators need to maintain a balance among competing demands. Bryer (2007) identified six variants of bureaucracy responsiveness in contemporary democracy: dictated responsiveness to elected officials, constrained responsiveness to bureaucratic rules and norms, purposive responsiveness to professional goals, entrepreneurial responsiveness to customers of government, deliberative responsiveness to the public as partners or collaborators with administrators, and negotiated responsiveness to balancing potentially competing demands. Through a values perspective, Nalbandian (1991) argued that public professionals in local government should act based on the values of efficiency, representation, social equity, and individual rights. Similarly, Denhardt and Denhardt (2007) noted that public administrators should be held accountable to a constellation of competing values and norms, including the public interest, statutory and constitutional law, other agencies, other levels of government, the media, professional standards, community values and standards, situational factors, and demographic norms and citizens.

Bureaucracy responsiveness is important because of the changing role of bureaucracy which calls for a more direct connection between professional administrators and citizens. It is also crucial for enhancing citizens' political efficacy and fostering an active citizenry.

The ultimate purpose of bureaucracy responsiveness is to ensure that bureaucratic actions reflect the public desires, ultimately, reconciling the possible conflict between bureaucratic values and democratic ideals.

## Three Major Approaches to Achieve Bureaucracy Responsiveness

The ways to achieve bureaucracy responsiveness have been discussed from different perspectives. These approaches differ with each other in terms of how public interest should be defined and sought and the role of bureaucrats in pursuing public responsiveness. The current literature provides three major approaches to achieve bureaucracy responsiveness, namely, the "citizen-get-what-they-want" approach, the "dare-to-say-no" approach, and the "let's-work-together" approach. The previous two – the "citizen-get-what-they-want" approach and the "dare-to-say-no" approach – can be viewed as opposing poles along a continuum. Both of them believe that there should be a dominant preference guiding the bureaucratic action. The third perspective, or the "let's-work-together" approach, suggests that there should be no predetermined preferences. Bureaucrats need to bring affected stakeholders together and hold discussions and deliberations to discover the best solutions.

### "Citizen-Get-What-They-Want"

The first approach is citizen-centered, which argues that public administrators should faithfully carry out citizen demands. Schumaker (1975, p. 494) argues that responsiveness is "the relationship between the manifest or explicitly articulated

demands of a protest group and the corresponding actions of the political system which is the target of the protest-group demands." Rourke (1969, p. 3) notes that a responsive system is the one that "promotes a correspondence between the decisions of bureaucrats and the preferences of the community or the office-holders who presume to speak for the public." Similarly, Fried (1976, p. 15) suggests that bureaucracy responsiveness refers to "the congruence between the goals the organization or administrative system pursues and the goals desired by the people to whom the organization is responsible and under whose authority it operates." According to this "citizen-get-what-they-want" perspective, only the outcome that citizen demands cause, at least in part, changes in policy outputs could be considered as responsive.

In practice, this approach emphasizes the conformity of bureaucrats with citizens and their legal representatives. A typical example would be the conventional council-manager form of local government. As an application of the political-administration dichotomy in local government, this form of government separates the city manager from politics and policy-making. The city manager is expected to neutrally carry out the policies made by the governing body. City managers are purposefully isolated from directly interacting with citizens, and it is the elected officials' responsibility to sense the demand of the public. The way to achieve bureaucracy responsiveness is to ensure city managers respond to their political superiors.

### "Dare-to-Say-No"

The second approach believes that the best way to achieve bureaucracy responsiveness is to deploy the professional expertise and specialized knowledge. The underlying assumption is that citizens are unrealistic, impractical, individual-centered, and short-termed (Bozeman 2007). Citizen opinions may just reflect their opinions. A simple congruence between bureaucratic actions and the stated public demands, as suggested by the "citizen-get-what-they-want" approach, should not be the ideal way to achieve bureaucracy responsiveness.

Rather, this approach emphasizes that the achievement of bureaucracy responsiveness relies on professional administrators' use of the scientific methods to seek out the long-term and holistic interest. As Landy (1993, p. 25) suggested, administrators "have the prime responsibility for teasing out the essential social and ethical issues at stake from the welter of scientific data and legal formalisms in which those issues are enveloped."

Administrators are encouraged to reach out to citizens, learn from citizens, and listen to their concerns. But administrators also reserve the flexibility to mold citizen preferences if necessary. For certain policy issues, administrators also assume a responsibility to educate citizens and help them understand the complexity of public policies. Box (1992, p. 327) noted that bureaucratic actions to achieve bureaucracy responsiveness should include "advocacy of a new policy direction in dealing with the council; taking a strong and inflexible stand on an issue, contrary to the expressed wishes of the council; using the normative view to shape daily decision; using the normative view to shape research documents and projects which will result in policy or procedure recommendations to the council; and working with community groups to assist them in organizing and articulating their views." In sum, this approach believes that it would be acceptable if the policy outcome may not exactly mirror what citizens want. For administrators, they do not have to change "no" to "yes" if there was a good reason to say "no."

### "Let's-Work-Together"

The third approach seeks to integrate the previous two approaches and acknowledges that both citizen demands and professional expertise are critical. It is process-based approach which argues that the pursuit of bureaucratic responsiveness lies in deliberative and learning interactions between professional administrators and all affected stakeholders.

This approach believes that bureaucrats should not simply be subordinates to their political superiors or professional experts who act according to specialized knowledge. Rather, they should be

spokespersons for the community who directly interact with citizens. Administrators will function as "facilitators, educators, and coparticipants, rather than deference-demanding experts or independently responsible decision makers" (Adams et al. 1990, pp. 235–236). Seeking bureaucracy responsiveness should be grounded in a process characterized by two-way communication, such as public discussion, dialogue, and deliberation. For example, public deliberation is defined as "debate and discussion aimed at producing reasonable, well informed opinions in which participants are willing to revise preferences in light of discussion, new information, and claims made by fellow participants" (Chambers 2003, p. 309). Typical deliberation activities include "a careful examination of a problem or issue, the identification of possible solutions, the establishment or reaffirmation of evaluative criteria, and the use of these criteria in identifying an optimal solution" (Gastil 2000, p. 22).

Such two-way communication facilitates the mutual understanding between public professionals and citizens. Through interactive communication, professional administrators will recognize the value of public expertise. They will be more willing to share their knowledge and expertise with citizens. They will also realize that increased citizen involvement is not necessarily threatening but could be beneficial to the quality of policy. Stivers (1994) argues that bureaucracy responsiveness starts with skillful listening. Skillful listening requires administrators to be humble and seek diverse viewpoints: "[D]ialogue marked by skilled listening creates a shared reality, a public or common space that promotes responsiveness and a sense of mutual obligation or commitment" (Stivers 1994, p. 366). "Listening. . .helps administrators glean important information, define situation more carefully, hear neglected aspects and interests, and facilitate just and prudent action in often turbulent environment. Listening offers the possibility for a real "reinvention" of agency policy and management process" (Stivers 1994, p. 368).

Two-way communication also offers learning opportunities for citizens. Public dialogue and deliberation enable citizens to listen to the views of others, to sharpen their intellectual and cognitive skills, to think of alternatives, and to broaden their own views. As Bozeman (2007, p. 110) observed, "deliberation within the method of democratic social inquiry can promote the discovery of new courses of action and reveal underlying shared interested that may not be immediately obvious in light of the previously stated proposals and positions."

This approach seeks to achieve bureaucracy responsiveness not by simply imposing individual preferences or professional expertise. Administrators need to balance multiple competing demands through cooperation and deliberation. The designated "response" to a given policy question will be generated through public discussion. Denhardt and Denhardt (2007, p. 84) summarizes this approach as follows: "[W]hereas traditionally government has responded to needs by saying, 'yes, we can provide that service' or 'no, we can't' . . .public administrators should respond to the requests of citizens not just by saying yes or no, but by saying such things as 'Let's work together to figure out what we're going to do, then make it happen.'"

In sum, the methods to achieve bureaucracy responsiveness vary in the guiding principles that bureaucrats use to strike a balance among competing demands. The "citizen-get-what-they-want" approach emphasizes that the action of public administrators should faithfully follow the citizen demands, whereas the "dare-to-say-no" approach emphasizes advancing public interest using the scientific knowledge and objective criteria. Unlike the previous two methods, the "let's-work-together" approach believes that bureaucratic response should not be predetermined. Rather, bureaucratic response should be formed through a cooperative and deliberative process.

## Factors Associated with Bureaucracy Responsiveness

There are multiple groups of factors that are associated with the level of bureaucracy responsiveness.

### Organizational Factors

Organizational factors are widely discussed in bureaucracy responsiveness literature (Alkadry 2003). Organizational structures and rules have the potential to impact administrators' responsive behavior. The degree of organizational centralization and formality can impact organizations' responsiveness to citizen demands. Highly centralized power and authority are likely to lessen administrators' ability to respond to changes of environment and citizen preferences. Alkadry (2003) reported that the empowerment of frontline employees will increase their responsiveness to citizens.

The design of administrative procedures is another structural factor that influences administrators' responsive behavior. Manring (1994) suggested that the workload and reward structure can determine the time and negotiation efforts administrators devoted to responsive management. Jones et al. (1977) pointed out that operational procedures can be developed by the bureaucracy to determine its response to citizen contacting. Vedlitz and Dyer (1984) found out the amount of service request from a particular area is less likely to facilitate or delay bureaucratic response to those services. How organizational rules are designed, in other words, whether the public satisfaction is taken into consideration when developing the rules, holds the key. Mladenka (1981) noted that citizen complaints can't receive favorable response if they are processed in overwhelmingly standard and technical-embedded procedures.

### Political Control

Elected officials are the legitimate representatives of citizens. They assume the formal responsibility to discern and pursue the true interest of all citizens. Thus, elected officials need to provide political guidance to bureaucrats to ensure that bureaucracy and democratic governance are compatible.

Another reason why political control is crucial for bureaucracy responsiveness is that political superiors can determine how much resource the bureaucracy can get. Responding to the public demands requires financial and human resources. Elected officials have the power to increase, decrease, or maintain the level of resources that the bureaucracy can obtain, which also signals elected officials' preferences.

Two approaches of political control over bureaucracy could exist: ex ante administrative procedures and ex post oversight. Typical ex post oversight actions include monitor, reward, or sanction efforts, such as reducing public agency's budget. On the other hand, elected officials can use ex ante control, such as administrative processes and direct orders, to enhance bureaucracy responsiveness. For example, Chaney and Saltzstein (1998) found that directive orders in the form of mandatory arrest laws, particularly city laws, are strongly linked with municipal police officers' use of arrest as a response to domestic violence. The ultimate purpose of ex ante control is to ensure that administrators obey and enforce the decisions, rules, and regulations of elected officials.

However, it should be noted that political control is necessary but not sufficient to ensure bureaucracy responsiveness. Not all elected officials are sensitive to citizen demands. At the local government level, elected officials who are elected at large, in part-time position, and without secretarial support can poorly represent their constituencies (Mladenka 1981). Citizens may not be able to be fully represented solely by officials they elect.

### Policy Clients

Pressures from policy clients could compel bureaucrats to respond to their demands. However, various client groups pose different levels of political capital to influence governmental officials. Citizens or citizen groups with higher socioeconomic status are more likely to participate in public affairs. Accordingly, they are more likely to receive responsiveness from bureaucrats. Jones et al. (1977) observed that citizen contacts from high-income and white-majority neighborhoods receive quicker response than those from lower-income neighborhoods.

The presence of organized opposition can also impact professional's decisions. Additionally, bureaucrats are more likely to respond to and

establish long-term partnership with citizens who are interested and knowledgeable about relevant policy issues. Berner (2001) conducted a survey conducted in North Carolina municipalities and found out that about 43% of city managers cited citizen interest as an important motivator for their extra efforts to involve citizens in local budgetary process.

### Bureaucratic Values and Intentions

Even with the existence of organizational enablers and political pressures, administrators still have the discretion with respect to how they will react. First, bureaucrats' discretion may enhance or impede the effect of political control. Political control could be minimized by administrators who are skillful in coping with the political complexities and shaping policy priorities. This also applies to organizational factors. Government organizations with similar structures may have different performance outcomes depending on the individuals who operate them. Alkadry (2003) noticed that "the removal of structural constraints would not by itself enhance the responsiveness of administrators. Empowering employees. . .within the organization would result in empowered employees who (still) have personal constraints to being responsive" (Alkadry 2003, p. 206–207). Such leeway reflected the importance of bureaucratic mindset and intention in facilitating administrative responsiveness.

Bureaucrats' values and intentions mediate the organizational and environmental factors and their level of responsiveness. Given the discretion that administrators have in interpreting information originated from the environment and organization, how administrators view the value of being responsive, and how much effort they are willing to exert will play a facilitating or constraining role in the pursuit of bureaucracy responsiveness. Bureaucratic values and intentions are important to the level of bureaucracy responsiveness; they are also important for how bureaucracy responsiveness will be achieved. Without truly embracing the value, responding to public demands can be conducted in an elite or authoritarian way.

### Task Difficulty

The content of the requested service is associated with the level of bureaucracy responsiveness. Services that require considerable amount of resource may receive a low level of favorable responsiveness (Mladenka 1981). For example, a negative relationship can exist between service requests from disadvantaged groups of citizens and bureaucratic responsiveness since such requests tend to be difficult to achieve. Fossett and Thompson (2006) noticed that the establishment of client-friendly Medicaid and the enrollment process of State Children's Health Insurance Program need additional fiscal and political investment. Consequently, states with a high percentage of uninsured children are less likely to prioritize such enrollment.

## Conclusion

Bureaucracy responsiveness is different from political responsiveness and business responsiveness. Political responsiveness deals with the relationship between public administrators and their political superiors. Business responsiveness is primarily interested in understanding and tracking customer needs and market trends. However, bureaucracy responsiveness examines the relationship between public administration and citizens by taking the role of bureaucracy into consideration. This concept represents understandings on how administrators should define, safeguard, and advance public interest.

## Cross-References


- ▶ Accountability
- ▶ Administrative Responsibility
- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Professionalism
- ▶ Bureaucracy and Public Opinion
- ▶ Performance Management and Culture

## References

Adams GB, Bowerman PV, Dolbeare KM, Stivers C (1990) Joining purpose to practice: a democratic identity for the public service. In: Kass HD, Catron BL (eds) Images and identities in public administration. SAGE, Newbury Park, pp 219–240

Alkadry MG (2003) Deliberative discourse between citizens and administrators: if citizens talk, will administrators listen? Adm Soc 35(2):184–209

Berner M (2001) Citizen participation in local government budgeting. Pop Gov 66(3):23–30

Box RC (1992) The administrator as trustee of the public interest: normative ideals and daily practice. Adm Soc 24(3):323–345

Bozeman B (2007) Public values and public interest. Georgetown University Press, Washington, DC

Bryer TA (2007) Toward a relevant agenda for a responsive public administration. J Public Adm Res Theory 17(3): 479–500

Chambers S (2003) Deliberative democracy theory. Ann Rev Polit Sci 6:307–326

Chaney CK, Saltzstein GH (1998) Democratic control and bureaucratic responsiveness: the police and democratic violence. Am J Polit Sci 42(3):745–768

Denhardt J, Denhardt R (2007) The new public service: serving, not steering. M.E. Sharpe, Armonk

Fossett J, Thompson FJ (2006) Administrative responsiveness to the disadvantaged: the case of children's health insurance. J Public Adm Res Theory 16(3):369–392

Fried R (1976) Performance in American bureaucracy. Little, Brown, Boston

Gastil J (2000) By popular demand: revitalizing representative democracy through deliberative elections. University of California Press, Berkeley

Jones BD, Greenberg SR, Kaufman C, Drew J (1977) Bureaucratic response to citizen-initiated contacts: environmental enforcement in Detroit. Am Polit Sci Rev 71:148–165

Landy M (1993) Public policy and citizenship. In: Ingram H, Smith SR (eds) Public policy for democracy. Brookings Institution, Washington, DC

Manring NJ (1994) ADR and administrative responsiveness: challenges for public administrators. Public Adm Rev 54(2):1–18

Mladenka KR (1981) Citizen demands and urban services: the distribution of bureaucratic response in Chicago and Houston. Am J Polit Sci 25(4):693–714

Nalbandian J (1991) Professionalism in local government: transformations in the roles, responsibilities, and values of city managers. Jossey-Bass Publishers, San Francisco

Rourke FE (1969) Bureaucracy, politics, and public policy. Little Brown, Boston

Schumaker PD (1975) Policy responsiveness to protest-group demands. J Polit 37(2):488–521

Stivers C (1994) The listening bureaucrat: responsiveness in public administration. Public Adm Rev 54(4):364–369

Vedlitz A, Dyer JA (1984) Bureaucratic response to citizen contacts: neighborhood demands and administrative reaction in Dallas. J Polit 46(4):1207–1216

# Bureaucracy, Bureaucratic Politics, and Democracy

Ali Farazmand
Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Bureaucratic politics; Democratic politics; Governance; Government; Group politics; Partisan politics; Policy politics; Program; Public administration; Representative bureaucracy; System maintenance

## Definition

Bureaucracy: an organization system of order, functional specialization, and formal rules and operating procedures aimed at accomplishing goals; stands for order and stability, institutional continuity, and organizational values of efficiency, effectiveness, and fairness.

Democracy: a political system of governance and government based on fair representations through elections, institutional checks and balances, and democratic values of responsiveness, responsibility, and representation.

## Introduction

Bureaucracy has proven to be one of the oldest, most resilient, and most enduring institutions in history. As the most powerful instrument of government and governance, it has survived millennia of political and social changes, revolutions, and upheavals from the dawn of civilizations to the present. Political masters have come and gone, but none has been able to do away with bureaucracy. In contrast, democracy does not have a long history, except for some sporadic practices in primitive forms and scale in ancient Greece, as fantasized in the West. What do bureaucracy and democracy really mean? Are they compatible or contradictory? What do bureaucratic and

democratic politics mean? And by the same token, what does bureaucratization and democratization mean? What perspectives can possibly explain these two institutional phenomena, particularly in the age of globalization? Answering these questions fully and comprehensively is an elephantine task, like managing a huge empire. This short entry addresses these important questions succinctly. A full version of this entry is found in Farazmand (2010).

## Visiting the Empire

### Perspectives on Bureaucracy and Bureaucratic Theory

Borrowing Herbert Simon's metaphor on decision making (Simon 1979), a visit to the colonies of the empire of bureaucracy is made in search for its eminent limestones. A whole density of population is discovered that comprises perspectives, studies, and practices that can hardly be missed by anyone on the planet where human species live – even the most free and wildest animals cannot escape it. While the population of studies and perspectives as well as writers and speakers spread all over the social sciences, the density seems to be focused in sociology, economics, political science, public administration, and organization theory – oh yes, history and civilization too. The inhabitants include liberals, conservatives, advocates, opponents, and neutral observers from all disciplines and walks of life, classical, neoclassical, institutionalists, and revolutionaries. Visiting the colonies makes one wonder how the empire started, who the pioneers were, who mastered the beast, who perfected it, and why has it become so hated as well as loved. Volumes of books and articles may not be enough to answer these questions, much less this short synoptic entry. This empire is visited without surveying its many colonies– a task beyond this limited space.

Bureaucracy has gained a pejorative reputation over time and has often been associated with red tape, delay, corruption, and stifling processes in getting things done. It has also gained a negative reputation for being a repressive instrument of domination, control, and class rule in the hands of ruling elites. But bureaucracy and bureaucratization have also been historically recognized for providing institutional processes through which benefits to large mass society can be provided for various reasons. This has been shown by historical evidence (Antonio 1979; Eisenstadt 1963, 1993; Farazmand 2009b, c, 2010) or standardization and efficient administration of colonial territories by modern empires (Farazmand 2009b).

Two perspectives explain the meanings of bureaucracy. One is the Weberian ideal-type concept of bureaucracy as the most efficient type of organization based on formal, merit, and rational characteristics. In reality, an ideal-type bureaucracy rarely exists – approximation or a combination of merit and patronage is what really operates. Exceptions aside, some societies are better organized along Weberian lines, while others still dwell in early colonies.

Weber's coinage of bureaucracy also offers a "comparative" approach if not methodology of studying modern organization and administration. Many inhabitants of the bureaucratic colonies have missed this key feature of Weber's idealization managing large-scale organizations and societies. Why? Has there been a shortage of inhabitants interested in such studies? Hardly so, and the answer seems to be more of preoccupation with other features of bureaucracy for obtaining political control, organizational efficiency, and managerial effectiveness in administration. This colony of "comparative studies" is underpopulated and is in need of scholarly works, particularly in the age of globalization of corporate capitalism and of global empire building.

The second meaning of bureaucracy refers to any large organization or institution organized with structure, process, and normative values, rules, and regulations as well as a mix of merit and patronage and record systems. Waldo (1947, 1992), Eisenstadt (1963), and others, including this writer (Farazmand 2009b, 2010), are known for espousing this view. A handful of historical bureaucratic empires, such as the ancient world-state Achaemenid Empire of Persia, Imperial Rome, the British Empire in India, the Prussian/German and French empires both at home and in

colonies, as well as the American bureaucracy, resemble a high degree of professionalization close to Weberian bureaucratic model. The former Soviet Union bureaucracy – huge on a world scale – was claimed to be meritorious and professionalized, but studies are needed to reveal details worthy of scholarly research consideration. Such studies need to be conducted free from ideological and political biases. Bureaucracy has survived 8000 years of political and social changes and upheavals in the Near/Middle East, particularly early Iran and Persia, Egypt, India, Assyria, and Babylon (Olmstead 1948; Farazmand 2001, 2009c, 2010). As a concept or organization, bureaucracy is the most powerful institution of governance and administration in both government and business enterprise. It is an organizational system no one can escape (Marx 1967; Weber 1947).

### Bureaucratic Politics and Democratic Theory

In another study, Farazmand has (1989b) identified several types of politics: group politics, partisan politics, program and policy politics, and bureaucratic politics. While each of these political types serves particular interests or purposes, bureaucratic politics serves as a "key instrument" in accomplishing or achieving the goals of all other politics. It is the bureaucracy – both civilian and military – that is the institutional arm or machinery of government, one that carries out policies and programs and accomplishes political goals. This raises the central questions of who the bureaucracy serves, who controls it, and how this works as a process. These are fundamental questions that social scientists, revolutionary leaders, and administrators have tackled for millennia.

Can bureaucracy be neutral? Perspectives abound, but the majority agrees that whoever controls the institutions of government also controls and uses the bureaucracy as an instrument of power and rule – including class rule. Highly influenced by Karl Marx (1967), Max Weber (1947) agreed that ideal bureaucracy rarely exists or operates and has a tendency to "overtower" society (1984) and that bureaucracy is a "powerful instrument of power of the first order" in the hands of those who control it – whether a monarch, an elected president, or autocratic dictator (Weber 1947), as it was in the imperial Rome (Antonio 1979) or the last stage of the Persian Empire (Eisenstadt 1963; Farazmand 2009c).

Several perspectives may explain bureaucratic politics in a broader sense. It means internal organizational politics of bureaucracy by those in key positions favoring particular policies, programs, and or ideas. It also means playing with bureaucratic rules to slow down or expedite certain ideas and programs through policy "implementation." The psychological impacts of bureaucracy on individual citizens and employees working are enormous and documented by psychologists and anthropologists, with huge implications for public administration, public policy, and governance.

The role of bureaucracy in society, therefore, is manifested through policy implementation, role clarification, class rule, regulatory function, development, destruction, and political system maintenance or enhancement (Farazmand 1989a). Neoconservative and neoclassical economic theorists of the "public choice" theory circles have written a lot on the antidemocratic side of bureaucracy, while others have done equal critique of the beast that stifles quality of life and represses humanity and environment. They prescribe "privatization and corporatization" to maximize citizens' self-interest individualism. These critics rarely speak of military bureaucracy. Bureaucracy is a powerful instrument of system maintenance, and all bureaucracies perform this function; it becomes a powerful "instrument of class rule" by those who rule society, whether a capitalist ruling class (ala Karl Marx 1967; Lenin 1971), a few rich oligarchs and "ruling power elite" (Parenti 1988, 2010), or any person – whether a dictator, a monarch, an elected president, or a council (Weber 1947).

While most developing countries experienced direct colonial rule of Western empires, with the exception of Iran or Persia and Turkey (former Ottoman), which were empires themselves right into the twentieth century, and Thailand. Post-World War II "political" independence has meant little but a continuation of bureaucratic and economic rule by remote control and through a new class of "comprador bourgeoisie" to borrow from

Lenin (Lenin 1971). The new class of military and civilian bureaucratic elites are the actual "agents of the neocolonial rule," agents acting in harmony with the interests of foreign imperialism. Escaping the global empire's grip is not easy, as most developing nations need foreign aid often coming from the West, but none comes without conditions that bind them with neocolonial grip over their lives and governance systems (Amsden 2007).

The third perspective on bureaucratic politics is explained by "bureaucratism," a process and phenomenon that involves use and abuse of power and authority by bureaucrats in positions of power for personal and political purposes. Creating a dynamic that can also be purely for personal gain (see Farazmand 1989a). The fourth explanation of bureaucratic politics is summed up in the "bureaucratization" process and phenomenon, an issue beyond the scope of this short entry; bureaucratization is both political to curtail decentralization and autonomous power centers or structures – such as feudal lords – in favor of more concentrated power structures by kings, elected presidents, or other officials. It is also a "social or class leveling" practice to break the class hierarchy and spread access to government and its privileges of society among "common citizens." Historical evidence shows this to be the case in ancient Persia and Rome and contemporary United States.

Finally, bureaucracy and change or revolution is another huge topic that requires separate treatment (see, e.g., Farazmand 2009c, especially Chaps. 32–35). Three theoretical perspectives inform this relationship: One is the "neutrality" of bureaucracy, Wilson's view, or at least one attributed to him (Wilson 1887); the second as an opposite view sees bureaucracy politically involved at all levels with all social and normative values and rejects the neutrality doctrine in governance and administration. Dwight Waldo and Robert Dahl made this point since the late 1940s, a view I also concur with (Farazmand 2010). The third view on bureaucracy is espoused by Marx, Lenin, and revolutionary leaders and sees it a dangerously powerful obstacle to revolutionary change. It must be changed or replaced, but two different viewpoints have emerged within this revolutionary perspective: one for abolishing the bureaucracy of the old regime immediately, while the other arguing in favor of its "gradual change" and replacement. Lenin (1971) prevailed in the great debate right after the Bolshevik Socialist Revolution of Russia in 1917. Similar patterns developed after the Iranian Revolution of 1978–1979 (Farazmand 1989a) – The author supports this view of bureaucracy as well.

## Democracy and Democratic Politics

Like the colonies of bureaucracy, the colony of democracy has also been inhabited by many from all disciplines that include idealists, realists, conservatives, liberals, democrats, and revolutionaries, both secular and religious. The empire has many colonies, and all contend superior qualities, and none seems to acknowledge diversity as a quality for coexistence. So, the "colonies" grow, and the search for absolute truth continues in a march through the age of rapid globalization in which the more dominant "colonies" claim ownership, control, and monopoly of ideas, ideals, and features of the empire.

From the dawn of human civilizations, rulers, philosophers, and thinkers have tried to create ideal societies. Ancient Greek philosopher Plato conceived an ideal state in his *Republic*; the Persian philosopher of the tenth century Farabi, also known as the Second Teacher in history after Aristotle, developed the "ideal city state" in his book, *Madineh Fazele;* and Western philosophers like Locke, Hobbs, Rousseau, Montesquieu, Bentham, Mill, and the American Founding Fathers also proposed forms or models of government. The latter tried to prescribe institutions and systems of government to promote equality, rule of law, liberty, collective mechanism, separation of powers, constitutional rule, and other forms of citizen participation in government and administration. So did the revolutionary leaders of the Russian Bolshevik Revolution by visioning a classless society under communism. Similarly, the postrevolutionary Iran tries to create an "ideal society" based on social and economic justice and through a mix of presidential and parliamentary systems of government, direct popular election, and Islamic sanctions. All strove to

create an "ideal society and governance." Yet, neither ideal society nor true democracy has emerged anywhere as a political system in the world as of yet.

Democracy is an illusory term in need of extensive definitions, explanations, and interpretations, a task beyond the space limitation of this short entry. First, all democratic theories imply, explicitly or implicitly, a number of characteristics common to all democratic systems of societies – such as the role of the constitution, rule of law, respect for minority rights, elections and other forms of representation, citizen participation in political activities, accountability, and responsiveness; most of these characteristics rarely exist in any democracy, but a degree of their presence or practice may be found in various societies or political systems. Second, variations among democracies abound, as political cultures and traditions play key intervening variables. Third, pure or ideal democracy does not exist, or is at best rare. Fourth, the larger the society and more complex its sociocultural and political orientations are, the more complex and less democratic that democracy tends to become. Fifth, the more technologically advanced, the less democratic and more bureaucratic the society tends to become, as specialized knowledge and technical expertise are not comprehensible to average citizens. Finally, there are officially known democracies that have no constitutions and practice undemocratic activities, and their people are treated as "subjects of monarchs or queens, not 'citizens,'" hence a contradiction in democratic theory in practice because subjects can determine their destiny. Finally, there are also "exclusionary-," racially, or religious-based political systems that are officially known as democracies but actually practice exclusion of people based on religion, race and ethnicity, culture, or color – they even practice apartheid systems.

Theories of democracy also abound: group theory, pluralist theory, populist theory, elite theory, market theory, and socialist theory. Using a continuum on democratic theories, three perspectives emerge: On the far right, conservatives are found under various names (US Republicans, British Conservative Party), on the far left are socialists and revolutionaries (Cuba, USSR, Mao's China), and in the middle is a spectrum of so-called names and tendencies (Democrats or liberals in the USA or Europe), all with values in Western political culture composed of individualism, property, liberty, and equality, with the exclusion in practice of certain people of color, gender, race, etc., as history has shown in Europe, United States, and Australia, some as late as the 1960s – Native Americans and Blacks as well as women in the United States – the latter gained voting rights early in the twentieth century.

The dynamics of democracy are further explained by the variations in forms of political systems and degrees of citizen participation in the political process. Generally speaking, the three types of democratic political systems which use election as a rule are the parliamentary system (e.g., Germany, India), the presidential system (e.g., US system), and the mixed parliamentary and strong presidential system (e.g., France, Iran). Socialist systems may also have elections, both directly and indirectly through representation, but direct democracy is rare and possible only in small population-based towns or villages, hence the case for "representative democracies," in which citizens have to rely on elected representatives who tend to "logroll" through give-and-take strategies with opposing colleagues in order to get things done, and this adds more complexity to the politics of democracy.

The politics of democracy are explained by several perspectives. One on the far right complains against bureaucracy and big government; another perspective sees democracy deficient as a form of government. Plato considered democracy deficient and based on the "rule of the mob," with human sentiment playing a key role in determining who should rule, subject to manipulation by money and personality power. To Plato, democracy means "plutocracy" or rule by the rich.

Contemporary critics of democracy also point out the power of money and wealth, not formal elections or official names, to rule; they consider "plutocracy" as the norm of governance in bourgeoisie democracy, with a few rich who dominate the vast majority of the "powerless" (Parenti 1988, 2010). The third view comes from the left,

the socialists and revolutionary progressives who see democracy in capitalism a rhetorical cover for class exploitation and repression of the vast majority of people by the few super rich capitalist class. This group of critics also notes contradictions between what the Western democracies claim through rhetorical slogans and what they actually practice in other nations around the world – ignoring human rights and violating democratic values in favor of national economic or business interests. This perspective criticizes industrial democracies for practicing neocolonial and imperialist ideas, invading rich developing nations for political and economic reasons and dominating the world by forming an oligarchic hegemony (Parenti 1988, 2010; Agnew 2005).

## Conclusion: Reconciling Bureaucracy and Democracy?

### Conclusion

Can bureaucracy and democracy be reconciled? Are they mutually exclusive institutions of modern governance? Bureaucracy stands for continuity, order, efficiency, standardization, and rationalization of government administration. It stands for fairness through universal application of rules and regulation, and as such bureaucracy is compatible with and serves the interests and goals of democracy. Democracy stands for election, representation, responsiveness, expediency, accountability, and citizen participation in the democratic process of government. Yet democracy has been less efficient, often eclipsed by corruption and other problems. The world of the last quarter century has experienced massive reforms in governments and administrative systems, all toward privatization and outsourcing of government functions. The major trends have been "market reform," market-based governance, market-based administration, strategic and systemic privatization, and results-oriented reorganization. The buzz word has been "new" to describe New Governance, New Public Management, and all the rest. How new are these "new" ideas? Just like the "colonies" of bureaucracy and democracy, the "colony" of reconciling bureaucracy and democracy – or bureaucracy-democracy relationship – is also heavily populated with diverse inhabitants, from left to right and from all disciplines.

Proponents of these new market-based reforms claim bureaucracy as a threat to democracy (Mosher 1968) and offer "reinventing government" through privatization and outsourcing of public sector functions (Osborne and Gaebler 1992). Opponents defend bureaucracy as better and more efficient when taking social and opportunity costs into account in the calculus of efficiency (Goodsell 2004; Farazmand 2009b; Meier 1993). They are critical of the corporate globalization of the world with loss of public accountability, abuse, and exploitation of human lives. They see the trend benefiting corporate globalizers and threatening "democracy" and democratic rights of citizens (Farazmand 1999; Korten 2001; Waldo 1992).

To these critics, it is a "hypocrisy" to speak of democracy without a competent and yet accountable and truly representative bureaucracy, because the two are interdependent and one in need of the other. This was the view of Dwight Waldo, and this is the view of this author (Farazmand 2010). In this line of interdependence, some authors have gone even further by calling bureaucracy as the "fourth branch" of government (Meier and Bohthe 2007). History has shown that bureaucracy persists, and those who claimed to abolish it have actually enlarged and empowered it. To abolish it, one would have to abolish/dismantle the US Department of Defense and the Pentagon which is the world's largest bureaucracy, and the same must be done in all other governments – and that is beyond comprehension. The political dilemma of democracy and bureaucracy has always confronted politicians and scholars with major choices to make – dismantling bureaucracy means chaos and disorder, and dismantling democracy means rule by bureaucratic officialdom. A balance must be maintained between the two, as there is no other alternative. As noted earlier, not all democracies are good or effective, especially in the age of corporate globalization in which corporate economic interests dominate democratic rights globally.

As argued elsewhere (see Farazmand 2002), both the policy of sweeping privatization and blind application of the new public management (NPM) are strategic instruments used to achieve the twin goals of corporate globalization of the world. The first transfers public sector functions and resources to the corporate sector, driving more millions of average people in a race to the bottom, while the second (NPM) changes the "culture" and basic assumptions of public service and public interests served by sound public administration systems with strong bureaucracies. More privatization means more dismantlement of democracy and its institutional systems (Farazmand 2002). Bureaucracy can also be democratized by increasing citizen participation, community-based administrative practices, and other mechanisms, such as "representative bureaucracy" (Farazmand 2009, 2010).

Are democracy and bureaucracy reconcilable? Yes they are. Are there contradictions in the relationship between the two phenomena? Yes there are, but they can be either minimized or aggravated depending on the public policies pursued. Extreme choices will result in imbalances and imbalance means accentuating contradictions. The current global stress on the political role of bureaucracies – including the private mercenary and corporate bureaucracies – for establishing domination, control, and hegemony is at the expense of creating social and economic opportunities for the masses of people in search of employment, decent living standards, and future well-being quality of life. Such an imbalance is dangerous to democracy and human rights with serious consequences for sound governance, democracy, public administration, and human life and environment.

The policy of excessive bureaucratization, militarization, and bureaucratic "domination" was detrimental to the ancient Persian and Roman Empires and contributed to their eventual downfall (Antonio 1979; Eisenstadt 1963, 1993); it is equally detrimental and dangerous to contemporary empires and political systems, whether democratic or authoritarian. Let us learn from history and its laws.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Global Governance
- ▶ Organizational Citizenship Behavior


## References


Antonio RJ (1979) The contradiction of domination and production in bureaucracy: the contribution of organizational efficiency to the decline of the Roman Empire. Am Sociol Rev 44(December):895–912

Agnew J (2005) Hegemony: the new shape of global power. Temple University Press, Philadelphia

Amsden A (2007) Escape from empire. MIT Press, Cambridge, MA

Eisenstadt SN (1963, 1993) The political systems of empires: a study of bureaucratic societies. The Free Press, Glencoe

Farazmand A (1989a) The state, bureaucracy, and revolution. Praeger, New York

Farazmand A (1989b) Crisis in the U.S. administrative state. Adm Soc 21(2):179–199

Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522

Farazmand A (2001) Privatization or reform: implications for public management. Praeger, Westport

Farazmand A (2002) Privatization and globalization: a critical analysis with implications for public management education and training. Int Rev Adm Sci 68(3): 355–371

Farazmand A (2009a) Building administrative capacity for the age of rapid globalization: a modest prescription for survival in the 21st century. Public Adm Rev 69(6): 1007–1020

Farazmand A (2009b) Bureaucracy, administration, and politics: an introduction. In: Farazmand A (ed) Bureaucracy and administration. Taylor and Francis, Boca Raton, pp 1–18

Farazmand A (2009c) Bureaucracy and public administration of the world state Achaemenid Persian Empire. In: Farazmand A (ed) Bureaucracy and administration. Taylor and Francis, Boca Raton

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258

Goodsell CT (2004) The case for bureaucracy, 4th edn. CQ Press, Washington, DC

Korten D (2001) When corporations rule the world, 2nd edn. Kumarian Press, Westport

Lenin VI (1971) State and revolution. International Publisher, New York

Marx K (1951, 1967) Selected works. Progress Books, Moscow

Meier K (1993) Representative bureaucracy: a theoretical and empirical exposition. Res Public Adm 2:1–35

Meier K, Bohthe J (2007) Politics and the bureaucracy: policy making in the fourth branch of government, 5th edn. Thompson/Wadsworth, Belmont
Mosher F (1968) Democracy and the public service. Oxford University Press, New York
Olmstead AT (1948) History of the Persian Empire: the Achaemenid period. University of Chicago Press, Chicago
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading
Parenti M (1988, 2010). Democracy for the few. St. Martin's Press, New York
Simon H (1979) Rational decision making in business organizations. Am Econ Rev 69(4):493–513
Waldo D (1947) The administrative state. Homes and Meier, New York
Waldo D (1992) The enterprise of public administration. Chandler and Sharp, Novato
Weber M (1947) The theory of social and economic organizations (trans: Parsons AM, Parsons T). Free Press, New York
Wilson W (1887) The study of administration. Pol Sci Q 2(2):197–220

# Bureaucracy, Leadership, and Ethics as Reflected Through Movies

Dominick J. Spano
Dorothy F. Schmidt College of Arts and Letters, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Bureaucracy; Business ethics; Company regulations; Corporate administration; Followers; Groupthink; Integrity; Leadership; Organizational management; Systems theory

## Definitions

Bureaucracy: A system which encompasses set rules and regulations; a management structure which often utilizes an organizational pyramid to allocate authority; a framework which is concerned with stability, order, and championing efficiency.

Leadership: A framework which focuses upon influencing followers in acting toward achieving a certain aim; a methodology of persuading others to yield to one's will; a fashion in which one convinces prospective followers to pursue what he or she believes to be the most auspicious fashion to complete any given task.

Business ethics: A set of business rules or regulations which involves doing what is optimal for clients per any given situation; conducting commerce in a moral fashion; upholding integrity to customers in the private or public sectors.

## Introduction

Movies often reflect the experiences of employees in modern organizations. Having worked in the private and public sectors, I can assert that the motion pictures *Modern Times* (1936) and *High Noon* (1952) were relevant to my experiences in these arenas. The themes of bureaucracy, leadership, and business ethics will be explored in said films and related to my tenure in the private sector at BB&T Bank.

## Bureaucracy

In *Modern Times*, Charlie Chaplin portrays an overworked factory assembly line employee. His working conditions are challenging. The assembly line moves too swiftly for Chaplin to produce efficient labor, his superior closely watches associates from his office via camera, and there are higher-ups standing over him while he works. The factory is decrepit, there are flies prevalent, and a colleague hits Chaplin in the face with a tool. The factory supervisor purchases a "feeding machine" for his subordinates to minimize their lunch periods. Chaplin is so dedicated to achieving at his job that he falls into the production machine, in an effort to keep up with the assembly line. His coworkers show little sympathy during these disturbing events.

These elements suggest that Chaplin's organization subscribes to bureaucratic theory. Said framework encompasses command chain

management, the hierarchy pyramid, and rules and guidelines to achieve a firm's major aim (Farazmand 2007, p. 26). There is a lucid command chain and organizational ladder in the establishment, with Chaplin's boss at the top. The associates who preside over the factory workers are likely directly under the boss, and Chaplin and his constituents are at the very bottom of the command chain. There are also various rules and regulations in the firm. Chaplin and the other assembly line workers each have a specific responsibility and must follow the exact procedures which are allocated to their roles.

Considering that bureaucracy is often closely associated with efficiency, management being concerned with how a firm executes production may fall under the umbrella of this concept. Chaplin's factory attempted to implement scientific management of organizational theory. Said framework focuses on internal efficiency maximization, work standardization, separation of supervisory from operational procedures, and the maintenance of efficient managerial control. It has been referred to as the "machine model" of organization (Farazmand 2007, p. 26). This firm did not garner the highest level of success via this model for a number of reasons. First, though the assembly line work was standardized, Chaplin was highly inept at his job. Chaplin struggled to keep up with his coworkers, and as a result, he ended up in the production machine. Despite showing Chaplin in this device per comedic effect, if this occurred in a modern setting, the employee would likely suffer injuries. Second, the "feeding machine" which was presented in the film may shorten the period that subordinates have for lunch, but any appliance of this nature would never be used by employees. If the manager of an organization even suggested this dining method to his staff, he would likely be served with labor union lawsuits. Third, the factory was presented as so disgusting that I would deem it as nearly impossible for an employee to conduct his duties in an efficient fashion. Finally, Chaplin is struck in the face with a sizable tool by one of his coworkers. Though in the film Chaplin sustained no injuries, in reality, he would require medical attention. Putting aside that the priority would be Chaplin's health, in respect to efficiency, having to disrupt an entire assembly line, losing hours of production time, rushing an employee to the hospital, and suffering legal woes are not preferred.

There were also bureaucratic elements prevalent in *High Noon*. Per an overview, the film starts with Marshal Kane's wedding to Amy Fowler. Unfortunately, they are unable to enjoy immediate marital bliss, as Frank Miller, a rogue which Kane helped to get incarcerated, is returning to town to enact his revenge. Kane attempted to get acquaintances to help him in his upcoming scuffle with Miller, but he was met with misgivings via joining this cause. This is jarring, as Kane was a fine man, who actually helped to purify the town. This element of the film personified a bureaucratic way of making decisions based on the perspectives of the townspeople. The citizens had uncertainties in assisting Kane not solely because Miller was a dangerous outlaw, but if Miller overtook Kane and anyone who dared to join his enterprise, it was possible that Miller would have claimed the town as his own, and this would prove disastrous for their livelihoods. I believe that the correct decision would have been for the townspeople to assist Kane, but said citizens made what they believed to be diplomatic choices, which were actually based on erroneous bureaucratic and selfish motivations.

Kane ultimately has the courage to square off against Miller and his associates alone. Though Kane put up a commendable fight against Miller and his colleagues, it became clear he would not be the victor without help. The gentle Fowler soon assisted her husband by shooting one of Miller's constituents named Pierce and giving Kane the latitude to overtake Miller. Fowler and Kane go off to live a happy life together. It was laudable that Fowler made the decision to assist her husband based on love and affection. It represented a truly selfless decision, which is not prevalent in most modern organizations.

The bureaucracy notated in both films is not dissimilar to modern firms. While working at BB&T, hierarchy, command chains, and rules and regulations were vital elements. Like in Chaplin's organization, BB&T branches were set up in a top-down fashion. The branch

organizational pyramid from top to bottom included the branch manager, senior banker, personal banker, and tellers. Branch managers and associates were not as empowered as most customers believed. For example, overdraft fees were restricted by a system that BB&T implemented which only allowed a client to receive a single fee back on an annual basis. This parallels the employees at Chaplin's firm, as the line workers had very little authority over the organization and their only obligation was to perform well in their duties. It was even discouraged for them to provide feedback to management. Though suggestions by lower-level employees to management were not always rejected at BB&T, they were seldom adopted.

In respect to the rules and regulations, BB&T harbored a system and a particular methodology for all client services. For example, upon opening an account for a client, I would greet the client, build rapport while learning what type of account would be a fit for his needs, make a recommendation related to said desires, proceed to open the account, insert his deposit into my teller draw following establishing the account, ask him if there was anything else I could do to provide top-tier service, and grant him many of my business cards and request referrals. BB&T's general procedures embodied systems theory, which is predominately concerned with stability and structure in all circumstances (Farazmand 2002, p. 80). The employees at Chaplin's factory utilized this framework, as the line worker duties were highly standardized. The town presented in *High Noon* encompassed general stores, saloons, and smaller retailers. The employees in such establishments also generally harbor static responsibilities within their positions.

## Leadership

The leadership within Chaplin's organization showed little to no consideration toward its associates. Most of its actions, such as spying on employees via secret cameras and attempting to abbreviate their lunch periods by using a "feeding machine," displayed highly adverse opinions and treatment to lower-level associates. Chaplin was hit directly in his face with a sizable tool and fell into the production machine. The appropriate actions of upper level professionals would be to show immediate concern for their employee, but Chaplin's management team offered him very low levels of consideration.

The leadership in *High Noon* included higher-ups in the town, such as the mayor, various administrators, and other political affiliates. Within the town, it was known that Miller made lethal threats against Kane, and it was his primary objective to cause Kane and his loved ones anguish. The political administrators of this town took no action to protect Kane from this imminent danger, and many of his affiliates refused to assist him. Their reasoning behind said actions was that they could have been exposed to acts of violence or it may have affected their livelihoods.

During my initial years at BB&T, I served under managers who created dreadful cultures, including harassment, false accusations, slender raises, and even being instructed to omit work hours so that the company avoided properly compensating employees. I was later promoted to the Manager of BB&T and can thus identify leadership frameworks which were favorable to the organization:

1. *The Ohio Leadership Studies, Initiating Structure*: This framework is more akin on setting standards, assigning roles, and pressing for production. This would be useful via BB&T's culture, as the goal was to produce the maximum revenue (Rainey 2014, p, 338). Though it is possible that employees in this environment may be intelligent and can provide serviceable feedback to managers, the general goal of subordinates was to do the work, collect a paycheck, and go home. This style was applicable for many of the associates at BB&T, but this company harbored select employees who were interested in achieving. Though I recommend that said associates are provided higher levels of individual consideration, this methodology overall aligns with BB&T's preferences.
2. *Fiedler's Contingency Theory of Leadership, Low Least-Preferred Coworker (LPC)*: This

encapsulates a more task-orientated leadership style (Rainey, p. 339). Similar to authority-obedience management, this framework is more concerned with accomplishing production tasks efficiently. Considering that most of the employees at BB&T were not intrinsically motivated, it was preferred to be direct in the tasks that they had to accomplish. However, there were again some associates who wished to achieve, so they deserved specific consideration.

These leadership styles can also be applicable to Chaplin's organization. The Ohio Leadership Studies can be related to Chaplin's production factory because the line workers are generally only concerned with finishing the workday. Though I would encourage management to keep an open mind in hearing suggestions from said subordinates, generally speaking this is the preferred methodology. Fiedler's Contingency Theory of Leadership, Low LPC is also suggested for implementation at Chaplin's institution. On any assembly line, it is important to complete tasks as efficiently as possible, as all of the roles are interconnected. Chaplin was inefficient in executing his duties, which slowed the production line down and ultimately led him to going into the factory production machine.

## Business Ethics and Morality

The management team at Chaplin's factory displayed little business ethics and morality. Their reprehensible actions were highly unethical and crossed many moral boundaries. In modern society, management would be sued or possible imprisoned for failing to inform employees that they are being watched or not immediately tending to an associate who was struck in the face with a tool during the workday. I feel that the town administrators from *High Noon* also failed to act in a moral fashion. These professionals were well aware that Kane was in grave danger and could have possibly been executed by Miller and actively avoided providing assistance. This is a theory in public administrations called municipal housekeeping which states that a city should be modeled after a home, as administrators must provide for citizens as a parent provides for children (Rissler and Shields 2019). The political higher-ups of Kane's town clearly did not subscribe to this concept via granting him safety.

Many of the actions at BB&T were also futile in upholding business ethics or morality. Per one illustration, employees were not allowed to work over the standard 40 hour week, as this organization had a strict policy on refraining from paying associates overtime. I remember one instance where there was a bank robbery toward the end of the day, and all employees were forced to stay 2 hours late to be interviewed by the police. BB&T initially refused to pay my subordinates overtime for their services. I called my supervisors and demanded that my workers be paid for their additional time. My team was properly compensated in their following paychecks. It was embarrassing that I had to make this call.

A second example at BB&T involved the concept of groupthink. I experienced groupthink during BB&T corporate board meetings. I can attest that groupthink is unpleasant and uncomfortable and should be unacceptable, but it happens regularly. In one particular meeting, BB&T's Supervisory Team called all of the managers to BB&T Florida headquarters. The primary reason for said meeting was that subsequent to the discontinuation of incentive-based compensation following the Wells Fargo scandal, the productivity of almost all personal bankers had substantially declined. BB&T supervisors ordered each branch manager to comment on whether he or she felt that BB&T should terminate the bottom 1/3 lowest-producing bankers. The first few managers agreed with this notion, and each subsequent manager concurred with this decision. Having being close with said managers and harboring many private discussions, I was aware that they did not subscribe to this course of action, as they felt that these lower-producing bankers were trainable and had potential. My colleagues failed to share these insights with BB&T supervisors, instead adhering to groupthink. I was the last manager to be asked about this decision, and the sole branch leader to tell BB&T supervisors that I did not agree with

this action course. I further noted that I used to work with many of these low-producing bankers and I believed in them. I put forth a persuasive case to BB&T supervisors about my feelings, and BB&T chose not to take this action. I instead volunteered to "train up" the lower tier of bankers, and almost all of them went from being in the bottom 1/3 to the top tier of production.

## Key Takeaways

There are a number of key takeaways which can be garnered from these films and my experiences:

1. *Subordinates are encouraged to present recommendations to management*: In most organizations, subordinates should present suggestions to management. For example, the results could have been positive if Chaplin had an open dialogue to his management team. There were many instances where I granted recommendations to my management team at BB&T, and my auspicious ideas were implemented.
2. *Management should listen to and consider employee insights*: Having served as a subordinate and upper management in many organizations, I believe that top-level executives and administrators should be open to viable suggestions from subordinates. There were many times in BB&T when my employees presented progressive ideas, such as when my lead teller articulated methods in which the teller line could have been streamlined for better efficiency. I considered all reasonable ideas and implemented those which were a boon to our branch.
3. *Exit an organization if the leadership and culture is adverse*: An experienced professional can determine in a timely manner if the leadership or culture of an enterprise is erroneous. Chaplin should have exited his factory earlier, but given the era and what was shown of his home life, it is likely that he needed the capital from this position. Similarly, I stayed employed at BB&T for over 5 years, and in retrospect it would have been advantageous to leave after a few years. I realized within a short period that it was a negative environment, but I choose to stay due to the pending fear that I would be unable to garner another position. This alarm was unwarranted, as I was ultimately recruited for a much more prestigious job shortly after leaving BB&T. Once ones surroundings are diagnosed to be unsuitable, adjustment must be conducted.
4. *All experiences contribute to personal development*: Though in the course of one's career path he or she will have many different experiences, each of them affects personal development. Chaplin grew as a result of his employment at the factory. The film ends on a positive note, with Chaplin securing employment in a different field and finding happiness with his love interest named Ellen. This implies that accepting that no matter what industry one serves there will always be hardships, but making the best of one's situation while obtaining joy from other areas of life is encouraged.

My tenure in BB&T helped me to grow as a professional and human being. It would be nearly impossible for all work experiences to be positive, but a great deal can still be learned from all professional occurrences. It is very possible that one may develop more from adversity. For example, I learned at BB&T that I can achieve greatness, even if nobody initially believed in me. If it was feasible for me to become BB&T's #1 banker and top manager for the majority of my tenure in this organization, then it is plausible for my readers to accomplish any realistic goal that they wish to reach.

## Conclusion

A great deal can be said for the value of viewing motion pictures as related to organizational theories. It is also encouraged to relate one's own experiences to various frameworks. *Modern Times* and *High Noon* certainly harbored elements which related to the aforementioned concepts. I recommend all interested parties to view these and further films and ponder how they correlate to

said subjects. By taking these actions, they will garner a greater understanding of these topics.

## References

Chaplin C (Director) (1936) Modern times [Film Produced in the USA]. United Artists
Farazmand A (2002, 2021/22) Modern organizations: theory and practice, 2nd edn and expanded. Henry, N., Westport (Original Work Published 2000)
Farazmand A (2007) Strategic public personnel administration. Praeger, Westport
Rainey H (2014) Understanding and managing public organizations, 5th edn. Jossey-Bass, San Francisco
Rissler GE, Shields PM (2019) Positive peace – a necessary touchstone for public administrations. Adm Theory Praxis 41(1):60–78. https://doi.org/10.1080/10841806.2018.1479549
Zinnemann F (Director) (1952) High noon [Film Produced in the USA]. Stanley Kramer Productions

# Bureaucratic Accountability and Performance

Kwangseon Hwang
Department of Public Administration, Gachon University, Seongnam, Sujeong-gu, Republic of Korea

## Synonyms

Accountability; Answerability; Performance demands; Responsiveness

## Definition

*Accountability* is a social relationship in which an actor feels an obligation to explain and to justify his or her conducts to some significant other.

## Accountability Dimensions

A key definition of accountability is "a social relationship in which an actor feels an obligation to explain and to justify his or her conducts to some significant other" (Bovens 2010). Accountability can also be defined differently based upon social, political, cultural, and institutional conditions. In order to explain and to justify their conduct, public organizations release information about their actions to the public. Thus, accountability is often seen as "transparency" of information. This study follows the concept of accountability as managing and meeting public and other expectations for performance and for bureaucratic, legal, professional, and political responsiveness (Kearns 1996; Romzek and Dubnick 1987).

In addition to definitions of the concept, a variety of accountability frameworks for understanding accountability and its relationships has developed. The majority talks about a conflicting nature of accountability to which managers have to respond. The important implication is not *solving* the tension inherent in the need to address conflicting expectations but rather *managing* to "fulfill the public's expectations," which provides a more "realistic picture" of today's organizations and their environments. Romzek and Dubnick's model is useful as a framework for understanding and to measuring accountability reflecting this implication. Their four accountability schemes are:

1. Bureaucratic/hierarchical accountability, in which administrators' behavior is tightly controlled by superiors within an organization
2. Legal accountability, in which administrators' and agencies' behavior is closely controlled by legally empowered external principals, such as legislators
3. Professional accountability, in which technically expert administrators are expected to exercise considerable discretion, guided by shared professional norms and standards
4. Political accountability, in which administrators and agencies are expected to employ their judgment in responding directly to the expectations of the individuals or groups comprising the agency's political constituencies

Koppell's (2005) concept of accountability is also helpful. Koppell operates with five

dimensions of accountability in order to reflect multiple characteristics of accountability: transparency, liability, controllability, responsibility, and responsiveness. This more or less covers the comprehensive meaning of accountability mentioned by the scholars defining the concept. The five dimensions of accountability are made to accommodate Romzek and Dubnick's idea of managing the expectations and environment. The first two kinds of accountability (transparency and liability) can be thought of as foundations that underpin accountability in all of its manifestations. There is greater tension between the three substantive conceptions of accountability – controllability, responsibility, and responsiveness.

Bovens et al. (2008) formulate a comparable set of perspectives on public accountability in a constitutional democratic state with the three criteria of public accountability: information, debate, and consequence. The democratic perspective stresses the importance of control by citizen's elected representatives. Secondly, the constitutional perspective aims at the prevention of corruption and abuse of power. Public accountability should withstand the constant tendency toward concentration and abuse of power. Lastly, the learning perspective should enhance government effectiveness. Public accountability provides feedback to increase effectiveness and efficiency. Theories or frameworks show that public accountability represents many dimensions of the proper functioning of the government and a democratic society.

## Formal and Informal Accountability

Accountability could be understood further in terms of formal and informal types, which may influence performance differently. Raelin (2011) defines formal accountability as a bureaucratic mechanism and informal accountability as a post-bureaucratic process through norms and trust. Formal accountability lies with the organizational structure and institution, while informal accountability emerges from the unofficial expectations and discretionary behaviors. This distinction is important because accountability could be either a problem or an opportunity for performance depending on the emphasis of either accountability mechanism.

Since the Friedrich-Finer debate (Friedrich (1940) advocated a robust exercise of expert professional judgment/discretion; Finer (1941), by contrast, argued for obedience/responsiveness to explicit instructions.) in the 1940s, a literature discussing the impact of the internal and external (The terms "internal" and "external" are, respectively, compatible with "informal" or "implicit," and "formal" or "explicit.") environment over the bureaucratic behavior has developed. A number of scholars have concluded that the integration of individual practice and organizational environment is crucial in managing accountability in public organizations (Cooper 2012). Cooper (2012, p. 163) argues that the full responsibility of public managers must derive from a balance between internal and external control. Similarly, Mulgan (2000) contends that both internal and external factors should be considered as a single mechanism to understand why public servants decide and behave as they do. In short, it has become a common knowledge that public managers do not just passively respond to external pressures but they make judgments about what is the best for citizens. Bovens (2010) recently suggested two ways of thinking about accountability: as a mechanism (formal) and as a virtue (informal). This perspective summarizes effectively this architecture of accountability. Bovens argues that these are not contradictory but complementary (p. 962). As such, most students studying accountability seem to agree that the crucial theme of managing accountability is balancing between formal (responsiveness to explicit instructions or mechanism) and informal (bureaucratic professionalism and discretion or virtue) accountability.

While the traditional perspective on bureaucratic behavior has largely assumed that bureaucratic decisions, outputs, and outcomes are determined by external political controls, the "balance" perspective mentioned above gets support. Recent studies have demonstrated that bureaucratic values are as or even more important in explaining bureaucratic decision and behavior

than external factors and show more the role of informal. For example, Dunn and Legge Jr. (2001) found empirically that managers in local governments identify responsibility and accountability as a combination of internal and external controls, yet internal controls are slightly stronger factors than external ones. Reflecting this trend, the study of the significance of informal accountability in management rises to the surface (Romzek et al. 2012). Romzek et al. (2012) argue that informal dynamics are far less understood. Much literature on street-level bureaucracy also focuses on informal factors, such as organizational norms and worker attitudes, as powerful factors explaining behavior and performance.

## Accountability and Performance

For some scholars, accountability and performance improvement are instrumental to each other, which means one variable can enhance the other. Another strongly held position is that there are the tensions between accountability and performance due to incompatibility with each other (Behn, 2001). The tensions between the requirements of accountability and those of effective administrative action have been described as one of the classic dilemmas of public administration.

Prior to examining the A → P link, I briefly illuminate the P → A link. Evaluation efforts in the government have a long history. Performance measurement has been viewed as "the newest method of ensuring accountability." (Ho 2006) and Berman and Wang (2002) suggest that performance measurement leads to a perceived accountability improvement of government agencies. Yet, whether performance measurement matters is still elusive. The problem is that performance management rarely covers the genuine scope of accountability. It is common that performance management efforts have always been driven primarily by political accountability and measures often have focused on outputs rather than outcomes that matter to citizens. Furthermore, the scope of performance, I argue, is not as broad as accountability in terms of its conceptual scope. Hence, performance efforts explain only a small part of the enhancement of accountability. Conversely, a study of accountability as an independent variable can help capture a more accurate picture for improving the quality of public service provision.

Some believe that through greater accountability, we will enhance the government's performance (Dubnick and Frederickson 2011). In other words, accountable workers are expected to yield better productivity. Regarding the effect of accountability on performance, there has been little significant contestation and debate concerning this relationship because it is rarely challenged. The exception is Gormley and Balla's (2010) inquiry into how the dynamic of accountability has influenced varied performance of public agencies (They have attempted to evaluate accountability and performance of particular public agencies through systematic analysis using a theoretical framework of bounded rationality, principal-agent theory, interest group mobilization, and network theory. The relationships are threefold: the parallel relation, the effect of accountability on performance, and the effect of performance on accountability.). Empirical studies have identified several positive effects of accountability. Nevertheless, it is not yet understood when and which accountability mechanisms lead to these (un)desired behaviors.

Some show that the lack of accountability can lead to disasters (Romzek and Ingraham 2000). Others worry that accountability causes management problems (Koppell 2005) and hinders policy change (Schwartz et al. 2004). The main reason for skepticism about accountability is its multifaceted, often self-contradictory nature. Bovens notes how other scholars are of the opinion that "public services nowadays have far too many accountability arrangements for efficient performance." For example, accountability imposes competing pressures on employees' perceptions of their work performance, which can reduce the probability of actual mission accomplishment in an agency. Ebrahim (2005) asserts

that it is generally assumed that more accountability is better but, he goes on to argue, having more accountability arrangements in place does not ensure better performance because too many arrangements to ensure accountability can prevent organizations from achieving their missions (p. 56).

Hence, one significant reason for the slow progress in our understanding of the effects of accountability on performance may be the paradoxical reality of accountability when studying the effect of accountability on performance. While the concept of accountability has been rallied to serve the needs of highly desirable objectives, a number of scholars have discovered a dilemma (The term dilemma has been used interchangeably with "paradox" as well as "accountability crisis" and also an "accountability trap." Koppell (2005, p. 95) calls these complex accountability phenomenon as "multiple accountabilities disorder (MAD)," and Thompson (1980, p. 74) names it as "The Problem of Many Hands" as policies pass and decision made through various committees and hierarchy before they were actually implemented.) or tension in accountability systems, the so-called accountability dilemma (So far, scholars have suggested a few ways to reconcile these complex phenomena: mutual accountability, dialogue, negotiation, broadened accountability, and dialectics.). That is an undesirable effect of accountability and other forms of control. Smith (1995), for example, observes the tendency of civil servants to engage in tunnel vision. Tunnel vision makes individuals focus on specific issues accounted for while not considering the broader, unaccounted dimension of equal importance. Gaming behavior, such as "hitting the target but missing the point," is also an undesired behavior frequently observed in public organizations. Public servants intend to please the accountability stakeholders and avoid sanctions by shifting their own attitudes to preferences of the accountability stakeholders, thereby potentially undermining the purpose of accountability.

This is in line with the classic debate between responsiveness and neutral competence. Self (1973, p. 284) comments that "the growth of specialized policy fields and the increase of administrative discretion [have] reduced the decision-making capacity of elected political leadership." As well as in theory, in practice, the tension between expertise and obedience to political instructions is explicit. Empirical studies show that emphasis on legal and hierarchical accountability damages professional and political accountability. Also, focusing on political and hierarchical accountability damages professional accountability. This phenomenon is well fitted into the insight from the theory of street-level bureaucracy that recognizes "the dilemmas of the individual in public services." For instance, street-level research on child welfare services shows the perverse effects of performance-based accountability approaches.

This conundrum was well expressed in the literature of formal and informal accountability. The challenge is the art of balance between formal and informal accountability systems. While there has been a certain amount of emphasis on both accountability arrangements in theory as well as in practice, informal accountability is getting more attention in public service.

## Concluding Remark

Since few studies have been conducted to examine the role of accountability in a relationship with other public values or objectives, the effect of accountability on performance remains to be explored. In order to go beyond the inherent circumstances – the competing nature of accountability – discussed above, Acar et al. (2008) argue that "the accountability-performance link may have something to do with how managers respond to accountability pressures and transform the pressures into *management strategies*" (p. 17, emphasis added). This perspective supports the increased attention to accountability (Hwang 2016; Hwang and Han 2017).

The increased focus on accountability as an independent variable and relationship with

performance is attributable to the transition of accountability studies. The discussion of accountability has been changed from the traditional concept of *control*, which is simply giving an account after the event, to the concept of *strategic responsiveness*. As Forrer et al. (2010) posit, public accountability historically has been largely about "control" because representation is up to elected representatives (such as members of the legislature or the president) to ensure that administrators serve the needs of the people (p. 477). However, "control" is too strong a term for the accountability relationship when the bureaucracy has become an important component of good governance as the administrative state developed. Better understanding on the relationship between accountability and performance is imperative in the field of public administration in order to manage the diverse expectations and respond to constituents.

## Cross-References


- ▶ Frontline Bureaucratic Accountability
- ▶ New Public Management
- ▶ Performance Management


## References


Acar M, Guo C, Yang K (2008) Accountability when hierarchical authority is absent. Am Rev Public Adm 38(1):3–23

Behn RD (2001) Rethinking democratic accountability. Brookings Institution Press, Washington, DC

Berman E, Wang XH (2002) Performance measurement in US counties: capacity for reform. Public Adm Rev. 60 (5):409–20

Bovens M (2010) Two concepts of accountability: accountability as a virtue and as a mechanism. West Euro Polit 33(5):946–967

Bovens, M., Schillemans, T., & 't Hart, P. (2008). Does public accountability work? An assessment tool. Public Adm, 86(1), 225–242

Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role. 6 ed. Jossey-Bass

Dubnick MJ, Frederickson GH (2011) Public accountability: performance measurement, the extended state, and the search for trust. The Kettering Foundation, Washington DC

Dunn DD, Legge JS Jr (2001) US local government managers and the complexity of responsibility and accountability in democratic governance. J Public Adm Res Theory 11(1):73–88

Ebrahim A (2005) Accountability myopia: losing sight of organizational learning. Nonprofit Volunt Sector Q 34(1):56–87

Forrer J, Kee JE, Newcomer KE, Boyer E (2010) Public–private partnerships and the public accountability question. Public Adm Rev 70(3):475–84

Gormley WT, Balla SJ (2010) Bureaucracy and democracy: accountability and performance, 3rd edn. CQ Press, Washington, DC

Ho ATK (2006) Accounting for the value of performance measurement from the perspective of Midwestern mayors. J Public Adm Res Theory 16(2):217–37

Hwang K (2016) Accountability practices in public child welfare services. Int J Public Adm 39(8):587–596

Hwang K, Han Y (2017) Public caseworkers' strategies coping with accountability demands. J Public Aff https://doi.org/10.1002/pa.1669

Kearns KP (1994) The strategic management of accountability in nonprofit organizations: an analytical framework. Public Adm Rev 54:185–192

Koppell JGS (2005) Pathologies of accountability: ICANN and the challenge of "multiple accountabilities disorder". Public Adm Rev 65(1):94–108

Mulgan R (2000). 'Accountability': an ever-expanding concept? Public Adm 78(3):555–73

Raelin JA (2011) The end of managerial control? Group Org Manag 36(2):135–160

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47:227–238

Romzek BS, Ingraham PW (2000) Cross pressures of accountability: initiative, command, and failure in the Ron Brown plane crash. Public Adm Rev 60(3):240–253

Romzek BS, LeRoux K, Blackmar JM (2012) A preliminary theory of informal accountability among network organizational actors. Public Adm Rev 72(3):442–453

Schwartz R, Sulitzeanu-Kenan R (2004) Managerial values and accountability pressures: challenges of crisis and disaster. J Public Adm Res Theory 14 (1):79–102

Self P (1973) Administrative theories and politics: an inquiry into the structure and processes of modern government. University of Toronto Press, Toronto

Smith P (1995) On the unintended consequences of publishing performance data in the public sector. Int J Public Adm 18(2–3):277–310

Thompson DF (1980) Moral responsibility of public officials: the problem of many hands. Am Polit Sci Rev 74:905–916

# Bureaucratic Autonomy

Sadik Hasan
Department of Public Administration,
University of Dhaka, Dhaka, Bangladesh

## Synonyms

Autonomy; Bureaucracy; Bureaucrats; Discretion

## Introduction

Bureaucratic autonomy is one of those concepts that have fascinated the scholars of both public administration and political science for a long time. Such fascination inspires the scholars to carry out research from diverse perspectives on different aspects of bureaucratic autonomy. However, such diversified literatures fail to produce consensus among the scholars over the meaning, definition, nature, measurement mechanism, etc. of bureaucratic autonomy. Formal scholars rely primarily on principal-agent models while some focus on more political definition of bureaucratic autonomy and European public administration scholars come up with various types of autonomy. In the words of Caughey et al. (2009), "while each scholarly approach has its own strengths, none offers a portrait of bureaucratic autonomy that is both complex enough to be realistic and general enough to travel across historical and spatial contexts."

## Bureaucratic Autonomy: Concept

The term "autonomy" is derived from the Greek words for auto (self) and nomos (law), i.e., self-law. According to the Collins English Dictionary, autonomy is the control or government of a country, organization, or group by itself rather than by others while the Cambridge Dictionary describes autonomy as the right of an organization, country, or region to be independent and government itself.

Given that, in simple sense, bureaucratic autonomy can be described as a procedure in which the bureaucrats receive directives from political principal in different manners and act as agents (Fukuyama 2013). Bureaucratic autonomy relies on the magnitude and nature of issuing such directives by the principal. However, principal can issue many supplementary directives regarding the execution of that broad guideline. There could be multiple legitimate principals issuing overlapping and conflicting directives. As for example, in China, duplicate functional agencies are found where one reports following a chain of command to the concerned ministry while the other reports to municipal or provincial governments.

To Christensen (1999), bureaucratic autonomy is the formal exemption from full supervision by the concerned political actors (e.g., departmental minister). The presence of formalization criterion in the definition implies that the exemption from political oversight should be established through properly enacted legal mechanisms. For Egeberg (1998), "bureaucratic autonomy is meant to what extent officials, in their actual behavior, are constrained by the interests and actions of other actors, like the political leadership, interest groups, news media, and international organizations."

For Davis (1969), a local official or civil servant exercises autonomy whenever there is scope to make choices among possible courses of action or inaction. Supporting the view Brooke (1984) opines that an organization can be autonomous if it can take decisions on issues reserved for upper level in similar institutions.

However, Yesilkagit (2004) observes that there are two forms of bureaucratic autonomy: formal and real. He further observes, "...real bureaucratic autonomy does not need to correspond with the agency's formal bureaucratic autonomy. An agency's formal bureaucratic autonomy only stipulates such things as the kind of the decisions the executive leadership of an agency is entitled to

take, to whom it is to report about these, and how its agency is funded for all this". In other words, an agency's real bureaucratic autonomy needs not to be equal to its formal bureaucratic autonomy. However, the inconsistency between these forms can produce challenges in two situations. Firstly, if an agency of little formal autonomy seeks more real autonomy. Here the bureaucrats want to break away from political oversight by forging their own issue niches, iron triangles, or advocacy coalitions. Secondly, if politicians want to limit the high level of formal bureaucratic autonomy already enjoyed by an agency.

Furthermore, such ambiguous nature of bureaucratic autonomy tends researchers to build different images of bureaucracy (Kim 2007). Firstly, bureaucracy is a politicized institution which can develop internal capacity, nurture external support, mobilize resources, and represent diverse social interests without the arbitration of political institutions. Secondly, bureaucracy is considered autonomous when it overlooks the desires of political principals. Thirdly, as autonomous body, bureaucracy establishes mutual relationships with political institutions.

## Bureaucratic Autonomy: Categories

Considering that literature on the definition of bureaucratic autonomy can be categorized into three different streams, which focuses on a distinct aspect of the concept. The categories are: (a) Principal-Agent Definitions Approach, (b) Autonomy as Shaping the Preferences of Other Actors Approach, and (c) Multidimensional Conceptions Approach (Caughey et al. 2009).

The first category, principal-agent approach, focuses on the formal interaction between the bureaucratic agencies and their political principals. Here the autonomy indicates the ability to ratify policies without being overshadowed by other political actors. Thus, bureaucratic autonomy is defined "as the extent to which agencies are able to implement outcomes that diverge from the preferred policies of their principals, without being prevented *ex ante* or punished *ex post*" (Caughey et al. 2009).

This approach also generates some predictions about the probable grounds for delegating power to bureaucrats. As for example, to Epstein and O'Halloran (1994, 1999) and Bawn (1995), the magnitude of political uncertainty faced by political principals determines the degree of delegation to bureaucrats. Besides, the uncertainty among elected representatives regarding returning to power again may inspire them to exercise greater delegation to protect their policies (de Figueiredo 2002; Moe 1989). Another prediction is the "ally principle" which indicates the increase in magnitude of delegation while the preference conflict – the distance between the ideal points of bureaucrats and politicians – decreases (Bendor et al. 2001). Finally, research shows that *ex ante* and *ex post* mechanisms of bureaucratic control have surfaced as alternatives as the capacity of politicians to rely on *ex post* monitoring reduces their preferences for low-discretion statutes (Caughey et al. 2009).

The principal-agent approach has some limitations as well and one of those is definitional. In some literatures, *autonomy* is often interpreted as identical to *discretion*. However, autonomy is a rich concept that entails both independent goal formation and the capacity to translate goals into outcomes. On the other hand, discretion refers to the magnitude of scope an actor has within a given sphere of decision-making. Risking such ambiguity, some authors use only one term or the other while a number of scholars use the terms interchangeably. To Carpenter (2001), bureaucratic discretion "is only a bare tendril of autonomy. . .Discretion is part of contractual arrangement between politicians and an agency they establish. . .Bureaucratic autonomy, by contrast, is external to a contract and cannot be captured in a principal-agent relationship."

The second category – autonomy as shaping the preferences of other actors – focuses on those aspects of bureaucratic autonomy that the principal-agent approach fails to capture – particularly its essentially political nature. The classic example of this approach is Carpenter's 2001

study of bureaucratic politics in late nineteenth and early twentieth century America.

Bureaucratic autonomy exists, to Carpenter (2001), "when politically differentiated agencies take sustained patterns of action consistent with their own wishes, patterns that will not be checked or reversed by elected authorities, organized interests, or courts." He identified three preconditions for bureaucratic autonomy: (a) political differentiation, (b) unique organizational capacities, and (c) political legitimacy.

Political differentiation requires an agency's preferences should be "irreducible," which means different from other social and political actors and interests. The second precondition, organizational capacity, allows agencies and bureaucratic entrepreneurs within to participate in policy experimentation and innovation and materialize their preferences into effective actions. However, both these preconditions depend largely on the bureaucratic culture of that organization. Finally, an agency makes attempts to convince a diverse network of citizens and political leaders to gain political legitimacy. The fulfillment of these conditions empowered agencies not only to implement their preferred policies facing political opposition but also to shape the policy preferences of voters, organized interests, and politicians.

Apart from Carpenter, many scholars have emphasized bureaucrats' potential to mobilize political coalitions of supporters. "No bureau survives," noted Downs (1967), "unless it is continually able to demonstrate that its services are worthwhile to some groups with influence over the resources to keep it alive." Studies (e.g., Rourke 1969; Lowi 1969; Hansen 1991; Schneider 1993) in line with this stance argue that mobilization of support coalitions can provide bureaucrats with leverage over their nominal political principals while punishing or controlling their agency. At the same time, however, autonomy from political principals often comes at the price of capture by other interests. Moreover, Yesilkagit (2004), building on Carpenter, Downs, and others, enumerates the following list of empirical prerequisites of bureaucratic autonomy: (a) "acceptation of the agency by its (political) supporters [and] beneficiaries"; (b) legitimacy based on a reputation for unique capacity and grounded in multiple networks of supporters; and (c) a distinctive and clearly recognized jurisdiction, area of expertise, and clientele.

The third category of the literature – multidimensional conceptions of bureaucratic autonomy – focuses on the relationship between bureaucratic agency and departmental ministers in European parliamentary systems. Scholars have identified many types of bureaucratic autonomy under this category, and Verhoest et al. (2004) come forward with a useful conceptual map by identifying two broad philosophical stances – "autonomy as the level of decision-making competencies" and "autonomy as the exemption of constraints on the actual use of decision-making competencies." Here the first one can be termed as the relative absence of *ex ante* restriction on agency behavior while the second one as involving *ex post* constraints and punishment.

*Ex ante* stream of autonomy includes managerial autonomy (agency discretion over "inputs", e.g., internal budgetary allocation) and policy autonomy (agency's ability to make decision over policy "outputs"). Lower policy autonomy agencies may have discretion over "(sub)process and procedures," while greater policy agencies possess the authority to select the policy along with the quantity and quality of the produced goods or services (Verhoest et al. 2004).

*Ex post* stream of autonomy has four components: (a) structural autonomy, (b) financial autonomy, (c) legal autonomy, and (d) interventional autonomy. Structural autonomy indicates the magnitude of insulation that agencies enjoy from intervention of elected officials. Financial autonomy denotes the scope of an agency in terms of having independent and secure sources of revenue, as well as the magnitude of taking responsibility for its own losses. Financially autonomous agencies are somewhat protected from financial punishment, e.g., budget cuts from political principals.

Legal autonomy indicates the magnitude of protection that an agency enjoys under the law from elected officials in terms of agency's "allocation of decision-making competencies" (Verhoest et al. 2004). Finally, interventional autonomy describes an agency's freedom from *ex post* oversight and punishment by elected officials.

Many scholars follow a similar approach to Verhoest et al. (2004) but with different categories. As for example, terming the first three components as the variants of formal bureaucratic autonomy, Christensen (1999) provides a comparative picture (Table 1):

Moreover, Ellison (1995) describes three indicators of autonomy:

(a) Avoiding control by elected officials: This implies any action an agency takes to thwart external attempts to change its political, legal, and fiscal autonomy.
(b) Resisting predation by other agencies: This indicates an unwillingness to share or give up programmatic responsibilities with other units of government.
(c) Avoiding unwanted functions: This embodies an unwillingness to accept new tasks that may detract or hinder the agency's ability to perform its critical tasks.

## Bureaucratic Autonomy and Quality of Government

Since more autonomy for bureaucrats indicates lesser directives and less autonomy means higher directives from political principals, Fukuyama (2013) finds that the relationship between bureaucratic autonomy and quality of government looks like an inverted U.

The figure shows that at one end – complete subordination – the bureaucracy has no scope for exercising discretion rather restricted by detailed rules and regulations set by political principal resulted into poor quality of government. One of the worst scenarios could be the staffing entirely

**Bureaucratic Autonomy, Table 1** Variations in formal bureaucratic autonomy

| | Structural autonomy | Financial autonomy | Legal autonomy |
|---|---|---|---|
| **Less autonomy** | Agency head reports to minister through unbroken departmental hierarchy<br>Minister appoints agency head | General central government regulations apply | Legislation leaves no/little discretion to departmental minister; contains no authorization to issue general regulations |
| | Agency head reports to the minister after consultation with advisory board on which the majority are appointed by/selected among nongovernmental actors<br>Minister appoints agency head | Agency financed through sales proceeds; deficit covered by appropriation that varies with proceeds | Legislation authorizes minister to issue general regulations to fulfill the policy goals defined by the law; agency head's authority, a matter of ministerial delegation |
| | Agency head reports to board of directors, on which the majority is appointed by the minister who can end term on a discretionary basis<br>Board appoints agency head | Agency financed through sales proceeds and fixed appointment at central government budget | Legislation authorizes agency head to decide individual cases that cannot be brought to the minister; the minister cut off from general and specific intervention in case-processing |
| **More autonomy** | Agency head reports to board of directors on which the majority are appointed for fixed terms by nongovernmental actors<br>Board appoints agency head | Agency financed through sales proceeds; agency budget not part of central government budget | Legislation authorizes agency to issue general regulations to fulfill policy goals defined by the law |

Source: Christensen (1999)

by political appointees losing the control over internal recruitment and promotion. The other end – complete autonomy – quality of government is also poor as the bureaucracy has lesser or no directive from political principal and enjoys freedom in framing internal procedure and goals. As for example, both Imperial Germany and Japan experienced the development of very high-quality autonomous bureaucracy especially the military service in the periods before World War I and World War II. This bureaucracy took over the task of formulating foreign policy from the political authorities.

Fukuyama (2013) further observes that if appropriate degree of autonomy is an essential precondition of ensuring high-quality government then both Weberian and principal-agent models fail to explain how bureaucracies should work. According to the Weberian model, bureaucrats' job is to implement the decisions of political authorities only following the set rules and regulations. For that, despite the technical capacity, bureaucrats do not possess the authority to set agendas independently. The principal-agent form is also not free from such inadequacy as agents (bureaucrats) simply carry out the directives of political principals.

## Measuring Bureaucratic Autonomy

Researchers and scholars of political science and public administration have found it difficult to find an appropriate method to measure bureaucratic autonomy properly. The most common approach is to rely on expert survey where perceptions of experts on a given bureaucracy are recorded (Fukuyama 2013). However, this approach has some inherent challenges regarding the proper conceptualization of the concept itself along with the nature of expectations from experts. There are apprehensions that experts may not have adequate criteria for judging the aptness of issued directives or search multiple or conflicting directives as a measure of subordination.

Fukuyama (2013), however, proposes a new measure focusing on the degree of clientelism or political interference in bureaucratic operations as autonomy is the opposite of subordination. Terming the measures as more objective one, he opined that "One could look, for example, at the relative number of classified versus political positions in a bureaucracy." However, this measure is also not free from flaws as such measure gets only one type of subordination related to personnel. Bureaucracies still face the risk of being restricted if political principal issues multiple contradictory directives that have no connection with staffing or by introducing exhaustive rules and regulations for bureaucratic behavior.

## Concluding Remarks

The concept of bureaucracy itself is in an image crisis in many parts of the world due to allegation of abuse of power and attempted control over political authorities though the Weberian interpretation of the concept presents it as a loyal servant of the political actors. According to Weber, the bureaucracy should not enjoy any autonomy rather must be engage in implementing the directives of political actors as accurately as possible. Despite that, bureaucratic autonomy has become a reality in the domain of governance and public administration, and it seems the appropriate amount of autonomy is good to ensure quality of service delivery and governance.

## References

Bawn K (1995) Political control versus expertise: congressional choices about administrative procedures. Am Polit Sci Rev 89(1):62–73

Bendor J, Glazer A, Hammond T (2001) Theories of delegation. Annu Rev Polit Sci 4:235–269

Brooke MZ (1984) Centralization and autonomy: a study in organization behavior. Holt, Rinehart and Winston, New York

Carpenter DP (2001) The forging of democratic autonomy: reputations, networks, and policy innovation in executive agencies. Princeton University Press, Princeton, pp 1862–1928

Caughey D, Cohon A, Chatfield S (2009) Defining, measuring, and modeling bureaucratic autonomy. Paper presented at the annual meeting of the Midwest

Political Science Association 67th annual national conference, The Palmer House Hilton, Chicago. Online from http://citation.allacademic.com/meta/p361642_index.html
Christensen JG (1999) Bureaucratic autonomy as a political asset. Paper presented at the workshop Politicians, Bureaucrats, and Institutional Reform, ECPR Joint Session of Workshops, Mannheim
Davis KC (1969) Discretionary justice. Greenwood Press, Westport, Connecticut
de Figueiredo RJP (2002) electoral competition, political uncertainty, and policy insulation. Am Polit Sci Rev 96(2):32–333
Downs A (1967) Inside bureaucracy. Little, Brown, Boston
Egeberg M (1998) Causes of bureaucratic autonomy: the impact of organizational and cultural factors. ARENA Center for European Studies. ARENA Working Papers WP 98/15. University of Oslo. Prepared for delivery at the Annual Meeting of the American Political Science Association, Boston Marriott Copley Place and Sheraton Boston Hotel and Towers, September 3–6, 1998. Copyright by the American Political Science Association
Ellison BA (1995) A conceptual framework for analyzing bureaucratic politics and autonomy. Am Rev Public Adm 25(2):161–182
Epstein D, O'Halloran S (1994) Administrative procedures, information, and agency discretion. Am J Polit Sci 38(3):697–722
Epstein D, O'Halloran S (1999) Delegating powers: a transaction cost politics approach to policy making under separate powers. Cambridge University Press, New York
Fukuyama F (2013) What is Governance? Gov Int J Policy Adm Inst 26(3):347–368
Hansen JM (1991) Gaining access: congress and the farm lobby. University of Chicago Press, Chicago, pp 1919–1981
Kim D (2007) Political control and bureaucratic autonomy revisited: a multi-institutional analysis of OSHA enforcement. J Public Adm Res Theory 18:33–55
Lowi TJ (1969) The end of liberalism. Norton, New York
Moe TM (1989) The Politics of Bureaucratic Structure. In Chubb J E and Peterson P E (eds) Can the Government Govern? Brookings Institution: Washington DC
Rourke FE (1969) Bureaucracy, politics, and public policy. Little, Brown, Boston
Schneider BR (1993) The career connection: a comparative analysis of bureaucratic preferences and insulation. Comp Polit 25(3):331–350
Verhoest K, Peters BG, Bouckaert G, Verschuere B (2004) The study of organizational autonomy: a conceptual review. Public Adm Dev 24(2):101–118
Yesilkagit K (2004) Bureaucratic autonomy, organizational culture, and habituation: politicians and independent administrative bodies in the Netherlands. Adm Soc 36(5):528–552

# Bureaucratic Capacity and Public Healthcare Organizations

Sunil K. Dixit[1,2], Murali Sambasivan[3] and Sardar M. N. Islam[4]
[1]Health Policy and Management Program, Mount Saint Mary's University, Los Angeles, CA, USA
[2]The Victoria Institute of Strategic Economic Studies (VISES), Victoria University, Melbourne, VIC, Australia
[3]Thiagarajar School of Management, Madurai, India
[4]ISILC, VU Research, Victoria University, Melbourne, VIC, Australia

## Synonyms

Australian public hospitals; Bureaucratic capacity; Bureaucratic discretion; Delegation; Health policy; Policy implementation efficiency; Policy implementation error; Policy implementation status; Principal-agent paradigm

## Definition

Bureaucratic capacity and policy implementation are crucial for the success of elected representatives.

## Introduction

In a democratic system of government, voters elect their representatives (the legislative branch) for making laws and overseeing activities of the executive branch of government. In some systems, a majority of elected representatives select their leader (e.g., prime minister) to head the executive branch. In other systems, citizens elect both the representatives (the legislative branch) and the leader of the executive branch (e.g., president). Whatever the form of a

democratic system may be, neither elected legislators nor the head of the executive branch can, by themselves, formulate and implement public policy because they do not have the required expertise. They need individuals, commonly known as bureaucrats, for the (administrative) implementation of policies, rules, and laws.

As per Trikha (2009), there are four pivotal attributes central to bureaucracy: (a) clearly defined roles of administrative labor; (b) a consistent personnel recruitment based on specialized skills; (c) distribution of authority, responsibility, and status among individuals; and (d) a network of individuals connected by the flow of information and patterns of cooperation. The main goal of the bureaucrats under a despotic government is to comply with the rules, directives, decrees, and so on, without having to worry about the exercise of their expert skills or appropriateness of the decisions made. In a democratic system bureaucrats are not only required to comply with rules and use their expert knowledge, the legislature also has the power of the purse to control bureaucrats' behavior.

The relationship between elected representatives and bureaucrats gives birth to a web of principal-agent relationships because voters transfer their sovereignty to the elected representatives, who then trust the executive branch (e.g., cabinet of secretaries) to make and implement policies within the framework of the directions given to them by the legislature (Bovens 2005). Elected representatives are the agents of the voters. Cabinet ministers are agents of elected representatives and voters. Bureaucrats working in the ministries or departments are agents of the cabinet ministers. Bureaucrats employed by agencies and other institutions established to work under the ministries or departments are agents of bureaucrats working in the ministries or departments.

The complexity of the relationships among different principals and agents, and many of them being agents' agents, gives rise the agency problem addressed by the principal-agent paradigm or agency theory. The network of different principal-agent relationships within a democratic government is also represented by interdependency among different politicians and bureaucrats. The effectiveness and efficiency of principal-agent relationships are crucial for the success of a government because if agents are not able or not willing to effectively implement policies, voters may replace their agents by electing different representatives. There is no doubt that delegation of authority to expert bureaucrats (agents) has its benefits. However, there is always a risk that bureaucrats may not perform to fulfil their principal's expectations (Holmgren 2015).

Bureaucratic capacity building refers to the development of administrative structure influenced by a combination of organizational and institutional learning processes and cooperation among different government bodies, institutions, or agencies (Sátyro and Cunha 2018). It is possible that in some democratic systems, bureaucratic capacity may be lacking. In other words, the bureaucrats may not have the personal capacity (education, skills, and training) to follow their principal's directions, or the organizational structure is not optimized for smooth functioning, or there is a lack of funding needed for policy formulation and implementation (Huber and McCarty 2004). A principal may design incentives or take other steps to motivate agents to perform as per the given directives (McCarty and Meirowitz 2007). A principal has to decide how to make and implement policies when bureaucratic capacity is lacking.

Bureaucratic capacity is crucial for developing regulatory regimes for dealing with social problems and other commitments. For example, governments in the less developed countries with high bureaucratic capacity are able to create bureaucratic hurdles by way of environmental regulations in response to pollution-intensive trade with other countries (Gamso 2018). In addition, bureaucratic capacity of heads of government agencies is critically important for the attainment of the desired policy outcomes (Berkowitz and Krause 2017). Policy implementation status can be defined as the state of policy targets and policy implementation outcomes. Policy implementation error occurs when policy targets are not achieved. Policy implementation efficiency occurs when policy implementation outcomes exceed the policy targets.

In this conceptual entry, an endeavor is being made to demonstrate a few simple computational aspects of bureaucratic capacity and principal-agent relationship in relation to public hospitals in the Australian state of Victoria. Thus, the aim of this entry is to (a) review the existing literature encompassing the concept of bureaucratic capacity; (b) present a brief summary of the organization of public healthcare in Australia; and (c) present a novel approach to measure the bureaucratic capacity, including policy implementation status, policy implementation error, and policy implementation efficiency in relation to the public hospitals in Australia.

This entry makes the following contribution to knowledge. First, it fills the gaps in knowledge by extending the concept of bureaucratic capacity to public hospitals in Australia. Second, it presents an example of policy implementation status computations at the hospital level. Third, it describes how these computations can also be done for different groups of hospitals (peers) and the entire hospital systems. Fourth, it links to healthcare services delivery by public hospitals. Lastly, the determination of bureaucratic capacity at different levels of bureaucracy or hospital administration could also provide clues regarding the levels of administrative intensity (the ratio of core to noncore personnel), as excessive levels of administrative intensity may negatively affect organizational performance (Ryu and Christensen 2018).

The entry has been organized as follows. First, a narrative literature review has been conducted to illuminate the different aspects of bureaucratic capacity. Second, the organization of public hospitals in Australia has been briefly described. Third, the computational aspects of bureaucratic capacity in the context of public hospitals in the Australian state of Victoria have been presented. Fourth, policy implementation status, policy implementation error, and policy implementation efficiency computations have been discussed. In the end, the conclusion, limitations, and recommendation for future research have been laid out.

## Literature: Delegation and Bureaucratic Capacity

In situations where agents possess highly technical knowledge and the principal has few alternatives to get the relevant expert information from elsewhere (e.g., national defense and some economic regulations), the agents may be able to promote their own agenda (Langbein 2004). The issue of checks and balances may emerge, when there are more than one principals (e.g., parliamentary committees and cabinet ministers) and also when the principal is not able to impose incentives on a passive agent (Miller 2005). In Western countries, partisanship has a limited impact on bureaucracy because of the strong institutionalized selection and retention processes, whereas in some non-Western political systems, appointments of bureaucrats are non-merit based, and the justification is that such a system is needed for national unity (Peters 2001).

In a democratic system, a multidimensional relationship exists between politicians and bureaucrats. As per Pollitt and Bouckaert (2011), there are four key features of a politico-administrative regime: (a) the state structure and constitutional arrangements among politicians and bureaucrats; (b) the nature of the executive government at the central level and the political system (majoritarian- or consensus-oriented); (c) the relationship between ministers and bureaucrats, e.g., agents and professional experts; and (d) the dominant culture prevalent in the administration (the way things are done).

There are tensions between the political executive principals and their bureaucrat agents because bureaucrats may be resistant to the principals' policy choice or be engaged in potential abuse of discretion (Koven 2019). There may be five constraints on public policy: (a) economic constraints e.g., the balanced budget constraints, the balance of payments constraints, and the balanced budget constraints, combined with the private sector consumption and investment constraints (Quiggin 2006); (b) political feasibility and power/interests (Galston 2006); (c) institutional constraints (Immergut 2006);

(d) social and cultural constraints/enablers (Bobrow 2006); and (e) the impact of globalization – trade, foreign direct investment, finance, and environmental constraints (Hay 2006).

In political systems with low bureaucratic capacity, politicians may find it hard to induce the bureaucrats to deliver the desired outcomes because bureaucrats may not be much interested in complying with legislation (Huber and McCarty 2004). In addition, policymakers or principals are unlikely to allocate huge sums of money to social programs if there are doubts about the bureaucracy's competence and reliability (capacity), particularly in cases where bureaucrats are expected to make discretionary decisions on a case-by-case basis (Dahlström et al. 2013). Legislators (as principals) give incentives to agencies to achieve their goal of effective policymaking; therefore, a bureaucratic discretion model that does not consider the performance of agents underestimates the effect of conflict between the legislature and executives with regard to the extent to which discretion is to be granted.

## Organization of Public Healthcare in Australia

Australia is a representative democracy in which the prime minister is the head of the executive branch. There are two houses of parliament based in Canberra. There are six state parliaments (Queensland, Tasmania, Victoria, South Australia, Western Australia, and New South Wales). In addition, there are two territory legislative assemblies (Australian Capital Territory and Northern Territory). The Australian state of Victoria has a bicameral parliament, comprising of the Victorian Legislative Council and the Legislative Assembly. The leader of the governing party or a coalition of parties is called the premier.

In Australia, public healthcare and hospitals are jointly funded by the Commonwealth and the State or Territory governments. Victoria, being a state in Australia, provides Medicare (universal healthcare coverage) to citizens, permanent residents, and certain categories of other individuals. The Commonwealth and the states or territories contribute to the national healthcare funding pool. Both activity-based and block-funding mechanisms are used. A flow chart of the public hospital funding in Australia is shown in Fig. 1.

Public hospitals in Victoria can be divided into two main categories: (a) Metropolitan Melbourne hospitals and healthcare services and (b) rural hospitals and healthcare services (State of Victoria 2018). A public hospital has a governance board and an executive team. The governance board is accountable to the Minister of Health of Victoria. The executive team is accountable to the board and oversees the operations, strategic direction, and performance (Alfred Health Victoria 2019). Between the Minister of Health and the board of a public hospital, there is one more group of players – the bureaucrats at the Department of Health and Human Services (DHHS). The DHHS administers various Acts and regulations related to healthcare in the state of Victoria.

## Computational Aspects of Bureaucratic Capacity in Public Healthcare Organizations

The Minister of Health of Victoria is responsible for providing high-level policy directives, either by way of the Acts or regulations passed by the Parliament of Victoria. It is assumed that one of the factors that may influence the reelection of the minister and other members of the Parliament of Victoria is a successful healthcare policy formulation and implementation. In other words, the Minister of Health is the principal, and the agents are the bureaucrats working at the DHHS. Thus, policy implementation is the responsibility of the bureaucrats working at the DHHS. As an institution, the board of directors at the hospital level is the agent of the bureaucrats working at the DHHS. The executive management team of a public hospital is an agent of the board of directors of the public hospital.

The focus of this article is limited to the relationship between the Minister of Health of Victoria and the bureaucrats working at the

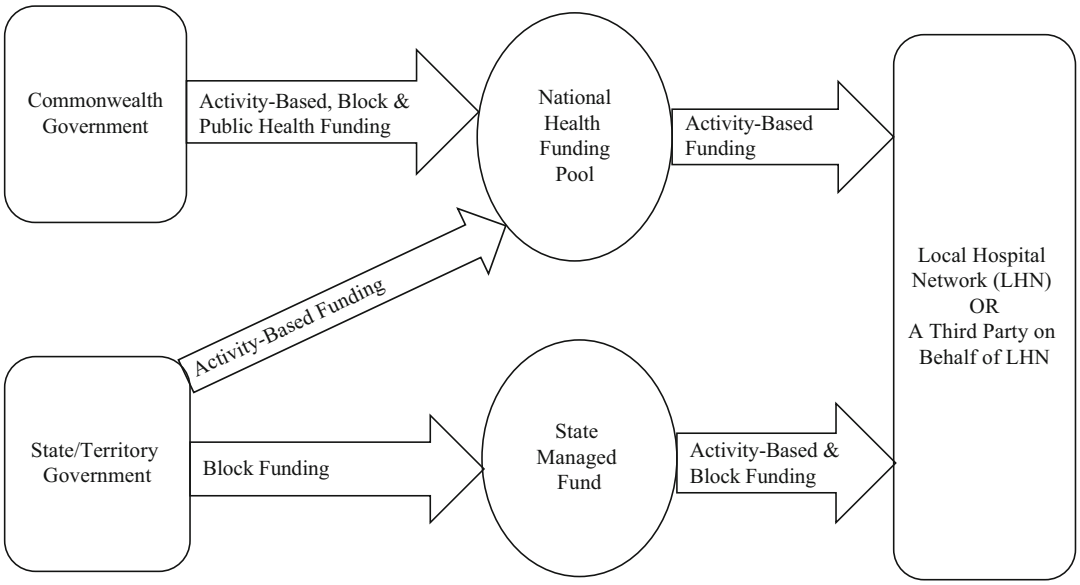


**Bureaucratic Capacity and Public Healthcare Organizations, Fig. 1** A flowchart of public hospital funding in Australia adapted from NHFB (2016)

DHHS. A policy implementation model, as per Epstein and O'halloran (1999) can be expressed as follows:

$$\max_p \left\{ -(a - p + \varepsilon)^2 \right\} \textit{ subject to } p \in P \quad (1)$$

where $p$ represents a policy, choice made by the legislature; $a$ is the ideal point of policy choice; and $\varepsilon$ represents the error or the difference between the policy choice and actual policy implemented by the bureaucrats. Furthermore, $P$ represents the principal's (politicians) policy choice.

With regard to bureaucratic capacity, one of the agent's maximization models by Huber and McCarty (2004) suggests that:

$$p^* = \{a + \varepsilon\} \textit{ if } p^* - \varepsilon \leq a - \Omega \quad (2)$$

The above $p^*$ represents the policy as implemented; $a$ is the point where a social planner (principal) would like the policy to be; $\varepsilon$ is policy implementation error; and $\Omega$ is the measurement of bureaucratic capacity. If a policy is not fully implemented, there would be a policy implementation error. By following the guidelines from the Minister of Health of Victoria, the DHHS bureaucrats are expected to set the healthcare policy at $p$. Thus,

$$p - p^* = \text{policy implementation error (PiE), if } p > p^* \text{ (the policy targets have not been met and policy outcomes are below policy targets)} \quad (3)$$

$$p - p^* = \text{policy implementation efficiency (PiEf), if } p < p^* \text{ (the policy targets have been exceeded)} \quad (4)$$

It is proposed that a perfect bureaucratic capacity will be represented by 0, and PiS (policy implementation status) can be captured by comparing the actual policy outcomes to the policy targets. Thus, if PiS $< 0$, then PiS $=$ PiE; if PiS $> 0$, then PiS $=$ PiEf. Ideally, both the Minister of Health and the bureaucrats working at the DHHS ought to keep PiS $= 0$ and avoid a situation where PiE

occurs (Dixit and Sambasivan 2018). In situations where policy outcomes are better than policy targets (occurrences of PiEf) and in others there are occurrences of PiE, the Minister of Health may take one of the following two actions: (a) divert the resources from the areas of PiEfs to PiEs and (2) focus solely on either PiEs or PiEfs.

By taking a pragmatic approach, it is proposed that a public hospital's performance outcomes ($p^*$) for the selected measures be considered at three levels: at the hospital level, at the peer level, and at the system level (where the data is available) against the average performance outcomes of the peer group to which a hospital belongs. If a hospital belongs to the unpeered group, it has been excluded from the computations because there is no yardstick or benchmark (peer average) that can be used to compare its performance with. In this entry, PiE and PiEf computations are done only at the hospital level. The notations and corresponding examples of PiS computation are presented below.

### Policy Implementation Status (PiS) at the Hospital Level (ALOS)

Alfred Health provides a wide range of healthcare services in Victoria through three hospital campuses, a large network of community programs, and 14 statewide services. The relevant data is available from the Australian Government hospital data website (AIHW 2019). The policy implementation status computations for the year 2016–2017 for *appendix removal* surgeries can be performed as follows:

$$PiS \rightarrow Hos_{a1} = (pHos_{a1}) - \left(pHos^*_{a1}\right) \quad (5)$$

where $PiS \rightarrow Hos$ is the policy implementation status of a hospital *Hos*, *a* being the outcome indicator, and *1* being the subcategory of the outcome indicator average length of stay – by condition (ALOS).

*PiS* for average length of stay ($a = ALOS$) of the Alfred Health (*AH*) for the condition *appendix removal* ($1 = AR$) can be expressed as follows:

$$PiS \rightarrow AH_{ALOSAR} = (pAH_{ALOSAR}) - \left(pAH^*_{ALOSAR}\right) \quad (6)$$

$$PiS \rightarrow AH_{ALOSAR} = (2.1) - (1.9) = 0.2 \text{ days of PiEf} \quad (7)$$

Thus, if 1000 patients underwent *appendix removal* surgery at Alfred Health, *PiEf* in total days would be = 1000 × 0.2 = 200 patient days. If the per day cost of patient stay in the hospital is known, the savings due to the policy implementation efficiencies could also be computed.

*PiS* for average length of stay ($a = ALOS$) of the Alfred Health (*AH*) for the condition *gynecological reconstructive procedures* ($2 = GRP$) can be expressed as follows:

$$PiS \rightarrow AH_{ALOSGRP} = (pAH_{ALOSGRP}) - \left(pAH^*_{ALOSGRP}\right) \quad (8)$$

$$PiS \rightarrow AH_{ALOSGRP} = (1.9^*) - (2.2) = 0.3 \text{ days of PiE} \quad (9)$$

Thus, if there were 1000 patients who underwent gynecological reconstructive procedures at Alfred Health, *PiE* in total days would be = 1000 × 0.3 = 300 patient days. If the per day cost of patient stay in the hospital is known, the over-the-target spending due to the policy implementation error could also be computed.

Similarly, the overall PiS status of a hospital for all conditions (data for 12 conditions is available; however, computations for only 2 conditions have been shown in this section), *N* being the number of conditions, can be expressed as follows:

$$PiS \rightarrow Hos_{a1-n} = \Sigma\left[(PiS \rightarrow Hos_{a1}) + (PiS \rightarrow Hos_{a2}) + (PiS \rightarrow Hos_{a3}) + \ldots (PiS \rightarrow Hos_{an})\right. \quad (10)$$

## Discussion

The principal-agent paradigm explains the complex relationships between principals, agents, and agents of agents (Bovens 2005). Bureaucrats are expected to be experts, capable of implementing policies effectively and efficiently. Like the

B

voters, legislature, and politicians, bureaucrats too have to delegate policy implementation to other bureaucrats, management personnel, and healthcare professionals. If the bureaucrats, management personnel, and healthcare professionals are not able to or not willing to successfully implement the policy at the hospital level, the outcomes desired by the politicians and the expert DHHS bureaucrats would not be achieved. That is why there exist interdependent relationships between the principal and different agents. The success of the Minister of Health ultimately depends on the agents working at the hospital level.

Though bureaucratic capacity assumes a significant role in the successful implementation of policy, the principal has to be able to identify exactly where it is lacking, because there are many players engaged in the delivery of healthcare services to patients. It is also necessary for designing incentives, changing bureaucratic structures, and providing funding where it is needed. As demonstrated by the computations in the preceding section, a principal may find that policy outcomes are better (policy implementation efficiency) than the targets. In such cases, it may be necessary to reallocate resources from policy implementation efficiency areas to policy implementation error areas. These computations can be performed at the peer level and at the whole healthcare system level. Further, the expert bureaucrats at the DHHS may use other methodologies to set the policy targets. The policy implementation status may also be used for the adoption of evidence-based management decision-making. A discreet policy implementation status may also improve the checks and balances mechanisms for the scrutiny of healthcare policy implementation and reduce or remove the constraints to public policy.

## Conclusion

This entry reconceptualized bureaucratic capacity, policy implementation status, policy implementation error, and policy implementation efficiency in the context of Australian public hospitals. It explained the nature of different principal-agent relationships in relation to healthcare policy implementation in Australia. It presented a method of policy implementation status (error and efficiency) using the performance indicator data of a public hospital in Victoria. The limitation of this article is that only one set of computations (at the hospital level) is shown, mainly because it introduces a novel idea that can potentially be used to extend and add new dimension to the delegation and bureaucratic capacity literature.

It is the first step toward extending the concept of bureaucratic capacity to public hospitals. It is hoped that future research will include game theoretical modeling of policy implementation error and policy implementation efficiency. Such an approach would be helpful in setting incentives for performance and punishments for non-performance. Policy implementation status can also be explored in other parts of the public healthcare sector. Future research may also include the potential use of bureaucratic capacity computations to modify policy targets during the current policy year (period) without waiting for the following year, by allocating and reallocating resources. There exist many research opportunities to use predictive modeling and other techniques, such as structural equation modeling to further enrich the bureaucratic capacity and policy implementation literature.

## References

AIHW (2019) MyHospitals – informing patients, supporting clinicians, driving improvements. Retrieved from https://www.myhospitals.gov.au/hospital/210A01010/the-alfred

Alfred Health Victoria (2019) Governance. Retrieved from https://www.alfredhealth.org.au/about/governance

Berkowitz DM, Krause GA (2017) How bureaucratic capacity shapes policy outcomes: partisan politics and affluent citizens' incomes in the American states. Department of Economics, University of Pittsburgh, Pittsburgh

Bobrow DB (2006) Social and cultural factors: constraining and enabling. In: Goodin RE, Moran M, Rein M (eds) The Oxford handbook of public policy. Oxford Press, New York, pp 572–586

Bovens, M. (2005). Public accountability In E. Ferlie, L. E. Lynn Jr, L. E. Lynn, & C. Pollitt (Eds.), The Oxford

handbook of public management (pp. 182–208). Oxford: Oxford University Press
Dahlström C, Lindvall J, Rothstein B (2013) Corruption, bureaucratic failure and social policy priorities. Polit Stud 61(3):523–542
Dixit SK, Sambasivan M (2018) A review of the Australian healthcare system – a policy perspective. SAGE Open Med 6:1–6. https://doi.org/10.1177/2050312118769211
Epstein D, O'halloran S (1999) Delegating powers: a transaction cost politics approach to policy making under separate powers. Cambridge University Press, New York
Galston WA (2006) Political feasibility: interests and power. In: Goodin RE, Moran M, Rein M (eds) The Oxford handbook of public policy. Oxford Press, New York, pp 543–556
Gamso J (2018) Environmental policy impacts of trade with China and the moderating effect of governance. Environ Policy Gov 28(6):395–405
Hay C (2006) Globalization and public policy. In: Goodin RE, Moran M, Rein M (eds) The Oxford handbook of public policy. Oxford Press, New York, pp 587–604
Holmgren M (2015) Endogenous bureaucracy. QOG – The Quality of Government Institute, University of Gothenburg, Gothenburg
Huber JD, McCarty N (2004) Bureaucratic capacity, delegation, and political reform. Am Polit Sci Rev 98(03):481–494
Immergut EM (2006) Institutional constraints on policy. In: Goodin RE, Moran M, Rein M (eds) The Oxford handbook of public policy. Oxford Press, New York, pp 557–571
Koven SG (2019) Potential abuses of bureaucrats: danger of discretion. In: The case against bureaucratic discretion, 1st edn. Palgrave Macmillan, Cham, pp 29–33
Langbein L (2004) Bureaucratic discretion. In: Rowley C, Schneider F (eds) The encyclopedia of public choice. New York: Springer, pp 53–58
McCarty N, Meirowitz A (2007) Political game theory: an introduction. Cambridge University Press, New York
Miller GJ (2005) The political evolution of principal-agent models. Annu Rev Polit Sci 8:203–225
NHFB (2016) National health reform payment and funding flows. 2017 (February 18). Retrieved from http://www.nhfb.gov.au/health-reform/health-reform-payment-flows/
Peters BG (2001) Politics and public administration. In: The politics of bureaucracy, 5th edn. Routledge, London/New York, pp 181–218
Pollitt C, Bouckaert G (2011) Many houses: types of politico-administrative regime, 3rd edn. Oxford University Press, New York
Quiggin J (2006) Economic constraints on public policy. In: Goodin RE, Moran M, Rein M (eds) The Oxford handbook of public policy. Oxford Handbooks of Political, New York, pp 529–542
Ryu S, Christensen RK (2018) Organization performance in turbulent environments: the contingent role of administrative intensity in Hurricane Rita. Am Rev Public Adm 1–13. https://doi.org/10.1177/0275074018799487
Sátyro NGD, Cunha EMS (2018) The transformative capacity of the Brazilian federal government in building a social welfare bureaucracy in the municipalities. Rev Adm Pública 52(3):363–385
State of Victoria (2018) Public hospitals in Victoria. Retrieved from https://www2.health.vic.gov.au/hospitals-and-health-services/public-hospitals-victo ria
Trikha R (2009) Bureaucracy and public administration. ABD Publishers, Jaipur

B

# Bureaucratic Culture in the Context of Globalization

Santap Sanhari Mishra
Institute of Leadership & Good Governance, Ethiopian Civil Service University, Addis Ababa, Ethiopia

## Synonyms

Administrative system; Civil service; Formal organization structure; Hierarchy; Organization culture

## Definition

Bureaucratic culture is a formal organization structure whose members share common attitudes, values, beliefs, orientations, and sentiments which are distinguished from others.

## Introduction

By peeping into the kaleidoscope, one can find various color patterns of bureaucracy across the globe. It is no exaggeration to tell that, in almost all the countries, bureaucracies acted like growth agents for the development. But, over the years, bureaucracy has earned more criticisms than applauses. Such critical views are given without much empirical supports. Moreover, such

criticisms failed to open any window for a society completely devoid of bureaucracy. Basically, bureaucracy is regularly criticized for its typical cultural practices. The Weberian bureaucratic culture has successfully permeated to every aspect of administration in almost all countries, even though "the ideal type" of Max Weber was challenged from the beginning. Bureaucracy was blamed for many international events in the 1970s, and the most serious challenges to bureaucracy came from the new rights groups. The advent of public choice theory undermined the bureaucracy heavily. Bureaucracy is almost viewed as a synonym to "the culture of resistance to change." By the 1980s, governments across the globe started to ponder over the role of bureaucracy and bring certain changes (Hughes 2012). By the 1990s, the changes were more evident in the form of "new public management." Many countries started to carry out the reforms, making it a global movement (Kettl 2005).

The purpose of this entry is to discuss the traditional bureaucratic culture which was under scanner before proceeding to analyze the changes carried out to fit the system. It begins with the overview of the concept of bureaucratic culture. Then it discusses the criticisms of the traditional bureaucratic culture, which is followed by a broad discussion on the impact of globalization on bureaucratic culture. It then moves to discuss the changes brought in to fit the political system of a country in the context of globalization. Finally, it concludes with an overview of need of existing changes in bureaucratic culture and also tries to paint on the future of bureaucratic culture.

## Bureaucratic Culture: The Concept

F. W. Taylor (1911) advocated for "one best way" of working and adhering to scientific management principles. This means delivery of goods and services is by bureaucracy only (Hughes 2012). Due to this inevitability, bureaucracy got enormous power in a society. Due to gargantuan size and unquestionable importance given by traditional public administration, bureaucracy became a class in itself. It has developed its hierarchical structure, values, norms, and also patterns of behavior. That led to what we call "bureaucratic culture" and almost synonymous with strict adherence to rules, regulations, procedures, and practices. Bureaucracy is treated as a culture because the members of a bureaucratic organization hold common knowledge, value, beliefs, and customs. Such cultural dimensions determine the bureaucratic behaviors and actions. The bureaucratic behaviors and actions are completely dependent upon the sociocultural values. That is the reason why the bureaucratic culture will vary from country to country. Whether bureaucracy is corrupted, or bureaucracy is highly powerful, these all depend upon the society from which bureaucracy comes. The cultural perspective of bureaucracy contains all orientations to actions (Verma 1978). It is a multidimensional item covering attitudes, values, and beliefs giving a sense to administrative processes and behaviors. A same view has also taken by Zafarullah (2013), as he told that besides the external stimuli, bureaucratic culture is dependent on internal variables like structure, rules, authority relationship, etc. The bureaucratic culture affects the members' behavior and that differentiates from others. Like any other cultural system, bureaucratic culture also carries some components like emotional bonding among members, attitude of helping the members, and creation of strong organizational and also member identity. It is reflected in their tangible behavior patterns like official protocols, paraphernalia, use of jargons, dressing styles, maintenance of decorated offices, and moreover how they socialize after the official hours aptly proving "birds of same feather flock together."

Verma (1978) also opined that like any cultural system, bureaucracy has also a socialization process. The members are developing and sharing those traits and behavior patterns among themselves. Max Weber's "ideal type" approach to bureaucracy has certain characteristics which can be taken into consideration as bureaucratic cultural traits. By making ideal type bureaucracy, Weber intended to see variations in administrative and bureaucratic culture (Byrkjeflot 2018). It is a fact that Weber has never defined bureaucracy but only outlined the characteristics. His list of

characteristics reflected the picture of contemporary German society during his times. The cultural traits of bureaucracy as outlined by Weber himself are legal-rational authority, hierarchy, impersonality, specialist, and rule centric. Weber considered these cultural traits as integral to achieve the goal, i.e., "ideal state" in an organization (Tompkins 2005).

## Traditional Bureaucratic Cultures: Criticisms

As mentioned earlier in Introduction, bureaucracy was viewed more negatively by scholars without much empirical backup, but it does not mean that bureaucracy is completely rotten from inside. Bureaucracy is a system of roles (Katz and Kahn 1966), and that is the most important positive aspect of bureaucracy. By performing the roles, it is destined to achieve the organizational goals and objectives. Another positive stand was taken by Downs (1967) when he told that officials in an organization endeavor to reach their goal rationally in most efficient manner. He was treating organization as a system. But Yaney (1982) questioned the assumption of bureaucracy as a system because a human organization can't work like an engine. Anthony Downs (1967) also told about the negative sides of Weberian bureaucracy for neglecting the informal structure and was very much skeptical to the hierarchy of the bureaucratic organizations which may hamper information flow. Before him, Merton (1952) had also criticized Weber for neglecting informal organization. Verma (1978) mentioned a number of critical terms used by different authors to describe bureaucracy like "bureaumania" by M. de Gournay, "trained incapacity" by Veblen, "occupational psychosis" by Dewey, and "professional deformation" by Warnotte. Thompson (1961) mentioned of a condition of "bureaupathic," where the cultural traits are responsible for deviation from organizational ideals. Too much adherence to rules and regulations leads to "red tapism" and administrative stagnancy. Michel Crozier (1964) was so much indignant with the bureaucracy that he told, bureaucracy as an organization fails to rectify by learning from its errors. Hummel (2007) called bureaucracy a bomb that threatens bureaucracy because it is detached from the human society, emotions, and individual thinking.

B

## Impact of Globalization on Bureaucratic Culture: The Reality

Influenced by the public choice theory and vehemently advocated by the new rights politics, a gradual shift occurred in public administration toward the last quarter of the twentieth century. The shift was basically from "administration" to "management" or more lucidly from "process and procedures" to "results." The bureaucracy, which was infamous for process centric, also received a major blow from "Thatcherism" and "Reganomics" leading to a free market economy. This emergence of globalization and market-friendly administration called as "new public management" challenged and influenced the role of the state and bureaucracy (Haque 1998). But the new public management, which clamored to get rid from the traditional bureaucracy, actually has given rise to a private sector bureaucracy (Meier and Hill 2007). The private sector bureaucracy is difficult to make accountable, and as a result of that, the state actually is in between "Scylla and Charybdis."

Haque (1998) has maintained the worldwide imitation of western institutions and practices as an immediate impact of globalization. This has been rightly corroborated by Kim (2008) as he mentioned developing countries gained less from globalization but western countries gained much. He has mentioned Brookings Institution data adjusted from *The Wall Street Journal*, 2003, to present the massive growth in employment in US federal government contracts since 1999. On the other hand, international aid agencies emphasized "de-bureaucratization" as a prior condition on least developed and developing countries.

Haque (1998) had the opinion that most important phase of globalization was the process of colonization. Administratively as an impact of globalization, bureaucratic culture – structure,

attitudes, and norms – in non-western countries (Asia, Africa, and Latin America) continued to follow the western legacy (Haque 1996). It led to reforms in administration, foreign training of the officers, close contact with international experts, etc. In the post-cold war period, with the emergence of welfare state, bureaucratic roles and behaviors were changed (Haque 1998). This new change in the bureaucratic responsibilities was necessitated to accommodate the need of the diverse sections. But bureaucracy became powerful. As for example, in case of India, there was a growing reliance on bureaucracy with the introduction of myriad number of development schemes for employment generation and poverty alleviation. The bureaucratic culture was expanded and had been rightly called by Sklar (1991) as "bureaucratic bourgeoisie" or "administrative bourgeoisie." In fact, this expansion of bureaucratic culture was supported by the notion that state as a change agent for welfarism.

As earlier mentioned in this section, this monopoly of bureaucratic culture was challenged in the 1980s with the market-driven globalization. With the crumbling of the international boundaries, new public management advocates like Hood, Osborne and Gaebler, and Pollitt demanded better government instead of big government. The steel frame of the bureaucracy started to wither as state was replaced by market. But it seems the euphoria from desegregation of bureaucracy was short lived. In many countries privatization process in major service sectors became a reality, but the immediate impact of globalization on bureaucratic culture is difficult to be ascertained. In many countries, privatization committees were set up. In case of India, a separate disinvestment ministry was set up, though it is no more now. Similarly, financial management improvement program in Australia, modernization program for the public sector in Denmark, and renewal of the public service in France have come up as changes in bureaucracy as impact of globalization (OECD 1993; Carlos and Pereira 1997). But it never sounded the death knell for bureaucratic culture. Meier and Hill (2007) have made it clear that all the Weberian principles are still safe except the "written files," because of shift to online governance system.

Haque (1998) observed that the market-based globalization had made the bureaucracy obsolete in many countries. It is true that people want better services, and post-globalization period ensured that by providing a lot of options to the people. But the trust and faith of the people are still on the state. It is still the government that matters. In spite of opening the major services sectors to the market, it is the government that controls them indirectly by the policy routes. Government may not be present in the competition to provide services or may be weak as compared to the competitors, but it is government everywhere, making bureaucracy all powerful. Meier and O'Toole (2006) opine that bureaucrats are powerful and are able to change political programs to reflect their own values – they are strategic agents. Hence it can be safely assumed that bureaucratic culture has not been diminished as an impact of globalization. Bureaucratic size has come down in many countries but not the power. The foundation for growing bureaucratic culture was laid by Weber himself as he was talking about "Dienstwissen," i.e., knowledge by experience. Experience in service matters and by gaining from that experience, bureaucracy becomes a think tank for their political masters. Mangset and Asdal (2018) by interviewing civil servants from France, Norway, and Britain demonstrated that note writing and procedures associated with such notes are resulted in authority for bureaucracy.

Meier and Hill (2007) are very optimistic about the prosperity of bureaucracy. Their arguments are hinged on the large-scale activities of the government to perform. In a recent literature, Workman (2015) depicted the true picture of American bureaucracy, which is not only powerful in policy implementation but also influences the legislative agendas of the congress. So, no country will afford to play with fire by diminishing the roles of bureaucracy. Globalization was boosted by information technology revolution. It is told in a common parlance that technology has also

changed the bureaucratic culture. Berman and Tettey (2001) in African context have proved that technology has not been able to change the authoritarian decision-making processes. Notwithstanding the hiccups experienced from the beginning, bureaucracy actually has taken deep roots. Long back, Verma (1978) expressed that "a glorious revolution" can only expel bureaucracy, but Weber had already provided a "safety valve" as he was of the view that bureaucratic machine would continue in spite of revolution. That is why long back Jacoby (1973) prophesied about bureaucratization of the whole world and doubted of going beyond it.

So, to put in a nutshell, bureaucratic culture was affected by globalization, but not much. Many new practices influenced by the market-based approach have been ushered in public administration in many countries across the globe. The bureaucracy is intelligent enough to acclimatize with the new situations and environment. As a result of that changes in bureaucratic culture, settings, values, and behaviors occurred only to make long live bureaucracy.

## Changes in Bureaucratic Culture in the Context of Globalization

From the very beginning, I have taken a stand that bureaucratic culture in the context of globalization will vary from country to country as the bureaucracy derives its cultural values from the society on which it is based. Kim (2008) has an interesting observation of impacts of globalization in three categories of bureaucracy. In the context of bureaucracy of western countries (Western European and North American), globalization has helped for a strong public administration system. This is because the process of globalization has helped them economically. In the countries having single-party regime or authoritarian regime, where the bureaucratic culture was intact, keeping the impact of globalization was minimal. But in the third category of bureaucracy (rapidly developing countries), Kim (2008) doubted about the actual impact of globalization.

Taking a general note, in the context of globalization, the most important change has come in bureaucracy's work culture. To address the social unemployment issues, or implementing many developmental schemes of the government, many new jobs were created, but in the specific skill category. In this way, Weber's idea of "specialization" has become more nowadays. But, the size of public service has come down. The massive automation processes, coming out of globalization is mainly responsible for this. In India the size of public bureaucracies was 3.3 million (7th Pay Commission Report, 2015), while way back in 1994, sanctioned strength was 4.1 million. Some of the jobs have been contracted out to consultancies. The rigid hierarchy has also become flexible to some extent to accommodate the highly skilled consultants. But the controlling nature of bureaucracy is still there. Governments are forming committees flooded by bureaucrats, who are bending the rules and regulations to help them only as usual. Zafarullah (2011, 2013) in the context of bureaucracy of Bangladesh has told that the trend of new public management has induced very little changes in theirs culture.

The bureaucratic behaviors have been drastically changed particularly in dealing with public. The barrier between the common man and the administration are no more. In many countries, the mobile numbers of the bureaucrats are available to the public. They are more citizen centric now. The traditional bureaucracy was unresponsive to popular demands and desires. This culture has been changed to some extent. As the post-globalization scenario established the priority on results, indifferent attitude to public interest has taken a back seat. Again, this trend also not same everywhere. Score of examples from African countries reveals the callousness of the public bureaucracy. But another notable culture has been developed, which was not earlier. Before the new public management phase, the political executives (ministers) were active in their political leadership. But in the present context, in the guise of "civil service anonymity," bureaucracy is more active politically. In India,

many instances are there where in-service bureaucrats are openly expressing their allegiance to certain political parties and the political leaders in power are protecting them. In the African countries like Ethiopia and Tanzania, public servants do openly participate in the political party programs. One of the infamous bureaucratic cultures was too much process centric. Adherence to rules and regulations was creating administrative stagnancy and delay. They had a tendency to expand the work to make themselves busy. In a globalized world, this tendency has come down, as focus is now on result. Feeling of "belonging to a class" is another bureaucratic culture, which has come under attack also. The bureaucracy was a class in itself and its members had made it a water tight compartment. As a result, the superiority complex was not allowing its members to work by putting shoulder to shoulder. But after the ushering of globalization, many specialists both national and international have started to work. It became need of the hour for a proper coordination. Hence the "superiority complex" has come down. But the "empire building" culture of bureaucracy is still intact. They still believe in expanding power by creating more organizations or organization layers. Globalization has also ensured "passing the buck" culture to be changed. The new public management era has not only focused on result but also focused on taking responsibility for the result.

## Conclusions

In spite of massive criticisms, bureaucracy is not going to take a back seat. The strong market-based reforms in public administration have dented the bureaucratic culture but not as boasted. Hummel (2007) had of the opinion that in spite of all the efforts in reviving bureaucracy in the context of new public management, bureaucracy is getting worse. But I believe that any changes in bureaucratic behavior and norms are to adapt to the changing scenario only to be intact as a superior class in the society. Bureaucracy has tremendous impact on public good and services essential for citizens' life. In case of any conflict with their political masters, bureaucracy would have a better say (Yazaki 2018). Hence bureaucratic culture will not have any threat from the side of politicians. Moreover, a fragmented political system cannot bargain properly with bureaucratic structures (Meier and Hill 2007). The real threat to bureaucratic power and culture in the future, if any, will come from the society itself, from which bureaucracy derives its cultural values. I don't see a variety of "Frankenstein's Monster" in the behavior of bureaucracy where it can engulf the society. If bureaucratic culture needs to go deeper into the society, then change is necessary. I have a strong feeling that only one change in behavior would be suffice to keep the bureaucratic culture intact. The bureaucracy needs to be more "citizen centric" and in a larger context more responsive toward the society and public service. Though this suggestion will not come alone, it has to be viewed holistically. It needs necessary changes at other fronts also and most importantly mind-set or attitude. Considerable time has already been gone since the onset of globalization worldwide. But bureaucratic culture is still there and ubiquitous. Notwithstanding the debacles faced at the dawn of globalization, the bureaucratic culture, values, norms, powers, and rules would continue in the future.

## References

Berman BJ, Tettey WJ (2001) African states, bureaucratic culture and computer fixes. Public Adm Dev 21:1–13. https://doi.org/10.1002/pad.166

Byrkjeflot H (2018) The impact and interpretation of Weber's bureaucratic ideal type in organisation theory and public administration. In: Bureaucracy and society in transition (Comparative social research, vol. 33). Emerald Publishing Limited, Bingley, UK, pp 13–35

Carlos L, Pereira B (1997) Managerial public administration: strategy and structure for a new state. J Post Keynes Econ 20(1):7–24

Crozier M (1964) The bureaucratic phenomenon. University of Chicago Press, Chicago

Downs A, Rand corporation (1967) Inside bureaucracy. Little, Brown, Boston

Haque MS (1996) The contextless nature of public administration in third world countries. Int Rev Adm Sci 62(3):315–329

Haque MS (1998) Impacts of globalization on the role of the state and bureaucracy in Asia. Adm Theory Praxis 20(4):439–451
Hughes OE (2012) Public management and administration: an introduction, 4th edn. Palgrave Macmillan, London
Hummel R (2007) The bureaucratic experience: the postmodern challenge, 5th edn, Routledge, New York
Jacoby H (1973) The bureaucratization of the world. University of California Press, Berkeley
Katz D, Kahn RL (1966) The social psychology of organizations. Wiley, New York
Kettl DF (2005) The global public management revolution, 2nd edn. Brookings Institution Press, Washington, DC
Kim C-k (2008) Public administration in the age of globalization. Int Public Manage Rev 9(1):39–54
Mangset M, Asdal K (2018) Bureaucracy power in note-writing: authoritative expertise within the state. Br J Sociol. https://doi.org/10.1111/1468-4446.12356
Meier KJ, Hill GC (2007) Bureaucracy in the twenty-first century. Oxford handbooks online. https://doi.org/10.1093/OXFORDHB/9780199226443.003.0004
Meier KJ, O'Toole LJ (2006) Political control versus bureaucratic values: reframing the debate. Public Adm Rev 66(2):177–192
Merton R (1952) Bureaucratic structure and personality in reader in bureaucracy. Free Press, New York
OECD (Organization for Economic Co-operation and Development) (1993) Public management development survey 1993. OECD, Paris
Sklar RL (1991) The nature of class domination in Africa. In: Sklar RL (ed) African politics and problems in development. Lynne Rienner Publishers, Boulder, pp 205–224
Taylor FW (1911) Principles and methods of scientific management. Harper, New York
Thompson V (1961) Modern organization. Alfred A. Knopf, New York
Tompkins J (2005) Organization theory and public management. Thomson Wadsworth, Belmont
Verma SL (1978) Bureaucratic culture of higher civil services in India. Indian J Polit Sci 39(2):188–201
Workman S (2015) The dynamics of bureaucracy in the US Government: how congress and federal agencies process information and solve problems. Cambridge University Press, Cambridge
Yaney G (1982) Bureaucracy as culture: a comment. Slav Rev 41(1):104–111
Yazaki Y (2018) The effects of bureaucracy on political accountability and electoral selection. Eur J Polit Econ 51:57–68
Zafarullah H (2011) Public management reform. In: Jamil I, Aminuzzaman SM, Askvik S, Haque STM (eds) Understanding governance and public policy in Bangladesh. North-South University, Dhaka
Zafarullah H (2013) Bureaucratic culture and the socio-political connection: the Bangladesh example. Int J Public Adm 36(13):932–939. https://doi.org/10.1080/01900692.2013.773033

# Bureaucratic Culture, Corruption and Accountability in Sri Lanka

Ramesh Ramasamy
Department of Political Science, Faculty of Arts, University of Peradeniya, Kandy, Sri Lanka

## Synonyms

Administrative culture; Civil service; Institutional practices; Organizational culture

## Definition

Bureaucratic culture generally mirrors wider social values, and it varies from one society to another being conditioned by general societal norms, customs, bureaucrats' orientations, beliefs, and propensities which they gain through education, training, professional development, and intellectual and ideological persuasions. It prevails in every society with organized political and administrative systems, and it reflects in different forms and tends to shape the institutional environment, working, quality, and services.

## Introduction

Public administration of each country has had distinctive features in undertaking public affairs and public policy implementation which differ from one country to another. One could observe the differences in bureaucratic structure in developed nations and developing global south. It is also evident that within each bureaucracy, there exist plenty of agencies with their own peculiar features – they include central, subnational or provincial, local, etc. Instances are there where several public institutions exist under local administration such as police, tax department, hospitals, schools, and so forth with different subcultures (Claver et al. 1999). Sinclair (1989) puts forth that due to the separation between the

management (public officials) and control (policy makers), public bureaucracy is largely sensitive to political manipulations and influence – this is largely observable in developing societies where bureaucracy is more prone to changes. Thus, bureaucratic efficiency, performance, and productivity are being influenced by various forms of political manipulations, patron-clientelism, informal values, norms, and so on which become inherent ingredients of bureaucratic culture.

Therefore, it is important to understand bureaucratic culture in the developing country context and how it affects accountability and corruption. Bureaucracy is not merely a technical aspect of organizational design, meritocracy; it is also about social interventions, norms, values, culture, organizational citizenship practices, and social origin of officials. All these traits help form the bureaucratic culture and pursue them in line with institutional and personal interests. It is argued that culture of a public institution emanates from three factors: firstly, cultural orientation whether western or Asian culture (these features tend to influence bureaucracy); secondly, citizens (beliefs, social background) who are served by a specific public institution which to a large extent tend to determine bureaucratic culture; and thirdly, beliefs and social origins of public officers which encourage and transmit bureaucratic culture (Claver et al. 1999). These can be equally applied to Sri Lanka to understand how bureaucratic culture tends to influence accountability and corruption.

In Sri Lanka, bureaucratic culture is a mixture of western and Asian orientation – yet, British introduced bureaucratic values, norms, and practices, and culture continues to influence the institutional working, though there are some changes that have taken place after independence. The existing administrative system has five levels of governance structures such as national, provincial, district, divisional, and village and functions under strong centralized system. Sri Lanka is a unitary government with a mixture of a presidential and a parliamentary system. The prevailing multilevel governance structures have created certain complexities and crisis in governance spheres and administration of the country. Some existing evidence shows that current governance model in the country has created a range of issues such as corruption, politicization, low quality of governance, poor public service delivery, low level of trust, and so forth. Administrative culture (power politics, low salary, tolerance of inequality, obligations created by collective social structure, sifaries, sycophancy, and masculinity) provides reasons and incentives for corrupt behavior (Ramesh 2020). Due to delays in the development of political institutions in the post-independent Sri Lanka, the bureaucracy used the inexperience of political parties, institutions, and politicians in gaining upper hands in the governance process – this is also partly induced by colonial legacy and institutional status given to bureaucracy so that members of it developed a distinctive culture which eventually led to wicked problems in the governance including endemic corruption, elitism (elite capture), paternalism, unresponsiveness, particularism, patron-clientelism, etc. The remainder of the chapter is organized as follows: the next section presents the theoretical insights of bureaucratic culture, and third section examines the bureaucratic culture of Sri Lanka under which constitutional changes and its effect on bureaucratic culture, governance reforms and its effect on bureaucratic culture, corruption, and bureaucratic culture have been discussed followed by conclusion.

## Bureaucratic Culture: Theoretical Insights

Bureaucratic culture remains a key area of study in public administration and governance. Bureaucratic culture tends to influence accountability mechanism and corruption in general, specifically in developing countries (Claver et al. 1999). When there remains a healthy, open, and responsive bureaucratic culture, it is more likely to enrich accountability and governance quality. In contrast, if the bureaucracy lacks openness and pursues the idea of secrecy, it is more likely to create an institutional environment in favor of

corruption, elitism, and unresponsiveness. The bureaucracy remains a key source of inputs into the policy process, and its dominance over state affairs stemmed from a unique ethos that nurtured elitism, conservatism, and inertia. Bureaucrats were highly motivated to advance their power and authority in the command structure and to maintain their social prestige and esteem. Some of specific features of bureaucracy in terms of work norms, practices, powers, social background, status, and all transformed the bureaucracy into a self-regulatory institution largely insulated from political control. At the same time, the contradictions between the value patterns of the bureaucracy and those of the political elite in the opposition camp sharpened (Zafarullah, 2013:933) – the distinctive cultural practices maintained by the bureaucracy, in most cases, paved the way for confrontations between political administration and public bureaucracy. When Weber 1968/1978 introduced positive characteristics of bureaucracy, he did not expect that they will result into a specific culture with negative features including inefficiency, corruption, inflexibility, particularism, favoritism, etc. While bureaucratic culture remains a common feature in public institutions, it also in most cases manifested through subcultures as well. Specific interest, own interest, specific language, value system, and beliefs all reflect bureaucratic culture (Aucoin 1991; Bate 1990). In certain cases, ethno-religious and caste ties also tend to influence in forming bureaucratic culture which is quite visible in many South Asian countries including Sri Lanka, India, and Nepal. When various ethnic, caste, religious, and linguistic groups come into public bureaucracy, they will on the one hand mirror and pursue the common culture of the organization, and on the other hand, they will also reflect their own identity affiliations as part of bureaucratic culture – this eventually becomes very powerful element of institutional working, service delivery, and decision-making. Importantly, Kono (1990) confirm that bureaucratic culture is usually detrimental to innovation process and any kind of changes – it is largely prone to traditional working patterns, procedures, rules, regulations, and so forth.

Bureaucratic culture prevails in every society with organized political and administrative systems, and it generally mirrors wider social values, obviously varying from one society and another being conditioned by general societal norms, customs, customs, bureaucrats' orientations, beliefs, and propensities which they gain through education, training, professional development, and intellectual and ideological persuasions (Zafarullah 2013: 932; Hendryadi and Budi 2019). The bureaucratic culture is also shaped by its structure, authority relationship, rules, and procedures. In other words, the concept can be defined as configurations of behavior which reflect through distinctive values, beliefs, assumptions, sentiments, orientations, and attitudes shared by members of a bureaucracy (Waldo 1965; cited in Zafarullah 2013: 932). The generic characteristics of the bureaucratic culture are: relatively authoritarian management style, a high degree of control, top-down communication, search for individuals' stability, limited initiatives, and centralized decision-making (Claver et al. 1999). Taormina (2008) has found that leaders tend to be more control-oriented in bureaucratic culture. This indicates that the bureaucratic culture is in line with the behavior of control-oriented leaders. These characters are not determined by the technical task assigned to members of bureaucracy but by the political and social forces operating within the public bureaucracy (Wilson 1993). "While societal and political cultural factors shape the mind-set of bureaucrats and define the relationship of the bureaucracy with the political structures and the general public, the interplay between this relationship with the internal operational forms and organizational dynamics of the public administrative system actually determine the nature of bureaucratic culture" (Zafarullah 2013: 933).

As argued above, we should also note that no bureaucratic culture is monolithic; instead, it is a part of the wider culture of a society including its constituent parts such as political, economic, social, religious, corporate, and civil society cultures. In developing countries, it is the political culture that influences the bureaucratic culture most because it brings its political values to

modulate the behavior of state employees – ethno-religious politics (ethno nationalism), caste politics, and electoral competition all tend to influence bureaucratic culture in numerous ways. Finally, the culture of the bureaucracy is sometimes supported, sometimes challenged, by two important subcultures: first, the culture of each department or agency of government, with its own mandate, interests, client groups, and major professional and occupational components; second, professional subcultures, such as those of accountants, lawyers, economists, engineers, diplomats, and scientists that cut across organizational boundaries. A composite bureaucratic culture then reflects the values of all its constituent parts (Dwivedi and Gow 1999).

According to Dwivedi and Gow (1999), there are three main approaches to studying the bureaucratic culture of a nation:

1. **Deontological approach**: deontology is the study of duty and ethical/moral obligations of human beings as well as of the organizations they represent. By using this approach, one could focus on the ethics and morality of the bureaucrats.
2. **Teleological approach**: the teleological approach is based on analyzing the success of a decision in producing a desired effect. While still in the realm of the desirable, this approach pays much more attention to intervening realities on the path to realizing goals or respecting values. The teleological approach also concerns the causal relationship between means and desired ends.
3. **Spiritual approach**: when we refer to spirituality, we generally mean a kind of energy source that (a) is beyond ourselves and transcendent; (b) impels us to search for the purpose of life here and after, as well as why are we here on earth; (c) has an overarching influence on our sense of right and wrong; (d) empowers us to care for others; and (e) inspires us to act for the common good. It should be noted that these three approaches are based on some common values such as fundamental rights and freedoms, efficiency, accountability, fairness, etc.

## Bureaucratic Culture in Sri Lanka

The British colonial legacy and the patterns of government administration in postcolonial Sri Lanka have significantly influenced the cultural makeup of the bureaucracy. The then Ceylon Civil Service and currently Sri Lankan Administrative System continue to maintain the Oxbridge tradition, though there are changes that have taken place with the introduction of Sinhala Only Act of 1956 which imposed the Sinhalese language spoken by the ethnic majority as the official language of administration of the country, simply denying language rights of ethnic minorities who account to 25% of the total population. This eventually became a key factor for ethnic conflict. With the introduction of the above law, the bureaucratic culture significantly changed the demographic composition of the bureaucracy. As a result, Sinhalese language became dominant in the administrative process, and a large number of Tamil-speaking public officials left the civil service as they could not continue their work in Sinhalese language. During the colonial period, English was the official language of civil administration. The change of language of administration created a mono-ethnic and linguistic bureaucratic culture in Sri Lanka which lasted until making the Tamil language also an official language of administration in 1987.

Like other postcolonial developing societies, Sri Lanka was bestowed a bureaucratic apparatus founded on the Weberian style and procedures that conflict with prevailing indigenous societal values and norms and, therefore, unable to cope with the demands of the community it serves. The degree of incongruity between norms and realties is fairly high; what is actually prescribed often remains unenforced and unfulfilled. Importantly, laws made with good intentions and based on apparent sound reasons are forsaken because of bureaucratic failures or partisan demands or narrow-vested interests. The post-independent Sri Lanka's Administrative Service failed to abandon the ingrained cultural traits acquired through the internalization of values from the past and the contemporary societal environment. In fact, the bureaucracy acquired new characteristics that

reflected prevailing social, political, administrative, and economic realities. As such, structural and procedural changes to the political-administrative system, the transformation of the public sector, severe competition for civil service positions, economic liberalization programs, the growth of the private sector, growing unemployment, fall in real income, rising poverty among the masses, increasing delinquency, the primacy of the black market economy, unproductive government spending, and social degeneration have resulted in significant changes in the bureaucratic value system (Bandara 2013; Ramesh 2020). As stated earlier, the transition from colonial bureaucracy to national bureaucracy was not properly addressed by the national leadership during 1931–1948. However, the common class and elite outlook shared by both the political and the administrative leaders and the continuation of most of the public policy strategies established during the colonial period had facilitated a good working relationship between the politicians and the bureaucrats. But this tranquility did not last long. Yet, the bureaucracy maintained the elite nature; therefore, there was a lack of links between society and bureaucracy. During the change of governing regime and the introduction of somewhat "radical policy changes" in 1956 (language policy), the country drifted toward a period in which tension between the political leadership and the administrative leadership became a visible feature. The tension between the administrative and the political leaders produced a conflict between new political leaders and the leaders of the public bureaucracy. The allegation of non-corporation by the administrative leadership was leveled against the public servants by the political leaders. The constitutional protection provided for the bureaucrats was identified as one of the obstacles for the political leaders to fulfill people's aspirations – the former helped bureaucrats to form a distinctive culture within bureaucracy.

Yet, subsequently, the constitutional protection for bureaucrats was removed in the new Constitution adopted in 1972. Though the post-independent constitutional changes targeted at the public administration envisaging greater political control over the bureaucracy, these changes did not address the real issues confronted by the administrative system. The postcolonial state was to take up nation building and national development as its key objectives, while the public administrative system needed certain technical and cultural capacities to undertake the tasks associated with these twine objectives. One such need was to move from procedural-oriented centralized bureaucratic system to development-oriented decentralized bureaucratic system. Though the requirement was to establish a development administration which means "development of administration" and "administration of development," the system went toward the politicization of bureaucracy. The Second Republican Constitution of 1978 continued the process of politicization of bureaucracy, and it was taken to its height under the presidential system (Ramesh 2020). The politicians engaged in administrative business and bureaucrats doing political business became the hallmark of governance process. The final outcome is the creation of an administrator subservient to the politicians in power. This has created a "bureaucratic imbalance," i.e., the administrators failing to stand between the positions of "despot and subservient" (Bandara 2013).

## Constitutional Changes and Bureaucratic Culture

The existing evidence shows that constant constitutional changes and amendments to the constitution seem to have some effect on bureaucratic culture. Thus, changes in governance structures in Sri Lanka after 1970s can be understood in terms of the political system that underwent major changes over time, specifically in 1972, 1977, 1987, 2001, 2010, and 2016. The constitutional changes of 1972 brought the administrative system under the direct management of the political executive at the center. The First Republican Constitution abolished the Public Service Commission (PSC) established in 1948 and handed over the powers of the public service to the Cabinet of Ministers which received the constitutional protection under "parliamentary sovereignty," entrenched in the new Republican Constitutions.

New constitution established the Public Service Advisory Board and the Public Service Disciplinary Board to replace the PSC (Somasundaram 1997). The constitutional changes of 1978 introduced an executive presidency that derived its legitimacy through a countrywide election, and system of proportional representation came into force under the very constitution conferring advantages on small political parties. Consequently appointment of leaders of the administrative system became the constitutional function of the President who now appoints the Secretary to the President, the Secretary to the Cabinet, and Secretaries of the Ministries and Chief Secretaries of the Provincial Councils.

The third constitutional change, which emerged from the 13th Amendment to the Constitution in 1987, sought to introduce a devolved political system. It was a response to satisfying political aspirations of the minority communities for a greater voice in the management of their affairs in governance. However, ineffective devolution has resulted in devolved structures having to cope with processes designed for a centralized system; therefore, effectiveness of multilevel governance structures came under daunting challenge. Sri Lanka has to go a long way to achieve real benefits of multilevel governance in terms of efficiency, cost-effectiveness, and citizens' satisfaction. There shall be some criteria to assess the performance of these changes using conceptual frameworks such as "centralization and decentralization continuum"; "politicization of bureaucracy", "imbalance in resources transfer" and "stability, allocation and distribution functions". At present, there exists a provincial government with the separate bureaucratic structure largely influenced by central government bureaucracy – these provincial bureaucracy has some specific cultural traits owing to regional variations, politics, ethno-religious composition, and caste, in addition to common cultural features.

Interestingly, with the introduction of the system of proportional representation in the present constitution (1978), the elected public servants have made their presence very much visible in the area of policy implementation. Theoretically, policy implementation involves a series of management activities following on policy formulation, and the former is considered to be domain of appointed or selected public servants who are career professionals, though the executive arm of the government is headed by elected representatives. However, the direct intervention of the latter in policy implementation amounts on leaning administrative process (Gammampila 1997, p. 319). It is argued that political control of administrative process is necessary because political leaders are directly answerable to citizens, especially in the matters of development and welfare provisioning. Failure or ineffectiveness of the legislative policy implementers-public officials also forced elected officials to intervene in matters related to service provision which is a new development in governance structures in Sri Lanka. This results in conflicts between public servants and elected public servants on the role in implementing public policies. This pattern leads to undue political influence and politicization in policy implementation process – this pattern not only affected the bureaucratic culture but also enabled political actors to use public power for vested interests (Gammampila 1997, p. 319).

The 17th Amendment to the Constitution in 2001 led to the fourth constitutional change. It set up the Constitutional Council to restrain the almost unfettered discretion of the President in making key appointments, such as judicial appointments (ADB 2007, p. 3). Moreover, it changed the character of seven important public institutions: (i) Public Service Commission, (ii) Judicial Services Commission, (iii) National Police Commission, (iv) Elections Commission, (v) Human Rights Commission, (vi) Commission to Investigate Allegations of Bribery and Corruption (CIABC), (vi) Finance Commission, and (vii) Delimitation Commission. The appointment of each of the Commissioners to these Commissions is still made by the President but must be made only upon a recommendation of the Constitutional Council. These Commissions, which were constitutional commissions, are directly accountable only to Parliament.

Nevertheless, the 18th Amendment to the Constitution introduced in 2010 became highly controversial and put the governance structures of the

country in peril and the liberal democracy at crossroads. The amendment removed President's term limit and brought the public service under the direct control of President, and the Constitutional Council which was established under the 17th Amendment was abolished and replaced with an impoverished parliamentary council to make recommendations to the president on key appointments. This further enhanced the powers of President and paved the way for highly centralized system of governance through which politicization and corruption became endemic in bureaucracy. As a result, patron-clientelism took precedence over meritocracy in governance, and the former was often sacrificed in order to favor someone, thus giving rise to the problem of institutional legitimacy. Wood argues that patron-clientelism flourishes leading to rent-seeking, nepotism, cronyism, arbitrariness, and secrecy (2000, p. 222), and Jamil et al. (2013) show that in South Asia political interferences in administration are common and since merit is not the major criteria for career enhancement, public officials resort to lobbying and showing political allegiance to further their professional career.

One of the distinctive features of bureaucratic culture in Sri Lanka is "clientelism" or patron-client relationship that existed in almost all spheres of public bureaucracy. It is a form of asymmetric relationship, but mutually beneficial relationships of power and exchange of material and other gains, and also a non-universalistic element of bureaucratic culture. In consequence, bureaucrats tend to compromise legal-rational authority as they are entrapped in clientelism – decisions are subjected to personal negotiations, bargaining, and policies and rules that are twisted to satisfy family and community obligations. In such occasions, bureaucrats will have to adhere to informal orders and connections than formally stipulated roles. This culture apparently subverts the notion of impartiality and impersonality expected to be pursued by bureaucrats – this in turn creates a new culture within bureaucracy regulated by clientelism. Patron-clientelism may help maintain social and family relationship, informal networks, patronage system, etc. But their implications are extremely high on bureaucratic ethics and ethos and subsequently citizens' trust in public bureaucracy. Sri Lanka's administrative system remains rigid, inflexible, and unresponsive to citizen's needs – so that public tend to use personalistic networks to get done the business whereas poor and deserving people expect bureaucrats to apply rules and regulations impersonally adhering to the established procedural justice. It can be argued that patron-clientelism tends to distort the idea of legal rationality in a formal bureaucracy. The 20th Amendment to the Constitution passed in 2021 has given sweeping powers to the President to intervene in public bureaucracy – as a result, top-level executive positions are being given to military personnel. Therefore, it is more likely to distort age-old civil service administration established during the colonial period and may create conflicts between military administration and civil administration. As the President is coming from military background, he seems to have more trust in military personnel than that of civil servants – this pattern will significantly affect bureaucratic culture of Sri Lanka hitherto maintained including citizens' trust.

It is also possible to argue that in the Sri Lankan bureaucracy, egalitarian sentiments are not clearly reflected in the behavioral mannerism that bureaucrats display in real life, and they maintain a distinctive culture which is insensitive to citizens' needs and demands – class differences, elite capture of bureaucracy, and individualism all tend to preclude officials to pursue egalitarian ethos in an evenhanded manner. Zafarullah (2013) argues public officials respond only when they have something to gain from the service they offer to individuals or groups. Specific instances and encounters by particular groups also highlight attitudinal problems in the bureaucracy. This has caused a decline in the level of people's trust and confidence in the administrative system in providing basic services to the community. It is observed that Sri Lankan bureaucrats are more likely to maintain their status quo, and they have fear over modernization as it may dismantle their status and privileges. In other words, if any form of reforms tends to work against their interest and privileges, they are unlikely to accept them.

Moreover, in the Sri Lankan case, the type of political regime and poor performance of political leadership have made the bureaucracy unaccountable, unresponsive, and corrupt. This is consistent with what Zafarullah argue (2007: 166); bureaucrats consider their role as critical in governance, and this is engendered by their perception of themselves "as the highly specialized exclusive source of policy advice and guidance for the government with 'proven' experience and proficiency in accomplishing policy goals." One could argue that the incongruity between the bureaucratic and political value systems in Sri Lanka manifesting itself after independence of the country led to the distancing of the bureaucracy from the political arena, essentially to neutralize its power. This further explains that effective political control over bureaucracy is essential to neutralize its power and make it responsive, effective, productive, fair, impartial, incorrupt, and accountable to citizens' needs and demands, which is largely lacking in Sri Lanka.

## Governance Reforms and Bureaucratic Culture

Several efforts have been taken to reform the bureaucracy since the independence to enhance performance, transparency, and accountability and to fight corruption, though it is not much successful. Such changes also targeted changing negative aspects of bureaucratic culture over citizen's needs and demands. As the evidence shows, civil servants' attitudes toward ethics, integrity and accountability, responsiveness, and actual behavior at work and in their dealings with citizens provide an interesting dimension of bureaucratic culture. These are important ethos of bureaucracy and cannot be compromised, and this demands Weberian ideals among public officials. Ethics justify actions and decisions impartially and objectively made in an administrative setting, help uphold accountability, promote integrity, and challenge dishonest behavior. When public servants exercise their public power, they are required to honestly, responsibly, and fairly serve the people and to be accountable for their actions. Yet, in Sri Lanka, there has been rapid erosion of bureaucratic ethics – public officials evading their responsibility, self-indulging, underperforming, misusing public power, corrupting, and promoting particularism. There exist greater resistance and delays for reforms – such efforts demanding accountability, innovation, efficiency, effectiveness, and responsiveness to citizen's needs are either prevented or unlikely to be implemented.

Thirty-three years after the creation of the Sri Lanka Administrative Service, a draft Memorandum of Understanding between the Minister of Public Administration and the Asian Development Bank was signed in 1995 and it stated that:

> At one point Sri Lanka had a strong and effective civil service. When the country became independent, the administrative system had to diversify away from the essential functions of maintaining law and order and takeover more complex developmental tasks. In doing so, however, the civil service preserved its high professional tradition and therefore was well respected. A career in the public service retained a cachet it had enjoyed earlier and continued to attract talented persons. Unfortunately, though, in time the independence of the bureaucracy was undermined, its strength shaped by inter-service rivalries and differences, and its quality eroded by a steady lowering of entry standards. Many of its members are also inadequately trained for new responsibilities. As a result, the Sri Lanka public service today is not well equipped to perform its role. (Somasundaram 1997: 340)

Despite these drawbacks, the 1978 constitution and consequent governance reforms helped widen the scope of governance, and the NPM-inspired reforms (in the 1970s/1980s) provided the avenues for private sector and civil society actors to engage in governance – for instance, public-private partnership and open government partnership, to name a few. Globalization and primacy of economic growth further necessitated the state-private sector-civil society partnership. Highly centralized administration based on strong hierarchy started changing over the years, due to the constant intervention of international and multilateral agencies in setting policy agendas – this includes WB, ADB, IMF, and other major donor agencies. Yet, in terms of economy, still state's direct intervention continues to remain (see

**Bureaucratic Culture, Corruption and Accountability in Sri Lanka, Table 1** Public bureaucracy of Sri Lanka: structural changes

| 1833–1972 | 1972–1977 | 1977 to date |
|---|---|---|
| Colonial bureaucracy | National bureaucracy | Continuation of national bureaucracy with liberal policy options (widening scope for other actors –private and civil society) |
| More government and less governance | Overcentralization of governance | More governance and less government |
| Strong bureaucracy-based strong hierarchy | Paternalism in public policy process | NPM-inspired reforms and policy transfers by international agencies |
| Regulated economy | National economy and direct state intervention | 1977–1994 – deregulated economy<br>1994–2005 – deregulated economy with a human face<br>2005–2015 – nationalistic liberal economy and state's direct intervention<br>2015–2019 – deregulated economy<br>2020 onwards – nationalistic economy with state control |
| | | Multilevel governance –decentralized political structures and centralized administrative system |

Source: Compiled by the author

Table 1 for more details), and it has resulted in paternalism, leading to patron-clientelism policy making and implementation. Table 1 illustrates the changing dynamics of governance in Sri Lanka based on different time periods and its salient features.

In 2015, there was an important shift in Sri Lanka's political history – in the very first time, two major rival parties (United National Party and Sri Lanka Freedom Party) came to an understanding to form a national unity government in 2015 to ensure good governance and fight corruption. The government itself came up with several policy and institutional measures to eradicate corruption and improve governance. The constitutional amendment widely known as 19th Amendment became instrumental during this period in improving governance, though it was not effectively materialized and abolished in 2021. Since the introduction of the 1978 Constitution, as of now, there have had been 20 amendments to the constitution, but it is safe to argue that this is the only amendment that helped shaping governance of this country through drastically reducing powers of President in the affairs of public service, by establishing independent commissions, the Constitutional Council, and the Right to Information Act. Despite these positive changes, high profile corruptions also took place during this period – the so-called "Central Bank Bond Scam" which has been seen as one of the biggest scandals in the Sri Lankan history happened shortly after the good governance government came to office (2015); therefore, despite these reforms, the then government could not do much in terms of improving governance quality.

The most acclaimed aspect of the 19th Amendment is the enactment of the long awaited Right to Information Act – Sri Lanka was the most delayed nation in enacting RTI in the region, though it was regarded as model democracy in Asia. Now it is almost 4 years since its implementation, the act continues to stand as an example of transformative impact of progressive and pro-citizen legislation, despite persisting challenges. The RTI Commission provides an immense contribution in implementing the act amidst limited institutional capacity. It has made progressive orders regarding citizens' crucial demands and information and asset declaration of senior politicians – hundreds of thousands of ordinary people have been benefiting out this legislation in a variety of manner. Yet, it is too early to make an assessment on the impact of these changes in bureaucratic culture.

Nevertheless, Sri Lanka's RTI is considered as one of most powerful acts in the world – the Canadian Centre for Law and Democracy, which carries out RTI rating, has ranked Sri Lanka's RTI

in third place in 2017 and fourth place in 2018 out of 80 countries. This evaluation is largely based on content of the act, not on implementation. According to Toby Mental, Sri Lanka's RTI law presents a very impressive package of responsibilities and powers which places the RTI Commission of Sri Lanka among the most powerful in the world (2019, p. 82; Gomez 2019, p. 15). The very law provides greater avenues for citizens to access a range of information held under the custody of public institutions subject to certain limitations, and the very legislation helps changing the long-standing culture of secrecy in public institutions. However, without a functional democracy, right to information may remain a mere rhetoric reflecting symbolic politics. It is therefore argued that the successful implementation of RTI relies on the extent to what democratic principles are upheld in a country including political and bureaucratic willingness and commitment.

## Corruption and Bureaucracy Culture

Empirical evidence indicates that Sri Lankans bribe public officials and politicians for three main reasons: (a) to receive a service entitled to, (b) the bribe was paid to avoid a problem with the authorities that provide various services, and (c) the bribe was paid to speed up things. Interestingly, more than 50% pay bribe to speed up the things. According to the Global Corruption Barometer for Sri Lanka 2019, only around 47% seem to have trust in government, which means half of the respondents unlikely to trust government. Some 80% considers corruption with the government as being a very big problem. This survey indicates rapid increase of corruption in climate change, natural resource utility, and disaster management – around 51% of the respondents tend to believe that corruption is rampant in these sectors (TI 2019) – this is a new development in Sri Lanka where large-scale scandals take place in environment and natural resource management with the support from political leaders and public officials, and it has now gained immense attention as Sri Lanka has become a disaster-prone country in the past. The survey reasserted that corruption has become a permanent feature in public and political institutions and a way of life among poor segments of society where they have to bribe officials to get what they ought to obtain – poor people tend to experience indifferent treatment if they fail to bribe which is visible in needs -tested selective welfare programs such as poverty alleviation, social security benefits, housing, etc.

Further, family- and kinship-based bureaucratic culture has given rise to the culture of *Sifarish* in developing countries which remains extremely high in Sri Lanka due to paternalism. Paternalism is deeply rooted and imposes a cross-cutting effect in all forms of governance due to the long-standing influence of family, kinship, ethnicity, caste, region, and nationalism in politics and administration. This Urdu word *Sifarish* literally means a recommendation or an informal lobbying. In some ways, it resembles the Sri Lankan system of *Anumathakirima* (*anumathi valanguthal*) short of straight bribing; it has become the standard means of getting things done by public officers (Islam 2004). In Sri Lanka, political leaders and top-level bureaucrats are invariably involved in the Sifaries game, rule-breaking, corruption, and shady wheeling and dealing. Public services that should be provided to the citizens are procured through Sifarish so that in many instances citizens are being unfairly treated when tend to get legally mandated public services. Getting jobs, getting promotion, getting transfer, getting license, renewing a driving license, getting clearance in customs department, and getting a telephone connection and admission to school all visibly need Sifarish. School admission is an avenue for rampant corruption – the allegations included bribing principals, seeking informal lobbying from politicians and educations directors, roping in intermediaries at high cost, and nepotism and mandatory "donations" to schools and school development societies (Transparency International 2009). Often Sifarish is used to pressure the decision-maker to take an inappropriate or illegal action. It involves finding a relative or a close friend who knows the functionary or has some influence to get the job

done. In rural areas, access to water, electricity, sanitation, health services, and road could all be procured through Sifarish. It makes a mockery of any rational system of service delivery based on rational criteria. The decision-makers who feel compelled under family and kinship pressure to oblige their clients bend and break the rules. Those who do not play the Sifarish game earn a bad reputation or even get labeled with different names. This explains how influential Sifarish is in the developing countries.

Similarly, there is another term which is also quite popular in Sri Lanka including some South Asian countries – that is, "*sycophancy.*" Corruption researchers in the South Asian background often use this term. Sycophant can be defined as a servile person who acting in his or her own self-interest attempts to win favor by flattering one or more influential persons or by saying lies against a fellow citizen for gaining a kind of profit (Islam 2004). In the Sri Lankan society, for a person in high position, personal achievement will be given more credit. Therefore, most of the subordinates adopt a supposition-based process to make out leadership for getting jobs, getting promotion, and getting transfer. This situation leads to administrative corruption in the public sector. An interesting point was that personal connections were considered more effective than bribes to get transfer. Nepotism and favoritism were alleged as the most common form of corruption in transfers rather than the exchange of money (Transparency International 2009). These are entrenched in the bureaucracy in Sri Lanka and have become normal way of doing things, not exceptional.

## Concluding Remarks

According to Hofstede (2005), culture is a programing of the mind that distinguishes the members of one category of people from those of others. In Sri Lanka the bureaucracy is one such cultural entity. It clearly has distinctive behavior, attitudes, institutional working, norms, values, and practices which are shared by public officials and will reflect when they fulfill their roles and responsibilities. Within the bureaucracy, there are different organizations having separate mandates, roles and responsibilities, institutional practices, and value systems. Each of them has their subcultures. The employees belong to any of the public institution, either exclusive to the agency or cutting across agencies like the Sri Lanka Administrative Service; they pursue different and common forms of culture within the bureaucracy. Culture is not inborn but acquired from the environment in which the person is located or employed. For instance, an employee newly recruited to an organization acquires culture, and if it is by nature already ineffective and corrupted, the newly recruited person would become accustomed to the existing system. As found in Sri Lanka, bureaucratic culture tends to shape accountability, responsiveness to citizen's needs, integrity, impersonality, openness, and so forth. From the existing evidence, it is possible to argue that most of the developing countries tend to share some common features of bureaucratic culture which are different than that of developed nations' bureaucratic culture. Yet, one could also clearly observe some specific and context-oriented cultural practices in bureaucracy.

## Cross-References

► Bureaucracy and Politics

## References

Asian Development Bank (2007) Sri Lanka country assistance programme: evaluation of thematic governance assistance evaluation. Working paper. Asian Development Bank, Manila

Aucoin P (1991) The politics and management of restraint budgeting. In: Blais A, Dion S (eds) The budget maximizing bureaucrat: appraisals and evidence. Pittsburgh, PA: Pittsburgh University Press

Bandara N (2013) History and context of public administration in Sri Lanka. In: Sabharwal M, Berman EM (eds) Public administration in South Asia: India, Bangladesh and Pakistan. CRC Press, Boca Raton, pp 454–471

Bate P (1990) Using the culture concept in an organization development setting. J Appl Behav Sci 26(1):83–106

Claver E, Llopis J, Gascó JL, Molina H, Conca FJ (1999) Public administration: from bureaucratic culture to citizen-oriented culture. Int J Public Sect Manag 12(5):455–464
Dwivedi OP, Gow JI (1999) From bureaucracy to public management: the administrative culture of the Government of Canada. Broadview Press, Peterborough
Gammampila M (1997) Learning opportunities for elected public servants. In: Somasundaram M (ed) Third wave: governance and public administration in Sri Lanka. International Centre for Ethnic Studies & Kornak Publishers, Colombo/Delhi, pp 311–339
Gomez M (2019) The right to information and transformative development outcomes. Law Dev Rev 12(3). https://doi.org/10.1515/ldr-2019-0046
Hendryadi SS, Budi P (2019) Bureaucratic culture, empowering leadership, affective commitment, and knowledge sharing behavior in Indonesian government public services. Cogent Bus Manage 6(1):1680099. https://doi.org/10.1080/23311975.2019.1680099
Hofstede G (2005) Cultures and organizations software of the mind. McGraw-Hill, New York
Islam N (2004) Sifarish, sycophants, power and collectivism: administrative culture in Pakistan. Int Rev Adm Sci 70(2):311–330
Jamil I, Steinar A, Dhakal T (2013) Understanding governance in South Asia. In: Jamil I, Steinar A, Dhakal T (eds) In search of better governance in South Asia and beyond. Springer, New York, pp 13–36
Kono T (1990) Corporate culture and long range planning. Long Range Plan 23(4):9–19
Ramesh R (2020) Governance and administration in Sri Lanka: trends, tensions and prospects. Public Adm Policy 23(2):187–198
Sinclair A (1989) Public sector culture: managerialism or multiculturalism? Aust J Public Adm 48(4):382–397
Somasundaram M (1997) Sri Lanka administrative service. In: Somasundaram M (ed) The third wave: governance and public administration in Sri Lanka. International Centre for Ethnic Studies, Colombo, pp 340–356
Taormina RJ (2008) Interrelating leadership behaviors, organizational socialization, and organizational culture. Leadersh Organ Dev J 29(1):85–102
Weber, M. (1968/1978). Economy and society. In G. Roth & C. Wittich (Eds.), Berkeley, CA: University of California Press
Transparency International (2019) Global corruption barometer -Sri Lanka. Transparency International, Colombo
Transparency International Sri Lanka (2009) Forms and extent of corruption in education in Sri Lanka. Transparency International Sri Lanka, Colombo
Wilson GK (1993) Counter-elites and bureaucracies. Governance 6(3):426–437
Wood G (2000) Prisoners and escapees: improving the institutional responsibility square in Bangladesh. Publ Adm Dev 20(3):221–237
Zafarullah H (2013) Bureaucratic culture and the social-political connection: the Bangladesh example. Int J Public Adm 36(13):932–939

# Bureaucratic Dysfunctions Through Black and White Lens, Film Review of the Modern Times and High Noon

Andrea Ramos
Florida Atlantic University, Boca Raton, FL, United States

## Synonyms

Abusive supervision; Abusive supervisory behaviors; Bureaucracy and Alienation; Change cynicism; Exhaustion; Feelings of ineffectiveness; Frustration or cynicism; Lack of enthusiasm and motivation; Reduced efficacy; Stress

## Introduction

Motion pictures have depicted public service and public servants' roles throughout the years. The government's characterizations as a hero or a villain expose various elements of any given bureaucracy, such as its attitudes, fears, anxieties, and hopes. The films Modern Times and High Noon reflect on many criticized aspects of a bureaucratic type of government. Even after many decades, we can observe the resemblance of the continuing challenges and controversies faced in the public sector in these films. With this in mind, films' relevance based on criticism of government dysfunctions will always be immortalized by mirroring images of failure of public service delivery.

The art of capturing a period through filmmaking has certainly been precious to those interested in learning history. The changes in technological advances are notorious, but through films, we can observe the essence of a society and its government at a particular time in history. Modern Times and High Noon pertain to different periods; the former is a silent comedy based on the Great Depression, and the latter a 1950s American Western film. Both films are highly relatable to our present time concerning the meaning and

value given to the public sector and government role and the influence of public opinion. Significant issues and events are portrayed in both films, addressing ethical and unethical behaviors, managerial and leadership styles, and labor relations. Dysfunctions of bureaucracies such as red tape, lack of communication between units, and alienation are depicted in the scenarios of unacceptable work environments, feelings of powerlessness and normlessness, and employee burnout. De Jong (2016) explained bureaucratic dysfunctions in the public sector as intellectual and practical challenges mainly due to the assertions of their performance being often incomplete and contradictory.

Scholars have used film and media to study and understand the antagonism against government, including the attacks on pension benefits, job tenure, and public employee union representation (Kass and Catron 1990; King and Stivers 1998; Mastracci 2011). Although the plots in both films differ by being comedy and drama, they deliver compelling messages through metaphors and references that enhance the meaning of the government's function and the public servants' role. In the field of Public Administration, both films allow for further analysis of theories based on reform and public service motivation. The former is based on reform and reorganization of governments' administrative structures (Peters 2002), and the latter is focused on human motivation related to workplace behavior (Mastracci 2017).

## Modern Times

This silent comedy transmits more meaning than words could ever express. Charlie Chaplin portrays the main character, the Tramp. Through irony, humor, and despair, it takes us for a ride during the Great Depression, reflecting on the working class' economic struggles in a capitalist economy after the industrial revolution. The earlier part of the film shows various unethical working conditions, dehumanizing laborers daily by the hard-working needs and treating them like machines. This type of dehumanization is a clear portrayal of Marx' alienation caused by modern capitalist organizations, where bureaucracies are characterized by "division of labor, work standardization, and impersonalization" (Farazmand 2002, p. 23). With this same plane of thought, alienation is observed through the factory workers' relationship with management and their value within the organization. The concept of lack of identity and belongingness leads to the workers becoming clogs in the machine owned by outsiders.

Great attention is given to the portrayal of the interactions and dynamics within the assembly line. Details are enhanced, and in some cases highly exaggerated, to highlight the dysfunctional management style that mainly focused on efficiency, productivity, profitability, and competitiveness. Moreover, management is depicted as controlling and abusive, disregarding the workers' rights, comically displayed by Charlie's constant and repetitive, monotonous actions. These dystopian working conditions are heightened when the main character attempts to do any human-like activities and is immediately called to attention by the upper management's continuous surveillance, consequently, leading to low morale within the assembly line, negative work satisfaction, and poor job performance among employees. The film does a great job in clearly portraying cause-consequences scenarios rooted in the organization's disregard to the worker's needs and focusing on minimizing costs and efficiency maximization. Ultimately, these factors negatively affect the workers' physical, mental, and psychological well-being and further contribute to social dysfunctions inside and outside their organizations.

The dramatic depictions of the lower-class worker's experience can be comical yet serious because the situation is not too far from reality. Issues derived from capitalism and hierarchical systems are reflected as discrimination, power of abuse, social and economic disparities, and other systemic social problems. Perhaps some issues are more meaningful by their symbolic representation, for example, the earlier scenes of sheep being herded with people (workers) when leaving a subway station to portray humans as a piece of machine conceptualized as the sheep's value to produce wool. Similarly, the factory's large clock

represents the high value for outcomes, the lack of value for workers, and maximization of time-costs versus minimizing the human experience. Moreover, the scene where Charlie gets swallowed by the machine illustrates contrasting meanings beyond the human mistake. One possible interpretation is that a worker is destroyed by the organization when making the wrong move due to being consumed by exhaustion and stress.

Another facet begins with social injustice and chaos when Charlie becomes a union leader and engages in riots, protests, and strikes, leading to his incarceration. Ironically but at the time of his release, Charlie expresses not wanting to leave prison because being imprisoned was a dream compared to his experience as an assembly line worker. The enactment of the struggles and stressors of the working during the Great Depression was characterized by demeaning attitudes by society toward the working class, where human mistakes and accidents were highly criticized and condemned. Therefore, chaos, inequities, and injustice contribute to higher unemployment rates, more crimes, and more poverty. These scenes depicting society's reality from over eight decades ago are not too far from our current truth and are also highly relevant to many theories from organizational behavior. This film is an eye-opener to how more than 80 years later, we continue to seek ways to improve ethical practices, management relations, diversity, inclusion, and fairness in the public sector.

## High Noon

Gary Cooper's film the High Noon is an American Western film that takes place during the 1950s. Compared to Modern Times, it is more straightforward and touches more in detail aspects of a public servant's role. Like our current reality, the government's leadership has a high priority on protecting its citizens from threats, such as the COVID-19 crisis or national security matters. Therefore, the High Noon provides basic yet fundamental leadership, management, and justice concepts, studied by organizational behavior and more broadly in Public Administration.

One of the essential concepts and ideas highlighted in this film is the role of a public servant. Marshal's main character symbolizes a solid and well-grounded public servant that puts duty and responsibility before anything, including his personal love life and family. His strong-willed purpose as a public servant to protect and serve the public at all costs characterizes his commitment to his leadership role. He would rather safeguard the citizens even at the expense of putting himself at harm or potentially losing the love of his life. Therefore, this character portrays the qualities of many public servants that stand up for the principles of fairness and truth, but doing this might come with consequences when faced with obstacles from those that do not practice the same principles. In the film, Marshal's obligation to serve surpassed the fear of confronting a criminal, standing on the conviction of his duty to protect and serve the public. He was not intimidated by the collective fear and disloyalty from other public servants and refused to be manipulated by those threatening to cause disorder and chaos.

Marshal's relationship with the town was depicted as optimistic, friendly, and trustworthy; preserving law and order in the town inspired admiration and respect. Unfortunately, the town's support and solidarity would not be shown when trouble or intimidation threatened public safety. Anticipating disruption and chaos, and due to the lack of public service personnel available to protect the town, Marshal attempted to recruit members outside of the public organization to address the threat to the town's safety effectively. These resulted in a lack of citizen participation and support based on fear and intimidation. Even though Marshal's rapport with the community had been positive and supportive, the citizens' skepticism toward the government's capabilities developed negative public opinion and a lack of public support toward the government. This situation illustrates the ethical dilemma of a public servant seeking ways to protect the public. The disregard from the public itself to be involved and participate in the town's safety could make it easier to walk away and not care about the collective welfare. Moreover, future demands to the government to serve the public in their best

interest, be accountable, and participate with the community are affected when the public does not work together, and possibly transparency is affected and collaborative decision-making processes. Another critical illustration of the film was the organization's members' lack of participation, reflecting the hardships public servants experience from lack of government support, budgets, resources, and lack of personnel. Ultimately, standing up to the threat (obligation, duty, deadline, and responsibility) on his own, managing and getting through whatever resources are available, and being the sole decision-maker on an important decision can alter the organization's outcome.

This film does an excellent job of portraying a public servant's role committed to his principles, values, and moral obligations regardless of the threats and lack of support from inside and outside the organization. It presented ethical debates that public servants encounter and the pressure and demands of working in a public organization. The film allows us to reflect on public opinion, job performance and satisfaction, management and leadership styles, and employment in the public sector. I could not help associating Marshal's role with one of the state governors and local government leaders through the COVID-19 pandemic concerning the lack of federal government support that has contributed to a higher number of cases and deaths of citizens in different states and cities in the county.

## Conclusion

The films Modern Times and High Noon depicted public service and public servants' roles throughout distinct periods. Moreover, both films utilized different forms to convey their message, comedy, and drama. Bureaucratic dysfunctions were depicted with images of overly rigid interpretation of rules, repetitive tasks to achieve efficient production, and failure within the organization to communicate with one another, ultimately leading to workers feeling detached from the organization and each other, impeding human potential from bureaucratic alienation (De Jong 2016). While technology is utilized as a mode of high productivity and efficiency maximization, it also holds the potential of severe abuse by neglecting basic human necessities and the needs of the workers.

Despite the approach adopted to deliver each film, the messages are so powerful that after many decades we can still observe in these films the resemblance of the challenges and controversies faced in the public sector. These bring the following two questions concerning the government over time: (1) Does government shape society or does society shape government? (2) Have we learned anything from history, or will we continue the perpetual dismissal of historical events? Before answering these questions, it is essential to mention that it would be unfair to say that public servants have not improved or attempted to improve the organizational culture, eliminate injustices and unfair conditions experienced by the working classes decades ago. There are multiple regulations and acts established to protect the workers' rights and create more humane working conditions. Why, after the establishment of so many regulations, do films from decades ago still resemble challenges in today's reality? Perhaps a short and very general answer would be because the nature of being human is timeless.

After watching these films and questioning whether government shapes society or vice versa, it could be said that government and society are intertwined, but to maintain some level of stability between them, accountability, credibility, and trust are fundamental. Regardless of the period, government and public service will continue to be criticized, respected, or both, perhaps as a constant function of society shaping the government and vice versa. Whether we have learned anything from history or not will continue to be a paradox. In the public sector, we are currently faced with enhanced distrust levels in government, science, and the public sector. The multiple sources of information available to the public can be a double-edged sword when disseminating information that is not accurate and is manipulated by some. In a fast-paced world based on advanced levels of technology combined with abundant access to information available to the public, there are multiple avenues for

disseminating and manipulating information. History cannot repeat itself based on time, place, and structures. Still, the basic concept of humanization and awareness of the publics' needs is timeless and observable through time, as depicted in these two great films. I would go back to my short and very general answer and say that we can learn from history when we start focusing on the nature of being human, which is what these two films brilliantly accomplished by making them timeless.

## References

Chaplin, C. (Director). (1936). Modern times [Motion picture]. New York. Amazon Prime Video

De Jong J (2016) Dealing with dysfunction: innovative problem solving in the public sector. Washington, Brookings Institution Press

Farazmand A (ed) (2002) Modern organizations: theory and practice. Washington, Greenwood Publishing Group

Kass HD, Catron BL (eds) (1990) Images and identities in public administration. Sage, Thousand Oaks

King CS, Stivers C (1998) Government is us: public administration in an anti-government era. Sage, Thousand Oaks

Mastracci SH (2011) The conspicuous absence of government in a looney tunes economy. Adm Theory Prax 33(4):592–598

Mastracci S (2017) Public service motivation in Buffy the vampire slayer. Public voices 12(1):67–85

Peters G (2002) Government reorganization: theory and practice. In: Farazmand A (ed) Modern organizations: theory and practice. Praeger, pp 159–180

Zinnemann F (1952) High noon [motion picture]. IMDB, Seattle

# Bureaucratic Elites

Marcus Walsh-Führing
Department of Political Science, Universität Bremen, Bremen, Germany

## Synonyms

Classical elite theory; Democratic elitism; Modern elite perspective

## Definition

Bureaucratic Elite is a small political class with a specific material, intellectual, and moral superiority over those they govern.

## Introduction

The term Bureaucratic Elite is broadly described as a governing class that controls the organizational functioning of the state through a hierarchical structure, procedures, personnel recruitment, and behavioral compliance with the superiority of a legal rational order. The origin of the Bureaucratic Elite lies in political elites that have formed in administrative systems and have been analyzed and discussed by Gaetano Mosca, Vilfredo Pareto, Robert Michels, and Max Weber.

To describe the Bureaucratic Elite, these scholars emphasize the presence of a small political class in society that has the material, intellectual, and moral superiority to govern and that uses bureaucracy as an instrument of operational power to exercise the political and economic structure over those who they govern. This political class is unbound by social mobility and gains control of political rule through force and persuasion. The Bureaucratic Elite consolidates political rule by developing governmental structures that depend on leaders and experts in order to operate efficiently. Members of the Bureaucratic Elite gain control of funds, information flows, promotions, and other aspects of organizational functioning. To maintain political and economic influence for an inclusive group of elites by means of official positions due to the political, military, and social bureaucracy, the organizational elite is defined by specific roles in their power structure to allow the governing elite to function as a network.

This process is evident in the concept of "leadership democracy" which acknowledges a decline in the importance of parliaments in parliamentary systems as a result of bureaucratization of the state. Hence, the Bureaucratic Elite has become the access point for organized interest to lobby the Executive Branch. As society has become

dependent on bureaucracy and its elite, the state apparatus has become indispensable for providing social services and insurance to society. This dependency develops when strong governing elites are able to bring together the economic and business elites in the power structure. If governing elites are defined by weak inter-elite power structures due to competition, rivaling parties of elites are created leading to a weak relationship between the state and its citizens (Farazmand 1999).

As a result of the bureaucratization of the state, demands from society have been met through services from career professionals. The subsequent administrative growth throughout society has forced traditional elites to expand their privileged societal group to include citizens of the state. This has allowed the state to meet the demands of society through a professional, uniformed, and decentralized administrative system. Due to new administrative demands placed upon the state and the opening of society through democratization, the creation of a bureaucratic state is inseparably linked to the development of the territorial state and the capitalist economy.

The professional uniformity has created a Bureaucratic Elite under a collective authority regulated by public law while subjected to public and administrative legal constraints set forth by obligations from the Legislative Branch of government. These obligations and constraints have developed a connection between the Bureaucratic Elite and the state to form a behavior that creates legitimacy for an administrative policy preference. This legitimizing process allows the Bureaucratic Elite to centralize the state using the rule of law as its guiding principle.

## The Origin of Bureaucratic Elite

The Bureaucratic Elite has been defined as an inclusive concept that comprises both civilian and military, while, at the same time, elite theorists make a clear distinction between their roles and political influence in the power structure. Elites have the ability to maintain economic and political influences in their official positions by exercising power in the bureaucratic structure. In theory, bureaucracy functions in a top-down hierarchical structure. In this context, the definition of Bureaucratic Elite is based on two traditional definitions of bureaucracy. Max Weber provided the first characterization of bureaucracy by categorizing the political and economic developments in modern society. Weber defines bureaucracy as (1) a chain of commands (hierarchy); (2) a division of labor among subunits (specialization); (3) specification of authority (span of control); (4) adaptation of structure, authority, and rules to the organization's goals (goal orientation); (5) impersonality in executing tasks (neutrality); and (6) predictability of behavior (standardization) (Gerth and Mills 2009). Weber's conceptualization of bureaucracy lacks a description of the distribution of power and the movement of elites between different branches of the hierarchical structure. This demonstrates Weber's understanding that the bureaucratic structure is not a collective entity engaged in competition to own the means of production. As a result, Pareto and Mill further analyzed the role of elites and the institutional development through the centralization of political power and, thereby, defined the stratification of the bureaucracy between bureaucrats.

The structure among elites distinguishes between ruling, power, and governing elites. The classification is based on the distinguished roles and agendas in the interaction between elite actors that dictate their political preferences based on their level of power. Marx created the concept of the Executive Committee as an organizational network to be able to demand preferences of the ruling elite to be implemented by power and governing elites. This allows the ruling elite to develop economic power and influence in an insulated environment protected by the Executive Committee while, in turn, promoting the power and governing elite who legitimize and cultivate the economic power and interest of the ruling elite.

Pareto expanded on the concept of Bureaucratic Elite by focusing on unrestricted social mobility of elites and their ability to implement policy and persuade citizens to adapt to reform. Actions by the Bureaucratic Elite are aimed at controlling the struggle for redistribution of

capital from competing interests. The study of the Bureaucratic Elite and its actions has further led to the analysis of normative elitism and the ramifications of the reproduction of elite groups in bureaucratic structures. Pareto emphasized that the power elite is a result of the process of degeneration within democratic institutions. Furthermore, he distinguished between "governing" and "non-governing" elites and the importance of their relationships (Bottomore 1964). The result is a structural distinction between the governing and non-governing elite and society, in turn, creating status groups with different social origins. The ability to identify the bureaucrats in office demonstrates the decision-making power of the bureaucracy and the ability for the political elite to adapt to reforms. In bureaucracies, authority originates from the office of the elite, and, in a professional bureaucracy, eligibility for office derives from rank (Huntington 1964). This develops the types of roles that are bureaucratically permitted to be implemented depending on the assigned office. The hierarchy of rank allows the bureaucracy to create different functions for the elite based on specific priorities of the state.

Both intellectual thinkers, Weber and Pareto, described the Bureaucratic Elite as an authoritarian bourgeoisie who aims to centralize administrative machinery of the state to provide public services to society. The bureaucratic system places complete control in the hands of government officials through distributing political power by constraining the liberties of the average citizen, thereby challenging the constitutional rights of democracy. The aim of the Bureaucratic Elite is to protect private property and safeguard the masses from foreign political powers. In providing insurances to society, it forces the government to function in a framework based on private property.

In 1956, C. Wright Mills developed a contemporary analysis of the political, military, and business elites which are essential to the bureaucratization of governmental institutions. Furthermore, Mills created the concept of circulation of elite by distinguishing between governing and non-governing elites to develop the characteristics of the power elite. This was an attempt to conceptualize the formation of a unified elite that is the result of the relationships between "social branches." To maintain political power, elites from economic, military, and political organizations have mutually dependent bureaucratic agendas as a result of a shared agenda. To be able to implement political and policy decisions, bureaucratic elites rely on local leaders that share the same common perceptions of the world in different spheres of the bureaucracy (Mills 2000b). This social and cultural understanding creates similar values and cultural dimensions which are (1) individualism-collectivism; (2) uncertainty avoidance, relating to attitudes toward risk-taking and ambiguity; (3) power distance, concerned with attitudes toward patterns of power distribution; and (4) masculinity-femininity, having to do with the extent that dominant values are "masculine" in terms of assertiveness, advancement, and acquisition of material goods (Hofstede 1980).

## Bureaucratic Elite and Democratic Pluralism

During the first industrial revolution in the early to mid-1800s, the business elite and economic interests consolidated political power to change the social structure of society. Due to a limited number of industrial sectors, the first industrial class was able to create a homogeneous group of the elite driven by economic, social, and political agendas. At the same time, the military elite produced prominent figures among the ruling classes. As a result, the accumulation of power between the military and business elite allowed for the bureaucratization of the state to meet the demands of capitalism. To be able to counteract and defend the political and economic interests of the military and industrial elite, the Executive and Legislative Branches professionalized and trained governmental officials. Hence, to gain access to the resources of the state, the industrial and military elites created an upper social class that would allow them to shape public policy

and allocate budgetary expenditures (Aron 1950).

As bureaucratic elites consolidate power by unifying political and policy preferences, their actions have challenged the protection of freedoms and civil liberties. Furthermore, the presence of divided and unified elites creates a dilemma for the development of freedom in society because their consolidation of institutional power challenges the concept of checks and balances in the political system. In a pluralistic democratic society, competition for power has altered who controls which level of government (Mills 2000a). In the post-World War II era, the access to political positions of national power was limited to three elite groups: "corporate rich," "warlords," and members of the "political directorate." The limited access to national power created the three C's of elite theory: "group consciousness," "cohesion," and "conspiracy" (Meisel 1958). These three concepts allowed the bureaucratic elite to monopolize the position of power while, at the same time, normalizing forms of politics that are at the foundation of democratic institutions.

To further illustrate the role of the Bureaucratic Elite, studies demonstrate the division of departments and agencies and how they shape public policy (Moore 1979). For example, in the United States, research shows that the national elite constructs "central circles" of influence and power (Moore 1979). These "central circles" are at the foundation of the development and behavior of power in a liberal democracy as documented by the "Bush Elite" and the cultivation of future members of the elite by universities to adapt to a globalized world (Higley and Burton 2006). To compete in a pluralistic society, the "New Elite" consolidates its power through financial capital and the lobbying of government, hence expanding on Dahl's classification of elites by adding financial leaders as a part of the oligarchy (Murray and Scott 2012). These financial leaders have been categorized as managerial elite as a result of powers given to them by shareholders with personal interests in companies. This characterization of elites contributes a new dimension to the differentiation between elites who are managers and shareholders of companies (Hilferding 1981). Furthermore, expansion of the oligarchy allows the Bureaucratic Elite to expand its policy expertise and network to consolidate power and legitimacy.



## Bureaucratic Elite or Oligarchy

Power elites utilize bureaucracy as an instrument for operational power to maintain the power structure for the ruling elites. This monopolization of power leads to the forming of oligarchies and, thereby, contradicts the understanding of a pluralistic society. Furthermore, the Marxist critique has defined the power elite through structural analysis (Domhoff 2006). On the contrary, critics of the power elite define it as static and apolitical, thereby neglecting the role of ideology by conceptualizing political institutions and not emphasizing internal institutional conflicts. As such, the Marxist critique creates a universalist concept of elite. This allows for a fuzzy definition of governing elite and its role in the bureaucratic structure of society (Parsons 1957) and prevents the challenge to identify competing elite groups in the political decision-making process.

The development of a fuzzy definition of the Bureaucratic Elite has theoretical and empirical implications in defining power (Dahl 1958). The ambiguity between political influence and power does not allow for a clear-cut definition of power (Dahl 1961) and ignores the process of the monopolization of resources and the mobilization of political decisions by the elite. The outcome is a vague understanding of how the Bureaucratic Elite operates in the bureaucracy.

In an effort to develop a more clear-cut definition of the Bureaucratic Elite, G. William Domhoff expanded on the definition of power units by combining the Marxist theory with insights of the protestant establishment. To demonstrate authority, Domhoff challenged the pluralist theory by emphasizing the role of elites in associations by illustrating the importance of harmonization, social reproduction, and a consensus on social values for ruling elites (Domhoff 2006).

Hence, the Bureaucratic Elite is defined by groups that have long-term social interactions and interconnections that overlap and create networks that allow for the shaping of public policy decisions. This, in turn, has confirmed the tendency for the bureaucracy to form an oligarchy. These findings have led to the development of the Mills-Domhoff approach on power structures (Domhoff 2006). The approach further analyzes elite networks in social and political institutions by focusing on the interactions between individuals and bureaucrats at different levels of government.

## Bureaucratic Elite Within the State

The role of the state is fundamental in understanding the creation of the Bureaucratic Elite. Furthermore, the bureaucracy in the state is responsible for the transformation of power throughout different levels of government. As a result, the recognition and role of the Bureaucratic Elite in the state-building process is at the foundation of the Weberian approach. In drawing a connection between the state and the Bureaucratic Elite, Weber describes its role in the state as the centralization of political power and the monopoly of coercion which creates professionalism in the bureaucracy and bureaucratization to create autonomy. Hence, the consolidation of power allows elites the ability to counter the decision-making process through bureaucratic structures. As the Bureaucratic Elite develops autonomous political power in the decision-making process, the state provides bureaucrats with the ability to extend their power beyond the policy structure of the state. This, in turn, enables bureaucrats to shape public policy and create strong connections to business, state, and military elites.

These connections create a political culture among actors which is similar to that of business, state, and military elites. As a result, the bureaucratic structure provides a social background for technocrats and business leaders to develop specific public policy preferences for the creation of homogeneous and cohesive elite groups. The homogeneity resulting from these cohesive groups allows the bureaucracy to defend public policy programs and legitimize the power within the state. As bureaucratic elites form cohesive groups throughout levels of government, a link between the state and civil society is created. The backlash from society on state control forces the Bureaucratic Elite to formulate specific departments to meet policy demands from civil society, thereby allowing the Bureaucratic Elite to shape state action and political preferences in the reaction to interest groups and nonstate actors (Skocpol and Ikenberry 1983).

In the state, governmental departments form a bureaucratic structure that divides elites by upper and lower strata (Horowitz 1983) which allows the Bureaucratic Elite to integrate political power and consolidate territory and to transform the relationship between the bureaucratic structure and the territory. Furthermore, the transformation creates a definable link between the ability of the Bureaucratic Elite to implement power over society and political influence to consolidate and redistribute resources. Consequently, the Bureaucratic Elite maintains legitimacy in its relationship with society.

## Conclusion

The Bureaucratic Elite has been criticized for enabling inefficiencies, formalisms, and redundancies in the administrative system due to its shortcomings in providing sufficient administrative services. For this reason, the business elite model utilizes the same organizational instruments that the Bureaucratic Elite implements.

The failure of the bureaucratic elite to implement policy is a result of its unrestricted self-fulfillment. Since technological advancements in the bureaucracy, the elites have been the main actors to comply with the mission of governmental agencies. As a result, the Bureaucratic Elite will maintain its role in the bureaucracy until there is another method to pursue compliance with society. Scholars of the Bureaucratic Elite recognize the important role of officials in advising on policy and technical organizational methods. As the world evolves and is faced with new societal challenges, the Bureaucratic Elite

will meet the demands by adapting to the administrative system and expanding it.

## Cross-References

▶ Bureaucratic Autonomy
▶ Military Bureaucracy

## References

Aron R (1950) Social structure and ruling class. Br J Sociol 1(2):126–143
Bottomore TB (1964) Elites and society. Penguin Books, Harmondsworth
Dahl RA (1958) A critique of the ruling elite model. Am Polit Sci Rev 52(2):463–469
Dahl RA (1961) Who governs? Democracy and power in an American City. University Press, New Haven
Domhoff GW (2006) Who rules America?: power and politics, and social change. McGraw Hill, New York
Farazmand A (1999) The elite question: toward a normative elite theory of organization. Adm Soc 31(3):321–360
Gerth HH, Mills CW (2009) From Max Weber: essays in sociology. Rutledge, London
Higley J, Burton M (2006) Elite foundations of liberal democracy. Rowman & Littlefield, Lanham
Hilferding R (1981) Finance capital: a study of the latest phase of capitalist development. Routledge & Kegan Paul, London
Hofstede G (1980) Culture's consequences: international differences in work-related values. Sage Publications, Beverly Hills
Horowitz IL (1983) C. Wright Mills: an American utopian. Free Press, New York
Huntington SP (1964) The soldier and the state: the theory and politics of civil-military relations. Harvard University Press, Cambridge
Meisel JH (1958) The myth of the ruling class: Gaetano Mosca and the elite. University of Michigan Press, Ann Arbor
Mills CW (2000a) The power elite. Oxford University Press, Oxford
Mills CW (2000b) The sociological imagination. Oxford University Press, Oxford
Moore G (1979) The structure of a national elite network. Am Sociol Rev 44(4):673–692
Murray G, Scott J (eds) (2012) Financial elites and transnational business: who rules the world? Edward Elgar, Cheltenham
Parsons T (1957) The distribution of power in American society. World Polit 10(1):123–143
Skocpol T, Ikenberry T (1983) The political formation of the American welfare state in historical and comparative perspective. Comp Soc Res 6:87–148

# Bureaucratic Growth

Steven G. Koven
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

B

## Synonyms

Administrative state; Budget maximizing model; Bureaucratic inefficiency; Fourth branch of government

## Definition

Expansion in the size and scope of public sector responsibilities. Ever enlarging duties of agencies in an executive branch of federal, state, or local government.

## Introduction

For a nation founded on the principle of opposition to tyranny, the growth of the bureaucracy is ironic, and for many citizens it is alarming. Cultural predispositions that prioritize individual freedom, self-reliance, property, privacy, and free enterprise justify limited government. At the same time as citizens defend limited government, countervailing pressures prod government to expand their ever-growing list of public sector responsibilities. These public sector responsibilities include but are not limited to promoting justice, protecting the nation from invasion, ensuring domestic tranquility, stabilizing the economy, limiting environmental pollution, providing a safety net for the poor, and encouraging economic growth.

The tension between advocates for a more limited or more expansive state is ongoing. These pressures date back at least to the times of Alexander Hamilton (who desired a strong national government) and Thomas Jefferson who was in favor of greater decentralization. At various times, advocates of centralization and decentralization

have gained ascendency. For example, the electoral victory of Franklin Roosevelt over Herbert Hoover in 1932 ushered in a period of government growth. The election of Ronald Reagan in 1980 marked at least a rhetorical reversion to a time of less state regulation, more individual freedom, lower taxes, and less government intervention into the affairs of private citizens. In the era of Donald Trump and Tea Party populism, fears of a "deep state" have gained traction. This fear of the "deep state" is consistent not only with public sector growth but also with the discretionary power of career bureaucrat whose power is obscure to the average citizen. Many citizens view bureaucratic power as an unaccountable threat since career officials are not subject to the electoral will of the people.

The bureaucracy in the United States has grown over time in response to both domestic and foreign policy concerns. The Great Depression of the 1930s and urban riots of the 1960s fostered the creation of a host of domestic programs to provide jobs and alleviate poverty. World War II and the ensuring Cold War perpetuated an expansive military industrial complex. The US government's intelligence community grew extensively after the September 11, 2001, attacks on New York City's World Trade Center. Both Democratic and Republican administrations witnessed large increases in public spending. Republican administrations were more likely to expand the foreign policy/military side of the bureaucracy, while Democratic administrations were more likely to increase spending for domestic priorities.

A substantial government sector is a reality that will not reverse course. The US bureaucracy will not return to its size at the nation's founding. It is therefore necessary to address directly the implications of a large bureaucracy. In order to understand government expansion in the United States, this brief entry reviews major theories of bureaucratic growth and describes the evolution of public sector growth. A concluding section offers an assessment of the implications of sizable public sector bureaucracies.

## Theories of Bureaucratic Growth

Two major perspectives help to explain public sector growth and its corollary of expanding personnel to administer programs. The "citizen-over-state" theories of government represent the first perspective. These theories begin with the premise that citizens demand government programs and governments respond to the will of the people. In contrast, the second perspective of "state-over-citizen" theories posits that the size of government is independent from citizen demand. Under this conceptual framework, government grows mainly because of desires of bureaucrats to increase their budgets, personal power, and prestige. These personal desires produce aggregate spending that is in excess of efficient levels (Garrett and Rhine 2006).

Citizen-over-state theories focus on three factors that drive public sector spending. First, government spending and personnel grow because of lower productivity in the public sector as well as higher wages of public employees. The near monopoly nature of many publicly provided goods and services encourages the creation of unions and the demand for higher wages. The second factor in citizen-over-state theories of government expansion assumes that government serves as a redistributor of income and wealth. Growth in government occurs in part because over time new, lower income entrants into the voting population elect leaders that increase redistribution. Candidates promise more and more transfer payments to groups of citizens in order to gain their support. In addition, if the middle class begins to feel economically pressured and embrace a closer affinity to the poor, they will demand greater redistribution. A final factor relates to interest group pressure. Through concentrated lobbying, an interest group can obtain a desired policy. Elected officials are more responsive to the direct pressure of specific interest groups than they are to the general taxpayer. Empirical evidence supports a positive relationship between the numbers of political action committees (surrogate for interest groups) and federal

government spending. Elected leaders fear the possible retribution of strong interest groups more than they fear the electoral wrath of less interested taxpayers.

Inherent in these citizen-over-state theories of government expansion is the idea that government is demand driven and grows because of citizen demand for public services. In contrast, state-over-citizen theories posit that the size of government is independent from citizen demand. Government grows because of inherent inefficiencies in public sector activities and self-interested incentives of bureaucrats.

Prominent among the state-over-citizen theories are (1) bureaucracy theory, (2) fiscal illusion, and (3) monopoly government. Bureaucracy theory relies heavily on the seminal work of economist William Niskanen (1971) and his budget-maximizing model. Niskanen's model represents a stream of public choice theory first presented in 1968. According to Niskanen, rational bureaucrats seek to increase their budgets in order to increase their personal power. Niskanen asserts personal preferences for self-aggrandizing outcomes (such as a higher salary, added prestige, or additional power) that leads to an expansion in the size of government. Because of personal priorities of bureaucrats, the size of the bureaucrat's budget will be greater than the amount required to meet the demands of citizens. Niskanen proposes that government bureaucrats are able to increase spending because of their monopoly positions. Unlike the private sector with its focus on profit and loss, the public sector does not possess an easy to operationalize measure for success. Due to the opaqueness of their delivery and loss of long-term accountability, excessive production of services may produce a "dead weight" loss in the public sector. Bureaucracy theory does not deny the citizen demand models of government, but it suggests that bureaucrats can generate budgets that are in excess of what citizen demand warrants.

The fiscal illusion theory proposes that the voters are not aware of the true size of the public sector bureaucracy because they assume that the size of government is consistent with the quantity of taxes they pay. In order to create a fiscal illusion, governments increasingly use taxes that are less intrusive on average citizens. Federal withholding or income taxes and withholding of local property taxes through monthly mortgage payments reduce the perceived intrusiveness and perceived burden of taxes. When governments automatically withhold taxes from earnings, taxes are less likely to stimulate resistance.

The monopoly government theory proposes that government not only provides basic goods and services (such as police and fire protection) but also "bundles" narrowly defined issues with the popular basic services. The "bundling" of goods and services helps legislators achieve outcomes such as an increased probability of reelection, monetary gain, and psychic rewards through pursuit of personal ideals. Monopoly government theory borrows from the private sector where a monopolist can increase profit by bundling products into a single package. Consumers purchase an entire package of products and must accept the less desired goods along with the more desired goods. Prominent economists extended the monopolist view of government in a "leviathan" government model (Brennan and Buchanan 1980). In the "leviathan" government model, the sole objective of government is to maximize revenue. Citizens lose all control, and the model views political competition as an ineffective constraint on government growth. The leviathan view is the mirror opposite of citizen-over-state theories. In the leviathan model, only constitutional constraints on the government's authority to tax and issue debt can limit bureaucratic growth.

Other explanations of bureaucratic growth exist. For example, Wagner's law posits that government grows in accord with changes in society, particular to changes in urbanization and industrialization. Wagner's law explains that a feature of the transition from an agricultural to an industrial economy is an increase in demand for services such as law enforcement, fire protection, transportation, education, and sanitation services. Urbanization with its potential for conflict creates a need

for government to take on more responsibility in supplying services.

## Evolution of Growth of Government in the United States

The founders of the United States did not intend to create a large public sector. The first agencies of the federal government were the Departments of War, State, Navy, Treasury, and Office of the Attorney General. At the end of the Federalist period (1800), about 3000 appointed civilian officials worked in the federal government. The original State Department consisted of nine employees in addition to the Secretary of State. The War Department did not reach 80 civilian employees until 1801. Over time, the number of agencies and personnel steadily increased. Expanded responsibilities produced the Department of the Interior in 1849, the Department of Justice in 1870, and the Post Office Department in 1872. By 1881, the number of federal personnel grew to about 95,000; by 1925 federal workers increased to nearly half a million (Wilson 1975, p. 77).

Clientele pressure represents one factor that contributed to the increase in the size and scope of the public sector. Administrative agencies such as the Department of Agriculture and the Department of Commerce and Labor formed in response to demands of farmers and workers. In 1862, Congress created the US Department of Agriculture (USDA) with the goal of developing and disseminating new farming techniques. In 1888, labor organizations such as the Knights of Labor helped secure the creation of a Department of Labor. In 1903, the Department of Labor was renamed the Department of Commerce and Labor. During the nineteenth century, client-oriented pressures also led to the creation of bureaucracies at the state level.

A desire for regulation of massive corporations represents another factor that contributed to public sector growth. The inability of states to regulate powerful private entities such as the railroads facilitated the creation of the Interstate Commerce Commission (ICC) in 1887. Political pressures led to establishing regulatory bodies such as the Federal Reserve Board in 1913, the Federal Trade Commission in 1914, and the Federal Power Commission in 1920. Some analysts view these regulatory agencies as a fourth or hidden branch of government because they play an unpublicized role in shaping policy.

The Great Depression and President Franklin D. Roosevelt's New Deal stimulated large-scale bureaucratic expansion with programs such as the Civilian Conservation Corps (CCC) and the Work Projects Administration (WPA). These programs helped to ease the pain produced by the collapse of the private sector economy. The Great Depression also changed attitudes about the role of government. Attitudes about poverty shifted away from a focus on individual failures toward greater acceptance of structural faults in the capitalist system. Government employment became a realistic option, and Keynesian economic policies became accepted. Unemployment essentially disappeared after 1941 as World War II engulfed the nation.

National security remained a concern even after World War II. The National Security Act of 1947 established the Central Intelligence Agency (CIA) to collect, coordinate, and disseminate foreign intelligence. In 1946, Congress created the Atomic Energy Commission (AEC) to foster and control the peacetime development of atomic science and technology. Congress set up the National Science Foundation (NSF) in 1950 to promote basic and applied research and the National Aeronautics and Space Administration (NASA) in 1958 in response to the USSR's launching of the Sputnik satellite in 1957 (p. 51).

The next great wave of government activism occurred during the 1960s. Lyndon Johnson's Great Society introduced programs such as food stamps, worker training, Medicare, and Medicaid. In addition, the government enacted many regulations to protect the environment, worker safety, and consumers. Agencies such as the Department of Housing and Urban Development, Department

of Transportation, and Appalachian Regional Commission formed during the Johnson administration.

More recently, the Homeland Security Act of 2002 established the Department of Homeland Security (DHS). This Cabinet level organization consolidated 22 agencies related to homeland security. Organizations such as US Customs, Immigration and Naturalization Services, Immigration and Customs Enforcement (ICE), Transportation and Security Administration (TSA), Federal Emergency Management Agency (FEMA), US Coast Guard, and the US Secret Service were consolidated into the new Department of Homeland Security. According to DHS data, in fiscal year 2017, DHS received a net discretionary budget of $40.6 billion and comprised more than 240,000 employees.

Personnel data, however, grossly underestimates the true size and scope of the federal government. The US public sector has "stealthily" expanded using the proxies of state and local government, for-profit businesses, and nonprofit organizations. Between 1960 and 2017, the number of state and local government employees expanded significantly with the aid of federal money. Government organizations such as the Department of Defense conceal their true size by hiring outside contractors. The government obscures numerous national security-related expenditures. The US government does not openly reveal "black budget" programs that cover expenses related to military research and covert operations. Examples of black budget expenditures include spending for aircraft such as the F-117 stealth attack aircraft and the B-2 stealth bomber. For a long time, the government denied the existence of these aircraft. The public sector also accounts for a large proportion of the revenues to nonprofit organizations.

## Conclusions

Bureaucracies in the United States and in other nations grew significantly in the twentieth and twenty-first centuries. Some authors claim that the growth is a function of modernity. Modern societies simply require the efficiency and neutrality inherent to bureaucracies. Other factors that have contributed to the growth of government include clientele demands, the need for regulation, and changing attitudes toward government, war, and depression. "Demand"-oriented explanations focus attention on citizen needs and pressures they exert on their representatives. In contrast, "supply"-oriented explanations accept the view that bureaucrats have an interest in expanding the size and scope of government in order to maximize their power and prestige. Explanations differ; however, the data is clear in that the reach of government has grown exponentially. This growth is a source of anxiety to civil libertarians who fear the power of a centralized state. In addition, some view an expansive state as a threat to work incentives and the high standard of living that has accompanied the laissez-faire economic system of the United States.

## Cross-References


- ▶ Bureaucracy and Service Delivery
- ▶ Bureaucratic Accountability and Performance
- ▶ Entrepreneurial Bureaucrat, The
- ▶ Government and Corruption in Context of Growth
- ▶ Red Tape and Bureaucracy
- ▶ Rewards in Bureaucracy and Politics


## References


Brennan G, Buchanan J (1980) The power to tax: analytical foundations of a fiscal constitution. Cambridge University Press, Cambridge, UK

Garrett TA, Rhine RM (2006) On the size and growth of government. Fed Reserv Bank St Louis Rev 88(1):13–30

Niskanen W (1971) Bureaucracy and representative government. Aldine-Atherton, Chicago

Wilson JQ (1975) The rise of the bureaucratic state. Public Interes 41:77–103

# Bureaucratic Inertia

Hazel Jovita[1] and Achmad Nurmandi[2]
[1]Mindanao State University – Iligan Institute of Technology, Iligan, Philippines
[2]Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia

## Synonyms

Administrative failure; Bureaucratic organization; Disaster governance

## Definition

*Disaster management inertia* refers to the inability of government agencies and institutions to prevent and mitigate the impacts of disasters because of bureaucratic challenges. *Bureaucratic discretion* is granted among public managers to install effective mechanisms in resolving challenges in policy implementation. Ineffective disaster management measures suggest the inevitability of inertia in the *bureaucracy.*

## Introduction

*Disaster management* is a governance problem where disaster leadership is a precarious but most coveted responsibility. Commonly, disaster governance is viewed to be effective if it has a centralized decision-making and decentralized operations (Kapucu 2005). Given that such a structure is accurate, crucial among public managers are their respective partnerships across government and nongovernment agencies to facilitate the decentralization of disaster response operations, while decision-making is centralized at the top management.

Meanwhile, disaster leadership involves (a) defining and operationalizing each member's responsibility to avoid confusion and overlapping of functions and responsibilities in the actual operations, (b) motivating leaders of partner agencies to actively participate in the planning process to harmonize the targets and activities during disasters, and (c) adapting and making last minute changes in order to address immediate concerns while ensuring that the targets are attained regardless of political conditions. In doing so, disaster and contingency plans are strengthened, competence among managers is enhanced, and political intentions are made clear to prevent administrative bickering which seriously hampers disaster operations.

Disaster management is undeniably one of the most complicated facets of governance. National issues such as disasters require tumultuous effort among government agencies and stakeholders to effectively combine resources and successfully address the needs of the affected communities. Collaborative undertakings emphasizing the importance of collaboration across organizational and sectoral boundaries in carrying out public purposes are widely recognized. The impacts of disasters which trigger coordination and cooperation among agencies led to intergovernmental and interorganizational relations which are complex interactions among the multiple levels of government. Coordinated efforts between government and nongovernment organizations during the disaster or crisis management demand several capacities among responders and public managers since organizing initiatives are as complicated as the impacts of disasters they tend to address.

In general, working toward an effective interorganizational cooperation during emergency management entails several indicators uniting the entire bureaucratic organization. Moreover, specific challenges attached to both process and structure of disaster governance include lack of incentives and lack of capacities, and political dynamics impedes performance. The dynamic relationship among agencies suggests the significant role of public managers in addressing challenges during a crisis such as the need for a timely response and to determine the limitations of command and control. Nonetheless, certain levels of discretion are given to local institutions and agencies as recognition of their vital role in handling crisis situations (Congleton 1982). However, post-disaster conditions reveal the

consequences of *bureaucratic inertia* such as lack of coordination and unreliable information.

## Disaster Management: A Complex Reality at a Glance

Disaster management operation is often plagued with the need for information sharing and coordination. The lack of coordination leading to a number of possible failures such as inappropriate allocations of first responder resources and a delayed evacuation that leads to the higher number of casualties puts greater emphasis on the necessity of coordination in disaster management. Diverse obstacles hinder coordination in the different levels of implementation, and the existing institutional measures encouraging individuals and agencies to share information are unable to sustain effective communication. Initially, agencies participate and engage in information exchange, but over time, agencies are becoming more concerned about receiving information than providing for another agency. This predicament implies a less cohesive nature of the organization where trust and social capital is weak.

The role of trust is as equally important as leadership in managing disasters. Kapucu (2005) noted that effective response and recovery operations require collaborations and trust between government agencies at all levels of implementation and between public and nonprofit sectors. Trust is built with constant and active exchanges of information which boosts the dependability and competence among partner agencies. Trust building requires a gradual process of constant interaction where such process is facilitated by a structure designed to nurture effective communication. One starting point of trust building is the availability of programs and mechanisms, such as incentives, that build and promote effective communication. In practice, there are cases where effective communication is obstructed by the unwillingness of government agencies. Such unwillingness is anchored either on the lack of competence or on the reluctance to learn new things. Thus, the presence of incentive mechanisms and a new structure facilitating the exchanges of information motivate agencies to participate voluntarily. Building interdependencies among agencies and organizations through interactive processes such as face-to-face dialogues increases trust, builds social capital, and develops into a collaborative culture which substantially increases the speed of decision-making which leads to successful disaster management operations.

Consequently, the performance of an organization lies heavily on the characteristics of leadership and quality of information passed on in the network and how such information is processed and translated into actions. Recent post-disaster findings suggest the need for institutional innovations in order to address concerns on adaptability and varying institutional norms in every level of bureaucratic organization.

## Inertia in Bureaucratic Organizations: Some Insights

Bureaucracy, which root word is "bureau" referred to the cloth used to cover the desks of French government officials in the eighteenth century and became linked with a suffix signifying rule by the government (Lutzker 1982). Over time, the term bureaucracy has evolved and signified the proliferation of agencies staffed by biased and autocratic officials whose work is characterized by countless twisted processes.

Max Weber theorized that there are three groups of bureaucratic characteristics. The first group is related to the structure and function of an organization which is composed of a hierarchy of offices with fixed areas of jurisdiction anchored on specific administrative regulations. The second group of characteristics is about incentives or rewards determined by rank or position in the organization. Lastly, the third group is about the protections accorded the officeholder that as a civil servant, he has sufficient and relevant training, has passed the prescribed examinations for appointment in administrative office, and has the necessary ability to be a civil servant, and therefore, he cannot be easily removed from office as long as he satisfactorily discharges

his duties. In sum, Weber's ideal bureaucracy revolved around the structure, incentive mechanisms, and application of rules and precedents in decision-making where administration engages in defining and redefining institutional goals, resolving a conflict over the exercise of authority, and dealing with the consequences of policy variations.

This conception of Weber holds true after several decades of bureaucratic evolution and innovation. Standards related to performance and accountability are becoming sophisticated in steering bureaucrats and civil servants toward effective governance and excellent public service. Seemingly, bureaucracies today are becoming more complex and multifaceted, and with the advent of innovation, any changes entail additional responsibility with no additional incentive attached to it. Consequently, resistance to administrative changes is unsurprising.

Bureaucratic inertia, in this essay, is used interchangeably with administrative inertia and government inertia which refers to the "sense of avoiding making decisions that produce more socially efficient outcomes" (Ritchie 2014). Inertia is said to be a result of a perfect blend of risk avoidance among government employees, formalization as well as the presence of an incentive structure which underscores decision restraint.

Ironically, the formalized decision-making processes in a bureaucratic organization are set to aid innovation; however, instead of facilitating possible changes, such processes are considered overly bureaucratic which in turn obstruct innovation. With this, government agencies become less likely to innovate due to the complexities of practical realities which in the long run has formed a culture of risk aversion. On the other hand, bureaucratic inertia is also viewed as a result of how civil servants optimize their options using their respective discretions in the face of certain constraints.

Moreover, bureaucratic inertia is highly dependent on the bureaucratic preferences in terms of how such policy, innovation, or changes affect the interests of the bureaucrats. A policy that is aligned to the interests of the bureaucrats is easily adapted with lesser changes or distortion in the implementation processes. However, a policy not aligned to the preferences of the bureaucrats is hardly executed. Thus, the bigger the organization, the more apparent bureaucratic inertia because the transmission of policy down the organization hierarchy presents each civil service with the opportunity to make use his discretion. These characteristics of bureaucratic inertia are highly noticeable in disaster management operations.

## Disaster Management Dilemma

Social concerns are commonly addressed by a policy, and every policy implementation is geared toward maximizing the available resources while promoting the public welfare. Policy implementation is where the goals and objectives formed into a law or policy are enforced into concrete actions by the responsible institutions and organizations that are often, but not always, part of the public sector. To ensure effective implementation, program details are laid out, budgetary requirements are met, and decision-makers or responsible agencies are identified. To facilitate the implementation of policy, bureaucratic discretion is granted among public managers. The existence of bureaucratic discretion is sufficient to allow distortion of policy and resistance to changes in official policy. Hence, policy implementation is critical as political and administrative actions are at the frontline, and such actions reflect the intentions of public managers which barely follow the objectives and programs of the policy. As a result, execution of policies is oftentimes distorted and delayed.

Similarly, with the discretion granted to implementing agencies, disaster management is hardly immune to bureaucratic bias and inertia. The allocation of resources and oversight functions of the policymaking body in policy implementation is crucial (see Fig. 1). For example, basic among democratic societies is the legislature's approval of the budget for implementing agencies prior to the utilization of government funds. Otherwise, the proposed activities are either revised or rejected. With this, lobbying

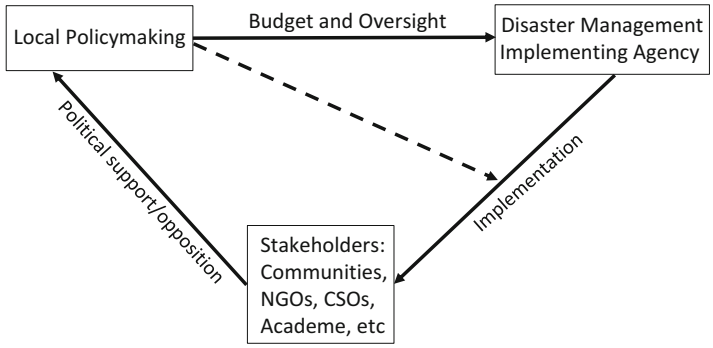


**Bureaucratic Inertia, Fig. 1** The flow of influence in disaster management. (Source: Adapted from the model of Bendor and Moe 1985)



and partisan politics underscore policymaking. The legislature's capacity to influence budget decisions is a function of both its authority over executive budget recommendations and its internal processes for decision-making. Hence, policymakers have a significant effect on policy implementation and to influence policymakers suggest prudent steps in maximizing the advantages of bureaucratic discretion. Meanwhile, the bounds of bureaucratic discretion normally fall between completely constrained behavior and that of complete freedom to allocate the budget as the bureaucrats see fit. With the given discretion, it is to be expected that every bureaucrat in every level of the administrative authorities will use it to advance his own self-interests (Congleton 1982). Consequently, the absence of an apparent convergence between the interests of implementing agencies as bureaucrats and policymakers is vexing.

On the other hand, disaster-implementing agencies, as bureaucrats themselves, face both budget and policy constraints. The lack of resources to effectively respond to the impacts of disasters implies the failure to create enabling policies and mechanisms to access funds from other sources. The inability of agencies or organizations to manage its own problems leads to inertia together with other various reasons. First, the leadership of the organization is weak and lacks the tenacity to realize the goals of the organization either due to exhausting political pressures or unwillingness to learn effective control and management of the internal and external organizational challenges. Second, the organization is composed of unmotivated and inept staff who no longer share the similar vision with the organization. Third, organizational culture disrupts professionalism and nurtures mediocrity. Social norms, beliefs, and values and underlying assumptions influence decision-making and serve as a basis in determining the culture of the organization, which is reflected in the process, structure, and performance of a particular group or organization. Lastly, the lack of accountability mechanisms fosters gradual innovation in bureaucratic organizations. Accountability among bureaucrats is an intricate issue as it encompasses norms, policies, discretion, and self-interests. The complexity in measuring and ensuring accountability drives social institutions to arrive at formal agreements in most undertakings. Nevertheless, any bureaucratic organization faced with either one or all of these challenges surely takes small steps in providing ultimate alternatives to the challenges it's facing.

On a normal social condition, gradual changes in the bureaucratic organization are relatively tolerable. However, in times of emergencies, processes including decision-making and actual disaster operations demand to be organized and synchronized to save lives and properties. In doing so, public officials ought to demonstrate efficiency and the importance of their involvement in ensuring that the entire operations run smooth and successful, but more importantly, they should be properly accountable to the power they exercise. The result of disaster management is determined real time and so are the agencies accountable for the delivery of such tasks.

However, due to organizational culture and the lack of stringent accountable mechanisms, liable agencies and bureaucrats go unnoticed. Significantly, accountable bureaucrats are not deemed answerable to the community who suffered severe losses in terms of lives and property. In fact, the same bureaucrats get often reelected. The startling amount of political support the bureaucrats are getting from the public suggests important implications: public trust could be generally high as opposed to the common knowledge of decreasing confidence in government agencies; electoral institutions are already passé and therefore needs to be updated, or performance either in policymaking or policy implementation is not a sufficient indicator in choosing credible leaders. Consequently, bureaucrats fall short of what is expected from them and the public mistrust to the government is deteriorating over time.

The declining public trust is commonly perceived as instigated by the incapacity of the bureaucrats to address social concerns. Thus, bureaucratic innovations are focused on expanding the bureaucracy, losing sight on the actual cause of the problem. Moreover, enhancing the electoral institutions of the country alleviates the impacts of bureaucratic problems and improves governance in general (Meier 1997). However, most of the governance problems emanate from bureaucratic structures where organizational processes and procedures are anchored. Such bureaucratic structures are either the output of the actors' motives and strategic preferences in policymaking and implementation or a product of past decision. With this, disaster governance is facing a constellation of challenges as products of both culture and innovation suggesting the inevitability of inertia.

On the other hand, as detrimental as it seems, inertia brings advantage to bureaucratic organizations, too. For example, the continuous desire of the implementing agencies to increase its budget magnifies the relevance of the oversight functions of the legislative bodies. The agencies incapability of attaining its targets regardless of political and social concerns directly reflects its performance which serves as a basis for legislative bodies to either approve or reduce the proposed budget. The undesirability of a budget being slashed motivates the implementing agencies to achieve their targets and use their discretion to effectively employ ways to minimize or avoid the possible challenges that hamper the implementation. In doing so, innovation in governance happens and bureaucracy evolves.

## Conclusion

Disaster management inertia is a preordained feature of disaster governance which can be moderated (a) when bureaucrats utilize essentially the full limits of their discretion by at least improving organizational incentives so that bureaucratic goals and disaster management goals are more compatible and (b) when lead agencies are replaced with agencies in tune with those of the policymakers. The complexity of preventing administrative inertia goes at par with the difficulty of addressing the challenges toward effective disaster governance. Understanding the lineages of each social and political concern (norms, culture, experiences) may lead to some better but intricate resolutions. However, it is in the complexity of these fundamental governance problems that feasible solutions should be taken. Until then, bureaucratic inertia lingers to be an enduring predicament in disaster governance.

## References

Bendor J, Moe TM (1985) An adaptive model of bureaucratic politics. Am Polit Sci Rev 79(3):755–774

Congleton R (1982) A model of asymmetric bureaucratic inertia and bias. Public Choice 39(3):421–425

Kapucu N (2005) Interorganizational coordination in a dynamic context: networks in emergency response management. Connect 26(2):33–48

Lutzker M (1982) Max Weber and the analysis of modern bureaucratic organization: notes toward a theory of appraisal. Am Arch 45(2):119–130

Meier KJ (1997) Bureaucracy and democracy: the case for more bureaucracy and less democracy. Public Adm Rev 57:193–199

Ritchie F (2014) Resistance to change in government: risk, inertia, and incentives. Economics working paper series, 1412. University of the West of England, Bristol

# Bureaucratic Influence in Policy Formulation

Juan Pablo Araya
INAP, Universidad de Chile, Santiago, Chile

## Synonyms

Politics and Administration; Politics and Bureaucracy

## Definition

Section: América Latina y el Caribe

## Introduction

How do bureaucrats influence in the policy formulation process? Do they influence the most political stages of this process, or is their influence restricted to policy implementation? The relationship between bureaucracy and policy formulation has been studied mainly from political science and public administration. However, existing studies rather address the role of bureaucracies in public policy implementation, principally from an organizational approach, describing topics related to efficiency and effectiveness of the bureaucracy. In the same way, a line of researches analyze how street level bureaucrats change, in the implementation stage, the objectives defined by politicians (Lipsky 1980).

However, there are few researches that analyze how bureaucrats influence the most political phases of the policy process, as agenda setting, policy formulation, and decision-making, and what are the mechanisms through which they influence. This can be explained because there is an implicit concept that bureaucracy is separated of political process, and their work would be exclusively related to policy implementation. In addition, few investigations analyze the role of bureaucrats in relation to the place they occupy in the administrative hierarchy. In relation to the above, the degree and type of influence of the bureaucrats on the most political stages of the policy making process will depend on the place in the bureaucratic hierarchy in which they are.

## Politics and Bureaucracy

In the literature that address the relation between politics and bureaucracy, it is possible to observe two large branches: one of them analyzes as a starting point the distinction between the roles played by the bureaucrats and the politicians, under the idea of *politics-administration dichotomy*, outlined by Wilson (1887). Behind this idea, a particular image of a public servant emerged, a public servant who is politically neutral and with a high technical expertise, who acts oriented by the objectives determined by the political authorities. On the other hand, the *bureaucratic politics approach* (Waldo 1952; Peters 1995), outlined that bureaucracy, as a rational actor, looks to its own interest, and for this reason, it exerts a strong influence on the political actors, being part of the policy-making process, even in their most political stages. This can be explained by the nature itself of the political process, characterized by the presence of different kinds of actors, with various interests, so it is impossible only for politicians to define all aspects of a public policy. In this sense, the politician, because of the essence of his/her activity, cannot recognize all specific aspects involved in the policy-making process, a reason why he/she gives high spaces of discretion (explicitly or implicitly) for bureaucrats to act, defining the scope of such policies.

This bureaucratic influence can be explained because in their nature, bureaucracies are political creations, making it impossible for them to show complete neutrality. As Aberbach and Rockman (1994: 462) point out, in the bureaucracy "(. . .) Politics inevitably enters the picture." In view of the above, different

This article is a product of an extensive research program which has included FONDECYT project 1120546

institutional structures and devices have been designed in order to control the actions of bureaucrats, aligning them with the objectives set by democratically elected politicians. For instance, different kinds of "contracts" have been established between public servants and politicians in different contemporary democracies. Even though these and other tools seek to limit the bureaucratic discretion to the will of politicians, there are still many spaces where bureaucrats can have influence on policy-making.

## Bureaucracy and Policy-Making

In relation with the notion of the political-bureaucracy dichotomy, the approach that observes public policy as a process initially accepted this idea of a separation of the areas of action between bureaucrats and politicians. This approach describes the policy-making process as a series of stages since a determined problem is selected by the politicians, until the moment in which the response (or public policy) is implemented and evaluated. The first stage, called *Agenda Setting*, explains why certain problems are recognized by politicians and emerge on the government agenda, while others are left out. *Policy Formulation* is the phase that is related to the choice of policy options around the recognized problem, which must be politically acceptable and technically and administratively viable. Next, at the *Decision-Making* phase, the political authority selects the policy alternative, and later, at the *Implementation* stage, the decisions of politicians are translated into concrete actions. Finally, at the *Policy Evaluation* stage, it is determined whether the policy reached the objectives initially proposed (Howlett et al. 2009).

Initially, this approach posited that the establishment of the agenda, policy formulation, and decision-making process are largely in the hands of politicians, while policy implementation and evaluation are the field of action of bureaucrats (Kingdon 1985; Lindblom 1991). In this way, the bureaucrats would be in charge of implementing the decision of the political actors with criteria of efficiency, economy, and effectiveness. However, an important group of research studies have shown that bureaucrats, and especially those bureaucrats at the mid to high level of the hierarchical structure, would influence not only the implementation of the policies, but also in the political stages, such as agenda setting, policy formulation, and decision making (Wu et al. 2010).

Consequently, within this same process, bureaucrats would have an important role in agenda setting, on account of the fact that for their professional career status, they could exert influence by constantly showing evidence and technical information, allowing a public problem to remain visible to politicians throughout time. Because of their location in the bureaucratic structure, bureaucrats have considerable advantage to obtain specialized information, which is usually used to characterize a public problem. In this way, they can select the information they give to politicians or to specific groups of civil society interested in a certain subject, with the aim of influencing the characterization of the problem. Finally, in the case of political conjunctures or "policy window," which act as a catalyst for a certain policy to be included in the decision-making agenda, bureaucrats have at hand possible specific solutions to the particular problem. As a result of these conjunctures, politicians need to show solutions in an expeditious way, selecting proposals previously elaborated by public managers, like policy initiatives.

With regard to policy formulation, it is the government agencies and bureaucrats within them, who construct different public policy options, due to their technical expertise in particular areas of intervention and their careers in similar positions. In addition, bureaucrats have developed the knowledge of the political networks and interests of the various actors involved, which would eventually determine the political viability of the different alternatives. In this sense, there is evidence that a large part of public policy decisions respond to incremental decision models, that is, the proposals are modifications or improvements to programs that are previously operating, with whose implementation public

managers are already acquainted, so they can have a considerable influence on politicians because of their knowledge.

In relation with decision-making, bureaucrats can influence through expert advice regarding the different policy options from which politicians can choose. In this sense, through technical knowledge, they can project future scenarios of each policy option analyzed, considering current factors, trends, and projections, effects of the policy on similar areas that they can influence, and the effects that the new policy could have on different dimensions.

Policy implementation is also a political stage, since different government agencies compete for greater public resources or greater prominence; organized civil society groups also seek to influence definitions and mechanisms to implement the policy selected by bureaucrats, and politicians are equally interested in what happens in the implementation, because a good acceptance by the citizens can bring better results in future electoral processes. In addition, government agencies must define the scope of laws, through the elaboration of secondary legislation such as regulations or decrees, which are drafted by public managers. Finally, in the evaluation stage, although it could be characterized as a purely technical activity, bureaucrats also have wide discretion, from the information collected for the evaluation to the selection of the instrument used to evaluate. In this way, the results of an evaluation can have important political repercussions, and they can also serve as input for the public policy evaluated to be modified.

## The Bureaucrat as Policy Maker: The Policy Bureaucrats

In this way, it is possible to visualize a special type of bureaucrat, who actively influences the development of public policy: policy bureaucrats or policy managers (Page and Jenkins 2005; Howlett and Walker 2012; Adams et al. 2015). From an organizational approach, policy bureaucracies are "part of government organizations with specific responsibility to maintain and develop policy, (which are) mobilized before the most significant policy initiatives are launched" (Page and Jenkins 2005: v). For Howlett and Walker, policy managers are a specialized group of middle-level bureaucrats, who are characterized by their active involvement in the policy making process and also in the evaluation stage of this process. They "are not the only policy advisors to the government, of course, but are part of a group of 'privileged insiders' serving within policy advisory systems to the government" (Howlett and Walker 2012: 212).

Literature often places policy bureaucrats in middle and high positions in the hierarchical structure. In this line, Morgan et al. (1996: 360) point out that middle-level bureaucrats are characterized by their work in developing public policy responses for daily affairs. For Diefenbach (2011: 3), intermediate managers play a key role in entrepreneurship in the public sector, thanks to their location in the organization that allows them to mediate between different groups, being able to communicate new proposals to the authorities. Moreover, research shows that managers at the middle and higher levels of the public sector are identified as the most entrepreneurial, the most important group at the time of innovation (Borins 2000), and the most important source of creativity in the sector (Bernier and Hafsi 2007).

Howlett and Walker (2012) distinguish between these policy managers from: "*coordinator-planners*" associated with activities such as coordination, evaluation, planning, or liaison; "*research-analysts*," whose roles are those of policy analysts, project managers, and researchers and the "*manager-director*" associated with the role of a manager and a leader. Specifically, they showed that manager-directors are more involved in determining the scope of policy options, by negotiating with different actors around politics. On the other hand, research-analysts invest their time in the analysis of the main functions of politics, collecting data and carrying out research that is useful in setting the agenda and making decisions. Finally, coordinators-planners play an active role in all stages of policy making.

Hoppe and Jeliazkova (2006) similarly try to categorize the policy bureaucrats, highlighting

their positive attitude towards political activity and skepticism regarding the notions of objectivity and neutrality in policymaking. Like Howlett and Walker (2012); Hoppe and Jeliazkova (2006) try to establish a typology of policy bureaucrats. They characterize them as: *Process director*, who has an active role in advising politicians on the scope of the policy. Their main functions would be to manage and monitor processes; *Public Policy Philosophers*, who see themselves a little more distant from politics, in order to take a more critical position if necessary; *Policy Advocate*, who is characterized by a strong defense or as promoter of the position of the politician. This type of bureaucrat has a self-image as a subordinate to the politician; *Neo-Weberian*, who is closer to the idea of technical objectivity, establishing an important division line between what is technical and what is political, although with certain shades since they understand the context of uncertainty in which they are operate; and *Expert Advisor*, who see themselves as advisors who base their influence on their analytical skills and their objective vision. Hoppe and Jeliazkova (2006: 42) finally point out that, as a main characteristic, policy bureaucrats have the ability to recognize public policy problems, as well as to develop knowledge of the political process and of the skills to operate in these specific contexts and institutions.

## Mechanisms of Influence of Policy Bureaucrats in the Policy-Making Process

In the specialized literature, it is possible to find two main mechanisms through which the policy bureaucrats influence the policy-making process: the discretionary spaces given explicitly or tacitly by the politician and through a special kind of expertise that policy bureaucrats develop, called policy expertise.

### Discretion as an Influence Factor of Policy Bureaucrats

Page and Jenkins (2005) assess the degree of discretion of policy bureaucrats pointing out that the decisions made by politicians, in relation with public policies, are generally vague and inaccurate, and that is the reason why many times the role of bureaucrats is to define specifically the scope of the policy. This would be explained by the nature of the political job, since there are many areas the politician cannot pay attention to. In the same line, for Chen et al. (2014: 4), the nature of the political game "(. . .) leads to calling for lower managers to prepare decisions and take on leadership roles in decision-making processes." Therefore, it would be the presence of a greater space of discretion which could give greater space of influence to the bureaucrat in the policy-making process. In this sense, when the politician does not engage in a certain policy, he/she leaves the space for the policy bureaucrat to play as a policy maker (Page 2012). It is this lack of political direction in the early stages of the policy process that would explain the high influence of policy bureaucrats upon the policy making process.

When there are greater discretion spaces, policy bureaucrats exert influence through the daily functions they perform. One of such functions is *production work*. According to Page and Jenkins (2005: 60), "(. . .) a production policy job produces some form of draft, statement or document. It is concerned with a one-off task, usually with a written document, or a set of them, as its final product." In relation to the production work, the most important one is related to the formulation of secondary legislation (regulations, decrees, resolutions) for the implementation of public policies, in addition to the writing of reports and papers. Not only does this work involve the elaboration of the policy proposal documents themselves, but also dealing with different interest groups or organizations interested in certain public policies, exchanging points of view through collaborative relationships. As Page and Jenkins (2005) point out, rather than advising ministers on particular initiatives, middle-management bureaucrats have direct responsibility for developing specific aspects of the policies.

Another type of work done by policy bureaucrats is *policy maintenance*, which is related to the realization of "(. . .) making or recommending day-to-day decisions about how a particular

scheme or set of institutions should be handled" (Page and Jenkins 2005: 60). Page and Jenkins (2005) give great importance to those bureaucrats who ensure the degree of compliance with targets committed by certain public services, which is generally associated with monetary incentives. Another realization of this work occurs when bureaucrats seek to ensure that the political decisions of ministries are progressing and are reflected on public organizations daily activities, through monitoring actions. Lahera (2006) highlights the work of the bureaucrats when designing and re-designing problematic issues and reviewing the implementation of policies. Progress reports and "bottlenecks" are required to define what problems will require the attention of politicians.

Finally, *service* policy job is related to providing knowledge and skills advice to policy makers. However, this is not technical expertise advice, but rather is related to the knowledge of organizational processes around the implementation of a policy. The most identifiable activity with this type of work is the advice to the minister or political actor. Lahera (2006) argues that the public policy service is related to: preparation, attendance, and monitoring of meetings of authorities, with other political actors or interested parties; drafting of interventions and texts for the authorities, mainly related to the function of government communication; and analysis of the international press on current interesting affairs. In sum, Lahera (2006: 7) argues that "the main function of the public policy service is to provide a comprehensive and professional perspective to evaluate major decisions, with special attention to criticism."

### Policy Expertise

Unlike the technical expertise evidenced by technocrats and technopols, as a source of influence on the policy making process, there is another type of expertise with which the policy bureaucrat exerts influence. According to Page (2010: 259), policy expertise "refers to knowledge of the range of policies and instruments, present and past, proposed and enacted, governing a particular policy area as well as knowledge of how they work." This could be explained according to what Mintzberg (2009: 9) postulates regarding that "managing is neither a science nor a profession; it is a practice, learned primarily through experience, and rooted in context."

Colebatch (2006) refers to the difference between the scientific expertise of the technocrats and the policy expertise of policy bureaucrats from another perspective, pointing out that the policy bureaucrats more than needing the expertise based on *episteme*, a product of the analytical rationality, need the *techne*-based experience, that is, the knowledge derived from experience and skills. In Colebatch's words (Colebatch 2006: 315), this knowledge "(. . .) is not simply the practical application of epistemic knowledge but is often tacit knowledge which cannot be explicitly codified but which rests very much on implicit personal or institutional practices often associated with craft-like skills, awareness of reputations, and hands-on techniques." In this context, the location of bureaucrats in the middle levels of bureaucracy would favor the development of this type of expertise (Richards and Duxbury 2015). According to Carlstrom (2012), policy bureaucrats act as knowledge facilitators providing context for other employees by sharing information about organizational strategies and fostering interaction between members within organizations.

This policy expertise would also relate to the ability to understand the political environment in which the policy discussion takes place, along with knowledge of how the policy process occurs. In this line, Hoppe and Jeliazkova (2006) emphasize the knowledge policy bureaucrats have of the political process and their skills to operate in these specific contexts and institutions. In this sense, policy expertise would also encompass the possession of skills to facilitate the interrelationship among different actors to acquire and exchange information, to communicate ideas, and to persuade and influence individuals and organizations to support a course of action (Minstrom 2003). Adams et al., (Adams et al. 2015:103) show that the functions of policy bureaucrats are not related to "(. . .) an abstract exercise in modeling problems and demonstrating solutions to them but more about constructing programs of actions and

negotiating the parts played by others participants." Therefore, it is possible to conclude that, together with the knowledge of the political environment, policy expertise is related to the ability to relate to different actors with interests involved in a particular policy, evidencing negotiation, communication, persuasion, and others skills. In this sense, policy work is closely related to the ability to negotiate how a problem will be defined, or what policy options will be developed, and finally decide the course of action. Adams et al. (2015) point out that policy bureaucrats are identified with the functions of "relationships" and "framing." This would show the important influence of the policy bureaucrats on the policy-making process, since "(. . .) who is involved in dealing with the problem shapes how it is framed, and how it is framed determines who might become involved in dealing with it" (103).

In relation to formal training as source of influence of policy bureaucrats, this would not be so important because learning would come from their experience in the same job (Adams et al. 2015). The learning that originates policy expertise would be acquired more in an unstructured and contextual way, and such learning is taught through mentoring and communities of practice (Wenger 1998). Agreeing with Adams et al. (2015), Page and Jenkins (2005: 39) point out that "the expertise of (. . .) the middle-ranking officials might result from their on-the-job experience (. . .) through practical specialization – staying in the same job or moving between jobs that cover similar types of issues." In fact, it is possible to conclude from these studies that a significant number of these bureaucrats stayed for a considerable time in their jobs or moved among other departments and other public services, but in similar areas.

## Conclusion

The influence of bureaucracy during the stages considered more political of the policy making process is a phenomenon that has not been studied much. The research studies on the subject deal mainly with policy implementation. However, bureaucracies exert influence upon the policy making process, through mechanisms such as policy expertise in high discretion contexts.

Due to the above, a research agenda is needed. This agenda should address the political influence of bureaucracy, should also investigate further into the mechanisms used by policy bureaucrats to exert their influence, and should not limit its scope of investigation only to the aspects related to the organizational capabilities of public administration. Knowing the influence of all the actors – political, bureaucratic, or civil society – which influence the process of policy making at all stages, is fundamental to develop a thorough knowledge of the policy making process.

Finally, the results of future research in this field can be valuable input for the training programs of public managers in the public sector, both in governmental institutions and universities, concerning the competencies that need to be developed in these professionals. In this sense, it is important to continue with the training of said professional in expert knowledge, but it is also necessary to develop in them "soft" skills such as persuasion or negotiation, which turn out to be key abilities in the work relationship of these professionals with political actors.

## References

Aberbach J, Rockman B (1994) Civil servants and policymakers: neutral or responsive competence? Governance 1(1):1–25

Adams D, Colebatch H, Walker C (2015) Learning about learning: discovering the work of policy. Aust J Public Adm 74(2):101–111

Bernier L, Hafsi T (2007) The changing nature of public entrepreneurship. Public Adm Rev 67(3):488–503

Borins S (2000) Loose cannons and rule breakers, or enterprising leaders? Some evidence about innovative public managers. Public Adm Rev 60(6):498–507

Carlstrom E (2012) Middle managers on the slide. Leadersh Health Serv 25:90–105

Chen C, Berman E, Wang C (2014) Middle managers' upward roles in the public sector. Adm Soc 46(6):1–30

Colebatch H (2006) What work makes policy? Policy Sci 39:309–321
Diefenbach F (2011) Entrepreneurship in the public sector. Gabler Verlag, Wiesbaden
Hoppe R, Jeliazkova M (2006) How policymakers define their jobs: a Netherlands case study. In: Colebatch H (ed) The work of policy: an international survey. Lexington Books, Lanham, pp 61–82
Howlett M, Walker R (2012) Public managers in the policy process: more evidence on the missing variable? Policy Stud J 40(2):211–233
Howlett M, Ramesh M, Perl A (2009) Studying public policy: policy cycles and policy subsystem. Oxford University Press, Oxford
Kingdon J (1985) Agendas, alternatives and public policies. Pearson, Michigan
Lahera E (2006) Del dicho al hecho: ¿Cómo Implementar las Políticas? Reforma y Democracia 35
Lindblom C (1991) El proceso de elaboración de políticas públicas. Miguel Ángel Porrúa, Ciudad de México
Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage Foundation, New York
Minstrom M (2003) People skills for policy analyst. Georgetown University Press, Washington, DC
Mintzberg H (2009) Managing. Berret-Koeller, San Francisco
Morgan D, Bacon KG, Bunch R, Cameron CD, Deis R (1996) What middle managers do in local government: Stewardship of the public trust and the limits of reinventing government. Public Adm Rev 56: 359–366
Page E (2010) Bureaucrats and expertise: elucidating a problematic relationship in three tableaux and six jurisdiction. Sociol Trav 52(2):255–273
Page E (2012) Policy without politicians: bureaucratic influence in comparative perspective. Oxford University Press, Oxford
Page E, Jenkins B (2005) Policy bureaucracy. Government with a cast of thousands. Oxford University Press, London
Peters B (1995) The politics of bureaucracy. Longman, New York
Richards G, Duxbury L (2015) Work-group knowledge acquisition in knowledge intensive public sector organizations: an exploratory study. J Public Adm Res Theory 25(4):1247–1277
Waldo D (1952) Development of theory of democratic administration. Am Polit Sci Rev 46(1):81–103
Wenger E (1998) Communities of practice: learning, meaning, and identity. Cambridge University Press, Cambridge, UK
Wilson W (1887) The study of public administration. Polit Sci Q 2(2):197–222
Wu X, Ramesh M, Howlett M, Fritzen S (2010) The public policy primer: managing the policy process. Routledge, London

## Bureaucratic Machine, The

Juliana Abagsonema Abane[1], Pasakorn Sakolsatayotorn[2] and Ernest Yeboah Asamoa[3]
[1]Department of Management Studies, University of Mines and Technology, Tarkwa, Ghana
[2]NGP (Thailand), Co., Ltd, Bangkok, Thailand
[3]Rising Sun Montessori School, Sakunmono, Accra, Ghana

B

### Synonyms

Administrative apparatus; Machine bureaucracy; Organizational structure; Rigid engine

### Definition

The "bureaucratic machine" is an organizational structure that is rigidly designed to control, efficiency, and economic effectiveness in distributing public goods and services.

The term "bureaucratic machine" largely operates on the procedures and standardization of the work processes in organizations (Lunenburg 2012; Rauch and Evans 2000). It is a complex decision-making tool in public organizations, which seeks to control and protect the public interest by providing little room for personal discretion. The bureaucratic machine has common characteristics in all forms of organizations although it is more prevalent in government institutions.

The term denotes Weberian sense, strict compliance to rules, regulations, procedures, and guidelines in executing public service delivery. The Weberian view similarly connotes a rule-bound system designed to ensure that public office holders adhere to the principles of the public interest by formalizing the procedures in dealing with members of the public on an equal and fair basis. Therefore, the bureaucratic machine encompasses the social structure of an organization and the various control mechanisms put in

place to handle the efficient and effective productions of outputs.

## Introduction

The bureaucratic machine is a metaphor to describe the way work standardization can assume the image of a machine in formal organizations. The bureaucratic machine is an invention of the Industrial Revolution in the eighteenth century, which saw the coming into being of mass production of goods and services in the newly found capitalist economy. Max Weber developed the bureaucratic model that will eventually function like a machine to bring about routinization, efficiency, and effectiveness in formal organizations. The bureaucratic machine is used to standardized organizational procedures to check the discretional use of authority by managers; more specifically, it relates to power and authority that exist in formal organizations which ensure behavior formalization, vertical centralization, limited horizontal decentralization, and specialization (Hendry 1997; Mintzberg 1980).

Weber develops the three types of authorities: charismatic, traditional, and legal-rational that exist in organizations. However, among these three, legal-rational is the most enduring and speedy adaptive authority type in formal organizations. Consequently, Weber derives the bureaucratic model from the legal-rational and terms it as the "ideal type." In Weber's view, the "ideal type" is an abstraction that may not exist in the real world much because his study organization was the German Military, which makes it difficult to be in other organizational forms like in a civilian setting. The standard procedures in the military are in sharp contrast to what pertains outside; hence, it will be an ideal model should organizations choose to implement it in their day-day operations since it is goal-oriented. The bureaucratic machine has some major themes such as the machine metaphor, parts of the bureaucratic machine, characteristics, obsession for control, and dysfunctions. These themes are explored in the remaining discussion.

## The Machine Metaphor

Lawley (2001, p. 1) describes that all theories of organization and management are based on implicit images or metaphors that persuade us to see, understand, and imagine situations in partial ways. Metaphors create insight. However, they also distort our reality (Lawley 2001). Morgan's "Images of Organization," which describes eight metaphors that can be consciously applied for the study of organizations, is a case in point (Morgan 2006). Despite the *machine view* dominating modern management thinking and which is typical of bureaucracies (Morgan 2006), it is still very much grounded in the classical theory works of scholars such as Weber, Fayol, Taylor, Gulick, and Urwick to illuminate the foundational ideas of the universal principles that are followed for an organization to be successful (Itkins and Nagy 2014). These theories are in unison with the machine metaphor. The machine metaphor from the "organization as machine" offers a mechanistic way of thinking about organizations. Also, this metaphor leads to the creation of detailed blueprints for desired changes and invites unrealistic expectations of control which creates anxiety, blame, and defensiveness when events inevitably do not proceed according to plan, thus hindering the work (Suchman 2011).

## Parts of the Bureaucratic Machine

### Lower-Bureaucratic Machine

The lower-bureaucratic machine (LBM) or operating core refers to the street-level bureaucratic processes, procedures that lower-level managers perform in an organization. For example, the LBM is designed to ensure that work procedures are coordinated to link the upper and middle parts in providing goods or services to the citizens. In this kind of bureaucratic machine, the machine functions as a liaison between top management and middle management as well as key stakeholders to the organization. The LBM operates in a simple structure with little room for specialization. The LBM is seen as the simplest part of the machine in which rules, duties, and

responsibilities are clearly defined characterized by full standardization and routinization (Mintzberg 1980; Rauch and Evans 2000).

The LBM serves as the operating core of the machine with routinize workflow and therefore, tasks performed at this level are mostly simple and repetitive with minimum skills, and few hours of training by organization managers. Besides, this level has a sharp division of labor with narrowly defined jobs at both the horizontal and vertical differentiation. Coordination is very weak here due to the narrow or absence of specialization since the processes are highly standardized. However, this machine has a high level of formalization behavior, which is the visible design parameter because the street-level bureaucrat has little discretion in their task performance that may result in little room for mutual adjustment.

Because the LBM is limited by direct supervision due to highly standardized work processes, it poses challenges for the use of discretion by this part of the machine and because of this gap; the use of discretion is ambiguous at this level. Similarly, the right amount of discretional powers used here is depended on the type of task. Sometimes, if the standardization is not clear, it is likely that the flow of work may lack direction because the channels of communications and work rules are often silent on the relationship between street-level bureaucrats and citizens. Because of this pitfall, this part is bedeviled with rent-seeking behavior because there is a disjoint between rationalization and the nonchoice behavior of street-level bureaucrats. For example, the processes of receiving an incoming mail are mostly clear but how service seekers receive at the front desk is left at the discretion of the street-level bureaucrat. The result is an implicit exercise of discretion by street-level bureaucrats especially in countries where a strong administrative culture is absent.

### Middle-Bureaucratic Machine (MBM)

The middle-bureaucratic machine (MBM) or the "administrative component" is a liaison tool that coordinates the lower and the upper bureaucratic machines from disruptive environmental influences (Mintzberg 1980, p. 164). Because the middle machine is an absorption material, it is highly structured and elaborated. However, there are three levels in this machine, middle line, middle-line managers or staff, and the technostructure, and are subdivided for easy coordination and supervision.

The first division is the middle line, which is developed above the lower bureaucratic machine with specialized units and functions. In this first category, managers have three major tasks. First, handle the conflicts that arise among the highly specialized workers of the lower-level machine, second, to liaise with the technical bureaucrats to incorporate their standards down into the operating or functional units. Third, to perform vertical flows in the bureaucratic machine through the aggregation of feedback information coming from the hierarchy and to elaborate action plans that come downward.

Another subdivision is the middle line managers put in charge of the lower bureaucratic machine. The key feature of this submachine is that all the middle-line managers require personal contact with their "direct reports," analysts, and their supervisors. Since the middle-line managers deal with both those under their direct supervision, the analysts as well as their superiors, this relationship invariably limits the number of people they can supervise, suggesting a limited scalar system. However, they have formal authority to oversee the operating or lower-level bureaucrats.

The third division is the technostructure, which is highly elaborate with the growth of the service industry. For example, with the emergence of the industrial managerial staff, technocratic personnel handle services such as marketing, sales, production, and operations management, etc. This is primarily the case because the machine bureaucracy depends heavily on the standardization of work processes for coordination. An analyst who is responsible for standardizing the processes for the lower-level bureaucrats (Mintzberg 1980, p. 165) dominates the technostructure.

There are two fundamental features of the MBM, formalization, and division of labor. First, the rules and regulations are found in the entire

middle machine, for example, formal communication and decision-making follows a formal chain of authority. There is a hierarchy in the reporting relationship throughout all the levels. Second, there is a sharp division of labor in all the subdivisions, especially between the line managers and staff. Also, the division of labor extends to the analysts who design the work and the operators in the technostructure.

### Upper-Bureaucratic Machine

The upper bureaucratic machine (UBM) describe as a strategic apex by Mintzberg (1980) refers to the managers at the top level of the organization. The UBM is responsible for "fine-tuning" the activities of the entire bureaucratic machine. The upper level in large part performs strategic tasks for the entire machine because of the highly centralized and formalized nature of the bureaucratic arrangements, which builds on hierarchical relationships. The strategic apex provides coordination and direction in decision making in the entire organization for the efficient production of goods and services.

The upper level is designed to resolve conflicts arising from the lower and middle levels of the bureaucratic machine to get work done. Another function of this part is to provide direct supervision at the middle level where the work is "more complex and unpredictable than in the operating core" (Mintzberg 1980, p. 168). However, this level has a broader scope and a generalist perspective to operate because of their coordination role unlike others in the bureaucratic machine who are "specialists with a single link in the chain of activities that produces the outputs" (Mintzberg 1980, p. 169). Therefore, the upper level has enormous power because of vertical centralization.

Strategic planning in the organization comes from the top management with broad powers to implement action plans because the bureaucratic machine is a top-down tool for organizational effectiveness. Strategic planning is rationalized and there is a dichotomy between formulation and implementation in executing plans. For example, the upper level formulates the plans and the middle line and the operating core, implement.

## Characteristics of the Bureaucratic Machine

The characteristics of the bureaucratic machine signify that the operations are engineered by surgical precision, the work is broken down to its smallest parts, efficiency maximized, and specialized tasks are simplified and assigned to trained people (Itkins and Nagy 2014). Because the bureaucracy is designed to work precisely as a machine, it can adjust the work processes to improve the products and services of the organization. Additionally, each part has a precise function, which carries out repetitively and without variation resulting in reliable overall performance.

Other characteristics of the bureaucratic machine include merit-based recruitment through competitive examinations, regularized procedures for internal promotion, lifelong tenure, highly regulated and organized reward structures, and career distinctiveness of the public service. These characteristics of the machine metaphor are in line with the Weberian "ideal types" (Rauch and Evans 2000).

The machine bureaucracy is an organizational structure based on a formalized system that is relatively rigid. The machine has a centralized work culture, which is highly formalized with exhaustive written rules, high specialization, standardized job structure, narrow span of management, a tall organizational structure with centralized decision-making (Suzuki and Hur 2018).

## Bureaucratic Machine as a Control Symbol in Organizations

The bureaucratic machine has an obsession for control in organizations and it can be likened to "instruments of domination and control" and rationalization (Morgan 2006). There is a high degree of control of the processes and procedures from the upper to the lower levels to eliminate uncertainty to allow the machine to function smoothly without interruption (Mintzberg 1980).

Control is needed for two reasons. First, control is necessary because the lower level needs to be protected from external forces so that the

outputs from the assembly lines will be processed without interruption. Second, to reduce and contain conflict. The nature of the design of the bureaucratic machine is characterized by conflicts; hence, the control systems are required to bring the machine to an equilibrium. Conflict is present because of the sharp divisions of labor, the horizontal and vertical differentiation, the rigid distinction between line and staff, and the motivational problems arising from the routine work of the operating core permeate in the structure (Mintzberg 1980, p. 167).

## Conditions Necessary for Bureaucratic Machine Effectiveness

A bureaucratic machine is a rational tool used to break tasks in its simple and repetitive form. The conditions that support the bureaucratic machine in organizations are many; however, five are discussed.

First, the bureaucratic machine can work in stable and simple environments. This is because, in complex or organic environments, tasks are highly complex and difficult to rationalize into simple tasks and repetitive routines (Mintzberg 1980, p. 171). Besides, in a fast-changing environment, there are unpredictable outcomes and tasks cannot be simplified and standardized. Second, the bureaucratic machine is mostly in mature and large organizations with highly elaborated street-level bureaucrats that allows for detailed standardization and repetition. Maturity is a prerequisite condition because older organizations will have developed procedures and processes that can support routinization and repetition.

Third, the bureaucratic machine is a self "regulating technical system, since the routinize work is highly formalized" (Mintzberg 1980, p. 171). The technical systems are both simple and partially complex. However, it is designed to support the machine to function effectively. Fourth, the bureaucratic machine can work better in mass production companies. Because in the mass production environment, most tasks are simplified and standardized with large operating workflows that integrate with other chains of production. Fifth, bureaucratic machines are externally controlled. For example, most government institutions are externally controlled from outside the organization because these institutions are accountable to the citizens through their actions and inactions; thus, these institutions are highly rigid in decision making to protect the public interest. The public demands government institutions to be transparent, fair, and open in their decision-making processes, in either hiring, providing service, or promoting employees.

## Dysfunctions of the Bureaucratic Machine

Mechanical, machine-like organizations are closed systems, not open for internal learning and self -adaptation and generally suited for companies with stable product structure and relatively steady market (Itkins and Nagy 2014). Also, it limits organization change initiatives because of the use of outmoded conceptual model such as the mechanistic organization design. The bureaucratic machine is a problematic way to view organizations, comprised as they are, of people. "Unlike in machine parts", people think about their work. Repetition breeds boredom and at the same time, people are curious and stimulated by novelty. Managers working as engineers do not notice this vast creative capacity of their "machine" or harness its ever-present spontaneous experimentation (Suchman 2011).

Further, the bureaucratic machine has an organizational design that tends to favor only the technostructure (see Mintzberg 1980, 1993) not favorable to other fields, like marketing, which is the interface between the organization and the customer. The bureaucratic machine has the technostructure as its key part, uses standardization of work processes as its prime coordinating mechanism, and employs limited horizontal decentralization (Lunenburg 2012). Also, employees who have job satisfaction operate in the organization without stress, have a unity feeling in respect of their job topic, and involve in a real and creative job, in which their talents and abilities are realized yet the bureaucratic machine does not recognize these events in an organization populated by people (Alizadeh and Frizhendi 2013).

## Conclusion

The bureaucratic machine is highly rigid and stalls creativity in government institutions. Because the most task is standardized with little room for the lower-level bureaucratic machine to innovate. It is also characterized by human problems because the bureaucratic machine is designed for the shop floor staff whose tasks are simplified, while most tasks performed by the middle and the upper levels are difficult to do. Besides, at the strategic level or upper level, some tasks are sophisticated and unable to routinize. Although some informal and formal power exists for the analysts in the middle level, and line managers, to use, the formalization and centralization conflicts these differentiations. Finally, the conditions for the success of a bureaucratic machine include a stable and simple environment, mature organizations, highly regulating technical systems. These conditions make it more difficult to adopt a bureaucratic machine in a dynamic and organic environment in a contemporary world.

## Cross-References


- ▶ Bureaucratic Autonomy
- ▶ Bureaucratic Reform
- ▶ Bureaucratic Structure
- ▶ Bureaucratic Structure Hypothesis


## References


Alizadeh MJ, Frizhendi AAMH (2013) Description of bureaucracy structure of the university and job-alienation of its staff. Eur Online J Nat Soc Sci 2(3):2567–2575

Hendry J (1997) Mintzberg's theory of organization structure: a critical assessment and extension. Research Papers in Management Studies-university of Cambridge Judge Institute of Management Studies

Itkins H, Nagy M (2014) Theoretical and practical use of metaphors in organizational development and beyond. Pannon Manage Rev 3(4):37–72

Lawley J (2001) Metaphors of organisation. Effective Consulting 1(4):1–6

Lunenburg C (2012) Organizational structure: Mintzberg's framework. Int J Sch Acad Intellect Divers 14(1):1–8

Mintzberg H (1980) Structure in 5'S: a synthesis of the research on organization design. Manag Sci 26(3):322–341. https://doi.org/10.1287/mnsc.26.3.322

Mintzberg H (1993) Structures in 5's: designing effective Organizations. USA: Prentice Hall

Morgan G (2006) Images of organizations. USA: Sage

Rauch JE, Evans PB (2000) Bureaucratic structure and bureaucratic performance in. J Public Econ 75:49–71

Suchman AL (2011) Organizations as machines, organizations as conversations: two core metaphors and their consequences. Medicare 49(12):S43–S48. https://doi.org/10.1097/mlr.ob13e3181d55a05

Suzuki K, Hur H (2018) Bureaucratic structures and organizational commitment of senior public officials: evidence from a cross-national study of 20 European Countries (No. 9; 2018)


# Bureaucratic Policymaking


Zedekiah Sidha
Department of Humanities and Social Sciences, Rongo University, Migori County, Kenya


## Synonyms

Client assessment; Criminal justice system; Decision-making; Enforcement; Frontline workers; Prioritization

## Definition

Bureaucratic policymaking refers to discretionary decisions that are made by the administrative officials during the policy implementation process. Some of these decisions have the ability to change the course of the policy direction or influence its success or failure.

## Introduction

Since the turn of the twenty-first century, there has been a massive expansion of the bureaucracy across the globe. In the United States of America, for instance, one out of five people in employment works in the bureaucracy (Riley and Brophy-

Baermann 2006). In general the scholarship on bureaucratic policymaking can be dissected into three categories, namely: (1) those that see bureaucracy as a recipient of command from the policymakers, (2) those that view the bureaucracy as having a substantial role in the policy-making process, and (3) those that see the bureaucracy as having a complementary role in the policy-making process (Gerston 2015). From the command point of view, the bureaucracy is both a creation and a functionary of the legislature. Its existence and survival depended upon the presence of a secure legislation and executive support. In essence, it is the politicians who make decisions regarding the creation of various administrative agencies as well as funding of the same agencies. Equally, roles played by these agencies are decided upon by the legislature through various enabling legislative statutes. Beyond the aforementioned, the legislature also has an oversight role that ensures which enables it to monitor the implementation of its legislative directives. Consequently, bureaucrats are recipients of command other than makers of public policies.

The second group of policy scholars see the bureaucracy as inherently political and having significant policy-making powers. These powers stem from the fact that once the basic policy decision has been made, it is passed down to the administrative officials who must carry out the remaining steps in the policy process and ensure that the policy objectives are met (Rabin 2003). Commenting on the same issue, C.J. Friedrich noted that bureacratic officials has a number of tactics that they can employ to influence or even subvert the policy objectives (Gerston 2015). To begin with, in light of the fact that more often policy objectives are ambiguous and sometimes conflicting, the bureaucratic executives can use red tape to either delay or defeat policies that are not in their favour. Other than red tape, administrative agents may issue rules and regulation in the pretense of interpreting the enabling legislation, yet in the real sense, they are subtly subverting or altering the policy thrust. Thirdly, they may drag their feet in the administration of those parts of the laws which they disapprove and pressing on those in their favor.

The third group of scholars view the role of the bureaucracy as complementary to that of the legislature in the policy process. These include filling in the details left by the legislature as well as interpreting the laws and clarifying the policy goals. In so doing, however, they must be sensitive to the political ramifications of their decisions. In consequence, they cannot surpass their legislative mandates through an allocation of facilities, budget alterations, doing away with certain services or bring in new ones in the contravention of their enabling legislation or the current political goals.

One of the areas where the debate on the bureaucratic policy-making process has been emotive is the role of street-level bureaucrats in the policy process. This paper applies the street-level bureaucratic theory to the case of road safety policy implementation in the Kenyan capital city, Nairobi. It seeks to find out if traffic enforcement officers exercise substantial discretion in the course of their jobs and the impact of the same on the policy process. The data employed has been collected from police records, structured observation, and qualitative approach. All the data was collected at one point in time, and therefore analysis applied is intended to examine the relationship between variables investigated other than the change in them over time. In particular, it looks at the relationship between types of vehicle prioritized for road safety policy implementation and prevalence of traffic law violations in the same categories of vehicles. Decisions on whether street-level bureaucratic discretion promotes effectiveness or not are made on the basis of whether there is a positive relationship between the indicators of discretion and those of road safety. Consequently, this section is organized into various subsections, after the introduction here the second section provides a theoretical framework for the study, the next session is on the empirical approach and results, while the last section is on the conclusion.

## Street-Level Bureaucratic Policymaking

One of the areas where the debate over the role of the bureaucracy in the policy process has been

emotive is in the street-level bureaucracies. Street-level bureaucrats refer to frontline workers tasked with the responsibility of turning policy objectives into actions. They include the police, teachers, social workers, and other workers in the criminal justice system (Evans 2016). While their role expectation is to execute policy objectives as passed down to them from the policymakers through the bureaucratic executives, in practice, however, these individuals are the ultimate policymakers (Lipsky 2010). To begin with, in view of the fact that street-level bureaucracies are both understaffed and underfunded, they cannot meet all their role expectations. As a result, they must choose among their many deserving clients on who to serve and who not to. The decisions on those who are most deserving and those who are less deserving are made on the basis of the client's social profiles such as age, race, gender, and other sociodemographic indicators (Weible and Sabatier 2017). Even though these profiles are not part of the policy documents due to the fact that street-level bureaucrats regularly rely on them for purposes of simplifying their work with time they became an expression on the policy (Fischer and Miller 2006).

The other challenge faced by frontline workers in street-level bureaucracies is the fact that laws and regulations in street-level bureaucracies tend to be both vague and encyclopedic and the frontline workers are therefore forced to choose among the many laws and regulations to apply and which one not to (Hupe et al. 2016). The choice on which regulations to apply and which one not to apply is mostly dependent on the organization's culture. Faced with a problem, the street-level bureaucrats will often treat it as they have always done it. As a result, some policy domains get to be applied more often than others (Schneider and Ingram 1993). Invariably those policy objectives associated with the policy instruments which are frequently being implemented will be achieved while those that are rarely implemented left behind.

Beyond resource scarcity and the voluminous number of regulations in street-level bureaucracies, their subject matter also promotes discretion. They are expected to respond to the needs of individuals with diverse backgrounds and interest. Their work, therefore, cannot be standardized. Additionally, controlling discretion in street-level bureaucracies is difficult due to the fact that they employ a large number of professionals some of whom such as police constable have their independence guaranteed both in law and practice (Kleinig 1996).

In 2012 Maynard-Moody and Musheno studied traffic police officer as street-level bureaucrats. The study established that traffic officers fit very well into Lipsky's (2010) description of street-level bureaucrats. To begin with, they operate at the intersection between the law/public policies and the citizen. In the second place, they exercise a substantial amount of discretion in the course of their jobs. For instance, they employ discretionary powers to choose who to investigate and who to arrest. Equally, they have decision-making powers over who to threaten and who to arrest. In sum, the police work is more of a product of normative choices as opposed to functionaries of rules and regulations.

While police discretion is fully acceptable and can be used to aid the adaptation of policy objectives to local circumstances as well as prudent utilization of scarce implementation resources, there are instances where the same can be used to promote biases (Vito 2016). In the case of this study, Chitere and Kibua (2004) observed that the police target PSVs for road safety policy implementation due to the fact that they tend to travel by cash on the road. This is often given to the police as protection fee at the traffic checkpoints. This chapter, therefore, examines the relationship between police discretion and road safety policy implementation.

## The Road Safety Policy Process in Kenya

Kenya is one of the countries in the world with a high level of road traffic injury (RTI) rates. According to WHO (2009), RTI rate in the country is 34.4 per 100,000 populations. According to NTSA, yearly, over 3000 people die on the Kenyan roads. RTI is the third leading cause of death

in Kenya (Owidi 2016). RTI has a variety of economic and health challenges. To begin with, it creates stress in the Kenyan health sector that is already underfunded. According to Odero et al. (2003), 45–60% of all admissions in surgical wards are victims of RTIs. They also account for 75% of the patients in the spinal injury hospital. This matter is compounded by the fact that most of the traffic injury patients take more than 1 month in hospitals. In addition to the foregoing, treatment of RTI, for the most part, requires the use of X-rays and theater (Odero et al. 2003).

From the economic perspective, the annual cost of road carnage in Kenya is KES 14 billion. This is approximately 5% of the GDP (Chitere and Kibua 2004). These losses are associated with losses in income when one is disabled, the damages of goods that occur during accidents, and direct and indirect cost incurred by families when they hospitalize their loved one who is a road carnage survivor (Odero et al. 2003). Additionally, most of the victims and survivors of road traffic crashes are persons within their most productive ages. A survey conducted in the Rift Valley Provincial Hospital indicated that 76% of those admitted with injuries resulting from road accidents were between the ages 19 and 49. Related to the foregoing, 76% of road accident victims admitted in Kenyatta National Hospital were between the ages 15 and 44 years. In Moi Teaching and Referral Hospital, the study observed average age of the admitted for road traffic casualties was 30.3 (Odero et al. 2003).

To deal with this problem, a number of policy efforts have been made; to begin with, in 2012 the national transport and road safety authority was established to coordinate road safety policy implementation processes in the country as well as to advise the government of policies that need to be put in place to ensure road safety policy implementation success (Asingo 2004). Additionally, several amendments have been made by the legislation so as to act as deterrence measure for road safety law violations. Notably, in 1993, the Kenya Law Reform Commission (KLRC) reviewed all the traffic laws in the country in order to contextualize them to the changing needs of road users. Similarly, in 2003, the minister for transport amended the traffic act through a gazette notice no 161 of 2003.

The main aim of the minister in bringing forth this new law was to restore sanity in the Kenyan roads. Some of its objectives were to ensure that only qualified people are employed as operators of public service vehicles; the prevalence of accidents would also be reduced by outlawing some of the RTI risk factors such as drunk driving and speeding. To check on fatalities in case of an accident, all vehicles were to be fitted with seatbelts. The intense implementation of this policy legislation brought down the level of traffic accidents by 73% (Chitere and Kibua 2004). Soon after, however, the thing came back to normal. This followed was a transferred to the minister who brought the amendments and oversaw its strict implementation process to the ministry of environment. With an increase in the number of traffic injuries in 2011, new amendments to the Traffic Act were made again in 2012 and later in 2014 (Mitulla and Asingo 2014).

With all these efforts, it is expected that the number of traffic injuries would have gone down drastically. However, this has not been the case. This study uses the street-level bureaucratic theory which is an offshoot of the principal agency theory for purposes of theorization.

## Method

The data used in this study was collected in the Kenyan capital city Nairobi. The study employed both primary and secondary data. On the one hand, the primary data was collected through structured observation, questionnaire survey, and qualitative approach. On the other hand, the secondary data was extracted from police records and statistical abstracts. The respondents for questionnaire survey and structured observation were selected through clustered sampling strategy. Each traffic division was treated as a cluster from which traffic enforcement officer was randomly selected for purposes of questionnaire administration. Similarly, from each traffic division, all the bus stages where public service vehicles could be found and social gathering places

where private cars could be found were listed and study locations selected. The triangulation of the method and sources employed in the study was intended to ensure increased validity of the study findings. With regard to data processing, data collected through closed-ended questionnaires, statistical abstracts, and structured observation were entered into SPSS data editor for the processing. The SPSS filed developed both the descriptive and analytical statistics used in this study were generated. The description statistics were mainly used to explore the frequency of traffic checks among various types of vehicles as well as to document the prevalence of accidents among them. To test the study hypothesis, Spearman's rank of correlations was corrected. The study is based on the assumption that social profiling of road users undermines the policy implementation process. Consequently, the null hypothesis was accepted where a positive relationship was noted between the independent and dependent variable. It was however rejected where there was no significant relationship or where there was a negative relationship.

## Result

Following a brief discussion on the road safety policy process in Kenya, theoretical overview, and the study design, this section presents the study findings. The section is organized according to the study questions. These include (1) which types of vehicles are targeted for road safety policy implementation, (2) which types of vehicles have the highest levels of policy noncompliance, and (3) what is the relationship between those types of vehicles being targeted for road safety implementation and those that frequently violate road traffic laws.

### The Level of Violation by Vehicle Type

In order to find out which types of vehicles are responsible for the highest number of vehicles, trained observers were placed at different strategic places in the city and asked to take note of the violations and types of vehicles involved. This data was later triangulated with those from the police perception survey and accident records. The table below provides a summary of data collected from the three sources.

From table 1, it is noticeable that there is a variation in the prevalence of violations among different vehicle categories. The most notorious vehicle category according to both observation and survey data is the commuter minibuses commonly referred to as matatus. Some of the violations observed among them include overlapping, careless overtaking, and stopping to pick up passages at non-designated termini. Most of these violations are motivated by the desire to make more income. Through speeding and overlapping, the matatus are able to make several rounds to and from the central business district, thereby increasing their profit margins.

Beyond looking at the types of vehicles responsible for the highest number of traffic violations, the study also sought to understand the frequency traffic accidents attributable to each type of road users. This decision has been informed by the fact that according to Gaines and Kappeler (2014), one of the key determinants on whether the police will conduct an arrest or not is the seriousness of the offense. To this end, it is expected that those types of vehicles which are frequently traffic law violations and thereby have the highest level of propensity to cause accidents are more likely to be stopped compared to those which rarely violate traffic rules. To this end, efforts were made during the study to find out which types of vehicles are frequently involved in road traffic accidents. As it is noticeable in the last column of Table 1 above, there are variations in the number of traffic accidents attributed to different types of vehicles. For instance, while there were 384 matatus involved in traffic accidents, none of the government vehicles was involved in accidents. While there could be many reasons why some types of vehicles are involved in traffic accidents compared to others, in light of the fact that most accidents are attributable to human errors, it would be important to find out if there are any variations in the way in which various vehicles are targeted for traffic law violations and the effect of the same. Consequently, the session below discusses the level of

**Bureaucratic Policymaking, Table 1** Road safety policy compliance by vehicle types

| | Data source | | | | | |
|---|---|---|---|---|---|---|
| | Observation | | Survey | | Police records | |
| Vehicle category | Frequencies | Rank | Frequencies | Rank | Frequencies | Rank |
| Matatus | 67 | 1 | 57 | 1 | 384 | 1 |
| Cars and utilities | 35 | 2 | 33 | 2 | 299 | 2 |
| Buses | 35 | 3 | 27 | 3 | 241 | 3 |
| Taxis | 15 | 8 | 10 | 7 | 110 | 4 |
| Lorries | 7 | 9 | 8 | 9 | 72 | 5 |
| College/school | 25 | 5 | 16 | 5 | 61 | 6 |
| Trailers | 17 | 7 | 12 | 8 | 53 | 7 |
| Tankers | 20 | 6 | 14 | 6 | 39 | 8 |
| Government vehicles | 27 | 4 | 20 | 4 | 0 | 9 |

**Bureaucratic Policymaking, Table 2** Targeting by vehicle type

| | Observation | | Survey | | Police records | |
|---|---|---|---|---|---|---|
| Vehicle category | Frequencies | Rank | Frequencies | Rank | Frequencies | Rank |
| Matatus | 14 | 1 | 33 | 1 | 1634 | 1 |
| Tankers | 11 | 2 | 27 | 2 | 902 | 2 |
| Trailers | 9 | 4 | 20 | 4 | 845 | 3 |
| Lorries | 9 | 3 | 26 | 3 | 733 | 4 |
| Taxis | 7 | 5 | 16 | 5 | 547 | 5 |
| Cars and utilities | 2 | 7 | 13 | 6 | 338 | 6 |
| Buses | 2 | 8 | 10 | 7 | 321 | 7 |
| College/school | 4 | 6 | 9 | 8 | 180 | 8 |
| Government vehicles | 1 | 9 | 3 | 9 | 135 | 9 |

road user targeting disaggregated by the type of vehicle.

## Types of Vehicles Targeted for Road Traffic Policy Implementation

According to Schneider and Ingram (1993), one of the coping mechanisms employed by street-level bureaucrats to bridge the gap between supply and demand for services offered in their bureaus is rationing. This is done by dividing the clients into broad categories on which the decisions on whom among the eligible clients will be rated as more deserving and less deserving are made. Those who are said to be more deserving are thus prioritized for service provision. These sentiments have been echoed by Kleinig (1996) who observed that the police do not have the resources to arrest all the offenders all the time. They must, therefore, select which cases to attend to and which ones not to. It has also been noted that when the police go out for patrol, they are instructed to "strictly watch the conduct of all persons of known bad character". As a result, there are some people who are more likely to be questioned by the police in comparison to others. It is in light of the above observation that the study sought to find out if the traffic enforcement officers equally target all types of vehicles for road traffic enforcement (Table 2) (Mastrofski et al. 2002).

From the figure above, it is noticeable that commercial vehicles including commuter minibuses commonly known as matatus, lorries, and taxis are most targeted for purposes of road traffic

policy implementation in comparison to non-commercial vehicles such as private cars and school buses. One the one hand, transcripts from road users FGD noted the following observation "My vehicle is not branded PSV because when you do that the police will always stop you on the way," reported by one of the taxi drivers who participated in the key informant interviews. These sentiments are similar to those of Chitere and Kibua (2004) who noted that the PSVs are being unfairly targeted for traffic law violation as a result of the police. The reason why PSVs are stopped more frequently than other types of vehicles is the belief by the police that such PSV drivers travel with cash. In light of the fact that normally they are in a hurry to take their clients to their various destinations, in case their vehicles are stopped for inspection, there is a high probability that they will bribe the police so that they are released in time to continue with their business.

## Correlating Vehicle Targeting and Road Safety Policy Noncompliance

According to Kleinig (1996), police discretion is permissible by law in light of the fact that in certain circumstances, use of professional judgment can lead to better results than if the laws, rules, regulations, and procedures were written in a non-flexible manner which cannot be adapted to the prevailing policing context. These sentiments have been echoed by Lipsky (2010). He reckons that street-level discretion is intended to be comparable to triaging conducted by the emergency medical personnel in a war situation. In response to medical supplies, the doctors must choose who among the wounded soldiers will be treated and who will not. In doing this selection, the patients are divided into different categories such as mortally wounded and may not be saved even with medical attention, critically wounded but can be saved with urgent medical attention, and slightly wounded and therefore can service without immediate medical attention. The doctors, therefore, choose to concentrate on the second category of patients so as to maximize on the limited medical supplies. In the same breadth in the criminal justice systems, the police do not have enough resources to deal with all the law offenders. As a result, they are expected to conduct themselves in a manner that helps them to maximize implementation resources. One way of doing this is by targeting those road users who frequently commit traffic law offenses. However, from the data presented in Table 1 and 2 above, road traffic enforcement practice seems to be motivated by other factors apart from efficiency. To ascertain that the observed relationship did not occur by chance, Spearman's tests of correlations were conducted

**Bureaucratic Policymaking, Table 3** Correlating compliance and targeting by road user categories

| Observation | | | Survey | | | Police records | | |
|---|---|---|---|---|---|---|---|---|
| Road user type | Rank T | Rank C | Road user type | Rank T | Rank C | Road user type | Rank T | Rank C |
| Matatus | 1 | 1 | Matatus | 1 | 1 | Matatus | 1 | 1 |
| College/school | 6 | 2 | Cars and utilities | 6 | 2 | Cars and utilities | 6 | 2 |
| Cars and utilities | 7 | 3 | Buses | 7 | 3 | Buses | 7 | 3 |
| Government vehicles | 9 | 4 | Government vehicles | 9 | 4 | Taxis | 5 | 4 |
| Buses | 8 | 5 | College/school | 8 | 5 | Lorries | 4 | 5 |
| Tankers | 2 | 6 | Tankers | 2 | 6 | College/school | 8 | 6 |
| Lorries | 3 | 7 | Lorries | 3 | 7 | Trailers | 3 | 7 |
| Taxis | 5 | 8 | Taxis | 5 | 8 | Tankers | 2 | 8 |
| Trailers | 4 | 9 | Trailers | 4 | 9 | Government vehicles | 9 | 9 |
| Correlation figure | rho −0.1 | | Correlation figure | rho −0.1 | | Correlation figure | rho 0.25 | |

between the indicators of road safety policy outcomes and those of street-level bureaucratic discretion. The table below provides data on the relationship between a frequency of violations and frequency of traffic checks. The sign T stands for targeting and C for compliance (Table 3).

From the table above, it is noticeable that there is no significant relationship between those vehicles that are frequently targeted by the police and those that are frequently involved in traffic law violations. This is evidenced by the fact that a Spearman's test of correlations between indicators of targeting using data collected observation revealed a negative figure. The same figure was observed when the test was repeated with data collected through road user survey. A further repeat test with data collected from the police records indicated a nonsignificant correlation figure. It is deducible; therefore, that the decision to stop or not to stop is guided by other considerations apart from the desire makes prudent use of implementation resources.

## Conclusions

The study concluded that despite the many policies and regulations that have been put in place to control police discretion, they still exercise a substantial amount of discretion in the cause of their duties. This is evidenced by the fact that not all vehicles are equally stopped at the traffic search points. Some are stopped more frequently than others. It was also noted that once vehicles are stopped, enforcement officers do not spend the same amount of time investigating them. Among those investigated, only a few are processed for further questioning. Transcripts from police officer FGDs indicated that the decisions on which type of vehicle to stop or search, what to search, as well as who to arrest are solely made by the patrol officers. Police discretionary powers stem from three main sources. To begin with, the police do not have adequate personnel to stop vehicles at the traffic checkpoints. Similarly, they cannot arrest all the traffic offenders. Consequently, operational choices have to be made on whom among those suspected of traffic violations will be stopped for traffic checks. Once the violations have been confirmed, only a few of them can be processed for further investigation and prosecution in light of the limited number of other criminal justice officers such as prosecutors and judges as well as correction facilities. As a result, choices have to be made over whom among the suspects to investigate and if the violation is confirmed arrested. The second explanation for immense discretionary powers being exercised by the patrol officers is the difficulty associated with standardization of traffic control services. This difficulty results from unpredictable nature of traffic users, who are the target population of the road safety policy. To this end, each police office must apply their training and experience to deal with each road users as per the prevailing context. It was further noticed that police managers apply very little control over traffic enforcement decisions. Most of these decisions are made by the patrolmen. This stems from the fact that while at every traffic checkpoint, there is always an inspector; due to the first pace of traffic control activities, she/he is not able to monitor and direct all the officers' activities.

The study further concludes that police decision on who to stop as well as who to arrest has a substantial influence on the policy outcomes. The study established that road user's behavior is highly influenced by traffic enforcement behavior. Those types of vehicles that are frequently targeted for law enforcement, in general, tend to be careful on the road. On the contrary, those types of vehicles that are rarely targeted for full enforcement tend to misbehave on the roads. For instance, transcripts from the road user FGDs indicated those PSVs owned by police officers tend to frequently violate traffic laws in comparison to those owned by civilians. It was also noted that matatus are notorious for traffic violations because most traffic enforcement officers are on their payroll. The trained observers noted in certain routes matatu touts regularly throw 2 USD down at the traffic roadblocks and speed off. The police decisions to allow traffic offender to violate traffic rules without due regard is thus responsible for the rising number of traffic injuries in the country. In view of the fact that policy success or

failure mostly depended on the discretionary decisions of the implementing officers, then it is deducible that street-level bureaucrats are the ultimate policymakers. In sum, the application of new management techniques has done little to control bureaucratic discretion.

This failure is associated with the fact that the introduction of new management has not done away with dilemmas faced by street-level bureaucrats during the implementation process. This stems from the fact that environmental factors which call for discretion as a coping mechanism are still prevalent in most street-level bureaucracies. As it is noticeable from the preceding discussions, most street-level bureaucrats still operate in an environment of resource scarcity, their frontline workers lack goal clarity, and their performance management systems are yet to appreciate result-based management system.

## Cross-References

► Street-Level Bureaucracy

## References

Asingo PO (2004) The institutional and organizational structure of public road transport in Kenya. Institute of Policy Analysis and Research, Nairobi

Chitere PO, Kibua TN (2004) Efforts to improve road safety in Kenya: achievements and limitations of reforms in the matatu industry. Nairobi, Institute of Policy Analysis and Research (IPAR)

Evans T (2016) Professional discretion in welfare services: beyond street-level bureaucracy. Routledge, Oxford

Fischer F, Miller GJ (2006) Handbook of Public Policy Analysis: Theory, Politics, and Methods. CRC Press, Boca Raton.

Gaines LK, Kappeler VE (2014) Policing in America. Routledge, Oxford

Gerston LN (2015) Public policy making: process and principles. M.E. Sharpe, New York

Hupe P, Hill M, Buffat A (2016) Understanding street-level bureaucracy. Policy Press, Bristol

Kleinig J (1996) Handled with discretion: ethical issues in police decision making. Rowman & Littlefield, Washington, DC

Lipsky M (2010) Street-level bureaucracy, 30th Ann. Ed.: dilemmas of the individual in public service. Russell Sage Foundation, New York

Mastrofski SD, Reisig MD, Mccluskey JD (2002) Police disrespect toward the public: an encounter-based analysis. Journal of Criminology 40:519–552

Mitulla W, Asingo P (2014) Road safety policies in Kenya: in search of explanations for non-compliance. IDS, Nairobi

Odero W, Khayesi M, Heda PM (2003) Road traffic injuries in Kenya; magnitude, causes, and intervention status. Inj Control Saf Promot 10:53–61

Owidi O (2016) Kenya's traffic police a haven for impunity. Retrieved 21 Aug 2017, from standard digital: https://www.standardmedia.co.ke/article/2000213297/kenya-s-traffic-police-a-haven-for-impunity

Rabin J (2003) Encyclopedia of public administration and public policy. CRC Press, New York

Riley DD, Brophy-Baermann BE (2006) Bureaucracy and the policy process: keeping the promises. Rowman & Littlefield, Maryland

Schneider A, Ingram H (1993) Social construction of target populations: implications for politics and policy. Am Polit Sci Rev 87:334–347

Vito A (2016) Racial profiling: using propensity score matching to examine focal concerns theory. Taylor & Francis, Oxford

Weible CM, Sabatier PA (2017) Theories of the policy process. Avalon Publishing, Berkeley

World Health Organisation (2009) Global Status Reprot on Road Safety,Time for Action. World Health organisation, Geneva

# Bureaucratic Politics

Yulia Krylova
Schar School of Policy and Government,
George Mason University,
Arlington, VA, USA

## Synonyms

Governmental politics; Group politics; Partisan politics; Policy politics

## Definition

Bureaucratic politics: a set of theories originating in the fields of public administration, foreign policy analysis, and domestic public policy that focus on the policymaking role of public administrators and bureaucrats.

## Introduction

Theories of bureaucratic politics made critical contributions to the development of public administration through analysis of its policymaking functions, including policy analysis, decision-making, and multiple other functions of public agencies. The origin of bureaucratic politics can be traced to the 1940s. At that time, the field of public administration was dominated by the scientific management movement and advocates of the politics–administration dichotomy. World War II became a transformative event for public administration. Specifically, it was responsible for multiplying government functions, increasing complexity of political and administrative environments, and enlarging numbers of bureaucrats holding political positions which required much more than merely implementing policies set by elected politicians. The orthodox public administration postulate, which held that administration should be separated from politics, did not correspond with the reality of the postwar period.

Dwight Waldo (1948) was one of the first scholars who harshly criticized the politics–administration dichotomy. In response to Woodrow Wilson (1887), who advocated for analytical distinction between politics and administration, Waldo proposed a concept of the administrative state. According to Waldo's concept, functions of public servants moved beyond the mere execution of laws developed by elected officials and into their contributive role in policymaking. Waldo also indicated that in democratic societies, policymakers should be guided by such values as representativeness, political responsiveness, and accountability. Similarly, Appleby (1949) and Long (1949) underscored the importance of the involvement of bureaucracies in the process of policy formulation and implementation. This conceptualization of the administrative state helped the field overcome the limits of orthodox public administration by underlining increased cooperation and intensive interactions between elected and appointed officials in governance.

The sophisticated nature of bureaucratic politics is reflected in a set of various functions that public administrators perform in contemporary governments. David Rosenbloom (1983) distinguishes three types of functions within public administration: managerial, political, and legal. Moreover, Rosenbloom argues that all branches of government have been collapsed into the administrative branch. In other words, apart from an executive function related to the implementation of rules, public administrators also perform a legislative function of making rules and a judicial function of adjudicating issues concerning their application. These functions are closely related to the key pillars of public administration, namely, politics, organizational design, and law, distinguished by Alexander Hamilton, one of the founding fathers of the United States. Furthermore, ethics represents another pillar of public administration that has become increasingly important within the executive branch which is characterized by complex combinations of governmental functions traditionally performed by other branches.

Bureaucratic politics is a multifaceted phenomenon. Various perspectives on bureaucracy and its functions give specific contexts necessary for envisioning intricate connections between crucial elements of bureaucratic politics. In his study of the US administrative state, Ali Farazmand (1989b) points to the key instrumental role that bureaucratic politics plays in the process of achieving the goals of other types of politics, including group politics, partisan politics, and policy politics. From this perspective, public administration can be defined as internal organizational politics of bureaucrats who decide what programs and policies to implement in order to achieve particular political goals. This perspective covers both the policy formulation and policy implementation stages. Another perspective (Farazmand 1989a) analyzes bureaucratic politics in terms of the use of power and authority by bureaucrats to achieve personal and political objectives. Yet another perspective focuses on the bureaucratization process, which is aimed at centralizing power structures and gaining authority over administered populations. Bureaucracy is

also a powerful tool in maintaining the political system and an important means of governance for those who rule society (Farazmand 2010). The key point is that these perspectives are not mutually exclusive but complementary. Their integration provides the big picture of bureaucratic politics.

## Bureaucratic Politics and Foreign Policy

In foreign policy analysis, the theory of bureaucratic politics received much attention after an attempt to apply it to the study of the 1962 confrontation between the United States and the former Soviet Union, known as the Cuban Missile Crisis (Allison 1969). To analyze foreign policy decisions, Graham Allison (1969) offered three "conceptual lenses" or frameworks: the rational actor model, the organizational process model, and the bureaucratic politics model (sometimes referred to as the governmental model). The essence of bureaucratic politics becomes clear through its comparisons with other models.

Based on his analysis of the Cuban Missile Crisis, Allison demonstrated the limitations of the rational actor model that explains decision-making in terms of strategic calculations made by states. According to this model, states operate as rational value-maximizing unitary actors who make their decisions based on market factors that represent incentives and threats created by other foreign actors in the international arena. This precondition, however, fails to explain strategic miscalculations of the Soviet and US decision-makers during the Cuban missile crisis.

Allison's critique of the rational actor approach to decision-making draws heavily on Herbert Simon, who introduced the concept of bounded rationality in the 1940s. Simon (1946) argued that the decision-making analysis should take into account several sources that limit rationality of actors, including unconscious individual habits and reflexes; cultural constraints and values, such as loyalty and morale; and imperfect knowledge. These constraints, coupled with the increasing complexity of governmental functions, explain multiple inefficiencies within the bureaucratic process. Other influential public administration scholars who analyzed constraints and inefficiencies in domestic policymaking (March and Simon 1958; Lindblom 1959; Neustadt 1960; Downs 1967) made further contributions to the development of Allison's models that focus on the role of bureaucracy in the foreign policymaking process.

Unlike the rational actor model, the organizational process model presupposes that international actors are not represented by unitary states but by a constellation of loosely allied organizations presided over by government leaders. This model focuses on the nature of bureaucratic organizations that operate according to their standard patterns of behavior and norms. According to this perspective, foreign policy can be seen as a function of organizational routines, operations, and procedures within large bureaucracies. Furthermore, the bureaucratic politics model underscores the idea that organizations are composed of individuals who act not in accordance with a consistent set of strategic objectives but rather based on various conceptions of national, organizational, and personal objectives and goals. According to the bureaucratic politics model, foreign policy is a byproduct of bargaining games between principal decision-makers in the international arena.

The organizational process and bureaucratic politics models offer significant improvements in prediction of foreign policy decisions in response to actions by other states, compared to the less realistic rational actor model. Moreover, both the organizational process and bureaucratic politics models allow for explanations of strategic miscalculations on the part of state actors through analysis of their specific organizational processes and bureaucratic procedures. Yet, the bureaucratic politics model received far more attention in the field of foreign policy analysis than the organizational process model. The popularity of the bureaucratic politics model can be attributed to the fact that it added a new layer of complexity to the understanding of contemporary governments. Specifically, a bargaining approach

that lies in the center of this model requires an understanding of fundamental principles of negotiation, which are critical for analyzing interactions between actors in all organizations, particularly in large bureaucracies. In terms of foreign policy decisions, identifying common interests and mutual benefits for the involved parties requires some concessions, with the resulting decision producing a condition that is acceptable to all sides.

In comparison with other models, bureaucratic politics is more accurate in depicting decision-making at the state level thanks to its emphasis on multiple actors holding various government positions. Several works published in the 1970s applied the bureaucratic politics model to numerous case studies of both domestic and foreign policy actions to demonstrate its explanatory potential and descriptive accuracy (Allison 1971; Allison and Halperin 1972; Destler 1972; Halperin 1972; Halperin and Kanter 1973). Most importantly, Allison and Halperin (1972) refined the bureaucratic politics model by enriching it with some elements of the organizations process model. They proposed a new paradigm of bureaucratic politics. According to this paradigm, governments represent a network of organizations whose choices are impacted not only by personal values, motives, and intentions of individual actors in the leading positions but also by internal procedural constraints, imperfect information, and external pressures on the organizations represented by these leaders. Later, Allison and Zelikow (1999) refined the original analysis of the Cuban Missile Crisis based on new materials and declassified tape recordings of the U.S. government's proceedings.

In terms of policy implementation, actions on specific governmental issues are taken through action-channels. The latter represent regularized sets of procedures that provide bargaining advantages and establish rules for political interactions. Action-channels structure bargaining games through formal processes for producing government action or through informal processes organized on an ad hoc basis. The success of any particular player in the negotiation process depends on his advantages, his skills in employing these advantages, and other actors' perceptions about his ability to influence the decision-making process. Allison and Halperin (1972) emphasized an essential role of action-channels in bureaucratic politics in determining a set of players, their advantages and rules governing the decision-making process. The resulting governmental decisions and actions reflect collective choices made through bargaining games between key players.

## Critique of the Bureaucratic Politics Model

The theory of bureaucratic politics expanded the theoretical debate in the international relations and political science disciplines. It also contributed to the development of the decision-making theory related to policymaking by introducing new insights derived from organization theory and psychological approaches to organizational behavior. However, it also sparked much criticism. As Allison (1969) indicates, the key limitation of the bureaucratic politics model is its enormous complexity, with often overwhelming information requirements related to individual decision-makers and superfluous details of their bargaining. Thus, the very same feature that allowed this model to provide more realistic explanations of public policy decisions and actions, simultaneously served as a constraint to its widespread applicability as an analytical tool in cases characterized by incomplete and imperfect information about key decision-makers, their motives and intentions.

Some scholars pointed to the ambiguous and imprecise nature of the bureaucratic politics model (Art 1973; Bendor and Hammond 1992). In most cases, it is extremely difficult to disentangle factors related to personalities, bureaucratic or organizational dynamics. Organizations represent complex networks of formal and informal norms, routines, and operational procedures. Therefore, the application of the bureaucratic politics model to organizational analysis requires significant

efforts in distinguishing between the overlapping effects of different factors related to their formal and informal environments. In the same vein, motives and intentions of individual actors within organizations can be subject to different interpretations.

In addition, the original bureaucratic politics model failed to fully incorporate other factors related to external pressures outside the executive branch on governmental organizations and their leaders, including the impact of Congress, partisan politics, interest groups, and public opinion. Although Allison and Halperin (1972) recognized the impact of Congress and public opinion on the bargaining, they did not provide a comprehensive framework to analyze their influence on the decision-making process. At the same time, incorporating additional external factors into the model is necessary for coherent explanations of the entire governance process within contemporary governments.

The key challenge inherent in the bureaucratic politics paradigm is the integration of various theoretical insights derived from multiple conceptualizations of bureaucracy. In this respect, Timothy Conlan et al. (2014) provided a framework that helps integrate the roles of bureaucracy, political parties, interest groups, policy experts, the media and the public in the contemporary policy process. They represent the policy process as a set of four different pathways of policymaking – pluralist, partisan, expert, and symbolic – that rely upon distinctive sources of power, appeal to specific political audiences, and employ unique strategies and coalition building methods. While the partisan pathway is based on a strong party leadership and the president, the pluralist pathway involves a continuous struggle between different interest groups. Bureaucrats, together with other policy experts, employ the analytic pathway to policymaking based on ideas developed through their professional expertise. Finally, the symbolic pathway is based on popular ideas that appeal to common sense notions and moral values of the general public.

Taken the complexity of the political environment into account, many legislative initiatives switch tracks at different stages of the policy process. In fact, it is quite usual for enactments to move along different pathways at each stage of the policy process. Within each policy domain, major policy enactments tend to evolve from one pathway to another over time and there is strong empirical evidence that bureaucrats have been increasingly engaged in policy agenda-setting and policymaking (Bardach 1998; Kingdon 2003; Conlan et al. 2014). This trend constitutes a dramatic change in the nature of the policy process and the growing influence of contemporary bureaucracies on political and socioeconomic development.

## Conclusion

Theories of bureaucratic politics underline that the complexity of the political and administrative environments blurs the demarcation line between politics and administration in the real-world situations and, as a result, bureaucrats have to perform multiple functions that go beyond the execution of laws. Bureaucratic politics theories address different aspects of the participation of public officials in policymaking. In particular, bureaucratic politics scholars seek to explain how public policy decisions are made within bureaucracies, how different functions collapse in public administration, and how administrators can acquire knowledge and information necessary for policymaking. These theories capture various dimensions of bureaucratic behavior and different functions of public agencies, and their full potential is realized through their integration and exchange of ideas.

The significant strength of Allison's model of bureaucratic politics (1969) is its detailed accuracy of implications related to the impact of national bureaucracies on the public policy process. Yet, the overall complexity of this model often makes predictions of actions by state actors extremely difficult. There are also some concerns related to accountability within the bureaucratic politics model. If policy decisions are the result of bargaining games between multiple actors, it raises the question of who holds the ultimate responsibility for these decisions. The

accountability challenge arises because public actions impose substantial discretionary authority in entities other than those with ultimate responsibility for the results. The sophisticated nature of political accountability of bureaucrats and their professional responsibility reflects complex relations of bureaucracy with other stakeholders in democratic societies. Studies of multiple accountabilities in public administration (Romzek and Dubnick 1987; Posner et al. 2014) indicate critical roles of other actors in ensuring bureaucratic accountability, including the public, the media, and courts. Similarly, theories of representative bureaucracies developed by Kingsley (1944), Krislov (1974), and Selden (1997) seek to reconcile the hierarchical bureaucracy with democracy through its passive representation of the society and its active translation into policies.

Bureaucratic politics and accountability remain central issues in public administration. This can be explained by the fact that professionally competent and accountable bureaucracies are the necessary basis of effective and responsive administration in democratic societies (Farazmand 2010). On the one hand, bureaucrats have discretion to perform functions related to policymaking based on their independent judgment and professional expertise. On the other hand, accountability does not allow bureaucrats to abuse their discretion by holding them responsible for their actions before external authorities and nongovernmental actors. In other words, accountability is the obligation owned by bureaucrats to the public, who is the ultimate sovereign in constitutional democracies. This is why effective and responsive administration requires a balance between bureaucratic discretion to perform policymaking functions and accountability.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy
- ▶ Bureaucratic Policymaking
- ▶ Governance


## References


Allison G (1969) Conceptual models and the Cuban missile crisis. Am Polit Sci Rev 63(3):689–718

Allison G (1971) Essence of decision: explaining the Cuban missile crisis, 1st edn. Little Brown, Boston

Allison G, Halperin M (1972) Bureaucratic politics: a paradigm and some policy implications. World Polit 24(S1):40–79

Allison G, Zelikow P (1999) Essence of decision: explaining the Cuban missile crisis, 2nd edn. Longman, New York

Appleby PH (1949) Policy and administration. University of Alabama Press, Tuscalosa

Art RJ (1973) Bureaucratic politics and foreign policy: a critique. Policy Sci 4:467–490

Bardach E (1998) Getting agencies to work together: the theory and practice of managerial craftsmanship. Brookings Institute, Washington, DC

Bendor J, Hammond TH (1992) Rethinking Allison's models. Am Polit Sci Rev 86:301–322

Conlan T, Posner P, Beam D (2014) Pathways of power: the dynamics of national policymaking. Georgetown University Press, Washington, DC

Destler IM (1972) Presidents, bureaucrats, and foreign policy. Princeton University Press, Princeton

Downs A (1967) Inside bureaucracy. Little Brown, Boston

Farazmand A (1989a) The state, bureaucracy, and revolution. Praeger, New York

Farazmand A (1989b) Crisis in the U.S. administrative state. Adm Soc 21(2):179–199

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Org Reev 10(3):245–258

Halperin M (1972) The decision to deploy ABM: bureaucratic and domestic politics in the Johnson administration. World Polit 25(1):62–95

Halperin M, Kanter A (1973) Readings in American foreign policy: a bureaucratic perspective. Little Brown, Boston

Kingdon JW (2003) Agendas, alternatives, and public policies. HarperCollins, New York

Kingsley JD (1944) Representative bureaucracy: an interpretation of the British civil service. Antioch Press, Yellow Springs

Krislov S (1974) Representative bureaucracy. Prentice-Hall, Englewood Cliffs

Lindblom C (1959) The science of muddling through. Public Adm Rev 19(2):79–88

Long N (1949) Power and administration. Public Adm Rev 9(4):257–264

March J, Simon H (1958) Organizations. Wiley, New York

Neustadt R (1960) Presidential power: the politics of leadership. Wiley, New York

Posner P, Conlan T, Regan P (2014) Governing under stress: the implementation of Obama's economic stimulus program. Brookings Institute, Washington, DC

Romzek M, Dubnick B (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47(3):227–238

Rosenbloom D (1983) Public administrative theory and the separation of powers. Public Adm Rev 43(3):219–227
Selden (1997) Representative bureaucracy examining the linkage between passive and active representation in the farmers home administration. Am Rev Public Adm 27(1):22–42
Simon H (1946) The proverbs of administration. Public Adm Rev 6(1):53–67
Waldo D (1948) The administrative state. Homes and Meier, New York
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–220

# Bureaucratic Power

Barbara L. Neuby
Department of Political Science and International Affairs, Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Accountability; Administration; Administrative state; Bureaucracy; Public service

## Definition

Bureaucratic power refers to the administrative capability to successfully carry out the intent of the legislature that created it. Power includes the ability to write rules, enforce them, and adjudicate disputes. It also includes the ability to influence those legislative bodies in order to receive a sufficient budget so that the agency may continue to operate.

## Introduction

Mention the word "bureaucracy" and peoples' eyes glaze over and they turn away. Bureaucracy – the administrative offices juxtaposed between the executive and legislative branches at all levels of government in every nation – is the most numerous form of government but also the least understood. Most know that legislatures make laws and executives are ultimately responsible for enforcement, but few think about implementation, about what is required to provide the myriad range of services and programs that are delivered today.

A bureaucracy by any other name is likely the same animal: "board," "bureau," "agency," "commission," "administration," "civil service," or "authority." Regardless of name, bureaucracies are an essential institution of modern life, pervasive and powerful even to the point of being sacrosanct. They are feared, derided, blamed for our failings, and, occasionally, granted credit for a job well done. When we hear "bureaucracy," most of us think waste, corruption, or mindless rules despite the fact that the good that bureaucracies do far outweighs the bad. The administrative literature describes it, bemoans it, threatens it, extols its virtues, and, between the lines, warns of bureaucracy's ever-encroaching power and relentlessly growing influence. We sometimes criticize that which we know little about. In many countries including the United States, efforts are under way by public employee groups to take action to restore employee morale. Most of the time, agencies seem nameless, faceless, opaque entities known only to the initiated: the legislatures with whom they work, the high level staff that run them, and the lobbyists or claim seekers with whom they come in contact. Generally, not even their clientele understand them. Their size and tenure, mystique, complexity, essential nature, an apathetic public, and lack of legislative and executive oversight combine to put the bureaucratic class firmly in positions of power that is most often well used.

## Size and Tenure

German sociologist Max Weber is credited as the father of modern bureaucracy likely because he formalized its definition (Weber 1922). Weber said all bureaucracies have the common elements: hierarchy, specialized job functions, expert training, lifetime positions, written documents, societal status, and standardized rules. His theory is widely accepted. Wherever one looks, one can find agencies with these same essential traits, and bureaucracy has been in it since day one. From the Greek and Roman city-states, the

Chinese dynasties, to the European war machines of the post Renaissance age, the far-flung provinces, the armies, services for the growing middle classes, all had to be managed. Bureaucracy has been the preferred method of program implementation for well over a thousand years as leadership by military and royal officers gradually gave way to administration by trained staff. One could make a strong argument that it was the development of bureaucracy that allowed emergence of the modern nation-state for without bureaucracy, programs and plans could never have been carried out, territory would not have been conquered, and revolutions could not have been sustained.

Today, bureaucracy is Hobbes' *Leviathan* (Hobbes 2010): sovereigns fear the weight of a rival when trying to change it. In 1887 then Princeton University President Woodrow Wilson (later President Wilson) wrote that there was scarcely any area of life left untouched by government and was concerned that government had grown beyond our means to manage it well (Wilson 1887). Wilson would likely do a double-take today at the range and number of national departments and agencies in every country, each with many suboffices and each suboffice with still more sub-suboffices and special commissions and bureaus and boards and so on. As new needs arose, new agencies were created. Federal ministries of health, departments of education, and disaster response, and nuclear power regulation were all newly created agencies delegated by their legislatures to serve specific needs. At the US national level alone, there are over 2,200 agencies, departments, bureaus, etc., and this growth pattern is ubiquitous in every nation whether a democratic republic (the United States and India), a socialist democracy (European and South American nations), a communist system (Russia and China), or an Islamic theocracy such as Iran. The size and structure of bureaucracy in US state and local governments run a close second to that of the national level. In the United States, there are about 87,000 separate units of government: one national level administration, fifty state administrations, 3,000 county governments, 19,000 city governments and about 65,000 additional entities including about 40,000 public authorities, and "special districts" in a dizzying array of administrative services. Nations operate on the backs of their agencies because agencies are the purveyors of the services, programs, benefits, initiatives, agendas, studies, and militaries that form each country's cultural, political, and social self. They are essential to a modern state and society, and this stature is recognized by the fact that the study of administration is a field in its own right. In the last 40 years, schools of public administration have been created in every nation, granting advanced degrees in the field. In France, the prestigious Ecole Nationale d'Administration is devoted to training senior civil servants who will likely serve in one or more agencies their entire life. Such training only serves to elevate the importance and power of the profession, much as Weber and Wilson imagined it.

A glut of global administration exists as the word "international," "world," or "global" now precedes the names of many organizations that claim hegemony over some particular area of life. While the United Nations has been around since 1948, the offices, panels, and councils that stem from it have grown 100-fold since then. As few examples, there are the World Health Organization (WHO), the International Atomic Energy Agency (IAEA), the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Education, Scientific, and Cultural Organization (UNESCO), the International Criminal Court, the World Trade Organization (WTO), the International Monetary Fund (IMF), and the Bank for International Settlements (BIS), and hundreds of global nongovernmental organizations like Human Rights Watch and Amnesty International. In addition we have regional supranational governments, each with their own huge bureaucracies: the European Union (EU), the African National Congress (ANC), the Organization of American States (OAS), and the Association of Southeast Asian Nations (ASEAN).

## Power

Power is a dirty word. Few admit they want it but when they get it, they will do anything to keep it. Those who have it will deny they have it but will continue to use it. Many will try to get it but

few will use it wisely. Scholars of bureaucratic power discuss it either in terms of the ability to achieve results or the types of power wielded within the organization's environment (Katz and Kahn 1966) or see power as a game of influence among all parties within and without the agency (Mintzberg 1983). Power includes the ability to get done what you want done when and how you want it done. It includes knowledge, skills, and access to both or other resources including people or agencies that have them (Kanter 1979). Legislatures enable (empower) bureaucracies for four purposes: to regulate, to grant benefits, to research, or to track and record. Within each enabling act, there is an intelligible principle that directs the agency to a particular purpose, clean air or disease research, for example. The law, or enabling act, also has to include a "standard" or a condition or moment in time when the agency is supposed to take action. Thus agencies must carry out legislative intent; however, they are also empowered to write their own rules for carrying out that intent. Here, agencies establish additional power because they not only write their own rules but also create their own processes for making the rules, taking public comments, holding hearings, compiling records, designing processes for enforcing the rules previously written, and adjudicating disputes over these rules. What could be more empowering? Each activity can create layers of opacity beyond which only certain educated stakeholders can see. Rules and processes have the force of law, they are legal power, and the rules become de facto policy. Long-standing bureaucracies have enough status and power to move policy agendas, and they amass huge databases by which to deliver these services and benefits – databases that are under control of each agency and practically inaccessible by their sheer size, complexity, and location. Bureaucracies can change lives – even societies – when one considers that rules affect issues such as industrial or labor practices, healthcare, food and drug safety, tax collection, and weapons manufacture. This is tremendous power for those who are not elected.

Furthermore, agencies have discretion *not* to act. Though agencies may be empowered by law to act at a certain point, they may decide it is not the right time, or they need more information, or politics invades their decision making. Agencies in Europe or Australia may test some food additives but not others, for example, potentially leaving the public at risk. In 2010 the Minerals Management Service under the US Department of the Interior failed to hold oil drillers to the statutory requirements for drilling in the Gulf of Mexico. As a result, the Deepwater Horizon well blew out, killing 11 and spreading millions of gallons of oil across thousands of miles of gulf waters, causing the deaths of millions of animals and disrupting thousands of coastal businesses and state economies. The power of one small agency failure is potentially catastrophic.

## Essential Nature

Yet the benefits and services agencies render are basically essential: sewer systems, pension programs, prisons, or product safety. Many could not live without medical vans for disabled individuals, debit cards for food, or nursing home placements. Few of us are well-informed of the kinds of research bureaucracies carry out nor could they discuss research processes, yet we are comforted when the World Health Organization or the US Centers for Disease Control informs us the outbreak is over. We depend on our agencies worldwide to keep us safe from the next terrorist attack, and our dependency enhances agency power. The great US Supreme Court Justice Oliver Wendell Holmes said, "Taxes are the price I pay for a civilized society" (1927). Animal control, welfare, bank regulation, and air traffic control are essential services embedded in all societies, and for most of this, we depend on bureaucracy. Goodsell, in his 1994 polemic on public administration, reminds us that most of what we hear of bureaucracy is through the ratings-driven media, and generally, it is bad news (Goodsell 1994). Search any newspaper and one will find numerous headlines regarding bureaucracy, many of them negative. When we hear about fraud and waste

much of the time, the report is really about those abusing legitimate government programs, not about the need for the program itself. In addition, Goodsell reports that of numerous studies on bureaucracy's expansion, in general, agencies are not, in themselves, responsible for expanding their power. The growth is due to public demand for new services that the public feels are essential during times of socioeconomic upheaval (Neiman 2000). Though we demand services, we often disparage those who provide them, and often the criticism is due to public misunderstanding of bureaucracy's purpose and process as Goodsell points out. In fact, empirical data about administration as a field does not support broad or deep criticism. It is a case of one bad apple spoiling the whole barrel.

## Legislative and Executive Oversight

Legislators and executives can keep bureaucracy under a watchful eye through a wide variety of means if they so choose. As most legislative bodies created agencies, so, too, can they abolish or "sunset" them. Funding can be reduced, a new enabling act can change the agency's mission and goals, and agency leaders can be terminated. It is not uncommon for legislators to contact agencies themselves and make specific requests. The same goes for the chief executive who can remove officials he or she has appointed. When agencies appear to have failed their mission and publics, legislators hold hearings. Agencies are engaged in a constant tug-of-war with legislatures over jurisdiction, the appropriate interpretation of the law, and the enforcement tactics they wield. Executives appoint special investigative committees. Examples of this oversight method include recent US congressional hearings into the failure of the Veteran's Administration to serve returning service members suffering from illnesses or the European Union parliament holding hearings with the various settlement agencies on the Middle Eastern refugee crisis. Article 2 of the US Constitution allows the president to request in writing the opinions of the executive departments on any of the duties to which they have been assigned. Similar statements afford power to leaders of other countries to peek into the inner workings of their administrative state. Together, legislators and executives can rein in bureaucracy through the passage of laws like the *Administrative Procedures Act*, Title 5 US Code, that lays out ground rules for agency behavior and through the appointment of special counsels to investigate bureaucracy. The Governmental Accountability Office (GAO) is one such, permanent office that regularly audits and reviews the many programs the US bureaucracy delivers. In addition, as situations arise, specific laws are passed to limit an agency from taking a particular action in a particular case. Such laws are passed by legislative bodies throughout the world on a consistent basis. One needs to remember that the president or another in a similar position, a prime minister or premier, usually has the power to issue an executive order with such order directing an agency to take particular action. If the executive is not satisfied with the agency's response, he or she can remove its leader.

The judicial branch also wields power to control agency behavior after the fact through cases regarding bureaucracy that make their way into a judicial forum. The realm of case law involving bureaucracy is called administrative law and is a field of legal study in its own right. Furthermore, most agencies have an internal watchdog called an "inspector general" (IG) whose goal is to keep the agency on track to properly deliver its mission, and IGs, as they are called, routinely issue public reports that at the very least call attention to any possible wrongdoing. Whistleblower protection laws also afford agency employees the safest chance to bring errant behavior to light, and media is all too happy to portray the agency on its news broadcasts.

## Conclusion

In 1948 when Dwight Waldo wrote *The Administrative State*, he hinted that the burgeoning

power of administration worldwide would one day become problematic (Waldo 1948). Whether the growth of bureaucracy, its characteristics, its delegated powers, the means of operation, its expertise, control of information, and our dependency on its performance have combined to present a power problem is an open question. The answer likely depends on the types of benefits and services one receives: where you stand depends upon where you sit, or "Miles' law." The number of studies on the power of administrative agencies, the numerous inspector general reports from within the agencies themselves, and the Governmental Accounting Office reports that call out agency behavior all evidence the fact that agency power is a concern to many. The scholarly literature abounds with prescriptions for control yet we have not controlled it. Nearly every organization has an internet presence, a website, yet most still cannot explain agency missions or processes and many do not care to know. Though without bureaucracy it has been shown that the private market fails to deliver essential and other desired services, leaving society in a sort of survival of those who can pay. The government performance movement of the 1990s that attempted to make bureaucracy more efficient and accountable was a step in the right direction. It is often true that lack of legislative, executive, and public oversight allows administrative offices to veer off course. An unidentified early American statesman said, "The price of democracy is eternal vigilance," yet we are not vigilant to the degree needed to support and guide administrative efforts in most cases. However, in most cases, we do not elect administrators and can only control them through voicing concern to the representatives we did elect.

As Waldo rightly noticed, proper administration must be connected to every major realm of human learning. An interdisciplinary effort to be sure, the answer to the general question, of bureaucracy's proper balance of power is twofold. We must not only examine administration's growth and power but set for ourselves a functional limit on the realms we assign to it. To expect more services from government on one hand and then complain because bureaucracy harbors too much power is disingenuous. However, the complexity and opacity of administration belies the need for the public to referee its operations. It is not only a question of "the tasks of government," but also one of the appropriate exercises of power. Only after that limit is recognized can we then devise a better mechanism of adjustment. The means and the ends are intertwined. As administration covers every realm of life, so, too, must each field of study contribute to solve this dilemma. Law, politics, sociology, history, psychology, the humanities, perhaps even the natural sciences can contribute to a road map that could guide us to a healthier level of the distribution of power.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Bureaucracy and Democracy
- ▶ Legislative Oversight of Bureaucracy


## References


Goodsell C (1994) The case for bureaucracy: a public administration polemic. Chatham House, Chatham

Hobbes T (2010) Martinich AP, Battiste B (eds) Leviathan, Revised ed. Broadview Press, Peterborough. ISBN 978-1-55481-003-1.[1]

Holmes OW (1927) Dissenting opinion. Compania General De Tabacos De Filipinas v. Collector of Internal Revenue, 275 U.S. 87, 100, United States Supreme Court

Kanter RM (1979) Power failure in management circuits. Harv Bus Rev 57(4):65–75

Katz D, Kahn RL (1966) The social psychology of organizations. Wiley, New York

Mintzberg H (1983) Power in and around organizations. Prentice Hall, Englewood Cliffs

Neiman M (2000) Defending government: why big government works. Prentice Hall, Upper Saddle River

Waldo D (1948) The administrative state: a study of the political theory of American public administration. Roland Press, New York

Weber M (1922) Bureaucracy. In: Gerth H, Mills CW (eds) Max Weber: essays in sociology. Oxford University Press, Oxford

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

# Bureaucratic Red Tape

Hatice Altunok
Abant İzzet Baysal University, Bolu, Turkey



## Synonyms

Bureaucratic pathology; Bureaucratism; Bureaucratic Hegemony; Citizen Dissatisfaction; Delay in Public Services

## Definitions

Bureaucratic red tape is a concept that points to the negative aspects of the bureaucracy which may refer to factors such as excessive work load and excessive use of documents.

## Introduction

Bureaucratic red tape is one of the main causes of citizen complaints. Administrative activities, processes, and procedures may be seen as mere policy outputs for bureaucrats, but for citizens, they are main causes of negative feelings towards public administration. This chapter presents the definition and the scope of bureaucratic red-tape, includes a theoretical approach, and provides important aspects of the causes and results of it.

## Meaning and Scope of Bureaucratic Red Tape

Bureaucratic red tape recalls the negative aspect of bureaucracy which was structured as a rational organization model aiming at productivity. For the scope of this association, it would be useful to search for the scope of red tape in the dictionaries of other languages instead of searching for discussions made on the theoretical ground of bureaucracy, because red tape is one of the globalized words which has a similar negative meaning in different societies. The word red tape is defined in Webster Dictionary as official routine or procedure marked by excessive complexity which results in delay or inaction. Turkish equivalent of red tape is defined as giving unnecessary importance to the form in the implementation of governmental works and as bureaucracy. German equivalent of the word is bureaucratism and paper fight. At this point, paper fight indicates unnecessary correspondences between civil servants; and bureaucratism is defined as all narrow-minded formal thoughts and actions occurring in a hierarchy. In Russian, red tape is defined as paper works which prolong, take time, and tire out. In Chinese, it means delaying a work, postponing a work, and piling documents. In Japanese, it has different meanings such as secrecy, troublesome procedures, and formalism. In French, the word red tape indicates excessive work load and excessive use of documents. As observed, different meanings of red tape in different languages attribute negative meanings to the term. Bureaucratic red tape emerges when basic features of bureaucracy such as keeping records through documents, obeying the rules, and formality stop being a tool, and they are taken as the aim by civil servants who are executives of bureaucracy.

Beside its meanings as state governance, management regulated by objective rules, and way of organization, red tape connotes many negative meanings. For instance; red tape leads to walking away from responsibility and possession of more authority than bureaucracy should have. The scope of one of the definitions of bureaucracy is defined as a general insult that is used to attribute to ineffectual organizations surrounded by red tape (Shafritz 2004: 34). Bureaucratic red tape is a narrative that points out to the negative direction of the bureaucracy that is used in different forms as bureaupathology and bureaucratism (Durgun 2016: 44–45). The term red tape recalls the same negative meaning whether it is used with the adjective bureaucratic or not. In some cases, it is observed that the term is used directly instead of bureaucracy. This is in fact related to the fact that the bureaucracy gained an arrogant reputation over time, and in the fulfillment of the tasks, it is mostly in the foreground of red tape, delay, corruption, and stifling processes (Farazmand 2010:

246). This situation aroused from the fact that bureaucratic mechanisms generally meet citizens with its qualities such as delay, preclusion, and detention instead of its structural and processual aspects.

## Theoretical Approach on Bureaucratic Red Tape

The terms emerged in Britain in the seventeenth century. Official papers were tied with a tape of which color was similar to red. The term red tape was used to describe these tapes used to tie documents. With its current meaning, the term is the symbol of excessive formal processes and excessive attention for the routines written as prescription. Although the tape practice was abolished, its connotation has been still related to the practices that it has symbolized. In his work *Red Tape: Its Orgins, Uses and Abuses* (1977), Herbert Kaufman structured this term as the practice of organizational processes and surprising diversity of the qualities. The theoretician of organization, Alvin W. Gouldner, described the term as alienation, personalization, and rules and regulations which prevent bureaucracy. Political scientist Herbert Kaufman attempted to explain why red tape has been generally used in a negative scope. He stated that red tape has been generally used in the same meaning with procedures, rules, and regulations. Red tape has been characterized with paying excessive attention to bureaucratic procedures, obeying the rules in a mechanical way, and attaching excessive importance to formalities and routines. In other words, it is the compilation of vast amount of information which is irrelevant to the issue and results in delay and inaction (Shafritz 2004: 252; Chandler and Plano 1982: 216–217).

There are two different perspectives of red tape in theory. These are rule-based red tape and red tape as bureaucratic pathology. Rule-based red tape (A Rule-Based Concept of Red Tape) is considered to be about formal rules, regulations, and procedures created by organizational members who are in official positions of bureaucracy. In this perspective, the dominant opinion is that red tape originates only from official rules, regulations, and procedures; but it can be considered as a narrow-minded opinion. It is not useful to use the term red tape for every organization problem. In the perspective of red tape as bureaucratic pathology (Red Tape as a Bureaucratic Pathology), it is considered that the term red tape is a pathology. This opinion is appropriate for the popular usage because citizens and organizational officers rarely think that red tape has positive aspects (Bozeman 1993: 278–279).

First empirical studies carried out on red tape were conducted by Buchanan, Rosenfeld, Kaufman, and Baldwin. Pandey and Scott presented a summary about theoretical and operational definitions of red tape mentioned in these studies. It was stated that there was not a clear definition of red tape in the study of Buchanan (1975). In addition to this, they discussed about red tape because of the excessive emphasis on procedures and rules and processes in governmental organizations including federal institutions. Rosenfeld (1984) defends that red tape is measured best through perceptions. For this reason, he stated that red tape can be understood best as a problem of personal perceptions instead of a definition of objective criteria. He defined red tape as excessive, ungainly, and meaningless guidelines, procedures, forms, and governmental interventions which are about making and implementing decisions. Baldwin (1990) defined red tape in two types. The first one is formal red tape which was described as limitations of the liberty of an organization originated from laws, rules, regulations, and procedures. Informal red tape, on the other hand, is the limitation of the liberty of an organization which results from the effects of the key institutions in the political system. Media, public opinion, political parties, interest groups, and public officials were considered to be key institutions (Pandey and Scott 2002: 557–580).

## Causes and Results of Bureaucratic Red Tape

Two primary opinions about the reasons of red tape are as follows: rules are poor and good rules do not work well. In the opinion that rules are

poor, very few studies discuss whether red tape emerged as a result of the nature of rules of as a result of the transformation of rules. In the beginning, red tape rules have the characteristic that some rules were born with their red tape nature which means that they create burdens without any aim; their nature is red tape. Reasons about the existence of these rules are as follows: lack of perception, exaggeration, negative-sum agreement, exorbitant control, and negative-sum process (e.g., "democracy can never be more than necessary"). The opinion that good rules do not work well focuses on why functional rules have transformed into red tape by losing their functional characteristics. In this perspective, it is important to understand bureaucratic pathology as well as to understand the relationship between organization and environment and the life cycle of organization. Several reasons of the fact that rules transformed into red tape are as follows: deviation of rules, irregularity of rules, changes in practice, changes in functional aim, changes in the effects of rules, forcing of rules, growth, and malpractice (Bozeman 1993: 285–286).

Bureaucratic red tape developed as the negative one among the basic qualities of bureaucracy theorized by Max Weber. The desire to continuously increase the strengths of the bureaucracies, their control areas, and their influence levels against politics can be considered among the reasons for the emergence of this quality. Each unit of the bureaucratic mechanisms based on the division of labo began to form separate units of dominance over time. Units that want to increase their effectiveness and importance have had the tendency to see and display the most important jobs within their own scope. Significant expanse of particularly public bureaucracies before the period of public administration reforms took place among the reasons of reform. The number of civil servants increased and procedures of the works also increased. In other words, bureaucratic red tape took bureaucracy into a cocoon. It can be said that the concern of creating a rational and productive organization model, which was one of the reasons of the creation of bureaucracy, was overshaded by red tape. The increase of bureaucratic red tape especially after 1980s was one of the main reasons of the reforms carried out in the field of public administration. With the improvements in technology and increasing use of e-government applications as well as reform efforts, bureaucratic red tape has become controllable.

## Conclusion

Piling documents and prolonged and delayed work are described as red tape. Although the bureaucracy as a model of administration and organization is based on principles such as efficiency and rationality, as modern bureaucracies grows, the red tape thrives. This, naturally, led to the questioning of the basic features of the bureaucracy. Bureaucratic red tape becomes of the main subjects of public reform as indicated by theorists and authors like Al Gore. These questionings and efforts have positively contributed to reducing bureaucratic red tape. With the improvements in technology and increasing use of e-government applications as well as standardization of public services, red tape may be no longer a problem in near future.

## Cross-References

► Bureaucrats as Specialists

## References

Bozeman B (1993) A theory of government "red tape". J Public Adm Res Theory 3(3):273–303

Chandler RC, Plano JC (1982) The public administration dictionary. Wiley, New York

Durgun Ş (2016) Bürokrasi. In: Altunok H, Gedikkaya FG (eds) Kamu politikaları ansiklopedisi. Nobel Yayınları, Ankara, pp 43–45

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Org Rv 10:245–258

Pandey SK, Scott PG (2002) Redtape: a review and assessment of concepts and measures. J Public Adm Res Theory 12(4):553–580

Shafritz JM (2004) The dictionary of public policy and administration. Westview Press, Boulder

# Bureaucratic Red Tape in the Philippines

Arneil G. Gabriel
Department of Public Administration, Nueva Ecija University of Science and Technology, Cabanatuan City, Nueva Ecija, Philippines

## Synonyms

Accountability; Bureaucracy; Good local governance; Positive measure against graft and corruption; Transparency

## Definition

The Anti-Red Tape Act of 2007: Is a law passed by the Philippine Congress which articulates the government's call to improve efficiency in the delivery of public services by reducing bureaucratic red tape, preventing graft and corruption, and providing penalties therefor.

Red Tape: as it is contextualized in the Philippine bureaucracy, refers to paper works, unnecessary bureaucratic documents, requirements, forms, and procedural obsession in the delivery of public service. In recent history, the term "red tape" denotes a ribbon used to bind voluminous documents produced by retired American Civil Veterans as a prerequisite for their retirement claims.

## Introduction

Transparency and accountability are essential to the operation of governments regardless of the type of regimes and territorial boundaries of states (Gabriel 2017). They are seen as complements of policy effectiveness such as when citizens collectively act against power holders who support bad policies or when they commit inaction despite the presence of urgency to commit action (Gabriel and Gutierrez 2017).

Transparency is a tool to increase government accountability to the people, at least in a democratic setup. It is the "sunlight that disinfects the dark corridors of power" from inefficiency and corrupt practices. When actual adherence is observed, they benefit citizens. Both transparency and accountability serve as cleansing mechanisms to check and exert pressure on the bureaucracy to respond to public demands with ease and quality. Transparency and accountability are the governance principles behind the passage of Republic Act 9485 or Anti-Red Tape Act (ARTA) of 2007. The primordial objective of the Act is to prevent corruption and introduce reforms in the Philippine bureaucracy. Alongside with decentralization is the effort of the government to bring efficiency in the countryside. The study assesses the implementation and formulation of the Anti-Red Tape Act of 2007 in ten municipalities of the province of Nueva Ecija, Philippines. It delves into the status of implementation and analyzes its effects on the perspectives of citizen-consumers.

## The Image of Philippine Bureaucracy

The image of Philippine bureaucracy is negatively perceived. The well-entrenched graft and corrupt practices undermine not only the effectiveness of the state but also cause wide spread poverty (Bernas 1996). According to the World Bank Report (Quah 2010), there are an estimated 48 billion dollars siphoned from government coffers toward personal pockets of Philippine government officials. And the records cover only the years 1977–1997. A huge amount allocated for development projects and social services for the poor but diverted to the selfish aggrandizement of bureaucrats (Briones and Zosa 1987). Such corrupt practice continuously destroys the integrity of public institutions and, therefore, public trust (Aniga 2014).

Consequently, people in the government are generally and unfairly treated as crooks, slow in the delivery of services, inefficient, and corrupt (Brillantes and Fernandez 2011). Worse, the government as a whole is seen as unresponsive to

public demands. This public perception of government conditioned the citizens to settle for substandard quality of government service (James 2011). Making the situation worst from worse is the inadequate citizen's engagement in public affairs and the inherently complex built-in procedures in the public offices which slow down the processing of transactions in the government. This picture of Philippine bureaucracy prompted the current President Rodrigo R. Duterte to issue Executive Order 286, mandating all departments and agencies of the government to speed up the process and create the Anti-Red Tape Team.

## Reform Initiatives to Prevent Graft and Corruption

There have been numerous attempts to curb corruption in the Philippine bureaucracy. Many laws in the Philippines have been passed in Congress to address the issue of corruption. The 1987 Philippine Constitution, for instance, devoted an entire article to serve as guideline for public officials and employees in the execution of their public functions (Bernas 1996). Meanwhile, Republic Act 6713 also known as the Code of Conduct and Ethical Standards for Public Officials and Employees serve as a codification of the standard of behaviors public personnel should observe in the execution of the duties of their office (Bernas 1996; Aranas 2016).

Numerous commissions, teams, and law enforcement agencies were also created to implement laws against corruption in the Philippines. Department Order No. 38-2016 created the Presidential Commission on Good Government (PCGG) purposely to recover the ill-gotten wealth of former President Ferdinand Marcos. Unfortunately, these attempts bear no substantial results due to: lack of political will on the part of the leader and agency assigned to implement conflicting laws on corruption, judicial inefficiency, low salaries of government employees, weak citizenship, absence of role model, punitive nature of anti-corrupt policies, and lack of reform priorities (Brillantes and Fernandez 2011; Carino and Alfiler 1986; Quah 2010; Reyes 1994).

According to Carino and Alfiler (1986), majority of anti-corruption laws penalize rather than prevent the commission of corrupt acts. They argued that an effective anti-corruption measure must contain both a system of punishing offenders and a built-in mechanism for prevention coupled with public support at the agency level.

## The Anti-Red Tape Act of 2007

The Anti-Red Tape Act of 2007 is both punitive and preventive in nature which solicited citizens' support in terms of feedback and is implemented at the agency level. The philosophy behind the law is to inform citizens of the kind and quality of services they deserve. It is the only anti-corruption legislation based on client's perception of what efficient government should be and of how services should be delivered. It is intended to improve efficiency in the delivery of government services to the public by reducing bureaucratic red tape, preventing graft and corruption and providing penalties therefor.

The primary objective of the act is to promote integrity, accountability, prevent graft and corruption in the bureaucracy, instill transparency, and increase public accountability of government officials. It has three core components: (a) Citizen's Charter (Section 6), (b) Assurance to the citizens of their right and access to frontline services and the details that must be observed by government officials in the execution of their functions (Section 8), and (c) Use of Report Card Survey.

The first core component, the Citizen's Charter (CC) is a benchmark of performance as it serves as a social contract with the citizens regarding the manner and time necessary for a government agency to deliver a particular service. Not only does it promote effective and efficient delivery of services in the government but also promote transparency while imposing upon accountability among public officials in the performance of their duties. According to Carino, the strength of CC is that it informs citizens of the benchmark of

performance so that they may demand for it (Carino and Alfiler 1986). The Act defines Citizens' Charter as:

> an official document, a service standard, or a pledge that communicates in simple terms, information on the services provided by the government to its citizens. It describes the step-by-step procedure for availing of a particular service, and the guaranteed performance level that they may expect for that service. (RA9485)

According to Calina (2015), Citizen's Charter treats citizens as citizen-consumers since it is propagated under the New Public Administration Model. The idea is to replace consumer rights for political and legal rights. The citizens are considered consumers of government services hence should be the ultimate judge on the quality of services provided by the public institutions.

The second core component is its assurance to the citizens of their right and access to frontline services and the details that must be observed by government officials in the execution of their functions (Section 8). It includes the requirements as to the acceptance and denial of a request for government service, the person-in-charge, and the period within which the request must be acted upon including the appropriate explanation why a citizen cannot avail of certain service. And to ensure observance, a complaint desk is designated in every government agency.

The last core component is the use of Report Card Survey to monitor the implementation, formulation, and observance of the requirements and standard of services that the government may deliver to its citizens. The purpose of this is to prevent red tape and obtain feedback on the implementation of the act using the perspective of public clients and service benchmark set by the Philippine Civil Service Commission.

## The Formulation and Implementation of Anti-Red Tape Act in the Philippines

Recent studies on the formulation and implementation of Anti-Red Tape Act of 2007 show different findings. According to Aniga (2014), service delivery of one university has been efficient following its implementation of ARTA. Conversely, Gomez and Mudlong (2017) have observed that implementation of the same brought no significant change on the perception of student-clients of the chosen university in terms of turnaround time to finish transactions. And, exogenous factors other than university personnel's response to the student's particular demands were perceived to contribute to organizational efficiency. Meanwhile, Saguin (2013) has observed significant improvement in the overall performance, along with the line of the delivery of services, of the five cities in Metro Manila because of the ARTA. But, despite faithful compliance, respondent cities showed varying degrees of success in implementation.

The evaluation of De Leon (2016) proved that the formulation and implementation of the provisions of ARTA in the Bureau of Customs and Clark Development Authority, in the province of Pampanga, Philippines, are not fully compliant to the requirements of ARTA. This is in contrary to the result of study of the Makati Business Club (2016) which attributes the dramatic improvement on the delivery of service of ten national government agencies to the ARTA. Such development in turn has improved the country's rating in the negative perceptions index and substantiates the ease of doing business in the country.

Unfortunately, local government units remain behind their national counterparts when it comes to the observance of ARTA. According to Calina (2015), more than 5 years since the passage of the law, local government units still struggle in the implementation of its provisions. Although the Act is a serious attempt of the government to introduce reforms in the bureaucracy, actual practice still depends upon agency's execution and the personnel's skills, capacity, and knowledge of ethical standards. In the end, what matters is actual adherence and not mere observance.

The present study is an add-on to the existing literature on the evaluation and observance of ARTA provisions in the Philippines. It measures the degree of observance of the ten municipalities in the province of Nueva Ecija to the provisions of ARTA. The study was divided into three major parts, namely introduction, research

methodology, and results and discussion. The specific objectives are to: (1) check whether the Local Government Unit (LGUs) comply with the information requirements of Citizen's Charter; (2) determine the LGUs compliance on the requisites for Front Line Services; (3) determine the degree of observance of the municipalities on Report Card Survey; and (4) provide policy recommendations.

## Research Methodology

### The Study Locale

The map of the province of Nueva Ecija is presented in Fig. 1.

The study used a mixture of qualitative-descriptive method of research and quantitative interpretation of the gathered data. The weighted mean and analysis of variance (ANOVA) were used as statistical treatment to determine the significant difference between and among the perception of respondent-municipalities. The study used a set of questionnaires which was conceptualized by the researcher based on the core components of ARTA. The gathered data were validated by unstructured interviews and personal observations and secondary materials mostly, measurement of the level of formulation and implementation of ARTA. Distribution of questionnaires and interviews were conducted for ten working days during the month of January of year 2018. And each unstructured interview lasted for 10 minutes.

### Participants to the Study

The participants in the study are 100 residents of the 10 municipalities in the province of Nueva Ecija, Philippines. Convenience sampling was used to identify the respondents of the study with ten participants coming from each municipality. Sample municipalities were as follows: two first class municipalities, three second class municipalities, three third class municipalities,

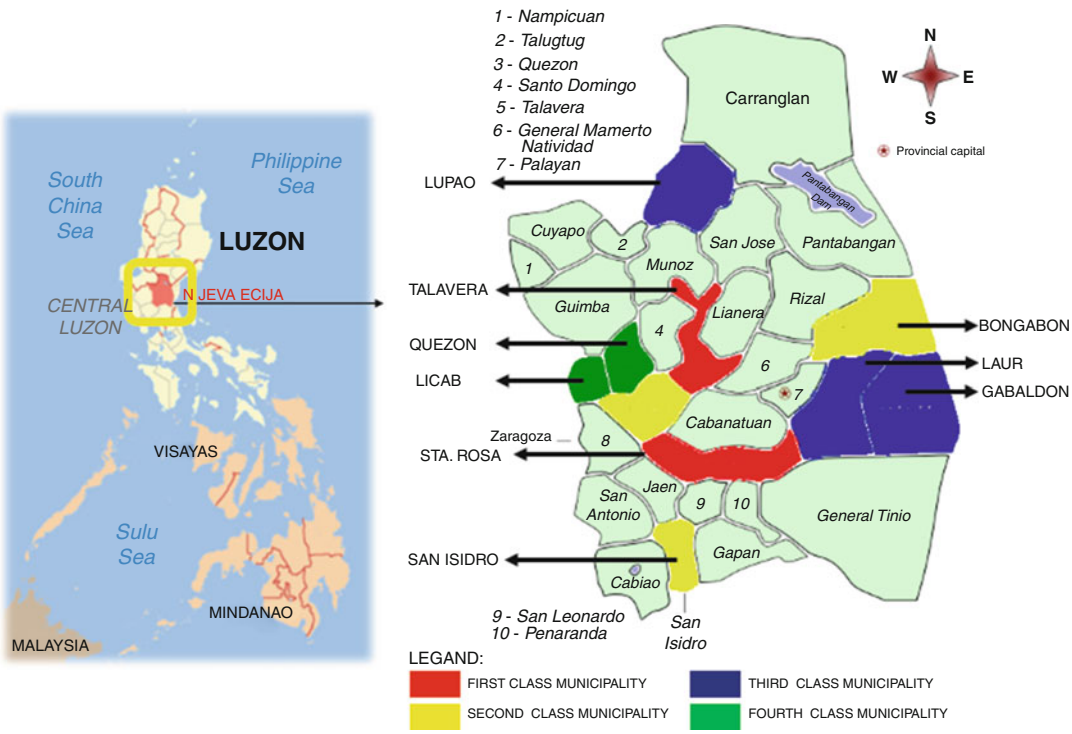


**Bureaucratic Red Tape in the Philippines, Fig. 1** Location and map of Nueva Ecija, Philippines

**Bureaucratic Red Tape in the Philippines, Table 1** The sociodemographic profile of municipalities in Nueva Ecija, Philippines

| No | Municipality | Class | Land area (Hectares) | Population as of August 1, 2015 | Registered voters as of 2010 | No. of Barangays | Source of income of residents |
|---|---|---|---|---|---|---|---|
| **1** | Santa Rosa | 1st class | 14,715 | 69,467 | 40,533 | 33 | Farming, SME |
| **2** | Talavera | 1st class | 14,092 | 124,829 | 77,407 | 53 | Farming, livestock, SME |
| **3** | Aliaga | 2nd class | 9,004 | 63,543 | 40,667 | 26 | Farming |
| **4** | Bongabon | 2nd class | 28,695 | 64,173 | 40,919 | 28 | Farming |
| **5** | San Isidro | 2nd class | 5,649 | 51,612 | 27,175 | 9 | Farming, slipper making, livestock |
| **6** | Gabaldon | 3rd class | 24,288 | 35,383 | 19,938 | 16 | Farming, fishing, forestry |
| **7** | Laur | 3rd class | 29,588 | 35,656 | 20,524 | 17 | Farming, small-scale mining, forestry |
| **8** | Lupao | 3rd class | 12,133 | 43,788 | 26,668 | 24 | Farming |
| **9** | Licab | 4th class | 6,737 | 28,254 | 16,662 | 11 | Farming and livestock |
| **10** | Quezon | 4th class | 6,853 | 40,592 | 18,834 | 16 | Farming, fishing, forestry |

and two fourth class municipalities. The socioeconomic profiles of the municipalities are presented in Table 1.

The municipalities were categorized into classes based on the number of registered voters, land area or political territory, income, and population. It can be noted that 100% of the municipalities were still reliant on agricultural productivity as source of income. Nonetheless, there are some municipalities which are not completely dependent on farming and have other sources of income such as industry, small-scale mining, livestock, and fishing. In terms of the number of registered voters, municipality of Talavera has the greatest number with 77,407 voters, whereas municipality of Licab with 16,662 has the fewest number of registered voters. In terms of land area, the largest is the municipality of Laur with 29,588 ha, while municipality of San Isidro is considered the smallest with only 5,649 ha. In terms of barangay or smallest political unit in the Philippines with 100 families or less, municipality of Talavera, with 53 barangays, has the most number of barangays. Comparatively, municipality of San Isidro with only nine barangays has the smallest number of barangays.

Generally, the system of government is republican with check and balance between the executive, legislative, and judicial branches of government. And, they operate under the structure of two-tier administrative system which are the national and local governments (Calina 2015).

## Findings

(a) ***Citizens Charter***

The philosophy behind the formulation and implementation of Citizen's Charter (CC) is for government offices to have benchmark of performance as well as to inform the public of the standards of service that they deserve. For the purpose of transparency and accountability, these standards of public service must be known to the public so they may demand for effective and efficient service when necessary. As shown, the highest degree of compliance with the provisions

of Citizen's Charter is 4.57, verbally described as "always." Essentially, the first class and fourth class municipalities are comparable in terms of observance of ARTA through posting of bulletins or in having social contract with the government for delivery of public service. In general, the cluster of municipalities has varying degrees of compliance and implementation of Citizen's Charter with results ranging from "almost always" to "always." Transparency through posting of the charter imposes upon an obligation to the government offices to act on citizens' request based on set of standards. This is seen as an area of accountability in case the same standard is not rendered. What imposes accountability to govern is the knowledge of the public of the services and the manner they should be delivered. It is the basis for customer's satisfaction under the New Public Management model.

(b) ***Frontline Services***

The list of frontline services and their corresponding standards are reflected on Appendix 2. Based on survey results, the verbal description of overall weighted mean scores of the ten municipalities range from "almost always" to "always." The three clusters of municipalities under study show full compliance with the requirements of frontline services as reflected by verbal description of "always." Municipalities under the second class and fourth class have the greatest degree of observance of access and procedures in the provision of frontline services. A verbal description of "almost always" on the observance and application of Citizens Charter is nonetheless a good indicator of the positive perception of citizens toward public institutions. In general, public institutions are expected to deliver services based on the principle of transparency and accountability.

(c) ***Report Card Survey***

The **Report Card Survey (RCS)** is a set of questionnaire that measures the agency's quality of service, its adherence to the provisions of ARTA, level of implementation of citizen's charter, and client satisfaction based on effectiveness of frontline service providers and conduciveness of the area (Calina 2015). Third class and fourth class municipalities have higher overall weighted mean of 4.24 and 4.26, verbally described as "always" in the observance of RCS. However, there are indications that negative bureaucratic behaviors are committed in the municipalities concerned. The presence of fixers, demands for additional charges, and offering to facilitate a transaction in exchange for money is "sometimes" and "seldom" observed by public clienteles. The weighted mean scores in the three practices ranges from 2.15 to 2.65. These practices, though seldom committed, must have no room in a democratic state. They are isolated cases but provide a bad impression on the effectiveness and efficiency of bureaucratic operation.

## Conclusion

Republic Act 9485 or the Anti-Red Tape Act of 2007 was enacted to improve the efficiency in the delivery of government service to the public by reducing bureaucratic red tape, preventing graft and corruption, and providing penalties thereof.

Along with the enactment of the law, public institutions were instructed to curb fixing by posting Citizen's Charter in conspicuous areas and following the provisions of ARTA.

This entry has provided an overview of Anti-Red Tape Act in the Philippines in relation to other published works and based on the result of study

**Bureaucratic Red Tape in the Philippines, Table 2** Difference in the assessment of the municipalities regarding the Citizen's Charter

| *ANOVA* | Sum of squares | df | Mean square | F | Sig. |
|---|---|---|---|---|---|
| Between groups | 3.208 | 3 | 1.069 | 17.995[a] | 0.000 |
| Within groups | 3.804 | 64 | 0.059 | | |
| Total | 7.012 | 67 | | | |

[a]Difference is significant @ 0.01 levels

conducted on the ten municipalities in Nueva Ecija.

The following analysis of variance (ANOVA) (Table 2) shows the difference in the assessment of the different municipalities in the province of Nueva Ecija in terms of their formulation and implementation of the core component provisions of the ARTA of 2007. The table shows that there is a significant difference in their assessment of the ten municipalities in the province of Nueva Ecija as shown by the significance level of less than 0.01.

The Scheffe's test analysis determines exactly the municipalities with differences in their assessment of the implementation of the ARTA 2007. Table 3 shows that there are four clusters of municipalities based on their class. When the assessment of cluster 1 consisting of first-class municipalities' matched with Cluster 2, the mean difference is 0.31529 and the significant level is 0.005. When it is matched with the assessment of Cluster 4, their assessment on Citizens Charter also shows −0.28471 correlations. This means that from the perspectives of participants public clients there are diverse responses to the same questions about the observance of Citizen Charter provisions. Thus there is a need to identify the sources of divergences. The data on table 3 shows the origins of the differences in perceptions of participants.

**Bureaucratic Red Tape in the Philippines, Table 3** Post hoc analysis with the use of Scheffe's test

| Municipalities (Scheffe) | | Mean difference | Sig. |
|---|---|---|---|
| 1 | 2 | 0.31529[a] | 0.005 |
| | 3 | 0.11706 | 0.584 |
| | 4 | −0.28471[a] | 0.013 |
| 2 | 3 | −0.19824 | 0.143 |
| | 4 | −0.60000[a] | 0.000 |
| 3 | 4 | −0.40176[a] | 0.000 |

Legend: [a]The mean difference is significant @ 0.05 levels

The rating of municipality 1 is different from the ratings of cluster municipalities 2 and 4; 2 and 4; and 3 and 4 regarding their ratings for Citizens Charter (Table 4).

The results of ANOVA insofar as frontline services show that there is no significance difference in their assessment of the observance of frontline services.

Thus there is no need to use post hoc analysis to identify the area of difference.

The ANOVA table on Report Card Survey (RCS) is presented below. As the data show, there is no significant difference between and among clusters of municipalities in terms of RCS (Table 5).

The role of accountability and transparency in the operations of government is vital to economic development. These are the principles behind the ARTA of 2007. In the era of decentralization due

**Bureaucratic Red Tape in the Philippines, Table 4** Difference in the assessment of the four municipalities regarding frontline services

| *ANOVA* | Sum of squares | df | Mean square | F | Sig. |
|---|---|---|---|---|---|
| Between groups | 1.751 | 3 | 0.584 | 2.246 ns | 0.091 |
| Within groups | 16.632 | 64 | 0.260 | | |
| Total | 18.382 | 67 | | | |

ns = No significant difference

**Bureaucratic Red Tape in the Philippines, Table 5** Difference in the assessment of the four municipalities regarding report card survey

| | Sum of squares | df | Mean square | F | Sig. |
|---|---|---|---|---|---|
| Between groups | 2.280 | 3 | 0.760 | 1.275 ns | 0.287 |
| Within groups | 66.773 | 112 | 0.596 | | |
| Total | 69.053 | 115 | | | |

ns = No significant difference

to the implementation of the Philippine Local Government Code of 1991, the local government bureaucrats play an important role in fostering the socioeconomic development of the communities. At this level, observance and compliance with the ARTA provisions are extremely necessary in bringing efficiency and development in the countryside.

## Cross-References


- ▶ Local Governance
- ▶ Public Service Ethics and Accountability
- ▶ Transparency


**Acknowledgment** Special thanks to Rose Casimiro and Dr. Gener Subia of the University Data Analysis Center for providing the needed data to finish the paper and to Miss Lorna Ejar for administrative support.

## References


Aniga FC (2014) Clients' experience on the Frontline Services of Slsu–Tomas Oppus. J Educ Hum Resour Dev 2:141–154

Aranas AL (2016) Bureaucracy on trail: ethical standards for public officials and employees. International Journal of Public Administration and Management Research 3(3)

Bernas JG (1996) The 1987 constitution of the Republic of the Philippines: a commentary. Rex Bookstore, Manila

Brillantes AB, Fernandez MTFT (2011) Restoring trust and building integrity in government: issues and concerns in the Philippines and areas for reform. Int Public Manage Rev 12(2):55–80

Briones LM, Zosa AR (1987) Regulating public enterprises and the privatization policy of the Philippines. World Bull 3:13

Calina EL (2015) Citizens charter: an assessment of contributions to frontline service delivery. Philipp J Public Adm LIX(1) 34–58

Carino LV, Alfiler MCP (1986) Bureaucratic corruption in Asia – causes, consequences, and controls. JMC Press, Quezon

De Leon PC (2016) Assessing the citizen's charter formulation and implementation at the bureau of customs port of Clark and the Clark Development Corporation. J Manage Dev Stud Open Univ 1–15

Gabriel AG (2017) Transparency and accountability in local government: levels of commitment of municipal councilors in Bongabon in the Philippines. Asia Pac J Public Adm 39(3):217–223

Gabriel AG, Gutierrez MP (2017) Praxis in local legislative governance: measure of organizational effectiveness of the component cities in Nueva Ecija, Philippines. Asia Pac J Multidiscip Res 5(2):12

Gomez J-AF, Mudlong JKP (2017) Assessing the implementation of the AntiRed Tape Act (ARTA) in a higher education institution in the Philippines. Imp J Interdiscip Res 3(12):23–31

Makati Business Club (2016) Improving the citizens experience: how the anti-red tape act is shaping public service delivery in the Philippines. pp 1–12. Makati City Philippines

Quah JS (2010) Curbing corruption in the Philippines: is this an impossible dream? Philipp J Public Adm 54(1–2):1–43

Reyes DR (1994) Reinventing government and bureaucracy in the Philippines: old themes and a new image? Philippine J Public Adm XXXVIII(2):77–97

Saguin KI (2013) Critical challenges in implementing the citizens charter initiative: insights from selected local government units. Philipp J Public Adm 7(1):30–57


# Bureaucratic Reform

Alex Ingrams
Tilburg University, Tilburg, The Netherlands

## Synonyms

Administrative reform; Civil service reform; Organizational change; Public management reform

## Definition

A structured set of institutional changes to processes, values, personnel, and technologies in the public sector. These changes are designed to address perceived weaknesses or dysfunctions in existing systems.

## Introduction

Bureaucratic reform is a planned approach to improving the work of public agencies through reorganization of structures, basic processes, and

tools. It normally, though not necessarily, also involves changing or integrating new organizational values, objectives, and philosophies of government. The study of bureaucratic reform has deep roots in public administration and public policy theory. Classical public administration concerned itself with the problem of how to redesign bureaucracy to work better. Woodrow Wilson (1887) argued that, while administrative tools had been used to justify overreaches of government authority in history, the same tools could be reappropriated for prodemocratic reforms in new contexts. For Wilson, while a particular task of government intervention could always consider the adoption of new materials, personnel, or beneficiaries, what mattered for bureaucratic reform was not just a single program or project but rather a complete change to the way the bureaucracy functioned. This change required coordinating thinking about inputs, processes, and outputs. The history of these changes in the theory and practice of bureaucratic reform are discussed below. The types and settings of bureaucratic reform are discussed, and key works of literature on the antecedents of reform and its effects are summarized, and their main implications set out for public administration scholarship.

## Classical Theory of Bureaucratic Reform

In their conceptualization of bureaucratic reform, public administration reformers, such as Wilson, and contemporaries like Frank Goodnow and Frederick Cleveland went further than advocating simply the rational management of public resources. They saw the professionalization of bureaucracy as the surest foot forward in a democracy; away from a spoils system toward a fairer and more efficient form of distribution (Lynn 2001). Additionally, they envisaged reform in terms of two spheres: *political* and *administrative*. In the early part of the twentieth century, bureaucratic reform consolidated the view that politics and administration are not, and should not be, separate spheres. Bureaucrats are policymakers tasked with deciding important matters on the front line of service delivery.

According to Lynn (2001), later shifts in bureaucratic theory gradually began to view the role of citizens and diverse kinds of interest groups as key actors in policy development. These formulations were essential to many key texts in the classical period of public administration such as *Frontiers of Public Administration* (Gaus et al. 1936) and *Public Administration and the Public Interest* (Herring 1936). Following the Second World War, scholars of public administration began to question earlier work on bureaucracy and to argue that bureaucracy must undergo a new process of reform because it had previously been dominated by axiomatic thinking and unscientific approaches. Thus, began what Lynn has called the creation of the "myth of the bureaucratic paradigm." Thereafter, following the spirit of the work of thinkers such as Herbert Simon and Robert Dahl, intellectual thought on traditional public administration tended to attribute nonscientific approaches to a so-called bureaucratic age of the early twentieth century. Another formative text of the postwar years, Dwight Waldo's *The Administrative State* (1948), characterized traditional administrative approaches as aimless, unwieldy, and uninteresting. The effect of these formative texts on the theory of bureaucratic reform was both to galvanize theory and practice around scientific principles of observation and measurement, as well as to diversify experimentation in different types of reform.

## New Types of Bureaucratic Reform

At the end of the twentieth century, a new reform movement took place. It was global in its reach, and it emphasized reform in terms of managerial autonomy, competition with the private sector, citizen-centered service provision, and performance measurement. This new public management (NPM) movement, often called "reinvention" in the US context, became a dominant force in bureaucratic reform in countries all over the world. Scholars, such as Hood (1991), also argue that NPM has been treated in western administrative traditions as a panacea for an

impossible range of different bureaucratic problems. Others have argued that the NPM movement was far from unified in its approaches and should instead be seen as a disparate collection of reform practices and objectives within an interconnected setting of innovation. In fact, by the beginning of the twenty-first century, bureaucratic reform approaches occupied a broader range of political and societal concerns and had further diversified. Chief among the values of these subsequent twenty-first-century reform approaches have been governance, decentralization, transparency, and social integration. Thus, the NPM approach to bureaucratic reform led to related types of reform such as the new public service and the new public Governance. On the other hand, other scholars caution that, in fact, signs of an eclipse of NPM-type reforms are greatly exaggerated. Rather, while reforms are diversifying, they still tend to bear strong marks of the original managerialism philosophy of NPM.

Scholarship on bureaucratic reform has often adopted the lens of neo-institutional theory originally developed by DiMaggio and Powell (1991) where reform ideas and innovations spread by *mimetic* learning. However, the aforementioned global permutations of reform approaches, as well as the emergence of new governance perspectives, undermine the idea of a global or regional convergence toward one ideal of new public management (NPM). From the long view, two approaches to reform in general can be identified in the twenty-first-century context: firstly, the NPM types of managerial reform and, secondly, the politically and socially oriented reform of the governance tradition. The latter takes a broader, more fundamental approach to the notion of government, its ultimate goals, and its ability to sustain change. According to another typology of reform traditions by Considine and Lewis (2003), different bureaucratic models prevail in different country contexts. Reforms have impacts on frontline staff in three different types of bureaucracy: *procedural*, *market-corporate*, and *network*. These each have different goals, client relationships, and stakeholders. Procedural bureaucracy is a legally driven notion of bureaucracy focused on using replicable tools to accomplish reliable practices. The market-corporate type is goal-driven and underpinned by a philosophy of performance management and efficiency. Finally, network bureaucracy focuses on client-driven delivery of services that incorporate multiple sectors and partners for maximum flexibility of methods. Each of these types may exist in varying degrees today in different governments.

## The Setting of Bureaucratic Reform

While the history of bureaucratic reform can be viewed as a convergence of global types, a series of hegemonic movements, or an emergence of heterogeneous forms, comparative approaches to reform emphasize the interactions of domestic, regional, and international administrative traditions in a historical, social, and cultural setting. The growth of comparative public administration has led to a new awareness today of the variations in types of bureaucratic reform that connect administrative cultures and traditions in the domestic setting with the international setting. Bureaucratic reform consists in decisions regarding accountability relationships at different levels of government. However, the way that such accountability relationships relate to efforts to invent new processes and functions of governments depends on bureaucratic traditions. For example, some countries such as western European *Rechtsstaat* countries have a strongly legal concept of administrative decision-making, which means that reform tends to be more tightly guarded by a system of courts and legal hierarchy (Bach et al. 2017). These countries have assimilated NPM to a lesser degree, certainly less so than countries in the Anglo-Saxon tradition. In global political and economic powers such as China, a country that has a markedly different political culture to other countries such as the NPM pioneers, the United Kingdom, Australia, and the United States, communist ideology has dominated for decades, and yet later bureaucratic reforms led to liberalization of the economy and a more flexible intergovernmental system as a part of its market liberalization strategy.

Such country reform trajectories have by no means been predictable or linear, and they involve complex trade-offs between various domestic and international ideas and processes. Reform shifts undergo a process of cultural screening by administrative traditions consisting of institutional structures as well as cultural ideas about how government and administration should look (Bach et al. 2017). Logics of administrative change are set in place that influence the type of reforms that come later. For example, the initiation, implementation, and effects of reform are shaped by the type of politicization process that is dominant in a country. Each country has a certain form of balance among politicians, bureaucrats, and civil society that creates internal-driven politicization, politician-driven politicization, or society-driven politicization. Other types of trade-off shape bureaucratic reform structures. Rather than political trade-offs, Gingrich (2015) argues that these complex logics concern trade-offs about how costs and benefits are assessed in terms of technical costs, which draw political leaders against service producers. Political costs draw political leaders against citizens, while expectation costs draw service producers against citizens.

## Antecedents and Effects of Bureaucratic Reform

Bureaucratic reform has been viewed in research as an independent variable and a dependent variable. One of the primary views on reform antecedents concerns the role of politics. Adoption and implementation of reforms is a result of political strategies. Thus, one perspective holds that the best interpretation of the causes of a reform such as NPM reforms is the political purpose that the reforms served influential actors in government and society. Another approach to antecedents of bureaucratic reform focuses not on political strategies per se but on the wider concept of leadership in its normative sense as well as its strategic implications. According to Rhodes (2016), traditional public administration reforms consisted of a robust and effective skill set including counseling, stewardship, diplomacy, and political wisdom. Other research has found that a range of leadership skills foster successful bureaucratic reform. Factors such as willingness to adopt reform that depend on connection to local networks, leadership attitude, and receptivity to change appear to be important. Possible reasons for adopting reform also include the pressures toward organizational survival (Wamsley and Zald 1973) and the challenges of saving on costs and constraints or opportunities arising from a change in the resource base of organizations (Hood and Rothstein 2001).

Most studies of the decision by governments to adopt bureaucratic reforms recognize a whole range of antecedents. One formative study by Wright (1994) suggested that there are six factors that led to the NPM reforms of the 1980s onward: (1) budget deficits and cycles of economic depression. (2) the anti-government philosophy of the "new right," (3) economic and political regional integration, (4) public criticism, (5) international management fashions, and (6) information technology trends. The difference of antecedents between one bureaucratic reform and the next also depends on the type of bureaucratic reform in question, but, on the other hand, there are certainly global pressures to bureaucratic structure that are common across all countries. These pressures toward greater efficiency and responsiveness to citizen demand are the product of their interaction with the domestic context of governments. In addition to antecedents, the study of bureaucratic reform has been concerned with the effects of reforms. Again, these findings from empirical research are largely predicated on the type of reform in question. When it comes to NPM, a great degree of divergence exists on whether effects are mainly positive or negative for bureaucratic performance. One claim, regularly leveled against NPM, is that it was conducive to a thinning of administrative institutions and the hollowing of the state and that NPM has served other ideological and political objectives more than the original goal of improved performance. On the more positive side, NPM types of reform may lead to greater transparency and foreign direct

investment in developing countries (Neshkova and Kostadinova 2012).

Overall, however, positive or negative effects are seen to be largely dependent on the *way* the reforms are carried out rather than on the reforms themselves. Reforms may perform better if they use planning and target setting, have a high degree of flexibility in organizational arrangements, and have high levels of focus on user needs (Walker and Boyne 2006). Too regular or too disruptive kinds of reform initiatives may be related to a lack of stability for bureaucratic personnel, which negatively affects the prospects of reform. Reforms lead to normalization patterns in effective organizational attitudes if they are extensive rather than tokenistic in their permeation of governmental structures. Bureaucratic reform may also add to pressures on government as the expectations of citizens for improved performance rises. Uneven effects may occur across the bureaucratic system because of differences in the political complexity of departments and agencies. Agencies that have routine tasks are relatively easy to reform, but evidence suggests that the impact of NPM reforms on agencies that have significant policy responsibility has been minimal.

In sum, there are a wide range of antecedents and effects of bureaucratic reform. Many of these factors are also in tension with each other. Reforms often exhibit structural tensions due to the inevitable integration or creation of elements that have not been previously aligned. Public administration theory gives extensive attention to these tensions and warns that these are likely to appear during reform implementation and to have lasting effects. For example, NPM and traditional administrative values tend to conflict, and values such as frugality, honesty, and resilience cannot be fulfilled simultaneously (Hood 1991). Contemporary reforms tend to be balanced between administrative modernization and civic engagement, and effective reform consists in integrating them. The importance of civic engagement to these contemporary types of bureaucratic reform appears to be rising in the twenty-first century as a result of the spread of the Internet. Some scholars view these changes as an entirely new approach to bureaucratic reform consisting of greater integration among government departments and holistic, citizen-oriented type of service design and implementation (Dunleavy et al. 2006). While the degree of the effects of Internet-based change on government continues to be debated, there is evidence of positive effects such as greater effectiveness, increases in network-like organizational structures, and citizen empowerment (La Porte et al. 2002).

## Conclusion

Theory of bureaucratic reform has a long and rich history. The attractiveness of the idea of reform is evidenced by its recurrent contestation in politics. The organization of government work has serious consequences for many sectors of society, and for that reason designers of reforms emerge regularly in many different country contexts. There are global trends, notably the late twentieth-century trend in NPM, as well as administrative traditions within countries that shape the direction taken by bureaucratic reforms. Research on the antecedents of reforms shows that intentions of public policy leaders may not always reflect the rational idealism of the classical public administration perspective as strategic concerns have a powerful part to play. Research on the effects of reforms reveals that positive impacts on governance are conditional on many factors relating to the context of the reform as well as the types of skills and techniques that are brought to the task. Recently, reform has focused on Internet-based organizational tools. But the unique impacts of these reforms, as well as the other streams of reform that they add to, continue to be subject to discussion.

## Cross-References


- ▶ Building Reform Capacity
- ▶ Bureaucracy and Politics
- ▶ Civil Service Reform and Ethics
- ▶ Modernity and Bureaucracy
- ▶ Political Ideology in the Bureaucracy

## References

Bach T, van Thiel S, Hammerschmid G, Steiner R (2017) Administrative tradition and management reforms: a comparison of agency chief executive accountability in four continental Rechtsstaat countries. Public Manag Rev 19(6):765–784

Considine M, Lewis JM (2003) Bureaucracy, network, or enterprise? Comparing models of governance in Australia, Britain, the Netherlands, and New Zealand. Public Adm Rev 63(2):131–140

DiMaggio PJ, Powell WW (eds) (1991) The new institutionalism in organizational analysis, vol 17. University of Chicago Press, Chicago

Dunleavy P, Margetts H, Bastow, S, Tinkler, J (2006) New public management is dead–long live digital-era governance. J Public Adm Res and Theory 16 (3):467–494

Gaus JM, White LD, Dimock ME (1936) Frontiers of public administration. University of Chicago Press, Chicago

Gingrich J (2015) Varying costs to change? Institutional change in the public sector. Governance 28(1):41–60

Herring EP (1936) Public administration and the public interest. McGraw Hill, New York

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Hood C, Rothstein, H (2001) Risk regulation under pressure: Problem solving or blame shifting?. Administration & Society, 33(1):21–53

La Porte TM, Demchak CC, De Jong M (2002) Democracy and bureaucracy in the age of the web: empirical findings and theoretical speculations. Adm Soc 34(4):411–446

Lynn Jr LE (2001) Globalization and administrative reform: what is happening in theory? Public Manag Rev 3(2):191–208

Neshkova MI, Kostadinova T (2012) The effectiveness of administrative reform in new democracies. Public Adm Rev 72(3):324–333

Rhodes RA (2016) Recovering the craft of public administration. Public Adm Rev 76(4):638–647

Waldo D (1948) The administrative state: a study of the political theory of American public administration. Transaction Publishers, New Brunswick

Walker, RM, Boyne GA (2006) Public management reform and organizational performance: An empirical assessment of the UK Labour government's public service improvement strategy. J Policy Analysis and Manag 25 (20):371–393.

Wamsley GL, Zald MN (1973) The political economy of public organizations. Public Adm Rev 33(1):62–73

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

Wright, V (1994) Reshaping the state: the implications for public administration. West European Politics, 17 (3):102–137

# Bureaucratic Structure

Jarle Trondal
ARENA – Centre for European Studies, University of Oslo, Oslo, Norway
Department of Political Science, University of Agder, Kristiansand, Norway

## Synonyms

Governance: Actual decision-making processes
Bureaucratic structure: A formalized set of role expectations
Organizational capacity: Availability of relevant organizational units and staff
Organizational specialization: The separation of labor within organizations (horizontally and vertically)
Organizational affiliation: Organizational members' level of involvement in organizations (primary, secondary, and so on)

## Definition

Bureaucratic structure: A codified set of *role expectations* specifying *who* is expected to do *what*, *how*, and *when*.

## Introduction

Governance takes place within and through bureaucratic structures (Bevir 2009). Bureaucratic structure provides the resource basis for governments to govern broadly speaking, and also the cement of modern political order and civilized political life (Fredrickson 2005; Fukuyama 2014; Kristof 2016; March and Olsen 2006). This chapter applies an organizational approach to account for how bureaucratic structure shapes governance (see Egeberg et al. 2016). It is argued that bureaucratic structures *intervene* in governance processes, thereby creating a *systematic*

*bias* that makes some process characteristics and outputs *more likely* than others (Gulick 1937; Simon 1965; March and Olsen 1983). An emphasis on bureaucratic structure presupposes a theory of organizations that assumes that ways of organizing affect how organizations and their members think and act (March and Olsen 1983). Structural factors include bureaucratic structure, demography, culture, and location. In this chapter, however, the role of bureaucratic structure is center to the argument. There are at last two important reasons for this choice. First, some of the most promising research findings have been revealed on this factor. Secondly, contemporary scholarship lacks a comprehensive analysis of how organizational structures affect governance (see also chapters on bureaucracy, bureaucratic politics, bureaucratization, bureaucracy and politicians, bureaucratic professionalism in this Encyclopedia).

"Bureaucratic structure" consists of a formalized set of *role expectations* that specifies *who* is expected to do *what*, *how*, and *when*. In this sense, the bureaucratic structure is a *normative* structure that is analytically disconnected from decision behavior or process (Scott 1981). A particular bureaucratic structure may be expressed in an organization chart. Despite a variety of definitions, this chapter defines "governance" as encompassing the multidimensional set of decision-making processes taking place within and between government institutions.

An organizational theory approach may be useful in at least two respects. First, it may add new knowledge on how different bureaucratic structures shape governance processes. Secondly, it may also add practical value for administrative policy. These dual usages of organization theory reflect the old controversy in public administration between seeing it as a "science" for understanding (e.g., Simon) versus a "craft" for organizational design (e.g., Waldo) (Raadschelders 2011: 154). If we observe significant causal relations between elements of the bureaucratic structure and characteristics of governance, this provides a potentially important design instrument. This is so because the bureaucratic structure is relatively open to deliberate design (Gulick 1937; Meier 2010; Egeberg 2012). Yet, processes of organizational change may also be difficult to understand and control. Arguably, though, the more organization designers are informed about the complexity of structural change, the more realistic their design proposals may be.

The next section discusses theoretically how bureaucratic structure can affect governance. The second section presents some empirical illustrations of how bureaucratic structures make a difference in governance behavior. Being a non-substantive theory, an organizational approach as outlined below has a wide application to both public sector organizations and private sector organizations, covering a wide range of organizational forms, such as networks and non-governmental organizations.

## An Organizational Approach

Several mechanisms connect structure and governance. First, "bounded rationality" means that decision-makers are unable to consider all possible alternatives and their consequences (March and Simon 1958; Simon 1965). They therefore need to simplify the world. Organization structure may provide systematic and predictable selection of problems, solutions, and choice opportunities (March and Olsen 1976; Cohen et al. 2012). Thus, officials in a particular organizational unit are expected to consider only certain alternatives and their consequences, while leaving it to other units to consider other problems and effects. Second, organizational structures are incentive systems in which participants may find it rational to act in accordance with their respective role expectations in order to achieve rewards or avoid punishments (Scott 1981). Third, institutions may be seen as collectivities in which role compliance is deemed appropriate (March and Olsen 1989).

Theorizing the structure–governance relationship entails identifying *generic* dimensions of

structure that might affect decision behavior in systematic and predictable ways. In short, we need to "unpack" organizations to identify such dimensions. If one is interested in how structures matter, one has to unpack on the different dimensions of structure (Egeberg 2012). These structural dimensions may include variables like capacity, horizontal and vertical specialization, primary or secondary affiliation, and tight or loose coupling, among others. Such structural dimensions can significantly affect interaction, loyalty, coordination, and information processing.

First, *capacity* should be taken into account (Mathews 2012). Organizational capacity implies the existence of departments, units, or positions devoted to a particular policy area? The idea is that in an information-rich world systematic interest articulation, problem attention and problem solving are highly dependent upon the degree to which such activities are underpinned by organizational capacity.

Second, we should examine how bureaucratic structure is specialized. H*orizontal specialization* entails how work is divided horizontally within or between organizations. Organizational boundaries help to coordinate activities within units but tend to hamper such activities across units. According to Gulick (1937), horizontal specialization may take place by geography (territory), purpose (sector), function (process), or clientele. For example, territorial specialization tends to focus decision-makers' attention along territorial lines of cooperation and conflict and to create policy consistency within geographical units while fostering variation across such units. Sectoral specialization, on the other hand, evokes sectoral cleavages among decision-makers and fuels policy standardization within a particular policy field across territorial units. Moreover, a functionally specialized structure emphasizes the importance of *how* things are handled rather than for what purpose. Thus, a structure signals what kind of expertise is deemed relevant. *Vertical specialization* entails how tasks are allocated vertically within or between organizations. For example, by hiving off regulatory tasks from a ministry to a semidetached agency, one may gain less political interference into agency decisions and/or more involvement of particularly affected interest or user groups. Vertical specialization also characterizes a system of government which spans two or more geographical levels (Hooghe et al. 2016).

Third, bureaucratic structures involve *primary and secondary* structures. A primary structure is a structure within which a decision-maker is expected to use most of his or her time and energy. While a ministry department constitutes a ministry official's primary affiliation, committees or organized networks represent secondary structures since participation is expected to be part-time. Although secondary structures might affect actual decision behavior, the impact is assumed to be significantly less profound than in primary structures (Egeberg 2012).

Finally, bureaucratic structures may be more or less *loosely coupled*. Loose coupling may lead to more anarchical decision processes and thus more surprising results (March and Olsen 1976). By design, "organized anarchy" may represent a route to discovery or innovation, a way of breaking the bonds of groupthink and building bridges across policy domains. It may also be a counterweight to opportunism and corruption. Key characteristics of such governance processes come close to a general understanding of improvisation: the absence of consistent and shared goals, trial-and-error learning, shifting attention, and fluid participation.

## How Bureaucratic Structure Affects Governance (Processes)

This section presents empirical illustrations of how characteristics of bureaucratic structures intervene in governance processes. Assuming that governance is sequenced in stages, the discussion is presented in two stages – the policy-making stage and the implementation stage.

### Policy-Making

Studies show how *horizontal specialization* affects the distribution of information in national government bureaucracies. Organizational borders, e.g., between different ministries, establish semipermeable walls that shape the informational

basis for "silo-thinking." Similar effects are found within international bureaucracies (Trondal 2011). Interministerial information exchange is positively related to officials' rank and to the existence of interministerial committees (secondary structures). A recent study by Kassim et al. (2013: 188–89) illustrates behavioral consequences of horizontal specialization within a supranational bureaucracy, where coordination is much easier within than across bureaucratic units. Through horizontal specialization certain interests and concerns become routinely underpinned by organizational capacity while others may be ignored: A study of the transfer of the European Commission's pharmaceutical unit from DG Enterprise and Industry to DG Health and Consumers showed that the unit's policy focus changed from being biased toward business interests to becoming more attentive to patient and public health concerns. The unit's external environment also changed from being dominated by industry organizations toward being more populated by patient and consumer groups (Vestlund 2015). The relationship between a public bureaucracy and its client groups may also be transformed through merging or dividing departments or agencies.

To illustrate how *horizontal specialization* affects governance, European Union (EU) institutions provide an exciting test bed. One distinction is whether a bureaucratic structure is arranged according to territory or a nonterritorial principle of specialization, such as sector or function. In the case of the EU, an inherited territorially specialized system is reflected in the way the Council of Ministers is arranged. The Council, mainly a legislative body, reflects the territorial composition of the nation-state system, each member state being represented by an executive politician. Studies show, accordingly, that decision-makers mainly upload national preferences, and that patterns of cooperation and conflict tend to follow territorial (national) lines (Naurin and Wallace 2008). By contrast, the European Commission, the EU's main executive body, is basically structured according to sector and function. Executive politicians at the top (commissioners) are in charge of particular sectoral or functional departments (directorates general), and they have the Commission as their primary organizational affiliation. Studies suggest that commissioners behave significantly different from ministers in the Council: sectoral and supranational concerns are considerably more emphasized (Egeberg 2006). At the administrative level, a departmental structure based on sector or function evokes sectoral or functional identities among Commission officials. This seems to hold not only for the European Commission services but also for other international administrations (Trondal et al. 2010), and indeed for public administration in general (Egeberg 2012).

European Commissioners' supranational, or European, orientation reflects their primary organizational affiliation at the EU level. A recent study shows that the primary organizational affiliation of administrative staff in the European Commission toward the EU level explains their supranational role orientation (Trondal et al. 2018).

### Implementation

One first empirical illustration of the implementation stage relates to how *vertical specialization* and *capacity* affect governance processes. Central government bureaucracies can be specialized vertically into separate institutions at the national level, for example, a ministerial (cabinet-level) department on the one hand and a central (subordinated) agency on the other. So-called "agencification" – i.e., the creation of independent agencies at arm's length from ministerial departments – has been a bureaucratic mega-trend during the New Public Management wave (Christensen and Lægreid 2006; Trondal 2014). Studies show that also in this case, policy choices tend to be shaped by the organizational context in which they are made: In contrast to their colleagues in cabinet-level departments, officials in national agencies exercise their discretion in comparative insulation from ongoing political processes at the cabinet level (Egeberg and Trondal 2009a; Bach 2010; Verhoest et al. 2010). They have relatively little contact with the political leadership of the ministry, with other ministerial departments than their "own" and with

parliament. When they exercise discretion, they attach most importance to expert considerations. Agency personnel are also attentive to the concerns of affected interest and user groups. Less weight is assigned to signals from the political leadership of the ministry. In ministerial departments, by contrast, priority is given to signals from the minister (Egeberg and Trondal 2009a). In general, vertical specialization lessens the potential for political steering and control. Studies indicate, however, that this loss of political direction can be partly compensated for by creating *organizational capacity* in the form of a unit in the ministerial department that duplicates work being done in the agency (Egeberg and Trondal 2009a; Verhoest et al. 2010). However, although political salience and ministerial steering over national agencies are positively associated, this does not seem to annul the relationship between agencification – vertical specialization and agency autonomy (Egeberg and Trondal 2009a).

One second example is how *horizontal specialization* affects policy implementation across levels of governance. The first illustration involves governance across levels in a unitary state. Implementation of central government policies may take place through *sectoral* bodies at the regional or local level that are owned by the central government. This arrangement leads to standardized public services and regulations across territories, but, simultaneously, intersectoral coordination and the need for local adaptation of policies may suffer. Studies indicate that the latter effects may be somewhat remedied by establishing *territorially* integrated government offices at the regional level (cf. the French "prefects"). By setting up Government Offices for the Regions (GORs) in the UK, the reformers aimed at improving coordination between the regional offices of Whitehall departments and to meet the demand for a single point of contact. Research shows that GORs led to greater coordination in the regions and became important mechanisms for developing "holistic governance" within regions (Mawson and Spencer 1997; Rhodes 2000). Regional or local *self*-government strengthens the territorial component further, thus increasing the potential for policy coherence within subnational territories, but, at the same time, increasing policy variation across such units. Federalization is a step even further in this direction (Hooghe et al. 2016).

Rules adopted by international governmental organizations (IGOs) are implemented by member states. Thus, implementation is at the outset *territorially* arranged. The EU inherited this model: EU policies, e.g., legislation, are implemented by the member states themselves through the government – ministry – agency chain of command. This leaves considerable variation in implementation practices across member states (e.g., Treib 2008). EU executive bodies, mainly the Commission and EU agencies, do not possess their own bodies at the national level; however, EU bodies have established direct partnerships with national regulatory authorities in charge of implementation, most commonly through networks of agencies working within the same (*sectoral)* policy area (e.g., Eberlein and Grande 2005; Dehousse 1997; Kelemen 2002). In this way, national agencies become "double-hatted" and parts of *two* administrations: a national one *and* a European one (Egeberg 2006; Egeberg and Trondal 2009b). Although national ministries may still be the strongest institutions with regard to influencing agencies' application of EU law, the European Commission and EU agencies also exercise considerable influence. The latter entails more uniform practicing of EU legislation across member states.

A shift from a territorially arranged structure to sectorally structured implementation rests on two institutional requirements: First, agencification and decoupling (*vertical specialization*) at the national level. This has made parts of the bureaucratic structure of national administration available for recoupling to EU-level bodies. Second, the existence of the Commission and EU agencies embodies organizational *capacity* for controlling implementation practices at the national level and for constituting hubs of transnational agency networks. Finally, studies have documented that such networks (*secondary structures*) tend to enhance national agencies' autonomy and power vis-à-vis their parent ministries (Bach and Ruffing 2013; Danielsen and Yesilkagit 2014; Maggetti 2014).

## Conclusion

Contemporary scholarship lacks a comprehensive analysis of the organizational dimension of governance (processes). Despite vast scholarships available both on governance and organization theory, respectively, these strands of research have been in mutual disregard (e.g., Kettl 2002; Olsen 2010). Illustrative, the most recent handbook on governance lacks an organizational approach (Levi-Faur 2012). This chapter has argued that applying organizational theory to governance may be useful in at least two respects. First, it may add new knowledge on how different bureaucratic structures shape governance. Secondly, it may also add practical value for change. If bureaucratic structure affects governance processes in particular ways – as suggested above – these structures may subsequently be "manipulated" to achieve desired goals. In this way, theoretically informed empirical research may serve as an instrumental device for policy change. This chapter has suggested that governance cannot be adequately explained without including the organizational dimension of it and different ways of organizing. The following organizational variables have been suggested as independent variables: organizational capacity, organizational specialization (horizontal/vertical), organizational affiliation (primary/secondary), and organizational coupling (tight/loose).

## References


Bach T (2010) Policy and management autonomy of federal agencies in Germany. In: Lægreid P, Verhoest K (eds) Governance of public sector organizations. Palgrave Macmillan, Hampshire

Bach T, Ruffing E (2013) Networking for autonomy? National agencies in European networks. Public Adm 91(3):712–726

Bevir M (2009) Key concepts in governance. SAGE, Los Angeles

Christensen T, Lægreid P (2006) Agencification and regulatory reforms. In: Christensen T, Lægreid P (eds) Autonomy and regulation. Edward Elgar, Cheltenham

Cohen MD, March JG, Olsen JP (2012) A garbage can model at forty: a solution that still attracts problems. In: Lomi A, Harrison R (eds) The garbage can model of organizational choice. Bingley, Emerald

Danielsen OA, Yesilkagit K (2014) The effects of European regulatory networks on the bureaucratic autonomy of national regulatory authorities. Public Organ Rev 14:353–371

Dehousse R (1997) Regulation by networks in the European Community: the role of European agencies. J Eur Publ Policy 4(2):246–261

Eberlein B, Grande E (2005) Beyond delegation: transnational regulatory regimes and the EU regulatory state. J Eur Publ Policy 12(1):89–112

Egeberg M (ed) (2006) Multilevel Union administration. Palgrave Macmillan, Houndmills

Egeberg M (2012) How bureaucratic structure matters: an organizational perspective. In: Guy Peters B, Pierre J (eds) The SAGE handbook of public administration. SAGE, London

Egeberg M, Trondal J (2009a) Political leadership and bureaucratic autonomy. . Effects of agencification. Governance 22(4):673–688

Egeberg M, Trondal J (2009b) National agencies in the European administrative space: government driven, commission driven, or networked? Public Adm 87(4):779–790

Egeberg M, Trondal J, Gornitzka Å (2016) Organization theory. In: Ansell C, Torfing J (eds) Handbook on theories of governance. Edward Elgard, Cheltenham

Fredrickson HG (2005) What happened to public administration? Governance, governance everywhere. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Fukuyama F (2014) Political order and political decay. Farrar, Straus and Giroux, New York

Gulick L (1937) Notes on the theory of organizations. With special references to government in the United States. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, Columbia University, New York

Hooghe L, Marks G, Schakel AH, Niedzwiecki S, Osterkatz SC, Shair-Rosenfield S (2016) Measuring regional authority. Oxford University Press, Oxford

Kassim H, Peterson J, Bauer MW, Connolly S, Dehousse R, Hooghe L, Thompson A (2013) The European Commission of the twenty-first century. Oxford University Press, Oxford

Kelemen RD (2002) The politics of "eurocratic" structure and the new European agencies. West Eur Polit 25(4): 93–118

Kettl DF (2002) The transformation of governance. The John Hopkins University Press, Baltimore

Kristof N (2016, Friday, Mar 18) "Big government" looks great from here. International New York Time

Levi-Faur D (2012) From "big government" to "big governance". In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford

Maggetti M (2014) The rewards of cooperation: the effects of membership in European regulatory networks. Eur J Polit Res 53(3):480–499

March JG, Olsen JP (1976) Ambiguity and choice in organizations. Scandinavian University Press, Bergen
March JG, Olsen JP (1983) The new institutionalism: organizational factors in political life. Am Polit Sci Rev 78(3):734–749
March JG, Olsen JP (1989) Rediscovering institutions. The Free Press, New York
March JG, Olsen JP (2006) Elaborating the "new institutionalism". In: Rhodes RAW, Binder SA, Rockman BA (eds) The Oxford handbook of political institutions. Oxford University Press, Oxford
March JG, Simon HA (1958) Organizations. Wiley, Chichester
Mathews F (2012) Governance and state capacity. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford
Mawson J, Spencer K (1997) The origin and operation of the government offices for the English regions. In: Bradbury J, Mawson J (eds) British regionalism and devolution. Jessica Kingsley, London
Meier KJ (2010) Governance, structure, and democracy: Luther Gulick and the future of public administration. Public Adm Rev 70(1):284–291
Meyer JW, Frank DJ, Hironaka A, Schofer E, Tuma NB (1997) The structuring of a world environmental regime, 1870-1990. Int Organ 51(4):623–651
Naurin D, Wallace H (eds) (2008) Unveiling the Council of the European Union. Palgrave Macmillan, Houndmills
Olsen JP (2010) Governing through institution building. Oxford University Press, Oxford
Raadschelders JCN (2011) Public administration. The interdisciplinary study of government. Oxford University Press, Oxford
Rhodes RAW (2000) The governance narrative: key findings and lessons from the ESRC's Whitehall programme. Public Adm 78:345–363
Scott WR (1981) Organizations. In: Rational, natural, and open systems. Prentice Hall, Englewood Cliffs
Simon HA (1965) Administrative behavior. Free Press, New York
Treib O (2008) Implementing and complying with EU governance outputs. Living Rev Euro Govern 3(5) http://www.livingreviews.org/lreg-2008-5
Trondal J (2014) Agencification. Public Adm Rev 74(4): 545–549
Trondal J, Marcussen M, Larsson T, Veggeland F (2010) Unpacking international organizations. Manchester University Press, Manchester
Trondal J, Murdoch Z, Geys B (2018) How pre- and post-recruitment factors shape role perceptions of European Commission officials. Governance 31(1): 85–101
Verhoest K, Roness PG, Verschuere B, Rubecksen K, MacCarthaigh M (2010) Autonomy and control of state agencies. Palgrave Macmillan, Houndmills
Vestlund NM (2015) Changing policy focus through organizational reform? The case of the pharmaceutical unit in the European Commission. Public Policy Adm 30(1):92–112

# Bureaucratic Structure Hypothesis

Hideki Sato
International College of Arts and Sciences, Department of International Liberal Arts, Fukuoka Women's University, Fukuoka, Japan

## Synonyms

Bribery; Collusion; Extortion

## Definition

Abuse of public power for private gain.

## Introduction

Corruption (i.e., abuse of public power for private gain) is a problematic issue worldwide, but its corrosive effects are particularly prevalent in developing countries. This is true in areas including economic growth (Mauro 1996, 1998), income inequality (Gupta et al. 1998), tax revenues (Ghura 1998), and child mortality rates (Gupta et al. 2000). Policies effective for reducing corruption therefore need to be pursued.

In addressing this, Quah (2007) separates policies implemented in Asia into three categories. First are cases wherein anti-corruption laws have been enacted but no department or body exists to enforce them. Second are when anti-corruption laws have been enacted and there is a department to enforce them, but the bodies are not independent. Third are cases wherein anti-corruption laws have been enacted and an independent administrative body enforces them.

Singapore's Corrupt Practices Investigation Bureau (CPIB) and Hong Kong's Independent Commission Against Corruption (ICAC) are seen as successful examples of administrative bodies specializing in corruption countermeasures. However, developing countries suffering from rampant corruption, and in looking to

emulate and establish similar bodies, require the national resolve to fight corruption and need adequate budgets for such bodies to be run sustainably. That is not necessarily easy in countries with vulnerable governance and low incomes.

Against this backdrop, what options are available as anti-corruption measures, apart from establishment of an independent administrative body? This question is our motivation for writing this article.

We propose it would be effective to reform the way public servants work. We illustrate this using the case in which there are several tax offices in a region, each holding jurisdiction over particular districts.

In normal circumstances, personnel are employees of their respective tax offices and carry out their work there. As an alternative, we propose that enabling personnel specializing in a standardized task (e.g., receiving tax returns, handling matters related to tax audits) to work on their own task in any tax office would be an effective anti-corruption measure. In this situation, once a staff member completes his or her task (e.g., receiving tax returns), a separate staff member carries out his or her different task (e.g., auditing tax returns). Consequently, different tasks are not performed in parallel at a particular tax office.

This reform is aimed at building a system in which different staff members carry out a series of tasks sequentially and is similar to factory mass production lines. In an administrative context, government offices are situated in each region and carry out the same procedures; therefore a trans-district task production line can be created. In this article, we hypothesize a region with widespread corruption. This is to illustrate how using these reforms could reduce the scale of corruption.

Copious and diverse research has previously been carried out on economic theory on corruption. Rose-Ackerman (2007) and Rose-Ackerman and Søreide (2011) are thought to be the most recent and most comprehensive surveys. Basu et al. (1992), Bac (1996a, b), and Carrillo (2000) are among the studies that from a theoretical standpoint support the effectiveness of independent administrative bodies. However, no studies, as in this article, take the viewpoint of arranging responsibility for ordinary tasks in a region composed of multiple jurisdictions.

The following section sets out the model applied herein, while section "Benchmark" analyzes the case in which personnel in charge of a series of tasks are competitively bribed. Section "Task Structure" analyzes the case in which personnel share responsibility for a series of tasks. Finally, section "Conclusion" covers the implications of the results.

## Model

Many people are permanent residents of one particular district. Below, the population of this district is normalized to 1. There is one local government head, $O$, holding administrative jurisdiction for the region inclusive of the district and who manages two personnel, represented as $O_1$ and $O_2$; all three are assumed to be corruptible.

$O_1$ and $O_2$, both being corrupt, take bribes from residents. When a bribe is paid to one, the other also requests a bribe; thus, the district residents are able to obtain the gain $g \in [0, G]$ only by paying bribes to both $O_1$ and $O_2$.

$O_1$ and $O_2$ are assumed to be informed of the distribution of $g$ through their experience working in the region. For simplicity, we assume $g$ follows the uniform distribution on the interval [0, G].

Now, certain residents' willingness to pay bribes is represented as $b$; in cases where $g \geq b$ ($g < b$), those residents will have (not have) an incentive to pay bribes. Because we assume $g$ follows the uniform distribution on [0, G], the proportion of district residents with an incentive to pay bribes (or the rate of certain residents to pay bribes) is shown as $(G - b)/G$.

In the model set out herein, it is assumed the bribery of $O_1$ and $O_2$ will definitely occur as long as the residents have an incentive to pay bribes. However, if the same residents bribe the local government head, $O_1$ and $O_2$ will not be bribed. On this point, we assume an implicitly complicit relationship between personnel of the local government head, in the sense $O_1$ and $O_2$ use portions of the bribes they each receive to bribe $O$.

An administrative procedure has a series of tasks. The focus of analysis herein is to clarify whether instituting those tasks into a system, where separate members of staff carry them out sequentially, is effective in reducing corruption.

As a benchmark, the following section calculates the scale of corruption in the case in which $O_1$ and $O_2$ perform tasks at the same time. Then, in section "Task Structure," this scale is compared with the scale of corruption for the case in which $O_1$ and $O_2$ sequentially carry out a series of tasks.

## Benchmark

We analyze the case in which $O_1$ and $O_2$ are each responsible for a series of tasks. Here, personnel are assigned to each administrative district. Because a complicit relationship exists between assigned personnel and the local government head, personnel $O_j, j = 1,2$ hand over $s$ proportion of bribes to the local government head. The bribes given to $O_j$ are represented by $b_j$, and the payoff made by personnel $O_j$ is represented by:

$$\prod_j = (1 - s)b_j(G - b_1 - b_2)/G, j = 1,2. \quad (1)$$

This defining equation means the proportion of bribers in the entire resident population is determined by the total amount of bribes paid, and each staff member will receive bribes from that proportion of residents. Each staff member will then split the bribes received from residents with the local government head in accordance with the proportion determined in advance.

Using Eq. (1), the best response function of $O_j$ can be obtained as:

$$BR_j(b_i) = (G - b_i)/2, i,j = 1,2; j \neq i \quad (2)$$

Using the best response functions of $O_1$ and $O_2$ together, then, in the Nash equilibrium, the amounts of bribes for $O_1$ and $O_2$ will both be $G/3$.

By using these results, we find the proportion of residents in the district with an incentive to pay a bribe is 1/3, and the bribes paid will total $2G/9$.

## Task Structure

We analyze the case in which $O_1$ and $O_2$ sequentially carry out a series of tasks. Here, rather than personnel being employees of specific districts, each has his or her own task. Given that each district will have a government office at which the same type of procedures is carried out, $O_1$ and $O_2$ are able to perform their tasks across the districts. That is, as shown in Fig. 1, after $O_1$ completes Task 1 in a certain district, $O_1$ then moves to a different district to complete the same task. $O_2$ then comes to the district $O_1$ was in to carry out Task 2. Task 1 and Task 2 form a series of tasks so that sequentially $O_2$, having completed Task 2, will then move to the subsequent district after $O_1$ has completed Task 1. In this way, a trans-district task work process takes place.

Seen in this type of work process is that $O_1$ and $O_2$ are, respectively, assigned to a cross-district task level, wherein they carry out their tasks as part of a multilayered structure. In this structure, the point where each is apportioned part of the task series is the point at which sequential order is created within the tasks. In manufacturing, this is known as turning a series of tasks into a production line.

In this context, $O_1$ is seen as the first mover, while $O_2$ is the second mover. When this is so, the payoffs of leader $O_1$ are the case of $j = 1$ in

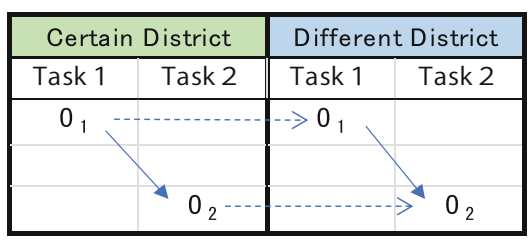


**Bureaucratic Structure Hypothesis, Fig. 1** Multilayered task structure

relation to Eq. (1), and the best response function of $O_1$ is:

$$BR_1(b_2) = (G - b_2)/2 \quad (3)$$

Substituting into the payoffs of the second mover $O_2$ (i.e., the case of $j = 2$ in Eq. (1)), we obtain the following:

$$\prod_2^* = b_2(1 - s)(G - b_2)/2G \quad (4)$$

Calculating $b_2$ maximize Eq. (4), we find $b_2^* = G/2$. Substituting this into Eq. (3), we find $(b_1^*, b_2^*) = (G/4, G/2)$ as the Nash equilibrium.

With the total bribery in the Nash equilibrium being $3G/4$, the proportion of all district residents with an incentive to pay a bribe is 1/4, while the bribes paid amount to $3G/16$. A comparison of these results with the benchmark case (i.e., wherein the proportion of all district residents with an incentive to pay a bribe is 1/3, while the bribes paid total $2G/9$) shows that reforms to the task structure could lower bribery incentives and reduce the amounts of bribes paid.

To summarize the results obtained in this section:

**Proposition 1** With a task structure arrangement wherein, providing $O_1$ and $O_2$ work sequentially, the incentive for bribery decreases, as does the scale of corruption.

## Conclusion

This article illustrates it is possible to ameliorate corruption-related problems in regions with rampant corruption through structural reforms of the working practices of personnel. That is, we looked at regional administration split geographically and showed that a structural conversion, from a structure wherein personnel employment is separate within each jurisdiction, to one in which personnel specialized in specific tasks (whether simple or expert) are able to move among jurisdictions for that task, is an effective anti-corruption measure.

The effectiveness of this approach is based on carrying out tasks sequentially rather than simultaneously. Sequential execution of tasks is also possible without moving individual personnel among districts. However, if all personnel were to carry out their tasks only in one specific district, there is still potential for them to collude to receive bribes even if they carry out their tasks sequentially. Therefore, personnel movement costs need to be sufficiently restrained as personnel execute tasks sequentially while also preventing their collusion in pursuit of bribes.

To that end, value can be seen in making the geographical regions around which individual personnel move as compact as possible by adding public offices and increasing staff (including appointment of civilians).

## References


Bac M (1996a) Corruption and supervision costs in hierarchies. J Comp Econ 22(2):99–118

Bac M (1996b) Corruption and supervision and the structure of hierarchies. J Law Econ Org 12(2):87–96

Basu KS, Bhattacharya S, Mishra A (1992) Notes on bribery and control of corruption. J Public Econ 48(3):349–359

Carrillo JD (2000) Corruption in hierarchies. Ann Econ Stat 59:37–61

Ghura D (1998) Tax revenue in sub-Saharan Africa: effects of economic policies and corruption. IMF working paper, 98/135

Gupta S, Davoodi H, Alonso-Terme R (1998) Does corruption affect income inequality and poverty? IMF Working Paper, 98/76

Gupta S, Davoodi H, Tiongson E (2000) Corruption and the provision of health care and education services. IMF Working Paper, 00/116

Mauro P (1996) The effects of corruption on growth, investment, and government expenditure. IMF Working paper, 96/98

Mauro P (1998) Corruption and the composition of governments expenditure. J Public Econ 69:263–279

Quah JST (2007) Anti-corruption agencies in four Asian countries: a comparative analysis. Int Publ Manag Rev 8(2):73–95

Rose-Ackerman S (ed) (2007) International handbook on the economics of corruption. Edward Elgar, Cheltenham vol 1

Rose-Ackerman S, Søreide T (eds) (2011) International handbook on the economics of corruption, vol 2. Edward Elgar, Cheltenham

# Bureaucratic Structure Hypothesis, The

Juliana Abagsonema Abane[1] and
Ernest Yeboah Asamoa[2]
[1]Department of Management Studies, University of Mines and Technology, Tarkwa, Ghana
[2]Rising Sun Montessori School, Sakunmono, Accra, Ghana

## Synonyms

Bureaucratic principles; Bureaucratic structure; Ideal bureaucracy; Legal-rational; Organizational structure; Weberian bureaucracy

## Definition

The ideal bureaucracy is hypothesized by Max Weber to lead to efficiency and effectiveness in organizations. Max Weber proposes the concept of bureaucracy in a context in which he considers rationalization of society as inevitable (Pollitt 2008), causing a growing impersonality in the social relationship, disenchantment of the world. However, a possible downside of this rationality-driven world is the creation of an "iron cage," trapping man in a mundane, routinized environment (Rønningstad 2015, p. 5).

The bureaucratic structure hypothesis is the link between the six main principles of the ideal model to organizational effectiveness and performance. Max Weber believed that proper structuring of an organization with the core principles of bureaucracy, formalization, centralization, and authority or hierarchy would give organization leadership a sense of direction and control.

## Introduction

Wilson (1975) and Samier (2013, p. 901) observe that the term "bureaucracy" means many things to different people. This may lead to what has been termed as "the bureaucracy problem" (Wilson 1975). To Wilson:

> Max Weber, after all, warned us that in capitalist and socialist societies alike, bureaucracy was likely to acquire an "overpowering" power position. Conservatives have always feared bureaucracy, save perhaps the police. Humane socialists have frequently been embarrassed by their inability to reconcile a desire for public control of the economy with the suspicion that a public bureaucracy may be as immune to democratic control as a private one.

Samier (2013, p. 904) provides a very important observation. Max Weber who seems to be one of the most important proponents of bureaucracy seemed also to be one of its greatest critics. According to Samier, Max Weber (1930) saw that the emphasis on legal-rational values and thinking "would create people and organizations that would lose connection with other values such as affect, tradition, and higher-order values, leading to disenchantment, and an iron cage of modernity." Similarly, Serpa and Ferreira (2019, p. 12) argue that bureaucracy, in general, is associated with very negative features of organizations, such as delays in operation, action centered on opaque standards, excessive requests for documentation, or even countless difficulties in meeting users' or customers' requests. Four themes are explored in the remainder of the entry.

## The Bureaucratic Structure

Robertson (2004, p. 46) defines bureaucracy as a way of organizing human institutions to ensure impersonal effectiveness. To achieve this, a hierarchical structure is adopted; this structure has the shape of a pyramid with authority emanating from top to down. Rønningstad (2015, p. 4) asserts strongly that hierarchy and defined structure are assets for bureaucratic organizations, making them coordinated and precise, while minimizing unnecessary use of resources is key to organizational effectiveness.

Stevenson (1986, p. 308) posits that the use of structure has become necessary in recent times as a result of limitations and failings of individuals and not for the subordination and control of

employees. Six characteristics can be understood as structural ideal types facilitating a rational organization with a focus on hierarchy, formalization, rules, structuring, and regular activities (Rønningstad 2015, p. 5).

Furthermore, hierarchical organization and line management are seen as key to solving problems of accountability. The hierarchical structure was adopted to maintain the conceptualization of bureaucrats as subservient agents.

## Theoretical Approach of the Bureaucratic Structure Hypothesis

Grdešić (2016, p. 787) defines bureaucracy as "the class of professional managers" but also "the system of social and political relations in which the main role is played by the bureaucracy," as well as the "type of activity of the bureaucracy itself" (Grdešić 2016, p. 787). Bureaucracy is a self-organizing entity, and thus, bureaucrats who are self-sufficient, secure, and psychologically developed understand that intangible liberty comes before tangible freedom. To feel further liberated, not because there is an inadequacy but because it makes for personal happiness, this bureaucrat would be likely to employ non-corrupt intentions (Imam 2014).

## The Rational Approach

Selznick (1943, p. 50) and Hilbert (1987, p. 70) support the rational approach of Weber to structuring in organizations. Weber's main interest was in the development of rational bureaucratic behavior as a break from the ties of seignorial leadership setup under the feudal system. A Weberian approach more likely treats bureaucracy as a belief in the rationality of organized action than as a macro-entity that empirically displays that rationality for sociology. Legal-rational authority follows formalized rational rules, procedures, and laws as the basis for transforming modern organizations.

Furthermore, it assumes that actual bureaucratic behavior never conforms with the bureaucratic model, not only because the model is an ideal type but also because it is a subjective type. In tune with this assertion, Rønningstad (2015, p. 5) quotes Weber in the following:

> This system based on the rationality of instructions illustrates how the instrument of bureaucracy can be used for good or bad; the bureaucracy is dependent on good instructions to do good work, just like a hammer is dependent on a steady hand not to hurt the thumb. This is not to say that this is the best system for society, but is the best system for getting things done, and it is prevalent because it is the most rational way of organizing. Instead of an organization being ruled by a dominant master, it is ruled by rationality, and the bureaucratic organization is the best vehicle for delivering this rationality. (Weber 1991)

Bureaucracy is the most typical example of legal domination. This can be attributed to the fact that bureaucrats are rational agents, willing, and able to act in their interests (Serpa and Ferreira 2019, p. 14). However, the approach has its limitations. The limitations include (1) exploitative tendencies of bureaucrats because of information asymmetry; (2) multi-principal problem may emerge where bureaucrats ignore voices of reason and listen to self-interested elected officials; (3) the approach assumes actors are responsive without recognizing that bureaucracies are not monolithic and contain a wide range of values; and (4) public bureaucracies can increase the hierarchical structure which may complicate goals (Serpa and Ferreira 2019, p. 14; Stevenson 1986, p. 308).

## The Bureaucratic Hypotheses

Six main hypotheses can be related to bureaucracy. A hypothesis is just an educational guess, which predicts the outcome of a phenomenon or an event. These hypotheses are drawn from six principles spelled out by Weber in his ideal bureaucracy. The motive is that these principles if adhered to by bureaucrats will lead to greater efficiency and effectiveness (Serpa and Ferreira 2019, p. 15). However, these hypotheses are not the Holy Grail. They have underlying deficiencies which are discussed with each hypothesis.

The first hypothesis is that a planned division of labor leads to effectiveness and efficiency. To effect the division of labor, regular tasks are assigned as official duties, the authority to command others is distributed stably and is strictly determined by rules about coercion, and provision is made for the regular and continuous fulfillment of task (Haveman and Klutz 2016, p. 1). The difficulty with this hypothesis arises when a strict division of labor overlooks the ability and creativity of the bureaucrats to innovate. Some bureaucrats can multitask effectively and efficiently which in the end can help reduce cost and enhance the effectiveness and efficiency of the bureaucratic system. However, a division of labor would not allow them to multitask or even overlap their functions in exigencies.

The second hypothesis is a hierarchy of authority in which power and information flow from top to bottom will enhance the efficient operations of an organization. This requires an established system of superordination and subordination. The hierarchy culminates with a single bureaucrat at the top; it is thus a "mono-critical" structure (Haveman and Klutz 2016, p. 1). The hierarchical structure only functions in simple, mechanistic, and closed systems. Systems, which are complex and open, will be ineffective as hierarchical structure fails to take into account the importance of informal organizations within formal organizations. Samier (2013, p. 904) critiques that bureaucracy maintains the class structure.

The third hypothesis is that formalization and documentation are closely linked to the efficiency and effectiveness of the use of organizational resources. The formalization of rules, regulations, and procedures demands bureaucrats to document each work process without using personal discretion in the discharge of their duties. Thus, bureaucrats are therefore required to be functionally upright rather than personally involved in their positions. In effect, the principles of "impersonal of interpersonal" relations must be seen to be operating. Another example could be the hiring and promotion practices of organizations must be explicit without any form of ambiguity. This hypothesis similarly leads to the emphasis on paperwork to the neglect of "pragmatic solutions" and innovation because everything in this bureaucratic structure is rule-bound and does not necessarily lead to effectiveness. As a result, this type of structure is time-consuming, higher costs and more efforts are the major output of the system, of which the product is red-tapism.

The fourth hypothesis is that selection of bureaucrats based on qualification and competency makes the bureaucracy efficient. Task performance is characterized by specialization in training. Performing their jobs competently requires bureaucrats to possess specialized knowledge and skills, which in turn requires specialized training or education, certified by passing special exams. However, the emphasis on qualification based on specific examination downplays talent. Nonetheless, there are many organizations, for instance, Ernst and Young Auditing firm, that employ talents without certification and such people excel in their task performance. Here talent rather than qualification is used in selecting competent employees.

The fifth hypothesis is that job tenure or security of employment will retain institutional memory, which will provide stability in organizational effectiveness. Consequently, bureaucrats use all their time and energy to undertake tasks related to the bureaucracy, and they will be committed to the organization's health and performance due to job security. Haveman and Klutz (2016, p. 1) observed that bureaucrats are expected to devote time to work to protect the public interest while subordinating their interest. The emergence of performance-based contracts and agreements signifies that this hypothesis will not always be fit for ensuring effectiveness and efficiency in an organization either in the public bureaucratic system or in private organizations.

The sixth hypothesis is that management-based centralization of authority brings efficiency and effectiveness. Decision-making emanates from the top management structure to the lower parts of the structure. Management decisions are based on rules and instructions resulting from specialized knowledge in the vertical relationship provided by the bureaucratic structure. However, this stalls innovation and creativity in organizations because lower-level officers have little input

into decisions and policies that affect their task performance. This may lead to inefficiency since coordination is sometimes difficult to undertake in very large organizations. Although there is horizontal decentralization within a bureaucratic structure, the presence of differentiation on functions and departments may slow decision-making in emergencies.

Meier and Compton (2017, p. 1) believe that bureaucracies have developed fewer structures of hierarchy, networks, clear goals, and privatization. Also, bureaucracies play a representative role; however, when they face challenges in material resources, representation of minority interests, and loss of public trust, they become affected. Stevenson (1986, p. 308) agreed that formal structures are created, maintained, and eliminated in the name of the efficient accomplishment of organizational goals. Thus, organizational goals need to be spelled out clearly always.

However, bureaucratic "failures" of efficiency, effectiveness, or responsiveness can also be linked to lack of adequate resources, ambiguous goals, and lack of autonomy to exploit comparative informational advantages (Meier and Compton 2017, p. 4).

## Functions of the Bureaucratic Structure Hypothesis

The bureaucratic hypotheses function in several ways. Firstly, a division of labor ensures that there exists as part of the bureaucracy a human resource focused on specific tasks and is capable of delivering the policy goals and outcomes of the system. The ability to deliver goals makes the system effective and efficient.

Secondly, Labolo (2013, p. 166) asserts that a hierarchical system is needed to get the most out of the flow of power in society which is the ultimate goal. This signifies that goals are set by those in authority at the top, while implementation is done by those below the hierarchy, leading to organizational effectiveness.

Thirdly, formal documentation functions as the memory of the bureaucratic system. This ensures that records and systems for keeping data and information are well developed. This also enhances impersonality, which could lead to social justice. There is also a reduction in corruption because of clear records and procedures.

Fourthly, the selection of bureaucrats based on specialized skills and technical skills brings greater goal attainment and efficiency. This ensures that people who possess certain abilities occupy certain parts of the system, which promotes professionalism as well.

Fifthly, the other function of the bureaucratic hypothesis is that of unparalleled commitment. This is derived from the hypothesis that full-time employment and job security can improve organizational performance. This can be achieved when remuneration and incentives are provided to bureaucrats to make them focus entirely on their tasks.

Sixthly, there is clarity in standard procedures and it limits the use of discretion. The documentation and writing down of rules ensure that effectiveness and efficiency are achieved by decreasing ambiguity and conflict of rules, regulations, and bureaucratic pronouncements.

## Conclusion

Weber (1947) developed six main hypotheses to provide an understanding of how organizations could be structured to ensure the efficient and effective use of resources. As a result, the bureaucratic structure emerges as an ideal model in most organizational forms, especially in the public domain. Although the hypothesis has provided insight into the effectiveness of organizations, it provides little room for how organizations could be creative and innovative in times of rapid change. Consequently, the bureaucratic structure provided by Weber can only be effective and efficient in a stable environment since it is mechanistic in its outlook and implementation, thereby making its application very rigid and rule-bound. However, the hypothesis is deficient because, in highly turbulent times such as the emergence of the COVID-19 pandemic, nations and institutions have failed to adhere to strict bureaucratic

principles by becoming more flexible in the flow of work and reporting systems.

## Cross-References

▶ Bureaucratic Autonomy
▶ Bureaucratic Machine, The
▶ Structure of Bureaucratic Decisions

## References

Grdešić M (2016) Serbia's anti-bureaucratic revolution as manipulation? A cultural alternative to the elite-centric approach. Comp Stud Soc Hist 58(3):774–803. https://doi.org/10.1017/S0010417516000359
Haveman HA, Klutz D (2016) Bureaucracy. Palgrave Macmillan, London. https://doi.org/10.1057/978-1-349-94848-2_534-1
Hilbert AR (1987) Bureaucracy as belief, rationalization as repair: Max Weber in a post-functionalist age. Sociol Theory 5(1):70–86
Imam A (2014) Non-corrupt intention in absolute liberty: deductive inference from a freedom and liberty-driven culture of corruption in a hypothetical bureaucracy. Adm Theory Praxis 36:125–132. https://doi.org/10.1080/10841806
Labolo M (2013) Characteristic of Weber bureaucracy and its relevance in Indonesia. Asian Soc Sci 9(2). https://doi.org/10.5539/ass.v92p163
Meier KJ, Compton EM (2017) Bureaucracy to post-bureaucracy: the consequences of political failures. In: Oxford research encyclopedia of business and management. Oxford University Press, Oxford
Pollitt C (2008) Bureaucracies remember, post-bureaucratic organizations forget? Public Adm 87(2):198–218. https://doi.org/10.1111/j.1467-9299.2008.01738.x
Robertson D (2004) The Routledge Dictionary of Politics, 3rd Ed, p.46. London: Routledge
Rønningstad CA (2015) Finding bureaucracy: are managers in public administrations more bureaucratic in their attitudes toward structure and values than managers in private enterprises? The University of Oslo, Oslo. http://www.duo.uio.no/
Samier EA (2013) Bureaucratic theory: myths, theories, models, critiques. In: Brown G, Lara-Alecio R, Irby BJ (eds) Handbook of educational theories. Information Age Publishing, Charlotte
Selznick P (1943) An approach to a theory of bureaucracy. Am Sociol Rev 8(1):47–54
Serpa S, Ferreira MC (2019) The concept of bureaucracy by Max Weber. Int J Soc Sci Stud 7(2):12–18. https://doi.org/10.11114/ijsss.v7i2.3979
Stevenson WB (1986) Change in the structure of bureaucracy: a longitudinal analysis. Sociol Perspect 29(3):307–336
Weber M (1930) The Protestant Ethic and the Spirit of Capitalism. London: Unwin Hyman
Weber M (1947) The theory of economic and social organizations (trans: Henderson AM, Parsons T, ed: Parsons T). Oxford University Press, Oxford
Weber M (1991) From Max Weber: essays in sociology. Routledge, London
Wilson QJ (1975) The bureaucracy problem. Public Interest 41:77–103

# Bureaucratization and Service Delivery in Nigeria

Ikechukwu Ogeze Ukeje[1], Udu Ogbulu[2], Onyema Ugwu Eze[3], Raphael Abumchukwu Ekwunife[4], Obi Yves-Mary Virginia[5] and Obasi Victoria Ugochi[1]
[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State, Nigeria
[2]Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria
[3]Political Science Department, Ebonyi State University, Abakaliki, Nigeria
[4]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Nigeria
[5]Public Administration Department, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria

## Synonyms

Bureaucracy; Bureaucratic pathologies; Nigeria; Politics/administration; Public service delivery

## Definitions

| | |
|---|---|
| Bureaucracy | A body of nonelective government officials or an administrative policy-making group. |
| Bureaucratization | Increased controls, and adherence to rigid procedures, and attention to every detail in the management of an |

| | |
|---|---|
| | organization (bureaucracy). "The combined organization structure, procedures, protocols, and sets of regulations in place to manage activity, usually in large organizations." |
| Service delivery | Process of delivering service to the public/client. |

## Introduction

Provision of essential public services through implementation of government's programs and policies is the core object of public bureaucracy. But whether (and the extent to which) the service production and delivery conforms to ethical standard and guarantees citizens' satisfaction is subject to bureaucratic environment. Public bureaucracy must function well to enable an effective and efficient service delivery system. The effective functioning of government bureaucracies entails available and accessible incentives for the autonomy of the bureaucrats. However, to have a good deal of discretion in decision-making entrusted to bureaucrats, they must have the professional ethics. Literature on bureaucratization and service delivery, particularly the Nigerian bureaucracy, has not done much to seriously conceive bureaucratization as action taken toward increased controls and adherence to rigid procedures in ensuring citizens' satisfaction.

The relationship between bureaucratization and service delivery is one of linearity: the former is the latter's shadow. The bureaucrats' neutrality, autonomy, and impersonality of social relationships enhance citizen-oriented service delivery because they are believed to possess the technical competence to implement policies and programs for which a given regime takes either credit or reprimand. Interestingly, the critical role of bureaucratization in service delivery is crucial for national development. Strong bureaucracies and institutions of a country are the prerequisites for delivery of goods and services (Ibietan and Oni 2013); therefore, bureaucratic structure, procedures, protocols, and sets of regulations must be in place and strictly enforced.

Public service is two pronged: service by "generality" of the people and for the good of majority of the people. By generality we mean affairs of the people are directed directly by the people or through representatives or appointees of the people. The representatives, however, could be drawn from the private circles. But the sweeping question is whose interest is served? There is a gradual shift from the literal conception of public service matter. This underlying assumption has created the public service principle-practice conflict; and the notion of "continuity" and "change" is fading away. The principle of competent neutrality no longer prevails but the will of the person in position of political authority, reversing quality of output. When the principles are susceptible to the whims and caprices of changing government, stability and progress decrease.

Successive Nigeria governments since the 1960s have continually engaged in seemingly unending political fora and constitutional and economic debates including religious punditry in a somewhat national effort to decipher and determine ways and means to control, institute, and entrench effective, efficient, responsive, and accountable public service system in Nigeria. This is premised on the fact that good and responsible government is the product of efficient, responsive, and accountable public management that is not only legitimate and democratic but essentially citizen-focused. The essence of governance is therefore not for its own sake but instituted and constituted by the people and for the service of the people (Offu et al. 2018, p. 3). Nigeria public service is not isolated from pervasive bureaucratic quagmire, public disservice, overriding political impunity, rentierism, cronyism, and incongruent poor gross domestic products inherent in government businesses.

Although the essence of bureaucracy is to manage large organizations to achieve efficiency and become more accountable to the citizens, it had long ago been arguably settled that the bureaucrats work for ministers (politicians) of the day, not in the public interest. Evidence from Nigeria attests to this. In the words of Offu et al. (2018), "Nigeria public service was more of a shadow and pariah public service than a responsive, popular, and professional service and for

many years and under different political regimes – civil and military, public governance in Nigeria was ineffective, unpopular and counterproductive in many respects."

The bureaucratization procedures, rules, and policies guiding the employment of civil servants in Nigeria are entrenched in the public service rules (Revised to January 1, 2000) including methods and bodies responsible for that. Section 2 of Chapter 2 of the public service rules deals with recruitment, specifying, equally, the types of employment, probation, eligibility, and procedure including compensation, insurance, health and safety, training, overtime, and reward for outstanding work. However, the new public service approach as proposed by Denhardt and Denhardt (2000) focused on citizen's service delivery oriented, and interest satisfaction, but have not controlled the "interest sharing" and the internal ethos of the policy implementers through a top-down policy making and service delivery mechanisms. Denhardt and Denhardt (2000) observed that the New Public Management (NPM) has weakened the principle of coherence due to the fragmentation of policy and service delivery "across multiple agencies and multiple interest" in bureaucracy and service providers (Denhardt and Denhardt 2000). The study revealed that the federal character principle introduced in Nigeria public bureaucracy as a merit-based approach in a multicultural setting has intensified the consciousness of ethnic cleavages; it was intended to address despite the fact the 1999 constitution of the Federal Republic of Nigeria recognized the imperative of federal character to Nigeria's administrative system to attain national unity and public service performance (Idike et al. 2019). Factors adduced include mode of appointment, recruitment, transfer, promotion, etc. Hence, the deteriorating bureaucratic professionalism and the dangerous ramifications for citizen-bound service delivery justify the idea of bureaucratization as an important instrument in Nigeria, since "bureaucrats operate in a multi-tasking environment" (Rasul and Rogger 2015).

This entry, therefore, aims at highlighting challenges of bureaucracy in service delivery, specifying and elaborating on ways of strengthening the Nigeria's bureaucratic practice from the standpoint of bureaucratization. The entry also proceeds from the Friedrich and Finer debate whose contributions underpin bureaucratization idea. Next is the making and functioning of Nigerian bureaucracy from 1966 to 1999, followed by reforms and the trend of Nigerian bureaucracy from 1999 to 2018; complementarity of bureaucratic institution and civil democratic governance; bureaucratization: effective service delivery tool in Nigeria; and conclusion.

## Friedrich and Finer Debate

The Friedrich-Finer debate is simply an elevation of politics-administration dichotomy that owes its origins to the Wilson Woodrow's 1887 paper. According to Friedrich, there is a need for one to conduct oneself rationally because a responsible person will give an account of his doings. Finer views the relationship between responsibility and accountability as underlined by obedience of one to another. Partly from empirical standpoint, Friedrich contends that politicians (ministers) cannot supervise every last detail of the work of public servants because it takes a specialist to understand that detail. His emphasis is that the work is "highly technical" that can only be handled effectively by the experts. Global warming is a current example of a matter of highly technical importance of public policy (Jackson 2009). Responding to Friedrich's disapproval of fusion of technical work and supervision, Finer deviated a little to equate his difference with Friedrich one between "a sense of duty" (Friedrich) and the fact of responsibility (Finer). According to Finer, a sense of duty is a matter for profession, one's conscience, or the public interest. However, since each of the three concepts is abstract and ethereal, the voice of the practical person relegates it to the background, and obedience to specific directive superimposes.

The practice, particularly in Nigeria conforms to the position of Finer. However, this practice has

been criticized for some reason. Ijewereme (2018) upholds Friedrich's position, thus:

> The civil service serves as vehicle for continuity of governmental policy. Government comes and goes but the civil servants remain permanent. The civil service is a corrective of party government. This is because the concern of the civil service is for the good of the nation as a whole, irrespective of the political party in power. (Ijewereme 2018, p.2)

Similarly, empirical evidence from Nigeria's civil service, according to a study by Rasul and Rogger (2015), reveal a correlation of increased autonomy and higher productivity of bureaucrats. In the same vein, the study shows that the higher the monitoring, the lower the output by bureaucrats. Importantly, "public-minded agents want to deliver services and do not have to be made accountable via explicit, formalized monitoring and incentive schemes" (Pepinsky et al. 2017). Summarily, supervisors' failure in active management derives from poor targeting of incentives and multitasking problems (Rasul and Rogger 2015). There is strong influence over permanent secretary appointments; influence often exercised through opaque; and undocumented channels. It is instructive that PSs maintain confidence of and stronger relationship with ministerial team since retaining one's job is most importantly determined by such measure of relationship.

## The Making and Functioning of Nigerian Bureaucracy from 1966 to 1999

Gradual deterioration of the Nigerian bureaucracy in terms of service delivery has necessitated a historical review of reforms with a view to proffering a conceptual solution. Comparatively, since independence till date, the country's bureaucracy has performed far less than bureaucracy during colonial era. According to Ajibade and Ibietan (2016, P.9), "civil service in Nigeria functioned more effectively at the time of colonial administration, and it was patterned along the lines of merit." Nigeria gained independence in 1960, and at the end of colonialism, the Nigerian civil service was enmeshed in a commixture of meritocracy and ecological model to the bureaucratic practice (Olowu, Otobo, and Okotoni 1997). In 1960 the Nigerian civil service underwent a role shift from the imperialist interest of maintenance of law and order to facilitating the realization of the developmental aspirations of the country (Ajibade and Ibietan 2016, p.10). From 1960 to 1966, the bureaucrats lived to their expectation in spite of numerous upheavals. According to Idada, the bureaucrats took advantage of national disturbances to do excellent jobs through taking initiatives and formulating and implementing policies (as cited in Ijewereme 2018).

Bureaucracy and its performance mirror political milieu. The vague policy function delineation between executive and bureaucrats and the attendant service delivery challenge can be traced to the political upheavals of the first republic. Ijewereme (2018) associates the crisis period with anarchy in Western region, Tiv riots, the census crisis of 1965, the general strike of 1964, and the military coup of January 15, 1966, as critical to condition and working of civil servants.

One fundamental impact of the above variables was the dominance of bureaucrats in the combined policy making and implementation functions. The emergent all-powerful "bureaucrat-professionals" resulted from the governance incompetence and administrative ignorance of military administrators in the alien governance terrain. The above scenario characterized Gowon administration more than any other regime. Initial reliance of Gowon administration on the public bureaucracy for government decision-making and policy making rather than bureaucrats performing an advisory role to the political executives (Ijewereme 2018) eloquently illustrates the ignominy of military administrator and political (politicized) bureaucrats. Prominence of the bureaucrats in the country's administration increased following the absence of political heads of the ministries – ministers (Ijewereme 2018). Importantly, the influence of bureaucrats did not wane even when political heads were eventually appointed as the civil servants gained

tremendous influence from the loss of political power (Omitola 2012). The extent of excessive involvement of the highest echelon of the civil service such as permanent secretaries in the governance and day-to-day running of Gowon's government resulted in bureaucratic corruption, nepotism, and favoritism with the concomitant negation of effectiveness and efficiency, Weber's ideals of anonymity, neutrality, and impersonality (Azelama and Agbebaku 2003).

The condition of Nigerian bureaucracy and subsequent policy and political actions to reposition it for effective and efficient service delivery have resulted in the complication of the civil service. For instance, in order to purge the institution of entrenched corruption, divided loyalty, and declining productivity that became infamous under Gowon regime, sack of the bad civil servants led to dismissal of the good without fair hearing (Ijewereme 2018). Consequently, Murtala's government constituted a Public Service Review Commission known as the Udoji Commission to look into the problems bedevilling the institution and recommend measures to address them. But, the commission's recommendations faced outright rejection by the bureaucrats (Omitola 2012). Major problem of the commission's recommendations was lack of emphasis on implementation, leading to the problem of staff development and professionalization.

Progressively, in the second republic, changes were introduced into the public service. Ijewereme (2018) observes that the Udoji Review Commission's recommendation on Code of Ethics was adapted in a government Code of Conduct with which a person must comply. The Code of Conduct was meant "to operate in conjunction with the Code of Conduct Bureau and Code of Conduct Tribunal established to regulate behavior of public officials and check abuses in the exercise of state power on the part of public officers" (Omitola 2012, p.81). Eventually, collapse of the second republic usually would mean a reversal to the military norm of obsessed undue interference in civil service. With the introduction of the American Presidential system at the federal, state, and local government levels, one would expect the civil service to run on the principles of presidentialism. Operationally, it conformed to the British parliamentary system, instead, where permanent secretaries were constitutionally ascribed the status of chief executives of ministries and departments (Ijewereme 2018). The civil service commission empowered them to oversee appointment, promotion, discipline, and development of all officers in the ministry on grades 01–06. The permanent secretaries under the anomaly became so influential in the second republic. Normally, under the presidential model, the minister/commissioner is the chief executive of ministries and departments. Ironically, permanent secretaries continued to enjoy the position of chief executives in the era of presidentialism.

The friction between the principle and practice was heightened by the Financial Instruments and Public Administration Law in which the permanent secretaries were recognized and accorded the status of accounting officers of the ministries and departments. Idada (2000) notes that permanent secretaries' unwillingness to recognize ministers/commissioners as the accounting officers resulted in persistent friction between them. This development lingered up to the military coup of 1983 bringing to the podium of power Muhammadu Buhari. The Buhari administration, unimpressed with the persistent condition of the civil service, undertook some reforms believed to engender national consciousness, patriotism, discipline, and public accountability. In that regard, the administration made provisions for the appointment of permanent secretaries from either inside or outside the civil service. Nevertheless, avarice, corrupt practices, indiscipline, and implementation of federal character principle and lack of accountability by both politicians and bureaucrats inherent in the second republic crippled the civil service and the goal of national development (Okunade 1993). Sooner than later the regime fell to an IBB-led coup.

Before the overthrow of his regime in a palace coup d'etat, Buhari had set up the Dotun Phillips Study Team in March 1985 to conduct a general examination of the organization, structure, and manner of civil service operation and make recommendations that would improve efficiency and

effectiveness. Interestingly, the IBB's government adapted the recommendations into the 1988 civil service reform Decree No. 43 of 1988. With a view to ending the persistent conflict in the area of accountability between permanent secretaries and ministers/commissioners, it unambiguously made and recognized ministers/commissioners as the chief executives and accounting officers. The post of permanent secretary was replaced by director general. Thus, the regime and appointment of the chief executive and accounting officer became a watershed in the politicization of the civil service to the extent the director general's retirement and tenure of the government occurred contemporaneously, unless reappointed by an incoming government. Okunade (1993) maintains that the Dotun Phillips reforms were not successful as the lingering problems of Nigerian bureaucracy were not realistically addressed. Scholars view the reform as a liberal package, which offered superficial solutions to fundamental problems of public administration (Ikeanyibe 2015). Okunade further argues that the superficiality of the reform due to its liberal character was a fundamental flaw. There was a fundamental departure from what ought to be. The 1963 constitution as amended by Decree 17 of 1974 on the role of civil servants in a government department stated thus:

> where any minister of the federation has been charged with the responsibility for any department of government, he shall be under the supervision of a permanent secretary, whose office shall be an office in the public service of the federation. (Omitola 2012, p. 128)

In contradistinction, the 1988 civil service reforms abolished the Office of Head of the Civil Service of the Federation, a position otherwise occupied by political appointees, relegating the permanent secretaries to the background (Ikeanyibe 2015; Ijewereme 2018). Thus, the pathology of patronage system zoomed in excessive corruption, inefficiency, instability, and fall of accountability and equity, a resulting in the total destruction of the apparatus of government and mismanagement (Ijewereme 2018).

These shortcomings were identified by Abacha regime, leading to commissioning of the Allison Ayida Civil Service Panel of 1994 to review past public service reforms. Considered very basic in addressing the challenges, the administration intended to achieve the following: depoliticization of the top echelon of the civil service, fiscal accountability and integrity, discipline, eradication of almost institutionalized corruption at all levels and sections of the service, respect for rules of law and regulations, sense of direction, and restoring efficiency and effectiveness. Following the report of the panel, however, the provisions of Decree 43 of 1988 were significantly modified by the Abacha's government. Among the major changes were scrapping of the post of the director general and reintroduction of the post of permanent secretary. The second change was recognition of the permanent secretary as a career officer appointed on the recommendation of the Federal Civil Service Commission. The third change was that the posts of accounting officer and adviser to the minister/commissioner were the reserve of the permanent secretary. The Head of Service was to be notified of any disagreement between the permanent secretary and the minister/commissioner. The position of the political head/chair and chief executive of the ministry was not taken away from the minister and was responsible for general direction and control of the ministry. Reintroduction of the office of the head of service was made. Generally, while the Abacha's reform was comprehensive, truncation of the 1988 civil service reform by reversing it to the British Parliamentary System of government other than the presidential system reinvigorated the needless conflict between the permanent secretary and the minister/commissioner.

From the foregoing, it is clearly observed that Nigerian bureaucracy functions better in a civil democratic system. Similar to the premilitary bureaucracy, "the top bureaucrats between 1979 and 1983 operated in line with civil service ethics and norms of anonymity, neutrality, and impartiality" (Ijewereme 2018, p.6). Keeping with these ideals has potential for civility and serviceability that can lead to a much better expected service outcome.

## Reforms and the Trend of Nigerian Bureaucracy from 1999 to 2018

The relatively enduring civil democratic governance since its return in 1999 would accordingly engender a more efficient and effective bureaucratic performance. More so, as the longest democratic dispensation, the ongoing fourth republic should deliver far better services to the citizenry. This position is not premised on the assumption that public bureaucracies are immune to manipulation and corrupt practices, but that unlike in the military system characterized by command system, unilateralism and arbitrariness, mechanisms for checks and balances, rule of law, normative right of public criticism, and prospect of reelection bid become public tool for ensuring efficiency and effectiveness of citizen-oriented service provision in a democracy. Bureaucracy underpinned by professionalism, neutrality, and anonymity tends to be more responsive and citizens' needs-focused.

On assumption of office, President Olusegun Obasanjo recognized the profundity of the civil service's depravity. He observed that the institution was bereft of competence, professionalism, customer-civil service friendliness, capacity to respond in efficient, and responsive manner to the needs of the society; core value of political neutrality, impartiality, integrity, loyalty, transparency, and accountability; equity where extant rules and established regulations guide official conduct; suitable environment for assured protection of civil servants and security of job; and competitiveness and innovation. This observation informed the following stern remarks by Obasanjo prior to the establishment of SERVICOM in Nigeria: "Public offices are the shopping floor for government business. Regrettably, Nigerians have for too long been short-changed by the quality of public service delivery by which decisions are not made without undue outside influence, and files do not move without being pushed with inducements. Our public offices have for too long been showcases for our combined evils of inefficiency and corruption, whilst being impediments to effective implementation of government policies. Nigerians deserve better. And we will ensure they get what is better." (As cited in Offu et al. 2018, p. 2)

To reposition the public service, the following reform areas featured in a piecemeal approach: "privatization, deregulation, monetization, downsizing, and outsourcing policies in Nigerian civil service. The establishment of anti-corruption bodies like the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), and Due Process Unit in the presidency was intended to ensure quality service delivery. In 2007, Steve Oronsaye Committee was commissioned to review and reorganize Ministries, Departments and Agencies (MDAs), as well as composition of personnel of the federal public service. One major recommendation of the committee was that the permanent secretaries and directors would serve for an initial tenure of four years renewable on ground of performance without recourse to age and years of service (Okorie and Onwe 2016). Oweh observes that forceful retirement of hundreds of directors and permanent secretaries who had served in those capacities for more than 8 years was among the recommendations of the committee (as cited in Okorie and Onwe 2016). In the course of downsizing under Obasanjo government, about 35, 700 workers suffered forceful retirement without a transparent, honest and due process (Okorie and Onwe 2016). Ikeanyibe (2015) avers that the program of reorganization and downsizing is not in tandem with the strategy of dealing with the high unemployment rate in the country. "To effect structural changes in the service, the Budget Office was separated from the Federal Ministry of Finance, while the Department of Administration and Supplies was put in charge of awarding contracts, and the Department of Finance and Accounts was in charge of payment of contracts. This governance reform was with the aim of providing room for transparency in the handling of activities of different departments of government. Unfortunately, all the aforementioned reforms since the beginning of the Fourth Republic to date appeared to make little or no meaningful impact on the deepening crises of ethics, accountability, transparency, and inefficiency in governance of Nigerian bureaucracy." (Ijewereme 2018)

When Goodluck Jonathan became president of Nigeria in 2010, he decided to retain Steve Orosaye's committee. However, it was renamed Presidential Committee on the Rationalization and Restructuring of Federal Government Parastatals, Commissions and Agencies, and terms of reference expanded. Its mandate included study and review of previous reports on the restructuring of civil service. It was equally, as a term of reference, to identify where overlap and duplication existed. The committee recommended the following: merger and scrapping of some departments and agencies and reduction of 541 MDAs to 163 through merger of functional overlapping agencies such as civil defense, police, road safety corps, etc. Alarmed by possible "monumental purge of workers and an extended hardship to relatives," the report was not implemented (Okorie and Onwe 2016, p.22). Consequently, Adamu Fika Committee on the review of the reform processes in the Nigerian Public Service was set up. It was to review the consequences of the report of Orosanye Committee. One important recommendation was abolition of the tenure system of for permanent secretaries and directors. It also recommended that the civil service be rid of political interference. However, disagreement later ensued, leading to a splinter group from the Fika's 16-member committee.

From the foregoing, in the Nigerian fourth republic bureaucracy, the permanent secretary-minister friction still persists in spite of the avalanche of reforms. What is comparatively worrisome is the further deteriorating citizens' satisfaction. One method of understanding and interrogating the problem is principal-agent interaction. From our discussion in previous sections, there is no gainsaying excessive politicization of the bureaucratic reforms has been counterproductive because once competent, professionalized, ethic-based, and efficient bureaucrats are currently at the mercy of self-seeking politicians. Appointees owe allegiance to their appointers. The first implication is loss of ideas even with perfect information. More than any time ever, from entry point to exit point, the institution is heavily dictated by the existence of multiple principal interests, avarice, and preferences. Processes of endorsement for permanent secretaries and directors, recruitment, promotion, and transfers undertake a wide and chains of horse-trading, consultation, and allegiance pacts, creating a possibility condition for multiple principals.

B

## Complementarity of Bureaucratic Institution and Civil Democratic Governance

Most literature holds the view that bureaucratic institution and democratic institution are poles apart. Reasons given are simply convincing, though. The core argument of this section is that Nigerian bureaucracy should be more efficient and effective in delivering services to the citizen in the fourth republic on two important grounds: first, bureaucracy, as persuasively argued below, performs much better in a democratic setting. The second reason derives from the first. Consequent upon being the longest republic since the history of the country, higher productivity by bureaucrats than performed in the first, second, and third republics would be expected. But the woeful performance raises a disturbing contradiction and the question of explainable variable. Why has Nigerian bureaucracy underperformed in the fourth republic? What is the way forward?

The fact that bureaucratic institution exists not only to serve the government of the day but essentially to provide satisfactory services to the citizens for whom the democratic government presumably exercise the mandate through periodic elections makes bureaucratic institution neither a good partner to military administration. Besides, no other forms of government bear a closer affinity to bureaucracy than democracy. At one extreme the bureaucrats are accountable to the political head of ministries who functions at the mercy of the government, and at the other extreme, the bureaucrats are considered to be directly responsible to the citizens. If the argument of the first extreme is tenable, the fact that in presidential civil democratic system the government is presumably directly accountable to the citizens suffices that the bureaucrats are somehow accountable to the citizens. Similarly, if the latter

extreme would uphold, the citizens presumably occupy the highest position in decision-making activity.

Upon the above premise, it suffices to conclude that the bureaucrats are accountable to the citizens. This is also true considering the fact that democratic institution operates within set rules. By contrast, "the autocratic nature of the military with little or no regard for the rule of law and respect for procedural rules..." (Okotoni 2001, p.225) cannot make for autonomous, efficient, and effective civil service. Evidence from Nigeria affirms the foregoing submission. Bureaucracy emphasizes rules, procedures, dialogue, consultation, anonymity, neutrality, etc. (Okotoni 2001). Incidentally, democratic institution shares some elements of bureaucratic ideals, which include dialogue, consultation, rules, procedures, etc. The concept of embeddedness provides clearer distinctions, especially in terms of service delivery performance. Pepinsky et al. (2017) employ the concept to denote the social relationship that influence civil servants' actions. Similarly, the higher the irreconcilability of the bureaucracy's ideals and regime type values, the worse for citizens in service provision. Furthermore, the close relationship that democratic institution bears with bureaucratic institution largely guarantees a more efficient and effective service delivery performance.

In a representative democracy, the citizens' voice is heard through their representatives. In Nigeria, the president and national assembly members are the elected representatives of the people. It is instructive to note that rules guiding elections are contained in electoral laws in which case nonconformity is considered undemocratic, so also the established procedures and norms of bureaucratic institution. Historically, civil democratic dispensation in Nigeria with the exception of the fourth republic, Nigerian bureaucracy has performed far much better than in the military era. The reason the fourth republic bureaucratic performance differs from erstwhile bureaucracy under civil democratic periods may be traced to the long period of militarization of the civil service. In the words of Okotoni (2001, p. 225), "A gradual process is required to de-militarise the civil service and embark upon an aggressive acculturation to civil rule." The major problems are politicization of the offices of the permanent secretary and the head of service, corruption, nepotism, and introduction of the federal character principle by the military (Okotoni 2001; Ijewereme, 2018).

## Bureaucratization: Effective Service Delivery Tool in Nigeria

> Any organisation stands and falls on its ability to get the right people into the right jobs at the right time. The Civil Service is no exception. How permanent secretaries and other senior civil servants are recruited and appointed is therefore one of the most important issues in determining the effectiveness of government.

Bureaucracy without bureaucratization can provide an explanation for the underlying problems of inefficiency and ineffectiveness. Therefore, contemplating bureaucratization beyond mere reforms can guarantee goal-focused bureaucracy. The term "bureaucracy" is derived from the words "bureau" and "kratos." While "bureau" denotes the office," kratos" refers to power or rule. In that connection, bureaucracy would mean the rule of the office. More technically, bureaucracy refers to rule operated from a table or an office, which is characterized by written documents. The concept was first developed by a French economist Vincent de Gourney (1712–1759). Bureaucracy was represented in negative connotations and imagery until Weber, a German sociologist, provided its modern understanding. Weber did not use the word to denote derogatorily rule by officials, rather to emphasize a somewhat specific variant of administrative organization. After translation and availability to "English-knowing world" (Nwizu 2002, p.177), bureaucracy has undergone some major modifications in times and settings. The Weberian ideal-type bureaucracy emphasizes rules, procedures, impersonal relation, and a detailed and quite rigid hierarchical relationship. These elements have remained a subject of contention. The validity of monolithic conception of Weberian bureaucracy was interrogated

by critics, hence the variants and alternative conception. Fred Riggs became the foremost critic of Weberian monolithism who is credited with the development of the concepts of prismatic society and of sala model of bureaucracy (Nwizu 2002).

While bureaucracy does not cover political appointees such as ministers and advisers or members of the judiciary (Eme and Onwuka 2010), Gbenga and Ariyo (2006) characterize bureaucracy by the use of professionals and workers, who are subjected to hierarchical supervision and discharge of their duties in an organized manner backed by rules and regulations. Bureaucratization, on the other hand, is a term used to emphasize commitment to written rules, tighter regulations, established procedures, and depersonalization of official roles. It is simply not tilted toward government regulation or centralization, an aspect New Public Management (NPM) also denounces. NPM is averse to bureaucratization. It believes that de-bureaucratization could guarantee a better service delivery to citizens. Invariably, problem of efficiency and effectiveness in service delivery underpins the NPM development and argument. Specifically, NPM emphasizes a departure from traditional bureaucratic paradigm anchored on formal hierarchies and a movement toward a business-like public sector. From the NPM standpoint, Ikeanyibe (2015) does not see reforms in the Nigerian public sector as resulting in de-bureaucratization of the civil service. Paradoxically, the author admitted there was significant decentralization when he stated thus: "...Sequel to this, there was increased decentralization of personnel functions to line ministries and attempt at professionalizing the service by abandoning the practice of pooling officers and deploying them centrally" (Ikeanyibe 2015, p.5). Larbri states that decentralized management, disaggregating, and downsizing of public organizations are elements of NPM derived from managerialism (as cited in Ikeanyibe 2015). Although Ikeanyibe (2015) persuasively argues that the manner decentralization process followed was not in line with NPM leading to its failure, the fact core elements of NPM have been applied showing that it is not a credibly rescue alternative. Bureaucratization ramps up neutral competence and enhances goal attainment – efficient and effective customer satisfaction. Depersonalization of bureaucracy highlights the supreme echelon of authority of office rather than the holder of the office or position to the extent tendency of nepotism and corrupt practices diminishes.

The essence of bureaucracy is provision of essential public services through implementation of governments' programs and policies (Idike et al. 2019). According to Jaakkola and Halinen (2006), delivery of professional services to clients involves dynamic relationships in which professionals interact with their clients to understand the latter's needs with a view to solving their problems. As a complex activity, service delivery entails meeting not only expressed needs but also unexpressed needs of clients, prioritizing needs, allocating resources, and being able to account for what has been done (Gowan, Seymour, Ibarreche, and Lackey 2001). Inferred from this is that service delivery involves meeting and exceeding customers' expectations. Empirically, service provision and delivery evoke a sense of contractual relationships between policy makers, service providers, and the populace. Yayale (2004) maintains that the contractual relationship obliges the government agency to render a satisfactory service to citizens. The relationship mandates the government as state responsibility to provide services of public interest such as security, education, energy, water, healthcare, and other infrastructures or at least provide social services and personal security-enhancing services. In order to achieve an efficient and effective service without personal-public interest collision, and possibly an overriding impetus of the former, stronger institutions rather than personality cult must never be overlooked. There would be a decreased risk of politicization and a system that is more accountable where rigorous merit-based assessment precedes the exercise of ministerial choice and appointed candidates bound by the extant civil service code and value. Bureaucratization can help to provide greater transparency and clearer accountability around the appointments system if the ministerial responsibility to appoint effective departmental leaders, guided by objective assessment under the supervision of the

Civil Service Commission (CSC), is formally stated. Bureaucratization will require the Civil Service Commission to explicitly assure itself that candidates certified appointable would be able to work well with not just an incumbent but also a variety of administrations.

Public service delivery in Nigeria has witnessed declining performance levels since colonial administrative period. Consequently, it has undergone several reforms to reposition the country's bureaucracy for an improved citizens' welfare. None of the policy reforms has been able to change the narrative. Understanding the issues surrounding Nigerian's low bureaucratic performance since independence, its abysmal failure since 1966 up to 1999, and its deteriorating service delivery condition in the post-1999 governance informs the bureaucratization (re-bureaucratization) appeal and justification.

In this entry, we do not conceive of bureaucratization as centralization but as political and institutional commitment to governing rules and established procedures. However, to assume that Nigeria is still in era of bureaucratization similar to the first republic is a mistaken fallacy and misconception. The reality of Nigerian bureaucracy is dominant politicization and unavowed institutionalized corruption. There are extant rules and established bureaucratic procedures, but they simply exist in nominal plane: they can easily be breached with impunity by both politicians and top bureaucrats. The above phenomenon characterizes appointment, recruitment, transfers, and promotion, in the Nigerian public organizations. The rule of nepotism has displaced professionalism, competent neutrality, and anonymity. In the face of all these anomalies and contraptions, attainment of service delivery goal becomes impossible. Thus, it is erroneous to think that bureaucratization is the problem of Nigeria's public service but politicization and centralization of the service. As noted above, evidence from series of reforms in Nigeria indicates that decentralization took place but without intended citizens' satisfaction. Even in a decentralized public service, rules and procedures must apply if compliance and goals are well-intended.

Service delivery procedures and processes have been reviewed with a view to having better performance and productivity in the Nigerian public service. One of the major problems bedevilling public service is the existence of too many policies without political will for implementation. This, in part, has rendered these reforms incapable of achieving "their purpose and intentions" (Ajibade and Ibietan 2016, P.10). More so, Peter (1997) uses the phrase "bureau pathology" to describe the negative administrative behaviors exhibited by professionals and experts in public organization, which hinders attainment of public goals and delivery of quality public service to consumers.

## Conclusion

Effective performance of public services is underpinned by certain core values, which include, integrity, meritocracy, discipline, professionalism, patriotism, impartiality, and secrecy of government information, unless declassifying such information falls within the breadth of the Freedom of Information Act. The philosophical premise derives from studies' finding that "no nation can attain sustainable development for the enhancement of the living standard of the people without a properly organized public service to implement government policies" (Osawe 2015 p. 45). In this democratic age, bureaucracy is widely seen as an inevitable complement to democracy (Olaopa 2018). However, for a good deal of selfless discretion in decision-making and administrative processes, there shall be disciplinary mechanisms for compromised professional ethics. Interestingly, evidence from Nigeria reveals unhealthy practices for effective and efficient bureaucratic performance. The condition and disillusionment outcome explain what Olaopa (2018, p.) presents as "…in a place like Nigeria, the public service as a bureaucracy, is not a complement to democracy but a patently pathetic manifestation of bad governance." There is a structurally jaundiced Nigerian bureaucracy, which has an adverse effect on recruitment/

appointment processes. For instance, a recent study shows that motives many had joining the civil service account for two broad perspectives on the professional ethics: self versus public. Responses from a sample of Nigerian civil servants highlighted income prospect, the prestige, the stable career path, the opportunity to serve Nigeria, job availability, and educational opportunities as reasons for taking a job in the Nigeria's civil service. Inferred from these is that while some are intrinsically motivated, others are extrinsically motivated. Despite Perry and Hondegheim observation that intrinsic motivation of public servants affects overall productivity and Grindle's submission that intrinsic motivation operates as a safeguard against shirking (as cited in Pepinsky et al. 2017), it constituted only one-thirds of the participants (Phiri 2018). In the hope of becoming rich, professionalism was of no value to civil servants who engaged in the cashgate scandal upon joining the civil service (Phiri 2018). The above submission is consistent with Osawe (2015) findings that failure to adhere strictly to the core values was due to adverse environmental factors such as corruption, favoritism, nepotism, constant political interference, and other primordial factors such as geographical, ethnic, cultural, linguistic, and religious affiliations. It should not appear strange that a certain percentage of the one-thirds may encounter reality shock to divert the entry behavior to a dominant self-serving mindset. In the face of the challenges, impact-free reforms, and vulnerability of the Nigerian bureaucracy to excessive politicization and external interference, commitment to, and application of, operating rules, including bureaucratic values such as competent neutrality, depersonalization, anonymity, and professionalism, need not be compromised.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Politics–Administration Dichotomy: Insight from a Developing Country


## References


Ajibade O, Ibietan J (2016) Public bureaucracy and service delivery in Nigeria: the Neo-Weberian explanation. Public Admin Soc Pol Rev 17(2):5–18

Azelama JU, Agbebaku PE (2003) An introduction to Nigerian public service. Ambik Press, Benin City

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60:549–559

Eme O, Onwuka C (2010) Bureaucracy and challenges of good governance in Nigeria. J Bus Organ Dev, Vol. 2, pp. 1–15

Gbenga L, Ariyo T (2006) Bureaucratic corruption, good governance and development: the challenges and prospects of institution building in Nigeria. J Appl Sci Res 2(10):642–649

Gowan M, Seymour J, Ibarreche S, Lackey C (2001) Service quality in public agency: same expectations out different perception by employees, managers and customers. J Qual Manage 6(2):275–291

Ibietan J, Oni S (2013) The Weberian bureaucratic principles and Nigerian public bureaucracy: an evaluation. Q J Admin (Obafemi Awolowo University, Ile-Ife) XXXIII(2):31–51

Idada W (2000) Human resources management and the Nigerian civil service. Frontline Christian Bookshop, Benin City

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the Federal Character Principle experience. Cogent Soc Sci. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

Ijewereme OB (2018) Civil service reforms and governance challenges in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3535-1

Ikeanyibe OM (2015) New public management and administrative reforms in Nigeria. Int J Public Adm 2015. https://doi.org/10.1080/01900692.2015.1023446

Jaakkola E, Halinen A (2006) Problem solving within professional services: evidence from the medical field. Int J Serv Ind Manag 17:409–29

Jackson M (2009) Responsibility versus accountability in the Friedrich-Finer debate. J Hist Manag 15(1):66–77. https://doi.org/10.1108/17511340910921790

Nwizu G (2002) Studies in modern public administration. NGIB Publishers Ltd, Enugu-Nigeria

Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_3499-1

Okorie CO, Onwe SO (2016) Appraisal of civil service reforms in Nigeria and options for stability. Public Policy Admin Res 6(9):15–24

Okotoni O (2001) Problems and prospects of the Nigerian bureaucracy. J Soc Sci 7(3):223–229

Okunade B (1993) Public administration in Nigeria. Centre for External Studies, University of Ibadan, Ibadan
Olaopa T (2018) The bureaucrat and public administration scholarship. Accessed 5/3/2019 https://www.thisdaylive.com/index.php/2018/09/27/the-bureaucrat-and-public-administration-scholarship/
Olowu D, Otobo E, Okotoni M (1997) The Role of the civil service in Enhancing development and democracy: An Evaluation of the Nigerian experience, paper presented at the conference on Civil Service Systems in Comparative Perspective. Indiana University, Bloomington, Indiana
Omitola B (2012) Nigerian public service reforms and fourth republic experience: challenges and prospects. J Sustain Dev Afr 14(8):76–93
Osawe CO (2015) Nigerian public service performance in a dysfunctional ecology: issues, challenges and the way forward. Rev Public Admin Manag 3(7):45–57
Pepinsky TB, Pierskalla JH, Sacks A (2017) Bureaucracy and service delivery. Annu Rev Polit Sci 20(1):249–268
Phiri D (2018) Nigeria and the role of bureaucracy. Accessed 5/3/2015. https://mwnation.com/nigeria-role-bureaucracy/
Rasul I, Rogger D (2015) The impact of ethnic diversity in bureaucracies: evidence from the Nigerian civil service. Am Econ Rev 105:457–461
Yayale MA (2004) Public Service Transformation for Greater Service Delivery, Management in Nigeria, Special Conference Edition, 40(2, 3 and 4)

# Bureaucrats as Hybrids

Adeyemi O. Adebayo
University of South Africa,
Pretoria, Gauteng, South Africa

## Synonyms

Civil servants; Functional and structural hybrids; Organizational forms; Policy formulation and execution; Policy formulation and implementation; Public administrators; Public managers; Purchasers and evaluators; Traditional and managerial administrators

## Definition

Bureaucrats spell the working force of any large organization, public or private. However, for the purposes of this entry, bureaucrats entail public-sector employees

Hybrids broadly entail organizations, organizational sectors, organizational actors, processes, and activities that do not neatly fit into established categories of organizations, organizational sectors, organizational actors, activities, and processes.

## Introduction

The term bureaucracy is fluid and appears to mean many things. However, the term has been mostly employed to denote public-sector organizations. In this connection, Farazmand (2017) notes that two distinct viewpoints describe what bureaucracy entail. The first being the Weberian bureaucracy which conveys two things; the first of these relates to an efficient organizational form which rests on merit, formal, and rational systems; the second relates to a comparative methodological lens for studying modern administration and organization. The second perspective on bureaucracy involves any form of large organization or institution that rests on structure, rules and regulations, process, normative values, record, patronage, and merit systems (Farazmand 2017). It appears there is much convergence on this second perspective when compared with the first perspective (see Farazmand 2017: 2–3 for an overview).

In this way, public-sector organizations are usually referred to as bureaucracies. Hence, it follows that the term bureaucrats refer to public-sector employees. These bureaucrats are, traditionally, charged with the role of implementing core public policy, as well as exercising control over policy-making. In this connection, Araya (2018) observes that there are five steps in public-sector policy-making: agenda setting, policy formulation, decision-making, implementation, and policy evaluation. Following this observation, Araya (2018) submits that politicians in performing their role are usually concerned with the first three of these steps, that is, agenda setting, policy formulation, and decision-making. Bureaucrats on the other hand are concerned with the last two steps, policy implementation

and evaluation. In this way, following Araya's (2018) assertion, bureaucrats traditionally only implement decisions made by politicians and evaluate these decisions once implemented. However, following different public-sector reform paradigms, which is a precursor of arguably all current issues in public administration, this theorizing on who does what regarding public-sector policy-making appears to have changed.

While it may be difficult to establish what role politicians play following the reforms, and coupled with different national settings and circumstances, it is clear that bureaucrats in most cases today do not implement policy but manage implementation processes as implementation is usually carried out by both internal and external executive agencies, although more of external (Kickert 2001; Meyer et al. 2014). Additionally, bureaucrats may be involved in monitoring and evaluating processes as these bureaucrats work hand in hand with implementing agencies. Since the policy implementation role of bureaucrats has been transferred to executive agencies, one may conveniently argue that bureaucrats are now involved in policy formulation and agenda setting, which seems to be core political functions under traditional public administration. Since this appears to be the case, the question that arises is what the role of politicians currently is or should be following the present shift in policy-making. It is not clear whether the role of politicians will be to set agenda and/or co-formulate policy with bureaucrats or whether politicians leave this process to bureaucrats; and these politicians limit their involvement to decision-making on whether or not agenda and policy formulated by bureaucrats should be implemented or not implemented. What is clear is that even though the transfer of policy implementation to executive agencies makes it look like bureaucrats have less work to do, however, in practice, this appears not to be the case, as it seems the shift imposes challenges on public managers and public administration. This is because managers may, in addition to performing their role, which as described above is difficult to establish under the tenets of New Public Management [NPM] and New Public Governance [NPG], be performing the tasks of politicians as well while monitoring and evaluating agencies. As such, these circumstances are expected to result in job difficulty for public-sector managers.

The aftermath of this is that bureaucrats are now a form of hybrids. That bureaucrats are only a form of hybrids implies that there are various forms of hybrids. In this respect, hybridity has been used in describing various organizational and sectoral forms. For the purposes of this entry, such hybrids are referred to as structural/substance hybrid forms. Further, for the purposes of this entry, the other form of hybrids, which does not constitute substance forms, is referred to as functional hybrid forms. Research focus has been on structural hybrid forms. Thus, much research has been done on structural/substance hybrids. There has been some sort of neglect by observers and commentators on functional hybrid forms. In this regard, the purpose of this entry is to discuss this functional hybrid form, in the public sector, and situate this functional hybridity in other hybrid debates. To do this, this entry first discusses categories of hybrids and, thereafter, discusses causes and theoretical perspectives on hybrids before a discussion on bureaucrats as hybrids. Before concluding, this entry argues that bureaucrats as hybrids constitute tension and thus discuss some of the tensions and challenges of hybrid bureaucrats.

## Forms of Hybridity

From the definition of hybrids above, it is clear that hybridity itself is a clumsy phenomenon. Hence, hybridity connotes different things in different settings. In this respect, it means that hybridity can take varying forms. Further, in this context, Anheier and Krlev (2016) concur that what hybridity entails is clumsy by asserting that the notion of hybridity emanated toward the late 1960s in a bid to use hybrids to tackle or adapt to new environmental situations. Consequently, in addition to structural/substance hybrids, hybridity has been used in describing various stakeholders, differing organizational goals, and differing organizational activities (Mair et al. 2015; Schmitz and

Glänzel 2016). However, structural hybridity accounts for the most researched hybridity. In this way, for example, when organizations that are for-profit and nonprofit converge, they are said to constitute hybrid organizations. Borys and Jemison (1989) contend hybridity involves organizations formed as a result of merger, joint ventures, license agreements, acquisitions, and supplier arrangements. In the same context, but in a different dimension, Evers (2005) submits that hybridity occurs when there is a separation between service systems and units. In the same spirit, as Borys and Jemison (1989) and Skelcher and Smith (2015), below, Mair et al. (2015) note the presence of hybrids in public, private, and social sectors. In this regard, and in agreement with, Mair et al. (2015), Skelcher and Smith (2015), while theorizing hybridity in the nonprofit and public sectors, concur that hybridity in one sector differs from that of another sector. The types of hybridity described by these authors, with the exception of Evers (2005), are structural/substance hybridity.

Withal, in a comprehensive analysis of what hybridity entails, Schmitz and Glänzel (2016) submit that commentators have discussed hybridity in the light of markets and hierarchies partnerships, partly public and partly private organizations, and combination of social and economic features. The effect of this is that, as with excessive focus on structural/substance hybrids, there are diverse debates on hybridity and these debates extend to different topics and sectors. Following these several insights into what hybridity entails, it becomes important that hybridity should be seen as combination of elements formally and formerly treated as separate, single, and distinct (Anheier and Krlev 2016). To this end, it makes more sense to broadly categorize hybridity as substance/structural and functional hybridity, as theorized above, while noting that there are several types of hybrids under these broad categories.

It appears the major convergence on hybridity is on organizational or sectoral and structural hybridity. That is, hybridity brought about by the combination of organizations and sectors formally and formerly treated as separate, single, and distinct as well as differing ownership models in general (Schmitz and Glänzel 2016). As a result of this extreme focus on organizational and sectoral hybridity, Skelcher and Smith (2015) contend that literature has undertheorized hybridity. One of the reasons for this excess focus on organizational/sectoral hybridity may be connected with the fact that, because of its strong explanatory power on organizational theorizing, there is much convergence on Oliver Williamson's transaction cost economics, where he identified three governance structures, market, hierarchy, and hybrids, which is a combination of the other two structures (Skelcher and Smith 2015). A second reason for this may be because as with products, markets (Kickert 2001), financing, organization structure (Kickert 2001; Schmitz and Glänzel 2016), and regulatory restrictions, ownership is a way, and arguably the main way, in which organizations differ. A final reason may be connected to the fact that other types of hybridity are not substantial forms as organizations and sectors and may, accordingly, be difficult to elaborate (for an overview of some of the other forms of hybridity, see Anheier and Krlev 2016). These other types of hybrids come under the functional hybrid forms. These three reasons, taken individually and together, partly account for why there is excessive focus on structural hybridity. This excessive focus on hybridity in terms of organizational structure and ownership explains why the main research focus on hybrids has been on interorganizational hybridity, which entails more of substance hybrids, and there has been some form of neglect on intraorganizational hybridity, which is more of functional hybrids. As a result, many meaningful insights on hybridity are yet to be discussed.

## Causes and Theoretical Perspectives of Hybridity

That there are different forms of hybridity may well mean that several issues lead to hybridity. In this respect, the cause(s) of hybridity in one sector may be different from that of another sector as regards both inter and intraorganizational hybridity. In essence, the cause(s) of hybridity in the

public sector may be different from that of the private sector as well as the social sector. Most forms of hybridity started in the late 1960s and early 1970s. In this regard, Minkoff (2002) refers to an account of how political protest and advocacy for social rights, following the end of 1960s, led to the development of a hybrid organizational form combining service provision and advocacy. In the same spirit, Anheier and Krlev (2016) note that hybridity emerged in modern travel space in the 1960s as a tool for adapting to changing environment.

Broadly, irrespective of categories or types of hybrids, the quest for power, influence, efficiency, effectiveness, and resources often lead to hybrid organizational forms, activities, and practices. Hence, separate organizations may come together so as to increase efficiency, be more effective, increase the powers of organizations as a whole or organizational actors, as well as to enjoy resource complementarity. Resources here could be financial, technological, and labor. This resource view is that of resource dependence articulated by Pfeffer (1972). The power and influence view is articulated by Emerson's (1962) classic "Power-Dependence Relations," while NPM and NPG speak efficiency and effectiveness, respectively. Along these lines, hybridity is seen as a way of reacting to the challenges posed by organizational environment. As such, hybridity is seen to, in some sense, constitute ways by which capacity, in whatever way, can be built by making recourse to organizational environment. In another seminal argument, Oliver Williamson refers that while hierarchy may be a better means of economizing on transaction costs, which is deemed to be exorbitant when transactions are organized under the market, boundary issues may well mean that in some cases, organizations will best economize on transaction costs when markets and hierarchies combine to become hybrids. While these may partly account for some of the broad issues that lead to hybridity, they as well account for interorganizational causes of hybridity. Thus, this is an incomplete view of issues resulting in hybridity.

In order to picture a complete view of hybridity, issues relating to intraorganizational elements will have to be elaborated. Along these lines, Skelcher and Smith (2015) submit that hybridity occurs as a result of organizational redesign following environmental changes by actors present in a particular organization field and processes within a particular organization. In this respect, Anheier and Krlev (2016) seems to concur with Skelcher and Smith (2015) by noting that organizational forms, practices, and purpose impact hybridity. Following Skelcher and Smith (2015) and Anheier and Krlev (2016), organizational processes, organizational purpose, organizational activities, organizational actors, and organizational practices partly account for some of the reasons for intraorganizational hybridity. Along these lines, intraorganizational hybridity appears to need researchers' attention. While this attention will have to be broad and cover various functional hybrid types in different organizations and sectors, private, public, and social, the focus here, in this entry, is on functional intraorganizational hybridity in the public sector.

Most of the recent issues associated with public administration and/or management are as a result of different public-sector reforms as well as changes in governance mechanisms. In this way, the reforms have led to varying organizational forms labelled as "hybrids" (Skelcher and Smith 2015), so that there is currently a blurry distinction among public, private, and social organizations (Andrews 2017). Thus, both inter and intraorganizational hybridity in the public sector can be said to have been mainly caused by these public-sector reforms (Meyer et al. 2014). While there has been considerate research attention on interorganizational forms (hybrids) brought about by these reforms, a focus on the intraorganizational aspect, in terms of public-sector actors, practices, and processes, promises some useful insights. This entry explores this.

## Bureaucrats as Hybrids

From the above, it was argued that public management reforms led to hybridity in the public arena, and these management reforms have emerged in the form of NPM, networks, and

NPG. Even though these NPM, NPG, and networks have different doctrines and guiding principles, a common theme with the various reform paradigms in the public sector is that civil servants/bureaucrats are seen as public-sector managers rather than civil servants (Meyer et al. 2014). Put differently, the move from public administration to public management and then to public governance and different kinds of networks resulted also in the movement of practices, in which bureaucrats/civil servants in the former are now managers in the latter. Kickert (2001) sees these shifts as a movement from traditionalists to new public managers, working in what Meyer et al. (2014) contend to be a managerial state. The rationale behind the reforms is to ensure that the state is more efficient and effective (Pollit and Bouckaert 2011) so as to deliver better results (outputs and outcomes); as it appears, following arguments by proponents of the reforms, that the traditional public administration is inefficient and ineffective, compared with the private sector and sometimes the social sector, as a result of excessive focus on rules and regulations; hierarchical authority and control; even though this has been empirically argued to be otherwise (Meier and O'Toole 2011). Since the focus of NPM is largely on managerial concerns, the focus here is more of NPM rather than other aspects of public-sector reforms, even though it is clear that there is an overlap in these reforms and one reform cannot be argued to have eroded others (Alford and O'Flynn 2012; Pollit and Bouckaert 2011).

Rather than the traditional public-sector values of professionalism, equity, accountability, public interest, neutrality, impartiality, and identity safeguards, NPM speaks different sets of values: competition, results, performance measurement, and that civil servants/bureaucrats, now managers under the tenets of NPM, should be trusted and given managerial autonomy to manage and make decisions. This in effect points that NPM itself is a broad term that encompasses insights from different, though informing each other, intellectual streams, especially those concerned with management on one side and economics on the other end. Therefore, it is clear that if civil servants/bureaucrats are to focus on efficiency and effectiveness as a way of delivering results, then these civil servants will have to go about achieving these in ways other than the traditional public administrative way. Thus, they become managers of means by which they can achieve results, rather than focusing only on the traditional public-sector means of achieving public-sector goals. In this connection, managers commit more time and attention trying to understand how to manage relationships with agencies outside the public-sector organizational boundaries (Andrews 2017).

One of the effects of these reforms is the separation of policy-making from policy execution, especially when such policy is concerned with service delivery. In this connection, ministerial departments are charged with the responsibility of making policy on one side and that of establishing managerial contract or collaboration with agencies that are to execute policy on the other. In this way, public management/administration as well as service provision is now seen as balancing market principles and state regulations (Evers 2005) since bureaucrats have moved from providers and producers to purchasers and evaluators (Kwak et al. 2009). Hence, public-sector departments are now seen as purchasers with the role of working with and monitoring provider-agencies (Kickert 2001). The reasoning behind this is that when there is separation between policy-making and execution, managerial autonomy increases, and that bureaucrats are able to spend more time on core public-sector assignments. In addition is the reasoning that this leads to a distinction between the tasks of politicians and administrators/managers which is expected to bring about efficiency, effectiveness, and results, but not necessarily equity. Accordingly, as with core public assignments, public administrators/civil servants are now managers of differing forms of organizations, coordinators of scarce resources, and inspectors of varying forms of relationships ranging from arm's length contracts to collaborative partnerships (Alford and O'Flynn 2012). As a result of these additional roles of bureaucrats, these bureaucrats are, therefore, hybrids shuttling between policy formulation and purchasing as well as evaluating in terms of policy evaluation.

## Tensions and Challenges of Hybrid Bureaucrats

Tensions are bound to arise as a result of this movement from bureaucratic to a managerial state. The prime tension seems to be that hybridity constitutes challenges for bureaucrats and the public sector at large in terms of public values. As with changes in public values, these bureaucrats now spend most of their limited time understanding, managing, and monitoring complicated contracts and collaborations with executive agencies. Thus, bureaucrats have limited time to spend on policy-making and other core public-sector assignments. Closely related to this is the tension regarding accountability. The notion of accountability has become blurry as there are presently several dimensions to accountability. Hence, it's a matter of accountability for what and accountability to whom. Further, there are usually problems regarding setting clear goals, what to measure (output, outcomes, results), and the criteria with which to measure performance in terms of whether a particular contract, collaboration, and intervention is actually effective and efficient.

In addition to this is the fact that public administrators are supposed to work hand in hand with politicians in a bid to attaining public-sector goals. This has always been the case. However, following reforms, this appears to have changed as, in most cases, reforms have resulted in the exclusion of bureaucrats from the political scene. The aftermath of this is that most of the major decisions might be taken by politicians and forced on bureaucrats in a top-down approach, when in effect it should be from a bottom-up approach or a more balanced approach. Further, even though bureaucrats are in charge of policy formulation, the fact that policy execution is carried out mostly by external agencies means that this policy formulation is, more often than not, affected by these policy execution agencies, because excess reliance by public managers on delivery agencies means that these agencies will have to be consulted maximally at the policy formulation stage (Brown et al. 2006; Trondal 2017). In this way, it becomes obvious that hybridity impacts how managers set agenda, make decisions, and implement policies. Thus, bureaucrats find themselves spending more time on consultation and monitoring than in executing core public-sector assignments. The reason why this likely constitutes tension, here, is that there is never a balance between the policy formulation job of public managers on one side and policy executing, consulting, contracting, collaborating, and monitoring on the other hand. This tends to affect bureaucratic/public responsiveness negatively. Taken together, these issues constitute major tensions in public administration.

## Conclusion

Bureaucrats as hybrids is a multidimensional research area that encompasses public management reforms, public administration, public management, organizations, organizational structures, and organizational actors, activities, and practices. Thus, it constitutes a rich research area. It is an area that needs further research attention in order to document the effects of both inter and intraorganizational hybridity on the public sector. The arguments behind reasons for hybridity in the public sector are well framed and convincing; however, proponents while constructing the arguments for did not take into account the issues that may likely arise as a result of bureaucrats having to combine core public-sector assignments with monitoring and evaluating role brought about by the reforms.

One cannot argue that this additional role is not necessary. This is because even though managers commit more time and attention trying to understand how to manage relationships with agencies outside the public-sector organizational boundaries (Andrews 2017), it increases managerial talent in the public sector by working with private- and social-sector agencies, as well as ensures that these talents are retained in the public sector; one can conveniently conclude that it makes the work of bureaucrats more difficult as it introduces conflicting goals into the public-sector arena. The reason for this is that traditional public administrative values and NPM, NPG, and networks managerial values speak different ideas and perspectives. Hence, some observers have

argued that in the light of a managerial state, bureaucrats are working on the wrong set of values compared with what civil service is known for (Farazmand 2017).

In addition to the fact that bureaucrats may be experiencing job difficulty and working on wrong sets of values is that public funds are transferred to the private and social sectors while replacing public service and public interests known to be delivered by systems of public administration with managerial bureaucratic means (Farazmand 2017). While agreeing with Farazmand (2017) on the transfer of public funds to the private sector, it is important to also note that, more often than not, the cost of collaboration and of writing contracts with executive agencies adds to the actual costs of service delivery and administration under the traditional systems of public administration to make service delivery and administration seem to cost more under NPM, networks, and NPG managerial state. In this way, in the end, if not properly and carefully articulated and planned, efficiency, effectiveness, and other parameters that make NPM, NPG, and networks attractive may not be achieved. In fact, it is difficult to conclude that NPM and NPG have offered and will offer anything special to public administration.

As with these is that working with private actors may well mean weakening the public sector, where information that are supposed to be treated as confidential are consciously and unconsciously released to the private and social sectors, especially the private sector by engaging them in public matters. It is clear that while the public-sector will as well, in some way, have access to some private information in the course of these dealings, the information that will be available to the public sector may not be as useful as those that will be available to the private-sector actors. Also, because the public sector may not be effective in monitoring these dealings, the private actors are able to have a good end in terms of bargain and benefits in the end.

## Cross-References


- ▶ Bureaucracy and Capitalism
- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Economic Growth
- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and Outsourcing
- ▶ Bureaucracy and Policy Alienation
- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Bureaucracy and Professionalism
- ▶ Bureaucracy and Public Opinion
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucracy and Service Delivery
- ▶ Bureaucracy Responsiveness
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy
- ▶ Bureaucratic Influence in Policy Formulation


## References


Alford J, O'Flynn J (2012) Rethinking public service delivery: managing with external providers. Palgrave Macmilian, New York

Andrews R (2017) Environmental complexity and public service performance in England. In: Meir KJ, Rutherford A, Avellanda CN (eds) Comparative public management. Georgetown University Press, Washington, DC, pp 49–68

Anheier HK, Krlev G (2016) Governance and management of hybrid organisations. Int Stud Manag Organ 46(2–3):130–135. https://doi.org/10.1080/00208825.2016.1112141

Araya JP (2018) Bureaucratic influence in policy formulation. In: Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, New Delhi, India, pp 1–7

Borys B, Jemison DB (1989) Hybrid arrangements as strategic alliances: theoretical issues in organizational combinations published by: academy of management linked references are available on JSTOR for this article: hybrid arrangements as strategic alliances: theoretical issues. Acad Manag Rev 14(2):234–249

Brown TL, Potoski M, Van Slyke DM (2006) Managing public service contracts: aligning values, institutions, and markets. Public Adm Rev 66(3):323–331. Published by: Wiley on behalf of the American Society for Public Administration Stable: http://www.jstor.org/stable/3843914. Linked references are available on JSTOR for

Emerson RM (1962) Power-dependence relations. Am Sociol Rev 27(1):31–41

Evers A (2005) Mixed welfare systems and hybrid organizations: changes in the governance and provision of social services. Int J Publ Adm 28(9–10):737–748. https://doi.org/10.1081/PAD-200067318

Farazmand A (2017) Bureaucracy, bureaucratic politics, and democracy. In: Global encyclopedia of public

administration, public policy, and governance. AG 2016. Springer International Publishing, New Delhi, India, pp 1–8. https://doi.org/10.1007/978-3-319-31816-5
Kickert WJM (2001) Public management of hybrid organisations: governance of quasi-autonomous executive agencies. Inte Publ Manag J 4:135–150. https://doi.org/10.1016/S1096-7494(01)00049-6
Kwak YH, Chih Y, Ibbs CW (2009) Towards a comprehensive understanding of public private partnerships for infrastructure development. Calif Manag Rev 51(2):51–78. https://doi.org/10.2307/41166480
Mair J, Mayer J, Lutz E (2015) Navigating institutional plurality: organizational governance in hybrid organizations. Organ Stud 36(6):713–739. https://doi.org/10.1177/0170840615580007
Meier KJ, O'Toole LJ (2011) Comparing public and private management: theoretical expectations. J Public Adm Res Theory 21(Suppl 3):283–299. https://doi.org/10.1093/jopart/mur027
Meyer RE, Egger-Peitler I, Höllerer MA, Hammerschmid G (2014) Of bureaucrats and passionate public managers: institutional logics, executive identities, and public service motivation. Public Adm 92(4):861–885. https://doi.org/10.1111/j.1467-9299.2012.02 105.x
Minkoff DC (2002) The emergence of hybrid organizational forms: combining identity-based service provision and political action. Nonprofit Volunt Sect Q 31(3):377–401
Pfeffer J (1972) Merger as a response to organizational interdependence. Adm Sci Q 17(3):382. https://doi.org/10.2307/2392151
Pollit C, Bouckaert G (2011) Public management reform: a comparative analysis, 3rd edn. Oxford University Press, New York
Schmitz B, Glänzel G (2016) Hybrid organizations: concept and measurement. Int J Organ Anal 24(1):18–35. https://doi.org/10.1108/IJOA-07-2013-0690
Skelcher C, Smith SR (2015) Theorizing hybridity: institutional logics, complex organizations, and actor identities: the case of nonprofits. Public Adm 93(2): 433–448. https://doi.org/10.1111/padm.12105
Trondal J (2017) Bureaucratic structure. In: Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, New Delhi, India, pp 1–7. https://doi.org/10.1007/978-3-319-31816-5

# Bureaucrats as Specialists

Hatice Altunok
Abant İzzet Baysal University, Bolu, Turkey

## Synonyms

Bureaucratic hegemony; Technocracy; Technocrat

## Definitions

Bureaucrats are appointed public officers with a certain degree of specialized knowledge. During their career progresses, their experience advances. This leads to a mass who administrate called specialist bureaucrats.

## Introduction

As a rational organization model, the bureaucracy has rules for the basic qualifications of the organizational structure as well as employees. Bureaucrats, who are the agents of the bureaucratic mechanism in which the organizational structure is determined according to the hierarchical boundaries, also take place according to their expertise within this structure. The significance of this expertise has many aspects, one of which, it provides a certain degree of privilege to bureaucrats against politics. In this entry, *bureaucrats as specialists* are examined within the framework of expert identity and the significance and outcomes of specialization.

## The Birth of Expert Identity of Bureaucrats

Bureaucrats and specialists are the subjects of the bureaucracy and specialization. The bureaucracy existed in ancient societies, though not in the name of bureaucracy before Max Weber theorized it on the scientific framework. In the ancient societies, the manner of fulfillment, the hierarchy of command, and the rules to be followed for their realization were determined, and these practices laid ground for the origin of modern bureaucracies. It can be said that bureaucratic systems have been established since the need to carry out tasks by getting organized and to fulfill these tasks by separating them into departments emerged. Within these systems, the knowledge and ability to do business came to the forefront and the professionals became specialists according to their work. The structures and functions of organizations have changed and diversified through the Industrial Revolution. The increasing labor

volumes of the organizations, division of the production process into sections, and increase in the information needed have led to the formation of specialist staff. With the institutionalization of the modern working organizations, bureaucrats have become effective as specialists. The most prominent features of the bureaucrats are that they are described as "specialists" in any related field.

The social and economic transformation that began with the Industrial Revolution also reflected in the intellectual history of the nineteenth century. That is, the division of knowledge into disciplines and professionalization; in other words, the creation of institutional structures that continue to produce new information and re-educate the producers of information has left its mark on this process. Behind the idea that new disciplines should be set up, there is a belief in the need to specialize in separate areas. Alongside this belief is the fact that the reality must be rationally separated into different sets of information (Gulbenkian Commission 2003: 16). This separation has affected the higher education institutions. To this end, educational institutions and particularly higher education institutions in Continental Europe have played an important role in gaining specializations. These institutions have been influenced by the impact and dominance of the need for a teaching instrument that produces specialist education and a special examination system that has become one of the indispensable elements of the modern bureaucracy. Capitalist bureaucratization has widened this type of examinations by increasing the demand for staff members, such as technicians and clerk who have received specialized education (Weber 1996: 319–320).

A specialist who takes an office by taking various exams refers to a person who is equipped with knowledge and skills in a specific area or subject. Specialists hold their positions because of their knowledge and skills. As a result of the division of labor, specialists develop themselves in the areas of specialization in line with the characteristics required by their duties. Bureaucrats are members of the bureaucracy who are in senior positions of organizations and have specialized in specific issues. Besides, one of the meanings attached to the concept of the bureaucracy is explained as all public officials. It refers to the whole of public officials in a state. The bureaucrat is usually assumed to be a person sitting at the desk for the benefit of all the citizens and having a lot of work with the documents (Shafritz et al. 2011: 235). A bureaucrat has the characteristics of impartiality, specialized knowledge, and obedience to their superiors. It is mandatory to enforce the rules and the orders from the top executives. Where his ideas differ from their ideas, the bureaucrat must fulfill his duties in accordance with the orders from their seniors. The word bureaucrat evokes qualifications such as having specialization knowledge, yet it has been influenced by the negative meanings of the bureaucracy. In these sense, bureaucrats are defined as lazy, rule-based, harsh, wasteful, and willing to protect power (Mouzelis 2001: 35; Goodsell 2000: 128). Common perceptions such as they have a behavioral model to increase their personal benefits can also be added to these assumptions.

The essence of Max Weber's model of bureaucracy is that the work is divided into specialization. In this model, the most important qualities to hold an office are to know the correct instructions, to be competent in intellectual techniques in interpreting them, to turn these instructions into less general ones, to develop measures against the risks they can bear, and finally to carry them out. The hierarchy of the offices corresponds to the hierarchy of having the same knowledge and techniques at the same time (Poggi 2007: 43). One of the criteria for the appointment of the executive officers of the upper authority, which forms the basis of the system, is the selection of the candidates according to the technical quality level. In the most rational case, this qualification is tested by examinations or assured by a diploma indicating that technical training is available, or both options are applied at the same time. The task is the one, or at least the main work, of the person who undertakes it. This task creates a career (Weber 2005: 46). Since the beginning of the task in the bureaucracy, employees progress by developing their relevant field of specialization through their careers.

The definition of bureaucrats as specialists carries a scope that emphasizes the specialist quality of bureaucrats. The specialization knowledge and skills of bureaucrats first come to mind before many features of them. Thanks to these, bureaucrats become specialists in the field they work in and they gain privilege in comparison to politicians. Key characteristics of specialist bureaucrats are: They have a specialized terminology specific to their field of study. This terminology distinguishes specialist groups from each other as well as distinguishing them from the members of other professions. They have the potential to create pressure against political power. They are dominant in the law and control-related mechanisms that can protect themselves against politics and society. They are influential actors in shaping public policies.

## The Significance and Outcomes of Specialization

The importance of bureaucrats being specialists is due to the constantly increasing role of technical qualifications in bureaucratic institutions. An employee of a political party or union is often required to have the specialized knowledge even through experience rather than a formal training. Weber notes that the tasks for which no technical qualifications are sought in the modern state are merely tasks of the elected officials (Weber 2005: 48). However, it is seen that even today, most of the occupants of these duties come to those positions by technical experience. Therefore, specialized knowledge is required at every level, from the upper level bureaucrats to the civil servants who provide the routine functioning of the bureaucracy. The main source of the superiority of bureaucratic management is that technical knowledge has become indispensable with the development of modern technology and management methods in the production of goods. From this point of view, there is no role of the economic system being organized on capitalist or socialist bases. In fact, the importance of the specialized bureaucracy will increase in socialist regime even if the same level of technical efficiency is reached (Weber 2005: 51).

The specialized knowledge of the bureaucrat has some important consequences. First, this information-based power position forms the main source of political conflict. The special information that bureaucrats possess can be used as a powerful weapon against political power holders. Bureaucrats who use specialized knowledge as a shield become easily able to take shelter behind bureaucratic activities under the "official secrecy" label, even in situations where privacy is not really required. Whether or not the given case really requires privacy is usually not understood by politicians. Bureaucrats who have the power of specialization can decide whether their activities are secretive or not and thus hold the dominance of the managerial system (Mouzelis 2001: 35–36, 49). Along with these, there is also a tendency in the bureaucracy toward specialization, alienation, and narrowing the field of elected politicians.

Bureaucratic specialization forms the basis of bureaucratic power. Political scientist Francis Rourke describes the influence of specialists with five main components (Chandler and Plano 1982: 157). The first of these components, specialists in the field of a problem or subject experience both demand and opportunity for full-time attention, professionalism in public service. The second is the specialization in the subject. The third, if specialists successfully maintain their specialization in each subject, they create a knowledge monopoly in the subject field, which makes them indispensable in any decision involving their subjects. The fourth is increased feeling of confidence in bureaucratic specialists for technical recommendations. The fifth is the increase in the bureaucratic discretionary power of bureaucratic specialists.

The quality of the bureaucrats' specialization is determined by the training criteria when starting their duties. The level of specialization is updated and developed through the trainings to be received during the term of office. The increasing specializations with the diversification of the modern state's fields of activity have also led to increases in the specializations of bureaucrats. The increase

in the fields of specialization has also integrated the quality of the specialists to professionalism. Specialist bureaucrats have a role in the professional staff position of the bureaucracy. Theoretically, specialization has also been an important principle in shaping the bureaucracy. Bureaucracy has been reshaped in forms such as technocracy, meritocracy, and plutocracy as the state's functions and roles evolved. Technocracy, on the other hand, highlights features or dominance of technical bureaucrats, which are purely technically oriented. Meritocracy has adopted the idea that merit principle should be the basis for the appointments. In fact, there are some criteria for coming to the office in the bureaucracy or one should pass some exams. Despite the existence of these criteria, merit principle has been additionally emphasized through meritocracy due to the lack of bureaucratic merit as a result of the influence of politics. The bureaucracy is a medium that forms specialized and also elite groups. This elite understanding has been developed within the scope of wealth through plutocracy. In addition to these perspectives, public preference theory and other views on bureaucrats have been put forward. According to these views, bureaucrats focus on their own benefits rather than the public interest, in order to obtain benefits such as status, rights, and authority. Although different opinions focus on the various characteristics of the bureaucrats, the main point is the idea that this section is an important part of the state administration. What makes their existence compulsory while fulfilling these functions is their specialized knowledge. The rapid influence of technology on organizations through structures and processes that aim international integration increases the need for specialist bureaucrats. For example, international organizations such as the European Union, the World Bank, and the World Monetary Fund create a new field in the national bureaucracies of the countries with which they are in contact. In public policy areas, language is shaped according to this international bureaucracy. For this reason, there is a need for specialist staff who know the legislation and terminology of international organizations. There is also a need for specialized staff in organizations in order to catch up with the pace of technological changes just like international developments. At the same time, the need for staff with knowledge of technology requires that staff with complex operational qualifications should be employed rather than personnel who provide classical public services. For all these reasons, it can be foreseen that the need for specialist bureaucrats will increase more and more.

## Conclusion

Bureaucrats are indispensable actors of public administration. The qualities they possess and the way they are appointed to the public offices are distinguished from those elected. Although often criticized for their potential to be an unbending force against politics, the bureaucracy also provides practical knowledge and guidance to politics. It is the expertise that brings bureaucrats to that position. There should be two points about bureaucrats as specialists; first, their knowledge fortified with experience has a functional role for rational and efficient administration. Second, the nature of this expertise may cause bureaucrats to be focus center against politics. That is to say, the expertise may also be an instrument of a bureaucratic class that holds the monopoly of information and therefore demands privileges.

## Cross-References

► Technical Advantages of Bureaucracy

## References

Chandler RC, Plano JC (1982) The public administration dictionary. Wiley, New York

Goodsell CT (2000) Bureaucrat bashing. In: Shafritz JM (ed) Defining public administration. Westview Press, Boulder

Gulbenkian Komisyonu (2003) Sosyal bilimleri açın (Çev. Tekeli Ş). Metis Yayıncılık, İstanbul

Mouzelis NP (2001) Örgüt ve bürokrasi (Çev. Akın BH). Çizgi Kitabevi, Konya

Poggi G (2007) Devlet doğası, gelişimi ve geleceği (Çev. Babacan A). İstanbul Bilgi Üniversitesi Yayınları, İstanbul

Shafritz MJ, Russell EW, Borick CP (2011) Introducing public administration. Longman, Boston.
Weber M (1996) Sosyoloji yazıları (Çev. Parla T). İletişim Yayınları, İstanbul
Weber M (2005) Bürokrasi ve otorite (Çev. Akın HB). Adres Yayınları, Ankara

B

## Burnout in Nonprofit Organizations

Pamela Ransom
Metropolitan College of New York, New York, NY, USA

### Synonyms

Collapse; Debilitation; Exhaustion; Fatigue

### Definition

Exhaustion or loss of physical or emotional strength or motivation usually as a result of prolonged stress or frustration.

### Introduction

Burnout or what is sometimes called "burnout syndrome" involves various forms of withdrawal which can be either physical, psychological, or emotional from normal activities that were previously enjoyable because of the experience of stress. It is linked to ongoing exposure to tensions related to work. Symptoms include not only a sense of alienation but also increasing levels of disengagement and cynicism, loss of meaning or exhaustion in workers, which increase as a result of the buildup of stress. Although the problem is related, it is slightly differentiated from stress, because it involves not just reduced energy but also a lost sense of ideals and hope.

The term first developed from efforts to define the listless, empty, worn-out feelings identified in those in helping professions and roles. The label was used with reference to the experience of becoming overwhelmed and fatigued because of excessive demands on resources (Freudenberger 1974). Burnout is identified with three key elements including not only emotional exhaustion but also depersonalization and a sense of reduced personal accomplishment. Some burnout models differentiate mixed phases of cynicism, inefficacy, and exhaustion, with suggestions that these often come after a stage of initial idealism and enthusiasm.

### The Problem for Nonprofits

Although burnout has been identified among workers in a wide range of spheres, the phenomenon has important implications for those in the nonprofit field. Early work in the study of burnout first investigated emotional stress in human services workers in the 1970s. This work highlighted the demanding nature of pressures stemming from ongoing, close client-worker relationships, with depersonalization as a common response. More recently, burnout has been cited as a reason many nonprofit workers expect to leave their jobs for other sectors. Tight budgets, resource constraints, and high work expectations of many nonprofit organizations make them particularly vulnerable to challenges of work overload, with implications for increased levels of burnout. Examples are far reaching and linked to a range of situations including the experiences of post-hurricane recovery workers in community-based organizations who have reported feelings of burnout due to the combination of intense demands and sense of powerlessness from blockages to their ability to make change. Burnout has also been found to be high among those in various nonprofit volunteer roles as well as among social workers with lower levels of education who sometimes have elevated feelings of emotional exhaustion.

While the caring responsibilities involved in many nonprofit jobs may cause some of the problem, it is also noteworthy that nonprofit organizations may also benefit from burnout that individuals experience in other fields. This is because the diverse array of positions offered in many nonprofit organizations seems attractive for

those seeking escape. Nonprofits offer a wide range of interesting job opportunities that are not only emotionally appealing but also intellectually challenging. While a relatively large proportion of those in nonprofits feel it is easy to burnout in their jobs, more workers in this sector have also been found to be satisfied with their work compared to those in federal government and for profit careers. Some organizations in the nonprofit world also benefit from part-time workers, who place high value on positions that offer flexible time arrangements and increased work-life balance.

## Causes of Burnout

Six key areas of job person/mismatch linked to causes of burnout include challenges of workload, control, reward, fairness, values, and community (Maslach and Leiter 2005). High workloads are often a problem in the nonprofit sector which bears some relationship to limited organizational resources available to address ambitious organizational missions. These issues are sometimes linked to stressful working hours and demanding shifts. Cases include burnout identified in various groups of workers such as older workers with disabilities, struggling to negotiate night shifts as well as organizational leaders tasked with complex schedules, long work weeks, and/or extensive travel. Barriers to communication or workers experiencing what they perceive of as forms of inequity have difficulties maintaining adequate levels of control, reward, and fairness that help avoid the buildup of stress. Lack of clarity concerning work roles and the accompanying role conflict, as well as challenging work environments and conditions, are other contributing factors. Nonprofit volunteers, experiencing role ambiguity, and lack of voice also experience the problem. High expectations, and organizational isolation as a result of compartmentalization, exacerbate feeling of burnout in some nonprofit fundraising personnel.

For staff in many organizations, burnout comes from dual factors that involve not only job-related issues but also varied external stress-related sources. When job pressures combine with those from home or personal life, tolls on physical and psychological well-being may occur. High levels of work overload or allowing work to intersect with personal time can be contributing factors. Workers at different life stages, particularly women, or those with complex caregiving responsibilities, such as caring for children or aging relatives, experience burnout and stress from juggling sometimes conflicting demands.

Efforts have been made to identify worker types based on assessments of the degree of burnout. Those with low levels of the feelings of emotional exhaustion and depersonalization linked to burnout have been classified as "laissez-faire" managers because they also sometimes have low levels of accomplishment and investment in their jobs (Loo 2004). A second type of worker, termed "well adjusted," has relatively high levels of achievement but low burnout symptoms. The last group classified as "distressed managers" has only moderate job accomplishments but a high degree of feelings of exhaustion and emotional depersonalization linked to the burnout problem.

Other worker classifications related to theories of exchange involve analysis of burnout types based on various causes of worker discomfort with respect to the physical environment or other organizational or individual conditions. This distinguishes those deemed "frenetic" with high levels of overload, dedication, and ambition, from the "worn-out" worker who manifests relative work passivity, low production, and dedication, and "under-challenged" worker who obtains little job satisfaction because of an environment filled with ongoing monotony or boredom (Montero-Marin et al. 2012). While the frenetic worker's burnout is often heavily influenced by issues of organizational structure or injustice on the job, the worn-out worker's burnout is generally tied to lack of recognition and rewards. For the under-challenged worker, burnout stems primarily from the structure of organizational tasks.

Burnout is prevalent for many in nonprofit leadership roles. A variety of sources of stress for executive directors include challenges associated with working with boards. Increased levels of

blaming, complaining, and lack of cooperation with others are burnout manifestations. In some cases, this may be exacerbated by a lack of adequate levels of support. Many in nonprofit leadership roles face pressures from combined demands for sustained funding and staff tensions because salaries are low. Board members also sometimes experience burnout from pressures related to expectations for fundraising. Some individuals lack the balance of skills necessary to tackle responsibilities associated with both risk taking and providing both organizational directions. Leaders who loose capacity for attention to self-care are often more prone to the problem. Leadership burnout may be exacerbated during processes of transition, sometimes even resulting in organizational harm.

Individuals who are more "centered" in their experience of career success engage in specific forms of self-control essential for avoiding burnout. Four key strengths include the ability to use effective communication, achieve life balance, engage in risk taking, and finally maintain work quality. In combination, these contribute to individual well-being in terms of not only a healthy life perspective but also positive interaction with others and appropriate activity level for both work and nonwork roles. Capacity for calm decision-making in situations of stress plays an integral part.

## Burnout Impacts

In nonprofit organizations, burnout leads not only to declining productivity but also progressive disengagement, reduced levels of responsiveness in client service, and sometimes increased absenteeism. Associated health issues may include sleeplessness, poor concentration and capacity for coping, cardiorespiratory symptoms, even stomach problems such as ulcers, or dizziness (Montero-Marin et al. 2012). This may be particularly problematic for some human service organizations dependent on high levels of employee motivation for quality service delivery. There are recognized similarities and differences between burnout and depression, with burnout noted to also be more tightly linked to the work context. Although these have some of the same manifestations in behavior, differences in production of the hormone cortisone are claimed, with higher levels in those experiencing depression and lower levels among those with burnout. There may be potential for cortisone to serve as a biomarker for detection. In worst cases, feelings of burnout result in various forms of harmful actions or behavior, including self-harm such as increased addiction or alcoholism.

The relationship between burnout and the decision of people to leave jobs is complex. For instance, expressed need to change jobs has been identified in some workers in helping fields with high burnout levels. Feelings of emotional fatigue, exhaustion, and high demands due to contractor regulation and accountability often combine to be factors in decisions to leave. Executives experiencing burnout often go through a stage of initial indecision during which they experience a range of negative feelings before finally making decisions for retirement or career change. Burnout has also been linked to the intention to leave jobs in various workers and nonprofit volunteers.

It is important to recognize, however, that a variety of complex factors influence actual job departure. While pay, problems of pay inequities combined with high workload, or poor supervisory relationships are influential, there also tends to be less propensity for those with longer levels of service to leave. Important drawbacks to departure include positive relationships with coworkers or a sense of client embeddedness that comes from attachment to clients and mission over time. Many experience challenges with respect to ease of movement to other available opportunities. Caution is also warranted on a job change driven purely as a path to burnout avoidance, since alternative positions may present some of the same or even a worse set of problems. With respect to job changers, sometimes feelings of depersonalization and emotional exhaustion linked to burnout actually increase slightly and then level off, with little in the way of increased feelings of personal accomplishment, after new job entry.

## Reduction and Prevention

Reducing burnout involves a range of proactive strategies to create positive work cultures. These can be driven by either the organization or individual. Many basic practices of strategic human resources management, sometimes ignored in the nonprofit sector, are useful including careful analysis of performance and productivity, creative strategies for employee training and career development, and fair systems for compensation. The combination of increasing knowledge, engagement, and "voice" that helps employees change perceptions of their circumstances is helpful in combating the burnout problem.

Organizations have been successful using approaches that help individuals face feelings of burnout head on. Implementation of staff surveys increases understanding of the problem by identifying existing burnout levels and sources. Surveys provide a useful platform for nuanced problem identification, only in an atmosphere of openness with respect to analysis and discussion. While surveys lead to discovery of causes, the process should be followed by proactive strategies for change. Primary diagnostic tools such as the "Maslach Burnout Inventory" (MBI) developed by Maslach and Jackson involves the use of a 25-question survey designed to measure four specific burnout manifestations including feelings about client involvement, exhaustion, personal accomplishment, and depersonalization (Maslach and Jackson 1986). Other simple burnout survey tools are available in user-friendly form to facilitate workplace assessment and discussion (Maslach and Leiter 2005).

With respect to the concept of employee engagement and "voice," cognitive behavioral therapy is a recognized approach related to dealing with the burnout problem. This practical, short-term approach helps individuals both understand and address the problem. Workshops focused on the topic of burnout allow each individual present to have designated, uninterrupted time to talk about underlying sources of ongoing stress. These can be part of comprehensive strategies for stress management training. Effective forms of therapy also sometimes involve use of varied forms of digital games.

These strategies can be integrated into employee assistance and workplace wellness programs depending on organizational capacity, interest, and size. Strengthening staff support through regular conflict resolution, communication, or peer support sessions is a cost-effective measure to ease stress experienced by those in demanding jobs. Coaching and mentoring initiatives that are either peer based or involving the use of outside consultants or volunteers are also sometimes useful. Because it is helpful for people to learn to not dwell too long on the past, some are turning to mindfulness coaching as a useful tool. Various forms of burnout programs are also now available and being administered online. Overcoming burnout now presents a range of opportunities for management consultants in the nonprofit field.

The strategies of therapy, workshops, support groups, mentoring, and coaching help not only to engage workers but also move them through a range of steps involved in identification and tackling of causal conditions. It is critical for individuals to learn specific strategies to help them maintain not only a positive attitude but also proper sense of perspective about the many daily problems that tend to occur in workplace situations. Although standards are important, frank discussions about balance are useful since high levels of perfection are challenging to maintain. Sometimes increased control comes from learning to break tasks that seem overwhelming into smaller, more manageable steps. Other activities include a focus on personal goal setting and action planning about strategies for change.

Stress management may involve not only stress monitoring but also behavioral change through practices including various forms of relaxation such as breathing, meditation, yoga, or even simple methods such as allowing workers brief period of relaxing on the job reading. Others have suggested holistic therapies including acupuncture and/or attention to nutrition as useful in burnout reduction. Various types of environmental change even involving changes in music, color, and lighting can be useful in enhancing the organizational mood. Flex time opportunities can help employees better integrate and balance time. Physical activity and vacations, as well as shifts

in responsibility, are prevention strategies. Some nonprofits are offering employees lengthy sabbaticals on top of regular vacation time, as part of a strategy to avoid the problem.

It is important to recognize that enhanced support systems are also critical tools for reduction and prevention. Emotional support comes from both home and workplace sources and relates to the role of supervisors, coworkers, and organizational policies. Home support may have a more significant impact on burnout reduction than workplace emotional sources, but supportive relationships at work, particularly with coworkers, can be essential. Good leadership and supervisory relationships are also useful. Management interventions should also be tailored not just to those with longstanding jobs but also toward those who are relatively new as well as those who have made an internal job change. This is based on the fact noted previously that some burnout symptoms may temporarily elevate in the first few months to a year on a job.

Attention should also be given to two pronged approaches for organizational leaders and directors with respect to both prevention and treatment. Strategies for prevention should be designed to meet individual needs and may include a range of methods involving not only problem diagnoses and assessment but also career development, job redesign, and/or integration of steps such as time-outs, sabbaticals, or rotational assignments. Executive coaching for nonprofit leaders involving one-on-one consultations may increase aspects of job satisfaction with impacts for burnout reduction, including stress reduction, desire to continue on the job, and enhanced sense of personal/professional balance. Career Enhancement Therapy is suggested as another useful approach for treatment that involves both two full-day small group sessions combined with several months of a series of structured half-day hour meetings to help individuals understand and discuss causes, reactions, and feelings.

An addition, another often overlooked aspect of burnout that may be impacting the sustainability of many nonprofits involved in marketing has been defined as feelings of burnout experienced by the general public toward social issues and nonprofit causes, sometimes called "compassion fatigue." This label characterizes a public overwhelmed or exhausted by a myriad of competitive nonprofit communications and appeals. Strategies to overcome this problem include changes in strategies for messaging, marketing, outreach, and approaches to relationship building.



## Conclusion

Burnout is an important problem faced by many individuals in the nonprofit world. It is critical to recognize the increased levels of stress experienced by many nonprofit workers and volunteers that result from a variety of causes including problems of workload, work structure, and challenges in support systems as well as ongoing demands from the world outside of work. These factors have potential to take a toll on outcomes for both the worker and organization. The problem of burnout runs counter to the zeal and enthusiasm essential for successful achievement of organizational mission and goals. Therefore, regular, ongoing attention needs to therefore be paid to the human side of organizations through proactive approaches to address the problem. Fortunately, a range of strategies are available to deal with the challenges posed, which involve a comprehensive focus on both assessment and engagement at the organization and individual level.

## Cross-References


- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Volunteer Motivations and Nonprofit Organizations


## References


Freudenberger HJ (1974) Staff burnout. J Soc Issues 30: 159–165

Loo R (2004) A typology of burnout types among police managers. Policing 27(2):156–165. Retrieved from http://ezproxy.mcny.edu/login?url=http://search.proquest.com.ezproxy.mcny.edu/docview/211299586?accountid=38814

Maslach C, Jackson SE (1986) Maslach burnout inventory manual, 2nd edn. Consulting Psychologists Press, PaIo Alto

Maslach C, Leiter MP (2005) An organizational approach to healing burnout. Stanf Soc Innov Rev 3:46. Retrieved from http://ezproxy.mcny.edu/login?url=http://search.proquest.com.ezproxy.mcny.edu/docview/217168730?accountid=38814

Montero-Marín J, Araya R, Olivan Blazquez B, Skapinakis P, Martinez Vizcaino V, Garcia-Campayo J (2012) Understanding burnout according to individual differences: ongoing explanatory power evaluation of two models for measuring burnout types. BMC Public Health 12(1):922–933. https://doi.org/10.1186/1471-2458-12-922

# Business Continuity

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Continuity of operations planning

## Introduction

Post-hazard event response and recovery depends in no small part on a resilient business community. When employers are disrupted by disaster, whether natural or technological, they may not be able to swiftly and completely recover in the post-hazard event environment. Jobs may be lost, and these losses in turn put a significant damper on the ability of the community to recover effectively. Because business success in recovery is linked to the recovery of communities, and businesses must also consider protection of employees' interests in their work and the legal protection of the company, enterprises may consider business continuity planning (Beaton et al. 2008). Such a pre-event mitigation strategy may provide a level of capability for the business to respond more quickly and effectively to the challenges of a hazard event. While business continuity planning cannot always be totally effective in preparing a firm for crisis, having a plan in place, coupled with the benefit of having worked through that plan and improved the firm's understanding of what it might need to do in time of crisis, can provide tangible benefits to businesses, and in turn to communities.

## Business Continuity

Business continuity may be defined as "an ongoing process to ensure that the necessary steps are taken to identify the impacts of potential losses and maintain viable continuity and recovery strategies and plans" (National Fire Protection Association 2016). Business continuity speaks to a general hope that a business endures, beyond its creators, and into the indeterminate future. Business continuity management (BCM) can be defined as "a management process that identifies risk, threats and vulnerabilities that could impact an entity's continued operations and provides a framework for building organizational resilience and the capability for an effective response" (Disaster Recovery Institute 2016). Continuity planning is strongly connected to resilience (White and O'Hare 2014) of businesses and communities.

The ambition of business continuity itself as a conceptual matter is to allow a business that has been affected adversely by a hazard event or crisis to surmount attendant obstacles and return the business to functional form. The objective of continuity has less to do with returning to pre-event normal, because returning to normal in that respect may not be possible given the changed circumstances of the post-event environment. Rather, continuity suggests that a business, with planning, can restart operations rapidly and then endure as part of the business fabric of a community or industry. The advantages from business continuity are that services and products remain available, employees remain employed, and related businesses and industries are not further

disrupted due to removal of important business partners in their network. Business continuity is also demonstrated by a firm maintaining "the confidence of shareholders, customers, employees, and the public at large" (McKnight and Linnenluecke 2016, p. 293). In effect, attention to business continuity is one important way for businesses to raise their awareness of potential risks that they face, pre-event, and in doing so reduce vulnerabilities, so that they may achieve some level of resilience in facing crises in the future.

While business continuity is a simple concept on its face, the practical reality of continuity is that there is much to consider when addressing risk and planning for the future of a business in changing and even hostile contexts. Beyond natural disasters, risk comes in a variety of forms. Business owners may not be able to imagine that certain risks (such as riots) could confront their businesses at some point. Some believe that government or police will intervene quickly and completely in bringing situations under control, and thus reduce private sector risk (Doern 2016), but it is clear from responses to past disasters (notably Hurricane Katrina in 2005) that governmental intervention to address hazards of all types may be delayed or ineffective. There can be overestimation of a firm's ability to avoid disruption and an assumption made that a firm and its owners will be resilient, no matter what hazard may occur. These can be dangerous assumptions for the future of a business.

Businesses must consider what makes them valuable to the market in the first place and how to best position that understanding in the current operating environment, adjusting that view as needed to changing circumstances and customer demands. Business culture considers the organizational values that make a business unique and may be worth preserving, and this is a consideration for continuity planning as well. Business owners' interests in continuing their operations are weighty for economic, social, and personal reasons. Dedication to core ideology and a belief that the business is worthy and should go on are all important to continuity (Drozdow 1998).

## Business Continuity Planning

The actual planning of business continuity can become quite involved. As an example, the National Fire Protection Association recommends risk assessment and close consideration of how a variety of hazards might affect a business, and how an event might disrupt the business and its normal manner of operation (through a business impact analysis). The idea of continuity goes beyond that to fundamental aspects of operating a business in a sustainable manner. For example, businesses should have clear goals and objectives and ways to track performance. Leaders need to be committed to continuity planning and supporting such a program. Businesses should comply with applicable laws, have a program to identify, and keep vital records in a protected and usable way (e.g., backing important information up to the Internet instead of solely keeping paper files that are easily damaged or destroyed in a hazard event). Business should consider the well-being of staff; documentation of assumptions about how the continuity plan will work if or when it is called upon in a response/recovery effort; how to prevent incidents from happening, to the extent that is possible; and what steps might be taken to respond to incidents (National Fire Protection Association 2016).

The direction that a continuity plan should be exercised periodically is a useful practice and extends to making the plan a living document, rather than an exercise that is completed, shelved, and forgotten. Creating a continuity plan allows for retention of critical organizational knowledge (Layton and Lambe 2011). Having considered possible issues with communication in a hazard before such a concern occurs is a central factor in continuity planning, as is having a strategy to relocate the business to other quarters within a city or region or to operate it differently until the community returns to normal (or a new normal, which is a distinct possibility). Business continuity plans, as living documents, should be periodically revisited and updated so that they remain current and take full advantage of technologies that will allow a firm to be more responsive and recover more quickly (National Fire Protection

Association 2016) (The National Fire Protection Association's self-assessment tool and preparedness guide, which accompany the code for business continuity, are quite detailed and may prove to be a useful resource for business planning purposes. In addition, ISO 22301 and ISO 22313 are international standards that focus on business continuity and worthy of review.).

## Business Continuity Planning and Public Policy

Governmental organizations might find it valuable to consider the perspective of business enterprises in planning for disaster response and recovery. Businesses benefit from "increased access to decision-making, improved business continuity and direct involvement in contingency planning" (Rogers 2013, p. 325); this requires an open door with local government to consider continuity as a partnership that benefits the whole community. Consistent with the advice to exercise continuity planning, drills or simulations can include "loss of key business activities," as well as how business might be impacted by a "breakdown of public order" (Lee et al. 2009, p. 727). Such drills may provide an opportunity for government emergency operations staff, local government staff, and business/industry counterparts to work together to consider how they as partners might respond to a hazard event, with an eye toward quick response and full recovery of the business sector.

Business continuity has increasingly become a focus of emergency response and coordination, as awareness heightens about the precarious circumstances of businesses, and especially small enterprises, in the post-hazard event context, and how disruptions might impact the surrounding community. There is good reason for business continuity planning as a capacity that should be encouraged by governments. For example, after Hurricane Andrew in 1992, among "businesses that received storm damage, 80% of those lacking a business continuity plan failed within 2 years" (Somers 2007, p. 453). From a public policy perspective, the State of Florida includes business continuity in its comprehensive plan for emergency management, under emergency support function 18 (ESF 18), governing "business, industry, and economic stabilization." The plan suggests that "businesses that prepare are more likely to return to the community after a disaster. Preparedness campaigns developed for the private sector aid in business continuity planning and information sharing to employees on personal preparedness." In terms of implementation, the plan directs those working with ESF 18 to "provide business continuity information and preparedness information for the business community to share with employees, stakeholders, and customers." (Florida Division of Emergency Management & State Emergency Response Team 2016, p. XVIII–3).

Small enterprises often do not assess risks from hazards and consider possible impacts or draft and implement continuity plans. As a result, recovery becomes more arduous. What may have been manageable concerns with supply chain disruptions, for example, becomes insurmountable without continuity planning. It is important to note that "institutional capacities in natural-disaster resilience and business continuity are strong determinants of long-term competitiveness," and for that reason, businesses "need to invest more in the long-term continuity of the supply chain and implement risk-management measures" (Abe and Ye 2013, p. 580). Given this importance of planning to smaller enterprises, it is troubling that academic research in this area is a relatively recent development (Herbane 2010).

## Conclusion

Time spent in pursuing effective plans for business continuity is well spent, as "improved firm-level resilience positively influences community resilience when it enhances the community-level capacities associated with the community's capital" (McKnight and Linnenluecke 2016, p. 300). A concern with the implementation of continuity

concepts in the business sector is that the "rhetoric of continuity" might usurp attaining the idea of continuity in practice and prevent continuity from being achieved (Drozdow 1998). Business continuity planning is resource intensive, but failing to plan is not an acceptable or wise alternative. Businesses cannot reasonably expect their perpetuation if they fail to respond effectively to the changing environment and context of their business, new needs from consumers, and industrial trends.

It is worth mention that the continuity plan itself is only part of the goal of the continuity planning process. A significant aspect of planning is that the planning itself is beneficial to organizations and their focus on risk and surmounting barriers the business might encounter. Sometimes, simpler plans can be more responsive than very detailed plans that constrain organizations' ability to think and respond to threats. Consistent with this, "although policies, processes, and routines provide a framework for action, the actual practice evolves as those in charge of, or involved in, circumstances make sense of the ambiguous information, confused situation, and incomplete data with which they are faced" (Elliott and Macpherson 2010, p. 591).

In emergency management, it is tempting perhaps to consider the concept of continuity as self-evident to businesses and that a simple reminder to consider continuity planning might be sufficient help for most businesses. The unfortunate fact is that most businesses simply do not attend adequately to continuity planning; particularly for small enterprises, the day-to-day activity of the business and the work required to keep a business afloat are time-consuming tasks in their own right, and there is little time left over for planning for the uncertainties of the future or the management of risk. The problem with such thinking is that considering continuity after a hazard event might be too late for management of risk and/or to allow a business to return to operation. While hazard events may disrupt business and community life as a practical matter, disruption to businesses, due to poor or no continuity planning, may be preventable.

## Cross-References


- ▶ Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration Without Hierarchy
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Education and Training in Crisis Management
- ▶ Foundations-Government Relations
- ▶ Leadership and Emergency Management
- ▶ Sustainability and Crisis Management


B

## References


Abe M, Ye L (2013) Building resilient supply chains against natural disasters: the cases of Japan and Thailand. Glob Bus Rev 14(4):567–586

Beaton R, Bridges E, Salazar MK, Oberle MW, Stergachis A, Thompson J, Butterfield P (2008) Ecological model of disaster management. Workplace Health Safety 56(11):471–478

Disaster Recovery Institute (2016) Professional practices. Retrieved from https://www.drii.org/certification/professionalprac.php

Doern R (2016) Entrepreneurship and crisis management: the experiences of small businesses during the London 2011 riots. Int Small Bus J 34(3):276–302

Drozdow N (1998) What is continuity? Fam Bus Rev 11(4):337–348

Elliott D, Macpherson A (2010) Policy and practice: recursive learning from crisis. Group Org Manag 35(5): 572–605

Florida Division of Emergency Management & State Emergency Response Team (2016) The state of Florida 2016 comprehensive emergency management plan, 2016 draft revision. Retrieved from http://tinyurl.com/zv7rwqu

Herbane B (2010) Small business research: time for a crisis-based view. Int Small Bus J 28(1):43–64

Layton S, Lambe A (2011) Learning before, during and after: applying knowledge management to the NHS in times of austerity and change. Bus Inf Rev 28(4): 236–241

Lee Y, Trim P, Upton J, Upton D (2009) Large emergency-response exercises: qualitative characteristics – a survey. Simul Gaming 40(6):726–751

McKnight B, Linnenluecke MK (2016) How firm responses to natural disasters strengthen community resilience: a stakeholder-based perspective. Organ Environ 29(3):290–307

National Fire Protection Association (2016) NFPA 1600: Standard on disaster/emergency management and business continuity/continuity of operations programs. Retrieved from http://tinyurl.com/hzg6a35

Rogers P (2013) Rethinking resilience: articulating community and the UK riots. Politics 33(4):322–333
Somers S (2007) Survey and assessment of planning for operational continuity in public works. Public Works Manag Policy 12(2):451–465
White I, O'Hare P (2014) From rhetoric to reality: which resilience, why resilience, and whose resilience in spatial planning? Environ Plan C Gov Policy 32:934–950

# Business Plan: An Overview on Essentials and Strategies

Nripendra Singh[1], Cynthia A. Nellis[2] and Anurag Sharma[3]
[1]College of Business Administration and Information Sciences, Clarion University of Pennsylvania, Clarion, PA, USA
[2]Clarion University SBDC, Clarion, PA, USA
[3]Clarks Future Footwear Ltd., Chennai, TN, India

## Synonyms

Business Approach; Business Strategy; Strategic Planning; Strategy

## Definitions

Business plan is defined as a document setting out a business's future objectives and strategies for achieving them. It can be written in two forms: the narrative and the financial. Some of the components included in a business plan: an executive summary, business introduction, market analysis, competitive analysis, products and services, marketing and sales strategies, organizational structure, and financial projections.

## Introduction

When planning a vacation, you would not jump into a car and just take off on your trip. Instead, time is spent planning the important details such as where you will go, what will you do, how you will get there, and how much it will cost. In the same way, a business plan serves as the roadmap or planning itinerary to help guide individuals starting a business. Writing a business plan will force individuals to slow down and think about every aspect of the business from how it is structured and value propositions to marketing strategies and financial projections. It is an opportunity for individuals to set up and operate a business on paper for 3–5 years without spending any money. This plan can reveal operational red flags and funding gaps as well as uncover market opportunities or simply provide peace of mind in the decision of starting a business.

Typically, a business plan is required when funding is needed, but developing a business plan is important for every business start-up. It will help prospective entrepreneurs determine the feasibility of their business idea, access the best target market for each product/service, and establish benchmarks or goals with sales and profitability.

So, what is a business plan? It is a written document that outlines all the aspects of a business in two forms, the narrative and the financial, and these two forms must tell the same story. The narrative has several sections that together will provide a complete and in-depth look at the business and its operation. These sections include an executive summary, business introduction, market analysis (including industry profile and competitive analysis), products or services, marketing and sales strategies, organizational structure, and financial projections.

- **An executive summary** provides a brief overview of the business plan along with the request, typically a funding request showing how much is needed, the owner's personal investment, and what type of funding is being requested.
- **The business introduction** states the business name, location, legal structure, ownership, and brief description of the business (manufacturing, service, retail). As appropriate, a summary of the start-up or brief history of the company may be added to provide a clearer understanding of the business at this point in time.

- **The market analysis** section provides an overview of the industry and then identifies market segments, target markets, market trends, and market penetration goals. Following this information would include a profile of primary competitors, their strengths and weaknesses, the businesses competitive advantages and disadvantages, and the barriers to entry.
- **The products and services** section provides a detailed description of what the business sells. It will include specific features and targeted customers benefits that would lead to highlighting a unique value proposition. Additional information would be identifying primary suppliers, technology utilization, and distribution channels. There can be a separate operations section, which describes the businesses' processes and procedures and operational capacity. This section would outline product or service order requirements, processing steps, customer delivery, and customer follow-up.
- **The marketing and sales strategies** section outlines the targeted plans to market, promote, and brand the company's products and services. A description of planned strategies should identify what product/service is promoted to what targeted audience, the product pricing model, and the selected distribution channels. Other strategies to discuss may include creating customer experiences, public relations, and collaboration strategies.
- A management summary including **organizational structure** may be included before financials. This part outlines the **organizational structure**, key management team, personnel needs, professional advisors, and planned personnel training. It is important to show a brief description of each position, the number of individuals needed for each position, and the estimated costs.
- The **financial projections** start with identifying how much money is needed to start the business. **An income statement**, also known as a **profit and loss statement**, is used to show how the business generates income and the direct and indirect expenses. This statement included projected sales, cost of goods sold, operating expenses, financing costs, and the bottom-line net result, which is either a profit or loss. This part of the business plan focuses on where the money comes from (sales), how it flows through the business (expenses), and the final outcome (profit or loss). Next, a **cash flow statement** is created to provide the most critical information for your business. This monthly statement shows how much cash your business is projected to generate to meet its financial obligations, when cash is needed and where it will come from. It also shows the purchase capital assets, budgeted owner withdraws, and the calculation of the monthly net income or net loss. Because a cash flow statement carries profits and losses over to the next month, running a loss indicates that the business does not have enough cash to meet expenses. As stated, this statement is critical and is used to show the need for changes in the plans such as adjustments in operations to reduce expenses, pricing changes to increase profitability, or changes to start-up costs or the total funding needed. Finally, a **balance sheet** is developed to calculate the net worth of the business. This statement shows the business assets (cash, inventory, equipment, real estate) less the balance of the businesses liabilities (debt) to equal the business' net worth.

Backup documentation is needed to provide required documents such as resumes, personal financial statements, and income tax returns as well as supporting documents for projected sales, expenses, the purchase of capital assets, and marketing strategies.

Preparing to start a business begins with a business plan. Taking the time to work through the development of this plan will enable you to uncover weakness in your business idea that you can adjust to increase your chance of success. Make a business plan for your first step.

## Global Business Strategy

This section provides an overview on global businesses and their planning. Global brands largely

have an advantage vis à vis the homegrown brands with respect to the strength of their brand. They have a clear understanding of their product and market strength. These brands are largely established financially to search unexplored geographies. What they struggle for is to add a chapter of success to their book. There is no denying the fact that each market for them is a case study, and their past success in home country or such similar markets is no guarantee for future success for even the established players.

Asian markets by virtue of their high population and growing economies are always looked at as opportunities for the western world. Higher population index coupled with growing economies does not guarantee a higher market share. What remains important for these new entrants is to check out the true potential of their product and brand in the market. In India, there is huge population of 1.38 billion (Worldometer n.d.), but the real taxpayers are not even 2.5% of the total population (The Economic Times 2021). Hence, it is extremely important for the new players to evaluate and understand the addressable population and not be allured by the sheer market size looking at the population.

One wrong judgment can lead to a huge financial loss! It clearly depends on which stage the brand planned to enter the market and before taking the final risk, one must definitely evaluate the below factors:

**Stage 1**: Assessing the socioeconomic local market conditions. At this stage, one should gauge the local population in terms of housing conditions, wealth levels, education, purchasing power, and demographic type. It is worthwhile to ascertain whether the economy of the country under discussion is growing at fast pace in terms of Gross Domestic Product (GDP), fiscal deficit, inflation index, current account deficit, and the foreign exchange reserves, or is it stagnant. It is equally important to comprehend the demographic and psychographic profiling of the population at this stage to create a meaningful understanding of the market under discussion.

**Stage 2**: Learning from the established stories. Are there any established players in the market in the similar segment? It is a daunting task for any brand to enter a market with a fresh idea and a business. Every single industry today may seem open to newcomers, and the environment might seem welcoming for start-ups, but even with the greatest business plans and knowledge of your customer base, about 90% start-ups fail within the first few years of their incubation (Patel 2015). So, if you are planning to move forward with a business idea, your timing may be excellent, but you can still learn a lot from the established players or rather your successful predecessors.

Important insights for new entrants are as mentioned below:

- **Innovation is a must**: A brand cannot live on its past laurels. One must constantly keep reinventing and reenergizing. Finland-based Nokia, one of the greatest mobile brands of all times thought it less important to get into smart phone development (Ahmer 2019). Their market demise was rapid, giving way to Samsung a relatively new player in mobile domain.
- **Define your edge**: Domino's Pizza 30-minute delivery policy is one of the best examples of how established players create a cutting edge in this fast-paced competitive landscape.
- **Be competitive**: McDonalds knew that in order to make a strong presence in India, it had to adopt the mantra, "Think Global Act Local." Hence, it launched the Mc AlooTikki burger for the first time anywhere in the world at an affordable price to make it accessible to the masses. This strategy allowed McDonalds to expand and penetrate the India market through a clear focus on affordability, creating a clear benchmark for others to follow. Learning the realities of Indian market, Starbucks a relatively late entrant in food retail preferred to sell a tandoori paneer roll to allure the Indian taste buds when it made inroads

in the Indian market in 2012. Likewise, Dominos introduced two Pizzas at a sharp price of INR 99 to penetrate the market (Sachdeva 2020).

- **Ensure brand consistency**: Brands with global presence create success stories by uniformity of product and brand communication across the globe. Whether you buy an Apple IPhone 12 in India or in the United States, it has similar benefits and features. Additionally, these brands have consistent after-sales service and similar retail environments to give an unparalleled customer experience. This is what sets them apart from the less established players.
- **Make some visible noise**: Simply launching the brand in the market place by virtue of your past achievements is no assurance of creating yet another success story. Hence, it is imperative to create a unique entity that has a consistent communication for the world to know that you are ready to dazzle them.

**Stage 3**: What are the local government laws? This is probably the most important factor that allows one to make the first step. This comes even before assessing the market potential. Imagine a huge market potential but government laws inhibit Foreign Direct Investment (FDI) or the local law has a capping on investment. What are the mandatory government requirements with respect to taxation of the category under discussion? Once we are clear with the local market requirements that is when we begin the next step.

**Stage 4**: Now the next question is how does one decide the best-fit option? Do we hire a market research agency in the local market, or do we gather market intelligence data from local authorities to make progress on our decision or do we do both? Brands typically look for the most apt strategy to enter the market to mitigate the risk, before investing deep. Prior to entering the Indian market, Skechers, a leading footwear brand conducted an in-depth study. To understand the latent potential of the growing athletic leisure wear segment, they examined various entry-level options. They concluded the best option to enter the market was through a joint venture partnership with a local retail giant, Future Group. This partnership enabled them to gain a better understanding of the retail market. Once the FDI options eased in India, they dissolved the partnership to expand and grow independently. Does it mean this is the best strategy or an established strategy – the answer is a big **NO!**

The Global ecommerce giant Amazon preferred to enter direct and used all its financial muscle to make gradual but strong inroads in the Indian market. However, the same strategy could not work for Amazon while entering China. Alibaba, the homegrown e-commerce giant is the most established company in China, and the local government laws did not support FDI. It is important to understand that it is not only the market potential but also the local laws that support your vision. Decisions are based on a variety of factors (Tulman n.d.).

The other critical factor to consider is the size of the opportunity and not just the opportunity. There are various instances wherein there is an opportunity, but it does not have the scale for the new entrant to make inroads. This is the typical case for luxury brands entering developing economies. The BRICS (Brazil, Russia, India, China, and South Africa) markets, more specifically China and India rather than Brazil and Russia, have been in the spotlight for the past few years. Analysts and marketers across the world have always looked at China and India as two strong-growing economies to establish luxury brands. Yes, there is a strong emergence but is it across the country or is it confined to some pockets? The markets of Delhi, Mumbai, and Bangalore contribute to almost 90% of organized luxury retail of India (Dhawan 2020). Hence, despite some great socioeconomic indicators that support the resurgence of luxury retail in India, it is limited to specific areas. What is interesting to note is most of the luxury retailers in lifestyle domain still prefer to adopt the joint venture or franchising route to rationalize operating costs. With this

backdrop, the major takeaway is to assess the size of opportunity and not just the potential.

**Cricket**, one of the favorite sports in the Asian countries in which two sides of 11 players play against each other has three different formats: 50 overs or 20 overs a side match or a 5-day test match. In a 50 over format, each side gets to bat and bowl 50 overs. In one over, 6 times the batsman and bowler get an opportunity to play against each other and the maximum score a batsman can score in an over is 36. This makes one believe that the maximum opportunity a team has in a 50 over format is to score 1800 in a match. The reality is not even a single cricket-playing nation in the last 50 years of its existence, has even scored one-third of the maximum potential. Similarly, in business scenarios one should clearly estimate the real size of the opportunity and not just the potential because one wrong assessment can wash away all the finances. On the contrary, if an entrepreneur does his/her homework correctly, the results can be dramatically opposite.

**Ferns N Petals**, perhaps one of the largest florist chains in the world started over two decades ago in Delhi. Today, there are 240 retail stores in India, and it has begun to go Global with its presence in the Middle East and South East Asia. It remains a profitable company without investor funding or any debts. What set this florist chain apart was its ability to identify the opportunity at the right time and building block by block with clear measurable outcomes. The right market assessment allowed a small-time entrepreneurial venture to translate into an enviable profitable organization. The important learning here is to strike the iron when it is hot.

**Adidas**, the major German sportswear company began its operations in India in 1995, by identifying the opportunity. With an average age of 29, India is the youngest nation in the world with a growing economy and supportive socio-economic indicators (Financial Express 2017). Although the government laws then did not completely support FDI, it was the right time to harness the opportunity before it was too late. The deep pockets of Adidas coupled with their patience allowed this sportswear giant to make some gradual profits albeit after almost two decades of its existence (Prabhakar and Chakravarty 2012).

## Funding Options for Entrepreneurs

Although an entrepreneur has quite a few options to fund his business, the most popular ones include:

(I) **An angel investor** (also known as a private investor, seed investor, or angel funder) is a high-net-worth individual who provides financial backing for small start-ups or entrepreneurs, typically in exchange for ownership equity in the company. Often, angel investors are found among an entrepreneur's family and friends. Although, it might seem an easy pick for some because it is relatively easy to sell a proposal to an individual than to a set of individuals. However, angel investors come with deeper insight as they tend to spot and nurture unusual talent. The Internet is full of options for entrepreneurs to reach out to some of the best angel investors.

(II) **Venture capital** (VC) is a form of private equity and a type of financing that investors provide to start-up companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks, and other types of financial institutions. Entrepreneurs can seek this as an option if they do not have physical collateral to pledge to a bank. However, in lieu of the same, they have to part with a percentage of their ownership on a negotiated basis to the VC. Typically, at the start of your business, an angel investor comes to play, and a VC helps scale the business to the next level. Both angel investors and VCs have experience across a variety of industries and can help business ideas to flourish and grow.

(III) **Crowdfunding** is the practice of funding a project or venture by raising small amounts of money from a large number of people,

typically via the Internet. Crowdfunding is a form of crowdsourcing and alternative finance. Crowdfunding on platforms such as Kickstarter and Indiegogo can give a financial boost to small businesses. These platforms allow businesses to pool small investments from several investors instead of seeking out a single investment source. By using crowdfunding, entrepreneurs can raise the necessary seed funds to get their start-up through the development phase and ready to pitch to investors.

(IV) **Bootstrapping** is building a company from the ground up with nothing but personal savings and luck. Cash comes from the first sales. Such businesses typically lack scalability.

## Example of Evolving Finance

**Flipkart**, a homegrown e-commerce major started with humble beginnings by two young tech entrepreneurs in 2007 in India. It is probably the best example in recent times of how a strong idea coupled with a great vision can evolve in a great success story that the world envies. Although the duo Sachin and Binny Flipkart cofounders started with a small seed capital, they got initial support by an angel investor, who enabled them to believe in and launch their dream. The real thrust came with phased investments (2009–2016) from VC giants including Tiger Global, Naspers, Morgan Stanley, and a few others which allowed the entrepreneurs to scale their project. Flipkart grew exponentially in a short time, which led to its acquisition by Walmart to compete with Amazon in the fast-emerging Indian e-commerce market (Chakraborty 2017).

## Conclusion

Business planning is the first step for any entrepreneur to start. Careful planning and positive approach can help business succeed. It is extremely important to create a product or service that is not only high on innovation and market acceptance but also is adequately supported with scalability. One can have a brilliant idea, but in order to make his/her presence felt, one needs to create the much-needed desire not only for the market but also for people to invest in your dream venture. For an entrepreneur, it is all about make or break. It becomes very important to do it right at the first instance because one wrong decision can really jeopardize the entire venture. For an entrepreneur to succeed, it is extremely important to have subject expertise and to create something unique for the world to acknowledge and accept. Innovation in product, service, marketing, technology, or all the above sets apart a successful entrepreneur from the mediocre.

## Cross-References

▶ Bridging the Funding Gap
▶ Company Structure and Legal Implications
▶ Fit: Market and Strategy

## References

Ahmer A (July 24, 2019) Why Nokia failed? https://www.doersempire.com/why-nokia-failed/

Chakraborty S (2017) The Flipkart story: a timeline of funding from 2007 to 2017. Financial Express. https://www.financialexpress.com/industry/technology/the-flipkart-story-a-timeline-of-funding-from-2007-to-2017/595740/

Dhawan S (August 17, 2020) Bengaluru, New Delhi, or Mumbai: which is the fastest growing Indian prime residential market. Financial Express. https://www.financialexpress.com/money/bengaluru-new-delhi-or-mumbai-which-is-the-fastest-growing-indian-prime-residential-market/2057495/

Financial Express (March 26, 2017) With an average age of 29, India will be the world's youngest country by 2020. https://www.financialexpress.com/india-news/with-an-average-age-of-29-india-will-be-the-worlds-youngest-country-by-2020/603435/

Patel N (January 16, 2015) 90% of startups fail: here's what you need to know about the 10%. Forbes. https://www.forbes.com/sites/neilpatel/2015/01/16/90-of-startups-will-fail-heres-what-you-need-to-know-about-the-10/?sh=5a8f826e6679

Prabhakar B, Chakravarty C (May 12, 2012) How global brand Adidas slipped in India. Economic Times.

https://economictimes.indiatimes.com/industry/cons-products/fashion-/-cosmetics-/-jewellery/how-global-brand-adidas-slipped-in-india/articleshow/13112745.cms?from=mdr

Sachdeva S (March 21, 2020) Marketing strategies of Domino's by which it is ruling Indian market. Marketing Mind. https://www.marketingmind.in/marketing-strategies-of-dominos-by-which-it-is-ruling-indian-market/

The Economic Times (February 2, 2021) Budget 2020: the deceptive rise in India's income tax base. https://economictimes.indiatimes.com/wealth/tax/budget-2020-the-deceptive-rise-in-indias-income-tax-base/articleshow/73868046.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Tulman H (n.d.) Amazon's amazing failure in China. INC. https://www.inc.com/howard-tullman/chinas-amazing-failure-in-china.html

Worldometer (n.d.) India population (live). https://www.worldometers.info/world-population/india-population/

# Butterfly Theory of Crisis Management

Stuart C. Strother
Azusa Pacific University, Azusa, CA, USA

## Synonyms

Chaos theory; Dynamic systems; Non-linear systems

## Introduction

The single flap of a butterfly's wings in Brazil generates a minor atmospheric disturbance continuously expanding to produce a tornado in Texas a month later. This butterfly effect, often attributed to Lorenz (1963), and sometimes called butterfly theory, suggests small events may generate large consequences. Butterfly theory was initially applied to meteorology, but in recent years, the theory has been applied to other fields including mathematics, physics, and economics. This paper applies butterfly theory to matters of crisis management in public administration.

## Butterfly Theory

"Does the flap of a butterfly's wings in Brazil set a tornado in Brazil?" was the question posed by meteorologist Edward N. Lorenz at a national meeting of scientists in 1972. In asking the question, Lorenz challenged conventional notions of science, such as deterministic and linear systems.

Butterfly theory contends a small input may result in a disproportionately large output. Synonyms include chaos theory and stochastic systems. Black swan events and the random walk theory are related to butterfly theory.

A *deterministic* system is one in which randomness does not exist. Independent variables precisely predict dependent variables. In public administration, for example, a new policy mandating a two dollar per hour increase in workers' minimum wages results in each worker receiving two more dollars. A conventional *linear* system is illustrated here, as each worker receives exactly two additional dollars for each hour worked. Linear systems, a type of scientific modeling, assume a reliable mathematical relationship between variables.

Whereas theories of linear systems facilitate elegant scientific models, and comforting forecasts, the empirical reality may differ significantly. As recent events in Los Angeles, San Francisco, and Seattle reveal (Puzder 2015) the raising of minimum wages by fiat, does not result in higher earnings for the workers but, in fact, lower earnings. Profit-maximizing companies, following Coase's (1937) theory of the firm and tendencies of capital mobility, have been found to move their operations away from cities where minimum wage laws have been enacted. Factor substitution is also implemented, as machines assume functions previously performed by workers. And so, in a nod to the theory of unintended consequences, public administrators intending to aid the working man have instead done him harm.

*Chaos theory* rebuffs, or redefines, notions of deterministic and linear systems. Whereas linear systems suggest initial present conditions may predict future conditions, chaos theory emphasizes the possibility that initial conditions may

not be fully understood; therefore, future conditions may widely differ from what the deterministic models predict. A gentle 5 mph breeze in Brazil surely would not predict high winds in Texas, but the additional flap of the butterfly's wing may be the tipping point to create the eventual tornado.

Malcolm Gladwell, in his best-selling book, *The Tipping Point* (Gladwell 2002), offers an example of crime reduction in New York City. High crime rates in the 1980s were reduced in the 1990s as a result of application of the *broken windows theory*. Police cracked down on petty crimes such as graffiti and jumping subway turnstiles. The subsequent reduction of serious crimes was attributed to the zero tolerance for small crimes. Tipping points are akin to butterfly theory, in that a small cause sets the course for a large effect.

*Stochastic* systems contradict deterministic systems, in that random variables are included in the models. A distribution of outcomes may be estimated employing probability, but precise outcomes cannot be predicted. Malkiel's (1973) *random walk theory* is an example of stochastic systems. The direction a drunk man walks after exiting the bar is random; he may go left, right, straight, or fall on his face and not walk anywhere. Butterfly theory exists as a subtext within chaos theory and stochastic models.

Malkiel applied his theory to financial instruments, especially stocks. Numerous public organizations, especially public pension funds and municipal governments followed deterministic logic in investing assets in a multitude of financial securities. Many were overexposed when they bought mortgage-backed securities. CalPERS and CalSTRS, pension funds for public employees in California, lost as much as $1.6 billion as a result of the housing crash of 2007–2008 (Lifsher 2015).

Taleb's (2007) *black swan theory* is related to butterfly theory. Evidence of thousands of white swans does not serve as proof that all are white. Instead, the appearance of one black swan can disprove the notion that all swans are white. And so the black swan is a metaphor of an extremely low probability event that has large impacts.

In 1973, residents of California's conservative and wealthy Orange County elected Bob Citron treasurer. Citron managed the county's finances, including a large investment portfolio. His strategy, widely avoided in most finance circles, was to "borrow short to invest long" (Ludwig 1995, p. 37). By 1994, Citron accumulated $1.6 billion in "paper losses," representing a reduction in portfolio assets of nearly one fourth. The County declared bankruptcy. Local government leaders made a crisis management mistake in not preparing for the low probability event that the actions of a single employee, with no formal training in finance, could create a magnanimous disaster impacting public services, schools, and jobs.

Whereas butterfly theory focuses on magnitude (small event, large consequences), black swan theory focuses on timing (low probability event, large consequences).

## Crisis Management

Crisis management is the process of planning for and responding to events that can harm an organization. By definition, a crisis is a major event with extremely harmful effects to both internal and external stakeholders. Normal routine procedures are not capable of coping with the disruption (Booth 1993). Regarding timing, crises generally occur suddenly, require quick reaction time, and have greater impact the longer the duration of the crisis. The organization is likely to be permanently changed after the crisis (Venette 2003).

As a field of study, crisis management is relatively young, with the literature developing after a number of environmental and industrial disasters of the 1980s, such as the 1980 eruption of Mt. St. Helens, the 1983 bombing of US and French military barracks in Beirut, the 1986 nuclear meltdown in Chernobyl, and the 1988 explosion of Pan Am Flight 103 over Lockerbie, Scotland. A number of high-profile tragedies in the private sector also contributed to the emergence of crisis management theories and practices. In 1982, a miscreant added cyanide to Tylenol capsules resulting in seven deaths and over $100 million in losses for parent company Johnson & Johnson.

In 1992, a woman received third-degree burns from scalding coffee from McDonald's, resulting in an initial judgment of $2.9 million against the company.

## GHP Model of Crisis Management

Current literature on crisis management is abundant and rife with numerous theories, models, and heuristics. Gonzáles-Herrero and Pratt (1995) offer a common sense model of crisis management applicable to both public and private sectors. The model consists of four phases: (1) issues management, (2) planning-prevention, (3) the crisis, and (4) the post-crisis.

Issues management is the first phase of crisis management, wherein managers "scan the environment" looking for, and collecting data on, trends or single issues that could become crises. In the context of readiness planning for municipal governments, Vastveit et al. (2014) suggest this initial phase generates a "risk image" describing the stakeholders' views of threats. The risk image contains likelihood or probability of events and the potential consequences of those events.

Many threats can be identified in advance, but some cannot. As Defense Secretary Donald Rumsfeld famously quipped, "There are known knowns. . .we also know there are known unknowns." Public officials in California know earthquakes will occur in the future and make readiness plans. Regarding a terrorist attack, those same officials do not know whether such an attack will occur nor do they know the time or place. Nonetheless, public sector leaders plan for both earthquakes and terrorist attacks.

The second phase of crisis management, planning-prevention, consists of setting proactive policy to respond to potential crises identified in the issues management phase, analyzing "the organization's links with multiple constituencies," and preparing "general or specific contingency plans" (Gonzáles-Herrero and Pratt 1995, p. 28). A forthcoming crisis could be known as imminent; for example, after the rogue trader forced Orange County into bankruptcy, other municipalities with similar investment portfolios should brace for a comparable imminent crisis.

Similarly, the planning-prevention phase may identify an existing problem that has the potential to evolve into a full-scale crisis. City leaders in Detroit, for example, had full knowledge of the city's fiscal shortfalls and made plans for the 2013 bankruptcy filing.

The crisis is the third phase of crisis management. Gonzáles-Herrero and Pratt suggest at this phase that the organization evaluates the organization's response to the crisis, preempts negative publicity, and "targets" the organization's message to "appropriate audiences" (1995, p. 29).

Here, the model falls short, as the organization's leaders, when faced with a new crisis, should focus their energy on resolving the crisis and minimizing harm to internal and external stakeholders. When a crisis hits, public relations although important take a backseat to actually resolving the crisis. When faced with the 2015 crisis of using a private, and potentially insecure, email server for US State Department business, Secretary Hillary Clinton appeared to commit more energy to manage public perception of the event than to actually resolve the crisis by protecting sensitive government data.

In the fourth and final post-crisis phase of the Gonzáles-Herrero and Pratt crisis management model, the organization monitors the crisis "until its intensity is reduced," informs stakeholders and the media of the organization's actions, and "evaluates how the crisis plan, if one existed, worked" (1995, p. 29). As Venette (2003) warned, the organization may never be the same. Gonzáles-Herrero and Pratt note the organization "yearns for bygone glorious days" (1995, p. 29).

Hurricane Katrina of 2005 was the costliest natural disaster in US history. Despite accurate forecasting and ample lead time, the hurricane's landfall generated more than 50 levee breaches resulting in over 1200 deaths and more than $100 billion in property damage. The US Army Corps of Engineers was found culpable for using inadequate levee building materials.

The crisis was also exacerbated by feckless responses by local, state, and federal entities including the New Orleans Police Department,

the Louisiana governor's office, and the Federal Emergency Management Agency. Farazmand criticized the public sector response to Hurricane Katrina as "a global case of grand failure in, governance, leadership, and public management" (2009, p. 399). A perfect storm of bureaucratic failure accompanied the literal perfect storm of the hurricane.

Whereas public administrators responsible to respond to the crisis had certainly received ample training in crisis management, copious failures occurred both in resolving the crisis and in the post-crisis phase. Years after the hurricane, several New Orleans neighborhoods remain destroyed and serve as reminders of the destructive power of the hurricane and the compounding effects of poor leadership.

## Butterfly Theory of Crisis Management

Numerous theories and models, such as the Gonzáles-Herrero and Pratt (1995) model, offer thoughtful and practical tools for crisis management. This paper adds butterfly theory to the existing literature of crisis management. Butterfly theory of crisis management suggests crisis managers should anticipate, and prepare to respond to, small and low probability events that have the potential to result in major harmful crises.

Butterfly theory avers that small events may cause large effects. Similarly, black swan theory asserts low probability events may cause large effects. These theories apply to the first "issues management" phase of the Gonzáles-Herrero and Pratt (1995) model. While "risk images" are being developed, leaders are obliged to consider small issues, and improbable events, that threaten the organization with substantial harmful effects.

Paradoxically, black swan events are not predictable by definition. Whereas every possible threat cannot feasibly be anticipated, leaders are obligated to be well informed of various small events threatening the organization's status quo.

As part of crisis management strategy, leaders should prepare contingency plans for small and low probability events that might result in a crisis. Many of these events can be anticipated including natural disasters, severe weather, fires, chemical spills, bus crashes, bomb threats, disease outbreaks, terrorism, active shooters, and employee malfeasance.

In addition to preparing for butterfly effects as the cause of crises, leaders should also be open to butterfly effects as possible solutions to crises. Hong and Sun (2000) cite butterfly effects as critical events to the normalization of diplomatic relations between China and the USA in the 1970s. Relations between the two nations had soured during the Cold War. But during an international competition in Japan, American and Chinese national ping pong teams had friendly interactions, beginning with an American player accidentally boarding the Chinese team's bus. A number of additional butterfly effects took place, resulting in the eventual rapprochement between the USA and China.

Leaders cannot feasibly anticipate all threats, just as weather forecasters cannot monitor every flap of a butterfly's wings in a far-off continent. Nonetheless, those engaged in crisis management would do well to include the possibility of small and low probability events in their crisis management plans.

## Cross-References

► Budgetary Assistance for Crisis Management

## References

Booth S (1993) Crisis management strategy. Competition and change in modern enterprises. Routledge, London

Coase RH (1937) The nature of the firm. Economica 4(16): 368–405

Farazmand A (2009) Hurricane Katrina, the crisis of leadership, and chaos management: time for trying the 'surprise management theory in action'. Public Organ Rev 9:399–412

Gladwell M (2002) The tipping point: how little things can make a big difference. Back Bay Books, New York

Gonzáles-Herrero A, Pratt CB (1995) How to manage a crisis before – or whenever – it hits. Public Relat Q 40(1):25–29

Hong ZH, Sun Y (2000) The butterfly effect and the making of 'ping pong diplomacy'. J Contemp China 9(25):429–228
Lifsher M (2015) CalPERS a big winner from S&P settlement; fund recovers $301 million, but has yet to recoup all losses from mortgage meltdown. Los Angeles Times (C2). Tribune Direct, LA
Lorenz EN (1963) Deterministic non-periodic flow. J Atmos Sci 20:130–141
Ludwig MS (1995) What went sour in Bob Citron's Orange County portfolio. Corp Cashflow 16(2):37
Malkiel B (1973) A random walk down wall street. W. W. Norton & Co., New York
Puzder A (2015) A post-labor day, minimum-wage hangover. Wall Street J A13
Taleb N (2007) The black swan: the impact of the highly improbable. Random House, New York
Vastveit KR, Eriksson K, Nja O (2014) Critical reflections on municipal risk and vulnerability analyses as decision support tools: the role of regulation regimes. Environ Syst Decis 34:443–455
Venette S (2003) Risk communication in a high reliability organization: APHIS PPQ's inclusion of risk in decision making. UMI Proquest Information and Learning, Ann Arbor

# C

## Capacity Building

Veronica Junjan
Department of Public Administration, University of Twente, Enschede, The Netherlands

### Synonyms

Administrative reforms; Organization development; Public administration reform

### Definition

Capacity building refers to a broad palette of techniques and methods that help individuals, organizations, and communities develop solutions to address the obstacles which prevent them in reaching their development goals.

### Introduction

This entry provides first an overview of the main characteristics of the concept and a short historical overview. Subsequent sections present profiles for the different approaches developed over time, with particular focus on administrative capacity building. A separate section discusses the relationship between the concept of "capacity building" and of "capability approach."

### Concept Characteristics and Historical Evolution

Present in the policy discourse and in the scientific studies during the 1960s as a component of administration development (Pollitt and Bouckaert 2011), the concept of "capacity development" was initially coupled to the reconstruction efforts focused on development public administration in the newly set-up states. The concept started to be used more intensely during the 1970s, primarily by the United Nations Development Programme. At the time, its primary meaning referred to the provision of assistance for "institution building". The activities included under this term were focused on designing organizations able to provide different types of public services to the citizen, and on developing human resources able to provide the new types of services needed at societal level.

Capacity building (re)emerged in the 1990s as a consequence of the efforts undertaken internationally towards major societal reconstruction realized to a large extent in developing countries. These actions were concentrated in the beginning in the area of international development. This approach became central to the activities undertaken both by major international organizations carrying out activities in the area of international development (World Bank WB, United Nations UN, United Nations Development Programme UNDP, European Commission EC/EU,

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

Organization for Economic Cooperation Development OECD). National based public and nonprofit organizations, such as Canadian International Development Agency CIDA, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ GmbH Germany), or Swedish International Development Agency (Sweden) played prominent roles in providing capacity assistance programs to different countries.

The variety of the organizations used and defined the concept according to their own goals, and the term lost its focus to a certain extent. An analysis of the definitions used by major organizations in the area of international development helps outline several dimensions of the concept of capacity building. These dimensions are: (a) focus on process; (b)different constellations of actors (often at micro and meso level: individuals, organizations, communities), (c) tasks, such as strengthening individual knowledge – at micro level – and skills and organizational abilities – at meso level – in different functional areas (for instance, human relations management, technological skills, project management skills, etc.), and (d) goals (improve performance, streamline service provision, strengthen accountability).

Capacity building efforts tend to be stratified depending on the actor's level (individual, organization, community), with the ultimate goal of contributing to the adequate service provision at societal level-macro level. The types of activities carried out depend, as well, on the actor's level and range from national-broad programs to local level individual and nonprofit-based activities providing responses to local community needs.

The concept of capacity is being "crucial to the success of the nations" (El-Taliawi and Van Der Wal 2019:246). Throughout the years, the concept took different forms in the public administration literature: state capacity, policy capacity, managerial capacity, and administrative capacity. Arguably, these dimensions can be split across the macro-meso dimension. State capacity can be considered as macro-level capacity and the policy, managerial and administrative capacities can be considered as dimensions to be investigated at meso (or organizational) level. A two-dimensional conceptualization of the policy capacity focusing on skills and resources is proposed by Wu et al. (2015:166–167). They distinguish between the *types of capacity* (analytical, operational, and political) and the *level* where this capacity is analyzed (individual, organizational, and systemic) (Table 1).

Administrative capacity would require -according to this conceptualization- analytical and operational competences at individual and organizational level.

## Administrative Reform and Capacity Building

Public sector reforms characterized the societal changes in the majority of countries in the last forty years. Each regional area had to deal with its own challenges, ranging from developing the state institutions, to (re)developing economic capacity, or developing social services (such as education and health). Within the different geographical areas in which capacity building activities took place, Central and Eastern Europe represents a particular case of reforms due to the trigger of the reforms, the collapse of the Soviet

**Capacity Building, Table 1** Policy capacity, skills and resources

| Levels of resources and capabilities | Skills and competencies | | |
|---|---|---|---|
| | Analytical | Operational | Political |
| Individual | Individual analytical capacity | Individual operational capacity | Individual political capacity |
| Organizational | Organizational analytical capacity | Organizational operational capacity | Organizational political capacity |
| Systemic | Systemic analytical capacity | Systemic operational capacity | Systemic political capacity |

Source: Table 1, Wu et al. (2015:167)

Union, and the transition from a bipolar to a multipolar world order. The reforms in Central and Eastern Europe took a particular direction because they were directed by the assumed goal of the countries to join European Union. In comparison to previous waves of European Union enlargement, for instance the Southern Enlargement where Greece, Spain, and Portugal joined the EU and where political institutions needed primary attention, in the Eastern Enlargement both democratic political institutions and a functional market economy had to be rebuilt (Milward et al. 2016). The pre-1989 institutional setting of the Central and Eastern European countries was characterized to large extent of state property, state centralization of the economy, and a very strong level of politicization of the public service. This combination of characteristics led to the situation that the Eastern European states had to fulfill a multiple challenge by reforming political and economic institutions, and by having to develop their administrative capacity to a level necessary to function in the EU.

This capacity building challenge consisted of (a) conduct the process of state withdrawal from the economy and, (b) to reorganize the state on democratic bases. Consequently, the reform and capacity building efforts were initially focused on (political) institutions (multi-party system, free elections, Constitution). Particularly relevant for the purpose of this discussion is to observe that the neo-institutional approach was the primary approach used in designing and executing measures aimed towards capacity development. This focus resulted in stressing privatization and marketization of services and tasks provided before by the state. Moreover, less -if any- attention was dedicated to the classical institutional approach oriented towards the idea of "fit" between the old and new institutions and towards the influence of path dependencies in introducing social change (Gamal and Vaughan 2002).

Administrative capacity came later to attention of both academics studying European integration as well as of the policy makers developing the measures required during the accession process. It took time until it became clear that in order to implement policies, a certain level of capacity is needed. Decision makers and academics alike understood that focusing reforms only on political institutions, only on legislation adoption, or on setting the grounds for functioning market economies did not automatically lead to achieving the expected outcomes of political stability and economic prosperity. Understanding that administrative organizations in these countries simply did not have the necessary resources and capacity required for implementation led to the articulation of efforts necessary to develop the missing competences. Academics and policy makers alike had to be reminded that the existence of administration capacity should not be taken for granted.

The other interesting aspect of the challenge consists of the assumptions that (a) the policy change will be automatically implemented at organization level and (b) the change adopted in the central government will be automatically adopted and implemented as intended at local level. These assumptions were based on the European continental tradition of organizing public administration around legislation. Extensive reliance upon legislation as policy instrument lends itself easily to implementation inconsistency. This happens particularly when little attention is paid to ensuring the coordination and coherence among the content and the requirements of different pieces of legislation. Eventually, this leads to confusion among the executing authorities, and makes the implementation process very tortuous. Moreover, exclusive actions directed towards conducting change at a central level lead to the forming of "pockets of excellence" which, without sufficient levels of structural support, become isolated within the general body of the civil servants. Two consequences resulted from including these assumptions in the reforms: first, that the reform efforts were focused primarily at the central government level, and second, that only quite late in the accession process the decision-making attention was dedicated to the administrative capacity building.

Another characteristic of administrative capacity building resulted from the involvement of international actors such as World Bank, International Monetary Fund, the Organization for Economic Co-operation and Development

(particularly through the initiative named Support for Improvement in Governance and Management) which provided support for capacity building actors. In addition, national development agencies and nonprofit organizations were active in the capacity building (Sobis and de Vries 2009). The relationship between the involvement of international actors – public and nonprofit – and the domestic political and societal actors tends to be rather delicate one, given the unequal power relationships developed between the two sets of actors (international donor and domestic actors) during such a capacity development program. A particular case represents the capacity building effort organized within the process launched by a number of the countries of Central and Eastern Europe with the aim to join the European Union. This process has been analyzed in the academic literature under the name of Europeanization of public administration. The asymmetric relationship between the candidate countries and the European Union (through the European Commission) has been analyzed in the academic literature from the perspective of conditionality (Schimmelfennig and Sedelmeier 2005).

In administrative terms, Europeanization process aimed to develop administrative systems able to function within EU's institutional framework. In assessing Public Administration Reforms, the term "administrative capacity" was initially operationalized through the Support for Improvement in Governance and Management initiative also known as SIGMA (1998, 1999) outlined in terms of achieving acceptable standards of reliability, predictability, accountability, transparency, efficiency, and effectiveness in policy-making (Cardona 2009). This implies that, during and after accession, Central and Eastern European countries reform efforts were focused towards building organizational and administrative capacity in order to develop institutions able to (a) act reliable and predictable according to the rule of law and the nondiscrimination principle; (b) answer to and be held accountable by other administrative, legislative, or juridical authorities; (c) function transparently and be open to external scrutiny; and (d) able to maintain an appropriate ratio between inputs, outputs, and outcomes, and act according to efficiency and effectiveness criteria of performance.

It needs to be specified as well that the dynamic process behind the development of administrative capacity is quite specific to the regional and country level. The particular characteristics of the political regime and the political-administrative relationships, the historical legacies, and the path dependencies have very strong consequences for the development of administrative capacity in a country or at regional level. Jreisat (2012) applies a number of dimensions for administrative capacity development for the case of the Arab States, such as integration of the different elements of the management systems, data and knowledge deficit, level of centralization in bureaucracy, transparency and accountability, and political capacity, emphasizes the idea of strategic thinking in order to develop administrative capacity. Jreisat (2012) pleads for a rethinking of administrative capacity as a crucial characteristic required for the governing of society (also Farazmand 2009: 1016, 1017), from the increasing rhythm of societal change, from globalization and the rapid change and impact of technology (Jreisat 2012:140).

## Capability

The concept of capability is connected to the one of "capacity building." The concepts of "capacity" and "capability" are sometimes used interchangeably. There are, however, arguments to use them as synonyms, as well as arguments to separate them. On the one hand, it can be debatable to separate the two terms which address, in essence, the fundamental task of analyzing a given situation and, if considered necessary, take measures to address the difference between the current situation and the desired situation, such as through making deliberate efforts to acquire new skills. On the other hand, there are arguments to separate the two given their central focus: whereas capacity focuses on problem diagnosis, capability focuses on the acquiring of the particular skill (a person's ability to execute a particular

task). Both imply the existence of separate skill sets, such as diagnosis skills required to identify that there is a problem for capacity, and the decision making required to undertake measures needed to address a perceived problematic situation in the capability. It is important to define the individual and context factors that make a difference for the necessity to act. Finally, capability has a clear normative component and seems to be focused on conceptualization, and capacity has a strong explanatory and empirical component.

Capability approach is an interdisciplinary theoretical framework developed in order to define and evaluate poverty, inequality, or well-being, at individual and societal level, in order to support policy design and policy development aimed to bring change in society (Robeyns 2005:94). Capability approach has a normative component and focuses on what people are in practice able to do. This approach goes beyond strict utilitarian components of a "package of skills" that allow people to perform certain tasks and it is highly contextualized to the situation where the person whose abilities are being developed does function. The concept of capability allows to deepen the analysis and take into account both the specific situation and context in which the skill development takes place, and the individual freedom to choose the ways to pursue one's life according to the desired goals. The theoretical grounds of the capability approach lay with the work of Amartya Sen (1985) and Martha Nussbaum. Whereas Sen's argument is developed more towards policy formulation towards supporting individuals learn the skills they need to achieve freedom and the type of life they aim to pursue, Nussbaum's approach focuses more on developing a partial theory of justice.

In the capability approach, the distinction between means and ends is important, as the latter have an intrinsic importance: well-being, justice, and development framed in terms of people's capability to function (Robeyns 2005:95). Additionally, this distinction allows to differentiate between what is achieved and what is effectively possible, and therefore accounts for the conditions of the actual implementation and application of the learned skills. This difference has an important consequence for the policy evaluation, allowing to take into account the context and the extent to which the acquiring of a particular skills does contribute to the achieving a fulfilling life as imagined by the individual. This is particularly important for the policies whose objective is designed have an impact for the development of individual abilities to pursue individually defined goals. This extends the possibilities for evaluation also, for instance, to address the latent mechanisms that contribute to the development of social inequality present also in developed and well-off societies. Martha Nussbaum (2004) develops further the capability approach by arguing that the governments should sanction a list of "central human capabilities" and include them within the fundamental rights which should stay at the grounding of the development of each citizen. Her approach is on the legal-moral-normative dimension, and provides a universalistic perspective on human development.

## Conclusion

The discussion regarding capacity building requires an increased attention, both by academics as well as by policy makers. The current societal challenges faced by governments needing to respond to global challenges such as pandemics, change in volume and direction of human migration flows, climate change, or technologically induced situations such as cyber-crime and cyber terrorism, require new types of responses as well as new mechanisms of coordination for governments and across governments and societal actors such as nonprofit organizations and private sector. These types of responses require, on their turn, a different mindset of governing societies. First, the understanding that, even though governments are ultimately responsible to execute their core tasks on providing public services security and safety, they cannot do it alone. Cooperation with societal actors is essential, particularly in cases of emergency response. Citizens demand more and more involvement in the formulation and, at times, even in the execution of policies. Second, that these new challenges require new

sets of skills and resources, both analytical and operational, at individual and organizational level. These rapid changes require a continuously evolving mindset, focused on learning to deal with constant change, which makes administrative capacity a dynamic characteristic of governments both at organizational and at the individual level.

The crucial question is how to find the suitable balance between the constant change and the necessary level of equilibrium required for a smooth operation of governmental organizations within a turbulent environment. One possible answer could be provided in the re-assessment of the lessons learned from the administrative capacity building literature in developing countries and in transition countries. In the recent decennia, these countries have conducted major political and administrative reforms, and executed them with variable degree of success. It is important to realize that these reforms, major societal changes, were achieved in a constantly changing political, economic, and technological environment. The literature was primarily focused on analyzing mechanisms behind failures in policy development, implementation, or goal achievement with arguably more limited interest on understanding mechanisms behind success. It is also relevant to bear in mind that success was usually defined in terms and standards characteristics to developed states with relatively extended track records of functioning administrations. With the possible exceptions in policy areas such as water management or natural disaster mitigation, limited attention was given towards understanding mechanisms of transfer of knowledge from the developing countries to the developed countries – with all the caveats needed by the definitions of the concept of development.

The countries which have already dealt with a high level of instability and still managed to develop adequate governmental responses to societal challenges can offer insights on the parameters and ways to deal with developing administrative capacity so highly needed to address current societal challenges. Because, in the words of Farazmand (2009: 1016) "Nothing gets done without administrative capacity."

## Cross-References

▶ Administrative Reform
▶ Organizational Learning

## References

Cardona F (2009) Attractiveness of the public service: a matter of Good Public Governance, SIGMA document. Available online at: http://www.oecd.org/dataoecd/32/51/44110902.pdf. Last access 28 Feb 2020

El-Taliawi OG, Van Der Wal Z (2019) Developing administrative capacity: an agenda for research and practice. Policy Design Pract 1:1–15

Farazmand A (2009) Building administrative capacity for the age of rapid globalization. Public Adm Rev 69(6):1007–1020

Gamal I, Vaughan G (2002) Bye-bye central planning, hello market hiccups: institutional transition in Romania. Camb J Econ 26:105–118

Jreisat JE (2012) Rethinking administrative capacity development: the Arab States. Public Organiz Rev 12:139–155. https://doi.org/10.1007/s11115-011-0164-5

Milward B, Jensen L, Roberts A, Dussauge-Laguna MI, Junjan V, Torenvlied R, Boin A, Colebatch HK, Kettl D, Durant R (2016) Is public management neglecting the state? Governance. https://doi.org/10.1111/gove.12201

Nussbaum M (2004) Beyond the social contract: capabilities and global justice. Oxf Dev Stud 32(1):3–18

Pollitt C, Bouckaert G (2011) Public management reform. A comparative analysis: new public management, governance, and the neo-Weberian state. Oxford University Press

Robeyns I (2005) Capability approach: a theoretical survey. J Hum Dev 6(1):93–117

Schimmelfennig F, Sedelmeier U (2005) The Europeanization of central and Eastern Europe. Cornell University Press

Sen A (1985) Well-being, agency and freedom. J Philos LXXXII(4):169–221

SIGMA-OECD (1998) Preparing public administrations for the European administrative space. SIGMA Papers 23. Available online at: http://www.oecd.org/dataoecd/20/56/36953447.pdf. Last access 28 Feb 2020

SIGMA-OECD (1999) European principles for public administration, SIGMA Papers 27. Available online at: http://www.oecd.org/dataoecd/26/30/36972467.pdf. Last access 28 Feb 2020

Sobis I, de Vries MS (2009) The story behind Western advice to Central Europe during its transition period. NISPAcee Press, Bratislava

Wu X, Ramesh M, Howlett M (2015) Policy capacity: a conceptual framework for understanding policy competences and capabilities. Polic Soc 34:3–4

# Capital Budgeting

Natalia Aversano
Department of Mathematics, Computer Science and Economics, University of Basilicata, Potenza (PZ), Italy

## Synonyms

Investment decision-making or capital expenditure decisions; Long-term planning; Planning capital expenditure

## Definition

The process in which a business determines whether projects such as building a new plant or investing in a long-term venture are worth pursuing.

In the public sector, the term is often exclusively associated with infrastructure investments – plant and equipment. It is more properly associated with all policy choices that have significant, long-term consequences. The purchase of a central computer system, establishing or expanding public utility services, and implementing new public transportation systems are examples of capital asset acquisitions that are considered by public sector organizations.

## Introduction

One of the most vital functions of the public sector entity is to construct, maintain, and develop the public works infrastructure. Capital investments including roadways, bridges, sanitary sewers, water mains, and other essential public facilities need to be improved in the aim to satisfy the expectation of the residents and commercial enterprises.

Allocating scarce resources among alternative programs is one of the most important and difficult tasks of public sector organizations' administrators. Usually, a relevant part of these resources is appropriated for the acquisition of long-term "capital assets." "Capital," according to the broadest definition, refers to any asset – physical or intangible – that provides benefits over the long run (beyond the standard budgeting/reporting period). Most narrowly defined, capital includes only long-term physical assets (buildings, roads, equipment, etc.). Most governments, as well as the private sector, choose a definition for capital somewhere in between these two extremes (Holtz-Eakin 1992).

The selection of capital assets is one of the most complex and crucial decisions that public sector administrators have to take; it is very difficult measuring the cost and the benefits related to this investments, and because of the long periods for which resources must be committed, capital asset investment decisions are subject to considerable risk.

For taking this decision, managers of public sector organizations use sophisticated capital budgeting practices in selecting capital investment alternatives coming from private sector context; in fact, no capital investment decision model has been developed specifically for use in the public sector.

In accordance to the literature, it has been suggested that quantitative models from the corporate sector may be potentially useful to public sector managers; others, on the contrary, say that current capital budgeting techniques have been formulated to be used within a profit-oriented context; therefore they do not match with the aims of the public sector organizations. Profit maximization is not a primary objective in the public sector, but rather the allocation of scarce resources in a manner that will maximize the quantity and quality of public service (Kee and Robbins 1991).

## Public Financial Management (PFM) and Capital Budgeting

Public investment is an important potential contributor to economic growth and achievement of social development objectives. In addition to the level of investment and the sectoral allocation, the

capital budgeting process is an important determinant of the quality of investment projects and their implementation. Recent years have seen renewed attention to capital investment for economic growth and development (Dorotinsky 2008).

Despite the importance of special attention to capital assets, the capital budgeting process cannot be considered outside of the overall public financial management system. Capital spending is only one component of spending and needs to be considered within the context of government-wide and sector-specific multiyear strategies and objectives. The capital budgeting process must be fully integrated into the general budgeting and public financial management process.

## Capital Budgeting Techniques

Capital budgeting decisions require careful analysis because they are usually the most difficult and risky decisions that managers make. These decisions are difficult because they require predicting events that will not occur until well into the future. These predictions can be unreliable. Specifically, a capital budgeting decision is risky because (1) the outcome is uncertain and (2) large amounts of money are usually involved. Risk is especially high for investments in technology due to innovations and uncertainty.

Several quantitative methods can be used to evaluate capital budgeting decisions and for analyzing potential capital investments in the corporate sector. Suggested models include *the payback period*, *accounting rate of return (ARR)*, *internal rate of return (IRR)*, *net present value (NPV)*, and *benefit-cost ratio*.

The ***payback period*** is the length of time required to recover the cost of an investment. The payback period of a given investment or project is an important determinant of whether to undertake the position or project, as longer payback periods are typically not desirable for investment positions.

The payback period is probably the simplest method and, usually, managers sometimes use this method when they have limited cash to invest and a number of projects to choose from.

The ***accounting rate of return (ARR)*** is the amount of profit, or return, that an individual can expect based on an investment made. Accounting rate of return divides the average profit by the initial investment in order to get the ratio or return that can be expected. This allows an investor to easily compare the profit potential for projects, products, and investments. ARR is considered a straight-line method of gathering quantitative information. While this is a positive measure in some aspects, its lack of sophistication is also a drawback. ARR does not consider the time value of money, which means that returns taken in during later years may be worth less than those taken in now, and does not consider cash flows, which can be an integral part of maintaining a business.

***The internal rate of return (IRR)*** is a metric used in capital budgeting measuring the profitability of potential investments. Internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero. IRR calculations rely on the same formula as NPV does. IRR is uniform for investments of varying types, and, as such, IRR can be used to rank multiple prospective projects a firm is considering on a relatively even basis. Assuming the costs of investment are equal among the various projects, the project with the highest IRR would probably be considered the best and undertaken first. IRR is sometimes referred to as "economic rate of return" (ERR).

***The net present value (NPV)*** is the difference between the present value of cash inflows and the present value of cash outflows. A positive net present value indicates that the projected earnings generated by a project or investment (in present money) exceed the anticipated costs (also in present money). Generally, an investment with a positive NPV will be a profitable one and one with a negative NPV will result in a net loss. This concept is the basis for the net present value rule, which dictates that the only investments that should be made are those with positive NPV values.

Determining the value of a project is challenging because there are different ways to measure the value of future cash flows. Because of the time value of money (TVM), money in the present is worth more than the same amount in the future.

The discount rate element of the NPV formula is a way to account for this. Companies may often have different ways of identifying the discount rate. Common methods for determining the discount rate include using the expected return of other investment choices with a similar level of risk (rates of return investors will expect) or the costs associated with borrowing money needed to finance the project.

A ***benefit-cost ratio (BCR)*** is an indicator, used in the formal discipline of cost-benefit analysis, that attempts to summarize the overall value for money of a project or proposal. A BCR is the ratio of the benefits of a project or proposal, expressed in monetary terms, relative to its costs, and also expressed in monetary terms. All benefits and costs should be expressed in discounted present values.

Benefit-cost ratio (BCR) takes into account the amount of monetary gain realized by performing a project versus the amount it costs to execute the project. The higher the BCR, the better the investment. General rule of thumb is that if the benefit is higher than the cost, the project is a good investment.

Considering the application to this model to the public sector organization can be evidenced that payback and the accounting rate of return are considered too simplistic for allocating a public sector organizational resources.

## Capital Budgeting Processes

The capital budgeting process consists of five phases (Kee and Robbins 1991): *(1) planning*, *(2) evaluation*, *(3) project analysis and selection*, *(4) project implementation*, and *(5) control and project review.*

### Phase 1: Planning

The capital budgeting process begins with the identification of potential investment opportunities. The opportunity then enters the planning phase when the potential effect on the firm's fortunes is assessed and the ability of the management of the organization to exploit the opportunity is determined. Opportunities having little merit are rejected, and promising opportunities are advanced in the form of a proposal to enter the evaluation phase.

Who is responsible for developing the capital budget and who is involved in the decision-making process should also be defined in this phase. In local municipalities, this usually falls on the city manager or the city treasurer.

### Phase 2: Evaluation

This step creates an initial wish list of projects. In this phase, project should be submitted using a formalized process and a summary page explaining the project, including illustrations and maps, outlined estimated costs, funding sources by year, how the funds would be used, and the maintenance costs associated with project.

Once you have identified the reasonable opportunities, you need to determine which ones are the best. Look at them in relation to your overall business strategy and mission. See which opportunities are actually realistic at the present time and which ones should be put off for later. Investment appraisal techniques, ranging from the simple payback method and accounting rate of return to the more sophisticated discounted cash flow techniques, are used to appraise the proposals.

### Phase 3: Project Analysis and Selection

After you look at all of the possible projects, it is time to choose the right project. Only the projects that mesh with the goals of the organization should be chosen. Considering the returns and risk associated with the individual project as well as the cost of capital to the organization, the organization will choose among projects so as to maximize stakeholders' wealth.

Assessing project risk allows to identify the pros and cons of a particular project. Such determining factors should include:

- The state of the economy, both local and national, and also changes in interest and exchange rates, which can have serious implications for the financing of such projects
- Sufficiency of project staffing which may impede the delivery of projects on time and within budget

- Effectiveness of project management systems, including channels of management authority, which can hamper project monitoring and construction oversight. Accuracy of financial records and reports, as well as loose monitoring of contractor financial controls
- Sufficiency of insurance which may lead to gaps in property and casualty loss coverage, while insurance premiums may be excessive given the actual project risk

Financial theory suggests that the analysis of an investment risk is necessary to evaluate the likelihood that an asset will yield a less than satisfactory return. The evaluation of the risks is important and organizations should attempt to incorporate it into their investment decisions. Like the application of capital budgeting models, the use of risk adjustment techniques varied substantially in the private and public sectors (Froot and Stein 1998).

In the private sector, the risk-adjusted discount factor, which changes an investment's required rate of return to reflect the uncertainty of its cash flows, is the technique employed most frequently to adjust for risk. In contrast, public administrators tend to select risk adjustment techniques that supplement more qualitatively oriented models.

**Phase 4: Implementation**

Once the decisions have been made, it is time to implement the projects. Implementation is not really a budgeting issue, but you will have to oversee everything to be sure it is done correctly. After the project gets started, you will need to review everything to make sure the finances still make sense.

**Phase 5: Control and Project Review**

The progress of the project is monitored with the aid of feedback reports.

Project controls are necessary to ensure that the underlying cost and schedule data are sufficient and reliable, that on-site construction status is observed and documented, and that the architects, engineers, and the contractors are addressing technical issues.

The control may improve future procedures and decisions concerning capital investments as well as their implementation. The control also allows the organization to review continuing investments, such as multiyear projects, so information about its success or failure can be learned before the end of the long-term project, which may lead to terminating the capital investment.

There are many items that can be included in a project control checklist for the purpose of project monitoring, such as:

- Assessment of project design and related costs
- Master project schedule with milestones and completion dates
- Project work-breakdown structure as developed, assigned budgetary
- Schedule authority guidelines
- Project budgeting process implementation
- Documented control processes

Finally, when a project terminates, or even before, the organization should review the entire project to explain its success or failure. This phase may have implication for forms of planning and evaluation procedures. Further, the review may produce ideas for new proposal to be undertaken in the future.

Within the five phase evidenced, in the corporate sector, project definition and cash flow estimation are the most important and also the most difficult phase of capital budgeting. The last steps (project implementation and project review) have a minor relevance in the capital budgeting process, as either they represent the most crucial or most difficult aspect of investment management.

In the public sector, the order of phases 1 and 3 is reversed. Public sector organization ranked financial analysis and project selection as their most critical and most difficult phase of capital budgeting. This was followed by project definition and cash flow estimation, project implementation, and project review, respectively.

The reversal of phases 1 and 3 in the public is explained by the fact that capital investment models have been developed for use in a profit-maximizing context, while in the public sector, the profit is not a significant investment consideration.

Consequently, it is evidence that in most instances the corporate sector models are not

meeting the needs of public administrators for analyzing and selecting capital investment alternatives.

Therefore, despite certain similarities, the differences between the way capital budgeting is done in the private sector and public sector are often great and in several respects decisive.

Firstly, in the private sector, the company uses multiple budgets, i.e., capital budgets, operating budgets, and cash budgets. Operating budgets focus on the performance of the administrative unit, outputs produced, and resources consumed. Cash budgeting is an estimation of the cash inflows and outflows for a business for a specific period of time. In the public sector, there are no multiple budgets; public sector organizations try to make one process do the work of three. In particular, paradoxically, liquidity is rarely a serious concern to most national governments.

Secondly, private sector capital budgeting is selective; in contrast, public sector capital budgeting tries to be comprehensive. All planned asset acquisitions, including current assets as well as long-term assets, are typically included under the authorization process.

Thirdly, private sector capital budgeting tends to be a continuous process. Instead, capital budgeting in the public sector tends to be repetitive; most appropriations are reconsidered annually on the basis of a rigid schedule.

The biggest difference, however, between budget authority in most public sector organization and the capital budgets approved by top management of the private company is the objective. The objective of capital budgeting in the private sector is the identification of options with positive net present values, in order to maximize the welfare of the company's shareholders, while in the public sector, many government decisions aim to maintain an effective management. Moreover, the reduction of the costs and increasing efficiency of the public sector entities have made the satisfaction of budget constraints a goal.

## Conclusion

Capital budgets in public sector entity have multiple roles, as instruments of fiscal policy and to improve the net worth of governments and as vehicles for economic development, particularly in the area of economic infrastructure.

A key challenge in government capital budgeting is to define an appropriate balance between current and capital expenditure. The capital budgeting practices differ substantially between private and public sector. While the sophisticated capital budgeting and risk adjustment techniques are the dominant models employed by the management of public sector entities, public sector administrators seldom use such budgeting techniques. Administrators of the public sector organization rely heavily on qualitative factors that are integrated into a more "intuitive" capital budgeting decision process. Due to the limited use of sophisticated capital budgeting techniques in the public sector, administrators are not realizing the full potential of the models. When sophisticated capital budgeting techniques are applied, activities such as project definition, cash flow estimating, risk assessment, implementation, and project review can be greatly enhanced. Therefore, they allow to choose investments or programs that not only accomplish a social "good" but also contribute to the long-run financial viability of the public sector entity (Poterba 1995).

## Cross-References


- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ New Public Financial Management


## References


Dorotinsky W (2008) Capital budgeting and public financial management–part I & II. Published on IMF's PFM Blog at http://blog-pfm.imf.org

Froot KA, Stein JC (1998) Risk management, capital budgeting, and capital structure policy for financial institutions: an integrated approach. J Financ Econ 47(1):55–82

Holtz-Eakin D (1992) Public-sector capital and the productivity puzzle (No. w4122). National Bureau of Economic Research, Cambridge, MA
Kee R, Robbins W (1991) Capital budgeting in the public sector: a comparative analysis. J Managerial Issues 3(3):288–302
Poterba JM (1995) Capital budgets, borrowing rules, and state capital spending. J Public Econ 56(2):165–187

## Caregivers' Roles and Challenges, Evidence from Rural and Urban Somalia

Anastasia Hammond[1], Vincent Ekow Arkorful[2], Abdishakur Warsame Diriye[3,4] and Godfred Budu[5]
[1]Department of Psychology, University of Ghana, Accra, Ghana
[2]Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong
[3]School of Public Affairs, University of Science and Technology of China, Hefei, China
[4]Department of Management Sciences, Mogadishu University, Mogadishu, Somalia
[5]Department of Social, Political and Historical Studies, University for Development Studies, Tamale, Ghana

### Synonyms

Caregiving; Informal care service; Somalia; Women caregivers

### Definition

Caregiving is conceptualized as the various forms of social, economic, emotional, physiological, and psychological services administered to vulnerable groups including the aged.

### Introduction

The last couple of decades have seen an upsurge in the activities of caregivers. In view of the central role that caregivers play in healthcare, caregiving has ensuingly become an inextricable component of the healthcare delivery systems in both developed and developing countries around the world. In essence, caregiving is steadily, albeit, gradually gaining a central position in so far as international discourses on global wellbeing are concerned. This development could partly be attributed to the growing sense of urgency brought about by and associated with challenges and opportunities posed by aging – at least as evidenced in the recent increase in aging policy initiatives across a wide range of social structures (United Nations 2017). Against the backdrop of an increasing global population comes an attendant increase in a growing share of older people whose upkeep responsibilities are dependent on social caregivers.

All over the world, family caregivers play significant roles in the global population development and transition process. The roles of caregivers become more sharply significant more particularly at a time that global health systems remain challenged regardless of the groundbreaking technological inroads chalked in global healthcare. The deficit in healthcare engendered by population increase has partly been offset by caregivers whose indispensable services have significantly contributed to mitigating the debilitating impacts of ill health on individuals and households alike. Evidence of the pertinent roles of caregivers abounds around the world. In the views of Sudhinaraset et al. (2013), about three-fifth of care services are mainly and largely dispensed by caregivers. In this same regard, the National Alliance on Mental Illness (2008), as cited by Arkorful et al. (2020), posits that approximately 69% of family caregivers have cared for ill relatives. Furthermore, the National Alliance for Caregiving (2009) also avers that a population of 16 million people have freely and voluntarily dispensed caregiving services.

Precisely in the United states (where policy deinstitutionalization in the early 1960s moved patients out of the institutions into the community, resulting in families becoming caregivers), the National Alliance for Caregiving and the American Association of Retired Persons (2009) provides evidence of about 30% of the US population

providing caregiving to ill people. The General Social Survey (2019) reports of people aged fifteen and above to have administered caregiving services at one point in life in Europe. In North America, Steiner (2015) reveals that four million Canadians have provided caregiving to a family member. In addition, in Asia, precisely India, about two-thirds, representing 69% of family caregivers, are reported to have provided essential caregiving services (National Alliance on Mental Illness 2008). Overall, caregivers constitute approximately 48% of the entire population of healthcare service providers (Sudhinaraset et al. 2013). This underscores the fact that the wide range of services provided by caregivers are as essential as those provided by healthcare professionals (Sudhinaraset et al. 2013).

Against the backdrop of the pertinent services that caregivers provide in other jurisdictions, it is instructive to state that caregiving has been an enviable facet of the African social, as well as the healthcare service delivery structure. To this end, the overly communal nature of the African society where families and friends care for each other has made caregiving an integral part of its social structure. This situation is not different from what pertains to Somali where years of protracted civil unrest have dealt enormous impacts on not only social, political, economic activities, but also the general healthcare systems, including the health of individuals and households. Given this situation, caregivers have steeped in to provide shock absorber services – principally meant to assuage the consequences of ill health. Moreover, much as these caregiving engagements remain daunting, family and friend relations render them wholeheartedly and with pride. This situation could be ascribed to the sense of social belongingness embedded in the Somali society.

An appreciation of the roles of caregivers could perhaps be better appreciated when situated within global population growth dynamics. Studies have projected population growth and possible consequences, especially for policy. Kowal and Byles (2015), for instance, project a population increase in people aged sixty and above from 900 million to 2 billion by 2050. The United Nations also project older persons population to reach 2.1 billion by 2050 (United Nations 2017), with a resultant population increase in developing countries projected to be home to a growing share of the world's older population (UN 2017). The developing regions were home to approximately 56% of persons aged 60 years and above in the 1980s. In 2017, an estimated over two thirds of the world's older population reportedly lived in the developing regions.

This population is expected to increase by more than two folds (from 652 million to 1.7 billion) by 2050 in the developing world. Meanwhile, the developed regions are expected to experience a 38% increase (from 310 to 427 million) of persons people aged 60 and above by 2050. Juxtaposing these population projections demonstrates the enormity of the consequences ahead of developing regions, particularly in Africa where the population of older people aged 60 and above is anticipated to increase by threefold from 69 to 226 million. Specifically, in sub-Saharan Africa, He and Kowal (2016) project a rise in population of people older than 60 years from 46 million in 2015 to 161 million by 2050. Taken together, these situations portend quite a challenging situation with diverse implications for sectors including but not limited to labor and financial markets, demand for goods and services such as housing, transportation, and social protection, as well as family.

At this point, it is important for state and non-state actors to design innovative policies and services targeted at addressing care needs of older persons, which is very important especially when evaluated through the lens of the sustainable development goals (SDGs) – precisely goal 3 – "Good health and well-being." The population structure of Somalia is a youthful one growing at 2.8%, with about 45.6% below 15 years. Populations between 15 and 64 comprise 52.3%, while population aged 65 and above are made up of 2% (UNFPA 2014). The relatively smaller population of the aged notwithstanding, social media discourses have recently been dominated by discourses underscoring challenges saddling the aged and caregivers as well. Significant anecdotal evidence highlights widespread hardship, owing to the nonexistent social policy intervention programs and policies.

As a basis to gather empirical evidence, employing a qualitative approach, the study sets out to investigate caregivers' roles and challenges in Somalia. This study will contribute to policy by drawing state and nonstate actors' attention to the phenomenon under investigations, while providing necessary pointers for policy. As a seminal study, the study will set the framework for social work and caregiving studies, which remains an unexplored area in Somalia. The remaining segment of the entry is arranged as follows: "Methods" section discourses on the approaches employed for the study; "Data Analysis" section captures approaches in analysis data; study outcome is presented in the "Results and Findings" section; extensive study discourse is highlighted in the "Discussion" section; and the final part covers study implications, further research opportunities, and conclusion.

## Methods

### Study Design and Context

To enhance data gathering to investigate roles and challenges confronting caregivers in Somalia, the study undertook a qualitative exploratory study from 22nd May to 30th July 2019 in some selected rural (Bacaadweyn and Daarsalaam) and urban areas (Garoowe and Baladweyne). Going by the recommendations of Patton (2014), the intricacies of underlying caregiving were investigated to find out from a first source perspective, the real and actual experiences caregivers go through on daily basis in discharging their voluntary informal duties. And to tap deep into the feelings of participants, the study also referred to Angen (2000). These dual approaches enhanced mutual interaction between the research team and the study participants. In this situation, while participants have an advantage to air their views, the researcher on the other hand is also offered an advantage to delve deep into the emotions of participants to gather rich information for the study under investigation.

### Study Participants and Sample Procedure

Using a combination of purposive and snowball sampling technique, data for the study was elicited from a sample of Forty (40) women. Purposive sampling was employed to identify a caregiver who was later entreated to help in identifying other caregivers in the study area as recommended by Babbie (2020). Following these recommendations made it easy to identify other caregivers in other areas. The recommendation of participants by another participant facilitated in building trust between the researchers and study participants. This helped in gathering relevant, quality and in-depth data for the study.

### Eligibility Criteria

In drawing data, a set of inclusion and exclusion criteria were set and strictly followed. The following inclusion criteria were used to select study participants.

(a) Caregivers providing care service to persons above sixty (60) years
(b) Caregivers who have provided care giving services for more than five (5) years
(c) Caregivers within the selected rural and urban areas

On the other hand, participants were exempted based on the following exclusion criteria.

(a) Caregivers providing caregiving services to people below sixty (60) years
(b) Caregivers who have provided services to for less than five (5) years
(c) Caregivers outside the selected rural and urban areas

### Data Generation Tools and Procedure

In drawing data, an in-depth, face-to-face interview guide structured into three (3) sections in line with the study objectives was designed and used. The first section of the questionnaire gathered data about the sociodemographic characteristics of participants including age, sex, marital status, religion, ethnicity, occupation, and level of education. The second segment concentrated on

the roles of caregivers. The final section gathered data on the challenges of caregivers. The face-to-face approach was used to gather detailed information from the perspective of participants. And more so, the study design enhanced the gathering of rich data. Collection of data prioritized the convenience of participants. This is because the study assumed that the convenience and physiological soundness of participants constitute a bedrock to enhance information sharing by participants. In our interactions, participants freely spoke on the subject matter under investigation. Instruments used included a tape recorder, a note book for keeping records and pen for writing. Interviews were conducted in Somali. Interviews lasted for about 30–60 min. Before the commencement of data collection, questionnaires were pretested among a sizeable sample of ten (10) participants in the selected study areas. The questionnaires were subsequently restructured based on identified lapses and recommendations gathered. This informed the design of a final questionnaire which was sent to four academic experts for peer review and approval. The results of the piloted questionnaires were however not included in the final data used for the analysis. Participation was strictly voluntary and participants were told of their liberty to opt out at any time. Besides, participants were assured of the anonymity and confidentiality of information provided. To ensure the protection of data elicited, audio recordings were kept safe in a password protected folder on a computer in the researchers' laboratory.

## Data Analysis

In placing study findings into context and perspective, the study made use of the inductive process of data analysis to establish research themes and situate discourses within the appropriate context.

This helps researchers to capture hidden, salient, and varying issues (Dimitroff et al. 2005) while drawing original and reliable information from participants (Patton 2014). Following the recommendations of Richards and Morse (2012), data analysis steps involved interview transcription, listening to audio recordings gathering detailed insights of the subject matter under investigation, and developing and establishing data codes to generated themes. Interview transcriptions alongside field interview notes were analyzed with the help of a coding system developed by the research team. To undertake a step-by-step data codding, memos were developed to facilitate tracking the process of data collection and analysis. This enhanced the development of labels and naming of research concepts which further facilitated the construction of research themes in consonance with the overall research objectives. Initial codes developed revolved around caregivers' roles and challenges. Our interaction provided sufficient evidence that informal caregivers were enormously challenged. The major themes developed had subthemes presented in Table 2. The views shared by participants were compared and contrasted with other perspectives with relevance to the issue under investigation. In presenting results from analyzed data, feedbacks of participants were presented as quotations to buttress expressed opinions.

## Results and Findings

The study sampled forty (40) participants providing caregiving services and assistance to older people. As presented in Table 1, it could be deduced that majority of the study participants were above 50 years. Married people were 27. The study also revealed that most caregivers had provided assistance from 5 to 7 years. All study participants were Muslims and with regards to clan affiliation, majority of study participants belonged to the Darod Clan. With 5 participants revealed to be employed, 25 were unemployed. 29 participants were also revealed to have had no education. Our interaction further revealed that caregivers were providing assistance to old people suffering from a wide range of ailments including, but not restricted to notables such as congenital anomalies, stroke, visual and hearing impairments, stroke, epilepsy, and paralysis.

**Caregivers' Roles and Challenges, Evidence from Rural and Urban Somalia, Table 1** Sociodemographic characteristics of participants

| Variables | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Age | 18–28 | 4 | 10 |
| | 29–39 | 9 | 23 |
| | 49–49 | 8 | 20 |
| | 50+ | 19 | 47 |
| Marital status | Married | 27 | 67 |
| | Divorced | 3 | 8 |
| | Widowed | 1 | 3 |
| | Single | 9 | 22 |
| Years of caregiving | 5–7 | 32 | 80 |
| | 8–10 | 5 | 13 |
| | 10+ | 3 | 7 |
| Religion | Muslims | 38 | 95 |
| | Others | 2 | 5 |
| Residence | Rural | 20 | 50 |
| | Urban | 20 | 50 |
| Clan affiliation | Darod | 33 | 82 |
| | Hawiye | 3 | 7 |
| | Dir | 2 | 5 |
| | Rahanwayn | 1 | 3 |
| | Others | 1 | 3 |
| Employment status | Employed | 5 | 12 |
| | Unemployed | 25 | 63 |
| | Others | 10 | 25 |
| Level of education | Primary | 2 | 5 |
| | Intermediate | 4 | 10 |
| | High school | 3 | 7 |
| | University | 2 | 5 |
| | None | 29 | 73 |

**Caregivers' Roles and Challenges, Evidence from Rural and Urban Somalia, Table 2** Emerging themes

| Broad major themes and subthemes | |
|---|---|
| Roles | Challenges |
| Socio-economic | Financial challenges |
| Spiritual | Physiological challenges |
| Domestic | Work related challenges |
| | Restraint on social life |

## Women Caregivers Roles

The results of the study elicited at first hand from respondents underscored that caregiving especially to older people is not only an arduous task, but also enervating and quite time consuming as a full-time work. In the views of participants, the only thing that drives and motivates commitment to caregiving is the bond between caregivers and the recipients of the assistance. This suggests that the various forms of services (broadly ranging from socio-economic to spiritual and domestic), unremittingly provided by caregivers, are driven by social ties. The findings are thematically discussed below.

### Socio-Economic Roles

Our interaction with participants revealed that, as part of a broader scope of task, caregivers provided socio-economic assistance to their respective older people service-recipients. In addition to working to help provide for the various basic

needs of service recipients, the study further revealed that participants either directly fulfill social roles and responsibilities of their indisposed relations or indirectly provided assistance towards the fulfillment of such obligations. On the economic front, a handful of participants of unemployed participants revealed that even though their caregiving duties rarely permits them to work regularly, there are times situations and the need of their relations compel them to undertake part-time laborious jobs with building construction establishments so as to gather some peanuts to anchor their survival. In our interactions, some participants recounted the following:

> *Mostly on Fridays, he cannot go to masjid (mosque) for Jummah prayers, so I go with him and come back home with him too. He is my father, so it is my duty to assist him do everything*

> *You know he cannot see now. So, he virtually cannot do anything. I have to do everything now. I have records of days he is supposed to visit the hospital for regular checkups, so when the time is due, I assist and go with him. I love him so much, and cannot abandon him at this hour. It is my responsibility. I think this is my jihad.*

*Others said that;*

> *Because of his ailment, I cannot take up any work. Have stopped working now. Assisting my husband is now my full-time work. I could have taken up full time work to help support the family in hard times like this critical moment. I could have worked. I have actually had several opportunities, but for his unwellness, would have to let go*

> *Because of his immobility, I have to do a whole lot of things like taking her to the herbalist, represent her at ceremonies like funerals and weddings. I am close to him, and we have been together for quite some time now so I understand him. I serve him wholeheartedly and I love him as my step father*

## Spiritual

Relative to the spiritual roles dispensed by caregivers, our interaction revealed a two-fold role. On one breadth, caregivers professed to be spiritually interceding and intervening on behalf of their relations for healing and protection. On another breadth, caregivers indicated how they aided relatives to fulfill some religious and spiritual obligations. This from our interaction appeared to be borne out of the conviction that ill-wishers and bad forces could potentially work to induce ill health situations. For this and other reasons, participants believe that seeking for treatment does not only always require clinical measures, but also some form of spiritual assistance. In interacting with participants, some said that;

> *Sometimes I go to mosque and pray for him. Allah has the power to heal all forms of infirmities. So, I think I should cast all my burdens on Allah. I believe in him. And I know one day, Allah would have mercy on her*

> *I have asked for the help of my imams to help me with prayers so that my husband will be well. He is a committed Muslim. Now because of his ill health, he cannot do anything. I have asked friends and families to also help us with prayers as well. I know Allah is most merciful. That is why he called Al-Rahman. He will heal him one day. I know, and I am sure*

## Domestic

Further interaction with participants indicated that participants felt they have it as a responsibility to provide some form of care or the other to their older family relations. Even though it was obvious that caregiving was an energy-sapping work, majority of participants were generally of the notion that no matter how challenging or difficult it is, they still consider it worthy to assist their older relatives. This in the views of participants constitutes the push factor in extending help to relatives. Moreover, the reason that family relations are supposed to be supporting elements for each other has been a factor that sustains the assistance caregivers provide. The urge to serve in the views of most participants could be ascribed to the communal bonding tendencies that the traditions and cultures of the Somali society imbibe in its members. Some participants expressed the following;

> *It is part of our culture to care for one another. We cannot leave her to her fate. That is not the culture of Somalia. It is not the culture of any clan in this country. We believe in social bonding. And we believe that, this holds the fabric of our society together*

Another reiterated that;

> *It is the responsibility of our society to care for each other. A problem for one person is generally a*

*problem for the entire society. So, in hard times, we come together and help. It is the same strength we gather and deploy in caring for the aged. The aged are source of blessings for the society. If one takes good care of the aged, he or she gets blessings. And the blessings run throughout our lives whenever given by the aged. It is actually a source of pride to have an aged person in the family. A household with an aged person is a house with pride.*

## Women Caregivers Challenges

As much as participants evinced an unwavering desire to assist the older people in their respective societies and homes, it was apparent through our interaction with participants that not all has been easy-going. Among some of the challenges recounted include financial, physiological, and work-related challenges. In addition, restraint on social life appeared as another challenge saddling caregivers.

### Financial

One key challenge of caregivers that appeared generally repetitive in our interaction with respondents bordered much on financial difficulties brought about by caregiving duties. In the views of caregivers, this situation has further been compounded by the time-consuming nature of assignments, which has over time prevented them from working or getting themselves engaged in any economically productive venture. And because this has been the case, most participants are of the opinion that contributions to caregiving cannot be complete without a sufficient financial wherewithal to complement such efforts. In view of this, some participants narrated the following;

*Caregiving is a very tough job which requires a substantial amount of money. For instance, paying for health and buying medications, transportation to and from hospital all requires money. How does one meet these challenges without work?*

*Now, I cannot work. My father is sick, and he is not working too. Family members are not helping enough. How then do we cope with the financial situation now? Our hope now is now on Allah. He is the only savior we are looking up to.*

Another said that:

*Caregiving takes much time. I cannot work because I need to find more time and take care of my wife. I cannot purchase prescribed quality medications because I have no money. I am not working. There are times I reach out to the herbalist to for some herbs as alternative medication. I doubt the efficacy of these medications though, but as a result of financial difficulties, I have no option*

### Physiological

Participants' interaction revealed caregiving as daunting. It also became obvious that caregiving obligations came with some form of negative impacts on the wellbeing of caregivers. By physiological wellbeing, participants referred to physical and social wellness, as captured in their overall healthiness. Recounting on the negative impacts of caregiving such as inducing stress, tiredness, among others, some participant said that:

*Caring for her brings pains all over the body. As we talk now, I feel pains in my body. My joints are all feeling pains and weakness, all because moving her in the wheel chair from one place to another in the morning, and then to another place in the evening requires lots of energy. She has now put on much weight because of always sitting at one place. And this is making it difficult to manage her*

Other had the following to narrate:

*I think I am frail now. I feel sick than her now. Her situation is not the best. It is not seeing any improvement. It is rather deteriorating. And it is quite worrying. Owing to caregiving, I can notice a big change in my health situation now*

*Combining childcare with older person caregiving is very difficult. I have had to combine the two, on top of performing some household chores. It is not easy my brothers*

### Work-Related Challenges

Participants shed substantial light on how caregiving has affected working engagements, and by extension, their financial soundness. Most of them expressed the difficulty to combine work with caregiving roles. Under this situation, participants have given up employment to fully concentrate on caregiving roles. Some participants expressed the following:

*Until my aunty is well, let me say, I have given up my working capabilities. I cannot work. She needs time. I have to spend much time with her. When am with her, she feels lively*

*To have time for my ailing wife, I resigned from my work. I cannot be chasing money when she's is sick. I have to care for her*

### Restriction on Social Life

Caregiving roles, to an appreciable extent, were revealed to place restriction on the social life of participants. According to participants, the generally delicate situation of the cared makes it difficult if not impossible to leave them alone. This is because their situation requires frequent monitoring. Others also expressed that the seeming general immobility of care recipients requires caregivers to constantly be in their company. For this reason, most participants have been unable to participate in social activities. Sharing perspectives brought about the following comments:

*Quite unusual of me, I now don't have the freedom to part take in social activities. Life has been boring. Because of caring for my mum, I don't have social life*

*I can no longer meet my friends to converse as I used to do some years back*

*For some time now, I have not been attending "guur" (marriage) or "duug" (funeral). I feel bad. These are social obligations we are all expected to meet, but now, I cannot*

Not only were caregiving roles restricting individual in their social life. It apparently became evident throughout our interaction that the roles were affecting marriage lives of caregivers. Most participants complained of unhappiness (precipitated by the new roles) in their marital homes. Whereas others also bitterly complained of the unhappiness and disaffection that has come between them as parents and their wives and children, some also confessed of their irresponsibility towards their family. This is because their obligations are torn between their nuclear families and care recipients. This is an ample proof that caregiving roles could come with uncertainties as grave as ones with the potential to break homes. Some participants tearily said the following:

*My children complain of late. They think I do not care for the family. They also think I am irresponsible because I am unable to send them much money. But it is not my fault. My mother is not feeling well. I am the youngest among her children. The others are not around. And I have taken up the responsibility to care for her*

*My marriage is now on the verge of breakup. My husband thinks I do not have time for him and the family. Even though I visit him and the children in Mogadishu monthly, he thinks that is not enough. He once told me this is not the kind of marriage he envisaged. He recently called for divorce. It took the intervention of some community elders and some family member to change his mind. Even with that, he still calls for it any time he calls me on phone. My aged father is not happy with the state of affairs because he thinks, his care is causing these problems. But there is nothing I can do. Whatever happens, I give it to Allah*

Another woman stated that:

*My husband think I am selfish. He thinks I think more about my extended family that my nuclear family. I have pleaded with him countless occasions to be patient with me, but he would not accept any. He always tells me to marry my mum. Now he is fed up with me. But I understand him. He is right anyway*

## Discussion and Implication

Healthcare and service delivery has undergone a phenomenal transition from a hitherto purely and largely practitioner-centered to one complemented by caregivers' service. In essence, the step-in role caregivers play in support of health service delivery significantly asserts their indispensable role. This study employs a qualitative study approach to investigate roles of caregivers and the challenges they encounter in the exercise of their duties. Study participants were selected from two rural and urban areas each in Somalia. The study contributes to literature by providing evidence of empirical value to the subject matter of caregivers. The study makes interesting and significant findings with essential policy implications.

Firstly, the study results confirmed the varying significant caregivers' roles spanning from socio-economic, spiritual, and domestic. These findings are echoed by Sinha (2013), Steiner (2015),

Sharma et al. (2016). Moreover, study further revealed several challenges encountered by caregivers. The findings pointed out that though caregivers were resolute in assisting the aged, they however generally appeared gravely challenged. In view of this, what however sustained the efforts was an unbridled sense of social and customary obligation to provide such services to the aged in the society. Notable among some of the challenges identified bordered on financial, physiological, and work-related ones. Participants also cited the limitation imposed on their social lives as a huge difficulty for them. These findings are in consonance with (McGhan et al. 2013; Sharma et al. 2016). The combined effects of these challenges have constrained caregiving efforts and services rendered. Therefore, injecting some appreciable dosage of effectiveness and efficiency in the works of informal caregivers calls for concerted efforts by health sector stakeholders and the general society, to support their initiatives and services.

This study has implications for policy, practice, and further research. The study findings have relevant bearings on social policy, more particularly to improving the conditions of caregivers and service recipients through an efficient and effective stakeholder-driven policy design/formulation and implementation. As sustainable development goals are driven and debated, precisely Goal 3, which enjoins polities to *"ensure healthy lives and promote wellbeing for all at all ages"* an empirical investigation of informal caregivers in a country like Somalia which just emerged from the throes of a protracted civil war would be an excellent and unique contribution to detailing the possible and plausible paths to chart.

Our findings indicate that as much as caregivers play essential roles in the society, they undergo series of challenges on daily basis. This requires critical and holistic review to provide support for their indispensable efforts. Against this backdrop, health sector stakeholders must demonstrate some degree of commitment towards advancing some forms of aids to caregivers and care recipients. The way forward in this regard could be through the inception of cash and kind supporting schemes that would guarantee access to health care and other forms of social services. Specifically, stakeholder should push for the institution of a government-based National health insurance scheme in Somalia.

Moreover, government actors, in concert with nongovernmental organizations, should make efforts towards either providing some kind of medical subsistence to individuals and households with aged people, particularly, those indisposed or health-challenged. This would go a long way to relieve caregivers of financial obligations. Also, given the informal services that caregivers provide, health sector stakeholders should educate caregivers on basic ways to handle certain delicate situations of older people. This would further help avoid complications brought about by poor handling.

## Conclusion and Limitations

As a seminal study investigating not only the roles but also challenges saddling informal women caregivers in Somalia, the authors are convinced that this study would make insightful contributions to laying the foundation to spur future studies in informal caregiving while at the same time empirically providing evidence to that effect. Moreover, this could provide sufficient policy basis and pointers to government, nongovernment actors, and other stakeholders in and outside Somalia as well as in other developing countries. In addition, gathering varying views from both urban and rural denizens providing caregiving services help present diversified views integrated into a holistic perspective. Hence, this study will help to bring into the limelight some hurdles confronting their service delivery. This would draw attention to addressing some of these gaps. Given the confounding confluence of perspectives shared by participants, the authors recommend that initiatives undertaken to support informal caregiving should take into consideration, recommendations proffered by this study, to facilitate policy design and implementation. As much as the research strengths have been highlighted, it is instructive to state the research limitations. The limitation of the study to the four study areas, thus, Bacaadweyn, Daarsalaam, Garoowe and Baladweyne, and the use of a relatively smaller

sample size limit its generalizability. Future studies should focus on increasing the sample size and expanding the scope of the study settings to undertake a large-scale study. Nonetheless, these do not in any way impair the validity and reliability of the study findings.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance and Public Administration


## References


Angen MJ (2000) Evaluating interpretive inquiry: reviewing the validity debate and opening the dialogue. Qual Health Res 10(3):378–395

Arkorful VE, Mohamed AA, Jama O, Pokuaah S, Basiru I, Hammond A, Latif A (2020) Caregivers of mentally ill patients: a cross-sectional need-based assessment of social workers in post-conflict Somalia. Practice 32(1):21–41

Babbie ER (2020) The practice of social research. Cengage learning, California, USA

Dimitroff RD, Schmidt LA, Bond TD (2005) Organizational behavior and disaster: a study of conflict at NASA. Proj Manag J 36(2):28–38

He W, Kowal P (2016) An aging world: 2015. US. Census Bureau, International population reports, Washington, DC

Kowal P, Byles JE (2015) 900 million and counting: epidemiologic data for demographic and policy transitions. Pop Horizons 12(2):68–76

McGhan G, Loeb SJ, Baney B, Penrod J (2013) End-of-life caregiving: challenges faced by older adult women. J Gerontol Nurs 39(6):45–54

National Alliance for caregivers and American Association of retired persons (2009) Caregiving in the United States. https://www.caregiving.org. Accessed June 2019

National Alliance on Mental Illness. (2008) Schizophrenia survey analysis: caregiver experiences and challenges. Accessed from Faculty of Graduate Studies. Mahidol University Ph.D. (Nursing)/163. http://www.nami.org/Content/NavigationMenu/SchizophreniaSurvey/AnalysisCaregiverExperiencesandChallenges.htm

Patton MQ (2014) Qualitative research & evaluation methods: integrating theory and practice. Sage publications

Richards L, Morse JM (2012) Readme first for a user's guide to qualitative methods. Sage

Sharma N, Chakrabarti S, Grover S (2016) Gender differences in caregiving among family – caregivers of people with mental illnesses. World J Psychiatr 6(1):7

Sinha M (2013) Spotlight on Canadians: results from the general social survey. Portrait of caregivers (2012) Statistics Canada (catalogue no.89-652-X). Accessed 15 July 2019

Steiner A (2015). The lived experiences of sandwich generation women and their health behaviors. MSC Thesis, Wilfred Laurier, University of Ontario

Sudhinaraset M, Ingram M, Lofthouse HK, Montagu D (2013) What is the role of informal healthcare providers in developing countries? A systematic review. PLoS One 8(2):e54978

UNFPA (2014) Data for a better tomorrow, population estimation survey for the 18 pre-war regions of Somalia. UNON publishing services section, Nairobi, ISO 14001:2004 Retrieved from: chromeextension://gphandlahdpffmccakmbngmbjnjiiahp/https://reliefweb.int/sites/reliefweb.int/files/resources/Population-Estimation-Survey-of-Somalia-PESS-2013-2014.pdf on July 30, 2019

United Nations (2017) World population ageing, highlights, department of economic and social affairs, Population division (ST/ESA/SER.A/397)


# Caregiving and Coping, Women Caregivers of Older People in Rural and Urban Somalia


Vincent Ekow Arkorful[1], Anastasia Hammond[2] and Abdishakur Warsame Diriye[3,4]

[1]Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong

[2]Department of Psychology, University of Ghana, Accra, Ghana

[3]School of Public Affairs, University of Science and Technology of China, Hefei, China

[4]Department of Management Sciences, Mogadishu University, Mogadishu, Somalia


## Synonyms

Caregiving; Informal care service; Somalia; Women caregivers

## Definition

Caregiving is conceptualized as the various forms of social, economic, emotional, physiological,

and psychological services administered to vulnerable groups including the aged.

## Introduction

Global evidence presented by the National Alliance for Caregiving and American Association of Retired Persons (2009) indicated that about three-fifth of indisposed older adults are cared for by family members. The national alliance for caregiving (2009) stressed that approximately a population of 16 million made up of relations provide long hours unpaid service to relatives suffering from chronic ailments. This indicates that informal health care constitutes an important component of the global health system. It has become an intrinsic and extricable part of the modern health-care system across countries belonging to either developed or developing world (Nordmeyer 2002; Agyemang-Duah et al. 2019). The impact and the general pertinence of the services rendered by informal caregivers become much crucial in a developing country like Somalia.

Given the resource constraints and the general low living standards prevailing in developing countries, the relative service availability, ease of access, and affordability of caregivers' services signify the relevance of informal caregiving (Sudhinaraset et al. 2013). The practices of informal caregivers of older people in Somalia are not formally regulated. Therefore, older people may not receive adequate care and attention. Although informal caregivers in Somalia have a key role to play (Arkorful et al. 2020), especially in providing care support for older people, there is little understanding about how they are able to cope with the challenges coming from their responsibilities. Thus, this study explores the experiences of women caregivers in Somalia with the aim to offer suggestions to informal caregivers on how to manage or overcome challenges from the caregiving.

The expected increased population of older persons to double and reach 2.1 billion by 2050 further highlights the relevance of caregiving (United Nations 2017). Also, emerging societies are expected to be host to the world's older population (United Nations 2017). He and McHenry (2016) also project a rise in population of people older than 60 years from 46 million in 2015 to 161 million by 2050 in sub-Saharan Africa. This is a sufficient proof that developing counties, especially Africa, would bear the full brunt of an increased population of older people in future. More particularly, Somalia will not be left out of the inconvenience and discomfort that will be generated by this phenomenon. This presents quite a precarious situation with many implications for overall human development, especially, health-related components of the sustainable development goals.

According to UNFPA (2014), Somalia has a youthful population growing at a rate of 2.8%, with 45.6% of the population below 15 years. Also, 52.3% of the population are between 15 and 64 years. The population of those above 65 years represent 2%. Though this may represent an insignificant population at the moment, against the backdrop of the population growth rate of 2.8% and the general anecdotal evidence of hardships and low standards of living among older people, as evidenced in social discourses in Somalia, there is a cause for grave for the future of the older people in a country that still subsists on donor support.

In spite of the increasing research focus on informal caregiving of older people in other countries (Haley et al. 2004; Proulx and Snyder 2009; Branscum 2010), to the best of the knowledge of the authors, caregiving in Somalia is virtually an unexplored area. The status of the country as undergoing infrastructural reconstructions and institutional restructurings from the decades of civil rift however makes the situation understandable. Given the deficit in this area of studies, this study sets out to open up a new field of research study by exploring how informal caregivers in urban (Garoowe and Baladweyne) and rural (Bacaadweyn and Daarsalaam) Somalia devise strategies to cope with caregiving hurdles.

### Informal Care in the Somali Context

The upsurge in the population of the aged people worldwide has resultantly brought about a

corresponding increase in health care and social systems (Wimo et al. 2006). As ageing has been linked to deteriorating physical and mental health conditions, older people are likely to require care support from family members and friends in performing daily activities and managing tasks (Kneebone and Martin 2003; Zarit and Zarit 2011). Informal care has become a central component of the culture of societies, especially those in the developing countries (Agyemang-Duah et al. 2019). Essentially, the family has not only become a backbone, but also a shock absorber that absorbs incidence of uncertainties like ailments and old age. In the case of Somalia, caregiving is hinged on customs, predicated on the concept of communalism. By this, members of the society feel a sense of collective obligation to provide help for each other. This same consideration comes into play in providing care support services for older people and other vulnerable members of the society. However, studies related to caregiving have identified factors contributing to the waning of informal care, also referred to as family-based care. In a study in Ghana, Nortey et al. (2017) identified dwindling sense of care in social services in the twenty-first century. They ascribe the low patronage of informal caregiving to the combined effects of urbanization and modernization. Perhaps the degree or intensity of the decline in informal care in Ghana may not be similar as presently prevailing in Somalia. Moreover, the status of Somalia as a country that just emerged from the rubbles of a protracted civil war sharply sets it in contrast with Ghana. This notwithstanding, a careful observation and assessment of the society reveals that the onset of the debilitating effects of urbanization, modernization, and globalization is also rearing its ugly head in the social structure of Somalia. The emergence of this unfortunate phenomena is gradually taking a toll on caregiving support for older people. Because this has been the case, the research assumes that, investigating into existing support systems, formal or informal, deployed to assist older people could be germane for planning and policymaking efforts towards either alleviating or ameliorating the deadweight effects of caregiving of older people.

## Informal Caregivers' Challenges and Coping Strategies

The conditions of caregivers and their respective challenges are not static. Caregivers are overwhelmed with challenges ranging from financial, emotional trauma, restraint on social life, and the limited ability to engage in economic activities, among others (Arkorful et al. 2020; Agyemang-Duah et al. 2019). Essentially, caregivers' conditions and hurdles vary with respect to socio-demographic factors like gender, environment, availability of resources, ethnicity, conditions of care recipients, and perhaps the level of education of caregivers. Whereas the conditions of females may differ from that of their male counterparts (Wade et al. 2001), the conditions of caregivers in rural and urban stings may also sharply contrast with each other (Agyemang-Duah et al. 2019).

Moreover, resourcefulness, precisely concerning needs and information on caregiving, may results in variations of caregivers' conditions (McGhan et al. 2013). The conditions of caregivers and how this may bring about variations in caregiving is significantly confirmed by King et al. (2010). Branscum (2010) confirms the issue of ethnicity and its changing effects on caregiving. In his view, an increase in elderly population predicts a change in demographic profiles of populations and subpopulations (Koerner and Kenyon 2007; Ekwall and Hallberg 2007). Against the variations in conditions, caregivers undergo series of challenges. And in the face of these challenges, caregivers have different ways of responding to and addressing these challenges, as when they set in. Caregivers coping mechanisms consist of a wide range of complex and dynamic set of cognitive, affective, and behavioral responses targeted at regulating emotions, providing antidote to problems, maintain psychological resistance, and develop strengths required for caregiving (Gottlieb and Wolfe 2002). For the purposes of this study, coping is conceptualized as the range of options employed by caregivers to overcome caregiving hurdles. Among some of the key drivers of caregiving may include some forms of social and economic support from families and friends (Nortey et al. 2017). The efficacy of

these forms of support to caregiving is confirmed by Wade et al. (2001). In addition to receiving social support from friends, families, and well wishers, the study equally confirms how caregivers dispose of assets to raise funds for caregiving. Within the context of Somalia, to the best of the authors knowledge, there is a dearth of research not only about caregivers, but also on coping strategies. As such, this seminal study would help lay the basis for future studies, while at the same time providing the impetus to pushing the frontiers of policymaking and implementation on caregiving in Somalia.

### Research Question

The main objective of this study was to explore the experiences of women caregivers of older people in coping with challenges coming from their caregiving to provide suggestions for caregivers in dealing with caregiving difficulties. This specific research question was explored:

What are the experiences of women caregivers of older people in Somalia about their coping strategies?

## Methods

### Study Design

The experiences of women caregivers providing care support for older people in Somalia were explored. Considering the exploratory nature of this study, the fact that it is the first empirical study on the topic in Somalia, a qualitative approach was adopted. The interpretive phenomenology was used to explore and analyze experiences from the caregivers. Phenomenology is used to study the lived experiences of research participants (Patton 2014). In particular, interpretive phenomenology argues that researchers' assumptions, beliefs, and presuppositions are used as a framework in analyzing and exploring participants' views (Shaw and Anderson 2018). Two of the authors are Somali born and have lived in both rural and urban areas of Somalia. Their live experience and knowledge of caregiving from the Somali context provided the researchers with useful information which influenced the designing of the interview guide, how interview questions were asked, what questions were included, and the data analysis process. Although the design of the study was influenced by the preconceptions of the researchers, measures were put in place that the findings presented reflected the experiences of the participants, not researchers. For example, the interview transcripts and codes that were developed during the coding process were shown to 11 research participants to ensure that themes that were created reflected their own words. Moreover, the authors who were not Somali born served to ensure that discussions coming from the data analysis were devoid of any preconceptions and only based on what the interview data revealed.

### Study Participants and Sample Procedure

The study sampled 40 participants from across the two randomly chosen rural and urban areas. For the purposes of representativeness, the study sampled ten participants each from the selected study areas. Given the general difficulty of identifying participants, the study employed a mixture of purposive and snowball sampling. In operationalizing this method in the respective study areas, in consonance with the recommendations of Rubin and Babbie (2016), the research team identified a first participant who afterwards led the research team to access other caregivers. This affirmed trust in the participants and further consolidated cooperation. On this basis, participants freely shared their views on the topic under investigation.

### Eligibility Criteria

In meeting the objectives of the study, certain criteria were set for the inclusion and exclusion of participants. Prior to inclusion, participants were supposed to be providing care service to persons above 60 years. Caregivers were also expected to have provided caregiving services for more than 5 years. And finally, participants were expected to be within the selected jurisdictions. On the other hand, participants were excluded on the basis that participant was providing caregiving services to people below 60 years. Besides, participants who have provided services for less than 5 years and living outside the selected areas were excluded.

### Data Collection Procedure

Prior to commencing interview sessions, participants who could read in English were given an information sheet clearly detailing in succinct terms, the nature and purpose of the study. Those who could not read on the other hand were given the opportunity to get a relative to assist. In instances where participants had no objection, the researchers explained the study purposes to the participants. After consenting to participate in the study, participants were told of their liberty to voluntarily opt out at any stage of the research interview. Given the sensitive nature of the issue under investigation, there was no instance when a participant either opted out or demonstrated the intent to opt out. They were further assured of the anonymity of their identity throughout this study. In eliciting data, the study used a semi-structured interview guide. Three research assistants were present throughout the entire session of the data collection period to clarify issues and respond to queries. The research assistants were well briefed on the study and the use of the instruments. With the approval of participants, interviews were recorded for about 30–60 min. Instruments employed included a tape recorder, a note book, and pen for writing. Interviews were carried out in Somali. Prior to data collection, the interview guide was pre-tested, later refined based on the suggestion of participants, and the final guide designed and submitted to experts for approval. The final interview guide was designed to help gather data on strategies devised by to overcome caregiving challenges.

## Data Analysis

Transcribed data were subsequently thematically analyzed in consistency with Braun and Clark (2006). Following the recommendations of Lacey and Luff (2001) and O′ Leary (2004), the research team read through the data, organized and coded data, searched for patterns and interrelationships, mapped and constructed themes, built thematic data, and subsequently drew conclusions. With the help of a coding system generated by the research team, with field notes as a complementary guide, transcriptions were analyzed. In enhancing data codding, memos were developed and research concepts labeled. These were done to achieve the overall objective of helping to identify coping mechanism of participants. As part of the process to present results from analyzed data, feedbacks of participants were presented as quotations to buttress expressed opinions.

## Results and Findings

### Sociodemographic Characteristics of Study Sample

The study sampled 40 women caregiver participants from across four randomly selected areas, evenly distributed across urban and rural spaces. Table 1 presents information on the sociodemographic characteristics of the study sample. From Table 1, it could be seen that most of the participants recruited for the study were above 50 years (47%). Married people also constituted 67% of the study. It is further apparent that women caregivers of older people who had served for a duration of 5–7 years made up the largest population 80%. Muslims also composed 95% of the study population, with an evenly distributed study population of 50% for urban and rural areas, respectively. Participants from the Darod clan were the largest population in this study, making up 82%. Moreover, 62% of the study population were unemployed. And finally, 73% of the study population had not received education (Table 2).

## Caregivers Coping Strategies

The research team's interactions with participants revealed a plethora of coping strategies adopted by caregivers to overcome challenges brought about by caregiving. Through our interactions, it became apparent that individual participants had devised several ways of coping with caregiving challenges. Key themes identified are thematically discussed below:

### Social Support from Well Wishers

Narratives gathered from most caregivers indicated that one of the ways of coping with

**Caregiving and Coping, Women Caregivers of Older People in Rural and Urban Somalia, Table 1** Sociodemographic characteristics of participants

| Variables | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Age | 18–28 | 4 | 10 |
| | 29–39 | 9 | 23 |
| | 49–49 | 8 | 20 |
| | 50+ | 19 | 47 |
| Marital status | Married | 27 | 67 |
| | Divorced | 3 | 8 |
| | Widowed | 1 | 3 |
| | Single | 9 | 22 |
| Years of caregiving | 5–7 | 32 | 80 |
| | 8–10 | 5 | 13 |
| | 10+ | 3 | 7 |
| Religion | Muslims | 38 | 95 |
| | Others | 2 | 5 |
| Residence | Rural | 20 | 50 |
| | Urban | 20 | 50 |
| Clan affiliation | Darod | 33 | 82 |
| | Hawiye | 3 | 7 |
| | Dir | 2 | 5 |
| | Rahanwayn | 1 | 3 |
| | Others | 1 | 3 |
| Employment status | Employed | 5 | 12 |
| | Unemployed | 25 | 63 |
| | Others | 10 | 25 |
| Level of education | Primary | 2 | 5 |
| | Intermediate | 4 | 10 |
| | High school | 3 | 7 |
| | University | 2 | 5 |
| | None | 29 | 73 |

**Caregiving and Coping, Women Caregivers of Older People in Rural and Urban Somalia, Table 2** Emerging coping strategies of caregivers

| Coping strategies |
|---|
| Social support from well wishers |
| Taking intermittent caregiving breaks |
| Belief in Allah |
| Taking part-time assignments |
| Financial discipline |

caregiving challenges was from social support drawn from and offered by the members of the society. In the views of participants, it was gathered that social support comprised of tangible and intangible elements, as well as physical and emotional factors. In discoursing on social support, participants clearly demonstrated their appreciation for the kind of warmth and comfort they derive from such gestures and how their caregiving activities have been sustained. Precisely, on this, some participants reiterated on the kind of cash and kind support they received from members of the society. Even though these forms of support according to participants are mostly inadequate, they however contributed to sustaining caregiving efforts. And this also motivated the delivery of caregiving services. In the views of participants, these forms of support provided some kind of relief to them as well. In recounting on benefits of social support, such as cash and kind ones, participants said that:

> There are times some visitors extend their benevolence to us. They give us money, clothing and other personal care things like pomade, soap, detergents and other things as well.

> When his other brothers and sisters are coming for visit, they buy a lot of things for us. They buy lots of things including foodstuffs for us.

On another breadth, some participants cited taking financial assistance from benevolent and charitable people including friends and family members within the society as one of the supports that enhances coping with caregiving difficulties. According to some participants, these forms of help are always difficult to come by. This in the views of most participants could be attributed to the general hardship within the society. In soliciting for financial assistance, participants indicated that whereas some people freely offered help, others offered financial aids in the form of loans which families and caregivers have to repay within a period of time agreed upon. Participants recounted the following experiences:

> I borrow money from people to be repaid within a reasonably short period of time. As unreasonable as the time of repayment is, i take it and without option accept and terms and conditions involved.

> Situation pushes me to take money from other people to solve some problems. I don't have money to help all the time. When I don't have, I take from people and repay later. Sometimes it even becomes a problem for me and my creditor.

A handful of participants also recounted that there are some few well-to-do people who sometimes add some form of small percentage to the money given to them as loan. This is the views of participants strained and stressed them during repayment. In raising concern about the situation, some participants said that:

> Though this is a Muslim society, some people give loans with "rbah" (profit). In principle, our religion is against interest, but some few people take it. I cannot say much about that. It is their money, and they decide what to do with it and how much to charge.

Moreover, interactions with participants revealed that though taking financial assistance from close and distant relatives was an alternative to coping with caregiving challenges, it came with strings of challenges especially in times of defaulting payment. On the difficulties brought about by this, some participants said that:

> At the moment, I am indebted to a lot of people. People don't trust me now. I cannot borrow from anyone again. I am now known all over the place as a debtor. I am virtually without integrity because of the huge debt I have on me. But I didn't spend the money on useless things. All went into my father's care.

> You know, it sometimes gets disgracing and discomforting, especially when the repayment time is due, but I don't have the money and the creditor is on me heaping pressure to pay. It sometimes makes me feel like committing suicide. But whenever I thought of that, I asked myself one question; who would care for my mother? With this, I drop the idea.

Despite the general consensus that caregiving is a backbreaking task, participants equally expressed the idea that part of what keeps them going is the consolatory messages they received from people they met, both in and outside their homes. In their views, these words rekindled their spirits and whips up their enthusiasm to work more. They also reiterated that sharing these words with the cared for equally made them lively. Other participants also demonstrated their appreciation for the words of encouragement drawn by other people from the holy book, Quran, to motivate them. Others also confirmed that they are encouraged by the stories of other caregivers and the experiences they go through recounted to them by their relations. On this subject matter, participants said that:

> Other people share some word of inspiration with us whenever they visit. Some use quranic quotations to inspire us. These words are pleasing for the ears and spirit, very comforting and healthy for the troubled soul.

Another said:

> There are times I go outside and coincidentally meet well-wishers who offer words of hope. Some of them go extra miles to share the experiences of others with me. I get hopeful with these kind words.

> There have been times I have felt empty. And in those times, people come in handy from nowhere to encourage me and the family. They sometimes tell us stories of others. And this encourages us and

> makes us feel, others are even going through heavy times. With this, we get some form of relief and hope for the better.

Going forward, as part of social support–based mechanisms to cope with caregiving difficulties, some participants indicated how communication with friends and families help in providing relief. Some participants stressed on how they engaged their relations through phone and personal conversations. This in the views of participants relieved them of burdensome thoughts. As much as communication provided a window for participants to freely allow stagnated feelings to flow out, it equally provided them opportunity to empty their emotions of stress and other burdens injected into them by caregiving assignments. Our interaction yielded the following response:

> When I feel bored or stressed, I talk to friends on phone. This momentarily provides me relief. I think it is better than nothing. At least for a while, I am able to feel well.

> Talking to people has been therapeutic. It heals me and makes me feel my normal self.

### Taking Intermittent Caregiving Breaks

Some caregivers emphasized on the stressful nature of caregiving. In the views of participants, moving care recipients from one to place to another, cooking for them, bathing them, and performing other domestic and social activities for them brings about bodily pains and other health challenges. Under such circumstances, participants buttressed the point that to save themselves from stress and burnouts associated with caregiving, they, in between times, take short breaks to relax, replenish lost energies, and come back to provide support thereafter. In this regard, a respondent said that:

> When I feel worn out, I take a break for 3–5 days to visit my family in Garowe. This is some form of relaxation I give to myself.

Another emphasized that staying home provided no relief. In the views of most participants, it rather compounded emotional challenges and contributed to further stressing their body. This they indicated as an ordeal that sometimes takes a toll on their health and their caregiving roles. Engaging participants on this elicited the response that:

> The home is no longer home. It is hell. It is very boring. This is very stressful. But whenever I felt this, I try to talk to people. This has been very helpful for me over the years. I entreated my neighbor caregiver to do same and she has confirmed its efficacy.

Another participant also said that:

> On some days, I feel burnout in my body. I feel much stress and pains. I wish I could explain the feelings in a much better way for you to understand. I think it is something that I only understand. You wouldn't understand if you are not in my shoes. In such moments, I try to take a walk in the community and get some few people to talk to. It makes me feel fine somehow.

Another stated that:

> This work is very difficult. The kind of stress I go through and the days I take to rest is not enough. Whenever I start feeling pains in my body, I sometimes rest to take relief for a maximum of 1 week. I join my family in the city.

### Taking Part-Time Assignments

Though caregiving is time consuming, some participants stressed that they were unable to fully engage themselves in economic activities that could guarantee them access to a sustainable source of income to complement caregiving. This however said, some participants conceded that in more difficult times, they were compelled to undertake some part-time menial jobs to raise some funds to cater for their relatives. In doing so, most participants indicated that they engaged in menial jobs such as providing labor for people and sometimes at construction sites to help them get the needed money to support themselves and their patients. Our interactions elicited the following responses:

> When things get difficult for me and there is no hope pf getting money to buy some things for her upkeep, I go out to work as a laborer to raise some money to get her the needed items.

Another said that:

> Caregiving is about time and money. It is not an easy adventure. Actually, it is very tough. I have been with him for some time now. He is my uncle. He raised me from childhood. So, I owe him care, more specially at this time. All responsibilities are now on me. To get money, I sometimes go to help people at their work place as a laborer to get money and help the situation.

### Belief in Allah

Caregiving support providers mostly exhibited an unwavering faith in the creator whom they mostly referred to as Allah. In their belief and conviction that Allah is Al-Rahman (most merciful), Al-Walee (protector) and the sustainer of all creations, they believed that laying all problems at his feet in prayers at all difficult times was the reasonable thing to do. Participants further indicated that though they sometimes get worried with the difficulties they go through with their service recipients, their belief in God allayed their fears and worries. The following captures the expressed sentiments of participants:

> As I talk with you now, my only hope is Allah. He is the only one I have built my hopes on. And nothing else. Allah been the one who knows the future should take control of the situation. It is all beyond me. I cannot carry these, allalone without him.

> I surely know a day is coming with smiles. That day, Allah would put smiles on our faces, and testimonies in our mouth to tell the world about his greatness. That day would soon come.

In what appeared to be a positive display of a resilient spirit, some participants indicated their preparedness to defy all odds and confront the tides that come their way, in so far as their caregiving duties were concerned. It became apparent that participants were resolute in their conviction and intention to serve their patients. Regardless of the words of discouragement hurled at them, they stressed on their readiness to counter and resist all forms of demotivation. From our interaction, it was obvious that source of strength of participants was deeply rooted in their belief in the almighty Allah. In this regard, a participant stressed that:

> Some people have said discouraging words to me. People believe that everything is impossible. They think it is too late, and all hope is gone for us. But I still have hope. Allah has a way of testing our iimaan (faith) and strengthening us. This s exactly what I think I am going through. With Allah, I shall overcome this.

> I know myself now. I have no helper. I have no relative to come to my aid. I am alone. In all these, I know I have Allah. I know the almighty Allah is with me. Insha Allah, everything shall be ok. Insha Allah. I trust Allah so much. I am a Muslim and Allah won't let me down in these trying moments. I know.

### Financial Discipline

Strict adherence to financial disciplinary measures was cited by most participants as a way to overcome coping challenges. According to participants, since they were not working, and as such unable to raise money, it helps to save them from needless expenditures. For this reason, there was the need to control expenditure. A participant said that:

> Now I cannot buy things as I used to do some years back. I am not working, yet with huge care responsibility. With the little funds ai have, I need to financially discipline myself to ensure a judicious use of the available money.

Stressing on how other family relatives have been negligent and noncooperative, especially in contributing to the care of their aged relation, a participant elaborated on how the enormity of the financial obligation on her has pushed her to be financially disciplined. Our interaction drew the following comments:

> I receive no help from nowhere. Not even from my family. I am here struggling with him. Everything about his care lies on me. The little I have; I manage and spend on him.

> My other siblings don't seem to care about whatever happens. They don't support care with money, neither do they even show any glimmer of concern. I only make good use of the little I have to care for my old father.

## Discussion

It has been argued that vulnerable groups like indisposed people, and more particularly older people within a larger population, require a form of caregiving to support their daily living and activities (Del Campo et al. 2000; Agyemang-Duah et al. 2019). Exploring women caregivers of older people's coping strategies in rural and urban Somalia can contribute to expanding literature by providing empirical evidence to this effect. The findings from this study revealed various forms of coping strategies adopted by caregivers to overcome hurdles saddling caregiving of older people.

The study findings suggest that as part of measures to contend with caregiving challenges,

caregivers believed that the social support they received from well wishers contributed essentially to the services they provided. These forms of support, ranging from kind to cash, enhanced their care for older people. This is a proof that social relations are very critical with regards to caregiving. The pertinence of social support to caregiving as identified in this study is consistent with the research findings of Wade et al. (2001) and Agyemang-Duah et al. (2019). Furthermore, taking financial assistance from close and distant relations was identified by the current study as very pertinent caregiving coping strategy. Caregivers took financial assistance from people to aid them in providing for the needs of service recipients. Findings from a study in Ghana identified financial assistance sought from people as effective to caregiving coping (Anokye 2018; Agyemang-Duah et al. 2019).

3In addition, the study findings revealed consolatory messages from relations to caregivers as a strategy that enhanced coping. According to this study, participants felt motivated to unflinchingly give out their best whenever words of encouragements are offered to them. This is in consonance with the research findings of Agyemang-Duah et al. (2019), Anokye (2018), and Arkorful et al. (2020). And finally, the study revealed that communication with associates was very essential to as far as caregiving coping strategies are concerned. In the estimation of participants, engaging relations, far and near in conversation, helped in reducing burdensome thoughts while at the same time relieving them of other psychological setbacks. As such, communication was deemed a therapy to enhancing caregivers coping.

Moreover, the study findings revealed that short breaks taken by caregivers are also essential to caregiving. Research has shown that caregiving could have negative consequences on the health of caregivers (Kim et al. 2012; DiGirolamo and Salgado de Snyder 2008) which makes the use of breaks and leisure an important part of caregiving. The study shows that such breaks provided caregivers an opportunity to take rest, and at the same have time to visit friends and relatives. This further helps caregivers to reduce intensive stress brought about by caregiving. Agyemang-Duah et al. (2019), Anokye (2018), and Arkorful et al. (2020) confirm stress as integral to caregiving. Taking intermittent breaks from caregiving engagements is confirmed by Agyemang-Duah et al. (2019).

Consistent with the findings of Agyemang-Duah et al. (2019), the current study found that caregivers' belief in Allah was an effective coping strategy for them. The study found that though caregivers appeared gravely challenged in discharging their duties, they however appeared resolute in serving because of the strong belief they have in Allah. The belief in Allah has contributed to caregiver's development of a strong conviction and mentality which has been confirmed in prior studies by Defrain and Olson (1999).

In addition to taking part-time assignments as part of measures to raise funds to complement caregiving and support services, the study confirmed caregivers' strict adherence to a more rational and stricter financial discipline as a way to cope with the demands of caregiving. Maintaining financial discipline as a coping strategy relative to caregiving has been confirmed in a study by Agyemang-Duah et al. (2019).

## Limitations of Study

The research focused on a relatively smaller population. The research was also restricted to rural and urban areas, respectively. For this reason, drawing a line of distinction between the coping mechanisms of caregivers in these geographically distinct areas becomes quite a challenging task. As such, these limitations call for caution in the replication and generalization of findings. It however in no way and dimension nullifies, weakens, or invalidates the validity and reliability of the study findings. Against the backdrop of these findings, the study recommends that stakeholders exert efforts to provide some forms of technical training to equip caregivers with the needed care support skills and knowledge. The study further recommends the creation of a national data base for the older people and their caregivers in Somalia. In addition to enhancing the realization of health-related sustainable development goals, this will also be very cardinal for marshaling and

deploying any effective and efficient policy design and implementation initiatives. Irrespective of these limitations, gathering data from across rural and urban caregivers can help provide varying perspectives on the challenges of caregivers with different experiences based on their diverse locations in the country. While these stands to provide rich perspectives for policy direction and prioritization, the findings from this seminal study could also serve as policy compass providing direction for government and non-government players in designing policies towards incepting support schemes for women caregivers and their care recipients.

## Conclusion and Implications

In investigating caregivers coping strategies, the study revealed social support from well wishers, taking intermittent caregiving breaks, belief in Allah, taking financial assistance and consolatory words from well wishers, taking part-time assignments, strict adherence to financial disciplinary measures, and engagement with associates are strategies adopted to enhance caregiving coping. The dearth of institutional support for the activities of informal caregivers calls for the attention of state and nonstate actors to institute measures that would go beyond placing some degree of paramountcy on extending care support services to caregivers and service recipients to providing other forms of clinical, psychological, and physiological assistance as well. This would help enhance their activities. Policymakers are equally not exempted in this regard. As such, it therefore behooves policy activists, to consider the findings of this study in instituting measures, such as formulating and implementing policy frameworks that would provide sufficient backbone for supporting caregiving.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance and Public Administration


## References


Agyemang-Duah W, Abdullah A, Mensah CM, Arthur-Holmes F, Addai B (2019) Caring for older persons in rural and urban communities: perspectives of Ghanaian informal caregivers on their coping mechanisms. J Public Health 1–8

Anokye R (2018) The needs of family caregivers of people living with mental illness: a social workers assessment. Practice 30(5):323–339

Arkorful VE, Mohamed AA, Jama O, Pokuaah S, Basiru I, Hammond A, . . . Latif A (2020) Caregivers of mentally ill patients: a cross-sectional need-based assessment of social workers in post-conflict Somalia. Practice 32(1): 21–41

Branscum A (2010) Stress and coping model for family caregivers of older adults. Graduate theses and dissertations. Iowa State University. Retrieved from: 11363. https://lib.dr.iastate.edu/etd/11363

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qualitative research in psychology 3 (2):77–101

DeFrain J, Olson DH (1999) Contemporary family patterns and relationships. In Handbook of marriage and the family (pp. 309–326). Springer, Boston, MA

Del Campo R, Del Campo D, DeLeon M (2000) Caring for aging family members: Implications and resources for family practitioners. The Forum For Family and Consumer Issues 5(2):1–4

DiGirolamo AM, Salgado de Snyder N (2008) Women as primary caregivers in Mexico: challenges to well-being. salud pública méxico 50:516–522

Ekwall AK, Hallberg IR (2007) The association between caregiving satisfaction, difficulties and coping among older family caregivers. J Clin Nurs 16(5):832–844

Gottlieb BH, Wolfe J (2002) Coping with family caregiving to persons with dementia: a critical review. Aging Ment Health 6(4):325–342

Haley WE, Gitlin LN, Wisniewski SR, Mahoney DF, Coon DW, Winter L, . . . Ory M (2004) Well-being, appraisal, and coping in African-American and Caucasian dementia caregivers: findings from the REACH study. Aging Ment Health 8(4):316–329

He D, McHenry P (2016) Does formal employment reduce informal caregiving?. Health economics 25(7):829–843

Kim H, Chang M, Rose K, Kim S (2012) Predictors of caregiver burden in caregivers of individuals with dementia. J Adv Nurs 68(4):846–855

King RB, Ainsworth CR, Ronen M, Hartke RJ (2010) Stroke caregivers: pressing problems reported during the first months of caregiving. J Neurosci Nurs J Am Assoc Neurosci Nurs 42(6):302

Kneebone II, Martin PR (2003) Coping and caregivers of people with dementia. Br J Health Psychol 8(1):1–17

Koerner SS, Kenyon DB (2007) Understanding "good days" and "bad days": emotional and physical reactivity among caregivers for elder relatives. Fam Relat 56(1):1–11


C

Lacey A, Luff D (2001) Qualitative data analysis. Trent focus, Sheffield, pp 320–357
McGhan G, Loeb SJ, Baney B, Penrod J (2013) End-of-life caregiving: Challenges faced by older adult women. J Gerontol Nurs 39(6):45–54
National Alliance for caregivers and American Association of retired persons (2009) caregiving in the united states. https://www.caregiving.org. Accessed June 2019
Nordmeyer K (2002) Gender role perceptions and women's caregiving experiences. MSc thesis, University of Utah, Salt Lake
Nortey ST, Aryeetey GC, Aikins M, Amendah D, Nonvignon J (2017) Economic burden of family caregiving for elderly population in southern Ghana: the case of a peri-urban district. International journal for equity in health 16(1):1–9
O'leary Z (2004) The essential guide to doing research. Sage, Thousand Oaks
Patton MQ (2014) Qualitative research & evaluation methods: integrating theory and practice, 4th edn. Sage, Thousand Oaks
Proulx CM, Snyder LA (2009) Families and health: an empirical resource guide for researchers and practitioners. Fam Relat 58(4):489–504
Rubin A, Babbie ER (2016) Empowerment series: research methods for social work. Nelson Education
Shaw SC, Anderson JL (2018) Phenomenological research in medical education: an overview of its philosophy, approaches, and conduct. SAGE
Sudhinaraset M, Ingram M, Lofthouse HK, Montagu D (2013) What is the role of informal healthcare providers in developing countries? A systematic review. PLoS One 8(2):e54978
UNFPA (2014) Data for a better tomorrow, population estimation survey for the 18 pre-war regions of Somalia. UNON publishing services section, Nairobi, ISO 14001:2004. Retrieved from: www.chromeextension://gphandlahdpffmccakmbngmbjnjiiahp/ https://reliefweb.int/sites/reliefweb.int/files/resources/Population-Estimation-Survey-of-Somalia-PESS-2013-2014.pdf. On 30 July 2019
United Nations (2017) World Population Ageing, Highlights, Department of Economic and Social Affairs, Population Division (ST/ESA/SER.A/397)
Wade SL, Borawski EA, Taylor HG, Drotar D, Yeates KO, Stancin T (2001) The relationship of caregiver coping to family outcomes during the initial year following pediatric traumatic injury. J Consult Clin Psych 69(3):406
Wimo A, Jonsson L, Winblad B (2006) An estimate of the worldwide prevalence and direct costs of dementia in 2003. Dement Geriatr Cogn Disord 21(3):175–181
Zarit SH, Zarit JM (2011) Mental disorders in older adults: fundamentals of assessment and treatment. Guilford Press

# Cash Accounting

José Manuel Vela
Department of Economy and Social Sciences, Faculty of Business Administration, Universitat Politècnica de València, Valenica, Spain

## Synonyms

Cash basis of accounting; Cash flow accounting; Flow of financial resources accounting and cash basis

## Definition

Cash accounting is a method of recognition of the elements of financial statements based on the practice of recording revenues when cash is received and recording expenditures when cash is paid. Revenues and expenditures as well as assets and liabilities are therefore recognized according to the financial cash flows associated to them, regardless of the moment those are earned or owed.

## Introduction

Cash accounting is a method of recognition of the elements of financial statements that can be used for financial reporting purposes. It can be adopted alternatively with other two recognition methods such as Accrual Accounting and Modified Accrual Accounting, both based on the accruals concept, according to which income and expenses are recorded in the period in which earned or incurred, regardless of the timing of the associated cash flows.

The choice of the proper method of recognition of elements of financial statements is an essential part of the conceptual framework of accounting, closely related to the objectives of financial reporting.

In order to understand what cash flow accounting really is we will focus our attention in its conceptual dimension, its main differences with other methods of recognition, and its main advantages and disadvantages.

## Conceptual Framework and Recognition of Elements of Financial Statements

A conceptual framework defines and establishes a coherent system of concepts and principles related with the objectives that identify the general purpose of financial reporting. Concepts and characteristics in a conceptual framework provide guidance on identifying the qualitative characteristics and boundary rules of financial reporting. Furthermore, recording rules in a conceptual framework are essential to determine the transactions, events, and circumstances to be represented (elements of financial statements); when and how they should be recognized (methods of recognition) and measured; and how they should be represented and reported in the financial statements.

A conceptual framework is usually adopted by regulators and professional accountancy bodies who set accounting standards in order to use a soundly developed set of concepts useful to issue widespread understandable and consistent pronouncements that develop accounting standards by specifying additional definitions and requirements. In the international context, the most representative accounting-standards-setting bodies are the International Accounting Standards Board (IASB) for private entities and the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants for governmental accounting entities. Both bodies have developed their own conceptual framework (IASB 2015) and actively work in the periodic issue of publications in order to assist preparers and users of financial statements.

## Accounting Methods of Recognition: Measurement Focus and Basis of Accounting

A method of recognition requires defining two main concepts that will determine which elements of financial statements will be finally reported:

- The **measurement focus** (what kind of elements are recognized)
- The **basis of accounting** (the moment when elements are recognized)

If we refer to **measurement focus**, two alternative focuses can be considered:

### The Flow of Financial Resources Measurement Focus

When the *"flow of financial resources*" measurement focus is adopted, the focus is on cash, assets expected to be turned into cash, and liabilities to be repaid within the accounting period or shortly thereafter. This measurement focus aims to determine whether the financial resources obtained during the accounting period are enough to cover all claims made against the entity during the same period. The operating results expressed using this measurement focus show the extent to which financial resources obtained during a period are enough to cover claims incurred during that period against financial resources. This measurement focus considers financial resources only.

### The Flow of Economic Resources Measurement Focus

The "flow of economic resources" measurement focus measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured when using the "flow of economic resources" measurement focus. In addition, depreciation is also recorded as a cost of operations, as well as other figures such as provisions, risks, and other accrued expenses or revenues not associated with any cash flow.

The flow of current financial resources is usually adopted to report on the budget of governmental entities in a great number of countries, where expenses such as depreciation or assets impairments are not recorded in the expenditures budget accounting system.

The flow of economic resources is usually adopted by business entities to calculate the profit

or loss of the period that is reported in the income statement.

Cash-basis accounting recognition system will always be based in the flow of financial resources focus and not in the flow of economic resources. The difference between both flow concepts is narrowly related with the difference between the concepts of **"expense"** and **"expenditure,"** which are often used as equivalent, even if they are not.

An **expense** can be defined as "money spent or cost incurred to generate revenue, representing the cost or consumptions incurred when doing business". Some expenses may adopt the form of actual cash payments (such as wages, salaries, or supplies), whereas others are bookkeeping entries, not associated with flows or allocations of cash (depreciation or impairments of assets). All expenses are costs and are charged in the income statement at some point over time, even if not all costs are expenses (for example, the cost of acquisition of an asset is considered an investment that will be treated as an expense year by year as the useful life of the asset is being used up). Consequently, an expense is a cost that has expired and has been used up in order to obtain the revenue that is recognized during a period.

Expenditure is defined as "a payment in cash or barter credits, or the incurrence of a liability by an organization, in exchange for goods or services. Evidence of the documentation related with expenditure is a sales receipt, a bill, or an invoice. Expenditure is always associated to a present or future cash flow." An expenditure may be recognized for the purchase of an asset, a reduction of a liability, a distribution to the owners or an expense.

Consequently we can find expenditures that are expenses (wages and salaries), expenditures that are not expenses (the increase in assets or the reduction of liabilities, prepaid expenses), and expenses that are not expenditures (depreciation, impairments, accrued interest due. . .).

Usually, in business-oriented entities, profit or loss is calculated by comparing revenues and expenses. On the contrary, in governmental entities, as for example in Spain and other European countries, budgetary deficits or surpluses are obtained by comparing revenues and expenditures, but not expenses.

Obviously, the recognition system used in cash-basis accounting will always focus its attention on expenditures, even if, as we will see later, not all expenditures are recognized under pure cash-accounting recognition systems.

When we refer to the **basis of accounting**, the relevant question is to determine the moment of time when a certain element (a revenue or expenditure) is recognized. For example, expenditure such as a salary, cost of electricity or water supply, or the purchase of an asset to obtain future profits can be recorded when paid or owed. In this sense, a revenue can also be recorded when due or when cash is collected.

According to the moment of time when elements of financial statements are recognised, three alternative basis of accounting can be distinguished:

**Cash Basis**: transactions are recorded when cash inflows or outflows are incurred. As for the recognition of revenues, expenditures, assets, or liabilities, the key moment is when a cash transaction occurs, regardless of the moment an element is owed or due. For example, if a corporation incurs in expenditure or purchases of an asset, no accounting entry will be recorded until the moment the expenditure or the asset is paid. Likewise, concerning revenues, these will be reported on the income statement only when cash is received.

For example, if a company purchases in December of year X a machine and starts to use it, but the machine will be paid on March of year X + 1, no accounting entry will be recorded until March X + 1, and annual accounts of year X will not report any asset acquisition.

The concepts of cash basis and cash accounting are often used as equivalent even if cash accounting is a broader concept that is also concerned with a measurement focus based on financial resources instead of economic resources.

**Accrual Basis**: under the accrual basis of accounting, revenues are reported on the income statement when they are earned, even if cash has not yet been collected. Expenses are matched with the revenues and reported when the expense

occurs, not when cash is paid. The result of accruals-basis accounting is that assets and liabilities are fully and fairly reported in the balance sheet, while the income statement measures accordingly the profit of a company during a specific period of time.

For example, if a service company provides a support activity to a customer in December, issuing in the same month an invoice of 100.000 € and does not receive any money from the customer until January of the following year, there will be a clear difference between the income statements for December and January under the accruals and cash basis of accounting. Under the accruals basis, the income statement will show revenue in December, and no revenue will be reported in January. Under the cash basis, no revenue will be reported until January, even if the service was provided in December.

The concepts of accruals basis and accrual accounting are also sometimes considered as equivalent, even if, again, the concept of accrual accounting presents a broader meaning than the concept of accrual basis. In fact, a possible recognition method could use for example an accrual basis with a measurement focus based on the flow of financial resources. This method of recognition should be very close to a new recognition method that can be considered closer to the concept of modified accruals.

**Modified Accrual Basis**: under this method of recognition, revenues are recorded in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Even if under this basis some expenses are also recognized, most of them are not reflected, especially those accrued and unmatured and those that are not associated with the use of financial resources (risk provisions, impairments of assets, depreciation of fixed assets). It is essential to point out the difference between the depreciation of an asset and the impairment of its value: depreciation is recorded as a continuous and irreversible cost associated to the usage of an asset's useful life over the time between its acquisition and obsolescence, while on the contrary impairment is not continuous nor irreversible, it is usually due to a fact not easily predictable that may affect an asset's value at a certain point, but once the circumstance disappears, the impairment charge can be reversed.

Modified Accrual Basis is mainly used in governmental entities, usually for budgetary accounting purposes, in most European countries as Spain, France, or Italy. Sometimes, accounting literature defines this basis also as a modified cash basis.

The relationship between cash, accrual, and modified accrual accounting is shown on Table 1.

Internationally, the tendency of choosing one of these different accounting recognition methods is very diverse. In business accounting, the generally accepted and recommended accounting recognition method by accounting standards and conceptual frameworks is accruals-basis accounting. In governmental accounting, and nonbusiness accounting also, the situation is more varied and sometimes different solutions are adopted by public entities in a same country depending on the level of Public Administration considered (central, regional, or local).

Modified basis of accounting is quite extended in the field of budgetary accounting, and accrual accounting for financial accounting purposes (financial position and economic result determination). Other countries develop an accruals basis in the whole accounting system (budget and financial accounting).

But one fact is clear: Cash accounting is considered absolutely obsolete and not recommended by international accounting standards and conceptual frameworks in force.

According to the IASB's conceptual framework (IASB 2010), the elements of financial statements that must be recognized are:

ASSETS: *A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.*

LIABILITIES: *A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow of resources from the entity when payments are due.*

EQUITY: *The residual interest in the assets of the entity after deducting all its liabilities*

**Cash Accounting, Table 1** Cash accounting, modified accrual accounting and accrual accounting

| | Cash accounting | Modified cash/ accrual accounting | Accrual accounting |
|---|---|---|---|
| Flow of financial resources focus | – | Full adoption | Full adoption |
| Flow of economic resources focus | – | Partially adopted | Full adoption |
| Cash basis | Full adoption | – | – |
| Modified accrual basis | – | Full adoption | – |
| Accrual basis | | Partially adopted | Full adoption |
| Elements recognized | Cash inflows for the period<br>Cash outflows for the period | Receivables<br>Payables<br>Revenues<br>Expenditures<br>Some expenses<br>Some assets and liabilities | Receivables<br>Payables<br>Revenues expenditures<br>All expenses (including depreciation, assets impairments, risk provisions. . .)<br>Accrued expenses<br>All assets and liabilities |

Source: by the author

The elements of income and expenses are defined as follows:

INCOME: *Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants*.

EXPENSES: *Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants*.

The International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants also recognizes as elements of financial statements assets, liabilities, and expenses and includes other elements as revenues, net financial position, surplus or deficit for the period, ownership contributions, and ownership distributions defined as follows (IPSASB 2014, paragraphs 5.6–5.37):

REVENUES: *Increases in the net financial position of the entity, other than increases arising from ownership contributions*.

NET FINANCIAL POSITION: *The difference between assets and liabilities after adding other resources and deducting other obligations recognized in the statement of financial position. Net financial position can be a positive or negative residual amount*.

ENTITY'S SURPLUS OR DEFICIT: *The entity's surplus or deficit for the period is the difference between revenue and expense reported on the statement of financial performance*.

OWNERSHIP CONTRIBUTIONS: *Inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net financial position of the entity.*

OWNERSHIP DISTRIBUTIONS: *Outflows of resources from the entity, distributed to external parties in their capacity as owners, which return or reduce an interest in the net financial position of the entity.*

## The Use of Cash-Basis Accounting as a Method of Recognition: Advantages and Disadvantages

Considering previous comments, cash accounting is not recommended as an accounting method of recognition by international accounting standards,

which rather enforce the use of accruals-basis accounting for business entities or modified accruals accounting for budgetary accounting in Governmental Entities.

This is clearly due to the fact that cash basis only records cash inflows (receipts) and cash outflows (disbursements). Consequently, cash basis presents considerable disadvantages mainly related with the following facts:

1. It does not allow the assessment of significant figures and features such as:
   - Financial Position of the entity: Receivables and payables are not recorded, so obligational rights and claims are not shown in the financial statements. Likewise, assets whose purchase has not yet been paid at the end of the period as well as a significant set of liabilities are not registered until fully paid.
   - Profit or Loss (Deficit or Surplus) in the income statement considering that only revenues, expenditures, and expenses associated with cash flows in the period is recorded.
   - A fair and complete position of assets, liabilities, equity, or net financial position.
   - Changes in financial position and in assets and liabilities.
   - Economic resources and claims.
   - Information about the efficiency and effectiveness of the use of entity's resources.
   - Relevant information about the main costs expired and incurred.
   - Error checking and assessment.
2. The simple use of a cash accounting system does not comply with generally accepted accounting principles at international level (GAAP) in most countries, such as matching concept, accrual principle, or going concern.
3. Cash accounting is not compatible with the qualitative characteristics of accounting information required to provide useful financial information at the level of generally accepted conceptual frameworks, such as relevance, faithful representation, comparability, verifiability, timeliness, or understandability.

Obviously, a vast majority of companies prepare interim statements or final statements on cash position using cash accounting for internal purposes mostly, but this is only a small part of the financial information that is required to assess the financial position of the entity.

The greatest advantage of cash accounting is perhaps its simplicity. This is why it is only mostly recommended for very small businesses, using a single entry system of bookkeeping for a relatively reduced number of transactions per day or week and a small number of employees.

Cash accounting can also be appropriate for small businesses that do not sell on its own credit and that deliver goods or services once cash has been paid with money or an equivalent (credit or debit card for example). As well as for small businesses that own few physical and expensive assets, not including land and equipment, buildings, machinery, hardware and software, or complex furniture. Moreover, it can be appropriate for very small businesses that are not required to prepare complete financial statements, privately held by a single owner.

Finally, it is appropriate to point out that cash accounting may be useful for tax-reporting purposes, supporting the company's compliance with tax obligations considering that these are often based in cash inflows or outflows registered within the fiscal year. It can also be useful for budgetary or accountability purposes, especially in governmental and nonbusiness organizations.

As it has been said before, cash accounting is not recommended as an accounting method of recognition by international accounting standards. Anyway, it can be considered that its use remains quite extended in many countries accordingly, for example, with the conclusions of a 2013 PwC Global Survey (PWC 2013) on accounting and reporting by central governments. This survey reached two clear conclusions:

- In 2013, Accrual accounting was adopted only by a 26% of the countries, and Accrual budgeting only by 11%. Europe, Australia, New Zealand, and North America are the areas where accrual accounting is most

adopted. Cash accounting adoption is mainly extended in Africa and Asia
– In 2018, accrual accounting will be adopted by a 63% of countries at central government level.

This survey evidences that the trend towards accrual accounting from cash accounting is at the moment a clear and relevant fact and that the situation is changing quite quickly. This is perhaps why the IPSASB has yet developed International Public Sector Accounting Standards (IPSAS) that apply to the accrual basis of accounting but also a comprehensive Cash Basis standard that encourages entity to voluntarily disclose accrual-based information, although its core financial statements will nonetheless be prepared under the cash basis of accounting. The IPSASB also attempts to facilitate compliance with accrual based IPSASs through the use of transitional provisions in certain standards (IPSAS Handbook 2015, paragraphs. 8, 16 & 17).

## Conclusion

The above considerations aim to present the main characteristics of cash accounting and its usefulness, advantages, and disadvantages in comparison to other methods of recognition, such as accruals accounting and modified accruals accounting. Definitions of measurement focus and basis of accounting have been given in order to evaluate if cash accounting provides a fair and reliable financial reporting.

Considering that cash accounting emphasizes cash inflows and outflows, the conclusion is that cash accounting is not an appropriate method for the recognition of transactions, due to its significant disadvantages in contrast with accrual or modified accrual methods for the recognition of elements of financial statements. The requirements of the conceptual frameworks of accounting at international levels concerning the objectives of financial reporting, the qualitative characteristics of business information, and the principles to be included in annual reports are consistent reasons to reject the use of cash accounting in private and public sector accounting entities, being preferable to adopt an accruals-based position.

## Cross-References

► Accounting Principles
► Accrual Accounting
► Cash Management
► Financial Reporting

## References

International Accounting Standards Board (2010) Conceptual framework for financial reporting 2010. International Accounting Standards Board, London
International Accounting Standards Board (2015) Conceptual framework for financial reporting. Exposure Draft ED/2015/3. International Public Sector Accounting Standards Board, London
International Public Sector Accounting Standards Board (2014) The conceptual framework for general purpose financial reporting by public sector entities. International Federation of Accountants, New York
International Public Sector Accounting Standards Board (2015) Handbook of international public sector accounting pronouncements, vol 1, 2015th edn. International Public Sector Accounting Standards Board, New York
Price Waterhouse Coopers (2013) PwC Gobal Survey on accounting and financial reporting by central governments. PwC, Paris

# Cash Management

Francesca Citro
Department of Management and Innovation Systems, University of Salerno, Salerno, Italy

## Synonyms

Treasury management

## Definition

Cash management may be defined as the right amount of money in the right place and time to

meet the government's obligations in the most cost-effective way. Moreover, cash management is the processes for managing cost-effectively the government's short-term cash flows and cash on hand, both within the government and between the government and other entities. According to these definitions, the time value of government money and an active cash management of temporary cash surpluses and temporary deficits are highlighted.

## Introduction to the Treasury Function and Cash Management

Governments aim at ensuring both the efficient implementation of the budget and good management of the financial resources. Spending agencies must be provided with the funds needed to implement the budget in a timely manner, and the cost of government borrowing must be minimized. Moreover, sound management of financial assets and liabilities is also required.

Financial management within the government includes several functions:

- Formulation of budgetary and tax policies
- Budget preparation and execution
- Management of the financial operations associated with the execution of the budget
- Definition of accounting rules and financial information systems
- Auditing and evaluation of financial performances and results of government policies

Within this broad financial management framework, the primary mandate of a national treasury is to optimize the financial management of government resources by ensuring that spending agencies provide the resources needed to implement the budget in a timely manner, while minimizing the cost of government financing. The Treasury is generally responsible for the management of government financial assets and liabilities (Allen and Tommasi 2001).

More specifically, the Treasury functions cover some or all of the following activities:

- Cash management
- Management of government bank accounts
- Financial planning and forecasting of cash flows
- Public debt management
- Administration of foreign grants and counterpart funds from international aid
- Financial assets management

The organizational arrangements of these activities and the distribution of responsibilities among the various government agencies in each country are affected by historical and cultural factors as well as the economic environment. More frequently the Treasury focuses only on cash and debt management functions (which are discussed more fully below); less frequently the Ministry of Finance is primarily responsible for all the above activities; in a few instances, one or more of these activities are assigned to other agencies.

## Objectives of Cash Management

As stated above, most definitions of cash management emphasize the time value of government money (Storkey 2003). A government must therefore be able to fund its expenditures in a timely manner and meet its obligations as they fall due. Other definitions emphasize an active cash management of temporary cash surpluses and deficits (Williams 2004). Thus, cash management may be seen as a management tool to ensure on one hand that sufficient cash is available to meet current and future liabilities, while on the other that any surplus is safely invested so as to generate the maximum income. Moreover, all these definitions include cash management within the government sector and the government's interaction with other sectors, particularly the financial sector.

Generally speaking, cash management is necessary because there are mismatches between the timing of payments and the availability of cash. Even if the annual budget is balanced, with realistic revenue and expenditure estimates, in-year budget execution will not be smooth, since the timing of both cash inflows (which in turn depend

on tax and nontax flows, as well as the timing of grant or loan disbursements) and outflows can result in conditions of temporary cash surpluses or temporary cash shortfalls (Lienert 2009).

A modern cash management has the following objectives:

- Implementing the budget efficiently
- Reducing the cost of government borrowing
- Maximizing return on excess operating balances

Moreover, for efficient budget execution, the government must ensure that claims will be paid according to the contract terms and revenues will be collected on time. It is also necessary that payments must be made on a timely basis by choosing accurately the dates on which they are due.

The objectives of cash management therefore involve collecting revenues owned to the government, bringing funds into the government's treasury as quickly as possible, paying the government's operating expenses, investing funds until they are needed for use, and safeguarding the funds throughout the cash flow cycle. On occasion, a government may find that it has a revenue shortfall during the fiscal year and may need to borrow funds to bridge this gap (Fig. 1 shows an example of the cash management cycle).

Often in the past, countries were not concerned about the issues related to efficient cash management due to budget execution procedures and the management of cash flows focusing on compliance issues. Daily cash needs were met by the Central Bank. As a consequence, the spending units did not pay attention to the borrowing costs since these interest payments were already taken into account in the budget prepared by the Ministry of Finance.

However, in the last twenty years, the introduction of some macroeconomic targets, such as the costs of borrowing, the measure of credit granted to the government by the banking system, the increasing separation between the activities of the Central Bank, and the government budget have had an impact on cash management. As a consequence, some countries have implemented reforms in order to make spending agencies more responsible for cash management and control, while maintaining instruments to ensure fiscal discipline.

## The Control of Cash Flows

Cash management, as a basic and fundamental activity of the Treasury, includes the control of all flows to and from government accounts, as well as the operational activities in the collection and payment processes. As its minimum and fundamental responsibility, the Treasury must secure complete, timely, and accurate information as well as exercise control on all the inflows and outflows in the government's accounts (Larson 2007).

Generally speaking, governments collect funds from a variety of revenue sources, including fines, fees, taxes, licenses, permits, and special assessments. For an efficient cash management, the control of cash inflows means that the interval between the time when cash is received and the time it is available for carrying out expenditure programs should be minimized. Collected revenues need to be processed promptly and made available for use. In addition, governments should

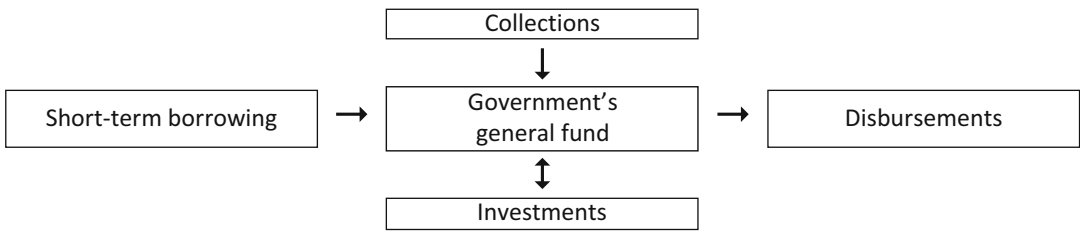


**Cash Management, Fig. 1** Cash management cycle. (Source: Adapted from Larson 2007)

not only strive to collect all the monies owned by making the payment process simple and easy for their citizens but also collect any overdue accounts. Consequently, the organization of tax administration offices may have to be reviewed and their equipment modernized. Moreover, the commercial banks are often able to collect revenues more efficiently than tax offices. As a consequence, these offices should focus on tracking taxpayers, issuing tax assessments, monitoring payments and reporting results. When revenues are collected by commercial banks, some rules about this process must be defined in order to ensure the prompt transfer of collected revenues to government accounts. Finally, an appropriate system of penalties for taxpayers should also be an important element in avoiding delays in revenue collection.

Regarding the expenditure side, the main purpose of controlling cash outflows is to pay the government's obligations in a timely and cost-effective manner. For an efficient control of cash management, an equally important objective is to ensure that there will be enough cash until the date payments are due and to minimize the costs of transactions, while keeping cash outflows compatible with cash inflows and fiscal constraints. By knowing its disbursement requirements, the finance official can make effective investment decisions. The first condition for ensuring that cash outflows fit fiscal constraints is a good budget preparation and implementation covering both cash and obligations. In addition, during budget implementation, the cash outflows must also be regulated through cash plans so as to smooth them.

Regarding the investment function, over the years, governments have been granted increased authority over how they can invest their excess funds. This expanded investment authority has allowed governments to increase their investment income. However, it is necessary to balance the desire to earn additional investment income with the need to protect the entity's funds. As a consequence, a good cash flow forecasting may determine when the government will have funds to invest, how much money the government will have to invest, and for how long the funds can be invested.

In addition, it is necessary to protect the funds during all the phases of the cash management cycle by implementing effective internal controls and funds concentration procedures, controlling public deposits over the centrally insured limits, along with establishing good working relationships with both financial institutions and any other business partners.

Finally, it should be noted that the payment methods affect the transaction costs of cash flows.

Over the past two decades, the banking industry has created new products, which have played an important role in changing cash management practices. Modern methods of payment (e.g., the payment through an electronic fund transfer or a credit card) allow the government to plan its cash flow more accurately, accelerate payments, as well as simplify administrative and accounting procedures.

However, the choice of the payment model depends on numerous factors, such as the degree of economic development of the country and the banking infrastructure. Generally speaking, good cash management is facilitated when all the government transactions take place through a modern banking system. This means that commercial banks are networked electronically with their own branches and the interbank regulation is well established and integrated with the central bank's payment system. Moreover, modern treasuries should avail themselves to such tools and use electronic revenue transmission and payment methods.

## Banking Arrangements and Centralization of Cash Balances: The Treasury Single Account

Government banking arrangements are an important factor for the efficient management and control of the government's cash resources (Modlin 2014). Such banking arrangements should be designed to minimize the cost of government borrowing, maximize the opportunity cost of cash resources, and investing temporary surpluses productively. This requires ensuring that all the cash received is available for carrying out the

government's expenditure programs and making payments in a timely fashion.

However, poor banking and technological infrastructures in some developing countries are sometimes an obstacle to establishing a unified structure of government bank accounts. Many developing countries have fragmented systems for handling government receipts and payments; as a result, the ministry of finance/treasury lacks a centralized control over the government's cash resources, with the payment transactions being made through an imprest procedure.
Geographically remote spending units can have separate bank accounts operated by imprest advances. In this model, an initial imprest advance is provided by the treasury department. Thereafter, the expenditures made from the imprest account are reimbursed by the treasury department on receipt of an account verifying the use of the previous advance. By this way, spending agencies often accumulate idle balances in their bank accounts. These idle balances increase the borrowing needs of the government, which must borrow to finance the payments of some agencies, even if other agencies have a cash surplus.

In addition, in countries with an underdeveloped banking infrastructure, sweeping bank accounts daily or managing a system of credit limit could pose problems. In fact, the existence of a large number of bank accounts can hinder the implementation of appropriate daily clearing and consolidation procedures. In these cases, the Treasury does not perform a daily clearing of the balances of the line ministries accounts with the Central Bank. Therefore, despite a positive balance with the Central Bank, the government has to borrow from the financial markets.

Establishing a unified structure of government bank accounts via a Treasury Single Account will solve these problems, promoting a good and active cash management.

Treasury Single Account (TSA) is a unified structure of government bank accounts that gives a consolidated view of government cash resources. The consolidation of the government cash resources encompasses all the government cash resources, both budgetary and extra-budgetary. This means that all public money (regardless of whether the cash flows are subject to budgetary control or not) should be brought under the control of the TSA. The cash balance in the TSA main account is maintained at a sufficient level to meet the daily operational requirements of the government.

Based on the principle of the unity of cash and the unity of treasury, a TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. Generally speaking, establishing a TSA usually requires a legal basis to ensure its robustness and stability. Being legally recognized is thus a precondition that is particularly important in those countries where the presumed autonomy of some institutions is an obstacle to the implementation of a TSA (Pattanayak and Fainboim 2010).

In order to gain a proper understanding of TSA, two main elements need to be investigated:

1. TSA structure (section "The Treasury Single Account Structure")
2. Centralization of payment transactions under a TSA structure (section "Centralization of Payment Transactions Under a Treasury Single Account Structure")

## The Treasury Single Account Structure

There are several variants of the TSA structure that can be broadly grouped into centralized and distributed TSA architectures. The TSA systems established in most countries fall somewhere between these two models and involve various types of bank accounts (Tommasi 2007).

(a) *Centralized TSA architectures*

The TSA consists of only one central account, through which all the payment transactions are made.

The main bank account of this TSA system is held at the central bank and is used for receiving all the government revenues and making government payments. The government payment function can be centralized, and the main operational account of the TSA at the central bank can plan all disbursements.

(b) *Distributed TSA architectures*

The TSA includes several subaccounts, and payments can be decentralized; more specifically, it is organized according to the following lines: (1) line ministries hold accounts at the central bank, which are subsidiary accounts of the treasury's account, and (2) spending agencies hold accounts either at the central bank or, for banking convenience, with commercial banks that must be authorized by the treasury.

By this way, spending agencies' accounts are zero-balance accounts due to money being transferred to these accounts if specific approved payments are made (or the banks accept the payment orders sent by spending agencies up to a certain limit defined by the treasury); as a consequence, they are automatically deleted at the end of each day (where the banking infrastructure allows for daily clearing). Finally, the central bank consolidates the government's position at the end of each day, including the balances in all the government accounts.

Sometimes, when the central bank does not have an adequate network of subbranches or lacks the capacity to handle the large volume of government payments and receipts, the retail banking operations are delegated to a fiscal agent (normally an authorized commercial bank). In this case, the fiscal agent makes payments on behalf of the treasury, the central bank regains all these payments of the government operations, and, finally, the fiscal agent makes daily deposits of all the government revenues to the TSA in the central bank. By this way, the payment processes are managed by the treasury, and the government agencies are directly responsible for authorizing any payments.

## Centralization of Payment Transactions Under a Treasury Single Account Structure

There are two primary methods of centralizing transactions and cash flows under a TSA structure.

The *first model* is based on the *centralization of payment transactions*. Under this model, requests for payments are prepared by individual budget agencies and sent to the treasury for control and execution. The treasury manages the float of outstanding invoices. In this case, the central unit processes and records all flows and cash balances to the appropriate ledger account; individual spending agencies are treated as distinct accounting entities through a treasury ledger system. In this case, the treasury (supplemented in some countries by a network of regional treasuries) provides payment services for spending agencies and has the exclusive authority to access and operate the TSA, including its regional treasury subaccounts. The budget institutions submit their payment requests to the centralized treasury before making any payments (an example of the payment via centralized Treasury is shown in Fig. 2).

This model may create a useful synergy between cash management, on the one hand, and expenditure control and transaction, on the other. However, the centralization of payment transactions can also lead to inefficiencies, including high transaction costs, and even corruption, in countries with poor governance, particularly where the treasury is responsible for selecting the suppliers to be paid.

The *second model is associated with a centralization of cash balances only*. Under this model, the budget agencies process and make payments directly to suppliers; more specifically, during

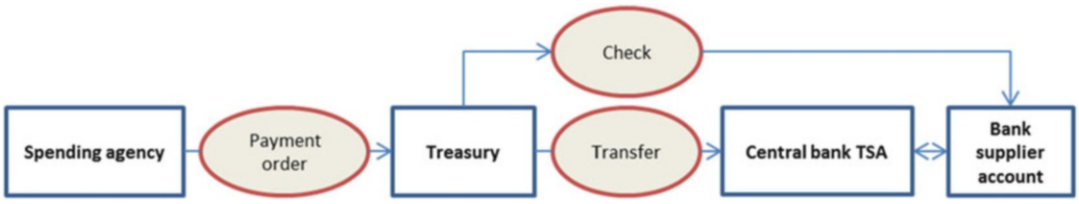


**Cash Management, Fig. 2** Payment through centralized treasury. (Source: Adapted from Tommasi 2007)

budget execution, each budget institution processes its own transactions and operates the bank account under a TSA system. The treasury, through the budget implementation plan, sets periodic cash limits (monthly or quarterly) for the total amount of disbursements to be made but does not control any individual transactions.

In this case, the TSA consists of several bank accounts. These accounts may be held only at the Central Bank or in several other banks.

The banks accept the payment orders sent by spending units up to a certain limit defined by the Treasury or the budget implementation plan. These accounts are cleared every day, and their balance is transferred to the central account of the Treasury (an example of the payment via spending agencies' bank accounts is shown in Fig. 3).

This model makes the spending agency responsible for internal management, while keeping central control of cash through the TSA. Moreover, payments can be made through banks selected on a competitive basis.

## Designing a Modern Cash Management System

Generally speaking, the efficiency of a cash management system, including its capability for immediate reporting, is dependent on the availability of revenue and expenditure information at different stages of the budget execution cycle (Allen and Tommasi 2001).

By this way, from a cash management point of view, the feasibility of the centralization of payment transactions under a TSA structure depends on several factors, such as (*a*) the quality of the country's technological and banking infrastructure and (*b*) the control functions that are assigned to the treasury department responsible for managing the TSA.

Regarding the level of technological development of the banking sector and the government (*sub a*):

- Modern technology allows for electronic links between spending agencies, the Central Bank (or the commercial banks), and the offices of the Treasury. In a computerized environment, tracking of transactions at different stages of the budget execution cycle and reporting on payments and expenditure should not be a problem regardless of whether a centralized or decentralized model is selected. The concept of a general ledger system (GLS), which is a system into which all the transactions are recorded, can fit either decentralized or centralized accounting controls and payment processing systems.
- Conversely, poor banking and technological infrastructures in some developing countries are sometimes an obstacle to combining the

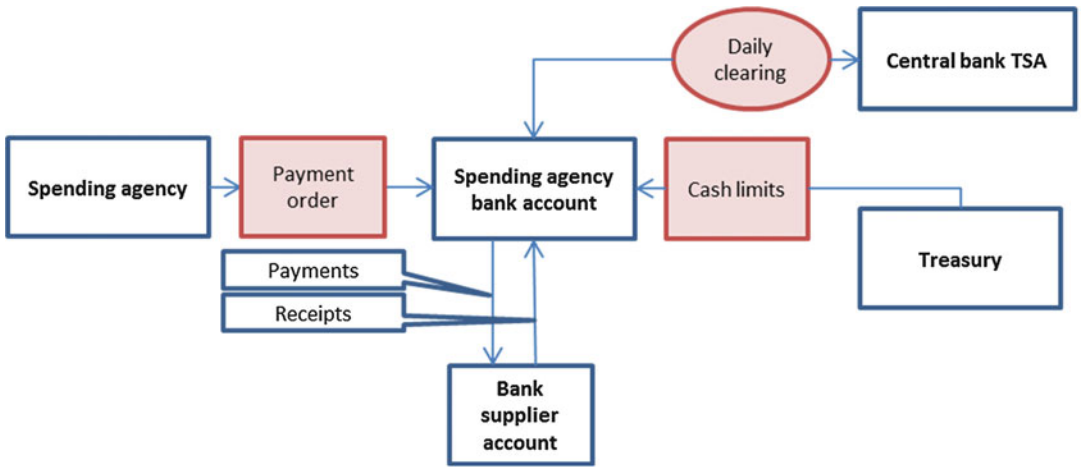


**Cash Management, Fig. 3** Payment through spending agencies' bank accounts. (Source: Adapted from Tommasi 2007)

centralization of cash balances with a decentralization of payment processing. In a manual environment, information about outstanding commitments and payables (which is needed for cash planning and management) is not always available on time due to such information being maintained by respective spending agencies. Additionally, as stated above, in countries with an underdeveloped banking infrastructure, the daily clearing of accounts with various banks could be more difficult than daily settlement within a set of accounts at the Central Bank. Maintaining a large number of accounts could therefore also hinder the implementation of appropriate clearing and consolidation procedures.

Regarding the control functions assigned to the treasury department (*sub b*), centralizing cash flows allows payments to be monitored in a timely manner, but does not release spending agencies from their reporting obligations. This is because the effective supervision of budget execution requires commitments to be monitored and expenditure to be verified.

Nevertheless, experience shows that in developing countries, the Treasury centralizes its internal cash balances and global information on cash outflows and inflows, but the centralization of payment transactions is not systematic and the data are aggregated to allow for a sound analysis of budget execution. By this way, cash flow monitoring is insufficient to control budget execution, and arrangements for cash management aim implicitly at supporting ailing banks. Moreover, in several countries, entrusting the management of the government accounts to commercial banks could burden the banks with the government's cash problems, particularly if the treasury is not able to meet its obligations. Restructuring the banking system in these countries is a policy issue that should be addressed.

In addition, reform of the cash management system must take into account its possible impact on budget management within spending agencies as well as be cost effective. The centralization of cash balances within a single account is meant to optimize cash management. It avoids borrowing and paying additional interest charges to finance the expenditures of some agencies, while other agencies keep idle balances in their bank accounts.

Implementing a system that centralizes cash management does not pose major problems for the central departments of line ministries. It is generally advisable for the central departments of line ministries to replace an imprest system with a system that centralizes cash. Moreover, for regional departments, the organization of the payment system must take into account the system of public administration and banking infrastructure in the country concerned. Often, developing countries have different arrangements within their payment system according to the location of the spending agencies.

Therefore, a first step in streamlining cash management would consist of (i) the daily centralization of transactions made at the central level and, (ii) for decentralized agencies, a procedure based on imprest advances. Since most countries use the greater portion of their cash either for transactions at the central level (e.g., debt payment and expenditures managed by the central departments of line ministries) or for payments that are due on a fixed date (e.g., wage payments), such arrangements would allow most cash balances to be centralized.

## Conclusions

Cash management represents one of the most basic and fundamental activities of the Treasury, including the control of all the flows to and from the government's accounts, as well as operational activities in the collection and payment processes. The previous sections focused on the definitions and objectives of cash management as well as on the design of government banking arrangements, including some key features of the payment system for an efficient cash management.

In particular, TSA structures described in the previous sections would:

- *Allow complete and timely information on government cash resources*. In countries with advanced payment systems, the information

about the government cash resources is shared on time between the central treasury, revenue-collecting agencies, spending ministries, and/or treasury branch offices. As a minimum, complete updated balances should be available daily.

- *Improve appropriation control during budget execution*, providing the Ministry of Finance with full control over budget allocations, thus strengthening the authority of the budget appropriation. Moreover, the treasury, having all the information about the cash resources, can plan and implement the budget execution in an efficient, transparent, and reliable manner.
- *Facilitate efficient payment mechanisms as well as reduce bank fees and transaction costs*. A TSA structure ensures that there is no ambiguity regarding the volume or location of the government funds, while making it possible to monitor the payment mechanisms more accurately. Moreover, this structure allows for the elimination of the "revenue and expenditure float" in the banking and payment systems due to the TSA government bank accounts having zero balances at the end of each working day. Finally, it should be noted that the establishment of a TSA is usually combined with the reduction of the number of the bank account results; by this way, many governments have achieved substantial reductions in their administrative costs for maintaining these accounts, including banking fees as well as the cost associated with bank reconciliation.
- *Improve bank reconciliation and quality of fiscal data*. A TSA allows for the effective reconciliation between the government accounting systems and cash flow statements from the banking system. This reduces the risk of errors in the reconciliation processes and improves the timeliness and quality of the fiscal accounts.
- *Lower liquidity reserve needs*. A TSA reduces the volatility of cash flows through the treasury, thus allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal volatility. However, poor banking and technological infrastructures in some developing countries are sometimes an obstacle to establishing a unified structure of government bank accounts. Many developing countries have fragmented systems for handling government receipts and payments; by this way, the ministry of finance/treasury lacks a centralized control over the government's cash resources. As a result, spending agencies often accumulate idle balances in their bank accounts. These idle balances increase the borrowing needs of the government, which must borrow to finance the payments of some agencies, even if other agencies have excess cash.

In conclusion, establishing a unified structure of government bank accounts via a Treasury Single Account would promote a good and active cash management, it should therefore receive priority in any public financial management reform agenda.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Cash Accounting


## References


Allen R, Tommasi D (2001) The treasury function and cash management. In: Allen R, Tommasi D (eds) Managing government expenditure: a reference book for transition countries. OECD SIGMA, Paris. http://www1.worldbank.org/publicsector/pe/oecdpemhandbook.pdf. Accessed 15 Dec 2015

Larson MC (2007) Local government cash management. In: Shah A (ed) Local public financial management. World Bank, Washington, DC. http://siteresources.worldbank.org/PSGLP/Resources/LocalPublicFinancialManagement.pdf. Accessed 15 Dec 2015

Lienert I (2009) Modernizing cash management. International Monetary Fund, technical notes and manuals. https://www.imf.org/external/pubs/ft/tnm/2009/tnm0903.pdf. Accessed 15 Dec 2015

Modlin S (2014) Collecting and disbursing: increasing cash management efficiency through the utilization of bank services. Public Finance Manag 14(3):357–370

Pattanayak S, Fainboim I (2010) Treasury single account: concept, design, and implementation issues. International Monetary Fund working paper. https://www.

imf.org/external/pubs/ft/wp/2010/wp10143.pdf. Accessed 15 Dec 2015
Storkey I (2003) Government cash and treasury management reform. Open access repository of Asian Development Bank, The Governance Brief, Issue 7. https://openaccess.adb.org/handle/11540/2652. Accessed 15 Dec 2015
Tommasi D (2007) Budget execution. In: Shah A (ed) Budgeting and budgetary institutions. World Bank, Washington, DC. https://openknowledge.worldbank.org/bitstream/handle/10986/6667/399960PAPER0Bu10082136939301PUBLIC1.pdf?sequence=1. Accessed 15 Dec 2015
Williams M (2004) Government cash management: good and bad practice, draft. http://www.mj-w.net/cac_gov_cash.html. Accessed 15 Dec 2015

## Cash Management in the US Accounting Systems

Steve Modlin
National Coalition of Independent Scholars, San Antonio, TX, USA

### Synonyms

Budget stabilization; Fiscal stability; Government savings; Liquidity; Public finance

### Definition

Cash management is the proper utilization and management of government funds in order to provide maximum levels of interrupted service in conjunction with the maintenance of substantial reserves which are continually accruing interests.

### Introduction

Maintaining an adequate cash flow is vital to sustaining government services at all levels of government. The most notable expected expenses are in the forms of salaries and benefits, but additional expenses in the form of facility maintenance, equipment purchase and repair, and various types of insurance including health care, lawsuits, and risk assessment liabilities are included as well. Unfunded liabilities associated with retirements are emerging as a major funding problem for many local governments.

These factor points not only illustrate the need for a sound cash management policy, but a policy which has support components that can withstand constant service demands. Effective cash management policies have six primary objectives according to Larson (2004): proper management and liquidity sustainability, maximizing the acceleration of collections, maximizing investment earnings, incorporating policies that reduce the need to borrow, maintaining high levels of efficiency in the management of disbursements or payables, and providing timely and accurate reporting. The final objective encompasses a clean audit. All six objectives can be achieved through adequate cash mobilization, exercising safe investment opportunities, and proper utilization of available bank services.

### Cash Mobilization

Effective cash mobilization consists of increasing the amount of time cash is held by a government unit in order to maximize investment opportunity and subsequently eliminate payables. In order to accomplish this goal, governments must reduce process time, or float (the time it takes to deliver and process receivables for either payment or investment). Traditional forms of payments such as hard currency or paper checks actually increase float time due to the time it takes for processing which can include reception at government offices with daily bank delivery. Alternate forms of electronic commerce have become rather prominent in reducing float time for large payments, especially intergovernmental transfers. First, governments are now allowing online payments through credit and debit card payments. Once received, the funds are immediately credited to the proper accounts. Second, the wire transfer has proven effective in reducing remittance time by days compared to traditional mail. However, governments have to determine if the service is worth the costs and, in some cases, if the remittance monies will cover

the cost of the service (Coe 2007). Third, the Automated Clearing House (ACH) system has become a popular form of electronic transfer due to its lower cost usually as a result of traditional bank service packages. The availability time for collections is also extremely valuable for governments since it can be as little as 1 day. Although more expensive, the wire transfer was found to reduce float by approximately 1 day compared to the ACH (Modlin 2014). Local governments have also used the ACH for smaller payments as well, but the continual increases in efficiency have precipitated use for virtually every type of payment.

The intermittent payments to governments can increase float time depending on the type of bill or fee and, in many cases, expanded due dates for payment. Some governments attempt to combat float by initially offering discounts on early payments, especially property taxes. To further reduce receivable time, governments may employ the use of a lockbox or a zero balance account (ZBA). The lockbox is very similar to a traditional post office box. The service is normally provided by a bank (or other third-party vendor) with payment availability 24 h a day. As part of the service, banks retrieve the payments, perform all processing, and post receivable information daily, thus substantially reducing float time for staff. The ZBA allows governments the opportunity to not only reduce processing time but place monies in various accounts according to need. At the end of each day, the ZBA is brought to zero with the funds placed in a concentration account and subsequently distributed to other accounts as directed. Extra funding may remain in the concentration account for bank service fees. With both services, it is important to determine the cost-effectiveness of the service by examining the amount of float reduced and other costs versus potential interest earned (Coe 2007).

## Cash Investments

A sound cash management policy maximizes idle cash through sound investment practices. Increasing earning potential is very important for not only meeting daily service demands and unexpected revenue shortfalls, but can also present savings opportunities for capital project construction activities. Prior to any investment endeavors, it is important for officials to determine any laws, ordinances, or policies which may restrict specific investments or any type of investment that may appear too unsafe for public funds. It is also important to ensure that investment responsibilities are performed by qualified personnel that are familiar with the securities market while simultaneously understanding the needs of the unit through cash forecasting. As a general rule, securities should be low risk with a stable net asset value per share. If possible, the portfolio should be diversified with securities that have varying maturity dates along with securities that can readily be converted into cash.

The financial position of the unit as well as available cash determines the most appropriate investment. In most cases, the local government investment pool has proven to be one of the most popular and safest options for local governments (Modlin and Stewart 2013). These pools primarily consist of multiple local governments in one state providing a minimum amount of cash for collective investment. Pools can either be state-sponsored, a mixed effort of state and private entities, or managed independently by the participants. In the United States, Standard & Poor's Rating Service provides information concerning pool capacity to maintain principle and limit losses due to credit risk exposure. Pools that are the most stable and can successfully maintain liquidity receive the highest rating of AAAm. Compared to other types of securities, investment pools provide increased flexibility for deposits and withdrawals with little or no penalty for frequent transactions.

Certificates of Deposit (CDs) are bank time deposits with a certificate stating the fixed rate of interest, the dollar amount, and the date of maturity. CDs can be negotiable and nonnegotiable and insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC) against default. CDs have a maturity range from a week to 12 months and up to 5 years for longer-term CDs. Flexibility is also enhanced if the issuer

allows redemption prior to maturity. Also, the amount of CDs vary considerably at $1,000 on up. Some financial institutions only offer CDs for a specified minimum. Depending on the interest rate and terms of maturity, nonnegotiable CDs can actually have a higher rate of return. Transactions of negotiable CDs can take place in the secondary market, but due to ownership uncertainties and collateralization issues, many local governments prohibit negotiable CD investments. Among smaller local governments, the CD's popularity is equivalent to the investment pool (Modlin and Stewart 2012).

Treasury securities (T-bills, notes, and bonds) are fully guaranteed by the US government and provide local governments the opportunity to increase liquidity upon the maturity date expiration of the security. Treasury bills usually have maturation times of a few days to 6 months with the interest and yield being the difference between the purchase price and the value at maturity. Two series of T-bills that mature in 91 days and 182 days, respectively, are offered on a weekly basis. A major advantage to T-bills is that interest is exempt from state income taxation, but not federal taxes. Treasury notes have longer maturation dates that range from 2, 3, and 5 to 10 years and usually pay interest on a 6-month basis. Unlike the treasury bill, treasury notes are issued with a specific coupon rate and a fixed face amount with coupons ranging from $5000 with longer maturities, usually more than 4 years (Coe 2007). Treasury bonds have the most extensive original maturity (30 years) with a fixed par value and a specified coupon rate of interest. The interest rate for the treasury bond is usually much higher than the T-bill due to the maturity length.

The repurchase agreement (repo) is a service provided by a bank or offered through a securities dealer in which the buyer (local government investor) actually purchases securities from a dealer or bank at market value for a specified period of time with the condition that the bank or securities dealer will repurchase the securities with interest. Repos provide an additional investment alternative that complements the investment pool and other securities. *Overnight* repos are commonly used by local governments and are based on the federal funds rate. *Term* repos offer maturity limits for several time intervals with a fixed interest rate based on the number of days invested. *Open* repos are ongoing relationships between the financial institution and the buyer until one of the parties terminates the agreement. The federal funds rate is usually higher with open repos (Coe 2007). With *reverse* repos, the local government unit owns the securities, and the financial institution or dealer exchanges cash for temporary ownership and the agreement to resell at a specified time. It is recommended that the underlying value of the securities is calculated daily if possible and not decrease below the full value of the repurchase price.

Securities issued by the federal government are agency bonds. There are two types of agency bonds – government-sponsored enterprises (GSEs) and federal government agencies that issue and guarantee these bonds. Bonds issued by GSEs provide credit for different sectors of the economy such as housing (Federal Home Loan Mortgage Corporation) and agriculture (Federal Agricultural Mortgage Corporation). Maturities are shorter and the bonds are not fully backed by the US government. Bond yield is slightly higher compared to US treasury bonds, but there is some credit and default risk. There are a limited number of government agencies that issue securities. Some examples include the Small Business Administration (SBA) and the Government National Mortgage Association (Ginnie Mae). These bonds are backed by the full faith and credit of the US government, but are slightly less liquid than treasury bonds. Securities from government agencies usually have long-term maturity rates that could preclude usefulness depending on government needs.

Additional low-risk investment alternatives include saving certificates, prime quality commercial paper, and bankers' acceptances. However, it is always important to diversify interest due to the changing market and to adhere to state guidelines and recommendations practices. Cash management policies should have goals and objectives which have detailed acceptable investment alternatives.

## Bank Services

It is important for any local government to secure bank services that can accommodate a variety of tasks required for all tasks associated with cash management operations. Government officials should determine every potential need associated with collections, disbursements, and investment practices. Most local governments will solicit bank services through the issuance of request for proposals (RFP) through various media outlets. The RFP will include terms and conditions, mandatory minimum requirements, the listing of core and secondary services of the service provider, timeline, and a pre-proposal conference meeting or other contact information for additional questions. A RFP is not required for the solicitation of bank services, but the practice is increasing (Modlin and Stewart 2012).

The use of multiple banks is usually the preference for larger local governments due to the volume of services and activities. A primary bank is used for ongoing activities such as holding money for payroll, regular payables, and some investment activity. Secondary banks can be utilized to handle transactions for additional units associated with the primary government or even for moving larger revenue sources for debt service purposes. Multiple banks can also be used to determine the best alternative for achieving the highest interest rate depending on the activity. For smaller local governments, especially rural townships, one bank will more than likely be capable of managing the necessary services required. Opportunity does exist for more services and increased interests with larger banks, but potential distance could also cause a loss of jobs outside the jurisdiction.

## Conclusion

Cash management has become a vital function for adequate dissemination of government services, but it is especially critical for local governments. Officials are continually examining the entire process in order to maximize cash amounts. The utilization of multiple bank services enables officials to expedite receivables, accrue interest, and make payables accordingly. The entire process also illustrates the importance of multifaceted personnel that have an increased understanding of services available in comparison to organizational needs. Banks are also increasingly interested in local governments as clients due to the amount of potential cash holdings and the stability of governments as employers. In general, the efficiency in cash management practices is a result of additional demand for more responsible management of public funds.

## Cross-References

► Budgeting and Public Finance
► Cash Accounting
► Financial Management for Local Government

## References

Coe CK (2007) Government and nonprofit financial management. Management Concepts, Vienna

Larson MC (2004) Cash and investment management. In: Aronson JR, Schwartz E (eds) Management policies in local government finance, 5th edn. International City/County Management Association, Washington, DC, pp 451–477

Modlin S (2014) Collecting and disbursing: increasing cash management efficiency through the utilization of bank services. Public Financ Manag 14(3):355–368

Modlin S, Stewart L (2012) Cash management practices among Southeastern county governments: proper utilization or excessive caution. Public Financ Manag 12(2):100–119

Modlin S, Stewart L (2013) Assessing participation in the state-sponsored local government investment pool during the recession: an examination of North Carolina counties. Public Budg Finance 33(2):90–106

# Casuistry in Public Organizations

Martin Calkins
University of Massachusetts Boston, Boston, MA, USA

*Casuistry*, derived from the Latin *casus* meaning "case," is an inductive method of moral deliberation that uses previously settled (or resolved)

truth-bearing cases drawn from a case taxonomy in a back-and-forth fashion according to fit. Its objective is the determination of the best overall course of action in a particular and immediate situation.

## Casuistry as a Method

As a method, casuistry has descriptive and normative qualities. On the one hand, it describes the circumstances, motives, behaviors, and values that people use in moral arguments. On the other hand, it provides a normative framework for making moral judgments. From this perspective, users are provided with a framework of ordered cases (a case taxonomy) in which moral judgments have already been rendered. This order is such that each case is placed in a hierarchy according to its ability to convey moral certitude. At the foundation are paradigm cases that convey unambiguous moral certitude. Those that are more ambiguous (or marginal) are arranged in relation to the foundational cases according to their ability to convey moral certainty.

When casuistry is employed in moral problem-solving, cases are withdrawn systematically from the taxonomy according to fit – that is, in terms of the similarity between the present situation and one or more settled cases of the past. Because, however, a present situation rarely mirrors a past event, the casuist must return to the taxonomy to draw from it other more or less related cases for the purpose of gathering convincing material. Using a back-and-forth process of analogy and rebuttal, the casuist draws on cases that closely resemble the current situation. These cases are brought forward to support, nuance, or refute a position, and then they and their attendant judgments are layered upon each other as liqueurs are in a *pousse-café* (a layered cocktail). In this way, just as a glass of various liqueurs delivers a stronger punch than any single ingredient in a drink, so the aggregate of well-arranged settled cases produces a judgment that is multifaceted, practical, defensible, and more potent than any single case or argument used in isolation.

In its reliance upon reasoning by analogy and by drawing exclusively from multiple truth-bearing cases to infer general norms and specific actions, casuistry can be considered an inductive or "bottom-up" approach that begins with particulars and the concrete and proceeds upward to general judgments.

## Casuistry's Tradition

Traditional casuistry can be divided into four general sorts: Greek, Hebrew, Muslim, and Christian. Each of these casuistries reflects the morality of the respective culture or religion, with Christian casuistry being the most pervasive sort that has been parsed into Roman Catholic and Protestant varieties.

An ancient method, Greeks around the time of Plato and Aristotle practiced casuistry as did Muslims prior to the so-called closing of the gates of *ijtihad* in the tenth century that effectively abolished the practice of independent moralizing in favor of "rightful interpreters" – priests and clerics (Arabic: *ulema*) – who took it upon themselves to dictate morals for believers (Wenley argues that ancient Greeks restricted use of casuistry to those larger vital problems that accompanied the need for further definition of the ideal. See (Wenley 1911, 242; Abbas 2004). For more on this aspect of Muslim morality, see (Khare 1999).

There is also a distinct Hebrew casuistry that can be characterized by two main features: the rabbinic influence within the religion and the use of law in Judaism. Jewish casuistry can therefore be said to be the product of that religion's reliance on religious teachers (rabbis) to interpret oral law (Hebrew: *mishnah*) as well as a legal system in which ethical deliberations are heavily rule oriented and more legalistic than those of other religious traditions. Even so, laws here are not applied unquestioningly but, rather, are interpreted and contextualized through the use of casuistic narratives. As a result, the record of the rabbis' decisions in case format along with the narrative-based oral law of Judaism forms the basis of a distinctly Jewish casuistry (it should be noted that post-diaspora Judaism has no official central body or authority figure such as a pope to arbitrate religious tenets). Rabbis

therefore have had a great deal of authority in directing the practice of the faith through their instruction and guiding influence on the interpretation of scripture. Their interpretations of oral law effectively forged Jewish morality and established a trajectory for the religion in practically relevant ways. For more on Jewish law's historical roots, see (Derrett and Duncan 1974; Falk Z′e 1972).

Finally, Christian casuistry, the sort most commonly understood today, similarly grew out of oral practice. Unlike Jewish or Muslim casuistries, the oral tradition of Christian casuistry was tied to auricular confessional practices that emerged in the seventh century when priests began to hear the private confessions of individuals and refer to books that listed various sins and their appropriate penances. Here, casuistry was used to resolve problems related to the Church's authority over the consciences and social behavior (the internal and external forums) of believers (Jonsen and Toulmin 1988, 47, 52–53, 101, and 113–121).

Christian casuistry reached its peak in 1556–1656 – an era that began with the publication of the Augustinian cleric Martin Azpilcueta's *Handbook for Confessors and Penitents* and ended with Blaise Pascal's (1623–1662) *Provincial Letters* – as moralists largely abandoned confessional books in favor of taxonomies based on the Ten Commandments or the Seven Deadly Sins (Jonsen and Toulmin 1988, 142–143, 251). The chief promoters of this transition and casuistry itself were Jesuits – members of the male religious order formally known as the Society of Jesus – who were trained in disputation and logic.

## Casuistry's Slide into Disrepute

During its high point, casuistry came under attack within the Roman Catholic Church as part of a series of highly contentious theological and political disputes. Blaise Pascal's stinging critiques of the Jesuits (his chief adversary) in *The Provincial Letters* (French: *Lettres Provinciales*) were most damaging to casuistry's reputation (Jonsen 1993, 56, 59, and 62–63). Pascal – a loyal Port-Royal Jansenist – attacked the Jesuits and their casuistry on the grounds of equivocation and drawing erroneous moral judgments in a broader attempt to undermine the Jesuits' more participative view of Eucharistic practices (in essence, the Jansenist-Jesuit dispute concerned the role of grace (efficacious and sufficient) in relation to salvation (Pascal, *The Provincial Letters – Letter II January 29, 1656*, 1999b). Pascal's charges – made cleverly through humor – drew widespread public attention that led to papal decrees condemning individual casuists. While the effort was successful in damaging the reputations of the Jesuits and casuistry, Pascal's more exclusionary view of the Eucharist was rejected, and he was unable to "destroy the plausibility of "case analysis" itself as an approach to dealing with moral problems ((Jonsen and Toulmin 1988, 249). See, too, (Jonsen, "Casuistry," 1986a, 79). In the end, Pascal effectively sullied the reputations of the Jesuits and casuistry, but the Jesuits won the theological dispute against the Jansenists by discrediting and disempowering the group and its theology (Pascal's capitulation is stirring. See (Pascal, *The Provincial Letters – Fragment of a Letter XIX Addressed to Father Annat*, 1999a). See also (Jonsen and Toulmin 1988, 231–249).

With the Protestant Reformation, Roman Catholic casuistry came under further attack (Jonsen 1993, 59). Martin Luther, for one, despised the Catholic summists' casuistry because of its elaboration of the distinctions of sin, emphasis on penance, and close association with a theology of works (Jonsen and Toulmin 1988, 157). While charging Roman Catholic casuists with undermining the fundamentals of the faith, Luther nevertheless developed another sort of casuistry, one mediated by pietism (Wenley 1911, 245). Later Reformists went on to expand upon Luther's version, developing other sorts of casuistries that eventually led to a distinct Protestant casuistry (For more on the various forms of casuistry outlined here, see (Calkins 2014, 8–15).

During part of this period, casuistry suffered the growing critiques of post-Enlightenment moral philosophers who considered casuistry to be at odds with and inferior to the analytic and scientific processes being extended from the

physical sciences to the moral realm. Casuistry was viewed as old fashioned, lacking precision, and "too disorganized, cluttered with maxims and definitions and distinctions, and probabilistic and prudential" for serious use (Jonsen 1993, 59). Its methods were seen as too roundabout, antiquated, imprecise, unnecessarily fallible, and inconclusive. Unspoken but far worse, casuistry contained vestiges of religion that modern secular philosophers could not tolerate.

In the end, casuistry came to commonly be known as clever but unsound reasoning and was regularly dismissed in philosophical circles for promoting lax reasoning, sophistry, and equivocation. Even so, casuistry's long enduring and unflattering reputation has been shown to be wrongly attributed to the method per se. As Jonsen and Toulmin have explained, it has been abused rather than determined to be ineffective (Jonsen and Toulmin 1988). Today casuistry remains an excellent approach for describing, dissecting, and nuancing information about people and places so as to reach defensible moral judgments.

## Casuistry and Applied Ethics

The astute reader will recognize by now casuistry's similarity to other ethical approaches. Casuistry shares a number of features with the business case method, for example. It has also been described as a watered-down or incomplete version of reflective equilibrium. While some of the attributes of these other approaches do appear to be similar to casuistry's, a closer inspection and critique has shown them to be fundamentally different (for critiques of the comparisons of reflective equilibrium and the business case method to casuistry, see (Calkins 2001, 2014). For the assertion that casuistry is a watered-down version of reflective equilibrium, see (Sunstein 1993).

Even so, casuistry does share a great deal with one popular approach in the English-speaking world – common law practice (common law is the sort of law practiced in many of the countries that trace their legal heritage to England). In both, there is reliance upon judgments based upon an aggregate of compelling precedent cases, a dialectical back-and-forth method of argumentation, an aggregate of differing perspectives, and a synthesis of judgments.

Casuistry is also not unlike the approach typically used in clinical medicine where past cases of successful and unsuccessful diagnoses are used as legitimate references when making current judgments about the conditions of patients with indeterminate ailments (Arras 1990; Hunter 1989; Johansen 1995; Jonsen, "Casuistry and Clinical Ethics," 1986b, 1991; Tomlinson 1994). This clinical approach has been extended to other areas of applied ethics – in particular, computer ethics, the ethics of journalism, and business ethics (Boeyink 1992; Coleman 2007; McLaren 2006). In some applications such as business ethics, casuistry was simply explored in general and then left undeveloped (Brinkmann and Ims 2004; Ciulla 1994; Drucker 1981; McMahon 1986; Velasquez 1994). With time, however, the method was examined more deeply and shown to be a valuable moral decision-making tool, especially when twinned with virtue ethics (Calkins 2001, 2002, 2014).

## Examples of Casuistry Applied

In all of its applications, casuistry has helped people grapple with current vexing moral problems. It has enabled users to figure out, for example, how to deal with the ethics of an HIV medication needed by an impoverished population that cannot afford costly drugs by bringing forward prior cases such as Merck and Co.'s decision to freely distribute ivermectin to combat river blindness and Johnson & Johnson's decision to set aside profit concerns when pulling a tainted product off the shelves during the Tylenol Crisis. In both of these precedent cases, we see how private firms worked with public institutions to promote society's betterment. In the Merck case, a company worked with the public health arm of the United Nations to distribute a drug in outlying tropical settings to prevent river blindness. In the J&J case, a private firm took a popular product off the shelf at significant cost to itself to protect the public against a possibly tainted product (Calkins

2014, 317–319). For details about the Merck & Co. river blindness case, see (Reporter 1987, 78; Hanson and Weiss 1991; Donaldson and Werhane 1999, 148–153; Cavanagh 1998, 235–236). For the Johnson & Johnson Tylenol case, see (Buchholz 1989, 212–232; Cavanagh 1998, 237–238; De George 1999, 3–5).

Today, casuistry would likely be helpful in breaking the ideological stalemates associated with the ongoing health-care debate in America. Because casuistry's case-based orientation focuses on the practical details that ordinary people face, casuistry serves to sideline ideology and political-driven arguments, principle and law-based discussions, and top-down decision-making. Jonsen and Toulmin have illustrated this phenomenon with their example of a 1974 meeting with the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, where casuistry's concentration on practical conclusions enabled those who could not agree on the reasons or principles underlying issues to successfully focus instead upon practical recommendations (Jonsen and Toulmin 1988, 16–19). Albert Jonsen and Stephen Toulmin describe the debate within the 1974 US Congressional National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research as follows:

> The eleven commissioners had varied backgrounds and interests. They included men and women; blacks and whites; Catholics, Protestants, Jews, and atheists; medical scientists and behaviorists psychologists; philosophers; lawyers; theologians; and public interest representatives. In all, five commissioners had scientific interests and six did not; and before they started work, few onlookers expected them to have much basis for agreement, either about general moral principles or about the application of these principles to particular problems. On hearing the composition of the commission one respected commentator reportedly said, "Now we shall presumably see matters of eternal principle decided by a six-to-five vote!" All the same, things never worked out that way in practice. At no time in its activities did the commission's opinion divide cleanly along a line between scientists and laypeople; nor did the other differences of background have anything resembling their expected effect on the practical discussions. Quite the contrary: so long as the commissioners stayed on the taxonomic or casuistical level, they usually agreed in their practical conclusions. (Jonsen and Toulmin 1988, 17).

In both situations, casuistry would allow individuals to get around insurmountable foundational epistemological problems to reach defensible and operational judgments.

To illustrate, had a casuistic approach been taken in the framing of the Patient Protection and Affordable Care Act, there likely would have been less bipartisan rancor in the bill's formation and a more favorable and defensible outcome (Patient Protection and Affordable Care Act (PPACA), also known as the Affordable Care Act (ACA) and Obamacare). Tennessee's TennCare and Maine's Dirigo Care, to name just two precedent state-based cases, might have been brought in to frame the conversation and legislative process prior the federal health-care bill's approval. Had TennCare (instituted in 1994) been considered, it would have been shown to have so burdened Tennessee's budget with uncontrolled costs that by 2004 healthcare accounted for a quarter of that state's appropriations. By then (a full 7 years before ACA), the situation had gotten so bad that Governor Phil Bredesen announced, "I have set in motion a process to dissolve TennCare and replace it with a traditional Medicaid program" (Ku and Wachino 2004). Faced with onerous cost overruns, the governor asked in 2005 for a $272 M budget increase with half earmarked for TennCare (Nashville Business Journal 2005). Despite this infusion of funds, however, Bredesen faced the prospect of state bankruptcy and threw 170,000 adults out of the state health-care program, considering later that doing so was his largest mistake during his time as governor and blaming advocates for the poor for refusing to deal with him on reducing benefits for a program that was absorbing future tax growth and causing reductions of other state-supported programs (Sher 2010). As late as 2010, the subsequent Tennessee governor continued to struggle with health-care costs and ways to cover the losses attributable to them (Wilemon 2010).

In hindsight, even the state of Tennessee would have done well to take notice of the warning signs associated with another state's experience – Maine's experiment with a state-sponsored universal health-care program known as Dirigo Care (Bragdon 2005; Miller and Rosman 2004). Established in 2003, Dirigo Care presented

Maine with $155 million in added costs and dwindling program enrollments soon after its implementation such that by 2009, only 9,600 individuals remained covered by the plan (Suderman 2010). Trish Riley, the principal architect of Dirigo Health Reform, suggested ways to redeem the program (Riley 2013). After 10 years of compromise, however, the program was disbanded with, as Maine Legislature's Insurance and Financial Services Committee member Jonathan McKane noted, few real long-term goals achieved and plenty of hard lessons learned (McKane (2014). The Tennessee and Maine cases would seem to caution other states such as Massachusetts against similar costly universal state-sponsored health-care programs. Such was not the case, however, as Governor Mitt Romney instituted a health-care law in 2006 that incurred costs that precipitated cuts to state funding for transportation, public safety, and education (Editor 2013; Suderman 2010). Even now, more than 10 years later, the Commonwealth has a significant budget deficit).

With these precedent state-based cases as well as cases involving other sovereign nations as cautions, it would have been prudent to use a casuistic approach when discussing changes to federal health-care policy. Prudence, however, did not hold forth, and instead ideology and political obstinacy took hold with the result being poorly conceived legislation, an unattractive set of health-care offerings, and an escalation of government spending that contributed significantly to America's nearly 20 trillion dollars of public debt and an overturn of government (The Bureau of Fiscal Service (2017). The ACA's lack of financial stability is noted by the boards of trustees of the federal hospital insurance and federal supplementary medical insurance trust funds that report that "current-law projections indicate that Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation" (Boards of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds 2016, 4). See, too, (Office of Management and Budget 2016, 21).

While the health-care debacle in America case might be construed as nothing more than bad policy making, its waste of resources and the implementation of physical and financial burdens on the citizenry make it ethical in nature as well. A casuistic approach would have sidestepped rancorous ideology-driven discussions and led to a more thoughtfully considered, practical, and morally defensible outcome.

In sum, we have seen here how casuistry is a helpful inductive method of moral deliberation that leads to the establishment of expedient moral judgments in real settings and how casuistry's judgments are practical and defensible in various venues, including public organizations and the formation of public policy.

C

## References


Abbas H (2004) Ulema versus Ijtihad: understanding the nature of the crisis in the Muslim world. The Fletcher School – Tufts University. Date cited 2004. Internet. Available from http://209.85.141.104/search?q=cache:bstpW97P-CgJ:fletcher.tufts.edu/al_nakhlah/archives/fall2004/abbas.pdf+%22closing+of+the+gates+of+Ijtihad%22&hl=en&ct=clnk&cd=2&gl=us&client=firefox-a. Accessed 18 July 2008

Arras JD (1990) Common law morality. Hastings Cent Rep 20:35–37

Boards of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds (2016) Annual report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds. Date cited 2016. Last update 2016. Internet. Available from https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2016.pdf. Accessed 23 Feb 2017

Boeyink DE (1992) Casuistry: a case-based method for journalists. J Mass Media Ethics 7(2):107–120

Bragdon T (2005) Command and control: Maine's Dirigo health care program. The Heritage Foundation. Date cited 2005. Last update 2017. Internet. Available from http://www.heritage.org/health-care-reform/report/command-and-control-maines-dirigo-health-care-program. Accessed 9 Feb 2017

Brinkmann J, Ims KJ (2004) A conflict case approach to business ethics. J Bus Ethics 53:123–136

Buchholz RA (1989) Fundamental concepts and problems in business ethics. Prentice-Hall, Inc., Englewood Cliffs

Calkins M (2001) Casuistry and the business case method. Bus Ethics Q 11(2):237–259

Calkins M (2002) How casuistry and virtue ethics might break the ideological stalemate troubling agricultural biotechnology. Bus Ethics Q 12(3):305–330

Calkins M (2014) Developing a virtue-imbued casuistry for business ethics, Issues in business ethics, vol 42. Springer, New York

Cavanagh GF (1998) American business values with international perspectives, 4th edn. Prentice-Hall, Inc, Upper Saddle River

Ciulla JB (1994) Casuistry and the case for business ethics. In: Donaldson TJ, Edward Freeman R (eds) Business as a humanity. Oxford University Press, New York, pp 167–183

Coleman KG (2007) Casuistry and computer ethics. Metaphilosophy 38(4):471–488

De George RT (1999) *Business ethics*, 5th edn. Prentice Hall, Inc., Upper Saddle River

Derrett J, Duncan M (1974) Review of books: introduction to the Jewish law of the second commonwealth, part 1. J R Asiat Soc (New Ser) 106(1): 53–54

Donaldson T, Werhane PH (eds) (1999) Ethical issues in business: a philosophical approach, 6th edn. Prentice-Hall, Inc., Upper Saddle River

Drucker PF (1981) What is "business ethics"? Natl Aff 63(Spring):18–36

Editor (2013) The RomneyCare Bill comes due. Wall Street J, 24 Jan, A16

Falk Z′e W (1972) Introduction to Jewish law of the second commonwealth (Arbeiten zur Geschichte des Antiken Judentums und des Urchristentums Band XI). E. J. Brill, Leiden

Hanson KO, Weiss S (1991) Merck & Co., Inc.: Addressing third-world needs. Harvard Business School Publishing, Cambridge. no. 9–991-021 to 024

Hunter KM (1989) A science of individuals: medicine and casuistry. J Med Philos 14:193–212

Johansen B (1995) Casuistry: between legal concept and social praxis. Islam Law Soc 2(2):135–156

Jonsen AR (1986a) Casuistry. In: Childress JF, Macquarrie J (eds) The Westminster dictionary of Christian ethics. The Westminster Press, Philadelphia, pp 78–80

Jonsen AR (1986b) Casuistry and clinical ethics. Theor Med 7:65–74

Jonsen AR (1991) Casuistry as methodology in clinical ethics. Theor Med 12:295–307

Jonsen AR (1993) Platonic insults: casuistical. Common Knowl 2(Fall):48–66

Jonsen AR, Toulmin S (1988) The abuse of casuistry: a history of moral reasoning. University of California Press, Berkeley

Khare RS (1999) Perspectives on Islamic law, justice, and society. Rowman & Littlefield, Lanham

Ku L, Wachino V (2004) The potential impact of eliminating TennCare and reverting to Medicaid: a preliminary analysis. Center on Budget and Policy Priorities. Date cited 2004. Last update 2017. Internet. Available from http://www.cbpp.org/research/the-potential-impact-of-eliminating-tenncare-and-reverting-to-medicaid-a-preliminary. Accessed 9 Feb 2017

McKane J (2014) A tax in Maine has been repealed. The Maine Wire. Date cited 2014. Last update 2017. Internet. Available from http://www.themainewire.com/2014/01/dirigo-health-high-priced-lessons-learned/. Accessed 9 Feb 2017

McLaren BM (2006) Computational models of ethical reasoning: challenges, initial steps, and future directions. IEEE Intell Syst 21(4):29–37

McMahon TF (1986) Creed, cult, code and business ethics. J Bus Ethics 5(6):453–463

Miller M, Rosman B (2004) Dirigo health: what does Maine's new health care law mean for other states? Community Catalyst. Date cited 2004. Last update 2017. Internet. Available from http://www.communitycatalyst.org/doc-store/publications/what_does_maines_new_health_care_law_mean_for_other_states_feb04.pdf. Accessed 9 Feb 2017

Nashville Business Journal (2005) Bredesen asks for $272M budget increase, half for TennCare. American City Business Journals. Date cited 2005. Last update 2017. Internet. Available from http://www.bizjournals.com/nashville/stories/2005/05/16/daily22.html. Accessed 9 Feb 2017

Office of Management and Budget (2016) Budget of the U. S government – fiscal year 2017. U.S. Government Printing Office. Date cited 2016. Last update 2016. Internet. Available from https://www.gpo.gov/fdsys/pkg/BUDGET-2017-BUD/pdf/BUDGET-2017-BUD.pdf. Accessed 23 Feb 2017

Pascal B (1999a) The provincial letters – fragment of a letter XIX addressed to Father Annat. Bill Uzgalis. Date cited 1999. Internet. Available from http://www.orst.edu/instruct/phl302/texts/pascal/letters-c.html. Accessed 9 May 2002

Pascal B (1999b) The provincial letters – letter II January 29, 1656. Bill Uzgalis. Date cited 1999. Internet. Available from http://www.orst.edu/instruct/phl302/texts/pascal/letters-a.html – LETTERII. Accessed 9 May 2002

Reporter (1987) Miracle worker. Time, 2 Nov, p 78

Riley T (2013) Goodbye, Dirigo health: what Maine's program accomplished over 10 years. Bangor Daily News. Date cited 2013. Last update 2017. Internet. Available from http://bangordailynews.com/2013/12/27/opinion/goodbye-dirigo-health-what-maines-program-accomplished-over-10-years/. Accessed 9 Feb 2017

Sher A (2010) Bredesen cites education, jobs as legacy, Rues TennCare. Times Free Press. Date cited 2010. Last update 2017. Internet. Available from http://www.timesfreepress.com/news/news/story/2010/dec/19/bredesen-education-jobs-legacy/37348/. Accessed 9 Feb 2017

Suderman P (2010) Health Care's history of fiscal folly. The Reason Foundation. Date cited 2010. Last update 2017. Internet. Available from http://reason.org/news/show/health-care-fiscal-folly. Accessed 8 Feb 2017

Sunstein CR (1993) Commentary on analogical reasoning. Harv Law Rev 106:741–791

The Bureau of Fiscal Service (2017) Monthly statement of the public debt of the United States – January 31, 2017. U.S. Department of the Treasury. Date cited 2017. Last update 2017. Internet. Available from https://www.

treasurydirect.gov/govt/reports/pd/mspd/2017/opds012017.pdf. Accessed 23 Feb 2017
Tomlinson T (1994) Casuistry in medical ethics: rehabilitated, or repeat offender? Theor Med 15:5–20
Velasquez MG (1994) Some lessons and nonlessons of casuist history. In: Donaldson TJ, Edward Freeman R (eds) Business as a humanity. Oxford University Press, New York, pp 184–195
Wenley RM (1911) Casuistry. In: Hastings J (ed) Encyclopaedia of religion and ethics, 3 vols. Charles Scribner's Sons, New York, pp 239–247
Wilemon T (2010) $400 million in cuts proposed for TennCare. The Tennessean. Date cited 2010. Last update 2017. Internet. Available from http://www.tennessean.com/story/news/health/2014/12/05/million-cuts-proposed-tenncare/19965311/. Accessed 9 Feb 2017

## Cause-Related Marketing

Cindy L. Pressley
Stephen F. Austin State University, Nacogdoches, TX, USA

### Synonyms

Cause marketing; Consumer-oriented giving; Social responsibility marketing; Societal marketing; Strategic philanthropy

### Definition

Cause marketing is a strategy that develops a mutually beneficial relationship between a firm and a nonprofit organization that involves a consumer transaction wherein the firm will provide some form of donation to the nonprofit organization as a result of the transaction.

### Introduction

It has become commonplace to see purchasable products that offer some connection to a cause or nonprofit organization. You might purchase a box of cereal and have the opportunity to mail in a portion of the box top which would provide funds for after-school programs for at-risk youth. You might purchase a scarf at a department store where a percentage of the proceeds from the purchase would be sent to a nonprofit organization fighting against heart disease. You might buy a cup of coffee, and a certain amount of the purchase price would be given to a nonprofit organization dealing with sustainable farming. These are examples of cause-related marketing. The key with cause-related marketing is that there is a consumer transaction that should benefit both the firm selling the product and the cause associated with that product. The donation to the nonprofit organization is connected to the consumer transaction made in favor of the firm's product. Cause marketing is a strategy that should be built into the overall marketing strategy of the firm and the nonprofit organization. The basic idea behind the strategy is to connect economic goals with societal goals.

There has been an increase in the use and resources devoted to cause-related marketing since the early 1990s (Bennett 2002). Cone Communications, a research firm established in the United States, has conducted consumer research on cause-related marketing since 1993 which has been heavily referenced in studies conducted on cause-related marketing. The 2010 Cone Cause Evolution Study found that 41% of Americans purchased a product that was cause related in the past year, a figure double that of the original 1993 study of 20%. The study also showed that 83% of consumers wanted more cause-related products, with similar numbers for consumers who saw increased firm/brand image when a product was cause related (85%) and for consumers who would switch brands when price and quality are similar and the product was cause related (80%). Public interest in cause-related marketing has been supported by longitudinal research (Cone LLC 2010).

### Development of Cause-Related Marketing

One of the earliest recognizable uses of cause-related marketing on a national scale was by credit

card company American Express in connection with the Statue of Liberty Foundation for the renovation of the statue in 1983. American Express developed a cause marketing campaign whereby every time their card was used, American Express would donate a penny to the foundation and when a new card was opened, they would donate one dollar to the foundation. The campaign was seen as a success in that the Statue of Liberty Foundation received over $1 million in donations and American Express saw an increase in both use of its credit cards and in new applications for credit cards. Since this time, cause-related marketing has grown rapidly and has been used by a range of firms and nonprofit organizations.

Cause marketing was originally seen as a way to differentiate firm brands from one another by breaking through the slew of advertising directed at consumers and as a way to improve the image of the firm and its brand (Liston-Heyes and Liu 2010). It is essential to note that cause-related marketing needs to provide benefits for the firm particularly in terms of increased sales and profit. While benefits accrue to both the firm and the nonprofit organization, the benefit is often viewed primarily in favor of the firm. The firm connects with the nonprofit organization in order to garner ethical good will among customers and employees. This may allow a firm to improve its image among a group of stakeholders without making internal changes to the firm or brand. The range of benefits to the firm is thus rather broad. For the nonprofit organization, they can gain visibility and awareness for their cause as well as potential new avenues of funding. The consumer, who is considered an additional stakeholder in cause-related marketing, gets to determine through their consumer choice the level of importance of support for a particular cause. In addition, the consumer may feel that their purchase has added personal and societal value due to the connection to the cause.

A debate exists regarding cause-related marketing as to whether it is just another form of corporate philanthropy. It was originally considered as such by a seminal article on cause-related marketing by Varadarajan and Menon (1988) where cause-related marketing was seen as a form of giving motivated by profit. Varadarajan and Menon note that cause-related marketing focuses on improving performance for the firm while at the same time helping a cause. However, corporate philanthropy is not based on a transaction approach and does not seek to impact consumer behavior such that cause-related marketing could be distinguished from philanthropy. This particular debate has not been settled in the literature (Gupta and Pirsch 2006).

## Benefits and Concerns of Cause-Related Marketing

A range of benefits can be accrued by the firm and the nonprofit organization who engage in cause-related marketing. Firms may receive the broadest range of benefits of any of the three stakeholder groups. Benefits to the firm can include increases in sales, product and firm visibility, customer loyalty, employee morale, and improved firm and brand image. Firms may be able to get around advertising clutter, make faster entry into a market segment, and potentially increase support for other firm brands which can provide for increased consumer choice in favor of the firm with intent to purchase. A firm may also be able to counter negative publicity it has garnered under prior circumstances.

The nonprofit organization engaged in cause-related marketing may have a smaller range of benefits accrued as compared to the firm; however, the benefits may continue to be worthy of the effort as they include the creation of additional funding streams, promoting direct contributions, becoming more marketing efficient, and increasing public awareness for the nonprofit organization and cause.

While the benefits of cause-related marketing for both the firm and nonprofit organization make it a fairly sound marketing strategy, there are a number of potential concerns surrounding the use of cause-related marketing that both the firm and nonprofit organization should be aware of.

Concerns for the firm include the financial risk involved with using portions of funds that would go toward traditional marketing tactics to cause-related marketing and the possibility of the image of the firm being tarnished by consumers seeing

the cause-related marketing as too controversial and as exploitative of the nonprofit organization where the nonprofit organization benefits little as compared to the benefits received by the firm. The concern of an exploitative relationship is especially critical for the firm where the consumer views cause-related marketing not as a strategy for giving to a social cause but rather as a strategy meant for firms to simply increase profit and thus the relationship between the firm and nonprofit organization is not considered genuine but is instead regarded as exploitative (Gupta and Pirsch 2006). When seen as exploitative, both firm and nonprofit image can be damaged, whereas if the firm is seen as providing genuine support for the cause or nonprofit organization, consumers evaluate the initiative in a more positive light.

General criticisms of cause-related marketing that may be recognized by the consumer and may raise concerns for the firm involved include that the firm may spend more on the cause-related marketing campaign than is given in donations to the nonprofit organization and that by having charitable giving made tax deductible that firms are able to have part of their marketing strategy subsidized by government.

Concerns for the nonprofit organization include the potential risk of being seen as commercialized due to the connection to the firm which could tarnish the image of the nonprofit organization as they are seen as allowing their cause or organization to be exploited and the funds received from the cause-related marketing campaign may be considered a substitute by consumers and firms such that consumers and firms provide less donations by other means.

## Mechanics of Cause-Related Marketing

In order for a cause-related marketing campaign to be successful, it must be planned out and executed by taking into account particular considerations. Not all cause-related marketing campaigns are successful. Issues such as donation form and amount, partnership fit, target audience, duration, region of promotion, and means of evaluation are essential to consider.

There are various methods by which to engage in cause-related marketing. The donation can be formulated in a number of ways including (a) a stated amount per purchase which is often seen as most positive and trustworthy in the eyes of the consumer audience, (b) a percentage of the sale amount per purchase, and (c) a percentage of the profit per purchase or can involve some other type of transaction such as consumer redemption of a cents-off coupon and the firm sending donations to the nonprofit. Firms can set a limit on how much total they will donate or can leave the amount open. It should be noted that when it is a vague amount or percentage where the firm simply states it will make a donation, this is generally seen as less positive by consumers. In addition, the size of the donation may be more of a factor for consumers than which format is used to provide the donation where smaller donations are seen with less trust and larger donations could impact consumer choice such as by the consumer choosing to switch brands based on the donation size (Human and Terblanche 2012).

There should be a connection between the product and the cause to make the cause-related marketing campaign more effective and appealing to consumers (Basil and Herr 2003). Cause marketing creates a type of relationship between the firm and the nonprofit organization. If the fit between the firm and the cause is strong, it can aid in increasing the firm brand value. A weak fit can damage not only the image of the firm but of the nonprofit organization as well. Finding fit between the customer profiles of both the firm and the nonprofit organization is a useful way to examine fit in addition to examining the fit with the product and markets. A firm may choose a single cause or multiple causes with which to connect.

An example of good fit can be seen with the "Pedigree Adoption Drive" which began in 2008 by pet food company Pedigree. The program had multiple components including raising issue awareness and encouraging individuals to adopt dogs from animal shelters. The primary financial mechanism was that Pedigree would donate to animal rescue charities for each product sold. The program was advertised in numerous ways including television, program-specific website,

social media, and marketing on products themselves. The program increased sales of Pedigree products as well as brand equity and led to $790,000 in donations from the sale of dog food products in 2008. Pedigree has since increased their cause-related marketing campaigns in addition to establishing the Pedigree Foundation in the year 2000. The firm found a successful and strong fit by connecting its product and firm brand with the profiles of its customers, those who own and have an affinity for pets.

With most marketing, it is important to know your target consumer audience of both the product and the nonprofit organization. For example, some studies have shown distinctions in consumer choice in Western and Eastern countries with consumers in Western countries preferring cause-related marketing with luxury products and those in Eastern countries with utilitarian products (Gupta and Pirsch 2006). Research indicates that women tend to be more open to cause-related marketing than men (Gupta and Pirsch 2006). The 2010 Cone Cause Evolution Study found that mothers and those of the millennial generation are more open to cause-related marketing than other groups. Human and Terblanche (2012) explain that the millennial generation has a community orientation and is seen as supportive of causes; however, they are inundated with web-based and social media announcements and charitable requests and so may not be able to differentiate between causes and nonprofit organizations and may get compassion fatigue. This is important for firms and nonprofit organizations to recognize when determining who their target audience is and how they should advertise and target that particular audience.

Other issues to consider include whether the cause marketing campaign is a short-term or long-term commitment within the overall marketing strategy. Questions include whether the campaign will end at a particular time or whether it is ongoing and how strongly will the campaign be advertised. Research suggests that consumers often prefer causes linked to disaster relief more so than continuous programs (Husted and Whitehouse Jr 2002). If the firm and nonprofit organization are able to develop a close working relationship, then the ability to develop a long-term relationship can aid with public relations for the firm and the nonprofit organization (Varadarajan and Menon 1988). Cause marketing should link the firm's brand and the cause issue in the mind of the consumer. The concern with a short-term campaign is that it can be seen as opportunistic, so the growth of more long-term campaigns has emerged.

Cause marketing can be conducted at local, regional, national, or global levels. For firms with a national reach, a national cause-related marketing campaign may be effective; however, research indicates that consumers tend to prefer local over national causes (Gupta and Pirsch 2006).

A concern for cause-related marketing is how to evaluate and determine the campaign's effectiveness (Varadarajan and Menon 1988). One argument focuses on evaluation based on revenue for the firm; however, other arguments focus on the need to expand how cause-related marketing is evaluated such as the good will brought to the firm and visibility brought to the nonprofit organization, essentially focusing the evaluation of effectiveness on intangible benefits. The mode of evaluation may depend on how managerial behavior is guided within the firm involved in that if behavior is guided by giving to society, then profit may not be the main evaluative criteria, but if charitable giving is expected to provide a return, then profit may be the main criteria used by the firm to evaluate the cause-related marketing campaign's effectiveness (Varadarajan and Menon 1988).

## Breast Cancer Causes as Long-Term Successful Cause-Related Marketing

One of the most successful cause-related marketing campaigns revolves around the issue of breast cancer, most notably involving the nonprofit organization the Susan G. Komen Breast Cancer Foundation. An examination of cause-related marketing from its inception and development over several decades can be found in the area of breast cancer. King (2006) provides an in-depth

examination of the breast cancer cause movement and a study of cause-related marketing in her text *Pink Ribbons, Inc*.

Founder of the Susan G. Komen Breast Cancer Foundation, Nancy Brinker, is considered a pioneer in the area of cause-related marketing due to the multiple corporate connections and partnerships that have developed with the Komen Foundation. The growth of breast cancer as a favorite issue can be linked to the convergence between political organizations, nonprofit organizations, and firms such as pharmaceutical and cosmetic firms who can be seen as tying in with the same group of stakeholders as breast cancer focused nonprofit organizations, state, and media action (King 2006). The development of the movement for the fight against breast cancer can be seen as corporate and consumer driven where breast cancer is considered a favorite issue of many firms when engaging in cause-related marketing campaigns.

The most ubiquitous illustration of a widespread cause-related marketing campaign can be seen in the use of colored ribbons being placed on consumer objects. The pink ribbon is now synonymous with breast cancer causes. It can be seen as representing the close connections between firms and nonprofit organizations as well as the focus on the primary target audience of much cause-related marketing, women. Charity becomes a lifestyle choice through consumer actions and has become a profitable marketing strategy for numerous firms. The success of breast cancer cause-related marketing campaigns can be seen as a way to motivate firms to take on more forms of cause-related marketing (King 2006).

Breast cancer cause-related marketing provides an example of a cause-related campaign that focused on attempts at improving the image of an organization, specifically the American National Football League's "Real Men Wear Pink" campaign where the use of various mechanisms of breast cancer cause-related marketing was put into place to repair negative images and publicity garnered by NFL players as well as to expand the market into a broader female audience.

The growth of cause-related marketing campaigns does have some criticisms. Breast cancer-related campaigns have been no exception and have been criticized by a number of groups including some nonprofit organizations associated with the cause itself. This connects with the idea of exploitation of the cause for the purpose of making a profit. For example, the nonprofit organization Breast Cancer Action created a campaign called "Think Before You Pink" that asks consumers to examine their consumer actions and consider how much is being raised in donations through the cause-related marketing campaign as compared to how much publicity and profit the firms garner through such campaigns (King 2006). Breast cancer is also an example of a cause that no longer helps to distinguish one brand from another in the advertising arena due to its prevalence as a cause in marketing campaigns.

Breast cancer-related marketing has occurred not only in the United States but has been used in countries across the globe. In the year 2000, the Komen Foundation opened chapters in other countries including Germany and Italy. Beginning in the early 2000s, firms also began to attempt to repeat their breast cancer cause-related marketing success in the United States in other countries. For example, Avon cosmetic firm, which started using breast cancer cause-related marketing in the United States in 1993, began a global campaign in 2004. Multinational firms see the potential for increasing market entry and better relations when engaging in global cause-related marketing programs (King 2006). Companies such as Avon have been able to adapt their campaigns to local markets in multiple countries while also attempting to create a global branding strategy, for example, the use of pink ribbon jewelry has been sold in multiple countries, while the particular form and style of jewelry is adapted to fit the country's market. A concern with such global campaigns however is that while the cause-related marketing campaign may prove successful in raising awareness of the issue of breast cancer, it may be seen as exploiting a cause popular in one country for profit purposes in lieu of focusing on causes that have more of an impact in the country

the campaign is being promoted in (King 2006). Essentially, the concern is that by taking a popular and successful cause-related marketing campaign in one country and using it in another country as it is seen as profitable due to its ability to connect with particular societal roles, here womanhood and femininity, rather than focusing on a cause for societal and ethical purposes, expose the role of cause-related marketing as an economic rather than philanthropic activity.

## Conclusion

Cause marketing can be considered a form of strategic philanthropy in that it makes a connection between philanthropy and profit in an efficient way. Cause marketing can also be referred to as a strategic marketing tool. However, for the marketing sector, it is seen as a marketing strategy not as philanthropy and is connected with the change in overall consumer attitudes where consumers want to see social value and meaning added to their consumer lives and are seeing firms as needing to be more ethically and socially conscious. Cause marketing allows donations to be seen as consumer oriented giving used to address social problems. The question remains however as to whether cause-related marketing is creating a form of ethical capitalism or is being used to exploit nonprofit organizations and causes for profit driven purposes.

There is a need for continued research into cause-related marketing most notably in the areas of evaluation and effectiveness. Some research has provided conflicting thoughts on issues such as brand switching where cause-related marketing may increase a consumer's attitude toward a firm's brand but may not convince a consumer to switch brands by itself. This type of behavioral research could be expanded (Hoek and Gendall 2008).

Overall, cause-related marketing has provided nonprofit organizations with new avenues of funding and new methods by which to increase cause awareness. Firms may receive a wide range of benefits from cause-related marketing including increased sales, positive brand image, and corporate good will perceived by consumers. Consumers are able to use their purchasing power to add social value to their purchase. Cause marketing, if implemented correctly by focusing on issues such as firm-nonprofit fit and target audience, may prove a successful part of the overall marketing strategy for both the nonprofit organization and the firm.

## Cross-References


- ▶ Alternative Marketing Strategies in Nonprofit Organizations
- ▶ Philanthropy and Nonprofit Organizations, Russia


## References


Basil DZ, Herr PM (2003) Dangerous donations? The effects of cause-related marketing on charity attitude. J Nonprofit Public Sect Mar 11(1):59–76

Bennett R (2002) Corporate perspectives on cause related marketing. J Nonprofit Public Sect Mar 10(1):41–59

Cone LLC (2010) Cone cause evolution study. Boston. Retrieved 17 May 2016: http://www.conecomm.com/stuff/contentmgr/files/0/6bc819050a7914fc99b99c205493d8bc/files/2010_cone_cause_evolution_study_report.pdf

Gupta S, Pirsch J (2006) A taxonomy of cause-related marketing research: current findings and future research directions. J Nonprofit Public Sect Mar 15: 25–43

Hoek J, Gendall P (2008) An analysis of consumers' responses to cause related marketing. J Nonprofit Public Sect Mar 20:283–207

Human D, Terblanche NS (2012) Who received what? The influence of the donation magnitude and donation recipient in cause-related marketing. J Nonprofit Public Sect Mar 24:141–160

Husted SW, Whitehouse FR Jr (2002) Cause-related marketing via the World Wide Web: a relationship marketing strategy. J Nonprofit Public Sect Mar 10(1): 3–22

King S (2006) Pink Ribbons, Inc.: breast cancer and the politics of philanthropy. University of Minnesota Press, Minneapolis

Liston-Heyes C, Liu G (2010) Cause-related marketing in the retail and finance sectors: an exploratory study of the determinants of cause selection and nonprofit alliances. Nonprofit Volunt Sect Q 39(1):77–101

Varadarajan PR, Menon A (1988) Cause-related marketing: a coalignment of marketing strategy and corporate philanthropy. J Mar 52:58–74

# Causes and Consequences of Crisis

Steven G. Koven
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

## Synonyms

Adversity; Danger; Emergency; Tragedy; Tribulation; Urgent situation

## Definition

Causes of crisis refer to precipitating events that trigger the perception of danger. These triggers are interpreted within specific social contexts.

## Introduction

Crises are grounded in both objective fact and social constructs. In the social sciences, endemic problems periodically rise to the level of what we characterize as "crisis." This elevation occurs when a precipitating event activates opinion leaders and subsequently gains attention in the general population. "Triggers" often serve as a crystallizing event that focuses attention on endemic problems. For example, mass shootings of school children may increase knowledge of the number of guns in American society, crimes by foreigners may give rise to the perception of masses of dangerous immigrants streaming over unprotected borders, violent weather may beget concern over climate change, banking failures may precipitate fear of economic peril, wealth concentration may stimulate discussion about economic injustice, and televised shootings of citizens by police may generate fears of unaccountable officers. Triggering events in turn serve as opportunities for policy entrepreneurs to promote chosen agendas.

Causes and consequences of crises can be placed on a continuum ranging from objective to subjective. Causes of so-called "Acts of God"-type crises (e.g., tsunamis) can be technically described and linked to naturally occurring phenomenon such as below ocean floor earthquakes, or a volcanic eruption. Hurricanes can be attributed to temperatures in the water and atmosphere. Consequences of these crises can be evaluated quantitatively by adding costs, such as those associated with property damage or loss of life.

Qualitatively different than these types of crises are those linked to endemic social problem such as poverty, injustice, drug abuse, crime, blocked opportunity, broken homes, and failing school systems. Causes of these socially defined crises are more speculative than "Act of God" crises that possess specific beginning and end points. Social problem types of crises are highly influenced by symbolism and imagery surrounding endemic problems. Image creation and symbolism has been widely recognized as playing a significant role in public policy (Edelman 1964). This role applies especially to socially grounded crises.

The perceived crisis of improper police behavior is reviewed in this chapter as an example of how high-profile triggering events elevate longstanding problems to the status of crisis. The chapter will discuss crisis from the perspective of image creation and the role of the media in molding such perceptions. The chapter contends that in order to secure the imprimatur of "crisis," events must be coupled with widespread attention and emotionally laden imagery.

## Social Construction of Reality

Individuals, groups, and societies place interpretations upon reality that may or may not be true in the absolute sense (Berger and Luckmann 1967; Rochefort and Cobb 1994, p. 5). These interpretations apply to social constructs such as crisis, a term that is subject to interpretation yet generally refers to danger and instability. Criteria to identify a threshold of when danger or instability reaches the "crisis" stage are, however, elusive due to the fact that different actors embrace different values

and interpret specific sets of behavior differently. Categorizations of events as crises therefore represent a confluence of "real" phenomenon with the somewhat subjective interpretation of those events.

"Causes" of crisis may be perceived as post hoc explanations of pervasive conditions. Conditions periodically capture the attention of agenda setters and become a focus of media attention. Focusing events are needed to crystallize problems, and simple slogans are generated to frame behavior. For example, the 2014 shooting of Michael Brown in Ferguson, Missouri, and the "Hands up Don't Shoot" mantra became a rallying cry against improper police behavior. Similarly protestors denounced the 2014 choking of Eric Garner in New York City; the slogan "I Can't Breathe" subsequently gained traction. In 2013, the hashtag #Black Lives Matter gained popularity after the acquittal of George Zimmerman in the shooting death of Trayvon Martin. Black Lives Matter became nationally recognized for street demonstrations following the deaths of Michael Brown and Eric Garner. These slogans fueled a perception of "crisis" in the American justice system and more specifically in methods of policing throughout the nation.

Inquiry into police behavior accelerated with the Brown and Garner deaths. Rioting commenced in Baltimore, Maryland, in April 2015 following the death of Freddie Gray, a 25-year-old African-American resident of Baltimore who appeared to be in good health at the time of his arrest by police. Gray sustained injuries to his neck and spine while in transport in a police vehicle. Protests began after Gray's funeral. These protests produced police injuries, numerous arrests, business damage, fires, and looting. Thousands of police and Maryland Army National Guard troops were deployed in response to the protests and a state of emergency was declared.

The Michael Brown and Freddie Gray incidents illustrate how "triggering mechanisms" can convert nagging conditions into pressing demands for change. Triggers helped to craft images of reckless police attacking powerless citizens. Schneider and Ingram (1993) describe how such images influence public policy. According to these authors, groups are characterized/framed in either positive or negative terms. Characterizations in turn have a powerful influence on policy makers. Policy makers are pressured to extend benefits to positively constructed target populations and to punish negatively constructed groups. Image construction therefore is perceived as a never-ending struggle over imagery with real consequences. Citizens shot by police might be perceived sympathetically as helpless victims of out of control law enforcers; they also may be perceived negatively as threats to legitimate authority. Police may be perceived alternatively as protectors against anarchy or as oppressors of the innocent.

Social constructions were not limited to the police. The 2011 slogan "We are the 99%" became synonymous with income and wealth inequality in the United States. The concentration of wealth among the top earning 1% was decried. The Occupy Wall Street movement focused attention on social and economic greed, corruption, and the perceived undue influence of corporations. The occupation of Zuccotti Park, located in New York's financial district, received global attention. Similarly, Donald Trump's "Make American Great Again" 2015 slogan resonated with disaffected citizens. Trump's slogan harkened back to Ronald Reagan who used the slogan in his 1980 campaign when he promised to cure the nation's economic ills as well as restore America's international standing. Where President Jimmy Carter constructed images of "malaise" among the American people, Reagan promised to reconstruct an image of American greatness. As Reagan demonstrated, imagery is not policy neutral but anoints specific winners and loser.

## Winners and Losers in Image Construction of Crises

Perceptions can either place problems on the back burner or elevate them to a level of danger where they demand action. If the latter is the case resources are allocated, legislation is enacted, people are fired, others hired, and organizational cultures are transformed. "Policy windows" open

if the political climate is changed due to an adjustment in sentiment (Kingdon 2011). Suddenly policy prescriptions that were "nonstarters" under one political landscape become tenable. Winners and losers emerge. The spotlight of the media discredits a group of actors and elevates another. Some groups can be empowered; others may have responsibilities restrained. For example, perceptions of police abuse can lead to changes in recruitment, adjustments in political leadership, alterations in training of police forces, more intense monitoring of police behavior, or other changes. This may have the effect of improving citizen-police relations and may result in fewer deaths of both officers and suspects. Trust in governing institutions can be enhanced and the perception of crisis can be repudiated.

Change, however, is always difficult especially if it is framed as a zero-sum game with clear winners and losers. Police may view any attempt to monitor their activity as an infringement on their prerogatives; any restraints and oversight imposed on them can be perceived as unnecessarily increasing their danger. Citizens may view failure to punish law officers as systemic ratification of illegal behavior, depriving citizens of constitutional protections, and exposing them to the injurious whims of lawless police. A crisis of police abuse then can mutate into a crisis of trust and legitimacy.

The media undoubtedly plays a role in image construction and perception creation. The media can elevate pervasive problems to the level of crisis, or they can choose to ignore issues. Problems such as police abuse, high school dropout rates, obesity, gun violence, wage inequality, immigration, and others may rise or fall in perceived salience depending on media decisions to cover or ignore stories. The role of the press therefore warrants further exploration as a major actor in the creation of socially grounded crises.

## Media Attention: Creating the Mind-set of Crisis

In 2012 a firestorm of media attention surrounded the shooting of teenager Trayvon Martin at the hands of neighborhood watch volunteer George Zimmerman. Further deaths of unarmed African-American youth followed throughout the nation. High-profile cases occurred in Ferguson, Missouri (Michael Brown), New York City (Eric Garner), Cleveland, Ohio (Tamir Rice), Baltimore, Maryland (Freddie Gray), North Charleston, South Carolina (Walter Scott), Waller County, Texas (Sandra Bland), and Cincinnati, Ohio (Samuel DuBose).

Eric Garner died after a chokehold was applied by a New York City police officer. Garner was being arrested on the suspicion of selling untaxed single cigarettes or "loosies." Brown was shot after suspicion of robbing a convenience store. Twelve-year old Rice was shot in a city park after allegedly pointing a pellet gun replica at passersby. Scott was shot in the back by a South Carolina police officer while fleeing from a traffic stop. Freddie Gray fell into a coma and later died after he was arrested and transported by police. Bland was pulled over by police for a traffic infraction, arrested, and later found dead in her jail cell. DuBose was shot by a University of Cincinnati police officer during a traffic stop when he failed to step out of his vehicle. Media coverage of Trayvon Martin and Freddie Gray received the most intense coverage.

## Trayvon Martin Coverage: Sanford, Florida

On February 26, 2012, Trayvon Martin, a 17-year-old African-American, was fatally shot by a community watch volunteer George Zimmerman in Sanford, Florida. Upon returning from a convenience store, Martin was spotted and reported to the Sanford Police. Zimmerman followed Martin on foot, engaged Martin in an altercation, and shot Martin in the chest. Zimmerman was not charged at the time of the shooting; the Sanford Police stated that there was no evidence to refute his claim of self-defense. Zimmerman was later charged with second-degree murder and manslaughter. A jury acquitted him of both charges in July 2013.

The Martin shooting and trial generated a firestorm of media attention. According to the Pew Research Center, the Trayvon Martin incident received the highest level of sustained coverage for a story with a major racial component for the period January 2007 to May 2012. The case became the number one story in the mainstream press the week of March 19–25, 2012. It accounted for 19% of the space in print, online, on radio, and on television. The shooting became the first story in 2012 to generate more coverage in a single week than the 2012 presidential campaign (Anderson 2013).

In terms of image construction many in the media portrayed Zimmerman as a neighborhood watch "wannabe cop" that racially profiled and ultimately killed an unarmed, black teenager. The storyline was amplified by a photo of a young Trayvon Martin and a mug shot of George Zimmerman from a previous arrest. Critics of the media argued that there was more to the story than that of a frustrated would-be law enforcement officer gunning down a helpless child.

Attention given to the Trayvon Martin case opened a policy window for change. Rallies, marches, and protests were held across the nation. In March 2012, students at Martin's high school held a walkout. An online petition calling for a full investigation and prosecution of Zimmerman garnered more than two million signatures. A national debate about racial profiling and stand-your-ground laws was initiated; the governor of Florida appointed a task force to examine the state's self-defense laws.

Actions that followed the 2012 Trayvon Martin shooting support the view that policy "windows" do not stay open for long. In February of 2015, the Justice Department closed its investigation of the shooting without filing hate-crime charges against Zimmerman. After interviewing 75 witnesses, reviewing the material gathered by the state of Florida, and examining prior encounters between Zimmerman and police, federal investigators concluded that there was not enough evidence to prove that Trayvon Martin's death was racially motivated (Alvarez 2015). In 2012 Florida Governor Rick Scott appointed a task force to review the state's "stand-your-ground" law. In 2013 the task force recommended that the state's controversial law not be overturned.

Researchers from the MIT Center for Civic Media concluded that news coverage about the killing of Trayvon Martin started as a short-lived, local news piece. Through traditional and nontraditional broadcast media, the Martin shooting eventually became the most widely covered story with a strong racial component in 5 years. The MIT researchers speculated that television and radio media was powerful in advancing racial issues in the national conversation. The researchers also observed that creating news icons out of selective deaths enabled journalists to write about controversial issues. Researchers contended that television may also be inclined to continue to cover a story it has already introduced. They noted that major news outlets may be susceptible to activists who have an interest in framing controversies (Graeff et al. 2014).

## Freddie Gray Coverage: Baltimore, Maryland

Freddie Gray, Jr., a 25-year-old African-American man, was arrested on April 12, 2015, by Baltimore police officers for possessing a switchblade knife. Bystanders captured the arrest on video recordings showing Gray being dragged to a police van by officers and then stepping up into the van. Official reports note that during the police transport Gray fell into a coma and was taken to a trauma center. According to Gray's family attorney, in the following week, he remained in a coma, suffered from cardiopulmonary arrest, was resuscitated without regaining consciousness, and underwent extensive surgery in an effort to save his life. His family reported that he suffered from three fractured vertebrae, injuries to his voice box, and the sorts of injuries that doctors say are usually caused by serious car accidents. Police confirmed that the spinal injury led to his death; he died 1 week after his arrest.

The Gray incident did not appear to be an anomaly. It was estimated that at least 400 people died every year while being arrested (Graham 2015). On May 1, 2015, the Baltimore Attorney Marilyn

Mosby announced that her office had filed charges against six police officers on the grounds that Gray died as a result of a "rough ride" where a victim is thrown around the interior of a police vehicle by abrupt police driving. Rough rides had been implicated in other deaths and spinal injuries. Protests and civil disorder followed Gray's death on April 27, 2015. The Gray incident continued to generate news well after his death. In December 2015, a judge declared a mistrial in the case against one of the six police officers. The Gray family expressed hope that the officer would be retried and convicted. By July of 2016, either charges were dropped or officers were acquitted in all six of the police officer cases.

Media coverage of the Freddie Gray arrest and subsequent unrest in Baltimore came under scrutiny. Baltimore's City Council President Jack Young was critical of the focus on "negativity" in the city of Baltimore rather than the "great things" that were happening (Zurawick 2015). Young claimed that the media paid inadequate attention to the young people who were protesting peacefully. He asserted that too much attention was focused on burning buildings and rioting. President Obama in a news conference noted that the network and cable television cameras only come to a place like Baltimore when there's violence. Obama observed that images of destruction are hyped; pictures of one burning building are looped on television over and over and over again, yet the thousands of peaceful demonstrators get lost in the discussion. In contrast some Baltimore residents praised the attention given to US Rep. Elijah E. Cummings who walked the streets of the city trying to get protesters to honor the curfew (Zurawick 2015).

## Conclusions

Precise causes and consequences of crises are difficult to isolate. In regard to natural disasters, objective determinants of causes can be cited with some degree of confidence. In the realm of "social disasters" (e.g., illiteracy, poverty, disregard for human rights, crime waves, poor educations, deprivation of due process, drug abuse, etc.), however, usual suspects can be rounded up but the linkage between the crisis, and the cause is more speculative.

This chapter highlights the subjective nature of social "crises" and the role the media plays in "spinning" interpretations of widespread problems. It is clear that the media can elevate or deemphasize problems in their coverage. Why, when, and how the media choose to focus on specific events is an issue that deserves further attention. The Trayvon Martin and Freddie Gray deaths illustrate the significance of triggering events as well as the power of the media to shape the public narrative.

It is important to note that media attention waxes and wanes over time. The consequences of crises can have little long-term impact as short-term hysteria dissipates and vested interests reassert themselves. Alternatively, crises may lead to institutional changes that directly address serious problems. Crises that are either real or manufactured are not policy neutral; they have the potential to alter the status quo and jar open opportunities for change that did not previously exist. This phenomenon is associated with the metaphor of "policy windows," defined as opportunities to push solutions or to promote attention to given problems. Crises research in the future should not only look at observable tragedies but also at the forces that act to promote or ignore endemic social problems.

## Cross-References


- ▶ Butterfly Theory of Crisis Management
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Evolution of Crisis Management
- ▶ Global Agenda for Crisis Management


## References


Alvarez L (2015) U.S. won't file charges in Trayvon Martin killing. Int N Y Times. http://www.nytimes.com/2015/02/25/. Retrieved 15 Aug 2015

Anderson M (2013) As the Trayvon Martin case goes to trial, remembering a major media event. Pew Research

Center. http://www.pewresearch.org/fact-tank/. Retrieved 15 Aug 2015
Berger PL, Luckmann TL (1967) The social construction of reality. Doubleday, Garden City
Edelman M (1964) The symbolic uses of politics. University of Illinois Press, Urbana
Graeff E, Stempeck M, Zuckerman E (2014) The battle for 'Trayvon Martin': mapping a media controversy online and off-line. First monday. http://firstmonday.org/article/view/4947/3821. Retrieved 27 Feb 2016
Graham DA (2015) The mysterious death of Freddie Gray. Atlantic. http://www.theatlantic.com/politics/. Retrieved 20 Aug 2015
Kingdon JW (2011) Agendas, alternatives, and public policy, 2nd edn. Longman, Boston
Rochefort DA, Cobb RW (1994) Problem definition an emerging perspective. In: Rochefort DA, Cobb RW (eds) The politics of problem definition. University Press of Kansas, Lawrence, pp 1–31
Schneider A, Ingram H (1993) Social construction of target populations: implications for politics and policy. Am Polit Sci Rev 87(2):334–347
Zurawick D (2015) On Freddie Gray coverage, don't blame the messenger. Baltimore Sun. http://touch.baltimoresun.com/#section/-1/article/p2p-83439374/. Retrieved 21 Aug 2015

# Causes of Organizational Conflict

Duane E. Mitchell
Management and Education, University of Pittsburgh, Bradford, PA, USA

## Synonyms

Causes of conflict between an organization and one or more of its stakeholders; Causes of intergroup conflict; Causes of interpersonal conflict

## Definition

These are the causes of organizational conflict, in the field of organizational behavior: a social phenomenon involving task interdependence, differences between values and beliefs, the absence of/or ambiguous rules, resource scarcity, ineffective communication, and incompatible goals between some combination of individuals and/or groups which lead to interpersonal conflict, intergroup conflict, or conflict between an organization and one or more of its stakeholders.

## Introduction

There are many definitions for conflict in the literature across various fields and within the field of organizational behavior. However, there is some consensus within the field of organizational behavior about what organizational conflict is. This includes the idea that organizational conflict is a social phenomenon due in part to the perception of individuals that one party is being opposed or negatively impacted by another party (Griffin and Moorhead 2007; McShane and Von Glinow 2014; Robbins 1974). Additionally, there is much in the literature distinguishing conflict from competition. Competition is not conflict but may occur as a result of conflict when the parties involved become aware of incompatible goals (Rahim 2011; Robbins 1974; Tjosvold 2006).

In organizational behavior theory, two primary views have evolved over time about the value of conflict in organizational life. In the past, classical philosophers and human relations theorists believed that conflict was harmful to organizations. However, more current theories view a moderate amount of conflict to be healthy in organizational life (Rahim 2011). Therefore, it is important for leaders and managers to understand the nature and causes of organizational conflict in order to contain conflict to a constructive level throughout their respective organizations. Organizational conflict occurs in two forms: *affective conflict* and *cognitive conflict*. The causes of conflict may either be affective or cognitive in nature or both (Jehn 1997).

Affective conflict is sometimes called relationship conflict in the scholarly literature. It is social and emotional in nature and involves people problems, personal attacks, miscommunication, and interpersonal problems between one party and another due to incompatibilities or disputes (Amason and Sapienza 1997; Cosier and Rose

1977; Jehn and Bendersky 2003). Affective conflict may result in anger, distrust, frustration, stress, low morale, withdrawal, and decreased satisfaction so it should be kept to a minimum (Jehn 1997; Gulati et al. 2014).

Cognitive conflict is sometimes called constructive conflict in the scholarly literature and involves dissonance over tasks, processes, substance, content, legalities, or realistic demands and expectations between one party and another (Jehn and Bendersky 2003). Certain levels of cognitive conflict, depending on the situation, can result in creativity, challenging of the status quo, personal development, learning, increased motivation, and greater awareness of the problem at hand (Jehn 1997; Gulati et al. 2014).

There are six causes of organizational conflict; these are task interdependence, differences between values and beliefs, the absence of/or ambiguous rules, resource scarcity, ineffective communication, and incompatible goals. Each of these causes will be discussed in the following sections, respectively.

## Cause One: Task Interdependence

Task interdependence is the degree to which organizational members must collaborate with each other in order to accomplish assignments (Van De Ven et al. 1976). The more interdependent tasks are, the more opportunity and reasons organizational members will have to engage in conflict (Jehn 1995). In other words, increased interaction leads to increased opportunities for affective and cognitive conflict. There are three degrees of task interdependence: (a) *pooled interdependence*, (b) *sequential interdependence*, and (c) *reciprocal interdependence* (Thompson 1967).

The lowest degree of task interdependence is found with pooled interdependence where individuals, or individual units, make separate contributions to the organization (Thompson 1967). There is little interaction between individuals in this situation except regarding a shared reliance on the same leader. Therefore, fewer opportunities for individuals to engage in affective and cognitive conflict exist. In this arrangement, individual or unit contributions are "pooled" at the organizational level (Thompson 1967).

A mid-level degree of task interdependence is found with sequential interdependencies where the output of one individual, or individual unit, becomes the input for the next individual, or individual unit (Thompson 1967). This sequential workflow may continue through a few or many individuals or individual units. Assembly plants are a good example. In this situation, the direction of the work flow is one way (Thompson 1967). This situation provides more opportunities for interaction between individuals and therefore more opportunities for affective and cognitive conflict than the pooled interdependence arrangement.

The highest degree of task interdependence is found with reciprocal interdependence (Thompson 1967) sometimes called mutual task dependence (Walton and Dutton 1969). It is similar to sequential interdependencies except that work flows forward and backward instead of only one direction which increases the interaction of individuals or individual units (Thompson 1967). This increased interaction and dependency results in higher levels of affective and cognitive conflict (Jehn 1995).

## Cause Two: Differences Between Values and Beliefs

Divergences in values and beliefs are due, in part, to intergenerational differences. Individuals are not only influenced by pivotal societal events experienced by their generation, but they forge an affinity with the technology of their generational cohort (McMullin et al. 2007). Individual needs are also influenced by a person's generational cohort. For example, baby boomers were found to be motivated by an increased autonomy at work and philanthropic opportunities (Hewlett et al. 2009). Whereas, generation Y was found to be motivated by opportunities for advancement and a steady rate of advancement (Hewlett et al. 2009). Additionally, an organization's values and beliefs are imbedded in its culture through (a) formal statements of philosophy, creeds, and values; (b) organizational structure; (c) reward

systems; and (d) criteria for hiring and advancement at the organization (Gulati et al. 2014). This is particularly important during the merger and acquisition process because differences in organizational culture can lead to a myriad of affective and cognitive conflicts (McShane and Von Glinow 2014).

## Cause Three: The Absence of/or Ambiguous Rules

The absence of rules or the existence of ambiguous rules leaves the door wide open for conflict. For example, it may be unclear who has the power to make certain decisions, making it difficult to ascertain who deserves credit or blame for organizational outcomes, and it may be difficult to evaluate employee performance if procedures are missing or unclear (Walton and Dutton 1969). Risberg (2001) found ten areas of organizational life that are directly impacted by the absence of rules or the existence of ambiguous rules: (a) *ambiguities of purpose* – leave employees confused about what they should be doing; (b) *ambiguities of identity* – leave employees confused about their role or position in the organization; (c) *ambiguities of power* – leave employees confused about their decision making abilities, and leadership responsibilities, (d) *ambiguities of understanding* – leave employees confused over how things should be done around here, (e) *ambiguities of experience* – leave employees confused about the usefulness of their knowledge in the future, (f) *ambiguities of success* – is when employees do not know who is responsible for designing success, or how it is defined, (g) *ambiguities of communication* – is when communication is unclear or misunderstood, (h) *ambiguities of the future* – is when employees have worries about being laid-off, (i) *Ambiguities of organizations* – is when, after a merger, changing individuals are in charge at different times, and (j) *ambiguities of negotiation* – is when, during an acquisition, employees are unclear about events. The absence of rules or the existence of ambiguous rules can lead to conflict which is affective or cognitive in nature or both.

## Cause Four: Resource Scarcity

Conflict which results from resource scarcity exists when two or more parties are vying for the same limited resources, for example, capital, human resources, equipment, and physical space (Walton and Dutton 1969). In this situation, one party's goals are undermined by another party's goals because the same resources are required to accomplish the goals of both stakeholders (McShane and Von Glinow 2014). Furthermore, in this arrangement the goals of both parties are individually attainable, and resource scarcity will not necessarily mean one party is completely denied resources, but rather some kind of compromise has to be reached. The nature of conflict due to resource scarcity can be affective or cognitive.

## Cause Five: Ineffective Communication

In their pseudo-conflict model, Rhenman et al. (1970) provided three reasons for the exchange of information to be unsuccessful: (a) semantic difficulties, (b) insufficient exchange of information, and (c) noise. Semantic difficulties are caused by the absence of a common language and the means to translate; insufficient exchange of information means that some information was not shared which would have added utility for the receiver of the information; and noise is anything that disturbs the successful transmission of information from the sender to the receiver (Rhenman et al. 1970).

Berlio (1960) described four types of noise that affect the successful transmission of information; these are (a) skills, (b) attitudes, (c) knowledge of the people involved, and (d) the social-cultural system impacting the situation. Our skills may cause noise through ineffective reading, writing, speaking, listening, or reasoning (Robbins 1974). Our attitudes may cause noise if they influence our behavior in a negative way (Robbins 1974). Our knowledge of the people involved may cause noise if it is not extensive enough or if it is too extensive for communication to be effective (Robbins 1974). Finally, the social-cultural

system impacting the situation includes our position in the organization, our values and beliefs, and the culture of the organization which impact who we listen to and how we are heard (Robbins 1974). Additionally, if a communication is rude, then a rude response may occur, or discomfort with the communication may reduce the amount of communication resulting in an escalation of affective or cognitive conflict or both (McShane and Von Glinow 2014).

## Cause Six: Incompatible Goals

The presence of incompatible goals is a perception that one party has the ability to interfere with the goals of another party (Schmidt and Kochan 1972). For example, an accounting department may wish to cut expenditures, while the marketing department wishes to increase spending on marketing activities. Conflict due to incompatible goals can be affective or cognitive in nature or both.

## Conclusion

Although there is no agreed upon definition for conflict in the scholarly literature, there is consensus within the field of organizational behavior that conflict is a social phenomenon involving a perception that one party is being opposed or negatively impacted by another party (Griffin and Moorhead 2007; McShane and Von Glinow 2014; Robbins 1974). Competition and conflict are different things (Rahim 2011; Robbins 1974; Tjosvold 2006). Further, there are six causes of organizational conflict: (a) task interdependence, (b) differences between values and beliefs, (c) the absence of/or ambiguous rules, (d) resource scarcity, (e) ineffective communication, and (f) incompatible goals. These may be affective or cognitive in nature or both. Managers and leaders should minimize affective conflict, but allow a certain amount of cognitive conflict depending on the situation (Amason and Sapienza 1997; Cosier and Rose 1977; Gulati et al. 2014; Jehn 1997; McShane and Von Glinow 2014).

## Cross-References

▶ Managing Conflict in Organizations
▶ Reponses to Organizational Conflict

## References

Amason AC, Sapienza HJ (1997) The effects of top management team size and interaction norms on cognitive and affective conflict. J Manag 23(4): 495–516

Berlio DK (1960) The process of communication. Holt, Rinehart and Winston, New York

Cosier RA, Rose GL (1977) Cognitive conflict and goal conflict effects on task performance. Organ Behav Hum Perform 19(2):378–391

Griffin RW, Moorhead G (2007) Organizational behavior: managing people and organizations, 8th edn. Houghton Mifflin Company, Boston

Gulati R, Mayo AJ, Nohria N (2014) Management, 1st edn. Cengage Learning, Mason

Hewlett SA, Sherbin L, Sumberg K (2009) How gen y & boomers will reshape your agenda. Harv Bus Rev 87(7/8):71–76

Jehn KA (1995) A multimethod examination of the benefits and detriments of intragroup conflict. Adm Sci Q 40(2):256–282

Jehn KA (1997) Affective and cognitive conflict in work groups: increasing performance through value-based intragroup conflict. In: De Dreu C, Van de Vliert E (eds) Using conflict in organizations. SAGE Publications, Ltd, London, pp 87–100

Jehn KA, Bendersky C (2003) Intragroup conflict in organizations: a contingency perspective on the conflict-outcome relationship. Res Organ Behav 25: 187–242

McShane SL, Von Glinow MA (2014) Organizational behavior, 2nd edn. McGraw-Hill/Irwin, New York

McMullin JA, Comeau TD, Jovic E (2007) Generational affinities and discourses of differences: a case study of highly skilled information technology workers. Br J Sociol 28(2):297–316

Rahim MA (2011) Managing conflict in organizations, 4th edn. Transaction Publishers, New Brunswick

Rhenman E, Stromberg L, Westerlund G (1970) Conflict and co-operation in business organizations. Wiley-Interscience, London

Risberg A (2001) Employee experiences of acquisition processes. J World Bus 36(1):58–84

Robbins SP (1974) Managing organizational conflict: a nontraditional approach. Prentice-Hall, Inc., Englewood Cliffs

Schmidt SM, Kochan TA (1972) Conflict: toward conceptual clarity. Adm Sci Q 17(3):359–370

Thompson JD (1967) Organizations in action: social science bases of administrative theory. McGraw-Hill, New York

C

Tjosvold D (2006) Defining conflict and making choices about its management: lighting the dark side of organizational life. Int J Confl Manag 17(2):87–95
Van De Ven AH, Delbecq AL, Koenig R (1976) Determinants of coordination modes within organizations. Am Sociol Rev 41(2):322–338. Retrieved from http://www.jstor.org/stable/2094477
Walton RE, Dutton JM (1969) The management of interdepartmental conflict: a model and review. Adm Sci Q 14(1):73–84

# Centralization and Decentralization

Can Umut Çiner
Faculty of Political Sciences, Ankara University, Ankara, Turkey

## Synonyms

Consolidation & fragmentation; Direct rule & Indirect rule; Unite & spread (out)

## Definition

Centralization is the method and approach of administration that manages all services and power from the center. This requires the unification of control and activities under a state authority. Decentralization, on the other hand, is a method and approach by which powers and responsibilities are transferred to units away from the center. It is the transfer of authority from central administration to (state and/or) local administrations or governments.

## Introduction

There are two processes for the regulation and enforcement of public services and public power: centraliz(s)ation and decentraliz(s)ation. However, Aucoin and Bakvis (1988: 115) argues that this is a conondrum since "...in principle and in practice the proper functioning and the management complex organizations require simultaneous existence of both centralization and decentralization."

## Centralization

Centralization is the method and approach of administration that manages all services and power from the center. Through this method, public power, decision-making responsibilities, and a monopoly on enforcement are held by the center, or in other words, by the state. In this administrative system, the center acts as the determining agent and plays the primary role. All the activities are carried out from the center or at sites determined by the center. Public force is concentrated in the center or at sites determined by the center, which organizes services and shapes the structure and staff of the sites where these services will take place. Therefore, centralization leads to a high concentration of power. This power means that authority makes decisions through its organization and staff, by which public power is exercised (Grazia 1964: 81; Jan 2003: 14; Cornu 2007a: 140; Davignon 2014: 55–56).

Centralization requires the establishment of various organizational structures in order to disseminate decisions taken by the whole structure. It is essential to ensure contact between these structures and the center. Therefore, the principle of hierarchy is the most essential instrument of centralization. All the actors in general and public officials in particular are connected to each other through the principle of hierarchy in order to ensure the integral unity of the center. Furthermore, all the units within the centralized structure are under the legal personality of the state (Davignon 2014: 55–56; Örnek 1988: 84; Chapuisat 2016a).

## Concentration and Deconcentration

As a result of this organizational principle and technique, all activities required by the center are fulfilled either by the center itself or through the center. From this perspective, it is possible to say that from centralization emerges two directions or

implementation methods. The first one is concentration, which is a situation that is almost impossible to reach in practice. Accordingly, all organizational activities should be fulfilled by the center or by organs of the center. In such cases, it is not possible to talk about local administration systems (or local governments). Concentration may emerge only in the case of a crisis or in countries experiencing conflict, war, or economic depression (Van Lang et al. 1999a: 50; Davignon 2014: 55–56; Chapuisat 2016b).

The second direction is deconcentration. In this method, the deconcentration principle is used in order to make better use of the center against concentration, which is practically impossible, and extend this power all over the country. It means allocation of power stemming from the decision-making process and the implementation of power of the center to a person/public official presiding over a position or service. The center intrinsically ensures extension of all services of the state over all of its territories. To this purpose, territories of the state are necessarily divided into administrative units or zones, and one representative of the central administration is appointed in each of them. From this perspective, deconcentration means the reorganization of the decision-making process top down (Davignon 2014: 55–56; Divay 2012b; Chapuisat 2016b). Administrative units that are decentralized hold some authority, although limited in scope. The characteristics of this authority depend on the specific conditions of the state that is involved. The technical, financial, and legal relationships among them and between them and the center are fulfilled through hierarchical principles.

When we talk about centralization in modern states, states with deconcentration are implied by necessity. In other words, deconcentration today is a kind of mandatory form of organization/application of centralization (Davignon 2014: 55–56).

In centralization, the basic role of the state/government is to act as a unitary hierarchical power with a uniform perspective, without consideration of local disparities. In the administrative doctrine (administrative science and administrative law), centralization has always consisted of the organizations within the state legal personality. Apart from the state legal personality, administrations within the public legal entity are classified outside of centralization as the organizations of decentralization.

## French Model

In order to comprehend the relationship between centralization and decentralization, it is essential to analyze the French model, which is the first example that implemented the method of centralization. France is the homeland of centralization. The unitary state, being centralist and ignoring local disparities by nature, is an administrative system in which political power takes the decision from a single center and with a single legal system applied all over the country. Centralization historically started with Henry IV in France and was used as an instrument to eliminate feudality, and since then, it is regarded to be the appropriate method for ensuring national unity, public authority, equal treatment between the administration and those being administered, and development of public services (Jan 2003: 14; Debbasch 2016).

A unitary state cannot be divided, which implies that political power cannot be divided into single or varied fragmentations, and thus, all the citizens rely on the same government. Article 1 of the French Constitution of 1958 states, "France shall be an indivisible republic" (*la France est une République indivisible*). This principle has been included in all French Constitutions since 1791, meaning that previously the Kingdom and then the Republic after 1792 are indivisible.

Supporters of the decentralization movement initiated reforms during the early 1980s in France. Accordingly, plenty of power held by the central government has gradually been transferred to the municipalities (*communes*), provinces (*départements*), regions (*régions*), communities with special status (*collectivités à statut particulier*), and overseas communities (*collectivités d'outre-mer*) since 1980. In an amendment to the Constitution in 2003, decentralized organization was incorporated into the first article of the French Constitution, which constitutes the most significant result of the

decentralization reforms initiated during 1980s. However, despite all of these developments, it is highly essential to note that France is still a unitary state with a decentralized organizational structure.

What is interesting is that the French Constitutions have ignored the term decentralization until the amendment in 2003 and adopted the principle of *libre administration* (literally "free administration") instead, which holds the same meaning as decentralization (Jan 2003: 24). The French Constitution envisages legal control of the activities of the local governments in the country (Kada 2014: 132).

In addition to all of these developments, centralization has also been exposed to substantial changes in France. However, while the government carries out certain services in its regions through deconcentration, decentralization has become more significant in particular after the decentralization reforms.

The principle of deconcentration has historically evolved as a result of centralization in France, which is characterized by French statesman Odilon Barrot as follows: "It's the same hammer that strikes, but one has shortened the handle." (*C'est le même marteau qui frappe mais on en a raccourci le manche*.) (Jan 2003: 17).

Alexis de Tocqueville is one of the first individuals who come to mind when centralization is mentioned. In his book titled *Democracy in America*, he defines two distinct types of centralization: Administrative centralization and governmental centralization. This distinction has been a major topic of discussion with regard to centralization. Accordingly, there is more than one form of centralization and decentralization each. Concerning centralization, in addition to Tocqueville and foundational works on classical French administrative law, literature on American public administration should also be studied.

## Decentralization

Decentralization is a method and approach by which powers and responsibilities are transferred to units away from the center. The first distinctive definition of decentralization goes back to a system of decentralization that enables a community within certain geographical boundaries to administer itself. In other words, it means that administration takes place at the "local" level rather than at the "center" by the beneficiaries and responsible members of the administrative unit. From this perspective, the term "local administration" is attributed in daily use to this style of administration (Van Lang et al. 1999b: 93; Cornu 2007b: 265). It can also be defined as a method of administering various autonomous units from a single center. Another definition describes it as the distribution of "units accumulated on a certain center" (Trésor de la langue française informatisé – Treasure of the computerized French language 2016). It is not found within a state legal personality as centralization is, and there is no hierarchy between the different levels of administration. Each of these units constitutes a separate public legal personality (Kada 2014: 131–132).

Decentralization has two political and administrative categories with respect to the authority of the related administrations over public management. In the literature, political decentralization means distribution of executive, legislative, and judicial powers to various public legal personalities. This is an organizational structure often seen in federal states and displays a regime based on autonomous status allocated by the related constitutions to local governments without national identity. On the other hand, administrative decentralization is a regime seen in unitary states, and their local governments hold only some executive powers and duties.

## Territorial and Functional Decentralization

Administrative decentralization can classically be classified as two types based on how it is implemented: territorial (*territorial* (fr.)) and functional (*fonctionelle – technique/service* (fr.)). Decentralization by territory is usually seen as communities, provinces, and regions in different states. A key feature of decentralization

by territory is that it derives from a local government. This administration consists of persons elected by the public, and local needs are determined and met within this territory. In territorial decentralization, administrative autonomy is recognized in order to ensure that people within a certain geographical region meet their common and local needs through organs that are already elected by the same people (Cornu 2007b: 265; Kada 2014: 131–132).

The organization of the decentralized system has an impact on the limited number of public policies, and these administrative units have separate public legal personalities. They have their own properties, independent sources of income, and private budgets, and they make their own decisions. In other words, they are administratively autonomous. Furthermore, the scope (financial, political, etc.) and extent of this autonomy may vary depending on the conditions of the state.

Decentralization by service, or functional decentralization, means fulfillment of certain public services by an organization other than the center. In this case, autonomy relates to the services being provided (Kada 2014: 131–132).

Some people believe that decentralization is democratic since it allows those being administered to take part in the decision-making process of the public works. It can be considered as an indispensable element of democracy that a local community administers itself. However, the condition here is clear. The democratic relationship between the central administration and decentralized administration can be explained by their associations with each other. More clearly, a decentralized administration can be democratic as long as the central administration is democratic.

Another essential point that needs to be highlighted with regard to decentralization is that the autonomy offered by decentralization both in terms of territory and services is legally limited. This situation is often confused with deconcentration. Hierarchical power within the state legal personality emerges either as an administrative tutelage between the state legal personality and other public legal personalities (as in deconcentration) or as a legal inspection of the activities of the local government (as in decentralization).

## Decentralization Policy

It is possible to extend the scope of the definition of decentralization as a method of administration in the public policy literature. Decentralization, as a public policy, refers to the transfer of power from the center to the local level while strengthening local governments both administratively and financially. The transfer of the power implies execution of a power that was previously fulfilled by the central administration or government by a local government with elected organs (Divay 2012a; Jan 2003: 25). It also aims to increase the democratic capacities, legitimacy, and action fields of the subnational units (Lidec 2011: 128). Democracy and activism are leading motives for putting forward a local government system in this policy. From this perspective, this policy may have different results on developed and underdeveloped countries induced by a neoliberal economic order. The decentralization policy has been followed by area regulating policies in Western Europe and put forward in order to eliminate the redundancies of centralization and strengthen local government. It has played a significant role in balancing centralization and reducing regional and spatial imbalances, thus providing the basis for decentralization as a policy to create a middle level between the center and local communities (George and Verger 1996: 123). It is important to note that the rationale behind the decentralization policies in postcolonial countries can be found in the development administration discourse (Fritzen and Ongand 2015: 770)

Decentralization as a public policy means that the state recedes into the background against the market, a process that has accelerated with globalization. The development of decentralization in line with the globalization process also arises with economic and social decentralization policies. Accordingly, power is transferred by and from the central administration to the private sector through economic decentralization. In social decentralization, administrative and financial powers and responsibilities are transferred from the central administration to nongovernmental organizations. Here, the crucial point is the quality of the nongovernmental organizations. One of the

main criticisms about governance is the lack of quality of the nongovernmental organizations, as they have a low/poor capital basis.

Furthermore, decentralization policy also develops from a tendency to support civil society and privatization policies as well as the administrative structure or system. Due to this aspect, decentralization practices in underdeveloped countries in particular are carried out under the guidance of international organizations with a goal of directly strengthening the private sector. Postcolonial countries are also guided in the adoption of administrative practices imposed by international organizations such as the World Bank and the United Nations Development Programme, as a prerequisite for receiving development funds. From this aspect, decentralization policy is closely associated with development management in underdeveloped countries.

From a similar perspective in geography, decentralization is commonly used to refer to the transfer of services, industry, and industrial organizations from the center to other locations (George and Verger 1996: 122). This definition is related to the process through which production areas are reorganized and tasks are shared as a result of globalization.

It is a common mistake to present "centralization" and "decentralization" as alternatives to each other. In making this mistake, the pros and cons of "centralization" and "decentralization" are discussed within the context of administration and law. The strengths of one side constitute the weaknesses of the other. Distinctive characteristics that define centralization are that it is holding fundamental authorities and the characteristics' generality. In other words, these are various functions that cover the whole country. Units of decentralization exist in order to provide certain services or local common needs in a certain location. Countries with a unitary state model rely on a centralist organizational structure and govern based on the principles of centralization. Centralization refers to uniformity in the preparation of norms, their application, and utilization of sovereignty over the whole territory of the country. This also means that a monopoly over decision-making and use of force is held by the center. The place of decentralization in this structure is that it plays a supplementary role for the center rather than constituting an alternative to it. Therefore, it is not possible for local governments to exist without centralization, and the "local" is a category defined based on the "center." The logic behind the organization of federal states is completely different due to the intrinsic characteristics of these states. Another category of state structure in addition to these is the regional autonomous state (or regionalized state) – such as Spain – which also presents another field of study and discussion in recent years.

There is a perception in the academic literature that centralization is negative while decentralization is positive. Although this perception has historical and social reasons, it should not be forgotten that referring to one of them as superior demonstrates an ideological preference rather than the outcome of a scientific analysis (Grazia 1964: 81). Furthermore, if states choose centralization, their activities will display homogeneity and uniformity; if they choose decentralization, they reflect the different wills of various territories with regard to administration (Örnek 1988: 83).

## Conclusion

In conclusion, irrespective of an analysis of it, the relationship between the central and local levels of administration depends upon the economic, social, and political conditions of each state. It is necessary to pursue answers about the preferences of states as to why they are inclined to bring forward and be administered by centralization or decentralization through an analysis of the historical and sociological characteristics, economic relations, and position of the dominant class within a state. From this perspective, it is seen that the relationship between central and local levels is a matter of criteria. A public service/function can be handled by local governments in some countries or by central administrations in others. All the factors mentioned above play

clear roles in the application of these criteria. However, the most significant variable of these criteria is the approach of the state in this regard. In other words, the choice between centralization and decentralization is a political preference of states. Discussing these criteria certainly is and will be one of the most significant topics in the social sciences.

## References


Aucoin P, Bakvis H (1988) The centralization – decentralization conundrum: organisation and management in the Canadian government. The Institute for Research on Public Policy, Halifax

Chapuisat LJ (2016a) Centralisation. In: Encylopedia Universalis (en ligne). http://universalis-edu.com/encyclopedie/Centralization/. Accessed 16 Mar 2016

Chapuisat LJ (2016b) Concentration & Déconcentration des Pouvoirs. In: Encylopedia Universalis (en ligne). http://universalis-edu.com/encyclopedie/concentration-et-deconcentration/. Accessed 16 Mar 2016

Cornu G (2007a) Centralisation. In: Vocabulaire Juridique. PUF, Paris, pp 140–141

Cornu G (2007b) Décentralisation. In: Vocabulaire Juridique. PUF, Paris, p 265

Davignon JF (2014) Centralisation. In: Kada N, Mathieu M (dir) Dictionnaire D'Administration Publique. PUG, Grenoble, pp 55–56

de Grazia A (1964) Centralization (also decentralization). In: Gould J, Kolb WL (eds) A dictionary of the social sciences. Free Press of Glenco, New York, pp 81–82

Debbasch C (2016) Décentralisation. In: Encylopedia Universalis (en ligne). http://universalis-edu.com/encyclopedie/decentralization/. Accessed 16 Mar 2016

Divay G (2012a) Décentralisation. In: Coté L, Savard JF (dir) Le Dictionnaire Encyclopédique de l'Administration Publique. http://www.dictionnaire.enap.ca. Accessed 22 Apr 2016

Divay G (2012b) Déconcentration. In: Coté L, Savard JF (dir) Le Dictionnaire Encyclopédique de l'Administration Publique. http://www.dictionnaire.enap.ca. Accessed 22 Apr 2016

Fritzen S, Ongand PW (2015) Decentralization in developing countries. In: Bearfield DA, Dubnick MJ (eds) Encyclopedia of public administration and public policy, 3rd edn. CRC Press, London, pp 770–775

George P, Verger F (1996) Décentralisation. In: Dictionnaire de la Géographie, 6th edn. PUF, Paris, pp 122–123

Jan P (2003) Institutions administratives. Editions Juris Classeur, Paris

Kada N (2014) Décentralisation. In: Kada N, Mathieu M (dir) Dictionnaire D'Administration Publique. PUG, Grenoble, pp 131–132

Le Lidec P (2011) Décentralisation. In: Pasquier R, Guigner S, Cole A (eds) Dictionnaire des politiques territoriales. Les Presses de Sciences Po, Paris, pp 127–133

Örnek A (1988) Kamu Yönetimi. Metinler Matbaacılık, İstanbul

Trésor de la langue française informatisé (Treasure of the computerized French language). http://atilf.atilf.fr/tlf.htm. Accessed 22 Apr 2016

Van Lang A, Gondouin G, Inserguet-Brisset V (1999a) Centralisation. In: Dictionnaire de Droit Administratif, 2nd edn. Armand Colin, Paris, p 50

Van Lang A, Gondouin G, Inserguet-Brisset V (1999b) Decentralisation. In: Dictionnaire de Droit Administratif, 2nd edn. Armand Colin, Paris, pp 93–94


# Centralization and Decentralization: Balancing Organizational and Employee Expectations


Jaehee Jong[1] and Sue R. Faerman[2]

[1]Department of Public Administration, School of Public & Global Affairs, Northern Illinois University, Dekalb, IL, USA

[2]Center for Women in Government and Civil Society, University at Albany-SUNY, Albany, NY, USA


## Synonyms

Centralization: hierarchical command and control; decentralization: participative decision making, delegation of authority

## Definitions

Centralization refers to organizational structures and procedures that concentrate power and decision-making authority at the highest levels of the organizational hierarchy. Decentralization refers to organizational structures and procedures that allow for power sharing and delegation of decision-making authority to lower levels of the organizational hierarchy, including decision making by front line employees.

## Introduction

In the past few decades, much organizational literature from both the public and private sectors has argued for the benefits of reducing bureaucracy. Indeed, many public management scholars have asserted that bureaucratic characteristics such as red tape, rules, and standardized procedures negatively affect organizational effectiveness and responsiveness to constituents and lead to such negative employee work outcomes as alienation and lower levels of motivation, well-being, and creativity. These scholars also argue that centralization of power and maintaining decision-making authority at the top of the organizational hierarchy does not allow those who are closest to the work to share their knowledge and experience with those who are making the decisions. At the same time, organizations, as well as scholars, have noted the benefits of bureaucratic characteristics for employees and constituents as well as for organizations as a whole (Adler 2012). For example, some argue that public organizations cannot be accountable to the public without standardized procedures; that is, reporting mechanisms that assure legislators and constituents that government organizations are performing effectively and that public monies are being well spent require standardized procedures. Of course, in order to have standardized procedures, certain powers and decision-making authority need to be centralized.

The purpose of this entry is to explore both the positive and negative aspects of centralization and decentralization for organizations and their employees and to highlight the need for public organizations to embrace both centralization and decentralization in order to serve their constituencies most effectively. In addition, this entry explains that determining which processes, procedures, and decisions will be centralized and which will be decentralized requires organizations to consider aspects of societal culture, the nature of the work being performed, and employee characteristics. The entry concludes with several general principles that can help organizations decide how to balance organizational and employee needs and expectations with respect to centralization and decentralization.

## Defining Centralization and Decentralization

As Pollitt (2005) notes, while the term decentralization generally describes "the notion of *authority being spread out from a smaller number to a larger number of actors* (p. 373, emphasis in the original), there are different ways to spread authority, and so the term has been used to refer to several different governance approaches and organizational structures and has different meanings in different contexts. For example, decentralization has been used to describe authority spread from one level of government to another (sometimes referred to as devolution) and authority transferred to other organizations, as well as authority delegated within an organization from higher levels of management to lower levels of management and/or employees. Pollitt (2005) also notes that similar terms can have different meanings in other languages. For example, the French word "*décentralisation*" generally refers to "the giving of new powers and political responsibility to another authority, such as a local government... [and] is distinguished from *déconcentration* which is the delegation of executive tasks from a ministry to field services" (p. 376).

The focus of this entry is on decentralization that occurs within organizations, including situations where higher-level managers delegate decision-making authority to lower-level managers and where decision-making authority is delegated to employees. It is important to note that while some organizations may be described as more centralized (i.e., most, if not all, decision making occurs at higher levels of the organizational hierarchy) and other organizations may be described as more decentralized (i.e., many decisions are made at lower levels of the organizational hierarchy), most organizations would be characterized as having a mix of centralization and decentralization. Thus, rather than characterizing organizations as centralized or decentralized, it is necessary to speak of the degree of centralization or decentralization and to consider which procedures and decisions are determined at the top of hierarchy and which

involve other individuals in the organization (Meyer and Hammerschmid 2010).

## Advantages vs. Disadvantages of Centralization and Decentralization for Organizations and Employees

Given that both centralization and decentralization have advantages as well as disadvantages (benefits and costs), it is reasonable to assume that determining which processes and decisions need to be centralized and which can/should be decentralized within an organization requires careful consideration of these advantages and disadvantages. Implied here is the notion that because a process or decision can be decentralized does not necessarily mean that it should be. Moreover, determining which processes should be centralized and which can/should be decentralized also needs to take into consideration national contexts, the nature of the work, and/or employee characteristics that might affect the potential advantages and disadvantages. This issue will be examined in greater depth in the next section; here, the focus is on providing some general advantages and disadvantages of centralization and decentralization for both organizations and employees.

Most scholars note that centralization allows for greater stability and efficiency in organizations than does decentralization. First, centralized processes generally allow organizations to benefit from economies of scale; that is, every department/division within an organization does not need to have separate units for processes that can be handled centrally. Alternatively, decentralized processes require each unit to develop its own approach, which potentially reduces the resources and level of expertise available to address issues and solve problems. Second, as noted above, there are benefits that derive from standardization that can only be achieved through centralized processes. For example, public organizations are often mandated to report certain information to other entities, such as other government agencies or legislative bodies, which requires standardized reporting mechanisms. Standardization is also important to ensuring that different constituents as well as different employees receive equitable treatment. Decentralized processes, on the other hand, can increase the likelihood of special treatment for some and biased treatment toward others. Third, centralization allows for better coordination across units performing related functions (and less duplication of efforts). For example, social service agencies may have several units that deal with different aspects of child health. A centralized body can reduce overlap of effort across the units, while decentralization can lead to several units working on the same issue using different sets of assumptions and approaches.

Although there are some clear organizational advantages to centralization, there are also clear advantages to decentralization. First, because decentralization allows decisions to be made by those who are closest to the situation, decisions can be made more quickly. Alternatively, centralization slows decision making because information must travel up the chain of command to higher levels of the organizational hierarchy, which are likely also focused on other issues. Second, decentralization is more likely to be responsive to constituents' needs since those closest to the situation have more localized knowledge of issues. Alternatively, centralization can lead to decisions that do not consider differences in needs across different contexts. Finally, because employees who are closest to the situation have more knowledge of the situation, they are also more likely to develop innovative and novel solutions when given the chance, that is, when they feel that their opinions are valued.

Although decentralization has numerous organizational benefits, much that has been written about decentralization focuses on the benefits to employees. First, when decision-making authority is decentralized, employees often feel higher levels of identification with the organization because they receive more information about how the organization functions and the issues it faces and, thus, employees have a better understanding of how their work contributes to the overall organizational mission as well as greater role clarity. Moreover, when employees are involved in decision-making processes, they can

see how their ideas are being utilized to improve organizational functioning. Second, employees who are involved in decision-making processes often feel more empowered and, thus, become more highly motivated and productive. Indeed, a frequent argument against centralized decision-making processes is that they lead employees to feel alienated from the organization. Third, some scholars argue that employees have greater trust in the organizational leadership as well as better, more trusting relationships with their direct supervisors when decentralized processes provide them with more information about organizational issues.

While most literature on decentralization emphasizes its advantages to employees, some scholars have described advantages of centralization for employees. First, to the degree that organizations with centralized structures are more stable and more efficient, employees in these organizations may benefit from greater job security and more career opportunities. Second, as noted above, some centralized human resource management procedures are specifically designed to protect employees from arbitrary or subjective actions by their managers and to ensure equitable treatment across all employees. Third, some researchers have found that some employees appreciate standardized procedures that derive from centralization because the standards allow for consistency of output that is important to their work.

## Employee and Organizational Preferences and Expectations

Much that has been written about the contrasting advantages and disadvantages of centralization and decentralization assumes a certain level of similarity across organization and across employees in these organizations. Some research, however, suggests key differences in national contexts (societal cultures), the nature of work, and individual employees that can alter the degree to which these advantages and disadvantages apply.

Although reform initiatives across the globe have emphasized the advantages of decentralization, some researchers have found that societal cultures influence how these initiatives are implemented. For example, using Hofstede's (2001) dimensions of societal culture to study the degree of decentralization of human resource management practices in 27 European central governments, Meyer and Hammerschmid (2010) found that power distance (the degree to which people within the society accept inequality and that those with less power should defer to those with greater power) and uncertainty avoidance (the degree to which people within the society are uncomfortable with ambiguity and uncertainty) were negatively related to the level of decentralization; and individualism (the degree to which people within the society believe they are only responsible for themselves and their immediate family vs. collectivism, the degree to which individuals believe they are responsible for their extended family and community) was positively related to the level decentralization. They concluded that while "most EU member states report initiatives towards HR-decentralization and often these initiatives sound similar" (p. 473), the differences across these arrangements and degree of decentralization suggest that national context plays a strong role in how decentralized systems are implemented. Similarly, in a conceptual study examining contemporary public administration in South Korea, Im et al. (2013) argued that South Korea's relatively high power distance score derives from the country's Confucian heritage, which views the concepts of centralized power and decentralization differently from how they are viewed in Western cultures. Moreover, they note that "Korean culture tends to produce a highly 'bureaucratic type' that relies upon the rules and regulations of the organization... [which] reduces the chances that one would have to act in a discretionary manner... [and] opening his or herself up to censure should the discretionary action produce negative or unintended consequences" (p. 293). These examples highlight the notion that advantages and disadvantages of centralization and decentralization are influenced by their alignment with societal culture.

Interestingly, some functional domains and occupations within organizations also have

tendencies toward centralization or decentralization. Building on work of researchers who examined whether cognitive styles influence individuals' occupational choices and work environment preferences, Cools et al. (2009) hypothesized that different functional areas would be characterized by individuals with particular cognitive styles, which would lead to a particular cognitive climate. By studying individuals in a variety of different functional areas, these researchers found that finance, information technology, and research and development functions had a knowing-oriented climate (individuals preferring "a logical, rational, and impersonal way of information processing"); administrative and technical and production functions had a planning climate (individuals preferring "order. . .[and] an objective, structured, conventional, and efficient problem-solving approach"); and sales and marketing functions and general management had a creating climate (individuals "hav[ing] a preference for a creative, unconventional, and flexible way of decision making") (p. 170). While there are clearly differences among people within functional areas, this research suggests that some functions may favor centralized processes and decision-making authority, while others may favor decentralized processes and decision-making authority.

Like societies and functional areas, individuals have differing expectations, needs and preferences regarding working in centralized vs. decentralized work environments. As one approach to understanding individual expectations, needs, and preferences in the workplace, person-environment fit theory (Jansen and Kristof-Brown 2006) assumes that a mismatch between individual characteristics (needs, interests, values, preferences, abilities, and expectations) and work environment characteristics (requirements of jobs, rewards provided by jobs and organizations, etc.) will likely lead to employee dissatisfaction, which can result in decreased work effectiveness, as well as negative psychological and physical outcomes. One dimension of person-environment fit, person-job fit, focuses specifically on "the relationship between a person's abilities and the demands of a specific job or the desires of a person and the attributes of a specific job" (pp. 193-194). Thus, if employees feel constrained and/or undervalued by centralized decision-making and authority structures, their motivation, job satisfaction, and productivity may all suffer. Conversely, if employees prefer greater structure and/or see the value in standardization of work output, they may be uncomfortable with working in more decentralized environments. Thus, even if employees have the skills and abilities to perform their jobs effectively, their person-job fit may be reduced if they prefer working alone, rather than being involved in team-based decision making. Along these lines, Berings et al. (2004) examined the degree to which 12 work values – defined as "broad tendencies to prefer general job characteristics" (p. 349) – predicted individuals' vocational choices. Interestingly, while several of the values studied describe the nature of the work itself, other values – including autonomy, influence ("on participation and decision making"), structure ("a well-organized and structured workplace"), team ("accent on team-work and team spirit"), and stability ("stability and continuity in organization") (p. 356) – describe how the work is performed, and are logically related to aspects of centralized or decentralized work environments. Thus, based on differences in work values, some employees will welcome being involved in decentralized decision-making processes, while others will not.

## Balancing Organizational and Employee Expectations, Needs, and Preferences

Ultimately the organization determines which processes are centralized and which are decentralized. Such decisions need to take into consideration both organization and employee expectations, needs, and preferences, as well as the societal context and the nature of the work. In some cases, a process may have multiple aspects, phases, or stages, and it may be appropriate to centralize some aspects, phases, or stages, and to decentralize others. In doing so, it is not only important to consider whether the societal culture

and work unit climate favor centralization or decentralization, but also whether the issue would be addressed more effectively by people with specific expertise or by people with diverse experiences and backgrounds. If expertise is need, the organization needs to determine where the greatest expertise is located, for example, closest to the work being performed, which would favor a decentralized process, or at the highest level of the organization, which would favor a centralized process. In either event, depending on the societal culture, it may be important to explain to employees why a process should be centralized or decentralized. Moreover, when a decision is made to decentralize part of a process or to ask employees for input, but not give them full decision-making authority, it is important for supervisors to help employees understand and feel comfortable with their role. Alternatively, if a process is fully decentralized and work units at lower levels of the organizational hierarchy have full decision-making authority, organizations need to ensure that employees have the necessary resources to take responsibility for the process as well as know who else may have knowledge or other resources that may benefit the process. In addition, even when a decision is centralized, the organization might benefit from having input from lower levels of the organizational hierarchy. Alternatively, even when a decision is decentralized, the organization might benefit from having some coordination (centralization) in decision making.

## Conclusion

Most recent government reform initiatives have stressed the value of decentralization. Yet, there are also clear advantages for both organizations and their employees in centralizing some processes. When determining which processes should be centralized and which can/should be decentralized, organizations need to avoid thinking of centralization and decentralization as an either/or choice. Rather they need to (1) recognize the value of both centralization and decentralization as well as the expectations, needs, and preferences of the organization as a whole, of specific functional areas in the organization, and of employees, and (2) evaluate and balance differing expectations, needs, and preferences as well as consider the societal context. In some cases, it will be possible to integrate expectations, needs, and preferences of organizations and employees; in other cases, organizations will need to consider tradeoffs. In addition, they need to be aware of Pollitt's (2005) conclusion that "the 'right' balance between centralization and decentralization is usually only a temporary one" (p. 393).

## Cross-References

► Organizational Structure and Crisis Management

## References

Adler PS (2012) The sociological ambivalence of bureaucracy: from weber via Gouldner to Marx. Organ Sci 23(1):244–266

Berings D, De Fruyt F, Bouwen R (2004) Work values and personality traits as predictors of enterprising and social vocational interests. Personal Individ Differ 36(2):349–364

Cools E, Van den Broeck H, Bouckenooghe D (2009) Cognitive styles and person–environment fit: investigating the consequences of cognitive (mis)fit. Eur J Work Organ Psy 18(2):167–198

Hofstede G (2001) Culture's consequences. Comparing values, behaviors, institutions, and organizations across nations, 2nd edn. Sage, Thousand Oaks

Im T, Campbell JW, Cha S (2013) Revisiting Confucian bureaucracy: roots of the Korean government's culture and competitiveness. Public Adm Dev 33(4):286–296

Jansen KJ, Kristof-Brown A (2006) Toward a multidimensional theory of person-environment fit. J Manag Issues 18(2):193–212

Meyer RE, Hammerschmid G (2010) The degree of decentralization and individual decision making in central government human resource management: a European comparative perspective. Public Adm 88(2):455–478

Pollitt C (2005) Decentralization. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, pp 371–397

# Challenges of Forest Governance

Thi Kim Phung Dang
Faculty of Social Sciences and Humanities, Ton Duc Thang University, Ho Chi Minh City, Vietnam

## Synonyms

Forest bureaucracy; Forest administration; Forest authority; Forest governance; Governance

## Definition

Challenges of forest governance refers to the problems of actors' cooperation in forestry

## Introduction

Forest governance is a widely used concept but with different definitions. Generally, it denotes "the ways in which forests are governed" (Krott et al. 2014). Specifically, it refers to the processes of making and implementing decisions that are characterized by formal and informal regulations, actors' power relations, and decision-making practices (Sinclair and Kean 2006). These do not take place in vacuum but in specific conditions of politics, organization, and culture (Meinzen-Dick and Knox 2001). Effective forest governance is considered the key to sustainable forest management (Agrawal et al. 2008).

Literatures on forest governance recognize a number of its types. Until the mid-1980s, forest management was highly centralized and primarily for economic development (Agrawal et al. 2008). The common way of governing forest resources was command and control by regulatory policies (ibid.). However, governments, especially in developing countries, often lack the capacity and resources to enforce their regulations, making many public forests an open access for exploitation (Meinzen-Dick and Knox 2001). The high rates of deforestation and severe conflicts among forest agencies and local people led to the collapse of state forestry in the late 1980s (FAO 2016).

Changing forest governance over the last two decades has involved multiple actors in forestry. This involvement takes various forms including, among others, forest decentralization, forest devolution, forest concession, and forest certification (Agrawal et al. 2008; Fisher 2000). *Forest decentralization* is the transfer of administrative functions in forest management from a central to regional or local governments (Fisher 2000; Meinzen-Dick and Knox 2001). The main justification for this transfer is that local governments are better than central governments to develop appropriate forestry policies because they have good knowledge of the local environment and local needs for forest products (ibid.). *Forest devolution* is the devolvement of decision-making power in forest management from central governments to users/user groups (public or private organizations, individuals, and households) (Fisher 2000). This transfer is expected to facilitate a more diverse set of actors in forest management (Meinzen-Dick and Knox 2001; Sikor and Tran 2007). *Forest concession* is the allocation of forest management rights between the two parties through concession agreement(FAO 2016). These include individuals, private companies, and communities responsible for managing and exploiting forest resources. Forest concession is hoped to accelerate economic development, such as employment and infrastructure (ibid.). *Forest certification* is a process of monitoring and labeling that forestry companies voluntarily comply to demonstrate that their products are from sustainably managed forests. This process is based on a set of agreed standards for monitoring and labeling of forest products. The formulation and implementation of these standards highlight the essential role of civil society organizations and market incentives, which assist significant changes in

consumer preferences for forest products (Agrawal et al. 2008).

Changing forest governance that facilitates actors' cooperation in forestry has its own problems. The purpose of this entry is to provide an overview of major challenges of forest devolution, the popular forestry reforms in developing countries, since the late 1990s (Agrawal et al. 2008; Fisher 2000; Sikor and Tran 2007). Forest devolution varies in practice across countries. It takes the form of forest land allocation in China and Vietnam, where individuals, households, and organizations engage in forestry activities through forestry contracts or land use certificates (Dang et al. 2017). Forest devolution to local communities is more common in India, Nepal, Ghana, and Nicaragua (Agrawal 2001), and there are also joint forest management agreements in India and Tanzania (Mayers and Vermeulen 2002).

This entry begins with a discussion of theoretical perspectives on forest devolution. The next section examines the major challenges arising from the involvement of multiple actors in forestry. The final section concludes with the main features of forest devolution's challenges, their linkages, and relevant policy implications.

## Theoretical Perspectives on Forest Devolution

The high advocacy for forest devolution has been inspired by theoretical perspectives on collective action, public participation, and property rights in natural resource management. Actors' cooperation has long been a major issue of forestry. This is because protecting large forests in remote areas with diverse topography is often labor-intensive (Harrison 2003). Furthermore, forest products are not only a source of income for national and local governments but also raw materials for industries and the livelihoods of millions of forest-dependent people. The spatial scale of forests and the multiple uses of resources make collective action crucial to forest management (Harrison 2003). Collective action occurs when individuals with common interests collectively make efforts to achieve their mutual benefits (Tchigio 2007). This action requires some collective rules for using/not using the resources and structures of decision-making, monitoring, punishing violators, and resolving disputes (Schlager and Ostrom 1992).

The transfer of control over forests from central actors to local users aims to facilitate collective action between the state and local people in forest management (Meinzen-Dick and Knox 2001). Local users' knowledge on forest resources gives them a theoretical advantage over state agencies in forest management (ibid.). The objectives to protect forests for the sustainable use are likely to be achieved because users have incentives to sustain forests for their livelihoods and thus are willing to mobilize their resources (cash, labor) for forest protection (Dang et al. 2017; Meinzen-Dick and Knox 2001). Different types of forest devolution (e.g., forest land allocation and forest management) use a variety of instruments (e.g., forestry contracts, land use rights certificates, agreements forest management, etc.) to regulate actors involved in using and monitoring forests (Dang et al. 2017; Meinzen-Dick and Knox 2001).

The increasing advocacy for collective action in forestry resonates very well with the growing recognition of public participation in natural resource management. It is thought that public participation makes planning and decision more effective because it brings local knowledge and alternative solutions to the table (Agrawal and Ribot 2000). Local participation in forestry is also expected to promote social equity by empowering the often-marginalized actors and allowing forest management to meet local needs. These are essential conditions to reduce conflicts between forestry agencies and local people.

Public participation in forest devolution can take place at different levels: planning, decision-making, implementation, and evaluation (Ranjit 2014). The first two levels are widely considered critical because participants can have their say in the issues affecting their life (ibid.). The more affected users are able to have their say in the process, the more likely they are to mobilize their resources for forest management (Meinzen-Dick and Knox 2001). Besides levels, the issue of

representation is also equally important to public participation. The selection of stakeholders' representation in the management of forests, like other natural sources, is mainly interest-based, and inadequate representation of affected users is believed to weaken local involvement (Kazemí 2002).

Given the necessity of collective action and public participation in forestry, the ensuing question is what facilitates and sustains local users' efforts and involvement in forest management (Tchigio 2007). Because forest devolution transfers rights and responsibilities from state agencies to local user/user groups, many authors argue that providing forest users with property rights is critical to ensure their collective action in forest management (Ranjit 2014). Property rights refer to a bundle of rights, comprising of access, withdrawal, management, alienation, and exclusion rights (Schlager and Ostrom 1992). By defining the rules, rights, and obligations of local users in forest devolution, this bundle of rights is thought to encourage/discourage actors' collective action in forest management (Meinzen-Dick and Knox 2001). The management and exclusion rights are considered the most important because they enable the holders to authorize and control over forest resources. These rights determine the sustainable use of forests because they guarantee the holders to gain future benefits of their investing in forest management and make them suffer losses if forests are degraded (Harrison 2003; Meinzen-Dick and Knox 2001). Property rights are also hoped to contribute to local livelihoods because the holders have the rights to harvest forest products and engage in business agreements (Mayer and Vermeulen, Mayers and Vermeulen 2002). Due to these reasons, property rights are considered essential to actors' cooperation in forestry (Harrison 2003).

## Challenges of Forest Governance

Despite the supposed advantages of local users in forest management and the high pressures for forest devolution (Meinzen-Dick and Knox 2001), the transfer of forest rights to local users does not go smoothly. While there are some successful examples, such as forest devolution in Indian Himalaya (Agrawal and Chhatre 2006), case studies in developing countries reveal three major challenges of forest devolution. These include gaps between forest devolution's rhetoric and practices, conflicting objectives of actors involved, and the negative impacts of property rights on actors' cooperation in forestry (Dang et al. 2017).

### Gaps Between Forest Devolution Rhetoric and Practices

Despite strong commitments to forest devolution, governments in developing countries seem reluctant to provide user groups with a complete bundle of property rights, needed for the control over the devolved forests (Dang et al. 2017; Fisher 2000; Mayers and Vermeulen 2002). Users/user groups in Asia and the Pacific region are primarily responsible for forest protection, not for decision-making and using forests (Fisher 2000). In Vietnam, for example, the majority of forest land is designated as special-use and protection forests, which must be managed by state agencies (Dang et al. 2017). Although more participants have been granted land use certificates (LUCs) since 2010, most Vietnam's forest users are forestry contractors, who have only the access and limited withdrawal rights (ibid.). Restricting user rights is also common in Africa and South America (Harrison 2003).

The limited transfer of forest use rights to users/user groups is partly justified by the concern that local users may not have the ability to protect and manage the forests in a sustainable way (Fisher 2000). Governments, who are reluctant to give users property rights, also argue that the transfer of rights to a group or individuals will restrict the management of forest resources, which are critical not only to local users but also to the people of a country as a whole (Tchigio 2007). In response to this argument, Meinzen-Dick and Knox (2001) claim that although it is legitimate to question why certain users/users group should be granted forest property rights, a public good that should be managed for public interest, this issue can be solved if the holders are offered only some

specific types of property rights, such as, long-term tenure or use rights.

### Conflicting Objectives Among Actors Involved

Forest devolution authors, who argue that property rights are key to successful forest devolution (Meinzen-Dick and Knox 2001), seem to assume local people often share common objectives on forest protection and use with the governments. Dang et al. (2017) in their case studies on Vietnam's forest land allocation, however, found that local people's expectations in forest devolution might coincide with or different from the governments' objectives in forest management. This coincidence or difference could have a significant impact on the success or failure of forest devolution (Dang et al. 2017; Harrison 2003). These authors pointed out that actors' conflicting objectives in forest devolution mainly resulted from the lack of public participation. The planning and decision-making processes in forest devolution remained top down (Dang et al. 2017; Fisher 2000). The goals of national forest devolution thus were centrally defined and government agencies still dominated forest management. Even when there was participatory decision-making, some groups that were more organized and better able to represent themselves dominated the process (Sinclair and Kean 2006). The underrepresented and sidelined groups often included forest workers, small forest owners, and small forest user groups (Kazemí 2002). Some external factors (e.g., policies to develop agriculture) may exacerbate the conflicting objectives on forest management between of the government and local users, who primarily got involved to get access to forest lands for cash crops (Dang et al. 2017).

### The Potential Negative Impacts of Property Rights on Actors' Cooperation

The transfer of property rights from central governments to users/user groups has some positive impacts on forest management. The case of forest land allocation in Vietnam showed that more local people participate in forest planting and protection because they can get either forest contracts, which allowed them to access and withdrawal rights, or land use certificates (LUCs), which provided them with a more complete bundle of rights (Dang et al. 2017). There are also evidences that forest rights helped a number of local communities in Nepal and Mexico to participate in decision-making (Meinzen-Dick and Knox 2001).

Nevertheless, two unexpected negative impacts of property rights on actors' cooperation in forest devolution were observed. *First*, the allocation of property rights to a group of users might result in enclosures to individuals outside the group, who used to informally access to the resource (Meinzen-Dick and Knox 2001). A case study on forest devolution in the Central Highland of Vietnam showed that granting local actor's ownership over forests generated conflicts among local communities when the holders of rights excluded other actors over the use and control of the resources (Sikor and Tran 2007). *Second*, the right holders may have tactical behaviors in using forest resources. Dang et al. (2017) observed "the coping involvement" of forestry contractors in Vietnam's forest land allocation. These contractors mainly focused on their agricultural cultivation on the forest lands, insufficiently investing in forest planting and protection. Due to the high profits from rubbers, some LUCs holders even used their management rights to cut down allocated natural forests to plant rubber trees. These negative behaviors were associated with the conflicting objectives between the forestry sector focusing on forest rehabilitation and local participants getting involved mainly to get access to land for agriculture. These observations demonstrate that even though a lack of property rights may prevent local people from participating in forest management (Harrison 2003), a complete bundle of rights may not fully facilitate collective action in forestry if the users do not share the common objectives of forest devolution with the government (Dang et al. 2017). Conflicting objectives thus impede the mobilization of resources by forest users to protect and conserve forests. In this situation, external factors, such as agriculture development policies and the high profits from cash crops, exacerbate the problem (ibid.).

## Conclusion

This entry provides an overview of the three major challenges of forest devolution, a popular type of changing forest governance in the developing world since the late 1990s. It begins with a discussion of theoretical perspectives on forest devolution emphasizing collective action, property rights, and public participation. The collective action thinking resonates well with the call for a greater public participation in forestry. Both point to the necessity of local users' involvement to bring local knowledge's and local needs to the planning and decision-making of forest management. Property rights are considered critical to successful collective action and meaningful public participation in forest devolution because they provide users with great incentives to sustain forests and ensure their engagement in planning and decision-making processes. The entry then presents and discusses the three challenges for the transfer of forest use rights to local users/user groups. The first challenge regards to the gaps between forest devolution's rhetoric and practices, which highlight the governments' reluctance to allocate forest rights to user groups. Besides the concern about local people's ability to protect and use forests in a sustainable way, the main justification for this reluctance is forests, as a public good, should be managed for the benefit of the people as a whole. The second challenge relates to actors' conflicting objectives over the use and control of forest resources. This tension arises from a lack of meaningful public participation, which sidelines local users in policy-making and decision-making processes. The third challenge reflects the potential negative impacts of property rights on local participation in forest devolution. Without sharing the common objectives on forest management, users/user groups may employ the newly obtained property rights to exploit the forest lands for their own purposes, which may not be conductive to the protection and sustainable use of forests. Such users' opportunistic behaviors can be accelerated by external factors, such as policies for agriculture development and high market prices of agricultural products.

These challenges underline the following policy implications for forest governance (Dang et al. 2017). The potential negative impacts of property rights show that ensuring local users' cooperation in forest devolution involves more than merely granting them property rights. Since the lack of public participation exasperates these negative impacts, greater attention should be paid to the deliberation processes of forest devolution policy- and decision-making. Because of the high competition of other land uses with forest protection and conservation, these processes should be open to actors' reconciliation in their objectives for forest management. This competition also makes the collaboration of relevant land-use sectors in planning and decision-making critical to successful forest devolution.

## References

Agrawal A (2001) Common property institutions and sustainable governance of resources. World Dev 29(10):1649–1672

Agrawal A, Chhatre A (2006) Explaining success on the commons: community forest governance in the Indian Himalaya. World Dev 34(1):149–166

Agrawal A, Ribot J (2000) Making decentralization accountable: a framework for analysis and empirical studies from South Asia and West Africa. In: Workshop in political theory and political analysis. Indiana University, Bloomington, Indiana

Agrawal A, Chhatre A, Hardin R (2008) Changing governance of the world's forests. Science 320(5882):1460–1462

Dang TKP, Visseren-Hamakers IJ, Arts B (2017) The institutional capacity for forest land allocation in Vietnam. Dev Pol Rev 35:723–744

FAO (Food and Agriculture Organization) (2016) State of the world's forests. Forests and agriculture: land use challenges and opportunities. Food and Agriculture Organization of the United Nations, Rome

Fisher R (2000) Decentralization and devolution in forest management: a conceptual overview. In: Enters T, Durst PB, Victor M (eds) Decentralization and devolution of forest management in Asia and the Pacific. RECOFTC Report no. 18. FAO, Bangkok, pp 3–10

Harrison S (2003) Property Rights Issues in Small-scale Forestry in the Philippines. Ann Trop Res 25(2):77–87

Kazemí Y (2002) Public participation in forestry in Europe and North America. MCPFE paper 2. Ministerial Conference on the Protection of Forests in Europe Liaison Unit, Vienna

C

Krott M, Bader A, Schusser C, Devkota R, Maryudi A, Giessen L, Aurenhammer H (2014) Actor-centred power: the driving force in decentralised community based forest governance. Forest Policy Econ 49:34–42
Mayers J, Vermeulen S (2002) Power from the trees: how good forest governance can help reduce poverty. In: Opinion: World summit on sustainable development. IIED, London
Meinzen-Dick R, Knox A (2001) Collective action, property rights, and devolution of natural resources management: a conceptual framework. In: Meinzen-Dick R, Knox A, Di Gregorio M (eds) Collective action, property rights, and devolution of natural resources management. German Foundation for International Development, Feldafing
Ranjit Y (2014) Determinants of people's participation in forest protection and management: a study in Kaski, Nepal. Econ J Dev 17–18(1–2):175–186. Combined Issue
Schlager E, Ostrom E (1992) Property-rights regimes and natural resources: a conceptual analysis. Land Econ 68(3):249–262
Sikor T, Tran NT (2007) Exclusive versus inclusive devolution in forest management: insights from forest land allocation in Vietnam's central highlands. Land Use Policy 24:644–653
Sinclair PR, Kean RW (2006) Forest politics: contested issues and governance in forest management for Newfoundland's Great Northern Peninsula. Newfoundl Labrador Stud 21(2):1719–1726
Tchigio I (2007) Opportunities for community-based wildlife management: a case study from the Korup region, Cameroon. Dissertation, Gottingen University

# Challenges of Tax Administration Reforms in Nigeria

Mohammed Abdullahi Umar
Universiti Utara Malaysia, Sintok, Malaysia

## Synonyms

Tax administration reforms; Tax compliance

## Definition

Tax administration reform refers to changes in the structure and processes of tax administration with a view to improving tax revenue generation.

## Introduction

Scholars have established the fact that effective taxation is a key determinant of national development (Burgess and Stern 1993; Moore 2013; Besley and Persson 2014). While advanced countries have done a fairly good job of their tax systems, developing countries are still grappling with underperforming tax systems. The major policy thrust in response to this challenge has been tax policy and tax administration reforms. Since taxation is a major tool for economic development, it can be argued that tax administration is a major component of public administration. It is not surprising that it is receiving a lot of attention from multilateral agencies (World Bank, IMF, United Nations, OECD, etc.). However, despite over 30 years of tax administration reforms in developing countries, the problem of tax system inefficiency and inadequate tax revenue generation has persisted. The warning signal of the problem developing countries currently face in their tax systems appears to have been flagged up by Kaldor (1963). Kaldor stated then that advanced countries raise about 25–30% of their GNP in taxation while developing countries raise between 8% and 15%. He contended that developing countries will not be able to move out of their current state of underdevelopment unless they raise 15% and above of their GNPs. More recently, taxation Scholars (Burgess and Stern 1993; Moore 2013; Besley and Persson 2014) have drawn attention to the continued dichotomy of tax to GDP ratios between the advanced and developing countries. The authors also highlighted the ineffectiveness of the tax system as a key factor that has continued to make tax revenues low and unstable in developing countries in contrast to what is obtainable in advanced countries.

Narrowed down to Nigeria, the country deserves special attention in the tax administration literature. It is the country with the largest population in Africa and constitute about one-quarter of the entire sub-Sahara African region. The country has been unable to attain 15% minimum tax to GDP ratio set by the IMF and the 20% set by the

United Nations (Okonjo-Iweala 2014). Nigeria's immediate past minister of finance, Ngozi Iweala, puts current Nigeria's tax to GDP ratio at 7% (Okonjo-Iweala 2014). Cobham (2014) stated that Nigeria's tax to GDP ratio is one of the lowest in the world. Moreover, Nigeria deserves special attention in the literature because, for about a decade (2005–2015), the country has one of the fastest growing economies worldwide, yet, it has one of the lowest tax collection to GDP ratios. This is a puzzle that makes it necessary to examine the challenges of tax administration reforms after many years of concerted efforts by multilateral agencies and the countries tax administration authorities. It is obvious that tax administration reform is yet to have the desired impact on Nigeria's tax system and there is need to determine the factors responsible for its low impact and perhaps suggest novel policy response.

## Overview of Tax Administration Reforms in Developing Countries

### Tax Policy Reforms

Before examining tax administration reforms, it is important to briefly explain tax policy reforms as it was the precursor of tax administration reform. Tax policy can be viewed from macroeconomic and microeconomic aspects. The macroeconomic aspects deal with the level and composition of taxes while the microeconomic aspect deals with the design of the individual taxes. Prior to IMF's intervention in developing countries' tax policy, these countries largely depend on tax revenues from import and export duties and taxation of natural resources exploitation. They relied less on direct income taxes as incomes were lower compared to the advanced countries. Generally, the components of IMF's policy reform prescriptions are: reduction of trade taxes, reduction of the rates of personal income and corporate income taxes, broadening of the tax base, and implementation of VAT. IMF's tax policy reform package also included upholding the principle of neutrality by curbing distortionary exemptions that were widely ingrained in the tax systems of developing countries.

### Tax Administration Reforms

Perhaps, a decade of tax policy reforms through the 1980s revealed the inadequacy of the tax administration of developing countries. It dawned on the proponents of policy reforms that, after all, good policies would need to be implemented and the lot falls on tax administration. Bird (1989) pointed out that the centrality of tax administration in driving tax policy was noted as far back as 1958 by Stanley Surrey but was not taken seriously by stakeholders. He asserted that tax administrations in developing countries in the 1980s were neglected and archaic, characterized by poor training, low status, poor salaries, and poor equipment.

Expectedly, the World Bank and IMF championed the cause of tax administration reforms in their continued quest to improve tax revenue generation in developing countries. Key elements of tax administration reforms include: creating a unique taxpayer identification numbering system, simplifying tax rates and laws, making revenue authorities autonomous, leveraging on modern information technology, and staff training. Simplifying the tax system involves fewer taxes, fewer rates for each tax, fewer exemptions, and a broader base. The underlying thinking behind simplification of the tax system is that complex and opaque tax laws make the job of the tax administration difficult. IMF also asserted that simplifying the tax system leads to reduction in compliance cost. On autonomy, it will insulate the revenue agencies from the bureaucratic obstacles of mainstream civil service thereby allowing the flexibility needed to drive reforms.

### Assessment of Tax Administration Reforms

Tax administration reforms have featured prominently as part of economic development package handed down to developing countries after the Second World War. Carl Shoup's 1949 tax mission to Japan is believed to be the pioneering effort by the advanced countries to lift developing countries out of their tax revenue challenges. Hence, it could be inferred that attempts at tax reforms have been going on for about 60 years. The basic question this section seeks to answer is: how successful has tax reforms been in

developing countries? This question does not lend itself to a simple answer such as: successful or not successful. This is because, while tax reforms were implemented generally in many developing countries, the actual implementation and results are context-specific. Hence any attempt to give a generalized verdict must be done with caution. Luckily, many country case studies abound. Moreover, recent studies have attempted an assessment of the current state of taxation in developing countries (Moore 2013; Besley and Persson 2014; Fjeldstad 2014; Mascagni et al. 2014). An analytical and integrative review of these studies will serve as a basis of assessing the success or otherwise of tax reforms in developing countries.

Furthermore, any assessment of tax reform would need to look at the objectives the program set out to achieve prior to its implementation and how much it attains such objectives at post-implementation. Some objectives of tax reforms are as follows: revenue, redistribution, promotion of economic growth, tax simplification, and resource allocation. He stated that some countries set out to achieve one or a combination of these objectives while some of the objectives are incidental in the reform process. In assessing the success or otherwise of reforms in developing countries, this study will avoid the complications of an assessment based on all the aforementioned objectives. The criteria will be tax revenue adequacy as this is a crucial factor for development.

Despite positive assessments of the reform outcomes in some countries by those who were directly involved and other researchers, the impact of tax reforms in developing countries could, at best, be described as partially successful. Several points buttressed this position:

Firstly, the countries widely acclaimed to have improved tax revenue generation (Peru, Bolivia, Uruguay, Jamaica, Indonesia and others) are still left with much gaps to cover in their tax ratios. They are still very far behind the advanced countries in terms of tax ratio.

Secondly, the successes recorded by tax reforms in some developing countries appear not to be all-encompassing. Reform-driven revenue performance revolves around a single source of revenue – VAT in most countries. Income tax which generates much revenue in the advanced countries remained resistant to reforms in developing countries. Even countries that raise some measure of income tax do so from the relatively easier corporate income tax while personal income tax remained elusive (Fjeldstad 2014). The advanced countries attain revenue adequacy by effectively taxing a wide array of taxes and not by hanging on to a seemingly life-support of a single tax. More successful tax reforms would therefore need to broaden the tax base of developing countries.

Thirdly, the partial success of tax reforms in developing countries has been difficult to sustain. Cases abound where tax revenue generation goes up drastically in response to the urgent pressure of reforms but declined sharply when they urgent tempo goes down. Everest-Phillips (2010) stated that the so-called rise in revenues attributed to reforms was actually caused by the authorities tightening their squeeze on existing taxpayers and not from a broadening tax base as anticipated.

Fourthly, many developing countries have taken doses of the prescribed tax reforms but appear to be far away from attaining adequate tax revenue generation. Ironically, some countries witnessed a decline in tax revenue generation after the reforms while other countries outrightly could not implement the reforms due to taxpayer resistance and at times resistance from within the tax administrators who benefits from the status quo.

Fifthly, on a general note, decades of tax reforms and significant improvement in tax revenue generation in developing countries still leaves much gap uncovered. Concern about domestic revenue generation remains top of the global agenda for developing countries. The 2015 Millennium Development Goals (MDGs) have passed with many developing countries failing to attain the set target. Recently, OECD classified about 50 developing countries as fragile states alluding to their inability to generate adequate tax revenue as largely responsible for their near-failure. Surprisingly, some of the countries on the fragile list have been struggling through decades of tax reforms. Moreover, taxation researchers

have continued to express concerns about the low tax ratios of developing countries (Burgess and Stern 1993; Moore 2013; Besley and Persson 2014; Fjeldstad 2014) over 50 years of after Kaldor's (1963) initial expression of concern. Based on the above points, this study argues that tax policy and administration reforms are yet to have adequate impact on the tax systems of developing countries.

## Tax Administration Reforms in Nigeria: Challenges and Possible Solutions

Similar to other developing countries, Nigeria's tax administration has passed through series of reforms in the past 20 years. Following the general principles of tax reforms, Nigeria's tax administration has been operating a computerized list of taxpayers each with a unique Taxpayer Identification Number (TIN) since 2008. The country's tax administration has also enjoyed a semiautonomous status similar to its counterparts in other developing countries. It has computerized its operations and embark on series of taxpayer services including awareness creation.

Despite these and many other reforms to tax administration in the country, tax revenue generation remains very low and challenging. The major problem facing the tax system in Nigeria could be tax compliance. For instance, the country's immediate past minister of finance, Okonjo-Iweala, stated that about 65% of registered firms in Nigeria have not been paying income tax while about 75% refused to register (Okonjo-Iweala 2014). This is a serious statement coming from the highest authority. Similarly, the immediate past Minister of Finance, Dr. Ngozi Iweala, disclosed at a World Bank forum in Washington, DC that 75% of registered firms are not in the tax net. Furthermore, the problem of tax collection in Nigeria is expressed strongly by the International Monetary Fund (IMF). IMF (2015) acknowledged the phenomenal growth in the Nigerian economy and highlighted the expanding base of services and manufacturing. It however noted that the country is yet to collect tax revenue from this growing economy and that the major problem is tax compliance. Admittedly, there are numerous problem facing tax administrations in Nigeria some of which include multiple taxation, low level of technology deployment, complexity, and outdated tax laws. However, this entry argues in line with IMF (2015) that tax noncompliance could be the major challenge. This position is supported by the tax noncompliance statistics that has been given by the country's tax authorities over the years. While tax noncompliance is present to some extent in all countries, including the advanced countries, the Nigeria case where about 90% noncompliance exist in some sectors such as the self-employed is indeed unique. Tackling this herculean challenge could pave way for higher tax revenue generation.

## Conclusion

This entry was motivated by the gross inadequacy of tax revenue generation in Nigeria despite decades of tax administration reforms. The entry argues that though developing countries generally face a lot of challenges in generating tax revenues, the Nigeria case is unique. This assertion is supported by Cobham (2014) who described the country as having one of the lowest tax to GDP ratios in the world. As noted by IMF (2015) and supported by tax noncompliance statistics from Nigerian finance authorities, this entry also argues that tax noncompliance may be the major challenge facing tax administration reforms in spite of many other challenges. The key message of this entry is that tax administration reform may not have the desired impact unless taxpayers willingly comply with their tax obligations. This message holds a very important lesson for the Nigerian government, governments of other developing countries, and multilateral agencies that support tax administration reforms. As noted by Jenkins et al. (2000), the amount of tax revenue generated by any country depends on the tax base and tax rate multiplied by the compliance rate. The implication is that, no matter how large is a country's tax base and how high its tax rate, it will not generate adequate tax revenue without a commensurate high rate of compliance.

Additionally, tax administration reforms may lead to efficiency in tax administration. However, unless the taxpayers themselves are pleased with the reforms and unless they comply, tax administration will fail to generate adequate tax revenue. The lesson for tax administration reformers is that taxpayers must be keyed into all aspects of tax administration reforms. The present system in which tax administrations are equipped with information technology tools and with well-trained staff may not translate to adequate tax revenues unless the taxpayers themselves are persuaded to buy into the reforms and willingly part with their tax monies. As noted by Umar et al. (2017), in their interviews with self-employed taxpayers in Nigeria, one of the ways to co-opt tax payers into tax administration reforms is to adequately engage them. Tax administration reforms without reforming the taxpayers may not achieve the desired impact. This is the key lesson from the Nigerian case.

## Cross-References


- ▶ Admin Reform in Sub-Saharan Countries
- ▶ Administrative Reform
- ▶ Anticorruption Reforms and Governance
- ▶ Tax Evasion
- ▶ Taxation Policymaking in Ghana


## References


Besley T, Persson T (2014) Why do developing countries tax so little? J Econ Perspect 28(4):99–120. https://doi.org/10.1257/jep.28.4.99

Bird R (1989) The administrative dimensions of tax reforms in developing countries. In: Gillis M (ed) Tax reform in developing countries. Duke University Press, Durham

Burgess R, Stern N (1993) Taxation and development. J Econ Lit 31(2):762–830

Cobham A (2014) Nigeria's upward revision of GDP should sound alarm on tax-to-GDP-ratio. Retrieved from www.cgdev.org/blog/nigeria-upward-revision-gdp-should-sound-alarm-tax-gdp-ratio on 25/01/2015

Everest-Phillips M (2010) State-building taxation for developing countries: principles for reform. Dev Policy Rev 28(1):75–96

Fjeldstad O-H (2014) Tax and development: donor support to strengthen tax systems in developing countries. Public Adm Dev 34:181–192. https://doi.org/10.1002/pad.1676

IMF (2015) Nigeria: selected issues paper, IMF country reports NO.15/85. IMF publication services, Washington, DC

Jenkins GP, Kuo C-Y, Shukla GP (2000) Tax analysis and Revenue forecasting: issues and technicalities. Harvard University Institute for International Development, Boston

Kaldor N (1963) Will underdeveloped countries learn to tax? Foreign Aff 41(2):410–419

Mascagni G, Moore M, McCluskey R (2014) Tax revenue mobilization in developing countries: issues and challenges. European Union. Policy Department, Dg, external policies. Available at www.europarl.europa.eu/activities/committees/studies.do.language=EN

Moore M (2013) Obstacles, to increasing tax revenues in low income countries. ICTD working paper 15

Okonjo-Iweala N (2014) In my view: development depends on realizing the potential of taxation. OECD Insights. Retrieved from www.Oecd insights.org/2014/10/09/in-my-view-development-depends-on-realizing-the-potential-of-taxation

Umar MA, Derashid C, Idawati I (2017) What is wrong with the fiscal social contract of taxation in developing countries: a dialogue with self-employed taxpayers in Nigeria. Sage Open 7(4):1–11. https://doi.org/10.1177/2158244017745114


# Challenges to Inter-organizational Collaboration: Examining US Stabilization Efforts


Brett C. Doyle
George Mason University,
Falls Church, Fairfax, VA, USA


## Synonyms

Conflict mitigation; Networked governance; Stabilization; Third-party governance

## Definitions

| | |
|---|---|
| Networks | are defined as consisting of multiple organizations that are legally autonomous. |
| Stabilization | is defined as are conducted to end or prevent the reoccurrence of |

violent conflict through creating the conditions for nonviolent political and economic development. This can include activities to reduce ongoing violence, as well as preventative efforts to forestall a resurgence of conflict.

## Introduction

Collaborative governance networks have become known as means for organizations to collectively address problems. However, collaborative governance approaches are not always fully successful, and a better understanding of how their challenges can frustrate success could help inform public managers about how best to approach working within them. The United States' experiences in attempting to end conflict-driven violence and bring stability in places such as Iraq and Afghanistan present themselves as areas in which to study collaboration challenges. Though collaboration does not guarantee success, insufficient collaboration can ensure failures, which was seen in numerous reviews of US activities. Hundreds of millions, if not billions, of dollars in reconstruction assistance have been described as wasted, in part due to lack of coordination.

To understand more about the collaboration challenges in efforts to reduce conflict and why they may persist, US efforts were examined as collaborative governance networks. In this context, US stabilization activities can be viewed as emergent problem-solving networks or networks that are formed to help managers set policy for a critical or emerging problem (Milward and Provan 2006). Cases of US collaborative governance networks were examined in the stabilization efforts in Iraq (2003–2011) and Afghanistan (2001–2014), the conflict-afflicted region of Mindanao in the Philippines (2002–2014), and the efforts to mitigate conflict in South Sudan (2011–2014). These cases included the largest efforts at promoting stability in recent history in Iraq and Afghanistan. The Iraq and Afghanistan cases were narrowed to focus on two subject areas: US efforts at the provincial level, which often included combined US civilian and military teams, local governments and civil society groups, and sometimes other international partners, and US efforts in the area rule of law (RoL) support, which entailed "courts, cops, and corrections" focused activities.

## Characterizing Network Collaboration

Based upon the network map and collaboration evaluation conducted as described above, the highest level to which the networks in the cases seemed to be regularly functioning was determined across the various categories of organizations. This was done through the Agranoff typology, which categorizes collaborative networks based on a hierarchy of interaction (Agranoff 2003):

- Informational networks in which participants come together exclusively to exchange agency information and any actions taken are purely voluntary.
- Developmental networks in which information exchange is combined with education and member services that increase the capacity to implement solutions.
- Outreach networks in which participants share information, build capacities, sequence activities, pool resources, and develop new implementation options.
- Action networks in which participants adopt collective courses of action.

Collaboration was examined among with the categories of organizations, including host nation governments, international organizations, international and local NGOs, and US civilian and military organizations. This involved generally characterizing collaboration between these categories of organizations. (The research did not include combat-oriented collaboration, such as military-to-military efforts to build security forces. Further, evaluating the ultimate success

of stabilization or conflict mitigation was outside the scope of this research.)

Across these cases, the only identified instance of an informational network was seen in the Afghanistan Provincial case, between the US organizations (both military and civilian) and NGOs. NGOs, particularly humanitarian NGOs, had contentious relationships with the US (and other international military partners) civilian and military organizations (Dziedzic and Seidl 2005).

Developmental networks were the most commonly observed level of network across the cases. This was consistently seen with the United States and other donor states, international and local NGOs, international organizations, NATO, and United Nations, and among those organizations collectively. The sole instance of a developmental level of collaboration between the US civilian and military was seen in the Afghanistan RoL case, where there was a general clash over who was in charge or who could do what in the area of RoL. Though not always smoothly functioning, community capacity development occurred through the sharing of best practices, pooling of some resources, and sometimes training or combined workshop events in these networks. Organizations also frequently coordinated to avoid duplication and to allocate resources more efficiently (South Sudan Interview 27 October 2013).

Collaboration between US civilian and military organizations, with the aforementioned exception of the Afghanistan RoL case, was generally at an outreach level by the end of the case periods, even if they did not initially begin there (Dempsey 2009). The US civilian and military relationships generally operated with mutually understood areas of activity, shared strategic goals and objectives, and by at least staying out of each other's way (i.e., "deconflicted"), if not actually routinely complimentary project activities, by the end of the cases. Cases of very difficult relationships were described as "not the norm," but they did exist (Afghanistan Interview 23 Jan 14; Iraq Provincial Interview 5 Mar 14; Yodsampa 2011).

## Frustrated Action Networks

In many cases, there was a clear desire for an action network level of collaboration between the US civilians and military (particularly by the latter organization). However, where US civilian and military collaboration seemed to break down was at the highest level of activity of shared decision-making, particularly regarding those decisions that involved directing resources. Inflexible funding sources proved to be a barrier for shared decisions, even when the proper motives were present (Emerson et al. 2012). Further, though shared activities were common, a firm limit to the desire to collaborate was seen where such collaboration would put an organization's own mission at risk. It was also not clear if US civilian organizations had the discretion necessary from Washington, DC, headquarters to make these kinds of decisions regarding funding (Fritsch 2012). As a result, US civilian and military collaboration predominately remained at an outreach network level.

## Insecurity Drove Collaboration Instability

The review of collaboration in conflict environments begs the question of why consistent, high-level collaboration seemed so difficult to attain and sustain. Across the cases, the pervasive risks of violence were ever present and drove protective behaviors to mitigate risks (Insecurity also created a toxic environment for accountability of partner projects and activities, as staff could not always travel to projects for site visits or to verify information coming from implementing partners.). Many of these measures, however, created challenges for developing collaborative relationships. Additionally, staff turnover, ultimately arising from the hostile environment, was seen as a challenging issue that spanned all cases. Within the case studies, substantial impacts to these enabling network features from security and turnover were identified.

### Security

With the greatest pervasiveness of violence, the impacts of security in Iraq and Afghanistan could generally be viewed as "nothing was easy," and activities seemed to take as much as two or three times as long to accomplish as they might elsewhere (Iraq Rule of Law Interview 27 Apr 14). Overall, security-related challenges to travel and communications made contacts and information sharing with partners more costly (in terms of time and energy). This delayed or outright prevented the development of relationships and fostered a reliance on indirect coordination. Moreover, the hostile environment created risks for collaboration and fostered an atmosphere of heightened tension and distrust that created barriers, delaying the creation of working relationships.

Spikes in violence could greatly impact strategic priorities, rapidly undermining plans and derailing efforts at stabilization and adding to the challenges mentioned above. This instability was particularly detrimental to senior level or "top-down" efforts to improve collaboration across organizations. In a network context, strategy and priority changes were likely to have a cascading effect; with major changes each network participant needed to not only internally rapidly re-prioritize but also immediately needed to adapt to all of the other network participant's respective changes (Table 1).

**Challenges to Inter-organizational Collaboration: Examining US Stabilization Efforts, Table 1** Security impacts

| | |
|---|---|
| Coordination and strategy | Rapid changes to priorities<br>Additional coordination requirements |
| Knowledge management | Administrative burdens to access information<br>Security risks limiting willingness to share |
| Relationships | Challenges to access and engage partners<br>Delays in forming relationships |

### Staff Turnover

Staffing turnover was most severe in the Iraq and Afghanistan cases. There, due to hostile and austere working environments, international personnel typically resided in-country for a year or less (-Fritsch 2012). Efforts were made to increase continuity across rotations; however, they did not fully mitigate transition issues. In Mindanao and South Sudan, the pace of tour rotations was somewhat less rapid, with many international staff staying for 2 or 3 years (Mindanao Interview 1 July 2015), though in Mindanao US military tours could be 6 months or a year, and in South Sudan, US civilians shared the 1-year tour practices seen in Iraq and Afghanistan (South Sudan Interview 19 October 2013). In all cases, host nation counterparts, though not bound to the frequent rotations that US and international personnel maintained, could still leave positions, either from threats, acts of violence, or through normal turnover, such as after elections (Iraq Rule of Law Interview 27 Apr 14; Meyerle et al. 2010).

Staff instability disrupted relationships, and redeveloping relationships took time and became a constant drag on the pace of conflict mitigation efforts (Linden 2002). This high turnover and regular relationship forming was exhausting for local partners as well (Iraq Interview 17 Sep 13). Further, turnover could slow the pace of efforts as new staff were commonly described as needing months of time to gain working knowledge of their environments (Afghanistan Interview 12 May 14). This was described as a pattern of learning the job for the first 2–4 months, working for 4 months, and then checking out (preparing to depart) (Naland 2011; South Sudan Interview 27 October 2013; Yodsampa 2011). Leadership turnover was seen as particularly detrimental. Common plans and goals could be reset as new leaders frequently brought new priorities (Mindanao Interview 1 Feb 2014). Multiple changes in leadership contributed to instability in vision and direction as well as leading to less-focused and inefficient efforts (Naland 2011). Frequent turnover was also seen as creating volatility in agreements between parties.

**Challenges to Inter-organizational Collaboration: Examining US Stabilization Efforts, Table 2** Turnover impacts

| | |
|---|---|
| Coordination and strategy | Difficulties in fostering mutual understanding<br>Instability in priorities<br>Negative signals to partners |
| Knowledge management | Loss of institutional knowledge<br>Productivity loss to relearning<br>Limitations to assessing trends |
| Relationships | Continually rebuilding relationships<br>Loss of productivity |

With every turnover, there was a loss, sometimes steep, of institutional knowledge (Iraq Interview 5 Mar 14). The high turnover of staff in host nation governments resulted in weak institutional memory, thus necessitating continued and costly "capacity building" with few tangible programming results (Schomerus and Allen 2010). Turnover also hindered the ability to understand and address issues with impacts longer than the typical tour cycles, such as for analyzing and interpreting performance data for programs (Afghanistan Interview Nov 2013; US Government Accountability Office 2014) (Table 2).

### Interrelated Impacts

Taken together, an interrelation between security and turnover impact on collaboration can been seen. Security challenges were seen as driving rapid staffing turnover, gaps, frequent trips abroad, and an inability to attract and retain staff. Staff instability necessitated adjustments, if not re-establishments, of collaborative patterns. Adjustments between collaborating organizations could have impacts that organizations across the network would need to adjust to, creating a ripple effect. Simultaneously, security needs created challenges and delays to relationship development and knowledge management, both of which were substantially affected by tour rotations. The security challenges to relationship building drove up the time and costs needed to build them in the face of already frequent staff changes. Both the security environment and staffing turnover were also seen as leading to instability in strategy and priorities.

## Conclusion

### Theory of Unstable Networks: Perpetual Emergence

Overall, the insecure environment acted as an engine of disruption, preventing the development of stable, higher functioning collaborative governance networks. The striking instability of these networks is consistent with a developing emergent problem-solving network. However, emergent problem-solving networks should mature into designed problem-solving networks over time (Milward and Provan 2006). Though overall collaboration generally improved, at no point did the networks "stabilize." Given that cases spanned several years or even more than a decade, these networks can effectively be described as perpetually "emergent."

Although there was collaboration and an overall trend of improvement was seen in the case studies, ultimately the perpetually emergent networks examined here failed to stabilize themselves and were frustrated in producing the levels and consistency of collaboration that participants desired. Network instability likely limited the ability of managers to identify the necessary developments as well as to make and solidify the agreements necessary to support greater collaboration. The network instability further impeded senior leaders from developing any understanding of on-the-ground realities and the urgent necessity for changes (Yodsampa 2011).

## Cross-References

► Collaborative Governance
► Inter-agency Coordination
► Network Structures

**Disclaimer** The opinions and characterizations in this article are those of the author and do not necessarily represent official positions of any agency, organization, employer, or company.

## References

Agranoff R (2003) Leveraging networks: a guide for public managers working across organizations. The IBM Endowment for the Business of Government, Arlington. Retrieved from http://www.businessofgovernment.org/sites/defa ult/files/LeveragingNetworks.pdf

Dempsey T (2009) Rule of LAW ACTIVITies: Lessons learned. U.S. Army Peace Keeping and Stability Operations Institute, Carlisle. Retrieved from: http://pksoi.army.mil/PKM/publications/perspective/perspectivereview.cfm?perspectiveID=2 (11 January 2013)

Dziedzic M, Seidl M (2005) Special report: provincial reconstruction teams and military relations with international and nongovernmental organizations in Afghanistan. United States Institute of Peace, Washington, DC

Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29. https://doi.org/10.1093/jopart/mur011

Fritsch J (2012) Understanding U.S. Civil-Military Cooperation in the U.S. Provincial Reconstruction Teams (PRTs) in Afghanistan. Doctoral dissertation. Retrieved from http://conservancy.umn.edu/handle/11299/142308

Linden RM (2002) Working across boundaries: making collaboration work in government and nonprofit organizations. Jossey-Bass, San Francisco

Meyerle J, Katt M, Gavrilis J (2010, November) Counterinsurgency on the ground in Afghanistan: how different units adapted to local conditions. CNA, Alexandria. Retrieved from http://www.dtic.mil/dtic/tr/fulltext/u2/a533649.pdf

Milward HB, Provan K (2006) A Manager's guide to choosing and using collaborative networks. IBM Center for the Business of Government, Arlington. Retrieved from http://www.businessofgovernment.org/pdfs/Prov anReport.pdf

Naland J (2011) Lessons from embedded provincial reconstruction teams in Iraq. United States Institute of Peace, Washington, DC. Retrieved from http://www.usip.org/publications/lessons-embedded-provincial-reconstruction-tea ms-in-iraq

Schomerus M, Allen T (2010) Southern Sudan at odds with itself: dynamics of conflict and predicaments of peace. London School of Economics and Political Science, London, London. Retrieved from http://eprints.lse.ac.uk/28869/

U.S. Government Accountability Office (2014) Afghanistan: key oversight issues for USAID development efforts (Publication No. GAO-14-448T). Author, Washington, DC

Yodsampa A (2011) No one in charge: a new theory of coordination and an analysis of US civil-military coordination in Afghanistan 2001–2009. Doctoral dissertation. Retrieved from Dissertations and Theses database. (UMI No. 3465447)

# Changes in the Model of Municipal System in Russia

Shubenkova Alexandra
Laboratory for Political Studies, National Research University Higher School of Economics, Moscow, Russia

C

## Synonyms

Local autonomy; Local governance; Local self-governance; Lowest tier of public administration; Municipalities; Russian Federation

## Definition

Local self-governance in Russia is the lowest tier of public administration, which empowers citizens to decide issues of local significance, within the limits of its authority, by local bodies of power, and through direct participation.

## Introduction

After the dissolution of the Soviet Union in 1991, Russia adopted the Constitution of the Russian Federation in 1993, ratified the European Charter of Local Self-Governance, and introduced comprehensive local legislature. Initially high level of local autonomy was progressively limited within a wide-scale local reform of the mid-2000s. Regional and federal authorities received the power to decide on the design of local political system, configuration of local political elite, and the amount of municipal responsibilities and resources. The ultimate changes were implemented by constitutional amendments in 2020, which inbuilt municipal system into the political power vertical in Russia.

## General Characteristics of Local Self-Governance

The contemporary stage of Russian local self-governance started with the dissolution of the

Soviet Union in 1991 and manifested itself in the adoption of the Constitution of the Russian Federation in 1993 and of three federal laws in 1991, 1995, and 2003 (see in References). Though Russia approved the relevant legal framework, until 2003, models of local self-governance remained weakly framed and highly diverse. The contemporary organization of local self-governance in Russia was merely formed within the municipal reforms of the mid-2000s. In 2003, the national authorities approved the cornerstone Federal Law "on the general principles of organization of the local self-governance in Russian Federation" 131-FZ (FZ – an acronym in Russian to federal law) dated October 6, 2003 (further in the text – 131-FZ 2003). This law provided a comprehensive framework for local self-governance. However, the system, initially introduced by 131-FZ, did not remain for long. Since its adoption until now, the federal law has been amended over 150 times, progressively expanding political and budget authority of the federal center and regions over local self-governance. The ultimate changes were implemented by constitutional amendments in 2020. This section aims at describing the current model of local self-governance in the Russian Federation and tracking its major changes since 1993.

At this moment, local self-governance in Russia formally occupies the lower level of the three-tier system of federalism. From the normative perspective, local self-governance in Russia is protected by the Constitution of 1993 and international obligations of Russia following the signing and ratification of the European Charter of Local Self-Government in 1998. In Article 12 of the constitution, Russia recognizes and guarantees local self-governance, claims its independence within the limits of its authority, and states that "the bodies of local self-governance shall not be part of the system of bodies of state authority." Additional emphasis on the right of citizens for local self-governance is provided in Chap. 8, Articles 130–133, of the constitution. In compliance with the principles of the independence of local self-governance, the framework of 131-FZ states that local self-governance is one of the foundations of the constitutional regime in Russia (Article 1). It comprises a form of the exercise of power by the people, which allows people to resolve problems and questions of local importance independently and take responsibility both directly and indirectly through the bodies of local governance.

From the institutional perspective, local self-governance in Russia possesses the right to establish its own legislative and executive bodies of power, have sources of income and areas of authority, decide on its budget and strategic development, and have a protected legal status. But, since the early 1990s, the extent of the full-fledged authority of, and the resources allocated to, local self-governance decreased over time. These changes seriously diminished the independence of local self-governance, which makes the expert community highly critical in the evaluation of its actual status as a separate layer of authority.

So far, Russia consists of 85 regions and totals around 155,500 settlements, with a prevailing number of rural settlements (153,100 settlements). Municipal entities are established to provide public services in all these settlements. The latest official number of municipal entities in Russia, provided by the Ministry of Justice (Ministry of Justice report 2020), states that, as of July 1, 2020, Russia comprises 20,354 municipal entities of 8 different types. Along with some international trends, the number of municipal entities in Russia has decreased over time. According to the Federal State Statistics Service Rosstat, in 2008, local self-governance systems numbered 24,151 municipal entities, with a decrease to 23,001 by 2013 and then 21,946 by 2018 and 20,846 by January 2020.

## Types of Municipal Entities and Their Development

As of 2021, federal law 131-FZ acknowledges eight types of municipal entities. The general overview of the eight types of municipal entities and their number is reported in Table 1. Hereby the translations from Russian differ from some of those used in the Council of Europe (The

**Changes in the Model of Municipal System in Russia, Table 1** Number of municipal entities in the Russian Federation per type and their characteristics. (Source: FZ-131, Article 2, Federal State Statistics Service Rosstat, Ministry of Justice of the Russian Federation)

| № | Type of municipal entities (according to the FZ-131, version of 2020) | Number of municipal entities in 2008 | Number of municipal entities in 2014 (prior to the laws 136-FZ and 165-FZ) | Number of municipal entities in January 2020 (and in July 2020) | Provide services delegated by federal and regional levels | Layer in the two-tier model[a] |
|---|---|---|---|---|---|---|
| 1 | Rural settlement | 19,861 | 18,525 | 16,821 (16,376) | – | Lower (3) |
| 2 | Urban settlement | 1,734 | 1,660 | 1,398 (1,350) | – | Lower (3) |
| 3 | Municipal rayon | 1,799 | 1,815 | 1,673 (1,612) | + | Upper (1, 2, 4) |
| 4 | Municipal district[c] | – | – | 33 (95) | + | – |
| 5 | Urban district | 521 | 520 | 632 | + | – |
| 6 | Urban district with intracity division[b] | – | – | 3 | + | Upper (7) |
| 7 | Intracity rayon[b] | – | – | 19 | – | Lower (6) |
| 8 | Intracity territory of a federal city | 236 | 257 | 267 | – | – |
| | Total | 24,151 | | 20,846 (20,354) | | |

[a]For municipal entities of the lower level, the number in brackets indicates which municipal entity it forms; for municipal entities of the upper level, the number in brackets indicates which municipal entities it unites
[b]The type of municipal entity was introduced into 131-FZ in 2014
[c]The type of municipal entity was introduced into 131-FZ in 2019

Congress of Local and Regional Authorities of the Council of Europe 2019). The types are as follows (Article 2, 131-FZ):

1. Rural settlement (selskoe poselenie, сельское поселение) – one or more commonly shared territory of small rural settlements, such as village, khutor, etc.
2. Urban settlement (gorodskoe poselenie, городское поселение) – a city or a town.
3. Municipal rayon (municipalnyi rayon, муниципальный район) unites several settlements with surrounding territory between them, also called an intercommunity territory (mezhselennaya territoria, межселенная территория)*.
4. Municipal district (municipalnyi okrug, муниципальный округ) unites several settlements which do not have any municipal status but share one territory.
5. Urban district (gorodskoi okrug, городской округ) is one or several settlements which do not have own municipal status, share one territory, and have a level of urbanization over two-thirds of population.
6. Urban district with intracity division (gorodskoi orkug s vnutrigorodskim deleniem, городской округ с внутригородским делением) is an urban district which contains inner-city rayons as intracity municipal entities, established by the discretion of regional law.
7. Intracity rayon (vnutrigorodskoi rayon, внутригородской район) – intracity municipal entity. A city territory is divided into intracity rayons by regional law and a statute (ustav, устав) of an urban district with intracity divisions.
8. Intracity territory of a federal city (vnutrigorodskaya territoriya goroda

federalnogo znacheniya, внутригородская территория города федерального значения) – a municipal entity organized on a part of a federal city territory.

*Intercommunity territory (mezhselennaya territoria, межселенная территория) is a territory of a municipal rayon outside boundaries of settlements, which does not form a municipality. A settlement which has less than 100 residents and decides on amalgamation with another municipality becomes an intercommunity territory within this municipal entity.

As illustrated by Table 1, the wane of the number of rural and urban settlements was a visible outcome of the wide-scale municipal reforms in Russia. Urban districts and newly established types of municipal entities (lines 4, 6, and 7 in Table 1), on the contrary, increased in number. Other four types of entities reduced in number by up to 13%. The number of all municipal entities dropped by 11%. The number of municipal settlements (poseleniya) reduced by 13%, and the number of rural municipal units (selskie poseleniya) reduced by 12%. This phenomenon is explained by the fact that rural municipal entities were actively merged into larger municipal entities, i.e., municipal rayons. Sometimes, 1 municipal rayon amalgamated up to 20 rural settlements.

Some municipal entities, on contrary, increase in number. Some municipal entities, on contrary, increase in number. Thus, the growth in the number of intra-city territories of federal cities is caused by two things. First, in 2011–2012, through an urban reform, Moscow merged 21 additional municipalities from the Moscow region. Second, since the annexation of Crimea in 2014, Sevastopol is administered as a third federal city, constituted by ten municipal entities. Despite the fact that the status of Crimea as a region of Russian Federation remains unrecognized internationally, after its annexation from the Ukraine in 2014, Russian statistics accounts the region in its official data (Federal constitutional law № 6-FKZ 2014). Another increase in number refers to municipal districts, which were introduced in 2019 (Federal Law № 87-FZ 2019) and actively merged small settlements into a one-tier municipal entity. From the economical perspective, massive reorganizations by type among municipal entities was merely driven by an intensive internal migration after the collapse of the Soviet planning economy, leading to depopulation of some areas with concentration in others. The economic downturn in depressive agricultural and industrial settlements led to depopulation, due to residents' migration for a better job market and better social services (Molyarenko 2021).

Throughout the reforms, the system of local self-governance in Russia drifted between one-tier and two-tier systems. Until the start of the local reform in 2003, Russia had a two-tier local system, with local entities of the upper level (rayons, cities, settlements, intracity municipal entities of the cities of federal distinction, and municipal entities which united rural settlements) and the lower level (intracity rayons, settlements, rural districts, etc.). Now, the local system combines the existence of both types of municipal entities. The two-tier entities are represented by urban districts with intracity divisions (introduced in Federal Law № 136-FZ 2014) and municipal districts (introduced in 2019). The two-tier municipal entities are organized as a nested "matryoshka" doll: lower-level municipal entities, located in neighboring territories, can be merged into upper-level municipal entities. However, it does not constitute an amalgamation. Within municipal boundaries, people continue executing self-governance directly and (or) through elected and other bodies. Both levels preserve their own bodies of local self-governance and own spheres of authority. The municipal entities of the upper level deal with the questions of common interest to the municipal entities that it unites and which cannot be resolved by the lower-level entities. Formally lower and upper levels are not subordinated, but pressure from the latter is possible through different instruments, primarily through budget allocation procedures.

While leaving the right to decide on the type of municipal entity for regional and local levels, 131-FZ establishes some eligibility criteria which an entity should meet. Such clarifications

are supposed to simplify decision-making regarding the organizational form of an entity for the regional and municipal levels of power: whether it should be a one- or two-tier model. For instance, urban districts should meet three criteria: the level of urbanization is higher than two-thirds of residents, the urban territory comprises not less than one-third of the municipal area, and the density of population is five or more times higher than the average Russian density.

In practice, local self-governance in Russia is highly asymmetric. Some regions have less than 20 municipal entities on its territory (such as 9 in the Magadan region and 18 in the Sakhalin region), while others have around 900 entities (895 in the Republic of Bashkortostan and 956 in the Republic of Tatarstan). Regional discrepancies also exist in the number of municipal entities of each type per region. Certain types of municipal entities do not appear at all in some regions. The number and types of municipal entities existing in a region generally depend on various factors, such as the density of population, local historical background, geographical location, level of urbanization, administrative traditions, etc.

Another asymmetry manifests itself in the significant variation of municipal entities by area and number of population. Thus, according to the Ministry of Justice [2020 for State Duma], municipal areas vary from 0.23 $km^2$ to 336,400 $km^2$ per entity. The population in the smallest Russian municipal entity counts 15 residents (rural settlement Oskoba in Krasnoyarsk Krai), with almost 1.6 mln residents in the largest municipal entity (urban district Novosibirsk). Among entities of the same type, a significant discrepancy in number of residents also exists, by up to 1,000 times. For instance, the abovementioned report from the Ministry of Justice states that the population of the largest urban district, Novosibirsk, is 939 times bigger than in the smallest municipal entity of the same type (Ostrovnoy in the Murmansk region). And the population of the intracity territory of a federal city (Maryino in Moscow) is 904 times bigger than the smallest entity of the same type (Serovo in Saint-Petersburg). The administrative status of a regional capital does not do much to equalize municipalities: the largest regional capital (Novosibirsk) has a 132 times bigger population than the smallest regional capital (Magas).

The asymmetry of municipal entities by population and area makes municipal residents seriously unequal in their representation in the bodies of local authority and citizens' access to local self-governance. Thus, despite the drastic difference in population by type of municipal entity and average quantity of deputies in a representative body, municipal entities vary from 9 deputies in a rural settlement to 45 deputies in an urban district with an inner-city division.

## Constitutional Status

Article 12 of the constitution, and the European Charter of Local Self-Governance, protects independence of local authority aside from "state power" of the Russian Federation. However, despite the constitutional guarantees, the recognition of the autonomy of local self-governance is strongly challenged nowadays.

In 2020, constitutional amendments introduced a novel placement of local self-governance in the Russian political system. The revisions to Articles 131 and 132 stipulate that local self-governance comprises a part in the "unified system of public power" (edinaya systema publichnoi vlasti, единая система публичной власти), without clarification of the broad term "public power" and how it differs from the "state power." The term "public power" is incorporated into the constitution six times (Articles 67, 71, 80, 83, 131, and 132 of the constitution), consecutively stipulating that "public power" is "under the authority of the Russian Federation" (i.e., comprises a sphere of federal responsibility); that the President provides concordant functioning and interaction of the bodies of *public power*; that peculiarities of *public power* can be defined by federal law in federal cities, regional capitals, and other territories; and finally, that local self-governance, along with the bodies of state power, organizes the *unified system of public power*. Thus, the newly amended Articles 131 and

132 insert local self-governance into the "unified system of *public power*," regulated by federal law, which can be interpreted as a loss of local autonomy (Teague 2020).

Following the constitution amendments of 2020, the notion of local self-governance in Russia is in a state of contradiction. Until further clarification of the terms, local self-governance is, de facto, located under the control of federal and regional decisions, especially in "federal cities, regional capitals, and other territories," which conflicts with Article 12 of the constitution, which announces the independence of local self-governance. Hence, to resolve the conflict on the normative level, clarification is needed on how the fundamental principle of independence of local self-governance from *state power* intersects with the novel term of *the unified system of public power*. These legal clarifications are expected in the last spring session of the seventh term of the State Duma in 2021 and the new eighth term of the State Duma, which will be elected in Russia, in September 2021.

## Functions and Responsibilities of Local Self-Governance

In 2019, the Congress of Local and Regional Authorities of the Council of Europe monitored the implementation of the European Charter of Local Self-Government in Russia. In its report, the Congress declared "a low share of public affairs under the own responsibility of local authorities, [...] and the unclear division of competences between different levels of government" (The Congress of Local and Regional Authorities of the Council of Europe 2019). The development of the Russian legal framework corresponds to this external evaluation. Chap. 3 of 131-FZ names the functions which are executed by local self-governance in Russia. Federal and regional laws provided an additional lengthening of the list of functions depending on the regional and local context. Municipal entities are responsible for issues of local significance but also might receive additional functions from the federal and regional levels of power.

The general direction of local reforms in Russia expands the powers of regional authorities in the municipal sphere, reducing the area of authority of municipal entities themselves. Initially, local self-governance of the early post-soviet period had the responsibility for a wide sector of social services. Studies reconstruct (Molyarenko 2021) that, in the 1990s, the newly organized post-soviet federal government intentionally delegated wide social responsibilities to the local level due to the lack of resources to provide these public services in a centralized manner. The 1995 law 154-FZ, in Article 6, delegated a wide authority to the local level in the provision of all key functions and policies. However, following the post-soviet centralization in Russia, many municipal entities were excluded from the main part of social policies, such as healthcare or child welfare. In some places, federal and regional levels delegated the execution of these functions to the local level, but for a short time.

The asymmetric proliferation of types of municipal entities in Russia is accompanied by significant variations in how functions are allocated to various municipal entities. The law of 1995 equally allocated 30 functions to the responsibility of municipal entities of all kinds. Then in 2003, 131-FZ differentiated the quantity of functions, depending on the type of municipal entity. Initially, in 2003, settlements were responsible for 22 questions, municipal rayons for 20, and urban districts for 22. In further amendments, 131-FZ increased the list of local responsibilities twofold to 40, 38, and 45 questions, respectively. All types of municipal entities, except the intracity territory of a federal city, are responsible for 14 general functions, such as the approval of a charter, the organization of elections, etc. Municipal rayons and urban settlements are responsible for an additional 39 local issues, rural settlements for 14, etc. The profile of obligations may vary, even in a group of entities of the same type: for instance, federal cities differ in the amount of executed responsibilities. Municipal entities in Moscow are responsible for 24 basic questions, in Saint-Petersburg for 43, and in Sevastopol for 12. Additionally, Moscow and Saint-Petersburg

have separate lists of responsibilities, delegated to only some of their constituent local entities.

The increase of the number of functions executed by municipal entities should not be treated as the expansion of their authority. The rise of the number of local functions is part of another strategy. The legal reforms of the 2000s were driven by the need to balance the drastic contrast in living standards across the country and to unify local legislation. In 1995, 154-FZ stipulated broad, non-specified functions, which were distributed to the local level, like primary education, healthcare, and communal infrastructure services. As illustrated in Molyarenko (2021), in the 1990s, economically depressive municipal entities could not provide their citizens even the lowest level of services in education, housing, or healthcare. In 131-FZ and its further amendments, the law listed more specific and narrow functions, while broad functions, such as education and healthcare issues, were progressively excluded from the local authority. Local reforms were designed to equalize the level of service provision in municipal entities and did this through reshaping and reducing their area of power. As illustrated in Molyarenko (2021), in 2011, responsibility for the healthcare system was given to the regional authorities. In 2014, responsibilities of rural settlements were delegated to the municipal rayons. Since 2019, municipal entities have progressively transferred responsibility for waste management to the regional level. Finally, the introduction of two-tier municipal entities in 2014 and 2019 led to a new wave of centralization in local budgeting, as enlarged upper-level entities tended to reserve their funds for municipal centers.

The list of functions executed by municipal entities significantly varies among regions and municipal entities, as functions can be redistributed in several ways between federal, regional, and local levels. In concordance with Articles 5 and 6 and Chap. 4 of 131-FZ, by its origins, local functions are categorized as follows: local issues (or in direct translation, "questions of local significance"); rights of bodies of local self-governance; delegation of national public functions – delegation directly or through a subdelegation by the regional authority; delegation of regional functions; redistribution of functions; and redistribution of functions through bilateral agreements of municipal entities. The number of municipal entities involved in function distribution was 3,808 in 2019 (17.6% of the sample) and increased to 4,231 in 2020 (20.3%).

Basically, local authorities are responsible for issues of local significance, i.e., the provision of services essential for daily local processes. These services include the development of local budgets; city territorial planning; decisions on local taxes; the disposal of local property; the provision of electricity, heating, gas, and water to residents; local road monitoring; parking space management; local transportation; cultural entertainment; youth policy; public order and municipal police; the improvement of public spaces, funeral services, cemeteries; etc. Local self-governance is also responsible for the housing of vulnerable social groups and for local libraries and cultural objects, the provision of fire safety, emergency management, waste management, and archives. Upper-level municipal entities are also responsible for public preschool, primary and secondary education, and healthcare. Municipal entities can establish their own municipal and intra-municipal mass media. The separate attention of local authorities is addressed to the issues which are traditionally attributed to the federal policies. Since 2005, several amendments to 131-FZ introduced additional responsibilities of local self-governance for the prevention of terrorism and extremism, national and confessional peaceful cohabitation, migration policy and migrant integration, the prevention of intranational conflicts, and the provision of energy efficiency. This list of functions covers only so-called local issues (questions of local significance).

The transfer of functions and responsibilities within the three-tier federal system is performed via the three procedures: delegation, distribution, and subdelegation. Delegation means an obligation to provide financial resources needed to implement these functions, while the distribution does not imply such obligation. Subdelegation means the delegation of the functions by the regional level to the municipal level, while the regional level itself receives them from the federal

level. There is no single scheme of deciding which functions should be delegated, distributed, or subdelegated: the decision is left up to federal and regional political actors. This mechanism increases financial discrepancies among municipal entities in terms of financial sustainability and self-sufficiency.

Among national functions that are delegated to the municipal authorities are primary military registration, civil registration, the organization of the all-Russian census, notary services, etc. The rate of local involvement in national function provision differs across the country. According to the Ministry of Justice (2020), in 2019 17,132 municipal entities executed primary military registration (82.1% of the number of municipal entities which participate in the budget process), 7,539 municipal entities provided notary services (36.1%), and 1,612 entities provided civil registration (7.6%). Additionally, the rate of involvement of municipal entities in federal services provision has changed across time. In 2019, a higher number of municipal entities provided notary functions (39.1% of all municipal entities) and the registration of births, deaths, and marriages (11.1%).

Regional freedom to subdelegate functions (i.e., to delegate the functions they received from the federal level) to the local level is wide, but not universal. Out of all regional functions, 94 out of 114 can be subdelegated to the local level. In 2020, 3,100 municipal entities executed subdelegated regional functions (15.1% of the number of municipal entities which participate in the budget process). The variety of functions delegated by regions to the local level is diverse and depends on the context. Sometimes regional authorities delegate responsibilities for healthcare, education, children's recreation, labor protection, road construction, local public transport, utility tarification, and social support to some vulnerable groups, such as orphans, the retired, and the handicapped. For instance, in 2020, 40.4% of municipal entities were involved by regional authorities in the provision of the civil law, and in three regions this function remained at the regional level.

Municipal entities do not have a voice in receiving functions from the upper levels of power. Federal law 136-FZ, dated May 27, 2014, empowers regions to redistribute responsibilities among local governments and other public authorities. Article 17 of 131-FZ stipulates that this decision is unilateral: municipal authorities cannot initiate or approve redistribution from the regional level. But municipal entities still have some opportunity to reshape the profile of their responsibilities: local bodies possess the right to sign mutual agreements on functional distribution. This right deepens discrepancies in the profiles of municipal commitments across the country.

The number of functions appointed to the local level in Russia is unevenly distributed across regions and municipal entities. It varies across the types of municipal entities and changes over time. Altogether the distribution of functions, with centers of decision-making located federally and regionally, can be used as an illustration that local self-governance in Russia is progressively being built into the federal "power vertical." The Congress of Local and Regional Authorities of the Council of Europe (2019) comments that these changes and their dynamics lead to "an erosion of the core competence of rural communities in violation of the subsidiarity principle and the degradation of quality of service they can deliver in the interest of their citizens" (p. 3–4). Asymmetric profile of local responsibilities is connected to the problem of poor financial sustainability at the local level in Russia.

## Financial Resources

Local self-governance in Russia is an independent actor in the national budget process, which has its own budget and sources of income. Initially, 154-FZ, dated 1995, and the relevant federal legislature (Federal Law № 126-FZ 1997) provided to newly established Russian municipal entities with a wide spectrum of possible income sources. However, this decision immediately led to a high diversification among municipal entities in standards of living, following the discrepancy in development of local economies. As pointed by (Molyarenko 2021), at this stage, depressive

**Changes in the Model of Municipal System in Russia, Table 2** The annual income of local entities in 2019 per type of municipal entity, in the number of municipal entities (share within a type of municipal entity). (Source: Ministry of Justice 2020)

| Type of municipal entities (according to the FZ-131, version of 2020) | Local budget income in 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 mln Rub | 1–10 mln Rub | 10–100 mln Rub | 100 mln–1 bln Rub | More than 1 bln Rub | Budget not approved |
| Rural settlement | 242 (1.4%) | 11,657 (66.9%) | 5,331 (30.6%) | 202 (1.2%) | 1 (0.006%) | 4 (0.02%) |
| Urban settlement | 2 (0.13%) | 77 (5.2%) | 1,006 (67.3%) | 398 (26.6%) | 11 (0.7%) | – |
| Municipal rayon | – | – | 44 (2.5%) | 1,194 (68.9%) | 495 (28.6%) | – |
| Urban district | – | – | 3 (0.5%) | 178 (29.2%) | 428 (70.3%) | – |
| Urban district with intracity division | – | – | – | – | 3 (100%) | – |
| Intracity rayon | – | – | – | 3 (15.8%) | 16 (84.2%) | |
| Intracity territory of a federal city | – | – | 171 (64%) | 82 (30.7%) | 6 (2.2%) | 8 (3%) |
| Total | 244 (1.1%) | 11,734 (54.5%) | 6,658 (30.4%) | 2,070 (9.6%) | 944 (4.3%) | 12 (0.06%) |

municipal economies did not have any means for economic development, while rich municipal entities were becoming economically, and thus politically, stronger. Table 2 presents the discrepancies in local economic development, depending on the type of municipal entity. The vicious cycle was broken in the 2000s through budget centralization reforms and the raise of redistributive financial efforts, which simultaneously turned municipal entities back into dependence on federal and regional financial policies.

Now, local budgets are filled through several sources: taxation, gratuitous receipts including inter-budgetary transfers from budgets of other levels, subventions, and nontax income. According to the Ministry of Finance (2020), in 2019, 65.9% of local incomes were shaped by redistribution from federal and regional budgets (through gratuitous receipts, transfers, and subventions). 28.4% of local budgets were fulfilled through taxation and 5.7% through nontax sources of income. Among federal and regional redistribution, 49.6% were provided through subventions, 27.4% through subsidies, 14.1% through donations, and 8.9% through other inter-budget transfers. Within the received taxes, 63.3% were provided by personal income tax, 12.3% by land tax, 11% by other taxes, 6.6% by taxes on comprehensive income, 3.6% by personal property tax, and 3.1% by excise taxes on petroleum products. In general, federal support to local budgets wanes: prior to 2003, local self-governance received up to 10% of the federal GDP, which diminished to 3.7% of GDP by 2016 (RANEPA 2016). In general, responsibilities of local self-governance do not correlate with its financial resources (Petukhov 2019). Local operations are frequently supported by a manual budget redistribution of federal and regional levels or inclusion of municipal level into federal projects, where municipal bodies participate only as an executor and have zero role in decision-making.

When national or regional functions are delegated for execution on the municipal level, the constitution (Article 132) obliges to provide municipal entities with additional material and financial compensation through budget redistribution. Local budgets may receive several types of gratuitous receipts and transfers: donations, subventions, subsidies, and other intra-budget

transfers. As summed up in Gilev and Shevtsova (2019), donations are designed to provide basic financial sustainability to local entities, if it falls lower a certain level. Subventions finance local execution of federal public functions, delegated downward to the local level. The amount of subsidies and other intra-budget transfers is decided by regional authorities and corresponds to the programs, implemented in a region, and to the economical profile of a municipal unit. The framework on redistributive obligations tempted to respond to the problem of "unfunded mandates." Such mandates frequently appeared when the federal or regional level announced some social commitments and delegated it, but did not provide sufficient funding to the lower levels, which become, de facto, responsible for provision of announced promises. With the increase of the rate of federal and regional transfers and subventions to local budgets, local financial and political independence is usually challenged.

Local budgets lose self-sufficiency and face deficits. Special-purpose federal subsidies are increasingly replacing local sources of funding, which strengthens misbalances in municipal budgets. As for 2019 (Ministry of Justice 2020), gratuitous receipts, including inter-budgetary transfers from budgets of other levels, comprised almost two-thirds of all local incomes, which indicates a very weak budget self-sufficiency of municipal entities. As for 2019, redistributive transfers from other level budgets in 15,900 municipal entities (73.5% of the sample) overdue their own municipal income through taxes by 5%. In 11,600 municipal entities (53.9% of the sample), this overdue comprised 20%, and in 4,900 municipal entities (22.8% of the sample), this overdue comprised 50%. The Budget Code allows to introduce additional means of control and audit over local accounts in municipal entities with high rates of deficit, when needed. So, low rates of local financial self-sufficiency pose a potential threat of a possible increase of the central government control.

In the current budget configuration, local governments do not have much incentives to contribute to their own economic development and expand their revenues. Budget centralization is the key obstacle. First, local taxes are transferred upward to the federal budget and then relocated back downward in shares decided by the federal and regional levels. Another line of centralization means that local self-governance is responsible for some upper-level functions (for instance, primary education) and receives funds to execute this function from regional authorities in the amount decided by a region, which might not correspond to real needs (Article 263, Federal Law №184-FZ 1999). The last line of centralization was implemented within the two-tier municipal entities. Upper-level entities can distribute budgets to the lower level but tend to avoid it to keep the available financial resources for themselves.

Nontax local income is provided by municipal property, lands, assets, and dealings involving the use of municipal housing stock. Municipal entities would have their own property, which is essential for the appropriate functioning of local communal facilities. Municipal entity property is received from the national and regional levels to provide local needs. Bodies of municipal entities can also purchase property for municipal disposal. The Land Code states that municipal entities may have land property and thus have income from its exploitation and land lease. The Code fixes rights to transfer land plots into municipal ownership free of charge from the federal and regional level and between municipal entities. But for the three cities of federal significance, Article 19 of the Land Code stipulates that, under certain legal conditions, municipal land plots can be transferred free of charge from municipal ownership to the federal city ownership. The Land Code does not mention any other ways how municipal entities can lose their land property. Possession of property is also distributed asymmetrically. For instance, Moscow municipalities do not have their own land.

Local self-governance in Russia also implies the right to take municipal credits and borrowings. Regional and local authorities face frequent necessity to borrow money from government and private sources, following weak economic basis and limited control over collected municipal taxes. Municipal entities may get credits from federal structures with lower interest rates than

those available on the private market. The accessibility of loans is better for municipal entities who closely cooperate in execution of federal public functions. Debt management creates another instrument of federal and regional control.

In the current financial profile, local entities face the fall of tax income with the overwhelming importance of central and regional transfers to municipal budgets. Such financial design allows qualifying it as a form of inbreeding of local self-governance into the vertical of power by the means of budget redistribution. Municipal entities work in the context of the general centralization in Russia, when regional and municipal levels of power progressively narrow down their autonomy and available instruments and lose incentives to be self-sufficient.

## Political Institutions and Public Involvement

The system of local self-governance implies that people can directly participate in decision-making and execution of local authority. Local self-governance in Russia combines instruments of direct democratic participation, institutions, and bodies to provide for local interests. Among the forms of direct participation of citizens, local self-governance implies the following instruments: local elections, local referenda, revocation vote to dismiss elected officials, "skhods" meetings, voting on changes of municipal boundaries, etc. Among the forms of citizens' involvement into institutionalized forms of local self-governance, 131-FZ provides the following possibilities: legal initiative, territorial public self-governance (territorialnoe obschestvennoe samoupravlenie, территориальное общественное самоуправление), public hearings, gatherings, conference of delegates, public polls, citizens' appeals to local authorities, orders of voters, election of rural starostas (headmen), municipal public chambers, and public discussions. Finally, following the ideology that local self-governance comprises the element of grassroots democracy, 131-FZ introduces the norm that all municipal entities in Russia must have representative bodies of power and their own executive authorities, i.e., a head of the municipal entity, a local administration, a head of the local administration, and a municipal control body. In Russian legal norms, a representative body stands for city council, composed of municipal deputies, and the head of the municipal entity and head of the local administration are official titles for the post of mayor and city-manager, respectively. Additional bodies can be organized.

The proliferation of organizational forms of power varies across the country and depends on types of municipal entity. According to the Ministry of Justice, as of March 2020, Russia had 20,792 established running representative bodies of municipal entities and 20,506 running executive heads of municipal entities. The existing discrepancy between the number of municipal entities and the number of representative bodies has technical reasons, i.e., processes of the dissolution or self-dissolution of representative bodies and running local reorganizations. Also, this statistics can be further detailed to reflect the double-headed structure of local executive power and the cases when local power executive and representative actors combine two local posts. Additionally, the smallest settlements with less than 100 residents have equivalents of local bodies of power – so-called "skhods" or a meeting of all residents, where residents decide local issues. According to the Ministry of Justice, as of March 1, 2020, only 1 urban settlement and 69 rural settlements had skhods instead of established representative bodies.

According to the Ministry of Justice (2020) and the Central Electoral Commission of the Russian Federation, the use of instruments of direct public involvement decreases along the time. Public hearings decreased in number from 95,600 events in 2016 to 85,000 in 2019. The number of citizens' meetings fell from 85,900 in 2016 to 59,400 in 2019; similarly public discussions fell from 53,900 in 2018 to 12,300 in 2019. Territorial public self-governance remains constant in number around 32,000 created organizations. The use of public polls significantly changed in number with the same decreasing trend: 5,100 events in 2016, 8,700 in 2018, and

1,100 in 2019. Local referenda are weakly applied in Russia: there were 160 events in 2012, 246 in 2014, 1555 in 2016, and 242 in 2020. Civil legal initiatives also have a low rate of application: 800 initiatives were discussed in 2018 and 200 in 2019. Apart from forming local bodies, municipal entities in Russia also apply other available instruments of local self-governance, but this activity is not very common. According to the Ministry of Justice, in 2019 local entities held 114 referenda, 111 of which referred to self-taxation of local residents to resolve some local issues.

In the political dimension, local reforms had four broad directions for innovations. First, in 1991, the law separated local administrations from the vertically integrated system of Soviets, where they played a role of local executive committees. In 1991, the law made executive heads formally independent within local self-governance, and this post had to be filled through popular elections. In 1995, 154-FZ introduced a possibility for a representative body to appoint a local executive head. In 2003, the law introduced a model of the double-headed executive branch: with an option of coexistence for a head of local administration and a head of municipal entity (equivalent to a city-manager and a mayor) within one local system. In the other direction of reform, local actors (a mayor, a city-manager, a head of city council) received a right to combine their posts in some configurations. The next stage of legal novels introduced diversification and proliferation of ways to appoint local political actors, instead of popular elections, even for deputies of local councils. Finally, the reform increased regional authority over local political systems. Table 3 gives an overview of the changes in the models of selection of authorities and embraces how various models of appointments progressively joined elective procedures and ways to appoint local officials diverse, depending on a type of a local entity. Among municipal entities, the procedures for selection executives vary for different types of entities and change along the time.

The variations in design of local executive branch imply coexistence and concurrence of the three alternatives: elections of heads (with heads-administrators elected by citizens), double-headed system (with a head – chair of representative body, selected from local deputies, and a separately appointed head of local administration = a city-manager), and appointments by the contest. The latter is more typical in more populous and economically sufficient municipal entities: i.e., municipal rayons, urban districts, urban districts with intracity division, inner-city rayons, and municipal districts. As of March 2020 (Ministry of Justice 2020) among 20,506 in 20,595 municipal entities, 8,455 local heads of municipal entities were selected from local representative bodies, 7,101 were appointed by the Contest Commissions, 4,972 were elected on direct municipal elections, and 67 heads were appointed by local skhods.

The official discourse contextualized the introduction of the double-headed model as the strive to increase efficiency of local policy implementation and to respond to the lack of trained staff to occupy local posts. According to the motivational part of these legal provisions, appointed city-managers were expected to better perform administrative processes, and the number of appointed posts increased along the time. However, studies reveal that the appointment of heads does not increase effectiveness of municipal administration; neither they provide better service provision (Kazantsev and Rumyantseva 2020). At the same time, the amendments in the local model of power introduced mechanisms that allowed to strengthen regional and federal political machines.

Political redesign of local self-governance increased regional authority over the local level by a sequence of federal laws since 2014. It progressively expanded regional authority in shaping municipal political systems and their elites. Now, regional authorities can decide when a head of municipal entity would be simultaneously a chair in a representative body or would combine the post of a head of municipal entity with the position of a head of local administration. Next, the head of a municipal entity might be appointed by the Contest Commission, formed jointly by a regional governor and a local representative body. In 2014, the share of seats in this Commission,

**Changes in the Model of Municipal System in Russia, Table 3** Changes of municipal political institutions throughout local reforms in the Russian Federation. Source: Constitution of the Russian Federation 2020, Law of the Russian Federation № 1550–1 (1991), Federal Law № 131-FZ (2003), Federal law № 154-FZ (1995)

| Branch of authority | Formal title of a body | 1991: 1550-I law of RSFSR | 1995: 154-FZ | 2003: 131-FZ | 2014-2015: amendments to 131-FZ |
|---|---|---|---|---|---|
| Representative (Council) | Till 1995: Soviet of local deputies<br>Since 1995: representative body of municipal entity | E | E | E | 1.1 E<br>1.2 delegation from the bodies of the lower-level municipal entities to the council of the upper-level municipal entities |
| Executive | Head of local administration | E | 2.1 E<br>2.2 App. by Council from its members | 2.1 Combines the position as a head of municipal entity<br>2.2 App. through a competitive contract | 2.1 Combines the position as a head of municipal entity<br>2.2 App. through a competitive contract |
| Executive | Head of municipal entity | – | – | 3.1 E[a]<br>3.2 App. by Council from its members | 3.1 E[a]<br>3.3 App. by Council from its members[b]<br>3.3 App. by Council from a list of candidates suggested by Contest Commission[c] |

E general local elections, App appointment
[a]A head of municipal entity joins one of the two mutually exclusive tracks: either (a) becomes also a deputy in a local representative body and its chair or (b) becomes a head of administration
[b]Mutually exclusive tracks: (a) becomes also a local representative body chair or (b) becomes a head of local administration and quits a local representative body
[c]Becomes a head of local administration

reserved for regional authorities, increased from 30% to 50% of seats. A governor has the right to present candidatures for the position of city-manager. With the rise of share of seats in the competition commission, selected by regional governors, to 50%, the heads of municipalities were, in fact, appointed at the governor's initiative and instruction. Also, regional authorities obtain the power in deciding a procedure to select local deputies of representative bodies in municipal entities of the upper level and to select heads of municipal entities. Regional decisions regarding procedures of selection are compulsory for introduction into municipal charters. Thus, for some types of municipal entities, regional authorities now possess the power to solely decide on the replacement of the election system by the appointment, including appointments of local deputies. According to the Council of Europe (2019), only four regions left "the opportunity to determine independently the structure and organization of local governments." This mechanism is criticized for the absence of clear criteria how regions should argue their decision on the design of the local political system and for the exclusion of residents from decision-making and selection of their local politicians.

Additional variability in municipal organizational exists in another technical dimension: the procedures of elections and appointments. Approaches to elections in representative bodies vary, as three models are simultaneously applied across the country: majority electoral system (single- and/or multimember electoral districts),

proportional electoral system, and the mixed model. According to the Ministry of Justice, as of March 2020, 19,469 of municipal entities deal with the majoritarian first-past-the-post elections (93.6% of all entities), 138 entities have proportional representation by party lists (0.7% of entities), and mixed system is applied in 509 entities (2.4% of entities). The model of appointment into representative bodies through a delegation procedure is applied in municipal entities of the upper level (which comprise 3.3% of the sample) and exists in two versions regarding the proportion of representation of the lower-level entities: with proportional delegation with an equal rate of representation and proportional delegation with an unequal rate of representation. According to the Ministry of Justice, in March 2020, delegation by equal representation was applied by 545 municipal entities (2.6% of entities) and with unequal representation – in 131 entities (0.6% of the sample).

Special peculiarities are stipulated for municipal entities of the upper level. To remind, the power to design local bodies in the upper-level entities is reserved to the regional authorities. Municipal charters just fix this regional decision. Newly introduced types of municipal entities of the upper level have appointment model for executive heads and delegation for deputies in the representative bodies. Depending on the model of selection, various local actors of the lower level get mandates in a representative body of the upper level. For instance, in the municipal rayons with the delegation model, a deputy seat is obligatorily provided to a head of lower-level municipal entity, granted that he was elected and not appointed through a contest. Meanwhile in the urban districts with inner-city division, only deputies of lower level are delegated to the urban district representative body.

In the administrative capitals of regions, only 10.5% of executive heads were elected. In general by 2020 only 24% of executive heads were directly elected (Ministry of Justice 2020). As a consequence, local-level elections are weakly competitive in terms of effective number of parties (Turovsky et al. 2020) and have low turnout as an indicator of weak political mobilization.

The double-headed executive model is not overwhelming. In the majority of cases, heads of local entities often combine the post of head of local administration and thus do not share executive power between two posts. Simultaneously, a high number of municipal executive heads also chairs in the local council, which can be treated as a serious challenge to the freedoms of local residents to select their own authorities. The Ministry of Justice monitors the trends, how municipal heads are selected. In 2019, among 21,245 selected heads of local entities, 5,136 were appointed by the competition and chaired local administration; 4,479 heads were appointed from local deputies and combined posts of Council Chair and head of local administration; 4,159 heads are appointed from deputies and chaired in local council; 3,317 were popularly elected and combine posts of Council Chair and head of local administration; 2,128 heads were popularly elected and headed local administrations; and 1,808 were appointed by the competition and also chaired local council and head of local administration. Finally, 125 heads were selected from the council deputies and head local administrations, and 25 heads were popularly elected and chaired local council. Thus, among local heads, in 8,001 cases the post of head of municipal entity is combined with another local post: a head of local administration or a chair in the local representative body.

The local reforms in Russia clarified the list of applicable designs of political institutions and helped to synchronize diverse models of municipal political organization across the country. In the beginning, by the law of 1995, the legal framework decentralized decision-making regarding models that would be applied by a municipal entity. Municipal entities decided on their organization of local bodies and declared it their local charters. Since 2003, the law stipulates exceptions for this freedom in municipal entities, by progressive changes in the federal law.

Significant variation of organizational procedures of the local bodies of power is the consequence of this diversity of the possible options. Observations reveal that appointments and delegation prevail in local entities with authority of

regional decisions over the local political model (upper-level municipal entities, administrative capitals of regions, peculiar territories). For instance, municipal entities of the upper level (municipal rayons and urban districts with inner-city division) have a right to appoint representative bodies by delegation, while in such two-tier municipal entities, the lower level may lack an executive head. Double-headed model of the executive branch of power is evaluated by experts as another way to reduce local autonomy. The capacity of local residents to select local political design and political actors narrows down along the time.

## Municipal Servants and Municipal Deputies

Municipal deputies, local heads, and municipal servants comprise a large professional community in Russia. The general number of municipal servants and workers involved in municipal self-governance accounts around 500,000 persons. According to the Ministry of Justice, altogether the corpus of deputies of the local representative bodies encounters 210,400 deputies. 73.3% of the total corpus of municipal deputies are deputies in rural settlements (150,800 deputies). Of this number 205,800 running deputies in 20,116 representative bodies were selected through direct elections. In the executive branch of power, the system numbers 20,506 municipal heads. According to the Ministry of Justice (2020), among 205,800 running deputies, 194,600 deputies (94.5% of the elected local deputies) were elected by a majoritarian system, and 11,300 deputies (5.5%) were elected by a proportional system from the political parties. 15,600 deputies were appointed through delegation from a municipal entity of the lower level to a council of the upper level.

The majority of local deputies execute this job on a voluntary basis, i.e., not as a paid job. The federal law limits the rate of professional full-time deputies by 10% of the quantity of mandates. According to the Ministry of Justice, in 2020 7,100 elected deputies (3.4% of elected deputies) and 930 delegated deputies (5.9% of delegated deputies) executed their job on a constant basis. Executive branch of power is run mostly by technocrats: among 20,595 ruling heads of administration, 17,100 (83% of the sample) have it as a full-time job. All heads who combine the post with the posts of a Council Chair and a head of municipal entity are obliged to hold the post on full paid contract.

The multiplicity of municipal servants and deputies has its pros and cons. On one hand, proliferation of local authorities provides space for citizens' initiative and participation. On the other hand, the high number of citizens involved in local self-governance raises issues of low professional expertise and weak quality of decision-making by this numerous, frequently untrained, professional strata.

Municipal servants comprise another big community, which is not equal to the public servants and has a separate status. Altogether 296,500 municipal servants provide the working capacity on a full- or part-time contract basis. Local administrations, with territorial and sectoral bodies, have up to 280,600 municipal servants, and 7,300 employees work in representative bodies, with 4,800 in other bodies and 3,900 in control and accounting bodies, as reported by the Ministry of Justice (2020).

## Control by Federal and Regional Levels of Power

Despite declared wide autonomy of local self-governance in Russia, local self-determination is limited to some extent: 131-FZ states that the sphere of application of local self-governance is defined by the Constitution and 131-FZ but also, when relevant, by regional laws and federal laws on neighbor matters. Federal government introduced several "particular" territories, which are regulated not only by 131-FZ. Chap. 11 of FZ-131 embraces ten "particular" territories in Russia where local self-governance is implemented in concordance with separate federal laws. These territories include the following:

1. Federal cities (3 cities of federal significance which have status of a region and comprise altogether 267 municipal units)
2. Closed cities (38 officially acknowledged as "ZATOs" – an acronym for Russian "closed administrative-territorial formation," supervised by the Ministry of Defense, the State Atomic Energy Corporation Rosatom and the Russian Space Corporation)
3. Scientific cities (13 "naukograds")
4. Frontier areas (424 municipal units located in the border zones across the country)
5. Regions of the Far North and equivalent areas with limited terms of delivery of products (a numerous list of municipal units in various regions (Decree of the Government 402, dated 2000))
6. Territories of the innovation center Skolkovo (which is formally located on the territory of the Kuntsevo municipal entity of Moscow, but does not represent any municipal entity itself so far)
7. Territories of advanced socioeconomic development and mono-cities (around 170 municipal entities for 111 territories which include territories created in 8 ZATOs)
8. Territories of innovative scientific-technological centers (four existing centers are located in three different regions of federation)
9. Territories of the free port Vladivostok (38 municipal entities within 5 regions)
10. Municipal units located in the Arctic zone (a numerous list of municipal units in nine Arctic regions).

The cluster of municipal entities that is regulated not only by 131-FZ expands along the time. To compare, in 154-FZ, dated 1995, the regulation by additional federal laws regarded only frontier areas, ZATOs, and federal cities. Additionally to the list of "particular" territories, embraced by the Chap. 11 of 131-FZ, federal laws establish separate rules for local self-governance in other kinds of settlements: particular economic zones (represented by 360 municipal units), historical settlements (represented by 147 municipal units), and territories of traditional natural resources use (represented by 360 municipal units). Thus, altogether Chap. 11 of 131-FZ and several additional federal laws, de facto, cover around 10% of municipal entities all over Russia, where local self-governance is designed in accordance with federal and regional decisions. A large share of "particular" territories represent the most populous (i.e., Moscow, Saint-Petersburg) or high-income local economies.

Another point of control on local self-governance is concentrated on the regional level. Along with the construction in Russia of the "power vertical" in the 2000s and the acquisition of regional autonomy into the federal sphere of responsibility, some rights of local self-governance were progressively relocated into the hands of the regional authorities. As mentioned above, within fiscal centralization, regions decide on the amount of financial transfers they relocate to local self-governance. Regions decide on the amount of responsibilities, delegated and subdelegated to municipal level, and which municipal functions would be acquired by a region. Regions shape the selection committee and suggest candidates for the post of the local head.

For certain types of municipal entities (municipal rayons, urban districts, intracity districts, particular territories, and important urban settlements which respond to certain statistical or administrative criteria), regional law may decide on a model of appointment of the local head: as illustrated in Gilev and Shevtsova (2019), governors actively applied their rights. In 2009–2011, regional authorities replaced mayoral elections with double-headed models in the regional administrative capital cities, thus gaining control over local heads. In 2010, governors received instruments of financial centralization. In 2014, with provision for regions of a right to select the local model of power and merge and enlarge municipal entities, regions replaced elections in the municipal entities of the upper level. Means of budget redistribution allows political machines of the regional and federal levels to inbreed the municipal layer into the vertical of power. Thus, studies provide some illustrations that municipal political loyalty to a region predicts more favorable budget

redistribution to a municipal entity (Gilev and Shevtsova 2019; Gasparyan 2021).

Additional motivation for regions to control local self-governance roots in the procedure of municipal filter, introduced in 2012 with the return of direct elections of governors. Since then, candidates to the post of regional governor should collect signatures from municipal deputies in a region to be nominated as a candidate. Municipal deputies should represent over 75% of municipal entities of the upper level in a region. The threshold of this filter currently varies from 5% to 10% of the number of municipal deputies in a region and might be adjusted upon regional discretion within this limit. Thus, regional incumbents have their own interest in keeping ties with local self-governance in a region.

The ruling party "United Russia" is another instrument of indirect accountability of local self-governance to the federal and regional levels. Among directly elected deputies by the majoritarian system, 75.8% were elected as "United Russia" candidates (147,600 deputies), with the second largest group elected as independent self-nominated deputies 15.4% (30,000 deputies). Among deputies elected by proportional representation and party lists, United Russia deputies hold 68.3% of local seats (7,800 deputies) with the next largest group elected from the Communist Party of the Russian Federation (17.2% or 1,900 deputies).

Apart of progressive redistribution of powers from local level, key local issues remain protected under local responsibility. They include local charter approval and amending, local property management, local budget approval and implementation, public order provision, approval of the structure of local bodies of power, etc. Regions do not get involved in these issues.

In the closed administrative territorial entities (ZATOs), the rights of the local population to decide on the candidature of its head are limited by another rule: a head of ZATO is appointed by the representative body from the list of candidates suggested by the contest commission, whereas the commission itself is appointed for one-third by the representative body of ZATO, for other one-third by the regional governor, and for the last one-third by the head of the federal corporation or the federal structure responsible for this ZATO (Ministry of Defense, Russian Nuclear Corporation or Russian Space Corporation).

Cities of the federal significance (primarily Moscow and Saint-Petersburg) practice a very limited variation of the local self-governance. Moscow City charter attributes exclusive powers to Moscow in determination of the system of local self-governance, regulation of the budget, property management, planning, and others that are typically distributed to the municipal level of authority (Article 13 of the Charter of Moscow). Key functions of lower levels and resources are concentrated in the hands of prefectures, which represent the lower level of the regional authority. Meanwhile councils of municipal deputies (Moscow municipal representative body) and local administration are responsible for a very narrow list of issues, such as local holidays. The latter however cannot contradict the federal laws adopted in the matter of joint jurisdiction with the federation. Prior to the adoption of a federal law on a matter of joint jurisdiction, the Moscow City has the right to adopt a legal act on the issue, which shall be then brought into line with the relevant federal law once it is adopted.

## Conclusion: Institutional Perspectives

Russian local self-governance changes, in accordance with the development of the Russian political regime (Gelman and Lankina 2008; Reuter et al. 2016). In the strive toward centralization within the "power vertical," areas of freedom of local self-governance are progressively diminished. The federal and regional authority over local self-governance expands, making central and regional powers more influential on local political regimes, political elites, and their area of responsibility. Despite numerous reforms, municipal system across the country remains highly asymmetric in various dimensions: by territory, population, economic sustainability, representativeness of citizens in local councils, and other indicators. Formally, institutional placement of local self-governance in Russia remains

unclear. Following the latest amendments into the constitution in 2020, municipal system was included into "the unified system of public power." Assuming that "the public power" might embrace all three tiers of public administration, autonomy of local self-governance in Russia is under severe risk. However, official clarification of this notion is expected in the nearest future.

## Cross-References


- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Local Governments in Russia
- ▶ Urban Administration


## References


Constitution of the Russian Federation, adopted on December 12, 1993, amended on July 4, 2020

Decree of the Government of the Russian Federation № 402. On approval of the List of Regions of the Far North and Equivalent areas with limited terms of delivery of goods (products), dated May 23, 2000, ed. of 06.12.2016

Federal constitutional law № 6-FKZ. On the inclusion into the Russian Federation of the Republic of Crimea and on the establishment within the Russian Federation of the new regions – Republic of Crimea and the city of federal significance Sevastopol, dated March 21, 2014

Federal Law № 126-FZ. On the financial foundations of local self-governance in the Russian Federation, dated of September 25, 1997

Federal Law № 131-FZ. On the general principles of organization of the local self-governance in the Russian Federation, dated October 6, 2003

Federal Law № 136-FZ. "On Amendments to Article 26.3 of the Federal Law" On General Principles of Organization of Legislative (Representative) and Executive Bodies of State Power of the Subjects of the Russian Federation "and Federal Law" On General Principles of Organization of Local Self-Government in the Russian Federation", dated 27 May 2014

Federal law № 154-FZ. On the general principles of organization of local self-governance in the Russian Federation, dated August 28, 1995

Federal law № 184-FZ. On the General Principles of Organizing the Legislative (Representative) and Executive Bodies of the Government of the Federal Regions of the Russian Federation), dated October 06, 1999

Federal law № 87-FZ. On the amendments into the Federal Law "On the general principles of organization of the local self-governance in the Russian Federation", dated May 1, 2019

Gasparyan O (2021) Devolution in non-democratic regimes: local efficiency and resource allocation in Russian cities. Working papers (forthcoming). https://olgasparyan.com/research.html

Gel'man V, Lankina T (2008) Authoritarian versus democratic diffusions: explaining institutional choices in Russia's local government. Post-Soviet Affairs 24(1): 40–62. https://doi.org/10.2747/1060-586X.24.1.40

Gilev AV, Shevtsova IK (2019) Foundation of "vertical": elections and distribution of inter-governmental transfers at local level cases of Novgorod Oblast and Perm Krai. Politeia Analysis Chronicle Forecast 163

Kazantsev KI, Rumyantseva AE (2020) From election to appointment Assessment of the effect of changing the management model of municipalities in Russia Center for Advanced Governance, 5. https://cpur.ru/new-research/r_local_government_from_election_to_appointment/

Law of the Russian Federation."On the local self-governance in the Russian Federation" № 1550–1, dated July 6, 1991

Ministry of Finance (2020) Information on the results of monitoring the execution of local budgets and interbudgetary relations in the constituent entities of the Russian Federation at the regional and municipal levels for 2019. https://minfin.gov.ru/ru/perfomance/regions/monitoring_results/Monitoring_local/results/

Ministry of Justice (2020) Report on the results of the annual monitoring of the organization and development of local self-government in the Russian Federation (for 2019 and the first half of 2020). http://komitet4.km.duma.gov.ru/upload/site28/Minyust_RF_Doklad_o_ezhegodnom_monitoringe_2019_-2020.pdf

Molyarenko O (2021) Local self-government in contemporary Russia. Univ Russia 30(1):8–28. https://doi.org/10.17323/1811-038X-2021-30-1-8-28

Petukhov RV (2019) About the reasons of the perception of local authorities as the most bribable power and public institutions of contemporary Russia. Vlast' (The Authority) 27(6):77–86. https://doi.org/10.31171/vlast.v27i6.6832

Reuter OJ, Buckley N, Shubenkova A, Garifullina G (2016) Local elections in authoritarian regimes: an elite-based theory with evidence from Russian mayoral elections. Comp Pol Stud 49(5):662–697

Russian Presidential Academy of National Economy and Public Administration – RANEPA (2016) In: Shugrina ES (ed) Report on the State of Local Self-government in the Russian Federation: Modern challenges and development prospects. Publishing house "Prospect", Moscow

Teague E (2020) Russia's constitutional reforms of 2020. Russian Polit 5(3):301–328. https://doi.org/10.30965/24518921-00503003

The Congress of Local and Regional Authorities of the Council of Europe (2019) Local and regional democracy in the Russian Federation. Report CG37(2019) 11final. https://rm.coe.int/local-and-regional-

democracy-in-the-russian-federation-monitoring-comm/1680973ba5
Turovsky R, Korneeva E, Vaselenko O (2020) Electoral turnout in municipal elections in post-communist countries. Mirovaia ekonomika i mezhdunarodnye otnosheniia 64(10):121–132. https://doi.org/10.20542/0131-2227-2020-64-10-121-132

# Changing Nature of Global Armed Conflict

Ozcan Ozkan
Turkish National Police, Ankara, Turkey

## Introduction

The nature of global armed conflict has been undergone tremendous change in the past three decades. Especially after the demise of the Soviet Union, the world entered into a new era. In this new era where the United States has remained only superpower in the globe, the unipolar trend was only challenged by emerging new threats such as global terrorism (Ferguson and Mansbach 2004). The transition period was not a peaceful one since the newly established states in Eastern Europe and some failed states in Africa and the Middle East have seriously challenged security of the developed countries both in Europe and the Americas. On the other hand, some states in Africa and elsewhere had long lacked the colonial backing as a result of the decolonization process starting in the 1960s. After the end of the Cold War, some of these states were further left without support from either bloc. In this situation, many states have failed because of lacking political, economic, and authoritative capacity to meet their people's needs, triggering intrastate wars rather than previous interstate wars.

The most important threat for both domestic and international stability came from asymmetric warfare including terrorism. Among them, the 9/11 attacks marked a new period in which transnational terrorism changed the nature of armed conflict greatly thanks to facilitating factors of globalization (Hoffman 2006). In addition, advanced technology made conventional wars obsolete, triggering a revolution in military affairs.

## The Changing Nature of War

The process of globalization has been great impacts on armed conflict. Economic interdependence and spread of democracy in some parts of the world led states to form security communities where war between them is becoming less and less likely (Ferguson and Mansbach 2004). Kantian approach that democracies will not fight with each other showed the instrumentality of democratic peace theory for the last decade. However, this does not mean that democratic countries will not go to war with nondemocratic states to spread democratic zone of peace (Viotti and Kauppi 2010). The American decision to wage war against Iraq to topple Saddam Hussein in 2003 was partly due to this argument that a democratic Iraq without a dictator would be an example for others in the region toward a peaceful democratic region.

On the other hand, in some parts of the world wars are still present. As famous nineteenth-century strategist Clausewitz said, war is a continuation of political activity by other means. And it is unlikely that it will disappear. The characteristics of war might change, but essential nature of war could not. Although the end of the Cold War and dissolution of the Soviet Union eliminated great wars between great powers, the political authority vacuum created by the demise of the Soviet Union and violent and brutal transition period of nondemocratic states toward democracy caused states disintegrate into civil wars and insurgency. In addition, temporary hegemonic control of the United States without a rival in the world together with Westernization attempts faced with cultural and political resistance that has showed itself brutally in many parts of the world.

In a globalized world where communication and transformation technologies expanded worldwide thanks to recent advanced tools like satellites, telephones, and Internet, the notion of battlefield changed to such extent that cyberspace

has become battlespace itself. While new arms technology allows states to launch long-range missiles in a far distance to the actual battlefield, this technology may also be used by terrorists to disrupt and devastate government infrastructures as well as to intimidate their enemies. Even if the great wars are not likely in the near future, a possible conflict on weapons of mass destruction (WMDs) may trigger an unprecedented warfare by using these weapons. For instance, the possibility of a nuclear confrontation is increasing as the practices of North Korea and Iran as well as terrorists attempting to acquire nuclear weapons are challenging the international peace. Mass media is also playing an important role in showing the brutality of war globally making it more understandable for the global audience and viewers (Allison 2010).

The nature of war has been shifting in recent decades under the impact of globalization, eroding the autonomy of the state. International system, international law, norms, and rules are greatly concerned with how to prevent war (Singer 2004). Formerly, after every Great War, a new international system was formed to better deal with the possible causes and consequences of wars. After the Thirty Years' Wars, the Peace of Westphalia in 1648 first set up a system among states to prevent another catastrophic war (Viotti and Kauppi 2010). After the Napoleonic Wars, the Concert of Europe was set up in 1815 and played an important role in sustaining relative peace among states with realist balance of power and diplomatic tools. When the World War I broke out, the previous system collapsed and the postwar arrangements under the umbrella of League of Nations tried to reach a consensus in order to eliminate future wars by the notion of collective security. However, this system backed by liberal thinking did not work well and consequently could not prevent the outbreak of another world war. The United Nations (UN) came into being with a distinctive authority to sustain international peace with its Security Council after the World War II. The UN system and Bretton Woods arrangements also gave priority to economic and social issues as low politics while maintaining military and security issues as high politics since both economic and social affairs are all important factors to leading to a war (Singer 2004).

Realist and neorealist approaches giving priority to states and international system under anarchy dominated the postwar environment. Their supporters criticized the naïve propositions of liberalism which encouraged states cooperate rather than compete. Liberal and idealists proved to be inadequate when cooperation and interdependence did not prevent states to wage war against each other. With the beginning of the Cold War, the USA and the Soviets started an arms race. In addition, security and military blocs between the two powers led to a bipolar international system (Waltz 1988). Neorealist thinkers like Waltz argued that a bipolar world is one of the most stable kinds of international system since such system is easy to manage, and miscalculation is minimal (Waltz 1988). On the other hand, multipolar system is complex and more prone to lead to war through miscalculation and misperception (Viotti and Kauppi 2010). However, as far as nuclear proliferation is concerned, many including Waltz argued that more nuclear-capable states may be better than fewer and multipolarity is better than bipolarity since more uncertainty causes caution, and caution means following tried and true policies of the past that avoid deviations (Allison 2010).

It is argued that in the anarchy of international system, improving the means of defense and deterrence relative to the means of offense increases the chances of peace. Weapons and strategies that make defense and deterrence easier, and offensive strikes harder to mount, are believed to decrease the likelihood of war (Viotti and Kauppi 2010). This argument is shared by most of the nuclear-capable states or states seeking nuclear technology. Since the 1962 Cuban crisis and later the period of détente came with a time when striking was believed to lead to catastrophic consequences, nuclear arms race between great powers did not end up with a hot war (Allison 2010). Rather, it led to developing smart weapons especially on the side of the United States which was known as Strategic Defense Initiative (SDI) or popularly as Star Wars.

This revolution in military affairs proved to be instrumental in the 1991 and 2003 Iraq Wars

which gave the US-led coalition effortless victory thanks to possessing these advanced weapons and satellite systems. In this environment, unconventional or asymmetric responses to great powers of superior capacity started to take place as seen in Soviet withdrawal of Afghanistan in the 1980s, Arab-Israel conflict from the beginning until today, Yugoslavia in the 1990s, and today in Afghanistan and Iraq where military and technological superiority are being challenged by insurgents and local militias with limited weapons and strategies but a novel and unstoppable weapon among others: suicide bombing. The 9/11 attacks as suicide bombing has marked the most complicated asymmetric assault to a superpower in history. This can be seen as the changing nature of armed conflict where high-tech wars between sophisticated and organized alliances were replaced by conflict of almost completely opposite character – low tech, local at planning but globally trenchant and deeply disorganized (Ferguson and Mansbach 2004).

## New Armed Conflict

Today, globalization not only causes a wide range of economic, cultural, social, and political change, it also affects the character of war. Gender started to play an important role in suicide bombings. Child soldiers are increasingly being used in African intrastate armed conflicts, in Israeli-Palestinian conflict, and in Afghanistan by Taliban forces. In some places, advanced states are willingly transferring some of its military functions to private authorities, creating a kind of "outsourcing of war" while these functions are being seized from the state by other actors like warlords in another part of the world. Indeed, more and more states are contracting out some military services to Privatized Military Firms (PMFs) which sell a great deal of war-related services to states in the logistical and security roles rather than direct combat as seen in the 2003 US-led invasion of Iraq.

The concept of total war of twentieth century which involved the mobilization of whole population, economy, and military resources of the state seems to fade away, but the total loss of both intrastate wars, civil wars, and terrorist attacks still remain very high as seen in Rwanda, Bosnia, Liberia, Somalia, and other places as well as in the 9/11 attacks.

War has long been seen as armed conflict between opposing states at least since the Westphalian state order, fought by uniformed, organized bodies of soldiers. In most cases, wars were regulated by different acts, norms, and rules. This is not the case today when intrastate armed conflicts have dominated the global agenda for the last 25 years (Singer 2004). The driving force behind these new wars is globalization process which has increasingly eroded the economic, political, and military autonomy of the state in some part of the world where disintegration of states and struggle for control of the state by conflicting groups have mostly ended up with intrastate violent armed struggle (Ferguson and Mansbach 2004). As those states lose control, privatized and paramilitary groups gain access to weapons of the state or usually via organized groups dealing with arms trade (Singer 2004).

This new armed conflict in which religion, identity, and culture play an important role is also reflected in Huntington's "clash of civilization" (Huntington 1993). As opposed to his former student Fukayama who prematurely called early postcold war era as "the end of history," Huntington never expected an emergence of a global civilization after the end of the Cold War. Even if there is increased interconnectedness between societies, the world would fragment into civilizational blocs and cultural and ethnic enclaves. According to Huntington, world politics is entering a new phase in which the fundamental source of conflict will not be primarily ideological or economic, but cultural (Ferguson and Mansbach 2004). Although he concedes that nation-states will remain the most powerful actor, he contends that the principal conflicts will occur between nations and groups of different civilizations. Particularly, the clash between the Western and Islamic states is likely to become more rather than less intense. Part of the reason is that the West is now at the peak of power in relations to other civilizations and there has been a hostile reaction to this dominance by other civilizations (Huntington 1993).

Other important reasons for the new armed struggle are poverty, overpopulation, crime, disease, and environmental degradation. In particular, the environmental degradation is increasingly becoming a major cause of conflict in certain areas of the world. One of the most prominent analysts on relations between environment and global conflict, Thomas Homer-Dixon, contends that wars and civil violence will often arise from depletion of resources such as water, cropland, forest, and fish (Homer-Dixon 1999).

Finally, long ignored issue of terrorism gained priority in global arena. Neoliberal institutionalists and realists mainly focused on nuclear weapons for a long time, and terrorism was regarded as a secondary issue that required neither attention nor analytic rigor. This was changed after 9/11. Terrorism experts such as Bruce Hoffman had long been warning of the emergence of new and more lethal forms of terrorism including emergence of religious terrorist organizations even before 9/11. His main argument was that religious motivations combined with enhanced terrorist capabilities with new technological tools could indicate an even long, bloodier, and more destructive era of violence in the history. The 9/11 attacks proved Hoffman's assessment of changing nature of terrorism to be true (Hoffman 2006).

## Conclusion

The process of globalization has greatly changed the face of armed conflict. Some elements, though, still remain the same. While in some places armed struggle is continuing for promoting political activity, in other places armed conflict is occurring due to economic and environment scarcity concerns (Homer-Dixon 1999). The asymmetric threat of terrorism is increasingly affecting state behavior, while the solutions to terrorism and armed conflict still remain inadequate. With the advanced technological capacities becoming more and more accessible to anyone including terrorists, the nature of threat has also gone global transcending boundaries. Terrorists' wish to acquire weapons of mass destruction underscores the gravity of the threat. As the character of conflict goes beyond the traditional borders of states so must the response. Multilateral arrangements by the United Nations and other supranational bodies to date have not addressed the issue adequately, but there is hope that new kinds of multilateral, regional, and international cooperation in all levels of political, economic, and cultural aspects (Viotti and Kauppi 2010) as well as law enforcement and military cooperation between individual states can emerge to reduce the risk and casualty in the face of the changing nature of armed conflict globally (Singer 2004).

## References

Allison G (2010) Nuclear disorder: surveying atomic threats. Foreign Aff 89(1):74–85

Ferguson YH, Mansbach RW (2004) Remapping global politics: history's revenge and future shock. Cambridge University Press, Cambridge

Hoffman B (2006) Inside terrorism. Columbia University Press, New York

Homer-Dixon TF (1999) Environment, scarcity, and violence. Princeton University Press, Princeton

Huntington SP (1993) The clash of civilizations? Foreign Aff 72(3):22–49. Also in Huntington SP (1996) The clash of civilizations: remaking of world order. Simon & Schuster, New York

Singer PW (2004) War, profits, and the vacuum of law: privatized military firms and international law. Colum J Transnatl L 42(2):521–549

Viotti PR, Kauppi MV (2010) International relations theory, 4th edn. Longman, New York

Waltz KN (1988) The origins of war in neorealist theory. J Interdiscip Hist 18(4):615–628

# Changing Organizations of Multilevel Water Management, European Union

Marthe Indset
The Norwegian Institute for Urban and Regional Research, Oslo and Akershus University College of Applied Sciences, Oslo, Norway

## Synonyms

Administrative networks; Implementation; Multilevel governance; The European Union

## Definition

Indirect administration: a constituting administrative principle of the European Union (EU) in which member states are obliged to comply with legislation and policies adopted by supranational institutions, but where implementation is left to member states' governments and their domestic administrations. Such a dual administrative system or "administrative sovereignty" enjoyed by the national level was the intended form in the EU (Hofmann and Türk 2006).

## Introduction

The EU does not have a clearly defined and coherent administrative policy (Olsen 2007). In the implementation of EU legislation, the European Commission has relied heavily on domestic, national administrations. Such an arrangement, where the administration of common policies takes place indirectly through lower-level governments is probably the form that allows the most varied administration practices across territories.

As a response to these challenges, administrative capacities at the EU level have expanded significantly since the 1990s (Bauer and Trondal 2015; Egeberg 2006; Kassim et al. 2013). The Commission and the member states have adopted various organizational models for connecting executive policy-making across levels. Core components in this development are European-level networks and agencies, established to facilitate harmonization of policies and legislation across Europe.

Agencies and networks may vary according to their specific functions, but in general terms, they are established to gather knowledge, promote coordination, and uniform administration of EU law. Agencies tend to be more institutionalized in terms of internal organization and capacity. They are more often set up according to specific EU legislation with a formal mandate and legal status, and they have secretariats staffed with fulltime experts. European regulatory networks (ERNs) tend to be less formal, operating through collegial, nonhierarchical and open modes of coordination. Usually, networks engage participants on a part-time basis, while being primarily attached to their "home" organizations.

The dissemination of ERNs and agencies at the European scene is characterized as "a new regulatory architecture" (Levi-Faur 2011, p. 810), with transformative implications for the EU's dual administrative system. They have become arenas for new ways of administration and implementation, in which representatives from regulatory agencies at the national level connect directly with Commission representatives in their joint efforts to facilitate implementation of EU legislation. These patterns of direct governance tend to create "double-hatted administration," in the sense that national agencies become parts of two hierarchies. They continue to serve their national governments and ministries on the one hand, while simultaneously coordinating directly with the EU executive center on the other.

The "glue" in these new, direct forms of governance is found to be compatible specialization and functions across levels of governance. On this basis, existing scholarship now refer to a multilevel implementation structure based on sectoral specialization and direct coordination (Egeberg and Trondal 2016; Treib 2014). However, as policy-aims and legislation become more ambitious and complex, the European Commission seems to take on a more programmatic role in both horizontal and vertical coordination. Thus, recent research has begun to focus on the role of procedures as supplementary mechanisms that may expand coordination across organizational divides.

## The EU Water Framework Directive: A Framework for Crosscutting Water Management

An example of a complex piece of legislation is the Water Framework Directive (WFD), which is currently being executed across the European Union with the aim of bringing all water bodies up to "good ecological and chemical status" by 2027 (Directive 60/2000/EC). The WFD was adopted in October 2000, at a time when the EU and its member states were marked by a patchy regulatory framework with more than

20 directives regulating water. There was a growing consensus that water policy was fragmented in terms of objectives, means and management, and in need of a more coherent framework (Indset 2017). This prepared the ground for a directive that stands out as a pioneering piece of EU-legislation, both in terms of policy aims and orchestration of administrative measures.

The main objective of the WFD is to safeguard the aquatic ecosystem (WFD art. 1), by acquiring "good environmental status" of European waters. This may be seen as an intrasector coordination effort (environment), i.e., processes whereby actors, problems, solutions, and modes of thinking are linked closer together within a policy area. Simultaneously, the WFD intervenes in the member states' political administrative systems by inserting the principle of river basin management: administrative structures and borders must follow the natural drainage area of the water itself (river basins). All authorities with tasks affecting water are obliged to coordinate their actions "for the whole of the river basin district" (RBD) (WFD 2000: preamble (35), Art.3 §4). This is coordination per territory, to be achieved in a European context characterized by single-purpose, fragmented administrative systems (Lægreid and Verhoest 2010). Thus, the WFD combines intrasector coordination with coordination across territorial divides. Further, the river basin coordination requirements of the WFD direct attention beyond the central state level and towards the regional river basins, refocusing vertical coordination, which challenges the principle of indirect implementation. Taken together, the quest for coordination that follows from the WFD aims at concerted action across both sectors, river basins and levels of governance.

When the WFD was adopted in 2000, a range of operative provisions were unsettled. For instance, given the objective of "good ecological and chemical status," there was no coherent, intercalibrated system for measuring environmental status of European waters, i.e., water types, priority substances, hydromorphological alterations, chemical inter faces, biological diversity indexes from alga to fish stocks, net impact, etc. Thus, the WFD was adopted as an unfinished directive.

Due to the encompassing coordination challenges of the WFD and its unsettled issues, a European-level network labelled the Common Implementation Strategy (CIS) was established to facilitate its achievements. This chapter directs attention to the role of coordination mechanisms in the CIS, a network facing encompassing and partly diverging coordination challenges in policy implementation.

## Coordination and Mechanisms Fostering Connectedness

Actors and organization structures can be tightly or loosely connected (Orton and Weick 1990). They may connect horizontally across organizational divides, as well as vertically across levels of governance (Gulick 1937).

As pointed out above, direct relationships across levels have been identified as a key pattern of coordination in the emergent forms of direct governance in the EU. These direct relations are based on shared functions and compatible specialization as coupling mechanisms (Gornitzka and Sverdrup 2015). Such "like-mindedness" is seen to foster a common orientation, problem-solving and role conceptions as territories diverge.

However, in order to facilitate more encompassing and crosscutting coordination challenges, one has to take into account both the specific interplay of resources within the network, as well as how the network connects with the external environment.

Interinstitutional connectedness may also be enhanced by means of procedure-based mechanisms, i.e., instruments that pertain to *how* work is performed (March and Simon 1958). Changing or harmonizing the work process may direct administrative behavior in certain ways, foster learning and alter coordination (Borrás and Jacobsson 2004; Radaelli and Meuwese 2010). Ranging from informal to binding, procedure-based mechanisms may comprise peer-reviews, best practices, guidelines, common methods, quantitative measures and parameters, fixed

routines, standardized work processes, as well as enforcement mechanisms such as monitoring, reporting, and rule-making (Bouckaert et al. 2010).

In addition to mapping the deployment of coupling mechanisms, there are various models for how administration can be connected. One is traditional, hierarchical administration, where coordination takes place indirectly through the Government apparatus. Another is direct coordination between the Commission and parts of member states' administrations. Between these ideal-types of direct and indirect implementation there are in-between, hybrid ways of implementing EU policies.

Executive centers do not always govern targets directly. Under conditions of limited capacity, the Commission may bring in third-parties, or seek to govern through proxies in order to increase control, efficiency, or legitimacy. For instance, agency-formation at the European level has extended the Commission's indirect capacity to operate as an executive center (Egeberg 2006). The Commission also delegates to private standard setting bodies to flesh out the technical conditions of minimum requirements in the field of harmonization and mutual recognition of technical product standards (Abbott et al. 2015). These are patterns of hybrid indirect governance, as national governments do not necessarily operate as intermediaries in these indirect implementation arrangements. Instead, such arrangements serve partly as side-structures, with the Commission as the executive center. Thus, both direct relations and procedure-based mechanisms may enhance connections between certain parts of a system. If we see integration as increased connectedness between various parts of a system, a sign of increase in the level of integration in Europe is the degree to which various coordination mechanisms is institutionalized in a network.

## How the European Commission and the CIS Accommodates for Coordination

The CIS organizes work by purpose with organizing work by procedure. Building on the "robust pattern of intrasector coordination" and relations with like-minded counterparts at both the ministry and agency levels in the member states, the European Commission is able to gain legitimacy for procedures and means that in practice extend the scope of coordination and affect authorities and policy execution that is not directly represented in the CIS.

In the CIS, work has been systematically organized according to different specializations, which has facilitated coordinating relationships based on shared functions, expert-orientation and like-mindedness. Participants from the environmental policy field constitute the majority in the CIS, but they are assisted and sometimes challenged by authorities from other policy areas. This is revealed, by organizing working groups on, for instance, chemical aspects, groundwater, and agriculture.

A second finding is that the CIS structures its work rather thoroughly by means of procedural specialization. Many of its working groups have been set up according to procedural aims, such as working out joint reporting schemes, data and information sharing systems, and river basin district planning templates. These procedures are deployed at river basin district level, and/or by affected sectoral authorities. As a result, the outcome of the CIS is not only direct patterns of coordination between European level executives (European Commission, European Environment Agency, and Joint Research Centre) and national level agencies of compatible specialization. The CIS has been able to institutionalize and control the production of common procedures, methods, and work-processes with a cross-sectoral and multilevel reach. The systematic organization of work by procedure has been crucial in order to accommodate for horizontal and vertical coordination. Although actors from these parts of the administration not necessarily participate directly in the CIS, studies show that they comply with a certain degree to these work processes and procedures.

One example is the key WFD-task of carrying out an intercalibration exercise for all river basins of Europe. This exercise converges water types, metrics, and indicators previously split by countries and sectoral authorities into a coherent

classification system. This has never been done in EU law before. The process is based on scientific methods addressing the cross-functionality of threshold-values and interfaces. As CIS-members have been able to agree on intercalibration systems, these have been subsequently adopted through the Comitology procedure and added as appendixes to the WFD. The point is, this way of governing European waters by working out common methods, work processes, and measurement-systems provides for a governance scope beyond the direct relations in the network. The CIS has managed to institutionalize traditional, hierarchical measures such as rule making, reporting, monitoring, and standard operating planning procedures. Through these procedures, the network extends the scope of coordination across sectors and governance levels. When in addition, the execution of these systems in the river basin districts have to be reported back to the Commission and the CIS, a vertical, indirect governance tool is established between the Commission and the river basin districts.

As noted, as key to this crosscutting coordination are the procedure-based mechanisms. Moreover, the CIS is organized in a hierarchical manner. CIS-participation is not restricted to national level agencies organized at an arm's length from its parent ministry. On the contrary, ministry representatives participate in a superior "steering group" together with representatives of the Commission. The fact the CIS include ministry participation suggest that it does not aim to operate insulated from ongoing political processes. This is confirmed by informants (Indset 2017). The Commission seeks to build connections and common understanding with their counterparts in Environmental ministries, but in an informal way so that meetings "don't turn into the Council." The aim is to influence cross-sectoral policy coordination.

Further, key participants in the CIS are representatives from national Environment Agencies. This participation is organized as a mid-layer in a strategic coordination group, which is in charge of coordination within the CIS. These participants are the ones most involved in the CIS and commonly work full time with coordinating WFD-implementation in their home countries. Due to this position, they not only coordinate issues within the CIS, but also serve as proxies, or an intermediate level between the Commission and the river basin district level, carrying messages back and forth or up and down in the multilevel system.

Thus, the CIS mixes governance based on direct coordination with the rather systematic production of rules, metrics, methods, and work procedures to be executed by national administrations. To facilitate the execution of these procedures, they need proxies in national administrations. In this way, the CIS supplements and challenges the traditional mode of indirect administration, by redirecting indirect coordination along a new pattern. It builds on the robust pattern of intrasector coordination and supplements it with coordination by procedure-mechanisms. Through this, the network extends its scope of coordination. It builds on the robust pattern of intrasector coordination as a stepping-stone, in order to legitimize more ambitious coordination efforts in crosscutting coordination.

## Conclusion

Existing scholarship sees ERNs as a significant contribution to the emerging European administrative system, due to assets such as capacity building, empowerment of national agencies vis-à-vis their parent ministries, and the emergence of direct forms of intrasector coordination between these agencies and EU-level institutions. Although they vary in form and character, they are primarily seen to produce transformative effects along a multilevel implementation structure based on sectoral specialization. In this article, it is exposed how the CIS, an ERN established to facilitate the achievements of the WFD, has been capable of institutionalizing coordination efforts across sectoral divides and levels of governance.

These structures of coordination have advanced coordination towards indirect patterns, institutionalized in a network. This suggests that

the CIS can be regarded as a side-structure of implementation, complementing and challenging the member states' own policy coordination in the field of water policy. This complexity has made the Commission an increasingly influential hub of both vertical and horizontal coordination. As such, the Commission's coordination efforts close in on the political center and stretches down to the subnational, regional river basin district level of governance. In sum, these observations indicate a novel role for ERNs in the role of multilevel coordination.

## Cross-References

▶ Network Structures
▶ Power and Politics in the European Union

## References

Abbott KW, Genschel P, Snidal D, Zangl B (2015) Two logics of indirect governance: delegation and orchestration. Br J Polit Sci 46(4):719–729
Bauer MW, Trondal J (eds) (2015) The Palgrave handbook of the European administrative system. Palgrave Macmillan, Basingstoke
Borrás S, Jacobsson K (2004) The open method of co-ordination and new governance patterns in the EU. J Eur Public Policy 11(2):185–208
Bouckaert G, Peters G, Verhoest K (eds) (2010) The coordination of public sector organizations. Shifting patterns of public management. Palgrave Macmillan, Basingstoke
Egeberg M (ed) (2006) Multilevel Union administration. The transformation of executive politics in Europe. Palgrave Macmillan, Basingstoke
Egeberg M, Trondal J (2016) Why strong coordination at one level of government is incompatible with strong coordination across levels (and how to live with it): the case of the European Union. Public Adm 94(3): 579–592. https://doi.org/10.1111/padm.12236
Gornitzka Å, Sverdrup U (2015) The expert-executive nexus in the European administrative system: expert groups and the European Commission. In: Bauer MW, Trondal J (eds) The Palgrave handbook of the European administrative system. Palgrave Macmillan, Basingstoke, pp 401–418
Gulick L (1937) Notes on the theory of organization. With special reference to government. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, Columbia University, New York, pp 3–45
Hofmann H, Türk A (eds) (2006) EU administrative governance. Edward Elgar, Cheltenham
Indset M (2017) The changing organization of multilevel water management in the European Union. Going with the flow? Int J Public Adm. https://doi.org/10.1080/01900692.2016.1274325
Kassim H, Peterson J, Bauer MW, Connolly S, Dehousse R (2013) The European commission of the twenty-first century. Oxford University Press, Oxford
Lægreid P, Verhoest K (eds) (2010) Governance of public sector organizations. Proliferation, autonomy and performance. Palgrave Macmillan, Basingstoke
Levi-Faur D (2011) Regulatory networks and regulatory agencification: towards a single European regulatory space. J Eur Public Policy 18(6):810–829. https://doi.org/10.1080/13501763.2011.593309
March JG, Simon HA (1958) Organizations. Wiley, New York
Olsen JP (2007) Europe in search of political order: an institutional perspective on unity/diversity, citizens/their helpers, democratic design/historical drift and the co-existence of orders. Oxford University Press, Oxford
Orton JD, Weick KE (1990) Loosely coupled systems: a reconceptualization. Acad Manage Rev 15(2):203–223
Radaelli CM, Meuwese ACM (2010) Hard questions, hard solutions: proceduralisation through impact assessment in the EU. West Eur Polit 33(1):136–153
Treib O (2014) Implementing and complying with EU governance outputs. Living Rev Eur Gov 9(1):1–47. https://doi.org/10.12942/lreg-2014-1
WFD (2000) Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy. Official Journal of the European Communities L 327/1. Brussels

# Chaos Theory of Organizations

Gardenia Harris
Illinois State University, Normal, IL, USA

## Synonyms

Complexity theory

## Definition

Chaos theory seeks to explain the behavior of systems that don't unfold in a linearly predictable

manner (Murphy 1996). Chaos theorists conceptualize organizations and the environments in which they exist as dynamic, nonlinear systems with complex structures (Levy 1994). Chaos theory does not define chaos and disequilibrium as abnormal (Swank 2001) recognizes the organizations and the environments in which they exist are subject to constant change. Upon initial observation, chaotic systems appear to be random, disorganized, and unstructured; however, in actuality, all chaotic systems are characterized by order, structure, and patterns (Morgan 1997; Murphy 1996). Chaotic behavior and random behavior differ in important ways. Random behavior exists when an entity, given choices, is likely to perform any one choice with equal probability. For example, a molecule is just as likely to move right as left. In contrast, chaotic behavior is more structured, stable, and deterministic, and although it may be predictable in the short term, it is always unpredictable in the long term (Marion 1999).

## Introduction

Chaos theory developed in the fields of mathematics and natural sciences, such as meteorology, (Wallace and Fertig 2007) during the 1970s (Murphy 1996). Meteorologist Edward Lorenz is widely credited with popularizing chaos theory (Cutright 2001). Lorenz discovered that despite daily, seasonal, and yearly variability, weather patterns are consistent and repeat themselves over time, in terms of temperature, precipitation, wind patterns, etc. (Morgan 1997).

Social scientists began using chaos theory as a metaphor to explain social phenomena (Dever 2001) in the 1980s (Murphy 1996), when more complex scientific models of explaining the world started to displace traditional scientific models. Not surprisingly, the use of complex scientific models impacted the types of theories used to describe organizations (Barnetson 2001). Organizational theorists who utilize chaos theory to understand organizational functioning accept that its mathematically – and scientifically – derived principles can be translated and applied to the more multifaceted world of people and organizations (Wallace and Fertig 2007).

## Nature of Causality

Traditional and chaotic systems differ with respect to the type of causality that influences the dynamics of the system. Traditional systems are governed by simple linear causality, in which A causes B, B causes C, and so on. In contrast, chaotic systems are ruled by nonlinear causality, in which an effect becomes part of the cause in future iterations of the pattern (Morgan 1997). In other words, causes and effects recursively feedback upon themselves and each other, further modifying effects and behavior patterns (Barnetson 2001; Cutright 2001).

As a result of this unique nature of causation, chaotic dynamics are extremely sensitive to initial conditions and flux (Morgan 1997). In linear systems, causes and effects have a proportional relationship, where inputs or errors result in effects that are similar in proportion and magnitude (Anderla et al. 1997). Thus, small changes lead to small effects, and large changes result in large effects. Because the relationship between causes and effects is proportional in linear systems, these systems unfold predictably from their original conditions (Murphy 1996).

In contrast, in chaotic systems, the relationship between inputs and errors is not proportional to their effects (Anderla et al. 1997). Small, often random, disturbances can produce large effects that reverberate throughout the system, creating unpredictable or novel effects (Morgan 1997). Even very small changes or errors can amplify exponentially (Anderla et al. 1997), making it virtually impossible to predict the final system configuration (Murphy 1996).

## The Butterfly Effect

The metaphor of the "butterfly effect," the principle that the flapping of a butterfly's wings in Peking, China, can influence weather patterns across the world in the Gulf of Mexico, illustrates the nature of change in chaotic systems.

According to this principle, an initial small change triggers a small change, which triggers another small change, and so on, ultimately resulting in a major change in the system. Chaologists, persons who study chaos theory (Marion 1999), contend that the old notion of "cause and effect" in which the butterfly *causes* a weather change in another part of the world should be abandoned in favor of the concept that the sum total of a large number of small changes converge to shift the system from the influence of one pattern to the influence of another pattern (Morgan 1997).

## Attractors

Order emerges from chaotic systems as a result of the influence of "attractors." Attractors are patterns or trajectories toward which the system gravitates (Marion 1999) and are the few elements in chaotic systems that have drawing or organizing power (Barnetson 2001). Attractors constrain chaos and create patterns (Cutright 2001), as well as establish the boundaries of the system and its general future direction (Swank 2001). The shape of the attractor limits the movement of the system (Stacey 2010), preventing it from spiraling completely out of control. Attractors represent the predictable aspects of the system to which it will return; since they are stable, when they are perturbed, attractors return to their original motion or shape (Marion 1999). Culture (Swank 2001), the environment, values, and resource availability (Barnetson 2001) have been identified as important attractors. Complex systems can fall under the influence of attractors that pull it into equilibrium or near equilibrium, or others that flip them into a new configuration (Morgan 1997), and may also cycle between two attractors. For example, the system may shift from periods of very high information flow to periods of very low informational flow (Stacey 2010).

## Bifurcation

When a system is pushed too far from its state of equilibrium, it nears the "edge of chaos" where it encounters bifurcation points (Morgan 1997). Bifurcations are points of tension between the status quo and alternative future states, which Morgan describes as "forks in the road (Morgan 1997, 264)," where there is potential for new development or for the system to rearrange itself around a latent or new order. At this point in its evolution, the system can come under the influence of either old or new dominant attractors (Morgan 1997) that can change the system's direction, character, or structure (Murphy 1996). Chaotic systems have the ability to self-organize in that they are able to recreate order and patterns despite continuous reaction to internal and external shocks to the system (Morgan 1997). They also organize around the principle of self-similarity; although everything else in the system may change, some aspects of the system remain the same (Swank 2001). This new order that results emerges naturally (Marion 1999), and its outcome cannot be predicted (Murphy 1996). Although the system will self-organize in unpredictable ways, its structure is limited by dominant attractors (Morgan 1997), so pandemonium does not result (Swank 2001).

## Applicability

Wallace and Fertig (2007) observe that chaos theory has a strong appeal to those who intuitively relate to the real-life messy nature of organizational functioning and change. However, Wallace and Fertig note there are major problems with the application of chaos theory to social systems, such as the lack of strong empirical evidence supporting the application of chaos theory to organizations and interventions derived from it. Also, the application of chaos theory, which is strongly deductive and theoretical at this point, is plagued by logical and conceptual flaws.

One of the major conceptual flaws in applying chaos theory to social system concerns the fundamental differences between physical and social systems. In contrast to physical systems (Barnetson 2001; Levy 1994), which are shaped by unchangeable natural phenomena, social systems are subject to human intervention (Levy 1994), as well as the intervention of external forces such as economic conditions, policies,

laws, etc. In contrasts to natural systems, human systems have distinctly human ends in mind, and their behavior is influenced by factors such as human will, intellect, and emotion (Dever 2001). Human agency can alter the parameters and structures of social systems (Levy 1994), but not those of natural systems. Furthermore, social systems possess information about themselves and the environment that they consciously or unconsciously act on it (Marion 1999).

As a result of these dissimilarities, some theorists argue that chaos theory cannot be applied directly to social systems and human interactions (Marion 1999; Stacey 2010). Marion (1999) argues the mechanistic nature of chaos theory renders it more appropriate for describing physical systems such as the weather, than for explaining or dealing with the intelligent behavior of humans. On the other hand, the same critics recognize its insights regarding the unpredictable nature of complex systems that can be useful as a metaphor to explain organizational functioning (Marion 1999; Stacey 2010).

## Implications

Levy (1994) and others maintain that chaos theory can provide guidance for interventions to help organizations achieve their goals. However, change agents must accept that in chaotic systems, doing the obvious thing does not produce the obvious desired outcomes because of their nonlinear dynamics (Swank 2001). Chaos theory implies observers should shift their understanding of organizations to realize that order does not emerge because someone or something devotes energy or takes action to bring it about. Instead, order emerges as a natural consequence of human interaction (Marion 1999). Finally, due to the unique dynamics of chaotic systems, intervention is likely to result in unintended consequences. For example, organizations that bring in consultants to obtain a specific result must accept the consultant's impact may be drastically different than expected (Swank 2001).

Those who study chaos theory highlight the futility of top-down approaches to managing change. They believe the idea of planning to predict and control the change effort and the notion of implementing specific goals and objectives is unrealistic (Swank 2001). Chaos theory implies that leaders can never know enough about a system to control it in any particular way (Morgan 1997), so long-term planning in chaotic organizations is very difficult, if not impossible (Levy 1994). Leaders should shed the belief that the future can be predicted if enough research is conducted (Marion 1999). Chaos theorists believe assessment efforts to more accurately measure initial conditions as a way of developing better intervention models will not yield better results (Levy 1994). They suggest that instead of spending large amounts of resources on forecasting and strategic planning, organizations are better served by developing strategic plans that take into account a multiple possible scenarios (Levy 1994).

Managers of change must become comfortable with the lack of control they are able to exercise over the system (Morgan 1997). One of the major contributions of chaos theory is its ability to organizational actors become comfortable with uncertainty and realize that "chaos may not be as bad as it seems" (Mossberg 2001, 206). Because of the complexity of chaotic systems, leaders will not always be able to determine why a specific strategy does or does not work. The dynamic nature of chaotic systems mandates that change strategies be adaptable. As the organization and environment evolve, it will be necessary to change guidelines and decision rules. As a result, leaders are advised to promulgate general guidelines to influence decisions and behavior, rather than specifying exact courses of action (Levy 1994).

Despite its unpredictable nature, chaologists maintain that change and chaos can be leveraged to the organization's advantage. In fact, incremental changes that might seem insignificant can be leveraged to bring about large effects that may trigger major transformations. These small incremental changes can build together to create an overpowering force. Leaders should focus their efforts on identifying a few high-leverage initiatives that are likely to have a major impact (Morgan 1997). For example, the small addition of one new computer or other technological

innovation can lead to substantial or even unexpectedly large changes (Levy 1994).

## Conclusion

Chaos theorists stress the chaos model does not infer leaders should be passive. Instead, it points to areas where strong leadership is essential (Barnetson 2001), such as identifying "forks in the road" where systems are particularly amenable to change (Morgan 1997). Recognizing that too much structure leads to stability, but too little leads to chaos, leaders should attempt to strike a balance between the two, in order to produce a dynamic that pushes a system toward "the edge of chaos" where their organization can undergo significant change (Stacey 2010). Leaders can also create new contexts that break the hold of the dominant attractor patterns in favor of new ones, so that appropriate forms of self-organization can occur. New contexts can be created via new understandings or specifying new or different reference points or minimal specifications (Morgan 1997). It is also the leaders' role to identify changes that require minimal effort, but have the potential to yield maximum outcomes (Swank 2001). Finally, leaders should serve as exemplars of maintaining a sense of purpose and direction, while remaining flexible and open to accommodation and adaption when responding to constant flux (Dever 2001).

## Cross-References


- ▶ Models of Organizational Change
- ▶ Systems and Complexity Theories of Organizations
- ▶ Transformation Metaphor of Organizations


## References


Anderla G, Dunning A, Forge S (1997) Chaotics: an agenda for business and society in the 21st century. Praeger, Westport

Barnetson B (2001) Performance indicators and chaos theory. In: Cutright M (ed) Chaos, theory, and higher education: leadership, planning, and policy. Peter Lang Publishing, New York, pp 145–158

Cutright M (ed) (2001) Introduction: metaphor, chaos theory, and this book. Chaos, theory, and higher education: leadership, planning, and policy. Peter Lang Publishing, New York, pp 1–11

Dever JT (2001) Chaotic systems: confounding or confirming the leadership role in higher education. In: Cutright M (ed) Chaos, theory, and higher education: leadership, planning, and policy. Peter Lang Publishing, New York, pp 195–202

Levy D (1994) Chaos theory and strategy: theory, application, and managerial implications. Strateg Manag J 15:167

Marion R (1999) The edge of organization: chaos and complexity theories of formal social systems. Springer, Thousand Oaks

Morgan G (1997) Organizations as flux and transformation, images of organization, 2nd edn. Sage Publications, Thousand Oaks, pp 251–300

Mossberg B (2001) Leaderships natural ally: apply chaos and complexity theories to academe. In: Cutright M (ed) Chaos, theory, and higher education: leadership, planning, and policy. Peter Lang Publishing, New York, pp 203–248

Murphy P (1996) Chaos theory as a model for managing issues and crises. Public Relat Rev 22(2):95–113

Stacey RD (2010) Complexity and organizational reality: uncertainty and the need to rethink management after the collapse of investment capitalism, 2n edn. Routledge, New York

Swank JP (2001) Strategic planning and chaos theory: are they compatible? In: Cutright M (ed) Chaos, theory, and higher education: leadership, planning, and policy. Peter Lang Publishing, New York, pp 33–56

Wallace M, Fertig M (2007) Applying complexity theory to public service change: creating chaos out of order? In: Wallace M, Fertig M, Schneller E (eds) Managing change in the public services. Blackwell Publishing, Madden, pp 36–56


# Charters of Budget Honesty


Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia


## Synonyms

Accountability in the budget process; Budget discipline; Budget documentation; Budget reform; Fiscal rules

## Definition

A "Charter of Budget Honesty" is a document that outlines the goals of a budget process, suggests constraints and rules for budget discipline, and sets the general practice of preparing and presenting budgetary information.

## Introduction

Many countries are riddled with a set of fiscal problems that appear to be worsening over time, including a long-term reliance on borrowing, a difficulty in managing shocks to their economic systems, and a high degree of opaqueness in the conduct of the fiscal process. Different countries have sought different remedies for these three problems, and one possible approach that has gained increasing attention around the world is the enshrinement of *fiscal rules*, such as debt limits and balanced-budget requirements, sometimes in a sort of fiscal constitution or abiding document, which is an instrument referred to here as a "Charter of Budget Honesty."

A Charter of Budget Honesty is a document that lays out the manner in which the budget system of a country should be managed. It may include suggestions for constraints and rules that encourage fiscal discipline, as well as for the general practice of preparing and presenting budget information, and may even outline the broader goals and objectives of the budget process. The most well-known, and most well-established, among such documents is the Australian *Charter of Budget Honesty* (1998), which over two decades has come to form a cornerstone of the country's budget process and has driven its budgetary culture both in terms of belief and practice.

This entry discusses the reasons for the charter's creation, provides a general outline of its moving parts, and then considers its strengths and weaknesses as noted by various budget scholars (see also Robinson 1996; Kopits 2001; Wanna 2010; Kirchner 2011; Chohan 2017). This leads to the question of whether other countries might not gain from such an instrument and then to a consideration of the circumstances in which a charter may prove useful in different country-contexts.

## The Australian Charter of Budget Honesty

Australian states have a long history of fiscal rules dating back to the nineteenth century, and some of those provisions are still in place today. However, it was in the latter part of the twentieth century that a national consensus arose for fostering budget discipline through fiscal rules. This change was driven by wider reforms occurring throughout the Anglosphere during the 1980s, as part of Reagan-Thatcherite moves to "roll back the state." In particular, it was neighboring New Zealand, which had passed the *Fiscal Responsibility Act* (1994) to consolidate government finances that incited both the Australia and the UK to pass similar budget responsibility laws. The common threads between these laws were: an emphasis on long-term fiscal objectives, statement of fiscal goals, a demanding set of requirements for fiscal reporting to the public, and guidelines for managing fiscal policy. At the time that it was enshrined, the Australian charter was thought to represent the highest standard of fiscal policy legislation in the world (Wanna 2010), both in terms of its rigorous requirements and in terms of its far-reaching scope.

The emphasis of the Australian charter is on "sound fiscal management," with a view to moderating economic fluctuations, ensuring adequate national saving, and pursuing government revenue and expenditure strategies that allow for reasonable stability, while also maintaining the integrity of the tax system, all with regard to the impact of these fiscal decisions on future generations (Chohan 2017). The charter contains several moving parts that work in concert to fulfill the requirements stipulated in the document. They also require several branches of government to work together, including the legislature, the Treasury, and the Department of Finance. The component parts are listed in Table 1.

In 2011, the Australian charter was amended to incorporate the newly created Parliamentary

**Charters of Budget Honesty, Table 1** Component parts of the Charter of Budget Honesty (Source: Chohan 2017)

| Component | Month | Department | Objectives |
|---|---|---|---|
| Fiscal strategy statement (FSS) | May | Treasury | To increase public awareness of the Government's fiscal strategy and to establish a benchmark for evaluating the Government's conduct of fiscal policy |
| Mid-year economic and fiscal outlook report (MYEFO) | November | Treasury | To apprise the public, the legislature, and the executive branch of any outstanding events or changes that may affect the budget's trajectory |
| Budget outcomes report (BOR) | August | Department of Finance | Summarizes the postbudget financial statements |
| Intergenerational report (IR) | March (every 5 years) | Treasury | To show how changes to Australia's population size and age profile may impact its economic growth, its workforce, and its public finances over the next 40-year period |
| Pre-election fiscal outlook (PEFO) | 2 months before an election | Treasury and Department of Finance | To update budget estimates and divulges to the public any decision of government since the last economic update was published |



Budget Office (PBO) as well. The PBO is mandated to cost proposed budget policies for the opposition and thus help to level the playing field between political parties occupying the government and the opposition.

The proponents of the charter's efficacy argue that these moving parts together form a more cohesive framework for budgeting, and also assert that the charter creates a more demographic space for practicing "sound fiscal management," which is the guiding principle of the charter itself. They further argue that the charter is one of the reasons that public debt in Australia has remained at manageable levels since its instatement in 1998 (Australia has low public debt but very high private household debt). Indeed, Australia has not experienced a proper recession in the past 25 years. Yet despite these laudatory arguments, the charter has come to face several types of criticism from various budget scholars as well.

## Criticisms

In the nearly 20 years since its promulgation, the charter has been criticized for several reasons, by budget scholars, government officials, and parliamentarians alike. In the first instance, the very definition of "sound fiscal management" that the charter claims to adhere to is highly ambiguous and open to "interpretive approaches" (Wanna 2010), with a subjective element in the term "budget honesty" itself. Second, some scholars assert that there are not sufficient benchmarks by which to gauge the adherence of budget policy in Australia to the abstract values stipulated in the charter (see Kirchner 2011). Such benchmarks are often referred to as fiscal rules (see Kopits 2001), mentioned in the introductory portion of this chapter, and tend to be more commonly found in European countries. But there is an inherent tradeoff between imposing exacting rules in the budget process for the sake of discipline, versus the flexibility that governments may require to respond to economic shocks. If fiscal rules are too stringent, they detract from the maneuverability of governments that require flexible fiscal strategies during shocks and crises. To this point, the charter can only encourage fiscal discipline, but it cannot *compel* governments to do so. In order for the charter to be able to compel governments towards budget discipline, certain additional requirements would need to be met, including clear and unambiguous fiscal targets, strong internal and external oversight of budgets to assess levels of compliance, and a strong coherence between the letter of the law and the spirit. For those who argue that stronger benchmarks and rules should be set, it must be remembered that there is no consensus on what an ideal fiscal target is (Chohan 2017) and that political parties can differ in their fiscal philosophy, with some preferring strictly balanced

budgets, while others treating reasonable borrowing and planned deficits as normal fiscal policy.

A third criticism emerges from the logic that "less is more," because on several occasions, parliamentarians, government officials, and scholars have found that the charter requires copious amounts of budget data that actually cloud policy judgement. This is because the enormous quantities of budget data can overwhelm policy makers and thus nullify the original intent of the charter as a document that would support clearer fiscal thinking. In this sense, the charter is seen to have devolved more into a series of rituals that conforms more to the letter than the spirit of transparency. Even as this has been found to be true by several commissions and enquiries on the budget process, detractors of this argument insist that it is better to have too much information than too little and to omit data from budget presentation would itself require subjective judgement-calls.

Fourth, despite the stipulations of the charter, the actual budgetary architecture of the country is bound by constitutionally defined parameters. For example, the Australian constitution sets rules on what the Senate and the House of Representatives must do with respect to spending bills and annual appropriations, and the charter cannot override such constitutional rules. However, in liberal democracies, the constitution holds primacy and should only amend after considerable deliberation and after a very broad legislative consensus is reached.

A fifth criticism emerges from the experience of other countries regarding fiscal rules, which shows that regulation for balanced budgets or fiscal discipline does not necessarily guarantee sound fiscal management. This is seen in states that have had balanced-budget rules but have still ended up defaulting on their debts, as for example the state of New York did in 1974 despite its constitutional balanced-budget requirements. However, this argument is not as robust because it relies on a counterfactual fiscal consideration: how many more countries *would have* defaulted if

**Charters of Budget Honesty, Table 2** Preponderant criticisms of the Australian Charter of Budget Honesty (Sources: Wanna 2010; Kirchner 2011; Chohan 2017)

| Criticism | Explanation | Counterarguments |
|---|---|---|
| Vagueness and ambiguity | The charter adheres to vague principles such as "sound fiscal management" and "budget honesty," which are open to interpretive approaches and subjectivity | It is difficult to concretize or assess ideas such as "sound management" and "honesty" without subjectivity |
| Lack of specific benchmarks | Concrete benchmarks in the charter might help to relieve some of the ambiguity | Imposing stringent fiscal rules in the charter detracts from the flexibility that governments may need in crises. There are also no ideal fiscal targets that would themselves not be free from subjectivity |
| Less is more | The charter produces excess amounts of data that actually make it more difficult to think clearly about budgets. The charter has devolved into a set of rituals of paperwork | It is better for transparency to have too much information than too little, and striking the balance would require subjective judgements in terms of materials to omit |
| Limited by existing architecture | The actual impact of the charter is limited because it cannot override the principle pillars of budgeting, such as the national constitution | In liberal democracies, the constitution holds primacy and should only amend after considerable deliberation and after a very broad legislative consensus is reached |
| Does not prevent problems such as defaults | Countries and states with fiscal rules such as balanced-budget requirements can and do still default and thus violate those rules (e.g., New York 1974) | Fiscal rules are not guarantors, but how many more countries and states *might have defaulted*, if they *had not had* fiscal rules? Relies on the unprovable counterfactual |
| Stalls substantial reform | The charter has actually stalled meaningful reform by providing a cover to politicians for the exhortation of rhetoric such as "fiscal discipline" in lieu of actual policy initiative | N/A |

they *had not had* fiscal rules? As it is not possible to prove the counterfactual, fiscal rules and other fiscal discipline measures continue to warrant attention.

A final criticism of the charter is that it has actually helped to stall meaningful fiscal reform by creating a mechanism that relies excessively on political rhetoric but which muddles substantive policy effort (see Wanna 2010). Indeed, although Australia was considered a pioneer in budget reform in the late twentieth century, many scholars argue that today it has ended up as a laggard in reform, while at the same time, Australian politicians regularly exhort the importance of fiscal discipline and careful fiscal planning, without engaging in any substantial fiscal effort (Wanna 2010). This implies that the rhetoric of the charter, through vague terms such as "sound fiscal management," misdirects the impetus of budget reform by couching political energies into regular exhortations in lieu of policy initiative.

These criticisms, along with their main counterarguments, are listed in Table 2.

## Conclusion

Despite the aforementioned criticisms of the Charter of Budget Honesty, the difficulty persists that many countries face a host of fiscal pressures that only appear to be getting worse. Most notably, they are continuing a long-term reliance on deficit borrowing, they continue to struggle to manage economic shocks, and they generally seem to conduct the fiscal process with varying degrees of opaqueness. The charter is touted as an example of a measure towards addressing, at least in part, the compounding pressures generated by those problems. However, a Charter of Budget Honesty, or any other document for that matter, alone is not sufficient to confront such deep-seated issues. That is why, if a charter is introduced as a stand-alone document in other countries, it is unlikely to make a substantial contribution, given the aforementioned criticisms that even a fairly robust budget system such as Australia's now incur. However, if the charter is introduced as part of a broader remit of substantial reform, with wider implications for fiscal discipline that aim to bring greater shifts in fiscal practice, then such a charter might prove of substantial benefit within a larger and more cohesive framework.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Budget Analysis
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budget Office
- ▶ Budgetary Politics
- ▶ Public Value and Bureaucratic Rhetoric
- ▶ Public Value: Bureaucrats Versus Politicians


## References


Chohan UW (2017) What is a charter of budget honesty? The case of Australia. Can Parliam Rev 40(1):11–15

Kirchner S (2011) Reforming fiscal responsibility legislation. Econ Pap Econ Soc Aust 30(1):29–32

Kopits G (2001) Fiscal rules: useful policy framework or unnecessary ornament? IMF Working Paper Series 01/145. International Monetary Fund, Washington, DC

Robinson M (1996) Can fiscal responsibility legislation be made to work? Agenda: J Policy Anal Reform 3(4): 419–430

Wanna J (2010) Australia after budget reform: a lapsed pioneer or decorative architect? In: Wanna J, Jensen L, de Vries J (eds) The reality of budget reform in OECD nations. Edward Elgar, Gloustershire


# Child Welfare Agency Management: Accountability Relationships and Systemic Change


Ariel Alvarez
Political Science and Law, Montclair State University, Montclair, NJ, USA


## Synonyms

Responsibility, answerability, and liability

## Definitions

Child Welfare Agency Management
Is the management and supervision. Resources to assist child welfare managers, supervisors, and administrators provide effective leadership and build and maintain a skilled workforce. Effective management and supervision enhances agency and staff performance and can lead to improved outcomes for children, youth, and families.

Accountability
The fact or condition of being accountable; responsibility.

Systemic Change
Is "change" that pervades all parts of a system, taking into account the interrelationships and interdependencies among those parts

Child welfare agency (CWA) public administrators (PAs) are responsible for managing multiple accountability requirements and implementing institutional change to improve agency performance (Johnston and Romzek 1999; Lu 2015). Using Romzek and Dubnick's (1987) conceptual foundation of accountability relationships, the purpose of this essay is to explore within a real-world context factors affecting CWA PA management of accountability relationships during periods of implemented systemic change.

State CWAs are complex bureaucratic systems with PAs holding autonomous sources of authority and control over internal decision-making and actions while simultaneously being held accountable for agency compliance with performance standards set and monitored by external state and federal governing bodies (Johnston and Romzek 1999; Kloby 2012). PAs often manage accountability relationships within the context of a state CWA that is underfunded, understaffed, and under resourced with frequent leadership changes, ineffective quality assurance mechanisms in place, and an overwhelmed capacity to perform tasks at mandated levels (Shookhoff 2012). To meet accountability performance standards within required reporting mechanisms, CWA PAs engage in an ongoing process of assessing agency functioning and implementing systemic change to address inefficient and ineffective system policies and practices (Bertelli 2004; Blome and Steib 2007; Vincent 2012). This essay begins with the conceptual foundation based on Romzek and Dubnick's (1987) four dimensions of accountability followed by a discussion of factors facing PAs during periods of CWA institutional change.

## Four Dimensions of Accountability

Accountability plays an integral role in directing and shaping publically administered agency operations, assessment mechanisms, and performance reporting (Romzek 2000; Romzek and Dubnick 1987). Romzek and Dubnick developed and Johnston and Romzek (1999) later expanded on a framework for understanding accountability relationships within the context of bureaucratic, legal, professional, and political sources of authority and control over agency performance expectations, decision-making, and actions (see Table 1).

### Accountability Sources of Authority and Control

Accountability relationships can be loosely coupled, competing, and contradictory (Johnston and Romzek 1999; Romzek and Dubnick 1987). Managing accountability relationships involve identifying and matching the accountability standard with the appropriate personnel, assessment measures, and reporting mechanisms (Romzek and Dubnick 1987). PA power to direct institutional decision-making and action varies dependent on the degree of internal and external sources of authority and control shared between the agency and an internal or external accountability agent (Romzek and Dubnick 1987).

Internal sources of authority arise from bureaucratic and informal social relationships and rely heavily on professional judgment and quality assurance systems embedded in internalized forms of practice (Blome and Steib 2007; Romzek 2000; Romzek and Dubnick 1987). External sources of authority rest in legal and formal sources of power external to the agency typically derived from state and federal legislative mandated policies and reporting mechanisms that

**Child Welfare Agency Management: Accountability Relationships and Systemic Change, Table 1** Four forms of accountability

| Degree of Control Over Agency Actions | Sources of Authority or Control: Internal to Agency | Sources of Authority or Control: External to Agency |
|---|---|---|
| High | Bureaucratic<br>Superior/Subordinated<br>Supervision Based Relationship<br>Low Level of Individual Autonomy | Legal<br>Lawmaker/Law Executor<br>Fiduciary Based Relationship<br>Low Level of Agency Autonomy |
| Low | Professional<br>Layperson/Expert<br>Expert Based Relationship<br>High Level of Individual Autonomy | Political<br>Constituent/Representative<br>Responding to Constituents Based Relationship<br>High Level of Agency Autonomy |

Dashed grid lines indicate permeable boundaries between different accountability relationships

Source: Romzek and Dubnick 1987, pp. 229, 230; Romzek 2000, p. 418; Kloby 2012, p. 30

influence agency functioning (Romzek and Dubnick 1987). A high degree of control provides PAs with considerable autonomy in decision-making and directing activities; a low degree of control arises when an external agent controls the range and depth of administrative choices and activities (Romzek and Dubnick 1987). In highly bureaucratic agencies, PAs generally retain the ultimate control and authority over daily operations while relinquishing authority and control to an internal or external agent linked to specific accountability relationship and performance expectations (Romzek and Dubnick 1987).

## Accountability and the State Child Welfare Agency

Highly bureaucratized CWAs operate under a division of labor, decentralization of functions, and compartmentalization of authority and control based on agency position (Romzek and Dubnick 1987). Internal and external accountability requirements are linked broadly to tasks performed, strategies used by PAs and supervisors, and the governmental and political environment in which the CWA functions (Romzek and Dubnick 1987). Managing CWAs involves identifying practice-based outcomes that balance the interests of accountability entities while allowing PAs' autonomy to implement policies and strategies to achieve accountability performance standards (Vincent 2012).

In CWAs, the process of accountability becomes muddled as PAs work to manage multiple performance expectations with differing sets of standards, assessment mechanisms, reporting procedures, and sometimes competing interests (Kloby 2012; Romzek 2000). PAs and CWA personnel often experience confusion, frustration, and stress in dealing with cross pressures from multiple or conflicting accountability expectations within existing bureaucratic rules, policies, and procedures (Shookhoff 2012).

## Four Sources of Accountability in the Context of CWA Administration

Based on Romzek and Dubnick's (1987) four dimensions of accountability, CWA PAs' ability to achieve accountability compliance with performance expectations is dependent on their ability to manage bureaucratic, legal, professional, and political accountability relationships that typically co-occur (Romzek 2000). Agency leaders, supervisors, and front-line personnel operate under different levels of autonomy, authority, and control with PAs focused primarily on legal and political accountability and supervisors and case workers

generally focused on bureaucratic and professional accountability requirements (Romzek 2000; Shookhoff 2012).

**Bureaucratic accountability and the CWA.** A primary role of the CWA PA is to identify and prioritize accountability expectations and performance requirements and organize superior-subordinate relationships across the wide-range of activities and personnel linked to clearly stated rules and regulations dictating daily tasks and performance requirements (Romzek and Dubnick 1987). Bureaucratic accountability involves supervisor-subordinate relationships in which the bureaucratic structure of the CWAs provides the PA with a high degree and source of internal control over policy decision-making and actions to direct, asses, and enforce compliance with internal norms, rule, policies, and actions by those at subordinate agency levels (Kloby 2012; Romzek and Dubnick 1987). Autonomous sources of authority and control for decision-making, defining performance standards, and taking action decrease with movement down the CWA bureaucratic hierarchy from high-level leaders to front-line workers (Romzek 2000; Romzek and Dubnick 1987). However, PA sources of authority and control linked to accountability expectations often are filtered through accountability entity appraisal and oversight mechanisms that can contribute to decision delays and slow implementation of corrective policies and procedures to identified system problems (Romzek and Dubnick 1987).

**Legal accountability and the CWA.** The legal accountability relationship involves two autonomous entities engaged in a formal lawmaker (accountability entity)-law executor (CWA) relationship (Romzek and Dubnick 1987). The legal accountability entity holds considerable sources of control and authority to define performance expectations, dictate the creation and application of assessment mechanisms, set timelines for performance outcome compliance, and impose legal sanctions for noncompliance (Romzek 2000; Romzek and Dubnick 1987; Shookhoff 2012). With legal compliance the key driver of legal accountability, the lawmaker (e.g., federal agency, state legislature, or the court) possesses a high degree of external agency control over internal accountability actions and expectations that reduces CWA PA bureaucratic decision-making discretion and autonomy in key areas of agency operations and functioning (Romzek and Dubnick 1987).

CWA PAs manage legal accountability relationships within an environment that provides a high degree of accountability with a low degree of internal agency decision-making and action autonomy in key areas of agency operations and functioning (Romzek and Dubnick 1987). Operating within the bounded obligations of legal accountability relationships, CWA PAs face increased complexity and decreased authority and control over implementing systemic change processes that align with state and federal policy and funding mandates while engaged in oversight of CWA operations.

**Professional accountability and the CWA**. CWA PAs rely on a professional core of experts trained with a specific set of knowledge and skill necessary to provide the appropriate level of clientele services (Romzek and Dubnick 1987). Trained workers rely on professional standards, norms, and values to guide decision-making and practice within agency policy and procedural rules (Romzek 2000). The professional accountability relationship is marked by PA deference in a - layperson-expert relationship with some agency internal sources of authority and control shifted from agency leaders to the subordinate skilled professional's expertise in the application of best practice standards (Johnston and Romzek 1999; Romzek 2000; Romzek and Dubnick 1987).

The management of multiple accountability relationships simultaneously can affect the professional accountability relationship by decreasing the level of decision-making autonomy and discretion provided the professional core (Bertelli 2004; Romzek and Dubnick 1987). CWAs are highly bureaucratic and the professional core often is subject to considerable supervisory control resulting in relatively low degrees of autonomy in work arrangements and decision-making (Romzek 2000; Romzek and Dubnick 1987). Constrained decision-making autonomy of the professional core arise when some sources of authority and control that encompass professional child welfare practice standards, principles, and

values are transferred to the accountability entity through required operational and performance policies and procedures (Bertelli 2004; Romzek 2000; Romzek and Dubnick 1987). Political, governmental, and bureaucratic pressures arising out of accountability relationships often weaken professional autonomy and lose some of the beneficial aspects of professional expertise and service (Blome and Steib 2007).

**Political accountability and the CWA.** Political accountability typically arises from accountability relationships with external political or governmental agents that pass laws and/or provide budgetary funding and engage in external institutional oversight (Blome and Steib 2007). The political accountability relationship involves a high degree of PA autonomy and discretion over internal decision-making and operations with the external agent holding high sources of authority and control over defining performance expectations that influence agency operations (Romzek 2000). State and federal political accountability relationships can facilitate or hamper the ability of CWA PAs to implement or sustain policies and procedures that maintain an agency structure supporting programs, services, and a trained professional staff (Blome and Steib 2007).

Important to the political accountability relationship is identifying the constituent and the policy priorities and programmatic needs to which the PA is expected to be responsive (Johnston and Romzek 1999; Romzek and Dubnick 1987). PA responsibilities involve identifying programmatic needs, clientele and policy priorities, and accountability responsibility for addressing CWA deficiencies (Blome and Steib 2007; Johnston and Romzek 1999; Kloby 2012; Romzek and Dubnick 1987). The key driver is responsiveness to contractual responsibilities to CWA clientele in an administrator representative-constituent relationship (Romzek and Dubnick 1987).

## CWA Systemic Change and Managing Accountability Relationships

In managing CWAs, PAs frequently are confronted with seven common factors that can affect accountability relationships, performance compliance, and systemic change that include: (a) incomplete diffusion of agency policies and procedures, (b) agency capacity to support diffusion of systemic change, (c) funding/budget to support institutional operations and change processes, (d) leadership instability, (e) data management, (f) assessment and quality assurance, and (g) managing performance-based contractors.

### Incomplete Diffusion of Agency Policies and Procedures

Translating new policy, procedure, and professional practice changes into consistent and sustained performance improvements take multiple interventions, systemic commitment, and time. Within the context of accountability relationships, CWA PAs must examine and develop an in-depth understanding of systemic functioning, policy effectiveness, practice weaknesses, and working relationships with internal personnel and external stakeholders across the state child welfare system. Poor diffusion of new policies and procedures across the bureaucratic hierarchy within the CWA system contribute to the incomplete utilization of strategies, policies, and procedures that match performance-linked accountability requirements (Kloby 2012; Romzek and Dubnick 1987; Shackelford et al. 2007; Shookhoff 2012).

Developing a plan for systemic change to improve agency functioning involves a complex process of defining performance outcomes matched to measurable action steps. A significant contributor to inadequate performance improvements following change implementation is a plan with insufficient detail and unclear strategies linked to action step implementation and performance assessment mechanisms (Romzek and Dubnick 1987; Shookhoff 2012; Vincent 2012). The change process also can be affected by decisions and actions to ensure compliance with multiple state and federal child welfare program and service mandates that contribute to a shifting of resources and focus away from implementation of a systemic agency change plan toward meeting federal and state legal accountability requirements (Kloby 2012).

### Agency Capacity to Support Diffusion of Institutional Change

CWAs must demonstrate compliance with multiple accountability relationships and performance expectations (Vincent 2012). A significant contributor to CWA operations at mandated performance levels is agency capacity to support institutional change. PAs instituting agency change in response to accountability performance deficiencies often are confronted with a bureaucratic system that lacks sufficient institutional capacity to support strategic planning, change implementation, quality review, data acquisition, and reporting requirements related to performance outcomes (Shookhoff 2012). Poor diffusion of new CWA policies and procedures to bring agency performance in compliance with accountability standards often is associated with an overwhelmed agency marked by financial constraints, limited resources, transitory leadership, an insufficient workforce, inadequate quality assessment mechanisms, poor personnel understanding of new policies and procedures, and problems managing external PBC service providers (Vincent 2012).

The bureaucratic organizational structure of CWAs can create overlapping and unclear levels of authority and control that contribute to delays in strategic decision-making and confusion about accountability relationship responsibilities along the bureaucratic hierarchy (Bertelli 2004; Shookhoff 2012; Vincent 2012). Agency capacity for change is affected by clarity of PA authority and control within the bureaucratic hierarchy for strategic decision-making, clarifying worker role delineations and responsibilities, and diffusing new policies and procedures throughout the CWA system (Kloby 2012; Romzek 2000; Shookhoff 2012). The top-down bureaucratic structure typical of CWAs often leads to the implementation of policies and procedures with little communication and input from field-level supervisors and frontline workers. Systemic diffusion of new policies and procedures is inhibited by poor communication that contributes to low morale and disengagement in the change process among workers who feel alienated, confused, anxious, and resistant to change (Kloby 2012; Shookhoff 2012).

**Iterative and incremental change process.** Successfully managing multiple accountability relationships requires CWA PAs to engage in an iterative process of identifying critical agency tasks, defining professional standards, clarifying personnel role and responsibility expectations, and implementing policy and procedural action plans linked to measurable accountability performance requirements (Kloby 2012; Romzek 2000; Shookhoff 2012). A significant contributor to CWA PA faltering early in efforts at systemic change and the diffusion of policies and procedures arises from a mismatch between accountability requirements, performance outcome compliance timelines, and agency capacity to support change-related action steps (Kloby 2012; Shookhoff 2012; Vincent 2012).

Managing multiple accountability relationship while facilitating systemic change is most successful through the incremental implementation of a change plan that is comprehensive, communicated at all levels of the agency system, delineates agency personnel roles and responsibilities, and provides specific action-oriented steps that are linked clearly to new policies and procedures (Kloby 2012; Romzek and Dubnick 1987). An iterative and incremental process provides CWA PAs with greater flexibility in responding to system changes, identifies needed adjustment, implements more focused strategies to reduce identified performance gaps, engages agency personnel and external service providers more fully in the change process, and allows time for the system to adjust to policy and procedural changes (Romzek and Dubnick 1987).

### Funding/Budget to Support Institutional Operations and Change Processes

State legislatures play a critical role in CWA operations by allocating funding and enacting child welfare statutes that facilitate or inhibit agency management and implementation of changes to address performance deficiencies (Shookhoff

2012). State CWAs are reliant on state governmental and federal funding that is affected by fluctuating economic conditions, state revenue shortfalls, budget cuts, and shifting of funding allocations across the CWA system (Shookhoff 2012). This reliance on government fiscal support for agency funding places CWAs in a dependent political accountability relationship with the state that affect CWA programs and services directly addressed in accountability requirements (Kloby 2012; Shookhoff 2012).

Accountability relationship can provide CWA PAs sources of authority and control that can be leveraged to compel state leaders and legislatures to address funding decisions and current laws related to legal and political accountability expectations. For example, through litigation by child advocacy groups over severe CWA deficiencies leading to poor agency performance and child endangerment, an accountability relationship is established with the court that provides CWA PAs with sources of authority to compel state governments and legislatures to increase funding or enact child welfare legislation to support CWAs operations and system change plans (Kloby 2012; Shookhoff 2012).

### Accountability, Leadership Instability, and Change

CWA leader transitions can alter accountability relationships and PA sources of authority and control for policy and practice decisions and management of daily agency operations (Bertelli 2004; Vincent 2012). Leadership stability promotes continuity of agency knowledge in relation to specific accountability relationships, reduced systemic uncertainty, anxiety, and confusion about sources of authority and control, and facilitates personnel, stakeholder, and community trust, confidence, and engagement (Bertelli 2004; Vincent 2012). Unfortunately, CWAs often experience leadership instability from frequent mid-level and high-level leadership transitions in key decision-making and management positions. Leadership instability can impede the diffusion of new policies and procedures with the loss of agency knowledge and experience linked to accountability expectations (Bertelli 2004; Vincent 2012). The diffusion process is slowed as PAs spend time understanding their role and responsibilities, create a plan for prioritizing and sequencing the implementation of new policies and procedures, and becoming acclimated to the agency structure, norms, and culture (Bertelli 2004; Vincent 2012).

CWA PAs serve as the main sources of authority and control over resource allocation, decision-making, prioritizing, clarifying, and assigning to agency personnel responsibility for implementing agency policies and procedures to achieve compliance with accountability expectations (Kloby 2012; Romzek 2000; Shookhoff 2012). Frequent leader transitions result in a loss of familiarity with agency personnel and operations that contributes to decision-making delays as new leaders establish accountability relationships, assess performance, and implement systemic changes in policies and procedures. Leader transitions often bring different ways of managing and uncertainty among agency personnel about roles and responsibilities linked to policies, strategies, and actions (Bertelli 2004; Vincent 2012). Frequently, the result is heightened anxiety, low morale, and poor engagement among workers attempting to adjust to differences in leader expectations, decision delays, unclear delineation of leader and worker roles and responsibilities, inconsistent application of new policies and procedures, and skepticism about new policies and procedures due to past CWA failures to improve agency performance (Bertelli 2004; Kloby 2012; Shookhoff 2012; Vincent 2012). CWA personnel can become overwhelmed and frustrated by a pace of change with too many new policies and procedures imposed at one time in a system lacking sufficient resources and support for field-level supervisors and front-line workers to handle several changes simultaneously (Shookhoff 2012; Vincent 2012).

### Accountability, Data Management, and Change

A bureaucratic accountability factor that takes prominence with PA management of CWA accountability relationships and implementing systemic change is the ability to track a variety of agency performance indicators specific to accountability performance requirements using data that is accurate, timely, accessible, and reliable. CWA data management and reporting for state and federal accountability agents is provided through the State Automated Child Welfare Information System (SACWIS) (Shackelford et al. 2007). The SACWIS data management system is used to link agency administrative, case management, and financial operations with external provider activities. SACWIS is intended to support decision-making, communication across the agency system, information exchange, case management, quality assurance assessment, and performance reporting through a centralized system (Shackelford et al. 2007).

CWA PAs are responsible for ensuring the effective utilization of SACWIS for agency operations and meeting accountability reporting requirements (Shackelford et al. 2007; Shookhoff 2012; Vincent 2012). Inadequate training and understanding of SACWIS across the agency system (especially field-level supervisors and front-line workers) and outside agents that conduct CWA-related business (e.g., performance-based contractor service providers, educational institutions, and the court system) contribute to missing or inconsistent documentation (Kloby 2012; Shackelford et al. 2007). SACWIS data deficiencies weaken case management, agency assessment, data derivation in a form that provides relevant information to support institutional processes, and performance tracking and reporting (Kloby 2012; Shackelford et al. 2007).

Ineffective utilization of SACWIS for data management and performance tracking often is attributed to data management problems, extra time needed to train internal personnel and external program and service providers, and slow diffusion of SACWIS system use across the entire agency system that experiences a high turnover rate among front-line workers. Factors that contribute to the inability to track systemic change and demonstrating compliance with accountability requirements often are attributed to SACWIS upgrade interruptions, inadequate training and technical support, redundancy of data input requirements, inaccessible and unreliable data, and data input and extraction difficulties that affect agency capacity to complete tasks and conduct quality assessment (Kloby 2012; Shackelford et al. 2007).

### Accountability, Assessment, Quality Assurance, and Systemic Change

Quality assessment is critical to providing CWA PAs with information about agency functioning that support decision-making and action linked to meeting accountability performance standards and reporting requirements (Kloby 2012; Shackelford et al. 2007). CWA PAs generally engage in identifying, defining, and developing measurable assessment standards for specific accountability expectations and linking them to the appropriate responsible personnel and sources of authority and control (Romzek and Dubnick 1987; Shackelford et al. 2007; Shookhoff 2012; Vincent 2012). It can take several years for CWA PAs to develop and have in place a quality assurance program that produces credible and reliable internal audits sufficient to identify and assess strategy and policy change affects on agency functioning.

SACWIS data management weaknesses, time spent by CWA PAs aligning quality review strategies and procedures with accountability performance outcome standards, and a prolonged learning curve for new personnel to become proficient using the system contribute to PA ability to conduct comprehensive and reliable internal quality assurance reviews (Kloby 2012; Shackelford et al. 2007; Shookhoff 2012; Vincent 2012). Absent or inadequate quality assessment mechanisms across the CWA system coupled with the inability to acquire consistent and reliable

assessment data from external service providers contribute to a weakened ability to track agency performance and identify problem areas causing delays in decision-making, expedient adjustment to policies and procedures to improve agency performance, and demonstrate performance compliance (Kloby 2012; Johnston and Romzek 1999; Shackelford et al. 2007).

### Accountability, Managing PBCs, and Change

With the intent of reducing operational costs and improving CWA service provision, many state legislatures now mandate the privatization of some CWA programs and services through performance-based contractors (PBCs) (Lu 2015). A bureaucratic supervisory-subordinate accountability relationship is established between the CWA and PBC with PAs responsible for ensuring compliance with multiple accountability expectations of the PBC provider carrying out agency-specific activities (Johnston and Romzek 1999; Lu 2015).

The utilization of PBCs changes the scope and nature of accountability relationships with service provision, funding, and accountability responsibilities split between the private contracting agency and the CWA (Johnston and Romzek 1999; Lu 2015). The complexity of the contract-management relationship requires explicitly defined divisions of responsibility, outcomes, and assessments linked to performance expectations and accountability requirements (Johnston and Romzek 1999).

Oversight of PBCs by CWA PAs often is hampered by inadequate performance assessment mechanisms; lack of timely, accurate, and reliable data aligned with accountability performance requirements; and ongoing ambiguity and uncertainty about accountability responsibilities and sources of authority and control between the CWA and the PBC (Johnston and Romzek 1999; Kloby 2012; Lu 2015; Shackelford et al. 2007). Limited CWA PA authority and control over private agency operations and service provision often contributes to performance compliance failures to meet performance outcomes due to difficulty managing accountability mechanisms with the PBC system (Johnston and Romzek 1999; Lu 2015).

CWA PA management of accountability expectations connected to PBC programs and services are weakened, especially during periods of agency change. PAs frequently encounter inadequate monitoring due to systemic problems with oversight processes and lack of expertise by the PBC agency to integrate new policies and procedures into their institutional process and to conduct effective data acquisition and evaluation of PBC programs and services linked to CWA accountability requirements (Johnston and Romzek 1999).

## Conclusion

CWA PAs' focus on accountability requirement compliance can lead to a degrading in service quality due to increased attention given to specific accountability relationships and requirements rather than on creating a learning organization with service quality based on professional best practice standards and an emphasis on an iterative process of assessment, reflection, change, and performance standards integrated into agency strategies, culture, and daily operations. In managing multiple accountability relationship expectations, PAs work to identify the internal and external accountability agents, clarify the sources of authority and control linked to expectations across multiple accountability relationships, assess and make policy and procedural changes linked to specific performance expectations, and develop appropriate assessment mechanisms to demonstrate compliance with accountability requirements (Romzek and Dubnick 1987).

During systemic change to address agency deficiencies, greater transparency about the new changes and open communication can help reduce accountability ambiguity and improved awareness, understanding, and application of policy and procedural responsibilities linked to

accountability requirements (Kloby 2012; Shookhoff 2012; Romzek 2000; Romzek and Dubnick 1987). Success achieving performance outcomes is facilitated through greater emphasis placed on understanding accountability relationships and engaging system-wide involvement in the diffusion of systemic changes to meet accountability expectations, especially among governmental leaders, state legislatures, judges, attorneys, and external service providers (Kloby 2012; Romzek 2000; Shookhoff 2012).

## References


Bertelli AM (2004) A strategy and accountability: structural reform litigation and public management. Public Adm Rev 64:28–42. https://doi.org/10.1111/j.1540-6210.2004.00344.x

Blome WW, Steib S (2007) An examination of oversight and review in the child welfare system: the many watch the few serve the many. J Publ Child Welfare 1(3):3–26. https://doi.org/10.1300/J479v01n03_02

Johnston JM, Romzek BS (1999) Contracting and accountability in state Medicaid reform: rhetoric, theories, and realities. Public Adm Rev 59(5):383–399. https://doi.org/10.2307/977422

Kloby K (2012) Lost in translation: exploring stakeholder perceptions of accountability. Journal of Public Management & Social Policy 18(1):27–49

Lu J (2015) The performance of performance-based contracting in human services: a quasi-experiment. J Public Adm Res Theory 26(2):277–293. https://doi.org/10.1093/jopart/muv002

Romzek BS (2000) Accountability of congressional staff. J Public Adm Res Theory 10(2):413–446. Available from http://jpart.oxfordjournals.org/content/10/413.short

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the *Challenger* tragedy. Public Adm Rev 47(3):227–238. https://doi.org/10.2307/975901

Shookhoff A (2012) Reflections on the role of the monitor in child welfare litigation. In: For the welfare of children: lessons learned from class action litigation. Center for the Study of Social Policy, Washington, DC, pp 23–40. Available at http://www.cssp.org

Shackelford KK, Harper M, Sullivan K, Edwards T (2007) Systematic case review data and child protective services outcomes: the development of a model in Mississippi. J Evid Based Soc Work 4(3/4):117–131. https://doi.org/10.1300/J394v04n03_08

Vincent P (2012) Structuring litigation-driven child welfare reform for success. In: For the welfare of children: lessons learned form class action litigation. Center for the Study of Social Policy, Washington, DC, pp 8–19


# Chile's Political Party System


Marcelo Mella-Polanco
Department of History, Universidad de Santiago de Chile, Santiago, Chile


## Synonyms

System of government by political parties in Chile

## Definition

The historical evolution of the party system in Chile, questions the theoretical conditions that favor the institutionalization of parties and democracy. Persistent conditions that seem unfavorable, are compensated by lessons learned by the elites and the parties, which currently allow the Chilean system to be recognized as one of the most politically developed in the Region.

## Introduction

At the Latin American level, the party system in Chile stands out due to its institutionalization and stability in a context of high fragmentation and polarization. This unusual combination stems from a historical process of State formation based on the strengthening of presidential power over the endemic conflict of the Chilean political elite. This tendency allowed for a limitation of the autonomy of the State on behalf of the elites and was facilitated by a culture prone to compliance and order, which was referred to as "the weight of the night" by Diego Portales, forefather of the Republic and the Presidential System in Chile. (Jocelyn-Holt 1997).

This institutionalization and stability has been an adaptive response from party organizations in the face of the deep conflicts that marked Chilean history during the nineteenth and twentieth centuries, which has allowed the party system to function as a stabilizing agent between social change and the strategic capacity of the elites

(Scully 1992). The intensity of these conflicts or critical conjunctures prompted the reordering of the system, the change of its logic in terms of commitment and competition, as well as the formation (or decline) of party organizations. This role of political conflict along with the adaptations of the party system has allowed Chile to be among the most stable and consolidated democracies in the continent.

The historical evolution of the party system and its rendering in institutional stability have sparked from conditions such as divisions in Chilean society (Lipset and Rokkan 1967) and institutional opportunities/restrictions at each of these junctures (Przeworski and Sprague 1986; Cox 1997; Duverger 1954). However, the decisive condition that explains this development has been the parties' complex strategic game, which generates balance between the supply and demand of the system (Boix and Stokes 2007; Mainwaring and Scully 1996; Moulian 2009; Valenzuela 1995).

## Origin and Evolution of the Party System

A basic condition to the existence of a party system in the full sense of the term is that its functioning result from the decisions and the interaction of its components and not from "mechanical" effects, either due to sociocultural factors or of institutional conditions. The consolidation of a party system occurs when the system works, non-mechanically, based on its internal conditions rather than heteronomous factors. In this sense, the system develops when certain social divisions become fissures or cleavages for party competition in the mid term, in the context of game rules and institutions that establish a framework of opportunities and restrictions for competition. (Kitschelt 2007: 532).

The first critical conjuncture was based on a clerical-anticlerical axis that divided the elite between 1857 and 1861, sparking the "Big Bang" of the Chilean party system (Valenzuela 1995). This conflict generated the groundwork for the origin of the system, supplied with beliefs and ideological divisions that structured party competition and political game; although it was limited by the control exerted by the presidential power until 1874. The parties that emerged from this conflict were aligned in three positions, based on the relationship, spaces of autonomy, and control between the Church and the State. Among them are those in the clerical pole, such as the Conservative Party (1857); those positioned in the political center, such as the Liberal Party (1867) and the National Party (1857); and those in the anticlerical pole, like the Radicals (1861). Some relevant points to understanding the functioning of the system in this context were the existence of a cumulative vote under the presidential power from 1974 until 1891 and under the power of the party machines from 1891 to 1925; the proliferation of fraud and bribery practices in electoral mobilization; and finally, the fragmentation of liberals into several parties. This last division took place in the second half of the nineteenth century, resulting in two parties: the Doctrinaire Liberal and the Liberal Democratic. Likewise, the Conservatives fragmented upon the events of 1857 into the Conservative party and The National or Monttvarista party. This shows that the party system was not only shaped by social divisions but that these also molded the strategic decisions of its actors.

The second critical juncture was the emergence of the social issue between 1920 and 1932 as the main conflicting axis of Chilean politics (urban class fissure). New class parties at the left of the spectrum originated from this conflict, such as the Communist Party in 1912 and the Socialist Party in 1933. Likewise, the system shifted its ideological repertoires and means of competition towards the left, displacing the Radicals to the political center, acting as the middleman between both poles, while Conservatives and Liberals represented the right wing. The 1925 Constitution established new mechanisms that modified the functioning of the electoral and party systems, such as the direct election of the President of the Republic and Parliamentarians, the creation of an administrative body in charge of managing and controlling the electoral process (Electoral

Registry) and the implementation of a proportional plurinominal electoral formula (d'Hondt) for parliamentary elections. It is worth noting that during the time this cleavage organized partisan competition, the electorate expanded with the incorporation of women in municipal elections in 1934 and in the following presidential and parliamentary elections of 1949.

The third critical conjuncture that reorganized the Chilean party system was generated during 1952 and 1958, pushing a new shift to the left. At this juncture, the Christian Democratic Party and the Popular Action Front (FRAP) emerged simultaneously in 1957 as a coalition that brought together left-wing Marxist-oriented organizations between 1956 and 1969. One of the relevant events during this period was the triumph of Carlos Ibañez in the presidential elections of 1952 and in the parliamentary elections of the following year, which caused the reordering of the party system and the electoral fall of the right. The rural vote obtained by Ibañez and the Labor Agrarian Party crumbled the conservative hegemony over the peasant electorate. Likewise, the convergence of the Christian reform parties, the National Falange and the Social Christian Party which had garnered poor electoral results until then, became a complementary factor for the decline of the conservative vote in the years 1952 and 1953. The Christian Democratic Party emerged in 1957 resulting from the union of these groups. The increasing levels of polarization in competition in the following years were derived from international events like the Cuban Revolution in 1959 that strategically radicalized the left. They were also the result of reforms in the final years of Ibáñez's government, such as the lift of the ban on the Communist Party established during Gabriel González Videla's administration and the prohibition of subnational electoral pacts.

The transition from authoritarianism to democracy between 1988 and 1990, which divided Chilean society in supporters of Pinochet's Authoritarian Regime and its opponents, added an additional fissure to the aforementioned conflicting conjunctures. This cleavage lasted for 20 years during the Concertación governments supported by the effect of the binominal majority electoral system, which produced incentives for the subsistence of the two coalitions that led the transition and systematic ties at the parliamentary level, given the characteristics of the electoral formula and the district. The four Concertación governments, with Presidents Aylwin (1990–1993), Frei RT (1993–1999), Lagos (2000–2006), and Bachelet (2006–2010), progressively declined in support and in discipline as a coalition. As the cleavage of authoritarianism–anti-authoritarianism was losing strength, the conflict of organizing political competition was replaced by a debate over the overcoming of Pinochet's inherited model and the depth of its possible reforms (Garretón 2012; Siavelis 1999, 2004).

Following the right wing positioning in power with Sebastián Piñera's election in 2010, the authoritarianism/anti-authoritarian cleavage declined and new tensions emerged, reorienting competition and political conflict. A set of sectoral conflicts that have since multiplied after Piñera's first period in office generated opportunities for a second transition, aiming at overcoming the development model inherited from Pinochet's regime. The main conflict was the student movement for the reform of higher education under the slogan of "Free, public and quality education"; a collective action that prompted a rapid erosion of the right-wing administration and the return of Michelle Bachellet to office, addressing part of the demands of the movement in her program. The replacement of the Concertación by Nueva Mayoría as a supporting coalition for the second Bachelet period and the emergence of Frente Amplio as the left pole of the system, with new leadership from student organizations, were symptoms of the new displacement of the party system.

## Multiparty System, Participatory Division and Legislative Cohesion

The exceptional Chilean party system development is the result of a combination of multiparty and institutional stability in the context of the

Presidential System (Chasquetti 2001, 2008). During the twentieth century, multiparty elections occurred for most of the period, with three exceptions: Carlos Ibáñez del Campo's first turn (1927–1931); Gabriel González Videla's administration, and Carlos Ibáñez's second time in office, during which the Communist Party was banned by means of the Permanent Defense of Democracy Act (Law 8987, September 1948, known as "Ley Maldita" (Cursed Law)), and finally, during the Pinochet Authoritarian Regime between 1973 and 1988. In other words, two out of the three reactionary moments in the Chilean multiparty movement during the 1900–2017 period were authoritarian interruptions that caused a break in the democratic system (late 1920s and 1973–1988) and the other had a strong antiparty propensity in a context of extreme division and weakness of the party system (1950s) (Graph 1).

The electoral results between 1925 and 2017 at the legislative level indicate that there was a wide distribution of seats in the Chamber of Deputies among the competing parties in the electoral process in this extended period, except during the 1964–1966, with a strong predominance of the Christian Democracy (PDC) in the Lower Chamber for the 1996–1998 period under the predominance of the Independent Democratic Union (UDI) and the PDC; and during the 2004–2007 period, with predominance of UDI, PDC, and Party for Democracy (PPD).

In these three moments (1964–1966, 1996–1998, and 2004–2007), the party division decreased at the legislative level due to an increase in the representation of the PDC in one case and due to the effects of the majority binomial system in the other two cases. This shows that there was a high level of party splitting for the period despite Chile's strong presidentialism, the need to create alliances to enhance the government's management or the opposition's veto capacity.

Although the party system was characterized by a high degree of division during most of this period, the stability that followed challenges Duverger and Sartori's theory on the problems associated with extreme or polarized multiparty systems (Graph 2).

Another relevant trend during the 1900–2017 period was the growing legislative cohesion. During the first decades of the twentieth century, many members of Congress were elected as independent and party discipline was weak; but after 1990, most legislators began voting aligned with their respective parties. The trend suffers a

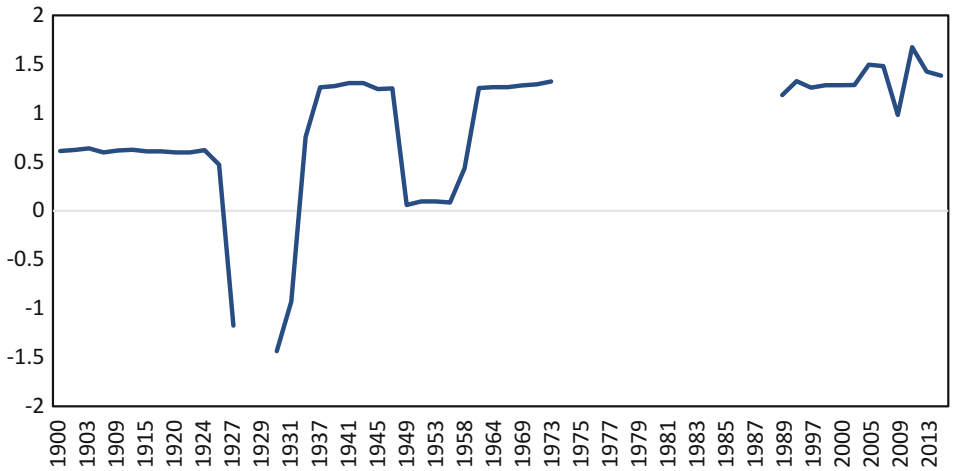


**Chile's Political Party System, Graph 1** Multiparty elections in Chile. (Source: Varieties of Democracy Version 8. Q. Was the national election multiparty? The cuts on the trend represent to the dictatorships of Ibáñez (1928–1930) and Pinochet (1973–1989). The graph considers statistical treatment of results)

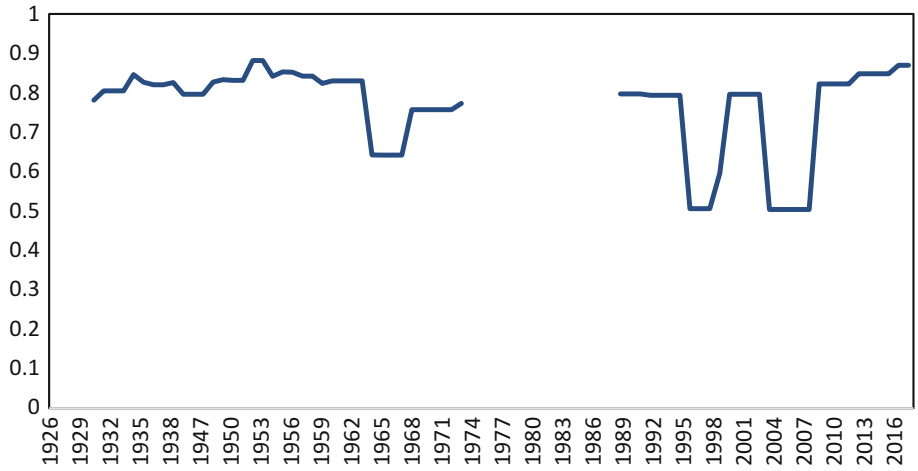


**Chile's Political Party System, Graph 2** Party division in the Chilean Lower Chamber (1925–2017). (Source: Varieties of Democracy Version 8. To complete the data we used Rae's formula, 1971. $F = 1 - \sum_{i=1}^{n} P_i^2$. Where p is the percentage of votes or seats (calculated on 1) that each match gets. The result is indicated as either 0–1, where 0 indicates that a single party obtains the totality of votes or seats and 1 indicates that each competing party obtained the same number of votes or seats)

regression in two moments, between 2004 and 2011, due to the emergence of centrifugal forces within the Concertación, and following the reform of the electoral system in 2013 with the end of the Concertación, the birth of Nueva Mayoría and the emergence of Revolución Democrática (RD), Izquierda Autónoma (IA), EVOPOLI, among other new party organizations. These two moments, which are regressive from the legislative cohesion perspective, allowed for the transformation of competition methods, replacing contention between two great coalitions for a much more complex, multipolar and multidimensional competition based on opposing views on public policy issues (Graph 3).

At first glance, these tendencies towards a high partisan fractionation and the growing legislative cohesion seem contradictory evolutions; however, the gradual learning of the Chilean political class has allowed these processes to contribute to the development of a multiparty case of high institutionalization (Lomnitz and Melnick 1998). That is to say, a strongly institutionalized party system, in that it has stable rules of competition, parties have a strong roots in society, and parties have legitimacy as central actors in the democratic process (Mainwaring and Scully 1996; Boeninger 1997).

## Coalition Governments and Party System

The difficult combination of presidentialism and multiparty system has been described as a mix that endangers the stability of democracies. The Chilean case contradicts this belief given that it is a multiparty system with high institutional stability in the Latin American Region.

A longitudinal look at the relationship between parties and coalition governments explains the contingent conditions on which the exceptionality of this party system is built, starting in the 1930s. Until that moment, the Chilean party system did not reach autonomy either by the intervention of the presidential power until 1891 or by the intervention of Parliament, between 1891 and 1925.

Out of the 14 presidents elected in the period starting from the second government of Arturo

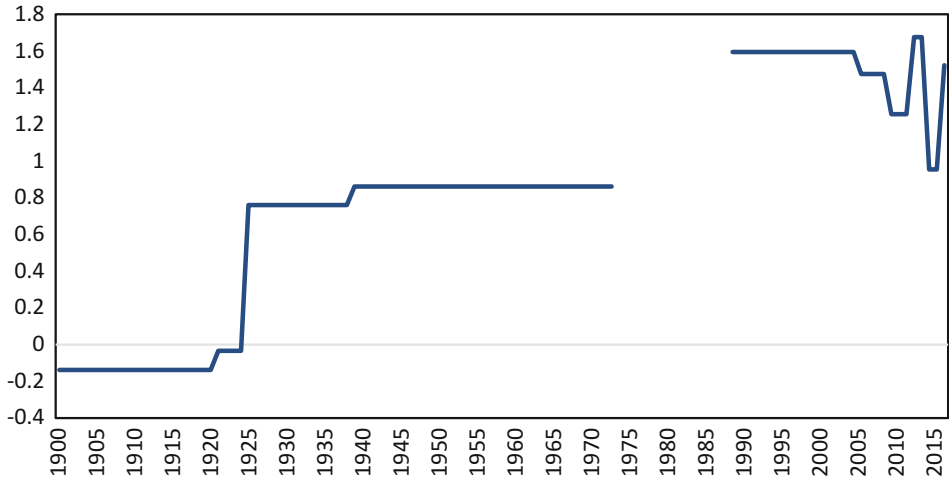


**Chile's Political Party System, Graph 3** Indicator of legislative cohesion. (Source: Varieties of Democracy Version 8. The graph considers statistical treatment of results)

Alessandri Palma (1932–1938) to the second government of Michelle Bachelet (2014–2018), only six presidents had the status of majority governments and eight have had minority support, the latter having being elected by agreement of Congress (until 1973) or by a second electoral round (starting 1990). In this long period, there was only one case of "monochromatic" government (of a single party) during the Christian Democrat administration of Eduardo Frei Montalva, in 1964. Minority governments have been predominant and therefore, the stability of the party system and the Chilean democracy is the result of precarious balances between presidential power and a generally self-regulated veto capacity on behalf of the divided parliamentary elite as a result of the multiparty system.

Chilean political history shows that the coalitional processes emerged as compensatory strategies to avoid undesired effects of minority presidencies or high parliamentary division in the system (Boeninger 1997; Chaisty et al. 2012; Cheibub 2002; Moulian 2009). From this perspective, the need for coalition was greater when the risk of vulnerability of a government increased. This, along with division, occurred when the percentage of parliamentary seats that belonged to the president's party decreased. As shown in the following graph, the need for coalitions as a means of support for presidents, estimated through the Coalition Necessity Index (INC), behaves inversely to the percentage of seats controlled by the President's party (Chaisty et al. 2012: 7) (Graph 4).

This way, the percentage of seats taken by the president's party helps estimate the required parliamentary support to ensure the legislative management capacity of a government and, in extreme cases, guarantee minimum conditions for its viability. Although during most of the period between 1937 and 1973 the support of the president's party bordered on 20% of the total seats in the Chamber of Deputies, a situation that confirms that the restrictions for the exertion of presidential power during these years, the INC increase in 1953 due to the increase in the effective number of parties (NEP) was resolved at this juncture through the authoritarian antiparty formula established by Carlos Ibáñez del Campo on his second term (1952–1958). The decrease in the percentage of seats controlled by the Socialist Party in 1969 (10% of the Chamber of Deputies) determined a set of complexities for president Salvador Allende (1969–1973) in terms of the

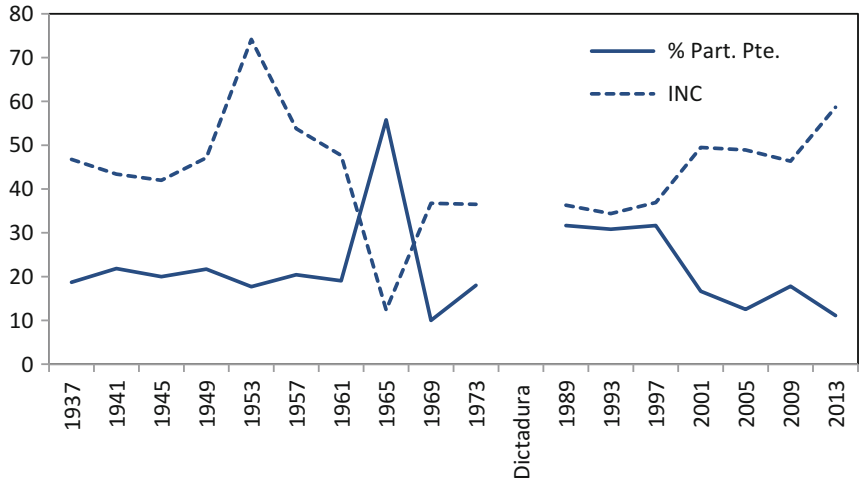


**Chile's Political Party System, Graph 4** Coalitional Need Index (INC) and seats of the president's party. (Source: Own elaboration from Siavelis (1999), Valenzuela (2003) and Gallagher and Mitchell (2008) for the 1925–1973 period and web with historical information on the Chilean Electoral Service from 1989 to 2009, available at: http://historico.servel.cl/)

management of his governing coalition (Unidad Popular) and for the maintenance of the relationship with the legislative power, with tragic consequences for the Chilean democratic system.

Naturally, the need for this support varies depending on multiple institutional or historical factors, even with the same number of seats controlled by the government, when it comes to approving a certain policy or stopping an accusation from legislators against the executive power. In general, since 1900 there has been a predominance of the multiparty system under the legislative control of the president's party, with two exceptions; the PDC government elected in 1964 and the two initial governments of the Concertación (Aylwin, in 1990 and Frei RT, in 1994). In all other cases there was a high dependence on the supporting coalition at the parliamentary level (Carey 2002).

However, throughout the political process of the last century, only three coalitional processes have allowed the formation of lasting government coalitions, albeit with different political results: the Frente Popular (1936–1941), the Unidad Popular (1969–1973), and the Concertación de Partidos por la Democracia (1989–2010). Subsequently, there have been two government coalitions with a capacity for sustenance and a certain level of self-regulation: Coalición por el Cambio during the first Sebastián Piñera's first term (2009–2013) and Nueva Mayoría during the second government of Michelle Bachelet (2013–2018).

Frente Popular (1936–1941) was an electoral and government coalition in Chile from May 1936 to February 1941, replicating the European frontier experience that brought broad center-left alliances to power (Angell 1974). This coalition was involved the Radical, Radical Socialist, Communist, Socialist, and Democratic parties, as well as other social organizations such as the Confederation of Chilean Workers (CTCH), the Student Federation of Chile (FECH), the Pro-Emancipation Movement of the Women of Chile (MEMCH), and the Frente Arauco Unico (Urzúa-Valenzuela 1984: 76 and 77).

From a programmatic point of view, the Frente Popular promoted a platform oriented to generating deep transformations, but at the same time, it was defined as a "moderate" alliance. The three axes that prioritized the Front's program were the defense of the democratic system, national

economic planning as an instrument to stimulate industrial production and educational reform with an emphasis on public education (Milos 2008).

The Unidad Popular (1969–1973) was an electoral and government coalition formed in October1969 by the Socialist and the Communist Parties, as well as various political and social actors committed to the construction of socialism through democratic means. During the presidential elections of 1970, this political-electoral coalition was formalized, replacing Frente de Acción Popular (FRAP), an alliance of left parties during the period of 1956–1969 (Alvarez 2010).

Other members of Unidad Popular (UP) since December 1969 were the Unitary Popular Action Movement (MAPU), Independent Popular Action (API), the Social Democratic Party, and since 1971, the Radical Left Party and the Christian Left. All these actors came together as a result of criticism of the Christian Democratic government of Eduardo Frei Montalva and, on a more general level, as a result of questioning of the developmental and import substitution industrialization strategies applied by previous governments since the late 1930s.

The strategic internal conflict of the UP, between supporters of the "institutional way" and supporters of the "insurrectional path," contributed to hardening the stances within the Coalition: the official stance represented by Allende and the Communist Party and the dissident one from MIR, MAPU, and the Socialist Party since 1972. During the entire UP government period, the "institutional path" was not dominant, which increased the difficulties for the functioning of the Coalition and limited the effectiveness of the presidential leadership. On the other hand, the persistence of the insurrectional strategy on top of the sum of the aforementioned factors contributed to multiplying the actors with veto capacity against the UP government.

The Concertación de Partidos por la Democracia (1989–2010) was a government coalition for four consecutive periods, from 1990 to 2010. Its origin can be traced to the organic transformations of the reformist opposition to the Pinochet Authoritarian Regime during the 1980s. The strategic division between a revolutionary opposition (represented by the Popular Democratic Movement, MDP), promoter of a political exit through insurgency and another opposition of the reformist type (represented by the Democratic Alliance, AD and then by the Concertación), which promoted the overcoming of authoritarianism through negotiations and transactions, defined the original model of the Concertación as a coalition with an adaptive propensity. (Mella 2008)

This political alliance was developed in two stages, namely, one that was electoral in character and another where the coalition maintained power in government. The first stage began in 1988 in the context of the organized Plebiscite to decide whether Pinochet would continue in power until 1997 or elections were to be held. This alliance, Concertación de Partidos por el NO, brought together a range of seventeen center-left parties and social organizations opposed to Pinochet (Mella 2011a, b). The second stage, from March 1990 to March 2010, included four subsequent coalition governments under presidents Patricio Aylwin (1990–1993), Eduardo Frei Ruiz-Tagle (1994–1999), Ricardo Lagos (2000–2005), and Michelle Bachelet (2006–2010).

## Conclusions

The Chilean system is characterized by a remarkable capacity of its actors to generate political development that is growing and sustained over time, based on a combination of theoretically unfavorable conditions, such as the combination of presidentialism with multipartism, the reiteration of minority governments, and the trend to party fractionation.

The political history of this country shows that, in compensation to these conditions, the actors of the party system promoted adaptations that transformed the restrictions into capacities, for example: political learnings that contributed to a

strong legislative discipline, formation of government coalitions to compensate the restrictions of minority presidencies, and the strategic use of the "presidential toolbox" aimed at maintaining governmental coalitions and enabling relevant public policies.

This strategic relationship between the government and the parliament also allowed the adaptation of the party system to the different divisions that affected Chilean society, stabilizing the matrix of parties in an exceptional way in the Latin American context. Exceptionally, the personalist or autocratic solution interrupted this development three times during the twentieth century (1927–1931, 1949–1957, 1973–1988), resolving these involutions with new balances among the actors that made possible a trajectory of institutionalization of the matrix of Chilean parties.

## Cross-References

► Power and Politics: Basic Concepts

## References

Álvarez R (2010) La Unidad Popular y las elecciones presidenciales de 1970 en Chile: la batalla electoral como vía revolucionaria, en *OSAL* (Buenos Aires: CLACSO) Año XI, N° 28, noviembre

Angell A (1974) Partidos políticos y movimiento obrero en Chile. Ediciones Era, México DF

Boeninger E (1997) Democracia en Chile. Lecciones para la gobernabilidad democrática. Andrés Bello, Santiago

Boix C, Stokes SC (eds) (2007) The Oxford handbook of comparative politics. Oxford University Press, Oxford/New York

Carey JM (2002) Parties, coalitions and the Chilean Congress in the 1990s. en Morgenstern S, Nacif, B (eds) Legislative politics in Latin America. (Versión castellana: "Partidos, coaliciones y el Congreso chileno en los años noventa", en Política y Gobierno, vol. VI, número 2, segundo semestre de 1999, págs. 365–405 [pp. 40])

Chaisty P, Cheeseman N, Power T (2012) Rethinking the 'presidentialism debate': conceptualizing coalitional politics in cross-regional perspective. Democratization, August, 2012. Routledge, London. Disponible en: http://www.tandfonline.com/doi/pdf/10.1080/13510347.2012.710604

Chasquetti D (2001) Democracia, multipartidismo y coaliciones en América Latina: evaluando la difícil combinación. In: Lanzaro J (ed) Tipos de Presidencialismo y Coaliciones Políticas en América Latina. CLACSO, Buenos Aires. http://works.bepress.com/chasquetti/5

Chasquetti D (2008) Democracia, presidencialismo y partidos políticos en América Latina: Evaluando la "difícil combinación". Montevideo. Ediciones Cauce-CSIC. Disponible en: http://works.bepress.com/cgi/viewcontent.cgi?filename=0&article=1003&context=chasquetti&type=additional

Cheibub JA (2002) Minority governments, deadlock situations, and the survival of presidential democracies. Comp Pol Stud 35:284–312

Cox G (1997) Making votes count. Cambridge University Press, Cambridge

Duverger M (1954) Los partidos políticos. Fondo de Cultura Económica, México

Gallagher M, Mitchell P (eds) (2008) The Politics of Electoral Systems. Oxford and New York: Oxford University Press. Disponible en: http://www.oup.com/uk/catalogue/?ci=9780199238675

Garretón M (2012) Neoliberalismo corregido y progresismo limitado: los gobiernos de la Concertación en Chile 1990–2010. Editorial Arcis CLACSO, Santiago. Disponible en: http://bibliotecavirtual.clacso.org.ar/clacso/coediciones/20121121122525/NeoliberalismoCorregido.pdf

Jocelyn-Holt A (1997) El peso de la noche : nuestra frágil fortaleza histórica. Buenos Aires, Ariel

Kitschelt H (2007) Party systems. In: Boix C, Stokes SC (eds) The Oxford handbook of comparative politics. Oxford University Press, Oxford/New York, pp. 532

Lipset SM, Rokkan S (1967) Cleavage structures, party systems, and voter alignments: an introduction. In: Lipset SM, Rokkan S (eds) Party systems and voter alignments: cross national perspectives. The Free Press, Nueva York

Lomnitz L, Melnick A (1998) La Cultura política chilena y los partidos de centro. Una explicación antropológica. III Congreso Chileno de Antropología. Colegio de Antropólogos de Chile A. G, Temuco

Mainwaring S, Scully T (1996) La Construcción de Instituciones Democráticas: Sistema de Partidos en América Latina. CIEPLAN, Santiago. Disponible en: http://www.cieplan.org/biblioteca/detalle.tpl?id=19

Mella M (2008) Los intelectuales de los centros académicos independientes y el surgimiento del concertacionismo. Revista Historia Social y de las Mentalidades. año XII, vol. 1

Mella M (comp.) (2011a) Extraños en la noche. Intelectuales y usos políticos del conocimiento durante la transición chilena. RIL Editores, Santiago

Mella M (2011b) Referentes internacionales para el giro reformista de la izquierda chilena (1975–1990). Espacios Públicos, enero-abril, 155–175

Milos P (2008) Frente Popular en Chile. Su configuración: 1935–1938. LOM, Santiago

Moulian T (2009) Contradicciones del desarrollo político chileno. 1920–1990. LOM, Santiago
Pereira C, Power T, Raile E (2011) Presidentialism, coalitions, and accountability. In: Power T, Taylor M (eds) Accountability institutions and political corruption in Brazil. Notre Dame University Press. Notre Dame, Indiana
Przeworski A, Sprague J (1986) Paper stones: a history of electoral socialism. University of Chicago Press, Chicago
Scully T (1992) Los partidos de centro y la evolución política chilena. CIEPLAN, Santiago. Cap. 4, p 83–112
Siavelis P (1999) Continuidad y transformación del sistema de partidos en una transición "modelo". In: Drake P, Jaksic I (eds) El modelo chileno. Democracia y desarrollo en los noventa. LOM, Santiago
Siavelis P (2004) Sistema Electoral, Desintegración de Coaliciones, y Democracia en Chile: El Fin de la Concertación, en Revista de Ciencia Política 24, nro. 1: 58–80
Urzua-Valenzuela G (1984) Diccionario político institucional de Chile. Editorial Jurídica, Santiago
Valenzuela JS (1995) Orígenes y transformaciones del sistema de partidos en Chile. Revista de Estudios Públicos, N° 58
Valenzuela A (2003) El quiebre de la democracia en Chile. UDP, Santiago

# Chile's Trade Policy Based on Export Promotion

Alfonso Dingemans
University of Santiago de Chile, Santiago, Chile

## Synonyms

Commercial policy

## Definition

Trade policy refers to any form of governmental intervention that affects the environment in which a country's international trade takes place. These interventions can be policy instruments, institutions, and/or agencies – behind, at, and beyond the border – in a uni-, bi-, pluri-, or multilateral setting. Microeconomic theory and specifically trade theory have had a large influence over how trade policy is understood and prescribed. Tariffs and trade liberalization are at the center of the scholarly and policy debate, although in practice trade policy encompasses nontariff measures such as export facilitation and promotion, and trade protection is historically more pervasive than standard microeconomic theory suggests, especially in lesser-developed regions such as Latin America.

## Standard Economic Approach on Export Promotion

Pro-market reforms of the 1980s and 1990s in Latin America implied a change from autarchic, inward-looking, developmentalist, if not statist, policies – as a whole better known as import-substituting industrialization (ISI) – toward trade liberalization within the broader framework of the Washington Consensus (Williamson 1990). According to this school of thought, exports are deemed essential to economic growth. Inspired by standard trade theory, free trade – i.e., the absence of any state intervention, specifically trade barriers – is supposed to create maximum benefits for an economy, following the comparative advantages resulting from the international division of labor. The international competition would push domestic companies toward efficiency or force them to close, thus giving markets the appropriate incentives for technological change. Both forces point in the direction of more efficiency and productivity, suggesting that export growth ultimately spawns economic (i.e., GDP) growth.

Trade policy – and specifically trade liberalization – was therefore put at the heart of Latin America's development policies (Edwards 1995), as the data in Figs. 1 and 2 show. This shift toward free trade marks a major shift in Latin American trade policy, traditionally rather protectionist, even in the heyday of liberalism in the nineteenth century (Coatsworth and Williamson 2004). Note that at a regional level export growth and GDP growth are highly correlated (with a Pearson correlation coefficient of 0.97), as standard economic theory suggests.

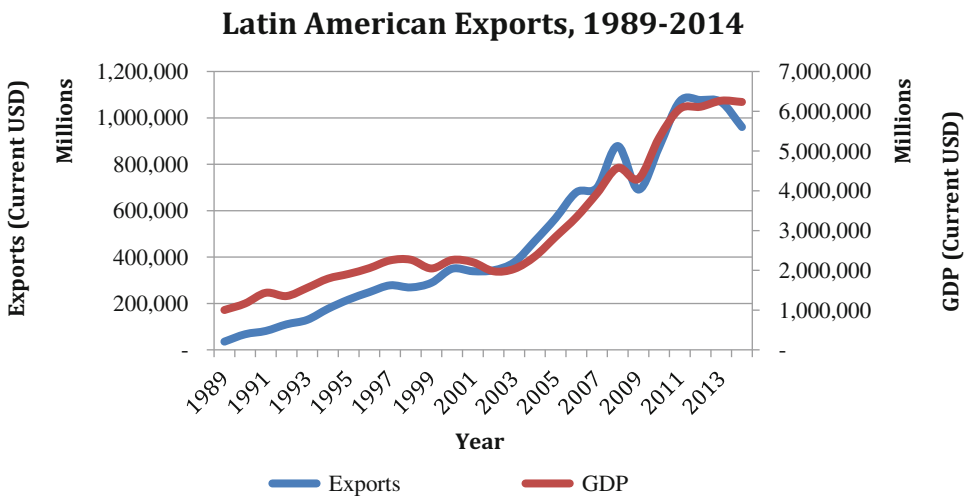


**Chile's Trade Policy Based on Export Promotion, Fig. 1** Latin American exports, 1989–2014. (Source: World Bank)

**Chile's Trade Policy Based on Export Promotion, Fig. 2** Latin American exports as a percentage of GDP, 1989–2014. (Source: World Bank)

Moreover, Latin American countries have indeed advanced, albeit sometimes haphazardly, toward trade liberalization since the 1990s and until at least the early 2000s (Lengyel and Ventura-Dias 2004), on a multilateral (in the context of the General Agreement on Tariffs and Trade – GATT – and since 1995 the World Trade Organization, WTO), plurilateral (e.g., initiatives like the North American Free Trade Agreement – NAFTA – and Mercosur), and bilateral level (especially free trade agreements proliferated since the stalling of the Doha Round).

Although the Washington Consensus experienced a backlash of sorts in the late 1990s, a process better known as the "left turn," which challenged virtually all Latin American neoliberal economic orthodoxy (Flores-Macias 2012), and although the so-called BRIC countries (Brazil, Russia, India, and China) amassed sufficient negotiating power to prevent mainly the

European Union and the United States from imposing tariff reductions for their manufactures in the rest of the world without liberalizing their own economies for foreign agriculture, the need for exports remained unscathed in this region. Initiatives like ALBA (*Alianza Bolivariana para los Pueblos de Nuestra América*), aimed at creating local alternatives to neoliberalism (or capitalism), still seek to expand access to international markets for their goods and services, but under more favorable conditions for poorer countries. Finally, even though China could be regarded by many Latin American countries as a direct threat for local manufactures (Gallagher and Porzecanski 2010), virtually all of them have signed FTAs with China. In sum, tariff reductions remain the basic principle of Latin American trade policy.

The available data sustains this view. The effective rate of protection has, on average, declined sharply since the 1990s (see Fig. 3). Additionally, Lora's (2012) updated Structural Reform Index for the 1985–2009 period shows that the regional average for the Trade Reform Subindex, which ranges from 0 to 1 (numbers closer to 1 indicate freer trade), increased significantly in the early 1990s, after which it plateaued around 0.87.

However, free trade should not – at least from a theoretical standpoint – be regarded as an end in itself. Contrary to the belief that "chips are chips" (Gilpin 2001), the quality of export growth matters (Agosín 2000). If export growth is not accompanied by an increase in added value, for instance, by means of export diversification, the chances to achieve long-term economic growth are limited. This challenges the common sense belief, introduced by Adam Smith's argument against mercantilism, that specialization – i.e., export *concentration* – through comparative advantages created by free trade and the unhampered international division of labor will create efficiency gains that will sustain long-term economic growth. If long-term economic growth depends on export *diversification*, it means that comparative advantages should be challenged to some extent. This raises the question when, how, and who should challenge them, spawning a host of political economy questions that reassess the role of the state in economic development (Amsden 2001; Chang 2002; Jacobs and Mazzucato 2016). An approach of *dynamic* comparative advantages appears as a middle way between market-led and state-led development (Lin and Chang 2009).

The question is, however, to what extent this debate has affected Latin American trade policy. On the one hand, trade-related reforms were characterized by tariff reductions, reduction of non-tariff barriers (red tape), reduction of tariff dispersion, and reduction or elimination of export taxes. In a broader sense, there was also an acknowledgment that macroeconomic policies would have to be "export friendly," although the

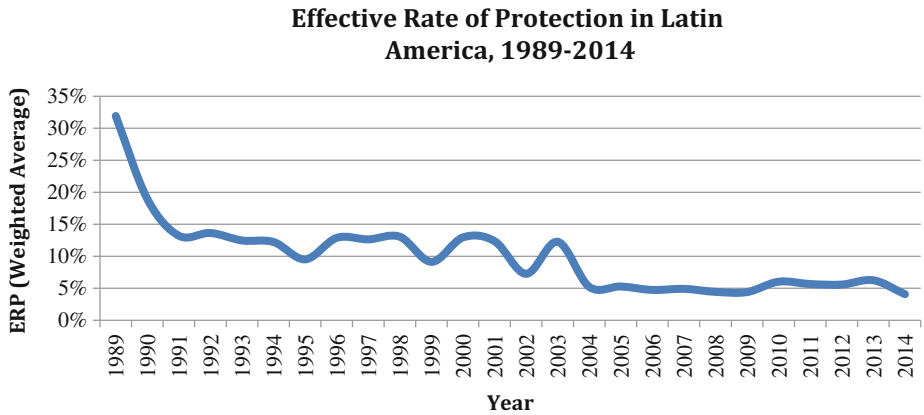


**Chile's Trade Policy Based on Export Promotion, Fig. 3** Effective rate of protection (ERP) in Latin America, 1989–2014. Weighted averages are shown. (Source: WITS)

**Chile's Trade Policy Based on Export Promotion, Table 1** Export promotion institutions in Latin America

| Country | Organization | Created | Name changed | Export promotion | Investment promotion | Country branding |
|---|---|---|---|---|---|---|
| Argentina | ExportAR (AAICI) | 1993 | No | Yes | No | No |
| AR – Córdoba | ProCórdoba | 1998 | No | Yes | No | – |
| AR – Mendoza | ProMendoza | 2003 | No | Yes | No | – |
| Bolivia | Promueve Bolivia | 1998 | Yes (2008) | Yes | Yes | No |
| Brazil | Agência Brasileira de Promoção de Exportações (Apex-Brasil) | 2003 | No | Yes | Yes | No |
| Chile | ProChile | 1974 | No | Yes | No | No |
| Colombia | ProColombia | 1992 | Yes (2003) | Yes | Yes | Yes |
| Ecuador | ProEcuador | 1997 | Yes (2009) | Yes | Yes | No |
| Mexico | ProMéxico | 2007 | No | Yes | Yes | No |
| Paraguay | Red de Inversiones y Exportaciones de Paraguay (REDIEX) | 2004 | No | Yes | Yes | N/A |
| Peru | PROMPERÚ | 2007 | No | Yes | No | Yes |
| Uruguay | Uruguay XXI | 1996 | No | Yes | Yes | Yes |
| Venezuela | Bancoex | 1996 | No | Yes | Yes | No |

Source: Official data from agencies

exchange rate has remained Latin America's Achilles' heel (Edwards 2010). In a sense, the focus of trade policy broadened somewhat. It was acknowledged that state intervention is not necessarily limited to tariff reductions or increases (at-the-border interventions), but entailed also behind-the-border (subsidies, industrial policies, macroeconomic policies, i.e., all activities that affect the competitiveness and added value of exports before reaching the border) and beyond-the-border interventions as well (transportation costs, country branding, sectorial branding, international marketing, i.e., all activities that affect the competitiveness and added value of exports once they crossed the border).

Nevertheless, in practice, as already mentioned, free trade agreements – i.e., negotiated, bilateral tariff reductions – remain the preferred instrument of their trade policies. On the other hand, Latin American governments have also implemented organizations that promote exports – which in some cases extend to investment promotion within the same organization, as can be seen in Table 1 – and move therefore beyond their traditional at-the-border role (i.e., tariffs and red tape). Additionally, export promotion agencies tend to have close ties to ministries (or departments), as can be seen in Table 2.

The foregoing suggests that the challenge is not so much explaining the tariff level, but rather mapping their varieties of trade liberalization. In spite of the usefulness of theoretical frameworks like Krugman's concept of strategic trade policy (Krugman 1986), endogenous tariff theory or virtually any other model developed by political scientist and (international) political economists (see for an extensive review McGillivray 2001; Mitra 2008), they tend to have a reductionist view of trade policies. By overemphasizing tariffs, they ignore the complexities and varieties of trade policies. Similarly, standard economic theory assesses the effects of trade policy in terms of the effect that tariffs have on economic growth

**Chile's Trade Policy Based on Export Promotion, Table 2** Main organizational features of trade policies in Latin America

| Country | Key ministry | Institutional fragmentation | Institutionalized coordination | Private agents network | Institutionalized participation |
|---|---|---|---|---|---|
| Argentina | Foreign relations | High | Medium | Wide and disperse | Medium |
| Bolivia | Foreign relations | Medium | Medium | Concentrated | High |
| Brazil | Isolated | Low | Medium | Wide and disperse | Medium |
| Colombia | Isolated | High | Medium | Wide and disperse | Medium |
| Chile | Foreign relations | Low | High | Concentrated | High |
| Ecuador | Industry | High | Medium | Concentrated | Medium |
| Mexico | Economy/ industry | Low | High | Wide | High |
| Peru | Industry | Medium | High | Concentrated | Low |
| Uruguay | Foreign relations | High | High | Wide | High |

Source: Adapted from Jordana and Ramió (2002)



(Neary 2001), which is – once again – a reductionist view of both trade policy and its objectives.

The extent to which Latin American trade policies rely on market-led or state-led governance of the export sector is unclear. Given the fact that Chile is one of the first Latin American countries to have reformed its trade policy toward free trade (indeed, it is one of the few cases in history that implemented a unilateral tariff reduction) and is widely regarded as a role model because of the success of its export promotion agency ProChile, the latter question will be tackled on the basis of their experience.

## Chile's Export Promotion Strategy

ProChile is Latin America's oldest export promotion agency and is probably best known because of its prominent role in the successful introduction of Chilean wine (a nontraditional export) in the United Kingdom and in the promotion of Chile as a wine-exporting country (Agosín and Bravo-Ortega 2009). As such, it has been regarded as a blueprint for other Latin American export promotion agencies.

In 1973, a military dictatorship had seized power in the midst of a profound institutional crisis, triggered by the Marxist policies implemented by Salvador Allende's administration that basically curtailed private ownership. This radicalization of economic policies, in turn, could be regarded as the final, desperate stage of Chile's failed industrialization (Pinto Santa Cruz 1959). Although the economic direction that the military Junta would follow wasn't clear from the start, a group of Chicago-trained economists would occupy key positions in government, and they would use this position to implement sweeping neoliberal reforms (Fontaine Aldunate 1988). In terms of Chile's trade policy, in 1975 unilateral tariff reforms were implemented, which caused that many Chilean firms and even complete industries disappeared (Meller 1996). International competition had weeded out the inefficient companies and those that could not keep up with technological change. The institutions created during this period still determine Chile's export performance. Their

impact – and their success – probably explains why a renowned Chilean economist concluded in 2001 that no more institutional reforms were needed in Chile's trade sector (Hachette 2001).

ProChile was founded in 1974, just before Chile's economic trade liberalization. This could be regarded as a remnant of economic nationalism, traditionally popular within Latin American military doctrine, before the neoliberal reforms of the Chicago Boys. On the other hand, within in the context of pro-market reforms and especially one that relies heavily on exports, it makes sense to centralize efforts in order to increase exports. Note that fostering exports does not necessarily entail state-led promotion or a full-fledged defiance of comparative advantages and can be limited to supplying public goods (for instance, market research and other economic information). This would respond to a standard, neoclassical approach to certain market failures, according to which state interventions should restore the price mechanism and not alter its "optimal" allocation efficiency. Essentially, it does not defy an economy's comparative advantage (which dynamics are still market led). A different approach would be "picking winners" and reallocate resources in such a way that specific (nontraditional) sectors are being favored. Comparative advantages are, under this perspective, most likely to be defied (which dynamics can be state led). Complexities and singularities aside, the former describes best the Latin American (and Chilean) case and the latter the East Asian case. For the sake of argument, we will define the former as export facilitation and the latter as export promotion.

Of course, the predominance of one type does not preclude instances of the other. In the particular case of Chile, two examples come to mind. The first is the forestry industry, which has been promoted by different governments since the 1960s. Even the military dictatorship issued an Executive Order No. 701 that would subsidize reforestation, a "horizontal" policy that clearly contradicts the expected neutrality of government policies. The second is the salmon industry, another nontraditional export, which was promoted by Fundación Chile, a public-private partnership, in the early 1990s. Although both industries are not a full-fledged defiance of Chile's comparative advantage (both are natural resources without much added value), the policies used to promote them are more an example of state-led than of market-led policies.

ProChile, however, fits better in the category of export facilitation than of export promotion, even though it is concentrated on behind-the-border activities. Specifically, it was founded to help Chilean companies to internationalize their activities. Later on, the objectives of increasing and diversifying nontraditional exports were added. Contrary to the belief that institutional reforms are no longer needed in Chile, ProChile has known five different organization charts in the last 5 years. Nevertheless, its activities have consolidated around three main strands: (1) diffusion, (2) training, and (3) promotion and consolidation.

Among the first, ProChile provides (prospective) exporters with trade information and market surveys. The organization also coaches individuals and organizes workshops to explain to firms how to export. In the same fashion, it also provides them with pre-internationalization missions. Finally, the third strand is ProChile's most important one (almost 80% of its budget is dedicated to these activities, as opposed to 13% and 7% of the other two). This includes the organization of international fairs abroad and presidential tours – the best known are *Sabores de Chile* (Flavors of Chile) and the Chilean Wine Tour. It also provides a meeting space with others exporters, and it supports communication and marketing campaigns (to increase and diversify the export mix) of which the strengthening of "sectoral brands" (like Chile: Potencia Alimentaria, *Chile: Food Power*) and Chile's country branding (together with the public-private partnership called Fundación Imagen de Chile) are the most important ones. Probably the largest item of ProChile's budget goes to competitive funds (sectorial brands are

**Chile's Trade Policy Based on Export Promotion, Table 3** ProChile's annual budget

| Year | Total budget (current Chilean pesos) |
|---|---|
| 2011 | 33,957,207 |
| 2012 | 32,822,329 |
| 2013 | 33,941,405 |
| 2014 | 34,051,409 |
| 2015 | 34,616,336 |

Source: Budget Office (2015)

funded like this). Private companies can apply to state co-funding of a myriad of activities, provided that their objectives coincide with ProChile's. The key to this fund's success is the shared financial burden: in order to weed out projects with questionable returns, private actors are supposed to disburse 20% of the project's total budget. Finally, ProChile provides exporters with tools and know-how regarding customer management (Table 3).

All these activities – including the contestable funds – can be summarized as the provision of public goods, specifically aimed at improving the quality and quantity of information at the disposal of both exporters and foreign consumers (Volpe Martincus 2010). These activities do not quite challenge the comparative advantage of Chile's economy. They rather help to identify them more accurately.

ProChile's most recent reforms – under the Piñera administration – aimed at forging a closer relationship with incipient innovation policies. Unfortunately, no precise policy or objective has been defined – beyond this mission statement, that is – and it's not clear whether ProChile is now expected to embark on coordinating industrial policies, for instance. What is clear, however, is that ProChile is now active in all three stages of export: behind, at and beyond the border.

In terms of its target "customers," ProChile is increasingly expected to support small and medium enterprises (SME), which underlines its market-complementing character. Its activities are not supposed to alter relative prices, thereby altering resource allocation, but rather overcome traditional market failures through the provision of specific public goods and services. The latter can be observed in many instances of ProChile's behavior.

First, according to ProChile, Chile's major asset – in terms of trade liberalization – is its complete and complex (rivaled by no other country in the world) network of FTAs. Diversification has not happened because Chilean companies have barely tapped into the enormous potential that they offer. Consequently, it is believed that tariff reductions will spawn a change in Chile's production structure.

Secondly, although ProChile embarks on behind- and beyond-the-border activities, they are highly standardized with hardly any impact assessment. In spite of the importance of the Japanese and Chinese market for Chile, no special services are provided to respond to the peculiarities and singularities of the Asian consumers and businessmen. The objective is to provide them with information, not to design strategies that could violate the principle of policy neutrality. This would explain, too, why the awarded subsidies from ProChile's competitive fund are not evaluated in terms of impact or coherence with other winning projects. It is merely a demand-side subsidy, not a reflection of state priorities as in the East Asian case. This lack of strategic vision – for whatever reason – is best seen with Chile's country branding campaign. Probably a low-point was the slogan – a pun that fell flat – *Chile: All Ways Surprising* (Felzensztein 2008).

## Conclusion

Trade policy in Latin America has moved toward free trade. Although the "left turn" posed a challenge to neoliberal economic orthodoxy, the critical role that exports play in modern economies has remained unquestioned. At the same time, trade policy moved from at-the-border activities to include also behind- and beyond-the-border activities, without affecting the centrality of tariff changes (FTAs are still the preferred policy

instrument). Hence, Latin American trade policies – in spite of searching a more diversified export mix, with higher added value – still hinge on the idea that export growth implies to a large extent long-run economic growth. The potential that more active trade policies offer – defined here as export promotion – have been nevertheless largely ignored, as the case study of Chile suggests. ProChile, in spite of all its notable successes, views its role more as a facilitator that contributes to improving the information at the disposal of consumers and traders, than as a guide that articulates a trade strategy to challenge coherently the economy's comparative advantages.

## Cross-References

► Economic Development Policy

## References

Agosín M (2000) Reformas comerciales, exportaciones y crecimiento. In: Ffrench-Davis R, Stallings B (eds) Reformas, crecimiento y políticas sociales en Chile desde 1973. LOM, Santiago de Chile

Agosín M, Bravo-Ortega C (2009) The emergence of new successful export activities in Latin America: the case of Chile. Research Network Working Paper, (R-552). Washington, DC

Amsden AH (2001) The rise of "the rest": challenges to the west from late-industrializing economies. Oxford University Press, Oxford

Budget Office (2015) Informe final de evaluación. Programa de Promoción de Exportaciones ProChile, Ministerio de Relaciones Exteriores, Dirección General de Relaciones Económicas Internacionales. Budget Office, Santiago

Chang H-J (2002) Kicking away the ladder: development strategy in historical perspective. Anthem, London

Coatsworth JH, Williamson J (2004) Always protectionist? Latin American tariffs from independence to Great Depression. J Lat Am Stud 36:205–232

Edwards S (1995) Crisis and reform in Latin America: from despair to hope. Published for the World Bank by Oxford University Press, Oxford

Edwards S (2010) Left behind: Latin America and the false promise of populism. The University of Chicago Press, Chicago

Felzensztein C (2008) Chile – all ways surprising. In: Dinnie K (ed) Nation branding: concepts, issues, practice. Elsevier Butterworth-Heinemann, Amsterdam

Flores-Macias G (2012) After neoliberalism? The left and economic reforms in Latin America. Oxford University Press, Oxford

Fontaine Aldunate A (1988) Los economistas y el presidente Pinochet, 1st edn. Zig-Zag, Santiago de Chile

Gallagher K, Porzecanski R (2010) The dragon in the room: China and the future of Latin American industrialization. Stanford University Press, Stanford

Gilpin R (2001) Global political economy: understanding the international economic order. Princeton University Press, Princeton

Hachette D (2001) La Reforma Comercial. In: Larraín F, Valdés R (eds) La transformación económica de Chile. CEP (Centro de Estudios Públicos), Santiago de Chile

Jacobs M, Mazzucato M (2016) Rethinking capitalism: economics and policy for sustainable and inclusive growth. Wiley-Blackwell, Chichester. in association with The Political Quarterly

Jordana J, Ramió C (2002) Diseños institucionales y gestión de la política comercial exterior en América Latina. Documento de Divulgación INTAL 15:1–42

Krugman PR (1986) Strategic trade policy and the new international economics. MIT Press, Cambridge, MA

Lengyel M, Ventura-Dias V (2004) Trade policy reforms in Latin America: multilateral rules and domestic institutions. Palgrave Macmillan, New York

Lin J, Chang H-J (2009) Should industrial policy in developing countries conform to comparative advantage or defy it? A debate between Justin Lin and Ha-Joon Chang. Dev Policy Rev 27(5):483–502

Lora E (2012) Structural reforms in Latin America: what has been reformed and how to measure it (updated version). IDB Work Paper Ser 346:1–71

McGillivray F (2001) International trade and political institutions: instituting trade in the long 19th century. Edwarde Elgar, Cheltenham

Meller P (1996) Un siglo de economía política chilena (1890–1990). Editorial Andrés Bello, Santiago

Mitra D (2008) Trade policy, political economy of. In: Durlauf SN, Blume L (eds) The new Palgrave dictionary of economics, 2nd edn. Palgrave Macmillan, Basingstoke

Neary JP (2001) International trade: commercial policy and trade negotiations. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social & behavioral sciences, 1st edn. Elsevier, Amsterdam

Pinto Santa Cruz AB (1959) Chile, un caso de desarrollo frustrado. Editorial Universitaria, Santiago de Chile

Volpe Martincus C (2010) Odyssey in international markets: an assessment of the effectiveness of export promotion in Latin America and the Caribbean. Inter-American Development Bank, Washington, DC

Williamson J (1990) Latin American adjustment: how much has happened? Institute for International Economics, Washington, DC

# Chilean Electoral System: A Moderate D'Hondt PR

Ricardo Gamboa[1] and Andrés Dockendorff[2]
[1]Institute of International Studies, Universidad de Chile, Santiago, Chile
[2]Department of Government, University of Essex, Colchester, Essex, UK

## Introduction

Between 1990 and 2013, there were more than 25 attempts in the Chilean legislature to put an end to the electoral system regulating the election of parliamentarians that had been established by Pinochet's authoritarian regime. Known as the binomial system, it had been criticized on various grounds (Chasquetti 2017). On the one hand, its legitimacy was questioned: because it was established by Pinochet, it was considered to be an "authoritarian legacy" (Garretón 2006). On the other hand, critics argued that the distribution of electoral districts led to pronounced inequalities in the vote (malapportionment), that it generated a marked disproportionality in representation, that it excluded important groups from the assembly, and that it did not encourage interparty competition (Auth 2006). Public opinion polls showed that a large part of the population supported electoral reform (Segovia and Laroze 2009). Nevertheless, no reform attempt prospered.

Following the 2013 elections, the political and parliamentary scenario changed significantly. This encouraged the government of Michelle Bachelet (2014–2018) to make a further attempt at reform of the electoral system. Thus, at the beginning of her administration, she presented a reform bill whose main objectives were to reduce the levels of malapportionment, promote greater interparty competition, increase the representativeness of the system by establishing greater opportunities for other groups to reach Congress (Gamboa and Morales 2016), and change "the current unequal gender representation in the National Congress" (Bachelet 2014). After a year of debate and negotiation, in 2015 a large enough parliamentary majority was finally assembled to replace the binomial system with a (so-called) moderate proportional system. The new rules were applied for the first time in the 2017 elections.

This contribution describes and examines the main components of the new Chilean electoral system and analyzes the results of the first elections held under these new rules. The first section describes the main features of the electoral system for parliamentary elections in Chile and explains, with an illustrative example, how the seat distribution system works. The second section analyzes the effects of the electoral system using data from the 2017 election. We refer to the system's results in terms of proportionality, fragmentation, and the effect of the quota law. We conclude with some final observations.

## The Electoral Rules for Parliamentary Elections

Conceptualized in its simplest form, an electoral system is the mechanism by which votes are converted into seats (Herron et al. 2018: 2). A fuller definition adds three other elements: rules on the distribution of districts, the form of candidacies, and voting rules (Nohlen 1995). Considering these four elements, the new Chilean electoral system is characterized by (a) division of the territory into plurinominal districts of variable magnitude (M), (b) open lists, (c) a secret ballot and a single ballot paper, and (d) use of the D'Hondt rule as a mechanism for seat allocation.

The Chilean parliament consists of two chambers, the Senate and the Chamber of Deputies (CD). Under the binomial system, the Senate was composed of 38 senators and the CD of 120 deputies. This system established that two parliamentarians ($M = 2$) were to be elected for each electoral district both for the Senate and the CD, so there were 19 senatorial constituencies for the Senate and 60 electoral districts for the CD. The parties could compete alone or as part of apparentments formed with other parties. Each party or apparentment could present up to two candidates for each electoral territory. Voters had

to vote for a single candidate only, never for a list. Seats were distributed according to the D'Hondt rule. Thus, to determine which candidates were elected, the first point considered was the sum of the votes obtained by the candidates on a list. If a list obtained more than twice as many votes as the runner-up list, both its candidates won seats. Failing this, seats went to the two candidates who had the most votes of the two lists with the most votes (Gamboa and Morales 2016).

The new system is different. First, the number of seats to be elected increased for both chambers: from 120 to 155 for the CD and from 38 to 50 for the Senate. At the same time, in the case of the CD, the number of districts was reduced from 60 to 28, while their magnitude varied between 3 and 8 (5.5, on average). The new districts were created mainly from mergers of pre-existing districts. Moreover, a new rule was introduced for the CD: every 10 years the electoral authority (SERVEL) must recalculate the number of seats corresponding to each district according to variations of its population, but the number must never be less than three or greater than eight in any district. Deputies' term in office is 4 years, so that in each election, the CD is renewed in its entirety (Gamboa and Morales 2016).

Meanwhile, the number of senatorial districts was reduced from 19 to 15. Again, these were based on the pre-existing districts. The M is also variable but only between 2 and 5. Consequently, the binomial system was essentially left unchanged for five senatorial districts (Gamboa and Morales 2016). Senators' term in office lasts for 8 years, so that the Senate is partially renewed every 4 years (depending on whether the senatorial districts are even or odd).

As a result of these changes, malapportionment was reduced. Indeed, at CD level malapportionment fell considerably, from a ratio of 17.8% to 10.6% (using the Loosemore and Hanby index). However, at Senate level, the result was negative: malapportionment increased from 30.7% under the previous system to 32.6% in the new one (Gamboa and Morales 2016).

Second, parties can compete by themselves and form a list on their own or join an apparentment. These are permitted at the national level, but sub-apparentments are not. In this way, parties can join forces by combining their votes to gain more seats. As a consequence, as explained below, the seat distribution system is carried out in two steps. In the first, according to the D'Hondt rule, the seats corresponding to each list are calculated. In a second step, following the same rule, the seats won by an apparentment are distributed to each of its component parties (Gamboa and Morales 2018a).

Also, the law established that, whether of a party or an apparentment, each list may propose one extra candidate in addition to the number of seats up for election in each district (the "M + 1" rule). It imposes no obligation on parties or apparentments in their choice of candidates. The only substantive limitation, in the case of candidates being chosen in state-regulated primaries, is that only up to 40% of a party's candidates may be chosen by this method, given the quota system (see below).

Third, for the first time in Chile, party lists are subject to gender quotas: no party may present candidates of either sex in excess of 60% of its total number of candidates. In addition, to boost women's participation, state reimbursements to women for votes obtained were increased, surpassing by 20% those received by men. Finally, a benefit for parties was established: for each woman elected, their party would receive a bonus of about US $20,000. Since these rules apply only to four elections (2017, 2021, 2025, and 2029), they are transitional. In short, this is a system of candidacy quotas and does not establish any priority for female candidates in the distribution of seats. In this way, the Chilean formula is one of "aspirant quotas" and not of "reserved seats" that guarantees a certain number of seats for women (Dahlerup 2007).

Lastly, as before, the lists are open, with voters having to mark a preference for one of the candidates. There is no list vote. The vote is voluntary.

The rules for seat distribution work as follows: first, the total number of votes obtained by each list (the sum of the votes obtained by each of its candidates) is calculated. Then, how many seats each list gets is determined according to the D'Hondt rule. The following example explains

the procedure: consider the case of a district that elects five seats (M = 5), and four competing lists each obtain the following number of votes: List A, 45,000; List B, 8000; List C, 27,000; and List D, 20,000. Applying the D'Hondt rule to this distribution, List A gets three seats, Lists C and D get one each, and List B gets nothing.

Second, once the number of seats corresponding to each list has been decided, which candidates get the seats can be determined. There are two possibilities. The first applies to a list composed of a single party, in which case seats are distributed according to the number of votes obtained by each candidate. In our example, if List C is composed of a single party, the candidate with the most votes is elected. The second possibility involves a list composed of several parties and includes candidates from different parties. Returning to the above example, let us suppose that List A (which obtained three seats) was composed of candidates from three parties. In this case, to distribute the seats between the parties, a calculation similar to the one described above is made, but this time considering that the number of positions to be distributed is three, and that there are three lists (corresponding to each of the three parties). Thus, the first step is to add the votes of the candidates of each of the parties. Supposing the result is Party A, 22,500; Party B, 10,800; and Party C, 11,700. Applying the D'Hondt rule again, Party A ends up with two seats and Party C with one. Party B gets nothing. So defined, the seats go to the candidates in each list with the most votes. Thus, in the example given, the two candidates of Party A with the most votes and the candidate of Party C with the most votes are elected. Thus, as in many PR systems, the candidates of each list with the most votes are not necessarily elected.

## The New Rules in Operation: Proportionality, Fragmentation, and Quotas

Electoral systems have effects on different characteristics of the party system, such as parties' level of fragmentation, the proportionality of representation, or indirectly on the polarization of the political system (Cox 1990; Lijphart 1994). In this section we analyze the results of the first elections in which this new open list proportional system was used, comparing its results with those of the previous electoral system. We focus, in particular, on three main issues: (dis)proportionality of representation, fragmentation of the party system, and the result of the gender quota rules. We concentrate on the results of the election of deputies, since it is the only one at the national level in which all the seats were up for election, as the Senate was only partially renewed, and therefore data for that election are limited. We also acknowledge that no definitive conclusions can be drawn about the effects of the new rules from the results of a single election. Yet they do allow trends to be identified, such as those we highlight below.

For the 2017 election of deputies, the 25 competing parties formed a total of nine lists. Of these, individual parties made up two, and apparentments made up the remainder. There were also 11 independent candidates. Each apparentment included between two and five parties. Of a maximum of 183 candidates that each list could include, more than 160 candidates were presented by three apparentments alone: the Frente Amplio, Fuerza de Mayoría, and Chile Vamos (Gamboa and Morales 2018a).

### Disproportionality

The first aspect to consider is the effect of the new rules on the proportionality of representation, understood as the difference between each coalition or party's percentage of seats and its percentage of votes. A positive difference indicates that the party in question has a "favorable disproportion," while a negative one indicates that a party has an "unfavorable disproportion" (Gamboa and Morales 2018a). As we pointed out above, a main criticism of the binomial system was that it generated very disproportionate results, favoring some parties while prejudicing others (Gamboa and Morales 2016). Therefore, according to the reform bill's backers, one of its objectives was to address and solve this problem.

Here we show the data on disproportionality from two perspectives. On the one hand, we

present the data at a general level, comparing them with data from the binomial system period. According to Gamboa and Morales (2018a), whether the Loosmore and Hanby index or the Gallagher index is used, disproportionality was variable between 1989 and 2013. According to the former index, and considering the results by coalition, disproportionality reached its lowest point in the 2001 elections, in which it scored 7 points, while its highest point was in 2013 with 12.2 points. If we use the Gallagher index, the lowest and highest points are found in these same years, with disproportionality figures of 5.2 and 7.8 points, respectively (in both indices, higher figures indicate less correspondence between votes and seats). Second, if we compare the figures for 2013 and 2017, the new electoral system can be seen to have not reduced disproportionality significantly. According to Loosmore and Hanby's index, it dropped only to 12.1 in 2017, while if we use Gallagher's, it fell only to 7.3. Third, if we apply the same exercise to individual parties, we see a similar phenomenon occurring: according to the Gallagher index, disproportionality reached 6.2 points in 2013 and 6 in 2017. In principle, then, the reform did not produce a substantial reduction of disproportionality in party representation.

On the other hand, it is interesting to observe what happens within apparentments, i.e., to examine who wins and who loses within the electoral alliances. Considering the three largest apparentments (which together obtained 87% of the seats in 2017), the evidence points to two main facts. First, within each of them, the largest parties were the most favored, each obtaining a favorable disproportion. For example, within the Chile Vamos apparentment, the party with the most votes (Renovación Nacional) notched up 5 points of favorable disproportion. In the Fuerza de Mayoría coalition, the result was similar: the party with the most votes, the Socialist Party, had a favorable disproportion of 2.5 points (Gamboa and Morales 2018a). Yet the other parties' distribution of seats was not proportional to their electoral weight either. Thus, for example, in the Fuerza de Mayoría pact, parties of different electoral weight obtained the same number of seats (Gamboa and Morales 2018a). This is a relevant point, insofar as it warns of how a particular feature of the system can affect the distribution of seats in a PR system.

### Fragmentation

A second important aspect is how many parties the political system is divided into. Given that the system changed from one of M = 2 for all districts to a higher and variable magnitude, barriers to entry to parliament were reduced, especially to the Chamber of Deputies (where the average M is higher). Thus, by lowering that barrier, an increase in the number of parties represented in parliament is to be expected. In the case of the 2013 elections, eight parties won parliamentary representation, while in 2017 15 did so. Between one election and another, in other words, the number of parties in parliament practically doubled. Undoubtedly, at first sight, the effect of the reform was to facilitate the entry of new parties. However, in political science there is consensus that measuring the fragmentation of the party system based only on how many parties are represented in parliament can lead to wrong conclusions, since not all parties have the same *weight*. In this way, to better understand the point, we need to consider other types of measurement, such as one that measures the number of effective parties (NEP) (Laakso and Taagepera 1979). In simple terms, this index of party fragmentation quantifies the significant parties that comprise a system. In the case of Chile, on average, the number of effective parties between 1989 and 2013 was 7.17. The highest figure for the period was in 2013, when the number of effective parties was 8.7. In 2017, under the new system, the NEP rose to 10.7, the top score since the return to democracy. Yet it should be noted that this metric had shown an upward trend before the electoral reform, particularly in the elections of 2009 (7.3) and 2013 (8.7). Thus, the increase in the NEP in the new elections is not necessarily dramatic. However, it is relevant that in 2017, there was a significant decrease in the combined electoral weight of the two traditional coalitions, the Alianza por Chile (which groups together the right-wing parties) and the Nueva Mayoría

(center-left, the successor of the Concertación). While in 2013 they accumulated 84% of the votes, in 2017 their combined votes dropped to 73.5%. In large part, this is explained by the emergence of a new left-wing coalition, the Frente Amplio, and the success of other small parties in gaining access to parliament.

### Gender Quotas

As explained above, for the first time in its history, Chile incorporated a gender quota system in its electoral rules. This is an "aspirants' quota" that does not ensure the election of women. Additionally, financial incentives were introduced to encourage women's participation in party lists.

What do the data tell us about the effects of the reform in this first election? First, that the number of female candidates obviously increased considerably. In the case of the elections for the CD, there was an increase from 19.4% in 2013 to 41.4% in 2017. Second, that the percentage of women elected to the Chamber of Deputies also increased: while in the 2013 elections 15.8% of the seats were occupied by women, in 2017 the percentage increased to 22.6%. Third, despite the above, it was also the case that there was no rise in women's rate of electability. Indeed, while in 2013 21.5% of the candidates won a seat, in 2017 this figure fell to 8.9%. Men's electability rate, on the other hand, remained intact. Finally, and unlike what happened before when the average votes of male and female candidates were much alike, in 2017 the average votes for female candidates fell to 1.9%, while that for men was 3.5%. What is the reason for this? The available evidence does not allow a definite answer. However, preliminary data show that female candidates (especially challengers) face greater difficulties than men in collecting campaign resources and therefore tend to be disadvantaged in elections (Gamboa and Morales 2018b).

## Final Remarks

Electoral systems play a fundamental role in the functioning of democratic systems by establishing the playing field for party competition. In this context, study of the Chilean case is particularly interesting since it analyzes the characteristics and (preliminary) effects of a recent electoral reform. On the first point, institutional design, we showed how the 2015 reform substantially changed the conditions of political competition in relation to those under the previous binomial system. As noted, the reform sought to achieve certain central objectives: to reduce malapportionment (by redrawing electoral district boundaries), to lower the entry barriers to the legislature (by increasing the average magnitude), to favor greater proportionality in the representation of parties, and to reduce inequity in women' access to the legislature. On the issue of proportionality, the literature suggests that greater proportionality would be achieved with a moderate increase in district magnitude (between three and eight for the CD and between two and five for the Senate). In turn, this increase would not have a very profound effect on fragmentation (Carey and Hix 2011). Finally, the D'Hondt rule was maintained as a mechanism for distributing seats, and the formation of electoral apparentments between parties is permitted (but sub-apparentments are not).

The results of a single election are insufficient to draw conclusions about whether or not the new electoral system achieved its proposed objectives. Given that the operation of the binomial electoral system that preceded the new formula for more than two decades served as the "driving force in party system change" (Scully 2017, 23), it is unrealistic to assume that the parties will adjust their expectations and strategies mechanically and automatically to the new rules. However, some trends can be observed. First, malapportionment was indeed significantly reduced in the districts to elect deputies, but not in the Senate. Second, the proportionality of representation was not substantially increased when the results disaggregated by party are considered. Third, in terms of fragmentation, there is an increase, although not a dramatic one, in the actual number of parties with parliamentary representation. However, it is difficult to attribute this effect exclusively to the electoral change, since trends suggesting increasing fragmentation of the party system were already observed before the reform. Finally, with regard to

equity in women's access to the legislature, the results of the 2017 elections are double-edged: on the one hand, an increase in the percentage of women candidates and women elected, but on the other, a substantial reduction in their electability.

## References

Auth P (2006) El sistema electoral chileno y los cambios necesarios. In: Huneeus C (ed) La Reforma al Sistema Binominal en Chile: Una Contribución al Debate. Konrad Adenauer Stiftung, Santiago

Bachelet M (2014) Mensaje de S.E. la Presidenta de la República con el que inicia un proyecto de ley que sustituye el sistema electoral binominal por un sistema electoral proporcional inclusivo y fortalece la representatividad del congreso nacional. http://www.camara.cl/pley/pley_detalle.aspx?prmID=9742&prmBL=9326-07. Accesed 3 May 2018

Carey J, Hix S (2011) The electoral sweet spot: low-magnitude proportional electoral systems. Am J Polit Sci 55:383–397

Chasquetti D (2017) Sobre las Reformas Políticas en Chile 2014–2016. In: Reformas Políticas en Chile 2014–2016. Ministerio Secretaría General de la Presidencia- IDEA, Santiago

Cox G (1990) Centripetal and centrifugal incentives in electoral systems. Am J Polit Sci 34:905–935

Dahlerup D (2007) Electoral gender quotas: between equality of opportunity and equality of result. Representation 43(2):73–92. https://doi.org/10.1080/00344890701363227

Gamboa R, Morales M (2016) Chile's 2015 electoral reform: changing the rules of the game. Latin Am Polit Soc 58(4):126–144

Gamboa R, Morales M (2018a) Who pays the bill in the apparentments game? Lessons from the 2017 Chilean elections. Paper presented at the 76th MPSA meeting, Chicago

Gamboa R, Morales M (2018b) Gender quotas and campaign spending: woman representation in open-list proportional representation system. Unpublished Manuscript

Garretón M (2006) Sistema Electoral y Reforma Política. In: Huneeus C (ed) La Reforma al Sistema Binominal en Chile: Una Contribución al Debate. Konrad Adenauer, Santiago

Herron E, Pekkanen R, Shugart M (2018) Terminology and basic rules of electoral systems. In: Herron E, Pekkanen R, Shugart R (eds) The Oxford handbook of electoral systems. Oxford University Press, Oxford

Laakso M, Taagepera R (1979) Effective number of parties: a measure with application to west Europe. Comp Pol Stud 12(1):3–27

Lijphart A (1994) Electoral systems and party systems. A study of twenty-Seven democracies, 1945–1990. Oxford University Press, Oxford

Nohlen D (1995) Sistemas Electorales y Partidos Políticos. Fondo de Cultura Económica, México

Scully T (2017) A fourth critical juncture? Chilean politics after military rule. Qual Multi-Method Res 15(1): 21–26

Segovia C, Laroze D (2009) Demandas por Reformas al Régimen Electoral Chileno: La Visión desde la Opinión Pública. In: Fontaine A, Larroulet C, Navarrete J, Walker I (eds) Reforma del Sistema Electoral Chileno. PNUD, Santiago

# China in the Caribbean

Theodor Tudoroiu
Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Policy advice; Recommendations

## Definition

Trade policy is a set of rules and regulations intended to change trade between countries.

Development policy refers to activities that aim to reduce poverty and inequality and to promote economic growth and sustainable development.

Foreign policy is a policy pursued by a state in view of promoting national objectives.

## Introduction

China's increasingly visible presence in the Caribbean will have a significant impact on governance in the region. First, Caribbean states will need to provide appropriate public policy responses to the serious challenges represented by Chinese

industrial competition and huge bilateral trade deficit. This might involve major efforts from national public administrations. Second, an important political factor is also at work that relates to the China-Taiwan competition for diplomatic recognition. This influences the development policies of Caribbean states that benefit from development aid provided by the two countries. Third, China is sometimes perceived – and welcomed – as balancing the US influence in the Caribbean. However, the prospect of increased Chinese-American rivalry will affect the economic and geopolitical situation of the region. It might compel Caribbean states to adapt their policies to a less stable, possibly bipolar regional environment.

## China's Relations with the Caribbean

Chinese migrants first arrived in the Caribbean more than two centuries ago. However, except for Cuba, it was only in 1972 – after the People's Republic of China was admitted into the United Nations – that Caribbean states began to establish diplomatic relations with the communist government in Beijing. Initially, exchanges were very limited, but a fundamental change became visible after 2003. During the following decade, Chinese exports to the region increased almost ten times, reaching $4.21 billion in 2013 (Campbell 2014). These exports are mainly finished manufactured products that have substituted more expensive goods from traditional trading partners, especially the United States. For their part, China's top ten imports from CARICOM are represented by raw materials. Different from the case of Latin America, there are no significant Caribbean agricultural exports to China (Montoute 2013: 117; Bernal 2015: 1409). The comparison with the neighboring region is useful in that it exposes a potentially serious consequence of China's economic presence. Indeed, while Latin American exporters of raw materials and agricultural products have greatly benefited from their access to the huge Chinese market, the massive growth of Latin American imports from China has had a deeply disruptive effect on local economies. Because Chinese laborers are satisfied with wages four times smaller than Latin American ones and accept worse working conditions, China has become a major threat to Latin American fashion products, low technology goods, and engineering and electronics products. Chinese textiles and footwear, for example, are three or four times cheaper than Latin American ones. Consequently, labor-intensive manufactured goods from Latin America were largely removed from a number of export markets while facing harsh competition domestically. This is a large-scale phenomenon that undermines the progress made by Latin America toward industrialization as it increases the dependency on raw materials exports and might even lead to the return to plantation economics (Paladini 2011: 83–84). Until now, the Caribbean did not experience a similar phenomenon mainly because of its limited production of labor-intensive manufactured goods. Yet, China does pose a threat to Caribbean manufacturing in fields that include textile, apparel, processed food, furniture, paper, and plastic products. Even the production of Trinidad Carnival costumes might be outsourced to China. Therefore, there is a serious risk that Chinese competition brings much of the industrialization efforts in the Caribbean to an end. Another critical issue is that of the bilateral trade deficit. The increase of Caribbean exports to China has been very modest. Moreover, between 2006 and 2009 their value decreased. This resulted in an annual trade deficit of more than $4 billion that is unsustainable in the long term (Bernal 2015: 1416; Montoute 2013: 121). In order to address this issue, policy recommendations are frequently formulated that include an increase in raw materials and agricultural exports to China, the development of Chinese tourism in the region, increased Chinese direct foreign investment, and turning the Caribbean into an entry point for Chinese products to the US, Canada, and the European Union (Montoute 2013: 113; Bernal 2014). However, in order to turn these recommendations into reality, major

public policy programs and actions are required that for the time being do not seem to represent priorities for most Caribbean governments.

In comparative terms, it is interesting to note that at present Caribbean imports from the USA and the EU are not decreasing. Rather, the dynamics of imports from China is part of an increase in overall imports (Montoute 2013: 119). The USA remains the most important trading partner of the Caribbean while China is not among the region's top three trading partners (Bernal 2015: 1419, 1431). At least in part, this is due to the fact that Caribbean trade is a matter of secondary importance for Beijing. The latter's interest in the region has mainly political reasons. One of them is the willingness to assert its great power status through global economic and political presence. Yet, by far the most important Chinese goal in the Caribbean is related to the constant effort to deprive the rival Republic of China – i.e., Taiwan – of international recognition and ensuing legitimacy. Out of the 22 states that recognize Taiwan, five are located in the Caribbean (Dominican Republic, Haiti, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines) and six (including Belize) in neighboring Central America. In fact, this is the only region in the world with more Taiwanese than Chinese embassies (Haro Navejas 2013: 148). This has turned the Caribbean into the arena of a confrontation that mainly takes the form of "checkbook diplomacy." Economic incentives are used by Beijing and Taipei in order to secure diplomatic recognition. Understandably, both countries maintain secrecy with respect to the amounts involved. Yet, it is estimated that the diplomatic competition is served by the bulk of their respective overseas aid, which before the 2008 "diplomatic truce" (see below) amounted to $1.5–2 billion annually in the case of China and to $4–500 million in that of Taiwan. This makes them significant donors for particular Caribbean countries (Atkinson 2010: 411). For their part, opportunistic governments in the region exploit the situation by shifting allegiance in exchange for increased financial support. Terms such as "swing states" or "flip-flop allegiance" were coined to describe the sudden foreign policy change of Belize, Dominica, Grenada, Nicaragua, and (twice) St Lucia (Paladini 2011: 73). For example, in 2004 the Commonwealth of Dominica asked Taipei for a $58 million aid. When the Taiwanese responded negatively, it recognized Beijing, as the Chinese had promised $100 million over 6 years with $11 million to be disbursed immediately (Li 2005: 88). St Lucia recognized Taipei in 1984 but switched to Beijing in 1997. Chinese aid included $15 million for a cricket stadium and $10 million for a mental hospital. However, in 2007 St Lucia switched back to Taipei, which promised to develop the agriculture and livestock sector, to boost tourism and to create information technology learning centres (Hu 2015: 18). Obviously, this competition is expensive for both China and Taiwan and in 2008 they took advantage of the election of a Beijing-friendly Taiwanese President, Ma Ying-jeou, in order to declare a "diplomatic truce" based on the preservation of the diplomatic status quo. Yet, the election in 2016 of a new Taiwanese President, Tsai Ing-wen, less favorable to China led to the renewal of "checkbook diplomacy."

China's widely noted 2008 *Policy Paper on Latin America and the Caribbean* elegantly translated this cynical financial-diplomatic game into the promotion of a "win-win strategy" (The State Council 2008). Its instruments include, at a regional level, the China-Caribbean Economic and Trade Cooperation Forum and the China-Caribbean Joint Business Council as well as China's membership in the Caribbean Development Bank and the Inter-American Development Bank (Bernal 2015: 1412; Haro Navejas 2013: 147; Montoute 2013: 112). Bilaterally, there have been high-level visits and political and diplomatic linkages at central and local government, parliament, and political parties level. Despite these contacts, Chinese foreign direct investment in the Caribbean remains very modest at $31 million in 2012, i.e., 0.05% of China's global foreign investment. The tax heavens of

British Virgin Islands and Cayman Islands represent an important exception as they received no less than $62.1 billion in 2012 alone. This money, however, was reinvested in China (Campbell 2014: 4–5). Still, there has been a substantial increase in Chinese development assistance to countries that recognize the People's Republic of China (Bernal 2015: 1431). While similar assistance from traditional partners such as the US, Canada, the UK, and the European Union (EU) tends to decline, development finance has been abundantly provided by Beijing. Reliable statistics are not available, but the assistance normally takes the form of market-rate loans for large infrastructure projects from two Chinese state-owned banks, China Export–import Bank and China Development Bank (Campbell 2014). On the negative side, China insists on using Chinese firms and workers on such construction projects, which has created significant frustration in the Caribbean as locals felt they were deprived of employment. Lack of technology transfer also has been criticized (Montoute 2013: 122).

Despite such criticism, Caribbean states that recognize the People's Republic of China appreciate the contribution of its assistance to the improvement of their social-economic situation. The lack of any conditionality – other than severing relations with Taiwan and accepting Chinese firms and workers – is also hailed, even if this involves a certain degree of ambiguity when US- or EU-promoted democracy, human rights, and good governance are taken into consideration. For their part, Caribbean states that prefer to recognize Taiwan maintain normal trade relations with China. Moreover, they are fully aware of the fact that Taiwanese generosity would instantly vanish if Beijing suddenly lost interest in the region and/or put an end to "checkbook diplomacy." Indirectly, they also depend on China's regional involvement.

To summarize, the development policies of Caribbean states have adapted to and are significantly enhanced by the valuable assistance received from the two Asian countries. However, at one point Taiwan's 23 million citizens might become unable to compete with China's 1.3 billion and decide to improve the bilateral relationship. If and when that happens, the "checkbook diplomacy" will obviously disappear and this will severely damage development policies in the Caribbean.

Outside the Beijing-Taipei rivalry, the Chinese economic and diplomatic presence in the Caribbean is expected to lead to renewed US, EU, and post-Brexit UK interest in the region, hopefully bringing an increase in their development assistance. At a more general level, the perception exists of China as a voice for the Global South. Its long term goals of bringing about a multipolar world and of transforming the global economic order are favorably perceived in the Caribbean as a way to diminish US political and economic dominance of the region (Montoute 2013: 112, 122–123). Yet, it should be noted that the Caribbean initial opening to China in the early 1970s only took place after the normalisation of Sino-American relations (Hu 2015: 22). Ever since, China's approach in the region has been "clearly low-key, careful not to provoke any hostile US reaction." It also has greatly benefitted from Washington's disengagement from Latin America and the Caribbean after 9/11 (Paladini 2011: 78, 80). Overall, Beijing's progressive involvement in the Caribbean can be described as an American-friendly exercise in soft power. In recent years, however, China's assertiveness under President Xi Jinping suggests a move toward challenging more overtly the US. President Trump's policies also might amplify mutual mistrust. If this trend continues, it will lead to increased Chinese-American antagonism that most likely will result in a potentially destabilizing struggle for influence in the Caribbean. Consequences are difficult to forecast, but it is clear that a Cold War-type international and regional environment will have a deep and long-lasting impact on the public policies and on the general political and economic situation of all Caribbean states.

## Conclusion

After more than a decade of "soft" expansion, China is bringing to the Caribbean generous development aid, manufactured goods that have replaced more expensive American ones, and a Global South-centered emancipatory view of international politics. At the same time, there is an unsustainable bilateral trade deficit and a serious threat against Caribbean labor-intensive manufacturing industries. In order to prevent major negative consequences in the medium term, Caribbean states need to design and implement effective public policy responses in the fields of trade, investment, industry, agriculture, and tourism. In the long term, however, it is the course of the China-US relationship that will most likely determine the dynamics of the Chinese involvement in the Caribbean and its public policy effects.

## Cross-References

► Foreign Policy in the Caribbean

## References

Atkinson J (2010) China-Taiwan diplomatic competition and the Pacific Islands. Pac Rev 23(4):407

Bernal RL (2014) Dragon in the Caribbean: China's global re-dimensioning challenges and opportunities for the Caribbean. Ian Randle, Kingston

Bernal RL (2015) The growing economic presence of China in the Caribbean. World Econ 38(9):1409

Campbell C (2014) China's expanding and evolving engagement with the Caribbean. (U.S.–China Economic and Security Review Commission Staff Report, 16 May 2014). http://origin.www.uscc.gov/sites/default/files/Research/Staff%20Report_China-Caribbean%20Relations.pdf. Accessed 20 Oct 2016

Haro Navejas FJ (2013) China in the Central American and Caribbean Zone. Lat Am Policy 4(1):144

Hu S (2015) Small state foreign policy: the diplomatic recognition of Taiwan. China Int J 13(2):1

Li H (2005) Rivalry between Taiwan and the PRC in Latin America. J Chin Polit Sci 10(2):77

Montoute A (2013) Caribbean-China economic relations: what are the implications? Caribb J Int Relat Dipl 1(1):110

Paladini S (2011) A view from the Isthmus: China's strategic interests in Latin America between Taiwan and the USA. J Comp Asian Dev 10(1):62

The State Council (2008) China's policy paper on Latin America and the Caribbean (The People's Republic of China 2008). http://www.gov.cn/english/official/2008-11/05/content_1140347.htm. Accessed 20 Oct 2016

# China's Belt and Road Initiative

Saleh Shahriar
Department of History and Philosophy, School of Humanities and Social Sciences, North South University, Dhaka, Bangladesh

## Synonyms

Belt and Road Initiative (BRI); China's global policy; One Belt, One Road Initiative (OBOR)

## Definition

The Belt and Road Initiative (BRI) is a Chinese trillion-dollar public policy and politico-economic strategy to advance globalization through the state-led cooperation in the areas of policy communication, facility connectivity, unimpeded trade, monetary circulation, and people-to-people understandings.

## Introduction

The Soviet Union collapsed in 1991. A year later, debates on China's power status began to emerge (Naughton 2017; Schweickart 2015; Xuetong 2006). The end of the Cold War, the fall of the Soviet Union, the triumph of economic liberalism, the decline of the US unilateralism, the world financial crises, and the rise of emerging powers in general and the rise of China in particular have been influencing almost every

aspect of international affairs (Jianwei 2017; Xing 2019). The economic rise of China is a global phenomenon. China became a member of the World Trade Organization (WTO) in 2001. Since China joined the WTO in 2001, the world has been surprised by China's rapid economic expansion. Its GDP grew at an average rate of 10.5% in the first decade of the new millennium, and China's share of world GDP doubled from 7.5% to 15% between 2001 and 2012 (Wang 2017). Entry into the WTO symbolizes the matrimony of China's crony capitalism (market Leninism) and global capitalism (Yue 2018).

China's average annual GDP growth rate slowed from 10.6% in 2010 to 6.6% in 2018 so that the BRI was devised as a global strategy. In 2013, China proposed the BRI to build a global community of shared destiny, peaceful development, and networks of partnerships (Chang-Liao 2016; Xi 2017, 2018). The BRI is a Chinese trillion-dollar project encompassing multiple global issues including the world economy, poverty reduction, environment, sustainable developments, agriculture, science, technology, education, infrastructure, and cross-border economic cooperation. The inception of the BRI began in 2013 when the Chinese President Xi Jinping unveiled it during his visit to Kazakhstan. In a speech at Kazakhstan's Nazarbayev University on 7 September 2013, he proposed the building of a Silk Road Economic Belt in order to expand the Eurasian economic cooperation. Again, in his visit to Indonesia, a Southeast Asian country, he proposed the concept of the Twenty-First-Century Maritime Silk Road. The BRI is never clearly defined; there is not even a correct, official map of the BRI (Narins and Agnew 2019; Zeng 2019). In Chinese Mandarin, the BRI is known as *Yi Dai Yi Lu,* 一带一路 (literally "One Belt, One Road").The total investment earmarked for BRI projects is said to be more than US$ 1 trillion; by some estimates it is as much as US$ 8 trillion (Shah 2019). Some believe that the BRI will dramatically expand Beijing's influence in the world, particularly in China's neighborhoods. Others feel the BRI will be hindered by many insurmountable challenges and its failure is almost guaranteed. Against this backdrop, the present chapter intends to discuss the main issues and dynamics of the BRI strategy of China.

## Scope of the BRI

The BRI involves countries spanning Central Asia, South Asia, Southeast Asia and Oceania, Central and Eastern Europe, West Asia, and North Africa, over 900 projects, and close to US$1 trillion as of mid-2018 (Yuan 2019). The BRI is a policy to advance economic globalization through the state-led cooperation. China's projected investment under the initiative ranges from US $ 1.4 trillion to US $ 6 trillion (Zhai 2018). The strategy of the BRI, a historically integrated concept in China's periphery policy, is a well thought-out global and grand strategy that the Chinese leadership has formulated to reclaim its geopolitical dominance in Asia and to fulfill the goal of China dream. With a projected US $1 trillion commitment from Chinese financial institutions, and at least 138 countries participating, the BRI is attracting intense debate (Oliveira et al. 2020). The BRI, in effect, helps China create a Chinese centered order in Asia and beyond (Bhattacharya 2016). As a policy-oriented initiative, the BRI has great potential to benefit many lower- and middle-income developing countries that are not adequately served by existing infrastructure and are strapped for new investment (Rana and Ji 2020).

## Aim, Structure, and Financing of the BRI

The BRI aims to establish cooperation in five major areas: trade and investment facilitation; policy coordination; infrastructure development and connectivity; financial coordination and integration; and people-to-people ties and connectivity (Panibratov et al. 2020; Shahriar 2019b).

As of January 2021, Table 1 shows the number of countries that joined the BRI by signing a Memorandum of Understanding with China is

**China's Belt and Road Initiative, Table 1** List of the BRI countries

| Country | Region | Income Group |
|---|---|---|
| Afghanistan | South Asia | Low income |
| Albania | Europe and Central Asia | Upper middle income |
| Algeria | Middle East and North Africa | Upper middle income |
| Angola | Sub-Saharan Africa | Lower middle income |
| Antigua and Barbuda | Latin America and Caribbean | High income |
| Armenia | Europe and Central Asia | Upper middle income |
| Austria | Europe and Central Asia | High income |
| Azerbaijan | Europe and Central Asia | Upper middle income |
| Bahrain | Middle East and North Africa | High income |
| Bangladesh | South Asia | Lower middle income |
| Barbados | Latin America and Caribbean | High income |
| Belarus | Europe and Central Asia | Upper middle income |
| Benin | Sub-Saharan Africa | Low income |
| Bolivia | Latin America and Caribbean | Lower middle income |
| Bosnia and Herzegovina | Europe and Central Asia | Upper middle income |
| Botswana | Sub-Saharan Africa | Upper middle income |
| Brunei Darussalam | East Asia and Pacific | High income |
| Bulgaria | Europe and Central Asia | Upper middle income |
| Burundi | Sub-Saharan Africa | Low income |
| Cabo Verde | Sub-Saharan Africa | Lower middle income |
| Cambodia | East Asia and Pacific | Lower middle income |
| Cameroon | Sub-Saharan Africa | Lower middle income |
| Chad | Sub-Saharan Africa | Low income |
| Chile | Latin America and Caribbean | High income |
| China | East Asia and Pacific | Upper middle income |
| Comoros | Sub-Saharan Africa | Low income |
| Congo, Dem. Rep. | Sub-Saharan Africa | Low income |
| Congo, Rep. | Sub-Saharan Africa | Lower middle income |
| Cook Islands | East Asia and Pacific | |
| Costa Rica | Latin America and Caribbean | Upper middle income |
| Côte d'Ivoire | Sub-Saharan Africa | Lower middle income |
| Croatia | Europe and Central Asia | High income |
| Cuba | Latin America and Caribbean | Upper middle income |
| Cyprus | Europe and Central Asia | High income |
| Czech Republic | Europe and Central Asia | High income |
| Djibouti | Middle East and North Africa | Lower middle income |
| Dominica | Latin America and Caribbean | Upper middle income |
| Ecuador | Latin America and Caribbean | Upper middle income |
| Egypt, Arab Rep. | Middle East and North Africa | Lower middle income |
| El Salvador | Latin America and Caribbean | Lower middle income |
| Equatorial Guinea | Sub-Saharan Africa | Upper middle income |
| Estonia | Europe and Central Asia | High income |
| Ethiopia | Sub-Saharan Africa | Low income |
| Fiji | East Asia and Pacific | Upper middle income |
| Gabon | Sub-Saharan Africa | Upper middle income |
| Gambia, The | Sub-Saharan Africa | Low income |
| Georgia | Europe and Central Asia | Lower middle income |
| Ghana | Sub-Saharan Africa | Lower middle income |
| Greece | Europe and Central Asia | High income |

(continued)

**China's Belt and Road Initiative, Table 1** (continued)

| Country | Region | Income Group |
|---|---|---|
| Grenada | Latin America and Caribbean | Upper middle income |
| Guinea | Sub-Saharan Africa | Low income |
| Guyana | Latin America and Caribbean | Upper middle income |
| Hungary | Europe and Central Asia | High income |
| Indonesia | East Asia and Pacific | Lower middle income |
| Iran, Islamic Rep. | Middle East and North Africa | Upper middle income |
| Iraq | Middle East and North Africa | Upper middle income |
| Italy | Europe and Central Asia | High income |
| Jamaica | Latin America and Caribbean | Upper middle income |
| Kazakhstan | Europe and Central Asia | Upper middle income |
| Kenya | Sub-Saharan Africa | Lower middle income |
| Kiribati | East Asia and Pacific | Lower middle income |
| Korea, Rep. | East Asia and Pacific | High income |
| Kuwait | Middle East and North Africa | High income |
| Kyrgyz Republic | Europe and Central Asia | Lower middle income |
| Lao PDR | East Asia and Pacific | Lower middle income |
| Latvia | Europe and Central Asia | High income |
| Lebanon | Middle East and North Africa | Upper middle income |
| Lesotho | Sub-Saharan Africa | Lower middle income |
| Liberia | Sub-Saharan Africa | Low income |
| Libya | Middle East and North Africa | Upper middle income |
| Lithuania | Europe and Central Asia | High income |
| Luxembourg | Europe and Central Asia | High income |
| Madagascar | Sub-Saharan Africa | Low income |
| Malaysia | East Asia and Pacific | Upper middle income |
| Maldives | South Asia | Upper middle income |
| Mali | Sub-Saharan Africa | Low income |
| Malta | Middle East and North Africa | High income |
| Mauritania | Sub-Saharan Africa | Lower middle income |
| Micronesia, Fed. Sts. | East Asia and Pacific | Lower middle income |
| Moldova | Europe and Central Asia | Lower middle income |
| Mongolia | East Asia and Pacific | Lower middle income |
| Montenegro | Europe and Central Asia | Upper middle income |
| Morocco | Middle East and North Africa | Lower middle income |
| Mozambique | Sub-Saharan Africa | Low income |
| Myanmar | East Asia and Pacific | Lower middle income |
| Namibia | Sub-Saharan Africa | Upper middle income |
| Nepal | South Asia | Low income |
| New Zealand | East Asia and Pacific | High income |
| Niger | Sub-Saharan Africa | Low income |
| Nigeria | Sub-Saharan Africa | Lower middle income |
| Niue | East Asia and Pacific | |
| North Macedonia | Europe and Central Asia | Upper middle income |
| Oman | Middle East and North Africa | High income |
| Pakistan | South Asia | Lower middle income |
| Panama | Latin America and Caribbean | High income |
| Papua New Guinea | East Asia and Pacific | Lower middle income |
| Peru | Latin America and Caribbean | Upper middle income |
| Philippines | East Asia and Pacific | Lower middle income |

(continued)

C

**China's Belt and Road Initiative, Table 1** (continued)

| Country | Region | Income Group |
|---|---|---|
| Poland | Europe and Central Asia | High income |
| Portugal | Europe and Central Asia | High income |
| Qatar | Middle East and North Africa | High income |
| Romania | Europe and Central Asia | Upper middle income |
| Russian Federation | Europe and Central Asia | Upper middle income |
| Rwanda | Sub-Saharan Africa | Low income |
| Samoa | East Asia and Pacific | Upper middle income |
| Saudi Arabia | Middle East and North Africa | High income |
| Senegal | Sub-Saharan Africa | Low income |
| Serbia | Europe and Central Asia | Upper middle income |
| Seychelles | Sub-Saharan Africa | High income |
| Sierra Leone | Sub-Saharan Africa | Low income |
| Singapore | East Asia and Pacific | High income |
| Slovak Republic | Europe and Central Asia | High income |
| Slovenia | Europe and Central Asia | High income |
| Solomon Islands | East Asia and Pacific | Lower middle income |
| Somalia | Sub-Saharan Africa | Low income |
| South Africa | Sub-Saharan Africa | Upper middle income |
| South Sudan | Sub-Saharan Africa | Low income |
| Sri Lanka | South Asia | Lower middle income |
| Sudan | Sub-Saharan Africa | Lower middle income |
| Suriname | Latin America and Caribbean | Upper middle income |
| Tajikistan | Europe and Central Asia | Low income |
| Tanzania | Sub-Saharan Africa | Low income |
| Thailand | East Asia and Pacific | Upper middle income |
| Timor-Leste | East Asia and Pacific | Lower middle income |
| Togo | Sub-Saharan Africa | Low income |
| Tonga | East Asia and Pacific | Upper middle income |
| Trinidad and Tobago | Latin America and Caribbean | High income |
| Tunisia | Middle East and North Africa | Lower middle income |
| Turkey | Europe and Central Asia | Upper middle income |
| Uganda | Sub-Saharan Africa | Low income |
| Ukraine | Europe and Central Asia | Lower middle income |
| United Arab Emirates | Middle East and North Africa | High income |
| Uruguay | Latin America and Caribbean | High income |
| Uzbekistan | Europe and Central Asia | Lower middle income |
| Vanuatu | East Asia and Pacific | Lower middle income |
| Venezuela, RB | Latin America and Caribbean | Upper middle income |
| Vietnam | East Asia and Pacific | Lower middle income |
| Yemen, Rep. | Middle East and North Africa | Low income |
| Zambia | Sub-Saharan Africa | Lower middle income |
| Zimbabwe | Sub-Saharan Africa | Low income |

Source: https://green-bri.org/countries-of-the-belt-and-road-initiative-bri/ (Accessed 27 February, 2021)

140. China's BRI is designed to build global infrastructure and coordinate policymaking across Eurasia and Eastern Africa – as is widely seen as a clearly defined, top-down "grand strategy," reflecting Beijing's growing ambition to reshape, or even dominate, regional and international order (Jones and Zeng 2019). The BRI consists of the following two components:

- Land Based, the Silk Road Economic Belt (SREB)
- Sea Based, the Twenty-First-Century Maritime Road Initiative (MSRI)

The BRI is the flagship project of current Chinese foreign policy (Chan and Song 2020). Beyond politics and international relations, the BRI has a strong economic dimension, particularly in terms of energy security. Previous studies clearly indicate that Beijing has implemented more favorable foreign policies toward energy-producing countries because of its energy security concerns (Lee 2019; Zhang 2019). In the middle of 2017, the BRI was declared as project of the century. It proposed to build a total of six economic corridors: New Eurasian Land Bridge, China–Mongolia–Russia Economic Corridor, China–Indochina Peninsula Economic Corridor, China–Pakistan Economic Corridor (CPEC), Bangladesh–China–India–Myanmar (BCIM) Economic Corridor, and the Trans-Himalayan Economic Corridor. The BRI is a Chinese dream to reduce trade costs via a plethora of infrastructure development projects (Jackson and Shepotylo 2021; Zhao and Gao 2015). China has started the construction of high-speed rail since 2008, and ranks first in total operating mileage in the world up till now. The construction of high-speed rail improves geographical proximity by reducing the travel time and cost between areas (Wu 2020; Zhang et al. 2020). In other words, the rail connections under the BRI serve the national interests of China. Extending economic and political integration through rail connectivity is, therefore, a crucial step in building stronger ties between China and the BRI associated states (Wu 2020).

As an unprecedented endeavor to develop a social and economic nexus that connect China and the rest of the world, in November 2014, Xi Jinping, the Chinese president, announced plans to create a US$ 40 billion *Silk Road Fund* to support private businesses investing in the BRI projects. Several institutions and organizations such as the Asian Infrastructure Investment Bank (AIIB), the Shanghai Cooperation Organization, and the New Development Bank etc. have been created to finance the different projects of the BRI. The AIIB's launch has resulted from China's entering a new phase of development and further embracement of the world (Etzioni 2016; Liang 2020; Wang 2018; Xiao 2016)

Basically, there are five types of financial resources in China supporting BRI construction. They are pure aid, preferential loans, development finance, commercial loans, and various special funds (Lai et al. 2020; Liu et al. 2020).

## Policy Implications of the BRI

By means of the BRI, China wants to create a Chinese world order (Mações 2018). The BRI has, therefore, some policy implications:

- International actors such as governmental and corporate agencies should understand and take advantage of their potential in shaping the development and local practices of the BRI given the BRI's vague nature and lack of a clear blueprint.
- International actors should pay more attention to Chinese local and subnational actors as they have a higher level of discretion than expected and their interests can sometimes override that of the central agencies in Beijing. When it comes to specific business cases at the local level, Chinese state-owned enterprises and provinces – rather than the central agencies in Beijing – are the decisive players.
- China could come forward to investing in the areas of poverty alleviation and employment generation. China has pledged to invest US$ 1.25 trillion worldwide by 2025, exceeding any previous investment record made either by the USA or the Soviet Union in their past geopolitical rivalry for global domination (Shahriar 2019a).
- The developing countries are mostly deficient in the energy supply. The deficiency in the energy sector could be addressed by means of joint collaborative projects of trade and investments in the field of energy.
- China is a technologically advanced country. China's rapid economic development has not only increased the demand for natural resources but also raised the demand for advanced technology. It is anticipated that

advanced technology will enhance economic growth (Yao and Wang 2014). The transfer of technology could stimulate the growth dynamics of the emerging countries.

- Under the policy of the MSRI, maritime developments, especially ports constructions may further encourage growth dynamics in countries along the BRI (Sui 2018). Due to COVID-19 pandemic, the overall investments in the BRI during the first 6 months of 2020 dropped by about 50% compared with the investment during the first 6 months of 2019 (Chen et al. 2021a).
- China's early outward foreign direct investment (OFDI) was motivated by the state's "Going Out" strategy announced in 1990. Since then, China has emerged as a global investor in developed and developing countries. China has given its state enterprises a major role not only in producing for export and competing in international markets but also in investing abroad (Li and Cheong 2019; Shahriar et al. 2020). China is keen to establish the special economic zones (SEZs) and exports processing zones (EPZs) to promote trade and investment in the BRI countries.
- China has been advocating for the development of a green Belt and Road (Teo et al. 2020). Sustainability is mostly discussed in the context of environmental or social impacts of BRI. Sustainability may therefore be on the agenda, turning China's pledge for carbon neutrality by 2060 into reality with spare money to spend in a high-growth scenario (Schulhof et al. 2021). In other words, the BRI can help achieve the Sustainable Development Goals.
- Cross-border tourism is a possible area of cooperation. China's border tourism could advance economic prosperity in the BRI region (Chen et al. 2021b; Gao et al. 2019; Su and Li 2021). China wants to increase cross-border economic cooperation and integration along its peripheral underdeveloped areas and border provinces such as Yunnan (Ptak et al. 2020; Summers 2021).
- Climate change is one of the greatest global challenges. Relevant studies show that countries along this Twenty-Century Maritime Silk Road will witness significant sea-level rise (Tan et al. 2021). Most BRI countries need to enhance their research ability in the field of climate change through extensive international cooperation. Future researchers might pay more attention to how BRI countries will mitigate and adapt to climate change, as there is less research on this area compared to other issues.
- BRI project is ubiquitous in the global network of Confucius Institutes, which offer scholarships, as well as Chinese cultural and language trainings (Pantucci 2021). China offers generous scholarships and training facilities to the administrative elites and policymakers. This will, in turn, develop the skills sets of the global leaders.

## Constraints and Challenges to the BRI

The debt trap diplomacy is often projected as intended to exert undue political influence over sovereign nations that borrow from China under the BRI. However, there is no consensus among scholars on the question of debt trap diplomacy. For instance, Singh (2020) argues that the theory of debt-trap diplomacy does not accurately describes Chinese finance, because China does not engage in predatory behavior toward borrowing countries, using debt to facilitate takeovers of strategic assets and natural resources, or to promote military expansion. International players such as the USA, Japan, India, and Australia are apprehensive of the real intention(s) of the BRI, because of its ambiguity, lack of transparency, lack of consultation with the relevant stakeholders, and growing military presence in the -Indian Ocean, Asia Pacific, Indo-pacific, and the South China Sea (Blah 2018; Chakma 2019). The BRI projects have adverse impacts on the global environmental and climatic issues. Rana and Ji (2020) sketched some potential damages to environment due to megascale BRI projects across the regions.

The lack of coordination is also a major hurdle to the BRI projects. Another issue of contention is the trade disputes between the USA and China (Lu 2018). The outbreak of the coronavirus or

COVID-19 is one of the biggest problems causing the decline of China's image at the global stage. The COVID-19 may hinder the growth of the BRI.

## Conclusion

The rise of China is a global fact in the twenty-first century. The BRI is a manifestation of the global emergence of China. It has important implications in the fields of public policies and governance issues. China has developed a network of global trade, investment and financial integration. The creation of some economic institutions – AIIB for instance – gives a testimony to the fact that China has become more proactive in regional and global institution building. The cost-effectiveness of the BRI projects could be analyzed to understand the implications of those ongoing projects. Moreover, the costs of labor are on the increase due to the aging population in China. BRI would demand more skilled, efficient, and dedicated human resources to manage the vast volume of regional and global activities. The issues of human resource management would, therefore, emerge as an interesting area of research. The analysts may also focus on the integrated supply chain management, cross-border cooperation, and regional economic integration. The changing nature of the BRI population dynamics, production forces, trade networks, and consumptions could merit future scholarly attentions. Until now, there are still not enough research studies on how COVID-19 pandemic and the commercial and political conflicts influence the BRI.

## References


Bhattacharya A (2016) Conceptualizing the silk road initiative in China's periphery policy. East Asia 33: 309–328. https://doi.org/10.1007/s12140-016-9263-9

Blah M (2018) China's belt and road initiative and India's concerns. Strateg Anal 42(4):313–332. https://doi.org/10.1080/09700161.2018.1482631

Chakma B (2019) The BRI and India's Neighbourhood. Strateg Anal 43(3):183–186. https://doi.org/10.1080/09700161.2019.1607030

Chan SI, Song W (2020) Telling the China story well: a discursive approach to the analysis of Chinese Foreign Policy in the "belt and road" initiative. Chin Political Sci Rev. https://doi.org/10.1007/s41111-020-00146-1

Chang-Liao N-C (2016) China's New Foreign Policy under Xi Jinping. Asian Secur 12(2):82–91. https://doi.org/10.1080/14799855.2016.1183195

Chen D, Song D, Yang Z (2021a) A review of the literature on the belt and road initiative with factors influencing the transport and logistics. Marit Policy Manag 1–18. https://doi.org/10.1080/03088839.2021.1889063

Chen J, Cui F, Balezentis T, Streimikiene D, Jin H (2021b) What drives international tourism development in the belt and road initiative? J Destin Mark Manag 19: 100544. https://doi.org/10.1016/j.jdmm.2020.100544

Etzioni A (2016) The Asian Infrastructure Investment Bank: a case study of multifaceted containment. Asian Perspect 40:173–196

Gao J, Ryan C, Cave J, Zhang C (2019) Tourism border-making: a political economy of China's border tourism. Ann Tour Res 76:1–13. https://doi.org/10.1016/j.annals.2019.02.010

Jackson K, Shepotylo O (2021) Belt and road: the China dream? China Econ Rev 67:101604. https://doi.org/10.1016/j.chieco.2021.101604

Jianwei W (2017) The discourse on China's rise. China Int J 15(1):24–40

Jones L, Zeng J (2019) Understanding China's 'belt and road initiative': beyond 'grand strategy' to a state transformation analysis. Third World Q 40(8):1415–1439. https://doi.org/10.1080/01436597.2018.1559046

Lai KPY, Lin S, Sidaway JD (2020) Financing the belt and road initiative (BRI): research agendas beyond the "debt-trap" discourse. Eurasian Geogr Econ 61(2): 109–124. https://doi.org/10.1080/15387216.2020.1726787

Lee C-Y (2019) China's energy diplomacy: does Chinese Foreign Policy favor oil-producing countries? Foreign Policy Anal 15(4):570–588. https://doi.org/10.1093/fpa/orz011

Li R, Cheong KC (2019) China's state enterprises. Palgrave Macmillan, Singapore

Liang W (2020) China's institutional statecraft under Xi Jinping: has the AIIB served China's interest? J Contemp China. https://doi.org/10.1080/10670564.2020.1790903

Liu W, Zhang Y, Xiong W (2020) Financing the belt and road initiative. Eurasian Geogr Econ 61(2):137–145. https://doi.org/10.1080/15387216.2020.1716822

Lu F (2018) China–US trade disputes in 2018: an overview. Chin World Econ 26(5):83–103

Maçães B (2018) Belt and road: a Chinese world order. C. Hurst & Co., London

Narins TP, Agnew J (2019) Missing from the map: Chinese exceptionalism, sovereignty regimes and the belt road initiative. Geopolitics 25(4):809–837. https://doi.org/10.1080/14650045.2019.1601082

Naughton P (2017) Is China socialist? J Econ Perspect 31(1):3–24. https://doi.org/10.1257/jep.31.1.3

Oliveira GLT, Murton G, Rippa A, Harlan T, Yang Y (2020) China's belt and road initiative: views from the ground. Polit Geogr 82:1–4. https://doi.org/10.1016/j.polgeo.2020.102225


C

Panibratov A, Kalinin A, Zhang Y, Ermolaeva L, Korovkin V, Nefedov K, Selivanovskikh L (2020) The belt and road initiative: a systematic literature review and future research agenda. Eurasian Geogr Econ 1–34. https://doi.org/10.1080/15387216.2020.1857288

Pantucci R (2021) The many faces of China's belt and road initiative. Curr Hist 120(822):28–34

Ptak T, Laine JP, Hu Z, Liu Y, Konrad V, van der Velde M (2020) Understanding borders through dynamic processes: capturing relational motion from south-west China's radiation centre. Territ Politics Gov 1–19. https://doi.org/10.1080/21622671.2020.1764861

Rana PB, Ji X (2020) China's belt and road initiative : impacts on Asia and Policy Agenda. Palgrave Macmillan, Singapore

Schweickart D (2015) China: socialist or capitalist? Perspect Glob Dev Technol 14:13–25. https://doi.org/10.1163/15691497-12341330

Shah AR (2019) China's belt and road initiative. Asian Surv 59(3):407–428. https://doi.org/10.1525/as.2019.59.3.407

Shahriar S (2019a) The belt and road initiative: what will China offer the world in its rise. Asian J Political Sci 27(1):152–156. https://doi.org/10.1080/02185377.2019.1594324

Shahriar S (2019b) Literature survey on the "belt and road" initiative: a bibliometric analysis. In: Lytras M, Visvizi A, Zhang X, Zhao J (eds) Foreign business in China and opportunities for technological innovation and sustainable economics. IGI Global, Hershey, pp 79–115

Shahriar S, Kea S, Qian L (2020) Determinants of China's outward foreign direct investment in the belt & road economies: a gravity model approach. Int J Emerg Mark 15(3):427–445. https://doi.org/10.1108/ijoem-03-2019-0230

Singh A (2020) The myth of 'debt-trap diplomacy' and realities of Chinese development finance. Third World Q 42(2):239–253. https://doi.org/10.1080/01436597.2020.1807318

Su X, Li C (2021) Bordering dynamics and the geopolitics of cross-border tourism between China and Myanmar. Polit Geogr 86:102372. https://doi.org/10.1016/j.polgeo.2021.102372

Sui X (2018) China's strategy towards South Asia in the context of the maritime silk road initiative. In: Blanchard J-MF (ed) China's maritime silk road initiative and South Asia. Palgrave Macmillan, Singapore, pp 81–104

Summers T (2021) The belt and road initiative in Southwest China: responses from Yunnan Province. Pac Rev 34(2):206–229. https://doi.org/10.1080/09512748.2019.1653956

Tan X-C, Zhu K-W, Sun Y-L, Zhao W-Y, Chen F (2021) Bibliometric research on the development of climate change in the BRI regions. Adv Clim Chang Res 12:254–262. https://doi.org/10.1016/j.accre.2021.03.010

Teo HC, Campos-Arceiz A, Li BV, Wu M, Lechner AM (2020) Building a green Belt and Road: A systematic review and comparative assessment of the Chinese and English-language literature. PLoS ONE 15(9): e0239009. https://doi.org/10.1371/journal.pone.0239009

Vera Schulhof Detlef van Vuuren, Julian Kirchherr (2021) The Belt and Road Initiative (BRI): What will it look like in the future? Technological Forecasting & Social Change. https://doi.org/10.1016/j.techfore.2021.121306

Wang Z (2017) The economic rise of China: rule-taker, rule-maker, or rule-breaker? Asian Surv 57(4): 595–617. https://doi.org/10.1525/AS.2017.57.4.595

Wang Y (2018) The political economy of joining the AIIB. Chinese J Int Politics 11(2):105–130. https://doi.org/10.1093/cjip/poy006

Wu S-S (2020) Rail developments under the BRI. In: Chong A, Pham QM (eds) Critical reflections on China's belt & road initiative. Palgrave Macmillan, Cham, pp 95–122

Xi J (2017) The governance of China, vol 2, 1st edn. Foreign Language Press, Beijing. ISBN 978-7-119-11163-6

Xi J (2018) The governance of China, vol 1, 2nd edn. Foreign Language Press, Beijing. ISBN 978-7-119-11394-4

Xiao R (2016) China as an institution-builder: the case of the AIIB. Pac Rev 29(3):435–442. https://doi.org/10.1080/09512748.2016.1154678

Xing L (ed) (2019) Mapping China's 'one belt one road' initiative. Palgrave Macmillan, Cham. ISBN 978-3-319-92200-3

Xuetong Y (2006) The rise of China and its power status. Chinese J Int Polit 1(1):5–33. https://doi.org/10.1093/cjip/pol002

Yao S, Wang P (2014) China's outward foreign direct investments and impact on the world economy. Palgrave Macmillan, Basingstoke

Yuan J (2019) China's belt and road initiative in South Asia and the Indian response. Issue Stud 55(02):1940002. https://doi.org/10.1142/s1013251119400022

Yue J (2018) China's rise in the age of globalization: myth or reality? Palgrave Macmillan, Cham

Zeng J (2019) Narrating China's belt and road initiative. Global Pol 10(2):207–216. https://doi.org/10.1111/1758-5899.12662

Zhai F (2018) China's belt and road initiative: a preliminary quantitative assessment. J Asian Econ 55:84–92. https://doi.org/10.1016/j.asieco.2017.12.006

Zhang J (2019) Oil and gas trade between China and countries and regions along the 'belt and road': a panoramic perspective. Energy Policy 129:1111–1120. https://doi.org/10.1016/j.enpol.2019.03.020

Zhang X, Wu W, Zhou Z, Yuan L (2020) Geographic proximity, information flows and corporate innovation: evidence from the high-speed rail construction in China. Pac Basin Financ J 61:101342. https://doi.org/10.1016/j.pacfin.2020.101342

Zhao K, Gao X (2015) Pursuing the Chinese Dream: institutional changes of Chinese diplomacy under President Xi Jinping. China Q Int Strateg Stud 01(01):35–57. https://doi.org/10.1142/s2377740015500037

# Christian and Evangelical Higher Education in America

Jennifer E. Walsh
Azusa Pacific University, Azusa, CA, USA

## Synonyms

Faith-based institutions

## Introduction

The history of Christian higher education is, in many ways, the history of the university itself. Formal advanced study grew out of the need to have well-educated ministers who could advance the work of the Church. In Europe, clerics, monks, and priests who enrolled in the very first seminaries were primarily focused on studying theology and the Bible, but the curriculum was later expanded to include the classical liberal arts, including the trivium (grammar, logic, and rhetoric) and the quadrivium (arithmetic, geometry, astronomy, and music). In medieval Europe, ecclesiastical and government authorities were intermingled, resulting in widespread government financial support for both the Church and its seminary institutions.

## Main Text: Christian Higher Education in America

In the American colonies, Harvard College was founded in 1636, just six years after Puritan settlers founded the Massachusetts Bay Colony. The purpose of the college was to educate a new generation of ministerial leaders to guide the church in the New World. Modeled after Emmanuel College at Cambridge University, the curriculum blended religion and theology with the classical liberal arts (Danforth Commission on Church Colleges and Universities 1966). In the years leading up to the American Revolution, other denominations established their own institutions of higher learning: Anglican leaders founded the College of William and Mary, Congregationalists founded Columbia College, and Presbyterian ministers established Princeton College (formerly the College of New Jersey). Instruction was offered from a nondenominational Protestant perspective, but compulsory chapel services reflected the institution's denominational heritage. Of the nine colleges established during the colonial period, only the University of Pennsylvania was founded without direct ties to the Christian church (Danforth Commission 1966).

The influence of the European Enlightenment that sowed the seeds of independence also impacted the character and curricula of young American universities. Christian philosophy and practice still governed the institutions, but the addition of formal seminaries in the early 1800s separated students who wished to become ministers from those who did not. Furthermore, the core curricula still focused on the classical liberal arts, but economic and cultural changes that occurred in the years following the War of Independence led to expanded coursework in the fields of business and law. Instruction was accomplished not through lecture courses, but through individual tutorials with one or two professors that culminated in a year-long course on moral philosophy (Noll 1987).

In the decades following the Civil War, American higher education changed dramatically. The rapid Industrialization of the American economy, combined with the influence of the German model of learning, which was grounded in scientific positivism, radically impacted the curricula. American universities began to adopt graduate study programs that allowed for in-depth study of the sciences and the professions, and baccalaureate students were freed from the rigidity of the classics – curricula designed to produce virtuous citizens – so that they could freely pursue course "electives" that would prepare them for specific professions or advanced study (Calvin College Curriculum Committee 1970).

The role of the faculty member during this period of transition changed as well. Previously, faculty viewed their job as teaching students about the good, the true, and the beautiful; therefore,

their ability to tutor students in theology, religion, and the classics rested more on their own moral excellence than on their academic credentials (Ramm 1963). However, as the curricula changed, faculty selection decisions were based less on moral character, and more on academic expertise. In exchange for their scholarly abilities, faculty were given the necessary tools – namely, laboratories, libraries, and graduate student labor – that would further advance their research agenda (Ringenberg 2006).

The religious nature of universities also began to change. Scientific positivism, which required that faculty seek truth through the application of the scientific method, posed challenges for faculty in departments of religion and Biblical studies. It also made it difficult for theologians to dispute other secular theories, such as Darwin's theory of macroevolution and Freud's theories on human psychological development. Even faculty at schools with clear ties to church denominations found it difficult to reject these new theories outright. Changes in leadership at the nation's leading universities also resulted in universities abandoning long-held Christian practices, such as mandatory attendance at worship services (Ringenberg 2006). Although the change was gradual, the landscape among the nation's first and finest universities had so sufficiently changed that they remained, at best, historically Christian.

## Birth of the Evangelical College

At the turn of the nineteenth century, Protestantism experienced a revival known as the Second Great Awakening. A century later, the idea of a Christian college received one of its own. The Danforth Commission (1966) estimates that between 1870 and 1910, more than eight hundred colleges and universities were founded, with the vast majority of these claiming some connection to a church or Christian denomination. They eschewed the empiricism that had transformed mainstream universities and sought to refocus instruction around religion, theology, and preparation for Christian ministry. Bible schools, which offered limited curricula, gave missionaries and other Christian lay workers an opportunity to receive some post-secondary training in subjects useful for their work (Ringenberg 2006). Two of the more well-known examples, Moody Bible Institute, near Boston, and the Bible Institute of Los Angeles (BIOLA), were intentionally founded in urban settings so that students could immediately put their new learning into practice. Moreover, such schools were particularly helpful to further the education of women. Some women lacked the educational preparation to succeed in a traditional college; others were denied admission because of their gender (Brereton 1987).

Other colleges sought to resurrect the classical liberal arts model of instruction that had first served the nation. Students were taught theology and philosophy, along with the other subjects in the classical canon, while at the same living in community around the central tenets of the Christian faith (Ramm 1963). In addition, these colleges stressed the need for Christian commitment to be evident throughout the institution. Administration, faculty, staff, and students could be drawn from a variety of Protestant denominations, but they must be united in their evangelical commitment to the Christian faith.

## Scrutiny of Evangelical Colleges

In the post-World War II era, enrollments in Christian higher education institutions began to increase. College was encouraged for both men and women nationwide, but parents were often reticent to send their students to growing state-sponsored universities because they were perceived as being too large and too secular. Evangelical colleges, in contrast, offered parents a "safe" alternative. The institutions espoused familiar, Protestant values; students were strictly supervised in campus housing arrangements; and Bible courses were embedded into four-year baccalaureate degrees that were increasingly accredited and thus respectable (Brereton 1987).

This renewed public interest in religiously affiliated schools and colleges prompted the Danforth Commission on Church Colleges and Universities to undertake a study in the early 1960s to assess their characteristics, including their religious associations and stated purposes;

their staffing and financial stability; the quality of their curricula; and their composition of their student bodies. More than a thousand institutions were initially contacted, and 817 were identified as having sufficient connection with a sponsoring church or religious body to participate in the study. Combined, they represented more than a third of all colleges and universities in the nation and enrolled between 15% and 20% of all college students. Protestant institutions represented more than half of all faith-based institutions; Catholic institutions, 42%; and Jewish institutions, only one percent (Danforth Commission 1966).

The findings of the Commission were mixed. Some institutions, in their estimation, were very good. They had a clearly defined mission and purpose, well-educated faculty, suitable administrative leadership, stable finances, adequate laboratories and library resources, academic freedom for both faculty and students, and curricula that prepared students for the workforce and/or advanced study. These institutions were also responsible for producing a large number of graduates who later went on to receive Ph.D. and M.D. degrees. Other institutions were not as good. Some institutions were led by presidents who lacked advanced degrees or had no prior experience in academia. Others were staffed by a small number of faculty who lacked terminal degrees. Institutions competed for the best students with low-cost public colleges and universities, so students were often less prepared than their public counterparts. In many cases, finances were unstable because institutions opened up without considering the market demand for private education in that area. Despite these negatives, however, the Commission concluded that church-sponsored institutions that promoted a clear mission and purpose occupied a valuable part in the higher education industry (Danforth Commission 1966).

## Taxpayer Support

Many small, evangelical colleges were able to remedy some of the deficiencies noted by the Danforth Commission by taking advantage of government and foundation grants to improve their campus infrastructure, improve faculty qualifications and training, and attract students who were able to afford private faith-based institutions through the help of Pell Grants, work study programs, and federally subsidized loans. These additional tuition funds paid for improvements in infrastructure and student support services that were necessary in order to receive regional and professional accreditations – a standard of quality and reputation that many thought might be out of reach. At the same time, small, independent colleges joined forces to form a lobbying organization that interceded with state and federal lawmakers for additional funding assistance: the Council for the Advancement of Small Colleges, which later became the still-operational Council of Independent Colleges (CIC), represented all private institutions, and the Christian College Coalition, now the Coalition of Christian Colleges and Universities (CCCU), formed a network of Protestant institutions that featured an active commitment to the Christian faith (Askew 1987). Not surprisingly, both associations are headquartered in Washington, D.C., where they have close proximity to congressional lawmakers and Department of Education officials.

A few institutions, such as Wheaton and Grove City College, expressed concern that accepting federal funds would mean yielding control to government authorities, but most believed that because Christian parents and students paid into the tax system, they, too, should receive some of the benefits. Additionally, evangelical institutions had reframed their mission in light of the public good, so asking taxpayers to support their educational mission, just as they did for other private institutions, seemed equitable and fair. This resonated with lawmakers, too. Congress exempted faith-based institutions from having to comply with certain federal laws that would preclude institutions from discriminating on the basis of religion, and they allowed religious institutions to request exemptions from other legal requirements would unduly interfere with their religious mission (Winter 1987).

Although the relationship between policymakers and faith-based colleges and universities has been generally cooperative and mutually supportive, two US Supreme Court cases suggest

that it may not always be so. In *Bob Jones University v. Unite States* (1983), the Court was asked to review a decision by the Internal Revenue Service to revoke the university's tax-exempt status because it engaged in racially discriminating behavior and, therefore, no longer fit the criteria for institutions eligible to receive tax-exempt status. At the time, Bob Jones University, a fundamentalist institution, prohibited interracial dating and miscegenation, but argued that these policies were grounded in their religious teachings and practices. Additionally, Bob Jones University argued that the government's actions violated their right to free exercise of religion. However, the Court disagreed, arguing that it had an "overriding governmental interest" in ending racial discrimination and that religious liberty could not be used as an excuse to infringe on the fundamental rights of another. The following year, in *Grove City College v. Bell* (1984), the US Supreme Court ruled against the institution stating that Grove City had to comply with federal gender equity requirements found in Title IX of the Education Amendments of 1972 if it allowed students with federal grant funding to enroll.

Because these two cases did not touch on issues central to the missions of mainstream evangelical institutions, their impact on Christian higher education was negligible. Recently, however, evangelical institutions have felt concern that the regulatory environment for all of higher education has started to become burdensome. For example, navigating the intricacies of federal financial aid forms has become easier for students, but more onerous for institutions. In addition, renewed attention regarding the problem of campus-related sexual assaults has led to increased measures by campus officials to ensure Title IX and Clery Act (1990) compliance. Finally, in May 2016, the federal government interpreted some provisions of Title IX as requiring all schools and colleges to accommodate transgender students with regard to bathrooms, locker rooms, housing, and other gender-specific facilities. This raised concern among many faith-based institutions that the federal government was beginning to encroach on areas that overlapped with their religious beliefs.

At this writing, faith-based institutions in California are facing some similar challenges on the legislative front. If bills pending before the legislature are passed, it would likely impede the ability of institutions to accept state-funded grants or to enroll students who pay a portion of their tuition with state-sponsored grants. Assembly Bill 1888, introduced during the 2015–16 legislative cycle, would preclude students with state tuition grants (also known as "Cal Grants") from using them at any private institution – secular or sacred. If the bill were to be adopted, students would be able to apply their grants toward costs only at community colleges, at institutions in the California State University system, and at the University of California campuses (California Legislative Information 2016). Proponents argue that, on principle, taxpayer funds should be only used to support attendance at state-sponsored institutions; however, others argue that students receiving Cal Grant funding are already under-resourced and that restricting their ability to use tuition grants unfairly limits their ability to choose where to attend college. Practically, the state-sponsored institutions would have a difficult time absorbing tens of thousands of students who would no longer be able to enroll at private institutions. The institutions are overcrowded, and they already turn away thousands of qualified applicants each year. On those grounds, the bill was stalled for the remainder of the 2015–16 legislative cycle.

However, Senate Bill 1146, introduced in February 2016 by State Senator Ricardo Lara (D-Bell Gardens), poses additional hardships for faith-based institutions. The purpose of the bill is to ensure that lesbian, gay, bisexual, or transgender (LGBT) students are afforded equal rights and treatment at all colleges and universities that accept state grants and contracts or that enroll Cal Grant students. The bill would not eliminate Cal Grant funding eligibility for faith-based institutions, but, rather, would create a private right of action under law. Students who believe that they have been discriminated against will have the ability to sue for injunctive relief, and possible punitive damages, in court. In later amendments to the bill, the religious exemption for hiring and

other personnel decisions was removed. That would mean that faith-based institutions would no longer be able to limit employment to coreligionists (California Legislative Information 2016).

Most California Christian colleges and universities have indicated that these conditions would be unacceptable. Deviating from an historic position on marriage and human sexuality would represent a contradiction with orthodox theology that would compromise their core beliefs. Additionally, being forced to hire non-Christians would weaken the institution's ability to function as a cohesive whole, dedicated to a common purpose and mission. If those changes were to go through, faith-based institutions argue that they would have to turn away hundreds, if not thousands, of Cal Grant students each year or enroll them by replacing those funds with scholarships of their own. The price for doing so, however, is currently out of reach for most faith-based institutions. Each student receives a maximum award of a little more than $9,000, and faith-based institutions who choose to fund that on their own could be potentially spending millions of dollars each year to maintain their current enrollment.

While the outcome is still unknown, many outside observers are predicting that such changes, especially with regard to LGBT-related policies, are inevitable. The US Supreme Court's ruling in *Obergefell v. Hodges* (2015), declaring that same-sex couples had a fundamental right to marry, put faith-based institutions in an untenable position of operating with policies that are perceived to be as discriminatory. Lawmakers, too, find themselves in a difficult situation. While they may recognize the many benefits that faith-based colleges and universities offer to students and to their communities, they also recognize that, at least on this issue, it is difficult to justify taxpayer support for institutions with policies that conflict with this fundamental right.

Religious college leaders are hopeful that arguments made in favor of institutional diversity, pluralism, and tolerance for all may be effective in securing a compromise. In California, Christian colleges and universities attract a significant number of racial and ethnic minority and first-generation students each year. This is partly because students are attracted to the institutions' missions and partly due to the fact that faith-based institutions are more affordable than other private institution options. Because of their size, flexibility, and active faculty engagement, students at Christian colleges and universities also have higher retention and graduate rates than comparable public institutions.

Interestingly, the threat of mission-ended policy changes has galvanized faith institutions to work together for the first time. Many of the evangelical colleges and universities view each other as potential competitors and have not, until now, organized themselves collectively for the purpose of political advocacy. However, when the threat of legislation first surfaced in Spring 2016, Azusa Pacific University, the largest evangelical Christian university in California, along with BIOLA, California Baptist University, Point Loma Nazarene University, Westmont College, and William Jessup University, began a series of weekly conference calls to strategize how to best communicate their identities, values, and contributions to legislative leaders. That expanded to include a dialogue with more than two-dozen institutions that included non-CCCU members and Catholics. At the same time, the CCCU has been facilitating conversations with university leaders outside of California so that they, too, are ready if similar legislation is introduced in their states. While it remains to be seen whether faith-based institutions are able to prevail in the current legislative battle, a continued partnership that extends beyond the Protestant evangelical community may lead to a more favorable political climate for faith-based institutions in the future.

## Global Developments

Although Christian higher education in the United States is facing some emerging policy threats, it is currently experiencing nascent growth across the globe despite an unfavorable political climate. Since 1990, nearly 150 Christian universities have been founded around the world, with most occurring in non-Western countries. There are

forty-six new institutions in Africa, twenty-five in Asia and Australia, and fifteen new Protestant institutions in Latin America, and enrollments at these institutions are steadily growing. In South Korea, where thirty percent of the population identifies as Christian, enrollments are now several thousand strong (Carpenter 2014).

But, just as in the United States, Christian colleges and universities abroad sometimes encounter challenges in their relationships with government officials. In China, for example, the Communist owns and operates all educational institutions and explicitly forbids institutions to have a Christian name or maintain even informal ties with a church. Yet, Chung Chi College of the Chinese University of Hong Kong is permitted to operate its Christian-oriented mission as long as it remains under the auspices of the Communist-run university (Ng 2014). Other institutions, such as those in Eastern Europe, are heavily regulated by the government, which has enacted policies that impacts faith-based hiring, admission requirements, and curricula (Glanzer 2014). In Brazil, Christian universities encounter a more favorable regulatory environment, but struggle to operate in a system that is wrought with severe economic inequalities (Fonseca and Santos 2014).

## Conclusion

The policy environment is not as hostile in the United States as it is in Communist countries or areas under former Communist control, but it still presents challenges for faith-based institutions that have traditionally enjoyed some measure of government aid and support for its mission and operations. Challenges that stem from Christian teachings on human sexuality and gender identity could result in a withdrawal of this support; yet, the effort of faith-based institutions to educate, mentor, and nurture underrepresented first-generation students could preserve political good will. Ultimately, it will likely depend on how successful faith-based institutions are in making their case directly to the American public. Lawmakers, like all elected officials, respond to constituent pressure ensuring that if public demand for institutional choice is strong, Christian and evangelical institutions of higher education should be in operation for years to come.

## References

Askew T (1987) The shaping of evangelical higher education since World War II. In: Carpenter JA, Shipps KW (eds) Making higher education Christian: the history and mission of evangelical colleges in America. Wm. B. Eerdmans Publishing, Grand Rapids, pp 137–154

Bob Jones University v. United States, 461 U.S. 574 (1983)

Brereton VL (1987) The Bible schools and conservative evangelical higher education, 1880–1940. In: Carpenter JA, Shipps KW (eds) Making higher education Christian: the history and mission of evangelical colleges in America. Wm. B. Eerdmans Publishing, Grand Rapids, pp 110–136

California Legislative Information 2016. http://leginfo.legislature.ca.gov

Calvin College Curriculum Study Committee (1970) Christian liberal arts education. Calvin College, Grand Rapids

Carpenter J (2014) Introduction: Christian universities and the global expansion of higher education. In: Carpenter J, Glanzer PL, Lantinga NS (eds) Christian higher education: a global reconnaissance. Wm. B. Eerdmans Publishing, Grand Rapids, pp 1–23

Danforth Commission on Church Colleges and Universities (1966) Church-sponsored higher education in the United States. American Council on Education, Washington, DC

Fonseca AB, Santos CC (2014) Christian higher education in Brazil and its challenges. In: Carpenter J, Glanzer PL, Lantinga NS (eds) Christian higher education: a global reconnaissance. Eerdmans, Grand Rapids, pp 207–229

Glanzer PL (2014) Resurrecting universities with soul: Christian higher education in post-communist Europe. In: Carpenter J, Glanzer PL, Lantinga NS (eds) Christian higher education: a global reconnaissance. Wm. B. Eerdmans Publishing, Grand Rapids, pp 163–190

Grove City College v. Bell, 465 U.S. 555 (1984)

Ng PTM (2014) Rise and development of Christian higher education in China. In: Carpenter J, Glanzer PL, Lantinga NS (eds) Christian higher education: a global reconnaissance. Wm. B. Eerdmans Publishing, Grand Rapids, pp 68–89

Noll MA (1987) The revolution, the enlightenment, and Christian higher education in the early republic. In: Carpenter JA, Shipps KW (eds) Making higher education Christian: the history and mission of evangelical colleges in America. Wm. B. Eerdmans Publishing, Grand Rapids, pp 56–76

Obergefell v. Hodges, 576 U.S. (2015)
Ramm BL (1963) The Christian college in the twentieth century. Wm. B. Eerdmans Publishing, Grand Rapids
Ringenberg WC (2006) The Christian college: a history of protestant higher education in America, 2nd edn. Baker Academic, Grand Rapids
Winter DK (1987) Rendering unto Caesar: the dilemma of college-government relations. In: Carpenter JA, Shipps KW (eds) Making higher education Christian: the history and mission of evangelical colleges in America. Wm. B. Eerdmans Publishing, Grand Rapids, pp 244–256

# Christianity and Meeting the Needs of the Poor, the Homeless, and the Imprisoned

Tom Duley
Missions and Pastoral Care, Bluff Park United Methodist Church, Hoover, AL, USA

## Synonyms

Christ; God; He; Jesus

## Definition

Dehumanization: is living a life that is less than what God desires for human beings.
Rehumanization: is the process through which human beings move back toward living the life that God desires us to live.
A *Christian* is a person who has decided to follow Jesus Christ.
Community: used generally refers to large groups of people. Used specifically, as in Christian community, it refers to a community which is drawn together by its common desire to follow Jesus Christ.

## Introduction

Should Christians care about the needs of the poor, the homeless, and the imprisoned? The emphatic answer in this article is yes! Without question concern for the poor, the homeless, and the imprisoned is an integral part of what it means to follow Jesus. The following paragraphs will discuss some of the problems Christians face in living out that concern as well as some of the opportunities we have to do so.

## Sin Dehumanizes

Much to our dismay it turns out that human relationships have been co-opted by the forces of dehumanization. Dehumanization is the outcome of the cumulative effect of sin in human life. It happens when human beings settle for living in relationships with one another in a way that is different from what God desires. Evidence of this is all around us. Every time we resort to violence rather than love, we are settling for less than what God wants. Every time we give into fear rather than moving forward in faith, we are settling for less than God's best for us. Every time immense wealth is gathered into the hands of the few rather than shared among the many, we are settling for less than God's best for us. Unfortunately, much in our human relationships has been severely degraded to the point of dehumanization.

Of course, Jesus was well aware of this. One scene (of many) which illustrates this awareness is found in Mark 10:35–45 (with a companion text in Matthew 20:20–28). It is the account of James and John asking for what they presumed to be their rightful places in the Kingdom (Reign) of God which they further assumed Jesus was going to establish immediately. It was a power play through which they hoped to get the jump on the other disciples. It was an attempt to garner power and prestige through which they could lord it over others by acting tyrannically. It was a move right out of the human playbook of domination and dehumanization.

Jesus' initial response to their request points out the degraded and dehumanized nature of what they were asking. Jesus described the dehumanized nature of human relationships among those who conduct business as usual by saying "their ruler's lord it over them, and their

great ones are tyrants over them." He then turned to his disciples and said, "it is not so among you; but whoever wishes to become great among you must be your servant, whoever wishes to be first among you must be slave of all." In other words domination, power, and tyranny miss the mark of how God wants human relationships to be conducted. Instead, Jesus holds up service to one another as the true mark of how God wants human relationships to be conducted. Following Jesus means accepting and living in this alternative ethical system based in the divine.

## Jesus' Alternative

James and John make a request that is firmly based in the dehumanizing system of domination and tyranny. They want to be in positions of domination and power over others. Jesus rebukes them in stern and unequivocal language that is designed to remind them of the rehumanized humanity that he envisions. Jesus concludes by stating that he is the model for this rehumanized humanity because he has come to serve by giving his life as a ransom for many in the hopes that by doing so the many would experience the rehumanized life of God's reign. Jesus turns the disciple's attention to his actions at this point to emphasize that his actions are based in a divinely inspired ethic of service, love, nonviolence, and self-sacrifice rather than domination, power, and tyranny.

Jesus clearly recognized that human relationships have been co-opted by the forces of dehumanization. It isn't surprising then that Jesus spent his time on earth teaching about an alternative way of life based in a divinely inspired ethic that leads to a radically different understanding of human relationships. When entered into this alternative way of life taught by Jesus, it leads to rehumanization. Jesus called this alternative way of life the Reign of Heaven (God). He took the task of rehumanization upon himself when he began his public ministry by proclaiming the Reign of Heaven (also Reign of God) (Matthew 4:17, Mark 1:15, Luke 4:14–30 and 42–44, and John 3:1–3). Jesus' proclamation of the Reign of God is the proclamation of God's desire to see human relationships rehumanized rather than dehumanized.

## The Christian Task

The Christian task then is to cooperate with Jesus in the work of rehumanization. This is the goal toward which all efforts at meeting the needs of the poor, the homeless, and imprisoned must be directed. The overarching purpose that those who work in this arena are trying to achieve is that of a rehumanized humanity. This forms the spiritual underpinning for the work of meeting the needs of the poor, the homeless, and the imprisoned.

This is worked out in any number of ways, but the goal of the work is always the same, to rehumanize that which has been dehumanized. It must be said that this work does not just involve the poor, the homeless, and the imprisoned. It involves all of us. No one is exempt from the need to experience rehumanization. It is not about the segment of society which has resources doing something for another segment of society which doesn't have as many resources. This approach simply reinstitutes the hierarchical structures that got us here in the first place.

"Meeting needs" means meeting the needs of everyone concerned, and even though we like to tell ourselves that we are separate from one another, we aren't. There is no us and them. It is simply and always us. In the truest sense of the phrase, we are all in this together. We will only make progress when our efforts are cooperative efforts that affect change that rehumanizes everyone involved. The rehumanization project of the rich, the housed, and the free will likely not be the same as the rehumanization project of the poor, the homeless, and the imprisoned. However, the two projects are deeply intertwined. If we are to make any progress toward eliminating poverty, eradicating homelessness, and freeing those in prison, we must realize that we are all complicit in the current situation and that all of us together have created the situation we now face and it is incumbent on all of us to take the necessary steps to rectify the situation.

## Jesus' Alternative

Again, Jesus recognized this very clearly. He could easily have approached his work as an individual making his way around Palestine on his own like some modern-day inspirational speaker. But that is not what he did. From the very beginning, Jesus gathered a community of people around him (Mark 1:16, Matthew 4:18, John 1: 43). Of course, this insured that the work of Jesus would be considerably more complicated given the fact that those he called were themselves in the grip of the dehumanization that Jesus came to address.

Doubtless Jesus entered into community for many reasons. One of those reasons was to model for us the truth that human life is meant to be lived in community not isolation. Human life is intertwined. We are a community not a group of individuals moving about independently of one another. The community that Jesus gathered around him was gathered to serve as a model for those who want to learn from him and live as he lived. Christians who are serious about addressing the problem of dehumanization and particularly the outcomes of poverty, homelessness, and imprisonment must take Jesus seriously when he teaches us that there is no us and them and there is only us. We got into this as a community and we will get out of it as a community or we won't get out of it at all.

## Not Solely a Problem of Individuals

This work must take seriously all levels of human experience because dehumanization has occurred at all levels of human experience. Because of this the work of meeting needs must focus on structures and systems as well as individuals. One of the problems that complicates this work is the problem of believing that solutions can be found if only individuals will be responsible, work hard, and obey the law. Some say that it all comes down to individual responsibility. Individual responsibility is indeed important when it comes to addressing the problems of poverty, homelessness, and imprisonment, but it is never the total answer.

I personally know many poor and incarcerated individuals who are responsible, work hard, and obey the law. However, they make very little if any progress toward leaving poverty or being released from prison because of the systems and structures that have been placed on them by the political and policy decisions made by the wider community. Poverty-level wages, life without parole sentences, lack of public transportation, poor education, and many more hurdles are placed in the way of individuals by the structures and systems imposed by the wider community. Until the wider community decides to change these unjust structures, all the individual responsibility in the world will do no good.

## Systems and Structures

Christians involved in this work must insist that it is not only individuals that need to be rehumanized but the very systems and structures that we have created also need to be rehumanized. Structures and systems imposed by the wider community keep the poor poor, the homeless homeless, and the incarcerated incarcerated.

The dehumanizing effect of human structures and systems is very evident when we look at how our society approaches what is cavalierly called "corrections." What we refer to as "corrections" is actually an elaborate and expensive system of retribution and revenge which has virtually nothing to do with correcting anything. If corrections are understood as a process of rehabilitation through which an individual moves from criminal activity to rehabilitation to release to productive citizenship, we are failing at an alarming rate.

According to the Bureau of Justice Statistics, a 30-state study revealed that from 2005 to 2010, 67.8% of those who were released from prison in one of the 30 states studied were back in prison within three years; 76.6% were back within five years. The prevalence of high recidivism rates is a clear indication that we are not doing well in meeting the goal of rehabilitation. Clearly retribution and revenge don't help those who have been involved in criminal activity make a better choice. Locking them up and throwing away the key is not a solution to the problem. This approach

doesn't meet anyone's needs be it the individual who is incarcerated or the society that incarcerated that individual. It is often said that prison is a place that creates better criminals. The high recidivism rates would indicate that they are not necessarily better criminals because they keep getting caught. However, it is clear that they are not rehabilitated because they return to that which got them locked up in the first place.

## Jesus' Alternative

Prison and punishment come in for close attention by Jesus.

In Luke's Gospel Jesus announced his agenda by describing the work of the Reign of God that he came to proclaim and implement (Luke 4:18–19). Using words originally spoken by the prophet Isaiah, Jesus proclaimed that one aspect of his divinely commissioned work that leads to a rehumanized humanity is the release of captives. Luke 4:18c says, "He has sent me to proclaim release to the captives." God anointed Jesus for the work of releasing captives not keeping them incarcerated. It must follow that those who follow Jesus are called to the same work. From this we can assume that rehabilitation that leads to release not interminable incarceration is God's will for humanity.

It is instructive to note that Jesus didn't say he came to do away with captivity altogether. Unfortunately, the sad truth is that a dehumanized humanity necessitates corrections facilities. Criminal acts that damage others and society as a whole require society to act to remove such individuals from the greater society. This must be seen as an unfortunate consequence of our dehumanization. It should cause tears to well up in our eyes rather than shouts of glee emanating from our lips. Individuals who damage others and society must be given a time and a place apart from society. However, in order to conduct that time apart in the Spirit of Jesus, the goal must be for rehabilitative purposes and never for purposes of retribution.

With that said we must realize that Jesus' primary concern is for how those who commit these acts are treated. His concern is with the ultimate goal of their incarceration. We must ask ourselves this question, is the goal of incarceration retribution or rehabilitation? Given the teaching of Jesus, for Christians, the goal of incarceration can only be rehabilitation.

Given that retributive incarceration is incompatible with the rehumanized humanity of the Reign of God, Christians must see rehabilitation as the goal of any corrections system that is organized to deal with those who have committed crimes. A corrections system that is organized to be punitive in nature doesn't change anything or anyone. Hostility only creates more hostility. That system simply reinforces the dehumanization that led to the criminal behavior in the first place. A corrections system that is organized with rehabilitation at its center at the very least has a chance to rehumanize those who have committed criminal acts so that they will not be involved in that behavior when they are released back into the larger society.

Christians who work on issues of poverty, homelessness, and imprisonment must always keep before them the fact that our efforts must be aimed at rehabilitation. This includes the rehabilitation of individuals and the rehabilitation of the systems and structures that have produced poverty, homelessness, and imprisonment.

## Carried Out in the Public Sphere

Christians who take seriously the call to make their faith real by joining with Jesus in his program of rehumanization must move forward with that work in the public sphere. The dehumanizing structures and systems that have produced the fruit of poverty, homelessness, and incarceration are an outworking of our common life together as expressed in public policy worked out and enacted through the political process. Any Christian who wants to have a substantive impact on these problems must become involved in the political process.

Let me be clear. I'm not speaking here of partisan politics of Democrats and Republicans, Libertarians and Socialists, and on and on. Yes, when we enter into the political process, we will come into contact with all of these folks and more.

It seems there is no end to the number of political opinions and policy ideas that float through the political process wherever one may find oneself. The involvement I'm speaking of is not the involvement of one partisan against another partisan vying for domination. That is antithetical to the teaching of Jesus. (See above)

The politics I'm speaking of is a politics that truly takes the common good seriously, realizing that until justice is reached for all, it isn't reached for anyone. A politics of the common good realizes that when a few are hungry all are hungry and when a few are imprisoned all are imprisoned. That seems to be what Jesus was getting at when he said, "The Son of Man came not to be served but to serve." A politics of domination and tyranny leads only to the good for a few. A politics of service and compassion leads to the common good which is a blessing to all.

For Christians approaching the political process in this manner, individual policies become more important than a grand sweeping ideology that seeks to include and explain all politics. In some instances a conservative approach to a particular policy problem might be just the right approach. On the other hand, there will be times when a progressive approach hits the mark. Christians need not lock themselves into thinking but remain open to what is suggested wherever the suggestions comes from. The question that must frame our politics is the question of the common good. Does this particular idea or piece of legislation lead to the common good, or is it only good for the few?

The same Jesus who was anointed to proclaim release to the captives was also anointed to "let the oppressed go free" (Luke 4:18). Too often the political process favors those with the most while punishing those with the least. Christians can never be satisfied when this happens. We are called to work for the freedom of the oppressed as surely as Jesus was. We must be bold in identifying oppression when it occurs and in working to free those who are the victims of oppression.

Christians must be savvy enough to realize that we are called to follow Jesus in his program of rehumanization, not to become embroiled in the partisan political clashes that are designed to prove one party's dominance over the other. This approach calls for a decidedly nonpartisan politics focused on policies designed to achieve the common good, focused on policies that put an end to oppression, and focused on policies rather than ideologies of either left or right. This calls for alliances with all sorts of different people and groups seeking to work through the political process toward goals that help to bring about the rehabilitation and rehumanization that is a hallmark of Jesus' teaching.

## Government

Christians must also become comfortable with the notion that some (perhaps many) of the things that we want to achieve with this rehabilitative political work can only be accomplished through governmental structures. The problems of poverty, homelessness, and imprisonment are too big for any one entity in society to solve in any sustainable way. Government must be involved as the primary player in tackling these problems.

This reality creates a tension that is inescapable given the fact that many Christians (and others) distrust government. Unfortunately, much of the dehumanization that we observe in human society comes from the administration of our public life together that we call the government. Much of the rehumanization that needs to occur needs to occur in this sphere of human interaction. The tension between the distrust of government and the need for government involvement in solving these problems is something we must live with not withdraw from. The truth is that it is often the government that has the expertise and the resources to make a difference.

One of the things that we often hear from some politicians and some religious leaders when the issues of poverty, homelessness, and imprisonment are discussed is this, "let the churches deal with it." This is usually said when a politician or someone else is trying for various reasons to excuse the government from involvement in the struggle to resolve these vexing problems. A cursory examination of the facts reveals that that just isn't a realistic option.

This can be illustrated by a brief look at my own state of Alabama. According to the US Census Bureau, the 2015 population of Alabama was 4,858,979. According to the Talk Poverty website, the poverty rate in Alabama in 2015 was 19.3%. That means that 937,782 Alabamians (plus or minus) lived at or below the poverty line in 2015.

This is a staggering number.

According to ExpertGPS, there are plus or minus 12,833 churches in Alabama. Undoubtedly, that is a lot of churches. However, we must remember that that number includes large-size churches, medium-size churches, and for the most part small-size churches.

In my own United Methodist denomination, there are about 850 United Methodist churches in the North Alabama Annual Conference which covers roughly the northern half of the state. 67% of those churches average fewer than 100 people in worship each Sunday. Many of that number average fewer than 50 in attendance for Sunday worship, and it is not uncommon to have fewer than 25 for Sunday worship. In the North Alabama Annual Conference, the vast majority of churches are small sized rather than medium to large sized. This is true across the board whether we are talking about denominational or independent churches.

Michael Bell in a 2009 article on the blog Internet Monk analyzed data from the National Congregations Study (Mark Chaves, Professor of Sociology, Religion, and Divinity, Duke University, 2006–2007). Bell discovered that the average size of a Christian congregation in the USA is 184 with fully half of those congregations consisting of 75 members. The vast majority of Christians gather in small, not large, groups.

If churches alone took on the responsibility for combatting poverty in Alabama, it would mean that each church regardless of size would be responsible for alleviating poverty for 73 people. If we assume, for the sake of our process here, that there are four people in each family, there are 18 families for whom each church would have to design and support a program to lead those families out of poverty. This would be true for large churches, medium churches, and small churches. Such a task would be daunting for the largest and richest churches in the state. It would be totally impossible for the vast majority of churches in the state.

Of course, since there are so many variables involved in a problem as vast as poverty, this is an inexact scenario, but it does illustrate the point that dealing with the issue of poverty is beyond the capability of the churches to do on their own. In order for poverty, homelessness, and imprisonment to be dealt with in any meaningful way, the government must be involved in the process along with all of the other institutions which make up our society.

Christians desiring to make a difference in regard to poverty, homelessness, and imprisonment must share Jesus' passion for the rehumanization of humanity (all of us). We are all damaged by the destructive effects of dehumanization. Poverty, homelessness, and imprisonment are certainly signs of that dehumanization. However, the way we address (or don't address) these issues is also often a sign of dehumanization. Low wages, lack of adequate health care, poor education, and the billions we spend on war are signs of that dehumanization.

However, we are not damaged beyond rehabilitation. Change that moves us closer to the rehumanized humanity that Jesus envisions in the Reign of God can and does occur both in the lives of individuals and in the structures and systems that support human life. Christians must always remember that our faith is in the God who makes all things new. This is absolutely essential to this work.

To work toward this change, we must realize that all of us are part of a community. Human life is intended to be lived out in community for good and for ill. We must also realize that political involvement is an absolute necessity for those involved in the struggle. Not partisan politics so often results in more destruction but a politics that is truly concerned with an end to oppression through achieving the common good. And, we must make a place for government (and other institutions) as partners in the struggle.

I teach a weekly class with inmates at a local prison. The prison I work in is a high-security

facility that houses many inmates with life without parole sentences, life with the possibility of parole, and other long sentences. As I was thinking about this article, I asked the men in my class to tell me what they thought Christians needed to overcome in order to do something positive about the problems associated with incarceration such as overcrowding, recidivism, etc. In this exercise we weren't focusing on questions related to systems and structures. It was strictly on a personal level. The answers they gave were very instructive about the attitude they see most Christians having toward them.

They said these were some of the things Christians would have to get over:

- Fear of being hurt or harmed in some way
- Believing that the inmates won't really appreciate the efforts of volunteers
- Believing that the only thing the inmate wants is money
- Believing that all inmates are evil, that all inmates are liars, and that you cannot trust any of the inmates
- Not knowing what to say to a murderer, rapist, etc.

These answers reflect the fact that these incarcerated men see Christians as people who, should they enter a prison in the first place, will do so with deep suspicion of those who are there. Further conversation revealed that the men in my class had, over the terms of their incarceration, encountered Christians who dealt with them from a starting point reflective of those listed above, in other words, beginning from a position of suspicion rather than a position of openness to what God might accomplish through their efforts. Broadly speaking, most of the Christians they had encountered entered the institutions where these men were serving time thinking of them as less than human.

In order for Christians to make a difference in meeting the needs of the poor, the homeless, and the imprisoned, we must take seriously Jesus' call to community, our involvement in the political process, and the involvement of the government as a part of the solution to the problems.

However, for Christians the very first thing we must do individually and as a community is to join Jesus in insisting that no person in any circumstance is less than human and no person is beyond the reach of God or the love of God. Admittedly, the men I polled in the exercise described above form a small group, but I am confident that if I increased the sample size, I would be given very similar answers.

It is very probable that for Christians the healing that is necessary to address the needs of our poor, homeless, and imprisoned brothers and sisters begins deep within us when we realize that we too are in need of the rehumanization program that Jesus offers; we too are far from the Reign of God. And perhaps our rehumanization needs to start with the realization that there is no them and us; there is only us. And God loves every single one of us. May we dedicate ourselves to following the simple command of Jesus, "In everything, do to others as you would have them do to you; for this is the law and the prophets" (Matthew 7:12).

## Conclusion

Most Christians think that being Christian is about believing in God. It's about an intellectual exercise that responds positively to the question, "do you believe in God?" Once that is settled little else matters. However, that is most decidedly not the central question of the Christian faith. The central question of the Christian faith is "are you a follower of Jesus?" Following Jesus is a completely different starting point in the life of faith.

Why do we care about the poor, the homeless, and the imprisoned? We do so because Jesus clearly cared deeply for those who find themselves in that position. It's as simple as that. How do we as followers of Jesus go about the work of meeting the needs of the poor, the homeless, and the imprisoned? We do so in a manner that rehumanizes rather than dehumanizes, a manner that is consistent with the alternative way of life that Jesus called the Reign if God. It's as simple as that.

To God be the glory.

## References


### Recidivism Rates

Cooper AD, Dubose MR, Snyder HN Recidivism of prisoners released in 30 states in 2005: patterns from 2005 to 2010, www.bjs.gov

### Population

Alabama population 2015, Vintage 2015 population statistics www.census.gov

### Alabama 2015 Poverty Rate

www.talkpoverty.org/state-year-report/alabama-2015-report/

### Number of Churches in Alabama

www.expertgps.com/data/al/churches.asp

### Size of Churches in USA

National Congregations Study, National Congregations Study, "American congregations at the beginning of the 21st century," Chaves M, Alexander S, Byassee J, June 2009. Department of Sociology, Duke University. www.soc.duke.edu/natcng/


# Churning

Étienne Charbonneau and Nicholas Bautista-Beauchesne
CERGO research center, École nationale d'administration publique, Montréal, QC, Canada

## Synonyms

Accountability and democratic administration; Bureaucracy and stability; Integrated management system; Organizational cheating; Performance management in the public sector

## Definition

Churning is the change, modification, or destruction of measures, indicators, and/or data. This includes replacing one performance measure by another, refining the definition of the components and weights of existing measures and indices, as well as adding or deleting new measures over time. According to Bourgault and Savoie (2009: 8), churn comes from the contraction of change and turn.

## Introduction

The constantly changing nature of performance indicators becomes apparent if one carefully observes them (Bawole and Ibrahim 2018: 3). Despite the fact that some measures are available in major OECD countries, since 1950 – such as GDP per hour worked – temporal, legal, or cost considerations, as well as changes in priorities, inevitably lead performance measures to change. Even if meaningful temporal comparisons are needed, the main driver for the absence of stable indicators seems to be the political landscape in which public organizations operate. Particularly, electoral cycles can encourage the modification of reporting frameworks. Moreover, the nature of the issue being measured may equally foster churning in the context of complex goals.

From the accountability holder's or manager's point of view, the churning of indicators is an alternative to setting more demanding targets, once the majority of participant organizations in a performance regime are deemed acceptable or excellent. Furthermore, the alignment between a measure and a mission objective might shift in time, insofar as bureaucrats are in the position to introduce modifications according to all possible and relevant strategies (van Helden and Reichard 2018: 6), even at the expense of added program value. This has been considered as "one of the most vexing issues" for system designers (Heckman et al. 2011: 308). Indeed, the rate of churning can certainly increase, when public organizations migrate from measuring stable input and output measures to volatile outcome measures.

## Explanations and Effects

On the management front, honing a new performance dashboard could mean the modification of up to a quarter of all measures yearly, though this could potentially foster confusion and a possible

lack of motivation from managers (Henri 2010: 78). Moreover, a lack of stable indicators could reduce potential control across agencies and levels of government.

Furthermore, *learning* – an essential rationale of performance management – is also potentially hampered, which is usually achieved by comparing one's current performance with one's past performance (Van Dooren et al. 2010: 98, 107). As such, learning is also encouraged through the long-term effects of management changes.

The data volatility produced by churning poses a puzzling paradox for public administration, insofar as this destructive phenomenon is arduously reconcilable with the supposed evidence-hunger of public management. To explain this phenomenon, four root causes are put forward by Hood and Dixon (2015: 55): democratic responsiveness, track-covering activities, sociotechnical responsiveness, and organizational dynamics. Democratic responsiveness signifies the change in performance indicators associated with shifts in values, ideologies, and political agendas which are produced by the course of democratic processes (Ibid.: 56). Track-covering activities denote deliberate acts of destruction or tampering in order to obscure failure or success, whereas sociotechnical responsiveness describes the neutral and pragmatic modification of indicators which accompanies societal and technological changes (Ibid.: 57). A useful parallel can be made between track-covering activities and blame-avoidance theory (Hood 2011): one can posit that in order to avoid the blame that may accompany policy failure, actors may seek to modify performance measures to prevent further blame or to incorporate new measures and results in future strategies to mitigate blame. Finally, the fourth root cause of churning is organizational dynamics. This explains the source of churning from: "processes going on within and between agencies and bureaucracies (and the personalities and politics in play at that level) as from the declared agendas and changing preoccupations of elected politicians claiming to represent the will of the electorate" (Hood and Dixon 2015: 57). Within their study of the British government, Hood and Dixon (2015: 61) found that organizational dynamics accounted for the majority of data breaks.

One emergent recommendation for public servants to deal with churning is to be mindful of trade-offs, thus reflecting the same issues encountered with performance management more broadly (van Helden and Reichard 2018: 5). On one hand, upgrading performance measures over time can improve its validity to reflect current realities; on the other hand, it weakens the ability to compare one's data over time, thus limiting accountability to the public and inhibiting learning from managers (Pollitt 2009: 212). Nevertheless, validity concerns are oftentimes prioritized over multiple-year comparisons.

However, what is seen as a possible upside for management is understood as a downside for research, as a modification of measures and indicators invariably causes data to be unstable. The churning of indicators and data constrains researchers to devote time and effort to reconstruct databases which present discontinuities. Hood and Dixon (2015: 49) even propose a classification of the impact of these data irregularities, where small discontinuities require little effort and time before being usable, a medium impact necessitates considerable labor and corrections, and a large impact renders a comparison of trends either meaningless, impossible, or subject to crippling uncertainties and could even mean the disappearance of the measurement (Ibid: 49).

In some cases, the churn of performance measures makes evaluations of trends uncertain or impossible and "before and after" studies that much more arduous. The paucity of certain types of variables, as well as over-aggregated data, might limit testing for multicausal processes, even with databases with large sample sizes (Forbes et al. 2006: 268). For example, the unavailability of time series data rendered indiscernible the occurrence of alleged reversals and overloads of policy reforms (Van Dooren et al. 2010: 146). Even if the demand for such time series is scant for public sector analysts, the underlying logic in maintaining time series of comparable performance indicators can serve as a contingency in case a specific issue arises once more.

Despite these obstacles, practical recommendations, reminders, cautions, and suggestions about how to navigate around churning are to be found. For instance, comparing the latest overall outcomes, to outcomes from previous time periods is the first basic step for analyzing program data for public managers and analysts. "(T)o track changes in outcomes after the introduction of new program practices, data for several periods after the introduction of the new practices should be compared to data for several periods before their introduction" (Hatry 2006: 141). However, because no guideline exists, it remains unclear how far one should go back, or what "several" means.

## Empirical Evidence

Even if empirically assessing the prevalence of churning in the public sector is an arduous task, Hood and Dixon (2015) argue that churning does provide insights into the shifts and changes of government bureaucracy. Studying churning in five departments in New Zealand between 1992 and 2002, it was found that "procedural organisations altered their output classes and performance indicators more than both craft and coping organisations" (Lonti and Gregory 2007: 477). Efficiency measures were seldom and even fewer of them were stable: assessing cost-effectiveness over time was impossible. For the treasury department, the survival rate for output classes was only of 25% for the period. The authors speculated that a high churning rate could reflect an effort from officials to present performance in the best light possible (2007: 480). Elsewhere, Leland and Smirnova (2009: 857) found that withstanding two exceptions, the American National Transit Database enabled them to compare public transit privatization several years apart without many roadblocks. In Westminster parliamentary systems, the churning of indicators is compounded due to the volatility of ministries and agencies. In their study of agencification in the Canadian province of Quebec over a period of 9 years, Vining et al. (2015: 105) were not able to study two out of the eight agencies in the sample, because one was merged with another agency, and the other was privatized. In their detailed study of agency termination, James et al. (2016) found only two cases over the period spanning 1989–2012, where the functions of a UK executive agency were terminated completely. However, there was much turbulence in the number and arrangement of these agencies. Indeed, the authors report that the estimation sample varied over this period, whereby 109 agencies were terminated, with the longest agency lifespan being 24 years, the shortest 3 years, and an agency's mean lifespan was 8.8 years, with a median of 7 years (James et al. 2016: 774).

Again in the Canadian context, a study of 383 private Canadian manufacturing firms in 2002 found that low performance, as measured by sales volume, return on investment, and profits, was negatively correlated with a periodic review of performance indications, which was understood as deleting, adding, and changing the definition of targets and measurements (Henri 2010: 84). The author commented that:

> the costs of not having updated performance indicators (i.e. indicators that are less relevant and appropriate; less alignment among strategies, actions and indicators; indicators reflecting less ability to discriminate good from bad performance) appear to be greater than the costs of unduly reviewing performance indicators (i.e. human, technological and financial resources to periodically refine indicators; potential confusion and lack of motivation among managers and employees; disruption in the collection of longitudinal data). (Henri 2010: 88)

Within the context of Quebec municipalities, churning was identified by a few General Managers as one of the reasons – albeit an infrequent one – for the absence of performance indicators in decision-making (Charbonneau 2010: 215).

### Goodhart's Law

Assessing performance reforms in England, Hood (2008: 10) opined that learning had been difficult because of:

> truncated runs of data caused by high churn rates in targets and never-ending alterations in the composite measures used to evaluate local authorities and health trusts." In turn, this instability was caused by

> efforts to counter the problem of Goodhart's law, and to "stealthily bury targets that had been embarrassingly failed. (Hood 2008: 10)

To explain, Goodhart's Law states that: "Any observed statistical regularity will tend to collapse once pressure is placed on it for control purposes" (Goodhart 1984: 94). In the context of performance management, this signifies that data collection for designated targets by public servants and managers may change their behavior over time; elements of gaming could potentially seep between what is expected and what is actually done. As a concrete example, Goodhart's law was suggested as a way to understand the determinants of performance improvement in the first rounds of the Comprehensive Performance Assessment municipal regime in England (Gutiérrez-Romero et al. 2008: 784). Moreover, the phenomenon was identified as one of the flaws of the target-rich English model, compared to other regimes in Wales and Scotland (Haubrich and McLean 2006: 291). A proposed remedy to prevent its occurrence is to periodically change the number and definitions of indicators (Hood 2008: 11). However, this runs the risk of hampering learning opportunities, whereby comparisons of values to previous periods become harder or impossible. Thus, Goodhart's Law is at the center of the performance paradox; on one hand, stable measures could foster learning and have the potential to overcome a purely symbolic use of performance measures by high-ranking officials, while on the other hand, unstable measures often deter gaming (Pollitt 2013: 354).

## Conclusion

The churning of performance measures, as well as the ensuing data volatility and discontinuity, poses unique obstacles both to practitioners and scholars of public administration. At the least, the monitoring and management of messy and complex issues are to be reconciled with validity concerns and the variability of political cycles. To be clear, churning does not equate to the changing performance levels of stable performance measures. However, the modification of indices and measures, whether it be for gaming and blame avoidance reasons, or for the sake of keeping up with a constantly changing social and technological environment, challenges practitioners to be mindful of trade-offs, and scholars to devote attention and effort in order to use the affected databases.

## Cross-References

▶ Integrated Management Systems
▶ Organizational Cheating

## References

Bawole JN, Ibrahim M (2018) Performance management and culture. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Charm, pp 1–7

Bourgault J, Savoie DJ (2009) Des gestionnaires sous influence: la nouvelle réalité des hauts dirigeants du secteur public. Télescope 15(1):1–12

Charbonneau É (2010) Use and Sensemaking of performance measurement information by local government managers: the case of Quebec's municipal benchmarking system. Rutgers University, Newark

Forbes M, Hill CJ, Lynn LEJ (2006) Public management and governmental performance: an international review. In: Boyne GA, Meier KJ, O'Toole LJJ et al (eds) Public service performance: perspectives on measurement and management. Cambridge University Press, New York, pp 254–274

Goodhart CAE (1984) Monetary theory and practice: the UK experience. MacMillan, London

Gutiérrez-Romero R, Haubrich D, McLean I (2008) The limits of performance assessments of public bodies: external constraints in English local government. Environment and Planning C: Government and Policy 26(4):767–787

Hatry HP (2006) Performance measurement: getting results (2nd ed.) Urban Institute Press, Washington

Haubrich D, McLean I (2006) Evaluating the performance of local government: a comparison of the assessment regimes in England, Scotland and Wales. Policy Studies 27(4):271–293

Heckman JJ, Heinrich CJ, Smith J (2011) Lessons for advancing future performance standards system. In: Heckman JJ, Heinrich CJ, Courty P, Marschke G, Smith J (eds) The performance of performance standards. Upjohn Institute, Kalamazoo, pp 305–310

Henri J-F (2010) The periodic reviews of performance indicators: an empirical investigation of the dynamism of performance measurement systems. European Accounting Review 19(1):73–96
Hood C (2008) Options for Britain: measuring and managing public services performance. Political Quarterly 79(s1):7–18
Hood C (2011) The blame game: spin, bureaucracy, and self preservation in government. Princeton University Press, Princeton
Hood C, Dixon R (2015) A government that worked better and cost less? Evaluating three decades of reform and change in UK central government. Oxford University Press, Oxford
James O, Petrovsky N, Moseley A, Boyne GA (2016) The politics of agency death: ministers and the survival of government agencies in a parliamentary system. Br J Polit Sci 46(4):763–784
Leland S, Smirnova O (2009) Reassessing privatization strategies 25 years later: revisiting Perry and Babitsky's comparative performance study of urban bus transit services. Public Adm Rev 69(5):855–867
Lonti Z, Gregory R (2007) Accountability or Countability? Performance measurement in the New Zealand public service, 1992–2002. Australian Journal of Public Administration 66(4):468–484
Pollitt C (2009) Bureaucracies remember, post-bureaucratic organization forget? Public Adm 87(2):198–218
Pollitt C (2013) The logics of performance management. Evaluation 19(4):346–363
Van Dooren W, Bouckaert G, Halligan J (2010) Performance Management in the Public Sector. Routledge, New York
van Helden J, Reichard C (2018) Performance management. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Charm, pp 1–13
Vining AR, Laurin C, Weimer D (2015) The longer-run performance effects of Agencification: theory and evidence from Québec agencies. J Publ Policy 35(2):193–222

# Cities and Climate Change

Pamela Ransom
Metropolitan College of New York, New York, NY, USA

## Synonyms

Climate crises; Climate emergency; Global warming

## Definitions

Climate change — The Framework Convention on Climate Change (UNFCCC), Article 1, defines climate change as: "a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods" (IPCC 2018).

## Introduction

Urban development and management are critical components of the current and future trajectory of climate change. With city populations increasing at a rapid pace and more than two billion people projected to be moving into urban areas by 2050, the dual issues of cities as drivers of climate change and engines for response are linked to both effective management and policy. Global temperatures increased 0.74 °C (C) over the last century, with potential increases of up to 6.4 °C in the next (Tanaska 2014). Ambitious goals set by the global community at the World Climate Summit in December 2015, are reflected in the Paris Agreement binding parties to institute measures to hold temperature increases to 2 °C in global mean temperature relative to preindustrial levels and limit warming to 1.5 °C (Vicedo-Cabrera et al. 2018). Countries set out Nationally Determined Contributions to reach this goal.

Expected increases in urban populations, particularly in low- and middle-income countries, pose ongoing challenges because cities are traditional "hotspots" with respect to factors linked to climate change due to their primary role as the base for societal economic activity. Cities became increasingly attractive to those in rural and suburban areas, now drawing one million weekly. Urbanization accellerated rapidly in northern countries after the mid nineteenth century and southern countries a 100 years later. Spacial clustering was attractive due to factors including lower cost and ease of transportation, job opportunities, agricultural displacement, access to

services, and cultural stimulation. Economic geography was shaped by new forces of globalization and changing linkages between consumers and suppliers. Expansion of large city agglomerations known as megacities as consumption and production centers is characterized as "intensive, rapid and disordered" (Hoole et al. 2019, para 8, Sassen 1991) Growth of megacities with populations over ten million, means the 33 in existance in 2018 are likely to increase almost one-third over the next 12 years. This will excellerate demands for critical services including energy, transportation, housing, food and waste disposal, and industrial activity each linked to substances responsible for global warming. Impacts of global climate change now pose complex tradeoffs for city policymakers and administrators charged with delivering sustainable economic development and growth.

## Causes of Climate Change in Cities

The UN Intergovernmental Panel on Climate Change (IPCC), the principal body designated to deal with the science of climate change, warns the current pace of emissions is in line with a high emissions future, if effective policies are not enacted and implemented that quickly move toward concrete management of climate threats. Affluence is directly linked to climate change with high-income cities such as Seoul, Guangzhou, New York, Hong Kong, and Los Angelos, forming the top five cities in the world with the largest carbon footprints (Charlton 2018). This correlates with findings that per capita GDP in various cities is positively associated with $CO_2$ emissions, generation of waste per capita, and energy inefficiency (Lee and van de Meene 2013).

Pollutants generated from megacities with climate links include both long-lived greenhouse gases or climate forcers (LLCFs) and short-lived climate forcers (SLCFs) or pollutants (SLCPs). The first category includes substances such as carbon dioxide ($CO_2$), nitrous oxide ($N_2O$), and fluorinated gases, which stay in the atmosphere for long periods, with a warming effect (IPCC 2018). Black carbon, methane, and tropospheric (ground-level) ozone (e.g., smog) comprise the second category with greater regional variability and shorter atmospheric time spans. However for the short-lived substances quick actions for control particularly if carried out in combination with actions to control the long-lived substances, has significant potential to impact both the pace and degree of the climate threat. Thus short-term efforts to stem these substances are predicted to slow global warming 0.6 °C by 2050.

Even if emissions stay at 2005 levels, large urban areas are still the cause of one-fourth of total global warming since the preindustrial era (Folberth et al. 2015). UN Habitat points to the fact that urban areas are responsible for 60% of greenhouse gas emissions, directly linked to cities using just over three-quarters of the worlds energy (UN, "Climate Action," n.d). A large proportion (80%) of the total radiative forcing from megacities (e.g., system imbalances between sunlight the earth absorbs and energy returned to space) relates to carbon dioxide from fossil fuel combustion. This comes from various sources including automobile emissions, home heating, industry, and power generation. Methane, with a 10-year atmospheric life, is another major source of greenhouse gases generated in cities from sources including incomplete combustion of gasoline and natural gas, leaks from pipes transmitting natural gas, and landfill waste decomposition. Studies in sample cities find that even natural gas vehicles, often purchased or converted as a cleaner alternative to traditional fuels, are a source of urban methane emissions (Hu et al. 2018). While nitrous oxide is primarily generated from agriculture, urban releases occur from not only fertilized green areas but also fuels and automobile catalytic converters. Tropospheric ozone ($O_3$) is another short-lived greenhouses gas found primarily downwind from urban centers. Black carbon comes from sources such as diesel trucks, engines in industry, or traditional biomass cooking.

## Impacts of Urban Climate Change

Impacts of climate change in cities are varied, with changes projected to become more evident

after 2050 (McEvoy 2007). Watkins and Hunt (2011) pinpoint effects in urban areas including sea level rise and storm surge, impacts to infrastructure, health, energy use, and water with secondary effects on culture, tourism, urban biodiversity, and air pollution. Climate change also poses risks for vulnerable groups, particularly the poorest, the elderly, and those in informal settlements. Threats are also real for women, because of well-established intersections between climate, gender, and inequity (Pearse 2017). Just over three-quarters of cities across the world will experience a new climate reality by 2050, with one-quarter experiencing very different conditions.

Almost two-thirds of large cities lie in low elevation coastal zones. Thus 570 cities in low lying areas are projected for sea level increases of 0.5 m by 2050 which include 17 major cities with populations above five million (UCCRN 2018). This increases the likelihood of flood hazards due to storm surge and rising sea levels as a result of factors including deterioration of the Antarctic ice sheet (Garner et al. 2017; IPCC 2019). Increased flooding in a range of cities in recent years has touched towns along the east coast of South America such as Buenos Aires as well as 98% of the 654 largest cities in China (Magrin et al. 2014). Future flooding threatens large cities such as Jakarta, Mumbai, Hanoi, Alexandrea, New York, and Shanghai, with many cities in Asia accounting for a large proportion of those projected for sea level rise.

Ocean changes are projected even if desired warming and global greenhouse gas reduction goals below 2 °C are successfully met (IPCC 2019). Increased frequency of catastrophic events and extreme storms pose threats for both urban inhabitants and infrastructure. This includes not just systems related to transportation and energy but also those providing water, health, sanitation, and emergency services (Revi et al. 2014). Flooding and extreme precipitation impact not just mass transit but also surface sealing and drainage systems as well. Flood events pose financial risks for cities because higher impacted population densities result in elevated costs for restoring infastructure systems and ancillary costs such as insurance. Measures beyond building flood proofing include cost/benefit analysis, more careful planning, modeling and decision-making, installation of systems including seawalls and dykes, ecosystem restoration and green infrastructure, and other enhancements recommended from stormwater management plans (Eastern Research Group 2013). Community involvement in planning is a critical element of sound holistic reponse.

In some regions, climate change results in opposite problems of drought and water scarcity posing serious risks for urban areas. Latin America is one of the worlds most urbanized, with cities where droughts have increased urban rural migration or reduced informal worker income. Reduced snow melting and declining glaciers pose hazards for Lima, La Paz/El Alto, and Santiago. Cities such as Mexico City are turning to external water supply sources, and the IPCC warns that future shortages may hinder other municipalities across South America (Magrin et al. 2014).

Increased warming also exacerbates urban health challenges including heat stress resulting from heat waves. These risks sometimes reflect the urban heat island effect, the increased surface, and atmospheric temperatures observed because of extensive buildings, heating, and artificial ground cover. This increases death rates, particularly for vulnerable groups such as the elderly and urban poor (Van Steen et al. 2019) Efforts to identify temperature effect on older people have observed increased mortality on elderly in Paris and a 2.6% increase in mortality for every degree rise in temperature above 20 °C (68 F) in cities like Sao Paolo (Gouveia et al. 2003; Laaidi et al. 2012). Scenario modeling of 27 Chinese cities projects climate change heat impacts on these groups but notes potential to decrease deaths 18%, or 27,900 to 33,200 people annually, if climate change is limited to 1.5 °C versus 2 °C warming. Increased warming results in heightened reliance on air conditioning in urban areas that also increases release of $CO_2$ (Hacker and Holmes 2007). Poverty increases likelihood of not just lack of access to air conditioning, particularly in informal settlements, but also non-working or unused units because of cost. High

urban crime, often elevated in low-income neighborhoods, may influence reluctance to open windows. Women face risks because of longer life spans and economic fragility. Deaths sometimes occur when children, and occasionally the elderly, are left alone in closed, parked cars on very hot days. Evaporative coolers, fans, and design adaptations including green roofs are possible air conditioning alternatives to reduce emissions.

Climate change may exacerbate other health threats such as future levels of urban vector-borne disease. Interdependancies between cities and surrounding areas are important to consider since urban, rural, and suburban linkages relate to jobs, food, transportation, and water supply (Huston 2016). Thus climate change disruptions have rippling effects not only on the urban core but also suburban and rural communities. Control of greenhouse gas emissions has potential for other health benefits resulting from improvements in overall air quality. This is seen with temporary behavioral changes from the 2020 Covid 19 pandemic that reduced urban greenhouse gas emissions in some urban areas.

## Key Stakeholders

The crises of climate change in cities stimulated mobilization by a range of players at local, national, and international levels. In 2009, UN-Habitat, the UN Environment Program (UNEP), World Bank, and Cities Alliance launched a Joint Work Programme which included measurement protocols, tools for urban risk assessment, a knowledge center, and other strategies designed to guide cities efforts to combat the problem (United Nations "Climate Action" n.d.). By Huang et al. 2011 a C40 Large Cities Climate Leadership Group began. City mayors working through various networks launched a Compact of Mayors announced at the UN Climate Summit in 2014 in New York under the auspices of the head of the UN. This powerful symbol of city climate response involved support from key players such as the International Council of Local Environmental Initiatives (ICLEI), Michel Bloomberg, former Mayor of New York City, and Cities Alliance. This eventually became the Global Covenent of Mayors for Climate and Energy (GCoM) identified as the premier alliance on city climate involving more than 10,000 cities and local governments (Global Covenent of Mayors n.d.). The alliance launched tools aimed to support city innovation, research and technical capacity with Mayor's signing an agreement to join.

The Global Climate City Challenge (GCCC) initiative in 2018 stemmed from the GCoM working with the European Investment Bank. Key prioritized actions included a city-centered strategy to ensure shared prosperity, net-zero emissions, and alignment of national policy behind clean, compact, and connected cities. This involves financial support for sustainable urban infastructure, coordination for local climate action, planning for a just transition, and processes to build a multilateral system to foster cities which are both inclusive and zero carbon. In some countries, response to climate change within cities also strengthened bonds between national leaders and Mayors active on climate.

## Climate Change Planning and Policies

As a result of commitments to reduce emissions, effective systems for monitoring, verification and reporting (MRV) of emissions are key. Guidance for tracing greenhouse gas emissions is contained in a Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories to increase the level of standardization in sector-specific city accounting and reporting (WRI, Institute C40, ICLEI 2014). The International Council for Local Environmental Initiatives (ICLEI) produced resources, handbooks, and operational protocols on climate assessment and planning to help cities design more comprehensive approaches of quantification and emissions reporting. Inventories of greenhouse gases are created for both city government activities and the city as a whole, which generates data feeding into city Climate Action and Adaptation Plans. Growth scenarios from planning departments combined with more detailed inventories of emissions, even at the

building and street level, is useful for targeting road segments and neighborhoods for emission mitigation.

Plans for government response to climate change at the city level take a variety of forms but generally include some combination of strategies, programs, laws. In Seoul for example, tackling the issue involved announcement in 2015 of the Promise of Seoul which included formalizing a vision and goals for various sectors including indicators and action plans (Seoul Metropolitan Government 2015). A clear set of actions by citizens, business, and government established changes required for achievement of goals in each sector. London announced intent to fulfill country signature of the Paris Climate Agreement through plans to make the city zero carbon city by 2050, built upon bottom up modeling (Greater London Authority 2018). By 2019 in the United States, approximately half of the largest cities announced climate plans. New York's One NYC 2050, for example, includes a commitment to carbon neutrality by 2050.

In Africa a range of cities including Dar es Salaam, Accra, Addis Ababa, Lagos, Dakar, as well as Cape Town, Durban, Tshwane, and Johannesburg in South Africa signed pledges to meet targets under the Paris Agreement including efforts to achieve zero emissions by 2050. Eleven pledged to complete plans. A number of Latin America cities in 2019, including Buenos Aires, Mexico City and Guadalajara, Lima, Medellin, Quito, as well as three cities in Brazil, Rio de Janeiro, Salvador, and Curitiba, pledged development of Climate Action Plans meeting Paris Agreement terms. Funding for planning through institutions such as the World Bank provides targeted assistance for small- and medium-sized cities that may have weaker planning capacity (World Bank 2014). City movement from pledges and plans to implementation involves overcoming hurdles including need for increased coordination, enforcement, monitoring, resources, and creative incentives to ensure follow through by a range of community actors. The Climate and Clean Air Coalition has mobilized attention to Short Lived Climate Pollutants, calling on cities to target these substances in plans for climate and sustainability because of potential benefits for air quality, health, energy, and food security.

## Cities and Climate Adaptation and Mitigation

Response by cities needs to be devoted to both adaptation, or making adjustments to cope with climate change as well as mitigation, that focuses on strategies to prevent or lessen causes of the climate problem. Adaptation strategies significantly reduce problems, for example, of those impacted by flooding and flood loss, some say as much as 2 to 3 orders of magnitude (IPCC 2019). Currently two-thirds of European cities have mitigation or adaptation plans (Heidrick and Recklen 2018). Some cities are limited in their ability to respond because of political, institutional, technical, and financial barriars and in many cities particularly in low-income countries, progress has been slow. Climate change is requiring new, more innovative forms of governance with greater attention and engagement through cross-sectoral strategies, new networks, and use of lessons from national, regional, and international arenas.

Adaptation measures vary between structural measures, such as infrastructure defenses, or non-structural approaches, such as urban residents changing behavior from awareness of climate risks (Birkmann et al. 2010). City mitigation strategies may be response to national climate plans or reflect localities moving despite national policy priorities. In the United States for example, just over one-fourth of cities adopted emission reduction targets as of 2019 (Sullivan 2019). Mitigation measures vary from mitigation plans and greenhouse gas inventories to greenhouse gas targets, carbon capture and storage, carbon emissions trading, or carbon taxes primarily on fossil fuels. While most activity is national or regional, examples of municipal carbon pricing include Tokyo's emissions trading, carbon taxes and fees in Singapore, the San Franciso Bay area, and Boulder, Colorado. There are advocacy efforts to increase local momentum.

Main targeted sectors for reducing city climate change emissions generally include building, energy, transport, waste, and industry, among others. These touch on improvements to public transport, more efficient use of energy (heating/cooling, lighting, and appliances), increased reliance on renewables or increasing transport choices (bikes, ferries, etc.), sustainable land use and development, and green preservation. In the industrial sector steps focus on making energy use more efficient while in the area of solid waste, recycling and reuse and capture of methane in landfills are part of the mix. Stable political support and financing sometimes remains challenging. Effective coordination is key because of intersecting issues under diverse municipal agencies including transportation, energy, environmental protection, planning, open space, housing, health, and solid waste to name a few. Some localities launched comprehensive low emissions development strategy programs through the Urban LEDS initiative starting in 2012 first with 37 and subsequently 60 cities. These include cities across Bangledesh, Brazil, Columbia, India, Indonesia, Lao PDR, South Africa, Rwanda, Italy, Finland, and Denmark.

Modeling tools and scenarios help assess potential costs and benefits of a range of measures with the regulatory framework setting the stage for choices made by individuals, businesses, and households. A number of cities are instituting policies impacting public or private buildings ranging from initiatives to increase trees or reduce pavement for stormwater management, requirements for reflective, white, vegetated roofing or reflective membranes, and bans on glass highrise construction. Individual behavioral changes reflecting understanding of climate impacts can be encouraged through public education. Increased telework due to the COVID 19 pandemic of 2020 is a useful test of widespread behavioral adaptations. Changes to building codes and regulations in cities worldwide will help address climate smart architecture. Aggressive response through land, transportation and solid waste planning, balancing land use and optimizing urban form, can also mitigate climate impacts.

## Climate Resilience and Cities

Work on development and disaster coalesced to place new emphasis on resilience, with the International Panel on Climate Change highlighting this concept in 2014, in terms of ability of a social-ecological system to not just cope with hazardous events but also reorganize through transformation and learning. Thus adaptation forms the foundation on which resilience is built. This theme was embraced in various city level initiatives. Since many of the worlds largest cities lie in Asia, the Asian Cities Climate Resilience Network (ACCCRN) launched with support from the Rockefeller Foundation provided millions between 2008 through 2016 to stimulate increased planning, implementation, and coordination for cities in the region. The initiative worked with cities in India, Thailand, Indonesia, Vietnam, the Phillipines, and Bangladesh. The 100 Resilient Cities Network expanded attention to the theme. City resilience strategies (CRSs) helped pinpoint climate change vulnerabilities and identify actions to address them. The project highlights linkages between good governance and achieving resilience goals through decentralization, autonomy in decision-making, transparency, stakeholder involvement in planning as well as flexibility and government reponsiveness. Administrative approaches which are more experimental and less top down or expert driven can be effective to cope with problems of climate risk. Cities also need to take proactive measures to build resilient infrastructure in all types of systems to reduce climate risk. Stakeholders including facilities and services such as hospitals need to engage in preparedness for extreme weather events including assessing operational vulnerabilites and formulating readiness plans as part of comprehensive reslience approaches (Loosemore et al. 2011).

A Cities Intergovernmental Planel on Climate Change Conference hosted by the IPCC and nine major partners including C40 Cities, Cities Alliance, Future Earth, ICLEI, the Sustainable Development Solutions Network (SDSN), United Cities and Local Governments (UCLG), the United Nations Environment Programme (UN Environment), UN-Habitat, and the World

Climate Research Programme (WCRP) was held in Canada in 2018. This brought together policymakers, scientists, and researchers resulting in launch of a Research and Action Agenda. This is projected to lead into the IPCC's Sixth Assessment Report (AR6), due in 2022 with a Special Report on Cities and Climate Change, expected for the IPCC's Seventh Assessment Report (AR7). The World Resources Institute developed a Urban Community Resilience Assessment (UCRA) tool to aid planning and measurement of climate resiliance needs. Grassroots women's organizations also mobilized local communities through participation in the Huairou Commission's global networks Climate Resiliance Fund. This stimulated activities including local to local dialogues and community mapping to empower women to have a more active voice in work with local governments (Huairou Commission 2016). Expenditures for climate resilience in cities are still relatively low, although it varies greatly among megacities. Georgeson et al. (2016) found allocations below one quarter of 1% of GDP in cities in the developed world. In the developed world investments in water and energy were prioritized, with New York city spending the most in total dollars. In the developing world, allocations for health and agriculture were dominant, with Beijing's expenditures of one-third of 1% of GDP on resilience and adaptation, far higher than other cities. Significant future investment in low emission, climate resilient infrastructure is key, with new concerns emerging around the Covid 19 pandemics impact on expenditure delays for climate resilience projects.

## Cities in Action: Two Case Studies

With over 5.7 million people in 2020, Johannesburg, South Africa, is a city in a developing country with an economy heavily invested in minerals and energy. At the heart of regional commerce, this city was one of Africas largest greenhouse gas emitters due to factors such as electricity generation and industrialization. With population growth at nearly 3% annually, Greater Johannesburg embraces smaller communities such as Soweto, with wide social and economic disparities. As the first city in Africa to join C40, engagement in the process helped stimulate city leaderships focus on climate. The Environment and Infrastructure Services Department plays a central role in climate change policy. Although the city is sheltered because it is not coastal, climate risks include increasing floods, heat waves, and disease vectors. By 2007 the city began announcing some efforts toward response including energy-efficient building design guidelines, projects on tree planting, solar street lighting, solar water heating installation in low-income housing, and landfill gas to energy projects (Mokwena 2009). By 2009, the cities Climate Adaptation Plan was launched with a climate strategy in 2012. Six years later a $140 million Green Bond was signed to finance climate adaptation and mitigation. Soon the city was increasing efforts to reduce carbon emissions, moving forward larger instructure projects relevant to climate change with continued challenges in data gathering, reporting, and interagency collaboration (Hickman and Stehle 2017). The cities Growth and Development Strategy 2040 articulates a goal of a resilient, adaptive, sustainable city, with the Energy and Climate Change Strategy and Action Plan committing to lowering greenhouse gas emissions 43% by midcentury, which was expanded upward in the 2015 Climate Change Strategic Framework's to a range of 40% to 65% by 2040 because of the Compact of Mayors (Ecometrix 2015). In recent years green bonds financing is helping with smart meters, solar water heaters, purchase of hybrid buses, and bus conversion from diesel to biogas. Landfill methane emissions converted to clean energy and biogas helps supply electricity to the water treatment plant (Smartcity 2019). A new Johannesburg Climate Action Plan (CAP) is in the works for 2020 and national carbon tax instituted in 2019.

New York City, the largest in the United States, has over 8.3 million in a metropolitan area of 18 million. Attention to climate change emerged around 2008, with impetus from the multidisciplinary New York City Panel on Climate Change (NPCC) that recently released climate projections (Choo 2019). Devastation during 2012 Superstorm Sandy focused attention on

vulnerability of the 520 mile long coastline. The **Mayor's Office of Climate Policy and Programs, including the** Office of Resiliency, **plays a lead role** overseeing One NYC 2050 (Werner 2015). This well-funded strategic plan replaced the previous Bloomberg administrations PlaNYC, embracing plans for climate change. Former Mayor Michel Bloomberg, through his philanthropies, also played a lead role in global city mobilization on climate change through the C40 network.

Varied New York City climate change actions include voluntary building design guidelines, work on special floodplain zoning rules, and plans to floodproof lower Manhattan through coastline extension. The NYC Cool Roofs lightens roofs to deflect heat and legislation requires green roofs on new residential and commercial buldings. Tree planting surpassed other global cities through tree giveaways, the MillionTreesNYC program in 2007 and more recent Cool Neighborhoods program. City biking expansion, subway system hardening of flooding defenses, and rollout of city bus electrification are occurring. The Climate Mobilization Act requires buildings over a certain size to lower emissions with city pension funding divestiture from fossil fuels targeted for 2023. A Green Infastructure Program targets stormwater control, while heat island efforts included home health aide training and monitoring vulnerable during heat waves. Signs of progress include emissions declines of 17% by 2017 from 2005 levels (New York City Mayors Office of Sustainability 2020).

## Conclusion

Management of response to climate change is critically important for the well-being of populations in cities worldwide. Effective governance necessitates not only creative thinking but also forceful, proactive strategies to address the scope of the threat. Attention to climate change has grown at the local level, with increased media coverage and public awareness in urban communities across the globe. At the same time the narrow window for action demands rapid mobilization to meet the pressing challenge impacting the globe. Effective planning and communication, enhanced coordination, understanding of risk management, institutional capacity building, and improved collection of relevant data, along with significant resources and financing must all play a part. These will help address both adaptation, recovery, and mitigation to adequately prepare for future climate threats. Thus it is urgent to strike the right balance between a sense of crises and positive messaging that cities worldwide can grow and prosper, with capabilities to manage the climate threat.

## Cross-References


- ▶ Climate Change in the Caribbean
- ▶ Coastal Zone Hazards Management
- ▶ Collaboration and the Environment
- ▶ Critical Infrastructure and Crisis Management
- ▶ Globalization and Energy
- ▶ Metropolitan Governance
- ▶ Politics and the Environment
- ▶ Role of Corporations in Addressing Climate Change


## Reference


Birkmann J, Garschagen M, Kraas F, Quang N (2010) Adaptive urban governance: new challenges for the second generation of urban adaptation strategies to climate change. Sustain Sci 5(2):185–206

Charlton E (2018, July 2) These are the cities with the biggest carbon footprints. *World Economic Forum*. Retrieved from https://www.weforum.org/agenda/2018/07/these-are-the-cities-with-the-biggest-carbon-footprints/

Choo R (2019, April 16) How New York City is preparing for climate change. *State of the Planet*. Columbia Earth Institute. Retrived from https://blogs.ei.columbia.edu/2019/04/26/new-york-city-preparing-climate-change/

Eastern Research Group (2013) What will adaptation cost? An economic framework for community planners. NOAA. Office of Coastal Management. Retrieved from https://coast.noaa.gov/data/digitalcoast/pdf/adaptation-report.pdf

EcoMetrix & South African Cities Network (2015) Climate change strategic framework: City of Johannesburg. Retrieved from https://www.globalcovenantofmayors.org/wp-content/uploads/2015/06/CCSF-CoJ-Final.pdf

Folberth GA, Butler TM, Collins WJ, Rumbold ST (2015) Megacities and climate change – a brief overview. Environ Pollut 203:235–242. https://doi.org/10.1016/j.envpol.2014.09.004

Garner AJ, Mann ME, Kerry A, Pollard D, Kopp RE, Lin N, Alley RB, Horton BP, De Conto RM, Donnelly JP, Pollard D (2017) Impact of climate change on New York City's coastal flood hazard: increasing flood heights from the preindustrial to 2300 CE. Proc National Academy Sciences 114(45):11861–11866. https://doi.org/10.1073/pnas.1703568114

Georgeson L, Maslin M, Poessinouw M, Howard S (2016) Adaptation responses to climate change differ between global megacities. Nat Climate Change 6:584–588. https://doi.org/10.1038/nclimate2944

Global Covenent of Mayors (n.d.) Who we are. *This is a powerful and historic response to climate change*. https://www.globalcovenantofmayors.org/about/

Gouveia N, Hajat S, Armstrong B (2003) Socioeconomic differentials in the temperature–mortality relationship in São Paulo, Brazil. Int J Epidemiol 32(3):390–397. https://doi.org/10.1093/ije/dyg077

Greater London Authority (2018) Zero carbon London: a 1.5 Compatible plan. Retrieved from https://www.london.gov.uk/sites/default/files/1.5_action_plan_amended.pdf

Hacker JN, Holmes MJ (2007) Thermal comfort: climate change and the environmental design of buildings in the United Kingdom. Built Environment (1978-) 33(1):4–9

Heidrick O, Recklen D (2018, May 23) We examined over 800 European cities plans to tackle climate change. *Horizons*. Retrieved from https://www.citymetric.com/horizons/we-examined-over-800-european-cities-plans-tackle-climate-change-here-s-what-we-found-3889

Hickman T., Stehle F. (2017) Urban climate governance: insights from Johannesburg, Cape Town and Durban. Paper presented at ISA Annual Conference: Baltimore

Hoole C, Hincks S, Rae A (2019) The contours of a new urban world? Megacity population growth and density since 1975. Town Plan Rev 90(6):653–678

Huairou Commission (2016) Climate resiliance fund. Retrieved from https://huairou.org/about-huairou/community-resilience-fund/

Huang C et al (2011) Projecting future heat-related mortality under climate change scenarios: a systematic review. Environ Health Perspect 119(2):1681–1690

Huston P (2016) Vector-borne disease, cities and climate change. Can Fam Physician 62(10):818

IPCC (2018) Annex I: glossary [Matthews, J.B.R. (ed.)]. In: Global warming of 1.5°C. An IPCC special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press

IPCC (2019) IPCC special report on the ocean and cryosphere in a changing climate [Pörtner, H.-O., D. C. Roberts, V. Masson-Delmotte, P. Zhai, M. Tignor, E. Poloczanska, K. Mintenbeck, A. Alegría, M. Nicolai, A. Okem, J. Petzold, B. Rama, and N.M. Weyer (eds.)]. https://www.ipcc.ch/srocc/

Laaidi K et al (2012) The impact of heat islands on mortality in Paris during the august 2003 heat wave. Environ Health Perspect 120(2):254–259

Lee T, van de Meene S (2013) Comparative studies of urban climate co-benefits in Asian cities: an analysis of relationships between CO2 emissions and environmental indicators. J Clean Prod 58(2013):15–24

Loosemore M, Carthey J, Chandra V, Anumitra MC (2011) Climate change risks and opportunities in hospital adaptation. Int J Disaster Resilience Built Environ 2(3):210–221. https://doi.org/10.1108/1759590111116

Magrin GO, Marengo JA, Boulanger JP, Buckeridge MS, Castellanos E, Poveda G, Scarano FR, Vicuña S (2014) Central and South America. In: Climate change 2014: impacts, adaptation, and vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Barros, V.R., C.B. Field, D.J. Dokken, M.D. Mastrandrea, K.J. Mach, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L. White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp 1499–1566

McEvoy D (2007) Climate change and cities. Built Environ (1978) 33(1):4–9

Mokwena L (2009) Municipal responses to climate change in South Africa: the case of eThikwini, The City of Cape Town and the City of Johannesburg. Centre for Policy Studies. Research Report 113

New York City Mayors Office of Sustainability (2020) Inventory of greenhouse gas emissions. Retrieved from https://www1.nyc.gov/site/sustainability/codes/ghg-inventory-reports.page

Pearse R (2017) Gender and climate change. WIREs Climate Change 8:e451. https://doi.org/10.1002/wcc.451

Revi A, Satterthwaite DE, Aragón-Durand F, Corfee-Morlot J, Kiunsi RBR, Pelling M, Roberts DC, Solecki W (2014). Urban areas. In: *Climate change 2014: Impacts, adaptation, and vulnerability*. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L.White (eds.)]. Cambridge University Press, Cambridge,

United Kingdom and New York, NY, USA, pp. 535–612
Sassen S (1991) Global city. Princeton University Press, Princeton
Seoul Metropolitan Government (2015) The promise of Seoul. Taking action against climate change. Retrieved from https://ccacoalition.org/en/resources/promise-seoul-taking-action-against-climate-change
Smartcity (2019) Johannesburg – the only African city with lowest carbon emissions. Retrieved from https://www.smartcity.press/climate-change-in-johannesburg/#:~:text=Johannesburg%20efforts%20against%20climate%20change,Change%20Strategic%20Framework%20(CCSF)
Sullivan C (2019, Feb) National climate assessment: states and cities are already reducing carbon emissions to save lives and dollars. NOAA. Retrieved from https://www.climate.gov/news-features/featured-images/national-climate-assessment-states-and-cities-are-already-reducing#:~:text=Zooming%20in%20to%20the%20local,having%20set%20emissions%20reduction%20targets
Tanaka M. (2014) Sustainable society and municipal solid waste management. In: Pariatamby A., Tanaka M. (eds) *Municipal solid waste management in Asia and the Pacific Islands*. Environmental Science and Engineering. Springer, Singapore
UCCRN (2018) C40 cities, global covenant of mayors, acclimatise, urban climate change research network. Staying afloat: The urban response to sea level rise. https://www.c40.org/other/the-future-we-don-t-want-staying-afloat-the-urban-response-to-sea-level-rise
United Nations (n.d.) Climate action. Cities and pollution contribute to climate change. Retrieved from https://www.un.org/en/climatechange/cities-pollution.shtml
Van Steen Y, Ntarladima A, Grobbee R et al (2019) Sex differences in mortality after heat waves: are elderly women at higher risk? Int Arch Occup Environ Health 92:37–48. https://doi.org/10.1007/s00420-018-1360-1
Vicedo-Cabrera AM, Guo Y, Sera F et al (2018) Temperature-related mortality impacts under and beyond Paris agreement climate change scenarios. Clim Chang 150:391–402. https://doi.org/10.1007/s10584-018-2274-3
Werner W (2015) PlaNYC Expands to OneNYC – How did we get here and what's new? *Urban Fabric*. Retrieved from https://urbanfabrick.com/2015/04/29/planyc-expands-to-onenyc/
World Bank (2014 Jan 31) Climate change adaptation planning in Latin American and Caribbean cities. Retrieved from https://www.worldbank.org/en/results/2014/01/31/climate-change-adaptation-planning-in-latin-american-and-caribbean-cities
World Resources Institute, Institute C40, ICLEI (2014) Global protocol for community scale greenhouse gas inventories: an accounting and reporting standard for cities. Retrieved from https://ghgprotocol.org/sites/default/files/standards_supporting/GPC_Executive_Summary_1.pdf

# Citizen Journalism and Crisis Management: Nigeria and South Africa

Raphael Abumchukwu Ekwunife[1], Ojiaku Kalu[1], Ikechukwu Ukeje[2] and Victory Eguavoen[1]
[1]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Nigeria
[2]Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Nigeria

C

## Synonyms

Citizen journalism; Complimentary journalism; Crisis management; Pseudo journalism; Xenophobia

## Definitions

Unedited content: A news story which has not passed through any checkpoint for editing but disseminated for consumption.

Fake news: Disseminated information which has been falsified or doctored to serve an interest.

Crisis management: The reporting of social issues by citizen journalists in such a way that heightens tension among the masses.

Complimentary journalism: A kind of journalism done by ordinary citizens that performs functional and dysfunctional roles alongside professional journalism.

## Introduction

All over the world, citizen journalism and fake news are inseparable. Citizen journalism refers to "a citizen playing an active role in the process of collecting, reporting, analyzing and disseminating news and information." This is the practice of journalism by people who have no journalistic experience. Being the news of the people by the people and for the people, citizen journalism has been given such names as "public journalism,"

"participatory journalism," "democratic journalism," "guerilla journalism," and "street journalism" (Banda 2011). Writing on the power and perils of independent reporting, Rogers (2019) observes that citizen journalism brings private individuals performing the same tasks that trained reporters perform. It can take many forms: from a podcast editorial to a report including text, pictures, audio, and video. A general problem is that citizen journalism has been marred by non-fact-checked, inaccurate reportage like the political reports that further divide Americans in the present harmful political culture.

This type of journalism by ordinary individuals is made possible by the emergence of new media like computer, software, and the Internet which enable them to share their creations, arguments, dispositions, and criticisms. These, they disseminate on available media outlets. The notion behind CJ is that anyone with something to say and access to the right software can be a publisher, a pundit and observer of events great or small (Allan 2006). Like professional journalists, citizen journalists seek to promote a better society by presenting and speaking truth to power. To these untrained individuals, the job they do is a cell of social responsibility because they actually become a third eye of observation in today's world. Lending credence to this, Seungahn et al. (2017) observe that CJ provides alternative perspective of events which the mainstream media may not have covered. Thus, it could be said that CJ competes with and is also complimentary to professional journalism. In essence, CJ is viewed as civic participation. The rapid growth of blogs, following the successful launching of the web in the 1990s, has aided the passive audience to take up active roles as participants in citizen journalism.

It is necessary to point out that while CJ is carried out by the unprofessional, the functions it carries out in the society cannot be denied. Notably in this era of globalization, CJ influences the speed and nature of information dissemination across the globe. The new media, powered by the Internet, does not assume the extinction of the old media but evolves and adapts to dynamic media environment which brings about improved and easier ways of managing communication tasks.

Being a phenomenon that has some dysfunctions to both the individual, groups, and the society at large, citizen journalism has heightened the craze of unethical practices (where anyone just writes and sends information on the web without gatekeeping), thereby threatening the truthfulness and dignity of journalism as a profession. The digital media has enabled user-generated contents, video journalists and bloggers, social networking sites, and massively, multiplayer online games. Today, the technological devices available have aided CJ by affording citizen journalists the opportunity to type their stories on computers and/or word processors. As an advantage, the use of computers with autoediting devices helps citizen journalists to edit their contents in terms of spellings and grammar error on the spot. The modern technology also aids storage of information and citizen generated contents.

## Origins

Looking at the development of CJ, Saqib (2011) observes that the historical development is associated with dissemination and utilization of web publishing software. In the view of Flew (2008), the prime inauguration of CJ was in 1999 following the development of open publishing architecture by Matthew Arnison and other persons who were part of the "Active Sydney group." In the same year, they adopted the open source models such as the independent media center-Indymedia, which facilitated the modern form of news production. In the year 2000, Ohmy News. Com, a Korean website launched by a veteran journalist, Oh Yeon-Ho, stated the incompetence of Korea's conservative traditional media.

Darnton (2017,1) observes that fake news or pseudo-journalism shows a long history of misinformation.

> Procopius the Byzantine historian of the sixth century (Emesa, page 51) churned out dubious information, known as Anecdota, . . ..in order to smear

> the reputation of Justinian after lionizing the emperor in his official histories. Pietro tried to manipulate the pontifical election of 1522 by writing wicked sonnets about all the candidates. . . and pasting them for the public to admire. . .

The pasting of these wicked and character assassinating sonnets was at the Pasquino near the Piazza Navona in Rome, which later developed into a popular genre of disseminating nasty and fake news about public figure, hence, pseudo or quasi-journalism. Of mention also is the Canard, a form of fake journalism hawked in the streets of Paris in the seventeenth century. Such Canards were printed broadsides often engraved with designs to appeal to the credulous. The author under review also points out that historically, the production of fake news, semi-false and true but compromising snippets of news, got to the climax in the eighteenth century London with the circulation of newspapers among a larger public. In 1788 in London, paragraph men (journalists) who must beat deadlines to submit news stories to editors picked gossips from coffeehouses and wrote few sentences on them, turning to same printer-publishers for publication. Some of these paragraphs were financially induced and they contented themselves with the manipulation of public opinion in support of or against a public figure, a play, or a book.

Looking at Fake News/PJ as a phenomenon which did not start today, Darnton (2017) clarifies that Rev. Henry Bate, the Chaplain of lord Lyttleton in 1772, established the Morning Post whose contents were paragraphs made up of fake news and pseudo-journalism. The report on December 13, 1784, of a Gigolo serving Marie Antoinette, perhaps, stands out as an element of pseudo-journalism of the Morning Post. Today, scholars (Oberiri 2016; Wendling 2018 and WestMonday 2017) have noted that the practice is highly empowered by the emergence of information and communication technologies, particularly by the use Smart phones. Darnton (2017, 79) observes, "I have found some examples of this incriminating evidence in the Bastille archives-crumpled scraps of paper covered with scribbling testimony to a primitive variety of Journalism two centuries before smart phones. . . just today, in the case of the fake news about supposed orgies involving Hilary Clinton."

Pseudo-journalism (PJ) is another way of saying fake News (FN). So, PJ is synonymous with quasi-journalism, a form of journalistic practice that falls short of the standard thing. It is deficient of the necessary ingredients or components of professional journalism. Shikigami (2016) notes that pseudo-journalism has gained ground in the USA as the mainstream media, maintaining that any news that does not support the government is considered irrational, and then is suppressed.

Gamela (2015,1) unequivocally states that pseudo-journalism is "an elaborate expression that is equivalent to propaganda . . . always serving someone's purpose. . . never in society's best interest." In this explanation, PJ means you write what you are told to write, not necessarily what you want to write or the exact thing that has taken place. Conceptualizing CJ, it is understood from the aforesaid that it is the practice of journalism that is not straight. It is a colored and biased report or event of a report that is not real. It never happened. Pseudo journalism is partisan, thus favoring one party. It can be about pseudo-science. It can feature a kind of politician or just the fluff piece that elicits more attention and space over true news. . . Pseudo-journalism tilts the audience's perception on what is really important for them.

Since pseudo-journalism serves an interest, it is manipulative and, just like propaganda, aims at swaying opinion and influencing the masses. PJ is fake news. Caroll (2004) opines that there is no entrance examination taken before one gets into the journalism profession as it is the case with doctors, lawyers, and so on. There are no licenses, no governing board to discipline them when they err. As a result, it becomes the constitutional right of every citizen, no matter the naivety or depravity, to practice journalism. Caroll (2004.1) points out that "Even before it was discovered that the young reporter Jayson Blair had fabricated several dozen stories, the news staff of the times was

unhappy . . . the staff learned that the paper had repeatedly misled its readers. . . because the readers had been betrayed . . . the Blair scandal was a terrible event. . ..” Gans (1980) explains that a news story that lacks objectivity is also strained of values and shows disregard for social implication and outright rejection of ideology. These features are, to all intent and purposes, depictive of pseudo-journalism.

Pseudo-journalism did not start today. A historical overview reveals a lot of this fact. In the Holy Scripture is the Biblical account of Adam and Eve in the garden of Eden (Gen. 3:1-15). God had instructed Adam, “you shall not eat of the forbidden fruit, for the day you eat of it, you shall surely die”(vs 17 of chapter 2). In the preceding chapter where the serpent conversed with Eve, the serpent asked Eve, “did God really say that you should not eat of every tree of the garden?”

Eve replied “. . . God has said, you shall not eat of it, ***neither shall you touch it***, lest you die” (Gen. 3:3). In this report by Eve, there is an alteration and distortion of the original instruction. The original instruction did not have the attachment, “***neither shall you touch it***.” How then did that idea come about and what was the purpose in the context? In news reporting, truth and objectivity remain problematic.

## Citizen Journalism as Pseudo-journalism: Cases from Nigeria

Both in the mainstream and free journalism in Nigeria, fake news thrive. Emphasis here is on pseudo-journalism through the social media and other smart devices powered by the Internet. The veracity of the news items flooding the social media, particularly Facebook and Whatsapp, is still problematic. A lot of issues from politics to religion down to other issues of serious social significance have been manipulated by citizen journalists through the new media to produce fake news.

There is no doubt the farmers-herdsmen clashes in Nigeria have significantly been fuelled by fake news BBC Africa (2018). This report by BBC Africa explains that such fake reports that cause ethnic and religious divides are facilitated by the social media. In the media, fake pictures are used to authenticate reports of intercommunal violence, hence, tension is inflamed. During the recent Plateau crises, a horrible war video with casualties was shown as a scene from the Jos crises. Meanwhile, the same video was circulated as a scene from the Ebonyi-Cross River states crises.

The Guardian Newspaper (2018) reported the use of a gruesome picture of a woman, whose face was dipped in a pool of blood, to be from the Jos attack. However, the Guardian clarified that the same image was shown in 2011 in another crisis. Now, it has several hundreds of tweets on twitter. Seeing the Guardian analysis, another image of six dead persons in an attack was shown. But a close examination reveals that the picture was not even taken in Nigeria. It was discovered to be a traffic accident in Dominican Republic in 2005. Such posts were too real to be doubted, and they also generated highly inflammatory comments and reactions. Which one does one believe?

In the recent past, Danladi Ciroma, leader of the Miyetti Allah Cattle Breeders Association, circulated a statement attributed to him by a major Nigerian news outlet. The media organization has also tendered an apology. The purported statement reads: “The attacks in plateau were revenge for the loss of 300 cows. Since these cows were not found, no one should expect peace in the areas.”

BBC notes that these reports are unverifiable and have further worsened the crises in Nigeria. Other issues or headlines that have been criticized as fake news promoted by citizen journalism include: Withdrawal of Police Special Forces from Benue, Presidency Faults Report on Withdrawal of Police Forces from Benue, and God Told Me to Marry My Sister, among others.

Bemoaning the excess of fake news through citizen journalists in Nigeria, Umahi (2017) has called on the Nigerian government to rise up to it. On the ongoing agitations by the Independent People of Biafra, the Ebonyi state Governor also claims misquoted. The Governor speaks:

> First, I was falsely reported. What we said was that we stand for unity of our great country, Nigeria. . . if I were the president of this country, I will do something about the social media. I think it's destroying our country. . . I think everyone needs to account for whatever he or she writes

In Nigeria, "Fake News has reached an epidemic proportion and social media, particularly, Facebook, appear to be the most efficient purveyors" (Foluso 2018, 1). Giving credence to the report by BBC that fake news has aggravated the farmer-Fulani herdsmen conflict in Nigeria, attention here is drawn to the bloody picture of a dead five-year-old school boy with wide matchet cuts all over his head and neck, claimed to have been a victim of the Fulani herdsmen attack in Ogun State. As it circulated with several sympathetic comments causing traffic on the social media, particularly as he was supposed to have been gruesomely murdered, another report emerged that he was actually killed by a mad man, not the herdsmen. Which of these reports is true?

In the recent past political heat in Nigeria, the IGP Ibrahim Idris has denied sending his men to besiege the National Assembly while men of the police force were really seen there in the social media. In an earlier video, the same IGP was shown on social video unable to read a written speech. The video went viral, but IGP denied the stammering video and claimed that it was doctored. Who is telling the truth? (Premium Times, August 24, 2018, 22).

## Citizen Journalism and South Africa Xenophobia

The management of crisis by social media at all times has been questionable (Ekwunife 2019). Such unconventional media is awash with doctored contents, misinformation, outright fake news, and the superimposition of images from different contexts to unrelated situations (BBC Africa 2018).

Attacks against foreigners in South Africa are not new, having been recorded about twenty five years ago (1994 to be precise). The difference is that in this age, social media makes information travel very quickly while fake news has added fuel to the fire. In the recent xenophobia in South Africa, so many images, videos, and footages were generating traffic on social media causing untold tensions in the society. Whatsapp is replete with the video of a three-storey building set ablaze with persons jumping or falling from the floors. BBC Africa (2018) clarifies that the violence actually took place in the city of Surat in western India in May 2019. In circulation also is the footage of a man being burnt alive for robbing a woman of her handbag in South Africa. This incident actually happened in Johannesburg, South Africa, but in a different crisis that erupted in January 2019.

Speaking on the above incident, Yemisi of BBC Africa (2018) explains that "the social media is awash with graphic photos and videos that stroke tensions and uncertainty in the country," leading to the receivers of these information unable to tell what is real or unreal. Here, it is necessary to point out that many of the footages shared on social media about the xenophobia in south Africa are not fake or doctored but from different contexts aside the current xenophobia (BBC Africa 2018). The video of South African Deputy Minister of Police was circulated on social media speaking about the presence of foreign nationals in South Africa, but the video is actually a clip from 2017.

The popular Nigerian blogger Linda Ikeji shared a photo of the burned MTN office set alight in Lagos. A close observation reveals that it is the picture of another fire incident from another state in 2005.

## Conclusion: Citizen Journalism in Nigeria

Concentrating on the dysfunctions of citizen journalism as mainly the purveyor of fake news in Nigeria, the flood of unverified contents in the social media, particularly Facebook and Whatsapp, has aggravated political, religious, ethnic, and other crises in the society. The management of the xenophobia in South Africa by citizen journalists has also shown reports that flamed up an already bad situation. Considering the absence

of gatekeeping and fact checking in CJ, it is seen as quasi-journalism and unprofessional.

## Cross-References

▶ Bureaucracy and Citizen Journalism
▶ Bureaucratization and Service Delivery in Nigeria

## References

Allan S (2006) Online news: journalism and the internet. Open University Press, Maidenhead and New York
Banda F (2011) Citizen journalism & democracy in Africa: an exploratory study. Grahanstown, Highway Africa
BBC Africa (2018) Fake news and Nigeria's herder crisis. BBC News. https://www.bbc.com. 7/2/2020. 8:00am
Caroll J (2004) Pseudo journalists betray the public trust. Retrieved from https://booksgogle.com.ng
Darnton R (2017) The true history of fake news. Retrieved from www.nybooks.com 15/07/2018. 5pm
Ekwunife, R. (2019). Citizen journalism in conflict management: implication for professional journalism. Paper presented at the 21st international conference/annual general meeting of the African Council for Communication Education at the National Open University of Nigeria Jabi Abuja Nigeria. October 22–26
Flew T (2008) New media: an introduction, 3rd ed. Oxford University Press, South Melbourne, Victoria
Foluso L (2018) The perilous episode of fake news in social media. Daily Trust July 17:2018
Gamela A (2015) What pseudo-journalism is. www.gamela.com. Accessed 8/6/2020. 11:09am
Gans HJ (1980) Deciding what's news. Vintage Books, New York
Guardian (2018) Fake news aggravating herders/farmers crises in Nigeria. BBC. Retrieved from https://.m.guardian.ng 7/7/18 2:24pm
Oberiri D (2016) Information communication technology and citizen journalism in Nig: pros and cons. Can Res Dev Centre Sci Cult 11(4):1–4
Rogers T (2019) Understanding citizen journalism. https://www.ThoughtCo.com. 6/6/2020.8:37am
Saqib R (2011) Role of citizen journalism in strengthening socities. Retrieved from www.ndu.edu.PR. 12/8/18. 2:30pm
Seungahn N, Kang N, Rachael R (2017) Citizen journalism practice increases civic participation. Retrieved from journals. Sagepub.com. 5/8/18. 2:20pm
Shikigami O (2016) What Pseudojournalismis. Retrieved from https://www.qoura.com
The Holy Bible (1987) Adam and Eve in the garden. Zondervan
Umahi D (2017) Ebonyi governor wants action against social media over fake news. Retrieved from rockcityfmradio.com. July 22, 2018. 3:30pm
Wendling M (2018) The (almost) complete history of fake news: BBC trending facebook, Retrieved from https://www.bbc.com. 12/8/18.11pm.7/7/18 2:19pm
Westmonday D (2017) How to combat fake news and disinformation. Retrieved from https://www.brookings.edu/research. 19/12/2017 6:pm

# Citizen Mistreatment May Hurt Public Service Worker's Feeling

Hyun Jung Lee
Department of Public Administration, MyongJi University, Seoul, South Korea

## Synonyms

Citizen mistreatment; Emotional labor; Korean government; Public sector reforms; Public service

## Definition

Citizen mistreatment towards public service workers include yelling at public service workers, unreasonable criticism to public service workers, and/or inappropriate comments or behave to public service workers. This occurs when citizens perceive services are not met with their expectation.

## Introduction

Public sector reforms brought significant changes to government attitudes. For instance, from hierarchy to "heterarchy" (Guy et al. 2019, p. 3), process-focused to outcome-focused, closed-internal system to openness and transparency system, and a government-centered to a citizen-centered. These reforms mostly revive in the public services where they frequently interact with citizens, which requires emotional labor, refers to managing one's own emotion to comply with organizational display rules while interacting with customers/citizens. Therefore, public service

employees not only fulfill citizens' expectation but also understand citizens' emotional states to meet their job duty. In other words, public services have implemented the effective and efficient ways of producing outcomes to attentive and responsive to the needs of their citizens. Regrettably, these notion of citizen-oriented reforms gradually alter citizen attitudes, such as placing public service workers in the position of relatively lower power than citizens, where they often mistreat public service workers. Citizens' aggressive and disrespect behaviors can be detrimental to well-beings of public service workers.

South Korea (hereafter, Korea) has traditionally been known as "the courteous country in the East," meaning the Korean people prioritize politeness above other values (The Korea Herald 2019). However, service industry reveals a different image of the country, as a customer perceives as a king and a service provider (or a seller) perceives as a servant. This top-down relationship also extends to the Korean public services where the Koreans perceive that public employees are as "hippos that take all the taxes from us" (a common Korean idiom) that citizens believe that they have a right to receive better public service (Lee 2019). Such perceptions have been a long-standing social norm, because customers/citizens are the one who pay for services/taxes and thus, service providers must show great respect to the customers/citizens to please their expectation (Lee 2019). More problem is that public service organizations connect government and its people, creating an environment which place citizens in the relatively higher position than public service workers, causing customer mistreatment. Consequently, Korean public service employees encounter more challenges when facing aggressive citizens.

## Background of Public Service in Korea

Traditionally, Korean government employees have had significant power over citizen, which highly influenced by *yangbang* tradition. *Yangbang* were educated class who were literate members of society and also eligible to enter government agencies in old days. Because only those people who passed the civil service entrance examinations become civil servants, it was clear that the *yangbang* monopolized the examinations which led to high social status (Kim 2010). Therefore, for the *yangbang*, to pass the civil service examinations were the prime way of leading success as well as gaining social status. These examinations were very comparative which tested variety of subjects, including Chinese characters, history, poetry, Confucianism, et al.

The early civil entrance examinations later changed to competitive examinations which created the system of civil service to a career system and guaranteed life-tenure position until the age of 65. Consequently, many younger generations put great effort to pass the entrance examinations and as a result, the number of applicants who attempt to take the examinations increase every year. As of December 31, 2019, there are over one million public servants in South Korea, of whom 681,000 are national public officials and 407,000 are local officials, not including armed forces personnel. Likewise, the public servants in Korea still receive a social prestige and enjoy some degree of authority over citizens.

As mentioned above, government jobs have represented a prestige social status in Korea society and that most Korean government employees are not accustomed to worry about whether they treat people with good manners (Lee 2018). However, citizen-oriented performance has placed new and additional pressure, besides job-demand from supervisors on government employees, especially those who interact actively with citizens (e.g., public service workers), which is the performance appraisal on customer-orientation abilities (e.g., citizen feedback, service manner, etc) became one of the crucial factors, causing emotional stress. However, there are inadequate public management systems, including providing regular training, which can help Korean public service workers how to interact with citizens in the emotive demands situation.

The structure of the Korean civil service is arranged in a nine-tiered system from Grade 9 (basic entry-level and the lowest in the career civil service) to Grade 1 (assistant minister level and the highest in the career civil service), and the

civil service entrance examinations are provided for Grade 9, Grade 7, and Grade 5 positions. Generally, those employees in Grade 9 perform emotional labor whose jobs involve interacting daily with citizens seeking administrative services (e.g., issuing and managing official documents). Consequently, public service employees who work at administrative services typically require enduring the complaints of people along with other possible stressors (e.g., a number of citizens they need to serve a day, and/or a pressure from supervisors to be humble regardless of customers' behavior) and are likely to experience citizen mistreatment, which will cause, in the long run, psychological strain.

## Citizen Mistreatment in Korea

Citizen-oriented reforms gradually alter citizen attitudes, such as placing public service workers in the position of relatively lower power than citizens, where they often purposely mistreat service providers (Sliter et al. 2010; Hecker 2005). In general, Korean people have a tendency to treat government employees more disrespectfully than respectfully nowadays. Many people perceive that public employees are as "hippos that take all the taxes from us" (a common Korean idiom) that citizens believe that they have a right to receive better public service (Lee 2019). These perceptions put citizens in the position of higher power and as a result, citizens' behavior can be aggressive when services are not met with their expectation.

The shocking incident happened in Korea, in 2018, where a citizen shot two public service employees because he was not satisfied with the way public service employees dealt with civil complaints. After this incident, the Ministry of the Interior and Safety in Korea created the manual called "Manual for civil complaint" to protect public service employees from citizens' mistreatment. However, in reality, Korean public service employees rarely use this manual, because of the following two reasons: (1) Korean public service employees aware that the aim of their work as public servants is to serve all citizens with a good manner and thus, suppressing and tolerating citizens' complaints consider as an organizational norm. In other words, altruism is required to all public service employees regardless of situations. (2) Korea is collectivist country where people tend to prioritize group over personal interests and thus, public service employees are more likely to use indirect or passive coping strategies to avoid interpersonal conflicts in workplace. However, when there are high job demands with less social/organizational supports and/or controlled coping strategies, employees may exceed their resistance to stress, yielding burnout and decreasing service quality.

Experiencing citizen mistreatments, such as verbally abused or rude behavior, puts public service employees in a difficult situation (e.g., suppressing negative emotion and merely enduring the situation for their job role). According to the Minister of Interior and Safety in Korea, citizen abusive behaviors toward public service employees have been increased since 2017 from 92 cases to 143 cases in 2018, and the total number of citizen mistreatments, including verbally and physically abuse and repetitive complaints, reveal more than 30,000 cases in 2019. The study done by Hsieh (2019) on citizen mistreatment toward public service workers reported that among seven countries, that are China, Pakistan, Rwanda, Korea, Taiwan, UK, and USA, Korean citizens mistreat the most toward public service employees. Further, all respondents except Rwanda, reported that citizen mistreatments reduce public service workers' job satisfaction and distrust in citizen. Enduring citizen mistreatment is emotional provoking event which requires a high degree of emotional regulation, causing emotional exhaustion, absenteeism, and poor performance, as well as reducing service providers' self-esteem and sense of self-worth (Shao and Skarlicki 2014; Sliter et al. 2010; Dormann and Zapf 2004). Moreover, facing such difficult situations without taking any action against the citizens makes Korean public service employees overly express prescribed emotion not to show their negative emotion.

## Effects of Citizen Mistreatment

Although customers' mistreatment is unintentional, a number of studies have shown that it can significantly lower service employees' self-esteem and sense of self-worth harm workers' well-being (Burton and Hoobler 2006; Dormann and Zapf 2004; Shao and Skarlicki 2014). Unlike private service sectors where making profit is priority of their goals, public service sectors demand more emotional labor because public service employees' expressed emotions leave lasting impressions on citizens, which also lead to perceptions of service quality and attitudes toward government (Lee 2018). As a result, public service employees must endure suppressing negative emotion to build a good relationship with citizens. Frequent interaction with citizens encounters more emotionally difficult than one might anticipate, because citizens want to be treated with respect, they want fairness in terms of uniform standards, and they expect high customer service standards to be met (Rayner and Lawton 2018), which require well-job performance, including emotionally and rationally. Otherwise, citizens treat public service workers in demeaning and impolite ways, which might cause stress and burnout.

A number of recent studies in the private services have shown that customer mistreatment is positively related with workers' customer directed sabotage, referring to workers intend to harm customers by creating delays in service process, destructing the customer-employee relation, purposely hanging up the phone and transferring the customer to the wrong department (Shao and Skarlicki 2014; Wang et al. 2011). However, workers' sabotage can hardly found in the public service sectors. With the lack of options to confront the misbehaved citizens, an authentic way of delivering service is challenging for public service employees. For example, when public service employees perceive that a citizen treats them disrespectfully, they suppress anger to comply with their job duty and try to complete a transaction as quickly as possible to end the uncivil interaction provision (Sliter et al. 2010). Interacting with misbehaved citizens need some time to recover from the experience, which can affect service quality across the next several citizens, and this, in turn, leads to exhausted (Hobfoll 2002). Nevertheless, public service employees have civic-minded, dealing with aggressive citizens due to unmet service needs can cause personal failure, job dissatisfaction, and emotionally exhausted (Hsieh 2019). Consequently, there is a high chance that public service employees may not provide a good customer service as a negative action shall bring another negative one (Hsieh 2019).

In addition, institutional and organizational deficiencies, for instance, make public service employees in a difficult situation. When public service employees face citizens who desperately need public assistance but there are limited resources to use, citizens not only blame for resource inadequacy but public service employees' inability to offer an adequate service. When citizens perceive that public service employees are ill-prepared to cope with structural deficiencies, people show high-intensity behaviors, such as yelling to public service employees, until resources are available.

## Conclusion

Recently, Korean governments tried to protect public service workers from citizens' mistreatment by implementing the following two policies. First, in 2018, Industrial Safety and Health Act was enacted to protect emotional labor workers who are suffering from physical and mental pain. Second, The Ministry of Employment and Labor published manual called, The Handbook for Emotional Workers Health Protection, in 2017 which included customer service manual, displaying a message asking people not to do any act that might cause stress and allowing more work autonomy. However, many Korean public service employees do not refer to this manual when facing aggressive citizens, because they value relationships with people and harmony at work (Lee 2018), meaning they suppress their anger or frustration, which, in long run, can cause harmful outcomes. Consequently, to lessen the citizen

mistreatment, not only organizational support but social support are necessary, especially Korean citizens' perceptions toward public service workers urgently need to change.

## References

Burton J, Hoobler J (2006) Subordinate self-esteem and abusive supervision. J Manag Issues 18:340–355
Dormann C, Zapf D (2004) Customer-related social stressors and burnout. J Occup Health Psychol 9:61–82
Guy ME, Mastracci SH, Yang SB (2019) Introduction: why emotional labor matters in public service. In: Guy ME, Mastracci SH, Yang SB (eds) The Palgrave handbook of global perspectives on emotional labor in public service. Palgrave Macmillan, pp 1–21
Hecker D (2005) Occupational employment projections to 2014. Mon Labor Rev 128:70–101
Hobfoll SE (2002) Social and psychological resources and adaptation. Rev Gen Psychol 6(4):307–324
Hsieh CW (2019) Understanding emotional labor in situational contexts: how mistreatment matters. In: Guy ME, Mastracci SH, Yang SB (eds) The Palgrave handbook of global perspectives on emotional labor in public service. Palgrave Macmillan, pp 149–171
Kim PS (2010) Civil service system and civil service reform un ASEAN member countries and Korea. Daeyong-Moonhwasa
Kim BG (2019) Customers must be punished for harassment: Seoul Emotional Labor Center CEO. The Korea Herald. http://www.koreaherald.com/view.php?ud=20190526000037
Lee HJ (2018) Relation between display rules and emotive behavior strategies and its outcomes among south Korean public service employees. Public Perform Manag Rev 41(4):723–744
Lee HJ (2019) Republic of Korea. In: Guy ME, Mastracci SH, Yang SB (eds) The Palgrave handbook of global perspectives on emotional labor in public service. Palgrave Macmillan, pp 301–319
Rayner J, Lawton A (2018) Are we being served? Emotional labour in local government in Victoria, Australia. Aust J Public Adm 77(3):360–374
Shao R, Skarlicki DP (2014) Service employees' reactions to mistreatment by customers: a comparison between North America and East Asia. Pers Psychol 67:23–59
Sliter M, Jex S, Wolford K, McInnerney J (2010) How rude! Emotional labor as a mediator between customer incivility and employee outcomes. J Occup Health Psychol 15(4):468–481
Wang M, Liao H, Zhan Y, Shi J (2011) Daily customer mistreatment and employee sabotage against customer: examining emotion and resource perspectives. Acad Manag J 54(2):312–334

# Citizen Participation and Nonprofit Organizations

Elizabeth M. Gillespie
University of Nebraska Omaha, Omaha, NE, USA

## Synonyms

Citizen engagement; Citizen involvement; Voluntary association

## Definition

Citizen participation: a process in which individuals engage with institutions and with their environments to have a voice in making decisions about issues concerning their lives.

## Introduction

In democratic societies, the concept of citizenship encompasses a notion of having certain rights. One of those rights includes the right to engage in the political sphere to be heard and have a say in the decisions and issues that affect the lives of citizens. A method citizens use to engage in the political sphere is through participation in nonprofit organizations. Citizen participation in nonprofit organizations is a long-held tradition in societies across the globe, from grassroots organizations to national and international nonprofit organizations and spanning across different social, cultural, and political backgrounds. Participation in nonprofit organizations empowers citizens, acts as a mechanism for citizens to build democratic knowledge and skills, and is a means for citizens to express their needs, values, and wishes. In modern democracies, citizen participation generally takes the form of philanthropic actions such as volunteering one's time and making financial donations. It also takes the form of

membership in voluntary associations. When citizens volunteer their time, give money to nonprofits, or are members in a local voluntary association, they are communicating their interests through organizations that work on and advocate for the causes citizens deem important. Often the causes supported by nonprofit organizations affect and benefit a wider population as many nonprofits aim to produce social change and help solve societal problems. The degree to which volunteering, charitable donations, and membership occur, however, depends on the type of organization and organizational structure of the nonprofit.

The purpose of this entry is to look at volunteerism, charitable donations, and membership in voluntary associations as methods of citizen participation in nonprofit organizations. To explore the principles and methods of citizen participation, this entry first examines the political context related to citizens participating in nonprofit organizations. Next, the three methods of participation – volunteerism, charitable donations, and associational membership – are discussed. The last section overviews the benefits of and barriers to citizen participation. This entry ends with concluding remarks that summarize this entry.

## Political Context

There is no universally agreed upon definition for citizen participation. One way to define it is as a process in which people engage with institutions, either locally, nationally, or internationally. This engagement offers citizens a chance at having a voice in the decisions being made about the issues that affect their lives. Dating back to ancient Greek philosophy is a notion that governments should be attentive to the needs and wishes of citizens and that citizenship involves a commitment to society's overall wellbeing. Based on this concept, citizen participation in nonprofit organizations is both a right and an innate practice. Rousseau and Mills relate these principles of citizenship to the strengthening of democratic societies arguing that citizenship in a democracy is a learned concept that occurs and is strengthened through continued practice (Roberts 2004). In democratic societies, citizen participation in nonprofit organizations is representative of democratic values, helps develop knowledge in citizens, fosters citizen empowerment, strengthens community ties, and creates social change.

Principles of citizen participation are found in theories of direct citizenship, which portray citizens as active players in the institutions that make decisions and formulate policy. Citizens and administrators in a democracy work together through various organizations with the shared purpose of improving services and solving social issues. This type of collaboration generally takes place at the local level between citizens and organizations helping to build up communities and sustain a democratic government. There are examples of direct citizen participation in nonprofit organizations throughout democratic societies, and it is expected to grow as democratic societies collaborate in working to solve difficult social issues. Additionally, the direct involvement of citizens in the institutions of a society fosters an environment where institutions are more receptive to taking action on behalf of individuals and communities so that their needs are better met.

The study of citizen participation in nonprofit organizations in the USA originates with Alexis de Tocqueville in his work, *Democracy in America*, penned in the 1830s. Tocqueville reported on the important and powerful place voluntary associations held in fostering civic engagement, and democratic and egalitarian virtues. These associations functioned as a place where citizens joined together to effectively solve problems plaguing society (de Tocqueville 2003). Throughout American history, voluntary associations allowed citizens to engage with each other and there is a long history of using organizations to influence legislators towards a specific cause, including grassroots social movements and social change organizations. The contemporary nonprofit sector has become a domain for citizens to effectively pursue shared goals.

Lastly, the methods of citizen participation in nonprofit organizations have direct ties to the values and practices of philanthropy. The original Greek description of philanthropy was "love for humankind" (Bernholz et al. 2016). One way to define philanthropy today is as an act of making voluntary donations of money and time to produce social change that benefits society. Some consider philanthropy as a deed citizens carry out, meaning an action whereby citizen volunteer time and/or money to nonprofit organizations and that some public benefit has to come about as a result of that act. Philanthropy has been an aspect in democratic societies throughout history and throughout the world. It occurs through people offering support to organizations, which has many positive consequences for citizens and communities.

## Methods of Citizen Participation in Nonprofit Organizations

Worldwide, roughly one in three people gave money to charities, one in four volunteered their time in 2015 (CAF 2015), and millions of citizens are members of voluntary associations. These three activities are representative of the principles of citizen participation in nonprofit organizations. A primary reason volunteering and donating money to nonprofits reflects principles of citizen participation is that these activities help to communicate the needs and wishes of citizens to government and enables nonprofits to continue to carry out their work in advocacy, social services, and creating social change. By dedicating time and money to nonprofit organizations working on causes important to citizens, citizens exercise some form of political influence. Lastly, engaging in voluntary institutions through membership offers opportunities for citizens to gain knowledge about their communities and fellow citizens' needs as well as gain democratic skills. This section first discusses volunteerism, then charitable donations, followed by membership in voluntary associations.

### Volunteerism

Volunteerism is something that nonprofit organizations around the world have in common as they depend on volunteers to support, sustain, and advance their organization's cause. Nearly two-fifths of all charities rely on volunteers. A total of 62.8 million adults volunteered at least once in 2014 in the USA. Since 2002, Americans have volunteered a total of 8.7 billion hours (McKeever 2015). Globally citizens from diverse cultures and backgrounds volunteer their time as well. According to the World Giving Index (2015), Myamar ranked first as the most giving country in terms of time volunteered with 50% of those surveyed having had volunteered in the previous month. Sri Lanka came in second at 48%, followed by New Zealand at 45% and then USA and Canada tying for fourth at 44%, to round out the top five countries for volunteering time to charitable organizations.

There are various motivations for volunteering in nonprofit organizations, including demographic factors. Some important factors include the amount of time spent in a community and whether the person has a belief that she/he will receive some benefit for having volunteered one's time. Furthermore, there are numerous types of nonprofit organizations that receive the aid of volunteers such as religious charities and community development organizations (Florin et al. 2000). As far as activities go, in 2014, the most hours volunteered in the USA were directed at social service and care activities at 23.8% and administrative and support activities at 23.5% of total volunteered time. Social service and care activities cover many undertakings such as delivering goods, providing direct services, and teaching or mentoring. The time volunteers spent in 2014 was worth an estimated $179.2 billion (McKeever 2015).

### Financial Donation

A second form of citizen participation is financial/charitable donations to nonprofit organizations. In 2015 alone, Americans donated $373.25 billion to nonprofit organizations and of that amount,

$268.28 billion was given by individual charitable donors – more than foundation giving, bequests, and corporate donations combined (National Philanthropic Trust 2015). The World Giving Index in 2015 again named Myamar as the country that is the most giving in terms of donating money to charities, with 92% of those surveyed having donated in the past month. Strong philanthropic principles in Myamar's Buddhist religion contribute to their citizens' high level of giving. Thailand came in second at 87%, followed by Malta at 78%, the UK at 75%, and New Zealand and the Netherlands tied at 73%. Overall, 63% of the US population donated money to charitable organizations in 2015 (CAF 2015) with financial contributions spanning across a variety of funding areas.

As with volunteering, there are numerous types of organizations that receive charitable donations. According to the Urban Institute, in the US religious organizations and congregations received the most charitable donations in 2014, roughly one-third of all donations. Education and human services organizations received the next largest portion of financial donations with 15.2 and 11.7% of the total, respectively (McKeever 2015).

Both volunteering one's time and making charitable donations to nonprofit organizations allow citizens to support shared goals related to the issues and cause important to their lives and to support organizations that advocate and lobby for important social change and policies that matter to them. It is a means to express their needs and wants to local, state, and national governments, which is one ingredient that helps sustain democracy. These are reasons why volunteering in and charitable donations to nonprofit organizations are methods of citizen participation.

### Membership

The third method of citizen participation in nonprofit organizations discussed in this entry is that of membership in voluntary associations. Although organizational membership has declined over the decades, it is still an important aspect of citizen participation (Skocpol 2003). One of the more well-known methods of membership is with community associations such as homeowner's associations and cooperatives. In 2015, there were an estimated 338,000 community associations in the USA with 68 million Americans or 21.1% of the population as members. A reported 30–40% of community associations are self-managed with about 2,350,000 community association board/committee members. In 2015, association board and committee members performed an estimated 80,000,000 hours of service worth $1.76 billion (Community Associations Institute 2015).

Membership in these organizations is considered a principle central to American democracy. Generally, the purpose of membership in associations is to support and serve the members. However, today the tendency for citizen participation is to do so by giving time and money and not through membership. The social movements of the 1960s and 1970s contributed to a shift from membership in association to more professionally managed undertakings. Even so, membership in voluntary organizations is still important for developing democratic knowledge and skills in citizens, a key reason membership is a method of citizen participation. Motives for participation in this manner include citizens having a positive view of her/his neighborhood and a solid sense of community (Florin et al. 2000).

## Benefits of Citizen Participation in Nonprofit Organizations

Citizen participation is important for strengthening advocacy, improving responsiveness to beneficiary needs, and developing strong democratic societies. Through nonprofit organizations, citizens are able to act on their civic right and have some degree of influence in the political sphere. Citizens of all socio-economic classes take part in nonprofit organizations and as such it is considered one of the most important contributions of nonprofit organizations. There are many advantages associated with citizen participation including creating an educated, cooperative, empowered citizenship (Irvin and Stansbury 2004), helping to

protect freedom, and generating policy that responds to the needs of citizens and institutional systems that align with the wants and needs to the people (Roberts 2004). This section covers just a few of the proposed benefits related to citizen participation in nonprofit organizations, specifically citizen involvement in decision-making processes and citizen development.

Benefits of citizen participation occur on the national, community, interpersonal, individual, and international level and can lead to positive developments for communities. One of the most important components of citizenship in democratic societies is for citizens to have a voice in decision-making processes, which participation in nonprofits helps to do while also promoting community development and improving quality of life. Community development is conventionally defined as voluntary group of community members that are working to better the community both economically and socially by promoting people and communities using their talents and skills together to solve social issues and to tackle more than one societal problem at a time and in turn get citizens involved in decision-making practices. Nonprofit organizations are instruments for collective interests to be pursued through citizens taking an active role in decision-making efforts and give them a means to both challenge and get power. Involvement in decision-making processes within a nonprofit organization engenders power sharing between the government and citizens and fosters a sense of empowerment, whereby the more marginalized members of society can be involved and the organizations that address social issues can transform individuals into active citizens engaged in their democracy. Moreover, participation in nonprofit organizations assists in creating greater support for democratic systems and building political awareness in citizens (Florin et al. 2000).

The other benefit is that of citizen development. History and scholarship has demonstrated that when citizens actively participate in nonprofit organizations, they learn to self-govern (Dobkin Hall 2010). Many have argued that voluntary organizations are valuable in teaching citizens' self-government. Voluntary associations help to advance social goals in part because of the close relationships and networks that are created by local people connecting to larger social movements (Skocpol 2003). There is also a connection to religious beliefs, patriotism, and/or level of education as well as race. Membership in voluntary associations is also said to teach values and skills which are necessary for a society to be inclusive to all its citizens. In the twenty-first century, advocacy groups and nonprofit organizations have a large presence in society because people use them to seek to have some influence in their communities (Skocpol 2003). It can also function as a way for citizens to speak their needs and wishes while developing as citizens in a democracy, including developing leadership and problem solving skills, and greater democratic knowledge. Citizens learn how to take an active role in governance and to be engaged and enlightened as citizens within a democratic society. This type citizenship can only take place when citizens are working together collaboratively, listening to one another and engaging in dialogue. Based on this idea, one outcome of citizen participation is to stave off political processes controlled by authoritarians (Roberts 2004). In democratic societies, citizen participation can counter a government and society run by administrators and misinformed citizens.

## Barriers to Citizen Participation in Political Systems

There are challenges organizations and individuals face pertaining to citizen participation in nonprofit organizations. First, it is important to note that citizen participation in nonprofit organizations is highly dependent on a number of factors such as the degree to which citizens and organizations are free to engage in political systems, sociocultural norms and expectations, and resource availability. For example, participation by citizens in nonprofit organizations in developing countries might be hindered by an undefined civil society, an undeveloped public sector, or the effects of poverty. Developing countries also face challenges to citizen participation when government is hostile to nonprofit interference, democratic values, or has a culture

of corruption in terms of favoritism or lack of transparency in intuitions (Denhardt et al. 2009). In societies dealing with corruption, the many challenges to citizen participation include the possibility of public officials misusing government money intended to help citizens, the absence of any means for citizens to confront corruption, or even ongoing violence. Corruption has an overwhelming effect on the marginalized and poor in developing societies, cutting off resources or access to welfare type support (United States Institute of Peace 2010).

In democratic societies, barriers include unequal citizen representation and the notion that it is inefficient and impractical. These challenges can act as an obstacle to genuine citizen participation that seeks positive social outcomes. Concerning unequal representation, an issue of this is that differing interests can emerge due to gaps when representing all citizens. Since citizens participating in nonprofit organizations through volunteering are unpaid, most of those that do take part are generally of a higher socioeconomic status (Irvin and Stansbury 2004). This could mean that citizens with greater wealth or those who are highly political or passionate about one specific topic will take part more than other citizens of lesser means. The result is inequality in representation, which opens up the possibility for special-interest ideas and groups to control the decision-making processes that affect the broader citizenship (Irvin and Stansburry 2004). The other barrier is that citizen participation can be inefficient and impracticable because societies today are complex and democratic governments may be too large to foster direct participation whether because of cost and the various hurdles that slow down the process. One aspect of the inefficient notion is that citizens do not have wherewithal to understand the inner workings of institutions and in matters of the running of government and public matters. As such governments and societies have to rely on professionals who can better inform decision-making processes. Moreover, direct participation is unrealistic because people may be too busy or may not want to directly take part in decision-making processes through nonprofit organizations (Roberts 2004).

## Conclusion

Citizen participation is the act of citizens taking part in certain activities with nonprofit organizations to exert some political influence and to play a role in decision-making processes. This entry discusses three methods of citizen participation in nonprofit organizations –volunteerism, charitable/financial donations, and membership in voluntary associations. A political context is provided to garner a better understanding of citizen participation as it relates to nonprofit organizations. This context is based around participation as a right of citizens and a method to develop citizens in democracies. The prevalence of each method is reviewed as are the reasons that these three activities are methods of citizen participation. Also, benefits related to citizen participation were provided, including the increased involvement of citizens in decision-making processes and the development of citizens' democratic knowledge and skills. There are several barriers to citizen participation including unsupportive political systems, corruption, unequal citizen representation, and the notion of participation as inefficient and impractical.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Co-production
- ▶ Nonprofit Organizations
- ▶ Organizational Citizenship Behavior


## References


Bernholz L, Cordelli C, Reich R (2016) Philanthropy in democratic societies: *History, institutions, values*. The University of Chicago Press, Chicago, pp 1–18

CAF World Giving Index 2015: A global view of giving trends (2015) Charities aid foundation, 1–23. Retrieved from https://www.cafonline.org/docs/default-source/about-us-publications/caf_worldgivingindex2015_report.pdf?sfvrsn=2

Community Associations in the United States (2015) Retrieved October 12, 2016, from https://www.caionline.org/AboutCommunityAssociations/Pages/StatisticalInformation.aspx and http://www.

cairf.org/research/factbook/2015_statistical_review.pdf
Denhardt J, Terry L, Ramirez Delacruz E, Andonoska L (2009) Barriers to citizen engagement in developing countries. Int J Public Adm 32(14):1268–1288
Dobkin Hall P (2010) Historical perspectives on nonprofit organizations in the United States. Renz DO The Jossey-Bass handbook of nonprofit leadership and management (3rd ed.), San Francisco: Jossey-Bass, 3–37
Florin P, Wandersman A, Seidman E (2000) Citizen participation and community organizations. In: Rappaport J (ed) Handbook of community psychology. Plenum, New York
Irvin RA, Stansbury J (2004) Citizen participation in decision making: is it worth the effort? Public Adm Rev *64*(1):55–65
McKeever B (2015) The nonprofit sector in brief 2015: public charities, giving, and volunteering, (October). Retrieved October 12, 2016, from http://www.urban.org/research/publication/nonprofit-sector-brief-2015-public-charities-giving-and-volunteering
National Philanthropic Trust (2015) Charitable giving statistics. National Philanthropic Trust, 2015. Retrieved from https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/
Roberts N (2004) Public deliberation in an age of direct citizen participation. Am Rev Public Adm *34*:315–353
Skocpol T (2003) Diminished democracy: from membership to management in American civic life. University of Oklahoma Press, Norman
Tocqueville AD (2003) Democracy in America. Barnes & Nobel Books, New York
United States Institute of Peace (2010) Governance, corruption, and conflict. Endowment of the United States Institute of Peace, Washington, DC, pp 1–54. Retrieved from: https://www.usip.org/sites/default/files/ETC-D/NPEC/480021.PDF

# Citizen Participation in Public Management

Thomas J. Greitens
Department of Political Science and Public Administration, Central Michigan University, Mount Pleasant, MI, USA

## Synonyms

Citizen deliberation; Citizen engagement; Citizen participation; Public administrator; Public bureaucrat; Public manager

## Introduction to Citizen Participation

From keeping bureaucrats and policymakers accountable to the public interest, to participating in voting, and other democratic-based processes, citizen participation plays an especially important role in public management. With effective mechanisms of citizen participation in place, public management becomes more dynamic. It responds more proactively to citizen concerns and ultimately is better able to meet the challenges of constantly shifting political and policy environments (Denhardt and Denhardt 2015). Without effective citizen participation, public management often becomes static and fails to recognize and respond to the important political and policy challenges of the day.

Yet, citizen participation in public management possesses a number of underlying challenges that often inhibit it from being effective. Depending on the political climate of the day, policymakers may try to suppress meaningful citizen participation opportunities for citizens. This is most evident in periodic restrictions on voting placed on citizens (Keyssar 2009). Often trained to be value neutral, public bureaucrats also sometimes deemphasize the subjective, value-laden perceptions expressed by citizens in order to better emphasize efficiency (Simon 1957). Many times, citizens themselves also avoid the responsibility of citizen participation in public management. Voting rates among citizens are low in many democratic countries without mandatory voting laws (Blais 2000). Perhaps more ominously, citizenship, democratic, and social deficits have now been documented, especially among younger generations of citizens (Levine 2007; Putnam 2001). These deficits often result in citizens avoiding most mechanisms of citizen participation with the consequent outcome of a loss of faith and trust in governance institutions over time.

In the following sections, different dimensions of citizen participation will be discussed with a special emphasis on why these dimensions are important to solving the complex problems confronting the future of public management. These sections present a synoptic view of citizen participation. That is, citizen participation is

viewed as an all-encompassing concept that includes voting, direct democracy, participating in advisory committees, and deliberating on actual governance decisions for public institutions. In this way, deconstructive theoretical discussions that parse specific distinctions and definitions within citizen participation are avoided (for such discussions, see Arnstein 1969; Frederickson 1991; Roberts 2004). Additionally, by embracing a wider conceptualization of citizen participation in public management, linkages between the democratic and administrative dimensions of citizen participation can be clarified in regards to solving the future policy challenges of government.

## The Democratic Dimension of Citizen Participation

When analyzed from a synoptic view, citizen participation in public management can be categorized into two different, overarching dimensions: a democratic-based dimension that places most of the burden of effective participation on the citizen and an administrative-based dimension that places most of the burden on the public bureaucrat (also called the public manager or public administrator). The democratic-based dimension primarily views citizen participation in public management in terms of voting. Voting, when viewed through citizen participation in public management, can include two distinct processes. First, citizens can vote for political leaders who influence public management after taking office. This is the classical view of voting present in democratic forms of government. Citizens can be influenced in their voting behavior by a variety of conscious and subconscious cues, but overall, citizens vote for the political leader that best maximizes their own notion of utility (Downs 1957).

Second, citizens can vote in direct democracy endeavors. Building from the New England town meeting form of government, where citizens of a town could directly vote on all governance matters (Zimmerman 1999), and responding to massive amounts of political corruption in governments during the 1800s (Bowler et al. 1998), direct democracy allowed citizens to vote on their own, citizen-crafted legislation (i.e., the ballot initiative), vote whether to accept legislation espoused by currently elected political leaders (i.e., the referendum), and vote whether to remove certain political leaders from office (i.e., the recall). While not available in every level of government and nonexistent in most national governments, direct democracy allows citizens the opportunity to more directly participate in public management.

Such dimensions of participation have their share of challenges. For example, the New England town meeting form of local government, where citizens directly vote on many decisions, historically suffered such problems as low citizen interest to infrequent meetings to an overt reliance on other levels of government to provide for needed services (Brown 1955; Janiskee 2010). Additionally, powerful interest groups typically use direct democracy to promote their own interests above the interests of all citizens in a state or community (Ellis 2002). In order for these challenges to be overcome, citizens have to be invested and active in the process. As a result, whether through traditional voting or direct democracy, this dimension of citizen participation in public management depends on the citizen. In particular, direct democracy places the burden of participation on the citizen with citizens often having to collect a relatively high number of valid signatures from other citizens to support any type of direct democracy initiative. In this way, direct democracy corresponds to traditional voting processes that already placed the burden of participation on the citizen.

While typically minimized in overviews of citizen participation, voting and direct democracy are vital components for ensuring that citizens have the desire and commitment to participate in more complex forms of citizen participation in public management. Indeed, if most citizens ignore or actively disregard this dimension of citizen participation, then the future of public management in a democratic society may be in peril. After all, in an ideal democratic society, citizens help to solve community problems (Levine 2013). And with the power of voting and direct democracy, citizens are informing policymakers of their preferred solutions to existing community problems while concurrently

showing their faith in government to solve them. Such commitment from citizens is even more important in other forms of citizen participation where administrators rely on direct citizen input to make decisions and solve policy challenges.

## The Administrative Dimension of Citizen Participation

The need for professionalized public management, with unelected bureaucrats making decisions for the public good, increased in the late 1800s. Due in part to the massive transformations wrought by industrialization and urbanization, as well as in reaction to the spoils system of politics where political leaders rewarded unqualified supporters with bureaucratic positions in government, professionalized bureaucracies of value-neutral, non-political administrators spread through national and subnational governments. Because of this trend in public management, a second dimension of citizen participation in public management became more important. In this administrative-based dimension of citizen participation, citizen accountability over bureaucratic decisions and citizen input into the governmental decision-making process developed into a significant avenue of citizen involvement in public management. In this dimension, citizens could take an active part in administrative-based processes such as bureaucratic rulemaking. They could also make recommendations on governance and policy directly to policymakers and administrators by serving on advisory committees. And perhaps most impressively, they could join other citizens in governmental sponsored forums to deliberate on important policy challenges and then make the actual decision on the appropriate governance solution. These types of processes aspired to make governmental decisions more transparent to citizens and ensure greater citizen accountability over public management. Additionally, with processes like citizen forums and citizen deliberations, this dimension of citizen participation opened the often insular world of the public administrator to new ideas from citizens in the external environment.

Citizen participation in bureaucratic rulemaking decisions became codified in various administrative procedure acts passed by the federal and state governments from the 1940s to the 1960s. These acts helped to establish the concept of administrative law and allowed for citizens to provide input, called public comment, on most proposed administrative rules written by bureaucrats before they were implemented (Rosenbloom 2003). However, in practice the use of administrative rulemaking sometimes seemed to minimize citizen interests. Politics, administrator concerns over loss of power in rulemaking, and excessive unease over legal ramifications have often prevented administrative rulemaking from reaching its original intentions regarding citizen participation (West 2005).

As the bureaucratic state grew to provide more services to more citizens, the role of citizen-led advisory committees also became more important. Nominally existing to provide a level of citizen input to government entities, advisory committees allow policymakers to appoint citizens to a committee that help an agency gain citizen support and often allow the agency to protect itself from excessive political intrusion (Selznick 1949). This more politicized use of citizen advisory committees primarily occurs in national and state governments. However, in local governments, the value of these types of committees became apparent. In local governments, citizen volunteers can serve on many types of advisory committees, from committees that make zoning recommendations to boards that ensure oversight over police services. These types of committees depend on citizen volunteers to make recommendations on policy solutions to both administrators and locally elected policymakers. While these local advisory committees can sometimes be controlled by narrow political interests, generally, they provide an outlet for citizens to sway local governance decisions so that ideas regarding the public interest, public good, and direction of the community are protected.

Building on the use of the citizen volunteer, citizen participation in public management gradually gave more opportunities to citizens near the

end of the twentieth century. Especially in local government, administrators have started to invite citizens to policy forums to discuss specific issues confronting a community (Lukensmeyer 2013). Citizens have also invited to make recommendations on budgetary decisions in participatory budgeting meetings (Shah 2007). Most impressively, some communities have actively used citizens in active deliberations where citizens would make decisions on important policy challenges (Leighninger 2012).

From a theoretical viewpoint, these newer processes view the citizen as a collaborator in governance (Thomas 2012). Input from citizens results in better, more effective governance decisions and also concurrently helps improve the image of government with citizens (King 2011). But such newer processes often carry a heavy burden with administrators. After all, many public administrators were historically trained in the idea of the bureaucrat as the neutral expert making decisions based in efficiency for the betterment of all citizens. Thus, one of the most enduring challenges to meaningful citizen participation is the entrenched bureaucratic dynamic that views citizen decision-making as anathema to effective public management (Kweit and Kweit 1984). Consequently, the burden of effectively implementing forums or citizen-led deliberations resides with the administrator. Of course the citizen still has to possess the desire to participate in these newer processes, and much scholarship has explored whether citizens even have the capacity to participate in these processes (Levine 2007; Putnam 2001; Skocpol 2003). But the immediate burden of whether these processes are successful often rests with the administrator, rather than the citizen. For instance, recent studies emphasize how administrators should design citizen-led deliberations and hearings to achieve maximum effectiveness (Nabatchi 2012).

## Solving Problems with Citizen Participation

These two dimensions, both democratic and administrative, help to define the environment of citizen participation in public management. When operating well, these two dimensions help to ensure a dynamic style of public management that can proactively respond to policy challenges before significant problems occur. As policy challenges become more severe and existential, the importance of these dimensions of citizen participation in public management increases.

For example, from environmental challenges like climate change, to the need for providing sustainable services to an increasing population of elderly citizens, all levels of governments face significant challenges in solving policy problems. These problems are severe and potentially intractable, involve multiple stakeholders and multiple levels of governments, and are only solvable by making difficult decisions that include significant policy trade-offs that will have definite political consequences. In many ways, the success or failure of twenty-first-century public management rests on the capacity of governments to solve these types of wicked problems by using effective citizen participation in their governance decisions (Kettl 2002).

Wicked problems were initially described in the context of social planning policy. In their initial research, Rittel and Webber (1973) strived to move the analysis of public policy problems from the objective, rule-bound, econometric modeling approach that worked well for simplistic or "tame" policy problems to a more subjective, open-ended approach that recognized the true complexity of many public policy problems. In this view, wicked policy problems possessed the following characteristics: the framing of the problem influenced the solution, different stakeholders with different policy frames had substantially different interpretations of the problem and the solution, problem definitions and resources needed in solving the problem changed over time, and the problem was never truly solved (Rittel and Webber 1973). Consequently, because of subjective policy frames and shifting problem parameters, wicked problems could not be solved by the traditional, bureaucratic policy tools then in favor of objectively defining the problem and then sequentially analyzing the problem with econometric analyses that yielded some beneficial

solution. Instead, a different type of approach was needed.

That approach uses various dimensions of citizen participation in formal and informal networks of governance. Included in these collaborations are networks of citizens, interest groups, other governments, nonprofit organizations, and for-profit organizations where different types of specialties could bring forth the knowledge and implementation power to meet the challenge of a wicked problem (Agranoff 2003). An emphasis on these types of collaborations currently influences the ways that many governments operate (Goldsmith and Kettl 2009). Before any collaborative policy response can occur, however, some preconditions must exist to facilitate the union of stakeholders who often have differing backgrounds, resources, and attitudes toward the issues at hand. Partnerships, interlocal and regional agreements, networks, and other types of collaborations cannot just be called into creation by mandate; to succeed, some type of preparation or capacity building for the collaborative effort has to occur. These preparatory efforts, often entailing knowledge sharing, communication, repeated cooperative efforts, and inculcating shared values among of the various actors, are necessary for any collaborative effort to succeed.

And in this regard, citizen participation in public management holds great significance. By using avenues of citizen participation in public management such as forums and citizen deliberations, greater knowledge sharing and communication among different groups of citizens occur. Overall, this should increase the quality of decisions emerging from public management by ensuring that different experiences, viewpoints, and concerns are considered. However, as the need for collaborative policy responses increases, the capacity of governments to successfully manage these types of responses may be declining due to challenges related to funding, political opposition, and citizen fragmentation. This paradoxically results in governments knowing that they must engage the citizen and other partners in policy formulation and service provision, but not being presented with enough funding to ensure an appropriate collaborative experience.

## Conclusion

The "direct democracy" reforms of the 1800s in state and local government, which allowed citizens to recall policymakers, initiate laws, or vote via a referendum on laws already passed by policymakers greatly expanded the powers of citizens in their government and helped to usher in an era of more citizen control over their state and local governments. While the tools of "direct democracy" can be influenced and even corrupted by national interest groups, they at least expanded the scope of democracy for citizens. Such expansions continued in the 1940s–1970s with administrative procedures acts in all levels of government designed to increase government accountability with increased transparency. These movements especially emphasized the importance of engaging citizens to help ensure citizen accountability over unelected public managers promulgating administrative rules and elected policymakers crafting new laws or new governance decisions. By the 1990s and 2000s, even more direct citizen engagement techniques were advocated with citizens often exercising more deliberation and even actual decision-making authority in more avenues of policymaking.

In many ways, this evolution in the use of citizen participation in public management shows the value of citizens. With trends such as participatory budgeting, deliberative forums, and enhanced town meetings influencing the current agenda of many local governments, citizens arguably now have more opportunities to participate in governance than ever before. The key question for citizen participation in public management going forward is whether citizens have the commitment to participate in public management and whether administrators and policymakers will accept the decisions of citizens in more policy domains. If more and more citizens become involved in these opportunities and if public administrators and policymakers recognize the virtue and value of their input, then public management can become better. However, if that does not occur, then the value of citizen participation in public management will be lost.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Public Opinion
- ▶ Bureaucratic Power
- ▶ Citizen-Administration Relationships
- ▶ Community Crisis Management: The Case of Broward County's HIV/Aids Collaboration Without Hierarchy


## References


Agranoff R (2003) Leveraging networks: a guide for public managers working across organizations. IBM Center for the Business of Government, Washington, DC

Arnstein S (1969) A ladder of citizen participation. J Am Inst Planners 35(4):216–224

Blais A (2000) To vote or not to vote? The merits and limits of rational choice theory. University of Pittsburgh Press, Pittsburgh

Bowler S, Donovan T, Tolbert CJ (1998) Citizens as legislators: direct democracy in the United States. Ohio State University Press, Columbus

Brown RE (1955) Middle-class democracy and the revolution in Massachusetts, 1691–1780. Cornell University Press, Ithaca

Denhardt JV, Denhardt RB (2015) The new public service: serving, not steering, 4th edn. Routledge, New York

Downs A (1957) An economic theory of democracy. Harper & Row, New York

Ellis RJ (2002) Democratic delusions: the initiative process in America. University Press of Kansas, Lawrence

Frederickson HG (1991) Toward a theory of the public for public administration. Adm Soc 32(4):701–711

Goldsmith S, Kettl DF (eds) (2009) Unlocking the power of networks: keys to high-performance government. Brookings Institution Press, Washington, DC

Janiskee BP (2010) Local government in early America: the colonial experience and lessons from the founders. Rowman & Littlefield Publishers, Lanham

Kettl D (2002) The transformation of governance: public administration for twenty-first century America. Johns Hopkins University Press, Baltimore

Keyssar A (2009) The right to vote: the contested history of democracy in the United States. Basic Books, New York

King CS (2011) Government is us 2.0. M.E. Sharpe, Armonk

Kweit MG, Kweit RW (1984) The politics of policy analysis: the role of citizen participation in analytic decision-making. Policy Stud Rev 3(2):234–235

Leighninger M (2012) Mapping deliberative civic engagement. In: Nabatchi T, Gastil J, Weiksner GM, Leighninger M (eds) Evaluating the practice and impact of deliberative civic engagement. Oxford University Press, New York, pp 19–39

Levine P (2007) The future of democracy: developing the next generation of American citizens. Tufts University Press, Medford

Levine P (2013) We are the ones we have been waiting for: the promise of civic renewal in America. Oxford University Press, New York

Lukensmeyer CJ (2013) Bringing citizen voices to the table. Jossey-Bass, San Francisco

Nabatchi T (2012) Putting the public back in public values research: designing participation to identify and respond to values. Public Adm Rev 72(5):699–708

Putnam RD (2001) Bowling alone: the collapse and revival of American community. Simon & Schuster, New York

Rittel HW, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169

Roberts N (2004) Public deliberation in an age of direct citizen participation. Am Rev Public Adm 34(4): 315–353

Rosenbloom DH (2003) Administrative law for public managers. Westview Press, Boulder

Selznick P (1949) TVA and the grass roots: a study in the sociology of formal organization. University of California Press, Berkley

Shah A (ed) (2007) Participatory budgeting. The World Bank, Washington, DC

Simon HA (1957) Administrative behavior, 2nd edn. The Free Press, New York

Skocpol T (2003) Diminished democracy: from membership to management in American civic life. University of Oklahoma Press, Norman

Thomas JC (2012) Citizens, customers, partners: rethinking the place of the public in public Management. M.E. Sharpe, Armonk

West W (2005) Administrative rulemaking: an old and emerging literature. Public Adm Rev 65(6): 655–668

Zimmerman JF (1999) The New England town meeting: democracy in action. Praeger Publishers, Westport


# Citizen Participation: Rationales and Approaches


Cristina Mititelu
Department of Management and Law, University of Rome Tor Vergata, Rome, Italy
Open University Business School, Faculty of Business and Law, Milton Keynes, UK


## Synonyms

Engagement; Involvement; Participation; Process

## Definition

Citizen participation is a process by which citizens' concerns and needs are encompassed in the policy decision-making process of the local authority. The process requires a combination of joined relationships – an activity in which citizens attempt to affect government decisions to improve them, while the local authority activities should match the citizen's views and needs appropriately.

## Introduction

Citizen participation is generally held to be a good thing in the public administrative decision-making. The focus on citizen participation increased in practice mainly because government officials have assumed more responsibilities in the local governance of the communities and with much less and limited resources. But also they realized the opportunities associated with the process, as it provides valuable insights on the needs, priorities, and information on what it matters to the local community.

Over the past decades, scholars dedicated significant interest to illustrate the nature and impact of the participation initiatives (e.g., Arnstein 1969; OECD 2001), and the models paved the basics of citizen participation. Generally, citizen participation is a process of encompassing citizens' concerns and needs in the policy decision-making process of the local authority. It is an activity in which citizens attempt to affect government decisions to improve them, while the local authority activities have to match the citizen's views and needs, appropriately. The effectiveness of the participation depends on local institutional contextual factors enabling or hindering the participation. The formal institutions of power and functions of decision-making (top-down vs bottom-up approach) and how the local governance encourages forms of direct participatory interaction and interdependence, rather than hierarchy and subordination (treating citizens not just as service users or customers of services, but as active citizens), are essential. Modes of interaction, in the relationship of local authority and citizens, are complex and can happen in a small local laboratory – which brings to the fore the local authority participatory strategy linked to various rationales and mechanisms of participation (OECD 2001) to address the issue at hand.

The shift from local government to governance paved the need for engagement of citizens in the decision-making process. Local authorities have the ability to fostering civic engagement in the policy decision-making, because, at this level, the concerns of the "grassroots" intersects directly with those of the state and governance (Gaventa and Valderrama 1999), and a high concentration of time and resources are spent locally, on the direct delivery of services (Kettl and Fesler 2008). Meaningful citizen participation depends on the willingness of interaction of the local authority officials. Therefore, whether an approach is suitable for a public official, it depends on the motivation and rationale of the public officials to address the issue at hand by involving and hearing citizen's voices in the matter. The motives driving the engagement and its approaches are distinct in concerns and not easy to connect, but they are united by the common aim that enables citizens to participate and influence policies effectively.

Local needs and priorities drive the overall approach to participation on the policy agenda. Citizen participation appears to be an essential strategy, to address the increasing social complex needs of the local community. However, local authorities' receptiveness to accommodate citizens' preferences in the policy decision-making and service delivery are highly depended on their rationales to satisfy either societal or managerial goals. Therefore, the "public administrators through their actions, are central to the success or failure of participatory efforts" (Callahan 2007, p. 1181). Some studies have suggested that citizen involvement is a resource for local development, raising normative and instrumental motivations (Svara and Denhardt 2010) around the *why* question (rationales) of the participation.

The theory and practice of citizen participation outline various debates around the concept, so the nature of citizen participation, including its

rationales and approaches, are sketched out. This chapter discusses the citizen's involvement in the local authority policy decision-making and service delivery and refers to the process as the mean through which citizens has a direct voice and power to influence the decision-making. When talking about citizen participation relates to the involvement of citizens/group of citizens (individual, informal, or formal organized groups (e.g., nonprofit organizations)) in the policy decision-making process before the decision is taken and implemented. Such a process might be meaningful as it allows local authority officials to process relevant information on the local needs and can result in a more effective and efficient decision-making process and public service delivery.

## Drivers of Citizen Participation in the Policy Agenda

Various shifts have placed the interactions between local authority and citizens in a new sphere of relationships at all policy stages. The attention to citizen participation increased in multiple areas – governance, management, and public service delivery. A shift emerged in the attitude of local authorities from serving citizens and treating them as service users to "engaging citizens" (OECD 2005a) in the policy process and strengthen citizen participation in service delivery and management decisions (Langton 1978) and public decision-making (Creighton 2005) (e.g., budgeting or public service functions, including economic, social, and environmental).

A shift from the traditional bureaucratic set of state–citizen relationships toward a new relationship system of local governance (Denhardt and Denhardt 2003) put the citizen (a) at center of piloting of the public organization and (b) opened new channels of involvement at local level, bridging a transfer of responsibilities from a *passive* to an *active participation* in the policy process. Governance meant a governing arrangement which engages stakeholders (institutional and nonstate actors) in a formal collaborative decision-making process, based on *consensus* and *deliberation* (Ansell and Gash 2007). Citizens are an integral part of the governance process, and their active involvement is essential criteria for the decisions to be taken (Roberts 2004).

As well, it allowed emerging new institutional actors from the traditional forms of government or in independent ways, including different models of governing and coordination where public and private actors are involved (Peters and Pierre 2003). The shift changed the nature of local governance, where nonprofit organizations have acquired responsibility and raised new forms of collaborative interactions (Eikenberry 2007), and therefore changed the attention from the traditional inward pattern of relations toward an outward-oriented model. Consequently, it increased the citizen role in all stages of the policy cycle – where citizens, interest groups, and public and private organizations that have a stake are involved in the preparation and delivery of the policy decisions.

There have been introduced reforms with the intent to cope with the increased and complex needs of society. There are complex needs and expectations of the community to deliver more and better services, and the strategic action of the local authority to address the needs is under pressure because of limited resources and budgetary burdens and also due to inefficiencies of the local bureaucracy. For example, the reforms' proposals targeted to improve the end of service satisfaction. Managerial proposals (e.g., New Public Management) aimed to reinvent public system to address consumer/taxpayer needs and to meet their needs most efficiently and effectively. Although, it is just a part of the problem that is touched, as the citizenship is more than just being a customer and client of government services. The critical managerial proposition in improving the relationships with citizens (e.g., market mechanism, customer satisfaction relationships, and instruments of performance accountability) needs to be complemented by a democratic proposal (e.g., the rule of law, civil rights, direct participation). The aspect of ethics and civic democratic values in the relationship is crucial to enable meaningful involvement and an essential criterion of citizenship, although often it is missing. The process of democratic interaction between citizen and local authority in the local

governance of policies and service delivery should address the issue. The democratic gap affects the trust of the citizens in the local authority and their actions. An essential pillar of democracy is the citizen's participation in the decision-making process, and incorporating the democratic process into the decision-making is not an easy task. Direct democracy is different than representative democracy (e.g., extensive use of referenda) and brings new channels of engagement of the citizens from a passive to a more active role in the policy process decision-making and service delivery (Denhardt and Denhardt 2003). It is about active engagement or the actions of citizens (or just categories of citizens) that express their direct voice and effectively participate in public decision-making. So far, the direct democracy and citizen participation have been seeing not to replace representative democracy but rather to renew and deepen it.

## Defining Citizen Participation

The "public participation" is not synonymous with "citizen participation" mainly because public involvement involves a wider concept which may include citizen participation. The term citizen participation does not have a fixed definition. Citizen participation is bound up with notions such as "public," "citizen," "involvement," "participation," and "engagement," and the terms are often used interchangeably or synonymously. However, whether it is about engagement, involvement, or participation, broadly their common characteristic is that refers to *action* and means *to take part* and *to be included* in certain activities, or to an engagement in a specific context.

Few observations are to be made, regarding the defining parameters of citizen participation, although the theoretical breakthrough of the term is not simple. Its parameters are defined by the following:

(i) *Voluntary approach:* A basic operational understanding of citizen participation, according to Andrè et al. (2012, p. 1) definition is referring to a "process in which ordinary people take part in the policy process on a voluntary basis," and it can be "the citizen alone or as part of a group, with the aim of influencing decision policies involving significant choices that will affect their community."

(ii) *Behaviours and actions at varying degrees and forms*: Such as (1) individual initiatives and (2) organized activities. Vigoda (2003) identifies two levels of active citizenship behavior that comprise the citizenship behavior hierarchy, including (1) individual-altruism and voluntarism in the national, communal, and organizational settings; (2) collective-organized citizenship behavior (or semi-organized) represented by interest groups, volunteers, nonprofit organizations, and third sector. Further, the author distinguished three organizational communities as (1) individuals; (2) citizens in small and unorganized groups; and (3) larger groups or communities of citizens that are usually formal and long-lasting (e.g., nonprofit organizations). The individual citizenship behavior refers to the very basic construct of personal actions and reactions by citizens (Vigoda 2003). The activities can be initiated by altruistic unorganized citizens that can contribute money, time, and resources to assist disadvantaged categories without seeking any personal advantage or compensation (e.g., voting, volunteering, making donations, and so on). The citizens as groups comprise semi-organized and fully organized actions initiated by groups of individuals. The citizenship at this level emerges when a group shared a mutual interest and joined willingness to be actively involved in voluntary endeavors (e.g., informal associations or formal engagements in the community).

(iii) *Power relationships:* Citizen participation is about the active engagement in purposeful activities in the area of which citizens are legal residents (Langton 1978). Citizen participation means that citizen has power; it is about power and its exercise in the interaction between citizens and local authorities

(Gaventa and Valderrama 1999), although the control of the structure and process of participation is usually in the hands of the local government officials. Therefore, active citizenship is about engaging citizens, and the process of engagement means sharing power with them in purposeful activities of the local community. Consequently, it is about interaction, not just about getting input from the citizens. Thus, at its most basic, participation is "to take part" in decisions of the state, where citizens voice will have an *impact* on the final decision-making and ensure that local authority performs as expected in the interest of the community.

(iv) *Nature of participation*: In practice, citizen participation in the decision-making process is classified at various levels, based on the "degree to which citizens are involved, the direction of information flow between participants or the status of those who have taken the initiative" (André et al. 2012, p. 2). Traditionally, the information was the primary means of communication in the relationships between the local authority and citizens. Regarding political participation, the approaches consisted of "voter education, enhancing the awareness of rights and responsibilities of citizens, lobbying and advocacy" (Gaventa and Valderrama 1999, p. 3). For example, Svara and Denhardt (2010) define public engagement as citizen's direct involvement in public affairs – beyond the passive participation exercised by experts, elected officials, or bureaucracies – and cannot equate it with one-way communication (only transfer of information) between government and citizens. The authors made an argument along these lines, stating that the process moves beyond just involving citizen in voting and hearings, toward finding effective ways to get citizens involved and to work along with them. They argue as well, for a broader understanding of citizen involvement, equating it with the engagement at different levels of the decision-making process – in setting goals, policies, and service delivery. Therefore, a significant gradual shift is observed in the discourse about participation from the role of local authority of just providing "service to citizens" (OECD 2005b) to "engaging citizens" in policymaking (OECD 2005a), so going beyond traditional used methods of voting and hearings, by effective joint working in the policymaking. This stream contends that genuine participation occurs when a citizen is engaged in administrative decision-making, and act as owners and co-producers of public goods (King et al. 1998). King et al. (1998) Pointed out that genuine, authentic participation happens when there is active citizen participation which means that the process is citizen-focused, placing citizen at the center of the decision-making process.

## State of the Art: Citizen Participation Approaches

Various models framed the processes of citizen participation and discussed different levels of involvement that shaped the participation processes. An example of the typology of citizen participation is the classical model developed by Arnstein (1969), who proposed a "ladder of participation" with eight levels, correlating to degrees of citizens' power in decision-making. Finally, OECD publication (2001) introduced a simplified framework of participation levels in the policy process, namely, three different levels of citizen involvement, based on information, consultation, and active participation.

*Ladder of citizen participation, Arnstein (1969):* A primary categorization of the continuum participation levels in the model developed by Arnstein (1969). Arnstein' ladder of participation is an important conceptual approach that describes degrees of citizen participation and citizens' power in decision-making corresponding with varying levels of participation. It shapes the participation processes by introducing eight levels of participation: manipulation, therapy, informing, consulting, placation, partnership, delegated power, and control. The model shows the

shift from nonparticipation to consultation and going beyond toward the level where more meaningful participation can happen. Citizen has the agency to influence policy decision-making. Therefore, citizen participation correlates with citizen power, as it goes beyond mere passive participation or any process which does not transfer power "token." The proposed module of participation reveal the ambiguities in defining citizen participation, and it makes it not in a single act but a scale of possibilities. The higher the degree of the involvement, the better level achieved.

*Model of decision-making by Thomas (1995):* The model offers a practical conceptual framework, which proposes an "effective decision model" that argues that specific core attributes of a policy problem help to identify the value of participation and those who might be involved in the participation process. The engagement should be aligned with the appropriate participation techniques, depending on the perspective of the policy goals at hand. Likewise, the decision-makers should classify the policy problems to decide the nature of participation to be adopted. Therefore, based on the nature of policy problems there are five approaches to decision-making (Thomas 1995). The approaches are (a) autonomous decision-making which solves the problem alone; (b) modified autonomous decision-making, which seeks information from citizens, but the final decision may or may not reflect citizens' opinions; (c) segmented public consultation, which shares the problem separately with the public and makes a decision which reflects the group ideas; (d) unitary public consultation, which shares the problem with a single assembled group and makes a decision which reflects group ideas; or (e) public decision, which shares the problem with the public and together reach agreement on a solution.

At one side the public manger makes decision autonomously, while at the other end fully adopts an inclusive process of decision-making. Therefore, each method requires different participatory mechanisms, from seeking information till making decision (joint decision-making). Deciding to use participation approach depends on the judgment of the managers, who must accurately categorize an issue and determine what mechanism of participation is appropriate. The model locates the participation in the realm of the government institution policy agenda, connecting the idea of its importance to address the policy problem at hand and recognizing the linkage between the strategy and the participative instruments to be employed.

*Model of participation in the policy cycle (OECD 2001):* The OECD's Public Management Service Working Group on Government-Citizen Connections argues for a framework of engagement based on three levels of citizen involvement: information, consultation, and active participation (Fig. 1).

## Scaling up the Approaches to Citizen Participation

*Information-based approach:* It is, substantially, an approach of "information sharing" and doesn't imply meaningful participation: disclosing just information implies that the participation is low; it is a one-way relationship. Initially, the "information sharing" is a crucial basic requirement, setting the first relationship, although in one directionality from the local council to the citizen. The relationship is based on a citizen's passive access to information upon demand and "active" measures taken by the council to produce and disseminate information. At this stage, the control over the data to be shared remains with the policy managers, with particular attention to laws and regulations. "Information sharing" is crucial to policy implementation. It needs to be by the democratic governance principles and to have effective consultation and collaboration all the higher levels of participation; it depends on participants having the right knowledge. Citizens need to know what public authorities are supposed to do, what they plan to do, what they are doing, and with what results (transparent, responsive, and accountable way).

The approach reflects the traditional public administration model of relationships between the governmental institutions and citizens. It sets the base of communication in the relations between citizens and their government. In such

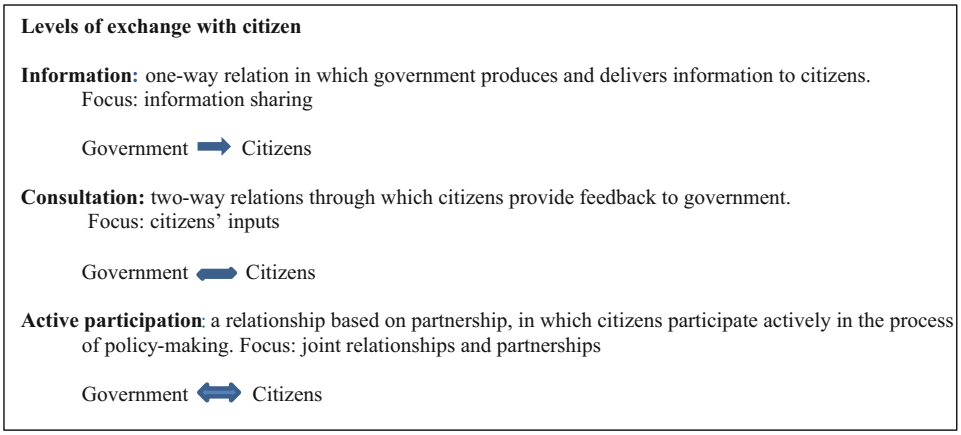


**Citizen Participation: Rationales and Approaches, Fig. 1** Levels of citizen participation in the policy process. (Source: Author elaboration on OECD 2001)

a model, the government institutions control the design for decision-making fully, being at the center of the policy process and with a strong producer role. The politicians act as sovereign political decision-makers who rule by passing laws; public administrators as bureaucrats who implement laws; and citizens as voters and subjects between elections (Torfing et al. 2012). There is a hierarchical, top-down relationship between government and citizens. The citizen role is mainly passive, as a user or client of services, but without a meaningful power in the decision-making. Therefore the citizens are not at the center of the policy agenda, as they are dependent on the bureaucracy and experts who takes the decisions (Callahan 2007).

*Consultation-based approach:* Substantially based on two-way information flow and exchange of views, although decision-makers control the final decision. When the consultation process occurs, the government goes beyond just the information flow to listening and gaining feedback from citizens on the issues concerned. The governmental institutions *a priori* establish the problems that require citizens to express themselves on.

The approach reflects the managerial proposition to address the deficit in the relationships between citizens and governmental institutions, encouraged by public management (new public management) model. The model promoted itself as an enlightened ruler model emphasizing customer orientation but seeks to keep control of all phases of the policy cycle. The public manager in the policy development plays unique roles, such as that of policy entrepreneur and a responsive function to customer demands, to structure policies so that the customer can choose. The public administrators (as "entrepreneurs") are urged to act independently to move their preferred policies forwards, and, at the same time, they should evaluate the needs (Denhardt and Denhardt 2011). Such role type has been criticized, regarding the fact that allows opportunistic and uncompromising behaviors contrary to traditional democratic accountability and fiscal integrity of the government. The public manager's role is to structure choices for customers. It proposes an alienation of public sector outcome to citizens' priorities in a cost-effective manner. However, the pattern of the relationship is unidirectional. The ethos of responsiveness keeps citizens in a passive relationship with the public organization, allowing the power of "exit" but not the "voice" (Vigoda 2002). The participation is self-interested, focused on the moment of exchange, and does not have a broader political or social component, being materialized only at the moment of service exchange. The model instead places efficiency, competitiveness, and autonomy (e.g., autonomous human resources management, incentives) at the center of the concerns. The service management aims to

customer satisfaction rather than the public interest in service provision.

*Active participation approach:* This level enables partnership, control, and joint decision-making. When active participation occurs, it is a relationship of collaboration, with active citizens' involvement in decision-making. The approach should impact the operational procedures of the local council, leading to the implementation of new instruments to complement the traditional tools of general representation of citizens' interest. It requires institutional efforts to put in place a methodological system that can facilitate the inclusion of stakeholders in decision-making. The process has a dual function, regarding the search of ways of (i) interacting with the citizens, to enable them to represent their needs, and (ii) to consider diversified opinions in solving the issues in the local governance, to complement traditional tools of general representation of citizens' interest. This process acknowledges citizens participation in shaping the policy agenda through dialogue, but the final decision rests with the government.

The approach reflects the shift of attention to a "new public service" (Denhardt and Denhardt 2000) model based on community value driven by equity, fairness and civic sense. According to the model, the public administrator is in a new governance framework with forms of service delivery based on interaction, collaboration, better articulation and expression of needs, trust and attention to community values and citizen interests. The new values aim to increase public institutions integrity and responsiveness. The local governance context enables the presence of democratic citizenship, and public administrators serve and empower citizens (Denhardt and Denhardt 2000). Within this context, citizens act as partners in jointly producing a public service, not as customers seeking a service (Thomas 2012). This approach shows the necessity of engagement with the state, and a shift from a traditional bureaucratic set of state–citizen relationships toward a new relationship system of governance (Denhardt and Denhardt 2003). The shift brings the citizen (i) at the center of the piloting of public organization and (ii) opens new channels of involvement at the local level, bridging a transfer of responsibilities from *a passive* to more *active* involvement in the policy process. The new governance context builts on democratic citizenship, and public administrators serve and empower citizens (Denhardt and Denhardt 2000). Denhardt and Denhardt (2003, p. xi) in his work entitled "The New Public service: serving, not steering" argues that public administrators do not deliver customer service, but they deliver democracy. The "new public service" is built on several principles, such as (i) serve citizens, not customers, (ii) seek the public interest and value citizenship over entrepreneurship, (iii) think strategically, act democratically, (iv) recognizes that accountability is not simple, (v) serve rather than steer, and (vi) value people, not just productivity (Denhardt and Denhardt 2003, pp. 42–43).

Therefore, the position of the citizen has changed from acting as "user" that participates via its use of services, to "consumer," whose participation is limited to the moment of exchange with no regard to indirect aspects of it, to "citizen/co-producer," whose participation is a resource in the piloting of political and administrative activities (Callahan 2007; Vigoda 2003).

*Model of citizen participation in the policy cycle (*EUPAN 2008*):* Traditionally, policy-makers decided which services are to be provided, their characteristics, and relevant target for service. Structural shifts in public administration decision-making enabled active citizen/customers involved in the policy cycle. Such process required transparent and accountable procedures, democratic dialogue from one internal approach (focused on resources and activities) to an external one (focus on outputs and outcomes). It moved the attention from input to outputs and outcomes to meet the needs of citizens. As well, a shift from a classic cycle of "design-production-decision-evaluation" to an active engagement at each cycle's stage (as co-designers, co-deciders, co-producers, and co-evaluators) was seen (EUPAN 2008). The process paved the way of considering citizens at the center of every step of the policy cycle. There are many other models developed that emphasize the need for citizen participation to happen through co-design and co-production (Slay and Stephens 2013).

These levels are fundamental to the understanding of power relationships from the traditional settings of government power and control to the parameters required by governance and collaboration with citizens. What matters to citizens/customers are not the inputs or activities, but the outputs and particularly the outcomes of the policies that show what is happening in the community as the results of government intervention, the consequences of what a program or organization achieved. In the input and activities, citizens are involved as payer of the services and lesser in the outputs (the degree of achievement) and outcomes (impact). Across the stages of the policy cycle, the process is not limited just to "listening to users," to the collection of suggestions and complaints, but finalizing and using the listening in the operational process, to concrete inclusion in the service management (supply) and evaluation. The citizen acts as an active and competent user of public services, and such a process has an impact on the policy and management cycle as a whole. The citizens' role is different along the stages of the policy cycle. The European Primer on Customer Satisfaction Management publication (EUPAN 2008) highlights the changing role of the citizen/customer and its integration in each of the stages of the policy and service delivery-from planning to delivery and evaluation (Customer satisfaction management).

## Co-Design, Co-Decide, Co-Produce, and Co-Evaluate

*Design /co-design:* The design stage is essential as it defines the premises on the planning of the services delivery as well as a series of crucial decisions for services "production" as well as their operational evaluation. The design phase sets the phases of decision-making and production, but also monitoring and evaluation. The evaluation process was often perceived as a weak point because it lacks a "base," a reference to the quality of services before the introduction of innovation.

Primary premises sustaining the shift from the design to co-design requires from management to enable an open system that considers suggestions designed to improve policies, regardless of their origin. The process needs to involve staff and citizens/clients or other stakeholders, in the first early stage of design. It is a crucial step as it opens opportunity to identify needs and expectations to be answered, and that becomes, later, the main objectives of the public administration in the design of products and services.

*Decision/ co-decision*. Co-decision process is critical to the sustainability and quality of the decision-making process. Citizen/customers can benefit from the phase preceding the decision, gaining more knowledge and information through discussion and developing a stronger legitimacy and trust as well as satisfaction. Co-decision often takes place in the case of decentralization of some budgetary allocations to the local district, through the process of negotiation and determination budget spending allocation in the local community. Worth to mention is the case of participative drafting of the local budget in the city of Porto Alegre, Brazil that grouped community associations and stakeholders in organized meetings to define the local budget. Participatory budgeting is an innovative participatory practice that fosters participation and accountability and transparency in public financial matters. Another example of co-decision is the referendum for the adoption of formal decisions that are common in European countries.

*Production/co-production*: The stage of production and adoption begins after the taken decisions. Co-production is a complex term that implies a permanent or temporary involvement of different actors in various stages of the production cycle that is not always easy. The process tends to be perceived as an indispensable condition, in general, for certain specific services (e.g., social care, health and wellbeing, social inclusion, and employment). Actors involved could be the citizens' beneficiary of the services, as well as external suppliers (e.g., PPPs) or supply organizations in service delivery (e.g., nonprofit organizations).

Therefore, it is a process that involves citizens (as clients or recipients of services), either individually (e.g., parents or volunteers) or organizations (e.g., nonprofit organizations in social care, maintenance of parks, and community

safety). The efficacy of public services depends not only on the provider's performance but also the responses of the citizens, users, and wider community. However, there are some challenges, in doing co-production, so, it is important to make explicit agreements on responsibility and accountability of citizens as they can often be disappointed in the absence of a clear understanding of roles and responsibilities. Co-production, in more restricted use of terms, is an arrangement where citizens produce their services at least in part. The process refers to service delivery by citizens without direct state involvement, but with public financing and regulations (Pestoff et al. 2012).

*Evaluation/co-evaluation*: Evaluating policy and programs' achievements through citizen participation and perceptions open channels to assess results and improve quality through objective data derived from their perceptions and expectations. The approaches to evaluate the services are various, including questionnaires that explore the level of customer satisfaction or more active forms of dialogue have proved more effective than the regular questionnaires. Other modalities include committees, focus groups, or action groups that can be more inclusive.

The citizen contribution is constrained by individual experience and time. For example, the citizens might contribute with views, preferences, or policy priorities in the planning services. From a time perspective, participation may be permanent in the provision of ongoing services (e.g., collaboration in the library) or temporary (during times of particular need), or even on demand (e.g., volunteer in the fire department) (Fig. 2).

## State of Art: Rationales to Citizen Participation

In practice, the rationales (goals) behind of citizens' participation tend to answer the *why* question – why citizen involvement is essential and what to expect from it?

The first set of rationales, in the political philosophy (Dragos et al. 2008, pp. 20–21), connects the need for citizen participation to *legitimacy*, *accountability*, and *openness*. *Legitimacy* correlates in practice to the idea of enhancing trust and political confidence. A political system is legitimized either through the derivation of political choices from the authentic preferences of the community using a formal procedure or in virtue of its adequate capacity to respond to needs. Fung (2006) pointed out to citizen participation as a process to enhance governmental legitimacy. Legitimacy refers to the acceptance and support of the public actions by the community, which is bound to its decisions. The *accountability* is more pragmatic, providing instruments and means of political control, and thus making governance practice more responsive to citizens. While the laws on transparency and freedom of information enforce the openness of the local authority, the latter requires developing a sense of "nothing to hide," keeping updated the information regarding the functioning of public actions (*who*, *why*, *what* decisions). Therefore, citizen participation enables building trust and addressing citizen's confidence in government and legitimation of institution actions and decisions. It might increase the support for policy proposals, improving the quality of decisions by mobilizing external

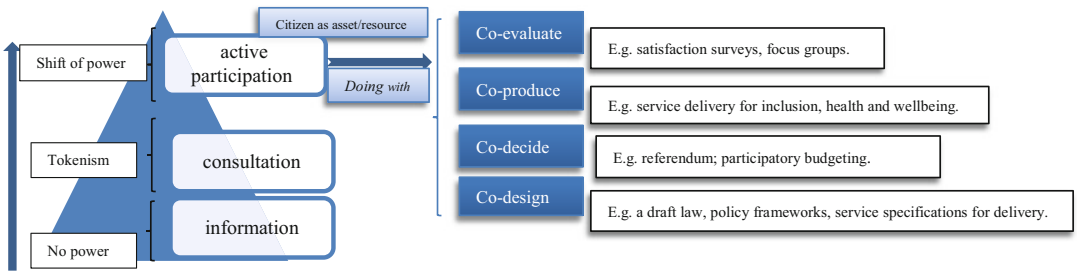


**Citizen Participation: Rationales and Approaches, Fig. 2** Citizen participation in the policy cycle. (Source: Author's elaboration on Arnstein (1969), OECD (2001), NEF (2013), and EUPAN (2008))

knowledge and expertise, and enhancing the democratic legitimacy of decisions (Klijn and Koppenjan 2000).

The second set of rationales enforces the idea that citizen participation leads to *knowledge of needs* and *what matters* to citizens. It shows the consideration to citizens' values and how the needs and values of the community (Creighton 2005) are getting incorporated in the local decision-making. Creighton (2005) outlines that such a process permits the incorporation of citizens' concerns, needs, and values through two-way communication and interaction with the overall aim to reach better decisions that are supported by the public. The process enhances communication between citizens and government, which allows governments to obtain information about needs, desires, and attitudes and understand what the public wants. Public managers are responsible for satisfying users/customers of services economically, but also to ensure that creates something of "value" for citizens regarding long-term social outcomes (e.g., mental health, wellbeing, social care, and inclusion). The public authorities are required to do more with less cost, but above all, to increase their ability to address the needs of ever-changing social realities, which tend to become more complex and fragmented. The active participation can assure or enhance successful implementation of policy and better delivery of services while fostering long-term social community benefits.

The third set of rationales, which connects with the upper motives, reinforces the idea that participation in the policy process leads to gathering information and increasing quality decision-making and problem-solving. Creighton (2005, p. 17) sees public participation as a way of ensuring that government, before making a decision, have a dialogue with the community, as that decision impact the community in various ways. Citizen participation in local policy agenda builds consensus on goals settings to be achieved by the local authority. It facilitates the process of defining common strategic objectives and monitoring public service achievements. It allows gathering information that policymakers do not have and make better decisions (OECD 2001). Fung (2006) pointed out that public participation can make choices more suitable for real situations. Citizen views may add new information/or alternative solutions, regarding conditions or implementation of a program, service specifications, mismatch policy, and reality of the service issues. A strong argument sustaining the need for citizen participation in the policy cycle is crucial and adds value to the process in a meaningful way.

The OECD (2001) argues that engaging with citizens is "a core element of good governance." It could lead to (1) improving quality of policymaking by allowing the government to widen its sources of information, perspectives, and potential solutions; (2) facilitating greater and faster interconnection between citizens and governments; and (3) increasing accountability and transparency, with impact on representativeness and public confidence. In the same line of work, Creighton (2005) pointed out the various rationales of participation. It includes (a) improved quality of decisions; (b) minimizing cost and delay of making decisions; (c) building consensus that endows legitimacy; (d) more straightforward implementation of decisions with people's support; (e) reduce conflicts; (f) decision makers legitimacy and credibility for their decisions; (g) knowledge of needs and views on the issues and governments' operation; and (h) educating citizens. Similarly, Callahan (2007) pointed out potential benefits such as trust building, transparency, and government accountability for results.

Therefore, the participation appears as a strategic tool to narrow the gap in the relationships between local government officials and citizens (Table 1).

## Conclusion

In line with previous research, various approaches to participation (information, consultation, and active participation (OECD 2001) are in place. However, at a conceptual and practical level, a mapping of linkages between the methods of

**Citizen Participation: Rationales and Approaches, Table 1** Framing the approaches and rationales for participation

| Approaches to participation | | information | consultation | active participation | | |
|---|---|---|---|---|---|---|
| **OECD (2001)** | Strengthening democracy | | | | | |
| | Fostering transparency and accountability | | | | | |
| | Share responsibility for unpopular policy decisions | | | | | |
| | Better service delivery | | | | | |
| | Defer difficult decisions through the debate | | | | | |

Source: Elaboration on OECD (2001)

involvement and rationales of participation needs more attention.

A significant shift is that the citizens' role has gradually changed from a simple user of services to that of active citizens. It is empowered with a voice to express preferences, critical needs, and desires and influences and shapes the policies and service delivery. Regarding practice, the approaches to participation are designed to be appropriate to particular objectives in context, and no single participation tool satisfies all at the same time. The engagement happens at different degrees (in scope, extent, and depth), aligning mostly with the local policy agenda pushing the need for the involvement to the fore. The desire for greater participation might move the discussion from low-level to a higher level in the policy decision-making. Not everything can be co-produced, for example. Depending on the issue at hand, reaching co-production takes a gradual process and requires time and commitment to the process on both sides – local government officials and citizens. Following the policy cycle of participation implies interdependence, which enables the effective public policy and quality decisions and ensures better implementation.

However, the role of the local government officials is central in this process, in determining what role can citizen play and influence the policy objectives at hand: who set, based on the nature of the issue, the appropriate approach to participation to reach the rationales behind the decisions. It requires proper judgement on the mechanisms and resources available to address the issue through the citizen's involvement. Once the process started, the citizens are one of the most significant assets (Slay and Stephens 2013) or resource in the development and practical implementation of local policies and services as they have lived experience and know local issues better than the government could ever do. In the process, the government officials' role is changing, becoming mostly one of a facilitator (Slay and Stephens 2013) rather than a producer, and there is a gradual shift of power in the relationships. It is worth understanding the different ways how the local government officials work with people because they see the purpose and end outcome of the participation. It is about, as well, clarifying the gap in the power relationships with the citizens and thinking about what changes are needed and what matters to the broader community.

## Cross-References

► Local Governance
► Public Participation

## References

André P, Martin P, Lanmafankpotin G (2012) Citizen participation. In: Côté L, Savard JF (eds) Encyclopedic dictionary of public administration. Retrieved at www.dictionnaire.enap.com

Ansell C, Gash A (2007) Collaborative governance in theory and practice. J Public Adm Res Theory 18:543–571

Arnstein S (1969) Ladder of citizen participation. J Am Inst Plann 35(4):216–224

Callahan K (2007) Citizen participation: Models and, methods, International Journal of Public Administration 30(11):1179–1196

Creighton JL (2005) The public participation handbook: making better decisions through citizen involvement. Jossey-Bass, San Francisco. Willey Imprint

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6):549–559

Denhardt JV, Denhardt RB (2003) The new public service: serving, not steering, London: England, Armonk: New York

Denhardt VJ, Denhardt BR (2011) The new public service: serving, not steering. M.E. Sharpe, USA

Dragos D, Neamtu B, Hamlin RE (2008) Good governance – a multifaceted concept. In: Cobarzan B, Dragos D, Neamtu B (ed) Administrative transparency in Romania. An empirical study. Accent, Cluj Napoca

Eikenberry AM (2007) Philanthropy, voluntary association and governance beyond the state: giving circles and challenges for democracy. Adm Soc 39(7):857–882, ESDN Quarterly Report September 2008

EUPAN (2008) European Primer on Customer Satisfaction Management, Italian version of the document is available on the website of the Department of Public Administration. Retrived at www.qualitapa.gov.it

Fung A (2006) Varieties of participation in complex governance. Special issue. Public Adm Rev 66:65–74

Gaventa J, Valderrama C (1999) Participation, citizenship and local governance – background paper for workshop: Strengthening participation in local governance, mimeo, IDS, Brighton

Kettl DF, Fesler JW (2008) The politics of the administrative process, 4th edition. Sage, Washington DC

King CS, Feltey CM, Susel ON (1998) The questions of participation: towards authentic public participation in public administration. Public Adm Rev 58(4):317–326

Klijn EH, Koppenjan JFM (2000) Politicians and interactive decision making: institutional spoilsports or playmaker? Public Adm 78:365–387

Langton S (1978) What is citizen participation? In: Langton S (ed) Citizen participation in America. Lexington Books, Lexington

Organization for Economic Cooperation and Development [OECD] (2001) Citizens as partners – handbook on information, consultation and public participation in policy-making. OECD, Paris

Organization for Economic Cooperation and Development [OECD] (2005a) Engaging citizens in policymaking. OECD, Paris

Organization for Economic Cooperation and Development [OECD] (2005b) Services to citizens. OECD, Paris

Pestoff V, Brandsen T, Verschuere B (2012) New public governance, the third sector, and Co-production, Routledge

Peters G, Pierre J (2003) Handbook of public administration. SAGE Publications, London

Roberts N (2004) Public deliberation in an age of direct citizen participation. Am Rev Public Adm 34(4):315–353

Slay J, Stephens L (2013) Co-production in mental health: a literature review. New Economics Foundation (NEF), London

Svara JH, Denhardt J (2010) The connected community: local governments as partners in citizen engagement and community building. Phoenix, AZ: Alliance for Innovation

Thomas JC (1995) Public participation in public decisions: new skills and strategies for public managers. Josey-Bass, San Francisco

Thomas JC (2012) Citizen, customer, and partner: Engaging the public in public management. Armonk, NY, M.E. Sharpe

Torfing J, Peters BG, Pierre J, Sorensen E (2012) Interactive governance. Advancing the paradigm. Oxford University Press, New York

Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. Public Adm Rev 62:527–540

Vigoda E (2003) Performance and democracy' in the public sector: exploring some missing links in the study of administration and society (part A: administrative performance, trust in governance, and social equality). Int J Public Adm 26:883–890

# Citizen Satisfaction with E-Government Services in Malaysia

Ching Seng Yap[1] and Rizal Ahmad[2]
[1]Curtin University Malaysia, Miri, Malaysia
[2]Bandung Institute of Technology, Kota Bandung, Indonesia

## Synonyms

Digitalization of government services; Digitalized government services; E-government kiosks; E-government services; Government online services (GOS); Government to citizen services (G2C)

## Definitions

E-government services refer to public services offered to citizens and organizations via digital platforms such as kiosks, portals, websites, and mobile applications.

## Introduction

Malaysia is a country located in Southeast Asia and it is a member of the Association of Southeast Asian Nations (ASEAN). Malaysia comprises 11 states and 2 federal territories in Malay Peninsula, also known as Peninsular Malaysia or the west Malaysia, and two states (Sabah and Sarawak), and a federal territory – Labuan on Borneo Island makes up the east Malaysia. Malaysia has parliamentary democracy with a constitutional monarchy as the head of state and the prime minister as the head of government. Being a former British colony, the Malaysian government adopts the Westminster parliamentary system. The structure of the Malaysian government consists of the federal government of Malaysia, state governments, and local governments. The local governments are further divided into city hall/councils, municipal councils, district councils, and special/modified local governments. As of August 2020, Malaysia has 32 federal ministries, 13 state governments, 17 city hall/councils, 39 municipal councils, 95 district councils, and 5 special/modified local governments.

Digital government or electronic government (thereafter e-government) is one of the many transformational programs being undertaken by the government of Malaysia, which was designed to drive the country's transition from the "brick and mortar" economy to a developed digital economy. The vision of the public sector ICT is to become an inclusive digital government, which spearheads a citizen-centric delivery of all government services. The National E-Government Strategy of Malaysia is outlined in the Communication and Multimedia Blueprint 2018–2025, the Malaysian Public Sector ICT Strategic Plan 2016–2020, the Public Sector E-payment Strategic Plan, and the Online Services Index (OSI) Action Plan 2019–2020. A beta version of the Malaysian Public Sector ICT Strategic Plan 2021–2025 is currently in use. A dedicated department – the Digital Government, under the Malaysian Administrative Modernization and Management Planning Unit (MAMPU), Prime Minister Department, is responsible for planning, managing, and monitoring all e-government services throughout the country (Digital Government 2020). The e-government has been introduced and implemented in Malaysia since the year 1996. Initially, it provided government services through short message services, kiosks, websites and portals, and later on to using the mobile platforms. The types of e-government services being provided are mainly based on the government structure. For instance, the Ministry of Health would provide information concerning health issues such as the standard operating procedures in running businesses under the condition epidemic or pandemic. Almost all government organizations have their own websites to provide various degree of online services. Up to 2019, the provision e-government services to the public involves 741 participating public sector agencies at all levels, and these agencies operate 9102 government online services (GOS), which represent 87% of the total government services (SPLaSK 2020). Malaysia, under its 11th Malaysian Plan, had aimed for the 15th or better ranking in the Online Service Index (OSI) – one of the three components of the United Nation E-Government Development Index (EGDI) ranking, by 2020 but unfortunately, Malaysia only managed to occupy the 26th spot out of the 193 nations (UNEG 2020).

## Citizen Satisfaction with E-Government Services

Citizen satisfaction with e-government services is defined as a multidimensional construct consisting of different values such as efficiency, accountability, equity, and effectiveness in fulfilling their expectation (Welch et al. 2005). Service usage and satisfaction is one of the three pillars of Government and Electronic Mobile Services (GEMS) Maturity Index developed by United Nations Economic and Social Commission for Western Asia (UNESCWA). The level of citizen satisfaction with

e-government services is therefore one of the indicators that show the effectiveness of a government organization in providing public services to users through digital platforms.

In Malaysia, the initiative to assess and monitor governmental portals and websites and level of citizen satisfaction has been conducted through four different programs: a) the Malaysian Portals and Websites Assessment (MPWA) and this was carried out from 2005 to 2013; b) the Provider-based Evaluation (ProBE) was done from 2014 to 2016; c) the Malaysian User Satisfaction Evaluation (MUSE) was carried out from 2016 to 2017; and d) presently, the Websites and Government Online Services Assessment and Monitoring (SPLaSK) is being undertaken since 2018.

The MPWA involved in-house assessment of government portals and websites while the ProBE was a self-assessment of government websites. The MUSE consists of two parts: the MUSE survey as the first part and the GOS e-rating as the second part. The first part measures citizen satisfaction with government portals and websites and the second part measures citizen satisfaction with GOS. In developing the SPLaSK in 2018, the e-government's aims were, firstly, to enhance its services and achieve the Online Services Index (OSI) ranking of the 15th by 2020, secondly, to increase the level of online government service provision to 90% of all its services, and thirdly, to improve the level of citizen satisfaction to 80% or better. The SPLaSK consists of three parts – assessment of websites and GOS, assessment of citizen satisfaction, and profiling of government websites. The first part contains seven dimensions that are used to assess and monitor government websites and GOS. These dimensions are ease of use, quality of content, privacy/security, responsiveness, accessibility, reliability, and design. A total of 15 measuring items for websites and 16 measuring items for GOS are used in the assessment. The second part is to gauge the level of citizen satisfaction with e-government, and for this purpose, the GOS e-rating is used. The rating has four dimensions with seven items and each item is measured with the use of the five-point Likert scale. The four dimensions are ease of use, quality of content, responsiveness, and web design. The third part of profiling government websites involves the use of criteria of availability of mobile apps, statistics of online services transaction, and number of GOS provided. In spite of the apparent comprehensiveness of SPLaSK, this survey does not include measuring the determinants and consequences of citizen satisfaction with the e-government, and this had made it rather difficult for managers to identify factors, which could be used to predict citizen satisfaction or to determine whether satisfaction may lead to citizens to continue using e-government services.

In the case of MUSE, the findings of survey reports were meant to be shared with all stakeholders but unfortunately, those reports were not made available to the public. Only the 2015 summary report of MUSE was made available to the public on the Internet by the Malaysia Digital Economy Corporation (MDEC) – the government agency, which managed the survey in 2015.

That said, a number of government agencies do share survey reports on their respective websites. Since 2018, the responsibility of conducting MUSE survey has been transferred to MAMPU, which consequently become and legal owner of the MUSE survey reports. MAMPU developed and made available an online interactive tool known as the SPLaSK Dashboard (SPLaSK Dashboard 2020). The SPLaSK dashboard is currently used to monitor and assess the websites of 246 public sector agencies, and 863 GOS, representing 96.1% of government services. Moreover, citizens may view the satisfaction performance of each agencies' website and the GOS using the SPLaSK Dashboard. In a survey of 547,004 respondents, 90.13% of them were found to be satisfied with using e-government and this is an indication of the citizen satisfaction.

On the other hand, academic researchers in Malaysia tend to share reports of their research findings on citizen satisfaction with e-government services in journal publications, for instance, Baharon et al. (2017) and Yap et al. (in press). However, these studies only cover a limited range of e-government services and they involve using smaller sample sizes. There had not been publicly available reports from consulting firms or practitioners regarding citizen satisfaction with e-government services in Malaysia.

**Citizen Satisfaction with E-Government Services in Malaysia, Table 1** Citizen Satisfaction from Different Reports and UNEG Ranking in Malaysia

| Year | MGPWA | ProBE | MUSE (agency) | GOS e-Rating (online services) | Academic publication | UNEG ranking |
|---|---|---|---|---|---|---|
| 2001 | – | – | – | – | – | 59/190 |
| 2002 | – | – | – | – | – | – |
| 2003 | – | – | – | – | – | 43/191 |
| 2004 | – | – | – | – | – | 42/191 |
| 2005 | 1.00% | – | – | – | – | 43/191 |
| 2006 | 1.52% | – | – | – | – | – |
| 2007 | 0.29% | – | – | – | – | – |
| 2008 | 7.77% | – | – | – | – | 34/192 |
| 2009 | 15.10% | – | – | – | – | – |
| 2010 | 28.03% | – | – | – | – | 32/192 |
| 2011 | 53.33% | – | – | – | – | – |
| 2012 | 47.07% | – | – | – | – | 40/193 |
| 2013 | 68.40% | – | – | – | – | – |
| 2014 | – | 79% | – | – | – | 52/193 |
| 2015 | – | 16% | 75% (14) | 81% (NA) | – | – |
| 2016 | – | NA | 77% (24) | 76% (91) | – | 60/193 |
| 2017 | – | – | NA | 82% (NA) | 2.60/5 | – |
| 2018 | – | – | – | 89% (72) | – | 48/193 |
| 2019 | – | – | – | – | – | – |
| 2020 | – | – | – | – | 4.42/7 | 47/193 |

*Note*. - Not applicable; *NA* not available; MGPWA (2005–2013), ProBE (2014–2015), ProBE and MUSE (2016), MUSE (2017), SPLaSK (2018 to present); MGPWA and ProBE denote % of evaluated websites that are 4- or 5-star; MUSE and GOS e-Rating denote % of satisfaction score on "satisfied" and "very satisfied"; UNEG Ranking is based on EGDI consisting of OSI, HCI, and TII

For further information and for the purpose of comparison, Table 1 summarizes the overall satisfaction of citizens with e-government services in Malaysia. The information had been collated from government reports and findings of academic studies, as well as based on the E-Government Development Index (EGDI) of the United Nations E-Government Survey (UNEG) ranking published by UNDESA.

## Conclusion

The e-government of Malaysia is a means to provide a better accessibility to public services and to enhance the delivery of needed services to citizens of Malaysia. The priority of the government of Malaysia should therefore be to ensure that all government departments and their agencies provide most if not all their services online and put in more efforts in encouraging the use of online services. This would need the development and implementation of strategies that will increase the rate of usage of online services as well as the level of satisfaction of citizens in using those online services. In its effort to realize a higher level of usage and satisfaction, all e-governmental portals and websites should ensure that the citizen satisfaction survey reports are made available on their respective websites for all users to understand the areas which would need further improvement or even a redevelopment. It is also highly recommended that all government websites use appropriate web 2.0 tools, such as discussion forums and social media to facilitate interactions among users and between the government departments and users. Contents of those forums could potentially be used to identify gaps in services or unmet needs and provide clues on future expectations of citizens.

## References

Baharon BM, Yap CS, Ashar SFE, Mohd Hanafi MHH, Mohd Hazmi MSR (2017) Citizen satisfaction with e-government portals in Malaysia. Int J Bus Inform 12(3):289–309. https://doi.org/10.6702/ijbi.2017.12.3.3

Digital Government (2020) Whole of government. Available at https://www.malaysia.gov.my/portal/category/656

SPLaSK (2020) Websites and government online services monitoring system (SPLaSK). Available at https://www.malaysia.gov.my/portal/content/30579

SPLaSK Dashboard (2020) SPLaSK dashboard. Available at https://splask.mampu.gov.my/dashboard

UNEG (2020) UN E-government survey 2020. Available at https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2020

Welch EW, Hinnant CC, Moon MJ (2005) Linking citizen satisfaction with e-government and trust in government. J Public Adm Res Theory 15(3):371–391. https://doi.org/10.1093/jopart/mui021

Yap CS, Ahmad R, Newaz FT, Mason C (in press) Continuous use and extended use of e-government portals in Malaysia. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1759626

# Citizen Satisfaction with Government Services in Japan

Yu Noda
Doshisha University, Kyoto, Japan

## Synonyms

Accountability; Performance measurement; Responsibility; Transparency; Trust in government

## Definition

The state of being satisfied with public services; citizen evaluation and rating for performance measurement of government based on citizen needs for public services, public administration, and politics; citizen thoughts that can be a policy tool in the decision-making process; policy outcomes from citizen view as democratic values of responsibility.

## Summary

The concept of citizen satisfaction is used as a policy tool to collect and analyze citizens' opinions and reflect them in public policy's decision-making process. Compared to statistical data, the satisfaction index can directly be obtained from the citizens and be used as an outcome index of performance measurement. Japanese local governments manage city plan in a strategic manner by analyzing the citizen satisfaction index. Some localities have tried to measure the improvement of services, including welfare, infrastructure, and counter services according to citizen satisfaction. Governments put in substantial effort to identify the determinants of citizen satisfaction, such as service performance, citizens' expectations, and officials' attitudes.

However, the satisfaction index does not necessarily correlate with the objective statistical data of government reports since the index is generated from the citizens' subjective answers. This problem, based on the difficulty of the citizens' ratings, arises from their misunderstanding of policy issues, subject matters, effects, institution of government, and public administration. In Japan, it is also difficult for citizens to differentiate among the public services provided by the various kinds of governments such as municipalities and prefectures.

Although Japanese localities have a wide range of responsibilities toward public services compared with other countries, citizens have very high expectations from government services without any knowledge of the priority of services in the context of financial deterioration. The key solutions to this problem are the improvement of citizens' education and building of trust toward the government by encouraging dialogue between public officials and citizens.

## Introduction: Citizen Satisfaction as an Index of Citizen Needs

Citizen satisfaction surveys on public services can give public officials the feedback they need to improve services and can function as citizen-

government feedback loops, benchmarking localities, engendering trust, providing transparency and accountability, ensuring effective budget allocations, and motivating public employees to improve the society (Morgeson 2014, 36–47).

The local government structure in Japan is a dual representative system in which a public administration chief such as a mayor or a governor and local representatives are elected by the citizens, with the chief having the authority to make and submit municipal ordinances and budgets to be implemented by the local representatives. When considering ordinances and budgets, particular attention needs to be paid to identifying and satisfying local community needs. As Japanese localities have a wider range of service responsibilities than municipalities in the United States and other countries, citizens tend to rely on the government more and have higher expectations; therefore, there is increased government focus on attending to the needs of the local community. However, identifying these needs precisely can be difficult as they are usually very ambiguous, scattered, and unsystematic (Pekkarinen et al. 2011).

To determine the community's opinion of public services, the government uses a survey to directly ask citizens how satisfied they are with the services provided, with citizens rating the services on a 4- or 5-point-scale; 1 = "Very dissatisfied," 2 = "Dissatisfied," 3 = "Neither satisfied nor dissatisfied," 4 = "Satisfied," 5 = "Very satisfied." The survey responses are then amalgamated and an overall citizen satisfaction index compiled.

This is why Japanese localities use the citizen satisfaction index to address public service shortfalls. Since the late 1990s when new public management emerged in Japanese local governments, localities have utilized the citizen satisfaction index to enhance accountability and develop citizen-government loops.

Japanese public administration uses the index for three main reasons. The first is to find out how the local community thinks about a specific service or facility. For example, Machida city used a satisfaction survey about after school childcare services to analyze overall childcare service satisfaction as well as to determine the improvements needed in instruction and facilities (Machida 2015). The Ministry of Land, Infrastructure, Transport, and Tourism (MLIT) conducted a user satisfaction survey on the environment, traffic, and highway, national, prefectural, and municipal road construction (MLIT 2003) to gain accountability for project necessity and to justify to the central government the budget needed for infrastructure projects such as roads, bridges, and convention facilities.

The second reason for the user surveys is to ensure constant improvement in public officials' attitudes. For example, Sayama city used the citizen satisfaction index to improve their over-the-counter services. The citizens were asked to comment on the service quality of public servants in terms of attitude toward citizens, speed of resolution, dedication to finding a solution, and adequacy of explanations (Sayama 2017).

The third and most popular use for citizen satisfaction surveys by Japanese local governments is to measure the performance of programs included in the city's comprehensive plan. In Japan, as the comprehensive plan has many programs from many policy fields such as social welfare, construction, education, and disaster prevention, performance measurement is essential to control the plan and ensure the municipal budget is being spent wisely on such areas as social welfare programs that cover elderly welfare, childcare, and welfare for the handicapped. Kiyosu city, for example, uses the citizen satisfaction index as outcome indexes for all its 37 programs and seven policies to achieve their 2- or 3-year targets (Kiyosu 2016). The city developed the plan in the city plan council and sought advice from citizens, researchers, chamber of commerce members, students, community organizations, Nonprofit Organization (NPO), and public officials. Further the city established the Kiyosu public administration reform committee, which included citizens, to evaluate program performances based on a citizen satisfaction analysis of each program.

In this way Japanese localities maximize the use of citizen satisfaction to enhance accountability and drive inclusive democracy.

## Gap Between Subjective and Objective Measurements

While citizen satisfaction surveys are easy to use to gather information about public service performance, accountability, and service outcomes, they do not often elucidate the causes and determinants for the satisfaction degree. By analyzing the satisfaction indexes and program importance or an "Importance-Performance Analysis," it is possible to identify high priority programs that have low community satisfaction (Van Ryzin and Immerwahr 2007). Several Japanese municipalities such as in Himeji city (Himeji 2016) used an Importance-Performance Analysis to focus on budgeting for high priority programs but were unable to determine the causes for the variable levels of satisfaction. Although governments have put substantial effort into identifying the citizen satisfaction determinants, they have rarely used regression analyses to estimate the causes for the levels of citizen satisfaction because of the difficulties of explaining technical terms to citizens.

It has generally been assumed that satisfaction levels are affected by performance, service expectations, attitudes, and demographic factors, with overall performance being believed to have the most significant impact on satisfaction levels. However, improving performance has not always led to the expected satisfaction improvements. It has been found that objective measures based on government statistical reports do not always correlate with the more subjective citizen satisfaction index (Parks 1984; Kelly and Swindell 2002; Swindell and Kelly 2000). This gap is related to the Expectancy-Disconfirmation Paradigm, within which negative effects emerge when expectations exceed actual experience (Oliver 1980).

Research has found that the reasons for this gap are generally citizen misinformation or lack of understanding. Kelly and Swindell (2002) determined two types of errors that citizens make when evaluating public services: attribution errors (Lyons et al. 1992), and assessment errors. Attribution errors mean that citizens do not accurately recognize the service provider; in Japan, many citizens are not aware of who provides which service as similar services are provided by municipalities, prefectural administrations, as well as by the central government.

Assessment errors mean a citizen gives an incorrect rating based on their own experience which may not be necessarily correlated to the government's objective statistical data. Citizens often misunderstand the outcomes of public services because of the difficulties in accessing some public services, their own experiences, indifference, prejudice, or the influence of word of mouth. As Japanese citizens are not usually interested in the public affairs and politics that happen far from them; they tend to regard many public services as commonplace and therefore have overly high expectations of government services without thinking about service priority and fiscal restraint. In these situations, therefore, the citizens' expectations of the public services and the actual public service performances are often misaligned.

## Nonlinear Effects of Performance to Satisfaction

As this misalignment can differ depending on the program and the citizen's closeness to the program, it is important to reconsider the relationship between a citizen's recognition of service performance and citizen satisfaction. Previous public administration satisfaction studies have assumed that there was correlation between service performance and citizen satisfaction; however, when service performance increases, citizen satisfaction with the service does not necessarily show a commensurate linear increase. This nonlinear effect means that subjective public service performance rates differ depending on whether the citizens have higher or lower performance perceptions and whether they feel satisfied or dissatisfied. Marketing field research (Anderson and Mittal 2000; Mittal et al. 1998) has examined the nonlinear, asymmetrical effects of related variables such as service performance and satisfaction using prospect theory (Kahneman and Tversky 1979) and found that individuals decide on their

level of satisfaction based on subjective reference points, or in other words, their expectations.

Unlike marketing research, very few public administration studies have focused on the nonlinear, asymmetric effects of performance. James (2009) found that reducing dissatisfaction was significantly easier than improving satisfaction and that asking residents about a specific, clearly, service such as refuse collection had a stronger impact on satisfaction with nonlinear relations than asking for opinions about overall services.

Noda (2014) also found that there were different effects depending on the levels of governments such as municipalities and prefectures. Prefectural services in particular, such as establishing and maintaining roads, were found to have strong nonlinear effects from performance to satisfaction, with the high satisfaction found for some high performance areas diminishing as performance improved, called "diminishing sensitivity" in prospect theory, and vice versa.

In addition, as municipalities are closer to residents' day to day life, the citizens are relatively aware of their activities and services and have a closer sense of ownership; however, as prefectural administrations tend to be more remote, the citizens in the prefecture are less aware of the services and feel more remote from any sense of shared responsibility. Therefore, there is a distribution ranging from the citizens who have a good knowledge of the performance of prefectural services such as road maintenance, who may tend to give better evaluations; the people positioned on the x-axis (y-axis is satisfaction), to those who are less aware of the services, who may tend to give poorer evaluations. These differences in prefectural evaluations can result in nonlinear effects even for obvious services such as road building and maintenance.

Therefore, the nonlinear effects that arise because of the gap between the subjective and the objective are a direct result of citizen misunderstanding about public policy issues, public administration, and public institutions. Many citizens who are unable to understand the intent of a policy issue often doubt the veracity or necessity of the policy. If a well-informed citizen rates a service such as building roads by the prefectures as better than expected, increased satisfaction rates may indicate improved performance. However, for public services taken as commonplace, citizens may doubt the productivity of the public officials; therefore, the satisfaction may relate more to the ability of the public servant, rather than the expectation of the policy; that is, the individual recognition of performance acts as the background to the level of satisfaction expressed by the citizen.

There are two main causes for the nonlinear effects in Japanese satisfaction studies: lack of clarity about public services, and confusion as to the specific responsibilities of the local governments such as municipalities and prefectures. If citizens had adequate knowledge about public services, this would have a strong linear effect from performance to satisfaction except for the effects by diminishing sensitivity. However, if the service is provided by the prefectures, nonlinear effects would be more likely because of the varying performance interpretations. As prefectural administrations are often far from residents, individual recognition of the quality of their services is different from the recognition given to municipal services. Therefore, it is necessary for prefectures to ensure that their citizens know about their specific programs and services to increase the reliability of the citizen performance satisfaction index.

## Conclusion

Japanese localities use citizen satisfaction indexes to improve programs while maintaining fiscal restraint. However, while this index is of some use, there has been little assessment of the gap between the subjective and objective measures or the nonlinear performance effects of the satisfaction.

To deal with this gap, trust in the government needs to be the underlying premise for satisfaction. Although satisfaction is one of the factors of trust, trust promotes satisfaction. When the psychological distance between the government and the citizens is less, the citizens tend to be more satisfied with the government services than those who feel more remote from the government. As

very small localities such as villages are very close to the citizens, there is generally a higher trust in the local government than in the larger governments. Regarding policy capabilities – which Dahl called "system capacity" (Dahl and Tufte 1973, 20) – as larger governments generally have greater policy resources than smaller governments, they may engender greater trust; however, in Japan, as all local governments provide a wide range of services based on related central government laws and regulations, securing a closeness to the residents is more intensive factor to trust in government than citizens' recognition on the policy capabilities. As prefectures are wide area governments, they are psychologically more distant from their residents than municipalities. Therefore, citizen trust in the prefectures is lower, which is expressed as lower satisfaction because the citizens are often unsure as to the performance either because of a lack of knowledge or citizen indifference, which causes nonlinear effects between objective service performance and subjective citizen satisfaction levels.

As governments need to be fiscally responsible, spending a great deal on service improvements based on citizen satisfaction is not an effective solution. Local governments, therefore, need to build trust by enhancing public administration transparency and educating the citizens about their ownership of their government. To do this, public officials need to encourage dialog between citizens at public hearing, meetings, and through effective public relations. Prefectural officials, in particular, need to put greater efforts into advising the citizens of their activities and programs through public hearings and by educating the public in appropriate expectations and service performance under financial restraints. Further, public officials need to be aware of the nonlinear effects related to the citizen satisfaction rate so that they can develop better targeted programs to increase citizen satisfaction with their overall performance.

## Cross-References

► Public Policy and Bureaucracy

## References

Anderson EW, Mittal V (2000) Strengthening the satisfaction-profit chain. J Serv Res 3(2):107–120

Dahl RA, Tufte ER (1973) Size and democracy. Stanford University Press, Stanford

Himeji City (2016) Himeji City citizen satisfaction report [Himejishi Shimin Manzokudo Chosa Kekka Hokokusho]. Himeji City, Hyogo (in Japanese)

James O (2009) Evaluating the expectations disconfirmation and expectations anchoring approaches to citizen satisfaction with local public services. J Public Adm Res Theory 19(1):107–123

Kahneman D, Tversky A (1979) Prospect theory: an analysis of decision under risk. Econometrica 47:263–291

Kelly JM, Swindell D (2002) A multiple-indicator approach to municipal service evaluation: correlating performance measurement and citizen satisfaction across jurisdictions. Public Adm Rev 62(5):610–621

Kiyosu City (2016) Kiyosu City second city's comprehensive plan [Kiyosu Shi Dai Niji Sogo Keikaku]. Kiyosu City, Aichi (in Japanese)

Lyons WE, Lowery D, DeHoog RH (1992) The politics of dissatisfaction: citizens, services, and urban institutions. M.E. Sharp, Armonk

Machida City (2015) User satisfaction of childcare service after school in Machida city [Machida Shi Gakudo Hoiku Kurabu Riyosha Manzokudo Chosa Hokokusho Gaiyo Ban]. Machida City, Kanagawa (in Japanese)

Ministry of Land, Infrastructure, Transport, and Tourism (MLIT) (2003) Satisfaction survey about roads [Doro Riyosha Manzokudo Chosa], Tokyo (in Japanese)

Mittal V, Ross WT, Baldasare PM (1998) The asymmetric impact of negative and positive attribute-level performance on overall satisfaction and repurchase intentions. J Mark 62(1):33–47

Morgeson FV III (2014) Citizen satisfaction: improving government performance, efficiency, and citizen trust. Palgrave Macmillan, New York

Noda Y (2014) Nonlinear effects on citizen satisfaction and different levels of governments in Japan. Asian Rev Public Adm 25(1):74–91

Oliver RL (1980) A cognitive model of the antecedents and consequences of satisfaction decisions. J Mark Res 4:460–469

Parks RB (1984) Linking objective and subjective measures of performance. Public Adm Rev 44(2):118–127

Pekkarinen P, Hennala L, Harmaakorpi V, Tura T (2011) Clashes as potential for innovation in public service sector reform. Int J Public Sect Manag 24(6):507–532. https://doi.org/10.1108/09513551111163639

Sayama City (2017). Questionnaire of counter service in FY2016 [Heisei 28 nendo Madoguchi Savisu Anketo]. Sayama City, Saitama (in Japanese)

Swindell D, Kelly JM (2000) Linking citizen satisfaction data to performance measures: a preliminary evaluation. Pub Prod Manag Rev 24(1):30–52

Van Ryzin GG, Immerwahr S (2007) Importance–performance analysis of citizen satisfaction surveys. Public Adm 85(1):215–226

C

# Citizen-Administration Relationships

Jean-Patrick Villeneuve
Università della Svizzera italiana, Lugano, Switzerland

## Synonyms

State citizen Interactions; State citizen Transactions

## Definition

Citizen-administration relationships refer to the various ways in which individuals and public sector organizations interact. This includes in-person interactions (e.g., at the counter) and mediated interactions (e.g., Internet) for transactional relationships. It also includes the less tangible relationships involving the citizen not as direct beneficiary of a good or service but as general stakeholders in public sector relationships.

## Introduction

The relationships between citizens and administrations take many forms. These forms are defined by the characteristics attributed to both the citizen and the administration within a given sociopolitical system – capabilities, objectives, independence, etc. These attributes will, consequently, define the possibilities of the relationships and define the nature of it. The concrete aspects of the relationship, its direct (in person) or mediated nature, its formal or informal dynamics, will all be derived from these systemic characteristics.

The relationship between citizens and administrations has to be understood as a separate and subordinate dynamic to the political relationship that links the citizen to the State and to the polity as a whole. While the all-encompassing political relationship has an influence on the administrative relationship, the latter has a number of specificities that make it an object of study of its own.

This contribution outlines the three main paradigms of the citizen-administration relationship: the traditional or Weberian model, consumerist model, and the participatory model. Each of these models has different conceptualizations and priorities for the understanding, planning, and managing of these relationships.

## Traditional Model

In his book *Economy and Society*, Max Weber (1921) presents the main characteristics of public sector organizations and the roles and attributes of citizens in their interactions with them. In this traditional model, public administrations are characterized by concepts of professionalism, hierarchy, and unity, while the citizen is in a relationship that is characterized by notions of distance and authority.

The notions of distance and authority are the consequence of the characteristics of traditional public organizations that have the legal prerogatives and expertise as well as the professional resources to create and maintain an asymmetrical relationship with the citizen. The distance between the administration and the citizen gives the former a special position, occupying its very own sphere of action disconnected from its external environment. For Chevallier's (2002: 348) citizens are placed in a situation of radical inferiority and dependence and are forced to submit to a mysterious, remote, and omnipotent authority, over which they have no power (This author's own translation).

This particular type of relationship is top-down and defined in all aspects, from service and policy definition to their delivery by the admiration. In the relationship, the citizen has an obligation of compliance and the administration one of information. The recourses of the citizen are limited to the legal prescriptions that limit the organizations authority. The citizen has a passive attitude and a passive reality. The ability of the citizen to have an influence, aside from the full respect of his legal

prerogatives, is to be found in his political rights to be asserted at election times.

This model is rooted in the legalistic tradition of the State. It is structured around rules and regulations, their definition, and strict application. The relationship is defined based on the possibilities detailed in the legal framework. The administration is bound by these rules and so is the relationship. Other considerations, taking into account either the nature or specificity of a relationship, or the particular needs of citizens, are secondary. The citizen is understood as a category and not as an individual. Each citizen is to be treated the same way, thus respecting the fundamental construct of the equality of treatment.

This type of relationship is characteristic of the *regalian* functions of the State such as the collecting of taxes, border defense, and diplomatic affairs. With the development of State services in the post-WWII area, and the increasing criticisms leveled at the traditional model (rigidity, inefficiency, etc.), the relationship between citizens and administration transformed itself and morphed into a more balanced exchange.

## Consumerist model

The criticism leveled at the traditional model led to the development of various mechanisms of arbitration between citizen and organizations. They were developed in large part to provide more room for citizens to be heard – development of user association and various para-administrative associations focused on rebalancing the relationship. While these developments have changed the relationship, it is the development of New Public Management (Hood 1991) that introduced a clear break with the fundamental legalistic logic of the traditional system.

This approach introduced the language and tools of the private sector relationships between a consumer and a firm and attempted to use them to reframe the traditional model of public sector relationships. The operations of public administrations and the expectations of citizens were to be modified accordingly.

The administration was now to be put under the pressure of competition, whether vis-a-vis other administrative units, the private sector of the non-profit sector. The objective was to develop a more efficient and more reactive public service. This was a clear move away from the notion of distance and disconnect found in the traditional model.

The administration now needed to develop the ability to respond to citizens' demands. A specific focus was put on individual needs and on the importance of being reactive to these needs and desires. Corollary to that, the citizen was now imbued with a greater voice (Hirschman 1970) and with the ability to make decision through an increasing level of choice presented to him by administrations. This choice can be in selecting the organization offering the service, but more often the various modalities of using a service that the state is the only one to provide (e.g., passports, drivers' licenses). While the center of the service would not change (a passport is a passport), the modalities to obtain would now be tailored to the various demands of citizens (longer opening hours, online platform, easy to understand forms, etc.). Key evaluation of the success of the relationship was no longer to be the mere respect of rules and regulation, but the satisfaction of citizens, with the use of the satisfaction survey.

The relationship is one of adaptation and of individuality. The notion of equality of treatment is no longer the sole conceptual lens for analyzing the relationship. The relationship was not defined uniformly for all citizens but was to be tailored to the individual needs. This tailoring was made possible on the one hand by the development of technology, notably ICTS, making possible the individualization of services at a lower cost. A second aspect that makes this possible is the end of the "professionals know best" approach, thus further legitimizing the voice of the citizen vis-à-vis the notions of professionalism defining the traditional approach.

The relationship was now more balanced, but the choices presented to the citizens were those decided and framed by the administration and not by citizens themselves. This model was to be criticized for its conceptual limitations but also

for the way in which it had limited the nature of the relationship.

## Participatory model

Democratic governance has taken yet another approach at defining the citizen-administration relationships (Peters 1996). While New Public Management perceived the user of public services as a consumer, like that encountered in the private sector, democratic governance tried to reinvent the citizen into a citizen-partner, an active participant to the policy development, policy management, and delivery of public services.

In this relationship, the dynamic is multilateral with the citizen and the administration sharing parts of the responsibility for the overall success of the encounter.

The notions framing the relationship are those of participation, transparency, and accountability. This approach is based on the development of a much more complex environment. One in which the administration cannot, by itself, and on its own terms, control the relationship and ensure its success.

In this environment, part of the information and knowledge is to be found outside the organization. It is therefore important to involve other actors, be it the individual citizens or associations and nonprofit organizations in identifying and addressing issues and delivering services. The administration becomes the center of a network more than the sole purveyor of administrative services. The logic of relationship becomes the central elements for public administrations.

The participation of citizen, as described by Arnstein (1969), has given voice to citizen even if that voice is not always listened too, or simply used as an alibi by organization. But it has led to more involved relationships, including the development of the coproduction of services (Alford 2009).

Transparency, the opening of internal dynamics of the organization to outsiders, has represented a sea change for administrations. Embodied most clearly in access to information laws, these prerogatives allow citizen to request information or document from administration. This dynamic, along with other openness and transparency innovations, has helped rebalance the power dynamics of the relationship by providing citizen with more information on the substantive policy discussions but also on the way in which the administration functions.

The logic of accountability has led to similar empowerment of the citizen. It recognizes the importance for the relationship of the citizen as a member of the political whole, a stakeholder in the development of harmonious and effective relationships.

In this case, the importance is no longer exclusively put on the respect of rules and regulations, nor is it on the satisfaction of citizens, but rather on their involvement in the processes. These processes serve in fact a higher objective that of ensuring the continuous development of an active and dynamic democratic environment. The relationship is no longer purely instrumental but has an intrinsic value.

## Conclusion

Each model of the relationship between administrations and citizen, the traditional model, consumerist model or participatory model has all defined the administration and the citizen in different ways. Each approach is rooted in different academic traditions and underline different priorities for the State as a whole. For the relationship, these different aspects have entailed different priorities and different dynamics, whether it be top-down or bottom-up.

These three modes of interaction between citizens and administrations have emerged one after the other on the conceptual timeframe. But, all three are present in today's framing of the interaction between citizens and administrations. For each relationship, part of the traditional model, part of the consumerist model, and part of the participatory model are used and applied by organizations in their day-to-day operations. The conceptual clarity of concept is embodied in a much messier way in real-life interaction. These models have been superimposed with – depending on the

circumstances – one being a bit more present than the other.

## References

Alford J (2009) Engaging public sector clients: from service-delivery to co-production. Palgrave Macmillan, London, 261 pp
Arnstein SR (1969) A ladder of citizen participation. J Am Inst Plann 35:216–224
Chevallier J (2002) Science administrative. Presses Universitaires de France, Paris, 640 pp
Hirschman AO (1970) Exit voice and loyalty: responses to decline in firms, organizations, and states. Harvard University Press, Cambridge, 176 pp
Hood C (1991) A public management for all seasons? Public Admin 69:3–19
Peters GB (1996) The future of governing: four emerging models. University of Kansas Press, Kansas City, 179 pp
Weber M (1921) Wirtschaft und Gesellschaft: Grundriss der Sozialökonomik. Mohr, Tübingen, 945 pp

# City Management: Public Policies and Citizenship from an Older People Population Perspective

Francisco Alves Pinheiro[1] and Mariana de Barros e Silva Pinheiro[2]
[1]Department of Production Engineering, Federal University of São Francisco Valley – UNIVASF, Juazeiro, Bahia, Brazil
[2]University of Pernambuco, Recife, Pernambuco, Brazil

## Synonyms

Public administration; Public participation; Public policymaking

## Concept

According to Merriam-Webster Dictionary (2019), public policies are government policies that affect the whole population. Public policies are defined as sets of programs, actions, and decisions made by governments (national, state, or municipal) with the direct or indirect participation of public or private entities that aim to ensure a certain right of citizenship, guaranteed in the Constitution for a particular social, cultural, ethnic, or economic segment.

Despite the diverse views on citizenship, for this article, the broader concept that citizenship is "membership in a community" has been adopted, according to the Merriam-Webster Dictionary.

For Dominique (2017), the concept of citizenship is formed by three essential elements or dimensions: The first one is citizenship as legal status, defined by civil, political, and social rights. The second considers citizens as active political agents, and the third refers to citizenship as a member of a political community that provides a distinct source of identity. Therefore, citizenship deals with the formal status of citizens, constituted by their rights and duties and by the creation and reproduction of political and sociocultural identities of community members.

## Introduction

The first cities arose in Sumer, Egypt, the Indus River Valley, Shang Dynasty of China, and Mesoamerica and possibly also independently in Peru, due to the development of control over food cultivation and production and the domestication of animals (Lynch 1960).

With the advent of the Industrial Revolution, the process of migration from the countryside to the cities promoted an essentially urban society. According to the United Nations (UN 2013), in 2010, more than half of the world's population lived in cities, and this figure by 2050 will be over 70%. In addition, 80% of the world's urban population will live in developing regions, especially cities in Africa and Asia.

For Haub (2009), there is a big difference in how populations experience "urban/rural" differences. For example, in developing countries, many urban dwellers live in settlements with little access to transport, limited electricity availability, and little or no access to clean water or sanitation.

On the other hand, in developed countries, rural people often have the same access to services and amenities as urban dwellers, for example, excellent road connections, communications, cable television, and the Internet, thus making the urban/rural difference less relevant.

Cities increase the possibilities for economic development, innovation, and social interaction. They are the center of cultural, social, and political activity, and, in order to be sustainable, they must provide the structures and services that enable the well-being and productivity of their inhabitants (WHO 2007). In the case of older people, there is a need to empower the surroundings to provide them with support and empowerment, compensating for the physical and social changes associated with aging. Making cities friendlier to older people is a necessary and logical response, which enables the well-being and contribution of older urban dwellers to be promoted, while keeping cities prosperous (UN 2002).

This chapter presents the need for city managers to develop public policies that allow the older people citizens the full exercise of citizenship.

## Aging and Citizenship

For gerontology, human aging is a phenomenon that should be understood at biopsychosocial levels (Paúl and Ribeiro 2012; Fernández-Ballesteros 2009; McMullin 2000). At the biological level, it is characterized by the loss of physical capacity and the increase in diseases, which is called senescence. At the psychological level, changes in intellectual and motivational activities are associated and at the social level by the change in social status caused by the changeover (Paúl 2005).

According to Fernández-Ballesteros et al. (2013), only 25% of the aging process is the result of genetic aspects, and 75% are influenced by the environment and behavioral aspects. Thus, individual aging is not a random phenomenon, but the individual is an active agent in its determination.

The concept of active aging was advanced in 2002 by the World Health Organization (WHO) in a conception that, in addition to health, socioeconomic, psychological, and environmental aspects, acts as predictors of aging with quality of life (Ribeiro and Paúl 2011; WHO 2007). Active aging is an emerging WHO international policy approach that focuses on the social determinants of health (Fig. 1), such as economic determinants (income, social protection, decent work opportunities), social determinants (social support and education), personal determinants (biological, genetic, and psychological factors), behavioral determinants (healthy lifestyle, active participation in health care), physical environment (accessibility to transport services, housing, and safe neighborhood), social and health services (health promotion and prevention of accessible and quality diseases), and the cross-cutting determinants of culture and gender (Hutchison et al. 2006; WHO 2002). For WHO (2007), these determinants must be viewed from a life cycle perspective that recognizes that older people are not a homogeneous group and that individual diversity increases with age.

Paúl et al. (2012) understand that the quality of life among older people is largely determined by the ability to maintain independence and autonomy, if not physical, at least psychological and social, that is, the ability to decide and control their lives.

For the United Nations, the concept of active aging refers to "The process of optimizing health, participation and safety opportunities with the aim of improving the quality of life as people age" (UN 2002). For WHO, the word "active" refers to continued participation in social, economic, cultural, spiritual, and civil issues, not just the ability to be physically active or to be part of the workforce.

The various organizations working on this issue have actively encouraged older people to organize themselves to be a force that can influence the design and implementation of policies that affect them (UN 2007).

## Public Policy and Active Aging

The active aging approach is based on the recognition of the human rights of older people and on

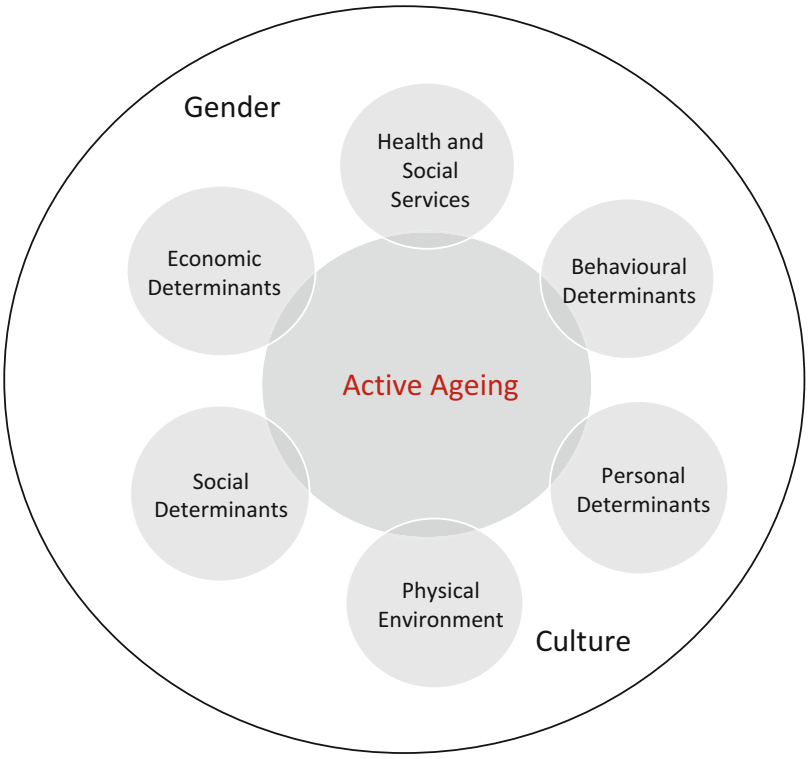


**City Management: Public Policies and Citizenship from an Older People Population Perspective, Fig. 1** The determinants on active ageing. (Source: Adapted by WHO (2002, p. 19))

the principles of independence, participation, dignity, care, and self-realization established by the United Nations (Ribeiro and Paúl 2011).

With this new paradigm, strategic planning of public policy for older people no longer has a needs-based approach (which considers older people as passive targets) and becomes a rights-based approach, which allows for the recognition of the rights of older people to equal opportunities and treatment in all aspects of life (WHO 2002).

Based on the premise that the aging process is a phenomenon with multiple implications in the various spheres of social life, the promotion of better quality of life for older people requires the integrated and complementary action of the various public actors and civil society. Such scenario points to the need for public care policies for them that include, among other concerns, diagnostic mechanisms that guide decision-making by investors and public managers dealing with the theme, enabling the strengthening of the care network for the older person and the promotion of the quality of life of this population.

For WHO (2002), the active aging policy framework requires action on the three pillars of the active aging policy framework (health, safety, and participation) and is based on the principles of independence, participation, care, self-fulfillment, and human dignity (United Nations) (Fig. 2). The decisions are based on the interpretation of how the determinants of active aging influence the way populations and individuals age.

Walker and Maltby (2012) identify the key events in defining active aging approaches in Europe. Between 1993, European Year of Older People, and 2012, European Year for Active Ageing and Solidarity between generations, with the Lisbon Treaty (2000) halfway, the evolution of an European political discourse on active aging has been observed which comprised two contrasting models: In the first phase, the emphasis on a narrow economist or productivist approach focused primarily on employment policy and extending the retirement age. In contrast, there is a second, broader approach supported by WHO and the United Nations articulated at the European Year

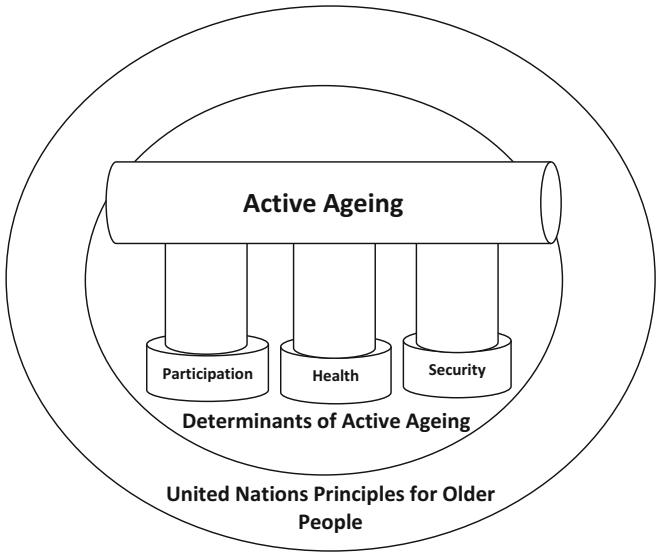


**City Management: Public Policies and Citizenship from an Older People Population Perspective, Fig. 2** The three pillars of a policy framework for active ageing. (Source: Adapted by WHO (2002, p. 45))

for Active Aging and Solidarity in 2012, which aimed to help create better employment opportunities and working conditions for the growing number of older people in Europe, so that older people play an active role in the society and have a healthy aging (European Commission 2010).

Regarding public policies directed at the elderly population, a new political declaration and a new action plan were adopted during 2002, during the Second World Assembly on Aging held in Madrid, which is guiding the adoption of normative measures on aging in this century (Camarano and Pasinato 2007). This plan is based on three principles:

- Active participation of older people in the society, in development, and in the fight against poverty
- Promotion of health and well-being in old age: promotion of healthy aging throughout life
- Creating an enabling and conducive environment for safe aging that promotes intergenerational solidarity

## Cities for All

From the perspective of the concept of active aging, WHO has conducted a worldwide survey of 35 cities across 5 continents involving governments, nongovernmental organizations, and academic groups to develop a city mobilization mechanism to become friends with the elderly. From this initiative emerged the "Global Guide to Older Cities" (WHO 2007).

The premise underlying the concept of the "age-friendly city" is that an age-friendly city is not simply friendly to older people, but to everyone, especially the most vulnerable groups:

> (. . .) Unhindered buildings and streets increase the mobility and independence of people with disabilities. A safe neighborhood allows children, women and the elderly to feel confident about going out and taking part in social and leisure activities. Families are less affected by stress when their older members have the community support and health services they need. The whole community benefits from the participation of older people in voluntary or paid work. Finally, the local economy profits from the clientele of older adult consumers. (WHO 2007, p. 6)

The guide aforementioned provides a comprehensive overview of the age-friendly features. In each city 8 (eight) topics were explored in the focus groups (Fig. 3). Topics included structures, environments, services, and policies that reflect the determinants of active aging (WHO 2007, p. 9):

- The first three topics investigated were public buildings and open spaces, transportation, and housing.

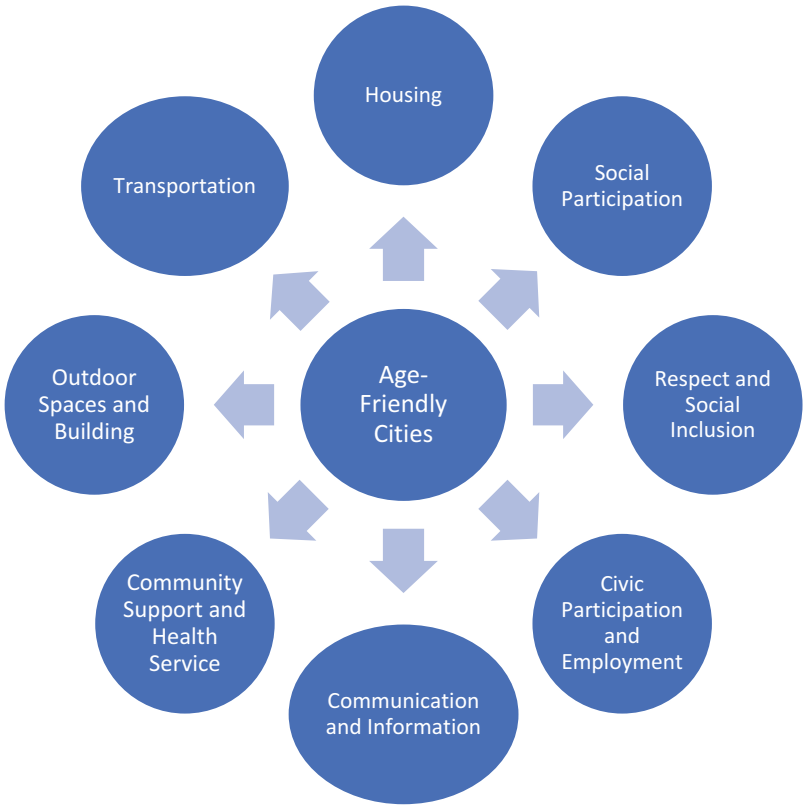


**City Management: Public Policies and Citizenship from an Older People Population Perspective, Fig. 3** Age-friendly city topic areas. (Source: Adapted by WHO (2007, p. 9))

- Three other topics reflect the different aspects of the social environment and culture that affect participation and mental well-being: (i) Social participation concerns the engagement of older people in recreational, social, cultural, educational, and spiritual activities; (ii) civic participation and (iii) employment focus on citizenship opportunities, voluntary and paid work and are related to the economic determinants of active aging
- The last two topics, communication and information and community support and health services, encompass social environments and determinants of health and social services.

With the publication of the guide, several initiatives have sprung up around the globe, and WHO has created the "Global Network of Age-Friendly Cities and Communities," where cities wishing to be part of the network must adhere to a process of diagnosis, planning, implementation, and evaluation with a focus on continually improving their policies and programs to become "age-friendly" (Fitzgerald and Caro 2014; WHO 2011; Fig. 4).

For Buffel et al. (2014), cities need a more integrated strategy in operationalizing the "age-friendly" concept. For the authors, one solution would be to make the concept "age-friendly" as a central part of policy formulation to promote sustainable urban development in its environmental, social, and economic dimensions.

## Sustainable Development and Active Aging

According to Jara (1998), the days of development driven by the centralizing and exclusionary state are apparently coming to an end. New sustainable development strategies are beginning to introduce concepts of resource finitude, whether natural or financial, space enhancement, social justice and citizenship rescue, democratic and

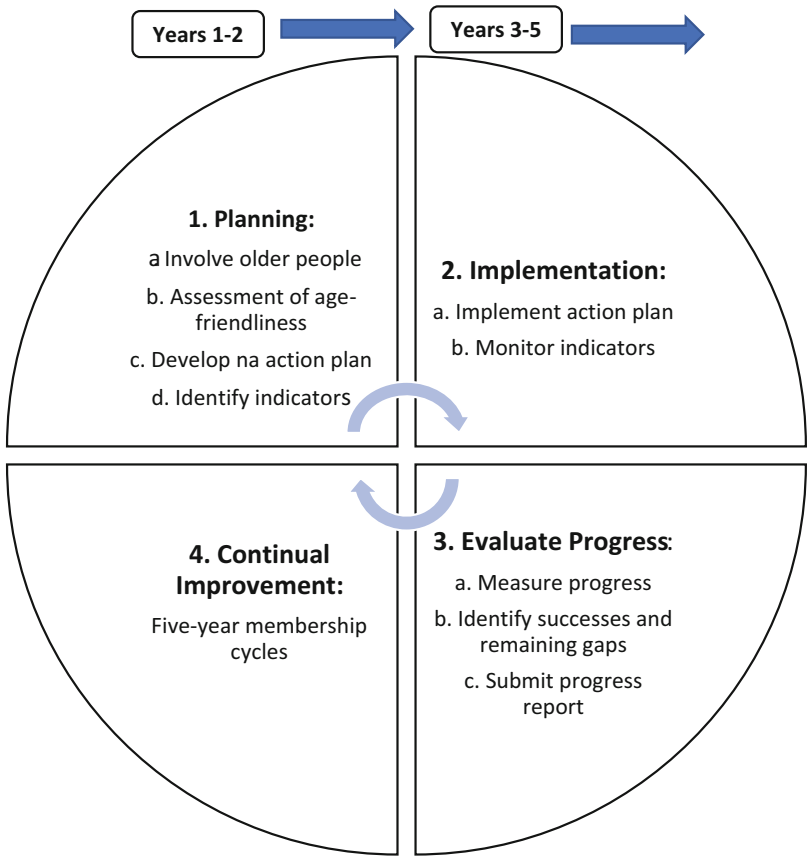


**City Management: Public Policies and Citizenship from an Older People Population Perspective, Fig. 4** Cycle of the WHO Global Network for Age-friendly Cities and Communities. (Source: Adapted by WHO (2011, p. 1))

participatory public management, self-management and local democracy, institutional partnership, and co-responsibility.

The dynamics of the population aging process is a fundamental issue for city management, requiring public policymakers a central challenge for the development of sustainable and humanized solutions. One of these challenges would be to ensure that the development process takes place based on principles capable of guaranteeing human dignity and equity among age groups in sharing resources, rights, and social responsibilities (UN 2002).

The population aging generates greater demands and costs to the social health system, jeopardizing the sustainability of social protection systems, since informal support to the older people population declines, given the changes that occur mainly in the family structure. In addition, migration, urbanization, the transformation of the family into smaller and fickle families, lack of access to technologies that promote independence, and other socioeconomic changes can lead the elderly to isolation, depriving them of significant economic and social functions and also weakening their traditional sources of support (UN 2002).

For Sousa and Lima (2007), the weakening of the family in supporting its older members stems mainly from the increased geographical mobility and the inclusion of women in the labor market. For the authors, rural-urban and urban-urban migration of working-age individuals leaves older people to live far from their children. In the case of working women, according to the authors, there is a need for reorganization of family roles and, especially, the use of community support institutions.

In developed countries, population aging has occurred in a favorable socioeconomic

scenario, which has allowed for the expansion of their social protection systems, which is not the same as in developing countries where the accelerated aging process is occurring in parallel with the economic environment which makes it difficult to expand the social protection system for all age groups and in particular for the older people (UNFPA and HelpAge International 2012).

Aging is already having a far-reaching impact on living conditions and the way societies and economies work. More broadly, the impact of the phenomenon of longevity on public policy and its implications for the economy makes sense of the term silver economy or longevity economy. The economic principle guiding this new vision is basic, since the profile of consumers is changing, the structure of production must be adapted to demand.

To address the challenges and seize the opportunities arising from population aging, the report "Aging in the 21st Century: A Celebration and A Challenge" by the United Nations Population Fund (UNFPA) and HelpAge International calls attention to the development of new approaches in the way societies are working their workforce and social and intergenerational relations to ensure that they can age safely and with dignity and that older people can continue to participate in their respective societies as full-time citizens (UNFPA and HelpAge International 2012).

Financial security is a major concern as you get older. It is a problem for older people and a growing challenge for families and societies. When the state cannot afford social protection expenditures, it will have to be the family taking care of its economically dependent elderly members (UN 2002). But in many cases, the family itself is not in a position to offer support without affecting its own economic situation. In addition, older people who have no family to support them become especially vulnerable (UNFPA and HelpAge International 2012).

Despite widespread protests in all countries where social protection systems are being restructured, many of which are designed in a favorable demographic situation, this appears to be an unavoidable situation as the proportion of the economically active population in relation to the elderly over 65 will continue to fall in the coming decades in all regions (UN 2009).

According to the United Nations (UN 2009), the worldwide potential support ratio for the next four decades will fall by more than 55% over 2009, reaching by 2050 to 3.9 working-age people for everyone over 65. This reduction will be greater in the less developed regions (49%), which if confirmed will substantially affect social protection systems.

Another challenge that should be addressed by policymakers is the ability of health systems to respond to the demands of this important part of the population. For WHO (WHO 2011), diseases and disabilities can be reinforced or mitigated by environmental characteristics to determine whether an older person can remain independent despite physical limitations. Still according to WHO, the longer people maintain their physical capacity and autonomy, the lower the costs for long-term care that impact families and society.

## Final Considerations

Achieving recognition of the needs of different generations within cities and exploring the city's potential for groups of all ages will be some of the central challenges in the process of making cities friendlier to older people.

Social protection systems need to adapt to a restructuring and lengthening life cycle to accommodate an active aging strategy, reflected in the right to age with dignity and security.

Decision-makers need to recognize that population aging requires a paradigm shift that associates the elderly with retirement, illness, and dependency to a new paradigm that perceives older people as active participants in an age-integrated society, active contributors, and beneficiaries of development.

## Cross-References

► Academic Citizenship
► Public Policy and Politics

## References


Buffel T, McGarry P, Phillipson C, De Donder L, Dury S, De Witte N, Smetcoren A-S, Verté D (2014) Developing age-friendly cities: case studies from Brussels and Manchester and implications for policy and practice. J Aging Soc Policy 26(1–2):52–72

Camarano AA, Pasinato MT (2007) Envelhecimento, pobreza e proteção social na América Latina. Papeles de población 13(52):9–45

European Commission (EC) (2010) 2012 to be European year for active ageing. DG Employment Social Affairs and Inclusion website. https://ec.europa.eu/socia

Fernández-Ballesteros R (2009) Envejecimiento activo: contribuciones de la Psicologia. Tradução de Juan Padilla Moreno. Ediciones Pirámide, Madrid

Fernández-Ballesteros R, Robine JM, Walker A, Kalache A (2013) Active aging: a global goal. Curr Gerontol Geriatr Res 2013:298012. 4p

Fitzgerald KG, Caro FG (2014) An overview of age-friendly cities and communities around the world. J Aging Soc Policy 26:1–18

Haub C (2009) What is a city? What is urbanization? Population Reference Bureau. https://www.prb.org/urbanization/

Hutchison T, Morrison P, Mikhaylovich K (2006) A review of the literature on active ageing. Prepared for the Australian Government Department of Health and Ageing by the Healthpact Research Centre for Health Promotion and Wellbeing. https://trove.nla.gov.au/version/41131227

Jara CJ (1998) A sustentabilidade do desenvolvimento local: desafios de um processo em construção. IICA, Brasília. 316p

Lynch K (1960) The image of the city. The MIT Press, Cambridge

McMullin JA (2000) Diversity and the state of sociological aging theory. Gerontologist 40(5):517–530

Merriam-Webster Dictionary (2019) Merriam-Webster dictionary online. Retrieved from https://www.merriam-webster.com/dictionary/

Paúl C (2005) Envelhecimento activo e redes de suporte social. Sociol Rev Fac Let Univ Porto 15(1):275–287

Paúl C, Ribeiro O (2012) Introdução ao Manual de Gerontologia. In: Paúl C, Ribeiro O (eds) Manual de Gerontologia: aspetos biocomportamentais, psicológicos e sociais do envelhecimento. Lidel, Lisboa, pp XVII–XVXX

Paúl C, Ribeiro O, Teixeira L (2012) Active ageing: an empirical approach to the WHO model. Curr Gerontol Geriatr Res 2012:382972. 10p

Ribeiro O, Paúl C (2011) Envelhecimento Activo. In: Ribeiro O, Paúl C (eds) Envelhecimento Activo. Lidel Edições Técnicas, Lda., Lisboa, pp 1–12

Sousa L, de Lima MP (2007) Famílias frágeis e idosos abando nados pela família: realidade ou mito?! Prefácio. In: Figueiredo D (ed) Cuidados familiares ao idoso dependente. Cadernos Climepsi de saúde, vol 4. Lisboa, Climepsi Editores, pp 11–20

United Nations (UN) (2002) Political declaration Madrid international plan of action on ageing. Second world assembly on ageing, Madrid. https://www.un.org/development/desa/ageing/madrid-plan-of-action-and-its-implementation.html

United Nations (UN) (2007) World economic and social survey 2007: development in an ageing world. Department of Economic and Social Affairs, Author, New York. E/2007/50/Rev.1ST/ESA/314. ISBN 978-92-1-109154-0

United Nations (UN) (2009) World population ageing 2009. Department of Economic and Social Affairs/Population Division, Author, New York

United Nations (UN) (2013) World economic and social survey 2013: sustainable development challenges. Department of Economic and Social Affairs, Author, New York. E/2013/50/Rev.1, ST/ESA/344

United Nations Population Fund (UNFPA) and HelpAge International (2012) Ageing in the twenty-first century: a celebration and a challenge. UNFPA and HelpAge International, New York

Walker A, Maltby T (2012) Active ageing: a strategic policy solution to demographic ageing in the European Union. Int J Soc Welf 21:S117–S130

World Health Organization (WHO) (2002) Active ageing: a policy framework. WHO/NMH/NPH/02.8. https://www.who.int/ageing/publications/active_ageing/en/

World Health Organization (WHO) (2007) Global age-friendly cities: a guide. https://www.who.int/ageing/publications/Global_age_friendly_cities_Guide_English.pdf

World Health Organization (WHO) (2011) Global network of age-friendly cities process. https://www.who.int/ageing/Brochure-EnglishAFC9.pdf


# Civil Dialogue


Mariusz Wiktor Sienkiewicz
Department of Local Government and Policy, Maria Curie Sklodowska University, Lublin, Poland


## Synonyms

Civil society; Partnership; Public participation

## Definition

Civil dialogue is a form of contact between the state authorities and third sector organizations,

which consists of the mutual transfer of an opinion, information, or arrangement objectives, instruments, and strategies for the implementation of public policy.

## Introduction

Civil dialogue means various forms of participation of citizens in the communication with public authorities. In the narrower sense, called institutional, civil dialogue is understood as the participation of organized groups of citizens in the process of making decisions by public authorities (Schimanek 2007). Civil dialogue is considered a part of the decision-making process and a source of information for local politicians. As a result, before deciding, politicians have an access to social moods, beliefs, and preferences of citizens (Kuć-Czajkowska and Wasil 2014).

The essence of civil dialogue is the socialization of the process of public decision-making by the influence on lawmaking and preparation of documents concerning citizens. It is a kind of complementation of the institutions of representative democracy with participatory democracy. Civil dialogue can be identified with a platform on which public consultation is held on planning and decision-making on issues relevant to a particular social group. Representatives of social groups work alongside the political system and take positions on issues on which they are unable to express their opinion otherwise. Civil dialogue is a forum in the public space, on which interests of its participants are represented. It is essential that, in contrast to social dialogue, it does not put much emphasis on reaching agreements (Kacprzak 2014).

## Forms and Standards for Civil Dialogue

The relations between public authorities and civil society can be routed through multiple channels, on the initiative of each of the parties, by such means as "one-on-one" meetings, sessions, conferences, and written consultation procedure. Civil dialogue is a formal discussion on the issue in which two or more parties express opposing views and then look for an agreement that can satisfy all of them. Civil dialogue can thus be described as (AGE Platform Europe 2013):

- Mutual relations between public institutions and civil society organizations
- Various forms of civil society activities ranging from simple information dissemination, through consultation processes, to active involvement in decision-making
- Activities that take place at every stage of decision-making processes: establishing structures, defining political objectives, implementation, monitoring, evaluating, and ensuring the "continuation"

The degree of openness and the actual practices of civil dialogue in the European Union (EU) vary strongly within and between institutions. The "White Paper on Governance" (2001) developed for the first time a quite comprehensive approach to consultation and dialogue. The white paper marked a change of paradigm for the EU by clearly defining the EU policy process as the result of different influences and mechanisms of dialogue and participation, which are not limited to the three main institutions – parliament, council, and commission – and by acknowledging the need to foster citizens' involvement. The white paper was followed by several attempts to define the framework of dialogue. In 2002 the "General principles and minimum standards for consultation of interested parties" were published, representing the commission's voluntary "rules" on how to consult with stakeholders. The minimum standards are the following:

- Clear content of the consultation.
- Involvement of relevant parties must be ensured.
- Adequate information about and publication of the consultation.
- Minimum 8 weeks consultation period.
- Feedback must be given on the contributions received.

In the case of the European Union, the main premise for the development of the concept of civil dialogue is the search for a new model of democracy, so-called participatory democracy. This trend has been clearly visible since the mid-1990s in Western Europe, and it results in a large extent from the demise of civic activity and a decrease in the participation of citizens in public life. One of the causes of these negative phenomena is a crisis of parliamentary democracy which is not fully capable of effective regulation of economic and social life. The system of parliamentary democracy does not allow for full articulation of social interests resulting largely from inherent in this system "alienation" of elected representatives and priority of party interests over the interests of voters. Politicians elected in democratic elections are not able to formulate such governance programs and goals that would engage citizens in their implementation. One of very important functions of civil dialogue is to work out common goals of authorities and society. What very clearly appears in this context is the concept of common good, as a sphere of a common agreement between authorities and broader social partners, an agreement which is superior to their narrow interests. The existence of common good can justify the thesis that while in society there are divergent interests, and sometimes conflicting ones, there is always room for common understanding and agreement. Formal and practical development of the above trends can be best seen in the area of social dialogue, although it is still primarily a topic of discussion rather than systemic solutions and is characterized by the weakness of institutional solutions and their high instability.

Another premise for the development of civil dialogue was the resurgence in the 1990s of the twentieth century of the principle of subsidiarity of the state. What is also important are such prerequisites for civil dialogue development which are associated with the search not so much for a new vision of society and the state but for solutions enabling the repair of badly functioning democratic and social mechanisms. They concern mainly the reconstruction of public administration and opening it to cooperation with social organizations and businesses, as well as participation of these entities in decisions taken by the administration and control of services provided by it. They are expressed in the concept of good governance promoted by the European Commission.

In order to understand the mechanisms of modern civil dialogue, it is important to determine who its participants are. On the one hand, it is the state, and more precisely the government administration. The state has primarily a regulatory role. It constitutes law that defines the basic rules for the functioning of policies, the market, and society. This is the main sphere of dialogue with civil partners who are interested in participation in the creation of these rules and determination of mechanisms that enable their observance. Another area of dialogue is connected with the redistributive function of the state. Citizens want to have an impact on how public funds are divided through the state budget, who receives them and how much. The state also acts as a regulator of the sphere of both civil and social dialogue. On the basis of standards laid down by law, it sets out the objectives, principles, the subjective and objective scope, and forms and mechanisms of social dialogue. Citizens are the other party of this dialogue. In theory, any citizen who wants to participate in dialogue with the state should have such an opportunity, but in the indirect system of democracy and the current state of society, this is not possible. Representation comes to assistance. Every citizen has the right to speak with authority, but through their representatives. These representatives are voluntarily created civic organizations that fall between the public sector and the economic sector (i.e., in the so-called third sector). They are a platform, parallel to the political system, for the articulation of social interests that cannot be articulated in a different way because of the failure of the existing political systems (Schimanek 2007).

Civil dialogue can be used as a basic tool that can and should contribute to the realization of objectives of both the public administration and other sectors, the participants of which are aware that they form a (socioeconomic) community. Civil dialogue refers to the entirety of public

policies (carried out by the authorities of all levels); its essence is the socialization of public decision-making processes by adding also social and business entities to the group of decision-makers (Macełko and Mendel 2014).

The concept of civil dialogue presupposes a strong position of the government as a host of dialogue, its initiator and regulator. Dialogue in this model, called a neo-corporation model, is primarily the possibility for different social and professional groups to articulate their interests, so that authorities can make better decisions which are consistent with the expectations and possibilities of public. From the point of view of the government, civil dialogue understood in this way is conductive to:

- Socialization of decision-making mechanisms in order to take into account diverse points of view of the social partners
- Balancing the public interests in order to guarantee the universality of public good
- Better quality of solutions in the field of economic and social policy
- Preparation of the social partners and society for the effective implementation of programs of public policy
- Increasing the control over public authorities (Schimanek 2007)

From the point of view of citizens, civil dialogue is primarily:

- A possibility to access current information about the plans and doings of the government
- An opportunity to get acquainted with the opinions and positions of other social groups and environments
- A form of a current influence of citizens on decisions taken by the government
- An opportunity to participate in public life, especially for those groups of citizens that are not represented in the bodies of state power
- An opportunity for the presentation and the clash of interests of various social groups
- A chance to develop common goals for the whole society, accepted also by the government (Schimanek 2007)

In civil dialogue we can be differentiate several levels of citizen involvement:

- Informing citizens about plans of the public administration and decisions taken by it: it is a basic level, without which other forms of dialogue cannot function well.
- Consultations during which one or several different options are presented to citizens and their representatives, and their opinions are taken into account when making the final decision.
- Codetermination – authorities cooperate with the public and organizations representing them in identifying their needs, and the final decision is taken jointly with the social partners, usually through negotiations.
- Co-realization, involving the identification of common needs and then joint implementation of the agreed program, in the form of a partnership.
- Delegation of tasks and support for independent social initiatives – the government withdraws from analyzing social needs and defining solutions and instead supports civil society organizations, e.g., through a system of grants (Schimanek 2007).

## Examples of Projects Related to Civil Dialogue

### Poland: "A Dialogue Platform 'Cracow is Talking'"

In 2008 the Cracow City Council created the country's first section for social communication. The local authorities announced that they wanted the largest part of the population to participate in public consultations. To disseminate information about public consultations, a special website (www.dialogspoleczny.krakow.pl) was created, informing about urban projects, implemented investment, debates, and consultations in the city. On the dialogue platform, citizens can find information on how they can influence what is happening in the city (among others, by participation in meetings, public debates, social studies, surveys and polls, reporting topics for public

consultation and taking part in them, meetings with district councilors, the use of an online inquiry form).

### Sweden: "Citizens' Panel in the Municipality of Gnosjö"

In Sweden, an institution established to promote dialogue, develop methods, as well as prepare publications and training in this field is the Association of Swedish Municipalities and Provinces (Sveriges Kommuner och Landsting, SKL), associating all administrative units of the country (www.skl.se). The municipality of Gnosjö, which is a member of the SKL, offered its residents a so-called citizens' panel. The municipality used a variety of methods to inform the public about it (press announcements, briefings, entries on Facebook). Studies of the municipality show that people are most interested in the questions formulated by politicians, in which the impact of the panel on taken decisions is visible. Thanks to the panel and the citizens' awareness that they have a real influence on what is going on in the community, many investments and unpopular reforms were carried out. Authorities obtained, among others, residents' consent to raise local tax rates. This was possible because the municipality reliably informed its residents about the objectives for which funds from the tax would be allocated and how it would affect further development of the municipality.

### Sweden: Civic Councils in the Municipality of Hudiksvall

In 2006, the Swedish municipality of Hudiksvall realized a project of civic council creation. At the beginning there was a series of consultations with residents of nine cities in the municipality. The aim was to construct such councils that would best match the expectations of the residents. Then two politicians joined each council (one from the ruling majority and the other from the opposition). The task of the representatives of the authorities was to listen to the citizens and ask them questions and inform them through which channels they could handle matters discussed at meetings of the councils. It is worth mentioning the issues of road safety and the development of the port as example of question which the councils dealt with. Thanks to the voices of citizens, debates in the regional councils were more animated and conducted with commitment. Politicians, however, recognized the need for education in methods of civil dialogue and the development of local democracy. Although the time frame of the project is over, the municipality of Hudiksvall has decided to continue its cooperation with civic councils. Council members improve their "workshop," and representatives of the social side gain experience in managing the municipality, the principles of self-government, or ways of conducting dialogue. Thematic trainings subsidized by the municipality are organized, so that council members gain necessary competencies to perform their professional functions. Local politicians who sit on the councils also gain certain benefits from this. A research and development center has been established in the municipality of Hudiksvall, thanks to which it has become a center for high fiber-optic technology, thereby obtaining a high income. The residents' standard of living has risen significantly.

### Germany: Civil Dialogue for the Sake of Social Inclusion of the Elderly

Both at the regional and local level in Germany there is a strong connection between the representative initiatives at all levels of government in order to ensure an effective mechanism for citizen participation in policy development. German local civic dialogue involving the elderly is conducted on the basis of the memorandum for the involvement of elderly people in politics and decision-making processes at the local level, which was issued at the federal level in 2008 in order to create a positive image of active aging. It also puts emphasis on promoting greater participation of older people in political decision-making. In 2008–2010, more than 150 local governments received pilot funding in the amount of EUR 10,000 each. The aim was to examine opinions and demands of older people articulated bottom-up in debates on the basis of local forums. Through this initiative, concrete proposals for local community projects were formulated which we then launched, thanks to the experience of

older people. Moreover, a special law regulating the issues of participation of seniors – "Seniorenmitwirkungsgesetz" – was also adopted at the national level, and legal acts supporting regional councils of senior citizens were separately prepared. For example, the council in Mecklenburg-Vorpommern (LSB MV) supports broader participation of older people in politics in all districts (Landkreis) and cities of this rapidly aging land. On the initiative of the LSB MV, the Fourth Senior Citizens Parliament adopted in 2010 a proposal concerning "measures to prevent poverty in old age and secure pension payments." The participation of older people at the local level is organized by the Local Council of Seniors in the number of about 1200. The councils work during the first stage of political decision-making, and then legislative initiatives go to the land parliaments (the European Commission 2010). It is an essential fact here that Germany is an aging country, and engaging the elderly in civil dialogue gives them a successful and measurable impact on their matters and interests, defined in policies of the local and national level.

### France: A Participatory Budget in the Town of Grigny

The participatory budget is an expression of enacting the idea of participatory democracy by the French town of Grigny. As a result, the inhabitants, as the first in France, have had a possibility to directly influence projects implemented in the town. Since 2004, they have been involved in the planning of the budget of the town. Everybody can submit proposals to the budget; all of them are analyzed and voted on by citizens. As a result, a draft participatory budget is prepared, which is ultimately approved by the town council. Thanks to the participation in the budget construction, residents of the town have an opportunity to gain valuable information – they learn about the work of councilors, explore the rules of investment financing, and gain knowledge about the functioning of the town. Moreover, they master a difficult art of choice, because it is obvious that due to limited resources, it is impossible to implement all projects. What is equally important is the positive social dimension, as the joint preparation of the budget by the authorities and the inhabitants strengthens social and personal ties, as well as builds a responsible community of the town. In this process councilors take on a role of animators and educators. The completed projects have, in turn, a high degree of acceptance and are much less likely to be poorly executed or vandalized. In Grigny the civic budget is a next step in building participatory democracy. Previously, civil dialogue has been held in districts. Many people who have worked previously in district councils and have been accustomed to the idea of participatory democracy have obtained mandates of town councilors, thus ensuring the continuity of the process and leading to a situation in which members of the authorities and civil representatives mingle over time. Due to these closer personal relationships, civil dialogue in Grigny is not a debate among "one's own people" and "strangers," but a meeting of people who know each other and share the common goal of the development of the town (www.dobrepraktyki.decydujmyrazem.pl; Kacprzak 2014).

## Conclusion

Activities and examples related to civil dialogue constitute an important form of management of the public sphere. However, civil dialogue still does not have a stable and legally established position as it is dominated by temporary measures, allowing for the impact of citizens only in certain areas of public administration and to a limited extent. The results of the described forms of dialogue (including a participatory budget) are often not binding for the authorities. It also happens that local authorities simply have bad intentions and are not interested in their citizens' real impact on their policies. The culture of civil dialogue is different in each country. As a rule, it is determined by historical circumstances, attitudes of citizens, and national and local authorities. Western European countries can boast of much more experience in the field of civil dialogue than the countries that have a legacy of the socialist system, such as Poland, and other countries of the so-called Eastern Bloc. If the situation is to

improve, authorities at all levels must consciously cede some of their powers to citizens, who in turn should shift their activities from the orientation on individual interest toward common good. The civic participation system would work more effectively if a formal framework and principles of dialogue were created. The lack of such universal principles results in difficulties in communication and translation of the findings of dialogue into practical actions. If civil dialogue is to be effective, local authorities must obligatorily take into account in their policies the results of the negotiations and arrangements with nongovernmental organizations and representatives of citizens. Otherwise, there is no motivation for the public to participate in dialogue. In the construction of civil dialogue, it is possible to draw on patterns of other countries, but previously an appropriate path to high-quality civil society must be built. In this case, the use of ready-made patterns is difficult because of specific historical and cultural conditions (Kacprzak 2014).

## Cross-References


- ▶ Public Organizations and Nonprofit Organizations
- ▶ Social Innovation
- ▶ Stakeholder Perspective in Nonprofit Organizations


## References


AGE Platform Europe contribution to the European year of citizens (2013). http://www.age-platform.eu. Accessed 10 Dec 2016

Communication from the Commission of 25 July 2001 "European governance – A white paper" COM (2001) 428 final – Official Journal C 287 of 12.10.2001. http://eur-lex.europa.eu. Accessed 15 Dec 2016

Kacprzak T (2014) Culture of civil dialogue in Poland and selected EU countries. In: Sienkiewicz M, Sidor M (eds) Civil dialogue. Forms, mechanisms, barriers and prospects of development. Centre for Local Development Foundation

Kuć-Czajkowska KA, Wasil J (2014) Electronic face of local government in Poland – civil dialogue using ICT tools. In: Sienkiewicz M, Sidor M (eds) Civil dialogue. Forms, mechanisms, barriers and prospects of development. Centre for Local Development Foundation, Lublin

Macełko M, Mendel I (2014) Civil dialogue in the local ecosystem. In: Sienkiewicz M, Sidor M (eds) Civil dialogue. Forms, mechanisms, barriers and prospects of development. Centre for Local Development Foundation, Lublin

Schimanek T (2007) Civil dialogue. Institute of Public Affairs, Warsaw


# Civil Rights


Richard Greggory Johnson III
University of San Francisco, San Francisco, CA, USA


## Synonyms

Civil rights: social justice; Equality; Equal opportunity; Human rights; Parity; Social movements

## Introduction

The United States is a country whereby civil rights has not come easy to disenfranchised groups such as people of color, women, the LGBT community, and the working poor, though the United States has had groups in support of ensuring that all Americans have a voice which would be heard in the halls of Congress and beyond. The paper on civil right will begin with a definition of civil rights, how the field of Public Administration fits in, and why charter schools may not be the best solution to providing students with an equitable public education.

## Civil Rights Defined

Civil rights as a movement began during the late 1950s and 1960s impart because African Americans were routinely denied access to housing and jobs. It is also interesting to note that this was about the time that the term social equity was beginning to emerge in the field of Public

Administration. Known as the father of social equity, George Frederickson coined the term during the 1960s and since that time he has helped Public Administration to create an increasing awareness and understanding of fair and ethical treatment (Frederickson 2005). However, when Frederickson coined the term he was referring to the fair practice of garbage collection and other city services regardless of which neighborhood or location. However, social equity is now used by a new group of public administration scholars (see work of Blue Wooldridge, Susan Gooden, Mario Rivera, Al Borrego, Mitchell Rice, Richard Greggory Johnson III, Kris Norman-Majors, Lorenda Naylor, and Wally Swan) who have included social equity to mean civil rights for everyone, especially people from disenfranchised communities. Indeed, the term Social Equity Scholar is ably applied by the above public administration scholars and others who make the work of civil justice as part of the research, teaching, and/or practice.

The United States Congress has also created the National Academy of Public Administration (NAPA) with a Standing Panel on Social Equity in Governance in 1967. One of the hallmarks of this Social Equity panel is the annual Social Equity Leadership Conference which is now in its 15th year. The purpose of the conference is to advance new knowledge and practical ideas within public administration regarding social equity. For example, the conference was held at the University of San Francisco, June 1–3, 2016, with 200 registrants over the three-day period with more than 70 papers and poster sessions and panel presentations (https://www.usfca.edu/management/Social-Equity-Leadership-Conference-2016).

One of the most meaningful events of the conference was the Luncheon in which Lt. Governor Gavin Newsom addressed an audience of almost 300 people (the luncheon was opened to people who just wanted to attend this event). Newsom's address typified the true meaning of civil rights, social equity, and human rights. In 2004 Newsom ordered that the City of San Francisco Clerk would begin to issue marriage licenses to same-sex couples (CNN 2004). Reporting by CNN, Newsom made the following remarks:

> I think we're on firm legal footing and legal grounds, and certainly I believe very strongly and passionately we're on the right moral ground.

Newsom's commitment to civil rights is indicative of the power that one person can have when achieving and fighting for the common good.

## Civil Rights and Public Education

As stated above, civil rights have never come easy in the United States. For the most part, the Supreme Court has had to adjudicate on some of the most pressing matters in the country during the twentieth and twenty-first century regarding racial matters. Perhaps one of the most notable cases of the twentieth century regarding race and education was Brown *v. Board of Education* (1954). The United States had been operating its public K to 12 schools under the separate but equal decision, *Plessy v. Ferguson* (*1896*). In 1954 the Supreme Court ruled that separate but equal was unconstitutional in a vote of Young et al. (2015). *The benefit of Brown v. Education* as a civil right is that by law public education was desegregated. This law according to Young et al. (2015) reached its peak in the mid-1970s when more than 70% African Americans attended desegregated public schools.

However, the authors argue that the trend has been reversed due to White Fight. Alana Semuels (2015) argues that White Flight has been occurring since the 1960s when White families moved from the urban center to the suburbs after noticing an influx of African-American families moving next door to White families. Public schools in the urban centers have not benefited from White Flight due to a lack of resources that public schools depend upon. It is unfortunate that public schools have had to result to using a system referred to as zone (district) public schooling. The real downside of school zoning is the segregation in the continuation of race and social class that continues. Zone schooling is a prevalent system that cities such as New York have employed for the last several decades. d, The system involves children attending their zone or area public schools. The following information is

clearly listed on the New York City Public School website:t

> What is my local public school, and how do I enroll my child?
>
> For elementary or middle school: Register at your child's zoned school. Your zoned school is determined by your home address. If you don't know your zoned school, call 311 or visit the Department of Education website. If you don't have a zoned school, please visit a Student Registration Center in your borough of residence. For high school: Register at a Student Registration Center in your borough of residence http://www.nyc.gov/portal/site/nycgov/menuitem.a7711323366a72aee846f0b001c789a0/)

This system continues to leave poor students and communities of color in situations where they are relegated to attend the schools in their neighborhood often with little resources and even less hope for success. New York City has at least began to address the issue of under performing public school by closing 29 high schools in 2009 and creating 200 smaller high schools (Kemple 2015). This reform according to a report authored by Kemple (2015) suggests that the New York City Department of Education reform was predicated on the below interlocking pillars:

- Eliminating the worst schools in the system by closing failing, "factory-style" high schools. During the time period of this study (2002–2008), the DOE initiated the closure of 29 low-performing high schools.
- Increasing the supply of better options by creating new, small high schools. These closures were accompanied by the creation of more than 200 new high schools, which were often located in the buildings that had housed the closed schools.
- Enabling families to select their high school through a universal high school choice process. In 2004, the DOE introduced the High School Application Processing system in which nearly 80,000 eighth graders ranked their choice of high school by interest.

Adlai E. Stevenson High School was a large dropout factory located in the Bronx, NY, and is an example of a failing public high school. Stevenson High School operated in the Bronx, NY, from the 1970s until 2009. In 2009, The Department of New York closed Stevenson High School citing problems with violence, poor test scores, and truancy (http://schools.nyc.gov/SchoolSearch/).

Norman Thomas High School is another example of a large dropout factory and was closed in 2014 (Inside Schools 2014). Though Norman Thomas considered a "specialized (school forcing on a certain subject or subjects, i.e., The High School of Performing Arts)" public high schools in NYC, the school still only graduated 55% of its students on time. Inside Schools reported the following about the Norman Thomas High School's closing:

> In 2010, only 55 percent of Norman Thomas students graduated on-time and though parents had some positive feedback about staff members and the school's extensive involvement with outside programs and organizations, many questioned why the school had been failing for so long and wanted other options were available for their children. In February 2011 the Panel for Education Policy approved the Department of Education's proposal to phase out and replace the school due to persistently low performance and an inability to be transformed (Inside Schools 2014).

### *Waiting for Superman* Documentary Critics

The issue of failing urban schools has caught the public's attention in the documentary *Waiting for Superman* (2010) which depicts many urban public schools were considered dropout factories due to low-performing students, uninspiring teachers, unions, and a lack of school resources. The film concludes by suggesting no real methods for fixing failing public schools in many of the urban centers across the United States such as Los Angeles, New York City, and Chicago. However, the film does point out that charter schools as being a key way in fixing the public school problem. The issue with the film according to Parado and Montez de Oca (2014) is one of pedagogy in which the directors of the film play to an empathic audience of people who already buy into the broken public school narrative. Therefore, as such the film only seeks to reinforce the stereotypes of public schools as a system that has historically been broken for

years and cannot be fixed. According to the authors, the film gives the impression that the racialization of education is not an issue either.

## The Issue of Charter Schools as a Civil Rights Movement

The national public charter school movement was started in early 1990s in Minnesota in order to provide greater autonomy to schools, greater freedom to teachers, and more choice to parents (Crutchfield 2015). According to Jandel Crutchfield (2015), the charter school movement is the fastest growing education reform in the country, with over 1.5 million students across 39 states. According to Crutchfield, there are generally three types of charter schools, namely start-ups, voluntary conversions, and forces conversions. Start-up charter schools may start a school if the "like-minded" individuals and community leaders find there is a need for a topic that is not being offered in the existing neighborhood schools with interested educators and parents who agree to start this new endeavor. Voluntary charter schools may use their current building and retain some staff. Forced conversion charter schools are ones that have chronic low performance problems such as Adlai E. Stevenson High School and Norman Thomas High School mentioned above where each have around three charter schools occupying the former high schools.

Stein (2015) in his examination of charter schools in Indianapolis found that there is evidence of racial sorting when parents are given school choice. This according to Stein leads to less diversity when he compared the racial demographics between public sector schools and charter schools.

Despite the segregation, low-performing schools and lotteries for charter school depicted in *Waiting for Superman*, the criticism of this film has been harsh (Goldstein 2010). From the American Federation of Teachers Union (AFT) to public school districts around the country decried that the film was over simplified and did not give an actual portrayal of America's public schools including their victories and challenges. The film also creates the sense that charter schools are the way to go with trying to educate children in the twenty-first century. Indeed, it is argued by many that charter schools appear to be more effective than publicly run schools because they serve fewer children with disabilities and fewer children from immigrant backgrounds (Chapman 2013). Therefore, education becomes not as a matter of civil rights but privilege for the few students that are selected through lottery for a charter school. This is not how public education should work as George Frederickson would suggest that effective public education should not be a question of where someone lives and if they are lucky enough to draw a number for a charter school.

The charter school movement is one of the fastest growing school reforms going on in the United States (Greenblatt 2014; Frankenberg 2011). The effort is being carried forth by community leaders, teachers, and parents wanting choice for schooling. However, to suggest that charter schools are a matter of civil rights may be a far reaching account.

The use of the term civil rights appears to be the language of choice for people trying to advance the charter school debate. In 2014, Bill De Blasio, Mayor of NYC framed his remarks at a procharter gathering as a matter of civil rights (Shapiro 2014). The mayor also quoted Frederick Douglas in his address which did not go over well with the civil rights activists in the audience according to Shapiro (2014).

Quoting Frederick Douglass at a recent appearance in a black church in Bedford-Stuyvesant, the mayor said, "Didn't the great man once tell us, 'Power yields nothing without demand?' So we, in this time, have demanded something different for our children and we won't accept an education system that doesn't support them (Shapiro 2014)."

Brian Jones (2011) suggests that it is not appropriate to use the terms civil rights and charter schools in the same sentence. In fact, the two movements are in conflict with one another according to Jones who argues the following comments in The Huffington Post.

First, and perhaps most importantly, it is a "movement" that claims that the interests of adults (specifically, teachers) are in conflict with the

interests of children (students). Whereas the civil rights movement was explicitly social democratic, challenging the government to take action on racism and poverty, and supporting trade unions as a means of achieving more social equality, the current education "reformers" are convinced that inequality can only be undone by *weakening* the teachers' unions.

Secondly, this "reform" effort is a "movement" that takes power away from ordinary people, while claiming to do the opposite. In the name of "parent power," charter schools have reduced actual parent power. Charter school parents do not have a right to have any say in the governance of their child's school and do not even have a right to place their child in it. The child must win a lottery, and then the parent and child must, in many cases, adhere to a strict contract to remain in the school. Charter boosters will respond that parent demand for their schools is through the roof, but that has more to do with the way parents are perpetually bombarded with slick advertising materials from Madison Avenue than it does with the actual merits of the schools. When was the last time *Mad Men* created promotional materials for a genuine grassroots movement?

Thirdly, while it has black faces perched in important places, the charter school "movement" is not a "black movement" for education. Whereas folks participated in the civil rights movement at great personal risk, many of the influential black supporters of charter schools stand to profit handsomely (Jones 2011).

The three points made above by Jones clearly demonstrate that the charter reform movement is not about civil rights for Black and Latino students but more so about control for the power makers and parents that want out of the public school system due to perceived notions of inadequacies.

Frankenberg et al. (2010) also make the argument that charter schools have been successful politically but also a civil rights failure. For example, the authors found that the Southwest have five of the eight states where Latinos have historically been concentrated. In 1973 the Supreme Court found that Latinos were discriminated against a rate that was paralleled to that of the African Americans in the South. The authors went on to suggest that the discrimination was often based on race, language, and poverty, thus providing students a chance for educational choice. This fact caused an acute realization that Latinos were substantially underrepresented in charter schools within the Southwest region of the states.

Additionally, Frankenberg et al. (2010) discovered in their research that in more than 40 states, charter schools were more racially segregated than public schools. Though there were exceptions admit the authors. However, these exceptions are very few when data were analyzed around the United States.

Mentioned briefly above charter schools are also not chiefly about civil rights due to the notion of admitting students based on a lottery system. This system is when charters schools only have a few spaces left and must open these spaces up on a lottery system. This entry will not discuss the different forms that these entries take as much of it depends on rules of the district and the state that the charter schools reside. However, Chabrier et al. (2016) postulate charter school lotteries have major issues especially regarding what happens to the students who lose. The research according to Chabrier et al. (2016) go on to suggest that charter schools that are the high performing high school, typically in the suburbs generally less effective charter schools' vs charter schools in the more depressed, segregated districts and under performing schools have effective charter schools. In other words, the issue with the lottery charter system is that the students who lose are the ones in need of a better education.

Perhaps the most damning report was leveled by the *Center for Popular Democracy* in May 2016. The center suggests that the Federal government has poured 30 million dollars to support charter schools around the country. However, the center has found in their research that charter schools suffer from mismanagement and abuse to the tune of $213 million dollars since 2015. News of this information has only come to light due to whistleblowers, investigators, and reposts. A key reason for the abuse is due to little oversight of charter schools. The center suggests the

following three recommendations to help slow or eliminate the problems addressed in this section.

The Center for Popular Democracy has recommended the below three strategies to assist charter schools countrywide:

- Mandate audits that are specifically designed to detect and prevent fraud and increase the transparency and accountability of charter school operators and managers.
- Design clear planning-based public investments to ensure that any expansions of charter school investments ensure equity, transparency, and accountability.
- Increase transparency and accountability to ensure that charter schools provide the information necessary for state agencies to detect and prevent fraud.

## Conclusion

This entry has framed the concept of civil rights by first linking the term to social equity used in the field of public administration. The entry has also addressed the importance of the Social Equity Leadership Conference held annually in June and then turns its attention to civil rights, public education in the United States, and the charter school reform. It is safe to suggest that the charter school reform is gaining momentum as there were students should be in between million and enrolled across the country where charter schools reside (Allen and Consoletti 2010).

This entry concludes by suggesting that public education, segregation-free and effective, and challenges are the hallmark of a democratic society. Therefore, the urban public educational system around the United States is in need of constant reform. This entry has demonstrated this above. However, this entry is not confident that charter schools are even addressing public education as public good and should be afforded to everyone. Though much smaller than the field of education, public administration must too be concerned with the improvements greatly needed by the public school system. This is especially important that charter schools are not standardized in term of their curriculum. This issue has also made assessing the effectiveness of charter schools over all.

## Cross-References


▶ Leadership and Social Justice
▶ Power and Minority Representation
▶ Social Equity Leadership


C

## References


Allen J, Consoletti A (eds) (2010) Annual survey of America's charter schools. Center for Education Reform, Washington, DC. Retrieved from https://www.edreform.com/wp-content/uploads/2011/09/CERChar Survey 2010.pdf

Chabrier J, Cohodes S, Oreopoulos P (2016) What can we learn from charter school lotteries? J Econ Perspect 30(3):57–84

Crutchfield J (2015) What does charter school mean to you? A look at Louisiana's harter enrollment by chapter type. Equity Excell Educ 48(1):22–35

Frankenberg E (2011) Educational charter schools: a civil rights mirage? Kappa Delta Pi Record 47(3):100–105

Frankenberg E, Siegel-Hawley G, Wang J, Orfied G (2010) Choice without equity: charter school segregation and the need for civil rights standards. The Civil Rights Project: UCLA

Frederickson HG (2005) The state of social equity in American Public Administration. Natl Civ Rev 94: 31–38

Goldstein D (2010) Grading 'Waiting for Superman' The celebrated film tells a familiar story about unions and schools – but misses what's new. The Nation online

Greenblatt A (2014) New Orleans district moves to an all-charter system. NPR.com

Guggenheim DG (2010) Waiting for superman. Walden Media, Los Angeles

Inside Schools (2014). http://schools.nyc.gov/SchoolSearch/. Retrieved 1 Aug 2016

Jones B (2011) Charter schools and civil rights: what kind of movement is this? The Huffington Post.com

Kemple JJ (2015) High school closures in New York City: impacts on students' academic outcome and mobility. The Research Alliance for New York City Schools, New York

Mayor defends same-sex marriage (2004). CNN.com

New York City Department of Education. http://schools.nyc.gov/SchoolSearch/

Parado J, Montez de Oca J (2014) Waiting for Superman: neoliberal education reform and the craft of filmic direction. Rev Educ Pedagogy Cult Stud 36:274–297

Semuels A (2015) White flight never ended. The Atlantic Online

Shapiro E (2014) The rhetoric of civil rights in the charter-school debate. Politico Mag
Staff (2016) Charter school vulnerabilities to waste, fraud and abuse. In: The center for popular democracy
Stein M (2015) Public school choice and racial sorting: an examination of charter schools in Indianapolis. Am J Educ 121(4):597–627
Young P, Dolph D, Russo CJ (2015) The impact of Brown v. Board of Education on student learning in public schools. Int J Educ Reform 24(4):335–348

## Civil Rights in Other Countries

Sharron Y. Herron-Williams and
Alecia D. Hoffman
Alabama State University, Montgomery, AL, USA

### Synonyms/Acronyms

AFSPA (Armed Forces Special Power Act); DRC (Democratic Republic of the Congo); LGBTI (lesbian, gay, bisexual, transgender, intersex); MPLA (Popular Movement of the Liberation of Angola); NA (National Assembly); NGO (nongovernmental organization); UNCR (United Nations Commission on Human Rights)

### Definition

Civil rights: The right of citizens to political and social freedom and equality
Conflict theory: When tensions and conflicts arise because resources, status, and power are unevenly distributed between groups in society and these conflicts become the engine for social change

### Introduction

> "Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope." Robert F. Kennedy

According to the Universal Declaration on Human Rights (1948) Article 2: everyone is entitled to all the rights and freedom set forth in this declaration without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. Furthermore, no distinction shall be made of the political, jurisdictional, or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing (Please see United Nations.org www.un.org/en/decolonization/nonselfgovterritories.shmtl), or under any other limitation of sovereignty (For more information about the Universal Declaration on Human Rights, please access www.un.org.en/universal-declaration-human-rights).

In the preamble to the International Covenant on Civil and Political Rights (1966, 1976), in accordance with the Universal Declaration of Human Rights, the ideal of free human beings enjoying civil and political freedom and freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his civil and political rights, as well as his economic, social and cultural rights… (For more information about the International Covenant on Civil and Political Rights, please access http://www.ohchr.org/en/professionalinterst/pages/ccpr/aspx).

It is critical to start this discussion about civil rights in other countries with these two statements, because although the idea that mankind has certain inalienable rights, which have been in existence for centuries, the process of garnering civil rights for all has been daunting. When talking about civil rights, one cannot do so without discussing disenfranchisement of some sort. In most countries, because of the mobility of populations, a shift in economic resources, and changes in political regimes, the discussion about civil rights has become more prevalent. As people move and regimes change, the need for control has grown. Discussions about civil rights no longer just include conversations and legislation about access, but the rights of people as human beings or human rights.

The Civil Rights Movement in the United States started because of the oppression of certain classes or groups within the population. With the advent of slavery, African Americans were

considered property, and with the rise of social classes and the structuring of government, women too were considered property. As a result of lack of access, disenfranchisement was created and eventually led to revolts by the people. Looking at historical and modern actions taking place around the world related to civil rights, one is forced to reexamine the role of conflict theory as originally surmised by Karl Marx and Friedrich Engels and how this theory provides the proper lens to view the direction of civil rights not just in the United States and North America but how it is perceived and practiced on other continents.

## Theoretical Framework and Literature

Conflict theory, which is a derivative of Marxism, states that tensions and conflicts arise when resources, status, and power are unevenly distributed between groups in society, and these conflicts become the engine for social change (Crossman 2016). Power is retained by those who control wealth accumulation, political access, and other material resources. When examining conflict theory, one not only is concerned with socioeconomic differences between persons but also other factors such as race, sexuality, gender, and religion.

Prior to the recognition of Karl Marx's theory on conflict, similar arguments were made by Thomas Hobbes in his manuscript *Leviathan*. Hobbes' overall premise was that in the most basic society, there will always be discord and conflict, and through the establishment of a social contract, then are men able to live in some semblance of harmony. This protection, afforded by the governing structure, has the responsibility of ensuring that the rights of men are protected from others who would seek to trample upon them and protect the commonwealth of the nation. This philosophical idea as proffered by Hobbes warrants some discussion, because it is pertinent to this discussion on civil rights. Since Hobbes sees man as selfish and concerned about his own well-being possibly to the detriment of others, a governing structure that mirrors mankind is necessary for the peaceful cohabitation of man (Hobbes 1651 in Ebenstein and Ebenstein 1999). The Hobbesian approach to the study of civil rights in other countries is recognized by Günther Schlee (2004) who quotes the work of Max Gluckman who "sees humanity as constantly caught up in conflicts and argues that such ties make possible a certain measure of peace in society." This aforementioned statement highlights the need for crosscutting social ties in society, and this thus lessens social conflict.

Many scholars have examined the difficult relationships that exist between people in society as well as people and the governments which are supposed to protect the rights of the members of society.

> The argument of group conflict theory is that competition between racial groups – competition for political, social, and economic resources – makes a unique contribution to political hostility between members of those groups. That is, the placement of an individual within a group and the circumstances of that group in society and vis-à vis other groups in society will affect how that individual approaches decisions about the allocation of political, social, and economic cost and benefits. (Glasser 2003)

Glaser further concedes that nonracial groups can also stimulate group conflict due to the slightest differences among individuals, which can exacerbate conflict over scarce resources. Whites believed that Blacks posed an existential threat to Whites in American society, particularly as it relates to political issues and resources. The same can be said in homogeneous societies where the members possess other characteristics that would bring about discord, i.e., religion, sexuality, or gender if conflict theory is applied.

Another supposition provided by Michael T. Klare suggests that conflict can be attributed to natural resources. Natural resources, just as any other resource, can become scarce, and conflicts can emerge over the rights to such precious commodities. Klare further surmises that these resource wars are likely occurring in countries that are considered poor and having weak governments that align with multinational corporations to market the precious resources. However, societies are now beginning to recognize that humans are the most valuable commodity and the development of this commodity takes time. To the detriment of the development of humans and social order in said societies, many leaders' short-term calculations dominate (Klare 2001).

The thesis delivered by Klare is a timely analysis of the implications of resources on the treatment of human beings. These not only have to be natural resources such as gold, oil, and diamonds but also resources and commodities such as jobs, housing, and food. This approach to the examination of conflict theory also demonstrates a symbiotic relationship between the public choice model in economics, public administration, and political science. Through the application of game theory-based models such as public choice, it is evident that conflict emerges due to the shift of normatively believing that government has the responsibility of working on behalf of the collective good of the people to that of working on behalf bureaucrats, politicians, and even the people operating in a self-interested manner. The relationship that conflict theory has to public choice econometrics and therefore civil rights is evident in the way in which decisions are made about who gets what, when, and how.

There are additional scholars, such as Lachmann, Bartos and Wehr, and Raimo, who have discussed the role of conflict theory and how it relates to a particular nation-state or region. Individuals such as Sanja Kutnjack Ivokoic and John Hagan, who examine the applicability of conflict theory to the crisis in Sarajevo; Andrew Williams in his study of Moldova; and lastly Herman Strasser, who examines class formation, all focus on the role of civil rights in the their respective areas of study through the analysis and applicability of conflict theory (Ivakovic and Hagan 2006; Lachman 1990; Bartos and Wehr 2002; Raimo 1991; Williams 1999; Strasser 1980).

## The Role of Government in Securing Civil Rights

One of the major responsibilities of government is the protection of those who live within the governing jurisdiction that is considered to be its' sovereign territory. This preeminent institution has the responsibility of not only protecting those within its borders from external and/or internal threats and maintaining order, but it must also protect the rights and facilitate the well-being of citizens who live within its' jurisdiction. From a purely democratic standpoint, the role of the social contract is extremely important and must be adhered to in order for a vibrant, productive society to thrive and compete within the international political, social, and economic order. Furthermore, it is of paramount importance that the sovereign rule of the people be protected. In most developed societies, the government has the responsibility to act on behalf of its citizens through the social contract which is usually given to the citizens by way of a recognized constitution. Additionally, other legal mandates as set forth by a parliamentary body, legislative assembly, or some other form of governing body hold the same legal force as do those principles that have been set forth within the original social contract that has been agreed upon and accepted by those who live within the governing jurisdiction.

Coupled with the legal principles that are adopted by a nation-state, other international organizations and regional bodies may also implement rules and resolutions which are expected to be adhered to by participating member nation-states. To elucidate this principle, the articles set forth by the United Nations as it pertains to civil rights have been agreed upon by those member states which have signed on to the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. However, and possibly more importantly, by the mere fact of becoming a signatory member to the 193-nation-state multilateral institution, those member states have agreed to adhere to and uphold these universal rights of man which are rights that are inherent in all men at any given time and in any given place. Although this principle, however noble and beneficial it may be to maintaining the international order and peace in the world, the true applicability of legal mandates and social contracts at the nation-state level may be lacking in some areas of the globe. The rules set forth by the United Nations and ideas espoused by political philosophers who predate the idea of the institution are at times ignored or misconstrued by some nations that believe civil rights do not apply to every given group that resides or even crosses into their borders, even if temporarily. Examples of the

inconsistencies in the application of civil rights being afforded to an entire population can be demonstrated through an examination of a country in the following regions: Africa, Southeast Asia, and South America and Europe.

## Africa

The question surrounding civil rights in Africa is not a new discussion. In early writings about the Arab conquests during the seventh century, it is evident that basic civil and human rights were not being afforded to those swept into the East Asian slave trade. During the period of European imperialism and the quest for new resources, human and natural resources led to the colonization of the continent at the Berlin Conference in 1884–1885. Finally, the independence movements, which led to the dawn of a "new Africa," commencing during the 1950s and finally culminating in the mid-1990s, highlighted the civil rights issues that plagued many of the newly independent nations. During each of the aforementioned periods, there have been many questions regarding the practice of civil rights in Africa and how the varied governmental institutions have or have not operated to ensure that basic fundamental rights were afforded to every human being.

Each of the aforementioned periods can aptly demonstrate the utilization of conflict theory to show the role of the government or those in power operating in manner to ensure that resources are obtained to perpetuate the growth of certain populations within a nation. This often times occurs to the detriment of other groups in society, be they groups within a territory governed by the nation-state or outside territories by way of conquest. During each of these periods, the distribution of these resources, status, and power among the groups involved has precipitated some type of change in the societies involved.

In the twenty-first century, there are still some widespread issues as it pertains to the protections of civil rights for the people of Africa. There have also been some gains with the help of local governments and international organizations such as the United Nations.

### Angola

The US State Department indicates in their 2015 report that the country of Angola suffers from cruel, excessive, and degrading punishment; limited freedom of assembly, associations, speech, and the press; and unlawful deprivation of life and lack of due process, trafficking in persons, forced labor, and limits on worker's rights and instances of failure to compensate persons upon the use of eminent domain.

Although the government of Angola has taken some measures to resolve these aforementioned abuses, the system which should allow for checks and balances has been considered to be inadequate as of the 2015 US State Department report. Coupled with the weak system of checks and balances includes weak institutional capacity, a culture that allowed for exemption from punishment, and government corruption U.S. Department of State (2015a).

Several of the examples of human and civil rights abuses cited in Angola include the excessive use of deadly force on Light of the World Church members in Huambo Province and police abuse of protesters, such as the September 15, 2014, incident when Raùl Mandela was beaten by the police of Luanda Province (U.S. Department of State). (A report from AllAfrica.com by way of the Angolan news outlet *Maka Angola* cites the date of the incident of Raùl Mandela's confrontation with the Luanda police as November 22, 2014. For further details, see "Angola: How Police Commanders Brutally Assaulted Laurinda Gouveia" in *Maka Angola* December 2, 2014. Accessed June 29, 2016 available from allafrica.com/stories/201412021275.html.) In addition, there are stories of other individuals such as Baixa de Kassanje who was in the company of Laurinda Gouveia, both accosted and beaten by the police near Independence Square in Luanda Province on November 23, 2014 (De Morias 2014). This is one example of the arbitrary arrest of individuals and unlawful detainment in violation of the Law on Precautionary Measures in Criminal Proceedings [Law 25/2015] (U.S. Department of State 2015). There are other examples, one of which includes the detainment of three journalists that witnessed the

unlawful detainment of a group of activists. For those who have been detained by authorities, there are reports that payments of bribes to authorities are needed to release prisoners. The bribe system has also been utilized to prevent family members from gaining access to those who are in custody of the authorities of the state. The aforementioned incidents have a direct relationship to political dissent and political participation. There have been reports that opposition parties face harassment and intimidation from the Popular Movement of the Liberation of Angola (MPLA) supporters. Overall political participation is open to all nationals of the country, and women and minorities hold elected seats in the National Assembly (NA) with 79 members being women in the NA, 2 women governors out of 18 nationwide, and 8 women cabinet members out of 34 (U.S. Department of State 2015).

As it relates to freedom of speech and the press, reports of threats by authorities toward journalists and other members of the press that print critical stories about the president are common. Likewise, there have been complaints regarding a lack of transparency and communication, which lead to bias in reporting. Journalists were also harassed and intimidated by authorities and charged with libel to limit the ability to report certain actions of the government. To provide a relevant example of these types of abuses, in May 2015, Rafael Marques was found guilty of criminal libel when he failed to communicate his research findings to the Angolan Armed Forces or other companies that were allegedly involved in human/civil rights abuses for comment to counter the findings of his research (U.S. Department of State). Marques de Morais research centered on the abuses in the Luanda Province diamond mines which culminated in the publication of a full-length manuscript entitled *Blood Diamonds: Corruption and Torture in Angola*. The court gave de Morais a 6-month suspended sentence (Smith 2015). According to the US Department of State, the rationale for the courts suspended sentence was that "the Ministry of Justice and Human Rights stated that the majority of cases mentioned in the Marques 2011 accusation had already been tried and sentences imposed on the private citizens and members of the security forces found guilty of human rights violations before Marques published his accusations" (U.S. State Department 2015).

The right of freedom of assembly has also been regularly restricted by the government, with activists being threatened through intimidation and death threats. The government has also restricted the free association of persons that have been considered suspicious. This was typically done through the denial of permits for organized activities. Although the Angolan constitution allows for freedom of movement, emigration, and repatriation, there have been times when these rights are restricted. The government has cooperated with the United Nations Commission on Human Rights (UNCHR); however, there are sources which claim that authorities have abused the international civil and human rights of migrants which shared the border with the Democratic Republic of the Congo (DRC). Some of the measures that have been taken by authorities include roadside checkpoints with bribery and extortion being used as a means by authorities to limit movement and harassment and expulsion of irregular migrants from West Africa and some Asian countries. To combat some of these aforementioned issues, the Asylum Law (Law 10/2015) was implemented with centers being constructed in Luanda, Luanda Norte, and Zaire provinces. The major goal and focus of these centers is to act as reception places for refugees until the government makes a decision about their case (U.S. Department of State 2015).

Reports of refugee abuse are also prevalent in the Lunde Norte Province where degrading treatment and reports of rape and sexual abuse have been carried out against Congolese migrants. To counter these reports from NGOs, the president worked with the United Nations to create a commission that would work to improve border issues. Refugees have also faced difficulty in obtaining access to basic services such as health care and education due to lack of appropriate documentation coupled with corruption by authorities.

Coupled with the discussion of refugee abuse, there is a need to discuss the rights of workers in

Angola since many of the refugees within the country face discriminatory and civil rights abuses by the nature of the work that they perform. The 2015 Country Report on Human Rights has noted that there are instances of forced labor, particularly in Luanda Norte and Lunda Sul provinces (U.S. State Department 2015). Additionally, the 2015 *Trafficking in Persons Report* indicates that forced labor and trafficking in men, women, and children for the purposes of labor and sex have been reported in the country. The US State Department has placed Angola as a Tier 2 country which means that it remains on a watch list until the Angolan government takes the appropriate measures to eliminate forms of twenty-first-century slavery. Some recommendations for Angola to improve the status of refugees and its status in human trafficking include:

> Use provisions in the 2014 money laundering law to investigate and prosecute money forced labor and sex trafficking offenses; train law enforcement officials on these provisions; systematically investigate labour trafficking in the Angolan construction sector; develop systematic procedures for identifying trafficking victims and train officials on such procedures; develop uniform and systematic referral procedures for all provinces; undertake efforts to provide shelter, counseling, and medical care to both child and adult victims, either directly or in partnership with NGOs; collect and analyze anti-trafficking law enforcement data; and continue to organize nationwide anti-trafficking public awareness campaigns (U.S. State Department Human Trafficking Report 2015).

In addition to the rights of those who are performing forced labor, there are also instances where the rights of some employees in the traditional work sector are compromised. To explicate this point, freedom of association and collective bargaining were not respected, and there is a need for government approval to join unions in Angola. Those working as civil servants do not have a right to collective bargaining. This close relationship between the government and unions correlates to the historical ties between political parties and labor movements. This is a characteristic that is common in many African countries.

An "other" group that has faced civil rights abuses in Angola is the San indigenous people. The San people number roughly about 8,000 and have had very little participation in political life in the country. NGO advocates have been working on behalf of this group to increase the amount of services and coordinate and improve communication with this community. This group has particularly suffered from eminent domain. After the end of the Angolan civil war, the land which originally belonged to the San was confiscated by elites and businessmen. Although attempts were made to provide some nominal reappropriation of the land for farming and cultivating purposes, the indigenous people lacked the more sophisticated equipment to perform the measures of cultivation. With these types of setbacks, land has been reconfiscated, and this has placed the San in a position which compounds their poverty and lack of voice (U.S. State Department 2015; IRIN 2004; IWGIA 2014).

In conclusion, the utilization of conflict theory in Angola is timely and relevant to the examination of civil rights in the country. As stated, conflict theory espouses that tensions and conflicts arise when resources, status, and power are unevenly distributed between groups in society, and these conflicts become the engine for social change. The aforementioned discussion about the country highlights numerous groups which seek resources, status, and/or power from the existing governing structure and also the international community. Transparency International, a global NGO, currently ranks Angola 163 out of 168 in transparency in governance (Transparency International 2015). This "cloak" allows for those in positions of power to operate in a manner that does not allow full disclosure of the activities of government to the people or the international community thereby thwarting genuine attempts to correct the problems of corruption, abuse, and civil/human rights abuses in the country. With proper training, accountability, and the rule of law and justice in place, the issues that plague the country will be resolved. This, however, will not be an easy feat, and conflicts, which challenge the leadership and the allocation of goods and services in the country, will continue to evade the country's real chances of true democratic governance, and only until proper recognition of civil rights as designated by the international

community are recognized will proper governance free of repression and conflict occur.

### India

The most significant human rights problems found in India were security force abuses, which also included torture and rape; corruption, which contributed to ineffective responses to crimes against women, children, and members of castes or tribes particularly in the form of trafficking; and also societal violence based on gender and religious affiliation. These civil and human rights abuses persist because of a lack of accountability and the creation of an environment which fosters impunity by government officials.

Evident in India are examples of group conflict theory. In Northeast India there are several separatists' movements such as the Kashmiri Movement, the Sikh Insurgency, the Jammu Movement, and the Maoist Insurgency, which are all groups seeking autonomy from the Indian government (U.S. State Department 2015). A particular law that has been utilized to deal with the insurgency movement is the Armed Forces Special Powers Act (AFSPA), (PUDR 2015) which was implemented initially in August 1942 by the Viceroy of India to suppress the movement started by Mahatma Ghandi and Jawharlal Nehru entitled the Quit India Movement. Both the movement and the AFSPA led to a number of civil and human rights violations which included the imprisonment of Ghandi and Nehru and the flogging, arrests, and killing of protesters at the behest of Lord Linlithgow, Viceroy of India. After India's independence from Britain in 1947, Prime Minister Nehru fought against insurgencies, particularly those led by the Nagas. The rebellions of the Nagas led to the upgrading of the AFSPA ordinance as implemented by the British Viceroy to that of an act of parliament in 1958, led by Nehru (Peer 2014).

The implications of this once colonial policy still reverberate today in India. This act gives Indian soldiers exemption from punishment in those areas rife with insurgent groups seeking autonomy from the Indian state. Conflicts carried out between the government and separatist groups such as the United National Liberation Front in Manipur eventually led to the group receiving statehood in 1972. Although some level of autonomy was granted and more resources allocated, rebels still sought further independence from India. The creation of the People's Liberation Army and other insurgency groups emerged with the AFSPA being reinstated in the Manipur area in 1980 (Peer 2014).

This historical background of the creation of the AFSPA and how the law has been utilized in areas that are considered to be conflict prone or susceptible to unrest shows how civil rights and human rights can be violated. More importantly, the groups that usually suffer from these violations are women and children. *The Country Reports on Human Rights Practices* indicates that "rape, domestic violence, dowry-related deaths, honor killings, sexual harassment, and discrimination against women remained a serious societal problem" (U.S. State Department 2015). There are reports of trafficking in persons, including bonded and forced labor of children and adults, and trafficking of adults and children for prostitution have also been reported as a widespread problem in India.

One of the fundamental tenets of United Nations Commission on Human Rights (UNCHR) Declaration is the respect for integrity of the person with freedom from unlawful or arbitrary deprivation of life. There are numerous reports which claim the Indian government or agents thereof violated this fundamental right. Examples include the apprehension of Irom Sharmila, who was in police custody for 15 years for the violation of a criminal statute that makes suicide illegal and custodial deaths of Shahik Hyder, Nakk Padma, and Swetang Patel (U.S. State Department 2015; Peer 2014). There have also been reports of disappearances as a result of failure of police to file arrest reports and the request of bribes by officers in order for families to receive information about the status of a detainee. There are also stories from individuals such as Hem Mishra, a student activist who exposed failures of the government and was arrested by the Maharashtra police in August 2013 on the charge of being a Maoist courier (Dahat 2015).

Additionally, there have been cases of abuse by law enforcement officers of individuals who are members of banned organizations that are forbidden from operating in the country due to the passage of the Unlawful Activities Prevention Act. The People's Union for Democratic Rights, an organization founded in 1977 in Delhi, has worked tirelessly to bring justice to the numerous civil rights abuses in the country (PUDR.org 2015).

Conflict in India will continue to persist, and varied groups will continue to seek recognition and impress their demands upon the government and also the international community until basic human and civil rights are recognized in the country of India. India has a long sordid history which has effectively limited and, in some cases, ignored the basic fundamental rights of particular groups within their society. Although the caste system is no longer in use, some groups such as the *Dalits* continue to be persecuted and ignored. This does not go without saying that the women and children who comprise this group are the recipients of a highly unusual amount of discrimination and marginalization. Other groups that seek recognition and some level of participation in the decision making process have been more organized in scope. Although there is organization among these groups, there is still some apprehension by India and also by the international community to some extent based on the belief that some separatist groups in the country have ties to terrorist extremists in the region. These groups, however radicalized they are or may be perceived to be, are participating in conflicts that are more organized. The theoretical postulations pertaining to conflict theory, particularly Glaser's assessment of group conflict theory, are applicable to India. Glasser concedes that the competition between racial groups and nonracial groups for that matter exacerbate over the scarce resources in society. This competition in India is that of struggle over political, social, and economic resources. This placement of one group – or some groups – in society vis-à-vis other groups in society affects how those groups approach decisions about the allocation of political, social, and economic costs and benefits (Glasser 2003).

**Russia**

The escalation of Russia's human rights abuses became more pronounced in 2014 with the illegal occupation of the Ukraine. Since that time, there have been numerous reports of human and civil rights abuses of Ukraine citizens residing in Russia. Individuals such as Nadiya Savchenko and Oleh Sentsor were both convicted on charges of terrorism. Nadiya Savchenko was charged with the death of two Russian journalists that were hit by mortar fire during a skirmish at a Ukrainian checkpoint. Although recently pardoned, she was sentenced to 22 years in a Russian prison (Pearson 2016; U.S. State Department 2015). Oleh Sentsor, along with others, was arrested after the March 2014 annex of the Ukrainian Black Sea Peninsula by Russia RFE/RL 2016a; U.S. State Department 2015. Sentsor was accused and convicted of terrorist attacks around Crimea and was sentenced to 20 years in prison.

The issues that were mentioned previously are not the only instances of human/civil rights abuses in the country. Some additional problems over the past year include restrictions on freedom of expression and the ability to choose one's government; restrictions on assembly, media, internet freedom, and association; and measures to repress political dissent. In addition to the suppression of the rights of citizens of the Ukraine, Russia has also systematically thwarted the activities of nongovernmental organizations (NGOs) by adopting laws that would prevent their work. Radio Free Europe/Radio Liberty reports spot inspections of nongovernmental organizations across the country. These organizations that receive foreign funding must register as foreign agents. The law that requires this reporting was adopted in 2012, and there are penalties applicable to the violation of the law ranging from a fine up to $9,300 or 300,000 rubles to prison terms of up to two years in criminal cases. As it pertains to administrative cases, organizations can be fined up to $15,500 dollars or 500,000 rubles. There have been seven administrative cases reported thus far where NGOs have violated this law, and there are at least 40 cases reported against organizations that were formally warned of the need to register as foreign agents (RFE/RL 2016; U.S. State Department 2015).

Coupled with the violations of rights of NGOs, many of which operate within the country to ensure that the basic civil and human rights of the citizens and migrants are maintained, are the violations of those who identify with the lesbian, gay, bisexual transgender, intersex community (LGBTI). The government has enacted laws to ban any "propaganda" of nontraditional relations to minors. Two such NGOs which operate within the borders of Russia to protect the rights of the LGBTI community, Side by Side and Coming Out, were fined 500,000 rubles each for either dissemination of propaganda or receiving funding from a foreign government (RFE/RL 2016; U.S. State Department 2015).

Overall the government has been complicit in not persecuting public officials, thereby fostering a climate of impunity. To substantiate this point, in areas where reports indicate high levels of human rights violations perpetuated by regional authorities, it is believed that the national government has done little to no investigations to correct the problems. The State Department has provided citations of torture and cruel and inhumane treatment of prisoners or suspects in custody. The use of abuse by police has been reported by former law enforcement officers and human rights organizations. The forms of torture utilized are "electric shock, suffocation, and stretching" (U.S. State Department 2015; Human Rights Watch 1999; Sweeney 2006; Karush 1999). Individuals such as Yuriy Yatsenko, a Ukrainian law student; Sergei Nazarov of Tatarstan; Murad Magomedov, a lawyer defending a terrorist suspect; and Vladimir Kara-Murza have all suffered civil and human rights violations at the hands of authorities or groups complicit with authorities (U.S. State Department 2015).

The aforementioned instances of abuse provide some examples of the types of torture faced by those in police custody before conviction is rendered. It also highlights the types of abuses suffered by those working on behalf of the accused to ensure a fair judicial process. However, there are also those who suffer within the Russian prison systems, those convicted of ordinary crimes, and also those considered political prisoners, some of which have been previously discussed.

In conclusion, the applicability of conflict theory to Russia in regard to civil and human rights is evident across a broad spectrum. It encompasses the examination of the violation of rights of foreign nationals, particularly those of Ukrainian origin to those within the country as far north as the Caucus region. Furthermore, those groups that seek to express themselves and be afforded some basic protections as it relates to their sexual proclivities and lifestyles have been targeted and harassed, and lastly the myriad of organizations working on behalf of those marginalized groups in society are also stymied, thus making it difficult for any true discussion to occur that will lead to a policy that will protect such groups.

## Conclusions

It is difficult to determine the direction of other countries as it pertains to civil rights at this time. While there are international protections in place as have been agreed to by many nations, abuses still continue. As long as the need for power, control, and greed outweighs the need for peace and civility, the obtainment of civil rights in other countries will be waged through long, hard fought battles. Conflicts of some sort will always exist as long as there is competition for scarce resources, but in this period of the world's political and social unrest instead of just fighting for basic freedoms, citizens are having to fight terrorism in its many forms. What is evident no matter which country is examined, women and children tend to suffer more harm; therefore, more laws must be enacted to protect those disenfranchised groups. Public administrators must be given the authority to legally and politically enforce the laws to ensure that the rights of citizens are not overlooked.

## Cross-References

► Civil Rights

## References


Bartos OJ, Wehr PE (2002) Using conflict theory. Cambridge University Press, Cambridge

Crossman A (2016) Conflict theory: a brief overview. About education. Available from http://sociology.about.com/od/Sociological-Theory/a/Conflict-Theory.htm. Accessed 26 June 2016

Dahat P (2015) My arrest was an attempt to terrorize student community, says Hem Mishra. Hindu. Retrieved from http://www.thehindu.com/news/national/my-arrest-was-an-attempt-to-terrorise-student-community-says-hem-mishra/article7630270.ece. Accessed 30 June 2016

DeMorias RM (2014) Angola: how police commanders brutally assaulted Laurinda Gouveia. Maka Angola. Retrieved from http://allafrica.com/stories/201412021275.html. Accessed 29 June 2016

Ebenstein W, Ebenstein A (1999) Great political thinkers. Thomson Wadsworth Publishers, Belmont

Glasser JM (2003) Social context and inter-group political attitudes: experiments in group conflict theory. Br J Polit Sci 33(4):607–620

Human Rights Watch (1999) Confessions at any cost: police torture in Russia. HRW. Retrieved from https://www.hrw.org/reports/1999/russia/. Accessed 1 July 2016

International Covenant on Civil and Political Rights (1966). Retrieved from http://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx. Accessed 26 June 2016

International Work Group for Indigenous Affairs-IWGIA (2014) Indigenous people in Angola. Retrieved from http://www.iwgia.org/regions/africa/angola. Accessed 29 June 2016

IRIN (2004) Discrimination and dependence – the plight of the san. Retrieved from http://irinnews.org/feature/2004/02/02/discrimination-and-dependence-plight-san. Accessed 29 June 2016

Ivković SK, Hagan J (2006) The politics of punishment in the siege of Sarajevo: toward a conflict theory of perceived international (In)justice. Law Soc 40(2): 369–410

Karush S (1999) Russia plagued by police torture. Mosc Times. Retrieved from http://www.themoscowtimes.com/news/article/russia-plagued-by-police-torture/270257.html. Accessed 1 July 2016

Klare MT (2001) Resource wars: the new landscape of global conflict. Metropolitan Books, New York

Lachman R (1990) Class formation without class struggle: an elite conflict theory of the transition to capitalism. Am Sociol Rev 55(3):398–414

Pearson M (2016) Ukrainian pilot Nadiya Savchenko Pardoned and released by Russia. CNN World. Retrieved from http://www.cnn.com/2016/05/25/europe/nadiya-savchenko-ukraine-russia/. Accessed 1 July 2016

Peer B (2014) The Armed Forces Special Powers Act: a brief history. Aljazeera. Retrieved from http://america.aljazeera.com/articles/2014/3/8/armed-forces-specialpowersactabriefhistory.html. Accessed 30 June 2016

People's Union for Democratic Rights – PUDR (2015). Retrieved from http://www.pudr.org/. Accessed 30 June 2016

Radio Free Europe Radio Liberty – RFE/RL (2016a) Russia signals possible release of filmmaker sentsov, other Ukrainians. RFE/RL. Retrieved from http://www.rferl.org/content/russia-ukrine-prisoners-release-sentsov/27662783.html. Accessed 1 July 2016

Radio Free Europe Radio Liberty – RFE/RL (2016b) The crackdown on NGOs in Russia. RFE/RL. Retrieved from http://www.rferl.org/section/crackdown-on-ngos-in-russia/3272.html. Accessed 1 July 2016

Raimo V (1991) New directions in conflict theory: conflict resolutions and conflict transformation. Sage, London

Schlee G (2004) Taking sides and constructing identities: reflections on conflict theory. J R Anthropol Inst 10(1): 135–156

Smith D (2015) Angolan journalist given suspended term over blood diamonds book. The Guardian. Retrieved from https://www.theguardian.com/world/2015/may/28/angolan-suspended-jail-blood-diamonds-rafael-marques-de-morais. Accessed 29 June 2016

Strasser H (1980) Stratum and class formation: principles of a theory of social inequality. Can J Sociol 5(2): 103–120

Sweeney C (2006) Beatings, electroshocks, and 'Rape Room' used in Russia – amnesty. Ir Times. Retrieved from http://www.irishtimes.com/news/beatings-electroshocks-and-rape-room-used-in-russia-amnesty-1.1263863. Accessed 1 July 2016

Transparency International (2015) Corruption by Country/Territory: Angola. Retrieved from https://www.transparency.org/country/#AGO. Accessed 29 June 2016

U.S. Department of State (2015a) Angola, Bureau of democracy, human rights, and labor: country reports on human rights 2015. Retrieved from http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2015&dlid=252649. Accessed 26 June 2016

U.S. Department of State (2015b) India, Bureau of democracy, human rights, and labor: country reports on human rights 2015. Retrieved from http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2015&dlid=252963. Accessed 27 June 2016

U.S. Department of State (2015c) Russia, Bureau of democracy, human rights, and labor: country reports on human rights 2015. Retrieved from http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2015&dlid=252893. Accessed 1 July 2016

U.S. Department of State (2015d) 2015 Trafficking in persons report: country narratives. Retrieved from http://www.state.gov/documents/organization/258878.pdf. Accessed 29 June 2016

Universal Declaration of Human Rights (1948). Available from http://www.un.org/en/universal-declaration-human-rights/. Accessed 26 June 2016
Williams A (1999) Conflict resolution after the cold war: the case of Moldova. Rev Int Stud 25(1):71–86

# Civil Service Development in Kazakhstan

Saule Emrich-Bakenova
Department of Public Administration, College of Social Sciences, KIMEP University,
Almaty, Kazakhstan

## Synonyms

Administrative civil servants; Bureaucracy; Civil servants; Civil service; Managers; Officials; Political

## Introduction

The purpose of this entry is to outline some important trends and features of civil service development in Kazakhstan over a period of more than 20 years from 1995 to 2018. It reviews regulatory changes, the role of the civil service body, and composition of the civil service. The following basic arguments are brought to the fore.

*First*. Since independence in 1991, Kazakhstan has undergone a major political, economic, and social transformation in its quest to join 50 and then 30 most competitive countries in the world (Janenova and Knox 2017). Kazakhstan's institutional reforms include changes to constitutional order, state organization, and management system, refining of its development objectives (OECD 2017a). While some "further reforms were introduced and at times previous ones were countermanded" (Ibid, 53), the civil service consistently has been both "the subject and the object of change" and "an arena and an instrument in the simultaneous pursuit of a range of values" (Morgan 1996, 227, 229). This could be illustrated by the number of successive legal instruments among them civil service laws, ubiquitous ethics, and anti-corruption decrees, codes, laws, and programs as well as various provisions related to modernization of public administration. These legislative activities should be viewed within the context of a succession of numerous strategic documents which outline the country's political, economic, and social objectives for several decades in advance and also provide very concrete steps toward "accelerating the modernization agenda" (Janenova and Knox 2017, 2).

*Second*. Official sources are distinguished among three key stages (1992–1997; 1997–2012, 2012–present) in the development of Kazakhstani civil service (CSA-AC 2018). While each stage is signified by adoption of national political strategies, programs, and supporting legal instruments, which seem distinct by the title and year of their adoption, nevertheless, such a linear sequence of reforms is misleading. The analysis shows that while each stage contains an important aspect concerned with improvement of civil service, reform stages have pronounced similarities in their objectives which are principally concerned with depoliticization and professionalization of the civil service. This resemblance of reform objectives could have various explanations including "the fact the earlier reforms have never reached their objectives, or perhaps they were too premature and ahead of their time, or perhaps they were cut short in the process of implementation, or perhaps some aspects of the reforms were only formal declarations that were not meant to be practiced at all" (Bakenova 2008, 95). Because immediate revolutionary changes in civil service development are not feasible and recurrence of the same objectives is only a sign of such a difficulty, we suggest that there is one permanent and continuous reform, starting with the transition from a socialist system. This period of reform has been long enough to complete some important tasks which we only start to understand now, an overview of which we present here.

*Third.* Lacking "deep historic roots" (Alba 2001, 93) with an average of just over 10 years of service, Kazakhstan boasts some of the youngest bureaucrats relative to, e.g., OECD countries. These civil servants could hardly be called

autonomous given that they have to endure politicians' interference in administrative operation and frequent mingling with the rules of their organization. Though, as some experts argue, this intrusion is not as effective as hoped. While higher-ranking officials develop "decent" programs, the rest of the bureaucracy appears to be "not suitable for the implementation, assessment, and oversight" of these initiatives. In other words, "Kazakhstani officials" keep failing "to create the executive mechanisms that would implement their decisions." That is why every 3 years or so, they are impelled to introduce yet another administrative reform (Satpayev 2016, 3).

*Fourth.* The Kazakhstani civil service exists in a paradox, in that civil servants on one hand are expected to be responsible for their actions and non-politicized, and yet political superiors relying on "'hierarchical' surveillance" expect them to be obedient, subject to responsibility, and politicized (Spanou 2001; Toonen 2001, 191).

The use of new public management ideas with strong emphasis on performance results and competition highlights the desire to define a clear role for civil servants in the "quality implementation of economic programs, provision of public services," which make them responsible and accountable, professional, and independent (Adilov 2015; Abdrasilov 2015).

However, as experts point out, the cascade of reforms puts tremendous pressure on civil servants to reaching political goals, creating an "overload and hence no opportunity for evaluation and reflection on policies that were effective or failed" (Janenova and Knox 2017, 8). This in turn "hinders the capacity of officials at the local and central government levels to do their jobs," putting strains on financial, human resources, and administrative organization, generating inefficiency and ineffectiveness in implementation of public policies, and let alone giving even more opportunity for politicians to be dissatisfied with civil servants working under them (OECD 2017a, 56; Adilov 2015).

A subsection of political elites has been able to maintain its established privileged positions against the instability of administrative civil servants by means of reforms and "super-centralized" system of control (Satpayev 2016, 3; see also OECD 2017a, b; Janenova and Knox 2017). The more unified and centralized political control is, the easier it is to introduce new approaches to the management of public services (Walsh 1995). However, by reducing the reform objectives to technical criteria and economic rationale, along with punitive policing measures to curb corruptive behavior in the absence of strong legal culture and respect to the process, perpetuates the reasons why in Kazakhstan the demarcation line between the political and administrative spheres is virtually nonexistent.

In a first step, we provide an overview of regulatory framework of civil service development since Kazakhstan's independence, followed by the latest changes in civil service structure and numbers. The final section discusses the implications of changes introduced to the civil service agency.

## Civil Service Regulation 1995–Present

After the collapse of the Soviet Union in 1991, Kazakhstan, as all other Soviet republics, relied on the preexisting Soviet bureaucratic and administrative machinery (Bhuiyan and Amagoh 2011). One of the important goals was to reform the politicized bureaucracy with its ideological commitments to communist political regime. In doing so Kazakhstan in 1995 adopted concurrently with its second Constitution, the Decree on Civil Service. If the Constitution outlines legal and institutional principles of equal access to employment in public administration and non-discrimination, the decree declared that civil service at all levels is a unified and professional sphere separate from general employment. The decree puts limitations on some of the constitutional rights of those who are in civil service including prohibition to strike, engage in entrepreneurial activities, form or have membership in political parties or be elected to representative institutions of central or local levels. Yet the decree also guaranteed to civil servants' rights including career growth based on qualifications, legal and social protection, social security and

pension, and resolution of employment disputes. These limitations and guarantees have been essentially preserved as of now.

The 1990s, however, proved to be challenging in making the constitutional rights and decree's provisions work. Like other former socialist states in this period, Kazakhstan experienced dramatic transformations in the state structure, political instability, poor economic indicators, mass privatization, and substantial emigration to say the least (Verheijen 2003). It is not entirely surprising that radical changes that were introduced in public administration did not completely correspond to the serious obstacles. Formal rules ran parallel to some unmotivated civil servants, distorted performance incentives and low salaries, and persistent politicization. Higher turnover, clientalism, nepotism, patronage, and various other informal practices including deeply rooted corruption in public administration greatly contradicted the legal principles of the decree (Baimenov 2000). Even the decree itself posed contradictions to the stated objectives with its 5-year contract for civil servants and spoil system formalized in Article 29, which outlined a process for mandatory resignation of subordinate civil service staff upon resignation of their superior. These rules undoubtedly only promoted the transient, temporary nature of civil service (Bakenova 2008).

In 1997 Kazakhstan announced its long-term program, strategy Kazakhstan 2030, a major policy initiative outlining long-term priorities among which is establishment of professional public administration. The concrete mechanism for implementation of the program became adoption in 1999 of a new Law on the Civil Service which had been repeatedly revised (Ashimbayev 2013; Bakenova 2008). The drafters of the law left out damaging spoil system rules and proceeded to separate political and administrative positions. Further to ensure stability and continuity of administrative civil servants against frequent rotation of political civil servants, in 2007 the senior administrative position of responsible secretary was established. However, ironically, the officials in this position turned to be themselves subject to continuous political pressure and turnover (Nursha 2015).

To fight corruption in public administration, Kazakhstan adopted since 1997 a series of instruments including Law on National Security 1998, Law on Fighting Corruption 1998 and 2015, the Code of Ethics for Civil Servants 2000 and 2015, consecutive State Programs on Fighting Corruption, and Anti-Corruption Strategy 2025. Notwithstanding all these measures, Kazakhstan among 180 countries in the Corruption Perceptions Index of Transparency International consistently scores since 2012 between 26 and 29 points (on a scale of 0 to 100, with 0 being highly corrupt) with slight improvement in 2017 – 31 points (Transparency International 2018; Janenova and Knox 2017).

While Kazakhstan's efforts in reforming civil service were praised by the international community (e.g., World Bank in 2002), nevertheless meritocratic principles remained theoretical as opposed to being "a solid practical rule" (Nazarbayev 2017, 377). As President Nazarbayev himself acknowledged: "While in 2000 Kazakhstan was able to develop its own model of civil service. . .there were significant problems among them insufficient objectivity in the work of [selection] committees, predetermined results of selection process, disregard of lawful process of appointments, and persistence of spoil system on all levels of public administration." These deficiencies required "radical modernization of the existing system of public administration" (Ibid).

Starting in 2010 Kazakhstan undertook several policy initiatives including *Strategic Plan of Development of Kazakhstan till 2020*, followed in 2011 by the approval of the *Conceptual Framework of New Model of Civil Service*. In 2012 the president announced in his meeting devoted to the independence of Kazakhstan that the program adopted in 1997, *Kazakhstan 2030*, had been successfully completed ahead of time, especially in socioeconomic development (Kazakhstan had achieved a place in the ranks of upper-middle-income countries) and international policy objectives. The next ambitious goal would be strategy *Kazakhstan 2050* with the aim of joining the top 30 developed countries of the world (Nazarbayev 2012).

As part of the state strategy *Kazakhstan 2050*, in 2015 the state program *Plan for the Nation* introduced *the 100 Concrete Steps on Implementation of Five Institutional Reforms*. The five institutional reforms include among others establishment of a modern and professional civil service. The *100 Concrete Steps* was supposed to be implemented within a minimum of 10–15 years and directed toward cure of systemic illnesses of public administration as opposed to its symptoms (Germenchuk 2016). In the same year was adopted the Law on Civil Service which is an updated and detailed version of its predecessor, Law on Civil Service 1999. It was described by international commentators as a law that "entirely renovates the legal framework of the civil service" (OECD 2017b, 31).

Review of the development of civil service in Kazakhstan underscores that professional, meritocratic, patriotic public administration personnel serving above all its people and the state have been always the most important agenda items for political leadership. However, the threshold of tolerance of ineffective and inefficient bureaucracy has been also significantly higher since need for *decisive* and *radical* reform came only after 20 years. One may argue that the time lag was due to the challenge of finding the *right* solution. Meanwhile, as experts point out, "the same problems" continue to exist. Not least 99% of the solutions for reforming the bureaucracy has already been part of earlier laws or already established organizational structures. Overall, the problem has never been in imperfect laws as much as in the failure of their implementation and non-compliance on part of individual officials and public administration bodies in general (Chebotarev 2015; Tatilya 2013).

How does the present civil service model differ from preceding systems outlined in earlier laws? Some experts argue that since unified structure and general division into political and administrative civil servants have been preserved, the present model is not radically new (Tatilya 2013). Nevertheless, there are a few important changes that were introduced, and we discuss those including what has remained of the civil service structure from 1990s.

## Present Civil Service Model

The Law on Civil Service 2015 preserved two types of civil servants: political and administrative. Political civil servants continue to be appointees, though the law also allows for their election. On central and regional levels, they are ministers, deputies, regional governors/akims, and deputies, as well as other positions determined by the president. A political civil servant's role is to determine objectives of the organization or region under their authority, to make decisions pertinent to the implementation of state policies and to evaluate implemented programs.

Modifications occurred in the structure of administrative civil service which is subdivided into two corps, A and B.

Corps B civil servants fill in positions in central and local public administration and are recruited via open competitive process or internally. Given that corps B civil servants as a rule start their career at the entry level, this makes it possible to say that Kazakhstan moved to a *career-based* model. However, it is rather a mix of a *career* and a *position* models.

Corps A are civil servants in managerial positions on central and local levels (e.g., responsible secretaries, heads of central, regional, and district executive apparatus including akims of lower level). These are analogous to senior executive service positions and are responsible for execution of concrete state policies developed by political civil servants. In other words, corps A serve as a medium between adopted strategic decisions and their execution.

Candidates to corps A are selected internally, among administrative (corps B) civil servants as well as via open competitive selection among talented representatives of the private sector. This is supposed to create the so-called social lift for qualified citizens of Kazakhstan. Special requirements, including reference letters from only designated categories of political and administrative civil servants as well as heads of national companies, however impose limitations on this objective.

Candidates to corps A, after passing special qualification requirements, are selected

into reserve list of candidates by the National Committee under the president of Kazakhstan. From the list, names of the candidates are chosen by government bodies (e.g., central ministries, regional public administration) to fill in vacancies. The obvious improvement since 1990s is that names of individuals accepted to the reserve list of corps A are publicly available on a government website. This transparency measure reinforces the competitive selection process developed in the previous 5 years.

After probation period of up to 6 months, civil servants of corps B continue to be hired on an indefinite period, subject to regular performance review. Corps A civil servants are limited to two consecutive terms of 4 years each. It is too early to assess the effect of such a limited service contract since the first hires to the corps are still in their second term. (The first draw to corps A was made in 2013.) Contract appointments are part of the general labor law which the current Law on Civil Service makes applicable to civil servants. This departure from the decree of 1995 triumphant separation of civil service from general employment sphere has not gone unnoticed. Experts point out that inclusion into civil service law categories and approaches of general labor law is not proper given the public nature of civil service employment (Podoprigora 2009). Yet, at the same time, this is not unique and has been modeled on OECD practices that progressively moved to fixed term senior executive appointments that are subject to performance review and individual contract requirements (OECD 2003).

One important element which has remained is noncompetitive appointments of politicians and political civil servants, ex-judges, and international civil servants (citizens of Kazakhstan employed in international organizations) into corps A and B on the discretion of the president. In addition, civil servants of corps A could be appointed without competitive selection positions in corps B. These noncompetitive appointments are nothing else but formalized politicization of administrative sphere (Emrich-Bakenova 2009).

One alteration in the current law is to allow heads of public administration to hire foreign nationals to certain positions within public administration, albeit they cannot be civil servants or be in leadership positions. Foreign candidates should undergo special security clearance, including approval by the National Committee. The main purpose of such innovation is to attract foreign specialists Kazakhstan lacks. This practice has already been capitalized by national companies. However, employment of foreign nationals in public administration is controversial given this may create obstacles to promotion of Kazakhstani specialists (Isabayeva 2015; Kapital.kz 2015).

Previously human resource was managed individually by public administration bodies. At present it is centralized under *e-kyzmet* electronic government system that provides online complete information regarding civil servants and positions they fill in on central and regional level. This system also allows to oversee obligatory mobility of corps A and B civil servants from center to regions, across regions, from one public administration body to another on central and/or local levels. The objective of this mobility is for effective use of professional skills. However, some argue that it is done more for the effect of inviolability of central control (Nursha 2015).

Centralization of human resource presumably is supposed to put an end to spoil system and various practices used by higher-ranking civil servants on central, regional, and local levels. These include "moving" from one position to another with a "team" of selected civil servants, practices of patronage, and favoritism that have damaged the image of professional public administration. The centralization is also a response to exert control over regional political civil servants who tended to carve special influence over financial, material, and human resources under them. Exemplary is the case of high-profile ex-akim of Atyrau region (an important oil producing region), who is subject of an international search warrant since 2013 for organized crime, corruption, and abuse of authority while in civil service (Nursha 2015; Forbs 2013).

Promotion of civil servants is subject to merit and performance results. Political civil servants are subject to a vertical system of evaluation based on position and line of accountability. Corps A civil servants are evaluated by their direct

supervisors who are responsible for their appointment and dismissal based on the results of their performance and in accordance with their contractual responsibilities, professional competency, and personal qualities. Corps B civil servants are evaluated by their supervisors annually based on averaged evaluation results in the course of the year, assessment of individual work plans, and confidential evaluation by subordinates or peer evaluation. The evaluation results of civil servants are subject to approval by an Evaluation Commission within each government department. Unsatisfactory evaluation results lead to contract termination for corps A civil servants and for corps B downgrading in position or dismissal in case of two subsequent years of unsatisfactory performance results.

While remuneration (basic salary, salary increment, and/or bonus) has never been an issue for political civil servants, with exception of the fact that they are rewarding (Urnaliev 2015), the administrative civil servants' wages continue to lag behind (Informburo 2017). Corps B wages 30% lower than the average salary in the country and twice and even three times lower than, for example, in specific sectors of economy, e.g., construction, financial, or insurance spheres. Wages also differ on central, regional, and local levels of public administration. Typically, the further one is from the center the lower the wage (CSA-AC 2018; Kursiv.kz 2018).

In 2018 Kazakhstan introduced as pilot project a new pay system in several public administration bodies on central and regional levels. The new model consists of constant point-factor scale pay, when salary size depends on the nature and difficulty of work performed and variable factor bonus pay, which depends on evaluation results (CSA-AC 2018; Belyaev 2017). This new system of payment is supposed to eliminate redundancy in positions, directly relate financial reward to individual results and achievements, increase organizational efficiency, and decrease wage gaps between center and regions (Zhylkyshiyeva 2018). Official sources already report positive results of the pilot project including halving turnover in local public administration and simultaneously increase the number of applicants for civil service positions from two candidates to up to 30 per vacancy (Zakon.kz 2018a, b).

Complex performance assessment systems in public administration with the aim "to establish a dialogue on objectives and results" require establishment of transparent procedures (OECD 2003, 14). Given that performance review of civil servants in Kazakhstan is conducted by special committees, membership of which is determined by the heads of public administration organizations whose civil servants are under review, experts say there are serious questions regarding member's objectivity. This is particularly so because heads of public administration are frequently found to be lacking professionalism and even are prone to fail review themselves (Adilov 2015). In other words, as argued more than a decade ago, "outstanding performance is different from the standard remuneration system and inevitably is subjected to the judgment of the management of individual institutions" (Meyer-Sahling 2006, quoted in Emrich-Bakenova 2009, 730).

## Civil Service in Numbers

Politicians stress that civil service in Kazakhstan should be compact. This has been an objective since the mid-1990s. Over time, the number of civil service positions has fluctuated with the lowest recorded in year 2000, total about 68 thousand positions, and the highest in 2007, just over 104 thousand positions. However, the overall number stayed within the range of 90 plus thousand over the last several years (see Table 1). In 2018, there were 98,886 positions registered across all levels of public administration. However, fewer positions that year – only 91,830 – were actually filled in (CSA-AC 2018).

With the population of Kazakhstan in 2018 just over 18 million, there are around 180 residents per civil servant (Astakhov 2018) excluding regional disparities. Densely populated South Kazakhstan, with close to three million residents, has fewer than 5 thousand civil servants, whereas Kostanai region, with one-third as many residents, employs close to 4 thousand civil servants (CSA-AC 2018). More than 50% of civil servants work for

**Civil Service Development in Kazakhstan, Table 1** Number (rounded) of positions available in civil service (CSA-AC 2018; kyzmet.gov.kz 2018; Baimenov 2014; Emrich-Bakenova 2009)

| Year | 2000 | 2003 | 2007 | 2012 | 2018 |
|---|---|---|---|---|---|
| Number of positions | **67,500** | **79,000** | **104,000** | **97,000** | **98,500** |

the central government; fewer work in local governments for lower wages, as discussed earlier, but they have significant responsibility in the provision of diverse social, economic, environmental, public protection and safety services. This is a considerable concern and suggests, contrary to the present centralization tendency of personnel system (as discussed earlier), the need for decentralization (see OECD 2017a).

Official sources indicate that it is only at first glance the number of civil servants in Kazakhstan is small (constituting only 1.1% of economically active population). In contrast, in OECD countries it is 18%. But when civil service numbers are calculated together with all public organization employees, whose number is 1.4 million, Kazakhstan then even exceeds OECD, totaling 20% employment in the public sector (CSA-AC 2018).

Thus, there is room for even further reduction in the number of civil servants. By transferring some public administration functions into competitive environment, it is planned to reduce number of civil servants by 4,500 which would save about 5.5 billion of tenge annually in state budget (Saktaganova 2018).

In 2013 drastic reduction already happened in the number of political civil servants. Their number was reduced more than eight times, from 3,271 to 400 (Baimenov 2013a; Nazarbayev 2017). Currently political civil servants and corps A comprise about 1% of all the civil servants in Kazakhstan (see Table 2).

The small number of political and managerial elite relative to administrative civil servants however is a dubious indicator. On one hand it is a sign of depoliticization and professionalization of civil service. Yet on the other hand, the delineation of political and administrative spheres is fluid in Kazakhstan given that political elites can move formally to administrative positions, as discussed earlier. In addition, while average years of service among all categories of civil servants is about 11 years, one may note an obvious paradox (see Table 3). When political and managerial elite are in service on average close to 18 years while administrative staff less than 11 years, there is an issue not only with stability of 99% of civil service but questionable idea of their professional and autonomous status. If anything, we see here peculiar reversals of roles when politicians are the most stable and professional by virtue of them being so long in the system, whereas administrative civil servants are by comparison transitory and unstable.

**Civil Service Development in Kazakhstan, Table 2** Civil servants by category and average years of service in 2018 (kyzmet.gov.kz 2018)

| Category | Number | Average years of service |
|---|---|---|
| **Political** | **422** | **17.7** |
| **Corps A** | **493** | **17.4** |
| **Corps B** | **97,971** | **10.6** |

**Civil Service Development in Kazakhstan, Table 3** Civil servants by age in 2018 (kyzmet.gov.kz 2018)

| Age | >30 | >40 | <40 |
|---|---|---|---|
| **Average = 38.9** | **26%** | **31%** | **42%** |

The average age of civil servants has changed only slightly (by 1 year) in the last 10 years constituting just about 39 in 2018 (kyzmet.gov.kz 2018; Emrich-Bakenova 2009). More than 50% of employees are in their 20th and 30th years. As official sources acknowledge, in comparison to OECD countries, Kazakhstan was able to avoid problems of aging of human resources (CSA-AC 2018). Notably, current civil service law specifies that reaching pension age is a basis for termination of employment. Administrative civil servants are subject to a 1-year post-pension age contract

prolongation, whereas political civil servants may work up to 5 years post their retirement age subject to the decision of the president.

The problem with numerous amateurish administrative civil servants is also exacerbated by their instability. While outrageous turnover among civil servants, 20% to over 30% and even over 50% in individual public administration agencies in 1990s, is not the case presently, nevertheless this has subsided only in the last several years from 11.2% in 2015 to 6.2% in 2017 (CSA-AC 2018; Baimenov 2000; Emrich-Bakenova 2009).

What could be concluded from the review of civil servant numbers in Kazakhstan is that continuous drive to downsize public administration and civil service in particular is contrary to perceived stability, making center versus region disparities more obvious. Secondly, small and stable group of political and managerial elites is in stark contrast to large, unstable, and young administrative bureaucracy.

## The Agency on Civil Service Affairs and Anti-Corruption

The Civil Service Agency (CSA) was established in 1998 by the president's decree with the purpose to oversee implementation of a unified civil service policy; ensure proper selection, hiring, promotion, and employment conditions of civil servants; as well as via disciplinary committees oversee and make recommendations regarding various cases concerning ethics issues.

In 2011 the CSA developed a policy, mentioned earlier, Conceptual Framework of New Model of Civil Service (Kazakhstan 2011), which formally symbolized a new stage in the development of civil service. This framework implemented various measures including more rigorous competitive selection, optimization of civil service positions, and establishment of corps A and B. As part of a collective effort with United Nations Development Programme (UNDP), the CSA in 2013 also established Regional Hub of Civil Service in Astana (ACSH). This Hub is designed as an institutional basis for all countries of the former Soviet Union to exchange experiences and knowledge in the sphere of civil service (http://www.astanacivilservicehub.org).

However, over the years the CSA progressively has drawn criticism. Tension has risen as a result of its sheepish position with respect to political civil servants (heads of public administration bodies) when overseeing disciplinary cases against them brought by administrative civil servants. The agency was also heavily criticized by the president himself for failing to institute meritocratic selection process and allowing to fill in civil service positions on the basis of pressure from leaders of public organizations (see Emrich-Bakenova 2009).

The leading role of CSA in the civil service reform became even more questionable in 2013 after it oversaw the first competitive selection test for candidates into corps A. One hundred and fifty candidates (30% of all candidates) for the positions in the elite corps failed the test. Among those who failed were high-ranking political civil servants including responsible secretary, heads of local public administration, and heads and members of various committees (Nomad 2013). Candidates, it appeared, failed to show even the most basic knowledge of administrative law (Baimenov 2013b).

Again the CSA drew the president's criticism. The president stated that the problem of the failure of candidates to corps A were not the candidates but the test itself: "The issue of competitive selection is the question of the future. We should analyze it" (Prilepskaya 2013). Others even called this selection test "another experiment" that overwhelms civil service since use of various tests is not a panacea against corruption. They called to abolish the test because "so many decent people were not able to pass them. . . The test itself generates corruption" (Nursha 2015, 19; Ashimbayev 2013). However, others were more adamant, demanding cancellation of contracts with those who were not able to pass the stage of the selection process (Peruashev 2013).

At any rate, after this scandal, CSA, as some experts pointed out, focused primarily on its internal mistakes. The rules of competitive selection

process to the corps A were redefined and overall simplified. The activity of civil service reforms also somewhat slowed down (Nursha 2015).

The CSA never was an independent civil service organization. Directly accountable to the president of Kazakhstan, the CSA had been under the strong influence of the Administration of the President (AP), a constitutional body with exclusive presidential prerogatives (OECD 2017a; Emrich-Bakenova 2009). It is AP that has a broad array of functions in managing various issues related to civil service development specifically and reform implementation in general leaving to the CSA to act within the "narrow corridor" of state programs and strategies (Nursha 2015, 15). One of the many CSA higher-ranking officials once pointed out that the agency started to give up its initiatives due to the clash of two systems, civil service and political. This is why the "Agency cannot control implementation of reforms. . . perhaps because it avoids straining its relationship with political apparatus" (Ibrayev 2014; Nursha 2015). The CSA, in the absence of actual power and influence, was used by politicians to transfer the blame for mistakes and omissions in civil service development.

Given the rampant corruption within public administration, continuous violation of ethics of civil service, AP recommended in 2008 to somewhat elevate role of CSA by giving it broader control functions in cases of disciplinary misconduct (Emrich-Bakenova 2009). However, as the president of Kazakhstan wrote, "in the new, extremely challenging stage of country's development there is no place to piecemeal measures. The work against corruption should be systemic"(Nazarbayev 2017, 379). To proceed with this, in 2014, CSA was abolished by presidential order with immediate establishment, via unification of CSA and Economic and Anti-Corruption Agency, of the Agency on Civil Service Affairs and Anti-Corruption (ACS-AC).

In 2015 the CSA-AC was reorganized into the Ministry on Civil Service only to be reorganized again in 2016 into the CSA-AC. Even though the reasons for back and forth reorganization were not publicly announced, it came as no surprise that the Ministry essentially is accountable and responsible before the government, whereas historically civil service issues have been under the president of Kazakhstan.

Needless to emphasize that since its establishment in 1998, CSA and CSA-AC experienced continuous turnover of its leadership whose service in the position on average lasts 2 years. Altogether the "old" and "new" agency was guided by 12 different leaders.

Repeated reorganization of the agency and the continuous reshuffling of its leadership raise questions about the direction of civil service development. If in the early years, the CSA led the process of transforming the Soviet-style apparatus to a public service of a democratic system, the present CSA-AC in addition to overseeing civil service also has rather strong policing component in it and special entity, the National Anti-Corruption Bureau. Since 2014 leadership to CSA-AC comes with heavy background in law enforcement and experience in the financial police and the economic and anti-corruption agencies. The activities of the National Anti-Corruption Bureau, as law enforcement body, focus on identification, prevention, and pre-trial investigation of criminal corruption offenses. As some experts observe, the CSA-AC is referred to principally as an *anti-corruption* agency. Even the website of the CSA-AC only describes its history from 2016 onward. Meanwhile all mass of information about early years of the CSA related to reforms of civil service is absent. It is clear that the CSA was legally abolished, and the newly established entity was given a list of functions of two different state bodies. Yet, succession in the activities of state bodies is still relevant in public administration (Nursha 2015, 20).

Observers note that the more forces are concentrated on the special goal of fight against corruption, paradoxically, the more corruption activities are identified (BNews.kz 2018). A majority of those who were caught in corruption, according to CSA-AC, are political and corps A civil servants of central, regional, and local levels. The most scandalous corruption cases in the past 3 years brought to court among others ex-prime minister, ex-minister of national economy, political civil servants from AP, deputy minister of energy, and numerous top managers of the quasi-public sector (Zakon.kz 2018c, d;

Kazpravda 2017). Though pressured to show results, civil servants of corps B are also punished for mistake which at times may balloon into a corruption case even without corrupt intent (Kazakhstan Today 2013; Zakon.kz 2013).

## Conclusion

This entry has provided an overview of the development of civil service in Kazakhstan since independence. It argued that in the course of over 20 years, civil service has never failed to be an important agenda item for political consideration. Adoption of numerous legal instruments including civil service decree and two laws as well as a succession of strategic programs is an indication of politician's concern with making Kazakhstani bureaucracy meet world standards of professionalism and depoliticization, accountability, and independence.

Next, the entry also emphasized that pressured to show results, yet unprepared to act independently, predominantly young bureaucracy hinders, as it were, the implementation of development objectives and is continuously blamed for lacking these very same characteristics that politicians inspire to perfect.

Finally, the entry also emphasized that civil service development in Kazakhstan cannot be claimed to produce instant spectacular results, though undoubtedly there are improvements as review of regulatory framework points out.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ Foundations of the Administrative Law


## References


Abdrasilov B (2015) Новые подходы к профессионализации государственной службы [New approaches to professional civil service] July 15. Available at https://www.kazpravda.kz/news/100-shagov/novie-podhodi-k-professionalizatsii-gosudarstvennoi-sluzhbi

Astakhov I (2018) Сокращение чиновников в РК – что готовит казахстанцам новый законопроект [Reduction of civil servants in Kazakhstan – what to expect from proposed legislation], June 14. http://today.kz/news/kazahstan/2018-06-14/766850-sokrashchenie-chinovnikov-v-rk—chto-gotovit-kazahstantsam-novyij-zakonoproekt/

Adilov S (2015) Как заставить чиновников служить нации? [How to make bureaucrats serve the nation?] Central Asian Monitor May 29. Available at https://camonitor.kz/16513-kak-zastavit-chinovnikov-sluzhit-nacii.html

Alba CR (2001) Bureaucratic politics in Spain: a long-lasting tradition. In: Bekke HAG, Perry JL, Toonen TAJ (eds) Civil service systems in comparative perspectives. Indiana University Press, Bloomington, pp 93–105

Ashimbayev D (2013) Про игры и игрища [Games and battles] Панорама. June 7. Available at http://www.nomad.su/?a=3-201306070031

Baimenov A (2000) Civil Service. International Experience: Kazakh Model. Astana: Akmola Polygraph

Baimenov A (2013a) Новые поправки в сфере госслужбы вступают в действие сегодня – А.Байменов [Amendments to the civil service law come into force today – Baimenov A.] March 26. Available at https://www.zakon.kz/4548160-novye-popravki-v-sfere-gossluzhby.html

Baimenov A (2013b) Наибольшее число ошибок кандидаты в корпус А допускали в области знаний закона о порядке рассмотрения обращений граждан [Most of the mistakes candidates to corps A made in the knowledge of laws] on May 29 Available at https://primeminister.kz/ru/news/13/naibolshee-chislo-oshibok-kandidaty-v-korpus

Baimenov A (2014) Interview "Госслужба у нас такая…" [Interview: This is our civil service] Available at https://camonitor.kz/11195-.html

Bakenova S (2008) Civil Service in Kazakhstan: Déjà vu? Int J Public Adm Central Eastern Europe 1(1):89–96

Belyaev K (2017) Evaluation and correlation of jobs in building a grade system in the civil service of Kazakhstan. Int J Civil Service Reform Pract 2(2). https://www.astanahubjournal.org

Bhuiyan S, Amagoh F (2011) Public sector reform in Kazakhstan: issues and perspectives. Int J Public Sector Manag 24(3):227–249

BNews.kz (2018) Сотрудники налоговых служб чаще всего совершают коррупционные преступления – АДГСПК, [Employees of tax agencies commit most of the crimes] August 23. Available at https://bnews.kz/ru/news/samii_korrumpirovannii_gosorgan_v_rk_nazval_zampred_adgspk

Camonitor.kz (2015) Нужно ли приглашать в госорганы Казахстана иностранцев? [Should we hire foreigners into public administration of Kazakhstan?] March 3. Available at https://camonitor.kz/15710-nuzhno-li-priglashat-v-gosorgany-kazahstana-inostrancev.html

Chebotarev A (2015) Как усовершенствовать систему государственной службы в Казахстане [How to improve civil service system in Kazakhstan] May 19.


C

Available at http://www.alternativakz.com/index.php?nid=299

CSA-AC [Agency for Civil Service Affairs and Anti-Corruption] (2018) Agency for Civil Service Affairs and Anti-Corruption. National Report on State of Service in the Republic of Kazakhstan. www.kyzmet.gov.kz

Emrich-Bakenova S (2009) Trajectory of civil service development in Kazakhstan: Nexus of politics and administration. Governance 22(4):717–745

Forbs (2013) Бергей Рыскалиев возглавлял 3 ОПГ [Bergey Ryskaliev is a leader of organized crime] April 24. Available at https://forbes.kz/process/probing/bergey_ryiskaliev_vozglavlyal_3_opg/

Germenchuk V (2016) Модернизация государственной службы в республике Казахстана [Modernization of Civil Service in the Republic of Kazakhstan] Бакаускі веснік, КРАСАВІК. 66–71

Ibrayev T (2014) Дела государственной важности [Affairs of state importance], February 24. http://news.ivest.kz/57024651-dela-gosudarstvennoy-vazhnosti

Informburo (2017) Зарплаты госслужащих в 2017 году: сколько получают сотрудники акиматов и министерств [Civil servants wages in 2017: how much employees of local and central levels earn] June 5. Available at https://informburo.kz/stati/zarplaty-gossluzhashchih-v-2017-godu-skolko-poluchayut-sotrudniki-akimatov-i-ministerstv.html

Isabayeva S (2015) Нужно ли приглашать в госорганы Казахстана иностранцев? [Should we hire foreigners to public administration of Kazakhstan?] Central Asia Monitor March 19. Available at https://camonitor.kz/15710-nuzhno-li-priglashat-v-gosorgany-kazahstana-inostrancev.html

Janenova S, Knox C (2017) Civil service reform in Kazakhstan: trajectory to the 30 most developed countries? Int Rev Adm Sci, 1–21

Kapital.kz (2015) На госслужбу в РК начнут призывать лучших иностранных профи [Civil service of Kazakhstan will employ best foreign professionals] September 21. Available at https://kapital.kz/gosudarstvo/43830/na-gossluzhbu-v-rk-nachnut-prizyvat-luchshih-inostrannyh-profi.html

Kazakhstan (2011) Концепция Новой Модели Государственной Службы Республики Казахстан. [Policy framework of civil service of the Republic of Kazakhstan] July 21. Available at https://online.zakon.kz/Document/?doc_id=30912214

Kazakhstan Today (2013) Парламент надеется избавить чиновников от синдрома принятия решений [Parliament hopes to rid of civil servants of fear of making decisions] Available at http://www.parlam.kz/ru/mazhilis/news-details/id472/2/1

Kazpravda (2017) Самые громкие коррупционные скандалы 2017 год [The most prominent corruption scandals of 2017] December 28. Available at https://www.kazpravda.kz/articles/view/samie-gromkie-korruptsionnie-skandali-2017-goda/

Kursiv.kz (2018) АГДС обещает резко сократить разрыв окладов госслужащих...[Agency on civil service promise to decrease the gap between civil servants wages. . .] January 1. Available at https://kursiv.kz/news/vlast-i-biznes/2018-01/agds-obeschaet-rezko-sokratit-razryv-okladov-gossluzhaschikh

Kyzmet.gov.kz (2018) Infographics. Civil Service Monitoring. Available at http://kyzmet.gov.kz/en/kategorii/infografika

Meyer-Sahling J-H (2006) The Institutionalization of political discretion in post-communist civil service systems: the case of Hungary. Public Admin 84(3):693–716

Morgan EP (1996) Analyzing fields of change: civil service systems in developing countries. In: Bekke HAG, Perry JL, Toonen TAJ (eds) Civil service systems in comparative perspectives. Indiana University Press, Bloomington, pp 227–243

Nazarbayev N (2012) Message of the President of Kazakhstan N. A. Nazarbayev to People of Kazakhstan. Strategy "Kazakhstan 2050," December 14. Available at http://www.akorda.kz/

Nazarbayev N (2017a) Эра Независимости. [Era of Independence]. Astana

Nomad (2013) Руководители ведущих госорганов и акимы крупных городов Казахстана не прошли тестирование в корпус "А" [Heads of main public administration bodies and akims of big cities of Kazakhstan did not pass tests to corps A] Available at May 29 http://nomad.su/?a=3-201305290016

Nursha A (2015) Реформа государственной службы в Казахстане: современное состояние и проблемы [Reform of civil service in Kazakhstan: contemporary state and problems]. Казахстан в глобальных процессах № 1:6–22

OECD [Organization for Economic cooperation and Development]. (2003) Managing Senior Management: Senior Civil Service reform in OECD Member Countries. 28th Session of the Public Management Committee 13–14 November, Château de la Muette, Paris

OECD [Organization for Economic cooperation and Development] (2017a) Decentralization and Multi-Level Governance in Kazakhstan. https://read.oecd-ilibrary.org/governance/decentralisation-and-multi-level-governance-in-kazakhstan_9789264280700-en#page54

OECD [Organization for Economic cooperation and Development] (2017b) Towards a More Effective, Strategic and Accountable State in Kazakhstan http://www.oecd.org/countries/kazakhstan/towards-a-more-effective-strategic-and-accountable-state-in-kazakhstan-9789264284005-en.htm

Peruashev A (2013) Deputy Questions. Mazhiis of the Parliament of the Republic of Kazakhstan. June 5. Available at http://www.parlam.kz/ru/mazhilis/news-details/id9979/1/1

Podoprigora R (2009) Проблемы и перспективы административного права в Республике Казахстана [Problems and perspectives of administrative law in the Republic of Kazakhstan] 2-ой Экспертный форум БДИПЧ ОБСЕ по уголовному правосудию для Центральной Азии 15-17 октября, Иссык-Куль, Кыргызстан

Prilepskaya A (2013) Агентство по делам госслужбы и составители тестов для кандидатов в корпус «А» допустили «полный ляп» – Назарбаев [Agency on Civil Service and those who developed tests for candidates to corps A made complete flub – Nazarbayev] October 17. Available at https://www.kaztag.info/ru/news/agentstvo-po-delam-gossluzhby-i-sostaviteli-testov-dlya-kandidatov-v-korpus-a-dopustili-polnyy-lyap-nazarbaev

Saktaganova A (2018) Чиновники и граждане: соотношение количества госслужащих в мире [Bureaucrats and citizens: number of civil servants in the world]. June 14. Available at http://today.kz/news/kazahstan/2018-06-14/766857-chinovniki-i-grazhdane-sootnoshenie-kolichestva-gossluzhaschih-v-mire/

Satpayev D (2016) Political and Economic Trends in Kazakhstan. Central Asia Policy Brief No. 32, January. Available at http://centralasiaprogram.org/archives/9315

Spanou C (2001) (Re)shaping the Politics-Administration nexus in Greece: the decline of a symbiotic relationship? In: Bekke HAG, Perry JL, Toonen TAJ (eds) Civil service systems in comparative perspectives. Indiana University Press, Bloomington, pp 106–115

Tatilya K (2013) Нормотворчество – фетиш нашего государственного управления [Lawmaking is fetish of our public administration] Central Asia Monitor March 21 Available at https://camonitor.kz/7123-.html

Toonen TAJ (2001) The comparative dimension of administrative reform: creating open villages and redesigning the politics of administration. In: Bekke HAG, Perry JL, Toonen TAJ (eds) Civil service systems in comparative persApectives. Indiana University press, Bloomington, pp 183–201

Transparency International (2018) Corruption Perception Index. Available at https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Urnaliev S (2015) Семизначные зарплаты чиновников [Seven digits salaries of top civil servants] April 8. Available at https://rus.azattyq.org/a/zarplaty-gossluzhaschikh-kazakhstan/26944144.html

Verheijen AJG (2003) Public administration in post-communist states. In: Guy Peters B, Pierre J (eds) Handbook of public administration. Sage Publications, London, pp 489–497

Walsh K (1995) Public services and market mechanisms: competition, contracting and the new public management. Macmillan, Basingstoke

World Bank (2002) "Kazakhstan governance and service delivery: a diagnostic report." Report No. 23257-kz

Zakon.kz (2013) Премьер Казахстана призвал госорганы к самостоятельному решению своих вопросов [Prime Minister of Kazakhstan advised public administrators to be independently in decision-making]. Available at inhttps://www.zakon.kz/4593516-premer-kazakhstana-prizval-gosorgany-k.html

Zakon.kz (2018a) В Алматы на должность рядового госслужащего стали претендовать до 30 человек [30 applicants per entry level civil service position in Almaty] September 19. Available at https://www.zakon.kz/4937874-v-almaty-na-dolzhnost-ryadovogo.html

Zakon.kz (2018b) Госслужащим Алматы провели выездные семинары по новой системе оплаты труда [Civil servants in Almaty attended seminars related to new pay system] September 18. Available at https://www.zakon.kz/4937730-gossluzhashchim-almaty-proveli-vyezdnye.html

Zakon.kz (2018c) В Казахстане не осталось сфер, где нет чиновников-коррупционеров [Corrupted bureaucrats in Kazakhstan are in every sphere] July 20. Available at https://www.zakon.kz/4929009-v-kazahstane-ne-ostalos-sfer-gde-net.html

Zakon.kz (2018d) Вице-министра энергетики Анатолия Шкарупу арестовали на два месяца [Deputy- minister of energy Antoly Shkarupa is arrested for two month] November 19. Available at https://www.zakon.kz/4946550-vitse-ministra-energetiki-anatoliya.html

Zhylkyshiyeva Zh (2018) Оценивать работу госслужащих по факторно-балльной шкале начали в 2018 году [Civil servants work has been reviewed based on factor point scale in 2018] 13 June. Available at http://infozakon.kz/gov/8150-ocenivat-rabotu-gossluzhaschih-po-faktorno-ballnoy-shkale-nachali-v-2018-godu.html

# Civil Service Law and Public Personnel Management

Keith Boeckelman
Western Illinois University, Macomb, IL, USA

## Synonyms

Civil service; Human resources; Patronage

## Introduction

Public personnel management plays a central role in effective governance. Most nations have created civil service systems that attempt to promote merit and neutrality, viewing this approach as the best way to deliver public services effectively. Specifically, the civil service ideal involves protecting government employees from arbitrary decisions concerning hiring and firing or pays to promote good management and strong employee performance. The rise of "New Public Management" ideas in recent years has challenged civil service premises, however. For example, the "flexibility doctrine" emphasizes giving managers

more power and discretion to improve the bureaucracy's performance and heighten political responsiveness (Moynihan 2004).

In short, civil service systems are highly legalistic, while emerging alternative approaches are less so. Statutes, executive orders, and court decisions all shape the environment in which government employees work. Therefore, this entry examines the legal framework of public personnel administration, focusing on the US civil service system, primarily at the federal level, but also considering state and local governments. It begins by looking at major civil service statutes, starting with the Pendleton Act. It also reviews important laws and regulations concerning political activity of civil servants, veterans' preference, affirmative action, collective bargaining, and other matters. The following section considers constitutional law as it relates to civil service. Then, the legal and administrative implications of civil service reform are considered.

## Major Civil Service Laws and Regulations

The Pendleton Act of 1883 created the federal civil service. Prior to its passage, there was little systematic legal oversight of the public sector workforce. In the nation's early years, government officials were generally chosen from among the well educated and well connected. Although formal job protections did not exist, federal employment was relatively stable before the Jacksonian era. Upon becoming president in 1829, Andrew Jackson implemented the principle of "rotation in office," ushering in the patronage or "spoils" system of government hiring. While this approach attempted to democratize public administration, in practice it led to many problems. Chaos ensued each time a new president was chosen, a widespread perception that government was incompetent emerged among the larger population, corruption festered, and governments had to spend a great deal of time on staffing issues (Mosher 1968, 63). These latter pressures, in fact, led to the assassination of President Garfield, thus hastening the advent of civil service reform through the Pendleton Act. Its initial impact was limited, as the vast majority of federal employees were not covered, but over time presidents gradually expanded its scope.

The Pendleton Act's provisions included selection of politically neutral civil servants through open and competitive examinations; protection from political interference, including being fired for political reasons; and job tenure, based on the assumption that government service would be a career. Furthermore, geographic dispersal of civil servants, a bipartisan three-member Civil Service Commission responsible for overseeing the system, and an employee classification system were created under the Act (Warren 2011). Thus, it was essentially designed to make personnel decisions based on merit, not political favoritism.

In general, hiring in the federal civil service and in most state systems was based on test performance. The format of the tests has varied. From the nineteenth century to the 1980s, the federal government used general knowledge exams, such as the Professional and Administrative Careers Examination (PACE), supplemented with some more specialized instruments for certain positions. More recently, federal agencies have adopted a more decentralized hiring process, while the Office of Personnel Management has instituted a hiring system that emphasizes past experience and credentials. Pay was tied to one's position in a job classification system, such as the General Schedule in the federal government. In addition, the Federal Employees Pay Comparability Act of 1990 created a locality pay system to minimize differences in standards of living for federal employees based on how expensive it was to live in a particular locality. This law tried to make federal government pay more comparable to that in the private sector but largely failed.

State and local governments began to pass civil service laws during the same period, although spoils systems continued in practice. New York and Massachusetts were the first two states to do so, although most other states did not follow suit until the twentieth century. Many states created their civil service systems in the wake of the federal Social Security Act of 1935, however. It is obvious that patronage hiring lingered much

longer at the state and local levels and, by some accounts, continues today.

While the Pendleton Act created the basic civil service framework, it took many years to be fully implemented. Meanwhile, several other major laws regulating hiring and other aspects of the civil service followed. In 1888, the "rule of three," which required hiring administrators to select from the top three names from the eligibility list based on test scores, was established by rule. It was later codified through the Veterans' Preference Act of 1944. The Lloyd-LaFollette Act of 1913 applied civil service principles to the process of terminating employees requiring that they may only be discharged for cause after a probationary period and that they have the right to written notice and appeal. In interpreting the Lloyd-LaFollette Act, the Supreme Court has ruled that employees facing termination have a property right to their jobs in a series of cases that include *Cleveland Board of Education v. Loudermill* (1985). Thus, termination without a hearing is forbidden, as it violates employees' due process guarantees.

The Classification Act of 1923 further clarified the classification process, requiring that the pay of most federal agency employees must be determined within a system that provides comparable pay for comparable jobs. This law was supplemented by the Classification Act of 1949, which created new "supergrades" that dealt with low compensation and attendant recruitment/retention problems at the top levels of the civil service. In 1938, President Roosevelt issued an executive order for individual agencies to set up personnel offices.

The Hatch Act and subsequent amendments try to ensure the neutrality of the civil service by distancing government employees from political activity. The original law, passed in 1939, forbade civil servants from being actively involved in political campaigns. 1993 amendments to the Hatch Act further restricted political activity at work, including wearing campaign buttons. On the other hand, outside of work, civil servants are able to participate in and manage campaigns, support candidates, and raise funds from some organizational employees, as long as they are not subordinates. However, the updated Hatch Act prohibits running for partisan political office or using one's official position to influence elections (Warren 2011, 122–123). Most state and local governments also limit public employees' political activity, although the nature of these restrictions varies widely. Some are stricter than the federal guidelines, such as prohibiting voluntary contributions or allowing workers to express partisan views publicly (Nigro 2006). Most, however, allow campaigning and running for office while off duty.

In the realm of political influence outside the electoral process, the case of *D.C. Federation of Civic Associations v. Volpe* established that legislators are allowed to put political pressure on civil servants, but they must not yield to such pressure. Government employees are also subject to various conflict of interest laws and regulations. The Ethics in Government Act prohibits high-level administrators who leave government from lobbying or otherwise influencing the agency on issues in which they were previously involved. The Act also requires financial disclosure for top government employees (Warren 2011).

While civil service laws enshrine the principles of merit, usually defined as performance on a competitive, job-related examination, other hiring practices have emerged to meet social equity concerns. Specific examples include veterans' preference and affirmative action. The former began after the Civil War. It has strongly influenced the makeup of federal and many state civil service systems since World War I and especially during the period after World War II (Lewis 2016). Traditionally, veterans' preference added ten points to the merit scores of disabled veterans and five points for other eligible veterans on a 100-point scale (Lewis 2016). The Civil Service Reform Act, however, removed veterans' preference for members of the military who retired from the top ranks. Under the category rating system that replaced the rule of three, and which is described in more depth later in this entry, agencies must receive OPM approval to hire nonveterans over veterans in the same category. According to Lewis (2016), veterans were four times as likely to hold federal jobs as nonveterans by 2010.

Veterans' preference programs can affect both the makeup and the performance of the civil service. Veterans' preference likely reduces the number of women, Hispanics, Asians, and gay men in the civil service (Lewis 2016). While its overall impact on the quality of the civil service is difficult to measure, there is at least some evidence that veterans are less productive than nonveterans (Lewis 2016).

Since the 1960s, various presidents have instituted affirmative action programs through executive order. Many affect federal contractors, rather than the civil service directly. Given the historical prevalence of the "rule of three," explicit affirmative action plans have been hard to design, although many state and local governments have done so through various alternative hiring processes.

Through a number of decisions, the US Supreme Court has also shaped the law on affirmative action and equal employment opportunity. One of the earliest cases, *Griggs v. Duke Power Company* (1971) established that discriminatory selection procedures must be job related. While this particular case involved a private sector employer, it had important implications for public sector personnel management as well. Specifically, it required all employers to be able to justify hiring and promotion procedures that appeared to harm minorities' chances.

A number of affirmative action and discrimination cases relate to the civil service and public personnel administration. Many involve local government agencies, such as police and firefighters. For example, in *U.S. v. Paradise* (1987), the Supreme Court permitted the use of racial quotas in hiring decisions for the state police due to a clear history of past discrimination. In a more recent case, *Ricci v. DeStefano* (2009), the Court ruled that cities face a high burden of proof in declaring promotional tests invalid, even if they appear to discriminate against minorities.

While not necessarily inconsistent with merit principles, unionization has also shaped the operation of the civil service system. Public sector collective bargaining originally lagged behind that in the private sector. Nevertheless, in recent years, it has been the more dynamic sector for union activity. Although private sector collective bargaining was permitted under the Wagner Act of 1935, public sector employees were not allowed to unionize until the Kennedy administration in the early 1960s. The creation of the Federal Labor Relations Authority spelled out the specific powers of and limits on collective bargaining. Wages, benefits, and the right to strike, for example, are off limits. At the state level, collective bargaining laws vary widely, with a few states prohibiting it completely, while others allow unions more negotiating powers than exist at the federal level.

## Constitutional Law and Civil Service

Many Supreme Court decisions outline the constitutional rights of civil servants and the constitutional obligations they must observe (Rosenbloom and Chanin 2016). With respect to the latter, the Supreme Court ruled in *Harlow v. Fitzgerald* (1982) that civil servants could be held personally liable for violating a citizen's constitutional rights as part of carrying out his or her responsibilities. In the realm of rights of public employees, the First and Fourth Amendments have been in the forefront.

Efforts to restrict the free speech rights of public employees go back to the presidency of Thomas Jefferson. In *Rankin v. McPherson* (1987), the Supreme Court established that public employees could not be fired for speaking on a matter of public concern. In *Garcetti v. Ceballos* (2006), however, the Court ruled that First Amendment free speech protections do not protect speech that connects with one's responsibilities as a public employee. The case involved a prosecutor in the Los Angeles County District Attorney's office who did not receive a promotion after criticizing the issuance of a search warrant.

Supreme Court rulings on patronage also relate to First Amendment freedom of association issues. Based on these rights and Fourth Amendment due process guarantees, the Supreme Court ruled in *Elrod v. Burns* (1976) that firing on partisan political grounds violated First and Fourteenth Amendment rights. The case involved employees of the Cook County (IL) sheriff's

department who were fired or threatened with firing when a Democrat was elected and they could not prove party affiliation. A later decision, *Branti v. Finkel* (1980) reinforced the *Elrod* ruling. In this case, which concerned the public defender of Rockland County, NY, terminating staff attorneys for being Republicans, the court held that party affiliation must be job related to dismiss someone on patronage grounds. Finally, in *Rutan v. Republican Party of Illinois* (1990), the Supreme Court ruled that hiring decisions could not be based on partisan criteria, either, as this would harm employees' First Amendment rights of freedom of association. The governor of Illinois had used a hiring freeze as a way to control hiring and promotion decisions through the so-called patronage office. Notwithstanding these decisions, as noted above, patronage hiring processes continue, especially at the state and local levels. While more unusual, patronage scandals sometimes flare up in the federal government, such as when the Justice Department was accused of politicizing personnel practices in the Civil Rights Division during the George W. Bush administration.

More recently, the Supreme Court has considered collective bargaining issues in relation to First Amendment freedom of speech and freedom of association rights. In the case of *Harris v. Quinn* (2014), the court ruled that requiring personal assistants for the disabled who are not union members to pay "fair share" dues violated the First Amendment. The majority opinion stressed that previous precedents did not apply, since the workers in question were not directly public sector employees. Nevertheless, there is some speculation at this writing that the Supreme Court will extend this ruling more broadly in subsequent cases.

Public employees have Fourth Amendment rights that, for example, protect them from random drug tests. These rights, however, do not apply to positions related to law enforcement, public safety, or national security. In *National Treasury Employees v. von Raab* (1988), for example, the Supreme Court upheld drug testing for US Customs Service employees who carry guns or are involved in intercepting drugs.

## Civil Service Reform

The prototypical civil service system, with its traditions of neutral competence and protection from political influence, has been under scrutiny since at least the 1970s. Critics point to a hiring process that is too lengthy, does a poor job of making applicants aware of openings, and does not attract the best people. Further, methods for assessing qualifications focus on length of experience rather than substance. Some valid hiring procedures, such as general ability tests, are discouraged due to their adverse impact on minority applicants (US Merit Systems Protection Board 2006). In addition, there is a perception that poor performance is not punished, the incompetents are rarely fired, and the best performers are not rewarded.

More broadly, the system has been criticized for being unmanageable and unresponsive to politicians. Initiatives under the auspices of "reinventing government" or "new public management" have emphasized privatization, responsiveness to elected officials, deregulation of civil service rules, "at-will" employment, and improved customer service. Various reform efforts have tried to address these concerns, beginning with the Civil Service Reform Act of 1978.

In many ways, this law is a balancing act that tries to enhance responsiveness and improve management capacity, while protecting traditional civil service merits principles. As for its major components, it abolished the Civil Service Commission and split its functions between the Office of Personnel Management and the Merit Systems Protection Board. The former, which operates more directly under the president's control, formulates and carries out federal personnel policies. The latter remains more independent and tries to protect employees from having their rights as civil servants violated. The act also created a Senior Executive Service of top-level administrators who would forgo civil service protections in return for greater mobility across agencies and eligibility for higher pay. This idea originated with the Second Hoover Commission in the 1950s. In practice, however, most Senior Executive Service employees have usually remained in the same

agency where they have spent most of their career. The law also set up performance evaluation systems with performance-based pay. Finally, it established the right of federal employees to bargain collectively, a right that had previously only been granted through executive order.

While many of the provisions above, excluding the creation of the Merit Systems Protection Board, are designed to enhance flexibility and responsiveness, the Civil Service Reform Act also laid out nine principles of merit which appear below (Sylvia and Meyer 2002, 18–19):

1. Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a workforce from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills after fair and open competition that assures that all receive equal opportunity.
2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition and with proper regard for their privacy and constitutional rights.
3. Equal pay should be provided for all work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.
4. All employees should maintain high standards of integrity, conduct, and concern for the public interest.
5. The federal workforce should be used efficiently and effectively.
6. Employees should be retained on the basis of adequacy of their performance; inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.
7. Employees should be provided with effective education and training in cases in which education and training would result in better organization and individual performance.
8. Employees should be (a) protected against arbitrary action, personnel favoritism, or coercion for partisan political purposes and (b) prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or nomination for election.
9. Employees should be protected against reprisal for lawful disclosure of information which the employees reasonably evidences (a) a violation of any law, rule, or regulation or (b) mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

Further reform efforts occurred during the Clinton administration. Then Vice President Gore oversaw a "reinventing government" initiative under the auspices of the "National Performance Review (NPR)." This effort was designed to create a more effective, less rule-driven government that would also reduce costs by cutting employees, especially middle managers. One consequence of the NPR was toward a decentralization of public personnel functions to the individual agencies, away from the more centralized authority of the Office of Personnel Management. The NPR also created councils in most major agencies to foster labor-management cooperation in the workplace. These bodies were abolished during the George W. Bush administration, but resurrected in a slightly different form under President Obama.

The George W. Bush and Obama administrations continued to alter traditional civil service systems. President Bush, in particular, emphasized contracting out of government services. During his term, Congress passed legislation allowing the creation of a new mission-driven hiring system in the Department of Defense for civilian employees, as well as performance-based pay. Other legislation allowed agencies to discontinue the use of the "rule of three" and instead use category rating to assess employees, although many agencies did not adopt it initially. Under category rating, applicants that meet a certain

qualification standard may be interviewed, even if this results in more than three eligible candidates. In 2010, President Obama went further and abolished "the rule" of three in favor of category rating. He also developed policies requiring simpler and shorter job announcements and attempted to reduce the length of time for hiring.

At the state level, a few states, including Arizona, Florida, Georgia, Indiana, and Tennessee, have taken away many civil service protections from some of their employees, making it easier to dismiss them. In effect, many state workers under these systems became at-will employees. Pay increases and layoff decisions in some of these states have also become more tied to the performance evaluation process (Selden 2016).

## Conclusion

Since the Pendleton Act, the civil service has operated under a system that emphasizes merit principles and insulation from politics as a way to maximize government performance. Major laws enacted before the 1970s have generally reinforced this system while supplementing it with equity and employee rights in the realms of veterans' preference, affirmative action, and collective bargaining. Landmark court decisions have tried to balance government performance and employee rights. The trends toward reinventing government, new public management, and privatization of government services challenge the traditional civil service approach. Contracting out raises the specter of new forms of patronage, as elected officials can provide kickbacks in the form of government contracts to those who support their campaigns financially, and challenges the public service ethos (Kearney and Coggburn 2016).

## Cross-References

► Firing Regulation and Public Administration
► Law Constraints on Public Administration
► Supreme Court and Public Administration

## References

Kearney RC, Coggburn JD (2016) The civil service under Siege. In: Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects. Longman, New York, pp 375–384

Lewis GB (2016) Veterans' preference and the civil service. In: Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects. Longman, New York, pp 267–279

Mosher FC (1968) Democracy and the public service. Oxford University Press, New York

Moynihan DP (2004) Protection v. flexibility: the Civil Service Reform Act, Competing Administrative Doctrines, and the roots of contemporary public management debate. J Policy Hist 16:1–33

Nigro LG (2006) Public personnel management and the challenges of democratic governance. In: Riccucci N (ed) Public personnel management: current concerns, future challenges. Longman, New York, pp 1–17

Rosenbloom DH, Chanin J (2016) What every public personnel manager should know about the constitution. In: Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects. Longman, New York, pp 16–31

Selden SC (2016) After the recession: state human resource management. In: Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects. Longman, New York, pp 61–78

Sylvia RD, Meyer CK (2002) Public personnel administration. Harcourt, Fort Worth

U.S. Merit Systems Protection Board (2006) Reforming federal hiring: beyond faster and cheaper. U.S. Merit Systems Protection Board, Washington, DC

Warren KF (2011) Administrative law in the political system. Westview Press, Boulder

# Civil Service Models in Latin America

Bastián González-Bustamante
Department of Public Administration and Policy, Universidad de Santiago de Chile, Santiago, Chile

## Synonyms

Civil service; Civil service systems; Public function

## Definition

Although there are several definitions for civil service models, one simple operational definition

describes them as systems of public employment management and human resources management (Echeberría 2006). There are also more complex conceptualizations which define them as a set of legal rules and instruments which enable the State to assure a staff of civil servants who are apt for the efficient functioning of its distinct levels of administration (Oszlak 2001). The Ibero-American Charter for the Public Service, signed by the Latin American governments in 2003, indicates that the civil service models must aim towards a professional administration and merit-based recruitment processes. Additionally, the Organization for Economic Co-operation and Development (OECD) highlights that the recruitment of civil servants must guarantee equal opportunities (OECD 2008). Despite the wide use of this concept, its dissemination and acceptance have been lesser in Latin America and it is frequently replaced by the concept of public function.

## Introduction

One of the main characteristics of Weber's bureaucratic model was selection by neutral competence, that is, the civil servants be selected according to norms of performance and merit, and not for personal characteristics or beliefs (Peters 1995). The fundamental value in the search for neutral competence was the capacity to professionalize government management and public administration (Kaufman 1956). This professionalization is relevant since it determines the capacity of public organisms, which affects the processes of formulation and implementation of public policies (Farazmand 1997).

Nevertheless, merit in the public sector is something complex to define, since personal characteristics or beliefs can positively influence government efficiency (Peters 1995). In fact, political appointees and spoil systems have advantages like the development of a committed bureaucracy. The controversy between merit-based recruitment and the political appointee is associated with the politics-administration dichotomy. This dichotomy refers to the traditional idea that proposes separating the political sphere from the administrative within government (Wilson 1887). According to Peters (1995), this controversy is a question of degree, since all political systems make political appointments at a certain level and additionally have posts which are filled in a routine manner according to some type of merit system.

Even though currently, the politics-administration dichotomy tends to be considered a simplistic vision of public administration and bureaucracy (Frederickson et al. 2012), the tension between merit and partisanship in the appointment of civil servants remains as an academic debate and the discussion continues in different spheres (Olavarría-Gambi and Dockendorff 2016). The defenders of professionalization conceive of the systems of selection and recruitment based on merit as a public good which permits the prevention of the political use of the administration. On the other hand, the counter-argument affirms that professionalization can produce an autonomy that is damaging for democratic representativeness (Farazmand 1989, 1997; Olavarría-Gambi and Dockendorff 2016; Rockman 1996).

This entry examines the concept of public service models with special emphasis on the Latin American reality. The following section deals with the subject from an historical perspective, its ties to the patronage systems, and the main milestones which have shaped the evolution of the civil services. Subsequently, the next section deals with the chief characteristics and changes in the civil services and presents an evaluation of the models in Latin America. Finally, the last section sets out some brief conclusions and summarizes the main ideas of this text.

## The Civil Service Models from an Historical Perspective

According to Raadschelders and Rutgers (1996), it is possible to identify different stages in the historical development of the civil service models. First, during feudalism and the late Middle Ages, it is possible to identify civil servants subordinate to a specific ruler. Later, during the seventeenth

and eighteenth centuries, civil servants are employed by the State, a situation which permitted the differentiation of the public sphere from the private. After that, during the nineteenth century, civil servants were considered as agents that were not only in the service of the State, but at this point, the administration tended to be independent of political power and the politics-administration dichotomy emerges. Lastly, in the twentieth century, professional civil service models consolidate with the aim of providing adequate public goods and services.

From another perspective, following Grindle (2012), the emergence of the civil service models can be associated with patronage systems and clientelism which date back to the eighteenth century. These systems emerged from an institutional architecture where academic credentials were of great relevance for obtaining positions of privilege in the State apparatus. This benefited the political and social elites of the period. In Great Britain and France, for example, clientelism worked as a mechanism to guarantee the access of the elite to public employment and to ensure their well-being. In Japan and Prussia, on the other hand, clientelism and civil service models were an instrument for the construction and consolidation of authoritarian States.

In Latin America, patronage systems and clientelism dating back to the nineteenth and twentieth centuries are also to be found (Grindle 2012). During the nineteenth century, the independence movements eradicated a sizable part of the Spanish and Portuguese colonial heritage; however, the patronage systems and clientelism remained intact as elements peculiar to Latin American politics. Due to the aforementioned, public employment did not adjust to meritocratic logic; rather, it was reserved for certain social groups and it was used as an element to negotiate political loyalties (Grindle 2012; Nef 2003). The consolidation of the Latin American civil service models has historically been tied to critical junctures, i.e., corruption scandals, political or economic crises, among others. Notwithstanding this, the different reforms promoted have not managed to eliminate the latent patronage systems and clientelism (Grindle 2012).

During the twentieth century, the civil service models gradually consolidated, especially in the United States, Europe, and Japan. This involved putting to one side the spoil systems and patronage. Also public services began to align their services with the user-satisfaction. This tendency became consolidated with the emergence of New Public Management (Grindle 2012). This concept is associated with a set of administrative doctrines and neo-managerial reforms which dominated the agenda of several OECD countries from the late 1970s. The central premise to these doctrines can be summed up as directing State organizations as if they were private enterprises and that public directors must have high levels of discretion in order to make efficient use of available resources (Christensen and Lægreid 2011; Hood 1991; Llano 2015).

This was complemented by the World Bank's first-generation reforms, which promoted the deregulation of markets, privatization of public companies, outsourcing of services, reduction of public spending, as well as an important reduction in the size of civil services (Oszlak 2001). These neoconservative reforms are associated with the rise in neoliberal politics in Latin America from the time of the Washington Consensus. The package of neoconservative and neomanagerial reforms was considered a fundamental piece for the progress of democracies in development (Llano 2015; Pollitt and Bouckaert 2002). This produced what Olsen (2006) called modernization by imitation.

Subsequently the second-generation reforms were implemented with the extended Washington Consensus. These reforms were less neoconservative, e.g., prudent openness to capital, the fight against corruption, focused poverty-reduction policies, and the creation of social security networks. This boosted a revindication by the public sector through an institutional strengthening to generate regulation capacities and the creation of anticorruption organisms (Santiso 2001).

In this context, the need to reduce political appointments became relevant. Also, the existence of a group of senior civil servants separated from the political sphere and that of the classical

bureaucracy became a fundamental value for the reforms of the Latin American civil service models (Ramos and Scrollini 2013). This, added to the growing need to rely on professional models of public services, was reflected in the Santa Cruz Consensus of June 2003 within the framework of the Fifth Ibero-American Conference of Ministers of Public Administration and State Reform. In this instance, the Latin American governments signed the Ibero-American Charter for Public Service, which defines the fundamentals for a professional public service and assigns orienting principles for its creation.

## Characteristics and Changes of Civil Service Models

The Ibero-American Charter for the Public Service indicates that there is a positive correlation between the professionalization of a civil service and the levels of confidence of citizens in the public administration, government efficiency, levels of transparency, and the capacity to generate economic growth. A professionalized civil service model has a positive impact on economic and democratic development and on overcoming poverty (Evans and Rauch 1999; Henderson et al. 2007; Lafuente et al. 2013). The civil service is relevant for State capacity since it generates incentives and restrictions for the action of public organisms in a transversal way (Barzelay 2001). Moreover, it represents an important State investment, since on average salary costs in central administration of the Latin American countries represents 5.6% of the GDP and 27% of total public spending (Cortázar et al. 2014a).

A civil service model can be classified according to its degrees of openness and the tension between its level of politicization and professionalization (Ballart and Ramió 2000; González-Bustamante et al. 2016; Ramió and Salvador 2005). The degrees of openness determine whether the model is open or closed. An open model is founded on the selection of civil servants based on their technical specialization. In contrast, a closed model favors life-long tenure, which implies that civil servants must be versatile and adapt to the different needs of the organization throughout their career. It is possible to find mixed models which mix specialization and versatility.

The relation between politicization and professionalization, on the other hand, takes account of the tension between the prioritization of professional merits and political confidence. All the civil service models possess political appointees and career officials, appointed in a routine manner according to some system of merit. What do vary are the limits; that is, until what hierarchical level are appointments based on merit, and where do political appointments begin? (Peters 1995). In general, political appointees are usually designated for shorter periods than career officials (Lewis 2008; Resh 2015). The traditional civil service models have a limited capacity to produce senior civil servants, which is why professionalization fostered a differentiation between the managerial function and the ordinary civil service. This is how senior civil services emerged. In some countries, the managerial function is differentiated, e.g., Belgium, Canada, Chile, the United States, Holland, Italy, New Zealand, the United Kingdom, Sweden. In other cases, the civil servant career and the managerial level are not separated, e.g., Germany, Austria, Colombia, Spain, France, Japan, Mexico (Longo 2003; Martínez Puón 2012).

In the models with high levels of politicization, there is a sensation of violation of the acceptable limits of the balance between political nominations and merit-based appointments (Peters and Pierre 2004). They can even become similar to the American spoil system of the nineteenth century (Ramió and Salvador 2005). Nevertheless, although politicization does have a generally negative connotation, it also has potentially positive aspects since it can generate a more committed bureaucracy which invigorates the public service, something which is not possible with a neutral bureaucracy (Peters and Pierre 2004). The politicized models can be open-circuit or closed (Quermonne 1995). The open-circuit model implies a selection of civil servants based on political confidence subsidized by professional criteria. The closed circuit, in contrast, implies

direct nominations that give preference to political confidence with the presence of some professional merits.

The reforms of the Latin American civil service models have been conditioned by the process of modernization of public management and the fight against corruption (Barzelay 2003; Lafuente et al. 2013). There are several cases in which there is no specific model, whereas in others there are highly professionalized services, particularly in the diplomatic area (Ramió and Salvador 2005). On the other hand, countries such as Bolivia and Mexico have tried to implement civil services in some since the 1990s. There are also cases such as Chile, which historically had a model of civil service which was dismantled by the military dictatorship and in the past decade has fostered changes and revisions of its institutionalism (González-Bustamante et al. 2016).

Over the past decades, there has been a noticeable tension stemming from the institutional strength or weakness of the different civil service models in Latin America. On the one hand, there are countries whose institutional frameworks permit the prediction of a positive evolution of their civil service models. However, other cases present problems with respect to the political capacity to reach agreements and drive reforms (Echeberría 2006). In this context, diverse civil service models have been created or have been completely reformed since 1990, e.g., Argentina, Bolivia, Colombia, Ecuador, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, and Venezuela. Others have undergone significant reforms over the past decade, e.g., Brazil, Chile, and Uruguay.

## Evaluation of the Civil Service Models in Latin America

Although the degrees of openness and the tension between politicization and professionalization are relevant, they are not the only elements for classifying a civil service model. According to Longo (2001), it is possible to distinguish at least four key elements: (a) systems of access to employment, (b) organization of the career, (c) the recognition of rights of civil servants, and (d) administration of the system. For example, with respect to the systems of access particularly, at least three classical models can be distinguished: (a) the French model, which emphasizes tenders and civil servant schools; (b) the German model, focused on the process of extended learning in different stages among which there is a preparatory stage and different exams which enable the exercise of public functions; and (c) the British model, with an emphasis on the professionalization and independence of the organisms in charge of the system.

An effective way of evaluating the changes in the Latin American civil service models is to use the methodology of the del Inter-American Development Bank (IDB), which is based on the Ibero-American Charter for Public Service to measure critical points and evaluate civil services. The first diagnostic evaluation or baseline was carried out in 2004 and 93 critical points were identified, associated with different indicators. In 2010 critical points were reduced to 33 to ensure comparability and a second measurement was taken between 2012 and 2015. The methodology evaluates the civil service models in eight subsystems: (a) human resources planning, (b) work organization, (c) employment management, (d) performance management, (e) compensation management, (f) development management, (g) human and social relations management, and (h) human resources function organization. This permits the calculation of five composite indexes: (a) efficiency, (b) merit, (c) structural consistency, (d) functional capacity, and (e) integrating capacity. The details of this methodology can be reviewed in Longo and Iacoviello (2010), Iacoviello and Strazza (2014), and OECD (2016).

The merit index serves precisely to evaluate the degree of politicization of the civil service models, since their critical points are: (a) recruitment for the filling of posts open to all candidates that fulfill the required criteria based on technical requirements; (b) the existence of mechanism and procedures to prevent arbitrariness in the selection; and (c) dismissal of technical personal not motivated by political changes. The regional average in 2004 was 33 points on a scale

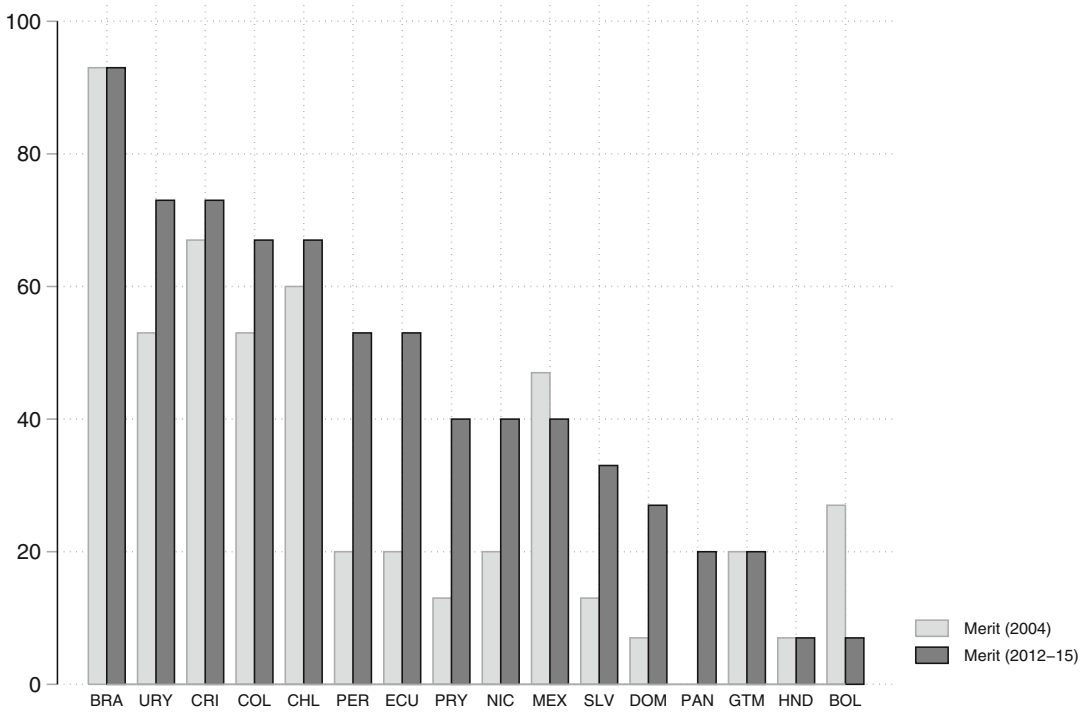


**Civil Service Models in Latin America, Fig. 1** Own elaboration with IDB data updated to June 2017, scale from 0 to 100

of 100, which rose to 45 in the 2012–2015 measurement. The countries with a weak merit-based recruitment process are Bolivia, Honduras, Guatemala, and Panama. The most dramatic fall in the last decade was in Bolivia. In contrast, countries with a high indicator are Brazil, Uruguay, and Costa Rica (see Fig. 1).

The five indexes showed an increase from 2004; however, the most important advance is reflected precisely in the merit index, followed by structural consistency (Longo and Echebarría 2014). Furthermore, with the evaluation of the civil service models of 16 Latin American countries by IDB, it is also possible to calculate the Civil Service Development Index (CSDI) as an aggregate indicator for most countries in the region. The regional average of CSDI for 2012–2015 reaches 40 points on a scale of 100, which implies a rise of 10 points in the past decade. Bolivia, Honduras, and Guatemala are the countries with the lowest indexes. The deterioration of the Bolivian civil service model is relevant and occurred specifically because, as from 2006, the government decided to prioritize direct appointments without tenders in order to favor historically marginalized sectors (Iacoviello and Strazza 2014). Nevertheless, there are cases that have improved substantially over the last decade, with Peru, Ecuador, and El Salvador standing out here, registering an increase of more than 20 points. El Salvador, for example, managed this important increase thanks to the creation of a unit of coordination and gradual implementation of tenders, whereas in Ecuador the drive was associated chiefly with the creation of the Public Service Vice-Ministry (*Viceministerio del Servicio Público*) (Iacoviello and Strazza 2014). The countries with the highest indexes are Chile, Brazil, and Costa Rica (see Fig. 2). Brazil and Chile particularly are the most consolidated countries in the region. Whereas Chile shows greater development due to expansion and consolidation of its System of High-Level Public Management (*Sistema de Alta Dirección Pública*) (González-

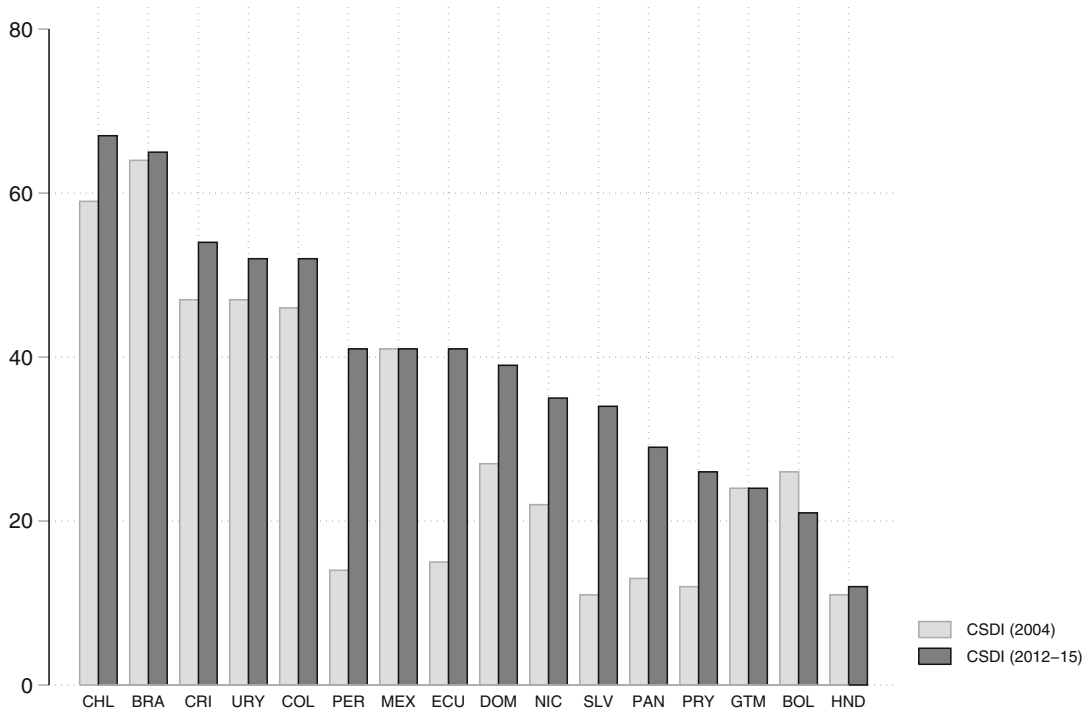


**Civil Service Models in Latin America, Fig. 2** Own elaboration with IDB data updated to June 2017, scale from 0 to 100

Bustamante et al. 2016), Brazil displays less dynamism despite the fact that in the past decade it consolidated a general performance evaluation system (Iacoviello and Strazza 2014).

In summary, the professionalization of the Latin American civil service models presents range of nuances. One important group of countries, as Iacoviello and Strazza (2014) point out, has achieved several improvements after setting out from a low baseline in 2004. Another group of countries, which set out from a medium to medium-high baseline, shows relative stagnation. Finally, only Chile shows significant advances in different dimensions, having departed from a high baseline. Furthermore, certain gaps can be perceived between merit and the CSDI. The most relevant negative gap is presented by Bolivia, which has a very low level of merit in comparison with the development of its civil service model, which suggests that there are other indicators that elevate its development, e.g., efficiency, structural consistency, functional capacity, and integrating capacity. Then there is the Brazilian case, which works in the opposite way. The merit in its model is very elevated for its level of development, which is, at any rate, one of the most consolidated in the region. There are cases where a balance is observed, such as Chile, Mexico, and El Salvador.

In general, the advances and setbacks in the development of the civil service models in Latin America are tied to the dynamics in the processes of reform and the national agendas for modernization. According to Cortázar et al. (2014b), in the last decade, it is possible to identify three types of reforms associated with the civil service which have different types of results in the region: (a) the professionalization of management level, e.g., Chile, Peru, and Uruguay; (b) the development of guarantees against politicization, e.g., Paraguay and the Dominican Republic; and (c) compensation management, e.g., Costa Rica, Honduras, and Paraguay.

## Conclusion

The civil service models are systems of management of public employment and recruitment of civil servants. In recruitment, there is a tension between merit and political confidence. The opposition between merit-based recruitment and the political appointees is associated with the classical politics-administration dichotomy. This dichotomy implies separating the political and the administrative spheres in government. Defenders of merit and professionalization point out that these prevent the political use of the public administration; however, extreme professionalization can generate a bureaucratic autonomy which puts democratic representativeness at risk. A civil service model can be classified according to different elements, one of the most relevant of these being its degrees of openness and tension between politicization and professionalization.

In Latin America, the patronage systems and clientelism of the nineteenth and twentieth centuries limited the evolution of civil service models. Subsequently, in the second half of the twentieth century, the New Public Management and the neoconservative reforms conditioned the modernization of the public sector and of the civil service models. At the end of the twentieth century, the second-generation reforms of the World Bank boosted a reinvention of the public sector in order to generate capacities for regulation and the fight against corruption. In this context, the idea of having a body of senior civil servants separated from the political and bureaucratic spheres became relevant. Also, the need to rely on professional civil services grew.

That growing need in Latin America was crystallized with the Ibero-American Charter for Public Service in 2003. Following the fundamentals of this charter, the IDB designed a methodology which allowed one to evaluate the models via different subsystems and to obtain an aggregate index of development with which changes over time can be analyzed. Thanks to this, one can observe that the professionalization of the Latin American civil services has different nuances. There is a first group of countries which in the past decade had civil service models with a low level of development and achieved partial improvements. In this group, some isolated cases attained significant improvements. Then, there is a second group of countries whose models had a medium-high development and presented a relative stagnation in recent years. Finally, only Chile and Brazil have a highly developed model, and in the past 10 years only Chile has shown significant advances.

## References

Ballart X, Ramió C (2000) Ciencia de la administración. Tirant lo Blanch, Valencia

Barzelay M (2001) The new public management: improving research and policy dialogue. The University of California Press, Berkeley

Barzelay M (2003) Introduction the process dynamics of public management policymaking. Int Public Manag J 6(3):251–282

Christensen T, Lægreid P (2011) Introduction. In: Christensen T, Lægreid P (eds) The Ashgate research companion to new public management. Ashgate, Farnham

Cortázar JC, Lafuente M, Sanginés M (2014a) Strengthening the civil service as a pillar of public sector institutions. In: Cortázar JC, Lafuente M, Sanginés M (eds) Serving citizens: a decade of civil service reforms in Latin America (2004–13). IDB, Washington, DC

Cortázar JC, Lafuente M, Schuster C (2014b) Strategies to modernize the civil service in Latin America. In: Cortázar JC, Lafuente M, Sanginés M (eds) Serving citizens: a decade of civil service reforms in Latin America (2004–13). IDB, Washington, DC

Echeberría K (2006) Informe sobre la situación del servicio civil en América Latina. IDB, Washington, DC

Evans P, Rauch JE (1999) Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth. Am Sociol Rev 64(5):748–765

Farazmand A (1989) State, bureaucracy, and revolution: agrarian reform of system maintenance? Praeger, New York

Farazmand A (1997) Introduction. In: Farazmand A (ed) Modern systems of governement: exploring the role of bureaucrats and politicians. Sage, California

Frederickson HG, Smith KB, Larimer CW, Licari MJ (2012) The public administration theory primer. Westview Press, Boulder

González-Bustamante B, Olivares A, Abarca P, Molina E (2016) Servicio civil en Chile, análisis de los directivos de primer nivel jerárquico (2003-13). Rev Adm Pública - Rio de Janeiro 50(1):59–79

Grindle MS (2012) Jobs for the boys: patronage and the state in comparative perspective. Harvard University Press, Cambridge

Henderson J, Hulme D, Jalilian H, Phillips R (2007) Bureaucratic effects: 'Weberian' state agencies and poverty reduction. Sociology 41(3):515–532
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19
Iacoviello M, Strazza M (2014) Diagnostic of the civil service in Latin America. In: Cortázar JC, Lafuente M, Sanginés M (eds) Serving citizens: a decade of civil service reforms in Latin America (2004–13). IDB, Washington, DC
Kaufman H (1956) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50(4): 1057–1073
Lafuente M, Schuster C, Rojas-Wettig M (2013) Dinámicas, condicionantes políticas y enfoques viables de reformas del servicio civil: lecciones de América Latina. Paper presented at XVIII Congreso Internacional del CLAD sobre Reforma del Estado y de la Administración Pública, Montevideo, Uruguay
Lewis DE (2008) The politics of presidential appointments. Princeton University Press, Princeton
Llano MM (2015) Revisando la presunta naturaleza paradigmática de la Nueva Gerencia Pública y su repercusión en Iberoamérica. Doc aportes adm pública gest estatal 15(24):67–99
Longo F (2001) La reforma del servicio civil en las democracias avanzadas: mérito con flexibilidad. IDB, Washington, DC
Longo F (2003) La reforma del empleo público en las democracias avanzadas: mérito con flexibilidad. In: Echebarría K (ed) Servicio civil: temas para un diálogo. IDB, Washington, DC
Longo F, Iacoviello M (2010) Evaluación del grado de implementación de la Carta Iberoamericana de la Función Pública en los países de América Latina. Paper presented at Conferencia Interregional de Ministros/Jefes de Administración Pública. CLAD, Buenos Aires
Longo F, Echebarría K (2014) Behind the results: a snapshot of the progress made and opportunities for enhancing the civil service in Latin America. In: Cortázar JC, Lafuente M, Sanginés M (eds) Serving citizens: a decade of civil service reforms in Latin America a (2004–13). IDB, Washington, DC
Martínez Puón R (2012) Hacia la profesionalización de la función directiva en Latinoamérica. Rev gest pública I(2):387–419
Nef J (2003) Public administration and public sector reform in Latin America. In: Peters G, Pierre J (eds) Handbook of public administration. Sage, London
OECD (2008) The senior civil service in national governments of OECD countries. OECD, Paris
OECD (2016) Panorama de las Administraciones Públicas: América Latina y el Caribe 2017. OECD, Paris
Olavarría-Gambi M, Dockendorff A (2016) Implementing meritocracy in senior public administration: the dilemma for Chilean politicians. Public Organ Rev 16(4):561–582
Olsen JP (2006) Maybe it is time to rediscover bureaucracy. J Public Adm Res Theory 16(1):1–24
Oszlak O (2001) El Servicio Civil en América Latina y el Caribe: situación y retos futuros Diálogo Regional de Política. IDB, Washington, DC
Peters BG (1995) The politics of bureaucracy. Longman, New York
Peters BG, Pierre J (2004) Politicization of the civil service: concepts, causes, consequences. In: Peters BG, Pierre J (eds) Politicization of the civil service in comparative perspective: the quest for control. Routledge, New York
Pollitt C, Bouckaert G (2002) Public management reform. a comparative analysis. Oxford University Press, New York
Quermonne J-L (1995) La organización administrativa del Estado. Escola d'Administració Pública de Catalunya, Barcelona
Raadschelders JCN, Rutgers MR (1996) The evolution of civil service systems. In: Bekke HAGM, Perry JL, Toonen TAJ (eds) Civil service systems in comparative perspective. Indiana University Press, Bloomington
Ramió C, Salvador M (2005) Servicio civil en América Latina: reflexiones y propuestas tentativas. Doc aportes adm pública gest estatal 5(6):63–90
Ramos C, Scrollini F (2013) Los nuevos acuerdos entre políticos y servidores públicos en la alta dirección pública en Chile y Uruguay. Rev Urug Cienc Polít 22(1):11–36
Resh WG (2015) Rethinking the administrative presidency. Johns Hopkins University Press, Baltimore
Rockman BA (1996) Conclusion. In: Peters BG, Rockman BA (eds) Agenda for excellence: administering the state. Chatham House, Chatham
Santiso C (2001) Gobernabilidad democrática y reformas económicas de segunda generación en América Latina. Rev Inst Desarro 8-9:325–366
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

# Civil Service Reform and Ethics

Christoph Demmke
Public Management, University of Vaasa, Vaasa, Finland

## Synonyms

Civil services; Ethics; HR reforms; Public administration reform

## Definition

Evaluation of how morality and ethics are represented in the discourse about the reform of

human resource management and in the context of new governance reforms

## Introduction

Public administration and public HR policies are constituent parts of the system of government. As history shows, countries may survive without government but not without public administration. Until today, no government has completely privatized the delivery of public tasks, no public administration works like a private company, and no public HR systems have been totally aligned to private sector practices.

Despite its many specific features and importance for millions of people, the nature of public administrations and HR policies are not well known to the wider public. Moreover, public administration and HR policies as such rarely enjoy a high reputation. At best, public administration reform is an interesting subject for experts. Civil service reforms are mostly dealt with by lawyers, HR specialists, and civil servants themselves. It is often seen as managerialist and technocratic. This is strange, as public administration and civil services should serve the public interest and citizenry, and therefore, public administration reform should be of great interest to the wider public. Moreover, the very idea of civil service and HR reform raises ethical considerations (Greenwood 2013; Budd and Scoville 2005). HR managers change, shape, direct, and alter employee's lives. Managers make hiring decisions; assess competences, skills, and performance; decide on training needs, rewards, sanctions, promotions, telework opportunity, diversity issues, dismissals, and private-work balance; provide feedback; etc. All of these tasks have important ethical consequences for individuals.

At the same time, people have high expectations and request that the delivery of public tasks follows *ambitious* objectives and ethical imperatives. They want employment systems that guarantee observation of the fundamental values and administrative law principles and ensure a focus on effectiveness, efficiency, and accountability. Government policies should also ensure equal treatment and fairness and be attractive and competitive with respect to the private sector policies while managing tax payers' money as prudently and while also rewarding individual performance. Increasingly, employment structures should also be diversified and representative while ensuring the merit principle, the equality of chances, and the principle of nondiscrimination (which is being defined much broader than decades ago).

Thus, people want high-performing public administrations that deliver public value in an ethical context. Still, ethics and integrity policies will never achieve a state of perfect integrity. Values as such are ambivalent and conflict with each other, and public employees are faced with many dilemmas. Past experience also shows that public management reforms always produce paradoxical and unintentional reform effects and operate in a context of changing values and value conflicts. Therefore, in most cases, ethics policies can only fill the gaps that other policies and system logics produce. On the other hand, ethics should not be a "plug-in policy" that fills the gaps that other policies and other governance logics produce. It is also time to acknowledge that ethics is not only an abstract and soft-issue. Instead, it is a practical, daily-life issue that is everywhere. However, neither a "bit of integrity" should be an objective. On the other hand, requiring a state of full integrity is also unrealistic (apart from the question how to define what is full integrity).

## Definition of Governance and Ethics

Governance has become a popular if not trendy concept in the discussions about the changing nature of the state, its role, functions, and capacities. It can also be used as a normative concept which prescribes the way in which the state performs. On the other hand, governance can be defined as a theory of change from government to governance. According to Peters and Pierre (2016, p. vii), Governance is the most commonly utilized term in political science and used in a variety of different and even contradictory ways. Overall, governance is a descriptive-analytical

concept which characterizes the way in which a state, government, or other public actors decide, regulate, manage, administer, and/or exercise responsibilities and powers. Whereas most observers interpret developments as a shift in the locus of political power from government to networks and other forms of exchange between the state and society, others believe that the state remains very much at the center of governance. Because of its conceptual vagueness, governance research in all its forms is highly complex and fragmented, bridging the different scientific disciplines and within the political sciences.

Theories of ethics refer to what is right or wrong, good or bad. Often, the terms ethics and moral are commonly used as interchangeable synonyms. Others, however, define moral as referring to the principles of right and wrong and ethics as the study of those principles (Huberts 2014, p. 5).

## The Traditional Link Between Government, Personnel Administration, and Ethics

For a long time, personnel administration happened in some form or another. HRM functions such as of hiring, training, compensation, and discipline/ termination were not performed by HR specialists or HR departments. In fact, traditional HRM was rather HR administration and a technical duty within organizations. HR administration was subordinated to the emergence of the doctrine and practice of scientific management (SM). The first professional/scientific writings on business organization and management appeared in the early 1880s in the United States, authored primarily by engineers. The engineers sought to use principles of science to increase the efficiency of business production systems. Inevitably they were led to consider the "people" side of production, including methods of employee selection, job assignment, supervision, work pace, and compensation. This new approach found its most influential and strategic formulation in the writings of Frederick Taylor, particularly his book *Principles of Scientific Management (1911)*. Personnel administration was about recruiting people, paying people, and sanctioning, controlling, and dismissing people.

Thus, personnel administration was about extrinsic motivators. Ethics did not play a role for both sides, employers and employees.

However, gradually, the notion and (ethical) importance of HR administration changed with the birth of HRM (the Hawthorne Experiments) and – later – the further elaboration of motivation theories and the birth of performance management. From now on, HRM grew in complexity.

Before we will come back on this, we need to consider what has changed and how this relates to ethics.

For a long time, it was relatively easy to define the ethical link between government and the people who served government, the civil servants. In all countries the civil service status was linked to the state as a sovereign power and the rule of law doctrine as well as to the principle of legality. The question who should be given a civil service status was always linked to the task of exercising national public powers, safeguarding the general interest of the state and a traditional nation-state philosophy. This important link between civil service and nation-state can best be observed in the public law status which originates in France aiming to establish and guarantee a democratic state based on the principles of the French Revolution. In Germany, the introduction of the public law status was inspired by philosopher Friedrich Hegel in his *Elements of the Philosophy of Right.* Hegel's idea of the civil servant and the state as such was conceptualized as a Leviathan (Thomas Hobbes) which stood above the national society and citizens. Its main role was to protect the society by enforcing regulations to achieve fairness and to balance the diverging egoistic interests within the society.

In fact, in Europe the emergence of independent and impartial civil services is also closely linked to the emergence of the Republican State (firstly in France) and the nation-state (especially after the Congress in Vienna in 1815). This strong traditional link between the civil service and the (republican) nation-state has endured in many countries until today. In France, the public law status was "invented" during the French Revolution in order

to link the civil servants to the State and not to the Monarchy or other individual interests. Therefore, Bekke and van der Meer (2001) defines modern civil service systems as depersonalized systems which differ from traditional modes of government. However, the realization of an independent, impartial, and merit-based civil service was more difficult than expected. "Indeed, for much of the nineteenth century (. . .) the spoils system dominated personnel policy. (. . .) Public office was perverted into a private fiefdom as arrogance, greed, and opportunism prevailed over honor, openness and prudence. Favoritism, cronyism, intimidation, corruption, waste, scandals and rampant dismissals were widespread in that squalid era. Rather than governance; its highest priority was to reward its friends, to grant favors for favors given" (Bowman and West 2008, p. 183).

In the nineteenth century, the biggest changes included the introduction of centralized recruitment procedures, the adoption of civil service laws, the centralization of HR policies, and the introduction of merit principles (including entrance examinations, job tenure, career service, political neutrality) which were adopted – as a moral guardian to democracy – and which should shield employees from politically inspired employment actions. "Instrumental in effectuating these changes was the establishment of the Rechtsstaat or in Anglo-Saxon terms the rule of law (. . .). This powerful idea had implications for the relation between government and the civil service system. (. . .) Step by step the legal position of civil servants in all countries was formalised and standardised (. . .). Merit instead of privilege was becoming the guiding principle" (Bekke and van der Meer 2001, p. 278). The status of the civil servants evolved into a protected status with many specific employment features that differed to ordinary employment patterns. Contrary to this, the purpose of creating a modern civil service was a response to the emergence of the liberal state which was based on the rule of law. Consequently, almost all Member States designed their public organizations in specific ways because they expected a certain behavior on the part of civil servants would result from specific organizational features.

In the twentieth century, countries introduced hierarchical and formalized organizational structures, scientific management methods (according to Taylor and Fayol), clear and rigid career paths, lifetime tenure, full-time employment, seniority, advantageous pension systems, and rigid remuneration systems in order to reduce as far as possible the risk of too much political influence, corruption, misconduct, the exercise of private interests, and instability of government. Until today, the essence of administrative behavior is to follow hierarchical principles and doctrines which are based on the rule of law. Following this, at a minimal level, administration is considered to be good and ethical if it achieves the implementation and enforcement of the existing laws and policy goals of the government of the day. Moreover, ethically good or acceptable behavior is also still defined in terms of rationality, law obedience, impartiality, and standardization. From the ethical point of view, following law or superior's orders is usually not problematic. It is still a very relevant guideline for public officials, as it highlights the importance of the rule of law and loyalty to democratically elected government.

Dicey expressed the meaning in this way: "when we speak of the 'rule of law' as a characteristic of our country, not only that with us no man is above the law, but (which is a different thing) that, every man, whatever his rank or condition, is subject to the ordinary law of the realm and amendable to the jurisdiction of the ordinary tribunals. Thus no one is above the law, and all are subject to the same law administered in the same courts" (Bingham 2011, p. 4). This principle was translated into concrete HR policies.

When looking back, the traditional argument for a specific organizational structure and specific HR policies were to produce a certain ethical status for civil servants who should be committed to the public good, neutrality, and impartiality and to observing confidentiality and displaying expertise. In many countries, therefore, civil servants were working in hierarchical organizations and had very specific recruitment procedures, specific ethical obligations, little mobility, varying working conditions, and specific social security systems. Many experts were convinced that these

specific organizational structures and employment conditions "produce" a certain public service ethos, individual performance, and "public service motivation" for civil servants who – in exchange – are committed to the public good, neutrality, and impartiality and to observing confidentiality and displaying expertise.

Until today, this traditional rational, technical, and instrumental understanding of Fordism, Taylorism, and bureaucracy and of "organizations" and of "people" have not completely vanished. With central public administrations still being closed off and separated from society and citizens, central public employees are still a relatively protected category of staff. Because of their still existing specific treatment, civil servants are supposed to have a specific public service motivation (PSM), having different values and different personalities, being motivated by different incentives, working differently than employees in the private sector, being more security-minded, performing differently, and being more rule-oriented and more oriented to the common good.

## Why Countries Started to Deviate from the Traditional Government Models

In all countries, civil service concepts were designed with the objective to make the public sector independent from the private sector and civil servants independent from personal interests. For these tasks and duties, many countries were reluctant to outsource or to privatize core governmental tasks and to completely reverse established specific employment features and HR policies that were founded in the nineteenth century in order to protect the democratic and liberal state. In most cases civil services were designed as rational machines which had a democratic and ethical function and which should serve the society and the law, protect the population, and act in not discriminatory ways as well as function in a sustainable manner. When looking back, this traditional technical, legalistic, and bureaucratic compliance and *ethics of neutrality* (Thompson 1985) approach have dominated within government until at least the 1970s.

However, increasingly, almost all countries started to deviate from the classical bureaucratic model and introduced changes which led to a new diversity of administrative systems. Today, de-bureaucratization trends continue, but there is no common trend toward an alternative universal administrative model. Rather, current reform modes are caught in an identity crisis. Countries know well what they want to leave behind. But they do not know where to go. Consequently, there is also no trend toward a best-practice model.

Therefore, there is only broad acceptance that the times of bureaucratic career models are over because these concepts underperformed on several fronts:

- Bureaucratic structures were built on the assumption that public management differs to private sector management, and public values should be safeguarded against private sector values. In fact, de Graaf and van de Wal show that that "the values of profitability, competitiveness, and customer orientation have a greater influence on business decisions; in public organisations, values such as legitimacy, lawfulness, accountability, and impartiality play a larger role. However, great differences exist among the organisations within each sector" (de Graaf and van der Wal 2008, p. 79). However, values overlap in public and private sector organizations. Thus, empirical research shows that public and private value patterns cannot be clearly distinguished, and many organizational values appear to be shared among government and business managers. Thus, similarities exceed differences. Still, it must be examined whether a correlation exists between certain sector-specific values intermixing between both sectors and certain specific moral and functional problems, especially in semipublic and hybrid organizations (Van der Wal et al. 2007). Hence, artificial distinctions between public and private values are not needed anymore in times of "blurring of boundaries between the public and private sector." For example, "common core" values are accountability, expertise, reliability, efficiency, and effectiveness, all of which are considered

crucial in both public and private sector organizations. Additional analysis seems to suggest that value preferences are primarily attached to sector rather than to age, gender, working experience, or previous employment in the other sector.

- The concept of bureaucracy was built under the premise that the political, administrative, and public spheres should be separated. Today, a blurring of boundaries takes place between international politics and national politics, private and public tasks, civil services and private sector employment, work and private life, and rationality and irrationality and between many other spheres which were supposed to be separated. This blurring of boundaries is quite ironic as many traditional tasks and duties of the national civil services are not changing. However, these trends make it more difficult to legitimate an elitist civil service, which enjoy different employment and working conditions than other employees.
- Traditional bureaucratic (HR) administration is under attack particularly because of its long time focus on bureaucratic, standardized approaches and technical HR issues such as recruitment, selection, payroll, benefits, employee relations, performance management, industrial relations, and legal issues and its limited role in achieving business objectives. Today, its core claims and professional self-image have become entwined with behavioral, psychological, ethical, financial, budgetary, and managerial narratives (Thompson 2011, p. 363). Overall, organizational structures, the acceptance of rationality as a principle, the understanding of role and importance of HRM, and motivation and leadership theories have enormously developed since the publication of the Hawthorne Experiments and – later – developments in the neurosciences.
- Another problem with the concept of bureaucracy and civil service is, because as an ethical guideline, it is simply too narrow for today's multilevel governance. Especially the importance of individuals was neglected because of the focus on the concept of "administrative neutrality" and the dominance of rational and legal approaches. Insights from behavioral economy and motivation theory have indeed shown that work in the public sector is more value-laden and more unpredictable than ever. On the other hand, allowing new behavioral insights and organizational psychology to play a more important role in civil service systems may also open the box to very uncertain future developments. For example, whereas traditional writers such as Wilson, Weber, and Taylor believed that rationality should be the guiding principle of any civil service system, today, the term bounded rationality (Simon) has become a buzz word, and new behavioral insights and behavioral instruments such as *nudging* have become a new fashion. Overall, civil service and HR reforms are increasingly influenced by the "psychologication of HRM." We will come back to this.
- Next, role and importance of fairness perceptions and the importance of individual recognition and emotions at the workplace were never recognized in the traditional public sector. In the meantime, theories of diversity, recognition, engagement, and organizational justice are central in explaining counterproductive work behavior. New evidence suggests that there is differential relationship between different types of justice (perceptions) and counterproductive work behavior. Moreover, emotions are a bridge between justice perceptions and behavioral responses (Moliner et al. 2017). Overall, justice perceptions depend on personal traits such as attitudes, status, expertise, experience, and leadership style.
- Elsewhere, change is also explained by dysfunctions of the classical bureaucratic model which is/was too costly, discriminatory, too rigid, too hierarchical, not innovative, not performing well enough, and causing demotivating effects. Often, it is claimed that new organizational models are needed (whatever type of models these are) to render public services superior, more flexible, innovative, effective, efficient, and outcome oriented. Increasingly, evidence from organizational science demonstrates that bureaucratic and hierarchical structures do not perform better

than other organizational types (as suggested by Max Weber 100 years ago).

- Until today, there is no evidence that bureaucratic structures produce the intended results. Evidence is growing that specific public working conditions and bureaucratic structures do not necessarily produce less corruption and a specific public service ethos. Dahlström and Lapuente (2018) examine the existing link between bureaucratic structures and corruption. Both authors also conclude that closed bureaucracies are negatively related to the quality of governance. In "The Merit of Meritocratization: Politics, Bureaucracy, and the Institutional Deterrents of Corruption," Dahlström et al. (2012; see also Rauch and Evans 2000) concluded that only some bureaucratic factors (most notably the meritocratic recruitment of public employees) exert a significant influence on curbing corruption even when controlling for the impact of most standard political variables. In her study on *The Quest for Good Governance: How Societies Develop Control of Corruption* Mungiu-Pippidi (2016, p. 21, 29) concludes that countries with a higher power-distance culture have higher levels of corruption. On the other hand, one explanatory variable for high levels of corruption is also the blurring of boundaries between the public and the private sector. The latter also applies to those more private sector like countries with an open access order (Mungiu-Pippidi distinguishes between governance regimes with a limited access order and an open access order and believes that the latter countries have a sharper separation between the public and the private sector, p. 29.). Meyer-Sahling and Mikkelsen (2016) and Kopecky et al. (2016) examine patronage and politicization trends in Central and Eastern Europe and on the western Balkan. However, also in Western Europe, politicization is rising – again.

Still, government and traditional bureaucratic features are not disappearing. Contrary to this, in some cases, trends seem to be toward the revival of the "Leviathan" concepts and flexible ways of governance that combine forms of hierarchical steering and participative modes of steering. Thus, the current paradox is that, despite all changes that are leading to the "blurring of the state" and ever new statements and conclusions about the emergence of ever new governance-like and networking-type structures, "Government" still exists, and the state is not powerless. Also, state capitalism does not disappear. In public policies, classical public tasks such as "security," "education," and "skill development" have become top issues on the political agenda. Also, the reactions to the financial crash in 2008 and numerous bails out policies, the hierarchical management of the Greek financial crisis, and the management of the refugee crisis and state responses to numerous terrorist attacks and (supposed) security threats everywhere in the world have demonstrated that "Leviathan" is not dead. Although the boundaries between the civil services and the societies are further eroding, the strong state has even reappeared in many public policies, for example, in the fight against terrorism, cybercrime, security issues, data protection, etc.

As understandable some of these trends are, they also illustrate the ongoing need to protect the rule of law, privacy, individual freedom, the need to Government and offer protection for citizens against arbitrary state and administrative decisions.

These trends lead us to the following questions: If some traditional features of the traditional state, public administration, and civil services are re-emerging but other classical features are slowly disappearing, how will the new civil services look like? What is the impact on the abovementioned changes on the principle of democracy, merit, and rule of law and the importance of values as such? Do we live a revival of a traditional pre-modern "Leviathan-like civil service conception" combined with a postmodern digitalized and individualized work system?

## The Nature of Change and the Implications for the National Civil Services

According to neo-institutional theories, the political and institutional world is currently moving away from universal or even best-practice institutional configurations toward more specific best-fit context-related models. New developments lean

more toward the testing of new organizational models and work systems that fit into the national, regional, local, or even organizational and leader-follower context. Best-fit schools are associated with this contingency approach and argue that organizations must adapt their strategies and implement reforms to the specific local strategy and to its environment.

Also, in the field of institutionalization ethics management, the effectiveness of any particular ethics infrastructure system is determined by the degree of consistency among its constituent elements and the way they fit into the organization, HR policies, culture, and leadership styles.

According to Huberts (2014), it is only possible to stress the "basics of an integrity system" (Huberts 2014, p. 190) because working conditions, leadership styles, and work organizations continue to differ, ranging from traditional Taylorism models to high-involvement or high-job autonomy models with low hierarchies and high levels of job autonomy. Also, the role of employee management varies from very paternalistic to very communicative and partnership-oriented forms (of social dialogue). Consequently, there is no bureaucratic one-size-fits-all organizational model anymore: Instead, trends are toward multiple forms of organizational structures, ranging from traditional and bureaucratic working systems to innovative workplaces and learning organizations within different governmental organizations and even within the same organizations.

In fact, there can have been few times when it has been a greater challenge to understand the changing nature of the national public administrations and the impact on ethics and workplace behavior – worldwide. Classical typologies like career systems, position systems, or closed bureaucracies belong to the past. Overall, public employment is changing about the size, structure, composition, and status. The national central public administrations are becoming more flexible, diverse, feminine, fragmented, and smaller. All countries are eager to enhance efficiency, productivity, and innovation by cutting budgets although there is no best-practice blueprint how to do this without the loss of other values and the emergence of new value conflicts. Today, most experts believe that trends in organizational reform are toward a move to non-Taylorism learning work organization and agree upon the proposition that new forms of HR strategies and HR practices are associated with superior performance (Eurofound 2009). Increasingly, the design of work systems is linked to organizational learning, innovation, and organizational performance. Still, one of the main challenges in the field of organizational theory and HRM is to develop and measure worldwide aggregate measures that can be used to measure the relation between (the change of) work systems, HRM, organizational learning, organizational performance, and workplace behavior. So far, empirical work on these links has been carried out mostly by the European Foundation for the Improvement of Living and Working Conditions (Eurofound 2009). Basically, Eurofound has concluded that where work is organized to support high levels of discretion, team working, learning levels, and job complexity, in solving complex problems, organizations tend to be better performing and more active in terms of innovation (Eurofound 2009). This again has positive effects on workplace behavior. However, the link between more job autonomy and politicization is less clear.

All current reform trends take place in a context – to use the concept used by Robert Merton – in which purposive action does not imply "rationality" of human action (Merton 1936). This implies that, increasingly, it is accepted that the most important limitation to a correct anticipation of consequences of action is provided by the existing state of limited knowledge in the context of increasing criticism toward classical rational choice theories. Because of this, behavioral economics have grown in importance and have increasingly informed politics, both in the private and in the public sector. Today, Thaler and Sunstein (2008) are enthusiastic about libertarian paternalist nudging in the private and in the public sector because they are impressed by the imperfection in individual decision-making and the low costs of nudging. They catalogue many factors that can lead to mistakes in human judgment and decision-making such as optimism, overconfidence, loss aversion, status quo bias, framing, inertia, inattention, error, etc.

In the meantime, modern public officials have more individual decision-making discretion than ever before. They are also better educated than ever. They also enjoy more job autonomy. However, this post-bureaucratic trend toward more job autonomy comes with strings attached. For example, more job autonomy and individual responsibility is also related to more stress and job intensity. Next, trends toward self-responsibilization and the growing importance of intrinsic motivators sometimes take forms of exploiting employees (Guest 2012, p. 55).

Again, numerous studies have also demonstrated that specific types of organizations that focus on job autonomy, learning opportunities, and teamwork have better operational and financial performance through enhanced intermediate outcomes such as increased job satisfaction and productivity and reduced turnover and less absenteeism. Current research in the field of organizational behavior is interested in exploring how employees' perceptions of organizational structures, HR policies, and leadership influence their work-related thoughts and behaviors and how transformational and transactional leadership supports organizational performance. Also, literature on engaging employees has become popular and advocates the link between engagement levels and organizational performance. The latter is the more interesting as different engagement levels seem to correlate with individual performance, organizational performance, and levels of innovation. There is also an emphasis on engagement that encourages and rewards learning and is positively linked to organizational performance. However, the level of engagement is depending on many variables such as the design of the work organization, leadership, work environment, working conditions, and the psychological contract between the employee and the employer.

Employees that rate their work organization, the support of their leaders, the work environment, and the psychological contract high have significant better results in work engagement as well.

Still, the literature on the importance of job engagement is far from conclusive and, even, skeptical, as the concept as such operates in "different worlds" (Guest 2012) and is concerned either with employee well-being or with organizational performance. Purcell (2014) argues that the concept lacks a contextual understanding and that the concept of engagement pictures a person "so engrossed in work that it can only ever apply to a minority of employees" (Purcell 2014, p. 242). This again leads to a negative view of employees who are not fully engaged and a psychologizing of employment relations where problems of motivation and "engagement" can easily be attributed to individual phenomena. "This is a dangerous reduction of work relations to individual attributes and failings" (Purcell 2014, p. 244). There is a clear danger that, increasingly, employees who are not fully engaged are described in negative terms implying this is their own fault... (Purcell 2014, p. 245). Self-efficacy theory explains why employees want to be engaged and committed. People with a strong sense of efficacy approach difficult tasks as challenges and are motivated through engagement. Consequently, employers want engaged employees, too. However, as already discussed, this "ideal combination" leads to a situation, where employers exploit their "engaged" employees without exchanges, for example, about offering decent work conditions.

## Toward the End of Bureaucracy, Bureaucracy-Lite, or the Return to Leviathan?

Looking into the relationship of governance reforms, HR policies, and ethics is a daunting task.

Today, experts hugely differ as regards the future of governance. For example, whereas some observers predict the total marketization of societies and public policies, others observe trends toward a sharing public sector and economy, others discuss the emergence of block chaining as the new reform fashion, and – again – others predict the return of the strong state, Leviathan, as security issues become ever more dominant in our societies. Again, another group observes trends toward a further professionalization of normative concepts like good governance and more state interventions in moral politics or toward more flexible forms of

governance which adapt themselves from policy area to policy area.

Thus, present governance developments are at least contradictory. From the inside, organizational reform trends are toward more fragmentation, flexibilization, decentralization, and individualization. From an HRM point of view, personnel management is no longer treated as a purely technical issue and an exclusive focus on issues such as recruitment, selection, payroll, benefits, employee relations, performance management, industrial relations, and legal issues. Instead HRM has become an integral part of management, organizational theory, and the behavioral sciences with an interest in all aspects of human life. Moreover, digitalization and flexibilization trends are changing work systems and leading to an individualization of HR practices by facilitating the monitoring, measuring, and recording of individual efforts and engagement practices.

Also, the field of civil service reform is subject of great speculation. Whereas in the past public administration and civil service reform was the preserve of legal scholars, today it is dealt with in management science, organizational theory, behavioral economy, leadership theory, organizational justice, motivation theory, social analysis of human interaction, organizational behavior, and law. Overall, public administration and HR reform – as academic disciplines – have grown in complexity. This mostly concerns the development of motivation theory, leadership theories, the link between HRM and organizational performance, and new evidence in the field of social dialogue, participation, and voice. Thus, public HRM tries to distance itself from its stuffy, technical, and traditional mechanical image and confirms its significance for corporate profitability, performance, and innovation (Pinnington et al. 2007) while balancing different employee's and employer's interest with the need for change, adaptability, discipline, and stability.

In fact, today, most governments shy away, through law, politics and the implementation of public management reform measures to impose any particular (bureaucratic) conception of a specific public service organizational and employment structure that differs to private sector practices. As it seems, national civil services are moving toward the emergence of a new sort of mixture between the revival of "Leviathan" concepts and blurred, decentralized, fragmented, and psychologized types of civil services. This makes it also difficult to say whether some aspects of the bureaucratic paradigm will survive or whether we experience the beginning of a new post-bureaucratic, high-performance work system paradigm, which is based on individualized HR management. For example, despite the popularity to criticize the overemphasis on laws and rules in contemporary civil services, the primacy of law is vital and will (hopefully) remain in the future.

Whatever will be the case, the classical bureaucracies are about to change. It is not yet clear what the post-bureaucratic paradigm is, apart from remedies to the weaknesses of the classical bureaucratic model. Still, developments like decentralization, responsibilities, flexibilization, skill development, engagement, mobility, etc. are too wide and too fluid concepts. These developments are also full of paradoxes and ambivalences. Consequently, they represent alternatives to the classical models. But does this also mean improvement?

Still, it is also far too early to predict the end of the bureaucratic model: Too often, popular public management reform is influenced by trendy management advisers who often spin an unrealistic yarn about administration by giving the impression that hierarchic and bureaucratic administrative structures have long since ceased to exist. Despite trends toward more individual job autonomy and responsibilities, almost all administrative models also continue to be based on the principle of "hierarchy" and bureaucracy. An empirical study by Vie (2010) concludes that post-bureaucracy is "only a language construction that has little impact on everyday practice in organizations. Especially the proclamation of a general downfall of hierarchic structure in organizations stands in sharp contrast to the empirical reality" (Vie 2010). In fact, reported radical breaks from the past are exaggerated. In reality, new elements of work practices are gaining ground without replacing old ways (Vie 2010, p. 191). Vie concludes that the work

practices of top managers change faster than of middle managers who are still preoccupied with administrative routine and bureaucratic control.

What is sure is that contemporary central public administrations are increasingly complex and fragmented. In the future, they will most likely become more complicated and probably more contradictory all the time. Consequently, value conflicts are increasing, too. What are the implications on ethics and workplace behavior?

New societal trends toward individualization, informalization, digitalization, globalization, and intensification of work produce new forms of ethical challenges for government. Overall, it seems that new types of work systems also produce new dilemmas and paradoxes, such as enhanced job intensity and stress levels. This also suggests that the current departure from rational and hierarchical types of (bureaucratic) organizations will also bring new, so far, unknown challenges.

In *The Responsible Administrator*, Cooper argues that "we are in a time of transition in which the modern heritage of public administration is increasingly in conflict with a postmodern model" (Cooper 2006, p. 45). The key phenomena of modernity are assumptions about universal values, absolute values, bureaucracy, and rationality. Contrary to this postmodern is a term in which "fundamental assumptions are being discredited as final and absolute. Assumptions about objectively real and universal human nature, or natural law, or absolute values and ultimate truths (. . .) no longer hold. . ." (Cooper 2006, p. 46). "The homogeneity of traditional society, with its unifying and stabilizing cultural bonds, has been broken. (. . .). New forms of lifestyles have developed, and new ways of coping with a broad spectrum of lifestyles, diets, preferences, political philosophies, and modes of exchange have evolved" (Cooper 2006, p. 52).

The implications of these changes for public administration are obvious: Today's public administrations tend to be much more diverse, less hierarchical, more flexible, diverse, representative, and less separated from the citizenry. Whereas the term bureaucracy represented clear values (hierarchy, formalism, standardization, rationality, obedience, etc.), new reforms bring new values but also more conflicting values and value dilemmas.

Thus, the problem with this description of the administration in the twenty-first century is obvious. Whereas the term "bureaucracy" or "modernity" can be defined and broken down into concrete contents, this is much less the case with the definition of new systems and new administrative models. Although the terms post-Weberian models or post-bureaucracy may be adequate descriptions of the current change processes, these concepts leave those who oversee introducing change processes puzzled. Overall, we do not only lack an understanding of what could be an (universal) alternative to the bureaucratic form of organization.

Instead, what is also missing is a better understanding how ethics change in the context of governance and organizational and HR changes. So far, discussions have focused on the link between public management reforms and ethics but to a much lesser degree on the effects of civil service and HR reforms. Academic discussions are still very rudimentary.

As of the 1990s, experts started to call for an alternative to the bureaucratic "compliance-based" ethics model, the so-called "value based" model. In the beginning, discussions on this alternative model were highly influential and successful. Many countries started to move away from legal and top-down approaches. For a number of years, changes had been in progress. However, since a number of years, reforms do not indicate convergence toward a new value-based model. Let us take a step back to look at these interesting trends.

According to Weber, the essence of administrative behavior is to follow legally given orders. Following this, at a minimal level, administration was good and ethical if it achieved the implementation and enforcement of the existing laws and policy goals of the government of the day. Moreover, ethically good or acceptable behavior was also defined in terms of obedience to the law, impartiality, and standardization. The purpose of rule orientation was also to achieve fairness and equity, to implement the merit principle, to allocate rights to citizens, and to protect public

employees against arbitrary administrative decisions. Thus, "the ethics of neutrality and structure" (Thompson 1985, pp. 555–561) is the cornerstone of the traditional bureaucracy. From the ethical point of view, following the law or the superior's orders is usually not problematic, if obedience and excessive adherence to rules do not become absolute values.

However, the problem with the Weberian concept is that as an ethical guideline, it is simply too narrow for today's multilevel governance. As already discussed, work in the public sphere is much more complex, digitalized, fragmented, individualized, and no longer dominated by the principles as Weber predicted. On the other hand, some traditional principles such as the rule of law and administrative law as such remain the core principles of all administrative systems.

However, with the emergence of NPM euphoria, administrative law was mostly seen as a constraint that blocks policy choices, innovation, and reform policies. Traditional administrative behavior was held to be rigid, rulebound, centralized, and obsessed with dictating how things should be done – regulating the process, controlling the inputs – but totally ignoring the end results. Consequently, NPM theories dominated from the 1990s onward, and the compliance approach was old-fashioned and ineffective. Suddenly, the focus was on codes of ethics, training, leadership, decentralization, delegation, and flexibility, instead of on law. As a result, discussions focused on the adoption of new digital, soft, informal, and managerial approaches and a call to move away from regulatory approaches.

In the meantime, academic discussions have turned away from the "grand old" dichotomy: value-based approaches versus compliance-based approaches. This can best be seen in the field of conflicts of interest, where countries have started to realize that the management of conflicts of interest does not work without clear rules, formal procedures, monitoring, and strong enforcement mechanisms but also not without awareness raising, strong leadership, independent ethics committees, registers of interest, and more and better management capacity. Most "compliance-based" countries such as Germany no longer focus entirely on rules and trust in the effectiveness of sanctions. However, the focus on both concepts has lost much of its appeal, since the focus on NPM theories (and an excessive focus on rational choice theories and soft instruments) as much as on classical bureaucratic approaches is in both cases also revealing many negative effects.

This means that the circle of new ideas and concepts has started again. Here, the focus is no longer on private sector models, or on new soft-managerial models. Instead, it is about the search for more efficiency, effectiveness, quality, better outcomes, and citizen orientation. In fact, it is all about better administration and the ongoing search for new good governance models in a digital governance context.

These trends show that the increase of complexity of societies corresponds with the increase of complexity of ethics as such. Neither the compliance-based nor the value-based approaches give an answer to these developments. Instead, discussions on the best ethics policies, best practices, and effective ethics instruments have become more context-oriented. At the same time, ethics bureaucracies are about to emerge. Overall, ethics policies become more important and countries invest in the institutionalization, monitoring, and enforcement of ethics policies. Still, many doubts exist whether these trends enhance the effectiveness of ethics policies, improve trust levels, or just produce ever new forms of integrity paradoxes.

## The Psychologization of HRM

Current trends in HRM have opened public employment for ever more diverse employment innovations. Whereas most governments agree that politics should not try to form the character or cultivate the virtue of its citizens, the increasing popularity of behavioral ethics and affective turns in politics, HRM and in economics and the popularity of nudging (as an instrument), destandardization trends and the trend toward the delegation of own responsibilities to employees

through different concepts such as engagement, lifelong learning and competency-development (as HRM policies) show that current trends in HR policies are leading toward an individualization and "psychologization" of HRM (Godard 2014).

These developments run counter to a grand administrative tradition: For a long time, HRM in the public sector was dominated by rational, legal, standardized, and technical approaches. Today, traditional HRM is in trouble, both theoretically and practically because it is challenged by ethical, financial and budgetary, behavioral, managerial narratives and developments in the neurosciences (Thompson 2011, p. 363). Currently, the discipline of HRM integrates new evidence, especially from the behavioral sciences. This is a reaction to the traditional focus in the field which was based on legal, economic, and political ideas that ignored psychological aspects, although evidence existed since the Hawthorne Experiments (and even well before) that individual behavior is largely influenced by justice and fairness perceptions, emotions, and feelings, such as hope, fear, aspirations, expectations, etc. Instruments such as *nudging* have become tremendously popular. For example, in the field of ethics, approaches that are based on laws and compliance-based approaches are believed to be ineffective since they guard only against intentional forms of unethical behavior (and not unintentional forms). Disciplines like behavioral ethics explain why people overestimate their ability to do what is right and why they act unethical without meaning to (Bazerman and Tenbrunsel 2011). This turn toward behavioral approaches can be explained because of the shortcomings of traditional (bureaucratic) approaches. However, they are neither new nor without problems.

Almost 100 years ago, Parker Follett argued in The Giving of Orders (1926), you "cannot get people to do things most satisfactorily by ordering them or exhorting them; but also that even reasoning with them, even convincing them intellectually, may not be enough (. . .). For all our past life, our early training, our later experience, all our emotions, beliefs, prejudices, every desire that we have, have formed certain habits of mind . . . Therefore, it will do little good merely to get intellectual agreement; unless you change the habit pattern of people, you have not really changed your people" (Parker Follett 1926).

Some decades later, Lindblom suggested that "decisions within this political setting can never be wholly rational but (. . .) are of a "bounded rational" nature. That is to say, instead of insisting on an "optimal solution," the public policy maker must be satisfied with what is "good enough," or as Lindblom suggested: must "muddle through" (Lindblom 1959).

In the 1950s Simon did not deny the possibility of change processes as a result of rational processes. However, he showed that organizations never work purely rationally or perfectly: "We forget sometimes that an organisation is a group of people behaving, These people are not tools or machines. They have feelings, hopes, and fears. They get sick, hungry, angry, frustrated, happy, sad. Their behaviour is subject to a whole range of influences extending back to their births. . ." (Simon 1973, p. 55). According to Simon, it plays the most important role in the day-to-day work of every organization. Without communication, no steps can be taken toward human cooperation, and it is impossible to speak about organizational problems without speaking about communication. At the root of public administration are continuous conflicts and communication blockages due to:

- Barriers of language (misinterpretation and misunderstanding)
- Differing frames of reference (different mental understanding of definitions)
- Geographical distance impeding the communication process (over Units, Countries, Ministries)
- Status distance as a filtering process throughout hierarchical levels of organization
- Self-protection (individuals tend to communicate more those things that are to their benefit)
- Pressure of work (people tend to overlook important matters)
- Censorship (limitations on the flow of information by authority or force)

Thus, already many years ago, experts arrived at the conclusion that, in reality, work in the public sector is paradoxical, individual, value-laden, emotional, pluralistic, political, and unpredictable. Weber and Taylor neglected the importance of individuals because of their focus on the concept of "administrative neutrality" and the dominance of rational and legal approaches. There is no place to confront the two approaches and to discuss all pros and cons. In fact, the ultimate measure of any HR system is the quality, efficiency, impartiality, professionalism, and responsiveness that it delivers and how it furthers the possibilities to reach and fulfil objectives and helps delivering services of good quality to citizens. New behavioral approaches are to be welcomed if they do not lead to a new "moral relativism" and the revision of rational thinking as such. With the popularity of behavioral insights (OECD 2018), classical concepts (and instruments) such as the rule of law and principles of administrative law are questioned.

## The Destandardization and Individualization of HRM

As discussed, the key phenomena of modernity were assumptions about universal values, absolute values, bureaucracy, and rationality. Contrary to this, present reform trends discredit universal and absolute assumptions (Cooper 2006, p. 45). According to Fukuyama (2018), universal concepts are being challenged by partial forms of recognition based on nation, religion, sect, race, ethnicity, or gender or by individuals wanting to be recognized as superior. "The rise of identity politics in modern liberal democracies is one of the chief threats that they face. . . ." (Fukuyama 2018, p. xvi).

Also, in the field of public management, the era in which treating all persons in the same way meant treating everybody fairly is not anymore the paradigm of our times. Consequently, theories on organizational justice are gaining in importance and HR administrators, and line managers need to rethink how to measure performance and to treat people unequally and yet to be fair (Karam et al. 2019). Therefore, a new challenge is to design fair HR systems under decentralized and individualized conditions, "the challenge in the longer run . . ..is to design organizations that combine the efficiency and service capacity of decentralized organizations with the uniform and legalistic nature of hierarchical organizations" (Peters and Pierre 2003, p. 6).

In the field of HRM, destandardization, diversity, and individualization reforms have been introduced in a wide range of HR policies and HR structures (OECD, 2017a). This concerns the:

- Destandardization and flexibilization of working time
- Destandardization and individualization in pay (through trends toward the differentiation of pay and performance-related pay)
- Destandardization of recruitment methods and procedures which were based on qualifications and not on skill development and competencies
- Destandardization and individualization of training, e.g., coaching and career development policies
- Destandardization and individualization of skill development and competency management policies
- Flexibilization of retirement policies and retirement ages
- Flexibilization of contracts and employment policies
- Introduction of diversity policies
- Decentralization of HR competences to line managers
- Reform of the organization of work and provisions for more job autonomy
- The possibility for more public-private, interministerial, intraministerial and intra-career mobility
- The abolishment of traditional career progression policies such as automatic seniority progression

All these developments create new opportunities but also new challenges. For example, destandardization trends have arguably placed the morality of legal approaches and standardized and merit-based HRM practices increasingly in the hand of managers, line managers, and HR experts who have discretion and decision-making

powers in these fields (Bezes and Jeannot 2018). The decline of standardized approaches has left many employees more vulnerable to individual discretionary, opportunistic, and subjective behavior. This throws more into question "the morality of contemporary HRM and increases the significance of engaging in moral evaluation of the behavior of directors, managers and HR practitioners" (Pinnington et al. 2007, p. 3). On the other hand, these trends toward destandardization of HR practices, visions on self-reliant individuals, and trends in the field of individual competency and skill policies also challenge classical merit-based concepts. How to maintain merit, fairness, and equal treatment in a fragmented, decentralized, and individualized context? In former times, HR policies were based on the principle that everybody should be treated in the same way in order to be fair.

### The Destandardization of Remuneration and Fairness Perceptions

For a long time, civil servants in the same age cohort, with the same rank and the same qualification, were paid the same salary (which, often, was increased regularly in conformity with the principle of seniority and automatic pay progression). Traditional remuneration systems were established decades ago, and for a long time, they changed very little. The traditional focus on careers, stability, seniority, and positions made sense when the vast majority in the public service had similar qualifications and jobs. The classical pay system was adapted to the dominant values at the time: bureaucratization, standardization, and equality. Thus, whereas public pay systems were based on the principle of equality, private sector pay systems were based on the principle of autonomy today, the era in which treating everybody the same meant treating everybody fairly is not anymore the paradigm of our times. Today, most people believe that everybody should be treated equally but also differently in order to be fair (Cooper 2006, p. 53).

Consequently, traditional pay systems with their career ladders, time-based pay increases, and specific allowances are increasingly reflecting a slowly disappearing concept of employment. That model was designed to reward loyalty by providing high levels of job security. Today, employees themselves expect immediate rewards and recognition for their individual accomplishments. So far, little research has been carried out on the impact of destandardization trends and the change of merit-based approaches on workplace behavior and perceptions of organizational justice (among employees). Overall, pay diversity as such has increased within the national systems and among the different occupations and ranks. Also, the structure of the systems has become more diverse. For example, today it is perceived as fair if civil servants earn higher salaries if he/she demonstrates outstanding performance and receives positive performance evaluations. However, this logic also leads to the question whether and how professional and fair performance assessments are possible at all that justifies unequal pay. This trend toward pay dispersion creates problems if managers fail to increase employees' perception of legitimacy of pay dispersion (and organizational fairness perceptions), which suggests that procedural fairness of the HR systems can maximize the effectiveness of distribution of organizational resources, such as pay.

Public employees constantly compare their performance with the performance of their colleagues (note: and mostly believe that they are better than others). Often, employees believe that their pay is not fair since they perform better than their colleagues. Many also believe that their performance is not managed, assessed, and measured in a professional way. Consequently, fairness perceptions have changed and differ from the past. From now on, new feelings of being treated unfairly (e.g., by those who measure performance levels) emerge, and, in many instances, people are even more demotivated and frustrated after the introduction of PRP. Since people constantly compare themselves with other colleagues, they also tend to believe that colleagues who receive bonuses and PRP do not deserve them. Often, employees who do not receive PRP may also be demotivated since they expected to get bonuses, etc. Another dilemma concerns the fact that many employees do not trust their superiors to take fair decisions on the allocation of PRP. Consequently,

many people feel that they are treated unfairly because of unprofessional or unfair pay decisions of their superiors. In all these cases, the expectation to be treated individually conflicts with the expectation to be treated equally. As it seems, the individualization of pay and growing differences in pay also produce higher levels of perceptions of distributional injustice.

However, exactly because of the ongoing individualization trends, people are increasingly attentive to the justice of events and situations in their everyday lives across a variety of contexts. Increasingly, individuals react to actions and decisions made by organizations every day. Consequently, perceptions of unjust and unfair treatment can strongly influence the individual behavior and may exert a good or bad impact on individual and organizational performance.

### The Destandardization of Recruitment Policies and Fairness

In the past, national civil services always used common and standardized recruitment frameworks (such as concours). Overall, people were recruited based on qualification (and diplomas). Most countries also installed merit-based recruitment systems that set common standards for civil servants to meet through, for example, standardized testing. These systems were designed to ensure a high degree of professionalization (as opposed to politicization) of the civil service and to ensure that all applicants are provided with equal opportunities. While such systems responded to values of internal equity, professionalism, and equal access, they were criticized because they underperformed in a context of competition for particular skill sets (OECD 2017a, p. 75). Moreover, they underperform because they are based on skills and qualifications (ratings) that were achieved (and evaluated) in the past and not on the development of new (social and technical) skills and (soft) competences. Today, politicians and managers repeat the mantra that economic competitiveness depends crucially on the skills and investments in training of the workforce. Everywhere, governments, politicians, and management experts agree upon the key role that skills, training, and lifelong learning play in securing competitiveness and social cohesion. Within this discourse, it seems that skills are the answer to a whole set of economic and social problems. With the increasing importance of skill policies, also the notion of skills has also become considerably broader than it was in the past. Today, the popular skill discourse uses very different notions like enlarging basic skills, employability skills, adapting skills, key skills, management skills, future skills, IT skills, and leadership skills and a variety of meanings such as soft skills, transferable skills, interactional skills, problem-solving skills, social skills, IT skills, and networking skills. The term skill as such has become indistinguishable from personal characteristics, traits, competences, behaviors, and attitudes. Consequently, policy makers increasingly insist upon the diffuse using of skills. Why have skill development policies become so important, other than because of economic factors? One of the main reasons is the shift from traditional and hierarchical structures toward "flat" services and more job autonomy, with the need for employees to have more relational, communicative, and problem-solving soft skills. However, technological developments and organizational renewal are not the only factors that require skill renewal. Overall, the decentralization, fragmentation, and individualization of structures and processes also require the decentralization and individualization of skill development and training policies. Trends toward more individualistic HRM approaches can best be seen in the field of training, where standardized training activities are increasingly replaced by tailor-made programs and individualized coaching offers, which are more frequently based on concrete individual needs and whose main concern is the transfer of competence. Moreover, countries increasingly try to recruit, promote, and reward civil servants based on specific competency and skill sets – in a competitive market. For example, the digitalization of public administration requires employees to quickly adapt to digital change. Civil servants are needed who have the skills to address increasingly complex problems in increasingly pluralistic societies using new tools available to governments. They will need to understand the potential and risks of new technological tools, to

develop skills complementary to these new tools, and be comfortable in an increasingly digital workplace and using digital tools. Therefore, more countries are expecting their civil servants to take a proactive approach to their jobs (OECD 2017a; 2017b, p. 15).

Public administrations respond to the new challenges by a destandardization and individualization of recruitment policies and the alignment and fine-tuning of recruitment methods to specific skills needed (OECD 2017a, p. 76). Increasingly, this is done by the introduction of more diverse and external recruitment practices, or separate practices, for example, for top officials. Moreover, different public administrations increasingly design specific competency profiles for different categories of employees. However, this trend toward different competency expectations, skill development ability, and self-reliance on skill adaptation marks a clear departure from the traditional view of the compliant bureaucrat (OECD 2017a, p. 61) and standardized recruitment policies. Today, countries wish to develop employment policies and recruitment frameworks that are driven by individual qualities, skills, and expertise (OECD 2017a, p. 10) in order to match new skill requirements and competency developments. All these trends challenge the fairness and merit-based recruitment, promotion, and reward-based systems and raise the question how individual skills – under decentralized and individualized conditions – are designed, evaluated, and assessed (OECD 2017a, p. 67). At present, destandardized recruitment systems are more vulnerable to integrity violations than standardized systems. During the last years, especially the decentralized and destandardized central European civil services have been increasingly politicized and polarized.

## The Effects of Change

As long ago as 2000, Paine published *Does Ethics Pay?* and discussed the added value of ethics (Paine 2000). While evidence is indeed mounting that ethics are related to organizational performance and organizational performance to ethics, significant methodological and theoretical challenges still exist. Consequently, research is still relatively silent in this field, although it is badly needed. Methodologically, there is no consensus regarding which practices constitute a theoretically complete set of ethics policies; how to conceptually categorize these practices, the definition of ethical performance, the link between ethics and organizational costs/benefits, and discussions on the effectiveness of incentives; or how ethics and ethical leadership are to be measured. Theoretically, there is still no consensus regarding the mechanism by which ethics might impact on outcomes. For example, in the field of public management, sound empirical knowledge exists only as regards the positive link between meritocratic structures and lower levels of corruption and politicization. Therefore, more empirical studies and more non-ideological deliberations in the field of ethics are badly needed if we are to better understand ethical promises, challenges, and limitations. One of these challenges is to understand how government and HR policies are changing and how this impact on ethics and workplace behavior.

Strangely enough, the interest in the link between HRM and ethics has not kept pace with the increase of interest in business ethics. Surprisingly, there is very little research on the link between HRM and ethics. Given the many initiatives in the field of managerial ethics, corporate social responsibility, and company ethics, one might expect a similar growth of interest in the field of civil service reform, HRM, and ethics, too. "After all an extremely important component of making business more ethical is to take seriously the ethical aspects of managing people" (Pinnington et al. 2007, p. 2). As we will see later, bringing ethical awareness into public policies and HR policies is even more important given the recent governance and HR trends toward more destandardized and individualized HR approaches. These trends place additional burdens on managers and the need for ethical leadership.

After all, ethical challenges abound in HRM. Each day, HR managers and leaders "change, shape, redirect, and fundamentally alter the course of other people's lives" (Margolis et al. 2012, p. 237). Failures and successes in carrying out these tasks have an important impact on

workplace behavior, fairness perception, job engagement, and performance.

Of course, the question where do all civil service and HR changes lead to? is difficult to answer: The question of what has resulted from the many reforms is obviously a fundamental one. Yet it is not at all simple. Experts have no clear understanding of how public administration is changing. There is also little evidence as to whether change processes produce better results; and if so, which change processes and which reform instruments? Unfortunately, the field of civil service reform is loaded with theories that reflect personal opinions, images, and perceptions. To avoid making ideological or personal judgments about the effects of reforms, it may be wiser to start from a general point of view to which the outcomes of civil service and HR reforms can be positive and/or negative and effective and/or ineffective, but they may also produce a number of unintentional positive and negative side effects, such as more bureaucracy, higher stress levels, more job intensity, less job control, higher leadership skill expectations, more ethical challenges, conflicts of interests, etc. Thus, the difficulty seems to be to accept that current reforms have various reform effects at the same time.

Moreover, effects of reforms depend on many variables such as of budgetary constraints leadership developments, skills, perception of organizational justice, organizational culture, and institutional configurations. In *Organizing Leviathan: Politicians, Bureaucrats, and the Making of Good Government* (2018) Dahlström and Lapuente show that systems that are based on merit have lower levels of corruption and higher levels of government effectiveness. Despite the fact that merit is an important element of bureaucratic systems, bureaucratic systems have no positive effect. However, concepts of "merit" are also changing. Paradoxically, the more the concept of meritocracy has become a reality, the more it seems to legitimate a hierarchy of privilege. The dilemma with the principle of meritocracy lies with the problem that our systems which reward talented people leave no hiding place for those who fail in the competitive struggle. Thus, the consequent application of the merit principle seems to undermine one of the most important foundations of the national public administrations: the principles of fairness, equality, and equity. In their publication, *Diploma Democracy – On the Tensions between Meritocracy and Democracy*, Bovens and Wille (2009) show that Plato's ideal of the state which is run by the best and the brightest has (almost) become a reality.

Merit, as the basis for employment decisions, is one of the core values. Yet employee faith in the application of merit principle appears to be in decline in many countries because of increasing levels of corruption and politicization. A further serious deficiency is the absence of discourse on how the implementation of the merit principle in the civil services does not do justice to the increasing differences in pay, status, reward, and power. Another problem is that the principle of meritocracy is increasingly self-defeating, "The more opportunity there is for people to succeed in society, the less value such success is likely to have for them" (Dench 2006). If all people invest in more and better education and invest in their competences and skills, the process ends as a race to the top. Everybody is likely to become disappointed quickly. "If there is one thing worse than being blocked, it is seeing others succeed where you have failed" (Dench 2006, p. 190). At least from these points of view, the new civil services are not necessarily fairer than the traditional structures.

Parallel to this, perceptions of organizational injustice and requests for individual recognition and feedback are gaining in importance. Experts in the field of organizational justice (Molina et al. 2017) often make a distinction between distributive justice, procedural justice, and interactional justice. As such, the importance of injustice perceptions is not new. Already in the eighteenth century, Immanuel Kant concluded that nothing causes more indignation than injustice. However, today, perceptions of increasing levels of inequality correlate with increasing perceptions of lack of recognition of "identity" and higher expectations that people want to be recognized. Fukuyama claims that indignation and perceptions of injustice are mostly caused by a lack of recognition (Fukuyama 2018). In fact, it seems that the demand for identity, diversity, and recognition is also increasing in the field

of HRM. Increasingly, people are attentive to the justice of events and situations in their everyday lives across a variety of contexts and to various actions and decisions made by organizations and their leaders every day. Unjust and unfair treatment and the perception of a lack of recognition can strongly influence the individual behavior and may exert a good or bad impact on individual and organizational performance.

## Conclusions

If governments want engaged, satisfied, and ethical employees, they must accept that "employee engagement is best seen as an outcome of managerial activity to build perceptions of trust, fairness and organizational justice, especially procedural and interactional or interpersonal justice. These are the antecedents of engagement. The question remains on how trust, fairness and justice are built. Each are essentially processes of the quality of interactions between management and employees" (Purcell 2012, p. 13). Unfortunately, reforms in times of budgetary constraints have led to lower levels of trust in leadership, less job satisfaction, higher levels of stress, more inequality in working conditions, fragmentation of approaches and working conditions, and increasing perceptions of organizational unfairness.

Still, presently government employment systems are corresponding better to a Rawlsian principle of justice than current trends in the private sector which produce many forms of injustice and sometimes perverse results about the rewarding of individual performance. However, future civil service reform is becoming more paradoxical. Whereas in former bureaucratic times, it was believed that everybody should be treated in the same way to be fair. Today, most people believe that people should be treated differently to be fair (Cooper 2006, p. 53).

At present, all discussed trends challenge the classical arguments for a specific civil service and the traditional link between government, civil services, and ethics. Despite this, there are reasons to expect that, also in the future, civil service policies and public HR policies will continue to apply some specific bureaucratic features that will remain in place to sustain the principle of rationality and separation between the public and private sector and to defend core democratic values like equality, fairness, and legal security. No other institutional actor can combine expertise, continuity in office, and professionalism with impartiality and fairness. Because of this, the twenty-first century needs civil services and civil servants more than ever – but in different contexts (Raadschelders et al. 2015, p. 369).

## Cross-References


- ▶ Administrative Reform
- ▶ Ethics and Good Governance
- ▶ Ethics in Public Administration and Government
- ▶ Human Resource Management During Wartime


## References


Bazerman MH, Tenbrunsel AE (2011) Blind spots. Princeton University Press, Princeton

Bekke HAGM, van der Meer FM (eds) (2001) Civil service systems in Western Europe. Edward Elgar, Cheltenham

Bezes P, Jeannot G (2018) Autonomy and managerial reforms in Europe: let or make public managers manage? Public Adm 96:3–22

Bingham T (2011) The Rule of Law. London: Penguin

Bovens M, Wille A (2009) Diploma democracy – on the tensions between meritocracy and democracy. Universiteit Utrecht/Universiteit Leiden, Utrecht/Leiden

Bowman JS, West JP (2008) "Removing employee protection: a "see no evil" approach to civil service reform". In: Leo WJC, Huberts/Jeroen Maesschalck/Carole L. Jurkiewicz, Ethics and Integrity of Governance. Perspective across frontiers (Massachussetts: Elgar)

Budd JW, Scoville JG (2005) The ethics of human resources and industrial relations. ILR Press, Champaign

Cooper TL (2006) The responsible administrator, 5th edn. Jossey Bass, San Francisco

Dahlström C, Lapuente V (2018) Organizing Leviathan. Cambridge University Press, Cambridge, MA

Dahlström C, Lapuente V, Teorell J (2012) The merit of meritocratization: politics, bureaucracy, and the institutional deterrents of corruption. Polit Res Q 65(3):656

de Graaf G, van der Wal (2008) Z., On value differences experienced by sector switchers. Admin Soc 40(1): 79–103

Dench G (ed) (2006) The rise and rise of meritocracy. Blackwell, Oxford

European Foundation for the Improvement of Living and Working Conditions (2009) Working conditions in the European Union, work organisation. Eurofound, Dublin
Fukuyama F (2018) Identity. Profile Books, London
Godard J (2014) The psychologisation of employment relations? Hum Resour Manag J 24:1–18
Greenwood M (2013) Ethical analysis of HRM: a review and research agenda. J Bus Ethics 114:355–366
Guest D (2012) Employee engagement: a sceptical analysis. J Organ Eff People Perform 1(2):141–156
Huberts L (2014) The integrity of governance. Palgrave Macmillan, London
Karam EP et al (2019) Illuminating the "Face" of justice: a meta-analytic examination of leadership and organizational justice. J Manag Stud 56:1. https://doi.org/10.1111/joms.12402
Kopecky P, Meyer-Sahling J, Panizza F, Schuster G, Spirova M (2016) Party patronage in contemporary democracies: results from an expert survey in 22 countries from five regions. Eur J Polit Res 55(2):416–431
Lindblom CE (1959) The Science of Muddling through, In Public Administration Review, 19(2):79–88
Merton R (1936) The unanticipated consequences of purposive social action. Am Sociol Rev 1(6):896
Meyer-Sahling J, Mikkelsen K (2016) Civil service, merit, politicization, and corruption: the perspective of public officials from five East European Countries. Public Adm 94(4):1105–1123
Molina C, Cropanzano R, Martinez-Tur V (2017) Organizational justice. Routledge, New York, pp 137–160
Mungiu-Pippidi A (2016) The quest for good governance. Cambridge University Press, Cambridge, MA
OECD (2017a) Skills for a high performing civil service. OECD, Paris
OECD (2017b) Governance at a glance. OECD, Paris
OECD (2017c) Skills for a High Performing Civil Service. OECD, Paris
OECD (2018) Behavioural insights for public integrity. OECD, Paris
Paine LS (2000) Does ethics pay? Bus Ethics Q 10(1):319–330
Parker Follett M (1926) The Giving of Orders, Scientific foundations of business administration, pp 29–37
Peters G, Pierre J (eds) (2003) Handbook of public administration, 2nd edn. Sage, Thousand Oaks
Peters G, Pierre J (2016) Comparative Governance, Cambridge: University Press
Pinnington A, Macklin R, Campbell T (eds) (2007) Human Resource Management, Ethics and Employment. Oxford: Oxford: University Press
Purcell J (2012) The limits and possibilities of employee engagement, Warwick papers in industrial relations, vol 96. University of Warwick, Warwick
Purcell J (2014) Disengaging from engagement. Hum Resour Manag J 24(3):241–254
Raadschelders J, Toonen T, Van der Meer F (2015) Civil servants in the enabling framework state of the 21st century. In: Van der Meer F, Raadschelders J, Toonen T (eds) Comparative civil service systems in the 21st century, 2nd edn. Palgrave MacMillann, Basingstoke
Rauch J, Evans P (2000) Bureaucratic structure and bureaucratic performance in less developed countries. J Public Econ 75:49–71
Simon H (1973) Public Administration. New York: Alfred Knopf
Thompson DF (1985) The possibility of administrative ethics. Public Adm Rev 45(5):555–561
Thompson P (2011) The trouble with HRM. Hum Resour Manag J 21(4):363
Van der Wal Z, Huberts L, Van den Heuvel H, Kolthoff E (2007) Central values of government and business: differences, similarities, and conflicts. Public Adm Q 30(3):314–364
Vie OE (2010) Have post-bureaucratic changes occurred in managerial work? Eur Manag J 28:182–194

# Civil Service Reforms and Governance Challenges in Nigeria

Ogbewere Bankole Ijewereme
Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria

## Synonyms

Bureaucracy; Government; Institution of the state; Machinery of government; Management of nation's affairs, Public service; Reorganization

## Definitions

**Civil service**: The term civil service is often used as the machinery of government or institution of the state, and it is synonymous with bureaucracy or government in Britain and in most Commonwealth countries. In the British conception, which has in fact become universal, the term civil service is used in two major perspectives. First, it refers to a group of permanent officers appointed or recruited to assist the political officeholders in formulating and implementing government's policies. These officials are referred to as civil servants who work in the civil service or public service. In the second perspective, the term means ministries and departments within which the tasks of government are executed.

**Public service**: The term public service is broader and more inclusive. The first definition is that public service refers to government parastatals, which are the operational arm of government ministries as well as the ministries, departments, and agencies (MDAs). The public service, in addition to the civil service/bureaucracy, encompasses the armed forces, judiciary, police, parastatals, government-owned companies, and statutory agencies.

**Governance**: The term governance refers to the exercise of political power to manage a state's or a country's affairs. Governance requires state's officials or state's bureaucrats to exercise political or bureaucratic power ethically, impartially, accountably, transparently, and result-orientally.

## Introduction

The civil service is an integral part of public service governance of any country that is germane to her national development. Through civil service such as ministries and departments, government implements policies and programs that provide services which stimulate economic growth and development at all levels and increase trust and connection between the government and the people. However, in order to ensure effective running of government, systems and processes are developed not only to guide the operators of the system but also to ensure strict compliance with them (Pepple 2013). This is one of the measures of governance – enforcing accountability in the system and promoting integrity, efficiency, responsiveness, and trust through its consistency of application of rules and regulations for the predictability of actions. Besides, doctrine of neutral competent is practiced to ensure that permanent officers, occupying position, duly subordinate to ministers/commissioners yet possessing sufficient independence, character, ability, and experience to be able to advise, assist, and, to some extent, influence and complement the political leaders in the governance of a country, to uplift the well-being of the citizenry (Adamolekun 2013; Pepple 2013).

Despite the above governance mechanism, the performance of civil service in Nigeria has been replete with varying contradictions due to lack of vision, unethical practices, cluelessness, parochialism, attitudinal debauchery, credibility and legitimacy crises on the part of political leaders, politicization of the Nigerian civil service, inappropriate application of federal character which often compromises merit in recruitment of bureaucrats, etc. Ms. Amal Pepple, a former minister and head of the Civil Service of the Federation, is of the opinion that the negative practices in Nigerian civil service include bureaucratic partisanship, political interference in the affairs of the civil service, decay of administrative training capacity despite the huge investment of domestic and donor resources in capacity development over many decades, growing dominance of non-meritocratic (federal character) consideration in the appointment of permanent secretaries and directors, and the award of contract without due process, with attendant inefficiency in the civil service.

Available literature shows that before independent and 1960–1966 Nigeria federal and regional civil service governance were replete with competent, impartial, nonpartisan, exceedingly efficient, and incorruptible top bureaucrats with sense of mission devoted to their onerous duties. The above bureaucratic characteristics were witnessed because the political leaders articulated a clear vision and mission as well as emphasized meritocracy in recruitment of bureaucrats. Unfortunately, since 1966, through successive military and civilian regimes till date, Nigerian bureaucratic governance is replete with poor leadership and weak bureaucratic institutions (Adamolekun 2013; Ijewereme and Dunmade 2014; Ijewereme 2015).

Despite the depth of literature on civil service and governance in Nigeria, there is very little known about the relationship between political, bureaucratic leadership and civil service's governance within the context of historical narrative of bureaucratic recruitment in colonial and post-colonial era, reforms, and challenges/problems, hence this study.

## Role of Civil Servants

Once the policy decision has been taken by the minister or commissioner, a civil servant must loyally carry out the policy chosen, even though he or she disagreed with the decided option. It is the task of the civil servant to have all past experience put at the service of the ministry and offer constructive suggestions developed out of this experience. They engage in constant data, and fact gathering of every government decisions, and preparing findings that may lead to changes in policy or lead to policy decisions. In this way, top bureaucrats assist to define policy before the legislative stage is reached; they help in drafting the law which is designed to carry out the desired program of government. Besides, the higher bureaucrats/administers define and execute post-legislative policy, particularly where such policy involves the sustenance of the program or possible legislative revisions or where it involves the machinery for the enforcement of such legislation (Adebayo 1981).

**Civil service stands for continuity:** The civil service serves as vehicle for continuity of governmental policy. Government comes and goes but the civil servants remain permanent. The civil service is a corrective of party government. This is because the concern of the civil service is for the good of the nation as a whole, irrespective of the political party in power. Its duty is to place before every minister comes to power the national point of view. To perform the role effectively, the civil service observes strict political neutrality while ensuring the continuity of policy based on overall national interest (Adebayo 1981).

**Political neutrality:** One of the most cherished traditions of the civil service in the Commonwealth is its neutrality and apolitical nature. Civil servants are not supposed to be members of political parties. In a similar vein, civil servant administrators must serve the government or ruling party with a high degree of loyalty and dedication and must not allow personal interest to affect their jobs. To achieve neutrality, top civil servants like heads of civil service and permanent secretaries are appointed on merit basis. Bureaucratic neutrality helps to engender confidence in the institution as a force especially in a highly diverse country as Nigeria (Pepple 2013). However, friction may arise when attempt to drag or coerce higher bureaucrats to pursue narrow partisan interest which is against national interests. Top bureaucrat has a choice for the interest of the nation to resist by acting professionally (Pepple 2013), but when the higher public servant acts on his personal and political boss selfish interests, the entire nation suffers.

## Functions of Political Leaders in the Ministries

A former permanent secretary, head of service, and federal minister, Amal PEPPLE, describes below as the tasks of ministers/commissioners in Nigerian civil service.

**Ministers/commissioners:** They are individually and politically responsible for each act and every act of their ministries and are to work with their officials, particularly the permanent secretary in performing their duties; they seek impartial advice and information from the permanent secretary in arriving at decision on issues through building confidence and trust with their permanent secretaries; they demand loyalty and cooperation from officials in their ministries, departments, and agencies (MDAs), and they expound government policy (Pepple 2013).

## Functions of Administrative Leaders in the Ministries

**Permanent secretaries:** They are the administrative heads of their ministries and are responsible to the minister/commissioner for the implementation of approved policy and for the efficiency and effectiveness of staff; they are chief advisers to their ministers/commissioners; they ensure that ministers/commissioners are kept abreast of developments in all subjects in the ministry's portfolio, including ensuring that financial implication of every subject is thoroughly examined before it is submitted to the minister. The permanent secretary is responsible for co-coordinating

the work of all departments in the ministry; he is the accounting officer and is, therefore, responsible for the preparation of estimates for the control of expenditure and accounting for all money allocated to the ministry for the smooth running of such additional financial duties as may from time be delegated to the ministry (Pepple 2013). Permanent secretaries are usually officers on grade level 17.

## Historical Overview of Civil Service in Nigeria

### Nigerian Public Bureaucracy Under the British Rule

1. **The law and order stage of 1890–1910**: Extant literature shows that British government assumed direct responsibility for the administration of Nigeria on New Year's Day of 1900 (Omitola 2012). The traditional function of the British government during the above periods was the maintenance of law and order aimed at ensuring peace within the system.
2. **The consolidation stage of 1910–1925**: This era was the commencement of a legal-rational order and a modern bureaucratic system. This period witnessed hierarchical leadership practices, which occasioned traditional rulers to pay allegiance and answerability to the British Crown.
3. **The economic development stage of 1925–1945:** During this era, the colonial public service built infrastructures such as roads, bridges, primary and secondary schools, and railway networks. Other developments include building of dispensaries and provision of pipe-borne water.
4. **The political development stage of 1945–1952 and the transition to independence and stage of rapid Nigerianization from 1952 to 1960**. The political development stage witnessed the end of the Second World War which opened the eyes of Nigerians to the values of political independence. The transition to independence witnessed high demands for the Nigerianization of the public bureaucracy which was largely achieved in October 1, 1960, when Nigeria attained independence.

However, the precolonial public bureaucracy was concerned mainly with law and order to ensure peace and prevent anything that would jeopardize the interest of the system without much deliberate efforts in planning sociopolitical economic development of Nigeria, although meritocracy was the only criterion for recruitment of bureaucrat within the precolonial era (Idada 2000).

## Nigerian Public Bureaucracy from 1960 to 1966

The period between 1960 when Nigeria got her independent and 1966 when the first military coup was experienced was an era Nigerian civil service or bureaucracy had to adjust and consolidate the political gains of the colonial master in the area of maintenance of peace and order. Governance role during this period changed to conflict resolution and deliberate planning of economic, social, and political development (Idada 2000).

Several political upheavals challenged the independence of Nigerian civil service. These include, among others, the political disturbance, chaos, and anarchy in Western region which led to the declaration of a state of emergency. Also, the Tiv riots that threatened the Northern region government, the census crisis of 1963, the general strike of 1964, and the deadlock of the federal election in 1964 which culminated in the January 15, 1966, military coup created an entirely different atmosphere for the working of civil servants. In spite of these difficulties and crises (which did not allow the governments to groom the public bureaucracy to cope with the realities and needs of modern government), the bureaucrats did excellent jobs in the opportunity given to them majorly in taking initiatives, assisting government in formulating and implementing policies (Idada 2000). Accordingly, the civil service attracted the best brains. All the top bureaucrats worked toward the same objective and goal but with likelihood of different methods and approaches.

## Nigerian Civil Service (1966–1979)

The military seized power from civilian administration on January 15, 1966. The military head of states, General Ironsi, unified all the federal and regional civil services with a Unification Decree. This was, however, reverted back to its former decentralized status in July 1967 by its successor, General Yakubu Gowon.

Military rule epitomized an unfamiliar terrain for military leaders; hence, Gowon administration had to depend on the public bureaucracy initially for everything they needed to do in government in terms of decision- and policymaking instead of the bureaucrats acting in advisory capacity to the political executives.

However, various political developments during the period which accounted for increasing prominence of the bureaucrats in the administration of the country include the absence of political heads of the ministries, namely, ministers. Even when political heads were eventually appointed, they lacked the influence and the mandate exercised by them during a civilian dispensation (Omitola 2012). Thus, the loss of political power became the gains of civil servants whose influence increases tremendously (Omitola 2012).

The era of Yakubu Gowon witnessed over involvement of the highest position in the civil service such as permanent secretaries in the governance and day-to-day running of the government to the extent the administration was enmeshed in corruption, nepotism, favoritism, and insensibility and gradually becoming ineffective and inefficient in the discharge of their duties, and the Weber's ideals of anonymity, neutrality, impersonality, and others were thrown to the winds (Azelama and Agbebaku 2003; Idada 2000). This situation was brought about because the military was preoccupied with prosecution of civil war and had little education and experience in art of administration.

Though the unethical practices in Gowon administration did not result to total inefficiency and ineffectiveness in the civil service, things started a complete new dimension after the coup that overthrew Gowon in 1975, when about 11,000 bureaucrats were summarily dismissed on reasons ranging from corruption, divided loyalty, to declining productivity, without the benefit of defending themselves. While it is true that the purge brought sanity to the system by annihilating the ills that characterized the bureaucratic governance, it is also true that it brought feelings of job insecurity, disenchantment, and demoralization, lack of confidence, ineffectiveness, inefficiency, and entrenchment of social vices in the running of the state affairs because the purge led to the dismissal of the good civil servants with the bad.

As part of a program of sanitizing and improving service delivery, the Murtala regime constituted a Public Service Review Commission also known as the Udoji Commission. The Commission recommended adoption of a results-oriented management approach such as the Project Management, Management by Objectives, and Programme and Performance Budgeting System (PPBS), manpower development, open reporting system for performance evaluation, Code of Ethics, etc. While the values of all these principles in large-scale management cannot be questioned their whole-scale adoption by the public service may be problematic (Omitola 2012). This realization may explain their being jettisoned by the bureaucrats that are expected to make use of them in spite of government acceptance of this recommendation. On manpower development which includes manpower planning and training, the Commission recommended a professionalized civil service through training and retraining. However, much emphasis was not placed in the implementation that the public service is still much handicapped in terms of staff development and professionalization.

## Civil Service During the Second Republic (1979–1983)

Civil service in 1979 during the civilian administration of President Shehu Shagari witnessed the introduction of the American presidential system at the federal, state, and local government levels. Also, there was a formal recognition of the "quota" system in respect of recruitment into the civil service as enunciated in Section 14 Sub-

Sections 3 and 4 of the 1979 Constitution on the need to promote national unity, foster national loyalty, and give every citizen of Nigeria a sense of belonging. Nevertheless, in practice, it has been observed that the federal character principle is more inclined to differentiate than to integrate. Momoh is of the opinion that the federal character principle may "well impede rather than accelerate the process of national integration" (Momoh, cited in Omitola 2012, p. 81). Lastly, on changes introduced into the public service, the Code of Ethics recommended by the Udoji Review Commission was adapted in a government "Code of Conduct" to "which a person must observe and conform." This was to operate in conjunction with the Code of Conduct Bureau and a Code of Conduct Tribunal established to "regulate behaviour of public officials and check abuses in the exercise of State power on the part of public officers" (Omitola 2012, p. 81).

However, the public service would have been expected to run along the principle of presidential system. But its operation was tailored along the abandoned British parliamentary system of government. The above circumstance brought about permanent secretaries whose positions were constitutionally described and recognized as chief executives of ministries and departments. They were saddled with appointment, promotion, discipline, and development of all officers in the ministry on grade levels 01–06 accorded to them by the civil service commissions. Also, the Financial Instruments and Public Administration law provided that the permanent secretaries were the "accounting officer" of the ministries and extra-ministerial departments. The top bureaucrats operated in line with civil service ethics and norms of anonymity, neutrality, and impartiality. Nevertheless, the ministers and commissioners expected on assumption of duty that the permanent secretaries in the new dispensation of presidential system of government would see them the ministers and commissioners as the chief executives of the ministries and departments, but this was not the case. This consequently led to persistent conflicts between the permanent secretaries and the ministers/commissioners (Idada 2000).

## Civil Service (1983–1999)

December 31, 1983, military coup terminated the second democratic experiment in Nigeria. General Muhammadu Buhari who led the military administration that took over the reins of power was dissatisfied with the various developments identified earlier as afflicting the public service in the Second Republic and therefore was committed to a general overhaul of the service (Omitola 2012). The regime embarked upon a purge of the service involving the retirement or dismissal of corrupt officials and other officials adjudged guilty of one misdemeanor or other. The regime also launched a program of War Against Indiscipline (WAI) with the objective of instilling in the minds of Nigerians the noble ideals of national consciousness, mobilizing their mind, and gearing them to a sense of nationhood, patriotism, and, above all, discipline. Also, to ensure public accountability, the regime undertook of a probe of public officers at all levels of government and meted out severe punishments on culprits without due process.

Furthermore, in terms of appointment of the upper echelons of the civil service, certain innovations were introduced. For example, in the appointment of permanent secretaries, provision was made for their appointment from inside or outside the civil service. Despite all these changes, the public service failed to engender national development as a result of many vices linked with the second republic such as "greed, corruption, and indiscipline, implementation of federal character principle and lack of accountability by both politicians and bureaucrats" (Okunade 1993, p. 68). More significantly, in a bid to change the ugly trend in the civil service, the Buhari regime appointed the Dotun Phillips study team in March 1985 to look into the general organization, structure, and manners of operation of the civil service and recommend ways to improve its efficiency and effectiveness. However, Okunade asserts that the team was yet to submit its report when the regime was overthrown in a palace coup d'état led by General Ibrahim Babangida on August 27, 1985.

The Dotun Phillips's report made far-reaching recommendations which informed the 1988 civil service reform Decree No. 43 of 1988 promulgated by the Babangida Administration. The Reform removed the conflict in the area of accountability between the permanent secretary and the minister/commissioner by making minister/commissioner the chief executive and accounting officer of the ministry, replacing the permanent secretary, redesignated director general. His appointment became political as his duration of service was to be at the pleasure of the appointing government and will retire with it except if reappointed by the incoming administration. Thus, the politicization of the civil service could be traced to this period.

In order to implement its programs of reforming the civil service to cope with the challenges of development in a democratic setting, the Babangida Administration established a wide array of extra-ministerial agencies including the Directorate of Food, Roads and Rural Infrastructure (DFRRI), National Directorate of Employment (NDE), Mass Mobilization for Social Justice, Self-Reliance and Economic Recovery (MAMSER), Centre for Democratic Studies (CDS), and National Council on Interovernmental Relations.

In spite of the reform measures, the Dotun Phillips reforms were defective and dysfunctional in its implementation as the study team left unresolved some of the problems of Nigerian bureaucracy (Okunade 1993). Holistically, Babangida's civil service reform of 1988 was defective on one fundamental ground such as it was a liberal package which offers superficial solutions to fundamental problems that require radical attention (Okunade 1993). While interested in restructuring the service, the Babangida Administration created more problems for the service because the reforms offended the spirit and letter of the 1963 Constitution as amended by Decree 17 of 1974 relating to the role of civil servants in a Government Department. It stated that "where any Minister of the Federation has been charged with the responsibility for any department of government, he shall be under the supervision of a Permanent Secretary, whose office shall be an office in the Public Service of the Federation" (Omitola 2012, p. 128). But the 1988 Civil Service Reforms stated otherwise as the reforms sought to relegate the permanent secretaries, to the background. The civil servants were no longer considered part of the system during the formulation and execution of public policy. A new and parallel organ was established to implement every new policy announced by the government. This destroyed the healthy relationship between the bureaucrats and ministers built over the years and also truncated the notion of shared responsibility between the permanent secretary and the minister in the conduct of government business (Akinsanya 2006). The Office of the Head of the Civil Service of the Federation was abolished to pave way for political appointees who merely danced to the dictates of those who appointed them. Consequently, all the ills associated with the patronage system became evident as demonstrated in excessive corruption, discipline, gross inefficiency, instability, and collapse of accountability and equity. This eventually led to the total collapse of the machinery of government and mismanagement on an unprecedented scale. Thus, an attempt to find a solution to some of these problems ostensibly informed some changes made by the Abacha Administration (Omitola 2012).

The Allison Ayida Civil Service Panel of 1994 was commissioned by Abacha regime to review past public service reforms in Nigeria with a view to proffering appropriate solutions to the problems bedeviling the civil service and identified the major ills of the service which needed urgent correction to improve the dynamism, efficiency, and effectiveness of the bureaucratic governance as follows:

i. Politicization of the top pyramid of the bureaucracy
ii. Lack of fiscal accountability and integrity
iii. Continuous breakdown of discipline
iv. Virtual institutionalization of corruption at all levels and sections of the service
v. Disregard for rules and regulations
vi. Loss of direction
vii. General deterioration of efficiency and effectiveness

As a result of the Report of the Panel, the Abacha Administration modified the provisions of Decree 43 of 1988. First, the post of the director general was scrapped and that of permanent secretary reintroduced. Second, the permanent secretary, it was decided, must be a career officer appointed on the advice of the head of service and recommendation of the Federal Civil Service Commission. Third, the permanent secretary became the accounting officer and chief adviser to the minister/commissioner. In case of any disagreement with the minister, this view should be made known to the head of service. The minister retained the position as the political head and chief executive officer of the ministry. While he is no longer the accounting officer, he is responsible for general direction and control of the ministry. The office of the head of service was reintroduced. The position of the secretary to the Government of the Federation still remained a political office to be occupied by an appointee of the government of the day. The occupant is to serve as a link between the MDAs and head of state.

Rather than allow the 1988 civil service reforms stability and longtime of operation like the British Fulton Committee Report of 1966 and American Civil Service reform of 1968, General Sani Abacha terminated the reforms and reversed it to the old system that was bedeviled with conflict between the permanent secretary and the minister/commissioner. With this reversal, the operation of Nigerian civil service today is tailored along the abandoned British parliamentary system of government in an era of presidential system of government (Idada 2000).

In spite of the reforms, at the beginning of the democratic government in May 1999, the perception of the Nigerian bureaucratic governance was still in the negative light, to a degree of being characterized by "lack of commitment and vision, high presence of primordial interests such as nepotism and tribalism (an institution) where recruitments were not done according to laid-down rules; where people related to public office holders were recruited into the civil service for positions they barely or not qualified to occupy; and in the same period, "state laws, ordinances, judicial processes, and the judicial system lose their credibility and non-compliance with laws becomes commonplace" (Aiyede 2003, p. 18).

## Civil Service Reform or Governance Reform in the Fourth Republic

President Olusegun Obasanjo assumed office as the new civilian president on May 29, 1999, and unfolded his vision of an ideal public service for Nigeria with the following elements:

i. A competent, professional, development-oriented, public-spirited, and customer-friendly civil service capable of responding effectively and speedily to the needs of the society
ii. A civil service with the core values of political neutrality, impartiality, integrity, loyalty, transparency, professionalism, and accountability
iii. A civil service that is guided by equity, where things are done in the right way based on extant rules and regulations but with room for discretion, which should be exercised in the public interest
iv. Creation of a suitable environment where civil servants are assured of protection and job security in the faithful discharge of their duties and responsibilities
v. A competitive, well-remunerated, and innovative civil service

To realize a result-oriented civil service, Obasanjo embarked on far-reaching reforms such as privatization, deregulation, and outsourcing policies in Nigerian civil service. Various measures were put in place which include the establishment of anti-corruption bodies like the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), and Due Process Unit in the Presidency. To effect structural changes in the service, the Budget Office was separated from the Federal Ministry of Finance, while the Department of Administration and Supplies was put in charge of awarding contracts, and the Department of Finance and

Accounts was in charge of payment of contracts. This governance reform was with the aim of providing room for transparency in the handling of activities of different departments of government.

Unfortunately, all the aforementioned reforms since the beginning of the Fourth Republic to date appeared to make little or no meaningful impact on the deepening crises of ethics, accountability, transparency, and inefficiency in governance of Nigerian bureaucracy. The crises are largely attributed to wrong application of federal character in the recruitment of public bureaucrats.

## Federal Character and Politicization of the Civil Service

The Second Republic of 1979 experienced the introduction of federal character in Nigerian Constitution, as a fundamental instrument for managing Nigerian public sector.

The introduction of federal character was brought about by complaints from some parts of the country that the way positions in the public service were currently distributed had adverse implications for development, nation building, patriotism, and peace in the country (Azelama and Agbebaku 2003). To foster national unity, it was argued that there was a need to make people from various parts of the country feel recognized by the way appointments were made into the federal public service. This article argues that the inefficiency and ineffectiveness of the Nigerian civil service are partly occasioned by federal character and the failure of the political leaders to integrate federal character with meritocracy without compromising merit and efficiency. The essence of public service is to be responsive to the yearnings of the people by ensuring efficiency and effectiveness in the utilization of public resources and provision of public services. This objective could not be achieved when federal character compromises the principle of meritocracy in the appointment of senior/top bureaucrats.

Despite repeated claims that appointment into the bureaucracy is merit-driven, existing evidence obviously points to the contrary. There are concerns that the recruitment process in the Nigerian civil service is highly influenced by both the political and administrative leadership (Pepple 2013). The consequence of this phenomenon is that not only the society that loses but also the political leaders and the administrative leaders who need the services of capable officers in order to achieve the mandate of their ministries.

When the senior management of the civil service is dominated by officers other than the best and brightest in its system, ministers and permanent secretaries cannot function at their best as the capability of senior civil servants to support them in carrying out their functions would be largely impaired (Pepple 2013). This situation is worsened for the system if the incompetence is led at the top by the permanent secretary. Indeed, when permanent secretaries' appointments are on the basis of political considerations rather than by merit and competence, the likely result is that such officers are incapable of realizing the expectations of their high offices and advising impartially without fear or favor. "Their glaring incompetence may be a source of friction between a dynamic Minister who wants the job done quickly and a top bureaucrat who is incapable of providing quality advice to achieve the goals of the organization" (Pepple 2013, p. 32). Unfortunately, while ministers get fired for underperformance, a virile performance management has not been fully installed in the Nigerian bureaucracy; hence the worst punishment that a permanent secretary gets for underperformance is for him/her to be posted to another ministry. Consequently, the circle of incompetence is repeated across the bureaucratic governance system.

## Concluding Remarks

From the forgoing narrative, it is axiomatic that before independent and 1960–1966 Nigeria federal and regional civil services were replete with competent and exceedingly incorruptible top bureaucrats. Efficient bureaucracy was in

operation because the political leaders, such as the ministers, chatted and articulated a continual political leadership, guidelines, and direction for the administrators/managers to follow, by ensuring that the civil servants faithfully carry ought laid-down policies, with an emphasis on meritocracy in recruitment process. However, since 1966 till date, political leaders and bureaucrats have failed to manage and harness the strengths and potentials in the diverse population in the Nigerian bureaucracy to engender functional public service capable of addressing and meeting the needs and aspirations of the people as well as stimulating economic growth and development despite many reforms introduced to make the service result-oriented. The reforms failures are attributed to ill-informed, poor implementation, lack of political will and policies discontinuity, incompetency, lack of vision, unethical practices, cluelessness, parochialism, credibility and legitimacy crises, politicization of the Nigerian bureaucracy, inappropriate application of federal character which often compromises merit in the recruitment of bureaucrats, etc. Thus, Momoh apt description of the situation (cited in Ukiwo 2007, p. 277) is worth quoting:

> We do not have to make a poor man rich by making a rich man poor. The aim should be to make a poor man as rich as wealthy in our midst. Our politics of envy that seeks deliberately to retard the progress of those who are making sacrifices to obtain their level of development in order that the less developed can catch up will impede rather than accelerate the process of national integration and cohesion.

Therefore, in recruiting top bureaucrats such as directors and permanent secretaries, head of service emphasis should be placed on merit to enable Nigerian civil service utilize its brightest and best brains – capable of meeting the expectation of their high offices and advising the political heads or ministers impartially without fear or favor in order to enthrone a sound governance.

Lastly, transparency and accountability should be increased through whistle blower protection's policy that would help to uncover corruption and unethical practices by holding to account the political leaders and bureaucrats in Nigerian public service to ensure meaningful and sustainable development.

## Cross-References

▶ Administrative Reform
▶ Reforms and Governance

## References

Adamolekun L (2013) The politics-administration nexus: two doctrines and four recommendations. In: Ademolekun L (ed) Higher civil servants and their political master. Caligata Publishing Company Limited, Ibadan

Adebayo A (1981) Principles and practice of public Administration in Nigeria. Spectrum Books Ltd., Ibadan

Aiyede ER (2003) The Dynamics of Civil Society and Democratization Process in Nigeria. Canadian Journal of Africa Studies/La Revue canadienne des etudes africaines 37(1):1–27

Akinsanya A (2006) Federal Character in Nigeria: bane or blessing? In: Abegunrin O, Akomolafe O (eds) Nigeria in global politics. Nova Science Publishers, New York

Ayoade J (1998) The federal character principle and the search for national integration. In: Amuwo K et al (eds) Federalism and political restructuring in Nigeria. Spectrum Books, Ibadan

Azelama JU, Agbebaku PE (2003) An introduction to Nigerian public service. Ambik Press, Benin City

Idada W (2000) Human resources management and the Nigerian civil service. Frontline Christian Bookshop, Benin City

Ijewereme OB (2015) Anatomy of corruption in the Nigerian public sector: theoretical perspectives and some empirical explanations. SAGE Open. Sage Publication, pp 1–16. https://doi.org/10.1177/2158244015581188

Ijewereme OB, Dunmade EO (2014) Leadership crisis and corruption in Nigerian public sector: implications for socioeconomic development of Nigeria. International Journal of Public Administration and Management Research 2(3):24–38

Okunade B (1993) Public administration in Nigeria. Centre for External Studies, University of Ibadan, Ibadan

Omitola B (2012) Nigerian public service reforms and fourth republic experience: challenges and prospects. J Sustain Dev Afr 14(8):76–93

Pepple A (2013) Relationship between higher civil servants and their political masters. In: Ademolekun

L (ed) Higher civil servants and their political master. Caligata Publishing Company Limited, Ibadan
Ukiwo U (2007) Education, horizontal inequalities and ethnic relations in Nigeria. International Journal of Educational Development 27:266–281

## Civil Society in Post-Soviet Countries

Tamara G. Nezhina
Department of Public and Municipal Administration, School of Social Science, National Research University Higher School of Economics, Moscow, Russia

### Synonyms

Civil society; Community; Common wellbeing; Formal self-organization; Helping behavior; Informal assistance; Informal groups; Informal help; Informal networks; Informal social networks; Interpersonal social networks; Informal volunteering; Mutual help; Nongovernmental organizations; Noncommercial sector; NGO sector; NPO sector; People-to-people assistance; Self-organized groups; Social capital; Social context; Social networks; Social organization; Social and cultural context; Social service organizations; Third sector; Welfare government

### Definition

The term *civil society* originates from Aristotle's phrase *koinōnía politikḗ*, which has a meaning of community characterized by a shared norms and types of behavior grounded in civil law. The purpose of civil society Aristotle defines as common well-being.

### Introduction

This encyclopedia entry discusses the contested understanding of the notion of civil society on a global scale. This essay suggests differentiating the definitions of civil society in the Western and Eastern tradition. Lately, the idea of civil society was conceptualized in Western tradition as an aggregation of a plethora of charities and politically engaged nongovernmental organizations (NGOs). This encyclopedia entry argues that cultural context defines civil society institutions and suggests new conceptualization of civil society suitable for Eastern tradition. The entry discusses the distinguishing features of civil society in Russia, which can be found in many other Post-Soviet countries and, generally, in most countries of Eastern tradition.

By accounts of local and foreign experts and scholars, civil society in post-Soviet countries was conceptualized in Western tradition as an aggregation of nongovernmental organizations (NGOs) by Western school of political thought. Yet, it has not lived up to fit the ideal of Western civil society (Luong and Weinthal 2004). The encyclopedia entry argues that cultural context defines civil society institutions and suggests new conceptualization of civil society suitable for Eastern tradition. This encyclopedia entry discusses the distinguishing features of civil society in Russia, which can be found in many other countries in Eastern tradition.

Anheier (2007) argues that modern researchers often discuss global civil society as a part of an ongoing Western modernization project and, therefore, fail to take account of other civil society traditions. This leads to a stalemate in generating new knowledge and understanding of civil society in other parts of the world. The most common Western definition of civil society excludes from civil society family, state, and market and gives it a shape of a conglomerate of nongovernmental organizations (NGOs) of various orientations from garden clubs to political parties. The use of this definition leads to a logical conclusion: a country with limited nongovernmental sector has crippled civil society, and a country with no NGOs has no civil society. Edwards (2009) argues that when modern scholars reduce the meaning of civil society to the world of voluntary associations, they forget that there are earlier and later traditions that have much to offer in understanding global civil society.

This encyclopedia entry discusses the broader concept of civil society, than is the concept used by scholars in Western tradition. To define the broader concept, the encyclopedia entry uses Russian civil society as an example of an alternative model. It argues that the current definition of civil society as a political force in the midst of democratic policymaking is formulated by Western scholars in the context of modern Western political, cultural, and social agendas. The Western concept of civil society is not helpful to define civil society in non-Western cultures with different political and social contexts. The concept of civil society should be related to local context, culture, and traditions to be relevant to different countries. Otherwise, we are pushed to deal with the unhelpful dichotomy: Western "civil" society and Eastern "uncivil" society.

Putnam claims that civil society takes roots in social capital. Social capital according to Putnam (1993: 167) "refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions." This definition is broad enough to apply to many countries. This encyclopedia entry proposes a more suitable definition of civil society for the countries in Eastern tradition, such as former Soviet countries and Russia. It explains how social capital and civil society is preserved in social and cultural context of post-Soviet societies. Jon Van Til (2002) suggested expanding the concept and include informal groups consisting of friends, family, and community groups as a part of civil society. This encyclopedia entry follows Van Til's suggestion.

## Government Crowding Out Effects and Russian Civil Society

The Soviet period in Russian history illustrates the theory of government crowding out effect. During the Soviet period, the socialist government was responsible for provision of basic and simultaneously vital services to citizens. The coverage by government services was universal. Thus, the government crowded out other formal assistance institutions. The shadow argument holds that in the absence of government services, millions of nonprofit organizations appeared in Western countries to provide the plethora of services to various populations to compensate for government incapacity or reluctance to serve the people and the country.

In Soviet Russia, where government provided vital services to people and their children, the need for the NGO sector was limited. Nonetheless, Soviet people self-organized informally for various cultural and social needs. Typically, such services were provided by informal social networks. In Russia, widespread of informal volunteering compensated for the absence of nongovernmental institutions and provided assistance immediately, unlike government and nongovernmental bureaucratic organizations. Although scholars discuss informal volunteering as ubiquitous, nobody keeps record of such informal assistance, and nobody refers to it as a part of civil society. People-to-people assistance is not accounted for in statistical reports or government records. However, in Soviet Russia government and informal social networks were capable of providing social protection, economic assistance, and psychological support to Russian citizens.

## The Soviet Legacy, the Role of Government, and Informal Social Networks

Three major venues for mutual help existed in Russia during the Soviet period. These are partly represented in modern post-Soviet Russia as welfare government, informal groups of mutual support, and formal nongovernmental public service organizations. Three types of assistance institution are characterized by a variety of organizational forms, goals, capacity, scope of service, and clientele. The encyclopedia entry provides a brief outlook of the differences between three institutions.

First, Soviet government in early Soviet period (since 1918) pledged to provide universal services to cover basic and most urgent needs of Soviet citizens: healthcare, education, security, and the provision of basic goods for survival. The

government took upon itself to organize and run healthcare institutions – hospitals, education – primary and secondary schools and universities, army, and militia. The provision of most needed food products and consumer goods was partly provided by traditional small business *artels* and partly through government-run agro-farms and factories. The law from 1921 has established new forms of small business – *artels*. The participation in *artel* was voluntary. The management was based on democratic principles. The *artel* members could leave the *artel* with their share (http://eclib.net/47/5.html). Government provision of goods and services was criticized for low quality. However, goods and services were provided since the first decade of Soviet power on the principle of universal access. In Soviet Union every village, school, enterprise, and an ocean ship had a doctor or a qualified nurse onboard. By contrast, Western governments provided a limited number of basic services to vulnerable populations and never made them universal.

Second, Soviet people self-organized for various reasons. One example of self-organization was "dacha cooperatives," where people organized to grow fruits and vegetables for personal consumption. These cooperatives had been partly subsidized by government. Soviet workers used to receive apartments for free from state enterprises where they worked. For the economy of scale, the apartment buildings were erected in one location. This formed communities of people who worked together, lived as neighbors, and signed up their children to the nearby schools. This helped build solidarity and team spirit among close neighbors. It was common to borrow money from neighbors, to help each other with children and elderly care, to buy groceries, and to provide other forms of support. By contrast, people in Western countries live in individualistic societies and develop different approaches for helping each other, typically through formal organizations, the NGOs.

Third, with the intensification of industrialization and the growing need for educated people, the Soviet government encouraged people to organize themselves in chess and sports clubs, air-model clubs, book-lover clubs, etc. Some of these organizations were more formal than others. Some received subsidies from government; some formed as membership organizations and financed activities through membership fees. The common purpose united people and led to selfless cooperation. When the Soviet regime weakened and was dismantled in 1991, the power of connection stayed at a personal level.

Russian people under the socialist regime developed a habit of receiving substantial social and economic assistance from the government. Therefore, even today, under neoliberal capitalist hostility to government, people habitually expect Russian government to take care of their basic economic and social needs simply because "it is right." When asked to define the term *civil society*, Russian people often include government as a part of civil society. Currently, under the influence of neoliberal economic ideology, Russian government downsized and started cutting budgets for essential public services such as healthcare, childcare, transportation, and free public housing bending to the pressure from the World Bank and IMF – the proponents of neoliberal ideology (Stiglitz 2004). Under the condition of shrinking government services, Russian people returned to traditional ties with family, neighbors, or coworkers informal networks for needed services and assistance.

The informal networks cannot substitute government services, but they became indispensable to help improving individual situations of members under the condition of diminishing state in the twenty-first century. In Russia informal social networks are typically built through face-to-face interaction. This type of highly personalized relationships is a characteristic of collectivist societies, where norms of trust and reciprocity are established in two ways: (1) through family tradition and (2) through frequent interaction between unrelated individuals. Historically, in prerevolutionary Russia (before 1917), village peasant gatherings (Skhod) played a crucial role in arranging common village meetings and helping impoverished families and individuals to survive (Kara-Murza 2011). Old tradition of Skhod transformed into informal social networks under the Soviet regime, which currently persists nowadays in the context of reduced and less effective government.

To properly delineate the contours of civil society in Russia, this encyclopedia entry refers to civil society and social capital as related terms and rejects the reductionist definition of civil society as the agglomeration of nongovernment sector organizations. The list includes benevolent welfare government, informal social networks, and formal public self-organization as constituent parts of civil society in Russia. From this inclusive cultural perspective, civil society in post-Soviet countries is seen as vibrant and ubiquitous. This view diverges from the most often used Western concept, which limits the concept of civil society to formally registered social service organizations.

## Two Sides of Russian Social Networks

Interpersonal social networks in the Soviet Union were diverse, but generally they can be grouped in two categories – supportive (positive) and corrupt (negative) networks. Ledeneva (2006) researched and reported commodity and service exchange activities of social networks on the basis of *blat*. The word *blat* originates from the criminal context with the meaning *illegal* or *corrupt*. In the period of consumer goods shortages, people with access to limited commodities had organized exclusive *blat* networks for the purpose of enrichment and services exchange. *Blat* was primarily rooted in the practice of illegal commodity trade or exchange, which started in the late Soviet era period (1970s–1990s) and achieved its pick of activity in the form of *nepotism* and *connections* in post-Soviet times. However, *blat* relationships existed on a smaller scale as compared to the ubiquitous positive social networks. Exchange relationships were utility based rather than friendship based. The participants would sell or exchange goods for services or equally valued goods. Regular Soviet citizens perceived *blat* relationships as illegal and repulsive. The motive of help and support, which characterized social networks, was absent in *blat* networks. Therefore, *blat* cannot be incorporated into the concept of civil society.

*Blat* was typically localized to large cities. Small city dwellers and villagers were not involved in this commodity exchange simply because they could sustain their basic needs by themselves and did not value fashionable trends highly. Logistically, *blat* could not develop in villages. Villages did not have large storage facilities for consumer goods, which were used by managers in the cities to secretly develop illegal exchange of goods. Philosophically, *blat* relationships were not acceptable to the majority of Soviet people for different reasons. Some viewed blat groups as criminal; others qualified it as morally repulsive. Most people viewed *blat* as an illegal social phenomenon that undermined the principles of equal access to public and private goods.

By contrast, other scholars researched the practice of positive or supportive informal social networks, where social capital of the networks was used to support family, friends, neighbors, and coworkers in times of distress and significant loss or in happy events such as weddings or a childbirth. Positive networks differed greatly from negative ones in their normative significance and societal impact. Negative or *blat* informal social networks were typically used by materialists or commodity-driven people and were characterized by fake friendships and twisted morals. Members of such networks were well aware of the fact that they acted outside of law and generally accepted norms of behavior and tried to conceal their "business" transactions.

On the other hand, members of positive social networks were motivated by the community benefit rather than by profit and acted openly. Positive informal social networks were grounded in the belief of reciprocity and common interest and were characterized by genuine lifelong friendships, unconditional trust, and loyalty. People in positive informal networks collaborated voluntarily when help was needed. A few examples of such help were babysitting, providing financial assistance (interest-free personal loans), assisting with difficult educational assignments, helping at schools with note-taking, helping and sponsoring friends for funerals and weddings, listening and consulting in times of psychological distress, assisting in family conflict resolution, standing

by a coworker in a confrontational situation with a boss, and many other instances where help was needed.

This encyclopedia entry excludes *blat* relationships from the definition of civil society simply because it was organized for personal profit, not for help. On the contrary, positive social networks benefitted everyone by opening opportunities to the members of loosely defined communities and improved economic and social outcomes for the members of the network without asking for money. Through informal interaction, people established social cohesion and created common benefits for many, which constitutes the essence of civil society.

## Utility Perception of Social Networks and Formal NGOs

Below the encyclopedia entry briefly discusses the empirical findings on how people in Russia perceive the utility of Russian government, NGOs, and social networks. Descriptive data comes from the Russian survey of 41,500 randomly selected individuals from 85 administrative districts of Russian Federation over 18 years of age. The error is within 1% (Mersianova and Korneeva 2011).

Table 1 below presents the evaluation of the usefulness of various service providers to people in difficult life situation. The table shows the preference of the respondents in choosing the assistance provider to people in need.

Responses to the first question regarding the choice of assistance providers indicate that Russian respondents highly evaluate government and family, while the usefulness of NGOs as assistance providers is much lower. Russian survey respondents were allowed to make multiple choices from the list. It explains that the total percentage of responses in Russian survey did not add up to 100%. Having had a multiple response option, the respondents in Table 1 indicated their preference for the government and family members as service providers. The respondents have chosen government agencies as expected and most likely assistance providers (69%) and have chosen friends and family as their second choice providers (55%).

**Civil Society in Post-Soviet Countries, Table 1** The value of various assistance providers to Russians

| Russian respondents | |
|---|---|
| The value of NGOs | |
| In your opinion, who should help socially vulnerable people like pensioners, disabled, families with many children, single mothers, orphans, emerging talents, and socially challenged individuals such as ex-convicts, alcoholics, drug addicts? | |
| The answers to the questions are provided in percentages | |
| 1. Government | 69% |
| 2. NGOs | 24% |
| 3. Commercial org(s) | 15% |
| 4. Family and friends | 55% |
| (The result does not sum up to 100% because respondents were allowed multiple choices) | |
| Trust in NGOs | |
| 1. In which of the following types of public associations, NGOs, and public initiatives do you trust? (the list of 26 organizations was provided to the respondents) | |
| Expressed trust | 37% |
| Expressed no trust | 63% |
| (The results above are averaged) | |

Source: The Participation of Russians in informal civil society networks and in activities of the nongovernmental organizations, Mersianova and Korneeva (2011)

Survey results suggest that Russian respondents have comparatively low level of trust in the NGOs. The answers to the question "which public associations and other NGOs do you trust?" were divided between a little over one third (37%) who expressed trust of at least some forms of associations and cooperatives and approximately two thirds (63%) of those who expressed no trust in NGOs. The analysis of responses indicated that from newly established NGOs, a comparatively high percentage of respondents have chosen "protection of consumer rights" (12%) as trustworthy and determined that other NGOs were the associations formed in Soviet days such as associations of veterans of war, trade unions, cooperatives of summer house owners, and the unions of disabled people (32%). The results of general perception of trust in NGOs in Russia suggest that most people in Russia do

not include the organizations of the nonprofit sector in their circle of trust.

The second part of the survey provided information on the composition of social networks. From all respondents to the 2011 survey, 50% confirmed receiving help from their social networks, which included family (85%), friends and acquaintances (65%), neighbors (30%), coworkers (28%), people in similar circumstances (14%), religious groups (9%), and the members of ethnic groups (3%). It is common to find family and friends among assistance providers, and it is interesting to observe a high level of involvement from neighbors and coworkers. The survey responses describe the types of services that social networks provide to respondents in Russia. Table 2 below presents the answers of the survey participants

Responses in the Table 2 suggest that the most common assistance from informal connections is giving small and large interest-free loans, household assistance, babysitting, and consultancy. Since the disintegration of the Soviet Union, the practice of mutual help did not disappear but became necessitated by diminishing government assistance.

Given the withdrawal of the state as service provider after the disintegration of Soviet Union, the nonprofit sector in Russia started growing, as measured by the number of registered NGOs from year to year. Yet the impact of the sector is minimal, although few individual NGOs have achieved recognition. These are mostly the NGOs that provide help to children and serve orphanages. The NGOs serving vulnerable populations, which are known as socially oriented NGOs, became eligible for state support, which made them more visible and increased their numbers.

## New Trends

As mentioned earlier, in Russia, the informal help is more common than formal organized help through the NGO sector organizations. Recently, informal individual volunteering has evolved into organized informal volunteering, which became a new trend in the development of volunteering in Russia. Today, the Internet provides new and many opportunities to find the cause that people care for and join the organized effort. However, these informal volunteer groups do not aspire to become bureaucratized and register as NGOs. These groups continue providing assistance until they no longer perceive the existing need. When the help is not needed, they stop volunteering. Multiple examples of informal online

**Civil Society in Post-Soviet Countries, Table 2** Types of informal assistance in Russia

| | Type of service | Percentage of respondents receiving the service |
|---|---|---|
| 1 | Small interest-free loans (till the next paycheck) | 28% |
| 2 | Household assistance (moving, repair, cooking) | 24% |
| 3 | Family assistance (groceries, cleaning, babysitting) | 19% |
| 4 | Large interest-free loans of money (to buy a house or a car) | 12% |
| 5 | Regular babysitting | 10% |
| 6 | Professional information and consultation | 10% |
| 7 | Family conflict settlement | 7% |
| 8 | Assistance finding a good doctor, transportation to a hospital, buying medication | 7% |
| 9 | Helping to prepare for school tests | 7% |
| 10 | Finding a job | 6% |
| 11 | Helping elderly | 5% |
| 12 | Finding a tutor for kids, helping with school assignments, etc. | 3% |
| 13 | Other | 1% |

Source: Philanthropic involvement of Russians in Charitable Practices, Mersianova and Jakobson (2009)

volunteering could be found on the Facebook and Vkonakte (Russian network). The first example is the group of young bikers from a small city Krymsk in the south of Russia, which was flooded in 2014. The bikers have organized informal assistance to the inhabitants of Krymsk by delivering medication, food, and potable water to the people in need. They continued the assistance through the summer and disbanded their group as soon as the need disappeared. Another example is the group of teenagers, who helped in finding new owners for horses that were abandoned in a stable by a bankrupt owner. One more example is the group of women organized to learn traditional Russian weaving and tapestry, which exists on the website Vkonakte. Vkonakte (https://vk.com) is an Internet social network service similar to Facebook in Russia. The women meet in the leaders' house and support their activities through individual contributions and the sale of the crafts. There is a group of medical translators, who assist families with disabled or seriously ill children to translate medical documents for treatment abroad.

These groups are called "informal" or "spontaneous" volunteers. Typically, the groups of informal volunteers consist of young people, who got aggravated or excited by the story that appeared on the Internet. This informal helping behavior is the result of empathy. Participants of unstructured informal helping groups may become institutionalized volunteers when they obtain positive volunteering experience. Informal volunteering is exciting to young people because it provides the opportunity to help people, nature, or animals as a way to contribute to societal well-being. Research shows that the members of the informal groups are inspired by the cause, have strong task-oriented motivation, and have individualist values. These groups more often consist of younger volunteers, because the Internet is the place where they communicate, exchange views, and express concerns about their personal and public life in Russia.

None of the groups discussed above register with the Ministry of Economic Development of Russian Federation as formal nongovernmental organizations. Hypothetically, two factors divert otherwise philanthropic individuals from working with the NGOs – (a) bureaucratic structure of NGOs and (b) the lack of trust in NGOs.

Russians have a long history of philanthropy and volunteering. School children learn about famous "do-gooders" from prerevolutionary times including the Russian Tsar family to modern times of socialist public organizations and to post-modern Russian charity foundations and several high-profile NGOs. Before Soviet era, philanthropy was routinely considered the business of wealthy married women, who devoted their free time and excessive family income to help the disadvantaged for religious reasons. After the socialist revolution in 1917, the new government took upon itself the organization of welfare and care for disadvantaged, organization of sports, and trade unions. The need for the non-governmental sector in Soviet Russia was not obvious, as the encyclopedia entry discussed earlier.

In 1991, after the disintegration of the Soviet Union, Western donors perceived a void in social life of Russians and started supporting new non-government sector through organizing, training staff, and funding nonprofit organizations. After the "capitalist revolution" in the 1991, many educated people were looking for jobs and found the opportunity in the NGO sector. At the time, teachers' salaries were below the poverty level, while inflation was higher than 2000%. Some of the underpaid people turned into new social entrepreneurs by seeing the opportunity to find jobs in the NGO sector and to receive support from foreign donors. Several new businesses also saw the opportunities to use nonprofit sector organizations as tax shelters. Others were purposely created as cover-ups for illegal activities. The stories were publicized by the media. As a result, many people were turned away from the NGO sector because they did not believe into the ingenuity of new nongovernmental institutions, which were paid by businesses or by foreign governments. The level of trust to newly organized NGOs was low. The enthusiastic grant providers damaged the NGO sector in its infancy by pushing too hard without understanding the culture and the context of the country. Research confirms that Russians today continue relying on social networks rather

than on the NGO sector for help. The strategy to develop new NGO sector proved again that one size does not fit all.

## Conclusion and Discussion

To understand social choices of Russian society, the essay took historical and cultural perspective. This essay discussed the different modes of organization and assistance provision in Russia as compared to Western societies. This encyclopedia entry underscored the importance of understanding the culture and historical context of Russia, which was illustrated by the data from the representative survey in Russia.

Hofstede's theory of individualism/collectivism (2000) describes Russia as a collectivist society. People in collectivist societies develop personalized trust. Often they do not understand the motives of NGOs, which they perceive as bureaucratic organizations with rules and hierarchy. In modern Russia, a lack of understanding translates into a lack of trust. In the future, NGOs will establish positive reputation and will find the way into the hearts of general Russian public and will incorporate into Russian civil society. After 20 years of massive import and financial support of the institutions from the nongovernmental sector by Western governments and nongovernmental donors, the NGO sector is still unrecognized and underestimated by the majority of Russians. At the same time, Russian civil society is still vibrant and effective, with reduced government support and a comparatively weak NGO sector.

The discussed variations of self-organization illustrate somewhat similar and dissimilar paths that Russians take to organize their lives and assistance to others. Their help arrangements are often informal and come from family, friends, neighbors, and coworkers. The fact that assistance comes not from formally organized and registered NGOs does not change the essence of Russian civil society: people self-organize and help one another. The society is civil when it unites people, teaches personal responsibility for the well-being of others, and builds cohesion.

Informal networks facilitate the delivery of essential services to Russians and help establish immense social capital in Russia. Following Putnam's definition, such relationships represent reciprocity and trust among family and friends. Informal and personalized social networks and related social capital help people improve their individual situations and establish the feeling of belonging. Yet, trust in and reliance on public associations and NGOs stays low in Russia. Low trust in NGOs in combination with high trust of inner circles of family/friends/neighbors/coworkers defines civil society in Russia, as well as in many other countries that live outside Western cultural and social tradition.

Western and Eastern models of public organization are strikingly different. The difference impacts the scope and the size of the NGO sectors. In the USA, the long period of limited government, activist church, and self-governance have produced the institution of nongovernmental assistance through the formally registered NGOs to provide services to people before the government took an active role in society. With limited government assistance, in the West, people rely upon themselves or register formal NGOs to attract donations. NGOs tend to formalize assistance for the accountability purpose and build close ties with donors to secure trust and funding. The need for funding and accountability makes formal organizations bureaucratized, which formalizes the relationships with their clients.

Under the pressure of lending global economic institutions, the Russian government started cutting expenditures on social services. During the 25 years of transition period from 1991 to 2016, Russian government closed subsidized day care centers, reduced subsidizing medication, halved the number of doctors and hospitals, cut funding for higher education, and reduced pensions to subsistence level. Regardless, in line with the path dependence tendency, Russians do not see an alternative to government-provided reliable public services. In the meanwhile, the importance of social networks increased. Mutual helping networks and experience of personalized support are derived from hundreds of years of tradition. Because of close ties, frequent interaction

between family and neighbors, it is impossible to cheat community members or steal borrowed money.

## Depersonalized Bureaucracy of NGOs and Unclear Motives

Western reformers of the socialist world suggested the remedy that proved effective in their home countries. To replace government services, Western donors started supporting the import of the nonprofit sector to Russia from the USA and Europe through massive funding and grants. Contrary to donors' expectations, this endeavor was doomed from the beginning. The motives of the newcomers were neither clear nor credible to Russian citizens. Western donors turned to funding the local breed of the nongovernmental organizations. Their efforts brought only limited success. New NGOs were perceived as formalized bureaucracies with unknown motives. As a result, Russian people developed a low trust of these unfamiliar and depersonalized Western institutions.

Two other factors contributed to low levels of trust for NGOs in Russia: an opportunistic behavior of some NGO leaders who wanted money in the first place and the accusations of illegal activities of newly established NGOs. In the early 1990s, mass media publicized quite a few economic and political scandals about newly established NGOs in Russia. NGOs were accused for working as tax shelters for the *nouvaux riches*, for being the hub of political agenda, and for hunting grants from foreign donors to help their business in Russia. As a result, general perception of hidden self-serving agenda of some NGOs has damaged the reputation of the whole sector.

In Russia, the process of formation and funding of new NGOs is not fully open and transparent, which raises questions of the potential donors and the general public. More importantly, people in Russia cannot establish personal relationships with these service bureaucracies. Having no frame of reference, people in Russia do not understand the true goals of NGOs. Under the circumstances of declining government support, and the suspicious rent-seeking and self-serving goals of NGOs, people in Russia returned to the reliable informal networks of friends, neighbors, family, coworkers, and community members for service and support.

This encyclopedia entry suggests that the charitable institutions were not able to build a framework of trust in Russia. Instead, people continued relying for a limited assistance from government and from informal social networks, which they perceived as reliable and trustworthy. However, given the capacity limitations of informal social networks, there is a growing need for bigger and better funded public service organizations for the provision of assistance to vulnerable groups. The NGO sector in Russia is growing. Since 2012, government started providing regular funding for socially oriented NGOs, which provided services to vulnerable populations. Many Russian NGOs offer useful services to children, to pensioners, and to disabled people. These NGOs achieved higher level of credibility by addressing the problems of the people with the highest need. However, to rehabilitate the sector reputation, the NGO sector organizations need to develop more participatory organizational culture, involve more volunteers, and become fully open to public scrutiny. The NGOs in Russia also need rethinking their methods to reach the people and gain their trust.

Today, government continues to be the number one institution for assistance in Russia even in the face of diminishing fiscal capacity and vanishing political will. To stimulate government to provide better services, people need to make their voices heard. This can be achieved through the widening participation of citizens in political life, something that most people detest. The collectivist traditions of frequent face-to-face interaction might be the clue to achieving success for the voluntary sector in Russia. For clients, NGOs need to be less formal and to adopt practice that characterize the relationships of close friends and neighbors and to be open and transparent to the general public.

## Cross-References

► Citizen Participation and Nonprofit Organizations

## References

Anheier HK (2007) Reflections on the concept and measurement of global civil society. Voluntas 18:1–15
Edwards M (2009) Civil society, 2nd edn. Polity, Cambridge
Howard M (2002) The weakness of postcommunist civil society. J Democr 13(1):157–169
Kara-Murza SG (2011) Soviet civilization. Vol. IM: Akademicheskij proekt, 9
Ledeneva AV (2006) How Russia really works: the informal practices that shaped post-Soviet politics and business. Cornell University Press, New York
Luong PJ, Weinthal E (2004) Contra coercion: Russian tax reform, exogenous shocks, and negotiated institutional change. Am Polit Sci Rev 98(01):139–152
Mersianova IV (2009) The practice of Philanthropy in Russia: the involvement and attitudes of the population. HSE, Moscow
Mersianova IV, Korneeva IE (2011) Monitoring of the civil society in Russia: the involvement of Russian citizens in informal practices of civil society and activities of NCO. Higher School of Economics, Moscow
Putnam RD (1993) Making democracy work: civic traditions in modern Italy
Stiglitz JE (2004) Capital-market liberalization, globalization and the IMF. Oxf Rev Econ Policy 20(1):57–71
Van Til J (2002) Growing civil society. Indiana University Press, Bloomington

# Civil Society Organizations

Yu Ishida
School of Project Design, Miyagi University, Taiwa, Japan

## Synonyms

Civic associations; Non-profit and non-governmental organizations; Voluntary organizations

## Definition

The term "civil society organizations" can be defined as a wide range of organizations that seek and maintain civic and public life in general by members consisting of citizens, volunteers, unpaid staff, and paid staff. The organizations play the role through service providing, disclosure and spread of information, and advocacy, watch governments, and aid people outside. Depending on the local and global societal context with long history, the organizations such as volunteer groups, neighborhood associations, community-based organizations, mutual associations, nonprofit organizations, nongovernmental organizations, labor unions, indigenous groups, faith-based and religious organizations, professional associations, foundations, and public benefit institutions have been contributing the civil societies.

## Introduction

People must seize a part of "civil society organizations" (CSOs) by intuition if they are told examples or cases. Even so, it is very difficult to explain what the civil society organizations are. This is because those examples and cases have to be brought from a very wide array of fields and areas as well as they are not only emerging social players in many parts of the contemporary world, but also they may have historical origins of the activities and settle people's lives in deep. In addition, they are different composition in each country. That is, the definition of "civil society organizations" can vary based on culture, history, and country context.

To define "civil society organizations," it is effective to illustrate practices, circumstances, and academic discussions together. Frankly speaking, every single citizen has associated with the CSOs directly or at least indirectly. The practices of many organizations are affected by the social movements such as aging society, poverty, disasters, and democratization campaigns as well as political trends including institutional changes, economic policy, contracts and funding, and collaboration. These practices and circumstances of the CSOs have been discussed in the various academic fields such as politics, economics, sociology, and history.

In a little more specific, World Bank (2013) describes the CSOs as a wide of array of organizations such as community groups,

nongovernmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations in order to cope with public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations from a viewpoint of its practices in partnership. Types of organizations and genres of issues are not one-to-one match. A variety of types of organizations, and even other sectors such as business and governments, have worked on the same social problems and competed to deliver the same kind of services. In particular, Western trends on the government stance on public management have opened the space for the private sector to tackle these matters more than ever before as voluntary provision of public goods, not with tax revenue, or as social business.

From other perspective of globalization, making progress such as the mobility of people, diffusion of ideas, and spread of information especially through the Internet leads an expansion of fields of activities for the CSOs to intervene the social problems outside their own communities, even countries. In that sense, the global citizenship in people's mind-set is raised. By a natural process of it, more people and CSOs aim to participate in the activities to overcome the social problems such as preserving environment, getting rid of poverty, promoting social inclusion, and respecting human rights.

At the same time, an aspect of localization promotes activities of the CSOs, and they may have chances to be put in good condition. To pursue local identity needs local participation in the activities. Localization, for instance, decentralization of the government, will allocate more money to local governments as well as authorities to make decision and provision of services for local management. These kinds of movements tend to result in collaboration or go into partnership with the CSOs due to the limit of capability and feasibility of the local governments to provide and deliver all kinds of public goods.

On the other hand, various academic approaches on civil society claim different definition and level of range of organizations. The array of organizations covered above, or included in this section, is more likely to allow a wider range of organizations corresponding to the contemporary worlds. Some approaches define the CSOs in the narrowest sense, which exclude mutual association, for example, because of not enough benefit for public.

From the communitarian standpoint, the CSOs, or nonprofit organizations, make people connected to form a foundation of their communities. The state of community and civil society has been argued regardless of the times, and it is the subject of much debate from an angle of social capital theory with a tidal current (de Tocqueville 1835; Putnam 1993). It also expresses that the CSOs play a role of a generator of social capital to network people and connect them with local societies. The CSOs improve participation and civil values through monitoring the government, practicing education and research, and advocating for civil society in order to have a power to influence the public policy (Boris and Steuerle 1999). The CSOs practice the same way for private enterprises to affect their awareness and behaviors with drawing civic attentions. In a politics point of view, diversified values and interests to form civil society are declared through the represented organizations for them in a pluralistic political system. In this sense, the CSOs could function as "commons" to attain civic participation (Lohmann 1992).

In a broad sense, the CSOs with the general public play a significant role of the power to shape their societies through the vehicle of their daily participation in voluntary associations and communities including religious worship, unions, and any groups to support their civil lives (Edwards 2014).

## Social Contexts to Capture the CSOs

### Shift of Values and Roles of the CSOs

Discussion about CSOs has been continued since ancient times such as the polis debated by Aristotle and others regarding how to rule righteous duties and be ruled in the society. In this era, the

civil society and state were not considered as different sectors, but much more closely related or even players in one sector. A bundle of civic associations could be regarded the civil society.

Some nations own their history to deal with the separation of religion and politics in the trend of governance. Currently, religious churches, temples, and other religious organizations and corporations are permitted characteristics of public benefit, which are shown as tax exemptions. What is different from other CSOs is that the religious organizations and corporations do not have to turn the report in the authorities.

In relation to our contemporary world, it is quite beneficial to focus on what kinds of consultations have occurred around the last 100 years. Civil society has been taken up primarily in the exploration of the communism and democracy opening. Regarding these international issues, nongovernmental organizations have emerged and played an active part in the advocacy for peace, aid for the societies in the developing nations, especially in the insecure condition of the world as well as relief in times of disasters.

CSOs have been mediating arguments over people's values on various issues such as religious and artistic beliefs, obligations, and rights through lobbying and a signature-collecting campaign against the political system or taking the issues up even in advance of dialogues in the political systems (Boris and Steuerle 1999). They include, for instance, abortion, smoking and health, guns and security, environment and economic development, corporate ethics, animal protection, gender and race discrimination, LGBT, as well as human rights. In sum, the CSOs may promote social changes with getting the political reactions.

The CSOs are required to conduct fundraising to exploit potential donors and keep donors in touch with their organizations in order to play their role of implementing their activities regarding the arguments of the significant social issues above that strengthen the civil society. On the other hand, the donors are required to understand the value that the CSOs, or civil society, play a role of an amplifier of people's voices (CIVICUS, website).

Besides these relations between international affairs and nongovernmental organizations, and advocacy-oriented activities, a wide range of the CSOs act as players to deliver goods and services in their own local societies in order to improve the civil lives. It means that the CSOs are the providers of goods and services abreast of the governments and private enterprises. In this sense, the CSOs would compete to provide or sell their goods and services with these players in other sectors in the same market.

In much more market-oriented discussion, it tends to use the word "nonprofit organizations," or NPOs. It is pointed out in the consultations why they coexist with the for-profit organizations that the NPOs, which entities are included in the CSOs in this chapter, are more trustable compared to the private firms because it often causes the information asymmetry problem between the firms and consumers. It is not easy for the consumers to get enough information from the private companies who do not want to open all kinds of information such as materials, processes, costs, and other manufacturing secrets. In addition, the law for the NPOs that prohibits to distribute profits or a surplus fund to the managements, which are called the "non-distribution constraint," gives the legitimate status to be trusted (Hansmann 1980). The NPOs also do not have shareholders like the joint-stock companies. These reasons, then, contribute to the condition that people come to highly trust the NPOs, or the CSOs, rather than the private enterprises.

In a perspective of the public goods and services provisions, the CSOs implement their activities abreast of the governments and local administration authorities. Why then are they existed besides the powerful entities? The CSOs would be able to do things more quickly and more effectively. The governments and local authorities usually take their time to check their measures of moving forward or reacting the social issues with their keeping lines of equality and impartiality. The same thing happens in the assistance and relief for the developing nations against the ones conducted by the United Nations and the national-level measurements.

## Public Support and Partnerships

Indeed, both situations for the CSOs coexisting with the private companies and the governments are seen in most of the world. The CSOs, however, often face difficult conditions to survive and continue to provision their goods and services. Simply, the CSOs from a point of view of the not-for-profit organizations do have their own social missions to improve civil society or of change-seeking. Theoretically, the CSOs provide the goods and services to the people or communities who are in need or poor circumstances and who are not able to acquire the goods and services that they need to have to keep their quality of lives from the private enterprises that primarily seek profits due to the responsibilities toward the shareholders who expect a dividend.

The other part, coexisting with the governments, is also challenging for the CSOs to keep running their programs even though they would be able to react to social needs quicker and more effectively than the government. The governments could have the revenues by levying social insurances and issuing bonds as well as collecting taxes by the policies to deliver the public goods and services based on the results of citizens' voting. The CSOs, however, provide the "public" goods and services by using their fundraising money from the general public, not a fund from those means of authorities. They ask of donations, membership fees, and grants from citizens and enterprises besides getting program revenue. In addition, they may have opportunities to get funds from the governments. The funds could be the subsidies, grants, or contracted revenues.

In sum, the CSOs are indeed needed for a part of constructing and maintaining the civil society, but it may be difficult to continue the provisioning of goods and services to support people's civil lives because they often focus on issues regarding the needy and poor. Thus, the CSOs must find sources to fill a shortage or a lack of the budget to be able to implement their activities. The sources they usually look for are supports from the general public, private enterprises, and governments.

The targets are clearly scoped, and the CSOs may get funds through membership fees, charitable giving, grants, and subsidy. From a point of view of the donors and providers of funds, they consider these money as the sources for something worth for the society, not the money just given away for free. It means that they choose which organizations, or even what programs, to give or contribute their money.

The donors are also looking for incentives they could get. They may have tax exemption applications if they give to the eligible organizations permitted by the authority. There are so many CSOs, but some organizations do not have enough characteristics regarding "public interest" when the broad definition of the CSOs is adopted. Mutual associations, for instance, do provide goods and services only to the members inside the associations, that is, their activities do not affect the public.

It needs to clarify who has the feature of public interest and who does not have to determine who may get eligibility to apply the tax exemption for donations. The authority or someone may not decide who is good enough and who is not to designate the organizations applicable of tax deduction. Thus, it is often introduced as the "public support test." This test describes the public interest by an index of how many and how much people support each CSO because of the values of their provisioning. The equation is prepared to be able to calculate, but it depends on the stance of each country.

After the fund providers including the donors contribute to the ones carefully, they may request the feedback how the money was used and what outcomes have been achieved or foreseen. Additionally, they also wish to ask the CSOs something they think of for the better civil society. In particular, the donors and funders who contribute a substantial amount of money often give a big impact on the policies and practices of the CSOs, which is one of the topics in terms of nonprofit management and strategies. Thus, the CSOs take a way to open their activities and financial statement to the public in order to show the responsibility to use the money they received from the donors and funders. Accountability and transparency are also the parts of listed issues on management.

Another way to get funds besides the contribution is collaborations and partnerships with the governments and even with the United Nations. A number of contract-based programs to deliver the public goods and services have increased. In this background, there have been big debates regarding the size of the governments. In short, a Western trend of a notion of the public management, or "new public management," was claimed with promoting the reformation of public finance and has spread to many countries. At the first place, it was a chance for the CSOs to get funds to provide their programs under the authorities. It, however, was not easy for them because the estimation of costs by the governments often gave a lower number than the practitioners expected. Its situation has been improving by the dialogues between the CSO sector and the government such as making the full-cost recovery estimation. To some extent, the CSOs acquire stable money to play their role to improve civil life.

On the other side, it claims that more CSOs are depending on the governments and owing to lose or drift their missions in this unavoidable circumstance. Smaller organizations tend to show higher rate regarding a share of the revenue from the governments in their current revenues. It also has the same situations in crises like that the Japanese CSOs have been experiencing after the 3.11 earthquake and tsunami disaster in 2011.

One more way to get fund is collaborations and partnerships with the private companies. The companies have been required to be corporate citizen, and they were contributing money and workforce of staff to their communities. Its trend, however, changed after the corporate social responsibility (CSR) has bloomed in the sector of private enterprises. This trend was also produced in Western countries, and the CSOs, mainly the international NGOs, advocate in relation to environmental protections, human rights, compliances, due diligence, and so forth, based on social problems among the developing countries and developed countries. The CSOs in Asian countries are also looking for the collaborations regarding the CSR at the same time the business enterprises aim to seek partnerships with the CSOs (Hasan forthcoming). The CSR movement has converted stances of the companies into taking more visually appealed strategies such as contribution to the global-scaled or consumer-attracted CSO activities. It aims to seek profits after all. Then, some local-oriented or local welfare-based CSOs lost their funds from the locally located enterprises.

Lastly, the CSOs are more likely to seek the commercial revenue in recent years, which refers to details later in this chapter. In other words, the CSOs aim to do some businesses in exchange for, to some extent, relinquishing the charitable donations that indicate public support. At the same time, the CSOs may lose legitimate position to be trusted and make the border vague against the private for-profit firms.

## A Size and Dimensions of the CSO Sector

As described above, it is quite difficult to define the CSOs by checking what types of organizations are in and what are out. Still, it is highly requested to grasp a size of the CSO sector in order to understand the current status in terms of the economic impacts, labor markets, and philanthropic foundations. Thus, a number of researchers have worked on investigations to catch sight of overview of the world, starting from clarifying the extent to make clear figures, and compare the status among nations including both the developed countries and developing countries.

National accounts are the social accounting methods to measure a size of economic activity of a nation. The United Nations Statistical Commission and the Johns Hopkins University Civil Society Center with other statistical experts have cooperated to create the national accounts to extract figures as the satellite accounts on nonprofit institutions to illustrate a reliable and realistic state (United Nations 2003). In addition, these accounts include estimated figures of the value of the volunteers.

Another project that the Johns Hopkins Comparative Nonprofit Project implemented is to investigate the dimensions of a size of workforce of the civil society sector. Its project looks at the paid staff and volunteer workforce by fields of

activities as well as who supports the CSOs to see a share of public sector, private giving, and fees. It estimates "full-time equivalent" (FTE) to grasp workforce of the civil society sector in total. Figure 1 illustrates how big the CSO sector is in each country from a point of view of the employment and the fields of activities such as the culture, education, health, and so forth.

The data sources of each country have own methodology to make statistics, but to a certain extent, it describes pictures of the sector and conditions to compare with. There are, indeed, other data that should be included. They are, however, pretty difficult to grasp because of no official statistics or no obvious definition to take surveys. Community or neighborhood associations could be the one not to be able to count, but they still have a big influence to the society if it is estimated as shadow price in the social market.

Looking at a time series of the state of the CSO sector, for instance, regarding international affairs, it has been expanded in not just only a

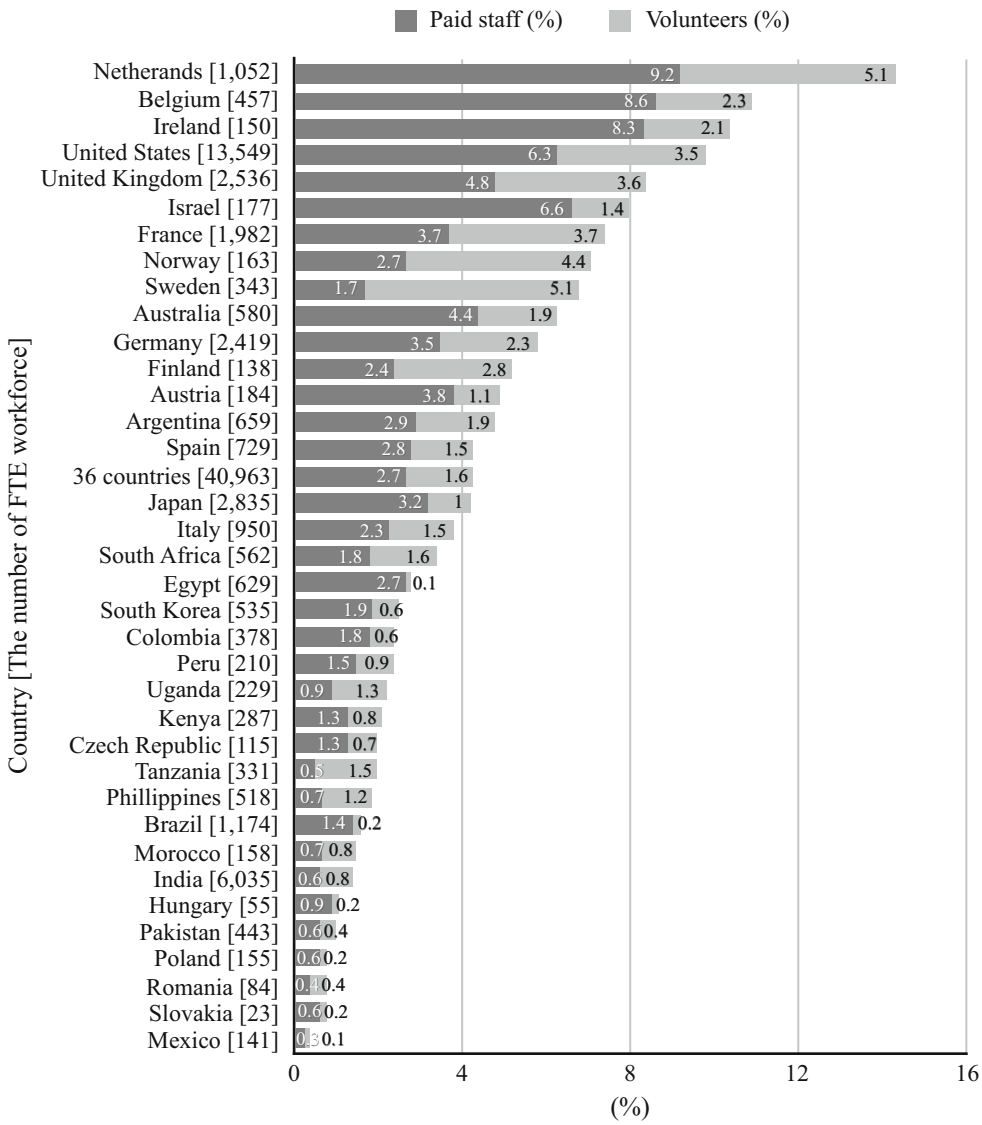


**Civil Society Organizations, Fig. 1** Workforce of the CSO sector accounted by FTE. (Source: Salamon et al. 2004)

size but also capabilities over the past two decades in many countries. This upward trend, in particular for the international NGOs, is assisted by the process of globalization, expansion of democratic governance, advancement of telecommunications, and promotion of economic integration. According to the *Yearbook of International Organizations* published by the Union of International Associations, the number of international NGOs was reported to have increased from 6,000 in 1990 to more than 68,000 in 2016. In the field of global development assistance, the Organization for Economic Cooperation and Development (OECD) shows that the CSOs produced approximately US$15 billion in international assistance as of 2006.

Regarding dimensions of the CSOs, the CIVICUS, an international alliance missioned to strengthen citizen action and civil society around the world, proposes four dimensions to assess the civil society as the classic Civil Society Index and composed of the following: the "structure" of civil society, the "external environment" in which civil society exists and functions, the "values" practiced and promoted in the civil society arena, and the "impact" of activities pursued by civil society actors. In addition, it covers more than 75 countries (CIVICUS, website). Figure 2 describes how their index varies across the countries.

Not just the CSOs regarding international affairs have increased in a size but also the CSOs in relation to social services in the region or community are increasing.

The Johns Hopkins Global Civil Society Index has suggested another measuring rod to assess dimensions of the civil society sector at the country level. It measures three dimensions which consist of multiple indicators for each dimension. The dimensions are the "capacity," "sustainability," and "impact." Both indices have a common goal to highlight weakness of the country's civil society, to raise public awareness of the role of CSOs, and to assess the effectiveness to make civil society stronger to preserve and improve civil life. Having conversations using these assessments, people may understand that the CSOs play the significant roles and may hope them as the solution to tackle civil society issues.

## Recent Trends: Social Enterprise and ICT Usage

"Social enterprise" is one of the considerable debates in the civil society issues. In short, a part of the CSOs acquire more commercial revenue by developing and provisioning market-oriented goods and services with solving the social problems. A shine side of this trend is that they have more stable income and would be able to avoid risks to lose social support type money such as the donation, grant, and subsidy by policies of the external institutions which have been issues for the CSOs to survive.

On the other hand, even though they solve the social issues more than they do business, the more they would lose the nature of nonprofits and make the boundary unclear, which is an issue, however, not really new (Weisbrod 1998). In other words, it indicates that this type of organization overlaps between the civil society and the market and is supported by the funds such as venture philanthropy and social impact investing.

Interesting aspect of their management is hybridity. They earn money from their commercial activities, but they get charitable contributions, grants, and subsidies from individuals, corporations, and governments as well. They also mobilize volunteers besides paid staff to achieve their primarily targeting social-oriented missions. In sum, they have good-enough social missions to persuade citizens to raise funds and mobilize volunteering, while they use the for-profit business models and strategies to be able to compete with private corporations in the same marketplace.

From a point of view of finance, social impact bond and investment is the source of money that come from private investors and utilized in developed countries in recent years. This type of investment is still implemented for profit seeking (but usually a smaller amount of benefit), by the business side, while they aim to invest the CSOs or their programs in order to solve the social problems. Therefore, the CSO sector side uses business strategies to solve the problems, and the business side invests in order to contribute to overcome issues in the societies. Furthermore,

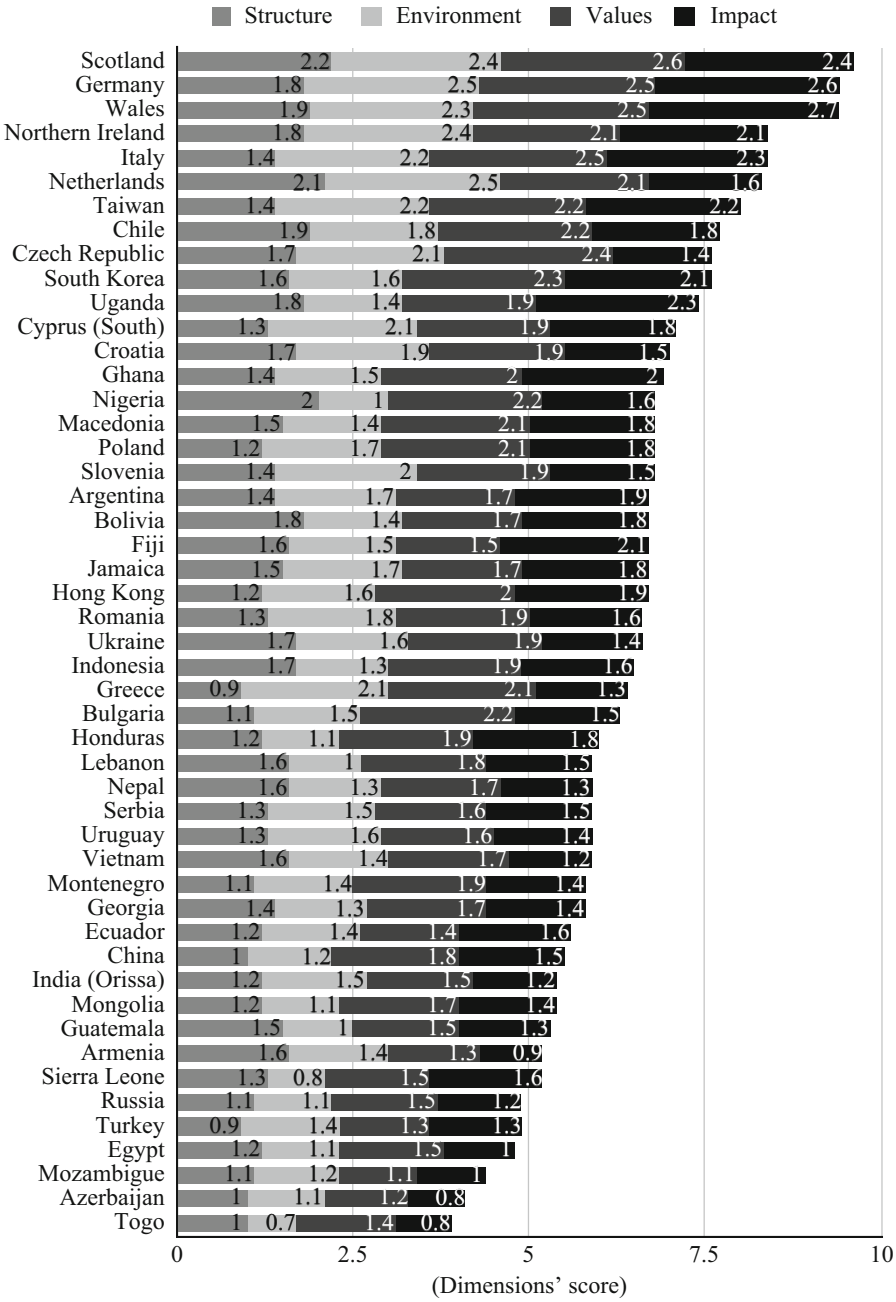


**Civil Society Organizations, Fig. 2** Comparisons of the dimensions of the civil society. (Source: CIVICUS (website))

the social enterprises, or social business, and social impact investment are considered as hopeful measures to produce the program continuity and innovation along with sociality.

Another new tool for the CSOs is the information and communication technology (ICT). During the last three decades, the number of ICT use has steadily increased. Moreover, in recent years, in particular the last decade, social media, or the social network service (SNS) including the Facebook and Twitter, has spread rapidly in our lives. This tool is also available for the CSOs.

They can use the SNS to disclose and report their activities and notify their events to raise attentions of not just their clients but also potential donors. It indicates that the usage of the Internet can form a part of the foundation of the CSOs or CSO sector.

One of the merits to use the social media is that it has a character of mutual interactions along with spreading their message quickly and widely. Many CSOs possess their home pages on the Internet and deliver newsletters, and they provide one-way actions. The social media has a great character of the two-way or interactive communications. Another merit to use the social media is that it basically costs free except for the utilization of human resource as well as is easy to use. With a combination of these merits, the CSOs can easily know the reactions of the general public toward the activities, programs, and operations of organizations in quick and direct voices by getting, for instance, "likes" and comments and for free.

Further, the social media can be a good tool for fundraising (Okada et al. 2017). Usually, it is quite an expense to implement the fundraising. It needs staff to ask for donation to potential donors as well as members and even frequent donors. It needs staff to explore the private companies to ask of contributions or grants to get their supports. These fundraising activities need a certain amount of human resource and time. Many organizations other than larger organizations, however, do not have enough resource including staff and money to spend on it. Thus, the social media can be expected as a quite hopeful and useful measure to raise funds for the smaller organizations to access so many people and institutions and far distanced entities that are not easy to reach by the traditional approach such as door-to-door solicitation and direct mails.

## Conclusion

The term "civil society organizations" (CSOs) can be defined as a wide range of organizations that seek and maintain civic and public life in general by members consisting of citizens, volunteers, unpaid staff, and paid staff. They play the role through service providing, disclosure and spread of information, and advocacy, watching governments, and aiding people outside. Depending on the local and global societal context with long history, the organizations such as volunteer groups, neighborhood associations, community-based organizations, mutual associations, nonprofit organizations, nongovernmental organizations, labor unions, indigenous groups, faith-based and religious organizations, professional associations, foundations, and public benefit institutions have been contributing the civil societies.

The CSOs are social mission-oriented organizations and practice their own activities and programs to achieve better civil life everywhere whether people do realize deeply or not. Their operation is not always stable due to the nature of organizations that have difficulties to get funds. Therefore, they access various directions to raise money such as individual charitable giving, corporate contributions, governmental subsidies, and even social impact investment as well as develop their own commercial programs.

From another perspective, the CSOs have deep relations with the general public, private companies, and governments in not only money but also policy setting. Sometimes governments change their decisions, and it affects to input more funds to the CSO sector, but in other times, they retreat from the deep relations with the CSO sector and withdraw money in that market. In sum, the CSOs need to look for more general public support. In other words, it is required to have the understanding of their raison d'être in the societies.

The activities of CSOs cover almost all of our lives. Some CSOs can be service-oriented associations, and others can be change-seeking organizations. The latter type of organizations aim to have stronger connections of solidarity and support to make change happen. The change-seeking CSOs significantly engage in advocating voices, working toward policy change, exercising accountability over authorities, and defending human rights (CIVICUS website). Thus, the CSOs can be social engines to produce the right state of the society as well as innovate new lifestyles.

It may be a discussion if the mutual associations who are provisioning services only to their members can include the CSOs. It is, however, just about an issue in relation to a size or range of commons. To some extent, a number of CSOs possess public interest and are recognized in the societies. The smaller organizations still need to look for basic funds to survive and provide their mission-oriented services and activities. Then, they may want to use the social media as a start-up tool and may try to get impact investment. When the organization comes to be enough economic activities in size, they can be target of taxations, and the public requires various documents to turn in their authorities. On the other hand, they may get tax exemption as well as the donors get tax deduction on charitable giving since they are very important to be in the societies and built the civil society.

## Cross-References


- ▶ Nonprofit Organizations
- ▶ Religious Organizations
- ▶ Social Capital and Organizational Change


## References


Boris ET, Steuerle CE (eds) (1999) Nonprofits & government: collaboration & conflict, 2nd edn. The Urban Institute Press, Washington, DC

CIVICUS World Alliance for Citizen Participation. http://www.civicus.org/index.php/en/. Accessed 15 Apr 2016

de Tocqueville A (2000 [1835]) Democracy in America. University of Chicago Press, Chicago

Edwards M (2014) Civil society, 3rd edn. Polity, Cambridge

Hansmann H (1980) The role of nonprofit enterprise. Yale Law J 89:835–901. (The Yale Law Journal Company, 1980)

Hasan S (forthcoming) Business social responsibility and the three sectors in Asia: conflict, collaboration, and cohesion. Springer

Lohmann RA (1992) The commons: new perspectives on nonprofit organizations and voluntary action. Jossey-Bass, San Francisco

Okada A, Ishida Y, Yamauchi N (2017) Effectiveness of social media in disaster fundraising: mobilizing the public towards voluntary actions. Int J Public Adm Digit Age 4(1):51–70. (IGI Global, 2017, forthcoming)

Putnam RD (1993) Making democracy work: civic traditions in modern Italy, newth edn. Princeton University Press

Salamon LM (2004) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian Press, Bloomfield

United Nations (2003) UN handbook on nonprofit institutions in the system of national accounts. United Nations, New York

Weisbrod BA (1998) To profit or not to profit: the commercial transformation of the nonprofit sector. Cambridge University Press, Cambridge

World Bank (2013) Key information: civil society organizations. World Bank. http://go.worldbank.org/KK5KGT24X0. Accessed 20 Mar 2016


# Civil Society Organizations in Municipal Development Strategies


Muamer Bezdrob and Daut Bajramović
Faculty of Economics, Sarajevo, American University in Bosnia and Herzegovina, Sarajevo, Bosnia and Herzegovina


## Synonyms

Citizen Participation; Decision-making; Municipalities

## Definitions

**Civil Society Organizations (CSO)** are formal groups of citizens, which by acting between citizens, economy, and state, advocate for specific civic agendas. Since CSOs mainly engage in local communities, their participation tend to enhance and complement local representative system and increase participatory decision-making.

**Municipal development strategies** refer to those ideas and practices that are formulated to promote and advance development of public administration structures, processes, and institutions at the local level according to the specific goals and values of stakeholders.

## Introduction

The main purpose of citizen participation in government's decision-making process is to strengthen democratic processes and, thus, provide substantial improvements to peoples' lives. Participation of citizens and other social stakeholders in government affairs improves democratic capacity of the decision-making processes and facilitates meeting citizens' demands. At the local government level, citizen participation is even more relevant due to the proximity of this form of government to citizens.

Civil Society Organizations (CSO) are formal groups, which by acting between citizens, economy, and state, advocate for specific civic agendas. Since CSOs mainly engage in specific local communities, their participation at the municipal level tends to enhance and complement local representative system and increase participatory decision-making. Over the years, CSOs have contributed to strengthening and formalizing citizens' participation in the local government processes mainly by facilitating interaction with citizens, and bringing in necessary expertise and experience.

Strategic planning has often been used in the public sector, since public organizations cannot manage results in long or short term without well-developed capacity for strategic management. The strategic planning process at the municipality level is particularly suitable for a wide CSOs' engagement and participation in local public administration affairs.

Municipalities in Bosnia and Herzegovina have been applying the strategic planning methodology for a number of years. This process, initiated in the early 2000s, was designed to increase the transparency, inclusiveness, social accountability, and sustainability of municipal decision-making processes. Strong participation of CSOs in the process of development strategy formulation aims to ensure the creation of a joint development vision and an increase in the strategy acceptance level by the broad community.

Bearing in mind all the benefits that citizen participation in policy- and decision-making processes brings, this entry explores the circumstances and possible factors that contribute to CSOs' significance in the process of formulation of development strategies at the municipal level in the Federation of Bosnia and Herzegovina.

C

## CSOs and Strategic Planning Process

### Strategic Planning in Local Government Setting

Strategic planning in a municipal setting prescribes a systematic process, which enables a community leadership to understand numerous environmental facets that the community will face in the future. In addition, it establishes consensus on how to achieve the most desired vision, and illuminate actions that will most likely make that happen, all within the context of expected financial and human resources (Gordon 2005).

In the United States of America, strategic planning at the municipal level has been in use for more than 20 years (Bryson 2010) and has been characterized by multiple success factors – local promotion of the process, the importance of starting the process with strategic thinking, and the importance of the environmental scan as an application of collective wisdom of participants in describing the future as clearly and comprehensively as possible (Gordon 2005).

Research on the success of strategy implementation in 150 organizations in public sector in Canada has found that a planned and formal approach to a strategy enhances its implementation in bureaucratic public organizations. Moreover, it was recognized that formal planning has an indirect effect on strategy implementation due to the mediating role of managerial involvement and that public organizations can reap benefits from formal strategic planning in less stable and unstable environments (Elbanna et al. 2016).

### Participation of CSOs in Strategic Planning at Municipal Level

CSOs aggregate citizens' interests and act as mediators in the state-society relations by communicating societal preferences to policy-makers. In a weak political context, participation of CSOs

in the decision-making process can improve the efficiency of government's services and help them connect with grassroots. The participation and contribution of nongovernmental organizations that regularly employ staff is more relevant to the political and democratic rather than economic development of a society. Having in mind that local development strategies focus not only on economic development but also combine social, spatial, and environmental development, the participation of nongovernmental organizations, and other CSOs should bring benefits to the process (Treib et al. 2007).

The question of who should be involved in policymaking and implementation is a central question in public policy and public management. Civic participation contributes to policy implementation when state actors frequently include CSOs in the policy-making process. Readiness of governments to act in a participative manner is probably the key precondition for the participation of citizens and CSOs in decision-making processes. The governments must want to seek participation as much as the participants want to give it, and citizens are less likely to participate if the political environment is not positive and acceptive of input.

## CSOs in the FBiH and Their Participation in the Strategic Planning Processes

In BiH, CSOs or associations (the official term) get registered either at state, entity, or cantonal levels, which is regulated by the Law on Associations and Foundations of BiH. CSOs in BiH mostly focus on meeting demands of their members and less on acting for public good. A study on participation of CSOs in the process of development strategies formulation at the municipal level in the Central Bosnia Canton (CBC) in the FBiH has shown that only about a third of surveyed CSOs have participated in the process. This is to an extent reflected in the perception of CSOs by BiH citizens and of their ability to resolve issues of common concern. Namely, it was detected that 70.3% of citizens of BiH do not see CSOs as being in a position to resolve local issues (Puhalo and Vukojević 2015).

Over the last 15 years, many municipalities in Bosnia and Herzegovina have initiated and established mechanisms for the formulation of municipal development strategies. In those endeavors, municipalities have been supported and assisted by different organizations and agencies. These organizations have advocated for integrated development planning, or planning based on respect for human rights, which rely on the premise that proper local municipal development planning includes a strong citizens' participation component. The purpose of development strategies formulation, as the municipalities have seen it, has been the creation of an environment for development planning by relying on local capacities and resources.

In March 2017, the FBiH Parliament adopted the Law on Planning and Management of Development in the Federation BiH. The purpose of this law is to establish a system for development planning and management of development at the level of the FBiH, cantons, and municipalities. Pursuant to this law, municipalities are obliged to formulate their development strategies, participate in the formulation of strategic documents at the cantonal level, ensure a harmonized approach to local budget planning, and coordinate the process of monitoring, evaluation, and reporting on the implementation of their strategies. According to this law, municipal development strategies in the FBiH should fit the framework set by the FBiH and cantonal strategies.

## CSO's Relevance in the Strategy Formulation Process: The Model

This study is primarily interested in a design and testing of a theoretical model of CSOs' relevance within a process of development strategies formulation at the municipality level. The proposed model has to be founded on the existing literature and, at the same time, applicable to the idiosyncratic political, economic, and society conditions of the FBiH.

The effectiveness of CSOs influence on policymaking and different issues of their concern has been widely studied. These studies showed that the organizational context, defined as a set of organizational attributes, represents an important

determinant of organizational relevance. Accordingly, the following hypothesis is developed:

> H1: The organizational context has a direct and positive impact on organizational relevance in the development strategies formulation processes.

Strong technical and managerial skills of CSOs, as well as CSOs' ability to adeptly interact with different society and governmental actors, are necessary for successful moderation of governmental actions. Thus, the second hypothesis is:

> H2: The CSO's proficiency has a direct and positive impact on organizational relevance in the development strategies formulation processes.

The term "proficiency" implies the overall organizational knowledge and experience, as well as its collaborative readiness and willingness. Bearing in mind this elaboration, the existence of a link between the organizational context and proficiency is imposed by itself. Thus, the third hypothesis is:

> H3: The organizational context has a direct and positive impact on CSO's proficiency.

These three hypotheses determine the theoretical (conceptual) model related to the CSO's relevance within the process of development strategies formulation, which is graphically presented in Fig. 1 (bold text).

## Model Measures

### Organizational Context ($F_1$)

This construct relates to situational factors – age, type, and size, under which organizations operate. It designates the strength and influence potential of the CSOs. Indicators for this construct rank organizations based on:

- *"Total Budget"* ($X_1$) – the total amount of their annual budget
- *"Activity"* ($X_2$) – the potential strength and massiveness, where the potential is determined by the organization's activity
- *"Membership"* ($X_3$) – the size of the membership
- *"Age"* ($X_4$) – the life span from the year of constitution to the year 2018

### Proficiency ($F_2$)

This construct refers to the overall organizational expertise and maturity, existing and potential, in its field of activity, as well as in the field of

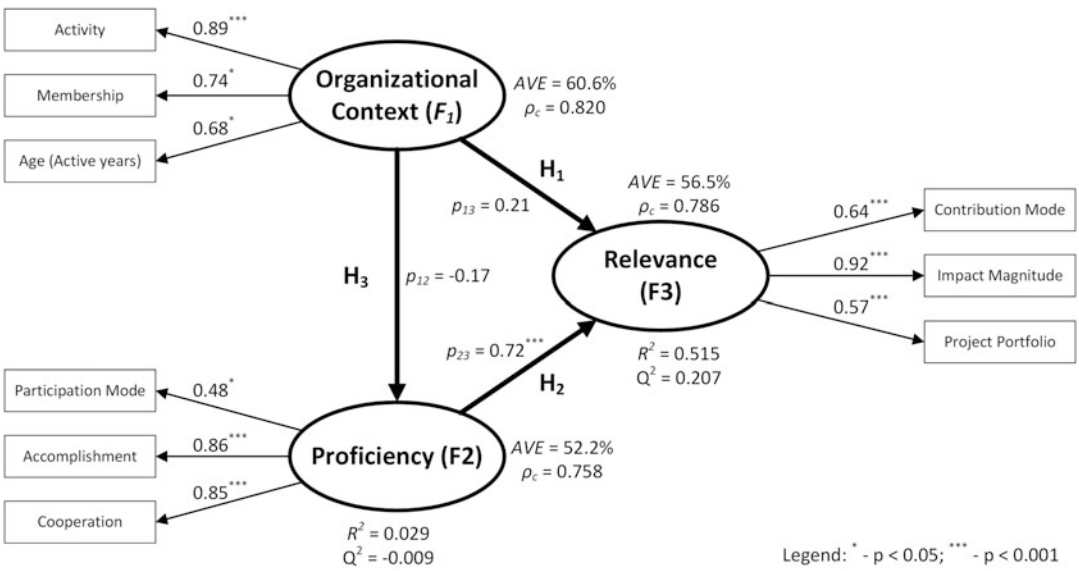


**Civil Society Organizations in Municipal Development Strategies, Fig. 1** CSOs' relevance in development strategies formulation process – the model

strategic planning in the public sector. This important construct implies managerial vision and planning skills, as well as readiness to collaborate with many different interest groups. The indicators rank organizations based on:

- *"Participation Mode"* ($Y_1$) – the way they have participated in the process of formulating a development strategy during the time-period from 2009 to 2013
- *"Accomplishment"* ($Y_2$) – the evaluation of the quality of work done in the process of development strategy formulation
- *"Cooperation"* ($Y_3$) – the level of acceptance by other participants (interest groups) in the development strategy formulation process

### Relevance ($F_3$)

This construct relates to the organizations' participation and contribution relevance in the development strategy formulation process. The indicators rank organizations based on:

- *"Contribution Mode"* ($Y_4$) – their contribution to the formulated development strategies
- *"Impact Magnitude"* ($Y_5$) – their impact on the formulated development strategies
- *"Project Portfolio"* ($Y_6$) – their effectiveness in the project implementation rate, i.e., based on the number of projects implemented during the time-period from 2009 to 2013.

## Model Testing

To test the hypothesized model, the partial least squares structural equation modeling (PLS-SEM) was employed. For that purpose, an appropriate survey questionnaire was developed and sent to 300 CSOs from the Central Bosnia Canton (CBC). A total of 117 responses (39%) were received, out of which 43 were valid, that is, the 43 responding CSOs have participated in a process of formulating development strategies at the municipality level. The responding CSOs are proportionally distributed among different categories and different municipalities from the CBC.

### Measurement and Structural Model

Initial model testing showed a problem with the convergent validity of indicator $X_1$ ("*Total Budget*"). Namely, the outer loading of this indicator was statistically insignificant, so this indicator was removed from the model. The resulting path model is shown in Fig. 1.

Evaluation of the measurement model was made through a set of three tests – model reliability, convergent validity, and discriminant validity. All model indicators are of expected size and direction and are statistically significant (Fig. 1), which provides for the indicators reliability. In addition, the obtained values for the *average variance extracted* (*AVE*) show that each construct explains, on average, more than a half of the variance of corresponding indicators. Combining these two results together, it could be concluded that the convergent validity for the model was met.

The high *composite reliability* ($\rho_c$) values for all constructs (Fig. 1) point that indicators of each construct reliably measure that same construct. Finally, all *AVE* estimates for the model's constructs are greater than the squared inter-construct correlations, which indicates that there are no problems with discriminant validity (constructs are truly mutually distinct).

The first step in structural model evaluation is assessment of the coefficients of determination ($R^2$ values) of endogenous constructs. The $R^2$ value of the construct $F_3$ can be considered as moderate, while that of the construct $F_2$ as weak (Fig. 1). In addition, the effect sizes ($f^2$) that construct $F_1$ has on constructs $F_2$ and $F_3$ are small, while the effect size of construct $F_2$ on construct $F_3$ is large (Table 1).

The last step in structural model assessment is the examination of structural path estimates (Table 1). It could be seen that only one structural path estimate, that between the constructs $F_2$ and $F_3$, is statistically significant and in the predicted direction. The paths between constructs $F_1$ and $F_2$, as well as between $F_1$ and $F_3$, are statistically insignificant ($p > 0.05$).

**Civil Society Organizations in Municipal Development Strategies, Table 1** Structural path estimates

| Structural relationship | Standard deviation | t-value | Parameter estimate | $f^2$ |
|---|---|---|---|---|
| $F_1 \rightarrow F_2$ | 0.263 | 0.648 | −0.170 | 0.030 |
| $F_1 \rightarrow F_3$ | 0.151 | 1.376 | 0.208 | 0.087 |
| $F_2 \rightarrow F_3$ | 0.085 | 8.534 | 0.723[a] | 1.045 |

[a]Significant at 0.001



### Interpretation of the Model Testing Results

The measurement model testing has obtained the results that indicate a very good fit between the model and the reality represented by the data. A very interesting point here was the fact that the indicator related to the total budget of CSOs has been found to be statistically insignificant, even though in an expected direction. Such a finding may be a proof of constant CSOs' struggle for funding, but it can also be a result of the respondents' reluctance to reveal the true financial resources of the organizations.

The results of the specified structural model testing provide for a reliable structural path analysis and, consequently, testing of proposed hypotheses. Furthermore, the value of coefficient of determination for the endogenous construct $F_3$ – "*Relevance*," along with the value of predictive relevance indicator ($Q^2$) above zero and large effect size, implies rather high predictive (and explanatory) power of the proposed model.

The results of the structural paths evaluation (Table 1) show that estimations for the structural path between constructs $F_1$ and $F_2$, as well as between constructs $F_1$ and $F_3$, are both statistically insignificant, while the structural path between constructs $F_2$ and $F_3$ is statistically significant and in the expected direction. This means that the model does not support the hypotheses $H_1$ and $H_3$, while it fully supports the hypothesis $H_2$. More specifically, organizational proficiency is a strong predictor of CSO's relevance in the development strategies formulation processes at the municipality level. At the same time, the organizational context (i.e., CSOs' strength and influence potential) is not a significant predictor of either the organizational proficiency or its relevance in the development strategies formulation processes.

These results unequivocally suggest that organizational proficiency is just that particular trait that makes the difference between CSO's relevance and irrelevance. Activity-specific knowledge and skills, readiness to participate in the process under different conditions and to collaborate with heterogeneous parties are those specific organizational properties that increase its visibility and, consequently, relevance in the wider context. Thus, investing in and strengthening those organizational values and characteristics will improve and secure organizational results and accomplishments.

Another very interesting finding is that situational characteristics of the CSOs have no significant impact on both organizational proficiency and relevance. While the age and size may potentially increase organizational inertia and arrogance, which in effect may even have a negative impact on organizational competencies and capabilities, it is somewhat surprising that the same characteristics have no significant impact on the organizational relevance at the municipality level.

Finally, combining all these findings, it can be concluded that the CSOs need to relentlessly reinforce their proficiency, i.e., their professional competences and capabilities. Only that may ensure broad relevance to the CSO within its community and, possibly, wider. Size and strength are desirable traits, but of a rather secondary significance. This is another proof of how soft and intangible organizational resources are more valuable than the tangible ones. Just like in a famous proverb – brain is better than brawn.

## Conclusion

It is widely accepted that the participation of citizens and CSOs in government's decision-making processes strengthens its accountability and facilitates implementation of decisions adopted in such a fashion. Likewise, the application of strategic planning in the public sector increases the number of opportunities and the extent of public participation, including CSOs, and increases the number of projects, outputs, and development activities in a community.

The study found that the greater specific knowledge and participative skills of CSOs, as well as the greater degree of self-content with the outcome of participation, and the greater acceptance by other parties in the process, result in the greater likelihood that CSOs become more relevant in the process of formulation of development strategies. In addition, the same traits increase the efficiency of CSOs' project portfolio. These findings show that both municipalities and CSOs are at an advantage when they reinforce cooperation and mutual ties. Municipalities increase the significance and participatory aspect of the process of formulation of development strategies by involving more relevant representatives of the local civic sector. CSOs, on the other hand, develop their participative capacities, which is not only compensated by a greater content and collaboration capacity, but also improves the rate of project's implementation.

## Cross-References

► Citizen Participation in Public Management
► Civil Society Organizations

## References

Bryson JM (2010) The Future of Public and Nonprofit Strategic Planning in the United States. Public Adm Rev 70(s1):s255–s267

Elbanna S, Andrews R, Pollanen R (2016) Strategic planning and implementation success in public service organizations: evidence from Canada. Public Manag Rev 18(7):1017–1042

Gordon G (2005) Strategic planning for local government. In: Washington DC: International City/County Management Association, 2nd edn

Puhalo S, Vukojević S (2015) Kako građani Bosne i Hercegovine opažaju nevladin sektor? Friedrich-Ebert-Stiftung, Sarajevo

Treib O, Bähr H, Falkner G (2007) Modes of governance: towards a conceptual clarification. J Eur Publ Policy 14(1):1–20

# Civilian Bureaucracy and In-basket Technique

Intae Choi
Yonsei University, Seoul, South Korea

## Synonyms

In-basket technique; Job competency

## Definition

This technique is presenting work situation similar to actual work practice to workers or job applicants. It can be an effective alternative in assessing worker's job competency and identifying competitive employees.

## Introduction

The organization's outcome is influenced by how people inside the organization do their work (Boardman et al. 2010). Like this, the outcome of the operation of an organization depends on securing talented individuals and utilizing them (Sanghi 2007). Therefore, hiring competitive applicants who can bring profit in the long run is important (Starks 2007). However, when hiring a new employee, there is difficulty for the organization to figure out which applicant is suitable for the needed job. When hiring competitive applicants, most companies look for applicants that are sincere, have a lot of knowledge about social issues, and able to suggest creative strategies for

the company. However, having all-around knowledge about the society and the work doesn't make the applicant suitable for the job. This is because the interviewer of the company has never witnessed the applicant actually execute a task. In other words, although the company hires a well-educated and knowledgeable applicant, that applicant may in fact end up finding it difficult to actually carry out his/her duty because there are often disparities between theoretical knowledge and job execution (van Buuren and Edelenbos 2013). Internship programs would solve such issues, but internships can be costly and adverse effects could occur; applicants who go through the internship process could potentially find a position elsewhere using their experience. A plausible solution to this could be to use the in-basket assessment technique. With the in-basket exercise, an applicant is assigned a specific job situation and is assessed how well he/she performs and prioritizes duties during a limited period of time (Schroffel 2012).

## Features of In-Basket Technique

The in-basket exercise presents an applicant with high-stress-level duties and observes how he problem-solves (Gill 1979; Rosen and Jerdee 1974). Although the observer may carefully assess the applicant's troubleshooting process, the result of a decision cannot be absolute. Therefore, the technique itself is not a result-oriented one. This is not to say that the in-basket assessment technique is one to ignore. It is premised on the fact that acceptable outcomes accompany proper problem-solving processes. In other words, in order to draw a desirable outcome, it is necessary to verify the appropriateness of the process. By observing such process, one can assess how effectively the applicant performs. The in-basket technique is not only used for entry-level hires but can also be used for existing employees' promotions or position transfers within the company. It is broadly categorized into three types – asking the applicant to set priorities, asking the applicant to solve complicated problems with limited information, and asking the applicant to arrange duties into appropriate time slots. If a company were to often utilize such in-basket technique to evaluate their members, members would be able to immediately demonstrate their potential skills upon an unexpected personnel order. In other words, this technique prepares employees to effectively display their abilities down the road. In the past, there was a saying that "a position makes a man"; however, in working environments that rapidly change these days, a position cannot always wait for an employee's individual growth. I composed the following case to further survey the in-basket technique in practice.

## The Exercise of In-Basket

To better understand this technique, I formed specific in-basket-type recruitment questions that give a sense of what the questions entail and their purpose. In the following case, a manufacture company is trying to recruit an entry-level employee for their human resources division and presents the applicant with a specific job situation. The interviewer asks the applicant to arrange various duties in appropriate time slots based on their priority levels.

### Question

Suppose that you are an employee in the manufacture company's human resource team and proceed with the following duties. Estimate the relative difficulty of each duty and prioritize them into appropriate time slots. If you determine that the task is difficult to complete within today, use both today and tomorrow to arrange the duties in a time appropriate manner.

<Task Request 1>

When recruiting entry-level employees, you must first directly speak to each college's employment center staff over the phone. Then distribute the recruitment announcements via email. After distributing the announcements, confirm that they have been officially announced by checking each college's employment site. Report the confirmations to your division chief. The estimated time

this should take is 30 min per college, and you may assume that the employment center staff will not pick up between noon and 2 pm. Employment center staff hours are 9 am to 5 pm. You will need to distribute recruitment announcements to six colleges.

<Task Request 2>
Manage payroll duties; deposit employees' paychecks into their accounts by division. The estimated time this should take is 4 h, and employees should be able to check their account balances reflecting their paychecks by 5 pm today. If paychecks do not get deposited by 5 pm, the human resources team will receive complaint calls, and each complaint call will take approximately 5 min.

<Task Request 3>
Prepare and facilitate a wage agreement meeting between the factory workers' union and headquarters, and prepare a written report. The meeting should take place in the human resources team's conference room today at 2 pm and will last for 2 h. After the meeting, a conference report should be crafted with team members, which should take 3 h. The report should be delivered to the managing director of the human resources division.

<Reimburse Filing>
Filing receipts spent in human resources division. The estimated time this should take is 20 min.

<Additional Information>
The company's lunch period is from noon to 1 pm. The company's official operating hours are from 9 am to 6 pm. Most employees precisely check their pay deposits, and if they notice they are not paid, most will make complaint calls to the human resource team. All of the above duties are your responsibility, which may not be delegated to anyone else. How will you resolve the above case? You must be able to analyze the hidden codes in each of the task requests.

The tasks presented in this case represent core duties carried out by the human resources team. <Task Request1> represents recruitment duties, and if you closely examine the details, the estimated time for the applicant to distribute the recruitment announcements to six colleges adds up to 3 h. Also to be noted is that because college employment center staff cannot be reached between noon and 2 pm, <Task Request1> cannot be executed during those hours. College employment centers operate between 9 am and 5 pm; therefore, they also cannot be reached before 9 am or after 5 pm. <Task Request 2> represents payroll duties of the human resources team, which is managed and deposited by division. The estimated time needed is 4 h, and if not properly deposited by 5 pm, complaint calls will be made to the team. Each complaint call takes 5 min, which essentially burdens down to extra work to manage. <Task Request3> regards labor management. This task takes a total of 5 h, divided between 2 h of conference facilitation and 3 h of conference report writing. However, because the meeting time is fixed at 2 pm, the applicant needs to quickly grasp that <Task Request3> must be performed between 2 pm and 4 pm. Also, it must be understood that this task be highly prioritized because the outcomes get delivered to the managing director of the human resources division. The lastly presented <Reimbursement Filing> takes 20 min and is a relatively easy task; therefore, one can observe whether the applicant effectively uses his/her downtime to complete this task.

In sum, the in-basket-type recruitment questions suggested above have three large assessment goals. First, the employer can observe what the applicant decides to prioritize among the main given tasks of the human resources division, which were recruitment, payroll, and labor relations management. In the above case, the workers' union meeting was fixed between 2 pm and 4 pm, which implies the importance of labor management. Therefore, it is likely that applicants who do not discern this do not grasp the significance of labor management within the human resources division. Also emphasized in this case is the importance of payroll duties because when not completed in a timely manner, complaint calls

become extra work to manage. Payroll duties should therefore be carried out during the morning hours; if an applicant prioritizes recruitment duties over payroll duties, it could be an indication that he/she cannot effectively manage human resources duties.

Second, once the applicant determines that his/her given tasks require more time, it can be observed whether the applicant largely considers his/her regular working hours or does not mind working overtime. In resolving the above case, most applicants are likely to strain themselves by arranging all tasks in 1 day in order to impress the interviewer and prove their diligence. However, these pertinent tasks are in fact difficult to manage in 1 day. Here, the interviewer could perhaps ask the applicant whether or not he minds working overtime, and when the applicant answers that he does not, the interviewer can additionally present a perplexing situation that demonstrates how excessive working loads could negatively impact a company's long service. In other words, the interviewer can surprise the applicant by presenting an example of an ex-employee who left the company not so long after being hired due to overworking and examine how the applicant quickly responds to such example.

Third, for those applicants who arrange their duties over 2 days and not forcefully into one, interviewers can assess a high degree of efficiency in job performance. These applicants can be asked why they arranged their duties over 2 days, and it can be observed whether or not they can manage a healthy life to work balance. In addition, a question regarding diligence can be presented, where interviewers can check whether or not applicants understand job efficiency in dilemmatic situations.

## Conclusion

As seen above, the in-basket assessment technique is an effective tool to determine potential task performance capabilities, which are not as easy to verify through conventional knowledge memorization-centered interviews. In addition to using it as a capacity evaluation tool, if a company continues to train its existing employees utilizing this technique, it can also become a tool for employees' career growth down the road. With such merits, the in-basket technique is currently widely used among many corporations, especially for recruiting entry-level members and for promoting members to management or executive level positions. However, there is an aspect that companies should be cautious of when using the in-basket technique, which is that it should not be trusted blindly for capacity evaluations. The in-basket exercise cannot fully assess an applicant's potential; no single evaluating tool could possibly measure a person's entire ability. Evaluation systems can only partially examine one's capacity. Therefore it would be advisable that companies use the in-basket technique in combination with another evaluation system. Assessing an applicant's capacity using various methods provides a range of strengths to examine, which allows for a less generalized perspective on the applicant.

## References

Boardman C, Bozeman B, Ponomariov B (2010) Private sector imprinting: an examination of the impacts of private sector job experience on public manager's work attitudes. Public Adm Rev 70(1):50–59

Gill RWT (1979) The in-tray (in-basket) exercise as a measure of management potential. J Occup Psychol 52(3):185–197

Rosen B, Jerdee TH (1974) Influence of sex role stereotypes on personnel decisions. J Appl Psychol 59(1):9

Sanghi S (2007) The handbook of competency mapping: understanding, designing and implementing competency models in organizations. SAGE Publications. New Delhi, India.

Schroffel A (2012) The use of in-basket exercises for the recruitment of advanced social service workers. Public Pers Manag 41(1):151–160

Starks GL (2007) The effect of person–job fit on the retention of top college graduates in federal agencies. Rev Public Pers Adm 27(1):59–70

van Buuren A, Edelenbos J (2013) Organizational competence development in two public agencies in the Netherlands: the effectiveness of in-company training versus learning by doing. Public Pers Manag 42(3):385–402

# Climate Change in the Caribbean

Georgina Chami
Institute of International Relations, St. Augustine Campus, University of the West Indies,
St. Augustine, Trinidad and Tobago

## Synonyms

Environmental issue; Global climate change; Temperature change

## Introduction

At present, climate change is one of the main challenges facing the global landscape and is posing considerable anxiety to societies and to the environment. From shifting weather patterns that threaten food production to rising sea levels that raise the threat of catastrophic flooding, the effects of climate change are global in scope and unparalleled in size. Detailed analyses and studies have shown dismal future projections for mankind and protection of the ecosystems. As a result, there is a strong case for near-term action on climate change regardless of political interests and inaction by its main perpetrators. Without radical action today, adapting to these effects in the future will become more complex and expensive.

Over the years, the issue of climate change has grown in importance in the discussion forums of the countries within the Caribbean. These countries have become increasingly susceptible to the adverse effects of climate change. To make matters worse, Caribbean countries have numerous vulnerabilities that make them more susceptible. It is estimated that the Caribbean's annual cost of inaction will be about $22 billion annually by 2050 (UNEP 2008). In this context, it becomes critical for these nations to take action to enhance their capacity to operate in a concerted manner in pursuing common objectives in addressing the challenges associated with climate change.

Consequently, Caribbean countries have included environmental concerns in their development policies because of the rising risks posed by climate change to the natural resource base that maintains their economic growth. Although poverty eradication, security, unemployment, and housing continue to be of high concern, climate change is growing in significance on the national agendas of these countries. Moreover, in order to be sustainable, these nations must adopt adaptation and mitigation measures. This involves enormous financial and technological resources and, most importantly, effective national, regional, and global policy and governance frameworks (Aginam 2011).

## About Climate Change

Climate change has different meanings in different contexts. Generally, it refers to a long-term shift in the planet's weather patterns or average temperatures. The term sometimes is used to refer specifically to climate change caused by human activity, as opposed to changes in climate that may have resulted as part of Earth's natural processes (UNFCCC 1994). In this context, climate change has become synonymous with anthropogenic global warming. According to science-based journals, global warming refers to surface temperature increases, while climate change includes global warming and everything else that increasing greenhouse gas levels affect (Conway 2011).

The Intergovernmental Panel on Climate Change (IPCC) defines climate change to be any change in climate over time, whether due to natural variability or as a result of human activity. Thus, the IPCC believes that climate change has been activated not only by natural variability but also human responsibility as well. On the other hand, the United Nations Framework Convention on Climate Change (UN 1992: Article 1, Paragraph 2) defines climate change to be a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

Generally speaking, climate change is a long-term shift in the statistics of the weather (National Oceanic Atmospheric Administration 2007). The

shift is measured by changes in features associated with average weather, such as temperature, wind patterns, and precipitation. A related term is "climatic change." In 1966, the World Meteorological Organization (WMO) stated that climatic change encompasses all forms of climatic variability on time scales longer than 10 years, regardless of cause. Despite the numerous definitions and meanings of climate change, it is evident from the conferences and studies/analyses of its paramount concern especially for small states such the Caribbean given their vulnerabilities.

### The Caribbean and Climate Conferences

In February 1979 in Geneva, the first World Climate Conference was held and sponsored by the World Meteorological Organization (WMO) and several international bodies. From this meeting, the World Climate Programme was created under the combined responsibility of United Nations Environment Programme (UNEP) and the WMO. On 29 October to 7 November 1990, the second World Climate Conference occurred. At this conference, it was emphasized the need for the establishment of a framework treaty on climate change and the necessary protocols – containing real commitments and innovative solutions – in time for adoption by the UN Conference on Environment and Development (UNCED) in June 1992.

During this second World Climate Conference, several key issues were raised. These included the notion of climate change as a universal issue of humankind, the principle of equity and the common but differentiated responsibility of countries at different levels of development, the concept of sustainable development, and the precautionary principle. These issues are important to the Caribbean. These nations are not equal with external regions in relation to their rights as people. It is also evident that their development levels are not on par with the developed world. Moreover, these nations have neither fully employed mechanisms to sustain their environments for the future nor sought measures that would safeguard them against climate change.

A key development during this conference was the establishment of the Alliance of Small Island States (AOSIS). It is an intergovernmental organization consisting of low-lying coastal and small-island countries. The primary purpose of the alliance is to ensure that there is a common position by Small Island Developing States (SIDS) toward addressing global warming. AOSIS has a membership of 44 states and represents 28% of the developing countries and 20% of the UN total membership. AOSIS functions on the basis of consultation and consensus. Major policy decisions are taken at ambassadorial-level plenary sessions. The Alliance does not have a formal charter. There is no regular budget, nor a secretariat.

### United Nations Framework Convention on Climate Change (UNFCCC)

The UNFCCC is a legally binding treaty, resulting from years of international lobbying efforts. The Convention was negotiated and signed by 165 states in less than 3 years and entered into force on 21 March 1994. As the world's chief authority on climate change, the UNFCCC provided clear objectives on their mandate. Firstly, according to Article 2, the Convention's ultimate objective is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic (originating in human activity) interference with the climate system (UNFCCC 2006).

Secondly, the UNFCCC recognizes that the earth's climate system is threatened by a rise in atmospheric GHG concentrations, which is caused by increased anthropogenic GHG emissions. These emissions caused by human activities cannot be eliminated from the environment. Gases listed under the Kyoto Protocol are as follows: carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), sulfur hexafluoride ($SF_6$), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs) (ibid). Unfortunately, science cannot predict the exact volume of these gases that would be highly toxic to the planet. Additionally, scientists are unaware of how much of these emissions can be emitted before it becomes detrimental to the planet.

The Small Island Developing States Programme of Action (SIDS/POA) had its origin in the United Nations Conference on Environment and Development (UNCED) in 1992, also known

as the Rio or Earth Summit. At this conference, in Chap. 17 of Agenda 21, the international community acknowledged that small islands are a special case and have particular issues and vulnerabilities. Consequently, states agreed to hold a Global Conference on the Sustainable Development of Small Island Developing States. This was held in Barbados in 1994. The conference adopted the Barbados Declaration which recognized that SIDS contributed the least to global climate change and sea level rise, but suffered the most, and needed assistance under the UNFCCC, including adaptation measures and mitigation efforts.

There have been two subsequent conferences by SIDS in Mauritius (2004) and Samoa (2014) to address the impact of climate change on their economies. The vulnerability of SIDS to climate change was prominent in these forums. It was noted that the concentration of population, agricultural land, and infrastructure in the coastal areas was severely affected by rising sea levels due to climate change. This has had major and profound effects on these economies and living standards and even posing a serious threat to the survival of certain low-lying countries. Damage to coral reefs, affectation to subsistence and commercial fisheries production, and saline intrusion are also highlighted, as significant and rising features.

## General Characteristics of the Caribbean

Caribbean countries are located in the tropics and are generally mountainous with small areas of flat land in coastal areas. These nations share a number of socioeconomic challenges such as high dependence upon natural resources (agriculture, forestry, fishing, tourism, mining, and light manufacturing), vulnerability to global trade fluctuations, limited diversification opportunities, high transportation costs, market thinness, proneness to natural disasters, remoteness, and increasing coastal and marine concerns. These are compounded by limited availability of human capacity and the means to manage and use natural resources on a sustainable basis (Mahfuzuddin Ahmed et al. 2005).

For centuries, Caribbean people have derived their livelihoods primarily from its natural resources, ranging from metals and minerals to endemic flora, fauna, and marine life (UNEP 2008). Furthermore, economic activities in the Caribbean primarily involve direct exploitation of natural resources. Environmental vulnerability is related to the risk of damage to a country's natural capital. As such, climate change is expected to have long-lasting effects on the environment and the socioeconomic outlook of these states, as well as on well-being of the people living in these areas. Important to note is that there are some areas that are vital to the sustainability of these states such as tourism, agriculture, energy, and health.

Tourism is the major source of revenue for these nations and most rapidly growing industry across the region. The fastest rates of growth in the Caribbean have been recorded in the tourism sector of several islands (Caribbean Development Bank 2014). This area contributes significantly not only to revenue generation but employment opportunities for these states. However, climate change increases the likelihood of seasonal changes, climate extremes, and an increased frequency of hurricanes. Thus, this sector becomes very vulnerable to the extreme meteorological events of which hurricanes are the most common. This would limit the Caribbean's ability to generate revenue from the tourism industry.

Food security, one of the Caribbean's basic needs, is of utmost importance to the world. Securing new mechanisms to gather food during times of extreme climate changes is proving difficult. Caribbean nations are at a disadvantage due to limited technological advancements and smaller resource bases. Agriculture is one of the key economic sectors in the region and a major form of income and revenue generation. The threats associated with climate change on agriculture include seasonal changes, altered land suitability, water availability, and altered growing seasons. Unfortunately, fluctuations in the weather patterns can have serious adverse effects on the cultivation of some crops and be detrimental to its food supply and security.

In relation to the energy sector, recent developments have revealed substantial decreases in oil and natural gas prices which can lead to unstable

economies. Prices have decreased in the case of oil from one hundred dollars a barrel to below fifty dollars a barrel (International Energy Agency 2015). Unfortunately, this sector represents an estimated two-thirds of GHG emissions and has risen steadily over the last century. The rapid decrease in prices and subsequent increase in emissions would decrease the Caribbean's ability to gain income from this sector. Then, it would proceed to endanger the livelihood of those who are dependent upon its energy supply.

Similar to the agriculture and energy sectors, the health of the citizenry is threatened. Threats to health posed by extreme weather events in the Caribbean include insect- and rodent-borne diseases, such as dengue. Within the Caribbean region, the limited financial resources affect an appropriate and effective response to address waterborne and airborne diseases that would be transferred through storms and rising sea levels (Confalonieri et al. 2007). Climate change can turn into an epidemic of various diseases, eliminating those who are unable to afford the resources to combat against it. It would be beneficial if these areas are addressed while drawing from past experiences from the Caribbean countries.

## Adapting to Climate Change

The Caribbean region is quite vulnerable to the effects of climate change. These nations have acknowledged that climate change is a serious threat to their survival and must be addressed. As such, the region must ensure that a viable action plan is in place, but there is no "one-size-fits-all" policy for countries. These policies are devised and based on national circumstances, development goals, and socioeconomic features and cross-sectoral interactions. The goals must be to minimize and mitigate the negative impacts of climate change on human health, economic activities, environment, and infrastructure. Also, these policies must promote the development of suitable institutional systems and management mechanisms to ensure efficient preparation for and responses to climate change.

Secondly, there should be mainstream climate change adaptation strategies into sustainable development and or agendas of CARICOM member states (McConney et al. 2015). It becomes highly recommended that adaptation policies and mechanisms be integrated into national policies. This would ensure that states are implementing strategies to safeguard their citizens against the ills of climate change. These adaptation responses must be consistent with the national social, economic, and environmental developmental goals. Additionally, efforts must be made to promote and create an institutional, administrative, and legal environment, which supports the successful realization of climate change adaptation activities.

The implementation of the climate change policy must be in accordance with best industry practices in relevant aspects of policy implementation. The proper execution would also involve the participation of all government ministries and agencies. Accordingly, the government will ensure that this policy is integrated into existing and proposed sectoral policies and that relevant legislation is drafted and amended. The implementation of this policy would be through the establishment of applicable strategies and action plans implementable over a period of time. The government will adopt strategies and actions that are environmentally sustainable and compatible with economic growth and social development.

Thirdly, promote the implementation of specific adaptation measures to address key vulnerabilities in the region (McConney et al. 2015). In this regard, it is important to educate the citizenry on the issues of climate change. In some cases, citizens are unaware of national issues, thus leading them to act rashly toward or distrusting of new institutional adjustments. To address this issue, it is critical that citizens be sensitized on the vulnerabilities of their states and proposed future solutions. Consequently, citizens and policy makers would make decisions grounded in fact. A part of this process is how to promote actions to reduce GHG emissions through fossil fuel reduction, conservation, and changing to renewable resources.

It is essential to promote and encourage actions that reduce the vulnerability of natural and human

systems in the Caribbean countries to the impacts of a changing climate. According to McConney et al., one must reduce vulnerability to climate change (ibid). As stated prior, reducing vulnerability has several parts: identification of personal vulnerabilities, assessing those vulnerabilities, and finding solutions that would help the state to cope with the said vulnerabilities. Furthermore, the establishment of Caribbean Community Climate Change Centre can support the implementation of strategy. As citizens become aware of the dangers of climate change, implementation of strategic action would benefit each nation according to their strengths and weaknesses. The Caribbean has formulated its plan of action, but it needs support from every member nation to succeed.

## Conclusion

Generally, it is acknowledged and recognized that climate change poses many challenges for the Caribbean region. Therefore, CARICOM nations must find methods to adapt to our changing ecosystems by improving lives. Of course, adapting to climate change is costly and requires changes in societal customs and behavior. Due to wide range of insecurities associated with climate change, the adoption of no-regrets principle is important in order to use and manage limited resources practically and to deal with the many changes associated with climate change in the region. In spite of the wide range of adaptation options that could be successfully implemented in the region, some basic challenges limit the range of options and their implementation.

A changing climate makes the process of adaptation more urgent for the Caribbean. Undoubtedly, it is only when adaptation strategies and policies are implemented will the region's vulnerability be diminished. Important to note is that climate change mitigation activities could assist sustainable development initiative and other spin-off benefits such as decreased air pollution, improvement in the balance of trade, modernized energy services for rural areas, lessening environmental threats as a result of fossil fuel pollution, and the creation of more jobs. Furthermore, most Caribbean countries rely on expensive imported fossil fuels and savings accrued from renewable energy, and energy efficiency measures may allow scarce resources to be channeled to adaptation activities.

Generally, there are some obstacles which hinder the capacity of the Caribbean countries to effectively respond to the effects of climate change. These include inadequate data or information and technical capacity for timely and effective adaptation planning, weak institutional capacity, and limited financial resources. There is also a lack of information on likely changes in climate and human systems at the small-island scale. As a result, most of these nations have not embarked on an in-depth study of the impact of climate change and assessment of vulnerability in a cohesive and integrated manner. Without such analyses, it remains challenging to devise solid adaptation policies, strategies, and programs.

With the Caribbean countries facing a variety of pressing economic and social challenges, however, there is an urgent need for a well-structured institutional framework to address climate change adaptation issues across sectors and scales. Hence, strengthening institutional capacity remains an important prerequisite for the effective planning and implementation of adaptation strategies at national levels. Some of the adaptation options identified for these countries may be costly and beyond their financial capacity. The governments of these countries will therefore need international assistance to facilitate more detailed research into traditional and generally less costly forms of adaptation.

## References

Aginam O (2011) Climate change diplomacy and small island developing states. Retrieved from http://ourworld.unu.edu/en/climate-change-diplomacy-and-small-island-developing-states

Ahmed M, Chong CK, Cesar H (2005) Economic valuation and policy priorities for sustainable management of coral reefs. World Fish Center, Penang

Caribbean Development Bank (2014) Caribbean economic reveiw and outlook. Economics Department CDB, Wildey, St. Michael

Confalonieri U, Menne B, Akhtar R, Ebi KL, Hauengue M, Kovats RS, Revich B, Woodward A (2007) Impacts, adaptation and vulnerability. Contribution of working group II to the fourth assessment report of the

intergovernmental panel on climate change. In: Ebi KL, Hauengue M, Sari Kovats R, Revich B, Akhtar AWR (eds) Human health climate change. Cambridge University Press, Cambridge, pp 391–431

Conway E (2011) What's in a name? Global warming vs. climate change, NASA. https://www.nasa.gov/topics/earth/features/climate_by_any_other_name.html. Accessed 28 Dec 2016

International Energy Agency (2015) Energy and climate change. OECD, Paris

McConney P, Charlery JD, Pena M, Philips T, Van Anrooy R, Poulain F, Bahri T (2015) Disaster risk management and climate change adaptation in the CARICOM and wider Caribbean region. Food and Agriculture Organization of the United Nations, Rome

National Oceanic Atmospheric Administration (2007) NOAA National Climatic Data Center. http://www.ncdc.noaa.gov/oa/climate/. Accessed 20 Oct 2015

United Nations Environment Programme (2008) Climate change in the Caribbean and the challenge of adaptation. Regional Office for Latin America and the Caribbean, Panama City. Accessed 22 Mar 2016

UNFCCC (1994) United Nations framework convention on climate change handbook. Intergovernmental and Legal Affairs, Climate Change Secretariat, Bonn

UNFCCC (2006) United Nations framework convention on climate change handbook. Intergovernmental and Legal Affairs, Climate Change Secretariat, Bonn

## Climate Change, Agricultural Productivity, and Farmers' Response in India's North-East

Utpal Kumar De
Department of Economics, North-Eastern Hill University, Shillong, Meghalaya, India

### Synonyms

Climate change adaptation; Farmer's response to climate change; Innovation in agriculture

### Introduction

Agricultural productivity and pattern of crop diversity across regions have been subject to the changing agroclimatic conditions of respective regions (Peng et al. 2004; Aufhammer et al. 2006, 2011; Kar et al. 2004; Wejnert 2002; Deschenes and Greenstone 2007; Feng et al. 2010; De and Bodosa 2014). As changing production condition leads to the variation in productivity of crops, it also affects farmer's option for diversification of land use in an optimum manner. Also, uncertainty on account of market information gap disallows farmers to adopt appropriate crop diversification (Ellis 1989; Anderson 2003) and adopt new technology (Rasul et al. 2004; Knowler and Bradshaw 2007; Teklewold et al. 2006). However, productivity growth and crop diversity are closely linked with the agricultural prosperity and hence agro-economic development of a country (Kasem and Thapa 2011; Hutagaol 2006; Pingali 2004). Under changing climatic conditions, the agricultural sustainability of any region depends on farmers' capability to adapt to the changing climatic conditions and moderate its adverse impacts on the agricultural performances of that region.

Adaptation to climate change refers to adjustments to practices, processes, and systems to minimize current and/or future adverse effects of climate change and take advantage of available opportunities to maximize benefits (Eriksen et al. 2011; Pauliotte et al. 2009). Adaptation and mitigation in agriculture requires local responses. Selection of crop variety and diversification, date of planting, harvesting, tillage, fertilization, etc. are some possible adaptation strategies to changing climatic pattern. However, farmers' adaptability to the changing climate and choice of suitable cropping pattern largely depends upon their awareness and skill to anticipate the expected situation that is highly dependent on their education, available information, training, extension services by the outside agencies regarding climate change and assets, and access to appropriate agro-technology and agro-infrastructure (IPCC 2007a; Anselm and Taofeeq 2010; Onyeneke and Madukwe 2010; Adensina and Forson 1995; Krishnamurthy 2012). Moreover, innovative agricultural practices and technologies can play an important role in climate mitigation and adaptation. This adaptation and mitigation potential is nowhere more pronounced than in developing areas like North-East India where agricultural productivity remains low; poverty, vulnerability, and food insecurity remain high; and the direct effects of climate change are expected to be especially harsh (Lybbert and Sumner 2010).

Assam is the largest agrarian state in North-East India dominated by small landholdings (average 1.2 ha; GoA 2012–2013) with high weather dependence and substantial agricultural diversity. Climate of Assam region recorded gradual changes over time as reflected in uncertain variations in rainfall, rising temperature, and erratic humidity level. In recent years, the highest level of precipitation is observed in Assam (De and Bodosa 2014) either in pre-normal monsoon months of March–May or during post-monsoon months of August–October, resulting untimely devastating floods. Flood is a common phenomenon of Assam and Dhemaji, Lakhimpur, Nagaon, and some other districts are highly flood prone. Moreover, both maximum and minimum temperature has been observed to increase consistently, and the winter months recorded faster growth across different parts of the state. Needless to say that rising uncertainty in monsoon rainfall and temperature seriously affect pattern of agricultural activities undertaken by the farmers and their livelihood conditions as well. It thus necessitates appropriate preparedness and continuous adaptation in the crop and non-crop activities for the reduction in risk and best possible livelihood practice in the region.

Changing climate and extreme climatic behavior like sudden floods and droughts has extensive impacts on the agricultural activities and its productivity which would compel rural farmers to shift their existing cropping pattern to reduce risk (Aufhammer and Vincent 2012; De and Chattopadhyay 2010). Agricultural performance of any region is highly vulnerable relatively to the variability in local climate across its different locations rather than in global climate patterns that raises risk and uncertainty (IPCC 2007b; Ye et al. 2013). Under growing uncertainty, maintenance of agricultural productivity depends on the adaptability of the farmers with the changing weather pattern over the years. Farmers of the developing countries, especially in rural areas, are supposed to be hardest hit to the extreme climatic events such as floods and droughts for the reduction in crop yields in most tropical and subtropical regions that also happens due to changes in water availability (Adger et al. 2003; IPCC 2007a; Tanner and Mitchell 2008). Rural poor normally have limited adaptation choices including very limited options to diversify cultivation of crops. At the same time, they are more vulnerable than the rich farmers to agricultural disruptions, and they lack in access to improved technologies such as flood- and drought-resistant varieties of seeds or crop insurance, lack of access to capital and knowledge. However, most of those farmers are aware of the fact that greater crop diversity and mixed farming (crops and livestock) offer considerable protection against farming risk, including climate-related risk (FAO 2011). In order to get rid of such climate change risk or climate extremes, continuous adaptation is inevitable. Crop diversity is the agriculture's greatest way of adaptation and the foundation for future efforts to feed the world (Kyte 2014). It is therefore important to analyze farmers' perception and awareness about crop diversification as their adaptation actions followed toward climate change scenario in the region. Though there are several studies on the process of diversification of crops along with the other resources to deal with the changing weather pattern, agro-technology, and infrastructure for a sustainable agricultural growth (Krishna et al. 1991; Bastine and Palanisami 1994; Dale 1997; Hazra 2001; De 2003; Mehta 2009), the analysis on adaptation measures adopted by the farmers in response to changing weather pattern, different agro-technologies, and risk and uncertainty on account of the climate extremes is rare.

## Changes in Agroclimatic Condition of Assam

Assam is well known for its diverse sub-Himalayan agroclimatic conditions which is suitable for the growth of varieties of crops across the districts. The climatic conditions in the state also changed significantly over the years and that to some extent led to the variation in crop cultivation but not observed to be in line with the growth process as expected from a progressive agricultural economy. Here, temporal variation in major components of weather like rainfall and -max-min temperature during 1950–2010 is observed.

Thirty one years' average figures of monthly average minimum and maximum temperature show a rise in minimum temperature in the range of 1.1–1.3 °C while a rise of maximum temperature from 0.7 °C to 1.8 °C. Also, variation in average minimum temperature across the months of the year declined significantly the rate along with the rising yearly average minimum temperature over the years. Thus, an inverse relation is revealed between the yearly average temperature and the seasonal variation in minimum temperature. This is an indication of gradual convergence of seasonal temperature with global warming in the state. However, there is insignificant change in month-wise variation in maximum temperature with rising trend, which is subject to significant volatility in the prime monsoon months that starts little early than the normal monsoon season of Indian plains. Zone-wise variation in minimum temperature has also been rising at a faster rate than the maximum temperature. This growing regional variation is also associated with increasing volatility.

Yearly rainfall also declined during the last six decades. Not only that, its seasonal pattern has been changed and the monthly rainfall reaches its peak alternately in June, July, or August. Three decades' average rainfall in the peak months declined from 486.2 mm during 1950–1980 to 444.7 mm during 1980–2010. Despite the fall in total annual rainfall, occurrence of flood became erratic for heavy concentration of rainfall in a few days when maximum portion of rainfall of the season occurs. The share of the annual rainfall that occurred during the peak monsoon months declined over time. Not only having interzonal skewed distribution of rainfall, the month-wise variation in rainfall also increased significantly in the high rainfall areas, while that of low rainfall area declined. In Lakhimpur and Dhemaji zone, monsoon rainfall has increased continuously over the years during Kharif season, and thus incidence of flood and its severity also increased that has more damaging impact on the late summer and autumn crops. In Karbi Anglong and N.C. Hills, rainfall over the years shows more erratic pattern, and thus farmers avoided settled paddy cultivation even in low lying areas in order to avoid uncertainty, and the diversity pattern shows people's preference for more tea, horticulture, and ericulture on the basis of wildly grown host plant, castor. Gradually, farmers in other areas also tried to switch over to the short period, more resistant crop varieties to reduce the risk of cultivation due to changing frequency, intensity, and timing of occurrence of rain and flood emanated from the long-term changes in climatic condition, which has been closely associated with the changing relative humidity and temperature variation across the months and regions over the years.

## Spatio-temporal Variation in Composite Agricultural Productivity

The overall agricultural productivity as measured by *Composite Productivity Index* (CPI) (De 2003) varies significantly across the zones of the state and over time, respectively. The range of spatial variation is found to be increased from 1951–1952 to 1971–1972, and thereafter it declined and stabilized.

The Lakhimpur, Karbi Anglong, and N.C. Hills were at the top three positions in respect of overall agricultural productivity during 1951–1952 to 1981–1982, and Kamrup was at the bottom position in the relative ranking. Remarkable achievement in overall productivity index has been found in case of Cachar, which has jumped over many other districts in this respect after 2000. Also, Kamrup progressed a lot in this respect. "Various convergence measures" suggest district level convergence of overall agricultural productivity, particularly during 1951–1952 to 1976–1977 and stabilized after that till 2010–2011).

### Land Use Pattern and Area of Operational Holdings in the Sample Village

In order to understand the farmers' response to changing climatic condition, a primary survey was conducted in two extremely opposite agroclimatic districts, Kokrajhar and Dhemaji. Kokrajhar never faced any drought or flood, while Dhemaji regularly faces severe flood, and farmers need to adjust with changing climate for survival. Information was collected from

300 farmers belonging to six villages (three each of those two districts). One of the important characteristics of the survey villages is that the chosen farm families are mostly small (more than 1 ha but less than 4 ha) and marginal (below 1 ha) farmers. Also, there is nonuniform distribution of cultivated area among farming households in all the villages. About 66% and 65% of the respondent farmers in Kokrajhar and Dhemaji districts, respectively, are small holders. However, more than 25% of farmers have landholdings between 30.0 and 75.0 bighas in Dhemaji district, while about 7% of the farmers in Kokrajhar belong to that group. It also indicates the presence of common land-leasing practice in all those villages. The landholdings are not only small in size but also fragmented into many parcels due to subdivisions on account of breakdown of the joint family system and law of inheritance. The lease-out and lease-in phenomena are found to be more prominent among the marginal and small farmers. However, lease on short-term contracts and substantial fraction of croplands would lead to fewer incentives for investments in soil conservation by the operators. However, owner farmers have more capacity to adopt new technologies frequently than owner-cum-tenant and tenant farmers (Habiba et al. 2012). Moreover, it is widely believed that land ownership encourages adaptation of technologies like irrigation, application of fertilizer, etc. Farmers adapt their choice of farm type and irrigation to their local climate that treats the choice of crops, livestock, and irrigation as endogenous factors (Mendelsohn and Seo 2007).

### Cropping Pattern in the Sample Villages

Various types of crops are cultivated by the respondent farmers in different seasons. Generally, paddy, oilseeds, sugarcane, potato, etc. are grown abundantly in the study area, and cultivation of areca nut, bamboo, and banana is also observed almost in all the villages. Though different food and non-food crops are grown by them, over 82% of area is found to be allocated for food grains in the two consecutive preceding years, i.e., in 2011–2012 and 2012–2013. It is also observed that the farmers in Dhemaji district are cultivating proportionately more food-grain crops than Kokrajhar.

Rice occupies the predominant place in the total cropped area, and mustard is the second most important crop. Share of non-food gains is still very less (merely 18% of GCA). This is an indication of very poor level of diversification and that toward inferior crops, which happens only when there is a lack of basic inputs like irrigation, access to capital, and other technology. However, there is significant inter-village variation in allocation of land toward non-food crops including jute, areca nut, sesamum, mustard, bamboo, and tea. Most of the farmers in Dhemaji district utilize a part of their cultivable land for mustard, bamboo, and areca nut. This may be due to the occurrence of floods in rainy seasons that force the poor farmers to cultivate early some winter crops but less capital intensive and cultivate bamboo that can sustain in flood and protect homelands from the flood. However, for non-food-grain crops, it is irrigation that is important, as many of these crops are highly water intensive. Potato and chilly are grown mostly for home consumption like other vegetable crops by the farmers in the study area. All these above reflect the non-arrival of the Green Revolution technology at desired level, and the rural farmers have not yet fully adapted to the modern methods of cultivation.

Another important feature of surveyed area is that most of the farmers follow single cropping system. The low incidence of double cropping is due to the prevalence of traditional and subsistence farming depending primarily on rainfall with very limited irrigation facility, use of chemical fertilizer, and flood and pesticide control arrangements. However, out of 24 varieties of crops cultivated in these two sample areas, most of the farmers (62%) in Dhemaji district are found less diverse in cropping pattern. Whereas, Kokrajhar district are more diverse as compared to Dhemaji and growing relatively more number of crops (over 70%). Moreover, there is great variation in the pattern of diversification across the villages in both the districts. This variation is in line with the disparity in share of income generated from the crop-raising activities. However, some varieties of rice are found to be grown by the sample farms.

Overall, about two-third of the total sample farmers are agriculturally low crop diversified.

However, farmers in Dhemaji district are relatively more diversified than that in Kokrajhar. It may be due to the impact of extreme climate hazards (especially regular flood) in the area. Another reason is the less availability of farm land or farm size in Kokrajhar that constrained many farmers to diversify toward many crops and more equitably. The low-diversified farm families have an average farm size of only 14.54 bigha, while the high-diversified farm families have an average farm size of 24.95 bigha. Per capita income of those high-diversified families is much more than that of the low-diversified families. Total area under cultivation and degree of diversification have significant positive impact on the earning from agriculture, while with rising number of agricultural laborer adversely affect the agricultural earnings of the families.

## Measures Adopted to Mitigate Climate Risk in the Study Area

This section tried to focus on farmer's perceptions and adaptation strategy followed in Assam. It provides information on the farmer's response to climate change and possible factors that influence their adaptation of strategies to moderate extreme climate impacts. Diversification of crops is one of the important adaptation measures where with the changing climatic conditions farmers can choose suitable cropping pattern over the years to adjust with the changing climate and simultaneously maximize returns from agriculture in their respective region. However, geographical locations and socioeconomic conditions have important influence on the farmer's adaptability with the changing technology and climatic conditions in diversifying their crops. Sources of acquiring new knowledge or information about agricultural technologies and their cost effectiveness are important factors that also affect technology adoption. However, most of the farmers in Assam particularly the tribal farmers (Since Kokrajhar and Dhemaji are tribal-dominated districts and sample farm households are mostly tribal farmers in these districts) are unaware of many programs sponsored by the government to promote adaptation of new technologies. It may be due to the lack of dissemination of information or knowledge regarding agricultural techniques. These farmers being more tradition ridden and conservative are found to be less responsive toward the adoption of new agricultural technology. However, some farmers are ready to adopt new agricultural technology (as observed from foregoing discussions) but are not in a position to adopt the improved technology at the full scale due to certain socioeconomic constraints faced by them in their daily life. Even then they have used some sort of modern implements on hiring basis with their limited capacity. Usually, farmers produce both the modern and traditional varieties of crops simultaneously depending upon the availability of seeds and capital.

Experience of last 5 years by the respondents reveals that the entire Kokrajhar district has never been affected by floods but rarely do they face drought. Thus, no damage of crops due to extreme climatic hazards is reported by the farmers in the district as a whole. However, drought-like situation damages some crops in southern parts of the district (Ubrijhora area), and damage of some crops of a few farmers due to pests and insects are reported for the last 5 years. On the other hand, farmers of Dhemaji district reported damage of their crops due to regular floods. Thus, farmers of Kokrajhar district hardly followed any adaptation measure to save their crops from floods and droughts in the last 5 years as the farmers have not been affected by these climatic hazards severely in the past. On the other hand, farmers of Dhemaji district reported several adaptation measures to save their crops particularly from floods that occur frequently every year and at different times. Most of the respondents adopt early cultivation method and cultivate short-period crops to save from floods and harvest early. They argued that early land preparation and plantation is associated with increased chances of survival of the crops (mainly winter paddy) from floods. Over three-fourths of the respondents preserve seedlings for sowing again if the crop is damaged due to flood during the peak monsoon time.

Farmers have reported to have changed their cultivation of crops (whatever possible) in the last two decades (i.e., 1990–1991 to 2012–2013) for

various reasons. Some farmers (18%) of Kokrajhar district have changed traditional varieties to newer crops due to availability of HYV seeds; 83% of the respondents of the same district changed cropping pattern to earn more profit. Some of them cited lower cost of cultivation for changing cropping pattern. No weather-resistant crop varieties have been chosen by the farmers of Kokrajhar district. On the other hand, risk factors (19.33%), earning profits (46%), lower cost of cultivation (31%), and weather resistance (4%) are cited to be the prime reasons for adopting newer varieties of crops during the last 20 years by the respondent farmers of Dhemaji district.

It thus clearly indicates that, despite a number of constraints faced by the farmers in the study area, there is enormous scope to diversify their crops, and adaptability varies across the space with the changing technology and environment. Adaptation and disaster mitigation requires adequate knowledge, access to suitable technology, capital, and appropriate policy measures. A failure in adaptation with the changing climatic uncertainty may lead to socioeconomic disaster and jeopardize the livelihood security of the people particularly those who are dependent more on natural weather for agricultural activities.

## Adaptability of Farmers in Response to Climate Change

Agricultural adaptation to climate risk is a relatively new field of inquiry in North-East India. Knowledge of the respondent farmers and farm size and area of holdings and share of family income from agricultural activities are found to be important factors for the diversification by the farmers. Training to the farmers and irrigation intensity however do not significantly influence crop diversity here. This may be due to the fact that training on cultivation of particular crops makes the farmers proficient on some specific crops and not on diversification needs. Also slowly growing irrigation facilities helped the small and marginal farmers to go for some staple food crops for food security, and agriculture is still at subsistence stage.

In respect of adaptation, looking at the features of the farmers, it is observed that the level of education of the heads of households improves level of adaptation. Education generally increases knowledge and helps farmer to gain adaptive capacity to the changing climatic conditions and use of appropriate agro-technologies. The size of operational holding of the farmer (total cropped area) and years of cultivation experience also have significantly positive impacts on adaptation. The implication is that adaptive capacity of farmers increases with the increasing size of the landholdings and cultivation experience. However training of the farmers is found to have no impact on adaptation as the training conducted by the concerned departments are basically held to train farmers on raising crop productivity through theuse of modern technology rather than on adaptation and awareness strategy toward climate change in Assam.

It is therefore clear that size of holdings and education level of the farmers are important factors for the extent of diversification and adaptation of crops with the climate change in different districts of Assam. This is in conformity with the results obtained by some other researchers not only in India but in some other countries as well (Pingali et al. 1997; Mendelsohn and Seo 2007; De and Chattopadhyay 2010; Anselm and Taofeeq 2010; Onyeneke and Madukwe 2010, Sahu and Mishra 2013).

The above discussion reveals that, in spite of many problems and limitations, the rural farmers of Assam manage to raise varieties of crops under rain-fed weather condition depending upon their availability of resources. One of the major factors hindering the proper utilization of new farm technology is the dominance of scattered tiny plots (marginal and small in size) in the state. It is needless to mention that training of farmers on available modern technology can go a long way in accelerating the agricultural production and productivity.

Most of the farmers are found to be risk averter and are skeptical in trying new varieties. It is also observed that farmers are not aware of the concept of crop planning, and the effort of the agriculture department to train the farmers is inadequate. As expected in the traditional cropping system, thus crop diversification is limited as the farmers do not have suitable facilities and supporting agro-

infrastructure. Lack of climatic change perception of the farmers in the study area of Kokrajhar is due to limited climate change effects in the area. Nature of adaptation with the changing technology and climatic conditions by some sample farmers of Dhemaji however proves that farmers are eager to adopt newer technology in their cropping activities to save their crops and moderate climate change impacts.

## Concluding Remarks

The above discussion clearly indicates significant changes in climatic variables like minimum and maximum temperature in Assam that is associated with high degree of seasonal and regional variations over time. Share of peak rainfall season has also declined with rising fluctuations and reduction in overall annual rainfall. There is slow growth of overall agricultural productivity, which is associated with significant regional convergence. Due to uncertain weather changes, crop diversification as a measure of moderating climate change effect is found to be far from the scope.

Cultivation of a large number of crops indicates the suitability of agroclimatic environment in Assam. Majority of the farmers are small landholders, and their income from crop and non-crop activities is not enough to meet their subsistence, and they produce only a few specialized crops which are vulnerable to uncertain weather changes. Suitable diversification can stabilize the farm income by minimizing the risk associated with only one crop.

Moreover, there is urgent need for restructuring the existing crop sequences so as to make suitable adjustment to changing climatic condition in flood-prone districts of Assam. Hence, emphasis should shift toward growing more *rabi* crops with assured irrigation support. There is ample opportunity for increasing the production of summer rice and short-duration paddy in the sample area in particular and Assam in general. For introduction and popularization of new crop varieties, adoptive and result-oriented field demonstration may be encouraged. In the flood-prone areas, short-duration variety of paddy may be cultivated and harvested early to avoid flood damages. Adaptation options such as irrigation management and promotion of improved crop varieties are only viable if there is external support. However, there is a need to focus not only on technical aspects but also social dimensions such as perceptions of smallholder farmers. Government and policy makers should support farmers to generate long-term and location-specific adaptation strategies, and therefore, major thrust should be given on the development of irrigation, easy reach of modern agro-inputs, and provisions of location-specific and need-based solutions to support crop diversification.

## References

Adensina AA, Forson JB (1995) Farmers' perceptions and adaptation of new agricultural technology: evidence from analysis in Burkina Faso and Guinea West Africa. Agric Econ 13:1–9

Adger WN, Hug S, Brown K, Conway D, Hume M (2003) Adaptation to climate change in developing world. Prog Dev Stud 3(3):179–195. https://doi.org/10.1191/1464993403ps060oa. Accessed 15 Mar

Anderson JR (2003) Risk in rural development: challenges for mangers and policy makers. Agric Syst 75:161–197

Anselm AE, Taofeeq AA (2010) Challenges of agricultural adaptation climate change in Nigeria: a synthesis from the literature. Field Actions Sci Rep [online] 4. Available at http://factsreports.revues.org/678. Accessed June 2011

Aufhammer M, Vincent JR (2012) Unobserved time effects confused the identification of climate change impacts. Proceedings of the National Academy of Sciences of the United States of America, July 24, 109: 11973–11974

Aufhammer M, Ramanathan V, Vincent J (2006) Integrated models show that atmospheric brown clouds and greenhouse gases have reduced rice yields in India. https://doi.org/10.1073/pnas.0609584104. Accessed Nov 2014

Aufhammer M, Ramanathan V, Vincent J (2011) Climate change, the monsoon, and rice yield in India. Clim Chang. https://doi.org/10.1007/s10584-011-0208-4

Bastine CL, Palanisami KP (1994) An analysis of growth trends in principal crops in Kerala. Agric Situat India 48(12):885–891

Dale VH (1997) The relationship between land-use change and climate change. Ecol Appl 7(3):753–769

De UK (2003) Economics of crop diversification. Akansha Publishing House, New Delhi

De UK, Bodosa K (2014) Crop diversification in Assam and use of modern inputs under changing climatic condition. J Clim Weather Forecast 2(2):1–14. Available at http://www.editorialmanager.com/environsci/default.asp. Accessed Feb 2015

De UK, Chattopadhyay M (2010) Crop diversification by poor peasants and infrastructure: evidence from West Bengal. J Dev Agric Econ 2(10):340–350

Deschenes O, Greenstone M (2007) The economic impacts of climate change: evidence from agricultural output and random fluctuations in weather. Am Econ Rev 97(1):354–385

Ellis F (1989) Peasant economics: farm households and agrarian development. Cambridge University Press, New York

Eriksen S, Aldunce P, Bahinipati CS, Martins RD, Molefe JI, Nhemachena C, O'brien K, Olorunfem F, Park J, Sygna L, Ulsrude K (2011) When not every response to climate change is a good one: identifying principles for sustainable adaptation. Clim Dev 3:7–20. https://doi.org/10.3763/cdev.2010.0060. Accessed Mar 2015

FAO (2011) Save and grow: a policymaker's guide to the dustainable intensification of smallholder crop production. Food and Agriculture Organization, Rome

Feng S, Krueger AB, Oppenheimer M (2010) Linkages among climate change, crop yields and Mexico-US cross-border migration. http://www.pnas.org/cgi/doi/10.1073/pnas.1002632107

Government of Assam (2012–13) Economic survey, Directorate of Economics and Statistics, Assam

Habiba U, Show R, Takeuchi Y (2012) Farmer's perception and adaptation practices to cope with draught: perspectives from north-western Bangladesh. Int J Disaster Risk Reduct 1:72–84

Hazra CR (2001) Diversification in Indian agriculture. Agric Situat India 58(9):409–418

Hutagaol P (2006) Agricultural diversification and self-sufficiency. UNESCAPCAPSA, Indonesia. CGPRT Flash 4(4):1

IPCC (2007a) Climate change 2007: impacts, adaptation and vulnerability. Cambridge University Press, New York

IPCC (2007b) Climate change: synthesis report, contribution of working groups I, II and II to the fourth assessment report of the international panel on climate change, Geneva

Kar G, Singh R, Verma HN (2004) Alternative cropping strategies for assured and efficient crop production in upland rainfed rice areas of eastern India based on rainfall analysis. Agric Water Manag 67:47–62

Kasem S, Thapa GB (2011) Crop diversification in Thailand: status, determinants, and effects on income and use of inputs. Land Use Policy 28:618–628

Knowler D, Bradshaw B (2007) Farmer's adoption of conservation agriculture: a review and synthesis of recent research. Food Policy 32:25–48

Krishna M, Vasisht AK, Sharma BM (1991) Growth and instability in Kerala agriculture. Agric Situat India 46(1):168–173

Krishnamurthy BC (2012) The distributional impacts of climate change on Indian agriculture: a quantile regression approach. Working paper 69/2012, May, Madras School of Economics, Chennai

Kyte R (2014) Crop diversity is key to agricultural climate adaptability. Available at http://blogs.scientificamerican.com/guest-blog/crop-diversity-is-key-to-agricult ural-climate-adaptation/. Accessed May 2015

Lybbert T, Sumner D (2010) Agricultural technologies for climate change mitigation and adaptation in developing countries: policy options for innovation and technology diffusion. International Centre for Trade and Sustainable Development (ICTSD), Issue brief no. 6. http://www.ictsd.org/sites/default/files/research/2010/06/agricultural-technologies-for-climate-change-mitigation-and-adaptation-in-developing-countries web.pdf. Accessed Mar 2015

Mehta PK (2009) Role of crop diversification in output growth in India: a state-level analysis ICFAI. Univ J Agric Econ 6(2):1–18

Mendelsohn R, Seo SN (2007) Changing farm types and irrigation as an adaptation to climate change in Latin American agriculture, policy research working paper 4161. Word Bank, Washington, DC

Onyeneke R, Madukwe D (2010) Adaptation measures by crop farmers in the southeast rainforest zone of Nigeria to climate change. Sci World J 5(1):32–34

Pauliotte J, Smith B, Westerhoff L (2009) Adaptation and development: livelihoods and climate change in Subarnabad. Bangladesh Clim Chang Dev 1:31–46. https://doi.org/10.3763/cdev.2009.0001. Accessed Mar 2015

Peng SB, Huang JL, Sheehy JE, Laza RC, Visperas RM, Zhong XH, Centeno GS, Khush GS, Cassman KG (2004) Rice yields decline with higher night temperature from global warming. http://www.pnas.org/content/101/27/9971.short

Pingali P (2004) Agricultural diversification: Opportunities and constraints. FAO rice conference, 12–13 Feb 2004. Agricultural and development economics division, Food and Agriculture Organization of the United Nations, Rome

Pingali PL, Hossain M, Gerpacio RV (1997) Asian rice bowls- the returning crisis? CAB International, Wallingford

Rasul G, Thapa GB, Zoebisch MA (2004) Determinants of land-use changes in the Chittagong Hill tracts of Bangladesh. Appl Geogr 24:217–240

Sahu NC, Mishra D (2013) Analysis of perception and adaptability strategies of the farmers to climate change in Odisha, India. 5:123–127. Available at www.elsevier.com/locate/procedia. Accessed 15 Mar

Tanner T, Mitchell T (2008) Entrenchment or enhancement: could climate change adaptation help to reduce chronic poverty? Inst Dev Stud Bull 39:6–15

Teklewold H, Legesse D, Alemu YA, Negusse D (2006) Adopting poultry breeds in the highlands of Ethiopia. Research report, Ethiopian Institute of Agriculture Research

Wejnert B (2002) Integrating models of diffusion of innovations: a conceptual framework. Annu Rev Sociol 28: 297–326

Ye L, Tang H, Wu W, Yang P, Nelson GC, D'Croz DM, Palzzo A (2013) Chinese food security and climate change: agriculture futures, economics, The Open-Access, E-J, no. 2013–2

# Coastal Zone Hazards Management

Claire Connolly Knox
University of Central Florida, Orlando, FL, USA

## Synonyms

Climate change; Coastal zone management; Flooding

## Definition

The coastal zone is generally referred to as the area where the sea meets the land. The formal definition, as stated in Section 304 of the Coastal Zone Management Act of 1972, is:

> the coastal waters (including the lands therein and thereunder) and the adjunct shorelands (including the waters therein and thereunder), strongly influenced by each other and in proximity to the shorelines of the several coastal states, and includes islands, transitional and intertidal areas, salt marshes, wetlands, and beaches.

There are 95,439 miles of shoreline in the United States and some states are primarily comprised of a coastal zone – the entire state of Florida is considered to be in the coastal zone.

## Introduction

Historically, coastal areas have been popular for a number of reasons, including trade and commerce with ports; mineral and resource extraction; and ecotourism with recreational activities, such as fishing, sunbathing, and birdwatching. The coastal zone remains a popular place to live. Globally, nearly 3 billion people are living within 100 miles of a coastline. In the United States, approximately 165 million US residents live in the coastal zone. Specifically, 23 of 25 most populous US counties are coastal and the trends are increasing. Between 1970 and 2010, the largest age demographic to move to coastal communities was 65 years and older; this demographic experienced an 89% increase (NOAA 2013). Hispanics and Latino populations increased by 211% between 1980 and 2010 in coastal communities (NOAA 2013). By 2020, there will be an additional 11 people per square mile living in the coastal zone, or approximately 10 million more people (NOAA 2012). These coastal zones are economically significant. For example, US coastal counties have contributed approximately 70 million jobs and $9.5 trillion to the gross domestic product (NOAA 2015). While the coastal zone is popular and productive, it has experienced multiple and costly human caused and natural disasters. For example, since 2000, disasters have cost the United States nearly $414 billion and 2,700 deaths with a majority of the disasters directly affecting coastal counties (FEMA 2015).

Globally, these zones are comprised of many different types of ecosystems and habitats, including estuaries, sandy beaches, coastal wetlands, lagoons, tidal marshes, reef and barrier islands, coastal deltaic plains, mangrove forests, and cliffs. They also serve aquifer recharge zones, wildlife habitat, fishery nurseries, and storm buffers. Losing these habitats results in a loss of these valuable ecosystem services. In fact, a majority of the 36 biodiversity hotspots are located in a coastal zone. These hotspots are biogeographic areas with more than 1,500 endemic vascular vegetation, experiencing at least 70% loss of its original habitat, and remaining threatened (Myers et al. 2000). In 2016, the North American Coastal Plain was designated the latest, and one of the largest, biodiversity hotspots. A combination of increased human population and sea-level rise has contributed to approximately 85.5% natural vegetation loss or alteration (Noss 2016).

## Coastal Zone Hazards

Managing hazards in the coastal zone involves the intersection of multiple disciplines including emergency management, urban and regional planning, public administration and policy, engineering, and environmental management. An

interdisciplinary approach is needed to directly plan for, mitigate, and manage human caused and natural hazards directly and indirectly affecting coastal communities and ecosystems around the world. Human caused hazards include oil spills, human development, climate change, and pollution, while natural hazards include hurricanes, tsunamis, sea level rise, earthquakes, flooding, erosion/land loss, and invasive species.

## Case Study: Louisiana

Louisiana has lost approximately 1,900 square miles of coastal land since the 1930s and is projected to lose an additional 500 square miles in the next 50 years. Similar to other coastal regions, this coastal zone contains 49% of the state's population and 40% of the nation's wetlands. This coastal zone has been challenged with land subsidence and sea level rise at the average rate of 16 square miles per year – one of the highest rates in the world.

Three primary factors contribute to saltwater intrusion that destroys freshwater vegetation and leads to further erosion:

- Multiple hurricanes (specifically Katrina and Rita in 2005, Gustav in 2008, Isaac in 2012) have destroyed vegetation and force salt water into a fresh or brackish ecosystem.
- After the Flood of 1927, the US Army Corps of Engineers leveed the Mississippi River to the outer continental shelf. This prevents freshwater and sediments from entering the wetlands, which can rebuild land and push back the salt water.
- An active oil and gas industry have cut canals into the wetlands allowing salt water to move deeper into the wetlands (thereby killing freshwater or brackish vegetation). The removal of underground resources increases the subsidence rate.

The hurricanes and Deepwater Horizon Oil Spill created $120.85 billion in damages, resulted in nearly 2,000 deaths, and destroyed 217 square miles of wetlands. In addition, nonpoint sources of pollution from the central United States combine in the Mississippi River and cause the world's largest, reoccurring dead zone measuring 6,824 square miles (approximately the size of the state of Connecticut). These coastal hazards have negatively impacted the communities economically, socially, and environmentally with recovery expected to last years if not decades.

Experts predict that portions of the coastal zone will not recover. In fact, the first US federally funded climate refugees are from Isle de Jean Charles. This small island on Louisiana's southeastern coast has lost 90% of the original land mass since 1955. The majority of residents belong to the Biloxi-Chitimacha-Choctaw Native American tribe. In January 2016, the US Department of Housing and Urban Development provided this community with a $48 million grant for relocation, which it needs to spend by 2022. This is a third attempt to relocate the residents; approximately half are resisting as their heritage and culture are interwoven with the disappearing landscape.

Yet Louisiana is not alone; coastal communities globally are struggling with planning for, mitigating, and managing coastal hazards. The United Nations predicts that by 2050, the effects of climate change will displace approximately 50 million to 200 million people, many of whom are farmers and fishermen. Therefore, leaders from around the world are monitoring the Isle de Jean Charles climate refugee resettlement plan – one of the first of its kind – as an effort to respond and mitigate an ongoing coastal hazard.

## Federal Coastal Programs

While issues related to coastal hazard management are often a global phenomenon, such as climate change, the impacts are felt locally; this stresses the importance for the planning, mitigating, and managing of coastal hazards at the local government level. Researchers in the coastal planning discipline conclude that local governments will have higher quality comprehensive land use, coastal management, and hazard mitigation plans if there is a federal or state requirement. However,

many states do not require local governments to have such plans, which often lead to communities developing on hazard-prone lands.

The federal government, under the leadership of the National Oceanic and Atmospheric Administration (NOAA), the US Army Corps of Engineers, US Fish and Wildlife Service, and Federal Emergency Management Agency (FEMA), has provided incentives, funding, and training to increase the state and local governments' capacity to create, adopt, and implement programs and plans to prepare for, respond to, recover from, and mitigate hazards in coastal zones. There are multiple federal policies addressing these challenges, including (but not limited to):

- National Environmental Policy Act of 1969
- Clean Water Act of 1972
- Coastal Zone Management Act of 1972
- Water Resource and Development Act of 1974
- Coastal Barrier Resources Act of 1982
- Coastal Barrier Improvement Act of 1990
- Coastal Wetland Planning, Protection, and Restoration Act of 1990
- Disaster Mitigation Act of 2000

Of these policies, the Coastal Zone Management Act (CZMA) is the most applicable to this issue, with the goal to "preserve, protect, develop, and where possible, to restore or enhance the resources of the nation's coastal zone" (NOAA 2016, para. 1). (Additional information about the CZMA is available here: https://coast.noaa.gov/czm/act/). Three programs are available under the CZMA: National Coastal Zone Management Program, National Estuarine Research Reserve System, and Coastal and Estuarine Land Conservation Program. Specifically, the National Coastal Zone Management Program is a voluntary program encouraging collaboration between coastal states and NOAA. Each participating state creates a coastal management plan, which, when approved by NOAA, qualifies them for annual implementation funding. As of 2015, 34 states and territories participate in the program, which protected 19,000 acres and restored 12,000 acres of coastal habitat between 2011 and 2014 (NOAA 2015).

More recently on March 6, 2016, FEMA started requiring states to include risks and hazards associated with climate change in their state hazard mitigation plan in order to qualify for federal disaster funding under Section 404 of the Stafford Act. Details are provided in the Hazard Mitigation Grant Program and Public Assistance Grants Categories C-G. State hazard mitigation plans need to include:

> a summary of the probability of future hazard events that includes projected changes in occurrences for each natural hazard in terms of location, extent, intensity, frequency, and/or duration and considerations of changing future conditions, including the effects of long-term changes in weather patterns and climate on the identified hazards. (FEMA 2016, 11)

Some state, tribal, and local governments lack the financial capacity to create or update a FEMA approved hazard mitigation plan. Program funding is available following a major disaster declaration by these entities to implement long-term hazard mitigation measures (for additional information, visit www.fema.gov/hazard-mitigation-plan-requirement). Additional financial support is available to qualified states under the Disaster Mitigation Act of 2000.

Even with these incentives and federal programs, more needs to be done, as coastal communities continue to plan and build in hazardous areas. These actions place populations in vulnerable situations and expose them to the damaging effects of multiple hazards. Scholars have discussed various barriers to coastal resilience, including lack of technical, financial, management, and planning capacity for long-term planning; low priority of disasters and hazard mitigation for government authorities; individual rights taking priority over social needs (such as private property rights); lack of long-term planning in short policy cycles; and the assumed high costs of mitigation projects. Although many of these barriers are embedded in institutional cultures, others are not. For example, FEMA reports that for every $1 spent on hazard mitigation, communities experience a $4 return on that investment during the recovery phase of a disaster (Multihazard Mitigation Council 2005).

## Example of Mitigation Projects

Globally, there are many successful structural and nonstructural hazard mitigation projects in coastal zones. Structural projects can include seawalls, rip-rap, breakwaters, groins, and jetties; nonstructural projects can include building codes, land acquisition, comprehensive land use plans, hazard mitigation, zoning, and vegetation. Two projects are featured below: Caernarvon Freshwater Diversion Project in Louisiana as an example of a structural project and Canaveral National Seashore Restoration Project in Florida as an example of a nonstructural project. These projects are located in the designated North American Coastal Plain biodiversity hotspot.

### Caernarvon Freshwater Diversion Project

Brenton Sound estuary, located in the Plaquemines-St. Bernard delta, is 1,100 $km^2$ of fresh, brackish, and saline wetlands. Between 1956 and 1991, it lost approximately 3,400 acres of wetlands – one of the highest rates of erosion and subsidence along Louisiana's coastal zone. Throughout the history of this estuary, man has cut multiple crevasses – deep cracks – into the Mississippi River levee. Most notably, men created a crevasse during the Flood of 1927 with explosives to save New Orleans from devastating flooding, thereby destroying the community of Caernarvon. For additional historical information about the Mississippi River levee system, read John Barry's 1998 book *Rising Tide: The Great Mississippi Flood of 1927 and How It Changed America*.

In 1988, the US Army Corps of Engineers started the construction of a permanent crevasse – the Caernarvon Freshwater Diversion Project. It is located south of Caernarvon and Braithwaite communities (Mississippi River mile 82) in Plaquemines Parish. It was authorized by the Water Resource Development Act and Flood Control Act, and the construction cost was $26.1 million. The project area is approximately 15,500 acres and is the largest of six diversions in southeastern Louisiana. In August 1991, freshwater, nutrients, and sediment from the east bank of the Mississippi River flowed into Brenton Sound estuary at a rate of 8,000 cubic feet per second through five vertical lift gates in box culverts. At the time of its construction, it was the largest freshwater diversion project in the United States.

Twenty years later, the increased sediments and freshwater flow created 802 acres of wetlands; long-term monitoring is expected to end in 2041. Yet, this project is not without conflict. Between 1994 and 2005, representatives from the local oyster fishing industry filed multiple lawsuits claiming the freshwater diversion was killing the oyster beds and negatively impacting their livelihoods. The initial lawsuits were successful in the lower state courts; however, it was ultimately overturned by the Louisiana Supreme Court and failed in the federal courts. For additional information, visit the project website at https://lacoast.gov/new/Projects/Info.aspx?num=BS-03a

### Canaveral National Seashore Restoration

Canaveral National Seashore is located along the east coast of central Florida in Brevard County. Three historical sites – Turtle Mound shell midden, Eldora State House, and Seminole Rest – are used for a living shoreline stabilization project by University of Central Florida Pegasus Professor Dr. Linda Walters. Her team is working to effectively reduce erosion and increase sediment deposits at rates that are exceeding local sea level rise.

Three zones comprise the shorelines for this project. First, in the upper intertidal zone, her team and countless volunteers have planted red and black mangrove seedlings. Second, in the mid-intertidal zone, smooth cordgrass transplants are planted. Within 6 months of planting the mangroves and cordgrass, the survival rate ranged from 65% to 75% and vegetation cover increased from less than 2% to approximately 47%. Lastly, in the lower intertidal zone, researchers and volunteers installed oyster shell mats to stabilize the shoreline and to recruit live oysters. Within 6 months, the team measured an average of 3.0 cm of sediment accretion, which is a marked change from the 1 cm per month sediment loss captured before the team initiated the restoration project.

The combination of vegetation and oyster mat instillation has not only stabilized the shoreline but has also increased bird, fish, and invertebrate species (such as wood stork, Atlantic salt marsh snakes, and brown and white pelicans) at the three historical sites. For additional information about this project, visit: https://www.nbbd.com/godo/cns/Brochures/oyster_restoration.pdf

## Conclusion

Managing, mitigating, and planning for hazards in a coastal zone requires an interdisciplinary approach using best practices from emergency management, public administration and policy, engineering, environmental management, and urban and regional planning. The effects of human caused and natural hazards are felt locally but are occurring globally. While there have been efforts at all levels of government, a concerted effort is needed at the local government level. Research concludes that state and federal mandates increase the quality of local government planning. Ensuring the inclusion of hazards planning in comprehensive land use planning increases the probability that local decision makers will not plan or build in hazard prone coastal zones. With the increased effects of climate change in coastal zones around the world, researchers and practitioners will continue to study the best ways to manage, mitigate, and plan for hazards in a coastal zone.

## Cross-References

► Local Governments and Crisis Management

## References

FEMA (Federal Emergency Management Agency) (2015) Disaster declarations. Retrieved from https://www.fema.gov/disasters

FEMA (Federal Emergency Management Agency) (2016) Hazard mitigation planning. Retrieved from https://www.fema.gov/hazard-mitigation-planning-frequently-asked-questions

Multihazard Mitigation Council (2005) Natural hazard mitigation saves: an independent study to assess the future savings from mitigation activities. Retrieved from http://www.floods.org/PDF/MMC_Volume1_FindingsConclusionsRecommendations.pdf

Myers N, Mittermeier RA, Mittermeier CG, Da Fonseca GA, Kent J (2000) Biodiversity hotspots for conservation priorities. Nature 403(6772):853–858

NOAA (National Oceanic and Atmospheric Association) (2012) National coastal zone management program. Retrieved from http://coastalmanagement.noaa.gov/resources/docs/czmfactsheet.pdf

NOAA (National Oceanic and Atmospheric Association) (2013) National coastal population report: population trends from 1970 to 2020. Retrieved from http://oceanservice.noaa.gov/facts/coastal-population-report.pdf

NOAA (National Oceanic and Atmospheric Association) (2015) NOAA's national coastal zone management program: funding summary 2015. Retrieved from https://coast.noaa.gov/czm/media/funding-summary.pdf

NOAA (National Oceanic and Atmospheric Association) (2016) Coastal zone management act. Retrieved from https://coast.noaa.gov/czm/act/

Noss R (2016) Announcing the world's 36th biodiversity hotspot: the North American coastal plan. Critical ecosystem partnership fund. Retrieved from http://www.cepf.net/news/top_stories/Pages/Announcing-the-Worlds-36th-Biodiversity-Hotspot.aspx#.WLBRLm8rIdU

# Code of Ethics

James H. Svara
School of Government, University of North Carolina at Chapel Hill, Durham, NC, USA

## Synonyms

Laws; Principles; Standards; Values

The idea of codes is simple, but the utilization of codes in public administration is complex. A code presents a systematic set of standards to be observed. These standards may be based on law and regulations, principles, or the expectations of an organization or group. A code *of ethics* presumably grounds the standards in ethical concepts rather than simple rules of right and wrong, but

that is not necessarily the case. By their nature, codes make explicit what the standards are and more or less clearly link the standards to actions that a public service practitioner should take or not take. A different approach to shaping behavior and providing ethical guidance is to consider the values that should shape behavior and leave to the individual to decide what values are relevant to a situation and what kinds of actions are consistent with the values. For example, public service motivation is based on an attraction to public policy making, a commitment to the public interest, compassion, and self-sacrifice (Perry 1997; Perry and Wise 1990). Values and motivations do not, however, provide standards for behavior. "An ethical principle is a statement concerning the conduct or state of being that is required for the fulfillment of a value; it explicitly links a value with a general mode of action." (Cooper 2012, 21). Codes provide explicit guidance based on principles or requirements for behavior rather than relying on expectations that are implicit in the attitudes of members of a group.

The use of codes in public administration is a multifaceted topic because codes can vary in many respects. It is important to understand the nature of codes, their source, what they cover, and whether or how they are implemented.

## Distinctions in Public Administration Codes of Ethics

Public administration codes of ethics should articulate behaviors that are expected of the public servants covered by the code. The level of these standards may differ. A long-standing criticism of codes is that they are either too specific to be meaningful or too abstract to be a guide to behavior. These alternatives have been called the "low road" and the "high road" to ethics, and both are commonly viewed as ineffective (Rohr 1989, 60–65). Ideally, a code articulates standards that both deter unethical conduct and elevate the level of behavior by asserting positive standards that can be translated into action. A high level code seeks to inspire rather than simply seeking to control.

Another major distinction in public administration codes is whether they are set by law or are developed voluntarily by an organization or association. Legally mandated codes tend to be more narrow and control oriented. Codes of professional associations vary more widely. Some focus on the treatment of persons who are the clients of members of the association and others also include broader statements about impacts on society that they seek to advance. It is likely that professional codes will reflect shared commitments that members of the association have chosen to accept rather than being imposed on them. The "voluntary" nature of their acceptance is somewhat ambiguous when membership in an association is a condition for employment, for example, when employment as a city planner requires certification of membership in the American Institute of Certified Planners. Although most members are likely to be committed to a code that is required to hold a position, it is possible that some members are promoting their self-interest by agreeing to follow the code in order to join the association.

A final general distinction is whether the implementation of the code includes provisions for reviewing the conduct of persons covered by the code and examining complaints that the code has been violated, on the one hand, or relies entirely on self-monitoring. If the organization or association can review conduct and potentially sanction employees or members for violation of the code, there are both potential problems and benefits that can result. The most likely problems arise from too great an emphasis on enforcement with monitoring of the conduct of members that is narrow and intrusive. This approach can produce the negative consequences associated with the "low road" to ethics. Persons covered by the code may focus on avoiding wrongdoing (or evading detection) and not consider what it means to be ethical in a positive way. Not acting unethically is different from acting ethically. The absence of a review process, on the other hand, can contribute to a weakening of the standards as they are left to each person to define what the standards mean and how (and whether) to observe the standards. They offer little guidance in

behavior making them like aspirational codes. Another negative consequence of no review is that the standards may be ignored. In contrast, a positive and reinforcing approach to review encourages the organization or association to define more clearly what it means to be ethical and thereby help to further translate broad principles into action. This approach seeks to balance deterring unethical behavior as well as promoting ethical behavior.

Strict codes that contain primarily prohibitions of specified behaviors or exact specification of expectations associated with the "low road" to ethics may more appropriately be called codes of conduct rather than codes of ethics, but there are no standards for the labels that are applied to codes of different types. Many of the criticisms of codes are directed at codes that have these characteristics particularly when they are accompanied by strict enforcement. Exclusively "high road" codes are also criticized because it is unclear how their aspirational standards can be implemented. These criticisms are magnified when these codes are not linked to a review process. It is possible that codes that include a mix of principled and rule-based standards and include a constructive review process can avoid the shortcomings of the two common approaches to developing codes. It is challenging to devise and implement such codes, but it can be done.

## Development of Codes of Ethics in USA

The USA had limited experience with codes of ethics for public servants prior to the mid-twentieth century. Two exceptions that reflect sharply contrasting approaches to ethics occurred almost a century apart in 1829 and 1924. The Code for US Postal Workers was issued by the postmaster general in the earlier year (Lewis and Gilman 2005, 186). The 1829 code set rules of conduct for postal clerks and specified their work hours (along with the expectation that a clerk would work beyond the normal ending time to finish a task for a patron), what kind of printed material they could read during office hours, and how they should converse with clients. Accepting gifts was prohibited, and clerks could not engage in any employment that would interfere with their service to the public. Strict economy was required in the use of supplies, and clerks were forbidden from taking paper and quills from the office. Relating any information about office business that could harm a citizen was prohibited. Finally, certain behaviors outside of work were prohibited including drunkenness, gambling, or other immoral habits.

Similar to this approach to ethics was the Code of Ethics for Government Service approved in 1958 (United States Senate 2003, 7). The United States Congress set ethics standards prompted by general concerns in the 1950s about the way that government officials related to private contractors and by the abuse of government authority demonstrated by Senator Joseph McCarthy who led "witchhunts" to find and remove communists in government and other areas of American life (Hays and Gleissner 1981). Drawing on a ten-point code first proposed by Representative Edward Bennett in 1951, this code was approved in a resolution by the House of Representatives (with the Senate concurring) in 1958. It applied to all government employees, including elected officials. It advanced beyond the 1829 code with three broad statements of principle:

- Put loyalty to the highest moral principles and to country above loyalty to government persons, party, or department (Arnold and Plant 1994).
- Uphold the constitution, laws, and legal regulations of the USA and of all governments therein and never be a party to their evasion (Bowman 1981).
- Uphold these principles, ever conscious that public office is a public trust (Lewis and Gilman 2005).

Furthermore, it called for finding more efficient and economical ways of getting tasks done and banned discrimination but with specific reference only to giving "special favors or privileges" based on favoritism or in exchange for receiving favors or benefits which were prohibited. The other five points were specific requirements to "give a full

day's labor" and "expose corruption" and to not make private promises, engage in business that is inconsistent with governmental duties, or misuse confidential information (http://usgovinfo.about.com/blethics.htm). This advisory code with no provisions for enforcement combined a few broad aspirational standards with a number of specific requirements similar to the rudimentary standards of 1829. Few other governments immediately followed the example of the Congress by establishing codes of ethics.

An example of a different approach to ethics was developed in 1924 when the young city manager's association issued its own code of ethics. The form of local government that features an executive officer appointed by and responsible to a city council had been originated in the 1908, and the city managers' association was organized in 1914 (ICMA 2014). This code of ethics was a broad and high level statement that served to define the nature of the new administrative role as well as to establish standards for the city manager profession. The manager should serve the community, be exemplary in personal conduct, obey the law, recognize that the council is primarily responsible for determining policy, and insist on maintaining the authority to carry out executive and administrative functions. In addition, the manager should not benefit personally from confidential information or by misuse of public time, serve all residents without discrimination, keep the community informed, deal frankly with the council as a whole, recognize relations to the larger political subdivisions, and not take an active part in politics. Overall, the manager should advance the public interest – "in a far-sighted way aim to benefit the community of today and of posterity." Thus, a small new group of professional administrators developed a code that included some broad responsibilities to society and the public, stated the conditions for filling the position in the new council-manager form of government that should be expected and preserved, and asserted basic standards for personal and public conduct.

The International City-County Management Association code has been revised eight times since the first edition. In 1938, the code stated that managers should be governed by the highest ideals of honor and integrity in all their public and personal relationships. In that same version, the code downplayed the advisory role of the city manager by stating that the manager "is in no sense a political leader" but still recognized that the manager "provides the council with information and advice" and in 1952 asserted once again that the manager "as a community leader submits policy proposals to the council and provides the council with facts and advice on matters of policy." In the same year, the overarching goal of ICMA was expressed as a commitment to achieve effective and democratic local government. Detailed guidelines for interpreting the code were added in 1972, and over time the code has added standards to continually improve professional ability and to develop the competence of members in the use of management techniques, encourage communication between the citizens and all local government officers, emphasize friendly and courteous service to the public, and handle all matters of personnel on the basis of merit. Most recently revised in 2015, the ICMA code began with a broad range of ethical standards and has expanded and clarified them over time.

Despite the example set by ICMA, establishing clear and meaningful standards to guide behavior was slow for other associations made up of practitioners and scholars in the field of public administration in the USA. In time, the creation of codes occurred as professional associations developed in the second half of the twentieth century (Arnold and Plant 1994). In contrast to ICMA's early action, the National Association of Social Workers (2009) adopted its first code of ethics in 1960, 5 years after the association was formed. The American Society of Planning Officials created its first code in 1962, and the affiliated American Institute of Planners established its code in 1971 (Silva 2005, 312). Despite the claim by one of the key organizers of the American Society for Public Administration (Mosher 1938) that a code was a central element in fostering a shared professional consciousness, over 40 years would pass before ASPA approved its first code of ethics in 1984.

There was a surge in ethics activities in the 1970s spurred by the Watergate crisis as well as other ethical scandals in government and business. A survey in 1979 found that 73% of 650 large companies had a code of ethics and that over half had adopted the code since 1975 (Bowman 1981, 61). In governments, only 13 states had adopted codes of ethics prior to 1972 and most had some form of ethics code or law by 1980. The state codes tended to be narrow in scope and negative in orientation with most focused on eliminating conflict of interest and other forms of benefitting inappropriately or misusing their official position (Hays and Gleissner 1981). At that time, only 11 states covered other areas, and these were similar to the specific statements included in the Code of Ethics for Government Service.

In 1978, the Congress passed the Ethics in Government Act and a Presidential Executive Order established the Standards of Ethical Conduct for Employees of the Executive Branch. The standards incorporated all but one of the tenets in the Code of Ethics for Government Service and added statements prohibiting holding "financial interests that conflict with the conscientious performance of duty" and requiring that employees "adhere to all laws and regulations that provide equal opportunity for all Americans." The new Office of Government Ethics developed regulations that gave detailed specification to the standards, particularly the behaviors prohibited in the executive order (Gilman 2005, 18). In addition, there were separate conflict of interest statutes at the federal level that prohibited certain kinds of conduct similar to the controls in state ethics laws. Thus, governmental codes and ethics laws expanded substantially in the 1970s but tended to be low in the level of standards, narrow in focus, and negative in their orientation. Acknowledging that the Code of Ethics for Government Service was little known and largely invisible, the Congress in 1980 required that it be posted in all government offices (Bowman 1981, 61). Thus the federal government and virtually all states were giving more attention to ethics, but the level of expectations was generally low and largely oriented to preventing unethical practices and setting modest standards of behavior along with some aspirational goals. Local governments frequently acted as well – at times required to do so by state law. As of 2012, 86% of local governments responding to a survey by ICMA reported having a code of ethics (ICMA 2012).

C

## Development of a Universal Code of Ethics for Government Administrators

Also prompted by Watergate and the attention to social equity raised by the New Public Administration (Marini 1971), ASPA formed the Professional Standards and Ethics Committee (PSEC) in 1974. Reflecting the concerns of ASPA President Nesta Gallas that adopting a code of ethics could be a symbolic act with little impact on behavior (Ink in Mertins 1979), the committee decided not to create a code of ethics. Rather, it developed a workbook designed to assist members in conducting self-diagnosis of their ethical values and responsibilities. The workbook *Applying Professional Standards and Ethics* was published in 1979 as "only a first step in a long overdue effort to strengthen professional standards and ethics in the public service" (Ink in (Mertins 1979, ii). The authors of the workbook stated in the introduction that "although it is possible to develop a long list of "thou shalts" and "thou shalt nots", as many professions have done, ultimate responsibility for applying standards and ethics still falls on the individual" (Mertins 1979, 1). Thus, the workbook provided a diagnostic approach to help individuals assess their responsibilities and the appropriate response to the challenges they faced as an alternative approach to developing a code.

The topics covered in the workbook were relationships to law, responsibility and accountability, commitment, responsiveness, knowledge and skills, professional development and achievement of potential, citizenship and the political process, conflicts of interest, public disclosure and confidentiality, and professional ethics. Generally, the workbook did not assert value preferences but rather described the topic and explained why it is important. The authors asked questions to clarify the meaning of each area and encouraged readers

to decide for themselves what value commitments to affirm. Thus, ASPA continued to rely on a sense of personal ethical responsibility framed through a process of deliberation and self-assessment.

By the time the handbook was published, however, ASPA was already working on the development of ethical standards. Efforts beginning in 1978 led to the adoption of a statement of principles in 1981 as ASPA's first step in developing ethical standards. The principles concluded with a broad statement that challenged administrators to achieve a high level of ethical commitment: "public administrators are not engaged merely in preventing wrong, but in pursuing right through timely and energetic execution of their responsibilities." Compared to ethics laws prevailing at that time, it was a broad and positive statement although it was intended to assert aspirations and to shape an orientation to ethics rather than being a code that could be applied to guide and judge behavior.

The principles provided the foundation for ASPA's first code of ethics approved in 1984. The code based the practice of public administration on integrity, dedication to the public interest, and respect for the law. It noted the responsibility to "work to improve" constitutions and other laws "when necessary." Many of the tenets focused on aspects of organization and administrative process. Administrators should support colleagues if they are in difficulty because of their efforts to correct organizational abuses. They were expected to seek personal professional excellence and encourage the professional development of others. Although the code used restrained language to describe the roles and responsibilities of administrators, it contained a broad range of responsibilities. In 1985, a set of implementation guidelines that offered commentary on the tenets was adopted by ASPA. For example, the code recognized the responsibility to seek changes in laws "when necessary" and the guidelines called for administrators to recommend changes to superiors or the legislative body "when a law is unenforceable or has become obsolete" (ASPA Code 1984, guideline to tenet 8). The response to the 1984 code was often critical for the lack of clear organization of the standards. Despite the criticisms, the code was an important step toward articulating the full scope of administrators' ethical responsibilities. For ASPA, it was an important accomplishment to fill the void in explicit ethics standards that had persisted since its founding in 1939. Cooper (Cooper 1994), despite describing the code as "a less than excellent document," observed that it had prompted discussion and debate among ASPA members about ethics and "served to institutionalize and legitimize administrative ethics as a significant and useful field of study." It prompted an explosion in ethics research that started in the 1980s.

The 1994 code was a major reorientation of the code that addressed the lack of clear logic in the organization of the 1984 code while incorporating as much of the 1984 version as possible. To improve the coherence of the code and to clarify the normative foundations, the content was organized around five major canons or principles derived from what the committee saw as the major sources of ethics in the public sector (Van Wart 1996). The five principles and thirty-four specific tenets that elaborate them stress the responsibility of administrators to take actions that are consistent with and advance the law, public interest, integrity, and organizational ethics and that develop excellence in oneself and others. The first step toward linking the code to qualifications for ASPA membership was taken by adding a statement at the end of the code that indicates that it will be enforced in accordance with ASPA bylaws that permit the association's National Council to expel a member who appears to have acted in violation of the code of ethics (Article II, Section 5).

In 2013, the ASPA code was revised again adding three principles to the previous five dealing with promoting engagement of citizens, advancing social equity, and fully informing and advising superiors and peers in the organization (Svara 2014). A peer review process for handling complaints was approved in 2014.

## Nature and Content of Codes of Ethics in Professional Associations

The distinctive feature of professional codes is that they express the standards adopted by

members of an association to apply to themselves rather than having standards imposed by an outside authority. The code may express prerogatives claimed by the association or assigned to it. For example, the early city managers asserted that they should advise the city council and protect their administrative authority from incursion by the city council. These codes set standards that protect the reputation of the profession and provide assurance that its members can be trusted to behave properly. This aspect of the code is especially important for associations that formally or informally certify members to hold public offices (Plant 1994). For example, membership in the American Institute for Certified Planners is required for many planning positions in governments. Membership in ICMA is not required in most local governments, but membership is typically expected and an advantage for selection. The code also articulates the commitment of members to values that are important to the profession and express their view of how they can contribute to the governmental process. Professions that have extensive interaction with clients set the standards that apply to the professional–client relationship. The issue of implementation of professional codes will be examined further later in the discussion, but it is important to note that these purposes of professional codes presume that there will be a formal process within the profession for examining instances of conduct that do not meet the code of ethics.

To illustrate the scope of ethical standards that have been developed by professional associations, the codes of three associations will be compared: the American Society of Public Administration, the American Institute of Certified Planners (AICP), and the National Association of Social Workers (NASW). The organizations differ in their degree of specialization and the extent to which ethical standards focus on clients. Public administrators in ASPA deal with all aspects of the formulation of public policies, the implementation of laws and delivery of services, and the management of public resources. Public administrators work under the direction of elected officials or governing boards and work for the persons in the society they serve. Planners in AICP address policy issues related to the arrangement and development of the physical assets that support human activity and the impact of physical developments on the natural environment. They usually work for a government but may use their planning expertise under the direction of a client who pays for their services. Social workers provide direct services that have been authorized by law or are supported by private fund-raising. They work in public or private service agencies and work for their agencies to provide services and assistance to persons in need.

The three codes differ in their length and organization. ASPA has a code consisting of nine principles and a supporting statement of practices to guide implementation of the code (www.aspanet.org/CodeofEthics). AICP divides its code into two sections (https://www.planning.org/ethics/ethicscode.htm). The first is a statement of "Principles to Which We Aspire" consisting of four sections containing responsibilities to the public, clients and employers, and the profession and colleagues. The second section contains 26 rules of conduct – many of them prohibitions – which are the basis for review and disciplinary action. The elaborate and comprehensive ethics statement from NASW starts with a discussion of ethical values and principles and then develops in detail six sections of ethical standards with over 51 separate standards (https://www.socialworkers.org/pubs/code/default.asp). Despite these differences in organization and length, the codes can be compared in four areas: the way they treat the fundamental duties of members, the standards guiding the members' key relationships, the personal qualities expected of members, and the responsibilities of members in a number of settings.

The codes address *fundamental duties* that members should uphold. For ASPA, members are expected to "promote the public interest [and] seek to advance the good of the public as a whole, taking into account current and long-term interests of the society" [1a]. AICP states that "our primary obligation is to serve the public interest" (Arnold and Plant 1994) and that members should "promote excellence of design and endeavor to conserve and preserve the integrity and heritage of the natural and built environment" [A1g]. NASW calls on members to "promote the general welfare of society. . .and the development of people, their

communities, and their environments" [6.01]. In addition, social workers should "advocate for living conditions conducive to the fulfillment of basic human needs and should promote... social, economic, political, and cultural values and institutions that are compatible with the realization of social justice" [6.01].

Another fundamental duty is serving the public. ASPA members should "put service to the public above service to oneself" (Arnold and Plant 1994) and "subordinate personal interests and institutional loyalties to the public good" [1d]. AICP members "owe diligent, creative, and competent performance of the work we do in pursuit of our client or employer's interest... [if] consistent with our faithful service to the public interest" [A2]. NASW states the ethical principle that "social workers' primary goal is to help people in need and to address social problems." Like members of ASPA, "social workers elevate service to others above self-interest" [Ethical Principle Service].

A third fundamental duty is to uphold the law. To ASPA, this means that members should "respect and support government constitutions and laws, while seeking to improve laws and policies to promote the public good" (Bowman 1981). They are also expected to "develop proposals for sound laws and policies and for improving or eliminating laws and policies that are unethical, counterproductive, or obsolete" [2c]. AICP makes somewhat peripheral references to avoiding "private communications... prohibited by law" [B8], engaging in "private discussions with decision makers...in any manner prohibited by law" [B9], or accepting "an assignment...when the services to be performed involve conduct that we know to be illegal" [B2]. Social workers "should advocate for changes in policy and legislation to improve social conditions in order to meet basic human needs and promote social justice" [6.04a].

Ethics codes provide standards *guiding relationships* with citizens, with the society, and with superiors and peers. Regarding citizens, ASPA asserts that public administrators should "promote democratic participation" in these ways: "inform the public and encourage active engagement in governance; be open, transparent and responsive, and respect and assist all persons in their dealings with public organizations" (Cooper 1994). Specific practices to promote engagement of citizens in the governmental process are also elaborated. Planners should "provide information to all affected persons" [A1d] and "give people the opportunity to have a meaningful impact on the development of plans and programs that may affect them" [A1e]. Social workers should "facilitate informed participation by the public in shaping social policies and institutions" [6.02].

In the relationship to the society, administrators should not ignore or passively accept fundamental disparities among social groups. Public administrators seek to "strengthen social equity: treat all persons with fairness, justice, and equality" and "promote affirmative action and other initiatives to reduce unfairness, injustice, and inequality in society" (Cooper 2012). They should "provide services to the public with impartiality and consistency, ...ensure that all persons have access to programs and services to which they are entitled under the law" [4a], and "provide equal treatment, protection, and due process to all persons" [4b]. AICP asserts two principles to "seek social justice by working to expand choice and opportunity for all persons" [A1f] and to "not unlawfully discriminate against another person" [B20]. NASW has extensive provisions to advance their relationship to society. A core ethical principle is that "social workers challenge social injustice," and they are expected to "pursue social change, particularly with and on behalf of vulnerable and oppressed individuals and groups of people" with a focus on poverty, unemployment, discrimination, and other forms of social injustice. Social workers should engage in social and political action to "ensure that all people have equal access to the resources, employment, services, and opportunities," "to expand choice and opportunity for all people," and "to prevent and eliminate domination of, exploitation of, and discrimination against any person, group, or class" [6.04].

Administrators also should meet standards in their relationship to their superiors and to peers within the organization. In the ASPA code, they are expected to "fully inform and advise" and

"provide accurate, honest, comprehensive, and timely information and advice to elected and appointed officials and governing board members, and to staff members in your organization" (Gilman 2005) that is "based on a complete and impartial review of circumstances and needs of the public and the goals and objectives of the organization" [5a]. Similarly, planners should "provide timely, adequate, clear, and accurate information on planning issues... to governmental decision makers" [A1d]. In their "commitments to employers," social workers should work to improve employing agencies' policies and procedures and the efficiency and effectiveness of their services [3.09b].

The codes identify the *personal qualities* that members should have and all expect members to demonstrate personal integrity and to avoid conflicts of interest. ASPA calls for members to "resist political, organizational, and personal pressures to compromise ethical integrity and principles and support others who are subject to these pressures" [6c, 6e, and 6g], "guard against using public position for personal gain or to advance personal or private interests" [5e], and carry out "official acts without partisanship or favoritism" [5 g]. Planners should "deal fairly with all participants in the planning process" [A1h] and "not solicit prospective clients or employment through use of false or misleading claims" [B11]. A core ethical principle of social workers is that they should "behave in a trustworthy manner" and "act honestly and responsibly and promote ethical practices."

The final element of codes is to elaborate the *responsibilities* of members in their dealings with clients, their organization, and their profession. The ASPA code contains no explicit standards for interactions with clients beyond the general obligation to "serve all persons with courtesy, respect, and dedication to high standards" [1e]. AICP instructs planners to avoid conflicts of interest in accepting assignments from clients or employers [A2c] and not accept work that cannot be performed in timely and suitable way [B16] or if it contradicts work performed for other clients [B3]. NASW has detailed standards regarding support for and treatment of clients. They spell out the broad standards that the "primary responsibility" of social workers "is to promote the wellbeing of clients" [1.01], and they should "respect and promote the right of clients to self-determination" [1.02].

Responsibilities to the organization are elaborated extensively in the ASPA code. Public administrators should "promote ethical organizations" (ICMA 2012). Practices include strengthening accountability [7a], acting as stewards of public resources [7b], encouraging open expression of views by staff members and providing administrative channels for dissent as well as protecting the whistleblowing rights of employees [7c], taking individual responsibility to correct instances of wrongdoing or report them to superiors [7d], supporting merit principles [7f], and promoting "proactive efforts to increase the representativeness of the public workforce and the full inclusion of persons with diverse characteristics" [7g]. AICP does not address the organizational context directly, but members are expected to "increase the opportunities for members of underrepresented groups to become professional planners and help them advance in the profession" [A3g]. NASW elaborates the responsibilities of social workers in filling administrative roles as supervisors [3.01] and evaluators of performance [3.03]. Administrators should seek "to ensure that the working environment for which they are responsible is consistent with and encourages compliance with the *NASW Code of Ethics*" [3.07]. They should seek to improve efficiency and effectiveness of their services, prevent and eliminate discrimination in the organization, and be "diligent stewards" of the resources used by their organization [3.09].

Finally, there are responsibilities to the profession represented by the association. To meet the principle of advancing professional excellence, public administrators should "strengthen personal capabilities to act competently and ethically and encourage the professional development of others" (ICMA 2014). Individually, they should keep current on emerging issues and practices and provide support of others to "upgrade competence and participate in professional activities and associations" with special attention to students and

beginning professionals. Planners are expected to "protect and enhance the integrity of our profession" [A3a], "contribute time and resources to the professional development of students, interns, beginning professionals, and other colleagues," [A3f] and "continue to enhance our professional education and training" [A3h]. Social workers should uphold the "integrity of the profession" by promoting "high standards of practice" [5.01]. They should "practice within their areas of competence and develop and enhance their professional expertise." They should "strive to become and remain proficient in professional practice" and "critically examine and keep current with emerging knowledge relevant to social work" [4.01b].

The similarities across these three codes reflect a broad consensus about the standards that professionals in public service should seek to meet and advance. These codes identify some kinds of conduct that are not acceptable but greater emphasis is given to a broad range of positive contributions that professionals are expected to make. Not all professional codes match the quality of these three codes, but there is no longer any question that professional codes can provide challenging and public-serving standards of behavior for public professionals.

## Implementation and Enforcement

The impact of codes of ethics depends not only on their content but also the nature of their implementation. A code without a process for reviewing the conduct of persons covered by the code is "just words" (Gilman 2005, 16). At the other end of the spectrum, a specific code with a negative orientation may be implemented with an enforcement process that stresses exposure and punishment. This combination also has negative consequences. Being "ethical" is equated with not violating the rules rather than advancing positive ethical standards. The difference in the approach to implementation approximates the division often found between an emphasis on enforcement in government and implementation supported by peer review and encouragement of ethical practice in professional associations. Still, exceptions are common. Some government codes lack any enforcement process – for example, the Code of Ethics of Government Service – and some associations can enforce their code by imposing serious sanctions such as denial of the right to practice the profession. In addition, some professional associations lack any review process and leave to members the interpretation and implementation of the code. In this situation whether in a government or association, the code can be peripheral to practice or ignored by members.

Professions must choose how much scrutiny they will provide and what kind of actions they will take when members fail to abide by the code. To prompt review activities, they usually rely on receiving a complaint about a member's action that appears to violate the code of the association. In contrast, some governmental ethics boards may receive reports about financial holdings from all staff members and identify possible violations of conflict of interest statutes through their review of these records. After examining a complaint that is received, the association may have provisions for communicating privately with the member to suggest approaches that are in line with the code or to express disapproval of behavior when warranted by the information obtained. Furthermore, the association may provide for more substantial penalties. Although sanctions that range from public disapproval of the member's actions to removal from the association may be imposed, most associations "regard the code of ethics as an enabling rather than an intimidating medium of influence. And they exert every effort possible at all levels of their occupational association to implement the code rather than enforce it" (Levy 1974, 208). To Levy, this broad approach to implementation rather than focusing on enforcement indicates a reliance on "group influence rather than on group pressure" to promote adherence to the code.

ASPA has faced a challenge in determining its approach to ethics because of the wide range of positions covering all levels of government and both practitioner and academic positions among its members. In addition, ASPA membership is not a condition for employment, and ASPA does not certify its members. There has been discussion

since its founding in 1939 of the question whether ASPA is intended to advance the professional qualities of individuals in public administration by promoting research, education, and networking or to lead a profession of public administrators with clear standards of ethical behavior. During its early decades, ASPA chose to focus on promoting professionalism among its members instead of viewing itself as a profession of public administration (Pugh 1988, 3; Pugh 1989). After a code was finally adopted in ASPA in 1984 and especially after its revision in 1994, the issue about whether a process to enforce the code arose occasionally but was not resolved until 2014.

Since 1994, the ASPA National Council has had the authority to remove a person from membership who has violated the code of ethics, but it has not had a process for reviewing ethics complaints or providing any kind of corrective action other than expulsion and no members have ever been removed (Menzel 2010, 122). In 2014, ASPA members approved bylaws changes that created a peer review and established the Ethics and Standards Implementation Committee to handle it. If a complaint is submitted to ASPA, the Committee will communicate with the member and, when appropriate, offer constructive advice about how the member might more meaningfully and effectively meet the standards. If there is evidence of a serious violation of the code, the Committee can request permission from the National Council to conduct an investigation of a member and recommend action that should be taken based on the investigation. The Council holds a hearing at which the member could be present before deciding what action to take.

Other associations such as ICMA and AICP have provisions for investigating every complaint about conduct that would be a violation of the code if substantiated by evidence.

ICMA appoints a fact-finding committee that presents the information it has collected to the Committee on Professional Conduct that decides whether a public sanction should be recommended to the Executive Committee. In AICP, the ethics officer may designate a member of the AICP staff or AICP counsel to conduct an investigation. The results of the investigation determine whether the ethics officer drafts a formal complaint that is sent to the member. A hearing is held by the Ethics Committee that determines whether a violation of the standards has occurred and what the sanction will be if the complaint is upheld – either a reprimand, suspension, or expulsion.

NASW has the most elaborate review process. The association advises persons who are considering making a complaint – called a request for professional review (RPR) – that they may request a consultant to assist them in the preparation of their RPR. The consultant will provide assistance in preparing the initial request and offer technical assistance to the complainant throughout the professional review process. A subcommittee of the National Ethics Committee reviews the RPR initially to determine whether the criteria for accepting the request have been met and, if so, whether it should be mediated to resolve a dispute or adjudicated to determine whether a member's action was a violation of the code. If a violation is found, a variety of responses is possible from mandating corrective actions on the part of the member to public sanctions, including public notice of the violation, suspension of membership or expulsion from membership in NASW, or suspension of standing as a certified social worker. The member may request a removal of sanctions after a specified period of time or after completing the mandated corrective actions.

## Conclusion

Codes of ethics have a similar purpose but they seek to enhance ethical behavior in different ways. The typical approach that has commonly been used when a code of ethics is adopted by a government is to focus on prohibiting certain kinds of unethical behavior and to link the code to an enforcement process that stresses penalties for violations. The usage of such codes has greatly increased in governments, but the approach to promoting ethics has remained fairly constant. In professional associations, on the other hand, there has also been an expansion in the use of codes of ethics, but the level of the ethical standards has

risen and expanded over time as well. The focus has been on broad approaches to implementation rather than an emphasis on enforcement alone. A possible approach to future action to promote ethical behavior is linking more closely professional codes of ethics with the expectations of public organizations through a combined approach to training and professional development of staff.

Codes of ethics can be narrow and "negative" with a specification of what administrators should not do, or they can define precisely what administrators should do. Both approaches stress compliance and are particularly common in codes of ethics approved by governments. Professional codes of ethics have increasingly tended to articulate standards that require thought and commitment on the part of members of the association to meet. Many also have a process for examining the conduct of members if complaints are received that they have engaged in conduct that does not comply with the code. Without a review process, these professional codes can be aspirations that members might strive to attain or might ignore. At their best, these ethical standards are expectations that reflect the shared commitment of the members of an association who work together to implement them and review the conduct of members when they fail to meet their shared standards. These codes do not provide simple instructions. Members must be committed individually and engaged collectively to implement the code.

## Cross-References


- ▶ Ethical Leadership
- ▶ Ethical Values and Personal Integrity
- ▶ Law and Public Administration Ethics
- ▶ Professional Ethics


## References


Arnold DS, Plant JF (1994) Public official associations and state and local government: a bridge across one hundred years. George Mason University Press, Fairfax

Bowman J (1981) The management of ethics: codes of conduct in organizations. Public Pers Manag J 10:59–66

Cooper TL (1994) The emergence of administrative ethics as a field of study in the United States. In: Cooper TL (ed) Handbook of administrative ethics. Marcel Dekker, New York, pp 3–30

Cooper TL (2012) The responsible administrator, 6th edn. Jossey-Bass, San Francisco

Gilman SC (2005) Ethics codes and codes of conduct as tools for promoting an ethical and professional public service: comparative successes and lessons. Washington, DC: World Bank. http://www.oecd.org/mena/governance/35521418.pdf

Hays SW, Gleissner RR (1981) Codes of ethics in state governments: a national survey. Public Pers Manag J 10:48–58

ICMA (2012) State of the profession survey. International City-County Management Association, Washington, DC

ICMA (2014) ICMA code of ethics, 1924–2009. International City-County Management Association, Washington, DC

Levy CH (1974) On the development of codes of ethics. Soc Work 19:207–216

Lewis CW, Gilman SC (2005) The ethics challenge in public service, 2nd edn. Wiley, San Francisco

Marini F (ed) (1971) Toward a new public administration: the Minnowbrook perspective. Chandler Publishing Co., San Francisco

Menzel DC (2010) Ethics moments in government: cases and controversies. CRC Press, Boca Raton

Mertins HJ (1979) Professional standards and ethics: a workbook for public administrators. American Society for Public Administration, Washington, DC

Perry JL (1997) Antecedents of public service motivation. J Public Adm Res Theory 7:181–197

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 45:367–373

Plant JF (1994) Code of ethics. In: Cooper TL (ed) Handbook of administrative ethics. Marcel Dekker, New York, pp 221–241

Pugh DL (1988) Looking back, moving forward: a half-century celebration of public administration and ASPA. American Society for Public Administration, Washington, DC

Pugh DL (1989) Professionalism in public administration: problems, perspectives, and the role of ASPA. Public Adm Rev 49(1):1–8

Rohr JA (1989) Ethics for Bureaucrats, 2nd edn. Marcel Dekker, New York

Silva CN (2005) Urban planning and ethics. *Encyclopedia of public administration and public policy.* In: Jack Rabin (ed), (suppl 1):311–16. Boca Raton: Taylor & Francis

Svara JH (2014) Who are the keepers of the code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74: 561–568

United States Senate (2003) Senate ethics manual. Select Committee on Ethics, Washington, DC

Van Wart M (1996) The sources of ethical decision making for individuals in the public sector. Public Adm Rev 56(6):525–533

# Collaboration and the Environment

Mark T. Imperial, Christopher R. Prentice and Jeffrey L. Brudney
University of North Carolina Wilmington, Wilmington, NC, USA

## Synonyms

Collaboration; Governance; Hollow-state; Networks; Third-party government

## Definition

Collaboration is a strategic response to changes in environmental conditions. Collaboration is a joint activity by two or more organizations intended to create public value by working together rather than separately. It is a governance strategy used to achieve direction, control, and coordination of individuals and organizations with varying degrees of autonomy to advance or pursue joint objectives. It involves more than the configuration or network of public and private organizations. Collaboration can involve formal agreement between parties, pooling of organizational and financial resources, creating and observing administrative rules, routines, and structure to facilitate and coordinate joint action. Therefore, collaboration is relational and political and involves bargaining, negotiation, and compromise.

## Introduction

Although the study of collaboration as a governance strategy has become ubiquitous over the last two decades, government has collaborated with nongovernmental partners to produce and deliver public goods and services for much longer. Governments collaborated with public and nongovernmental partners to address public health problems stemming from contaminated drinking water and poor sewage treatment in the late 1800s. Public works projects initiated by the "New Deal" during the Great Depression routinely involved collaborations among various government and private sector entities. Efforts to support the home front during World War II prompted many collaborative efforts involving partnerships between the public and nonprofit sectors. Indeed, the "Great Society" programs of the 1960s highlighted the necessity of using collaboration to deliver public goods and services.

The emergence of collaboration as a common strategy for delivering public goods and services is a product of two primary factors. First, government at all levels continues to assume greater responsibility for addressing various social, economic, and environmental issues. However, any single government entity is often constrained by its ability to address these new issues directly. Although citizens have engineered the drive toward government's enlarged role in tackling a variety of issues, they also maintain a healthy disdain for "big government." The popular view of government bureaucracies as lumbering, inefficient, unresponsive, and laden with "red tape" led to increased calls for the devolution of publicly delivered goods and services to private-sector actors. Therefore, governments have been asked to do more, but with fewer resources and through indirect means. In response to these demands, governmental entities increasingly collaborate with nongovernmental actors to deliver goods and services. This model of indirect government provision is commonly referred to as "third-party government."

The second reason government turns to collaboration as a means for delivering vital public goods and services is the recognition that many of the problems it faces are too complex and/or large to address independently. Hurricanes strike without regard to geographic boundaries and care little for governmental jurisdictions. Disaster management requires intergovernmental and interorganizational collaboration at each stage – mitigation, preparedness, response, recovery – to protect citizens and minimize loss. Likewise, homelessness is driven by countless causes (e.g., loss of job, divorce, spousal abuse, illiteracy, drug

or alcohol addiction, mental health issues) and requires various solutions to reduce its prevalence (e.g., job training, education, counseling, temporary housing services). These so-called "wicked problems" typically require joint action from a diverse set of public and private sector actors; no single governmental entity possesses the resources, such as funds, authority, staff, expertise, to address all aspects of the problem.

Despite this trend toward increased governmental collaboration and its myriad benefits, collaboration is not a panacea. Collaboration, not unlike bureaucracy, is simply one form of organizing people and resources to achieve a desired end. Done right, collaboration can create synergies and yield public and mutual benefit. However, collaboration is difficult to achieve and is just as likely to lead to failure as independent (i.e., direct bureaucratic) action. Various contextual and environmental factors affect how and when collaborations succeed, which suggests that collaboration should only be used as a strategy for delivering public goods and services after careful consideration.

This chapter briefly discusses the roots of government collaboration in the United States and then identifies a set of factors that help determine whether it is appropriate to go it alone and use traditional governmental service delivery or invest in collaborative approaches. The chapter then examines the role contextual and environmental factors play in promoting or inhibiting collaboration. The chapter concludes with guidance to public managers contemplating the strategic choice to collaborate.

## Collaboration as a Governance Strategy

Third-party government refers to the shift in the production and delivery of public goods and services from direct government provision to indirect means through the use of nongovernmental actors. The rise of third-party government is usually attributed to the growth of the "Welfare State," where government took on greater responsibility for public problems (Agranoff 2003). This expansion resulted in significant increases in government social welfare spending and assistance in the fields of health, social services, housing, education, and employment training (Salamon 1993). Although government assumed greater responsibility for addressing complex social problems, political, organizational, and economic forces have led governments to avoid direct service provision in favor of collaborating with private-sector actors to provide services. "Philosophically, policy makers are enacting decisions that not only restrict but in many cases remove government from providing services directly to citizens. In part, this is being driven by market and political ideologies that have their roots in perceptions about greater efficiencies and innovations arising from the private sector and broad support for smaller government" (Van Slyke 2007, p. 157).

The devolution of service delivery to third parties goes beyond the delegation of clearly defined duties and exhibits a sharing of governmental discretion and authority with third-party actors. Some observers refer to this trend as a shift from *government* to *governance*. "The essence of governance is its focus on governing mechanisms (grants, contracts, and agreements) that do not rest solely on the authority and sanctions of government. These mechanisms or tools are used to connect networks of actors, who operate in various domains of public policy such as child welfare, health, or economic development" (Milward and Provan 2000, p. 360).

### Government Versus Governance

Public managers and the politicians to whom they are responsible face two options when considering how best to produce and deliver a public good or service. Option one, *government*, is reliant on traditional intraorganizational bureaucratic approaches. This default option is often derided, given the popular conception that bureaucracies are inefficient and ineffective. Although these criticisms may sometimes be warranted, it is facile to assume that the bureaucratic form of organization is the cause of these problems. Bureaucracies remain the dominant organizational form and an essential mechanism for the delivery of a wide range of public goods and services. When used

appropriately, bureaucracies are highly efficient and effective.

The second option, *governance*, involves interorganizational approaches among public and private actors to produce and deliver public goods and services. Indeed "every major policy initiative launched by the federal government since World War II – including Medicare and Medicaid, environmental cleanup and restoration, antipoverty programs and job training, interstate highways, and sewage treatment plants – has been managed through public-private partnerships" (Kettl 1993, p. 4). Governance may take many forms (e.g., contracting, grants, vouchers, loans, regulation). This chapter focuses on one governance approach: collaboration.

### Collaborate to Deliver Services and Increase Public Value

Over the last few decades, the curriculum in graduate public affairs programs continues to expand and now recognizes the role nonprofits play in service delivery, and courses built around collaboration and interorganizational management are increasingly common. However, the traditional core of many graduate programs remains organized around the basic POSDCORB model proposed by Luther Gulick in 1937 (POSDCORB represents the various functional elements of a chief executive's job, including: planning, organizing, staffing, directing, coordinating, reporting, and budgeting). The endurance of POSDCORB and various derivative management models in public affairs programs mirrors the prevalent use of bureaucracies to produce and deliver public goods and services. Bureaucracies remain the prevailing organizing strategy for addressing traditional market failures and confronting a wide range of public challenges.

Despite the long history of employing collaborations that address public challenges, much less scholarship is devoted to the use of collaborations. Scholars submit that collaboration practice is generally ahead of collaboration scholarship (Bryson, Crosby, and Stone 2016). In fact, the literature lacks a commonly agreed upon definition of collaboration (Prentice and Brudney 2016). This chapter defines collaboration broadly as any joint activity by two or more organizations intended to create public value by working together rather than separately (Bardach 1998; Imperial 2005).

This definition takes a strategic view of collaboration. From this perspective, collaborations should not be formed based on normative arguments that this governance form is more "democratic" or "participatory" than direct government provision. Rather, collaboration should be used only when it provides the means to generate greater public value than can be achieved by going it alone (i.e., relying on traditional bureaucracy). Collaboration is a means for achieving direction, control, and coordination of individuals and organizations with varying degrees of autonomy to advance joint objectives (Lynn et al. 2000). It involves more than the configuration or network of public and private organizations. Collaboration involves formal agreement between parties, pooling of organizational and financial resources, creating and observing administrative rules, routines, and structure to facilitate and coordinate action. Collaboration is also relational and political and involves bargaining, negotiation, and compromise. Delivering goods and services using collaborative arrangements is fraught with difficulty and challenges. Thus, determining whether to use traditional bureaucratic or collaborative forms of organization should be framed as a strategic choice.

## Collaborate or Go It Alone?

The decision to collaborate or go it alone is complicated and reflects a series of interrelated choices. Table 1 presents a summary of seven factors – problem, solutions, information, resources, objectives, decision making, environment – that public managers may consider in making the decision to go it alone (bureaucracy) or partner (collaborate). Notably, these factors illustrate that the decision to collaborate or go it alone does not occur in a vacuum, and the choice is shaped by opportunities and constraints in the environment.

**Collaboration and the Environment, Table 1** Deciding between bureaucracy and collaboration

| | Bureaucracy | Collaboration |
|---|---|---|
| **Problem** | Problem is narrow, simple<br>Well-understood problem<br>Problem is clear responsibility of government | Wicked problem (i.e., complex issue)<br>Poorly understood problem, lack of agreement on causes<br>Many organizations consider problem as part of their turf/domain |
| **Solutions** | Well defined and easy to deploy solutions<br>Broad agreement on how best to approach problem<br>Previous experience implementing the solution and scope of change is low<br>Possess the authority to implement the solution | Innovative, new, or customized approaches are needed<br>Lack of agreement on how to solve problems<br>Many approaches are available to solve problem but are widely dispersed<br>Authority to implement solution is widely dispersed |
| **Resources** | Resources to address problem are available in-house or are easily attainable<br>Narrow range of resources are needed to solve problem<br>Available resources are sufficient to address problem | Resources to address problem are widely dispersed<br>Wide range of resources needed to solve problem<br>No organization has sufficient resources to solve problem, requires leveraging/pooling existing resources |
| **Information** | Knowledge/expertise is readily available and easy to acquire<br>Minimal information asymmetries<br>Previous experience addressing the problem, institutional memory is retained | Knowledge and expertise is widely dispersed and needs to be acquired, developed, or synthesized from different sources<br>No or minimal experience addressing the problem |
| **Objectives** | Retain hierarchical control<br>Protect turf<br>Maintain accountability to politicians and citizens<br>Ensure reliable production of goods and services<br>Achieve efficiencies by standardizing production and delivery process<br>Ensure equity by providing standardized goods and service<br>Desire for more control by politicians or political appointees | Share control and coordinate activities among different organizations<br>Share or expand turf<br>Ensure accountability to partners and clients of goods and services produced by the collaboration<br>Produce goods and services that currently are not provided<br>Provide differentiated and specialized goods and services<br>Desire for more control by technocrats<br>Desire for negotiation and compromise |
| **Decision Making** | Centralized<br>Control<br>Tightly coupled<br>Norms of responsiveness and efficiency<br>Unilateral | Networked and shared<br>Coordination<br>Loosely coupled<br>Norms or reciprocity and reputation<br>Interdependent |
| **Environment** | Political pressure (e.g., politicians view government as the solution)<br>Political and technological environments are stable<br>Conflict surrounding problem is low<br>Urgency for action is high<br>Thin market for partners<br>Community/citizen preferences for direct service | Political pressure (e.g., politicians view government as the problem)<br>Political and technological environments are unstable<br>Conflict surrounding problem is high<br>Urgency for action is low<br>Competitive and robust market for partners<br>Community/citizen preferences for indirect service |

### Bureaucracy Is a Good Idea When . . .

Some situations are more amenable to going it alone. Traditional bureaucratic approaches are preferred when a problem is easy to understand, responsibility falls securely within the domain of government, the scope of required change is relatively low, information needed to address the problem is known, and the resources (e.g.,

funding, staff, technology, authority) are readily available or easily acquired. Additionally, when solutions are well defined, easy to deploy, and the scope of change is relatively low, it may also be wise to forego collaborative processes and go it alone.

Organizational preferences and objectives will likewise influence the choice to go it alone. For instance, if government is concerned with protecting turf, asserting control over how activities occur, ensuring that the resulting program delivers a relatively standardized set of goods or services in an equitable, predictable, and reliable manner over a relatively long period, then traditional bureaucratic forms are preferred. Additionally, government may choose to deliver goods and services directly where productive efficiencies – obtained through specialization, implementation of clear technologies, and routinization – are achievable.

### Collaboration May Be a Good Idea When . . .

When public managers are confronted with wicked problems, where problem framing is difficult, the causes of the problem are diverse and extensive, and solutions are varied, collaboration may be the preferred approach. In these instances, government lacks the capacity or willingness to implement viable and comprehensive solutions to tackle these complex problems. In these problem domains turf is often shared, expertise and resources are widely dispersed among public and private actors, and new solutions are required.

Although some problems can be addressed using a narrow range of resources, others require the application of a wide range of resources that may not be located within the control of a single organization. In such instances, a public manager must consider how to share and leverage resources from multiple sources to get things done. Unlike bureaucratic approaches that rely on managerial control, collaborations rely on collective influence to acquire, compile, and synthesize information, expertise, and resources from a collective of sources to produce and deliver public goods and services. Although this organic and collaborative form of organizing may reduce productive efficiency by introducing unnecessary partners or processes to the mix, coordination may also improve the productive efficiency of existing resource use by reducing unnecessary duplication of effort and allowing partners to deliver more specialized or differentiated goods and services than is possible when working alone. Further, collaboration offers the potential for greater allocative efficiency and provides political cover to the public manager, who can blame other actors if the collaboration fails to deliver the desired public good or service.

Working together often requires de-emphasizing self-interest maximization and emphasizing mutuality, reciprocity, and trust. Thus, decision-making is loosely coupled and interdependent and is achieved through negotiation and compromise. Where public managers are able and willing to share turf and relinquish bureaucratic control, collaboration can yield new or innovative approaches to address complex problems.

### Influence of Environment on Strategic Choice

Organizations that ignore the environment do so at their own peril – no person is an island. Various environmental factors influence government's ability to produce and deliver public goods and services, directly and indirectly. Among the environmental factors that public managers must consider when making their strategic decision to go it alone or collaborate are political preferences, the urgency for action, the market for partners, and citizen and client preferences.

As noted in Table 1, the environment shapes the strategic choice to collaborate or to go it alone in significant ways. For example, centralized, bureaucratic approaches tend to be more responsive and accountable to political pressures, which provides elected officials with a greater level of control over the scope and substance of these programs. Accordingly, when the political environment is relatively stable and the level of conflict surrounding the problem is relatively low, it may be wise to go it alone.

Conversely, when the political environment is unstable, the level of conflict surrounding a problem is high (or it is a controversial issue), then collaborative approaches provide some measure

of risk avoidance for politicians and public agencies. In such circumstances, sharing turf, allowing technocrats from various organizations to control the process, and making more diffuse any single entity's level of responsibility, offers a measure of political cover. By spreading responsibility, public managers may reduce the potential deleterious effects (e.g., reduction in budget) if the good or service is deemed inadequate or inappropriate.

Despite the outsized impact the environment has on the decision to collaborate or not, environmental variables should not be viewed as predictive. No particular conditions will inexorably lead to one strategic choice over another. Collaboration is not the product of a deterministic process whereby some set of environmental conditions necessitates collaboration, while another set requires that organizations go it alone. Rather, environmental conditions create situations that suggest that the use of collaboration as a governance strategy may be more or less appropriate. Even when favorable conditions exist, collaboration may not be a wise choice. Collaboration can be a risky strategy that requires that slack resources are available to invest in a collaborative process, thereby giving the partnership time to evolve to the point where it gets things done (Imperial, et al. 2016a). Due to differences in problem definition and scope, available resources, politics of the moment, and the values and experiences of particular public managers that shape their objectives and preferences, even in the same geographic location the choice to collaborate may vary across service areas (Brudney, Prentice, and Harris 2017).

Collaboration is also a relational enterprise. Even if it makes sense to pursue a collaboration based on a situational analysis of internal competencies and external opportunities, one still needs to find partner organizations willing to work together towards a joint purpose. Some service areas are relatively dense (e.g., social services), with many potential partners able and willing to collaborate. Other service areas (e.g., mental health) may have relatively few. Some actors are centrally located within a network and interact with many potential partners on a regular basis, thereby offering an accessibility advantage and increasing their knowledge of the market for collaboration. Other actors are located on peripheral nodes with far fewer interactions with network members. Further, not all collaborations are voluntary; they are sometimes mandated by a higher-level authority or as condition of receiving funding. These conditions likely affect actors' motivation and objectives for the collaborative effort.

## The Collaborative Challenge

Table 1 provides a set of factors that help managers determine how to organize when faced with new challenges. Once the decision to collaborate is made, a number of challenges remain before this organizational form can deliver public goods and services. Collaboration requires a speculative investment in a collaborative process. Someone needs to invest time and take the lead to bring together potential partners and discuss how, and to what extent, they may be able to work together.

Greater collaboration does not necessarily yield better results. Partners must determine how to collaborate, and to what extent they should collaborate to ensure that the breadth and depth of this joint enterprise achieves desired ends. Sometimes this process is facilitated by trust and prior relationships among a subset of the potential members. In other cases it requires building working relationships while exploring the feasibility of joint action. Regardless, it may take a considerable amount of time for the partnership to begin producing results that generate public value (Imperial et al. 2016a). Accordingly, collaboration requires some measure of risk because potential members must make a speculative investment of their resources (e.g., staff time, financial resources, political capital) based on the expectation that these costs will be offset by future public value generated by the partnership.

It also matters who your partners are and how many there are. To avoid incurring greater cost

and the loss of efficiency, collaborations should include only the optimal partners needed to get the work done. No evidence exists to suggest that more partners produce better results. As the range of partners increases, transaction costs go up. Although potential partners bring with them a collection of resources than can benefit the collaborative endeavor, they also bring a set of constraints on joint action due to competing values, interests, goals, constituencies, and even legislative mandates. Thus, finding the right mix of partners is important to produce the desired results.

The different responses noted in Table 1 also require different individual skill sets. Managing bureaucratic programs requires a different set of skills than is needed in a collaborative enterprise. Successful collaborations require having the right people with the appropriate skills and abilities necessary to work effectively in a collaborative setting. Prior collaborative experience is essential to future collaborative success. Participants learn how to collaborate by collaborating. Prior experience helps public managers identify potential partners and learn with whom to work in the partner organization. This collaborative know-how can help public managers identify potential partners, reduce tensions, increase trust, and decrease wasted time, effort, and resources.

Finally, collaborative partnerships, which often form in response to opportunities created by environmental changes, also need to adapt and change as they mature or their useful life is diminished. With changing circumstances, it is essential to recreate, reconfigure, or terminate the partnership so that the collaboration's resources can be redeployed to new purposes (Imperial et al. 2016b).

## Conclusion and Lessons for Practice

The strategic choice to go it alone or to collaborate to deliver public goods and services is complex and highly contextual. No prescribed circumstances, service areas, or environmental conditions suggest a "correct" choice. The choice involves various value-based judgments related to efficiency, equity, accountability, responsiveness, and public benefit. Confronted with identical problems, one municipality may choose a bureaucratic response and another may pursue a collaborative response, and both approaches may prove successful, depending on one's definition of public value and preference for particular outcomes. These value-based considerations prohibit "one best way" or "one-size-fits-all" thinking or prescriptions. Nevertheless, despite the highly contextual and individualized nature of the decision-making process, some general factors can be weighed and considered. Public managers can use the elements in Table 1 as strategy screens when weighing whether to collaborate.

The choice regarding whether to collaborate should also include a consideration regarding *how* one might collaborate. Table 2 enumerates many of the common tools managers employ to get things done and generate public value. For example, if the necessary resources are in short supply, partners may develop collaborative arrangements designed to share staff, equipment, facilities, or funding. If disagreement exists regarding how to frame problems or solutions, partners may set shared goals or priorities or establish shared performance measures or outcomes to coordinate actions of actors both inside and outside the collaboration. Collaborations can also be crafted with varying levels of commitment or trust. When collaborations are mandated or begin as an exercise in cooperation among strangers, partners may develop formal contracts or agreements that specify how these processes occur to facilitate this cooperation and ensure mutual benefit.

The use of the tools listed in Table 2 can and should vary based on the nature of a collaboration's joint activity and the type of public value it seeks to produce. More is not necessarily "better" when it comes to collaboration. Managers should only use those tools needed to get the job done. It is imperative to evaluate collaboration with the

**Collaboration and the Environment, Table 2** Common collaboration tools

| Tool | Collaborative activity |
|---|---|
| Facilities | Partners share facilities |
| Equipment | Partners share equipment or technology |
| Staff | Partners share staff |
| Funding | Partners share funding |
| Programming | Partners share programming |
| Measurable outcomes | Develop shared, measurable performance outcomes |
| Contract | Sign a contract or memorandum of understanding |
| Decision making | Partners share decision making |
| Power | Partners share power |
| Goals/mission | Partners develop shared goals/ mission orientation |
| Trust | Partners share high trust in one another |
| Commitment | Partners are fully committed to collaboration |
| Information | Partners share information with one another |

same critical lens used for bureaucracy. Politicians, public managers, and the public are united in their disdain for bureaucratic waste; so too should they be wary of wasteful collaborative enterprises that use the tools in Table 2 unnecessarily or with limited effect.

This chapter also demonstrates that direct (bureaucracy) and indirect (collaboration) mechanisms for service provision offer various benefits (and costs) that public managers may consider when deciding how best to produce and deliver a good or service. This analysis offers several important lessons for practice:

- Bureaucracy is a dominant and familiar form of organizing people and resources that is appropriate for most problems governments face. However, bureaucracy has limitations.
- Collaboration offers significant advantages to traditional bureaucracy in addressing wicked problems, but those advantages are not easily achieved.
- Beware of the *collaboration halo*, the normative assumption regarding the intrinsic value of collaboration, and the *cult of collaboration*, the blind devotion to pursuing collaborative forms for delivering services and creating public good.
- Collaboration involves social and cultural aspects of organizing, including goal alignment, norms, reciprocity, trust, and commitment.
- Elements in the environment (availability of partners and resources, political will, citizen demand, etc.) affect whether a collaboration can or should be formed.
- Tools in the collaborative toolbox (Table 2) are not fungible or interchangeable. Public managers should select the tool – or combination of tools – from the toolbox that is best suited for the work to be done, the partners they choose, and the situational context where the problem occurs.
- More collaboration is not necessarily better. Public managers should only use the collaborative tools necessary to get the job done.
- When selecting tools, public managers should consider the purpose of the collaborative relationship, the desired results, the anticipated useful life of the collaboration, and the associated transaction costs.

In sum, the strategic choice whether to collaborate requires a consideration of how one might collaborate to produce and deliver public goods and services. Individual and organizational values, contextual and environmental elements, and internal capacity and resource considerations collectively influence the strategic choice to collaborate or go it alone.

## Cross-References


- ▶ Bureaucracy and Cooperation
- ▶ Collaborative Governance
- ▶ Collaborative Public Management (CPM)
- ▶ Coordination and Collaboration in Crisis Management
- ▶ New Public Management
- ▶ Organizational Collaboration
- ▶ Organizational Decision-Making

▶ Organizational Environment
▶ Policy Networks as a Form of Governance
▶ Politics and Collaboration
▶ Public Sector Collaboration and Social Policy
▶ Public Values in Public Organizations

## References

Agranoff R (2003) Leveraging networks: a guide for public managers working across organizations. IBM Endowment for the Business of Government, Arlington

Bardach E (1998) Getting agencies to work together: the practice and theory of managerial craftmanship. Brookings Institution Press, Washington, DC

Brudney JL, Prentice CR, Harris JL (2017) Beyond the comfort zone? County government collaboration with private-sector organizations to deliver services. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1390582. Advance online publication

Bryson JM, Crosby BC, Stone MM (2016) Designing and implementing cross-sector collaborations: needed *and* challenging. Public Adm Rev 75(5):647–663

Imperial MT (2005) Using collaboration as a governance strategy: lessons from six watershed management programs. Adm Soc 37(3):281–320

Imperial MT, Johnston E, Pruett-Jones M, Leong K, Thomsen J (2016a) Sustaining the useful life of network governance: life-cycles and developmental challenges. Front Ecol Environ 14(3):134–144

Imperial MT, Ospina S, Johnston E, O'Leary R, Thomsen J, Williams P, Johnson S (2016b) Understanding leadership in a world of shared problems: advancing network governance in large landscape conservation. Front Ecol Environ 14(3):126–134

Kettl D (1993) Sharing power: public governance and private markets. The Brookings Institution, Washington, DC

Lynn LE Jr, Heinrich CJ, Hill CJ (2000) Studying governance and public management: challenges and prospects. J Public Adm Res Theory 10(2):233–261

Milward HB, Provan KG (2000) Governing the hollow state. J Public Adm Res Theory 10(2):359–379

Prentice CR, Brudney JL (2016) Definitions do make a difference: county managers and their conceptions of collaboration. Hum Serv Organ: Manag, Leadersh Gov 40(3):193–207

Salamon L (1993) The marketization of welfare: changing nonprofit and for-profit roles in the American welfare state. Soc Sci Rev 67(1):16–39

Van Slyke D (2007) Agents or stewards: using theory to understand the government-nonprofit social service contracting relationship. J Public Adm Res Theory 17(2):157–187

# Collaborative Community Development

Kelechi Uzochukwu[1] and Palina Prysmakova[2]
[1]University of Baltimore, Baltimore, MD, USA
[2]Florida Atlantic University,
Boca Raton, FL, USA

C

## Synonyms

Community development; Coproduction; Public service delivery; Urban planning

## Definition

Collaborative community development refers to the community advancement method whereby citizens or groups of citizens substitute or supplement their local government's efforts to deliver public services and thereby create public and private value. Collaborative community development as a concept is very close to the term of coproduction. Yet, while the concept of coproduction is centered around the process, collaborative community development is a broader notion that focuses on the results of such coproducing activities.

## Introduction

The traditional paradigms of public service provision as the expectations from public administrations have shifted. The local governments are employing greater and more direct citizen participation than ever before to further advance the communities and localities they serve. In municipalities across the globe, traditional forms of governance are being supplemented by collaborative arrangements between governments and their constituencies toward jointly produced public goods and services. This phenomenon also known as coproduction is being utilized – and in some cases, even adopted into law – in efforts to welcome traditionally silenced voices, improve

performance, increase accountability, and survive severe budget cuts. At the core of these efforts is the ever-enduring pursuit of a more effective and representative democracy that reemphasizes the values of democracy through active citizenship and commitment to public interest as the outstanding values of public administration (Denhardt and Denhardt 2011).

The purpose of this entry is to provide a concise overview of the history and importance of this collaborative development phenomenon. Collaborative community development is not a new concept, as it has been recognized in academic and practitioner circles since the 1970s. Its popularity subsided in the 1990s and 2000s, but in recent years, it has reemerged in both practice and theory. Collaborative community development is defined as the process whereby citizens or groups of citizens substitute or supplement their local government's efforts to deliver public services and thereby create public and private value. Classic examples of government's dependence on citizen collaborators can be found in public services such as education, public safety, public health, public facilities, and social services.

Citizen collaboration is critical in meeting public service needs, as public agencies cannot successfully plan, implement, and monitor public services without the cooperation of individual citizens. In addition to their active participation, collaboration with citizens assumes their personal responsibility. If services are to be at all effective, citizens must play their expected roles. For example, a government-run workforce development service may provide training and assist with creating jobs and connecting citizens to these jobs. But it is up to the citizen to convert this government training input into the desired outputs and outcomes, namely, acquiring the skill set being taught and landing and keeping a job by employing this acquired skill set.

Citizens can help manage and improve their public services in a number of ways. Examples include maintaining streets, parks, and other public areas; helping to decide spending priorities and service preferences; using public facilities with care to help extend the life; picking up litter around their neighborhoods; or providing feedback to public agencies to help facilitate continual improvements in service quality.

The theoretical understanding of this process as coproduction is commonly narrated by public participation and urban governance scholars. However, the urban planning literature develops the concept of coproduction further. It adds the surrounding environment and the timeframe of coproducing processes into discussion and refers to this more complete picture as collaborative community development. In this way, the urban planning literature offers the important contextual guidance that helps to better understand the process of collaboration and, most importantly, its results. Therefore, pulling from this body of literature, this entry presents the practical foundations and scholarly evolution of coproduction into collaborative community development from a unique mix of public administration, planning, and community development scholarship.

## Urban Planning and Community Development

Governments often use collaborative community development tools to engage citizens in the planning, delivery, or management of public services. Whereas public services are traditionally viewed as those solely delivered by the government, coproduction theory suggests that the joint production of public services is optimal for both parties. As a result, these citizen-government partnerships can generate greater user satisfaction of public outputs and outcomes, as well as increase the provision of public services. Activation of the collaborative community development mechanisms is especially important in communities where governments do not have the capacity to effectively or sufficiently provide services.

For today's performance-driven, accountability-minded society, the power to elect delegates and access public information is no longer a sufficient means of participation or democracy. Even opportunities to partake in service production and delivery may not suffice if they offer only marginal citizen influence. Rather, engaging citizens

in policy implementation as well as policy formulation and earnestly considering their concerns and ideas may now be the standard (Alford 2009). As such, conventional participatory practices like voting or calling 911 are routinely accompanied by exchanges of ideas and power, for instance, through neighborhood councils or participatory budgeting. Through this more comprehensive approach to participation, citizens not only partner in the production of their public services but they can also interject their preferences and tailor services to meet their specific needs. In so doing, they are jointly engaged in both the planning and delivery of the public services that they subsequently consume and are thus meaningfully engaged throughout the lifecycle of the service (Uzochukwu and Thomas 2018).

## Birth of the Concept in American Inner Cities

What might seem like a norm for most of the developed societies today was not always the case. In fact, it was only in the second half of the last century when collaboration with citizens towards development of their localities was brought up as an issue of necessity. A history of the inner cities in the United States with their characteristically high concentrations of poverty serves as a good example of how the need for collaborative community development was realized and addressed.

The inner cities in the United States have historically been underserved. In their book *Place Matters: Metropolitics for the Twenty-First Century* (2014), urban policy researchers Peter Dreier, John H. Mollekopf, and Todd Swanstrom call the American practice of housing the poor in deteriorating areas of the city center a de facto national housing policy. It has been taking place as early as the 1920s. This institutionalized racism – America's unfortunate legacy and reality – fueled a number of repressive events, such as the white flight movement that contributed to the urban blight we see today in central cities across that country. The white flight movement of the 1950s and 1960s was a mass exodus of White households and businesses from decaying, Black-inhabited central cities to newer, more spacious and more exclusive suburbs. Adding insult to injury, these generally affluent out-migrants received tax subsidies for relocating.

White flight or suburbanization is also commonly associated with the US Supreme Court ruling to desegregate schools. As schools were ordered to integrate, Whites moved to more racially homogenous areas. As well, white flight suburbanization is linked to the Federal Urban Renewal Program that sought to revitalize central business districts, gentrify inner-city neighborhoods, and build highways and bridges that would better connect suburbanites to the central city. However, as with the other initiatives, urban renewal projects – informally referred to as "black removal" – brought much devastation to the urban poor, displacing millions of people nationwide via slum clearance and eminent domain projects that were purposed as economic development (Dreier et al. 2014).

The population decline, business disinvestment, and tax base erosion that followed suburbanization left central cities financially crippled and their immobile remnants isolated and living in abject conditions. Meanwhile, in suburbs, policies enforcing exclusionary zoning, minimum lot sizes, and the separation of land uses (residential, commercial, and industrial) made suburban living expensive, vehicle-dependent, and thus inaccessible to the urban poor (Dreier et al. 2014).

This series of events led to obvious racial and economic polarization across geographic lines. At the time of this socio-spatial transformation, policies requiring *maximum feasible participation* of citizens – particularly poor citizens – in planning and administering local programs were not yet in place. Such participatory mechanisms would later help to ensure that locality development projects undergo more inclusive and transparent public review processes with members of the potentially affected communities (Checkoway 1994; Davidoff 1965).

In the 1960s, American-Canadian journalist and activist Jane Jacobs stepped in and challenged the going approach to urban renewal that

authorized external experts to make life-altering decisions on the behalf of communities whose residents would have little to no influence in the process. These experts were often disconnected physically, emotionally, culturally, or socioeconomically from the communities they were impacting and thus were considered rational, read economically motivated. In her book *The Death and Life of Great American Cities* (1961), Jacobs posits that because neighborhood-centered planning and citizen-engaged processes are better informed and more socially conscious, they are the more appropriate approaches to locality development initiatives like urban renewal.

Soon after, in the middle of the 1960s, planning scholar and practitioner Paul Davidoff introduced the concept of advocacy and equity planning. Ideally, advocacy planning would combat poverty and help rectify racial and other social injustices by empowering all groups in society to advocate for themselves, especially those who had suffered at the hands of urban renewal's unitary planning. Unitary planning has been a practice that allowed only one agency in a community, e.g., a city planning commission or a department, to prepare a comprehensive plan. As such, affected residents were seldom afforded opportunities to participate and thus had little or no influence in the planning process.

At a time when city planning was regarded principally as physical planning like managing land uses and the spatial distribution of facilities, Davidoff proposed a provocative and more comprehensive agenda for planners that would expand planning considerations to include advocating social factors. Explaining that physical structures are merely "servants to those who use them" and assign value to them, he urged his fellow planners to shift their focus from inanimate objects as buildings, highways, and bridges to their value-determining users. To ascertain these values, planners would need to begin incorporating the indigenous knowledge and experiences of potentially affected communities. Citizen participation became widely discussed as a crucial element of a healthy democracy. It was only then when the planning process was sought to encourage democratic urban government, and it was to be done by including rather than excluding citizens from the decision-making process.

Compounding the problems brought on by suburbanization and urban renewal, during the Reagan Administration of the 1980s, federal and state funding to local governments was substantially reduced, causing local programs to suffer major cutbacks. Consequently, public managers began requesting – and in some cases requiring – citizen participation in the production and delivery of public services. To sum up, the emergence of coproduction in municipalities across the United States was largely attributable to: (1) the declining fiscal capacity of the public sector; and (2) the push for more inclusive processes than what existed at that time.

## Scholarly Evolution of the Concept

As participatory governance practices gained popularity, so did academic efforts toward understanding and evaluating its impact. Hence, while there were fewer debates about whether to engage residents in planning and developing public services, discussions about how to do so intensified. For instance, should residents be involved in the planning and design phase, in the production and delivery phase, or throughout the policy process? Should residents be engaged individually or collectively? And how much power should residents actually have in the process? This increasing focus on meaningful participatory mechanisms led scholars to begin associating coproduction with other recent public management concepts such as *collaborative governance*, *participatory democracy*, *community planning*, and *empowered citizenship*.

Furthermore, coproduction literature offers insights into the types of services that can be coproduced. As aforementioned, coproduction became a budget management tool for some struggling cities that came at a time when citizens sought greater inclusion in community affairs. Coproduction has also been a load-shedding strategy for delivering nonessential municipal

services. Some further American examples would be those strategies initiated by President Lyndon B. Johnson under the Great Society social reform program, which goals included elimination of poverty and racial injustice through four main service areas: education, medical care, urban problems, and transportation.

Some scholars noticed that the understanding of the coproduction term tends to be restricted to peripheral or additional services rather than the core public good services. The research confirms this notion that they are the nonessential services that tend to be coproduced. Public services that can afford to be delayed or fully substituted by citizens are most conducive to coproduction. Additionally, services that require low or no skills, and minimal expertise are more likely to be coproduced. In these low-skill activities, coproduction is less likely to be resisted by public personnel, as they may not feel that their job security is being threatened.

Collaborative community development studies are concentrated mostly in the public service areas as Education, Emergency Services, Facilities, Planning, Sanitation, Social Services, Transportation, and General Law and Order. Table 1 provides some references to the studies conducted in these areas. All of these services are typically spearheaded by local governments, and with the exception of Planning and Law and Order, these services can be substituted or supplemented by citizens. Education can be supplemented via tutors or substituted by private schooling. Citizens can supplement emergency services via neighborhood watch programs, fire detectors, and car alarms. Public facilities are typically categorized as nonessential services such as libraries, parks, and cultural venues. Social services include housing and public health programs, such as housing vouchers and health insurance for those who are not able to independently secure such necessities. Public works consist of sanitation services, such as garbage disposal, recycling, water, and sewer, and transportation services such as roads and traffic-related services. The frequency of these public service areas in the collaborative community development literature may be an indication that they are either more easily or more necessarily coproduced than are other service areas. It might also be the case that these service areas are more accessible to researchers.

**Collaborative Community Development, Table 1** Collaborative community development studies by public service area

| Service area | Collaborative community development study |
|---|---|
| **Education**<br>K-12, workforce training, etc. | Jakobsen 2012; Mattson 1986; Ostrom 1996; Percy et al. 1980; Whitaker 1980 |
| **Emergency Services**<br>Police, fire, paramedics, etc. | Mattson 1986; McCabe 2006; Ostrom et al. 1978; Percy et al. 1980; Thomas 1987; Whitaker 1980 |
| **Facilities**<br>Parks, recreation, libraries, arts and culture, building codes, etc. | McCabe 2006; Percy et al. 1980; Thomas 1987 |
| **General Planning**<br>Community development, policy-making, zoning decisions, etc. | Arnstein 1969; Alford 2009; Cooper and Kathi 2005; Lovan et al. 2004; Mattson 1986; McCabe 2006; Roberts 2008; Thomas 1987, 2012 |
| **General Law and Order**<br>Obey laws, vote, jury duty, file tax returns, write zip codes, etc. | Alford 2009; Thomas 2012 |
| **Sanitation**<br>Trash, recycling, water, sewer, etc. | Folz 1991; Mattson 1986; Ostrom 1996; Percy et al. 1980; Thomas 1987; Whitaker 1980 |
| **Social Services**<br>Healthcare, housing, etc. (for specific groups: children, seniors, disabled, low-income, etc.) | Thomas 1987; Whitaker 1980 |
| **Transportation**<br>Roads, traffic lights, etc. | McCabe, 2006 |

Source: Authors' own compilation

## Collaborative Community Development and Global South

As collaborative community development has been establishing itself as the concept in the public administration and urban planning fields of

science, the practitioners all over the world started to pay closer attention to the utility of this method in solving local problems and conflicts. The earlier popularity of collaborative community development strategy in the developed countries can be explained by the closer connections between these states and the old established channels of policy and practice benchmarking and learning (Prysmakova 2020). Also, certain levels of countries' development and social capital unarguably set some sound grounds for collaboration to take place.

Meanwhile, those who recently went through the fast development process, like the South Koreans, were fast to recognize that this concept is not foreign to them. In fact, the popularity of collaborative network governance in that region has its deep roots in the local tradition and culture, with government-led initiatives traditionally being the most popular type. At the same time, a public-private partnership structure, where public administrators and the locals participate on equal, has proved to bring much better performance outcomes, and therefore, has been recognized as worthy of closer attention.

Many localities in the countries of the less developed global South have also turned to the collaborative community advancement approach. Here, it offered new and, sometimes, the only opportunities for local population to speak up and to partake in selecting the destiny of their neighborhoods. Collaborative community development strategies created space where diverse perspectives can be shared and discussed. Today, collaboration on the community level can be found almost everywhere. Collaborative rebuilding efforts are essential for the post-disaster rehabilitation of Haiti as they embrace social entrepreneurship, healthcare and environmental stewardship, community agriculture, and planning and construction. Cross-sector partnerships voice the opinion of the locals and allow them to participate and lead the projects while mitigating the conflicts between mining industries and the local population in Chile. Collaborative ventures that further advance the communities are helpful for the social integration of the urbanites from developed countries, known as amenity migrates, and the local rural residents in Costa Rica.

What unites all these seemingly distinct collaborative community development initiatives is that their participants always come from different backgrounds. Thus, regardless of the projects and their locations on the planet Earth, these participants encounter similar challenges and barriers like differences in culture, space, and language that often stand on the way of the effective communication and collaboration. Professionally addressing these obstacles is the key to the collaboration success. Despite of all these challenges, collaborative community development seems to be a strategy worth pursuing. Dialogue and shared power are imperative to create, change, or preserve structures and institutions that are consistent with the interests of local people and allow for the further advancement of their communities.

## Summary

There is an obvious need for collaboration whereby citizens engage in their community development. The potential benefits are noteworthy, most especially in communities where the local government typically does not have the capacity to effectively or sufficiently provide some or all of the services. An important historical example that contributed to the development of the concept is the post-urban renewal era in the United States, when urban blight devastated many central cities, and local governments were financially constrained in their ability to deliver public services. Given the deprived fiscal state of central cities that followed this white flight and suburbanization era, collaborative community development strategies were a natural response from these struggling municipalities. Not only did the cities lack the tax base to provide adequate public services to its residents, but they also experienced greater demand for services because of the increased concentration of poverty.

Collaborative community development tools are essential, when cities need to do more with less, and while citizens are becoming more vocal about their discontent with government practices and performance. The citizens are demanding greater involvement and influence in the

community development decisions that affected their lives. Hence, to help ensure quality of life, promote democratic values, and meet the needs of bureaucracies, the idea of collaborating with the citizens in the attempts of further development of their communities became both appealing and necessary.

Unlike traditional forms of citizen participation, collaboration with the members of the community had promises of expanding citizens' roles from consumers to consumers and co-creators of their public services and the public policies that precede them. Citizens progress from the traditionally indirect and passive involvement in public affairs (e.g., voting, paying taxes) to an innovatively direct and active engagement of citizens in the planning, implementation, and management of public services. For example, when cities experience considerable budget reductions in their police, fire, park, and other public services, citizens voluntarily but necessarily can pick up the slack by volunteering as auxiliary police officers, firefighters, and facility caretakers. This influx of consumer-producers helps to ease the municipality's fiscal strains, while retaining or even increasing the pace of the community development. As an added benefit, citizens can customize public services to better suit their needs.

Coproduction in urban policy-making stems from the general interests of citizens to participate and a more specific and practical interest in how to be meaningfully engaged in city planning and community development. To date, scholars continue to affirm the potential benefits of collaboration with the citizens as a tool for community development and urban planning. Because citizen participation is the cornerstone of democracy, democracy loses its most essential attribute without it. Thus, enabling citizens to participate in the public processes that affect their lives enhances democratic values, such as liberty, equality, and the common good. With resurging interest in more meaningful participatory arrangements in community development such as coproduction all over the world, the further advancement of communities through the tools that attain and enhance democratic values seems very possible and plausible.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Civil Dialogue
- ▶ Co-production
- ▶ Government and Nonprofit Relationships
- ▶ International Development Agencies and Developing Countries
- ▶ Public Organizations and Nonprofit Organizations


C

## References


Alford J (2009) Engaging public sector clients: from service-delivery to co-production. Palgrave Macmillan, Basingstoke

Arnstein SR (1969) A ladder of citizen participation. J Am Inst Planners 35(4):216–224

Checkoway B (1994) Paul Davidoff and advocacy planning in retrospect. J Am Plan Assoc 60(2):139–143

Cooper TL, Kathi PC (2005) Neighborhood councils and city agencies: a model of collaborative coproduction. National Civic Rev 94(1):43

Davidoff P (1965) Advocacy and pluralism in planning. J Am Inst Plann 31(4):331–338

Denhardt JV, Denhardt RB (2011) The new public service: serving, not steering. ME Sharpe, Armonk

Dreier P, Mollekopf JH, Swanstrom T (2014) Place matters: Metropolitics for the twenty-first century. University Press of Kansas, Lawrence

Folz DH (1991) Recycling program design, management and participation: a national survey of municipal experience. Public Admin Rev 51(6):22–231

Jacobs J (1961) The death and life of great American cities. Vintage, New York

Jakobsen M (2012) Can government initiatives increase citizen coproduction? results of a randomized field experiment. J Public Admin Res Theory 23(1):27–54

Lovan WR, Murray M, Shaffer R (2004) Participatory governance: planning, conflict mediation and public decision-making in civil society, Ashgate Pub Ltd

Mattson GA (1986) The promise of citizen coproduction: some persistent issues. Public Prod Rev 10(2):51–56

McCabe BC (2006) Privatizing urban services through homeowners associations: the potential and practice in Phoenix. Int J Public Admin 29(10–11):837–847

Ostrom E (1996) Crossing the great divide: coproduction, synergy, and development. World Dev 24(6):1073–1087

Ostrom E, Parks RB, et al (1978) The public service production process: a framework for analyzing police services. Policy Stud J 7:381–381

Percy SL, Kiser LL, Parks RB (1980) Citizen coproduction: a neglected dimension of public service

delivery. Paper presented at the Workshop in Political Theory and Policy Analysis, Bloomington, IN
Prysmakova P (2020) Generation learning framework: applying Margaret Mead's typology to agenda-setting stage of policy diffusion. J Public Policy Stud
Roberts NC (2008) The age of direct citizen participation, ME Sharpe Inc.
Thomas JC (1987) Neighborhood coproduction and municipal productivity. Public Prod Rev 10(4):95–105
Thomas JC (2012) Citizen, customer, partner: engaging the public in public management. M.E. Sharpe, Armonk, NY
Uzochukwu K, Thomas JC (2018) Who engages in the coproduction of public services and why? The case of Atlanta, Georgia. Public Admin Rev 78(4):514–526
Whitaker GP (1980) Coproduction: citizen participation in service delivery. Public Admin Rev 40(3):240–246

# Collaborative Governance

Amiya Kumar Das
Department of Sociology, Tezpur University, Tezpur, India

## Synonyms

Collaborative Management; Community Collaboration; Participatory Governance; Participatory Management; Public-Private Partnership

## Definition

Collaborative governance is a process where there is an arrangement for the involvement of public agencies, citizens, civil society organizations, interest groups; enterprises, etc. to discuss and decide on the policy issues and implementation strategy. Here, through an interactive decision-making process, various state and non-state actors are involved to arrive at a broad consensus. Collaborative governance encourages a dynamic, contextual, deliberative, diverse view points and flexible way to decide on the policy issues by involving diverse stakeholders in its process. Collaborative governance not only devises policies but also ensures the implementation in a more effective way.

## Introduction

Collaborative governance has emerged as a catchy concept and buzzword in recent times. It is used in the context of both government and nongovernment activities. Many authors have expressed their concern regarding the conceptual clarity, operational usage, and practice of collaborative governance. It is widely used in the decentralized form of governance. It is very eclectic and complex in nature. Some researchers and writers use it interchangeably with collaborative management, community collaboration, and public-private partnership.

However, this entry discusses the importance of collaborative governance (CG) which has been recognized as an important form of participatory democracy where the democratic governance is in practice. It is a form of participatory democracy where citizens or the public is part of the decision-making process. Therefore, it is useful to understand the collaborative governance from the participatory approach. In collaborative governance process, government involves citizens, various civil society organizations, market enterprises along with other necessary stakeholders.

Since last three decades or so, the collaborative and participatory approaches have been popular and adopted in various sectors. In contemporary times, it is almost used in all spheres including urban planning and development, environmental issues, natural resource management, and in the functioning of grassroots level organizations such as Panchayati Raj Institutions in India. In grassroots level democracy, it is proved to be one of the superior methods of governance.

Collaborative governance is becoming more popular in the domain of public administration. There has been a serious recognition to develop leaders and volunteers for collaborative governance. But in the academic domain, till date, there is no robust theory developed yet to understand the frame work of CG. It is a mishmash of various ideas and practices related to the democratic participatory governance.

People often mention that the CG is mostly adoptable in the network society. Some might argue that governance means collective or

collaborative form of action. Then why there is a call for collaborative governance? CG is a kind of governance where the role of citizens becomes more important. In this context, Mark Bevir opines that "collaborative governance refers mainly to cases in which citizens play a more active role in policy—making or service delivery. Typically, collaborative governance is an interactive process in which myriad actors with various interest, perspective, and knowledge are brought together" (Bevir 2012, 109).

## Understanding Collaborative Governance

CG has been defined in various ways but some of the most used definitions have been referred here. It is usually defined as a way to solve the governance problem by involving many institutions and organizations. Agranoff and McGuire (2003) define it as "the process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved, or solved easily, by single organizations." Ansell and Gash try to analyze CG both in theory and practice.

Through a meta-analytical study of various existing literatures on collaborative governance, Ansell and Gash (2008) have identified few critical variables that influence the outcome of a successful collaboration in the context of CG. These variables are cooperation among stakeholders, the incentives for stakeholders to participate in the governance process, power and resources imbalances between various agencies and actors, type of leadership, and institutional design. Through meta-analysis, they have identified some factors which are essential and important for a fruitful collaborative governance. These are trust building, face-to-face dialogue, shared understanding and commitment. The authors emphasize on the contingency model and suggest the practitioners of collaborative governance that to the strategy has to be developed in the particular situation. This contingency approach is similar to situation theory or situational approach which is used in management and organization theory. Ansell and Gash define collaborative governance as "a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets" (Ansell and Gash 2008, 544).

There are literatures available on the basis of survey of existing materials on collaborative governance. Most of them point out towards some elements which are very essential for the success of a collaborative governance mechanism. These are: common or shared interests and goals, active stakeholders, participation, meaningful dialogue and effective communication, decision-making, commitment, trust, planning, conducive reciprocal working environment, deliberation, and efficient implementation.

Bevir points out to a difference between CG and network governance, he explains "collaborative governance differs from network governance, therefore, because it involves the citizens affected by a policy or service, not just private or voluntary sector organizations with which the state forms a contract or partnership. Again, collaborative governance differs from whole-of-government approaches because it brings citizens' groups into the policymaking process, not just diverse government departments and agencies" (Bevir 2012, 109).

Batory and Svensson (2019) endeavor to map the literatures on CG and opine that scholarly articles differ in their conceptualization of collaborative governance along at least five dimensions, which concern participation (inside and/or outside government); agency (who drives these processes); inclusiveness (organizational and/or citizen participation); scope (time frame and stage of policy cycle); and normative assumptions (positive or neutral).

Morse and Stephens (2012) designed a procedure of CG and suggest how best it could be taught and used in research steps. They outline a four-phase model of collaborative governance to help the practitioner collaborative governance. They have presented a collaborative governance framework of four phases that can be used in teaching and learning about collaborative

governance. These are assessment, initiation, deliberation, and implementation. Kim (2016) reveals that a new public sphere is created through collaborative community. Here wide ranges of stakeholders interact and various factors such as trust, social capital, social ties, individual empowerment, collaborative synergy come into play. She proposes a community governance model and collaborative governance where three types of capital are involved; these are intellectual, social, and political capital. She finds through her study that collaborative community initiative contributed to generating a social awareness and community-tailored plans and strategies.

## Limitations of Collaborative Governance

CG often has high transaction costs and consumes lot of energy ant at times it is difficult to govern. Conflict of interest may arise during the representation. Often chances are there, powerful may replace or hijack the positions of the weaker sections. Collaborative processes often fail to enforce commitment. Democratic anchorage of collaborative governance practices is often missing (Ansell and Gash 2008).

Participatory development and participatory decision-making processes have been eulogized much. They have also faced criticism. Collaborative governance also seeks participatory decision-making process, which is in much vogue now. It is alleged by the critics that in the name of participation, only some powerful people who have voice, represent the community. Often dominant individual or groups participate in the name of community participation. In this case, disadvantaged categories like women, ethnic minorities, religious minorities, landless workers, and vulnerable poor are left out. Cooke and Kothari argue that participation is new form of tyranny in the process of participatory decision-making process. They articulate in a sarcastic manner that tyranny is the illegitimate exercise of power and participatory development facilitates this tyranny (Cooke and Kothari 2001). John Harris has shown how development has been depoliticized. An institution like World Bank has been using various terms and concepts like social capital in the arena of international development. Harris debunks the agenda of depoliticization by showing how institutions like World Bank systematically obscure class relations and power in the ground level (Harris 2001).

Berner offers a critique to the process of participation; he outlines four main categories, namely, ritualistic, exploitative, exclusive, and substitute participation. Ritualistic participation means little willingness on the part of development agencies and experts to share effective decision-making power, and consultative meetings become mere rituals to legitimize preconceived plans and to manipulate rather than facilitate the process. Exploitative participation is a disguised form of participation. In the name of creating ownership and improving efficiency, development agencies often require beneficiaries to contribute work and money. Exclusive participation deals only with leaders and powerful key informants in the name of community representative participation. Substitute participation looks for manipulation or distortion in the representation (Berner 2010). Collaborative governance can be one of the powerful tools but most of the times it can be hijacked and misused when there is no control mechanism of power.

## Conclusions

Governance literatures emphasize that governance does not include only the affairs of state. Due to the advent of neoliberal policies, welfare state is outsourcing most of the welfare subjects like education, health, transportation, sanitation, etc. to NGOs and CSOs. Then governance demands a new form of rule. Policy makers have advocated a new form of governance, which is different from traditional form of governance.

Panchayati Raj Institutions (PRIs) in India are somewhat modeled in the framework of collaborative governance. Government of India planned according to this model and implemented local level self-governance after the 73rd amendment

of the constitution. In an area, where the majority of people are not conversant with the language of governance, or how to deal with official procedures, it is difficult for them to participate in the process of governance on their own. So, in the name of participation and representation, local elites and petty political intermediaries most of the times take the benefits. Even if in principle collaborative governance sounds good, in practice it still has to deliver with respect to inclusive participation.

Even though there are doubts and criticisms of CG has emerged over the period. There is no doubt that it has the power to generate public participation in the governance process. If we can follow the contingency approach in CG, then we will be able to create a more meaningful contextual approach where two important things could be assured. One is democratic participation of citizens in the policy making and implementation process. The other one is trust building among various stakeholders of the CG. It may also lead to the efficient evaluation of policy and programs which were devised and implemented through the process of CG.

## Cross-References

► Governance
► Mediation in Public Administration

## References

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local government. Georgetown University Press, Washington, DC

Ansell and Gash Collaborative Governance in Theory and Practice 547 (2008) Collaborative governance in theory and practice. J Public Adm Res Theory 18(4):543–571

Batory A, Svensson S (2019) The fuzzy concept of collaborative governance: a systematic review of the state of the art. Cent Eur J Public Policy 13(2):28–39

Berner E (2010) Introduction: participation between tyranny and emancipation. In: Gómez GM, Corradi AA, Goulart P, Namara R (eds) Participation for what: social change or social control? ISS and Hivos, The Hague

Bevir M (2012) Governance: a very short introduction. Oxford University Press, Oxford

Cooke B, Kothari U (2001) Participation: the new tyranny? Zed Book, London

Harris J (2001) Depoliticizing development: the World Bank and social capital. Left Word Books, New Delhi

Kim S (2016) The workings of collaborative governance: evaluating collaborative community-building initiatives in Korea. Urban Studies, 53(16):3547–3565

Morse RS, Stephens JB (2012) Teaching collaborative governance: phases, competencies, and case-based learning. J Public Aff Educ 18(3):565–583

C

# Collaborative Governance in Broward County with the Grantee as the Critical Variable

James Agbodzakey[1] and Leslie Taylor[2]
[1]University of North Texas at Dallas, Dallas, TX, USA
[2]Community Services Division, Broward Sheriff's Office, Fort Lauderdale, FL, USA

## Synonyms

Coordinator without use of hierarchy; Facilitative leader; Grantee

## Definition

| | |
|---|---|
| Grantee | A designated public servant in a local government bureaucracy who coordinates HIV/AIDS health services collaborative governance to enable various services to target populations |
| Collaborative governance | Engagement of cross-sector stakeholders to help make and/or implement decisions relative to addressing a complex public problem |
| Critical variable | A critical variable in this context implies an important factor in collaborative governance toward purposeful ends |

## Introduction

The HIV/AIDS epidemic represents a public health crisis of unimaginable proportion in view of the extensive impact on various sectors of a country's economy including people groups. The magnitude of impact cut across local, state, regional, national, and international domains which necessitated collaborative engagement of relevant stakeholders for care and treatment. The emergent collaborative governance model involving cross-sector stakeholders has thus become an acceptable approach for remedial measures in many parts of the world including developed and developing countries.

As a concept, collaborative governance entails bringing together stakeholders from various sectors: public, civic/nonprofit, and private sectors to collectively make decisions and/or carry out a policy mandate as part of implementation efforts to enable effective and sustainable solutions to a complex public problem (Ansell and Gash 2008, p. 544). The collective resolve among state and non-state stakeholders promotes creative ways to tackle the HIV/AIDS conundrum which is a complex public problem in this case. Scholars use terms such as participatory governance, network governance, collaborative public management, and multipartner governance, among others, synonymously for collaborative governance (Agbodzakey 2017; Ansell and Gash 2008). This paper uses the term collaborative governance in this context to relate cross-sector and multi-stakeholder engagements for care and treatment of HIV/AIDS infected and affected with the Grantee as the critical variable by focusing on the experience of Broward County. A critical variable in this context implies an important factor in collaborative governance toward purposeful ends.

The extent of embracing collaborative governance as a viable implementation strategy manifests in the eventual legislative intent which requires establishment of health services planning councils or designation of existing bureaucratic arrangements to promote care and treatment of HIV/AIDS infected and affected individuals. Such a legislative mandate as part of the Ryan White Comprehensive AIDS Resources Emergency Act (hereafter referred to as CARE Act) exemplifies policy initiatives as a result of a political will to promote health and general well-being of those infected and affected. However, it should be noted that the political will to act was not instant as it took years before the federal government in the case of the United States decided to intervene politically with attendant resource commitment to areas that were disproportionately affected which are termed as Eligible Metropolitan Areas (hereafter referred to as EMA). These EMAs usually have at least 2000 cases of HIV/AIDS (HRSA 2008) and with federal resources including finances are able to make allocation priorities for various service categories for the benefits of target populations using established local collaborative arrangement called the HIV/AIDS Health Services Planning Council (hereafter referred to as the Council) in compliance with federal stipulations. It is in the context of the HIV/AIDS health services collaborative governance at Broward County that the Grantee takes a center stage in care and treatment efforts.

The Grantee in this case is a designated public servant in Broward County local government who facilitates HIV/AIDS health services collaborative governance to enable various services to target populations. Thus, the Grantee engages state and non-state stakeholders representing HIV infected and affected, service providers, and non-elected community leaders at the Council on a regular basis (CARE Act 1990). In fact, the structure of the Council's collaborative arrangement demands Grantee-stakeholder engagements at mostly various standing committee meetings, general Council meetings, and health services-related occasional engagements such as workshops, retreats, and other community events. The Grantee usually reports to Broward County Board of County Commissioners and serves as a liaison between the county, state, and federal governments on HIV/AIDS care and treatment issues. The Grantee

can also be identified as a public service manager who encourages and facilitates cross-sector collaboration in the HIV/AIDS arena for the common good (Scott and Thomas 2017).

## Grantee and Health Services

The CARE Act which mandates establishment of health services planning councils in areas disproportionately impacted by the HIV/AIDS epidemic enables the role of the Grantee at each EMA under the directives of the chief elected official (CARE Act 1990, 2601a). The chief elected official in the case of Broward County is the Board of County Commissioners. These officials use the Grantee in leadership and administrative capacity to engage the Council to help deliver inpatient, outpatient, ambulatory, and comprehensive care and treatment services to HIV/AIDS infected and affected at the county (HRSA 2008). Thus, the Council which is mandated to make allocation priorities, develop comprehensive plans, and assess efficiency of administrative mechanisms for service delivery purposes under the authority of elected officials (CARE Act 1990) provides the avenue for the Grantee to engage various stakeholders for collective problem-solving.

As earlier referenced, the Grantee in the case of Broward County is a designated public servant within the local government administration who facilitates the affairs of the uniquely created Health Services Planning Council on behalf of Board of County Commissioners and the community at large. As the liaison between local, state, and federal governments, the Grantee receives federal grants annually on the county's behalf for care and treatment purposes. In fact, the Grantee strategically engages various stakeholders during the preparation and subsequent submission of the grant application. Furthermore, the Grantee performs additional roles such as coordination of services, procurement and contract monitoring, and some shared roles with the Council such as needs assessment, comprehensive/integrated planning, recommendations for allocation priorities, quality management, and evaluation of outcomes, among others (HRSA 2008, p. 7; Agbodzakey and Taylor 2019).

The Grantee's performance of shared roles with the Council attests to the nature of collaborative governance at the county as a conduit to collectively address the HIV/AIDS conundrum. Performing a role such as needs assessment demands that the Grantee assiduously engages the Council Chair, various committees, support staff, key community organizations, and local government agencies in order to produce a report that duly reflects the extent of care and treatment needs at the county. Similarly, comprehensive/integrated planning necessitates collaborative engagement of key Council members and various committees, county officials and agencies, and additional relevant community stakeholders. The Grantee's performance of the shared roles in addition to specifically solely designated roles as part of county's overall HIV/AIDS health services collaborative governance attests to the unique and critical space that the Grantee occupies when it comes to intentional county efforts to provide various services for care and treatment of target populations. The Grantee thereby serves as a critical variable to promote health and well-being of county residents who are infected and affected and by doing so promotes general population health of the county.

## Modeling Grantee Roles

This section of the paper uses two conceptual models to depict the Grantee's role in health services collaborative governance for care and treatment of target populations. Model I focuses on the Grantee's role in the collaborative process, and Model II highlights the Grantee's general multi-stakeholder engagements as creating community public value with impact. Together, the models promote knowledge and understanding of the Grantee's role as a critical variable in fostering health and general well-being of target populations in Broward County.

## Model I

Model I below depicts the Grantee's integral role in HIV/AIDS collaborative governance in Broward County with a specific focus on the process of engagement. The Grantee engages the various standing committees of the Council in addition to expected engagements at the general Council meetings, retreat, workshops, and community events, among others (Agbodzakey and Taylor 2019). By the established design of the Council, the Grantee participates in the various standing committee meetings and presents reports and essential updates to members to assist in making decision on various agenda items as part of efforts to provide care and treatment to target populations. Furthermore, the Grantee's participation at standing committee meetings also entails assisting the committee chairs during deliberations to clarify issues and resolve process-related disagreements/conflicts even though it is generally understood that the chairs usually moderate the meetings. The Grantee plays similar roles at the general Council meetings. By these roles, the Grantee is able to establish and grow professional working relationship with the various committees and Council members which usually translates into thoughtful allocation priorities to various service categories for care and treatment of target populations.

The model also depicts the interconnectedness of the various standing committees in task and procedural areas. In fact, some tasks are performed by the committees in sequential order with the executive committee providing oversight of the various committees. In general, each committee's task has some implications for the other committees as it relates to substantive and collaborative outputs to promote the health and general well-being of target populations. The Grantee thereby serves as a lynchpin through regular stakeholder engagements, providing vital information and performing other process-related undertakings to foster collaborative governance in addressing the HIV/AIDS problem at the county. Overall, each committee meets, at least, nine (9) times in a grant year and such is the case for the general Council as well with the Grantee playing a vital facilitative role to promote care and treatment (see the model in Fig. 1).

## Model II

The Grantee's critical role in HIV/AIDS health services collaborative governance is equally depicted by Model II below which highlights integrated relationship between the Grantee, Council, and community. As the liaison between the county, state, and federal governments for specific mandated responsibilities, the Grantee fosters collaborative engagement between the Council and community in ways that promote services to target populations while adhering to various government requisites. The Council in this context consists of HIV/AIDS infected and affected, service providers, and non-elected community leaders (CARE Act 1990) concertedly termed as members who are regularly engaged in collaborative forum to make decisions that will enable care and treatment of target populations.

The composition of the Council is in consonance with a legislative mandate associated with implementation of the CARE Act with the Grantee as a facilitative public sector leader steering various efforts to help fulfill established intents and purposes. The Council members are certainly part of the community. However, the use of community here connotes engagements of stakeholders at the Council and beyond. Individuals, people groups, civic associations, non-profit and private entities, policy entrepreneurs, and advocates, among others, are also engaged as part of integrated efforts to ensure various communities are effectively engaged. For instance, case management demands engaging key populations impacted by the epidemic on individual and/or group capacities. Similarly, various service providers who are not directly part of Ryan White services are engaged to enable coordinated services that will promote continuum of care to infected and affected populations. Thus, by steering engagement of multiple cross-sector stakeholders, the Grantee is able

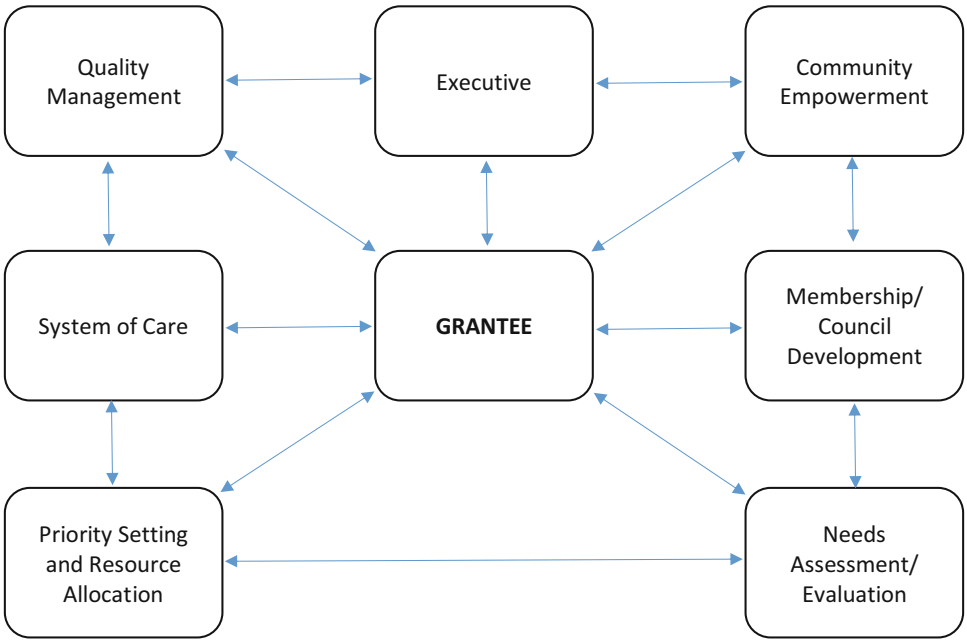


**Collaborative Governance in Broward County with the Grantee as the Critical Variable, Fig. 1** Model on Grantee's Role in the Collaborative Process of the Council. (Model designed by the authors)

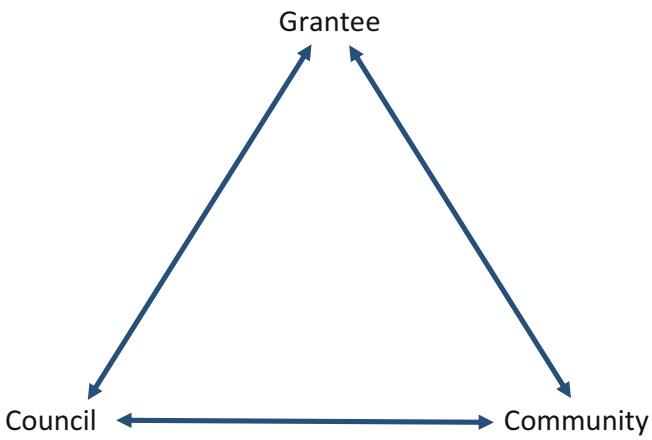


**Collaborative Governance in Broward County with the Grantee as the Critical Variable, Fig. 2** Model on the Grantee's multi-stakeholder engagements. (Model designed by the authors and reprinted with permission from IRPA/Taylor and Francis)

to promote shared understanding, commitment, communication, and strategic partnerships for collective problem-solving (Ansell and Gash 2008).

The representation and participation of the various state and non-state stakeholders with the Grantee's facilitative role thereby enable constructive and sustainable outputs for the common good. The engagement of the various stakeholders as part of care and treatment efforts also has the tendency to promote awareness of the epidemic for general population health purposes. See the depiction of the integral relationship as community public value with impact in the model (Fig. 2).

## Reflecting on the Grantee's Impact

The Grantee's role in HIV/AIDS health services collaborative governance in Broward County of South Florida is integral to care and treatment of those infected and affected. The Grantee's intentional and professional engagement of various state and non-state stakeholders at the various committee and general Council meetings enable informed decisions on various services. For instance, the Grantee's recommendations for various service categories enhance the Council's judicious allocation priorities to such services in ways that promote health and general well-being of target populations.

The Council is able to assiduously realize outputs such as needs assessment reports, comprehensive/integrated plans, and outcomes evaluation, among others, because of the Grantee's creative and facilitative leadership as it relates to engaging various stakeholders (Agbodzakey 2017). Thus, the Grantee is able to creatively engage not only stakeholders at the Council and attendant committees, but also effectively engage county government officials, other critical community stakeholders, relevant Health Resources Services Administration (HRSA) officials, and key state officials involved in tackling health and human services challenges. The Grantee's facilitative leadership no doubt fosters the county's compliance with federal stipulations on resource allocation which culminates in regular grant awards and services to those in need. For instance, the Council over the years consistently complies with 75% allocation priorities for core medical services and 25% for support services because of the Grantee's creative multi-stakeholder engagements and recommendations. Furthermore, the allocation of over $165 million for various service categories in 2000–2006 and 2009–2013 time frames to support between 11,000 and 13,000 HIV/AIDS infected and affected in the county on annual basis is to a greater extent because of the Grantee's facilitative leadership (Agbodzakey and Taylor 2019; Broward County HIVPC 2009, 2014a, b). The Grantee thereby serves as an encourager and facilitator of health services collaborative governance in ways that fosters public service management toward purposeful ends and promotes the community's population health and general well-being (Scott and Thomas 2017).

Overall, the Grantee's efforts can be characterized as process effectiveness and community impact as public value. The process effectiveness manifests in regular engagement of the three (3) core groups at the Council and its committees including engagement of other critical state and non-state stakeholders. The community impact as public value aspect is reflected by the intentionally created local capacity at the county level with some external support and the relevant local competencies that are developed as a result to promote care and treatment services for the benefits of various community stakeholders including HIV/AIDS infected and affected.

It should be noted that the Grantee's role in ensuring collaborative success is not without challenges. Challenges associated with the collaborative process, federal resource allocation, and multi-sector leadership and stakeholder engagements are enormous. However, the Grantee is able to navigate through those challenges in ways that promote continuum of care for target populations, and such is likely to be the case going forward.

The Grantee's performance of various roles as enumerated above shows how critical the Grantee is in terms of encouraging, facilitating, and sustaining collaborative governance in a local system context using insights from federal guidelines. The eventual success in meeting the needs of HIV/AIDS infected and affected despite some resource challenges points to how an intentionally created nontraditional facilitative leadership in a usually restrictive bureaucratic arrangement can promote innovation and collective problem-solving. One cannot imagine how the Council in Broward County would have fared without the existing collaborative design mechanism that places the Grantee as the criterial variable in engaging cross-sector stakeholders for sustainable

outputs and outcomes while at the same time creatively engaging centrifugal and centripetal forces for the greater good. Admittedly, the support that the Grantee receives from the Council members, support staff, and other key players in the HIV/AIDS arena makes a difference in ensuring collaborative success for the benefits of target populations.

## Cross-References

► Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration without Hierarchy

## References

Agbodzakey J (2017) Ryan White CARE Act and collaborative governance re-examined: the South Florida experience. Public Organ Rev 17:293–314

Agbodzakey J, Taylor L (2019) Collaborative governance and role of the Grantee in HIV/AIDS health services: the Broward County of South Florida experience. Int Rev Public Adm 24(3):149–169

Ansell C, Gash A (2008) Collaborative governance theory and practice. J Public Adm Res Theory 18:543–571

Broward County HIVPC (2009) Ryan White treatment modernization act-part. A comprehensive plan 2009–2011. Broward County, Florida. Retrieved from https://hab.hrsa.gov/about-ryan-white-hivaids-program/about-ryan-white-hivaids-program

Broward County HIV Planning Council (2014a) Compiled allocation priorities, FY 2009–2013. Fort Lauderdale/EMA TBA

Broward County HIV Planning Council (2014b) Broward County HIV health services planning council by-laws. Broward County Fort Lauderdale/EMA

Health Resources and Services Administration (2008) Ryan White Part A planning council primer. U.S. Department of Health and Human Services. Retrieved on 24 May 2017 from https://careacttarget.org/sites/default/files/file-upload/resources/pcprimer2008.pdf

Ryan White Comprehensive AIDS and Resource Emergency (CARE) Act (1990) Retrieved 11 Oct 2007. http://hab.hrsa.gov/livinghistory/timeline/1990.html

Scott TA, Thomas CW (2017) Unpacking the collaborative toolbox: why and when do public managers choose collaborative governance strategies? Policy Stud J 45:191–214

# Collaborative Governance Without Hierarchy: The Case of South Dallas Project

James Agbodzakey[1], Kevin Ogolla[2], Kaia DeMatteo[3] and Cassandra Hawkins[4]
[1]University of North Texas at Dallas, Dallas, USA
[2]Department of Social Sciences, University of North Texas at Dallas, Dallas, USA
[3]University of Massachussetts, Boston, MA, USA
[4]Department of Social Sciences, Mississippi Valley State University, Itta Bena, MS, USA

## Synonyms

Collaboration; Collaborative democracy; Multi-stakeholder governance; Participatory governance; Participatory management

| | |
|---|---|
| **Collaborative governance** | Collaborative governance connotes intentional cross-sector stakeholders' engagement relative to solving complex public problem(s) by making relevant implementation decisions and/or undertaking implementation actions for societal benefits. |
| **Public problems** | Public problems are those problems that are complex affecting various segments of the population, have a domino effect, and are usually tackled through collective cross-sector stakeholders' engagements and actions. |

This research uses the term South Dallas Project (SDP) to depict the collaborative governance initiative by cross-sector stakeholders to help address some of the area's complex public problems, specifically in the identified five zip codes. The term is preferred to South Dallas Employment Project since a careful examination of efforts points to the stakeholders' substantial resolve to address concerns including and beyond employment.

## Introduction

Collaborative governance, whether mandated or not, has become a broadly embraced approach to tackling complex public problems in developed and developing areas of the world. The opportunity for cross-sector stakeholders' engagement promotes the co-creation of solutions for societal benefits. Whether at the local/municipal, state, regional, federal/national, and international/global levels, collaborative governance's common appeal for collective problem-solving is on the ascendancy. Collaborative governance is now visible as part of attempts to address some of the complex public problems in the City of Dallas, Texas, as exemplified by the case of cross-sector stakeholders involvement in the South Dallas Project (SDP) to help mitigate some of the challenges in identified five zip codes of South Dallas.

Dallas is one of the economically viable and progressive cities in the State of Texas and the USA. Per recent population estimates, the city has slightly over 1.3 million people with Hispanics constituting 42%, Whites 29%, and Blacks/African Americans 24%, and is considered the third largest city in Texas and ninth largest in the USA (US Census Bureau 2018; Cubit 2020). While the median household income is about $52,210 for city residents, there are some apparent disparities when race is considered (Data USA 2020). For instance, White households' median income is about $73,000, but it is approximately $31,000 and $38,000, respectively, for Black/African American and Hispanic households (Singh and Asante-Muhammad 2018; Huynh and Kent 2015). The average Black/African American employee makes 54 cents of every dollar while the average Hispanic employee makes 58 cents of every dollar compared to their White counterparts (Young 2018; Groves and Tingle 2018). The economic disparities persist in other areas such as home ownership, property values, housing costs, employment, permit values, and access to credit and wealth gap in general with some leaders legitimately making a case to address economic and opportunity divide of the city and likewise the county (Joseph and Cowan 2017; Singh and Asante-Muhammad 2018). Relatedly, there are disparities in the area of education as well.

Recent statistics indicate Black and Hispanic students are about 2.5 grades and 1.8 grades, respectively, behind White students, and White students are 2.7 times likely to take, at least, one Advanced Placement (AP) course as Black students and 2.4 times as Hispanic students (Bawab 2018). At the college level, the statistics about Dallas are not as revealing as the actual realities indicate. The college graduation rates within the city are about 31% Whites, 30% Hispanics, 25% Blacks or African Americans, and 7% Asians (Data USA 2020), but there are some apparent disparities as Whites are 2.4 times and 5.2 times likely to hold an undergraduate degree compared to Hispanics and Blacks or African Americans, respectively (US Census Bureau 2010; Groves and Tingle 2018; Texas Education Agency 2016). Admittedly, there are other public problems such as crime, incarceration, youth unemployment, and lack of health-care access among others with disproportionate impact on marginalized populations who are mostly Blacks/African Americans and Hispanics.

Like many other cities that are bedeviled with social and economic problems, Dallas is awakening to the harsh realities of endemic disparities and the likely dangerous consequences to the overall health and general well-being of the city and its residents. While push and pull factors, including history, policies, and race relations, are partly responsible for the current predicaments, there is agrowing awareness for cross-sector solutions to address the challenges constructively. One of such emergent cross-sector solution-oriented efforts based on collaborative governance is the South Dallas Project which can be categorized as a collaborative governance experiment (about a year old) involving community stakeholders consisting of well-meaning individuals and entities.

The SDP, which consists of stakeholders representing public, private, and nonprofit/civic spheres, is geared toward addressing endemic problems of unemployment, lack of living wage, reintegration of returning citizens from correctional facilities, lack of affordable housing,

transportation, digital divide, etc. (South Dallas Project 2020). The initiative includes primary partners and other valuable collaborative partners working collectively to address the various challenges facing some segments of the population/community. This paper intends to highlight the use of collaborative governance by SDP as a framework to help address the complex and endemic public problems in the City of Dallas and explain the rudiments of SDP efforts in general, and draw some implications for policy and administration. The paper's segments will consist of excerpts on the collaborative governance framework, SDP and collaborative governance model, conclusions, and implications.

## Collaborative Governance Framework

Due to the multifaceted nature of various public problems relative to service delivery to citizens, the growing governance burden is necessitating alternative approaches to addressing public concerns. The urge for such alternative approaches to the multifaceted problems is based on the palpable awareness that government alone cannot effectively address the growing needs of citizens. Collaborative governance, which promotes cross-sector stakeholders' engagement as to address complex public problems, has become a commonly used framework to foster creative solutions for societal benefits. Scholars such as Gray (1989), Agranoff and McGuire (2003), Bryson et al. (2006), Jung et al. (2009), Agbodzakey (2012), Daniel et al. (2013), Freeman (1997), and others present cases of a collaborative governance approach in addressing complex socioeconomic, health, environmental, and law enforcement situations.

As a concept, collaborative governance relates engagement of stakeholders from cross-sectors to either make decisions and/or implement decisions as a conduit to help enable outputs and outcomes for societal benefits (Ansell and Gash 2008; Bryson et al. 2015). The drive for collective cross-sector action is usually a consequence of complex public problems with a domino effect on various country segments, including different population groups. While the cross-sector's stakeholders may have divergent interests and perspectives on the public problem of focus, the determination to find the solution(s) to the identified common problem (s) helps to forge consensus on the way forward and commitment to foster implementation action for the greater good (Ansell and Gash 2008; Agbodzakey 2010).

The diverse representation and participation of stakeholders from public, private, and nonprofit sectors in collaborative governance creates needed synergy for collective action. Each sector's stakeholders can draw on their unique strengths to complement established mandated or voluntary tasks as a conduit to success. For instance, nonprofit/civic organizations' representation and participation in allocation priorities for core social and support service categories could enrich deliberations and eventual allocation decisions. Their contributions are likely to be informed by service delivery experiences to diverge populations/target groups in various communities.

Multiple variables drive collaborative governance in ensuring outputs and/or outcomes that reflect constructive and sustainable solutions to community and societal concerns or problems. The convergence of such variables in line with the established intent of collaborative governance symbolizes cross-sector stakeholders' collective will to improve the identified societal situation. Scholars such as Bryson et al. (2006), Thomson and Perry (2006), Ansell and Gash (2008), Agranoff (2012), Proven and Kenis (2008), Emerson et al. (2012), and Koschmann et al. (2012), among others, have identified initial/antecedent and process variables as key to collaborative governance outputs and/or outcomes.

The initial/antecedent conditions represent such elements that foster the willingness of the cross-sector stakeholders to engage. Whether it is a mandate, resource commitment, agreement on rules of engagement, recognition of divergent interests, history of collaboration, etc., these drivers help lay the necessary foundation for collaborative governance (Bryson et al. 2006; Provan and Kenis 2008). For instance, agreement among the divergent stakeholders relative to engagement

at general and committee meetings helps set the stage for the number of meetings and the nature of deliberations as connected to the process.

The collaborative governance process variables reflect stakeholders' engagement concerning established tasks and attendant expected outputs/outcomes. The frequent dialogue among the stakeholders helps to make decisions and/or map out implementation strategies to promote constructive efforts for the common good. Process variables such as communication, consensus, commitment, shared understanding, mutuality, and trust building (Ansell and Gash 2008; Thomson and Perry 2006) are relevant to generating needed outputs/outcomes.

The initial/antecedent drivers for collaborative governance are usually complemented by what some scholars have termed critical variables to collaborative governance. The contention is that the initial drivers and process variables are not enough to sustain collaborative governance's grueling nature. Thus, leadership that is facilitative and structural configuration that creates an environment for representation and participation of cross-sector stakeholders are pivotal to ensuring collaborative success (Bryson et al. 2006; Ansell and Gash 2008). In effect, the nature of the collaborative process among stakeholders aided by the critical variables can promote outputs and/or outcomes for societal benefits.

The outputs and/or outcomes of collaborative governance are usually a product of the intentional efforts of stakeholders. The stakeholders' commitment to collaborative governance based on common resolve for workable solutions to a complex public problem drives their engagement in all collaborative process stages with the eventual creative outputs and/or outcomes. While the collaborative governance outputs can be somewhat tangible and quantitative, the outcomes are usually qualitative and sometimes difficult to measure. Collaborative governance outputs/outcomes, whether positive or otherwise, represent a consequence of multistakeholder engagement regardless of the meager or gargantuan nature of such an output and/or outcome. In successful cases, the outputs/outcomes are likely to be sustained because of the multistakeholders' involvement.

As is usually reflected by the outputs/outcomes, the success or failure of collaborative governance somewhat embodies benefits and challenges. Representation and participation of cross-sector stakeholders relative to a complex public problem could create some benefits such as innovation, resource pool, mutual accountability, and sustainable outcomes, among others (Choi and Robertson 2014; Sirianni 2009; Agbodzakey 2017). Relatedly, challenges, which could be conflicts among divergent stakeholders, slow decision-making, power struggles, time constraints, etc., can directly or indirectly impact collaborative governance (Memon and Kirk 2010; Emerson et al. 2012; Daniel et al. 2013). Nonetheless, collaborative governance embodies the dichotomy between challenges and benefits and typifies creative tensions associated with relevant collective intents. The South Dallas Project exemplifies multistakeholder engagement to help address endemic challenges in the City of Dallas and to some extent Dallas County, and highlights the intersectionality of interests and attendant creative solutions for societal well-being.

## South Dallas Project

The South Dallas Project (hereafter referred to as SDP) is a voluntary and nonmandated initiative consisting of cross-sector stakeholders from the public, private, and nonprofit/civic sectors. These stakeholders represent divergent interests but are united by a common resolve to address complex societal concerns. Whether in direct service provision, consulting, support services, or training, stakeholders' efforts mark a unique contribution to help realize the intents and purposes of the SDP.

The SDP's primary intent is to utilize the strategic approach of collaborative governance to promote the interests of opportunity populations in South Dallas, specifically in the five identified zip codes as a conduit to sustainable individual and community well-being. Opportunity populations in the context refer to (1) individuals returning from incarceration (and in need of support to reintegrate into society), addiction treatment, or under the jurisdiction of County's

Specialty Courts; (2) high school students in grades 8–12 in Career and Technical Education (CTE) programs; and (3) young adults in the 18- through 24-year bracket (South Dallas Project 2020, p. 3). The referenced opportunity populations in the identified five zip codes (75210, 75215, 75216, 75217, and 75228) have endemic challenges of incarceration, recidivism, unemployment, and the challenge of earning a living wage when eventually employed, among others (South Dallas Project 2020).

The SDP's focus on the defined opportunity populations is driven by existing disturbing evidence. Some of the targeted zip codes have the highest incarceration rates in the State of Texas. For instance, South Oak Cliff, with zip code 75216, has an incarceration rate of 2.2% of the area's population, representing 816 individuals. Pleasant Grove with zip code 75217 has an incarceration rate of 1.22% of the area's population, which means 682 individuals, while the rates are as high as 2.8% and 2.6%, respectively, in zip codes 75215 and 75210 (Shinneman 2019). The high incarceration rate of individuals is equally compounded by the recidivism, which is as high as 68% (Fabelo et al. 2016). Relatedly, youth unemployment is equally high.

While Dallas County currently has an 8.4% unemployment rate (YCHARTS 2020), the rate is much higher when ethnic disparities are considered. The unemployment rate is as high as 22% among Blacks and Hispanics in the 16- through 24-year bracket (US Bureau of Labor Statistics 2020). The high rate of unemployment among youth creates a sense of hopelessness and places affected youth in a severely disadvantaged position regarding economic mobility and well-being in general.

The identified area of focus, which consists of the five zip codes, is predominantly inhabited by African Americans and Hispanics. The current demographics consist of the following: Blacks/African Americans 59%, Hispanics 40%, and other races 2%; education rates, ages 25–64, are 36.8% without high school diploma; 32.5% high school graduates; 19.4% some college without degree; 4.4% a two-year degree; 4.4% a four-year degree; and 2.5% a postgraduate degree; and per capita income ranges from $11,921 to $20,812 (South Dallas Project 2020, p. 2). Thus, the underserved and underrepresented nature of this area called for creative ways to promote viability and sustainability. The SDP serves as one of the catalytic initiatives for community revitalization and sustainability.

The SDP is not a mandated initiative but rather a coalition of caring and well-meaning cross-sector stakeholders represented by organizations from public, private, and nonprofit/civic spheres to address unemployment and attendant issues such as certification needs, a living wage, and transportation, among others. The commitment and common resolve among the stakeholders to the primary established intent is essential for collaborative success. Thus, as a collaborative and voluntary initiative, SDP does not have a centralized authority structure, but is coordinated by two nonprofit entities, namely Redemption Bridge and the State Fair of Texas.

The facilitative role of Redemption Bridge and State Fair of Texas foster outreach, representation, and participation of relevant community-centric organizations. The diverse nature of representation and participation creates a synergy for collective action. For instance, as an emergent initiative, the various stakeholders collectively work on the protocols of engagement relative to the governance of their collaborative efforts, especially the collaborative process and its likely impact on outputs and outcomes. Ansell and Gash (2008) and Johnston et al. (2011) emphasize how initial agreement among stakeholders in collaborative governance is critical to constructive engagement and collaborative success.

The collaborative governance process usually fosters regular dialogue among the stakeholders with attendant consensus on the various deliberation subjects as a conduit to realizing anticipated outputs and/or outcomes. The process of engagement related to the SDP involves monthly general meetings and monthly specific standing committee meetings. The general meetings, usually referenced as an advisory council, allow for all the stakeholders to converge and collectively discuss the various undertakings to foster progress, shared understanding, and communication. The

standing committee meetings are usually tailored toward deliberating on specific initiatives per each focused area and are limited to stakeholders involved in targeted undertakings. The executive committee meetings serve as a strategic engagement toward providing needed direction, facilitation, assessment, and performance enhancement for the project. The steering committee meetings concentrate on the implementation and integration of all connected actions for collaborative success. Collectively, all of the various dialogues and attendant tasks as part of the collaborative governance are critical to addressing the concerns of the identified opportunity populations in South Dallas.

In an attempt to help tackle the SDP's primary established intent collectively, collaborative governance is organized around seven standing committees. The committees consist of living wage employment; housing; transportation; health, wellness, and recovery; community connectivity; digital access; and public policy, and are critical to meeting the target populations' needs and expectations (South Dallas Project 2020, p.2). The Living Wage Employment Committee focuses on promoting training and employment opportunities for target populations by working with relevant industry partners that will translate into living wage jobs; the Housing Committee fosters access to housing to help address lack of sustainable housing concerns of the target populations; the Transportation Committee works on enabling targeted access to employment-related transportation; the Health, Wellness, and Recovery Committee helps in addressing general health and well-being concerns; the Community Connectivity Committee promotes collaboration among the various nonprofit and civic entities working on specific targeted areas for enhanced performance; the Digital Access Committee aims at addressing the digital accessibility gap in targeted areas as a conduit to individual and community viability; and the Public Policy Committee concentrates on strategic legislative measures by working with relevant offices in the public policy and administration space for pragmatic solutions to target populations' challenges (South Dallas Project 2020, pp. 1–2). Admittedly, the various committees' contributions to the project collectively represent one of the hallmarks of community revitalization and transformation of South Dallas through a nonmandated initiative.

The enormous level of involvement by the cross-sector stakeholders makes the project a promising one for South Dallas. Currently, there are a total of 74 entities/organizations involved, comprising 11 primary partners such as Dallas College, the University of North Texas at Dallas, the City of Dallas, Dallas Independent School District, and the Council of Governments; 42 nonprofit service providers to the target populations; 6 auxiliary nonprofit service providers; and 15 government entities across local and state levels including county, state, and federal prisons, and the specialty courts, among others (South Dallas Project 2020, p. 3). These stakeholders' direct and indirect contributions are critical to attaining the project's primary established intent and, consequently, in advancing the viability and sustainability of South Dallas. The next segment of the paper focuses on the project's collaborative governance model with likely outputs and/or outcomes for societal benefits.

## The SDP Collaborative Governance Model

The SDP collaborative governance model/figure 1 below explicates the rudiments of collective efforts toward addressing concerns of identified opportunity populations in South Dallas. The model/figure 1 highlights initial agreement/conditions of engagement by the stakeholders as the foundation for collaborative governance, diverse cross-sector stakeholders' representation and participation, collaborative governance process involving stakeholders in the various specific standing committees with shared understanding, and commitment to the process, communication, and consensus as key process variables enabling the engagements (Ansell and Gash 2008). The representation of collaborative governance process in the model/figure 1 as both conceptual and practical is reflective of the convergence of the two related streams relative to the SDP's experience and as typical of the use of the collaborative

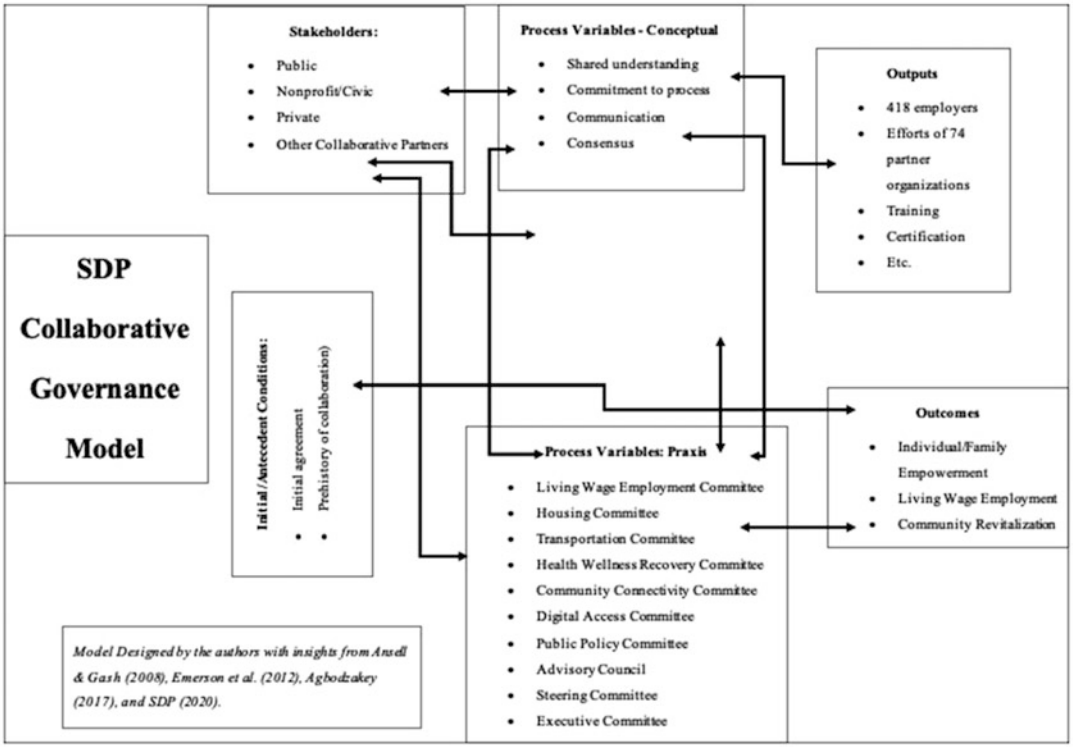


**Collaborative Governance Without Hierarchy: The Case of South Dallas Project, Fig. 1**

governance framework. Furthermore, facilitative leadership provided by Redemption Bridge and State Fair of Texas coupled with protocols of engagement (institutional design), knowledge, and understanding of the rudiments of the South Dallas system context by the involved stakeholders and the common resolve to promote the community's interest are critical drivers of the collaborative process (Emerson et al. 2012; Agbodzakey 2017). Consequently, these critical drivers alongside other collaborative governance elements enable outputs and/or outcomes for societal benefits.

The initial outputs and/or outcomes of the project so far are reflected by the commitment of, at least, 418 employers to regularly engage the identified opportunity populations for employment purposes, growing certification and employment of the target populations, gradual closing of the digital access gap, growing direct stakeholders/organizational efforts of 74 participating entities (including the primary partners), increasing flexible pathways/access to sustainable housing and transportation, and increasing success for the reintegration of ex-offenders into the community/society among others with the eventual culminating effects of job security, individual/family empowerment, community revitalization, and sustainability. For instance, the Federal Reserve Bank of Dallas, AT & T, and T-Mobile are now very involved in promoting digital access and inclusion, especially in marginalized communities within the City of Dallas (South Dallas Project 2020). The model/figure 1 showcases the iterative and inextricable connectedness of all the constituent parts to enable collaborative success within the context of the project's primary intent for societal benefits. While a legitimate argument can be made for the inconclusive nature of the initial outputs and/or outcomes because of the project's one-year experiment, the indicators so far are leaning in the positive direction and thereby worth accentuating. A better assessment of collaborative governance success in the near

and/or distant future relative to the SDP will be contingent on a well-documented quantitative and quality measures as culminating results and reflective of the community's transformation/revitalization.

## Conclusions and Implications

The growing demand for public services and the complexity of citizens' needs in either democratic or nondemocratic regimes coupled with governments' inability to effectively address concerns of the various segments of the population warrant alternative approaches to meeting the needs and expectations of the governed. The complexity of the public service needs is substantial not only at the state or federal level but also at the local level and exemplified by the situation in South Dallas. Problems of lack of living wage to some employed segments of the population, incarceration, and attendant reintegration challenges, such as disparity in income, housing, digital access, education, healthcare access, access to loans, and property ownership (Groves and Tingle 2018; Joseph and Cowan 2017; Singh and Asante-Muhammad 2018), do not only worsen the plight of the marginalized populations, but eventually will impact the general health and well-being of the city both in the short and long term.

The emergent realization for the use of collaborative governance as a viable approach to address some of the complex public problems offers hope for societal viability and sustainability. For example, the efforts of the South Dallas Project in tackling unemployment, reintegration challenges of returning citizens, housing, digital access, transportation, health and wellness, etc. (South Dallas Project 2020) provide a pathway to empowering individuals and families in South Dallas with likely corresponding positive effects on the community at large. While the project is at the initial/experimental stage, the wherewithal of committed partners so far, coupled with shared understanding and commitment to the process (Ansell and Gash 2008) based on collaborative governance concerning the primary established intent, is promising.

The sustainability of the SDP initiative will be contingent on the continuous adherence to the primary established intent of the multistakeholders' engagement for collective problem solving within the local system context coupled with the effective role of critical collaborative governance variables such as facilitative leadership and institutional design (Emerson et al. 2012; Ansell and Gash 2008). The collective appreciation of divergent stakeholders' interests and contributions, and the continuous convergence of such interests in a tailored manner for the common good of the identified opportunity populations and South Dallas in particular, are paramount. Putting measures in place to deal with turf battles, process-oriented conflicts, succession challenges, trust and consensus building, mutuality, relevant communication, evaluation and reimplementation, ownership of decisions and actions whether positive or negative, the celebration of small wins, and the resolve to reinvent would be integral (Agbodzakey 2017; Johnston et al. 2011; Crosby and Bryson 2005; Thomson and Perry 2006).

The call to work collaboratively across sectors for the greater good is now more compelling than ever. Governments at various levels are persevering in service delivery, and nonprofit/civic and private entities are complementary. Sometimes, direct interventions in the social policy space and joining forces with established intent to target identified complex public problems enable constructive societal benefits. While there is no guarantee of success, the stakeholders' resolve to collaborate provides a better alternative to the top-down adversarial management (Freeman 1997). The use of collaborative governance, which enables either public or nonprofit/civic and private sector entities/stakeholders to initiate and coordinate multisector engagement for collective complex problem-solving without a need for hierarchy or centralized management, is likely to remain a more embraced approach in the near and distant future.

## Cross-References

► Governance and Social Enterprise
► Mass Incarceration in Urban America

## References


Agbodzakey JK (2010) Collaborative governance and the implementation of the Ryan White CARE Act: a case study of HIV health services planning councils in two South Florida Counties. LAP Lambert Academic Publishing, Saarbrucken

Agbodzakey J (2012) Collaborative governance of HIV health services planning councils in Broward and Palm Beach Counties of South Florida. Public Organ Rev 12(2):107–126

Agbodzakey JK (2017) Ryan white CARE Act and collaborative governance re-examined: the South Florida experience. Public Organ Rev 17(2):293–314

Agranoff R (2012) Collaborating to manage: a primer for the public sector. Georgetown University Press, Washington, DC

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Ansell C, Gash A (2008) Collaborative governance theory and practice. JPART 18(4):543–571

Bawab N (2018) Dallas' minority students have fewer opportunities to succeed than whites, according to data. Dallas Observer. Retrieved on November 30, 2020 from https://www.dallasobserver.com/news/minority-students-have-less-opportunities-in-dallas-11422673

Bryson JM, Crosby BC, Stone MM (2006) The design and implementation of cross-sector collaborations: propositions from the literature. Public Adm Rev 66(Special Issue):44–55

Bryson JM, Crosby BC, Stone MM (2015) Designing and implementing cross-sector collaborations: needed and challenging. Public Adm Rev 75(5):647–663

Choi T, Robertson PJ (2014) Deliberation and decision in collaborative governance: a simulation of approaches to mitigate power imbalance. JPART 24(2):495–518

Crosby BC, Bryson JM (2005) Leadership for the common good: tackling public problems in a shared-power world, vol 264. Wiley, San Francisco

Cubit Planning, Inc (2020) Is Dallas the best Texas City for your business? Retrieved on December 1, from https://www.texas-demographics.com/dallas-demographics

Daniel JR, Pinel SL, Brooks J (2013) Overcoming barriers to collaborative transboundary water governance. Mountain Res Dev 33(3):215–224

Data USA (2020) Dallas, Texas. Retrieved on November 30, 2020 from https://datausa.io/profile/geo/dallastx/#:~:text=In%202018%2C%20Dallas%2C%20TX%20had,%2452%2C210%2C%20a%203.13%25%20increase

Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. JPART 22(1):1–29

Fabelo T, Tyler J, Cohen R (2016) County uniform recidivism measure project: third year results for Dallas County. Council of State Governments Justice Center, Austin

Freeman J (1997) Collaborative governance in the administrative state. UCLA Law Rev 45:1–98

Gray B (1989) Collaborating: finding common ground for multiparty problems. Jossey-Bass, San Francisco

Groves G, Tingle K (2018) Dallas economic opportunity assessment. Communities Foundation of Texas, & Center for Public Policy Priorities. Retrieved on October 17, 2018 from https://www.cftexas.org/dallas-economic-opportunity-assessment

Huynh T, Kent L (2015) In greater Dallas area, segregation by income and race. Pew Research Center. Retrieved on November 30, from http://www.pewresearch.org/fact-tank/2015/06/29/in-greater-dallas-area-segregation-by-income-and-race/

Johnston EW, Hicks D, Nan N, Auer JC (2011) Managing the inclusion process in collaborative governance. JPART 21(4):699–721

Joseph L, Cowan J (2017) North vs. South: a look at Dallas' unequal prosperity. The Dallas Morning News. Retrieved on November 23, 2019 from https://www.dallasnews.com/business/economy/2017/03/13/north-vs-south-a-look-at-dallas-unequal-prosperity

Jung YD, Mazmanian D, Tang SY (2009) Collaborative governance in the United States and Korea: cases in negotiated policymaking and service delivery. Int Rev Public Adm 13(Supp 1):1–11

Koschmann MA, Kuhn TR, Pfarrer MD (2012) A communicative framework of value in cross-sector partnerships. Acad Manag Rev 37(3):332–354

Memon PA, Kirk NA (2010) Barriers to collaborative governance in New Zealand fisheries: Pt I. Geogr Compass 4:778–788

Provan KG, Kenis P (2008) Modes of network governance: structure, management, and effectiveness. JPART 18(2):229–252

Shinneman S (2019) Two Dallas zip codes produce more inmates than any others in Texas. Frontburner. Retrieved on December 7, 2020 from https://www.dmagazine.com/frontburner/2019/11/two-dallas-zip-codes-produce-more-inmates-than-any-others-in-texas/

Singh L, Asante-Muhammad D (2018) Racial wealth divide in Dallas. Prosperity Now, JB Morgan Chase & Co. Retrieved on November 30, 2020 from https://prosperitynow.org/sites/default/files/resources/Racial%20Wealth%20Divide%20in%20Dallas_RWDI_Final%20to%20print%202.pdf

Sirianni C (2009) Investing in democracy: engaging citizens in collaborative governance. Brookings Institution Press, Washington, DC

South Dallas Project (2020) Executive summary. South Dallas Employment Project, Dallas

Texas Education Agency (2016) Snapshot: school district profiles, percent economically disadvantaged, Dallas Independent School District. In Groves G, Tingle K (2018) Dallas economic opportunity assessment. Communities Foundation of Texas, & Center for Public Policy Priorities. Retrieved on October 17, 2018 from

https://www.cftexas.org/dallas-economic-opportunity-assessment
Thomson AM, Perry JL (2006) Collaboration processes: inside the black box. Public Adm Rev 66:20–32
U.S. Bureau of Labor Statistics (2020) Labor force statistics from the current population survey. Retrieved on November 21, 2020 from https://www.bls.gov/web/empsit/cpsee_e16.htm
U.S. Census Bureau (2010) 2010 U.S. census. U.S. Census Bureau, Washington, DC
U.S. Census Bureau (2018) QuickFacts population estimates. Retrieved on December 6, 2020 from https://www.census.gov/quickfacts/dallascitytexas
YCHARTS (2020) Dallas, TX unemployment rate. Retrieved on November 21, 2020 from https://ycharts.com/indicators/dallas_tx_unemployment_rate#:~:text=Dallas%2C%20TX%20Unemployment%20Rate%20is,long%20term%20average%20of%206.17%25
Young S (2018) Dallas County remains segregated by race, income and education level, new study says. Dallas Observer. Retrieved on November 30, from https://www.dallasobserver.com/news/dallas-county-has-widespread-ethnic-disparities-according-to-new-study-10566546

# Collaborative Networks as Public Administration Instruments

Stephanie Bultema
University of Colorado Denver School of Public Affairs, Denver, CO, USA

## Collaborative Networks Definition

Collaborative networks take many different forms, but always involve three or more organizations working together to achieve some common purpose that none of them could accomplish alone. They can be formal or informal, involve one or many sectors, and have a fairly even distribution of power throughout the network. Collaborative networks are unique because they emphasize organic evolution and shared power among members.

## Introduction

In today's networked environment, public administrators are often expected to work across boundaries to advance organizational goals. Oftentimes the nature of the policy problem being addressed is so broad that public administrators have no choice but to collaborate with cross-sector organizations. This is particularly common in the health, education, and environmental policy domains where solutions to public problems require extensive collective action across sectors and interest groups. One way public administrators can advance organizational goals is by participating in – or perhaps even leading – collaborative networks. This chapter explores the demands placed on public administrators to work within interorganizational networks and how they can use these networks as public administration instruments.

The chapter starts with an overview of the three primary types of interorganizational networks: policy networks, governance networks, and collaborative networks. It then reviews some of the most notable benefits to using collaborative networks as public administration instruments. Next, key considerations for how to effectively build, manage, and evaluate collaborative networks are presented. The chapter concludes with a case study that demonstrates how one form of collaborative network – Accountable Communities of Health (ACHs) – use collaborative networks to address urban issues such as health equity and the COVID-19 pandemic of 2020.

## Types of Interorganizational Networks

Networks are everywhere; wherever three or more things are connected to one another in some way, that is a network. They are frequently complex, ever-changing, and difficult to depict. Networks can consist of people, organizations, policies, and beyond. People who are friends; roads, highways, sidewalks, and train tracks that intersect; web pages that point to each other; electronic devices linked by communication systems; proteins that interact; streams, rivers, and larger bodies of water flowing into one another; and organizations that undertake collaborative projects – these are all examples of networks.

The history of interorganizational networks is as long as that of organizations themselves; after

all, organizations rely on transactions – frequently with other organizations – to carry out their missions (Pfeffer and Salancik 2003). These transactions form networks of organizations, with each node representing an organization and each linkage representing a transaction. The employment of interorganizational networks has not only grown in prevalence over time but has recently been socialized as the "network way of working." Public affairs scholarship often assumes that public administrators will necessarily work with and through networks to accomplish their goals. They may collaborate across organizations, work within policy networks, form alliances, or partake in advocacy coalitions. Past research has typologized these different forms of networks and various others, including an assessment of their unique and overlapping tendencies. Frequently studied types of interorganizational networks, grouped according to the primary categories of research on networks as identified by Isett et al. (2011), are described in the following sections.

### Policy Networks

Policy networks bring all sorts of actors – political groups, for-profit companies, nonprofit organizations, public agencies – together around a public policy idea in which they are all invested for one reason or another (Klijn and Koppenjan 2000). These actors exist within the macropolitical system, which is generally thought to be a stable set of conditions surrounding the network (Jenkins-Smith et al. 2018). The macropolitical system determines the resources, laws, and norms of a community. An explicit focus on influencing the policy process and manipulating the macropolitical system are key characteristics of policy networks, which form when multiple actors join forces to influence a policy outcome. Iron triangles emerge within the macropolitical system, and are comprised of policy-making relationships among congressional committees, bureaucracy, and interest groups. These iron triangles are also called policy networks, which interact with issue networks. Issue networks are formed when people band together around ideas to create networks that can influence policy, even if they are not part of a traditional policy network; they are sometimes referred to as pressure groups, lobbies, and unions. Policy subsystems form around issue networks within a policy network. Leaders may emerge within a policy subsystem and form an advocacy coalition focused on collectively addressing its issue of focus. Policy networks, issue networks, policy subsystems, and advocacy coalitions are just a few types of interorganizational networks involved in policy processes.

### Governance Networks

Governance can be defined in various ways, from the broad conception of people, institutions, and processes that guide activities of a group to a narrow conception of one actor overseeing the actions of another actor (Meier and O'Toole Jr. 2006). Governance networks bring organizations together to achieve a common goal, frequently employing public goods, services, and policymaking in the process. The main feature setting governance networks apart from other types of networks is their centralized power structure. Collaborative governance is a form of governance network that is characterized by people and organizations working across boundaries to jointly develop and implement solutions to complex public problems. Related to collaborative governance is collaborative public management, which tends to be focused within a single organization or community, rather than across broad policy domains. Network governance is similar to collaborative governance and collaborative public management but places less emphasis on collaboration and is commonly seen in private industries. This type of network typically involves select organizations that work together to produce a service or product, with relationships such as social contracts or agreements connecting actors. Government contracting (when government provides public services through independent contractors) is similar to network governance because of the contractual relationships, but different in that they are typically governed by a single public agency. Less structured still is polycentric governance, where there are multiple centers of power and decision making is largely

autonomous, though still interrelated. Collaborative governance, network governance, public contracting, and polycentric governance are common forms of governance networks where power is centralized among one or a few interrelated actors.

### Collaborative Networks

Collaborative networks also take many different forms, but always involve more than two organizations working together to achieve some common purpose that none of them could accomplish alone (Agranoff 2006). This could be creating a product, delivering a service, or any other joint endeavor. They can be formal or informal, involve one or many sectors, and have a fairly even distribution of power throughout the network. These networks are collaborative, which means their work cannot be forced, requires ample time and continuous attention, and is motivated by a well-defined goal. Collaborative networks are unique because they emphasize organic evolution and shared power among members. Collective action situations are one type of collaborative network that has been extensively studied in the public affairs literature. The idea of collaborative networks was popularized in the public affairs literature by Mancur Olson's (1965) exploration of how groups interact with public goods and then elaborated upon by Elinor Ostrom (1990) as a way to manage common pool resources. Research on collective action has revealed that cooperative endeavors are more likely to succeed if all actors can communicate, know one another, know that their participation will make a difference, are able to freely enter or exit the group, are committed in the long-term, and have an agreed-upon process for authorizing and/or penalizing one another. Other, more specific types of collaborative networks exist within the realm of collective action. Cross-sector partnerships, strategic alliances, and cross-sector collaboration specify that the collaborative network must involve more than one sector. Coalitions, while often formed among individuals in a single organization, can also form between multiple organizations. A collaborative network can be defined as a coalition if it includes multiple interacting actors, has been intentionally formed, has no formal structure, is focused on a specific issue and goal(s), and needs members to coordinate action to achieve those goals. Collective action situations, cross-sector partnerships, strategic alliances, and coalitions are just a few types of inter-organizational networks that can form with a collaborative purpose.

As evidenced by the numerous types of interorganizational networks, they can be incredibly useful instruments for public administrators (Isett et al. 2011). While each broad type of interorganizational network – policy, governance, and collaborative – serves a distinct (but not necessarily separate) purpose in public affairs, employing collaborative networks offers potential advantages for public administrators. First, collaborative networks often include elements of policy and governance networks. For example, they are frequently formed around a broad policy issue such as health care. They usually incorporate some level of governance, such as a designated backbone organization or a formal board of directors. This means collaborative networks can enjoy the benefits associated with policy networks (e.g., policy change) and governance networks (e.g., collective action) while also enjoying the benefits of collaborative networks (e.g., innovation). Ultimately, public administrators working through collaborative networks should understand elements of each distinct type of network and employ those elements when appropriate. However, public administrators will likely find the most value when working through collaborative networks since they offer many potential benefits such as bringing together diverse stakeholders, developing and implementing solutions to complex problems that may not have been possible by a single agency, and developing solutions that span multiple institutions and policy domains (Bardach 1998; Willis et al. 2015). Rather than advancing a single policy issue or governing a single product or service, collaborative networks offer the flexibility to be creative, the inclusiveness to integrate a variety of actors, and the power of multiple organizations joined forces to achieve a shared goal.

## Benefits of Collaborative Networks to Public Administrators

Public administrators stand to gain by working through collaborative networks. Two of the most notable potential benefits include process improvements and better outcomes. When actors come together with a collective purpose and intentionally share power across the network, public goals can be achieved at a greater scale than would otherwise be possible (Emerson and Nabatchi 2015a; Emerson et al. 2012).

Collaborative networks can improve processes, or how things are done in an organization or community (Ulibarri 2015). Since collaborative networks frequently encourage broad participation across sectors or represented groups, they often lead to enhanced diversity of participation and decision-making. The collaborative forum offers the opportunity for diverse actors to have meaningful discussions that ideally result in creation of and alignment around a shared vision. This collaborative approach often results in greater buy-in and motivation among participants. For these reasons and more, the ways in which public administrators get things done – or their processes – can be improved by working through collaborative networks (Heikkila and Gerlak 2016; Thomson and Perry 2006).

The outcomes – or end results – that public administrators are trying to influence can also benefit from working through collaborative networks (Scott 2015; Willis et al. 2015). For example, individual organizational missions can be advanced by working through collaborative networks since organizations can achieve greater change by working together than by working alone. An effective collaborative network can catalyze collective action on a policy issue or public problem, thereby creating change on cross-cutting public issues. Furthermore, since collaborative networks are frequently diverse and share power across people and groups, they can meld disparate ideas to create new, innovative solutions. Overall, public administrators may be able to achieve much greater results by working through collaborative networks than they would otherwise be capable of realizing through an organization-centric approach (Amsler and O'Leary 2017).

Although collaborative networks present many potential benefits for public administrators, they are not without challenges (Scott 2016). At a basic level, participation in collaborative networks requires an investment of resources, with investment of people's time being a minimum resource requirement. Public administrators are faced with many competing demands and must manage their own time and their staff's time responsibly. Committing to participate in a collaborative network can be a time-intensive endeavor, which may or may not be possible for public administrators and employees who are often stretched thin. Before committing to lead or participate in a collaborative network, public administrators should carefully weigh the resources required for participation against the potential benefits to be gained from involvement.

Developing an effective collaborative network that shares power among participants, is effectively governed, and is productive in making progress toward its goals can be an incredibly difficult endeavor (Ansell and Gash 2008; Emerson et al. 2012). A common challenge faced by collaborative networks is the ability to develop the capacity for joint action (Emerson and Nabatchi 2015a). Participants may agree on a shared vision and feel motivated to work toward common goals but lack the structures or capacity to move a collaborative network where they want it to go. Although it is still possible for public administrators to reap benefits from participating in ineffective networks (e.g., development of new relationships or increased connectivity within a community), an ineffective network is unlikely to realize its intended population-level outcomes. These types of considerations and others should be accounted for when deciding whether to use collaborative networks as a public administration instrument for a given purpose.

## Using Collaborative Networks as Public Administration Instruments

Large bodies of literature describe what is currently known about how public administrators

can effectively work through interorganizational networks to advance organizational missions (Milward and Provan 2006; O'Leary 2015; O'Leary and Bingham 2009). Advice for creating and maintaining effective collaborative networks is often grouped into three categories: building, managing, and evaluating networks. A summary of what is known about effective practices for each of these three categories is provided below.

Building effective collaborative networks takes time, dedication, and commitment (Emerson and Nabatchi 2015a). At the start, various drivers such as leadership shape how the network develops. Once the network has been initiated, participants must actively engage to develop a shared vision. Trust is crucial for a collaborative network's development; it is a good idea to invest the time up-front to ensure everyone knows one another. It is also important for network leaders to help ensure people know and understand one another's interests. One way to build trust and mutual understanding is by ensuring all actors can freely and regularly communicate with one another. This can be done in a variety of ways, whether it be through regular meetings, web-based communication channels, or facilitated discussions. Through this process of trust-building and developing shared understanding, collaborative networks can gain the foundation needed to work toward achieving common goals (Ansell and Gash 2008; Silvia 2011).

Managing effective collaborative networks requires strong leadership, guiding structures, and participant buy-in (Emerson and Nabatchi 2015a). It is crucial to develop shared motivation within the network, which requires a basic level of mutual respect among participants and a general perception of legitimacy of the network and its purpose. Participants must understand that their participation in the collaborative network will make a difference and how they can contribute. They must also be committed in the long-term. These management issues can be addressed through trust-building, power-sharing, role clarity, collaborative development of a theory of change, and transparency of rules and processes. As mentioned previously, developing the capacity for joint action can be especially challenging, but is a necessary step for a collaborative network's eventual success. Pooling resources and harnessing the collective power of diverse actors is what yields the benefits of working through collaborative networks for public administrators. When they fail to achieve the capacity for joint action, collaborative networks are unable to achieve their goals and frequently disband as a result. Ultimately, managing an effective collaborative network requires adaptive leadership that merges a visionary approach, the ability to convene actors across boundaries, and action-oriented strategies that draw on the collective resources of the group (Ansell and Gash 2008; Provan and Kenis 2008).

As collaborative networks create change in the surrounding system, they must evaluate the change and the resulting impact of the change (Emerson and Gerlak 2014; Emerson and Nabatchi 2015a). There are many reasons to evaluate the work of collaborative networks: to demonstrate progress and achievements; to ensure the intervention is having the desired effect and has not caused unintended consequences; and to learn which parts of the intervention were most or least effective. Two tools may be of particular use when evaluating a collaborative network. First, understanding the network's theory of change (e.g., logic model) can provide critical guidance on how inputs and outputs are expected to interact to produce outcomes (Emerson and Nabatchi 2015b). This can not only guide program activities but inform measures and outcomes of interest in an evaluation. Second, specific methods such as network analysis may be well-suited in the evaluation of collaborative networks (Kapucu and Demiroz 2011). Network analysis is any structured technique to quantitatively analyze a network; it can produce descriptive, inferential, and predictive statistics that provide insight into the collaborative network. For example, network analysis can assist with describing the overall connectivity in a network; inferring which characteristics are most closely associated with positive network outcomes; or predicting how a change in network composition would affect

network outcomes. Furthermore, the network maps (visualizations) produced through network analysis can help people better understand how the network functions and they can act as a powerful tool for discussion. Collaborative networks that incorporate formative and summative evaluation into their work will better understand what is working and how the network can improve (Emerson and Nabatchi 2015a).

## Statewide Health-Focused Collaborative Networks: Accountable Communities of Health (ACHs)

The Accountable Communities of Health (ACH) model was proposed in response to major policy change in the United States with the passage of the Patient Protection and Affordable Care Act (ACA) in 2010. The ACA requires states to demonstrate improvements in the quality, value, and implementation of their health systems, which led several states to implement the ACH model (Heider et al. 2016). To date, the ACH model has been adopted by numerous states, with each state taking a slightly different approach to how the collaborative network is implemented (Funders Forum on Accountable Health 2020). Although each ACH is unique, they all follow the same basic model: bringing people and organizations together across sectors to improve health and well-being for communities.

ACHs operate as interorganizational networks that collaboratively govern local and state-wide community health system transformation by implementing cross-sector, community-based interventions to improve population health and health care outcomes (Tipirneni et al. 2015). ACHs exemplify each of the three major types of interorganizational networks. Many ACHs serve as policy networks advocating for health equity and antiracism in urban communities. All ACHs exemplify governance networks, since they establish a clear governance structure that typically includes a staffed backbone organization, a board of directors, and multiple advisory and working committees comprised of community members and organizational representatives. ACHs are also an example of collaborative networks, since they share power among members by establishing cross-sector boards of directors and engaging community residents as decision-making participants. In these ways, ACHs provide an example of interorganizational networks that function as policy, governance, and collaborative networks.

The benefits to using collaborative networks to accomplish public administration goals can also be seen in ACHs. These networks exist to improve community-wide health and well-being, which is a task that no single organization could achieve in isolation. As a first step toward achieving the lofty goals set out by ACHs, these networks focus on increasing connectivity among various organizations involved in supporting healthy communities, including public health departments, hospitals, health clinics, dentists, behavioral health counselors, school nurses, and public safety institutions, among many others. Research has shown that ACHs can effectively increase interorganizational connections and reduce working siloes across community health systems (Bultema et al. 2020). The advantage of having built strong collaborative networks became immediately evident for ACHs across Washington state, as they were able to quickly and efficiently leverage existing relationships, resource-sharing channels, and governance structures to distribute personal protective equipment (PPE) and other necessities to the organizations and community members who needed support during the first waves of the COVID-19 pandemic (Bultema 2020). They have continued leveraging the power of their networks as they assist in public health messaging, establishing contact tracing protocols, and helping to develop solutions for preventing the spread of disease through vulnerable populations such as those experiencing homelessness or incarcerated individuals. By bringing together diverse stakeholders in pursuit of a common goal, ACHs can develop inclusive and representative plans that share power among members and can quickly respond to emerging urban issues by capitalizing on the strength of the network.

Approaches to building, managing, and evaluating collaborative networks can also be seen in the case of ACHs. In their earliest stages of network-building, ACHs focused much of their efforts on building trust among network participants by hosting regular cross-sector meetings and community convenings. They worked with community members and organizations to collaboratively develop a shared vision and goals that could guide their subsequent, long-term work. The first ACHs were built between 2015 and 2017 and have since been focused on developing effective management practices. One of the most important factors to managing an effective collaborative network is ensuring the presence of strong, enduring leadership. This leadership is often seen in ACH executives and management, but governing boards are perhaps an equally powerful source of leadership in an ACH. ACHs manage their collaborative networks through careful governance structures that include governing boards, advisory groups, and work groups. They also use institutional arrangements such as charters and other agreements to build shared motivation and commitment among members. Although ACHs are still early in their development, they rely on regular evaluations to ensure their work is on track and so they can course-correct, if needed. Since the work of ACHs entails long-term, systems-level work, evaluations to date have assessed efficacy of processes. These evaluations have demonstrated the utility of using network analysis to assess collaborative networks and the importance of using a logic model or similar theory of change to guide the network's collaborative endeavors (Bultema et al. 2020; Hertel 2019). In these ways and more, ACHs exemplify how collaborative networks can be built, managed, and evaluated.

## Conclusion

Public administrators working to solve public problems must often engage across boundaries to create the cross-cutting change they seek (Kettl 2015). This means that public administrators are likely to find themselves in a position of needing to lead or participate in a collaborative network that engages diverse people and organizations to collectively address a common goal. Benefits of engaging with collaborative networks include improvements to both the processes and end results of a public organization. Although working through collaborative networks is often a requirement for public administrators and is associated with many benefits, there are also challenges that may need to be overcome. For this reason, public administrators should take time to carefully assess whether the goal they are trying to achieve really needs to be accomplished through a collaborative network or whether it can be accomplished independently or through a simple partnership with a single external organization. If it is decided that a collaborative network is indeed the best options, public administrators can draw on existing evidence showing how to effectively build, manage, and evaluate their collaborative network. ACHs offer one example of how collaborative networks can be used as public administration instruments to address complex urban issues like health equity and public health emergencies, such as the COVID-19 pandemic. Ultimately, public affairs literature shows that public administrators can effectively work through collaborative networks to advance organizational missions and broad policy agendas.

## References

Agranoff R (2006) Inside collaborative networks: ten lessons for public managers. Public Adm Rev 66(Special Issue: Symposium on Collaborative Public Management):56–65

Amsler LB, O'Leary R (2017) Collaborative public management and systems thinking. Int J Public Sect Manag 30(6–7):626–639. https://doi.org/10.1108/IJPSM-07-2017-0187

Ansell C, Gash A (2008) Collaborative governance in theory and practice. J Public Adm Res Theory 18(4):543–571. https://doi.org/10.1093/jopart/mum032

Bardach E (1998) Getting agencies to work together: the practice and theory of managerial Craftmanship. The Brookings Institution, Washington, DC

Bultema S (2020) Civic engagement during COVID-19 and beyond. Civic Action, October. Retrieved from https://myemail.constantcontact.com/Standing-Up-

for-Your-Integrity.html?soid=1114995572316&aid=1YtTtqEdgfc
Bultema S, Morrow H, Wenzl S (2020) Accountable communities of health, health and social service systems alignment, and population health: eastern Washington state, 2017-2019. Am J Public Health 110(S2):S235–S241. https://doi.org/10.2105/AJPH.2020.305773
Emerson K, Gerlak AK (2014) Adaptation in collaborative governance regimes. Environ Manag 54(4):768–781. https://doi.org/10.1007/s00267-014-0334-7
Emerson K, Nabatchi T (2015a) Collaborative governance regimes. In: Emerson K, Nabatchi T (eds) Public management and change series. Georgetown University Press, Washington, DC
Emerson K, Nabatchi T (2015b) Evaluating the productivity of collaborative governance regimes: a performance matrix. Public Perform Manag Rev 38(4):717–747. https://doi.org/10.1080/15309576.2015.1031016
Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29. https://doi.org/10.1093/jopart/mur011
Funders Forum on Accountable Health, (FFAH) (2020). Inventory of accountable communities for health. Retrieved January 19, 2020, from https://accountablehealth.gwu.edu/ACHInventory
Heider F, Kniffin T, Rosenthal J (2016) State levers to advance accountable communities for health. Retrieved from https://nashp.org/wp-content/uploads/2016/05/ACH-Brief-with-Appendix.pdf
Heikkila T, Gerlak AK (2016) Investigating collaborative processes over time: a 10-year study of the South Florida ecosystem restoration task force. Am Rev Public Adm 46(2):180–200. https://doi.org/10.1177/0275074014544196
Hertel E (2019) Regional collaboration for health system transformation: An evaluation of Washington's accountable communities of health. Retrieved from https://www.hca.wa.gov/assets/program/cche-evaluation-report-for-ACHs.pdf
Isett KR, Mergel IA, Leroux K, Mischen PA, Rethemeyer RK (2011) Networks in public administration scholarship: understanding where we are and where we need to go. J Public Adm Res Theory 21(Suplement 1: Minnowbrook III: A Special Issue):i157–i173
Jenkins-Smith HC, Nohrstedt D, Weible CM, Ingold K (2018) The advocacy coalition framework: an overview of the research program. In: Weible CM, Sabatier PA (eds) Theories of the policy process, vol 4th. Westview Press, New York, pp 135–172
Kapucu N, Demiroz F (2011) Measuring performance for collaborative public management using network analysis methods and tools measuring performance for collaborative public management using network analysis methods and tools. Public Perform Manag Rev 34(4):549–579. https://doi.org/10.2753/PMR1530-9576340406
Kettl DF (2015) From intergovernmental to intersectoral. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York
Klijn EH, Koppenjan JFM (2000) Public management and policy networks. Public Manag 2(2):135–158. https://doi.org/10.1080/14719030000000007
Meier KJ, O'Toole LJ Jr (2006) Bureaucracy in a democratic state: a governance perspective. Johns Hopkins University Press, Baltimore
Milward BH, Provan KG (2006) A manager's guide to choosing and using collaborative networks. IBM Center for the Business of Government. Retrieved from http://www.srpc.ca/ess2016/summit/Reference_9-Milner.pdf
O'Leary R (2015) From silos to networks: hierarchy to Heterarchy. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York, NY
O'Leary R, Bingham LB (eds) (2009) The collaborative public manager: new ideas for the twenty-first century. Georgetown University Press, Washington, DC
Olson M (1965) The logic of collective action. Harvard University Press, Cambridge, MA
Ostrom E (1990) Governing the commons. Cambridge University Press, Cambridge
Pfeffer J, Salancik GR (2003) The external control of organizations. Stanford University Press, Stanford
Provan KG, Kenis P (2008) Modes of network governance: structure, management, and effectiveness. J Public Adm Res Theory 18(2):229–252. https://doi.org/10.1093/jopart/mum015
Scott TA (2015) Does collaboration make any difference? Linking collaborative governance to environmental outcomes. J Policy Anal Manage 34(3):537–566. https://doi.org/10.1002/pam
Scott TA (2016) Is collaboration a good investment? Modeling the link between funds given to collaborative watershed councils and water quality. J Public Adm Res Theory 26(4):769–786. https://doi.org/10.1093/jopart/muw033
Silvia C (2011) Collaborative governance concepts for successful network leadership. State Local Gov Rev 43(1):66–71. https://doi.org/10.1177/0160323x11400211
Thomson AM, Perry JL (2006) Collaboration processes: inside the black box. Public Adm Rev 66(Special Issue: Symposium on Collaborative Public Management):20–32. https://doi.org/10.1111/j.1540-6210.2006.00663.x
Tipirneni R, Vickery KD, Ehlinger EP (2015) Accountable communities for health: moving from providing accountable care to creating health. Ann Fam Med 13(4):367–369. https://doi.org/10.1370/afm.1813
Ulibarri N (2015) Tracing process to performance of collaborative governance: a comparative case study of Federal Hydropower Licensing. Policy Stud J 43(2):283–308. https://doi.org/10.1111/psj.12096
Willis C, Kernoghan A, Riley B, Popp J, Best A, Milward HB (2015) Outcomes of interorganizational networks in Canada for chronic disease prevention: insights from a concept mapping study. Prev Chronic Dis 12:1–9. https://doi.org/10.5888/pcd12.150297

C

# Collaborative Public Management (CPM)

Tâm T. H. Mai
Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Confederation of public management; Cooperation of public management; Partnership of public management

## Definition

Collaboration public management refers to sharing efforts and interests in public management. Actors establish connection and association in public management.

## Introduction

*Collaborative public management* (CPM) has become popular in the study and research of public administration. CPM plays an important role in helping actors to cooperate and deal with difficult challenges. Through CPM, actors can share ideas, create new values, and achieve mutual learning. CPM occurs when all actors have something to contribute and encourage others to work out solutions for problems that cannot be addressed by only one actor. This chapter presents the definition and characteristics of CPM, including the traits and effectiveness of the network. The next part of the chapter will focus on challenges of CPM. Comments will be given in the section "Conclusion."

## Context and Factors Promoting CPM

CPM refers to the cooperation and coordination of multiorganizations in dealing with various issues (O'Leary et al. 2006). "Collaborative means to co-labor, to achieve common goals, often working across boundaries and in multi-sector and multi-actor relationships. Collaboration is based on the value of reciprocity and can include the public" (O'Leary et al. 2006, 6). The collaboration is conducted through different sectors. Organizations participating in the collaboration receive mutual benefits and use the principle of reciprocity as the key to maintain collaboration.

CPM is not new (Bingham and O'Leary 2001). In the article: Federalist No.51, "The Federalist Papers-first published in 1787-implicitly created a collaboration imperative" (Bingham and O'Leary 2001, S79). Collaboration is a requirement and a principle of the U.S. Constitution, in which all agencies from legislative, executives, and judiciaries were asked to coordinate and collaborate in daily work. Collaboration at that time was aimed at harmonizing different interests and preventing the tyranny of the majority, especially in voting (Bingham and O'Leary 2001). CPM has become the typical aspect in American federalism (Agranoff and McGuire 2003). Since the nineteenth century, collaboration has been the working mechanism between federal and local governments in every field (Elazar 1962; Grodzins 1966). The collaboration is illustrated through "bargaining, cooperation, and mutual dependence" (Ingram 1977; Pressman 1975 as cited in McGuire 2006, 34) in both formal or informal and vertical or horizontal channels for many years.

The first factors that lead to the development of the study and practice of CPM occur because there are more challenges for public organization that one organization is unable to solve the problem but requires the collaboration of different organizations (Bingham and O'Leary 2001). The growth of outsourcing, in which there is a contract between an organization and a vendor in carrying out activities that used to be performed by the organization, promotes the CPM. Additionally, many publicly funded programs lack effectiveness and CPM is expected to increase the effectiveness of these programs. Furthermore, the development of technology has facilitated the sharing of information, the exchange of ideas, and communication among different actors of collaborative governance. Another important factor is that the increasing demand of the public to be

involved in governance requires the emergence and development of CPM (Bingham and O'Leary 2001).

## Characteristics of CPM

The understanding of CPM is diverse (Agranoff 2006). The process of collaboration is only fully understood as long as the "black box" is open and analyzed (Thomson and Perry 2006). The black box refers to the five dimensions of collaboration. Five dimensions in CPM are related to the causes and outcomes of collaboration and provide mechanisms for resolving conflicts. These dimensions are governance, administration (structure, central office), autonomy, mutuality, and trust. The governance dimension refers to rules and regulations in collaboration that govern the behavior of participants. The structures and framework of collaboration are also built from the governance dimension, which does not stand still but moves to ensure that there is "jointness" among parties (Thomson and Perry 2006, 25). In collaboration, there are both costs and benefits that participants always need to take into account. Decisions are made in collaboration as the result of "mutual learning and adjustment" (Agranoff 2006, 59).

CPM is evaluated from a pluralistic approach with multistakeholders. The players play different administrative roles, yet still hold the identities of their own organizations (autonomy) and concurrently participate in the collaboration to share these identities. The administrative roles and responsibilities of parties will decide the style of collaboration and lay the foundation for parties to build their relationship. The emergence and existence of collaboration are built on collective interests, mutual benefits, trust, and reciprocity. In other words, parties only collaborate if they see that they will gain interest from that collaboration. The interest should be fair for all participants so that they have trust in one another. Parties come close to one another not only to provide information but to achieve benefits. "Although information sharing is necessary for collaboration, it is not sufficient for it to thrive. Without mutual benefits, information sharing will not lead to collaboration" (Thomson and Perry 2006, 27). After trust is achieved, it can only be maintained based on reciprocity. These dimensions are important factors in helping stakeholders and partners to decide when and how to collaborate effectively. They are also the basis for evaluating how to build a framework for collaboration (Thomson and Perry 2006).

There are different channels of CPM including strategic partnerships, networks, contractual relationships, cooperation, and coalition (Thomson and Perry 2006). "Collaboration involves interdependence, dealing constructively with differences to arrive at solutions, joint ownership of decisions, and collective responsibility that recognizes collaboration is an emergent process" (Gray 1989 as cited in Thomson and Perry 2006, 23). In CPM, participatory governance is a crucial part, which is not only focused on the government and agencies, but also the collaboration between government and citizens (Thomson and Perry 2006).

Governance is different from government (Milward and Provan 2000). While government means the formal organizations and legislative, executive, and judiciary agencies, governance is broader. Governance refers to non-state actors, private actors, and also public actors. Those actors have contracts and agreements to provide services to citizens, and government is only one of the actors that provide services. A hollow state is a "metaphor to describe the increasing reliance of the public sector on contracting with non-profit agencies and for-profit firms for the delivery of taxpayer funded goods and services" (Milward 1994, 54). In the hollow state, command and control almost do not exist, and hierarchy and market do not work because the hollow state is characterized by "joint production and having several degrees of separation between the source and the user of government funds" (Milward and Provan 2000, 243). Governance of a hollow state is used to show the relationship among stakeholders. Its participants are from all sectors, from public to private to nonprofit sectors; coordination and collaboration are the main mechanisms, and decision-making is dealt with through cross-jurisdiction (Milward and Provan 2000).

## Network

The idea of network is an important part of CPM. In networks, actors must negotiate, discuss, and coordinate to reach contracts and agreements. Everything can be changed in the process of negotiation. Networks are not stable as bureaucracy and changes inside networks are difficult to foresee and forecast as in bureaucracy. Networks are more flexible and adaptable than bureaucracy. However, that does not mean that stability is not necessary. Stability of funding, for example, is crucial for the operation of networks and "an unstable network becomes stable enough to perform reasonably well while still remaining flexible and adaptive" (Milward and Provan 2000, 253). Through networks, it is easier for parties to contact one another, show their voices, and establish new stages of cooperation. The benefits brought by networks cannot solve all problems among parties. During the process of collaboration, parties continue to learn from others and make changes so they can maintain collaboration. All parties of the network need to update information and increase their knowledge, both explicit and tacit, so they can make knowledge-based decisions (Milward and Provan 2000).

Although networks have more advantages than bureaucracies in terms of flexibility and include less command and control, they cannot replace hierarchy in bureaucracy. According to the theories of governance/network, governments are willing to transfer decision-making power to other sectors of networks in public service delivery. However, it is impossible to replace the traditional role of governments. Additionally, "networks alter the boundaries of the state only in the most marginal ways; they do not appear to be replacing public bureaucracies in any way" (Agranoff 2006, 62). Thus, a network is only one of many models to promote collaboration (Agranoff 2006).

It is not easy to evaluate the effectiveness of network because "networks must contend with the joint-production problem of multiple agencies producing one or more pieces of a single service" (Provan and Milward 2001, 415–416). Furthermore, networks must respond to the different needs of various clients. The effectiveness of a network is evaluated through three levels: community, network, and participants. There are differences of effectiveness in each level. Network effectiveness can only be achieved if at least one of these levels is effective (Provan and Milward 2001).

At the community level, with participants as principals and clients, the effectiveness is through issues related to the community (cost, social capital, the perceptions of the public). At the network level, how principals and agents deal with the issue of network membership growth, network maintenance, the services that the network provides, and the relationship inside the network are taken into account. At the level of organization, participants, agents, and clients will consider how the participants of the network generate benefits for the organizations. The outcome of a network is related to the quality of service, unit cost, cost-effectiveness, process-oriented outcome, and interorganizational trust.

## Challenges of CPM

Conflicts in networks and collaborative arrangements are unavoidable. In order to achieve success in collaboration, it is necessary to be aware of important issues. Collaboration is broader than networks. Collaboration takes time (Agranoff 2006) and witnesses various changes from both internal and external aspects of collaboration. Regarding hierarchy, there is not much change for managers despite the "increasing number of horizontal relationships crossing many boundaries" (Agranoff 2006, 57). Networks are not the same as organizations, but they do share some similarities. They also include rules and regulations. Although there are benefits in collaboration, this does not mean that all benefits of collaboration will be the benefits of each individual organization (Agranoff 2006).

Members of collaborative management have different ways of knowing (WOKs) (Van Buuren 2009). The differences cause controversies and conflicts, and prevent the development of

collective action. To deal with this issue, it is necessary to evaluate the origins of WOKs and be able to arrange those WOKs and integrate them into collaborative governance. In other words, the ability to organize different capacities as the result of different knowledge is important. Different knowledge can come from different facts, methods, interpretations, conditions, and perceptions.

Governments are optimistic to believe that as long as there is public engagement, there will be trust. This optimism is a hope more than a reality. Petts (2008) indicates that "key components of an engagement process have the potential to impact positively on trust" (821). Trust is likely to be promoted through engagement with three specific phases: representation (public and expert), collaborative framing, and decision impact. However, there is "no causal link between engagement and trust" (Petts 2008, 831). Thus, these hopes seem still to be false.

Thus, it is necessary to promote the capacity of organizing different kinds of knowledge in order to deal with challenges of CPM. The capacity organization is easily fragmented. Thus, to solve problems, not only governmental officials working under political-bureaucratic systems, but also as many non-state actors as possible should be involved in organizing capacity. All actors need to take a collaborative approach, not only by words but more importantly by action.

Furthermore, the engagement of citizens as participants is important. How about a specific structure, mechanism, and technology for participation? The answer to this question is still elusive in CPM. It is easy to say that cooperation and collaboration should be promoted but not clear in practice. The first step should make all citizens understand the emergence of CPM and its importance so they can start to participate and gradually turn collaborative public management into reality.

## Conclusion

In short, collaborative public management refers to the cooperation and coordination of multi-organizations in dealing with issues. One organization is unable to solve a problem, but requires the collaboration of different organizations. The collaboration is conducted through different sectors. Organizations participating in the collaboration receive mutual benefits and use the principle of reciprocity as the key to maintaining collaboration. Participatory governance is of great significance. However, in the process of decision-making, citizens should not only be passive participants, but, more importantly, should make active contributions.

## References


Agranoff R (2006) Inside collaborative networks: ten lessons for public managers. Public Adm Rev 66(s1):56–65

Agranoff R, McGuire M (1999) Managing in network settings. Policy Stud Rev 16(1):18–41

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local government. Georgetown University Press, Washington, DC

Bingham L, O'Leary R (2001) Federalist no. 51: is the past relevant to today's collaborative public management? Public Adm Rev 71(S1):78–82

Buuren V (2009) Knowledge for governance, governance of knowledge: inclusive knowledge management in collaborative public management. Int Public Manage J 12(2):208–235

Elazar D (1962) The American partnership: intergovernmental cooperation in the nineteenth century United States. University of Chicago Press, Chicago

Gray B (1989) Collaborating: finding common ground for multiparty problems. Jossey-Bass, San Francisco

Grodzins M (1966) In: Elazar DJ (ed) The American System. Chicago, Rand McNally

Ingram H (1977) Policy implementation through bargaining: the case of Federal grants-in-aid. Public Policy 25(4):499–526

McGuire M (2006) Collaborative public management: assessing what we know and how we know it. Public Adm Rev 66(Special Issue: Collaborative Public Management):33–43

Milward B, Provan K (2000) How networks are governed. In: Heinrich C, Laurence L Jr (eds) Governance and performance: new perspectives. Georgetown University Press, Washington, DC

O'Leary R, Gerard C, Bingham L (2006) Introduction to the symposium on collaborative public management. Public Adm Rev 66(supplement to volume 66; Special issue on Collaborative Public Management):6–9

Petts J (2008) Public engagement to build trust: false hopes? J Risk Res 11(6)

Pressman J (1975) Federal programs and city politics: the dynamics of the aid process in Oakland. University of California Press, Berkeley

Provan K, Milward B (2001) Do networks really work? A framework for evaluating public-sector organizational networks. Public Adm Rev 61(4):414–423
Thomson AM, Perry J (2006) Collaboration processes: inside the black box. Public Adm Rev 66(Supplement to Issue 6):20–32

# Collective Action in Social Entrepreneurial Ventures

Diana Nandagire Ntamu[1], Waswa Balunywa[1], Chrisostom Munene[2] and Laura Orobia[1]
[1]Department of Entrepreneurship, Makerere University Business School, Kampala, Uganda
[2]Department of Human Resource Management, Makerere University Business School, Kampala, Uganda

## Synonyms

Adaptive practices; Collective action; Complexity; Social entrepreneurship

## Definition

| | |
|---|---|
| Collective action | It involves a group of individuals or organizations acting together to achieve a common goal. The cooperation referred to in this entry is the voluntary kind, where actors come together to achieve a desired outcome out of their own will. |
| Social entrepreneurial ventures | They are organizations created to benefit economically disadvantaged and marginalized segments of people in society who lack means to transform their lives. Such organizations are established to primarily to achieve a social mission. They may be for-profit or not-for-profit institutions that recognize opportunities to address social problems. They create business models combining business principles and social goals in innovative ways with the aim of remaining financially sustainable. |

## Introduction

Today's global challenges including poverty, unemployment, inequality, crime are so large and complex that that no government or single institution is well equipped and effective enough to resolve them alone. This has led to the rise of social entrepreneurial ventures, oriented towards addressing complex social problems and in the process complimenting the public sector and other actors. Such social enterprises pursue their missions and survive in a complex environment. In their quest for social outcomes, they face different challenges including diversity and changing needs of their beneficiaries, technological changes, new modes of service delivery, funding models, new ways of engagement, and increasingly complex issues in their communities. These challenges are not easy to fix and they are characterized by diverse and often conflicting values, interests, and perspectives among actors. For instance, the various stakeholders like government, donors, and civil society organizations may not agree on the definition of the "problem," whether it is a priority, or what the response should be. In a community change effort, stakeholders may not agree on the causes of poverty, the need to address it, or which strategies are most promising (Goldstein et al. 2010).

The complex nature of social problems is further depicted in their deep rootedness in systemic or structural factors, prone to interacting in unpredictable ways. A good example of such an issue would be the high rate of discrimination experienced by women at several levels in different magnitudes in society. This dynamism makes it difficult to develop a clear understanding of

the issue and even more difficult to anticipate the effects of any attempt to address the situation. Generatively, because the context evolves constantly, making the future somewhat uncertain, solutions that succeeded in the past may not work in the present or future. For instance, addressing school dropouts using bursaries was useful in the past in Uganda but staying in school today requires more than just paying tution fees. It may involve changing mindsets of the wider society about education, counselling the children, providing access to reading resources, helping to boost incomes for parents or guardians among others.

The complexity of social problems means that no single organization – government or social venture can address them. Such problems are multidimensional, continually changing, often unstable and difficult to resolve in a permanent way. Social entrepreneurial ventures are aware of the interconnectedness of these issues and therefore engage in collective action to solve the problems. They partner to gain access to resources, develop new products and processes which creates strategic advantage and unique sources of value. These collaborations provide new opportunities for organizational learning, co-creation, and co-evolution. The local communities benefit as partners develop new approaches and solutions to social and environmental problems.

## The Concept of Collective Action

Collective action is recognized as an important tool in promoting in promoting tangible social change in societies, creating improvement in local communities (Kania and Kramer 2015). It is a multi-faceted phenomenon subject to multiple interpretations and applications in given contexts. Literature describes the construct as taking various forms including the development of institutions, resource mobilization, co-evolution, co-creation, and information sharing (Poteete and Ostrom 2004). The purpose of collective action affects the level at which it is studied and analyzed. This means that the indicators of the concept differ depending on the specific objective of collective action. It is critical to identify the level at which collective action takes place for instance many scholars focus on community level collective action but not all forms of collective action take place at this level.

This entry operationalizes collective action as a group of people who work together towards a common desired outcome. In addressing complex social problems, individuals or groups of people and organizations usually collaborate in search for effective solutions. Partnerships among organizations are usually driven by the desire to gain access to resources, information, networks, knowledge and skills. The benefits of collective action include business opportunity discovery, funding, innovation, and venture growth. Social entrepreneurial ventures engage in collective action to co-opt the local community as an active collaborator in entrepreneurial efforts. This is especially common among social entrepreneurs who work toward building local areas for development.

Collective action requires that all participants have a shared vision including a common understanding of the problem and a joint approach to solving it through an agreed upon agenda for action (Thomson and Perry 2006). Measures of collective action according to Montgomery et al. (2012) include resource acquisition and co-creation.

## Resource Acquisition

Social entrepreneurs usually need a diverse set of resources in the attempt to create social change. Such resources may include finance, knowledge and skills, support, mobilization, cultural and institutional resources. It is the ability to tap into such resources that transformation of vulnerable communities will occur. Effective social value creation therefore lies in collaboration, partnerships, coalitions, alliances, and other forms of collective action bringing together different sets of resources from different actors

(Maguire et al. 2004). Resources may be shared by actors within the same sector or they may even exchange complimentary resources where each party offers unique resources to another. Pooling resources enables actors to reduce costs, increase efficiency, enhance exposure, and achieve objectives. It will also limit the duplication of efforts in solving social problems in a particular sector. Resource pooling also brings together diverse actors across sectors to provide unique input, skills, and resources to solve pressing social problems.

## Co-creation

As organizations respond to changes in the environment, they tend to work with others in order to adapt to the environment. Actors therefore interact with one another in reciprocal ways. Co-creation is a collaborative process where players across different sectors such as social sector organizations, financial institutions, government bodies, and local leaders come together to co-design and co-implement solutions to problems in order to improve the welfare of the underserved. Organizations in this process work hand in hand to implement solutions based on a shared vision. Such mutuality has roots in interdependence of organizations providing a foundation for forging common views out of differences. This happens in the form of complementariness or shared interests which are usually based on homogeneity or appreciation of issues that go beyond an individual organization's mission. It may occur when one party has unique resources such as skills, expertise that another party needs and could benefit from.

Social entrepreneurs solve complex social problems where they combine effort with other actors in the environment (Kania and Kramer 2013). Issues such as poverty, health, education, and the environment involve many different interdependent organisations such as government and the donor community because no single solution can be provided by one actor. This is why institutions come together and solve the problems collaboratively. However, such collective action should be executed in a reciprocal fashion for participating organizations to continue or expand their commitments. Once commitments are not done in a reciprocal fashion, corrective measures may be taken through negotiation or by organization reducing their commitment.

## Social Entrepreneurial Ventures in Uganda

Social entrepreneurial activity in Uganda is manifested in non-profit establishments including cooperatives, associations, and community-based organizations that work with other players in communities to improve welfare. The formation of cooperatives in Uganda dates as back as 1913 when four farmers in present day Mubende district decided to market their produce together. Over the years, the cooperative movement in Uganda has grown where people in different groups collaborate to enhance their social and economic welfare. Relatedly, Community Based Organizations (CBOs) rose to work with local communities providing services to the poor in education, health, HIV/AIDS, agriculture, peace, and conflict resolution. They engage in capacity building at the grass root levels and they particularly play a complementary role to government in local development in different parts of Uganda (Shaban et al. 2015). They interact with people in communities, define problems and together work out solutions. In the interest of social goals, CBOs create relationships with different actors including government bodies, nongovernment organisations, donors and beneficiaries. They work together to implement activities to improve welfare in marginalized communities. In their day to day activities, social entrepreneurial ventures in Uganda encounter challenges including struggling with funding for their activities and hiring staff with little organizational and professional skills among others. The different challenges make sustainability of their activities difficult which makes a number of them embrace collaborative initiatives as a way of surviving in a dynamic environment.

## Applying a Complex Adaptive Systems Lens to Collective Action

The mechanisms of complex adaptive system (CAS) have attracted many researchers from a variety of disciplines. The Complex Adaptive Systems theory (Goldstein et al. 2010) argues that organizations survive in an uncertain and changing environment which requires constant adaptation in order to survive the changing times. In this environment, there are dynamical systems with many interacting actors that respond and react to each other in constant interplay. As a result, this behavior leads to creation of even complex, complicated multilayered patterns of behavior. At each level, new structures form and engage in new emergent behaviors. Organizations are able to adapt to the changing environment by adopting new structures, new practices, and new patterns to fit into the new environment.

The complex adaptive systems (CAS) theory helps to explain and more effectively conceptualize social entrepreneurial activities as taking place in changing environments rather than stable situations. Social entrepreneurs work in dynamic environments constrained by regulatory and social cultural factors which creates their need for sustainability. This explains why social entrepreneurial ventures engage in adaptive practices in order to be responsive to changes as they occur in a complex environment. Flexibility enables them to emerge with a collaborative orientation usually establishing partnerships with funders, government agencies, clients served, and community members.

One way of adapting to the changing complex environment is by encouraging the participation of stakeholders in decision making. This allows for a free flow of information, diversity of perspective/cognitive skills, richness of interactions that become useful for the demands at the moment. When social entrepreneurial ventures interact with stakeholders in the community, they develop trust, a shared understanding of the problem is created enabling the actors to move forward collectively. They may share about the programs they want to pursue and new patterns of interacting will emerge. Learning and adaptation are likely to take place as social enterprises attempt to respond to a changing and complex environment. Social entrepreneurs are not passive actors but they tend to learn and modify and revise their structures and behaviors. As some factors in the environment threaten the success of their programs, they respond by changing their structures and behaviors through acting collectively.

The complex nature of the environment in which social entrepreneurs operate requires a leadership style that has clarity of purpose and emphasizes principles and values around how the organization operates and how employees are treated. Leadership is the process of influencing others towards achievement of desired goals in an organizational setting. The core role of a leader is to motivate teams to work towards specific objectives, ensuring efficiency and commitment to organizational objectives. In social entrepreneurial ventures, leaders create adaptability by fostering the conditions that develop organizational capacity to deal with changes in the environment. Leaders are therefore expected to create conditions where their teams interact continuously to generate solutions to problems. As employees in social entrepreneurial ventures understand their place in the organization, they are able to take initiative and as they interact with each other, they cooperate with others. Such leadership also allows employees to communicate and get involved in the solution making process. Leadership behavior that is relationship oriented fosters interconnections and enhances information flow needed for collective problem solving.

## Conclusion

The ability of a social entrepreneurial venture to sustain its activities in a complex environment is dependent identification of stakeholders with whom to work. Managers of the social organizations therefore should embrace adaptive practices where they allow employees to participate in decision making and innovative problem

solving. Employees should also be given the necessary resources to experiment with their ideas in solving community problems. Complex problems benefit from solutions that draw on many different perspectives and resources. Local beneficiaries and other actors should be part of solution generation in community change efforts because their view points and contribution are essential. It is important for social entrepreneurs to form alliances and build cross-sectoral, cross community, and public private partnerships as well as shared and distributed leadership. The social ventures should also be open to change. This requires openness to new experience, resilience, and ability to challenge the status quo and explore creative solutions.

## Cross-References

► Adaptive Public Administration
► Complexity and Governance

## References

Goldstein J, Hazy JK, Lichtenstein B (2010) Complexity and the Nexus of Leadership: leveraging nonlinear science to create ecologies of innovation. Palgrave Macmillan, Englewood Cliffs

Kania J, Kramer M (2013) Embracing emergence: How collective impact addresses complexity. Stanf Soc Innov Rev 1–7

Kania J, Kramer M (2015) The equity imperative in collective impact. Stanf Soc Innov Rev 14(1):1–7

Maguire S, Hardy C, Lawrence TB (2004) Institutional entrepreneurship in emerging fields: HIV/AIDS treatment advocacy in Canada. Acad Manag 47:657

Montgomery AW, Dacin PA, Dacin MT (2012) Collective social entrepreneurship: collaboratively shaping social good. J Bus Ethics 111(3):375–378

Poteete AR, Ostrom E (2004) Heterogeneity, group size and collective action: the role of institutions in forest management. Dev Chang 35:435

Shaban KS, Okot-Okumu J, Okullo P, Obua J (2015) Assessing community-based organizations' influence on trees and grass planting for forest, soil and water management around Mt. Elgon National Park in Uganda. Forests, Trees and Livelihoods 25(3): 161–172

Thomson A, Perry JL (2006) Collaboration processes: inside the black box. Public Adm Rev 66:20

# Collective Authenticity: A Case for Subordinates

Isaac Nana Akuffo and Kurmet Kivipõld
School of Economics and Business Administration, University of Tartu, Tartu, Estonia

## Synonyms

Attitudes; Authentic leadership; Authenticity; Collective authenticity; Culture; Linear authenticity

## Introduction

Leadership has been studied by many scholars from different perspectives (Hassan and Ahmed 2011) and these studies led to many theories of leadership such as great man theory, trait theory, and autocratic and democratic leadership theories. These are classical leadership theories, which set the platform for the study of leadership many years ago. During the twentieth and twenty-first centuries, scholars have identified new leadership theories such as authentic leadership, leader--member exchange theory, transactional leadership, transformational leadership, ethical leadership, and servant leadership. All these leadership theories primarily recognize the basic tenets of leadership, which are influencing followers' behavior even though each of these theories sees leadership from different perspectives.

In other words, these leadership theories do have some similarities and might be closer to each other than the names suggest. For instance, Brown and Treviño (2006) pointed out in their paper that ethical, spiritual, transformational, and authentic leadership all possess integrity, concern for others, ethical decision-making and role modeling attributes. However, leadership scholars have recently been drawn to authentic leadership or authenticity in the past decades (Wang et al. 2014). Such scholars argue that authentic leadership or authenticity possesses specific attributes

such as self-awareness, moral component, self-regulation, relational transparency, and balance processing, which separate it from other forms leadership (Walumbwa et al. 2008; Beddoes-Jones and Swailes 2015).

Similarly, Kernis (2003) pointed out that authenticity consists of four dimensions (awareness, unbiased processing, action and relational). Kernis (2003) described self-awareness as people who are aware of their weakness and trust in their motives, feelings, and desires in their interaction with people. He further explained that unbiased processing entails the ability of people to remain truthful with themselves by not distorting or ignoring other facets of knowledge for self-gain(ibid). Here people are expected to check both sides of the coin before concluding. He added that the third component of authenticity involves people acting in alignment with one's true self. This component of authenticity is required by individuals to make decisions without personal gain but for the general good of everybody. Finally, Kernis (2003, p. 15) pointed out that relational authenticity is "being genuine and not 'fake' in one's relationships with close to others." From these descriptions above, it could be seen that these attributes are not the preserve of one person because they are competences possessed by everyone, so it is, therefore, prudent to study authenticity from the collective perspective instead of the linear perspective.

Ilies et al. (2005) and Kernis (2003) explained that authenticity is simply remaining true to oneself. It implies that people with authenticity are fair, objective, uphold high moral standards, act in consonance with their values, and resist influence from others (Kernis 2003). Such people are in control of their emotions and understand how their weakness or strength influence the people around them.

Authenticity has been touted as the potential antidote to unethical behaviors by many authors (Owusu-Bempah et al. 2014; Neider and Schriesheim 2011; Gardner et al. 2011; Beddoes-Jones and Swailes 2015; Walumbwa et al. 2008). As such most studies on authenticity refer to ethical scandals and corruption happening in organization such as WorldCom and Enron (Owusu-Bempah et al. 2014; Neider and Schriesheim 2011; Gardner et al. 2011; Beddoes-Jones and Swailes 2015). These allusions make it imperative for organizations to hire leaders who possess the integrity or moral uprightness, self-awareness, relational transparency, and balance processing to minimize these numerous scandals (Walumbwa et al. 2008). Thus, these studies acknowledged that having an authentic leader might influence employees' behavior positively because they eschew unethical behaviors, which serve as the platform for corruption to thrive (Safina 2015).

Cooper et al. (2005) shared this view, and they argued that scholars of authenticity fundamentally believe that a new form of leadership is required because of the numerous corporate scandals that continue to occur in different organizations. These assertions seem to reiterate the emphasis of the authenticity of the leader while the subordinate's authenticity is ignored entirely. Authenticity either consist of four dimensions (Walumbwa et al. 2008; Kernis 2003) or three dimensions (Beddoes-Jones and Swailes 2015). However, existing studies cited above seems to dwell more on the authenticity (Johnsen 2018; Yadav and Dixit 2017; Lester et al. 2009; Driscoll and McKee 2007) of the leader while the authenticity of the subordinate is completely missing. For instance, May et al. (2003) opined in their study that authentic leadership decision-making thrives on identifying the intensity connected with every moral situation.

The entry argues that authenticity is a collective effort between the leader and the subordinate but not the responsibility of the leader alone. The reason for this argument is that the leader and subordinate have different inbuilt authenticity influenced by national and organizational culture (Petan and Bocarnea 2016; Lester et al. 2009; Azanza et al. 2013). It could also be influenced by the values or histories that nurtured (Gardner et al. 2005) their behaviors or attitudes. Therefore, these differences in national culture or values could influence them to behave differently. Collective congruence of authenticity between the leader and the subordinate would cause the leader to be more authentic. Still, incongruence might

affect leader authenticity because the subordinate might have a different perception of how authentic the leader is.

The argument here is not based on the position of the leader, but the authenticity attributes or underlying assumptions. Authenticity is not the preserve of one person, and as such, for the work environment to uphold authenticity, there must be congruence between the leader and the subordinate authenticity. For instance, Gardner et al. (2005) acknowledged in their study that authentic leadership goes beyond the authenticity of the leader. Congruence in authenticity means that both the subordinates and the leader must be on the same page as far as authenticity attributes are concerned.

Thus, authenticity has been observed as a linear approach by existing studies where the leader is assumed to be the only person high on integrity, transparency, and fairness. Also, they are aware of their strengths and weaknesses and possess the ability to regulate their emotions, which in turn influence subordinates to emulate such behaviors (Palanski and Yammarino 2011; Norman et al. 2010). However, this entry argues that authenticity cannot be seen as a linear approach but a collective approach involving both the leader and the subordinates.

Kernis (2003, p. 13) explained that "authenticity can be characterized as behaviour that reflects the unobstructed operation of one's true self in one's daily enterprise." In other words, authentic individuals act by following their professed morals and beliefs. They do not engage in double standards, remain true to themselves and persist even in the face of adversity and develop employees to emulate such behaviors. This assertion is shared by Sparrowe (2005), who acknowledged that if leaders fail to act per their true self or continue to change their professed true self, it might cause some form of dissonance between the leader and the subordinates.

Authenticity studies could be traced to positive organizational scholarship (Cassar and Buttigieg 2013) and humanistic psychology by Carl Rogers (1961). These fields looked at the positive side of human behavior. For instance, Rogers' humanistic theory criticized psychoanalysts such as Freud for concentrating on the negative aspect of humans. Rogers emphasized that every human has self-belief and possess the ability to make it in life. Also, positive organization scholarship similarly talks about self-belief, confidence in oneself, and the ability to withstand one's grounds on decisions taken or the ability to resist pressure to rescind one's decisions.

These theories serving as anchors for authenticity indicate that authentic leaders have self-belief, are morally upright, do not take decisions to benefit themselves, are objective, and transparent in their assessment of situations and decision-making. Probably, authentic leadership (AL) scholars (Johnsen 2018; Algera and Lips-Wiersma 2012; Hassan and Ahmed 2011) premise their argument on these assertions that having a leader who possesses these attributes shall be enough to minimize or erase these numerous corporate scandals been reported in the media across the world daily. However, this entry holds an alternative view that having an authentic leader in managing a firm may not be enough to do away with these corporate scandals but rather a collective authenticity of both the leader and subordinate are the ultimate means to minimize these unethical problems. Note that the emphasis of this critique is on the underlying beliefs of the theory (authenticity) and not the leadership position.

The entry contributes to the literature by emphasizing the need for studies on authenticity to measure the construct from a collective perspective of both the leader and their subordinates. It also contributes to the literature by stating that researchers in the field seem to concentrate much on the moral component of the leader than that of the subordinate. Moreover, researchers must endeavor to give some authenticity scenarios to respondents to determine their level of authenticity instead of just administrating questionnaires. Also, an existing study by Owusu-Bempah et al. (2014) has shown that behavioral attributes considered by two different countries to merit the authentic title leader are different. For instance, the meaning of authenticity in a collectivist's society might be different from an individualistic society. Therefore, the underlying attributes of

authenticity might not be universal, as studies currently portray. It also contributes to the literature by pointing out that because three or four dimensions are employed to measure authenticity. It is prudent to measure each dimension of authenticity differently to assess the dimensions the leader and the subordinates might be weak should future studies continue to use the questionnaires instead of the authenticity scenarios.

The following sections employ some social psychological theories, culture, and attitudes to make a case for why authenticity must be studied collectively from the leader and the subordinate's perspective and not linear perspective where the leader is seen as "saint" to bring total authentic revolution within the organization.

## Authenticity and Culture

Culture is the foundation of human life. People usually do not choose their culture because people are born into it, and it nurtures and shapes their experience. In other words, people grow before they even notice that their culture defers from another person's culture. As pointed out by Hofstede (1984) different countries have different cultural beliefs. While some countries are individualistic others are collectivists. Based on the categorization by Hofstede insight.com, countries such as the United States, the United Kingdom, Estonia, Finland, and New Zealand are individualistic while countries such as China, Taiwan, Ghana, and Nigeria are collectivist.

It indicates that different countries' culture would influence the way people view and understand life, and by extension, their view of who an authentic leader should be. Already, some authors have pointed out that factors underlying the authenticity of the leader are influenced by culture and their life story (Shamir and Eilam 2005; Wassenaar et al. 2015). Also, Owusu-Bempah et al. (2014) pointed out that people from different cultures see what constitute authentic leadership differently. They compared Ghana and New Zealand on AL and found that both countries have different views on factors that warrant the title of authentic leadership.

Based on these, this entry seeks to bring out that authenticity of the leader largely depends on the culture of both the leader and the subordinates. According to Lester et al. (2009, p. 102), "one difficulty leaders face with globalization involves retaining their moral integrity—remaining authentic to their personal beliefs—while being immersed in cultures with different value systems." The authors added that there are many cases where leaders of organizations act unethically in different countries; such as sponsoring plant with unsafe working conditions and paying poor wages even though the leader could not employ such unethical management style in their native countries (Lester et al. 2009; Global Exchange 2007). The reason is that the environment where one operates could have a negative influence on the leader and cause the leader to change their authenticity principles. It shows that there is some dissonance between the leader's personal beliefs and the people they are managing, which suggests that the behavior of the employees can influence the leader in the same way the leader can also affect the employees.

However, scholars (Driscoll and McKee 2007; Dickson et al. 2001; Paine 1997) that see authenticity as a linear approach suggest that the leader's storytelling that integrates the moral and spiritual component into the subordinates is enough to transform the culture of the organization positively because it helps to define the true values of the organization. In other words, the leader plays the most significant role in the transformation or in building the authenticity principles of the employees without acknowledging the ability of the employee also to change the inbuilt authenticity principles of the leader.

This entry and some existing studies (Petkeviciute et al. 2018; Sidani and Rowe 2018) argue that there must be congruence between the leader and the subordinate before authenticity can be achieved. Interestingly, a study by Zilwa (2016) established a dyadic relationship within the authentic followership relationship. Thus, the leader can influence the subordinate while the subordinate could also affect the leader. In most cases, during the electioneering campaign in national elections, some political leaders outline so many excellent ideas, which reflect the true authentic behavior of the leader to bring change

to its people. However, once they win power, these brilliant ideas vanish into thin air.

The question is, where did these brilliant ideas go or who changed these brilliant ideas? How come such leaders are not able to deliver on their promise? The answer might be simple; there might be incongruence between the leader beliefs and his/her appointees. Hence, they influence the leader to undertake projects that will benefit the ruling party members instead of the mass population just for personal gains. The situation is perfectly captured by Albert Bandura (1986, p. 375) that "Behavior is especially susceptible to external influences in the absence of countervailing internal standards. People who are not much committed to personal standards adopt a pragmatic orientation, tailoring their behaviour to fit whatever the situation seems to demands. They become adept at reading social cues, processing and retaining social information, and varying their self-presentation" (cited in Lester et al. 2009). It means that the environment the leader found themself can change the authenticity principles espoused hitherto by the leader. It also shows that the values of the leader and the employees are not congruent; this incongruence in values might be due to differences in beliefs shaped by the culture or values that nurtured the leader and the subordinate. For instance, Pelletier and Bligh (2008) acknowledged that nepotism, cronyism, and favoritism are the foundation for corruption, and it is a sociocultural problem.

It, therefore, suggests that the leader's authenticity is just like a stone cast in the ocean. Hence, authenticity would be swallowed by the masses of the unethical people around him/her, and they would compel the leader to become part of them which would, in turn, cause the leader to change his/her authentic beliefs. This entry argues that irrespective of the excellent characteristics of the leader which may be classified as authentic, the leader's ability to uphold such ethical virtues depend on the authenticity of the subordinates. In effect, if leaders find themself amid unethical people, they may be forced to conform to the mass' unethical behavior just to survive. In the same vein, if the leader gets surrounded by people or subordinates with strong authenticity principles, they would help the leader to uphold their authenticity principles which would, in turn, cause the leader to appear more authentic to the masses. In other words, there is a congruence between the leader and the subordinate's beliefs or values.

Unfortunately, most studies on authenticity see it as a linear phenomenon where the top leader influences their follower's behaviors. For instance, Brown and Treviño (2006) pointed out that moral managers make ethics an explicit part of their leadership plan and use their lives as role models to change that of their follower's behaviors. In other words, the authentic leader is seen as the person who possesses all the accepted values and beliefs as well as the ability to influence employees' behavior irrespective of the existing conditions the leader's faces. However, Lester et al. (2009, p. 103) asked that "how does a leader read social cues, process varying cultural information, and enact appropriate behaviors without abandoning the important internal standards that are central to his or her identity." This entry argues that it is about time researchers turn their attention to the authenticity level of the followers to see if that may also play a role in the authenticity of the leader. In other words, authenticity must be studied from both followers and the leader's perspective because inauthentic followers can cause an authentic leader to be an inauthentic leader.

The entry rests this argument on two experiments by Solomon Asch (1951) and Martin Seligman in 1972 as well as Bandura's (1977) social learning theory. The first theory is the famous experiment carried out by Solomon Asch called Asch conformity theory in 1951. In this experiment a group of people were assembled. Only one of the subjects was aware of the whole experiment, but the rest of the assembled subjects were not. The subjects were shown two cards with the first card bearing one line while the second card had three lines classified A, B, and C. The subjects were asked to select a line same as the line on the first card. Initially, all the subjects had it correct, but subsequently, the informant picked the wrong line, and it is interesting that the majority of the subjects also picked the same wrong line.

Even though the subjects noticed that the selected line was not of the same size as the line on the first card, the subjects indicated that they were scared of making a mistake and as such, they conformed with the majority decision. This experiment sums up the argument of this entry that if the culture of the people had instilled certain unethical behaviors in them when an authentic leader was placed in the midst of them, the behavior of the authentic leader could be overshadowed by the subordinates to conform to their unethical behaviors. In the same vein, when the subordinates are high on authenticity principles, they can also change the inauthentic principles of the leader. In effect, to get authentic climate, both the leader and the subordinates must possess similar or the same authentic principles. However, if there is the incongruence in values, which could be gotten by the administering authenticity scenarios to both the leader and the subordinates, then they must be given some training on authenticity principles by a third party to ensure authentic collective climate. The training would lead to authenticity congruence between the leader and the subordinates, which would ensure leader authenticity and in turn, lead to an increase in employee and organizational performance.

The entry also relied on the theory of learned helplessness by Martin Seligman in 1972. Learned helplessness occurs when subjects undergo recurring pain for a period with the subject unable to do anything to this recurring pain. If the subjects continue to try and nothing happens to save them from the recurring pain, the subjects would finally give up and accept their faith. By extension, when an authentic leader finds themselves amid inauthentic subordinates, they initially will do their best to change their unethical behavior. If the leader keeps trying and persistently meet resistance from the unethical subordinates, the leader might finally give up and accept the immoral behavior of the subordinates because nothing can be done to change such unethical behaviors, which might have become part and parcel of the subordinates due to the cultural values or the environmental nurturing.

The entry also relied on Albert Bandura's social learning theory (1977), which states that people are bound to behave similarly by observing and imitating the behavior of people around them once that behavior provides some rewards. Wu and Chen (2019) pointed out that factors such as observational learning, self-efficacy, and self-regulation are crucial for eliciting human behaviors. While scholars have used this theory to serve as the foundation for the authenticity theory, emphasis of the social learning theory is seen from the employees observing and learning from their leaders. Still, the other aspect of leaders learning from the employees is entirely missing. For instance, Wu and Chen (2019) pointed out that subordinates usually demonstrate some changes in their behavior due to the interaction or observation of the leader's attitude, again completely ignoring the perspective of the subordinates. Brown and Treviño (2006) also added that for a subordinate to accept their leader's principles, the leaders must exhibit credible and role model attributes; they also ignored the potential of the subordinates to change the leader's behavior.

From these two experiments and Bandura's social learning theory, this entry suggests that for authenticity to gain the needed acceptance, there must be a two-way (subordinates and leader) measure. This assertion is supported by Steffens et al. (2016) who found that leaders who champion the collective identity of a group are seen as more authentic by the subordinates. Also, a recent study by Wu and Chen (2019) found that authentic leadership is related to collective mindfulness and collective thriving.

Unfortunately, most studies looked at authenticity as a linear form of leadership where the leader is seen as a "superman" with abilities to use their authenticity attributes to instil the underlying assumptions of authenticity into the subordinates (Brown and Treviño 2006). However, Wassenaar et al. (2015) asked a brilliant question about the reason why people behave authentic in certain situations and inauthentic in other situations, and they acknowledged that this situation occurs because of the social pressures, cultural norms, and other specific context that adds up to influence people's behaviors. In a nutshell, authenticity must be studied from a collective or two-way approach bearing in mind that both

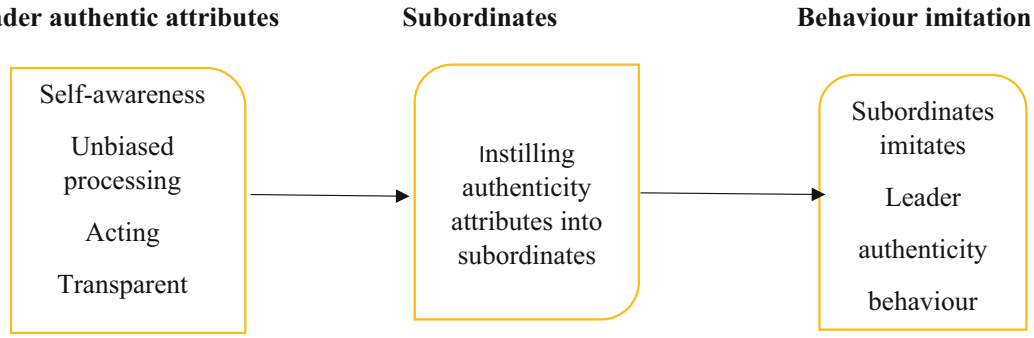


**Collective Authenticity: A Case for Subordinates, Fig. 1** Linear authenticity process

parties can influence each other. Figure 1 below depicts the linear process of the authenticity of how existing studies have captured authenticity. Existing studies assume that the leader is the only person solely responsible for changing the unethical behaviors or inauthenticity of their subordinates without recognizing the possibility of the subordinates to change the authenticity principles of the leader.

From Fig. 1 scholars make authenticity sound so easy to the extent that, it is assumed that once a firm recruit an authentic leader the behaviors of the subordinates might change overnight by imitating the leader's behavior. Interestingly, this belief is shared by some leading scholars of authenticity (see Ilies et al. 2005; Walumbwa et al. 2008; Wassenaar et al. 2015; Neider and Schriesheim 2011; Wang et al. 2014). The entry argues that if scholars consider authenticity as a linear process, then they may ignore an essential factor such as the potential of subordinates to influence the authenticity of the leader. Interestingly, some of these key authenticity scholars have acknowledged that the underlying assumptions of authenticity may be more than what has been described such as just being true to thyself (Walumbwa et al. 2008; Ilies et al. 2005; Shamir and Eilam 2005). Notwithstanding, they still emphasize the leader's authenticity while the subordinates authenticity is mostly ignored.

Similarly, Azanza et al. (2013) indicated in their study that organizational culture must be integrated with authentic leadership. Furthermore, Cassar and Buttigieg (2013) explained that authentic leader attributes stem from the values and moral principles the leader has undergone. These views by the authors above make it clear that culture plays a significant role in the values, morals, and beliefs of every person. Hence, authenticity must be studied from a collective perspective but not the existing linear perspective because the subordinates and the leader all come from a different cultural background with each having the ability to change.

## Authenticity and Attitudes

Attitudes are unique characteristics of an individual that distinguish one person from another. Defined attitude as a "disposition to react with a certain degree of favourableness or unfavourableness to an object, behaviour, person, institution, or event-to any other discriminable aspect of the individual's world." An individual's attitudes are enduring over time. and Greenwald (1989) have indicated that attitude influences people's behaviors. Thus, people's behavior reflects their attitude.

Also, Eaton and Visser (2008) have argued that attitude brings out differences across people in different situations. Eaton and Visser (2008) added that attitudes with a strong foundation resist change in the face of attack and continue to influence people's behavior and thoughts over a long a period as compared with the weaker attitudes that can easily be given up.

Attitude is made up of three components: cognitive, affective, and behavioral, which interact with each other to bring out one's behavior. Eaton and Visser (2008) outlined that self-interest, identification, and personal values are the main determinants of one's attitude. First, people's attitudes hinge on something that satisfies one's interest irrespective of its consequences on the other person. Second, people's attitudes are backed by the need or desire to be accepted or desire to identify with a group of people. Third, people's attitudes also stem from the values they desire to sustain. When an attitude is formed based on these enduring characteristics it becomes difficult to change irrespective of the skill of the change agent, and this is the argument put across in this entry. Some of the pioneers in the field of authenticity studies (Avolio et al. 2004) have acknowledged over a decade ago that the conceptual and empirical connection between follower attitudes and authenticity have been underexplored. This study, therefore, contributes to the literature on the conceptual part of this connection.

According to Owusu-Bempah et al. (2014), leaders and subordinates come to the organization with an inbuilt understanding of the expected relationship. What this means is that both the leader and subordinates come to the organization with different and unique attitudes built from the interaction between self-interest, personal values, and identification. Thus, when subordinates come to the organization with an attitude, which is deeply rooted in self-interest and corruption, it might be difficult to change irrespective of how authentic the leader might be.

Therefore, as time goes by, the lone authentic leader would want to identify and be accepted by the subordinates to make their work easier. Base on this assertion, authors submit that the attitudes of the subordinates can change the attitude of the leader in their quest for acceptance. Hence, scholars should appreciate that for an authentic leader to succeed and become a role model to the subordinates; there must be some compatibility or congruence between the attitudes of the leader and subordinates. This view is also shared by Avolio et al. (2004). They argued that the development of authentic leader–follower might be easy when the two parties share similar actual and ideal selves. When differences in attitudes exist between the leader and the subordinates, then subordinates have a higher chance of changing the authenticity of the leader due to their numbers. However, when they are compatible in attitudes then it is easier for the leader and the subordinates to build authentic climate, which helps to erase scandals and assist the leader in upholding their authentic principles which, in turn, enhances employees' and organizational performance.

For example, why do some football managers join a nonperforming football club and use their managerial skills to make the team play better with almost the same group of players who were hitherto not performing well? Similarly, why do some managers join a very successful football club and suddenly, the club's performance begins to dwindle? The answer lies in the compatibility of attitudes or congruence in attitudes.

If the manager and the players share similar values, interest, and identify with the broad goal of the football team, the manager would enjoy success beyond measure with the same group of players who were hitherto performing poorly. However, if the manager comes intending to change employees' (footballers) attitude, suddenly the subordinates might not accept it. The players may intentionally play poorly to register their displeasure. In such situations the only way for the manager to succeed is to accept and identify with the attitudes of the players just to get the best out of them.

The reason is that the players (employees) may have different attitudes (positive or negative) that may have worked for them to either satisfy self-interest or the interest of the football team and these may be difficult to change irrespective of how authentic the leader might be. The same analogy applies to the organizational environment, and this entry argues that subordinates have what it takes to change the attitude of the leader, which, in turn, might change the authenticity of the leader. Hence, authenticity scholars must not study the area as a linear process of leadership but rather a collective process involving both the leader and the subordinates. Shamir

and Eilam (2005) argued that authenticity essentially rests on the life experiences or story that the leader may have gone through from childhood to adulthood.

The entry argues that this same argument by Shamir and Eilam (2005) should be extended to subordinates because they also have life stories that might have shaped their attitudes, which might influence them to either behave ethically or unethically. As noted by Owusu-Bempah et al. (2014) authenticity of the leader is not a trait, but it is something which is bestowed on the leader based on the subjective subordinates' assessments of the leader's behavior. Thus, subordinates would assess the leader's authenticity within the context of their life experiences that shaped their attitudes, which, in turn, influences their behavior and; if the subordinates consider the leader's attitude as something that is compatible with their attitudes the leader may be rated as authentic and may be able to influence employees' attitudes.

This argument is supported by Wang et al. (2014). They acknowledged that even though their study supports the linear dimension of authenticity on subordinates' effectiveness, studies need to be conducted to understand the follower's personal and contextual factors that may influence the impact of authenticity on subordinates' performance. They added that since employees have different backgrounds, it is essential to find out whether AL would have the same influence on followers. This entry argues that scholars of AL must consider both the leader and subordinates' attitudes in determining the authenticity of the leader because only one authentic leader might find it very difficult to change dozens of inauthentic subordinates' attitudes.

For an authentic leader to be able to carry out their duties as being a role model for their subordinates, there must be congruence between the leader and subordinates' attitudes (Owusu-Bempah et al. 2014). Until this congruence is met, an authentic leader may not be able to influence their subordinates' attitudes positively. Wassenaar et al. (2015) indicated that authenticity is basically about being true to one's self or acting in accordance with one's acquired beliefs and values while inauthenticity, on the other hand, means people do not act as per their acquired beliefs and values. This definition ignores the fact that inauthenticity is not only about not acting as per one's acquired values or beliefs but also acting as per one's beliefs and values, but those values and beliefs may contradict the values or the norms of the organization.

This entry argues that some subordinates may have acquired some attitudes which are in bad taste before joining the organization, and such people may be acting as per their true attitudes. Hence, there must be positive congruence between the leader and the subordinates' attitudes before the leader authenticity could have a positive impact on the subordinate's attitudes. For instance, when the leader abhors soft corruption, and the subordinate is interested, it might breed incongruence in attitudes. In such a situation, a third party from outside the organization must be brought in as a change agent to offer training on attitudes and authentic principles to both parties to bring congruence between the leader and the subordinates. Here, the change agent might employ a systematic process to change the negative behaviors gradually instead of the potential sudden change process that may be used by the authentic leader.

For instance, even though corruption is seen as something that retards growth, some studies also acknowledge that corruption has a positive effect on firm productivity in some collectivist countries in Asia (Vial and Hanoteau 2010; Wang and You 2012). Therefore, employees/subordinates who see corruption as something that assists firm productivity are most likely to engage in unethical behaviors to achieve their self-interest because such negative attitudes have become part and parcel of subordinate's attitude. Such attitudes may be very difficult to be influenced by any authentic leader alone, and a third-party specialist is needed to take both parties through the tenets of authenticity principles. Cooper et al. (2005) also acknowledged the importance of training leaders to develop and build ethical standards. May et al. (2003) agreed in their study that development programs could help to build the leader's courage and how to implement such actions into their daily interactions.

Unfortunately, these studies emphasized training for the leaders only, but this entry argues that training on authenticity must be taught to both parties. That is the only means to build authentic work climate. Therefore, authenticity must be studied from both the supervisor and the subordinate's perspective (collective perspective) rather than linear perspective because each party could change the other. Note that the argument is not on the position but rather on the authenticity tenets, which is not the preserve of one person.

## Authenticity and Its Measurement

Measurement of authenticity or authentic leadership has drawn many criticisms from many authors, and this entry shares this view. Algera and Lips-Wiersma (2012) argued that the way AL is being theorized, it has the highest potential of not reaching the intended objective. This assertion is also supported by Gardner et al. (2011) who indicated that recent scholarly papers of AL have made the area very ambiguous regarding underlying the assumptions of AL. These respected authors added that this problem has arisen due to the limited number of empirical papers on AL.

Similarly, Nikolic and Halvorsen (2017) acknowledged that even though AL is seen as a positive form of leadership, there are questions about the true moral intent of authentic leadership behavior and its true positive influence on subordinates' behavior. From these authors, it could be deduced that there are clear problems with the authenticity measurement and the underlying assumptions of authenticity regarding the conceptualization of the construct. Again, Diddams and Chang (2012) added that authenticity measures must include some implicit measure. Also, Alvesson and Einola (2019) revealed some weakness in the measure of authenticity. They pointed out that the theory has a weak theoretical foundation as well as poor measurement instruments that have to be looked at by the experts in the field. They also added that the theory has poor empirical studies to support the foundation of theory (Alvesson and Einola 2019).

This entry shares the same view that proponents of the authenticity theory have measured it from a linear perspective because the questionnaires on AL have nothing on the authenticity of the subordinates. However, this entry argues that authenticity is a collective phenomenon and to understand the construct of authenticity well, employee's authenticity must also be included in the measurement. The emphasis is not on the leadership position but the tenets of the authentic leadership theory. The theory rests on the ability of people to be selfless, to control their emotions, to be aware of one's weakness and strength, and to analyze situations objectively (Walumbwa et al. 2008; May et al. 2003) in their dealings with people around them. But these attributes are not the preserve of the leader alone as claimed by May et al. (2003) that the ultimate thing about the AL theory is about the leader knowing themselves and behaving in line with their values and beliefs all the time.

The authenticity of the leader can be achieved when the authenticity of the leader and the subordinates are congruent. The only way to accomplish this is to measure both the authenticity of the leader and the subordinates. The entry argues that subordinates could influence the leader's authenticity, just like how the leader could also influence the authenticity of the subordinates. Therefore, there must be a composite measure of authenticity, but at the moment, most studies on AL measures authenticity tenets from the leader's perspective and ignores that of the subordinates. Thus, most questionnaires for measuring AL centers on the authenticity of the leader without considering the authenticity of the subordinates reinforcing the authentic linear behavior instead of authentic collective behavior from both the leader and the subordinates.

Also, the measuring of the moral aspect of AL raises eyebrows because the questionnaire simply asked respondents (subordinates) whether their leaders act in line with their values or beliefs. Still, the exact values and beliefs are not stated. For instance, Cooper et al. (2005) argued that because of the underlying tenets of the authenticity theory, leaders are expected to be given some form of authenticity scenarios underpinned with some

ethical dilemmas to study how the leaders would handle such dilemmas. While this assertion would serve the theory a great deal, this entry argues that such scenarios should be given to both the leader and the subordinates to help obtain the collective authenticity of the work environment.

Therefore, it would be good for the questionnaires to state what values or moral standards are being considered so that different respondents could examine the work environment to see if such values or moral standards exist. For instance, a multinational firm seeking to expand to some developing countries where corruption is deeply rooted may have to pay their way through the registration process just to gain faster company registration. Therefore, when subordinates are rating a leader who took the bribe from the multinational firm without stating the exact values or moral standards. The subordinates' ratings may not be directed, and as such, the responses may not reflect the true situation on the ground.

The entry also argues that in assessing authenticity, questions on authentic scenarios must be culture-specific or based on the moral beliefs of the people. Already, Owusu-Bempah et al. (2014) have revealed that respondents from Ghana and New Zealand use different attributes to characterize an authentic leader. Also, Hofstede's 1984 study has proven that even countries from the same continents have different cultural beliefs. Hence, studies that intend to use questionnaires or authenticity scenarios for measuring authentic leadership must not be universal due to the differences in political, cultural, and religious beliefs of people around the world. Also, while there are scant empirical studies testing authenticity, recent empirical studies seem to put all the dimensions of authenticity together without separating them (Farnese et al. 2019; Scheepers and Storm 2019; Han and Woo 2018; Smithikrai and Suwannadet 2018). However, studies that add all the dimensions of authentic leadership in measuring authenticity may not be able to identify which of the dimensions both the leader and the subordinates need to work on to uphold authenticity. Hence, studies must endeavor to analyze the authenticity dimensions individually to avoid concentrating only on the moral component of the theory.

Finally, it could be observed that authenticity lacks many empirical studies to support the underlying assumptions of AL (Alvesson and Einola 2019). Hence, having more empirical studies across the continents, covering the authenticity of both the leader and the subordinates, are the only option for authenticity to gain root in the annals of the leadership literature. It would help to know if authenticity is a universal construct; already, Neider and Schriesheim (2011) have pointed out that authentic measures must not be treated as a universal construct. Therefore, we need more empirical studies to assess if the dynamics of authentic principles are universal.

## Conclusions and Theoretical Implications

The essence of this entry is to widen the net of authenticity to include subordinates' authenticity. It also argued that the authenticity of the leader largely depended on the authenticity of the subordinates as well. Using social psychology theories, it argued that authenticity must not be a linear phenomenon but a collective phenomenon, because seeing authenticity from the leaders' perspective alone may lead to the neglect of subordinates' authenticity.

Hence, it is recommended that scholars must measure authenticity from both the subordinates and leaders' perspectives since they both possess the potentials to change each other's behavior. Also, the measuring items of the authenticity must include specific authenticity or moral scenarios to help capture the collective authenticity of the leader and their subordinates.

Finally, more empirical studies must be conducted from different countries so that scholars could establish a unique form of a measurement tool for respondents from different cultural environment.

## Cross-References

► Administrative Reform
► Reforms and Governance

## References


Algera PM, Lips-Wiersma M (2012) Radical authentic leadership: co-creating the conditions under which all members of the organization can be authentic. Leadersh Q 23(1):118–131. https://doi.org/10.1016/j.leaqua.2011.11.010

Alvesson M, Einola K (2019) Warning for excessive positivity: authentic leadership and other traps in leadership studies. Leadersh Q. https://doi.org/10.1016/j.leaqua.2019.04.001

Asch SE (1951) Effects of group pressure upon the modification and distortion of judgment. In: Guetzkow H (ed) Groups, leadership and men. Carnegie Press, Pittsburgh

Avolio BJ, Gardner WL, Walumbwa FO, Luthans F, May DR (2004) Unlocking the mask: a look at the process by which authentic leaders impact follower attitudes and behaviors. Leadersh Q 15:801–823

Azanza G, Moriano JA, Molero F (2013) Authentic leadership and organizational culture as drivers of employees' job satisfaction. J Work Organ Psychol 29:45–50

Bandura A (1977) Social learning theory. General Learning Press: New York, USA

Bandura A (1986) Social foundations of thought and action: a social cognitive theory. Englewood Cliffs, N. J.: Prentice-Hall

Beddoes-Jones F, Swailes S (2015) Authentic leadership: development of a new three pillar model. Strateg HR Rev 14(3):94–99. https://doi.org/10.1108/SHR-04-2015-0032

Brown ME, Treviño LK (2006) Ethical leadership: a review and future directions. Leadersh Q 17:595–616. https://doi.org/10.1016/j.leaqua.2006.10.004

Cassar V, Buttigieg S (2013) An examination of the relationship between authentic leadership and psychological Well-being and the mediating role of meaningfulness at work. Int J Humanit Soc Sci 3:5. www.ijhssnet.com

Cooper CD, Scandura TA, Schriesheim CA (2005) Looking forward but learning from our past: potential challenges to developing authentic leadership theory and authentic leaders. Leadersh Q 16:475–493

Dickson MW, Smith DB, Grojean MW, Ehrhart M (2001) An organizational climate regarding ethics: the outcome of leader values and the practices that reflect them. Leadersh Q 12(2):197

Diddams M, Chang GC (2012) Only human: exploring the nature of weakness in authentic leadership. Leadersh Q 23:593–603

Driscoll C, McKee M (2007) Restorying a culture of ethical and spiritual values: a role for leader storytelling. J Bus Ethics 73:205–217

Eaton AA, Visser PS (2008) Attitude importance: understanding the causes and consequences of passionately held views. Soc Personal Psychol Compass 2(4):1719–1736. https://doi.org/10.1111/j.1751-9004.2008.00125.x

Global Exchange (2007) Some of the "most" wanted corporate human rights violators 2007. http://www.globalexchange.org/getInvolved/corporateHRviolators.html: Global Exchange. Accessed 30.11.2018

Farnese ML, Zaghini F, Caruso R, Fida R, Romagnoli M, Sili A (2019) Managing care errors in the wards: the contribution of authentic leadership and error management culture. Leadersh Org Dev J 40(1):17–30. https://doi.org/10.1108/LODJ-04-2018-0152

Gardner WL, Avolio BJ, Luthans F, May DR, Walumbwa F (2005) Can you see the real me? A self-based model of authentic leader and follower development. Leadersh Q 16:343–372

Gardner WL, Cogliser CC, Davis KM, Dickens MP (2011) Authentic leadership: a review of the literature and research agenda. Leadersh Q 22:1120–1145. https://doi.org/10.1016/j.leaqua.2011.09.007

Greenwald AG (1989) Why are attitudes important? In: Pratkanis AR, Breckler SJ, Greenwald AG (eds) Attitude structure and function. Lawrence Erlbaum Associates, Inc., Hillsdale, pp 1–10

Han SS, Woo HY (2018) Effects of nurse-perceived authentic leadership and organizational culture on job attitude: focused on the mediating effects of psychological capital and leader- member exchange. Biomed Res 29(21):3853–3855

Hassan A, Ahmed F (2011) Authentic leadership, trust and work engagement. Int J Soc Behav Educ Econ Bus Ind Eng 5(8). scholar.waset.org/1999.10/10397

Hofstede G (1984) Culture's consequences: international differences in work-related values. Sage, Newbury Park

Ilies R, Morgeson FP, Nahrgang JD (2005) Authentic leadership and eudaemonic Well-being: understanding leader–follower outcomes. Leadersh Q 16(3):373–394. https://doi.org/10.1016/j.leaqua.2005.03.002

Johnsen CG (2018) Authenticating the leader: why bill George believes that a moral compass would have kept Jeffrey skilling out of jail. J Bus Ethics 147:53–63. https://doi.org/10.1007/s10551-015-2968-7

Kernis MH (2003) Toward a conceptualization of optimal self-esteem. Psychol Inq 14(1):1–26. http://www.jstor.org/stable/1449033

Lester GV, Clapp-Smith R, Palmer N (2009) The role of authentic leadership and cultural intelligence in cross-cultural contexts: an objectivist perspective. Int J Leadersh Stud 5(2):102–117

May DR, Chan AYL, Hodges TD, Avolio BJ (2003) Developing the moral component of authentic leadership. Organ Dyn 32(3):247–260

Neider LL, Schriesheim CA (2011) The authentic leadership inventory (ALI): development and empirical tests. Leadersh Q 22:1146–1164. https://doi.org/10.1016/j.leaqua.2011.09.008

Nikolic B, Halvorsen B (2017) Authentic leadership and the importance of ethical leadership behaviour and an ethical climate for subordinates' organisational citizenship behaviour. 31st Annual Conference of the Australian and New Zealand Academy of Management, Melbourne, Australia 5th – 8th December

Norman SM, Avolio BJ, Fred Luthans F (2010) The impact of positivity and transparency on trust in leaders and their perceived effectiveness. Leadersh Q 21:350–364
Owusu-Bempah J, Addison R, Fairweather J (2014) Commonalities and specificities of authentic leadership in Ghana and New Zealand. Educ Manag Admin Leadersh 42(4):536–556. https://doi.org/10.1177/1741143213502198
Paine LS (1997) Cases in leadership, ethics, and organizational integrity: a strategic perspective. Irwin, Burr Ridge
Palanski ME, Yammarino FJ (2011) Impact of behavioral integrity on follower job performance: a three-study examination. Leadersh Q 22:765–786
Pelletier KL, Bligh MC (2008) The aftermath of organizational corruption: employee attributions and emotional reactions. J Bus Ethics 80:823–844. https://doi.org/10.1007/s10551-007-9471-8
Petan L, Bocarnea M (2016) Follower perceptions of authentic leadership: a comparison between respondents from Romania and the United States. Procedia Soc Behav Sci 221:142–150, SIM 2015/13th International Symposium in Management
Petkeviciute N, Barvydiene V, Surpikiene N (2018) Authentic leadership: leader-follower relationship genesis. Transform Bus Econ 17, 1(43):83–99
Rogers CR (1961) On becoming a person: a psychotherapists view of psychotherapy. Houghton Mifflin: Boston, USA
Safina D (2015) Favouritism and nepotism in an organization: causes and effects. Procedia Econ Finance 23:630–634. https://doi.org/10.1016/S2212-5671(15)00416-5
Scheepers CB, Storm CP (2019) Authentic leadership's influence on ambidexterity with mediators in the south African context. Eur Bus Rev 31(3):352–378. https://doi.org/10.1108/EBR-11-2017-0207
Seligman MEP (1972) Learned helplessness. Annu Rev Med 23(1):407–412. https://doi.org/10.1146/annurev.me.23.020172.002203
Shamir B, Eilam G (2005) What's your story? A life-stories approach to authentic leadership development. Leadersh Q 16:395–417. https://doi.org/10.1016/j.leaqua.2005.03.005
Sidani YM, Rowe WG (2018) A reconceptualization of authentic leadership: leader legitimation via follower-centered assessment of the moral dimension. Leadersh Q 29:623–636
Smithikrai C, Suwannadet J (2018) Authentic leadership and proactive work behavior: moderated mediation effects of conscientiousness and organizational commitment. J Behav Sci 13(2):94–106
Sparrowe RT (2005) Authentic leadership and the narrative self. Leadersh Q 16:419–439
Steffens NK, Mols F, Haslam SA, Okimoto TG (2016) True to what we stand for: championing collective interests as a path to authentic leadership. Leadersh Q 27:726–744
Vial V, Hanoteau J (2010) Corruption, manufacturing plant growth, and the Asian paradox: Indonesian evidence. World Dev 38(5):693–705. https://doi.org/10.1016/j.worlddev.2009.11.022
Walumbwa FO, Avolio BJ, Gardner WL, Wernsing TS, Peterson SJ (2008) Authentic leadership: development and validation of a theory-based measure. J Manag 34:89–126. https://doi.org/10.1177/0149206307308913
Wang Y, You J (2012) Corruption and firm growth: evidence from China. China Econ Rev 23:415–433. https://doi.org/10.1016/j.chieco.2012.03.003
Wang H, Sui Y, Luthans F, Wang D, Wu Y (2014) Impact of authentic leadership on performance: role of followers' positive psychological capital and relational processes. J Organ Behav 35(1):5–21. https://doi.org/10.1002/job.1850
Wassenaar CL, Dillon PJ, Manz CC (2015) Authentic (Ir) responsibility: quo Vadis? Organ Dyn 44:130–137. https://doi.org/10.1016/j.orgdyn.2015.02.007
Wu CM, Chen TJ (2019) Inspiring prosociality in hotel workplaces: roles of authentic leadership, collective mindfulness, and collective thriving. Tour Manag Perspect 31:123–135
Yadav N, Dixit S (2017) A conceptual model of learning agility and authentic leadership development: moderating effects of learning goal orientation and organizational culture. J Hum Values 23(1):40–51
Zilwa DD (2016) The strengths and capacities of authentic followership. Leadersh Org Dev J 37(3):310–324. https://doi.org/10.1108/LODJ-01-2014-0010

# Collective Dimensions of Leadership

Sonia M. Ospina and Erica Gabrielle Foldy
Wagner Graduate School of Public Service, New York University, New York, NY, USA

## Synonyms

Collective leadership; Collectivistic leadership; Leadership in the plural; Relational leadership

## Definition

Recent theories claim that leadership does not reside exclusively in the leader but is also a property of the collective (group, organization, social system) and thus has both individual and collective qualities. The phrase "collective dimensions of leadership" signals the importance of shifting

attention from the single "heroic" leader to the emergent processes and practices that help actors interact, coconstruct meaning, and advance a common goal unattainable by themselves.

## Introduction

Complex social problems that cannot be solved by single organizations or sectors are increasingly addressed through multiorganizational and cross-sectorial efforts that engage people across boundaries to develop innovative and sustainable solutions. As a more collaborative approach takes root within the frameworks of public policy and administration, the very idea that leadership for the common good resides within a single individual leader has started to lose currency (Crosby and Bryson 2010). New interest in how to foster more facilitative, integrative, and inclusive environments to address collaborative governance challenges has also motivated questions about the nature of leadership, both in bureaucracies and network contexts. Governance arrangements today highlight the need to attend to the collective dimensions of leadership (Ospina and Foldy 2015).

The term "collective" in "the collective dimensions of leadership" implies viewing leadership as a phenomenon that implicates all members of a group rather than one or even several *individual members*. Because attention to the collective dimensions of leadership is a relatively recent development, the terminology is still in flux. "Collective leadership" is sometimes used to describe forms that incorporate more than one person in the leadership role, such as in coleadership or team leadership, or to refer to situations where the leadership role is fluid, and rotated among people, as in distributed or shared leadership. Often these variations are referred to as "collectivistic leadership" (Yammarino et al. 2012) or "leadership in the plural" (Denis et al. 2012). Focusing on the space between the leader and the follower, some stress the *relational* nature of leadership, a collective quality that operates within interactions with others. And yet others identify this collective quality with leadership in nontraditional organizational forms like networks and multisector partnerships, where more than one person is implicated in leadership roles or activities.

In this entry, "collective leadership" encompasses all theories that conceptualize leadership as an emergent, coconstructed process, independent of the manifestations it takes in the real world. The leader is reframed as the visible part of a broader process that involves many persons interacting with one another in an emergent and shifting network of relationships, and it is at this collective level that leadership happens. These theories espouse a movement from a leader-centered perspective to a collective leadership perspective, thus pointing to the collective dimensions of leadership (Uhl-Bien and Ospina 2012).

## Why a Collective Leadership Perspective Today?

Two different explanations offer justification for the need to broaden the understanding of leadership from singular to plural and thus consider its collective dimensions. Both are important and suggest different intellectual strands of a collective leadership perspective.

One focuses on broad trends and changes in society to suggest that a new and more relational form of leadership is now required. This approach, *collective leadership as trend*, explains the shift away from leader-centered perspectives by associating it with the broad changes taking place in a postindustrial society and the organization of work. In an era characterized by disruptive change and interdependence, managerial authority has declined. Instead, organizations search for alternatives to simple hierarchies, such as teamwork and strategic alliances.

Another explanation focuses on a way of thinking and viewing leadership as a social phenomenon that is always relational, independent of context. This strand, *collective leadership as lens*, proposes that any form of leadership – from top-down to collaborative – is plural. Leadership cannot be understood simply as an influence relationship between two social actors – leader and follower –

who exist in those capacities, prior to the relationship. Leadership (and those defined as leaders or followers) emerges as coconstructed meanings that help a group advance organizing tasks.

Leadership scholars espousing both perspectives agree that leadership theory must move from a heroic, leader-centered perspective on leadership toward a post-heroic, broader perspective that explores the collective dimensions of leadership. They both apply a relational lens to the leadership field, embedding the leader-follower relationship at the center of multiple intersections, acting within a broad system that shapes its form.

Public administration scholars agree that the time is ripe for a broader conceptualization of leadership beyond individuals. The point is to focus also on processes, context, and complexity and to consider actors beyond formal leaders, arenas beyond the bureaucracy, and levels of analysis such as the interorganizational and systems of networks. Phrases such as the shared dimensions of public sector leadership, public leadership as a form of collective leadership, and public followership are slowly entering the conversation.

Scholars tend to associate this with a changing public landscape characterized by networks for knowledge, information sharing, service delivery and policy reform, and the recurrent use of multi-stakeholder groups and formal public-private partnerships as policy tools. The argument is that shifts from pyramids to webs and from production to coproduction change the nature of public leadership. Leadership challenges include how to develop collaborative relationships between politicians and public managers, and between these and civil society actors, within the boundaries of legally authorized roles.

However, the required levels of collaboration are inconsistent with largely hierarchical structures, systems, and bureaucratic styles of public leadership. In fact, they reflect the paradoxical need to protect constitutionally grounded merit systems and democratic values, while adapting fluid and flexible organizational forms that promote innovation and adaptability. This means operating under old rules and vertical relationships of accountability, while introducing new rules and horizontal relationships of accountability. These conditions of paradox require collective leadership from actors in all branches and at all levels of government.

## Exploring the Collective Dimensions of Leadership

The leadership literature has increased attention to the collective dimensions of leadership. This implies moving from questions about how formal leaders' traits, styles, and behavior influence followers or vice versa to how processes and systems of relationships produce leadership in a group, organization, or system.

**From individual traits to styles and behaviors** – Leadership theories in popular culture give weight to the leader as the primary source of leadership. Leader-centered models identify personal qualities as predictors of effective leadership such as high internal locus of control, emotional maturity, and power motivation, among others.

Individual behaviors, actions, and styles enacting these traits are clustered, codified, and measured at the individual level of analysis. For example, the transformational leadership questionnaire (TLQ) includes nine factors characterizing the effective leader, such as a genuine interest in empowering others; integrity and trustworthiness; and decisiveness and determination. While helpful to offer diagnostic tools for individuals aspiring to lead, the field has recognized this offers an incomplete picture.

**From styles to relationships** – In reaction, relationship-centered and follower-centered perspectives broaden the focus of interest to dimensions like the quality of the leader-follower relationship itself. Leader-member exchange or LMX, for example, claims that high-quality relationships yield high levels of mutual trust, support, and obligation, thus influencing leadership effectiveness. But the focus is on the quality of the leader-member dyad, shaped primarily by the leader, rather than on shared or collective benefits of the exchange.

Likewise, follower-centered theories – such as the romance of leadership theory, psychoanalytic

and social identity leadership theories – emphasize the role of followers in shaping leaders, thus including more complex social processes. For example, these theories claim that followers make attributions of leadership to certain individuals in order to cope with the anxieties associated with group dynamics, usually authorizing leaders who share their beliefs, backgrounds, and identities. In this scholarship leadership does not exist without follower recognition. But the basic assumptions about the nature of leadership do not change. Leaders and followers are separate entities, taking up leadership or follower roles as individuals, even if in a more fluid way than granted by the leader-centered perspective. The epicenter of leadership remains the individual leader, enacting relationship with followers who may engage in reciprocal influence.

**From relationships to systems and emergent processes** – Theories giving priority to collective dimensions of leadership rely on different assumptions. They locate the source of leadership one level up from the individual or the relationship, in the broader system of relationships where individuals operate. In this collective space, leadership emerges as individuals interact and respond to others, with particular contexts shaping how leadership happens and the form it takes.

But these theories vary according to how they view the collective dimensions of leadership. Those who see collective leadership as trend highlight contemporary contexts characterized by decentralized decision-making, networks of relationships, and horizontal authority. Examples include distributive leadership theory, network leadership theory (NLT), and complexity leadership theory.

Distributed leadership theory, for example, sees leadership roles as decoupled from formal positions of authority and distributed across the organization. More than one leader may emerge in different locations, time periods, and task contexts. The role of the leader or follower is dynamic and reciprocal, and any person may take up one or the other given the situation. Network leadership theory (NLT) illuminates the relational structures that connect people in influence relationships and undergird attributions of leaders and followers. It assumes that microlevel interactions do not just simply add up to produce properties at systemic level. Instead the latter represents a different level of action, which is also where leadership resides. The network lens helps understand leadership across bounded contexts, including traditional hierarchies and formal interorganizational and cross-sector networks (Cullen-Lester and Yammarino 2016).

Complexity leadership theory understands organizations as complex adaptive systems (CAS), a particular type of networked system. Like in NLT, leadership emerges when networked individuals interact but with an added functional requirement: adaptability. CAS are organic and fluid networks of interacting agents engaged in the cooperative work necessary to adapt to uncertainty. Leadership appears not as a personal attribute, role, or hierarchical position. It is an emergent, interactive process *that gives capacity to group members* so they become innovative and adaptable to navigate complexity. Adaptive and enabling leaders, located across the system, are as important as administrative, formal leaders, located in positions of authority.

Those who perceive collective leadership as a lens draw on social constructionism, a social theory with great currency in the social sciences. Like collective leadership as trend, constructionist approaches view leadership, in all its forms, as a type of organizing agreement constructed in social interaction. But these approaches add another assumption: that leaders and followers are not independent bounded entities, who then engage with one another. Instead, they exist as beings-in-relation, their understanding of self created through relationship, with no separate, inherent core or status. Leadership, and "leaders" and "followers," emerge as coconstructed meanings that help a group advance organizing tasks. In this view, leadership is achieved in community, owned by the group: leadership is collective by its very nature, not just when it takes collectivistic forms. Examples of strands exploring collective leadership as a lens are discursive leadership theory and relational social constructionist leadership.

Discursive leadership theory applies a communication lens that links the emergence of leadership to language, the main way humans share

meaning and construct social reality. Switching attention from individual cognition to collective social and cultural systems, this theory emphasizes talk and discourse to understand how people think, see, and attribute leadership. Attention to discourse at the microlevel conversation and speech acts, and to discourse embedded in broader macrolevel assumptions, guides us in recognizing leadership, viewed as an emergent process of influence characterized by the management of meaning through the use of talk and corresponding actions to advance a task or goal.

Relational social constructionist leadership theory builds on the same assumptions but moves beyond discourse. Leadership is found in the *outcomes of the group's work*, not in specific individuals producing it. Leadership happens when the results of the individual efforts of interdependent actors are experienced as collective achievements, hence its collective meaning. This lens assumes that meaning-making processes associated with leadership become visible as *practices – recurrent ways of doing things that have produced the desired outcomes* and thus are viewed as good solutions to problems of organizing.

Hence leadership is not something that the leader, as one person in a position of authority or having taken up a leadership role, possesses. Instead, leadership is collective work and can be identified when members of a group find a path forward, commit to it, and adapt to changing circumstances.

## Collaborative Governance and Collective Leadership

While many scholars in public administration and policy continue to explore leadership from a leader-centered perspective, others have started to explore its collective dimensions, both through lens and trend perspectives. These public leadership scholars explore the type of leadership capabilities needed for effective leadership work, including how to develop the organizational capacity to achieve extensive gains for the common good. Some explore how integrative leadership fosters collective processes of negotiation and deliberation for tackling complex problems requiring joint action across sector boundaries. Others focus on the work of leadership as a collective effort to see how nonprofit groups set direction, adapt to fluctuations, and mobilize allies for joint action to leverage power for social change.

Likewise, scholars interested in collaborative governance explore effective leadership in nonbureaucratic contexts, like interorganizational networks. This scholarship has proposed facilitation as the distinctive leadership quality, as leaders – positional and informal – create the conditions for members to contribute to the collaborative process. Steward, mediator, and catalyst roles are more or less salient at different times and in different people depending on collaboration conditions (Ansell and Gash 2012).

Challenging a leader-centric paradigm, some collaborative governance and public leadership scholars have also identified a variety of sources of leadership in networks, activities, processes, and structures. For example, leadership activities that advance the network's work include managing power, controlling the agenda, representing and mobilizing member organizations, empowering members, and constructing the right community. Processes like stakeholder meetings, public meetings, and large conferences become leadership spaces where participants bring different ways of knowing and develop common ground for action, softening the boundaries of their prior identities. Participation in structures like councils, committees, and alliances generate shared meaning and shape the work without the need of a formal leader. These structures become convening mechanisms, foster group agreement, help set deadlines, and clarify expected roles and accountability relationships. Thus, leadership becomes a collective achievement rather than an individual capability.

## Implications and Conclusion

Highlighting the collective dimensions of leadership has implications for leaders and leadership in

public administration and public policy (Ospina and Foldy 2015). First, practicing collective leadership requires that effective leaders confront their expectations for a heroic leader motivating or even empowering followers. It means recognizing and nurturing other sources from which leadership can emerge, supporting other participants to take up leadership, and designing distributed leadership processes and structures.

Second, the public management literature documents that, while network structures and processes may generate more distributed forms of leadership, formal leaders also engage in more direct complementary action inside and beyond the network boundaries to ensure change. Sometimes dual leadership structures allow two visible leaders to share authority and develop complementary roles for the network, one more collaborative, one more directive. A collective leadership perspective can thus combine collaborative and directive behaviors, weaving together a facilitative function attending to relationality and a driving function attending to outcomes. The formal leader adapts, interprets, and differentiates in meaningful ways the unique quality of dyadic and group relationships.

Third, previous research on traditional forms of leadership has often abstracted actions or behaviors from their contexts. Much of the work on collective leadership sees context as a fundamental characteristic of the story, a core element. Collective leadership understands how context both frames the perceptions and activities of leaders and followers and is generated and shaped by leaders and followers. Using a context orientation surfaces invisible social dynamics that affect leadership perceptions and authority, such as how gendered images of leaders and leadership can work against collective approaches. A contextual orientation demands attention to the ingrained assumptions influencing workplace interactions that reproduce leader-centric practices when the environment calls for more collective approaches to leadership. Once these are visible, it is easier to counteract them directly.

Fourth, collective leadership by definition transgresses boundaries we often take for granted. Opening up leadership to those outside the boundary of traditional positions that grant authority represents a first step towards obliterating the boundary between leaders and followers. In addition, collective leadership incorporates practices, such as humility and vulnerability, outside the bounds of conventional leadership behaviors. It values a process and contextual orientation, comfort with ambiguity and paradox, and commitment to continuous learning. Moreover, leaders emphasizing the collective dimensions of their work often create bridging experiences by using objects – an initial feasibility study, a website, a memorandum of agreement – that enable participants from "different worlds" to work together to develop joint outcomes. Part of the formal leader's work is to steward the design of these boundary experiences and boundary objects that highlight the collective dimensions of leadership.

Finally, for leaders promoting democratic governance, these implications suggest accepting that *engaging others* in making human life more livable *is* public leadership work. Leadership is about facilitating joint work to build a new reality where new frames and unforeseen actions emerge. When the group jointly owns these frames and solutions and puts them at the service of the common good, we see collective leadership happening in the public realm.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Heroic Leadership
- ▶ Leadership in Organizations
- ▶ Relational Leadership Theory
- ▶ Theories of Leadership
- ▶ Trait Theory of Leadership
- ▶ Transformational Leadership


## References

### General Leadership References


Cullen-Lester K, Yammarino FJ (2016) Collective and network approaches to leadership: special issue introduction. Leaders Q 27(2):173–180

Denis JL, Langley A, Sergi V (2012) Leadership in the plural. Acad Manag Ann 6(1):211–283
Endres S, Weibler J (2016) Towards a three-component model of relational social constructionist leadership: a systematic review and critical interpretive synthesis. Int J Manag Rev 1–23
Uhl-Bien M, Ospina SM (eds) (2012) Advancing relational leadership research: a dialogue among perspectives. Information Age, Greenwich
Yammarino FJ, Salas E, Serban A, Shirreffs K, Shuffler ML (2012) Collectivistic leadership approaches: putting the "We" in leadership science and practice. Ind Organ Psychol Perspect Sci Pract 5:382–402

### Public Administration References

Ansell C, Gash A (2012) Stewards, mediators, and catalysts. Innov J 17(1):1–21
Crosby BC, Bryson JM (2010) Integrative leadership and the creation and maintenance of cross-sector collaborations. Leadersh Q 21(2):211–230
Ospina SM, Foldy EG (2015) Enacting collective leadership in a shared-power world. In: Perry JL, Chirstensen RK (eds) Handbook of public administration, 3rd edn. Jossey-Bass, Wiley, San Francisco, pp 489–507

## Collectivistic Versus Individualistic Work Culture: A Theoretical Perspective

Isaac Nana Akuffo
School of Economics and Business Administration, The University of Tartu, Tartu, Tartumaa, Estonia

### Synonyms

Collective and individualistic work culture; Experience; Flexible work structure; Knowledge transfer; Multinational enterprise; Organizational culture; Virtual work structure; Work culture model

### Introduction

Work structure and work culture have been subject of interest for decades, and there is an ongoing debate regarding whether work structure serves as the platform for work culture to thrive or whether work culture serves as the platform for work structure to thrive. For instance, Husain (2015) argued that work culture plays a crucial role in ensuring that the work environment or work processes are well organized and standardized to ensure smooth operational activities. However, the interest of this entry chapter is not to establish which of these two concepts influence each other as it has been argued in the literature that works culture is intrinsic while work structure is extrinsic (Janićijević 2013).

The interest of this entry chapter is to draw the attention of multinational enterprise (MNEs) or firms to the dwindling nature of work culture due to the new work structure adopted by many MNEs or firms to maximize profit or get closer to their customers (Akuffo 2018). Thus, recent work structure adopted by MNEs or firms is gradually killing a sense of community, values, norms, beliefs, and stories that reflect in employees work behavior and attitudes. Work structure primarily refers to how workflow, authority, and communication are arranged within the organization. A good work structure ensures better communication and organizational performance because a good work structure would reduce all the waste in the system. Some examples of work structures are functional, divisional, matrix, mechanistic and organic structure, and global factory structure (Akuffo 2018; Buckley 2009).

Apart from these work structures mentioned above, there is a new work structure employed by MNEs or big firms in developed countries called flexible work structure or virtual work environment. This flexible work structure or virtual work environment offers the opportunity to its staff to work from home or work from different geographic regions via online resources. With this type of structure, employees do not come to the office daily but meet once or twice monthly. Regarding the virtual environment, employees might visit the mother firm once or twice in a year or might not even visit the mother firm at all.

Even though this flexible structure offers some advantages to the organization in the form of reduced cost in payment of utilities such as electricity, water, internet usage, and to some

extent expenses on beverages, this entry chapter argues that the negative effect of this work structure far outweighs the positive effect mentioned above with key among them being erasing of work culture. Other effects also include the possibility of employees to reveal firm secrets to competitors or a vital strategy of the firm which may accidentally fall into the hands of competitors. Also, lack of belonging, low emotional, and psychological support might be experienced, which might influence employees' intention to quit. This view is also supported by Triandis et al. (1988, p. 323) who pointed out in their study that "allocentric (collectivistic) persons perceive that they receive more and a better quality of social support than do idiocentric (individualistic) persons, while the latter report being more lonely than the former."

Therefore, the interest of this entry chapter is to draw attention to the declining of collective work culture, which is gradually leading to individualistic work culture, which emphasized "I" instead of "We." The "I" syndrome means that people think about themselves alone and how to meet their target but do not care about other employees work and the general health of the organization. On the other hand, the "We" syndrome show concern for himself and others and the general health of the organization. Similarly, Triandis et al. (1988) argued that individualistic culture breeds self-reliance with the competition, low concern for in groups, as well as distancing themselves from the ingroup members. They added that individualistic persons value individual goals than the overall goal of the group. The "We" syndrome assists in knowledge transfer (Phung et al. 2016), job involvement (Taştan and Türker 2014), and increase firm performance (Nazarian et al. 2017; Zehir et al. 2011).

This entry chapter contributes to the literature by outlining some propositions and models to enlighten leadership of MNEs or firms to uphold work culture and not just work culture but collective work culture since it offers more opportunities than individualistic cultures. The entry chapter also contributes to the literature by showing that fewer studies on individualistic and collectivistic culture have been examined from the organizational perspective.

## Individualistic Versus Collectivistic Work Culture

As indicated above, the purpose of this entry chapter is not to establish whether work culture influence firm's structure or vice versa but to make a case that with the new flexible work structure employed by MNEs or firms. Triandis (2001, p. 908) defined culture as "what has worked in the experience of a society that was worth transmitting to the future generations." Triandis further argued that culture includes elements such as shared standard operating procedures, norms, values, and beliefs of a specific group of people or an organization (ibid). There is a potential for work culture to be erased or collectivistic culture to dwindle. In this entry chapter, work culture is defined as "a system of assumptions, values, norms, and attitudes, manifested through symbols which the members of an organization have developed and adopted through mutual experience and which help them determine the meaning of the world around them and the way they behave in it" (Janićijević 2013, p. 72).

Work culture is essentially the way of life of employees within the organization. It reflects the values, norms, beliefs, stories, and the symbols of a group of people. Culture assists to build both internal attributes which are not visible (beliefs, values, and norms) and external culture attributes which are visible such as company buildings, attire, and firm symbols. Janićijević (2013) argued that a firm with a solid culture influences its employees to make decisions or take actions in a similar fashion. For instance, if a firm inculcates work culture such as disciplined, sense of community, hard work, loyalty, and citizenship behavior into its employees, such employees are bound to behave in the same or similar way due to collective work culture bonds they share.

Different authors have well-studied culture over the past decades (Triandis 1994, 2001; Realo et al. 1997; Hui et al. 1995; Triandis et al. 1988; Hofstede 1984). Hofstede studied many countries and outlined national culture into different dimensions such as collective and individualistic culture, power distance, masculinity versus femininity, and uncertainty avoidance (Hofstede

insight.com). After Hofstede's classifications of national culture, researchers started to show interest in examining work culture to see its impact on employees and the organization.

Early studies on work culture centered on task and relationship orientation culture. Also, Cameron and Quinn (2006) added four work culture dimensions which are clan, adhocracy, market, and hierarchy. However, studies examining the influence of collective and individualistic work culture on employees work behavior are quite scant in the literature despite the modern trends of work culture which seems to be shifting to more of individualistic work culture where employees primarily work alone.

Even though this entry chapter aims to make a case that collective work culture would assist MNEs to achieve the overall organizational goal, it also sought to bring to the fore that individualistic and collectivistic culture has primarily been looked at from a national or country perspective but from the organizational perspective is underexplored. The table below presents the number of studies obtained so far on individualistic and collectivistic studies within the context of organizations. The essence of this table is to draw management and international business expert's attention to the scant studies on these dimensions within the organizational context.

From Table 1 above, individualistic and collective culture have received little attention from the organizational perspective. Even though this entry chapter is not a systematic review paper, the table above was presented to make a case for more studies to examine which of these two work culture dimensions might bring forth the needed employee and organizational performance.

From Table 1, it is seen that collective work culture is likely to yield positive influence on the firm than individualistic work culture. As pointed out by Hui et al. (1995), collectivism work culture brings forth feelings of belief and behavioral intentions underpinned by solidarity and concern for others which serves as some form of support for each employee. This collective support herein referred to as "we syndrome" serves as buffers to reduce work stress. Employees support each other in terms of any problem be it family-related or work-related. There is a sense of community as compared to individualistic work culture underpinned with lone behavior where people do not care about each other's feelings or individual problems.

Even though research findings on work collective and individualistic culture are not consistent (Sosik and Jung 2002), this entry chapter argues that collective work culture would uphold and instill work culture into its employees than individualistic work culture where employees are made to work in a virtual environment most of the time or meet sparingly for general meetings which might kill work norms, beliefs, and values. MNEs or firms may be able to inculcate their values, norms, and beliefs into their employees when employees spend more time together within the organization and interact with colleagues daily than employees who meet occasionally.

Employees meeting sparingly might not absorb the full work values, beliefs, and norms that could make employees behave in the same manner, and this, in turn, decreases a sense of community but instead increases individualistic work culture. Most top organizations are operating a virtual work environment where employees are spread across the world to help capitalize on different skills. Even though this idea might not be wrong, firms are implementing this flexible work structure risk losing its work culture built over the years. In other words, short-term success may be great, but the long-term effects may be disastrous. Reason for this assertion is that no organization can exist without having work culture. Work culture guide employees to work with some ethical standards. Based on the argument and the literature above, the paper proposed the model as in Fig. 1.

From the model above, the paper argues that collective work culture would yield good results for the organization more than the individualistic work culture. The reason is that too much flexibility where employees spend much time alone or work from home or visit the organization for general or team meetings occasionally may decrease collective work culture which encourages employees to look out for one another irrespective of the national culture of the country where the MNEs or firm is located. For instance, Triandis (2001) indicated that people who share in collective culture merge themselves with their ingroup as well as taking a step

**Collectivistic Versus Individualistic Work Culture: A Theoretical Perspective, Table 1** Studies on individualistic and collectivistic work culture

| Author(s) | Country data was gathered | Design | Findings |
|---|---|---|---|
| Oumlil and Balloun (2017) | The USA and Morocco | Survey | Results show that most collective business executives are "Situationists." The findings reveal a strong, positive relationship between business managers' religiosity and their idealism degrees |
| Putthiwanit (2015) | No data | Systematic review | Collective culture assists to bring together working colleagues despite their demographic differences which intend to make the firm more competitive |
| Haslett and Leidel (2015) | China and the USA | Survey | China respondents had more collective work values, while US respondents were more individualistic |
| Sosik and Jung (2002) | The USA and Korea | Survey | Individualistic US respondents had a higher functional heterogeneity and group potency and group performance that collectivist Korean |
| Rego and Cunha (2009) | Portugal | Survey | Collectivist individual had higher effective well-being than individualists |
| Mockaitis et al. (2012) | 32 countries | Survey | Negative relationship between collectivism and task conflict. Collectivist orientation is associated with more favorable impressions regarding global virtual processes |
| Umans et al. (2016) | Sweden | Survey | Increasing degree of collectivistic organizational culture has positive influence on job satisfaction, life balance, and life satisfaction |
| Hoorn (2014) | 16 countries | Survey | Higher individualism was strongly associated with more sophisticate management practices |
| Saad et al. (2015) | Taiwan and Canadian | Survey | Individualistic Canadians generated higher-quantity ideas, while collectivist Taiwanese generated higher-quality ideas |
| Noordin et al. (2002) | Australia and Malaysia | Survey | Horizontal collectivism was positively related to career identity commitment in both Australia and Malaysia |
| Hui et al. (1995) | Hong Kong | Survey | Collectivist employees reported higher satisfaction with work, promotion, supervision, and co-worker than individualistic employees |
| Shim and Steers (2012) | Japan and Korea | Survey | Managers at Toyota exhibited higher uncertainty avoidance, while Hyundai exhibit higher ingroup collectivism and assertiveness |

Prepared by the author: 2019

further to sacrifice themselves for their ingroup. However, individualistic people tend to be more focused on being unique and engaging in activities that make them the best.

MNEs or firms employ employees from different countries with different cultural beliefs, values, and norms; and it is, therefore, essential for the organization to institute work culture that would cause employees to adopt the firm's culture so that employees can work in harmony. If employees with different national culture are made to work alone, it would be difficult for such employees to embrace the firm's culture because each would keep to their national culture which may contravene the firm's culture.

Hence, MNEs or firms that employ flexible work structure or virtual work environment must try to make employees meet at least three times a week to build a sense of community to help internalize the firm's culture. Even if the firm has employees spread across the world, effort should be made to bring such employees to the mother firm every 3 months to spend some time with the mother firm to help instill their norms, values, and beliefs into such employees. It would help to build one voice and one behavior which would, in turn, increase employees and the organization's performance. The entry chapter, therefore, proposed that:

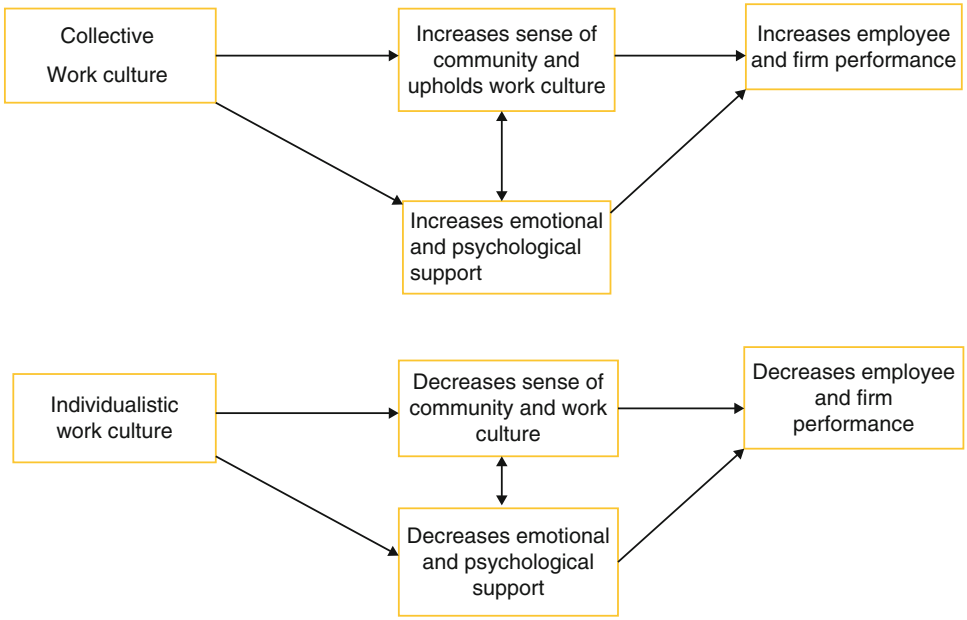


**Collectivistic Versus Individualistic Work Culture: A Theoretical Perspective, Fig. 1** Collective and individualistic work culture model

1. Collective work culture will increase employee and organizational performance than individualistic work culture.
2. Collective work culture will build work values, norms, and beliefs into employees more than individualistic work culture.
3. Collective work culture will offer psychological and emotional support for work colleagues than individualistic work culture.
4. Collective work culture will increase employees' level of work satisfaction and commitment than individualistic work culture.
5. Collective work culture will increase the generation of quality ideas as compared to individualistic work culture.

## Collective Versus Individualistic Work Culture and Knowledge Transfer (Work Experience Sharing)

Experience is something that cannot be quantified because it is intrinsic or cannot be seen unless the person performs the task before one could prove that he/she has the necessary skill to perform the said task. The only way a footballer or accountant or management expert can prove his/her experience in the field is by performing the exact task he claims to know. Nonetheless, work experience is key in every field of endeavor because having some experienced people within the organization helps to pass on acquired experience onto the new or junior employees.

This helps to reduce the cost organizations might incur at the entry-level training of workers. In other words, on-the-job training or apprenticeship is one of the keyways employed by firms to inculcate firms' culture into employees. It also assists in transferring knowledge to colleagues and junior colleagues. It is not for nothing at all that organizations always request for some years or level of experience when jobs are advertised. Employing someone already experienced reduces some burden on the organization in terms of the cost of training. Similarly, football teams spend so much money to buy highly skilled players, and the underlying idea is that the experienced footballers already have skills to deliver and as such the team can benefit more than buying a novice who probably needs some years to mature.

One good thing about experience is that experience can be shared or passed on from person to another. However, it can only be done in an environment that supports such sharing of experience or transfer of knowledge. This entry chapter, therefore, argues that collective work culture environment would support the transfer of knowledge or sharing of experience more than individualistic work culture. Reason for this argument is that when employees work closely together and interact frequently, younger employees would learn from their senior colleagues by looking at the way the work is performed. It would also ensure that work culture is passed down to colleagues and junior colleagues.

However, when employees work alone or via online resources or meet occasionally, such work structure might not encourage knowledge transfer or sharing of experience as co-workers may be individual-centric. They might not know each other, or even if they do because they do not interact daily, it might be challenging to learn from each other. It is only after frequent interaction that the strength and weakness of each employee could be known which would, in turn, cause colleagues to learn from each other.

In other words, a work structure that encourages individualistic work culture might find difficult it to pass on knowledge to colleagues or junior colleagues. Mäkelä et al. (2012) indicated in their study that interpersonal similarity encourages knowledge sharing within the organization. Findings imply that people who share the same beliefs, values, and norms are similar in behavior and, thus, feel at ease to transfer knowledge from one employee to another. Similarly, Michailova and Minbaeva (2012) established that espousing, enacting, and internalizing the value of dialogue as a core organizational value are significant factors that assist knowledge sharing between colleagues working within an organization.

These findings support the argument that firms or MNEs that instill its culture into its employees help to share beliefs, norms, values, and the overall goal of the organization. In other words, because of the similarity in thought, employees find it easy to transfer knowledge or share experience with each other based on each other's weakness. This entry chapter argues that this feat can only be achieved when the firm employs collective work culture where employees are bonded by the same work culture. However, if a firm or MNEs encourage an individualistic work culture where employees are not bounded by any work culture, transfer of knowledge or sharing of experience may be limited.

Also, Warrick (2017) argued that for leaders to achieve the best results for the organization, they must try as much as possible to align organizational strategies and decision-making to their cultural values. The author adds that this act not only influences organizational performance but also enhances morale and productivity and motivates and minimizes the turnover rate of the firm's employees. This indicates that firms must have its culture (collective) built into its employees as culture encompass every activity within the organization.

The question this entry chapter is asking is that how can employees learn from their colleagues when they rarely meet due to flexible work structure or virtual work structure. Even though employees in such a work environment might be aware of the organization's culture, he/she might not share in that belief because they hardly use them daily. This might also affect how employees transfer knowledge because of lack of trust among colleagues as everyone will be interested in finishing its work than looking for out each other as characterized by individualistic work culture environment. This means that organizations might have to spend a considerable amount of money on organizing training for their staff regularly. However, if employees always meet and share in the collectivist work culture, transfer of knowledge is much easier because trust in colleagues might be high as compared to an individualistic work environment.

Rego and Cunha (2009) argued in their study that higher affective well-being is usually experienced by employees who work in collectivist work culture underpin by the camaraderie work environment. This entry chapter argues that work environment characterized by a spirit of camaraderie builds trust among colleagues because they spend so much time together, and this behavior

assists in the transfer of knowledge or sharing of experience to younger colleagues or co-workers.

On the other hand, a work environment characterized by a lack of camaraderie lacks trust among its colleagues or co-workers, and that might limit the transfer of knowledge or sharing of experience. Such a work environment is underpinned with individual-centric beliefs, and this might be caused by the lack of opportunity by employees to interact daily. Also, Rego and Cunha (2009) found that employees who express preferences for collective work culture are much happier than employees who work in individualistic work culture (solitary work structure).

The feeling of happiness is experienced because it is easier for employees to reach out for explanation in connection with some problematic work situations for immediate help, thus, influencing the smooth transfer of knowledge and sharing of experience. However, in a solitary work culture where individuals are made to work alone either from home or within the organization or from a virtual work environment, such citizenship behavior may be lacking.

This argument is supported by Mockaitis et al. (2012) who pointed that, apart from culture serving as a barrier for global teams, global teams also face the problem of not observing their team members actions and inactions in the course of communication. They pointed out that collective work culture has a decreasing influence on task conflict. This situation occurs because employees who spend time together and interact frequently knowing their required duties and procedure outlined within the organization.

However, employees who work from the virtual work structure or interact less frequently may have task conflict because clear work duties might be challenging to follow or assigned. When employees have clear duties and procedure spelt out in the discharge of their duties, it could assist in knowledge transfer or sharing of experience because employees would know their colleagues or co-workers to contact in case of any difficulty for a faster solution.

This section of the paper essentially argues that, working in collective culture ensures secure transfer of knowledge and sharing of work experience from senior members to junior colleagues or among co-workers than working in individualistic work culture. The reason has been that collective work culture interacts daily and engages in several activities that build bonds, and as such it is easy for employees to solicit the views of co-workers or senior workers in the event of any difficulty in discharging their duties.

However, if employees work in an individualistic work environment where there is less interaction or no interaction at all (virtual work structure), employees may not be able to build this cohesive work environment because each employee is given a task with a deadline. As such, individualistic work culture may only be interested in finishing their respective task without finding out the general health of the organization or showing concern for other employees. In other words, in individualistic work, culture employees may not engage in organizational citizenship behavior as compared to collective work culture environment where each employee believes that the success of the organization depends on the total output of all employees.

Therefore, employees may be willing to go the extra mile to ensure that employees who are having some difficulties in the performance of their duties are assisted, and this, in turn, leads to transfer of knowledge or sharing of experience. In a nutshell, collectivist work culture shares in the belief that the whole is greater than the sum of its part. From the studies gleaned from the existing literature, the model in Fig. 2 was proposed to support the proposed hypotheses.

This entry chapter argues that collectivist work culture would ensure easy transfer of knowledge or sharing of experience among workers than individualistic work culture because the work environment encourages that. They also share the belief that the whole is greater than the sum of its part. Increase in knowledge transfer or sharing of experience also increases employee and organization performance than individualistic work culture. Collective work culture also enhances employees' motivation, loyalty, trust, and morale, which in turn influence employees to also share the experience or transfer knowledge. Also, increased employee

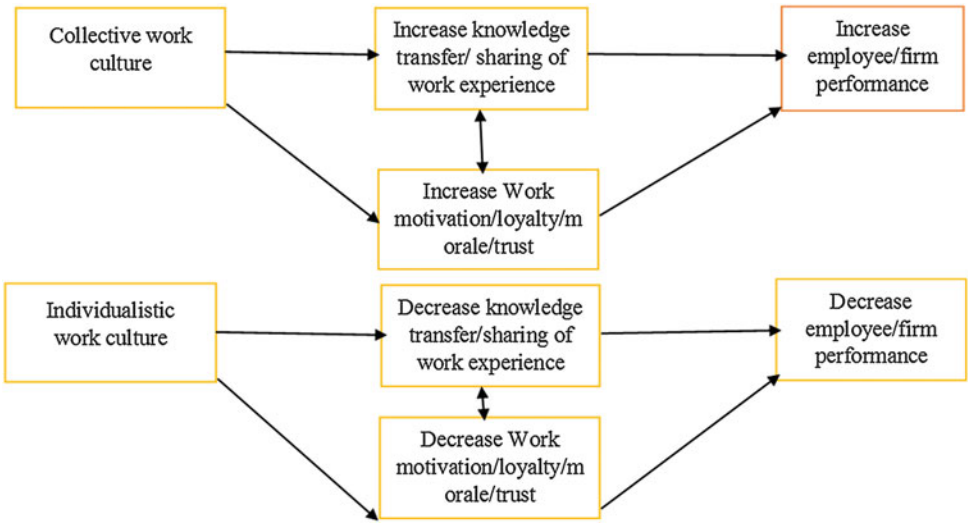


**Collectivistic Versus Individualistic Work Culture: A Theoretical Perspective, Fig. 2** Individualistic and collectivistic work culture and knowledge transfer (experience)

motivation/loyalty/morale/trust increases employee and organizational performance. Therefore, the following hypotheses were proposed:

1. Collective work culture will increase knowledge transfer (experience) than individualistic work culture.
2. Collective work culture will increase employee level of work motivation/loyalty/morale/trust than individualistic work culture.
3. Collective work culture will increase employees trust among co-workers than individualistic work culture.
4. Collective work culture will decrease training cost than individualistic work culture.
5. Collective work culture will decrease task conflict than individualistic work culture.

## Conclusions

As argued by Warrick (2017), strong work cultures imply that employees have a clear understanding of the organization's values and norms as compared to weak cultures. This entry chapter argues that strong culture refers to collective work culture, while weak culture refers to an individualistic work culture where employees do not share in the beliefs and norms of the organization they work.

Collective work culture by nature encourages the sharing of ideas, whereas individualistic work culture by nature does not because the law of reciprocity underpins collective work culture. Hence, employees are always willing to offer help to each other so that the same act could be reciprocated when the need arises. Interestingly, Sağ et al. (2016) have also acknowledged that team culture and climate are weak drivers of multinational team performance. This finding indeed calls for more studies on collectivistic and individualistic work culture within the context of organizations.

It is, therefore, recommended that future research on work culture should not just look at the culture as a lump sum but rather try to establish which of the work culture dimensions might yield positive influence on the fortunes of the organization especially collectivistic and individualistic work culture. Preferably longitudinal data gathering must be employed to find out if indeed the model proposed in this entry chapter could be confirmed.

Quite a few studies on work culture employ students as their respondents; hence, future studies should endeavor to gather data from workers who

might have experience work culture within the organization they work. This would help to obtain data that reflects the actual situation within the work environment. Also, the management or international business researchers or researchers interested in work culture must turn their attention to collective and individualistic work culture within the context of organizations.

In conclusion, the paper argues that an organization must endeavor to build a unique collectivist work culture and try to instill it into its employees. This would help in knowledge transfer or sharing of experience and enhance employees' level of motivation/loyalty/morale/trust. It would also increase a sense of community, norms, values, and beliefs. Finally, it would also offer psychological and emotional support, and all these positive work factors would influence employees and firm performance. However, individualistic work culture decreases these positive factors, which in turn decreases employees and firm performance. Hence, MNEs or firms moving toward individualistic work culture or virtual work environment must be cautious because it might hurt the fortunes of the firm.

## Cross-References

► Administrative Reform

## References

Akuffo IN (2018) Global factory structure: the role of leadership. Int J Export Mark 2(3):210–230. https://doi.org/10.1504/IJEXPORTM.2018.098922

Buckley PJ (2009) The impact of the global factory on economic development. J World Bus 44(2):131–143. https://doi.org/10.1016/j.jwb.2008.05.003

Cameron K, Quinn RE (2006) Diagnosing and changing organizational culture: based on the competing values framework. China Renmin University Press, Beijing

Haslett BB, Leidel K (2015) Work values in a changing global environment: comparing Chinese and U.S. students. Intercult Commun Stud 24(2):11–34

Hofstede G (1984) Culture's consequences: international differences in work-related values. Sage, Newbury Park

Hoorn AV (2014) Individualism and the cultural roots of management practices. J Econ Behav Organ 99:53–68. https://doi.org/10.1016/j.jebo.2013.12.020

Hui CH, Yee C, Eastman KL (1995) The relationship between individualism-collectivism and job satisfaction. Appl Psychol Int Rev 44(3):276–282. https://doi.org/10.1111/j.1464-0597.1995.tb01080.x

Husain SE (2015) Organizational structures and cultures, https://doi.org/10.13140/RG.2.1.1673.4169, Accessed on May 22, 2019 from https://www.researchgate.net/publication/283516997_Organizational_Structures_and_Cultures

Janićijević N (2013) The mutual impact of organizational culture and structure. Econ Ann 58(198):35–60. http://ea.ekof.bg.ac.rs/pdf/198/263.pdf

Mäkelä K, Andersson U, Seppälä T (2012) Interpersonal similarity and knowledge sharing within multinational organizations. Int Bus Rev 21(3):439–451. https://doi.org/10.1016/j.ibusrev.2011.05.003

Michailova S, Minbaeva DB (2012) Values and knowledge sharing in multinational corporations: the Danisco case. Int Bus Rev 21(1):59–70. https://doi.org/10.1016/j.ibusrev.2010.11.006

Mockaitis AI, Rose EL, Zettinig P (2012) The power of individual cultural values in global virtual teams. Int J Cross Cult Manag 12(2):193–210. https://doi.org/10.1177/1470595812439868

Nazarian A, Atkinson P, Foroudi P (2017) Influence of national culture and balanced organizational culture on the hotel industry's performance. Int J Hosp Manag 63:22–32. https://doi.org/10.1016/j.ijhm.2017. 01.003

Noordin F, Williams T, Zimmer C (2002) Career commitment in collectivist and individualist cultures: a comparative study. Int J Hum Resour Manag 13(1):35–54. https://doi.org/10.1080/09585190110092785

Oumlil AB, Balloun JL (2017) Cultural variations and ethical business decision making: a study of individualistic and collective cultures. J Bus Ind Mark 32(7):889–900. https://doi.org/10.1108/JBIM-08-2016 -0194

Phung VD, Hawryszkiewycz I, Binsawad MH (2016) Classifying knowledge-sharing barriers by organisational structure in order to find ways to remove these barriers. In: 2016 Eighth international conference on knowledge and systems engineering (KSE), 6–8 October, Hanoi. pp. 73–78. https://doi.org/10.1109/KSE.201 6.7758032

Putthiwanit C (2015) Exploring the impact of organizational culture on employees in multinational enterprise: a qualitative approach. Procedia Soc Behav Sci 207:483–491. https://doi.org/10.1016/j.sbspro.2015.10.118

Realo A, Allik J, Vadi M (1997) The hierarchical structure of collectivism. J Res Pers 31:93–116

Rego A, Cunha EMP (2009) How individualism–collectivism orientations predict happiness in a collectivistic context. J Happiness Stud 10(1):19–35. https://doi.org/10.1007/s10902-007-9059-0

Saad G, Cleveland M, Ho L (2015) Individualism–collectivism and the quantity versus quality dimensions of individual and group creative performance. J Bus Res 68(3):578–586. https://doi.org/10.1016/j.jbusres.2014.09.004

Sağ S, Kaynak R, Sezen B (2016) Factors affecting multinational team performance. Procedia Soc Behav Sci 235:60–69. https://doi.org/10.1016/j.sbspro.2016.11.025

Shim WS, Steers RM (2012) Symmetric and asymmetric leadership cultures: a comparative study of leadership and organizational culture at Hyundai and Toyota. J World Bus 47(4):581–591. https://doi.org/10.1016/j.jwb.2012.01.011

Sosik JJ, Jung DI (2002) Work-group characteristics and performance in collectivistic and individualistic cultures. J Soc Psychol 142(1):5–23. https://doi.org/10.1080/00224540209603881

Taştan SB, Türker MV (2014) A study of the relationship between organizational culture and job involvement: the moderating role of psychological conditions of meaningfulness and safety. Procedia Soc Behav Sci 149:943–947. https://doi.org/10.1016/j.sbspro.2014.08 .306

Triandis HC (1994) Cultural and social behaviour. McGraw Hill, New York

Triandis HC (2001) Individualism-collectivism and personality. J Pers 69(6):907–924

Triandis HC, Bontempo R, Villareal MJ, Asai M, Lucca N (1988) Individualism and collectivism: cross-cultural perspectives on self-ingroup relationships. J Pers Soc Psychol 54(2):323–338

Umans T, Broberg P, Schmidt M, Nilsson S, Olsson E (2016) Feeling well by being together: study of Swedish auditors. Work 54(1):79–86. https://doi.org/10.3233/WOR-162270

Warrick DD (2017) What leaders need to know about organizational culture. Bus Horiz 60(3):395–404. https://doi.org/10.1016/j.bushor.2017.01.011

Zehir C, Ertosun ÖG, Zehir S, Müceldil B (2011) The effects of leadership styles and organizational culture over firm performance: multi-national companies Istanbul. Procedia Soc Behav Sci 24:1460–1474. https://doi.org/10.1016/j.sbspro.2011.09.032

# Colonial Administration in Nigeria

Abdulrasheed A. Muhammad
Department of Political Science,
University of Ilorin, Ilorin, Nigeria

## Synonyms

Colonial government; Colonial policies; Colonial rule; Colonial situation; Colonialism

## Definition

Colonial administration in Nigeria refers to the deployment and management of human and material resources found in Nigeria to achieve the objectives of the colonizing country, that is, Britain.

## Introduction

Colonialism is part and parcel of another phenomenon called imperialism. While imperialism is a form of indirect economic exploitation, colonialism is more direct and incorporates direct political control of colonized lands for the purpose of economic exploitation. Although imperialism has been ongoing, the desire to provide political backing for economic exploitation led to colonialism. In an attempt to explain imperialism, theoretical postulations have emerged which includes the dependency scholars represented by Johan Galtung and the radical school typified by Vladimir Ilyich Ulyanov, better known by his alias Lenin. Both categories of scholars, however, believed that imperialism and the consequent colonialism is characterized by disharmony of interests between the advanced countries and developing or underdeveloped countries of the world.

Colonialism is, therefore, the direct control of foreign land by another country. It typically depicts an asymmetric relationship between a powerful and weaker country. It is a phenomena occurrence that started in the sixteenth century arising from developments in Europe and can be explained at two realms. First is the economic deterministic argument which states that the industrial revolution (which replaced slave labor) that took place in most European countries led to decisive changes in the volume of production of goods and services. Consequently, the ensuing overproduction led to the search for new sources of raw materials and a place to dispense finished products. This search led to discovery of new entities where this objective can be realized. In other words, colonialism is a political consequence of distortions in European economy. Second is the strategic argument, and in this

sense, colonialism could be seen as the product of rivalry for supremacy among European countries. In this case, the drive to occupy foreign lands has to do with projection of national power among different European countries. Since each country is desirous of increasing its national power, a strategy adopted is to bring as many as possible country under its control. This manifested in colonialism. This scenario may be justified by the Berlin Conference of 1884–1885 where African territories were partitioned among European powers. However Lugard in his dual mandate has tried to project the view that the scramble was between France and Germany and Britain was merely "unwillingly" compelled to participate. However, from whatever angle it is viewed, colonialism is both a political control and economic exploitation of a foreign land by another powerful country.

In Nigeria, there had been an ongoing economic exploitation of the territory before formal colonialism. Although this has hitherto been by private European companies, the partitioning of African countries at the Berlin Conference of 1884–1885 marked the beginning of formalization of the occupation of the Niger territory. At the conference, British rights over the territory now known as Nigeria was recognized by other European powers. It is important to stress that through the use of bogus treaties that the native rulers often did not comprehend and manipulative forceful arrangements, the British increased their political encroachment in Nigeria which was formalized after 1885 especially with imminent threat of competition from France and Germany. The stage was thus set for formal colonization and administration of the territory. The purpose of this entry is to examine how the territory administered in order to unravel the rationale for colonial administration in Nigeria, the strategies of colonial administration in Nigeria, as well as understanding the impact of colonial administration in Nigeria.

## Objectives and Strategies of Colonialism in Nigeria

Basically, colonial objectives in Nigeria as elsewhere were basically two: first, economic exploitation of the colonized territory through trade and, second, political control of the colonized territory in order to consolidate its economic activities and remain relevant as a power bloc. These two objectives greatly determined the administration in the territories. Following the partitioning of African territories at the Berlin conference, Britain was formally recognized by other European powers as being in charge of the territory now known as Nigeria. Britain consequently chartered the Royal Niger Company to carry out legitimate trade and oversee the territory. The switch towards legitimate trade was sequel to abolition of slave trade by the European countries championed by Britain itself in the early nineteenth century. Slave trade and slave labor were declared illegal by Britain, and other European countries followed suit. The implication of this was that, the industrialized countries need to establish a new source of national power in order to remain relevant. This desire was fulfilled in the acquisition of foreign territories. The 1884–1885 conference was, therefore, a legitimization of European domination of foreign territories. Indeed, the slave trade presented two paradoxes. It conferred economic benefits on Europe and North America and, at the same time, injustices on the countries that were colonized. It can thus be argued from an Africanist perspective that as a result of the slave trade and colonialism which grew out of the slave trade, the development aspirations of Africa have remained stultified.

As mentioned earlier in this work, the Royal Niger Company was trading and administering the Nigerian territory on behalf of Britain. However, by 1900, the charter of the company was revoked, and Britain formally took charge of administering the Niger territories. Earlier before 1900, Britain had forcefully through superior military power annexed Lagos in 1861 and pronounced it a crown colony. The then king Kosoko, who appeared to be resistant to British occupation, was dethroned and banished to Ikorodu, an outskirt of Lagos. A new king was installed and with that effective occupation of Lagos was concluded. From here, the colonialists have a base from which they launch themselves further into the hinterland of the Niger territories.

It is important to stress that while trading activities was going on, there were gradual attempts to establish formal political control over the Niger territories through gradual penetration and annexation of the hinterlands. Already it had made inroads into the hinterlands with the appointment of John Beecroft as the consul to the Bights of Benin and Biafra in 1849 before the formal declaration of Lagos as a crown colony in 1861.

Colonialism was entrenched in Nigeria through different strategies that include trading activities, activities of missionaries, diplomacy, and military strength. First, colonialism in Nigeria was aided by the trade activities and political meddling of the Royal Niger Company led by Goldie. The company which had its headquarters at Lokoja was incorporated by British nationals who remit huge tax returns to London. In the course of trade, the company entered into treaty agreements with some entities in the northern part of now Nigeria such as the Sokoto Caliphate, Nupe, and Gwandu emirates. While on trade missions, there were usually some form of political meddling in the areas which made it easy to establish formal political control later. Also, sequel to the recognition of British rights over the Niger territories after the Berlin Conference, Britain declared the formation of the Oil Rivers Protectorate which consisted of the Niger Delta region and Calabar where the Consulate General resided. The territory was renamed Niger Coast Protectorate in 1894 comprising the Niger Delta, Calabar, Lagos Colony and Protectorate, including the hinterland, and northward up to the Niger River as far as Lokoja where the headquarters of the Royal Niger Company was located. It was therefore easy for political control to be established over the entire area.

Activities of European missionaries also aided the colonization of the Niger territories. This is because some of the missionaries, who found their way into the hinterland areas such as the Delta, Calabar, and other coastal towns, helped the British authorities to establish missions and trade posts which were later annexed. While propagating Christianity, the missionaries also initiated the process of acculturation by promoting education, health, and welfare systems among the local communities. It was, therefore, relatively easy to convince some of the natives to abandon their "inferior" cultures and value systems and adopt the "superior" Western values. It must, however, be noted that European education given to the natives was restricted to teaching elementary mathematics, English language to ease communication with the Europeans, as well as those things that will enable the natives to serve the colonial economy.

Diplomacy and military power were the other strategies employed by the colonialists. Where diplomacy fails, military power was used to subject the states under colonial authority. This was the case with Lagos in 1861. Also, the destruction and looting of Nembe (1895) and Benin (1897) and others attested to the use of military power by the British. Consequently by 1900 majority of the territories in the southern region of Nigeria had been annexed by the British. By the same 1900, the northern region which was held by the Royal Niger Company was brought under the British authority and renamed as the Northern Protectorate after terminating the charter of the Royal Niger Company. The stage thus seem set for the eventual occupation and control of Nigeria.

## British Administration in Nigeria and Reactions Towards It

Following the revocation of charter of the Royal Niger Company in 1900, the British appointed Frederick Lugard as governor-general of the Niger territories. Upon his appointment, Lugard set in motion the British colonial administrative structure. As claimed by Lugard himself, the dual mandate of the British in Nigeria and the rest of Africa is to open up Africa to the civilized world and, at the same time, open up African mind to civilization. However, what occurred in reality was beyond a civilizing mission by the British. In addition, Lugard had the mandate to conquer the remaining territories in the north that were not yet under the colonial office. With the help of the Royal West African Frontier Force (RWAFF) formed in 1900, Lugard was able to launch

successful military expeditions on Kano and Sokoto. In the resultant battle in 1903, the then Sultan of Sokoto Alhaji Attahiru fled, while the century-long empire was brought under the British.

It is important to stress that the substance of colonial administration in Nigeria is largely informed by the objectives which the colonialists sought to achieve. Apart from the claim of being on a civilizing mission, colonialism in Nigeria was tailored towards exploiting economic resources of the colony and ensuring political domination before and after independence. A major policy of the colonial government in Nigeria to boost administrative efficiency and boost trade of the colonialists was the construction of a rail line in 1896 to link Lagos and Ibadan. This was extended to Minna in 1911, and by 1914, the entire country has been covered by rail lines. Other administrative decisions of the colonial government include the 1914 amalgamation of the Niger territories. That is, the protectorate of northern Nigeria was amalgamated with the colony and protectorate of southern Nigeria and renamed "Nigeria" carved out from "Niger Area," the introduction of indirect rule system of administration with varying degrees of successes in the different parts of the country. The indirect rule system utilized already existing traditional native authority in the administration of the local people for the benefit of the colonialists. By this system, the day-to-day government and administration of areas both small and large was left in the hands of traditional rulers. However, the system succeeded in the northern part because there was an already developed system of administration and tax collection there. It was partially successful in the Western part of the country because although there were developed and powerful political authority that could serve the purpose of indirect rule, only few had taxing powers and, as such, their authority to levy taxes on the people was challenged by some. In the eastern region, there were no traditional tools comparable to what the northern and southern regions already had. Thus, the British unilaterally appointed Warrant Chiefs to function in the place of traditional rulers. Unfortunately, those appointed were not acceptable to the people. Consequently, indirect rule in the east was a total failure. Perhaps it may be reasoned that the British did not have adequate orientation of how strong the diversities of culture in the different territories are but instead assumed that the societies have the same cultural orientation, while they were more concerned with resolving the challenges of manpower shortage and truncating administrative costs.

One other area of administration under colonialism relates to Nigeria's constitutional development. The constitutional evolution of Nigeria which started in concrete terms with the Clifford's constitution of 1922 climaxed with the enactment of the 1960 Independence constitution. Between 1922 and 1960, there was the Bourdillon constitution of 1939, Richards constitution of 1946 that first regionalized Nigeria, Macpherson constitution of 1951, Oliver Lyttleton constitution which formally introduced federalism into the country in 1954, and the Robertson (independence) constitution of 1959. Worthy of note is that each constitution was an improvement on the earlier one, much as it is the product of continuous agitations for improvement by Nigerians. Second is that each constitution was usually named after the governor-general that promulgates it. Equally, the era of each constitution was characterized by problems bordering on making an acceptable and legitimate constitution for the country because the generality of the people was barely involved in processes leading to drafting of the constitutions. This justifies the view that during the colonial period, constitutions that were put in place were geared towards consolidating British imperial strategies as such; they were not people oriented (Aghalino 2006).

All through colonial administration, there were resistances form the natives first to effective occupation and, second, to perceived injustices from the British colonialist. First, Africa's coastal rulers naturally resisted all encroachments on their territory and battled to maintain the status quo. It was thus a conflict situation between the colonialists and the African chiefs. The gallant resistance put forward by leaders such as King Kosoko of Lagos and King Jaja of Opobo readily comes to mind. However, the superior fire power of the

colonialists put an end to these resistances. Second, the persistent resistance of various injustices practiced by the colonialists was also rejected by nationalists acting under different banners. These include the educated elites, the railway workers, and journalists, among others. Efforts in this regard include a series of strikes and demonstrations that were organized to press home their demand. From the railway workers' strike to Aba Women's Riots of 1929 organized to protest against levying taxes on women and series of demands by the educated elites for increased participation in their own governance which manifested in the introduction of new constitutions. It is apposite to mention that the nationalists were quick to point out anomalies that produced grievances against the colonial administration. These include economic grievances such as the displacement of emergent Nigerian capitalists in potentially profitable enterprises and the extremely high capital requirement peculiar to Nigerians; discrimination against Nigerians on the granting of bank credit facilities; and discriminatory practices in trade. Equally, while the natives had to abandon many customs and institutions such as dancing and other rituals that were held in high esteem which the colonialists described as barbaric, they accused the missionaries over their silence on such issues as discrimination, inequality, exploitation, and denial of opportunity and other evils of colonial rule. In other words, while the missionaries were busy preaching the kingdom of God, their fellow Europeans were busy preaching the Kingdom of Great Britain. Even in the area of Western education, the colonialists practice discriminatory education. For example, there was lesser quality education for Nigerians, special schools for Europeans, etc.; indeed, education in Nigeria was based strictly on learning to read, write, and calculate in English language. Later British Empire history and European geography plus a few practice subjects such as gardening, sanitation, and personal hygiene were introduced. African and/or Nigeria history was considered as either nonexistence or of no importance. These practices were a major factor in the rise of nationalism and opposition to colonial rule.

## Impact and Legacies of Colonial Administration in Nigeria

The major impact of the colonial administration in Nigeria especially at the economic realm is that it took direct control of Nigeria's economy before and after independence in 1960. Prior to independence, the colonialists, through their policies such as reorganizing the economy and the markets, determine, for instance, what type of food or commodity required by their industries back home which the natives are expected to produce. Also, the monetization of the economy made it possible for integration of the Nigerian economy into the world economy. Before colonization, the economy was based on barter system. Another dimension to this is the creation of class and class struggle. These classes include comprador bourgeoisie, petty bourgeoisie, proletariat, and the peasants. The petty bourgeoisie who later captured political power served as the apparatus through which the colonialists continued to siphoned Nigeria's resources and exploit the economy even after independence. The constant political instability, unbridled competition for state resources and state power among groups, and avalanche of economic malpractices are a reflection of nature and character of classes introduced into the country by colonialism. This trend was well captured by Galtung (1971) in his structural theory of imperialism in which he classified the world into center (developed countries of Europe) and periphery (underdeveloped or developing countries) countries. Each of the category also has a center and a periphery noting that while harmony of interests existed between the two centers, there is disharmony of interests between the peripheries. The implication of this is that the two centers collaborate to exploit resources of the periphery.

Related to the above is the emergence of what may be called "triple alliance" in the colonized territories at independence, that is, an alliance between Western capitalists, comprador elements in the colonies, and the state apparatus. The comprador elements in the colonies who inherited political power manipulate the state apparatus to favor the Western capitalist elements. Thus, as

long as there is cordiality between the capitalists and the comprador elements, access to state power in the third world is guaranteed and vice versa. The series of political instability in Nigeria can be explained within this matrix of relationship.

At the social realm, there was subjugation of the local people's culture by a foreign power. By subjugating the territories by force of military strength and state-engineered manipulation, many Nigerian societies were uprooted. It affected the psychology of the conquered people in that they began to view themselves as inferior to the invaders. Indeed, colonialism legalized the master-slave mentality that was practiced during the Trans-Atlantic Slave Trade. It is no longer news that colonialism generally and indeed colonial administration in Nigeria left the people to be culturally disoriented. Certain cultural practices of the people such as the masquerade system and divinity were demeaned and classified as barbaric and paganism. On the contrary, Western values and cultures brought and spread by the Christian missionaries were touted as the best alternative. Thus, many Nigerian societies were compelled to abandon their traditional practices and embrace the Western culture and religion. This situation persists till today. Perhaps a more fundamental issue created by colonialism in Nigeria is the fusion of many disparate entities into one Nigeria. At the level of ethnic groups (estimated to be between 250 and over 400), they were incorporated into a single national entity, thereby making inter-group relations to be difficult long after independence. Similar to this is that these ethnic groups have different religious practices. Thus, postcolonial Nigeria have been characterized by ethnic and religious competition for supremacy and for resources by these groups.

The isolationist policies pursued in the administration of the northern territories have been widely blamed for the disunity in the country (Akinwunmi 2004) and militating against efforts at attaining nationhood in Nigeria. The kind of colonial administration in the north was quite different from what operates in other parts of the country because the British authorities wanted to protect the Muslim north from the influences of the Christian south (Osaghae 1998) and also preferred to maintain the status quo in the north with the belief that it benefited the indirect rule system. The result was that the northern region lagged behind in terms of development and education. Even the attempt by the British to mitigate the damage by allocating half of the federal legislative seats to the region only exacerbated the hatred and suspicion among the ethnic groups. A familiar observer of Nigerian government and politics will discover that there has always been a race for ascendancy between the two regions which has continued till date. This is a reflection of lack of unity and mutual suspicion between the two groups, the seed of which was sown by the pattern of colonial administration.

A lasting legacy of colonial administration in Nigeria which has existed till date is the adoption of the federal system for the country. Although there are divergencies in the literature on how the system is perceived, one common thread that runs through the various postulations on federalism is that it is principally aimed at addressing governmental problems bothering on the twin but difficult task of maintaining unity while at the same time preserving diversity. Wheare's (1967) definition is often cited, and he conceived of it as a governmental system in which power is shared between a central government and a number of component units. Other scholars such as Osaghae (2016), Law (2013), Suberu (2001), Jinadu (1994), and Oyovbaire (1985), among others, radiate along this line.

An attempt at having a federation in Nigeria was in 1946 under the Richards constitution with the institutionalization of regionalism in the country. Although it was not a federal system per se as at then, the constitution of the regions was attached as a schedule to the federal constitution. Federalism in Nigeria was formally established in 1954 with the Oliver Lyttleton constitution, which granted substantial autonomy to the regions in some matters including establishment of regional civil service and judicial system. Prior to these periods, the country was administered as a unitary setup, though with some level of power devolution. Subsequently from three regions in 1954, Nigeria grew to a four-region federation in 1963 with the creation of a mid-western state. By 1967,

it was further balkanized into a 12-state structure by the General Gowon administration, and in 1976, the number of states increased to 19 with over 500 local governments. 1989 witnessed increase in the number of states to 21, 30 states by 1991, and by 1996, it has become a 36-state structured federation with 774 local governments. With this continuous structural division of the country, it may be likened to a biological cell capable of subdividing and reproducing its own kind (Dent 1993).

There is an agreement on the historical factors that made the adoption of federalism compelling such as diversities in nationalities, religion, culture, and resources. However, perceptions differ on the political forces that propelled the historical factors in crystallizing into a federal solution. The various submissions can, however, be narrowed down into two basic schools of thought. The first school which can be described as the internalist school located the political forces that propelled the historical factors into federalism in the nationalist leaders. According to this school, the realities of the country's historical past coupled with perceived economic advantage accruable from federalism as well as geographical and other political factors made federalism attractive to the nationalist leaders before independence. More so, there was growing suspicion and fear of domination by the various groups in the country. For this reason, it is appropriate to have a system of government that will grant units considerable freedom and autonomy in the internal governance of their people. This desire was found fulfilled in federalism since it is inherently decentralized and deconcentrated. The emphasis here is that Nigeria's nationalist leaders have long before independence become convinced and reached the conclusion that the country could only survive on the basis of a federal system as a means of allaying fears of political and economic domination among the various groups as well as ensuring their right of self-determination. The British was thus merely rubber-stamping what Nigerians themselves desired.

The second school of thought (externalist school) on the other hand saw the adoption of federalism in Nigeria as externally motivated. Federalism is here seen as a British imposition meant to serve the political interest of the British alone especially in terms of administrative convenience of the colonial state apparatus. The argument of this school is that, even before 1954 when federalism formally evolved, the country had been a conglomeration of different subcultures administered unitarily; to have later introduced the federal system therefore is nothing but a reflection of the self-interest of the British. It is the belief of some scholars that, contrary to the widely shared notion of achieving unity in diversity, federalism was introduced as a divide-and-rule strategy and to this extent was an abominable, disruptive, and divisive British heritage. Another perspective from this school saw federalism as a divide-and-rule strategy for decolonization; a strategy proposed to truncate the cost of colonial administration; and a strategy to stem internal divisive tendencies as obtained in Nigeria or that the system was imposed on the country in order to maintain a neocolonial state apparatus for effective control of the country after independence.

From a synthesis of submissions by the two schools of thought discussed, one may conclude that certain objective factors made federalism desirable if the country is to remain united; hence, one can hardly query the foresight of the nationalist leaders who out of the desire for self-rule plus shared rule opted for the federal solution. Similarly, the British overlords could not have pretended not to know that it was the most appropriate for a heterogeneous society like Nigeria, though other considerations may follow. Added to this is that the British would not have imposed federalism in the country if circumstances had dictated otherwise. In other words, adoption of federalism in Nigeria is neither an exclusive action of the British nor that of the nationalist leaders alone, but rather, it was a mutual but tacit desire of the two parties as it provided a common ground for centralizers and provincialists (Watts 2000).

## Conclusion

The entry examined colonial administration in Nigeria. In doing this, the trajectory of

colonialism was traced including what can be considered as taxonomies of colonial rule in general and in the country. It was realized that the objectives of colonialism which go beyond civilizing mission to include economic and political objectives determined the pattern of administration which the colonialists adopted. It is also realized that there are local comprador elements that were amenable to colonial interests. These local compradors remained in existence till date and serve as conduit for neocolonialism. It is concluded that colonial administration in Nigeria had a fluctuating fortune since it was not totally accepted to majority of the people. Continued agitation by nationalists led to improvement in the styles of administration as reflected in the series of constitution changes, and lastly, some of the legacies of colonial administration such as the federal practice are still in existent till date.

## Cross-References


- ▶ Colonial Administration in the English-Speaking Caribbean
- ▶ Colonial Legacy in Development Administration


## References


Aghalino S (2006) Dynamics of constitutional development in Nigeria, 1914–1999. Indian J Polit XL(2):1–21

Akinwunmi O (2004) Crisis and conflicts in Nigeria: a political history since Independence. Lit verlag Munster, Munster

Dent M (1993) Ethnicity and territorial politics in Nigeria. In: Smith G (ed) Federalism: the multiethnic challenge. Longman Publishers, New York, pp 128–153

Galtung J (1971) A structural theory of imperialism. J Peace Res 8(2):81–117

Jinadu LA (1994) Federalism and the structure of Nigerian federation. Niger J Fed 1(2):57–66

Law J (2013) How can we define federalism? Perspect Fed 5(3):88–120

Osaghae EE (1998) The crippled Giant: Nigeria since Independence. Hurst and Company, London

Osaghae EE (2016) The quest for true federalism in Nigeria in Saliu, HA, series editor, Departmental Postgraduate External Seminar Series. Department of Political Science, Ilorin

Oyovbaire SE (1985) Federalism in Nigeria. Macmillan Publishers, London

Suberu R (2001) Federalism and ethnic conflict in Nigeria. United States Institute for Peace, Washington, DC

Watts RL (2000) The contemporary relevance of the federal idea. Afr J Fed Stud 1(1):2–18

Wheare K (1967) Federal government, 4th edn. Oxford University Press, London


# Colonial Administration in the English-Speaking Caribbean


Ann Marie Bissessar
Faculty of Social Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago


## Synonyms

Administration; Colonial government; Management

## Definition

The control or governing influence of a nation over a dependent country, territory, or people.

## Introduction

The English-speaking islands in the Caribbean, often referred to as the Commonwealth Caribbean, are the islands that once constituted the Caribbean portion of the British Empire. These islands include the islands of Jamaica, the Windward Islands (Dominica, Saint Lucia, Saint Vincent, and the Grenadines), Barbados, the Leeward Islands (comprising Antigua and Barbuda, Saint Kitts and Nevis, the British Virgin Islands, Anguilla, and Montserrat), and the so-called Northern Islands (the Bahamas, the Cayman Islands, and the Turks and Caicos Islands).

All the islands in the English-speaking Caribbean were once colonized by the British or later ceded to the British. The following is a timeline of British rule in some of these colonies:

- Anguilla was first settled by the British in 1650. The island was later under French rule in 1666 but was eventually, under the Treaty of Breda, returned to British hands.
- Antigua and Barbuda – As part of the Treaty of Breda, France formally ends its claim of Antigua in 1667 giving control to the British. In 1685 the plantation owner Christopher Codrington, a sugar planter from Barbados, leases the island of Barbuda from the British crown.
- The Bahamas was settled in 1670 when King Charles II granted the islands to the Earl of Craven. The Earl had rights of trading, tax, appointing governors, and administering the country.
- Barbados – In 1625 British sailors first arrived in Barbados. From 1627 to 1628 until its independence in 1966, Barbados had uninterrupted British control. It is referred to as "little Britain."
- Cayman Islands – The islands were captured and then ceded to England in 1670 under the Treaty of Madrid.
- Jamaica – Jamaica was captured and then ceded to England in 1670 under the Treaty of Madrid.
- Montserrat was first controlled by the British in 1632.
- Saint Kitts and Nevis – Saint Kitts was partitioned between the British and French but was restored to Britain in 1697.
- Saint Lucia – In 1664, Thomas Warner (son of the governor of Saint Kitts) claimed Saint Lucia for England.
- Trinidad and Tobago, after a number of years of rule under differing administrators, became a Crown Colony of Britain in 1802 until 1956.

In the case of all these islands, the dominant institutions, rules, and procedures that were established as the colonies attained independence were the legacy of the British. It should be recalled that the institutions, rules, and procedures in all the British colonies were tested and tried in Britain, applied in other territories, and then modified and introduced in the Caribbean. Indeed, the Public Service Commission, for example, was established in Britain in 1851 and then subsequently introduced in the Gold Coast, Africa. Later this modified version was introduced in many of the British territories.

## Understanding Colonial Administration

To appreciate the nature of colonial administration, it is important to understand the context in which the colonies developed. That context implied a colonial relationship that involved the superordination of the colonial power and the subordination of the colony. According to Greaves (1920),

> The State was to maintain law and order at home and sufficient armed forces- which were to say mainly naval forces- to prevent invasion and defend commerce. The enforcement of contracts freely arrived at between citizens and the protection of private property were its main, if not its sole duties.

The colonial state, or the administrative state in these colonies, at that period could be described then as a minimalist state. The models or arrangements that were applied in all the English-speaking colonies, not merely the English-speaking Caribbean colonies, were to a large extent a replication, at first, of the model that was employed in Britain. However, it should be recalled that all models were fashioned according to specific objectives, namely, purpose, function, clientele, or geography.

Essentially, the objective of the first three governmental arrangements that were introduced in the territories during the 1800s to the early 1900s was designed to promote "good government" or in other words stable government which as writers such as Moore (1993) and Leftwich (1993) suggest was a model that was concerned with legitimacy, accountability, and the remits of power. Later, however, these models were modified. For instance Ann Spackman (1975), the old "representative system" (in the latter half of the 1800s) and then the modified representative or "half-crown" and later the "Crown Colony" systems of administration that were introduced in the British West Indies were modified to allow for the differences between the colonies. Such differences included the size of the colonies, the differences in the educational status of the population, the size of the population, and the

composition of the population of these colonies. By the 1960s many of the colonies were granted independent status.

One of the first governmental arrangements introduced by Britain in all her colonies was the old "representative" system of government. This comprised of three major organs and established the foundation of the Westminster Whitehall model of government which was introduced when the colonies attained independence from British rule. The three organs or arms were the governor, the council, and the assembly. The governor directly represented the Crown or the proprietor. By virtue of his commission and the letters patent constituting his office, he was entitled to the obedience, aid, and assistance of all military and civil officers. The governor exercised enormous powers including the power to convene, prorogue, or dissolve the legislature and to veto any law. The governor was also responsible for the appointment of officials within the particular colony including judges and justices of the peace. He had industrial, commercial, and ecclesiastical authority. He had the authority, in the name of the Crown, to issue writs for the election of representative assemblies and councils and of convoking, proroguing, and dissolving legislative bodies. He had the power to appoint, suspend, and dismiss public officers, and also he was empowered to administer the appointed oaths to all persons in office.

The second major arm or "organ" under the old representative system of government in the case of British colonies was the executive council. This council was established by letters patent. The composition of the council included the governor, who chaired this council, and nine members. However, the number of members comprising the executive council varied from colony to colony. In essence the executive council, the forerunner of the modern-day "cabinet," consisted of senior civil servants as well as few elected members. The main responsibilities of this council were to offer advice to the governor on the management of the colony. The governor, too, was required by his instructions to consult the council in all matters of importance, except in a matter of extreme urgency when he had to make the decision based on his understanding of the problem. However, unless a clause was provided in any particular case by law or by the instructions which established the position of the governor, the governor could have acted in opposition to the advice given by the council. If this occurred, he was required to report the reasons for his action to the secretary of state. Members of the council could be dismissed only by the Crown, but in a case of urgency, a member or members could be suspended by the governor. It should be noted, though, that the council did not act as a check or balance to the governor since this was the responsibility of the assembly.

The representative assembly was nominated by the Crown, and nomination was based on the following criterion:

- The person was of the male sex.
- He was entitled to be and was registered as a voter.
- He was able to read and write English.
- He possessed in his own right one or more of the following qualifications:

  (i) Real estate of the value at least 2500 pounds above all charges and encumbrances affecting the same or from which he derived a clear annual income of not less than 200 pounds.
  (ii) A clear annual income of over 400 pounds arising from any source.

Three points are noteworthy from the requirements necessary to be nominated by the assembly. The first was that only male citizens were considered for nomination. Secondly, property was a major consideration, thus eliminating the newly emancipated slaves. Thirdly, other groups who were not in command of the English language were also eliminated from those who were eligible for nomination. It was therefore not surprising as Wrong (1923) had earlier pointed out that the assembly represented primarily the interest of the planting and former slave owning interest.

Lutchman (1970) observed that at the early phase of its establishment, the assembly was envisaged as a body with limited roles and

functions. Its powers were to be restricted to specific control over taxation, and this organ was not to have jurisdiction over administrative matters within the colony. The assembly, however, used its power of taxation to prevent the purchasing of supplies and goods within the colony. In other words, the assembly used their power to ensure that their interests would be realized. These powers soon extended into the appointment of officials to critical positions. It was evident that these three organs or arms of administration did not operate smoothly. Wrong (1923) had this to say about the operations of the administrative apparatus:

> In all the islands, large and small, the machinery of government groaned and grates and deadlock succeeded deadlock. It was only the absolute necessity of temporary reconciliations caused by the continual recurrence of danger from foreign wars and domestic uprisings of slaves and by the havoc of earthquake and hurricanes that made it all move.

The deadlock that often resulted between the governor and the council and the assembly was understandably one of the critical factors in the deliberations to reform this model of administration. Crown Colony Administration, which was later introduced, offered what later became known as the bicameral system of government. Under Crown Colony Administration, there was an executive council, which consisted of the governor and his advisers and a legislature comprising the governor, three ex officio members (the colonial secretary, the treasurer, and the attorney general), four nominated members, and seven elected members.

The governor was entrusted with the responsibility to make laws for the peace, order, and good government by and with the advice and consent of the legislature. All the recommendations proposed by the governor were to be agreed on and determined by the majority of votes in the legislative council. Under this arrangement the governor was not accorded an original vote, but in the event that there was a deadlock, he was to have the casting vote. When a bill was passed by the legislature, it was accordingly presented to the governor for his assent on behalf of the Crown. In the event though that the council refused to pass the bill, the governor could have, on his discretion, allowed this bill or motion or resolution be passed and assented to.

## Conclusion

By 1938–1939, as the dissent within the British colonies grew, the Crown established a commission to investigate the concerns within the various colonies. The Royal Commission on the West Indies (later referred to as the Moyne Commission after the chairman Lord Moyne) reported on and was largely influential for the introduction of the Colonial Development Act in 1940. Eventually, a system of self-government was introduced in the 1950s within all the British colonies.

## References

Greaves HRG (1920) The civil service in the changing state (No publisher or place of publication), 7

Grenada ( Legislative Council) Order in Council, 1936. (S.I. 1371/1936)

Leftwich A (1993) Governance, democracy and development in the third world. Third World Q 14(3): 605–624

Lutchman HA (1970) The crown colony system of government with special reference to Guyana. Guyana, Georgetown

Moore M (1993) Good government? Introduction. Inst Dev Stud Bull 24(1):39–50

Spackman A (1975) Constitutional development of the West Indies 1922–1968. A selection from major documents. Caribbean Universities Press, New Road Barbados, pp 115–116

Wrong H (1923) Government of the West Indies. London, Oxford

# Colonial Legacy in Development Administration

Frank L. K. Ohemeng
Department of Political Science, Concordia University, Montreal, QC, Canada

## Synonyms

Bequest; Devise; Expansionism; Foundation; Imperialism; Nationalism; Neocolonialism

## Definitions

Colonial legacy consists of the long-standing influences and outcomes of colonialism on all aspects of the state's life for former colonial countries.

Colonial legacy refers to the continuous influence of colonial institutions in formerly colonized nations.

Development administration is about the "instrumentalities whereby the poor nations of Asia, Africa, the Middle East and Latin America were to attain standards of living similar to those of the West" (Raphaeli 1967: 3–6).

Development administration is seen as "the deliberate or artificially induced acceleration (predominantly, by public authorities) of growth processes, national goals, modernization and action programmes, with attention to normative prescriptions and value judgements concerning the direction of change" (Caiden 1969: 10).

## Introduction

Colonialism, according to Huque (1997), has had enduring consequences for formerly colonized populations (15). To Huque, countries that were once under colonial domination continue to "experience a distinctly different way of developing, maturing, and eventually arriving at a state where the legacy of dependence continues to affect their existence and performance" (15). The nature of colonialism's legacies is a topic of argument, though, with some scholars viewing its impact on development as negative; others think differently (Acemoglu et al. 2001; Dwivide 1997; Lange 2004; Mamdani 1996; Nunn 2007). Acemoglu et al. (2001) have commented on the impact on development of institutions. Similarly, Burke (1969) has explained how the "rigidity of inherited colonial bureaucratic institutions" has continued to undermine the performance of the administrative state in Africa. Nkomo (1986), again, has noted that "the administrative system as those bequeathed to Anglophone Africa are not appropriate for development purpose. They inhibit initiative, flexibility, creativity, and commitment to developmental goals (ergo, perpetuate dependency and underdevelopment) and they exacerbate inequality" (337). Local governance, a modern-day obsession is no exception, either. Kooperman and Rosenberg (1977), for example, have noted that "the highly centralised and aloof patterns of administration established by the colonial regimes contributed not only to an ineffective local government but to role behaviours characterised by authoritarianisms, which has impeded responsive administration."

It is not only in the administrative sphere that many feel colonialism had a significant negative impact; in the economic and social spheres, as well. For instance, a number of scholars have argued that European colonizers, wherever they found themselves, were not interested in developing their colonies but, rather, saw them as "economic assets to be exploited mainly for the benefit of the metropolitan power" (Booth 2007a: 1).

There are dissenters from the idea that colonialism's legacy for colonies has been negative (Booth 2007a; Moradi 2008). While Lange et al. (2006) acknowledge some negative consequences of colonialism, they maintain that in general, and especially in the case of British colonialism, the impacts were positive. Moradi (2008) has dismissed the negative impact of colonial rule thesis by arguing that both Ghana and Kenya, for example, enjoyed significant benefits under British rule. He wrote that "evidence of human development in Ghana and Kenya contradicts the existing type of colonial legacy arguments" (1118). According to him, what explains underdevelopments in former colonies cannot be simply equated to insensitivity of the colonizers to development, but is rather a matter of policies implemented by post-independent governments. He noted that "in contrast to explanations proposed by the colonial legacy literature strain, most of these factors can be influenced by [*post-colonial*] policy. Studying the experience of Ghana and Kenya can ultimately put a strong emphasis on the effectiveness of policies and generate insights into questions of the sustainability of development" (1119).

Yet other scholars hold that the appearance of a despotic and authoritarian ruler after

independence, as has so often occurred, cannot be considered an aspect of the colonial legacy (Young 1994). Booth (2007b) has noted this as well. Commenting on what happened in the colonized countries in East and South East Asia, she wrote:

> In any comparative study of economic development, it is unwise to be too seduced by the attractions of historical determinism. If economies are to grow at a sustained rate over decades and if the expanded output is to be used to improve living standards for the great majority of the population, then it is essential that a political leadership emerge that gives economic growth high priority in policy making. Such leaders did emerge in Japan in the 1950s and in most parts of East and Southeast Asia over the last four decades of the twentieth century. They gave high priority to rapid economic growth as a means of catching up with the more advanced economies and produced the growth miracle that received so much attention in the literature on Asian economic development until 1997 (203-4).

These scholars agree that regardless of the legacy, if any, of colonialism, by the early 1990s it had vanished (Grier 1999; Young 1994). Thus, according to Maseland (2018), since gaining independence countries in Africa, for example, have "followed an institutional and economic development path that is determined less and less by their colonial origins and more by their own characteristics and contemporary environment" (284).

These two schools of thought continue to dominate the discussion on colonialism and its impact on former colonies. One thing this debate, however, makes clear is the abundance of evidence that colonialism survived and affected the formerly colonized nations in the post-independence period in many ways. The legacies in question continue to manifest themselves in the social, cultural, economic, and political arenas, for instance. They continue to influence current affairs, especially in developing countries. For example, Britain still has significant influence on its former colonies in Africa and elsewhere. Similarly, the French and Spanish influences are still felt in mostly French Africa and Latin America. In all of these cases, the question we are attempting to answer is: what has the colonial legacy been in development administration?

The intention of this entry is not to determine which school of thought is winning the debate, but rather to discuss the impact of the legacies of colonialism on development administration – an idea that resonated so strongly when the colonies gained independence. Consequently, the objective is to look at the establishment and the capacity of the efficient and effective bureaucratic apparatus that would have promoted the desired development in these former colonies.

## Colonial Legacy and the Idea of Development Administration

Development administration did not become part of the public administration and management lexicon until after the Second World War (Gant 2006); precisely, in 1955, when, according to Dwivedi and Nef (1976), an Indian scholar named Goswami used it to describe a group of nations later to be known as the Third World (62). Then a number of American scholars, under the banner of the Comparative Public Administration Group, adopted it to study newly independent states in Africa, Asia, and Latin America (Loveman 2006) as a "way to distinguish the focus of administration on the support and management of development as distinguished from the administration of law and order" (Gant 2006), the latter being what traditional institutions used to be, especially under indirect rule during colonialism.

The concept was used to refer to the "instrumentalities whereby the poor nations of Asia, Africa, the Middle East and Latin America were to attain standards of living similar to those of the West" (Raphaeli 1967: 3–6 in Dwivedi and Nef 1976). In short, the idea was used to denote "those aspects of public administration and those changes in public administration, which are needed to carry out policies, projects, and programs to improve social and economic conditions" (Gant 2006). Loveman (2006) says that the CAPG saw development administration as "not only a government's efforts to carry out programs designed to reshape its physical, human, and cultural environment, but also to the struggle

to enlarge a government's capacity to engage in such programs" (291). In other words, the CAG regarded big government as the beneficent instrument of an expanding economy and increasingly just society (Esman 1988).

Fred Riggs (1965), one of the early apostles of development administration, has delineated the concept in two interrelated ways. First, he says, it refers to the "administration of development programs, to the methods used by large-scale organisations, notably governments, to implement policies and plans designed to meet their developmental objectives." Second, "by implication, rather than directly, [it] involves the strengthening of administrative capabilities." What these definitions tell us is that one cannot separate the administrative capacity of the state from the administration or management of public programs. Unfortunately, administrative capacity issues continue to be a bane to developing countries, despite numerous attempts to build such capacity, and the blame is partly on the kind of administration and bureaucratic institutions bequeathed to former colonies in Africa, Asia, and Latin America (Dwivedi 1997).

## Characteristics of Development Administration

What are the essential characteristics of development administration? There is no consensus on this question. It will be difficult to expatiate on the literature dealing with these characteristics; hence, we will focus on a number of them identified by Rathod (2010). We believe that they really capture what the concept is about, as they incorporate what other scholars have identified too. In his work, Rathod (2010) identified 16 ideas that constitute development administration, and they are summarized here.

The first is change-orientation, which involves the movement of a system or a structure from one point to another, instead of maintaining the status quo. From this perspective, the change is simply a strategic way of increasing the ability of an administrative system in relation to both the internal structures of the system and the external environment. The change thus involves administrators altering their attitudes, outlooks, and orientation in order to bring comprehensive socioeconomic transformation to society.

Second is result orientation, which he says concerns the need to rapidly bring about socioeconomic change within a time horizon for the benefit of society. The third characteristic deals with commitment, devotion, and dedication by administrators to bring about and accelerate development. Furthermore, he notes, administrators should not only commit to planning and implementation of the development program, but also to the entire process of transformation and modernization of society. Fourth is client or people orientation. This characteristic shows a close relationship between the public and the administration. The needs of program beneficiaries, and developing policies, programs, and actions that will meet them, are therefore paramount.

The fifth characteristic is that development administration is temporal-dimension, which he explains as consisting of time constraints. In other words, the need for essential development means that time may not be on the side of officials who want to delay policy development and implementation. As a result, all development programs must be completed within a specified time. The next characteristic is planned and coordinated efforts. This means organized efforts to carry out the development programs and projects, including the coordination of all institutions and agents in the society. The seventh is goal-oriented administration, which is about the sense of carrying out developmental activities. Eighth is management capacities. These are fundamental to development administration, and involve creating and enhancing management capacities as a means of achieving development goals.

The ninth characteristic is progressivism. Progressivism, he says, implies training and development of administrators for future endeavours. Such training requires forecasting in the light of changing technology and methods. Next is participation, meaning greater participation of the people in public affairs. Consequently, development administration is expected to create and promote conditions that will facilitate greater participation

of the people in the processes of economic and social development, and in the formulation, implementation, and evaluation of programs and projects. The eleventh factor is creativity and innovativeness, which refers to the ability and power to develop new ideas and their applications to solve programs of these ideas. Such creativity and innovation may demand the adoption of new structures, procedures, policies, plans, and programs that may help in achieving the development objectives.

The twelfth characteristic is responsiveness and accountability. Here, he notes that development-administration, unlike traditional administration, requires an administrator who is dynamic, innovative, and development conscious to perform his role in the administration for development. The administrator is then required to be responsive and accountable in the planning and administration of development activities. People-centered administration is the next one, and deals with the focus on serving the population with development programs and projects that are drawn up by the planners. The fourteenth is keeping in touch with social realities, which means knowing the realities on the ground, including grassroots situations and local problems. In this way it is expected that the administrator will be in constant touch with rapidly shifting social realities, so as to better understand the needs of the society.

The last two characteristics are overlapping and heterogeneity of forms and institutions, respectively. He says that in developing societies, there are overlapping institutional forms, as well as behavioral patterns; hence, in their mode of thinking and working, administrators must be guided by the ascriptive orientations of a traditional society. However, he conceded that the social role of the officer often overlaps his official role, and causes a lot of confusion and maladjustment, amid which the administrator must attempt to find a fine balance. Heterogeneity of forms and institutions, on the other hand, means that society is a heterogeneous mix of old and new, as well as traditional and modern elements, of which administration must be fully aware if they are to effectively address societal developmental needs.

## Challenges of Colonial Legacies in Development Administration

In this section, we will examine how colonial legacies gave rise to development administration. In short, how did colonialism facilitate the development of development administration in former colonies? Here, the focus is on institutional development, in particular the administrative state and its bureaucratic apparatus, which have affected planning and program development in these countries.

It has been well established that for former colonies in Africa, Asia, and Latin America to move from the level of development in the immediate post-independence era to a condition capable of dealing with "wicked" problems, they need effective institutions. Institution is defined broadly to include the structures and behaviors of the administrative state in these countries (North 1990). From the perspective of scholarly interest in former colonies,

> [d]evelopment administration was supposed to be based on professionally oriented, technically competent, politically and ideologically neutral bureaucratic machinery. It was to re-tool not only the foreign aid (both in the form of funds received and ideas suggested) but also to act as a main instrument for nation building by transforming the inputs received into developmental outputs. The most ostensible of these outputs was modernization-induced and predictable social change following Western prescriptions. At the same time, Development Administration was seen by some as a stabilizing force of social control vital in order to preclude Third World revolutions (Dwivedi and Henderson 1990:13–14)

But how did this play out? How did the legacy of colonialism affect development administration in building bureaucratic institutions with effective values and norms of serving the new states?

In former colonies in Africa, Asia, and Latin America, one distinguishing legacy of the colonial administration is institutional weakness: which, many continue to argue, has led to significant problems in the immediate post-independence periods, as well as in the present eras. As cogently put by Gant (2006),

> Administration in newly independent countries was sadly wanting in its capacity to meet these demands of independence. Bureaucracies, faced with new, staggering, and unfamiliar tasks they were not set up to perform, were further weakened by the overly rapid replacement of experienced expatriate personnel with inexperienced recruits and by inexperienced and often inept leadership. In almost every such country the immediate consequence of independence was the lessening of administrative efficiency and bureaucratic effectiveness. Administration for development was required to evolve from that point (260).

These weaknesses emerged in most instances through colonial policy dealing with how to govern these countries, which was for not developmental, but extractive, purposes – for the benefit of the colonizers. For example, in Africa the administrative systems that were established were meant to serve and protect the interests of colonial powers, not those of the colonies. As a result, the Imperial governments, through the administrative apparatus of the colonial states, were concerned with such functions as the maintenance of law and order, the collection of taxes, and the provision of limited services, such as a few schools and roads, mainly to facilitate the exploitation and retard the development of the colonies (Ankomah 1970: 141).

The colonizers thus left these countries unprepared for handling their developmental needs, which were vast, to the post-independence administrations. Development administration, therefore, became the instrument for modernizing these former colonies. Unfortunately, the earlier development administration scholars seem to have underestimated the magnitude of the problems facing these former colonies, leading to differences in opinion as to how development should be undertaken in the former colonies; and, therefore, to deadlock in what should be perceived as development administration (Schaffer 1969). The fundamental problem was that development administration continued to be a Western developed tool: especially, an American tool to achieve their aid program, which was harming their foreign policy objectives through their lack of colonial administrative experience (Hirschmann 1981: 460). It is therefore not surprising that the perspective of Western-oriented development was wholly adopted, rather than adapted, in these colonies. Development administration's success as a tool for development was thus less than had been anticipated (Esman 1991), resulting in what has become known as development management in recent times (Burke 1969).

Hirschmann (1981) has delineated four fundamental reasons development administration failed to transform development in former colonies, and they are worth repeating. First, he identified development administration as an American dominated adventure, which is to say that the thinking about the nature of development and how to achieve it was predominantly from an American perspective. As a result of this American-centered thinking, every "post-colonial bureaucrat was usually overwhelmed or left out or left behind by both the recommendations and the concepts" (461). Second, he believes that development administration became so preoccupied with reforming the administrative states of former colonies that it led to "self-questioning and doubt, once it became clear that few of its proposals were being seriously attempted and still fewer were succeeding" (461); leading in turn to what he sees as the unmooring of the vision of development administration scholars from reality: what they thought and "what was actually occurring were two very different things" (461). Development administration inevitably lost some of its relevance, Hirschmann says.

The third problem that in Hirschmann's view affected development administration was that scholarly

> [i]nterest was not in any minor reform, but in substantial changes of structure and practice. Government departments which saw themselves as struggling to maintain their position as viable entities providing a reasonable standard of service, were somehow expected to initiate and sustain large-scale structural and procedural innovations. What the bureaucrat saw as problems, the academic interpreted as challenges. If the Movement's attention to reform made it appear less than relevant, then its prescription for (and optimism about) large-scale dramatic change made it appear less than realistic (461).

Development administration opened a chasm between theoreticians and practitioners in former

colonies. How to do even necessary reforms became controversial and unresolvable by the two entirely differently oriented parties.

According to Hirschmann, the fourth problem of development administration, which can be linked to the previous factors, is the "conflicting views on technical assistance for public administration . . ." (462) in developing countries. He noted that this issue arose as a result of the recurring failures and negative responses by recipients, which left the role of this type of technical assistance seriously questionable (462). Again, the problem was one of different visions of development. The American oriented thinking of the development administration scholars was regarded with suspicion by candidate countries' political leaders and bureaucrats; would what they were proposing really benefit them? Failure to reconcile led to a search for new ways of developing these former colonies, and to shedding development administration (De-Guzman 1979; Luke 1986; Khator 1998).

## Conclusion

Development in former colonies in Africa, Latin America, and some Asian countries continues to be problematic. The colonial legacy, deeply ingrained in the political, economic, social, and administrative spheres, is part of the problem. It has made reforming these societies extremely difficult, despite their many years of independence.

Scholarly attention has focused on developing administrative capacity through technical assistance, an approach that became known as development administration, and which was formulated by American scholars interested in understanding these countries. The impetus of their interest derived from the American government's technical assistance program to help them. Unfortunately, while development administration became a household term for examining, explaining, and developing techniques that would help these countries, by the 1970s its influence had waned. Many then questioned its wisdom.

Development administration could not achieve what it set out to do mainly because its proponents underestimated both the magnitude of the colonial legacy and the limitations of their own American political, administrative, social, and economic perspectives. Development administration's aims from the viewpoint of many in these former colonies was really just a new form of "colonialism" or neo-colonialism. It could not do much in the context of conflict with the ideas of indigenous governments. While proponents of development administration had good intentions, their failure to understand inherent problems of development, and to adapt to the developmental needs of these countries, doomed their noble objectives to remain only theoretical.

## Cross-References

▶ Comparative Public Administration and Globalization

## References

Acemoglu D, Johnson S, Robinson J (2001) Colonial origins of comparative development: an empirical investigation. Am Econ Rev 91(5):1369–1401

Ankomah K (1970) The colonial legacy and African unrest. Sci Soc 34(2):129–145

Booth AE (2007a) Colonial legacies economic and social development in east and Southeast Asia. University of Hawaii Press, Honolulu

Booth AE (2007b) Night watchman, extractive, or developmental states? Some evidence from late colonial South-East Asia. Econ History Rev 60(2):241–266

Burke FG (1969) Public administration in Africa: the legacy of inherited colonial institutions. J Comp Adm 1(3):345–378

Caiden GE (1969) Development administration and administrative reform. Int Soc Sci J XXI(1):9–22

De-Guzman RP (1979) Panel on problems of development administration. Philippine Political Science Journal 7 (10):40–48

Dwivedi OP (1997) Development administration: an overview. Indian J Public Adm 43(3):305–322

Dwivedi OP, Henderson KM (1990) State of the art: comparative public administration and development administration. In: Dwivedi OP, Henderson KM (eds) Public administration in world perspective. University of Iowa Press, Ames

Dwivedi OP, Nef J (1976) Crises and continuities in development theory and administration: first and third world perspectives. Public Adm Dev 2(1):59–77
Esman MJ (1988) The maturing of development administration. Public Adm Dev 8(2):125–134
Esman MJ (1991) Management Dimension of Development: Perspectives and Strategies, Hartfort, CT: Kumarian Press
Gant GF (2006) The concept of development administration. In: Otenyo EE, Lind SS (eds) Comparative public administration. Research in public policy analysis and management, vol 15. Emerald Publications, Bingley, pp 257–285
Grier R (1999) Colonial legacies and economic growth. Public Choice 98(3–4):317–335
Hirschmann D (1981) Development or underdevelopment administration? A further 'deadlock'. Dev Chang 12(3):459–479
Huque AS (1997) The impact of colonialism: thoughts on politics and governance in Bangladesh. Asian Affairs 28(1):15–27
Khator R (1998) The new paradigm: from development administration to sustainable development administration. Int J Public Adm 21(12):1777–1801
Kooperman L, Rosenberg S (1977) The British administrative legacy in Kenya and Ghana. Int Rev Adm Sci 43(3):267–272
Lange MK (2004) British colonial legacies and political development. World Dev 32(6):905–922
Lange M, Mahoney J, vom Hau M (2006) Colonialism and development: a comparative analysis of Spanish and British colonies. Am J Sociol 111(5):1412–1462
Loveman B (2006) The comparative administration group, development administration, and antidevelopment. In: Otenyo EE, Lind NS (eds) Comparative Public Administration (Research in Public Policy Analysis and Management, Vol. 15) (287–296), Bingley: Emerald Publishing
Luke DF (1986) Trends in development administration: the continuing challenge to the efficacy of the post-colonial state in the third world. Public Adm Dev 6(1):73–85
Mamdani M (1996) Citizen and subject: contemporary Africa and the legacy of late colonialism. Princeton University Press, Princeton
Maseland R (2018) Is colonialism history? The declining impact of colonial legacies on African institutional and economic development. J Inst Econ 14(2):259–287
Moradi A (2008) Confronting colonial legacies – lessons from human development in Ghana and Kenya, 1880–2000. J Int Dev 20(8):1107–1121
Nkomo M (1986) A comparative study of Zambia and Mozambique: africanization, professionalization, and bureaucracy in the African post-colonial state. J Black Stud 16(3):319–342
North DC (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge
Nunn N (2007) Historical legacies: A model linking Africa's past to its current underdevelopment. J Dev Econ 83(1):157–175
Raphaeli N (1967) Comparative public administration: An overview. In: Raphaeli N (ed) Comparative Public Administration: Introduction and Readings, (1–22), Boston: Allyn and Bacon
Riggs FW (1965) Relearning an old lesson: the political context of development administration. Public Adm Rev 25(1):70–79
Rathod PB (2010) Elements of development administration: theory and practice. ABD Publishers, Jaipur
Schaffer BB (1969) The deadlock in development administration. In: Leys C (ed) Politics and change in developing countries. Cambridge University Press, Cambridge, pp 177–212
Young C (1994) The African State in Comparative Perspective. New Haven, CT: Yale University Press

# Combining the Contingent Valuation Method with Citizen Advisory Committees

Philippe Bance[1] and Angélique Chassy[2]
[1]CREAM (Centre de Recherche en Économie Appliquée à la Mondialisation/Research Centre for Economics Applied to Globalisation), Normandie Université, UNIROUEN, Rouen, France
[2]Normandie Université, UNIROUEN, CREAM, Rouen, France

## Synonyms

Contingent valuation method: monetary valuation; Citizen advisory committees: citizen consultation, participation, participatory democracy, involvement

## Definitions

Contingent valuation method: economic technique of valuation for nonmarket resources, which wishes to measure utility of public goods or programs and found public decisions upon consumers' revealed preferences

Citizen advisory committees: groups of persons built to be representative of citizens concerned by certain public policy and contribute to their elaboration and implementation by their

active participation in evaluating public-making processes

## Introduction

The contingent valuation method (CVM) is a tool widely used in standard public economic calculation that seeks to ground public decisions on whether or not to produce public goods in social preferences apprehended through individuals' declared preferences (The CVM was developed at the instigation of the US federal government as part of national environmental policy, and more particularly within the Environment Protection Agency.). To that end, it uses questionnaires sent to representative individuals in order to assess, on the basis of hypothetical scenarios (hence the "contingent" nature of the method), their willingness to pay as the beneficiaries of public action (The argument could also be couched in terms of willingness to accept in the case of the losers in public action.). The method falls within the scope of cost-benefit analysis and monetizes the net benefits of the production of such and such public good or program of public action in order that policymakers can decide between various public expenditure options. The method aims not only to make public action more efficient but also to legitimize it as a fitting response to the expectations of the population. For this reason, CVM has become an object of infatuation, with several thousands of contingent studies having been carried out throughout the world in recent decades (Flachaire and Hollard 2005). However, the results of these contingent studies have attracted strong criticism, particularly with regard to methodology. Diamond and Hausman (1993) note that the main problem with the method is that the individuals questioned do not provide correct information because they are not generally expecting to answer the questionnaires and their hypothetical scenarios. Hausman (2012) also notes that a contingent valuation does not provide a solid basis for assisting with policy development, to which Carson (2012) replies that the debates seeking only to criticize the method must be stopped and efforts made instead to improve it.

However, the problems with the CVM are even greater in a context of multilevel public governance that is in a system in which several levels of government act jointly in order to initiate expenditure and to allocate public goods; decisions in such a system are not taken by a central actor but rather by a multiplicity of public actors who have to act in concert in order to evaluate and decide on the programs to be implemented. Moreover, those involved in public action today face an increasingly demanding population.

However, CVM's conceptual framework is centralist, since it is based on the implicit assumption that a single public decision-maker is operative in the contingent studies. Nor does it take into account the need to involve citizens very closely in public decision-making (Bance and Chassy 2018). Consequently, the purpose is to analyze the impact of the establishment of citizens' representative bodies, so-called citizen advisory committees (CACs), with extended rights of participation in an evaluative and decision-making process carried out using the CVM. This analysis is conducted by explaining in greater detail the limitations of the CVM, particularly in a multilevel governance regime, in order then to describe the opportunities the CACs offer.

## CVM's Analytical Framework and Public Decision-Making in a Multilevel Regime

The purpose of the CVM is to determine the social utility of public programs or goods on the basis of individuals' expressed preferences. Public decision-makers obtain the information that is supposed to indicate to them the course of action to be adopted from surveys carried out among representative samples of the population and the administration of questionnaires. To that end, they investigate the monetary value that the interviewees impute to the public goods about which they have been questioned on the basis of hypothetical scenarios. This involves asking a representative sample of individuals a hypothetical question: how much would you be willing to pay *ex ante* for a given modification (preservation and/or improvement) to a public good? The aim

is to determine the social value of public goods. By aggregating each individual's willingness to pay, a "shadow price" is obtained for the good in question. These monetized benefits are then compared with the costs incurred by the program under consideration in order to decide whether or not to put it into practice. If there is a "social surplus," the program is socially desirable and useful. Conversely, a "social deficit" will cause the program to be turned down.

This comparison of the various programs also enables public decision-makers to choose between possible courses of action (to hierarchize, by selecting and eliminating programs) in the light of existing financial constraints.

In this traditional concept of the CVM, a single central authority is the sole optimizer of social well-being. It ignores the institutional context within which public action now usually takes place and which is characterized by the existence and demands of a multiplicity of actors involved in public decision-making. Account has to be taken, after all, of the profound changes in institutional architecture, such as those that have taken place in Europe with the establishment of multilevel governance systems in which different levels of government (local, national, and supranational) operate in concert with each other. This being the case, public action is a product of the shared prerogatives that lead these various levels of government to make joint decisions and thus to agree on the programs to be implemented. However, these considerations do not reduce the public authorities' use of the CVM. After all, certain public decision-makers, particularly at the subnational level, feel a growing need to appropriate this economic valuation tool in order to strengthen the foundations on which evaluations of their programs for the production of public goods rest by introducing a greater degree of expertise into the process. Consequently, they seek to appropriate the CVM in order to take informed decisions on the basis of contingent surveys. Thus multilevel governance regimes make it necessary to take into account two additional conditions that have to be fulfilled if CVM is to be an effective decision-making aid. The first is that all public decision-makers should be involved in developing the hypothetical scenarios and are therefore able to give their own perspective on the nature of the public goods to be produced and on the issues at stake in the decision-making process. The second condition is that the scenarios should provide relevant information that enables each of them to make decisions with full knowledge of the facts.

It should be added that the declared objective of multilevel governance is to take the best possible account of the interests of the populations in the regions by providing the authorities with competences situated at the appropriate level in order to enable them to specify and implement public action effectively (Bance 2016).

It was for this reason that this governance regime was established within the EU, together with the notion of subsidiarity, which was introduced by the Maastricht Treaty (1992) (The treaty signed on 7 February 1992 in Maastricht is the founding treaty of the European Union) and then enshrined in the Lisbon Treaty (2009) (The treaty signed on 13 December 2007 in Lisbon governs the functioning of the European Union. It entered into force on 1 December 2009) as the Union's fundamental principle. Subsidiarity is a principle that holds that decisions should be taken as close as possible to the citizen – as long as public action can be carried out effectively at that level. Thus, the Charter for Multilevel Governance in Europe (European Union – European Committee of the Regions 2014) states that "multilevel governance [. . .] helps us to learn from each other, experiment with innovative policy solutions, share best practices and further develop participatory democracy" (p. 3). Achieving these declared objectives, just like the growing demands from ordinary people to have their voices heard more clearly by political decision-makers, tends drastically to change the conditions under which public action is carried out and evaluated. While the public authorities (particularly at national level) seek to retain their rights to control a sufficiently broad swathe of public programs, they have lost the power to impose their choices unilaterally and have to accommodate their other public partners. This has led them to act in concert and in a coordinated way with the other levels of government and in particular in the present case with a

supranational authority. Moreover, the decentralization that has been set in motion in various countries has led the central state to delegate or share some of its competences with regional authorities. Granting greater autonomy to public authorities at subnational level has been one way of involving citizens to a greater extent in public decision-making. However, the entanglement of the various levels of competence and responsibility that results from multilevel governance is also a source of tensions and conflicts, which can be analyzed as the interplay of actors in a context of "coopetition", i.e., one characterized by both cooperation and competition (This concept, which is derived from corporate strategy, was first mooted by Ray Noorda, the founder of the Novell company, and then popularized by Brandenburger and Nalebuff (1996).). The rivalry plays out between the higher and lower levels of authority as they seek to defend their own *desiderata*. The need to dispel these conflicts and tensions makes it all the more necessary for the actors concerned to engage in continuous dialogue and for civil society to be heavily involved, not simply in order to jointly construct programs of public action but also to adapt them by trying to match them as closely as possible with citizens' preferences.

This in turn calls into question a process like the CVM which, as we are going to explain, gives the public authorities greater room for manoeuver without any real participation on the part of citizens.

## The Tenuousness of Citizens' Place and Role Distorts the Traditional CVM Framework

Although its declared aim is to ground public action in the preferences of the individuals concerned, citizens are not really involved in the CVM's various stages of implementation, whether it be *ex ante*, *in itinere*, or *ex post*:

(a) During the *ex ante* phase of the valuation, the population in question is not generally consulted except by means of pre-surveys conducted within a framework pre-established by the authorities. Thus, there is very little consultation of the populations concerned while the questionnaires are being put together. These are generally constructed in such a way as to fulfill the expectations of public decision-makers who wish to define the modalities and contents of the programs and, in particular, to ascertain whether or not a program should be adopted on the basis of the hypothetical scenarios presented to citizens.

Consequently, insufficient attention is paid to citizens' ability to understand the scenarios:

(b) The valuation by citizens takes place in the second operational stage (*in itinere*). The individuals concerned (at least those who take part in the survey) are invited to take part in the valuation by filling in the questionnaire and to state, through their willingness to pay, the utility they impute to the program under consideration.
(c) The third, *ex post* operational stage is that in which the final decision is taken. On the basis of the responses to the questionnaires and hence of the effects (overall benefit or deficit after aggregation of the individual benefits and subtraction of the costs), the authorities decide on the social utility of various programs. In this way, they assess whether or not they are justified in view of the population's expectations and rank them in order.

The scant presence of citizens in this process and the total absence of any discussion with representatives of civil society clearly indicate that the traditional framework within which the CVM is implemented suffers from some serious deficiencies, particularly in multilevel regimes. This gives rise to two major problems.

The first is a lack of relevance in the construction of the hypothetical scenarios and hence in the survey results. The scenarios may well prove to be inappropriate and difficult for interviewees to understand.

Not everyone enjoys the social conditions that will help them understand what is being asked of them. People tend to find it difficult to assess a program's utility if they are not directly affected by it. Those interviewees who are representative of the individuals least well endowed with social capital are very likely not to appropriate the surveys for themselves and even to be uninterested in them; as a result, they may give up answering the questionnaire or do so inappropriately (Bourdieu 1973). In so doing, they are short-changing the social categories they represent, which is likely to cause the final decisions taken by the public authorities on that basis to be rejected out of hand. As Mignauw (2016) explains, "the dispute may concern not the end purpose of a project but rather its design, content and modes of implementation" (p. 208). Such an occurrence severely undermines people's trust in decision-makers and constitutes a serious setback in terms of the social acceptance of public policies.

The second major problem is the failure to adapt to the public authorities' evaluation needs within a decision-making framework in which the points of view of a multiplicity of actors representing the public authorities and civil society more generally have to be taken into account. The decision-makers "furthest removed from the people" are those who have by far the greatest technical expertise in using the CVM. This often leads national and supranational decision-makers to consider themselves omniscient and to exercise a *droit de seigneur*, which gives the population another reason to reject their decisions. The CVM does, after all, weaken one of the major comparative advantages that local decision-makers enjoy, namely, their knowledge of the local population's personal preferences, acquired by virtue of their proximity to the people. Thus, local decision-makers may see it as an obstacle to exercise of their prerogatives and a factor in strengthening the ability of the authorities furthest removed from the people to dominate the interactions between the actors by imposing their own strategy in the decision-making process. As a field survey found (Chassy 2014), this is one of the main reasons why local decision-makers refuse to appropriate the CVM and to debate with other decision-makers within that framework. The other reasons for local decision-makers' rejection of the method lie in their perception that it calls into question the principle of equal treatment for all citizens and people's incomprehension of the decisions taken within that framework.

Thus, the CVM has to be redesigned in order to make it less technicist. This could be achieved by turning it into a method for assisting public decision-making in such a way that it becomes part of a collective learning process. This could make it truly socially acceptable and transform it into a decision-making aid to be used in conjunction with other methods by which citizens can evaluate social utility. Citizen advisory committees may fulfill these requirements.

## The Characteristic Features of Citizen Advisory Committees

CACs are citizens' group setup to represent the community and take a position in the process of developing and implementing public policies. Their existence rests on an ethical principle, namely, citizens' representation as a means of matching public decisions with social aspirations. A number of local experiments serve to illustrate this: in Canada in the so-called correctional service (Correctional Service Canada "Working together," Citizen Advisory Committees in Correctional Service Canada, Website: http://www.csc-scc.gc.ca/cac/092/dep-fra.pdf), in Belgium within the Union des Villes et Communes de Wallonie/ Union of Cities and Municipalities of the Walloon Region (CCC- Union des Villes et Communes de Wallonie, website: https://uvcw.be/articles/1,354,1,0,3824.htm) or as an integral part of the Code of Local Democracy and Decentralization (CDLD – art.L 1122–35), and in France in the *communes* of Wasselonne (CCC- Ville de Wasselonne, website: https://www.wasselonne.fr/Votre-mairie/Conseil-Consultatif-Citoyen.html) and Digne les Bains (CCC- Ville de Digne les Bains, website: https://www.dignelesbains.fr/coordonnees-et-horaires-de-la-mairie/democratie-participative/). Over and above certain individual cases that sometimes have a restrictive effect on

citizens' prerogatives, it will be assumed in what follows that the fundamental purpose of CACs is to establish a close link between civil society and public decision-makers with a view to jointly managing public action. By observing and analyzing public action and offering advice and making recommendations to the authorities that have a real influence on public decision-making, they work to have citizens' needs and interests taken into account in the development and implementation of public programs and the production of public goods.

From this ethical perspective, CACs must be representative of the populations affected by certain public actions; they must be suitably constituted, their members must be known and their presence accompanied by fruitful exchanges. However, they must be much more than mere mouthpieces; they must be able to have a significant effect on decision-making processes in order to generate real value added. The public authorities have to accept that these committees sometimes pose a fundamental challenge to the decisions they would have taken alone.

This is a basic condition for the social acceptance of public action conducted over the long term by the public authorities, even though they might be legitimate representatives of the population after a democratic election. Permanent interaction or even confrontation between people's perceptions of their needs and political decision-makers' views of what those needs are is, after all, essential for the proper implementation of public action; this is particularly true in situations in which decisions taken by politicians are disputed, sometimes fiercely.

From this point of view, the contributions of CACs are greater than those of other established bodies, such as citizen juries and workshops, which are also supposed to represent civil society and make public action more acceptable. After all, the purpose of these latter bodies is to gather informed opinions as part of a process of exchanging information and arguments.

It is not the job of citizens' juries, which became established from the 1970s onward in Germany and the USA in particular, to redefine public policies. In Germany, their main task has been to manage the so-called participatory budgets made available for urban renewal or to put forward informed opinions on the management of city districts, as in Berlin. In the USA, citizens' juries have mainly taken up socio-technological issues, particularly in the fields of telecommunications and nanotechnologies, in order to deliberate over them and compare points of view. As for workshops, introduced in Denmark in 1992, these are mainly working group setup to resolve particular political problems. They are made up of public decision-makers, experts, and informed citizens; several political scenarios are put to them "in order to help them develop a shared vision around a project" (Fondation Sciences Citoyennes n.d., p. 1).

## CACs' Ability to Involve Themselves in the Various Stages of the CVM Valuation Process

The value of CACs is that they make the CVM valuation process part of a joint approach to the construction of public action. Representative groups of citizens can find themselves involved continuously in that construction process, from the design phase to the final decision. As far as implementation of the CVM is concerned, this means that CACs are involved in the three stages of the valuation process leading to a final decision: *ex ante, in itinere*, *and ex post*.

(a) *Ex ante*, that is to say during the phase in which hypothetical scenarios that provide the basis for evaluating the relevance of a program or the production of public goods are specified, CACs provide the public authorities with more detailed or previously missing information on citizens' preferences. What these citizens' groups bring to the table in this phase is, after all, their knowledge of existing public action programs.

They are also bodies able to scrutinize these programs; on the basis of collegial discussions, they can gauge the need to renew or modify them. They are also able to recommend new ones. Such well-substantiated

recommendations serve then to clarify which of the programs are to be chosen to undergo contingent valuation for the public authorities. In multilevel governance regimes, they constitute a solid, well-substantiated basis for the various levels of government to decide on the programs that most deserve to undergo contingent valuation. After this specification by the public authorities of the programs that are to undergo contingent valuation (accompanied by an explanation by the public authorities of the reasons why the views expressed upstream were considered or dismissed, in accordance with an ideal type reflecting best practices in transparency and trust building), CACs can be called on to analyze the hypothetical scenarios in the contingent valuation questionnaires. Their collective expertise brought to bear on the questionnaires compiled by experts in contingent valuation will help to improve them. The aim here is to ensure that the scenarios are relevant to citizens' needs, that they reflect their social aspirations, and that the vocabulary used is completely comprehensible and does not offend their sensibilities. It is also essential to avoid any obstacles caused by poor comprehension by using the CACs as test groups in order to make any improvements that may be needed in order to render questionnaires compiled by experts in contingent valuation fully comprehensible to ordinary citizens; to be avoided, therefore, are "technical expressions and particular turns of phrases that have to have been learnt and which, consequently, outsiders and lay persons are unlikely to know" (Porzig 1962, p. 219). Thus, the aim of this exercise is to prevent the CVM questioning from "generating meaningless answers" (Terreaux and Brahic 2009, p. 132). For this reason, a good understanding of the questionnaires and scenarios gives the survey greater credibility by remedying two of the method's three main methodological biases, which undermine the credibility of the results. The first bias is the difficulty individuals have in projecting themselves into a hypothetical scenario. Ami and Chanel (2009) explain that this difficulty stems from a "lack of experience of and information about the good undergoing valuation" (p. 49). The second bias follows from the first: non-responses due to a lack of comprehension or interest on respondents' part and which often leads them to reply: "I don't know, I don't understand," or "I don't want to reply." The result is to make the information gathered significantly less accurate, which reduces the validity of the valuation. The experts on the so-called NOAA panel (National Oceanic and Atmospheric Administration) (1993), whose studies of the CVM are authoritative, noted in their report that the reliability of the results is seriously undermined if non-response rates are high.

(b) During the *in itinere* phase which, in the traditional CVM framework, is that in which citizens are consulted through the administration of the questionnaires, CAC involvement is probably less crucial. Nevertheless, it has the advantage of enabling citizens to monitor the process in order to make sure that the survey is being conducted satisfactorily and is well understood. This monitoring is such that it can prevent the CVM's third well-known bias, the so-called interviewer bias that also undermines the validity of the results. Anxious to demonstrate their "social desirability," interviewers often tend to present themselves in a favorable light to their interviewees. The latter's lack of information about the public good being evaluated further reinforces interviewers' power to influence. In order to counter this problem, CACs are able to intervene during the administration of the questionnaire by consulting interviewees in order to ensure that they understand the survey and that there is no interviewer bias; at a later stage, the CACs could possibly invalidate a survey if there have been significant problems with the administration of the survey and, if necessary, suggest that the questionnaire and the hypothetical scenarios be amended in order that a new, valid valuation can be carried out.

(c) In the final, *ex post* phase of the valuation process, in which programs are adopted or rejected in the light of the survey results, citizens' involvement is particularly crucial as part of an exercise in participatory democracy. The aim here is to reach final decisions that take due account of citizens' preferences while at the same time, in a context in which it falls to the authorities to take the decision, maintaining a capacity for collective interpretation of the opportunities for implementing the public action. CAC involvement in this phase is all the more beneficial since the results of the contingent valuations are often difficult for public decision-makers to interpret, particularly in multilevel regimes. Decision-makers react in different ways to the results depending on their political sensibilities, their areas of expertise, and their regional positioning. In this regard, Bance and Chassy (2017) have pointed out that decision-makers run significant risks (particularly in terms of their reelection) if they take a final decision solely on the basis of the results of the CVM questionnaires. Some decision-makers may also find an opportunity in the results obtained to assert their own interests over those of their partners. There is very real potential for disagreement in the joint decision-making process. In this situation, CACs can be useful mediators. They can advise decision-makers on the potential political repercussions of the measures taken and on the current state of the programs after evaluation. Citizens can, after all, be versatile and take up new positions when programs are endorsed.

Sheatsley and Hyman (1953) note in this regard that "the acts of human beings are not determined solely by their opinions but also by powerful factors specific to each situation" (p. 508). Thus, media coverage of the projects and the alternatives opened up by the adoption of programs can change opinions at the end of the valuation process. The feedback CACs provide for decision-makers can give rise to debates among decision-makers as to the value and purpose of public action and may lead them to update and revise the points of view that emerged from the contingent valuation. Although political decision-makers "ultimately retain their power" (Prémont and Boisvert 2003, p. 27), CACs play a role that is all the more useful since there is a multiplicity of "leaders" and it is often necessary to negotiate a compromise between the positions held by the various levels of government. The participatory approach makes it possible to explain iteratively the strengths and weaknesses of each point of view with evidence from detailed discussions with representatives of civil society in order to initiate changes on the basis of shared results.

## Conclusion

This chapter has underlined the considerable limitations of the traditional CVM specification that is used to evaluate and adopt public action programs, particularly in multilevel governance regimes. It has shown that, implemented in conjunction with CACs, the CVM is, nevertheless, able to supply information which, on the basis of a cost-benefit analysis, can help to guide public decision-makers and enable them, by adopting a deliberative approach, to improve the joint valuation and decision-making procedures leading to the production of public goods. Thus, these procedures gain from the introduction of participatory democracy, which improves the validity of the survey results, reduces the biases in the CVM identified in the literature, and helps to position citizens within a decision-making process that otherwise suffers from a profound lack of dialogue and consultation. These important contributions made by CACs as part of an evaluative process of the CVM type do not reduce the need for additional research aimed at resolving the difficulties encountered in organizing the CAC-CVM combination efficiently at all stages of the valuation and decision-making process. How can CACs be made truly representative of the population and how can this be combined with genuine participation that meets citizens' expectations over the long term? And how can we ensure that CACs are not

instrumentalized by political decision-makers, who thereby deprive them of any real power to influence the final decision-making?

## Cross-References

► Participatory Governance

## References

Ami D, Chanel O (2009) Vers un renouveau encore fragile des méthodes de préférences déclarées [Towards a still fragile revival of the methods of stated preference]. Econ Stat 42:47–51

Bance P (2016) L'État stratège : État "réduit" ou à "capacité étendue" en régime de gouvernance multiniveaux [The strategist state: "reduced" or "extended capacity" state under a multilevel governance regime]. In: Bance P (ed) Quel modèle d'État stratège en France? Presses Université de Rouen et du Havre, Mont-Saint-Aignan

Bance P, Chassy A (2017) The rollout of the multilevel governance system: a source of reworking the Contingent Valuation Method? Polit Policy 45(6):1080. https://doi.org/10.1111/polp.12236

Bance P, Chassy A (2018) Citizen advisory committees: a tool to remedy the shortcomings of the contingent valuation method within the system of multi-level governance? J Int Publ Adm. https://doi.org/10.1080/01900692.2018.1500586

Bourdieu P (1973) L'opinion publique n'existe pas [Public opinion does not exist]. Les Temps Modernes 318:1292–1309

Brandenberger AM, Nalebuff BJ (1996) Co-opetition. Currency. Doubleday, New York

Carson RT (2012) Contingent valuation: a practical alternative when prices aren't available. J Econ Perspect 26:27–42

Chassy A (2014) Application de la méthode d'évaluation contingente aux politiques éducatives territorialisées [Application of the Contingent Valuation Method (CVM) localised educational policies]. Thèse pour le Doctorat ès Sciences économiques, Université de Rouen

Diamond PA, Hausman JA (1993) On contingent valuation measurement of non-use. In: Hausman J (ed) Contingent valuation: a critical assessment. North Holland Press, Amsterdam, pp 3–38

FCPQ (2009) La consultation: un devoir à faire ou un pouvoir à maîtriser [Consultation: a duty to be made or a power to be mastered], Bibliothèque nationale du Québec

Flachaire E, Hollard G (2005) Une approche comportementale de l'évaluation contingente [A behavioural approach to contingent valuation]. Rev Écon 57:315–329

Fondation Sciences Citoyennes (n.d.) Présentation des principes et bases de la méthodologie des "Ateliers Scénario" [Presentation of the principles and basics of the "scenario workshops" methodology] Paris, https://sciencescitoyennes.org

Hausman J (2012) Contingent valuation: from dubious to hopeless. J Econ Perspect 26:43–56

Mignauw T (2016) La contestation des grands projets et l'exercice de la démocratie: l'État stratège en question? [The challenge of major projects and the exercise of democracy: the strategist state in question?] In: Bance P (dir.), Quel modèle d'État stratège en France? [What model of strategist state in France?]. Presses Universitaires de Rouen et du Havre

Porzig W (1962) Probleme, Methoden und Ergebnisse der modernen Sprachwissenschaft [Problems, methods and results of modern linguistics]. A. Francke, Suisse, Bern, München

Prémont K, Boisvert Y (2003) Les méthodes de consultation publique [Methods of public consultation], Canada, ENAP, Laboratoire Ethique Publique

Sheatsley PB, Hyman HH (1953) Les enquêtes sur l'opinion publique et la prévision du comportement [Public opinion surveys and the prediction of behaviour]. Bull Int Sci Soc 3:505–513

Terreaux J-P, Brahic E (2009) Évaluation économique de la biodiversité [Economic assessment of biodiversity]. Quae, Paris

Union Européenne – Comité des Régions (2014) Résolution du Comité des Régions sur la Charte pour la Gouvernance à Multiniveaux en Europe. http://www.cor.europa.eu

# Communication in Public Administration and Governance, Trinidad and Tobago

Godfrey A. Steele
Department of Literary, Cultural and Communication Studies, Faculty of Humanities and Education, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Citizen communication; Communication elements; Communication influence; Communication

mechanisms; Communication strategy; Development communication; Ethical communication conduct; Government communication; Political communication; Strategic communication

## Introduction: Understanding the Role of Communication

It is well known that communication plays a critical role in achieving governance outcomes, but an explanation of how it works and why it works has not received as much attention (IBRD/World Bank 2009). In exploring this dearth of understanding about how communication works in securing governance objectives, analysts have identified source, message, audience, and contextual factors as influencing positive change. In an attempt to identify and elaborate on the role of communication, efforts have been made to link "reform objectives; communication influence mechanisms; opinion, attitude and behaviour change; and good governance outcomes" (IBRD/World Bank 2009, p. 1).

## Definition

Reform objectives are the target behaviors designed to help the government and its governance structure and agencies and citizens relate to each other to bring about change. Communication influence mechanisms are those aspects of communication which exert some influence over governance. They include persuasion, lobbying, reporting, public consultation, negotiating, access to information, central and local government communication, media influence and framing of issues, and the use of Information and Communication Technology (ICT) and social media. Opinion, attitude, and behavior change are reflected in the building, enabling, and sustaining of political will, organizational will, and public will. Such political will changes are evident in the coalitions and consensus building among political leaders and elites. Changes in organizational will are reflected in the bureaucracies and efforts of middle management in the public sector. Changes in public will are displayed in the activism and participation of civil society groups and institutions. Good governance outcomes are based on the strategic objectives and principles of standards of appropriate conduct between a government or an organization and those citizens and stakeholders over whom they have authority or power. The opinion, attitude, and behaviour change are influenced by the success and sustainability of reform objectives and the mechanisms for communication.

## Defining Governance and Communication

Governance concerns principles for regulating the relationship between governments and their citizens. This relationship is guided by the former's obligations and the latter's rights and obligations. It incorporates state capability, state responsiveness and accountability to civil society, and other stakeholders (IBRD/World Bank 2009). Such communication is also referred to as development communication. Development communication is "defined as citizen engagement underpinned by access to high quality information" about the actions of policy makers which facilitates activism, evaluation, and monitoring, and public debate which holds the government accountable and fosters two-way communication (DCERN/Gamos 2008; ICD/Gamos 2016).

It refers also to the style or manner associated with the exercise of authority and power by the state or an organization. It involves the actions and processes which are developed to create stability and assurance in the system of governance. It is defined in this way as being

> not just about government. It is also about political parties, parliament, the judiciary, the media, and civil society. It is about how citizens, leaders and public institutions relate to each other in order to make change happen.
>
> Good governance requires three things:
>
> *State capability*—the extent to which leaders and government are able to get things done;

> *Responsiveness*—whether public policies and institutions respond to the needs of citizens and uphold their rights;
>
> *Accountability*—the ability of citizens, civil society and the private sector to scrutinize public institutions and governments and hold them to account. This includes, ultimately, the opportunity to change leaders by democratic means. (DfID 2006, p. 20)

This three-pronged approach to the requirements of good governance

> implies that it is the state's mandate to get things done and be responsive to citizens' needs. In development parlance, this is **the supply side of governance**. Accountability, on the other hand, implies the right, but also the obligation on the part of citizens' groups, civil society, and private firms to remain vigilant, engaged, and demand better service provision and delivery from their leaders. This we call **the demand side of governance**. (IBRD/World Bank 2009, p. 2)

## Strategic Communication for Good Governance

A communication strategy designed to facilitate good governance is usually planned, organized, implemented, and updated (UNDP n.d.). Accordingly, a basic communication strategy should have clear goals, target audiences, messages adapted to various target audiences, transmission channels, and an understanding of the receiver of the message.

The strategy is usually informed by a mapping of producers and users of governance indicators. Such a mapping can include an overview of users and nonusers of such data, the purposes of using such data and reasons for not using them. If there is low awareness or a mismatch between the available governance data and policy requirements, for example, then the communication strategy could be to increase the level of awareness. In Trinidad and Tobago, for example, but this may apply in varying degrees to other Caribbean territories (Caribbean 2016), a communication strategy for governance may include developing reform objectives, communication influence mechanisms and opinion, attitude and behavior changes to support the drafting of legislation for devolution of power from central to local government.

Some areas for developing strategic communication include planning and agenda setting (Ministry of Planning and the Economy 2011b), draft policies (for example ICT in education; GoRTT 2005), projects to increase public awareness and participation based on key indicators and developmental pillars and sustainable development goals SDGs (UNDP 2015a, b), government communication, public consultations, and access to information (GISL 2016; GorTT 2016). In other English-speaking Caribbean states, communication strategies may be based on assessments of ICT support for governance (Dunn and Minto-Coy 2011), Internet governance (Morris 2013), public sector reform country positions (Riley and Nunes 2004), and opportunities for training (UWIDEC 2007) and conferences advancing knowledge of the role of the media and governance (Media and Governance in Latin America 2014, 2015).

These are some suggested stages in the development of a communication strategy (UNDP n.d.):

1. A preliminary outline is prepared by the governance assessment secretariat and its nearest partners.
2. The outline is submitted to various stakeholders and partners for comments. Partners can be consulted individually, in a technical meeting, or in a stakeholder meeting to build consensus and seek buy-in.
3. At some point, the communication strategy should be reviewed by communication experts.
4. Once the strategy is ready, it will be important to share with partners and groups that you aim to reach. This will facilitate developing the various tools intended to reach different target audiences.

A minimum set of questions that should be asked includes:

1. What assessments results need to be made known?
2. What social groups and actors will be interested in this knowledge?
3. What are the needs of these varied groups and actors? What components of the governance assessment are most interesting to them?

4. What communication tools would be most appropriate to use for these target groups?
5. What is the timeframe?
6. What financial and human resources are available?
7. Who will be in charge of implementing the communication strategy?

## Global Governance

Global governance has emerged since the Cold War as coordination, cooperation, and problem-solving of transnational issues go beyond territorial boundaries. The handling of these issues requires resources beyond those of individual states (Weiss 2008). Global governance requires "the concerted efforts of political actors around the world" (Adolphsen 2014, p. 18) to manage issues such as environmental pollution, human rights, drug-trafficking, and terrorism. Climate change is an example of such a global issue that affects individual Caribbean territories in different ways and which may prompt different and contentious responses to setting a global agenda and communication about it. Another example is a global response to health issues such as the threat of Ebola, Zika, and emerging infectious diseases and the convergence of communicable and non-communicable diseases (NCDs) that places demands on limited resources available in public health.

## Global Governance and Communication Models

One of the ways in which communication system precursors supported governance was through public service broadcasting (PSB). For this reason Michalis (2010) explains, Western European countries regarded PSB as a public service, rather than a competitive industry, that could serve the state's extensive role in the socioeconomic life of the state and of its citizens. However, as Trappel (2010) contends, the experience in small states like Austria and Switzerland provided limited media governance options for public service media (PSM) in light of external influences. The Caribbean experience, in light of the potential influence of colonial powers in Europe on the development of its PSB and PSM models, should be considered from a postcolonial and post-independence perspective to ascertain whether there were similarities and differences between that influence and the more established traditions in smaller states elsewhere.

## Governance in the English-Speaking Caribbean

The postcolonial English-speaking Caribbean experience is largely based on constitutional provisions for regulating the relationship between government and its governance institutions, and its citizens to ensure accountability, transparency, and reporting and civil society participation. Emerging from the colonial legacy and struggles for true independence, sovereignty, and self-government movements, small Caribbean states grapple with challenges of leading plural, divided and fractured post-colonial societies encountering the effects of mainly one-way globalization, in changing and demanding political, economic, and social climates. The existing models are being reformed in line with shifts in governance models and the evolution of best practices.

## Governance Model(s) in the English-Speaking Caribbean

Governance models have enjoyed a developmental policy shift from one-way to two-way participatory forms of communication. Communication for development (C4D) is concerned with the reorientation of a diffusion-only model of development transmitting governance models from North to South to incorporate an appropriate contextual model "as a way to amplify voice, facilitate meaningful participation, and foster social change" (Haider et al. 2011, p. 8) to reduce social disparities and inequities and promote Global South governance.

## Communication and Governance Best Practices

Best practices designed to understand, develop, and support the critical roles of communication in communication are set out in a number of funded projects (UNDP n.d.; IBRD/World Bank 2007, 2009; Gamos 2008). They set out principles of conduct for ethical, accountable, capacity-building, responsive, and strategic communication. Strategic communication includes activities and stages, and messages, channels, and media to understand, build, and sustain governance reform. It includes setting reform objectives, using communication influence mechanisms to bring about attitude, opinion, and behaviour change, and using and adapting guidelines for assessing and evaluating communication for public administration and governance.

## Politics and Governance in Trinidad and Tobago

### Governance Structure

The governance structure in Trinidad and Tobago incorporates but goes beyond government to include governance institutions. According to Commonwealth Governance (2016a), these governance institutions include: Elections and Boundaries Commission (www.ebctt.com); Parliament (www.ttparliament.org); Judiciary (www.ttlawcourts.org); Ombudsman (www.ombudsman.gov.tt); Integrity Commission of Trinidad and Tobago (www.integritycommission.org.tt); Ministry of Planning and Sustainable Development (pesrga.gov.tt) or Planning and Development (http://www.planning.gov.tt/); Office of the Prime Minister (www.opm.gov.tt); Ministry of Legal Affairs (www.legalaffairs.gov.tt); Ministry of Local Government (www.localgov.gov.tt); Ministry of Finance and the Economy (www.finance.gov.tt); Ministry of Trade, Industry and Investment (www.tradeind.gov.tt); Central Bank of Trinidad and Tobago (www.central-bank.org.tt); Trinidad and Tobago Stock Exchange (www.stockex.co.tt); Trinidad and Tobago Bureau of Standards (www.ttbs.org.tt); Telecommunications Authority of Trinidad and Tobago (www.tatt.org.tt); Regulated Industries Commission (www.ric.org.tt). Other nontraditional and emergent forms exist in the work of civil society groups, nongovernmental organizations (NGOs), citizen-based organizations (CBOs) and faith-based organizations (FBOs).

Prime Minister Dr. Keith Rowley affirms Trinidad and Tobago's commitment to being "deeply rooted in the values of democracy and good governance which form the basis of the Commonwealth's core principles" and observes that the unitary state "works assiduously to ensure that the foundation of good governance laid out by the Harare Declaration of 1991 is built upon in all facets of our political and judicial system" (Rowley 2016).

Trinidad and Tobago is described as

> a unitary republic with a representative government and a degree of regional autonomy. The Head of State is a non-executive President elected by an electoral college comprising all the members of parliament. The executive is led by the Prime Minister who heads a cabinet chosen by him or her and responsible to parliament.

(Commonwealth Governance 2016b)

Trinidad and Tobago has a legislature consisting of

> a bicameral Parliament, with a directly elected 41-member House of Representatives and a 31-member Senate. Senators are appointed by the President, 16 on the advice of the Prime Minister, six on the advice of the leader of the opposition, and nine of the President's own choice. Elections are held every 5 years.

(Commonwealth Governance 2016b)

Tobago is represented in the governance structure. It has

> a regional house of assembly, set up in 1980, with certain local powers over finances and other delegated responsibilities. It has 12 elected members and several members appointed by the political parties. Constitutional amendments have granted Tobago greater control over urban and rural development, health, education and housing, though its assembly has no legislative powers.

(Commonwealth Governance 2016b)

## Governance and Communication in Trinidad and Tobago

Trinidad and Tobago is described as having a population of 1.3 million, a poverty rate of 16.7, a literacy rate of 98.75, and a Human Development Index of 59 (UNDP 2015a). The UNDP's 17 sustainable development goals (SDG) for 2030 are linked to the Strategic Plan focus on sustainable development, democratic governance and peace-building, and climate and disaster resilience. Goals 1 – eradication of poverty, 10 – reduced inequalities, and 16 – on governance were identified as being central to the UNDP's current and long-term plans (UNDP 2015a).

Good governance was identified as one of seven pillars of interconnected development for Trinidad and Tobago at a UNDP workshop in 2011 presented under the theme of prosperity for all (Ministry of Planning and the Economy 2011b). The other pillars were people, poverty eradication and social justice, security, IT connectivity, diversified knowledge economy, and foreign policy. The highest ranking concerns in descending order based on recent polls (2011) were crime/law and order/vandalism 93%, inflation, especially food prices 34%, health/hospitals 34%, unemployment/ jobs 32%, poverty/inequality 16%, low pay/wages 16%, economy 13%, housing 12%, roads 11%, and education/schools 9% (Ministry of Planning and the Economy 2011b). The medium term plans emphasized four pillars and the top five concerns, (i.e., all except the pillars of good governance, IT connectivity and foreign policy, and the lower-ranked public perception concerns of housing, roads, and education/schools) (Ministry of Planning and the Economy. GoRTT 2011a).

Good governance "focuses on ensuring transparency, accountability participation and effective representation through institutional strengthening, enhancing democracy and strengthening execution and delivery capacity" (Ministry of Planning and the Economy 2011b). This meant five major policy shifts including two which appeared to be governance related, "Greater citizen participation and more meaningful local government" and "More responsible and responsive Government with greater emphasis on transparency and accountability." Thus, although recognized among the seven interconnected pillars of national development and mentioned in a summary of policy shifts, governance was not included in the medium term development plans of the administration (2010–2015).

Commenting on governance in Trinidad and Tobago, Spence (2012) referred to an anomaly, and to the T&T constitution to illustrate that "Within recent years the demarcation between the responsibilities of ministers and permanent secretaries has become blurred." He referred to the anomaly of government ministers visiting locations to address problems which should be under the purview of the permanent secretaries. According to the Constitution, Spence adds, Cabinet has "general control and direction over the government of Trinidad and Tobago and shall therefore be accountable to Parliament" (Sec 75: 01) and where any minister "has been assigned to any department of government. He shall exercise general direction and control over that department; and, subject to such direction and control the department shall be under the supervision of a permanent secretary whose office shall be a public office." This perceived blurring may well be related to matters of government communication in an era of emerging governance reform objectives and a desire for the government to be seen as responding to the needs of citizens.

To increase governance and foster public participation and representation, the UNDP embarked on a series of projects aimed "at improving participation in the democratic process, especially among under-represented or marginalized groups; improving the accountability of democratic institutions to the people who they represent; and a general fostering of the universally accepted principles of democratic governance, namely anti-corruption, women's

empowerment, equal opportunities, and human rights." As an example the UNDP reported on a "project undertaken to improve the local government system in Trinidad and Tobago, aimed at empowering local communities and encouraging local economic development. This project involved drafting new legislation and developing a decentralized system, that devolves to local communities, authority that was previously vested within the central government" (UNDP 2015b, 2016). This remains a work in progress.

## Government as Communicator

In the postindependence era, the role and mandate of government as communicator has evolved from various manifestations of the Government Broadcasting Unit (GBU) to the contemporary Government Information Services Limited (GISL). The GISL's structure and function have been under review during a period of national consultation and re-visioning.

The GISL offers media services using IT, social media, radio and television, and publication of an online and archived gazette to support public administration, governance, and development. GISL's website features main menu banner tabs for its Home, About Us, Media Services, Government, Publications ($n = 22$; e.g., tourism, energy, the nation's 50th anniversary, government's record in office, budget statements, proportional representation, agriculture, finance and investment, civil service transformation), News, GISL Corporate, and Contact Us and side links to the News Channel 4. It also documents the most recent postcabinet briefing by video, news.gov.tt, E-Gazette, and a calendar of events, TT Gazette archives, and links to the Office of the President, the Office of the Prime Minister, and ttconnect. There are Facebook and Twitter links. The media services include news feeds and online access to press releases, advisories, speeches, high resolution images, audio clips, and video clips.

## Corporate Governance

Corporate governance communication is an important aspect of the governance climate. This aspect of communication and governance is charged with monitoring, developing, and disseminating corporate governance principles. The UNDP (2012) adopted a definition of corporate social responsibility (CSR) as "the responsibility of enterprises for their impacts on society" (European Commission 2011). A UNDP report on Trinidad and Tobago, examining CSR among CEOs in 31 large businesses considered "the role of business within the framework of national development" and sought "to integrate issues of community development, environmental conservation, human rights, working, industrial relations, consumer interest and corporate governance into its definition of corporate responsibility thereby roughly reflecting the principles of the U.N. Global Compact" (UNDP 2012, p. 13).

The report noted, "Among the elements that strategic planning frameworks for CSR would traditionally entail are non-profit partnerships, sponsorships and financial donations, reporting requirements, corporate governance, community investment and employee engagement. This result does not suggest much improvement over the past few years in terms of a stronger alignment of core business processes with CSR activities" (p. 23) and concluded "The relatively weak state of CSR reporting in Trinidad and Tobago with only half of all CEOs interviewed confirming any kind of disclosure means that the corporate governance remains a significant challenge in the country's boardrooms" (p. 25). A similar finding revealed, "the overall level of disclosure remains low compared to other emerging markets" (Syntegra 2011, p. 5), and one deputy CEO observed,

> Maybe ten years ago nobody was really interested in who your directors were, what exactly their level of qualification was. Now what you find happening is that when they come to do due diligence on you, the corporate governance aspects of your business such as how is the organisation run, what kind of board you have in place, what kind of procedures you have, whether you have a code of ethics, how is it rolled out to your staff, how much ethics training do you do… all those things are now huge and organisations are being forced into doing them. In Trinidad and Tobago there is a real need to drive proper governance in both government and corporate life. But people have to connect the dots. You have to go to them and tell them why it is important. And government could be the driver behind

> bringing in the resources to do that kind of training because it is very expensive. We do corporate governance training for our board where we use an external facilitator and it's costly. But if government started through the state sector first where the companies are huge, that would change the dynamics. (UNDP 2012, p. 32)

At present there is one organization that advertizes itself as the "only non-profit professional membership organization in the Caribbean, serving Directors, Investors, and Corporate Governance stakeholders" (CCGI 2016). Corporate governance is increasingly being regarded as significant, particularly since the 2008 global financial crisis and there is considerable room for improvement. A need for better synergy between government governance and corporate governance has been observed, and better efforts to improve understanding through communication strategies are recommended.

## Civil Society

Civil society refers to "the multitude of associations around which society voluntarily organizes itself and which represent a wide range of interests and ties. These can include community-based organisations, indigenous peoples' organisations and non-government organisations" (OECD 2007). It is the "third sector," along with government and business or the market (UN 2016; BBC 2001). As noted in a BBC (2001) report, "next to the state and the market, advisors to the US Government have suggested that it is 'the ultimate third way' of governing a society." It is framed as "a public space between the state, the market and the ordinary household, in which people can debate and tackle action."

NGOS, CBOs, and FBOs contribute to good public administration and governance in the Caribbean. In Trinidad and Tobago, their main and potential contributions are in representing citizens' voices, and fostering engagement, critical dialogue, and participation, such as in consultations on the national budget, for example (Civil Society Meets Finance Minister 2010; Statement by Civil Society Organizations and Institutions 2015). These organizations are encouraged to join a Network "designed to disseminate information about social programmes and identify issues of poverty and vulnerability within communities in Trinidad and Tobago" to share information and access resources which can contribute to their communities and their members may access community services and information through the Network (Network of Civil Society Organizations 2016).

Key organizations include the Network of NGOS for the Advancement of Women who partner with government agencies such as the Ministry of Health and the Family Planning Association and government's social services and social development ministries and the Office of the Prime Minister for gender and women's affairs. According to a message on the establishment of the Civil Society Board from the Ministry of National Diversity and Social Integration in August 2014, "The Civil Society Board (CSB) is being formed to effectively communicate the opinions and views of the Civil Society" (TT NGO News 2016). Civil society expertise is well documented (Commonwealth of Nations 2016). The Federation of Independent Trade Unions and NGOs (FITUN) and the National Trade Union Center (NATUC) represent labor interests and actively monitor trade negotiations. The Inter-Religious Organization (IRO) is one prominent FBO among many. Environment TOBAGO and Friends and Fishermen of the Sea (FFOS) are notable environmental NGOs. Local NGOS, CBOs, and FBOs also partner with international NGOS such as Habitat for Humanity, the Red Cross and the Pan American Health Organization (PAHO), and the regional partner Caribbean Public Health Agency (CARPHA).

## The Press

The Press including print and broadcasting media also play a critical role in good public administration and governance in the Caribbean. In the case of Trinidad and Tobago, their main roles are in the framing and representation of conflict, accord, and dissent. The Press cover stories on elections, government and opposition policies and activities, energy, corruption and public funding and

spending, crime, and social, economic, commercial, and civil society interests (Steele 2016; Hosein 2016).

The Press serves as a watchdog in its critical role in exercising press freedom and meeting its advertised responsibility for the public interest in governance. Freedom House (2013) noted "Freedom of the press is enshrined in the constitution and is generally respected in practice. However, there were a number of cases in 2012 in which government officials intimidated critical journalists and media outlets." It remains under constant defense (Fraser 2013). In conjunction with provisions for press freedom, the passage of the Freedom of Information Act (FOIA) has been described as legislation "that can cause a revolution in our democracy, because people can actually monitor government and public authorities themselves" (Ramlogan 2006; FOIA 1999). It promises legislation to support accountability, increased participation, and equality of access to citizens.

## Summary and Conclusion

The critical role of communication in good public administration and governance is recognized. A better understanding of how communication fulfils its potential and actual roles is needed. A review of the mechanisms, influence, and strategic dimensions of communication demonstrates its pivotal role in achieving reform objectives and securing opinion, attitude, and behavior change. Good public administration and governance in the Caribbean was explored using Trinidad and Tobago as a case study. Similar in-depth work on other Caribbean territories across the complex, linguistic, cultural, social, and political communication continuum can contribute to a broad-based perspective focusing on the aspects of development communication that speak to the Caribbean as a region with governance communication needs, challenges, and possibilities that are distinct but related to Latin America and the rest of the world. The state, corporate, and civil society sectors contribute to the range of sources, messages, audience, and contextual factors of communication which can influence positive change. The active and engaged participation of the government and its institutions, the corporate sector and citizens, and the mediation of dialogue, debate, and monitoring through the traditional and newer channels of communication sponsored by the state, corporate and civil sectors, and The Press offer opportunities for defining and meeting the mutual obligations and responsibilities of good public administration and governance.

## Cross-References


- ▶ Accountability
- ▶ Effective Communication and Persuasion
- ▶ Leaders and Innovations in Public Organizations
- ▶ Political Communication


## References


Adolphsen M (2014) Communication strategies of governments and NGOs: engineering global discourse at high-level international summits. In: Summits in an age of global governance. Springer Fachmedien, Weisbaden, pp 17–25. https://doi.org/10.1007/978-3-658-05504-2_1

BBC (2001) What is civil society? http://www.bbc.co.uk/worldservice/people/highlights/010705_civil.shtml. Accessed 22 Sept 2016

Caribbean (2016) Governance for development [blog]. https://blogs.worldbank.org/governance/category/tags/caribbean. Accessed 17 Sept 2016

Caribbean Corporate Governance Institute (CCGI) (2016) https://caribbeangovernance.org/. Accessed 17 Sept 2016

Civil Society meets Finance Minister to discuss upcoming budget (2010) 14 July 2010. http://www.news.gov.tt/archive/index.php?news=4704. Accessed 22 Sept 2016

Civil Society Board (2016) Trinidad and Tobago NGO news. https://ttngonews.com/tag/civil-society-board-trinidad-tobago/. Accessed 22 Sept 2016

Commonwealth Governance (2016a) Governance institutions of Trinidad and Tobago. http://www.commonwealthgovernance.org/countries/americas/trinidad-and-tobago/governance-institutions/. Accessed 20 Sept 2016

Commonwealth Governance (2016b) Constitution. http://www.commonwealthgovernance.org/countries/americas/trinidad-and-tobago/constitution/. Accessed 20 Sept 2016

Commonwealth of Nations (2016) Find civil society expertise in Trinidad and Tobago. http://www.commonwealthofnations.org/sectors-trinidad_and_tobago/civil_society/. Accessed 22 Sept 2016

DCERN/Gamos (2008) Former Development Communications Evidence Research Network (DCERN) website, and email from Nigel Scott to The Communication Initiative on 12 Dec 2008. http://www.comminit.com/?q=democracy-governance/node/271091. Accessed 17 Sept 2016

Department for International Development (DfID) United Kingdom (2006) Eliminating world poverty: making governance work for the poor. Stationery Office, Norwich

Dunn HS, Minto-Coy I (2011) The communications industry in the Caribbean issues, challenges, and opportunities. Addressing international governance challenges: the Caribbean papers. https://www.cigionline.org/sites/default/files/caribbean_paper_9.pdf. Accessed 17 Sept 2016

European Commission (2011) Corporate social responsibility. http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf

FOIA (1999) The Freedom of Information Act. Trinidad and Tobago. http://www.foia.gov.tt/. Accessed 22 Sept 2016

Fraser M (2013) Defending press freedom. Express, 11 July. http://www.trinidadexpress.com/commentaries/Defending-press-freedom-215170621.html. Accessed 22 Sept 2016

Freedom House (2013) Freedom of the Press 2013. Trinidad and Tobago country report. https://freedomhouse.org/report/freedom-press/2013/trinidad-and-tobago. Accessed 22 Sept 2016

Gamos (2008) The role of communication in governance. http://omec.uab.cat/Documentos/mitjans_dem_gov/0163.pdf. Accessed 17 Sept 2016

Gamos (2016) Communication for development. http://www.ic4dev.org/. Accessed 20 Sept 2016

GoRTT (2005) ICT draft policy in education. http://planipolis.iiep.unesco.org/upload/Trinidad%20and%20Tobago/Trinidad%20and%20Tobago_ICT_policy.pdf. Accessed 17 Sept 2016

GoRTT (2016) ttconnect portal. http://www.ttconnect.gov.tt/gortt/portal/ttconnect/

Governance Institutions (2016) Trinidad and Tobago. http://www.commonwealthgovernance.org/countries/americas/trinidad-and-tobago/governance-institutions/. Accessed 17 Sept 2016

Haider H, Mcloughlin C, Scott Z (2011) Communication for governance. http://www.gsdrc.org/topic-guides/communication-and-governance/the-role-of-communication/. Accessed 17 Sept 2016

Hosein E (2016) Media expert blasts election coverage of Trinidad and Tobago newspapers. Express, 29 March. http://pridenews.ca/2016/03/29/media-expert-blasts-election-coverage-of-trinidad-and-tobago-newspapers/

International Bank for Reconstruction and Development/The World Bank (2007) Strengthening World Bank Group engagement on governance and anti-corruption. Main report. World Bank Group, Washington, DC. http://documents.worldbank.org/curated/en/426381468340863478/Main-Report. Accessed 22 Sept 2016

International Bank for Reconstruction and Development/The World Bank (2009) Communication for good governance. http://siteresources.worldbank.org/EXTGOVACC/Resources/Governanceweb.pdf. Accessed 17 Sept 2016

Local E-Governance in the Caribbean (2007) UWI DEC/Open campus. http://e-gov.dec.uwi.edu/index.html. Accessed 17 Sept 2016

Media and Governance in Latin America: Communication, Power and Society (2015) 25–26 June 2015. https://www.sheffield.ac.uk/polopoly_fs/1.431057!/file/Media-Governance-Latin-America-2015.pdf. Accessed 17 Sept 2016

Media and Governance in Latin America: Exploring the Role of Communication for Development (2014) The University of Sheffield, 13–14 May 2014. http://www.sheffield.ac.uk/journalism/events/latin-america-2013. Accessed 17 Sept 2016

Michalis M (2010) EU broadcasting governance and PSB: between a rock and a hard place. In: Iosifidis P (ed) Reinventing public service communication: European broadcasters and beyond. Palgrave Macmillan, Basingstoke, pp 36–48. https://doi.org/10.1057/9780230277113_17

Ministry of Planning and the Economy. GoRTT (2011a) Medium-Term Planning Framework 2011–2014. http://www.planning.gov.tt/sites/default/files/content/mediacentre/documents/Innovation_for_Lasting_Prosperity_web.pdf

Ministry of Planning and the Economy. GoRTT (2011b) National Development Agenda for Trinidad and Tobago. http://www.undp.org.tt/News/CPAP/pics/Ministry%20of%20Planning%20presentation.pdf. Accessed 17 Sept 2016

Morris JA (2013) Challenges for the Caribbean. Reforming internet governance: perspectives from WGIG. http://www.uwi.edu/ccfc/wp-content/uploads/2013/11/Challenges-for-the-Caribbean.pdf. Accessed 17 Sept 2016

Network of Civil Society Organizations (2016). http://www.ttconnect.gov.tt/gortt/portal/ttconnect/Network+of+Civil+Society+Organisations. Accessed 22 Sept 2016

Organization for Economic Co-operation and Development (OECD) (2007) Civil society. http://stats.oecd.org/glossary/detail.asp?ID=7231. Accessed 22 Sept 2016

Ramlogan A (2006) FOIA is the citizen's torchlight. Guardian, 15 January, p 29

Riley B, Nunes M (2004) Public sector reform. Trinidad and Tobago Country position paper. Commonwealth regional seminar on integrated performance management systems in the public sector for the Caribbean region. http://unpan1.un.org/intradoc/groups/public/documents/caricad/unpan017179.pdf. Accessed 17 Sept 2016

Rowley K (2016) Welcome to Trinidad and Tobago. http://www.commonwealthgovernance.org/countries/americas/trinidad-and-tobago/. Accessed 17 Sept 2016

Spence J (2012) Governance in T&T. Express, 12 December. http://www.trinidadexpress.com/commentaries/Governance_in_T_T-183280701.html

Statement by Civil Society Organizations and Institutions (2015) Appropriation bill, 16 October 2015. https://www.facebook.com/TTNGONews/posts/726574920780207. Accessed 22 Sept 2016

Steele GA (2016) Environmental conflict and media coverage of an oil spill in Trinidad. Negot Confl Manag Res 9(1):60–80. https://doi.org/10.1111/ncmr.12068

Syntegra (2011) A case study by Syntegra Change Architects of Trinidad and Tobago. Paper presented to the United Nations Conference on Trade and Development, Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, produced under the overall direction of Dr Axel Kravatzky. http://unctad.org/sections/wcmu/docs/ciiisar_28th_KravatzkyPaper_en.pdf. Accessed 17 Sept 2016

Trappel J (2010) Squeezed and uneasy: PSM in small states – limited media governance options in Austria and Switzerland. In: Iosifidis P (ed) Reinventing public service communication. Palgrave Macmillan, Basingstoke, pp 209–221. https://doi.org/10.1057/9780230277113_17

UN (2016) Civil society. http://www.un.org/en/sections/resources/civil-society/index.html. Accessed 22 Sept 2016

UNDP (2012) UNDP report on boardroom view of corporate social responsibility. http://www.undp.org/content/dam/trinidad_tobago/docs/DemocraticGovernance/UNDP_TT_%20Report_on_Boardroom%20View_of_CSR.pdf. Accessed 17 Sept 2016

UNDP (2015a) 2030 Agenda for sustainable development. http://www.tt.undp.org/content/trinidad_tobago/en/home/post-2015/sdg-overview.html. Accessed 17 Sept 2016

UNDP (2015b) Democratic governance. In-depth Trinidad and Tobago. http://www.tt.undp.org/content/trinidad_tobago/en/home/ourwork/democraticgovernance/in_depth.html. Accessed 17 Sept 2016

UNDP (2016) Democratic governance. http://www.tt.undp.org/content/trinidad_tobago/en/home/library/democratic_governance.html?rightpar_publicationlisting_start=5. Accessed 17 Sept 2016

UNDP (n.d.) Developing a communication strategy. UNDP Global Programme on Democratic Governance Assessments. http://www.gaportal.org/how-to/communicate-indicators/developing-a-communication-strategy. Accessed 17 Sept 2016

Weiss TG (2008) What's wrong with the United Nations and how to fix it. Polity Press, Cambridge, MA

# Communication Management of COVID-19 in Nigeria

Raphael Abumchukwu Ekwunife[1], Divine Favour Robinson[1], Ikechukwu Ogeze Ukeje[2] and Kalu Ojiaku[1]

[1]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria

[2]Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Abakaliki, Nigeria

## Synonyms

Communication directives; Information dissemination; Moral necessity; Severe acute respiratory syndrome; Social investment program; Viral infection

## Definitions

| | |
|---|---|
| Communication management | The systematic planning, implementing, monitoring, and revision of all the channels of communication. |
| Corona virus disease-19 | A disease caused by corona virus, leads to respiratory illness while damaging the human immune system, transmitted through droplets of an infected person into another person's eyes, nose, or mouth and highly fatal in nature. |
| Ethical imperative | A belief or principle which is perceived as extremely morally necessary. |
| Palliative | An approach that improves the quality of life of individual facing problems associated with life-threatening illness. |

| | |
|---|---|
| Social distancing | A precautionary measure of maintaining at least 1 m distance from every person in a bid to stop the spread of COVID-19. |
| Misinformation | The propagation of false or unverified information through communication channels. |
| Lockdown | A total closure of all economic, social activities to ensure people stay indoors in order to curtail the spread of COVID-19. |

## Introduction

At present, COVID-19 is probably the most popular issue featured by the media all around the world. In journalism term, it has become a "sacred cow" – a news story which every editor would allow to pass through the gate for audience consumption. Keeping in mind that misinformation travels faster than accurate information (Veles 2016; Oberiri 2016), fake news about this virus is rapidly spreading around the world. There are incomplete pieces of information, rumors, and misconceptions about COVID-19 in the public space and people are at the risk of taking actions based on misinformation (BBC 2020). There is also a cloud of uncertainty around this epidemic arousing fear and panic worldwide. On this premise, the need for ethical consideration in information and communication management that is COVID-19 related is imperative as communication devoid of ethics has a far reaching implication on the society (Nwodu 2006). The dangers of fake news about COVID-19 can also be as fatal as the disease itself, taking into cognizance the reports of deaths and hospitalized persons in Nigeria triggered by a hoax about the Ebola virus disease where gullible citizens were misinformed to drink and bathe salt water in order to prevent the spread of the virus in 2014. Today, the platforms used to share COVID-19 misinformation vary across in Nigeria. The social media with its advantage of speed, wide reach, and content sharing is more prominent. Facebook, WhatsApp, Twitter, and Instagram stand visible in this respect. In the view of Oberiri (2016), these media are characterized with the absence of editors (gatekeepers) in the news and information disseminated by citizen journalists. This has led to information overload which is a strain to many. There is absence of media literacy which is a factor that makes the practice incompetent with unethical dispositions.

Traditional media (radio and television) also play harmful roles in the spread of "the fake news virus, not giving heed to journalism ethics. There is a cross-posting across all platforms. WhatsApp and Facebook in particular, are common channels in carrying out misinformation, as they allow for the circulation of different types of media; voice notes, videos, text messages, and links to other platforms. More importantly, social media beat bureaucracy and checkpoints which dispose them as purveyors of fake news and misinformation since they bypass the gatekeeping process that makes journalism an ethical and distinct practice (Ekwunife et al. 2020b).

Social media "activists" and "influencers" use their social media platforms to spread misinformation and propagate conspiracy theories to the extent of promoting the denial of COVID-19. A voice note emerged on WhatsApp on the 23rd of March, 2020, of an alleged World Health Organization expert who claimed to have taken a unique course on COVID-19. In the audio, he predicted that at least 45 million Nigerians would die during the pandemic. The audio provoked so much attention and elicited huge traffic that the Nigeria Center for Disease Control (NCDC) issued a statement rebutting his claims. Even if the purported statement was verified, professional communicators would have a way of releasing same, if necessary to pass the information to consumers with minimal tension. That is ethics. Utilitarianism as an ethical principle would consider the impact of a piece of information on the greater number of the people (Udeze 2012; Okunna 1998). Misinformation has been

spreading throughout the continent of Africa too. It could be recalled that a Kenyan blogger on twitter and many others on social media shared a video with the caption "Kenyan couple exchanging blows with a Chinese couple in the streets of Wuhan. . .It's survival for the fittest." The fact is that the video was aimed at misinforming the public, trying to spark racial and xenophobic attacks on the Chinese. It was later discovered that the video was taken in New York and had no relation to COVID-19. In many instances, social media pick events from different scenes and superimpose them on other burning issues in order to cause tension, generate traffic, and elicit inflaming comments (Ekwunife et al. 2020c). Some sites and bloggers thrive in this unethical practice with the motive to make money since fake news sell faster (Darnton 2017).

Trust also plays a massive role in whether messages are believed. Content is more likely to resonate when it comes from religious heads, friends, family, other trusted authority figures, or power brokers. Okunna and Omenugha (2012) examine this under social-categories theory of media effect. Indeed, some significant orders play key roles on the credibility of media messages. The US president, Donald Trump's comment about the "very, very encouraging early results of chloroquine to treat corona virus" tends to be more widespread and believed than the subsequent clarification and dismissal offered by the US Food and Drug Administration. The credibility of the information was, in part, linked to the fact that it came from President Trump. In fact, health officials in Lagos reported three cases of individuals being hospitalized due to an overdose of the drug (Stephanie and Bukola 2020). Recall that governor of Cross Rivers state, Nigeria, Professor Ben Ayade reportedly noted that there is no need for social distancing as face mask alone protects persons from the virus. He explained that as a professor of science, he understands the nature of the virus and how the human body naturally fights against it; but this stance seems not ethically imperative in the management of COVID-19 as it goes in contrast with the advice given by the Nigeria Center for Disease Control and the World Health Organization on the need for all to observe social distancing as an effective way of curtailing the spread of COVID-19. Also, the governor of Kenya's capital, Nairobi, has been criticized for supposedly making misleading remarks about alcohol and the corona virus. Governor Mike Sonko had said that he was including bottles of Hennessy cognac in food supplies for vulnerable people in the city, saying it would serve as a "throat sanitizer." He added that "From the research which has been conducted by World Health Organization and various health organizations, it has been revealed that alcohol plays a very major role in killing the corona virus, or any sort of virus." This is complete misinformation which tends to misinterpret the World Health Organization's advice on the virus that drinking alcohol does not protect you against the corona virus, but it does refer to the efficacy of alcohol-based gel in washing the hands. In fact, the World Health Organization stated that alcohol consumption "is likely to increase the health risks if a person becomes infected with the virus." It is surprising to note that trusted figures and significant orders could easily be carriers of misinformation regarding COVID-19. Although educated are government officials, they may lack any background in medicine or public health which makes it very unethical for such persons to speak on such issues as authorities.

With the danger of misleading the public through misinformation about COVID-19, the entry for this study sets out to examine the absence of ethics in the communication management of COVID-19 and its attending implications in Nigeria.

## Origins

There is yet no clear history of COVID-19, hence, the origin remains debatable. There has been some sort of misinformation about the origin of COVID-19 carried by the TV Asahi Corporation of Japan, sparking rumors that the virus might have originated from the USA. The report purports that the virus was imported to Wuhan at the Military World Games held in October 2019 by the US delegates, adding that the

14,000 Americans who died of influenza might have unknowingly contracted the corona virus while the US government failed to grasp how far the virus had spread in US soil. This report sparked lots of propaganda in the Chinese cyber space.

Separating facts from speculations, the first cases were identified in Wuhan, China. In the earliest case, the patient became ill on the 1st of December 2019, and had no reported link to the Huanan seafood market (The Lancet). Official statements by the Chinese government to the World Health Organization reported that the first confirmed case had been diagnosed on the 8th of December 2019. On the 26th of December 2019, Zhang Jixian, a doctor in the Hubei provincial hospital treated and observed a pneumonia cluster of unknown cause from a patient admitted into his hospital and reported to the Wuhan Jianghan Center for Disease Control on the 27th of December 2019. On 30th of December 2019, a group of doctors at Wuhan Central Hospital alerted their colleagues of a "SARS-like corona virus" causing pneumonia, and on the 31st of December 2019, the Wuhan Municipal Health Commission released a public notice on the findings from the doctors and informed the World Health Organization.

Further test results showed on 2nd of January 2020 that 41 of the patients in Wuhan hospitals had been "laboratory-confirmed" as infected with the corona virus and two-thirds of those infected had been exposed to the Huanan Seafood Wholesale Market in Hubei province (Robert 2020), meaning that 13 patients diagnosed had no link to the Huanan Seafood Wholesale Market (The Lancet) Live animals are sold in the market and this points to the fact that COVID-19 can be traced to zoonosis – disease caused by animals. When doctors began exchanging urgent warnings notifying themselves of a new severe acute respiratory syndrome–like virus, local authorities in Wuhan detained eight of these doctors and made them to sign documents admitting wrong doing, including ophthalmologist Li Wenliang who later died of the disease. In the early stages of the spread, it was believed that the virus could only spread from animal to human and not human to human as later discovered by scientists in China, but it was too late as a lunar new year banquet held in Wuhan on the 18th of January 2020 was attended by over 130,000 persons from over 40,000 families. This large gathering in Wuhan, a transport hub and a major rail interchange further escalated the spread of the virus to other provinces in China (Chaolin 2020).

On 13th of January 2020, the Ministry of Public Health in Thailand recorded its first case imported from Wuhan, China. On 16th of January 2020, the Ministry of Health, Labor, and Welfare in Japan recorded its first case imported from Wuhan, China. On the 20th of January 2020, the first case of COVID-19 was recorded in South Korea. On 23rd of January 2020, USA and Singapore recorded first cases of COVID-19. On 24th of January 2020, Vietnam recorded its first case of COVID-19 without a travel history from China, while his family member was the one with a travel history to China. This became the first incidence of a human to human transmission of COVID-19. On the 26th of January 2020, Malaysia, France, Australia, and Nepal all recorded first cases of COVID-19. On the 27th of January 2020, Canada recorded its first case of COVID-19 while on the 28th of January 2020, Germany, Cambodia, and Sri Lanka all recorded first cases of COVID-19. On the 29th of January 2020, the United Arab Emirates recorded its first case of COVID-19 while on the 30th of January 2020, India, Philippines, and Finland all recorded first cases of COVID-19. Italy recorded its first case of COVID-19 on the 31st of January 2020. On the 1st of February 2020, Russia, Spain, Sweden, and the UK all recorded first cases of COVID-19. On the 5th of February 2020, Belgium recorded its first case of COVID-19. On the 15th of February 2020, Egypt recorded its first case of COVID-19, being the first case confirmed on African soil. On the 20th of February 2020, Iran recorded its first case of COVID-19 while on the 22nd of February 2020, Israel and Lebanon recorded first cases of COVID-19. On the 24th of February 2020, Kuwait recorded its first case of COVID-19. On the 25th of February 2020, Bahrain, Oman, Iraq, and Afghanistan all recorded first cases of

COVID-19. On the 26th of February 2020, Switzerland, Austria, Algeria, and Croatia all recorded first cases of COVID-19. On the 27th of February 2020, Brazil, Pakistan, Romania, Denmark, Norway, Greece, Estonia, Georgia, North Macedonia, and Nigeria all recorded first cases of COVID-19. On the 28th of February 2020, Netherlands, Belarus, Lithuania, and New Zealand all recorded first cases of COVID-19. On the 29th of February 2020, Mexico and San Marino recorded first cases of COVID-19. On the 1st of March 2020, Ireland, Ecuador, Qatar, Azerbaijan, and Monaco all recorded first cases of COVID-19. On the 2nd of March 2020, Indonesia, Czech, Dominican Republic, Luxembourg, Iceland, and Armenia all recorded first cases of COVID-19. On the 3rd of March 2020, Portugal, Saudi Arabia, Morocco, Tunisia, Latvia, Andorra, Senegal, and Jordan all recorded first cases of COVID-19. On the 4th of March 2020, Chile, Poland, Ukraine, Argentina, and Liechtenstein all recorded first cases of COVID-19. On the 5th of March 2020, Hungary, Bosnia and Herzegovina, Slovenia, Palestine, Gibraltar, Saint Martin, and Saint Barthelemy all recorded first cases of COVID-19. On the 6th of March, Serbia, South Africa, Cameroon, and Bhutan all recorded first cases of COVID-19. On the 7th of March 2020, Peru, Colombia, Slovakia, Togo, and the Vatican City all recorded first cases of COVID-19. On the 8th of March, Moldova, Bulgaria, Costa Rica, Malta, Faroe Islands, Martinique, French Guiana, and Maldives all recorded first cases of COVID-19. On the 9th of March 2020, Bangladesh, Albania, and Paraguay all recorded first cases of COVID-19. On the 10th of March 2020, Panama, Cyprus, Guernsey, Brunei, and Mongolia all recorded first cases of COVID-19. On the 11th of March 2020, Bolivia, Burkina Faso, Democratic Republic of Congo, and Jamaica all recorded first cases of COVID-19. On the 12th of March 2020, Turkey, Cote d'Ivoire, Honduras, and French Polynesia all recorded first cases of COVID-19. On the 13th of March 2020, Cuba, Kosovo, Reunion, Jersey, Guyana, and Saint Vincent and the Grenadines all recorded first cases of COVID-19. On the 14th of March 2020, Puerto Rico, Ghana, Guinea, Kenya, Venezuela, Gabon, Sudan, Guadeloupe, Ethiopia, Trinidad and Tobago, Cayman Islands, and Antigua and Barbuda all recorded first cases of COVID-19. On the 15th of March 2020, Kazakhstan, Mayotte, Guatemala, Congo, Equatorial Guinea, Eswatini, Namibia, Central African Republic, Caracao, and Mauritania all recorded first cases of COVID-19. On the 16th of March 2020, Uzbekistan, Uruguay, Rwanda, Saint Lucia, Seychelles, and Suriname all recorded first cases of COVID-19. On the 17th of March 2020, Somalia, Tanzania, Guam, Liberia, Aruba, Bahamas, Benin, and US Virgin Islands all recorded first cases of COVID-19. On the 18th of March 2020, Montenegro and Greenland recorded first cases of COVID-19. On the 19th of March 2020, Djibouti, Kyrgyzstan, Mauritius, Bermuda, Barbados, Zambia, Sint Maarten, Montserrat, and Gambia all recorded first cases of COVID-19. On the 20th of March 2020, Niger, El Salvador, Chad, Fiji, New Caledonia, and Nicaragua all recorded first cases of COVID-19. On the 21st of March 2020, Isle of Man, Cabo Verde, Haiti, Zimbabwe, Timor-Leste, and Papua New Guinea all recorded first cases of COVID-19. On the 22nd of March 2020, Madagascar, Uganda, Eritrea, Angola, and Syria all recorded first cases of COVID-19. On the 23rd of March 2020, Mozambique and Grenada recorded first cases of COVID-19. On the 24th of March 2020, Myanmar, Belize, Dominica, and Turks and Caicos all recorded first cases of COVID-19. On the 25th of March 2020, Libya and Laos all recorded first cases of COVID-19. On the 26th of March, Mali, Guinea-Bissau, and Saint Kitts and Nevis all recorded first cases of COVID-19. On the 27th of March 2020, British Virgin Islands and Anguilla recorded first cases of COVID-19. On the 29th of March 2020, Northern Mariana Islands recorded its first case of COVID-19. On the 1st of April 2020, Sierra Leone, Botswana, and Burundi all recorded first cases of COVID-19. On the 3rd of April 2020, Malawi recorded its first case of COVID-19. On the 4th of April 2020, Caribbean Netherlands recorded its first case of COVID-19. On the 5th of April 2020, Falkland Islands recorded its first case of COVID-19. On the 6th of April 2020, South Sudan

recorded its first case of COVID-19. On the 7th of April 2020, São Tomé and Príncipe recorded its first case of COVID-19. On the 8th of April 2020, Saint Pierre and Miquelon recorded its first case of COVID-19 and on the 11th of April 2020, Yemen recorded its first case of COVID-19 being the last country to record a first case till date.

COVID-19 which started in the city of Wuhan has gone out and spread throughout 225 countries of the world, affecting every continent of the world excluding Antarctica. On the 26th of March 2020, the USA overtook China and Italy with the highest number of confirmed cases in the world. Global COVID-19 death has now surpassed the 200,000 mark.

Below in Table 1 are statistics on the number of reported cases, recoveries, and the number of deaths recorded across the world.

## COVID-19, Nigeria Experience and Crisis Management

On the 31st of January 2020, the World Health Organization listed Nigeria among other 13 African countries identified as high risk for the spread of the virus and on the 27th of February 2020, the first case of COVID-19 was recorded in Nigeria. The carrier was an Italian citizen diagnosed in Lagos State. On the 9th of March 2020, Nigeria recorded its second case from Ogun State, a Nigerian who had close contact with the Italian citizen; who later also recovered from the disease on the 13th of March. On the 23rd of March 2020, Nigeria recorded its first death to COVID-19, a 67-year-old Suleiman Achimugu, an engineer and former managing director of Pipelines and Products Marketing Company who returned from the UK with underlying health conditions. Since then, Nigeria has gone ahead to record over 20,000 cases, with over 7000 recoveries, recording over 500 deaths. The virus has almost spread throughout the federation with Lagos State having the highest number of confirmed and active cases. Below in Table 2 are statistics representing the extent of the spread in Nigeria according to Corona Virus Pandemic in Nigeria (2020).

Nigerian government has enacted social distancing strategies and putting in place lockdown orders, encouraging personal hygiene in a bid to curtail the further spread of the virus. The Nigeria Center for Disease Control (NCDC), Nigeria's leading national public health institute, has been at the forefront of the COVID-19 pandemic, collating numbers and responding to suspected cases of the virus. Isolation centers have been put in place in Lagos, Abuja, Osun, Ebonyi, and Kano States, with more being built and some ready to be commissioned to give special treatments to COVID-19 patients across the country.

In every sphere of life in Nigeria, COVID-19 has created an atmosphere of crisis even as the World Health Organization has declared it a pandemic, with a pandemic comes crisis and so the need for crisis management. As COVID-19 is affecting economies around the world, Nigeria is struggling to adjust to this new situation and develop a strategy to prevent damages which COVID-19 poses. Damages here refer to both the safety and the productivity of the entire Nation.

Social distancing, lockdown orders, and the stay-at-home directives are all ways to curb the spread of this deadly disease which has already had a grave effect on the livelihood of most Nigerians, particularly those who live by the daily bread as commercial activities have been limited, food prices have gone so high, the economy is getting paralyzed as 96% of Nigeria's businesses, which comprise 37 million small and medium enterprises (SMEs), are all handicapped (Corona Virus Pandemic in Nigeria 2020). The decline in oil price is of great disadvantage to Nigeria as sale from petroleum is a major source of income for the country. This has prompted the revision of the Nigeria budget as the money coming in can no longer sustain the country. The senate recently approved additional N850 billion to finance the 2020 Nigeria budget. There have also been cases of police brutality in enforcing the stay-at-home directives by the Nigeria government. According to several media reports, such as Channels Television, Africa Independent Television and a host of them on social media (particularly Facebook), brutality and violence

**Communication Management of COVID-19 in Nigeria, Table 1** 2019–20 COVID-19 pandemic by country and territory as at 29th of April 2020

**2019–20 COVID-19 pandemic by country and territory as at 29th of April 2020**

| Countries and territories | Cases | Deaths | Recoveries |
|---|---|---|---|
| USA | 1,034,588 | 58,955 | 118,103 |
| Spain | 210,773 | 23,822 | 102,548 |
| Italy | 201,505 | 27,359 | 68,941 |
| UK | 161,145 | 21,678 | — |
| Germany | 159,912 | 6,314 | 110,041 |
| France | 129,859 | 23,660 | 46,886 |
| Turkey | 114,653 | 2,992 | 38,809 |
| Russia | 93,558 | 867 | 8,456 |
| Iran | 92,584 | 5,877 | 72,439 |
| China | 82,858 | 4,633 | 77,578 |
| Brazil | 73,166 | 5,083 | 31,142 |
| Canada | 50,026 | 2,859 | 19,231 |
| Belgium | 47,334 | 7,331 | 10,943 |
| Netherlands | 38,416 | 4,566 | — |
| Peru | 31,190 | 854 | 9,179 |
| India | 29,974 | 937 | 7,027 |
| Switzerland | 29,264 | 1,380 | 22,200 |
| Portugal | 24,322 | 948 | 1,389 |
| Ecuador | 24,258 | 871 | 1,557 |
| Saudi Arabia | 20,077 | 152 | 2,784 |
| Ireland | 19,877 | 1,159 | 9,233 |
| Sweden | 19,621 | 2,355 | 1,005 |
| Israel | 15,728 | 210 | 7,746 |
| Mexico | 15,529 | 1,434 | 2,627 |
| Austria | 15,314 | 569 | 12,580 |
| Singapore | 14,951 | 14 | 1,128 |
| Pakistan | 14,612 | 312 | 3,233 |
| Chile | 14,365 | 207 | 7,710 |
| Japan | 13,895 | 413 | 3,187 |
| Poland | 12,218 | 596 | 2,655 |
| Belarus | 12,208 | 79 | 1,993 |
| Qatar | 11,921 | 10 | 1,134 |
| Romania | 11,616 | 650 | 3,404 |
| United Arab Emirates | 11,380 | 89 | 2,181 |
| South Korea | 10,761 | 246 | 8,922 |
| Indonesia | 9,511 | 773 | 1,254 |

(continued)

**Communication Management of COVID-19 in Nigeria, Table 1** (continued)

| | | | |
|---|---|---|---|
| Ukraine | 9,410 | 239 | 992 |
| Denmark | 8,851 | 434 | 6,121 |
| Serbia | 8,497 | 168 | 1,260 |
| Philippines | 7,958 | 530 | 975 |
| Norway | 7,660 | 206 | — |
| Czech Republic | 7,504 | 227 | 2,948 |
| Australia | 6,738 | 88 | 5,649 |
| Bangladesh | 6,462 | 155 | 139 |
| Dominican Republic | 6,416 | 286 | 1,165 |
| Panama | 6,200 | 176 | 484 |
| Colombia | 5,949 | 269 | 1,268 |
| Malaysia | 5,851 | 100 | 4,032 |
| Egypt | 5,042 | 359 | 1,304 |
| South Africa | 4,996 | 93 | 2,073 |
| Finland | 4,740 | 199 | 2,800 |
| Morocco | 4,252 | 165 | 778 |
| Argentina | 4,114 | 207 | 1,151 |
| Luxembourg | 3,741 | 89 | 3,123 |
| Algeria | 3,649 | 437 | 1,651 |
| Moldova | 3,638 | 104 | 975 |
| Kuwait | 3,440 | 23 | 1,176 |
| Kazakhstan | 3,027 | 25 | 774 |
| Thailand | 2,938 | 54 | 2,652 |
| Bahrain | 2,811 | 8 | 1,310 |
| Hungary | 2,649 | 291 | 516 |
| Greece | 2,566 | 138 | 577 |
| Oman | 2,131 | 10 | 364 |
| Croatia | 2,047 | 63 | 1,232 |
| Uzbekistan | 1,939 | 8 | 958 |
| Iraq | 1,928 | 90 | 1,319 |
| Armenia | 1,867 | 30 | 866 |
| Afghanistan | 1,828 | 58 | 228 |
| Iceland | 1,795 | 10 | 1,636 |
| Azerbaijan | 1,717 | 22 | 1,221 |
| Cameroon | 1,705 | 58 | 805 |
| Ghana | 1,671 | 16 | 188 |
| Estonia | 1,660 | 50 | 240 |
| Bosnia and Herzegovina | 1,585 | 63 | 682 |
| Nigeria | 1,532 | 44 | 255 |
| Cuba | 1,437 | 58 | 575 |
| North Macedonia | 1,421 | 71 | 589 |

(continued)

C

**Communication Management of COVID-19 in Nigeria, Table 1** (continued)

| | | | | |
|---|---|---|---|---|
| | Slovenia | 1,408 | 86 | 223 |
| | Puerto Rico | 1,400 | 86 | — |
| | Bulgaria | 1,399 | 58 | 222 |
| | Slovakia | 1,384 | 20 | 423 |
| | Lithuania | 1,344 | 44 | 536 |
| | Guinea | 1,240 | 7 | 269 |
| | Ivory Coast | 1,183 | 14 | 525 |
| | New Zealand | 1,126 | 19 | 1,229 |
| | Djibouti | 1,072 | 2 | 498 |
| | Hong Kong | 1,038 | 4 | 811 |
| | Bolivia | 1,014 | 53 | 98 |
| | Tunisia | 975 | 40 | 279 |
| | Cyprus | 837 | 15 | 148 |
| | Latvia | 836 | 13 | 267 |
| | Senegal | 823 | 9 | 296 |
| | Kosovo | 790 | 22 | 232 |
| | Albania | 750 | 30 | 431 |
| | Andorra | 743 | 41 | 398 |
| | Lebanon | 717 | 24 | 145 |
| | Niger | 709 | 31 | 403 |
| | Kyrgyzstan | 708 | 8 | 416 |
| | Costa Rica | 705 | 6 | 306 |
| | Honduras | 702 | 64 | 73 |
| | Burkina Faso | 638 | 42 | 476 |
| | Uruguay | 620 | 15 | 386 |
| | Sri Lanka | 619 | 7 | 134 |
| | San Marino | 553 | 41 | 64 |
| | Guatemala | 530 | 15 | 49 |
| | Somalia | 528 | 28 | 19 |
| | Georgia | 511 | 6 | 168 |
| | Palestine | 501 | 2 | 71 |
| | DR Congo | 471 | 30 | 56 |
| | Malta | 458 | 4 | 303 |
| | Jordan | 449 | 8 | 348 |
| | Taiwan | 429 | 6 | 307 |
| | Mali | 424 | 24 | 122 |
| | Kenya | 374 | 14 | 124 |
| | Jamaica | 364 | 7 | 29 |
| | El Salvador | 345 | 8 | 97 |
| | Mauritius | 332 | 10 | 303 |
| | Venezuela | 329 | 10 | 142 |
| | Montenegro | 321 | 7 | 189 |
| | Sudan | 318 | 25 | 31 |
| | Equatorial Guinea | 315 | 1 | 9 |

(continued)

**Communication Management of COVID-19 in Nigeria, Table 1** (continued)

| | | | | |
|---|---|---|---|---|
| | Isle of Man | 309 | 21 | 252 |
| | Tanzania | 299 | 10 | 48 |
| | Jersey | 284 | 20 | 185 |
| | Vietnam | 270 | 0 | 222 |
| | Maldives | 250 | 0 | 17 |
| | Guernsey | 247 | 13 | 191 |
| | Gabon | 238 | 3 | 53 |
| | Paraguay | 230 | 9 | 95 |
| | Rwanda | 212 | 0 | 95 |
| | Congo | 207 | 8 | 19 |
| | Faroe Islands | 187 | 0 | 181 |
| | Myanmar | 149 | 5 | 16 |
| | Gibraltar | 141 | 0 | 131 |
| | Liberia | 141 | 16 | 45 |
| | Guam | 141 | 5 | 128 |
| | Brunei | 138 | 1 | 124 |
| | Madagascar | 128 | 0 | 71 |
| | Ethiopia | 126 | 3 | 50 |
| | Cambodia | 122 | 0 | 119 |
| | Trinidad and Tobago | 116 | 8 | 59 |
| | Cape Verde | 113 | 1 | 2 |
| | Bermuda | 110 | 6 | 44 |
| | Northern Cyprus | 108 | 3 | 52 |
| | Sierra Leone | 104 | 4 | 12 |
| | Aruba | 100 | 2 | 73 |
| | Togo | 99 | 6 | 63 |
| | Monaco | 95 | 4 | 50 |
| | Zambia | 95 | 3 | 42 |
| | Liechtenstein | 82 | 1 | 55 |
| | Bahamas | 80 | 11 | 23 |
| | Barbados | 80 | 6 | 39 |
| | Uganda | 79 | 0 | 52 |
| | Haiti | 76 | 6 | 8 |
| | Mozambique | 76 | 0 | 9 |
| | Sint Maarten | 75 | 13 | 33 |
| | Guyana | 74 | 8 | 12 |
| | Guinea-Bissau | 73 | 1 | 18 |
| | Eswatini | 71 | 1 | 10 |
| | Cayman Islands | 70 | 1 | 10 |
| | Donetsk PR | 67 | 1 | 2 |
| | Benin | 64 | 1 | 33 |
| | Libya | 61 | 2 | 18 |

(continued)

C

**Communication Management of COVID-19 in Nigeria, Table 1** (continued)

| | | | |
|---|---|---|---|
| French Polynesia | 57 | 0 | 43 |
| U.S. Virgin Islands | 57 | 4 | 51 |
| Nepal | 54 | 0 | 16 |
| Chad | 52 | 2 | 19 |
| Central African Republic | 50 | 0 | 10 |
| Luhansk PR | 48 | 0 | 7 |
| Macau | 45 | 0 | 33 |
| Syria | 43 | 3 | 21 |
| Eritrea | 39 | 0 | 19 |
| Mongolia | 38 | 0 | 9 |
| Malawi | 36 | 3 | 5 |
| South Sudan | 34 | 0 | 0 |
| Zimbabwe | 32 | 4 | 5 |
| Angola | 27 | 2 | 6 |
| East Timor | 24 | 0 | 2 |
| Antigua and Barbuda | 23 | 3 | 3 |
| Botswana | 23 | 1 | 0 |
| Laos | 19 | 0 | 4 |
| Belize | 18 | 2 | 5 |
| Fiji | 18 | 0 | 12 |
| Grenada | 18 | 0 | 7 |
| New Caledonia | 18 | 0 | 17 |
| Curaçao | 16 | 1 | 12 |
| Dominica | 16 | 0 | 13 |
| Namibia | 16 | 0 | 8 |
| Saint Kitts and Nevis | 15 | 0 | 2 |
| Saint Lucia | 15 | 0 | 15 |
| Saint Vincent | 15 | 0 | 5 |
| Northern Mariana Islands | 14 | 2 | 11 |
| Falkland Islands | 13 | 0 | 11 |
| Nicaragua | 13 | 3 | 7 |
| Turks and Caicos Islands | 12 | 1 | 5 |
| Åland Islands | 11 | 0 | 0 |
| Burundi | 11 | 1 | 4 |

(continued)

**Communication Management of COVID-19 in Nigeria, Table 1** (continued)

| | | | | |
|---|---|---|---|---|
| | Greenland | 11 | 0 | 11 |
| | Montserrat | 11 | 0 | 2 |
| | São Tomé and Príncipe | 11 | 0 | 4 |
| | Seychelles | 11 | 0 | 7 |
| | The Gambia | 10 | 1 | 8 |
| | Suriname | 10 | 1 | 7 |
| | Vatican City | 10 | 0 | 2 |
| | Papua New Guinea | 8 | 0 | 0 |
| | Artsakh | 7 | 0 | 0 |
| | Bhutan | 7 | 0 | 5 |
| | Mauritania | 7 | 1 | 6 |
| | British Virgin Islands | 6 | 1 | 3 |
| | Somaliland | 6 | 0 | 1 |
| | Abkhazia | 3 | 0 | 2 |
| | Anguilla | 3 | 0 | 3 |
| | Bonaire | 2 | 0 | 1 |
| | Saba | 2 | 0 | 0 |
| | Sint Eustatius | 2 | 0 | 1 |
| | Saint Pierre and Miquelon | 1 | 0 | 0 |
| | Yemen | 1 | 0 | 1 |
| | 225 | 3,113,447 | 216,930 | 925,730 |

Source: Dan (2020)

from security operatives is one of the most taunting experiences of Nigerians in this critical time. Recently, the media featured a man who was killed by security operatives for violating government order to wear a face mask. In Abia state, an angry community recently set ablaze a police station over the brutal murder of a citizen by a police officer. Such cases are numerous in Nigeria mainstream and social media. The lockdown in Nigeria has also increased home-based violence. On the 6th of May 2020, the Ebonyi State Broadcasting Service featured a 28-year-old man who beat an 11-year-old girl (daughter of a co-tenant) to death for pouring dirty water in front of his apartment. With the sit-at-home directive, the country also fears the imminent but unwanted birth increase in the nearest future. Without doubt, COVID-19 has created a multidimensional conflict in Nigeria.

With a daily rise of confirmed cases of COVID-19 in Nigeria, the public is getting frustrated that the number is not declining which may lead to more lockdown orders. It could be recalled that the president of the federation, Muhammadu Buhari during his press briefing on the 27th of April 2020, extended the lockdown to the 4th of May 2020, issuing a fresh lockdown of the duration of 2 weeks to Kano State in order for special attention to be given to the state. Suffice it to add

**Communication Management of COVID-19 in Nigeria, Table 2** Confirmed COVID-19 cases in Nigeria by state as at 29th of April 2020

| Confirmed COVID-19 cases in Nigeria by state as at 29th of April 2020 | | | | |
|---|---|---|---|---|
| State | Cases | Active | Recovered | Deaths |
| Lagos | 844 | 682 | 143 | 19 |
| FCT | 158 | 119 | 36 | 3 |
| Kano | 115 | 114 | – | 1 |
| Borno | 53 | 51 | – | 2 |
| Ogun | 50 | 42 | 7 | 1 |
| Gombe | 46 | 46 | – | – |
| Osun | 34 | 14 | 18 | 2 |
| Katsina | 30 | 28 | – | 2 |
| Edo | 30 | 19 | 8 | 3 |
| Bauchi | 29 | 23 | 6 | – |
| Oyo | 21 | 10 | 9 | 2 |
| Sokoto | 19 | 16 | – | 3 |
| Kaduna | 15 | 9 | 6 | – |
| Akwa Ibom | 12 | 2 | 9 | 1 |
| Kwara | 11 | 9 | 2 | – |
| Taraba | 8 | 8 | – | – |
| Ondo | 8 | 5 | 3 | – |
| Ekiti | 8 | 5 | 2 | 1 |
| Rivers | 7 | 3 | 2 | 2 |
| Jigawa | 7 | 7 | – | – |
| Delta | 7 | 3 | 2 | 2 |
| Zamfara | 4 | 4 | – | – |
| Enugu | 3 | 1 | 2 | – |
| Niger | 2 | 2 | – | – |
| Abia | 2 | 2 | – | – |
| Plateau | 1 | 1 | – | – |
| Nasarawa | 1 | 1 | – | – |
| Kebbi | 1 | 1 | – | – |
| Imo | 1 | 1 | – | – |
| Ebonyi | 1 | 1 | – | – |
| Benue | 1 | 1 | – | – |
| Bayelsa | 1 | 1 | – | – |
| Anambra | 1 | 1 | – | – |
| Adamawa | 1 | 1 | – | – |
| Total | 1532 | 1233 | 255 | 44 |

Source: Dan (2020)

that the deaths in Kano State of Nigeria have thrown the country into questions and fear as there are conflicting reports regarding the cause of death. The inconclusive opinion in Nigeria media was that the death was not COVID-19 related. Later, it was reported to be caused by the intake of COVID-19 vaccine. At last, the deaths were concluded to be COVID-19 related. Such information management causes confusion and mistrust, and disposes the media and the government as purveyors of misinformation and ethically irresponsible.

The country's health system is also a crippling one and may have failed to grasp how far the virus had spread; there is a huge lack in medical facilities and testing equipment across the country. Reports have emerged from Kano about number of deaths rising in its hundreds of unknown causes. This is a call on the Nigerian government to maintain public safety, properly manage the economy, and to start up a working social investment platform.

## COVID-19, Government Palliative and Communication in Nigeria

When nations are hit with deadly and disruptive diseases such as COVID-19, the governments of such nations and other institutions (if responsible) usually roll out palliatives to help the citizens hold on to or survive the tides. With the lockdown measures enforced by the federal government of Nigeria, it is ethically imperative in the light of sound governance that palliatives be distributed to ease the strain the lockdown has had on the economy and livelihood of the citizens as well as carter for their health. The government and other institutions have done this through donations to the state governments, federal government, and the Nigeria Center for Disease Control and other social investment programs.

The Presidential Task Force (PTF) on COVID-19, a body comprising of 12 members selected from different sectors from economic to humanitarian down to health, headed by Boss Mustapha, who is the secretary to the government of the federation, was selected by the president to control all issues relating to COVID-19 from conducting daily press conferences and briefings and more to the disbursement of palliatives and are reportedly doing so. Their criteria are that the palliatives are to be disbursed to the most vulnerable Nigerians who have less than 5000 naira in their bank accounts and who recharge their telephone lines with not more than 100 naira. These are the ones the government considers poor. In view of sound governance which caters for the empowerment of citizens, a study of this kind questions this rationale for the distribution of palliative in a country that has no data base; a country where the average person lives on less than one dollar per day. These indices for ascertaining the poor are indeed a statement on the poverty level and the insensitivity of the ruling class in Nigeria.

Of course many Nigerians have come out to fault the standard given by the minister for Humanitarian Affairs, Disaster Management and Social Development, Sadiya Umar Farouk, on how the disbursement of palliative shall follow. Many bodies and individuals have come out to fault the pattern to be followed arguing that many poor Nigerians would be left out of the scheme, pointing out that only about 40 million Nigerians own bank accounts in a country of about 200 million people. The masses argue that the operation lacks adequate transparency as the task force is already reporting that billions of naira have been spent already in the disbursement of palliatives. Perhaps, nothing has angered Nigerians like the communication management of COVID-19 palliatives. The ethical stand for determining poor Nigerians remains questionable. In the heat of Nigerians complaining that they had not received the claimed distributed palliatives amounting to 43 billion naira, the federal government released the video of the fire outbreak at the office of the accountant general where the account of the palliative fund was to emanate from. Till tomorrow, Nigerians continue to question the ethical soundness of the information disseminated about COVID-19 palliatives.

Table 3 below shows some donations by corporate bodies, wealthy individuals, donor agencies, and other countries to help Nigeria contain the spread and intensify efforts to keep the country

**Communication Management of COVID-19 in Nigeria, Table 3** Donations to Nigeria for COVID-19 relief

| Individuals/Agencies/ Bodies/Country | Donations |
|---|---|
| Keystone Bank | N1,000,000,000 |
| Polaris Bank | 400 hospital beds, testing, and treatment equipment |
| First Bank in collaboration with the United Nations | E-learning solutions to at least one million children under the "keep them engaged" / "keep them safe" initiative |
| Guarantee Trust Bank in collaboration with African finance corporation and Mandilas group | 110 bed facilities located in Mobolaji Johnson Arena |
| Sun Trust | N100,000,000 |
| Providus Bank | N100,000,000 |
| Citi Bank | N250,000,000 |
| Atlas mara(Union Bank) in collaboration with 54 gene | $500,000 |
| Tony Elumelu | N1,000,000,000 to Lagos state government, N500,000,0000 to Abuja, N1,000,000,000 to be shared among the 35 other states, N1,000,000,000 to medical centers for equipments, supplies and free telemedical call center facility |
| Aliko Dangote | 1,000,000,000 and 4 ambulances to the NCDC |
| Abdulsamad Rabiu | N1,000,000,000 |
| Herbert Rabiu | N1,000,000,000 |
| Segun Agbaje | N1,000,000,000 |
| Femi Otedola | N1,000,000,000 |
| Jim Ovia | N1,000,000,000 |
| Atiku Abubakar | N50,000,000 |
| Tuface Idibia | N10,000,000 |
| Mike Adenuga | N1,500,000,000 |
| Paul Enenche | N2,000,000,000 worth of items |
| Bola Ahmed Tinubu | N200,000,000 |
| Fola Adeola | 50 beds, monitors, personal protective equipments at Ido isolation center |
| Jack Ma | 100,000 masks, 9,999 face shield, 20,000 test kits, and 1,000 gloves |
| Folorunsho Alakija | N1,000,000,000 |
| Kaduna state executives | N500,000,000 to the most vulnerable population in Kaduna |
| NNPC | N11,000,000,000 |
| Federal government | N10,000,000,000 to Lagos state<br>N5,000,000,000 to NCDC |
| USA | $7,000,000 |
| Germany | $5,952,292 |
| European Union | $54,107,500 |

Source: Central Bank of Nigeria (2020)

floating in this period of the COVID-19 pandemic.

It is worthy to note that some state governments not mentioned in the above table have also set up palliatives for their individual states; Governor Sanwo Olu of Lagos State has set up distribution of food items to a selected few and also providing free medical care for expectant mothers and emergency/casualty cases. Governor Nyesom Wike of Rivers State also provided food items as palliative to Obi-Akpo LGA to mention a few. Many other states have followed suit.

## COVID-19, Media and Ethics in Nigeria

The media is an essential part of any society and plays a major role in the running of the society (Ndolo 2011). In the world's present condition, the media is indispensable as a source of guidance, making its role pivotal in a COVID-19-stricken world. In managing every form of information that is COVID-19 related, therefore the place of ethics in reporting so as to avoid misinformation or tension cannot be relegated.

At the point of this pandemic, the traditional media is charged not only to inform but to educate the populace on the necessities concerning the pandemic. There is so much anxiety, confusion ranging in a cross section of the public (Idayat 2020). The media is charged to ease all of these by providing the people with vital information they

need to stay abreast with the situation. It is therefore ethical to gatekeep news stories so the people do not get misinformed. It is incumbent upon editors to select what kind of information goes to the public and what kind of information gets barred from the public. One of the determinants of news is prominence (Okunna 1998; Bittner 1989; McQuails 2006). Stories coming out from prominent individuals command a great level of legitimacy. In many situations, some persons depend on opinion molders to get and understand information. This is the two-step theory of communication. Some prominent individuals who have spoken about COVID-19 have also misinformed the public. This is not because they wish to do so, but they having no background in public health are not the right sources to get news from, regarding COVID-19. In journalism ethics, one who is not an authority in an area should not speak as though he is one. This explains the essence of attribution in news reporting (Nwodu 2006). The media as an institution should be able to keep the sanity of the populace in check and so mount checkpoints to curb the excesses of opinions coming from prominent individuals. These are such opinions that do not compliment the global best practices on COVID-19 as outlined by the World Health Organization and the public health agencies of their individual states. There should be a deliberate selection of what can be classified as news regarding COVID-19 issues.

It is imperative that journalists around the world choose their source carefully in reporting on all things about COVID-19, even if the source is from a scientist, the journalist must cross-check if the scientist has a deep expertise on COVID-19-relevant topics. Journalists must understand that sources of COVID-19 must be relevant in order for them to be featured; experts such as epidemiologists, public and global health professionals, researchers, practicing doctors, policy makers, and economists should be given the preference in providing news worthy information regarding COVID-19. This maintenance of global best practices is in line with sound governance (Farazmand 2017; Ekwunife et al. 2020a).

The media has a vital role to play in regularly sensitizing the public on measures to be taken out to ease the spread and protect themselves from contacting the virus; if the traditional media fails to do so, the public is exposed to the avalanche of misleading information elsewhere and may as well act on them. It is ethical that the media reports stories in such a way that upholds human interest and in a way that exercises due sensitivity to individual sensibilities and prevailing cultural norms, avoiding social class stereotypes. The journalist has the responsibility to protect all (Udeze 2012). The journalist should ensure that news stories are simplified and the technical words in reporting COVID-19 properly broken down so that all who consume the news may understand. When these technical jargons are overlooked in reporting, it leads to semantic noise in the communication process (Okunna and Omenugha 2012).

Perhaps, one of the most challenging issues in the communication management of COVID-19 is the influx of unedited information on social media. Sometimes, this leads to what Agba (2002) calls "information overload" which brings the audience to a labyrinth. Writing on "Bureaucracy and Citizen Journalism," Ekwunife et al. (2020b) argue that the absence of bureaucracy, checkpoints, and gatekeeping in social media dispose a lot of their content as fake news. If the influx of COVID-19-related information on social media were subjected to ethical test by professional editors, many of them would be "killed at the gate." This is the idea of "gatekeeping" in professional journalism.

The journalist is also charged to stay safe, adhering to protective measures so they can achieve legitimacy in their service to the public. It is ethical in media campaign that the consumers of information see the disseminator adhere to advocacy. This is particularly necessary as Nigerians and the media frowned at and criticized seriously the attitude of the government during the burial of President Muhamadu Buhari's Chief of Staff – Abba Kyari who died of COVID-19. While televised, the burial undertakers were too free with the corpse. Some attendees were not wearing protective gadgets. An attendee who was not wearing hand gloves and face mask beside the grave at the burial even exchanged an item with one of the burial undertakers that lowered the

body into the grave, thereafter used same hand to wipe his face. This holds a lot for ethics and the communication management of COVID-19. The failure of the government to adhere to safety rules at this burial is unethical to government campaigns, and questions the truth about the warnings and message of COVID-19. In the heat of all these warnings on social distancing to contain the spread of COVID-19, the Channels Television featured the funeral of a dignity in Kaduna State of Nigeria with thousands of persons in attendance. The manner in which these crowded thousands clustered, thronged, and carried the corpse wrapped in a white cloth was a statement on the social distancing campaign by the government. The viewer is certainly taken aback that the ruling class that preaches social distancing does not observe it. This shows the absence of ethics in the communication management of COVID-19. Ethically, communication managers should show example of adherence to media campaign.

## Conclusion

With the great impact news information has today in relation to COVID-19, it is ethically imperative that news stories pass through the process of gatekeeping (bureaucracy) so that the facts can be separated from speculations at checkpoints. The public at this time would need updates on the latest happenings and so the media is charged to always give out information from authorized sources only. While the corona virus pandemic is ravaging the world at present, the World Health Organization has already acknowledged the "infodemic" caused by conspiracy theorists and sham conclusions that hold no truth. In view of ethics therefore, only truth should be fed to the public as the extent to which fake news can destroy lives is not to be underestimated. It is ethical that information be checked and cross-checked to verify their authenticity before being publicized. In relation to ethics in reporting, below are 12 messages for COVID-19-responsible communication by the Global Alliance for Public Relations and Communication Management (2020):

1. Before you communicate, think about the impact of your message beyond your organization.
2. Do not hide the impact of the pandemic. Be realistic in your communications, based on facts.
3. Use straightforward, plain language to minimize dramatizing the situation.
4. Include hope in the spirit of the communications.
5. Spread good examples and practices.
6. Identify and legitimize people's emotions.
7. Give priority to messaging from official sources.
8. Avoid sharing fake news. Be critical of sources of information.
9. Do not saturate networks with messages.
10. Do not spend time criticizing public communication. Try to cooperate with them to improve.
11. Support the work of the media providing accurate information in the right moment.
12. Good humor is an antidote to crisis, as long as it is not frivolous.

## Cross-References

► Bureaucracy and Citizen Journalism
► Globalization and Public Relations

## References

Agba P (2002) Electronic reporting. University of Nigeria Press, Enugu

BBC (2020) Coronavirus: what misinformation has spread in Africa? Retrieved from https://www.bbc.com/news/world-africa-51710617. 24/2020. 7:00am

Bittner J (1989) Introduction to mass communication. Prentice-Hall, Englewood Cliffs

CBN (2020) Donations to Nigeria's COVID-19 relief fund hit N25.8bn. Retrieved from http://saharareporters.com/2020/04/17/donations-nigerias-covid-19-relief-fund-hit-n258bn. 29/4/2020. 8:00pm

Chaolin H et al (2020) Clinical features of patients infected with 2019 novel coronavirus in Wuhan, China. Retrieved from https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30183-5/fulltext. 20/5/2020. 8:45am

Coronavirus Pandemic in Nigeria (2020). Retrieved from https://en.wikipedia.org/wiki/2020_coronavirus_pandemic_in_Nigeria. 20/5/2020. 8:50am
COVID-19 Pandemic (2020). Retrieved from https://en.wikipedia.org/wiki/2019%E2%80%9320_coronavirus_pandemic#covid19-container. 28/04/2020. 9:04pm
Dan P (2020) COVID-19 by country and territory. Retrieved at https://en.m.wikipedia.org/wiki/COVID-19_pandemic_country_and_territory. 29/4/2020. 4:33am
Darnton R (2017) The true history of fake news. Retrieved from www.nybooks.com. 15/07/2018. 5pm
Ekwunife R et al (2020a) Sound governance and effective public relations. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 1–7
Ekwunife R et al (2020b) Bureaucracy and citizen journalism. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4118-1
Ekwunife R et al (2020c) Bureaucracy and citizen journalism. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4119-1
Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50
Global Alliance for Public Relations and Communication Management (2020a) Twelve messages for COVID-19 responsible communication. Retrieved from https://www.globalalliancepr.org/thoughts/2020/3/25/twelve-messages-for-covid-19-responsible-communication-by-the-global-alliance-for-public-relations-and-communication-management. https://www.politico.com/news/magazine/2020/04/04/china-fake-news-coronavirus-164652. 20/5/2020. 8:35am
Global Alliance for Public Relations and Communication Management (2020b) Twelve messages for COVID-19 responsible communication. You don't need social distancing if... Retrieved from https://www.globalalliancepr.org/thoughts/2020/3/25/twelve-messages-for-covid-19-responsible-communication-by-the-global-alliance-for-public-relations-and-communication-management. 26/3/2020. 8:15am
Idayat H (2020) The dual threat of a virus and a fake news epidemic. [2020]. Retrieved from https://www.cddwestafrica.org/covid-19-the-dual-threat-of-a-virus-and-a-fake-news-epidemic-idayat-hassan/. 28/3/2020. 6:00am
McQuails D (2006) Mass communication theory. SAGE, London
Ndolo IS (2011) Media as the fourth estate of the realm: real or imagined. In: Ndolo S (ed) Contemporary issues in communication and society. Rhyce kerex, Enugu
Nwodu LC (2006) Journalism practice: news, aesthetics, laws and ethics. Rhyce Kerex, Enugu
Oberiri D (2016) Information communication technology and citizen journalism in Nig: pros and cons. Can Res Dev Centre Sci Cult 11(4):1–4
Okunna CS (1998) Introduction to mass communication. New Generation Books, Enugu
Okunna CS, Omenugha KA (2012) Introduction to mass communication. New Generation Books, Enugu
Robert B (2020) How China's fake news machine is rewriting the history of Covid-19, even as the pandemic unfolds. Retrieved from https://www.politico.com/news/magazine/2020/04/04/china-fake-news-coronavirus-164652. 20/5/2020. 8:35am
Stephanie B, Bukola A (2020) Nigeria records chloroquine poisoning after Trump endorses it for coronavirus treatment. [2020]. Retrieved from https://edition.cnn.com/2020/03/23/africa/chloroquine-trump-nigeria-intl/index.html. 24/3/2020. 3:19pm
Udeze SE (2012) Media law and ethics. New Generation Books, Enugu
Veles (2016) Fake news. Lapham's quarterly. Retrieved from https://www.wired.com

C

## Communication Within the Nonprofit

Jochen Hoffmann
Department of Culture and Global Studies, Aalborg University, Aalborg, Denmark

### Synonyms

Civil society communication; Nongovernmental communication; Nonprofit communication

### Definition

Communication within the nonprofit builds organizational identities; it constitutes meanings related to a social cause that reflects the roots of the nonprofit organization (NPO) in civil society, while at the same time mirroring political and economic expectations. Thus, internal nonprofit communication is multi-referential. It constitutes and responds to the tensions that can evolve from a diversity of organizational roles.

## Introduction

Internal communication builds organizational identities, and identity issues are particularly complex in the case of nonprofit organizations. The term nonprofit organization tells us only what these organizations are not: they are not profit oriented – any profits need to be reinvested; surplus revenue is not distributed to shareholders. Another term that overlaps with – and is sometimes even used interchangeably with NPO – is nongovernmental organization (NGO). This term carries the same terminological problem. Again, the title tells us only what such an organization does not want to be. It aims to be independent from the state and, more specifically, from state funding. Overall, it can be argued that NPOs and NGOs need to develop distinct identities by drawing a line between themselves on the one side, and the business sector and the state, respectively, on the other. They constitute the so-called third sector; their mission or purpose is related to a "social cause" – such as charitable activities, development, education, sports, art, human rights, and the fight against poverty.

Overall, there is a huge diversity within the nonprofit sector, which makes it even more difficult to account for internal communication structures and processes in a more generalized way. The following section first outlines the two opposing theoretical paradigms guiding the analysis of nonprofit communication: a managerial and a constitutive perspective. The latter will be used to constitute an ideal type of nonprofit communication, which is neither state-like nor business-like. Diverging tendencies toward a politicization and commercialization of nonprofits are then described. They translate into distinct organizational role tensions, which are both created and managed through communication processes.

## Two Theoretical Paradigms

There is a great deal of theory building and empirical research aimed at analyzing complex and diverse nonprofit communication. These studies can be allocated to two paradigms – a functionalist or managerial perspective, on the one hand, versus a constitutive or communicative perspective on the other (Koschmann et al. 2015). Managerialism separates organizational realities from the communication about those realities. Research in this field conceives of communication as the transportation of information; it aims to find out how information can be circulated in the most effective way – e.g., between managers, volunteers, and external stakeholders. This kind of instrumental perspective treats communication as a tool that comes after action.

The constitutive paradigm focuses instead on communication as an often contested and conflictual construction of meaning. Following the linguistic turn in social theory, it is argued that communication itself is what constitutes organizations and their identities. For example, the question of whether an organization is a nonprofit or which kind of membership roles exists is more than merely a legal question. Instead, these issues are decided first and foremost by successful communicative labeling. Accordingly, empirical research on nonprofits needs to establish which communicative strategies members use to define their organization as a nonprofit, what meanings are related to this understanding, how they position themselves within that context, and how these meanings are negotiated, challenged, accepted, or rejected.

In consequence, *internal* nonprofit communication cannot be understood without analyzing the way the organization is positioned *externally* and in relation to the economic and political systems. Dealing with these tensions and contradictions is the core challenge facing nonprofit communication as a "third space" in society. Getting too close to or even assuming the instrumental logic of political communication or business communication might result in a loss of identity and value orientation (Frumkin and Andrew-Clark 2000).

## References for Nonprofit Communication: Social Capital and Civil Society

Theories on social capital and civil society allow in varying degrees the identities of nonprofits to

be conceptualized as an ideal type beyond the state and beyond the market. Unlike political organizations, nonprofits do not communicate through the code of power since they do not produce decisions that are generally binding on society. Nor do nonprofits communicate through the code of money in the way for-profit organizations do; their function is not to produce and distribute products and services in order to maximize profits.

Instead, it has been argued that they accumulate "social capital," a concept developed both by functionalist and critical scholars. The functionalist perspective was coined by Robert Putnam (1995), who follows an instrumental understanding of social capital, arguing that social networks, norms, and trust are a basis for effective goal achievement. NPOs are seen as an organized form of social capital. Membership ratios are perceived to be indicators of the strength of social capital in a society. Communication is used to build internal and external networks, making the organization more effective as a whole. The critical perspective on social capital, developed by Pierre Bourdieu (2011/1986), instead interprets social capital as a power resource of societal elites. Social capital is represented in highly exclusive personal networks. Nonprofits either are part of or are on the periphery of these networks. In consequence, the internal communication of a well-established NPO such as the World Wildlife Fund would be seen to be fundamentally different from that of a small grassroots organization with a rather loose structure and somewhat anarchic internal communication processes.

Be it in the tradition of Putnam or Bourdieu, social capital approaches postulate a resource-based view on organizational communication. Other perspectives instead claim that civil society organizations need to build their identities from the grassroots, away from the instrumental understanding of social capital as a resource which is used or abused by social players. Accordingly, civil society is conceptualized as the organization of nonstrategic lifeworld communication. The lifeworld is the space within which ordinary people engage in everyday practices in order to solve everyday problems (Habermas 1996/1992). The code of their discursive communication is neither power nor money, but an unquestioned solidarity reflecting the prevalence of a value rationality. It is not the distribution of resources that determines decision-making within a civil society organization but the quality of arguments which are exchanged on equal ground. Nonprofit organizations institutionalize this kind of egalitarian, diverse, and open discourse on social problems, which can then be transformed into issues for the political and/or economic system. Thus, civil society mediates between the needs and demands of our everyday life and system imperatives that impact on these lifeworlds. The next section discusses the potential impact of political and economic imperatives on internal nonprofit communication.

## The Politicization and Commercialization of Nonprofit Communication

The social cause that forms the grassroots identity of the NPO refers to people's lifeworlds. However, engaging in that social cause also implies an engagement with the political system and the economic system. Thus, the initially discursive communication within the NPO might change its character by mirroring the communication of external target groups. Of course, every organization needs to tackle issues of micropolitics and budgeting if they are serious about fulfilling their mission. As such, the politicization and commercialization of communication structures is, to some degree, inevitable. However, this creates an ongoing tension with the civil society identity of the organization (Cohen and Arato 1992). Therefore, nonprofits also need to manage the tensions that arise from the concurrence of political, economic, and value-oriented codes of communication within the organization.

Accordingly, the character of nonprofit communication changes when an organization is in a very close relationship with either the political or the economic system. Such relationship might be an opposing one, for example, in cases in which activist and advocacy groups challenge political

institutions. However, in order to make their voice heard, these NPOs need to know how to play political power games within the public sphere. Their internal structures need to be "lean and mean," with internal diversity and multivocality replaced with strategic and integrated communications. Organizational members are committed to a streamlined one-voice strategy when aiming to influence politics and public opinion.

However, it is not only activist groups that inevitably streamline and politicize their internal communication. This can also result when NPOs partner with government institutions, for example, when implementing public programs on their behalf (Eisenberg and Eschenfelder 2009). The effects on internal communication could be increased bureaucracy and more hierarchy. Efficiency and accountability matter more than volunteerism and emotional labor; expert jargon and political bargaining may replace lifeworld communication and participation.

Finally, nonprofits not only partner with state organizations but also collaborate with private corporations. So-called business partnerships are established in fields such as fund-raising, sponsoring, corporate social responsibility, and certification activities. Again, there can be a mirroring effect on the level of internal communication. NPOs that depend on private money need to learn the language of business and, as a result, may become more business-like: organizational members are seen as customers attracted by individual perks; unpaid work is increasingly replaced by paid work; "online shops" offer more or less mission-related products and services; "new public management" and "social marketing" tools are implemented; and fund-raising numbers become the key success criterion for the commercialized nonprofit organization. The logic of money as the code of communication gradually eclipses the value orientation and the social cause (Weisbrod 1998).

The constitutive perspective on nonprofit communication is able to uncover these processes, because it treats power, money, and normative values not as organizational resources but as distinct codes which might or might not guide the constitution of nonprofit identities. The next section describes role tensions within nonprofit organizations that result from the exposure to different codes of communication.

## Role Tensions as Communication Challenges

The "pure" nonprofit organization, entirely independent from political and commercial pressures while rooted in the lifeworld of its members and clients, does not exist in reality. It is a theoretical ideal type. The same applies to the highly politicized or commercialized NPO. These are "extreme" theoretical references which allow observable nonprofit identities to be positioned empirically within the triangle of civil society, politics, and the economy (Hoffmann 2011). The three corners of the triangle create the tensions to which internal nonprofit communication is exposed. They offer a framework for the analysis of how organizational members deal with these tensions: are they accepted, denied, or resolved? Empirical research shows that paradoxical tensions tend to be denied – you have to play the power game in order to influence politics; you have to be effective in business terms in order to fulfill your mission (Sanders et al. 2015). It is an instrumental rationality which constitutes mean-end relationships in order to reconcile the logics of power and money with a value rationality committed to the "higher end" of the nonprofit organization. However, these kinds of managerial narratives are not always successful in concealing the complex communicative tensions that arise from a diversity of role orientations within the nonprofit organization (Hoffmann 2010). The most important dualisms are:

### Passive and Active Members

Committing to and activating members for organizational goals can be considered a core task of internal nonprofit communication. However, from a functionalist perspective, a large majority of passive members are not per se a problem. If everyone were to join the conversation, the one-voice strategy assumed in respect to external stakeholders would be lost, making the

organization less effective. Moreover, a huge "mass-mediated" nonprofit organization with a largely passive membership base is still perceived to be more powerful than a small organization in which everyone has a say. From an instrumental perspective, the communicative goal would therefore not be to activate as many members as possible but to keep passive members within the organization and to activate only those members with resources that are conducive to the attainment of the organization's goals – members with excellent political connections, for instance, or those who are able to provide access to financial resources. From a normative civil society perspective, however, participation and an open discourse would be an end in itself constituting the grassroots identity of the nonprofit organization.

### Employees and Volunteers

It is of crucial importance to find out how the roles of volunteers and paid staff within an organization relate to each other in terms of communication. Volunteering is a unique feature of the nonprofit sector. It represents the value rationality of civil society: volunteers believe in the organization's mission and therefore want to engage. Instead, the essence of the relationship between employee and employer is an instrumental one of giving and taking: employees work for the organization and receive payment in return. Once more, these are ideal types, and empirical research has identified mixed role understandings following both a value and an instrumental rationality. Some volunteers, for example, might find not only the mission itself attractive but also the specific perks involved, or they may simply volunteer their time for the organization because it looks good on their curriculum vitae. Meanwhile, employees may work even harder if they are also emotionally committed to the organization's social cause. Regardless, the communicative challenge is always to find an appropriate balance between political, financial, and social motives behind involvement with the organization, either as a volunteer or as an employee. Some motives might be highlighted and legitimized through communication, while others are neglected and delegitimized. There is, for example, a difference between communicating engagement for a social cause as a kind of "self-sacrifice" in the spirit of Mother Teresa and framing it as a leisure activity. Not least, balancing a diversity of motives also requires a reflection of organizational power relations. Volunteers often do the field work far away from the headquarters, whereas employees usually run the administration, placing them closer to crucial decision-making processes.

### Leaders and Followers

In consequence, role tensions in internal nonprofit communication may also reveal power imbalances. The distinction between leader and follower roles is more difficult to legitimize in the context of nonprofit communication, since concepts of civil society are linked to an egalitarian understanding of communication, where everybody should have the right to enter the organizational discourse and participate in decision-making. However, at the same time, charismatic leadership, emotional appeals, and the constitution of organizational "heroes" such as the founder are particularly salient in the identity-building processes of value-driven organizations. The personalization of the organization with a focus on one leader, who practically holds a monopoly on representing the organization externally, will result in a limited willingness to share power internally. This so-called founder's syndrome can easily lead to frustration both among board members, executive directors, and in particular among the volunteers who bear the burden of the everyday work. It poses a risk, if the organizational reputation is very much dependent on the individual reputation of one charismatic leader. A personal scandal could even threaten the entire existence of the NPO. Overall, nonprofit communication is particularly exposed to the tensions between an integrating charismatic leadership on the one hand and the multivocality of participatory claims on the other. The impression management skills and media savvy of the leader qualify other sources of power such as political, financial, and knowledge resources. At the very least, this might cause the intrinsic motivation and engagement of volunteers at the bottom of civil society to suffer in the long term.

### Experts and Laymen

The relationship between experts and laymen can also be analyzed from an organizational power perspective. The hands-on experience of volunteers, who, as laymen, delve into the lifeworlds of clients and become familiar with distinct local communities and subcultures, might collide with the abstract expert knowledge of colleagues in the headquarters. The challenge of internal communication is to acknowledge both practical field experience and theoretical expertise as legitimate and fruitful for the organization. Most importantly, communication barriers need to be torn down. Expert jargon entailing a disconnection from laymen communication is likely to foster an unwillingness to acknowledge the value of diverse knowledge sources within the organization.

## Professionalizing Nonprofit Communication?

Passive and active members, employees and volunteers, leaders and followers, and experts and laymen are unique role distinctions constituted through nonprofit communication and determining subsequent communication processes. The ensuing tensions are complex, because they do not result in one overall cleavage. For example, the leaders are not necessarily the most active members (e.g., the meet-and-greet man), the most active members are not necessarily the most powerful (e.g., street workers), and the volunteers are not necessarily laymen (e.g., Doctors Without Borders). Different constellations result in a diversification of social roles within the organization, and emerging tensions are manifested in more or less creative or destructive communication processes. These processes constitute multiple identities of the nonprofit organization, which must reflect its roots in civil society while at the same time responding to exposure to the political and economic codes of communication.

One way of countering these challenges could be the professionalization of nonprofit organizations. Claims to this effect are promoted in particular by business literature, which aims to sell for-profit management tools to the nonprofit sector. However, a sociological and communication approach to professionalism offers a different perspective. Sociologists developed the concept of professionalism as a social force that is independent not only from the state but also from the market. Freidson (2001), for example, described professionalism as the value-driven "third logic" in society. These discourses reveal astonishing parallels to an understanding of civil society as a "third space." In other words, there is not a contradiction, but a high degree of theoretical compatibility between ideals of professional communication and ideals of nonprofit communication. Against this background, the professional is not the one-track specialist who impresses with "total quality management" or "balanced scorecards" but rather the volunteer and layman who is able to take account of complex role tensions in everyday practice. Internal professional nonprofit communication would foster the roots of the organizational identity in civil society, while at the same time establishing a communicative meta-perspective from which the organization can observe and respond to the various system logics to which it is exposed. In other words, professional nonprofit communication constitutes the NPO as a multi-referential and self-reflective organization that explores multiple identities when working toward achieving a social cause.

## Conclusion

Internal nonprofit communication is neither exclusively about internal communication nor is it only about nonprofit communication. The communicative constitution of multiple nonprofit identities cannot be understood without reference to external expectations, in particular from the political and economic systems. These expectations are either balanced against a value rationality rooted in civil society or communication processes contribute to a politicization or commercialization of the NPO. In the latter case, the nonprofit organization would actually no longer be a nonprofit organization and organizational identities would shift in new directions. Establishing how nonprofit communication can build authentic organizational identities when

dealing with a diversity of expectations and role tensions remains an ongoing challenge facing research in this field.

## Cross-References

- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Civil Society Organizations
- ▶ Giving and Volunteering
- ▶ Government and Nonprofit Relationships
- ▶ Nonprofit Organizations
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Sociological Study of Nonprofit Organizations
- ▶ Volunteers and Volunteer Management

## References

Bourdieu P (2011/1986) The forms of capital. In: Szeman I, Kaposy T (eds) Cultural theory: an anthology. Wiley-Blackwell, Oxford, pp 81–93

Cohen JL, Arato A (1992) Civil society and political theory. MIT Press, London

Eisenberg EM, Eschenfelder B (2009) In the public interest. Communications in nonprofit organizations. In: Frey LR, Cissna KN (eds) Routledge handbook of applied communication research. Routldege, New York, pp 355–379

Freidson E (2001) Professionalism. The third logic. Policy Press, Cambridge

Frumkin P, Andrew-Clark A (2000) When missions, markets, and politics collide: values and strategies in the nonprofit human services. Nonprofit Volunt Sect Q 29(suppl 1):141–163

Habermas J (1996/1992) Between facts and norms, contributions to a discourse theory of law and democracy. Polity Press, Cambridge

Hoffmann J (2010) Mitgliederkommunikation von Verbänden. In: Hoffjann O, Stahl R (eds) Handbuch Verbandskommunikation. VS-Verlag, Wiesbaden, pp 195–221

Hoffmann J (2011) In the triangle of civil society, politics, and economy: positioning magazines of nonprofit organizations. Volunt: Int J Nonprofit Volunt Organ 22(1): 93–111

Koschmann MA, Isbell MG, Sanders ML (2015) Connecting nonprofit and communication scholarship: a review of key issues and a meta-theoretical framework for future research. Rev Commun 15(3):200–220

Putnam RD (1995) Tuning in, tuning out: the strange disappearance of social capital in America. Polit Sci Polit 28(4):664–683

Sanders ML, Harper L, Richardson M (2015) Understanding what it means to be business-like in the nonprofit sector: toward a communicative explanation. Qual Res Rep Commun 16(1):1–8

Weisbrod BA (ed) (1998) To profit or not to profit. The commercial transformation of the nonprofit sector. Cambridge University Press, Cambridge

C

# Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration Without Hierarchy

Leslie Taylor and James Agbodzakey
Nova Southeastern University, Fort Lauderdale, FL, USA

## Synonyms

Cooperation; Partnership; Teamwork

## Definition

Collaboration refers to coming together of various stakeholders from different spheres with even divergent interests working assiduously to address a complex problem through collectively making decisions and/or implementing decisions and with societal health and well-being as the overarching rationale (Gray 1989). The nature of engagement requires harnessing human and material resources as a conduit to effectively meet various expectations associated with addressing the problem. The complex nature of the problem, as in this case HIV/AIDS, demands collective long-term engagement for sustainable solutions which will enable target populations to consistently receive needed services in consonance with established care and treatment standards. The stakeholders involved in collaboration may or may not derive any direct benefits as commitment to make a difference trumps any real or implied benefits. Collaboration in this context involves three-actor domains in Broward County: service providers, non-elected community

leaders, and the HIV infected and affected, collectively called council members working together to provide needed care and treatment to target populations. Actors hereby connote participants who are part of policy process in either voluntary or mandatory capacity to help produce workable outputs and/or outcomes. And these actors' efforts are greatly enhanced by the grantee and support staff of the deliberative body called the Council. The grantee is the official recipient and administrator of funds geared toward care and treatment of target populations, and support staff is trained personnel who assist council members and grantee on deliberation and related duties. Together, the council members, grantee, and support staff are integral to collaboration. There is no doubt the HIV/AIDS conundrum is a community crisis in Broward County, as it is the case nationally and internationally, and collaborative engagement of multiple stakeholders across sectors appears to be a proactive strategy for creative solutions and management of the crisis.

## Introduction

Broward County ranks second in Florida when it comes to HIV infection with an estimated over 17,000 people living with AIDS (PLWAs) in 2014 even as the state of Florida ranks number 1 in HIV diagnoses in 2013 in the USA (CDC 2015). The rate of infection and the impact on the lives of residents encourage creative approaches to address the problem. One of such creative approaches is collaboration which brings together stakeholders from different spheres: public, private, and nonprofit/civic, segmented into service providers, non-elected community leaders, and the HIV/AIDS infected and affected. The collaborative engagement of these relevant stakeholders across spheres serves as a practical attempt at addressing the HIV/AIDS conundrum at the county since the early 1990s with support from state and federal governments.

The bringing together of these stakeholders to make decisions and to aid attendant implementation for care and treatment is unique and follows federal guidelines with key insights from the Comprehensive AIDS Resources Emergency (CARE) Act, national HIV/AIDS strategy and complementary policies and procedures, bylaws, and other protocols of engagement at the county level. It is worth pointing out that the county engages various stakeholders for preventive efforts and other related health services as part of the holistic approach to addressing the HIV/AIDS problem. However, this entry focuses on collaborative engagement for care and treatment purposes by conceptualizing the stakeholders from the three groups as representing the three-actor domains of HIV/AIDS collaboration in Broward County. The following segments will describe each domain, what it does, and the difference it makes in the fight against HIV/AIDS, particularly in helping provide needed services to infected and affected populations.

## The Three-Actor Domains of HIV/AIDS Collaboration in Broward County

As earlier referenced, the bringing together of stakeholders from public, private, and nonprofit/civic spheres who are segmented into service providers, non-elected community leaders, and the HIV/AIDS infected and affected constitutes a creative way of addressing the problem as a conduit to health and general well-being of the county's population. Though divergent, these stakeholders are resolved to make a difference in stemming the negative health effects of HIV/AIDS, especially on target populations and the domino unwholesome impact on human development, economic growth, and sociocultural engagement of the county among others. This section will highlight each domain and their contribution to the fight against HIV/AIDS in the county. The section is sequenced in the order of service providers, non-elected community leaders, and target populations (HIV/AIDS infected and affected) domains.

### Domain I: Service Providers

Service providers which in this context refer to healthcare service providers are key actors in collaboration aims at addressing the HIV/AIDS conundrum in every eligible metropolitan area

(EMA) in the USA and, as in this case, Broward County of South Florida. Going by the Federal Code of Regulations of 2002, "health care provider means a provider of services (as defined in section 1861(u) of the Act, 42 U.S.C. 1395x (u)), a provider of medical or health services (as defined in section 1861(s) of the Act, 42 U.S.C. 1395x(s)), and any other person or organization who furnishes, bills, or is paid for health care in the normal course of business." The above definition underscores provision of needed services to target populations in order to promote their health and general well-being. These service providers are usually public, private, and nonprofit entities that render categories of services to target populations in the county. Some of the provided services are for outpatient/ambulatory health, AIDS pharmaceutical assistance, mental health, substance abuse, medical case management, health insurance, food bank, outreach, legal, and transportation among others.

The service providers are key members of the various standing committees of the Council; some are members of the Council and others join various ad hoc committees for special tasks as needed. In general, the service providers contribute their expertise borne out of training and years of practice to enrich decisions of the Council, especially for care and treatment. There is no doubt that the successful delivery of services to infected and affected persons in the county over the years is partly due to the essential contributions of these service providers. In fact, the service providers are so visible in the various communities within the county and are mostly the first point of contact for target populations in need of service and for continuum of care. Furthermore, the service providers also serve as chairs and cochairs of committees of the Council.

The service providers as one of the three-actor domains of the Council represent service provision interest aspect of the Council, and this translates into service-conscious contributions as part of setting allocation priorities and other relevant outputs and outcomes. The service providers' level of expertise and experience in collaboration is sometimes unnerving to other members of the Council even if not warranted. Nonetheless, the target populations and non-elected community leaders in addition to grantee administration recognize the importance of service providers to the Council's efforts. Admittedly, the service providers together with other council members positively impact the lives of infected and affected populations of the county.

C

### Domain II: Non-elected Community Leaders

The non-elected community leaders are relevant stakeholders in the community who support the work of the Council as members in order to provide care and treatment to target populations in the county. A non-elected community leader according to Jankowski (1991, pp. 225–226) "is a person who either runs a community organization or is active in local affairs," and "legitimacy in the community is predicated on their ability to provide the residents with services; and because they are more fluid in their social and political relationships than elected politicians. . .." Such is the case of non-elected community leaders in Broward County, especially as it relates to the fight against HIV/AIDS. These leaders are mostly individuals that represent the community and are very visible by virtue of their engagements and/or efforts via nonprofit/civic entities within the county. Their unique position enables them to serve as effective liaisons between the community, county administration, and political actors in order to enhance realizing the public good.

The essential role of the non-elected community leaders is evidenced by their useful contributions to various decisions and/or implementation of those decisions. Like the service providers, the non-elected community leaders serve on various standing committees and ad hoc committees, and some are members of the Council as part of the collaborative efforts. These leaders use their wisdom, knowledge, and expertise to aid decisions of the Council. In fact, some of these leaders chair and/or cochair committees and the Council itself. As leaders, they provide needed facilitative efforts that enable achieving the goals and objectives of the Council through ensuring effective and inclusive deliberations on various subjects and issues and making judicious allocation

priorities for care and treatment services among other outputs of the Council.

These non-elected community leaders have witnessed at first hand the devastating impacts of HIV/AIDS on human lives and the associated regressive socioeconomic effects among others over the years. The observed level of negative impacts of the HIV/AIDS and the commitment to make a difference are impetuses for these leaders participating in collaboration aimed at fostering care and treatment to target populations. Some of these leaders have personal and communal narratives as it relates to the realities of HIV/AIDS and hence their relentless commitment to promote at least remedial, if not curative, efforts through collaborative engagement with other relevant stakeholders such as service providers and infected and affected populations among others in Broward County.

### Domain III: Target Populations

The target populations in this case are the HIV/AIDS infected and affected in the county who constitute critical stakeholders in the fight against the pandemic through their collaborative engagements to enable provision of various categories of services as needed for care and treatment. The coining of the term target populations is reflective of societal categorization of some segments of the population in policy terms. Schneider and Ingram (1993, p, 335) rightly referenced social construction of target populations as "the recognition of the shared characteristics that distinguish a target population as socially meaningful, and the attribution of specific, valence-oriented values, symbols, and images to the characteristics," and they further alluded to stereotypes of groups based on such social constructions as it is the case with people with AIDS (PWAs).

The HIV/AIDS infected were not positively socially constructed initially which somewhat inhibited proactive government response to their plight. However, the passing of the Ryan White Comprehensive AIDS Resources Emergency Act (CARE Act) of 1990 which mandated care and treatment at eligible metropolitan areas (EMAs with at least 2000 PWAs) placed the HIV/AIDS infected and affected at the center of collaboration and as key stakeholders at the Broward County's HIV Health Services Planning Council (Broward County HIVHSPC) alongside service providers and non-elected community leaders. These target populations occupied a unique space in the Council's deliberations and attendant efforts through their participation and representation.

The CARE Act mandates a third of the Council (33%) should consist of target populations. These target populations are critical to every standing committee task and as it is the case with the tasks of the Council itself and ad hoc committees among others. In fact, the institutional design of the Council in line with policies and procedures and bylaws requires, at least, an infected person be present at any meeting before deliberations can commence and votes taking on various subjects of deliberation. For instance, without the presence of at least one infected person at either a committee or general Council meeting, there is no quorum. The meeting has to summarily adjourn even if there is standard quorum because of the presence of service providers and non-elected community leaders.

The recognition of the essential role of target populations in the fight against HIV/AIDS, particularly through their collaborative engagement with other stakeholders to make and/or implement care and treatment decisions including allocation priorities among others, fosters provision of needed services to infected and affected populations. These target populations enhance making effective decisions using their knowledge and experience and passion for general population health to guide their participation and representation. Furthermore, the target populations in various capacities engage in regular community outreach initiatives to educate, empower, and promote participation in various health projects and programs at the county. Thus, target populations together with service providers and non-elected community leaders serve as change agents for health and general well-being of Broward County residents.

Figure 1 depicts the three-actor domains of collaboration consisting of service providers, non-elected community leaders, and target

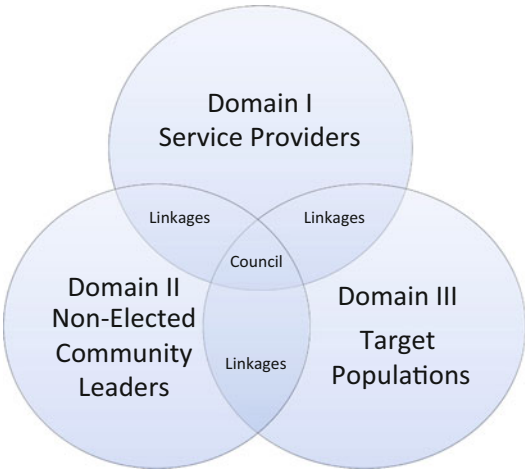


**Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration Without Hierarchy, Fig. 1** Depicts the three-actor domains of HIV/AIDS collaboration in Broward County as compiled by the authors with insight from Nakamura and Smallwood (1980)

populations as it relates to the work of the Council for HIV/AIDS care and treatment in Broward County. The figure underscores interconnectedness of representation and participation of the actors at various committees and Council meetings for decisions and/or implementation of decisions that translate into various categories of services for target populations. The Council is at the core of collaboration and coalesce efforts of the various actors for effective performance and in compliance with legislative intents.

## The Council as Avenue for Collaboration

The Broward County's HIV Health Services Planning Council which is referred in this piece as the Council is the main decision-making body for HIV/AIDS care and treatment in the county. Figuratively, the Council represents the hub for multi-stakeholder collaborative efforts as part of the fight against HIV/AIDS. The Council serves as the focal point for service providers, non-elected community leaders, and target populations (collectively called members) to collaborate and make decisions that enable provision of various categories of services to those infected and affected. For instance, for over two decades, members of the Council with the support of the grantees and staff and other affiliates have been able to make judicious allocation priorities to medical and related categories to foster care and treatment to target populations.

The Council's establishment as part of the fight against HIV/AIDS is in consonance with the CARE Act legislative mandate. The CARE Act of 1990 requires the chief elected official in each eligible metropolitan area to either establish or designate a Council consisting of at least three key domains of actors to enable grants from the federal government for various services to target populations. The Broward County opted to establish a Council instead of designating an existing body or local bureaucratic agency to be responsible for decisions and/or implementation of decisions for care and treatment purposes.

The Council uses the CARE Act, Health Resources and Service Administration (HRSA) guidelines, and the national HIV/AIDS strategy with complementary local arrangements as the framework for operation. The framework helps the Council to serve as a suitable avenue for representation and participation for all relevant stakeholders from the public, private, and non-profit/civic spheres to effectively allocate resources for care and treatment. The Council's instrumental role in the collaborative process is enhanced tremendously by the grantee and staff whose supportive role, knowledge of the process, and consistent resourcefulness foster collaboration without hierarchy and thereby make the process truly representative of citizens' participation in governance of peoples' affairs.

## The Difference Collaboration Makes

The Broward County's fight against HIV/AIDS which undoubtedly constitutes a part of national efforts on the epidemic can best be described as collaboration without hierarchy in that the usual command and control which are associated with bureaucratic program management cease to pertain in this case. The county follows advised guidelines from the federal government to establish a Council

with mainly three-actor domains representing stakeholders from public, private, and nonprofit/civic spheres that make decisions and/or help implement decisions which usually translate into care and treatment to target populations across various medical and support service categories. In fact, the representation and participation of various stakeholders even with divergent interests, but bonded by a common resolve to address HIV/AIDS conundrum, enable provision of various categories of services to target populations in the county for over two decades.

The diverse representation and participation at the Council coupled with relentless complementary efforts of grantees and staff enable making thoughtful allocation priorities and attendant outputs such as comprehensive plans and needs assessment reports among others. The efforts of the Council have enabled services to thousands of infected and affected in recent years and have been the case in the past on consistent basis. For instance, within 2000–2006, the Council received approximately $101 million from the federal government for care and treatment purposes which eventually translated into provision of needed services to at least 11,000 target populations annually. Similarly, the Council received approximately $ 64.7 million within 2009–2013 time period with services to at least 13,000 target populations in 2015 alone. The funds include Minority AIDS Initiative (MAI) allocations to augment services to usually underserved and underrepresented affected communities. Even though needs outweigh resources, the Council continues to judiciously allocate resources to provide much needed care and treatment to target populations.

The use of a Council for HIV/AIDS collaboration promotes citizen engagement in the policy process, especially target populations, and enables collective problem-solving. By bringing together main actors from three domains with grantees and staff providing supportive roles, the county administration is able to address various concerns of the various segments of the population with acceptable level of effectiveness. The target populations alongside non-elected community leaders and service providers are able to somewhat promote their sectional interests through representation and participation in the Council while allocating resources to various service needs of infected and affected populations. In fact, the inclusion of target populations in the collaborative arrangement is empowering and gives meaning to the difference they make in achieving the legislative intents for the common good. Undoubtedly, the Broward County's efforts on HIV/AIDS are commendable and worth replicating by other locales as a conduit to promoting population health.

## References


Agbodzakey J (2012) Collaborative governance of HIV health services planning councils in Broward and Palm Beach Counties of South Florida. Public Organ Rev 12:107–126

Agbodzakey J (2015) Ryan White CARE Act and HIV/AIDS services collaborative governance: the South Florida experience. OmniScriptum, Saarbrücken, Germany

Birkland TA (2016) An introduction to the policy process: theories, concepts, and models of policy making. Routledge, New York

Broward County HIVPC (2005) Ryan White title I: comprehensive HIV/AIDS plan FY 2006–2009. Broward County, Fort Lauderdale

Broward County HIVPC (2006) Analysis of Ryan White title I service utilization. Broward County, Fort Lauderdale

Broward County HIVPC (2012) Ryan White treatment modernization act-part A comprehensive plan 2009–2011. Broward County, Fort Lauderdale

Broward County HIVPC (2014). Compiled allocation priorities, FY 2009–2013. Fort Lauderdale/EMA

Broward County HIVPC (2015) Ryan White Part A network wide service utilization report. Broward County, Fort Lauderdale

Broward County HIVPC/Fort Lauderdale/EMA (2000–2009) Allocation priorities. FY 2001/2002–2005/2006. http://hab.hrsa.gov/reports/data2b.htm#2. Retrieved on 10 Apr 2009

Centers for Disease Control and Prevention (2015) Florida-2015 state health profile. http://www.cdc.gov/nchhstp/stateprofiles/pdf/florida_profile.pdf. Retrieved on 3 Feb 2016

Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm Res Theory 22:1–29

Gray B (1989) Collaborating: finding common ground for multiparty problems. Jossey-Bass, San Francisco

Jankowski MS (1991) Islands in the street: gangs and American urban society. University of California Press, Berkeley

Nakamura RT, Smallwood F (1980) The politics of policy implementation. St. Martin's Press, New York

Rittel HWJ, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169
Ryan White Comprehensive AIDS Resources Emergency Act (1990). ftp://ftp.hrsa.gov/hab/careact.pdf. Retrieved on 10 July 2007
Schneider A, Ingram H (1993) Social construction of target populations: implication for politics and policy. Am Polit Sci Rev 87(2):334–347
U.S. Department of Health and Human Services (2002) 45 CFR 160.103 – Definitions. Context: Title 45 – Public Welfare. Subchapter C – Administrative data standards and related requirements. Part 160 – General administrative requirements. Subpart A – General provisions. https://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/pdf/CFR-2011-title45-vol1-sec160-103.pdf. Retrieved on 3 Feb 2016
Zurba M (2014) Leveling the playing field: fostering collaborative governance towards on-going reconciliation. Env Pol Gov 24:134–146

## Community Resettlement

Alessandra Jerolleman
University of New Orleans, New Orleans, LA, USA

### Synonyms

Climate change; Displacement; Emergency management; Extreme risk; Forced migration; Hazard mitigation; Natural hazards; Relocation

### Definition

Community resettlement is the relocation of a community facing extreme risk to another, less vulnerable, location. Unlike historic models of relocation and displacement, community resettlement is a community-led approach that preserves social bonds and increases overall community resilience through the process of a planned and joint relocation.

### Introduction

It is now widely understood that climate change, along with rising sea levels and changing precipitation patterns, will lead to displacement (Sherbinin et al. 2011). In fact, migration as a result of drought, as well as other hazards, has already been observed internationally and even within the United States. Many coastal communities and island nations are now being faced with the need to consider resettlement as an adaptation measure. Unfortunately, governments currently lack the mechanisms and policies to promote successful community-based recovery – and the challenges are particularly acute when an entire nation is facing the need to relocate as is the case with some Pacific islands.

Although climate-related resettlement is already a reality, a more careful and equitable model for community resettlement has not yet been fully developed. One of the challenges to the creation of such a model is the failure to see resettlement as a form of adaptation, as opposed to as a failure of adaptation. In other words, policies focus primarily on allowing communities to remain in place, despite their increasing risks. As a result, the decision to plan for a resettlement is made after the community has been exposed to various stressors for decades and after many of the families with the resources to leave have already done so.

Perry and Lindell (1997) studied community relocation in the United States and argued that permanent relocation is a valuable hazard mitigation measure when the risk of deaths and injuries are high, relocation will save money being spent on repeated losses, and the cost of other mitigation measures is astronomical. They looked for examples of successful relocation but found that overall relocation efforts have not been successful. They proposed a set of key principles for a successful community relocation:

- The community should be well organized.
- All persons and families that might be relocated should be involved in decision-making.
- The multi-organizational context must be understood by all participants.
- Social and personal needs, including financial, must be considered.
- Preserving social networks is critically important.

As these principles illustrate, community resettlement is far more complex than simply moving families from one location to another. To begin with, residents do not wish to leave their communities, and some may have already been force to relocate independently (Burley et al. 2005). Resettlement is a process that stresses the community and strains the existing social networks, even when there is recognition that it is the only viable option (Perry and Lindell 1997).

In order to be successful, a resettlement effort must take into account the livelihoods and culture of the community members, ensuring that their vulnerabilities are not simply exacerbated by the move to a new location. This is particularly true for communities that must move a great distance and whose livelihoods and way of life are intricately tied to the place in which they have historically resided. Indigenous communities, such as the Isle de Jean Charles Band of Biloxi-Chitimacha-Choctaw in the United States, are an example of these types of communities that are closely tied to place.

A successful resettlement must also consider the destination, or receiving community, which may be very culturally different from the community being resettled (Louisiana 2015). Displacement and migration across the globe have historically strained the receiving communities, which may lack the resources to absorb additional population. This is particularly problematic when that population is in need of social services and assistance yet another reason to ensure that livelihoods are strengthened through resettlement.

## Community Resettlement in the United States

The United States has a long history of relocating individuals who are at risk from riverine flooding, often utilizing federal funding to do so through programs such as the Hazard Mitigation Grant Program (HMGP). In many cases, these individual homeowners are able to remain within the community and simply relocate to a physical location that has a lesser degree of risk. In a few cases, however, the United States Army Corps of Engineers and the Federal Emergency Management Agency have moved entire communities out of harm's way. However, these communities were often relocated only slightly inland and were able to retain their previous way of life and livelihoods.

One example of a community relocation is Allenville, Arizona, from which a small community was moved to Hopeville, Arizona, following persistent flooding. The community resettlement required over 3 years to complete and presented many challenges, including maintaining community cohesion, maintaining the commitment to relocating together, ensuring clear communications, and preventing rumors and opposition from surrounding communities (Perry and Lindell 1997).

In addition to planned relocation, there are several cases in which a large disaster event resulted in significant displacement of persons, at times permanent displacement. One example of this is Hurricane Katrina. Although mass internal displacement occurred following the devastation of Hurricane Katrina along the Gulf Coast, resettlement was not seen as a viable strategy at that time, and local governments resisted efforts to provide residents with viable options for relocation. However, many residents of the hardest-hit communities, such as St. Bernard Parish in Louisiana, did choose to relocate. As is often the case, individuals and family groups made the decision to move to another community while making an effort to retain their social and community network. Many families were in fact able to resettle in St. Tammany Parish, a community that is further inland, and to strategically purchase properties in proximity to each other (Lasley 2013).

More recently, community-scale resettlement efforts have involved tribal communities on the forefront of climate change impacted areas (Dalborn et al. 2014; Maldonado et al. 2013). These have included Kivalina Island in the Arctic and the Isle de Jean Charles Band of Biloxi-Chitimacha-Choctaw in Louisiana, both of which are currently navigating the process of a

planned community resettlement. These communities are navigating resettlement; at the same, the federal government must figure out how to create policies that support these efforts.

Several groups have called upon the United States government to craft a policy, or even create an interagency group, that can work with communities facing resettlement. These communities must currently interact with a wide range of federal agencies and policies, some of which can be contradictory. All resettlement efforts that involve federal funding struggle to work within the constraints of the existing federal policies that have not been designed for use in this context.

Historically, the United States did at one time have a Resettlement Agency. The Resettlement Administration was established by president Roosevelt in 1935, through Executive Order 7027 (Namorato 1998), and was funded by the Emergency Relief Act of 1935 in response to the tremendous impacts on farmers that had resulted from the drought. The administration was developed to resettle farmers that were living on land that was no longer arable and also attempted suburban resettlement through the creation of towns. A total of 4400 families were resettled, and three towns were designed and constructed.

However, the Resettlement Administration was absorbed by the Farm Security Administration in 1937 amid widespread criticism over the cost of the resettlement and disagreement over the basic premise of resettlement. There have not been any further attempts at federally supported community resettlement, beyond the few small community relocation projects following flooding that were previously mentioned, since that time. In 2016, however, the State of Louisiana was awarded a grant from the United States Department of Housing and Urban Development to assist with the resettlement of one community, with funding later allocated for a second community, in Alaska, that had competed for the same funding and had not been awarded. As a result, the federal government is now looking at how best to manage resettlement and is convening the Council on Environmental Quality (CEQ) to create policies.

## International Examples

Although there are some examples of communities facing resettlement due to climate change, and vast migration from countries that are facing drought or other increasingly damaging natural hazards, there are no real examples of a successful community resettlement. Instead, there are examples of mass displacement resulting in increased vulnerability.

Historically, the majority of mass-planned resettlements have been a result of large infrastructure or development projects and have primarily impacted indigenous or rural communities. Despite efforts to minimize the negative impacts of these resettlements, none of these can be considered a success. Despite the very different context for community resettlement in the United States, much can be learned from these failed efforts. One of the most important lessons to be learned is the need for full community engagement and for the consideration of livelihoods.

In fact, Michael Cernea, a leading scholar in the field, has argued that communities that are resettled should be given a fraction of the benefits from the development and potential development to avoid having the resettlement lead to their impoverishment (Cernea 2007). Island nations, facing the loss of their entire land mass, will present a unique problem that will require international cooperation to resolve.

## Conclusion

Community resettlement is increasingly being seen as an adaptation, or hazard mitigation measure, of last resort, as communities are faced with increasing environmental risks. As communities make the decision to resettle, or as governments make the decision to create policies around community resettlement, it will be tremendously important to learn from the various efforts that have taken place previously. One of the key lessons to be learned is the need to fully engage the community in planning, throughout the entire process.

Another key consideration will be the timeline for resettlement. A community will not come to the decision that resettlement is necessary until extensive damages have already been experienced, and many members have already moved to another location. In order to be successful at recreating and strengthening the social bonds of the community, and increasing resilience through the resettlement, planning for resettlement must include those community members who have already left the vulnerable site. Additionally, policies and plans for resettlement will have to take into account the size and cohesiveness of the community (Louisiana 2015). Large urban environments will require different approaches than small, close-knit communities.

The current community resettlement efforts underway in the United States, in Alaska and in Louisiana, will serve as test cases for the ways in which existing policy mechanisms can, and cannot, be used in support of resettlement. Learning from these cases, and establishing clear policies, will be critical to the successful use of this strategy in the future. Emergency managers, community planners, and government officials will have to work together to navigate this complex policy environment.

## Cross-References

► Politics and the Environment

## References

Burley D, Jenkins P, Darlington J, Azcona B (2005) Loss, attachment and place: a case study of grand Isle, Louisiana. Reconstruct Stud Contemp Cult 5(3)

Cernea M (2007) Financing for development: benefit sharing mechanisms in population resettlement. Econ Polit Wkly 42(12):1033–1046

Dalborn C, Hermmerling S, Lewis J (2014) Community resettlement prospects in southeast Louisiana. Tulane Institute on Water Resources Law and Policy

Lasley CB (2013) Catastrophes and the role of social networks in recovery: a case study of St. Bernard Parish, LA, residents after Hurricane Katrina

Maldonado J, Shearer C, Bronen R, Peterson K, Lazrus H (2013) The impact of climate change on tribal communities in the US: displacement, relocation, and human rights, vol 120. Change, Climate, pp 601–614

Namorato MV (1998) Resettlement administration. In: Shumsky N (ed) Encyclopedia of urban America: the cities and the suburbs. ABC-CLIO, Santa Barbara

Perry RW, Lindell MK (1997) Principles for managing community relocation as a hazard mitigation measure. J Conting Crisis Manag 5(1):49–59

Sherbinin A, Castro M, Gemenne F, Cernea MM, Adamo S, Fearnside PM, Krieger G, Lahmani S, Oliver-Smith A, Pankhurst A, Scudder T, Singer B, Tan Y, Wannier G, Boncour P, Ehrhart C, Hugo G, Pandey B, Shi G (2011) Preparing for resettlement associated with climate change. Science 334: 456–457

State of Louisiana. Written by Lowlander Center (2015) Resettlement as a resilience strategy

# Community Resilience and Crisis Management

Caroline S. Hackerott
Department of Emergency Management, North Dakota State University, Fargo, USA

## Definitions

**Social Capital:**

- Bourdieu and Wacquant (1992, p. 119): "The sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition."
- Putnam (1995, p. 67): "Feature of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit"

**Social Vulnerability:**

- Unequal exposure to risk to extreme events due to differential socioeconomic and power relations among groups in a given society.

## Introduction

The manner in which disaster is experienced is complex and differs greatly among individuals, households, and communities. This entry presents a literature review of the concepts of social capital, social vulnerability, and community resilience in the context of disaster. These concepts assume that there are benefits by treating the impacted public as a potential partner in response, recovery, and mitigation. Community resilience receives the greatest attention as it has been linked to improved disaster response and recovery through more holistic mitigation and preparedness activities. The impact that specific individual, household, and/or community factors may have on the disaster experience is also examined. To provide a theoretical framework for this examination, multiple models of community resilience are presented, and the impact of social vulnerability and social capital on resilience is considered.

By considering resilience as the result of networked community capacities, Norris et al. (2008) demonstrate that as an individual or household's network expands, social capital increases resulting in increased resilience. The application of a "network systems" model or framework provides further support for the inclusion of the impacted community members in all phases of disaster situations. Within this model, the potential role of social capital on the alleviation of vulnerability and enhancement on resilience is of paramount concern. Finally, this project reviews strategies intended to increase the social capital of vulnerable populations by incorporating community members as individuals, volunteers and within community-based organizations (CBOs) in all phases of the disaster cycle.

## Social Capital

A large body of literature exists regarding social capital. The concept of social capital provides researchers in a variety of disciplines (e.g., public administration, sociology, political science, geography, social work, psychology) an opportunity to consider vulnerability and resilience from different perspectives. Social capital generally refers to a social resource that provides its holder with some level of support and/or power through direct or networked social relationships. As a resource, social capital may be utilized in social transactions and may be considered available for exchange in the same manner as economic capital, physical capital, or human capital.

Briggs (1998, 2004) breaks the concept of social capital into subcategories defined by the type of relationships that connect members of the social network of interest. He defines these subcategories as *bonding and bridging* capital. Bonding social capital represents the connections among people who are alike, connected through family/kin relationships and/or geographical location. Bonding capital plays a key role in daily interactions and is important for "getting by." Bridging social capital represents the connections among people who are unlike or separated by social status, geographical location, and/or resource access. This form of social capital may provide leverage for those in less powerful positions to access key resources to improve their general position in greater society. Woolcock (2004) presents an additional type of social capital, *linking.* Linking social capital is a special form of bridging social capital that emphasizes vertical access to individuals and institutions in positions of political and economic power. Linking social capital will be considered a form of bridging social capital for the remainder of this entry.

Bridging social capital reservoirs differ among individuals, households, and communities. Low economic status, limited property ownership, low educational attainment and low social status negatively impact social capital when power-based reciprocal relationships are considered (Lin 1999; Putnam 2000). However, socially and economically disadvantaged individuals and communities are more likely to have access to higher levels of social capital than other forms of capital such as economic or political capital (Light 2004). This access is typically facilitated through bonding networks. Because social capital is network-based, interactions among individuals and communities that enhance relationships of trust and reciprocity will serve to improve both forms

(bonding and bridging) of social capital. Rupasingha et al. (2006) and Sherrieb et al. (2010) identified indicators of social capital and opportunities for expanding potential social capital capacity. These indicators include social support, social participation, and community bonds. Opportunities for new connections coupled with meaningful, intentional exchanges and maintenance of the linkages over time are essential for the strengthening and expansion of the networks associated with social capital accumulation (Adger 2000; Lin 2001; Norris et al. 2008; Putnam 2000).

## Social Vulnerability

The concept of social vulnerability explains the unequal relationship between the exposure to risk and the social disruption experienced by different individuals, households, and communities. It also explains why some are more likely to suffer greater losses and disruptions at the time of impact and why some take longer or fail to re-establish pre-disaster conditions. Alexander (2000) defines vulnerability as the potential for casualty, destruction, damage, disruption, and other forms of loss in any particular extreme event. Wisner, Blaikie, Cannon, and Davis (2004, p. 11) provide the following working definition of vulnerability: "The characteristics of a person or group and their situation that influence their capacity to anticipate, cope with, resist and recover from the impact of a natural hazard (an extreme natural event or process). It involves a combination of factors that determine the degree to which someone's life, livelihood, property or other assets are put at risk by a discrete and identifiable event (or series or 'cascade' of such events) in nature and in society." In their description of the "Progression of Vulnerability" component of their "Pressure and Release" (PAR) model, vulnerability is increased by limited or restricted access to political power, influential societal structures, and other resources. The PAR model also considers limiting social ideologies such as exclusive caste systems, a variety of negative dynamic forces, and resulting unsafe conditions that also serve to diminish access to key resources. Any condition that restricts access to assistive or supportive resources increases social vulnerability. These same forces and conditions restrict individuals and households from expanding personal networks and social capital reservoirs.

Research has determined that increased vulnerability is due to exposure to the hazard and/or failure to access resistant shelter (Anderson 2008; Cutter and Finch 2008; Zahran et al. 2008), poverty (Alexander et al. 2006; Bankoff 2003; Nigg et al. 2006; Van Willigen 2001; Walsh 2007; Zahran et al. 2008), ethnicity (Anderson 2008; Bolin 1986; Ethridge 2006; Johnson et al. 2002; Nakagawa and Shaw 2004), disability (Mileti 1999; National Council on Disability 2009), and gender (Fordham 1999; Morrow and Enarson 1996; Norris et al. 2005; Rodriguez et al. 2006).

Cutter et al. (2003) explored the intersection between exposure to geographical hazards and social vulnerability/resiliency to create a place-based index of vulnerability (SoVI). While this index has inherent limitations including the relatively large unit of analysis (county) and reliance on census data, the researchers developed a multifaceted index providing a consistent point of comparison between vulnerability statuses based on geographical location. Within this index, socioeconomic status, employment, family structure, social dependence, and civic engagement are included as social aspects of vulnerability. The consideration of civic engagement is a key avenue to expand social networks that may lead to lower levels of social vulnerability. This link may provide a potential strategy to not only reducing vulnerability but also enhancing overall community resilience. This connection will be explored in more detail later in this entry.

### Social Vulnerability and Differential Disaster Experience

The disaster phase of recovery illustrates the effect social vulnerability may have in the disaster context. Drabek (1986) established the most widely utilized concept of the disaster "cycle" (preparedness, response, recovery, and mitigation). Drabek broke recovery into two phases:

*restoration* occurs during the first 6 months post-event, while *reconstruction* is the period following the restoration period. Reconstruction has no chronologically defined termination. Other researchers expand on this definition and define recovery as encompassing all post-response activities intended to return the impacted area and community to a pre-disaster state. Bates and Peacock (1989) view recovery as social reorganization, a post-disaster adaptive process. This adaptation has the potential to have a negative or positive impact on the victims. The process of adaptation is a critical component of resilience to be explored later.

Neal's (1997) discussion of the four-phase disaster calls into question the finite divisions that Drabek's model suggests. Supporting the need to put recovery into a social context, Neal points out that victims experience response and recovery at different rates based on a variety of factors. This *differential* experience does not allow for a temporal or spatial definition of the phase of recovery as individuals, households, and communities may be participating in different activities concurrently. Some recovery activities also encompass tasks that are specified as belonging to other phases. For example, in rebuilding residential structures to meet new building codes (e.g., earthquake or hurricane resistance), mitigation of future hazards is supported. From Neal's work, it is easily understandable how activities associated with response and/or mitigation may also be integral to the recovery process. Cutter et al.'s (2008) DROP model reflects the impact social factors may have on recovery as reflected in differential recovery times for different individuals, households, and communities. Finch et al. (2010) build on Neal's assertions regarding differential recovery. Studying the impact of social vulnerability on the disparate level of social disruption and rate of recovery in different neighborhoods and communities, the research team concluded that the social factors associated with recovery are interconnected, complex, and directly influenced by pre-disaster vulnerability levels.

In light of the differential recovery experiences illustrated by previous research, it is necessary to expand the concept of recovery. Recovery planning should consider the social aspects of community as well as the potential for the reduction of risk and vulnerability for community members. For a community to return to a pre-disaster state, social networks and bonds must be re-established. Bolin (1989) emphasizes that a return to the pre-disaster state may not be possible given the potential level of physical and social disruption created by a disaster. Depending upon the level of disruption wrought by the disaster event, those impacted may include the direct victims of the event and those who experience secondary and/or subsequent disruptions essentially expanding the definition of the impacted community.

## Community Resilience

While vulnerability describes the level of disruption, an extreme event may exert on an individual, household, or community; resilience is the ability of the affected to "bounce back." Mileti (1999) defines resilience to disaster as the ability of a community to withstand an extreme event without suffering devastating losses, damage, diminished productivity, or quality of life without a large amount of assistance from external sources. Tying resilience directly to sustainable individual and household livelihoods, the Department for International Development (1999) considers resilience as a function of available assets that include human, natural, financial, physical, and social capital. This definition operationalizes resilience as the ability of an individual or household to cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future without undermining the natural resource base. Furthermore, this definition focuses on the process of recovery and considers the creation of resilient livelihoods as an output. When resilience is considered in terms of sustainability, the interaction between an individual or household and its overall social network may be conceptually considered as a definitive component of community resilience (Carney 2002).

It is a common mistake to equate a reduction in vulnerability with an equal improvement in

resilience. It is in the consideration of resilience that the complex interaction of social vulnerability, social capital, and resilience become evident. Vulnerability characteristics influence the level of social capital (and the type of social capital) one may access in time of need. Social capital, in turn, positively influences the level of resilience a community may display during an extreme event.

Cutter et al. (2008) examined resilience based on factors associated with location and considers resilience and vulnerability as overlapping concepts rather than oppositional ones. While not focused on social capital, the researchers include two dimensions ("Social" and "Community Competence") that encompass many factors that contribute to social capital. Their "DROP" Model (Appendix A) incorporates pre-disaster conditions within the natural systems, built environment, and social systems. This model helps us conceptualize the interplay of multiple dynamic factors within a community. However, it does not operationalize these factors or identify a point of practical resilience enhancement.

## Resilience and Social Capital

Chen et al.'s (2006) work regarding community involvement in a disaster preparedness program provides further evidence that the power of engaging community members may have on improved resilience by increasing bridging social capital. Chen studied a geographically vulnerable Taiwanese village prone to cyclones and flooding. By involving a traditionally marginalized fishing community in defining its own risk and preparedness priorities, community members adopted a higher level of personal responsibility and communal obligation. As a result, both bonding and bridging social capital was increased through the network of trust forged between the villagers and the government response agencies. In turn, the entire community's resilience improved through both physical mitigation projects and enhanced social capital. This type of community partnership may allow for cultural aspects of the vulnerable community to be respected, honored, and preserved (Gaillard and Le Masson 2007; Newport and Jawahar 1998). In the case of the Taiwanese village that Chen studied, traditional housing design was determined to be more cyclone-resistant than the more "modern" housing the government initially proposed. Traditional housing patterns not only enhanced physical disaster resistance but also supported continued high levels of bonding social capital and demonstrated a commitment to shared local knowledge.

## Resilience, Social Capital, and Adaptive Capacity

Social capital has a potentially profound impact on resilience when considered as one aspect of a community's *adaptive capacity.* A system's (community) ability to absorb the impact of an extreme event is considered its adaptive capacity. This ability to respond, adapt, and/or absorb the negative impact of a disaster is a key component of social vulnerability and resilience (Bankoff 2003; Cutter et al. 2008; Norris et al. 2008). It is through the framework of adaptive capacity that Cutter et al.'s (2008) DROP Model assumes an overlapping relationship between vulnerability and resilience. Many factors that reduce vulnerability also expand resilience but the relationship may not be direct and fully oppositional. However, it is generally accepted that as *adaptive capacity* is expanded, vulnerability is decreased. Adger (2000) asserts that social capital is the key to a community's ability to cope with unforeseen and hazardous events (adaptive capacity). Norris et al. (2008) expand the definition of adaptive capacity to include the ability of an individual, household, or community to absorb social disruptions.

Improved adaptive capacity has also been shown to have a direct, positive effect on community resilience. When confronted with a disaster or other disruptive event, individuals, households, and communities rely on their individual and collective capacities to facilitate recovery. Expansion of one's adaptive capacity may be achieved by accumulating additional physical, social, or financial resources. Adaptive capacity may be expanded through enhancement of sustainable livelihoods, reduced social isolation, strengthened social bonds, the creation of diverse sociopolitical linkages, hazard exposure reduction, infrastructure improvements, and improvement in the

equitable distribution of economic resources (Anderson 2008; Cutter et al. 2008, 2010; Rodriguez et al. 2006; Wisner et al. 2004). All of these activities represent the establishment of greater levels of social capital among individuals and collectives that facilitate access to political, physical, and financial resources.

Smit and Wandel (2006) consider adaptive capacity in relationship relative to stakeholder engagement in disaster planning. They conclude that as stakeholder participation increases, social systems are strengthened and adaptive capacity is expanded resulting in improved community resilience. Ensuring representation of all members within a community in the planning process as full stakeholders results in improving the resilience of more vulnerable populations. This concept of adaptive capacity is compatible with the model of resilience presented by Norris et al. (2008) discussed later.

### Resilience, Social Capital, Adaptive Capacity, and Networks

A community's level of overall resilience appears to be associated with the degree to which its various assets are networked and the degree to which these networks overlap to create a shared experience and perspective. Ganapati (2009) defines the concept of social capital within the network framework as "civic networks as well as norms and social trust that facilitate collective action" (p. 28). Resilience is a function of economic development, information and communication network development, community competence in the disaster context, and overall social capital (Norris and Stevens 2007). When resilience is high, a community can absorb and cope with a variety of potential traumas by utilizing appropriate assets (Wisner et al. 2004). In his discussion regarding recovery, Kirschenbaum (2004) asserts that social ties (bonding and/or bridging social capital) or *networks* provide the greatest potential for recovery. The concept of the social network implies that the linkages within a community are multidimensional and that key individuals may provide "bridges" between networks. Kirschenbaum states that the density and intensity of social linkages between network members as well as toward those in positions of power determine the strength and effectiveness of a network.

Research concerning poor countries and/or traditional societies demonstrate that otherwise marginalized communities may still demonstrate high resilience to natural disasters (Holland and VanArsdale 1986) when a strong social network exists. This is especially true when there is no expectation of external assistance. In these instances, the affected community relies on indigenous coping mechanisms, resources, and social ties to support the recovery of the entire community. Since there is no expectation of assistance from outside the immediate social network, communal assets are the basis of recovery. Gaillard and Le Masson (2007) support these findings in their examination of the social networks within indigenous communities of the Philippines. Rejecting post-disaster relocation efforts imposed by the government, the community initiated its own relocation strategy. By directing its own reorganization, the community demonstrated significant adaptive capacity and resilience.

Family or "kin" bonds are the strongest connections that individuals maintain. However, this type of bond may be extended to friends and neighbors in many developed societies as family members become dispersed physically (Drabek et al. 1975). Work by Klinenberg (2002) and Putnam and Feldstein (2003) emphasizes the dangerous effect that the lack of a strong social network has on individuals and marginalized populations. Beggs et al. (1996) established that the strength of an individual's social network affected the ability to access disaster aid from formal organizations. Survivors of Hurricane Katrina identified their social networks as their greatest source of financial, social, and psychological relief (Forgette et al. 2009). Their findings supported the assertion that family, friends, and place combined for the most powerful social bonds. This research also demonstrated that individuals with the largest social networks exhibited the greatest resilience. Hutchinson and Vidal (2004) explore this phenomenon as they examined the challenge of reducing vulnerability

(economic, physical, and cultural) within marginalized communities within the USA.

### Networks, Social Capital, and Access to Power Systems in the Disaster Context

Berke and Campanella (2006) introduce resilience as the measurement of successful recovery efforts. They establish the importance of including the poor and most socially vulnerable in recovery and mitigation decision-making as important in improving resilience. Emphasizing the importance of pre-existing social networks, Berke and Campanella suggest that repairing these networks following disaster-caused disruption cannot be separated from resilience. Because of the tendency of state and federal recovery efforts in the USA to discount citizen involvement in the recovery process, governmental recovery projects tend to create barriers to resilience. Governmental response and recovery agencies are typically hierarchal and bureaucratic. Within this organizational structure, incorporation of local and nongovernmental organizations is problematic. Unfamiliar with the "system" or established processes, local voices present perspectives and propose solutions not pre-established and within the comfort zone of the lead agency. As a result, local knowledge and preferences are discounted in exchange for the maintenance of agency expedience (Weick and Sutcliffe 2001).

Norris et al. (2008) tie the concepts of social capital, adaptive capacity, and networks together to operationalize overall community resilience in their model (Appendix B.) Norris presents "social capital" as one of the key adaptive capacities available to a community and fundamental to its overall level of resilience. The authors break down social capital as encompassing the following components: (1) received social support, (2) perceived social support, (3) social embeddedness, (4) organizational linkages and cooperation, (5) citizen participation leadership and roles, (6) sense of community, and (7) attachment to place. When considered jointly, the components indicate that social capital represents the entire social matrix in which an individual, household, or neighborhood functions.

## Social Capital and Increased Disaster Resilience

This model of resilience illustrates the relationship between social vulnerability and resilience as it incorporates vulnerability factors into the social capital component. Therefore, social vulnerability, social capital, and resilience are inherently linked in the context of disasters. Using this model, it is demonstrated that activities that increase social capital will improve overall resilience. It may also explain how increased social capital may reduce vulnerability by providing socially disadvantaged individuals and communities' access to political and social power brokers. Norris et al. emphasize that adaptive capacities are dynamic and can be applied to an individual, organization, or larger community. This model also considers the overall resilience of the community specifically in a disaster setting. Using this model as a template, a variety of strategies may be considered and employed to enhance one or more of the contributing factors of social capital and subsequently assumed enhanced overall community resilience. Intentional inclusion of the most vulnerable (and most likely the most impacted) community members in recovery, mitigation, and preparation phases is an important first step. Providing support services to facilitate inclusive participation (e.g., childcare, transportation, scheduling meetings outside of typical work day hours) will increase the likelihood of sustained involvement and representation of vulnerable households. Inclusion of community members in these activities will increase the "social capital" capacity component of the Norris model and should result in improved resilience.

### Therapeutic or Altruistic Community

One goal of increasing the resilience of marginalized communities is improving levels of social, political, physical, and economic assets. The disaster context may provide an opportunity for intentional social capital enhancement. Research suggests that the period immediately following impact may provide a window for increasing long-term community resilience through intentionally community-based recovery, mitigation,

and preparedness activities. Fritz and Mathewson (1957a) described this period as the establishment of the "therapeutic community." Barton built on the concept of the therapeutic community when he created his model of the "altruistic community" in his work (Barton 1969). This phase of social solidarity, high levels of altruism, helping behavior, and social supports becomes the social context for response and initial recovery (Dynes 1970; Golec 1983; Rubin 1985).

These early researchers state that emergency conditions invoke a strong human desire to alleviate the discomfort and suffering of disaster victims (Fritz and Marks 1954; Fritz and Mathewson 1957a, b; Barton 1969). Barton also points out that the victims themselves exhibit strong volunteer behaviors toward other victims when their own suffering is not overwhelmingly severe (such as loss of family member or severe injury.) In his discussion regarding the reasons why community members are key first responders, Dynes (2003) points out that this response reinforces the social ties, obligations, expectations, and communication networks which provide the social stability (social capital) in the affected community.

This type of solidarity may extend beyond pre-impact networks. While studying the victim response following the London subway bombings, Drury et al. (2009) demonstrate the strength of the immediate bonding that may occur after a disaster. In this example, a crowd with no or very limited social connection immediately identified with each other and responded collectively in a positive and helpful manner.

In most cases, victim volunteer activity tends to follow associational pattern (kin, friendship, and neighborhood) immediately following disaster impact. This form of bonding social capital facilitates immediate response activities. Individuals with strong bonding capital report positive feelings regarding the ability to recover and a strong sense of self-efficacy. Gordon (2004) encourages response and recovery agencies to work quickly to strengthen these bonds through open communication regarding the recovery process and preserve the "social fabric" of the affected communities. Gordon's work emphasizes the need to honor cultural differences among the victims and allow different groups to construct their own disaster-related priorities. It is critical that bonded communities are not separated and that place-based attachments are respected during recovery.

There are some exceptions to the therapeutic community response. Heeren (1999) asserts that the majority of victims will assume that other victims experienced similar emotions and impact as they did. Due to this perception, the victims create heightened bonds to each other. This tight bonding results in high levels of social and practical support among the victims. Unlike Drabek (1986) and Fritz and Mathewson (1957b), Heeren's research also suggests that victims may create boundaries between themselves and others who did not experience the disaster directly. Picou et al. (2004) suggest that differential disaster impact and recovery can create a "corrosive" community. This corrosive community may negate any potential vulnerability reduction the initial social solidarity might provide.

Barton's (1969) foundational model of the altruistic community included concern regarding the differential interpretation of disaster impact on victims. If the victims are considered separate or significantly different from the supporting community, the therapeutic/altruistic community may not develop or be exceptionally short-lived. In order for the altruistic community to develop and be maintained, less impacted community members must have direct contact with the victims or the victims must have meaningful visibility. Failure to create either situation often results in blaming the victims or reducing the perceived connection to the victims and subverting the altruistic/therapeutic community. Ursano et al. (2008) state that differential recovery experiences, differential support, or poor communication promotes a rapid transition from the therapeutic environment to communal disillusionment, mistrust, and anger.

Despite the possibility of corrosive community development, the majority of researchers (Bolin 1989; Ethridge 2006; Ganapati 2009; Rodriguez et al. 2006) view the therapeutic community period as an opportunity to address vulnerability by taking advantage of the heightened sense of solidarity. Olson and Gawronski (2003) identified

the solidarity and volunteer response among Mexico City residents after the 1985 earthquake as a catalyst for political reform. In a less dramatic manner, the therapeutic community supports and facilitates new linkages between systems, allows new organizations to emerge, and provides a supportive environment for the establishment of new networks (Drabek 1986; Quarantelli 1989, 1992, 1993). In their review of collective behavior, Weller and Quarantelli (1973) identify the altruistic actions of the therapeutic community as meeting their criteria for emergent norms and emergent social relationships. They also note that the institutionalized behavior of preexisting organizations is oppositional to emergent community-based organizations (CBOs) that arise following disaster impact. Dynes (1970) found that the more rigid institutionalized structures existing prior to disaster are not supportive to CBO formation. He concludes that disaster causes the impacted community to become "disorganized" allowing the formation of emergent organizations and new operating structures.

### Grassroots Citizen and Community-Based Organization (CBOs) Participation

The emergence of grassroots citizen groups and expanded CBOs following disaster is well documented. A grassroots citizen group is truly emergent and did not exist prior to the disaster. These groups tend to form to meet a real or perceived unmet need. Community-based organizations (CBOs) may have existed prior to the disaster but often accept advocacy roles or disaster-related functions that they did not hold before the event. Much of this research has been conducted outside of the USA including India (Newport and Jawahar 1998; Rodriguez et al. 2006), Japan (Mimaki et al. 2009; Nakagawa and Shaw 2004), Taiwan (Chen et al. 2006), Turkey (Ganapati 2009; Karanci and Aksit 2000), Indonesia (Holland and VanArsdale 1986), Mexico (Olson and Gawronski 2003), and China (Shieh and Deng 2011). Research within the USA includes the 9-11 World Trade Center attack (Gotham and Greenberg 2008), California wildfires (Goldstein 2007), Hurricane Katrina (Ethridge 2006; Luft 2009; Nigg et al. 2006) and technological disasters resulting in flooding (Blocker et al. 1991), contaminated drinking water (Cable and Degutis 1991), and the Exxon Valdez oil spill (Picou et al. 2004).

As the emergency period transitions into response and recovery, involvement of the affected individuals tends to be facilitated by grassroots and/or CBOs. These post-disaster emergent or expanded CBOs provide a vehicle for increasing social capital (Wedel and Baker 1998). In addition to preserving in-group bonds, volunteering provides an opportunity for community members to forge bridging links between a "disinvested" or disadvantaged community with the mainstreamed society (Vidal 2004). In her study of the effect of community mentorship through voluntary involvement, Gress (2004) demonstrated the positive effect volunteering has on a community's bridging social capital. The role of membership in volunteer organizations has been shown to enhance the number and strength of bridging social networks (Michel 2007). This expanded bridging network also increases an individual's sense of personal responsibility to the greater community.

For overall community resilience to be expanded, CBOs must be involved in the recovery planning process. The community must also be included in mitigation decision-making to preserve communal bonds while reducing exposure to hazard or threat. Because communal bonds are often place-based, this involvement should include rebuilding and economic development decision-making. To avoid the overemphasis of perspectives of those with high levels of pre-disaster social capital, care should be taken to include CBOs comprised of the most vulnerable impacted community members.

Following the terrorist attacks on 9/11/2001, volunteers reported that their efforts assisted in transforming their self-assessment as victims to empowered community members (Lowe and Fothergill 2004). Post-disaster evaluation in Indonesia following the Indian Ocean tsunami indicated that involving local volunteers provided many benefits to both the local community and the effectiveness of disaster relief (Leitmann 2007). As discussed previously, Chen's et al.

(2006) research demonstrated that inclusion of interested community members in the planning phase is essential for effective identification of disaster risks, mitigation, and response strategies. He also postulates that such inclusion will strengthen connections within the community (bonding social capital) and between the support agencies and community members (bridging social capital), reducing the vulnerability of the most vulnerable community members.

Local management of the recovery process improves effectiveness and results in increased long-term resilience through increased bridging networks and the empowerment of previously marginalized groups (Coughlan 2004). These benefits included the recognition that local capacities may meet immediate lifesaving needs so that external resources could be reserved for long-term needs. His findings also support Chen's et al. (2006) conclusion that the incorporation of community members into disaster preparedness, mitigation activities, and planning process prior to a disaster has also been shown to be beneficial in increasing a community's resilience. Lunn (1990) found that the creation of a layperson's training program for disaster mitigation and response training in Tasmania increased funding for mitigation projects immediately.

Following the Tangshan earthquake, Mitchell (2008) found that the inclusion of local people in the planning process for both economic and physical recovery and development resulted in increased consideration for the more vulnerable members of the impacted community. It also resulted in an improved sense of satisfaction of the overall recovery process. Local involvement also facilitated the incorporation and acceptance of mitigative projects as part of the recovery plan and further improved community resilience to future disasters.

Disasters and extreme events may offer an opportunity for the creation of social capital and immediate adaptive capacity expansion. In his study of emergent neighborhood groups following the Golcuk, Turkey earthquake, Ganapati (2009) concluded that local leaders would often strengthen bonding capital and leverage it into new bridging capital. Through the process of community organizing, Turkish neighborhood groups began to create networks and mobilize international and domestic aid groups in support of the community's recovery efforts. In a similar manner, the inclusion of a vulnerable fishing community in disaster recovery and mitigation processes following multiple cyclones resulted in effective changes in construction techniques and community adoption of preparedness measurements (Newport and Jawahar 1998).

Pais and Elliott (2008) point out the negative impact that CBOs may have on the recovery process if they do not include members of the vulnerable community. CBOs tend to be composed of the more elite, wealthy, and powerful members of an affected community. Poor people volunteer less and join fewer voluntary organizations than those with higher socioeconomic status (Banfield 1968). As a result, those with less social capital are often underrepresented despite their higher levels of disaster-induced social disruption. Lack of involvement of the more socially vulnerable may result in increased social stratification and changes in the ethnic and economic population patterns within the area. Putnam (2000) asserts that communities with high levels of civic participation that may be measured by voluntary organization participation have higher levels of social capital. Civic participation is one aspect of the "social capital" adaptive capacity within Norris et al.'s model of community resilience (Norris et al. 2008). Rohe (2004) agrees that civic engagement is one indicator of social capital but only if it is accompanied by strong social networks, high levels of interpersonal trust, and effective collective action.

## Inclusion and Social Capital

If volunteering and participation in voluntary is an indicator of social capital, the poor are at a distinct disadvantage. Because existing membership in a voluntary organization is associated with higher levels of volunteering, special effort should be made to increase the numbers of more marginalized community group members in volunteer organizations (Michel 2007). Response and

recovery agencies may want to purposively recruit members of more vulnerable groups for leadership opportunities. Krajeski and Peterson (1999) state recruitment and development of traditionally unprepared community members for leadership positions requires more time and effort than including preexisting community leadership in disaster planning processes. However, because of the increased time commitment involved in leadership training, the level of interpersonal and interorganizational trust is likely to be high. High levels of trust improve the effectiveness of planning activities and strengthen the interactive relationships. Community members consistently indicate a desire to be included in all phases of disaster planning (Karanci and Aksit 2000). The inclusion of these typically vulnerable communities in the planning, response, and recovery phases also improves overall community resilience. It also reduces underrepresented groups' vulnerability as effective mitigation projects incorporate local knowledge and preferences. Due to the inclusion of community members in the planning process, outcome acceptance is increased (Mitchell 2008).

Because the formal disaster relief system is designed to respond financially and measures recovery in economic terms, the economic goals of the socially powerful are more often represented in rebuilding efforts. This may result in the disintegration of the preexisting social networks by separating many of the vulnerable community members from their place-based linkages. This permanent dislocation of the vulnerable community results in greater vulnerability for the poor and ethnic minorities. This increased vulnerability naturally diminishes the resilience of the overall community.

Community activism may counteract the trend to underrepresent more vulnerable groups. Morrow and Enarson (1996) illustrate this form of activism through their study of women's experiences during the aftermath of Hurricane Andrew. Following their virtual exclusion from the formal "We Will Rebuild" recovery planning committee, women from economic and ethnically vulnerable neighborhoods created a counter-group, "Women Will Rebuild." This group was able to gain enough political momentum to force the more pre-disaster powerful institutional structure to include them in a meaningful way. The authors concluded that intentional involvement of women reduced gender-based vulnerability and increased the adaptive capacity of the overall community.

Past research has examined the organizational structures of emergent CBOs (Luft 2009) and mobilization of ethnically focused CBOs (Anderson 2008). Research examining the potential of incorporating CBOs into the recovery process has focused on economic development and physical rebuilding (Alexander et al. 2006; Berke and Beatley 1997; Ganapati 2009; Gotham and Greenberg 2008), disaster preparedness and response (Alexander et al. 2006; Chen et al. 2006; Mimaki et al. 2009; Newport and Jawahar 1998; Patterson et al. 2010; Rodriguez et al. 2006), or political change (Blocker et al. 1991; Cable and Degutis 1991; Goldstein 2007; Olson and Gawronski 2003). Nakagawa and Shaw (2004) link social capital, CBOs, and recovery but do not examine long-term effects regarding overall resilience. In examining the failure of formal response and recovery organizations to meet the needs of the residents of New Orleans following Hurricane Katrina, Mitchell (2006) proposed that the integration of CBOs into a networked recovery process would improve the rate of recovery and resilience overall.

## Conclusion

Inclusion of disadvantaged communities in planning, preparation, mitigation, and recovery activities appears to be a key to increasing community social capital and resilience. This effect may be greatest in economically disadvantaged communities and assist in ameliorating poverty (Brown 1991; Saegert 2001; Woolcock 2004). Patterson et al. (2010) point out that inclusion of vulnerable people in the planning process is not enough. Vulnerable people and communities must be considered full participants in throughout the entire disaster cycle. Their input must be valued and incorporated in the resulting plans and strategies.

The partnerships created from the inclusion of vulnerable communities must be meaningful and based on trust.

## Appendices

### Appendix A

DROP model

Cutter, S.L., L. Barnes, M. Berry, C. Burton, E. Evans, E. Tate, and J. Webb. 2008. "A Place-Based Model for Understanding Community Resilience to Natural Disasters." *Global Environmental Change* 18: 598-606.

***No permission provided for inclusion of model.***

### Appendix B

Resilience as networked adaptive capacities

Norris, F.H., S.P. Stevens, B. Pfefferbaum, K.F. Wyche and R.L. Pfefferbaum. 2008. "Community Resilience as a Metaphor, Theory, Set of Capacities, and Strategy for Disaster Readiness." *American Journal of Community Psychology* 41: 127-150.

***No permission provided for inclusion of model.***

## References


Adger WN (2000) Social and ecological resilience: are they related? Prog Hum Geogr 24(3):347–364

Alexander D (2000) Confronting catastrophe. Oxford University Press, New York

Alexander B, Chan-Halbrendt C, Wilmar R (2006) Sustainable livelihood considerations for disaster risk management: implications for implementation of the Government of Indonesia tsunami recovery plan. Disaster Prev Manag 15(1):31–50

Anderson WA (2008) Mobilization of the black community following Hurricane Katrina: from disaster assistance to advocacy of social change and equity. Int J Mass Emerg Disasters 26(3):197–217

Banfield E (1968) The unheavenly city. Little, Brown Publishing, Boston

Bankoff G (2003) Vulnerability as a measure of change in society. Int J Mass Emerg Disasters 21(2):5–30

Barton AH (1969) Communities in disaster: a sociological analysis of collective stress situations. Doubleday & Co, Garden City

Bates FL, Peacock WG (1989) Long term recovery. Int J Mass Emerg Disasters 7(3):349–365

Beggs JJ, Haines VA, Hurlbert JS (1996) The effects of personal network and local community contexts on the receipt of formal aid during disaster recovery. Int J Mass Emerg Disasters 14(1):57–78

Berke P, Beatley T (1997) After the hurricane: linking recovery to sustainable development in the Caribbean. Johns Hopkins University Press, Baltimore

Berke P, Campanella TJ (2006) Planning for postdisaster resiliency. Ann Am Acad Pol Soc Sci 604:192–207

Blocker TJ, Rochford EB Jr, Sherkat DE (1991) Political responses to natural hazards: social movement participation following a flood disaster. Int J Mass Emerg Disasters 9(3):367–382

Bolin R (1986) Disaster impact and recovery: a comparison of black and white victims. Int J Mass Emerg Disasters 4(1):35–47

Bolin R (1989) Natural disasters. In: Gist R, Lubin B (eds) Psychosocial aspects of disaster. Wiley, Oxford, UK, pp 61–85

Bourdieu P, Wacquant LPD (1992) An invitation to reflexive sociology. University of Chicago Press, Chicago

Briggs XD (1998) Doing democracy up close: culture, power and communication in community building. J Plan Educ Res 18:1–13

Briggs XD (2004) Social capital: easy beauty or meaningful resource? J Am Plan Assoc 71(2):151–158

Brown LD (1991) Bridging organizations and sustainable development. Hum Relat 44(8):807–831

Cable S, Degutis B (1991) The transformation of community consciousness: the effects of citizens' organizations on host communities. Int J Mass Emerg Disasters 9(3):383–399

Carney D (2002) Sustainable livelihood approaches: progress and possibilities for change. UK Department for International Development, London

Chen L-C, Liu Y-C, Chan K-C (2006) Integrated community-based disaster management program in Taiwan: a case study of Shang-an village. Nat Hazards 37:209–223

Coughlan A (2004) Recovery management in Australia: a community-based approach. In: Norman S (ed) Proceedings of the 2004 New Zealand recovery symposium. Ministry of Civil Defence and Emergency Management, Wellington

Cutter SL, Finch C (2008) Temporal and spatial changes in social vulnerability to natural hazards. Proc Natl Acad Sci USA 105(7):2301–2306

Cutter SL, Boruff BJ, Shirley WL (2003) Social vulnerability to environmental hazards. Soc Sci Q 84(2):242–261

Cutter SL, Barnes L, Berry M, Burton C, Evans E, Tate E, Webb J (2008) A place-based model for understanding community resilience to natural disasters. Glob Environ Chang 18:598–606

Cutter SL, Burton C, Emrich C (2010) Disaster resilience indicators for benchmarking baseline conditions. J Homel Secur Emerg Manag 7(1):1–22

Department for International Development (DFID) (1999) Sustainable livelihoods guidance sheets. UK Department for International Development, London
Drabek TE (1986) Human responses to disaster: an inventory of sociological findings. Springer, New York
Drabek TE, Key WH, Erickson PE, Crowe JL (1975) The impact of disaster on kin relationships. J Marriage Fam 37(3):481–494
Drury J, Cocking C, Reicher S (2009) The nature of collective resilience: survivor reactions to the 2005 London bombings. Int J Mass Emerg Disasters 27(1):66–95
Dynes RR (1970) Organizational involvement and changes in community structure in disaster. Am Behav Sci 13(3):430–439
Dynes RR (2003) Finding order in disorder: continuities in the 9-11 response. Int J Mass Emerg Disasters 21(3): 9–23
Ethridge R (2006) Bearing witness: assumptions, realities, and the otherizing of Katrina. Am Anthropol 108(4): 799–813
Finch C, Emrich CT, Cutter SL (2010) Disaster disparities and differential recovery in New Orleans. Popul Environ 31:179–202
Fordham M (1999) The intersection of gender and social class in disaster: balancing resilience and vulnerability. Int J Mass Emerg Disasters 17(1):15–36
Forgette R, Dettrey B, Van Boening M, Swanson D (2009) Before, now, and after: assessing Hurricane Katrina relief. Popul Res Policy Rev 28:31–44
Fritz CE, Marks ES (1954) The NORC studies of human behavior in disaster. J Soc Issues 10(3):26–41
Fritz CE, Mathewson HB (1957a) Convergence behavior in disasters: a problem in social control. Publication #476. National Academies of Sciences-National Research Council, Washington, DC
Fritz CE, Mathewson HB (1957b) The human being in disasters: a research perspective. Ann Am Acad Polit Soc Sci 309:42–51
Gaillard J-C, Le Masson V (2007) Traditional societies' response to volcanic hazards in the Philippines: implications for community-based disaster recovery. Mt Res Dev 27(4):313–317
Ganapati NE (2009) Rising from the rubble: emergence of place-based social capital in Golcuk, Turkey. Int J Mass Emerg Disasters 27(2):127–166
Goldstein BE (2007) Skunkworks in the embers of the Cedar Fire: enhancing resilience in the aftermath of disaster. Hum Ecol 36:15–28
Golec JA (1983) A contextual approach to the social psychological study of disaster recovery. Int J Mass Emerg Disasters 1(2):255–276
Gordon R (2004) Community process and the recovery environment following emergency. Aust J Environ Health 4(1):19–34
Gotham F, Greenberg M (2008) From 9/11 to 8/29: post-disaster recovery and rebuilding in New York and New Orleans. Soc Forces 87(2):1039–1062
Gress J (2004) Sowing the seeds of social capital. J Am Plan Assoc 70(2):176–183
Heeren JW (1999) Emotional simultaneity and the construction of victim unity. Symb Interact 22(2):163–179
Holland CJ, VanArsdale PW (1986) Responses to disaster: a comparative study of indigenous coping mechanisms in two marginal third world communities. Int J Mass Emerg Disasters 4(3):51–70
Hutchinson J, Vidal AC (2004) Using social capital to help integrate planning theory, research, and practice. J Am Plan Assoc 70(2):142–192
Johnson KW, Olson-Allen S, Collins D (2002) An evaluation strategy for improving disaster victim services: a blueprint for change. Int J Mass Emerg Disasters 20(1):69–100
Karanci N, Aksit B (2000) Building disaster-resistant communities: lessons learned from past earthquakes in Turkey and suggestions for the future. Int J Mass Emerg Disasters 18(3):403–416
Kirschenbaum A (2004) Generic sources of disaster communities: a social network approach. Int J Sociol Soc Policy 24:94–129
Klinenberg E (2002) Heatwave: a social autopsy of disaster in Chicago. The University of Chicago Press, Chicago
Krajeski RL, Peterson KJ (1999) 'But she is a woman and this is a man's job': lessons for participatory research and participatory recovery. Int J Mass Emerg Disasters 17(1):123–130
Leitmann J (2007) Cities and calamities: learning from post-disaster response in Indonesia. J Urban Health 84(1):144–153
Light I (2004) Social capital's unique accessibility. J Am Plan Assoc 70(2):145–151
Lin N (1999) Social networks and status attainment. Annu Rev Sociol 25:467–487
Lin N (2001) Social capital: a theory of social structure and action. Cambridge University Press, New York
Lowe S, Fothergill A (2004) A need to help: emergent volunteer behavior after September 11. In: Beyond September 11th: an account of post-disaster research. Public Entity Risk Institute of Fairfax/The Institute for Civil Infrastructure Systems, New York
Luft R (2009) Beyond disaster exceptionalism: social movement developments in New Orleans after hurricane Katrina. Am Q 61(3):499–527
Lunn J (1990) Counter-disaster/emergency planning in Tasmania. Int J Mass Emerg Disasters 8(2):151–156
Michel L (2007) Personal responsibility and volunteering after a natural disaster: the case of hurricane Katrina. Sociol Spectr 27(6):633–652
Mileti D (1999) Disaster by design: a reassessment of natural hazards in the United States. Joseph Henry, Washington, DC
Mimaki J, Takeuchi Y, Shaw R (2009) The role of community-based organization in the promotion of disaster preparedness at the community level: a case study of a coastal town in the Kochi Prefecture of the Shikoku Region, Japan. J Coast Conserv 13:207–215
Mitchell JK (2006) The primacy of partnership: scoping a new national disaster recovery policy. Ann Am Acad Pol Soc Sci 604:228–255

Mitchell JK (2008) Including the capacity for coping with surprises in post-disaster recovery policies. Reflections on the experience of Tangshan, China. Behemoth 3:21–28
Morrow BH, Enarson E (1996) Hurricane Andrew through women's eyes: issues and recommendations. Int J Mass Emerg Disasters 14(1):5–22
Nakagawa Y, Shaw R (2004) Social capital: a missing link to disaster recovery. Int J Mass Emerg Disasters 22(1):5–34
National Council on Disability (2009) Effective emergency management: making improvements for communities and people with disabilities. http://www.ncd.gov/publications/2009/Aug122009
Neal D (1997) Reconsidering the phases of disaster. Int J Mass Emerg Disasters 15(2):239–264
Newport J, Jawahar GG (1998) Crisis intervention by community participation. Int J Mass Emerg Disasters 16(3):363–370
Nigg JM, Barnshaw J, Torres MR (2006) Hurricane Katrina and the flooding of New Orleans: emergent issues in sheltering and temporary housing. Ann Am Acad Pol Soc Sci 604:113–128
Norris FH, Stevens SP (2007) Community resilience and the principles of mass trauma intervention. Psychiatry 70(4):320–328
Norris FH, Baker CK, Murphy AD, Kaniasty K (2005) Social support, mobilization and deterioration after Mexico's 1999 flood: effects of context, gender and time. Am J Community Psychol 36(1/2):15–28
Norris FH, Stevens SP, Pfefferbaum B, Wyche KF, Pfefferbaum RL (2008) Community resilience as a metaphor, theory, set of capacities, and strategy for disaster readiness. Am J Community Psychol 41: 127–150
Olson RS, Gawronski VT (2003) Disasters as critical junctures? Managua, Nicaragua 1972 and Mexico City 1985. Int J Mass Emerg Disasters 21(1):5–35
Pais JF, Elliott JR (2008) Places as recovery machines: vulnerability and neighborhood change after major hurricanes. Soc Forces 86(4):1415–1453
Patterson O, Weil F, Patel K (2010) The role of community in disaster response: conceptual models. Popul Res Policy Rev 29:127–141
Picou JS, Marshall BK, Gill DA (2004) Disaster, litigation, and the corrosive community. Soc Forces 82(4): 1493–1522
Putnam RD (1995) Bowling alone: America's declining social capital. J Democr 6:65–78
Putnam RD (2000) Bowling alone. Simon and Schuster, New York
Putnam R, Feldstein LM (2003) Better together: restoring the American community. Simon and Schuster, New York
Quarantelli EL (1989) Human behavior in Mexico City earthquake: basic themes in survey findings. Preliminary paper #137. Disaster Research Center, University of Delaware, Newark
Quarantelli EL (1992) Human behavior in the Mexico City earthquake: basic themes in survey findings. Preliminary paper #185. Disaster Research Center, University of Delaware, Newark
Quarantelli EL (1993) Organization response to the Mexico City earthquake of 1985: characteristics and implications. Nat Hazards 8(1):19–38
Rodriguez H, Wachtendorf T, Kendra J, Trainor J (2006) A snapshot of the 2004 Indian Ocean tsunami: societal impacts and consequences. Disaster Prev Manag 15(1):163–177
Rohe WM (2004) Building social capital through community development. J Am Plan Assoc 70(2):158–164
Rubin CB (1985) The community recovery process in the United States after a major natural disaster. Int J Mass Emerg Disasters 3(2):9–28
Rupasingha A, Goetz SJ, Freshwater D (2006) The production of social capital in US counties. J Socio-Econ 35:83–101
Saegert SJ (2001) Social capital and poor communities. Russell Sage Foundation, New York
Sherrieb K, Norris FH, Galea S (2010) Measuring capacities for community resilience. Soc Indic Res 99: 227–247
Shieh S, Deng G (2011) An emerging civil society: the impact of the 2008 Sichuan earthquake on grass-roots associations in China. China J 65:181–194
Smit B, Wandel J (2006) Adaptation, adaptive capacity and vulnerability. Glob Environ Chang 16(3):282–292
Ursano RJ, Fullerton CS, Terhakopian A (2008) Disasters and health: distress, disorders and disaster behaviors in communities, neighborhoods and nations. Soc Res 75(3):1015–1028
Van Willigen M (2001) Do disasters affect individuals' psychological well-being? An over-time analysis of the effect of Hurricane Floyd on men and women in eastern North Carolina. Int J Mass Emerg Disasters 19(1):59–83
Vidal AC (2004) Building social capital to promote community equity. J Am Plan Assoc 70(2):164–175
Walsh F (2007) Traumatic loss and major disasters: strengthening family and community resilience. Fam Process 46(2):207–227
Wedel K, Baker D (1998) After the Oklahoma City bombing: a case study of the resource coordination committee. Int J Mass Emerg Disasters 16(3):333–362
Weick KE, Sutcliffe KM (2001) Managing the unexpected: assuring high performance in an age of complexity. Jossey-Bass, San Francisco
Weller JM, Quarantelli EL (1973) Neglected characteristics of collective behavior. Am J Sociol 79(3):665–685
Wisner B, Blaikie P, Cannon T, Davis I (2004) At risk: natural hazards, people's vulnerability and disasters, 2nd edn. Routledge, New York
Woolcock M (2004) Why and how planners should take social capital seriously. J Am Plan Assoc 70(2):183–189
Zahran S, Brody SD, Peacock WG, Vedlitz A, Grover H (2008) Social vulnerability and the natural and built environment: a model of flood casualties in Texas. Disasters 32(4):537–560

# Community-Based Organizations

Osaore A. Aideyan
Department of Politics and Government, Illinois State University, Normal, IL, USA

## Synonyms

Grassroots development organization

## Definition

A bottom-up approach for popular participation in development efforts. It is an innovative approach to developing communities in response to the failure of top-down development strategies.

## Introduction

Community-based organizations (CBOs) are non-profit membership organizations (public or private) open to all residents of the physical community (a neighborhood for example), and focused on issues and concerns at the local level. They are institutional blueprints for improving citizen's abilities based on local sociocultural conditions (Dill 2010). The primary purpose of community-based organizations is the improvement of the physical, economic, and social environment of its geographic area of operation. They achieve these goals by addressing one or more critical problems of the area – housing, health, education, microfinance, safe water, and sanitation. Most CBOs focus their attention on the needs of persons of low and moderate income.

Community-based organizations can be identified by a number of names, including association, networks, alliance, and commission. Examples of community-based organizations are the local Chamber of Commerce, Advisory Neighborhood Commissions (ANCs), and Transportation Management Association (TMA).

As a democratic instrument to bring about sustainable change, CBOs have the following characteristics:

- First, they are governance institutions that improve the ability of citizens to make choices through open and public discussions, and direct involvement in the design and implementation of programs that affect particular communities. This is in contrast to institutions where transnational bureaucrats are empowered to determine what happens to people who live long distances from power centers. According to Evans (2002, 55), this model of development "implies that choices about those allocations and growth strategies must be democratic not in just the thin sense of having leadership succession determined at regular electoral process, but in the thick sense of messy and continuous involvement of the citizenry in the setting of economic priorities." In essence, COBs are a means to empower citizens vis-à-vis development (Dill 2010).
- Second, ownership of the development process by the people. According to the United States Department of Transportation, a community-based organization focuses on issues and concerns at the local level, not on a national scale. They may also participate in regional coalitions with similar groups in support of an issue such as affordable housing, water quality, or connection of open space (U.S. Department of Transportation 2002). Accordingly, they are able to represent and advance the interests of particular target communities. Likewise, Dill (2010) notes that since CBOs are formally distinct from state institutions, they are assumed to represent and advance the interests of a particular community, granting them license to make claims on target audiences, namely, national and transnational development actors.
- The third component of CBOs as a development paradigm is that the effectiveness of development institutions depends upon their ability to work with the grain of the local

sociocultural environment. Values should not be exogenous. They should be compatible with the cultural norms and practices of each community (Dill 2010).

- A fourth characteristic of CBOs focuses on their size and organizational structure. Whether the CBO is organized as in informal steering committee, a traditional board, or a complex network of organizations, the majority of the leadership positions and staff consists of local residents. In addition, the main operating offices are located in the community. The following are examples of organization members: individual members of the public, representatives of community and advocacy groups, church leaders, representatives of the business community, and elected officials. Depending on each organization, members may volunteer or may be nominated, appointed, or elected (U.S. Department of Transportation 2002). Many community-based organizations hold regular meetings for a specific period where they discuss the issues of common concern. Though participation is voluntary, meetings are open to all members of the community with interest in the particular issue (U.S. Department of Transportation 2002). Most CBOs sustain themselves through the collection of membership and annual fees (Dill 2010).

Community-based organizations do not exist in a vacuum. They must establish local relationships as well as partnerships with state and federal agencies and organizations throughout the public, private, and nonprofit sectors (West 2009). Effectively, they serve as intermediaries between national actors and transnational actors and community residents.

## Utility of Community-Based Organizations

According to the U.S. Department of Transportation (2002), working with CBOs allows professionals in different sectors of the economy to tap into key community players and an organizational structure that has already been created. For example, regularly scheduled meetings of CBOs can be avenues for disseminating information and gathering input on transportation plans, programs, and projects at a grassroots level.

CBOs can also be used to gain consensus about an issue or a project. In this sense, they can serve as platforms for identifying and investigating particular issues in more depth, gaining community level information, and community impact assessment (U.S. Department of Transportation 2002).

Since community based-organizations are typically organized at the grassroots level, participation tends to be broad-based. Effectively anyone can be active in such a group, which promotes bridging relationships as opposed to bonding relationships.

## Models of Community-Based Organizations

West (2009) has introduced three basic models of community-based organizations that are representative of the numerous such types of organizations. They are categorized as follows: independent organizations, networks, partnerships, or regional initiatives. We add to this list other community-based organizations frequently cited in the literature. These are foundations and faith-based community organizations.

### Independent Organizations

Perhaps the most representative of this type of community-based organization is the local Chamber of Commerce. Their organizational structures usually consist of a volunteer board of directors with committees responsible for different issue areas. Typically, they pursue a variety of interests including economic development, leadership programs, community promotions, governmental affairs, and are diverse as the communities they serve (West 2009, 108).

Another type of community-based organization that is representative of fundamental organizational forms of CBOs is community

development corporations (CDCs). They are the principal vehicle for community development. These nonprofit organizations serve a particular geographic area and are normally controlled by its residents. A board of directors usually elected from the membership governs CDCs and may also have board positions reserved for representatives of key local institutions such as banks, city government, or the hospital. A paid staff and volunteers execute the programs of work.

CDCs are best known for their production of affordable housing. However, CDCs do more than just construct housing, and instead engage in a range of activities from small business development to workforce training to social service provision (DeFilippis and Saegert 2012).

### Networks

These are collaborative community-based organizations pulling resources together to achieve common goals or solve problems too large for one organization to tackle. By collaborating, organizations are able to leverage power of numbers in exercising influence, and maximizing limited resources of communities.

Networks might exist to exchange information among organizations or businesses that share common interests such as trade associations (West 2009). Other networks consist of numerous CBOs engaged in the provision of services from the local to the international levels.

Other notable networks that are important economic development tools are flexible manufacturing networks (FMN) and business cooperatives. FMNs may engage in simple collaborative efforts like sharing of information to jointly own production facilities or share information technology infrastructure. Business cooperatives are community-based organizations established to provide a range of services for local businesses ranging from identifying business opportunities to providing support services, access to capital and cooperatively owned equipment.

### Public-Private Partnerships

These are collaborative arrangements between the public and private sectors which involves the public partner paying, reimbursing, or transferring a public asset to a private partner in return for goods or services. Although controversial in terms of its benefits for taxpayers, supporters of PPP cite cost savings, innovations, and improved quality of services as some of the potential benefits of this arrangement. Opponents on the other hand cite increase in unemployment and violations of statutory laws as key drawback of PPPs.

According to the US National Council for Public-Private Partnerships (2002), there are at least three different levels of public-private partnerships (PPPs), outsourcing, privatization, and a combination of both outsourcing and privatization. Outsourcing is the process of contracting by a public agency for the completion of government functions by a private sector organization. For example, contracting maintenance for a city hall to a private enterprise. Privatization on the other hand, is the sale of government owned assets to the private sector. For example, when government turns over prison functions to provide providers.

### Regional Initiatives

According to West (2009), regional initiatives provide a framework for addressing society's most complex problems. Very often these are problems that no one community or political administrative division can handle alone thus requiring some forms of collaboration with others. Issues relating to air quality, infrastructure investments, transportation, and economic development that are well beyond the ability of one municipality fall in this frame of reference. Regional initiatives can be very useful in economic development.

Regional development initiatives involve formal institutional designs, shared decision making, and participation of governing bodies in the region. Depending on the objective, project scope, actors, and timing, these institutions vary structurally. They can take the form of consolidated government functions such as combining police forces to address safety and security issues across multiple jurisdictions, special districts

in-charge of providing social services and amenities, and special taxing districts (West 2009).

By coming together to create regional marketing organizations this form of community-based organizing has been identified as one of the best tools for rural communities that otherwise would not have the resources to market themselves, or even to develop infrastructure by themselves.

### Foundations

These are nonprofit, tax exempt public charities primarily funded by contributions from individuals, corporations, government units, and private foundations (West 2009). Most community foundations focus more on grant making than on providing direct charitable services to the locality. Community foundations are usually endowed by individuals or groups and may be for general or specific purposes.

### Faith-Based Community Organizations

Faith-based community organizations are nonprofit providers of unique services to communities. They are unique in the sense that not only they do meet the spiritual needs of community members, they are known for providing food, clothing, and shelter to community members in need. More recently, with governmental assistance, faith-based organizations have expanded into workforce training and housing initiatives.

According to the US Department of Housing and Urban Development (2001), there are three types of faith-based organizations (FBOs) – congregational, national networks, and freestanding religious organizations. Congregational organizations are more representative of FBOs because of their affiliations with denominational organizations such as the Catholic diocese, and their service organizations, such as the Jewish Federation or Notre Dame University. National networks are special purpose providers formed to mobilize energies of individuals and congregations around specific projects such as Habitat for Humanity or the Christian coalition. Freestanding religious congregations are independent organizations that are not part of a congregation but have a religious connection organized to pursue special development objectives.

## Conclusion

Community-based organizations are effective bottom-up tools used for addressing local needs. They embody a multiplicity of formal institutions, interests, and activities to meet the ever-changing conditions and needs of local communities. CBOs often incorporate elements of community organizing that empower individual members of society to take charge of their destinies. CBOs by their nature are well positioned to coproduce public goods by mobilizing an untapped pool of local human, financial, and material resources (Dill 2010). However, the demands of participation might place unusual financial and social burdens on low-income persons in the community.

## References

DeFilippis J, Saegert S (eds) (2012) The community development reader, 2nd edn. New York/London, Routledge

Dill B (2010) Community-based organizations (CBOs) and norms of participation in Tanzania: working against the grain. Afr Stud Rev 53(2):23–48

Evans P (2002) Collective capabilities, culture and Amartya Sen's development as freedom. Stud Comp Int Dev 37(2):54–60

National Council for Public-private Partnerships (2002) For the good of the people: using public-private partnerships to meet America's essential needs. http://www.ncppp.org/wp-content/uploads/2013/03/WPFortheGoodofthePeople.pdf. Accessed 12 Feb 2017

U.S. Department of Housing and Urban Development (2001) Faith-based organizations in community development. https://www.huduser.gov/portal/publications/faithbased.pdf. Accessed 14 Feb 2017

U.S. Department of Transportation Federal Highway Administration (2002) Public involvement techniques. https://www.planning.dot.gov/publicinvolvement/pi_documents/1b-a.asp. Accessed 14 Feb 2017

West M (2009) Establishing community-based organizations. In: Phillips R, Pittman R (eds) An introduction to community development. Routledge, New York

# Company Structure and Legal Implications

Lorna Hardin
Penn State DuBois, DuBois, PA, USA

## Synonyms

Business form; Business structure; Entity form

## Introduction

Soon after any entrepreneurial activity begins, the entrepreneur will receive requests for information. For example, tax authorities will want to find out how much income the activity generates. Providers of capital (including creditors and potential investors) will want to see financial records for the activity before supplying the funds needed to scale up. Insurers will require information about aspects of the organization that they are insuring (e.g., inventory). To fulfill information needs, separate records must be kept for the economic activity, apart from the entrepreneur's personal financial records. At this point, the entrepreneurial activity will necessarily gain an identity that is separate from its founder. It will become a separate entity.

Globally, many governmental jurisdictions allow entrepreneurs to choose the legal form for a new entity from a pre-established set of forms permitted in that jurisdiction. Applicable laws stipulate the prerogatives and obligations of the entity based on the type of organization that the owner has chosen to "house" specific economic activity. The choice of entity form represents a trade-off between the advantages and disadvantages that available entity forms confer, based on the characteristics of the economic activity involved and the priorities of the entrepreneur. Entrepreneurs should think about entity form at the inception of any economic activity and periodically afterward. Having chosen a legal form, entrepreneurs must typically file legal documents with the governmental jurisdiction in which the entrepreneur wishes to operate. In the United States, entity form is a matter of state law with variations in related legislation among the states. Internationally, entity form may be governed at the federal level.

The chapter is organized as follows. First, the choice of entity form has implications related to control, tax effects, legal liability, ability to raise capital, continuity of existence, and required legal filings. A brief overview of these issues is provided. Second, common entity forms are described in light of these key parameters. Finally, several matters that are integral to the choice of entity form are described. These matters include jurisdictional considerations, the need to reevaluate entity form, advantages of operating a group of related entities, and the importance of tailoring the legal form of an entity with well-written organizational documents.

## Key Parameters

One way to conceptualize the differences between entity forms is to consider the parameters that differ across available options. Entrepreneurs must weigh these parameters in light of the unique circumstances surrounding their own business.

## Control

Control refers to the question of who is legally authorized to make decisions on behalf of an entity. Important decisions include choosing how to finance the operations of the organization, which assets to deploy, and what opportunities to pursue. In a sense, an entity is defined by the person or group with authority to enter into contracts on behalf of the entity. This is true because an entity's contracts collectively set its strategic focus. Intuitively, it would seem that the owners of an entity would legally control it, yet exceptions exist. Entrepreneurs should understand that the choice of entity form can affect their ability to retain control of the organization and its operations.

## Tax Effects

Taxes assessed on income from economic activity can differ markedly because of the entity form that is chosen to house the activity. The costs of compliance with tax laws can differ significantly as well, depending on the complexity of required tax returns. Nevertheless, the higher tax cost associated with a particular entity form may be warranted if the form confers other benefits that allow the organization to thrive.

## Legal Liability

Entrepreneurs face two major sources of financial exposure, including the risk of insolvency and the risk of being held financially responsible for damages arising from entrepreneurial activities. To varying degrees, entity forms can be used to shield individual owners from personal legal liability for losses arising from the organization. Concerns about legal liability may or may not be a primary concern in the choice of entity form, depending on the nature and scale of operations.

## Ability to Raise Capital

Very often, organizations will seek outside financing in order to fully realize the potential of a good business plan. For example, debt may be used to buy assets such as property and equipment that will increase output capacity. Alternatively, entrepreneurs seek investors to contribute cash or other assets in the effort to scale up operations. Some entity forms are more amenable to growth through external financing than others.

## Continuity of Existence

Dissolution of an organization is not an issue in daily operations. Nevertheless, a plan for dissolution (or continuity) of the organization should be put in place long before the issue arises in practice. A fundamental question here is whether the organization continues to exist after the departure of an owner. The answer is dependent upon the entity form. Owners may leave a business for several reasons, including death or disability; sometimes an owner decides to sell or is forced to leave following disagreements with co-owners. While it is true that the assets and employees of a business physically remain in such cases, continuity of existence refers to the legal existence of the entity. Pre-planning for such events is critically important because if the organization ceases to be recognized as a legal entity, the contracts of the organization (with suppliers, employees, customers, and creditors) and, by extension, its operations will be disrupted.

## Required Filings

Before commencing operations, an organization is required to submit organizational documents to the government unit that will exercise jurisdiction over the new organization. In the United States, for example, individual states govern entities. Accordingly, organizational documents are filed with the secretary of state. Periodic filings are also required as a condition of continuing to operate legally. Dissolution is accomplished through submission of yet more filings. Tax returns represent an additional obligation. Entrepreneurs seldom have the necessary experience to maintain compliance with required filings; typically, an accountant, attorney, or both must be enlisted to assist with this responsibility. Entrepreneurs who fail to comply with filing requirements will incur fines and penalties in excess of filing costs. Worse, government entities are authorized to terminate entities that fall out of compliance. Thus, paperwork is a necessary part of the operation of an entity. Entrepreneurs should be aware that the financial burden of required filings varies across entity forms.

## Entity Structure

The key legal issues identified in the foregoing discussion exist for organizations worldwide. That said, available legal entities are established by

individual jurisdictions and variations occur. Typical arrangements are described in the following paragraphs with a focus on prevalent forms in the United States. In practice, the selection of a legal form should be made with the advice of professionals who are well-versed in local laws. The choice of entity form entails a process of deciding how important each of the factors is to the success of a given entity and selecting the best fit among available alternatives. Five broad classes (or types) of entities are described in the following paragraphs, including sole proprietorships, partnerships, limited liability companies, corporations, and exempt organizations. Note that several entity forms may exist within a class of entities, each differing from the others in terms of the key parameters described previously.

## Sole Proprietorship

At the most informal level, a business entity may be one individual (the proprietor) who owns and operates an economic activity for profit. This entity form is a sole proprietorship (Internal Revenue Service 2019, p. 3), by far the most common entity form (Statistics of US Business 2017; Nonemployer Statistics 2018). A sole proprietor has complete authority to make every decision regarding the business. An entrepreneur without partners has other options in terms of entity form (depending on the jurisdiction), such as a limited liability company (National Conference of Commissioners on Uniform State Laws 2006, Art. 2, Sec. 201(a)). By definition, however, the entrepreneur who has not made legal filings to separate the finances of the economic activity from his personal financial affairs is operating a sole proprietorship. In essence, there is no need to choose a sole proprietorship as the entity form because it is a default status.

If the entity were separated from the entrepreneur, it would be required to file separate tax returns. In the United States, a sole proprietorship declares its income and is taxed on the proprietor's individual tax return. The simplicity of filing both individual and business taxes on a single return is a benefit of organizing as a sole proprietorship.

The lack of a legal firewall between the individual and entity can be a drawback of operating as a sole proprietor. Because the entrepreneur and the activity are a single legal entity, the proprietor is personally responsible to pay debts of the proprietorship if the economic activity does not generate enough cash to pay them. In other words, the sole proprietor has unlimited legal liability for the debts of the sole proprietorship (Internal Revenue Service 2015, p. 3). In many cases, unlimited liability is not an issue. Sole proprietors can insure the physical assets of a business. Employees can be insured for any injuries that occur on the job. Liability insurance can be used to cover losses from customer claims of injury. But insurance policies have limits, and no insurance company will provide blanket coverage against insolvency.

The specific circumstances are relevant in the determination of whether unlimited liability is acceptable. For example, a restauranteur leasing 10,000 square feet and employing a full staff has more exposure to losses than a consultant who works from home and has no employees. In general, entrepreneurs whose businesses have high fixed costs, a long production cycle, or uncertain profits have higher exposure to losses. In these situations, an entrepreneur could shield personal assets from the business' potential insolvency by using a different entity form that will separate the business from the owner, thus limiting the entrepreneur's exposure to personal legal liability.

Sole proprietorships primarily fund growth using either the entity's profits or borrowings. An entity is more likely to "outgrow" the sole proprietorship form if the strategic plan includes rapid growth because sole proprietorships lack access to sophisticated financial arrangements that are used by larger companies to raise capital (e.g., issuance of stocks and bonds). Sole proprietorships are typically small entities (SUSB 2017), due in part to their relative inability to raise capital. In fact, improved access to capital is often the goal when sole proprietorships are converted by their owners to other entity forms.

A sole proprietorship does not offer continuity of existence because of the legal view that the organization and the owner are one and the same. In essence, the business ceases to exist if a

sole proprietor becomes incapacitated or dies. To be clear, the assets will remain and are subject to inheritance laws, but a disruption in operations is likely to occur during the time that such matters are resolved.

Despite the lack of legal formality associated with a sole proprietorship, some legal filings are required. For example, local or state governments may require a sole proprietor to register with the state, purchase a business license, or furnish evidence of liability insurance. The tax return will be slightly more complex (and professional fees more costly) with the addition of information about the business. Formation of the business is less costly, however, because a sole proprietor is not required to transfer the titles of assets used in the business over to the business itself since the business has no legal existence apart from its owner. For the same reason, dissolution is also streamlined. The relative absence of required paperwork associated with a sole proprietorship likely accounts for its status as the most common organization form.

In summary, the sole proprietorship is a simple, for-profit entity form in which the entrepreneur and the business are legally undivided. The entrepreneur has complete legal control over the entity as there are no additional investors with an ownership stake. Income from the business is taxed as the entrepreneur's personal income. The entrepreneur is responsible for financial obligations of the business. The business' ability to raise capital is limited to the financial resources of the entrepreneur. Lacking an independent identity, the business has no continuity of existence. Finally, the burden of legal filings is the lowest of any entity form.

## Partnerships

A partnership exists when multiple individuals co-own an economic activity (NCCUSL 1997, Art. 2, Sec. 202(a)). There are three basic types of partnerships: general, limited, and limited liability. A partnership is a separate legal entity from the partners (NCCUSL 1997, Art. 2, Sec. 201(a)). Partnerships can own property (NCCUSL 1997, Art. 2, Sec. 204), an arrangement which confers some protection to the partners from personal financial distress of other partners. In the event that one partner incurs unpaid personal debt, creditors can legally sue for title to that debtor partner's share in the partnership but cannot take ownership of individual assets of the partnership, since partners do not directly own assets of the partnership. A creditor that is granted possession of a partnership share is entitled to a proportionate share of the profits of the partnership, but mutual agency does not extend to the creditor (NCCUSL 2006, Art. 5, Sec. 502, 503).

In the United States, 44 states have adopted the Uniform Partnership Act of 1997 ("RUPA"), a piece of legislation that stipulates how general and limited liability partnerships operate by default and also how the partnership agreement may alter the default rules. As a result of widespread adoption of the RUPA, there is substantial consistency across states. Internationally, partnerships are common, but variation in rules exists. Limited partnerships are not governed by the RUPA. Partners are not required to be natural persons. For example, individuals, trusts, estates, corporations, and even other partnerships may be a partner.

## General Partnership

In practice, an informal general partnership may operate as multiple sole proprietors working together. In time, however, questions about the status of the organization may be raised, for example, due to a tax audit, a supplier or customer lawsuit, or a legal dispute between the proprietors themselves. If two or more individuals operate a business together informally (without declaring the entity form of the business in paperwork filed with the controlling jurisdiction), the business will legally be deemed a general partnership. Quite frequently, co-owned businesses operate as general partnerships out of inertia rather than intent. In a general partnership, each partner can serve as an agent of the partnership, committing the partnership to contracts in support of ongoing operations. The resulting shared control of the

organization is called "mutual agency." While mutual agency is the default arrangement, partners may alter the terms of mutual agency by any agreements that the partners make to limit shared control.

The partners have what is called joint and several responsibility for the debts of the partnership (NCCUSL 1997, Art. 2, Sec. 306). Joint liability means that all partners are collectively responsible for partnership debt, while several liability means that one partner may be held responsible for all partnership debt if the others lack funds to pay the debt. One fundamental drawback of a general partnership is that every partner has legal exposure for losses stemming from the acts of other partners. Depending upon the kind of operations housed by the partnership, this could be an untenable situation. For example, medical doctors, dentists, and engineers commonly assume financial risks in conjunction with their professional work.

## Limited Liability Partnership

For many professionals, limited liability partnership (LLP) may be more appropriate than a general partnership because it protects each partner from losses due to negligence or misconduct of other partners. Partners in LLPs do not automatically have decision-making authority (NCCUSL (2006), Art. 3, Sec. 301(a)). Depending upon the jurisdiction, the law may restrict the use of an LLP to members of specific professions. Again, depending upon the jurisdiction, an LLP may further shield partners' personal assets by limiting the partners' liability for debts of the partnership to the amounts they have invested.

## Limited Partnership

The third type of partnership, a limited partnership (LP), is different in operation than general or limited liability partnerships. A separate piece of legislation governing LPs, the Uniform Limited Partnership Act of 2001 (ULPA) has been adopted by 24 states. An LP must have at least one general partner and one limited partner (NCCUSL (2001), Art. 2, Sec. 201(d)). The general partner (or partners) exercises control. Limited partners do not have authority (agency) to make decisions on behalf of the organization (NCCUSL (2001), Art. 3, Sec. 302(a)). Their liability for debts of the partnership is limited to amounts they have invested in the partnership (NCCUSL (2001), Art. 3, Sec. 303(a)). In contrast, general partners' liability for debts of the partnership is unlimited (NCCUSL (2001), Art. 4, Sec. 404(a)).

A limited partnership may be a good fit for an entrepreneur who wishes to retain control of a relatively capital-intensive business such as a restaurant, real estate management, or oil and gas exploration. One or more general partners will raise capital by selling partnership interests to limited partners, who are passive ("silent") investors. The capital supplied by limited partners is used to purchase productive assets. The general partner will then manage the assets to generate income, often receiving a salary and other compensation. Limited partners share in the profits, typically receiving quarterly or annual distributions. Numerous limited partnerships are often managed by a single general partner. Each partnership may contain, for example, a single asset such as a building or gas well. With each successive project, limited partners choose whether to invest and, if so, how much. Limited partners' proportion of ownership interest in the project is determined by the amount of their investment.

## Issues Common to All Partnership Types

Partnerships have flexibility when compensating individual partners. Partners need not be paid equally. Depending upon the jurisdiction, general partners may be required to draw a reasonable salary, which is subject to payroll taxes. Partnerships are taxed under a variety of schemes at the state level (and internationally). For example, a flat fee may be assessed, or a tax may be applied to the revenues, income, or assets of the partnership.

In the United States, the Internal Revenue Service requires businesses to self-identify their entity type under the "check-the-box" regulations

(Treas. Reg. § 301.7701-2(a)). This choice in turn determines the method by which federal income tax will be assessed. One reason for this system is that states recognize many business entity types, while the federal government for tax purposes recognizes only three: a corporation, a partnership, or an entity that is disregarded as separate from its owner. If an entity is recognized by its local jurisdiction as a corporation, it is subject to corporate income tax at the federal level. Corporation income tax is described in the section on corporations. If an entity has only one owner (and is not a corporation), income from the entity is taxed to the individual owner as if no entity exists. If an entity has two or more owners (but is not a corporation), the entity is taxed as a partnership. (The US federal tax system permits several entity types to be taxed as partnerships (i.e., pass-through entities) including general and limited partnerships, LLPs, LLCs, and S corporations. Some of these entity types will be described later in this text. Entities that would otherwise be taxed as pass-through entities may elect to be taxed as corporations, but this is almost always disadvantageous for reasons that will become clear in the discussion of corporate tax.) Under federal partnership tax rules, the entity's income is allocated ("passed through") to the individual partners and taxed as income at the owners' individual tax rates. Pass-through taxation is also a common treatment for business income internationally. Depending upon what the partners have agreed to do, the partnership's income may be distributed to the partners or retained in the partnership to fuel growth. Either way, each partner is individually liable for taxes owed on his or her share of partnership income. In essence, the tax is triggered by the earning of the income rather than its distribution.

Under the Tax Cuts and Jobs Act of 2017 (H.R.1 2017), individuals with pass-through income may be eligible to deduct 20% of that income before calculating their tax liability. Several caveats apply. In order to take advantage of the deduction, a taxpayer must have income above a certain threshold. If the source of the pass-through income is services provided by the owner, the deduction is phased out after income exceeds certain thresholds. The high-income phaseout does not exist for entities that are not involved in providing personal services, for example, for manufacturers. Finally, the deduction is scheduled to be phased out in 2025. While the details of the 20% deduction are beyond the scope of this text, it represents a significant benefit to taxpayers who operate pass-through entities.

US tax law is quite flexible in terms of how taxable items may be allocated to partners. So long as the allocation follows a plan that is recorded in the partnership agreement, it is not necessary to allocate income (or losses) in proportion to the partners' ownership shares in the partnership (IRC §704(a)). This flexibility can result in tax savings for the partners. For example, if one partner can derive more benefit from tax credits owing to his or her personal tax situation, the partnership agreement can stipulate that 100% of tax credits will be allocated to that partner.

When a partnership is formed, partners frequently contribute separately owned productive assets to the partnership (e.g., real estate, equipment). For reasons discussed later under required legal filings, partners should either title contributed assets to the partnership or execute a written agreement between the contributing partner and the partnership that sets the terms by which the partnership may use the asset. One benefit of the partnership form compared to a sole proprietorship is that raising capital for growth is facilitated by the fact that multiple owners can pool their individual resources. At the same time, a corporation may offer even greater access to capital than a partnership, for reasons that are discussed in the section about corporations.

Rules related to continuity of existence are inconsistent across jurisdictions, both in the United States and internationally. In some jurisdictions, the withdrawal of a partner triggers dissolution of the partnership by law. Under RUPA (governing general partnerships and LLPs) and ULPA (governing LPs), partnerships are not dissolved solely because a partner withdraws. Even so, withdrawal of a partner will trigger dissolution in some situations. For example, all partnerships must have at least one partner, and an LP must have at least one general partner. If all

partners withdraw from a partnership or the general partner withdraws from an LP, the partnership dissolves. Continuity of ownership is beneficial because unintended dissolution of the partnership may be disruptive to operations and have negative effects on the financial status of everyone involved.

As previously discussed, a small general partnership may operate informally, given an abundance of cooperation between owners. When the business begins to acquire assets or hire employees, the partnership should be registered with the jurisdiction in which it will operate. If the business was licensed as a sole proprietorship, new filings should be submitted to reflect the new partnership status. Organizational documents, such as a partnership agreement and operating agreement, must be drafted and filed with the jurisdiction. Although partnerships are not directly subject to income tax, an informational return must be filed to show how income and other taxable items of the partnership are being allocated to the partners.

If partners contribute separately owned productive assets for the partnership's use, all partners should be aware of and agree upon the value of contributed assets. Appraisals may be sought. One reason is that the partners' proportionate share of equity in the partnership is affected by their contributions. It is also critically important to either transfer legal ownership of such assets to the partnership or to memorialize an agreement between the owner and the partnership of the terms under which these assets may be used. If the partnership fails to take title to, or execute an agreement governing the use of, the productive assets, the owner-partner retains the right to block the partnership from using the asset, potentially disrupting operations. Partners should also be cautious when paying for upgrades to individually owned assets out of partnership funds, because this effectively enriches one partner at the expense of the partnership.

Dissolution of the partnership requires payment of partnership liabilities, a distribution of remaining partnership assets to the partners, and filing of final tax returns. The partnership must also apply for and receive clearance from the jurisdiction, for example, verifying that all payroll and sales taxes liabilities have been satisfied.

In summary, the partnership form involves a transition from the complete control exercised by proprietors to mutual agency. Compared to a proprietorship, a partnership provides greater access to capital. Limited liability or limited partnerships offer limits to partners' personal liability for partnership debts, although in practice, creditors frequently request partners to personally guarantee indebtedness. Taxes are no greater than those imposed on a proprietorship, but a partnership is required to file an informational return. The extent to which a partnership provides continuity of existence varies across jurisdictions. The burden of legal filings is greater for a partnership than a sole proprietorship, particularly during organization and dissolution. But required filings establish the partnership form, which provides access to capital and protects individual partners by limiting their personal liability for business debts and preserving their equity claims against other partners.

## Limited Liability Corporation (LLC)

A limited liability company (LLC) is often described as a hybrid between a partnership and a corporation, although LLCs need not have multiple members. LLCs provide their owners with remarkable flexibility. Many LLCs effectively combine the advantage of pass-through tax treatment accorded to partnerships with the limited liability of a corporation. In the United States, the LLC is a relatively new entity form, but every state now allows LLCs to organize, and 20 states have adopted the Revised Uniform Limited Liability Company Act (NCCUS 2006).

Because of the short history of LLCs in the United States, laws related to their operation are not yet settled, and a lack of uniformity exists across jurisdictions. Against this backdrop, two implications are of note: First, the organizational documents for an LLC should include a clear and comprehensive operating agreement that is tailored to the needs of the owners. Second, a limited liability corporation that operates across jurisdictional boundaries should be careful to register as a

foreign LLC in each jurisdiction to ensure that the operating agreement (rather than local law) will be used to settle any legal dispute.

Despite these challenges, the LLC has rapidly gained prevalence in practice. Growing sole proprietorships often choose to convert to an LLC. Owners of LLCs are called members. Depending upon the state of organization, an LLC may have an unlimited number of members, and similar to the rules for partnerships, members need not be natural persons (NCCUSL 2006, Sec. 1007).

An LLC may be member-managed or manager-managed (NCCUSL 2006, Sec. 407(a)(1)). If the operating agreement does not designate the LLC as manager-managed, it is member-managed by default. Members of a member-managed LLC are assumed to be agents of the LLC and to share equally in management decisions (NCCUSL 2006, Art. 4, Sec. 407(a)(2)). The operating agreement should include a statement of authority describing the control of the organization. The limited liability corporation should meticulously follow procedures set forth in the statement of authority. If an unauthorized representative of the LLC engages in transactions with a third party who is unaware of the proper lines of authority, the LLC may be unable to later invalidate the unauthorized representative's agency on behalf of the LLC.

Some jurisdictions limit the types of economic activities that LLCs can be used to operate. For example, licensed professionals may be required to use a different entity form, such as an LLP. LLCs are nearly always subject to partnership tax rules, both internationally and in the United States. The LLC form shields its members from personal liability for LLC debts. Members' personal exposure to loss is limited to amounts invested in the LLC. The proportion of an investor's ownership is typically based on the funds that the investor has contributed to the LLC and is expressed as a percentage denoting the proportion of the LLC that the investor owns. Alternatively, some LLCs allow investors to purchase ownership in equal denominations (referred to as "units"). Investors wishing to invest more in the LLC purchase additional units. LLCs with multiple members have improved access to capital as a result of pooling funds. The existence of an LLC is not affected by the departure of members. The operating agreement can stipulate the terms under which members can sell their ownership share of the LLC. For example, existing members may be given right of first refusal. Existing members may also reserve the right to reject the sale of an LLC share based on the identity of a prospective buyer if the operating agreement so states.

The flexibility of an LLC is beneficial, but the costs of organization can be a drawback. The operating agreement should be drafted by a competent attorney who is familiar with local laws governing LLCs and willing to work collaboratively with the founding LLC members in stipulating the rules of operation. Legal fees can be significant, but a well-written operating agreement can reduce the expense of litigating disagreements that arise during the LLCs existence.

## Corporation

In contrast to sole proprietorships and some partnerships, the corporate form is a separate legal entity from its owners. In the United States, about half of the states have adopted the Model Business Corporation Act (2002). Without exception, corporations can enter into contracts and, by extension, can be the plaintiff or defendant in a lawsuit. In the United States, several Supreme Court decisions have established that corporations enjoy equal protection under the law, which means that government agencies cannot discriminate against a corporation in the execution of laws or in the operation of the courts, for example, due to the corporation being registered outside the jurisdiction of the court or due to the mere fact that the entity is a corporation.

Control of a corporation is diffuse by design. The corporate charter or articles of incorporation must set the number of ownership shares that a given corporation is authorized to issue to investors. The process of dividing an asset (such as a company) into many equal, smaller ownership shares is called "securitization." Ownership shares of the corporation are called "stock." This arrangement is in contrast to how ownership

shares of most other entities are handled, where the proportion of ownership is flexible based upon the amount of the owner's initial investment. In a corporation, investors, who are also called stockholders, may buy additional shares to increase investment.

Stockholders lack mutual agency; corporations are manager-managed, as opposed to owner-managed. Owners of stock typically are accorded one vote per share of stock, although a few corporations have multiple classes of stock in order to vary voting rights among investors. For example, a particular class of stock may have no voting rights, or super voting rights. Stockholders vote to elect a board of directors, who represent the shareholders' interests. Directors nearly always hold stock in the corporations they serve. The maximum number of directors is stipulated in articles of incorporation. Directors may also be employees of the corporation, but not by virtue of their directorships. Instead, directors are self-employed. They engage in strategic, long-term planning and provide independent oversight to the management team, which is responsible for daily operations of the firm. Boards of directors may meet monthly or quarterly, although they work on corporate initiatives between meetings.

Founders of corporations can maintain control of their corporations by owning a majority (or all) of the voting stock and serving simultaneously as directors and management. Directors who are employed by the firm are called "inside directors." Directors who are not employed by the firm are called "outside directors." Outside directors are chosen for specific expertise. For example, directors are often attorneys, financial services professionals, or retired executives with experience and connections in the industry in which the firm operates. Outside directors are invaluable because their independence from management allows them to provide objective feedback to the management team. Stockholders' control over the corporation is limited to voting to replace unsatisfactory directors with new directors who will presumably provide better guidance and management oversight.

Corporations are subject to varying tax regimes at the local and state levels (as well as internationally). Taxes may be imposed on gross revenues, assets, or income. Some jurisdictions charge a flat annual fee. A drawback of the corporate form in many countries (including at the federal level in the United States) is that corporate income does not pass through to stockholders until it has been taxed at corporate tax rates. Some corporate income (net of corporate taxes) is then distributed to stockholders as dividends, which are taxable a second time as income to the stockholders receiving the dividend. Notice that tax at the individual level is triggered by the payment of dividends. In pass-through entities, tax is triggered by the earning of income, not its distribution. There is some ability, therefore, to defer the second, individual layer of tax associated with corporations by retaining the income of the corporation rather than paying it out. The opportunity to retain income is not absolute; some jurisdictions have rules about how much income can be retained, imposing financial incentives to distribute the corporation's after-tax income to stockholders.

The Internal Revenue Service offers an arrangement that mitigates the effects of the so-called double tax associated with corporations. A corporation may elect to be treated as an S corporation for income tax purposes (I.R.C. §1361(a)(1)). The name "S corporation" comes from the location of the rules for this entity type in the Internal Revenue Code: Title 26, Chap. 1, Subchapter S. This status does not affect the legal entity form as a corporation; it solely affects taxation. To qualify for S corporation status, a corporation must have a single class of stock, fewer than 100 stockholders, and all stockholders must be natural persons who are US citizens (I.R.C. §1361(b)(1)). Providing the requirements are met and stockholders elect to be treated as an S corporation, the entity is accorded pass-through tax treatment, identical to entities previously discussed, thus eliminating the double tax drawback of corporate status. Individual stockholders' tax liability for the income of the S corporation is triggered by the earning of income, rather than the distribution of dividends. Many S corporations exist, but the advent of the more-flexible LLC entity form in recent years has led to few new

S corporations being registered. In states where certain activities are barred from operating as an LLC, however, S corporations offer an alternative.

As a separate entity, a corporation provides the strongest protection from liability of any entity form. Even so, separation between owners and the entity may at times be disregarded, for example, by a court in settling a legal claim. If owners fail to treat the business as a separate entity, the courts will follow suit. By implication, owners should not co-mingle the funds of the business with personal funds and should keep separate financial records for the business. The owners should also maintain sufficient funds in the business to cover reasonable losses. The entity cannot be used to protect an owner from personal liability for misconduct (e.g., failure to maintain safety equipment, illegally dumping toxic waste). Finally, the owners must maintain the entity in good standing with the jurisdiction in which it is registered, which includes filing required documents (including tax returns) and paying tax liabilities and registration fees.

Corporations are uniquely able to raise capital due to their structure. Corporations are commonly run by professional managers with board oversight. This structure gives stockholders assurance that the company will operate with shareholders' interests in mind. In contrast, owner-managed entities put owners in a position to operate the organization in pursuit of their own interests. Further, stock can be sold easily due to its uniformity. Venture capitalists will provide an infusion of capital to companies only if they expect to see rapid, relatively short-term growth. These investors prefer to buy and sell stock than to find a buyer for less-uniform partnership shares. Because a corporation has a separate legal existence apart from its owners, the death or departure of a stockholder has no legal effect on continuity of operations.

Among the various entity types, corporations have the greatest paperwork burden at all stages of their existence. This is particularly true if the corporation raises capital by issuing stock to investors, because government entities will take an active role in protecting the interests of stockholders by requiring detailed reporting from the corporation. One aspect of this process is the need for an audit of the books and records of the corporation by certified public accountants. Separate tax returns for the entity are another added expense.

In summary, a corporation is more expensive to operate because it bears the burden of increased taxes and reporting. With the admission of additional owners, complete control is sacrificed, but founders can often maintain some control, and continuity of the organization is assured. The corporate form provides superior protection from personal liability to stockholders and the best access to capital of any entity form.

## Tax-Exempt Entities

Entrepreneurs should not discount tax-exempt entities without due consideration. Internationally, many jurisdictions allow analogous entity forms. Business activities at for-profit entities are aimed at generating profit. Economic activities undertaken by tax-exempt entities are focused on creating a societal good or furthering a specific cause. Most entrepreneurs will choose a business entity structure, but in some situations, organizing a tax-exempt entity (perhaps in conjunction with a separate business entity) is advantageous. A broad range of activities can qualify for the benefits of tax-exempt status including "organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, educational, or other specified purposes," as well as "social welfare organizations, civic leagues, social clubs, labor organizations and business leagues" (I.R.C. 501(c)).

Tax-exempt entities do not have owners. Depending on the specific type of entity, they may be governed by boards of directors or, in some cases, a single person. If the tax-exempt entity uses a board of directors, daily operations are overseen by a manager, who may also serve as a director. With tax-exempt status, the entity itself captures any value created rather than the entrepreneur. For some entrepreneurs, the satisfaction of meeting a societal need or other positive aspects of the work may be more valuable than building financial equity.

Despite lacking ownership, the founder of a tax-exempt entity who serves as a director and manager retains effective control of the organization. Salaries for management at tax-exempt entities may be commensurate with salaries paid in the for-profit sector for similar work. Managers are shielded from personal liability in the same way that managers of corporations are.

Tax-exempt entities can certainly generate revenue from the sale of goods or services, but a major benefit of this form is that their income (with exceptions) is exempt from tax. As a result, more funds are available to pursue the organization's mission. Tax-exempts also supplement revenue with contributions from fund-raising. Donors to some (but not all) tax-exempt entities may deduct their contributions, a fact which incentivizes giving. A related benefit is that many tax-exempts receive services from volunteers. Because a tax-exempt entity is separate from its founder, there is continuity of existence as long as the organization has support for its mission.

Tax-exempt entities are required to produce numerous legal filings. Although they are exempt from income tax, they are required to file an informational tax return. It is not unusual for tax-exempt organizations to receive professional services (such as tax filings) at no cost.

Stand-alone tax-exempt organizations include healthcare providers such as hospitals and nursing and personal care homes. Cemeteries, historical sites, fine arts organizations, meditation communities, job training centers, animal sanctuaries, and many other types of activities can be run as tax-exempt entities. Exempt organizations can also be run in conjunction with related businesses. For example, a business that sells outdoor gear and wilderness excursions may sponsor a tax-exempt organization that promotes wilderness camping for young people. A well-known exempt entity, the Mozilla Foundation, describes its mission as "ensuring the internet always remains a global public resource that is healthy, open, and accessible to all" (Mozilla Foundation 2021). The Mozilla Foundation receives support from its taxable subsidiary, the Mozilla Corporation, the creator of the Firefox web browser. When a tax-exempt entity is paired with a related business, it can be mutually beneficial for both organizations. In many jurisdictions, there are statutory limits to the direct financial benefits that a business can derive from a related, tax-exempt organization, but some latitude often exists. Abusive transactions are referred to as "self-dealing." An example of self-dealing would be if a taxable entity overcharged a related tax-exempt entity for goods or services.

## Related Issues

### Jurisdiction

Each legally authorized entity form (e.g., a corporation) is defined by the legislative bodies, courts, and executive agencies of relevant jurisdiction. Specific provisions vary across jurisdictions. Each economic entity is responsive to multiple layers of jurisdiction (e.g., federal, state, local). Accordingly, an understanding of the laws applicable to a specific entity is essential to identifying the optimal entity form in practice. For example, certain kinds of activity may be precluded by law from operating under specific business forms in a given jurisdiction. The choice of legal form should be made with input from legal and financial advisors who are familiar with the laws of the jurisdiction in question as well as the dynamics of the organization.

Before leaving the topic of jurisdictional influences on entity form, it is worth noting that geographic presence is not the only means by which an entity may fall under the jurisdiction of a governmental agency. Business owners frequently register entities in jurisdictions where the entity has no physical presence in order to benefit from favorable laws or tax regimes. For example, many companies choose to register as Delaware businesses because Delaware has no business tax and the courts have expertise in contract law. As a second example, the US Supreme Court recently held that a state may require an online retailer to collect sales tax on goods shipped to the state, despite the retailer having no physical presence in the state (South Dakota v. Wayfair, Inc. 2018). These examples illustrate the importance of understanding jurisdictional opportunities and obligations.

Second, finding the optimal entity form is not necessarily a one-time decision. Particularly in early years, entities tend to undergo changes in focus, management, and even ownership. Milestones in the organization's organic growth may create opportunities to shift the entity to a more appropriate legal form. For this reason, it is good practice to review an entity's legal form when major shifts or changes occur in the life of an entity. Legal and financial advisors can often provide valuable perspectives on entity form.

Third, the optimal entity form frequently consists of multiple interrelated entities as opposed to a single organization. Multiple entities can be used to limit liability. For example, an entrepreneur may operate multiple "sister" entities in order to sequester relatively higher-risk operations (and potential legal claims) in one entity while protecting other segments of the business from liability. It may happen that the more-risky operations result in a legal judgment that exceeds the capital of the entity housing those operations. By virtue of the fact that the assets of the main business are held in separate entities, they would not be available to satisfy the judgment. This is true despite the fact that the related entities may share owners in common. It is increasingly common to see businesses organized into many LLCs under common control. The drawback of this strategy is that some jurisdictions impose an annual fee on each LLC, and each LLC also has an obligation to file informational tax returns, but these considerations may be an acceptable cost to achieve limited liability.

Multiple entities can also be used to gain tax advantages. This is possible in any situation where differences exist in the rate at which income from different entity forms is taxed. For example, in the United States, individual income is subject at the federal level to a progressive tax scheme. Income in the highest bracket is taxed at 37%, while income earned by corporations has been taxed at a flat rate of 21% since 2018. All else equal, owners of economic activities can reduce tax by legally shifting income to entities with lower tax rates. In essence, a lower tax rate on income leaves more net income for owners to enjoy. To be sure, every country has enacted laws that limit the most obvious kinds of tax arbitrage. Even so, a competent tax advisor can often help a business owner reduce taxes by taking advantage of the disparate tax rates of multiple entities.

Finally, the importance of the organizational documents cannot be overestimated. Entrepreneurs should choose a competent legal advisor who will seek input from the entrepreneur in the drafting process. All investors in the entity should sign the organizational documents, and an official copy of these documents must be filed with the jurisdiction in which the entity is established. LLCs should file a copy of the certificate of organization in all jurisdictions where they operate. In the United States, the proper authority for filing of organizational documents is the secretary of state.

Organizational documents are critically important in setting the rules by which an entity will operate. While the choice of entity establishes very broad rules, operating agreements fill in the gaps. In many situations, the organizational documents can establish alternative procedures if the default rules in prevailing law fail to meet the needs of the owners. It is critically important for entrepreneurs to understand and abide by the terms of the organizational documents in operating the entity.

One important function of the agreement is to set limits on the activities of the entity. Over time, an entity may drift into activities that are inconsistent with its original mission. If co-owners disagree about a new direction that the entity is taking, disputes may be resolved by referring to a description of the entity's purpose in the organizational documents. Agreements may also set limits on the ability of owners to operate separate businesses, either to focus owners' effort on the business at hand or to avoid competition or self-dealing.

## Conclusion

Every organization can benefit from a good fit between operations and entity form. Entrepreneurs should take a proactive role in deciding

which form will best support the growth of their business, both at the inception of business and, periodically afterward, taking into account the type of operations that are housed within the entity, future plans, and which parameters are most important for their organization.

## Cross-References


- ▶ Bridging the Funding Gap
- ▶ Business Plan: An Overview on Essentials and Strategies


## References


American Bar Association (2002) Model Business Corporation Act, American Law Institute

H.R.1 – 115th Congress (2017–2018) – Sec. 1101

I.R.C. 501(c)

I.R.C. §704(a)

I.R.C. §1361(a)(2)

Mozilla Foundation (2021) Building a healthier Internet. Retrieved from https://foundation.mozilla.org/en/initiatives/

National Conference of Commissioners on Uniform State Laws (1997) Uniform Partnership Act. National Conference of Commissioners on Uniform State Laws, Chicago

National Conference of Commissioners on Uniform State Laws (2001) Uniform Limited Partnership Act. National Conference of Commissioners on Uniform State Laws, Chicago

National Conference of Commissioners on Uniform State Laws (2006) Uniform Limited Liability Company Act. National Conference of Commissioners on Uniform State Laws, Chicago

Nonemployer Statistics (2018) US Census Bureau. www.census.gov/programs-surveys/nonemployerstatistics.html

South Dakota v. Wayfair, Inc., No. 17-494 (U.S. June 21, 2018)

Statistics of US Businesses (2017) US Census Bureau. www.census.gov/programs-surveys/susb.html

Treas. Reg. § 301.7701-2(a)

U.S. Department of the Treasury. Internal Revenue Service (2015) Publication 583: starting a business and keeping records (Cat. No. 15150B)

U.S. Department of the Treasury. Internal Revenue Service (2019) Publication 334: tax guide for small business (Cat. No. 11063P). Retrieved from https://www.irs.gov/publications/p334#en_US_2019_publink100033111


# Comparative Administrative Culture


Jean Mercier
Department of political science,
Université Laval, Québec, Canada


## Synonyms

Culture and administration; Hermeneutics and administration; Isomorphism and administration; Population ecology and administration; The dynamics of governance

## Definitions

Governance: A first meaning of the term presents the word as an equivalent of "government," but it can also refer to a mode of administration different from traditional, hierarchic government, which uses more interactive and participative methods to achieve public sector goals. In new institutional economics, it refers to the choice economic actors make between hierarchy, contract, and market.

Hermeneutics: It refers to the art and methodology for understanding difficult or challenging texts in literature, religion, or the law. It was extended in social sciences and administration to include an avenue to understand challenging social or administrative elements under study.

Interpretive (or interpretative): In the spirit of interpretive sociology, it refers to the study of motives and world views, in the case of individuals and societies. When motives or world views are shared among different persons, the term "intersubjective" is used.

Isomorphism: The tendency for organisms, in competition for scarce resources and pressures for survival, to adopt similar structures. This tendency has been applied to organizations, under the population ecology movement.

New institutional economics (NIE): A branch of economics that studies institutions and more specifically the choice between hierarchy,

contract, and market, with the notion of "transaction costs," the costs of doing business with outside partners, as a key notion.

## Description

This chapter (this entry) describes briefly the manner in which comparative administrative culture was studied in the last four or five decades, starting with comparative public administration in developed and developing countries. It then compares classic public administration with the more recent notion of "governance" and explores the many dimensions of this now familiar term (governance). It then looks at two more recent lenses to study administrative systems and culture. The first is the biological notion of "isomorphism," the tendency for organisms, and indeed organizations, to resemble each other through time. The second draws from the tradition of hermeneutics to better understand the interpretive dimensions of comparative administrative culture.

In this entry in the Encyclopedia, we will first present an overview of the evolving trends and context of comparative administrative cultures. In a second part, we will look at some of the different disciplines used in comparative administrative culture. After looking at different disciplines, we will take a closer look at two relatively recent additions and lesser known disciplines which can add to the understanding of the question under study: first, isomorphism, on the one hand, and then hermeneutics, on the other hand. Each of these two methods represents opposing trends in the study of administrative cultures: isomorphism represents the tendency to draw on factors seen as more objective factors, traditionally represented by economics, and hermeneutics represents the more interpretative factors, traditionally represented by interpretative sociology.

In terms of content, over the last few decades, the topic of comparative administrative culture has seen many trends and change of focus.

At the outset, after World War II, the emphasis was on comparing the administrative cultures of developing countries and developed ones, in the hope (explicit or not) that there would be universal lessons that could be applied from the latter to the former.

After this initial trend, a series of other trends emerged.

Because of its tremendous economic growth, Japan and its own administrative culture became one of the favored subjects. Japan did indeed exhibit all the signs of a particular administrative culture. Only, this time, western countries were looking to receiving lessons, not so much giving them. It was an important change of focus.

With globalization processes all around us, the focus changed again. This time, and beginning in the 1990s, the comparison was not always between countries. Indeed, the comparisons shifted toward comparing classical administrative Weberian systems to other universal models, namely, the private model, and later still to what became known as the governance model. Governance has become a generic term, just like administration. But, for our part, here, we will treat it as a particular administrative formula, different from classical administration. The focus of these two models was, indeed, on presumably universal models, and not so much on national ones. Both the private model (and its application, privatization) and the governance model were often seen as applicable everywhere, regardless of local administrative traditions. Whether these models were truly universal concepts is another question, or course, and many saw in these proposals a lingering desire to impose western ideals to the rest of the world. Still, the explicit discourse was universal in tone and, to a large extent, in content, at least, at the outset.

With time, the private model, with its very prescriptive and sometimes implicit recommendations in favor of privatization of public sector activities, lost some intellectual appeal among students of administration, and, to a lesser extent, among administrators. The ideological content of these propositions became too obvious to propose its universal applications.

The second model that challenged the classical Weberian model was the concept and the ideas

related to "governance." The concept, which has many dimensions, has been around comparative administration for a few decades now, since the 1990s. Its intellectual appeal is greater than the previous model of privatization, because, essentially, it is less prescriptive, and, at least on the surface, less ideological. It is often presented analytically, even as a sign of the times, and not always as the right way of doing things. Yet, the prescriptive elements did not disappear completely, as we will see in describing the different dimensions of governance.

At the outset of the notion of governance, there was an international relations dimension. Indeed, in international relations, a classic Weberian model was often inapplicable, because of the voluntary, participative, and somewhat disorganized aspects to the field of study, not to mention its shaky and fragile bases. And so, participants, individual countries and international organizations, were led to negotiate and to advance their agendas in anything but hierarchic and ordered steps, which led to permanent negotiations and continued and lateral interactions. Some observers noticed that these types of permanent negotiations and interactions were also true at the internal, national level, especially in nations with a federal structure, a structure which is found in many important and significant nations, and also in the European Union.

With time, the model of governance migrated to the more general fields of political science, administrative studies, and public policy. It became, more and more clearly, an alternative to the classical model of administration. There were some prescriptive dimensions to this trend toward governance, but its analytical dimensions were not overwhelmed by them. Analytical work was done to evaluate how governance became a way of doing things administratively, how it was linked to larger patterns, such as globalization and the growth of information systems, and not so much as the proper way of doing things.

Seen in this light, that is to say in a more descriptive and analytical light, public administration and policy became interested in such topics as the use of policy instruments, and how governance type instruments such as flexible and interactive negotiation with participants and stakeholders, the adoption of internationally agreed upon norms and flexible light economic incentives appeared as alternatives to the one way, hierarchical tools of classic administration of policy implementation (Salamon 2002). This choice of tools, longtime seen as simple "administrative details" unworthy of sustained interest in political science or public policy studies, became later worthy of intellectual analysis. The choice of policy instruments became to a large extent the empirical terrain for the comparison between classical government patterns and emerging governance trends. The approach was not totally free, however, of prescriptive dimensions, as it was argued that the more recent and challenging administrative and public policy subjects, more particularly those related to environmental challenges and greenhouse gas reduction policies, were more in tune with governance policy instruments than with traditional hierarchic ones. Indeed, the large number of participants and stakeholders, tied together by a common goal but not by a strict hierarchy, seemed to be comparable, in many ways, to the unstructured and somewhat chaotic relations that players in the international field were already familiar with.

There is a third dimension to the idea of governance, and it comes from the field of new institutional economics. It would be inappropriate to distinguish here between traditional institutional economics and new institutional economics (NIE), but let us say that the vision of governance is, in this case, above all analytical and conceptual.

In the case of NIE, the term governance becomes a larger, generic term that includes different modes of organizing (Williamson 1975, 1983).

According to NIE, indeed, all human interaction of a productive or economic nature involves a choice of governance mode: either hierarchy, contract or market, or a mix between those three basic modes. Seen in this light, the choice of privatization, seen earlier, is but a choice in favor of those three modes, in fact a mix of market and contract. Governance, as seen by NIE, is not primarily prescriptive or ideological, since all three modes

have their advantages and limits. Indeed, hierarchy has its own advantages, and the other modes have their downsides, in the sense that when one goes outside its own hierarchic organization to produce a service or a good, he increases his "transaction costs," the cost of doing business with an entity which has its own interests and agenda and with which we have to organize the terms of the collaboration. These latter costs are reputed lesser when dealing with one's own hierarchy, since much of the terms of the collaboration have already been set. On the other hand, the outside entity one deals with, often more specialized, as in the case of a subcontractor, has its own economies of scale, which brings down its production costs. So, in a case where a public entity, say a government, decides to parcel out a public policy or public administration task, he must balance the increased transaction costs, a disadvantage, with the possible reduction in its production costs, an advantage. And so, to take an example from the privatization school, whether in the case of health or in road construction, the final decision is one that must be looked at case by case, empirically, with no clear decision obvious at the outset.

The final dimension of the governance notion we want to look at here, in a comparative manner, constitutes somewhat of a return to a prescriptive mode. It concerns the notion of governance as a series of procedures and processes that apply to both private and public entities. It is sometimes referred to as principles of "good governance." These principles aim at assuring that those who are entrusted with responsibilities that others have given them are held responsible for their actions. Those principles usually include accountability, transparency, and, more generally, the respect for open organizational processes. They are applicable, as we stated earlier, to both private and public entities. They are prescriptive in the sense that they aim at presenting and prescribing the right way of doing things. They are very present in the conditions that organizations such as the World Bank and the International Monetary Fund impose on countries or organizations that receive international aid. Because in many cases, the organizations imposing the conditions take western countries as an implicit model, "good governance" is not always immune to some form of cultural imposition. And good governance also may take an ideological dimension when it assumes that privatization of public entities is required to improving efficiency, effectiveness, accountability, and the respect for open processes. In essence, there is a possible throwback to the prescriptive and the imposition of western values, in this particular approach to governance.

Let us now turn to the use of different disciplines and approaches to compare the study of administrative cultures.

Let us first state that we will not be looking only at a given country's overall administrative patterns. In a given national setting, there are indeed other avenues to explore, both larger and smaller, than the national government itself. Indeed, there are administrative cultures in different organizations in the same countries, even in the same government. To take a current example, there are different organizational cultures in a ministry devoted to natural resources in comparison to a ministry devoted to environmental policies and the reduction of greenhouse gases. So much so that, according to some observers, an environmental policy dominated by a natural resources ministry will give little results in terms of environmental protection, as its organizational goals and administrative culture, beyond its official title, are fundamentally to increase production from natural resources, and not primarily environmental protection. In this view, basic organizational goals permeate all of the organizational culture, with very concrete and real effects.

Let us now return to the disciplines and intellectual traditions to better understand these particularities. We will conclude on two possible disciplinary avenues to explain and understand administrative entities: isomorphism, on the one hand, and hermeneutics, on the other.

Let us also point out to the fact that we are not only looking here at administration per say but also at comparative public policies. Indeed, as the world becomes smaller, becoming a global village so to speak, there are comparisons as to why and how different entities seem to differ as to tools and levels of success in different policy

challenges. Taking the larger view, let us look at some examples.

Europe, and Western Europe in particular, has had more success than North America on greenhouse gas reduction policies. How are these successes related to a specific European policy and administrative culture?

Much has been written concerning the "American exception." In a comparative perspective, the expression does not refer to a superior or inferior administrative system, but to a tradition different from other democracies.

To answer these policy and administrative questions, a large array of disciplines have been called upon, from organizational theory to anthropology. Disciplines looking at the "larger picture" appeared often useful in these tasks. Some of these disciplines have focused on subjective or intersubjective elements, as opposed to more objective ones. These include, among others, anthropology, sociology, and even history.

Even within sociology, there are several avenues to better understand the particularities of administrative systems: among those avenues to better understand administrative cultures, let us mention the historical school approach, the ideational approach, and the institutional approach. These different sociological approaches are different, but they can also be combined. Indeed, an administrative system can exhibit institutional particularities, based on some founding ideas, themselves related to their particular historical experience.

Let us now turn to different disciplines to understand administrative cultures. There is a change in focus here in the sense that, much like economics, the goal is explaining phenomena through the application of objective, universal concepts, and not subjective ones. Let us take the example of the tendency for some type of organization in the same field, everywhere in the world, to become similar in structure. That is counter to the tradition of looking, in comparative administrative culture, at differences, not similarities. But that may be a growing focus, as the world becomes, as suggested earlier, a global village.

In a nutshell, there now is the study of how, with time, administrative systems become, in many respects, similar. To explain this latter trend, notions coming from the natural sciences, such as population ecology, have been called upon to explain the tendency for many organizations and administrative systems all around the world to become more and more similar in structure. For example, universities across the world are adopting more and more similar administrative structures, with different faculties looking at different contents, and a central administration entity for services and support. This basic administrative mode has many variants, but on the whole, there is a move toward a certain standardization of university administrations. It draws from American universities, which themselves have drawn historically from German universities.

Now let us look at our next subject, a relatively recent addition to the explanations of such administration phenomena (of growing resemblances), a tradition more related to the search of objective factors. Indeed, the trend toward common patterns has a theoretical base, coming from the natural sciences, and it is referred to process of "isomorphism." It is, in natural sciences, the tendency for organizations in competition for common resources to resemble each other with time. The explanation, in the natural sciences, is that, with time, there is a structure that becomes optimal in a competitive environment and those organisms that survive will adopt those structures to augment their chances of surviving. In social and administrative studies, the trend toward similar structures, isomorphism, can be explained differently, and, indeed, different explanations were offered (Hannan and Freeman 1989). Essentially, isomorphism was often explained differently for private and public organization. In private organization, the explanation was more in tune with the explanation from the natural sciences, namely, the need and the will to survive. For example, if some businesses adopted a multidivisional structure, in the middle of the twentieth century, it was because of competitive pressures from those business organizations that already adopted these

structures with positive results. Let us keep in mind here that what is looked at here is the administrative structure itself, and not so much what the organization does in terms of product or services. It would concern more on how there are trends on how to organize certain public sector tasks than on what the resulting structures choose to do with them.

Drawing now from the search for objective factors in sociology itself, the fundamental dynamics for isomorphism in the public sphere are different, in sociology, from the explanations given for isomorphism in the private sector. Indeed, the notion of "institutional isomorphism" was offered as the dynamics behind the tendency to adopt similar structures in the public sectors around the globe. In some cases the reasons appeared less clearly rational. In particular, the prestige of the organizations that were imitated seemed to be an important justification, even if only unconsciously. Others included coercion, as when funding organizations impose structural conditions, such as privatization, to the receiving of funds. Even considering these semi-rational dynamics, the explanations were still more objective than interpretative sociology.

If the relatively recent trend of utilizing the natural sciences, namely, isomorphism, to understand the dynamics of administrative trends, our next subject, the use of the hermeneutic method, is going in the opposite direction, namely, in the direction of the interpretative dimension of the study of administrative cultures. Indeed, hermeneutics is somewhat related to the trends we described earlier in sociology, more specifically those involved in understanding interpretatively administrative and policy elements in the public sphere.

The question becomes then: What does the hermeneutic method add to our understanding of administration and policy?

The reason we will give here is that some of the most important administrative and policy challenges of our times, and the social dynamics behind them, are intriguing and not entirely clear and thus require interpretative understanding. These challenges are also those that seem intractable (Lejano and Leong 2012). There are many such intractable challenges. They range from the global incapacity to deal with the reduction of greenhouse gases, the difficulties in dealing with government corruption in the developing world, or then again, in the national sphere, the challenges of dealing with better gun control in the United States and to the difficulties in achieving real decentralization in France (Mercier 1994). There may be rational explanations to these challenges, notably the presence of economic interests, yet their persistence calls for additional interpretation and understanding.

Hermeneutics is an approach that aims at understanding when what is before us is challenging, intriguing, and difficult to understand. It has a long tradition in making clearer difficult to understand texts, religious, or legal texts. Its method has then been applied to "text like" human production, to art, to architecture, and to all human creations, under the leadership of French hermeneutic philosopher Paul Ricoeur. We can include administrative systems and policies under what can be analyzed with the help of hermeneutics, especially when the goal is to understand what has proven to be intractable and not satisfactorily understood.

There are internal controversies within the hermeneutic school of thought as to whether the hermeneutic approach is a true method or only a general outlook that cannot be reduced to methods and prescriptions. Among the former group, let us call this the methodological hermeneutics school; there are a few prescriptions which can be applied to, among other human creations, administrative cultures.

The first is that, in understanding a phenomenon, an administrative phenomenon, for example, there is always, in practice, a pre-understanding. The analyst himself/herself cannot but use all him- or herself in looking at a phenomenon, he/she is immersed in a historic reality that cannot disappear, it is there, and it even can be used to understand the situation more fully, more completely. Indeed, we do not look at the phenomenon under

study with a completely clean slate. We all have our subjectivity, and it cannot just disappear, but we can learn to use it and deal with it. In studying administrative corruption in developing countries, for example, my pre-understanding can be based in economics: I can, for example, even before analyzing the phenomenon, have a pre-understanding that the fundamental reason for corruption is caused by objective economic factors such as poverty. In another pre-understanding of the same phenomenon, another analyst will start with the sociological pre-understanding that the basic reason is the difficulty for bureaucrats to consider larger, impersonal entities beyond family, ethnic group, or tribe in societies where the latter entities are still the basis for social interaction. What is important is not that there are no pre-understanding, there will always be, it is that we are conscious of its presence and that we are ready to discard it if, in studying the phenomenon, the pre-understanding proves to be unfounded.

A second prescription is related to what is called the relation that should exist between the parts and the whole of what is looked at. Indeed, when looking at a difficult to understand phenomenon, there is a back and forth dynamic between the individual elements under study and the overall understanding of it. The parts help us to understand the larger phenomenon, and the larger phenomenon helps us understand the parts. A satisfactory understanding must, after this back and forth movement, be able to relate the two. At the end of the process, the understanding must have a certain unity, a common thread, an overriding explanation to understand its individual elements. If none is found, and the understanding is a series of unrelated elements, then the hermeneutic method may not add to the understanding of the phenomenon under study.

A third prescription is to the effect that true understanding can be undermined by opinion. If it is true that all understanding is related to a pre-understanding, this pre-understanding must not be strongly related to strong convictions, personal convictions, such as moral stances. In studying corruption, for example, we must not treat the phenomenon with a strong moral disapproval, because this moral stance can reduce our chances of really understanding it.

In conclusion, in studying comparative administrative cultures, there has often been a pull, a certain tension between explanation and understanding. Economics is often related to explanation, as it does not address the subjectivity of those under study. Sociology, and more specifically, interpretative sociology, inspired by Max Weber, sought to understand the phenomenon under study taking into account human subjectivity, sometimes referred to as "intersubjectivity."

In looking, here, at isomorphism and hermeneutics, we have looked at approaches representing each of the two basic orientations of comparative administrative culture, isomorphism representing the tendency to explain by universal and objective elements and hermeneutics representing the tendency to understand through more subjective and intersubjective elements.

The study of comparative administrative cultures will continue to oscillate between these two polar points, and, hopefully, both will contribute to our continued understanding of the objects of our study, comparative administrative phenomena.

## Cross-References

► Public Administration Theory

## References

Hannan MT, Freeman J (1989) Organizational ecology. Harvard University Press, Cambridge, MA, 366 p

Lejano PR, Leong C (2012) A hermeneutic approach to explaining and understanding public controversies. J Public Adm Res Theory 22(4):793–814

Mercier J (1994) Looking organizational culture, hermeneutically. Adm Soc 26(1):28–47

Salamon L (2002) The tools of government: a guide to the new governance. Oxford University Press, New York

Williamson O (1983, 1975) Markets and hierarchies. A study in internal organizations. The Free Press, New York

# Comparative Administrative Cultures Between Developed and Developing Countries

Murat Onder and Israel Nyaburi Nyadera
Department of Political Science & Public Administration, Ankara Yildirim Beyazit University, Ankara, Turkey

## Synonyms

Administrative culture; Bureaucracy; Developed countries; Developing countries; Public administration

## Definition

To examine the features of administrative cultures in developed and developing countries with emphasis on the similarities and differences.

## Introduction

In social sciences, most concepts have different meanings to different people or fields. Public administration in any country, region, or continent across the world reflects, among other things, the unique sociocultural, economic, historical, and political experiences the particular entity had over time (Dwivedi 2005: 19–21). In addition, the level of fragmentation, development, and globalization also affects the nature of administrative culture. Past traditions and myths especially those with direct influence on one's psychology have a significant influence on the characteristics of practices in the public sector. Hofstede (1986, 308) defines culture as "the collective programming of the mind which distinguishes one group of people from another." Equally, the term "administrative culture" can be and has been interpreted in different views. Jreisat (2009: 37–9) defines administrative culture as "norms and values that shape and influence bureaucratic attitude, interpersonal relationship, and performance." Pečarić (2011: 385) defines administrative culture as "as a set of individual reflections of all the individuals, which in a specific working relationship with public duties and powers reflect their personal characteristics." In other words, it refers to the analysis, perceptions, and interpretation of bureaucrats' behavior. The analysis of these behaviors can be done internally, for example, by examining how public servants interact among themselves or with their superiors as well as internal organizational units on the one hand. On the other hand, it can be done externally, mainly by examining the nature of politics, other public and private organizations, the media, character, and beliefs of the citizens among other factors. Administrative culture thus represents a set of public interests as it seeks to represent both the collective interest of people and personal attitudes and behavior. In addition, given that culture is a reflection of people's interaction within a society, the sum interest adds value and uniqueness to how public administration is practiced and studied since it reflects the peoples' beliefs, character, history, and status.

Public administration as a discipline and profession has continued to play an important role in various spheres in our societies. Between 1940 and 1970, the public sector was held with high esteem; however, when several countries began to experience the impact of the 1980 global economic crisis, businesspersons and politicians put the blame on the bureaucracy with specific attacks on the bloated bureaucracy. At this time, private sector management techniques, skills, and practices were considered as the possible solution to the ills the public sector was facing, known as New Public Management era that was adopted in many developed countries and later spread to other parts of the world (Ayhan and Önder 2017). The New Public Management set the stage for the transformation of administrative culture in many countries by blending their national cultures and administrative cultures. However, not all countries adopted the new

culture in the same level and ways, and to date, various countries have different administrative cultures because of this complex process of blending dominant global demands and local cultural elements.

Comparative public administration is getting significant among practitioners and policy-makers (Chandler 2014; Farazmand 2001). Initially, the emphasis on public administration case studies was concentrated in developed countries. However, as more countries started gaining independence, scholars, donor agencies, and governments have begun to develop significant interest in the nature of administrative culture, most of which were different from the ones in the "West." Over time, the importance of including case studies from developing countries in comparative politics and public administration grew tremendously. Indeed, during and after the struggle for independence, many nations had hoped for prosperity and development which led to demands for better living standards. The actor of choice in the development process became the state which was tasked with initiating, coordinating, and implementing the development plans. Many governments from the new states embarked on efforts to search for administrative structures and systems that would effectively ensure their development goals.

The efforts to restructure their administrative systems were characterized by copying the structures and administrative models from developed countries. However, the application of these new systems had disastrous results in part because their implementation did not take into account the unique cultural aspects that public administration in developed countries was embedded (Onder and Nyadera 2019; Aykaç and Altunok 2018). Noteworthy, with increasing globalization, countries are interacting more often irrespective of their administrative, military, cultural political, economic, religious, and intellectual differences. Despite what others would describe as a clash in civilization as a result of these encounters, it is useful to note that the same has enabled both sides to learn and share ideas, experiences, as well as administrative culture. This explains the manifestation of various hybrid administrative models which represent different sets of culture from different societies across the world.

This section, therefore, seeks to highlight some of the resemblances and variances among developed and developing countries' administrative culture. It argues that despite the differences in applications, there are some similar trends that characterize public administration in developed and developing countries.

## Comparative Administrative Cultures

The distinction between developed and developing countries has over the years been pegged on the sociopolitical, economic, and industrial development (Kuhlmann and Wollmann 2014). Developed countries include a set of countries consisting of but not limited to Canada, Western European countries, Japan, and the United States. Heady (2001) adds to this list China, South Korea, and Russia being in the "second tier" of the development process. For a variety of reasons, developed countries enjoy higher overall standards of living than most others. Their citizens generally have higher levels of income, better health care, higher literacy rate, and equal protection under the law (Jreisat 2010). Developing countries are characterized by low living standards, less democratic, low literacy levels, high unemployment, as well as weak institutions. This section examines some of the salient features that characterize the administrative culture of developed and developing countries.

### Developed Countries

The success of most developed countries is pegged on an effective, innovative, and efficient administrative system characterized by among other things the ability to formulate and implement short-, medium-, and long-term development and strategic plans (Nyadera 2017: 23). The bureaucracy, in particular, is flexible and functional. There are few instances of ready susceptibility to interventions or personal pressure for one to perform their duties. Majority of public officers are preoccupied with propriety and correctness in dispensing their duties (Gullien 1994).

The indifference unto feelings or convenience of individuals, as well as excessive self-importance that characterize administrative systems in developing countries, is very minimal in developed countries. In addition, obsession with the inflexible and obligatory authority of precedents, departmental decisions, arrangements, or forms is less adhered to compared to other jurisdictions.

Rationalism more than secularism is equally an important cultural distinction of most developed countries. This facilitates the security and peace of minority groups. Secularism ensures that there is no favoritism based on identity or religious belief when it comes to the provision of public services. It also means that there are no obstacles for people of minority belief or orientation when it comes to joining the bureaucracy.

Democratic and inclusive culture is another common feature in developed countries. There is a significant relationship between democratic or authoritarian trends at the national/executive level and the behavior of public officers. Since most top administrators are recruited based on merit, it tends to be a mutual relationship between high- and lower-ranking public servants. This critical aspect may be taken for granted, but its significance toward teamwork and efficient operations in an organization cannot be ignored. For example, in developing countries, due to political appointment, many high-ranking public servants develop a feeling of being untouchable and arrogance which derails good relations with the low-ranking administrator. Decision-making is highly inclusive, therefore making the resultant policies a clear reflection of the public opinion. Public participation in policy-making is much higher than in less developed countries. This is supported by transparency in revenues, expenditure, and implementation of policies as well as the decision-making process. Transparency results in higher trust levels between the people and the government.

Low uncertainty avoidance can be seen in many developed administrative structures. This means that the culture is characterized by low dependence on the set rules and a higher probability of risk-taking (Franke, Hofstede, & Bond, 1991). There is more comfort with entrepreneurship and ambiguity and intrinsic motivation as a result of meaningful and interesting work that gives public officers room for creativity and growth is much higher than in developed countries. Individuals who opt to work in the public sector are aware of and highly motivated by the rewards that come forthwith.

Developed countries also enjoy more decentralization of power and resources among various levels of the administrative structure. This comes with obvious benefits such as quick decision-making given the reduced red tapes that would occur if consultation needs to be done higher up the bureaucratic ladder. In addition, given the increased level of responsibility each public officer has bestowed on them, they tend to be highly motivated in their work as they have a feeling that their efforts will contribute directly to the people. Quicker decision-making means that more things or work can be done within a shorter period as opposed to stagnation as one is waiting for approvals. More resources devolved to lower levels of the administrative structure also lead to efficiency and ease in addressing pertinent issues that are affecting people at the grassroots.

Masculinity vs. femininity (Hofstede 1991) has been an important topic of debate over the years. The question of equal pay, equal employment opportunities, or some tasks being reserved for certain gender has informed the culture of many administrative systems. Critically, women have often paid a bigger price in the process, and their plight has indeed been raised by activists and scholars globally. Developed administrative systems have been able to make the necessary adjustments, and today it is very common to find women and men doing similar tasks, getting equal pay, and competing equally for available opportunities. This culture is reflected in the recruitment and promotion of public officers.

There is the use of modern and advanced systems in administration. Most administrative systems in developed countries benefit from the use of efficient and modern technology in carrying out operations. These advanced systems help promote better information flow within the organization, comprehensive planning, record keeping, better coordination, and ease of supervision. Platforms such as e-government have not only improved

service delivery but also led to reduced costs and time needed to get service. On the other hand, developing countries face outmoded methods and systems of administration. Corruption is easily curtailed by the adoption of these advanced technologies.

Power distance in developed countries is lower than in developing countries. Power distance refers to the interaction between junior and superior officers in an organization (Hofstede 1991). Low power distance implies that while there is strong respect for hierarchy and superiority, low-ranking officers can challenge the decisions of their superior on legitimate and reasonable grounds. Public officers at all levels are involved in participatory leadership, and low-ranking officer depends less on superiors. In addition, if the superior wants a junior officer to enforce illegality or engage in activities that contravene the law, there is likelihood that such a decision will be challenged.

### Developing Countries

Public administration among developing and less developed countries continues to face serious challenges when it comes to fulfilling their duties in providing public services. Indeed, despite the hyped negative image these entities attract, it is important to note that various governments have often embarked on reforms to try and overcome the challenges experienced within the public administration system but with little results. This paper argues that these failures need to be extensively examined and that means looking at the administrative culture of developing countries.

Heady (2001: 299–302) points out a number of common traits that can be associated with a developing country's administrative system and structure. One of the most challenging issues is that bureaucracies in developing countries are less result-oriented. This, in turn, has serious ramifications on the performance and efficiency of public institutions in developing countries. In most cases, public entities in developing countries tend to focus on achieving goals and in the process give little emphasis on the means of achieving program objectives. The consequence of this is that in the short term, minor success can be achieved on smaller goals, while long-term initiatives tend to be negatively affected. This explains why long-term-oriented planning strategies are hardly achieved since performance is undermined due to a lack of sufficient measures that can promote result-oriented management culture.

According to Riggs (1964: 14–18, 28–33), administrative systems in developing countries are faced by heterogeneous and overlapping features caused by the presence and deep-rooted remnants of historical economic, political, religious, and social elements. As a result, an illusion that the new administrative structures are autonomously coined around modern systems of administration is often created. Thus, interpreting the administrative culture of these societies will require a deeper understanding of the overlaying interrelationship between ancient cultural practices and efforts to implements modern administrative systems.

Another characteristic facing most developing countries is the absence or limited use of strategic and development plans. The culture of planning ahead of implementing policies and development projects is an important feature in many developed countries, and this is credited for much of their success. Short-, medium-, and long-term plans are supposed to guide the bureaucracy on the direction the country is supposed to go. It helps reflect on the past situations, current status, and future prospects of the society. Indeed, one can observe that developing economies tend to allocate very little time, resources, as well as manpower to develop and ensure smooth implementation of strategic and development plans. Ironically, even among the few countries that adopt development plans, most of the time the plans themselves are heavily borrowed from other countries. In addition, once these plans are launched, they are not strictly followed or adhered to during the implementation process. The consequence of adopting administrative models from other countries has resulted in disastrous outcomes due to the incompatibility of some of the policies with the local situation. Seemingly, policy-makers tend to ignore some noneconomic or administrative factors that enable certain systems to work within a particular society. For

example, little attention is given to the historical, religious, and cultural beliefs, leadership quality, and financial and technical support from external actors that play a crucial role in shaping the administrative culture of a given country.

The level of corruption among developing countries has become deep-rooted within the administrative system that most bureaucracies have become synonymous with corruption. Described as a culture of corruption, public sector entities such as the executive and the judiciary and their various departments lead in most national corruption index in developing countries. Corruption disrupts formal and legal trends of public administration, and it facilitates impunity, loss of public funds, and lack of merit. This further worsens the failure to implement effective development and administrative principles in these countries.

Inadequate skilled personnel to either develop, implement, or monitor policies is another salient feature developing countries tend to experience more often. Limited skills among public officials remains a big hindrance to reform efforts more so if the new strategies are complex. Related to the above, sometimes the resolve to import policies and development plans is as a result of deficiency of skilled personnel who can develop the policies locally. This is ironical given the fact that there are very high levels of unemployment in developing countries, yet recent years have seen increased numbers of educated people in these societies. Sometimes this shortage is artificially created by the loopholes in the recruitment processes in developing countries which do not emphasize on merit. Nepotism, political patronage, ethnicity, and corruption are some of the main causes of this problem.

Overstaffing and low output are an important characteristic of administration in developing countries. This goes hand in hand with the concept of "free riders" most of whom are supporters of the ruling party who threaten to shift their political support elsewhere if they are not "rewarded." The government, therefore, turns the public sector as a place to absorb their supporters irrespective of their qualification or necessity to have such people working. The resulting huge wage bill means that the same employees lack proper motivation due to low and delayed payment of wages leading to constant strikes. The political implication of getting rid of the labor-intensive method of production and introducing the capital-intensive means, that is, the adoption of technology, whose advantage is efficiency and higher output, will not be realized. It will or should be remembered that an important feature of the now less popular structural adjustment programs pushed for by the World Bank and IMF to developing countries was the necessity to have a lean workforce in the public sector that would be efficient and reduce the wage bill. Insufficient and/or inappropriate working facilities continue to affect the output of public administrators in developing countries (Jreisat 1997, 2012: 29)

Political interference is equally very high within the administrative system of developing countries. Lack of independent institutions means that there is a lack of a consistent culture or standard operating procedure. Political elites will often interfere with decision-making, appointments, and promotion, funding to independent institutions, as well as the structure of these entities. Most often this leads to high turnover, especially of middle- and high-ranking administrators. The impact of this is that these organizations lose institutional memory due to frequent changes in management; at the same time, career administrators would choose to work for private sector rather than the government in order to have job security.

## Conclusion

This section has examined mostly the different characteristics of administrative culture between developed and developing countries. It emphasizes that while much of the discussion has been centered on the unique differences, there are many similarities that developed and developing countries share. Partly this is attributed to the impact of globalization on the administrative cultures of various societies. In addition, even the differences mentioned continue to reduce as countries, especially in the developing world, are restructuring

their administrative systems in order to improve service delivery. The adoption of New Public Management, as well as Good Governance practices, by developing countries is helping to reshape their administrative culture. Challenges such as corruption, overcentralization, and nepotism are increasingly being fought, and although most developing countries are still lagging in this dimension, there are good signs in the long run. Of importance, however, is that culture continues to play a crucial role in determining the success and failures of various administrative entities. Therefore, stakeholders should continuously review the existing practices to ensure only those that are in line with effective and efficient public service delivery are retained.

## Cross-References


- ▶ Bureaucracy and Administrative Culture in Bangladesh
- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and Service Delivery
- ▶ Comparative Administrative Reforms
- ▶ Culture and Organizations


## References


Ayhan E, Önder M (2017) Yeni Kamu Hizmeti Yaklaşımı: Yönetişime Açılan Bir Kapı (New public service: a door to governance). Gazi İktisat ve İşletme Dergisi/ Gazi J Econ Bus 3(2):19–48

Aykaç B, Altunok H (eds) (2018) Yönetsel Yapı İncelemeleri. Nobel Yayınları, Ankara

Chandler JA (ed) (2014) Comparative public administration, 1st edn. Routledge, New York

Dwivedi OP (2005) Administrative culture and values: approaches. In: Jabbra J, Dwivedi O-P (eds) Administrative culture in a global context. Sitter Publications, Ottawa, pp 19–36

Farazmand A (ed) (2001) Handbook of comparative and development public administration. CRC Press, Baton Rouge

Franke RH, Hofstede G, Bond MH (1991) Cultural roots of economic performance: A research notea. Strategic management journal, 12(S1):165–173

Guillen MF (1994) Models of management: work, authority, and organization in a comparative perspective. University of Chicago Press, Chicago

Heady F (2001) Public administration: a comparative perspective, 6th edn. Marcel Dekker, New York

Hofstede G (1986) Cultural differences in teaching and learning. Int J Intercult Relat 10(3):301–320. https://doi.org/10.1016/0147-1767(86)90015-5

Jreisat JE (1997) Politics without process: administering development in the Arab World. Lynne Reinner, Boulder

Jreisat JE (2009) Administration, globalization, and the Arab states. Public Organization Review, 9(1):37–50

Jreisat J (2010) Comparative public administration and Africa. International Review of Administrative Sciences, 76(4):612–631

Jreisat J (2012) Globalism and comparative public administration. CRC Press, Boulder, Colorado

Kuhlmann S, Wollmann H (2014) Introduction to comparative public administration: administrative systems and reforms in Europe. Edward Elgar, Cheltenham/ Northampton

Nyadera I (2017) Strategic planning and economic development: a comparative study of Kenya, Turkey and South Korea. Unpublished Master's Thesis, Ankara Yildirim Beyazit University

Onder M, Nyadera IN (2019) The role of non-economic drivers in development planning: the case of South Korea and Turkey. Int J Public Adm 1–11. https://doi.org/10.1080/01900692.2019.1628057

Pečarić M (2011) Administrative culture. Hrvatska i komparativna javna uprava: časopis za teoriju i praksu javne uprave 11(2):379–409, https://hrcak.srce.hr/131909

Riggs FW (1964) Administration in developing countries: the theory of prismatic society. Houghton Mifflin, Boston


# Comparative Administrative Reforms


Svetlana Inkina
University of Toronto, Toronto, ON, Canada
Department of Public Policy, Center for Institutional Studies, Higher School of Economics, Moscow, Russia


## Synonyms

Decentralization; Downsizing public bodies; Innovation; Institutional reform; Modernization; Rationalization; Structural adjustment; The management of change

## Definition

Administrative reform is a political and administrative process that is carried out to improve or reorganize public sector organizations. The scope of administrative reforms varies from efforts to launch comprehensive policy change with the goal of accomplishing broader policy objectives, to the introduction of minor technical regulations that maintain public authority and the organizational capacities of a well-functioning state. Ideas underlying current public administrative reforms address the needs of state actors to resolve problems, such as economic crises, bureaucratic inefficiency, or lack of control. The importance of public administrative reform is obvious from the fact that state effectiveness is an important condition of state survival.

## Introduction

Administrative reform is one of the most dynamic aspects of modern state, as it deals with the core public sector, the administrative side of the government, and public management. Administrative reform encompasses measures to reorganize the structure of executive bodies, their principles of operation, and the ways in which they interact with other actors (organizations and citizens). The success of administrative reform largely depends upon the will of the key national players to properly manage policy implementation process. Issues of policy content, timing, and implementation strategies are equally important.

Samuel Huntington (1968) in *Political Order in Changing Societies* outlines the importance of institutionalization and its meaning for social change. The presence of political institutions, in his point of view, is justified by the fact that institutions give "substance to public interests," and as such, help distinguish politically developed societies from underdeveloped ones (28). This observation speaks directly to the study of administrative reform process.

The development of reform ideas underlying modern administrative reform discourse took place in line with global political developments observed throughout the history of decolonization. The starting point of modern stage of administrative reform, as such, goes back to the collapse of European and non-European empires, their centralized structures and regimes. The proliferation of ideas about administrative reforms was further triggered by the collapse of authoritarian systems during the second half of the twentieth century and the development of reform ideas, which emphasized the importance of institutional modernization.

Since the early 1960s, public administrative reform has been widely accepted as a means of bringing about change in state organizations. Accordingly, a variety of factors triggering change in institutional, ideational, and cultural arenas have been identified. Caiden (1969), for example, defined public administrative reform (PAR) as political struggle accompanied by the "artificial inducement of administrative transformation against resistance" (Caiden 1969, 65). The role of ideas, power, authority, and influence in implementing policy change and in changing the *goals, structures*, *and procedures* of modern democracies were strongly emphasized (see, for example, Lee and Samonte 1970). Finally, a number of studies elaborated on the so-called "moral content" of public administrative reform that seeks to maintain or create a superior model of bureaucratic organization by removing the historical institutional flaws in it. ("Moral" content refers, mainly, to the process of decolonization.)

Today, various experts suggest that public sector reforms are driven by diverging reasons, and the term "administrative reform" is used as an umbrella notion for the process of complex transformation involving a multitude of ideational, institutional, and interest-based processes. Administrative reform is generally understood as process, which is politically bound, meaning that administrative reform is **"power politics in action"** containing such features **as "ideological rationalization, fights for control of areas, services, and people, political participants and institutions**. . ." (Caiden 1969, 9).

The reasons to reform national and subnational systems of public administration worldwide include ideological, technical, and political considerations. The first of this is ideology, or value change process accompanied by the change of elites or their reorientation toward the establishment of new rules and administrative procedures. A second category of reason for reform is political. In this case, administrative reforms accompany steps taken by the top-level political actors to realign formal and informal power alliances among the actors and stakeholders engaged in a symbolic relationship with one another. Finally, the third set of reasons for administrative reforms is technical. It encompasses a wide range of incremental measures aiming to improve bureaucratic performance mechanisms and therefore adjust to the changing environmental conditions. The substance and the meaning of public administration and civil service reforms vary, despite the observed trend toward convergence of policy ideas and instruments.

## Sources of Change

Historically, all efforts to modernize state bureaucracy and state institutions originated either at the top or at the bottom of society, depending on a political and social context (Peters 2008a). For example, American government reform that denounced the distribution of officials' positions as a result of spoils system (see Tenure of Office Acts 1820 and 1867, Pendleton Act of 1883, the Hatch Acts 1939 and 1940, and CSRA 1978) originated in public dissatisfaction with the government (bottom-up process). By contrast, in Europe, relevant institutional changes came about as a result of global pressures, such as the dissolution of imperial institutional structures throughout the first half of the twentieth century and the development of European Union institutions during the second half of the twentieth century.

The trend of change that occurred between the 1980s and 1990s in Western European countries has been guided by the ideas of New Public Management (NPM) approach directed toward a more flexible and more complex societal organization. Although reform programs varied across states, most of them applied a range of neo-liberal ideas to the reform of state institutions. Among major dimensions of New Public Management paradigm were efforts to minimize the size of government, outsource public services, improve performance management system, introduce budgeting mechanisms, etc.

Christensen and Lægreid (2011) identify two waves of NPM and post-NPM administrative reforms. The first wave started with the crisis of state authority and focused on structural devolution, market-based principles, and economic efficiency. The second wave, by contrast, included a greater focus on value-based management, central capacity, control, and coordination mechanisms.

The stages of new public management reform are closely associated with the shifts in democratic accountability patterns taking Western societies from "input" to "output" democracy (Peters 2008a). "Input" democracy, in Peters' (2008a) view, may be defined as a process accounting for participatory side of a well-functioning democratic state (elections and public engagement). By contrast, "output" democracy refers to the established connection between collective and individual actors and public bureaucracy (transparency, information, and service delivery). These concepts speak directly to the distinction of "input" and "output" legitimacy introduced by Scharpf (1999). "Input" legitimacy refers to a range of opportunities available to the public to access the decision-making stage of policy formulation. "Output" legitimacy justifies the existence of government based on the outcomes of policy process, such as "achieving the goals that citizens collectively care about" (Ibid., 19).

In recent years, there has been a growing influence of external pressures triggering nations to reform their public administration systems. For the most part, state modernization efforts in non-Western societies occurred within the framework of policy diffusion or policy transfer mechanisms.

Policy diffusion may be defined as a process that occurs when governments enact decisions similar to those enacted in other jurisdictions, or when governments' decisions influenced by prior

policy choices in such jurisdictions. This process describes a broad range of phenomena embracing policy learning, policy emulation, and policy transfer mechanisms.

The process of policy transfer, for example, involves the direct application of knowledge and policies from one political setting – past or present – to another settings due to the involvement of global actors. Policy learning, unlike policy transfer, builds on the "success stories" exemplified by the consequences of similar policies in various settings, normally driven by the national elites. Finally, policy emulation is an attempt to copy the symbolic, structural, and substantial characteristics of other policies regardless of their consequences due to inspiration or competition that happens "when units react to or anticipate one another in the attempt of attracting or retaining resources" (Gilardi 2016, 10).

The underlying logic of all policy efforts aiming to adopt knowledge from foreign experience relies on the idea that Western societies have already achieved the necessary level of development and accumulated the necessary pool of expertise that is ready to be transferred to other societies. This view, however, omits the idea that local institutional and cultural conditions create significant barriers to the reform across nations.

Manning and Parison (2003) assert that the reforms in the area of public administration, particularly, in a transitional context, have never been a self-evident priority. Therefore, the introduction of administrative reforms – both in Western and non-Western countries – occurred despite the variety of institutional and ideological constraints:

> Given the enormous difficulties entailed in shifting *vested interests*, there is no intrinsic reason why administrative reform should rank alongside structural reforms or social reforms as a priority for action. There is of course a growing recognition that institutions are more important for development, but it is not at all clear which institutions are the most crucial and there is very little evidence that the specific details of government structure and accountability arrangements affect growth. (Manning and Parison 2003, 12)

Frustration with the status quo and financial and political problems feature prominently among the reasons for the reform of national institutions. The list of reasons to conduct administrative reform has extended over time to include such issues as the lack of bureaucratic efficiency, unresponsive and unaccountable bureaucracies, the lack of sensitivity to changing human needs, and other common problems related to bureaucratic quality and performance.

In non-Western societies, the shift toward the New Public Management mechanisms has been accompanied by the crises of state authority, political and economic circumstances that varied across national boundaries. Therefore, the timeline of new public management reforms in Western and non-Western societies did not coincide. Central and East European countries engaged in extensive governmental reform as a part of Europeanization (or democratization) project that was partly triggered by the collapse of the Communist system. The failure of highly centralized states to resolve problems of collective action contributed to the development of public demand for massive administrative changes.

In a more recent literature on public sector reforms, attention has shifted from the descriptive analysis of NPM to the discussion of paradoxes associated with implementation of this strategy, the relationship between administrative reform and democracy, discontinuities and unintended effects of reforms (see, for example, Barzelay 2001; Politt and Bockaert 2004; Peters 2008a, b; Christensen and Lægreid 2011). Interestingly, nearly all of these studies have viewed civil service as a single (though essential) part of comprehensive administrative reform project, which covered the principles of formation and management of public bureaucracy. The scope of civil service reform is, however, broader because it is not confined to state executive.

Evidence provided by the aforementioned accounts suggests that the number of countries that managed to resolve their governance issues at once with the use of NPM mechanisms has been strikingly insignificant, although innovative and all-inclusive public policy changes were attempted nearly everywhere. A few policy dimensions, such as e-governance, appear to be more successful than others on a cross-national basis. Bureaucracy, in this respect, is nearly

always engaged in governments' efforts to shift the blame for some of the observed policy failures.

Lynn (2010) argues that the notion of convergence which describes the tendency on behalf of national reform leaders to adopt similar reform strategies, and programs involving similar terminology, is reinforced by the variety of actors, such as the OECD, the International Institute for Administrative Sciences, the International Public Management Network (IPMN), the UN and other global forces. What follows from this analysis is that the "choices of administrative arrangements may be a resultant of socialized choice taking within relevant organizational fields" (116).

The pool of actors involved depends on the following factors: political regime, the stage of development, institutional structure, and international political arrangements. All of these are "filters" of the domestic decision-making, which imply that national conditions do not necessarily suit some of the proposed policy changes.

On a theoretical level, recommendations devised by the World Bank, the European Union, and the United Nations make every single effort to merge the ideas of rationalization and modernization perspectives. In this context, recommendations originating in research on good governance follow the logic of new public management paradigm.

Recently, there has been a growing debate about the structure of public policies and the necessity to adjust such policies to preexisting institutional and cultural conditions. This trend in public discourse has been reinforced by evidence from case study analysis demonstrating that the adoption of wrong strategies may lead to suboptimal outcomes.

The meaning of public administration and civil service reforms varies from one country to another, despite the adoption of similar instruments and mechanisms. For some countries, government reform is all about structural change and innovation (among these cases are Western democracies and some developmental states, such as Singapore); for others, it is all about establishing greater control and subordination of civil servants to the top level political executive.

In Post-Communist societies, the challenge has been to change accountability mechanisms, provide a viable incentive structure, and train professionals in line with broader trends of institutional reform dynamics. For example, in the Czech Republic of the early 1990s, public administration reform was blended with the reform of territorial self-government and regional administration. Significant changes were not even attempted until the time of accession to the EU in 2004.

Starting from the early 2000s, the New Public Management discourse with its emphasis on effectiveness and efficiency prevailed in most CEE states, as well as in Russia. Research on the "state after communism" (see Nunberg 1999) has demonstrated that many public bureaucracies in postcommunist Europe appeared to be resistant to any kind of change, and even more so to the process of all-encompassing transformation. Problems associated with the reform commonly originated in the complexity of the required change, the lack of vision, and finally, the lack of policy-making expertise in the area of personnel management. Therefore, the range of questions embraced by the post-Communist administrative and civil service reform discourse covered profound and fundamental issues, such as the role of the state in economic development, as well as the process of microimplementation, which includes setting up the goals, strategies, activities, and contacts of the actors involved.

## The Difference Between Administrative Reforms and Civil Service Reforms

Public administration and civil service reforms represent separate, though closely related, policy domains. Administrative reform encompasses measures to reorganize and downsize the structure of executive bodies, including principles of operation and the ways in which they interact with one another, the citizenry, and with other organizations. Civil service reform, by contrast, focuses exclusively on issues concerned with the formation and management of the civil service (in all branches), including bureaucratic recruitment, training, pay and promotion, discipline, and

security of tenure (aimed at improving state administrative capacity and the quality of state service).

Historically, "administrative reform" and "civil service reform" have been used almost interchangeably. Quite recently, however, these notions were embraced by the so-called "good governance debate" which is used as an all-inclusive framework for making policy decisions more effective in terms of accountability and citizen participation. The notion of civil service reform has become closely intertwined with the process of political and economic decentralization. The reason for this is the influence of international development community promoting the idea of CSR as a part of reform package designed to bring about greater economic austerity to the financially unsustainable regions. For example, one of the United Nations publications (UNDP/MDGD 2001) argues that CSR contributes to "macroeconomic stabilization by restoring budgetary stability, strengthening revenue collection, managing aid, and improving development performance" (11). At the same time, CSR may contribute to the design and implementation of programs for social development, which is conditioned by the fact that both capacity of civil servants and their morale are significantly improved.

Internationally, CSR encompasses varied practices for setting up efficient systems of budgeting, service delivery, recruitment, promotion, payroll, and other aspects of an effective civil service. In many cases, these processes are closely intertwined with the national programs of economic reform.

The literature on Central and Eastern European transition suggests that the process of democratization has influenced the dynamics state-building efforts in relevant societies. It is observed, for example, that the process of democratization – specifically, the process of institutionalizing party competition prior to the consolidation of state bureaucracy – is likelier to result in a stable, politically neutral civil service (see, for example, Grzymala-Busse 2004). Thus, even though the actual linkage between various aspects of reform and the process of democratization is not fully explored, it is obvious already that the process of democratization may not only result from public sector reforms, but also serve as a precondition for transitioning to a new model of rational (modern) bureaucracy.

Generally, despite the fact that there is an obvious juxtaposition between bureaucracy and democratic governance, civil service reform may indeed be used as a method of value change influencing human behavior in a profound manner. First of all, modern instruments of CSR, such as participatory budgeting system, appear to be essential to promoting and sustaining pluralism in political life and ensuring the participation of citizens in public activities (Peters 2008a). Second, the lack of political neutrality and the increase and the pervasiveness of corruption among politicians and civil servants are all hindering the development of democracy in many countries.

Streamlining the incentive structure for civil servants promises to resolve issues of poor bureaucratic performance and motivation underlying such problems as poor quality of public goods. Thus, by establishing clear and transparent rules of the game for a great number of policy actors (political actors, individual bureaucrats, civil society, bureaucracy as a uniform entity, and others), including clear and effective mechanisms of law enforcement, such reforms can improve the chances of a well-functioning democracy to survive. Specifically, this process is supposed to connect the two varieties of democracy, i.e., "input" democracy, which is exercised through the election channel, and "output" democracy, which is built upon a direct connection between public officials and citizens (Peters 2008b).

A major challenge to CSR is devising an appropriate reform implementation strategy, as well as incentives to ensure that civil servants fulfill their responsibilities according to the newly established institutional constraints.

It is important to emphasize that comprehensive reform of governance systems requires commitment from political and administrative leaders, which is difficult to plan ahead of time. In this respect, policy-makers worldwide have recently advised in favor of incremental policy adaptations, suggesting they are less likely to be defeated by the lack of proper planning mechanisms and political or financial support at any point of time.

The UN policy analysis, for example, concluded that comprehensive strategies were "neither possible nor desirable" in a wide range of transitioning and developmental states, given the difficulties of agreeing on a reform package and then implementing its elements (UNDP/MDGD 2001). In this respect, the study suggested focusing on a set of realistic and popular issues that could generate both political and administrative support to the subsequent reform developments. "This issue package [which starts from popular measures] can then serve as a CSR 'entry point', simply because most policy issues are interrelated: performance relates to both capacity and motivation, which, in turn, relate to training and systemic environment. Once positive results are achieved in some functional areas, these can 'snowball' in reinforcing efforts in other [policy sectors]" (31).

It is important to mention that the difficulty of CSR implementation originates in the nature of policy field and resources involved in the process of reform implementation. First of all, CSR belongs to the range of policy issues that rarely appear on public policy agenda through the pressure of massive discontent. Second, CSR goes beyond institutional processes and structures, as it deals with human behavior, which is difficult to change in a short period of time.

One of the reasons, which make CSR particularly difficult, is that it belongs to the range of problems with the costs concentrated within the government, whereas effects of these reforms are not immediately visible. In case of CSR, the situation is particularly difficult because civil servants have a direct interest in maintaining status quo rather than achieving change. Some of the most obvious characteristics of this type of reform make it difficult to track or measure change process. This type of reform may therefore succeed whenever regime is stable, widely accepted, and insulated from the possibility of capture by entrenched interests.

## Conclusion

This entry has provided an overview of comparative administrative reforms, including the development of global discourse around the field of public administration. Administrative reform has been defined as a complex process aiming to achieve the goal of bureaucratic rationalization (or, in some cases, modernization) of state executive, political and institutional realignment in a context of regular or irregular change. The ideas underlying public administration discourse address the needs of state actors trying to find the right balance between the processes of political centralization and institutional decentralization. The importance of public administration reform is obvious from the fact that state effectiveness is an important condition of state survival. This reform may be described as a historical process aiming to maintain or modernize state institutions.

The meaning of public administration and civil service reforms varies from one country to another, despite the observed global trend toward policy convergence. For some countries, public administration reform is all about structural change and innovation; for others, it is all about establishing greater control and subordination of civil servants to the top level political executive.

The discussion of Western and non-Western patterns of bureaucratic reform confirms that state actors embrace ideas from global public administration discourse. However, the usefulness and applicability of such universal solutions is frequently questioned, whereas domestic political elites tailor the goals of the reform process to their own political needs. The crisis of state authority has now become a recurring theme of academic discussion. A viable solution to this crisis has not been found.

An important yet highly neglected feature of all research dealing with public administrative reforms concerns implications of such discussion for representative democracy and democratic theory. The literature on Central and Eastern European transition suggests that the process of democratization has always been closely intertwined with administrative and institutional change. Thus, even though the actual linkage between various aspects of administrative reform and the process of democratization is not fully explored, it is obvious that the process of

democratization and state formation are not mutually exclusive. The choice of values and institutions underlying public administration reform may reinforce the process of democratic consolidation leading toward the establishment of rational service-oriented bureaucracy. This process requires a long-term learning strategy aiming to overcome the tendency of national governments to use public administrative reforms instrumentally as a way to fill political gap rather than resolve policy-oriented issues.

## Cross-References


- ▶ Anti-corruption Agencies
- ▶ Development Administration
- ▶ E-Governance and Ethical Leadership
- ▶ Good Governance
- ▶ Performance Budgeting


## References


Barzelay M (2001) The new public management: improving research and policy dialogue. University of California Press, Berkeley

Caiden GE (1969) Administrative reform. Aldine Publishing, Chicago

Christensen T, Lægreid P (2011) Democracy and administrative policy: contrasting elements of NPM and post-NPM. Eur Polit Sci Rev 3(1):125–146

Gilardi F (2016) Four ways we can improve policy diffusion research. State Polit Policy Q 16(1):8–21

Grzymala-Busse A (2004) Political competition and the politicization of the state. Comp Polit Stud 36(10):1123–1147

Huntington S (1968) Political order in changing societies. Yale University Press, New Heaven and London

Lee HB, Samonte AG (eds) (1970) Administrative reforms in Asia. Eastern Regional Organization for Public Administration, Manila

Lynn LE (2010) What endures? Public governance and the cycle of reform. In: Osborne SP (ed) The new public governance? Emerging perspectives on the theory and practice. Routledge, New York, pp 105–125

Manning N, Parison N (2003) International public administration reform: implications for the Russian Federation. Directions in development series. The World Bank, Washington, DC

Nunberg B (1999) The state after communism: administrative transitions in Central and Eastern Europe. The World Bank, Washington, DC

Peters BG (2008a) Handbook of public administration. Sage, London, 2003, co-edited with Jon Pierre Brazilian edition, 2008

Peters BG (2008b) The civil service as a source of governance. In: Raadschelders J (ed) The civil service in the 21st century. M. E. Sharpe, Armonk

Politt C, Bockaert G (2004) Public management reform: a comparative analysis, 2nd edn. Oxford University Press, Oxford

Scharpf F (1999) Governing in Europe: effective and democratic? Oxford University Press, Oxford

UNDP/MDGD (2001) Civil service reform paper, New York. http://unpan1.un.org/intradoc/groups/public/documents/un/unpan001183.pdf. Accessed 28 Aug 2012


# Comparative Administrative Reforms: Nigeria, Malaysia, the Philippines, and Brazil


Usman Abbo[1] and Kabiru Maitama Kura[2]

[1]Department of Public Administration, Federal Polytechnic Mubi, Mubi, Nigeria

[2]Business Administration, Federal Polytechnic, Kaura Namoda, Nigeria


## Synonyms

Bureaucratic; Citizen-driven; Clientage; Commensurable; Consumer-based; Contingent; Correspondent; Explicatory; Governance; Managerial; Organizational; Patronage-based; Recalibrate; Remodel; Revamp; Transform; Upgrade

## Definitions

Being a comparative study, this section of the entry tries to clarify the concept of comparative public administration as well as the generic term of public service reform. The rationale behind this conceptualization is twofold, firstly, to provide an operational clarity by removing all sorts of nuances and the analytical difficulties surrounding the key concepts, and secondly, the exercise of conceptual clarification in this entry tries to provide themes, framework of analysis, and methodological guide on how to infuse practical relevance to the study.

## Comparative Public Administration

The generic concept "comparative public administration" is not generally endorsed by all scholars as it has been conceptualized in different semantic connotation. According to the Comparative Administrative Group (CAG),"Comparative public administration is a theory of public administration applied to the diverse cultures and national settings and the body of factual data by which it can be examined and tested" (Kuhlmann and Wollmann 2014).

## Public Service Reform

The concept of public service reform means different things to different people. Caiden (1969) uses it to refer ". . . to all improvements in administration; to general administrative overhauls in difficult circumstances; to specific remedies for maladministration; to any suggestion for better government; and to intentions of self-styled administrative reformers. . .."

In this entry, public service reform is defined as "a systematic and integrated effort to bring about fundamental changes in public administration to enhance public administrative capability to achieve national development goals." This definition is designed to accommodate two important components which are the organizational improvements (both structural and procedural) and improvements in the behavior of civil servants.

## Introduction

Administration constitutes one of the most significant components of every political structure, in the sense that it plays a pivotal role in the conception, the pursuance, and the accomplishment of governmental wills and objectives. It has been argued that administrative system of every society is a manifestation of different ecological components existing in that society and it is the expression of both the sociocultural and political structures in such societies that gives shapes and meaning to the administrative system therein (Fitzpatrick et al. 2011). Scholars like George Orwell in his book *Shooting an Elephant* have provided a contextual explanation of how he has seen for all intents and purposes that the administrative system in various parts of the world performs distinctively in order to suit the environment or ecology they are set in.

Against the above background, this entry represents a modest attempt geared toward a comparative analysis of administrative reforms in Nigeria, Malaysia, the Philippines, and Brazil in their quest toward developing a more workable and market-driven public sector. The justification for this study is not far-fetched; this is because as observed by one of the forefathers of Public Administration Woodrow Wilson (1887) "so long as we know only ourselves, we know nothing." Thus, this entry tries to review the changes in administrative institutions, processes, and behaviors across organizational, national, and cultural boundaries. The entry compares attributes and performance of administrative systems and subsystems as well as individuals or groups in positions of decision-making to generate knowledge and enhance understanding of public management. It tries to recognize similarities and differences and underscores successful practices and, thus, tries to expand options and alternative strategies for improving the performance of public institutions (Kuhlmann and Wollmann 2014).

It is imperative to note that ecological factors such as legal norms, culture, politics, the state of the economy, and societal values all have considerable impact on public management, stimulating or stifling systemic traits and performance. Therefore, this entry seeks to discover the patterns and regularities of administrative action and behavior to produce new knowledge and insights and to affirm and refine existing information so that public administration scholars and practitioners could be better able to sort out and to adopt most worthy practices.

## Methodology and Approach

The entry adopts a qualitative comparative research method; it is therefore imperative to

note that there are five different approaches when it comes to comparative study: the inter-institutional approach which seeks to compare two or more administrative units within an organization, the intranational approach which is primarily concern with the comparative study of various administrative system within a particular country, the cross-national approach which is geared toward the comparison of two or more administrative systems or their parts in the settings of different nations, the cross-cultural approach which involves the analysis of administrative system involved in countries forming part of different "cultures," and the cross-temporal approach that has to do with comparison involving different time frames for analysis. To this end, this entry has adopted the combinations of two approaches in its analysis, that is, the cross-national and the cross-cultural approaches.

The rationale for selecting Malaysia, Brazil, and the Philippines as cases of comparisons is twofold; first while the Malaysian case depicted one of the examples of a homegrown experimentation, pragmatic, sustained, and incremental public service reform occurs concomitantly with the political, social, and economic changes thereby providing a clear-cut example of systematic evolution of effective public service. Secondly, the impact of the imposition of the martial law on the Philippine's civil service is similar to that posed by the prolong military rule in both Brazil and Nigeria which therefore provides a sound clue on how to achieve a sweeping reorganization of public service in order to bounce back after an era of great centralization.

## Theoretical Framework

This entry revolves around the Ecological Comparative Paradigm as a framework of analysis. The ecological paradigm in the study of public administration was pioneered by J.M. Gaus (1947), Robert A. Dahl (1947), and Roscoe Martin (1952); however, F.W. Riggs (1961) remains the foremost proponent of the ecological approach in public administration. The concept of ecology in its literal connotation relate with "environment" which incorporates physical, social, and cultural components. Along these lines, it is essential to focus on the connection between administration and environment (both internally and externally) and how they influence each other. Environment is the supersystem; the rest and others like political system, administrative system, and so forth are all subsystem who works under it. It impacts its subsystem and the other way around. They both need to acclimate to each other and furthermore reform and redesign each other now and again to remain up to date where the general public's desires drive the policies which eventually usher in development that inspires the socioeconomic status and environmental level for development to take place. So they are associated and not totally unrelated of each other.

The ecological worldview to public administration accentuates on developing nations and why there was a huge discrepancy among them while applying the Americanized models of public administration and how they adapted up. Its main proponent Riggs found that the primary explanation behind this discrepancy of administrative frameworks is essentially influence by the environmental condition that they are set in. Every nation had an alternate situational setting which assumed a noteworthy role in the molding of the administrative framework in light of the fact that without the assistance and endorsement of its citizens, a country's administrative system cannot survive, and in this manner, it acts as dictated by its environment, and thusly it also impacts the general public with its procedures and methods. In the Ecology of Public Administration (1961), Riggs relied on his field encounters in Southeast Asia and the United States in defining his point of view on public administration in developing nations.

Riggs perceived that the emerging nations have been confronted with the issue of revamping and adjusting their administrative system to accommodate and tackle the challenges accompanying their development prospects. The issue is that administrative ideas and systems developed with regard to social, economic, and political structures of Western nations are not completely

substantial or applicable in the new settings. In this way, Riggs inferred that distinctions in historical, social, cultural, or topographical situations influence the manner by which administration is constructed. He alludes to every one of these issues of the settings as the ecology of administration. Governmental setting is one of the basic determinants of administrative conduct, Riggs observed (1961: 4).

## Underpinning Theory

In his analysis, Riggs consistently emphasized that the comparative approach is indispensable. By comparing societies, we begin to discover whether any particular environmental feature is regularly accompanied by some administrative trait (1961: 3). Following Riggs (1961), we specifically compared numerous administration of developing countries that have important consequences for the administrative system. Thus, to explain the administrative reforms among the four administrative systems, we must look for ecological differences in order to identify how social, cultural, historical, or architectural environments affect the way in which administration is conducted in those four countries and what is there to learn from one another.

## A Comparative Review of Public Service Reforms in Malaysia, the Philippines, Brazil, and Nigeria

### The Malaysian Experience

The Malaysian public administration concentrated on furnishing administrative enhancements with the infusion of new outlook and thinking paradigm. To this end, it focused on internalizing seven foremost qualities in the public sector setting: quality, productivity, creativity, discipline, coordination, professionalism, and responsibility keeping in mind the end goal to build up a forward-looking, versatile, market-driven public administration in order to meet up with the challenges of rapid development (Xavier et al. 2016). Keeping in mind the end goal to accomplish these targets, the Malaysian government adopts the accompanying methodologies among others.

#### Structural Adjustment

Resulting from the report of the study conducted couple of years after independence by American advisors, the administration set up the Development Administration Unit under the Department of the Prime Minister to reorient the reasoning and operational style of the public sector and to serve as a catalyst for the introduction and assessment of reforms in the public sector. Public enterprises were established to supplement the weaknesses of the private sector.

An all-encompassing National Training Institute (INTAN) was established in 1972 to give short and long haul training for the whole country's public sector personnel. Abroad training for chosen key public officers was also conducted (Mohamed and Xavier 2016). In 1970, a far-reaching central personnel office was set up in the Public Service Department to authorize and execute labor administration strategies and activities to upgrade the efficiency and feasibility of the public administration. As necessities changed, another agency, the Malaysian Administrative and Manpower Planning Unit (MAMPU), was set up in 1977 under the Department of the Prime Minister to identify the genuine obstructions of administrative development at all levels and prescribe measures to address them. Fusing administrative and development changes for government employees, MAMPU keeps on paving the path for the modernization efforts in the public sector (Said et al. 2015).

#### Improved Productivity and Delivery of Services

As in Nigeria, the Malaysian public sector and regulatory structures set up in the 1970s were denounced for expanding bureaucratization, red-tapism, and wastefulness. Moderate economic advancement and a considerable deficit budget epitomized these inadequacies (Bianchi and Xavier 2017). The reform movement was therefore pursuit to upgrade the effectiveness of public servants; trimming the span of the public administration and measures to support these activities were equally presented which incorporates total

quality management, performance indicators, and citizen's charter. In 1987, MAMPU set up a Productivity and Quality Management Division, which came up with a program with four prime targets: to re-situate the public workers on the centrality of performance improvement and measurement; to give consultative and consultancy services to government offices on performance improvement and measurement; to coordinate studies on social and diverse aspect of the working environment that could impact efficiency; and to monitor and control productive improvement and measurement by government agencies (Bianchi and Xavier 2017).

The following strategies were instrumentals to the accomplishment of the performance improvement measures: top administration responsibility and support; a structure for overseeing efficiency change; the incorporation of all workers in these undertakings; and training and recognition. The public sector was similarly right size through privatization and the decrease of the civil service. In mid-1980, a staged privatization began selling different public ventures and reshuffling and blending offices and statutory bodies. Almost 150 public ventures were privatized, including aircrafts and shipping, the railroads, and power and communication administrations realizing a normal 10% of the public service, precisely 90,000 employees (Said et al. 2015).

### Making the Most of Staff

To improve the performance of individual public worker, the Malaysian government initiated different direct measures such as the non-discrimination in recruitment practices to improve enrollment and maintenance; a new performance appraisal system; a sweeping compensation package which carries performance incentive; the redesigning of staff training and development policies; and the revamping of public codes of conduct and rules. These measures fundamentally gave women equal opportunities for recruitment, selection, training, and development in the civil service. Additionally, 1% of all civil service positions were saved for the physically challenged people enrolled with the Ministry of National Unity and Social Development. The power of enrollment lies eventually with the Public Service Commission, a free body, which, in a joint effort with the pertinent executive offices, publicizes vacancies, conducts examinations, and meets and selects candidates for various posts. In any case, as of late, these powers have been assigned to heads of divisions in respect of the staff of chosen support service (Said et al. 2015).

### A New Public Service Code of Conduct

In order to make the public service more workable and result-oriented, the Malaysian government earmarked a new set of codes of conduct in 1993, the Public Officers Regulations. The new code was aimed at achieving the following vital targets: creation of exceptionally trained public servants who are capable and focused on their obligations; brilliance in work execution; efficiency and effectiveness in service delivery; and a clean public administration, free of any corrupt practices that could gouge its picture. The regulations stipulate an implicit rules and additionally disciplinary methods. Disciplinary actions can be taking against any government worker found to have committed the following misdemeanors: dishonesty to king, country, and government; setting self-enthusiasm over the public interest; conflict of self-interest with civil service commitments carrying on so as to bring the civil service into notoriety; being inefficient or lazy; being exploitative; being unreliable; passing on or attempting to pass on external influence upon the civil service, regardless of whether to advance one's own leverage or that of others; being defiant or acting in any capacity that may sensibly be deciphered as insubordination; being scheming; and being imprudent in the execution of one's obligations (Bianchi and Xavier 2017).

## The Philippine's Experience

### Nurturing Public Service Ethics

The civil service reform from the Philippine's parlance was anchored on the creation and evolution of sound civil service ethics and values, in the sense that the drive for good and honest governance, which is the permanent characteristic

of a bureaucracy having a world-class stature, involved not simply keeping the organizational structure, systems, and procedures in great running condition (Reside and Burns 2016). Much consideration ought to additionally be dedicated to developing the best possible values, norms, attitude, and work culture in the working environment. This is on the grounds that the internationalization of the right attitude and solid moral values serves as the strong bedrock for continuing administrative reforms. It ought to be noted, then again, that norms and morals are the essential products of environment, not of laws as usually opined. The best plan of action in this way is to adopt and execute mechanism which has the tendency to make a favorable and empowering environment that would inhale life to the desired moral values (Brillantes et al. 2018).

#### Inculcating Bureaucratic Excellence

Like the Nigerian public sector, the Philippine civil service has constantly experienced unfavorable public opinion. Among others, it has been seen and stereotyped as ineffective and besieged by mediocrity. One of the rationales behind such opinion was the impacts of political issues in the civil service especially in the area of human resource management. Concededly, merit criteria for recruitment and selection have to a great extent been ignored and aimlessly trampled upon to provide entry and promotion of political protégé (Brillantes and Fernandez-Carag 2016).

To address this squabbles, the CSC deemed it fit to send one resonating call to state workers across the nation that job performance is sine qua non of job security and that the constitutional assurance on tenurial security should not be a shield for ineptitude, incompetence, and inadequacy. Hence, merit and effectiveness of public servants should be the most important thing in the entire public organizations. One stage toward this direction is to guarantee that the positions in government workforce are occupied by people, who do not just have above-average qualification but whose aptitude, abilities, and skills are certainly beyond reasonable doubt (Brillantes and Perante-Calina 2018).

#### Empowering the Employees

Empowerment finishes the circle in the significant steps taken by the Civil Service Commission during the reform process. Unionism in government developed after the reclamation of democracy in 1996 to a great extent as an instrument for self-defense employees whose jobs were under threat due to the monstrous purge and government reorganization embarked by the new administration. In this way, the 1987 Philippine Constitution ensured government employees the right to self-organization and collective bargaining and fleshed out further by a presidential order (Brillantes and Perante-Calina 2018).

The Civil Service Commission, as the main agency responsible for human resources management of the Philippine government, plays an imperative role in breathing life to the self-empowerment principle, in the sense that Civil Service Commission has stepped up the evolution of dependable public sector unionism. Among others, it begins the act of giving award, with the coordinated effort of employee unions, the Gawad Kalinga or the Employee-Friendly Employer (Government Entity) Award to recognize those government agencies, which have showed bona fide sympathy toward the welfare of their rank and file staff (Brillantes and Perante-Calina 2018).

### The Brazil Experience

#### Transparency

The primary pattern in the Brazilian public service reforms rotates around the improvement of components of transparency, open government, and accountability. A critical evaluation of the public service reform strategies in Brazil demonstrates that half of the reform activities include these principles in the execution procedure. For this situation, the outcome strengthens the view that the Brazilian central government is reacting to public demand in directing and controlling government activities.

An emblematic instance of this pattern among Brazilian activities is the Transparency Portal of the Comptroller General of the Union (CGU) (2007) which provides an impetus for ensuring effectiveness in the monitoring of all financial

execution of all projects and activities of the government. Another mechanism is the Social Security Census: innovative solution for some of the squabbles in the operation of the registry (2007). This statistics made it conceivable to see ill-advised and excessive charges by the Social Security (INSS) and produced investment funds of almost 120 million Reais. The foundation of the Basic Education Development Index (IDEB) (2009) additionally falls into this class as it created greater responsibility for the education sector. Another critical winning activity is the e-SIC – Citizen Electronic Information System of the Comptroller General (2013) – that serves as a passage under the federal executive power, so any citizen may allude to the law on access to public information (Gomes and Secchi 2015).

### E-Governance

The advancement of e-government as a reform strategy to encourage citizens access to and participation in the public administration remains at 13% or 16% and is the most minimal among the patterns broke down. In this angle, the INSS: Scheduled Appointments Program produced significant diminishment of waiting times (2008); the Retirement Program within 30 min (2010); and the Program to the Application of Benefits (2011). The investigation of different reports features projects, for example, broadband internet in state-funded schools by the Ministry of Education (2010); the Network of Tele-assistance to remote regions which enhanced access to particular human services by the Hospital of the Federal University of Minas Gerais (2012); and the mail station turn around logistic of the Brazilian Post and Telegraph Company of 2014 (Melo 2017).

### Network Governance

Acting in network and partnership is seen to be the second most intermittent pattern. It is available in the vast majority of the activities (65%) affirming that co-creation is a vital factor in the detailing and execution of development in the public sector. Certain heterogeneity takes proceedings in the structure of the partnership among government agencies involved in half of the reforms activities which allows sharing of ideas and knowledge; this affirms the observation that the capacity to act together can create critical benefit for the state as well as the distinctive institutions and levels of government (Pinho and Sacramento 2015).

The private sector is an important partner as it is associated with about a quarter of the reform activities by playing the role of advisor or getting directly involved or indirectly with particular public policy. The effectiveness of the performance of the private sector in the network administration system recorded appeared to have increase with the evolution of new public policy frameworks. The participation of social agencies mirrors the proper role of the private sector in an innovative administrative process. The process that bridged the gap between the private and public sectors could be seen in the activities of social services, for example, the Ministry of Social Development and Hunger Alleviation, the Ministry of Health, and the Special Secretariat of the Presidency (Pinho and Sacramento 2015).

Two exceptionally innovative activities in regard to the network systems and partnership for the execution of public policy need be highlighted here. One is the School Route Program of the Ministry of Education (MEC). Granted first place in 2009, it is a partnership of offices of the central government (National Bank for Economic and Social Development), municipalities, various states, the federal district, and NGOs to tackle verifiable issues of transportation to and from the schools in provincial regions. The other activity is the Bolsa Família (Family Allowance) Program. Through the Bolsa, a follow-up of the conditions of the families has possessed the capacity to accomplish huge outcomes (the health agenda of 6.5 million families and the school record participation is of 14 million kids, and young people is monitored) because of the coordination of a perplexing network of government organizations, including ministries of health, education, and social service with all states and districts in the nation (Pinho and Sacramento 2015).

This pattern is convergent with the present administration of the digital age. Keeping in mind the end goal to outperform the competitive and divisive perspective of the NPM, the reform

proposes the expansion in the appropriation of information and communication technology activities as a way to enhance the connections between authoritative units and the general public. These advancements, driven by exponential advances in ICT in the course of the most recent decades, tend to enable governments to become more coordinated and responsive by accomplishing diverse objectives, for example, enhanced information preparing, better administration, improvement and monitoring of public policies, and increased transparency.

Two activities specifically fall into the ICT pattern and goals. The first is the utilization of personal digital assistant (PDA) by Brazilian Institute of Geography and Statistics (IBGE). During the national census, the IBGE gave data and communication in real time in excess of 80,000 enumerators spread crosswise over Brazil. The second activity is the Electronic System of Citizen Information Services (e-SIC), by the CGU, which encourages speedy process thereby decreasing bureaucratization in the submission and processing of the request for the Access to Information Act (LAI). The move to online administrations empowered e-Sic to process in excess of 220,000 applications with a reaction rate of 98% and normal time of 14 days (Gomes and Secchi 2015).

### The Nigerian Experience

In Nigeria, it is indeed the quest for sustainability in service delivery through revamping effectiveness and efficiency that actually provides an impetus for the number of civil service reforms ranging from the 1934 Hunt Committee through Tudor Davies Commission (1945); Walter Harragin (1947); Hugh Foot (1948); Gorsuch (1954); Mbanefo (1959); Morgan (1964); Adebo (1971); Udoji (1974); Onosode (1982); Dotun Philips (1988); Ayida Panel (1994); and Obasanjo Service Delivery Reforms (2003) (Ikeanyibe 2016).

It is imperative to note that the above reforms did not only aim at affecting changes in the civil service alone but in the public enterprises as well. More so as furthermore, the public enterprises in Nigeria experienced rapid growth between 1970 and 1980 through the intervention of these commissions of enquiry. This is because these interventions prompted the government to start rethinking the privatization and commercialization of public enterprise which reached its crescendo between 1999 and 2007 during the Obasanjo civilian administration (Dibie 2018). All these clearly depict attempts at public sector transformation which constitutes one level of administrative development.

Another stage of reform which demonstrates the drive toward administrative transformation is endeavors at revamping the managerial capacity in the public sector. It is however not a simple task isolating activities identified with organizational and structural transformation from these concerned with the enhancement of managerial capacity. This is so on the grounds that all panels that have investigated performance and the workability of the civil service and public enterprises in Nigeria have constantly included suggestions for enhancing managerial capability.

Making a critical glance and x-ray of the outcomes of various commissions saddled with the responsibility of public service reforms in Nigeria, starting from Udoji (1974) to Ani Panel of 1975/76; Onosode (1982); Philips (1988); and Ayida (1994), it is not difficult to identify certain broad areas of action which they all recommended improving efficiency in the Nigerian public service which includes using skills as guides for recruitment and promotion; evolving a result-oriented management practices; adoption of merit system and invigorated and modernized personnel and financial management practices; adoption of unified civil service structure; and adoption of Planning, Programming, and Budgeting System (PPBS) and Management by Objectives (MBO). Salary and welfare package increment and other numbers of recommendations geared toward enhancing performance and efficiency in public sector management. The Service Delivery Initiative (SDI) reforms, popularly called "Civil Service Renewal" under the Obasanjo's regime, came out with a broader and better focused civil service transformation strategies, where, for instance, the reforms mainly focused on the following areas: due process in public procurement; service charter; pension reform, monetization

policy; and National Health Insurance Scheme (NHIS).

The reform has as its strategic objectives the "right-sizing of Public Service; introducing new technology; redefining its mission; retraining officers in line with modern administrative procedures; and integrating the public service into the larger objective of national growth and stability" (Dibie 2018).

However, a critical evaluation of these reform strategies within the tenants of the New Public Management reveals that more efforts are still needed in some key areas such as the citizen charter; this is because despite the introduction of SERVICOM in the 2003's and 2007's service delivery initiative, the quality of service delivery is still very poor. Another important area is the issues of accountability and transparency in spite of the fact that the Nigerian public sector recently embraced Treasury Single Account couple with the operationalization of the Freedom of Information (FOI) Act which should serve as catalyst in speeding up the process for creating a responsive public sector; its juxtaposition with the official Secrets Act appears to have undermined its predetermined impact in entrenching transparency and accountability in the Nigerian public services, particularly in the light of pervasive incidence of corruption cases that litter the Nigeria public sector and has turn out to be very slamming and perplexing.

It is also important to note that the key performance indicators (KPIs), initiated by the National Planning Commission under the Transformation Agenda of the previous regime, appear to have captured this specific principle of NPM. However, making initiatives and implementing same are two different things; hence, only time can justify how the KPIs can prompt public service adequacy in Nigeria.

Finally, there have been enormous and persistent objection from public experts and analysts that costs of governance in Nigeria are high and that this is a burden on the public sector effectiveness. This requires administrative transformation and reform initiative that make for leaner productive and efficient government with accentuation on quality management techniques. This can be better acknowledged through public-private partnership principles like contracting, franchising, successful market provision of some service. The contention of public choice advocates that government can be too huge, detached from individuals, and captured by personal stakes is extremely applicable here.

## Conclusion

This entry provides a general cross-national and cross-cultural review of public service reforms in Malaysia, the Philippines, Brazil, and Nigeria. The entry viewed the reform initiatives in each country from within the prism of the New Public Management in which the following key differences in approaches were identified.

In Malaysia, reforms have been carried out using an integrated approach in order to overcome shortfalls of any particular model when applied individually. Three major reform models have been emphasized. These are structural functional, procedural, and behavioral. Various reform programs implemented have adopted a combination of two of these reform approaches. While the structural-behavioral approach has been closely adopted in the case of privatization, the Mahathir administration has not neglected the need for institution-building, an approach strongly emphasized by Tun Razak. In fact, structural, procedural, behavioral, and institutional approaches have complimented one another in many reform developments. Reforms that have taken place during Mahathir's leadership occurred during a period of heightened national self-confidence. For example, there is no record to indicate that his administration has invited any foreign experts or consultants to help out as was the case during Tun Razak's administration. This shows Mahathir's confidence in the role of PSD and MAMPU, the main driving forces in the current reforms, as reform agents.

Administrative reforms have been viewed by Philippine political leaders as a way to lay down the administrative infrastructure for effective governance. Unlike in Nigeria, Malaysia, and Brazil, the Philippines has no single reform agency that

coordinates and monitors all reform initiatives. The task of initiating and overseeing implementation of administrative reforms has been basically lodged with the government's oversight agencies. In addition to the activities of these agencies, many government offices have undertaken reform initiatives within their respective jurisdiction. The reform essentially seeks to reengineer the bureaucracy, minimize overlaps in program implementation by government agencies, and check the expansion of government activities. The streamlining effort, however, is only partially implemented to date because the Congress of the Philippines has yet to enact the legal framework to reorganize the bureaucracy.

This entry also reviewed the extent of the innovations of the Brazilian federal government with regard to the reform strategy geared toward changes in the paradigms of public management of the last decades. The result of the review indicated that the government is not necessarily following any specific well-structured and direct model of management. Instead, the operation of Brazilian public administration is based on a prolific number of similar principles and tools such as transparency, e-governance, and network governance. In this regard, administrative reforms in Brazil have been guided by incremental decisions with an individualized character than by decisions constructed on comprehensive implementation plans to change the normative management models or paradigms.

The Nigerian experience on the other parts displayed an array of reforms strategies which are all geared toward sustainability in service delivery through revamping effectiveness and efficiency of the public sector without necessarily following any specific model be it homegrown or externally borrowed and one particular feature that epitomized the reform strategy is lack of continuity of objectives. There is also an attempt in recent years to transform the public administrative system from the traditional bureaucratic model to the more market-driven NPM; however, more effort is still needed in many vital areas such as citizen charter, cost discipline, performance measurement, service quality, and accountability.

## Cross-References

▶ Administrative Reform
▶ Civil Society Organizations

## References

Bianchi C, Xavier JA (2017) The design and execution of performance management systems at state level: a comparative analysis of Italy and Malaysia. Int J Public Adm 40(9):744–755

Brillantes AB Jr, Fernandez-Carag MT (2016) Building executive capacity in the public service for better governance: the Philippine civil service. In: Sharpening the sword of state. Australian National University Press, Canberra, p 151

Brillantes A, Perante-Calina L (2018) Leadership and public sector reform in the Philippines. In: Leadership and public sector reform in Asia. Emerald Publishing Limited, Bingley, pp 151–178

Brillantes AB, Lopos BE, Perante-Calina LE (2018) Knowledge-based public sector reform: the Philippine experience. In: Knowledge creation in public administrations. Palgrave Macmillan, Cham, pp 211–236

Caiden GE (1969) Development administration and administrative reform. Int Soc Sci J 21(1):9–22

Dahl RA (1947) The science of public administration: three problems. Public Adm Rev 7(1):1–11

Dibie R (2018) Public management and sustainable development in Nigeria: military–bureaucracy relationship. Routledge, London

Fitzpatrick J, Goggin M, Heikkila T, Klingner D, Machado J, Martell C (2011) A new look at comparative public administration: trends in research and an agenda for the future. Public Adm Rev 71(6):821–830

Gaus JM (1947) The ecology of government. In: Reflections on public administration. University of Alabama Press, Alabama

Gomes RC, Secchi L (2015) Public administration in Brazil: structure, reforms, and participation. In: The international handbook of public administration and governance, vol 10. p 226

Ikeanyibe OM (2016) New public management and administrative reforms in Nigeria. Int J Public Adm 39(7): 563–576

Kuhlmann S, Wollmann H (2014) Introduction to comparative public administration: administrative systems and reforms in Europe. Edward Elgar Publishing, Cheltenham

Martin RC (1952) Political science and public administration: a note on the state of the union. Am Polit Sci Rev 46(3):660–676

Melo MA (2017) Political and institutional drivers of social security universalization in Brazil. In: Towards universal health care in emerging economies. Palgrave Macmillan, London, pp 155–179

Mohamed MZ, Xavier JA (2016) Transforming public service delivery in Malaysia: the case of the implementation of e-government in local governments. J Contemp Manag Res 10(1):39
Pinho JAGD, Sacramento ARS (2015) Brazil: between the modern bureaucracy of weber and resilient patrimonialism. Manage Res 13(2):140–159
Reside RE, Burns L (2016) Comprehensive tax reform in the Philippines: principles, history and recommendations. No. 2016-10. Discussion Entry, School of Economics, University of the Philippines, Quezon City
Riggs FW (1961) Ecology of public administration. World Polit 14(1):144–181
Said J, Alam MM, Aziz MA (2015) Public accountability system: empirical assessment of public sector of Malaysia. Asian J Sci Res 8(2):225–236
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222. https://doi.org/10.2307/2139277
Xavier JA, Siddiquee NA, Mohamed MZ (2016) The government transformation Programme of Malaysia: a successful approach to public service reform. Public Money Manag 36(2):81–87

# Comparative and Development Public Administration and Policy

Mark Lokanan
Royal Roads University, Victoria, BC, Canada

## Synonyms

Compliance; Criminal justice system; Responsive regulation; Securities fraud; Self-regulation

## Definition

Responsive regulation is a technique that focuses on dialogues and collaborations that maximize the role of collaborations and minimizes the role of the criminal justice system in the enforcement process.

## Introduction

"Crime without punishment: Canada's investment fraud problem" (Gray and McFarland 2017); "'I trusted him with my money': Woman says broker 'churns' her account, rakes in over $250,000" (Johnson 2017); "Man allegedly defrauded elderly woman of thousands to pay for strip-club visits" (Passen 2017). These headlines sum up the current state of securities fraud enforcement in Canada. Canada lacks a formal strategy to adequately protect the public from securities fraud. The Canadian provincial securities commissions and the self-regulatory organizations (SROs), the agencies responsible for policing Canada's securities markets and financial systems, respectively, are seen as ineffective regulators (Lokanan 2015, 2017a). The Royal Canadian Mounted Police's (RCMP) Enhancing Integrated Market Enforcement Teams' (IMET) failure to deal with investment fraud is also well documented in the literature (see Robertson and Cardoso 2017a; Lokanan 2017b). It is noted that the lack of resources by law enforcement agencies, coupled with ill-equipped prosecutors and an overarching defeatist mentality contributed to this failure (Lokanan 2014). In the cases where criminal convictions have been secured, the sentences imposed and the actual time spent in prison were seen as too lax to have any deterrent effect (Robertson and Cardoso 2017a). In terms of regulatory enforcement, the fines imposed were often not collected, a failure, which leads to question on the deterrence value of securities regulators' enforcement practices (Lokanan 2017a; Robertson and Cardoso 2017b).

To combat this problem, some have argued for Canada to have a national securities regulator (Lokanan 2017a). However, countries (e.g., the United States (USA) and United Kingdom (UK)) that already have national securities regulators also face legitimate enforcement concerns. What we have seen with the Securities and Exchange Commission (SEC) and the Financial Conduct Authority (FCA) (In April 2013, the FSA was split into two separate regulatory authorities – the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA)) in both the USA and the UK is that regulatory efforts have proven not to meet the purpose that the statues are aimed to address, creating a perverse effect and

endangering enforcement goals. The SEC, for instance, has often been cited for conspicuous failure and inefficiencies that undermines its legitimacy (Lokanan 2015; Simpson 2002). One of the many complaints is the command-and-control rule book-oriented strategies that dictate SEC's regulatory goals. The SEC's punitive enforcement approach engenders resistance, which creates a reduced incentive to cooperate with regulators. The same can also be said for the FCA. While the proposals for a national securities regulator in Canada may need some fine-tuning and are not politically realistic at this point, it should not be discarded because of the deficiencies and impracticalities highlighted in the recent Supreme Court of Canada's decision (In 2013, the Canadian government joined with Ontario and British Columbia to create the Cooperative Capital Markets Regulators (CCMR). For the other provinces and territories, most notably Quebec and Alberta, this proposition remains a tough sell. The federal government, together with Ontario, British Columbia, Saskatchewan, Prince Edward Island, New Brunswick, and the Yukon, is currently developing and planning to launch the Capital Markets Regulatory Authority (CMRA) in Canada.).

It is evident that the current regulatory model does not work to protect investors. Perhaps, a more systematic and innovative approach to securities regulation is found in Ayres and Braithwaite's (1992), and Braithwaite (2002) works on responsive regulation (Simpson 2002, p. 99). Ayres and Braithwaite's (1992) model focuses on dialogues and collaborations that maximize the role of responsive regulation and minimize the role of the criminal justice system (see Lokanan 2015). This is not to say that the criminal justice system's role is nonexistent; rather, it is not at the center of the enforcement process. The model they proposed is called responsive regulation. It is contended that regulatory objectives can be met when enforcement agencies display a pyramid with varying degrees of interventionism. The pyramid of sanctions as it is called "suggests that the greater the heights of punitiveness to which an agency can escalate, the greater its capacity to push regulation down to the cooperative base of the pyramid (Ayres and Braithwaite 1992; Braithwaite 2002, 2013).

In an attempt to make a case for responsive regulation, I build upon Braithwaite and his associates' work and argue for government-enforced responsive regulation to secure compliance with laws and ethical standards in Canada's securities industry. I will focus primarily on the self-regulatory organizations (SROs) that are responsible for policing Canada's investment dealers and brokerage firms who trade on the debt and equity markets in Canada – the Investment Industry Regulatory Organization of Canada (IIROC) – as a prototype example where responsive regulation can be applied. Responsive regulation involved engaging all stakeholders of a rule violation to come up with a flexible regulatory strategy that is arrange on a pyramid of sanction. At the bottom of the pyramid are the most frequently used strategies that are less punitive and coercive. The top of the pyramid is designed to deal with the more serious offenses and offenders. I argue that responsive regulation, that is, regulators willingness to escalate securities regulation up the pyramid of sanction and deescalate down the pyramid in response to members' compliance, is a promising strategy to market participants accountable to law and ethical standards.

The argument presented here has both theoretical and practical relevance. Theoretically, it illustrates how responsive regulation can be an effective strategy in regulating market participants in the securities industry. Practically, it builds on the theoretical discussion to suggest ways in which responsive regulation can be encourage as a regulatory mechanism to secure compliance. That said, however, it is not my intention, formidable as it is, to present responsive regulation as a panacea to tackle securities fraud. Rather, the contention is that there is no optimal regulatory strategy. At best, there are just different strategies that have a mix of strengths and weaknesses. In light of the 2008 global financial crisis (GFC), regulation of financial institutions needs as many proposals as possible with the hopes that one will shine through. The objective is to find ways to minimize the weaknesses and maximize the

strengths of responsive regulation to secure compliance (Ayres and Braithwaite 1992, p. 101).

The discussion is organized as follows. Following the introduction, I first argue that in today's political economy of regulatory flux, responsive regulation is a feasible alternative to entice compliance from market participants. I then briefly outline the concept of responsive regulation, sketch its theoretical underpinnings, and explain the key features of the model. In advancing the model, I illustrate how firms are allowed to write their own rules that are then publicly ratified. If the firm fails to enforce these privately written and publicly ratified rules, the rules will be publicly enforced by a government agency. Next, I present a regulatory mix of pyramidal enforcement to show that persuasion and punishment by one system should interact with the other in order for regulatory compliance to take place. This is followed by an illustration of how responsive regulation can work in the context of securities regulation. I use failure to supervise as an illustrative example. Finally, I present a conclusion and highlight areas for future research in the conclusion.

## The Theory Behind Responsive Regulation

The theory of responsive regulation has been developed in response to problems associated with government responses to businesses and the recognition that a significant percentage of businesses will not self-regulate (Braithwaite 2002; Ford 2013; Lokanan 2015; Simpson 2002). The main concern is the effectiveness of private enforcement in regulating corporate misconduct. Responsive regulation is not a clearly defined theory with a set of prescriptions that need to be followed; rather, it is a strategy that depends on the context, regulatory culture, and the history of the organization (Ayres and Braithwaite 1992, p. 5). A theory of responsive regulation can be broadly define as a form of social control against corporate misconduct engaged in by both individual corporations and trade associations that includes private enforcement of laws and corporate policies to prevent misconduct (Ford 2013; Lokanan 2015). Figure 1 below shows a diagrammatic illustration of how responsive regulation will work in regulating corporate misconduct.

As can be seen in Fig. 1, the pyramid of sanctions is geared toward enticing compliance through a combination of persuasion and punishment techniques (Effective enforcement can only occur when there is a genuine desire to comply with the law or when there is fear that the enforcement agency will take effective deterrent-oriented sanctions (see Lokanan 2015).). The aim of this pyramidal approach is to seek compliance through a restorative dialogue-based approach to justice (Braithwaite 2003, p. 30). This line of defense against corporate wrongdoers is mostly informal control, which is the socialization into ethical conduct and belief in the morality of the law (Simpson 2002, p. 112). Corporations who break the law should be persuaded to conform. It is expected that given a chance, firms will do the right thing and acknowledge their wrongdoing. To accomplish these objectives, the regulator first invites the responsible executive(s) to be a part of the dialogue. Two outcomes may manifest themselves at this stage; the individual either accept responsibility and shows remorse for the harm caused, or he/she proves to be a "tough nut" and denies any corporate wrongdoing. When faced with this scenario, the strategy is to widen the circle all the way up to the CEO or director of the company and invite him or her to join the dialogue. The idea is to work your way up the corporate ladder until you find a morally responsible actor who is moved by a sense of shame. The objective is to give the regulator actor the benefit of the doubt by assuming that she/he has a rational self and an irrational self, which means that the individual choses an action alternative that is criminogenic.

There is also the presumption that under certain circumstances, self-regulation may fail. For the minority of recalcitrant executives who fail to comply with the restorative approach, the regulator will take a more deterrence-oriented strategy by escalating up the pyramid. Human beings respond to different motivations. If at this stage

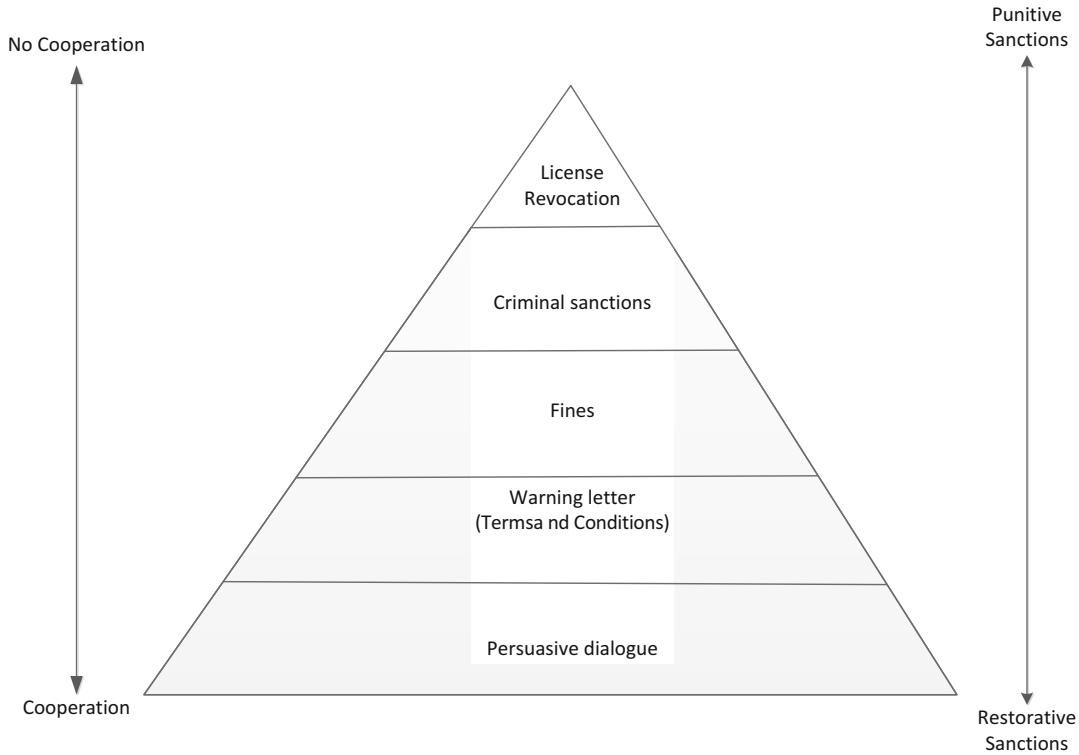


**Comparative and Development Public Administration and Policy, Fig. 1** Pyramid of enforcement sanctions for corporate misconduct

the individual(s) show signs of reform, responsive regulation means that they must move down the pyramid. The pyramid is firm, yet forgiving. The pyramid rewards reform and, in the process, acknowledges the effort the individual has made to comply (Braithwaite 2003, pp. 30–31). If the individual proves to be irrational (unwilling to reform and illicit repair because of his or her contempt for regulation), he or she will be escalated further up the pyramid to threats and actions of increased severity (i.e., suspension and revocation of license) (p. 32). The model does not assume that recalcitrant firms should be dealt with at one level of the pyramid by one enforcement or compliance strategy alone. Rather, the model assumes that the corporations are regulated responsively (and therefore effectively) by different strategies at different times, depending on their responses to different levels of regulatory intervention (Ayres and Braithwaite 1992). Scholz (1984) models regulation as a prisoner's dilemma game, where the motivation of the firm is to minimize regulatory cost while the motivation of the regulator is to maximize compliance outcomes. Under this model, it is assumed that there is equal power between the regulators and the firms they seek to regulate. TFT means that the regulator refrains from a deterrence response once the firm is cooperating; when the firm cheats on compliance, the regulator shifts from a cooperative to a more deterrent-oriented response. The optimal strategy is for the firm and regulator to cooperate until one or the other defects from cooperation. The rational player will then retaliate (the state to deterrence; the firm to a law evasion strategy). If the retaliation secures a return to cooperation by the other player, then the retaliator would be forgiven, and this would restore the benefits of mutual cooperation in place of the lower payoffs of mutual defection (see Ayres and

Braithwaite 1992, pp. 20–23).). In some areas, particularistic laws may serve to weaken the moral force of the universal legitimacy of laws (Simpson 2002). Responsive regulation posits that cooperation with the regulator should be rewarded, while failure to cooperate should be punished (Lokanan 2015).

## The Case for Responsive Regulation in the Securities Industry

The theoretical justification for responsive regulation is that regulators are more likely to succeed if they use strategies that are responsive to the context and culture of those who are being regulated (Ford 2013; Lokanan 2015). Within this context, the fundamental challenge for securities regulators is to design a system that would inculcate an investment culture that will put investors' protection mandate first, while the challenge for governance is to ensure that the system in place is actually applied (see Lokanan 2015). Ford (2013) opens up a discussion on scalability and responsive regulation to global financial regulation that considers whether as a practical matter, responsive regulation can be scaled up to more diffuse, multiparty, logistically complex contexts, such as financial regulation. In putting her proposal forward, Ford looks at the degree to which one of the essential elements of financial regulation – the direct interpersonal relationship as a basis of knowledge and action – is scalable to the kinds of contexts that concern us in financial regulation (Ford 2013, p. 3).

Ford's arguments have merits on the following grounds. The honest trading of securities is the "soul" of a successful capitalist economic system (Rosoff et al. 2003, p. 204). Unlike corporate crime, which hurts workers (e.g., violations of safety and health codes) or consumers (e.g., product safety violations), securities crime can undermine the financial system itself (Calavita and Pontell 1993; Lokanan 2017b; Rosoff et al. 2003). As such, when investment dealers resort to scandalous practices to maximize profits, the grand consequence is a malicious assault on the integrity of the free market system (Lokanan 2017a). Society also suffers from the moral infidelity of corporate leaders who succumb to greed (Calavita and Pontell 1993; Lokanan 2014). Not only are people's life savings and pension funds gutted but the community also loses, as employers shut down their businesses. The failure of the criminal justice system and regulatory agencies to control securities crime (Lokanan 2017a; Robertson and Cardoso 2017a) leads to considerable loss of investors' confidence and even greater loss in those who are trusted to be gatekeepers of the financial system (Lokanan 2014). Greater efforts need to be put in place to design proposals that will shore up investor's confidence, minimize uncertainty and risk, and generally stabilize the financial system (Calavita and Pontell 1993, p. 207).

Such efforts must come to grips with the fact that we live in an era of regulatory flux where "dramatic regulatory, deregulatory, and re-regulatory shifts are occurring simultaneously" (Ayres and Braithwaite 1992, p. 7). The new regulatory state, with its privatization of regulation by the government, has become more common, and governments are now looking for flexible regulatory approaches to monitor publicly traded corporations (Lokanan 2015). These changes are possible, especially in the financial sector, "where power flows through networks that are more fluid and complex than older structures of governance" (Healy and Braithwaite 2006, p. 56). It is particularly applicable to securities trading, where the state has generally left the regulation of the securities industry to the security commissions' agencies and self-regulatory organizations (Lokanan 2015). With the increase in securities fraud (Robertson and Cardoso 2017a; Lokanan 2017b), the public has been clamoring for greater accountability and transparency from brokerage firms. In most jurisdiction, these firms are left to monitor themselves, with securities agencies taking a back seat in the regulatory process – this regulatory style, of course, is the essence of self-regulation.

Fiscal pressures and general incompetence invariably prevent enforcement officers from regularly checking every brokerage firms for compliance with securities laws (Johnson 2017; Lokanan 2014; Robertson and Cardoso 2017a).

Responsive regulation envisions that a firm's compliance can be more effective, if its leaders take on some or all of the legislative, executive, and judicial regulatory functions (Ayres and Braithwaite 1992, p. 103). As self-regulating legislators, brokerage firms would devise their own regulatory rules; as self-regulating executives, these firms would monitor themselves for non-compliance; and as self-regulating judges, the firms would punish and correct episodes of non-compliance (p. 103). By combining "the benefits of voluntary self-regulation with the coercive powers of the state, responsive regulation has the potential to achieve greater inspectorial depth" than rigid "rule book" strategies (Simpson 2002, p. 100).

With a responsive approach, brokerage firms are in a much better position to police themselves than the state (Simpson 2002). Inspections would be conducted on a more regular and in-depth basis (Lokanan 2014). For example, in the pharmaceutical industry, the reputable companies have corporate compliance groups and regularly send teams of scientists to audit subsidiaries' compliance with production quality codes (Braithwaite 1984). Compliance officers will also receive better training, and they will be equipped with more resources and greater investigatory powers at their disposal, as opposed to external regulators (Simpson 2002, p. 100). This is because compliance officers have specialized knowledge of their organization's culture, which makes them more effective investigators than government workers who are forced to be generalists in the compliance process (Lokanan 2017a). Moreover, compliance officer's "greater technical capacity to spot problems is enhanced by a greater social responsibility to do so" (Braithwaite 1982, p. 1468). As such, they are better informed about business practices and the potential for misconduct (Simpson 2002, p. 100).

With the benefit of such insight, it is apropos for brokerage firms to design an internal regulatory system that inculcates a culture that values trust, transparency, and professionalism, while the challenge for the government is to make sure that these values and practices are applied (Healy and Braithwaite 2006, p. 56). It is more likely than not that regulators will succeed when they use strategies that are responsive to the culture of the firms (p. 56). In regulating securities trading, regulatory agencies must take into account the professional and organizational culture of the firms. Indeed, an important principle in making responsive regulation effective is to make sure that it holds executives of brokerage firms accountable with law and ethical standards (Ayres and Braithwaite 1992, p. 103; Simpson 2002, p. 99). At the same time, it must also attempt to protect investors from unscrupulous investment advisors and their respective firms (Lokanan 2014). Responsive regulation is a theory that purports to meets these objectives.

## An Illustration: Application to the Securities Industry

An efficient system of monitoring brokerage firms would ensure that an external regulator from the security agency checks that the internal self-regulator is regulating internally to make sure that standards are externally acceptable (Healy and Braithwaite (2006, pp. 56–58) applied this same approach to health-care providers in the USA.). By doing this, the regulator would satisfy two key elements that underlie the concept of responsive regulation: (1) public enforcement of privately written rules and (2) publicly mandated and monitored private enforcement of those rules (Braithwaite 1982, p. 1483). The external securities regulator would act on behalf of a governance network to make sure that the brokerage firms not only manage their own risk but also the risk of other firms in their network (See Ayres and Braithwaite's (1992, pp. 38–41) work for a review about the importance of industry association to cooperate in regulatory requirements.). For example, all the firms involved in retail trading would not only manage their own risks but also the way their network partners manage their risk. Thus, the Madoff's scandal would not only have repercussions for Madoff but also for all of the other brokerage firms in the USA. In this sense, everyone learns how to continuously improve by monitoring everyone else, and thus governance

is not top-down but collaborative (Healy and Braithwaite 2006, p. 58). This is important because it is through collective intelligence that a responsive regulatory approach can be synthesized and put into action (Lokanan 2015).

It is expected that responsive regulation will foster creative and continuous improvements in compliance strategies. Investment firms who happen to come up with flexible and creative programs designed to entice compliance, and make a good case that their standards are better than the default standards, will be allowed to implement them (This was done in the nursing home industry in the USA, where homes were required to identify their greatest health quality problems, choose one to improve each year, design an intervention, and measure the targeted outcome before and after the intervention. These objectives were accomplished not by a "command-and-control" rule but by the industry's own management creativity in finding better ways to manage patients without tying them to a chair or bed) (see Healy and Braithwaite 2006, p. 58.). This will secure creativity, flexibility, and cost-effectiveness by moving away from "command-and-control" strategies while simultaneously retaining public enforcement capabilities (Healy and Braithwaite 2006, p. 58).

To effectively illustrate the advantages of responsive regulation in the securities industry, it is best to examine one of the common problems experienced when regulating investment firms – failure to supervise (FOS). FOS is the inadequate supervision of a person, process, product, and policy by an investment firm that ran contrary to securities laws and ethical standards (Lokanan 2017a). In exploring ways to detect and prevent FOB offenses, regulators must look beyond the current deterrence model to one that use persuasive and self-regulatory strategies to secure compliance with laws and ethical standards. This approach is grounded in responsive regulation and is geared toward enticing compliance through a combination of persuasion and punishment techniques. A responsive approach seeks compliance through a restorative dialogue-based approach to justice (Braithwaite 2003, p. 30). As a first step in accountability, investment firms and their representatives who break the law should be persuaded to conform. It is expected that given a chance, the individual will do the "right thing" and acknowledge his or her wrongdoing(s) (p. 30).

Through this approach to compliance, each investment firm will be required to put together their own rules governing supervision that will prevent unethical trading practices. These rules should allow the firms to meet their operational requirements without any kind of manipulation while at the same time ensure public accountability and acceptable compatibility with that of other investment firms (e.g., in empowering the British Columbia's Securities Commission to ratify rules for investment firms, the government might want to list a number of criteria that all sets of rules governing trading must satisfy). Once these rules have been ratified by the securities agencies and made available to investors, any violation of them would be considered an unacceptable practice and would be punishable by law. By tying the specificity of these rules to the unique circumstances of the firm for which they were written, they would render fairness in enforceable accounts. As to what constitutes acceptable supervision standards, specificity can replace such blandness without the oversimplification for the majority of firms' inherent in universal securities law governing supervisions. There would not only be external audits, but internal audit groups would be mandated as well. Responsive regulation would produce simple and specific supervision rules that would make more efficient and comparable practices and enable easier disciplinary sanctions of rule violators (Braithwaite 1982, pp. 1473–1474). Regulatory agencies using a responsive approach to enforcement will be well positioned to apply the two key elements of responsive regulation: the role of the regulator (in Canada's case the provincial securities commission) as the "benign big gun" that carry big sticks and the capacity of SROs to start at the base of the pyramid by "speaking softly" to secure compliance or escalate up the pyramid to more serious sanctions for noncompliance (see Ayres and Braithwaite 1992, chapter 2).

## Conclusion

It follows that there is more mileage for regulators to illicit compliance through responsive regulation. In order to entice compliance through responsive regulation, each firm is required to write its own rules. Once these rules are ratified, any violation of them would constitute an offense. The company would be required to establish its own internal compliance inspectors to make sure these rules are obeyed and recommend disciplinary actions when they are violated. If management fails to take action, then the director of compliance will report the matter to the relevant agency to deal with. The role of the compliance agency would be to determine whether the company rules are in accordance with government policies, to ensure that the compliance group is independent of the corporate bureaucracy, to audit the performance of the internal compliance group, to conduct spot checks on the firm's compliance unit in order to ensure that they are making an attempt to detect violations, and to launch persecution for companies who subvert the compliance process (Ayres and Braithwaite 1992, pp. 131–132).

Defection from cooperation is less likely to be an attractive proposition when defectors face an agency with an explicit enforcement pyramid of sanctions, rather than when confronted with a regulator with only one deterrence option (Ayres and Braithwaite 1992, p. 36). A more difficult task is to find the right mix, where regulatory compliance based on restorative principles can be aptly backed up by deterrent-oriented strategies. The enforcement pyramid does just that. It allows regulators to rely on cooperation and self-regulation at the base of the pyramid and more punitive measures for the minority of recalcitrant firms at the top of the pyramid. The enforcement pyramid recognizes that restorative justice, deterrence, and incapacitation are all theories of compliance that have their flaws. The pyramid accounts for this by "covering the weaknesses of one regulatory strategy with the strengths of another" (Braithwaite 2003, p. 32). In short, by cooperating with investment firms until the circumvent rules governing securities trading, regulators avert the counter-productivity by undermining the good faith of the responsible firms (Ayres and Braithwaite 1992, pp. 26–27). A responsive approach allows regulators to be tough on firms who circumvent the laws but also give them an opportunity to reform and favor their socially responsible and law-abiding mandate over their venal selves (pp. 26–27).

Many important questions of how responsive regulation will work are not discussed here. How would it be implemented? How would the difficulties that arise be addressed? When is it appropriate to invoke the pyramid of sanctions? How would penalties be set? What constitutes discretionary punishment? All these questions need systematic empirical exploration. To address these issues, there needs to be new immediacy on research that sheds light on the virtues and greater simplicity of responsive regulation in securing compliance.

## Cross-References

▶ Accountability
▶ Accountability: Breaches and Trust
▶ Public Policy and Politics

## References

Ayres I, Braithwaite J (1992) Responsive regulation: transcending the deregulation debate. Oxford University Press, Oxford, UK

Braithwaite J (1982) Enforced self-regulation: a new strategy for corporate crime control. Mich Law Rev. https://doi.org/10.2307/1288556

Braithwaite J (1984) Corporate crime in the pharmaceutical industry. Routledge/Kegan Paul, London

Braithwaite J (2002) Restorative justice and responsive regulation. Oxford University Press, Oxford, UK

Braithwaite J (2003) Restorative justice and corporate regulation. In: Weitekamp E, Kerner H-J (eds) Restorative justice in context: international practice and directions. Willan Publishing, Devon, pp 161–172

Braithwaite J (2013) Flipping markets to virtue with qui tam and restorative justice. Account Org Soc 38(6-7): 458–468

Calavita K, Pontell H (1993) Savings and loan fraud as organized crime: towards a conceptual typology of corporate illegality. Criminology 31(4):519–548

Ford C (2013) Prospects for scalability: relationships and uncertainty in responsive financial regulation. Regul Gov 7(1):14–29
Gray J, McFarland J (2017) Crime without punishment: Canada's investment fraud problem. The Globe and Mail. Retrieved from https://www.theglobeandmail.com/report-on-business/crime-and-no-punishment-canadas-investment-fraud-problem/article13938792/. Accessed 17 Dec 3017
Healy J, Braithwaite J (2006) Designing safer health care through responsive regulation. Med J Aust 184(10): S56
Johnson E (2017) 'I trusted him with my money': Woman says broker 'churns' her account, rakes in over $250,000. Canadian Broadcasting Corporation. Retrieved from http://www.cbc.ca/news/canada/british-columbia/financial-advisor-earns-quarter-million-in-commissions-1.4328616. Accessed 11 Oct 2017
Lokanan M (2014) Self-regulation in the Canadian securities industry: funnel in, funnel out, or funnel away? Int J Law Crime Justice 43(4):456–480
Lokanan ME (2015) Securities regulation: opportunities exist for IIROC to regulate responsively. Adm Soc. https://doi.org/10.1177/0095399715584637
Lokanan ME (2017a) Self-regulation and compliance enforcement practices by the Investment Dealers Association in Canada: 1984 to 2008. J Financ Regul Compliance 25(1):2–21
Lokanan ME (2017b) Regulatory capture of regulators: the case of the Investment Dealers Association of Canada. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1385623
Passen K (2017) Man allegedly defrauded elderly woman of thousands to pay for strip-club visits. The Globe and Mail. Retrieved from: https://www.theglobeandmail.com/news/toronto/toronto-man-allegedly-defrauded-elderly-woman-of-thousands-to-pay-for-visits-to-strip-clubs/article13908516/. Accessed 11 Mar 2018
Robertson G, Cardoso T (2017a) Easy money: how fraudsters can make millions off Canadian investors, get barely punished and do it again. The Globe and Mail. Retrieved from https://www.theglobeandmail.com/news/investigations/easy-money-canadian-securities-fraud/article37350705/. Accessed 17 Dec 2017
Robertson G, Cardoso T (2017b) Canada's $1.1-billion problem: regulators dish out big fines but only collect a fraction. The Globe and Mail. Retrieved from https://www.theglobeandmail.com/news/investigations/billion-dollars-unpaid-fines-white-collar-crime/article37416140/. Accessed 2 Jan 2018
Rosoff S, Pontell H, Tillman R (2003) Looting America: greed, corruption, villains, and victims. Pearson, Upper Saddle River
Scholz J (1984) Cooperation, deterrence, and the ecology of regulatory enforcement. Law Soc Rev 18:179–224
Simpson S (2002) Corporate crime, law, and social control. Cambridge University Press, Cambridge, UK

# Comparative Approaches to Private, Voluntary Development Aid

Susan Appe
Binghamton University, Binghamton, NY, USA

C

## Synonyms

Citizen initiatives in development; Grassroots development; International volunteering; Small-scale development

## Definition

Private, voluntary development aid is the direct allocation of donations from donors in the Global North to recipient communities abroad, most often through voluntary, nongovernmental organizations.

## Introduction

International development aid includes several channels, such as bilateral actors, multilateral institutions, international nongovernmental organizations (INGOs), private philanthropists, and increasingly international volunteers. Indeed, INGOs – large and small – are major players in the "aid chain" as they have "captivated the imagination of a wide variety of development planners" (Watkins et al. 2012, p. 286). They are important because foreign governments and private individual donors often do not have access to recipient communities. Thus, donors provide money to INGOs, and these organizations work with partner organizations and individuals to implement development aid programs and projects on the ground.

While much of the attention is given to larger INGOs, smaller, private, voluntary development NGOs also play a growing role in development aid. These small-scale INGOs can be described as

"altruism from afar" (Watkins et al. 2012) which has been "enabled by the latest wave of globalization" of the 1990s (Schnable 2014, p. 23). Indeed, there is a proliferation of aid actors more generally which has produced fragmentation and decentralization within the provision of aid ("little aid spread over many projects, programmes or sectors" as well as "little aid from many donors to many countries") (Schulpen et al. 2011, p. 321). Small-scale INGOs become vehicles for citizens in the Northern countries – from the United Stated to the Netherlands – to learn about the Global South (Schnable 2015, p. 310). In today's globalized world, communities are "stretched out" (Silk 1999, p. 8) and globalization has enabled "a widening of our geographical scope of concern" (Sin 2010, p. 985). As such, small, private, voluntary development NGOs are bridges through which ideas of global culture are expressed and transferred and are considered an alternative mode of development to the traditional international aid system.

## Labeling and Describing Small, Private, Voluntary Development Aid

Larger international NGOs (INGOs) have been watched more closely both in the press and academic literature since their "boom" in the 1980s and 1990s and given criticisms to their effectiveness. INGOs are entities between the state and the market which provide goods and services within development, humanitarian relief, and human rights and democracy promotion. INGOs have become a dynamic industry, which in practice has generated many creative labels well beyond NGO (see Table 1).

Recently, scholars have explored labels and descriptions for smaller efforts to development aid as small, private, voluntary development NGOs are growing in number (see Table 2). In the United States, for example, they are an "ever more common way of delivering aid" (Schnable 2015, p. 326), having grown in scope from 1000 in 1990 to over 11,000 in 2010 (Schnable 2015). In fact, private, voluntary development NGOs are found in every state and are in one out of the every three countries nationwide (Schnable 2014). Previously, 20% of US-based INGOs were found in

**Comparative Approaches to Private, Voluntary Development Aid, Table 1** Creative labels and descriptions for INGOs working in development aid

| Acronym | Description |
|---|---|
| GONGOS | Government-organized NGOs |
| GRINGOs | Government-run, -inspired, or -initiated NGOs |
| QUANGOs | Quasi-NGOs |
| BONGOs or CONGOs | Business- or company-organized NGOs organized as tax dodges or to create a benevolent image for a company |
| BRINGOs | Briefcase NGOs |
| BENGOS | Bent or crooked NGOs |
| COMENGOs | NGOs which disappear and then resurface elsewhere or later |
| PANGOs | Party NGOs which seek to mask involvement in party politics by posing as an NGO |
| MANGOs | Mafia NGOs with a criminal dimension |

**Comparative Approaches to Private, Voluntary Development Aid, Table 2** Labels and descriptions for small, private, voluntary development NGOs

| Acronym | Description |
|---|---|
| SINGOs – small INGOs | SINGOs are characterized by their direct allocation of donations from US donors to recipient communities abroad. SINGOs are predominantly volunteer-run and have administrative costs below 5% of the operational budget |
| GINGOs – grassroots INGOs | GINGOs have "meager budgets – often $25,000 per annum or less – and copious volunteer labor" (Schnable 2014, p. 4) |
| PDIs – private development initiatives | PDIs tend to focus on education and health projects, and they have budgets around $50,000. In the Dutch context, private development initiatives (PDIs) have also been referred to as MONGOs which stands for "My own NGO" (Kinsbergen and Schulpen 2016) |

NYC and Washington, D.C., but since 1990 (i.e., the onset of the current wave of globalization), it has decreased to about 11% (Schnable 2015). Likewise, in other parts of the Global North such as the Netherlands, the number of private, voluntary development NGOs is considered large, ranging from 6400 to 15,000 (Kinsbergen and Schulpen 2013).

## Why Small, Private, Voluntary Development Aid?

As stated in the introduction, globalization has enabled greater interaction between the North and the South. Indeed, this has allowed "companies, philanthrocapitalists, famous stars (or: celebrity humanitarians) and 'ordinary' individuals [to] feel urged to actively contribute to the global fight against poverty" (Kinsbergen and Schulpen 2013, p. 50). These private, voluntary development efforts are distinctive because of their voluntary emphasis and philanthropic charge to give time, goods, and money.

In addition to globalization, a second reason for the emergence of small, private, voluntary development NGOs is that the funding environment for development aid more generally in the Global South is shifting and has reconfigured. There is evidence that official development assistance (ODA) is decreasing in some regions (Appe and Pallas 2018). This has created what is referred to as "post-aid world" conditions (Banks et al. 2015; Appe 2017) and has resulted in the need for several adaptive strategies for both Northern and Southern NGOs as well as other development actors (Appe 2017). These shifts have brought about new directions in development aid, including new funding mechanisms and new donors, such as small, private, voluntary development NGOs. Other directions have included innovative financing mechanisms (IFMs), as well as shifts away from government-to-government and donor-to-recipient relationships. In addition, more reliance on market principles in some cases has brought in greater numbers of private companies, philanthropists, foundations, and private individuals. Additionally, many regional and local governments "have moved 'into aid'" (Schulpen et al. 2011, p. 323).

Third, small, private, voluntary development NGOs offer an alternative to larger INGOs and other development actors. Scholarship has yielded criticisms that many INGOs have not lived up to their promises in the Global South. Challenges include project management failures, such as the application of universal management practices across diverse development contexts, emphasizing outcomes over organizational learning, ignoring program management capacity and needs, and the challenges presented by diverse cultural contexts (Watkins et al. 2012). In addition, the co-opting of development goals by policy shifts in the 1990s, the re-organizing of development goals after 9/11, and challenges inherent in addressing the multifaceted nature of poverty have been criticized. The international aid system is under scrutiny for its lackluster progress in alleviating global poverty. Limited progress has led to questioned legitimacy, not only of INGOs but also about the underlying values and methods in the international aid system more generally.

Given the criticisms and the shifting environments, some have called for an INGO reset. As Doane (2016) laments, the INGO "sector needs, at the very least, a tune-up, if not a wholesale revolution to enable it to face modern times" (p. 1). And while in the past when under scrutiny, INGOs have responded with "codes of practice, joint charters, or training schemes" (Doane 2016, p. 2), these tools might not be enough. Doane (2016) posits that INGOs as we know them will not survive, and she asks, "how will INGOs face the issues of today, and what will they look like when they come out the other side?" (Doane 2016, p. 2). Indeed, small, private, voluntary development NGOs might provide an answer to this question.

Small, private, voluntary development NGOs have distinct organizational strengths and offer opportunities to address challenges faced by the international development sector more generally. They have the potential to be more efficient and have higher local impact than larger organizations. Additionally, they have the ability to pilot new projects with the potential to scale up and are

known to have an approach to development that emphasizes relationships and long-term impact rather than short-term outcomes. Despite these opportunities, very little is known about small, private, voluntary development NGOs. There is little empirical evidence about their perceived advantages and potential challenges in comparison to other development actors.

## Small, Private, Voluntary Development NGOs

Small, private, voluntary development NGOs have a dual identity; on one hand, they are framed as "small is beautiful" and "let a thousand flowers bloom" (Schnable 2015) because their smallness encourages grassroot development and their expansion in numbers allows for a diversity of ideas to flourish. On the other hand, scholars have identified how private, voluntary development aid NGOs provide uncoordinated development projects in isolation with high transaction costs (Kinsbergen and Schulpen 2013, 2016). Their voluntary nature, their size, and inherent resource constraints do not lend to having professional legitimacy (Schnable 2016). The question of sustainability also is challenged as relationships are informal and based on personal networks. Kinsbergen and Schulpen (2013) pose the question about whether this is sustainable as these relationships are perhaps linked more closely to friendships than to strategic partnerships. For example, these relationships might not include local authorities and other organizations working in the contexts and as a result hinder development projects (Schnable 2016). Additionally, formal accountability mechanisms and means for monitoring and evaluation are limited, and this might result in little learning within and across private, voluntary development NGOs (Kinsbergen and Schulpen 2013).

Indeed, small, private, voluntary development NGOs do not have a "professional logic that guides" the work (Schnable 2014, p. 13); rather, at their core are time and other resources provided by volunteers. Volunteers are educated but not professionally trained in management or development. Questions remain about the effectiveness of small, private, voluntary development NGOs. The same concerns related to effectiveness of larger INGOs might also transpire in smaller INGOs. The following considerations can be made about these small, private, voluntary development NGOs:

1. Small, private, voluntary development aid NGOs are dependent on volunteers, and as such there are concerns about them being another means in which neoliberal tenets seep into the international aid system (Palmer 2002). The dependence on volunteers suggests that private, voluntary development NGOs might promote further privatizing of development. However, in many cases, acts of volunteering in these organizations have spanned decades, despite global disasters and wars abroad as well as domestic and global economic crises. Withstanding these challenges suggests an ability to maintain a level of sustainability. Further research will need to look at private, voluntary development NGOs' connection to international volunteering and the growing industry – and it is just that, an industry – of voluntourism.
2. Additionally, small, private, voluntary development NGOs hinge on the personal and professional networks of the founders, which are crucial for the organizations' donor base and volunteer outreach. Small, private, voluntary development NGOs are at times aided by the networks of the organizations' founders which are local such as higher education institutions and churches. For example, research has found that private, voluntary development NGOs often have links to religious congregations. In a random sample of 150 small development NGOs in the United States, 41 organizations outline religious rationales for their development work and 46% of the organizations have partnerships with religious congregations (Schnable 2016). Similarly in the Netherlands, 50% of surveyed founders and volunteers of private, voluntary development NGOs self-identify as religious. Further understanding is needed on the role of founders' networks in private, voluntary development NGOs. The founder is often the primary actor who has

the ties with the recipient community, donor relations, experience with the record keeping, and most other major organizational duties. This deserves greater inquiry as it is related to the sustainability in particular of smaller INGOs.

3. For the most part, small, private, voluntary development NGOs are not linked to NGO intermediary organizations. Further research might seek to better understand the challenges produced when working in isolation and not having links to NGO intermediary organizations. Traditional and professional aid actors default to assuming that private, voluntary development NGOs are amateurs who need to be educated in doing "development work in the right manner" (Kinsbergen and Schulpen 2016, p. 1–2). For example, in the Dutch context, training opportunities suggest that small, private, voluntary development NGOs need to follow the professional norms of the more traditional, larger development INGOs. However, this is a tension, as explained by Kinsbergen and Schulpen (2016): "The idea that these private initiatives need to be educated in the work of 'doing development' is in sharp contrast to that of the PDIs themselves" (Kinsbergen and Schulpen 2016, p. 1–2). How might shared learning and training activities strengthen the work of smaller, private, voluntary development NGOs and how might they contradict the essence and values driving private, voluntary development aid?
4. Small, private, voluntary development NGOs also pose questions related to impact. More rigorous research into the impacts of these organizations is needed and this is twofold. First, the impact of private, voluntary development NGOs on recipient communities needs to be further explored through case studies and broader comparative study. More inquiries about the on-the-ground work of small, private, voluntary development NGOs and to what degree they are demonstrating development results are needed. Even the traditional aid community has called on needed changes in the international aid system, particularly related to the fragmentation and decentralization of aid actors (Schulpen et al. 2011, p. 331). The OECD (2009) recommended that "donors should focus assistance on fewer countries, sectors and, in particular, activities" (as cited in Schulpen et al. 2011, p. 322). Small, private, voluntary development NGOs might represent fragmentation and decentralization of aid, but most often these initiatives are focused to one country. More research on effectiveness of this type of aid model is needed.

The second prong is the impact that small, private, voluntary development NGOs and the experiences of their donors, board members, and volunteers have on donor country communities. These organizations are another means in which the North learns about the Global South (Schnable 2015). As explained by Schnable's (2015) work on grassroot development organizations in the United States:

> When grassroots aid workers travel abroad, their understandings of aid-receiving countries will be shaped by their training, language skills, and time in country (or lack thereof). As these volunteers return home and engage in typical nonprofit tasks – setting up fundraising campaigns, building their groups' websites, and engaging in conversations about their work – they will create narratives about the causes of underdevelopment and the role of Americans in remedying it. The dispersion of aid groups is a therefore a force likely to shape grassroots American understandings of Africa, Asia, and Latin America and the place of the United States in the globalizing world. (p. 312–313)

Small, private, voluntary development NGOs can provide an alternative development channel for aid which seeks to contribute to on-the-ground development in the Global South, and, indeed, these organizations will influence how communities in the Global North understand global poverty and development.

## Conclusion

INGOs are important actors in international aid system, and small, private, voluntary development NGOs merit further study. By recognizing

globalization, shifting funding environments for NGOs in many Global South contexts, and the challenges for larger INGOs in the international aid system, smaller, private, voluntary development NGOs might present an alternative mode of development with promise. Undoubtedly, small, private, voluntary development NGOs provide new possibilities and new challenges for the international aid system.

## References


Appe S (2017) Civil society organizations in a post-aid world: new trends and observations from the Andean region. Public Adm Dev 37(2):122–135

Appe S, Pallas C (2018) Aid reduction and local civil society: causes, comparisons, and consequences. Volunt Int J Volunt Nonprofit Organ 29(2):245–255

Banks N, Hulme D, Edwards M (2015) NGOs, states, and donors revisited: still too close for comfort? World Dev 66:707–718

Doane D (2016) The future of aid: will NGOs survive? Guardian 23:2016

Kinsbergen S, Schulpen L (2013) From tourist to development worker. Priv Dev Initiatives Neth Mondes Dév 41:49–62

Kinsbergen S, Schulpen L (2016) '50+ and sexy?' Ten years of research on Dutch private development initiatives. International Society for Third-Sector Research (ISTR) Conference, pp. 1–9

OECD (2009) 2009 OECD report on Division of Labour: addressing fragmentation and concentration of aid across countries. OECD, Paris

Palmer M (2002) On the pros and cons of volunteering abroad. Dev Pract 12(5):637–643

Schnable A (2014) Exporting bootstraps: aid narratives and grassroots NGOs. Center for the Study of Social Organization. Working Paper #10

Schnable A (2015) New American relief and development organizations: voluntarizing global aid. Soc Probl 62(2):309–329. https://doi.org/10.1093/socpro/spv005

Schnable A (2016) What religion affords grassroots NGOs: frames, networks, modes of action. J Sci Study Relig 55(2):216–232

Schulpen L, Loman B, Kinsbergen S (2011) Worse than expected? A comparative analysis of donor proliferation and aid fragmentation. Public Adm Dev 31(5): 321–339

Silk J (1999) The dynamics of community, place and identity. Environ Plan A 31:5–17

Sin HL (2010) Who are we responsible to? Locals' tales of volunteer tourism. Geoforum 41(6):983–992

Watkins SC, Swidler A, Hannan T (2012) Outsourcing social transformation: development NGOs as organizations. Annu Rev Sociol 38:285–315


# Comparative Capacity Development


Svetlana Inkina
Center for Institutional Studies, Higher School of Economics, University of Toronto, Moskva, Russia


## Synonyms

Government effectiveness; State authority; State domination; State power; State strength

## Definition

State capacity refers to the "institutional core" of state power, which is the ability of the state and its agents to carry out policies and deliver public goods. State capacity may be described as an operationalized measure of state power, which refers to the ability of the state to sustain itself and induce compliance of state subjects.

## Introduction: Background Concept

Good living conditions (e.g., safety, employment, housing) are fundamental to the well-being of people. These conditions result from economic prosperity, individual rights, public goods, and quality governance, which emerge as a result of a complex interplay among large-scale changes and the strategic interaction of people with institutions. The discussion has not yet been settled around the question of how much state power is required vis-à-vis other societal forces to maintain a well-functioning democracy. Failure to respond to economic crises or deliver public goods may result in the loss of internalized faith in government (the loss of legitimacy). On the other hand, the overdevelopment of state institutions may distort the incentive structure behind the formation of a viable political and economic system.

State capacity is a crucial concept in political science literature. It refers to the process of state

building, e.g., the construction of the state defined by its monopoly of the legitimate use of violence on a given territory. According to McAdam et al. (2001, 78), state capacity is the "degree of control that state agents exercise over persons, activities, and resources within their government's territorial jurisdiction," and therefore, it is highly important for measuring state effectiveness.

The discussion of state capacity gained momentum during the 1970s and 1980s, when the state was no longer treated as a symbolic arena for non-state actors. This "statist" movement – also described as "Bringing the State Back In" (BTSBI) – responded to the weaknesses of pluralist accounts arguing that political power was widely dispersed rather than centered in a limited number of institutions embracing all sorts of management and control mechanisms. Instead, this approach argued that the state can act as an autonomous, uniform, and effective actor triggering economic growth. The view advanced by "statist" scholars responded to the observed conundrums of economic development, such as the growing number of "failed states" (see Helman and Ratner 1992), the unequal performance of emerging economies, the collapse of Communism, and the difficulties of democratization and state-building processes observed all over the world. The views of BTSBI theorists were analytically distinct from Marxist views on economic formation as the decisive factor of power relations, or an elite approach, which focused on circulation and reproduction elites rather than their capacity to act or regulate policy domains.

Academic efforts to conceptualize state power and state capacity started early in modern history. A number of authoritative scholars, such as Talcott Parsons, Reinhard Bendix, Max Weber, Peter M. Blau, Raymond Aron, and others, elaborated on the concept of state power defining it, in generic terms, as the chance or probability of imposing one's will upon the behavior of other persons. Since then, the concept of state capacity has been developed both empirically and theoretically.

Not all academic scholarship, however, has focused on the concept of state capacity exclusively. Instead, alternative concepts were developed, such as state strength (Migdal 1988), state power (Tilly 1975; Mann 1984; Skocpol 1979), government effectiveness (Rothstein 2011), etc., which all describe the ability of the state to sustain itself, execute policies, and deliver public goods.

It is now recognized that some level of state capacity **is necessary for democratic consolidation process to occur** (democracy is not possible when institutions are not in place) (Carothers 2002; Diamond 2000; Fukuyama 2004). In this context, it is acknowledged that there are weak and strong states operating within the confines of strong and weak societies.

High-capacity states provide conditions necessary for economic development, such as regulation, property rights, law enforcement, bureaucratic training, social and economic infrastructure, and other public goods, such as education, health care, and human security. By contrast, low-capacity states provide insufficient conditions for development or do not fulfill their obligations fully, which results in the declining levels of trust in government, economic underdevelopment, and even state failure (Rotberg 2003; Skocpol 1979).

Competing theories of state power (class theory, elite theory, pluralist, and gender theories) inform the discussion of state capacity as an explanatory variable of political relations. Elite theorists, for example, observed that power is exercised by the upper-level social groups who may be identified as leaders in a given field of competence (see Vilfredo Pareto and Gaetana Mosca). Elite groups, in view of the above researchers, may not necessarily seize control over the means of production. Instead, these are bureaucrats and other influential groups that may be divided into the subgroups of governing and non-governing elites.

Both Marx (1967) and Weber (1947) argued that modern states tend to be over bureaucratized and, as a result, use public bureaucracy as a powerful instrument of political management, manipulation, and repressive control (Farazmand 2010). However, unlike Marx (the founder of class theory), Weber argued that bureaucratic organization is one of the most efficient forms of organization.

Finally, the "discursive" elements of state power were propagated by social constructivist theories, such as gender theory, arguing that the relationships of power are reproduced with the use of informal norms and means, such as communication and culture. The discursive elements of state power were taken for granted by structural accounts of power arrangements. However, all these theories agreed on the possibility of instrumental use of power. The meaning of power varies, depending on a historical context and limitations of relevant political science scholarship.

The concept of state capacity promises to narrow the definition of state power to the concept that may be measured either as a uniform or nonuniform entity. The state, for example, may be defined as a set of organizations (or organizational capacities) invested with authority to make binding decisions. This view of the state implies that the state is by no means a uniform entity. Various dimensions of state power may reinforce each other or "steal resources" from other dimensions of state capacity depending on the type of administrative policy enacted by the top-level decision-makers.

## Directions of Research

The discussion of state capacity vis-à-vis policy implementation process allows identifying several important directions of scholarly research:

1. The first direction concerns state power and state domination – the core subject of state capacity literature. Weber defined the state as "a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory" (Weber 1946, 77–128). Accordingly, two forms of state domination were identified based on coercive means of compliance and non-coercive means of compliance (authority). State power, in Weber's view, is exercised via bureaucracy, which means that the more professional bureaucracy is the more authoritative the state is. Thus, unlike Foucault, who argued that power penetrates every single aspect of our daily lives, Weber suggests that state agents use power instrumentally.

In line with Weber's distinction of violent and nonviolent means of domination, Michael Mann (1986) identified two forms of power, e.g., *despotic* and *infrastructural power*. Despotic power referred to state's capacity to enforce legislation without routine negotiation with civil society groups (in other terms, it may be described as repression), while infrastructural power concerns state penetration, its operational capacity influencing *implementation* of public policies. The notion of infrastructural power triggered academic debate on state capacity. However, this concept is rarely referred to as "capacity to implement policies," or "policy-making capacity," which could be described as an equivalent of and an operationalization measure of infrastructural power described by Mann.

Nearly all scholars belonging to the group of "Bringing the State Back In" (BTSBI) discussed various forms of non-coercive forms of compliance due to the increasingly sophisticated means of state domination.

Margaret Levi, for example, examined such forms of non-coercive compliance as **quasi-voluntary compliance, consent, and legitimacy** (Levi 1989). She and other scholars (cf. Evans et al. 1985) associated non-coercive forms of compliance with the means used by the state to sustain itself (e.g., fiscal capacity).

Charles Tilly advanced an argument that "war made the state" (Tilly 1975, 42). However, his research accounted for the ways in which European powers engaged in efforts to mobilize resources and thus sustain themselves financially.

2. The second direction of research observed within the BTSBI literature concerns state's relationship to other forces. Several issues have been discussed here: first, how autonomous the state shall be to exercise power and, second, how effective the state can be when it extends its power over community of non-state actors or when it fails to do so (see Ottervik 2013).

Barbara Geddes in the *Politician's Dilemma* (1996) defined state capacity as the implementation power of the state, which falls under the category of bureaucratic capacity.

Bureaucracy, in Geddes' view, has to be insulated (autonomous) from political pressures and adheres to merit-based principles, in order to achieve substantial outcomes. However, bureaucratic autonomy is largely impeded by the dilemmas political actors face when appointing top-level bureaucrats. Among such dilemmas influencing bureaucratic quality are leaders' career incentives, leaders' position within the party, party discipline, party's age, and the distribution of parliamentary seats.

It is noteworthy that the literature on state-society relationship has moved gradually from "state versus society" dilemma (or state against society) to "state-in-society" perspective. For example, Joel Migdal in *Strong Societies and Weak States* (1988) outlined a reverse relationship between state capacity and community capacity. State and society, in Migdal's view, compete in public arena. Therefore, the stronger social organizations are, the less likely the government will dominate the entire process of policy-making. The interaction of the state and society, in Migdal's view, creates several possible outcomes: (1) a full subjugation of social forces characterized by a total transformation of society, (2) state incorporation of social forces and subsequent mutual transformation, (3) adaptation of social forces to state's presence with partial incorporation of social forces, and finally, (4) the failure of the state to penetrate society with little transformative effect of the state on society. Similar to Mann (1986), Migdal defined **state capacity as power**. This take on state capacity was different from the view advanced by Skocpol (1979) and Geddes (1996) who defined state capacity as state autonomy or the refinement of state bureaucracy.

3. Finally, the third issue concerns the role of the state in economic development and the effects of public investment on state capacity development. During the mid-1990s, there has been an increased interest in state industrial policies. Useful analytical insights transpired outlining various institutional conditions that make structural transformation (industrial growth) possible. Peter Evans (1995), for example, argued that institutional structures in place affect economic growth. Among such factors is "state embedded autonomy," which is based on states' organizational coherence (insulation from external pressures influencing the decision-making and implementation capacity) and its connectedness to other societal forces within the industrial sector. Evans identified predatory, intermediate, or developmental types of states. The state was referred to as an autonomous actor whose effectiveness requires a certain condition to be reached that would allow state actors gaining information about other actors and using it effectively with the goals of economic development in mind (state "embeddedness," in this context, meant knowledge about other important industrial players).

In a similar vein, Linda Weiss (1998) observed variation in the developmental capacity of emerging and thriving economies. Based on the case studies of Taiwan, Japan, South Korea, Sweden, and Germany, she identified two types of developmental capacity, e.g., transformative and distributive capacity. Taiwan and South Korea, in her view, represented the cases of the former type; Sweden represented the case of the latter model; finally, Japan and Germany represented a combination of both models.

The relationship of the state vis-à-vis other societal forces remains highly contested. Some authors refer to the state as a uniform entity. However, a growing consensus has emerged over time around the state as a "set of organizations invested with the authority to make binding decisions for people and organizations juridically located in a particular territory and to implement these decisions using, if necessary, force" (Rueschemeyer and Evans 1985, 46–47).

The view of state capacity as a multidimensional concept responds to criticisms arguing that the dichotomy of "weak" and "strong" is likelier to obscure rather than reveal something. In fact, the observed facets of institutional capabilities allow accounting for various dimensions of state power.

The movement toward a more **nuanced** and **differentiated view of the state** may be observed with reference to the discussion of bureaucratic transformative capacity. To remind, Weber claimed that power comes into existence with

the use of bureaucratic instruments, where bureaucracy is an instrument of power.

In this context, Knill (1999) suggests that state bureaucracy is not a uniform entity; it is normally split into groups with distinct transformative capacities, which influence their ability to access policy-making decisions. Capacities of national bureaucracies are defined as a combination of political factors, such as the strength of the executive, the amount of discretionary power allocated to regional and local bureaucracies, the unity of the regional elites, and the ability of such elites to influence policy-making decisions. Therefore, among crucial factors influencing state capacity to implement policies are the existing administrative structure and the national political system.

Based on the cases of Great Britain and Germany, Knill (1999) outlines two varieties of transformative capacity observed in national bureaucracies. The first type is the type of instrumental bureaucracy, which is characterized by the lower number of veto players in a political system and the increased level of political centralization (unitary administrative systems). The second type is the type of autonomous bureaucracy, characterized by the dispersion of power across public space and a variety of bureaucracies acting as the locus of national identity formation. The typology offered by Knill is based on the opposition of common law tradition and civil law (continental) tradition, where the second type is less prone to massive changes in a short period of time. Conditions that help determine the transformative capacity of national and regional bureaucracies may include the way in which power is divided between political elites and civil servants (politician-civil servant nexus), the independent political power of regional bureaucracies, organizational attributes, corruption, clientelism, and so forth.

The discussion of transformative capacities of national and subnational bureaucracies did not receive much attention due to the difficulties of operationalization and measuring institutions in flux.

## Operationalizing and Measuring State Capacity

It is noteworthy that there have been just a few efforts to operationalize and measure state capacity. Cross-country measures of state capacity are nearly absent in public debate. Meanwhile, the discussion of state capacity is important for the study of government performance, including the success or failure of policy-making efforts in a public sector.

One of the many possible indicators of state's capacity to act effectively is the Government Effectiveness Index (GEI), calculated annually by the World Bank (for more information, see World Bank Governance Indicators). This index is used in reference to many diverse phenomena, which is the reason it is criticized for the lack of accuracy in its assessment of real-life phenomena, e.g., measurement validity (see Andrews 2007).

Savoia and Sen (2013) define state capacity as "the institutional capability of the state to carry out various policies that deliver benefits and services to households and firms" (Besley and Persson 2011, 2). As a way of measurement and operationalization, they offer the distinction among the following dimensions of states' institutional capability:

1. Bureaucratic and administrative capacity – this concept reflects upon the level of competence of national bureaucracies, their ability to implement rules and regulations, especially in the area of spending revenues on public goods (e.g., Evans and Rauch 1999; Knill 1999).
2. Legal capacity – this concept includes regulatory capacity and effectiveness of state regulation based on evidence-based policy-making practices; law enforcement capacity, including rule of law, mechanisms for resolving disputes, law enforcement, and an effective judicial system; and security and protection of state borders.
3. Infrastructural capacity – this dimension refers to state operational capacity, the territorial reach of the state (state penetration), i.e., the presence of organizations representing the

state within historically established borders (see Mann 1986; Soifer 2008).
4. Fiscal capacity is the state's ability to sustain itself through wealth, raise revenues, avoid fiscal crime, and minimize economic crime, such as tax evasion, in a contemporary context (see Levi 1989).
5. Military capacity refers to country's external security, state action beyond national borders, with the use of military force, state alliances, and state's ability to use police and military forces that can repress insurgent groups (Tilly 1975; Mann 1986; Hendrix 2010).

Public goods described in this classification system require state interference due to collective action problem, inspired by the very nature of benefits involved in the realization of relevant policies. Public goods are not always well suited for private regulation. That is, at the very basic level, the state is expected to guarantee property rights, protection of citizens from unlawful actions, security, and minimum social rights for its citizens, even in cases where resources are scarce or the state needs to outsource its services (see Besley and Persson 2011).

Measurements of state capacity rely on official documents, such as national statistics; fiscal reports on spending, etc.; and expert opinion surveys. Surveys are useful in cases, where official statistics does not fully account for the observed variables or whenever official statistics intentionally or unintentionally distorts information. Evans and Rauch (1999), for example, use expert surveys to conduct cross-nation comparisons of bureaucratic capacity measured as merit-based personnel policies. These measures relate to the conditions of professional bureaucracy outlined by Max Weber.

One of the most distinctive features of all research dealing with state capacity is its exclusive focus on policy implementation stage, without any reference to the process of policy formulation or the level of policy-makers' expertise. In this context, it is worth exploring not only the extent to which the government fulfills its role in the area of law enforcement or revenue accumulation, but rather the processes of agenda-setting and policy formulation, where significant battles occur around policy goals and mistakes, which underlie policy-makers' perceptions of cause-and-effect relationships about policy problems, happen.

## State Capacity Vis-à-Vis Policy Implementation Framework

During the 1990s, there were a limited number of efforts made by academics to link the discussion of state capacity to policy **implementation framework**. Thomas and Grindle (1994), in particular, argued that successful implementation requires a good strategy, but also massive resource inputs, which have to rely on appropriate structural conditions, such as regime stability and state legitimacy. First, if regime is stable, it is more likely to generate wide-ranging support for the program. Second, if it depends on a few extremely powerful interest groups (such as in case of state capture), it would be more difficult to ensure consensus among the top-level political elites concerning the goals of reform.

The discussion continued with the assessment of features describing "difficult" policy areas which require greater political investments. Among such features are concentration of costs in government, dispersion of benefits (long-term effects of the proposed policy changes), high administrative and technical content (technically complex areas requiring coordination), limited public participation, and long duration of the reform process (Thomas and Grindle 1994, 53–64).

The assessment of the political resource needed to support reform program in such areas requires consideration of who supports and opposes reform program, as well as the degree of support required for reforms to take place. In addition to the political support, bureaucratic, financial, and technical resources must be evaluated.

A number of scholars working within the stream of policy implementation research

elaborated on a variety of conditions that make policy change possible. Sabatier (1986), for example, summarized these conditions as follows: clear and consistent objectives, adequate causal theory, coherent legislative framework, implementation processes organized in a way so as to induce compliance by implementing officials, reform funding, reform communication strategy, professional civil servants, support of elites and interest groups involved in the process, and structural and contextual changes that do not threaten political support or causal theory (Sabatier 1986, 24–25).

Interestingly, scholars working within the field of policy implementation analysis scrutinized mainly noneconomic and nonindustrial policies of emerging economies. However, some of the insights gained in this process could be usefully applied to observe the process and outcomes of industrial growth across nations.

Contextual variables of policy implementation process outlined by policy implementation theorists include a wide range of material, structural, and ideational prerequisites of the reform. Most broadly, these conditions could be defined as the level of economic development (material resources required to material policy goals), political institutions in place, and the extent of policy-makers' expertise and their knowledge about other important actors involved in a given policy field.

The most effective way to describe state capacity in terms of policy implementation process would be through the lens of policy context defined as a set of formal and informal institutions that shape policy-makers' perceptions, decisions, and actions. The definition of policy context largely depends on the focus and the level of analysis. In this respect, both the developmental stage and the extent of state capacity to instill or absorb changes may be viewed as a condition that affects policy implementation outcomes.

## State Capacity and Democratization

The distribution of political and economic power within the society influences the operation and infrastructural capacities of any given state. The general capacity (efficiency) of the state largely depends on the number of institutional veto points entrenched in a system of relevant political and administrative arrangements.

In authoritarian and highly centralized states, individual leaders appear to be nearly unconstrained in their capacity to exercise power and establish control over resources necessary to induce compliance and maintain order. The policy process, in this context, may be characterized by somewhat unpredictable outcomes. On the one hand, the unanimous decision-making implies greater efficiency in the way things get done due to the top-down accountability structure. On the other hand, individual policy actors, in such context, would not have perfect information about problems and alternatives nor perfect computational abilities to solve highly complex policy problems. Therefore, policies would end up falling short of expertise implied by policy deliberation process, isolating or marginalizing minorities and other non-core elements of the existing political regime. These policies would have a more extensive time horizon spanning a few generations of human life, or even longer, depending on the institutional capacities of relevant states.

On the opposite side, liberal democratic political regimes provide conditions for the increased number of players involved in policy formulation stage and a more equal playing field for participants of electoral competition. Such systems usually build their policies on a dialogue among various forces involved in agenda-setting stage; they provide channels for public accountability and control and, as such, provide conditions for the development of more sustainable policies. Such design does not necessarily lead to the enactment of perfect policies. Some laws, in fact, risk never passing the stage of policy formulation due to the pressure of interest groups aiming to undermine reform agendas. However, instrumental rationality, central to the Weberian perspective on modern state, is an important characteristic feature of modernity, in which bureaucracy uses its power instrumentally in order to implement policies. Bureaucracy, in Weber's view, exercises control over society on the basis of scientific and technical knowledge and within the confines of legal procedures. State power, in this context, is

used to establish systemic relationships between the state and society.

One of the most crucial factors influencing state capacity to implement changes is the dynamic interaction between the existing political regime and state's administrative structure. Silberman (1993), for example, argues that the rationalization of administrative processes, i.e., the creation of the norms of bureaucratic system, was the consequence of political struggles, which "attempted to redefine the structures of power and the criteria for access to them by groups of leaders who sought to reduce the uncertainty over their status and power" (425). Heady (1996) supports this idea by saying that "what has become more and more obvious is the extreme importance of variation among political regimes as a major explanatory factor for variation among public bureaucracies" (472).

It is important to emphasize that political regime creates institutional and cultural underpinnings for the use of power, whereas state capacity affects the ability of the state to strategize and allocate necessary resources to the appropriate areas of policy-making process. Societies and states, characterized by the weak representation system, make it difficult for state subjects to contest decisions or influence the results of policy-making cycle. Societies that are prone to corruption are more likely to induce interest-based thinking and to follow the "who gains what" logic, which may turn out to be harmful during the stage of policy implementation process.

The timing of democratization process and its relationship with state capacity has been a recurring theme in the study of state-building efforts since the eruption of political crises in recent decades. One of the key issues observed, in this respect, concerns the sequence of reforms, such as the question of whether the process of democratization shall precede or build on the process of economic reform. It is noteworthy that, starting from the 1970s, there has been more than 100 countries transitioning from authoritarianism toward democracy. All of these countries varied according to the level of economic development, social and political capital, infrastructure, and other prerequisites of sociopolitical change. As such the level of state capacity seems to be insignificant for the initial stages of democratic transition (or even conductive for regime change), whereas the process of democratic consolidation requires institutional changes directed toward the improvement of state capacity to conduct and sustain reforms.

## Conclusion

This entry has provided an overview of "state capacity" literature, the body of which has been growing during the second half of the twentieth century. The discussion began with the review of background concept and the analysis of research focusing on the ability of the state to achieve its goals. Such dimensions of state capacity operationalization as bureaucratic, legal, infrastructural, fiscal, and military capacity were identified.

The weaknesses of state capacity literature observed include the difficulties of measuring and operationalizing state capacity and the absence of criteria for comparing various aspects of state capacity across nations. One of the most distinctive features of all research dealing with state capacity is its exclusive focus on policy implementation stage, without any reference to the process of policy formulation or the level of policy-makers' expertise. In this context, it is worth exploring not only the extent to which the government fulfills its role in the area of law enforcement or revenue accumulation, but rather the processes of agenda-setting and policy formulation, where significant battles around policy objectives occur and where mistakes of causation in policy-makers' efforts to link policy objectives to policy outcomes happen.

The entry has also provided an overview of major themes and questions raised by political science scholars with regard to the process of implementing public policies. One of such themes concerns the nature of state power and various forms of it. The next theme concerns state's relationship to other forces captured by the concept of state autonomy. Finally, the third issue concerns the role of the state in economic development and the effects of investment on state capacity development.

The current stage of research focusing on state capacity consists in the development of theoretical insights aiming to move the analytical focus of political science scholars beyond a limited number of cases. However, while the number of studies and variables observed is growing, the level of analysis chosen by "statist" theorists nearly always tailors their research agenda toward the confines of general frameworks rather methodological guidelines on how to measure and evaluate state power in a comparative perspective.

The discussion emphasizes the usefulness of policy implementation research developed within the field of public management and administration literature during the same years as the eruption of studies on state power. This literature fills the gap in academic discussion on problematic policy areas (policy areas involving benefits for all) and the conditions and prerequisites of policy change and implementation processes. Considering this, it would be useful to view state capacity as a context in which the process of policy-making occurs. Both the developmental stage and the extent of state capacity to instill or absorb changes may be viewed as a condition that affects the outcomes of policy implementation stage.

## Cross-References


- ▶ Authority in Organizations
- ▶ Bureaucratic Autonomy
- ▶ Effectiveness of Local Government, The
- ▶ Food Security
- ▶ Global Public Goods
- ▶ Governance
- ▶ Legitimacy in Public Administration
- ▶ Tax Compliance


## References


Andrews, M (2007) The good governance agenda: beyond indicators without theory. Oxford Development Studies 36(4):379–407

Besley T, Persson T (2011) Pillars of prosperity: the political economics of development clusters. Princeton University Press, Princeton

Carothers T (2002) The end of the transition paradigm. J Democr 13(1):5–21

Diamond LJ (2000) Is Pakistan the (reverse) wave of the future? J Democr 11(3):91–106

Evans P, Rauch J (1999) Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth. Am Sociol Rev 64(5):748–765

Evans PB, Rueschemeyer D, Skocpol T (eds) (1985) Bringing the state back in. Cambridge University Press, Cambridge

Evans PB (1995) Embedded Autonomy. Princeton University Press

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258

Fukuyama F (2004) State-building: governance and world order in the 21st century. Cornell University Press, Ithaca

Geddes B (1996) Politician's dilemma: building state capacity in Latin America. University of California Press 1st ed. California Series on Social Choice and Political Economy, No. 25

Heady F (1996) Public Administration: A Comparative Perspective, 5th ed. New York: Marcel Dekker

Helman GB, Ratner SR (1992) Saving failed states. Foreign Policy 89:3–20

Hendrix CS (2010) Measuring state capacity: Theoretical and empirical im- plications for the study of civil conflict. J Peace Res 47(3):273–285

Knill C (1999) Explaining cross-national variance in administrative reforms: autonomous versus instrumental bureaucracies. J Publ Policy 19(2):113–139

Levi M (1989) Of rule and revenue. University of California Press, Berkeley

Mann M (1984) The Autonomous Power of the State: Its Origins, Mechanisms, and Results. European Journal of Sociology 25(2):185–213

Mann M (1986) The sources of social power: a history of power from the beginning to A.D. 1760. Cambridge University Press, Cambridge

Marx K (1887/1967) Capital: A Critique of Political Economy, vol. 1. New York, NY: International Publishers, pp. 71–76:146–154

McAdam D, Tarrow S, Tilly C (2001) Dynamics of contention. Cambridge University Press, Cambridge

Migdal JS (1988) Strong societies and weak states: state-society relations and state capabilities in the third world. Princeton University Press, Princeton

Ottervik M (2013) Conceptualizing and Measuring State Capacity: Testing the Validity of Tax Compliance as Measure of State Capacity. University of Gothenburg, The Quality of Government Institute, Working Paper Series, 20 (December)

Rotberg RI (2003) Failed states, collapsed states, weak states: causes and indicators. In: Rotberg RI (ed) State failure and state weakness in a time of terror. Brookings Institution Press, Washington, DC

Rothstein BO (2011) The quality of government: corruption, social trust, and inequality in international perspective. Chicago University Press, Chicago

Rueschemeyer D, Evans P (1985) The state and economic transformation: toward an analysis of the conditions underlying effective intervention. In: Evans P, Rueschemeyer D, Skocpol T (eds) Bringing the state back in. Cambridge University Press, Cambridge
Sabatier P (1986) Top-down and bottom-up approaches to implementation research: a critical analysis and suggested synthesis. J Publ Policy 6(1):21–48
Savoia A, Sen K (2013) Measurement and evolution of state capacity: exploring a lesser known aspect of governance. Effective States and Inclusive Development Research Centre (ESID) School of Environment and Development, The University of Manchester, Oxford Road, Manchester
Silberman BS (1993) Cages of reason: the rise of the rational state in France, Japan, the United States, and Great Britain. The University of Chicago Press, Chicago
Skocpol T (1979) States and social revolutions: a comparative analysis of France, Russia, and China. Cambridge University Press
Soife H (2008) State infrastructural power: Approaches to conceptualization and measurement. Studies in Comparative International Development, 43 (3-4): 231–251
Thomas JW, Grindle M (1994) Political leadership and policy characteristics in population policy reform. Popul Dev Rev 20(94):51–70
Tilly C (1975) The formation of national states in Europe. Princeton University, Princeton
Weber M (1946) Essays in sociology. Oxford University Press, New York
Weber M (2008) The Theory of Social and Economic Organization, Reprint. Free Press, New York, NY
Weiss L (1998) The myth of the powerless state. Cornell University Press

# Comparative Civil Service

Joseph Antwi-Boasiako[1], Isaac Nyarko[1] and Ama Kissiwah Boateng[2]
[1]Department of Public Administration and Health Services Management, University of Ghana, Accra, Ghana
[2]Faculty of Public Governance and Administration Sciences, National University of Public Service, Budapest, Hungary

## Synonyms

Career employees; Merit-based employees

## Definition

Finer (1925) defines civil service as a professional body of officials who have been employed to a permanent job and are paid based on the skills and qualities they possessed.

Recruitment in the civil service is about finding suitable and sufficient number of employees to fill vacancies in the civil service.

## Introduction

The term "civil service" has been explained by various scholars varying from country to country. According to Kettl (2013), there must be in place some features to qualify a civil service across countries. To him, in all the civil service across countries, employees should be paid according to their rank and all employees should be protected from any form of political interference. Finer (1925) adds that the civil service should employ people into a public permanent job and be paid on the skills they have. Again, the employees of the civil service should be recruited based on merit and not through patronage (Kettl 2013).

Regarding recruitment, Fredericksen (1996) explained the concept as the process of finding and attracting people who are qualified as a pool of candidates for a job. Recruitment and selection into the civil service are key to civil services across countries. It is argued that recruitment by merit comes with a lot of advantages as opposed to the patronage system. The term "meritocracy" as popularized by Young in 1958 has been explained as a social system where talent and merit are the basis for looking for people to fill positions and distributing rewards (Everest-Phillips 2016). The 1997 World Development Report explains that meritocracy in the civil service helps attract high-quality personnel, confers some form of prestige on the civil service, and is a great motivation for good performance of personnel (World Development Report 1997).

According to Moon and Hwang (2013, p. 1), scholars have developed interest in conducting comparative studies on civil service systems

for different countries; however, "there is still a dearth of basic comparative understanding of civil service systems." To understand the different systems of civil service as used by different countries, Everest-Phillips (2016) has stated that more research on meritocracy in different contexts from around the world could offer wider evidence about how the practice of meritocracy may change over time. Based on these, this entry seeks to examine the status of civil service systems in three African countries – Gabon, Ghana, and Zimbabwe – by exploring their recruitment into the civil service and finding out the reasons for the similarities and the differences.

Specifically, the entry seeks to find out the extent to which the countries adhere to the principle of meritocracy in the recruitment of civil service personnel and to find out the factors that enhance or undermine the adherence to the principle of meritocracy in the recruitment of civil service personnel. The rest of the entry is structured as follows: the theoretical framework of analysis, methodology used for the entry, the findings and analysis, and the conclusions.

## Theoretical Framework of Analysis

The theoretical underpinning for this entry will be guided by two theories: the Weberian state hypothesis and the prismatic-sala model by Fred Riggs.

### Weberian State Hypothesis

Drawing from the insight of Weber, recruitment based on merit was identified by him as a one of the principles of bureaucracy. To Weber, he identified six principles of bureaucracy: written legal rules of administrative conduct, impersonality in service and decision making, hierarchy of offices and level in authority, people being specialized in the role they play and expert training, full-time employment toward retirement, and, lastly, personnel recruitment based on merit. It has been argued by Evans (1996) that it is necessary for the replacement of the patronage system by a professional state and that is a prerequisite for development. To him, the procedure for hiring and firing in the civil service should be through competitive examinations rather than political appointments and dismissals.

### Prismatic-Sala Model

This model was developed by a Chinese born American called Fred W. Riggs who has been regarded as the godfather of comparative public administration. According to Riggs (1962), societies are divided into three: fused, prismatic, and diffracted societies. This led to the fused-prismatic-diffracted model. These three models represent the traditional underdeveloped, developing third world, and the modern developed societies, respectively. According to Riggs, the fused and diffracted models are ideal models and cannot be found in real-life situations. To him, the fused model has a society which holds on firmly to their traditional and cultural values. Some features of the fused society are a single structure performing all functions. In this situation, one person performs all the economic, administrative, and political functions for the society. On the other hand, the diffracted society has different structures to perform specific functions and mostly found in the Western countries like the USA.

A prismatic model according to Riggs is described as a society lying between the ideal-fused and ideal-diffracted society. Adopting from the fused society, the prismatic society has some characteristics of the fused, where the prismatic society is seen to be kind of traditional and possessing the characteristics of the diffracted and it is seen to possess some form of modernity. In this model, tradition and modernity coexist; however, there is somehow a lack of coordination among the prismatic social structures. In the study of administrative systems, Riggs developed the prismatic-sala model to understand the administrative system of the prismatic transitional societies. It is believed that Riggs applied ecological models in analyzing societies and their administrative system. Riggs argue that the performance of the sala is shaped by specific forces like the elites and economic factors.

## Methodology

### Research Approach

According to Creswell (2013), there are three types of approaches used in a study. They are quantitative, qualitative, and a mixed method which combines a qualitative and the quantitative approaches. However, for the purposes of this entry, a qualitative approach is employed.

### Research Design

The entry uses a cross-sectional analysis which measures three countries in relation to civil service recruitment. It uses a cross-national and a cross-historical analysis of meritocracy in the civil service in these countries to perform this comparative study.

In selecting countries for this entry, the authors selected all the countries from Africa. The authors' criteria were to select countries based on income status: low income, lower middle income, and upper middle income, as these are the income levels prevalent in Africa. Again, the authors selected the countries based on their locations. This gave the authors some differences in the culture, as countries are likely to have some similar practices if they are found in one part of the continent. Using these criteria, three countries were selected by the authors: Gabon which is in Central Africa and an upper middle-income country, Ghana which is in West Africa and a lower middle-income, and lastly Zimbabwe which is located in the South of Africa and a low middle-income country.

### Source of Data

The entry uses data from the Global Integrity Index for its comparative analysis. The index uses close to 300 indicators to assess the existence and effectiveness of anti-corruption mechanisms that promote public integrity. The global integrity is a nongovernmental organization located in Washington which advocates for integrity and accountability in government. The index uses peer reviews of person recruited by Global Integrity Index and local country experts. The index has been in existence from 2006 and have been producing this index till date. The index is mostly targeted at developing countries.

Since 2013, the Global Integrity Index uses data from the African Integrity Indicators on 54 countries. The African Integrity Initiative follows a similar methodology as used by Global Integrity Index to cover the topics. In measuring civil service integrity, the index measures from the year 2013 to 2017.

## Findings

To measure meritocracy in the civil service recruitment in the three countries, two indicators used to measure civil service integrity by the Global Integrity Index are used for this entry. First indicator used was in relation to how in practice, the work of civil servants is not compromised by political interference. The entry limits political interference in recruitment into the civil service. It is assumed that, when there is a political interference, people are not recruited to the service based on merit but by political appointments. Data scores scale of 0–100 is used to measure this indicator with 0 being the minimum value representing civil service being compromised by political interference and 100 being the maximum value representing that, in practice, civil service works is not compromised by political interference.

Second indicator used to measure recruitment based on merit for this entry is that, in practice, civil service workers are appointed and evaluated according to professional criteria. Data scores scale of 0–100 is used to measure this indicator with 0 being the minimum value representing civil service workers are not appointed and evaluated according to professional criteria. The maximum of 100 represents that civil service workers are appointed and evaluated according to professional criteria.

## Civil Service in the Three Countries

### Civil Service in Ghana

Civil service in Ghana derives its legal framework from two legal frameworks: the 1992 Ghana's constitution and an Act of Parliament. The

Chapter 14 of the 1992 constitution is dedicated to the public service of Ghana where civil service is under the category. In the constitution, the Article 190 (1)(a) gives a legal framework in which civil service of Ghana should operate. The Article 190 (2) states that the civil service shall, until provision is otherwise made by Parliament, comprise service in both central and local government. Again, the civil service of Ghana derives its framework from an Act of Parliament. The civil service Act 1993 (PNDC Law 327) is also a Parliamentary Act to supplement what has been stated in the constitution. These two laws combined provide a legal framework for the operations of civil service in Ghana.

### Civil Service in Gabon

In the case of Gabon, the country is governed by the 1991 constitution. The constitution came into existence after Gabon became a multiparty democracy in March 1991. Since then, the constitution has undergone several amendments with the most recent being the Law No. 13/2003, the amendment of August 19, 2003. From the constitution, a legal framework is given to the civil service of Gabon. In addition to the 1991 Constitution of Gabon (as last amended by the Law No. 13/2003 of August 19, 2003), the Civil Service code of Ethics in June 2005 serves as a guide for civil servants in Gabon to conduct themselves in everything they do. A combination of the two laws provides a legal framework for the civil service of Gabon.

### Civil Service in Zimbabwe

The 2013 Constitution of Zimbabwe provides a legal framework for the civil service in Zimbabwe. Under the Chapter 10 which has been wholly dedicated to civil service in the Zimbabwe, the Article 199 (1) states that "there is a single civil service which is responsible for the administration of Zimbabwe" and consists of all persons employed by the state aside the security personnel, judges, and people who preside over courts, staff of parliament amongst other few (Article 199: 2). Besides the Chapter 10 of the Zimbabwean constitution dedicating a Chapter to outline the composition, the conduct of the civil service, the minister of civil service, and the composition of the civil service commission, the Public Service Act (Chapter 16:04) also adds to the framework of civil service in Zimbabwe. This act gives power to the civil service commission which is the supervisory body of the civil service in Zimbabwe.

## Recruitment Based on Meritocracy in the Civil Service of the Gabon, Ghana, and Zimbabwe

Civil Service in Gabon, Ghana, and Zimbabwe, according to the legal framework, are to practice meritocracy in their recruitments. As in line with Weber's principle of bureaucracy, civil service in these countries has included the principles of meritocracy into their service. Included in the constitution and the Acts are as follows:

Meritocracy in the recruitment into the civil service is explicit in the constitution of Gabon. The Article 47 (16) of the Gabonese constitution states in French, "*le statut général de la fonction publique et les statuts particuliers.*" This is translated to mean that recruitment in the civil service in Gabon should be based on the general statues of the civil service and special statues. With the general statues, it means that civil service recruitment should be based on meritocracy or to say that the civil service is run based on merit.

In Ghana, civil service recruitment as according to the civil service act is also based on meritocracy. The public service commission has been mandated to conduct recruitment into the civil service of Ghana. The commission adopts the merit-based system of recruitment and appointment into the civil service in Ghana. The public service commission has outlined the procedure for recruitment into the civil service on its website to ensure transparency in the recruitment process of the civil service in Ghana.

The case of Zimbabwe is no different from Gabon and Ghana. In Zimbabwe, the constitution explicitly states in the 2013 constitution the method of recruitment into the civil service. In the Article 203 of the Zimbabwean constitution, the constitution has mandated the civil service

commission to perform the following function, which is to appoint qualified and competent persons to hold post in the civil service. The Civil Service Commission in Zimbabwe has outline meritocracy, impartiality, and professionalism as their cherished value that they are using to achieve their vision of a world class employer of first choice.

## Similarities/Variations in Meritocratic Recruitment: Gabon, Ghana, and Zimbabwe

### Nature of Government

In comparing the three countries for analysis, the graph above shows a difference between the extents to which political interference can be seen in the civil service of these countries. It is evident that in political interference, Zimbabwe plays last among the three countries. As a result, a further analysis shows that the differences or variations in the political interference may be because of other factors which include the nature of government in the three countries.

Comparing the nature of governments in the three countries, it was revealed that Ghana has a democratic system of government while the other two countries – Gabon and Zimbabwe – show signs of autocratic forms of government. The BBC reports that in Zimbabwe for instance, since independence from the British in 1980 till 2017, Zimbabwe had only seen one president: Mr. Robert Mugabe, who ruled for the past three decades until he was removed from office in November 2017. Within this period, the BBC reported of several incidents which have shown signs of dictatorship or authoritarianism in Zimbabwe and the people who were against the president were targeted or had some violence meted against them. In 2002, Zimbabwe was suspended from the Commonwealth on presidential election dispute. Due to this nature of government, there is no doubt that Global Integrity Index reports that there is political interference in the civil service of Zimbabwe. All aspects of the Zimbabwe government are in the hands of Mr. Mugabe. As a result, interference in the civil service was presumably rampant. In 2008, after it was reported that Mr. Mugabe had lost the election to the opposition leader of Zimbabwe, members of the opposition became a target which led to some people fleeing from the country. It is therefore important to note that in most authoritarian regimes the civil service is most likely to be interfered politically.

The case is not different from Gabon however the extent of interference has been minimal as compared to Zimbabwe. According to a study conducted by the Marine Corps Intelligence Activity (2010) in the United States, Gabon is an authoritarian and centralized government. Gabon gained independence from France in 1961 and since then only three people have served as presidents: President Leon Mba, Omar Bongo who has been succeeded by his son, Ali Bongo Ondimba in September 2009. Political interference in Gabon is very common in all the facets of the government. As a result, from the Fig. 1 above, it is of no surprise that Gabon is at 25% in all the years used for this entry.

Political influence in Ghanaian civil service is very minimal as can be seen from Fig. 1. In 2016, data from Global Integrity Index shows that there was no shred of political influence in the civil service of Ghana as it scored 100%. This to some extent can be explained by the nature of government in Ghana. Ghana over the years has enjoyed smooth transitions of power from one party to the other. From the time of independence till date, Ghana has had more than six different governments. In the fourth republic alone, from the year 1992, Ghana has had five presidents through a periodic free and fair election which has been commended by the international organizations.

A comparison of the three countries show that civil service in Zimbabwe has a higher political interference and as a result refutes Max Weber's principle of bureaucracy which calls for politics out of the civil service to ensure that people are selected into the civil service based on merit. Due to political reasons or because of the nature of government that is in existence in the three countries, meritocracy in the recruitment into the civil

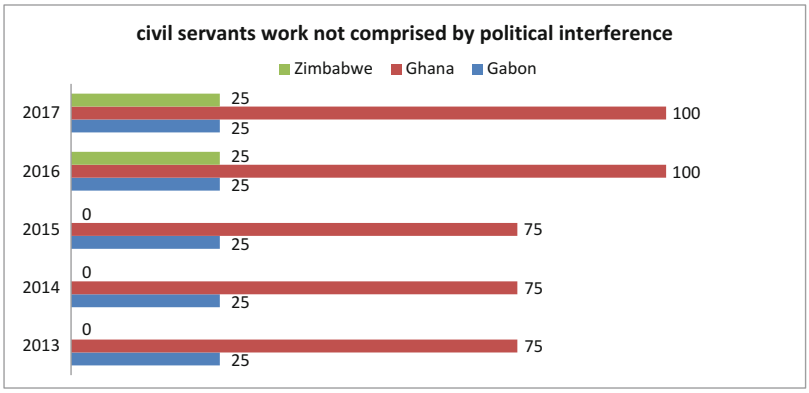


**Comparative Civil Service, Fig. 1** In practice, civil servants' work is not compromised by political interference

Source: Authors, based on data obtained from Global Integrity Index (2013-2017)

service is often absent in Zimbabwe even though it is gradually changing. The situation is however a little better in Gabon than Zimbabwe and best case amongst the three can be found in Ghana.

## Economic Factors

Variations or similarities in the civil service of the various three countries can also in a way be explained using the economic factors of the countries. Because civil service forms the major part of the government expenditure or civil service are people paid by the government, governments in this cross-national study are tempted to interfere in the recruitment and appointment of people to the civil service to be able to regulate it.

In Ghana for instance, recruitment and selection into the civil service is currently on freeze. This is because of some political decisions made by governments to suspend recruitment into the civil service. In 2010, the government of Ghana placed a ban on the recruitment of employees in the public sector as part of measures to stabilize the economy and effectively manage the public wage bill. This is as a result the economic factors did allow for recruitment into the civil service. As opposed to Max Weber's ideal type of bureaucracy, governments should not, in any way, politically interfere in the civil service as much regulating the recruitment and selection.

Gabon is noted to have a relatively high GDP and recognized to be one of the few economically stable countries in Africa. In all of this, it is estimated that the country's wealth and resources are in the hands of only 2% of Gabon population due to political and ethnic division in the country. Political interference in Gabon in relation to the civil service recruitment and appointment is face with a lot of economic challenges. Due to the overall economic challenges facing Gabon, the political powers are forced to interfere to regulate the civil service. In 2009 for example, President Ali Bongo ordered for head count into a bloated civil service to cut state spending and the taking charge of the body. This is a high extent of political interference. He claims the country is looking for ways to diversify its economy.

An analysis of the economic factors shows that the country's economy influences the politicians' participation in the civil service recruitment. Due to the cost involved in the remuneration of the civil service, the governments are tempted to come in and regulate the recruitment. This is to help them to properly manage the economy. Examples from the countries above show how economic factors influence the civil service recruitment in the countries.

## Cultural Values of Society

Besides the nature of governments and the economic factors affecting the meritocracy in the civil service of these countries, cultural values of the three countries sometimes affect the variations in the civil service as measured by Global Integrity Index across the 3 years. The cultural values of the society which harbors the civil service can in a way determine how meritocracy in the country's civil service can be adhered to.

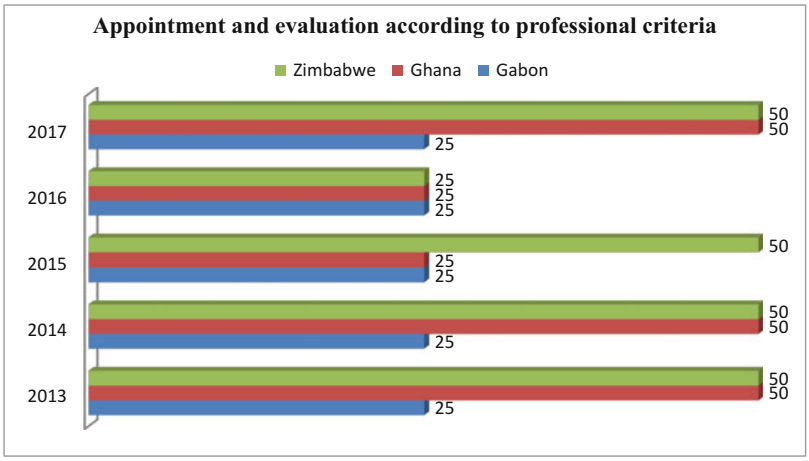


**Comparative Civil Service, Fig. 2** In practice, civil servants are appointed and evaluated according to professional criteria

Source: Authors, based on data obtained from Global Integrity Index (2013-2017)

In Gabon, ethnic affiliation is one of the most important factors in Gabonese identity (Marine Corps Intelligence Activity 2010). Gabon has over 40 different ethnic groups and each Gabonese finds prestige in their ethnic groups and strongly identifies themselves with their ethnic groups. The Marine Corps Intelligence Activity (2010) further goes to say that like his father, Ali Ben Bongo has surrounded himself with trusted family members and build ethnic alliances and patron–client relationship. This has created a divide between the people who are close to Bongo and the rest of the people. Locally, this divide is known as the Bongo system or *Bongoïsme.* This is where people who only belong to the group are given a share of the national cake through recruitment and appointment into the civil service. This is how ethnicity has affected recruitment into civil service in Gabon.

In Ghana, cultural affiliation is not as rampant as that of the other countries. The constitution provides legal framework into the civil service. This provision seeks to get rid of all forms of ethnicity. Appointment into the civil service has been enshrined in the constitution and calls for a fair representation of ethnicity. Article 17 (2) states that "a person shall not be discriminated against on grounds of gender, race, colour, *ethnic origin*, religion, creed or social or economic status." Data from Global Integrity Index confirms that most appointments and recruitment into the civil service are not discriminatory as compared to the other countries in the study (Fig. 2).

Recruitment and Selection into the Zimbabwean civil service is full of nepotism and favoritism. Zinyemba (2014) argues that nepotism in Zimbabwean happens when top management positions use their influence into the recruitment of civil service. This influence is to secure jobs, which is used to favor friends and relatives. Nepotism in the civil service is based on ethnic ties and as a result recruitment is not based on meritocracy. It is evident that most politicians influence the recruitment and selection process by referring candidates for appointment to vacant positions. These are based on ethnic and cultural lines. It is therefore not surprising that Zimbabwe and Gabon are performing worse than Ghana in the civil service recruitment and appointment.

## Conclusion

This entry indicates that the civil service as practiced in some African countries go contrary to the Weberian hypothesis or principle which states that, the processes for hiring or firing in the civil service should be through competitive examinations rather than nepotism or political appointments and dismissals. Comparing three countries in Africa and their means of recruitment

into the civil service, it was found that the nature of governmental systems, economic factors, and cultural values varied among the countries under study; hence, it influenced the nature of civil service recruitment. This implies that recruits are not usually selected into the civil service based on competence and/or merit but sometimes political interference and nepotism. Analyzing the factors mentioned above shows that the economies of these three countries had influence on the political stands in the civil service as far as recruitment is concerned. To a greater extent, the sum of remunerations in the civil service also influences its recruitment.

## References

Creswell J W (2013) Research design: Qualitative, quantitative, and mixed methods Approaches (4th ed). New York, NY: Sage publications.
Evans P (1996) The state as problem and solution: predation, embedded autonomy and structural change. In: Haggard S, Kaufman R (comps.) The politics of adjustment: international constraints, distributive justice and the state, vol 35. Princeton University Press, Princeton, p 140. (versiónrevisadaen Desarrollo Económico)
Everest-Philipps Max (2016) Meritocracy and public service excellence. Int J Civil Serv Reform Pract 1(5):94–98
Finer H (1925) The civil service in the modern state. Am Polit Sci Rev 19(02):277–289
Fredericksen PW (1996) Human resource management: the public service perspective. Houghton Mifflin, New York
Global Integrity Index (2013–2017) Global Integrity Index. Washington, DC
Kettl DF (2013) Politics of the administrative process. Sage Publications, Thousand Oaks, California
Marine Corps Intelligence Activity (2010) Gabon Cultural field guide. Quantico
Moon MJ, Hwang C (2013) The state of civil service systems in the Asia-Pacific region: a comparative perspective. Rev Public Pers Adm 33(2):121–139
Riggs FW (1962) The "Sala" model: an ecological approach to the study of comparative administration. Philippine J Public Adm 6(1):3–16
The Civil Service Act (1993) (PNDC Law 327) of Ghana
The Civil Service Code of Ethics (2005) of Gabon
The Constitution of Gabon (1991) (as last amended by the Law No. 13/2003 of August 19, 2003)
The Constitution of Ghana (1992)
The Constitution of Zimbabwe (2013)
The Public Service Act of Zimbabwe
World Development Report (1997) The state in a changing world. Oxford University Press, New York
Zinyemba AZ (2014) The challenges of recruitment and selection of employees in Zimbabwean companies. Int J Sci Res. ISSN (Online)3(1):2319–7064

# Comparative Civil Service Reforms in Sub-Saharan Africa

Genevieve Enid Meyers and Christopher Andrew Clark
Department of Political Science, College of Liberal Arts and Education, University of Detroit Mercy, Detroit, MI, USA

## Synonyms

African civil service systems; Comparative administrative reforms; Comparative public administration; Comparative public management; Comparative public service reforms

## Definition

The civil service is the bureaucratic arm of government charged with the implementation of government policies and programs. Comparative civil service reform is an approach to the study and evaluation of efforts undertaken by diverse governments to systematically improve their bureaucratic and public sector operational performance.

## Introduction

Civil service reform is a challenging endeavor for developed and developing countries alike. Moreover, there is no consensus as to what makes some reforms succeed while others fail. Yet, reform of the administrative system is not new. Reform in the nineteenth century aimed at stamping out the spoils system, and establishing efficient, effective, and economic administrative systems. The

twentieth century saw the focus shift to institution building, bureaucratization, nationalization, and an array of organizational and administrative capacity building efforts for national and economic development. In Sub-Saharan Africa, post-independence civil service reforms included indigenization of the bureaucracy and utilizing the civil service to spearhead the development agenda.

Contemporary civil service reform efforts in Sub-Sharan Africa are rooted in the 1980's structural adjustment programs (SAPs) and are part of a wider New Public Management (NPM) movement geared toward reversing the traditional role of government by shrinking the size of the civil service, reducing both administrative and financial waste, and improving performance and productivity, accountability, service provision, and general capacity of the administrative system. Since the reforms of the early nineteenth century, it has been argued that administrative reform engenders cheaper and efficient government, facilitates the production of high-quality services, frees managers to manage, and enhances ethics and accountability in government (Caiden 1991; Pollit and Bouckaert 2000; Farazmand 2002). Yet, despite such accolades, governments seem to implement one reform after another, signifying that such efforts do not always attain their goals and objectives.

The civil service systems in Sub-Saharan Africa have a long history, dating as far back as the colonial period. Some of the problems that emerged during colonialism are still prevalent. In addition, the functions and structures of these systems have, over time, been shaped by historical, economic, political, and ideological factors. The civil service that was inherited from the colonial regime at independence by many of these countries was relatively small and focused primarily on the maintenance of law and order. Since the 1960s, when many of the countries attained independence, their administrative systems changed both in structure and function. Besides maintaining law and order, they became the avenue for gainful employment, policy making, and social and economic development. It should however be noted that historical, political, economic, and ideological factors manifest themselves differently in Sub-Saharan African countries. Therefore, the civil service systems in these diverse countries took, over time, differing paths and evolved differently. But what is civil service reform? Why do countries undertake it? How do the civil service reform efforts undertaken by countries in Sub-Saharan Africa compare? What have been the effects of such reforms? The following pages offer answers to these questions.

## Perspectives on Civil Service Reform

Civil service reform has enjoyed great usage in public administration for quite some time. As such, it is defined differently. According to Caiden, civil service reform is a systemic improvement of the public sector functional performance. In his view, administrative reform aims at assessing government performance and predicting the general public's expectations of government. He argues that civil service reforms are needed to adapt government to the constantly changing needs of society and to enable public administration to reshape society. Caiden aptly views the process of reform as "visionary, radical, political, risky, contrived, planned, artificial, opposed, time-consuming, problematic, elusive – and more" (1991:1). Indeed, administrative reform is a complex phenomenon whose results are not always predictable and one that is often viewed as a means to an end, rather than an end in itself.

Civil service reform has been defined as "deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better" (Pollit and Bouckaert 2000:8). Reform efforts therefore serve multiple ends among them: reducing public expenditure, improving the quality of public services, and making government more efficient and effective. Haggard (1997) conceives of civil service reform as a process of rewriting the contract between elected politicians and bureaucratic officials. He views administrative reform as a political endeavor in terms of the political control of the bureaucracy and bureaucratic politics

theory. His views are in stark contrast with Woodrow Wilson's and Frank Goodnow's call for a politics/administration dichotomy. Indeed, in many developing countries, reforms are engineered by politicians albeit with a huge external push from the international financial institutions like the International Monetary Fund (IMF) and World Bank (WB).

Although administrative reform is not a new phenomenon, contemporary reform efforts are quite different from those in the nineteenth century. The contemporary reform efforts are more international in character and exhibit more political salience. In the 1980s, the WB facilitated many developing countries to implement SAPs. In Sub-Saharan Africa, the SAPs menu included devaluation of the currency, liberalization of the economy, privatization, decentralization, and civil service reform. These programs came as a response to fiscal constraints, and the Bank's primary concern was to reduce the size of the public service and the wage bill. In most countries, there have been attempts to reduce the role of the state in relation to the market, cut back the size of the civil service in both personnel numbers and expenditure, enhance accountability, and improve managerial efficiency.

Civil service reform can also be viewed from a governance perspective. The World Bank (1993) defines governance as the method through which power is exercised in the management of a country's political, economic, and social resources for development. While the WB for a long time focused on economic stabilization and state reforms that overwhelmingly emphasized civil service retrenchment and privatization, the early 1990s saw a change of focus. It was realized that most of the crises in developing countries were of a governance nature. Hence, the contemporary adjustment package emphasizes issues like transparency, accountability, and judicial reform, issues that are believed to enhance good governance.

There are three major categories of good governance: systemic, political, and administrative. Systemic governance entails the distribution of both internal and external political and economic power. Political governance is attained when a state enjoys both legitimacy and authority derived from a democratic mandate. Administrative governance refers to efficiency, openness, accountability, and audited public service (World Bank (1993). In the context of most developing countries, good governance signifies a governmental framework that functions in a responsible, accountable, and transparent manner. This framework should also be based upon the principles of efficiency, legitimacy, and consensus. The civil service reform programs that have been implemented in Sub-Saharan are pursued under the broader pursuit of good governance. Civil service reform is geared toward righting bureaucratic wrongs and governance helps achieve that goal.

Civil service reform can also be viewed from the NPM perspective. Arguably viewed as a paradigm shift in public administration, NPM is a global reform movement that redefines the relationship between government and society. NPM calls for a move away from traditional public administration to what is commonly known as the "new managerialism," "market-based public administration," and "entrepreneurial government." Spurred by citizen dissatisfaction with government performance, bureaucratic red tape, endemic fiscal problems, and seemingly successful restructuring in the private arena, calls for public sector reform, the abandonment of traditional public administration, and reinventing government became rampant. Initially espoused in Australia, New Zealand, the United Kingdom, and the USA, NPM is now a global phenomenon that calls on civil services to embrace ideas developed in the private sector to enhance effectiveness and efficiency, and adopt them in the public sector without adapting or changing them dramatically (Liegl 2001).

NPM emphasizes goals and results and gives private firms an exemplary role in public sector reform. Four focal areas are common to NPM reforms namely: restructuring and re-engineering of the internal administrative structures; the development of market-oriented strategies within the public sector; the emphasis of doing more with less; and the emphasis on mechanisms guaranteeing customer service. These four premises require the civil service to reform its culture, and be more flexible, innovative, problem solving,

entrepreneurial, and results oriented as opposed to being rule-bound, process-oriented, and focused on inputs (Rosenbloom et al. 2015). NPM urges the civil service to abandon its obsession with procedure and bureaucratic red tape and instead focus on responding efficiently to customers and achieving results. In the 1990s, Sub-Saharan African countries started implementing many of the NPM prescriptions including privatization, contracting out services, decentralization, and introduction of performance measurement systems.

## Civil Service Reforms in Sub-Saharan Africa

A wave of civil service reforms swept across many developing countries in the 1980s and reshaped the way public services are delivered, and the way public budgets are managed. In Sub-Saharan Africa, civil service reform efforts have been pursued with a mixture of great zeal and caution. Prior to colonialism, none of the African countries had any modern-day administrative or Weberian systems to boast of. However, the onset of colonialism brought with it western-style bureaucratic organizations to the colonies. The newly imposed administrative systems were mechanisms for control and subjugation rather than for serving the public interest and entrenching administrative ideals. As such, focus was placed on maintaining law and order, collecting taxes, and ensuring the colonial interests rather than training, developing, and creating viable administrative infrastructures manned by the African natives. The organization of the colonial administration was "highly hierarchical, inhibiting lower-level participation in decision making, and since it was in the service of the colonial masters, it was highly suppressive and did not respond to public demands" (Mutahaba et al. 1993:7).

The civil service and bureaucratic structures, principles, and values in Sub-Saharan African countries are rooted in the western bureaucratic systems. Correspondingly, the formal political institutions, principles, and processes that were introduced at independence were largely a duplication of the former colonial masters' systems. The first reform efforts therefore emerged just prior to independence to prepare the indigenous people for self-rule. The attainment of independence generated immense development expectations and increased responsibilities that demanded changes in the administrative processes, culture, orientation, and capabilities. Sub-Saharan African countries sought to reorient their civil service systems to be responsive to the development needs of the people. As a result, the Africanization policy was introduced by which native Africans replaced the Europeans and other foreigners. A Nigerian offered justification for the Africanization policy thus:

> The decision was taken by our leaders that the British officials should be replaced, not because they hated or distrusted them, but because they felt that political independence was a sham unless you had also a great measure of administrative independence. You just could not be politically independent and remain administratively dependent, over a long period, without misunderstanding and tensions arising between the expatriate administrator and his indigenous political master (Heady 2001:301).

Despite the Africanization program and numerous subsequent reforms, efficiency, effectiveness, accountability, and responsiveness were not attained. If anything, the efforts proved inappropriate and inadequate. The local cultural and sociopolitical factors exposed the western-derived administrative and political systems to tremendous challenges. Governments took on more than what they could handle, while a dismal economic and political performance made worse the already dire administrative conditions. As a result, the postindependence administrative systems of many African countries have been characterized by a bloated civil service, inadequate administrative capacity, limited financial and administrative resources, and a fragile political environment. The reform efforts articulated in the following pages were aimed at rectifying these problems. It can therefore be argued that Sub-Saharan Africa civil service systems were never complete replicas of their colonial masters' native systems because postindependence civil service systems did not adhere to western Weberian bureaucratic ideals. Lacking the administration/politics dichotomy,

patronage emerged. Public officials served their own interests and those of their kin rather than those of the public, and utilized public monies and equipment as personal property. Indeed, the quest for the current administrative reforms could be viewed as a chance at better adopting western administrative, bureaucratic, and political ideals.

Individually, the administrative systems in Sub-Saharan Africa have faced and have been shaped by differing circumstances. For instance, while Uganda's and Nigeria's administrative systems have been afflicted by many problematic colonial legacies and post-colonial failures common to most African countries, they have had a very deeply troubled and unique political and economic context that exacerbated the administrative pathologies. Both countries soon after independence were rocked by coups and counter coups resulting in immense political turmoil and economic collapse that derailed civil service performance. Tanzania, on the other hand, has not endured critical political strife and is considered one of the most stable nations in Africa. Instead, it is the country's ideological and economic predicament that put a strain on the civil service system. Therefore, civil service reforms are peculiar to each country depending on the local context, priorities of politicians, and administrative elite. Nonetheless, most of the Sub-Saharan African countries the contemporary second and third wave reforms initiated since the 1980s and 1990s respectively, have been quite uniform. They have been implemented in the framework of the World Bank's SAPs, and they have focused on four major issues: (1) reducing the size of the civil service, (2) pay reform, (3) enhancing capacity and performance of the civil service, and (4) improving ethics and accountability. The next section offers a comparative analysis of the implementation of these four major reform components.

### Reducing the Size of the Civil Service

One of the major goals of civil service reform undertaken by Sub-Saharan countries has been to reduce the size of the service. Considered bloated and highly centralized, the IMF and WB were quick to point out that the countries' fiscal problems would not be adequately addressed if the civil service wage bill was not reduced. Hence, reforms to reduce the cost of the civil service in general, and the wage bill in particular, were implemented in Ghana, Nigeria, Uganda, Tanzania, Zambia, and other countries. Such reforms included staff reduction (retrenchment); removal of "ghost workers"; halting new recruitments; encouraging early voluntary retirement; and devolving functions to the local government. One of the countries that has been hailed for implementing structural reforms to reduce the size of the civil service is Uganda. In 1990, Uganda's civil service comprised of 38 ministries and employed approximately 320,000 people. But after rigorous rationalization of ministries, retrenchment, purging of ghost workers, and decentralization of roles and functions to the local level, the civil service ministries were reduced to 17 while the overall size fell to 165,000 by 2006 (Kyarimpa 2009).

The reduction of the civil service size was successful in other countries too. The Ghanaian civil service that employed approximately 131,000 civil servants in 1987 was reduced to 79,000 by 1997 (Haruna 2001). In Ghana, reducing the size of the civil service entailed not only eliminating ghost workers and freezing recruitment, but identifying redundant and underemployed personnel for proper reassignment as well. In Nigeria, the federal civil service that was comprised of approximately 30,000 employees at independence had enlarged to 273,392 in 1990 (Otobo 1999). With the removal of ghost workers, retrenchment, and decentralization, the federal civil service staff was significantly reduced. Other nations like Benin, Tanzania, Senegal, and South Africa made significant reductions to their civil service staff and reduced the share of the wage bill in budgetary expenditure. In Rwanda and South Africa, decentralization decongested the center.

The impetus for the reducing the size of the civil service was to generate budgetary relief by shrinking the civil service wage bill. Yet, the reduction of staff numbers did not necessarily lead to general reduced fiscal stress in many of the countries. In fact, only meager positive results

were attained. In many cases, retrenchment targeted low-earning lower level staff thus producing only miniscule savings. In Nigeria, for instance, more than 70% of the federal civil service was composed of junior staff (Briggs 2007). In other cases, the retrenched staff found their way back into the civil service through the backdoor. Yet in some countries, the introduction and expansion of social services necessitated hiring more staff. A good example is Uganda, which introduced free primary education even as it was downsizing the civil service. Not surprisingly, the upsurge in the number of primary school children necessitated a significant increase in the number of teachers. It can therefore be asserted that determining the optimal size of the civil services in sub-Saharan Africa is still a major challenge. Moreover, rightsizing the civil service is not a panacea to performance deficit. To enhance civil service performance, the retained staff need to be well paid and offered a conducive working environment over time.

### Enhancing Civil Service Pay

To attract and retain qualified staff, countries in Sub-Saharan Africa have initiated many reforms aimed at enhancing the salaries and wages of their civil servants. At independence, many of these countries' remuneration packages were high but by the mid-1970s, the average basic salary had reduced by 30–40% (Robinson 1990). A combination of factors led to this decline in remuneration. At the international level, the oil shocks and global recession of the 1970s did not spare African countries' nascent economies. At the domestic level, many countries were experiencing political and social strife that exacerbated the economic depression. To cope with the turmoil and deteriorating civil service pay, many governments resorted to alternate forms of payment like stipends and in-kind benefits. In many cases, such systems were riddled with patronage and corruption. Not surprisingly, as the wages eroded and became highly compressed and working conditions degenerated, so did the morale and morals of the bureaucrats. Many fled their countries and went abroad seeking greener pastures while others resorted to unethical behaviors like embezzlement of public funds and misuse of public office.

The contemporary civil service reforms have therefore aimed at not only enhancing civil service pay, but attracting and retaining well trained and skilled personnel as well. The reforms have taken various forms. Governments have attempted to pay what came to be commonly known as a "minimum living wage" (MLW) (Uganda, Ghana, Tanzania). Others attempted to rationalize the pay and grading system (Ghana, Uganda) and enhanced the decompression ratio of the pay structure (Ghana, Uganda), while others formulated altogether a new incentive policy framework (Rwanda, South Africa). Some countries eliminated allowances and monetized non-cash benefits (Kenya, Uganda). Yet, some countries have not made major changes. Salary differentials between the highest and lowest among civil servants have not changed drastically in Benin, Burkina Faso and Senegal. In Uganda, salaries were increased by 43% across board in 1992, basic pay increased by 85% in 1993, and in 1994 a 37% wage bill increase was legislated (Kyarimpa 2009). While salaries of the Ugandan civil servants were initially significantly raised (for instance, a primary school teacher that earned US$4.00 in 1990 was earning US$ 70.00 in 1996), the wage bill was still only 1.2% of GDP and among the lowest in Africa (Langseth and Mugaju 1996) and not conducive to retaining a skilled workforce. Moreover, by 2000, pay reform had stagnated as political will and focus waned.

In many Sub-Saharan countries, salary increases have been offered via new pay policies, private sector benchmarking, formation of independent agencies, and by use of selective pay increases to those with critical skills. South Africa's New Incentive Policy Framework links pay increases to performance and has generated a positive impact. Performance-related pay has been attempted in Nigeria and Ghana but has so far failed to take root as performance evaluation designs remain inconsistent (Cooper-Enchia 2008). To date, major pay disparity exists among career civil servants, political appointees, and those that work in independent agencies in many

countries. In some cases, the gains made in the early phases of reform have been reversed or they have stagnated. In Benin, performance-related pay was heavily resisted by workers' unions, while in countries where pay reform depended largely on external support and savings from downsizing the service, continuity and consistence have proved difficult. Pay reforms in Ghana, Uganda, and Tanzania have stagnated or have been replaced by selective pay increases.

Ultimately, pay reform has proved to be a political issue as it is an economic one. In countries where the political leadership enjoys legitimacy, pay reform has tended to remain on track. Botswana, Seychelles, and to some extent South Africa are good examples. In countries where the political stability and legitimacy are tenuous, pay policies tend to be based on political calculations that reinforce regime survival. Nigeria, Ghana, and Uganda fit this scenario although the first two are tending towards stable political pluralism. To attract the best and brightest and to retain high-skilled workers, governments in Sub-Saharan Africa must have political stability and viable private economies to ensure a broader revenue base. So far, many countries have not reached this threshold.

## Enhancing Civil Service Capacity and Performance

Civil service capacity to perform and deliver public services has historically been poor in Sub-Saharan Africa. During colonial rule, the domestic public interest was ignored as colonial governments focused on extraction of resources. After independence, lacking a viable private sector, many governments assumed the role of provider of goods and services. But when political instability and economic depression ensued, the capacity of governments to adequately respond to public demands weakened and civil service performance plummeted. The reforms implemented in the 1990s were supposed to develop the capacity of the civil services to become efficient, effective, and responsive. Various programs were introduced, among them training and infrastructure development; performance improvement plans; client service charters; results oriented management (ROM); and information communication technology. In some countries, capacity development institutions and units to implement the civil service reform were formulated.

Training is important for continuous improvement and sustenance of competencies. Countries passed policy documents detailing training needs and goals. In South Africa, the White Paper on Public Service Training and Education of 1997 provided the framework for training and capacity building, while in Ghana it was the Civil Service Act of 1993. Uganda and Tanzania issued elaborate training policies. Various countries offered training in various areas including: leadership, customer care, information communication technology, records management, open performance review appraisal systems, and results-oriented management. In Uganda and Tanzania, civil service training colleges were established to offer training and refresher courses to civil servants.

Performance improvement programs have also been widely utilized. In 1995, Ghana launched the Ghana Civil Service Performance Improvement Programme (GCSPIP) to develop the capacity of the civil service to deliver efficient, economic, and customer-focused services. The program required ministries, departments, and agencies to formulate performance improvement plans that indicated service delivery standards, and performance agreements, and to establish a civil service complaints system. Program officials provided oversight visits and offered regular review meetings with relevant personnel. Modest success was achieved. While service delivery standards were formulated and performance agreements effected, they lacked consistent funding for implementation. Alas, the same scenario can be found in Uganda, Tanzania and Kenya. In South Africa, client service charters and citizen satisfaction surveys are utilized under the Batho Pele (People First) principles within the framework of the Public Administration Management Bill. Enhanced citizen involvement in the assessment of service delivery has led to improved civil service performance and responsiveness.

Overall, capacity building efforts have had success in training and professional development through performance improvement courses.

Without adequate funding, performance measurement tools have not been adequately implemented. A more holistic and multidimensional form of capacity building that includes value systems and beliefs, institutional and resource factors, and integrates ethics and public interest values in the frameworks might go a long way in producing capable public servants. Equally significant, adequate funding is critical for the effective application of performance enhancement and measurement tools.

### Improving Ethics and Accountability

Civil service reform programs in Sub-Saharan Africa focused on ethics and accountability because the two values are vital to efficient and effective service delivery. Because of the socioeconomic and political difficulties many of these countries endured soon after independence, civil services had a paucity of effective accountability mechanisms. Others had institutionalized corruption – Nigeria and Uganda are good examples. To curb unethical conduct, countries initiated many programs among them establishment of Ombudsman – Inspector General of Government (Uganda); Ethics and Integrity Departments (Ghana, Tanzania, Uganda); and Anti-corruption Bureaus and Agencies (Botswana, Ghana, Tanzania). Other initiatives include the formulation of Leadership Codes and Codes of Conduct (Rwanda, Tanzania, Uganda, South Africa).

Many of the anti-corruption agencies have regulatory, investigative, enforcement, prevention, and educational mandates. The Ghanaian Economic and Organized Crime Office, formed in 2010 (it replaced the Ghanaian Serious Fraud Office (SFO)), performs such mandates. The office, which has successfully prosecuted some high-profile cases, has so far managed to retain some degree of independence from elected officials, including the nation's executive (Transparency International 2010). In Tanzania, the Prevention of Corruption Bureau has prosecuted cases including one involving a government cabinet member (Kyarimpa 2009).

The implementation of Leadership Codes has generated varied results. In Tanzania, President Mkapa took the lead in declaring his assets. This sent the right message to government officials. Yet, enforcement is still a challenge especially because noncompliance is not met with serious ramifications. In Uganda, the office of the Inspector General of Government that is supposed to enforce the Leadership Code has been found to be ineffective and devoid of capacity to monitor and enforce the Code (Larbi 2007). In other countries like Malawi and Zambia, codes and anticorruption laws have not been consistently implemented because of inadequate funding. It should be noted that lack of funding and lack of personnel to adequately implement anticorruption measures plague almost all countries in Sub-Saharan Africa.

It can be asserted that despite efforts to enhance the ethical stance of civil servants, countries in Sub-Saharan Africa remain encumbered with high and low-level corruption and abuse of office. In South Africa, former president Jacob Zuma was embroiled in numerous corruption scandals until he was finally forced out of office. Mugabe of Zimbabwe met the same fate in 2017 after his regime was accused of gross corruption that destroyed the economy. Perhaps not surprisingly, many African countries consistently rank poorly in the Transparency Perception index and other corruption measurement tools.

## Conclusion

The discussion presented shows that countries in Sub-Sharan Africa have engaged in numerous reform programs to make their civil service systems lean, efficient, effective, and accountable. Because African civil service systems are rooted in the colonial systems of administration and some of the problems being faced are part of the colonial legacy, the challenges met by the postindependence governments have been numerous and very difficult. This is partly why initial postindependence administrative reform faltered. Yet postindependence governments too assume the blame for administrative dysfunction. To revamp their failing civil service systems, most nations turned to the IMF and WB for support. This entry contextualized the civil service reforms

in governance and NPM movements and showed that the IMF and WB played a major role in the formulation and implementation of various reforms.

A comparative assessment of the reforms undertaken by different countries illustrates how differing contexts generate diverse results. Modest success has been registered in civil service size reduction, although like in other countries, the optimal size is not agreed upon. Pay reform generated improvement in remuneration, but African civil servants still earn salaries that are below a living wage. Much work needs to be done to build capacity and enhance ethics and accountability. It can be concluded that civil service reforms are context-specific and must be implemented with that in mind. Financial resources and qualified personnel to implement the reforms are key to success. Finally, political will and political stability are important for sustenance and continuity of the reform programs.

## Cross-References


- ▶ Admin Reform in Sub-Saharan Countries
- ▶ Comparative Public Governance and Management
- ▶ Comparative Public Management Systems
- ▶ Comparative Public Performance Management Systems


## References


Briggs BR (2007) Problems of recruitment in civil service: case of the Nigerian civil service. Afr J Bus Manag 1(6):142–153

Caiden EG (1991) Administrative reform comes of age. Walter de Gruyter, New York

Cooper-Enchia VJ (2008) Designing and implementing pay reform in Africa. Afr J Pub Adm Manag 19(2):41–47

Farazmand A (2002) Administrative reform in developing nations. Praeger, Westport

Haggard S (1997) Reform of the State in Latin America. In: Burki SJ, Guillermo P (eds) Development in Latin America and the Caribbean. Washington, DC, World Bank

Haruna PF (2001) Reflective public administration reform: building relationships, bridging gaps in Ghana. Afr Std Rev 44(1):37–57

Heady F (2001) Public administration: a comparative perspective, 6th edn. Marcel Dekker, New York

Kyarimpa GE (2009) Comparative administrative reform: the rhetoric and reality of the civil service reform programs in Uganda and Tanzania. Dissertation, Florida International University

Langseth P, Mugaju J (1996) Post-conflict Uganda: towards an effective civil service. Fountain Publishers, Kampala

Larbi G (2007) Between spin and reality: examining disclosure practices in three African countries. Pub Adm Dev 27:205–214

Liegl B (2001) New public management from a theoretical and Austrian perspective. In: Guy BP, Jon P (eds) Politicians, bureaucrats and administrative reform. Routledge, London

Mutahaba G, Baguma R, Halfani M (1993) Vitalizing African public administration for recovery and development. Kumarian Press, West Hartford

Otobo E (1999) Nigeria. In: Adamolekun L (ed) Public Administration in Africa: main issues and selected country studies. Westview Press, Boulder

Pollit C, Bouckaert G (2000) Public management reform: a comparative analysis. Oxford University Press, Oxford

Robinson D (1990) Civil service remuneration in Africa. Inter Lbr Rev 129(3):371–386

Rosenbloom DH, Robert SK, Richard MC (2015) Public administration: understanding management, politics, and law in the public sector, 8th edn. McGraw-Hill, New York

Transparency International (2010) Overview of Corruption and Anti-corruption in Ghana. www.transparency.org

World Bank (1993) Governance. The World Bank, Washington, DC


# Comparative Concepts of Technology for Strategic Management


Mario Coccia
CNR–National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA


## Synonyms

Complex system; Nature of technology; Product architecture; Product modularity; Technical change; Technological change; Technological evolution; Technological innovation; Technology analysis

## Definition

Technology is a complex system, composed of more than one entity and a relationship that holds between each entity and at least one other entity in the system, to satisfy needs, achieve goals, and solve problems of adopters to take advantage of important opportunities or to cope with consequential environmental threats for purposes of adaptation and/or survival in highly differentiated and volatile environments.

## Introduction

Technology has manifold conceptions (Dosi 1988; Basalla 1988; Coccia 2015a, b, 2019a, b, d; Freeman and Soete 1987; Hosler 1994; Nelson and Winter 1982; Oswalt 1976; Utterback et al. 2020). Brey (2009) argues that general public knows *what* technology is and *how* it can support human activity. Technology is driven by *inventions* of new things that are transformed into usable *innovations* in society. Abernathy and Clark (1985, p. 4*ff*) state that:

> innovation is not a unified phenomenon: some innovations disrupt, destroy and make obsolete established competence; others refine and improve. Further, .... different kinds of innovation require different kinds of organizational environments and different managerial skills. ...An innovation is the initial market introduction of a new product or process whose design departs radically from past practice. It is derived from advances in science, and its introduction makes existing knowledge in that application obsolete. It creates new markets, supports freshly articulated user needs in the new functions it offers, and in practice demands new channels of distribution and aftermarket support.

Technology develops with different typologies of innovation given by: *incremental innovations* (progressive modifications of existing products and/or processes); *radical innovations* (a drastic changes of existing products/processes to satisfy needs or solve problems in society); *technological systems* (clusters of innovations that are technically and economically inter-related, e.g., biotechnology); and *technological revolutions* (pervasive changes in technology affecting many branches of the economy, such as Artificial Intelligence Technologies having technological dynamism and a pervasive use in a wide range of sectors; cf., Coccia 2020).

Hickman (2001, p. 183) claims that technology is: "the intelligent production of new tools, including conceptual and ideational ones, for dealing with problematic situations." Hosler (1994, p. 3, original italics) argues that technology, and its development, is influenced by "technical *choices*," which express economic, social, and political factors, and by "technical *requirements*" given by material properties. Instead, Bunge (1990, pp. 231–232) suggests that: "technology may be regarded as the field of knowledge concerned with designing artifacts and planning their realization, operation, adjustment, maintenance and monitoring in the light of scientific knowledge (an artifact can be a thing, ... or a process, and that it can be physical, chemical, biological, or social)". Volti (2009, p. 6) defines technology as: "a system created by humans that uses knowledge and organization to produce objects and techniques for the attainment of specific goals." Examples of technologies are laser, television, computer, etc. (cf., Carroll 2017, p. 6). Bigelow (1829) specifies that technology is: "principles, processes, and nomenclature of the more conspicuous arts, particularly those which involve applications of science, and which may be considered useful, by promoting the benefit of society, together with the emolument of those who pursue them." Arthur (2009, pp. 18–19) argues that: "technologies somehow must come into being as fresh combinations of what already exists." This combination of components and assemblies is organized into systems to some human purpose. In this context, Coccia (2019a, p. 293) claims that technology is a complex system, composed of more than one entity and a relationship that holds between each entity and at least one other entity in the system, to satisfy needs, achieve goals, and solve problems in society. Technology supports adopters to take advantage of important opportunities or to cope with consequential environmental threats for the purpose of adaptation and/or survival in highly differentiated and volatile environments (cf., Coccia 2005c, 2017, 2019b, c; Usher 1954). Sahal (1981) states that technology

has manifold dimensions, ranging from an object of material culture to an organized group of applied scientific knowledge. In general, technology is a central feature of the human nature and supports progress and civilization in society (cf., Hickman 2001; Pacey 1999).

## Concepts of Technology

The conception of technology has a vast literature that focuses on different characteristics (Coccia 2005a, b, 2006a; Coccia and Watts 2020). The main concepts of technology can be schematically summarized in Fig. 1.

### Economic Concept of Technology

Firms produce outputs from various combination of inputs. The set of all production plans is the set of production possibilities of firms. Varian (1984) describes the production of an output using two inputs (1 and 2) with two techniques as follows:

*Technique A*: 1 unit of good 1 and 2 units of good 2, it produces 1 unit of output
*Technique B*: 2 units of good 1 and 1 unit of good 2, it produces 1 unit of output

In this approach, technology can be represented with a function involving unknown parameters, such as the function of Cobb-Douglas that any input, such as capital $= K$ and labor $= L$, satisfies the condition that $K^a \cdot L^b \geq 1$ producing at least 1 unit of output ($a$ and $b$ are parameters). The parametric representations of technology are a convenient way to analyze the production choices of firms, using statistical methods for estimating the unknown parameters in models. The production function, in *neoclassical perspective of economics*, can be illustrated by convex isoquants representing different techniques in the production of same output (an *isoquant* is a curve that shows all combinations of inputs that yield the same level of output). The development of new techniques generates a shift toward the origin of isoquant. Hence, technological advances generate the same amount of production by a lesser amount of factors, such as capital and labor. In particular, technology can generate labor saving if it increases and capital saving if it decreases, the capital-labor ratio in the production of a given volume of output. However, heterogeneous inputs and outputs generate difficulty of measurement in the function of production (Salter 1969). An alternative approach to the neoclassical conception of production function, just mentioned, is given by Kaldor (1957) that proposes a technical progress function in which the growth of capital per man is associated with the growth of output per men at a given rate of change, rather than a given level of technical knowledge. Limitations of these approaches are that both technical progress function by Kaldor and production function by neoclassical economics do not isolate economic factors from technical ones. Another limitation, within these economic approaches, is the lack of a concept of technology *per se*.

### The Pythagorean Concept of Technology

The Pythagorean concept of technology is based on approaches of the history of science and technology (Sahal 1981; Schmookler 1966; Steil et al. 2002). The concept of technology and technological evolution here are a count of relevant events. The technical activity is measured with patent

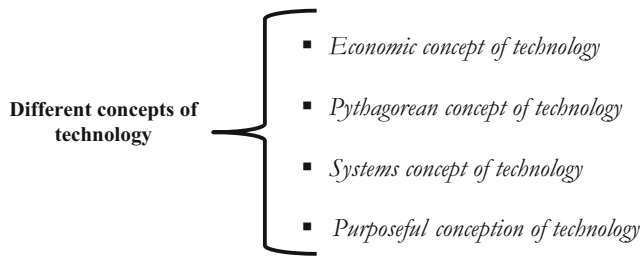


**Comparative Concepts of Technology for Strategic Management, Fig. 1** Comparative concepts of technology

statistics and/or a timeline of major and minor inventions (cf., Jaffe and Trajtenberg 2002; Sahal 1981). The advantages of patent statistics are the availability of data. However, patented inventions do not provide information if a prototype is suitable for production and commercialization in markets (Coccia 2005c). In fact, patents may not consider the development of technology and that many inventions are not patented for various reasons, such as the inadequacy of patent protection, legal problems, etc. The alternative approach is the timeline of innovations, which assigns dates of occurrence to major and minor innovations of a technology (cf. Sahal 1981). However, this approach also lacks of a theoretical framework that distinguishes different types of innovation, such as incremental and radical innovation. Overall, then, this approach focuses on origin rather than development of technology (Coccia 2005b, 2006a, b).

### The Systems Concept of Technology

This approach focuses on functional characteristics of technology measured with a change of technical performance in products and/or processes (cf., Coccia 2005a, 2019a, c; Sahal 1981). This approach was applied to analyze the advances of military technology (Alexander and Nelson 1973; Martino 1985). In fact, functional measures of technology objectively measure the progress of technology, such as thermal efficiency of an electric power plant, fuel-consumption efficiency in horsepower hours per gallon in farm tractor, airspeed for aircrafts, etc. (Sahal 1981). The systems approach also evaluates major and minor innovations of technologies. For instance, in the case study of farm tractor technology the change of fuel-consumption efficiency can detect major innovations, such as the use of pneumatic tires, quality of fuels, and minor innovations, such as durable valve, piston, etc. Moreover, functional measures of technology can support engineering and managerial decisions to increase the efficiency of a technology and, as a consequence, competitive advantage of firms. However, systems concept of technology has also some limitations, such as data of functional characteristics of technology can be difficult to gather for some technologies and/or innovations (Coccia 2019a). Finally, this approach is better for micro rather than macro analyses of technology and technological change.

### A Systemic-Purposeful Conception of Technology

Coccia (2019a) proposes a purposeful perspective of technology.

> Technology is a complex system composed of more than one entity or sub-system and a relationship that holds between each entity and at least one other entity in the system. Technology satisfies needs, achieves goals, and solves problems of adopters (individuals/firms/etc.) for the purposes of adaptation and/or survival in turbulent environments. Technology changes current modes of cognition and action to enable makers and/or users to take advantage of important opportunities or to cope with consequential environmental threats.

Technology $T_1$ as a complex system is based on incremental and radical innovations (Fig. 2). Technological change is the progress of technology from a system $T_1$ to $T_2$, $T_i$, …., $T_n$ to solve consequential problems of adopters in volatile environments, turbulent markets, and changing societies (cf., Coccia 2015a, 2016a, b; Wagner and Rosen 2014; Ziman 2000).

Coccia (2019a, b, c; Coccia and Watts 2020) explains, within this approach, the evolution of technology considering a parasite-host relationship between technologies that generates the coevolution of overall complex system of technology: the so-called *theory of technological parasitism*. In particular, Coccia (2019a) argues that technologies have a behavior similar to parasites because technologies cannot survive and develop as independent systems *per se*, but they can function and evolve in markets *if and only if* they are associated with other technologies, such as audio headphones, wireless speakers, software apps, etc., can function if and only if they are associated with host or master electronic devices,

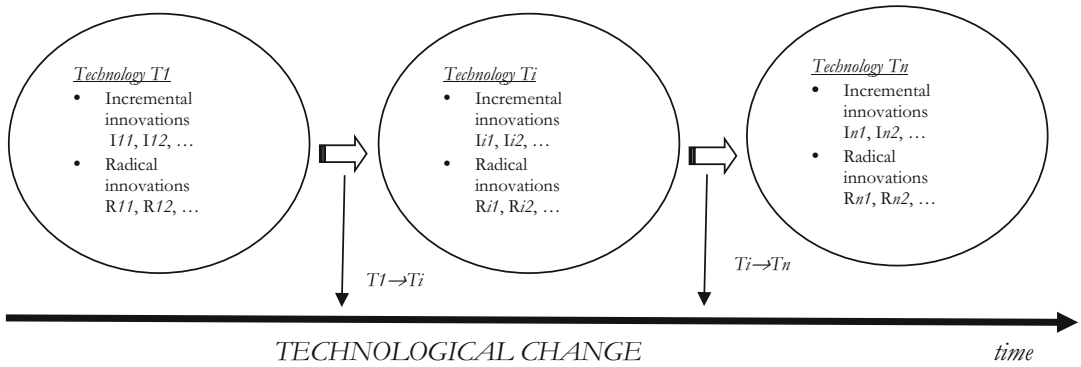


**Comparative Concepts of Technology for Strategic Management, Fig. 2** Technology, elements of technology (innovations) and technological change

such as smartphone, radio receiver, television, etc. In fact, a parasitic technology *P* in a host or master technology *H* is a technology that during its life cycle interacts and adapts into the complex system of *H*, generating coevolutionary processes to satisfy human needs and solve problems in society (cf., Coccia and Watts 2020).

General properties of technology within a purposeful perspective are:

1. *Property of not independence of any technological innovation*: the long-run behavior and evolution of any technological innovation T*i* is *not* independent from the behavior and evolution of the other technological innovations T*j*, $\forall i = 1, \ldots, n$ and $\forall j = 1, \ldots, m$ (cf., Coccia 2018a, 2019a, b, c).
2. *Property of mutual benefaction between interactive technologies*: the interaction between technologies reduces negative effects and favors positive effects directed to an evolution of reciprocal adaptations of technologies in volatile environments to satisfy needs and solve consequential problems of adopters (cf., Coccia 2019b, c).
3. Technological host *or* master with many parasitic technologies generates a rapid stepwise evolution of technological host-parasite system. Technological systems with fewer parasitic technologies and a low level of interaction with other technologies improve slowly (Coccia and Watts 2020).

## Conclusion and Managerial Implications

The conception of technology is one of the most troublesome and important issues in science. Conceptions of technology can support critical management implications:

- Economic concept of production function suggests that stability of product design and sources of new materials are needed to support technological progress, engineering improvements, etc. Management may achieve a volume production to be capable of sustaining long-term investments in new technology.
- The Pythagorean concept of technology can support policymakers about relevant factors at the origin of technology. In fact, this conception of technology can sustain innovation policy of governments that should direct R&D investments toward technologies having the perspective to advance rapidly, considering the growth of patents in specific fields of research, to sustain competitiveness and productivity of industries and of national economic system (Coccia 2018b, 2020).
- The systems concept of technology and purposeful perspective provide technical information at micro level for supporting competitive advantage of firms. For instance, these approach can support best practices for the advancement of product quality, improvement of product features, breaking of bottlenecks in

production, and development of process and product innovations that reduce scrap and increase yields. These perspectives suggest that good technical insights can foster close collaboration between product designers, process designers, and market planners in organizations. For instance, in construction industry, technological symbiosis between modular integrated construction and construction robotics can yield mutual benefits and support innovative building technologies (Yang et al. 2019; cf., Coccia and Watts 2020). The conceptual scheme of purposeful conception can also explain which technologies are likeliest to evolve rapidly. In particular, management, using these approaches, knows that host (or master) technologies with many interrelated parasitic technologies advance rapidly, whereas master technologies with fewer parasitic technologies improve slowly.

To conclude, the conception of technology is a complex topic still being revised and debated, and we have some way to go before we can say that we know why humans use tools and became so dependent on them. To resolve this scientific problem of clarifying the definition, domain, relations, and consequences of technology, we need input from varied scientific fields. We also need studies that aim to identify commonalities and differences for adopters between technologies in complex environments because of manifold ecological drivers, cognitive factors, or factors of social learning. Hence, identifying generalizable conceptions of technology that explain the role and relations of technology in society is a non-trivial scientific exercise. In fact, Wright (1997, p. 1562) properly claims that: "In the world of technological change, bounded rationality is the rule."

## Cross-References


- ▶ Comparative Hypotheses for Technology Analysis
- ▶ Comparative Theories of the Evolution of Technology
- ▶ Comparative World-Systems Theories
- ▶ Destructive Technologies for Industrial and Corporate Change
- ▶ Role of Superpowers in Conflict Development and Resolutions, The


C

## References


Abernathy WJ, Clark KB (1985) Innovation: mapping the winds of creative destruction. Res Policy 14(1):3–22. https://doi.org/10.1016/0048-7333(85)90021-6

Alexander AJ, Nelson JR (1973) Measuring technological change: aircraft turbine engines. Tech Forecasting Soc Chang 5(2):189–203

Arthur BW (2009) The nature of technology. what it is and how it evolves, Allen Lane–Penguin Books, London

Basalla G (1988) The history of technology. Cambridge University Press, Cambridge

Bigelow J (1829) Elements of technology, 2nd edn. Hilliard, Gray, Little & Wilkins, Boston

Brey P (2009) Philosophy of technology meets social constructivism: a Shopper's Guide. In: Kaplan DM (ed) Readings in the philosophy of technology, 2nd edn. Rowman & Littlefield Publishers, Lanham, pp 268–324

Bunge M (1990) Treatise on basic philosophy, vol. 7, part II. Kluwer, Dordrecht/Boston

Carroll LSL (2017) A comprehensive definition of technology from an ethological perspective. Soc Sci 6(4):126. https://doi.org/10.3390/socsci6040126

Coccia M (2005a) Technometrics: origins, historical evolution and new direction. Tech Forecasting Soc Chang 72(8):944–979. https://doi.org/10.1016/j.techfore.2005.05.011

Coccia M (2005b) Measuring intensity of technological change: the seismic approach. Tech Forecasting Soc Chang 72(2):117–144. https://doi.org/10.1016/j.techfore.2004.01.004

Coccia M (2005c) Metrics to measure the technology transfer absorption: analysis of the relationship between institutes and adopters in northern Italy. Int J Technol Transf Commer 4(4):462–486. https://doi.org/10.1504/IJTTC.2005.006699

Coccia M (2006a) Classifications of innovations: survey and future directions. Working paper Ceris del Consiglio Nazionale delle Ricerche, Ceris-Cnr working paper, vol. 8, n. 2- ISSN (Print): 1591-0709, Available at arXiv Open access e-prints: http://arxiv.org/abs/1705.08955

Coccia M (2006b) Analysis and classification of public research institutes, world review of science. Technol Sustain Dev 3(1):1–16. https://doi.org/10.1504/WRSTSD.2006.008759

Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human

development. Technol Soc 42:199–226. https://doi.org/10.1016/j.techsoc.2015.05.008
Coccia M. (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowledge and Learning, 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052
Coccia M (2016a) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003
Coccia M (2016b) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetries 14(part B):168–178. https://doi.org/10.1016/j.jeca.2016.06.001
Coccia M (2017) Sources of technological innovation: radical and incremental innovation problem-driven to support competitive advantage of firms. Tech Anal Strat Manag 29(9):1048–1061. https://doi.org/10.1080/09537325.2016.1268682
Coccia M (2018a) Theorem of not independence of any technological innovation. J Econ Bibliogr 5(1):29–35. https://doi.org/10.1453/jeb.v5i1.1578
Coccia M (2018b) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. The Journal of Technology Transfer 43 (3):792–814. https://doi.org/10.1007/s10961-017-9572-1
Coccia M (2019a) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012
Coccia M (2019b) A theory of classification and evolution of technologies within a generalized Darwinism. Tech Anal Strat Manag 31(5):517–531. https://doi.org/10.1080/09537325.2018.1523385
Coccia M (2019c) Comparative theories of the evolution of technology. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG, Cham. https://doi.org/10.1007/978-3-319-31816-5_3841-1. ISBN: 978-3-319-20927-2, online ISBN 978-3-319-31816-5
Coccia M (2019d) Why do nations produce science advances and new technology? Technology in society, 59(101124):1–9. https://doi.org/10.1016/j.techsoc.2019.03.007
Coccia M (2020) Deep learning technology for improving cancer care in society: new directions in cancer imaging driven by artificial intelligence. Technol Soc 60:1–11. https://doi.org/10.1016/j.techsoc.2019.101198
Coccia M, Watts J (2020) A theory of the evolution of technology: technological parasitism and the implications for innovation management. J Eng Technol Manag 55:101552. https://doi.org/10.1016/j.jengtecman.2019.11.003
Dosi G (1988) Procedures, and microeconomic effects of innovation. J Econ Lit 26(3):1120–1171
Freeman C, Soete L (1987) Technical change and full employment. Basil Blackwell, Oxford
Hickman L (2001) Philosophical tools for technological culture: putting pragmatism to work. Indiana University Press, Bloomington
Hosler D (1994) The sounds and colors of power: the sacred metallurgical technology of ancient West Mexico. MIT Press, Cambridge
Jaffe AB, Trajtenberg M (2002) Patents, citations, and innovations-a window on the knowledge economy, The MIT Press, Cambridge
Kaldor N (1957) A model of economic growth. Econ J 67(268):591–624. https://www.jstor.org/stable/2227704
Martino JP (1985) Measurement of technology using trade-off surfaces. Technol Forecast Soc Chang 27(2–3):147–160
Nelson RR, Winter SG (1982) An evolutionary theory of economic change. Belknap Press of Harvard University Press, Cambridge, MA
Oswalt WH (1976) An anthropological analysis of food-getting technology. Wiley, New York
Pacey A (1999) Meaning in technology. MIT Press, Cambridge, MA
Sahal D (1981) Patterns of technological innovation. Addison-Wesley, Reading
Salter WEG (1969) Productivity and technical change. Cambridge University Press, New York
Schmookler J (1966) Invention and economic growth. Harvard University Press, Cambridge, MA
Steil B, Victor DG, Nelson RR (2002) Technological innovation and economic performance. Princeton University Press, Princeton
Usher AP (1954) A history of mechanical inventions. Harvard University Press, Cambridge, MA
Utterback JM, Pistorius C, Yilmaz E (2020) The dynamics of competition and of the diffusion of innovations. MIT Sloan School of Management Working Paper-6054-20, https://hdl.handle.net/1721.1/124369
Varian HR (1984) Microeconomic analysis, 2nd edn. Norton, New York
Volti R (2009) Society and technological change, 7th edn. Worth Publishers, New York
Wagner A, Rosen W (2014) Spaces of the possible: universal Darwinism and the wall between technological and biological innovation. J R Soc Interface 11:1–11
Wright G (1997) Towards a more historical approach to technological change. Econ J 107:1560–1566
Yang Y, Pan M, Pan W (2019) Co-evolution through interaction' of innovative building technologies: the case of modular integrated construction and robotics. Autom Constr 107:102932
Ziman J (ed) (2000) Technological innovation as an evolutionary process. Cambridge University Press, Cambridge, MA

# Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance

Emmanuel Yeboah-Assiamah[1], Kobus Muller[1] and Kwame Ameyaw Domfeh[2]
[1]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa
[2]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

## Synonyms

Adaptive response; Champion; Collaborative governance; Institutions; Wildlife

## Definitions

***Collaborative Governance*** entails the new governance system that emphasizes on different stakeholders to prudently and methodically govern natural resources (Yeboah-Assiamah et al. 2016). In this entry, it connotes the creation of synergies between formal and informal governance structures as well as formal and informal institutions.

***Conservation*** is the appropriate management of a natural resource to avert its exploitation, annihilation, or degradation.

***Bottom up*** connotes strategies or activities that are initiated, propelled, and championed by either an individual, group of individuals, and groups within a local community before gaining subsequent formal or external recognition and support. It could also be an initiative of the entire local community through its legitimate leaders.

## Introduction

The complexity and high stakes associated with natural resources render them rather problematic and perhaps impossible to be governed by a single unit which has led to an era of networks and collaborations in natural resources governance (Yeboah-Assiamah et al. 2017). In other words, effective management of environmental resources including, inter alia, watersheds, and aquatic life, forests and wildlife, and protected areas requires the synergistic efforts of multiple actors and systems. The idea of collaboration has come to stay and is well researched in the natural resource governance literature (Yeboah-Assiamah et al. 2016).

An emerging theme has been a focus on the determinants or drivers of governance collaborations (Sayles and Baggio 2017); in other words, how do these governance networks and collaborations come about or get initiated? The role of a community's social capital base and how best communities deploy social capital greatly determines the extent to which resources get transformed into meaningful assets in a sustainable manner. Scholars discuss the role of bridging organizations in catalyzing such collaborations between various entities and stakeholders towards a superordinate goal of resource governance and conservation (see Kowalski and Jenkins 2015). Even within bridging organizations, there are still some "micro" entities that mastermind or catalyze the success of a bridging organization in bringing about natural resource collaboration for effective conservation purposes. For instance, Olsson et al. (2007) suggest the unique and "championing" role played by a director of the Ecomuseum [bridging organization] in establishing the collaborative governance arrangement of the Kristianstads Vattenrike Biosphere Reserve in Sweden. In Canada, collaborative governance in the lobster fishery of Maine largely involved the role played an individual [the Marine Resource Commissioner] who used his position as editor of Commercial Fisheries News and networks within the fishing space to propel the collaboration.

Although collaboration in the natural resource governance context has gained much prominence, the literature appears quiescent on the peculiar and championing roles exhibited by individuals [herein referred to as "champions"] in a particular

natural resource collaboration or resource outcomes. "Champions of change" are "innovative, charismatic individuals and can be found at any level of society, within local or national governments, NGOs, local communities, and among resource users" (Borrini-Feyerabend et al. 2004, p. 336). The literature contends that although leadership is critical to the emergence and effectiveness of shadow networks, it nonetheless does not necessarily lead to an improved governance of social-ecological systems (Olsson et al. 2006). Olsson et al pose critical questions including inter alia, "What characterizes the particular type of leadership that can transform an SES [social-ecological systems] towards adaptive governance? This current study contends that natural resource endowments are largely freely supplied by nature to "lucky" communities, yet the ability to transform such endowments into meaningful resource outcomes are context dependent. There are many communities blessed with specialized natural resources which yet have not been transformed into sustainable developmental resource for society, while in some, same resources have rather become counter-productive or exploited into extinction. From the foregoing, the study remarks that nature supplies freely, yet the underpinning challenge is: *Who, How, and What determines When it becomes sustainable developmental resource?* This entry makes an empirical contribution to literature by discussing the peculiar role of "champions" in forging collaborative wildlife governance for effective conservation as well as the roles and strategies in the transformation of a community endowment into a sustainable developmental resource. A champion is used in this entry to mean *an individual who through specialized organizing skills and interests undertakes interacted actions through rigorous approach and strategies to link differing bodies unto a coherent platform, to foster arrangements towards the effective governance of natural resources*. The study presents a case study of Boabeng-Fiema Monkey Sanctuary (BFMS) where the actions of "a champion" [the late Mr. Akowuah] resulted in collaborative wildlife governance which has helped in the conservation of a hitherto threatened monkey species which were on the brink of near extinction (see Yeboah-Assiamah et al. 2017). The BFMS in Ghana has subsequently become a renowned wildlife area of attraction to local and international tourists, development agencies, and researchers with associated society-wide benefits.

## Conceptual Overview

### Social Capital and Natural Resource Development

If society A, B, and C are given same amount of natural resource endowment($x$), the ability of A, B, or C to optimally adopt prudent measures to transform($x$) into a long-term blessing or asset greatly depends on the social capital the society possesses. The notion of social capital suggests that individuals, groups, one's family, friends, and associates constitute an important asset that can be called upon in periods of critical needs (Putnam 1993). A great deal of the social capital literature has been underscored by Putnam's (1993) work on civic participation and institutional performance where he conceptualized social capital to mean the "features of social organization, such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit" (1993, p. 6). One could reason out that Putnam's treatise took great cue from Bourdieu (1986) who conceptualized social capital as "the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (p. 248). Broadening the scope, Coleman (1990) discusses social capital by focusing on the "relations among groups" and "not just individuals." Arguing from its functional role, Coleman defines social capital as "a variety of different entities [which] all consist of some aspect of social structure, and [which] facilitate certain actions of actors...within the structure" (p. 598). At the macrolevel, social capital is explained as a process of drawing on the social and political environment to shape the social structure which also enables norms to develop (Olson 1982). In a snapshot, social capital connotes *individuals as assets, their close*

*relations, interactions among groups as well as socio-political imperatives*.

Relating the above conceptualization to this study, the individual who championed the purposive course of actions to salvage the threatened wildlife species including the steps to make the wildlife human-friendly constituted great social capital to the Boabeng-Fiema community. At the micro- and mesolevels, his immediate family and his former school pupils who mostly formed the youth supported his conservation efforts. At the macrolevel, he drew upon the relevant societal actors including opinion leaders, government officials and researchers from abroad which greatly contributed to revamping "hitherto threatened monkeys" into more "human-friendly" species becoming the community's greatest asset fostering socio-economic development. In essence, effective conservation requires the ability to use social capital to foster the appropriate social-ecological system and resilience. The concept of resilience implies the ability of governance regimes to make use of social capital, or other relevant resources to respond and adjust effectively to changing social-ecological systems, and thus be able to moderate or prevent the adverse effect that similar threats may pose to less-adaptive and less-resilient social-ecological systems.

## Methods

This entry adopted an ethnographic design. Ethnography is an interpretive approach where researchers task themselves to undertake a systematic discourse of the beliefs, processes, social interactions, and behaviors including peculiar phenomena of sizeable societies; the process is largely interspersed with participation and observation over a period of time (Denzin and Lincoln 2011; Reeves et al. 2008). The overarching goal of this design is an exploration, description, and explanation of other cultures and contextual phenomena and not to test for quantitative hypothesis (Atkinson and Hammersley 1994). The study was positioned within a prevalent epistemology by recognizing the information and knowledge base of participants. A key asset that enabled the study was the use of social relationships and intermediaries to seek unreserved access to key participants. According to Wilson (2008), ethnographic design requires "...the proper protocol for building of healthy relationships...the use of intermediaries has practical uses in establishing rapport with research participants and placing the researcher within a circle of relations" (p. 129). Consequently, two elder sons of the late Akowuah [one is a tour guard] remained very useful throughout the study period who led the researchers to participants including the chiefs, traditional priests, and other relevant actors. The purposive and snowball sampling techniques were used to identify 25 key informants who were deemed to have the requisite information. The main instruments of primary data gathering involved informal discussions, narrative enquiry, in-depth interviews, simulation exercises, and direct observations. Key individuals in the governance structure of BFMS as well as those who used to be closer to the "champion" when he was alive, including his wife, were engaged in a narrative inquiry followed by an in-depth interview. By direct observation and simulation exercises, the authors tied bananas to a wooden structure where "the champion" used to feed monkeys; in the presence of the authors, monkeys came around to pick up the bananas and photos were taken (see Fig. 3). The study also witnessed how researchers and tourists from both local and international arena visited the BFMS (Fig. 4). All the visuals in the study were taken in the course of this study between the 2016 and 2017 period. In ethnographic descriptions and discussions, visuals are deemed to be critical in the data analysis process. According to Denzin and Lincoln (2011), the use of visuals or images is quite relevant as it helps to get readers' attention; it is able to explicate an idea or phenomenon quite complicated to describe with words. Prosser succinctly puts "art can describe, reflect, and evoke emotion, which dry facts or figures and cool logic rarely do" (quoted in Denzin and Lincoln 2011, p. 488). All proceedings with participants have been transcribed and sorted out into

appropriate themes and used in the discussions. Data were analyzed using inductive thematic analysis based on issues emergent from the observations and data gathered as common to ethnographic studies (Reeves et al. 2008). Direct narratives and visuals have been used to support the themes discussed. A major strength of this design is that through observations and immersing oneself into the society, the researchers were able to identity and gather novel empirical insights which have eluded previous studies. More importantly, the comprehensive nature of the approach helped researchers to explore and link social phenomenon and related narratives which prima facie may appear to have no interlinkage (see Reeves et al. 2008).

## Study Context

Providing an empirical case of "a hitherto nearly institutional dearth and monkey species on the brink of extinction," this entry uses the unique case of Boabeng-Fiema Monkey Sanctuary (herein BFMS) in Ghana, West Africa, to demonstrate how "champions of change" could influence social-ecological systems. Boabeng-Fiema comprises two neighboring communities, both Boabeng and Fiema [who have similar beliefs and practices, *albeit* with subtle intercommunity rancor]. This community is located 22 km north of Nkoranza District of the Brong Ahafo Region [transitional zone of Ghana] which is about 230 km from Accra, the capital of Ghana. The area presents a distinctive case because the monkeys in the community in spite of challenges posed to community members continue to receive significant protection; the widely recorded human-wildlife conflict with wildlife becoming threatened in contemporary times is nonexistent in BFMS. Meanwhile, there have been periods the monkey species in BFMS were once threatened which saw the emergence of a "champion of change" who through pragmatic strategies brought about adaptive governance and institutional development towards collaboration for wildlife resilience. (details in section 4.1).

## Results and Discussion

In this section, the study provides a brief overview of BFMS and how the role of a champion fostered a bottom-up governance collaboration towards effective wildlife conservation.

**Overview of Emergence of Champion in BFMS (Source: From Fieldwork 2016 and 2017)**

Boabeng and Fiema are two neighboring communities that are surrounded by forest which contains *mona and colobus* monkey species which in contemporary times have become more or less "domestic animals" as mona monkeys are always seen in the homes and surroundings of Boabeng-Fiema, especially, in the mornings and evenings for dietary supplements. The traditional belief system had declared monkeys in Boabeng-Fiema communities as totems or the "offspring" of two gods "*daworo*" and "*abodwo*" in the Boabeng-Fiema, respectively and hence their conservation. Consequently, people had lived with monkeys harmoniously without any form of human "crime" against the monkeys since the 1830s. People had beliefs in the taboo and were made to believe that if they harmed the monkeys, disastrous consequence would befall them. However, upon the encounter with Christianity, some sections of the community began hunting for monkeys including massive destruction of the forest that inhabits them. The nature of the hunting nearly reached a crisis point destabilizing traditional conservation efforts and purposes which made one Mr. Daniel Akowuah (late), a native of the community rise up as "a champion of change." But for his intervention and the unique strategies embarked upon, the monkeys and their habitat would have perhaps become extinct or perhaps the remaining patchy monkeys being very hostile to

(continued)

human beings as observed in other contexts. The late Akowuah was a retired police officer and a then headmaster of Fiema Primary School [in the local community] who upon recognizing the potential conservation benefits inherent in the monkeys and the rate of their depletion took varying steps to salvage the situation including *lobbying and proposals writing, community sensitization, afforestation and taming of monkeys, and personal commitment to direct monitoring*. These interlinked activities (Fig. 1 below) have today made BFMS a renowned center of attraction to both researchers and tourists from across the world, a research hub for many local and international universities which helps generate income for society's developmental efforts.

Below discusses the key strategies adopted by the "champion of change" which underscored the governance and institutional rejuvenation capable of effective conservation of hitherto threatened monkey species in Boabeng-Fiema. Additionally, strategies adopted by "the champion" to make monkeys much domesticated and more human-friendly which attracts tourists from world over are discussed in the section.

### Proposals Writing to be Given a Sanctuary Status

Although the people of Boabeng-Fiema had seen monkeys in their forests and farms, they did not envisage the economic and ecological value except they were protecting it for their gods which had ordered them to do so. Largely a rural community, the people became helpless when their very beliefs became challenged as a result of being exposed to Christianity which undermined the value of the gods' commandment of "don't kill monkeys." The Savior Church had converts in the community who decided to hunt and use monkeys for their subsistence living. A then retired policeman and headmaster of Fiema School, Mr. Daniel Akowuah [whose house stands very close to the forest, see Fig. 2] took upon himself to bring to the attention of national policy makers "the beauty and potentials of monkeys" in the Boabeng-Fiema communities. This was in the 1960s when he wrote series of proposals to the then Department of Game and Wildlife. The efforts yielded results which made the department send evaluators to assess the possibility of earmarking the area as a national park. However, because the Boabeng-Fiema community is largely surrounded by the forest harboring the monkeys coupled with land-size issues, it would have been difficult to resettle the people; the place, however, got officially declared a sanctuary in early 1970s and the National Game and Wildlife Agency was to provide resident officials to patrol the forest [habitat of monkeys] and also to ensure wildlife laws were not violated. In effect, the governance was to become more collaborative between the community leaders [informal institutions] on the one hand and the state agency [formal institutions] on the other hand. This is what the study refers to as "bottom-up" approach to collaborative governance as the initial process towards the collaboration and conservation was kick-started by an individual and with local efforts. Consequently, the wildlife has become largely untouchable by dictates of the gods and national policies; the latter was largely the efforts and role played the "champion of change." A traditional priest explained:

> *. . .Akowuah was fortunate to be highly educated to become a senior policeman, my uncle* [the then priest] *told him, Kwaku* [Akowuah] *you have been in government, how can we salvage the animals from such destruction? Akowuah wrote series of letters to government which saw wildlife officials coming on board*

### Continuous Lobbying at Local Level

His efforts did not only stop at the national level, after achieving the target of sanctuary status and government declaring BFMS monkeys as protected species, he later persuaded the local district council [then Nkoranza District Council] which saw to a passage of by-law in 1972 that sought to further provide localized regulations to protect monkeys and the habitat. Consequently, there is

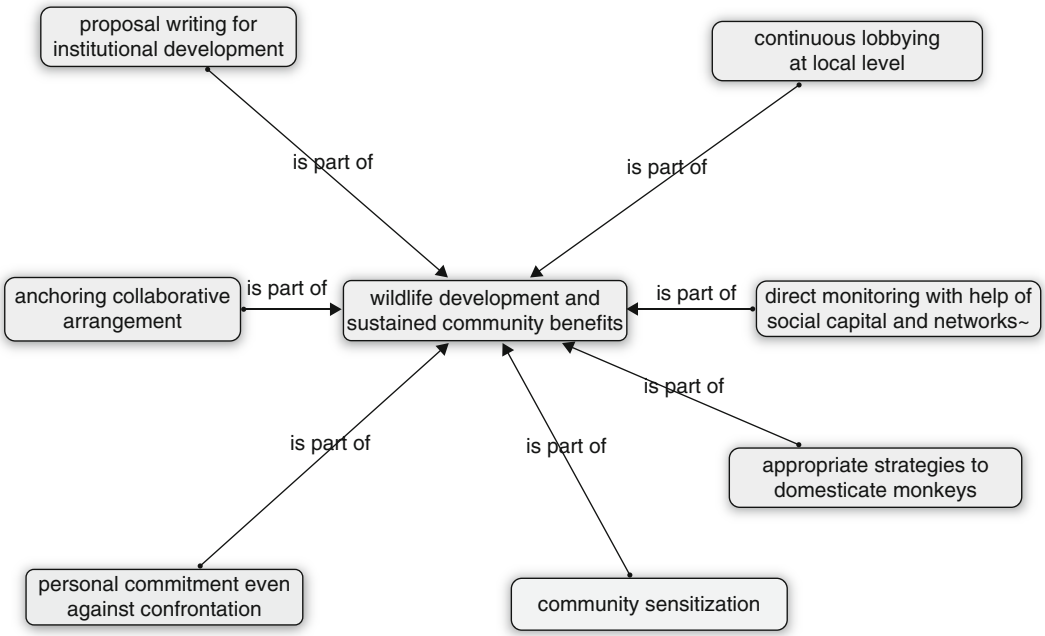


**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 1** Schematic view of measures by the champion (Source: Designed from field results).

**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 2** Location of Mr. Akowuah's house in relation to the forest.

a hunting and farming ban in the core forest. People can only farm at an available area clearly removed from the core forest demarcated by a buffer region. Therefore, the colobus and mona monkeys in Boabeng-Fiema are protected by national regulations, local by-laws, and traditional beliefs. In a discussion with a traditional ruler, he explained:

> *He [Akowuah] saw to it that the right institutions and regulations were passed to protect the monkeys, even the passage of the bye laws, I cannot take it away from him. He had a bit of education and knew the tourism potential that monkeys could provide.*

The champion's initial action of getting the right institutions passed was a worthwhile course of action as championing natural resources governance and conservation cannot be achieved without the enabling or supporting rules, regulations, and structures [institutional underpinnings] especially regarding protected areas (Hayes 2006). For instance, through the effort, the Wildlife Conservation Regulation (1971) of Ghana lists the colobus and mona monkeys [found in Boabeng-Fiema] as wholly protected [see schedule 1] and partially protected [see schedule 2], respectively; these have been strengthened by local by-law such as that of 1972 – proscribing hunting of monkeys, farming in the core forest – which are localized instruments to enhance wildlife conservation.

### Anchoring Collaboration Towards Effective Wildlife Governance

The champion anchored or fostered a management that sought to bring on board relevant stakeholders to collectively plan and execute for the governance and conservation of monkeys. In other words, he created a platform for the district secretary, chiefs, and elders in the resource community where proposals and resolutions were reached to construct a firebreak around the sanctuary. Given support, he personally planted teak trees [sometimes with the help of his former school pupils and many of his associates] along the edges of the sanctuary which have today grown into bigger trees largely used by monkeys for swinging. One elderly woman who is habited closer to Akowuah's house explained:

> *It was this man who because of his education and ability to communicate wrote letters to government… he did not sleep afterwards, he also planted a lot of teak trees along the sanctuary with his school youth so that the animals can be jumping on them….*

Scholars (Gray 1989) argue that a convener or champion should be able to identify and bring all legitimate parties to the negotiation arena; such "champion" requires a convening power [ability to lobby actors to get involved] which could be based on, inter alia, the person's formal position in society, the reputation of the convener. From the study, the educational status, social standing and reputation of the champion helped him a lot to be able to induce actors unto a platform for collective actions.

### Personal Commitment

The interest and enthusiasm in the process of conservation and wildlife development made Akowuah retire from his teaching profession in 1975 to take full control of the Boabeng-Fiema Monkey Sanctuary as the first warden. This point was contended by a traditional chief who succinctly narrated:

> *Akowuah started the sanctuary all by himself, although the monkeys were prevalent already [offspring of the gods], he took upon himself to remake the monkeys more human-friendly and to make people develop interest in them too. It is his initiative that the place became a recognized sanctuary…*

His tenure as the warden made BFMS attractive to the international world where he helped expose the sanctuary to international organizations and researchers who developed interest in the flora and fauna of the community. For instance, in 1989, he invited a Canadian lecturer [Fargey] who came with his team of students to carry out research on the monkey species. It was this Canadian scholar who suggested to Mr. Akowuah the need to establish a formal management committee to help manage the BFMS. By inviting Fargey to come and research in the area, it opened up the BFMS to the international community and larger exposure. Fargey has been one of the classical scholars who have written extensively on BFMS making the place well projected world over and its

status as an attractive research hub for many universities especially outside Africa who use BFMS for their field work.

In a discussion with one of the priests, he explained:

> *. . .history has it he discovered the animals. But what actually happened was some white men came and those days, people were afraid of the whites...So the community agreed that Mr. Akowuah joins the white men and he worked very hard.*

Whichever way one wants to put it, the champion of change was pivotal in the initiation, in the process, and its subsequent development.

A respondent who was with Mr. Akowuah narrated:

> *Akowuah adopted several strategies to draw the animals closer home and to human beings. Because he had taught before, he commanded a lot of respect and had most of the youth behind him. These youth helped him a lot to even go on night patrols; each time he heard of gunshot in the forest, even if he were asleep, would wake up and move with his team of volunteers in different directions. They caused the arrest of many people.*

From the foregoing, one could observe that aside his enthusiasm and personal commitment, social capital and networks played key role in the success of the champion. His relations with his family and the teaming youth contributed immensely to most of the strategies he adopted. This observation provides support to an assertion by Ostrom and Ahn (2009) that social capital serves as a social relationship asset which has potential to engender anticipatory or future benefits to a community or a process. In this regard, social capital contributed to the Boabeng-Fiema community as well as Mr. Akowuah's processes of preventing hunting of monkey species.

### Appropriate Steps to Domesticate the Wildlife

Largely because the monkeys had been threatened and hunted by some sections of the community, they had become very afraid of humans and wouldn't come close to humans or their homes. However, Mr. Akowuah used pragmatic steps to reorient the monkeys and to tame them. Today, when tourists visit BFMS, a significant and wonderful phenomenon they observe is monkeys moving in and around the houses of people; this has been the result of some actions systematically and rationally orchestrated by the first warden [Akowuah]. A respondent very close to Akowuah who witnessed and participated in these explained:

> *Akowuah would buy banana* [preferred food of monkeys] *and place along the routes of monkeys closer to the forest. The monkeys would come along to pick these bananas, next time he would place it a bit closer and closer till it got to a time the bananas were placed very closer to the home. These monkeys through that action got closer home without fears. Because our house was close to the forest, it was quite easier to do this* (See Fig. 2)

In the process, he was actively supported by his family [social capital] who helped in either conveying logs of wood to construct benches to accommodate people or seedlings to plant along the sanctuary. In the domestication of the monkeys, a close associate of Akowuah explained:

> *One of my daughters would put bananas on her laps and the monkeys would jump and pick. He made one of our sons convey logs from nearby village to construct some structures purposely for feeding monkeys. It was because of the monkeys that he made this structure* [pointing to a wooden frame linking the pillars of the house]. *He tied a rope with bananas along the bar; when these bananas get ripened, monkeys would come, pluck and eat. By and large, they kept trooping to the house and other households in their numbers.* (See Fig. 3)

The idea of social connections and networks was very instrumental in the entire process as the champion tapped the strength, assistance, and resources of many individuals, experts and interested parties who also helped in the wildlife governance, institutional development, and general protection which would have been very difficult for him to exclusively act alone (see also Yamaki 2016, on role of social networks). In our data-gathering process, a queen mother had this to say:

> *There was a white researcher who set a machine and placed all kinds of foods behind Mr Akowuah's house for some months.. that sought to train them* [the monkeys]. . ..*There was one Mrs Sackey who helped in the process. . . Today they [monkeys] do not fear guns, if they see you with a gun, they won't be moved. . ..*

By and large, the timely intervention and pragmatic undertakings by Mr. Akowuah which garnered *micro-, meso-, and macro support* helped

**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 3** The wooden structure designed by Mr. Akowuah to put monkey feed (Banana and rope tied by authors to simulate) (Banana and rope tied by authors to simulate).

develop Boabeng-Fiema Monkey Sanctuary into sustainable developmental resource for the Boabeng-Fiema community. In the discussion, a traditional chief suggested that nature could provide people or community with an endowment but it takes "champions" to develop such natural endowment into a valuable resource or community-wide asset. He remarked:

> *· · · the monkeys were prevalent, you would see them swinging on the trees when going to the farm. He* [Akowuah] *saw to it that the right institutions and regulations were passed to protect the monkeys, even the passage of the by laws, I cannot take it away from him. He had a bit of education and knew the tourism potential that monkeys could provide.*

Monkeys in BFMS have consequently become more human-friendly attracting researchers and tourists from across the globe which exposes the community to many socio-economic opportunities (see Figs. 4, 5, and 6).

## Public Education and Sensitization

Mr. Akowuah took upon himself to educate the people on the need to accommodate and protect the monkeys as they could have economic benefits for the community. This he did by moving from one church [major threat to monkeys at the time] to the other to have talks with the people. A key respondent explained:

> *To sensitize the church people, he himself converted to become a member of Savior Church but had intention to educate and to make them to understand why they should not hunt or destroy the beauty of the wildlife. With time, he was able to convince them, once that mission got accomplished he discontinued attending that church.*

The role of social education to get people adopt appreciable environmental conservation attitude cannot be overemphasized even where there are formal or informal rules in place. In this BFMS case, the approach adopted by the "champion" helped each of the partners [champion and the Savior Church] to understand each other's perspectives and also to learn from different knowledge bases; through that he was able to explain to them the community-wide benefit that could be associated with the monkeys if conserved well. Wheatly (1992) explains that although such

public sensitization effort may not completely curtail the problem, it can considerably reduce the threats to conservation efforts (cited in Borrini-Feyerabend et al. 2004).

### Championing Conservation Efforts: A Challenging Yet Worthwhile Activity

Finally, it should be noted that a decision to champion a natural resource conservation process comes with some form of confrontations or sentiments from people. However, it is essential for one to remain focused and stay committed to the course of action. The "champion" in this case faced some challenges as most of the people appeared ignorant of what he was trying to achieve. This was explained by a traditional ruler who made this submission:

> *Even nananom* [traditional rulers and elders] *appeared not to really understand or appreciate his actions and initiatives at the time. There was a time he was summoned before the paramount chief of Nkoranza but nananom at the time did not really rally behind him.*

Another participant explained a price the champion had to pay for promoting or facilitating the domestication of monkey. She submitted:

> *There was even one man whose kenkey* [local food made of maize] *was eaten by a monkey and he rushed Mr Akowuah for money to replace the kenkey and his argument was that it was Mr Akowuah encouraging the animals to come home*

In spite of the apparent challenges, the "champion" remained steadfast in his commitment and today the monkeys in Boabeng-Fiema have received international exposure attracting

**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 4** Human-friendly monkeys attract researchers and tourists to BFMS.

researchers and tourists from every part of Ghana and abroad generating income for the community through a stipulated benefit sharing system (see Eshun and Tonto 2014). To that end, the conservation efforts of and strategies by Mr. Akowuah – the champion – has helped transform the community's natural endowment into a community-wide sustainable and valuable asset, a major source of income, development, and prestige to the Boabeng-Fiema community (Figs. 4, 5, and 6; see also Eshun and Tonto 2014). It is in recognition of the champion's [Akowuah] efforts that the main trail that leads to the sanctuary is named after him; it is the first trail any visitor glimpses an eye on (Fig. 2).

## Conclusions and Policy Implications

The case study provides evidence that human actions towards nature could engender appropriate natural resource outcomes and preferred behavioral changes which would yield benefit to society. From the discussion, the study draws the following key conclusions:

Firstly, the role of individuals and leadership remains a cornerstone in natural resource governance. Within the developed institutional and governance set up, the championing roles of unique individuals remain phenomenal and the catalyst in such processes. Individuals as students, researchers, or community members could initiate a process which could lead to the transformation of a redundant or exploited natural endowment into a sustainable resource or asset. In other words, the interrelated set of actions and strategies could lead to a paradigm shift in how people conceptualize and relate to a particular resource as well as the kind of benefits it would generate to community members.

Secondly, transforming community natural supply [such as river, wildlife, trees, mountains, waterfall] from just being a natural endowment to a developmental resource and community asset requires a championing role of individual(s) who

**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 5** School children, pastoral wives, and international researchers in BFMS.

**Comparative Conservation Studies: A "Bottom-Up" Collaborative Governance, Fig. 6** Friendly "domestic monkeys".

garner(s) support of others to catalyze or call for external support to achieve such purpose. More related, the study contends that a given natural resource endowment in one community could remain idle or even destroyed, while same endowment could be utilized as a developmental resource in another society because of contextual differences (see Estrada et al. 2017).

Thirdly, the study observes that it does not necessarily require the legitimate authority or the state to kick-start conservation or collaborative arrangements towards effective natural resource governance. Concerned individuals and groups could adapt some of the strategies used by the champion in this case study to contextualize. The study contends that initiating and championing a particular course of action requires interrelated set of activities which need to be done tactfully including immersing oneself in the community's social ways so as to win their trust (see also Yeboah-Assiamah et al. 2016). In the case of Mr. Akwouah [the champion], he had to attend the Savior Church not because he wished but had the objective of using the platform to reorient the church members to stop hunting and haunting monkeys.

Finally, a major postulation of this entry is to reorient readers [researchers, students, advocates, and policy makers] that it could take the action of individual, group of individuals to champion a particular course that could provide future benefits with respect to how a given community endowment turns out to be a developmental resource. The study argues that the direction of pedagogy should also seek to reorient students or rural communities [targeting influential ones] on how best they could initiate some context-specific actions that could spark up a debate on how best a more or less redundant or exploited resource endowment could be transformed into a sustainable asset, well conserved while providing greater value to society, powered by appropriate governance structures and institutional underpinning.

## Cross-References

- ▶ Comparative Approaches to Private, Voluntary Development Aid
- ▶ Comparative Efficiency Studies
- ▶ Comparative Public Management Systems
- ▶ Rural Development
- ▶ Theories of Self-Determination

## References


Atkinson P, Hammersley M (1994) Ethnography and participant observation. In: Denzin NK, Lincoln YS (eds) Handbook of qualitative research. Sage, Thousand Oaks, pp 248–260

Borrini-Feyerabend G, Pimbert M, Farvar T, Kothari A, Renard Y (2004) Sharing power. Learning by doing in co-management of natural resources throughout the world. Iied and iucn/ceesp/cmwg, Cenesta, Teherán

Bourdieu P (1986) The forms of capital. In: Richardson JG (ed) Handbook of theory and research for the sociology of education. Greenwood, New York, pp 241–258

Coleman JS (1990) Foundations of social theory. Belknap Press, Cambridge, MA

Denzin NK, Lincoln YS (2011) The sage handbook of qualitative research. Sage Publications, –Los Angeles

Eshun G, Tonto JNP (2014) Community-based ecotourism: its socio-economic impacts at Boabeng-fiema monkey sanctuary, Ghana. Bulletin of Geography Socio-economic Series 26(26):67–81

Estrada A, Garber PA, Rylands AB, Roos C, Fernandez-Duque E, Di Fiore A et al (2017) Impending extinction crisis of the world's primates: why primates matter. Sci Adv 3(1):1–16

Gray B (1989) Collaborating: finding common ground for multiparty problems. Jossey-Bass, San Francisco

Hayes TM (2006) Parks, people, and forest protection: an institutional assessment of the effectiveness of protected areas. World Dev 34(12):2064–2075

Kowalski AA, Jenkins LD (2015) The role of bridging organizations in environmental management: examining social networks in working groups. Ecol Soc 20(2):16–28

Olson M (1982) *The rise and decline of nations: Economic growth, stagflation and social rigidities*. Yale University Press, New Haven

Olsson P, Folke C, Galaz V, Hahn T, Schultz L (2007) Enhancing the fit through adaptive co-management: creating and maintaining bridging functions for matching scales in the Kristianstads Vatternrike Biosphere Reserve, Sweden. Ecol Soc 12(1):28

Olsson P, Gunderson L, Carpenter S, Ryan P, Lebel L, Folke C, Holling CS (2006) Shooting the rapids: navigating transitions to adaptive governance of social-ecological systems. Ecol Soc 11(1)

Ostrom E, Ahn TK (2009) The meaning of social capital and its link to collective action. In: Svendsen GT (ed) Handbook of social capital: the troika of sociology, political science and economics. Edwards Elgar, Cheltenham

Putnam RD (1993) The prosperous community: social capital and public life. Am Prospect 4

Reeves S, Kuper A, Hodges BD (2008) Qualitative research methodologies: ethnography. BMJ 337:512–514

Sayles JS, Baggio JA (2017) Who collaborates and why: assessment and diagnostic of governance network integration for salmon restoration in Puget Sound, USA. J Environ Manag 186:64–78

Wilson S (2008) Research is ceremony: indigenous research methods. Fernwood, Winnipeg

Yamaki K (2016) Role of social networks in urban forest management collaboration: a case study in northern Japan. Urban For Urban Green 18:212–220

Yeboah-Assiamah E, Muller K, Domfeh KA (2016) Rising to the challenge: a framework for optimising value in collaborative natural resource governance. Forest Policy Econ 67:20–29

Yeboah-Assiamah E, Muller K, Domfeh KA (2017) 'Complex crisis' and the rise of collaborative natural resource governance: institutional trajectory of a wildlife governance experience in Ghana. Environ Dev Sustain:1–20. https://doi.org/10.1007/s10668-017-9985-x


# Comparative Critical Decisions in Management


Mario Coccia
CNR – National Research Council of Italy, Torino, Italy


## Synonyms

Bounded rationality; Crisis management; Decision rule; Decision-making; Hazards and risks; Improvisation; Problem-solving; Risk management; Strategic change; Strategic management; Strategies

## Definition

Critical decisions are an attempt to apply efficient modes of cognition and action to enable the organizations/individuals to cope with consequential

environmental threats or take advantage of important opportunities in the presence of highly restricted time in turbulent situations of emergency.

## Introduction

The markets and environment have, more and more, a growing dynamism that generates uncertainty, turbulence and in cases of emergencies, such as COVID-19 (Johnson and Scholes 1988; Emery and Trist 1965; Coccia 2020, 2020a, 2021, 2021a). In uncertain and unstable environments, organizations/nations are open systems having activities in interaction with external factors (McDermott and Taylor 1982; Gioia and Chittipeddi 1991; Coccia 2020a). Organizations/nations can confront crises and/or problematic situations that they do not face on a daily basis – for example, in the presence of hurricane, earthquake, political instability, pandemic, terroristic attack, financial crisis, etc. (cf., Ardito et al. 2021; Farazmand 2001, 2007; Coccia 2020a, 2021a). Critical decisions are hard calls, which involve trade-offs and/or also major changes, such as stop the production, apply lockdown in the presence of epidemics, quarantine of population, social restrictions, staff cuts, move the location of firms in other geoeconomic regions, etc. (Coccia 2020a, 2021, 2021a). In short, organizations/nations in emergency situations have to take critical decisions to cope with consequential environmental threats in the presence of highly restricted time, endeavoring whenever possible to minimize possible losses for a worst-case scenario (Coccia 2020a, 2021a). In general, a critical and effective decision requires interagency and interorganizational coordination (Coccia 2020a). Moreover, the effective implementation of critical decisions requires that personnel of different departments work together. In this context, public organizations are originally designed to conduct routine businesses in accordance with values of fairness, lawfulness, and efficiency. However, critical decisions in the presence of a crisis, hazards and/or risks to public health and to the environment, etc. require flexibility, improvisation, and the breaking of rules in a very short time (cf., Ardito et al. 2021).

## Typologies of Crisis and Risks for Applying Critical Decisions

A critical decision has the purpose to solve and/or constrain the effects of a crisis or hazardous situation that generate unexpected complex problems that threats individuals, organizations, countries, or societies at risk and with high vulnerability (Farazmand 2001; Coccia 2020). A general definition of risk is a performance variance or environmental threat that negatively impacts the individual/organization/nation/society (cf., Bouchet et al. 2018, p. 10). The sources of crises or hazardous situations can originate either internally or externally to organizations/nations. If organizations/nations do not find a timely solution, and sources of risk are left unaddressed, they can permanently damage the business, public service, organization, population, and society with consequential socioeconomic and public health problems. The identification of a crisis needs the evaluation of vital elements, such as: (a) the problem must pose an imminent threat to the individual/organization/nation; (b) the situation must involve an element of surprise or shock; and (c) unexpected and uncertain nature of a complex problem will place pressure on organizations/individuals (and in general a society) to make timely and effective critical decisions. Crisis for organizations can be due to manifold factors, such as: rapid evolution of technology (Coccia 2005b, 2005c, 2006, 2014, 2017a, 2017b, 2017f, 2018e, 2018f, 2019a, 2019e, 2020b, 2020c, 2020d, 2020e; Coccia and Watts 2020); natural disasters, such as earthquake, hurricane, flood, etc. pandemics and/or epidemics, etc., that generate socioeconomic shock and severe public health and social damages (cf., Coccia 2017e); as well as economic crisis generated by hyperinflation, high public debt, energy shortages, etc. (cf., Coccia 2005a, 2007, 2010, 2016; Coccia 2017c); political risk and revolutions (cf., Coccia 2017d, 2019a, 2019b, b, c; Farazmand 2001; Miller 1992); terrorism of some group organized that has technical skills to carry out a terrorist action directed to challenge a nation's authority and induce fear and anxiety into civilian population,

etc. (cf., Crenshaw 1981; Coccia 2018a, 2018b, b, c; Krueger 2007; Newman 2006). The effect of crises can be worsened by weak infrastructure and inefficiencies of local and national institutions/organizations and low capacity of planning in society.

## Crisis Management and Types of Critical Decisions

Organizations/nations can invest in strategic sectors, design a crisis management team for managing strenuous situations and complex problems and supporting critical decisions to resolve, as far as possible, them (Coccia 2019f, 2020a). Crisis management team should deal with threats before, during, and after they have occurred (cf., Groh 2014). Successful crisis management teams understand the different types of crisis and are thoroughly prepared for all hazardous situations. Moreover, in a crisis, leaders are expected to reduce uncertainty and provide an authoritative account of problems, solutions, and difficulties. When leaders have to formulate a strategy of critical decision for complex problems, they also must get others to accept the proposed solution (Coccia 2021a). In fact, the critical decisions of leaders can coincide or compete with those of other parties, that hold other positions and interests that who are likely to suggest various alternative solutions and actions (Venette 2003). Vital factors for a critical decision in aversive environment are:

(a) A threat to the organization
(b) The element of surprise
(c) A short decision time

Different types of critical decisions are described as follows (cf., Seeger et al. 1998; Shrivastava et al. 1988; Bundy et al. 2017).

### Responsive Critical Decision

When a problem hits organizations/nations, it is important to have a plan of action ready that matches the hazardous situation at hand. Crisis management team executes the plan of critical decision and handles any unexpected roadblocks that may pop up.

### Proactive Critical Decision

Proactive critical decision anticipates a potential problem and works to prevent it or to prepare for it. For example, building an earthquake-resistant factory and sharing an evacuation plan with employees/population are methods to prepare for natural disasters. While not all crises can be prevented or planned, the actively monitoring of threats to organizations/nations can reduce the impact of problematic and/or hazardous situations in society.

### Recovery Critical Decision

Sometimes, it is not possible to see the complex problem coming (e.g., earthquake, pandemic, etc.), or it is too late to prevent the damage it caused in society. In these cases, organizations/nations may not be able to lessen the impact, but it can begin to salvage/recovery what is left of the problematic situation.

## Structure of Decision-Making and Strategies for Critical Decisions

The process of critical decisions is based on strategic operations and steps, such as (Linstone 1999):

- The definition of a complex problem *Pr* from volatile environment and the implicit assumption that the problem can be solved or constrained. After that, it is important to gather information for possible solutions of the problem *Pr*.
- *Reductionism*, the study of complex problems in terms of a very limited number of variables and the interaction among them.
- Identification of the purpose of critical decision about the complex problem *Pr* under study.
- Suggestion and evaluation of different alternative solutions to complex problem *Pr* under study.
- Ignoring or avoiding the individual interests.

– Selection of the optimal solution, or the search whenever possible, for a best solution in a short time.
– Implementation of the critical decision and evaluation of results.

In short, the starting point of critical decision is a complex problem that we assume a possible solution exists. A complex problem has several solution concepts (*Sl*), each of which can lead to several consequential problems (*Pr*) and solutions (*Sl*). A critical decision can be schematically summarized by a tree structure of decision-making with consequential levels of *Pr* and *Sl* (Fig. 1).

Different strategies for critical decisions in the presence of turbulent scenario are schematically summarized in Fig. 2.

A simple example can clarify different strategies applied for critical decisions to solve complex problems (cf., Lloyd and Dicken 1977).

First of all, we create a matrix of outcome (or payoffs) associated with strategies and environmental situations as in Table 1.

Critical decision depends on manifold factors, also considering the behavior of management towards risk and uncertainty. Strategies and results of critical decisions listed in Fig. 2 are:

- *Pessimistic critical decision* is based on a rule of *max-min*, selecting the max of the worst result in each strategy:

145 for strategy 1 is the critical decision with *max-min*
130 for strategy 2
118 for strategy 3

- *Optimistic critical decision* is based on a rule of *max-max*, selecting the max of the best result in each strategy:

200 for strategy 1
220 for strategy 2
225 for strategy 3 is the critical decision with *max-max*

- *Rational critical decision* considers relative probabilities of each environmental situation.

  If the probability of different environmental situations in Table 1 is assumed to be:

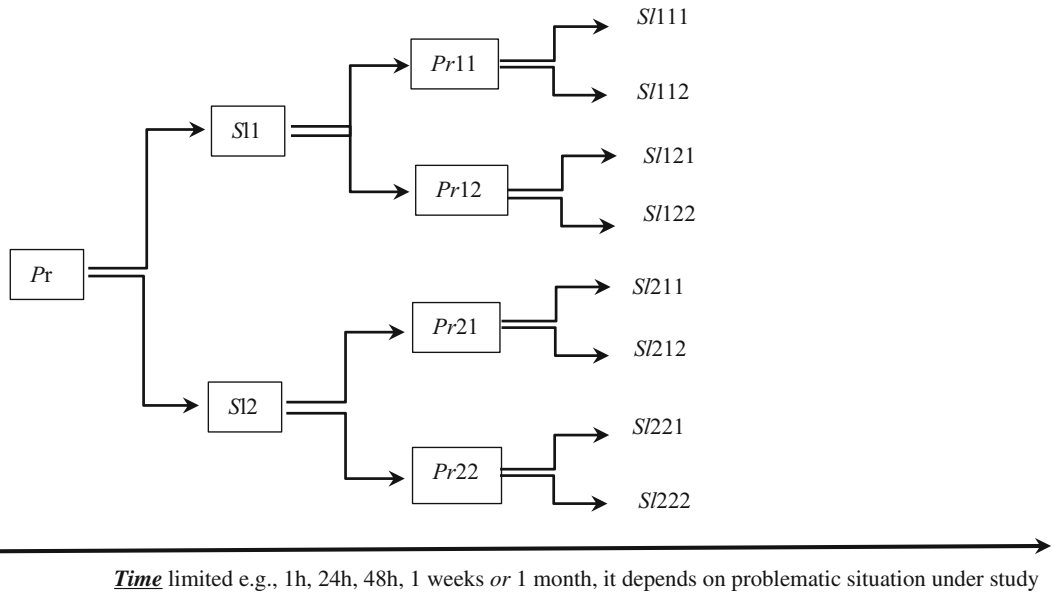


**Comparative Critical Decisions in Management, Fig. 1** The problem-solution tree for critical decisions. *Note 1*: *Pr* problem; *Sl* solution. *Note 2*: the increasing number from left to right indicates the sequence of decisions to cope with consequential problems or hazardous situations

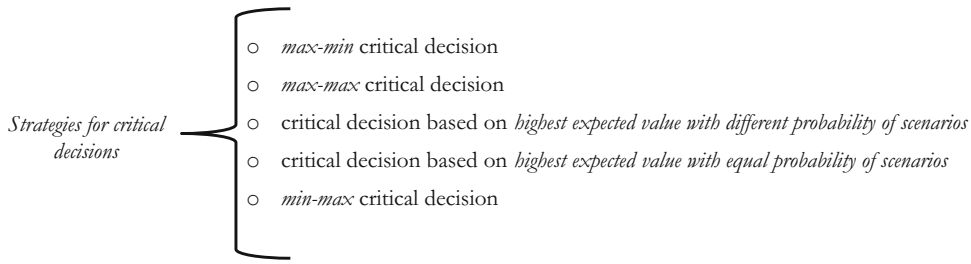


**Comparative Critical Decisions in Management, Fig. 2** Strategies for critical decisions

| | Probability |
|---|---|
| Environmental situation I | 0.2 |
| Environmental situation II | 0.5 |
| Environmental situation III | 0.3 |
| *Total* (certain event in probability) | 1.0 |

then critical decision here is based on selecting the strategy with the *highest expected value*, given by:

| *Strategies* | | *Expected value* |
|---|---|---|
| Strategy 1 | 0.2(200) + 0.5(155) + 0.3(145) | *=161* |
| Strategy 2 | 0.2(130) + 0.5(220) + 0.3(130) | *=175* is the critical decision |
| Strategy 3 | 0.2(118) + 0.5(118) + 0.3(225) | *=150.1* |

- *Approximate critical decision* assumes that the probability of different environmental situations is equal. Table 1 has three environmental situations, and the equal probability is 0.333 (i.e., 1/3 = 0.333. . .):

| | Probability |
|---|---|
| Environmental situation I | 0.333. . . |
| Environmental situation II | 0.333. . . |
| Environmental situation III | 0.333. . . |
| *Total* (certain event in probability) | 1.000 |

This critical decision is also based on selecting the strategy with *the highest expected value*:

| *Strategies* | | *Expected value* |
|---|---|---|
| Strategy 1 | 0.33(200) + 0.33 (155) + 0.33 (145) | *=165* is the critical decision |
| Strategy 2 | 0.33 (130) + 0.33 (220) + 0.33 (130) | *=158.4* |
| Strategy 3 | 0.33 (118) + 0.33 (118) + 0.33 (225) | *=152.5* |

- *Critical decision with min-max strategy.*

If the critical decision, *a priori*, is the strategy 3 and the environmental situation, *a posteriori*, is the I in Table 1, then the best critical decision *ex post* would be strategy 1, rather than strategy 3; the regret *ex post* for the wrong choice done *a priori* is 83 (i.e., 200–118). The calculation of this value for each cell in Table 1 is the basis for *min-max* rule of critical decision, given by minimizing the max value of strategies, i.e.,

| | |
|---|---|
| 80 for strategy 1 | |
| 95 for strategy 2 | |
| 82 for strategy 3 | is the critical decision with *min-max* |

## Improvisation for Critical Decisions

Planning can reduce uncertainty, but even the most carefully devised plans may have to be abandoned or modified in the face of unanticipated changes, unforeseen hazards or new

**Comparative Critical Decisions in Management, Table 1** Matrix of *payoffs* for a critical decision process

| | Environmental situation | | |
|---|---|---|---|
| | I | II | III |
| *Strategy 1* | 200 | 155 | 145 |
| *Strategy 2* | 130 | 220 | 130 |
| *Strategy 3* | 118 | 118 | 225 |

challenges or emergencies. Improvisation is one of approaches that stands outside of rational models of decision-making mentioned above. Improvisation is a combined behavioral and cognitive activity that requires consequential creativity under tight time constraint in order to meet performance objectives (Mendonça and Fiedrich 2006, p. 350). Improvisation carries an immediate answer for a need in the presence of environment threats or hazardous situations (Lee 1995). Improvisation is also a way of taking advantage of important and unexpected opportunities without formal plans or systematic procedure (Sharkansky and Zalmanovitch 2000). While rational planning aims to control a situation by reducing the uncertainty, improvisation is a reaction to a novel situation and a way of working within uncertainty. In addition, while rational planning is directed at optimal solutions, improvisation aims at dealing with problems in satisfying way rather than solving them in an optimal manner. In short, improvisation may be employed to overcome the limitations of rational planning and/or in unforeseen situations in the initial phase of emergency and/or in unforeseen situations in the initial phase of emergency. Understanding of cognition in highly non-routine situations can lead to improvements for decision-making in these situations (Klein 1993). A two-stage process for improvisation may be as follows: (1) the organization recognizes either that no plan applies to the current situation or that a plan cannot be executed, and (2) the responding organization has to develop and to deploy one or more new procedures. Mendonça and Fiedrich (2006, p. 350) argue that:

> The improvisation may range from substitution (e.g., using a close substitute resource for one that is unavailable) to the construction of new procedures (e.g., developing an entirely new procedure). In the case of substitution, the responding organization 'mixes and matches' existing procedures and/or the materiel used in them. At the other end of the spectrum, the organization must develop new procedures and possibly find new material for use in those procedures. More radically, it may also entail changing the goals of the response (e.g., deciding in the field that the real problem to be solved is providing shelter in place rather than evacuating).

The question of *when* to improvise for a critical decision may be conceptualized as a choice problem, in which the ability or likelihood of a decision-maker to categorize correctly is influenced by a number of factors, such as penalties associated with making an incorrect choice and the likelihood that the response will succeed. The question of *how* to improvise may be conceptualized as a search and assembly problem, which may be influenced by manifold factors, such as time available for planning, level of hazards and risk in the environment, negative effects in society, and the results of prior decisions. In short, it is important to learn how to develop and deploy new procedures and critical decisions in a consequential manner under time constraint; after that, inform multiple decision-makers and make inferences about the present and likely future states of complex problems and systems (Weick 1993, 1998). Indeed, training has proven capable of improving human ability to recognize salient similarities and differences between current and past situations for supporting appropriate critical decisions – even at a very fine-grained level (Klein 1993). Hence, improvisation involves the ability to act in real time when the need arises and to find an timely action when none of the established alternatives appear to be practical. It is useful when there is uncertainty, few precedents, or few reliable facts and suitable routines and when there

is a high pressure to act in a short time or with resources that appear to be insufficient. Stressful environments may foster improvisation more than less fraught ones. Thus, unpredictable and rapid changes of environments are more likely to promote improvisation than more stable environments. Improvisation may be also more likely when there is not enough time, information, knowledge, or material resources to plan, measure, weigh, and analyze an optimal response or when opposing demands are so intense that calculated compromise appears unproductive. Thus, critical decision with improvisation is likely to occur in emergencies, crises, hazardous and novel situations and when the problem to solve is perceived to be intractable. Improvisation has inherent drawbacks. It may generate instability in the environment and consequential improvisations to cope with the effects of previous improvisations. Improvisation tends to be judged by its results that can lead to success or fail.

## Conclusions

The decision rule and mechanism for critical decisions, of course, change according to the hazardous situation that can be affected by manifold organizational variables and environmental factors. In this context, it is important to consider the *ecological rationality* that claims *how* the rationality of a decision depends on circumstances in which it takes place, so as to achieve one's goals in a specific context. What is considered rational under the theory of rational choice, it might not always be considered rational under the ecological rationality account. In particular, rational choice theory puts a premium on internal logical consistency, whereas ecological rationality also targets external performance in the world (cf., Allais 1953; Kahneman et al. 1982; Gigerenzer and Todd 1999; Simon 1955). However, within process of critical decisions, it is also important to consider bounded rationality of decision-makers, i.e., rationality is limited when individuals make decisions by the tractability of the decision problem, the cognitive limitations of the mind, the manifold environmental variables, and the time available to make the decision. Organizations/nations/individuals, in a context of *bounded rationality*, aim to a behavior of *satisficing* rather than maximizing critical decisions to cope with consequential environmental threats or contingent situation in the presence of highly restricted time (Simon 1947, 1957; Gigerenzer and Selten 2002). In general, critical decisions provide vital material and information for a process of learning useful to cope with turbulent and hazarduos situations in future. In fact, critical decisions are part of collective memory within and between organizations/nations and a vital source for historical analogies useful to leaders and organizations/nations in future complex and hazardous situations (cf., Seeger et al. 1998; Shrivastava et al. 1988; Bundy et al. 2017). Overall, then, critical decisions deal with complex problems that are choice situations in which what is done makes a significant difference to those who make the choice (Ackoff and Rovin 2003, p. 9). The complex and unforeseen problems can be treated in different ways as follows (Ackoff and Rovin 2003, pp. 9–10):

- *Resolution* is when management/individual employs behavior previously used in similar situations, adapted if necessary, so to obtain an outcome that is good enough. This approach for critical decisions is based on past experience, trial and error, and a common sense.
- *Solution* means to discover or create a behavior that yields the best or approximately the best possible outcome, one that optimizes. However, change in environment and new information can cause solutions to deteriorate. In general, solutions do not exist in isolation from other problems in environment.
- *Dissolution* means to redesign either the organization that has the problems or the environment in order to eliminate the problems or sources of problems, thus enabling the organization to do better in the future than the best it can do today. Moreover, stakeholders might seize upon the lessons of crises to advocate measures, policies and organizational reforms to improve the overall efficiency of organization/nation (cf., Bundy et al. 2017).

To conclude, critical decisions of complex and hazarduos problems can be based on a mix of approaches described here in the presence of more and more turbulent markets, uncertain and volatile environments/situations.

## Cross-References

- ▶ Improvisation in Public Administration
- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The
- ▶ Theories of Development

## References


Ackoff RL, Rovin S (2003) Redesigning Society. Stanford University Press, Stanford

Allais M (1953) Le Comportement de l'Homme Rationnel devant le Risque: Critique des Postulats et Axiomes de l'Ecole Americaine. Econometrica 21(4):503–546. https://doi.org/10.2307/1907921

Ardito L, Coccia M, Messeni Petruzzelli A (2021) Technological exaptation and crisis management: Evidence from COVID-19 outbreaks. R&D Management. https://doi.org/10.1111/radm.12455

Bouchet MH, Fishkin CA, Goguel A (2018) Managing country risk in an age of globalization. A practical guide to overcoming challenges in a complex world. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-319-89752-3

Bundy J, Pfarrer MD, Short CE, Coombs WT (2017) Crises and crisis management: integration, interpretation, and research development. J Manag 43(6):1661–1692. https://doi.org/10.1177/0149206316680030

Coccia M (2005a) Countrymetrics: valutazione della performance economica e tecnologica dei paesi e posizionamento dell'Italia. Riv Int Sci Soc CXIII(3): 377–412. Stable URL: http://www.jstor.org/stable/41624216

Coccia M (2005b) Metrics to measure the technology transfer absorption: analysis of the relationship between institutes and adopters in northern Italy. Int J Technol Transf Commer 4(4):462–486. https://doi.org/10.1504/IJTTC.2005.006699

Coccia M (2005c) A taxonomy of public research bodies: a systemic approach, Prometheus –The journal of issues in technological change. Innovation. Information economics, communications and science policy 23(1):63–82. https://doi.org/10.1080/0810902042000331322

Coccia M (2006) Analysis and classification of public research institutes, world review of science. Technol Sustain Dev 3(1):1–16. https://doi.org/10.1504/WRSTSD.2006.008759

Coccia M (2007) A new taxonomy of country performance and risk based on economic and technological indicators. J Appl Econ 10(1):29–42

Coccia M (2010) Energy metrics for driving competitiveness of countries: energy weakness magnitude, GDP per barrel and barrels per capita. Energy Policy 38(3):1330–1339. https://doi.org/10.1016/j.enpol.2009.11.011

Coccia M (2014) Converging scientific fields and new technological paradigms as main drivers of the division of scientific labour in drug discovery process: the effects on strategic management of the R&D corporate change. Tech Anal Strat Manag 26(7):733–749. https://doi.org/10.1080/09537325.2014.882501

Coccia M (2016) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetries 14(part B):168–178. https://doi.org/10.1016/j.jeca.2016.06.001

Coccia M (2017a) Disruptive firms and industrial change. J Econ Soc Thought 4(4):437–450. https://doi.org/10.1453/jest.v4i4.1511

Coccia M (2017b) Sources of disruptive technologies for industrial change. L'industria Riv Econ Polit Ind 38(1): 97–120. https://doi.org/10.1430/87140. ISSN: 0019-7416

Coccia M (2017c) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. J Econ Asymmetries 15:17–31. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2017d) Varieties of capitalism's theory of innovation and a conceptual integration with leadership-oriented executives: the relation between typologies of executive, technological and socioeconomic performances. Int J Public Sect Perform Manag 3(2):148–168. https://doi.org/10.1504/IJPSPM.2017.084672

Coccia M (2017e) A theory of general causes of violent crime: homicides. Income inequality and deficiencies of the heat hypothesis and of the model of CLASH. Aggress Violent Behav 37(November-December):190–200. https://doi.org/10.1016/j.avb.2017.10.005

Coccia M (2017f) The Fishbone diagram to identify, systematize and analyze the sources of general purpose technologies. Journal of Social and Administrative Sciences 4(4):291–303. https://doi.org/10.1453/jsas.v4i4.1518

Coccia M (2018a) A theory of general causes of terrorism: high population growth. Income inequality and relative deprivation. Arch Psychol 2(4):22–47. https://doi.org/10.31296/aop.v2i4.32

Coccia M (2018b) Terrorism driven by high population growth. Contemp Voices St Andrews J Int Relat 1(1):1–13. https://cvir.st-andrews.ac.uk/131/volume/1/issue/1/

Coccia M (2018c) The relation between terrorism and high population growth. J Econ Polit Econ 5(1):84–104. https://doi.org/10.1453/jepe.v5i1.1575

Coccia M (2018d) Growth rate of population associated with high terrorism incidents in society. J Econ Bibliogr 5(3):142–158. https://doi.org/10.1453/jeb.v5i3.1743

Coccia M (2018e) Theorem of not independence of any technological innovation. Journal of Economics Bibliography 5(1):29–35. https://doi.org/10.1453/jeb.v5i1.1578

Coccia M (2018f) The origins of the economics of Innovation. Journal of Economic and Social Thought 5 (1):9–28. https://doi.org/10.1453/jest.v5i1.1574

Coccia M (2019a) Comparative theories of the evolution of technology. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3841-1. ISBN: 978-3-319-20927-2, online ISBN 978-3-319-31816-5

Coccia M (2019b) Revolutions and evolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3708-1. ISBN: 978-3-319-20927-2

Coccia M (2019c) Theories of revolution. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3707-1. ISBN: 978-3-319-20927-2

Coccia M (2019d) Comparative institutional changes. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_1277-1. ISBN: 978-3-319-20927-2

Coccia M (2019e) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technological Forecasting and Social Change 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012

Coccia M (2019f) Why do nations produce science advances and new technology? Technology in society 59(101124):1–9. https://doi.org/10.1016/j.techsoc.2019.03.007

Coccia M (2020) An index to quantify environmental risk of exposure to future epidemics of the COVID-19 and similar viral agents: Theory and Practice. Environmental Research 191(110155). https://doi.org/10.1016/j.envres.2020.110155

Coccia M (2020a) Critical decision in crisis management: Rational strategies of decision making. Journal of Economics Library 7(2):81–96. https://doi.org/10.1453/jel.v7i2.2049

Coccia M (2020b) Asymmetry of the technological cycle of disruptive innovations. Technology Analysis & Strategic Management 32(12):1462–1477. https://doi.org/10.1080/09537325.2020.1785415

Coccia M (2020c) Deep learning technology for improving cancer care in society: New directions in cancer imaging driven by artificial intelligence. Technology in Society 60(February):1–11. https://doi.org/10.1016/j.techsoc.2019.101198

Coccia M (2020d) Destructive Technologies for Industrial and Corporate Change. In: Farazmand A. (eds), Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham, Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_3972-1

Coccia M (2020e) Fishbone diagram for technological analysis and foresight. Int. J. Foresight and Innovation Policy 14(2/3/4): 225–247. https://doi.org/10.1504/IJFIP.2020.111221

Coccia M (2021) Effects of the spread of COVID-19 on public health of polluted cities: results of the first wave for explaining the dejà vu in the second wave of COVID-19 pandemic and epidemics of future vital agents. Environmental Science and Pollution Research. https://doi.org/10.1007/s11356-020-11662-7

Coccia M (2021a) The relation between length of lockdown, numbers of infected people and deaths of Covid-19, and economic growth of countries: Lessons learned to cope with future pandemics similar to Covid-19. Science of The Total Environment, Available online 12 February 2021, 145801. https://doi.org/10.1016/j.scitotenv.2021.145801

Coccia M, Watts J (2020) A theory of the evolution of technology: technological parasitism and the implications for innovation management. J Eng Technol Manag 55:101552. https://doi.org/10.1016/j.jengtecman.2019.11.003

Crenshaw M (1981) The causes of terrorism. Comp Polit 13(4):379–399

Emery FE, Trist EL (1965) The causal texture of organizational environments. Hum Relat 18(1):21–32

Farazmand A (2001) Handbook of crisis and emergency management. CRC Press, New York

Farazmand A (2007) Learning from the Katrina crisis: A global and international perspective with implications for future crisis management. Public Adm Rev 67:149–159

Gigerenzer G, Selten R (2002) Bounded rationality. MIT Press, Cambridge

Gigerenzer G, Todd PM (1999) Ecological rationality: the normative study of heuristics. In: Gigerenzer G, Todd PM, The ABC Research Group (eds) Ecological rationality: intelligence in the world. Oxford University Press, New York, pp 487–497

Gioia DA, Chittipeddi K (1991) Sensemaking and sensegiving in strategic change initiation. Strategic Management Journal 12(6):433–448. https://doi.org/10.1002/smj.4250120604

Groh M (2014) Strategic management in times of crisis. Am J Econ Bus Adm 6(2):49–57

Johnson G, Scholes K (1988) Exploring corporate strategy. Prentice Hall, Hemel Hempstead
Kahneman D, Slovic P, Tversky A (1982) Judgment under uncertainty: heuristics and biases. Cambridge University Press, Cambridge
Klein GA (1993) A recognition-primed decision (RPD) model of rapid decision making. In: Klein GA, Orasanu J, Calderwood R, Zsambok CE (eds) Decision making in action: models and methods. Ablex Publishing Corp, Norwood, pp 138–147
Krueger AB (2007) What makes a terrorist: economics and the roots of terrorism. Princeton University Press, Princeton/Oxford. (Chapter 1)
Lee JM (1995) The reorganization of the British Council: management improvisation and policy uncertainty. Public Adm (Lond) 75(3):339–355
Linstone HA (1999) Decision making for technology executives. Using multiple perspectives to improve performance. Boston, Artech House
Lloyd PE, Dicken P (1977) Location in space: a theoretical approach to economic geography. SAGE Publications Inc.
McDermott RI, Taylor MJ (1982) Industrial organisation and localization. Cambridge University Press, Cambridge
Mendonça D, Fiedrich F (2006) Training for improvisation in emergency management: opportunities and limits for information technology. Int J Emerg Manag 3(4):348–363
Miller K (1992) A framework for integrated risk management in international business. J Int Bus Stud 23(2):311–331. Retrieved from www.jstor.org/stable/154903
Newman E (2006) Exploring the root causes of terrorism. Stud Confl Terror 29(8):749–772
Seeger MW, Sellno TL, Ulmer RR (1998) Communication, organization and crisis. Commun Yearb 21:231–275
Sharkansky I, Zalmanovitch Y (2000) Improvisation in public administration and policy making in Israel. Public Adm Rev 60(4):321–329
Shrivastava P, Mitroff II, Miller D, Miclani A (1988) Understanding industrial crises. J Manag Stud 25(4):285–303. https://doi.org/10.1111/j.1467-6486.1988.tb00038.x
Simon HA (1947) Administrative behavior: a study of decision-making processes in administrative organization. The Free Press, New York
Simon HA (1955) A Behavioral Model of Rational Choice. Q J Econ 69(1):99–118. https://doi.org/10.2307/1884852
Simon HA (1957) Models of man. John Wiley, New York
Venette SJ (2003) Risk communication in a high reliability organization: APHIS PPQ's inclusion of risk in decision making. UMI Proquest Information and Learning, Ann Arbor
Weick KE (1993) The collapse of sensemaking in organizations: the Mann Gulch disaster. Adm Sci Q 38(4):628–652
Weick KE (1998) Improvisation as a mindset for organizational analysis. Organ Sci 9(5):543–555

# Comparative Decentralization Policy Trajectories in Egypt and Tunisia

Charles Wharton Kaye-Essien
School of Global Affairs and Public Policy (GAPP), The American University in Cairo, Cairo, Egypt

## Synonyms

Local administration; Local governance; Municipal administration; Participatory governance; Sub-national governance

## Introduction

The Middle East and North Africa (MENA) region has been known to have some of the longest regimes of centrally controlled governments. In the aftermath of the 2011 Arab Spring, citizens and political pundits alike expected this centralized political system to open up and create spaces for local government action. Seven years have passed, governments have changed, yet local governments remain incapacitated. Some commentators have pointed to this excessive centralization as a relic of the region's historical connections to the Ottoman (e.g., Coşgel and Miceli 2005; Tosun and Yilmaz 2008) and European rules (e.g., Hanna 1995). Others like Nefissa (2009) see the problem as part of a complex trend toward informal and apolitical decentralization.

To gain a deeper understanding of why local governments in MENA countries are still weak in the post "Arab Spring" era, it is expedient to unpack decentralization policy initiatives in the region taking into consideration the sequencing of such initiatives, the actors involved, and the competing interests at play. Drawing on recent discussions of sequential decentralization (e.g., Falleti 2005; Awortwi 2011), this paper argues from a comparative case of Egypt and Tunisia that the current incapacitation of local administrations in the MENA region is the result of

deliberate ill-conceived decentralization policy sequences pursued by central governments. In addition to examining the nature and extent of decentralization at different conjectures and tracing the effects of earlier reforms on later ones, this paper helps explain how institutions, personal interests, and political environmental factors influence the intergovernmental balance of power.

The choice of Egypt and Tunisia was informed by two factors. First, they both have a history of strong central government control. Second, from the late 1950s up to the post 2011 revolution era, both Egypt and Tunisia underwent some forms of decentralization. In the case of Egypt, the process was political, administrative, and fiscal decentralization. Tunisia on the other hand pursued administrative, political, and fiscal decentralization reforms. In both countries, decentralization was pursued under the guise of strengthening subnational units.

## Decentralization as Policy Sequencing

Decentralization is a multidimensional process (Montero and Samuels 2004) that involves the transfer of "planning, decision-making, or administrative authority to the state's field organizations, local administrative units, semi-autonomous and parastatal organizations, local governments or NGOs" (Rondinelli et al. 1984, p. 9). The essence of decentralization, as the literature suggests, is to empower subnational institutions administratively, politically, and/or fiscally (e.g., Ezcurra and Rodríguez-Pose 2011; Vo 2010; Bardhan 2004; Oates 1993).

*Administrative decentralization* ensures the deconcentration of planning and management responsibilities from the central government and its agencies to subregional units, while *political/democratic decentralization* transfers political and democratic authority to lower-level governments by granting them the power and autonomy to determine their own form of government, representation, policies, and services. *Fiscal decentralization* transfers responsibility for financial planning, revenue generation, and public spending from the central government to subnational governments and grants them the authority to collect taxes and spend revenues.

In a comparative study of decentralization policies in Argentina and Columbia, Falleti (2005) unpacked the three forms of decentralization from a path dependency perspective in order to understand the balance of power between central and local governments. Falleti (2005) demonstrated that governments pursue decentralization policies in six different sequential paths. Two of these paths – the central government's path and the local government's path – are relevant to this paper and are discussed in the next section.

### The Central Government's Decentralization Path

According to Falleti (2005), given the three modes of decentralization, the central government will always prefer to decentralize administratively. This is because administrative decentralization allows the central government to transfer authority without necessarily shifting the balance of power. If bureaucratic functions are transferred to subnational governments without adequate resources, the latter will become more dependent on the central government for funding and less resistant to central government control. If the process of decentralization continues, the central government will have the full control over the timing, pace, and contents of the next stages of the reform process. Ultimately, the path that will be generated is *administrative decentralization (A) → fiscal decentralization (F) → political decentralization (P)*.

### The Subnational Government's Decentralization Path

Where the interests of local governments actors dominate at the inception of decentralization reforms, political decentralization is likely to be first to occur. With political autonomy comes financial responsibility. Thus, the second round of decentralization would result in local governments bargaining for financial autonomy and access to state agencies at the local level. In the end, the path that will be generated – $P \rightarrow F \rightarrow A$ – will likely produce more significant change to the intergovernmental balance of power because in

addition to autonomy, local governments will have funds to support administrative decentralization.

### Other Paths to Decentralization

Depending on the exogenous factors at play (fiscal crises, strong local political activism, etc.), alternative sequences – A → P → F, P → A → F, F → A → P, or F → P → A – may develop. The A → P → F scenario takes place when central government interests are more dominant at the inception of the sequence but subsequently faces strong push back from local political action. The P → A → F scenario on the other hand takes place when local government interests are more dominant at the inception of the sequence, but due to fiscal pressures or other national crisis, the central government intervenes in the second stage of the decentralization process.

If neither the central government nor subnational interests prevail during the onset of the decentralization process, either the status quo will prevail or the central government and local actors will settle for the second most preferred option, which is fiscal decentralization. If parties settle to begin with fiscal decentralization, the subsequent sequence will still depend on the relative power balance between the central government and subnational politicians. If the central government interest prevails at the second stage of reforms, administrative decentralization should follow, with political decentralization happening last (F → A → P). On the one hand, if subnational interests prevail, political decentralization should be next, with administrative decentralization taking place last (F → P → A).

## Tracing the Sequential Path of Decentralization in Egypt

The process of decentralization in Egypt started with some level of political autonomy. Following the unilateral declaration of Egyptian independence by the British in 1922, and the subsequent drafting of the 1923 Constitution, municipalities, towns, and villages were mandated to elect their council members. Nonetheless, this move was not necessary conceived as a means of promoting local engagement, but to consolidate the central government's place in local affairs. This view is evidenced by the fact that a caveat in Article 133 mandated the inclusion of nonelected council members in so-called "exceptional" cases. Besides, the Wafdist leadership sought to use local elections as a means to appease village leaders who had supported the resistance against British occupation. The first round of decentralization policies in Egypt therefore fell short of providing any meaningful autonomy to local governments as subnational councils lacked the power to plan and manage their own affairs. Although political decentralization was initiated at the very onset direct rule in Egypt, the central government's interests prevailed and undermined any meaningful local engagement in the first round of decentralization reform.

The second round of local administration reforms was mainly administrative. Following the 1952 revolution, the Nasser government sought to deconcentrate administrative functions to subregional levels. He at the very least, recognized the role of subnational administrative units by labelling them *local government bodies* in Chapter 4 of the 1953 Constitution. The mandates of elected local councils were also increased to include the ability to establish and manage economically and socially. Beside these administrative reforms, the government initiated some form of fiscal decentralization by granting local councils the responsibilities to raise taxes and fees within their respective boundaries. Each council was also accorded the responsibility to propose and publish a comprehensive annual budget for its income and expenses based on central government guidelines. However, the central government could either exclude or include budget items at its discretion. With the creation of the 1971 Constitution under Sadat, the term "local government" was replaced with "local administration," signaling the central government's intention to entrench its position in local affairs. The Sadat period also saw the spatial divisions of Egypt into the governorates, cities, and villages we find today.

The most significant change during the third round of local administration reforms was the enactment of Local Administration Law 314 of 1982 which helped to streamline subnational responsibilities. However, the Mubarak government's action to change the title of Law 43 from "On Local Government" to "On Local Administration" undermined this effort. Beside the title change, the amendment also took away the powers of elected local councilors to hold appointed executives accountable. Following the 2011 revolution and ousting of Mubarak, many expected a more supportive approach toward local administration. However, after a 2014 Constitutional change and a series of promises to hold local elections, local governments remain as incapacitated as ever. Evidently, Egypt's sequence of political, administrative, and fiscal reforms resulted in very minimal change in the relative power of governors, local councilors, and mayors. Governors and mayors are still appointed, and majority share of local government budgets are still funded by the central government. In effect, the decentralization policies pursued and the sequence in which the reforms took benefitted the central government rather than improve the internmental balance of power in Egypt.

## The Sequential Path to Decentralization in Tunisia

The first formal decentralization reform in post-independence Tunisia was administrative decentralization. Upon assuming office in June of 1956, the government of Habib Bourguiba abolished the native *quaidats* and reterritorialized the Tunisia into 14 governorates. With the backing of Tunisia's 1959 Constitution, different layers of subnational government (including municipalities, delegations, and sectors) were officially created. The sector (*secteur*), in particular, was created as a replacement for the *shaykhat*, a former village-level administrative unit that had existed along tribal lines. By replacing the *shaykhat* (headed by community elders) with *secteurs* (headed by Neo Destour Party faithfuls), the central government managed to change the state-local power dynamics from a citizen orientation to central government control.

While governorates had the mandate to prepare budgets and impose certain taxes, they still relied heavily on the central government for financial support. Other lower-level administrative units including delegations, municipalities (apart from Tunis), and sectors did not have real revenues or fiscal capacities which resulted in overreliance on the central government. By imposing administrative decentralization on subnational governments, the central government managed to consolidate its interests in the first round of decentralization.

A certain level of political decentralization came next in the first round of decentralization reforms. In the spring of 1957, local elections were organized for 94 town councils, 30 of which were newly created (Moore 1965). Subsequent elections for town councils took place in 1960 and 1963. Political decentralization did not however come with autonomy as heads of the governorates, delegations, municipalities, and sectors were still appointed by the ruling political party. While Bourguiba is often credited with strengthening secular ideals in Tunisia, he is equally criticized for stifling political pluralism. In his era, many opposing party leaders were arrested, and their parties disbanded. Political autonomy at the local level was almost nonexistent because local administrative units were seen as enclaves of anti-secularism. In a way, the Bourguiba government only sought political decentralization as a means of changing public perception on his government.

Fiscal decentralization was the last in the first round of decentralization reforms. Between 1975 and 1978, a series of reforms were executed by the central government in order to improve the financial capacities of *communes* (now municipalities). Reforms included changes to their local taxation powers, size of grants, and loans. As a result, there were some modest increases in revenues and a more significant increase in central government grants especially to smaller and more rural *communes* that were very dependent on the central government. In theory, these reforms should have given more political latitude to elected communal councils. Nonetheless, local governments

remained severely constrained by central government authorities. In the end, the results of the reforms were partial and halting as the balance of power continued to benefit the central government. Failures of these reforms lingered until the second round of fiscal decentralization in the mid-1990s.

Under Ben Ali in 1987, Tunisia continued to remain a highly centralized state with weak subnational administrations. Decision-making remained highly centralized, and municipalities played a relatively minor role in local development. Their share of total public spending only amounted to 4%. Municipalities also had limited functional responsibilities. Local authorities did not have any autonomous fiscal control, as they were sidelined in taxation processes. Half of the financial assistance from the central government was transferred from the common fund for local authorities in the form of an operations allowance. The other half came from the loan and support fund for local authorities.

Following the Jasmine Revolution and the subsequent overthrow of President Ben Ali in 2011, Tunisia has taken new positive steps toward administrative, political, and fiscal decentralization. These renewed steps were mooted in part by the signing of a new Constitution in 2014 that fully recognizes the role of local governance. Another important step was the creation of a standalone Ministry of Local Affairs in mid-2016. Chapter 7 of the 2014 Constitution recognized decentralization as the essential starting point for more efficient and accessible administration to the citizens. The government has also signaled its intent to place municipalities at the heart of urban development by making them more active players in the planning, implementation, and delivery of municipal infrastructure and services. This meant that local governments are being prepared toward having their own legal personality and autonomy in addition to administrative and financial competence (Mediterranean Commission 2015). The second round of political decentralization also involved a widespread recognition that elected municipal councils and mayors must be more than passive spectators in urban development. As of the writing of this paper, Tunisia had held its first post revolution municipal elections.

## Conclusion

By unpacking and exploring the administrative, political, and fiscal components of decentralization in Egypt and Tunisia, this paper has provided empirical support to previous findings (Falleti 2005; Awortwi 2011) that the sequence in which decentralization reforms take place and the degree of change in intergovernmental balance of power are largely dependent on influence of the central government. It shows that in the MENA region, the sequence of decentralization is always initiated by the central government, subjecting the entire process to manipulations. In the case of Egypt, the study shows that political decentralization was pursued as the first in the series of decentralization reforms undertaken after independence in 1922. Political decentralization began not necessarily out of government interest, but as a means to reward local leaders who had supported the nation's struggle for independence.

In the case of Tunisia, administrative decentralization which is the central government's preferred form of decentralization occurred first, setting up strong central government control and creating very little local autonomy. Just like the case of Egypt, political decentralization in Tunisia did not occur because local interests prevailed in the second stage. It did because the central government used political decentralization as a platform to establish several networks of party branches in order to consolidate its foothold at the local level. The initial path that was created subordinated local governments and created a path for elites like Ben Ali (who succeeded Bourguiba) – a path they did not have any intention to break.

## Cross-References

► Centralization and Decentralization
► Concept and Experience of Decentralization in Latin America

▶ Decentralization and Economic Growth in International Context
▶ Decentralization and Governance
▶ Decentralization in Lebanon
▶ Participatory Decentralization Reform, Peru

## References

Awortwi N (2011) An unbreakable path? A comparative study of decentralization and local government development trajectories in Ghana and Uganda. Int Rev Adm Sci 77(2):347–377
Balout L (1989) The prehistory of North Africa. General history of Africa, Methodology and African prehistory, vol I. UNESCO, Paris
Bardhan P (2004) Governance issues in delivery of public services. J Afr Econ 13(Supplement 1):167–182
Coşgel MM, Miceli TJ (2005) Risk, transaction costs, and tax assignment: government finance in the Ottoman Empire. J Econ Hist 65(3):806–821
Ezcurra R, Rodríguez-Pose A (2011) Can the economic impact of political decentralization be measured? Centre for Economic Policy Research (CEPR) discussion paper no. 8211
Falleti TG (2005) A sequential theory of decentralization: Latin American cases in comparative perspective. Am Polit Sci Rev 99(3):327–346
Hanna N (1995) The state and its servants: administration in Egypt from Ottoman times to the present. American University in Cairo Press, Cairo
Karuri K (2017) Tunisia to hold first post-revolt local polls on 17 Dec. http://www.africanews.com/2017/04/04/tunisia-to-hold-first-post-revolt-local-polls-on-dec-17//. Accessed 29 Nov 2018
Mediterranean Commission (2015) Observatory of democratic governance in the Mediterranean–Tunisia. http://www.commed-cglu.org/wp-content/uploads/2015/04/FICHE_TUNISIE_EN.pdf. Accessed 30 Apr 2015
Montero AP, Samuels DJ (2004) The political determinants of decentralization in Latin America: causes and consequences. In: Montero AP, Samuels DJ (eds) Decentralization and democracy in Latin America. University of Notre Dame Press, Notre Dame
Moore CH (1965) Tunisia since independence: the dynamics of one-party government. University of California Press, Oakland
Nefissa SB (2009) Cairo's city government the crisis of local administration and the refusal of urban citizenship. In: Singerman D (ed) Cairo contested: governance, urban space, and global modernity. American University in Cairo Press, Cairo
Oates WE (1993) Fiscal decentralization and economic development. Natl Tax J 46(2):237–243
Rondinelli DA, Nellis JR (1986) Assessing decentralization policies in developing countries: the case for cautious optimism. Dev Policy Rev 4(1):3–23
Rondinelli DA, Nellis JR, Cheema GS (1984) Decentralization in developing countries: a review of recent experience. World Bank staff working paper no. 581. pp 1–99
Tosun MS, Yilmaz S (2008) Centralization, decentralization and conflict in the Middle East and North Africa. http://web.worldbank.org/archive/website01418/WEB/IMAGES/FINALWOR.PDF. Accessed 10 Oct 2017
Vo DH (2010) The economics of fiscal decentralization. J Econ Surv 24(4):657–679

C

# Comparative Digitalization

Concetta Metallo[1], Benedetta Gesuele[2] and Sergio Longobardi[3]
[1]Department of Sciences and Technology, "Parthenope" University of Naples, Naples, Italy
[2]ACRI, Italian Association of Banking Foundation, Rome, Italy
[3]Department of Management and Quantitative Studies, "Parthenope" University of Naples, Naples, Italy

## Synonyms

Comparative digital government; Comparative e-government

## Definition

The digitalization of the public sector concerns the ICTs usage in public organization for improving government activities, supporting online interaction with citizens and businesses.

## Introduction

Since the beginning of the 2000s, public sector (PS) has been characterized by modernization process for improving government activities. In this process, the Information and Communication Technology (ICT) has played a key role, enabling new possibilities for providing citizens and businesses better, more efficient and effective

services. Indeed, ICTs promote interactions between government and citizens, and encourage decentralization, transparency, and accountability. The digitalization of the PS was characterized by implementation of several technologies at different levels of government all around the world, contributing to the diffusion of digital government or e-government. The OECD (2003) defines e-government as the use of ICTs, and particularly Internet, as a tool to achieve better government. Fountain (2001, p. 4) prefers to use the term "digital government" as a government that is "organized increasingly in terms of virtual agencies, cross-agency and public–private networks whose structure and capacity depend on the Internet and web".

Benefits resulting from digitization of the PS concern improvements in communication with citizens and businesses, a better access to government information and services, as well as a greater public participation in government activities. The rising adoption of ICT tools by government has attracted the interest of several scholars and practitioners, who have begun to investigate this issue. In particular, Helbig et al. (2009) identified different approaches to digital government research: comparative studies, benchmark reports, regional studies, fundamental issues, best practices studies, and transnational studies. In particular, the comparative perspective for research on the digitalization in the PS is mainly aimed to identify similarities and differences across nations as well as transferable best practices, about ICT usage. The focus is on the role played by contextual factors (such as culture, history, political structures, and social norms) on the level of digital government (Fountain 2003; Pardo and Styrin 2010).

This study is aimed to investigate the digitalization process in a comparative prospective considering Spanish and Italian municipalities. Municipalities in Italy and Spain were interesting fields for the investigation of these phenomena. Both countries have legislative reforms that regulate mandatory information disclosure through municipalities' websites. However, in many cases, this information disclosure through websites is still very fragmented, failing to take advantage of the full potential of ICTs to improve government activities.

## State of Art

Many countries have implemented specific projects to encourage the use of the web as a tool of electronic service delivery and electronic democracy. These initiatives are an attempt to improve the political and social environment and to change the ways in which PS functions are performed. For example, the diffusion of digital government allows to simplify and speed the access to information about the political process and services and to support citizen participation, involving them in government decision-making.

Important requirements of digital government are both implementing a civic culture oriented towards new technologies and, at the same time, the availability of technical infrastructure that enables the effective diffusion of these tools.

Indeed, the differences, between or within countries, in diffusion and use of ICTs and electronic networks (digital divide) can potentially limit the success of digital government.

In addition, it is important to keep in mind that the availability of technical infrastructure and the introduction of ICTs in the PS will not automatically create a better or more open government unless it is accompanied by policies and strategies aimed to promote and support the effective utilization of these tools.

In this light, digitalization research in PS is characterized by many studies on "maturity models" or "e-government development models" that show the implementation status of the e-government process. A maturity model is a method for assessing the progress and success of the e-government implementation process in the PS through the definition of development stages. Thus, it is possible to identify best practices for comparing and benchmarking. In particular, Layne and Lee (2001) proposed a first model based on four stages. The first stage is "cataloguing," it is related to the one-way communication between government and citizens through websites that, thus, provide public information.

The second stage is defined as "transaction" because allows online transactions with governments and the communication is bilateral. The third stage is the "integration" of government operations within of the same functional areas of the several government agencies. The final stage is the "horizontal integration" that allows to the different functional areas to be integrated within the same digital system and to share a central portal. Overall, these development models of digital government are agreed in easier and faster access to public information as initial stage until to later stages characterized by greater integration and more functionality for citizens.

The disclosure of information via website is considered at the basis of the transparency process, which is the "ability to determine what is going on inside government" (Piotrowski and Van Ryzin 2007, p. 306). Therefore, ICTs improve transparency, favoring citizens' trust in the public institution, the organization's image, and the public expense monitoring. Many legislative reforms have regulated mandatory disclosure via municipalities' websites, the so-called e-disclosure. For example, in Italy, the legislative decrees 150/2009 and 33/2013 regulate mandatory information disclosure by municipalities. In particular, the legislative decree 150/2009 emphasizes the extension of control of municipalities' activities to citizens to improve their performance. The legislative decree 33/2013 regulates mandatory disclosure via municipalities' website, listing the specific information that municipalities must disclose on their website. In the case of Spain, law 57/2003 underlines that ICTs are a tool to contribute to transparency in the public sector. Law 11/2007 regulates citizens' electronic access to public services to increase citizen participation and involvement. In particular, law 19/2013 states that information on local governments must be published on their websites in a clear, structured, and reusable way.

## Defining E-disclosure Attitude

The transparency process and e-disclosure have become an interesting area of inquiry, but research on these issues, mainly at the level of local governments, is still in its initial stages (e.g., Tejedo-Romero and de Araujo 2015; Bonsón et al. 2012). Local government is an important subject for the study of e-disclosure for the traditions of participation at the local level because public information provision and service deliver exerts influence more directly in citizens' everyday lives. Moreover, the ICTs usage at the local level has increased considerably, though municipalities' websites in Western Europe are mostly informative and, thus, a one-way communication tool rather than a way to establish a symmetrical interaction with citizens providing a transactional service (e.g., Tat-Kei Ho 2002; Drüke 2005; Coursey and Norris 2008).

In particular, e-disclosure attitude is the propensity to disclose information via web by a public actor. In literature, e-disclosure attitude is traditionally measured through synthetic indicators considering information provisioned on the official municipalities' websites, known as e-disclosure Index.

Many research underlined the role of political and economic factors as key drivers of the digitalization of PS, and of the e-disclosure attitude in particular (e.g., Laswad et al. 2005; Jorge et al. 2011; Bonsón et al. 2014; Tejedo-Romero and de Araujo 2015). For example, the political setting in terms of political position of the ruling party or the gender of the mayor can influence some aspects of administration culture and, consequently, the propensity for e-disclosure. More visibility on the web or popularity of the website can encourage municipalities to disclose more information for meeting Internet users' pressure. Moreover, municipalities with greater level of public debt (leverage) as well as better financial autonomy tend to give citizens more information (for example via websites) for helping creditors monitor their activities or on the destination of revenues (essentially taxes and fees). Finally, the citizens' wealth is considered an e-disclosure determinant because people with higher income expect to receive more services and greater information by government.

In line with previous literature, it is possible to identify two categories of determinants of

e-disclosure attitude: political-social determinants, such as gender of mayor, political position, and Internet visibility and economic status determinants, such as financial autonomy, citizens' wealth, and leverage.

## A Comparative Study of E-disclosure Attitude in Italy and Spain

The digitalization process in a comparative prospective has been empirically investigated considering the e-disclosure attitude of Italian and Spanish municipalities trough the analysis of 287 municipality websites (142 in Italy and 145 in Spain).

For Italy, data on the e-disclosure determinants were collected, in 2013, using data from the Italian National Institute of Statistics (ISTAT) as well as from the website "comuniverso," a free web portal that publicized political, economic, and geographic information on Italian municipalities. For Spain, data on the determinants were collected, in the same year, from Badespe, a free database for the Spanish PS.

The concept of "disclosure index" was proposed by Buzby (1975) and formalized by Cooke (1989) using an item-based approach with a dichotomous procedure in which an item is scored one if it is disclosed and zero if otherwise. The choice of items is based on relevant topics for citizens in Spain and in Italy, and it derives from previous literature (e.g., Jorge et al. 2011).The e-disclosure Index (eDI) is computed considering the following 13 items (described in Table 1): organization (i1), governing body (i2), consults (i3), wages body (i4), organogram (i5), controlled company (i6), internal auditing (i7), performance (i8), balance (i9), balance controlled company (i10), economic planning (i11), support planning (i12), and assets (i13).

For each s-th item, it is constructed a dichotomous variable ($i_s$) which assigned a value of 1 if the municipal website disclosed the information

**Comparative Digitalization, Table 1** Items descriptions for e-disclosure Index

| Number | Items | Description |
|---|---|---|
| 1 | Organization | Organization description including information concerning the following: political bodies, staffers, and their responsibilities; expertise and resources for each office; name of public official for each office; institutional telephone numbers; and email accounts and certified mail boxes |
| 2 | Governing body | Information about the staff, such as permanent workers and their cost |
| 3 | Consultants | Information about the staff, such as temporary workers and their cost |
| 4 | Wage bodies | Information about the wages of staff |
| 5 | Organizational structure | Organizational structure of the departments and offices |
| 6 | Controlled companies | Information about supervised public institutions, private-sector entities in public control, and private company investments, such as the following: list of corporate bodies, list of companies with which they have relationships, diagrams that show the controlled companies' activities, and the relationships with the controlling organization |
| 7 | Internal auditing | Information regarding the activity of internal control structures |
| 8 | Performance | Information about organizational and individual performance evaluation, the results obtained in relation to management objectives, political program and services provided to the citizens |
| 9 | Balance | Publication of financial statements from the municipalities |
| 10 | Balance controlled company | Publication of financial statements from the controlled company |
| 11 | Economic planning | Information about the plan of indicators and expected results the financial statement |
| 12 | Support planning | Information about the plan of indicators and expected results of the organizational planning |
| 13 | Assets | Information about municipalities' assets, such as values, location, and revenue |

in question and assigned a value of 0 if otherwise. The eDI Index was computed by the following equation:

$$eDI = \sum_{s=1}^{n} i_s/n$$

where n = 13 (maximum number of disclosure items).

The Index is a ratio comparing the level of disclosure by municipality (the sum of disclosed items) and the maximum level of possible disclosure. It ranged from 0 to 1, with 1 indicating the maximum level of disclosure and 0 denoting a municipality with no disclosure at all. In particular, the construction of the index is based on unweighted items to reduce subjectivity in assigning different weights to each item.

For analyzing the e-disclosure determinants, a Tobit regression model was used. The Tobit model, also called a censored regression model, was designed to estimate linear relationships between variables when there was either left or right-censoring (or both) in the dependent variable, as in the case of the e-disclosure Index that ranged between 0 and 1.

Moreover, cluster analysis was performed to deepen the e-disclosure determinants in Italian and Spanish municipalities. The Kruskal–Wallis (K-W) test was carried out to check for the significance of the differences among clusters in terms of both level of e-disclosure attitude and determinants (The Kruskal–Wallis test is a popular non-parametric procedure. It assesses for significant differences in a continuous dependent variable by a categorical independent variable.).

## Findings

The findings of the regression model showed that Internet visibility, citizens' wealth, and leverage are the main determinants of the e-disclosure attitude for municipalities. These results are in line with previous literature on this topic.

By the cluster analysis, Italian and Spanish municipalities were classified into four clusters. The four clusters corresponded to different levels of e-disclosure: poor (cluster 1), fair (cluster 2), good (cluster 3), and excellent disclosure (cluster 4). The results of the K-W test showed a very significant difference among clusters for the e-disclosure Index (Fig. 1).

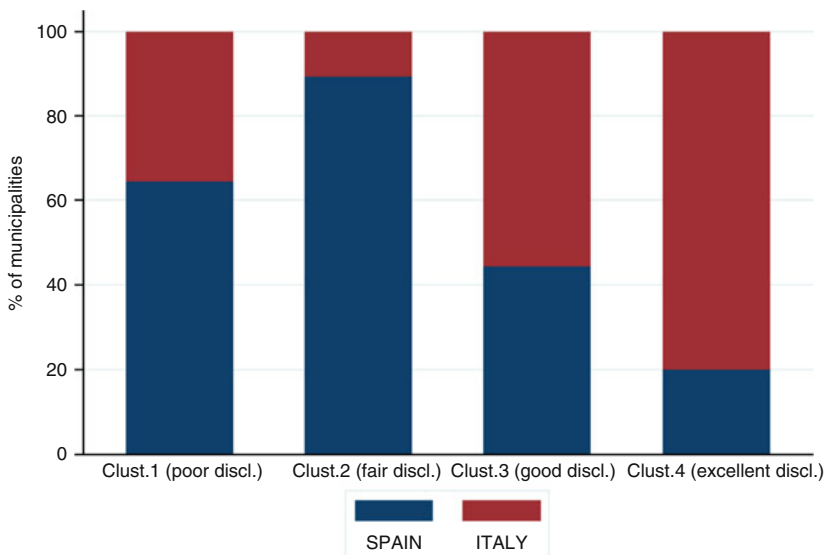


**Comparative Digitalization, Fig. 1** Cluster composition by country

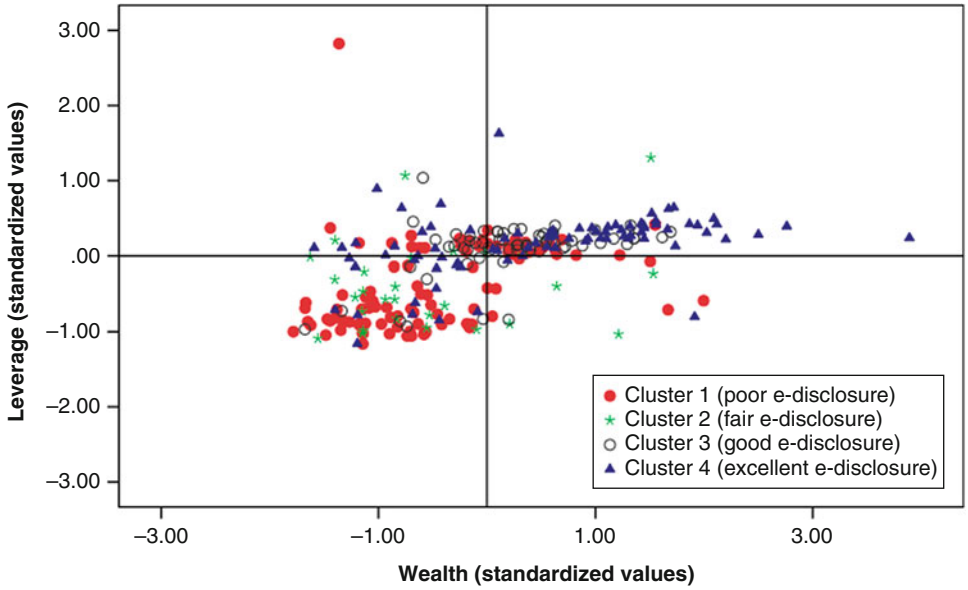


**Comparative Digitalization, Fig. 2** Municipalities by level of wealth and leverage (standardized values)

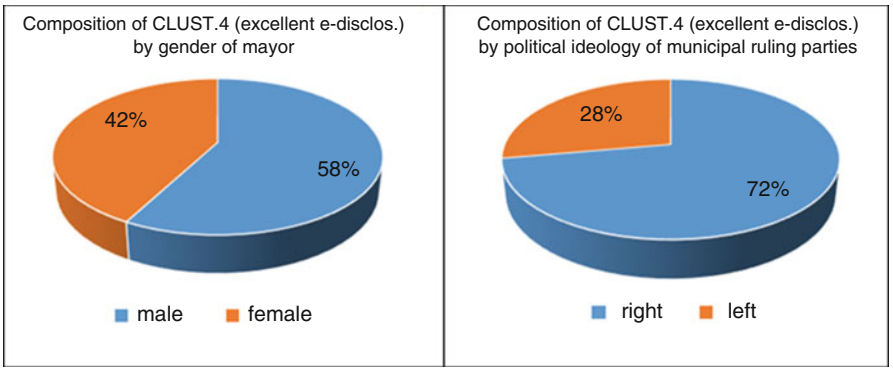


**Comparative Digitalization, Fig. 3** Factors that characterize municipalities with high e-disclosure attitude

In particular, there was a greater level of e-disclosure in Italy, with over 70% of Italian municipalities being equally divided between the best clusters (3 and 4). Furthermore, almost half of the Spanish municipalities (46.21%) were classified in the cluster with poor level of e-disclosure (cluster 1).

The cluster analysis revealed that higher levels of wealth and leverage characterized municipalities with excellent e-disclosure attitude, while the differences among clusters in terms of Internet visibility were less marked (Fig. 2). Differently, financial autonomy was not significant for the differences between clusters.

Moreover, some factors characterized municipalities with high e-disclosure. In particular, these factors were the male gender of the mayor (72% in cluster 3 and 58% in cluster 4) and the political ideology of municipal ruling parties, that is, "right" in 72% of the municipalities within cluster 4 (Fig. 3).

## Conclusion

This research contributes to an overall conceptual understanding of the digitalization process by municipalities via website, deepening the e-disclosure attitude and determinants. Compared to prior studies on this theme, the study offers some important contributions to the existing literature. Findings show the role of ICTs for supporting transparency, demonstrating the municipalities' characteristics that promoted higher e-disclosure attitudes. Moreover, although a growing number of studies on digitalization of the PS are appearing, there is not enough evidence of investigating from a comparative perspective. In this regard, the cluster analysis between the two countries (Italy and Spain) highlighted that several factors lead to some differences with regard to higher level of e-disclosure attitude. Consequently, the contexts in which transparency is applied could affect municipalities' e-disclosure attitude. Thus, these findings tend to support a novel lens through which to investigate ICT-enabled transparency issue that emphasizes the role of contingency factors. In this sense, the comparative investigation could further the understanding of how the use of ICTs for digital governments differs by social context, administrative culture, or form of government. In fact, there has, until recently, been very little empirical evidence focused on contingency factors surrounding digital government diffusion (e.g., Zhao et al. 2014).

These findings can offer policymakers several recommendations for developing policies to improve the level of transparency and to support digitalization process in local governments. Public managers should encourage municipalities with citizens with a lower per capita income to use the website for improving transparency. In this sense, policy makers should implement strategies aimed at reducing the digital divide between citizens with different per capita income. Moreover, municipalities should focus more attention on Internet visibility because it would seem that municipalities characterized by greater e-disclosure attitude are those that invest more in web communication, employing qualified personnel and identifying new organizational roles in the municipality, such as web communication manager.

## Cross-References

▶ Open Government
▶ Transparency

## References

Bonsón E, Torres L, Rayo S, Flores F (2012) Local e-government 2.0: social media and corporate transparency in municipalities. Gov Inf Q 29(12):123–132

Bonsón E, Royo S, Ratkai M (2014) Facebook practices in western European municipalities an empirical analysis of activity and citizens' engagement. Adm Soc 49(3): 320–347

Buzby SL (1975) Company size, listed versus unlisted stocks, and the extent of financial disclosure. J Account Res 13(1):16–37

Cooke TE (1989) Disclosure in the corporate annual reports of Swedish companies. Account Bus Res 19(74):113–124

Coursey D, Norris DF (2008) Models of e-government: are they correct? An empirical assessment. Public Adm Rev 68(3):523–536

Drüke H (2005) Local electronic government. Routledge, London

Fountain JE (2001) Building the virtual state: information technology and institutional change. Brookings, Washington, DC

Fountain JE (2003) Information, institutions and governance: advancing a basic social science research program for digital government. National Center for Digital Government, Harvard University, Cambridge, MA

Helbig N, Gil-García JR, Ferro E (2009) Understanding the complexity of electronic government: implications from the digital divide literature. Gov Inf Q 26(1): 89–97

Jorge S, Sá PM, Pattaro AF, Lourenço RP (2011) Local government financial transparency in Portugal and Italy: a comparative exploratory study on its determinants. In 13th Biennial CIGAR conference, bridging public sector and non-profit sector accounting, 9–10 June 2011

Laswad F, Fisher R, Oyelere P (2005) Determinants of voluntary internet financial reporting by local government authorities. J Account Public Policy 24(2): 101–121

Layne K, Lee J (2001) Developing fully functional E-government: a four stage model. Gov Inf Q 18(2): 122–136

C

OECD (2003) The e-government imperative. OECD, Paris
Pardo TA, Styrin E (2010) Digital government implementation: a comparative study in USA and Russia. In: AMCIS, p 330
Piotrowski SJ, Van Ryzin GG (2007) Citizen attitudes toward transparency in local government. Am Rev Public Adm 37(3):306–323
Tat-Kei Ho A (2002) Reinventing local governments and the e-government initiative. Public Adm Rev 62(4): 434–444
Tejedo-Romero F, de Araujo JFFE (2015) Determinants of local governments' transparency in times of crisis evidence from municipality-level panel data. Adm Soc. https://doi.org/10.1177/0095399715607288
Zhao F, Shen KN, Collier A (2014) Effects of national culture on e-government diffusion – a global study of 55 countries. Inf Manag 51(8):1005–1016

# Comparative Efficiency Studies

Simona Alfiero and Alfredo Esposito
Department of Management, University of Turin, Turin, Italy

## Synonyms

Efficiency analysis; Efficiency performance

## Definition

The organization's efficiency is about the comparison between the outputs (services or products) it produces and the inputs (resources) it uses. An efficient organization would be one that produces the maximum possible outputs given its inputs, or one that produces a certain level of output with the minimum amount of inputs.

Generally, the efficiency can be achieved under the conditions of maximizing the results of an action in relation to the resources used, and it is calculated by comparing the effects obtained in their efforts. Measuring the efficiency requires: (a) estimating the costs, the resources consumed the effort, in general, found in the literature as the input; (b) estimating the results, or the outputs (services, projects, products); (c) comparing the two.

## Introduction

The efficiency issue is critical to evaluate the performance of an organization.

Measuring and managing performance is relevant to anyone – individuals, firms, and organizations. No matter how good you think you are, you can always be better. However, it requires you to measure performance properly and understand what drives performance. In this way, it is possible to learn better practices, to make better decisions, and motivate improved performance.

In order to contribute to the knowledge of performance, in recent decades, many researchers have focused on studying and analyzing efficiency.

Firms and organizations use multiple inputs (resources) to pursue multiple outputs (services or products). From the relationship between input and output, it is possible to evaluate the reached level of efficiency.

Moreover, the input and output interact in complicated ways. Two resources, say labor and capital, may, for instance, both substitute and complement each other.

Such interactions imply that simple, key performance indicators, including simple financial ratios, do not suffice to measure performance or guide decision-making.

The measurement of efficiency is even more relevant in the public sector. The effective use of public resources is important to guarantee the economic growth, the stability and the individual well-being.

The adequate measurement of public sector efficiency is a difficult empirical concept and the literature on it, particularly when it comes to aggregate and international data, is rather scarce. The measurement of the costs of public activities, the determination of goals and the evaluation of efficiency via appropriate cost and outcome measures of public policies are very thorny issues. Academics and international organizations have made some progress in this regard by paying more attention to the costs of public activities, by looking at the composition of public expenditure and by monitoring the level of reached results and the satisfaction of users.

Economists are affected about the efficient use of scarce resources. The issue of efficiency finds a prominent place in the study of the spending and taxing activities of governments and public entities. Economists believe that these activities should generate the maximum potential benefits for the population and they penalize those organizations when, in their view, they use resources inefficiently.

The measurement of efficiency generally requires: (a) an estimation of costs or resources; (b) an estimation of output or services or projects; and (c) the relationship between the two. Applying this concept to the spending activities of public entities, it is possible to declare that public expenditure is efficient when, given the amount spent, it produces the largest possible benefit (output) for the population.

Often efficiency is identified in a comparative sense: the relation between input and output of an organization *alpha* is compared with the others. This can be done for total public expenditure, or for expenditure related to specific functions such as health, education, poverty alleviation, building of infrastructures, waste or water provision, and so on. If in the organization *alpha* the output exceed the input by a larger margin than in other entities, then public expenditure in organization *alpha* is considered more efficient.

The simple comparison outlined above requires that both input and output be measured in acceptable ways. This is easy, or easier, for private sector or for a single asset (machines, cars, furnaces) but difficult for public entities. It is often difficult to measure the services or output from a public expenditure. But, one could assume that, at least the costs (i.e., the resources used) should be easy to determine. Unfortunately, this is not always so. Deficient budgetary classifications, lack of reliable data, difficulties in allocating fixed costs to a specific function, and failure to impute some value to the use of public assets used in the activity can also hamper the determination of real costs (Table 1) Mihaiu et al. (2010).

In order to evaluate the performance, in terms of efficiency, several methods and approach are developed.

## Measuring Efficiency: Methodologies

There are two main methodologies used to measure the efficiency: namely parametric and nonparametric approach. Nonparametric methods differ from parametric methods by not requiring any specification of production or cost function in advance, which is a great advantage (Zhu 2009). The parametric approach requires the specification of functional form of the production, cost and profit frontier and some distributional assumptions about the error term. On the other hand, nonparametric approach does not assume any specific functional form for evaluating efficiency, and therefore, does not take into account the error term (Cummins and Xie 2008).

Another relevant distinction is between the deterministic and stochastic models.

In stochastic models, we allow for the fact that the individual observations may be somewhat affected by random noise and we attempt to identify the underlying mean structure stripped from the impact of the random elements. In deterministic models, the possible noise is suppressed, and any variation in the data is considered to contain significant information about the efficiency of the firms and the shape of the technology.

The most widely used methodology in comparative efficiency studies is Data Envelopment Analysis.

**Comparative Efficiency Studies, Table 1** Determining the efficiency indicators

| **Efficiency** | Public sector | Private sector |
|---|---|---|
| **Input (resources)** | Difficult to identify, especially when it is a hybrid (private/public) financing form | Easy to indicate |
| **Output (services, projects, products)** | Hard to quantify and to compare | Easy to determine and to make explicit quantity of money |

## Data Envelopment Analysis

Data Envelopment Analysis (DEA) is a nonparametric linear frontier method that is widely used in efficiency measurements, especially in studies of utility industries (i.e., waste and water provision), education and health. In a DEA model, the measure of efficiency of any organization is obtained using the ratio of weighted outputs to weighted inputs subject to the condition that similar ratios for every company are equal to or less than unity (Zhu 2009).

Data Envelopment Analysis (DEA) was first introduced by Charnes et al. (1978) and extended by Banker et al. (1984). The purpose of this approach was to measure the relative efficiency of each organizations or DMU (Decision Making Unit) with the best practices entity.

DEA decomposes the cost efficiency (CE) into two components. One is technical efficiency (TE) (either maximizing output for a given level of inputs or minimizing inputs for a given level of output). The other is allocative efficiency (AE) (using input in optimal proportions given the input prices and output quantities). Technical Efficiency (TE) can be further decomposed into Pure Technical Efficiency (PTE) and Scale Efficiency (SE). SE occurs when firm operates at Constant Returns to Scale (CRS) and PTE occurs when firm maximizes its output with Variable Returns to Scale (VRS). The resultant efficiency measure, ranging between zero (least efficient) and one (most efficient), depicts the distance from each unit to frontier.

Throughout the quantitative analysis, the efficiency scores computed under both the variable returns to scale (VRS) and the constant return to scale (CRS) assumptions will be used. Efficiency under CRS is deemed to be overall efficiency, as it can be deconstructed into two components, VRS and scale efficiency (SE), providing an insight into the source of inefficiencies. VRS, also known as "pure efficiency," has its boundary within CRS and reflects the managerial ability to organize inputs in the production process (Thanassoulis 2000). The ratio of these two efficiency measures (CRS/VRS) shows the impact of scale on efficiency for each company. The SE describes that part of inefficiency which can be attributed to a company because it diverged from its most productive operating scale size (Banker et al. 1984).

## Conclusion

Despite the complexities in measuring efficiency in the public sector and the problem of isolating the effects on efficiency from other external influences, empirical evidence suggests that the following three institutional factors may improve public sector performance:

- Decentralization of political power and spending responsibility.
- Arrangements that increase flexibility, agencification.
- Methods for strengthening competitive pressures through privatization and other means.
- Appropriate human resource management practice.
- In the education and health sectors, there is evidence that increasing the scale of operations may improve efficiency. This effect is attributed to economies of scale that result from savings in overhead costs and fixed costs in tangible assets. However, the impact on other public sector values such as equity, access to services, and the quality of services needs to be taken into account.

Moreover, several are the benefits from the use of performance information and the monitoring of level of efficiency:

- It generates a sharper focus on results within the management of entities.
- It provides more and better information on organization goals and priorities, and on how different programs contribute to achieve these goals.

- It encourages a greater emphasis on planning and acts as a signaling device that provides key actors with details on what is working and what is not.
- It improves transparency by providing more and better information to users and to the public and has the potential to improve public management and efficiency.

Functional and political decentralization (i.e., spending responsibility) to subnational governments also seems beneficial for efficiency. In principle, devolution of functional responsibilities, if accompanied by appropriate fiscal and political decentralization, provides incentives for subcentral governments to deliver locally preferred services more efficiently, as the burden and the benefits of public service delivery both accrue in the communities. Evidence from federal countries shows that decentralized taxation reduces the size of government; however, evidence on the comparison of countries is inconclusive in this regard.

Also the human resource management practices also matter a great deal. The soft aspects of human resource management, such as employee satisfaction and morale, are considered to be the most important drivers of performance. While wages are still important for staff, nonmonetary incentives are also essential. High wage levels – compared to similar work in the private sector – could lead to inefficiencies, although governments often are model employers and their wage policies reflect equity concerns as well. Wages are also important for attracting and retaining qualified staff, especially in case of skill shortages. Performance-related pay initiatives appear to have a low impact on staff motivation.

Findings are more inconclusive on the impact of ownership, competition, and agencification. While private ownership is not a guarantee of higher efficiency, public ownership does not necessarily lead to higher inefficiencies either. Rather than ownership *per se*, it is the importance of competitive pressure on efficiency that matters. However, there is a need to further explore for what and with whom public organizations compete. The nature of service delivery, e.g., whether it has features such as low asset specificity (high levels of alternative uses for resources) and low information costs, is crucial for successful competition in public services.

Regarding agencification, there is some evidence that a reduction of input controls combined with steering for results, financial incentives and competition could lead to increased efficiency. However, the impact on the quality of service delivery and policy effectiveness is unclear. The literature also calls attention to the major risks of agencification, including the exposure of government to financial and employment risks and opportunities for political patronage and corruption. The effects of new intragovernmental coordination mechanisms are also not known.

## Cross-References


- ▶ Bureaucracy and Efficiency
- ▶ Comparative Public Performance Management Systems
- ▶ Performance Measurement


## References


Banker R, Charnes A, Cooper W (1984) Some models for estimating technical and scale inefficiencies in data envelopment analysis. Manag Sci 30:1078–1092

Charnes A, Cooper W, Rhodes E (1978) Measuring the efficiency of decision making units. Eur J Oper Res 2: 429–444

Cummins D, Xie X (2008) Mergers and acquisitions in the US property-liability insurance industry: productivity and efficiency effects. J Bank Financ 32:30–55

Mihaiu DM, Opreana A, Cristescu MP (2010) Efficiency, effectiveness and performance of the public sector. Rom J Econ Forecasting 4(1):132–147

Thanassoulis E (2000) The use of data envelopment analysis in the regulation of UK water utilities: water distribution. Eur J Oper Res 126(2):436–453

Zhu J (2009) Quantitative models for performance evaluation and benchmarking: data envelopment analysis with spreadsheets. Springer, New York

# Comparative Evaluation Systems

Mario Coccia[1,2] and Igor Benati[1]
[1]CNR–National Research Council of Italy, Torino, Italy
[2]Arizona State University, Tempe, AZ, USA

## Synonyms

Analytical comparison; Comparative evaluation; Comparative methods of evaluation; Rating systems

## Definition

*Comparative evaluation system* is a systematic process for data collection, measurement, and analysis of the characteristics of different entities to generate a final rating and support decision-making processes of stakeholders for specific goals.

## Introduction

*Evaluation* of a single object and/or subject in general does not provide complete information for decision-making. In order to support a rational decision, *comparative evaluation* could be necessary. Vartiainen (2002) argues that comparative evaluation refers to a cognitive process in which the evaluation and the findings of the evaluation process are set within a comparative framework. This approach establishes an assessment on the evaluand (the subject of an evaluation), comparing it with objects of the same category (cf., Cooksy 1999). To put it differently, the attribution of value is in relative terms, through comparison with similar subjects and/or objects.

Therefore, a *comparative evaluation system* (CES) is a stable set of techniques and tools to compare different units (individuals, organizations, countries, etc.) over time and space. In particular, a CES is a systematic process for data collection, measurement, and analysis of the characteristics of different entities to generate a final rating and support the decision-making processes of stakeholders for specific goals. The theoretical approach of CES has practical applications in different fields. Figure 1 shows the basic elements and steps of a CES.

A well-known CES is the rating system for the analysis of units, ranking and subsequent comparative assessment of their quality and performance-rating- (cf., Vartiainen 2002; Coccia and Benati 2018a, b). In particular, a rating system can be applied to assess the performance of individuals, organizations, and/or countries in achieving different objectives (e.g., career advancement for employees, funding for universities, international loans for countries, etc.). In the public administration, rating systems or CESs can be useful to provide information to assess performance, transparency level, and other characteristics of public organizations and/or their employees. Rating systems can pursue different objectives depending on the entity under study. As far as individuals are concerned, rating systems can be applied to personnel appraisal or recruiting. For organizations, rating systems can be aimed, for instance, at verifying the quality of the provision of services to citizens, the efficiency of public organizations, etc. Finally, for countries, rating systems can be directed to assess socioeconomic factors, such as democratization, general creditworthiness, etc. Figure 2 shows some examples of the objectives of rating systems for different entities (individuals, organizations, and countries). Although Comparative Evaluation Systems (CES) are the general category and rating systems are a main element of this set, in this contribution for the sake of simplicity, CES and rating system are used as interchangeable concepts.

Different typologies of rating systems for individuals, organizations, and countries are described in next paragraphs. For the sake of clarity, some practical examples are provided that, of course, are not a comprehensive overview of all CES applications in the public administration.

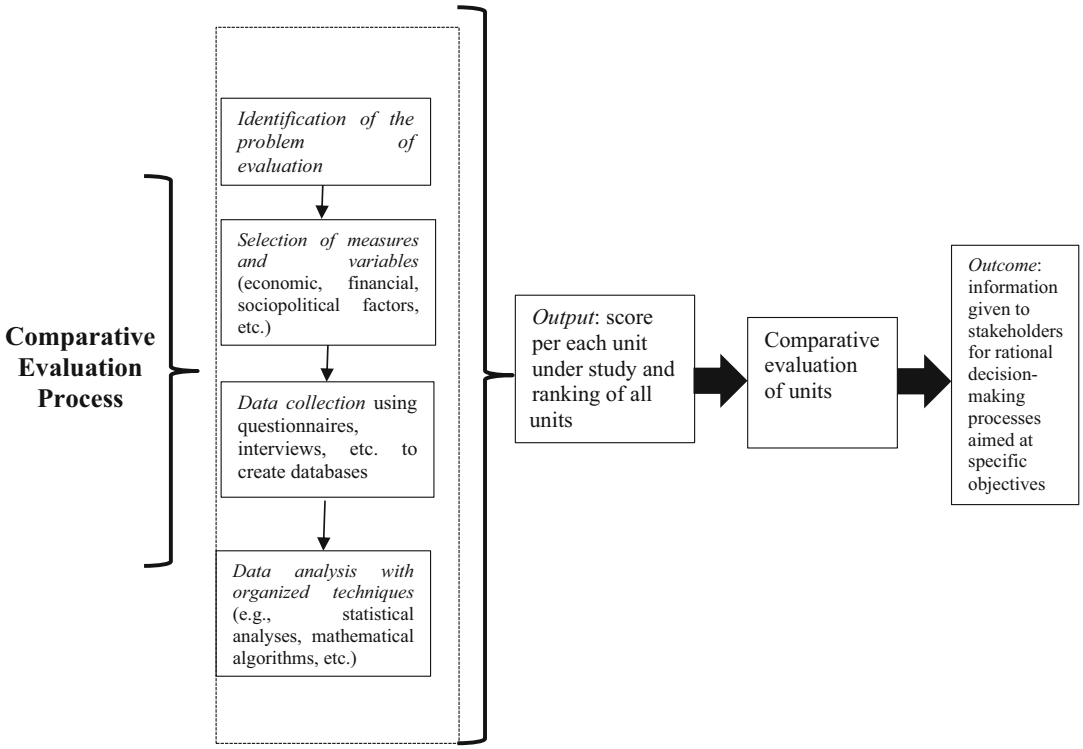


**Comparative Evaluation Systems, Fig. 1** Elements and steps of a comparative evaluation system (CES)

| | *Entities of rating systems* | | |
|---|---|---|---|
| | Individuals | Organizations | Countries |
| *Objectives of rating systems* | For hiring or recruiting personnel<br>For personnel appraisal | For identifying the best organization in the provision of a service<br>For ranking the most efficient organization | For identifying the best countries in the implementation of policies, reforms, good governance, etc. |

**Comparative Evaluation Systems, Fig. 2** Entities and objectives of comparative evaluation systems (CESs)

## Rating Systems for Individuals

Rating systems of individuals can be adopted to assess skills or performance in all situations where they may be useful to achieve organizational objectives. In the public administration, rating systems, as CESs, are used both for recruitment processes and for career advancement. The

individual performance of an employee is assessed by managers or external auditors against that of colleagues or previous activities carried out by the same employee (Llorens et al. 2018). An example of rating system of individuals is that implemented by the National Research Foundation (NRF) of South Africa. The NRF rating system provides a comparative evaluation of researchers with the goal of funding research activities in all fields (NRF 2018a). Its ratings are based on research outputs of researchers, considering their quality and impact as perceived by national and international peer reviewers (NRF 2018b). In particular, the reviewers analyze the quality of research outputs over previous years, the impact of research outputs on the field, the national and international standing of the researcher, and coherence of the researcher's work. The NRF rating system incorporates five categories, as shown in Table 1.

## Rating System for Organizations

The rating systems of public organizations are mainly intended for performance assessment of organizational behavior, quality of services provided to users, etc. They can be applied to different public organizations, such as hospitals, schools, local transport providers, universities, public research organizations, etc. (cf., Coccia 2005; Coccia and Rolfo 2010, 2013). The goal is to identify the best organizations in the provision of a service and to rank the various entities in terms of effectiveness and/or efficiency. An interesting example of rating system or CES for organizations is that of US hospitals (Hospital Compare 2018a, b). The overall rating of the Hospital Compare project summarizes up to 57 quality measures into a single star-based rating for each hospital. The methodology uses a statistical model known as *latent variable model* to calculate scores for seven categories:

1. Mortality
2. Safety of care
3. Readmission
4. Patient experience
5. Effectiveness of care
6. Timeliness of care
7. Efficient use of medical imaging

**Comparative Evaluation Systems, Table 1** National Research Foundation (NRF) of South Africa rating system for researchers

| Category | Description |
|---|---|
| A | Researchers who are unequivocally recognized by their peers as leading international scholars in their field for the high quality and impact of their recent research outputs. |
| B | Researchers who enjoy considerable international recognition by their peers for the high quality and impact of their recent research outputs. |
| C | Established researchers with a sustained recent record of productivity in the field who are recognized by their peers as having:<br>- Produced a body of quality work, the core of which has coherence and attests to ongoing engagement with the field<br>- Demonstrated the ability to conceptualize problems and apply research methods to investigating them. |
| P | Young researchers (normally younger than 35 years of age), who have held the doctorate or equivalent qualification for less than 5 years at the time of application and who, on the basis of exceptional potential demonstrated in their published doctoral work and/or their research outputs in their early postdoctoral careers, are considered likely to become future international leaders in their field. |
| Y | Young researchers (40 years or younger), who have held a doctorate or equivalent qualification for less than 5 years at the time of application, and who are recognized as having the potential to establish themselves as researchers within a 5-year period after evaluation, based on their performance and productivity of quality research outputs during their doctoral studies and/or early postdoctoral careers. |

Source: NRF 2018a, b

Each category (1–7) has a subsystem of indicators. For instance, the measures for category 7 "efficient use of medical imaging" are:

- Outpatients with low-back pain who had an MRI (magnetic resonance imaging) without trying recommended treatments first, such as physical therapy
- Outpatient CT (computed tomography) scans of the abdomen that were "combination" (double) scans
- Outpatient CT scans of the chest that were "combination" (double) scans
- Outpatients who got cardiac imaging stress tests before low-risk outpatient surgery
- Outpatients with brain CT scans who got a sinus CT scan at the same time

These indicators are collected over the same period of time and used to calculate the rating for each category (Hospital Compare 2018b). A summary score is then calculated for each hospital by taking the weighted average of these group scores. The overall rating, ranging from 1 to 5 stars, shows how well each hospital performed, on average, compared to other hospitals in the USA. The more stars, the better a hospital performed across the available quality measures. This rating system or CES helps people choose the best hospital to treat their specific condition or solve health problems. Figure 3 shows the steps of this star rating methodology.

## Rating System for Countries

Finally, rating systems or CES can also be applied to countries. An interesting example is the comparative evaluation of democracy level performed by Freedom House (2018), which is an independent organization dedicated to the expansion of freedom and democracy around the world. The information is useful for international investors, policy makers of international institutions, etc. Data for rating systems are collected by means of surveys measuring freedom according to two broad categories: political rights and civil

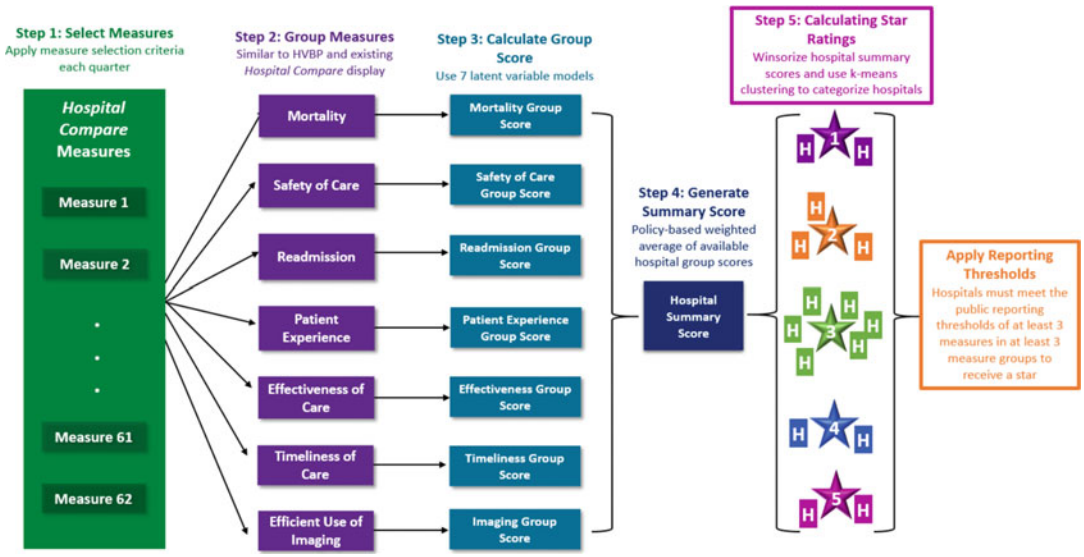


**Comparative Evaluation Systems, Fig. 3** Star rating methodology for US hospitals. Source: Hospital Quality Star Rating 2018

liberties. *Political rights* enable people to freely participate in the political process, including the right to vote for distinct alternatives in legitimate elections, compete for public office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to the electorate. *Civil liberties* concern freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference by the state. In particular, the rating process is based on a checklist of 10 questions on political rights and 15 questions on civil liberties. The questions on political rights are grouped into three subcategories: Electoral process (3 questions), political pluralism and participation (4), and functioning of government (3). The questions on civil liberties are grouped into four subcategories: freedom of expression and belief (4 questions), associational and organizational rights (3), rule of law (4), and personal autonomy and individual rights (4). The survey operates under the assumption that freedom for all peoples is best achieved in liberal democratic societies. General characteristics of each political rights and civil liberties rating are as follows (Freedom House 2018).

**Political Rights**

**Rating of 1** – Countries and territories with a rating of 1 enjoy a wide range of political rights, including free and fair elections. Candidates who are elected actually rule, political parties are competitive, the opposition plays an important role and enjoys real power, and minority groups have reasonable self-government or can participate in the government through informal consensus.

**Rating of 2** – Countries and territories with a rating of 2 have slightly weaker political rights than those with a rating of 1 because of such factors as some political corruption, limits on the functioning of political parties and opposition groups, and foreign or military influence on politics.

**Ratings of 3, 4, 5** – Countries and territories with a rating of 3, 4, or 5 include those that moderately protect almost all political rights to those that more strongly protect some political rights while less strongly protecting others. The same factors that undermine freedom in countries with a rating of 2 may also weaken political rights in those with a rating of 3, 4, or 5, but to an increasingly greater extent at each successive rating.

**Rating of 6** – Countries and territories with a rating of 6 have very restricted political rights. They are ruled by one-party or military dictatorships, religious hierarchies, or autocrats. They may allow a few political rights, such as some representation or autonomy for minority groups, and a few are traditional monarchies that tolerate political discussion and accept public petitions.

**Rating of 7** – Countries and territories with a rating of 7 have few or no political rights because of severe government oppression, sometimes in combination with civil war. They may also lack an authoritative and functioning central government and suffer from extreme violence or warlord rule that dominates political power.

**Civil Liberties**

**Rating of 1** – Countries and territories with a rating of 1 enjoy a wide range of civil liberties, including freedom of expression, assembly, association, education, and religion. They have an established and generally fair system of the rule of law (including an independent judiciary), allow free

(continued)

economic activity, and tend to strive for equality of opportunity for everyone, including women and minority groups.

**Rating of 2** – Countries and territories with a rating of 2 have slightly weaker civil liberties than those with a rating of 1 because of such factors as some limits on media independence, restrictions on trade union activities, and discrimination against minority groups and women.

**Ratings of 3, 4, 5** – Countries and territories with a rating of 3, 4, or 5 include those that moderately protect almost all civil liberties to those that more strongly protect some civil liberties while less strongly protecting others. The same factors that undermine freedom in countries with a rating of 2 may also weaken civil liberties in those with a rating of 3, 4, or 5, but to an increasingly greater extent at each successive rating.

**Rating of 6** – Countries and territories with a rating of 6 have very restricted civil liberties. They strongly limit the rights of expression and association and frequently hold political prisoners. They may allow a few civil liberties, such as some religious and social freedoms, some highly restricted private business activity, and some open and free private discussion.

**Rating of 7** – Countries and territories with a rating of 7 have few or no civil liberties. They allow virtually no freedom of expression or association, do not protect the rights of detainees and prisoners, and often control or dominate most economic activity.

The survey includes both analytical reports and the above numerical ratings – on a scale from 1 to 7 – for 195 countries and 14 territories in relation to political rights and civil liberties. The arithmetic mean of these two ratings determines an overall status of "Free" "Partly Free" or "Not Free" as follows: countries scoring between 1.0 and 2.5 are considered *Free*, those scoring 3.0–5.0 are *Partly Free*, and countries with a score from 5.5 to 7.0 are *Not Free* (cf., Fig. 4). The two ratings are connected, in the sense that, without a well-developed civil society, it is difficult, if not impossible, to have an environment supportive of political rights. Consequently, there is no country in the survey with a rating of 6 or 7 for civil liberties and, at the same time, a rating of 1 or 2 for political rights. Figure 4 shows the results of this methodology over a sample of countries (Freedom House 2018).

## Conclusion

Comparative evaluation systems (CESs) are an important approach in public administration and other research fields, because they can provide vital information to stakeholders for supporting decision-making processes to achieve specific objectives. Rating systems are the most widespread typology of CES.

In general, rating systems – applied to individuals, organizations, and countries – can be represented by a sequential process comprising four main stages: data collection, measurement of characteristics, ranking, and rating of entities, as described in Fig. 5.

More specifically, Fig. 6 shows the construction of a rating system or CES that starts with a question or problem of evaluation, such as the performance of the best employees, the best organizations in providing services, or the countries with the best rule of law. The second step is data collection and measurement of characteristics concerning similar entities. After that, data analysis with specific techniques and methods provides a score for each entity to create a ranking of all entities. The last step is the rating (comparative evaluation) of entities to generate homogenous categories. The outputs are provided to stakeholders for decision-making processes supporting specific goals.

**Freedom index in the world**
(Selected countries)

| Country/ territory* | Freedom Status | Political rights | Civil liberties | Freedom rating | Aggregate score | Trend arrow |
|---|---|---|---|---|---|---|
| Finland | Free | 1 | 1 | 1 | 100 | |
| Canada | Free | 1 | 1 | 1 | 99 | |
| Japan | Free | 1 | 1 | 1 | 96 | |
| Germany | Free | 1 | 1 | 1 | 95 | |
| Britain | Free | 1 | 1 | 1 | 95 | |
| Taiwan | Free | 1 | 1 | 1 | 91 | |
| United States | Free | 1 | 1 | 1 | 89 | |
| South Korea | Free | 2 | 2 | 2 | 82 | |
| Brazil | Free | 2 | 2 | 2 | 79 | |
| India | Free | 2 | 3 | 2.5 | 77 | |
| Indonesia | Partly Free | 2 | 4 | 3 | 65 | |
| Philippines | Partly Free | 3 | 3 | 3 | 63 | ↓ |
| Hong Kong* | Partly Free | 5 | 2 | 3.5 | 61 | ↓ |
| Singapore | Partly Free | 4 | 4 | 4 | 51 | |
| Malaysia | Partly Free | 4 | 4 | 4 | 44 | |
| Turkey | Partly Free | 4 | 5 | 4.5 | 38 | |
| Thailand | Not Free | 6 | 5 | 5.5 | 32 | |
| Iraq | Not Free | 5 | 6 | 5.5 | | |
| Russia | Not Free | 7 | 6 | 6.5 | 20 | |
| Iran | Not Free | 6 | 6 | 6 | 17 | |
| China | Not Free | 7 | 6 | 6.5 | 15 | |
| South Sudan | Not Free | 7 | 4 | 7 | 4 | ↓ |
| North Korea | Not Free | 7 | 7 | 7 | 3 | |
| Syria | Not Free | 7 | 7 | 7 | -1 | |

*Civil liberties, Political rights, Freedom rating explanation: 1 = most free and 7 = least free*
*Aggregate score explanation: 0 = least free, 100 = most free*

Source: Freedom House SCMP

**Comparative Evaluation Systems, Fig. 4** Rating system of Freedom House Index for democracy in a sample of countries. Source: Freedom House 2018

Final ratings can be expressed by numbers (1, 2, 3, . . .) or letters (A, B, C, D) or a combination of numbers/letters/symbols (A1, A2, A+, BB−, etc.) in increasing and/or decreasing order. They have some general properties:

- Entities of higher rank have better performance (in terms of output, quality and/or good governance) than entities of lower rank. In general, the first numbers or letters in the ranking (e.g., A, A+, etc.) indicate the best performance.
- If different entities have the same rating, then they have similar characteristics and/or performance.
- Finally, it is possible to deduce the inventory of characteristics that are absent in the lowest rank entities by comparing them with the highest rank entities.

Overall, CES is a systematic process for data collection, measurement, and analysis of the characteristics of different entities to generate a final rating and support the decision-making processes of stakeholders to achieve specific goals. However, CES is a complex task because of manifold factors affecting entities that can change over time and space. To conclude, a comprehensive CES, affected by economic, social, psychological, anthropological, and perhaps biological factors of the entities under study, is a nontrivial exercise and can generate tentative results that need to be continuously verified over time.

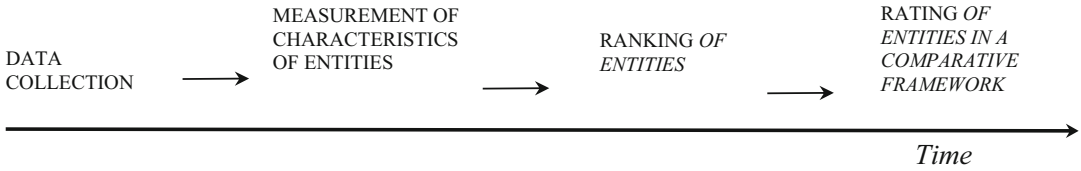


**Comparative Evaluation Systems, Fig. 5** Sequential process of Rating Systems or CES

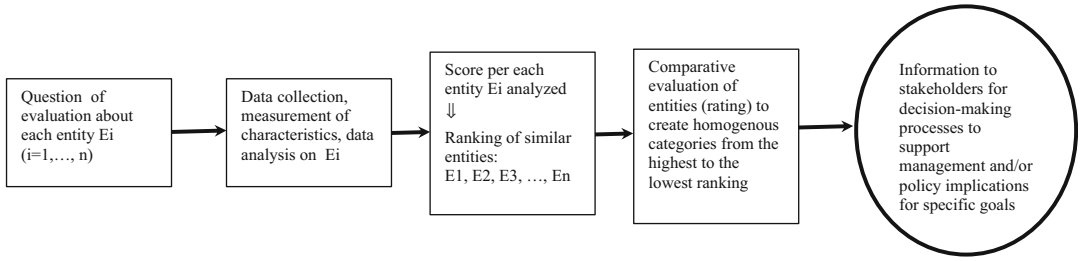


**Comparative Evaluation Systems, Fig. 6** Linear model of a rating systems

## Cross-References


- ▶ Comparative Models of Inquiry
- ▶ Comparative Policy Implementation Research
- ▶ Comparative Studies


## References


Coccia M (2005) A Scientometric model for the assessment of scientific research performance within public institutes. Scientometrics 65(3):307–321. https://doi.org/10.1007/s11192-005-0276-1

Coccia M, Rolfo S (2010) New entrepreneurial behaviour of public research organizations: opportunities and threats of technological services supply. Int J Serv Technol Manage 13(1/2):134–151. https://doi.org/10.1504/IJSTM.2010.029674

Coccia M, Rolfo S (2013) Human resource management and organizational behavior of public research institutions. Int J Public Admin 36(4):256–268. https://doi.org/10.1080/01900692.2012.756889

Coccia M, Benati I (2018a) Comparative studies Chapter 1197-1. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance –section bureaucracy. Springer International Publishing AG, Cham, pp 1–7. https://doi.org/10.1007/978-3-319-31816-5_1197-1

Coccia M, Benati I (2018b) Comparative models of inquiry (Chapter 1199-1). In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG, Cham, pp 1–5. ISBN: 978-3-319-31816-5

Cooksy LJ (1999) The meta-evaluand: the evaluation of project TEAMS. Am J Eval 20(1):123–136. https://doi.org/10.1016/S1098-2140(99)80117-9

Freedom House (2018) Methodology. https://freedomhouse.org/report/freedom-world-2012/methodology. Accessed 10 June 2018

Hospital Compare (2018a) The Official U.S. government site for medicare. https://www.medicare.gov/hospitalcompare/About/Hospital-overall-ratings.html. Accessed 18 June 2018

Hospital Compare (2018b) The Official U.S. government site for medicare. https://www.medicare.gov/hospitalcompare/Data/Hospital-overall-ratings-calculation.html. Accessed 18 June 2018

Hospital Quality Star Rating (2018) Hospital Quality Star Rating on Hospital Compare Public Input Period. Enhancements of the overall hospital quality star rating, Prepared by: Yale New Haven Health Services Corporation/Center for Outcomes Research & Evaluation (YNHHSC/CORE). https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/MMS/Downloads/Hospital-Compare-PC-2017.pdf. Accessed 18 June 2018

Llorens JJ, Klingner DE, Nalbandian J (2018) Public personnel management. Contexts and strategies. Routledge, New York

NRF (2018a) The National Research Foundation (NRF). http://www.nrf.ac.za/. Accessed 25 June 2018

NRF (2018b) Reviews and evaluation (RE). http://www.nrf.ac.za/division/re/about. Accessed 25 June 2018

Vartiainen P (2002) On the principles of comparative evaluation. Evaluation 8(3):359–371

# Comparative Federalism and Law

Alan Fenna
Curtin University, Perth, WA, Australia

## Synonyms

Federal systems; Federations; Intergovernmental relations; Judicial review

## Definition

A federal system of government is one where sovereignty is constitutionally shared and powers divided between an overarching central government and the governments of a set of constituent units, each of which enjoys a direct relationship with the people.

## Introduction

Federal systems of government, in the modern sense, have been in existence for over two centuries now – at least as long as the world has experienced liberal democracy – and historical antecedents go back much further. Federal systems of government also make up a good share of modern liberal democracies, particularly of the larger ones. With their attempt to use constitutional rules to enforce a system of shared rule they constitute a distinctive form of government, at least in principle fundamentally different from unitary systems, however decentralized those might be.

Federalism thus makes an important subject of study and the world's federations an interesting set of potential comparators. Although much research into federal systems is case specific, comparative federalism of some sort has a long history, and increasing effort is now being made to carry out systematic comparison. Going back at last to pioneering federalism scholar Edward Freeman (1863), there is a strong tradition of examining diverse federal experiences, oriented to using typologies with some eye to generalization and considerable effort at conceptualization (notably Wheare 1946; Sawer 1969; Duchacek 1970; Davis 1978; Elazar 1987; Burgess 2005; Watts 2008; Hueglin and Fenna 2015). Much of that effort has been dedicated to "telling the federal story" and thus providing the essential basis for any attempt at productive comparison. They are typically structured around the main facets of federal systems: origins; constitutional assignment of responsibilities; judicial review; second chambers; fiscal relations; and constitutional amendment.

This entry explores the way federalism has been studied both as a dependent and as an independent variable. As a dependent variable, scholars have sought to explain how federal systems emerge; how they maintain or lose their "federalness"; whether they succeed or fail; and how they function. As an independent variable, there is ongoing interest in determining what difference federalism makes to what governments do and how they do it. Much of the discussion of federalism as a dependent variable involves the complex relationship between underlying conditions and character; institutional structures of federalism; the extra-federal institutional characteristics; and political organizations and processes. Meanwhile discussion of federalism as an independent variable revolves around two competing claims: that, on the one hand, federalism obstructs policy making and that, on the other, it facilitates policy making.

With its basis in a constitutional division of powers, federal has from the very beginning had a close connexion with constitutionalism and, in turn, with constitutional law and its interpretation. This has prompted questions at times about the impact of judicial review on policy making by governments and an ongoing interest in the effect of judicial review on the longer run evolution of federal systems. Do supreme courts, or certain types of supreme court, retard or facilitate adaptation? What has their role been in maintaining the elusive "balance" that is often seen as being important to federalism?

As with social science research more generally, a comparative perspective, and better yet,

systematic comparative analysis, should be able to help us address all of these questions. The material covered in this overview shows that indeed the study of federalism has involved a healthy amount of general inference drawing as well as focused comparison between federal systems and some comparison between federal and nonfederal systems. As discussed below, however, potential for systematic comparison is severely constrained by the limitations of the material.

## Federalism and the Comparative Method

In a moment of enthusiasm, Freeman (1896, p. 1) described the comparative method as "the greatest intellectual achievement of our time." Both the attraction and the challenges of analysing federal systems comparatively were remarked on by William Riker (1964, pp. xi–xii). Federalism, he mused, "seemed . . . to be exactly the kind of subject about which we might easily utter testable generalizations."

> In time, however, I came to realize that this was far too pretentious a project for one man. . . .each instance of a federalism ancient and modern is embedded in a set of unique local institutions, which themselves must be appreciated and understood. To acquire the information about history, the sensitivity to culture, and the linguistic competence to examine all these societies is more than any isolated scholar can do.

The obstacles Riker identified are practical rather than principled and thus presumably surmountable, either by someone more capable than he or through collective scholarship. Understanding any federal system requires a richly contextualized understanding, but once established, such an understanding should provide the basis for successful comparative analysis. The real challenge arises with the constraints on reliable comparison. The problem is twofold: a small number of cases and the distinctiveness of each case.

### Methodological Challenges: Small *N*

Federalism is an ecumenical term, encompassing federal unions of a nongovernmental nature as well as governmental unions such as confederal systems that are not strictly speaking federal, as well as federal systems of government proper. Federal systems of government proper, which shall be the focus of this discussion, are distinguished from, on the one side, unitary systems or, on the other, confederal arrangements.

Traditionally, federations are categorized as such by reference to their constitutional framework and institutional form. This is as it should be, but it also carries the risk of mistaking appearance for reality and thus, as KC Wheare (1963, p. 20), the doyen of federal studies, reminded us:

> it is obvious that the practice of the constitution is more important almost than the law of the constitution. It is usually convenient to begin with the law, as a basis of classification.

On the one hand, some federations such as Malaysia or Austria are more federal in name than in substance (Rack 1996; Erk 2004; Case 2007). On the other hand, some such as Spain are more genuinely federal but give off sufficient mixed messages concerning their constitutional form to mislead some observers (Sala 2014). In a category of its own is the European Union (EU), which can be seen as a federation (Auer 2005), a federation-in-the-making (Annett 2010; Hueglin and Fenna 2015), or a distinctive model of "treaty federalism" (Hueglin 2013) – but which others see as not warranting the term at all (Wolinetz 2011). In between are those for whom the EU presents as an intriguing hybrid: a "jumbo confederation" (Lister 1996); an instance of "confederal federalism" (Kincaid 1999); a "quasi-federation" (McKay 2001); a "postmodern confederation" (Majone 2006); or even a "pluri-national federation *in sensu cosmopolitico*" (Dumont 2012). Questions about the precise status of the EU as some sort of federation have been brought to the fore by the challenges faced by the Eurozone in the global financial crisis and by the 2016 "Brexit" secession vote in the UK.

Thus, while it sometimes appears as if the world is awash in federations, with at least two dozen commonly said to exist, the search for genuine examples soon narrows the list down to a standard core and a handful of marginal cases. Federalism research, either comparative or case

specific, overwhelmingly focuses on the classical core of the United States, Switzerland, Germany, Canada, and Australia. India, the leading federation of the developing world as well as the most populous and most diverse federation, merits a place on that list but has not often been included in comparative studies. The net can be broadened to include Austria, Belgium, Spain, South Africa, Argentina, Brazil, Mexico, Malaysia, Nigeria, and the European Union, but each has caveats attached. It is certainly impossible to do meaningful quantitative comparisons of federal systems with such a small *N*, but it is even difficult to do reliable qualitative ones.

### Methodological Challenges: Great Variety

Even without the EU, variation among federal systems is considerable. This includes substantial differences in age, origins, design, and sociopolitical and economic contexts. If we mean federations in the modern sense of the term, as distinct from confederal arrangements, then federations range in age from the US system of the late eighteenth century to those such as Spain or South Africa created or being created in the late twentieth century. Having been established in 1949, the current German federal system is relatively young, but many of its features derive from an earlier incarnation in the late nineteenth century and indeed reflect a tradition going back to the middle ages.

The older federations – United States, Switzerland, Canada, Germany of the Second Reich, Australia – were all aggregative (though not necessarily purely so) in origin: formed by the voluntary union of formerly independent political entities. Much more recently we see federalism emerging out of a reverse process: unitary states such as Spain, Belgium, and South Africa devolving authority to accommodate diversity and local identities, often as a correlate of democratization. This contrast between aggregative and devolutionary origins is also referred to as "integrative" and devolutionary (Lenaerts 1990) or, less felicitously, "coming together" and "holding together."

While the constitutional design of each federation is, in detail, unique, there is a broad distinction that separates two basic design types (Scharpf 1988, pp. 242–243; Hueglin and Fenna 2015, pp. 51–55). On the one hand are those federations, of which the United States is the archetype, characterized by a legislative division of powers in which the respective levels of government exercise full powers to make, implement, and administer policy in assigned domains and that rely on an elected, "Senate"-style, second chamber giving the constituent units an equality of representation in national decision-making. Originally these were envisaged as functioning in what KC Wheare called a "coordinate" or dualistic way with the respective levels of government autonomous in their own spheres.

On the other hand is the German model of joint or integrated federalism, echoed in the EU and partly in the Swiss case, characterized by an "administrative" or functional division of powers where policies are framed centrally but implemented and administered by the constituent units, and an appointive "Council"-style federal chamber providing the constituent units with direct representation in central decision-making. Rather than coordinate or dualistic in design, they are based on joint decision-making. For this reason, the integrated model is sometimes alternatively referred to as "cooperative federalism" – an unfortunate practice given the different way that term has widely been used in the study of federalism (see below). Since the division of powers has become much more overlapping, concurrent, and integrated in the American-style federations over time, the "representation of state governments in the federal legislative arena is a decisive factor in joint federalism" (Thorlakson 2003, p. 17).

Finally, there is the socioeconomic make-up of each federation. Fundamentally, there is the distinction here between those with pluri- or multinational societies and those that are regionally monocultural (sometimes, rather unhelpfully, called "territorial" federations). Unsurprisingly, the dynamics of the two types are characteristically different. Language differences, such as exist in Switzerland, Belgium, India, Canada, or Spain, contribute greatly to creating the former.

All in all, the combination of small *N* and large variety helps explain why some scholars prefer not to think of federal vs. unitary states in dyadic terms and instead to approach their functioning by way of the looser concept of "multilevel governance." Whether this is justified or not, the reality remains that federal systems present difficulties for comparative analysis.

### Case Studies

Having earlier remarked on the opportunity federalism offered for systematic comparative analysis, it is thus not surprising that Riker (1975, p. 131) later retreated to a much less sanguine view. "Mature federations are more unlike than alike"; thus "it is probably impossible to generalize about the operation of federalism."

It is this sort of complexity that has caused scholars to flag the many obstacles to a reliable use of the comparative method in political science more generally. It is sometimes forgotten that pioneer theorist of the comparative method, John Stuart Mill (1974/1843), essentially rejected its application to the human sciences because of the "extraordinary" complexity of the variables. Since we will never be able to find two cases alike in all respects except the variable in question, we must rely on methods of comparison that cannot resolve problems of the "plurality of causes" ("equifinality," in modern jargon) or intermixed causes – "chemical causation," as Mill called it (on which see Ragin 1987). Mill (1974, p. 883) cautioned against "a specious semblance of conclusiveness" that comparative analysis can create in the social sciences. It is for this reason that "natural experiments" are the holy grail of comparative research since only they can provide some hope of holding the inevitably wide range of variables constant (Robinson et al. 2009). However, natural experiments are exceedingly rare.

Sober assessments of the comparative method more recently (e.g., Lieberson 1991) also focus on the difficulty of distinguishing multiple causes ("over determination") or interaction effects. While Przeworski and Teune (1970) downplayed these difficulties, Przeworski (2007) eventually conceded that problems such as "endogeneity" force us to ask whether a "science of comparative politics" is possible at all. Such issues go to the heart of the matter in the human sciences, returning us to the question of whether the nomothetic enterprise of a "social science" is really feasible or whether we must settle for a much less ambitious idiographic approach of traditional "history" that treats cases as largely *sui generis*.

This retreat to a much more realistic view about the capacity of comparative analysis is a further reminder of the crucial value of in-depth case studies and the "process tracing" analysis they engage in to reveal complex causal mechanisms (George and Bennett 2005). Case studies occupy, Gerring (2004, p. 352) suggests, a seemingly precarious ontological position midway between ideographic and nomothetic extremes – but precisely there may well be the reality of the human sciences. It is this dilemma that leads to a plea for matched pairs approach to comparison, which in some ways offers the greatest potential for dealing with complex variables (Tarrow 2010). Any fewer cases would allow no comparison; any more threatens to compromise on empirical richness. Paired comparisons have been used widely in the federalism literature: juxtaposing Canada and the United States, Canada and Australia, the EU and the United States, Canada and the EU, the United States and Switzerland, and indeed almost any other permutation one can imagine.

## Federalism as a Dependent Variable

Interest in federalism itself has focused on at least four different but related questions. The first is *origins*: why do some states emerge in a federal rather than unitary form? The second is survival, or more precisely, *failure*: why do some federations expire or dissolve? The third and fourth concern the *dynamics* of successful or established federal unions: how and why does the balance between centripetal and centrifugal tendencies change over time, and, more specifically, what role does judicial review play in the evolution of federal systems?

### Origins

Why some states took a federal rather than unitary path is an interesting question that also has bearing on the understanding of federal practice. In addition to helping understand the past and interpret the present, it also helps with envisioning the future: under what circumstances might federalism be a "solution" to present woes, such as unitary states fractured by conflicting regional identities (Wibbels 2006). Most reflection and research has focused on aggregative federations since they are older and more classically federal. The obvious first step has been to map the experience of precursors, the various confederal unions that have existed over the centuries, and about which, thanks to Davis (1978), Forsyth (1981), and Lister (1999, 2001), much is now well understood.

It has long been recognized, as Wheare (1946, pp. 37–45) originally spelled out, that some combination of external threat and economic gain has been instrumental in the formation of the main aggregative federations. Riker (1964, p. 12) turned the strategic gain notion into a formal proposition, but shorn of its nuances the idea lost rather than gained utility. Going beyond Riker's rather "commonplace" observation (Davis 1978, p. 137) has been difficult, though.

Empirically, an inviting comparison is between German and Italian unification in the 1870s. Although not at all a "natural experiment" (*contra* Ziblatt 2006: Chapter 1), since it does not control for other variables, these divergent forms of modern state formation make for a potentially illuminating contrast. Is there something about the fact that militarily powerful Prussia drew the German states into a federal union, while Piedmont presided over the formation of a unitary state in Italy? Wheare's answer was that federalism requires an established capacity for regional self-government. Italy could not federate until the autocracies of Sicily and Naples were abolished. "But when this defeat was accomplished, nothing was left. There were no governments with authority rooted in the society they governed." Ziblatt (2006) explored the comparison in more detail and arrived at the same conclusions.

Simple binary comparisons, as noted above, have their strengths; however, they also have their weaknesses. A critical weakness to the simple two-case comparison here is that while it helps us understand why modern Italy could *not* take a federal form, it cannot tell us why Germany *did*; "infrastructural capacity," as Ziblatt calls it, would certainly seem to be a necessary condition, but there can be no valid inference from this comparison that it is in any way a sufficient one. A host of other conditions almost certainly have to be met.

### Success and Failure

The flip side of explaining origins is explaining failure or the limits of federalism: presumably many of the same factors that make for federalism in the first place determine whether it will succeed or not. Wheare's list of "requisites" also included such factors as previous existence of the constituent units as autonomous political entities and similarity of social and political institutions.

Because federal union has often seemed like the ideal solution to state-building challenges, a sense of disappointment has long surrounded those instances where a federal vision has proved insufficient to the task, including instances of "total failure" (Hicks 1978). The general answer has been to infer from the broad experience what conditions are conducive to success, such as the number of units or the relationship between unit boundaries, the distribution of ethnic or other potentially troublesome minorities (Lemco 1991), or the experience of prior independence (Markovic 1995). Of particular interest is whether federalism assuages or, alternatively, amplifies regional discontent when genuine differences of identity are at issue. Is federalism the "solution" in divided societies, as Elazar (1987, p. 8) argued? Inferences from multicase surveys (Amoretti and Bermeo 2004, pp. 457–489; McGarry and O'Leary 2009; Seymour and Gagnon 2012; Anderson 2015) suggest that while generalization is difficult, federalism does assist in "managing cleavages" and that the notion that federalism exacerbates identity issues can only be sustained by overlooking patently incompatible conditions and creating illusory counterfactuals. Federalism is not a panacea (Erk 2015).

### Evolution and Erosion

Distinguishing "successful" from "unsuccessful" federations does not do justice to the quotidian but pervasive difficulties often experienced by the successful, established, federations. While the frictions of "cool" federalism are much less dramatic than those of its "hot" version (Sager 2005), they can nonetheless be a source of dissatisfaction. A widespread syndrome has been one of the creeping centralization and the resulting perception that federalism is being eroded in the established federations. Aggregative federations typically took shape through a process of debate and negotiation (misleading characterized by Riker as a "bargain") in which efforts were made to lock the relationship between the two levels of government into the desired form through constitutional arrangements. The question is how those arrangements subsequently evolved and what role they and the institutions they established played in that evolution.

For those unions formed prior to or in the early years of industrial modernization, powerful centripetal tendencies were inevitable, particularly but not only because of the way the emergence of national welfare states in the mid-twentieth century effectively reversed major elements of the traditional distribution of responsibilities (Corry 1941; Peterson 1995; Fenna 2007). In an influential formulation, Sawer (1976, p. 64) described this "as involving three successive stages; first co-ordinate or dual federalism, secondly co-operative federalism, and thirdly organic or integrated federalism." Attempts to map and compare centralizing trends show a tendency that spans quite different federal systems and indeed appears "ubiquitous" (Döring and Schnellenbach 2011), but which has nonetheless been variable (Krane 1988). An alternative reading sees periods of centralization and periods of decentralization (Chhibber and Kollman 2004, pp. 101–160).

This evolution, which in some instances has quite transformed the older federal systems, has more often than not taken place via sub-constitutional means: typically, a combination of favorable judicial interpretation and the exercise of fiscal power. There does, however, seem to be a characteristic division between the continental federations Switzerland and Germany, and the New World federations, in this respect, with the former making much more regular and effective use of formal constitutional amendment (Hueglin and Fenna 2015, pp. 275–307). For the latter, one can agree with Rodden (2006, p. 38) that "federal constitutions are notoriously poor guides to the distribution of authority in modern federations."

The institutional barriers to change in federal systems did retard this process of adaptation for some time, but once the dam was broken, it has seemed to some observers that there has been a very real possibility of moving from centralization to what Braun (2011) calls "overcentralization." Some attempt has been made to compare the degree of centralization across federations using fiscal indicators, with, unsurprisingly, Canada and Switzerland ranked the least, United States and Germany in the middle, and Australia and Austria the most (Thorlakson 2003).

The efficacy of federalism's constitutional constraints in resisting centripetal tendencies has been discussed at length by some scholars (Filippov et al. 2004; Bednar 2009), but with mixed results and, more to the point, little attempt at empirical validation and comparative analysis. Riker (1964, p. 101), who attached minimal significance to the institutional features, argued that "the decentralization of the two-party system is sufficient to prevent national leaders . . . from controlling their partisans by either organizational or ideological devices. As such, this decentralized party system is the main protector of the integrity of states in our federalism." However, this observation was based on little more than impressionistic argument. More systematic comparison reinforces the suspicion that parties should be regarded as merely an intervening variable and the party system a consequence rather than a cause of centralization (Chhibber and Kollman 2004, p. 227).

An alternative take on this variable asks not whether the party system is centralized, but whether it is Left-dominated. Parties of the Left are congenitally centralizing and where they enjoy a dominant position they will drive federations in that direction. Or so argue Turgeon and Wallner (2013), who illustrate their point with a two-case contrast between Australia and Canada.

That comparison provides useful *prima facie* evidence, but one would need other cases with the underlying characteristics of Australia but without its Labor Party to provide compelling demonstration.

One of the few attempts to address the general question of what drives centralization through an empirically richer multicase comparative analysis has been Erk (2007), who compares Austria, Belgium, Canada, Germany, and Switzerland. Erk found that having a federal society – i.e., one characterized by regional ethno-linguistic diversity – proves most resistant to centralization. This lent support to Livingston's (1952) well-known proposition that "Federalism is a function not of constitutions but of societies." Riker (1964, p. 111) similarly emphasized the role of "popular sentiment of loyalty" in determining which level of government will dominate. While confirming the importance of that societal diversity, Braun (2011) sought to supply a more nuanced reading, using much the same range of cases, but including variations in institutional structure. Similarly, Bolleyer (2009) explored some of these cases to determine how the varying ability of constituent units to cooperate might be explained and might affect federal dynamics.

## Courts and the Constitution

How effective have federalism's constitutional/institutional "safeguards" been in retarding those centralizing tendencies noted above? Of all the mooted institutional safeguards, it is the courts that have been most discussed. This, however, has overwhelmingly been done using an *N* of one – the United States. Can comparative analysis tell us anything about the contribution judicial review has made to the evolution of federal systems? Views about the significance of the courts range from Alexander Hamilton's blithe and rather disingenuous reassurance in Federalist 78 that the judiciary are the "least dangerous" branch (following Montesquieu), to Dicey's (1915, p. 170) dictum that federalism "means legalism – the predominance of the judiciary in the constitution." In the United States, legal scholars have long debated whether the Supreme Court should or can be expected to police the federal division of powers (e.g., Wechsler 1954; McGinnis and Somin 2004).

### Federalism and Constitutionalism

Federalism contributed significantly to the emergence and development of modern constitutionalism since the creation of federal unions inevitably entailed legal formalization of the negotiated arrangements. Along with "new beginnings," it was one of the two paths to modern constitutionalism (Ackerman 1997, p. 775). In some cases, such as Canada or Australia, federalism was a sufficient reason for the drafting of a modern constitution; in others, such as the United States, both factors were at work. Constitutionalism has thus been an important element of federal systems, manifesting itself in questions about amendment and other forms of adjustment to changing conditions such as interpretation and reinterpretation by the courts.

Almost without exception, federations have established higher courts either implicitly or explicitly mandated to assess the constitutionality of government actions and thus adjudicate conflicts over the division of powers. Thus federalism has also provided a major impetus for the development of judicial review. There was a great deal of truth to Dicey's observation – certainly more than there was to Hamilton's. Because of its reliance on (and contribution to) constitutionalism, and because of its unique attempt at creating some kind of shared sovereignty, federalism almost inevitably created a privileged role for the courts. Indeed, as embodied in the landmark *Marbury v. Madison* (1803) decision of the US Supreme Court, federalism was instrumental in the rise of *judicial review*: the then-controversial and path-breaking notion that the judiciary may declare the actions of government unconstitutional.

Judicial review spread to the Anglo federations Canada and Australia but because of very different associations and conditions was slower coming to the European states. By the second half of the twentieth century, though, it had become the international norm (and of course not just in federal systems) a status reflected in the contribution

made by the European Court of Justice to the consolidation of the European Union. Characteristic differences remain, with the New World federations reposing the task in a general court of appeal – the Supreme Court of the United States or of Canada or the High Court of Australia – while the German model is one of a specialist constitutional court, the *Bundesverfassungsgericht*. There is, however, one distinct anomaly: Switzerland, the one federation where the jurisdictional scope of the national government is not subject to judicial review at all (though actions of the cantons are subject to the Federal Court). Switzerland's unique reliance on direct democracy has made judicial review of central government actions seemingly unnecessary.

### The Judicial Safeguards of Federalism?

Up until the second half of the twentieth century it was common to deplore the constraint judicial review was imposing on the expansion of central government powers and the way courts were so conservatively deferential to federalism. More recently, supreme courts have been accused of the opposite: of betraying federalism and being complicit in the centralization of power that has occurred in the established federations. Scant attention has, however, been paid to these questions by comparativists. One exception is Bzdera (1993), who compared Switzerland, Canada, the United States, Australia, and the EU, concluding from their experiences that, without exception, supreme courts "are best characterized as centralist and nationalist."

> This net centralist/nationalist bias of federal high courts is largely explained by the strong institutional factors linking such courts to the political organs of the central government. This government is generally responsible for the existence of the court, its administration, its budget, its internal procedures, and most notably for the selection of its judges. (Bzdera 1993, p. 27)

Highly suggestive for Bzdera was the way the court least beholden to the central government, the Judicial Committee of the Privy Council in London during the formative years of Canadian federalism, played a pronounced decentralizing role. The Judicial Committee was an Imperial instrument serving as the final court of appeal for Canadian federalism until 1949. Entirely external and independent, it manifestly favored a federal rather than a centralizing interpretation of what was intended to be a quite centralizing constitution.

Of course, periodization is a crucial component of such an analysis: the building phase of a federal union is presumably rather different from more mature phases. Thus, obversely, we might expect courts to play a centralizing role in "constituting" an integrated union when faced with disparate elements. Thus Goldstein (2001), for instance, compares the role of the European Court of Justice with the US Supreme Court in its early years. More generally, comparison of the EU with other federations in their earlier days has been a natural avenue of research (e.g., Church and Dardanelli 2005; Jabko 2006).

If this argument about courts and centralization is correct, we should find an inverse correlation between the central government's control over the court and the degree to which the court defends federalism. And some such correlation can be discerned (Aroney and Kincaid 2016). Centrally dominated supreme courts in Australia and the United States have assumed a deferentially centralizing role. By contrast, the supreme courts of the German and Swiss federations, constituted with much greater respect for the federal principle, have adopted a more balanced position – with the Swiss Federal Court (*Tribunal fédéral/Bundesgericht*) demonstrating that balance in the license it extends to the cantons (Lienhard et al. 2016). Of course, these are merely correlations and in no way control for the possible influence of a wide range of other factors. It is also not inconsistent with the recognition that judicial review functions via internal intellectual logics encapsulated in the notion of interpretive "doctrine" (Baier 2006).

## Governing Federal Systems

An enormous amount of the work done on federal systems concerns the practical questions about the

mechanics of cooperation and conflict when two constitutionally entrenched levels of government interact, as over the course of the last century they have increasingly had to do (Poirier et al. 2015). This has two main dimensions: fiscal and political–administrative, the latter coming under the rubric of intergovernmental relations, or "IGR."

### Fiscal Federalism

Comparative analysis of the fiscal relations between governments in federal systems is limited. One exception is Rodden's (2006, p. 272) survey of the "murky semi-sovereignty" that characterizes the spending and borrowing position of the constituent units in federal systems and the possible "hazard" this poses for public finance. Very little comparative work has been done on what is perhaps a more important aspect of fiscal federalism, *viz*., vertical fiscal imbalance (VFI) and the use of conditional grants by central governments. The significance of VFI lies chiefly in the way it allows central governments to "encroach" on the constitutional prerogatives of the constituent units by use of the "spending power." Some comparative work has been done on horizontal fiscal equalization (HFE), the subsidization of less well-off jurisdictions to maintain comparability of government services across the country (Béland and Lecours 2011, 2014). Equalization varies considerably from federation to federation – particularly in degree but also in manner. Some federations equalize thoroughly or aggressively (Australia, Germany); some equalize partially (Canada, Switzerland); and one does very little at all (the United States).

### Intergovernmental Relations

The growth and consolidation of intergovernmental relations in the traditional dualistic federations over the twentieth century has long been studied under the rubric of "cooperative federalism." As Elazar (1991, p. 69) noted, "the adjective *cooperative*. . .does not imply that intergovernmental relations are always peaceful and friendly. . . . *Cooperative* refers to the fact that governments must *cooperate*, that is, work and function together." The story of cooperative federalism encompasses a wide range of interactions including negotiation, conflict, coercion, and genuine cooperation. It can also involve practices of "collaborative federalism," *viz*., the establishment of joint governance arrangements (Painter 2001).

Intergovernmental relations, however, are the most elusive subject in the study of federalism. Lacking the explicit legal form of constitutions and judicial interpretation, the explicit numerical quality of fiscal relations, or the tangible shape of constitutionally mandated institutions, they occupy a distinctly gray area. Comparison generates some systemic distinctions, such as that between "executive federalism" and "administrative federalism." Parliamentary federations with a legislative division of powers generate high levels of executive-to-executive interaction that has been termed "executive federalism" (Watts 1989). Both US federalism, with its presidential separation of powers, and German federalism, with its administrative division of powers, give rise to more diffuse interaction, often at the bureaucratic levels, that has been termed "administrative federalism" (Fenna 2012; Hueglin and Fenna 2015, pp. 239–246).

Comparing the very different processes in the American and Canadian systems, Bakvis and Brown (2010) find that outcomes are nonetheless similar. It is reasonable to expect, though, that presidentialism and parliamentarism will have characteristically different effects on the way a federal system functions. Comparing four federations, Kelemen (2000) found that to indeed be the case for environmental policy: the inherent weaknesses of presidential separation of powers arrangements leads to imposition of tight regulatory frameworks on the constituent units in a way that does not tend to happen in parliamentary systems. Again, such findings are hostage to the shortage of comparative material. Presidential systems are generally rare in the world of successful liberal democracies and specifically rare in the world of successful democratic federations. This requires Kelemen to use the EU as a functional equivalent to the United States.

### Reform

This evolution of modern federalism, with its increasing entanglement of the two levels of

government and degree of convergence between the way powers are divided in the dual and integrated federations, has created a challenge for modern federal governance. It has also generated characteristic reform strategies in the two types of federations. Legislative federations have sought to strengthen shared rule in response to the increased sharing, while administrative federations have moved towards disentanglement (Broschek 2015).

## Federalism as an Independent Variable

What difference does having a federal system make? Riker's answer was "very little," and then only to the style rather than the substance of what governments do. Davis (1978, pp. 212–213) was, if anything, more sceptical – declaring that the term "federalism" had become "phylogenetically senile." On the other hand, bold claims and strong criticisms have been made about federalism over the years, including that it protects individual rights, provides a way to accommodate diversity, retards policy making, and facilitates policy making. Here the logical approach is, as Riker (1969, p. 139) suggested, a matched-pairs design, juxtaposing "most (otherwise) similar" federal and unitary systems. Short of a genuine natural experiment, the problem here of course is that the available material provides few opportunities for anything but the most approximate "matching."

### Federalism as Hindrance?

Does divided jurisdiction help, hinder, or make little difference to effective governance and the introduction of new policies? In particular, focus has been on the potential for market-modifying policies. The short answer seems to be "all of the above": federalism has or can help, hinder, or make little difference to reformist policy, depending on circumstances.

Writing when US federalism was proving a significant obstacle to policy reform for a rapidly industrializing society, Dicey (1915, p. 169) declared that a system of divided jurisdiction "is unfavourable to the interference or activity of government." The assessment was echoed less dispassionately in the years of the Great Depression, most famously by English socialist Harold Laski (1939). For Dicey, Laski, and others, the main culprit was misalignment between responsibilities and capacities combined with the power of the courts to veto any kind of adjustment through initiatives of the national government. At its extreme, this took the form of the perverse situation created in the *Lochner* era of constitutional interpretation in the United States that neither level of government was granted power to regulate the market (Kens 1998).

All of this discussion and handwringing implicitly assumed federalism of the American type that is a legislative rather than administrative division of powers. Jurisdictional impasse would self-evidently not be the same problem in federalism of the German type. But "joint-decision" systems may well fall prey to their own pathologies, and according to Fritz Scharpf (1988), they indeed are, but of a different kind. In this view, Germany and the EU are afflicted with tendencies to a policy and institutional reform inertia Scharpf called the "joint-decision trap." This syndrome arises when unanimity among too many decision makers is officially or effectively required. The proposition has been explored through empirical work and comparative reflection (Héritier 1999; Benz 2011; Falkner 2011).

The question of federalism's impact on market-modifying initiatives was looked at in empirical depth in a comparative analysis of the emergence of welfare states in Australia, Canada, the United States, Austria, and Switzerland (Obinger et al. 2005). That analysis corresponded to the approach recommended by King et al. (1994, p. 45) as "structured, focused comparison." It confirmed the contribution federalism made to retarding the development of modern welfare states in some of these cases, but also noted the extent to which that was a one-off event and the extent to which other contributing factors have been at work. In the US system, for instance, it is easy to confuse the effect of federalism with the effect of extraneous institutional characteristics, notably the presidential separation of powers design of the national government (Greer 2010).

In the United States, it is also easy to confuse the effects of federalism with the effects of some of the underlying circumstances associated with federalism, notably the conservative pulls of the South (Finegold 2005).

Some of the adverse dynamics of federalism in development of redistributive social policy also seem evident in the environmental field. Comparing Switzerland, Canada, the United States, and the EU, Weibust (2009) found that centralization of powers in this area rescued the country from debilitating collective action problems of a decentralized system. At the same time, other comparative analyses of the impact of federalism on environmental policy find little scope for generalization, partly because each federation is different – both in the nuances of its federal structure and in other, extraneous, factors (e.g., Harrison 2010). Meanwhile, Banaszek (1996) compared women's suffrage in Switzerland and the United States – two federal systems with contrasting outcomes – and quite absolved divided jurisdiction from any particular outcome responsibility. In her comparison, it was not intra-federal variation that explained the contrasting outcomes, but entirely extra-federal factors, notably the misguided strategies chosen by the Swiss suffragette movement itself.

### Federalism as Facilitator

On the other side of the ledger is the claim that federalism enhances policy making. In the "laboratory federalism" thesis, one of the great virtues of having several independent jurisdictions and two levels of government is the much greater opportunity for policy "experimentation" and learning. As first proposed by James Bryce (1893, p. 353) and later promoted by Justice Brandeis (1932) of the US Supreme Court, federalism creates "laboratories of democracy" wherein unsuccessful experiments are safely quarantined and whereby successful ones can be emulated. The thesis is attractive but does the vaunted experimentation and learning actually occur in practice – and to the extent it does occur, under what specific circumstances?

Theoretical doubts about the likelihood of such a beneficent dynamic have been widely voiced (e.g., Strumpf 2002), but much less has been done to test the proposition empirically. Some systematic research has been done in the United States, where most of the interest in the thesis is focused. Findings have highlighted the proposition's rather idealistic nature, consistent with the judgments of the more theoretical literature on the subject. "The characterization of the 50 states as laboratories of democracy is an appealing image, but it is a standard that is rarely met in practice" (Karch 2007, p. 204). Little effort, however, has been made to move beyond the single-case perspective on this question. Two types of comparison are required: a comparison of federal and unitary systems, as Riker suggested, to provide some better indication of whether federalism does indeed exhibit experimentation and learning tendencies, and a comparison of different federations to give some indication of what intra- or extra-federal characteristics contribute to or negate those putative tendencies.

An illustration of the former is Chappell and Curtin (2013) who follow Riker's (1969, pp. 139–140) advice and utilize the Australia–New Zealand comparison to explore the difference between a federal and a unitary system enjoying otherwise substantial similarities. They found that divided jurisdiction did indeed provide greater opportunities for progressive initiatives. As far as the latter is concerned, there is the distinct possibility, as Pierson (1995) argued, that "federalism" is too crude an independent variable and that it is particular features of specific federal systems that we must examine. Evidence suggests that, indeed, a great deal of contingency is involved (Wälti 2013).

## Conclusion

As in the social sciences generally, meaningful comparison is the methodological holy grail of federal studies. Federations are a significant subset of liberal democratic governance types and should provide us with the scope to explore and test ideas about either the way federal systems change and evolve (federalism as dependent variable) or the way federal systems affect

the practices of politics and policy making (federalism as independent variable). The challenges, though, are considerable: the number of cases is small, and the degree of variance is large. As the above survey demonstrates, comparative efforts have focused overwhelmingly on the usual suspects: that small handful of stable liberal democracies with well-established formally and substantively federal systems. The United States, Switzerland, Canada, Australia, and Germany are the analytic elect. Increasingly, the EU is being added to the mix – despite, as we noted, ambivalence about its federalness. Outlying cases, such as failed federations, become relevant and useful for specific purposes.

Riker's slightly whimsical notion of testing the significance of federalism by focusing on paired comparisons contrasting on the independent variable has not, with the occasional nicely suggestive exception, proven fertile for the simple reason that such matched pairs do not exist in the real world. The notion is, as Mill (1974, p. 882) noted, "manifestly absurd" since, to paraphrase Mill, if two countries were alike in every respect other than the structure of their system of government, they would be alike in that respect too. Examining either the fate of federalism as a dependent variable or the impact of variations in federal and related governmental structures does not entail unitary–federal comparison. Here, the problem is paucity of material, with analyses forced to rely on only one case of separation of powers federalism (the United States) and only a modest number of parliamentary federations, or one case of integrated federalism (Germany) and some partial examples (Switzerland, EU) or only a modest number of dualistic ones. Nonetheless, interesting and suggestive work has been done using these limited resources.

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Comparative Public Administration and Globalization
- ▶ Federalism and Public Administration


## References


Ackerman B (1997) The rise of world constitutionalism. Va L Rev 83(4):771–791

Amoretti UM, Bermeo N (eds) (2004) Federalism and territorial cleavages. Johns Hopkins University Press, Baltimore

Anderson L (2015) Ethnofederalism and the management of ethnic conflict: assessing the alternatives. Publius 46(1):1–24

Annett I (2010) The case of the EU: implications for federalism. Reg Fed Stud 20(1):107–126

Aroney N, Kincaid J (eds) (2016) Courts in federal systems. University of Toronto Press, Toronto

Auer A (2005) The constitutional scheme of federalism. J Eur Public Policy 12(3):419–431

Baier G (2006) Courts and federalism: judicial doctrine in the United States, Australia, and Canada. UBC Press, Vancouver

Bakvis H, Brown D (2010) Policy coordination in federal systems: comparing intergovernmental processes and outcomes in Canada and the United States. Publius 40(3):484–507

Banaszak LA (1996) Why movements succeed or fail: opportunity, culture, and the struggle for woman suffrage. Princeton University Press, Princeton

Bednar J (2009) The robust federation: principles of design. Cambridge University Press, Cambridge

Béland D, Lecours A (2011) The ideational dimension of federalism: the "Australian model" and the politics of equalisation in Canada. Aust J Polit Sci 46(2):199–212

Béland D, Lecours A (2014) Fiscal federalism and American exceptionalism: why is there no federal equalization program in the United States? J Public Policy 34(2):303–329

Benz A (2011) Escaping joint-decision traps: national and supranational experiences compared. In: Falkner G (ed) The EU's decision traps: comparing policies. Oxford University Press, Oxford, pp 199–216

Bolleyer N (2009) Intergovernmental cooperation: rational choices in federal systems and beyond. Oxford University Press, New York

Brandeis J (1932) Opinion in New State Ice Co. v. Liebmann, 285 US 262

Braun D (2011) How centralized federations avoid overcentralization. Reg Fed Stud 21(1):35–54

Broschek J (2015) Pathways of federal reform: Australia, Canada, Germany, and Switzerland. Publius 45(1): 51–76

Bryce J (1893) The American commonwealth, 3rd edn. Macmillan, London, 2 vols

Burgess M (2005) Comparative federalism: theory and practice. Routledge, London

Bzdera A (1993) Comparative analysis of federal high courts: a political theory of judicial review. Can J Polit Sci XXVI(1):3–29

Case W (2007) Semi-democracy and minimalist federalism in Malaysia. In: He B, Galligan B, Inoguchi T (eds) Federalism in Asia. Edward Elgar, Cheltenham, pp 124–143


C

Chappell L, Curtin J (2013) Does federalism matter? Evaluating state architecture and family and domestic violence policy in Australia and New Zealand. Publius 43(1):24–43

Chhibber P, Kollman K (2004) The formation of national party systems: federalism and party competition in Canada, Great Britain, India, and the United States. Princeton University Press, Princeton

Church C, Dardanelli P (2005) The dynamics of confederalism and federalism: comparing Switzerland and the EU. Reg Fed Stud 15(2):163–185

Corry JA (1941) The federal dilemma. Can J Econ Polit Sci 7(2):215–228

Davis SR (1978) The federal principle: a journey through time in quest of a meaning. University of California Press, Berkeley

Dicey AV (1915) Introduction to the study of the law of the constitution, 8th edn. Macmillan, London

Döring T, Schnellenbach J (2011) A tale of two federalisms: Germany, the United States and the ubiquity of centralisation. Constit Polit Econ 22(1):83–102

Duchacek ID (1970) Comparative federalism: the territorial dimension of politics. Holt, Rinehart and Winston, New York

Dumont H (2012) The European Union, a plurinational federation *in Sensu Cosmopolitico*. In: Michel S, Gagnon A-G (eds) Multinational federalism: problems and prospects. Palgrave Macmillan, Basingstoke

Elazar DJ (1987) Exploring federalism. University of Alabama Press, Tuscaloosa

Elazar DJ (1991) Cooperative federalism. In: Kenyon DA, Kincaid J (eds) Competition among states and local governments: efficiency and equity in American federalism. Urban Institute Press, Washington, DC, pp 65–86

Erk J (2004) Austria: a federation without federalism. Publius 34(1):1–20

Erk J (2007) Explaining federalism: state, society and congruence in Austria, Belgium, Canada, Germany, and Switzerland. Routledge, London

Erk J (2015) Iron houses in the tropical heat: decentralization reforms in Africa and their consequences. Reg Fed Stud 25(5):409–420

Falkner G (ed) (2011) The EU's decision traps: comparing policies. Oxford University Press, New York

Fenna A (2007) The malaise of federalism: comparative reflections on Commonwealth–state relations. Aust J Public Adm 66(3):298–306

Fenna A (2012) Federalism and intergovernmental coordination. In: Guy Peters B, Jon P (eds) The SAGE handbook of public administration, 2nd edn. Sage, London, pp 750–763

Filippov M, Ordeshook PC, Shvetsova O (2004) Designing federalism: a theory of self-sustainable federal institutions. Cambridge University Press, Cambridge

Finegold K (2005) The United States: federalism and its counter-factuals. In: Obinger H, Leibried S, Castles FG (eds) Federalism and the welfare state: new world and European experiences. Cambridge University Press, Cambridge, pp 138–178

Forsyth M (1981) Unions of states: the theory and practice of confederation. Leicester University Press, Leicester

Freeman E (1863) History of federal government from the foundation of the Achaian league to the disruption of the United States, vol 1. Macmillan, London

Freeman EA (1896) Comparative politics, 2nd edn. Macmillan, London

George AL, Bennett A (2005) Case studies and theory development in the social sciences. MIT Press, Cambridge, MA

Gerring J (2004) What is a case study and what is it good for? Am Polit Sci Rev 98(2):341–354

Goldstein LF (2001) Constituting federal sovereignty: the European Union in comparative context. Johns Hopkins University Press, Baltimore

Greer SL (2010) How does decentralisation affect the welfare state? Territorial politics and the welfare state in the UK and US. J Soc Policy 39:181–201

Harrison K (2010) Multilevel governance and carbon pricing in Canada, the United States, and the European Union. In: Courchene J, Allan R (eds) Canada: the state of the federation 2009 – carbon pricing and environmental federalism. McGill-Queen's University Press, Montreal/Kingston, pp 111–128

Héritier A (1999) Policy-making and diversity in Europe: escape from deadlock. Cambridge University Press, Cambridge

Hicks U (1978) Federalism: failure and success, a comparative study. Oxford University Press, New York

Hueglin TO (2013) Comparing federalisms: variations or distinct models? In: Benz A, Broschek J (eds) Federal dynamics: continuity, change, and the varieties of federalism. Oxford University Press, Oxford, pp 27–47

Hueglin T, Fenna A (2015) Comparative federalism: a systematic inquiry, 2nd edn. University of Toronto Press, Toronto

Jabko N (2006) The politics of central banking in the United States and in the European Union. In: Menon A, Schain M (eds) Comparative federalism: the European Union and the United States in comparative perspective. Oxford University Press, New York, pp 275–291

Karch A (2007) Democratic laboratories: policy diffusion among the American states. University of Michigan Press, Ann Arbor

Kelemen RD (2000) Regulatory federalism: EU environmental regulation in comparative perspective. J Public Policy 20(2):133–167

Kens P (1998) Lochner v. New York: economic regulation on trial. University Press of Kansas, Lawrence

Kincaid J (1999) Confederal federalism and citizen representation in the European Union. West Eur Polit 22(2): 55–58

King G, Keohane RO, Verba S (1994) Designing social inquiry: scientific inference in qualitative research. Princeton University Press, Princeton

Krane D (1988) The evolutionary patterns of federal states. In: Lloyd Brown-John C (ed) Centralizing and decentralizing trends in federal states. University Press of America, Lanham, pp 39–62

Laski H (1939) The obsolescence of federalism. New Republic 98(1274):367–369
Lemco J (1991) Political stability in federal governments. Praeger, New York
Lenaerts K (1990) Constitutionalism and the many faces of federalism. Am J Comp Law 38(2):205–263
Lieberson S (1991) Small N's and big conclusions: an examination of the reasoning in comparative studies based on a small number of cases. Soc Forces 70(2): 307–320
Lienhard A, Kettiger D, Bühler J, Mérillat L, Winkler D (2016) The federal supreme court of Switzerland: judicial balancing of federalism without judicial review. In: Aroney N, Kincaid J (eds) Courts in federal systems. University of Toronto Press, Toronto
Lister FK (1996) The European Union, the United Nations and the revival of confederal governance. Greenwood Press, Westport
Lister FK (1999) The early security confederations: from the ancient Greeks to the United Colonies of New England. Greenwood, Westport
Lister FK (2001) The later security confederations: the American, "new" Swiss, and German unions. Greenwood, Westport
Livingston WS (1952) A note on the nature of federalism. Polit Sci Q 67(1):81–95
Majone G (2006) Federation, confederation, and mixed government: a EU–US comparison. In: Menon A, Schain M (eds) Comparative federalism: the European Union and the United States in comparative perspective. Oxford University Press, New York, pp 121–148
Markovic M (1995) The federal experience in Yugoslavia. In: Karen K, Ostry S, Simeon R, Swinton K (eds) Rethinking federalism: citizens, markets, and governments in a changing world. University of British Columbia Press, Vancouver
McGarry J, O'Leary B (2009) Must pluri-national federations fail? Ethnopolitics 8(1):5–25
McGinnis JO, Somin I (2004) Federalism vs. states' rights: a defense of judicial review in a federal system. Northwest Univ Law Rev 99(1):89–130
McKay D (2001) Designing Europe: comparative lessons from the federal experience. Oxford University Press, Oxford
Mill JS (1974/1843) A system of logic ratiocinative and inductive: being a connected view of the principles of evidence and the methods of scientific investigation, 2 vols. University of Toronto Press, Toronto
Obinger H, Leibfried S, Castles FG (eds) (2005) Federalism and the welfare state: new world and European experiences. Cambridge University Press, Cambridge
Painter M (2001) Multi-level governance and the emergence of collaborative federal institutions in Australia. Policy Polit 29(2):137–150
Peterson PE (1995) The price of federalism. Brookings Institution, Washington, DC
Pierson P (1995) Fragmented welfare states: federal institutions and the development of social policy. Governance 8(4):449–478
Poirier J, Saunders C, Kincaid J (2015) Intergovernmental relations in federal systems: comparative structures and dynamics. Oxford University Press, Don Mills
Przeworski A (2007) Is the science of comparative politics possible? In: Boix C, Stokes S (eds) The Oxford handbook of comparative politics. Oxford University Press, Oxford
Przeworski A, Teune H (1970) The logic of comparative social inquiry. Wiley, New York
Rack R (1996) Austria: has the federation become obsolete? In: Hesse JJ, Wright V (eds) Federalizing Europe? The costs, benefits, and preconditions of federal political systems. Oxford University Press, Oxford, pp 204–218
Ragin CC (1987) The comparative method: moving beyond qualitative and quantitative strategies. University of California Press, Berkeley
Riker WH (1964) Federalism: origin, operation, significance. Little, Brown and Company, Boston
Riker WH (1969) Six books in search of a subject or does federalism exist and does it matter? Comp Polit 2(1): 135–146
Riker WH (1975) Federalism. In: Greenstein FI, Polsby NW (eds) Handbook of political science. Governmental institutions and processes, vol 5. Addison-Wesley, Reading, pp 93–172
Robinson G, McNulty JE, Krasno JS (2009) Observing the counterfactual? The search for political experiments in nature. Polit Anal 17(4):341–357
Rodden JA (2006) Hamilton's paradox: the promise and peril of fiscal federalism. Cambridge University Press, New York
Sager LG (2005) Cool federalism and the life-cycle of moral progress. Willilam Mary Law Rev 46(4):1385–1398
Sala G (2014) Federalism without adjectives in Spain. Publius 44(1):109–134
Sawer G (1969) Modern federalism. C. A. Watts & Co, London
Sawer G (1976) Modern federalism, New edn. Pitman Australia, Carlton
Scharpf FW (1988) The joint-decision trap: lessons from German federalism and European integration. Public Adm 66(3):239–278
Seymour M, Gagnon A-G (eds) (2012) Multinational federalism: problems and prospects. Palgrave Macmillan, Basingstoke
Strumpf KS (2002) Does government decentralization increase policy innovation? J Public Econ Theory 4(2):207–241
Tarrow S (2010) The strategy of paired comparison: toward a theory of practice. Comp Polit Stud 43(2):230–259
Thorlakson L (2003) Comparing federal institutions: power and representation in six federations. West Eur Polit 26(2):1–22
Turgeon L, Wallner J (2013) Adaptability and change in federations: centralization, political parties, and taxation authority in Australia and Canada. In: Skogstad G, Cameron D, Papillon M, Banting K (eds) The global promise of federalism. University of Toronto Press, Toronto, pp 188–213

Wälti S (2013) Federalism and public policy: do federalism, regionalism and hybridity make any difference? Evidence from environmental policy. In: Loughlin J, Kincaid J, Swenden W (eds) Routledge handbook of regionalism and federalism. Routledge, Abingdon, pp 116–129
Watts RL (1989) Executive federalism: a comparative analysis. Institute of Intergovernmental Relations, Queen's University, Kingston
Watts RL (2008) Comparing federal systems, 3rd edn. McGill–Queen's University Press, Montreal/Kingston
Wechsler H (1954) The political safeguards of federalism: the rôle of the States in the composition and selection of the national government. Columbia Law Rev 54(4): 543–560
Weibust I (2009) Green leviathan: the case for a federal role in environmental policy. Ashgate, Farnham
Wheare KC (1946) Federal government. Oxford University Press, Oxford
Wheare KC (1963) Federal government, 4th edn. Oxford University Press, Oxford
Wibbels E (2006) Madison in Baghdad? Decentralization and federalism in comparative politics. Ann Rev Polit Sci 9:165–188
Wolinetz SB (2011) Comparing the incomparable: treating the EU in comparative context. In: Laursen F (ed) The EU and federalism: polities and policies compared. Ashgate, Farnham, pp 27–39
Ziblatt D (2006) Structuring the state: the formation of Italy and Germany and the puzzle of federalism. Princeton University Press, Princeton

# Comparative Fiscal Policies

Anette Bonifant Cisneros[1] and
Roberto Galván Avalos[2]
[1]University of York, York, UK
[2]Cornell University, Ithaca, NY, USA

## Synonyms

Comparative public finance; Comparative revenue policies; Comparative tax policy; Revenue collection policy; Tax policy

## Definition

Fiscal policy is a macroeconomic tool employed by governments to promote growth and stability of public finances. Comparative studies analyze the variance that these policies present among countries and different levels of government.

## Introduction

Economic theory is divided into two areas of study: microeconomics and macroeconomics. The latter studies global indicators, such as the aggregated production of final goods and services (commonly called the Gross Domestic Product, or GDP), income, expenditure, unemployment, interest rate, international trade balance, among other variables. The implementation of macroeconomics policies relies on two tools: monetary policy and fiscal policy (Friedman and Heller 1969; Shaw 1972). Typically, people have more awareness of fiscal policy, as it mainly operates through taxes and social spending, which are variables that directly affect household budgets. Moreover, within a country, fiscal policies can vary across central and local governments: the central government implements actions that affect the entire population, while local governments implement policies that primarily affect citizens in the region. Despite this, the objective remains the same, to promote the economic stability of the region and, consequently, of the government administration.

Currently, most of the countries and international organizations that advise them compare the fiscal policies adopted worldwide, in order to evaluate the effectiveness of implemented policies. Also, global differences are considered during the implementation of a policy framework, as each region has their own particularities in terms of government system and economic strength. Not comparing existing policies could increase the likelihood of policy failure and even prove counterproductive for the region. Therefore, comparative fiscal policy can lead to a better understanding of variables and actions that affect the economic performance of countries and different levels of governments.

## Main Features of Fiscal Policies

In terms of macroeconomic studies, fiscal policy is closely interrelated with monetary policy in

aiming to affect economic performance. In an economy undergoing adverse circumstances, the government can increase available money by decreasing the interest rates or by buying its own bonds. The ultimate purpose of this strategy is to provide money to citizens to increase consumption, which commonly will reactivate the economy. On the other hand, if the government raises interest rates or issues bonds, it will result in excessive currency flows into the economy, making it more expensive to consume as people will have less money. This is a consequence of supply/demand laws–more available money decreases its cost, while less available money increases its cost.

The second alternative is to implement strategies affecting government income and spending. In contrast to monetary policy decisions, which are typically made by the central bank, fiscal policy decisions are the remit of executive and legislative (congress) branches of government. In this sense, when the economy is experiencing recession, with growth rates decreasing or stagnant, the government can reduce taxes. With this, both private sectors and citizens will have more available money to spend. Also, the government can increase its level of spending, by buying goods and services such as hospital equipment and providing lighting for public spaces. In this way, the government expenditure creates the need for more workers in sectors where public money is allocated, and more available money flows at both households and private sector levels, thus reactivating the economy.

On the other hand, the government can do the reverse when the economy is booming and there is a risk of inflationary behavior. Under this scenario an excess of money supply results in local currency losing its acquisitive power, thus people in the future have to pay more for exactly the same products. For example, a bus ticket costingUS$1 yesterday is now valued at US$1.5, because the dollar of yesterday is no longer enough to consume the same amount of goods today. In that case, the government will follow a countercyclical policy, raising tax rates or decreasing its spending level, leading to lower levels of circulating money.

Although the above seems straightforward, setting taxes and optimal spending is a difficult task. On the one hand, taxes must be progressive. For example, people may be taxed according to the level of wealth, thus people who are wealthy are required to pay higher tax rates based on the level of income. They should also be congruent (i.e., multinational producers of non-nutritious food pay higher rates than local producers of fruits and vegetables).Regarding social spending, resources must be distributed according to areas that generate the greatest social benefit, such as education (mandatory education and research and development), health care and childcare. Also, this type of spending must be channeled to address population needs which without government intervention would remain unmet.

The selection of fiscal policy mechanisms must consider the positive or negative consequences they entail. In the case of taxes, these consequences are called externalities. For example, concerns about climate change encourage some governments to tax individuals and companies that emit high levels of greenhouse gases. This tax generates a positive externality because it discourages the producers from polluting, and also the resources obtained can be used to alleviate pollution. Another example of positive externality concerns taxing sugary drinks. As these products become more expensive, the amount consumed decreases, allowing taxes to be reinvested to combat diseases such as diabetes. This approach related to positive externalities and taxes can also be applied to areas that generate benefits for citizens such as education, competitiveness, and innovation (Stiglitz and Rosengrand 2015). In these areas governments are prone to introduce tax deduction on tuition fees, and activities of research and development in order to encourage the development of human, technological, and economic potential.

Another positive aspect of fiscal policy is that benefits can be targeted to specific groups in society. In contrast to monetary policy, where results are applied to the economy as a whole, fiscal policy can be designed to benefit or affect only specific population groups. Taking the example of pollution, taxes for polluters are not transferred to

those that behave in an environmentally friendly way. Concerning spending, the government can use mechanisms to shift resources to specific economic sectors. In situations of excess labor supply and limited demand (i.e., too many workers and too little construction), the government can build a new highway or rail line to provide employment for these workers.

Fiscal policy has the benefit of producing immediate effects, whereas monetary policy effects are typically seen in the medium or long run. For example, it is easier to establish a tax exemption that allows targeted companies to consume more immediately. In contrast, using monetary policy the government would have to decrease interest rates, allowing companies greater access to credit and new resources for consumption. However, as it has been said, the process of adjusting interest rates is not immediate, and the companies will have to wait until investors realize that it is more profitable to invest in the private sector. Also, the consequences of changes in the interest rates will affect the entire economy and not only target companies of a specific sector.

However, poorly devised and implemented fiscal policy could have negative consequences; even a well-intentioned fiscal policy can be harmful. In this sense, fiscal policies are typically linked to political agendas and potential tax increases might not be welcomed by citizens or private sector interests. Similarly, spending cuts may not be popular if they lead to workers losing their jobs, or citizens receiving fewer benefits (whether cuts in direct subsidies or reduced spending on social sectors).Therefore, fiscal policy might not be introduced because of political costs, with potentially effective long-term policy benefits being traded off against short-term political gains.

One final consequence of fiscal policy is that it may lead to a deficit, which means that the spending was higher than income for a given year. There are only two ways to finance a deficit: use your own savings or borrow money or borrow money from third parties. Nevertheless, a deficit is justified and acceptable if such savings or loans have been used to meet the demands of citizens or an infrastructure project that required an extraordinary amount of investment. However, some governments have used it as a tool for long periods. That implies that they will exhaust their savings or will have to keep borrowing resources indefinitely.

The above has two potential consequences for governments. Firstly, having no savings gives reduced capacity to face unforeseen contingencies. Secondly, it may lead to an unsustainable level of future debt, and so in order to pay the loan, government increase taxes disproportionately generating uncertainty for citizen and private sector budgets. Therefore, proper fiscal policies will reduce the likelihood of future deficits.

## Comparative Fiscal Policies among Different Levels of Government

There are large differences between fiscal policies carried out by different levels of government. This is due to the type of taxes that each imposes, and the magnitude and specificity of spending. While central government establishes national taxes and expenditure policies, local governments (typically states and municipalities) may impose their own taxes and set expenditure whose effects apply only to residents.

Central government taxes are applicable to the entire population of the country and, in principle, have a uniform rate, regardless of the region where the taxpayer lives. This prevents arbitrage opportunities that would arise for citizens, whereby they could change their residence in order to pay a lower tax rate or avoid paying special and regional taxes. Although there are exceptional cases where lower tax rates apply to specific regions, this tends to be implemented with the sole aim of promoting the local economies, without encouraging tax evasion.

For example, income tax is normally set by the central government, although local governments in some countries also levy taxes on incomes. Income tax is levied on net income and capital gains of individuals. In most countries it is progressive, people pay greater tax rates according to their tax base which is defined according to their

level of income, differing from a proportional tax which keeps the same rate despite the taxable base. In 2014, the average income tax for Organization for Economic Cooperation and Development (OECD) countries represented 8.42% of the GDP (OECD 2017). Other taxes commonly collected by central governments are related to consumption, most common being the Good and Services Tax (GST),also called Value-Added Tax (VAT), which tax the consumption of final goods, including food, medicine, and clothing. It also taxes the use of services, for example, hairdressing, dental care, and vehicle maintenance. The GST average for OECD countries was 10.97% of GDP (OECD 2017).

Moreover, local governments also impose taxes on consumption, although they are generally an extension or addition to central taxes. These taxes could be applied to goods and services consumed in specific regions, such as taxes applied to hotels or entertainment in tourist areas. Another example is tolls paid when vehicles enter urban areas. Finally, the vehicle tax is a common local tax, since there are regions where not only cars are taxed, but also motorcycles, tractors, boats, and yachts.

Property tax is also commonly imposed by local governments. If the central government decided to administer the property tax, it would have to know complete information about the characteristics of each property within the country. This is not only related to the size of any state, but to the commercial capabilities of the region. This represents great administrative work and cost for central governments. Therefore, local governments have comparative advantages in levying property taxes, as they have greater information regarding the characteristics of the land within their own territories. In 2014, the average property tax for the OECD countries was 1.86% of GDP (OECD 2017). However, it suggests a significant difference between the magnitude of the taxes levied by central and local governments.

In general, local governments are in close contact with people, so better understand their needs. As a result in federal systems, the fiscal policy of central government spending is geared primarily to sustaining the macroeconomic stability of the country, while local fiscal policy meets the demands of citizens. However, this is not always the case. Central governments may also seek to address population basic needs in terms of health, education, or housing, for example, by building the required infrastructure such as a new hospital or creating new programs of social assistance, as the local governments might lack resources to undertake large investments or program development. Also, similar to central government, local government can also incur deficit, which may allow the use of fiscal policy tools to ensure local economic stability.

Local governments have autonomy to define the allocation of its resources, although the degree of fiscal autonomy depends on the political structure of each country. The more autonomy local governments have, the less interference from the central government in making fiscal policy decisions. However, there is a potential problem of vertical fiscal imbalances. There are several countries where the collection of taxes is carried out by the central government, which reallocates those resources to local governments, through a system of specified rules. However, because of the autonomy of local governments, they are free to define the way resources are spent. On the other hand, there is an incentive problem, since the local government does not make an effort to collect taxes, but it spends them freely and irresponsibly on some occasions.

The World Bank (WB 2009) points out that the elimination of vertical fiscal imbalances is possible as long as the grant system has a clear objective, defining the specific use of resources and allocating them based on historical evidence. The grant system must also be fully transparent so that any local government has the same opportunity to compete for additional resources. Moreover, the system must be equitable, implementing equalization mechanisms to compensate for horizontal disparities in different regions. This ensures incentives align. First, it makes local governments aware of the significant efforts that must be devoted to collect taxes. Second, it encourages them to use the resources to obtain greater benefits in the future, and avoid having to generate additional income to offset the loss of profits.

## Comparative Studies as a Technique for Fiscal Policy

Fiscal policy measures are not considered a single instrument applicable to all countries or regions. For this reason, a comparative approach presents opportunities to broaden the knowledge of measures and government activities that impact fiscal policy performance, or as some authors suggest, the study of a series of non-decisions that alter outcomes (Baumgartner et al. 2008). In this sense, comparative studies in social sciences make reference to techniques through which policies, politics, and societies across regions are analyzed by undertaking comparison. Recognizing the different alternatives that can be taken by the government to induce optimal economic performance, the comparative approach is a tool that evaluates the distinct alternatives undertaken by other governments at any level in an effort to introduce changes or retain a current policy. This can be undertaken in both the evaluation of fiscal policy as a whole or through assessing its components by specific area such as taxation or public debt.

Economists have found comparing economic policies a fundamental interest (Halm 1968), due to the feasibility of transferring knowledge to implementing new fiscal policies or reforming current ones. The transmission of elements, ideas, and general knowledge is aided by the access to international data and documents currently managed in diverse forums and international institutions. However, in the case of economic policies the approach from a comparative analysis standpoint recognizes that economic model must be tailored to local needs. Moreover, for fiscal policy, the geopolitical context is a key element when implementing policy and evaluating the outcomes, considering local decisions that alter outcomes (Shaw 1972). For example, the comparative approach has found that policies carried out in the European Union in terms of public deficit have differed in outcomes due to political values and ideology.

Beyond considering a unique economic model or a single framework, there are several fields within fiscal policy where comparative studies can be carried out. In a general way, it leads governments to assess the social costs associated with a certain fiscal policy adopted, i.e., by contrasting the welfare loss due to distortionary taxes, or allowing the assessment of the effectiveness of measures carried out within regions, such as fiscal system harmonization within the European Union.

Moreover, comparative fiscal policies can be used not only at the international level but within nations at the local level. This allows government to evaluate the impact of different variables on fiscal policy across local governments (such as potential tax collection) in a more systematic way (Baumgartner et al. 2008). In order to consider the comparative approach, governments and policy makers must have access to information provided by the government entities in charge of accountability, for example, local ministries of finance and audit offices.

Precise information plays a key role in implementing strategies regarding public finance. More often, international organizations have considered the inclusion of economic data sets. These are the source of information to assess the performance of the elements of a fiscal policy and predict outcomes of certain variables within a current or proposed framework for different countries (Debrun et al. 2013). Among the most robust databases used widely are those presented by the International Monetary Fund (IMF), OECD, and World Bank (WB). Nevertheless, federal authorities also produce public information regarding tax and expenditure. This is the case, for example, of the Mexican National Institute of Statistics and Geography (INEGI by its acronym in Spanish), which provides information that is used to make comparative fiscal policies at local levels (either state or municipal).

## Comparative Fiscal Policy: The Perspective of International Governance

From 1944 onwards, preventing global economic uncertainty has been a shared focus. The institutions of Bretton Woods (IMF and WB) view stability as fostered through technical assistance to countries facing solvency problems (Woods

2007). The reason is that policies are not aligned with the needs of the economic system, and could threaten its stability instead of producing positive outcomes. Both institutions undertake intensive training through missions that allow governments to recognize advantages or disadvantages when dealing with economic issues. As policy makers or facilitators, these institutions gain understanding regarding the construction of specific national accounts in order to make the most precise data interpretation.

Nevertheless, the construction of a comparative fiscal policy has helped these institutions provide recommendations, leaving aside the concern that a fiscal policy can be applied homogeneously across countries, and that the unique alternative in the process of implementing a fiscal policy framework can be either expansive or restrictive. In a more explicit way, these institutions have used extensive comparative fiscal policy to consider further action in specific countries and local governments. The reasoning for applying a specific fiscal policy is made using robust datasets, geopolitical knowledge, and economic theory in tailoring fiscal measures. However, the introduction of alternatives in fiscal policy must be approved by local governments, recognizing that the common aim of any institution or government is to stabilize the Gross Domestic Product and ameliorate unemployment rates and fiscal imbalances.

## Conclusion

As discussed through the article, increases and decreases in tax levels and spending areas are the main levers of fiscal policy. If fiscal policy is employed appropriately, it can generate important benefits. Fiscal policy allows governments to channel the objectives and benefits to specific sectors of the population, which means a direct impact of policy outcomes on population in the short term. Likewise, there are different types of taxes and social spending according to the level of government. In federal systems, central governments seek macroeconomic stability, while local governments seek the welfare of the population, although roles might be modified in certain circumstances and differ from alternative types of governments such as a unitary parliamentary system. However, if fiscal policy is not well designed, there may be vertical fiscal imbalances. Therefore, a well-designed, transparent, equalizing, and inclusive grant system is required to ensure the alignment of incentives among distinct levels of government.

Moreover, comparative techniques in fiscal policy are used to create recommendations by international institutions and research institutes. By assessing the introduction of these innovations or reforms, governments can receive advice about the impact of changes to occur within the territory. However, given the complexity of economic policy, comparative intelligence does not lead to the same results among governments. Fiscal policy remains politically and electorally sensitive because government income, spending, and debt have direct impacts on the population. More widely, fiscal policy may lead to policy scenarios that might damage the macroeconomic performance of a country.

## References

Baumgartner F et al (2008) Comparative studies of policy agendas. Routledge, London

Debrun X et al (2013) The functions and impact of fiscal councils. IMF policy paper. International Monetary Fund

Friedman M, Heller W (1969) Monetary vs fiscal policy. Series Annual Arthur K. Salomon lecture, no. 7. New York: Norton. ISBN 0393053725

Halm N (1968) Economic systems: a comparative analysis, 3rd edn. Holt, Rinehart and Winston, New York

Organization for Economic Co-Operation and Development (2017) Tax on personal income (indicator). https://doi.org/10.1787/94af18d7-en. Accessed 23 Aug 2017

Shaw GK (1972) Fiscal Policy. London: Macmillan. ISBN 0333132742.

Stiglitz J, Rosengrand J (2015) Economics of the public sector, 4th edn. W.W. Norton & Company, Inc, New York/London

Woods N (2007) Bretton woods institutions. In: Dawns S, Weiss T (eds) The Oxford Handbook of the United Nations. Oxford University Press, Oxford

World Bank (2009) Fiscal decentralization: intergovernmental taxes. Accessed 23 Aug 2017, from http://web.worldbank.org/archive/website01061/WEB/0__CO-91.HTM

# Comparative Health Policies

Cheryl A. Camillo
Johnson-Shoyama Graduate School of Public Policy, University of Regina, Regina, Canada

## Synonyms

Comparative health policy analysis; Health policy exchange

## Definition

The study, using qualitative and/or quantitative methods, of two or more policies or policy alternatives pertaining to the maintenance, improvement, or restoration of the health of an individual or population, along with their policymaking contexts, for the purposes of deepening understanding, clarifying differences, identifying possible reforms, and/or accomplishing political objectives.

## Introduction

Health policy, unlike many policy issues, is deeply and personally important to most individuals. It is also important to communities because the health sector is among the largest at each level of government.

While the world's industrialized countries share the same general conception of health (as well as similarly high standards of living), their health systems finance, regulate, and deliver care differently. As a result, there are many opportunities for policy learning across systems.

This chapter describes the complex field of health policy in industrialized nations, with an emphasis on Canada and the United States (USA), and discusses its comparative study.

## Health Policy

### Policy Definition

*Policy* is the course of activities/actions/inactions, declared or undeclared, pursued by an actor or group of actors, typically after being selected from a set of alternatives, to address a problem. A *problem* is a situation, temporary or lasting, that imposes negative outputs or outcomes, small or large, on individuals, groups of individuals, or the public at large.

Policy is made using a variety of instruments, which are limited only by the boundaries of the imaginations of policymakers. Some of the more powerful instruments – constitutional amendments, legislation, and regulation – draw on legal authority. Policies made using legal authorities are often difficult and time-consuming to change. Other authority-based instruments include regulation, self-regulation, advisory committees, and consultations (Deber and Mah 2014). Treasure-based instruments – those that involve spending or raising funds – are also powerful. They tend to last because those receiving the funds usually are reluctant to give them up. Examples include taxation, public spending, grants, and user charges. Two additional categories of instruments are organization-based and information-based (Deber and Mah 2014). The former is a broad category that includes the direct provision of goods and services, as well as government reorganization. The latter category entails collecting and disseminating information through vehicles like commission inquiries, press releases, and advertisements.

Policy can be pursued by any person or group interested in it. *Public policy* is pursued by government. Legislators, judges, and public executives and administrators make and implement public policy with the assistance of interest groups, lobbyists, private and nonprofit organizations, political parties, researchers, the media, and citizens.

### Definition of Health

*Health* is "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (International Health Conference 1946). Many factors related to a

person's individual characteristics, behaviors, and physical, social, and economic environments interact to determine health. Specific factors include income; employment; social supports; education; literacy; the physical environment, such as the availability of water, food, and housing; biology; genetics; and health services.

Health can be measured at many levels, including but not limited to individual, family, household, community, demographic group, region, state or province, and nation.

Health problems can be large or small and range broadly from a messy hospital supply room to the current prescription opioid epidemic to dirty drinking water to illiteracy to poor signage at a busy intersection.

## Importance of the Health Sector

Without health, it is difficult to thrive and be happy. As a result, health regularly ranks as a top policy priority for people in the United States and dozens of other nations around the world (Harms 2013; Pew Research Center 2014).

Due to its importance, scope, and complexity, the health sector consumes a large proportion of the gross domestic product (GDP, the value of all goods and services produced) of industrialized nations; in 2013, health spending accounted for 8.9% of GDP on average, including 16.4% in the United States (Organisation for Economic Cooperation and Development [OECD] 2015). Per capita spending averaged almost $3,500 US (OECD 2015). In federal political systems, health spending often consumes the budgets of substates. In 2015, Canada's provinces devoted 38% of their budgets, on average, to health care (Canadian Institute for Health Information 2016). Additionally, in most nations, the health and social (social work) workforce comprises a substantial proportion of all civilian employment, including 13.2% in Ireland and 20% in Norway in 2014 (OECD 2016).

It follows then that health policy occupies a large portion of the policy sphere (Fig. 1).

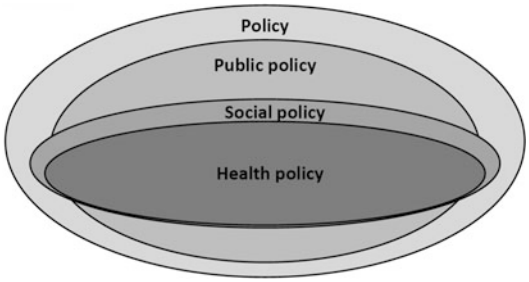


**Comparative Health Policies, Fig. 1** Health policy's portion of the policy sphere

## Health Systems

The "ensemble of all organizations, institutions and resources...mandated to improve, maintain, and restore health" is a *health system* (World Health Organization Europe 2008).

Health systems operate at many levels – national, subnational, regional, and local – and sometimes congruently. A country's health system may be run centrally by the national government or, particularly in federal political systems, be delegated in whole or in part to substates that further delegate to regional authorities. Or, in both unitary and federal countries, a system may function primarily at the regional or local levels.

Health systems can be thought of as having three main dimensions: financing, service provision, and regulation (Böhm et al. 2013). *Financing* consists of raising money for health insurance (financial protection against health-care costs) and care through mechanisms such as direct taxation, social insurance contributions, or private payment. *Service provision* encompasses delivery location, providers, and technologies. *Regulation* refers to the governance of relationships between financers, providers, and beneficiaries, including how patients access services, what service they can receive (e.g., emergency room visits, physical exams, prescriptions, dental surgery, psychotherapy, and nursing home care), and how financers pay various care providers for them.

State, societal (private nonprofit), or private actors can perform financing, service delivery, and regulatory functions.

Böhm et al. (2013) classified the health systems of 30 OECD countries by the extent to which each type of actor dominated each dimension. Twenty-eight systems fit into four clusters:

- National Health Service = state domination of all dimensions
- National Health Insurance = state financing and regulation with private service provision
- Social Health Insurance = societal financing and regulation with private service provision
- Etatist Social Health Insurance = societal financing, state regulation, and private service provision

The US system did not fit into any of these clusters. Bohm et al. labeled it a uniquely "private" system because private sector actors dominate each of the three dimensions. Due to the predominance of private financing, it is the only health system of the 30 that does not provide universal health-care coverage (Camillo 2016).

### Health System Components

No matter the type, the health systems of industrialized nations contain the following components:

- Patients
- Patient advocates
- Hospitals
- Long-term care institutions
- Hospices
- Clinics
- Pharmacies
- Laboratories
- Morgues
- Medical schools
- Nursing schools
- Physicians, nurses, and providers representing dozens of other health-care professions, including dentistry and occupational therapy
- Alternative providers, such as reflexologists and acupuncturists
- Provider associations
- Emergency and nonemergency medical transportation companies
- Nonprofit and private insurance plans
- Lobbyists
- Research institutes
- Drug and medical device manufacturers and salespeople
- Blood banks
- Information technology systems, including those that pay claims and maintain electronic medical/health records
- Accountants
- Quality reviewers
- Data analysts
- Administrators
- Financers
- A wide range of organizations, public, societal, and private, that make health policy and direct and/or monitor implementation

Despite the expansive definition of health adopted by the World Health Organization (WHO) at the 1946 International Health Conference and subsequent pledges by gatherings of nation states to apply it by addressing the social determinants of health, health systems have largely de-emphasized mental and social health care in favor of biomedical care that relies upon technology to diagnose and restore individuals' physical health. For example, the United States did not require private insurance plans to cover mental health care on equal terms as physical health care until 2010. Relatedly, nations with sizable indigenous populations, like Canada, did not incorporate traditional healing methods into their systems until very recently.

Health systems that embrace the WHO's more expansive "population health" approach might also include traditional healers, school systems, teachers, food banks, grocery stores, social service agencies and providers, environmental engineers, urban planners, bicycle shops, justice officials and correctional institutions, and a range of other public, societal, and private entities that directly or indirectly affect well-being.

### Health Policy Issues

Most health systems in industrialized nations are trying to develop policies to:

- Achieve financial sustainability
- Determine which services to cover
- Ensure timely access to services
- Eliminate unnecessary services and waste
- Coordinate care across providers
- Treat patients with multiple chronic conditions

- Eliminate socioeconomic inequities
- Ensure safe, high-quality, patient-centered care
- Improve accountability
- Enhance patient and provider experiences
- Transition to an upstream approach that emphasizes health promotion from a downstream one that emphasizes treatment
- Prevent illness by addressing the social determinants of health
- Utilize data and information while respecting privacy
- Encourage the development of appropriate and cost-effective innovations

Additional policy adoption or reform efforts could be prompted by factors like demographic changes, such as the aging of the population, new disease outbreaks, and political demands.

## Comparative Health Policy

### Purposes

Comparative health policy entails examining two or more for similarities and differences and evaluating those found. Those who compare policies do so for a range of reasons – negative, neutral, and positive.

The most basic reason is to perform "policy warfare," which Marmor et al. (2009) describe as misrepresentation to win policy debates. For example, in the United States, politicians frequently reference longer wait times for certain health services in Canada to dissuade Americans from supporting the adoption of single-payer (publicly financed) health insurance programs like those run by Canada's provinces.

When done in a methodologically sound manner, comparison facilitates negative learning – the identification of undesirable or unworkable components or characteristics. Randomized, controlled experiments, for instance, can identify prescription drugs that do not cure or ameliorate illness.

Sometimes comparison improves understanding. By comparing one policy to another, we can essentially see the first in relief, meaning we can recognize previously indistinct features. When Canadians compare provincial/territorial health insurance plans, they discover that while they share the same mandate to provide comprehensive care, they differ in significant ways, including in what services they cover. For instance, Prince Edward Island's health system is the only one that does not cover abortions performed in-province, which might reflect previously unknown unique economic and/or cultural circumstances.

Comparative study can help hold health system leaders accountable. The US Medicare program's Nursing Home Compare website encourages the family members of individuals needing a nursing home level of care to compare facilities on a range of quality measures, which incentivizes facility managers to provide excellent care in order to keep beds full.

Comparison generates policy ideas. Policymakers can compare their own facilities, practices, insurance plans, or programs with similar ones to identify what they do differently for the purpose of developing new workable ideas (i.e., for the purpose of positive learning). State Medicaid programs in the United States regularly "borrow" policy ideas from one another in this manner.

Finally, comparison facilitates good policymaking. Government briefing notes, options papers, cabinet decision items, and other such working documents compare policy alternatives on decision-making criteria in order to determine which alternative would best solve the policy problem at issue. Without multiple alternatives to consider, policymakers might adopt insufficient policies simply because they were the only ones presented.

### Comparative Study Forms

Marmor et al. (2009) identified four clusters of comparative health policy work at the national level:

1. Descriptive documents providing statistical data, including some drawn from surveys, about a number of similar countries. Occasionally these documents include rankings.
2. Parallel case studies describing the health systems of multiple nations using a common

template. The WHO European Observatory on Health Systems and Policies in transition series is an exemplar.
3. Books that employ a common framework to explore a particular health policy topic, such as privatization, in a number of individual countries.
4. Cross-national studies with a fundamental theoretical orientation that examine a specific health policy topic or question, sometimes utilizing empirical data.

Comparative work at the subnational and regional/local level falls into the same categories, although it seems to skew even more heavily toward the first two.

Increasingly, comparisons are available online as downloadable papers or in the form of data tables. In the case of the first category, they often come with self-directed comparison tools.

A wide range of users – consumers, members of the media, policy analysts, advocates, practitioners, policymakers, etc. – utilize comparative health policy studies, especially works in the first two categories. The latter two categories are mostly the province of scholars.

Scholars working for academic institutions, think tanks, foundations, or consulting firms produce most of the studies. They might receive input or support from government organizations, but public employees generally do not serve as lead authors.

No single peer-reviewed academic journal is devoted to the comparative study of health policy, although numerous journals focus on health and do publish comparative studies. Canada's *Health Reform Observer – Observatoire des Réformes de Santé* is an open access, peer-reviewed, online journal that aims to facilitate the flow of evidence about health reforms between scholars and decision-makers. One of the four types of articles it invites is comparative health reform analyses.

It is important to note that much comparative health policy analysis is conducted informally or confidentially by practitioners for the purposes of generating or selecting policy alternatives, not for the purposes of informing a wider audience. So, for example, three state health policy leaders might participate on a conference panel to share lessons with their peers on how to finance global budgeting, as was the case at the 2016 National Academy for State Health Policy (NASHP) conference, but might not publish presentations for dissemination to the broader health policy community.

## Comparative Methods

Quantitative, qualitative, and mixed methods are used to compare health policies. The content of policies (such as regulatory text) are compared, as well as inputs, outputs, and outcomes. Inputs consist of the resources – human, financial, physical, and virtual – and processes a policy utilizes. They influence the outputs and outcomes of a policy, although not always positively or directly or in well-understood ways. Outputs are the work and waste generated by a policy. They are typically quantifiable, so they are often measured to evaluate policies, but there is not necessarily a direct relationship between outputs and outcomes. Outcomes are the effects of the policy, or components thereof, on the health of the population or population subgroups. In the case of the expansion of US state Medicaid programs as authorized by the Affordable Care Act, inputs were the resources the states used to expand their programs, outputs included the number of additional individuals enrolled in those programs, and outcomes included changes in insurance rates.

Studies in the first two clusters tend to use description and descriptive statistics. Description could take many forms, like the written experiences of patients with the same disorder who are receiving different therapies or a side-by-side analysis of the components of two pieces of legislation. Descriptive statistics are compiled using primary and secondary administrative and survey data (and, to a lesser extent, clinical data). Recent advances in information technology enable the relatively quick development and administration of surveys. Plus, they make it possible for health systems and statistical agencies, such as the US Census Bureau or Statistics Canada, to share large administrative databases with the public for secondary analysis. Grounded theory – a qualitative approach through which theory is developed from

an iterative analysis of data – and sophisticated statistical techniques, like regression analyses employing multiple independent and dependent variables, are commonly used for the third and fourth categories of comparative policy work. Study methods also vary according to purpose, policy issues, and level of analysis (national, sub-state, local, etc.).

Different disciplines dominate depending upon the policy issue and the country. In the United States, economists have a particularly large presence in the study of health policy.

## Challenges

Comparative health policy study presents a few special challenges above and beyond regular health policy study.

Collecting data from multiple jurisdictions/sites requires more approvals and paperwork. Furthermore, collected data typically needs more standardization because jurisdictions/sites usually develop codes independently.

All data, especially qualitative, require more interpretation because the underlying policy and policymaking contexts differ significantly. To effectively compare policies, one must take into account these differences. Contextual factors describe a policy's setting, effectively outlining what policy or reform is possible. Political scientists argue that institutions (e.g., political systems and government organizations), ideas (to include political ideologies and principles, such as accessibility, sustainability, and comprehensiveness), and interests (stakeholders) shape policy decisions. So do policy legacies (previous policies). In analyzing 63 quantitative comparative health policy studies that used the US States as the unit of analysis, Miller (2005) found 43 policymaking determinants, such as nursing home beds, liberal opinion, and advocacy groups, that consistently predicted policy outcomes. These determinants shape policy at all stages of the complex, nonlinear policymaking process (Fig. 2) and vary significantly from one jurisdiction to another.

Physical distance and differences in language/terminology can hinder study teams' communication unless the teams include representatives from each jurisdiction/site, which is more costly. Yet, due to comparative study's seeming irrelevance to some, financial and other support can be difficult to obtain, especially from public officials who must justify it to taxpayers.

## Findings

After analyzing the comparative study of health policy conducted at the national level over the last three decades of the twentieth century, Marmor

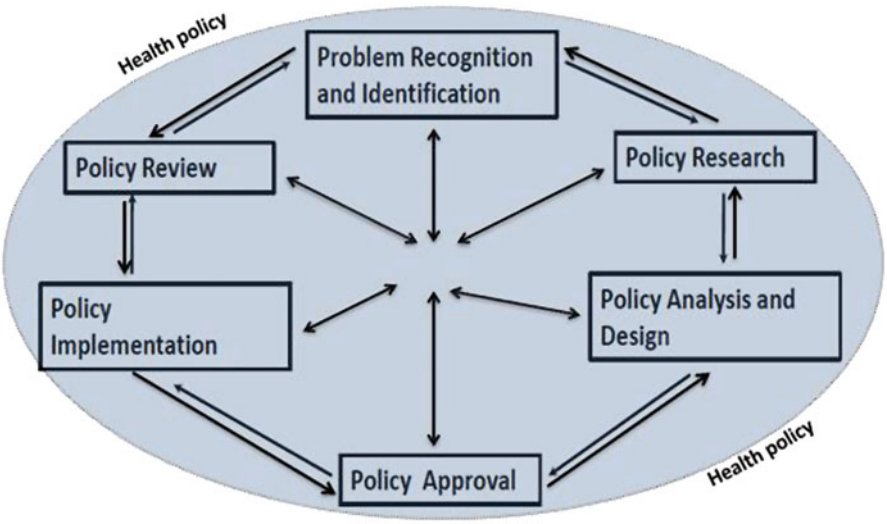


**Comparative Health Policies, Fig. 2** Policymaking process model

et al. (2009) concluded that the field is growing, partly because supply induces demand, but has yet to fulfill its promise, especially in the western world. They blame a disconnect between practitioners and academics, which keeps policymakers from reading the most sound studies (those that fall into their third and fourth categories of comparative literature, as described above).

At the subnational and local levels, scholars in the United States and Canada have largely evaluated the success of comparative study by assessing policy diffusion and the spread of innovation. In summarizing a special issue (2017) of the Journal of Health Politics, Policy, and Law devoted to understanding the diffusion of Affordable Care Act (ACA) policies in the United States, editor Colleen Grogan drew a similar conclusion as Marmor et al. – there is a desire for information about other jurisdictions but its usage is dictated by the political aspects of the policymaking process. Specially, she wrote: "...those who want the reform are busy implementing and learning from similarly reform-minded states, and those who are against reform are busy fighting to stop it and learning from similarly resistant states." Writing around the same time, the editor of one of Canada's leading health policy journals was inspired by evidence that health innovations had scaled and spread in several settings (Zelmer 2015).

## Conclusion

It seems unquestionable that comparative health policy study will continue to grow as the health sector of most economies expands and technological advances improve information dissemination.

Suggested next steps for the field are to accept that politics within all health-related organizations – public, societal, and private – limit the application of learning; to focus on understanding and documenting how policymakers and policy implementers gather and use comparative information in order to enhance their effectiveness; and to improve communication between comparative health policy analysts/researchers and policymakers/implementers.

## Cross-References

▶ Bioethics and Health Policy
▶ Comparative Healthcare Systems
▶ Health Policy: Innovative
▶ Health-Care Policy in America

## References

Böhm K, Schmid A, Götze R, Landwehr C, Rothgang H (2013) Five types of OECD healthcare systems: empirical results of a deductive classification. Health Policy 113:258–269

Camillo AC (2016) The US healthcare system: complex and unequal. Glob Soc Welf 3:151–160. https://doi.org/10.1007/s40609-016-0075-z

Canadian Institute for Health Information (2016) National health expenditure trends. Retrieved from https://www.cihi.ca/sites/default/files/document/nhex-trends-narrative-report_2016_en.pdf

Deber RB, Mah CL (eds) (2014) Case studies in Canadian health policy and management. University of Toronto Press, Toronto

Grogan CM (2017) Diffusion of ACA policies across the American states. J Health Polit Policy Law 42: 205–209. https://doi.org/10.1215/03616878-3766691

Harms, W. (2013). Global surveys show environment ranks low on public concerns [Press release]. Retrieved from https://news.uchicago.edu/article/2013/02/25/global-surveys-show-environment-ranks-low-public-concerns

International Health Conference (July 22, 1946) Constitution of the World Health Organization. Retrieved from http://apps.who.int/gb/bd/PDF/bd47/EN/constitution-en.pdf?ua=1

Marmor TR, Freeman R, Okma KGH (2009) Comparative policy analysis and health care: an introduction. In: Marmor TR, Freeman R, Okma KGH (eds) Comparative studies & the politics of modern medical care. Yale University Press, New Haven

Miller EA (2005) State health policy making determinants, theory, and methods: a synthesis. Soc Sci Med. https://doi.org/10.1016/j.socscimed.2005.05.006

National Academy for State Health Policy (NASHP) (2016) Proceedings from 2016 annual state health policy conference: Pittsburgh where ideas and action converge. NASHP, Pittsburgh

OECD (2015) Health at a glance 2015: OECD indicators. OECD Publishing, Paris

OECD (2016) OECD health statistics [Data file]. Retrieved from http://stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT

Pew Research Center (2014) Thirteen years of the public's top priorities [Press release]. Retrieved from http://www.people-press.org/interactive/top-priorities/

World Health Organization Europe (June 27, 2008) The Tallinn charter: health systems for health and wealth. Retrieved from http://www.euro.who.int/_data/assets/pdf_file/0008/88613/E91438.pdf?ua=1

Zelmer J (2015) Beyond pilots: scaling and spreading innovation in healthcare. Healthc Policy 11:8–12. https://doi.org/10.12927/hcpol.2016.24452

# Comparative Healthcare Systems

Cheryl A. Camillo
Johnson-Shoyama Graduate School of Public Policy, University of Regina Campus, Regina, SK, Canada

## Synonyms

Comparative healthcare delivery systems; Comparative health financing systems; Comparative health systems; Health system analysis

## Definition

The comparison of two or more healthcare systems operating within broadly similar jurisdictions using qualitative and/or quantitative methods for the purposes of deepening understanding, clarifying differences, identifying possible reforms, and/or accomplishing political objectives.

## Introduction

Health systems – the ensemble of all organizations, institutions, and resources, set within the political and institutional framework of a jurisdiction and mandated to improve, maintain, and restore health (World Health Organization Europe 2008) – are of great interest to the public, policymakers, and public administrators at all levels at which they operate (national, subnational, and local) because they have considerable impact on individual and population health and the economy. Due to their significant variation, scholars, practitioners, and politicians frequently compare them, or their component parts, for purposes ranging from classification to identifying reform possibilities to scoring political points.

This chapter describes health systems, summarizes their comparative study, discusses its effectiveness, and suggests a new approach.

## Health Systems

### Health Definition

According to the World Health Organization (International Health Conference 1946), health is "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." Many factors related to a person's individual characteristics and behaviors and physical, social, and economic environments combine to determine health. Specific factors include: income; employment; social supports; education; literacy; the physical environment, such as the availability of water, food, and housing; biology; genetics; and health services.

### Health System Dimensions

Health systems have three main dimensions: financing, service provision, and regulation (Böhm et al. 2013). Financing consists of raising money for health insurance and care through mechanisms such as direct taxation, social insurance contributions, or private payment. Service provision encompasses their delivery location, providers, and technologies. Regulation refers to the governance of relationships between financers, providers, and beneficiaries, including how patients access services, what service they can receive (e.g., emergency room visits, physical exams, prescriptions, dental surgery, psychotherapy, and nursing home care), and how financers pay various care providers for them. State, societal (private non-profit), or private actors can perform financing, service delivery, and regulatory functions.

### Levels of Health Systems

Health systems operate at many levels – national, subnational, regional, and local – sometimes

congruently. A country's health system may be run centrally by the national government or, particularly in federal political systems, be delegated in whole or in part to substates who further delegate to regional authorities. Or, in both unitary and federal countries, a system may function primarily at the regional or local levels.

### Health System Types

Bohm et al. (2013) classified the health systems of 30 Organisation for Economic Co-operation and Development (OECD) countries by the extent to which each type of actor dominated each dimension. They determined that 28 of them fit into four clusters:

- National Health Service = State domination of all dimensions
- National Health Insurance = State financing and regulation with private service provision
- Social Health Insurance = Societal financing and regulation with private service provision
- Etatist Social Health Insurance = Societal financing, state regulation, and private service provision

England, where the National Health Service (NHS) employs 1.5 million people, is the model for the first "command and control" type (Government of the United Kingdom 2015). Canada, where most physicians contract privately with provincial/territorial health systems that operate under five principles stipulated by the federal Canada Health Act, including "public administration," is a strong example of the National Health Insurance type. Germany, where the majority of citizens contribute to self-governing "sickness funds" through payroll taxes, is the prototype for Social Health Insurance (SHI) systems. Etatist Social Health Insurance systems, which function like SHI systems with more state regulation, cluster near Germany in Central and Eastern Europe.

The US health system is uniquely "private" because private sector actors dominate each of the three dimensions. In fact, due to the predominance of private financing, the USA is the only one of the 30 countries that does not provide universal healthcare coverage (Camillo 2016).

### Development of Health Systems

Most modern health systems in industrialized Western nations began to develop in the late nineteenth century when progressive social reformers, trade unions, and health professionals with new understandings of epidemiology pushed to improve living conditions in increasingly populated urban areas. In 1883, German Chancellor Otto von Bismarck implemented Europe's first compulsory Social Health Insurance system (which is commonly known as Bismarck systems). Health insurance and hospital systems continued to develop through World War II, after which Sir William Beveridge recommended that the UK adopt the NHS (often called the Beveridge Model) as part of a package of reforms to promote social welfare and economic growth after the Great Depression and war. Canada and the USA established the framework of their systems in the mid-1960s after considerable debate concerning the role of medical professionals. Several non-Western nations with significant economies, such as India, developed their health systems along a similar timeline, particularly after World War II.

Demographic changes, like the aging of the population of certain countries, new disease outbreaks, treatment advances, innovations in medical technology and information processing, and political demands prompt new reforms. For example, between 2003 and 2010, the USA adds prescription drug coverage to its national social health insurance program for elderly and disabled individuals (Medicare), expanded its federal-state public health insurance program (Medicaid) for low-income individuals, and instituted federal subsidies for the purchase of private coverage by otherwise uninsured middle-income persons.

Despite the WHO's expansive definition of health, the aforementioned systems pursued a biomedical approach to care that emphasized the restoration of individuals' physical health. For instance, the USA did not require mental health parity in private insurance coverage until 2010. In Canada, access to psychotherapy is limited (Marchildon 2013). Additionally, nations with sizable indigenous populations, like Canada, did not incorporate traditional healing methods into

their systems. Only recently have some acknowledged the value of doing so.

In 1974, Canada's Minister of National Health and Welfare Marc Lalonde introduced the concept of "population health," "an approach to health that aims to improve the health of the entire population and to reduce health inequities among population groups. . ..it looks at and acts upon the broad range of factors and conditions that have a strong influence on our health." (Health Canada 2012). The approach was soon embraced in principle by health system leaders; however, while multiple gatherings of nation-states, such as the 2011 World Conference on Social Determinants of Health, have subsequently adopted charters pledging to promote it by addressing factors and conditions (i.e., social determinants) such as poverty and poor housing, implementation has lagged. Government organizations remain siloed and programs unintegrated – typically, separate health, social service, housing, and education agencies do not coordinate in delivering services to clients. Most resources are spent on restoration of individual health. In 2014, 29.5% of Canadian health expenditures went to hospitals, whereas only 5.6% went to public health (Canadian Institute for Health Information 2016).

Generally, so-called Third World nations have prioritized building public health infrastructure over an insurance system meaning that they have focused on surveillance, health promotion, prevention, infectious disease control, environmental protection and sanitation, and disaster preparedness and response.

### Health System Components

No matter the type, modern OECD health systems have the following components: patients; patient advocates; hospitals; long-term care institutions; hospices; clinics; pharmacies; laboratories; morgues; medical schools; nursing schools; physicians, nurses, and providers representing dozens of other healthcare professions, including dentistry and occupational therapy; alternative providers, such as reflexologists and acupuncturists; provider associations; emergency and non-emergency medical transportation companies; nonprofit and private insurance plans; lobbyists; research institutes; drug and medical device manufacturers and salespeople; blood banks; information technology systems, including those that pay claims and maintain electronic medical/health records; accountants; quality reviewers; data analysts; administrators; financers; and a wide range of organizations, public, societal, and private, that make health policy and direct and/or monitor implementation.

Health systems that embrace a population health approach might also include school systems, teachers, food banks, grocery stores, social service agencies and providers, environmental engineers, urban planners, bicycle shops, justice officials, correctional institutions, and many other public, societal, and private entities that directly or indirectly affect well-being.

### Health System Importance

Health systems have great economic impact. They consume a large proportion of the gross domestic product (GDP, the value of all goods and services produced) of OECD nations – in 2013, health spending accounted for 8.9% of GDP on average, including 16.4% in the USA (OECD 2015). Per capita spending averaged almost $3,500 (OECD 2015). Additionally, in most nations the health and social (social work) workforce comprises a substantial proportion of all civilian employment, including 13.2% in Ireland and 20% in Norway in 2014 (OECD 2016).

## Comparing Health Systems

### Purposes

Comparing health systems entails examining two or more for similarities and differences and evaluating any found. Those who compare systems do so for a range of reasons – negative, neutral, and positive.

The most basic reason is to perform "policy warfare," which Marmor et al. (2009) describe as misrepresentation to win policy debates. In the USA policymakers often dub the British healthcare system "government medicine" or "socialized medicine" to dissuade Americans, who generally prefer less government, from supporting a single-payer (public financing) approach.

Sometimes comparison improves understanding. By comparing one system to another, we can essentially see the first in relief, meaning we can recognize previously indistinct features. When Canadians compare provincial and territorial health insurance programs, they discover that they differ significantly in their coverage of certain populations or services, like abortion, which might reflect little understood regional economic and cultural differences.

Classifying systems, as Bohm et al. (2013) did, help to identify dimensions and variables that researchers can study and policymakers can consider when constructing or reforming systems. Classification also aids in identifying patterns that illuminate what may or may not be possible. For example, regional clustering of national health systems by type, such as National Health Service systems in Nordic countries, suggests that the underlying culture might determine what system a country adopts.

Comparing systems on their performance is a means of holding them accountable. Health leaders do not want their systems to perform worse on standard measures than other systems. It also facilitates negative learning – the identification of undesirable or unworkable components or characteristics.

Relatedly, comparing systems generates ideas for transplantation by policymakers and system leaders.

## Levels of Comparison

Facilitated by cultures of learning, convening organizations and data, health system comparisons are made at all levels.

At the national level, the WHO, the OECD, and the Commonwealth Fund, a private foundation based in New York City that promotes high-performing healthcare systems, are three notable organizations that collect and publish comparative data. The WHO maintains the Global Health Observatory, a publicly available database with interactive visualizations of more than 1,000 indicators from almost 200 countries. Similarly, the OECD maintains a comprehensive online database of health statistics to foster comparative analyses. The Commonwealth Fund conducts annual cross-national surveys to capture physicians' and patients' perceptions of system performance. These, and other, organizations regularly convene symposiums and other forums to facilitate learning.

While not as prominent, in federal states with multilevel health systems, such as Canada and the USA, political leaders, policymakers, and/or health system managers have formed associations like Canada's Premiers' Health Care Innovation Working Group and the National Academy for State Health Policy to enhance capacity through the exchange of experiences and ideas and the provision of technical assistance. On a daily basis, much sharing takes place across provinces and states through informal networks formed at association events for the purposes of developing health system reforms.

Comparative work is also done at the local level. The US-based Robert Wood Johnson Foundation (2017) annually publishes county health rankings "to provide a starting point for change in communities." This work is often very practical in nature. The Institute for Healthcare Improvement (IHI) has formed collaboratives of health systems, public health departments, and provider groups to assist them in planning and implementing comprehensive care designs to serve patients with complex needs.

## Variables for Comparison

Health systems can be compared on contextual factors, inputs, outputs, and outcomes. Contextual factors describe a system's setting, effectively outlining the type of system and the reforms that are possible. Political scientists argue that institutions (e.g., political systems and government organizations), ideas (to include political ideologies and principles, such as accessibility, sustainability, and comprehensiveness), and interests (stakeholders) shape policy decisions. So do policy legacies (previous policies).

Inputs consist of the resources – human, financial, physical, and virtual – invested in a system by organizations and individuals. The processes a system uses are inputs. They are of particular interest to policymakers, health system leaders, and financers (taxpayer and private payer alike)

because of their magnitude, as previously discussed. Inputs influence the outputs and outcomes of the system, although not always positively or directly or in well-understood ways.

Outputs are the work and waste produced by a system. Given their complexity, health systems generate a vast range of outputs from dollars spent to surgeries performed to syringes discarded to medical record entries made. To patients, they represent goods and services received. They are typically quantifiable, so they are often measured to evaluate systems, although there is not necessarily a direct relationship between outputs and outcomes.

Outcomes are the effects of the system, or components thereof, on the health of the population or population subgroups. Examples include infant mortality, life expectancy, and happiness.

## Comparative Methods and Study Forms

Quantitative, qualitative, and mixed methods are used to compare health systems.

Marmor et al. (2009) identified four categories of comparative health literature at the national level:

1. Descriptive documents providing statistical data, including some drawn from surveys, about a number of similar countries. Occasionally these documents include rankings.
2. Parallel case studies describing the health systems of multiple nations using a common template. The WHO European Observatory's Health in Transition series is an exemplar.
3. Books that employ a common framework to explore a particular health topic, such as privatization, in a number of individual countries.
4. Cross-national studies with a fundamental theoretical orientation that examine a specific health topic or question, sometimes utilizing empirical data.

Grounded theory and sophisticated regression techniques are commonly used in the third and fourth categories.

Comparative literature at the subnational and regional/local level falls into the same categories, although it seems to skew even more heavily toward the first two.

No single peer-reviewed academic journal is devoted to the comparative study of health systems, although numerous journals focus on health and publish special issues featuring comparative research.

It is important to note that much comparative health system analysis is conducted informally by practitioners for the purposes of applying lessons in the near future, not for contributing to the literature. For example, when considering system reforms, state health analysts frequently reach out to colleagues in other states to gather information about their experiences with similar reforms. They rarely publish these analyses.

## Challenges

Comparative health system study presents a few special challenges above and beyond regular health system study. Collecting data from multiple jurisdictions/sites requires more approvals and paperwork. Collected data typically needs more standardization because jurisdictions/sites usually develop codes independently. All data, especially qualitative, require more interpretation because underlying contexts differ significantly. Physical distance and differences in language/terminology (even health systems in neighboring US states use starkly different terminology) can hinder communication unless study teams include representatives from each jurisdiction/site, which is more costly. Yet, due to comparative study's seeming irrelevance, financial and other support can be difficult to obtain, especially from public officials who must justify it to taxpayers.

## Findings

After analyzing the comparative study of health policy conducted at the national level over the last three decades of the twentieth century, Marmor et al. (2009) concluded that the field is growing, partly because supply induces demand, but has yet to fulfill its promise, especially in the Western world. They blame a disconnect between practitioners and academics,

which keeps policymakers from reading the most sound studies (those that fall into their third and fourth categories of comparative literature, as described above).

At the subnational and local levels, scholars in the USA and Canada have largely evaluated the success of comparative study by assessing policy diffusion and the spread of innovation. In summarizing a special issue (2017) of the *Journal of Health Politics, Policy, and Law* devoted to understanding the diffusion of Affordable Care Act (ACA) policies in the USA, editor Colleen Grogan drew a similar conclusion as Marmor et al. – there is a desire for information about other jurisdictions but its usage is dictated by the political aspects of the policymaking process. Specially, she wrote: "...those who want the reform are busy implementing and learning from similarly reform-minded states, and those who are against reform are busy fighting to stop it and learning from similarly resistant states." Writing around the same time, the editor of one of Canada's leading health policy journals was inspired by evidence that health innovations had scaled and spread in several settings (Zelmer 2015).

## Conclusion

It seems unquestionable that comparative health system study will continue to grow as the health sector of most economies expands and technological advances improve information dissemination.

Suggested next steps for the field of study are to accept that politics within all health organizations – public, societal, and privat – limit the application of learning and to focus on documenting how practitioners gather and use comparative information in order to enhance their effectiveness. In addition, comparative health system scholars can identify the lessons learned by First World countries as they developed their health systems about how to efficiently promote, maintain, and restore health and share those with nations that are beginning to develop their systems.

## Cross-References

▶ Comparative Health Policies

## References

Böhm K, Schmid A, Götze R, Landwehr C, Rothgang H (2013) Five types of OECD healthcare systems: empirical results of a deductive classification. Health Policy 113:258–269

Camillo AC (2016) The US healthcare system: complex and unequal. Global Social Welfare 3:151–160. https://doi.org/10.1007/s40609-016-0075-z

Canadian Institute for Health Information (2016) National health expenditure trends. Retrieved from: https://www.cihi.ca/sites/default/files/document/nhex-trends-narrative-report_2016_en.pdf

Government of the United Kingdom (2015) NHS Choices: what we do. Retrieved from http://www.nhs.uk/aboutNHSChoices/aboutnhschoices/Pages/what-we-do.aspx

Grogan CM (2017) Diffusion of ACA policies across the American states. J Health Polit Policy Law 42: 205–209. https://doi.org/10.1215/03616878-3766691

Health Canada (2012) What is the population health approach? Retrieved from: http://www.phac-aspc.gc.ca/ph-sp/approach-approche/index-eng.php

International Health Conference (1946) Constitution of the World Health Organization. Retrieved from: http://apps.who.int/gb/bd/PDF/bd47/EN/constitution-en.pdf?ua=1

Klein R (2009) Learning from others and learning from mistakes: reflections on health policy making. In: Marmor TR, Freeman R, Okma KGH (eds) Comparative studies & the politics of modern medical care. Yale University Press, New Haven

Marchildon GP (2013) Canada: health system review. Health Syst Transit 15(1):1–179

Marmor TR, Freeman R, Okma KGH (2009) Comparative policy analysis and health care: an introduction. In: Marmor TR, Freeman R, Okma KGH (eds) Comparative studies & the politics of modern medical care. Yale University Press, New Haven

OECD (2015) Health at a glance 2015: OECD indicators. OECD Publishing, Paris

OECD (2016) OECD health statistics [Data file]. Retrieved from: http://stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT

Robert Wood Johnson Foundation (2017) County health rankings & roadmaps. Retrieved from: http://www.countyhealthrankings.org/

World Health Organization Europe (2008) The Tallinn charter: health systems for health and wealth. Retrieved from http://www.euro.who.int/data/assets/pdf_file/0008/88613/E91438.pdf?ua=1

Zelmer J (2015) Beyond pilots: scaling and spreading innovation in healthcare. Healthcare Policy 11:8–12. https://doi.org/10.12927/hcpol.2016.24452

# Comparative Historical Analysis, A Methodological Perspective

Frank L. K. Ohemeng
Department of Political Science, Concordia University, Montreal, QC, Canada

## Synonyms

Approximate; Comparable; Equivalent; Provisional

## Definitions

Comparative historical analysis is concerned with causal analysis, an emphasis on processes over time, and the use of systematic and contextualized comparison (Mahoney and Rueschemeyer 2003a).

Comparative historical analysis is a field of research characterized by the use of systematic comparison and the analysis of processes over time to explain large-scale outcomes such as revolutions, political regimes, and welfare states. It can be distinguished from other approaches within historical sociology, such as rational choice analysis and interpretive analysis (Mahoney and Rueschemeyer 2003a).

## Introduction

Among ways of understanding social issues, one that has best stood the test of time is comparative historical analysis (CHA) (Lange 2013; Mahoney and Rueschemeyer 2003a; Mahoney and Terrie 2008). Although it has been around as long as anyone can remember, it is, as a number of scholars have noted, only in the past 30 or so years that it has received much attention, to go by the numbers of books and journal articles that have been published in this period. Furthermore, CHA is now use in many disciplines in the social sciences, including politics, sociology, economics, public administration and management, and public policy (Acemoglu et al. 2001; Barzelay and Gallego 2010; Lange 2013; Thelen and Mahoney 2015). Comparative historical analysis, according to Collier (1998), deals with "a sustained focus on a well-defined set of national cases, a concern with a substantial time frame and with the unfolding of causal processes over time and the use of systematic comparison to generate and/or evaluate explanations of outcomes at the level of national politics" (1–2).

## Distinctive Features of Comparative Historical Analysis

Mahoney and Rueschemeyer (2003b) have identified three main features of CHA. First is that it is concerned with explanation and identification of causal configurations that produce major outcomes of interest (11). From this perspective, CHA scholars "consider how multiple factors combine to form coherent larger combinations, complexes, and causal packages" (Thelen and Mahoney 2015: 7). Thelen and Mahoney (2015) explain why CHA scholars are interested in causal configuration by noting they "value causal complexity for its own sake or underappreciate parsimony" (8).

Second, CHA is concerned with historical sequences and the processes of history unfolding over time (12). This procession of sequences has led many scholars to argue that CHA is about process tracing, a methodological phenomenon that involves "attempts to identify the intervening causal process—the causal chain and causal mechanism—between an independent variable (or variables) and the outcome of the dependent variable" (George and Bennett 2005: 206–207), or "as the systematic examination of diagnostic evidence selected and analyzed in light of research questions and hypotheses posed by the investigator" (Collier 2011: 823). In using this approach, CHA scholars focus on (1) defining their theoretical expectations, (2) giving direction to their research, and (3) identifying the types of data necessary for testing a theory (Risks and Liu 2018: 842).

Third, scholars of comparative historical analysis engage in systematic and contextualized comparison of similar and contrasting cases (13). Thus, according to Mahoney (2015), CHA is an example of case-based research. The foundational and philosophical method of research involves considering one or two cases, and then building a theory about them or an explanation for them. The aim of CHA is thus to find comprehensive explanations of outcomes in specific cases. It particularly emphasizes well-crafted concepts and valid measurement; it encompasses tools with which one can search for necessary and sufficient conditions (of the deterministic and probabilistic sort); and it involves a focus on temporality, which includes, among other things, sequencing and path dependence.

## How Comparative Historical Analysis Is Undertaken

One of the main issues underlying CHA is the question of how a phenomenon can be studied. According to Ritter (2014), "CHA is one of the social sciences' oldest methods," (98) and its practitioners have a number of methodological imperatives. Irrespective of the focus of the study, three core traits – concern with the explanatory goal, the conception of causation, and the method of theory testing (Mahoney and Terrie 2008) – are fundamental to CHA.

First is the comparative method, using in-case analysis. According to Lijphart (1971), "the comparative method is here defined as one of the basic methods – the others being the experimental, statistical and case study methods – of establishing general empirical propositions. . . .Second, the comparative method is here defined as one of the basic scientific methods," and "third, the comparative method is here regarded as a method of discovering empirical relationships among variables" (682–683). The comparative method "involves the nonstatistical comparative analysis of a small number of cases" (George and Bennet 2005: 151).

It is an interest in contextuality that causes CHA scholars to use the comparative method, which is to say they are context specific, since such context helps in understanding the different cases. It enables them to draw a map that shows the whole process they are trying to explain. This in turn helps them identify and isolate variables, as well as develop what they have described as a causal mechanism in a process they call "process tracing" (George and Bennet 2005; Mahoney 2003), which is an "analytic procedure for systematically evaluating pieces of (usually) qualitative evidence to explain an outcome of interest" (Zaks 2016: 452). With this approach, CHA scholars look "at evidence within an individual case, or a temporally and spatially bound instance of a specified phenomenon, to derive and/or test alternative explanations of that case. In other words, process tracing seeks a historical explanation of an individual case, and this explanation may or may not provide a theoretical explanation relevant to the wider phenomenon of which the case is an instance" (Bennett 2008).

Unlike some analyses, moreover, such as rational choice, that insist on methodological individualism (Lange 2013) (which simply "means that one starts from the individual in order to describe certain economic relationships" (Schumpter 1908, cited in Hodgson 2007)), CHA scholars' position reflects both pragmatic considerations and a particular ontological commitment. In short, CHA is interested in aligning ontological and methodological approaches to "better explain outcomes, explore contexts, and assess causes that unfold over long stretches of time" (Skocpol 2003: 419).

A third methodological imperative of CHA is to use "a finite set of cases, chosen against a backdrop of theoretical interest, and aim to determine the causal sequences of patterns of producing outcomes of interest in those specific cases" (Goldstone 2003: 43). In short, scholars employing CHA do not focus on a large number of cases, but are rather interested in what methodology scholars have described as small N (Lange 2013; Rueschemeyer 2003), which is a study ". . .in which a large number of observations are made on a relatively small number of experimental participants" (Smith and Little 2018). It must, however, be said that focusing on small N does

not mean that CHA scholars are not interested in large N. Most of these scholars take the result of large N cases as their point of departure. In short, large N forms their basis of study. In CHA the interest is in one or two or, at most, just a few cases (Lange 2013). Large N deals with a large number of cases and prefers multiple observations (Paul et al. 2013). While some scholars have criticized the use of small N in research, especially when it comes to generalization, Goldstone (2003) says that while "generalization is certainly a goal (of CHA),. . .generalization is sought by piecing together a finite set of cases, not by sampling and inference to a larger universe" (43). In a nutshell, "CHA findings are often derived from the analysis of a small number of cases, but they frequently can be accumulated so that they add up to fairly broad generalizations" (Mahoney 2015: 78). Lange (2013) is of the view that CHA scholars use small-N comparisons because they are easily combined with within-case analysis, which is the in-depth exploration of a single case as a stand-alone entity. Within-case analysis, therefore, "involves an intimate familiarity with a particular case in order to discern how the processes or patterns that are revealed in that case support, refute, or expand (a) a theory that the researcher has selected or (b) the propositions that the researcher has derived from a review of the literature and/or experience with the phenomenon under study" (Paterson 2010: 970–971).

An essential factor in this methodological imperative, according Collier (1998), is that while most CHA scholars use a small-N framework, they are now employing varying mixes of qualitative and quantitative data, with increasing use of the latter as better quantitative data sets have become available. As a result, CHA is able to make generalizations, but based on a detailed study of a small number of cases.

## The Relevance of Comparative Historical Analysis

Scholars continue to debate the importance of CHA in social research. Its value has not diminished but, rather, continues to influence how research is conducted, and significant advances have been made in application (Jaramillo 2020). Thus, it is believed by "viewing cases and processes at a less abstract level, CHAs are frequently able to derive lessons from past experiences that speak to the concerns of the present" (Mahoney and Rueschemeyer 2003b: 9).

Another important benefit of CHA is knowledge accumulation (Goldstone 2003; Mahoney 2004). Knowledge accumulation is defined as "progress in understanding and learning . . . accumulation occurs when the generation of new knowledge is dependent on previously obtained knowledge" (Mahoney 2003). From this perspective, and focusing on the study of revolutions in the world, Goldstone (2003) is of the view that CHA studies have shown, for instance, that "there is no single set of necessary significant causes that lie behind revolutions. Rather, revolutions are the result of a conjuncture of distinct causal streams, and the type and development of a revolution depend on the precise combination and components of those causal streams" (80–81).

This idea of knowledge accumulation through conjuncture of distinct causal streams is not only applicable in the study of revolution; it can also be used as a framework to understand issues pertaining to public policy, management, development, and governance in general (Barzelay and Gallego 2010; Mahoney 2015). For instance, it was called upon by Barzelay and Gallego (2010) to analyze the cycles of changes in public management in France, Italy, and Spain. They cogently argued that "the politics of public management reform remain opaque unless the features of policy subsystems are analyzed and incorporated into historical and generalizing research arguments" (298). Such an historical approach thus yields the knowledge necessary to understand how different administrative reforms have played out in different countries despite their adoption of similar reform strategies, such as the New Public Management: conditions in different political and governmental systems affect the politics of public management reform differently and, as those conditions are assimilated into the construct of administrative tradition, correspondingly affect the politics of public management reform (301).

Similarly, Mahoney (2015) has outlined what he describes as the advantage of comparative historical research in macro-development. He explained that case-based research is vital to development studies, for example, because such a focus yields both theoretical insights, as well as learning about different facets of cases, which "can stimulate broader research agendas that are taken up by scholars of diverse methodological orientations" (78). He concludes that by "focusing on specific cases, CHA research is problem driven in the sense that it is animated by real-world questions" (79). In all, CHA helps in the development of theories that can be utilized in the study of different phenomena.

The macrolevel of comparative historical analysis also helps scholars account for change and continuity across national party systems. As has already been explained, by focusing on a small number of cases scholars are able to examine them in depth, and dissect explanatory variables and causal inferences (Collier and Collier 1991). Scholars of CHA can identify the starting points of important change through events. This has been called the critical juncture perspective, a critical juncture being "a period of significant change, which typically occurs in distinct ways in different countries (or in other units of analysis) and which is hypothesized to produce distinct legacies" (Collier and Collier 1991). Boas (2017) says that identifying such a critical juncture constitutes a causal hypothesis, which links a major societal transformation to a temporally distant dependent variable that represents the culmination of a process of change, not merely something that happened along the way (18).

A significant contribution made by comparative historical analysis scholars, according to Skocpol (2003), is that CHA research "has successfully developed valid generalizations about many phenomena of great importance without ignoring contextual particularities. What is more, culture and ideology can themselves be analyzed causally, not just assessed for their meaning" (414). Such successful generalization continues to help scholars from different disciplines to study and understand different phenomena in different countries. For example, scholars of public policy and management have come to grips with their subjects by noting the importance of context at the macrolevel. This has enabled them to explain policy development and change in such countries (Amenta 2003; Barzelay and Gallego 2010; Castles 1989).

## Conclusion

Comparative historical analysis has become an important vehicle for studying social issues. Its ability to engage in the in-depth study of the history of a small number of cases, the ability to develop theories to explain different phenomena, and its methodological rigor have made it an attractive scholarly tool. While CHA has had a long intellectual history, as explained by Mahoney and Rueschemeyer (2003a), since its reemergence, it has shown few signs of losing momentum. In other words, the interest in using history to study single countries with a deep focus on context has led to what Pepinsky (2019) has described as "the return of the single country study." In short, CHA has helped to demonstrate that focusing on small *N* studies can yield both theoretical insight and theoretical generalizability. One is bound to accept Offen's (1988) long held view that the "comparative historical approach forces us to broaden our perspective by examining carefully from a different, although not wholly unfamiliar, angle much that we take for granted, namely, the political, social, and economic context in which so many of our own ideas originated. Thus, it allows us not only to recover and dissect the prevailing and dissenting views on the organization of societies, which are embedded historically in the Western debate . . ., but also to explore the political dynamics of the interaction between [*different*] views" (112).

## References

Acemoglu D, Johnson S, Robinson J (2001) Colonial origins of comparative development: an empirical investigation. Am Econ Rev 91(5):1369–1401

Amenta E (2003) What we know about the development of social policy: comparative and historical research in comparative and historical perspective. In: Mahoney J, Rueschemeyer D (eds) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge

Barzelay M, Gallego R (2010) The comparative historical analysis of public management policy cycles in France, Italy, and Spain: symposium introduction. Governance 23(2):209–223
Bennett A (2008) Process tracing: a Bayesian perspective. In: Box-Steffensmeier JM, Brady HE, Collier D (eds) The Oxford handbook of political methodology. Oxford University Press, Oxford
Boas TC (2017) Potential mistakes, plausible options: establishing the legacy of hypothesized critical junctures. Qual Multi-Method Res 15(1):18–20
Castles FG (ed) (1989) The comparative history of public policy. Oxford University Press, New York
Collier D (1998) Comparative historical analysis: where do we stand? APSA-CP Newsl APSA Organ Section Comp Polit 9(2):1–2, 4–5
Collier D (2011) Understanding process tracing. PS: Polit Sci Pol 44(4):823–830
Collier RB, Collier D (1991) Shaping the political arena: critical junctures, the labor movement, and regime dynamics in latin america. Princeton University Press, Princeton
George AL, Bennett A (2005) Case studies and theory development in social sciences. MIT Press, Cambridge
Goldstone JA (2003) Comparative historical analysis and knowledge accumulation in the study of revolutions. In: Mahoney J, Rueschemeyer D (eds) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge
Hodgson GM (2007) Meanings of methodological individualism. J Econ Methodol 14(2):211–226
Jaramillo G (2020) Comparing historical cases: advances in comparative historical research. In: Guy Peters B, Fontaine G (eds) Handbook of research methods and applications in comparative policy analysis. Cheltenham, Edward Elgar, pp 113–133
Lange M (2013) Comparative-historical methods. Los Angeles, California, Sage
Lijphart A (1971) Comparative politics and the comparative method. Am Polit Sci Rev 65(3):682–693
Mahoney J (2003) Knowledge accumulation in comparative historical research: the case of democracy and authoritarianism. In Mahoney J, Rueschemeyer D (eds) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge, pp 131–174
Mahoney J (2004) Comparative-historical methodology. Annu Rev Sociol 30:81–101
Mahoney J (2015) Comparative-historical analysis and development studies: methods, findings, future. Sociol Dev 1(1):77–90
Mahoney J, Rueschemeyer D (eds) (2003a) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge
Mahoney J, Rueschemeyer D (2003b) Comparative historical analysis: achievements and agendas. In: Mahoney J, Rueschemeyer D (eds) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge
Mahoney J, Terrie PL (2008) Comparative-historical analysis in contemporary political science. In: Box-Steffensmeier JM, Brady H, Collier D (eds) Oxford handbook of political methodology. Oxford University Press, Oxford
Offen K (1988) Defining feminism: a comparative historical approach. Signs 14(1):119–157
Paterson BL (2010) Within case analysis. In: Mills AJ, Durepos G, Wiebe E (eds) Encyclopedia of case study research. SAGE, Thousand Oaks
Paul C, Clarke CP, Grill B, Savitsky T (2013) Between large-N and small-N analyses: historical comparison of thirty insurgency case studies. Hist Methods 46(4): 220–239
Pepinsky TB (2019) The return of the single-country study. Annu Rev Polit Sci 22:187–203
Risks J, Liu AH (2018) Process-tracing research designs: a practical guide. Polit Sci Polit 51(4):1–5
Ritter DP (2014) Comparative historical analysis. In: Porta Dd (ed) Methodological practices in social movement research. Oxford University Press, Oxford
Rueschemeyer D (2003) Can one or a few cases yield theoretical gains? In: Mahoney J, Rueschemeyer D (eds) Comparative Historical Analysis in the Social Sciences. Cambridge University Press, Cambridge, pp 203–336
Skocpol T (2003) Doubly engage social science: the promise of comparative historical analysis. In: Mahoney J, Rueschemeyer D (eds) Comparative historical analysis in the social sciences. Cambridge University Press, Cambridge
Smith PL, Little DR (2018) Small is beautiful: in defense of the small-N design. Psychon Bull Rev 25:2083–2101
Thelen K, Mahoney J (2015) Comparative-historical analysis in contemporary political science. In: Mahoney J, Thelen K (eds) Advances in comparative-historical analysis. Cambridge University Press, New York
Zaks S (2016) The logic of process tracing: contributions, pitfalls and future directions. In: Keman H, Woldendorp JJ (eds) Handbook of research methods and applications in political science. Edward Elgar, Cheltenham

C

## Comparative Hypotheses for Technology Analysis

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

### Synonyms

Nature of technology; Technology; Technological innovation; Technological evolution;

Technological change; Technological progress; Technological advances

## Definition

Hypothesis refers to a supposition put forward in a provisional manner and in need of further epistemic and empirical support. Technology analysis explains the relationships underlying the source, evolution, and diffusion of technology for technological, economic and social change. Technology analysis considers technology as a complex system that evolves with incremental and radical innovations to satisfy needs, achieve goals, and/or solve problems of adopters to take advantage of important opportunities or to cope with consequential environmental threats.

## Introduction

Technology has an important role for competitive advantage of firms and nations, for industrial and economic change in society (Arthur 2009; Hosler 1994; Sahal 1981). *Technology* can be defined as a complex system, composed of more than one entity or subsystem and a relationship that holds between each entity and at least one other entity in the system (Coccia 2019a, b, d). Technology satisfies needs, and sustains the achievement of goals, and solution of problems of adopters to take advantage of important opportunities or to cope with consequential environmental threats (Coccia 2019a, b). Technology is driven by *inventions* of new things and new ways of doing things that are transformed into usable *innovations* in markets for supporting adaptation and/or survival of adopters in highly differentiated and volatile environments (Coccia 2018b, 2019b, c). Technology generates technological, economic and social change by (Coccia 2005b, 2006b, 2016a) *incremental innovations* (progressive modifications of existing products and/or processes), *radical innovations* (drastic changes of existing products/processes, or creation of new products/processes to satisfy needs or solve problems in society), *technological systems* (clusters of innovations that are technically and economically interrelated, e.g., nanotechnology; cf., Coccia and Wang 2015), and *technological revolutions* (pervasive changes in technology affecting many branches of the economy, such as general purpose technologies of information and communication technologies having a technological dynamism and a pervasive use in a wide range of sectors; cf., Coccia 2015a, 2017a, b, 2020).

Technology analysis can be based on "multiple working hypotheses" (Chamberlin 1897) to explain the relationships underlying the source, evolution, and diffusion of technologies and provide theoretical, empirical, and policy implications. The method of multiple working hypotheses (in short, MWHs) involves the development, prior to research, of several hypotheses that might explain the relationships of specific phenomenon, which is likely due to several causes, not just one (Chamberlin 1897). All suggested hypotheses are considered for scientific investigation, including the possibility that none of them are correct and that some new explanations may emerge (Coccia and Benati 2018; Heidelberger and Schiemann 2009).

MWHs for technology analysis can be schematically synthetized as follows (Fig. 1):

- *Traditional MWHs* are demand of technology, induced innovation, learning processes, specialization via scale, disadvantage of beginning, path-dependent processes, competitive substitution, and predator-prey relationships between technologies.
- *New MWHs* are based on multimode relationships between technologies, such as the hypothesis of killer technologies and technological parasitism.

## Multiple Working Hypotheses for Technological Analyses

Traditional and new hypotheses for technology analysis provide a method of inquiry to explain *how* technology originates and evolves in industrial dynamics to generate technical progress in society (cf., Fig. 1).

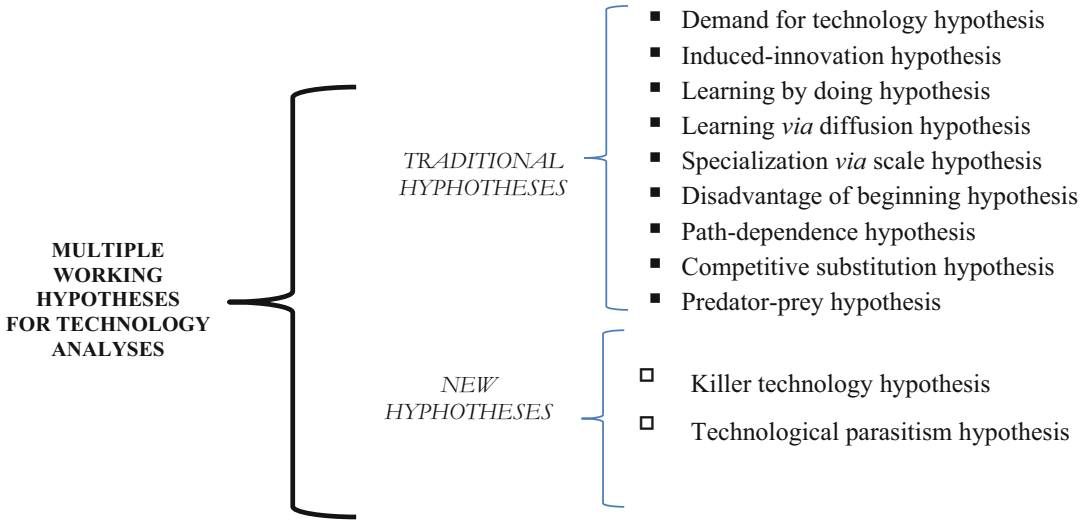


**Comparative Hypotheses for Technology Analysis, Fig. 1** Multiple working hypotheses (MWHs) for technological analyses

## Traditional Multiple Working Hypotheses for Technology Analysis

### Hypothesis of Demand for Technology

This hypothesis suggests that the innovative output of an industry varies in a direct relation to the volume of its sales. Schmookler and Brownlee (1962) argue that the relationship between technological innovation and demand is postulated to hold in long and short run. The demand-pull hypothesis has received convincing evidence with the work by Griliches (1957) that in the study of the invention and diffusion of hybrid maize demonstrates the role of demand in determining the timing and location of invention and innovation. Schmookler (1962, 1966), using patent statistics of inventions in different industries (e.g., railroads, agricultural equipment, paper, and petroleum), shows that the demand is more important in stimulating inventive activity than advances in the state of knowledge.

A simple model to analyze the hypothesis of demand for technology, considering for instance, farm tractor technology, is given by:

$$\log\ Y_t = a + \beta_1 \log X^{\#}_t + \beta_2 \log\ Y_{t-1}$$

Y is a measure of technical efficiency; $X^{\#}$ is gross investment in tractors, e.g., the number of tractors sold each year (in hundreds). Method of ordinary least squares can be applied for estimating the unknown parameters of relationship just mentioned.

### Induced-Innovation Hypothesis

Hicks (1932, pp. 124–125) argues that "a change in the relative prices of factors of production is itself a spur to innovation and to inventions of a particular kind directed at economizing the use of a factor which has become relatively expensive." The microeconomic version of induced innovation was advanced by Ahmad (1966) and elaborated by Binswanger (1974). In the 1970s and 1980s, theoretical and empirical studies by agricultural economists explain source and evolution of technology with induced-innovation hypothesis (Hayami and Ruttan 1970; Binswanger and Ruttan 1978). Olmstead and Rhode (1993, p. 102) argue that Hayami and Ruttan's induced-innovation hypothesis reveals two distinct variants. The first is *change variant*, associated with the argument by Hicks (1932): a rise in the relative price in one factor leads to technological innovations sparing that factor. The second is *level variant* that even at constant relative factor price levels, new technologies are developed and adopted to save relatively expensive factors (cf., Coccia 2016b).

### Learning by Doing Hypothesis

This hypothesis suggests that technical progress depends on acquisition of practical experience for the solution of consequential problems, such as for treating mutant cancers (cf., Coccia 2015b, 2016a, c, 2017b, 2020). In particular, learning by doing hypothesis argues that the evolution of technology is governed by a process of cumulative change, rather than by a set of replicative events at work (Coccia 2014b, 2016a). The operationalization of this hypothesis requires a measure of experience, such as cumulated production quantities or cumulated years of production (cf., Sahal 1981, p. 112). A relationship, which investigates the learning by doing hypothesis of technological innovation, is given by:

$$\log Y_t = a + \beta_1 \log X_t + \beta_2 \log Y_{t-1}$$

Y is a measure of technical efficiency; X is cumulated production quantities.

### Learning *Via* Diffusion Hypothesis of Technology

This perspective suggests that the increased adoption of a technology paves the way for improvements of its characteristics. In this context, the relevant variable of innovation is the cumulated utilization of technology (i.e., capital stock) rather than cumulated production volume. For instance, the successful development of transport technology depends on how well it dovetails with the larger system of its use and improvements in communications network (cf., Sahal 1981, p. 117).

A relationship that analyzes the learning *via* diffusion hypothesis of technological innovation is given by:

$$\log Y_t = a + \beta_1 \log X^*_t + \beta_2 \log Y_{t-1}$$

Y is a measure of technical efficiency; X* is the stock of technology.

### Disadvantage of Beginning Hypothesis of Technology

Vital factors of the hypothesis of disadvantage of beginning can be resistance to change, the effect of sunk costs (costs that have been incurrent and cannot be recovered), a new technology that cannot conform to specification of existing plant, infrastructure and/or equipment, etc. (Frankel 1955; Sahal 1981, p. 115). This hypothesis can imply that the younger the age of capital stock, the better are the prospects for technical progress: technological innovation can be limited as capital stock grows and becomes older. The age variable (i.e., oldness) can be measured as a ratio of capital stock to gross investment. A relationship, based on this hypothesis in the case study of farm tractor technology, is given by:

$$\log Y_t = a + \beta_1 \log X''_t + \beta_2 \log Y_{t-1}$$

Y is a measure of technical efficiency; X″ is the ratio of the number of tractors on farms to the number of tractors sold.

### Specialization *Via* Scale Hypothesis of Technology

Technology depends on scale of its utilization, which is associated with factors of the physical nature of technology itself. For instance, technological advances in electricity generation have been made possible by an increase in the scale of electricity transmission network: the reason is that capacity increases with the square of the voltage (Meeks 1972, p. 74). According to this hypothesis, variations of scale affect the course of innovative activity. This approach considers the relevance of scale to innovation processes that is based on systemic nature of technological progress (Sahal 1981, p. 119). A basic variable here is the scale of input utilization. A relationship to analyze this hypothesis in the case study of farm tractor is given by:

$$\log Y_t = a + \beta_1 \log X'_t + \beta_2 \log Y_{t-1}$$

Y is a measure of technical efficiency; X′ is the average acreage per farm, which is a main indicator of the scale of input utilization.

### Path Dependence Hypothesis of Technology

The concept of *path dependence of technological innovation* was advanced by Arthur (1989, 1994). David (1985, 1993) provides evidence of the path-dependence perspective with historical studies (such as in QWERTY typewriter keyboard, etc.) and shows how lock-in effects can induce the

persistence of inefficient structure of keyboard (i.e., adopters of this technology depend on a vendor for products/processes and services or previous technologies, unable to use another vendor or technology without substantial switching costsand barriers). The path-dependence model is due to a sequence of historical events and choices of techniques that may influence the future pathways of technology. However, the concept of technology lock-in for path dependence seems to work only for network of information and communication technologies characterized by increasing returns to scale. Instead, industries with constant or decreasing returns to scale, lock-in effect does not work. In short, this perspective suggests that technical change is a path-dependent process: it evolves from earlier technological trajectories.

### Hypothesis of the Competitive Substitution of Technology

Fisher and Pry (1971, p. 75) show that technological evolution consists of substituting a new technology for old one, such as the substitution of coal for wood, hydrocarbons for coal, etc. Fisher and Pry (1971) model the evolution of a new product or process (emerging technology) that substitutes for a prior one (mature technology) in the form of $f/(1\text{-}f)$ as a function of time on semilog paper ($f$ is the market share of the emerging product or process versus time).

### Predator-Prey Hypothesis

Technologies can generate a predator-prey relationship: one technology enhances the growth rate of the other, but the second inhibits the growth rate of the first (Pistorius and Utterback 1997, p. 74). In fact, a predator-prey relationship can exist between an emerging technology and a mature technology, in particular when emerging technology enters into a niche market of mature technology, reducing market share of established technology. Farrell (1993) used Lotka-Volterra equations to examine a predator-prey relationship between technologies, such as nylon versus rayon tire cords, telephone versus telegraph usage, etc. Overall, then, a predator-prey interaction has an emerging technology in the role of predator and a mature technology as prey. However, one can also visualize a situation where a mature technology is predator and emerging technology is prey (Pistorius and Utterback 1997, p. 78). Utterback et al. (2020) show this type of predator-prey relationship between plywood and oriented strand board technology (OSB) in a specific period of time (OSB is a composite of oriented and layered strands, peeled from widely available smaller trees).

## New Multiple Working Hypotheses for Technology Analysis

### Hypothesis of Killer Technologies

*Killer technology* is a radical innovation that with high technical and/or economic performance destroys the usage value of established techniques previously sold and used in markets (Coccia 2017d, e, 2019c). Killer technology can explain the behavior of innovations that generate a destructive creation for technical and industrial change in markets (Coccia 2019c). An example of killer technology is the diffusion of Solvay process that in the 1900s destroys the Leblanc process in the production of soda (Freeman 1974; Rosenberg 1976). To explore the behavior of killer technologies, a simple model shows how killer technologies destroys established technologies, generating technological change in markets. Let a killer technology $= Kl$ (a new radical technology), and let a victim technology $= V$ (established technology), the model is (Coccia 2019c):

$$\log Kl = \log A + B \log V \qquad (1)$$

$B$ is the coefficient of growth and indicates different patterns of technological evolution:

- $B < 1$, whether new technology $Kl$ destroys at a *lower* relative rate of change the old technology.
- $B = 1$, killer technology $Kl$ substitutes victim technology at a *proportional* rate of change.
- $B > 1$, whether killer technology $Kl$ destroys victim technology at *greater* relative rate of change.

This model (1) of the evolution of killer technology has linear parameters that are estimated with the ordinary least squares method.

Hypothesis of Technological Parasitism

Coccia (2019a, b, d; Coccia and Watts 2020) proposes the *theory of technological parasitism* to explain the evolution of technology considering a parasite-host relationship between technologies that generates the coevolution of overall complex system of technology. In particular, Coccia (2019d) argues that technologies have a behavior similar to parasites because technologies cannot survive and develop as independent systems per se, but they can function and evolve if and only if they are associated with other technologies, such as audio headphones, wireless speakers, software apps, etc. that function *if and only if* they are associated with host or master technology of electronic devices, such as smartphone, radio receiver, television, etc. In fact, a parasitic technology $P$ in a host or master technology $H$ is a technology that during its life cycle is able to interact and adapt into the complex system of $H$, generating coevolutionary processes to satisfy human needs and/or solve problems in society. This behavior of technologies can be generalized with the *theorem of not independence of any technology* by Coccia (2018a): the long-run behavior and evolution of any technological innovation T$i$ is not independent from the behavior and evolution of the other technological innovations T$j$. The theory of technological parasitism by Coccia (2019d) proposes a model to explain the evolution of technology with a relationship between a host *or* master technology ($H$ system) and a parasitic technology ($P$ subsystem). The logarithmic form of model is a simple linear relationship (Coccia 2019a, b, d):

$$\log P = \log a + B^{\circ} \log H + u_t$$

$P$ = evolutionary advances of parasitic technology
$H$ = evolutionary advances of host *or* master technology
$\log a$ = constant
$u_t$ = error term

$B^{\circ}$ measures the evolution of parasitic technology $P$ compared to host or master technology $H$. This theory suggests properties of the evolution of technology (Coccia 2018a, 2019a, b, d; Coccia and Watts 2020):

1. The long-run behavior and evolution of any technology depend on behavior and evolution of inter-related technologies (Coccia 2018a, 2019d).
2. Technological host *or* master with many parasitic technologies generates a rapid evolution of technological host-parasite system. Technological systems with fewer parasitic technologies and a low level of interaction with other technologies improve slowly (Coccia and Watts 2020).
3. Property of mutual benefaction between interactive technologies argues that the interaction between technologies reduces negative effects and favors positive effects directed to an evolution of reciprocal adaptations of technologies to satisfy needs and/or solve problems of adopters in society (Coccia 2019d).

## Conclusion

Determinants of technology and technological evolution are due to manifold factors, such as research and development investments, technology transfer, appropriate social structures with consolidated democracy, good economic governance, widespread higher education system, skilled human capital, moderate growth rates of population, purposeful nations with high economic-war potential, etc. (Coccia 2005a, c, 2006a, 2010, 2014a, c, 2015a, c, 2017c). Hence, technology analysis needs a method of inquiry based on multiple working hypotheses for a comprehensive explanation of relations supporting origin, evolution, and diffusion of technology, rather than applying a single hypothesis in isolation that can provide partial explanations and likely misleading results.

## Cross-References

▶ Comparative Concepts of Technology for Strategic Management
▶ Comparative Theories of the Evolution of Technology

▶ Destructive Technologies for Industrial and Corporate Change
▶ Revolutions and Evolutions
▶ Role of Superpowers in Conflict Development and Resolutions, The

## References

Ahmad S (1966) On the theory of induced innovation. Econ J 76:344–57
Arthur WB (1989) Competing technologies, increasing returns, and lock-in by historical events. Econ J 99:116–131
Arthur WB (1994) Increasing returns and path dependence in the economy. University of Michigan Press, Ann Arbor
Arthur BW (2009) The nature of technology. What it is and how it evolves. Allen Lane–Penguin Books, London
Binswanger HP (1974) A cost function approach to the measurement of elasticities of factor demand and elasticities of substitution. Am J Agric Econ 56:377–386
Binswanger HP, Ruttan VW (1978) Induced innovation: technology, institutions and development. Johns Hopkins University Press, Baltimore
Chamberlin TC (1897) The method of multiple working hypotheses. J Geol 5(8):837–848
Coccia M (2005a) Metrics to measure the technology transfer absorption: analysis of the relationship between institutes and adopters in northern Italy. Int J Technol Transf Commer 4(4):462–486. https://doi.org/10.1504/IJTTC.2005.006699
Coccia M (2005b) Measuring intensity of technological change: the seismic approach. Technol Forecast Soc Chang 72(2):117–144. https://doi.org/10.1016/j.techfore.2004.01.004
Coccia M (2005c) A taxonomy of public research bodies: a systemic approach. Prometheus 23(1):63–82. https://doi.org/10.1080/0810902042000331322
Coccia M (2006a) Analysis and classification of public research institutes, world review of science. Technol Sustain Dev 3(1):1–16. https://doi.org/10.1504/WRSTSD.2006.008759
Coccia M (2006b) Classifications of innovations: survey and future directions. Working Paper Ceris del Consiglio Nazionale delle Ricerche, Ceris-Cnr Working Paper, vol 8, no 2 – ISSN (Print): 1591-0709. Available at arXiv Open access e-prints: http://arxiv.org/abs/1705.08955
Coccia M (2010) Democratization is the driving force for technological and economic change. Technol Forecast Soc Chang 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007
Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82(2):52–65. https://doi.org/10.1016/j.techfore.2013.06.001
Coccia M (2014b) Path-breaking target therapies for lung cancer and a far-sighted health policy to support clinical and cost effectiveness. Health Policy Technol 1(3):74–82. https://doi.org/10.1016/j.hlpt.2013.09.007
Coccia M (2014c) Steel market and global trends of leading geo-economic players. Int J Trade Global Markets 7(1):36–52. http://doi.org/10.1504/IJTGM.2014.058714
Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42:199–226. https://doi.org/10.1016/j.techsoc.2015.05.008
Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052
Coccia M (2015c) Spatial relation between geo-climate zones and technological outputs to explain the evolution of technology. Int J Transit Innovat Sys 4(1–2):5–21. http://doi.org/10.1504/IJTIS.2015.074642
Coccia M (2016a) Radical innovations as drivers of breakthroughs: characteristics and properties of the management of technology leading to superior organizational performance in the discovery process of R&D labs. Tech Anal Strat Manag 28(4):381–395. https://doi.org/10.1080/09537325.2015.1095287
Coccia M (2016b) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetr 14(Part B):168–178. https://doi.org/10.1016/j.jeca.2016.06.001
Coccia M (2016c) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003
Coccia M (2017a) The fishbone diagram to identify, systematize and analyze the sources of general purpose technologies. J Adm Soc Sci 4(4):291–303. https://doi.org/10.1453/jsas.v4i4.1518
Coccia M (2017b) The source and nature of general purpose technologies for supporting next K-waves: global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang 116:331–339. https://doi.org/10.1016/j.techfore.2016.05.019
Coccia M (2017c) Varieties of capitalism's theory of innovation and a conceptual integration with leadership-oriented executives: the relation between typologies of executive, technological and socioeconomic performances. Int J Pub Se Perform Manage 3(2):148–168. https://doi.org/10.1504/IJPSPM.2017.084672
Coccia M (2017d) Disruptive firms and industrial change. J Econ Soc Thought 4(4):437–450. http://doi.org/10.1453/jest.v4i4.1511
Coccia M (2017e) Sources of disruptive technologies for industrial change. L'industria–rivista di economia e politica industriale 38(1):97–120
Coccia M (2018a) The origins of the economics of Innovation. J Econ Soc Thought 5(1):9–28, http://doi.org/10.1453/jest.v5i1.1574

C

Coccia M (2018b) Theorem of not independence of any technological innovation. J Econ Bibliogr 5(1):29–35. https://doi.org/10.1453/jeb.v5i1.1578
Coccia M (2019a) Comparative theories of the evolution of technology. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3841-1
Coccia M (2019b) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting, Technol Forecast Soc Chang. https://doi.org/10.1016/j.techfore.2018.12.012
Coccia M (2019c) Killer technologies: the destructive creation in the technical change. ArXiv.org e-Print archive, Cornell University, USA. Permanent arXiv available at http://arxiv.org/abs/1907.12406
Coccia M (2019d) A theory of classification and evolution of technologies within a generalized Darwinism. Tech Anal Strat Manag 31(5):517–531. https://doi.org/10.1080/09537325.2018.1523385
Coccia M (2020) Deep learning technology for improving cancer care in society: new directions in cancer imaging driven by artificial intelligence. Technol Soc 60:1–11. https://doi.org/10.1016/j.techsoc.2019.101198
Coccia M, Benati I (2018) Comparative models of inquiry. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG, part of Springer Nature. https://doi.org/10.1007/978-3-319-31816-5_1199-1
Coccia M, Wang L (2015) Path-breaking directions of nanotechnology-based chemotherapy and molecular cancer therapy. Technol Forecast Soc Chang 94:155–169. https://doi.org/10.1016/j.techfore.2014.09.007
Coccia M., Watts J. 2020. A theory of the evolution of technology: technological parasitism and the implications for innovation management. J Eng Technol Manage 55:101552. https://doi.org/10.1016/j.jengtecman.2019.11.003
David PA (1985) Clio and the economics of QWERTY. Am Econ Rev 76:332–337
David PA (1993) Path dependence and predictability in dynamic systems with local network externalities: a paradigm for historical economics. In: Foray D, Freeman C (eds) Technology and the wealth of nations: the dynamics of constructed advantage. Pinter Publishers, London, pp 208–231
Farrell CJ (1993) A theory of technological progress. Technol Forecast Soc Chang 44(2):161–178
Fisher JC, Pry RH (1971) A simple substitution model of technological change. Technol Forecast Soc Chang 3(2–3):75–88
Frankel M (1955) Obsolescence and technological change in a maturing economy. Am Econ Rev 45(3):296–319. Retrieved from http://www.jstor.org/stable/779
Freeman C (1974) The economics of industrial innovation. Penguin, Harmondsworth
Griliches Z (1957) Hybrid corn: an exploration in the economics of technological change. Econometrica 25:501–522
Hayami Y, Ruttan VW (1970) Factor prices and technical change in agricultural development: the United States and Japan, 1880–1960. J Polit Econ 78:1115–1141
Heidelberger M, Schiemann G (eds) (2009) The significance of the hypothetical in the natural sciences. Walter de Gruyter, Berlin/New York
Hicks J (1932/1963) The theory of wages. Macmillan, London
Hosler D (1994) The sounds and colors of power: the sacred metallurgical technology of Ancient West Mexico. MIT Press, Cambridge
Meeks J (1972) Concentration in the electric power industry: the impact of antitrust policy. Columbia Law Rev 72:64–130
Olmstead AL, Rhode P (1993) Induced innovation in American agriculture: a reconsideration. J Polit Econ 101(1):100–118. Stable URL: https://www.jstor.org/stable/2138675
Pistorius CWI, Utterback JM (1997) Multi-mode interaction among technologies. Res Policy 26(1):67–84
Rosenberg N (1976) On technological expectations. Econ J 86:523–535
Sahal D (1981) Patterns of technological innovation. Addison-Wesley, Reading
Schmookler J (1962) Determinants of industrial invention. In: Nelson RR (ed) The rate of direction of inventive activity: economic and social factors. Princeton University Press, Princeton
Schmookler J (1966) Invention and economic growth. Harvard University Press, Cambridge, MA
Schmookler J, Brownlee O (1962) Determinants of inventive activity. Am Econ Rev 52(2):165–176. Papers and Proceedings of the Seventy-Fourth Annual Meeting of the American Economic Association (May, 1962)
Utterback JM, Pistorius C, Yilmaz E (2020) The dynamics of competition and of the diffusion of innovations. MIT Sloan School of Management Working Paper-6054–20. https://hdl.handle.net/1721.1/124369

# Comparative Incentive Systems

Coccia Mario
CNR – National Research Council of Italy, Torino, Italy
Yale School of Medicine & Yale New Haven Hospital, New Haven, CT, USA

## Synonyms

Awards; Compensation; Motivation; Pay; Rewards

## Definition

The term "incentive" (from Latin *incentivum* "something that sets the tune") indicates a tangible and/or intangible reward that motivates people and creates favorable environmental conditions to maximize performance and/or to achieve specific goals in organization or competition or society.

## Introduction

The concept of incentive in management and economics is developed from behavioral sciences (psychology, psychobiology, and cognitive science) to analyze and explain what motivates people in organizations and/or competition. In general, the concept of incentive is associated with motivation, which indicates the forces that energize, direct, and sustain behavior. Management uses systems of incentive to motivate employees to work, to achieve strategic goals, to improve organizational and managerial behavior of firms in markets, etc. (O'Reilly and Caldwell 1980; Prendergast 2008; Pritchard et al. 1977; Reif 1975). Incentives can be categorized as intrinsic and extrinsic incentives, which have different characteristics and different effects in organizations and/or society (Fig. 1).



## Comparative Incentive Systems: Intrinsic *versus* Extrinsic Incentives

Comparative studies of incentive play an important role to clarify concepts and analyze causes and effects directed to support management and policy implications. In particular, incentives can be categorized in two main typologies, namely:

- *Intrinsic incentives* exist in the job itself and give personal satisfaction to individuals, such as autonomy, reputation, self-confidence, trust, empowerment, expense preference (e.g., leeway to invest monetary resources). Intrinsic incentives tend to emphasize pleasure and

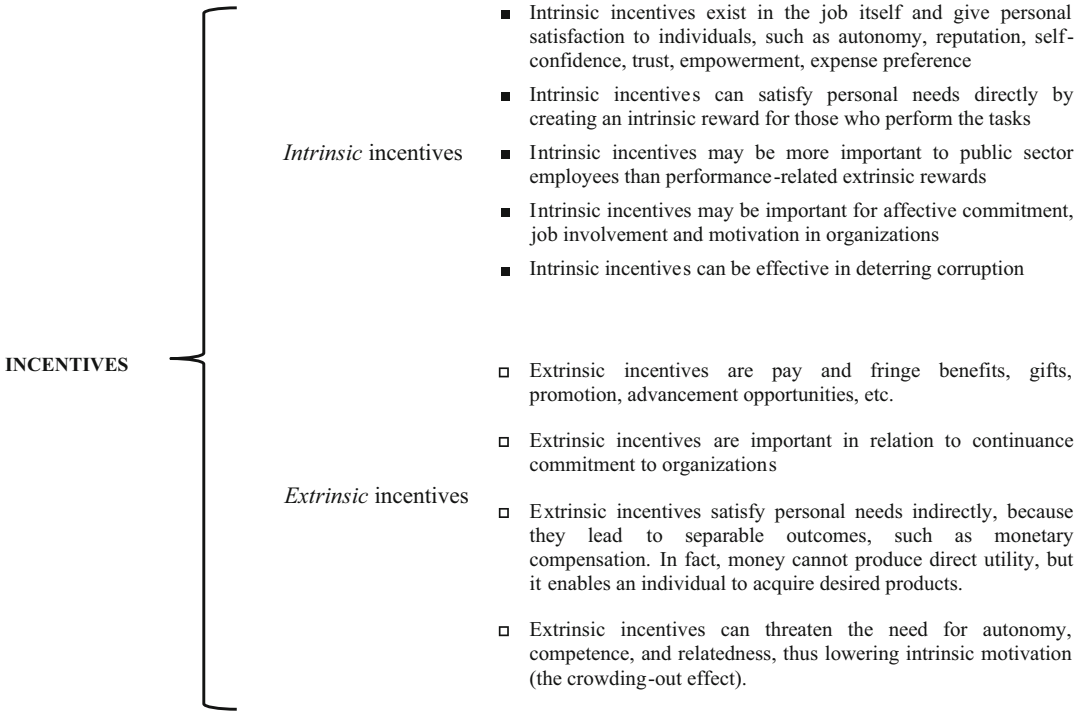


**Comparative Incentive Systems, Fig. 1** Characteristics and effects of intrinsic and extrinsic incentives

enjoyment of people and support personality development in organizations (Benati and Coccia 2018; Coccia 2014; Coccia and Rolfo 2013). O'Reilly et al. (1991) suggest that intrinsic incentives may be important for affective commitment, job involvement, and motivation in organizations to support satisfaction and performance of employees (cf., Coccia and Cadario 2014). In fact, intrinsic incentives can satisfy personal needs directly by creating an intrinsic reward for those who perform the tasks (Frey and Jegen 2001; George 1992). Wright (2007, p. 60) argues that: "the intrinsic rewards provided by the nature or function of the organization may be more important to public sector employees than … performance-related extrinsic rewards." Hence, public organizations have better organizational performance and satisfaction of employees from intrinsic incentives that generate positive effects on job involvement and affective commitment (Coccia 2001; cf., Coccia and Cadario 2014; Coccia et al. 2015).

Intrinsic incentives can be awards associated with trophy, title, certificate, commemorative plaque, medal, badge, pin, or ribbon. Intrinsic incentives may also simply be a public acknowledgment of excellence, without any tangible token or prize (cf., Benati and Coccia 2018). The intrinsic incentives are given to a person in recognition of excellence and best performance in certain fields or positions, increasing its reputation (it is the general belief or opinion held by other people regarding a person's specific characteristics or abilities in certain public or private positions and organizations).

- *Extrinsic incentives* are pay and fringe benefits, gifts, promotion, advancement opportunities, etc. Extrinsic incentives are important in relation to continuance commitment to organizations (O'Reilly et al. 1991). However, extrinsic incentives play a relatively small role in the prediction of job involvement and affective commitment. Some extrinsic incentives are (Benati and Coccia 2018):
  - Compensation is based on: *(a)* guaranteed pay is a fixed monetary incentive paid by organizations to employees, such as base salary. Guaranteed pay also includes cash allowances (housing allowance, transport allowance, etc.), differentials (shift differentials, holiday differentials) and premiums (overtime, etc.); *(b)* variable pay is a non-fixed monetary incentive paid by organizations to employees. It is based on discretion, performance, and/or results achieved; *(c)* benefits are programs that organizations use to supplement employees' compensation, such as paid time off, medical insurance, and more.
  - Allowance is an amount of money given or allotted at regular intervals for a specific purpose. Allowances may be travel expenses, daily allowance (also called "subsistence allowance"), general expenditure allowance, medical costs, end-of-term allowance, etc.

## Relations between Intrinsic and Extrinsic Incentives and Management Implications

Incentives have a powerful effect on performance, motivation, commitment, and satisfaction of employees in organizations and society (O'Reilly et al. 1991, cf., Coccia and Benati 2018; Coccia and Cadario 2014; Coccia et al. 2015). Lincoln and Kalleberg (1990) argue that incentives may have a powerful effect on employees' attitudes and motivations towards their job and the company for which they work.

In general, the relationship between intrinsic and extrinsic motivation can generate a positive, negative, or neutral relationship in organizations (Frey and Jegen 2001; Staw 1976). Relevant theories analyze whether extrinsic rewards are positively associated with job satisfaction. Scholars argue that pay-for-performance applied to compensate and motivate public officials can produce, by itself, only minimally productive performance in public sector. In fact, the literature of public administration suggests that performance-based pay incentives are only marginally related to

public service satisfaction and motivation (cf., Benati and Coccia 2018). Moreover, intrinsic motivation, under certain conditions, can be undermined by pay for performance (i.e., extrinsic incentives): a performance-contingent monetary incentive to do something employees already enjoy can decrease their motivation to do it because the person is likely to view its action as externally driven rather than as internally appealing. In short, extrinsic incentives can produce crowding-out effects on intrinsic incentives and thus may negatively affect performance of employees and, as a consequence, of organizations (cf. also, Coccia et al. 2015). Frey and Jegen (2001, p. 592) confirm that extrinsic incentives, such as performance pay, can crowd out intrinsic motivation to do a good job. Most scholars also argue that crowding-out effects exist because public service motivation is associated with intrinsic motives and the love of money is related to extrinsic motives.

Frey and Jegen (2001) summarize the two premises of crowding theory: (1) all interventions originating from rewards and regulations accompanied by negative sanctions may affect intrinsic motivation, and (2) external interventions may crowd *out* or crowd *in* intrinsic motivation (or leave it unaffected).

In management, Self-Determination Theory explains the factors of intrinsic motivation (autonomy, competence, and relatedness) and of extrinsic motivation (internalization and integration) that support personality development and behavioral self-regulation to improve personal wellbeing and performance of people in organizations and society (Deci and Ryan 2004; cf., Coccia 2019). Self-determination theory suggests that extrinsic rewards are demotivating and dissatisfying to individuals (Deci and Ryan 2004; cf., Coccia 2019). As a matter of fact, extrinsic motivations can undermine perceived autonomy because they have a negative effect on intrinsic interest in a task or job. Deci and Ryan (2004) also posit that a variety of tangible contingent rewards undermine intrinsic motivation, but unexpected and task-noncontingent rewards have no effect on intrinsic motivation. In general, scholars claim that the explicit incentives of performance-related pay may crowd out intrinsic motivations. In fact, experimental research inspired by self-determination theory reveals that monetary (extrinsic) incentives generate two opposite effects: (a) they enhance extrinsic motivation (the price effect); (b) they threaten the need for autonomy, competence, and relatedness, lowering intrinsic motivation (the crowding-out effect). In short, financial incentives can generate a greater crowding-out effect of intrinsic motivation in public organizations than in private ones because there is more intrinsic motivation in the public sector and more of it can, therefore, be destroyed. Overall, with all other things equal, the crowding-out effect can be greater among civil servants having a stronger intrinsic motivation at the baseline.

In the context of incentive management, the goal theory suggests that motivation and incentive can increase organizational performance. The premise of goal theory is that people's goals play an important role in determining behavior. Goals direct work behavior and performance. People with a specific level of performance, or a given deadline for completion a task, will have a higher motivation to perform better than people with no set goal. Moreover, people having difficult goals will perform better than people with easier goals. Overall, then, the theory of goal setting provides a useful approach to improve work motivation, incentive, and performance in organizations and society (Locke 1968). Goal theory has a variety of managerial implications to support motivation and performance considering incentive systems: specific performance goals should systematically be identified and set in order to direct behavior and maintain high motivation; incentives should be given by setting goals at a challenging but realistic level; difficult goals lead to higher motivation and performance; finally, employee participation in the setting of goals is an intrinsic incentive that may lead to higher motivation to work and performance in organizations.

Studies in public administration also show that extrinsic and intrinsic incentives can reduce corruption in public service. However, the empirical evidence is still mixed (Georgellis et al. 2010).

Literature suggests that bureaucrats are led to corruption partly because their public service efforts on the job are not properly rewarded extrinsically or intrinsically. Kwon (2012) argues that PSM (public service motivation) can be an important intrinsic incentive for public service. Generally speaking, extrinsic motivation for public service (e.g., performance-based pay or promotion) or intrinsic motivation (e.g., public service motivation, or PSM) can channel bureaucrats' time and energy into public service and consequently reduce corruption. In particular, PSM as well as other intrinsic incentives appear to be important deterrents to corruption. In fact, empirical evidence reveals that PSM increases public service performance, and Kwon (2012) suggests that intrinsic incentives based on PSM can reduce corruption. Many studies have confirmed that extrinsic rewards can reduce (or crowd out) intrinsic motivation (e.g., Frey and Jegen 2001; Georgellis et al. 2010). However, the empirical evidence also suggests that both extrinsic and intrinsic motivations are effective in deterring corruption. Kwon (2012) presents statistical evidence that promoting intrinsic motivation with appropriate incentives can be effective in deterring corruption, possibly more than extrinsic motivation (such as performance pay). Moreover, although discretion (or delegation of authority) increases corruption, but when performance pay is strong, the bureaucrats use their discretion to increase public service performance rather than pursue corruption (Kwon 2012).

Overall, then, PSM can be an anticorruption best practice for public organizations.

## Conclusion

The domain of incentive systems can generate a variety of effects in organizations, competition, and/or society to increase productivity and wellbeing of people (cf., Coccia 2016, 2018). In general, the crowding-out theory suggests that external incentives can undermine intrinsic motivation (Frey and Jegen 2001). A *good* balance in public organizations between personal values (high public service motivation) and the nature of the task (providing services to general public) can lead to high intrinsic motivation, high performance, and low corruption (Kwon 2012). To conclude, the public sector has low dependence from financial incentives and for increasing efficiency and performance of public organizations, it is vital to balance both extrinsic incentives (e.g., pay) and intrinsic incentives, which are related to job satisfaction, job motivation and job involvement of public servants within organizations (cf., Coccia 2001, 2018).

## Cross-References

▶ Comparative Evaluation Systems
▶ Comparative Models of Inquiry
▶ Comparative Studies
▶ Metabolism of Public Organizations
▶ Rewards in Bureaucracy and Politics
▶ Theories of Self-Determination

## References

Benati I, Coccia M (2018) Rewards in Bureaucracy and Politics. Global encyclopedia of public administration, public policy, and Governance –section bureaucracy (edited by Ali Farazmand). Springer International Publishing AG. https://doi.org/10.1007/978-3-319-31816-5_3417-1

Coccia M (2001) Satisfaction, work involvement and R&D performance. Int J Hum Resour Dev Manag 1(2/3/4):268–282. https://doi.org/10.1504/IJHRDM.2001.001010

Coccia M (2014) Structure and organisational behaviour of public research institutions under unstable growth of human resources. Int. J. Services Technology and Management 20(4/5/6):251–266. https://doi.org/10.1504/IJSTM.2014.068857

Coccia M (2016) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy and Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M (2018) Metabolism of public research organizations: how do laboratories consume state subsidies? Public Organ Rev. https://doi.org/10.1007/s11115-018-0421-y

Coccia M (2019) Theories of Self-determination. In A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance, Springer Nature Switzerland. https://doi.org/10.1007/978-3-319-31816-5_3710-1

Coccia M, Cadario E (2014) Organisational (un)learning of public research labs in turbulent context. Intl J Inn Learn 15(2):115–129. https://doi.org/10.1504/IJIL.2014.059756
Coccia M, Benati I (2018) Rewards in public administration: a proposed classification. J Soc Adm Sci 5(2):68–80. https://doi.org/10.1453/jsas.v5i2.1648
Coccia M, Rolfo S (2013) Human resource management and organizational behavior of public research institutions. Int J Public Adm 36(4):256–268. https://doi.org/10.1080/01900692.2012.756889
Coccia M, Falavigna G, Manello A (2015) The impact of hybrid public and market-oriented financing mechanisms on scientific portfolio and performances of public research labs: a scientometric analysis. Scientometrics 102(1):151–168. https://doi.org/10.1007/s11192-014-1427-z
Deci EL, Ryan RM (2004) Handbook of Self-Determination Research. University of Rochester Press, Rochester
Frey BS, Jegen R (2001) Motivation crowding theories. J Econ Surv 15(5):589–611
George JM (1992) Extrinsic and intrinsic origins of perceived social loafing in organizations. Acad Manag J 35:191–202
Georgellis Y, Iossa E, Tabvuma V (2010) Crowding out intrinsic motivation in the public sector. J Public Adm Res Theory 21:473–493
Kwon I (2012) Motivation, discretion, and corruption. J Public Adm Res Theory 24(3):765–794. https://doi.org/10.1093/jopart/mus062
Lincoln J, Kalleberg A (1990) Culture, control and commitment: a study of work organization and work attitudes in the United States and Japan. Cambridge University Press, New York
Locke EA (1968) Towards a theory of task motivation and incentives, organizational behaviour and human performance, vol 3, pp 157–189
O'Reilly C, Chatman J, Caldwell D (1991) People and organizational culture: a profile comparison approach to assessing person-organization fit. Acad Manag J 34(3):487–516
O'Reilly CA, Caldwell DF (1980) Job choice: The impact of intrinsic and extrinsic factors on subsequent satisfaction and commitment. J Appl Psychol 65:559–565
Prendergast C (2008) Intrinsic motivations and incentives. Am Econ Rev 98(2):201–205
Pritchard RD, Campbell K, Campbell DJ (1977) Effects of extrinsic financial rewards on intrinsic motivation. J Appl Psychol 62:9–15
Reif WE (1975) Intrinsic versus extrinsic rewards: resolving the controversy. Hum Resour Manag 14(2):2–9
Staw BM (1976) Intrinsic and extrinsic motivation. General Learning Press, Morristown
Wright BE (2007) Public service and motivation: does mission matter? Public Adm Rev 67(1):54–64

# Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0

Chinh Nguyen[1], Helana Scheepers[2], Jason Sargent[2] and Rosemary Stockdale[2]
[1]Science and Technology Center, State Records and Archives Department of Vietnam, Hanoi, Vietnam
[2]Swinburne Business School, Swinburne University of Technology, Melbourne, VIC, Australia

C

## Introduction

Information is an important national resource which provides the public with knowledge of government, society, and the economy (McDermott 2010). Information Governance (IG) refers to establishing an environment and opportunities, rules, and decision-making rights for the valuation, creation, collection, analysis, distribution, storage, use, and control of information; it answers the question *"what information do we need, how do we make use of it and who is responsible for it?"* (Kooper et al. 2011, p. 196). On the other hand, Information Management (IM) concerns the control over how information is created, acquired, organized, stored, distributed, and used as a means of promoting efficient and effective information access, processing, and use by people and organizations (Lin 2011, p. 284).

This entry compares IG and IM between Australia and Vietnam through the reflection of a theoretical unified IGIM framework proposed by Nguyen et al. (2014) in government information policies of these two countries. Australia is at a high level of development of electronic government (e-Gov), and Gov 2.0 is central to the delivery of government reforms and improvement of quality of public services (Gruen 2009). On the other hand, Vietnam is ranked low in e-Gov development (United Nations 2014) where services are delivered by face-to-face and web-based Internet applications.

## Unified IGIM Framework in the Context of Gov 2.0

Electronic government (e-Gov) is the use of information technology in government contexts (Beynon-Davies 2013). Gov 2.0 refers to government using Web 2.0 technologies to create online communities, social networking, and user-generated content (Chun et al. 2010). Literature indicates that Gov 2.0 brings a number of benefits to both government and citizens such as emergence of citizen-created content (Veljković et al. 2012) and improvement of public sector transparency, policy making, and public services (Bonsón et al. 2012). However, it has caused a range of issues in IG and IM including difficulty in determination of authentic information (Jaeger et al. 2010), inadequately meeting information needs (Bertot et al. 2012), and high risk in security and privacy (Dwivedi et al. 2011). Based on a review of a significant number of academic references on IG and IM, Nguyen et al. (2014) developed a unified framework for IG and IM in the context of Gov 2.0 (See Fig. 1 below).

Figure 1 depicts the combination of IG and IM in information lifecycle control to enhance effective and efficient operation of organizations. Stage 1 emphasizes the IG level focusing on the prerequisite of development and comprehension of policies for information control. In Stage 2, IM is situated in IG and the information lifecycle is enacted. This stage focuses on the application of these regulations to develop and practice the information lifecycle management (ILM) processes in a Gov 2.0 context, the role of technologies in supporting the ILM occurs here. Accordingly, information lifecycle (from acquisition, creation, organization, maintenance, storage, distribution, retrieval, use, and disposal) is performed complying with the policies to ensure quality information. In Stage 3, reflective practice is used to consider areas for improvement, emerging issues, and lessons learned. This stage loops back to Stage 1 as a key feature of the iterative unified framework.

In order to assess this framework in the information policies of Australia and Vietnam, the relevant constructs of *people* and *technology* components need to be outlined. *People* and

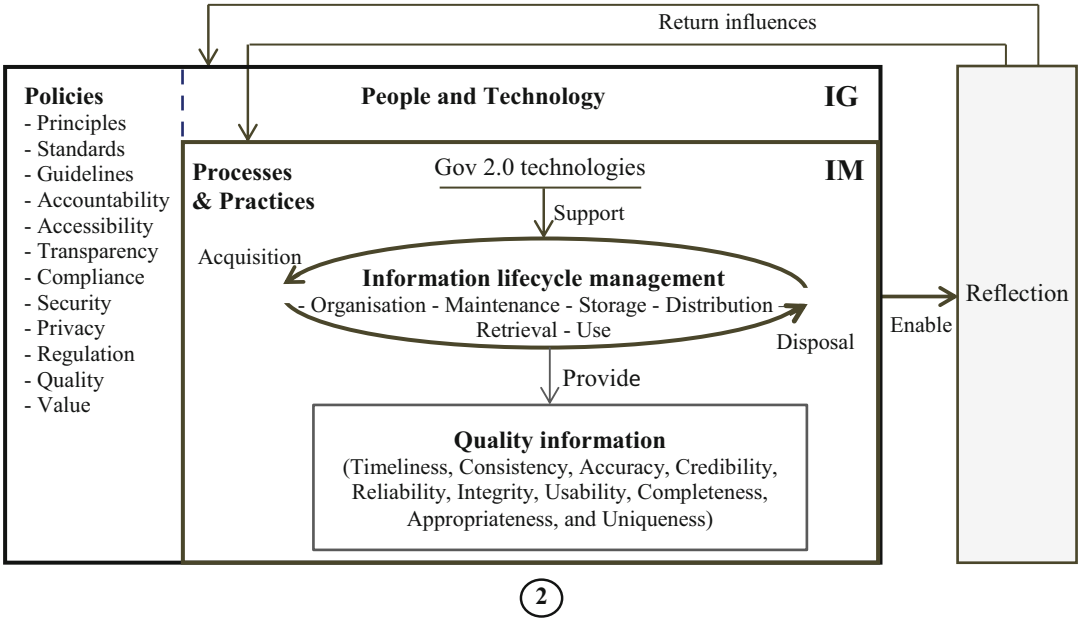


**Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0, Fig. 1** The theoretical unified IGIM framework in the context of Gov 2.0 (Adapted from Nguyen et al. 2014)

*technology* components are associated with both IG and IM. For IG, *people* refers to staff responsible for decision-making on information control mechanisms and IG and IM environment (Faria et al. 2013), which is supportive of the development of organizational *context*, *culture,* and ethical behavior of employees *(ethics)*. For IM, *people* refers to actors who play an important role in developing *context* and *culture* of IM and have appropriate *skills* for implementation of IM processes (McKeen and Smith 2007). Likewise, *technology* component at IG level refers to technological constructs supporting policymaking as well as ILM at the IM level.

To reflect the theoretical unified IGIM framework in Australia and Vietnam, a significant number of national information policies including laws, acts, rules, principles, guidelines, standards, and white papers by these two governments were reviewed and analyzed to determine the regulations related to the IG and IM constructs. A construct is reflected if it is regulated and explained in any policies reviewed. The content and scope of regulations related to each construct indicates its appropriate context (physical, Gov 1.0, or Gov 2.0).

## Comparative IG and IM in Australia and Vietnam

The extensive review of the literature and current national information policies and guidelines for IG and IM by Australian and Vietnamese governments has highlighted key similarities and differences between the reflection of the theoretical unified IGIM framework (see Table 1).

Table 1 illustrates each component and construct of IG and IM reflected in Australian and Vietnamese policies in comparison with those identified in the theoretical IGIM framework. The significant constructs, which are evident in the theoretical IGIM framework, are also evident in Australia's IG and IM, signifying that the key requirements of IG and IM in a Gov 2.0 context in Australia are addressed, and go towards reflecting the theoretical framework. Meanwhile, numerous constructs, which are covered by Vietnam's IG and IM, partially address IG and IM in a physical and/or Gov 1.0 context(s). However, several constructs (e.g., *culture, accountability,* and *compliance*) which refer to general requirements of IG and IM are applicable in both contexts (See Table 1). Furthermore, the imbalance of constructs which are evident in the Australia's IG and IM as compared to Vietnam's IG and IM also reflects different levels of the theoretical IGIM framework adoption in the different contexts. This becomes more obvious in the consideration of each component in both levels of IG and IM as discussed below.

### Consideration of Policies Constructs

Regarding IG, most constructs of information policies in Australia have met requirements of electronic and digital records created by Gov 2.0. For example, Australia has also applied several international and national standards supporting electronic records and metadata management such as ISO 16175: 2011 and AS 5044–2010. Furthermore, the National Archives of Australia (NAA) has issued guidelines for the implementation of an EDRMS (NAA 2011) and requirements of records management in the cloud (NAA 2015c). On the contrary, most of the policy constructs reflected in Vietnam refer to physical records control (SRADV 2015) or are at the first step towards an increased use of electronic records in the operation of governmental agencies (Prime Minister 2012). Although electronic records management is covered by the Archives Act 2011, there is a distinct lack of standards and detailed guidelines for an EDRMS as well as the use of the cloud for records management.

The emphasis on *privacy* and *confidentiality* is also a difference between IG in Australian and Vietnamese governments. In the Australian context, all privacy principles were established based on the balance between personal information protection and freedom of information addressing both the Privacy Act 1988 and Freedom of Information Act 1982 (McMillan 2013; OAIC 2014). While the Privacy Act ensures citizens' rights in personal information protection by the government, the Freedom of Information Act enables the government to promulgate and open

**Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0, Table 1** Comparison of IGIM frameworks from the literature, Australian, and Vietnamese policies.

| Levels | Theoretical framework | Australia | Vietnam |
|---|---|---|---|
| **1. IG** | **1.1. People constructs** | | |
| | Context/environment | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Culture | Yes (General context) | No |
| | Ethics | No | Yes (General context) |
| | **1.2. Technology constructs** | | |
| | Gov 2.0 | Yes (Gov 2.0 context) | No |
| | Mobility | Yes (Gov 2.0 context) | No |
| | Interactivity | Yes (Gov 2.0 context) | No |
| | **1.3. Policies constructs** | | |
| | Accountability | Yes (General context) | Yes (Physical context) |
| | Accessibility | Yes (Gov 2.0 context) | Yes (Physical context) |
| | Transparency | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Compliance | Yes (General context) | Yes (General context) |
| | Security/Confidentiality (government level) | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Privacy (individual level) | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Principles | Yes (General context) | Yes (General context) |
| | Standards | Yes (Gov 2.0 context) | Yes (Physical context) |
| | Guidelines | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Regulations | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Quality | No | No |
| | Value | No | No |
| **2. IM** | **2.1. People constructs** | | |
| | Context/environment | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Culture | Yes (General context) | No |
| | Skills | Yes (Gov 2.0 context) | Yes (Physical context) |
| | **2.2. Technology constructs** | | |
| | Architecture | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Systems | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Tools/equipment | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | **2.3. Processes & practices constructs** | | |
| | Creation | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Acquisition | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Organisation | Yes (Gov 2.0 context) | Yes (Physical context) |
| | Maintenance | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Storage | Yes (Gov 2.0 context) | Yes (Physical context) |
| | Distribution | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Retrieval | Yes (Gov 2.0 context) | Yes (Physical context) |
| | Use | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Disposal | Yes (Gov 2.0 context) | Yes (Physical context) |
| | **2.4. Information constructs** | | |
| | Consistency | Yes (General context) | Yes (General context) |
| | Accuracy | Yes (General context) | Yes (General context) |
| | Credibility/True | Yes (General context) | Yes (General context) |
| | Reliability/Authenticity | Yes (General context) | Yes (General context) |
| | Integrity | Yes (General context) | Yes (General context) |
| | Usability | Yes (Gov 2.0 context) | Yes (Physical & Gov 1.0 context) |
| | Completeness | Yes (General context) | Yes (General context) |

(continued)

**Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0, Table 1** (continued)

| Levels | Theoretical framework | Australia | Vietnam |
|---|---|---|---|
| | Timeliness | No | No |
| | Appropriateness | No | No |
| | Uniqueness | No | No |



information to demonstrate and enhance its transparency and accountability (Mutula and Wamukoy 2009). On the other hand, Vietnamese information policies highlight *confidentiality* of information to comply with the National Confidentiality Act 2000, and little mention is made of open information or personal privacy before the validity of Information Security Law in July 2016. According to Baltzan et al. (2013), confidentiality refers to the assurance that information is available only to people who are authorized to access and it closely relates to privacy and security. The Australian Government has invested in developing software programs for protection of information from hackers and virus attacks, particularly for recordkeeping in the online environment (NAA 2004), whereas Vietnamese information policies have primarily focused on general principles and regulations for information *security* as well as the responsibility of organizations and individuals in the protection of national information. Regardless, both Australia and Vietnam exhibit a distinct lack of *quality* and *value* constructs for supporting IG policies (See Table 1, Section 1.2).

### Consideration of Technology Constructs

Concerning the technology component, the majority of the Australia's technological constructs reflect IG in the context of Gov 2.0 in alignment with the overall literature-based theoretical IGIM framework, especially the appearance of *Gov 2.0 technologies, mobility,* and *interactivity* constructs (see Table 1, Section 1.2). These constructs are a foundation to develop guidelines for social media and cloud use in IM to address Gov 2.0 context (See Table 1, Section 2.2). Both IG and IM technological constructs of the Australian policies confirm the ability of this framework to adequately meet the technological requirements for IG and IM in a Gov 2.0 environment. On the other hand, in the Vietnamese context, the lack of *Gov 2.0, mobility,* and *interactivity* in IG (see Table 1, Section 1.2) is also reflected in IM with limited *infrastructure, systems*, and *tools* that only support operations of the IM processess in physical or/and Gov 1.0 context(s) (see Table 1, Section 2.2). These shortcomings have also led to inadequate standards and guidelines in current Vietnamese policies addressing IG and IM in the process of Gov 2.0 adoption. Furthermore, the lack of *mobility* construct in IG framework by State Records and Archives Department of Vietnam (SRADV) is because mobile technologies, such as smart phones and devices, have only been used in information exchange by citizens in Vietnam (Kemp 2015). Literature also indicates the use of mobile technologies not only helps governments communicate with its citizens anytime and anywhere (Hung et al. 2013), it is also helpful in enhancing the connectivity between the government and citizens (Silic and Back 2013). Therefore, it is suggested that this construct should be present in any IGIM framework in the context of Gov 2.0.

### Consideration of People Constructs

The Australian policies place an emphasis on the IG *culture* construct as a strength of the organization in addressing cultural change when adopting new technologies. The investment in culture also aims to enhance staff's understanding of their obligations and compliance with policies and procedures of information and records management (NAA 2015a) (see Table 1, Section 1.1). This enables the Australian Government and NAA to develop *skills* and knowledge for employees in digital transition. In this context, employees are required to understand their agencies information needs and have professional skills to work collaboratively with information technology specialists

to operate IM processes to adapt to Gov 2.0 context (NAA 2015b) (see Table 1, Section 2.1). Particularly, the requirements of skills and knowledge for all staff, ICT specialists, and information and records management specialist working at Australian government agencies in online environment have been regulated in details by the NAA (2014). On the other hand, in the context of Vietnam, the *ethics* construct is clearly articulated (see Table 1, Section 1.1). This is evident in a range of Vietnamese ethical standards such as political bravery, loyalty to the fatherland, dedication, diligent and thrift, honesty, and righteousness for public servants in information and records management areas (Ministry of Home Affairs 2014). Furthermore, literature has indicated that Web 2.0 and social media have changed the way people work in information industries, leading to changed workplace culture (Cook and Pachler 2012). This change requires professional skills for employees to complete a variety of tasks using Web 2.0 and social media tools in IM. A lack of attention to the *culture* construct at the IG level in Vietnam has led to an absence of IM *culture* and a deficiency of *skill* training programs for staff to perform IM in the process of Gov 2.0 adoption (see Table 1, Section 2.1).

### Consideration of IM Processes and Practices Constructs

Most constructs within processes and practices of IM can be found in both the policies of Australia and Vietnam, which is similar to those in the theoretical IGIM framework. However, the distinction here is the operational context of Gov 2.0 in Australia and physical and/or Gov 1.0 in Vietnam (See Table 1, Section 2.3). This can explain the different standards and guidelines in IG between Australia and Vietnam. In the Australian context, current standards and guidelines adequately address IG and IM in the context of Gov 2.0. This ensures the IM processes and practices also address Gov 2.0 requirements. Meanwhile, the standards and guidelines for IM processes and practices in Vietnam are appropriate for physical and/or Gov 1.0 context (s) requirements. In addition, a relationship between several IG constructs and correspondent IM constructs is identified during the process of reflection of the theoretical IGIM framework in the Australian and Vietnamese policies. For example, several studies have indicated that timeliness, appropriateness, and uniqueness partly contribute to quality of information (Lajara and Maçada 2013) and value of information (Moody and Walsh 1999). Hence, the shortage of policies for quality and value constructs in both the NAA and SRDAV's IG might lead to issues in regards to *timeliness, appropriateness,* and *uniqueness* constructs in IM (See Table 1, Sections 1.3 and 2.4).

### Consideration of Information Quality Constructs

In the context of IM, three constructs (*timeliness, appropriateness*, and *uniqueness)*, critical for ensuring quality of information, are reflected in the theoretical framework but are not evident in usage by the Australian and Vietnamese governments (See 2.4, Table 1). This possibly explains the lack of the quality and value constructs in both Australian and Vietnamese policies (See 1.3, Table 1).

## Conclusion

This entry is one of a few studies distinguishing level and scope of IG and IM reflected in the literature as well as in information policies. The theoretical unified IGIM framework conceptualizes IG and IM as well as identifies relationships between these areas. The identification of the high-level of strategic IG and low-levels of operational IM is fundamental for determining the responsibility of each area.

Another main contribution of this entry for practitioners has been the examination of the theoretical unified IGIM framework in Australian and Vietnamese information policies. This reflects the framework in the different contexts of information policies. This is an important reference for Australian and Vietnamese governments in developing and amending information policies and guidelines in the process of Gov 2.0 adoption.

## References


Baltzan P, Lynch K, Blakey P (2013) Business driven information systems, 2nd edn. McGraw-Hill Education - Europe, Australia

Bertot JC, Jaeger PT, Hansen D (2012) The impact of policies on government social media usage: issues, challenges, and recommendations. Gov Inf Q 29(1):30–40

Beynon-Davies P (2013) Business information systems, 2nd edn. Palgrave Macmillan, Oxford, UK

Bonsón E, Torres L, Royo S, Flores F (2012) Local e-government 2.0: social media and corporate transparency in municipalities. Gov Inf Q 29(2012):123–132

Chun SA, Shulman S, Sandoval R, Hovy E (2010) Government 2.0: making connections between citizens, data and government. Information Polity 15(1–2):1–9

Cook J, Pachler N (2012) Online people tagging: social (mobile) network(ing) services and work-based learning. Br J Educ Technol 43(5):711–725

Dwivedi Y, Williams M, Amit M, Niranjan S, Vishanth W (2011) Understanding advances in web technologies: evolution from Web 2.0 to Web 3.0. Paper presented at the ECIS 2011 Proceedings. Paper 257

Faria FDA, Maçada ACG, Kumar K (2013) Information governance in the banking industry. Paper presented at the 46th Hawaii International Conference on System Sciences, Jan 7–10, Wailea

Gruen N (2009) Engage: getting on with Government 2.0. Report of the Government 2.0 Taskforce. from Australian Government Information Management Office. https://www.finance.gov.au/files/2012/05/Government20TaskforceReport.pdf

Hung S-Y, Chang C-M, Kuo S-R (2013) User acceptance of mobile e-government services: an empirical study. Gov Inf Q 30(2013):33–44

Jaeger PT, Bertot JC, Shuler JA (2010) The Federal Depository Library Program (FDLP), academic libraries, and access to government information. J Acad Librariansh 36(6):469–478

Kemp S (2015) Internet statistics in Vietnam 2015 including Social media and Mobile. Retrieved 20 Dec 2015, http://chabrol.net/2015/06/09/internet-statistics-in-vietnam-2015/

Kooper MN, Maes R, Lindgreen R (2011) On the governance of information: introducing a new concept of governance to support the management of information. Int J Inf Manag 31:195–200

Lajara TT, Maçada ACG (2013) Information governance framework: the defense manufacturing case study. Paper presented at the Nineteenth Americas Conference on Information Systems, August 15–17, Chicago

Lin XC (2011) Three perspectives of information management. Paper presented at the 3rd International Conference on Information Management, Innovation Management and Industrial Engineering, Nov 26–27

McDermott P (2010) Building open government. Gov Inf Q 27(4):401–413

McKeen JD, Smith HA (2007) Developments in practice XXIV: information management: the nexus of business and IT. Commun Assoc Inf Syst 19(3):34–46

McMillan J (2013) Information Management and Privacy in the Public Sector. Retrieved 20 March 2015, from Office of the Australian Information Commissioner. http://www.oaic.gov.au/news-and-events/speeches/information-policy-speeches/information-management-and-privacy-in-the-public-sector

Ministry of Home Affairs (2014) Circular No. 14/2014 / TT-BNV on standards and requirements of public servants for information/records management. SRADV, Vietnam

Moody D, Walsh P (1999) *Measuring the value of information: an asset valuation approach*. Paper presented at the Seventh European Conference on Information Systems (ECIS'99), 23–25 June, Frederiksberg

Mutula S, Wamukoy JM (2009) Public sector information management in east and southern Africa: implications for FOI, democracy and integrity in government. Int J Inf Manag 29(5):333–341

National Archives of Australia (2004) Recordkeeping and online security processes: guidelines for managing commonwealth records created or received using authentication or encryption. National Archives of Australia, Canberra

National Archives of Australia (2011) Implementing an EDRMS – Checklist. Australia: Asutralian Government

National Archives of Australia (2014) Digital information and records management capabilities. Australia: Australian Government. Retrieved from http://www.naa.gov.au/naaresources/documents/capability-matrix.pdf

National Archives of Australia (2015a) Information and records management strategy – template from NAA http://www.naa.gov.au/records-management/strategic-information/information-governance/key-documents/strategy.aspx

National Archives of Australia (2015b) Qualifications, skills and knowledge. Retrieved 15 June 2015, http://www.naa.gov.au/records-management/development/qualifications/index.aspx

National Archives of Australia (2015c) *Records management and the cloud – a checklist*. Australia: Australian government (accessed 2015) Retrieved from http://www.naa.gov.au/records-management/publications/cloud-checklist.aspx

Nguyen C, Sargent J, Stockdale R, Scheepers H (2014) Towards a unified framework for governance and management of information. Paper presented at the 25th Australasian Conference on Information Systems, 8–10th Dec 2014, Auckland

OAIC (2014) Australian privacy principles. Australian Government, Australia

Prime Minister (2012) Directive No. 15/CT-TTg on the increased use of electronic records in the operation of state agencies. Vietnam: State Records and Archives Department of Vietnam. Retrieved from http://www.archives.gov.vn/content/law/Pages/View.aspx?DocumentID=1089

Silic M, Back A (2013) Factors impacting information governance in the mobile device dual-use context. Rec Manag J 23(2):73–89
SRADV (2015) List of standards related to records management. Retrieved 20 Arpril 2015, from State Records and Archives Department of Vietnam. http://www.archives.gov.vn/content/law/Pages/Default.aspx?CategoriesID=6
United Nations (2014) E-Government survey 2014. Retrieved 20 Mar 2015. http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov_Complete_Survey-2014.pdf
Veljković N, Bogdanović-Dinić S, Stoimenov L (2012) Building e-Government 2.0 – a step forward in bringing government closer to citizens'. J e-Govern Studies Best Pract 18

# Comparative Institutional Changes

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

## Synonyms

Deinstitutionalization; Institutional theory; Institutions; Rules

## Definition

Institutional change is the evolution of institutions, considered as rules and/or expectations that govern human interactions for socioeconomic development of nations.

## Introduction

Institutional theory is a theoretical framework that explains the evolution of social structures and processes (rules, norms, etc.) of both individual and organizational actions in society. A main research field of institutional theory is the analysis of how institutions change over time and space (Campbell 2004; Dacin et al. 2002). A debate within this research field revolves around how to conceptualize institutions and institutional change. The literature suggests different definitions of institution, which affect the perspective adopted to study and explain institutional change in society (cf., Kingston and Caballero 2009; Hodgson 2006; Coccia 2018d).

Veblen (1899, p. 190) argues that institutions are "prevalent habits of thought with respect to particular relations and particular functions of the individual and of the community." Hayek (1973), instead, considers institutions based on shared expectations, rather than rules in society.

In this research field, North (1990, p. 3; 2005) states that institutions "are the rules of the game in a society, or more formally, are the humanly devised constraints that shape human interaction . . .. reduce uncertainty by providing a structure to everyday life." According to this approach, institutions are based on formal rules (such as laws and constitutions) and informal constraints (such as conventions and norms). Aoki (2001, 2007) defines institutions as stable and shared systems of beliefs about the expected behavior of the members of a society in various contingencies. Greif (2006, p. 30) adopts a broad definition of institution: "a system of rules, beliefs, norms and organizations that together generate a regularity of (social) behavior." In brief, North (1990) sees institutions as rules, whereas Aoki (2007, p. 6) views institutions as "self-sustaining, salient patterns of social interactions" that give rise to "common knowledge among the players regarding a particular equilibrium path of the game." The literature also proposes different theoretical frameworks that explain institutional change, such as: designed-based approaches, evolutionary theories, and equilibrium perspective (see Fig. 1; cf., Kingston and Caballero 2009; Coccia 2018d).

## Comparative Theories of Institutional Change

### Designed-Based Theories of Institutional Change

In this approach, institutional change is a centralized and collective-choice process in which rules are explicitly specified by a collective political entity, such as community or state, and individuals

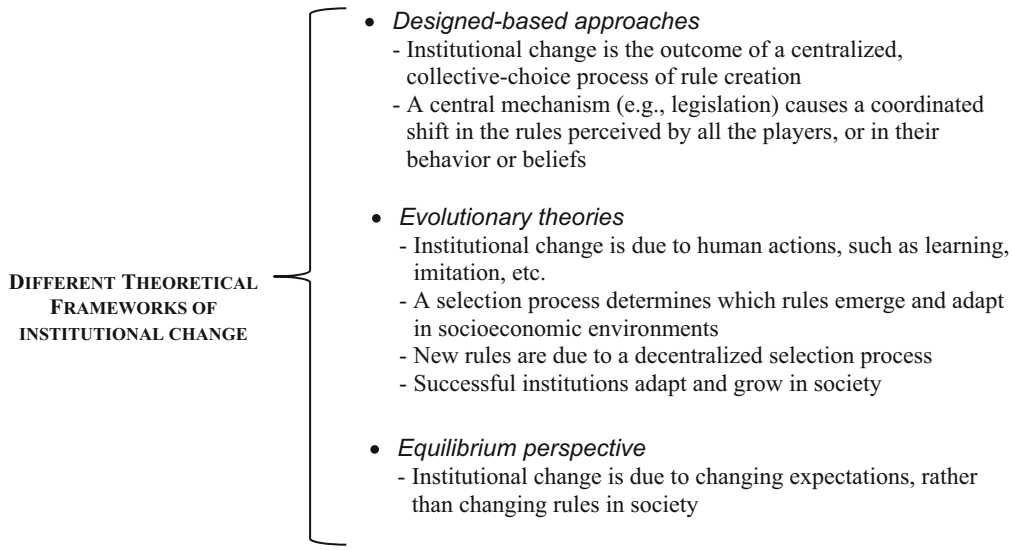


**Comparative Institutional Changes, Fig. 1** Different theoretical frameworks of institutional change

and organizations engage in collective actions, conflicts, and bargainings (Kingston and Caballero 2009).

Libecap (1989) analyzes the sources of "property rights" rules and sees the rule-changing activities as "contracting," which is a game governed by a higher level of political rules, and these higher-level rules, together with the activities and perceptions of the subjects, can shape the direction of institutional change of the lower-level (property rights) rules. Libecap (1989) also claims that institutional change is a "path-dependent" process: institutions may be a function of current technologies but also of previous technologies and institutions (cf., Coccia 2010, 2014, 2015a, 2018a, 2018b, 2019). In particular, technological evolution can be a main source of institutional change in society (Coccia 2015c, 2017b, 2018b, 2018c, 2019), though the relationship can be bi-directional, with vital interrelationships between technological change and institutional change (Coccia 2010, 2014, 2015b, 2018a). Moreover, conflict among superpowers can support both technological and social innovations, which can generate institutional change (Coccia 2018c, 2019a, 2019b, 2019d). For instance, the income tax, an innovative fiscal system established by law, originated in England during the Napoleonic Wars to restructure government finances for military requirements, generating a main institutional and social change (cf., Coccia 2015b).

Ostrom (2005) recognizes both exogenous causes of institutional change (e.g., technological change) and endogenous causes (e.g., the depletion of a resource over time). Ostrom (2005) also distinguishes between "operational rules," which govern day-to-day interactions, "collective-choice rules" for choosing operational rules, and "constitutional rules" for choosing collective-choice rules, whereas "meta-constitutional rules" are for choosing constitutional rules (e.g., the "rules" by which a civil war is fought; cf., Coccia 2019d). The process of institutional change is that each individual calculates the expected costs and benefits of a given institutional change and, if a "minimum coalition" necessary to effect that change agrees to it, an institutional change can occur. The notion of a "minimum coalition" is determined by higher-level rules; for instance, a parliamentary majority would constitute a winning coalition in a democracy. Ostrom (2005) argues that, if the beneficiaries of institutional change cannot commit to compensating the losers, powerful groups may be able to block beneficial change or impose inefficient change. A further impediment to efficient institutional change is the bounded rationality of players:

some or all of the players may hold incorrect beliefs about the likely effects of a proposed institutional change. Therefore, in these approaches by Libecap (1989) and Ostrom (2005), an institutional change depends on higher-level rules and on how decision-makers perceive the likely effects of a change in rules. Within this research stream, Alston (1996, pp. 26-7) points out that: "Institutional change can be thought of as the result of supply and demand forces in a society. We can think of demanders as constituents and suppliers as the government ... Institutional change results from the bargaining actions of demanders and suppliers."

However, these theories – which are based on institutional change as the outcome of a deliberate, collective-choice process of rule creation – may not explain why formal rules fail to produce their intended outcome.

**Evolutionary Theories of Institutional Change**

Many scholars analyze institutional change as an evolutionary process (Kingston and Caballero 2009; Coccia 2018d, 2019a). Evolutionary theories suggest that institutional change is due to human actions, such as learning, imitation, etc. The difference between evolutionary and designed-based theories of institutional change lies in the role of selection processes determining which rules emerge and adapt in socioeconomic environments (Coccia 2016, 2017a, 2018e). However, evolutionary theories do not consider a central mechanism (e.g., legislation) that causes a coordinated shift in the rules perceived by all the players.

New rules or behaviors here are due to a decentralized selection process, and, as a consequence, successful institutions adapt and grow in society, whereas unsuccessful institutions fall into decline and disuse in socioeconomic systems (cf., Coccia 2016, 2017a). In brief, new rules and patterns of behavior emerge from the uncoordinated choices of many individuals, rather than from collective-choice or political processes. The evolutionary theory of institutional change by Veblen (1899) considers the concept of "habits of thought," where habits are durable propensities to think and act in particular ways, which are however adaptable in the long term. Veblen (1899, p. 188, *passim*) also argues that: "the evolution of social structure has been a process of natural selection of institutions"– that is, a process of "natural selection of the fittest habits of thought," both through the "selection of individuals endowed with the fittest temperament" and through the "adaptation of individual temperament and habits to the changing environment through the formation of new institutions." Institutional change here is the coevolution of shared prevalent habits of thought (institutions) as well as of the habits of individuals. Therefore, the current habits of thought, both shared and individual, are "received from the past," affected by the present, and jointly affect the future path of institutional change (cf., Brette 2003).

Hayek (1973) develops an evolutionary theory of institutional change based on selection at the level of social group, where rules of conduct "have evolved because the groups who practiced them were more successful and displaced others (p.18)....thinking and acting are governed by rules which have by a process of selection been evolved in the society" (p. 11). Hayek (1973) also claims that group selection generates an overall configuration of rules that evolve toward an optimal configuration based on consistent general principles (e.g., the "law of liberty" based on protection of property rights).

Young (1996) states that the pattern of institutional change can follow a "punctuated equilibrium" process in which rapid switches between conventions are interspersed with long periods of stability.

Knight (1995) claims that different subjects may favor the emergence of different rules in society because they have greater bargaining power than others. Levi (1990) stresses that formal rules can give "power" to certain groups and that disadvantaged groups may force institutional change by "withdrawing their consent" from existing institutional arrangements. This withdrawal of consent could take the form of a organized collective action, but it might also occur through the decentralized actions of many individuals.

Overall, then, In general, evolutionary theories and designed-based theories regard exogenous

parameter changes as a prime factor of institutional change. Conversely, Veblen (1899), within evolutionary approaches, argues that institutions and habits are continually evolving: "The evolution of society is substantially a process of mental adaptation on the part of individuals under the stress of circumstances which will no longer tolerate habits of thought formed under and conforming to a different set of circumstances in the past" (Veblen 1899, p. 192).

Instead, Ayres (1944, p. 187) considers exogenous technological progress, one of the main driver of institutional change: "technological development forces change upon the institutional structure by changing the material setting in which it operates" (cf., Coccia 2010, 2014, 2015a, 2018a, 2018b). In this context, Nelson (2005, p. 169) sees changes in physical technology as the main driver of institutional change (Coccia 2017b, 2018c, 2018d). However, institutions can also affect technology generating an interaction, so that "it probably is useful to think of physical and social technologies as coevolving." (cf., Coccia 2019b, 2019c)

A limitation of evolutionary theories is that neglect the role of collective action and political process, while theories which view institutional change as the outcome of a centralized collective-choice process have difficulty explaining changes in informal rules (e.g., social norms). North (1990, p. 91*ff*) puts forward the idea that informal rules are reproduced through an evolutionary process of cultural transmission and play a key role in institutional change because they change slowly and cannot be altered deliberately (Coccia 2014). In particular, North suggests that institutional change is an accumulation of incremental changes rather than occasional, radical changes. Thus, the process of institutional change is path-dependent because individuals learn, organizations develop, and ideologies form in the context of a particular set of formal and informal rules. As a matter of fact, organizations can change formal rules to their benefit and may (indirectly) affect informal rules (Coccia 2017a, 2018d, 2018e). Roland (2004) suggests a relation between fast- and slow-moving institutions, in which the latter affect the former, just like the pressure of Earth system slowly building up along fault lines might occasionally trigger a sudden movement that generates an earthquake, changing the topography of a given region.

Overall, then, both North (1990) and Roland (2004) assume that changes in informal rules, rather than formal rules, are the main drivers of institutional change.

### Theories of the Equilibrium View of Institutions

The equilibrium approach of institutional change regards both formal and informal "rules" as devices allowing players to achieve a shared set of beliefs about each other's behavior, generating one of many possible equilibria. In this context, Calvert (1995, pp. 22–23) claims that: "Institution is just a name we give to certain parts of certain kinds of equilibria" (cf., Aoki 2001; Greif and Laitin 2004; Myerson 2004). In particular, institutions here are identified with equilibrium patterns of social behavior, rather than rules that induce the behavior. In this perspective, institutional change is due to changing expectations, rather than changing rules. Moreover, theories based on institutions as rules consider the enforcement of rules separately from their content, whereas the equilibrium perspective suggests that enforcement is endogenous.

In general, exogenous parameter shifts, such as changes in technology or preferences, can disrupt equilibrium, leading individuals and organizations to change "formal rules" to achieve a coordinated shift of many players' beliefs about each other's strategies. In this equilibrium approach, Greif and Laitin (2004) introduce the term "quasi-parameters," which are exogenous in the short run, but gradually change as a result of the play of the game, generating endogenous institutional change in the long run.

## Conclusion

Scott (2001) highlights that the literature of institutional theory has focused on institutional

construction and on convergent change processes. However, an equally important topic in this research field is deinstitutionalization: "the processes by which institutions weaken and disappear" (Scott 2001, p. 182). Scott (2001, p. 184) states that: "it is useful to place studies of deinstitutionalization in a broader context of institutional change, since the weakening and disappearance of one set of beliefs and practices are likely to be associated with the arrival of new beliefs and practices." Other studies about institutional change focus on transnational processes and carry out field-level investigations involving multiple organizations or families of organizations.

According to Dacin et al. (2002), a fruitful line of inquiry in institutional theory explores the moral dimension of institutions, of institutional change, and their relation (cf., Selznick 1996). A further interesting field of research proposes that institutional change is affected by the critical interaction between institutions and individual self and character (e.g., assigning responsibility, demanding accountability to assess the achievement of each person, etc.; cf., Scott 2001). To conclude, the vital challenge for institutional scholars is to explore this *terra incognita* with interdisciplinary perspectives and to exploit the diversity of viewpoints, within the domain of institutional theory as well as outside its boundaries, to generate breakthroughs that improve human interactions and social behaviour, and support paths of development in society (Coccia 2019).

## Cross-References


- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and System Maintenance
- ▶ Bureaucratic Politics
- ▶ Revolutions and Evolutions
- ▶ Theories of Development


## References


Alston L (1996) Empirical work in institutional economics: an overview. In: Alston L, Eggertsson T, North D (eds) Empirical studies in institutional change. Cambridge University Press, Cambridge, pp 25–30

Aoki M (2001) Towards a comparative institutional analysis. MIT press, Cambridge

Aoki M (2007) Endogenizing institutions and institutional changes. J Inst Econ 3(1):1–31

Ayres CE (1944) The theory of economic progress. University of North Carolina Press, Chapel Hill

Brette O (2003) Thorstein Veblen's theory of institutional change: beyond technological determinism. Eur J Econ Thought 10(3):455–477

Calvert R (1995) Rational actors, equilibrium and social institutions. In: Knight J, Sened I (eds) Explaining social institutions. University of Michigan press, Ann Arbor, pp 57–94

Campbell JL (2004) Institutional change and globalization. Princeton University Press, Princeton

Coccia M (2010) Democratization is the driving force for technological and economic change. Tech Forecasting Soc Chang 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36(1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002

Coccia M (2015a) Patterns of innovative outputs across climate zones: the geography of innovation. Prometheus Crit Stud Innov 33(2):165–186. https://doi.org/10.1080/08109028.2015.1095979

Coccia M (2015b) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42:199–226. https://doi.org/10.1016/j.techsoc.2015.05.008

Coccia M (2015c) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetries 14(B):168–178. https://doi.org/10.1016/j.jeca.2016.06.001

Coccia M (2017a) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. J Econ Asymmetries 15:17–31. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2017b) Sources of technological innovation: radical and incremental innovation problem-driven to support competitive advantage of firms. Tech Anal Strat Manag 29(9):1048–1061. https://doi.org/10.1080/09537325.2016.1268682

Coccia M (2018a) A theory of the general causes of long waves: war, general purpose technologies and economic change. Technol Forecast Soc Chang 128:287–295. https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2018b) A theory of classification and evolution of technologies within a generalized Darwinism. Tech Anal Strat Manag. https://doi.org/10.1080/09537325.2018.1523385

Coccia M (2018c) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang 128:287–295. https://doi.org/10.1016/j.techfore.2017.11.013
Coccia M (2018d) An introduction to the theories of institutional change. J Econ Libr 5(4):337–344. https://doi.org/10.1453/jel.v5i4.1788
Coccia M (2018e) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Technol Transf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1
Coccia M (2019) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012
Coccia M (2019a) Revolutions and evolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_3708-1
Coccia M (2019b) The role of superpowers in conflict development and resolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_3709-1
Coccia M (2019c) Theories of development. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_939-1
Coccia M (2019d) Theories of revolution. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_3707-1
Dacin MT, Goodstein J, Scott WR (2002) Institutional theory and institutional change: introduction to the special research forum. Acad Manag J 45(1):45–57
Greif A (2006) Institutions and the path to the modern economy. Cambridge University Press, Cambridge
Greif A, Laitin D (2004) A theory of endogenous institutional change. Am Polit Sci Rev 98(4):633–652
Hayek FA (1973) Law, legislation and liberty, vol. 1: rules and order. University of Chicago Press, Chicago
Hodgson GM (2006) What are institutions? J Econ Issues 40(1):1–25
Kingston C, Caballero G (2009) Comparing theories of institutional change. J Inst Econ 5(2):151–180
Knight J (1995) Models, interpretations and theories: constructing explanations of institutional emergence and change. In: Knight J, Sened I (eds) Explaining social institutions. University of Michigan press, Ann Arbor, pp 95–120
Levi M (1990) A logic of institutional change. In: Schweers K, Levi M (eds) The limits of rationality. University of Chicago Press, Chicago
Libecap GD (1989) Contracting for property rights. Cambridge University Press, Cambridge
Myerson R (2004) Justice, institutions, and multiple equilibria. Chic J Int Law 5:91–107
Nelson RR (2005) Technology, institutions, and economic growth. Harvard University Press, Cambridge
North D (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge
Ostrom E (2005) Understanding institutional diversity. Princeton University Press, Princeton
Roland G (2004) Understanding institutional change: fast-moving and slow-moving institutions. Stud Comp Int Dev 38(4):109–131
Scott WR (2001) Institutions and organizations, 2nd edn. Sage, Thousand Oaks
Selznick P (1996) Institutionalism "old" and "new". Adm Sci Q 41:270–277
Veblen T (1899) The theory of the leisure class: an economic study of institutions. Macmillan, New York
Young HP (1996) The economics of convention. J Econ Perspect 10(2):105–122



# Comparative Institutions and Organizations: United States and Brazil

Janaina C. P. Lofhagen[1] and Christopher V. Hawkins[2]
[1]Urban Management PhD Program, Pontifical Catholic University of Paraná, Curitiba, Brazil
[2]School of Public Administration, University of Central Florida, Orlando, FL, USA

## Synonyms

Metropolitan governance; Regional institutions; Regional organizations

## Definition

Regional planning organizations and institutions are very helpful to provide information, order, and stability for decision making in the public sphere.

## Introduction

Institutions provide order and stability and guide decision making in the public realm. Institutions are ubiquitous; they include, for instance, the

formal organizations and processes that determine the allocation of federal funds for transportation related infrastructure projects across metropolitan areas. They also include informal, but no less important, norms of practice that shape behavior of decision makers. Informal but routine communication and information exchanges structure relations that can complement formalized governance arrangements. Although both elements work in combination to affect change, this chapter is centered on the former and uses two contexts – United States and Brazil – to illustrate the role of formal regional organizations in metropolitan governance.

## Formal Regional Institutions in the US Context

The US local government landscape is often described as polycentric or fragmented. Associated with regional fragmentation is competition among local governments for economic development, conflicting land use goals, extensive variation in zoning tools and land use implementation mechanisms, and uneven public transportation and mobility systems. Needs vary from community to community, as do community assets, such as natural or recreational amenities or affordable and accessible housing. As such, there are often challenges in reconciling diverse policy preferences and coordinating joint activities across a region. Formal regional institutions provide a macrolevel perspective on these and other issues.

The presence of, and participation of cities in, regional institutions provides a means through which local officials can more easily solve common problems, pursue more collective benefits, and manage potential conflicts. Regional institutions reduce uncertainty by standardizing processes, facilitating information exchange among members, and reducing information asymmetries that prevent local governments from recognizing the potential gains from undertaking coordinated policy actions.

Regional institutions are present in most large metropolitan areas and provide a venue for discussing public policy problems and reaching collective solutions. Hawkins et al. (2016) describe "collaborative regional institutions" as providing a bridge between policy actors and that support the conditions for greater social capital to be accumulated among local governments within the region. Repeated interactions, facilitated by the regional organization, can develop and reinforce shared norms, mutual trust, and reciprocity among local government officials. This social capital is crucial for successfully addressing common policy problems.

Regional institutions also independently collect and disseminate information that local governments rely on to make individual decisions in a variety of policy realms. For example, in the Orlando, Florida region, the Metro-Orlando Economic Development Commission (MOEDC) is a region-wide organization that local governments actively participate in to receive technical assistance in business recruitment and retention and to enhance their capacity to support economic growth. While it works with individual cities, the MOEDC also prepares the Orlando region to compete most effectively by promoting legislation and updates to regulatory and incentive policies that will benefit the entire Orlando region. Although regions may substantially differ in the types of institutions working in these capacities, there are some common regional organizations in the USA:

### Councils of Government

Councils of Governments (COG) are professionally staffed regional organizations that are comprised of local government members within a specific geographic area. COGS are not governments; rather, they are voluntary associations that bring together local governments to coordinate such matters as land use and transportation planning across a region. They also provide a forum for cities to discuss important cross-border issues and to improve exchange relations among local officials. In this capacity, COGS serve a brokerage role among local governments, and a voice for the needs of member government units within its geographic scope of service.

### Regional Planning Agencies

One of the primary objectives of regional planning agencies is to bring together cities and build consensus on policy issues that range from environmental protection and affordable housing, to economic development and land use planning. City governments can voluntarily participate in regional planning agency forums to explore potential collaboration opportunities and to develop strategic regional plans. An example of regional planning agency described by Hawkins et al. (2016) is the East Central Florida Regional Planning Council (ECF-RPC). The ECF-RPC provides structure to informal relations and promotes regional sustainable development among 78 member cities and towns of the Orange, Brevard, and Volusia FL metropolitan areas. The ECF-RPC serves as a formal venue to facilitate community outreach and engagement and to develop collaborative and cross-cutting approaches to transit-oriented development across very different communities.

### Metropolitan Planning Organizations

Metropolitan Planning Organizations (MPO) are created by federal law and are designed to implement the transportation planning process in metropolitan areas with populations greater than 50,000. MPOs provide local governments input into the planning and implementation of federal transportation funds by overseeing the development of regional Long Range Transportation Programs (LRTP) and Transportation Improvement Programs (TIP). MPOs also facilitate collaboration between governments, organized interests, and stakeholders in the planning process and provide an organizational structure for local governments to participate in decision-making so that their transportation needs are reflected in regional priorities.

## Formal Regional Institutions in the Brazilian Context

Similar to the USA, Brazil has different levels of sub-national governments. The country is organized by states and municipalities, with one federal district (the capital – Brasilia). Based on the Federal Constitution of 1988, states are enabled to establish metropolitan regions. These are constituted by groupings of municipalities that have contiguous borders. In January 2015, the Metropolis Statute was approved, which established guidelines for the planning, management, and implementation of "public functions of common interest" in metropolitan regions. This federal level legislation is intended to promote a region-wide perspective of development in Brazil. It also provides a means to mitigate conflicts among cities, to implement shared management instruments across cities, and finance urban-metropolitan development.

Integrating transportation and mobility into the urban fabric is major focus of local and regional land use planning and development in Brazil. The prominence of urban mobility and long-range planning, as a public function or responsibility in metropolitan areas, is set forth by the Federal Constitution of 1988. In this document public transport is made explicit, with municipalities being responsible for the organization and provision of urban mobility services. Since 2001, federal law requires municipalities with more than 500,000 to develop urban mobility master plans, and in 2012, with the approval of the National Urban Mobility Policy (PNMU), all municipalities with more than 20,000 inhabitants are mandated to develop mobility plans and integrate them into their city-wide master plans.

With these mandates, metropolitan governance and management is particularly important in Brazil. Formal regional organizations, noted below, play an important role in prioritizing metropolitan investments, expanding and integrating infrastructure across the region, and promoting sustainable development and professional management of services. The challenge of metropolitan management, as far as institutions are concerned, is to face the difficulties of establishing real political territories (Fernandes 2013).

### Metropolitan Coordination

Metropolitan-wide organizations in Brazil provide a means to coordinate a variety of public functions of common interest among local governments within a region. Public transportation, road systems and basic sanitation, land use controls, and economic development are among the

public functions metropolitan organizations work collaboratively with cities to manage. For example, the Coordination of the Metropolitan Area of Curitiba (COMEC) was established by the State of Paraná in Southern Brazil. Its primary objective is to coordinate public functions of common interest among the 29 municipalities that make up the Metropolitan Area of Curitiba.

### Regional Planning Agencies

Regional Planning Agencies play an important role in metropolitan areas. For example, in the City of Curitiba (located in State of Paraná in south Brazil) the Institute for Research and Urban Planning of Curitiba (IPPUC) aims to coordinate the urban planning and monitoring process of the city to ensure the actions of the municipality are compatible with those of the metropolitan region. The organization also conducts research on sustainable development ad formulates urban plans and reviews development projects for consistency with the to the regional and city master plans. Through these activities, the IPPUC creates integrated social and economic solutions for urban problems, articulates policies and guidelines for attracting investments in the region, and facilitates the implementation of municipal level plans, programs, and projects.

For example, the IPPUC is responsible for the METROGEO – Metropolitan System of Georeferenced Information, which is an advanced software tool for managing the territory of the Metropolitan Area of Curitiba. This enables the standardization and consolidation of the geographic information of the region, and it facilitates information exchanges among cities to inform decision making.

## Conclusion

In both the academic and practitioner communities, arguments are often made for more coordinated action across cities to adequately address public policy problems. In both the US and Brazilian contexts, regional fragmentation can inhibit collective action and stymy the development of regional solutions for shared policy problems. The organizations briefly described in this chapter are not a panacea for regional planning and action. Rather, they are one element of regional governance. In Brazil, the formal regional organizations described in this chapter promote regional coordination but also seek to advance more transparent behavior of public leaders, aim to control corruption, and work to ensure the adherence of sub-regional organizations and governments to regulations, codes, norms, and standards. In the US context, the regional organizations that are described aim to facilitate mutual understanding and serve as a venue for joint decision making. In both cases, however, formal institutions provide a means to ensure greater effectiveness of public policy.

## Cross-References

► Comparative Models of Inquiry

## References

Fernandes E (2013) O elo perdido: o desafio da gestão metropolitana (The missing link: the challenge of metropolitan management). In: Drummond MVD (Org) Pensar metropolitano: arranjos de governança nas regiões metropolitanas (Metropolitan thinking: governance arrangements in metropolitan regions). Fundação João Pinheiro; Agência de Desenvolvimento da RMBH, Belo Horizonte, pp 15–29

Hawkins CV, Hu Q, Feiock RC (2016) Self-organizing governance of local economic development: informal policy networks and regional institutions. J Urban Aff 38(5):643–660

# Comparative Models of Inquiry

Mario Coccia[1,2] and Igor Benati[1]
[1]CNR – National Research Council of Italy, Torino, Italy
[2]Arizona State University, Tempe, AZ, USA

## Synonyms

Research methods; Scientific method; Study methods

## Definition

Models of inquiry are methods of organized and systematic scientific process used by scholars for controlled investigations and experiments to logically and efficiently solve theoretical and practical problems, and generate whenever possible discoveries and/or science advances. Comparative is a concept that derives from the verb "to compare" (Latin *comparare*, derivation of *par* = equal, with prefix *com*-) and is a systematic comparison, in this case, of the models of inquiry.

## Introduction

Methods of scientific inquiry are important patterns to understand scientific problems and explain causes of natural phenomena and social issues (cf., Coccia and Benati 2018; Coccia 2017a, b). They generally aim to obtain new knowledge in the form of testable explanations, conjectures, and generalizations that scientists can use to explain and predict phenomena in nature and society (Kaplan 2009). The main elements of the methods of inquiry in a hypothetic deductive approach are: (a) observation and measurement of elements concerning a subject investigated; (b) hypothetical explanations of the subject of inquiry; (c) controlled experiments for testing hypotheses; and finally (d) prediction of phenomena (cf., Coccia 2017; Benati and Coccia 2017). In order to clarify the methods of inquiry, it is useful to study their development within the philosophy of science (West Churchman and Ackoff 1950).

## Development of the Methods of Scientific Inquiry in the Philosophy of Science

The history of scientific inquiry started with *rationalism*, which focused on the vital role of reason in science. Within this approach, the Greek mathematicians had the purpose to systematize the general properties of space, i.e., geometry. Reason was a faculty that had fundamental features: it provided information concerning the essence of things, and it showed how to move from it to other characteristics of the world. Reason provides "clear and distinct" ideas and leads to conclusions from such ideas. The history of science seems to show that it is no easy task to identify clear and distinct ideas. Scholars have attempted to use rational methods of inquiry in some scientific fields, but the modern rational method does not always provide scientific truth. Hence, speculation and the clear use of reason are the only viable methods of investigation in certain fields of research, such as religion, morality, and metaphysics (West Churchman and Ackoff 1950).

The priority of reason was questioned by *empiricism*, which replaced reason with sensation as the source of all knowledge. Starting from simple ideas, and with the aid of the mental operations of compounding, relating, and abstracting, it is possible to show how other facts (ideas) can be derived. Locke tried to show how knowledge of general propositions should be derived through the process of comparing ideas. Berkeley and Hume showed that many ideas, which appeared simple to Locke were actually not so and, consequently, they raised the question of the adequacy of intuition as a criterion of simplicity. Locke's notion of a mental faculty of abstraction was refuted by Berkeley, who claimed that the mind can only perform generalizations, not abstractions, whereas Hume discarded the faculty of generalization. Berkeley eliminated Locke's material substance and based all reality in mental substance. Hume also demonstrated the inability to establish any causal connections with certainty. Hence, knowledge is replaced by belief: empirical analysis can only show our impressions (West Churchman and Ackoff 1950).

Subsequently, Kant suggested a *synthesis of reason and observation* by showing that both sensory observation and general understanding are essential for meaningful experience. It is true that there is something given in sensation (the sensuous intuitions) but, in addition to it, Kant argued that both space and time are *a priori* forms of experience, which are necessary to identify objects. In this approach, the mind must bring to its experience a principle of regularity: the natural world is well ordered because this is the

manner in which the mind makes understandable its sensuous intuitions (West Churchman and Ackoff 1950).

*Modern rationalism* relies on the *speculative method* and shares with traditional rationalism the belief that the mind can intuitively grasp truth. Yet, for modern rationalism, truth comes only at the end of the process, and very tentatively. Rational truth, in short, is derived through a process in which generalizations emerge from rich experiences by means of creative acts of the mind. For Hegel, the process was dialectical, proceeding from conflicts and working up by successive syntheses to some higher and richer stage. Bergson saw the process as intuitive, whereas Hall regarded it as imaginative insight. The speculative method is basic to all others and other methods must always make metaphysical or ethical assumptions that can only be justified by rational insight, intuition, faith, and the like (West Churchman and Ackoff 1950).

*The positivistic method* in science was developed by Hume with an attack on speculative metaphysics. Within this philosophical stream, Comte attempted to demonstrate that metaphysical thinking represented an intermediate historical stage through which man passed on his way to the full maturity of positive or scientific thought. Mach and Pearson conceived of scientific laws as a way of summarizing past experiences and of indicating expectations. These laws were not taken as irrefutable, exact, or as representing necessary connections in nature. They were merely taken as provisional cataloguing instruments (West Churchman and Ackoff 1950).

*The method of logical positivism* was a new empiricism that, unlike its historical predecessor, used logical rather than psychological analysis as an approach for the study of science. It took the understanding of language in terms of its form (syntax), content (semantics), and uses (pragmatics) to be basic to an understanding of methodological problems. It attempted to show how language construction can take place from a basic set of elements and rules. Language can be considered quite apart from any factual meaning. Meanings are fundamentally assigned by means of linguistic rules referring ultimately to protocol statements, which are more or less directly verified in experience. Explanation and prediction can then be given precise definitions as aspects of the scientific method (West Churchman and Ackoff 1950).

*The pragmatic method* operated a further synthesis and conceived science not in terms of what it actually does, but in terms of its aims. In Dewey's approach, the emphasis was on the resolution of an indeterminate situation, leading to a determinate one. In order to consider the meaning of science in a more precise sense, pragmatism introduced the distinction between goals (which are presumably attainable objectives) and ideals (which are unattainable but approachable within limits). Lastly, the attitude of pragmatism toward metaphysics and positivism was that they represent useful but partial methods, none of which are final in themselves (West Churchman and Ackoff 1950).

## General Models of Inquiry

In light of the above, the models of scientific inquiry can be divided into classical and pragmatic approaches:

- The classical model of scientific inquiry in science is based on deduction and induction. The origin of this scientific method dates back to Aristotle (384 BCE–322 BCE), who was one of the first to describe the deductive process, while Bacon (1561–1626) was the first scientist to develop inductive reasoning, which Galileo (1564–1642) later completed by adding his own mathematical formalization. The etymology of these concepts comes from the Latin verb *ducere*, to lead. The prefixes *in-* and *de-* indicate "in" and "from," respectively. In particular, *to induce* may mean "to lead to, to infer" and *induction* is "to lead to conclusions." *To deduce* may mean "to lead from, to draw from" and *deduction* is "to draw conclusions from." These approaches have the purpose of solving problems in science.

In particular, the *deductive model of inquiry* is "inference by reasoning from generals to particulars" or "the process of deducing from something

known or assumed" (Rothchild 2006). The deductive approach is the process of reasoning from one or more statements (premises) to reach a logically certain conclusion. It starts from theory and general ideas in order to predict new laws and, therefore, explain/discover new phenomena and/or problems. If the premises are true and the rules of deductive logic are followed, then the conclusion reached is necessarily true. Deductive reasoning (top-down logic) contrasts with inductive reasoning (bottom-up logic, cf., Rothchild 2006).

The *inductive model of inquiry* relies on collecting data and then deriving theoretical implications from them. Specifically, the inductive method starts from the observation of phenomena and traces back the laws that regulate them by means of hypotheses, analogies, and experiments (cf., Coccia 2017). Induction is riskier than deduction because it can lead to conclusions that may be uncertain. Overall, then, while the conclusion of a deductive argument is certain, the truth of the conclusion of an inductive argument may be probable (Rothchild 2006).

The *hypothetico-deductive model of inquiry* uses hypotheses to make predictions, rather than deriving laws from observations (Hempel 1965). Scholars, using the hypothetico-deductive method of inquiry, state hypotheses and then do experiments to test them. The hypothetico-deductive method of scientific inquiry can be applied according to either Popper's approach (1959) or Hempel's perspective (1965). Popper's approach is based on falsifying theories, whereas Hempel aims to confirm them, as illustrated in Fig. 1 (cf., Thagard 1988, p. 192ff).

Hanson (1958) criticized this model of inquiry because theory and observation were much more intertwined. Scientific realism argued that science is not restricted to observable facts but knowledge can be also achieved of what is not observable.

- The pragmatic model by Peirce (1992) is characterized by a "struggle" to replace doubt with "settled belief." This method of science is an experimental method, and the application of the pragmatist maxim reveals how hypotheses can be subject to experimental test (the concept of maxim is to: "consider what effects, which might conceivably have practical bearings, we conceive the object of our conception to have. Then, our conception of those effects is the whole of our conception of the object", Peirce 1992, vol. 1, p. 132). Dewey's conception of inquiry, found in his *Logic: the Theory of Inquiry*, is to understand a problem by describing its elements and identifying their relations. Identifying a problem that we need to solve is a sign that we are already making scientific progress; inquiry here is: "the controlled or directed transformation of an indeterminate situation into one that is so determinate in its constituent distinctions and relations as to convert the elements of the original situation into a unified whole" (Dewey 1938, pp. 104–105). Smith (1978, p. 98, original emphasis) argued that: "Peirce aimed at 'fixing' belief, whereas Dewey aimed at 'fixing' the situation."

Peirce called his pragmatism the *logic of abduction*, based on the simple visualization of phenomena. In fact, many visual stimuli are

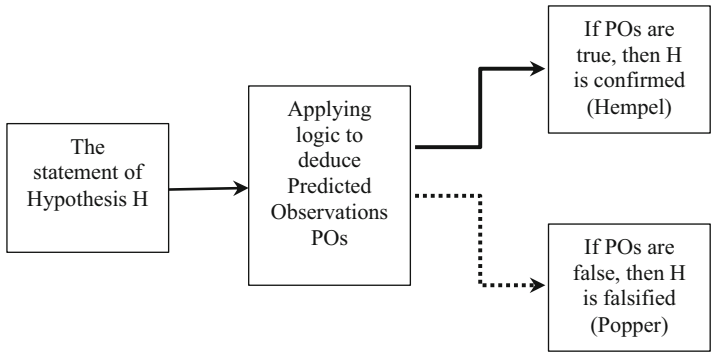


**Comparative Models of Inquiry, Fig. 1** Hypothetico-deductive method. (Adapted from Thagard (1988, p. 192))

impoverished or ambiguous and people are adept at imposing order on them, creating hypotheses to explain what has been observed. Hence, abductive reasoning (also called abduction) is a form of logical inference, which starts with an observation then seeks to find the simplest and most likely explanation. In abductive reasoning, unlike deductive reasoning, the premises do not guarantee the conclusion (Thagard 1988).

- Finally, analogy has a vital role in models of inquiry, because the solution of problems in one scientific field – source domain – can be used for solving and explaining theoretical and empirical problems in other scientific fields – target domains, such as similar target therapy for different cancers in medicine (cf., Oppenheimer 1955).

## Specific Methods of Inquiry in Social Sciences

Although it is difficult to provide a comprehensive review of all specific methods of inquiry adopted in science, some of the most common approaches are described below.

### Experimental Method

This research method aims to explain human behavior by means of controlled laboratory experiments (e.g., Milgram's experiment on obedience). In particular, a sample of individuals is analyzed on specific activities and, so as to provide reliable results, the participants are motivated with cash in order to mimic the real world.

### Counterfactual Methods

The counterfactual method of causation can be explained in terms of counterfactual conditionals, in the form: "If *A* had not occurred, *C* would not have occurred." Most counterfactual analyses focus on singular causation: "event *C* caused event *E*." The best known counterfactual analysis of causation is by Lewis (1973). However, heated discussions have raised doubts about the adequacy of any simple analysis of singular causation in terms of counterfactuals (Collins et al. 2004).

### Multiple Working Hypotheses

The method of multiple working hypotheses (MWH) involves the development, prior to research, of several hypotheses that might explain the phenomenon under study, which is likely to result from several causes, not just one (Chamberlin 1897). All possible hypotheses are considered and compared to clarify the scientific problem under study, including the possibility that none of them are correct and that some new explanations may emerge (Johnson 1990; Railsback 2004).

### Game Theory

A "game" is any activity with the structure of a contest, in which what one player decides to do, simultaneously or not simultaneously, depends on what that player expects the other players to do. The crucial element is the payoff – player's preferences over outcomes – associated with each possible combination of moves by the two sides (Watson 2002, p. 39). In this model, it is supposed that a rational choice is made among alternative strategies of action. This logical approach has been applied to economic bargaining, political negotiation, the conduct of war, social behavior of cooperation (envelope game), etc.

### Multi-agent Programmable Modeling Environment

This approach can make use of different software platforms, such as NetLogo, an agent-based programming language and integrated modeling environment. The environment created by the software enables the exploration of complex phenomena by testing hypotheses in a virtual lab. These platforms are based on extensive libraries including models in a variety of scientific fields, such as economics, biology, physics, chemistry, psychology, etc.

## Conclusion

The methods of inquiry in social and natural sciences include many phases to develop the process of scientific research: study concept, study design, working hypotheses formation, data acquisition, experiments, data analysis and interpretation,

statistical analyses, and critical revision of results for important intellectual content. Reproducibility of results by other scholars is vital to reanalyze scientific data to validate or reject findings and/or theories. In general, science advances are essentially due to individual scientists (principal investigators) who form hypotheses, and perform controlled experiments to solve/explain problems, leading teams. However, modern science is more and more often performed by communities of scholars through international collaboration (Coccia and Wang 2016). In fact, the phases of the process of scientific inquiry are assigned to different scholars and/or teams across the world (e.g., in medicine, astronomy, etc.). This dynamics of science generates the convergence between applied and basic sciences, as explained by Coccia and Wang (2016), and likely the application of similar methods of inquiry in different research fields to solve/explain problems. Overall, then, scientific discoveries and science advances in current interdisciplinary research fields are increasingly multifaceted, requiring diverse models of inquiry to generate concepts, create new hypotheses, and perform controlled experiments involving various teams worldwide. Induction, deduction, and the other methods of inquiry described above may differ from one another but they are never contradictory. Rather, they are complementary tools that facilitate problem solving and accelerate knowledge creation within and across research fields.

## Cross-References


- ▶ Comparative Evaluation Systems
- ▶ Comparative Policy Implementation Research
- ▶ Comparative Studies


## References


Benati I, Coccia M (2017) General trends and causes of high compensation of government managers in the OECD countries. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1318399. ISSN: 1532-4265

Chamberlin TC (1897) The method of multiple working hypotheses. J Geol 5(8):837–848

Coccia M (2017) A theory of general causes of violent crime: homicides, income inequality and deficiencies of the heat hypothesis and of the model of CLASH. Aggress Violent Behav 37:190–200. https://doi.org/10.1016/j.avb.2017.10.005

Coccia M, Benati I (2018) Comparative studies, Chapter No. 1197-1. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance –section bureaucracy. Springer International Publishing AG, Cham, pp 1–7. https://doi.org/10.1007/978-3-319-31816-5_1197–1. ISBN: 978-3-319-31816-5

Coccia M, Wang L (2016) Evolution and convergence of the patterns of international scientific collaboration. Proc Natl Acad Sci U S A 113(8):2057–2061

Coccia M (2017a) Sources of technological innovation: Radical and incremental innovation problem-driven to support competitive advantage of firms. *Technology Analysis & Strategic Management* 29(9):1048–1061. https://doi.org/10.1080/09537325.2016.1268682

Coccia M (2017b) The source and nature of general purpose technologies for supporting next K-waves: Global leadership and the case study of the U.S. Navy's Mobile User Objective System. *Technological Forecasting and Social Change* 116(March): 331–339. https://doi.org/10.1016/j.techfore.2016.05.019

Collins J, Hall E, Paul L (2004) Causation and counterfactuals. MIT Press, Cambridge, MA

Dewey J (1938) Logic: the theory of inquiry. Holt, Rinehart and Winston, New York

Hanson NR (1958) Patterns of discovery: an inquiry into the conceptual foundations of science. Cambridge University Press, Cambridge

Hempel CG (1965) Aspects of scientific explanation. The Free Press, New York

Johnson JG (1990) Method of multiple working hypotheses: a chimera. Geology 18:44–45

Kaplan A (2009) The conduct of inquiry. Methodology for behavioural science. Transaction publishers, New Brunswick

Lewis D (1973) Counterfactuals. Blackwell, Oxford

Oppenheimer R (1955) Analogy in science. Presented at the sixty-third annual meeting of the American Psychological Association, San Francisco, 4 Sept

Peirce CS (1992) The essential Peirce (two volumes edited by the Peirce edition project). Indiana University Press, Bloomington, pp 1992–1999

Popper C (1959) The logic of scientific discovery. Routledge, London

Railsback LB (2004) T. C. Chamberlin's "Method of multiple working hypotheses": an encapsulation for modern students. Houston Geol Soc Bull 47(2):68–69

Rothchild I (2006) Induction, deduction, and the scientific method, an eclectic overview of the practice of science. Society for the Study of Reproduction, Madison

Smith JE (1978) Purpose and thought. University of Chicago Press, Chicago

Thagard P (1988) Computational philosophy of science. The MIT Press, Cambridge, MA

Watson J (2002) Strategy. An introduction to game theory. W.W. Norton, New York
West Churchman C, Ackoff RL (1950) Methods of inquiry: an introduction to philosophy and scientific method. Educational Publishers, St. Louis

# Comparative Performance Systems

David M. Mello
Faculty of Economic and Management Sciences, Mafikeng Campus, North-West University, Mafikeng, South Africa

## Synonyms

Employee assessment; Employee evaluation; Monitoring employee performance; Performance appraisal; Performance reviews

## Definition

A plethora of definitions can be found in the literature on performance management regarding what constitutes a performance management system. For purposes of this entry, a performance management system refers to an interlinkage of carefully designed processes and activities performed to assess and optimize individual performance, as well as reward and continuously develop employees for the achievement of the overall organizational goals (Mello 2014).

## Introduction

Different performance management systems can be identified across the globe. In the public sector, performance management systems were introduced to deal with concerns over the effectiveness of public institutions. Similarly, the need to satisfy the growing and changing needs of members of the public was another consideration for the introduction and improvement of performance management systems. The success of public sector institutions depends on the caliber of employees on their payroll. The performance of employees needs to be managed, following a policy and a performance management system that is suitable for the institution, its unique environment, as well as its employees. This entry provides an overview of common features identifiable across performance management systems and outlines the evolution of performance management systems within the public sector context. Furthermore, this entry focuses on contextual issues that may give each performance management system a unique flavor and identifies common problems in performance management systems.

## Common Features of Performance Management Systems

Performance management systems are designed to achieve almost similar objectives. These objectives are, among others, improvement of organizational effectiveness and efficiency, motivation of employees, and improvement of employee morale. It is for this reason that performance management systems have similar features. These features include, but are not limited to, their alignment with the organizational purpose statement, the existence of a policy on performance management, measurement of performance against set standards using specific techniques, behavior modification using rewards and sanctions, as well as employee training and development to improve proficiency in performing their duties. Each of these features is discussed separately in the following subsections.

### Alignment with Purpose Statement

A purpose statement or what is also popularly known as the vision of an institution provides direction that must be followed by all employees in the institution. A performance management system is a means to an end. It enables the organization to realize its long-term vision. A performance management system must be aligned

with the vision and be designed to support it. Furthermore, the system must be aligned with other systems, strategic goals, and values of the organization. A policy on performance management represents concrete steps that must be followed for a purpose statement of the institution to be operationalized.

### Policy on Performance Management

All public sector institutions require a policy statement on the management of employees at different levels of the institution. A policy of performance management represents a statement of intent and contains detailed guidelines on how performance management has to be implemented. The policy statement should also clarify the roles and responsibilities of stakeholders. Processes that form an integral part of the performance management system should be crystal clear in the policy statement. A policy of performance management must communicate organizational intentions clearly, leaving no room for ambiguity. A vague policy is open to different interpretations, which may be a source of discontent and disputes. It is important for a policy on performance management to make provision for appeals in instances where employees are not satisfied with the outcomes of their assessments.

No policy is cast in stone. It is advisable for public sector institutions' policies on performance management to be reviewed at intervals of 3–5 years or whenever there are fundamental problems that necessitate changes. The environment in which the institution operates will, apart from the 3- to 5-year guideline suggested in this entry, be the determining factor relating to the intervals at which performance management policies may be reviewed. A more stable organization may review its policy every 5 years, while an unstable or newly established organization may benefit from more regular policy reviews. An inclusive consultation process during the formulation and review of policy on performance management may improve buy-in among employees.

### Setting of Standards

Standards represent a yardstick against which the performance of a public institution and its employees can be measured. Standards manifest themselves in the form of quantity and quality of expected outputs. Apart from using standards to measure employee performance, standards are important for consistency and certainty among consumers of public goods and services. In setting standards, consumers of public goods and services must be consulted to establish their expectations. When setting standards, institutions and their employees need to be realistic. Setting unrealistic standards is tantamount to setting the organization and individuals up for failure. The ability to measure outputs is central to setting standards. Once standards have been set, it becomes easier to appraise individual employee performance.

### Performance Appraisal

Appraising employees is an integral part of any manager's core responsibilities. While performance reviews may be periodic in terms of policy, it is important to note that performance feedback needs to be provided to employees on a regular basis. Thanking an employee for a job well done does not have to wait for monthly or quarterly reviews. Similarly, an employee whose performance is below par needs to be informed promptly by his immediate supervisor. Performance reviews may lead to rewards, decisions to train, or develop an employee, and, in extreme cases, disciplinary measures may be preferred for an employee whose behavior cannot be corrected through one-on-one meetings with a supervisor or referrals to employee assistance programs where they exist. It is furthermore important to note that performance appraisal is not in any way a witch-hunt. Discipline resulting from consistent unsatisfactory performance reviews needs to be approached with great circumspect to allay fears and perceptions of a witch-hunt. It is only in instances where all corrective measures prescribed by policy have been exhausted that disciplinary measures may be considered in line with applicable labor laws. The principle of fairness must guide any decision to discipline an employee after a series of poor results from assessments.

The training and development of employees should be planned and implemented to rectify skills deficits identified during performance

reviews. Consequently, individual personal development plans must be developed. Adequate resources such as time, finance, advice from supervisors, and other relevant experts must be mobilized for all employees. It is, however, important to prioritize underperformers, while top performers do not have to be ignored as they too need to maintain or surpass their current momentum. A training and development budget in public finance should not be an afterthought.

## The Evolution

Performance management systems have evolved over decades. Earlier systems were more supervisor centered and were top-down in nature. The supervisor played a critical role in performance management, and his/her word was final. The standards set by supervisors would not be questioned. Similarly, the supervisor's assessment, whether objective or biased, would be final. It is for this reason that in the evolution of performance management systems, one can arrive at two main categories. These two categories are supervisor centered and inclusive performance management systems. The supervisor-centered performance management system is viewed as autocratic. As early as the eighteenth century, there were attempts to improve organizational and individual efficiency and effectiveness. Frederick Taylor is one of the earliest theorists who was concerned about the performance of employees. Taylor's system included, among others, incentive systems for higher performance, standardization of work through time study using stop watches, and the use of functional foremen (Tompkins 2005). Subtle and overt coercion was used to optimize employee performance. Punitive fines were used for underperformers. Similarly, top performers were rewarded with higher pay. Supervisor-centered performance management systems are still found in different countries and sectors. Unskilled employees are mostly subjected to supervisor-centered performance management.

Inclusive performance management systems emerged over the years due to labor rights and reforms in public sector management. Affording employees more rights led to the democratization of the workplace. Waves of public sector reforms, which can be traced to the 1980s to date, impacted positively on the evolution of performance management systems. Inclusive performance management systems were drifting toward what is known as 360-degree assessments. These types of assessments are gaining popularity due to their inclusiveness. They are preferred over supervisor-centered performance management systems, as the supervisor's subjectivity is moderated by two or more other assessors. These assessors may be clients or colleagues, among others.

## Contextual Issues

Similar performance management systems may be implemented in different countries with different results. Differences in results are a consequence of a number of factors in different continents and their regions. Developed and less developed countries are likely to achieve different results when implementing the same system of performance management due to inherent contextual issues. Some contextual issues that have a bearing on the success of performance management systems include, but are not limited to skills base, strengths of organized labor, leadership, and technology uptake.

### Skills Base

Developing countries have historically had a low skills base. This state of affairs is mainly due to poor education systems and poor investment in skills development. A corollary to this historical fact is skills flight from developing and developed countries. Skills flight, also known as brain drain, happens in developing countries and developed countries. Brain drain seems to follow the law of the jungle: "survival of the fittest." Countries that are well endowed with resources attract better-skilled employees. South Africa and Botswana in Southern Africa are, for instance, preferred destinations for skilled professionals who are searching for better-paying jobs.

Southern African Development Countries such as Zimbabwe, Lesotho, and Swaziland are poorly resourced, and therefore they cannot attract skilled professionals. Developed countries, on the other hand, can have a massive skills inflow, and therefore their immigration policies may largely focus on attracting scarce skills.

The relatively high unemployment rates in Southern Africa force employees to settle for second best applicants. It is common for employers to advertise and then re-advertise with the hope of attracting the best employees. The abundance of labor with no skills or irrelevant skills may lead to another problem, namely, skills mismatch. Skills mismatch occurs due to the unavailability of suitable candidates in the market and applicants accepting offers out of desperation for employment opportunities.

Appointing an employee who does not have the requisite skills is setting such an employee and the organization up for failure. An employee who does not have the requisite qualification, skills, and experience is more likely to deliver poor services to members of the public and achieve lower scores during performance appraisals. An organization that has more of these employees is likely to have more grievances related to performance appraisals.

Investing in education and skills development is one of the answers to challenges experienced in the performance management systems of developing countries. The second answer is the improvement of salaries. The two challenges related to skills shortages require developing countries to redirect their scarce resources to education and skills development. This approach will have positive spin-offs for performance management, organizational performance and development, and ultimately economic prosperity.

### Strengths of Unions

The strengths of unions differ from one country to the other. Differences in strengths relate to the nature of the state and labor policies that prescribe labor rights. States that are autocratic tend to limit labor rights. Contrary to the approach taken by states that are autocratic, democratic states afford individuals and groups of employee rights such as freedom of association and the right to strike. Workers in democratic countries are likely to be consulted when new performance management systems are designed or existing ones are improved. The strengths of organized labor may in extreme cases lead to a revolt against a performance management system that is perceived as infringing upon employee rights.

### Leadership

Leaders play a crucial role in performance management. A carefully designed system may fail in implementation due to the absence of leadership qualities in managers and supervisors. Leaders are the humane face of any performance management system. The role of any leader is to motivate, inspire confidence, and provide direction. Leaders who understand employees and what motivates them as groups and individuals are more likely to succeed. The inspirational role of a leader cannot be underestimated. Employees need a sense of belonging and appreciation. Successful leaders master the art of communication and the language of appreciation. The caliber of leaders that are found in different countries is largely influenced by cultural and religious practices. Circular and one religion-dominated countries may also display different sets of traits in leaders, which may impact on performance management systems differently.

### Technology Uptake

The public sector is known to be slower in technology uptake. The fourth industrial revolution has brought with it a workplace that is automated with machines and computers that are able to process large quantities of data much faster. The use of information and communication technology can have both advantages and disadvantages. Depending on the settings and programming of technological aids, technology can overcome subjective tendencies and limitations that supervisors may have in the collection, sorting, storage, and processing of information used for performance assessments. The downside of technology is its invasive nature and the safety of collected information, which may be a cause for concern among employees. The advantages of using technology

in performance management must always outweigh the disadvantages.

## Common Problems in Performance Management Systems

The effectiveness of performance management systems or lack thereof can be ascribed to the poor design of the system, insufficient resources, and human factors. Employee policies, which include recruitment, selection, training, development, promotions, remuneration, and succession planning, must support the existing performance management system. However, if a public sector institution has good human resource management policies, a poorly designed performance management system may still yield negative results. A badly designed performance management system can be identified on the basis of its overemphasis of employer interests at the expense of employee interests; overemphasis of financial incentives while downplaying nonfinancial incentives; lack of focus on employee training and development; a higher number of grievances in proportion to the number of employees; and rigidity, absence of recourse for unfairly assessed employees, and absence of regular system reviews.

Rater errors are prevalent in performance management systems. Rater errors result from the extent to which human beings can be objective and perceptions of those who are rated. Human relations may impact on the rater who is unprofessional and vindictive. Similarly, an employee who had run-ins with the manager may perceive any rating negatively due to strained relations. Rater errors are largely influenced by human factors that are complex and may differ from one work environment to the other and among employees.

Public sector institutions depend largely on the ability of tax payers to afford higher tax rates. Tax payers are in majority of countries financially constrained and will resist any attempt to raise the prevailing tax rate. Public institutions are consequently forced to do more with little available resources. Financial resources to reward top performers adequately are often a limitation in the public sector. To deal with this dilemma, non-monetary incentives need to be considered. Nonmonetary incentives could include, among others, a day or afternoon off from work, trophies for good performers, citation of individuals' excellent performance in meetings, and in-house journals and programs recognizing employees of the week or month.

## Conclusion

A careful look at performance management systems indicates that there are differences and similarities. The development of inclusive performance systems over the years is indicative of the growing recognition of labor rights and concomitant reforms that seek to improve overall public sector performance. Public sector institutions exist and function in environments that must be taken cognizance of in the development and improvement of performance management systems. It can be expected that performance management systems will have challenges and from there the need for regular inclusive reviews. Discourses on performance management systems should always be aimed at the improvement of public sector performance and the perennial desire to learn from good as well as bad practices.

## Cross-References


- ▶ Abusive Leadership
- ▶ Adverse Action
- ▶ Comparative Incentive Systems
- ▶ Comparative Public Performance Management Systems
- ▶ Performance Management and Culture
- ▶ Performance Management in Local Government


## References


Mello DM (Ed) (2014) Managing human capital in the public sector. Van Schaik, Pretoria

Tompkins JR (2005) Organization theory and public management. Wadsworth, Belmont

# Comparative Performance Systems: An Assessment

Igor Benati[1] and Mario Coccia[1,2]
[1]CNR – National Research Council of Italy, Torino, Italy
[2]Yale University, New Haven, CT, USA

## Synonyms

Evaluation; Evaluation systems; Organizational performance; Performance assessment

## Definition

The term "performance" originates from old French *parfornir*, which means "to do, carry out, complete, accomplish." A comparative performance system (CPS) is a set of elements and processes to assess the capability of individuals, organizations, and other subjects to achieve strategic goals using, as benchmark, the performance of similar subjects and/or the previous performance of the unit itself. A CPS supports decision-making of management directed to accomplish strategic targets and satisfy stakeholders in competitive contexts.

## Introduction

In the context of public organizations, performance systems are based on units of analysis, measures of inputs, processes, and outputs (cf., Talbot 2010; Coccia 2001, 2004, 2005, 2006, 2008; Coccia and Benati 2018b). In particular:

- The unit of analysis of a performance system can be individuals, teams, activities, projects, and/or organizations as a whole (Leggat et al. 1998; Tampoe 2005; Venkatraman and Ramanujan 1986). Rummler and Brache (1995) propose a performance system based on three levels of analysis: (1) organizational level, (2) process level, and (3) job/performer level. In particular, (1) The organizational level includes the evaluation of strategies, corporate goals, structures, and deployment of resources. (2) The process level includes the assessment of inputs, outputs, and outcomes. Inputs here are resources contributing to the production of outputs (e.g., labor, physical capital, economic resources, human resources, etc.; cf., HM Treasury 2001; Hatry 1999). Outputs are goods and services (e.g., issuing licenses, investigations, providing policy advice, etc.). Outcomes are the consequences of the activities of public organizations in society (e.g., improved services, new services and products, etc.). (3) Finally, the job/performer level involves the performance analysis of job responsibilities and duties (cf. also, Venkatraman and Ramanujan 1986).
- Measures of performance systems can be *financial* and/or *nonfinancial*. Financial performance measures are usually based on monetary dimensions (e.g., price and/or cost; cf., Nakamura and Warburton 1998). Many organizations also apply nonfinancial performance measures, such as quantity measures for operations management and for monitoring the effort of production workers. Performance systems can also apply *absolute* and *contextual* measures. Absolute measures of performance are important for decision-making purposes, considering comparisons between units over multiple geographic regions and time periods. Instead, contextual measures, such as input-output ratios and productivity measures, are widely used for operational decisions of management in both the private and public sectors. Input-output ratios are an input divided by an output, such as working hours per employees in a month or year. In this context, productivity measures are the reciprocals of input-output measures, such as the average caseload per welfare worker (cf. also, Hatry 1999; Kazandjian et al. 1993). Some scholars argue that, if performance is not accurately measured, it cannot be accurately managed (Laughlin et al. 1994; Donabedian 1966; Flood et al. 1994; Barnsley et al. 1996; Coccia 2001; Coccia and Benati 2018a, b, 2017; Zuckerman et al. 1995).

Performance systems in public organizations are used by managers and stakeholders to evaluate individuals, teams, activities, projects, processes, planned strategic goals, etc. (Baird 1998; Hatry 1999). In general, performance systems are able to improve the capabilities of subjects/organizations, the quality of services and/or the reduction of costs, the maximization of profit (Andrews et al. 2010; Hatry 1999; Leggat et al. 1998; Singh et al. 2016; Miner 1980). In particular, performance systems support the accomplishment of strategic objectives by adjusting and improving the budgeting process and the efficient allocation of resources in organizations (Baird 1998).

## Comparative Performance Systems: An Assessment

A comparative performance system (CPS) is a set of elements and processes to assess the capability of individuals, organizations, and other subjects to achieve strategic goals using as benchmark the performance of similar subjects and/or the previous performance of the unit itself within a comparative framework. CPSs can support decision making of management directed to accomplish strategic targets and satisfy the desiderata of stakeholders in competitive contexts.

The most common comparative performance systems within and between organizations are balanced scorecard, Malcolm Baldrige National Quality Award, European Foundation for Quality Management, Performance Prism, and Kanji Business Excellence Measurement System. In particular:

- The balanced scorecard is a technique originally developed for firms to support the measurement of business performance, which is also a suitable approach for public organizations (Management Advisory Board 1997). Kaplan and Norton (1992) propose a balanced scorecard performance system incorporating both financial and nonfinancial performance measures. In particular, a balanced scorecard involves four dimensions: (a) the financial performance of organizations, which analyzes the allocation of resources; (b) the customer perspective, which assesses how organizations satisfy the needs of users; (c) measures of learning and growth, which look at the performance of organizations toward their employees; and finally (d) internal business processes, which evaluate the improvement of organizations themselves. These four dimensions need to balance short-term and long-term goals, internal and external performance factors, and financial and nonfinancial indicators (cf., Drury 2008). Garrison and Noreen (2000) define a balance scorecard as a cohesive set of performance measures (quantifiable targets and outcomes) indicating the extent to which an organization has achieved its strategic objectives. The main concern in this performance system is to create a climate that enhances organizational change and growth.
- The Malcolm Baldrige National Quality Award (MBNQA) is a quality management model based on seven factors driving performance: leadership, strategic planning, customer and market, information and analysis, human resources, process management, and organizational results. Since it mainly concentrates on customer satisfaction, this model is easily implemented by any organization (Lee et al. 2002).
- The system of the European Foundation for Quality Management (EFQM) is created on the basis of two fundamental systems for the measurement of quality management, i.e., the Malcolm Baldrige National Award and the Deming Award. EFQM is a diagnostic technique to measure the performance of organizations, and it supports the achievement of strategic goals that meet the expectations of all stakeholders through the involvement of all workers into continuous performance improvement processes.

The fundamental concepts of this performance system of EFQM are: adding value for customers, creating a sustainable future, harnessing creativity and innovation, managing with agility, developing organizational capability, leading with vision, inspiration, and integrity, succeeding through the talent of

people, and sustaining outstanding results. Moreover, through self-measurement, organizations may coordinate their priorities, distribute resources, and better develop their business plans (Osseo-Asare and Longbottom 2002).

– The Performance Prism is an approach developed by a team of researchers and consultants in the performance management area (cf., Neely et al. 2001). This comprehensive measurement system addresses critical business issues to which profit and not-for-profit organizations are able to relate (Neely et al. 2001, 2002). The Performance Prism consists of five interrelated dimensions for achieving sustainable excellence in any organisation: stakeholder satisfaction, strategies, processes, capabilities, and stakeholder contributions.
– The Kanji Business Excellence Measurement System (KBEMS) is based on the Kanji's Business Excellence Model (KBEM) and Kanji's Business Scorecard (KBS). KBEMS has two parts (A and B) that should be applied simultaneously to attain a complementary analysis of organizational performance. Part A is directed to the measurement of internal performance, according to the views of managers and employees. Conversely, Part B involves the assessment of performance by external stakeholders, such as customers, suppliers, governments, financial institutions, and society in general. In Part B, organizational values are based on process excellence (the organization uses benchmarking to improve its processes), organizational learning (the organization has a culture of continuous improvement and a learning attitude), and stakeholders' delight (the organization actively listens their needs, deals with complaints, provides relevant and reliable information, and displays ethical conduct; cf. Kanji 2002, p. 718 and p. 723; Kanji 2002a).

Figure 1 illustrates the main characteristics of these performance systems (goals, strengths and weaknesses).

The systems of the European Foundation for Quality Management (EFQM) and Malcolm Baldrige National Quality Award (MBNQA) are linked by similar criteria and principles. EFQM and MBNQA focus on the effectiveness and results of business management, and not on the quality of services and goods, and they serve as tools to improve the organization's performance to meet the expectations of all different stakeholders (Sampaio et al. 2012). The balanced scorecard implements and controls the strategy at all levels of the organization under study. Moreover, the EFQM system is more suitable for benchmarking, whereas Performance Prism or KBEM rely on the strengths of previously systems, such as the balanced scorecard, to address their shortcomings (see, Fig. 1). Finally, the main purpose of Performance Prism and KBEM is to support strategic goals in the turbulent contexts.

## Designing Comparative Performance Systems and Concluding Remarks

A comparative performance system has to follow some critical rules. Van Peursem et al. (1995) argue that performance systems should contain a balance of ordinal, nominal, and ratio indicators within the areas of economic factors, drivers of efficiency and effectiveness of organizations. In general, a comparative performance system should be designed according to the following general guidelines summarized in Fig. 2 (cf., Leggat et al. 1998):

1. Linking the comparative performance system to the organizational strategy to provide feedback on the attainment of strategic goals (Kaplan and Norton 1992).
2. Relying on a variety of measures (financial and non-financial) to provide a holistic view of an organization and a comprehensive assessment of performance (Cleverly 1985; Cleverly and Nilsen 1980; Van Peursem et al. 1995; Buenger et al. 1996).
3. Having a parsimonious set of indicators that balances multiple measures, selecting only those important for monitoring and adjusting organizational operations. This is because developing indicators for a comparative performance system can be costly and the available resources are often scarce in organizations.

| *Performance measurement systems* | *Goals* | *Strengths* | *Weaknesses* |
|---|---|---|---|
| Balanced Scorecard | Organizational efficiency | It monitors organizational strategy.<br>It implements and controls the strategy at all levels of the organization. | It does not show stakeholders' interest.<br>It focuses on past activities.<br>Lack of transmission of information to employees. |
| Malcolm Baldrige National Quality Award (MBNQA) | Customer satisfaction | It revolves around customer satisfaction.<br>It focuses on effectiveness and results of business management<br>It improves the organization's performance leveraging R&D management, leadership, strategic planning and process management. | It does not analyze the organization'sinternal processes and their interactions.<br>It does not focus on the quality of services and goods. |
| European Foundation for Quality Management (EFQM) | Customer satisfaction | Self-assessment approach; strengthening quality.<br>It fosters customer satisfaction.<br>It focuses on effectiveness and results of business management<br>It improves the organization's performance adding value for customers, harnessing creativity and innovation, managing with agility, developing organisational capability, etc.<br>More suitable for benchmarking. | It does not focus onthe quality of services and goods. |
| Performance Prism | Solve business issues | It is a flexible tool; It shows how new stakeholders contribute to performance.<br>It supports strategies, processes and dynamic capabilities in turbulent contexts. | Weak link between results and drivers. |
| Kanji Business Excellence Measurement System (KBEMS) | Organizational excellence | Multi-perspective of performance with manifold success factors: Leadership; delight the customer; management by fact; people-based management; and continuous improvement.<br>It suggests new strategies.<br>It supports strategic goals in turbulent contexts. | It is designed for senior managers. |

**Comparative Performance Systems: An Assessment, Fig. 1** Different comparative performance systems: goals, strengths and weaknesses

**Comparative Performance Systems: An Assessment, Fig. 2** General guidelines for the design of a comparative performance system. (Adapted from Leggat et al. 1998)

1 Linking comparative performance system to organizational strategy

2 Ensuring that the comparative performance system provides a variety of perspectives on organizational performance

3 Limiting the number of indicators

4 Insuring the quality of data and indicators

5 Using stakeholders' input in the development of the comparative performance system

6 Deploying performance system results throughout the organization

⇓

**Achievement of strategic goals, higher organizational effectiveness and excellence**

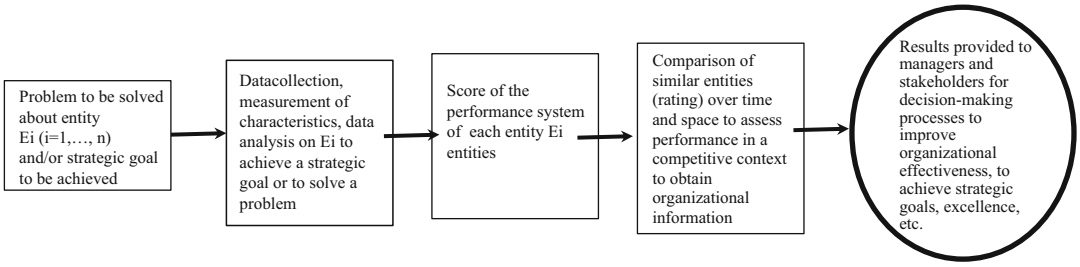


**Comparative Performance Systems: An Assessment, Fig. 3** Process of a comparative performance system

4. Insuring the quality of data for reliable measures. Moreover, measures need to be comparable, consistent, and timely because they undergo intense scrutiny by stakeholders.
5. Involving managers (Luttman et al. 1994) and stakeholders (Kanter and Brinkerhoff 1981; Flood et al. 1994) in the development of an internally driven performance system to increase the probability that information is used for decision making processes for achieving excellence in markets. Moreover, measures and methodology of performance systems have to be openly communicated across the organization during their development process (Van Peursem et al. 1995).
6. Being deployed throughout the organization. Luttman et al. (1994) recommend the implementation of a reporting system that enables frontline workers to access detailed performance data, encouraging maximal performance improvements, while senior levels receive summarized performance reports.

Overall, then, comparative performance systems are directed to the achievement of strategic goals and excellence (cf., Figs. 2 and 3).

In general, a comparative performance system provides information to support managers and stakeholders in decision-making processes for achieving strategic goals and improving the cause and effect relationships of organizational behaviour to achieve vital results in turbulent markets (Cameron 1980; Kanter and Brinkerhoff 1981). Sicotte et al. (1998) highlight the

importance of identifying the organizational functions and interactions among them for an efficient performance system. Moreover, the presence of different organizations and contexts requires a variety of measures to capture performance (Kanter and Brinkerhoff 1981). Hence, a comparative performance system is primarily developed as a source of information to identify areas for organizational improvements and excellence (Mullins 1999; Miner 1980).

Overall, then, comparative performance systems in public organizations should measure the achievement of objectives set by strategic plans. The challenges of adopting efficient comparative performance systems in public organizations are directed to a goal clarification, monitoring the quality of data and measures, and reinforcing the link between system results and decision-making processes for decisions of strategic management. To conclude, efficient performance systems can improve organizational and managerial behavior to achieve strategic goals and excellence, and satisfy the expectations of all stakeholders, employees, customers, etc. in competitive contexts over time and space.

## Cross-References


- ▶ Comparative Evaluation Systems
- ▶ Comparative Models of Inquiry
- ▶ Comparative Studies


## References


Andrews R, Boyne GA, Moon MJ, Walker RM (2010) Assessing organizational performance: exploring differences between internal and external measures. Int Public Manag J 13(2):105–129. https://doi.org/10.1080/10967491003766533

Baird M (1998) The role of evaluation. In: Mackay K (ed) Public sector performance – the critical role of evaluation, selected proceedings from a World Bank Seminar. World Bank Operations Evaluation Department, Evaluation Capacity Development, Washington, DC, pp 7–12

Barnsley J, Lemieux-Charles L, Baker GR (1996) Selecting clinical outcome indicators for monitoring quality of care. Healthc Manag Forum 9(1):5–12

Management Advisory Board (1997) Beyond bean counting: effective financial management in the APS-1998 & beyond. Public Service Merit and Protection Commission, Canberra

Buenger V, Daft RL, Conlon EJ, Austin J (1996) Competing values in organizations: contextual influences and structural consequences. Organ Sci 7(5):557–576

Cameron K (1980) Critical questions in assessing organizational effectiveness. Organ Dyn 9(2):66–80

Cleverly WO (1985) Predicting hospital failure with the financial flexibility index. Healthc Financ Manage 39(5):29–33

Cleverly WO, Nilsen K (1980) Assessing financial performance with 29 key ratios. Hosp Financ Manage 34(1):30–36

Coccia M (2001) A basic model for evaluating R&D performance: theory and application in Italy. R&D Manag 31(4):453–464. https://doi.org/10.1111/1467-9310.00231

Coccia M (2004) New models for measuring the R&D performance and identifying the productivity of public research institutes. R&D Manag 34(3):267–280. https://doi.org/10.1111/j.1467-9310.2004.00338.x

Coccia M (2005) A scientometric model for the assessment of scientific research performance within public institutes. Scientometrics 65(3):307–321. https://doi.org/10.1007/s11192-005-0276-1

Coccia M (2006) Analysis and classification of public research institutes. World Rev Sci Technol Sustain Develop 3(1):1–16. https://doi.org/10.1504/WRSTSD.2006.008759

Coccia M (2008) Measuring scientific performance of public research units for strategic change. J Inform 2(3):183–194. https://doi.org/10.1016/j.joi.2008.04.001

Coccia M, Benati I (2017) What is the relation between public manager compensation and government effectiveness? An explorative analysis with public management implications. Quaderni Ircres-CNR 2(2):1–36. http://doi.org/10.23760/2499-6661.2017.001

Coccia M, Benati I (2018a) The Relation between Public Managers' Compensation and Governance. J Public Admin Govern 8(1):279–300. https://doi.org/10.5296/jpag.v8i1.12469

Coccia M, Benati I (2018b) Comparative evaluation systems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG, Cham. https://doi.org/10.1007/978-3-319-31816-5_1210-1

Donabedian A (1966) Evaluating the quality of medical care. Milbank Mem Fund Q 44(2):166–206

Drury C (2008) Management and cost accounting, 7th edn. Thomson, London

Flood AB, Shortell SM, Scott WR (1994) Organizational performance: managing for efficiency and effectiveness. In: Kaluzny AD, Shortell SM (eds) Health care management: organization design and behavior. Delmar, Albany

Garrison RH, Noreen EW (2000) Managerial accounting, 9th edn. McGraw-Hill, New York

Hatry HH (1999) Performance measurement. Getting results. The Urban Institute, Washington, DC
Kanji GK (2002) Measuring business excellence. Routledge, London/New York
Kanji GK (2002a) Performance measurement system. Total Qual Manag 13(5):715–728. https://doi.org/10.1080/0954412022000002090
Kanter RM, Brinkerhoff D (1981) Organizational performance: recent developments in measurement. Annu Rev Sociol 7(1):321–349
Kaplan RS, Norton DP (1992) The balanced scorecard measures that drive performance. Harv Bus Rev 69(1):71–79
Kazandjian VA, Lawthers J, Cernak CM, Pipesh FC (1993) Relating outcomes to processes of care: the Maryland hospital association's quality indicator project (QI Project). Jt Comm J Qual Improv 19(11): 530–538
Laughlin R, Broadbent J, Sheam D, Willgtherton H (1994) Absorbing LMS: the coping mechanism of a small group. Account Audit Account J 7(1):59–85
Lee SF, Lo KK, Leung FR, Andrew Sai OK (2002) Strategy formulation framework for vocational education: integrating SWOT analysis, balanced scorecard, QFD methodology and MBNQA education criteria. Manag Audit J 15(8):407–423
Leggat SG, Narine L, Lemieux-Charles L, Barnsler J, Baker GR, Sicotte C, Champagne F, Bilodeau H (1998) A review of organizational performance assessment in health care. Health Serv Manag Res 11(1):3–23
Luttman EJ, Siren PB, Laffel GL (1994) Assessing organizational performance. Qual Manag Health Care 2(4):44–53
Miner JB (1980) Theories of organizational behavior. Holt, Rinehart and Winston, New York
Mullins LJ (1999) Management and organizational behavior, 5th edn. Financial Times, London
Nakamura AO, Warburton WP (1998) Performance measurement in the public sector. Can Bus Econ 6(2): 37–48
Neely A, Adams C, Crowe P (2001) The performance prism in practice. Meas Bus Excell 5(2):6–13. https://doi.org/10.1108/13683040110385142
Neely A, Adams C, Kennerley M (2002) The performance prism: the scorecard for measuring and managing business success. Prentice, London
Osseo-Asare AE, Longbottom D (2002) The need for education and training in the use of the EFQM model for quality management in UK higher education institutions. Qual Assur Educ 10(1):26–36. https://doi.org/10.1108/09684880210416085
Rummler GA, Brache AP (1995) Improving performance: how to manage the withe space on the organization chart. Jossey-Bass, San Francisco
Sampaio P, Saeaiva P, Monteiro A (2012) A comparison and usage overview of business excellence models. TQM J 24(2):181–200. https://doi.org/10.1108/17542731211215125
Sicotte C, Champagne F, Contandriopoulos AP, Barnsley J, Béland F, Leggat SG, Denis JL, Bilodeau H, Langley A, Brémond M, Baker GR (1998) A conceptual framework for the analysis of health care organizations' performance. Health Serv Manag Res 11(1):24–41. https://doi.org/10.1177/095148489801100106
Singh S, Darwish TK, Potočnik K (2016) Measuring organizational performance: a case for subjective measures. Br J Manag 27(1):214–224. https://doi.org/10.1111/1467-8551.12126
Talbot C (2010) Theories of performance, organizational and service improvement in the public domain. Oxford University Press, Oxford
Tampoe M (2005) Developing reward strategies to motivate and compensate knowledge worker. In: Mullins LJ (ed) Management and organisational behaviour, 7th edn. Pearson Education, Harlow, pp 504–505
HM Treasury (2001) Choosing the right FABRIC-A framework for performance information. HM Treasury, London
Van Peursem KA, Pratt MJ, Lawrence SR (1995) Health management performance. A review of measures and indicators. Account Audit Account J 8(5):34–70
Venkatraman N, Ramanujan V (1986) Measurement of business performance in strategy research: a comparison of approaches. Acad Manag Rev 11(4):801–814
Zuckerman HS, Kaluzny AD, Ricketts TC (1995) Alliances in health care: what we know, what we think we know, and what we should know. Health Care Manag Rev 20(1):54–64

C

# Comparative Policy Implementation Research

Svetlana Inkina
Center for Institutional Studies, Higher School of Economics, Moscow, Russia
University of Toronto, Toronto, Canada

## Synonyms

Administration; Application; Management

## Definition

Policy implementation refers to a phase of the strategic planning process, when actions are taken to realize policy objectives. The implementation stage consists of identifying policy actors who are responsible for policy implementation,

allocating funds, developing infrastructure, building strategic support among actors who deliver services, and other actions taken to administer political decisions.

## Introduction

Comparative implementation research is a special theme within the field of public management and administration research. It gained momentum due to the increased pressure for evidence-based practices in the policymaking process. The early stage in the development of policy implementation research (1960s–1970s) has been triggered by the exploration of topics such as healthcare, privatization, human resource management, civil service, and budget reforms. Subsequent stages witnessed the development of a new scholarly perspective aiming to describe implementation as a distinct topic of political science scholarship (Allison 1971; Easton 1979; Pressman and Wildavsky 1973). The new perspective offered to isolate the implementation from other stages and dimensions of policy process in relation to a multitude of causal factors explaining policy outcomes (Bardach 1977; Brewer 1974; Mazmanian and Sabatier 1983; Pressman and Wildavsky 1973). Thus, instead of taking policy field, subsystem, or agency as the unit of analysis, researchers in this stream focused on the criteria of policy implementation process that would explain the causes of policy success and failure across various policy fields. During the 1980s and 1990s, significant efforts were made to develop a set of generalizable principles behind a uniform model of policy implementation (DeLeon 1999; Goggin et al. 1990; O'Toole 2000). These efforts produced a body of research emphasizing the role of multiactor and multilevel perspectives of policy implementation processes.

The study of implementation process is continuously challenged by the fact that the field is theoretically and conceptually underdeveloped. It lacks clearly defined concepts for comparing policy implementation processes across nations and placing them into separate classification systems. One of the problems challenging our ability to study comparative state government reform effectively is that scholars have failed to provide a plausible definition of successful implementation process. Cross-country analyses point out that a policy field followed over many years can change so radically that it bears little resemblance to its initial form (Matland 1995, 152). In this context, it appears to be quite difficult to assess the progress of reforms that are based in conventional means, such as goal attainment.

Explanations of what constitutes 'good implementation' may be divided into two categories, "control" and "learning" options (Hoppe et al. 1985). In the former, successful implementation is confined to 100% compliance with policy planners' design (it presupposes an accountability strategy that ensures the compliance of implementers and target groups). In the latter option, obeying the rules is not crucially important. By contrast, finding an optimal learning strategy is what guarantees the overall success of policy implementation (Hoppe et al., 588).

Ingram and Schneider (1990) suggest that implementation may be considered successful in any of the following cases:

(a) when agencies strictly follow directives and statutes issues by the national or subnational governments.
(b) when agencies meet specific indicators of success, achieve goals of the statute; they are also held accountable for reaching their goals.
(c) when improvements are identifiable in the improvement of the political climate around the program (in this context, an outcome may be considered successful when it produces learning) (Matland 1995).

Overall, these are only technical criteria of policy implementation success, and the failure to identify what is meant by successful implementation may serve as source of considerable confusion in public policy analysis.

## Evolution of Policy Implementation Research

The development of policy implementation research may be outlined as a process consisting

of at least three "generations" of interdisciplinary scholarship.

The first generation of implementation research (1960s–1970s) discussed the reasons for the successful and unsuccessful policy outcomes across various sectors, aiming to explain to what extent agencies comply with policy objectives. Questions covered by scholars working within this stream concerned implementation as a distinct stage of policy process. Many of the studies produced during this time served the goal of gathering data on the ways in which things get done at the local level rather than on the goal theory-building process (for more information, see Van Meter and Van Horn 1975; Mazmanian and Sabatier 1981).

The second stage (1970s–1980s) consisted in an even stronger empirical focus on implementation phenomena, which aimed to overcome the flaws of a-theoretical case study research through the creation of theoretical constructs, testable hypotheses, and relevant statistical techniques. This stage brought about the increased number of comparative small-n case studies, where the number of cases has been more than one, which allowed arriving at testable theoretical propositions (for more information, see Lester et al. 1987, Sabatier 1988).

Finally, the third stage of policy implementation scholarship (1990s–present) embraced studies aiming to create rigorous research designs, focusing on variables, hypotheses, case selection techniques, and the use of mixed-method techniques in acquiring and evaluating relevant data. This wave of research delved into the cross-national comparisons (small-n and large-n case study analyses) and relied on comparative research design as an important feature of political science scholarship (Goggin et al. 1990, 19). A series of studies produced during this stage discussed the utility of single, small-n and large-n case-studies and the ways in which their explanatory power could be improved through a careful selection of crucial and critical cases for the purpose of testing a theory. Generally, research on public policy implementation was vibrant and moving into a new century in qualitative and quantitative terms. Over time, it relied more heavily on multilevel and multiactor perspectives.

It is noteworthy that the development of implementation research has never been a steady process moving from one generation to another in a linear fashion. In fact, there has been a growing amount of scholarship that relied on a variety of perspectives. In this context, the term of policy implementation "generations" (Goggin 1986; Goggin et al. 1990) has been developed to cope with the growing amount of academic discussion focusing on the problem of managing change through policy implementation process.

O'Toole (2000) suggests that there have been various "strands" of policy implementation research beyond the stages of policy implementation scholarship, which span a few 'generations' of relevant policy implementation studies. Among these strands are: (1) institutional analysis, which included rational choice institutionalism and actor-centered institutionalism; (2) a governance approach, as well as political and policy regime theory, focusing on a process of governing rather than the organizational features of governments; (3) networks and management; (4) formal rational choice models (e.g., and deductive approaches); and (5) policy design and instrument approaches (273–282).

The observed strands did not necessarily make the distinction between the stages of policy formulation and policy implementation. However, research produced within relevant subunits of analysis contributed greatly to the existing theories and models of policy implementation process.

Institutional analysis, for example, has been successfully applied to the study of long-term solutions to problems of common-pool resource management. The governance approach extended the boundaries of policy implementation research by focusing on a broader set of theoretical propositions from game theory and regime framework. Finally, network and network management analysis scrutinized the forms through which most implementation develops (structural forms, multiactor networked patterns, etc.), whereas instrument approach built on a smaller number of policy implementation variables linking theory

with the design of public policy and implementation mechanisms (O'Toole 2000).

## Problems and Challenges of Policy Implementation Research

While the number of policy implementation variables is growing on a case-by-case basis, most of the existing analytical insights offer **methodological guidelines** rather than a set of theoretical propositions about policy implementation dynamics.

The observed guidelines, e.g., research strategies of policy implementation process, may be divided into at least two distinct categories, e.g., **"top-down" and "bottom-up" models**, which center around two distinct approaches toward the study of policy process, and accordingly on distinct categories of the actors involved in policy implementation stage.

Proponents of a **top-down model** assume that clarity of goals and control by the policy makers lead to more effective implementation and greater success in addressing problems. The implementation analysis that is located in this model tends to focus on factors that could be easily manipulated by policy makers at the central level (see Hoppe et al. 1985; Mazmanian and Sabatier 1983).

By contrast, supporters of the **bottom-up approach** emphasize target groups and service deliverers, arguing that policy change is in fact made at the local level. They start from a policy problem and then examine the strategies that are employed by relevant participants at different levels of the government as they attempt to deal with the issues that are consistent with their objectives (see Lipsky 1980).

In recent years, actors and processes, entrenched in various stages of reform, **have re-aligned in a growing body of research that, deals with issues of policy implementation dynamism**. The first and major step in this process occurred as a result of the difficulty observed in efforts to conceptualize the interaction between policy and setting or to construct any single policy theory that was "context free" (Matland 1995, 149). In view of the observed analytical difficulty, scholars experienced the increased pressure to bridge a natural division between the top-down and bottom-up units of analysis; and even though the means of doing so were never clear, some interesting and theoretically useful efforts transpired in establishing **a dialogue between the design and implementation processes.**

Hoppe et al. (1985), for example, asserted that the major problems at the stage of policy implementation emerge due to the **disconnected cognitive levels** and maps of reform designers, implementers, and target groups. In this respect, implementation research promised to significantly improve "high-level policy-makers' cognitive maps" of the developments leading to both expected and unexpected policy outcomes (582). The process of **cognitive mapping**, which is quite curious on its own, was based on the idea that policy-making is a continuous learning process, which starts from attempts on behalf of various actors of the reform to interpret data and transform it into action-oriented knowledge (or empirical and normative knowledge). The process of learning has been defined as "simultaneous problem identification, problem definition, and problem solving, which are in turn interrupted by all sorts of discontinuities," when programs are unrealistic and do not match the resource capacity of implementers (Ibid.).

A limited number of policy implementation studies have argued that top-down and bottom-up perspectives could be used **in reference to different cases** or otherwise combined depending on the issue at question. Some of the most often-cited perspectives within the area of policy implementation dynamism include Elmore's concept of **"forward" and "backward" mapping** (Elmore 1985), which helps identifying potential problems by comparing cognitive maps of policy formulators and policy implementers; Sabatier's **policy cycle perspective** (1988), which observes the development of policy as a function of political change; and Goggin et al. 1990 **communications model**, which places state implementers "at the nexus of a series of communication channels" (inducements and constraints from the federal, regional, and local levels) susceptible to distortions as a result of signal perception bias (Matland 1995, 151–152).

The usefulness of the above-mentioned frameworks depends on working assumptions, such as the role of ideas, interests, and institutions in policy process, or **the distinction between the stages of policy formulation and policy implementation in policy-making process**. It is well known, for example, that a number of competing policy models were developed prior to the emergence of policy implementation scholarship to explain how events occur to produce policy change. Some of these models are linear, while others are more complex. **The linear model of policy** developed by Lasswell (1951) and modified by scholars, such as Brewer (1974), Meier (1991), DeLeon (1999), included four steps taken in policymaking, e.g., agenda stage, decision stage, implementation, and evaluation stages). Subsequently, these ideas transformed into a **theory of policy cycle, suggesting that the relationship among the observed stages appear to be locked in a circular system.** Each stage requires significant resource inputs for the reform to take place.

Mainstream approaches, such as the **policy streams approach** developed by Kingdon (1984), do not focus on stages of policy process as such. Instead, they view the stages and processes of policy-making as being interconnected. Specifically, Kingdon argues that policy change comes about when streams – problems, politics, and policies – connect. This model suggests that the areas of expertise, politics, policy-making exist independently of one another until they come together under the pressure of policy advocates (policy entrepreneurs) entering the system during a critical moment of system opening described as "policy window." The streams do not merge, but rather interconnect, shifting policy agendas or changing the entire mechanisms of policy implementation.

The current stage of policy implementation research consists in the development of **theoretical insights** that aim **to move the analytical focus of political science scholars beyond a single issue or a single level of analysis**. Most of these insights rest upon various versions of institutionalism theory that are applied to the field of public policy and administration (among these versions are rational choice institutionalism, historical institutionalism, and sociological institutionalism). Matland (1995), for example, demonstrated that implementation stage results from actors' preferences and the level of conflict around policy goals. Based on these assumptions, he proposed that policy implementation stage results from (the choice of policy instruments, which corresponds with the level of ambiguity and conflict in policy implementation stage.

Based on these assumptions, the following types of policy implementation were identified: administrative implementation (low conflict-low ambiguity), political implementation (high conflict-low ambiguity), symbolic implementation (high conflict-high ambiguity), and experimental implementation (low conflict-high ambiguity) (145).

Similar to Matland, Chackerian and Mavima (2001) assert that different reform components have to be properly assessed and combined in order to ensure successful policy implementation. Building on criteria such as resource inputs (i.e., their size and similarity) and the time frame of policy implementation process, the author identified three possible effects that emerge from interaction among reform components, i.e., "synergy," "trade-off," and "avoidance." (Ibid.)

The above-mentioned findings of scholars are useful for understanding how the process affects policy outcome, as well as the relationship between the reform design and implementation is. However, these studies ignore **the reasons for the adoption of specific policies, or the difference between intended and unintended effects of policy-making process** (the role of policy actors vis-à-vis structural conditions of policy change).

It is noteworthy that some policies are not designed to fulfill their official goals, and many public sector initiatives are nothing more than **symbolic attempts** to appease various segments of the populace rather than improve the quality of public administration (Edelman 1964). Therefore, whenever political leadership is missing, there is a distinct possibility that a set of reform measures will end up going nowhere in terms of policy implementation. Thus, regardless of whether

there is a problem with the degree of consensus among the top-level public officials ("the unified nature of political will to reform"), or the quality of decision-making at the top level (it is autonomy and insulation from societal pressures), policy leadership dilemmas are highly consequential for the stages that following the process of policy enactment. In this respect, implementation difficulties may emerge for a number of reasons: politicians depending on a single group (or a few powerful groups) that promote diverse agendas; leaders diverting their attention to other areas in an attempt to pursue alternative or hidden agendas, or as a result of hectic decision-making style. One of the biggest flaws of the dynamic policy implementation models is, therefore, that **they ignore the difference between intended and unintended effects of policy implementation**, and as such, they do not fully contribute to the role of agency in policy implementation process.

Thomas and Grindle (1994) emphasize the importance of policy leadership in policy implementation process and suggest that the extent to which political actors (described as policy elites) should be involved in the process of reform implementation is influenced by the existing government's degree of legitimacy and autonomy of the existing government. First, if regime is stable, it is more likely to generate wide-ranging support for the program. Second, if regime depends on a few extremely powerful interest groups, it would be more difficult to ensure consensus among the top-level political elites concerning the goals of reform.

The assessment of the political resource needed to support reform program requires consideration of who supports and opposes reform program, as well as the degree of support required for reforms to take place. In addition to the political support, bureaucratic, financial, and technical resources must be evaluated.

The field of institutional economics provides valuable insights into the type of resources required in the policy implementation stage. Rodrick (1996), for example, distinguished between the processes of policy initiation and the process of reform consolidation, and suggested that "successfully initiating reform and sustaining reform may depend on different approaches" (9–41). In this perspective, "the process of policy initiation requires **independence or autonomy for the executive**, while consolidation of reform necessitates [the] building of legislative and interest-group bases of support" (in Williamson 1994, 468). Legislative support means that "all necessary regulations are taken in order to develop reform initiatives." Interest-group support means that "there is a consensus on the aims and the means of reforms, and major actors take decisions in line with their consensus" (Ibid.).

Interestingly, policy-making process nearly always results from a combination of actors' preferences and political context, including "selective" problem definition and implementation based on a perceived salience of an issue. In this respect, one of the most important gaps observed in the literature concerns the system of **"institutional capacities"** of a state undergoing political, social, and economic transition. The concept of state capacity refers to the ability of a state to achieve its own goals; therefore, it may serve as both structural and contextual variable of policy implementation context. Institutional factors define and underpin state capacity (in this case, rational legality associated with bureaucratic and administrative capacity). The particular types of institutional capacities in question overlap to some extent with the policy network dynamics noted above, particularly, in relation to the institutional attributes of the state.

Each of the existing models captures just a minor component of policy process operating within a dynamic policy context. Institutional analysis shifts the discussion toward the analysis of policy choice and the accompanying structural conditions thus extending the boundaries of microlevel analyses employed by policy implementation scholars.

## Conclusion

This entry has provided an overview of comparative implementation research as a special theme in public management and administration research.

It began with the discussion of challenges that the field of comparative implementation research faces, such as the difficulty of providing a clear definition of successful implementation, and in identifying concepts and categories for grouping diverse phenomena into separate classification systems. It was observed that the unit of analysis of policy implementation scholarship has changed over time, moving the analytical focus from the nature of policy field to the organizational prerequisites of change process, actors, and strategies accounting for the success and failure of policy implementation.

This entry has also provided an overview of major strands of policy implementation research, as well as themes and questions raised by political science scholars regarding the process of policy implementation on a cross-country basis. Analysis indicates that there have been a few overlapping stages of policy implementation research coinciding with at least three generations of political science scholarship. The first stage consisted of a-theoretical descriptive case study analyses that focused on policy implementation variables (conditions for successful policy implementation). The second stage included efforts to formulate and test hypotheses that were focused on comparative case study analyses. Finally, the third stage moved the entire focus of political science scholarship toward the development of rigorous research designs, variables, hypotheses, case selection techniques, and the use of mixed-method techniques for acquiring and evaluating relevant data. All of the above generations were influenced by diverse perspectives, such as the tradition of rational choice institutionalism, governance approach, networks and management, formal rational choice models, and, finally, policy design and instrument approaches.

The current stage of policy implementation research consists in the development of theoretical insights that aim to move the analytical focus of political science scholars beyond a single issue or a single level of analysis. However, while the number of policy implementation variables is growing on a case-by-case basis, most of the existing analytical insights offer methodological guidelines rather than a set of theoretical propositions about policy implementation dynamics. One of the key gaps observed in the literature concerns the lack of systematic effort to link the discussion of policy implementation to the discussion of institutional prerequisites of policy process. The analytical and predictive capacity of policy implementation research will significantly increase as long as it relies more heavily on multilevel and multiactor models situating the discussion within the broader context of political science scholarship.



## References


Allison GT (1971) Essence of decision: explaining the cuban missile crisis. Little, Brown, Boston

Bardach E (1977) The implementation game: what happens after a bill becomes a law. MIT Press, Cambridge, MA

Brewer GD (1974) The policy sciences emerge: to nurture and structure a discipline. Policy Sci 5(3 (September)):239–244

Chackerian R, Mavima P (2001) Comprehensive administrative reform implementation: moving beyond single issue implementation research. J Public Adm Res Theory 11(3):353–378

DeLeon P (1999) The missing link revisited: contemporary implementation research. Policy Stud Rev 16:311–338

Easton D (1979) A systems analysis of political life. University of Chicago Press, Chicago

Edelman M (1964) The symbolic uses of politics. University of Illinois Press, Urbana

Elmore RF (1985) Forward and backward mapping. In: Hanf K, Toonen T (eds) Policy implementation in federal and unitary systems. Martinus Nijhoff, Dordrecht

Goggin ML (1986) The "too few cases/too many variables" problem in implementation research. West Polit Q 39(2):328–347

Goggin ML, Bowman AOM, Lester JP, O'Toole JLJ (1990) Implementation theory and practice: toward a third generation. Scott Foresman/Little, Brown and Company, Glenview

Ingram H, Schneider A (1990) Improving implementation through framing smarter statutes. J Public Policy 10(1): 67–88

Kingdon JW (1984) Agendas, alternatives and public policies. Little, Brown, Boston

Lasswell H (1951) The policy orientation. In: Lerner D, Lasswell H (eds) The policy sciences: recent developments in scope and method. Stanford University Press, Stanford, pp 3–15

Lester JP, Bowman AOM, Goggin ML, O'Toole LJ (1987) Public policy implementation: evolution of the field and agenda for future research. Rev Policy Res 7(1):200–216

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public service. Russel Sage, New York

Matland R (1995) Synthesizing policy implementation literature: the ambiguity- conflict model of policy implementation. J Public Adm Res and Theory 5(2): 145–174
Mazmanian D, Sabatier P (1981) Effective policy implementation. Lexington Books/D.C. Health, Lexington
Mazmanian DA, Sabatier P (1983) Implementation and Public Policy (Glenview, IL: Scott, Foresman)
Meier GM (1991) Politics and policymaking in developing countries: perspectives on the new political economy. International Center for Economic Growth Press, San Francisco
O'Toole LJ Jr (2000) Research on policy implementation: assessment and prospects. J Public Adm Res Theory 10(2):263–288
Pressman JL, Wildavsky AB (1973) Implementation: how great expectations in Washington are dashed in Oakland: or, why it's amazing that federal programs work at all, this being a saga of the economic development administration as told by two sympathetic observers who seek to build morals on a foundation of ruined hopes. University of California Press, Berkeley
Rodrick D (1996) Understanding economic policy reform. J Econ Lit 34(1):9–41
Sabatier P (1988) An advocacy coalition framework of policy change and the role of policy-oriented learning therein. Policy Sci 21:129–168
Thomas JW, Grindle M (1994) Political leadership and policy characteristics in population policy Reform. Population and development review 20(94):51–70
Williamson J (ed) (1994) The political economy of policy reform. Institute for International Economics, Washington, DC

# Comparative Policy Reforms

Colin Knox
Graduate School of Public Policy, Nazarbayev University, Astana, Kazakhstan
Ulster University, Belfast, UK

## Synonyms

Caucasus; Central Asia; Development reform; Public services improvement; Quality of life

## Definition

Quality of life: is an approach to comparative policy reforms which emphasizes the impact that public services will have on improving the daily lives of people, typically in terms of better health, education, employment, environmental, and personal safety outcomes.

## Introduction: Comparative Reforms to Date

In examining comparative policy reforms, the scope of this topic is defined by the author as reforms in developing countries. Many of the former Soviet Union states, for example, have sought to embrace a public sector reform agenda as part of a wider program of economic liberalization and transitioning to greater social development and prosperity. These countries have often looked to developed economies for comparative policy learning and "read-across" of ideas to their societies. This approach was encouraged by funding (donor) organizations, management consultants, and the mantra of new public management as a "one-size-fits all" global framework which could be easily adapted for developing countries. Existing research tells us that this approach has failed in developing countries and there is limited evidence on the impact of public management reforms in developed countries (Polidano 2001; Knox 2008; Pollitt 2013). An alternative pathway to public sector reform which is considered here is based on two key components: the need to move to an outcomes-focused approach, quite different from a preoccupation with structural/institutional reforms; and the adoption of peer-to-peer learning which helps to identify what exactly developing countries can learn from each other in a way which will increase the well-being of their citizens. The author uses three case study countries: Azerbaijan, Georgia, and Kazakhstan to illustrate the potential for comparative policy reforms and identify some of the conditions necessary to optimize peer-to-peer learning.

## An Alternative Approach

The alternative approach, described here, to the global management model is predicated on the

following important considerations for comparative policy reforms to be successful in developing countries:

- Understanding context is critical to the success of public sector reforms, particularly in developing countries, given the different stages of their development (Andrews 2008).
- Insufficient attention is paid to the implementation phase of public sector reforms.
- There has been an overemphasis on institutional reforms which are necessary but insufficient in creating efficient and effective governance, including an improvement in public services (Brinkerhoff and Brinkerhoff 2015). In short, limited attention is paid to the impact of public sector reforms.
- The influencing (or perhaps dominant) role which donors have played within developing countries in setting the course of a reform agenda, that has drawn largely on Western-style public management approaches, is now being challenged.

An alternative comparative policy reform framework is described here which is characterized by two features: the first is to consider the *impact* of reforms or interventions through an outcomes-based accountability approach – do they make a difference to the quality of people's lives; and the second is to acknowledge the importance of *context* in attempting policy reforms through a model of peer-to-peer learning. This framework is illustrated using three case studies in Central Asia and the Caucasus.

## Underpinning Concepts: Quality of Life and Peer-to-Peer Learning

One of the most obvious problems in developing countries is that public services are often provider-led, top-down, and disjointed for citizens who receive them. The difficulty with complex multi-level governance structures is that ministries, regions, and local government work through separate functional mechanisms which offer citizens very fragmented public services, resulting in a lack of "joined-up" government. Yet citizens' needs in health and social care, education, employment, etc. often straddle several public sector provider organizations. In short, the problem is one of top-down bureaucratic paternalism ("we know best"), which emphasizes processes and outputs but fails to focus on outcomes or the impact of public services on those who use them. While such criticisms could also be leveled at some developed countries, the legacy of centralized planning exacerbates the problem in former Soviet states.

By contrast, outcomes-based accountability is a conceptual approach to planning services and assessing their performance that focuses attention on the results or outcomes that the services intended to achieve (Friedman 2005; Pugh 2010; Boarini et al. 2014). The aim is to move organizations away from a focus on "efficiency" and "process" towards achieving better outcomes, the primary purpose of their organization and its officials. One way in which to operationalize an outcomes-based accountability approach is to use a "quality of life" framework where the ultimate outcome is to improve the quality of people's lives. To do this requires a shift in the way in which public services are provided towards an outcomes-focused, multiagency approach offering better value for public money by asking the question: How do public services impact on the quality of people's lives? Often this will depend on a range of social, economic, and environmental services which collectively go towards improving quality of life. What is important to highlight here is that these services will be context specific.

Acutely aware that previous global public management "solutions" have had limited or mixed success, one way to embed quality of life outcomes is through peer-to-peer learning between countries at similar stages of their development. This is where countries engage in exchanging and testing up-to-date knowledge which will build capacity, generate innovative solutions, and contribute to good practice in comparative policy reforms. This approach "avoids copying best practices of advanced economies and identifies best fitting and effective reforms which are appropriate for their country-specific

context through engaging peers in discussions, so they use lessons learned at home and implement what works best for them" (Effective Institutions Platform 2016: 3). In the three case studies outlined here, peer-to-peer learning took place through a network of countries in the form of a regional hub which was established in 2013 by the UNDP with the support of the Kazakhstan government and is located in Astana. Some 25 countries and 5 international organizations participate in the regional hub which serves as a "multi level platform where participating countries are engaged in exchanging and testing up-to-date knowledge which will build capacity, generate innovative solutions, and contribute to global agendas on civil service excellence" (Regional Hub of Civil Service in Astana 2014).

## Case Studies in Improving Quality of Life

To demonstrate improving quality of life through peer-to-peer learning, three case studies are considered here. Kazakhstan, Georgia, and Azerbaijan are at similar stages of development and provide case study examples to demonstrate an outcomes-based approach facilitated through peer-to-peer learning. In the most recent UNDP Human Development Index, for example, Kazakhstan, Georgia, and Azerbaijan scored: 0.788, 0.754, and 0.751, respectively (where 1 = the most developed countries) (UNDP 2017). All three countries are semipresidential or presidential republics, gained independence from the Soviet Union in 1991, and have been engaged in programs of policy reforms since then. Kazakhstan, for example, has witnessed a radical reduction in the number of political appointees and greater professionalization in its senior civil service. Georgia has been very successful in tackling corruption in the police, and Azerbaijan has seen the development of a number of successful e-government initiatives. To operationalize "quality of life," a basket of comparable indicators are developed comprising those measures most likely to impact on people's day-to-day lives. In other words, the outcomes-based framework is the starting point for this analysis adapted to suit the needs of the case study countries. It is, of course, the case that the indicators selected here are somewhat subjective in terms of the measures which constitute the quality of people's lives in the three case study countries. Other researchers may select (slightly) different indicators to assess quality of life as a concept. However, three things are clear from adopting a quality of life framework. First, illustrating the use of this approach in practice will promote debate about moving towards outcomes-based accountability, rather than the routine focus on inputs, process, and outputs which has traditionally dominated how governments approach public service provision and reform. Second, "quality of life" as a concept has widened the debate about how governments are performing, well beyond the narrow confines of economic development, towards a bottom-up focus on whether the lives of their citizens are actually improving. Third, benchmarking countries (or indeed regions within countries) will allow for quality of life comparisons which will inevitably drive up performance and allow best practice to evolve and be shared in a context-specific way. In short, this approach promotes comparative policy reforms.

**The indicators**: The indicators selected to illustrate quality of life as a composite measure are set out in Table 1 below and represent those public services most likely to affect people's day-to-day lives: education, health, employment, personal safety, the environment, water, and sanitation. The data were collected from a variety of secondary sources and represent the most up-to-date data available at the time of writing (March 2017). They are listed in no particular order of importance.

Even a cursory examination of these data indicates some interesting comparisons. Consider, for example, some of the large differences in crime rates across the three countries where Kazakhstan performs poorly. On the other hand, look at the large amount of government spending in Kazakhstan on per capita health care compared to Azerbaijan and Georgia. Consider also, Georgia's performance in terms of corruption and civil liberties where they perform extremely well by comparison with Azerbaijan and Kazakhstan. And

**Comparative Policy Reforms, Table 1** Quality of life indicators: comparing the three countries

| Indicators of quality of life | Azerbaijan | Georgia | Kazakhstan |
|---|---|---|---|
| Happiness index (highest score the best) | 5.29 | 4.25 | 5.92 |
| GDP per capita (US $) | 3702 | 3791 | 6472 |
| Homicide rate per 100,000 people | 2.5 | 2.7 | 7.4 |
| Burglary rate per 100,000 | 11.3 | 39.8 | 351.4 |
| Assault rate per 100,000 people | 1.7 | 5.7 | 7.9 |
| Robbery rate per 100,000 people | 2.5 | 11.7 | 110.1 |
| Car theft per 100,000 people | 0.6 | 2.8 | 5.1 |
| Health expenditure as % of GDP | 6.0 | 7.4 | 4.4 |
| Government expenditure on health per capita (US$ per capita) | 91 | 75 | 308 |
| Healthy life expectancy (years) | 63 | 65 | 60 |
| Life expectancy (years) | 70.8 | 74.7 | 71.6 |
| Hospital beds per 1000 people | 4.6 | 2.9 | 7.6 |
| Poverty head count ratio as national poverty line (% of population) | 7.6 | 17.7 | 5.5 |
| Unemployment rate (% of total labor force) | 6.0 | 12.4 | 5.0 |
| GINI index (score of 0 = perfect equality) | 16.64 | 41.58 | 27.42 |
| Poverty headcount ratio at $5 a day (PPP) | 40.35 | 80.55 | 34.72 |
| Adult literacy rate | 99.8 | 99.7 | 99.7 |
| Public spending on education as % of GDP | 2.1 | 2.0 | 3.1 |
| Gross graduation ratio (tertiary education) | 15.4 | 24.9 | 61.4 |
| Out of school rate % (secondary schools) | 12.8 | 6.8 | 0.1 |
| $CO_2$ emissions per capita (metric tons of carbon) | 0.99 | 0.49 | 4.43 |
| Improved sanitation (%) | 89 | 86 | 98 |
| Improved water supply (%) | 87 | 100 | 93 |
| Human development index (1 = most developed) | 0.75 | 0.75 | 0.79 |
| Corruption perceptions rank (lowest = very clean) | 119 | 48 | 123 |
| Civil liberties (1 = highest) | 6 | 3 | 5 |

finally, note Azerbaijan's GINI index score which shows greater income equality across the distribution of income or consumption expenditure than either Georgia or Kazakhstan. This kind of benchmarking exercise should therefore prompt questions about what good practice countries can share with each other in a peer-to-peer learning medium to ultimately raise the quality of life of their citizens as a collective. A higher order of analysis is also possible with these data. For example, an overall quality of life comparison across the three countries could be conducted using the statistical technique one-way between-groups analysis of variance. This would allow a quantitative response to the research question: "Is there a significant difference in the quality of life between citizens living in Azerbaijan, Georgia, and Kazakhstan?" (based on the selected measures above).

These case studies suggest a number of prerequisites or conditions which will allow for the optimization of this comparative policy reforms approach, set out here in no order of importance:

1. Peer-to-peer learning between developing countries is likely to be most successful where there is proximity in their stages of development. There is little point in attempting peer learning when the countries involved are at such different stages of development that reciprocal learning is almost impossible.
2. Even though context is critical, is there sufficient commonality in these measures to achieve consensus on what constitutes "quality of life" in Central Asia and the Caucasus? Although the broad principles are likely to apply – quality of life in most places will be affected by education, health, and housing

services – clearly, the baseline and expectations of progress will be different.

3. It is important that the data which comprise quality of life are robust, valid, and reliable to make the exercise credible. There is little point in devising a quality of life based index on spurious data just to make particular countries look good.
4. It should be recognized that external factors could impact on the quality of people's lives which are outside the control of public service providers. Severe flooding or political unrest could be examples that may not have been predictable and yet it will impact significantly on the quality of people's lives in the affected areas.
5. Critical to this whole process is the willingness of, and support for, interagency working. Where this does not exist, moving to a model which embraces outcomes-based accountability and quality of life indicators will be problematic. There needs to be the political will for this to happen, clearly signaled and enforced.
6. Finally, the response of officials working within public sectors organizations is critical to the success of this model. Street-level bureaucrats are well placed to implement these ideas fully or stymie the approach for their own career interests. Some officials may feel exposed if the data highlight poor performance in their countries or in particular public services and therefore try to discredit the model. Others will see it as a way to enhance their career ambitions and at the same time contribute to an improved quality of life for public service users.

## Conclusions

The case study example set out above offers a framework for comparative policy reforms using the concept of "quality of life" used in three developing countries. The benefit of this approach is sharing of good practice across a wider network of countries on what they need to do in order to improve the quality of life of citizens in their respective countries. It also shifts countries into thinking about outcomes-based accountability rather than inputs and processes, so often the approach taken by governments (in developed and developing countries). In this example, there are no significant differences between the three case study countries, yet there are lessons to be learned. What, for example, can Kazakhstan learn from Georgia and Azerbaijan in terms of crime prevention? Should Georgia be investing more public funding in health care? Is secondary school attendance a problem in Azerbaijan that is feeding into a lower graduation rate in tertiary education, and what can it learn from Georgia and Kazakhstan in this regard? A quality of life framework provides the evidence that allows cross-country learning and ultimately improves the way governments approach the delivery of public services. It attempts to do this mindful of context and may represent a move away from a "one-size-fits-all" model associated with public management reforms which appeared to offer promise but has proved difficult to embed in developing countries. Encouraging an outcomes-based accountability approach, facilitated through peer-to-peer learning, could promote realistic improvements in comparative policy reforms at a pace of development consistent with the growth of emerging economies and mindful of their cultural, political, and historical contexts.

## Cross-References

► Innovations in Administrative Reforms

## References

Andrews CW (2008) Legitimacy and context: implications for public sector reform in developing countries. Public Adm Dev 28(3):171–180

Boarini R, Kolev A, McGregor A (2014) Measuring well-being and progress in countries at different stages of development: towards a more universal conceptual framework. OECD Development Centre Working Paper 325. Paris

Brinkerhoff DW, Brinkerhoff JM (2015) Public sector management reform in developing countries: perspectives beyond NPM orthodoxy. Public Adm Dev 35: 222–237

Effective Institutions Platform (2016) Effective Institutions Platform concept note: peer-to-peer learning alliance. https://www.effectiveinstitutions.org/en/. Accessed 31 Jan 2017
Friedman M (2005) *Trying hard is not good enough*: how to produce measurable improvements for customers and communities. FPSI Publishing, Santa Fe
Knox C (2008) Kazakhstan: modernising government in the context of political inertia. Int Rev Adm Sci 74(3): 477–496
Polidano C (2001) Why civil service reforms fail. Public Manag Rev 3(3):345–361
Pollitt C (2013) Back in the OECD . . . an oblique comment on the World Bank's better results from public sector institutions. Int Rev Adm Sci 79(3):406–412
Pugh G (2010) Outcomes based accountability: a brief summary. In: Chamberlain T, Golden S, Walker F (eds) Implementing outcomes-based accountability in children's services: an overview of the process and impact. Local government group research report. NFER, Slough, pp 17–22
Regional Hub of Civil Service in Astana (2014) Accessible at http://www.regionalhub.org
United Nations Development Programme (2017) Human development index. http://hdr.undp.org/en/content/human-development-index-hdi. Accessed 3 Feb 2017

# Comparative Political Elites

Ignacio Arana Araya
Instituto de Ciencia Política, Pontificia Universidad Católica de Chile, Santiago, Chile

## Synonyms

Elites; Latin America; Leadership; Power and politics

## Definition

Political elite members are individuals who influence or make political decisions that have consequences at the national level. *De jure* elite members control the top positions in the three powers of the state, while *de facto* members exercise influence from the shadows, based on their prominent role in society. Political elites vary across countries in their number, recruitment, circulation, integration, and diversity.

## Section

Public Administration and Policy in Latin America.

## Introduction

In 1976, Robert Putnam complained that the comparative study of elites remained overly theoretical, with few studies conducting empirical analyses. Such description is currently untenable. In the last decades, research on comparative elites has observed a notorious increase in the number of studies using longitudinal elite surveys and quantitative techniques to analyze data for different regions. Latin Americanists have followed this trend, forming at least two centers to study elites (http://observatory-elites.org/ and http://americo.usal.es/oir/elites/). The proliferation of studies and increased methodological variety has allowed to test theories and to understand patterns of recruitment, circulation, competition, integration, and policy attitudes in the political elite. Nonetheless, there are still many areas to unearth. We still know little about the influence of de facto elite members in national decision making. We also ignore how internally cohesive (integrated) political elites are, the role of elite members in bureaucracies and the judicial power, how elite members influence the policymaking process, and the relation between the individual differences of elite members and political outcomes.

Researching elites is not an easy task because a good part of their activities are hidden from the public. Nonetheless, it is an area of research that needs to be developed further to understand how democracies work. This entry examines the state--of-the-art in the study of comparative political elites, with a focus on Latin American elites.

## What Are Political Elites?

Burton and Highley (2001: p. 182) define political elites as "the several thousand persons who hold top positions in large or otherwise powerful organizations and movements and who participate in or directly influence national political decision-

making." This definition is uncontroversial: most authors agree that small social groups that concentrate national political decision-making are the backbone of political elites (e.g., Hoffmann-Lange 2007; Putnam 1976).

Political elites have the capacity to dramatically increase and harm the collective well-being of society. They control the three powers of the state and therefore give life and manage the institutions that shape intrastate, state-society, and civic society relations. Political elites decide on the use of the monopoly of force, national economic policies, and the relations with other states. Their messages are so important that they have a profound effect on the beliefs and behavior of average citizens (Jacobs and Shapiro 2000). In fact, for some scholars, elite values and behavior reflect the quality of democracy. Dahl (1973) claimed that democracy becomes possible only once elites have developed patterns of political competition and can form a government without the fear of suffering violence. Relatedly, several studies have found that in democracies elites are more committed to democratic values than the mass public (Sullivan et al. 1993; Stein 1998). In short, like no other group, political elites define the path that a country will follow.

Modern theorists of elites erupted at the turn of the twentieth century, when European elites were being threatened by the rapid expansion of the right to vote, civil rights, modern bureaucracies, and (antioligarchic) socialist ideas. Mosca (1896), Pareto (1900), and Michels (1915) began to systematically analyze how privileged individuals exercise influence in society: who composed the elites? How did they reach a position of power? How could they lose it? Was the elite homogeneous or diverse? These authors coincided in describing societies divided between rulers and the rest. They agreed that political elites tended to be homogenous in customs and values and endogenously perpetuated because their members came from the privileged class. While Mosca normatively proposed that power should be concentrated in a small, capable elite, Pareto and Michels claimed that inevitably in any organization a qualified minority would take the lead.

The assessment of political elites would change by the mid-twentieth century. Among others, Dahl (2005) and Schumpeter (1942/2008) begun to talk about elites in the plural, questioning the validity of descriptions that depicted them as single groups that concentrated political, social, economic, and cultural power. Dahl (2005) described leaders and subleaders within the elites. The latter category included individuals with an unprivileged socio-demographic origin, but whose specialization allowed them to participate in political decision-making.

The pluralist view has prevailed for obvious reasons. Modern democracies are composed of different types of elites. A senator, a cardinal, a businessman, and a renowned writer exercise influence in the political, social, economic, and cultural elites, respectively, and they do not need to interact with each other. Moreover, elites are internally divided. In political elites, different factions are organized mainly through political parties. In fact, Aldrich (1995) defined parties as institutionalized coalitions of elites that aim to capture and use political office.

The study of political elites proliferated since the last quarter of the twentieth century. Scholars have increasingly attempted to address Putnam's critiques, conducting empirical studies and accepting that the political elite has distinctive recruiting and career patterns and that it is composed of a complex and diverse structure of organizations and individuals (Blondel and Müller-Rommel 2007).

A key aspect of elite studies is the extent of the elites' internal differentiation and integration. Elite differentiation alludes to the diversification within the elite regarding number, organization, specialization, and social heterogeneity (Keller 1991). Integration refers to how internally cohesive the political elite is (Putnam 1976, pp. 118–121). In other words, differentiation refers to the proliferation of groups within the elite, while integration refers to how these groups relate to each other. Naturally, both dimensions are interrelated: integration is what keeps political elites together despite increasing diversity and specialization, although it is harder to attain as power is dispersed among diverse groups (Burton and Higley 2001, p. 184).

## How to Study Political Elites?

The first methodological step a researcher needs to make is to decide what type of information she wants to collect about elite members. Scholars may be interested in the social background of elite members, such as their ethnicity, socioeconomic origin, formal education, and religiosity. Researchers may also be interested in studying the trajectories of elite members to uncover patterns of elite circulation and behavior. The path of elite members can reveal who and how enters the political elite, how to succeed (or fail) in it, and the roles performed in such select group. A third type of study that researchers may be interested in is the study of the personality of elite members. Since human beings have stable personality traits that do not vary much over time (Costa and McCrae 1992; Goldberg 1990), researchers may want to examine how the individual differences of elite members explain their behavior.

The controversies start when defining who belongs to the political elite. Burton and Highley (2001: p.182) mention that the political elite is composed of "top business, government, and military leaders, but also top position holders in parties, professional associations, trade unions, media, interest groups, religious, and other powerful and hierarchically structured organizations and sociopolitical movements." Arana (2016) differentiates between *de jure* and *de facto* political elites. *De jure* elite members derive their influence from their legal, formal positions, while *de facto* elite members exercise influence from the shadows, based on their role in society. The first category includes positions such as heads of state, heads of government, ministers, vice ministers, Supreme Court Justices, governors, intendants, Senators, Deputies, party leaders, majors, ambassadors, councilors, and high-profile civil servants. The second category can include businessmen, lobbyists, union leaders, campaign donors, analysts, academics, journalists, and religious, military, and civic society leaders. These categories serve to reduce the number of people in which researchers should focus, but not to identify individual elite members.

Researchers need a strategy to identify who belongs to the political elite. Following Hoffman-Lange (2007), there are three strategies: reputational, decisional, and positional. In the reputational, researchers ask experts to identify elite members. The downside of this approach is that it is onerous and the experts' knowledge and judgment conditions the identification of elite members. The decisional approach identifies elite members through the analysis of documents and interviews that reveal who the decision-makers in relevant areas are. Since this approach does not depend on subjective evaluations, it is less biased than the reputational method. However, it may exclude elite members who do not make decisions in the selected areas, or who informally participate in national decision-making (e.g., entrepreneurs and opinion leaders). The positional approach is the most used to identify political elites (e.g., Higley et al. 1979; Dye 2002). This method recognizes elite members based on the formal positions they hold. A critical weakness of this approach is that it excludes de facto elite members. Arguably, the shortcomings of the positional approach can be corrected combining it with the reputational approach.

Once elite members are identified, there are different methods to study them. One alternative consists of directly interviewing or surveying them. In presidential systems, legislators are by far the most surveyed, with studies spanning countries such as Brazil (McDonough 2014), United States (Lerner et al. 1996), and all of Latin America (the survey conducted in 18 countries by the *Observatorio de Élites Parlamentarias de América Latina*, http://americo.usal.es/oir/elites/). These studies have uncovered relevant data, including the legislators' origin, trajectory, and degree of consensus and dissent among them (Hoffmann-Lange 2007). However, it is often difficult to contact political elite members and, even if contacted, they may be unwilling to answer researchers' requests or answer them insincerely. To avoid these limitations, social scientists have developed quantitative and qualitative methods that allow studying individuals at a distance.

Four methods stand out: psychobiographies, content analysis, historiometry, and expert surveys. Psychobiographers explore the life of prominent people, focusing on certain relevant aspects of the life of their subjects of study to have a deeper understanding of their decisions, motivations, and behavior. The primary technique used by psychobiographers is psychoanalysis. By emphasizing the importance of certain events in the lives of prominent individuals, this method helps to develop hypotheses to explain their behavior. However, the shortcoming is that psychoanalysis is highly subjective and therefore cannot be falsifiable (Elms 1997).

The other three techniques overcome the subjectivity of psychobiographies and other qualitative studies by using statistical tools (Song and Simonton 2007). Content analysis is the analysis of different types of texts (including images and recordings) related to psychological constructs. Students of presidents, for example, have examined their diaries, speeches (Winter and Carlson 1988), and letters (Suedfeld et al. 1986). Historiometric studies test hypotheses of individuals using quantitative methods on historical data. Galton (1869) popularized historiometric studies in what is considered the first social scientific attempt to study geniuses and greatness. There have also been studies centered on American presidents (Simonton 1986). Expert surveys allow gathering information and data from qualified individuals. They are used in different areas, from health issues to investment decisions to military conflict. According to Meyer and Booker (2001), researchers gather expert judgment to (1) provide estimates on new, rare, complex, or poorly understood phenomena; (2) forecast future events; (3) interpret or integrate existing data; (4) learn the processes through which experts solve problems or groups make decisions; and (5) capture the present knowledge of a field. Expert surveys are the most popular technique among those who attempt to assess American presidents (e.g., Arana 2016; Taranto and Leo 2004), and may become the most popular method among political elite researchers. Compared to the alternatives, the measurement advantages of expert surveys are straightforward: they offer high levels of measurement validity and can cover more extensive and updated information at a low cost (Arana 2016).

## Political Elites in Latin America

The study of Latin American political elites was sporadic and unsystematic until the 1980s (an exception is Lipset and Solari 1967), when regime transitions started. Since then, scholars began to examine more methodically the composition and behavior of political elites to understand if those factors could explain successful (or failed) transitions toward democracy (e.g., Higley and Gunther 1992).

Prominent scholars proposed that democratic transitions and breakdowns were the results of elite choices (e.g., O'donnell and Schmitter 1986; López-Pintor 1987). For O'Donnell and Schmitter (1986), the decisions, political skills, and leadership of elite members were as important as the country's level of development, path dependency, and social structure to explain regime change. These authors proposed a turn from dependency theory, dominant in Latin American studies during the 1970s. They started a shift from explanations based on long-term structural forces to analyses centered on the strategic agency of political elites.

However, some scholars disagree with the claim that political elites have significantly changed in the region. Highley and Burton (1989) argued that disunity is the general condition of national elites and that such disunity persists irrespective of socioeconomic development and regime change. That would explain the regime instability and authoritarian setbacks experienced by newly democratized countries. More recently, Rovira (2009) proposed an intermediate position. He claimed that taking into account extended periods of time, there is significant elite circulation in Latin America. Rovira (2009) examined the trajectories of several countries and described processes in which counter-elites that ambitioned to develop new models of society replaced existing elites. As

examples of elite replacement, he mentioned the Mexican Revolution (1910–1920), the emergence of Peronism in Argentina, the 1973 military coup in Chile, and the "Estado Novo" in Brazil (1937–1945) under the Getúlio Vargas dictatorship. Irrespective of the different approaches, most authors agree that political elites have played a key role during the democratizations and authoritarian setbacks experienced in the region since the 1980s.

Once the nascent democracies became more stable, scholars focused on how political elites related to the quality of political representation and democracy (Albala 2016). In the 1990s, there was a proliferation of studies centered on members of Congress. The collective behavior of Latin American legislators became widely researched (e.g., Cox and Morgenstern 2001; Jones 2002; Alemán and Tsevelis 2006). At the individual level, the University of Salamanca's Project of Parliamentary Elites in Latin America (http://americo.usal.es/oir/elites/) has conducted five rounds of interviews with legislators from 18 countries. These publicly available datasets have revealed interesting patterns. For instance, Corral (2011) used them to analyze elite and mass support for democracy in the region, finding a stronger preference for democracy at the elite than at the mass level.

While research centered on legislative behavior continues to grow, recent years have witnessed an increase of studies focused on the executive. Most research has centered on the practice of ministers from different countries, such as Argentina (Camerlo 2014), Brazil (Codato et al. 2014), and Chile (Dávila et al. 2013). Unfortunately, most of these works do not compare ministers across countries. Recently, Arana (2016) conducted a cross-country examination of the individual characteristics of those at the top of the political elite, presidents. He showed that, taken as a group, Latin American presidents tend to come from affluent socioeconomic backgrounds, at least one third are either lawyers or worked in the security forces, and that the leaders tend to score low on agreeableness and neuroticism, moderately high in extroversion and openness to experience, and high in conscientiousness. The next step in this type research is to explore how the individual differences among elite members such as presidents explain their behavior and decision-making.

An important research question among students of political elites is whether privileged individuals represent the societies they rule. Kitschelt (1999) argued that strong ideological commitments between political elites and citizens help to create cycles of political responsiveness and accountability, which leads to policy stability. In contrast, shallow connections between elites and the mass public may incline citizens to be more open to an authoritarian regression (Diamond 1996).

Some scholars have explored the elite-mass public connection. Since the primary mechanism that political elites use to formally organize themselves and represent citizens is political parties (Aldrich 1995), some studies have examined party behavior. Rosas (2005) found that there is significant ideological variation across parties and legislatures in Latin America. For instance, while the Chilean and Mexican legislatures are highly organized along ideological lines, the opposite occurs with their counterparts in Bolivia and Peru. The author also found that the regional ideological variation takes into account political, cultural, and economic dimensions. For example, he found a relevant economic-distributive divide in most legislatures, but not in Brazil, Colombia, the Dominican Republic, and Ecuador. Similarly, Luna and Zeichmeister (2005) found that there are significant differences across regional elites. The authors used elite and mass data to create measures of representation in nine countries and showed that in Chile and Uruguay, party elites accurately represent the preferences of their voters, who have clear policy positions. In contrast, representation is weaker in countries with lower levels of political and socioeconomic development, such as Bolivia and Ecuador. In sum, Rosas (2005) and Luna and Zeichmeister (2005) show that it is hard to make generalizations about Latin American elites. Organized in parties, they have demonstrated a high level of differentiation across countries.

The importance of the elite-mass connection remarks the relevance of the messages and values that regional elites hold. The evidence remains mixed. Corral (2011) found that national elites have a stronger attachment to democracy than the general population. But the work of Stevens et al. (2006) suggests that such elite support may be feeble. They examined the prevalence and consequences of authoritarian attitudes among elites in Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela. Among other things, they found that perceptions of economic threat raise elite levels of authoritarianism. This finding seems problematic in developing nations that periodically have experienced financial crisis, because it makes support for democracy conditional on economic performance.

## Conclusion and Future Agenda

Putnam's (1976) criticism is no longer tenable. The study of political elites has dramatically increased since the 1980s. Latin Americanists have examined the role of regional elites during regime changes, have explored the elite-mass electoral connection, have empirically shown that national elites are ideologically diverse, and that in recent history there have been processes of elite circulation (although this view remains somewhat contested). Over the last few years, scholars have studied individual elite members in the legislature and in the executive with the aim to understand how their characteristics and behavior relate to the quality of political representation and democracy.

Despite the numerous progresses in the study of Latin American political elites, there are still relevant areas that remain unexplored. First and foremost, we still know little about how the de facto political elite influences national decision making. There has been some advances, though. Arana (2012), for example, analyzed how the type of presidential leadership shapes the relationship between ministers and presidential advisors. But we still know little, for instance, about how businessmen, lobbyists, union leaders, and campaign donors influence political decision making.

Second, although we are aware that there is significant elite differentiation across countries, we still know little about elite integration. As aforementioned, the level of cohesiveness within political elites is relevant to understand issues as important as regime stability and elite support for democracy.

Third, studies on the elite members of the executive and legislative powers have not been replicated by examinations of elite members in bureaucracies and the higher echelons of the judiciary (i.e., Constitutional Courts and Supreme Courts). This lack of research is an unfortunate lacuna because regional bureaucracies (and some judicial systems) are highly sensitive to changes in the political elite. Scholars have described Latin American bureaucracies as having low levels of professionalization and stability because they tend to employ servants who are responsive to politicians and special interests (Zuvanic et al. 2010).

Fourth, political elites are responsible for the policymaking process, but much research is pending in this area. Numerous works have explored how the composition of parties, legislatures, and the executive explain policymaking. However, there is little information on how the composition, integration, and diversity of the political elites help to explain policy outcomes. The most prominent work on how politics impacts policy making – *Policymaking in Latin America* (Stein et al. 2008) – analyzes interactions between actions and institutions, but pays little attention to the interactions among actors who influence policymaking.

Finally, researchers have failed to associate the individual differences of elite members to political outcomes. This failure is especially relevant in a region where key members of the elites led the transitions toward democracy, first, and the democratic consolidation, later.

To identify future areas of research is easier than explaining how to expand elite research. The most apparent limitation is that political elites do not want to expose the private, informal relations that connect their members and that are crucial to understand their behavior. However, preceding

research has already shown some techniques to study them (e.g., semi-structured interviews, expert surveys, elite surveys, content analysis, archival analysis, and psychobiographies). The recent proliferation of studies that analyze political elites suggests that, in the short term, researchers will address most of the challenges mentioned.

**Acknowledgements** FONDECYT Project N°3160357 generously funded this research.

## References

Albala A (2016) Élites políticas de América Latina: una agenda de investigación abierta. Colombia Internacional 87:13–18

Aldrich JH (1995) Why parties?: the origin and transformation of political parties in America. University of Chicago Press, Chicago

Arana Araya I (2012) ¿Quién le susurra al presidente? Asesores vs. ministros en América Latina. Política 50(2):33–61

Arana Araya I (2016) The quest for uncontested power: how presidents' personality traits leads to constitutional change in the western hemisphere. Doctoral dissertation, University of Pittsburgh

Bennett WJ (2004) Presidential leadership: rating the best and the worst in the White House. Simon and Schuster, New York

Blondel J, Müller-Rommel F (2007) Political elites. In: The Oxford handbook of political behavior. Oxford University Press, Oxford

Burton M, Higley J (2001) The study of political elite transformations. Int Rev Sociol 11(2): 181–199

Camerlo M (2014) The ministers of the president, 1983–2013. In: The selection of ministers around the world. Routledge, London, p 223

Codato A, Costa LD, Massimo L (2014) Classificando ocupações prévias à entrada na política: uma discussão metodológica e um teste empírico. Opinião Pública 20(3):346–362

Corral M (2011) The state of democracy in Latin America: a comparative analysis of the attitudes of elites and citizens. Boletín PNUD and Instituto de Iberoamérica 1:1–13

Costa PT, McCrae RR (1992) Normal personality assessment in clinical practice: the NEO Personality Inventory. Psychol Assess 4(1):5

Cox GW, Morgenstern S (2001) Latin America's reactive assemblies and proactive presidents. Comp Polit 33: 171–189

Dahl RA (1973) Polyarchy: participation and opposition. Yale University Press, New Haven

Dahl RA (2005) Who governs?: democracy and power in an American city. Yale University Press, London

Dávila M, Olivares Lavados A, Avendaño O (2013) Los gabinetes de la Concertación en Chile (1990–2010). América Latina Hoy 64:67–94

Diamond LJ (1996) Is the third wave over? J Democr 7(3): 20–37

Dye TR (2002) Who's running America? The Bush restoration. Prentice Hall, Englewood Cliffs

Elms AC (1997) Uncovering lives: the uneasy alliance of biography and psychology. Oxford University Press, New York

Galton F (1869) Hereditary genius: an inquiry into its laws and consequences, vol 27. Macmillan, London

Goldberg LR (1990) An alternative "description of personality": the big-five factor structure. J Pers Soc Psychol 59(6):1216

Higley J, Burton MG (1989) The elite variable in democratic transitions and breakdowns. Am Sociol Rev 54: 17–32

Higley J, Gunther R (eds) (1992) Elites and democratic consolidation in Latin America and Southern Europe. Cambridge University Press, Cambridge

Higley J, Deacon D, Smart D (1979) Elites in Australia. Routledge/K. Paul, London/Boston

Hoffmann-Lange U (2007) Methods of elite research. In: The oxford handbook of political behavior. Oxford University Press, New York

Jacobs LR, Shapiro RY (2000) Politicians don't pander: political manipulation and the loss of democratic responsiveness. University of Chicago Press, London

Jones MP (2002) Legislator behavior and executive-legislative relations in Latin America. Lat Am Res Rev 37:176–188

Keller SI (1991) Beyond the ruling class: strategic elites in modern society. Transaction Publishers, New Brunswick

Kitschelt H (1999) Post-communist party systems: competition, representation, and inter-party cooperation. Cambridge University Press, New York

Lerner R, Nagai AK, Rothman S (1996) American elites. Yale University Press, New Heaven

Lipset S, Solari E (1967) Elites in Latin America. Oxford University Press, London

López-Pintor R (1987) Mass and elite perspectives in the process of transition to democracy. In: Baloyra EA (ed) Comparing new democracies. Westview press, Boulder, pp 79–106

Luna JP, Zechmeister EJ (2005) Political representation in Latin America: a study of elite-mass congruence in nine countries. Comp Pol Stud 38(4):388–416

McDonough P (2014) Power and ideology in Brazil. Princeton University Press, Princeton

Meyer MA, Booker JM (2001) Eliciting and analyzing expert judgment: a practical guide. Society for Industrial and Applied Mathematics, Philadelphia

C

Michels R (1915) Political parties: a sociological study of the oligarchical tendencies of modern democracy. Hearst's International Library Company, New York
Mosca G (1896) Elementi di scienza politica. Fratelli Bocca, Rome
O'donnell G, Schmitter PC (1986) Transitions from authoritarian rule: tentative conclusions about uncertain democracies. JHU Press, Baltimore
Pareto V (1900) Un'Applicazione di teorie sociologiche. Librairie Droz, Genéve, pp 178–238
Putnam RD (1976) The comparative study of political elites. Prentice-Hall, Englewood Cliffs
Rosas G (2005) The ideological organization of Latin American legislative parties: an empirical analysis of elite policy preferences. Comp Pol Stud 38(7):824–849
Róvira Kaltwasser C (2009) Towards a historical analysis of elites in Latin America. In: 21st world congress of political science. Santiago, Chile, pp 12–16
Schumpeter J (1942/2008) Capitalism, socialism, and democracy. Harper Perennial Modern Classics, New York
Simonton DK (1986) Presidential personality: biographical use of the Gough Adjective Check List. J Pers Soc Psychol 51(1):149
Song AV, Simonton DK (2007) Personality assessment at a distance. Handbook of research methods in personality psychology. Guilford, New York, pp 308–321
Stein AJ (1998) The consequences of the Nicaraguan revolution for political tolerance: explaining differences among the mass public, Catholic priests, and secular elites. Comp Polit 30:335–353
Stein E, Tommasi M, Scartascini C, Spiller P (2008) Policymaking in Latin America. How politics shapes policies, IADB. Harvard University, New York
Stevens D, Bishin BG, Barr RR (2006) Authoritarian attitudes, democracy, and policy preferences among Latin American elites. Am J Polit Sci 50(3):606–620
Suedfeld P, Corteen RS, McCormick C (1986) The role of integrative complexity in military leadership: Robert E. Lee and his opponents. J Appl Soc Psychol 16(6): 498–507
Sullivan JL, Walsh P, Shamir M, Barnum DG, Gibson JL (1993) Why politicians are more tolerant: selective recruitment and socialization among political elites in Britain, Israel, New Zealand and the United States. Br J Polit Sci 23(1):51–76
Tsebelis G, Alemán E (2005) Presidential conditional agenda setting in Latin America. World Polit 57(3): 396–420
Winter DG, Carlson LA (1988) Using motive scores in the psychobiographical study of an individual: the case of Richard Nixon. J Pers 56(1):75–103
Zuvanic L, Iacoviello M, Gusta ALR (2010) The weakest link: the bureaucracy and civil service systems in Latin America. In: Scartascini C, Stein E, Tommasi M (eds) How democracy works: political institutions, actors, and arenas in Latin American policymaking. David Rockefeller Center for Latin American Studies, Harvard University, Cambridge, pp 147–176

# Comparative Presidential Systems, Latin America

Luis Bernardo Mejía-Guinand
Faculty of Social Sciences, Department of Political Science, Universidad de los Andes, Bogotá, Cundinamarca, Colombia

## Synonyms

Presidential regime; Presidential republic; Presidential system

## Definition

Presidentialism is a form of government in which, ruled by the Constitution, the President is elected by popular vote for a fixed period of time throughout which he exercises, both as chief of state and chief of government. This system of government establishes a separation of powers among the executive, legislative, and judiciary; however, Latin American Presidents have several legal attributions that grant them primacy vis-à-vis the other powers. In particular, Presidents in Latin America have the power to make laws.

## Characteristics

Latin American presidentialism is characterized by the following. First, the President and Congress are elected in separate timeframes and directly by the primary voters (Congress does not have a relevant role in the election of the President). Second, the time lapse that the President remains in office is fixed. In other words, the President does not require a majority representation in Congress to stay in office. Neither does his time in office ends prematurely because of low popularity rates or adverse political environment in Congress. Third, only under extraordinary circumstances and by means of legal procedures, Congress may bring forward a political

impeachment to the President, who if found guilty, has to leave office before his presidential period is due. Fourth, the President may belong to a political party that is not necessarily the majority party in Congress. In this context, the presidential regime in Latin America can work out both, as a minority government or as a majority government. Fifth, the President is the head of state, the chief of government, and he symbolizes the nation's unity. Under the role of chief of government, Presidents in Latin America have greater attributions to determine public policies and to lead the country's political decisions.

## Origin

After the independence wars of the nineteenth century when the Latin American countries liberated from Spain and Portugal, a republican and presidential regime of government was first adopted. Founders of the newly constituted republics searched for a design of political institutions that departed from a monarchic system, in which hereditary power was the rule. Inspired by the 1787 United States Constitution, Latin American governments adopted certain order and distribution of state functions, whereby the responsibility over each function was trusted to a separate public organism. In this separate-powers design, it was conceived that the legislative and executive were to be directly elected by popular vote in separate elections and for fixed periods. Implicitly, this system was the search for a more legitimate form of government and meant to prevent one branch of power from gaining prevalence over the others.

While it is true that Latin American countries adopted the presidential system of the United States, it is far from true to assume that its development mirrored exactly the American model. Actually, the historic unfolding of this system in the region led to the emergence of distinct institutional features, creating new variants of presidentialism that little resemble the American archetype (Ginsburg et al. 2010).

## Institutional Traits

In Latin America, Presidents play a predominant role in the formulation of public policy and in the definition of the legislative agenda required to implement it. The protagonist role of the President is guaranteed by constitutional legislative prerogatives, nonlegislative faculties and party-powers that either facilitate or restrain the strategic options that Presidents have to unilaterally alter the status quo, block the change in the status quo proposed by another actor, and to create coalitions inside Congress (Mainwaring and Shugart 1997).

### Constitutional Powers

The Constitutional powers granted to the President facilitates that his preferences are taken in consideration when laws are to be approved. In the region, Presidents have the following key attributes: legislative initiative, veto power, capacity to legislate by decree, agenda control, and emergency powers.

#### Legislative Initiative

All Constitutions of Latin American countries grant the President the faculty of legislative initiative. This enables the President to orient the work in Congress in accordance with the executive's priorities and policy objectives. Some of the Constitutions further expand the legislative initiative to all the Cabinet. For example, in Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Panamá, Uruguay, and Venezuela ministers or secretaries of State are authorized to present bills. Furthermore, Constitutions in Colombia, Bolivia, and Venezuela extend this faculty to other public functionaries like the vice-President (Orozco and Zovatto 2009).

In addition, various Latin American Presidents are granted with exclusive legislative initiative in specific public policy areas. In particular, regarding the annual central budget, in countries like Brazil, Colombia, Dominican Republic, El Salvador, Nicaragua, Peru, Uruguay, and Venezuela; once the executive submits the budget to the Congress, the Congress is not entitled to suggest budget increments, but rather only to propose budget

cuts (Duque-Daza 2014). Other areas in which Presidents have legislative initiative in the region include tariffs, fiscal exemptions, and changes to the country's administrative structure.

Legislative initiative gives Presidents an advantage over Congress in the sense that Presidents can prevent undesired changes to status quo, promoted by the legislative, from taking place, simply by not submitting specific issues to debate in Congress.

### Veto Power

Veto is the mechanism by means of which Presidents in Latin America can reject or suggest changes to bills that have been approved by the Legislative. Veto is a powerful mechanism that permits the President to avoid laws he finds inconvenient or counter to its preferred status quo.

All Constitutions in the region grant Presidents the right to veto acts approved by the legislative. This veto takes two forms: total veto and partial veto. The total veto occurs when the Presidents rejects the complete act approved by the Congress; the partial veto takes place when the executive rejects pieces of the approved legislation. In Argentina, Colombia, Costa Rica, Ecuador, México, Nicaragua, Panamá, Paraguay, Peru, Uruguay, and Venezuela, the Constitutions allow Presidents to partially veto a law approved by the legislative (International IDEA 2015). If Congress does not overcome the veto, the legislation at stake does not take effect.

In Latin America, the Constitutions establish two procedures to overcome the presidential veto: absolute majority and qualified majority. The first one states that half plus one votes of members of Congress are needed to bypass the veto. This is the mechanism in place in Brazil, Colombia, Nicaragua, Paraguay, Peru, and Venezuela. Qualified majority, on the other hand, entails that two thirds of votes in Congress are required to surpass the Presidential veto. This is the rule that applies in Argentina, Chile, Costa Rica, El Salvador, Guatemala, Honduras, México, Panamá, and Dominican Republic. Constitutions in Ecuador and Uruguay have other specific procedures to lift the veto. In Ecuador, a qualified majority is required to surpass a total veto while an absolute majority is required to surpass a partial veto. In Uruguay, rules in place are even stricter as three fifth of votes in both chambers are needed to outdo the veto.

### Capacity to Legislate by Decree

This power grants the President with the possibility of directly issuing laws, without the prior involvement of the legislative and therefore the alternative of establishing a new state of affairs aligned with the executive's preferences. In the region, only the Presidents of Argentina and Brazil have the right to enact new laws by decree, in almost any field. However, these decrees are only valid for a limited time frame and Congress may revoke them. In Argentina, Congress has 20 days to state its position regarding a Presidential decree; if objections are not brought forward in this time, the decree automatically become law. In Brazil, legislative decrees that come from the President are valid for 30 days only unless Congress approves them as laws.

Constitutions in Honduras and Peru permit decree powers to their Presidents on economic matters only, while Presidents in Nicaragua and Venezuela have decree faculties on issues dealing with public administration (Orozco and Zovatto 2009).

Constitutions in Argentina, Brazil, Chile, Colombia, and México manifest that Congress is entitled to delegate legislative powers to the President for given periods of time, in specific areas previously defined by the legislative. Finally, all Latin American Constitutions enable Presidents to issue regulatory decrees that facilitate the implementation of Laws approved by the legislative.

### Emergency Powers

A tool that enables the executive to avoid administrative obstacles when needing to resolve exceptional situations derived from an emergency, public hazard, or catastrophe. In such cases, Presidents dictate the necessary legislative measures to deal with the situation. Also under this type of circumstances and with the prior agreement of the cabinet, Presidents are entitled to suspend and/or limit constitutional and civil rights. Emergency powers by the executive are present in all

countries of the region although they are subject to explicit Congress' approval and restricted to a specific time limit.

### Agenda Setting

Presidents in Latin America have yet other two attributes that expand their influence capacity over the legislative. First, is the possibility to request a fast track venue in a given draft bill's transit through Congress. Basically this entails a request to Congress to give priority to specific bills. In Chile, Colombia, Ecuador, Paraguay, Dominican Republic, and Uruguay, Congress has a maximum of 30 days to approve or reject the bill when priority has been requested. Second, is the option that Presidents have to summon Congress to extraordinary sessions to take place outside the Congressional calendar. Constitutions of all Latin American countries allow Presidents to ask for Congress' extraordinary sessions, although in México the Congress Permanent Commission needs to provide its approval.

## Nonlegislative Powers

Presidents in Latin America also have non-legislative faculties granted by the Constitutions which are an important tool to strengthen the effectiveness of the government's policies and to obtain political support from various parties. One of the most important of such faculties is the Presidents´ authority to appoint and dismiss cabinet members without the ratification by Congress. In Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Dominican Republic, Uruguay, and Venezuela, Presidents have no restrictions to directly appoint and let go their ministers. In Peru although the President has the choice to appoint the Cabinet, he needs Congress to provide clearance.

Therefore, cabinet allocation in Latin American presidential systems becomes a tool for creating legislative and governmental coalitions. Presidents whose political party lack majority representation in Congress may seek support from other political parties by appointing one or more of their affiliates to the Cabinet. Cabinet allocation to political parties other than that of the President will more or less mirror the composition of the coalition parties in Congress (Amorim Neto 2006). In Latin America, when Presidents change the entire cabinet, this does not entail the end of the government or the end of the governing coalition. Changes to the cabinet's composition are a strategy used by Presidents in the region to better manage his relationships with the political environment.

## Partisan Powers

The partisan powers of the President are related to both, the number of seats hold by the President's party or coalition parties in Congress, and to the control the President has over his own party and the parties that make up his coalition.

Throughout part of the Republican life most Latin-America countries fluctuated among two prevailing situations. One, a party system in which the President's party hold majority representation in Congress, allowing him, with relative easiness, to advance his political agenda. The second situation, one in which the President lacked Congressional support making him subject to constant blocking and legislative paralysis. This state of affairs began to change with the return to democracy at the mid-1980s when countries in the region started to develop multiparty systems. For example, in Colombia the enactment of a new Constitution in 1991 opened the political spectrum allowing the emergence of alternative political parties different from the two official parties (conservative and liberal party) that had prevailed up to that stage.

In this same direction, the Party organic Law 18,603 of 1987 issued in Chile, permitted that organizations that had till then opposed clandestinely Pinochet's military rule come out openly and organize themselves as legal political parties. As Chasquetti (2001) highlights, countries that throughout the 1970s had bipartisan models, began evolving by mid-1980s to a moderate multiparty system (Uruguay, Argentina, México, and Venezuela). Other countries like Brazil, Ecuador, Peru, and Bolivia that had reduced their party fragmentation in the 1980s observed an increase of the number of political parties throughout the 1990s.

The coexistence of presidentialism with multiparty systems caught the attention of the academy that pointed out the risks that this combination could bring to democracy's stability. Particularly, the region could confront three problems. First, the possible surge of conflict among branches of government; second, the lack of incentives for the creation of stable coalitions; and third, the overall polarization of the political system (Mainwaring 1993).

Despite this risk, in practice, Presidents in Latin America with minority representation have dedicated efforts towards organizing solid legislative support to better govern, thus seeking the build-up of party coalitions (Lanzaro 2001; Chasquetti 2001). Actually, in Latin American countries with multiparty systems, the tendency to negotiate, cooperate, and to form coalition governments has become widespread (for example, in Chile, Colombia, Brazil, and Uruguay). This entails that the apparent difficult combination of presidentialism with multiparty systems has been attenuated in Latin America through the formation of government coalitions.

## Conclusions

Presidents in Latin America are the chief members of government, whose legitimacy comes from their direct popular election that is independent from the legislative's election. Generally, in Latin America, the President is the main actor in setting the country's public policy agenda. This occurs thanks to the legislative powers that Constitutions grant the President, allowing him great margin of action vis-à-vis the Congress, as well as the authority to appoint the cabinet members. Presidents that have minority representation of their political party in Congress, build coalitions in order to gather the necessary legislative support to enhance their governability.

## References

Amorim Neto O (2006) The presidential calculus: executive policy-making and cabinet formation in the Americas. Comp Pol Stud 39:415–440

Chasquetti D (2001) Democracia, multipartidismo y coaliciones en América Latina: evaluando la difícil combinación. Taller de Gráficas y Servicios S.R.L, Buenos Aires

Duque-Daza J (2014) „Presidentes legislando": las facultades legislativas en el presidencialismo colombiano 1991-2014. Estudios Socio-JurÃdicos 17(1):77–123. https://doi.org/10.12804/esj17.01.2014.03

Ginsburg T, Cheibub JA, Elkins Z (2010) Latin American presidentialism in comparative and historical perspective. Tex Law Rev 89:1707–1740

International IDEA (2015) Presidential veto powers. Retrieved from: http://www.idea.int/publications/catalogue/presidential-veto-powers

Lanzaro J (2001) Tipos de presidencialismo y coaliciones políticas en América Latina. Clacso, Buenos Aires

Mainwaring S (1993) Presidentialism, multipartism, and democracy. The difficult combination. Comp Pol Stud 26(2):198

Mainwaring S, Shugart M (1997) Presidentialism and democracy in Latin America: rethinking the terms of the debate. In: Presidentialism and democracy in Latin America. Cambridge University Press, Cambridge

Orozco J, Zovatto D (2009) Alcance de los Poderes Presidenciales en los países Latinoamericanos. Universidad Nacional Autónoma de México, México

# Comparative Public Administration and Globalization

Jamil E. Jreisat
School of Public Affairs, University of South Florida, Tampa, FL, USA

## Synonyms

Comparative bureaucratic systems; Comparative global public administration; Comparative organization theory and process; Comparative public management

## Definition

Comparative public administration is an approach to research and development of public administrative attributes and capacity in performing its responsibilities in different political, social, and economic systems.

Globalism is the evolving interconnections among nations of the world and the structures and processes of maintaining and enhancing such linkages in the international system.

## Introduction

Comparative public administration (CPA) is a search for patterns of administrative knowledge and actions worldwide. The global reality that evolved after the breakdown of the colonial order, at the end of WWII, stimulated cross-cultural public administration research and development. The broad interest in the concepts and practices of public administration in various political, economic, and social contexts broke the traditional narrow parochial boundaries of the field of public administration to become a global subject extending to all countries and regions. Early case studies of administrative systems in countries such as China, Thailand, Vietnam, Turkey, Egypt, Pakistan, Brazil, and others disseminated knowledge, enriched practices, and expanded the horizon of public administration to become a global field of theory and practice. Eventually, comparative public administration research enhanced the global knowledge of the vital processes of reforming governance. The following pages articulate and define mutual influences of the comparative cross-cultural administrative studies and the evolving reality of the globalization processes.

## Understanding Globalism

Globalization has been defined in many different ways, but, consistently, it referred to the increasing interconnections among countries. People around the world are more linked to each other than ever before. Information and money flow more rapidly. Goods and services produced in one part of the world are often obtainable in all parts of the world. International travel is more common. International communication is simple and fast. Based on effects, globalization is usually recognized as being driven by a combination of economic, technological, sociocultural, and political factors. The literature regularly refers to the transnational circulation of ideas, languages, or popular culture as stimulated by globalism.

Assessments of effects and explanations of stimulants of globalization vary, depending on what aspect is subject of consideration. Some explanations focus on market forces as the main inducers of globalization. Globalization has been viewed as a creation of the multinational corporate labyrinth, a by-product of the information-scientific-technological revolution, an edifice of the World Bank, or a natural evolution of the production forces in contemporary societies (Farazmand 1999; Thomas 1999). Perhaps, each of these factors and some others have an effect on the process of globalization. What really matters at this time is to be able to appraise and to understand the real consequences of globalization.

Certainly, globalization is a key aspect for the world economic development. Proponents point out that globalization actually brings developmental opportunities and benefits. Developing countries that increased their integration into the world economy over the past few decades attained higher growth in incomes, longer life expectancy, and better education. Many countries like China, India, South Korea, Brazil, and Mexico have adopted domestic strategies and developed institutions that enabled them to take advantage of global markets and, thus, increased the share of trade in their GDP.

In its most positive results, globalization tears down walls and modifies attitudes of nations that are based on suspicion, mutual distrust, and ambition. Globalization has strengthened the nexus and has helped us to know each other's needs in a better way. It has helped to demolish those walls that separate nations and curb human relations and interactions. Globalization has primarily become a fiscal term, but its impact is not limited to the economy of the countries only; the term globalization actually refers to every aspect of life, including cultural, social, psychological, and, of course, political. With the rejection of the colonial relations and designs, globalization made the life of the third world citizens entirely different.

Available information confirms that inequalities in global income and poverty are decreasing

and that globalization has added to this turnaround. Illustrations include China, India, Brazil, and other developing nations in Asia and Latin America where the gap among rich and poor is decreasing. Countries that are becoming poorer are those that are not open to world trade. It is interesting to note that the Global Competitiveness Index, 2013 rankings, published by the World Economic Forum did not include a single African or Latin American country among the top 50 countries. The common belief is that companies moving into a developing country often bring with them higher wages compared with those by domestic companies. Low wages in less developed countries often result in lower levels of education and productivity. Rapid growth and reduction of poverty in some countries have benefited from globalization. In particular, advocates of globalization highlight these advantages:

- Globalization is the rise of market capitalism around the world, which creates jobs, transfers money and investments, and makes products available to consumers as they need them.
- Universal dissemination of scientific and technological inventions such as the *Internet* facilitates and accelerates the processes of global linkages.
- Increasing interdependence among nations promotes collaborative and cooperative relations among countries and governments with benefits to all.

## Contrasting Views of Globalization

Critical views find many deficiencies and shortcomings in the globalization processes and their results. For the critics, globalization is blamed for causing disparity within and among nations, impeding social progress, and even causing unemployment. Although consequences of globalization depend on the particular country, the critics underscore negative effects such as spreading communicable diseases and social deterioration. They claim that developing nations are often abdicating their rule and sovereignty to powerful foreign companies, reviving memories of ancient colonization. Critical perspectives point out other flaws of globalization including:

- Threat of domination by business corporations in some societies because of excessive power invested in them due to globalization. In some developing countries, multinationals have already contributed to labor, environment, and human rights abuses.
- Global capitalism advanced by leaps in technology, failure of communism, and few spectacular economic successes in East Asia but did not benefit everybody. The benefits of information technology have not been widely shared. Statistics in support of this contention indicate that most of the world's *Internet* users live in the industrial countries.
- Poor countries find global capitalism disruptive to their lives and societies. Yet, they have been unable to enact safeguards and regulations to protect their environments and workers as the industrial countries have done decades ago.
- Global capitalism and free trade have not only introduced free commerce in ordinary goods but also stimulated free commerce in money. For small countries, this often resulted in destabilizing their economies and even holding them hostages to whims of financial speculators.
- Current global capitalism perpetuates economic dominance of few industrial regions, owners of the largest global corporations. Dominating the worldwide market, these corporations increase production and provide more access to products only to increase their profits.

At various international conferences, the critics and protesters complained that free trade has to benefit all citizens, not just corporations. Opponents including activists, labor unionists, human rights advocates, and environmentalists protested that globalization has deepened problems. Some critics in urbanized countries have associated loss of jobs with globalization. Multinationals have exported jobs from urbanized countries to developing countries with lower wages. Through trade

freedom, governments have encouraged the replacement of domestically produced goods with goods produced abroad. Some trade unions resist globalization, claiming that it leads to lower wages and encourages trade in goods produced in countries which do not allow unions to defend their workers' rights. In developing countries, critics of globalization point out that in reality they are facing less modernization and more Westernization that is undermining traditional languages and cultures.

Certainly, globalism is not always accurately understood, and its future trends are unpredictable. It is surprising to hear presentations at international conferences in developing countries referring to globalization as the new colonialism by Western countries seeking domination of small and poor countries. Surely, globalization does not affect all countries and peoples the same. Actually, close examination may reveal elements of all the above positive and negative effects, depending where one chooses to look. Regardless, just as capitalism needs a network of governing systems to keep it from devouring societies, globalization requires vigilance in the rule of law. In the United States, many organizations are trusted with validating proper economic conduct and managing a complex market system with appropriate checks to safeguard accountability. Structures entrusted with such responsibilities include the Securities and Exchange Commission, anti-trust laws, labor unions, the Federal Trade Commission, civil society institutions, and others. In comparison, enforcement of global rules is far more complex and much less monitored or scrutinized for proper conduct states.

## Global Structures and Actions

Globalization processes are mainly managed through various institutional structures that continually attempt to ensure a measure of equity in action and foster advancements in various aspects of the global processes. Many institutions have been involved in the difficult task of shaping global policies and influencing rules and standards that have effectively resulted in the construction, approval, and promulgation of various international accords. Most important of these functioning institutions are:

1. United Nations and affiliated special organizations and commissions such as the Food and Agriculture Organization (FAO), International Labour Organization (ILO), World Health Organization (WHO), Atomic Energy Commission, and Human Rights Commission. The UN General Assembly initiates and approves global policies as well as legitimizes recommendations by its specialized structures.
2. Regional associations generating important agreements are another main source for setting international standards. They represent collaboration among large blocks of connected nations such as the European Union (EU), North American Free Trade Agreement (NAFTA), League of Arab States, Association of Southeast Asian Nations (ASEAN), African Union (AU), and Organization of American States (OAS). All have concluded international agreements among their members that endorse certain principles of ethics and recommend actions by each country in its respective domain.
3. Special international structures and forums that have reinforced global interdependence and generated significant balancing of views on critical issues, particularly in world economics and finance, climate control, global ethics, and national security. The World Bank, the International Monetary Fund (IMF), the World Economic Forum, and the Group of 20 (G-20) made significant strides in harmonizing international economic relations and produced important agreements on key global issues.

These international organizations and forums signify a worldwide recognition that many of today's problems and challenges extend beyond the boundaries of one country and, therefore, require collaborative international efforts to manage them. Comparative public administration is fundamentally consistent with the currently unfolding global order. Despite some reservations and criticisms, an international consensus has

been evolving in dealing with certain global principles of ethics, human rights, and collective efforts for relief in facing natural disasters, for examples. Two recent particular illustrations underscore how global efforts are able to produce particular agreements on dealing with specific common problems: One is *ethics*; the second is the *environment*.

1. ***Global Ethics***. Many studies have repeatedly pointed out that corruption in governance is a universal problem. A specific anti-corruption global convention was finalized and approved by the UN General Assembly in 2003, indicating international cooperation in rejecting corruption in its various forms: bribes, fraud, conflict of interest, misuse of information, and similar acts. In December 2003, the UN General Assembly approved the UN Convention Against Corruption, establishing acceptable standards of ethical conduct for the contemporary states of the world in the form of codified rules. The adoption of the Convention was an opportunity for a global response to the problem. The high level of support was demonstrated when 106 countries had already signed the Convention document within 4 months of its adoption by the General Assembly, and over 159 nations signed it within 2 years. The development of global ethics and the ratification of the UN Anti-corruption Convention, committing nations of the world to specific standards of ethics and to specific administrative measures of enforcement, are among the most profound global achievements (Jreisat 2012). Professional management continually seeks to ensure honesty and integrity of public decisions and to broaden perspective on ethics to include issues of transparency, professional responsibility, democratic values, civil liberties, respect of human rights, and compliance with the rule of law.
2. ***Climate Protection***. Another illustration of international agreements and conventions to set binding standards and determine policies is the recent global agreement on protecting the environment. Delegates from 196 nations approved a historic climate deal after 13 days of negotiating in Paris (December 12, 2015). Negotiators from 196 countries approved a landmark climate accord that seeks to dramatically reduce emissions of the greenhouse gases blamed for a dangerous warming of the planet. Mass media worldwide publicized the agreement, adopted after days of intensive bargaining, putting the international community on a course that could fundamentally change the way energy is produced and consumed. The agreement would gradually reduce reliance on fossil fuels in favor of cleaner forms of energy. "History will remember this day. . .The Paris agreement on climate change is a monumental success for the planet and its people," said UN Secretary-General Ban Ki-moon after the pact was signed.

Finally, regardless of different assessments of the global condition, comparative public administration studies have been encouraged and enabled by removing old barriers, developing closer collaboration among academic programs, and what has been commonly referred to as the information technology revolution. Cross-cultural interactions and learning within the current global system are not only possible but easier and more expected than any time in history. The following pages discuss how the comparative public administration approach was stimulated by the growing global linkages and collaborative new international realities.

## Comparative Public Administration

Comparative public administration (CPA) is largely a response to new global realities. It is the study of public institutions, processes, and behaviors worldwide. The end objective of CPA is the discovery of patterns and regularities of administrative action and behavior across cultures in order to refine concepts and improve practices. Global influences expanded the domain of intellectual inquiry in public administration beyond traditional, parochial tendencies. The examination of administrative practices of other societies reveals a wider range of administrative actions,

beyond the horizon of a national experience. Committed to global knowledge, the CPA devoted increasing attention to learning about unfamiliar, non-Western countries and their aspirations to transform and to modernize their administrative systems.

By focusing on patterns of administrative activities, and characteristics of systems performing them, comparative research extends our understanding of factors conducive to successful or unsuccessful administrative performance. Not surprising, therefore, that the comparative approach is inherently concerned with administrative reform and capacity building, globally. Learning about systems of administration and governance through comparative studies is essentially touting the best practices and promoting most desirable organizational structures and processes. Actually, reform plans for improving the performance of public organizations in developing countries have largely been based on lessons learned through cross-cultural comparative investigations.

The current revolution of information technology, introducing communication tools that were not available a few years ago, should make the processes of cross-cultural learning and adaptation easier and more manageable. Public managers worldwide are utilizing new information technologies, training, formal education, and literature to learn from this flow of information about administrative successes and failures. Professional comparative studies provide synthesis of current comparative administrative knowledge and balance the conceptual and the practical concerns of the field. At the end, good governance is not possible without professional public management having the capacity to implement public policies and serve the common good. Cross-cultural administrative research has served global knowledge by overcoming language barriers, increasing empirical data, and developing necessary abilities to surpass many other barriers to effective public management.

For a long time, traditional public administration has been preoccupied with analysis of political institutions in a handful of Western countries (Heady 2001). The recent emergence of many developing countries, and effects of globalization, elevated comparative public administration to be a major tool of global knowledge and understanding, bridging many arbitrary boundaries drawn by the colonial rule, by Western-centered scholarship, and through military conquests.

The comparative perspective assumes that functional patterns of organization and management are definable and transferrable from one system to another. Thus, the comparative search to discover regularities throughout the human experience, irrespective of place and time, is a crucial aspect. As Fred Riggs (1991a) points out, scholars can no longer afford to base their theories on the truly exceptional American experience and to limit comparative public administration to the study of "foreign" governments. Essentially, the processes of generating reliable administrative knowledge and developing trusted administrative principles are inherently comparative. The public administration establishment slowly came to a similar conclusion. Recently, the leading journal in the field, *Public Administration Review*, editorialized (July/August 2016: 533) calling for "Building Global Public Administration Knowledge." Clearly, PAR is recognizing the evolution of the field from a US-centric enterprise to a vibrant global enterprise.

Although comparative administration is not a new endeavor, serious efforts in this approach increased significantly in the post-WWII era. Fred W. Riggs provided intellectual and organizational leadership to the comparative administration group (CAG) during its early days, building on the initiative of the American Society for Public Administration (ASPA) in the early 1960s. The CAG attracted more members and contributed significant writings that set new directions in comparative studies. Other names that have early been prominently involved in the comparative enterprise, and its corollary development administration, include Dwight Waldo, Milton Esman, Ferrel Heady, Frank Sherwood, Ralph Braibanti, John Montgomery, and William Siffin. More recent scholars closely associated with the CPA include A. Farazmand, D. Klingner, G. Bouckaert, C. Pollitt, J. Jreisat, D. Kettl, and others.

In a report to the annual meeting of ASPA, April 1961, Fred Riggs specified three emerging trends in the comparative study of public administration: (1) a trend from normative toward more empirical approaches, (2) a shift from idiographic (distinct cases) toward nomothetic approaches (studies that seek explicitly to formulate and test propositions), and (3) a shift from predominantly non-ecological to an ecological basis of comparative study (Heady and Stokes 1962, p. 2). Over the years, articulation of the CPA priorities regularly included the search for theory and for reforming administrative practices in all countries.

Finally, comparative research expanded understanding of the role of public administration in modern society and augmented appreciation of the importance of relationships between administration and other dimensions of governance, particularly in developing societies. Perhaps, one of the most important contributions of comparative administration is the concentration on building administrative capacities and launching administrative reform, globally. Comparative research got administration out of its narrow ethnocentric perspective into a wider horizon of global scope.

## Development Administration Stimulated by Globalization

With the end of the colonial order, many new nations realized an urgent need to build their administrative capacities and to accelerate implementation of their developmental plans. This started a surge in studies focusing on relevant issues of development administration. In most countries, national development needs required pursuing the goal of administrative reform as they searched for bilateral and multilateral technical assistance. Reform agendas were largely formulated on the basis of information derived from comparative research and investigations of cross-national administrative experiences.

This early and pioneering recognition of global needs guided the CPA approach to greater interest in developmental initiatives. Comparative analysis articulated particular perspectives on global developmental needs that culminated in the specialization of development administration, concentrating on the particular managerial requirements of countries emerging from colonial domination. Development administration underscored vital aspects of effective administration of developmental policies. Issues emphasized included accountability of public management, evaluating results, commitment to development of human resources, and aggressive attacks on corruption with more dependable means such as instituting effective and consistent measures of audit, evaluation, training, and management improvements.

Studies that focused on development administration were helpful in defining problems and challenges facing the practices of developing societies during the post-World War II era. Such emphasis evolved into a special compilation of concepts and applications that became the subfield of "Development Administration." No doubt, knowledge of the administrative problems of developing countries is one of the most important achievements of the comparative movement. Comparative and development administration research and analysis effectively served these objectives: (a) elevated administrative reform to the top of the agenda for action in many countries, (b) recognized the significance of institutions with capacity to act as foundations for developmental policies, and (c) broke out of the traditional parochial mode and gradually developed common shared experiences with global outlook on governance. The early comparative administration concerns attempted to move beyond conventional practices of managing to focus on building administrative capacity and encouraging the creation of instruments that can define and champion improvements of administrative performance. Subsequently, the literature of comparative and development administration were often viewed as entwined as in the *Handbook of Comparative and Development Administration* (edited by A. Farazmand), denoting a special practical and conceptual association.

Another factor stimulated the unfolding of the comparative approach, and the advancing of the developmental aspect, was the narrow focus of

traditional public administration and its preoccupation with administrative practices of Western countries. Development administration, attuned to problems and needs of developing societies, stressed the setting that provides the political, economic, cultural, and historical context within which administration functions. The application of administration varies with the context. Ignoring such contextual linkage brought about many failures of reform projects, just as in body organ transplants, improper adaptation ensured rejection by the recipient system.

The early development administration was a central feature in Fred W. Riggs' pioneering work. In *Administration of Developing Countries*, Riggs chartered new directions for future scholarship in development administration:

> We still lack a clear understanding of the forces which lead to administrative transformations, to changes from traditional, status-oriented bureaucracies to "modern" patterns of governmental organization in which the ideals of "efficiency" and "effectiveness" can become operating principles. . . . Clearly, if we are to progress in our understanding of this subject, to say nothing of our efforts to help governments modernize their administrative systems, we must devote more attention to the conceptual and theoretical basis of our work. (Riggs 1964, p. 3)

To deal with diversity and complexity in the new environments of developing countries, attempts were made to classify these systems into typologies of systems in order to differentiate problems and to facilitate design of appropriate solutions. Administrative systems were analyzed with particular attention to their political, economic, and cultural contexts. Milton Esman's classification scheme is one example that focused on the ability of the emerging countries to create, and effectively deploy, a variety of instruments of action to successfully carry out the burdens of socioeconomic development. Esman's typology consists of five political regime types with significant implications to public administration: (1) conservative oligarchies, (2) authoritarian military reformers, (3) competitive interest-oriented party systems, (4) dominant mass party systems, and (5) Communist totalitarian systems (Esman 1966).

Also, development administration emphasized the processes of institution building as a sure path for developing administrative capacity in the new nations. Building viable, capable, and innovative institutions to lead in development efforts was advocated and promoted in education and training as well as internationally through the efforts of the US Agency for International Development. The institutions that received the endorsement of consultants and financial support by AID include national planning councils or boards, institutes of public administration, development-oriented universities, and research institutes. Foreign consultants followed the trail peddling all sorts of "development-oriented training programs" for public employees in developing countries.

Institution building was an influential framework that appeared to have a great operational promise in the 1960s. It was developed by a consortium of scholars of development from universities of Pittsburgh, Michigan, Indiana, and Syracuse with significant efforts from people like Fred Riggs, Milton Esman, William Siffin, and others. The institution is described and analyzed through three categories of variables (Jreisat 1975):

First, a category that attempts to explain organizational behavior through the examination and measurement of five major variables: leadership, doctrine, program, resources, and structure.

Second, a category of variables deals with linkages or interdependencies that exist between an institution and other relevant parts of the society. They are enabling linkages, functional linkages, normative linkages, and diffused linkages.

Third, the concept of transactions denotes the exchange of goods and services, power, and influence between the institutions and other social organizations that interact with it. The content of these exchanges vary from seeking support to overcoming resistance, exchanging resources to transferring norms and values. As expected, variation takes place in institutional analysis but with high similarity of assumptions and goals, the impact of the institutional

perspective has been considerable. One reason is its operational appeal that attracted the practitioner. Another reason, institutional analysis, received the endorsement of many academicians, consultants, and foreign aid technicians.

Comparative administrative research contributed many other attempts to develop theory and improve practice of the field in diverse contexts. One comparative administration perspective focused on administrative functions related to civil service in all its phases and processes. Civil service systems, as Bekke et al. (1996) point out, play critical roles throughout the world, but our basic knowledge of civil service systems is woefully inadequate. The authors determine that much of theory and empirical research on civil service systems dates from the comparative administration movement of the 1960s. Comparative knowledge about civil service systems attracted little joining or follow-up to the early comparativists' efforts by the rest of the field of public administration.

Integral to the developmental perspectives is the emphasis on transparency of public decisions, performance information, and concern for accountability of public officials and institutions as well as conscious respect of human rights in the work place. Still, lack of conceptual clarity on what is administration and what is development deepened theoretical fragmentation and hindered the cultivation of effective frameworks. In a significant way, diffusion of the subject matter prevented full appreciation of the complexities of development and reduced the scope and value of administrative variables, particularly in the delivery of traditional public services. Scholarly productivity focusing on administrative context (culture, politics, economic development, even history) has not been matched with appropriate knowledge of the inner working of organizations. This is particularly true of organizations operating in developing societies. There has always been insufficient comparative information on organizational and managerial performance of developing countries, their decision-making processes, and their budgetary and civil service reforms. Even harder is to determine who benefitted from public policy outputs and who did not or to ascertain how accountable and equitable administrative actions have been.

At the same time, improvements of relevance and synthesis of comparative studies continue to largely depend on developing generalizations from aggregates of particular facts that have been reliably established without ignoring the concreteness and distinctiveness of the cases being investigated (Jreisat 1997). Part of the problem is that early comparative knowledge was mainly derived from single-case analysis that often served as the empirical base for developing tentative generalizations.

Moreover, contextual analysis brings to the forefront the important relationship between comparative public administration and comparative politics. As indicated above, comparative politics promoted and gave representation to comparative administration in its own early intellectual circles. Subsequently, the organized interest of each group spurred different institutional pursuits that were not always scholarly in nature. Nevertheless, comparative politics concentrates on the political system as if it consists only of political objectives and processes. Comparative administration deals with politics as influence to be reckoned with, but essentially distinct from administration, primarily focused on implementation matters. Administration evolved as an interdisciplinary field with an apparent horizon that extends to financial, technological, sociological, as well as political domains.

The proclivities of traditional management practices, with a hierarchical command and control model, generally suspected of producing rule-driven rigidities and other administrative dysfunctions. These presumed administrative negatives have also been blamed, in part, for causing failures of developmental plans everywhere. In the new global context, performance and accomplishments of objectives are indispensable measures of successful management. A new managerial model and a culture of organizational performance refocused attention on the role of leadership. Thus, reexamination of methods of recruitment and development of skills among administrative and political leaders has become a necessity. More

than "entrepreneurial qualities" is involved here. Realizing that today's leaders operate in a complex and more competitive global environment, emphasis on knowledge, skills, and attitudes has become quite apparent. Also subsumed is a context of democratic norms and employment conditions that subscribe to principles of merit in personnel decisions. Within this context, one finds increasing requirements for managerial competence in areas such as negotiations, mediation, human rights, diversity, equality, and problem-solving techniques.

These challenges indicate that administrative reform is an imperative response to the new societal needs and demands. To accelerate such reform, particularly in developing countries, training and personnel development have been the indispensable prescriptions for closing the gap between current and future – more desirable – conditions. Thus, a variety of training methods have been in use, including education at all levels, training-on-the-job, coaching, mentoring, distance learning, and many other tailor-made training activities. Assessments on the ground in many developing countries, however, indicate that consultant reports and the recommended training have not been sufficient ingredients to bring about the desired transformation.

To fully respond to current global realities, comparative public administration has to overcome some persistent challenging obstacles: One is improving synthesis in its scholarship to overcome theoretical fragmentation. Another is highlighting relevance and utility of research to application. Current global trends are conducive, if not requiring, cross-cultural knowledge and information on all aspects of societies, particularly in public management. To achieve such objectives, research has to emphasize the need for more empirical information, preferably based on comparative analysis of a number of cases. Another track for improvement is through employing appropriate investigation tools such as middle-range concepts that can be verified and ultimately integrated in a meaningful framework. None of these objectives is well served at the present by the preoccupation with abstract global conceptual fiddling.

In sum, globalization processes since the end of WWII stimulated comparative public administration and necessitated the subsequent focus on development management. This comparative and developmental dimension is dramatic, even revolutionary, considering the state of affairs in public administration before. Comparative and development scholarship responded to real needs and transitioned to new territories of inquiry, including the study of international technical assistance, the role of culture, and the centrality of competence and integrity in public management. To serve such expanded function of public management, it grew beyond the narrow traditional disciplinary orientation to become truly interdisciplinary curricula and a genuine profession in practice. No less important among these various shifts of emphasis and trends in research is the greater commitment to public service and concern with equity and satisfaction of citizens. Comparative public administration has faced common issues, unlocked the traditional geographic and research foci, and adapted aptly to recent globalization processes.

## Conclusion

Comparative and development administration have transformed the field of administration to a global one. The comparative approach crossed over the disciplinary restrictions and the particular geographic boundaries to be more inclusive and to highlight the globalization drives that changed the attributes of the modern state. A "global" designation seems especially relevant today given the noncumulative, non-collaborative, and geographically circumscribed qualities of the traditional administrative studies. The transformation of public administration to a global field is vital for serving emerging global concerns to ensure security, peace, economic prosperity, and livelihoods in an increasingly interconnected world. Comparative administration research can provide indispensable contributions to developing countries searching for mastering the essentials of public service delivery, exploring the effects of the politics-administration nexus, and ultimately

solving many of the problems impeding good governance in these societies.

A global public administration scholarship and research can inform contemporary governance and promote transnational knowledge of effective management in various critical functions. Areas such as emergency and crisis management, criminal justice, public performance management, ethics, health and human service administration, protection of human rights, climate change, and the centrality of science and technology are subjects that can be enhanced and improved by exchange of global experiences. A global public administration offers opportunities for clearer understandings of the strengths and weaknesses of administrative systems, processes, and instruments the world over. A more inclusive and robust scholarship can encourage a wider array of solutions for the administrative challenges that hinder prosperity, security, and service provision in any country. A global public administration is an enterprise from which the world at large stands to benefit.

Certainly, the impact of globalization on public administration has been considerable. Globalism altered the context of administration and necessitated reexamination of the ability of public management to innovate and to change, to apply information, and to use new technologies. The political pressures in certain countries favoring downsizing government and privatizing many of its traditional functions are inadequate if not the wrong prescription for dealing with common goals. Policies of recruitment of public managers, development of employees' skills, and retention of competent managerial leadership have acquired different and urgent attention. Pointing out the impact of globalization on public administration, however, is different from assuming that a "new paradigm" is on the way toward a universal application. The emergence of common norms and standards and the global transfer of administrative knowledge remain short of consensus in practice or utilitarian syntheses in concepts.

Recently, increasing global interdependence offered new opportunities for comparative and development public administration to revive its earlier premises and to renew the efforts for change. Today, knowledge regularly crosses cultural boundaries in important areas such as finance, technology, and management. The global economic revolution is in progress and world's political boundaries are giving in to free movement of people, goods, information, ideas, and even cultural values. Effective management is becoming a universal ambition because the global reality requires the contemporary states to increasingly reorganize and build their administrative capacities. Public institutions of current states are continually required to shoulder new and emerging needs and responsibilities. Comparative and development administration have been and will be increasingly in demand to facilitate this movement toward a global public administration that benefits all societies.

## References

Bekke H, Perry J, Toonen T (eds) (1996) Civil service systems in comparative perspective. Indiana University Press, Bloomington

Brinkerhoff DW (2008) The state and international development management: shifting tides, changing boundaries, and future directions. Public Adm Rev 68(6): 985–1001

Brinkerhoff DW, Coston JM (1999) International development management in a globalized world. Public Adm Rev 59(4):346–361

Deutsch KW (1987) Prologue: achievements and challenges in 2000 years of comparative research. In: Dierkes M, Weiler HN, Antal AB (eds) Comparative policy research: learning from experience. St. Martin's Press, New York

Esman MJ (1966) The politics of development administration. In: Montgomery JD, Siffin WJ (eds) Approaches to development: politics, administration, and change. McGraw-Hill, New York

Esman MJ (1991) Management dimensions of development. Kumarian Press, West Hartford

Farazmand A (1996) Development and comparative public administration: past, present, and future. Public Adm Q 20(3):343–364

Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522

Farazmand A (ed) (2001) Handbook of comparative and development administration, 2nd edn. Marcel Dekker, New York

Graham JL (1985) Cross-cultural marketing negotiations: a laboratory experiment. Mark Sci 4(2):130–146

Graves D (1972) The impact of culture upon managerial attitudes, beliefs and behavior in England and France. J Manag Stud 10(1):40–56
Heady F (2001) Public administration: a comparative perspective, 6th edn. Marcel Dekker, New York
Heady F, Stokes SL (eds) (1962) Papers in comparative public administration. Institute of Public Administration, University of Michigan, Ann Arbor
Huddleston MW (1984) Comparative public administration: an annotated bibliography. Garland, New York
Jreisat JE (1975) Synthesis and relevance in comparative public administration. Public Adm Rev 35(6):663–671
Jreisat JE (1997) Politics without process: administering development in the Arab world. Lynne Rienner Publishers, Boulder
Jreisat JE (2005) Comparative public administration is back in, prudently. Public Adm Rev 65(2):231–242
Jreisat JE (2012) Globalism and comparative public administration. CRC Press, New York
Kettl D (1997) The global revolution in public management: driving themes, missing links. J Policy Anal Manag 16(3):446–462
Mavima P, Chackerian R (2002) Administrative reform adoption and implementation: the influence of global and local institutional forces. In: Jreisat JE (ed) Governance and developing countries. Brill, Leiden, pp 91–110
Montgomery VW, Cayer CJ (1990) Comparative public administration: defunct, dispersed, or redefined? Public Adm Rev 50(2):238–248
Otenyo E, Lind NS (2006) Comparative public administration: growth, method, and ecology. In: Otenyo E, Lind NS (eds) Comparative public administration: the essential readings, vol 15. Elsevier, Oxford, pp 1–7
Peters BG (1994) Theory and methodology in the study of comparative public administration. In: Baker R (ed) Comparative public management: putting US public policy and implementation in context. Praeger, Westport
Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis, 3rd edn. Oxford University Press, Oxford
Riggs FW (1964) Administration of developing countries. Houghton Mifflin, Boston
Riggs FW (1989) The political ecology of American Public Administration. Int J Public Adm 12(3)
Riggs FW (1991a) Public administration: a comparativist framework. Public Adm Rev 51(6):473
Riggs FW (1991b) Bureaucratic links between administration and politics. In: Farazmand A (ed) Handbook of comparative and development administration, 2nd edn. Marcel Dekker, New York
Riggs FW (1998) Public administration in america: why our uniqueness is exceptional and important. Public Adm Rev 58(1):22–31
Rowat D (ed) (1990) Public administration in developed democracies. Marcel Dekker, New York
Thomas V (1999) Globalization: implications for development learning. Public Adm Dev 19(1):5–17
Thompson JD et al (1953) Comparative studies in administration. University of Pittsburgh Press, Pittsburgh
Waldo D (1976) Symposium: comparative and development administration: retrospect and prospect. Public Adm Rev 36:615–654



# Comparative Public Governance and Management

Edoardo Ongaro
Department of Public Leadership and Social Enterprise (PuLSE), The Open University Business School, The Open University, Milton Keynes, UK

## Synonyms

Comparative governance; Comparative public administration and management; Comparative public management; International public management

## Definition

Comparative public governance and management is the theory and practice of advancing knowledge in public governance and management through the method of comparing across jurisdictions.

## Introduction: The Problem of Comparing Public Governance and Management

Comparative public governance and management is defined by its three key components: "public governance," "public management," and the qualification of "comparative," which indicates a choice of method. These three components can be described as follows.

Public governance is a term which has been defined in various ways. At the heart of the numerous definitions lies the idea of "steering," of providing direction to a political community, or a key subset of it, by activating multiple actors whose

interactions shape the outcomes of collective, purposive social action (Pierre and Peters 2000; Rhodes 1997). It has also been interpreted as a way of reforming public management, an approach characterized by putting a premium on the significance of engaging societal actors into public policy processes and steering policy networks (Kickert et al. 1997; Osborne 2006), seen as more effective than other approaches, criticized as more managerialist and whose main limitation – the advocates of public governance approaches claim – would lie in focusing only on the internal functioning of the public sector. New public governance (Osborne 2006) approaches, at the opposite, emphasize the interface between the public sector and society as the key lever to "make things happen" and achieve effective public policy. It is mainly in this specific sense of an approach to reforming public management by emphasizing the multiple interfaces between public sector organizations and societal formations that the notion of public governance is discussed in this entry.

Public management is a notion interlinked with that of public administration; the relationship between the two may be expressed in the terms of public administration (see entry) and public management representing a different mapping of mostly the same territory. Notably, public management puts emphasis on the issue of the employment of scarce resources for the pursuit of given collective objectives, determined through liberal-democratic procedures in democratic polities. Central concepts in public management are those of efficiency (the ratio of outputs produced to inputs employed), effectiveness (the adequacy of outputs to produce given effects), and sustainability (the long-term viability of the levels of outputs delivered and the ensuing long-term impact on the needs of the community which is served by public services organizations). Systems of public management include public accounting; budgeting, financial management, and auditing; performance management; personnel management; organization and methods. An often studied topic is the reform of public management systems, .i.e., the deliberate attempts to make them, in some sense, work better (Pollitt and Bouckaert 2011).

Finally, the third notion is that of "comparative," a qualification that refers to a method centered on the analysis of similarities and dissimilarities of the same object of study in two different contexts (usually two different jurisdictions), for example, the functioning of a system of performance-related pay of public personnel in two countries. Generally the purpose of comparison is gaining greater insights into the object of investigation, thus augmenting the social-scientific knowledge of it and enabling to "draw lessons" for replication elsewhere (Ragin 1987). So comparative public governance and management concerns the analysis of similarities and dissimilarities in public governance and public management across different jurisdictions.

Comparison is a highly valuable exercise capable of furthering the understanding of how public governance and public management work; in a sense, it is an unavoidable component of the process of knowledge generation, as it is impossible to know in full depth one specific system without comparing it to other systems (comparison can be done explicitly, by empirically comparing two systems, or at least implicitly, by using some stylized model as yardstick, or in the abstract as a mental exercise, usually run through counterfactual arguments).

A key feature is that in comparative analyses, it is "context" that varies. Context is often referred to as the whole bundle of the traits of the politico-administrative system as well as the administrative and the societal culture within which the governance arrangement or public management system which is being studied operates. Comparison may occur at different levels (e.g., at the level of individual public organizations or at the level of the public sector of a country as a whole) and units of analysis (whether the focus is on structures, processes, or actors or a combination thereof). Comparative public management and governance thus is, in a certain sense, the study of the functioning of public management systems and the working of governance arrangements "in context."

The main downside of the comparative method lies in the amount of resources it requires, when contrasted with other methods. Resources come in

different guises: in terms of worktime of researchers required to run a comparative research project; in organizational terms to establish networks of teams of researchers working together across jurisdictions; in financial terms, to carry out the requisite travels and site visits; and crucially in terms of the skills required of the researchers, which should encompass the in-depth knowledge of the governmental systems involved in the comparison and their wider context, besides the knowledge of the specific object of the investigation; last but not least, comparative research requires or is at least highly facilitated by the mastery of more languages – as a minimum of the English language (as the vehicle language in which research work is usually published) plus the relevant language to the context investigated. Comparison may occur within countries sharing important common features (e.g., countries in the Napoleonic administrative tradition: see Ongaro 2009) or across clusters of countries (Pollitt and Bouckaert 2011).

Comparative studies in public governance and management have been on the rise since the last two decades of the twentieth century (Peters 2010; Pollitt 2011). The diffusion of "global" doctrines for reform of the public sector, like the New Public Management, has drawn attention to the differential effects they have had in different countries, hence on contextual influences as an explanation for such variation. Since the 2000s, there has been a flourishing of analyses of contextual influences more and more systematic in their coverage and wide in their scope, at times reaching out to an entire region of the world (e.g., the European continent; see Ongaro and Van Thiel 2017; Verhoest et al. 2012). Achieving such width of coverage is at times facilitated by the way in which the organization of the academic study and the practice of public administration have developed over the last decades (see, e.g., the restructure of the International Institute of Administrative Sciences – an international organization for the development of the administrative sciences – around regional learned societies, with dedicated groups for the study of public administration in, respectively, Europe, Latin America, Asia, and the Middle East and Northern Africa).

Although not exactly the same, terms like "international public management," "comparative public administration and management," or "comparative governance" cover a similar terrain to the one covered by this entry.

C

## Perspectives on Comparative Public Governance and Management: Problems and Paths to Solutions

There appear to be three key problematic areas for the study and the practice of comparative public governance and management. First is methodological problems. These include at least the following three: reliability of data, choice of theory, and the problem of equivalence. The first is the reliability of data for meaningful comparisons, that is, being able to measure the same thing in different contexts. Let's take as an example the measuring of the remuneration and other rewards of civil servants at the top of the government administration, an object of investigation at face value simple to measure; this apparently simple measurement may instead be made highly complicated by a range of differences: in the fiscal regime across countries, so top civil servant may receive different net income even when gross is equal; in the structure of remuneration, for example, what part of the remuneration is fixed and what is variable; in the nature of the statutory arrangements, so civil servants in one country may be easy to dismiss while others may have lifelong tenure and strong protections, which also provide higher certainty to their livelihood, in another one; in the additional perquisites, so civil servants in one country may enjoy benefits their homologues in another country do not; and so forth. The second is the choice of theory and methods with which to conduct comparative analyses, that is, being endowed with the appropriate tools for attributing causality in the investigation of governance arrangements and management systems in different jurisdictions. This is a demanding task, as choice of theory presupposes an understanding of contextual differences across the jurisdictions before the investigation starts, so that the chosen theory may be apt to shed light on

causality links connecting context to the studied object; at the same time, contextual influences may be discovered only as the study unfolds, hence requiring to revisit the choice of theory. There is a circularity here which puts heavy demands on the researchers. The third is the problem of the equivalence of the concepts used: for example, does "corruption" mean the same thing in different countries and cultures? Or, what is comprised within the term "public agency?" For any equivalence of concepts to be meaningfully employed, it is important that the object of the comparative study is clearly specified. The object of comparison may be at the factual level – e.g., the comparison of specific and concrete reform interventions, which may then be further distinguished (e.g., whether the study is of broad national reforms of the public sector, or reforms in specific levels of government, e.g., local government, or policy sectors, e.g. education or healthcare) – or the object of comparison may reside at the conceptual level, for example, the object of investigation could be reform ideologies (New public Management, New Public Governance; Neo-Weberian State: Digital Era Governance); or specific concepts (trust, public value, transparency: so, e.g., the comparative study of the level of trust by the general public in the public sector or the inquiry into the level and modalities whereby disclosure is achieved and hence the functioning of public administration is made more "transparent"); or finally the object of investigation could be discourses and beliefs systems in governance arrangements (Bevir and Rhodes 2006). The two levels – factual and conceptual – cannot be entirely separated and are always to some extent interconnected: "facts" always require concepts to interpret and give meaning to them, and concepts always somehow refer to or are at least partly drawn from empirics (Ongaro 2017), yet some distinction, in order to achieve clarity enough on the object of investigation of the comparative study, is a third demand put on the researchers.

The second set of problems lies in the issue of how theoretically to understand and explain contextual influences. Comparison is in essence understanding how context affects the functioning of the same system in different spatial-temporal circumstances, leading to differential outcomes. The key questions then become: what is context, and how does it "work"? As to the first question, there are very many definitions of "context." What most of them – or at least the most convincing among them – seem to have in common include, first, that context is conceived of as a notion of indefinite extension, the broader set of "features and factors" beyond the immediate environment in which the studied phenomenon is located; second, that context is a notion that goes beyond the idea of a scenery or backdrop to action (context constitutes the possibility for social actors to act); and, third, that context is an inherently multilevel and multidimension concept (a range of definitions and theoretical perspectives on the study of context in public governance and management are reported in the edited volume by Pollitt 2013).

The third cluster of problems is in a sense more practical, and it concerns how to institutionalize practices of lesson-drawing and learning across jurisdictions. In order for comparative public governance and management to be useful, it must be able to set up conditions whereby learning actually occurs, and it is effectively utilized by decision-makers. This raises questions of how to enable learning and of who learns (how to channel knowledge toward decision-makers or, in other words, how to match learning and the making of decisions for reforming) as well as questions of what are the purposes for which learning is utilized (what values are or should be upheld, and what criteria can be used to gauge whether learning has been employed for the bettering, in some sense, of public governance and management, and not for other, less agreeable, purposes, e.g., the self-preservation of rulers in their power).

## Conclusion

Comparative public governance and administration is the study of contextual influences on governance arrangements and public management systems, aimed at generating utilizable

knowledge for the bettering, in some sense, of public governance and management. It has been on the rise over the decade since the 1980s (illustrious predecessors in the field paving the way for the latest developments include Heady (1966) and Riggs (1962)). A key result of comparative public management and governance has lain in debunking the prejudice that "one size fits all" and showing how the same reform doctrines or prescribed recipes for change may produce highly varied outcomes in different contexts, exactly because of the contextual influences at work in different jurisdictions.

## Cross-References

► Comparative Public Administration and Globalization

## References

Bevir M, Rhodes R (2006) Governance stories. Routledge, London
Heady F (1966) Public administration: a comparative perspective. Marcel Dekker, New York. [expanded 2nd edn 1979]
Kickert WJM, Klijn E-H, Koopenjaan JFM (1997) Managing complex networks. Sage, London
Ongaro E (2009) Public management reform and modernization: trajectories of administrative change in Italy, France, Greece, Portugal, Spain. Edward Elgar, Cheltenham
Ongaro E (2017) Philosophy and public administration: an introduction. Edward Elgar, Cheltenham
Ongaro E, Van Thiel S (eds) (2017) The Palgrave handbook of public administration and management in Europe. Palgrave MacMillan, Basingstoke
Osborne S (2006) The new public governance? Publ Manag Rev (Special Issue) 8(3):377–387
Peters BG (2010) The politics of bureaucracy: an introduction to comparative public administration, 6th edn. Routledge/Taylor and Francis, London
Pierre J, Peters BG (2000) Governance, politics and the state. Macmillan, Basingstoke
Pollitt C (2011) Not odious but onerous? Comparative public administration. Publ Adm 89(1): 114–127
Pollitt C (ed) (2013) Context in public policy and management: the missing link? Edward Elgar, Cheltenham
Pollitt C, Bouckaert G (2011) Public management reform. A comparative analysis. Oxford University Press, Oxford
Ragin CC (1987) The comparative method. University of California Press, Berkeley
Rhodes R (1997) Understanding governance. Open University Press, Buckingham
Riggs F (1962) Trends in the comparative study of public administration. Int Rev Admin Sci XXVIII(1):9–15
Verhoest K, Van Thiel S, Laegreid P, Bouckaert G (2012) Government agencies. Practices and lessons from 30 countries. Palgrave MacMillan, Basingstoke

C

# Comparative Public Management Systems

Adeyemi O. Adebayo
University of South Africa, Pretoria, Gauteng, South Africa

## Synonyms

Comparative analysis; Comparative government activities; Comparative public administration; Comparative public governance; Comparative theory and methodology

## Definition

Comparative public management is an aspect of public administration that considers governmental activities in different socioeconomic, political, and cultural settings.

For the purposes of this study, systems connote a set of procedures or principles by which something is done. Thus, taken together, comparative public management systems entail methodology, methods, theoretical perspectives, and\or techniques by which comparative analysis in public management is and can be conducted.

## Introduction

Comparative public management is an aspect of public administration that considers governmental activities in different socioeconomic, political, and cultural settings. Thus, this comparative

public management is an approach to methodology in the field of public management. In this way, comparative public management analysis involves at least two elements. The first relates to the focus on structure and activities of public administration and administrators, and the second is concerned with an examination of organizational structures and administrative behavior (Peters 1994).

Comparative public management as a discipline and practice, and comparative public management as a field of research, have been shaped largely by reforms brought about by movements in public administration as a result of New Public Management [NPM], which emphasizes competition, measurement of results, and outputs; networks and New Public Governance [NPG], with emphasis on collaboration, effectiveness, and a move from outputs to outcomes among other things. These movements also resulted in a shift from public administration as a practice and discipline to public management, which is more applied and practical in nature (Peters 1994: 69; Pollit and Bouckaert 2011: 161–181), for rival arguments. Following these changes, there has been aspiration by nations and observers to know, understand, evaluate, and document the effects of these public sector reforms and the shift from public administration to public management on nations (Ashworth et al. 2013). In this regard, the process of investigating the effects of these reforms, movements, and shift is known as comparative public management.

Public management reform itself entails calculated changes to the structures and processes of public sector organizations with the aim of getting these public sector organizations to, in some way, run better (Pollit and Bouckaert 2011: 2). As such, going by the importance of these reforms as a way of making nations better deliver their mandates, several public management reforms have occurred and have been documented by observers. The first of these reforms started from the late 1950s. These earlier reforms (late 1950s to late 1970s) were mostly national or sectoral reforms, within a nation; thus, these did not come with much fuss because comparative analyses were carried out at individual and organizational levels, that is, micro and meso levels, mostly within a country. However, it was the reforms that started in the 1970s, during the period of global financial crisis, that changed everything (Pollit and Bouckaert 2011). At first, it was NPM, and this lasted from the 1970s to the late 1990s. Then, things began to change again from the late 1990s, and the focus moved from NPM to different kinds of networks that can be grouped under an umbrella name known as NPG. Following these latter reforms (NPM to NPG), the focus changed from national and sectoral to international, and the level of analysis moved from individual and organizations to national bureaucracy, that is, from micro and meso to macro. Hence, comparative analysis in public management became a much-needed and useful analysis tool as nations needed to see what is going on in terms of public sector reforms and management in other nations. The essence of comparison, in its right sense, is not to copy what is happening in other subjects of comparison but to see how others view and tackle similar issues, with the hope of learning from their experience. Consequently, comparative public management is a useful tool in documenting the effects of these reforms on nations. However, it appears comparative public management has not realized the expectations, and optimism scholars and practitioners accorded it at inception. The reason for this is highly connected with issues of methodology, methods, and theories. In this connection, this study argues that quantitative, qualitative, and mixed methods comparative public management analysis is possible and that more quantitative and more mixed research is needed while demonstrating that qualitative analysis can be done without selecting countries for analysis.

This study proceeds by discussing systems in comparative public management. Thereafter, the study demonstrates how a comparative analysis by means of literature review can be done, just before discussing categories and types of public-private partnership [PPP], which is employed in the demonstration. Following these, this study presents the review process adopted. Before it concludes, the outcome of the demonstration

was presented, and avenues for further research were provided.

## Systems in Comparative Public Management

From the above, it was argued that it appears comparative public management have not realized the expectations, and optimism scholars and practitioners accorded it at inception, and the reason for this was linked to issues of methodology, methods, and theories. In this context, following Peters' (1994) observation, comparative public management analysis can be carried out in two broad ways but in four different settings: analyzing public administration itself, analyzing public administrators, analyzing organizational structures, and analyzing administrative behavior. While it is possible to conduct some of these analyses quantitatively, some can only be conducted using qualitative techniques. For example, experimental analysis is possible in analyzing administrative behavior and public administrators, provided the objectives and/or questions posed support this, but not in comparative public administration and organizational structures. It is feasible to argue that quantitative analysis is not in any way possible, following Peters' (1994: 81) observation that comparative analysis questions are boundary and relational questions, such as comparing NPM with NPG and/or public administration, as well as comparing service delivery models under these three models. Nevertheless, it is, however, possible to conduct quantitative comparative analysis especially when the focus is national and/or sectoral and when the unit of analysis is individuals and not organizations, micro not meso. Notwithstanding, quantitative comparative analysis can also be conducted when the focus is international, provided the unit of analysis remains individuals. All the same, organizational and national analysis can be conducted where there are databases that can be used for quantitative analysis. When there are large databases, as with quantitative experimental research that can be done at micro, meso, and macro levels with administrators, quantitative archival analysis is possible using database records.

Up till this point, most comparative public management analyses have been done qualitatively (Pollit and Bouckaert 2011; Rutherford et al. 2017), although there are a few quantitative analyses (Knox 2017). In this context, Peters (1994) rightly submits that comparative analysis questions are relational and boundary questions. On this basis, such questions can only be answered qualitatively. In this way, research attention has been on qualitative analysis. In addition to this is the fact that comparative public management analysis has been limited to selecting particular countries for analysis (Knox 2017). The aftermath of this is that there have been challenges in linking the four areas and three levels (mentioned above) of comparative public management analyses together. Hence, many questions that cannot be answered qualitatively have not been posed. In this connection, O'Toole and Meier (2017) note that there have been recent calls for large-*N* quantitative research. Further, in addition to quantitative and qualitative comparative public management research, mixed methods is also key.

Taken as a whole, quantitative, qualitative, and mixed methods comparative public management analysis is possible. One should, however, bear in mind that this depends largely on the aspect of public management that is being or to be compared. Arguably, as seen in existing studies on comparative public management, the most meaningful comparison is that which exist between or among countries. In this context, particular countries are selected for analysis, and such comparison can focus on public administration, public administrators, organizational structures, and administrative behavior. This appears to be the traditional form of comparative study that is being carried out in the public sector. Hence, most of the research that has been done in this field has been overly some form of descriptive rather than analytical works, describing rather than explaining. However, quantitative, qualitative, and mixed methods comparative public management

analysis can be done without focusing or selecting particular countries for analysis. In the context of qualitative study, as against what is currently obtainable, qualitative comparative analysis can be done through a review of existing literature on a particular aspect of public management, for example, NPG.

While a quantitative study has been carried out (Avellaneda 2017) to demonstrate how experimental-survey research can be carried out in comparative public management, to demonstrate the qualitative system of comparative analysis argued above, one aspect of the latter reform, networks will be used. The reason for the focus on networks is because networks are a midpoint between two important academic debates and organizing models, hierarchies and markets. Thus, while networks are growing in use, theoretical arguments about their superiority compared to markets and hierarchies are also increasing. There are different kinds of networks. In this connection, because of space limitation, it is impossible to illustrate this method by focusing on all networks. Hence, public-private partnership [PPP], which is arguably the most widely used of the available networks in the public sector, will be employed.

The purpose is to demonstrate how the review of literature on PPP can lead to a comparative analysis of how PPP has been utilized in different countries, with the aim of getting public works to be delivered efficiently and effectively, and to account for what public works PPP has been employed. Assumptions are that even though this method, first, does not focus on particular countries, countries are expected to emanate from the review of studies on PPP. Second, categories and types of PPP that these countries have used as a tool in delivering public works are also expected to emanate from patterns in the review, which will be presented in an original elaborative manner.

## Comparative Analysis by Means of Review of Literature

### Background

Following the reforms highlighted above, the mode of delivery of public goods and services changed in many countries. Traditionally before the reforms, especially those from the late 1990s, governments deliver public goods and services through in-house production. However, reforms in the public sector have moved this delivery of public goods and services from traditional delivery to anywhere on a continuum that ranges from traditional design and construct (DC) and design and maintain (DM) to collaborative networks (Alford and O'Flynn 2012). Between these traditional provision methods and collaborative networks lie classical contracting, independent PPP, joint PPP, and other delivery methods (Fig. 1).

These reforms have changed the state dramatically. As a result, the public sector has moved from providers and producers to purchasers and evaluators. These moves have led the public sector to place much reliance on the market either for inputs, to subsidize government production or provision, or for outputs and/or outcomes, as well as direct private sector provision. These have resulted in what Alford and O'Flynn (2012: 249) term "complex constellation of public service provision."

## Categories and Types of Public-Private Partnership

There is no correct or incorrect definition of PPP. The available definitions are subjective and are based on the fit for particular purpose (Hodge and Greve 2010). For the purposes of this study, the definition by Klijn and Teisman (2002) with a little modification will suffice. Klijn and Teisman

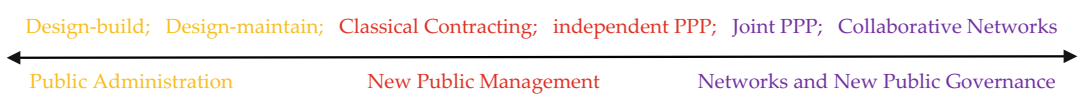


**Comparative Public Management Systems, Fig. 1** Continuum of modes of coordination and service delivery (Source: author's own elaboration)

(2002: 137) define PPP as "cooperation between public and private actors with a durable character in which actors develop mutual products and/or services, and in which risk, costs and benefits are shared and/or transferred."

There are different categories and types of PPP. In fact, it is these categories and types that point that not all PPP involves partnership in its ideal sense. For the purposes of this study, PPP will be originally broadly grouped into independent or joint PPP. The independent PPP is concerned with PPP in which the private sector involvement is significant. Here, the private sector often provides the required capital, and the private sector is often responsible for getting proceeds from citizen-users of public goods or services (concessions). Furthermore, the private sector usually retains the property rights, the rights to use, and the management rights, at least until the expiration of the contract, before any decision on renewal is made. The types of PPP under this category are build, own, and operate (BOO); concession; divestiture; partial privatization; and design, build, finance, and operate (DBFO). DBFO is mostly used in the UK PPP/PFI model, where the private sector does almost everything. Independent PPP in the right sense does not constitute partnership per se.

While the private sector is active in the independent PPP, the public sector is more active in the joint PPP category. Even though the joint category of PPP features a more controlled partnership compared with the independent PPP, the word "joint" as used here does not necessarily mean a collaborative form of partnership. In the joint PPP category, both sectors are actively involved in the arrangement, and there is autonomy for each sector to focus on responsibilities in which it has competitive advantage. Here, the private sector may charge end-users directly, but in most cases, payments are based on tax paid by citizens. More often than not, ownership of the property rests with the public sector, but the private sector sometimes retains ownership as well. The types of PPP under this joint category are build, own, operate, and transfer (BOOT); design and operate (DO), design and build (DB); design, build, and maintain (DBM); design, build, and operate (DBO); and build, operate, and transfer (BOT) (Fig. 2).

## The Review Process

In conducting comparative analysis through literature review, the initial step will be the identification of relevant databases where public administration and public management journals are published. In this connection, a title search was conducted on the identified databases: EBSCOhost (Academic Search Premier and Business Source Complete), Emerald, ProQuest (Business Premium Collection), Sage, Taylor and Francis, and Wiley. The search keywords applied to all databases are "Public-Private Partnerships" *OR* "Public Private Partnership" *OR* "Public Private and Partnership case study" *OR* "PPP." The search returned 2240 articles. The search results included articles that contained the words "public," "private," "partnership," and "editorials"; hence, the search returned a high number of articles. Non-PPP articles, non-case study PPP articles, and editorials (1976) were removed. The resulting 264 PPP articles were reviewed. The abstract, introduction, and conclusion of the 264 articles were read in order to determine those that would be relevant for the purposes of the demonstration. Of these 264 articles, 136 of these were not relevant to the study. This resulted in the complete review (subjected to

**Comparative Public Management Systems, Fig. 2** Continuum of PPP categories and types (Source: author's own elaboration)

content/thematic analysis) of only 128 articles, which form the basis of this system demonstration. *Australian Journal of Public Administration*, *International Journal of Public Administration*, *International Journal of Public Sector Management*, *International Review of Administrative Studies*, *Public Administration*, *Public Administration Review*, *Public Money and Management*, *Public Management Review*, and *Public Works Management and Policy* produced the relevant articles on case study PPP.

To derive categories for analysis, a template was made. The columns of the template included "title of article," "year of publication," "author(s)," "theory," "unit of analysis," "objective(s)/research question(s)," "sample (country/where)," "method/data," "type of PPP product(s) or service(s)," "categories of PPP," "types of PPP," "findings and/or conclusions," and "avenues for future research."

## PPP Use for Public Works

In order to understand the analysis below, it makes sense to refer to Grimsey and Lewis' (2004) classification of public works to which PPP can be applied. Grimsey and Lewis (2004: 20–21) offer a distinction between economic and social infrastructure in which PPP can be applied. While social infrastructure is the provision of basic services to households, economic infrastructure provides key intermediate services to business and industry (Grimsey and Lewis 2004). In this connection, Grimsey and Lewis (2004: 20–21) categorized these social and economic infrastructures into hard economic, soft economic, hard social, and soft social.

Following the lines laid down by Grimsey and Lewis (2004: 20–21), it was discovered, following the review, that in the countries of analysis, PPP has been utilized for both social and economic goods and services, though mostly for social infrastructure compared to economic infrastructure and mostly for hard social and hard economic, compared to soft social and soft economic. Road construction accounts for the most economic hard infrastructure for which PPP has been employed, while education accounts for the most social hard infrastructure in which PPP has been utilized. Defense and leisure services and IT services/technology account for the most social soft and economic soft infrastructure for which PPP has been employed, respectively. In the delivery of these public infrastructures, the design, build finance, and operate (DBFO) and concession models were mostly used, followed by BOOT and then BOT and followed by BOO. DBM/DBO, BOO, and DO are on the same level of use and are the least used PPP types (Table 1).

## PPP Use by Country

One of the most important aspects of comparative analysis is ensuring that like items are compared. However, because countries emanated from the literature reviewed, here, though it is possible to group countries using criteria such as size and population, countries are grouped according to how significantly they have utilized PPP, holding other criteria like size and population of country constant. The reason for this is that it appears this is arguably a good way by which a meaningful analysis can be done here. In the category of extremely heavy users of PPP are Australia and the UK. In Australia both independent and joint PPP categories have been used (Johnston 2010). Like Australia, the UK has extensively utilized joint and independent PPP. In doing so, both Australia and the UK utilized all the types of PPP under the independent and joint categories. However, DBFO, which is more of private finance than partnership, is the most employed type of PPP in the UK (Acerete et al. 2010). Thus, Australia and the UK are on the same level when it comes to the use of PPP for the provision of public goods and services.

Hong Kong, Ireland, Malaysia, and Russia constitute heavy users of PPP. In Hong Kong, PPP has been used for more of social than economic infrastructure (Higgins and Huque 2015). In Russia, PPP has been utilized for transportation, water supply and purification, refuse recycling plant and tourism, employing concession, BOO, and DBFO which are sheer forms of

**Comparative Public Management Systems, Table 1** PPP use by countries, resulting PPP infrastructure and type of arrangement

| | Types of infrastructure | | | | Categories of PPP | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Social | | Economic | | Independent | | | Joint | | | | |
| Country | Soft | Hard | Soft | Hard | BOO | DBFO | Concession | BOOT | DO | DB | DBM/DBO | BOT |
| Australia | x | x | x | x | x | x | x | **x** | **x** | **x** | **x** | **x** |
| Belgium | | x | | | | x | | | | | | |
| Canada | | | | x | | | x | | | | | |
| Hong Kong | x | x | x | | | | x | **x** | | | | **x** |
| India | | x | | x | | x | | | | | | **x** |
| Ireland | | x | | x | | x | x | **x** | | | | |
| Italy | | x | | | x | x | x | **x** | **x** | **x** | **x** | **x** |
| Kazakhstan | | | | x | x | x | x | | | | | |
| Malaysia | x | x | | x | | | | **x** | | | | **x** |
| Netherlands | | x | | | | | | **x** | | | | |
| Russia | x | x | | x | x | x | x | | | | | |
| Spain | | x | | x | | x | x | | | | | |
| UK | x | x | x | x | x | x | x | **x** | **x** | **x** | **x** | **x** |
| US | | x | | x | | x | | | | | | |

Source: Author's own elaboration

private finance models (Acerete et al. 2010; Hodge and Greve 2010). In Malaysia, PPP has been employed in the delivery of roads, ports, airports, power, water supply, sewage, and rail in BOOT and BOT forms which are mainly under the joint category of PPP in which the public sector is more active. Ireland's use of PPP has been in the area of education, public transport, roads, and solid waste (Reeves and Ryan 2007). The models adopted by the Irish government are DBFO, concession, and BOOT, which is a mix of joint and independent but more of joint.

Furthermore, India has used PPP for health services and roads in DBFO and BOT arrangements (Acerete et al. 2010; Gopalkrishna and Karnam 2015). Kazakhstan has also used PPP for transportation and in the energy sector employing concession, BOO, and DBFO models, mainly to take advantage of private finance. In Spain, PPP has been employed for roads and schools in DBFO and concession models mainly to take advantage of private finance as in Kazakhstan (Carpintero and Siemiatycki 2015). In the USA, PPP has been used for roads, sewer construction, waste water treatment, and correctional facilities in the form of DBFO arrangement. India, Kazakhstan, Spain, and the USA are mild users of PPP. What is common among the mild users is that they all used the independent category of PPP. A reason for this is arguably to take advantage of private finance.

The light users of PPP are Belgium, Canada, Italy, and the Netherlands. In Belgium, PPP has been used in the education sector for the design, development, financing, and operating of schools (Van Gestel et al. 2014). Canada has utilized PPP for urban transit, in a concession model (Siemiatycki and Friedman 2012). The Netherlands has used PPP in the area of urban development, employing BOOT model (Klijn and Teisman 2002). Belgium, Canada, and the Netherlands have only utilized PPP to a minimal extent. In Italy, PPP has been employed only for health services. The surprising observation is that in doing so, all the types of PPP under both independent and joint arrangements were fully employed in Italy (Vecchi et al. 2010). Further, in contrast with other countries, Italy also employed the concession approach, whereby end-users are charged for the goods and/or services provided, for health care (Table 2).

## Discussion/Summary

In Belgium, Canada, India, Ireland, Kazakhstan, Russia, Spain, and the USA, only the independent model of PPP has been used. These counties account for 8 out of the 14 countries that emerged from the analysis. Other countries used a combination of independent and joint categories of PPP. On this basis, DBFO and concession, which are forms of private sector finance, were mostly used by countries. In this connection, it can be argued, alongside Acerete et al. (2010) and Hodge and Greve (2010) that, in addition to reforms that led to shifts in public management and public service delivery, most countries engage in PPP in order to take advantage of private finance.

## Further Research

There are avenues for quantitative, qualitative, and mixed methods comparative analysis in public management. Further studies can be conducted using the method demonstrated here. Further, future studies can replicate this method by focusing on other aspects of networks or other aspects of public sector reforms as a whole. However, the main focus should be on other aspects of comparative public management where other questions aside boundary and relational questions can be posed so as to take advantage of other methodologies and methods available to researchers, aside qualitative methods. In this way, it will be possible to have a balance between qualitative, quantitative, and mixed methods. This will ensure that comparative analyses in public management and in the public sector as a whole will not be limited to qualitative methods and methodology.

## Conclusion

This study has provided an overview of comparative public management and comparative

**Comparative Public Management Systems, Table 2** Use of PPP by countries

| | Public works | | | | | | | | | | | | | | | | Independent PPP | | | Joint PPP | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | Roads | Hospitals | Education | Water/sewage | Airport/seaport/rail/urbantransit | Parks | Urbandevelopment | Wastemanagement | Correctionalfacilities | ITservices/technology | Tourism | Agedcarehomes | Leisureservices | Energy/power | Defenseservices | Housingconstruction | BOO | DBFO | Concession | BOOT | DO | DB | DBM/DBO | BOT |
| Australia | x | x | x | | | | | x | | x | | x | x | | x | x | x | x | x | **x** | **x** | **x** | **x** | **x** |
| Belgium | | | x | | | | | | | | | | | | | | | x | | | | | | |
| Canada | | | | | x | | | | | | | | | | | | | | x | | | | | |
| Hong Kong | | | | | | x | x | | | x | | | | | x | x | | | x | **x** | | | | **x** |
| India | x | x | | | | | | | | | | | | | | | | x | | | | | | **x** |
| Ireland | x | | x | | x | | | x | | | | | | | | | | x | x | **x** | | | | |
| Italy | | x | | | | | | | | | | | | | | | x | x | x | **x** | **x** | **x** | **x** | **x** |
| Malaysia | x | | | x | | x | | | | | | | | x | | | | | | **x** | | | | **x** |
| Netherlands | | | | | | | x | | | | | | | | | | | | | **x** | | | | |
| Russia | | | | x | x | | | x | | | x | | x | | | | x | x | x | | | | | |
| Kazakhstan | | | | | x | | | | | | | | | x | | | x | x | x | | | | | |
| Spain | x | | x | | | | | | | | | | | | | | | x | x | | | | | |
| UK | x | x | x | | | | | x | | x | | x | x | | X | x | x | x | x | **x** | **x** | **x** | **x** | **x** |
| USA | x | | | x | | | | | x | | | | | | | | | x | | | | | | |

Source: Author's own elaboration

C

management systems. In doing so, the study touched on methods and methodology in comparative public management. This study argues that quantitative, qualitative, and mixed methods research is possible in comparative public management studies. Thereafter, a comparative analysis was conducted to demonstrate that comparative analysis is possible without focusing on countries for analysis at the initial stage as is the tradition in most comparative public management studies. This study began by defining comparative public management, systems, and comparative public management systems and, thereafter, establishing reforms that led to movements in public management and that resulted in a shift from public administration to public management. Following this, a network was identified as one of the aftermath of the latter reform, and PPP, a type of network, was employed in demonstrating one of this study's arguments. Finally, the outcome of the analysis was discussed, before providing avenues for future research.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Comparative Approaches to Private, Voluntary Development Aid
- ▶ Comparative Policy Reforms
- ▶ Comparative Public Governance and Management
- ▶ Comparative Public Performance Management Systems
- ▶ Global Competency in Public Administration
- ▶ Public-Private Partnerships


## References


Acerete JB, Shaoul J, Stafford A, Stapleton P (2010) The cost of using private finance for roads in Spain and the UK. Aus J Publ Adm 69:S48–S60. https://doi.org/10.1111/j.1467-8500.2009.00654.x

Alford J, O'Flynn J (2012) Rethinking public service delivery: managing with external providers. Palgrave Macmilian, New York

Ashworth R, Ferlie E, Hammerschmid G, Moon MJ, Reay T (2013) Theorizing contemporary public management: international and comparative perspectives. Br J Manag 24(S3):S1–S17. https://doi.org/10.1111/1467-8551.12035

Avellaneda CN (2017) The delegation of municipal spending in Honduras: does the decision context matter? In: Meier KJ, Rutherford A, Avellaneda CN (eds) Comparative public management. Georgetown University Press, Washington, DC, pp 154–174

Carpintero S, Siemiatycki M (2015) PPP projects in local infrastructure: evidence from schools in the Madrid region, Spain. Publ Money Manag 35(6):439–446. https://doi.org/10.1080/09540962.2015.1083690

Gopalkrishna N, Karnam G (2015) Performance analysis of National Highways Public Private Partnerships in India. Public Work Manag Policy 20(3):264–285. https://doi.org/10.1177/1087724X14558270

Grimsey D, Lewis M (2004) Public private partnerships. The worldwide revolution in infrastructure provision and project finance. Eldward Elgar, Cheltenham

Higgins CD, Huque AS (2015) Public money and Mickey mouse: evaluating performance and accountability in the Hong Kong Disneyland joint venture public–private partnership. Public Manag Rev 17(8):1103–1123. https://doi.org/10.1080/14719037.2014.881533

Hodge G, Greve C (2010) Public-private partnerships: governance scheme or language game? Aust J Public Adm 69:S8–S22. https://doi.org/10.1111/j.1467-8500.2009.00659.x

Johnston J (2010) Examining "Tunnel Vision" in Australian PPPs: rationales, rhetoric, risks and rogues. Aust J Public Adm 69:S61–S73. https://doi.org/10.1111/j.1467-8500.2009.00660.x

Klijn E, Teisman GR (2002) Institutional and strategic barriers to public-private partnership: an analysis of Dutch cases. Networks 23:9–11. https://doi.org/10.1111/1467-9302.00361

Knox C (2017) Comparative policy reforms. In: Global Encyclopedia of public administration, public policy, and governance, pp 1–6. https://doi.org/10.1007/978-3-319-31816-5

O'Toole J, Meier KJ (2017) Comparative public management: a framework for analysis. In: Comparative public management. Georgetown University Press, Washington, DC

Peters GB (1994) Theory and methodology in the study of comparative public administration. In: Baker R (ed) Comparative public management: putting U.-S. public policy and implementation in context. Praeger Publishers, Westport, pp 67–91

Pollit C, Bouckaert G (2011) Public management reform: a comparative analysis, 3rd edn. Oxford University Press, New York

Reeves E, Ryan J (2007) Piloting public-private partnerships: expensive lessons from Ireland's schools' sector. Public Money Manag 27(5):331–338. https://doi.org/10.1111/j.1467-9302.2007.00604.x

Rutherford A, O'Toole LJ, Meier KJ (2017) The future role of context: the international research agenda. In: Meier KJ, Rutherford A, Avellanda CN (eds) Comparative public management. Georgetown University Press, Washington, DC, pp 195–211

Siemiatycki M, Friedman J (2012) The trade-offs of transferring demand risk on urban transit public-private partnerships. Public Work Manag Policy 17(3): 283–302. https://doi.org/10.1177/1087724x12436993

Van Gestel K, Willems T, Verhoest K, Voets J, Van Garsse S (2014) Public–private partnerships in Flemish schools: a complex governance structure in a complex context. Public Money Manag 34(5):363–370. https://doi.org/10.1080/09540962.2014.945808

Vecchi V, Hellowell M, Longo F (2010) Are Italian healthcare organizations paying too much for their public–private partnerships? Public Money Manag 30(2):125–132. https://doi.org/10.1080/09540961003665586

# Comparative Public Performance Management Systems

Angela Kline and Maria P. Aristigueta
University of Delaware, Newark, DE, USA

## Synonyms

Managing for results; Performance frameworks; Performance measurement systems

## Definition

The structures and processes by which an organization collects information to assess the results of its activities.

## Introduction

To appropriately compare systems of performance management, it is necessary to consider the system in which performance is being defined, quantified, and tracked long-term. This article is organized as a review of the foremost performance management systems based on public administrative reform eras from the last half-century. This framework was selected because understanding purpose and context are important for understanding measurement systems (Behn 2003). Also, the inherent connection between performance management and public management reform cannot be overlooked. Each section will review performance management systems from the following periods (Table 1).

**Comparative Public Performance Management Systems, Table 1** Performance management eras

| Name | Era | Characteristics of dominant discourse |
|---|---|---|
| Scientific management | Prewar into 1960s | Rational and hierarchical planning. Science and expertise will produce progress |
| New public management | Late 1970s to late 1990s | Business techniques to improve efficiency. Rise of "better management" as the solution to a wide range of problems |
| Governance era | 1990–2010 | Make government more effective and legitimate by including a wider range of social actors in both policymaking and implementation. Some varieties of governance explicitly rest on a "network approach" and most of them emphasize "horizontality" over vertical controls |

Adapted from Pollitt and Bouckaert (2011), p. 13, 22

## Performance Measurement to Management

Performance measurement focuses "on specific government activities, inform management decisions, and enable the public and policy makers to hold agencies accountable for program efficiency and effectiveness" (Aristigueta et al. 2001, p. 255). Performance management includes these measures into the systems that administer an organization. "Performance management is the incorporation and use of performance information in decision-making" (Van Dooren et al. 2010, p. 32).

Among the dialogues in the performance literature are the differing orientations of performance as a process or tool and performance as the

realization of public values (Van Dooren et al. 2010). A traditional lens approaches performance measurement as the regular measurement of outcomes through measures of effectiveness and efficiency of the program or service under review (Hatry 2006). More recently, Poister et al. (2015) define performance measurement as "the systematic, orderly collection of quantitative data along a set of key indicators of organizational (or program) performance" (p. 7) and advocate for the advancement to performance management. Poister et al. expand the definition to "performance management is the collection and purposive use of quantitative performance information to support management decisions that advance the accomplishment of organizational (or program) strategic goals" (2015, p. 7).

The realization of public values in performance management requires considering the question, "what are the defining characteristics of performance?" (Van Dooren et al. 2010, p. 22). The latter approach advances a performance management system that considers the values of those affected by the program or service being measured. Additionally, infusing the process with the consideration of values may prevent or decrease the likelihood that efficiency and effectiveness will not trump other values of equity and diversity (Wholey 2002).

## Challenges of Performance Management

Despite the potential benefits of performance management, practitioners and scholars alike highlight the challenges of implementation in a public organization. At the beginning of this process, managers, staff, and stakeholders may have differing opinions on the appropriate goals and strategies which may require hard choices for the direction of the organization (Wholey 2002). Even once strategies and measures are agreed upon, there may be ambiguity regarding how managers can include performance results into the decision-making process. An additional challenge of implementing performance management systems is the measurability of the activity under review. Organizations whose missions are advocacy or prevention-based find it challenging to measure the results of its work (Poister 2003). Principal among these challenges are finding the resources – staff time, cost of data collection and analysis, organizational costs – that are required for implementing a performance management system (Wholey 2002).

## Importance of Performance Management

Understanding the importance of performance management in the public sector is a critical first step in classifying and analyzing performance management systems. Consistent performance data requires sustained investment of resources from the organization. Performance results can inform numerous management functions and improve operations of an organization. Performance information is vital for strategic planning, monitoring and reporting program activities, budgeting and financial management, among many others (Poister 2003). As well as being useful for an organization's internal functions, performance information is necessary for organizations to manage external contracts and obtain grant funds. In essence, a robust performance measurement system can enhance an organization's ability to attract and retain external funding streams.

However, the aforementioned benefits of performance measures require an organization to integrate these data into their management systems. The performance management systems reviewed below provide a comparison of these systems based on administrative reform from the scientific management era, new public management era, and the governance era.

## Scientific Management

Scientific management thrived during the pre-World War II years in the United States. In the interest of greater efficiency, Taylor developed the theory of scientific management as a true science,

"resting upon clearly defined laws, rules, and principles, as a foundation" (1914, p. 7). Initially conceived as principles for application in a manufacturing environment, Taylor proposed that the theory of scientific management could be applied to various kinds of human activity (1914). Scientific management advised managers to gain efficiency "by setting production quotas linked to individualized payment systems" (Hood 2007, p. 98). When applied to the public sector, scientific management divides bosses and employees, those who manage and those who work (Lynn Jr 2001). According to Kettl, "advocates of the scientific management approach to public administration saw virtually no barrier to its ability to improve government – if only government administrators could be protected from political meddling" (2000, p. 9).

### Cost-Benefit Analysis

The Cost-Benefit Analysis (CBA) gained prevalence during the scientific management era. Originally developed for evaluating water-resource projects in the 1930s (Nash et al. 1975), public administrators considered CBA a tool for increasing efficiency of public organizations. While many administrators of this era viewed CBA as an objective tool for measuring efficiency, scholars highlight that CBA is subject to the analyst's value judgments of selecting the criteria for the model (Nash et al. 1975). CBA in the public sector is defined as Net Benefits = Total Benefits – Total Cost. Analyzing a social program with a CBA requires taking "into account the costs and benefits – whether monetary or nonmonetary – that accrue to everyone in society" (Cellini and Kee 2010, p. 494). While the equation for CBA is simple, estimating complex social costs is speculative and often inaccurate (Cellini and Kee 2010). The results of a CBA deem a program as successful if the social benefits exceed the social costs (McDavid et al. 2013.) It is more commonly used in assessing environmental or infrastructure studies than the assessment of social programs (McDavid et al. 2013).

CBA may work best on analysis of a single program or policy. Critics of public-sector use of CBA state that "it is often difficult to place dollar values on all (or most) costs and benefits" and describe the process as "difficult and time consuming" (Cellini and Kee 2010, p. 496). Cost-effectiveness (CEA) is also a useful tool that relates the costs of a program to its outcomes. The units of "effectiveness is simply a measure of any quantifiable outcome central to the program's objectives" (Cellini and Kee 2010, p. 494). Like CBA, CEA typically focuses on one primary outcome (for example, lives saved or drop-out prevention), though the decision may be made to compute cost-effectiveness ratios for additional outcomes of interest.

### Total Quality Management

Total Quality Management (TQM) is a framework that was also adapted for public administration from the private sector. Ehrenberg and Stupak define TQM as a "management philosophy that focuses on fulfilling customer expectations by providing quality services and products as a result of continuous improvement to the organizational process" (1994, p. 79). Developed by Deming and later expanded by Juran, the architects of TQM both were influenced greatly by visiting Japan and learning from their manufacturing processes. Kaizen is a Japanese word incorporated into TQM and represents continuous, unending improvement (Ehrenberg and Stupak 1994).

Many scholars have further developed the TQM philosophy, but Ehrenberg and Stupak summarize the following components:

1. Use of quantitative measures to improve processes continuously
2. Focus on providing quality services that meet customer-defined expectations
3. Empowerment of individuals to improve processes and assume accountability for products and services
4. Decisions based on facts
5. A commitment from top management to change the culture and embrace the TQM philosophy. (1994, p. 81)

The goal of TQM is that it will result in significant change of an organization's culture, leadership, structure, and design process.

Negative aspects of TQM include issues with employee motivation and employee participation. Connor explains that TQM does not place sufficient emphasis on morale and employee motivation because it strives for efficiency by any means (1997). Connor states that purging an organization of personnel breaks the implicit contract vital for the public sector; "loyalty is the glue that holds government organizations together. Once lost, it is not easily restored" (1997, p. 506). Furthermore, TQM's focus on feedback without employee empowerment may lead to trivial or phony employee participation (Connor 1997).

## New Public Management

Scholars have written volumes on the topic of new public management. The following section will provide a brief summary of new public management and review three tools that align with the principles of new public management: the Balanced Scorecard, Logic Models, and Lean Six Sigma.

With the benefit of historical perspective, New Public Management (NPM) is a divisive topic among many modern public administration scholars. However, NPM advocates in the late 1970s through the early 1990s trusted NPM's promise of government reform. As Moynihan points out, NPM is not a concise theory, rather the doctrine of NPM is a set of premises about the functions of government (2006). The main tenant of NPM is that government should adopt a business-like approach where service delivery is enhanced through competition in the marketplace. Then, government would be able to hold service providers accountable, public or private entities, for the provision of goods and services based on the outputs and outcomes (Osborne 1993). NPM's themes are disaggregation, competition, and incentivization (Dunleavy et al. 2005). The birth of the NPM movement is attributed to the Thatcher administration in the UK and the Reagan administration in the US although the term "reinventing government" was more commonly used in the US (Pollitt and Bouckaert 2011). Reinventing government was coined by Osborne and Gaebler who helped to grow the philosophy under the Clinton administration with then Vice President Al Gore and inspired the Government Performance and Results Act of 1993 (GPRA) (Pollitt and Bouckaert 2011). Because NPM endured for decades beyond party lines, the movement evolved and developed different spokes of the reform wheel.

### Logic Models

Perhaps the most well-known tool used for measuring performance, logic models grew in prevalence during the 1990s by United Way. Other names for logic models include Chains of Reasoning, Theory of Action, and Performance Framework (McLaughlin and Jordan 1999). Demonstrated in Fig. 1, a logic model enables administrators to plan and evaluate results of a program.

A logic model enables managers to ask a series of if-then questions about the program and develop an appropriate level of detail for each component. McLaughlin and Jordan explain the hypothesis of a logic model as "If assumptions about contextual factors remain correct and the program uses these resources with these activities, then it will produce these short-term outcomes for identified customers who will use them, leading to longer term outcomes" (1999, p. 70).

Administrators developing a logic model must quantify performance indicators of a program's inputs, outputs, outcomes, intermediate outcomes, and end or long-term outcomes (Hatry 2006). An additional component of the logic model is the context in which the program is operating. The key contextual factors are external to the program and administrators may not be able to affect change in this area (McLaughlin and Jordan 1999). While a logic model is a practical tool, it is not without its limitations. Staff requires ongoing training and organizational support to sustain evaluative efforts and there may be limited guidance for managers to incorporate the outcomes into decision making processes (Hendricks et al. 2008). Because changes in social services take years, if not decades, it may be challenging for an organization to maintain contact with clients who received goods and services

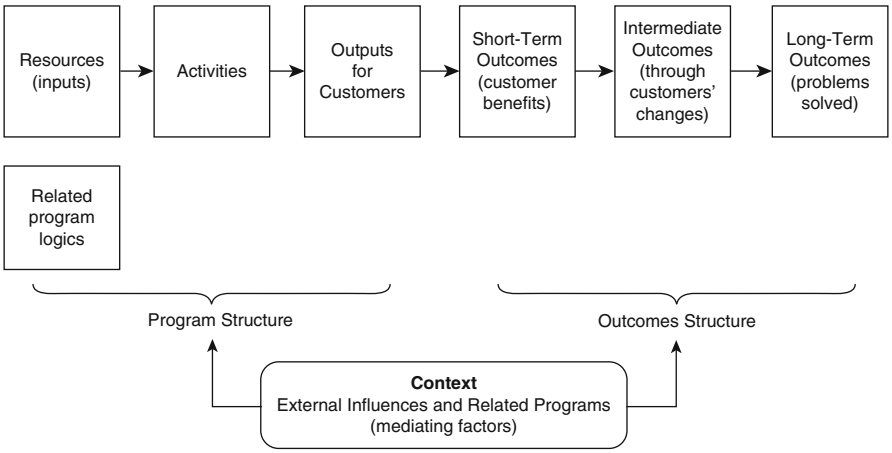


**Comparative Public Performance Management Systems, Fig. 1** Logic model (McLaughlin and Jordan 2010, p. 57)

to document a program's end or long-term outcomes.

## Balanced Scorecard

Introduced by Kaplan and Norton in 1992, the Balanced Scorecard was designed for use in the private sector to assess more than traditional financial measures to incorporate several dimensions of performance (Poister 2003). The Balanced Scorecard aims to include performance from customer perspectives, internal business perspective, the innovation and learning perspective and the financial perspective (Poister 2003). Most importantly, advocates of the Balanced Scorecard aspire to measure and track "intangible assets in value creation" (Niven 2008, p. 3). The Balanced Scorecard is a different tool to provide a more nuanced perspective on an organization's performance. Kaplan and Norton liken the Balanced Scorecard to the instrument panel in an airplane; pilots need information from a variety of tool to safely operate the plane (1992). Similarly, the Balanced Scorecard encourages managers to ask the following questions:

- How do customers see us? (customer perspective)
- What must we excel at? (internal perspective)
- Can we continue to improve and create value? (innovation and learning perspective)
- How do we look to shareholders? (financial perspective). (Kaplan and Norton 1992, p. 72)

After identifying answers to these questions in the framework, managers identify goals and measures for each perspective. For example, if a goal from the financial perspective is to survive, then an appropriate measure is cash flow (Kaplan and Norton 1992). In 2008, it was estimated that 60% of Fortune 1000 companies use the Balanced Scorecard system (Niven 2008).

Given the Balanced Scorecard's popularity and ability to incorporate complexity, the public sector adapted the framework for government and nonprofit agencies (Fig. 2).

The Balanced Scorecard is simultaneously described as a measurement system, communication tool, and strategic management system because of the interconnectedness of these functions in an organization (Niven 2008). The public sector Balanced Scorecard assesses the strategy of the four domains of the organization, but considers the core purpose for existing. The importance of fulfilling the mission is a key distinction in the nonprofit Balanced Scorecard.

Criticisms of the Balanced Scorecard include the template's lack of flexibility and its equal weighting of an organization's financial, customer, internal, and employee learning and growth components. This framework assumes

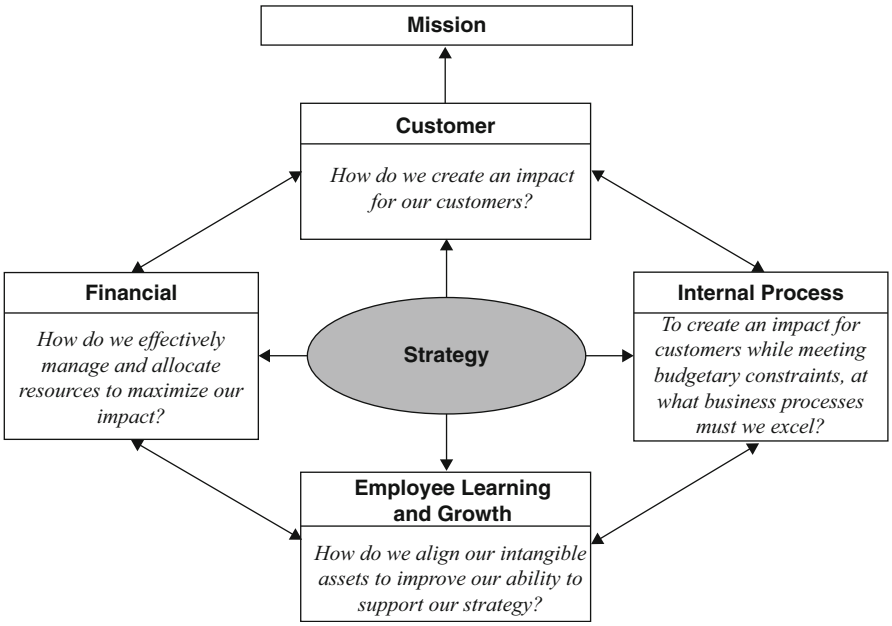


**Comparative Public Performance Management Systems, Fig. 2** Niven's balanced scorecard (Niven 2008, p. 32)

that all organizations share the characteristics of the four functional areas (McDavid et al. 2013).

### Lean Six Sigma

There is strong debate in the public administration dialogues on the applicability of Lean Six Sigma principles in the public sector (Radnor and Boaden 2008). Lean Six Sigma falls under the umbrella of continuous improvement frameworks and it is "an approach focused on improving quality, reducing variation and eliminating waste in an organization" (Furterer and Elshennawy 2005, p. 1179). Six Sigma and Lean were developed independently in the 1970s–1980s, but its complimentary nature resulted in a merged framework since the 1990s. Created by Motorola, Six Sigma is "both a quality management philosophy and a methodology that focuses on reducing variation, measuring defects and improving the quality of products, processes and services" (Furterer and Elshennawy 2005, p. 1179). Lean was developed by Toyota Motor Corporation as a "methodology that focuses on reducing cycle time and waste in processes" (Furterer and Elshennawy 2005, p. 1179). Examples of local governments that adopt Lean Six Sigma include improving financial processes like payroll and purchasing functions (Furterer and Elshennawy 2005).

There are numerous challenges with adapting Lean Six Sigma for use in the public sector. An inherent weakness of Lean Six Sigma is the use of manufacturing terminology in other sectors (Antony et al. 2012). Other criticisms of Lean Six Sigma include its fragmented approach of trying to solve problems without considering a systems perspective (Antony et al. 2012).

## Governance Era

Scholars posit that there is no dominant model of the late 1990s–2010; Pollitt and Bouckaert concedes that despite the lack of a dominant model there are key concepts that align with this era (2011). Prevalent concepts during the 1990s–2010 include governance, networks, partnerships, transparency, and trust (Pollitt and Bouckaert 2011). Further explained as the Governance Era, it is characterized by making "government more effective and more legitimate by

including a wider range of social actors in both policy making and implementation" (Pollitt and Bouckaert 2011, p. 22).

Aristigueta and Stanica (forthcoming) identify good governance indicators as a precursor to new public governance. The next section will discuss requirements for good governance as a precursor to new public governance.

### Good Governance

Analysis conducted by Van Doeveren (2011) identified five common principles of good governance present in multiple definitions of the concept: accountability, efficiency and effectiveness, openness and transparency, participation, and the rule of law. Studying the body of literature that defines the concept, a first set of definitions views good governance as based on transparency, accountability, rule of law, regulatory form, and efficiency. Institutions that subscribe to this definition include economic and public sector management institutions like the World Bank, International Monetary Fund (IMF), and the Department for International Development (DFID). The second set of definitions highlights the democratic and human rights dimensions of governance; advocates of this approach are institutions like the United Nations (UN) and the United States Agency for International Development (USAID).

Moreover, institutions like the United Nations Development Program (UNDP), IMF, DFID, and the United Nations Economic and Social Commission for Asia and the Pacific sees these definitions as being focused on normative values and public policy objectives that are seen to be socially desirable (Hyden et al. 2004; Kaufmann 2000). Yet, another classification associates good governance with legitimate governance, therefore institutions like USAID and UNDP highlight the important role of civil society and actor networks in participative and effective governance processes (Hewitt de Alcántara 1998). These two categories define good governance as an analytical concept that shows how decisions are made, and a prescriptive concept (a list of common principles) that states the values that are considered important for political decision-making processes in developing countries (Van Doeveren 2011).

## New Public Governance

New Public Governance derives from organizational sociology and network theory and suggests "both a plural state, where multiple interdependent actors contribute to the delivery of public services, and a pluralist state, where multiple processes inform the policy making system" (Osborne 2006, p. 384). New Public Governance has been identified as the solution to complexities of government and to providing a variety of beneficial practices to expand capacity for delivery of public services. Governments in the twenty-first century require problem-solving capacity that can no longer be delivered by just one entity (Rittel and Webber 1973; Head 2008). Furthermore, the rise of New Public Governance is believed to address the need to promote values that are oriented towards democracy and efficiency. For example in studying New Public Governance in the United States, Morgan and Cook (2014) suggest the need to pay particular attention to the institutions of civil society and to "the very fabric from which institutions emerge" (p. 322). Because the characteristics of the Governance Era and new public governance are flexible there is no single dominant performance management system.

As these are emerging frameworks, there is active scholarship occurring to determine best practices for establishing a performance management system in the era of new public governance. The following section will discuss the genesis of two systems that may offer solutions for the next generation of administrators.

A nascent topic among scholars is the use of dynamic performance management (DPM). DPM asserts an understanding that the complexity of modern service delivery in addressing wicked problems requires a nuanced and time-bound performance tool. Whereas a traditional view of performance management has a simplified outcomes-based perspective, Bianchi et al. posit that the complexity of wicked problems requires administrators to balance the three challenges of improving service quality, improving quality-of-life outcomes, and improving conformity to the principles of

public governance (2017). Bianchi et al. state that DPM "not only focuses on the perspective of a single organization but also on the perspective of the relevant system which generates the observed problem behavior, including the achievement of public governance principles" (p. 3, 2017). A DPM perspective appreciates the "nonlinear feedback relationships" among actors involved in the systems under review (Bianchi et al. 2017, p. 3). As such, DPM is appropriate where "policy development needs to accept the important roles of emergent strategy and learning mechanisms, rather than attempting 'blueprint' strategic planning and control mechanisms" (Bianchi et al. 2017, p. 1). This is a growing topic and additional research is needed to develop best practices for implementation.

Due to DPM's balancing act of considering stakeholders' perspectives, coproduction is often discussed concurrently with DPM. Bovaird and Loeffler define coproduction as "professionals and citizens making better use of each other's assets, resources and contributions to achieve better outcomes or improved efficiency" (2016, p. 254). Coproduction is a natural extension of new public governance because it assumes the shared responsibility of a task across stakeholder groups. This process of coproduction regards the role of government as "not simply to regulate, distribute or redistribute public benefits but to serve as a catalytic agent to invest private and nonprofit stakeholders in shared ownership of the public good" (Bao et al. 2012, p. 447).

The importance of public values in the aforementioned models differs from previous eras' performance management philosophy which weights efficiency and effectiveness above all else. Bao et al. point out, "unlike traditional performance management where simple goals and a system of hierarchy suffice, a value-centered approach requires public managers to put the values of the polity, a project, or an initiative at the center" (2012, p. 457).

Among the benefits of a value-centered approach to performance management is that it highlights the public process to achieve results and it does not reflect the "finding fault" evaluative process common under NPM systems (Bao et al. 2012, p. 459). Scholars underscore the significance of developing coproduction strategies to rebuild citizens' trust in government (Fledderus et al. 2014; Kettl 2015). While technology has expanded the government's ability to track performance, it has also greatly enhanced the public's ability to participate in public processes. Open Government, as a movement, started in 2009 with then President Obama's Memorandum on Transparency and Open Government which led to greater transparency, participation, and collaboration (Veljkovic et al. 2014). Veljkovic et al. summarize the five principles of open government:

- Opening public sector information data and enabling citizens and entrepreneurs to access government – held data in a uniform way (data transparency)
- Opening government processes and operations to the public (government transparency)
- Explaining decisions and actions to the citizens, acting on requirements expected for the task and accepting responsibility for failure (government accountability)
- Engaging citizens in decision making (participation)
- Enabling cooperation across different levels of government, between the government and private institutions and between the government and the citizens (collaboration). (2014, p. 279)

Open government as a performance management tool requires transparency of open data and relies on that data being used by a third-party advocacy or other watch-dog group (Schillemans et al. 2013). Advocates of these approaches point to the emphasis on organizational learning (Schillemans et al. 2013). A potential drawback of open data as a performance management tool is the shifting of the responsibility for accountability from the government officials to public stakeholders. These stakeholders may not have the technical ability to serve this role, so government agencies or other external institutions must provide technical training to facilitate citizens' use of open data.

## Conclusion

While the previous discussion spans more than a century of performance management systems, there are common themes that provide important lessons for public administrators. Fundamental to the implementation of a performance management system is the value of cultivating a learning organization. Organizations that develop the processes to learn from its successes and failures understand that performance cannot simply be used as a punitive function. Appropriate performance management system selection requires consideration of the institutional context – values, culture, and resources – in order to successful in implementation.

Of course, the limitations of comparing theoretical frameworks are that these models do not exist in the pure form in practice. In adapting these tools for practical application, administrators incorporate components from different models depending on the context of the organization.

Lastly, it is apparent in reviewing the last century of performance management systems that the public sector has exceedingly emulated the private sector. Scholars across the public administration literature have made productive careers supporting why administrators cannot operate government as a business (Denhardt and Denhardt 2000; Box 1999). As such, the public sector may benefit from the development of its own performance management system for the twenty-first century. Additional research and practice is needed to develop adaptive and values-based performance management systems for the future.

## References


Antony J, Krishan N, Cullen D, Kumar M (2012) Lean six sigma for higher education institutions (HEIs): challenges, barriers, success factors, tools/techniques. Int J Product Perform Manag 61(8):940–948

Aristigueta MP, Stanica CM (forthcoming) Good governance infrastructure as pre-requisite for new public governance. Public Perform Manag Rev

Aristigueta MP, Cooksy LJ, Nelson CW (2001) The role of social indicators in developing a managing for results system. Public Perform Manag Rev 23(3): 254–269

Bao G, Wang X, Laresen GL, Morgan DF (2012) Beyond new public governance: a value-based global framework for performance management, governance, and leadership. Adm Soc 45(4):443–467

Behn RD (2003) Why measure performance? Different purposes require different measures. Public Adm Rev 63(5):586–606

Bianchi C, Bovaird T, Loeffler E (2017) Applying a dynamic performance management framework to wicked issues: how coproduction helps to transform young people's services in Surrey County council, UK. Int J Public Adm:1–14. https://doi.org/10.1080/01900692.2017.1280822

Bovaird T, Loeffler E (2016) What has co-production ever done for interactive governance? In: Edelenbos J, van Meerkerk I (eds) Critical reflections on interactive governance: self-organization and participation in public governance. Edward Elgar Publishing, Northhampton, pp 254–277

Box RC (1999) Running government like a business: implications for public administration theory and practice. Am Rev Public Adm 29(1):19–43

Cellini SR, Kee JE (2010) Cost-effectiveness and cost-benefit analysis. In: Wholey JW, Hatry HP, Newcomer KE (eds) Handbook of practical program evaluation, 3rd edn. Jossey-Bass, San Francisco, pp 493–530

Connor PE (1997) Total quality management: a selective commentary on its human dimensions, with special reference to its downside. Public Adm Rev 57(6): 501–509

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Dunleavy P, Margetts H, Bastow S, Tinkler J (2005) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3):467–494

Ehrenberg RH, Stupak RJ (1994) Total quality management: its relationship to administrative theory and organizational behavior in the public sector. Public Adm Q 18(1):75–98

Fledderus J, Brandsen T, Honingh M (2014) Restoring trust through the co-production of public services: a theoretical elaboration. Public Manag Rev 16(3): 424–443

Furterer S, Elshennawy AK (2005) Implementation of TQM and lean six sigma tools in local government: a framework and a case study. Total Qual Manag 16(10): 1179–1191

Hatry HP (2006) Performance measurement: getting results, 2nd edn. The Urban Institute Press, Washington, DC

Head BW (2008) Wicked problems in public policy. Public Policy 3(2):101–118

Hendricks M, Plantz MC, Pritchard KJ (2008) Measuring outcomes of United way–funded programs: expectations and reality. N Dir Eval 119:13–35

Hewitt de Alcántara C (1998) Uses and abuses of the concept of governance. Int Soc Sci J 50:105–113. https://doi.org/10.1111/1468-2451.00113

Hood C (2007) Public service management by numbers: why does it vary? Where has it come from? What are the gaps and the puzzles? Public Money Manag 27(2): 95–102
Hyden G, Court J, Mease K (2004) Making sense of governance: empirical evidence from sixteen developing countries. Lynne Rienner Publishers, Inc., Boulder
Kaplan RS, Norton DP (1992) The balanced scorecard – measures that drive performance. Harv Bus Rev. Retrieved from http://strategus.it/files/The-Balanced-Scorecard%2D%2D-Measures-That-Drive-Performance.pdf
Kaufmann D (2000) Governance matters – from measurement to action. Retrieved 18 Mar 2016 from https://www.imf.org/external/pubs/ft/fandd/2000/06/pdf/kauf.pdf
Kettl DF (2000) Public administration at the millennium: the state of the field. J Public Adm Res Theory 10(1): 7–34
Kettl DF (2015) The job of government: interweaving public functions and private hands. Public Adm Rev 75(2):219–229
Lynn LE Jr (2001) The myth of the bureaucratic paradigm: what traditional public administration really stood for. Public Adm Rev 61(2):144–160
McDavid JC, Huse I, Hawthorne LRL (2013) Program evaluation and performance measurement: an introduction to practice, 2nd edn. SAGE Publications, Thousand Oaks
McLaughlin JA, Jordan GB (1999) Logic models: a tool for telling your program's performance story. Eval Program Plann 22:65–72
McLaughlin JA, Jordan GB (2010) Using logic models. In: Wholey JW, Hatry HP, Newcomer KE (eds) Handbook of practical program evaluation, 3rd edn. Jossey-Bass, San Francisco, pp 55–80
Morgan DF, Cook BJ (2014) New public governance: a regime-centered perspective. M. E. Sharpe Inc., New York
Moynihan DP (2006) Managing for results in state government: evaluating a decade of reform. Public Adm Rev 66(1):77–89
Nash C, Pearce D, Stanley J (1975) An evaluation of cost-benefit analysis criteria. Scott J Polit Econ 22(2): 121–134
Niven PR (2008) Balanced scorecard step-by-step for government and nonprofit agencies, 2nd edn. Wiley, Hoboken
Osborne D (1993) Reinventing government. Public Product Manag Rev 16(4):349–356
Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–387
Poister TH (2003) Measuring performance in public and nonprofit organizations. Jossey-Bass, San Francisco
Poister TH, Aristigueta MP, Hall JL (2015) Managing and measuring performance in public and nonprofit organizations, 2nd edn. Jossey-Bass, San Francisco
Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis: new public management, governance, and the neo-Weberian state. Oxford University Press, New York
Radnor Z, Boaden R (2008) Editorial: Lean in public services – panacea or paradox? Public Money Manag 28(1):3–7
Rittel HJW, Webber MM (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169
Schillemans T, Van Twist M, Vanhommerig I (2013) Innovations in accountability: learning through interactive, dynamic, and citizen-initiated forms of accountability. Public Perform Manag Rev 36(3):407–435
Taylor FW (1914) The principles of scientific management. Harper & Brothers Publishers, New York
Van Doeveren V (2011) Rethinking good governance. Public Integrity 13(4):301–318
Van Dooren W, Bouckaert G, Halligan J (2010) Performance management in the public sector. Routledge, New York
Veljkovic N, Bogdanovic-Dinic S, Stoimenov L (2014) Benchmarking open government: an open data perspective. Gov Inf Q 31(2):278–290
Wholey JS (2002) Making results count in public and nonprofit organizations: balancing performance with other values. In: Newcomer K et al (eds) Meeting the challenges of performance oriented government. American Society for Public Administration, Washington, DC, pp 13–35

# Comparative Public Policy

Wilson Wong
Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

## Synonyms

Comparative policy studies; Comparative political studies; Comparative politics; Comparative public administration; Public policy studies

## Definition

Comparative public policy is an area of interdisciplinary study which uses public policy as its major unit of analysis for comparison across different systems and institutions, usually countries or governments. It typically asks questions about how, why, and to what effect different

governments pursue different or similar policies. It faces problems of contested identities of method versus field and the lack of a coherent and comprehensive theoretical framework. These problems are being addressed by its emerging research, which also contributes to the creation of integrated and impactful knowledge in social science.

## Introduction

Comparative public policy is an important area of study cutting across major disciplines in social science (Adolino and Blake 2011; Castles 1998; Heidenheimer et al. 1990; Rose 2005). It carries both academic and policy significance. In recent years, it is gaining strength and influence because of the growing awareness of the limitation of isolated and compartmentalized knowledge of traditional academic disciplines in policy applications and the pressing need to acquire theory-guided and empirically proven knowledge for resolving serious policy problems under a globalized environment.

Many traditional disciplines of social sciences often select their research questions based on their disciplinary interest and conduct the analysis following their own logic of theoretical inquiry. A single theoretical lens inevitably narrows the comprehensiveness and scope of its inquiry. While compartmentalization of knowledge can be taken as specialization of knowledge and gives the advantage of theoretical strength of a disciplinary approach, compared with an interdisciplinary approach, their outputs of research are often too partial and fragmented for providing a complete analysis of a public problem to meet the expectations of scholars and practitioners of policymaking (Raadschelders 2005; Riggs 1991, 1998; Welch and Wong 1998).

Advance in comparative public policy research holds the promise of moving both theory and practice forward not only in public policy but also in many major disciplines in social science related to public policy (Fitzpatrick et al. 2011; Heidenheimer 1985; Pontusson 1995; Rose 2005). With its interdisciplinary nature, comparative public policy can enhance theory development through integrating the theoretical lens and strengths of knowledge of different discipline. Building on a problem-based or issue-based approach and uses "policy" as its major unit of analysis, it allows a high level of integration between theory and practice. Moreover, adopting a comparative perspective, it assimilates experiences and cases across countries and regions in making a significant contribution to construct a global social science (Gulrajani and Moloney 2012). However, at the current stage of its development, there is still a gap between what it can deliver and what it has accomplished.

The main objective of this chapter is to help bridge that gap by introducing comparative public policy and discussing critically the challenges and opportunities it is facing. This chapter is organized into the following sections. It first defines the field by focusing on its uniqueness as well as relationships with similar areas of studies. The second section examines its crisis of contested identifies and reviews three key trends of its research. Two of them are carrying major hope of enhancing the studies by addressing its core problem of the lack of sophisticated and coherent theoretical framework dedicated to it. The third section discusses the major challenges and opportunities of its future development. It concludes by emphasizing the close and important linkage between comparative public policy and social science in their parallel and interactive development.

### Defining the Field: Uniqueness and Similarities

Since comparative public policy is mainly about studying public policy under a comparative context, answering the question of "what is public policy" should be the first and important step in defining comparative public policy. According to Anderson (2011), public policy can be defined as "a relatively stable, purposive course of action or inaction followed by government in dealing with a problem or matter of concern." He further supplemented this definition by stating that "this definition focuses on what is actually done instead of what is being proposed and intended; differentiates a policy from a decision, which is essentially

a specific choice among alternatives, and views policy as something that unfolds overtime" (pp. 6–7).

There are several important elements in the above definition. First, although there are many actors, including nongovernmental actors, in the making of public policy, because of its "public" nature which involves the use of public power and authority, government still plays a central and defining role in the making of public policy. It is the presence and involvement of government which makes the whole matter and process "public." Because of the central and irreplaceable role of government in public policy, comparative public policy is a comparison of policies made by different governments or public institutions. Second, public policy is a purposive and goal-oriented course of action. Although the final outcome of public policymaking can be irrational and may not really solve a public problem, it is often a rational compromise among different actors involved based on their goals and incentives filtered or structured by institutions. That is why public policy is different from a specific decision as emphasized by Anderson. Policy is often the outcome of a course of action among multiple players whose role and influence are defined by institutional and structural factors. It also means comparing public policy is essentially a comparison of the impacts of institutions (Heidenheimer et al. 1990; Pontusson 1995; Scharpf 2000).

Building on the main elements of public policy, Heidenheimer et al. (1990) define comparative public policy as "the study of how, why, and to what effect different governments pursue particular courses of action or inaction." Recognizing the influence of institutions on policymaking, they suggest the study of comparative public policy "requires learning aspects of the structures and processes through which governmental decisions are reached," and scholars should keep in mind the importance of these ultimate determinants of policy choices made by nations. They also emphasize the interdisciplinary nature of comparative public policy by arguing that it "can never become a self-contained specialized discipline" and it is always "located at busy crossroads in social sciences."

The interdisciplinary nature of comparative public policy is both a curse and a gift. It can enrich the content and perspectives of comparative public policy on the one hand but also cause concerns of overlapping boundaries and confused identities with other studies and disciplines. Table 1 shows the differences in terms of unit of analysis, core discipline, and main concerns in the development for three distinctive but interrelated areas of study: comparative public policy, comparative politics, and comparative public administration. They are all distinctive because they all have their uniqueness in terms of concerns or theoretical lens. At the same time, they are also

**Comparative Public Policy, Table 1** Major classification of comparative studies

| Fields | Unit of analysis | Core discipline(s) | Main concerns in development |
|---|---|---|---|
| Comparative public policy | Public policy | Interdisciplinary | Contested identities: method or field<br>Difficulty in theory development due to the complexity of the subject matter and its interdisciplinary nature of inquiry<br>Applying and "borrowing" theories from other disciplines, lack of a coherent and comprehensive theoretical framework |
| Comparative politics | Political systems and institutions | Political science | Limitation in power of analysis and scope of inquiry by a single discipline |
| Comparative public administration | Bureaucracy, administrative, and governance systems | Interdisciplinary | A wider range of theories but mostly "borrowing" from other disciplines. lack of a coherent and comprehensive theoretical framework<br>A wider scope of inquiry from its problem-based approach but focusing mainly on administrative apparatus and capacity and the policy implementation stage |

interrelated as they do share some overlapping elements. One obvious example is all of them adopt comparative approaches and methods in the general arena of research in social science.

Comparative public policy is different from comparative politics as the latter is a subfield of political science, while comparative public policy is interdisciplinary in nature of which political science is only one of the pillars of its theoretical foundation (Heidenheimer 1985; Pontusson 1995; Scharpf 2000). The two are also different in terms of their unit of analysis as comparative public policy uses "policy," not political systems and institutions as its unit of analysis. To comparative public policy, political systems and institutions are some of its important independent variables rather than its unit of analysis. Comparative public policy and comparative public administration share many similarities, for example, both of them are interdisciplinary in nature and adopt a problem-based approach (Fitzpatrick et al. 2011; Gulrajani and Moloney 2012; Jreisat 2005). In general, however, comparative public policy is a broader and more inclusive area of study. The concept of policy, a key focus of comparative public policy, is broader than the concept of bureaucracy, a main concern in comparative public administration. Comparative public policy goes beyond the study of administrative apparatus and capacities which is linked mostly to the stage of policy implementation and covers all major stages in the policy cycle in its analysis.

## Contested Identities and Major Trends in Research

Being unique does not mean comparative public policy does not encounter any major problems and crises in its identity and development. Owing to the lack of a coherent and comprehensive theoretical framework of its own, "borrowing" theories from other well-established disciplines is still a common practice in its research (Heidenheimer 1985; Heidenheimer et al. 1990; Pontusson 1995; Scharpf 2000). This should not be taken as the total fault of its scholars as theory development is particularly difficult in comparative public policy because of the complexity and multifaceted nature of its subject matter. Nevertheless, this still leads to a serious problem of contested identities of "method versus field" in comparative public policy (Feldman 1978). There is a debate on whether comparative public policy has reached the status of being qualified as a field or it should be taken as no more than a method of using comparative approaches in research. As summarized by Feldman (1978) very well, "without a guiding theory, explanations for policy become lists constantly awaiting addenda, and comparative cases hover close to a line of anecdote" (Feldman 1978, p. 300). Although these words were written more than three decades ago, to a considerable extent, the situation described still persists. In many textbooks of comparative public policy, they are still relatively thin and weak on theory but are rich and more detailed in the discussion of cases of different countries and policy areas.

While its undeniable comparative public policy is lagging behind in developing its own theories and frameworks, there are some encouraging new developments on this aspect. Gupta (2012) summarizes three major categories of current research in comparative public policy: using comparative method, comparing theories across institutional configurations, and comparing theories to one another. By emphasizing being "comparative" in research, the first category is basically a continuation of the tradition of comparative public policy. The second and third categories, however, are promising developments in transforming the study of comparative public policy from a method into a field, a status which it should be long deserved. The development of comparative public policy in the direction of being more theory oriented is not only benefiting itself but also social science disciplines related to public policy. It is because comparative public policy research is an important testing ground of the robustness and generalizability of theories in social science. The recent development in comparative public policy research should be more appropriately considered from a wider scope as a positive step for enhancing of the development of theories in social science.

According to Gupta's (2012) review, the first category of research in comparative public policy

refers to the traditional use of comparative method to answer two primary questions: how do policies different across countries and what explains these differences. This category still represents a majority of the studies and serves as the existing foundations of comparative public policy research. With the rising importance of multilevel governance, a new addition to this category of research is in addition to comparing nationally, many studies also compare subnationally. This category of research, however, still suffers from the weakness of confining themselves to identifying differences across systems and countries without intensively answering the question of "why" through coherent and rigorous theoretical frameworks. Even if a theoretical lens is applied, it is also often borrowed from other fields and disciplines.

The hope of transforming comparative public policy into a respected and well-established field of study is pinned on two emerging trends of research (Gupta 2012). These two categories are highly interrelated by their strong theoretical orientation. The main difference between them is the second category compares a theory (or theories) across institutional configurations, while the third category of studies focuses mainly on comparing theories in answering the same question in policy research. Both of them have the potential of pushing forward the knowledge frontier of comparative public policy by contributing to theory development in public policy. Together, they form a mutually benefiting process which generates positive inputs to both theories in public policy and social science disciplines related to public policy studies.

One example of the second category of comparative public policy research is the testing of the validity and applications of Advocacy Coalition Framework (ACF), a major theoretical framework for analyzing policy equilibrium and change by key variables including policy learning, policy beliefs, policy coalitions, and policy subsystems, across different political settings, systems, and contexts. According to Sabatier and Weible (2014), ACF has been applied in 224 studies with applications in all continents and multiple policy areas including environment, health, finance/economics, social, education, technology, and recreation/tourism. A major contribution of this category of research is the development and applications of theories specifically for public policy process by testing their explanatory power across institutional configurations. By putting the theories of public policy process into empirical testing across institutional configurations, it allows researchers to revisit their theories and refine them to take into consideration of the influence of contextual factors, including culture, political structure, economic system which often differ across countries but do matter in affecting policy outcome, and behaviors of policy actors.

Similar to the category of research comparing the power and validity of public policy theories across institutional configurations, the third category of emerging research in comparative public policy puts a strong emphasis on the use of theoretical lens in analysis. However, instead of testing a single theory across institutional configurations and settings, it uses multiple theories to answer the same research question in public policy in order to develop the best theory. One good example of this category of research is a study by Ness (2010) which examines how state governments in the US determine merit aid eligibility criteria to assign college funding by using three competing theories of policymaking, ACF, multiple streams (MS) and the electoral connection (EC) framework. The study finds MS is the most useful theoretical framework for understanding and explaining merit aid policy in the US though this does not exclude the fact that the other two theories also have their explanatory value. As a result, in concluding his study, Ness designs a revised MS model which also integrates the useful elements from the two other theories. Although this third category of research mainly focuses on a single policy question, by comparing and integrating theories, it has also helped to serve the same purpose of building better and more powerful theories of public policies which are adaptive and resistant to settings and contexts.

## Challenges and Opportunities in Future Development

The two categories of emerging research are really two sides of the same coin. Regardless of

comparing theories across institutional configurations or comparing theories to one another, they share the same aim of developing robust general theories which can travel across systems, countries, and contexts. They have been proved as productive and useful in addressing the two problems haunting comparative public policy for decades, the use of comparison methods without a theoretical framework and the proliferation of diverse and misplaced theories borrowed casually from other fields. To further move the studies of comparative public policy forward in terms of both academic and policy values, there are hurdles scholars must recognize and overcome. As a roadmap for its future, major challenges and opportunities of the future development of comparative public policy are identified in Table 2.

First of all, challenges of the complex and multifaceted nature of the field caused by its policy-based nature can be taken as an incentive for building knowledge which integrates theory and practice, particularly in constructing middle-range theories as an intermediate solution. Its problem of contested identities of field versus method has been addressed by the two emerging trends of research, which also provides a good opportunity to construct a theory in social science that is integrative, generalizable, universal, global, robust, and actionable in nature. It has been a common complaint in comparative research that there are great difficulties to compare across systems due to problems of identifying common variables and contextual factors such as culture and tradition (Haque 1996; Moon and Ingraham 1998; Welch and Wong 1998; Wong 2013). Fortunately, to a large extent, these difficulties have been relieved under globalization. Globalization provides a more interactive and interconnected environment for introducing more common variables, such as economic and public management reforms and information and communication technology (Jordan et al. 2005; Welch and Wong 2001; Wong 2013). In fact, globalization itself and actors or pressures induced by it, including global institutions, global public-private partnerships, and transnational networks, can also serve as the common variables (Stone 2008; Welch and Wong 1998). Studying

**Comparative Public Policy, Table 2** Future development of comparative public policy: challenges and opportunities

| Comparative public policy | Challenges | Opportunities |
|---|---|---|
| **Subject of study** | Using policy as the unit of analysis, a problem-based and policy-based approach, and a comparative perspective makes the subject of inquiry multifaceted and too complicated to be theorized<br>Confusing identity of field versus method | Integrating theory and practice, policy, and research<br>Two emerging trends of research<br>Part of the problem can be resolved by constructing middle-range theories that compare similar countries and systems rather than all of them |
| **Theory development** | Most theories are "borrowed" from other social science disciplines and therefore are not compatible and coherent as a theoretical lens | Provides a valuable opportunity to construct a theory in social science that is integrative, generalizable, universal, global, robust, and actionable in nature |
| **Common variables** | Difficulties to compare across systems due to problems of identifying common variables and contextual factors (e.g., culture, tradition, and history) and defining them | Globalization provides a more interactive and interconnected environment for introducing more common variables<br>Globalization itself and global institutions can serve as the common variables |
| **Research collaboration** | Require an extreme high level of requirements in terms of contextual knowledge, methods, and disciplinary training | Problems can be resolved by team-based collaboration, with institutional support and incentives |
| **Impact and significance** | Practical policy advice may come at the expense of level of theoretical content | Visible policy impact increase awareness of importance and contribution of social science knowledge |

how these variables affect each country and system differently can generate many meaningful insights to contribute to the theory development of comparative public policy.

The rise of globalization does fit well in enhancing the two categories of emerging research. Globalization makes comparing theories across institutional configuration more easily and meaningful as all countries in the world are being impacted by globalization (Welch and Wong 1998, 2001). In essence, it gives scholars of comparative public policy something common to compare with in studying countries and their institutional configurations to avoid the embarrassing situation of spending a large amount of fruitless effort on comparing apples to oranges. At the same time, with the development of a large group of theories to capture the effect of globalization on various aspects of states and governments, these theories present an ideal opportunity for the second category of emergence research in comparative public policy. Studies of globalization has provided its help to the second category of research by generating multiple theories to be tested for their explanatory power and contextual relevancy in its own research, which may include in-depth case study of an individual country or a group of countries, for identifying and developing the best theory to answer a policy research question..

Due to the complex, multifaceted and interdisciplinary nature of its subject matter, studies of comparative public policy demands scholars and researchers to have a very high level of knowledge and skills, which would include knowledge of different systems and institutions across countries and contexts. Apparently, it is very difficult and can even be unrealistic to expect any individual researcher to meet all these high levels of requirements and expectations for conducting good-quality research in comparative public policy. This issue of "competence" has been a chronic problem long identified as an obstacle hindering the development of comparative public policy (Feldman 1978). Therefore, it will be more reasonable to seek for collaboration with research conducted on a team basis. Each member should possess knowledge in a particular country or a small group of countries among those being compared. They should also represent a wide and diverse background in disciplinary and methodological training.

Calling for more effort in collaborative and interdisciplinary research has been made in many literature reviews and summary works of comparative public policy for decades but has not been fully answered. It becomes increasingly clear that institutional restructuring and incentives would be necessary for the development and success of comparative public policy. For example, universities should create more collaborative projects and programs that promote joint cooperation of scholars from different disciplines. The setting up of those teams alone is not enough to ensure commitment and concentration from members if there is a lack of institutional incentive and recognition built into the personnel system of universities. Therefore, it is equally important that such collaborative teams are strongly supported by incentives on both team and individual levels. Moreover, interdisciplinary and policy-oriented research outputs should be assessed and valued in the decisions of tenure and promotion of individual scholars. Despite that, it must also be fully realized that while institutional support for comparative public policy research is critical and necessary, it is still the responsibility of scholars in comparative public policy to prove to universities, policymakers, and society the impact and significance of their research in order to convince them to make the above investment.

## Conclusion

This chapter explains the importance of comparative public policy in terms of both policy and research. It also discusses how comparative public policy can move both theory and practice forward by integrating theories from different disciplines and creating knowledge that is not only actionable for designing effective policy tools but also generalizable across countries, institutions, and contexts. It represents an attempt to overcome a long-time problem of compartmentalization of knowledge in the traditional social science disciplines which limits the scope and comprehensiveness of analysis of public policies. The problem of

compartmentalization has reduced the usefulness and weakened the relevancy of social science knowledge in a globalized and interactive world in which citizens and policymakers have legitimate expectations for universities and scholars to provide educated insights on solving major public problems.

At the moment, a gap still exists between the current state of comparative public policy research and its potential power. Before the studies of comparative public policy can make major progress, some major challenges and obstacles must be addressed. Among them, due to the complex and interdisciplinary nature of its subject matter, it is extremely difficult to develop a theory of its own which triggers an identity crisis. Without a coherent and comprehensive theoretical framework, it is often perceived as a method rather than a respected field of study. Reviewing the history and development of comparative public policy, a major lesson one should have learnt is it is not likely those problems and challenges could be overcome by efforts of scholars and researchers at an individual level. To ensure comparative public policy can fulfill its promise, it would need more than the diligence of individual scholars and must require institutional commitment in the social science enterprise on how comparative policy research is going to be recognized, conducted, and supported.

What is often needed is more cooperation and a better division of labor. Successfully overcoming problems of the development of comparative public policy would demand scholars and researchers coming from different disciplines and backgrounds to work intensively together on a collaborative basis. Instead of requiring each member of a research team having the same set of skills and knowledge in comparative public policy, which is often too ambiguous and demanding, it is more realistic and convenient to assemble a team of researchers who could complement each other in terms of country information, disciplinary knowledge, and methodological training. This collaboration should be backed up by institutional restructuring, support, and incentives. Furthermore, the co-optation of policymakers into the collaborative research team could also be a good suggestion to ensure the close linkage between research and practice.

The investment needed for further developing and enhancing the study of comparative public policy is definitely not small. However, this investment should be worthwhile as the benefits and contributions are much bigger. The globalization environment also provides a valuable opportunity never available before for scholars of comparative public policy to make their studies meaningful and manageable. By using globalization and similar variables as common variables in comparative public policy research, they are no longer comparing countries without connection and similarities which is just like comparing apples and oranges. In short, globalization has reinforced the two emerging trends of research in comparative public policy, comparing theories across institutional configurations and comparing theories to one another, to create more powerful, robust, and generalizable theories in public policy.

Development of comparative public policy also enhances knowledge creation in social science and raises the visibility and impact of social science knowledge. It is the mission of modern social science to create a body of integrated knowledge which has the ability to incorporate experiences across countries and disciplines for understanding issues of public concern as well as creating high impacts (Bastow et al. 2014). This mission points to the creation of a global science, a more inclusive and reliable scholarship, which "ultimately would become a cumulative and collaborative social science enterprise, one that links theory, methods, and data in robust and defensible ways" (Gulrajani and Moloney 2012, p. 85). By enhancing the analytical and explanatory power of its theories, the development of comparative public policy is part of the critical effort of increasing the visibility and validity of social science knowledge. Consequently, from a broader perspective, the state of comparative public policy is always a major indicator of the degree of success of social science scholars in pulling their knowledge together for making an impactful and discernable contribution to society.

## References


Adolino J, Blake C (2011) Comparing public policies: issues and choices in industrialized countries, 2nd edn. CQ Press, Washington, DC

Anderson J (2011) Public policy-making, 7th edn. Wadswoth, Boston

Bastow S, Dunleavy P, Tinkler J (2014) The impact of the social sciences: how academics and their research make a difference. Sage, London

Castles F (1998) Comparative public policy: patterns of post-war transformation. Edward Elgar, Cheltenham

Feldman E (1978) Comparative public policy: field or method? Comp Polit 10(2):287–305

Fitzpatrick J, Goggin M, Heikkila T, Klingner D, Machado J, Martell C (2011) A new look at comparative public administration: trends in research and an agenda for the future. Public Adm Rev 71(November/December):821–830

Gulrajani N, Moloney K (2012) Globalizing public administration: today's research and tomorrow's agenda. Public Adm Rev 72(1):78–86

Gupta K (2012) Comparative public policy: using the comparative method to advance our understanding of the policy process. Policy Stud J 40(1):11–26

Haque MS (1996) The contextless nature of public administration in third world countries. Int Rev Adm Sci 62: 315–329

Heidenheimer A (1985) Comparative public policy at the crossroads. J Publ Policy 5(4):441–465

Heidenheimer A, Heclo H, Adams CT (1990) Comparative public policy: the politics of social choice in America, Europe and Japan, 3rd edn. St. Martin's Press, New York

Jordan A, Wurel RKW, Zito A (2005) The rise of 'new' policy instruments in comparative perspective: has governance eclipsed government? Pol Stud 53: 477–496

Jreisat J (2005) Comparative public administration is back in, prudently. Public Adm Rev 65(2):231–242

Moon M-J, Ingraham P (1998) Shaping administrative reform and governance: an examination of the political nexus triads in three Asian countries. Governance 11(1):77–100

Ness EC (2010) The politics of determining merit aid eligibility criteria: an analysis of the policy process. J High Educ 81(1):33–60

Pontusson J (1995) From comparative public policy to political economy: putting political institutions in their place and taking interests seriously. Comp Pol Stud 28(1):117–147

Raadschelders J (2005) Government and public administration: challenges to and need for competing knowledge. Adm Theory Praxis 27(4):602–627

Riggs WF (1991) Public administration: a comparativist framework. Public Adm Rev 51(6):473–477

Riggs WF (1998) Public administration in America: why our uniqueness is exceptional and important. Public Adm Rev 58(1):22–31

Rose R (2005) Learning from comparative public policy: a practical guide. Routledge, London/New York

Sabatier P, Weible C (eds) (2014) Theories of the policy process. Westview Press, Boulder

Scharpf WF (2000) Institutions in comparative policy research. Comp Pol Stud 33(6/7):762–790

Stone D (2008) Global public policy, transnational policy communities, and their networks. Policy Stud J 36(1): 19–38

Welch E, Wong W (1998) Public administration in a global context: bridging the gaps of theory and practice between western and non-western countries. Public Adm Rev 58(1):40–49

Welch E, Wong W (2001) Global information technology pressure and government accountability: the mediating effect of the domestic context on website openness. J Public Adm Theory Res 11(4): 509–538

Wong W (2013) The search for a model of public administration reform in Hong Kong: Weberian bureaucracy, new public management or something else? Public Adm Dev 33(4):297–310


# Comparative Public Sector Accounting Standards


Natalia Aversano[1], Johan Christiaens[2] and Tine Van Thielen[2]

[1]Department of Mathematics, Computer Science and Economics, University of Basilicata, Potenza, Italy

[2]Ghent University, Ghent, Belgium


## Synonyms

European countries' comparative study; IPSAS 17 comparative analysis

## Definition

Comparative public sector accounting is a research area in which public sector accounting systems are investigated and compared among different countries in order to detect, with quantitative and qualitative methods, similarities and/or differences and the relative reasons.

## Introduction

European public sector accounting systems are affected by changes converged toward the search for a uniform accounting behavior in order to homogenize – both at national and international levels – the language of the financial statements of public entities (Adam et al. 2011). The convergence process in accounting practices aims to satisfy the information needs of different kinds of stakeholders as well as making financial statements comparable, transparent, and useful (Benito et al. 2007). An important element in providing useful information is the accounting treatment and reporting of "heritage assets" (HA).

Contrary to businesslike assets, heritage assets (e.g., historical buildings, collections, monuments, archaeological sites, landscapes, etc.) are special and unique, not only for societal reasons but also to be preserved for the following generations. The users of governmental financial reporting, particularly the ruling politicians who set our their policies in the area in which they are authorized, are socially, culturally, and emotionally interested in these assets rather than in their functional use only.

However, studies have shown how financial reports often result in a gap between what is reported in the governmental financial statements and what information is needed by the users (Liguori et al. 2012). In order to streamline the different accounting practices in governments, the IPSASB has been established to harmonize the governmental accounting standards. Established in 2000, the IPSASB remains the only worldwide standard setter for governments and has developed 40 accrual accounting standards based on the IFRS for business enterprises. For the financial reporting of property, plant, and equipment that includes heritage assets, the IPSAS 17 was issued in 2007. However, even if in April 2017 IPSASB published a consultation paper (CP) on financial reporting for heritage in the public sector, the question whether this IPSAS 17 results in financial reporting that meets the heritage assets' user needs has not sufficiently been answered yet.

The concept of cultural and artistic heritage has been defined by some supranational organizations and standard setters, resulting in multiple definitions. Heritage assets can be conceptualized with the definition of IPSAS 17 "property, plant, and equipment." IPSAS 17 states that *some assets are described as heritage assets because of their cultural, environmental or historical significance* while also providing some specific examples and characteristics. The uniqueness of heritage assets is the difficulty to identify a book value that reflects the cultural, environmental, educational, and historical value of these assets (Carnegie and Wolnizer 1995). Their value may increase over time (even if their physical condition deteriorates); therefore it is difficult to estimate the useful life that may be indefinite (Aversano and Christiaens 2014). These issues have created an important debate on the best way of representing heritage assets in a financial statement. In concern of the accounting treatment, scholars suggested a *holistic approach* for heritage assets; more specifically, the status of the capital goods, assigned by the authorized government, should determine its accounting treatment. If the capital goods have the status of businesslike assets, the assets should be included on the balance sheet. If they have a societal status (such as merit or collective public goods), these goods should not be included on the balance sheet, but should be disclosed and documented in the off-balance sheet.

Regarding the value to indicate in the balance sheet, international accounting standards look favorably upon a valuation at historical cost or fair value. However, in many cases heritage assets cannot be reliably valued in financial terms. Some authors even claim that giving a value to heritage assets can have profound negative consequences on the accountability and decision-making process since the decisions are based on wrong or incomplete values (Aversano and Christiaens 2014). Therefore, it has been suggested that the information system should provide more descriptive information, e.g., the nature and characteristics of the heritage assets owned, their physical condition, etc. (Carnegie and Wolnizer 1995). These studies reveal the controversial subject of the financial reporting on heritage assets, and thus

one can question the appropriateness of the accounting standard IPSAS 17 regulating the financial reporting of heritage assets.

Apart from studies that focus on different characteristics and functions of heritage assets, there are some publications dealing with the accounting treatment of heritage assets. A few studies go further and examine certain users being stakeholders and their expectations regarding governmental financial reporting. However, there is lack of research in which accounting standards are tested with respect to user needs, specifically for heritage accounting prescriptions included in the IPSAS 17. It should be pointed out that the presence of that specific standard does not automatically lead to an effective and successful use by policy makers.

## Users and Their Information Needs

Within this wide range of user groups (e.g., citizens, financial institutions), a great majority of authors consider politicians to be the most important users group (Liguori et al. 2012).

Politicians are partly external users, because they have no influence on producing financial statements and partly internal because they have an influence on the management that is reported in the financial statements. The ruling politicians (e.g., mayor and aldermen in a local government) represent one of the most concerned users of governmental financial reporting. They use this statement mainly for communicating to the citizens/voters how the monetary resources provided by them have been used (public accountability reasons) as well as any future decisions about the activities (decision-making reasons).

Politicians, to whom citizens have delegated the power to manage the public assets, have a duty to respond to the results of their activities demonstrating the "value" generated (or possibly destroyed) from the activities carried out (Carnegie and Wolnizer 1995).

Concerning the information needs, a core set of information needs common to the majority of stakeholders can be identified, and, in addition to these common information needs, the management of heritage assets necessitates additional disclosures related to their specific features. In particular, the users are interested also in descriptive information, such as nonfinancial information relating to the objectives of entities holding the assets, the nature and characteristics of the heritage assets owned, their physical condition and maintenance, and measures of performance as the number of visitors.

## Comparative Public Sector Accounting

The adequacy and usefulness of IPSAS 17 prescriptions in relation to the reporting of heritage assets to the user needs can be analyzed with a comparative analysis using the Italian and Flemish responsible politicians as a reference.

Flanders is a part of Belgium, and Italy and Belgium are two European countries that can be considered a prototype of the countries with Roman roots rich of history, art, and culture. The importance of heritage assets in both countries is also reflected in their involvement in related policies at the European level. Also, both countries are early birds when ratifications were instituted (e.g., Convention on the Protection of the Underwater Cultural Heritage, Convention for the Safeguarding of the Intangible Cultural Heritage), and they have common initiatives such as Isola Comacina and the Bibliotheca Corviniana Collection. This demonstrates their mutual interest in the topic.

Finally, they also have similar accounting systems, and there is a degree of homogeneity in the way they present financial statements (Benito et al. 2007). These similarities do not imply that both countries are the same. Undoubtedly, there are many organizational and institutional differences, but they are fairly comparable.

IPSAS 17 should satisfy the particular information needs of users and should provide information useful for decision-making and public accountability. Because IPSAS is often used as a benchmark by European governments, it is necessary to examine whether the disclosure requirements of IPSAS 17 are useful, which is questioned by some previous studies in concern of heritage assets.

| No | Items | IPSAS 17 | Average importance Italian councils | Average importance Flemish councils |
|---|---|---|---|---|
| 1 | **Cost of the preservation, conservation, restoration, maintenance of the Has** | – | **4.6** | **4.2** |
| 2 | **Identification of the funding sources for acquisitions (e.g., government grants, cash donations, donated assets, and utilization of existing cash resources)** | – | **4.4** | **4.1** |
| 3 | **Information about allocation and uses of financial resources** | – | **4.3** | **3.9** |
| 4 | **Description of the heritage assets** | – | **4.2** | **3.8** |
| 5 | **Policies for the preservation, conservation, restoration, and maintenance of the heritage assets** | – | **4.2** | **3.8** |
| 6 | **Custody costs** | – | **4.2** | **4.0** |
| 7 | **Physical condition of the heritage assets** | – | **4.1** | **3.5** |
| 8 | **Comparison between the current results and those of the previous years** | – | **4.0** | **4.0** |
| 9 | **Performance indicators** | – | **4.0** | **3.6** |
| 10 | **Budget vs actual information** | – | **4.0** | **4.2** |
| 11 | **A 5-year financial summary of activity (including acquisitions and disposals of Has)** | – | **4.0** | **3.7** |
| 12 | **Financial value** | X | **3.9** | 3.3 |
| 13 | **Overview of entity operations (acquisitions through entity combinations, contract commitment for the acquisition of the heritage assets)** | X | **3.9** | **3.9** |
| 14 | **Useful lives of assets** | X | **3.8** | 3.0 |
| 15 | **The estimated costs of dismantling, removing, or restoring items of HAs** | X | **3.7** | **4.3** |
| 16 | **Restrictions on the heritage assets** | X | **3.7** | **3.7** |
| 17 | **Measurement based on financial value** | X | **3.6** | 3.3 |
| 18 | **Event after financial statement date** | – | **3.6** | **3.9** |
| 19 | **Depreciation method used** | X | **3.6** | 3.0 |
| 20 | **The temporarily idle heritage assets** | X | **3.5** | **4.0** |
| 21 | Date of the revaluation | X | **3.5** | 3.3 |
| 22 | Depreciation value | X | 3.4 | 3.0 |
| 23 | Revaluation method used | X | 3.4 | 3.0 |
| 24 | Changes in valuation criteria | X | 3.3 | 3.3 |
| 25 | The value of the heritage asset retired from active use and held for disposal | X | 3.3 | **3.9** |

Since Italy and Flanders have many common characteristics and because IPSAS are supposed to generate the same answer for the same user needs, a comparative analysis can be tested if IPSAS 17 accomplishes Flemish user needs of mayors and councilors regarding heritage assets.

Therefore, a survey on 293 Italian local governments and 308 Flemish local governments was carried out by sending a questionnaire to the mayors and relevant aldermen (i.e. aldermen of culture and heritage who are appointed by the overall council). The analysis focuses on local governments because they have an important role in the management and delivery of public services. All Italian and Flemish municipalities have a mayor (elected directly by the population), a cabinet, a city council, and a professional bureaucracy.

Data were collected through a questionnaire sent to the Italian and Flemish mayors and

| Class | No of items | | Percentage of satisfaction | | Percentage of dissatisfaction | |
|---|---|---|---|---|---|---|
| | Italy | Flanders | Italy | Flanders | Italy | Flanders |
| Items preferred by responders and requested by IPSAS 17 | 9 | 5 | **42.9%** | **29.4%** | | |
| Items preferred by responders and not requested by IPSAS 17 | 12 | 12 | | | **57.1%** | **70.6%** |
| Total | **21** | **17** | **42.9%** | **29.4%** | **57.1%** | **70.6%** |

aldermen. The list of the information needs (items) from the point of view of the mayor and aldermen was created based on various user need research publications and the requirements of IPSAS 17. The questionnaire contained different questions, asking the level of importance of specific issues of reporting of heritage assets as well as the perception to what extent their information needs were met.

The individual averages of all the items are compared to understand which items significantly contribute to the usefulness for politicians. The items with an average importance of at least 3.5 were considered useful because these values express the highest degree of importance (Aversano and Christiaens 2014). Focusing on the items of at least 3.5, the percentages of satisfaction and dissatisfaction of the user needs by IPSAS 17 were calculated and compared. The percentage of satisfaction stands for the number of items required by IPSAS 17 in relation to the total items. The ratio of items not required by IPSAS 17 highlights the percentage of dissatisfaction.

## The Percentage of Satisfaction of the User Needs by IPSAS 17

After listing the specific information about heritage assets (items) according to the degree of importance by the Italian municipalities, the items with an average importance of at least 3.5 are the first 21 items shown in following Table. Next to these results, the average importance of the items given by the Flemish councils is listed:

The Table reveals how both the Italian and the Flemish councils prefer many items which are not required by IPSAS 17. In addition, the Flemish results are similar to the Italian ones and can be regarded as a confirmation despite certain cultural and administrative differences.

Based on the outcomes, the following table summarizes the results regarding the percentage of (dis)satisfaction for Italy and Flanders divided. The empirical results assert that the user needs information of governmental financial statements are satisfied by IPSAS 17 less in Flanders than Italy; in fact the percentage of satisfaction is 42.9% for Italy and 29.4% for Flanders. Consequently, the IPSAS percentage of dissatisfaction is 57.1% for Italy and 70.6% for Flanders. This means that the majority of the items considered important for the Italian and Flemish politicians are not required by IPSAS 17. In other words, the adoption of IPSAS 17 would not satisfy an important number of user needs.

## Conclusion

In concern of the usefulness and ease of use of IPSASs for governments, the comparative analysis highlights that IPSAS 17 does not sufficiently correspond to the needs of the politicians. Moreover, IPSAS 17 responds to the user needs about heritage assets for a less important part of Italian and Flemish local governments. Hence, if IPSAS 17 is used as a benchmark when changing the financial reports, this will not be in line with the needs of the main user group, e.g., politicians, regarding heritage assets.

The findings also highlight how the politicians are interested in finding adequate information about heritage assets in the governmental financial reports. These information needs are oriented

toward achieving and maintaining the popular consensus, interpreting the needs of the community, and trying to satisfy them.

Even if the Flemish politicians' evaluation is less enthusiastic, the findings confirm that Italian and Flemish politicians present similar results both in terms of information requested and reasons for these information needs. In fact, both Italian and Flemish politicians are mainly interested in the cost of preserving heritage assets, identifying the funding sources to buy them as well as information about the allocation and uses of financial resources. The reasons why financial reports are used in relation to heritage assets is for financial and public accountability reasons. This can be explained by the fact that the aldermen are not the direct supervisors of these public organizations.

Moreover, these information needs often clash with the accounting problems of heritage assets. In relation to this gap, the analysis confirms that narrative information is appreciated by politicians, such as the identification of the funding sources for acquisitions, a description of heritage assets or the policies for preservation conservation restoration, and maintenance of the heritage assets. However, also numeric accounting information is considered interesting, such as the costs of the preservation, the allocation and uses of financial resources, or the custody costs. Remarkably, performance information is considered useful, but not that significant as some other forms of narrative or disclosure information. The case on heritage assets represents an extreme case of accounting difficulty. Typical for heritage assets, the rules and behaviors, with particular reference to the evaluation aspects, do not comply with the features of uniqueness and non-repeatability; therefore, the inclusion of more narrative information is considered useful (Aversano and Christiaens 2014). A careful consideration of which information is worth the effort in concern of heritage assets is shown to be necessary (Liguori et al. 2012). When looking at an explanation why IPSAS 17 lacks a number of regulations and prescriptions that are expected by the users, one could argue that their businesslike accounting background is the main reason. The IPSAS Board mainly consists of accountants used to business accounting, and they are not familiar with politicians' needs not with heritage assets being a specific governmental issue.

Up to now, the IPSAS 17 has been neither amended nor has a new standard been issued. If municipalities voluntary contribute to the IPSAS 17 regarding heritage assets, they will be obliged to collect useless information relating to heritage assets, which is not without costs. However, the implementation of the IPSAS 17 in the Italian and Flemish governments should take into consideration the more general problem that IPSASs are based on accrual accounting, while in the two countries analyzed, the cash-based budgetary accounting system still has an important role.

## Cross-References


- ▶ Accountability
- ▶ Comparative Studies
- ▶ Evolution of Government Accounting
- ▶ Harmonization
- ▶ Heritage Assets
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Public Sector Accounting


## References


Adam B, Mussari R, Jones R (2011) The diversity of accrual policies in local government financial reporting: an examination of infrastructure, art and heritage assets in Germany, Italy and the UK. Financ Accountability Manag 27(2):107–133

Aversano N, Christiaens J (2014) Governmental financial reporting of heritage assets from a user needs perspective. Financ Accountability Manag 30(2):150–175

Benito B, Brusca I, Montesinos V (2007) The harmonization of government financial information systems: the role of IPSASs. Int Rev Adm Sci 3(2):293–317

Carnegie GD, Wolnizer PW (1995) The financial value of cultural, heritage and scientific collections: an accounting fiction. Aust Account Rev 5(1):31–47

Liguori M, Sicilia M, Steccolini I (2012) Some like it non-financial... politicians' and managers' views on the importance of performance information. Public Manag Rev 14(7):903–922

# Comparative Standards of Administration: Auditing

Kgobalale Nebbel Motubatse
Auditing, Tshwane University of Technology, Pretoria, South Africa

## Synonyms

Accountability; External audit; Financial statements; Internal auditing; Public sector; Public sector audit; Public service institutions

## Definition

Public sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the public with information and independent and objective assessments concerning the stewardship and performance of government policies, programs, or operations (INTOSAI Professional Standards Committee n.d.).

Public sector auditing refers to both internal and external auditing. It plays a key role in good governance.

## Introduction

The emergence of public sector auditing as a set of processes and verification approaches, distinct from those in use in private sector auditing, can be traced to the establishment of the Australian National Audit Office in 1979 (Guthrie and Parker 1999). This institution is viewed as a vehicle to enhance the efficiency of government systems, and with the ability to influence agendas and activities at individual, organizational, institutional, sociopolitical, and socioeconomic levels in the Australian public sector (Guthrie and Parker 1999). According to Humphrey et al. (1993), public sector auditing, as a governance type, emerged in the United Kingdom as a means to promote accountable management in public sector organizations. The military structures mimicked by the British Government in the nineteenth century have been shown to have significantly influenced the emergence of the public sector auditing and accounting functions in Britain (Funnell 1997). The need for enhanced accountability had been at the center of the establishment of a public sector auditing capacity, as controls over spending levels were proving inadequate in all government departments (Funnell 1997). Public sector auditing is thus tasked with strengthening governance's effectiveness and increasing the public's confidence in the public sector.

## History of the Office of the Auditor-General in South Africa

South Africa occupies the southernmost tip of Africa. The country has common boundaries with Namibia, Botswana, Zimbabwe, and Mozambique. While the Swaziland and Lesotho attached to South African territory in the Southeast. The country has a total surface area of about 121,9090 square kilometers (Statistics South Africa 2011). Prior to 1994, the apartheid government used the auditing legislation based on the British model and became established and remained as the unshakeable foundation of the audit office throughout the ups and downs of those times of the system that based on the principles of independence and integrity to improve accountability. The Supreme Audit Institution was constitutionally mandated under the South Africa Act of 1909 (Act No. 1 of 1909), section 132, which stated that the Governor-General in Council should appoint a Controller and Auditor-General who shall hold office.

Later the Act was shadowed in 1911 by the Exchequer and Audit Act (Act No. 21 of 1911), which laid out all the regulations and processes for the guidance of auditors of accounts in the provinces of the Cape of Good Hope, Natal, Transvaal, and Orange Free State in the examination and audit of accounts of the province. The Auditor-General was also required to scrutinize the accounts of government entities or any public

body that are delivered to him and report to Parliament annually on the results. At that time, The Exchequer and Audit Act of 1911 was used to guide auditing and accounting right up to the late 1970s before the gradual evolution of the accounting profession began to exert its influence. Each provincial government had to keep account books and accounts for the whole of the receipts and payments. At that time, South Africa was demarcated into four provinces and ten homelands (see the map below) (Figs. 1 and 2).

After 1994, in the new South Africa, the Auditor-General South Africa (AGSA) was given a new constitutional mandate in terms of section 188 of the Constitution to audit and report on the accounts, financial statements, and management of all institutions that are significant users of public money to the National Assembly as the first house of Parliament in South Africa. The AGSA is accountable to the National Assembly in terms of section 181(5) of the Constitution and section 3(d) of the Public Audit Act of 2004



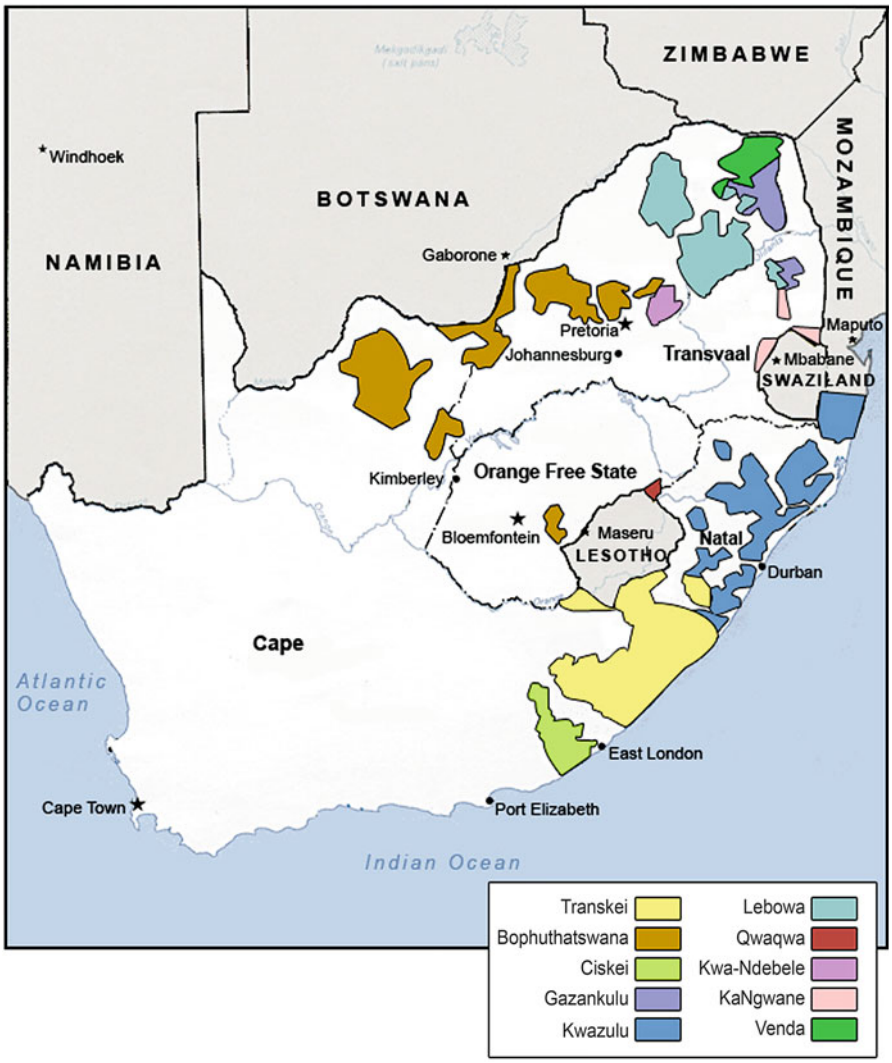


**Comparative Standards of Administration: Auditing, Fig. 1** Old South Africa map. (Source: https://www.sahistory.org.za)

**Comparative Standards of Administration: Auditing,**
**Fig. 2** Provincial map of in the new South Africa after 1994. (Source: https://www.sa-venues.com/maps/south-africa-provinces.htm)

and has to report on its activities and performance of its functions in terms of section 10 of the Public Audit Act.

## The Role of the Auditor-General in South Africa

Auditor-General is a person appointed by the Parliament for a fixed term of between 5 and 10 years to run the institution. The appointed person becomes the head of the institution and is accountable for the administration. The Auditor-General of South Africa (AGSA) is the supreme audit institution (SAI) of South Africa. It is the only institution, which by law has to audit and report on how the government is spending the South African taxpayers' money. This has been the focus of the AGSA as an institution since its inception in 1911 until now. The institution is seen as the key role player to strengthen the democracy by enabling accountability and governance in the public sector through auditing, while building public confidence. The institution is responsible for auditing the national and provincial state departments and administrations, including municipalities and any other public institution or entity.

In addition, the institution reports on the **following types of audits** (AGSA 2011):

**Regularity Audit**

- Report on the financial statements
- Report on other legal and regulatory requirements
- Report on status of internal control

**Investigations**

- Report on factual findings with regard to financial misconduct, maladministration, and impropriety, based on allegations or matters of public interest

**Special Audits**

- Report on factual findings, for example: Donor-funding certificates for legislative compliance

**Performance Audits**

- Report on the economic, efficient, and effective utilization of scarce resources

**Environmental Audits**

- Report on the effect of policy implementation and compliance

Over and above these entity-specific reports, the audit outcomes are analyzed in general reports that cover both the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) cycles. The AGSA tables report to the legislature with a direct interest in the audit,

namely, Parliament, provincial legislatures or municipal councils. These reports are then used in accordance with their own rules and procedures for oversight.

## Public Sector Auditing

Public sector auditors play an important role in achieving effective public sector governance (Institute of Internal Auditors 2012). The AGSA is a member of the International Organization of Supreme Audit Institutions (INTOSAI), which oversees the setting of global audit standards for all external audit communities in public sector organizations. INTOSAI provides the local Supreme Audit Institution (SAI), commonly recognized as the Auditor-General South Africa (AGSA), a framework within which public sector audit organizations focus on accountability and transparency in the use of public funds. The AGSA is thus uniquely placed to contribute to building and sustaining stronger and more effective accountability mechanisms for the government and its citizens. The AGSA is a member of INTOSAI, which is an autonomous global organization of government external audit institutions, and has special consultative status with the Economic and Social Council (ECOSOC) of the United Nations (AGSA 2011). South Africa's Auditor-General (as the government's external auditors) has been recognized for the role it is playing in promoting good governance processes in the country's public sector. Laws such as the Public and Municipal Finance Management Acts (Acts No. 1 of 1999 and 56 of 2003) (PFMA and MFMA) are aimed at ensuring proper management, transparency, accountability, stewardship, and good governance in national, provincial, and local government.

Consequently, Independent Regulatory Board of Auditors (2012: 12–13) outlines the benefits of audit in the public sector may include the following:

- Responsiveness to changing environments and stakeholder expectations, without compromising independence.
- Ensuring that government is held accountable for using resources legally and responsibly, for the purposes intended, and economically, efficiently, and effectively.
- Credible source of independent and objective insight and guidance to facilitate foresight and continuous improvements in government.
- Empowering the public to hold government accountable and responsive, through objective information, simplicity and clarity of the message, and convenient access to auditor's reports and messages in relevant languages.
- Enabling the legislature, one of its commissions, or those charged with governance to discharge their different responsibilities in responding to audit findings and recommendations and taking appropriate corrective action.
- Following up on audit findings and implementation of recommendations
- Enhancing transparency and accountability
- Clean administration through ethics compliance
- Service excellence and quality considerations
- Good governance
- Effective communication

## Internal Auditing in the Public Sector

Internal Auditing means an independent, objective assurance and consulting activity designed to add value and improve an Institution's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (Institute of Internal Auditors 2009).

In the South Africa, internal auditing is recognized in the regulatory framework adopted by the public service, broadly covered by the Public Finance Management Act and the Municipal Finance Management Act, which are applicable to the public institutions. These regulatory frameworks require the public institutions to establish an internal audit functions. The responsibility of internal audit is to provide advice, support, and technical and professional expertise to assist managers in fulfilling their responsibilities.

The main functions performed by internal auditors cover the following areas:-

- The development, planning, and management of the internal audit function itself (including the establishment of its independent status and the operation of quality assurance provisions).
- The establishment and operation of effective relationships with other assurance providing services such as risk management and external audit.
- The planning and execution of a range of audit engagements evaluating and reporting on various aspects of the work of the department.
- The provision of consultancy support to departmental management to assist them with improvements in their systems and procedures (Office of the Accountant-General 2011).

The following are applicable options of services for the functioning of internal audit in the public sector:

- *In-house* – where there is a fully established internal audit within the institution
- *Co-sourced* – where there is a presence of a core internal audit capacity within the institution, which is supplemented by the services of an external service provider.
- *Outsourced* – where the internal audit function of an institution is fully outsourced to an external service provider.
- *Shared* – where more than one institution shares the pool of internal audit resources (Office of the Accountant-General 2011).

Hence, the internal auditing in the public sector make a vital contribution to public service institutions' compliance with laws and regulations and to the effectiveness of said institutions' internal controls, risk management, and governance processes (Office of the Accountant-General 2011). *The role of internal audit in the public sector* can be summarized as follows:

## Risk Management

Risk management is a key responsibility of management. Internal auditors should assist both management and the audit committee by examining, evaluating, and reporting on the adequacy and effectiveness of the risk management process. Risk management includes the identification; assessment; prioritization; and mitigation of risks affecting the public sector serve delivery. Internal auditors assess the adequacy of corporate governance and the control environment; the effectiveness of processes to identify, assess, and manage risks; the assurance provided by control policies, procedures, and activities; the completeness and accuracy of information and communication systems and practices; and the effectiveness. For instance, some public sector risks involve the political and economic consequences of the public's perception of fair and equitable treatment of citizens, animals, the environment, and others.

### Responsibilities of Internal Audit in Risk Management Include

- Providing assurance that the risk management culture in the institution is an appropriate one.
- Providing assurance that the risk register is an appropriate reflection of the risks facing the institution.
- Providing assurance that risk management is carried out in a manner that benefits the institution.
- Providing assurance that the risk management strategy, risk management implementation plan, and fraud prevention plan have been effectively implemented within the institution.

## Control

The establishment and operation of internal control systems is the responsibility of the relevant managers in the public sector environment. Internal auditor assists senior management in assessing compliance with laws and regulations and organizational policies and procedures. It does so by evaluating the existing controls in terms of their adequacy and effectiveness, assessing the change in the likelihood of any risk materializing, and developing recommendations for their improvement. These recommendations should always add value.

### Governance

Governance requires that the internal auditors assess and make appropriate recommendations for improving the governance processes for:

- Promoting appropriate ethics and values in the organization
- Ensuring effective organizational performance management and accountability
- Communicating risk and control information to appropriate levels in the organization
- Coordinating the activities and communicating information to the board of directors, external and internal auditors and management (Institute of Internal Auditors 2012).

The role of the internal audit with respect to good governance should be to assist the organization in achieving its goals, creating and maintaining particular values. It does so through the appropriate accountability and by evaluating processes that contribute to the achievement of these goals and values, specifically the communication of the goals and values and the processes used to monitor their respective achievement (National Treasury 2009).

#### The Significance of Internal Auditing in the Public Sector

- It provides unbiased and objective assessments of whether public resources are responsibly and effectively managed.
- It detects non-compliance with laws and regulations in the public sector.
- It provides public expenditure management system and should ensure that public spending is within budgetary provisions.
- It assists management to improve service delivery and ensure compliance with applicable laws, provide independent and objective assurance to an organization's management that its risks are being mitigated to an acceptable level and reports where they are not.
- It assists management in performing value for money audits such as the audit of economy, efficiency, and effectiveness

The scope of internal audit activities may include assurance and consulting projects. Assurance and consulting projects differ in many ways: Assurance services assess evidence relevant to the objective against defined criteria, while the consulting services provide advice upon request and the use of defined criteria does not necessarily form the basis of the advice.

Internal audit renders a variety of services to the organization within which they operate (Anderson 2003: 98), which includes assurance and consulting services:

**Assurance services includes:**

- Effectiveness of governance processes
- Risk management system
- Internal control system

For example, assurance services in the public sector are those services that require internal auditors to assess the adequacy and effectiveness of controls encompassing the organization's governance, operations, risk management, and information systems.

**Consulting services includes:**

- Improve the internal control system
- Support other (ad hoc) strategic important activities

For example, consulting services involve two parties, namely, the person or group offering the advice (the internal audit) and the person or group seeking and receiving the advice (the customer).

## Comparative Role of Internal and External Auditing in the Public Sector

| Role of internal auditor | Role of external auditor |
|---|---|
| Internal auditors independently work within the public sector environment | External auditors working for public sector are independent of the public institution environment |
| They report to the audit committee in the public sector | They accountable and report to the parliament |
| The work of internal audit is continuous based on the | The work of external auditors in the public |

(continued)

| Role of internal auditor | Role of external auditor |
|---|---|
| internal control systems of the public sector. They help public sector managers in ensuring that policies implemented for risk management are operating effectively | sector is periodic based on the audit of financial statements and on a test basis to monitor systems in place |
| Internal auditors are appointed by the management along with the audit committee, and they are the employees in the public sector | External auditors are appointed by the parliament after the discussion in the National Assembly for a fixed term of between 5 and 10 years to run the institution |
| Senior management set the objectives for internal audit work and approve them in the internal audit charter alongside the audit committee | The objectives of external auditors in the public sector are defined by constitution and the public audit act 25 of 2004 |
| Internal auditors in the public sector usually look at the risks of service delivery facing government objectives and how the public sector is managing those risks effectively. It provides recommendations for improvement across all government institutions | External auditors focus on the audit of finances, compliance with laws and regulations and the audit of predetermined objectives. The audit is designed to show whether there are true and fair use and reflection of public resources |

## Conclusion

Audit role is much broader. This chapter focuses on comparative roles of external and internal auditing as it is important to understand these implicitly before looking too closely at specialisms or niches. The external auditors are important towards promoting public confidence and trust in financial information. While the Internal auditors pay their attention on the systems and processes of an organization and reports on how they are working. They act as consultants to the organization by providing both assurance and consulting services on the organizations risk management, governance, and internal control processes. The comparative role of auditing in the public sector administration was put briefly in order to understand why South African public sector has implemented two form of auditing.

In South Africa, the public sector auditing is performed independently and the role and duties are set out in the regulations and the Constitution of the country. Through these audits ensures transparency and accountability in all government institutions' service delivery efforts. That South Africa is a democratic state and manages its affairs within the principles and requirements of its Constitution.

## Cross-References

▶ Good Governance
▶ Public Sector Accounting

## References

Anderson U (2003) Assurance and consulting services. Institute of Internal Auditors Research Foundation, Altamonte Springs

Auditor General South Africa (2011) The legacy book – Auditor-General. https://www.agsa.co.za/Portals/0/AG/AGSA%20Legacy%20Book.pdf. Accessed on 18 June 2018

Funnell W (1997) Military influences on the evolution of public sector audit and accounting 1830–1880. Account Hist 2(2):9–29

Guthrie JE, Parker LD (1999) A quarter of a century of performance auditing in the Australian federal public sector: a malleable masque. Abacus 35(3):302–332

Humphrey C, Miller P, Scapens RW (1993) Accountability and accountable management in the UK public sector. Account Audit Account J 6(3):7–29. https://doi.org/10.1108/09513579310042542

Independent Regulatory Board for Auditors (IRBA) (2012) Guidance for auditing in the public sector. [Online]. Available from: http://www.paab.co.za/index.php/component/docman/doc_download/1246. Accessed 18 June 2018

Institute of Internal Auditors (2009) In: Institute of Internal Auditors (ed) The international professional practice framework (IPPF), Altamonte Springs

Institute of Internal Auditors (IIA) (2012) The role of auditing in public sector governance, 2nd edn. IIA, Altamonte Springs

INTOSAI Professional Standards Committee (n.d.) Key concepts for public sector auditing. [Online]. Available from: http://www.psc-intosai.org/. Accessed on 21 June 2018

National Treasury (2009) Internal audit framework, 2nd edn. National Treasury, Pretoria

Office of the Accountant-General (2011) Internal audit. [Online]. Available from: https://oag.treasury.gov.za/

Publications/18.%20Competency%20Framework%20for%20Public%20Financial%20Management/Technical%20Competency%20Dictionaries%20-%20Explanatory%20Notes/Internal%20Audit.pdf. Accessed on 23 June 2018

Statistics South Africa (2011) Census in brief. [Online]. Available from: http://www.statssa.gov.za/census/census_2011/census_products/Census_2011_Census_in_brief.pdf. Accessed on 13 April 2018

C

# Comparative Studies

Mario Coccia[1,2] and Igor Benati[2]
[1]Arizona State University, Tempe, AZ, USA
[2]CNR – National Research Council of Italy, Torino, Italy

## Synonyms

Comparative analysis; Comparative approach

## Definition

Comparative is a concept that derives from the verb "to compare" (the etymology is Latin *comparare*, derivation of *par* = equal, with prefix *com-*, it is a systematic comparison). Comparative studies are investigations to analyze and evaluate, with quantitative and qualitative methods, a phenomenon and/or facts among different areas, subjects, and/or objects to detect similarities and/or differences.

## Introduction: Why Comparative Studies Are Important in Scientific Research

Natural sciences apply the method of controlled experimentation to test theories, whereas social and human sciences apply, in general, different approaches to support hypotheses. Comparative method is a process of analysing differences and/or similarities betwee two or more objects and/or subjects. Comparative studies are based on research techniques and strategies for drawing inferences about causation and/or association of factors that are similar or different between two or more subjects/objects. In general, all investigations of cause-effect and/or of association between variables are, by nature, comparative studies. In particular, comparative studies in social sciences seek to analyze the combination of constants and variability that characterizes elements, structures, systems, processes, and policies, considering the global, national, regional, and local contexts within which they operate to show similarities and/or differences.

## Levels of Analysis in Comparative Studies

Comparative studies in public administration and political research can be arranged along a continuum that runs from the *macro*- to the *micro*-level of analysis (cf., Levine et al. 1990).

- At the macrolevel: Comparative analysis focuses on fundamental questions of government, of the public sector, etc. between and within countries by using aggregate data. It can focus on administrative structures, effects of government interventions on social stability, economic growth, the legitimacy of public authority, etc. In this case, it is important to control different socioeconomic factors between states to create a comparable framework. This level supports analysts for macropolicy processes that involve large-scale efforts to shape society over an extended period (e.g., major tax policies).
- At the microlevel: Comparative analysis investigates issues regarding administrators, certain resources, personnel, money, equipment and facilities of institutions, how personnel and institutions behave, and why, etc. This level supports analysts for public management decisions that have a small impact over a short time (cf., Coccia and Rolfo, 2007, 2013).

## Typologies of Comparative Studies

Peters (1998, p. 9ff; cf., Peters and Pierre 2016) suggests five types of comparative studies in political research:

(1) Single country descriptions of politics in X, whatever X may be.
(2) Analyses of similar processes and institutions in a limited number of countries, selected for analytic reasons.
(3) Studies developing typologies or other forms of classification schemes for countries or subnational units, using these typologies both to compare groups of countries and to reveal something about the internal public policies of each political system.
(4) Statistical or descriptive analyses of data from a subset of the world's countries, usually selected on geographical or developmental grounds, testing some hypothesis about the relationship among variables within that "sample" of countries.
(5) Statistical analyses of all world countries attempting to develop patterns and/or test relationships across the entire range of political systems.

## Techniques for Comparative Studies

Comparative studies can be performed using many techniques and the section here examines three major methods: case study, focused comparison, and statistical analysis (Hague and Harrop 2004, pp. 69–85).

### Case Study Method

In general, all scientific research is a case study because there is some units, or set of unit, in relation to which data are collected and analyzed. The case study is a specific type of scientific inquiry, which contrasts with two other kinds of social research: the experiment and the social survey. Case study research is related to the number of cases investigated and the amount of detailed information that the researcher collects. The fewer cases investigated, the more information can be collected. The case study subject in comparative approaches may be an event, an institution, a sector, a policy process, or even a whole nation. The case study, frequently, implies the collection of unstructured data and a qualitative analysis of those data. Case study research may be a basis for generalization or for theoretical inference of some kind about similarities and/or differences among the phenomena under study (cf., Gomm et al. 2000).

Case study research can be performed in five ways (Gomm et al. 2000, passim):

1. *Configurative-idiographic studies*, in which the material is largely descriptive. They may provide insights into the relationships among the elements in the case study but do not lead to direct theoretical implications.
2. *Disciplined-configurative studies* are configurations of elements but the scholar does not look upon these as unique or "idiographic." The analyst endeavors to interpret these patterns in terms of general theoretical postulates.
3. *Heuristic case studies* are different from the previous ones and they are deliberately chosen in order to develop theory.
4. *Plausibility probes* are case studies used specifically to test interpretative paradigms that have been established either by previous case studies or by other procedures. Plausibility probes may be undertaken after heuristic case studies have been successfully concluded. They may be directed to the expansion and development of an interpretative schema. Overall, then, plausibility probes are used as a preliminary test of theoretical formulations previously established by some other procedures, before a rigorous test performed through formal procedures.
5. *Crucial case studies* are similar to crucial experiments in natural sciences. They enable analysts to reject some theoretical proposition or to support it when the circumstances appear to be stacked against it. Detailed critical cases will then enable the analyst to relate events to theoretical propositions.

The role of case study research for theory and theorizing is of paramount importance and provides the means through which fundamental problems in specific research fields, such as public bureaucracy, may be approached and general inferences may be drawn from them.

### Focused Comparisons

Focused comparisons are a method between the case study and statistical analysis. They are based on a small number of studies focusing on the investigation of one aspect of public administration (e.g., bureaucratization, electoral system, etc.) in a small number of institutions/countries/etc. The number of institutions/countries/units can be either two, a binary comparison, or three, a triangular comparison. The emphasis is on the comparison at least as much as on the cases; otherwise, the research design would be a multiple case study. Countries/institutions and other subjects/processes/policies are normally selected to introduce variation into the dependent variable, thus overcoming an inherent limit of the single case study.

Focused comparisons have proved to be the success story of comparative politics (cf., Hague and Harrop 2004). Like case studies, they are sensitive to the details of particular countries, institutions and/or policies but, in addition, they demand the intellectual discipline inherent in comparative studies. The dimensions of comparison must be addressed, similarities and differences identified, and some effort made to account for the contrasts observed. However, focused comparisons remain sensitive to historical paths. Finally, a common strategy in focused comparisons is to select countries/institutions/processes/etc. which, although differing in the factor under study, are otherwise similar.

### Statistical Analysis

In contrast to the methods just mentioned, a statistical approach is based on variables rather than cases. Specifically, the goal is to explore the covariation among variables. These variables are usually measured on a quantitative scale, but it is also possible to draw up tables based on qualitative variables. The data can be: *time series*, the information is collected at regular intervals of time; *cross-section* data are obtained by taking a sample of individuals, institutions, sectors, governments, countries, etc. and collecting information over the short term (e.g., one year).

Statistical techniques may include descriptive statistics, statistical inference, and relationships among variables (Cooksey 2007).

1. *Descriptive Statistics*. In many comparative studies, large quantities of numerical data are generated. Comprehension can be aided by means of tabulation, grouping, and graphical representation of the data and also by developing summary statistics, which can be used to show particular features of the data that are of interest for statistical analyses.

   The representative values of the data are: (a) the *arithmetic mean* $\overline{X}$ is defined as the sum of the values of observations *Xi* divided by the number of observations $N$, $\overline{X} = \frac{1}{N}\sum_{i=1}^{N} X_i$; (b) the *median* (M) is the value of the variable which divides the data so that half of the values are less than and half greater than the arithmetic mean, $if\ i = 1, \ldots, m = 50, \ldots, N = 100,\ then\ Median\ (M) = \frac{X_{(m)}+X_{(m+1)}}{2}$; (c) The *mode* is the value of the variable which appears most frequently among the data. If the observations are 1, 1, 2, 3, 3, 3, and 4, the mode is 3.

   *Measures of dispersion*: (i) The *range* is the simplest measure of dispersion, defined as the difference between the largest and smallest observation; (ii) The *quartile deviation* (Q.D.). The $Q_1$ is the lower quartile, so that 25% of the observations lie below this value, and $Q_3$ is defined as the upper quartile, so that 25% of the observations lie above this value. The quartile deviation is defined as: $Q.D. = \frac{1}{2}(Q_1 - Q_3)$; (iii) The *mean square deviation* (MSD) is defined as $MSD = \sqrt{\frac{1}{n}\cdot\sum_{i=1}^{n}\left(X_i - \overline{X}\right)^2}$.
2. *Statistical inference.* In some situations, synthesizing large quantities of data may represent

the object of the statistical analysis but, in other cases, it may be the first step in the study. The main characteristic of statistical inference is to show something about a population on the basis of incomplete data, in the sense that the study only examines a sample and not every member of the population. The underlying theory involves probability directed to the estimation of population mean, of population variance, of population proportions, as well as hypothesis testing (concerning population mean, population variance and population proportions; and the difference between two population means, among population variances – $F$ test – and between two population proportions). These statistical techniques are applied to solve problems of estimation and hypothesis testing with a single variable (or multiple variables), using statistics software, such as SPSS, R-Studio, etc. (Cooksey 2007). When a scholar performs a statistical test about the hypothesis, a *p-value* determines the significance of results. Statistical tests, such as T-test, are used to test the validity of a claim, called null hypothesis, that is made about a population.

3. *Relationships among variables*. Now the discussion is extended to consider estimation and hypothesis testing when there are relationships among two or more variables. This statistical analysis can be performed with correlation and/or regression analysis. The simplest possible case involves only two variables, $X$ and $Y$. *Correlation analysis* does not specify the direction of causality between $X$ and $Y$ and provides a measure of the degree of association among observations $xi$ and $yi$ ($i = 1, \ldots, N$) with the coefficient of correlation, $r$, defined as: $r = \frac{\sum x_i y_i}{\sqrt{\sum x_i^2 \cdot \sum y_i^2}}$; If the scholar specifies the form of the relationship between X and Y (for example, a linear relationship $Y = \alpha + \beta X$), the estimation of parameters is performed through a simple regression analysis. The relationships to be investigated are often suggested by the theory. The discrepancies between the empirical data and the relationships suggested by the theory are in errors of measurement (errors in variables) and errors in equations. These errors are denoted as $\varepsilon s$ in the equation (model).

The relationship of variable $Y$ as a linear function of a single variable $X$ is given by:

$$Y_i = \alpha - \beta X_i + \varepsilon_i$$

*i(observations)* = *1, …, N;* $\alpha$ and $\beta$=parameters; $\varepsilon$=error term.

The random errors $\varepsilon_i$ indicate the *unobservable*. The estimation of parameters in socioeconometric models can be performed with the least squares method (LSM), which gives:

$$a = \overline{Y} - b\overline{X}$$

and

$$b = \frac{\sum (Y_i - \overline{Y}) \cdot (X_i - \overline{X})}{\sum (X_i - \overline{X})^2}$$

This analysis can be extended to deal with more than one explanatory variable (multiple regression analysis) and with nonlinear relationships (see, Cooksey 2007).

4. *Multivariate approach (parametric and non-parametric)*. In modern computer-aided analytical studies, scholars usually obtain a great quantity of data about phenomena and it is important to extract the information from such an amount of data. To summarize and represent the interrelationships among a set of variables, scholars can apply the *principal components analysis*, which attempts to accomplish this task by explicitly combining variables in a weighted fashion to form "components" accounting for the maximum amount of variability in the variables' scores.

In comparative studies, it may also be important to form homogenous groups of either observed respondents in a sample or, less commonly, variables in a sample based on the extent of similarities or dissimilarities among them. *Cluster analysis* refers to a collection of statistical procedures designed to cluster variables into homogenous subsets of

an entire sample. In *nonhierarchical cluster analysis*, the grouping occurs in a single iterative stage, where a specific number of clusters is identified, and all cases are classified into the cluster they are most similar to. In *hierarchical cluster analysis,* the grouping process occurs using a sequence of merges, where each merge joins the two most similar entities into a cluster using a specific mathematical algorithm; the merging process continues until all entities have been successfully grouped into one large cluster. The distinctive outcome of the hierarchical clustering process is a tree diagram or dendrogram, which traces the history of all of the merges. The most widely employed hierarchical clustering algorithm appears to be Ward's method (Cooksey 2007).

## An Application of Comparative Study

The comparative study by Benati and Coccia (2017) applies statistical methods to shed some empirical light on the relationship between the system of governance of countries and high public office compensation with cross-section analysis based on of the Organisation for Economic Co-operation and Development (OECD) countries.

This study measures governance as the capacity of the government to effectively formulate and implement policies by using: (a) government effectiveness; (b) regulatory quality; and (c) other indicators, such as the indices of voice and accountability, rule of law and corruption control.

In this comparative study, the compensation of senior managers is measured as the annual compensation of central government senior managers in country *i* divided by the Gross Domestic Product (GDP) per capita of country *i* to create a homogenous framework among countries. The sample is made up of 20 countries.

Hierarchical cluster analysis using Ward's linkage with the variable of government effectiveness generates three groups of countries that are compared through arithmetic means and standard error of mean (Table 1). Group A (Greece, Italy, and Poland) has a high average level of the ratio (annual compensation of central government senior managers/GDP per capita) – i.e., $26.45 – associated with low levels of governance indicators. Group C includes countries

**Comparative Studies, Table 1.** A comparative analysis of groups of countries generated by hierarchical cluster analysis based on government effectiveness by Benati and Coccia (2017)

| Group | Descriptive statistics | Ratio: annual compensation of central government senior managers 2011/GDP per capita PPP constant 2005 year (y) | Governance indicators | | | | |
|---|---|---|---|---|---|---|---|
| | | | Voice and accountability | Rule of law | Corruption control | Government effectiveness | Regulatory quality |
| | | | 2004 y | 2004 y | 2004 y | 2006 y | 2006 y |
| A | Mean | 26.45 | 1.15 | 0.63 | 0.42 | 0.50 | 0.76 |
| | Std. error of mean | 8.02 | 0.03 | 0.11 | 0.13 | 0.07 | 0.06 |
| B | Mean | 13.23 | 1.26 | 1.00 | 1.05 | 1.07 | 1.07 |
| | Std. error of mean | 1.49 | 0.07 | 0.14 | 0.15 | 0.05 | 0.08 |
| C | Mean | 11.46 | 1.61 | 1.78 | 2.08 | 1.85 | 1.58 |
| | Std. error of mean | 1.73 | 0.05 | 0.05 | 0.09 | 0.07 | 0.05 |

*Groups*: (A) Greece, Italy, and Poland; (B) Portugal, Slovak Republic, Estonia, France, Slovenia, and Spain; (C) Belgium, USA, Austria, Germany, The Netherlands, UK, Australia, New Zealand, Sweden, Finland, and Denmark

with good governance associated with lower levels of the ratio (annual compensation of central government senior managers/GDP per capita). This comparative study suggests a possible relation between governance of countries and the rewards system of public managers (cf., Benati and Coccia 2017).

To check the generalizability of the results of this comparative study, a correlation analysis is performed. The results suggest that the annual compensation of central government senior managers (standardized with GDP per capita) has a negative association with indicators of governance, represented by government effectiveness, regulatory quality, rule of law and corruption control.

Overall, then, this comparative study in public administration shows that, on average, high levels of compensation of public managers can be associated with bad governance of countries. On the contrary, countries with *low* levels of the ratio (annual compensation of central government senior managers/GDP per capita) seem to be associated with high freedom of expression, freedom of association, free media, and corruption control. In particular, this comparative study shows that public managers in Italy, Greece, and Poland have enjoyed the highest compensation levels (standardized with GDP per capita) compared to other OECD countries of the sample understudy. This result can be used for possible public reforms aimed at improving the efficiency of the public sector (cf., Benati and Coccia 2018). However, in this comparative study, it ought to be observed that high levels of compensation may also be due to cross-national differences in labor markets, laws of public contracts, power of trade unions, and remuneration of the private sector for comparable skills. Hence, in comparative studies, it is important to control different socioeconomic factors among countries for analyzing similar phenomena under study.

## Conclusion: Advantages and Risks of Comparative Studies

Comparative studies in public administration have some advantages because they improve the understanding of problems across different systems, provide classifications of different processes/subjects/objects, enable to test hypotheses, and provide information for predictions and control of phenomena for supporting best practices in public administration, public economics and management. However, comparative studies also have some weaknesses: comparative research demands knowledge of more than one system, the "same" cause can generate different effects in different systems, creating difficulties in comparing like with like. Finally, socioeconomic systems and public organizations differ across many factors because other things are often not equal over time and space; as a consequence, comparative studies in public administration cannot hold all factors constant, just like laboratory experiments, except the variables under study.

## Cross-References


- ▶ Comparative Administrative Reforms
- ▶ Comparative Evaluation Systems
- ▶ Comparative Models of Inquiry
- ▶ Comparative Performance Systems
- ▶ Comparative Policy Implementation Research
- ▶ Comparative Political Elites
- ▶ Comparative Public Administration and Globalization


## References


Benati I, Coccia M (2017) General trends and causes of high compensation of government managers in the OECD countries. Int J Public Adm. doi:https://doi.org/10.1080/01900692.2017.1318399

Benati I, Coccia M (2018) Rewards in Bureaucracy and Politics. In Global Encyclopedia of Public Administration, Public Policy, and Governance –section Bureaucracy (edited by Ali Farazmand) Chapter No: 3417-1, https://doi.org/10.1007/978-3-319-31816-5_3417-1, Springer International Publishing AG

Coccia M, Rolfo S (2007) How research policy changes can affect the organization and productivity of public research institutes. Journal of Comparative Policy Analysis, Research and Practice, 9(3): 215–233. https://doi.org/10.1080/13876980701494624

Coccia M, Rolfo S (2013) Human Resource Management and Organizational Behavior of Public Research Institutions. International Journal of Public Administration,

36(4): 256–268, https://doi.org/10.1080/01900692.2012.756889
Cooksey RW (2007) Illustrating statistical procedures. Tilde University Press, Prahran
Gomm R, Hammersley M, Foster P (eds) (2000) Case study method. SAGE Publications, London
Hague R, Harrop M (2004) Comparative government and politics. Palgrave Macmillan, New York
Levine CH, Peters BG, Thompson FJ (1990) Public administration: challenges, choices, consequences. Scott Foresman and Company, Glenview
Peters BG (1998) Comparative politics-theory and method. Macmillan Press, London
Peters BG, Pierre J (2016) Comparative governance: rediscovering the functional dimension of governing. Cambridge University Press, Cambridge

## Comparative Studies of Rural Women Employment

Razia Begum[1] and Bahaudin G. Mujtaba[2]
[1]College of Home Economics, University of Peshawar, Peshawar, Khyber Pakhtunkhwa, Pakistan
[2]H. Wayne Huizenga School of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA

### Synonyms

Agriculture; Female income inequality; Poverty in rural areas

### Definitions

- *Rural women* are those females who are living outside of the cities and often work in family-owned lands alongside other family members to grow their crops for family consumption.
- *Rural women employment* refers to the percentage of females who are living outside of industrialized cities and working in agricultural sector to support their families.

### Introduction

Rural women make up a large percentage of the population in many developing countries. Rural women are those individuals who are living away from large industrialized cities and often serve as homemakers, mothers, farmers, caregivers, consumers, investors, entrepreneurs, and supporters of their family members.

As one example, we can see that the development of opportunities for women in South Asia's rural areas needs more attention, effort, and resources from both local and global leaders. Providing more opportunities for the nearly 50% of the population can lead to an overall growth and development of the nation. Lack of sufficient opportunities for women in rural areas is a serious threat because it manifests itself in a complex web that is interwoven with the issues of illiteracy, income distribution disparities, lack of access to facilities, defective polices, etc. Public leaders need to devote more time and resources for the strategic development of education and employment opportunities for all women and especially in rural areas. Accordingly, this chapter provides a review of the current status of women across the globe, analyzes some of the main challenges facing females, and proposes areas for employment development.

As stated by the former US President, Bill Clinton (September 2009), while addressing the annual meeting of the Clinton Global Initiative, women perform about 66% of the world's work and produce around 50% of the food, yet earn only around 10% of the income, while owning 1% of the property. Whether the issue is improving education in the developing world, or fighting global climate change that is impacting everyone, or addressing nearly any other challenge we face in this twenty-first-century environment, empowering women is a critical part of the equation.

Development of any nation is based upon the contributing hands of its population. Regardless of gender, human resource is an immensely important asset as they are the ones who make better use of other productive resources in numerous activities to attain circular flow in various economic spheres. Active labor force ratio serves as a strong measure to access any country's level of development as not only it represents the supply of labor available in a country at a specific point in time but it also helps in improving a

country's position on Human Development Index (HDI). The milieu of globalization drives countries to employ their population in a more productive and efficient way, yet safeguard their rights and well-being along with their socioeconomic uplift. The objectives of this writing are as follows:

- To understand significance of women employment
- To identify factors affecting women employment
- To highlight women contribution ratio globally and regionally
- To identify the problem areas hindering women employment
- To suggest recommendations for better women employment

## Women Employment

Women employment is currently in spotlight, but it does not mean that she was not economically active before; in fact, throughout the mankind history, women worked side by side with men to earn their livelihood. But due to the changing world economic, industrial, technological, and social trends, female contribution has been recently noticed with more emphasis.

Despite other changes, one of the obvious global changes is increase in female labor force participation after WWII, and the trend is still continuing, albeit with differences in speed between developed and developing nations. Advantage of women participation in economic activities gets reflected in social, familial, and educational fields. Not only the economy benefits from its aggregate citizens but also the household income distribution gets balanced.

By labor force participation, economists mean both men and women of the country. However, across the globe, labor force participation pattern is not in symmetry with population ratio. Women work is a complex phenomenon for which numerous sociocultural, economic, educational factors at global, local, and domestic levels need to be taken into consideration before arriving at the final picture**.** Impact of the changes (Table 1) could be seen on every area differently. As for rural women, these changes present a mix of outcomes, for some it brings more opportunities but for others more marginalization.

**Comparative Studies of Rural Women Employment, Table 1** Factors affecting women employment

| Issues | Dimensions/features |
|---|---|
| Global/ regional | Climate change, economic policies, trade policies, peace situation[a], availability and level of utilization of natural resources, liberalization of trade, more use of information and communication resources, privatization[a], establishment of agro-based industries |
| National | Economic policies[a], trade policies[a], natural resource utilization, climate, law and order situation, openness to foreign investment programs, peace situation[a], financial assistance services, skill-based trainings, type of government, bureaucratic structure, availability of up-to-date and accurate data, cultural norms, religious practices, openness to innovation, level of implementation of polices, literacy rate, acceptance of females in certain employments[a], privatization[a] |
| Local/ domestic | Family income, no. of family members, family life cycle stage, skills, infrastructure, ease of mobility, access to markets, cultural norms[a], religious practices[a], level of technology, tribal and caste system, health and safety awareness, dignity of labor, acceptance of females in certain employments[a], job of husband, ownership and access to productive resources |

[a]Factors existing on multiple levels with different impact on rural life

## Comparative Global View

Progress can be seen in education in later half of the twentieth century which equips women with skills and knowledge coupled with progress in industry and technology which produce more job opportunities that are supposed to be reflected in female labor force participation progress. If we look at the aggregate sex-based employment ratio globally, we see a gender gap in the women employment participation. Most of them in Asia

and Africa contribute in family work which is unpaid job, followed by a narrow span of own account workers which is a low paid option too. Resultantly, her economic status, health, family well-being, and empowerment remain in jeopardy. On the other hand, if she joins any wage/salaried jobs, even they pay her low and the job she performs is mostly manual.

A snapshot of female employment won't be explanatory in all areas of progress and trends; thus, studying women workforce ratio in a time series (1995–2015) is helpful to trace out some visible changes not only in relation to male workforce but to her own participation ratio. It can be seen that developing and underdeveloped countries rely heavily on agriculture sector for their economic sustenance, where jobs are mainly labor intensive and poorly compensated. Agriculture remains prominent female occupation in these regions, where she dominates total workforce ratio, not only in 1995 but also in 2015. Although women participation in agriculture showed a slight decrease in 2015, but still she outnumbered the male population.

Merely women participation is not the complete picture, as the quality and productivity of it matters too. Overall jobs are unequally distributed, even in developed countries where their gender gap in labor force participation is very low. This gap widens more and more in developing countries and in its rural areas. With economic growth countries tend to shift from agriculture to industry and services sector. But for women this movement is very slow.

To understand why females remain behind in paid jobs even if she has the required skills and education, we need to study where she spends most of her time. Both in developing and developed countries, females spend most of their time performing household responsibilities which limit her capacity to dedicate more time to formal, paid jobs. This is the biggest unaccounted side in considering female labor force participation rate regionally and globally. Stakeholders need to shift their attention to this side of women participation where she provides dedicated services to household tasks and society at large. In reality, she works more hours than men if we consider her paid and unpaid time together.

## Dimensions of Women Employment

As a whole, employment is a base point for a female's personal, familial, and national development at large. Female employment is in a direct relationship with poverty alleviation, social well-being, and improving a family's standard of living. However, female employment is fruitful if it provides the opportunities to learn, grow, and earn. If conversed, then the same employment becomes the source of her exploitation. To better grasp the idea of female employment, we will look into various dimensions (economic, geographical, and sectorial, as presented in Fig. 1) which help to make women employment more classy, its prospects, and unique challenges in the subsequent section.

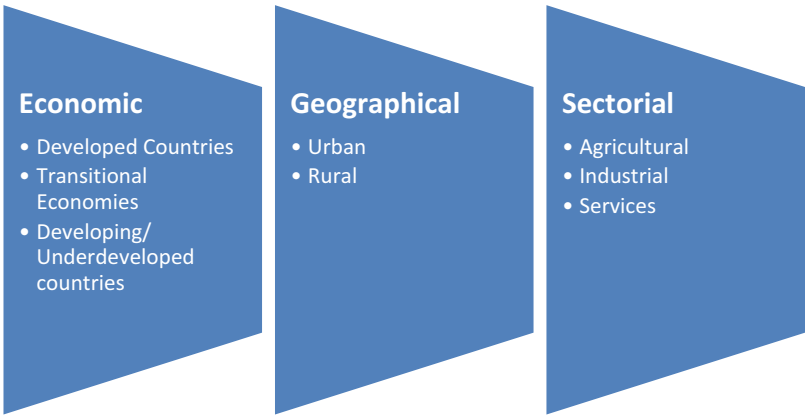


**Comparative Studies of Rural Women Employment, Fig. 1** Economic, geographical, and sectorial dimensions of employment

### Economic

The rationale for women employment is quite abstract, sometimes she has been driven to employment by poverty while at other times due to an opportunity for better life standards. Thus, we cannot make generalizations about why women work, choices of work, and what reasons propel her to join formal work.

However, if we look into the women employment trends from the perspective of the gross economic level of development, we see that the drivers of women employment in developed nations are far different than the women employment in developing and underdeveloped ones. Some of the possible reasons for these differences are that developed nations possess more opportunities, better mobility, access to economic resources, variety in employment choices, credit availability, better literacy, broad services sector, and established policies. On the other hand, developing and underdeveloped nations have characteristic features of poverty, illiteracy, limitations on female mobility, lack of policies, unstable bureaucratic structures, under- or no utilization of resources, low paid jobs, excessive manual labor, as well as lack of technology and infrastructure.

It will not be wrong to say that developing countries will benefit more from female employment than the developed ones. For these countries it means their overall human development rather than mere economic growth. This enables their nations to embark their efforts in more high developmental objectives.

### Geographical

Geography discusses female employment in terms of location, i.e., urban and rural. Almost half of the world population is female, which constitute one fourth of the population of rural women. This demarcation is very important in order to understand the unique challenges confronted to females belonging to different regions. Urban and rural female even within a single country, despite of having similarities, still have different lifestyles, thus faces unique challenges. Statistics show that rural women hold greater share of the household chores than urban women. And, she also faces more constrains than urban ones. Studies show that almost two thirds of developing countries employed rural women in vulnerable jobs, mostly agriculture based, which are either unpaid or very low paid.

There is no doubt that the world is becoming a global village in terms of trade, mobility, and communication. International trade has become a leading source of national income. To compete globally every country is striving to get maximum output with minimum input by mechanizing every sector of their economy. But these economic and trade reforms do not benefit all citizens alike. Particularly in rural areas where women are the major labor force, they are somewhat negatively affected in a way that when occupations like agriculture get mechanized in rural areas, they become taken over by males. Secondly, when more industries are established, it shrinks agricultural land. Resultantly, the female worker has a narrow job scope as she often has no prior education or skills training to use technology and more mechanized ways of production or to join industrial jobs.

### Sectorial

Globally, economies could be classified as either production (agriculture and industry) or service oriented. Developed nations earn much of their GDP from services and industrial sector, while developing and underdeveloped nation's major GDP is derived from agriculture sector followed by industry. In rural areas where industry is not developed to the fullest and other employment opportunities are limited too, the options for female employment are to either work in agriculture and its allied fields or join industry work as a laborer. Despite of endeavoring to create and develop opportunities for females in every field, there is still a "gendered pattern" in employment. This pattern becomes more visible if we look into the fields deeply, for instance, the concentration of rural female in agriculture field. Very minor ratio of rural females consider entrepreneurship, if backed by favorable atmosphere needed for entrepreneurial venture.

### Agriculture and Allied Fields

Agriculture is believed to be the backbone of all developing and underdeveloped countries, and females in turn are the backbone of agriculture. Rural areas are predominantly agrarian, and whenever there is agriculture, women will be definitely seen there in the active labor force. Females dominate agriculture to the extent that in Asia and Africa almost 80–90% of agriculture labor force are women. Agriculture not only provides food and sustenance to the masses but also supplies raw products to the various industries. Rural females are employed not only in the fields but in a variety of pre- and postharvest, as well as other allied activities to supplement agriculture performance.

Most agricultural workers' tasks are from dawn to dusk, manual, and an addition to her household responsibilities. Generally she could be seen contributing to the following fields:

- Food conservation
- Harvesting
- Postharvest storage
- Fisheries
- Livestock
- Poultry farming
- Growing and collecting animal feed
- Growing vegetables

### Industry and Services Sectors

The motive behind rural female work is to supplement her husband's income, overcome poverty and hunger, and if possible to educate her children. In industry, the female worker is usually engaged in such jobs which require minimum skills. Rural areas have immense talent which is reflected in many handicrafts the workers produce with so much artistic delicacy that it become the identity of that area. Most of the female workers produce handicrafts which they sell in nearby markets or to "middle men" for not a comparable worth of their time and effort. Some females work in cottage industries and small-scale industries located in their areas.

As far as services sector is concerned, she is serving mainly in elementary occupations. According to International Labor Organization (ILO), elementary occupation broadly includes the following:

- Cleaners and helpers
- Agricultural, forestry, and fishery laborers
- Mining and construction labor
- Manufacturing laborers
- Transport and storage laborers
- Food preparation assistants
- Household caregivers
- Street and related sales and service workers

As it is evident from the above list that her job is either unskilled or semi-skilled and of seasonal or part-time basis, thus could not pay well or equivalent to her tiresome efforts.

## Striving for Better Future Women Employment

Global researchers have inquired enough into women contributions to world economies and their underprivileged status (Abdelali-Martini 2011; Adeniyi 2010; Aderinto, 2001; Agricultural Development Economics Division: The Food and Agriculture Organization of the United Nations, 2011; Asian Development Bank, 2015; Benefo and Pillai, 2003; Davis, 2011; FAO, 1998; Hyder, Behrman, and Kenan, 2014; ILO, 2016; Mujtaba, 2014; Romero-Paris, 2009; Sivanesan, 2014; Yasmeen, Begum, and Mujtaba, 2011; UN Women, 2015; UN Women, 2017; UN Commission on the Status of Women to Be Highlighted, 2012; United Nations, 2000; Women's economic empowerment, 2012). This is the time when they should focus on finding and implementing solutions to get her out of her obstacles. Customary active labor force ratios only show a narrow picture of women employment; thus, females are those invisible hands whose efforts are not fully acknowledge yet. To overcome this underestimation, we need to focus on the shadowed areas, bring up more accurate and up-to-date data to base future policies on it. For this initiative, multi-sector efforts are needed at least in the following areas:

(1) *Investment in female education.* Education is the key to multiple doors of progress and development. If we want to have a long term, sustainable development, we need to invest in education, particularly female education. She is not only contributing to the economy by working in different fields but she is also in charge of home and next generation too. Education has proven to be positively contributing in enhancing female decision-making power and increase better employment choices. If the government is in transition from production to services economy, then they need to make their labor force ready, and education is the only means to do it. Government needs to take rural female education as a priority and make at least primary education free and of great quality standards. New schools are needed so females who are unable to get enrolled due to nonavailability of schools in close areas will also be able to get an education. Scholarships and various incentives for talented students could be introduced to make education more rewarding and motivate the locals to enroll their children into schools.

(2) *Educating stakeholders.* Stakeholders of the society also need to be educated as to make them realize the significance of women's role, which goes unnoticed. Policy makers, economists, civil bureaucrats, legislators, researchers, donors, employers, etc. should have a clear vision of women's share in labor force, unique field-related problems, and constrains they face. Only then they will be able to develop and implement polices of practical value which could truly transform women's status. Policy makers should consider the gendered pattern while devising polices. Her special needs regarding her household responsibilities and child rearing should be taken into consideration. For researchers, while considering global statistics, unpaid family work and its significance for keeping families intact should be taken into consideration.

(3) *Skill-based trainings.* If the world really wants to benefit from the latest technological explorations, then they need to deliver it into the hands that really work at the grass roots level. In such a scenario, skill-based training tailored to her work and timing profile is indispensable, as it will enable her to use modern technological tools, equipment, and process confidently to enhance productivity and efficiency. In this regard women could be taught through informal vocational, need-based trainings and even home-based extension services. Before devising any training programs, all those activities in which women are primarily engaged should be kept in view to organize a relevant program.

(4) *Finances on easy terms.* In rural areas women have no access to national financial institutes for credit and other services support. In case if she has access but not the knowledge to avail the most suitable service of her benefit, financial advisory bodies are needed to be developed in rural areas to advise women on how to access any financial institutes for assistance and how to get services which better suits her needs and repayment ability. Countries need to develop short-term loans on easy terms, divide the installments in small, easy payable chunks, and diversify grants to support employment in other fields other than agriculture. In addition to direct finance, indirect investments are needed in the areas which could benefit rural women's life such as develop better infrastructure, water facilities, sanitation, schools, and basic health units.

(5) *Small- and medium-scale industries.* To diversify population occupation and to control overrepresentation of females in agriculture, countries need to set up industrial units in their rural areas. It does not need to be huge projects, as small-scale industries would be a viable idea. This will provide more employment opportunities, improve earnings, make better use of technological equipment for better productivity and most importantly will control migration to cities in search of better jobs. Thus, it would give a balance development to all citizens. Government and donor agencies could work on

promoting and facilitating rural entrepreneurship, provide cottage industries where women could work by utilizing their skills, establish industrial zones, and make free trade areas available. This will provide a chance to rural population to nourish their small businesses.

(6) *Accurate data collection/applied research is needed.* Providing support to the rural women is indispensable in getting her out of poverty and exploitation. Researchers and development planners need to understand and consider the true position of women not only in agriculture but in every field in terms of formal and informal contribution they make. They need to record weighted data regarding her unpaid household contributions which has been grossly neglected so far. Her major work has remained underreported statistically due to the narrow definitions of economic contribution.

Secondly, researchers need to collect regional and local data before drawing any conclusions and make policy recommendations for a particular area. As every region within the same country has different employment scenarios, so generalization based on one sample data will not always bring promising results. We need more of applied researches today as to translate those research findings into practical implications. Not only the research at one point of time but its follow-up is equally important to track the improvements.

(7) *Encouraging adoption of new technologies.* Female productivity could only be improved if she is assisted to use relevant and updated technology in her work. The benefit depends on the resource distribution and control pattern in rural areas. The developers and donors have to first fix the gendered pattern of work in rural areas before they introduce any technology. Women could benefit from any improvement in seed type, pesticides, storage methods, preservation techniques, and advance poultry farming techniques. This way, not only women will be more productive but her performance will also positively affect her socioeconomic status, children, and their overall living standard.

(8) *Develop sources of energy/water supplies.* Government should ensure the supply of latest energy sources to the rural areas as to make their work easy and efficient. Most of the rural areas are deprived of water, electricity, gas, and other energy resources; resultantly, they survive on very basic sources like collecting wood for fuel and bringing water from far flung areas which have primarily been a female job and wastes a lot of her time. Also, having ample energy and water resources will improve their standard of living, save time, increase their work efficiency, and enhance productivity.

(9) *Ownership rights.* Women holding any economic resources in ownership are often little to none, albeit she is working on it for her whole life, particularly land ownership, in which she has been denied to have ownership rights due to sociocultural norms and other caste and race constrains. Women resources and services ownership is the single major issue to be addressed by the policy makers. She could only benefit from any national or social reforms if she has ownership to it. Moreover, this will provide her socioeconomic security and uplift her status.

(10) *Dignity of labor/develop dignity of labor in the tasks she performs.* Women's contributory status needs to be recognized on every level. Nations have to realize that she is half of the global labor force; therefore, she needs recognition, benefits, and protection in her job. We need to acknowledge the role she performs whether paid or unpaid which has remained unappreciated till date. Jobs creation is not enough; it should be at the same time productive, profitable, and with safe working conditions with ample provisions for her well-being.

(11) *Culturally acceptable work styles/timings.* Culture exhibits a general way of living of the population in any area. Culture is a prominent feature affecting the type and timings of profession and mobility options of females. Cultural norms manifest itself in

many forms like caste, locality, tribe, and religious norms. Somehow, these norms can hinder a woman in entering the occupation of her choice, even though she is all ready and qualified, simply due to cultural boundaries imposed on her gender. The development strategists should consider these factors while designing, creating, and offering jobs for rural females; they have to work within the limits of that culture. Otherwise, their plans for female workforce will not bring fruitful results.

(12) *Mobility arrangements*. In rural areas women have problems with having means of mobility, which limit their ability to go to work every day and back home on time. Therefore, not only creating job opportunities are important but equally important is to consider how they will move daily in culturally acceptable timings of the day. If she is working in any services field or industrial unit, then it should be the employer's responsibility to make some provision for her mobility.

## Conclusion

Females of any nation are likely to make up around half of the population, but sadly many of the women in rural areas still remain uneducated and lack proper opportunities for their personal development in many countries, especially in South Asia. Consequently, the active labor force of every country should include close to 50% of females. This paper has shed light on better understanding the significance of women employment for economic development, identifying factors that affect women employment, highlighted women contribution ratio globally and regionally so local leaders can assess their workforce opportunities, and provided recommendations for the development of employment and educational opportunities for females.

## Cross-References

► Comparative Urban Development
► Development Administration
► Rural Development

## References

Abdelali-Martini M (2011) Empowering women in the rural labor force with a focus on agricultural employment in the Middle East and North Africa (MENA). UN Women, Accra, pp 1–19

Adeniyi L (2010) Women farmer's and agriculture growth: challenge and perspective for Africa face the economic crisis. Poster presented at the joint 3rd African Association of Agricultural Economists (AAAE) and 48th Agricultural Economists Association of South Africa (AEASA) conference, Cape Town, 19–23 Sept 2010

Aderinto AA (2001) Subordinated by culture: constraints of women in a rural Yoruba community, Nigeria. Nord J Afr Stud 10(2):176–187

Agricultural Development Economics Division: The Food and Agriculture Organization of the United Nations (2011) The role of women in agriculture. ESA working paper, 11–02. www.fao.org/economic/esa

Asian Development Bank (2015) Women in the workforce: an unmet potential in Asia and the Pacific

Benefo KD, Pillai VK (2003) Determinants of women's non-family work in Ghana and Zimbabwe. Can Stud Popul 30(2):389–406

Davis A (2011) Rural and urban women entrepreneurs: a comparison of service needs and delivery methods priorities. Int J Bus Sci Appl Manag 6(2):1–16

FAO (1998) Rural women and food security: current situation and perspectives. Retrieved on 22 Feb 2017, from http://www.fao.org/documents/

Hyder A, Behrman JR, Kenan WR (2014) Female economic activity in rural Malawi. J Dev Leadersh 3(10):1–10

ILO (2016) Women at work: trends, pp 1–138. http://www.ilo.org/gender/Informationresources/Publications/WCMS_457317/lang–en/index.htm

Mujtaba BG (2014) Managerial skills and practices for global leadership. ILEAD Academy, Davie, Florida

Romero-Paris T (2009) Women's roles and needs in changing rural Asia with emphasis on rice-based agriculture. Social Science Division International Rice Research Institute (IRRI), pp 1–29

Sivanesan R (2014) A comparative study on rural and urban women entrepreneurs – prospects and challenges. Int J Res Manag Bus Stud 1(3):1–7

UN Commission on the Status of Women to Be Highlighted (2012) Rural women, their contributions and challenges, 27 Feb–9 Mar. Retrieved on 22 Feb 2017, from http://www.unwomen.org/en on 02-21-2017

UN Women (2015) Facts and figures: economic empowerment benefits of economic empowerment

UN Women (2017) Rural women. Retrieved on 21 Feb 2017, from http://www.unwomen.org/

United Nations (2000) Women 2000 and beyond: rural women in a changing world: opportunities and challenges. UN Division for the Advancement of Women, Department of Economic and Social Affairs

Women's economic empowerment (2012) The OECD DAC network on gender equality (GENDERNET).

Former President Bill Clinton addressing the annual meeting of the Clinton Global Initiative, September 2009
Yasmeen G, Begum R, Mujtaba BG (2011) Human development challenges and opportunities in Pakistan: defying income inequality and poverty. J Bus Stud Q 2(3):1–12

# Comparative Theories and Causes of War

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy

## Synonyms

Conflict; Disputes; Struggle

## Definition

War is a strategic activity of attacking using weapons and new technologies for resolving internal and/or international disputes or conflicts between two or more nations; between ethnic, social, and religious (organized) groups; etc., to cope with environmental threats and take advantage of important opportunities, generating at the same time a reduction of the freedom of other societies/groups and causing deaths, injured people, and/or social, economic, cultural, and/or ethnic damages.

## Introduction

Scholars have investigated the causes of war with different theories based on approaches of philosophy, history, psychology, economics, demography, sociology, biology, etc. (Ackoff and Rovin 2003; Coyne and Mathers 2011; Gini 1921; Levy 2011). Wars can be due to manifold *preconditions* (factors that set the stage for war over the long run) that trigger the conflict in the presence of *precipitants*, specific events that immediately precede the occurrence of war. In general, theories of the causes of war can be distinguished in traditional and modern theories (Fig. 1).

## Traditional Theories of the Causes of War

A general theory of the causes of war is difficult to design because of manifold factors involved in conflicts over time and space. Traditional theories focus on a disequilibrium of socioeconomic factors between nations and/or between different populations/societies that can lead to war. The most important traditional theories of the causes of war are as follows.

### Theory of No Economic Advantage from Wars

One of the most important theories about the causes and effects of war in society is by Norman Angell (1911), a lecturer, journalist, politician, and Nobel Peace Prize winner in 1933. Angell's thesis is that war does not generate any economic advantage for winners. The proof of this interesting theory is based on different points, as follows:

- When winners of war destroy enemy populations or seize their wealth, they damage themselves because they destroy commercial opportunities.
- If winners impose fiscal clauses to losers, winners also limit commercial opportunities for themselves, generating socioeconomic damages for both winners and losers.
- If winners decide of not imposing custom restrictions to losers but they implement a economic policy of free exchange in commerce, then winners have benefits, but at the same time, losers have also economic advantages that can be used to accumulate physical capital and support their human resources for a potential revenge, creating a continuous source of troubles for winners.
- If winners impose a war allowance, losers can increase money supply (production of physical currency and coin) to pay war debts, but this monetary policy of losers increases prices

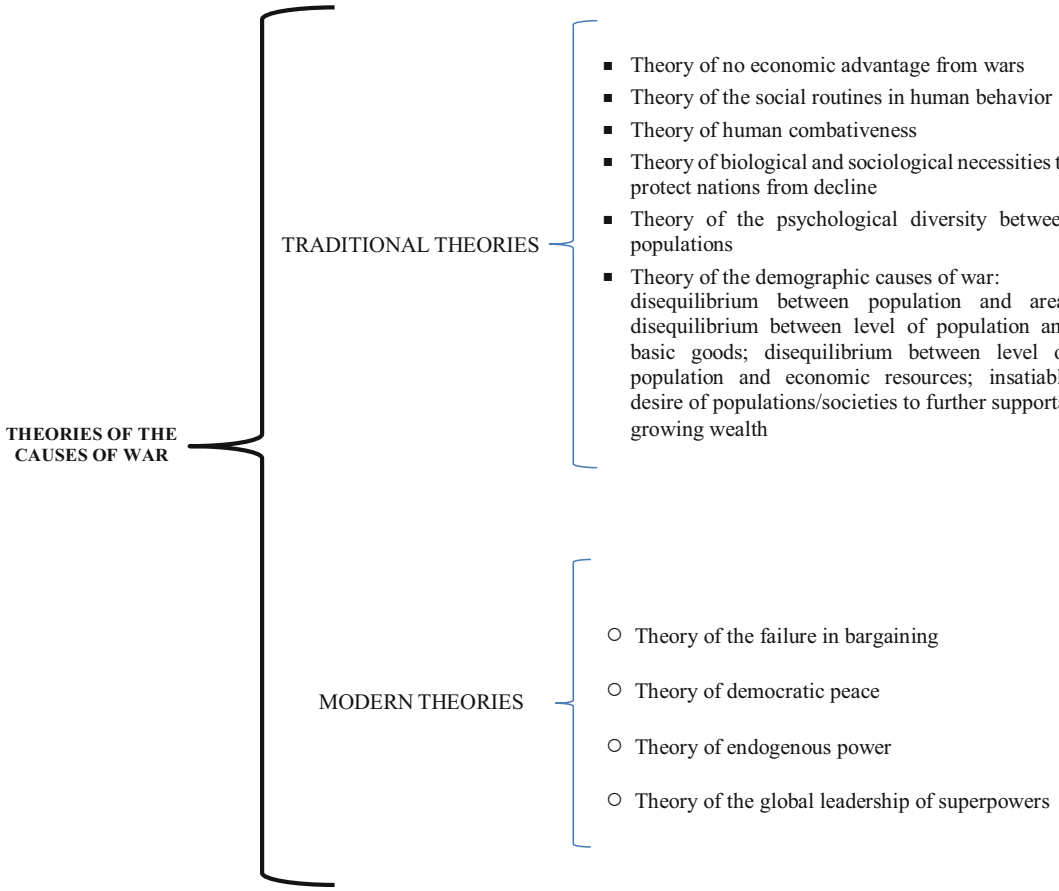


**Comparative Theories and Causes of War, Fig. 1** Main theories of the causes of war

without increasing wealth, generating inflation in economic system and a variable unit of measure and rate of change of currency in commercial negotiations.

– If winners annex the territories of losers, then winners generate a simple change of governance and public administration that can create socioeconomic issues within these territories.
– If winners transform territories of losers in colonies, winners do not have any advantage because colonies may be sources of rebellion and/or internal wars; hence, winners have to increase public expense to maintain political stability and reduce social risks in colonies.

In short, the utilization of military force for resolving disputes between states and/or organized groups does not generate any economic advantage for winners and losers. This thesis by Angell (1911) has been confuted by some scholars, such as I. H. Jones (professor at the University of Glasgow in Scotland) in 1915 and Corrado Gini (1921), professor at the Sapienza University of Rome in Italy. However, today this approach by Norman Angell (1911) can be true because geoeconomic regions are a world system with indissoluble socioeconomic interrelationships among different nations based on interrelated bank systems and transportation, communication, and information systems. Hence, conflicts between countries and/or different societies that are elements of the same system can create only mutual socioeconomic damages. When all populations will know the uselessness of wars, the optimistic prediction by Angell (1911) is that wars may disappear,

such as religion wars. Unfortunately, from the 1910s, when Angell (1911) wrote his book, called *The Great Illusion*, many wars have occurred, and in the future other wars may occur and recur between nations that seem to be irrational subjects in the presence of environmental tensions and scarce natural and economic resources.

### Theory of War Based on Historical Causes

Yacov Novicow (1894), a sociologist of pacifist theory, argued that wars persist and repeat because of historical causes that generate an inertia force in society. This theory simply states that current and future causes of war are due to individual and social routines. This theory is, of course, a simple explanation of the reasons of war with many contradictions and weak empirical foundations.

### Theory of Natural Human Combativeness

Nietzsche, Gumplovics, Ratzenhofer, Steimnetz, and Mahan suggest another theory that is based on human combativeness. Although some policymakers and governments recommend pacifistic approaches, there are instincts rooted in human nature that can lead to wars and conflicts between organized groups. However, economic interests and costs of war seem to overpower, in some specific cases, the natural instincts of human combativeness in society, such that this theory does not provide a comprehensive explanation of the reasons of war.

### Theory of Biological and Sociological Necessities to Protect Nations from Decline

The difference between the theory of human combativeness and theory of war to safeguard some nations from decline is that the first theory considers human combativeness as a cause of war, whereas the second one considers human combativeness as an effect of war. This theory argues that struggles and conflicts are due to natural agents that increase the growth rate of population and reduce economic resources, generating social tensions between different groups and/or nations in specific geoeconomic regions (cf., Gini 1921).

### Theory of Psychological Diversity Between Populations

Another theory suggests that the causes of war are due to psychological and social diversity of populations in different regions. These possible reasons of war create intergroup hostility between societies with different identities based on common religious and cultural traditions (cf., Choma et al. 2016; van Bergen et al. 2015, Coccia 2017b). These causes are necessary but not sufficient conditions for explaining wars, because the diversity between populations is a permanent factor, whereas conflicts are intermittent events over the course of history. Moreover, these causes of war tend to decrease over time because of the reduction of heterogeneity between nations generated by a high mobility of people through faster and better communication and transportation means and by higher intellectual contacts.

### Theory of the Demographic Causes of War

This theory argues that states with a high density of population can pour out people in nations with scarce population and density (Gini 1921). This theory explains past wars between Germany and France that had a similar geoeconomic area, but France had a lower population and a lower fertility rate. In this theory, some scholars claim that the demographic pressure of a nation on another one is due to a disequilibrium between level of population and economic resources. In this context, Thomas Robert Malthus (1798) considered war as a repressive factor of the disequilibrium between population and basic goods. Neo-Malthusian scholars support this theory that the growth of a population associated with scarce essentials, natural and economic resources is a source of social issues (Gini 1921). In short, demographic causes of war are due to an imbalance between level of population and economic resources. In fact, according to this theory, a high level of population within nations – in the presence of shortage in basic goods and low economic growth – generates a disequilibrium, creating social issues with close nations having a high well-being and a lower density of population. This approach also argues that war can be due to an insatiable desire of some societies of further

supporting a growing national income. Overall, then, the causes of war can be explained here with high density of population associated with low growth of economic resources that negatively influences social relations and leads to deteriorated human functioning in specific geoeconomic regions (Altman 1975; Baum and Paulus 1991; Lepore et al. 1991). In order to synthetize a general theory of the causes of war, Gini (1921) states that wars or conflicts with weapons between peoples or between social classes are due to exasperation in all or some social classes, to human combativeness of specific populations, and to psychic diversity between populations. These factors oppose to the dynamics of various social elements to distribute themselves according to their natural expansion force in society.

## Modern Theories of the Reasons for Wars

### Theories of the Failure in Bargaining

Jackson and Morelli (2011) suggest two prerequisites for a war between rational subjects: *Firstly*, the costs of war cannot be overwhelmingly high, i.e., wars occur with rational actors if the gains from conflict will outweigh the costs incurred. *Secondly*, there has to be a failure in bargaining (cf., Fearon 1995). In particular, this approach suggests that war may occur with bargaining failures, which are given by:

- Asymmetric information about the potential costs and benefits of war.
- A lack of ability to enforce a bargaining agreement and/or a lack of the ability to credibly commit to abide by an agreement.
- The incentives of leaders differ from those of populations that they represent.
- Multilateral interactions where every potential agreement is blocked by some coalition of nations who can derail it.

In general, modern approaches argue that causes of war are due to a level of irrationality of subjects (Jackson and Morelli 2011). Religion, according to these approaches, can be a cause of war between different nations or ethnic groups. The goal might be to increase the size of population of one religion or eradicate another religion. In such situations, even with full commitment and bargaining opportunities, there might be no agreement that appeases an aggressor. That is, even if agreements are available and fully enforceable, agents are driven by a specific goal that may be incompatible with the well-being or autonomy of other populations or social groups. Revenge is another reason for conflict within the set of non-rationalist explanations of war. Another reason of war is to eliminate another ethnic group or minority ideological group with the goal to obtain a higher social power over time and space (cf., Esteban and Ray 2008).

### Theory of the Democratic Peace

The theoretical framework of democratic peace states that democracies rarely go to war. Scholars of this research field argue that democratic societies are averse to war because of the nature of democratic culture and also because citizens will not vote to send themselves off to war. Moreover, the norms of peaceful resolution of disputes within democracies are extended to interactions with other democracies (cf., Fearon 2011; Jackson and Morelli 2011; Levy 2011).

### Theory of Endogenous Power

Some theories explain the incentives of countries to arm and create wars (cf., Coyne and Mathers 2011). As a matter of fact, the probability of war depends on prior investments in arms, and incentives to arm depend on how arms affect future incentives to go to war or to bargain. In short, decisions to go to war depend on endogenous armament environment of countries (*endogenous power*, see Jackson and Morelli 2011). Peaceful outcomes are not necessarily the efficient ones in the presence of endogenous-arm settings. Arms are expensive investments, and a long period of peace with costly armament levels can be worse than having an early conflict and then thereafter living in a unified country with peace without arms (cf. Coccia 2017c). A peace agreement becomes attainable after the balance of power has shifted, such that there is a political interest

in both sides to agree to peace. However, this process can take a long run.

### Theory of the Global Leadership of Superpower

Superpowers are nations with a high economic war potential that influence other geoeconomic regions (Coccia 2019a). Superpowers have the goal of global leadership, and they can develop conflicts to cope with environmental threats or to take advantage of important strategic opportunities. Put differently, superpowers, winning conflicts, can achieve and/or sustain a global leadership in a world economy to take advantage of important socioeconomic and political opportunities (Coccia 2015, p. 203). Linstone (2007a, p. 115) states that: "the winner in each case became the leading global power, a new global political economy emerged, and democracy advanced" (cf., Devezas 2006; Linstone 2007b). In fact, the world is increasingly global, complex, turbulent, rich, interconnected, and multilevel; the only feasible strategy of superpowers is to develop conflicts for achieving/sustaining a global leadership in world economy that is subsequently supported with an economic and technological superiority in comparison with other belligerent nations (cf., Modelski 2010, p. 1419ff; Coccia 2005, 2015, 2018a, b, 2019e). The conflict development of superpowers appears to be a necessary phase for human development, which is not monotonous and linear but rather a disequilibrium process within world system (cf., Gini 1921). The conflict development of superpowers can be also due to prove military and scientific superiority toward other belligerent nations to maintain the *status quo* of current leadership and social power in the international system. Moreover, the conflict development of superpower generates demand- and supply-side shocks for domestic economy and for economies of allied countries. In fact, conflicts can generate vital technological, economic, and infrastructural preconditions for an "age of high mass consumption" (Rostow 1959, pp. 11–13). The main effects of military conflicts are output, productivity, and technological growth of superpowers and interrelated countries (cf., Ruttan 2006). For instance, Wright (1997, p. 1565) examines the "American technological leadership" and shows that many sectors and industries of US economy take advantage from fruitful demand- and supply-side effects of conflicts. Superpowers, developing conflicts, support R&D investments to produce military technologies that are transferred to civilian applications in the long term, generating new patterns of economic growth (Coccia 2015, 2017a, 2018a, 2019a). In short, the mobilization of human and economic resources of superpowers for conflict development increases the rates of inventions and technological innovations that in the postwar period are diffused to support long-run productivity and economic growth of nations (Stein and Russett 1980, p. 412; Coccia 2005, 2015, 2017a, d, 2018a). In this theory, conflict development of some countries can be also due to change the hierarchy of power between nations in international system and generate a new distribution of political power at international level (cf. Levy 1983, 2011). Modelski (1972, p. 48) asserts that the "war causes the Great Powers," such as Roman Empire over 200 BCE (Before Common Era) ~ 400 AD, Britain Empire in the 1710–1850 period, the United States from the 1940s onward, etc. (Stein and Russett 1980). Overall, then, this theory by Coccia (2015) argues that nations, with a high economic war potential (i.e., superpowers), develop conflicts to achieve/sustain the goal of global leadership and to increase the social power in international system to take advantage of important economic opportunities over time and space. However, superpowers may also assume a worldwide role close to autocracy in order to sustain their global leadership with a behavior prone to a permanent "wartime" and political strains in different geoeconomic regions (cf., Linstone 2007a, p. 237).

## Conclusion

A comprehensive analysis of the causes of war, affected by manifold factors, is a nontrivial exercise. Wars are specific events in society associated with human activity and human nature in order to take advantage of important opportunities, to cope

with and/or adapt to environmental threats and/or changing contexts (cf. Coccia 2019d, e, f). Overall, then, wars are due to instability of economic, social, demographic, ethnic, anthropological, religious, and perhaps biological factors in human society (cf., Coccia 2019a, b, c). To conclude, sources of wars are mainly linked to the question of what human beings truly need and how they seek to satisfy needs, to solve social issues, and to adapt to environmental threats and changing socioeconomic and political contexts in society.

## Cross-References


- ▶ Comparative World-Systems Theories
- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The
- ▶ Theories of Development
- ▶ Theories of Revolution


## References


Ackoff RL, Rovin S (2003) Redesigning Society. Stanford University Press, Stanford

Altman I (1975) The environment and social behavior. Brooks/Cole, Monterey

Angell N (1911) The great illusion: a study of the relation of military power in nations to their economic and social advantage, 3rd edn. G.P. Putnam's & Sons, New York/London

Baum A, Paulus PB (1991) Crowding. In: Stokols D, Altman I (eds) Handbook of environmental psychology, vol 1. Wiley, New York, pp 533–570

Choma BL, Haji R, Hodson G, Hoffarth M (2016) Avoiding cultural contamination: intergroup disgust sensitivity and religious identification as predictors of interfaith threat, faith-based policies, and islamophobia. Personal Individ Differ 95(June):50–55

Coccia M (2005) Countrymetrics: valutazione della performance economica e tecnologica dei paesi e posizionamento dell'Italia. Rivista Internazionale di Scienze Sociali CXIII(3):377–412. http://www.jstor.org/stable/41624216

Coccia M (2015) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42:199–226. https://doi.org/10.1016/j.techsoc.2015.05.008

Coccia M (2017a) The source and nature of general purpose technologies for supporting next K-waves: global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang 116(March):331–339. https://doi.org/10.1016/j.techfore.2016.05.019

Coccia M (2017b) A Theory of general causes of violent crime: Homicides. Income inequality and deficiencies of the heat hypothesis and of the model of CLASH. Aggression and Violent Behavior 37(November-December):190–200. https://doi.org/10.1016/j.avb.2017.10.005

Coccia M (2017c) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. The Journal of Economic Asymmetries 15(June):17–31. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2017d) Sources of technological innovation: Radical and incremental innovation problem-driven to support competitive advantage of firms. Technology Analysis & Strategic Management. 29(9):1048–1061. https://doi.org/10.1080/09537325.2016.1268682

Coccia M (2018a) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang 128(March):287–295, (S0040-1625(16)30652-7). https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2018b) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. The Journal of Technology Transfer 43 (3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2019a) The role of superpowers in conflict development and resolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG, Print ISBN: 978-3-319-20927-2. https://doi.org/10.1007/978-3-319-31816-5_3709-1

Coccia M (2019b) Theories of development. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG, ISBN: 978-3-319-20927-2. https://doi.org/10.1007/978-3-319-31816-5_939-1

Coccia M (2019c) Theories of revolution. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG, ISBN: 978-3-319-20927-2. https://doi.org/10.1007/978-3-319-31816-5_3707-1

Coccia M (2019d) Comparative Institutional Changes. A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer Nature Switzerland AG, https://doi.org/10.1007/978-3-319-31816-5_1277-1

Coccia M (2019e) Comparative World-Systems Theories. A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer Nature Switzerland AG, https://doi.org/10.1007/978-3-319-31816-5_3705-1

Coccia M (2019f) Revolutions and Evolutions. A. Farazmand (ed.), Global Encyclopedia of Public

Administration, Public Policy, and Governance. Springer Nature Switzerland AG, https://doi.org/10.1007/978-3-319-31816-5_3708-1
Coyne CJ, Mathers RL (2011) The handbook on the political economy of war. Edward Elgar, Cheltenham
Devezas TC (ed) (2006) Warfare and World Security, Kondratieff Waves. IOS Press, Amsterdam
Esteban J, Ray D (2008) On the salience of ethnic conflict. Am Econ Rev 98:2185–2202
Fearon JD (1995) Rationalist explanations for war. Int Organ 49(3):379–414
Fearon JD (2011) Self-enforcing democracy. Q J Econ 126(4):1661–1708
Gini C (1921) Problemi Sociologici della Guerra. Zanichelli, Bologna
Jackson MO, Morelli M (2011) The reasons for wars: an updated survey, Chapter 3. In: Coyne CJ, Mathers RL (eds) The handbook on the political economy of war. Edward Elgar, Cheltenham
Lepore SJ, Evans GW, Palsane MN (1991) Social hassles and psychological health in the context of chronic crowding. J Health Soc Behav 32(4):357–367
Levy JS (1983) War in the modern great power system, 1495–1975. The University Press of Kentucky, Lexington
Levy JS (2011) Theories and causes of war. In: Coyne CJ, Mathers RL (eds) The handbook on the political economy of war. Edward Elgar, Cheltenham
Linstone HA (2007a) Science and technology: questions of control. Technol Forecast Soc Chang 74(2):230–237
Linstone HA (2007b) Book review-Warfare and World Security, Kondratieff Waves, Tessaleno C. Devezas (ed.). IOS Press, Amsterdam (2006). Technol Forecast Soc Chang 74(1):113–116
Malthus TR (1798) An essay on the principle of population. J. Johnson Publisher, London
Modelski G (1972) Wars and the great power system. In: Farrar LL (ed) WAR: a historical political and social study. ABNC-CLIO, Santa Barbara
Modelski G (2010) America is no empire. Technol Forecast Soc Chang 77(8):1418–1420
Novicow Y (1894) Les luttes entre sociétés humaines et leurs phases successives. F. Alcan, Paris
Rostow WW (1959) The stages of economic growth. Econ Hist Rev 12(1):1–16
Ruttan VW (2006) Is war necessary for economic growth? Hist Speak 7(6):17–19
Stein AA, Russett BM (1980) Evaluating war: outcomes and consequences. In: Gurr TR (ed) Handbook of political conflict: theory and research. The Free Press, New York, pp 399–422
van Bergen DD, Feddes AF, Doosje B, Pels TVM (2015) Collective identity factors and the attitude toward violence in defense of ethnicity or religion among Muslim youth of Turkish and Moroccan descent. Int J Intercult Relat 47:89–100
Wright G (1997) Towards a more historical approach to technological change. Econ J 107(September):1560–1566

# Comparative Theories of the Evolution of Technology

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

C

## Synonyms

Nature of technology; Technological advances; Technological change; Technological evolution; Technological progress

## Definition

Evolution of technology is a stepwise advancement of a complex system of artifact, driven by interactions with sub-systems and other technological systems, considering technical choices, technical requirements, and science advances, which generate new and/or improved products or processes for use or consumption to satisfy increasing needs of people and/or to solve complex problems in society.

## Introduction

The evolution of technology plays an important role for the economic and social change of societies and the competitive advantage of firms and nations (Arthur 2009; Basalla 1988; Bryan et al. 2007; Coccia 2018a, b, 2019a, b, c; Hosler 1994). In order to explain main theories of the evolution of technology, it is important to clarify the concept of evolution and of technology.

Firstly, evolution is a stepwise and comprehensive development of a complex system in nature and/or in society (cf. Coccia 2019e).

Secondly, technology is a complex system of artifact that is composed of more than one entity or sub-system and a relationship that holds between each entity and at least one other entity in the system (Coccia 2018a, 2019a). Technology is

selected and adapted in society to satisfy needs, achieve goals, and/or solve problems of people, institutions, and nations (Coccia 2005b, 2006, 2012, 2015b, 2017b, 2019a; Coccia and Wang, 2015). Another important concept is the interaction between technologies: an interrelationship of information/resources/energy and of other physical/chemical phenomena in interrelated complex systems of artifacts for reciprocal adaptations in markets and society (Coccia 2019a). In this context, the coevolution of technologies is the evolution of reciprocal adaptations in a complex system, supporting the reciprocal enhancement of technologies' growth rate and innovations (Coccia 2019a).

Moreover, any technology is *not* independent from the behavior of other technologies (Coccia 2018a, b). Sahal (1981), analyzing the patterns of technological innovation, argues that "evolution. . .pertains to the very structure and function of the object (p. 64) . . .. involves a process of equilibrium governed by the internal dynamics of the object system (p. 69)." (cf. Coccia 2005b, 2006, 2012, 2014b, 2016) Kauffman and Macready (1995, p. 26, original emphasis) state that "Technological evolution, like biological evolution, can be considered a search across a space of possibilities on complex, multipeaked 'fitness,' 'efficiency,' or 'cost' landscapes." Kauffman and Macready (1995, p. 27 and p. 42) also point out that evolution, biological or technological, is actually a story of coevolution. In particular, the evolution of technology paves the way for other technologies in a process that Kauffman has called "expanding the adjacent possible." Tria et al. (2014) suggest a model, based on a generalization of Polya's urn, that predicts statistical laws for the rate at which novelties happen (e.g., Heaps' law describes the number of distinct words in a document as a function of the document length, so-called type-token relation), as well as signatures of the process by which one novelty sets the stage for another (i.e., technological evolution). In this research field, Iacopini et al. (2018) describe the occurrence of novelties as a (noncausal) network exploration process (an edge-reinforcing random walk) showing the appearance of Heaps's law, whereas the model by Mazzolini et al. (2018, p. 8) shows that the causal relationships between individual components encoded in the network affect the trend of Heaps's law and thus the probability of finding new components in a dependency cone added to a realization (cf. Vespignani 2009).

In general, technological evolution can be explained in economics and management with two different approaches (Fig. 1):

- Traditional theories are based on processes of competitive substitution of a new technology for the old one and a competition between predator and prey technologies in markets.

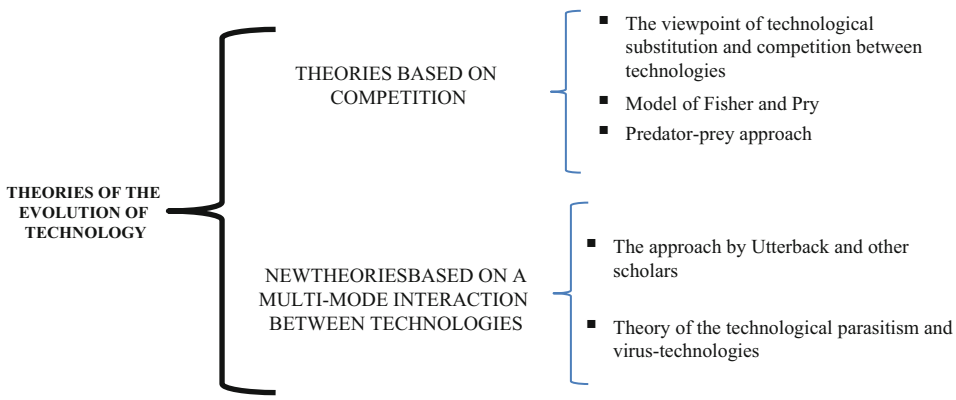


**Comparative Theories of the Evolution of Technology, Fig. 1** Theories of the evolution of technology

- New theories based on a multimode interaction between technologies (Coccia 2018a, 2019a; Pistorius and Utterback 1997; Sandén and Hillman 2011; Utterback et al. 2019). A main theoretical framework in this new research stream is the theory of technological parasitism by Coccia (2019a).

## Theories of the Evolution of Technologies Based on Competition Between New and Established Technologies

### The Viewpoint of Technological Substitution and Competition Between Technologies

The adoption and diffusion of a new technology is associated with the nature of some comparable older technology in use. When comparable technologies do exist, each technology tends to affect the behavior of the other. In fact, the evolution of technology does not take place in isolation, but it is a process of actual substitution of new technology for the old one. In this context, an established technology can improve when confronted with the prospect of being substituted by a new technology. Pistorius and Utterback (1997) argue that emerging technologies often substitute for more mature technologies. In general, the interaction between technologies is typically referred to as competition between new and old technology. As a matter of fact, Pistorius and Utterback (1997, p. 72) claim: "Pure competition, where an emerging technology has a negative influence on the growth of a mature technology, and the mature technology has a negative influence on the growth of the emerging technology." Overall, then, a competition is often embodied in substitutes, and Porter (1980) considers substitutes as one of the forces in his model of industrial competition for competitive advantage of firms and nations (cf. Calabrese et al., 2005; Coccia 2005a, 2015b, 2017b, 2018c, 2018d, 2019d; Coccia and Wang 2015).

### Model of Fisher and Pry

Fisher and Pry (1971, p. 75) argue that technological evolution consists of substituting a new technology for the old one, such as the substitution of coal for wood, hydrocarbons for coal, etc. Fisher and Pry (1971) modeled the evolution of a new product or process becoming a substitute for a prior one and they plotted the substitution data in the form of $f/(1-f)$ as a function of time on semilog paper, fitting a straight line through the resulting points – where $f$ is the market share of the emerging product or process in question versus time (cf. Utterback et al. 2019, p. 2). Fisher and Pry (1971, p. 88) state that "The speed with which a substitution takes place is not a simple measure of the pace of technical advance . . .. It is, rather a measure of the unbalance in these factors between the competitive elements of the substitution."

### Predator-Prey Approach

Farrell (1993a, b) used a model based on Lotka-Volterra equations to examine pure competition between various technologies, such as nylon versus rayon tire cords, telephone versus telegraph usage, etc. In this context, the interaction between technologies can generate a predator-prey relation, where one technology enhances the growth rate of the other, but the second inhibits the growth rate of the first (Pistorius and Utterback 1997, p. 74). In fact, a predator-prey relationship can exist between an emerging technology and a mature technology, where emerging technology enters a niche market. In this case, emerging technology can benefit from the presence of mature technology. At the same time, emerging technology may reduce the market share of mature technology. Overall, then, a predator-prey interaction has an emerging technology in the role of predator and the mature technology as prey. However, it is also possible to visualize a situation where a mature technology is predator and emerging technology is prey (Pistorius and Utterback 1997, p. 78). Utterback et al. (2019) show this type of predator-prey relation in a specific period between plywood and oriented strand board (OSB) technology (OSB is a composite of oriented and layered strands, peeled from widely available smaller trees).

## New Theories of the Evolution of Technologies based on Multimode Interactions

### The Viewpoint by Utterback and Other Scholars

Utterback et al. (2019) suggest to abandon the idea that technology and innovation originate only in pure competition between new and established artifacts. These scholars argue that the growth of one technology will often stimulate the growth of other technologies, calling this interaction as *symbiotic competition* (Utterback et al. 2019).

As a matter of fact, there are many cases where technologies interact in a relationship that is not of competition in the strict sense of the word. In this context, Pistorius and Utterback (1997, p. 72ff) suggest different interactions among technologies in analogy with biology. Sandén and Hillman (2011, p. 407) also propose six technological interactions, using a similarity with the interaction of species, i.e., neutralism, commensalism, amensalism, symbiosis, competition, and parasitism-predation into one category. Coccia (2018a) suggests a matrix to show how these different relationships between technologies evolve over time (Fig. 2). Pistorius and Utterback (1997, p. 67) argue that a multimode interaction between technologies provides a much richer theoretical framework for technology analysis.

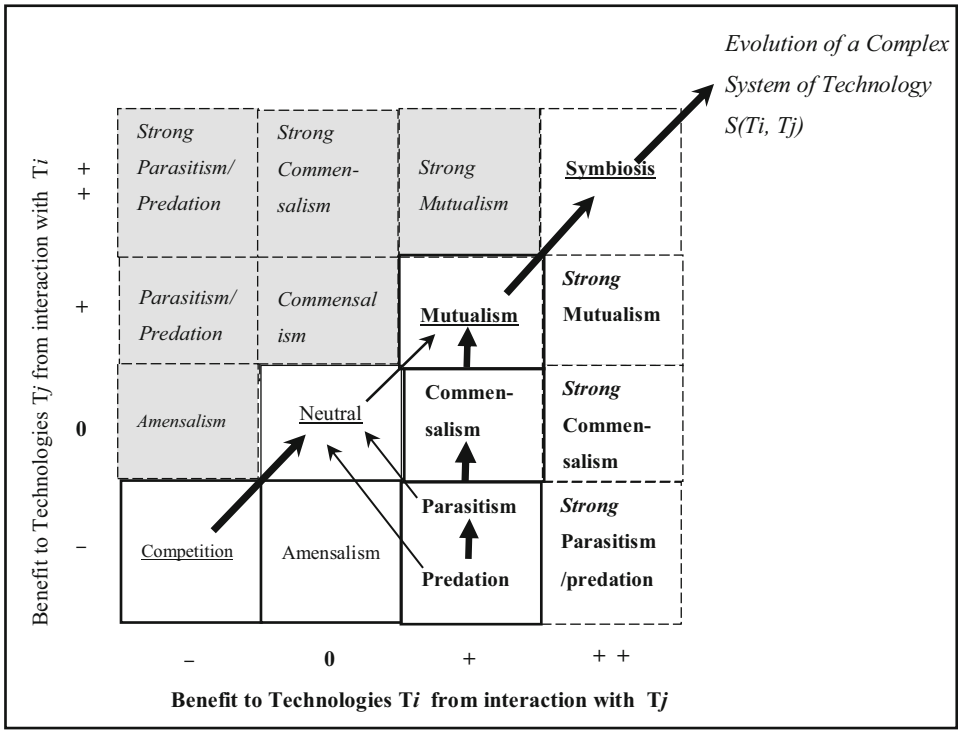


**Comparative Theories of the Evolution of Technology, Fig. 2** Types of relationships between technologies and evolutionary pathways in a complex system. (*Note:* The notions of positive, negative, and neutral benefit to technologies T*i* and T*j* in a complex system S from mutual interaction are represented with the following symbols of logic: +, –, 0 (zero); ++ is a strong positive benefit to technologies T*i* and T*j* in S from long-run mutual symbiotic interaction, i.e., coevolution of T*i* and T*j* in S, $\forall i = 1, \ldots, n; \forall j = 1, \ldots, m$. Thick solid arrows indicate the probable evolutionary route of interactive technologies in a complex system *S*: the possibility for parasitic-virus technologies to become commensals, mutualists, and symbiotic; thin arrows show other possible evolutionary pathways of technologies T*i* and T*j* during the interaction in a complex system *S* of artifact.)

### Theory of Technological Parasitism and Virus Technologies

Technological parasitism by Coccia (2018a, 2019a) is a *new* theory to explain the evolution of technology in society considering the interaction between technologies that generates the coevolution of a host-parasite complex system of artifacts. The theoretical background of this theory is based on a "Generalized Darwinism" (Hodgson and Knudsen 2006) for framing a broad analogy between technologies and evolutionary ecology of parasites that provides a logical structure of scientific inquiry (cf. Coccia 2018a, 2019a). Basalla (1988) suggested that the evolution of technology can profitably be seen as analogous to biological evolution. Technological evolution, alongside biological evolution, displays radiations, stasis, extinctions, and novelty (Solé et al. 2013).

The crux of the theory of technological parasitism is rooted in the evolutionary ecology of parasites, and since the concept of parasite is uncommon in economics of technology, it is useful to clarify it. In the evolutionary ecology, parasites (from Greek *para* = near; *sitos* = food) are any life form finding their ecological niche in another living system (host). Parasites have a range of traits that evolve to locate in available hosts, to survive and disperse among hosts, and to reproduce and persist. Coccia (2018a, 2019a) argues that technologies can have a behavior similar to parasites because technologies cannot survive and develop as independent systems per se, but they can function and evolve in societies if they are associated with other host or master technologies, such as audio headphones, wireless speakers, software apps, etc. that function *if and only if* they are associated with host or master electronic devices, such as smartphone, radio receiver, television, etc. In particular, a parasitic technology $P$ in a host or master technology $H$ is a technology that during its life cycle is able to interact and adapt into the complex system of $H$, generating coevolutionary processes to satisfy human needs and desires and/or solve problems in society. Parasitic technologies are often sub-systems embedded within and primarily functional in the ecological system of host *or* master technologies. A technology can be a parasite of different hosts *or* master technologies, as well as a technology can be a host or master of different parasitic technologies (e.g., mobile devices are host of software applications, headphones, Bluetooth technology, and other parasitic technologies, cf. Coccia 2018a). In general, many technologies do not function as independent systems, but *de facto* they depend, as parasites, on other technologies (hosts *or* masters) to form a complex system of parts that interact in a non-simple way. This behavior of technologies can be generalized with the *theorem of not independence of any technology* (Coccia 2018b): the long-run behavior and evolution of any technological innovation T$i$ is not independent from the behavior and evolution of the other technological innovations T$j$ ($\forall i = 1, \ldots, n$ and $j = 1, \ldots, m$).

In particular, parasitic technologies can be considered specifically as *virus technologies* because they have the characteristics of obliged parasites, as they depend on a host *or* master for most of their technological functions and developmental processes. Some virus technologies are able to function only to a specific host (e.g., diesel fuel as virus technology can be used only in compression-ignition engines as host technologies), while others are able to function on many host technologies (e.g., electrical energy as virus technology can be used for many appliances of different scale). Moreover, parasitic-virus technologies can be defined and classified on the basis of the technological host in which they adapt, and their evolution in the form of different generations is due to interaction with hosts. Moreover, a technology can be seen as a parasite or host, depending on the scale of analysis. Smartphone is host of many parasitic technologies, e.g. Bluetooth technology, but it can be also seen as a parasite of satellite technology for some functions, communication and transmission of information.

This theory of technological parasitism proposes a model to analyze the interaction between a host *or* master technology ($H$ system) and a parasitic-virus technology ($P$ sub-system).

The logarithmic form of the model (Coccia 2019a) is a simple linear relationship:

$$\log P = \log a + B \log H + u_t$$

- $P$ = evolutionary advances of parasitic-virus technology, e.g., fuel consumption efficiency in horsepower hours indicates the technological advances of engine for farm tractor
- $\log a$ = constant
- $H$ = evolutionary advances of host *or* master technology, e.g., total mechanical efficiency of farm tractor
- $u_t$ = error term

$B$ is the evolutionary coefficient of growth that measures the evolution of technology $P$ (parasite) in relation to $H$ (host *or* master technology). In particular, the value of $B$ measures the relative growth of $P$ in relation to the growth of $H$, and it suggests different patterns of technological evolution:

- $B<1$ (underdevelopment of host-parasite technological system)
- $B=1$ (isometric growth of host-parasite technological system)
- $B>1$ (development of host-parasite technological system)

This theory of technological parasitism and virus technologies suggests critical theoretical and empirical predictions in the evolution of technology (Coccia 2018a, 2019a):

1. The long-run behavior and evolution of any technology depend on behavior and evolution of interrelated technologies; in particular, the long-run behavior and evolution of any technology are driven by interactions with other technologies within and between complex systems of technology (Coccia 2019a, b, c).
2. The long-run evolution of an established technology is also due to interaction with *new* parasitic-virus technologies.
3. Technological host *or* master with many parasitic-virus technologies generates a rapid stepwise evolution of technological host-parasite system. Technological systems with fewer parasitic-virus technologies and a low level of interaction with other technologies improve slowly.
4. Interaction within and between technological host-parasite systems generates coevolution of interrelated systems. May (1981, p. 95) suggests the concept of "orgy of mutual benefaction" that may be also appropriate for explaining the interaction within technological domains.

In fact, in this context, the property of mutual benefaction by Coccia (2018a) argues that the interaction between technologies reduces negative effects and favors positive effects directed to an evolution of reciprocal adaptations of technologies in complex systems of technology over time and space (cf., vertically transmitted parasites by Cullen, 1998).

The idea of a *technological parasitism* associated with technological host-parasites coevolution is adequate in some cases but less in others because of the diversity of technologies in different complex systems and socioeconomic environments (cf. Coccia 2018a; Pistorius and Utterback 1997; Sandén and Hillman 2011). Nevertheless, the analogy here keeps its validity in explaining several phenomena of the coevolution of technology in markets and society. Overall, then, the theory of technological parasitism and virus technologies contributes to our understanding of how a technology works, how it is organized, and how it develops. This new theory suggests some general properties and predictions that are a reasonable starting point for understanding the universal features of the coevolution of technologies that leads to technological and economic change in society.

However, this theoretical framework, of course, cannot predict any given paths and characteristics of the evolution of technologies with precision. We know, *de facto*, that other things are often not equal in the domain of technology over time and space.

## Conclusion

The evolution of technology is associated with the idea of human progress. The prime factor of the evolution of technology is a progressive satisfaction of human wants, such as the improvement of health, the growth of wealth, the creation of new knowledge, the solution of complex problems, etc. In general, determinants of technological evolution seem to be human wants and human control of nature through science advances and newtechnology (cf. Coccia 2010, 2018a). Moreover, the evolution of technologies is faster in appropriate social structures with strong democracy, good economic governance, widespread higher education system, skilled human capital, moderate growth rates of population, purposeful socioeconomic systems with high economic potential (e.g., superpower), etc. (Coccia 2010, 2014a, 2015a, 2018a, 2019b). These elements support the evolution of technology and advancement of science for the acquisition of better and more complex forms of life in society.

To conclude, evolution of technology is a result of human activity and of human nature in order to take advantage of important opportunities, to cope with and/or adapt to environmental threats and/or changing contexts. Overall, then, evolution of technology is mainly linked to the question of what human beings truly need and how they seek to satisfy needs, to solve socioeconomic issues, and to adapt to new social, political, and economic conditions. However, a comprehensive explanation of the evolution of technology is a difficult topic for manifold complex and interrelated factors, such that Wright (1997, p. 1562) properly claims that "In the world of technological change, bounded rationality is the rule."

## Cross-References


- ▶ Comparative World-Systems Theories
- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The
- ▶ Theories of Development


## References


Arthur BW (2009) The nature of technology. What it is and how it evolves. Allen Lane–Penguin Books, London

Basalla G (1988) The history of technology. Cambridge University Press, Cambridge

Bryan A, Ko J, Hu SJ, Koren Y (2007) Co-evolution of product families and assembly systems. CIRP Ann 56(1):41–44. https://doi.org/10.1016/j.cirp.2007.05.012

Calabrese G, Coccia M, Rolfo S (2005) Strategy and market management of new product development: evidence from Italian SMEs. Int J Prod Dev 2(1–2):170–189. https://doi.org/10.1504/IJPD.2005.006675

Coccia M (2005a) Countrymetrics: valutazione della performance economica e tecnologica dei paesi e posizionamento dell'Italia. Riv Int Sci Soc CXIII (3):377–412. http://www.jstor.org/stable/41624216

Coccia M (2005b) Metrics to measure the technology transfer absorption: analysis of the relationship between institutes and adopters in northern Italy. Int J Technol Transf Commer 4(4):462–486. https://doi.org/10.1504/IJTTC.2005.006699

Coccia M (2006) Classifications of innovations: survey and future directions. Working Paper Ceris del Consiglio Nazionale delle Ricerche VIII(2). http://arxiv.org/abs/1705.08955

Coccia M (2010) Democratization is the driving force for technological and economic change. Technol Forecast Soc Chang 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2012) Driving forces of technological change in medicine: radical innovations induced by side effects and their impact on society and healthcare. Technol Soc 34(4):271–283. https://doi.org/10.1016/j.techsoc.2012.06.002

Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82(2):52–65. https://doi.org/10.1016/j.techfor e.2013.06.001

Coccia M (2014b) Path-breaking target therapies for lung cancer and a far-sighted health policy to support clinical and cost effectiveness. Health Policy Technol 1 (3):74–82. https://doi.org/10.1016/j.hlpt.2013.09.007

Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42(August):199–226. https://doi.org/10.1016/j.techsoc.2015.05.008

Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Lear 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M (2017a) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. The J Econ Asymmetries 15(June):17–31. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2017b) Sources of technological innovation: radical and incremental innovation problem-driven to support competitive advantage of firms. Tech Anal Strat Manag 29(9):1048–1061. https://doi.org/10.1080/09537325.2016.1268682

Coccia M (2018a) A Theory of classification and evolution of technologies within a Generalized Darwinism, Technology Analysis & Strategic Management. https://doi.org/10.1080/09537325.2018.1523385. Journal ISSN: 1465-3990

Coccia M (2018b) Theorem of not independence of any technological innovation. J Econ Bibliogr 5(1):29–35. https://doi.org/10.1453/jeb.v5i1.1578

Coccia M (2018c) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Tech Forecasting Soc Chang 128 (March):287–295. https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2018d) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Technol Transf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2019a) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang. https://doi.org/10.1016/j.techfore.2018.12.012

Coccia M (2019b) The role of superpowers in conflict development and resolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. Print ISBN: 978-3-319-20927-2. https://doi.org/10.1007/978-3-319-3181 6-5_3709–1

Coccia M (2019c) Theories of development. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. ISBN: 978-3-319-20927-2. https://doi.org/10.1007/978-3-319-31816-5_939-1

Coccia M (2019d) Comparative institutional changes. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_1277-1

Coccia M (2019e) Revolutions and evolutions. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG. https://doi.org/10.1007/978-3-319-31816-5_3708-1

Coccia M, Wang L (2015) Path-breaking directions of nanotechnology-based chemotherapy and molecular cancer therapy. Technol Forecast Soc Chan 94(May):155–169. https://doi.org/10.1016/j.techfore.2014.09.007

Cullen B (1998) Parasite ecology and the evolution of religion. In Heylighen F (ed) The evolution of complexity. Kluwer Academic, Dordrecht

Farrell CJ (1993a) A theory of technological. Technol Forecast Soc Chang 44(2):161–178

Farrell CJ (1993b) Survival of the fittest technologies: CDs, disposable razors and unleaded petrol would have made Charles Darwin smile. They have all seen off rivals in the economic jungle. New Scientist 137 (February 6):35–39

Fisher JC, Pry RH (1971) A simple substitution model of technological change. Technol Forecast Soc Chang 3(2–3):75–88

Hodgson GM, Knudsen T (2006) Why we need a generalized Darwinism, and why generalized Darwinism is not enough. J Econ Behav Organ 61(1):1–19

Hosler D (1994) The sounds and colors of power: the sacred metallurgical technology of ancient West Mexico. MIT Press, Cambridge

Iacopini I, Milojević S, Latora V (2018) Network dynamics of innovation processes. Phys Rev Lett 120(048301):1–6. https://doi.org/10.1103/PhysRevLett.120.048301

Kauffman S, Macready W (1995) Technological evolution and adaptive organizations: ideas from biology may find applications in economics. Complexity 1(2):26–43. https://doi.org/10.1002/cplx.6130010208

May RM (1981) Models for two interacting populations. In: May RM (ed) Theoretical ecology: principles and applications, 2nd edn. Sinauer

Mazzolini A, Grilli J, De Lazzari E, Osella M, Cosentino Lagomarsino M, Gherardi M (2018) Zipf and Heaps laws from dependency structures in component systems. Phys Rev E 98:012315. https://doi.org/10.1103/PhysRevE.98.012315

Pistorius CWI, Utterback JM (1997) Multi-mode interaction among technologies. Res Policy 26(1):67–84

Porter ME (1980) Competitive strategy. Free Press, New York

Sahal D (1981) Patterns of technological innovation. Addison-Wesley Publishing Company, Reading

Sandén BA, Hillman KM (2011) A framework for analysis of multi-mode interaction among technologies with examples from the history of alternative transport fuels in Sweden. Res Policy 40(3):403–414

Solé RV, Valverde S, Casals MR, Kauffman SA, Farmer D, Eldredge N (2013) The evolutionary ecology of technological innovations. Complexity 18(4):25–27. https://doi.org/10.1002/cplx.21436

Tria F, Loreto V, Servedio VDP, Strogatz SH (2014) The dynamics of correlated novelties. Sci Rep 4(5890):1–8. https://doi.org/10.1038/srep05890

Utterback JM, Pistorius C, Yilmaz E (2019) The dynamics of competition and of the diffusion of innovations. MIT Sloan School Working Paper 5519-18. Last Revised February 20, 2019

Vespignani A (2009) Predicting the behavior of techno-social systems. Science 325:425–428. https://doi.org/10.1126/science.1171990

Wright G (1997) Towards a more historical approach to technological change. Econ J 107 (September):1560–1566

# Comparative Urban Development

Anurag Kumar Srivastava
Department of Public Administration, School of Liberal Studies, Pandit Deendayal Petroleum University, Gandhinagar, Gujarat, India

## Synonyms

Comparative city planning; Comparative urbanization practices; Correlated metropolitan growth; Corresponding municipal development; Relative civic progression; Relative urbanization scenario

## Introduction

Urban development covers a set of policies, plans, strategies, and approaches to create infrastructure and deliver services for education, health, transportation, pollution control, waste management, markets, industries, enterprises, investment zones street pavements, housing, cultural heritage, and recreation in urban areas in a manner which ensures sustainability through optimum utilization of men, material and environmental resources.

Urbanization is the defining paradigm of twenty-first century. Urbanization seems to be unstoppable and inevitable; henceforth, it is necessary to make sure that urban infrastructure and urban services in regard to housing, transportation, health, education, and employment, etc., should be commensurate with increasing urbanization and growing complexities of urban development. Urbanization being a global phenomenon impacts countries irrespective of developed and developing; nonetheless it is highly imperative to identify the best practices, ways, strategies, approaches, and governance models which have been adopted in various countries.

However, as the contextual parameters of socio-economic, political, and environmental milieu differ in developing and developed countries, henceforth, adopting the comparative urban development perspectives will require integration of global practices in to local systems and policies for facilitating urban development. Urban development requires a sustainable development approach wherein our cities become truly smart and sustainable. They not only provide better life opportunities to the people in terms of job, enterprise, and education but also clean, green, and healthy environment.

For the first time in history, the majority of people live now in urban areas. The proportion of the world's population which is staying in urban areas has been growing rapidly and a higher fraction of the total population lives within cities now that at any previous period in history. (United Nations 2008, Principles and Recommendations for Population and Housing Census). Since last two–three decades, the pace of urbanization has witnessed phenomenal increase in developing countries like India and China. The underlying force behind rapid urbanization is growing industrialization coupled with high rate of economic growth. India, for instance, has added more number of people to its urban population than rural population as per the census figures of 2011.

Today, 54% of the world's population lives in urban areas, which is expected to increase to 66% by 2050. Urbanization combined with the overall growth of the world's population could add another 2.5 billion people to urban populations by 2050, with approximately 90% of the increase to take place in Asian and African continent. (World Urbanization Prospects: The 2014 Revision).

The largest urban growth will take place in India, China, and Nigeria. These three countries will account for 37% of the projected growth of the world's urban population between 2014 and 2050. By 2050, India is projected to add 404 million urban dwellers, China 292 million, and Nigeria 212 million. The urban population of the world has grown rapidly from 746 million in 1950 to 3.9 billion in 2014. Asia, despite its lower level of urbanization, is home to 53% of the world's urban population, followed by Europe with 14% and Latin America and the Caribbean with 13% (World Urbanization Prospects: The 2014 Revision).

## Signifying Comparison

As per Woodrow Wilson "You cannot be scientific if you are not comparative".

Robert Dahl elaborated that if Public Administration has to be comparative, it needs to address the few concerns one of which is being comparative for being scientific (Dahl 1947). Comparative study will further enhance the scope and applicability of the study for understanding the broader processes of urban development. The above statement of Dahl highlights the significance of comparison. Comparison is essential for achieving universality and for adopting the best practices and overcoming the shortcomings. It is by comparison the strength and weakness are analyzed in rationale perspectives. Inferences drawn from comparative understanding of urban development would be of immense significance to the larger perspective of urban development.

Emile Durkheim axiom that science begins with comparison highlights the significance of scientifically analyzing a large number of cities across different national boundaries. There are other significant explanations why comparison enables to clarify and better elucidate phenomenon such as comparison more specifically shows how variables work differently in a variety of settings, comparison provides better way to understand how the identification of anomalies within different social systems can be refined and eventually increase theoretical understanding.

## Defining the Urban

However, there is no universal definition exists for urban. Therefore, defining what is urban has been a problematic task and there is no commonly accepted definition. Each country has described the term urban in its own way and which refers to cities, towns, villages, conurbations, or localities. There are a number of approaches which have been identified to determine what an urban area is. An economic approach would be based on administrative units and would define urban areas using a threshold for labor force (economically active population rates) in agriculture (United Nations 1974). A geographic approach is based upon the density. This kind of analysis takes population or houses in a territory in to the consideration.

In the absence of an agreed-upon definition, the Organisation for Economic Co-operation and Development (OECD) uses three types of units of analysis when assessing the socio-economic performances of urban areas.

(i) Urban areas. These refer to urban areas as they are defined by the national authorities of each country. However, often these urban areas are too small or too large to account for a city.
(ii) Predominantly urban areas (PU). They are regions where the population living in high-density areas (150 inhabitants per square kilometer) represents at least half of the population in that region.
(iii) Metropolitan areas (functional areas). These are the areas in which population density, net commuting rates, and type of region are kept in to account. These are typically large cities comprised by a number of administrative and adjacent areas where economic relations are intense.

It is quite evident that the definition of "urban" differs from country to country and, with change in the parameters of classification and evolving circumstances, can also differ within the same country, thereby making direct comparisons challenging. In a nutshell, an urban area can be defined by following criteria:

(a) Administrative criteria or political boundaries: An area within the jurisdiction of a municipal corporation, municipality, or town committee.
(b) Population: An area where the minimum population in a region is of 2000 people, although this differs globally between 200 and 50,000 along with higher population density per square kilometer.
(c) Economic function: An area where a substantial majority of the population is primarily engaged in nonagricultural pursuits.

(d) Existence of urban characteristics: An area where urban features like concrete streets, electric lighting, sewerage system are present.

## Sources of Urban Growth

The growth of cities is the consequence of the relationship of a number of factors:

(a) Natural growth – The predominance of births over deaths among urban populations.
(b) Migration – In simple words is the movement of people from rural areas of the country to the urban areas in search of better life opportunities.
(c) Conversion and reclassification of previously rural areas in to urban areas.

Recognizing the relative contributions of each of these factors to urban growth can facilitate proper planning and comprehensive policy formulation for shaping the urban development.

## Comparative Perspectives

One of the most significant characteristics of urbanization that has the direct impact on people's lives is that of movement of the population, due to push or pull factors. Contrary to common belief, migration does not take place from developing to developed countries or between countries, but within national borders. (Human Development Report 2009).

In India internal migration rates are estimated to be 4.1% which suggests that more than 40 million people move internally. In Bangladesh the rural to urban migrations has contributed more than 40% of the change in its urban population. In China more than 136 million people have moved. In Korea 63% of the population live in rural areas in 1963, but only 7% remained there by 2008. In Malaysia where 80% of the population was rural in 1950 but only 35% in 2005, Indonesia's urban population nearly doubled since 1990 to 2005 (Beall et al. 2012).

Globalization and state devolution have also affected modes of urban governance. In Western Europe and the United States, cities have increasingly adopted corporatist modes of governance (Harding 1997). As far the Britain is concerned the shift from managerialism to corporatism has resulted from state restructuring, in which business sector participation in the governing process has become a usual feature. In the United States, the corporatist modes of urban governance have gained the momentum along with withdrawal of federal government. Increased dependence on corporate support for improving the cities is the dominant trend (Eisinger 1998; Clarke and Gaile 1998).

Corporatist engagements in German cities have become visible due to economic restructuring and inability of bureaucracy to respond to rapid transformation in the urban development prospects.

In France, the process of devolution has considerably transformed the relationship among national, regional, and local government officials. The officials are more inclined towards forging the collaboration with corporate and business entities for formulating and implementing urban development policies and programs particularly in regard to urban economic development (Michel 1998; Négrier 1999).

In India since 1992 the process of democratic decentralization has been initiated through which power and authority has been vested in elected urban local bodies. The urban local bodies have been accorded with constitutional status for effectively carrying out urban development.

## Conclusion

The combined effect of globalization, migration, and urbanization usually accompanies social and economic development. Globalization and capitalist-driven market-based forces have created a spatial pattern of patchy and irregular urban economic development based on cities' capability to invite industrial investment.

The cities that have been able to attract such investment have been transformed in to big metro cities or mega cities having the state-of-the-art urban infrastructure, transportation, housing, industrial complexes, and amenities.

Several cities are now on the path innovation and transformation to develop into smart cities in order to cope up with rising challenges of urbanization. Smart cities or futuristic cities are an emerging paradigm of urban development; the concept and model of smart cities has been adopted from European and Western countries in the developing countries to address the challenges of urban development. Smart cities have generated significant policy euphoria in especially in India; however, the feasibility of smart cities in developing requires cautious approach with empirical validation and due analysis.

Governments across the globe have adopted new strategies for administering urban development, such as devolution, democratic decentralization, public private partnership, and corporatist modes of governance. Cities have been competing for attracting both foreign and domestic investment with each other; henceforth, urban infrastructure, services, planning, polices, and governance become decisive and crucial.

Currently majority of the cities particularly in Asia subcontinent are heavily populated, highly polluted, and lack quality urban infrastructure and are characterized by financial and governance deficits. The internal migration has further accentuated the crisis pertaining to uncontrolled and unplanned urban development. In the context of developing countries, the absence of quality urban infrastructure, poor delivery of urban services, and governance deficit have resulted in concentration of slums, alarming level of pollutions, poor sanitation, hygiene, and health.

Rapid urban growth in current form and scale challenges the capacity of local, state, and national governments to deliver even the most basic urban services such as water, electricity, sanitation, housing, and health to the people.

It is in this context the significance of comparative urban development becomes imperative, in order to promote smart and self-sustainable urbanization by adopting good governance practices in a comparative framework. There are constraints on our understanding of knowledge about comparative urban development and sustainable development policies.

The urbanization, towards which the world appears to marching ahead, offers opportunities as well challenges. Urban realities, urban progression, and urban policies are considerably complex, multidimensional, and multifaceted which require interdisciplinary, interinstitutional, and cross national analysis to accomplish urban development.

## References

Beall J, Guha-Khasnobis B, Kanbur R (2012) Urbanization and development in Asia: multidimensional perspectives. Oxford University Press India, New Delhi

Clarke SE, Gaile GL (1998) The work of cities, vol 1. University of Minnesota Press, Minneapolis

Dahl RA (1947) The science of public administration: three problems. Public Adm Rev 7(1):1–11

Eisinger P (1998) City politics in an era of federal devolution. Urban Aff Rev 33(3):308–325

Harding A (1997) Urban regimes in a Europe of the cities? Eur Urban Reg Stud 4:291–314

Michel H (1998) Government or governance? The case of the French local political system. West Eur Polit 21(3): 146–169

Négrier E (1999) The changing role of French local government. West Eur Polit 22(4):120–140

OECD (2002) Trends in urbanisation and urban policies in OECD countries: what lessons for China? Organisation for Economic Co-operation and Development, Paris

UNDP (2009) Human development report, 2009. Palgrave Macmillan, New York

United Nations (2008) Principles and recommendations for population and housing censuses, Revision 2. UN, New York

United Nations (2014) World urbanization prospects: the 2014 revision. UN, New York

# Comparative World-Systems Theories

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

## Synonyms

Capitalistic world economy; Core-periphery areas; World economy; World market; World-systems analysis

## Definition

*World-systems theory* is a socioeconomic and political approach that explains the economic development and dynamics of capitalistic world economy analyzing the mechanisms of international market trade, economic division of labor between core and periphery regions, and interests of capitalist class in markets.

## Introduction

Wallerstein (1974) suggests a world-systems theory that explains the economic development of nations analyzing economic and political mechanisms between core and peripheral regions to create an alternative approach to theories of modernization (Seymour Lipset 1955; cf., Skocpol 1977). This theoretical framework by Wallerstein (1974) rejects the nation-state as the sole unit of analysis, the assumption that all countries can follow only a single path of development and that poor countries can rely on exports to develop. The theoretical background of the world-systems theory by Wallerstein (1972, 1974) is the Annales school, Marx studies, and dependence theory. Wallerstein's theory accepts some concepts of the Annales school, such as geoeconomic regions as units of analysis, empirical and historical materials to explain development, etc. (Braudel 1994). Wallerstein (1972, 1974) also considers the centrality of the capital accumulation (a commercial asset value that is used by capitalists to obtain additional value, i.e., surplus value) and competitive class struggles by Karl Marx's theories. World-systems theory is also based on dependency theory that focuses on core-periphery geoeconomic relations (Chirot and Hall 1982). In particular, international-dependence models consider developing countries in a relationship of dependence with rich countries and the power imbalance between rich and poor countries (cf., Lewellen 1995). Moreover, Wallerstein's approach is affected by Schumpeter (1942) with his theory of business cycle and the role of innovation as driving force of liberal capitalist development (cf., Chase-Dunn and Grimes 1995; Coccia 2007, 2010c, 2017, 2018b). Figure 1 shows some differences between modernization and world-systems theory.

## World-Systems Theory

Wallerstein (1974, p. 374) states that:

> a world-system is a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remold it to its advantage. It has the characteristics of an organism, in that is has a lifespan over which its characteristics change in some respects and remain stable in others. . .Life within it is largely self-contained, and the dynamics of its development are largely internal.

In the world-systems theory by Wallerstein (1974) a vital concept is "world economy" integrated through markets, rather than a political center, in which two or more regions have geoeconomic interaction with respect to necessities like food, natural resources, and protection (Goldfrank 2000).

Wallerstein (1974, p. 347) endeavors to explain the capitalist world economy as a: "social system. . . .largely self-contained entity whose developmental dynamics are largely internal." Wallerstein (1974) also argues that world markets are based on economic division of labor, in particular a world-system is: "multicultural territorial division of labor in which the production and exchange of basic goods and raw materials is necessary for the everyday life of its inhabitants (Chase-Dunn and Grimes 1995, p. 389)." This division of labor refers to the forces and relations of production of the world economy, and it leads to the existence of two interdependent regions: core region focuses on capital-intensive production, whereas periphery region is based on labor-intensive production (Goldfrank 2000). Semi-peripheral states act as a buffer zone between core and periphery regions (Skocpol 1977). The dynamics of world system generates an *unequal exchange*, which is due to the systematic transfer of surplus from periphery to core societies (Goldfrank 2000). This process also leads to a *capital accumulation* in core regions based on appropriation and transformation of resources

**SOCIAL CHANGE**

**CLASSICAL THEORIES OF MODERNIZATION AND DEVELOPMENT**

- Seymour M. Lipset 1955
  - *Nation-state as the sole unit of analysis*
  - *All countries go through the same stages of development*
  - *Poor countries can rely on exports to develop*
  - *Traditional culture and institutions block modernization process*

**WORLD SYSTEMS THEORY**

- Wallerstein 1974
  - *core-periphery geoeconomic interaction in a world trade market of commodities*
  - *economic division of labor in world market*
  - *multiple political sovereignties, no one of which can control the entire economic system*
  - *a power hierarchy between core and peripheral societies, in which powerful and wealthy "core" societies dominate and exploit weak and poor peripheral countries*

⇓

A world capitalistic system–in which some powerful countries benefit while others are exploited–generates both economic development and spatial inequality because some economic subjects tend to appropriate and reinvest resources, producing surplus, in richer areas.

**Comparative World-Systems Theories, Fig. 1** Modernization theory vs. world-systems theory of development

from peripheral areas. This dynamics of the world system generates a power hierarchy between *core* and *periphery*, in which powerful and wealthy "core" nations dominate and exploit weak and poor "peripheral" nations (Fig. 2).

According to Wallerstein (1974), the history has had two types of large-scale social systems: (1) empires with a functional economic division of labor and an approach of tribute-collecting imperial state and (2) world economies with multiple political sovereignties, no one of which can control the entire economic system. A world economy should be more able than a world empire to sustain economic development because economic subjects have more freedom to maneuver, to appropriate, to reinvest economic resources and to obtain surplus. This world economy, such as capitalism from the sixteenth century to the present, has an international division of labor among three regions (core, semiperiphery, and periphery) linked together by a world trade market in bulk commodities (necessities for consumption of population). Each geoeconomic region of the world economy has an economic structure based on a mixture of economic activities (e.g., products from multi-cultivation in agriculture within core areas; products from mono-cultivation in periphery areas) and labor control (e.g., skilled wage labor in core regions; sharecropping in semiperiphery regions; and slavery or "coerced cash-crop labor" in the periphery areas). Economic rewards of these zones are differential; in particular, core areas obtain and sustain a disproportionate surplus in comparison with periphery areas (Fig. 2). Moreover, the economic structure of each region supports a dominant class oriented toward the world market, and powerful nations operate in

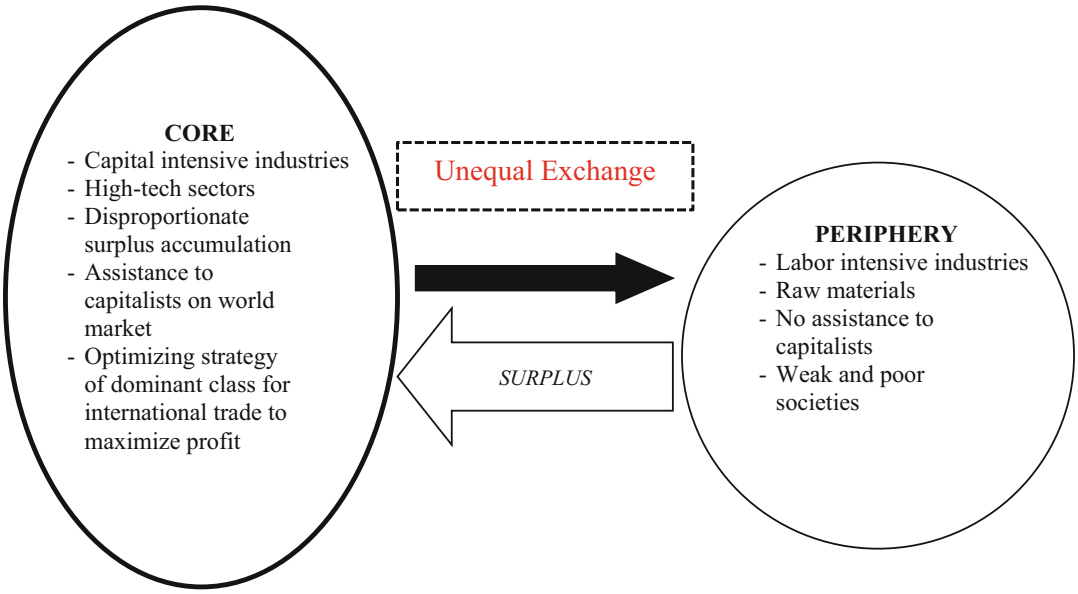


**Comparative World-Systems Theories, Fig. 2** Aspects of the interaction between core and periphery within world-systems theory

the interests of that dominant class. According to Wallerstein (1974), the differential strength of multiple states within world capitalist economy is crucial for maintaining the stability of overall economic system. In this context, the strong nations reinforce and increase the differential flow of surplus from periphery to core zone because they provide "extra-economic" assistance to capitalist classes that manipulate and enforce trade in their favor on world market (Skocpol 1977, pp. 1076–1077).

This Wallerstein's model of the world capitalist system also considers a two-step reduction (Skocpol 1977, pp. 1078–1079): "first, a reduction of socioeconomic structure to determination by world market opportunities and technological production possibilities; and second, a reduction of state structures and policies to determination by dominant class interests".

The first reduction is based on the mode of labor control adopted in each region by dominant classes oriented to world market. Wallerstein (1974) argues that dominant classes choose freely among alternative strategies of labor control by assessing rationally the best means for maximizing profits, given the geographical, demographic, technological, and labor-skill conditions in which they operate and given the profitable possibilities they face for selling particular products on world market. Wallerstein (1974) treats "labor control" primarily as a market-optimizing strategy of dominant classes. Moreover, marketplace has differences of occupational structure among regions: "a capitalist world-economy essentially rewards accumulated capital, including human capital, at a higher rate than 'raw' labor power" (Wallenstein 1974, p. 350). Wallerstein (1974, p. 401, original emphasis) also argues that: "Once we get a difference in the strength of the state-machineries, we get the operation of 'unequal exchange' which is enforced by strong states on weak ones, by core states on peripheral areas. Thus capitalism involves not only appropriation of surplus-value by an owner from a laborer, but an appropriation of surplus of the whole world-economy by core areas."

The second reduction of the Wallerstein's model is that differences of strength and policies among states located in different zones of the world system are explained as the result of differences in regional rates of surplus appropriation

and, especially, as the expression of different world market interests of dominant classes within national political areas (Wallenstein 1974, chap. 3, *passim*). On the one hand, in the world system, the dominant capitalist classes want state protection for industries and their control of international trade; on the other hand, the periphery has weak states, and their dominant capitalist classes are interested in profiting from direct dealings with merchants of core regions. The functioning of the world system is that if states were equally strong (or potentially equally strong across the major regions): "they would be in the position of blocking the effective operation of transnational economic entities whose locus were in another state. It would then follow that the world division of labor would be impeded, the world-economy decline, and eventually the world- system fall apart" (Wallenstein 1974, p. 355).

In brief, mechanisms of world system are directly or indirectly an expression of *capitalist-class interests* that reshape institutions and their relations to take advantage of world market opportunities. Moreover, although dominant capitalist classes maximize their world market trading advantages, only the core-area capitalists want, need, and get the extra-economic assistance of strong states, while peripheral capitalists do not.

Wallerstein's theory can explain patterns of economic development in early modern Europe, whereas it does not clarify the patterns of development of absolute monarchies. In fact, once capitalist relations of production and accumulation were firmly established in England, the European states ensured that capitalist relations would spread both across Europe and over the entire globe through state initiatives by competing powers and through military conquests, as well as through market expansion. To put differently, according to this theory: "In the core states there evolved relatively strong State systems, with an absolute monarch and a patrimonial State bureaucracy working primarily for this monarch. The venality of office and the development of standing armies based on mercenaries were the critical elements in the establishment of such a bureaucracy" (Wallenstein 1972, p. 96). In general, the historical evidence does not fit overall patterns implied by Wallenstein (1974) with his theory. Moreover, economic division of labor within Wallerstein's theory (1974, pp. 354–355) cannot be held together as a "system," and the differential flow of surplus within core regions is likely to be disrupted in later stages of world capitalist development.

## Conclusion

Brenner (1976) shows that markets cannot primarily explain social-structural transformations or economic developments because, depending on preexisting institutional patterns of class relations, different classes may be in the best position to take advantage of available trade opportunities and thereby they have their particular positions strengthened (cf., Coccia 2013, 2016b, 2017c). Although Wallerstein (1974) asserts that world system is dynamic, he does not provide a theoretical explanation of why developmental processes occur.

The only definite dynamics of the Wallerstein's world capitalist system is market process: commercial growth, worldwide recessions, and the spread of trade in necessities to new regions of the globe (cf., Coccia 2010c, 2017b, 2018b; Coccia and Bellitto 2018). According to Skocpol (1977), the global expansion depends on the emergence and diffusion of major technological innovations (cf., Coccia 2008, 2013, 2014a, 2015a, 2016a, 2011, 2014, 2015, 2015b, 2016c, 2018, 2018b, 2019), but this process is unexplained by Wallenstein's theory (1972, 1974).

Moreover, the differential appearance of absolutist states in early modern Europe and their effects upon economic development are not adequately explained by Wallerstein's theory. Patterns of state development are better explained by Anderson (1974) and by Tilly (1975). These scholars suggest that, although no monocausal explanation of state building is possible, two sets of variables can clarify these relations. Firstly, internal class structures were important because they created different

possibilities for monarchs to extract resources and encouraged them to use available resources in different ways. Secondly, transnational structures were important, including the networks of trade and economic interdependence to which Wallerstein points. However, in the context of world development, other factors supporting the growth of core and periphery regions are culture and higher education system, low corruption, low criminality, high democracy, good economic governance, high innovative outputs, etc. (cf., Coccia 2010a, b, 2014). To conclude, Wallerstein (1972, 1974) has given some answers to the historical development of capitalism. Overall, then, the proposed theory by Wallerstein (1974) has raised important socio-economic issues for future challenges in social and political sciences of creating a comprehensive theory of development of world economy.

## Cross-References


- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The
- ▶ Theories of Development


## References


Anderson P (1974) Lineages of the absolutist state. New Left, London

Braudel F (1994) A history of civilizations (trans: Mayne R). The Penguin Press, New York

Brenner R (1976) Agrarian class structure and economic development in pre- industrial Europe. Past Present 70:30–75

Chase-Dunn C, Grimes P (1995) World-systems analysis. Annu Rev Sociol 21:387–417

Chirot D, Hall TD (1982) World-system theory. Annu Rev Sociol 8:81–106. https://doi.org/10.1146/annurev.so.08.080182.000501

Coccia M (2007) A new taxonomy of country performance and risk based on economic and technological indicators. J Appl Econ 10(1):29–42

Coccia M (2008) Science, funding and economic growth: analysis and science policy implications. World Rev Sci Technol Sustain Dev 5(1):1–27. https://doi.org/10.1504/WRSTSD.2008.01781

Coccia M (2010a) Democratization is the driving force for technological and economic change. Technol Forecast Soc Change 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2010b) Spatial patterns of technology transfer and measurement of its friction in the geo-economic space. Int J Technol Transf Commer 9(3):255–267. https://doi.org/10.1504/IJTTC.2010.030214

Coccia M (2010c) The asymmetric path of economic long waves. Technol Forecast Soc Chang 77(5):730–738. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2011) The interaction between public and private R&D expenditure and national productivity. Prometheus-Crit Stud Innov 29(2):121–130. https://doi.org/10.1080/08109028.2011.601079

Coccia M (2013) What are the likely interactions among innovation, government debt, and employment? Innov Eur J Soc Sci Res 26(4):456–471. https://doi.org/10.1080/13511610.2013.863704

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36(1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002

Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82 (2):52–65. https://doi.org/10.1016/j.techfore.2013.06.001

Coccia M (2015) Patterns of innovative outputs across climate zones: the geography of innovation. Prometheus-Crit Stud Innov 33(2):165–186. https://doi.org/10.1080/08109028.2015.1095979

Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42(August):199–226. https://doi.org/10.1016/j.techsoc.2015.05.008

Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016a) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M (2016b) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetries 14(part B, November):168–178. https://doi.org/10.1016/j.jeca.2016.06.001

Coccia M (2016c) Radical innovations as drivers of breakthroughs: characteristics and properties of the management of technology leading to superior organizational performance in the discovery process of R&D labs. Tech Anal Strat Manag 28(4):381–395. https://doi.org/10.1080/09537325.2015.1095287

Coccia M (2017) Varieties of capitalism's theory of innovation and a conceptual integration with leadership-oriented executives: the relation between typologies of executive, technological and socioeconomic performances. Int J Public Sector Perform Manag 3(2):148–168. https://doi.org/10.1504/IJPSPM.2017.084672
Coccia M (2017a) New directions in measurement of economic growth, development and under development. J Econ Polit Econ 4(4):382–395. https://doi.org/10.1453/jepe.v4i4.1533
Coccia M (2017b) The source and nature of general purpose technologies for supporting next K-waves: global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang 116:331–339. https://doi.org/10.1016/j.techfore.2016.05.019
Coccia M (2017c) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. J Econ Asymmetries 15(June):17–31. https://doi.org/10.1016/j.jeca.2016.10.003
Coccia M (2018) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Technol Transf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1
Coccia M (2018a) A theory of classification and evolution of technologies within a generalized Darwinism.Tech Anal Strat Manag. https://doi.org/10.1080/09537325.2018.1523385
Coccia M (2018b) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang. 128 (March):287–295. https://doi.org/10.1016/j.techfore.2017.11.0131
Coccia M (2019) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012
Coccia M, Bellitto M (2018) A critique of human progress: a new definition and inconsistencies in society. Quaderni IRCrES-CNR 4(3):51–67. https://doi.org/10.23760/2499-6661.2018.017
Goldfrank WL (2000) Paradigm regained? The rules of Wallerstein's world-system method. J World-Syst Res 6(2):150–195
Lewellen TC (1995) Dependency and development: an introduction to the Third World. Bergin & Garvey, Westport
Schumpeter JA (1942) Capitalism socialism and democracy. Harper Collins Publishers, New York
Seymour Lipset M (1955) Some social requisites of democracy: economic development and political legitimacy. Am Polit Sci Rev 53(1):69–105
Skocpol T (1977) Review: Wallerstein's world capitalist system: a theoretical and historical critique. Am J Sociol 82(5):1075–1090
Tilly C (ed) (1975) The formation of National States in Western Europe. Princeton University Press, Princeton
Wallerstein I (1972) Three paths of national development in sixteenth-century Europe. Stud Comp Int Dev 7:95–101
Wallerstein I (1974) The rise and future demise of the world capitalist system: concepts for comparative analysis. Comp Stud Soc Hist 16:387–415

# Competence in Bureaucracy

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Neutral competence; Responsive competence

## Definition

Bureaucratic competence: may be defined as the capacity of a public official or agency to efficiently and effectively accomplish the administrative role.

## Introduction

A hallmark of bureaucratic competence is awareness among public sector officials of the existence of and interaction between the spheres of politics and administration. Competence in bureaucracy is thought to be predicated not only on a thorough understanding of administrative practices and proficiency in policy-related subject matter, leading to effective and efficient government processes, but also a responsiveness to the direction of political forces. A considerable amount of power to direct, implement, and even design policy is resident in the bureaucracy. The neutrality and expertise of unelected public servants have historically

been a point of defense for the existence of a strong administrative sector with policy-making power (Rourke 1992), as well as a hallmark of the Weberian rational-legal bureaucratic tradition (Kearney 1988).

Historically, the province of administration has been focused on a concept of neutral competency; bringing to mind principal-agent theory, administration implements policy aspirations as directed by the political sphere. Attention has increasingly shifted to the view of a politically aware responsive competence, further leaving behind the ideal of a separation between politics and administration as originally envisaged by Wilson (1887). Administration is often responsible for value judgments as is the political sphere; administrative work is not limited to matters of implementation and results. Although the politics-administration dichotomy has been condemned as being unreflective of the practice of public administration, calls for bureaucratic competence remain. Such concerns speak to fundamental issues of legitimacy in the public sector and practical, normative, and democratic arguments for distinctness between administration and politics (Demir 2005).

In this entry, consideration is given to neutral competence, responsive competence, and reflections for bureaucratic competence as a matter heavily reliant on cultural and organizational context.

## Neutral Competence

Herbert Kaufman defined neutral competence as "the ability to do the work of government expertly, and to do it according to explicit, objective standards rather than to personal or party or other obligations and loyalties" (1956, p. 1060). Neutral competence, in evaluating various advocacy viewpoints and compromises among policy alternatives, can assist political forces in a variety of ways, including avoiding hazards through careful deliberation of policy alternatives, and add a level of credibility to policy proceedings through the inclusion of nonpartisan analysis (Weimer 2005). Ideally, neutral competence serves political forces with less regard for more partisan objectives and greater attention to quality of implementation. Administration thus serves as a "wealth of knowledge and skills available in the corridors of bureaucracy that all elected officials, no matter what their political persuasion, could call upon for both useful information and disinterested advice in designing national policy" (Rourke 1992, p. 539). While a strict separation of politics and administration is likely a myth, it is nevertheless still an ideal of public administration that administrators accomplish the goals of political leaders and do so in a nonpartisan manner (Kearney 1988).

Administrators are capable of complex technical work associated with the machinery of government; benefit-for-cost analyses and decision-making based on documentary requirements require knowledge and skill and are technical enterprises (West 2005). While it may be instinctive for an elected official to stock administrative positions with staff of like mind, such individuals may lack necessary skills to make government function properly, despite their considerable political acumen. While political appointees have ample boldness to direct change, they may not have "the recognition that they will have to live with the consequences of misplaced boldness" (Heclo 1975, p. 82). While acting as a ready resource for policy information to the political sphere, neutrally competent administrators also have the advantage of creating stores of knowledge throughout an organization on an informal basis (Heclo 1975).

However, in situations where public agencies are challenged by the desires of the political sphere, which may differ strongly on ideological counts even given a strong evidentiary base from the administrative perspective, neutral competence can turn from a valuable asset to a critical liability. Agencies striving for neutrality may be painted unfairly as unaccountable and obstructive, and in need of restraint, when in actuality the attention to deliberative process may benefit all concerned (Rourke 1992). Too much attention to neutral competence can leave administration seeming rule obsessed and too control oriented (Kearney 1988).

Neutral competence can be a difficult prospect for developing bureaucracies, due to "underdeveloped bureaucratic capacity, strong pressure for bureaucrats to be politically responsive, and bureaucratic inflexibility, perhaps resulting from civil service systems intended to isolate bureaucrats from electoral politics" (Weimer 2005, p. 139).

## Responsive Competence

The drive for neutral competence in public service is countered by increasing belief that administration must be accountable and responsible to political forces, above and beyond what is called for by neutral competence. Political responsiveness has been defined as "the link to the popular will as expressed in bureaucratic implementation of policy decisions of political leadership" (Kearney 1988, pp. 66–67). Responsive competency, as opposed to neutral competency, suggests that benefit can be best achieved through receptivity to political influences. "Organizational management has come to be considered an instrumental value dependent upon and subordinate to near-term political and policy objectives" (Moe 1985, p. 130). Executives have had to maneuver around neutral administrators precisely because such neutrality sometimes falls short in practice. Long-established values in how administration was to work with executive power gave way to the personal, persuasive power of elected leadership, as, for example, the role of the president was redefined over time (Moe 1985).

Administrators are less responsive, in this view, because of their tenure; they can be too caught up in maintenance of organizations to effect the sort of change that is characteristic of political shifts. Not only is it right for administrators to be responsive to the prevailing political will – a failure to be accountable to elected officials is a perversion of the purpose of bureaucracy in the first place and may actually assist in hiding far more serious concerns, such as public corruption in administration and a failure to appropriately serve citizen-clients (West 2005).

In an effort to be more responsive to elected officials and ultimately the public, administrators may find that they do not have all the answers to policy questions facing their agencies and that elected officials' calls for accountability, along with responsiveness to the feedback of the public, can contribute to better policy and agency function when taken constructively. Administrators should, for example, listen carefully and be responsible to public feedback to rulemaking (West 2005).

Responsive competence, like neutrality, is not all positive. Administrators that are less concerned with neutral competence might gain power through a close association with the objectives of partisan forces (Rourke 1992); if partisan views shift, administrators may find their power lessened, due to the perception that they are biased and unduly influenced by political forces. Unchecked responsiveness can raise significant ethical issues (West 2005). That political forces could get everything desired from administration, with no check on rightness of requests or how political desires are countered by existing law and regulation, would also not be a bright prospect. To the extent that administrators do occasionally serve as barriers to the advance of programs and ideas, this does not necessarily represent a negative outcome. History is replete with occasions when administrators have made malevolence possible, instead of maintaining neutrality and insisting on what is morally and ethically right, orders given to them notwithstanding.

Knowing when to pull away from responsiveness is, itself, a hallmark of bureaucratic competence. It is not a paradox to recognize that the public service is accountable to all of society, not just political forces, even if elected officials represent the public. The election of an individual to office does not represent a blank check for the public's consent; an administrator blindly following officials' dictates may demonstrate a particularly offensive form of incompetence, in that such malfeasance could violate the public's trust in government.

## Conclusion: Contextual Considerations for Bureaucratic Competence

The instrumental side of bureaucratic competence involves "specialized education and a continuous work activity" – allowing for familiarity and agility with the work process of a particular organization/agency, an impartial mindset in service delivery, and a respect for hierarchy (Senigaglia 2011, p. 59). This basic aspect of competence permits an official to learn and respond effectively to changing circumstances (Feldman 2005). However, bureaucratic competence is not limited to instrumental capacity of public officials, as competence also involves "cultural sensitivity to different cultures. . .and ethical integrity with regard to own culture" (Wilson 2010, p. 95). Attention to the context of the governmental enterprise from a cultural perspective and cognizance that administrative practices must be appropriate to organizational context are both important attributes that determine whether a bureaucrat can accomplish his or her function effectively (Wilson 2010).

It is important to consider that public agencies are not fully independent – they have particular considerations, but ultimately agencies seek to contribute to the well-being of the government as a whole and in turn providing benefit to society. Agencies should demonstrate usefulness to the broader enterprise, lest they risk being seen as, or becoming, irrelevant (Weimer 2005). This contributes to a perspective on balance between neutral competence and political responsiveness that is increasingly accepted – both too much and too little political control of administration are undesirable. Too much interference leads to adverse impacts just as too little attention from political forces can yield underperformance. Even where political appointees serve as heads of agencies, the quality of an agency's work has more to do with the rank-and-file staff that make up the bulk of the organization. Both political and administrative forces would do well to avoid bias in perspective of the other, as both are essential to the prospect of good governance (Krause et al. 2006), showing dependence on one another through complementarity (Svara 2001). From the perspective of government executives, what is needed is an administration not "neutrally competent" or "responsively competent" – both capacities are needed (Hollibaugh 2014).

In support of maintaining bureaucratic competence, consideration might be given to the protection of tenure for administrators, and attention to the idea that administrators have great concern about policy areas where they serve as advocates. Allowing administrators their role in directing policy is appropriate and recognizes their knowledge, which they have obtained because they care about public benefit and concerns larger than themselves as normative matters, to use their skill in support of the larger goals of government (Gailmard and Patty 2007). Quality comes from attention to and achievement of the delicate balance between the will of the people spoken through political voices, and the function of administration in doing the people's work and achieving public-centered goals.

## Cross-References


- ▶ Political Ideology in the Bureaucracy
- ▶ Politics and Administration
- ▶ Principal-Agent Theory of Organizations


## References


Demir T (2005) Neutral competence, political guidance and administrative autonomy: a structural equation model of the politics-administration dichotomy. Doctoral dissertation. Retrieved from ProQuest (3193620)

Feldman I (2005) Government without expertise? Competence, capacity, and civil-service practice in Gaza, 1917–67. Int J Middle East Stud 37(4):485–507

Gailmard S, Patty JW (2007) Slackers and zealots: civil service, policy discretion, and bureaucratic expertise. Am J Polit Sci 51(4):873–889

Heclo H (1975) OMB and the presidency – the problem of "neutral competence". Public Interest 38(Winter):80–98

Hollibaugh GE Jr (2014) Naïve cronyism and neutral competence: patronage, performance, and policy agreement in executive appointments. J Public Adm Res Theory 25:341–372

Kaufman H (1956) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50(4): 1057–1073

Kearney RC (1988) Political responsiveness and neutral competence in the developing countries. Rev Public Pers Adm 8(2):66–80
Krause GA, Lewis DE, Douglas JW (2006) Political appointments, civil service systems, and bureaucratic competence: organizational balancing and executive branch revenue forecasts in the American states. Am J Polit Sci 50(3):770–787
Moe RC (1985) Traditional organizational principles and the managerial presidency: from phoenix to ashes. Public Adm Rev 50(2):129–140
Rourke FE (1992) Responsiveness and neutral competence in American bureaucracy. Public Adm Rev 52(6): 539–546
Senigaglia C (2011) Max Weber and the parliamentary bureaucracy of his time. Parliam Estates Represent 31(1):53–66
Svara J (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61(2):176–196
Weimer DL (2005) Institutionalizing neutrally competent policy analysis: resources for promoting objectivity and balance in consolidating democracies. Policy Stud J 33(2):131–146
West WF (2005) Neutral competence and political responsiveness: an uneasy relationship. Policy Stud J 33(2): 147–160
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wilson HT (2010) Bureaucratic competence as an essential factor in cross-cultural/multicultural program evaluations. Can J Program Eval 23(2):93–115

# Competency-Based Management in Public Administration

Natalija Shikova
International Balkan University, Skopje, North Macedonia

## Synonyms

Competence; Competencies; Competency management

## Definitions

*Competences* are knowledge and attitudes combined towards a particular goal. Competency comprises skills, approaches (beliefs and values), abilities, and capabilities (means and resources) that the employee can possess and can utilize in reaching personal and organizational development.

*Competency-based management* is a systematic action aimed towards the creation of competency standards whose implementation should increase the human capital and efficiency of an organization.

*Public sector* is a set of public institutions that coordinates the interests of the various social groups. The public administration implements the government policy, exercises the powers, and fulfill a variety of duties towards the protection of the public interest.

## Introduction

The competency management was introduced in the 1980s in the public sectors in the United States and in the United Kingdom, in parallel with the introduction of New Public Management as a response to the needs for organizational and cultural changes (Horton et al. 2002). The modifications of New Public Management spread throughout Europe and the OECD countries and within the advanced human resources practices and competency management alike.

Although competency management is not unusual for the private sector, as a part of the public reform processes more and more is used in public administrations around the world. The reasons lie in the notion that the application of competence-based management in the public administration can improve the processes of recruitment and selection of the civil servants, their career development, as well as the organizational performance (Bonder et al. 2011). Usually, the public sector organizations are introducing the competency management responding to the need for change. The changes can refer to the changes in the work, as a result of the external pressure (globalization, financial crisis, and an aging workforce) or the changes in the organizational structure. Competency-based management enables organizations to build the internal capacity that can respond to those challenges (Nunes et al. 2007) .

Introducing competency-based management can be as well a result of broader reform. Since in the past 20 years, the public sector organizations throughout the world (especially in post-communist countries that moved from traditional systems of public administration towards liberal democracies and market economies) have been subject to major reforms, the competency management should serve in supporting those changes (OECD 2009) .

## The Competency

Despite the large variety of definitions of the concept of competency, all the competences involve knowledge and attitudes combined towards a particular goal. Competency comprises skills, attitudes (beliefs and values), abilities, and capabilities (means and resources).

The different schools are providing a separate understanding of the concept of "competency." According to them: (1) the competency represents a specific expertise or accomplishment; (2) it comprises specific behaviors contributing to excellence; (3) the competency encompasses a minimal level of job proficiency. For all of them, the "competency" goes beyond the traditional knowledge, skills, and abilities towards job-related motives, traits, and self-concepts. In that respect, the definitions of the "competency" can be grouped into three distinct approaches that consider the competencies as educational standards (crafts and technical skills), behavioral repertoires (motives and personality traits), and organizational competencies (competencies for competitive advantage – a business approach).

Despite the variety of opinions related to the definition of the concept, the literature is clear that the competency enables an employee to fulfill professional duties on a required level but as well helps the employee in its future development and increase its potential for performance. In that sense, the performance (based on competences) can be observed, measured, and evaluated. Since the competence is a social construct and it is depending on the evaluation of the actions, by others in a particular situation at a particular time. In that respect, what comprises a competent performance is not fixed and what is "competent" depends on the context in which the judgments are made. In the public reform processes (especially in the post-communist countries), the competencies are connected with the introduction of a merit-based system and the depoliticization of the public administration.

## Competency Development in Public Sector

The public sector is a set of public institutions that coordinate the interests of various social groups involving a plurality of activities. By the broad approach, the public sector is defined upon using two sets of criteria: (1) formal criteria based on ownership, funding, and authority, and (2) creation of public value. Consequently, the organizations are categorized as public when they are government-owned; government-funded; when the political authorities are the primary stakeholders; and when they are providing public value for the citizens. The public sector in most countries is a sizeable employer, providing a large number of diverse business activities and a wide range of services. The government administration influences the quality of citizens' life. Its main role is to guarantee professional and a politically neutral execution of the set objectives and this role can only be ensured only by competent and professional staff. Competence development means implementing new methods of management and control in the public sector. It is intended to promote professionalism, knowledge, and ethical commitment of civil servants in fulfilling the administrative tasks.

### The Separate Public Sector Fora

The competence development in the public sector was closely related to the dominant neo-liberal political conceptions (such as lifelong learning, New Public Management, market orientation, and decentralization) that directly influenced it. Although competence development is a key concept of modern management both in the private and the public sector, its means and the practice vary in both of them respectfully. The

differences are many, and as one often envisaged is that the public sector environment is not competitive in the same way as the private sector. The private sector organizations tend to maximize profit, whereas the public sector organizations do not. Although there are numerous related competencies applicable in both spheres, there are many differences especially the ones connected with the values and ethics in the provision of the public services. Additionally, the public sector is highly regulated and highly institutionalized. The budgets are limited as well as the resources that are open to public scrutiny (Kalleberg et al. 2006). Public sector organizations, due to their societal strategic roles, tend to be more heavily influenced by external factors involving various stakeholders. Nonetheless, government organizations seem prone to top-down and directive forms of leadership that often result in micromanagement and leave less room for learning, innovation, and growth. In that line, the motivation-enhancing practices (such as financial incentives) are not so much at disposal.

All of those abovementioned characteristics make the public sector a distinct environment in which the competencies need to be further contextualized.

### Competencies and Public Sector Reforms

In contemporary time, the public administration must be able to cope with the rapid changes in the social, economic, and technological sphere to fulfill its responsibilities towards protection of the public interest. The need to improve competitiveness, maintain fiscal sustainability, and provide better public services at lower possible costs has prompted extensive public sector reforms. The public sector reforms are occurring as a need because of the increased organizational complexity of the state administration, its functions and processes, external relationships, and the change of the nature of administrative action that in contemporary times is citizens oriented. The recent trends are towards reinventing, downsizing, or rightsizing the government organizations and departments, and that goes alongside with the economic challenges and budget deficits. The strategic documents upon the public administration reform are based on the principles of good governance (in most of the post-communist countries in Europe they are related and closely linked to the European integration process and done upon the principles that are existing in the European administrative space, such as legal security, participation, accountability, efficiency, and effectiveness in service delivery). In the reform processes, the key factor is the people who make the organizations since the reforms are depending on people's competences to undertake them.

## Competency-Based Management in the Public Administration

Competency-based management is a systematic action that assumes the creation of competency standards in which implementation increases the human capital and efficiency of an organization. A competency-based approach puts an employee at the focus of the organization and underlines his/her importance to reach the organizational objectives.

Competency management means identifying the competencies, constructing a competency framework (model), and using it as the foundation for recruitment, selection, training and development, rewards, and other aspects of human resources management.

As a practice, the competency management is important in private and in public organizations, helping them to attract and develop the talented employees, to transform the bureaucracies into the efficient and flexible unites and to change the organizational culture. Especially, in the public sector, the competency management requires anew understandings in respect of the development of the careers, since in the traditional public sector, the careers are based on qualifications, exams, and seniority, while with the introduction of the competencies the emphasis is put on people advantages (Op De Beeck and Hondeghem 2010).

However, the acceptance of a competency-based approach causes a change that needs to be implemented within the planned program. The success of its introduction depends on many

factors, and the most important is the support from the top management and having a clear communications strategy on how to communicate the envisaged changes. The prospect of success has the competency management system that is created through continuous dialogue with the people that supposed to work within. Alongside, the competencies need to be integrated with other human resources (HR) processes such as training and development.

Following the competency approach, the organizations should create a competency model, as a simple catalog that specifies the desirable competencies. Once the overall framework for competency-based management is developed, the best way is if the organization connects the identified competencies with the individual job. An alternative approach to identify the competencies based on the individual job and after transforming them into the competency's framework.

### Development of the Competency Model

The identification and assessment of competencies, as well as the development of competency-based management frameworks (a competency model), are important since they support the recruitment, learning, and other human resource processes. There is a broad difference among the countries is respect what is considered to be a desirable competence for certain public administration jobs.

The creation of a competency model (framework) starts with the identification of strategic fields of the organization, such as its mission, vision, and strategy and converge them with the human competencies. In that respect, the Individual competencies should be chosen, organized, and developed so they contribute to the realization of the strategy of the organization. The competencies that are used in the model need to be defined in a clear and understandable way (as another method can be used for creation of competence profiles that describe appropriate job standards in the organization). Competencies need to be demonstrated, observed, and assessed. In that respect, regardless of the approach, a competency model should provide an operational definition for each competency together with measurable or observable performance indicators or standards against which the individuals can be assessed.

Every organization has own framework (model) and the frameworks usually list a different number of competencies that can be grouped into clusters. It is suggested that their number should not be too extensive and should envisage the smallest number of critical elements important for a job (the concern is that, if competency framework is broad and vague, it is difficult to apply it and to assess; on the other hand, if competencies are broken down into too many criteria, the list can become unmanageable) (Pickett 1998). The appropriate approach is to identify a small number of key or "core" competencies. For the purpose of competencies measurement, within the framework (model) there are levels that can be fulfilled by the particular employee. Each level is building on the levels below (i.e., a person demonstrating competency at level 3 should be demonstrating the competencies levels 1 and 2).

Once competencies are established, it is important to define standards of performance, against which an individual's accomplishment of competency can be done. For that reason, it is important to set key indicators that should determine the effective presentation of a competency. Those indicators should provide a clear and consistent sense of what is expected from the individuals in the civil service and upon them, the possession of the competency should be assessed.

Universal or generic (general) competencies are those which are applicable across all the roles in the organizations. Besides the generic, there are specific competencies related to the specific abilities, relevant for specific positions for which specific knowledge is required.

The final stage of the creation of the competency model is it introduces it into all spheres of HR Management in the organization. The established framework (model) should be used for recruitment, performance management, and the employees' development (Marrelli 1998).

### Competencies and the Recruitment of the Civil Servants

Job competencies are particularly important in the process of selecting new employees and

workforce planning. In a competency-based selection process, the competencies that are needed for the vacant position are used as the selection criteria. The selection instruments are based on these competencies and the candidates for a specific position are evaluated against each required competency.

When choosing an appropriate candidate for a particular job position, it is necessary to focus on all working competencies needed for that particular job. Within the competency-management system in the public administration, the selection and requirement process should be based on the principle of equality, openness, and transparency and selection of the best candidate for the position. The engagement that is conditioned upon the competencies should guarantee a professional capacity and equal opportunity with no discrimination of the candidates on any possible basis.

### Competencies and the Performance Appraisal of the Civil Servants

Once the candidate is selected, the hired civil servant should be informed about the main tasks and responsibilities that need to perform applying the necessary competencies. Besides the selection of the best candidates for employment within the administration, the basic idea in introducing competency-based management is to develop and valorize the individual capabilities of an already employed civil servant. In general, it is about creating an enabling environment and improvement of the procedures not only for selection and requirement but as well as for the professional development of the civil servants. In that respect, the competencies can be used for creating a personal development plan. The individual plan for the employee can serve for improvement of his/her competencies and with that the job performance. In that sense, all the organizational learning activities, such as a workshop, courses, e-learning. . . need to be created in that manner.

Competencies envisage what to expected from the employees while performing their job. The performance is evaluated against the objectives connected with the specific job position and competency requirements. The performance appraisal of the civil servants, based on the required and applied competencies, should improve the individual performance but at the same time should increase the overall performance of the institution. As a complementary practice, competency-based remuneration systems or rewards for the employees can be established. Upon that, certain individuals can be rewarded or the salary can be increased based on competency development. This practice should address the anomalies connected with the lack of the objective criteria for merit-based promotion and diminish the demotivational influences.

## Challenges

There is a lack of empirical research on the effectiveness of competency models in the public sector. Despite the many-pointed benefits, competency-based management in the public administration has own challenges. The biggest challenges are coming from the public sector specifics. Additionally, competency management is rather a complex process and depends on the top management support, the way of communication, and consistency in the process of implementation. In many public administration (especially the ones coming from the post-communist countries), there are past legacies that are playing their role, and evidently, there is a gap between the theoretical explanation and factual implementation, between the set legal frameworks and applied solutions.

## Conclusion

The competency management system and the competency framework set out the core skills that civil servants need to have to perform the job within the public administration. The competency framework supports the merit requirement, career planning, and development of the civil servants by setting the conditions that need to be fulfilled. In those frames, the civil servants should

realize their full potential and should provide good quality services to the citizens. The competency-based management serves to strengthen the system of recruitment, and performance appraisal of the civil servants and ensures more efficient and effective execution of the working tasks. The competency management system can stimulate fair treatment in regards of professional development of the civil servants and although have own challenges, it is a basis for modernization of the public administration towards modern society requirements.

## Cross-References

► Ethics Training

## References

Bonder A, Bouchard CD, Bellemare G (2011) Competency-based management – an integrated approach to human resource Management in the Canadian Public Sector. Public Pers Manag 40(1):1–10

Horton S, Hondeghem A, Farnham D (eds) (2002) Competency management in the public sector: european variations on a theme, International Institute of Administrative Science monographs, 19. IOS, Amsterdam

Kalleberg A, Marsden P, Reynolds J, Knoke D (2006) Beyond profit? Sectoral differences in high-performance work practices. Work Occup 33:271–302

Marrelli AF (1998) An introduction to competency analysis and modelling. Perform Improv 37(5): 8–17

Nunes F, Martins L, Duarte H (2007) Competency management in EU public administrations, survey commissioned by the Portuguese EU-Presidency, EUPAN – Human Resources Working Group, available at https://www.eupan.eu/wp-content/uploads/2019/05/2007_2_PT_Competency_Management_in_EU_Public_Administrations.pdf

OECD (2009) Managing competencies in Government: state of the art practices and issues at stake for the future. In: Draft report presented at the annual meeting of the public employment and management working party, OECD conference centre, Paris

Op De Beeck S, Hondeghem A (2010) Competency management in the public sector: three dimensions of integration public management institute. Catholic University of Leuven, Leuven

Pickett L (1998) Competencies and managerial effectiveness: putting competencies to work. Public Pers Manag 27(1):103–116

# Competition and Nonprofit Organizations

Barry D. Friedman
University of North Georgia, Dahlonega, GA, USA

C

## Synonyms

Conflict over resources; Encroachment into profitable industries; Rivalry

## Definition

Rivalry between nonprofit organizations and other nonprofit or for-profit organizations to command patronage or loyalty from the same customers, clients, or partners.

## Introduction

Nonprofit organizations are participants in an intensively competitive marketplace. They compete with other nonprofits and, in fact, with for-profit firms and governments. Nonprofits need resources, so that they are in competition with every other entity that is trying to obtain resources. They must compete for donations, grants, clients, qualified professionals, capable volunteers, coverage in the news media, support of community leaders, and the public's affection and loyalty. In some cases, the competition is direct, as when a nonprofit hospital competes with proprietary hospitals. In other cases, the competition is indirect, as when a nonprofit symphony is competing for the same attendees who might otherwise patronize a nightclub.

That the distinction between nonprofits and profit-seeking corporations has blurred in the United States is also apparent in decisions by US courts and the Internal Revenue Service to confer charitable status on nonprofits that concentrate on commercial activities. Some of the better known commercially oriented nonprofit organizations in

the United States include Underwriters Laboratories, Inc., and Blue Cross/Blue Shield. Blue Cross and Blue Shield evolved from small, voluntary plans for prepaid medical expenses. The largest such plan was founded in 1929 by Baylor University Vice President Justin Ford Kimball, in response to his observation that a large proportion of debts that went bad at Baylor's medical facilities was associated with local schoolteachers. Only in recent decades, as other insurance companies complained about the difficulty of competing with the tax-exempt Blue plans and – in many cases – conceded health insurance entirely to the Blue plans, have state governments exhorted Blue Cross and Blue Shield organizations to reorganize as for-profit corporations. Commercial testing laboratories that compete with Underwriters Laboratories (UL) have similarly complained about their inability to challenge UL in the marketplace because of UL's tax-exempt advantage.

Over many decades, the US Congress, Internal Revenue Service, and courts have refined the distinction between taxation of nongovernment organizations' "related" commercial activities and their "unrelated" activities. "Related" commercial activities tend to be tax-exempt while "unrelated" commercial activities tend to be subject to the "unrelated business income tax." The Basic World Tax Code, which was developed by the Harvard University International Tax Program and guides tax reformers worldwide, imitates the US government's differentiated treatment between taxation of nonprofits' related and unrelated commercial activities. The national tax laws that pertain to nonprofit organizations vary around the world, and the inevitable complexity of such laws eliminates any possibility of uniformity from one country to another. The US Internal Revenue Code is generous to charities. Some developing countries' legislatures have yet to enact laws offering tax advantages to charities. In the United Kingdom, nonprofits may conduct commercial activities only through a for-profit subsidiary that transfers its revenues back to the nonprofit without any payment of tax. Canada's stringent laws do not allow nonprofits to conduct unrelated, surplus-generating commercial activities. Nonprofits in India stand to forfeit their tax-exempt status if they earn revenue from unrelated commercial activities. Tax provisions of laws of several Latin American nations are described in the entry in this encyclopedia titled "Alternative Marketing Strategies in Nonprofit Organizations."

## Reluctance to Recognize Competitive Environment

The fact that resources are scarce inevitably places every consumer of resources in competition, essentially, with every other consumer of resources. When a charity fund-raiser tries to persuade an affluent individual to make a $60,000 donation, to the prospective donor the charity's solicitation may be competing with her contemplation of purchasing a $60,000 automobile. Nonprofit managers are reluctant to think of their organizations as being so frantically competitive. They prefer to think of themselves and their organizations as cooperative and collaborative with the environments in which they operate. But any number of factors make the nonprofit sector at least as competitive as the others. Nonprofits are created at a brisk rate, partly because they tend to be not capital-intensive but labor-intensive, so that the cost of opening the office door may be relatively modest. Unfortunately, many nonprofit managers who could not come to terms with the competition for resources in which they were inescapably involved failed to bring success to their organizations.

In the final analysis, not all nonprofit organizations will survive the competition. Inevitably, the poorly managed nonprofits will fade away. Energetic, effective nonprofits will attract a disproportionately large share of resources, which will lead to outcomes that will benefit society. This is a desirable result in a free marketplace.

## Structure of Competition

One need only retrieve the contents of her postal mailbox or her E-mail inbox on any given day to appreciate the intensity of the competitive environment in which nonprofit organizations operate.

A plethora of eleemosynary organizations solicit donations from any particular individual. Making one donation brings four other charities out of the woodwork, and the solicitations continue to multiply.

According to the "2016 Global NGO Online Technology Report," produced by the Public Interest Registry based on research by Nonprofit Tech for Good, a survey of 2780 nongovernment organizations from 133 countries showed that the average African NGO has 2079 Website/E-mail subscribers and 4327 Facebook "likes"; the average Asian NGO has 9694 subscribers and 12,372 "likes"; the average NGO in Australia/Oceania has 32,352 subscribers and 27,783 Facebook "likes"; the average European NGO has 55,861 subscribers and 28,615 Facebook "likes"; and the average North American NGO has 41,084 subscribers and 24,284 Facebook "likes."

Managers of nonprofit organizations understand that the survival of the organizations depends on the managers' ability to secure a generous constituency. Success in this arena tends to require techniques that rival the efforts of the corporate sector in terms of professionalism and determination. Nonprofits must be able to explain why they, more than others, deserve the support of donors, clients, and others who have a choice.

Barry (1997) has described strategies that are used by many nonprofits in this competitive arena. They include:

- Clarification of the organization's mission and goals, approach to accountability to stakeholders, approach to revenue attainment, resource management, and promotion methods.
- Mergers, consolidations, joint ventures, and sharing of services with one or more other nonprofits.
- Determination of a clear, distinctive role – or "niche" – in the community.
- Decisions to "downsize" or "rightsize."
- A focus on one or two success factors.
- Engagement of the community as an ally.
- Replication of others' successful approaches.
- A focus on the *causes* of society's problems rather than on *symptoms* of such problems.
- An entrepreneurial approach to increasing earned income, such as profitable ventures.
- A focus on the "big picture" through development of ultimate goals and broad visions, creation of a "can-do" culture of getting things done in the face of obstacles, hiring of initiative-taking employees, empowerment of employees by authorizing them to do what is needed to get the job done, and development of structure and information to enable members of the organization to move forward.
- Updating of the organization's approaches to programming and fund-raising.
- Attention to challenges that typically arise when an organization is in this organization's stage of development, such as a founding stage, a growth stage, or an institutional stage.
- Awareness of sweeping trends in the organization's industry.
- A balance between exploration – when the organization is trying to define its direction – and operating – after the organization knows just where it wants to go.
- A commitment to nurturing the organization's relationship with clients, board members, employees, other organizations, and other stakeholders.
- A rekindling of the directors', managers', employees', and volunteers' passion.

Peattie describes how British and other nonprofit organizations use "sales promotion" – such as discounts and coupons – to gain an advantage over competitors. An example in Britain is the Oxfam shops' buy-one-get-one-free offers on clothing. The Smokefree Class Competition, a European smoking-prevention project, offers chances to win cash prizes to classes whose students are 12–14 years old and commit to giving up smoking. City University of Hong Kong students who use their student-ID cards to purchase items in the bookshops can win a prize for each $10 spent. Donors to the Great Ormond Street Hospital's Wishing Well appeal in the Bloomsbury section of London were offered a chance to win a car in exchange for their donations (Peattie 2003).

## Controversies Arising from Competition by Nonprofits

### Advantages Arising from Tax-Exempt Status and Other Conditions

Nonprofit organizations have a significant advantage over for-profit corporations and small businesses that becomes noticeable when both of them are offering the same goods and services. The advantage results from several conditions:

- The nonprofit organization's revenue from the sale of goods or services *may* be exempt from income tax. (Under some circumstances, revenue from extensive commercial activity may be taxable despite the organization's nonprofit status. This may occur when the commercial activity is so unrelated to the purpose for which the tax-exempt status was granted that it is classified as "unrelated business income" or UBI. But as a general rule nonprofits are able to evade tax requirements, if for no other reason that the IRS does not have the resources to patrol the commercial activities of nonprofits.)
- The nonprofit organization is able to fortify its financial situation by attracting grants and donations from governments, foundations, and individuals, something that for-profit corporations can only dream about.
- The nonprofit organization can reduce its labor costs by appointing volunteers to do what the corporation must pay employees to do.
- The nonprofit organization obtains other benefits and concessions, including lower postage rates.
- The nonprofit organization has no need to deliver dividends to any owners.

The result of these conditions is that the nonprofit organization is able to charge a below-market price and still realize a surplus, while the for-profit competitor would lose money if it sells at the same price. These circumstances may be beneficial when nonprofit organizations provide "public goods" (i.e., goods or services having "positive externalities" where providing the goods or services to one segment of the population delivers benefits to other segments that are not participating in the arrangement). However, these circumstances are not particularly desirable when a nonprofit organization is providing goods and services that are already provided, or that would otherwise be provided, by profit-seeking corporations. Another result is that inefficient methods used by the management of a nonprofit organization do not impair the continued functioning of the nonprofit organization; the infusion of donations and free labor provides "slack" for the organization, while, in theory, profit-seeking corporations can ill afford "slack." An example involves the United Way of America, a national US fund-raising association whose local affiliates are confederations of local human-service organizations. As investigative columnist Jack Anderson reported on February 14, 1992, "the United Way board 'took a resounding vote of confidence' for United Way President William Aramony" as reports circulated about how the organization's headquarters was draining $30 million out of the annual nationwide collections of $3 billion and providing "perks" to "double-dipping executives."

The advantages disturb business executives and proprietors. "Nonprofit groups have cultivated these competitive strengths for many, many years, and they have launched a deliberate assault on tax-paying, for-profit businesses," said Kenton Pattie, executive director of the Business Coalition for Fair Competition in the United States. The criticism arises from "food-service outlets, testing laboratories, bookstores, computer dealers, travel agencies, tour companies, recreation centers, plant nurseries, day-care centers, hearing-aid technicians, veterinarians, blood banks, consulting engineers, medical-equipment suppliers, pencil manufacturers, specialty advertisers, hotels, printers, construction companies, laundries, janitorial services, waste haulers, and electrical, plumbing, heating, and air-conditioning contractors" (quoted in Hawks 1997, pp. 95–96). Hawks reported that more than 1000 delegates to a 1995 White House Conference on Small Business adopted a resolution asking the president and Congress to "enact legislation that would prohibit government agencies and tax-exempt and antitrust-exempt organizations from engaging in

commercial activities in direct competition with small businesses" (Hawks 1997, pp. 95–96).

### Acquisition of Influence Through Lobbying and Government Regulation

Many nonprofit organizations have set into motion an interesting vicious circle, in which they lobby the government for funds and then use some of the funds to lobby the government for more funds. Officially, using federal subsidies to lobby and to engage in other forms of political activity is illegal. However, in so far as money is fungible, it is feasible for a nonprofit to claim to use the federal money for charitable purposes and *other* money for lobbying without impairing the organization's ability to do whatever it wishes. In 1997, Republican members of the US House of Representatives complained, according to a report in *The New York Times*, "that eight groups, including the American Association of Retired Persons, the United Auto Workers, [the] AFL-CIO and the Sierra Club, received $99.9 million in federal grants in 1994, then spent $5.5 million 'attacking Republican members and lobbying against GOP legislative proposals.'" Early in 1977, the House passed a "Truth-in-Testimony" rule that would require an organization that receives government funding to disclose the arrangement whenever it testifies before Congress.

Nonprofit organizations have sought legislation from Congress and state legislatures and decisions by federal and state officials to limit the activities of competitors. The American Cancer Society, for example, persuaded Pennsylvania Attorney General Ernie Preate Jr. to sue the Cancer Fund of America with the accusation that it was confusing donors (Bennett and DiLorenzo 1994).

Another strategy used by nonprofit organizations is to arrange for regulatory agencies to obstruct the entry and involvement of competitors. An effective approach is to prevail upon the agency to obstruct entry of competitors (e.g., through a franchise arrangement or through the denial to a hospital of a "certificate of need") on the principle that services should not be duplicated.

The economists Bennett and DiLorenzo (1994) describe similar efforts by health charities in the United States to secure legislation to obstruct the efforts of competitors. The American Cancer Society, American Heart Association, and American Lung Association have complained about "look-alike organizations" that try to draw donors away from the well-known charities by using similar names and deceptive or fraudulent fund-raising practices. Representatives of the three organizations, including American Cancer Society chairman Keith A. Greiner, called for legislation to deter the "illegitimate" fund-raising. "Fund-raising by the look-alike organizations... ought to be stopped," Greiner testified. "The best interests of the public are not being served by what look-alikes do, and therefore, some legislation ought to be in order." Bennett and DiLorenzo (1994) characterize the large charities' demand for legislation to shut down the look-alikes as less of an effort to promote the public interest and more of an effort to monopolize charity work in their respective illness specialty areas.

### Discrediting Competitors

Some nonprofit organizations compete by attempting to discredit their competitors. The American Cancer Society's *Manual for Dealing with Look-Alike and Sound-Alike Organizations*, submitted as evidence in congressional hearings about look-alike organizations, boasts, "No other private organization can match the reputation the American Cancer Society has earned." This manual instructs ACS employees to write letters to the editor of local newspapers that criticize organizations that compete for funds with ACS. (The manual also advises the employees to conceal their status as employees of the society.) The sample letters describe the look-alikes as "cheaters" and "flim-flam men." Joyce White, deputy managing director for administration of the American Lung Association, denounced look-alike organizations "who would deliberately mislead and deceive the American public" (Bennett and DiLorenzo 1994, pp. 210–214).

A far more extensive effort to discredit competitors has been maintained over the years by the American Red Cross, which has worked

relentlessly to discredit other blood banks, especially blood banks that pay blood donors for donating. The ARC has insisted that blood from unpaid donors is safer than blood from paid providers, stating on its Web site in 1999, "Under no circumstances will the Red Cross pay blood donors. Donors who give blood for reasons other than benevolence could potentially compromise the safety of the blood supply."

Blood banks that paid people to donate blood repeatedly insisted that there was inconclusive evidence that volunteer blood was safer than paid blood; in fact, those blood banks warned that there was more danger associated with a shortage of blood. However, the repeated insinuations by the Red Cross that volunteer blood is safer than paid blood put the paid blood banks on the defensive, and most of them disappeared because they could not compete successfully in the hostile environment that ARC had created for them.

### Applying Disincentives for Clients to Cooperate with Competitors

In extreme cases, nonprofit organizations may attempt to undermine competition by creating difficulties for clients who are motivated to do business with competitors. *Boston Globe* reporter Aaron Zitner described the lamentations of St. Joseph's Hospital in Atlanta that objected when the ARC refused to fill an emergency order for blood products. Zitner concludes that this competition has taken on a peculiar ferocity that may imperil patients: "Founded as nonprofit social service agencies, many [blood banks] are acting more like cutthroat businesses – poaching one another's donors, undercutting one another's prices and shuffling alliances with hospitals in ways that some doctors believe has put patients at risk."

## The Alternatives of Competition and Cooperation

Bryce (1992) analyzes the options that are available to nonprofit organizations when they are confronted with competition. When two nonprofits focus on the same target market with the same product or service, such that an increase in the quantity supplied by one must come at the expense of the quantity supplied by the other, they are involved in a zero-sum game. Says Bryce, "Options may be active, passive, defensive, or aggressive." Nonprofit managers may need to anticipate and account for the consequences of counterstrategies of the other competing organizations (Bryce 1992).

Meanwhile, pressure is often placed on nonprofits to work together. Philanthropic sources and governments, which competitively offer grants and contracts to nonprofit organizations, pressure the nonprofits to collaborate with each other (La Piana and Hayes 2005).

Contrarily, nonprofits operating in an environment with multiple qualified service providers may endeavor to develop a nonzero-sum game involving cooperative strategies. These strategies, involving other nonprofits or involving for-profit firms, include the following:

**Co-production** Co-production refers to the cooperative involvement of multiple actors in the environment – a private or public foundation, public officials, private-sector leaders, clients, and other individuals. A foundation, a government, or a profit-seeking entity may be motivated to involve a nonprofit in a necessary function based on the expectation that the nonprofit has characteristics and advantages that will allow it to do what the other organization cannot effectively accomplish. For example, a police department may seek to draw in one or more nonprofits for the purpose of obtaining citizen participation in decision-making and outreach to groups and individuals in the community. Bryce (1992) observes that co-production may subject the nonprofit to substantial interference by the other entities involved in the co-production.

**Transactions** A for-profit firm and a nonprofit organization may be able to develop a transaction that has financial advantages for both. Bryce offers the example of a nonprofit organization collecting donations that fund the construction of a building. The nonprofit may then sell the building to a for-profit firm and lease office space for

itself from that firm. The nonprofit thus profits from the construction and sale of the building. The firm collects rent payments from all of the tenants and can do what the nonprofit organization could *not* do: deduct interest and depreciation from the rental income to decrease its income-tax liability. Each organization benefits based on the separate tax laws that apply to it. "These sale-leaseback arrangements are profitable for both parties when appropriately structured" (Bryce 1992, pp. 212–213).

**Joint Ventures** Tax-law expert Kendyl K. Monroe (cited in Bryce 1992) identified five types of joint ventures between universities and corporations. The first example is research commissioned by corporations and conducted by universities. Second, universities that own licenses and patents may allow corporations to use them for profitable activity, in exchange for royalties. Third, universities may provide consulting services by their faculty members in exchange for payment. Fourth, universities and corporations may share laboratory facilities. Fifth, universities may own the majority or a minority share of a for-profit corporation (Monroe, cited in Bryce 1992).

**Partnerships** A partnership arises when a nonprofit organization and a nonprofit partner establish a separate organization to carry out a business activity. This separate organization has its own identity and staff.

**Strategic Alliances** Strategic alliances are distinguished from collaboration that arises in response to a specific need and lasts only as long as the need persists. La Piana offers the example of a common funder that is cutting back on grants and a collective response from some number of threatened organizations. Rather, strategic alliances are more formal and designed to remain in place for the foreseeable future. An example is an agreement that a nonprofit organization will provide accounting services to other nonprofits. Another example is a corporate integration that connects two or more nonprofits through a joint venture or that involves a merger (La Piana and Hayes 2005). Today, strategic planning of nonprofit organizations often focuses on such corporate integration. "Nonprofits that want the benefits of merger without giving up control should consider alliances" (McLaughlin 2010, pp. xv, 93).

## Conclusion

Though many nonprofit managers have been discomfited over the years about conceiving of competition among nonprofit organizations, it is inevitably the case that a payment made to a nonprofit organization involves an "opportunity cost" – meaning that the client or donor has forgone some competing use of the money to make the payment to the nonprofit. While much of the competition is a natural aspect of the free marketplace, nonprofit managers sometimes become more daring in approaching the marketplace with an entrepreneurial or antagonistic strategy. The strategy may involve discrediting other nonprofits or profit-seeking firms, it may involve undertaking commercial activities that encroach on businesses' turf, or it may involve lobbying for laws and regulations that will result in a competitive advantage. When nonprofit organizations are confronted with problematic competition, they may seek to reduce their dependency on the task environment by entering into cooperative strategies with one or more partners that allow all of the cooperating parties to benefit financially while they fend off environmental threats.

## Cross-References

► Co-production

## References

Barry BW (1997) Strategic planning workbook for nonprofit organizations, rev edn. Amherst H. Wilder Foundation, St. Paul

Bennett JT, DiLorenzo TJ (1994) Unhealthy charities: hazardous to your health and wealth. Basic Books, New York

Bryce H (1992) Financial & strategic management for nonprofit organizations, 2nd edn. Prentice Hall, Upper Saddle River

Hawks J (1997) For a good cause? How charitable institutions become powerful economic bullies. Birch Lane Press, Secaucus
La Piana D, with Hayes M (2005) Play to win: the nonprofit guide to competitive strategy. Wiley, San Francisco
McLaughlin TA (2010) Nonprofit mergers and alliances, 2nd edn. Wiley, Hoboken
Peattie S (2003) Applying sales promotion competitions to nonprofit contexts. Int J Nonprofit Volunt Sect Mark 8(4):349–362

# Competitive Acquisition Processes

Christopher L. Atkinson
Department of Administration and Law,
University of West Florida, Pensacola, FL, USA

## Synonyms

Competitive proposals (negotiation); Full and open competition; Other than full and open competition; Sealed bidding

## Definition

Competition is defined as "the struggle for commercial advantage; the effort or action of two or more commercial interests to obtain the same business from third parties" (*Black's Law Dictionary* 344 (10th ed. 2014)). In public procurement, competitive processes such as sealed bidding and negotiation are employed to achieve improved outcomes in price and quality of product or service for public-sector client agencies.

## Introduction

A central element of most public contracting systems is the unrestricted opportunity for vendors to bid on or offer a proposal for government solicitations. A principle of government contracting is that in order for government to obtain the best deal, competition for contracts must be open, in that any interested party may compete. Through this level of competition, which includes formal advertisement of solicitations, the system may avoid the potential for fraud, collusion, or favoritism in the award of contracts. Competition helps ensure many sellers in a market that is easy to enter, with accountability and pricing balance between buyer and seller. With too few offerors, pricing favors the offeror, and prices go up (Manuel 2011). In the public context, this is problematic, with budgets pressed to their limits by entitlements and a seemingly never-ending flow of new obligations. Competition places a business guise on the public work of government, allowing for scarce resources to be used most wisely.

This entry considers competition in public contracting, and offers a discussion of competitive acquisition processes drawn from acquisitions literature, using the US example as a framework. Allowances for other than full and open competition are also considered. The work concludes with recommendations for further discussion on the nature of competition in acquisitions, in both academic and practitioner spheres.

## Competition in Public Contracting

Competition in public purchasing has a historical basis – according to the Congressional Research Service, competition in procurement in the United States can be traced back to 1781 (Manuel 2011), but competition in procurement is not unique to the United States. Many nations around the world have competition as a centerpiece of their public procurement programs (LexMundi 2012). Competition is typically seen as a requirement, and the question given this requirement is the extent to which competition is necessary to satisfy the statute or regulation. However, the primacy of competition is tempered by a caveat, as it is in the US Federal regulations, for moderation in the face of competing priorities: "Contracting officers shall provide for full and open competition through use of the competitive procedure(s)... that are best suited to the circumstances of the contract action and consistent with the need to fulfil the Government's requirements efficiently"

(FAR 6.101). While competition is important, it is important along with other priorities, like meeting efficiency expectations and agency timelines for requirements.

In order for competition and formal advertisement of an intent to contract through a solicitation to make much difference, government must be clear enough in its description of its intended purchase to be meaningful to potential vendors. Ambiguity introduces uncertainty for vendors, creates delay, and potentially increases costs for government as vendors seek to afford additional considerations that may be unwarranted or undesired. At the same time, ambiguity can favor vendors that respond to unclear solicitations, forcing government to address a protracted procurement process, potentially with protests and other delays. Competition is rooted in a sufficient vendor pool and in giving that vendor pool enough time to respond to a solicitation. The effort to afford competition will necessarily fail without due consideration to detail in the solicitation, sufficient vendor pool, and time to consider the solicitation and develop a response (Nash and Cibinic 1977).

Even with competition as a requirement, there may be limitations that are allowable under applicable rules. The government entity may remove some sources from consideration, reducing the potential vendor pool when there are adequate reasons for doing so (e.g., in the interest of national defense); governments may also engage in set-asides for small businesses or afford additional considerations as an affirmative benefit to businesses representing socioeconomic categories. Small purchases may also be afforded a reduced standard for competition (Cibinic and Nash 1986). Other limitations on competition, such as multiple award schedules and basic engineering proposals, have been allowed for under various legal exceptions (Manuel 2011). These approaches can streamline procurement, introduce additional social and political value into a process, or allow latitude for contracting officers to make decisions that fit a specific requirement; from another standpoint, these exceptions potentially limit competition and keep vendors interested in government contracting away from solicitations.

## Types of Competition in Acquisition

In the case of the US Federal government, competitive procedures take the form of sealed bids or competitive proposals (negotiation). The choice to use sealed bids or proposals is informed by what is being procured: if the requirement is a new solicitation for office supplies, for example, the approach to solicitation might involve sealed bidding; if the project involved the services of consultants, with an indeterminate scope of services allowing for a great deal of creativity in response, then the approach might more properly involve solicitation of proposals and a subsequent negotiation.

Per FAR 14.101, "Sealed bidding is a method of contracting that employs competitive bids, public opening of bids, and awards." Under sealed bidding, the requirements must be clearly stated in the solicitation document, and specifications that restrict access by vendors are not allowed. The solicitation is publicly advertised to encourage bidders to respond. The resultant "sealed bids" are submitted at time and date certain and opened in public. There is no discussion of the bids received. Awards are made on the merit of the bids received, considering pricing factors. Sealed bidding operates on the principle that "it is in the government's best interest to take advantage of the competitive forces in the marketplace. In theory, when there are numerous independent contractors, each having an opportunity to compete for the government's business, the lowest bidder will be awarded the contract" (Engelbeck 2002, p. 153). In sealed bidding, the risk is on the vendor for delivery and performance. The sealed bid may request all information in one response, or may request a technical proposal, with the pricing information provided separately (Engelbeck 2002).

Negotiation is "a method of contracting that uses either competitive or other-than-competitive procedures that permits bargaining with the offerors after receipt of proposals. Any contract award without the use of sealed bidding procedures is a negotiated contract" (Nash et al. 2007, p. 392). Discussion of quality and

weakness in the offer, performance and other factors, and price details can be included in negotiation discussions. Award in negotiated contracts "can be made on the basis of technical excellence, management capability, personnel qualifications, prior experience, past performance, and other factors" – not just price (Nash et al. 2007, p. 392).

With proposals and negotiated contracts, the risk shifts substantially to the government. Negotiated contracts nevertheless make up a substantial portion of all contracts with government entities, due to the unique nature of government requirements for products and services. A request for proposal (RFP) details the requirements and specifications, to the extent that they are known, to potential vendors or providers (Engelbeck 2002).

Sealed bids are most appropriate when a sufficient vendor pool exists to provide responses to the solicitation (so that comparisons can be made among the various responses, in terms of price); if the review mostly involves comparisons of price, and discussions with vendors are not necessary to clarify any aspects of the projects that may be considered vague, then sealed bids are most appropriate. If the requirement in question does not meet the usual standards for a sealed bid, then a request for proposals and negotiation scenario is needed (Cibinic and Nash 1986). A two-step process may incorporate elements of sealed bidding and proposals, as allowed for in FAR 6.102.

Sealed bidding results in contracts that are firm-fixed-price contracts or fixed-price contracts with economic price adjustment, per FAR 16.102. Contracts for proposals and negotiation scenarios can take a wide range of forms, depending on the particular nature of the requirement, urgency of the procurement, and period of performance, among other factors. Part 16 of the Federal Acquisition Regulation includes a list of contracting types that may result from competition in proposal/negotiation situations; this list provides a ready reference that forms a useful general toolkit for contracting approaches in other public venues, as styles frequently overlap.

## Restriction of Competition

Noncompetitive procurements have been regularly limited in procurement codes and acquisitions regulations, consistent with a stated legislative preference for full, open competition. However, there are instances where rules afford contracting without a full competitive process. Using the US example, the Federal government affords a number of occasions where other than full and open competition may be warranted. A contracting officer may have great authority to limit competition, especially when emergency scenarios or protection of life is involved (O'Connor 2007).

Per FAR subpart 6.3, other than full and open competition is allowed for in certain situations: "Only one responsible source and no other supplies or services will satisfy agency requirements." A sole source procurement involves the contracting officer concluding that "only one source can provide what the government needs, so the contracting officer does not do full and open competition" (O'Connor 2007, p. 9).

Other instances allowing for other than full and open competition include "Unusual and compelling urgency," research, and expert services, where the option is required by law, in the case of international agreement, in the interest of national security, or, vaguely, in the "public interest" (FAR subpart 6.3). In all such instances, the contracting officer must justify the rationale, fully document the reason(s) for the decision, and have approval for the decision.

Other levels of government allow for emergency procurement and sole sourcing and often have similar requirements for showing justification and documentation of the decision. In some scenarios, a sole source procurement may involve the availability of only one "reasonable" source. Requiring a sole brand can also limit competition, but may be appropriate in some cases, such as providing for continuity and interoperability with existing equipment and systems. Typically, documentation of the justification for decision-making, the rationale for choices made, and the approval for the deviation from full competition are relevant considerations. Supporting any subsequent reviews of contracting files with a clear and comprehensive file

presentation allows the contracting officer to defend actions taken and make clear to future reviewers the context of the decision and why the choices made were appropriate.

## Conclusion

Beyond the economic and business case for competition, it is in the interest of transparency and accountability that competition remains such a vital part of public procurement throughout the world. Using principles that draw from business sensibility, the government buyer can help to ensure a good deal is made for their client agencies. However, in an era of increasing time constraints and resource pressures, the consideration of competition must vie against other priorities, including some factors that contribute to questions of organizational and career survival in especially political environments. Competition is time-honored, but its best use and results can suffer from neglect in an under-resourced public purchasing environment. Academic work in this area might focus on the gap that exists between intent and reality of outcomes for competition, especially in international contexts, where there is a need for research in this area. For practitioners, understanding what specifically can result from competition in a variety of contracts, in different venues, and how more subtle factors can contribute to success or failure, might possibly be of benefit to the practice of public acquisitions (Arrowsmith 2010).

## Cross-References


- ▶ Competitive Sourcing
- ▶ Differences in States' Procurement Practices
- ▶ Fixed Price Contracts
- ▶ Public Procurement


## References


Arrowsmith S (2010) Public procurement regulation: an introduction. Retrieved from https://www.nottingham.ac.uk/pprg/documentsarchive/asialinkmaterials/publicprocurementregulationintroduction.pdf

Cibinic J Jr, Nash RC Jr (1986) Formation of government contracts, 2nd edn. George Washington University Government Contracts Program, Washington, DC

Competition (2014) Black's law dictionary, 10th edn. West, St. Paul

Engelbeck RM (2002) Acquisition management. Management Concepts, Vienna

LexMundi (2012) Public procurement global practice guide. Retrieved from www.lexmundi.com/GlobalPracticeGuides

Manuel KM (2011) Competition in federal contracting: an overview of the legal requirements. Retrieved from https://fas.org/sgp/crs/misc/R40516.pdf

Nash RC Jr, Cibinic J Jr (1977) Federal procurement law: volume 1, Contract formation, 3rd edn. George Washington University, Washington, DC

Nash RC Jr et al (2007) The government contracts reference book, 3rd edn. CCH/Wolters Kluwer, Riverwoods

O'Connor TM (2007) Understanding government contract law. Management Concepts, Vienna


# Competitive Sourcing


Scott Lamothe
Department of Political Science, University of Oklahoma, Norman, OK, USA


## Synonyms

Competitive procurement; Competitive tendering; Contracting out; Outsourcing; Privatization

## Definition

Competitive sourcing is a method that purports to leverage the benefits of market competition in the acquisition of government goods and services to overcome the inefficiencies associated with traditional, in-house delivery, which is seen as monopolistic in nature. Specifically, this tool requires potential providers to compete against one another by submitting bids. This allows the government to compare the competitors on price and quality and choose the entity that can most efficiently and effectively deliver the good or service.

## Introduction

Government procurement of goods and services from the private sector has a long history. For example, in ancient times, the Roman Empire contracted with private citizens for tax collection and military supplies. Likewise, the fledgling US government utilized the private sector to help supply the Continental Army during the Revolutionary War. However, most scholars trace the origins of the modern contracting movement to the 1970s and 1980s. In particular, Margaret Thatcher and Ronald Reagan, building off the groundwork laid by libertarian intellectuals such as Friedrich Hayek and Milton Friedman, are credited with ushering in a greater acceptance of the practice at all levels of government.

There are generally two primary drivers in the push for increasing levels of government contracting. The first is an ideological preference for smaller government. From this perspective, contracting with private entities helps limit the size of government, since far fewer public employees are needed to sign contracts and monitor delivery than to actually deliver services directly. The second is an economic efficiency argument. That is, when government produces a service using its own employees, it sets up a monopolistic situation in which there is little incentive to maintain quality or keep costs down. Thus, inefficiencies and government "bloat" can be avoided if contracting with the private sector, also termed "outsourcing," is practiced. Many scholars believe that ideological concerns were at the forefront of the privatization movement in the early years, with conservatives championing the practice and liberals generally in opposition. However, as more was learned about the strengths and weaknesses of outsourcing, the practice became more accepted across the political spectrum as a practical perspective moved to the forefront; privatization came to be seen as a useful tool of public management by both sides of the political divide – not always the answer, but certainly not to be rejected out of hand.

Of course, as will be elaborated on below, simply contracting with the private sector is not sufficient to realize the purported benefits of outsourcing. The key is competition. Private sector vendors, selected in noncompetitive ways, are just as prone to monopolistic behaviors as their public counterparts. Thus, properly managed competitive sourcing is necessary.

## Why Does Competition Matter?

A central precept in classical economic theory, popularized by Adam Smith, is that a transaction will not take place in the market unless both the buyer and seller feel they are gaining from the deal. Because of this, both have an interest in hiding their true preferences, so as to try to gain the upper hand in the transaction. For example, if a seller can convince a buyer that the seller invested US $100 in resources to produce a good, when, in fact, production only cost US $50, then the seller has the potential to reap an outsized profit. It is improbable that the buyer has the appropriate information to determine if the cost claim is accurate, and acquiring such information would likely be costly; how then can buyers' interests be cheaply and effectively protected? The answer is straightforward if there are many sellers. In a robust market, should a vendor overprice a product, other sellers have an incentive to undercut that price, as they can still earn a profit while increasing their chances of making the sale. So long as the sellers cannot/do not coordinate (i.e., collude on price), each has an incentive to price as close to their true production costs as possible to keep their prices low (while still earning a reasonable profit) and improve their chances of earning sales. This not only forces sellers to reveal valuable and truthful information regarding costs through their pricing but also incentivizes efficient production to try to push costs down, thereby improving (i.e., lowering) their prices relative to their competitors.

Thus, if there are enough sellers in a market, overall resource allocation should be efficient. That is, suppliers will efficiently produce goods and services to hold down prices, and buyers will not waste their resources overpaying to fulfill their needs. But, the obvious question is "how many sellers are enough to achieve this outcome?"

## How Much Competition Is Enough?

Economists and management scholars have long tried to gain a firmer understanding of how many suppliers there must be in a market to ensure the efficient allocation of resources. It is well established, both theoretically and empirically, that monopolistic markets, containing only one supplier, are problematic. Singular vendors, who do not face competition, have no incentive to maintain efficient production, innovate to improve efficiency, or price near their costs of production, since no other sellers are available to undercut their prices. Buyers in such markets essentially have only two choices – overpay or forgo a desired (and possibly needed) good or service.

If a market has two or three sellers, there could be improvement, although there is no guarantee. In weak markets, it is possible that producers will compete; but they may, instead, coordinate their pricing strategies so as to ensure elevated profits. This, what is termed "oligopolistic" behavior, results in very similar outcomes as found in monopolistic markets – inefficient allocation of resources and artificially high prices – to the detriment of buyers. However, as the number of sellers increases, such coordination becomes more difficult as each vendor has an incentive to undercut their competitors to increase market share, which shrinks with the introduction of each new seller if coordination is maintained.

At first blush, it would appear that the entry of each new supplier has the potential to improve resource allocation in the market. However, some have argued that if there are too many sellers, competition can essentially drive profits down to zero, causing market instability (see, e.g., Keisler and Buehring 2005). Hence, it can be posited there is a curvilinear relationship between price and the number of vendors in the market; price drops as additional sellers enter and curtail monopolistic and oligopolistic behaviors, but may rise again if the market becomes destabilized and suppliers are driven out due to low (to no) profitability. What then is the appropriate size of a market for it to be stable and efficient?

While there are a number of ways to get at this question (e.g., Selten 1973 used a game theoretic approach in determining that collusion is less likely if markets have at least five participants), the most common technique has been to study public and private auctions or markets for specific goods or services to determine the impact of each new entrant (i.e., supplier) on price. While there is variance in the findings, in the aggregate, the results indicate that the third entrant is key (i.e., is associated with the largest drop in prices per entrant) but that notable savings continue through the fifth entrant. As such, it appears that markets with three vendors could be reasonably competitive, but four to five suppliers are likely superior. The entrance of the fourth and fifth vendors decreases the likelihood of collusion and increases the number of competitors, both of which place downward pressure on prices. Moving beyond five may lead to further, although diminished, reductions in price, but may also result in market instability.

## How Competitive Are Government Markets?

Governments utilize the private sector to purchase myriad goods and services. So, not surprisingly, there is a wide array of competitiveness in the markets in which governments participate. Some markets, such as those for office supplies and other commodities, tend to be quite robust and, therefore, efficient. Others, like for many of the services contracted for by government, tend to be weak, with few potential suppliers. In particular, big-ticket defense procurements, at the national level, and health and human services, at the state and local levels, are apt to have very constrained markets.

Knowledge of the market one faces is an imperative for governments attempting to procure goods and services from the private sector. A discussion of local government contracting serves to illustrate the challenges faced when attempting to employ competitive sourcing. Hefetz and Warner (2012), in collaboration with the International City/County Management

Association, queried local jurisdictions regarding the number of potential vendors available for 67 commonly provided local services in the United States. They, like many other scholars, find that, on average, local markets for government services tend to be suboptimal with respect to the number of potential vendors. Specifically, across all of the cases, Hefetz and Warner found an average of only 1.67 suppliers per service market. For only three services (vehicle towing and storage, daycare facilities operation, and legal services) did they find markets that met the minimum threshold of three, discussed above. No services reached the more desirable four or five supplier thresholds. Conversely, they found that 15 services averaged fewer than one potential supplier, which indicates that in some jurisdictions there were simply no options to traditional, in-house delivery for certain services. Overall, Hefetz and Warner's (2012) findings indicate that the markets for local services in the United States, on average, do not conform to the expectations associated with markets inducing efficient resource allocation. This is not to say that competitive sourcing may not be beneficial, but rather that public managers must be cognizant of the weak markets they are likely to face and factor this information into procurement decision-making.

## Managing Competitive Sourcing and Markets

For the reasons reviewed in the previous section, one cannot simply assume that competitive sourcing will yield desirable results. Rather, governments must be "smart buyers" (Kettl 1993), who are knowledgeable about both the markets they encounter and the goods and services they seek in those markets, in order to leverage the benefits of contracting. Competitive sourcing for services requires that governments write "requests for proposals" (RFPs), or similar solicitation documents, that explicitly state what the government wants to purchase and vendor expectations in this regard. This cannot be done properly, if governments have not invested in the contract management capacity (i.e., experience and expertise) to do so.

Sclar (2000) notes, for example, that markets may appear more robust than they truly are to governments lacking adequate expertise. Specifically, some firms that bid on contracts may not actually have the capacity to perform the desired duties. Those evaluating the bids need to be able to flag such applications and remove them from the process. It might also be the case that some of the bid prices are unreasonably low. While this makes them appear, on the surface, to be more competitive, knowledgeable managers will see them for what they are – unrealistic – and reject them in favor of bids that, while more expensive, are based on sounder fundamentals. It is important to point out that these two scenarios (i.e., undercapacity bidders and unrealistically low bid prices) do not require that potential vendors act in bad faith. Rather, it may be that a poorly written RFP misinformed bidders as to the requirements. Or, some bidders, like some governments, may lack capacity and, therefore, the ability to properly evaluate the expectations laid out in the RFP and prepare proper bids. Regardless, it is the responsibility of governments to protect themselves from such eventualities.

Further, unlike their private sector counterparts, governments may also face weakened markets owing to political and legal constraints (Johnston and Girth 2012). For example, they may be limited by rules that require or favor certain types of vendors, such as local firms or traditionally underrepresented groups. Regardless of the origin of the problem, when markets are found to be noncompetitive, there are things that governments can do to try to improve the situation. Rather than passively posting RFPs and hoping for a healthy response, governments can perform market research in efforts to identify and directly solicit potential vendors. In certain circumstances, they may also promote the establishment of new organizations that could serve as suppliers. For example, public officials could encourage local activists to form nonprofits capable of delivering government-funded social services. Additionally, government officers can increase competition by requiring public agencies to bid on contracts (Johnston and Girth 2012).

This serves the purpose of adding at least one extra competitor to the mix and also assists the government in maintaining experience and expertise in service delivery. There are a variety of other efforts that can be undertaken by enterprising governments to improve competition, but it is important to point out, they all require appropriate investments in governments' contract management capacity.

## Conclusion

Competitive sourcing is a tool that governments can use to efficiently and effectively deliver services to their citizens. However, it is not a panacea and needs to be undertaken in a responsible manner. While the benefits of competition can improve service quality and lower costs, competition cannot be taken as a given. It is imperative that governments understand this and act as smart buyers, who are familiar with the markets with which they engage, and are knowledgeable about the goods and services they wish to acquire, so that they may avoid subpar outcomes.

Further, Sclar (2000) points out that for governments to get the most out of competitive sourcing, they must go well beyond simply ensuring the bidding process is well-managed and competitive; they must actively manage the contract, post-award. While this is generally beyond the scope of this article, briefly, this entails monitoring the vendor's work and ensuring contract terms are being met. It also means working with the contractor if problems are encountered. It is imperative that the government stays engaged throughout the process and does not simply forget about the contractor until the next bid cycle rolls around.

## Cross-References


- ▶ Contract Management Capacity
- ▶ New Public Management
- ▶ Outsourcing Contract
- ▶ Privatization
- ▶ Public Procurement


## References


Hefetz A, Warner M (2012) Contracting or public delivery? The importance of service, market and management characteristics. J Public Adm Res Theory 22(2):289–317

Johnston JM, Girth AM (2012) Government contracts and "managing the market": exploring the costs of strategic management responses to weak vendor competition. Adm Soc 44(1):3–29

Keisler JM, Buehring WA (2005) How many vendors does it take to screw down a price? A primer on competition. J Public Manag 5(3):291–317

Kettl D (1993) Sharing power: public governance and private market. Brookings, Washington, DC

Sclar E (2000) You don't always get what you pay for: the economics of privatization. Cornell University Press, Ithaca

Selten R (1973) A simple model of imperfect competition where four are few and six are many. Int J Game Theory 2(1):141–201


# Complex Interaction of Administration and Law


Heidi O. Koenig
Department of Public Administration, Northern Illinois University, DeKalb, IL, USA


## Synonyms

Administrative and Judicial law; Bureaucracy and law

## Definition

Administrative Procedure Act: law that governs how cases are heard within the bureaucracy
Bureaucracy: the civil service arm of the executive branch
Incrementalism: the process by which small cases are made from existing decisions; relies on the use of precedent
Precedent: prior rulings by courts

## Introduction

The relationship between law and public administration is an active one – the complexity we see

between public administration and law was built into our system of governing. The ways laws are created at the federal and state levels of government embody the diversity of interests represented by government. In addition to multiple branches of government is the use of different types of decision-making by and within each branch. The legislative branch, serving the interests of the public, relies on majority rule. The executive branch, charged with the execution of the laws, has a single decision-maker at its head. And the judicial branch, working to maintain the structure of law, uses a form of incrementalism. The variations in decision-making activities deepen the complexity of action in the government. The implementation of policies developed by the branches leads inexorably to a discipline of public administration that must persevere in the face of that complexity.

Public administration is at the center of the governing process. Public administrators exist within the political system that builds accountability checks through the same political structure that creates the policy. Legislation, executive directives, and judicial decisions are the bases of the power of public administrators to implement public programs. Administration is the embodiment of the law – without implementation, policies are mere exhortations of political preference. At the same time, public administrators are accountable to legislators to explain the programs implemented, to review by superiors in the executive branch to justify program actions, and faced with the possibility of being checked by a decision of a court. The complexity of the relationship between public administration and law is found in this multifaceted environment. With public action created by so many political and administrative actors of such varying responsibilities using so many different decision-making methods, how can the public administrator help but feel the stresses and strains of public action?

## Law as the Basis of Public Administrator's Actions

State and federal governments are created by their constitutions, which grant broad powers to government. A state's constitution sets the requirements for the political activity of the state. For instance, citizens of Wisconsin have different rights protected by the Wisconsin Constitution than citizens of Georgia, whose rights are protected by the Georgia Constitution. However, neither state (or any state) may use its constitution or statutes to limit rights established by the United States Constitution. In the United States, constitutions contain three branches of government – legislative, executive, and judicial. Each branch has different constitutionally derived responsibilities, decision-making processes, and ways to fulfill those responsibilities. While it is not possible here to provide a primer on systems within each different branch of government, it is important to understand these systems as they form the bases of complexity. To understand how laws and rules are made that form the basis of administrative action while at the same time lay the groundwork for judgments of accountability on the implementation of those same laws, we must have a basic understanding of how those bodies act.

## The Legislature

Legislatures craft laws. While the legislature alone cannot cause a law to come into existence by passing it, the vast majority of public policies and the resulting programs are begun through legislative processes. The many steps proposed legislation must go through ensures that the decision-making structure of the legislature – majority rule – serves the purpose of fulfilling the constitutional role given to the legislative branch of providing representation for individuals who aren't directly involved in government. For a policy to move to the executive to be signed or vetoed, the proposal must survive review at multiple levels within each house of the legislature. This review is both substantive and procedural. A bill begins in language proposed by multiple parties; public policy ideas can be advanced by any element of society. Once there is agreement that a public policy is needed and that the proposed legislation is the appropriate way for that policy to be created, the bill begins its journey

through the legislative process. That journey is marked by substantive analysis– work done by subcommittees that specialize in the topic of the public policy under consideration – and procedural steps. Procedural steps include advancing a bill from committees that assess the appropriateness of the proposed bill to steps created within each house to allow for control of the rate at which policy is brought to the attention of the entire house. It is easy to recall instances where one or two members of a legislative body are successful in delaying or preventing policy from being considered. Those instances, though notable, are not common of procedural checks on proposed legislation. Instead, the most common check on legislative policy proposals comes from the substantive review each public policy proposal must survive. After the procedural process has begun, every proposed piece of legislation is reviewed by at least one committee in both houses of the legislature. Due to the sheer amount of legislation proposed every session, proposed bills are assigned to subcommittees. Once in a subcommittee, the bill must withstand the pressures of political partisanship through the rigorous review of the necessity of the policy contained within the bill. Bills that don't make it "die in committee." After a bill is voted out of the subcommittee and then the committee, it may be brought to a vote before the entire house. Before a vote, the leadership of the house must agree to let that vote happen. If a bill is considered by the entire house, it goes through another round of partisan debate. The purpose of all of this debate is to ensure that the policy created is in the best interests of the people affected by it. Majority rule works to ensure that the legislation has been fully considered and modified so that more than half of the legislative body thinks that the policy will be good for the people most affected by the bill. If a bill clears each house of the legislature, it must be reconciled so that both houses can pass a single version of the bill. This is both a substantive step and a procedural step that must be completed before a bill is brought to the executive for signature or veto.

## Legislative Action as the Basis of Administrative Power

The visible output of the legislative process is statutory law. Within these laws we expect to find directives about how the laws should be implemented and information about how desired outcomes might be achieved. Instead, we find that legislation is the beginning of a process. Administration of statutory law does not often have a straightforward path to implementation of a program. Instead, "[f]ollowing on the heels of the legislation are a series of administrative actions – regulations, guidelines, budget decisions, reorganizations, and so on" (Elmore 1980, p. 9) that must ultimately be considered part of the legislative process. While the legislature passes laws that have policies and programs, administration gives those laws life. And in the process of doing so, administration becomes part of the legislative process. Without the law there is no power for public administrators to accomplish programs. Without administration any program created will remain on the page of statute. This, then, is one face of the interaction between administration and statutory law: *In the case of programs created through legislation, the absence of action by either party will result in a weaker or non-existent outcome*.

The process of implementing programs created through legislation is sequential but not separate. Indeed, while Elmore focuses his analysis on the legislative/administrative relationship, he introduces a site of intersection between administration and law, that of the relationships between the executive branch powers and administration. The process of "doing" public policy is delegated to public administrators who are given the power to use discretion in implementing the policy. This discretion may amount to handing over some policy making power. Michael Lipsky (1980) describes the use of discretion by street-level bureaucrats. Lipsky notes that the street-level bureaucrat is the ultimate policymaker – policy is made when it is used and not when it is created. This is the logical extension of the role of the first instance of interaction noted above. However, the use of discretion can easily lead to allegations of misuse of the power granted by the original

legislation. Legislatures use oversight to assess whether allegations are true.

## Legislative Accountability Checks

Administration is necessary to bring legislatively enacted public policy to life. In every program created within each piece of legislation, a number of parties have tried to exercise influence. The strains of those efforts may be seen in the programs created to ensure that the policy is accomplished. It is the job of the public administrator to ensure that the policy and the program created by the legislature are carried out as required by the legislation. It is important to watch for points where strains created within the substantive and procedural processes of legislating result in programs that may not function well. Not understanding how the policy and resulting programs relate to legislation will lead to future issues with implementation and with oversight. Oversight by legislatures is most often done through hearings run by the subcommittees and committees that were responsible for creating the policy. Individuals on these committees are experts in the law as it was created and so expect to find that public administrative actions have been consistent with the law as each individual understood it. The accountability structure reflects the majoritarian decision-making process: public administrators are held to the policy ideals created by the legislation but may also be questioned about the administration of the policy from a partisan position. Again, it is the job of the public administrator to ensure that the policy and the program created by the legislature are carried out as required by the legislation.

At this point the muddling of the legislative oversight process should be apparent. Legislators create programs through majority-driven politics that contain partisan pressures. Administrators are given the program to implement, which requires a process that might include steps like rulemaking and organizational adjustments. The program, once formatted to fit within the overarching administrative structure, is given to street-level bureaucrats to administer, using some greater or lesser degree of discretion to carry out the program. Ultimately, the legislature checks the ways in which the program is administered, most likely relying on information given to it by the street-level bureaucrats and their supervisors. There is a large area of intersection between administration and legislation. While each element remains separate at times, each plays a crucial part in making sure that programs are delivered to recipients. The intersection is really an interaction – public administrators do not really become legislators, even when given discretion that is used by a street-level bureaucrat, and legislators don't become administrators, even when using data to engage in oversight.

## The Executive Branch

The executive branch houses a much more complex relationship with administration. This fact is glossed over because we think of the executive branch as "the administrative arm" of government. In fact, is much more than a set of bureaucracies. It is a political branch in the constitution and has responsibilities that go well beyond the administration of programs. The model of decision-making in the executive branch is dominated by responsiveness to a single actor – it is a unified structure by which the laws of the government are executed and is therefore managerial in nature. Questions of efficiency, effectiveness, equity, and responsiveness are hallmarks of this type of decision-making. In fact, its decision-making processes are far more varied than the managerial approach suggests. In this setting one complexity of administration and law is separating the processes and offices of administration from the legal responsibilities of the executive branch. Three aspects of activity in the executive branch that illustrate different decision-making methods that serve to highlight points how administration interacts with the executive include *straightforward managerial/bureaucratic practices*, *political involvement in shaping decisions and carrying them out*, and *quasi-judicial models run by bureaucrats*.

The managerial processes of the executive branch are guided by a multitude of public administrative theories and practices. For instance, we follow the dictates of public service that mean we act efficiently and effectively while maintaining equitable treatment of all individuals receiving services that is responsive to the law created through legislative and executive policies. Administration in a system that is driven by rules that shape the determinations of program status is the system of administration we know best. Activity guided by traditional public administration theory continues to develop today. Public administrators are charged with maintaining their own neutral standing within the political environment while acting through a market model of economically driven actions to incorporate all of management theories that exist and then innovating to push those management theories further (Denhardt and Denhardt 2000). This is the place, though, where the work Elmore (1980) describes is done. This is where budgets are drafted, organizations are created and disbanded, and rules are made.

Yackee and Yackee (2012) describe rulemaking as an administrative process that begins as implementing legislation and ends as a clear expression of administration's assumption of lawmaking power. These authors note that rulemaking begins when administrators are "[t]asked with 'filling up the details' and 'gaps' in legislation," and in the end "agencies routinely propose and promulgate regulations (or, synonymously, 'rules') that are as legally binding on regulated persons and entities as are the laws passed by Congress and signed by the President" (Yackee and Yackee, p. 1416). Rules may be required by legislation or by procedures already in place. The process of issuing a rule is governed by the Administrative Procedure Act (2006), either at the federal or state level. It is a lengthy process, going from giving public notice of a proposed rulemaking activity, to the publication of the proposed rule, to the publication of the final rule. The process is systematic and detail oriented, although modern exceptions to the rulemaking process set out in the Administrative Procedure Act have shortened the process requirements (Yackee and Yackee 2012). When a final rule is issued, all individuals and organizations that are covered by the subject matter of the rule must abide by it. There are three ways rules may be challenged. The first of these is in the executive branch. Every leader has created an administrative body charged with the responsibility of limiting the fiscal effects of a rule. If the cost of the proposed rule exceeds that level, the rule will not be created. The current administrative body that assesses and permits or denies the impact of rules at the federal level is the Office of Management and Budget. A legislature may choose to review the rule in an oversight hearing or as part of new legislation and the judiciary may choose to review the rule if someone affected by the rule challenges it in court. Unless one of those three things happens, the rule will remain in force. And the intersection between administration and law will be complete as the administrators have effectively created a specific law through rules promulgated in a specific policy area and have also taken the responsibility to implement that law. Decision-making in the executive branch is not immune from direct political influence. There are two primary sources of that influence: use of the executive order and the inclusion of political appointees in the bureaucracy. Executive orders serve multiple purposes. From directing actions of private contractors that have contracts with the federal government to orders that require that programs supplant elements of the political processes (Emancipation Proclamation, January 1, 1863), executive orders offer the leader in the system the opportunity to formulate policy and then have it implemented without going through the normal legislative process. Another form of political influence in the executive branch comes from the inclusion of political appointees in bureaucratic organizations. These appointments are made to ensure that the president's policy is carried out in the form he decides to enforce. The number of political appointments into the bureaucracy and the extent of those appointments vary by president; the purpose of them remains the same. To ensure that all administrative actions are consistent with the president's policy agenda, individuals loyal to that agenda are embedded within the administrative organization.

The final type of decision-making within the executive branch is where the greatest intersection between administration and law occurs, at times becoming inseparable. Some administrative bodies have the power to hold administrative hearings that are quasi-judicial in nature. The hearing officers are part of the executive branch structure – they are not politically placed, do not have direct ties to the legislature, and are outside the system of courts in the United States. Yet these administrative officers hold the power to alter administrative decisions, directly implement policies created by the legislature, and make determinations of fact that may be binding in a court of law. Administrative hearing officers and administrative law judges exist in many public sector organizations that distribute benefits directly to individuals where the level and type of those benefits are specifically determined by the legislature. One example of this form of administrative action is seen in the determinations made by administrative law judges within the Supplemental Security Income program administrated by the Social Security Administration. The handbook that covers this system, found at https://www.ssa.gov/OP_Home/hallex/, demonstrates the confusing role that administrative law judges play in the process of reviewing eligibility of people seeking benefits. The review system includes assistance from the Social Security Administration personnel in gathering data as well as defending the SSA against determinations of ineligibility made by that same organization. Administrative law judges are bound by the rules of discovery that are applied to courts but also may seek out additional information about the case in a way not permitted by regular courts. Determinations of eligibility and ineligibility might be viewed as creating and applying legislative standards but are instead viewed as a source of correction within the administrative body. The criticism that all three branches of constitutional government are contained in one administrative body seems appropriate, as is the recognition that in the case of administrative hearing bodies there is no true separation between administration and all three branches of constitutional government.

## Executive Action as the Basis of Administration

As is clear from the description just given, the executive structure allows for a wide array of administrative activity. Although rooted in the managerial decision-making structure, this branch incorporates so many possible choices into that decision-making style that it moves beyond simple command and control or even bureaucratic discretionary use of power. The three elements of the executive branch that give rise to complexity are the development of management perspectives over time, the inclusion of political appointees in public sector organizations, and the use of the administrative hearing process. Each of these broadens the base that administrators may rest their decisions on – the breadth of control created by discretion to develop and implement new forms of program administration, work with political appointees to ensure that specific policies are advanced, and react to cases filed in the administrative review system and then react to the rulings of those decisions before the case may be appealed to a court outside the administrative structure. In fact, in the executive branch it is more likely that administration and law overlap rather than interact.

## Executive Branch Accountability Checks

Public administrators are subject to classic command/control oversight. Superiors make assessments of the success and failure of administrative actions based on the standards of efficiency, effectiveness, equity, and responsiveness. The processes of innovation mentioned above come from those assessments. Where the activity of the public administrator in implementing rules and laws is judged to be inadequate, forces may be brought to bear to move administration so that greater success can occur. A second set of constraints can be made by the political appointees embedded in an executive organization. This system of control rests on the ability of political appointees, as supervisors with aspects of policy control, to force changes in line with the forces identified above. There is

simply a different motivation behind the concepts of efficiency, effectiveness, equity, and responsiveness. We expect a political motivation to differ from an administrative motivation simply because the use of an appointee implies political control of administration of policy. The last set of constraints comes from the inclusion of quasi-judicial decision-making in executive organizations. The controls built into that decision-making process are based on an entirely different set of considerations than other forms of control. The mixture of how public administrators must interact with the claimant and administrative hearing officers by providing support to the claimant, represent of the organization's interests, and respond when the result of an administrative hearing is appealed creates a system that closely resembles steps that must be taken when reacting to limitations from all branches of government.

## The Judiciary

The judicial branch is the third branch of constitutional government. Like the legislative and executive branch, courts have a unique way of reaching decisions. Courts use a decision-making process based on legal precedent and statutory interpretation as applied to facts. The use of legal precedent as a basis for decision-making by courts results in a system that is, in almost every instance, incremental (Shapiro 1965). Because the cases brought to courts rely on earlier rulings, any changes the parties can expect are limited by the earlier rulings.

The structure and process of courts are different from the other branches. There are only two forms of courts. These vary based on what kind of information is properly brought to be heard by the judge. The first type of court is a trial court. Trial courts hear information about facts and also apply the relevant law to those facts. Courts at the trial level are the *only* courts that hear the facts of the case. All other courts – courts of appeal – hear only about complaints that the law was applied incorrectly to the facts. This is an important distinction, as the party to the lawsuit that wins at the trial court gets that version of the facts accepted on appeal. There are, however, different types of trial courts in the United States. One set of these are the quasi-judicial (administrative hearing) courts within the executive branch. In most instances, each organization with an administrative hearing body has a process of review within the organization. That review process is parallel to the system of review in regular courts – once the initial facts are found and the relevant law/rules of the organization applied, the question on review is whether the law/rules were correctly applied. Some organizations have additional levels of review while others use only the first level of review. If a person is not satisfied with the results of the review, that person can appeal the case to a regular trial court within the state or federal system. The case is appealed to a federal district or appellate court depending on what the rules of the organization or the original statutory language requires. If moved to a state or federal court outside the review process of the organization, appeal processes are the same as those used in any other case. This is a significant point of interaction between the courts and administration. These practices may be set out in administrative processes and may also be created through legislation. Interestingly, this overlap in roles does not lead to a complex relationship between the administration and the courts. Because the processes are so similar, just taking place in different branches of government, there does not appear to be an issue of interaction. Instead, this seems to be more a replacement. Rather than moving from a completely executive decision-making process, the administrative hearing system mimics the courts, a fact that can be seen in the possibility of transition between the administrative hearing process and a court. The interaction that is complex is the one that occurs in the administrative branch as the review process begins.

The power of the judicial branch is limited. As already demonstrated, in most instances the decision-making structure used by the courts is incremental. While non-incremental decision-making does occur and these cases are not common, these are often the cases that attract most attention and when issued by the United States Supreme Court have the broadest impact.

Decisions made outside the incremental process are derived by principles of government contained within the law. We expect these types of decisions to occur when someone challenges the actual *legitimacy* of legislative or executive action as unconstitutional. The interaction between administration and the courts is found in the decision whether or not to enforcement a court's decision. Administrators do have discretion in the way decisions are enforced (the United States Supreme Court ruling in *Brown v. The Board of Education* had to be revisited because the local authorities failed to implement the Supreme Court's ruling) and the courts have little recourse if an administrator fails to enforce a ruling.

A final interaction between administration and the court is found in the capacity of bringing suit and having suit brought against it. When an administrative organization is authorized by statute to bring cases to force behavior, the courts become another tool available to public administrators to force individuals or organizations to comply with law or rules. This is a novel form of interaction – administration is using the power of another branch of government to complete its own responsibilities. This is different than engaging in prosecutions in criminal settings. Enforcement actions may begin in a trial court or may begin as part of an administrative hearing process. The other side of this relationship is that public organizations may be sued. These suits may be in response to actions taken by the organization against an individual or the case may be brought to force the public organization to act. This is not as complex an interaction. In fact, in this case a third party is engaging in oversight through the judicial branch, which is much more in line with our expectation of how law is brought to bear.

## Judicial Action as the Basis for Public Administration; Judicial Methods of Accountability Checks

The structure of the judicial branch provides a process guided by incremental system of decision-making. The purpose of incremental decision-making within the judicial branch is to ensure that the law as developed by judicial interpretation is created slowly and within a structure that can withstand challenges. Judicial decisions are implemented by the executive branch. Without executive branch involvement, rulings would not be enforced. This, then, is one point of interaction between the courts and administration – if an administrator fails to enforce a judge's ruling, the case could be made that the law hasn't been changed. Public administrators also use the courts to force individual actors to comply with rules or laws. The responsibility of public administrators to execute rulings of courts provides public administrators a different tool to use in implementation.

Judicial actions also provide oversight to ensure accountability of public organizations to the ideals of democratic activity. It is possible for administrative actors to look beyond their own jurisdictions and make judgments about the likelihood of suit based on the rulings of other courts. At times courts will rule against the government, asserting that a legislative or executive branch organization acted outside the powers granted by the relevant constitution. These non-incremental rulings may also be felt into the implementation processes. This is the primary source of oversight given to courts. The effectiveness of this one tool can be seen in the infrequency of its use – it is rare that public administrators have to hear from a court twice.

## Conclusion

The relationship between public administration and law is a complex one, due in part to the number of points at which that relationship is experienced. Each branch of government has its own powers to create public policy; each branch has its responsibilities within the constitution that forms the basis of that government; and each branch has its own decision-making process. Public administrators find themselves at the crux of these attributes when creating, implementing, or modifying public programs. Both the power to act and the constraint on action of the public administrator come from all of these relationships. The complex system of government built to check

inappropriate assumption of political power is visited upon public administrators – complex interaction in application of statutes, executive actions, and judicial rulings is necessary to complete the role of public administrators in process of government today.

## References

Administrative Procedures Act. 5 U.S.C. § 553 (2006)
Denhardt and Denhardt (2000) Emancipation Proclamation, January 1, 1863; Presidential Proclamations, 1791–1991; Record Group 11; General Records of the United States Government; National Archives
Elmore RF (1980) Complexity and control: what legislators and administrators can do about implementing public policy. US Department of Education, Office of Educational Research and Improvement, National Institute of Education
Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public service. Russell Sage Publishers, New York
Shapiro M (1965) Stability and change in judicial decision-making: incrementalism or stare decisis. Law Transit Q 2:134
Yackee JW, Yackee SW (2012) Testing the ossification thesis: an empirical examination of federal regulatory volume and speed, 1950–1990. George Wash Law Rev 80:1414

# Complexity and Governance

Sergio Barile[1], Francesco Polese[2], Jacqueline Pels[3] and Debora Sarno[4]
[1]University of Rome Sapienza, Rome, Italy
[2]University of Salerno, Salerno, Italy
[3]University Torcuato Di Tella, Buenos Aires, Argentina
[4]University of Foggia, Foggia, Italy

## Definition

Complexity has been coped with in many disciplines and has been described in many ways. In organizational terms, it characterizes every situation in which the government body perceives uncertainty due to insufficient knowledge of the observed object or emerging conditions characterizing it.

## Introduction

Proper management of *complexity* has been recognized as a way to facilitate the *governance* of any system (Polese et al. 2014), even if sometimes it has been inappropriately considered the determinant of entrepreneurial failure, thus trivializing decision making that underpin the existential path of the business system.

The exegesis of the term is then of fundamental importance, even though the various approaches to the study of complexity – such as the theory of algorithmic complexity (Solomonoff 1964), the epistemology of complexity (Gell-Mann 1994), the theory of computational complexity (Chaitin 1966), and adaptive complex systems (Barile et al. 2012) – define study and research spaces that cannot be attributed to a unique doctrinal corpus.

## State of Art and Future Perspectives

The literature on business complexity suggests that the notion is articulated and influenced both by multidisciplinary theoretical influences and by the reference paradigm of each author. In this respect, Murray Gell-Mann sustained that no single concept of complexity can appropriately grasp the intuitive notions of what the word should mean (Gell-Mann 1994).

Complexity in the social sphere has been referred by Joseph Tainter (1988) to the following variables: size of society, number and distinction of components, variety of roles and social personalities, variety of social mechanisms to integrate these parts and these roles into an integrated and efficient set. Similarly, Ardigò and Mazzoli (1990) identified: number of elements of social organization, relationships between the elements of social organization, asymmetry between institutions and partial social systems, abstraction and social reflection.

In any case, these are mainly quantitative representations, in which it emerges the structural vision

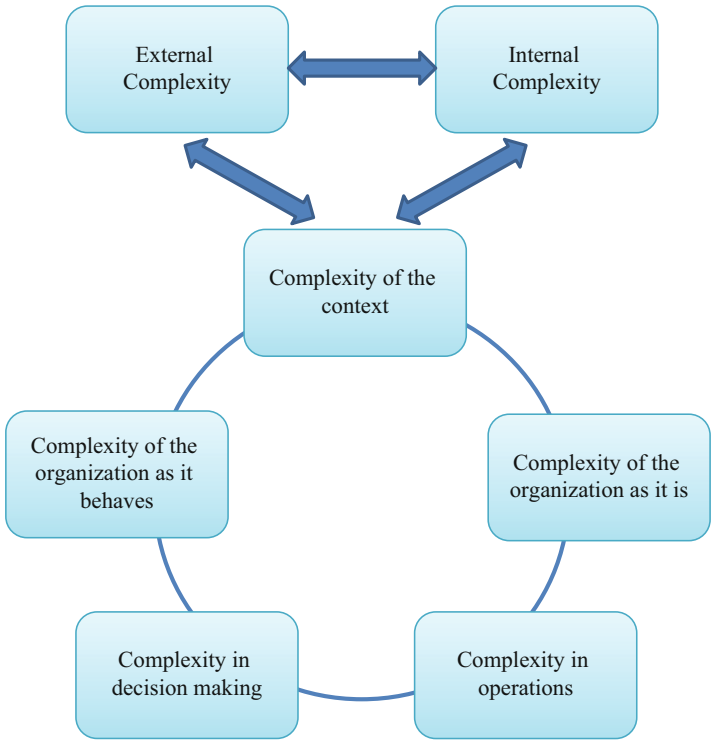


**Complexity and Governance, Fig. 1** Perspectives to analyze complexity (Adaptation from Barile 2009)

of both the analyzed system and the environment in which it operates. These perspectives do not complete the range of dimensions of the complexity needed to manage system governance.

Moving on from the quantitative approach, there can be reported the three main characteristics of the emergent complexity proposed by Henri Atlan (1972): huge number of differently interconnected parts, impossibility to predict the occurrence. According to his opinion, moreover, the complexity increases in case of negentropic processes.

In business and economics studies, the abovementioned positions can be attributed to specific factors of *governance* and, more in general, to entrepreneurial activity. In this regard, Salvatore Vicari (1998) identified a number of elements that appear to depend on the increase in complexity in business organizations: the facts; the quantity and variability of data that *governance* must consider; the number of elements involved in the problem to solve, diversity, variability, stability, and constancy of problems; other variables that can affect the problem and which are not known by the decision maker; etc. Consistently, Enzo Rullani (2011) merged the structural aspect with a systemic perspective, stating that a problem, a solution, a context, a point of view is complex if it allows for great variety, variability, and indeterminacy of possible situations or events. An acceptable synthesis of the previous positions indicates the existence of three observational perspectives (Fig. 1):

- Internal complexity of the organization versus the complexity of the environment in which it operates (external)
- Complexity in operations versus complexity in decision-making
- A complexity of the organization as it is (quantitative structural perspective) versus the way it behaves (qualitative systemic perspective)

Given the literature analysis, it is plausible to believe that the interpretation of the concept of complexity is characterized by subjectivity (Ng et al. 2012). In other words, the qualification

of a phenomenon as complex derives from the information variety – information units, interpretive schemes, and categorical values – of the observer, whether it is the governing body of a company or an individual. This results in an incentive to investigate the role and influence of relationships and interactions between internal and external components of organization and between external components and the context.

Actually, the progressive emergence of complexity is due to the awareness of the governing body of an organization of its inability or impossibility to coordinate the needs manifested by its suprasystems. In other words, the governing body can realize that the performance of its system does not contribute to stabilizing relations with the context, and perceive a gradual increase in uncertainty. In these cases, it becomes aware of the inadequacy of its interpretative schemes and gives up progressively with rational decision models to selfishly prioritize its own benefits. This behavior results in a growth in the dissonance between the organization and its context, with the consequent worsening in the understanding of the emerging complex phenomena.

There is thus a shift from a condition of certainty in reading events, pressures, and opportunities that qualify the context, to a one of complexity, until a perception of pure chaos. Change in the level of understanding of the context is usually accompanied by a change in the degree of completeness of the system. Because of the self-confidence logic celebrated by its governing body, the organization can perceive a decrease in its interior consonance as well, tending towards a "system in state of completion" or, indeed, an "embryonic" system. This can trigger a growing instability mechanism, which, if not adequately understood by the various systems that live in the context, can further accelerate the spread of distortive behavior.

The interpretative schemes should be shared in order to explore the conditions of existence and, if possible, measure the degree of complexity in business economy, finally deriving observations and reflections without misalignments.

Over the years, the interdisciplinary debate on complexity has involuntarily led most scholars to believe that the complexity of a phenomenon is such, always and in any case, regardless of the observer, the time, and place of observation (Kauffman 1995). However, in business systems, such a hypothesis is impracticable or at least difficult to accept: nothing can be objectively and absolutely complex, since the "same" observer, at different times, perceives different levels of complexity.

Consequently, complexity appears to be a property of the observing system rather than the observed one (Bocchi and Ceruti 2007).

This also implies that the modeling of complexity proposed by an observer can never be considered definitive since it will change depending on the context conditions but also on the changes in knowledge of the observer.

## Conclusions

Generally, both at the theoretical and in the practice level, it is believed that the dichotomy "simple" versus "complex" can be exhaustive for every phenomenon.

However, with regard to systems (but not only), such a distinction appears to be ineffective, especially in organizations, whereby processes related to government – but often also those related to management – although not simple, in many cases cannot be considered complex as well. Then, a distinction is needed in measuring systemic complexity, allowing to share analysis on governance complexity:

- Complexity measured in the structure
- Complexity assessed in the comprehension of systemic processes

The systemic complexity is dense with implications for both governance and management of organizations and for research. From a practical point of view, the proposed perspective provides interpretative guidelines useful for rethinking both the government approach and the management of systems as well as training programs.

From a theoretical point of view, the systemic viable interpretation of complexity opens up a number of reflections that may be of interest to the business economist.

## Cross-References


- ▶ Complex Interaction of Administration and Law
- ▶ Corporate Governance and Sustainability
- ▶ Decision Making
- ▶ Systems and Complexity Theories of Organizations


## References


Ardigò A, Mazzoli G (eds) (1990) L'ipercomplessità tra socio-sistemica e cibernetiche. Franco Angeli, Milano

Atlan H (1972) L'organisation Biologique et la Théorie de l'Information. Hermann, Paris

Barile S (2009) Verso la qualificazione del concetto di complessità sistemica. Sinergie 79(2):47–76

Barile S, Saviano M, Polese F, Di Nauta P (2012) Reflections on service systems boundaries: a viable systems perspective: the case of the London Borough of Sutton. Eur Manage J 30(5):451–465

Bocchi G, Ceruti M (eds) (2007) La sfida della complessità, vol 65. Pearson Italia Spa, Milano

Chaitin GJ (1966) On the length of programs for computing finite binary sequences. JACM 13(4): 547–569

Gell-Mann M (1994) The Quark and the Jaguar: adventures in the simple and the complex. St. Martin's Griffin, London

Kauffman SA (1995) At home in the universe: the search for the laws of self-organization and complexity. Oxford University Press, New York

Ng I, Badinelli R, Polese F, Nauta PD, Löbler H, Halliday S (2012) SD logic research directions and opportunities: the perspective of systems, complexity and engineering. Mark Theory 12(2):213–217

Polese F, Mele C, Gummesson E (2014) Addressing complexity and taking a systemic view in service research. Manag Serv Qual 24(6):1–3

Rullani E (2011) L'economia della conoscenza nel capitalismo delle reti. Sinergie Ital J Manage 76:67–90

Solomonoff RJ (1964) A formal theory of inductive inference. Part I. Inf Control 7(1):1–22

Tainter JA (1988) The collapse of complex societies. Cambridge University Press, Cambridge

Vicari S (1998) La creatività dell'impresa. Tra caso e necessità. Etas Libri, Milano


# Complexity Behavior in Financial Cooperatives


Michael Omeke[1], Pascal T. Ngoboka[2], Isaac Nabeta Nkote[3] and Samuel Mayanja[4]

[1]Kyambogo University, Kampala, Uganda

[2]College of Business and Economics, University of Wisconsin-River Falls, River Falls, WI, USA

[3]Faculty of Commerce, Makerere University Business School, Kampala, Uganda

[4]School of Postgraduate Studies and Research, Cavendish University, Kampala, Uganda


## Synonyms

**Adaptability**: Adaptableness

**Co-evolution**: Transformation

**Complexity behavior**: Unpredictable attributes

**Emergent**: Innovations

**Financial cooperatives**: Savings and Credit Cooperatives Societies or Credit Unions

**Networks**: Connectedness

**Self-organization**: Re-adjustment

## Definitions

**Self-organization**: Creating order and new patterns in a complex system (organization).

**Networks**: Interactions within different units in a complex system (organization).

**Coevolution**: Transforming phenomena in response to the dynamic forces in a complex system (organization).

**Adaptability**: Adjusting to the unpredictable changes in the business environment.

**Emergent**: Effects and innovations arising from self-organizing, interactive, and adaptive actions in a dynamic business environment.

**Complexity behavior** refers to self-organizing, interactive, adaptive, coevolving, and emergent processes, habits, and actions within a complex system.

**Financial cooperative** is an autonomous association jointly, voluntarily, and democratically

formed, owned, controlled, managed, and used by members with a common socioeconomic and cultural goal to achieve.

## Introduction

In a complex and competitive business ecosystem, market responsiveness, diverse management, and governance approaches are instrumental to achieve sustainable enterprise growth and development. This differs from the traditional command and control approaches of management bounded to inflexible rules and regulations, which inhibit innovation in organizations (McMillan 2008). Anderson (1999) observed that organizations operate in complex, nonlinear, and unpredictable environment. In the developing world, financial cooperatives (FCs) are faced with competitive pressures and witness unpredictable changes in their business operations in the ever-changing business environment. This is partly attributed to the traditional commercial banks and other financial players that have downscaled their operations into the informal financial markets, exerting competitive pressures into the FCs business environment. At the same time, unpredictability is due to the volatile macroeconomic conditions, such as inflationary tendencies in the developing economies.

Financial cooperatives are socioeconomic enterprises, which are jointly formed, owned, and managed by the members to contribute to the set socioeconomic goals. In addition, FCs play a vital role in promoting competitiveness, employment, and wealth creation leading to economic growth and development in developing economies (Omeke et al. 2019). In spite of FCs' positive effect on the socioeconomic transformation of developing economies, they are faced with management and governance challenges in a dynamic business environment.

To this extent, for FCs to remain afloat in a complex and volatile business environment, it is imperative they understand the complex behavior of their members and the environment they operate in because it is nonlinear and unpredictable. FCs operate within complex systems that are composed of many components which may interact with each other to create interdependencies. Complex systems attain complexity through local interactions of agents with local information. Further, the interactions occur through simple rules rather than complicated processes. Since the world is assumed highly rich and novel, the choice of problems is frequently unsolvable, there is no reliable mechanism for agents to achieve desired outcomes individually. Rather, through interactions and cooperation of agents, the system as a whole can achieve desirable outcomes and solve hard computational problems much more efficiently (Bucknall and Hitch 2018). Complexity behavior in a dynamic environment requires management of FCs to understand complex systems whose behavior is intrinsically difficult to model due to the interdependencies, competitions, relationships, or other types of interactions between their parts in a given system and its environment. Systems that are "complex" have distinct properties that arise from these relationships, such as nonlinearity, emergence, spontaneous order, adaptation, and feedback loops, among others to achieve competitiveness.

Extant literature on complexity behavior has focused more on exploring self-organization, networks, adaptability, and emergence concepts independently (Russell and Smorodinskaya 2018; Uhl-Bien and Marion 2009; Uhl-Bien et al. 2007; Goldstein 1999). However, in this discourse, we examine the combined effect of the complexity behavior components in influencing growth and development of FCs in developing countries.

## Components of Complexity Behavior

**Self-organization**: Occurs when financial cooperatives restructure, recombine, and reorganize their operations to meet the ever-changing demands in the market. FCs self-organize themselves by expanding or constraining their operational structures, processes, and strategies, amalgamating them as a way of becoming efficient and effective in their operations. It is the process of self-organizing calls for planning and

coordination through local interactions among the members. For instance, FCs organize themselves by expanding the branch networks, forming task-specific working teams, and partnering with other sister financial institutions in their daily operations as means to readjust their processes and strategies, so as to cut costs, track members' financial behavior, and also become operationally efficient. In the same vein, FCs also restructure their operations internally and externally by adopting technological applications intended to increase on the speed, efficiency, and inclusion of their service delivery. As a result of self-organizing and restructuring, FCs are able to learn and adapt to the changes in the dynamic business environment leading to new innovations and products in their business operations. Consistent with the evidence, self-organization is the spontaneous creation of coherent patterns and order out of local interaction in a natural, physical, and social system (Kauffman 1993). Similarly, Uhl-bien and Marion (2009) observed that self-organization is characterized by changes in structure, processes, and functions through interactions within the organization, allowing adaptation to the changes in the business environment as supported by Anderson (1999). Meanwhile, Goldstein et al. (2010) suggest that organizations coordinate and cooperate due to self-organizing and innovative efforts as expounded on by Mutebi et al. (2020).

**Coevolution**: Eco-evolutionary dynamics is an integration that focuses on how ecological change influences evolutionary change, how evolutionary change influences ecological change, and how those two pathways can sometimes feedback to influence each other (Hendry 2017). FCs do evolve depending on the conditionalities in the global and local financial landscape. The transformation in FCs is evident in adoption of new technological systems, product development, and establishment of networks through linkage banking opportunities. In addition, FCs transform management and governance structures to match international and national regulations set by governments and professional bodies. Coevolution is also witnessed in FCs when there is a change in market forces and dictates by the members for diverse product range that meets their varied needs. Hence, FCs modify and diversify their product range as and when there is demand by the members.

**Adaptability**: FCs operate in a very volatile and unpredictable business environment. Thus, they are expected to do research and respond to the changes in the demand and supply markets. Accordingly, FCs often follow the financial and nonfinancial trends in the market and respond to the changes appropriately. FCs adjust their interest rates, product type, and review their policies over time to meet their members' needs and guard against competitive pressures. Additionally, they also adjust their operational parameters by adopting new technological applications to enhance the speed and efficiency of their operations. This resonates with the view that systems adjust the original order to meet structural changes through learning and adapting attributes in the unpredictable operational environment (Lee 2004; Bourne et al. 2017). Similarly, McMillan (2008) underscores the value of self-organization, learning, and adaptive behavior as vital to respond to changes in the business environment as supported by Gupta and Anand (2015) and Goldstein et al. (2010). Other scholars operationalize adaptability as ability to track changes in dynamic environment as well as flexibility to adjust and modify operations to meet the market demands (Feizabadi et al. 2019; Chan et al. 2009).

**Emergence**: As a result of learning and adapting to the changes in the unpredictable business environment, FCs develop innovations inform of new products, services, and strategies. Therefore, from the self-organizing, adaptive, and interactive efforts, FCs come up with new strategies, products, and services on how to manage and govern the FCs. As a result, diversified products, new working teams, and technologies are likely to be developed and applied in the FCs by enhancing the production and productive levels. Emergent behavior arises from the processes of self-organizing, interaction, and adaptive actions leading to innovative and creative outputs in

organizations (Eppel and Rhodes 2017; McMillan 2008; Holland 1995). Goldstein et al. (2010) further affirms emergence means arising of new, unexpected structures, patterns, or processes in the complex system and emergent phenomena. On the other hand, Sweetman and Conboy (2019) put emphasis on emergent properties emanating from interactive and adaptive actions in organizations.

**Networks**: The interacting components of a complex system form a network, which is a collection of discrete objects and relationships between them, usually depicted as a graph of vertices connected by edges. Networks can describe the relationships between individuals within an organization, between logic gates in a circuit, genes in gene regulatory networks, or between any other set of related entities. Some complex systems, for example, are also complex networks, which have properties, such as, phase transitions and power–law degree distributions that readily lend themselves to chaotic behavior (Mayanja et al. 2019). The fact that the number of edges in a complete graph grows quadratically in the number of vertices sheds additional light on the source of complexity in large networks: as a network grows, the number of relationships between entities quickly dwarfs the number of entities in the network (Berezin et al. 2015). In FCs, networking efforts are manifested by collective and joint operations. Worth noting, the cooperative principles underscore the importance of collective action to achieve common goals targeted by the members. Therefore, members through their management and governance structures often share and exchange information on a daily and periodic basis to contribute ideas and innovations geared towards the common good of the FCs. For instance, in routine operations like member, savings, and capital mobilization, managers and credit officers often organize meetings with the members. Additionally, with the digital processes, they often network and provide feedback with their members on savings, capital, and loan transactions. At the end of the financial year, annual general meetings are held to provide accountability and innovative proposals to the members and also seek for their approval of the planned undertakings. Baltaci and Ali (2017) confirm complex organizations are tied together through interactions and networks among the employees just like FCs. Relatedly, interdependence, linkages, and interaction among agents in organizations manifested by exchange of information leads to generation of new order (Horvat and Filipovic 2017; Uhl-Bien and Marion 2009; Uhl-Bien et al. 2007). Also, complex interactive systems facilities of learning, creativity, and adaptability are attributes in organizations (Marion 2008; Marion and Uhl-Bien 2001).

## Complexity Behavior as a Cooperative Technique

The cooperative movement was founded on the core cooperative principles hinged on the spirit of collectivism, which promote unity and togetherness in the management and governance structures. In that regard, FCs are jointly and democratically formed, owned, and managed by the members (The International Cooperative Alliance 1995). The core cooperative principles tie well with complexity behavior domains of self-organization, coevolution, adaptability, and emergence. Indeed, FCs in a bid to achieve operational efficiency and productivity often reorganize their operational structures, resources, and strategies to respond to the ever-changing needs and demands of their members. FCs form functional teams in the routine activities, such as member mobilization, credit recovery, and savings mobilization working teams. The functional teams enable the members to plan and coordinate their activities appropriately to match the needs and interests of the members. Furthermore, adjustment of the working hours to suit the convenience of their members and introduction of community development sessions during financial literacy programs are self-organizing attributes adopted by FCs. In addition, some FCs have opened and

widened branch networks to increase accessibility to their members. FCs also monitor and adjust their financial prices to fit within the regulatory framework and/or prevailing market conditions. As a result, FCs increase or decrease their interest rates, adopt new technological applications to match the market dedicates to respond to the members' needs, and avoid being outcompeted.

To efficiently and effectively plan and coordinate their operations as an implementation strategy, FCs facilitate a lot of interaction among the members through exchange and sharing of information/ideas using the different mass media platforms like WhatsApp, Facebook, and Internet. These enable the FCs to seek for the different views and ideas from the members to augment effective coordination, development, implementation, and innovations in the FCs.

## Challenges of Managing Complexity Situations in Financial Cooperatives

In practice, financial cooperatives do self-organize, interact, and adjust their operations in response to the changes in the dynamic business environment. However, they are faced with structural and institutional challenges in their routine operations.

First, FCs in developing countries are hindered from effective self-organization, coordination, interaction, and adaptability because of financial and nonfinancial resource constraints. Indeed, the ability of FCs to reorganize, coordinate, and innovate is dependent upon their resource capacity and utilization.

Second, members of FCs are less educated and knowledgeable of financial matters and may not easily adapt to the dynamics of the ever-changing business environment. Additionally, less educated persons are less confident to interact and discover from the more educated stakeholders. Relatedly, the difference in economic power in terms of wealth and resource potentials among the members is a great hindrance to interaction and close working relationship in FCs. The more resourced members often dominate the activities of the FCs, alienating the less resourced members of FCs from the decision-making arena.

The divergence between personal and common goals is a huge stumbling block to self-organization, coordination, and interaction abilities between the members of FCs. Thus, the competing interests of the members also limit their ability to relate, coordinate, and organize activities well in FCs.

Technology use is very important in fostering efficiency and innovation in FCs operations. However, few FCs have been able to acquire and adopt technological systems. In the same vein, use of technological applications to organize, coordinate, and adjust their operations as a means to address the market dictates is a notable difficulty. The macroeconomic uncertainties and disruptions in the developing economies, such as unemployment, inflation, and high taxes adversely affect the ability of FCs to mobilize resources to self-organize and innovate new products and operational strategies.

The financial needs of the FCs members are diverse and complex, products and services are not designed with flexibility to meet the changing needs of the members based on their exposure, experience, knowledge, and market trends. The products tend to be "one size fit it all," irrespective of individual financial needs and strategic growth.

## Recommendations

Adoption of technological applications in the routine operations is paramount in facilitating coordination, interaction, learning, and innovation among the members of FCs. In turn, members should be able to strategically organize themselves and learn from each other to develop innovative strategies of managing FCs.

FCs should set clear goals, objectives, and targets from the onset to promote mutual working relationships among the members, with a focus of collectively achieving the institutional goals rather than individual goals of the members. The clearly operational framework will cultivate interaction, self-organization, and innovation among the members for the common good of FCs.

FCs should invest in capacity building and training of members to achieve competent and knowledgeable working teams. The capacity building of the members enhances their capacity in terms of knowledgeability, skilfulness, and experience in managing FCs, creating an environment for interaction and self-organization to increase on the efficiency and effectiveness of FCs.

FCs with clear processes, policies, procedures, and systems enable coordination, interaction, and learning among the members and other stakeholders. A clear operational business environment will facilitate sharing of ideas and information among the members that foster productivity and innovations in FCs.

FCs should emphasize the ethical considerations and deliberate understanding of the principles and core values of FCs as vital in promoting the cooperative movement spirit of collectivism, which encourages teamwork and interaction through sharing of ideas and information for the smooth and effective operation of FCs. Mutual respect is attained by members following the principles, values, and ethical considerations of FCs.

Additionally, FCs like many organizations, need to focus on execution, and the resultant bias towards efficiency has been the bedrock principle. If the creativity and adaptability required to deal with complexity are to be exercised and even maximized, the FCs need to have the capacity to learn and improvise during their operations. At the individual level, members need a comfort level with ambiguity and willingness to learn. Complexity also calls for shared understanding and actions during implementation of phenomena. Thus, critical group elements underpin FCs' learning capability. Many of these are embedded in the simple process rules of improvisers around listening, supporting one another, being accountable to one another, and to the joint goal. Therefore, clear operational processes, procedures, and systems should be in place to enable complexity behavior to flourish in FCs.

Accountability and transparency in FCs operations foster confidence of the members to interact and seek for information about their joint businesses. Timely and honest feedback to the members enables them to contribute to the development of the FCs by suggesting possible strategies and solutions of running the FCs sustainably.

Understanding the developments and evolutions in the financial markets is paramount to match the competitive pressures. FCs are able to self-organize and adapt to the changes in the business environment based on correct information obtained to develop appropriate products/services of their members.

Finally, FCs should focus on networks that promote linkage and digital banking to reduce on the cost of service delivery and scale up the efficiency levels during operations.

## Conclusion

Overall, self-organizing, interactive, adaptive, and emergent behaviors spur innovations, sustainable growth, and development of FCs. Technological, financial, operational, human resources restructuring, and readjustments are fundamental processes to decipher the complexity science of FCs.

## Cross-References


- ▶ Financial Management for Local Government
- ▶ Psychology of Leadership
- ▶ Rural Development
- ▶ Sociology of Governance


## References


Anderson P (1999) Complexity theory and organization science. Organization Science, Special Issue: application of Complexity Theory to Organization Science, pp 216–232

Baltaci A, Ali B (2017) Complexity leadership: a theoretical perspectives. Int J Educ Leadersh Manage 5(1):30–58

Berezin Y, Bashan A, Danziger MM, Li D, Havlin S (2015) Localized attacks on spatially embedded networks with dependencies. Sci Rep 5(1):8934

Bourne M, Franco-Santos M, Micheli P, Pavlov A (2017) Performance measurement and management: a system of systems perspective. Int J Prod Res 56:2788–2799

Bucknall T, Hitch D (2018) Connections, communication and collaboration in Healthcare's complex adaptive

systems: comment on "using complexity and network concepts to inform healthcare knowledge translation". J Health Policy Manage:556–559
Chan H, Wang WY, Luong LH, Chan FT (2009) Flexibility and adaptability in supply chains: a lesson learnt from a practitioner. Supply Chain Manag:407–410
Eppel EA, Rhodes ML (2017) Complexity theory and public management: a 'becoming' field. Public Manag Rev:949–959
Feizabadi J, Maloni M, Gligor D (2019) Benchmarking the triple-A supply chain: orchestrating agility, adaptability, and alignment. Benchmarking:1463–5771
Goldstein J (1999) Emergence as a construct: history and issues. Emergence 1(1):49–72
Goldstein J, Hazy J, Lichtenstein B (2010) Complexity and the nexus of leadership: leveraging nonlinear science to create ecologies of innovation. Springer
Gupta A, Anand P (2015) Focused web crawlers and its approaches. Futuristic Trends on
Hendry AP (2017) Eco-evolutionary dynamics. Princeton, NJ: Princeton University Press
Holland J (1995) Hidden order: how adaptation builds complexity. Addison-Wesley, New York
Horvat A, Filipovic J (2017) Service quality and maturity of health care organizations through the lens of complexity leadership theory. J Eval Clin Pract:1–7
Kauffman SA (1993) The origin of order. Oxford University Press, New York
Lee HL (2004) The triple-A supply chain. Harv Bus Rev:102–113
Marion R (2008) Complexity theory for organizations and organizational leadership. Complexity leadership, part, 1:1–15
Marion R, Uhl-Bien M (2001) Leadership in complex organizations. Leadersh Q 12(4):389–418
Mayanja S, Ntayi JM, Munene JC, Kagaari JRK, Waswa B (2019) Ecologies of innovation among small and medium enterprises in Uganda as a mediator of entrepreneurial networking and opportunity exploitation. Cogent Bus Manage 6(1):1641256
McMillan E (2008) Complexity, management and the dynamics of change: challenges for practice. Routledge
Mutebi H, Ntayi MJ, Muhwezi M (2020) Self-organization, Adaptapability, networks and inter-orgnaizational Cordination: empirical evidence from humanitarian organizations in Uganda. J Humanit Logistics Supply Chain Manag, Emerald Publishing Limited
Omeke M, Ngoboka PT, Nkote IN, Kayongo I (2019) The relationship between complexity behavior and enterprise growth: a case of savings and credit cooperatives in Uganda. Cogent Bus Manag 6(1):1564421
Russell MG, Smorodinskaya NV (2018) Leveraging complexity for ecosystemic innovation. Technol Forecast Soc Chang:114–131
Sweetman R, Conboy K (2019) Finding the edge of Chaos: a complex adaptive systems approach to information systems project portfolio management. In: Proceedings of the 27th European conference on information systems (ECIS). Stockholm & Uppsala, June 8–14, 2019
The International Cooperative Alliance (1995) Cooperative identity, values and principles. https://www.ica.coop/en/cooperatives/cooperative-identity
Uhl-Bien M, Marion R (2009) Complexity leadership in bureaucratic forms of organizing: a meso model. Leadersh Q 20(4):631–650
Uhl-Bien M, Marion R, McKelvey B (2007) Complexity leadership theory: shifting leadership from the industrial age to the knowledge era. Leadersh Q:298–318

# Compliance Theory of Organizations

Cassandra Dodge
Department of Criminal Justice Science, Illinois State University, Normal, IL, USA

## Synonyms

Remunerative power; Utilitarian power

## Definition

Alienative involvement: An intense, negative involvement orientation of lower participants within an organization (Etzioni and Lehman 1980; Lunenburg 2012).

Calculative involvement: Low intensity involvement orientation of lower participants within an organization. Can be positive or negative in direction (Etzioni and Lehman 1980; Lunenburg 2012).

Coercive power: The use of force and fear by organizational representatives to control lower participants (Etzioni and Lehman 1980; Lunenburg 2012).

Involvement: Spectrum of commitment lower participants have within an organization (Etzioni and Lehman 1980; Lunenburg 2012).

Moral involvement: Intense, positive involvement orientation of lower participants within an organization (Etzioni and Lehman 1980; Lunenburg 2012).

Normative power: The allocation of symbolic or intrinsic rewards and deprivations by

organizational representatives as a means of control lower participants (Hyle 2006; Lunenburg 2012).

Power: The ability of organizational representatives to induce or influence lower participants to carry out directives to behave in a prescribed manner (Etzioni and Lehman 1980).

Remunerative/utilitarian power: The use of extrinsic rewards by organizational representatives to control lower participants (Etzioni and Lehman 1980; Lunenburg 2012).

## Introduction

Organizations differ greatly from naturally occurring groups in that they are designed specifically to address certain goals and are constantly and deliberately redesigned or restructured to meet these goals. Social units, such as families, do change over time, but not in the same methodical way nor with the goal of promoting productivity toward a common goal. It is for this reason that organizations must be approached differently in sociological research (Etzioni 1968).

In the study of organizations, researchers attempt to identify common structures used to solve problems, increase efficiency and organization productivity, and meet stakeholder expectations. The patterns identified are used to develop organizational theories, which serve as the framework for understanding how groups operate. Through research, best practices for optimal function can be identified. However, like all areas of sociological research, there are several theories that have been applied to organizations, to varying degrees of success, which focus on different components of organizational structure and relationships.

Compliance theory was first proposed by sociologist Amitai Etzioni in 1969, though the development of the theory was apparent as early as 1961 (Etzioni 1961, 1968; Etzioni and Lehman 1980). Not to be confused with the legal theory of the same name, compliance theory focuses on the relationship between actors within an organization: the organizational representatives and lower-level participants (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012). More specifically, the theory is intended to help examine the relationship dynamics between those who hold power in an organization and those who are subjected to that power. Lower-level participants are subordinates who can have formal or informal roles within the organization. For example, a low-ranking enlistee in the military would be considered a low-level formal participant in a military hierarchy, while a parishioner would be an informal lower-level participant within a church. Individuals are identified as lower-level participants as long as they display a high level of adherence to one of three dimensions of participation: involvement, subordination, and performance (Etzioni and Lehman 1980).

High-level participants are of little concern in compliance theory as it is expected that these actors have a permanent power advantage over those ranked lower. These individuals experience less subordination, have higher expectations for performance, and are likely more committed to the organization and its goals. Gaining compliance from these individuals is not as much of a problem, and the dynamics are less stark. Organizational boundaries, the definitions of who is or is not considered a part of the organization, are determined using the same criteria. Individuals who are identified with at least one of the dimensions of participation are considered to be participants in the organization. If the individual scores low on all three dimensions, such as customers or clients, they are considered to be outsiders and cannot be analyzed utilizing a compliance theory framework (Etzioni and Lehman 1980). The key components of compliance theory are types of power utilized by an organization, the types of involvement of the lower-level participants, and the resulting relationship between the two (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012).

## Types of Power

According to Etzioni and Lehman (1980), organizational power differs based of the means

chosen to control participants. Such means may be physical, material, or symbolic in nature. Compliance theory classifies organizational power as coercive, remunerative or utilitarian, and normative. Coercive power utilizes force or the threat of physical sanctions to control lower-level participants. Coercive power structures are common in prison and military settings. In remunerative power (also referred to as utilitarian power) constructs, organizational representatives control lower-level participants through extrinsic rewards. These include salary, commissions, job security, and more. Normative power rests on the allocation of symbolic or intrinsic rewards to exert control over lower-level participants. Some examples of normative power structures include churches, professional associations, and schools (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012).

Normative power can be achieved in one of two ways. The first, referred to as pure normative power, calls for organizational representatives to manipulate perceptions of esteem and prestige and utilize ritualistic symbols to achieve compliance. The second, also known as social power, refers to the power peers have over behavior. Both pure normative and social powers are categorized as normative power for organizations due to how they are used by the organization to control participants. Pure normative power can be exercised directly by organizational representatives; however, social power requires representatives to manipulate the informal group in such a way as to ensure the peer group controls its members in a favorable way. For example, a teacher with a misbehaving student can gain compliance through pure normative power by helping the student identify with the goals of the lesson. Alternatively, the teacher could manipulate the class environment in such a way that the student's peers will encourage compliance (Etzioni and Lehman 1980).

## Types of Involvement

While all three types of organizational power are useful in obtaining compliance, their effectiveness largely rests on the involvement of lower-level participants within the organization (Lunenburg and Ornstein 2012). In the context of compliance theory of organizations, involvement occurs on a spectrum of intensity and direction; that is, the involvement can be positive or negative and at a range of intensity. Etzioni and Lehman (1980) categorized involvement as either alienative, calculative, or moral.

Alienative involvement is an intense negative orientation. Lower-level participants are alienated from their respective organizations. Examples of alienative involvement include prison inmates, military enlistees in basic training, or patients in custodial mental institutions. There is animosity, even hostility between the participants and the organization. Calculative involvement is more neutral. Lower-level participants at this point of the spectrum have a low intensity involvement and may perceive their involvement in a positive or negative way. This orientation is common between merchants and regular business contacts. While there is no blatant animosity, there is no indication of loyalty. Moral involvement designates an orientation of high intensity which is positive in direction. Participants of moral involvement are loyal to the organization. Examples include parishioners of a church, or devoted members of a political party (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012).

Like normative power, moral involvement can also be categorized into two parts: pure moral involvement and social involvement. The difference between these two is based of the emphasis of the orientation and the direction of the relationship. Pure moral involvement is characterized by the internalization of the norms and identification with authority that occurs in vertical relationships. This is found in relationships between teachers and students, or leaders to followers. Social moral involvement occurs in horizontal relationships within a primary group. Individual participants may be sensitive to the pressures within the group (Etzioni and Lehman 1980).

## Compliance Relationships

The two elements of compliance theory are combined in one of nine possible compliance

relationship types: coercive-alienative, coercive-calculative, coercive-moral, remunerative/utilitarian-alienative, remunerative/utilitarian-calculative, remunerative/utilitarian-moral, normative-alienative, normative-calculative, and normative-moral. Three of these types are more likely to occur than the remaining six types. These three types are also referred to as congruent relationships (Etzioni and Lehman 1980).

Congruent relationships occur when the type of participant involvement is reflective of the type of organizational power utilized. Coercive power, for example, causes alienation while also working as the most effective response to individuals categorized as alienative in involvement (e.g., prison staff to inmate relationship). Etzioni referred this type of congruent relationship as coercive compliance. Similarly, remunerative/utilitarian-calculative relationships (also known as utilitarian compliance) and normative-moral relationships (normative compliance) are the most common and efficient. Organizations experience a significant amount of pressure to become as efficient as possible. Congruent relationships are more effective in achieving organizational goals, so it is unsurprising that these three types are more common (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012).

Incongruent relationships, the remaining six, do exist, but are not as successful. The discrepancy between the power and involvement dynamics may result from constraints on either component. Organizations have limited control over the power available to them. A lack of resources or headway to wield power in a way that is appropriate to control participants can deteriorate the organization's stability. For example, external policies may eliminate the ability for an organization to utilize coercive power even though the individuals are characterized as alienative in involvement. Organizations also lack the ability to effect external influences on the individual involvement of lower-level participants. Outside of organizational influences, involvement is also dependent on membership in other groups, values, and personality structures. The combination of these pitfalls can lead to incongruent relationships (Etzioni and Lehman 1980; Hyle 2006).

The major hypothesis underlying contingency theory is "to the degree that the environment of the organization allows, *organizations tend to shift their compliance structure from incongruent to congruent types* and *organizations which have congruent compliance structures tend to resist factors pushing them toward incongruent compliance structures*" (Etzioni and Lehman 1980, p. 93, emphasis in original). This is achieved through either a shift in power applied by the organizational representatives or through a change in individual involvement. Etzioni and Lehman (1980) also suggested that studies on organizational change, conflict, and strain would benefit by focusing on incongruent organizations.

## Power Specialization

The scope of the theory would suggest that every organization utilizes only one type of power, which is obviously untrue. Compliance theorists do acknowledge this issue. They posit that organizations, while using more than one type of power to control lower-level participants, rely on a single type more often than any of the others. This phenomenon, power specialization, is necessary as the use of two types of power over a single group simultaneously will neutralize any controlling effect the powers have. Much like the problems faced by incongruent compliance relationships, when the individual level of involvement does not match with the power utilized, the effectiveness of the action is reduced. For example, the therapeutic treatment of a person with mental illness may have more success when remunerative or normative power is used; however, if this treatment is conducted in a custodial environment, the coercive power used to maintain control reduces the effectiveness of the treatment (Etzioni and Lehman 1980). Similarly, the organizational shift from corporal punishment can be argued for as coercive power negates the functionality of normative power within the classroom (Bulach et al. 2008).

There are a few circumstances in which organizations successfully utilize two power types simultaneously with positive effect. Combat

units were identified as a dual structure that used normative and coercive power (Etzioni 1961). The symbolic rewards, such as prestige, are used in conjunction with the coercive threat of force often utilized in military structures. The result is a highly disciplined, loyal, and proud group of individuals. Unions and churches were also identified as dual structures, remunerative/utilitarian and normative. Both may have direct control over physical and symbolic rewards, gaining increased control over the individual participants as a whole (Etzioni 1961; Etzioni and Lehman 1980).

## Conclusion

In the area of organizational theories, compliance theory specializes in analyzing the relationship and power dynamics within an organization. Outside actors may interact with the organization and its members; however, the low level of adherence to any of the dimensions of participation eliminates them from consideration within the framework of this theory. Similarly, lower-level participants are more important that higher-level participants within the theory's framework as controlling a lower-level participant may be more difficult and the largest differences in levels of compliance are found when studying lower-level participants.

The primary components of compliance theory are the types of power used by organizations and their representatives and the types of involvement for participants. Coercive power is characterized as the use of force or threat of force to maintain control. Remunerative or utilitarian power utilizes extrinsic rewards (such as monetary benefits) to establish control. Normative control employs symbolic and intrinsic rewards to encourage compliance (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012). Involvement types are categorized based off of the intensity of the involvement and its direction. Alienative involvement is an intense, negative involvement orientation of lower participants within an organization. On the far opposite side of the spectrum, moral involvement is described as an intense, positive involvement orientation. Calculative involvement is more neutral with a low-intensity involvement orientation in either a positive or negative direction (Etzioni and Lehman 1980; Lunenburg 2012).

The majority of organizations can be categorized into one of three congruent relationship dynamics: coercive compliance (coercive power and alienative involvement), utilitarian compliance (remunerative/utilitarian power and calculative involvement), and normative compliance (normative power and moral involvement) (Etzioni and Lehman 1980; Hyle 2006; Lunenburg 2012). Incongruent relationships are possible, but the underlying hypothesis of contingency theory suggests that either organizations will shift the type of power used, or a change in involvement type will occur to achieve congruency between the power and involvement factors. Additionally, organizations will resist change that threatens the congruency of the compliance relationships (Etzioni and Lehman 1980; Hyle 2006).

## Cross-References


- ▶ Agency Theory in Organizations
- ▶ Chaos Theory of Organizations
- ▶ Contingency Theory of Organizations
- ▶ Critical Theory of Organizations
- ▶ Equity Theory of Organizations
- ▶ Expectancy Theory in Organizations
- ▶ Goal-Setting Theory of Organizations
- ▶ Human Relations Theory of Organizations
- ▶ Institutional Theory of Organizations
- ▶ Marxist Theory of Organizations
- ▶ Max Weber and Organizational Theory
- ▶ Population Ecology Theory of Organizations
- ▶ Principal-Agent Theory of Organizations
- ▶ Public Choice Theory of Organizations
- ▶ Scientific Management Theory of Organizations


## References


Bulach C, Lunenburg FC, Potter L (2008) Creating a culture for high-performing schools: a comprehensive approach to school reform. Rowman & Littlefield, Lanham

Etzioni A (1961) A comparative analysis of complex organizations. The Free Press, New York
Etzioni A (1968) Organizational dimensions and their interrelationships: a theory of compliance. In: Indik BP, Berrien FK (eds) People, groups and organizations. Teachers College Press, New York
Etzioni A, Lehman EW (1980) A sociological reader on complex organizations. Holt, Rinehart and Winston, New York
Hyle AE (2006) Compliance theory. In: English FW (ed) Encyclopedia of educational leadership and administration, vol 1. Sage Reference, Thousand Oaks, pp 185–186
Lunenburg FC (2012) Compliance theory and organizational effectiveness. Int J Scholarly Acad Intell Diversity 14(1):1–4
Lunenburg FC, Ornstein AO (2012) Educational administration: concepts and practices. Wadsworth Cengage, Belmont

# Compliance Versus Ethical Capacity

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Ability; Acquiescence; Agreement; Codes; Consent; Public interest; Skill development; Standards

## Introduction

Amongst the founding principles of public administration is the idea that administrators are implementers of policy; setting of policy agendas and the construct of legal authority for public programs are the domain of the political sphere. The "good" of public administration has historically resided in notions of administrators comprising a core of expertise within the public sector, engaged in the enhancements of efficiency and effectiveness in achievement of purposes set before it, broadly defined as the public interest. The public interest is variously considered to be a range of ideas from defending basic human rights to more pluralist views to "outcomes best serving the long-run survival and well-being of a social collective construed as a public" (Bozeman, in Lawton et al. 2013, p. 35). In pursuing programs to serve the public interest, administrators concern themselves with stability of public organizations and creation of positive outcomes for client groups (Jordan and Gray 2011).

The development of ethics in public administration employees has settled into two basic schools of thought. The compliance-based approach is informed by the imposition of standards and bright-line canons of what the agency, or unit of government, informed by the cultural context of community outside the agency walls, finds to be good and bad. The capacity-building approach means to grow ethical understanding on an individual level, recognizing that decisions are made of a moral/ethical character at the personal level. This entry first considers ethics in public service generally, to provide context, and then explores each of these alternatives in turn. Contrast and concluding thoughts are then provided.

## Ethics in Public Service

Ethics, "standards of good or bad behavior and action," are sometimes confused with morals or "individual appreciation of the fundamental. . .definitions of good or bad" (Jordan and Gray 2011, p. 6). Ethical issues are "those issues, distinct from political, legal or social, that are concerned with right and wrong actions and outcomes for both individuals and the organizations" for which they work (Lawton et al. 2013, p. 1). Ethics are held to be agreed upon manifestations of prevailing morality; individuals act within or outside of the normed framework of ethical standards. In the public sector, such considerations are manifestations of applied or practical ethics (Pevkur 2007).

The dynamic between public administration and citizens has seldom been settled territory. Given government's wide range of activities, the public may not clearly see the intent and purpose, let alone the results, of such action. Further, the existence of high-profile cases of public corruption, coupled

with a seemingly irredeemable predilection in the mass media to uncover yet more cases of corruption, casting them as assaults of the highest order on the collective public, has led to a culture that believes strongly in the fallibility of its public service, with little or no proof required. This could, on one hand, be portrayed as a passionate view toward ensuring accountability from the public service and a need to increase transparency given serious, ongoing, demonstrated shortcomings on the part of public sector employees. On the other hand, the vast majority of public sector employees are not engaged in nefarious activities; there is therefore no need of a rooting-out of rampant corruption or at least not for that stated purpose.

In the public sector, there is a distinct ethos, an obligation of service weighed against the cold rationality of technical expertise; public administration has prided itself on skillful use of knowledge and a thoughtful human touch. Deontological theory is "concerned with what people do, not with the consequences of their actions"; that is, "Do the right thing; do it because it's the right thing to do; don't do wrong things; avoid them because they are wrong" (BBC 2015). The emphasis is on principles and responsibility (Brady 2003). Utilitarianism as a teleological, consequentialist approach would have it that the greatest good for the greatest number would equate to ethical practice, but harm to a few may prove too great a cost to pay to justify such activity. In utilitarianism, purpose of action holds sway. However, it has been noted time and again that purpose does not outweigh principle regularly or consistently enough for such an outcome to be assumed, particularly in the public sector, although the adoption of a business mindset has often been seen as a cure-all for the afflictions of government. There is a need to hold true to virtue in the public sector, and to think about the difficult questions of how public behaviors may be perceived, even if and especially when it is likely the behavior will be criticized by the public *regardless of* the soundness of its root concept.

The manner of acting within or outside ethical standards only partially explains the concern of ethical judgment in the public sector. Ideally, the citizenry should want its public sector employees to behave and act in a manner that is informed by the social contract. If full moral maturity is not possible, at the principled level suggested in a schema such as Kohlberg's model of moral development, then behavior should at least be based on preservation of conformance with expectations of the public as to acceptable behavior and maintenance of the welfare of the working group within the agency environment. One may think that that "preconventional" behavior, "based upon rules and authority and driven by fear of punishment" (Lawton et al. 2013, p. 15), would be insufficient in a public service model. If public workers are only motivated toward moral behavior by following a rule, to avoid punishment, or for what they may extract from the exchange, then the exchange is not about service to the public but rather service to self.

## Compliance-Based Approaches to Ethics in the Public Sector

Compliance programs have been on the rise since the 1960s. Compliance-based approaches to ethics in public organizations, sometimes called low-road approaches, typically involve adoption of a code of ethics, with attendant training and statement of understanding of and/or commitment to such code. Compliance-based approaches are popular because, as Roberts (2009) noted, they provide a level of protection from the acts of personnel and reduce demand to implement more wide-reaching and expensive programs that seek to enhance integrity. They are low-road approaches because ethics codes are utilitarian: They are easier and cheaper to design and implement than alternative options, including so-called high-roach approaches that focus on developing individual integrity and ethical capacity.

The unveiling of ethics codes can appear as public theater, with reformist-minded public servants thwarting the specter of widespread governmental corruption, whether or not it exists, through proscription of numerous potential excesses. The list of forbidden behaviors is too short to cover all ethical eventualities that may be encountered in the work of the public sphere; even following the list to the letter does little to teach a public official how to think about ethics, why

certain acts are relatively good or bad, and how to make better ethical decisions. Instead of government rooting out the individual actors engaged in corrupt behavior, the whole metaphorical barrel is mistaken and found suspect for its few bad apples. This is especially damaging because "the blunt instrument of law and enforcement frequently strikes the wrong target, leading to unexpected consequences" (Lager 2010, p. 216).

The training conducted for compliance-based programs is sometimes focused on webinars and one-way knowledge transmission methods, to keep costs low. As an example, the Palm Beach County Florida Commission on Ethics has a website (http://www.palmbeachcountyethics.com/training.htm) for all county officials, employees, and advisory board members, which provides training via a training video (https://www.youtube.com/watch?v=Kzx657RRUUs). The video is just over 48 1/2 min long. Visitors to the website are directed to a PDF acknowledgment form to be signed and returned to the administration of the agency responsible for the staff member. The form makes note that the official/employee watched the video on the Internet or on DVD, or attended a live presentation; that the individual understands that he or she is responsible for "understanding and abiding by the…Code of Ethics as [he or she] conduct[s]… assigned duties"; and indicates where the completed form is to be sent.

For its part, the video training is seemingly short, at under an hour, for something as important as public sector ethics and would appear to occur infrequently for each staff member. There is no formal assessment involved in this training and even the presenter indicates how in-person training leads to interaction in addressing specific case examples that does not occur via the online version; this lack of assessment and interaction, coupled with no definitive check on any staff member actually having watched the video before completing the acknowledgement form, makes clear the existence of serious limitations of this sort of compliance-based approach. The training fails to demonstrably achieve the three points in creating effective deterrence against unwanted behaviors: "an individual must know the legal rule, be willing and able to apply that knowledge to a conduct decision, and then determine that the threat of punishment exceeds the benefit of the offence" (Lager 2010, p. 217).

No matter how good the training is, the training itself is incidental to the completion of the form and the acknowledgment of staff responsibility for the code. The *existence* of code is more important than the training or the understanding of the staff member; the completion of the form allows the agency and government to proclaim full compliance with the code, adherence to training standards, and reform of corrupt practices, even if not much has actually been accomplished to improve ethical capacity. Agencies have an interest in arguing that they are compliant and successful, but this may have little to do with actually behaving ethically; lack of training is probably not the reason for unethical behavior, anyway, when cutting corners because of unreasonable deadlines or simple career-related stresses are reasons enough for some employees (Lager 2010).

Compliance-based programs are sometimes criticized for a variety of reasons. Ethics codes often focus upon what employees should not do; the tone of such programs then provides a baseline for behavior that, at least in theory, could result in an employee obeying all aspects of the letter of the code but still behaving unethically. Depending on how the various points in the code are written, certain expected or proscribed behaviors might be extremely vague or so specific as to impose undue constraint. As an example, the American Society for Public Administration includes as the first point of its code of ethics: "Advance the Public Interest. Promote the interests of the public and put service to the public above service to oneself" (ASPA 2013); yet, the interests of the public are seldom ever clear or plainly described, or universally agreed for such a broad pronouncement, and promoting such interests avidly might even include instances where serving the public may include acting in ways that some could conclude as doing some small bad for greater good. This may be acceptable from a utilitarian perspective but fail ethically from a deontological basis. As another example, the Palm Beach County, Florida Code of Ethics has a standard for public gifts of $100, but it could be reasonably offered that the ethical difference between a $101 "inappropriate" gift and

a $50 lawful gift from someone acting to curry inappropriate favor is relatively small – both are wrong, and the lawful $50 gift with intent to curry favor may be even more objectionable. Abiding by the law in such an instance, no matter how well-defined the standard, does not necessarily equate to acting ethically (Palm Beach County 2011).

The problem of ethics codes is made worse by an overreliance on expertise outside the level of the individual public actor within organizations. Relying upon positions such as staff ethicists, compliance-based approaches provide for official interpretations of the ethics code for individual cases. These interpretations over time form a body of understanding that can serve as more of a constraint on individual behavior and practice, given the differences that may exist between cases, than as a source of clarification for the code and expected practice for public officials. Further, these outside experts cannot know and understand the work of all agencies or fully engage in the decision-making approaches and culture distinctive to each organization.

Having examined the compliance approach, we now turn to an examination of ethical capacity building in organizations.

## Ethical Capacity Building in the Public Sector

In contrast to compliance approaches, capacity building in ethics seems to take up more the Socratic question of "how should one live?"; we analyze our behaviors and decision-making because "every act of the human soul involves an act of reason" (Segvic 2009, p. 171). Rather than being concerned about following the letter of rules in detriment to considerations of their ultimate impact upon one's life, career, and service to community, it might be better to be a good person and cultivate virtue in all aspects of one's life. Ethical capacity shifts the focus in organizations from a legalistic, compliance-based standard of ethics to a cultural standard of appropriateness – of right and wrong from top-level leadership through the organization's staff. Ethical capacity building is taking the high road, as Rohr stated: "Relying on moral character, this route counts on ethical managers individually to reflect, decide, and act. Individual responsibility is both a starting and an end point on the integrity route in public service" (Rohr, in Pevkur 2007, p. 17).

In the course of ethical capacity building, training may focus more on the differences that sometimes exist between actions that are merely legal and those that are relatively more or less legal and more or less ethical. This implies the building of an ethical decision-making model, wherein an employee might discern a dilemma and characterize its ethical implications, considering a number of alternative approaches to addressing the issue(s) involved), identifying possible consequences of one's actions given the situation, including the possible behaviors of others and effects of the decision, choosing amongst alternatives, and resolving the issue (Cooper 2012). Employees become more enlightened, and capable in decision-making, and hence more able to perform not only acceptably for the public but admirably.

It is possible that some public decisions may involve a variety of unacceptable outcomes, in which case one might choose the least repulsive. Government must balance deontological issues with cultural issues and the repercussions of employees' actions. The questions encountered in the public sector are not always given to positive outcomes for all concerned, nor do they necessarily leave those making the decisions with positive feelings of accomplishment, especially when some parties are left underserved do to resource issues, legal limitations, or policy parameters. In the public sector, it is important to remember that institutions are made of the people and like people are similarly subject to failure. The decisions made in the public sector may be much different than those made in the private sector; both sectors seek to function according to expectations, but it would not be appropriate for a public sector employee to be primarily concerned with profitability, when accountability or operating within authority granted to agencies is the more appropriate standard.

Even assuming that there is no *absolute* standard of right and wrong, this does not imply that there is no law. The law always provides a

framework, in ethics code or capacity-building environments. Even in the instance of an agency with an ethics code, law would necessarily take priority over internal ethics codes, to the extent that those ethics codes are not themselves made law; even in the instance of ethics-code-as-law, compliance with other levels of law could possibly overtake compliance with a local-level ethics code. As an alternative, the goal of capacity building becomes a model of improving the decision-making model used by employees with a mindfulness toward service obligation, within the law. In this respect, understanding how decisions are made is not a one-time objective in a *perfunctory* training session but an ongoing obligation, so that decision-making processes can be continually enhanced. The point of this approach is to increase the legitimacy of the public enterprise.

The reasons for the lack of popularity of capacity-building approaches are the need to take time and resources to reinforce capacity building, including discussion sessions and additional training well beyond that of the compliance approach; the lack of a clear "best practice" method for capacity building that is easily implementable across all public agencies; and perhaps an unwillingness for public agencies to take up cumbersome topics of ethics and morality, including differences in service level, approaches to various populations, and the like, for fear of possible liability. There is also the need in the public sector to equate time spent and resources used to performance measures, and specifically notions of outcomes (benefit for cost), and the use of time and resources for ethical capacity building may not be as apparent. Capacity building activities, like other training activities in times of economic austerity, may even be seen as wasteful, even though the same accusation could be easily leveled against compliance approaches that deliver little real benefit beyond the appearance of accountability, along with a flurry of activity and associated paperwork.

## Contrasts and Conclusion

For most organizations, the reality of ethical considerations amounts to a continuum between law and values (Pevkur 2007). Even where there are ethics codes, there is no monolithic organizational approach that can indoctrinate all staff members equally to think and behave alike with regard to ethical considerations or any other type of question for that matter. For this reason, codes and compliance-based approaches might be seen more as tools for controlling public dissent, rather than for controlling the behavior of public employees.

Williams called utilitarianism a "minimum commitment morality" (1993, p. 84), and so it is with ethics codes. Institutions focusing solely on observance of ethics codes can pronounce themselves ethical with minimum commitment, showing "the minimum requirements for being in the moral world, a willingness to consider other people's wants as well as one's own" (Williams 1993, p. 84). Training, ethics committees, staff ethicists, and other tropes of organizational compliance-based ethics are at best a stand-in for individually oriented capacity building. At worst, these approaches lull organizations into believing that they have "done enough" as far as ethics are concerned, when ethics should be part of every work day and the subtext of all interactions with the public. Ethics codes rely upon the hypothetical imperative – a weighing of consequential benefits and penalties for public action – and in doing so, fail to serve the greater nature of public service. On the other hand, capacity-building approaches require effort and resources, and many public sector organizations are unable or unwilling to make such efforts or expend such precious reserves in the current, difficult operational environment, toward ends that can be difficult to quantify, in the face of a suspicious public. It can be difficult to put together a workable and effective capacity-building program to encourage and inspire ethical development in employees, and this difficulty may dissuade public agencies that might otherwise attempt such approaches. Combinations of both approaches on the continuum are possible and may provide workable alternatives for public organizations to consider; capacity building in the management corps of an agency may be useful, for example.

The universal nature of right, wrong, and criteria for what is appropriate, for the public's benefit, is too important as a founding concept to charade with a 45 min YouTube video and a signed acknowledgment form. Such activity both undercuts the values-orientation of a service-minded public sector and ignores the motivations of those who would ignore codes and training regardless. The reality of the situation is often that public employees, like people in the community around the organization, are themselves driven by personal values that speak to duty and obligation to service.

## Cross-References


- ▶ Ethical Competence
- ▶ Ethics and Organizational Culture
- ▶ Ethics Training
- ▶ Integrity in the Public Service
- ▶ Kantian Ethics
- ▶ Moral Responsibility


## References


American Society for Public Administration (ASPA) (2013) Code of ethics. Retrieved from http://tinyurl.com/o4earh5

BBC (2015) Duty-based ethics. Retrieved from http://www.bbc.co.uk/ethics/introduction/duty_1.shtml

Brady FN (2003) "Publics" administration and the ethics of particularity. Public Adm Rev 63(5):525–534

Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role, 6th edn. Jossey-Bass, San Francisco

Jordan SR, Gray PW (2011) Ethics of public administration: the challenges of global governance. Baylor University Press, Waco

Lager JM (2010) Governments demand compliance, ethics demands leadership. J Public Aff 10:216–224

Lawton A, Rayner J, Lasthuizen K (2013) Ethics and management in the public sector. Routledge, Abingdon

Palm Beach County (2011) Code of ethics. Retrieved from http://www.palmbeachcountyethics.com/pdf/Code_of_Ethics_Ordinance_June_1_2011.pdf

Pevkur A (2007) Compatibility of public administration systems and ethics management. Viešoji Politika Ir Administravimas 19:16–24

Roberts R (2009) The rise of compliance-based ethics management: implications for organizational ethics. Public Integrity 11(3):261–277

Segvic H (2009) No one errs willingly: the meaning of Socratic intellectualism. In: Ahbel-Rappe S, Kamtekar R (eds) A companion to socrates. Blackwell, Chichester, pp 171–185

Williams B (1993, orig. 1972) Morality: an introduction to ethics. Cambridge University Press, Cambridge


# Comprehensive Model of Decision-Making


Renee Prunty
Methodist College, Peoria, IL, USA


## Synonyms

Rational-comprehensive decision-making; Rational-comprehensive model; Rational decision-making model; Rational planning model

## Definition

The costs and benefits of every possible solution to a problem are considered, and the solution with the greatest benefit is selected.

## Introduction

How public administrators make decisions for public agencies is a concept that is much debated. There is a lot of discussion over the decision-makers themselves, but even more about how these decision-makers determine the best or optimal decision. This is particularly important in public administration where the effects of decisions can have a broad array of repercussions for the public. Accordingly, the public will want to know that the public administrators are selecting the best alternative. Often for the public, this means understanding how the agency arrived at the conclusion that the most favorable decision was achieved. They are also likely to analyze whether or not they agree with the decision-making process, so it is important that a clear process is determined and followed. There are several methods of decision-making for public

administration that have been posited with the two most common being incremental decision-making and rational-comprehensive decision-making. The comprehensive decision-making model is often viewed as more of an ideal model, while the incremental decision-making model is viewed as more realistic. There are several variations or combinations of both models that can also be found.

## What Is a Comprehensive Decision-Making Model?

The comprehensive decision-making model advocates for what the term implies, a comprehensive review of all possible solutions when making decisions. The key focus of this model is the use of a cost-benefit analysis to establish the optimum selection, which is why the term rational is often included as part of the name. It is considered by many to be an ideal form of decision-making, because it makes a number of assumptions about the decision-maker and the process of information gathering that if taken literally would appear to be impossible. A comprehensive decision requires a straightforward problem, a full range of possible options, a complete baseline of information, a thorough knowledge of the outcomes of each option, and a comprehensive understanding of the preferences of its citizens. It also requires that the decision-maker has a sufficient amount of time, enough skill, and available resources to complete a comprehensive process (Forester 1984). Given this long list of required information and the resources needed to put it into action, even many advocates of this method believe it is better to view these requirements as ideals to strive toward.

The comprehensive decision-making process is often referred to as the rational-comprehensive decision-making process, because of the emphasis on a cost-benefit analysis of the information gathered. It is very similar to rational choice decision-making. The cost-benefit analysis requires that the strengths and weaknesses of each possible alternative are estimated. Then the possible alternative options are weighed against each other to determine which solution will produce the best outcome with the least amount of cost. It is a balancing of the costs and benefits of each option. The option with the greatest benefit may have too high of a cost, while the alternative with the lowest cost may not produce enough benefits. Therefore, it requires analysis of both to determine which solution produces the greatest benefit with the lowest cost. The cost is often discussed in terms of the efficiency of the solution and the benefits in terms of its ability to maximize the goals that the agency and public would like to see achieved (Svenson 1979). Not only does the comprehensive decision-making model require a detailed cost-benefit analysis of potential solutions, but it requires that the analysis be conducted on all possible solutions.

In order to claim that a decision is comprehensive in determining the cost-benefit of all the possible options, then a number of elements must be met, which requires a large amount of data and information gathering. Before that process can begin, the problem that needs to be solved must be clearly defined and described. This may mean first determining if a problem exists and then if it is one the public wants to be resolved. Often what some view as problematic, others view as acceptable. So, the first obstacle is determining whether or not a problem is viewed to exist. Even when a majority of citizens agree that a problem exists, they are not likely to agree on the nature of the problem, the cause of the problem, or how the problem should be solved. The difficulty of these questions is often the reason public administration is asked to intervene; however, it also makes it difficult to develop a comprehensive decision-making model. The public administrators must do their best to clearly define the problem to be addressed and the goals they hope to achieve. Ideally, the problem will be well defined, unambiguous, and distinct from other problems.

Next assuming the first hurdle is met, the comprehensive decision-making model requires information that is complete and comprehensive. It requires thorough knowledge of possible solutions, potential outcomes, and a baseline of information to make a comprehensive decision. First,

the comprehensive model requires that all possible solutions or goals and objectives are determined. Of course, there could be an endless number of possible solutions and determining everyone could be costly and time consuming. It is more likely that the decision-makers even in the comprehensive decision-making process will determine the most viable solutions to the problem. Second, decision-makers need to determine all of the possible outcomes for each solution. Each of the possible solutions can have multiple possible outcomes depending on different variables. All variations must be taken into account when considering potential outcomes to the solutions. Third, the comprehensive decision-making model requires a complete baseline of information. Like determining all possible solutions and outcomes, it is difficult to create a complete baseline of information. There is always a chance that one factor or another is left out of the baseline of information that has been gathered. In order to run a complete cost and benefit analysis, all of this information is needed to accurately determine the costs and benefits of each option. Every possible factor must be considered in order to ensure an accurate cost-benefit analysis has been completed (Lindblom 1959).

All of this information gathering, as well as the cost-benefit analysis, requires that the decision-makers have a thorough understanding of the preferences of those they are serving. This includes understanding the value preferences of the citizens and what they view to be the most important. A complete cost and benefit analysis cannot be done without a complete understanding of not just the needs, but also the desires of those affected by the decision. The best option is the one that achieves the given goal in the most effective manner based on the values of those being effected by the decision. The decision-makers have to know what individuals are willing to give up to achieve the intended benefits or what they are unwilling to give up no matter what the benefit. Likewise, it is important to know what costs citizens are willing to pay and what costs they view as too steep of a price. Of course there will rarely be a consensus on this, so public administrators must sift through the competing interests to determine the optimum cost-benefit balance that will result in the greatest satisfaction for the largest number of individuals (Eisenhardt 1989).

Finally, besides amassing a comprehensive collection of information, the decision-maker must also overcome a number of obstacles. This method is time consuming, so it requires that the decision-makers have enough time to gather a complete set of information and to provide a comprehensive analysis of it. It also assumes that the decision-makers have the skills and knowledge needed to accurately define the problem, determine the solutions, and analyze the possible outcomes. Each of these steps presents potential problems that could be exacerbated if the decision-maker makes inaccurate assumptions that lead to erroneous conclusions. Lastly, this type of information gathering and analysis will require a significant amount of resources besides time. Gathering information is time consuming, but it also uses up other finite resources of the agency. In the end, the comprehensive decision-making model requires comprehensive knowledge, thorough analysis, as well as a significant amount of time and resources to fulfill its intended goal (Lindblom 1959).

## Difficulties of the Comprehensive Decision-Making

It is often conceded that these are ideals and in the "real world" it is more accurate to describe these as "bounded" conditions because it is not likely that a decision-maker will have all of the information needed but instead will make the most comprehensive decision possible. Instead, the decision-maker is more likely to "make do" with the information available rather than make decisions from optimum information (Forester 1984). If there is a clear, well-defined finite problem distinct from all other possible problems, then comprehensive information gathering may be possible. With a clearly defined isolated problem, it may be possible to define all of the potential solutions and all of the potential outcomes, within the appropriate context and fitting the understood preferences. However, the problems are not always clear.

Critics cite the many difficulties of actually carrying out the comprehensive decision-making model. It seems almost impossible to determine if information is complete, because there is always a potential that there is additional information to be found with just a little more digging. The only way to know that information is complete is to ensure that all possible relevant information has been viewed and analyzed and then collected or discarded. Information, particularly in modern society, appears to be endless, so collecting all possible information could seem to be a never-ending task. Even if it is possible, it would be costly and time consuming to ensure that all possible scenarios were determined and analyzed, including eliminating all nonviable solutions. Finally, not only is the information gathering costly and time consuming, but determining the cost and benefits of each possible alternative can also be costly and time consuming. A cost-benefit analysis is a detailed evaluation that requires rigorous attention to the details. When this must be completed on every possible option, a great amount of time and other resource will be expended. This leads many to favor the incremental decision-making models because it is limited in scope; however, some still highlight the benefits of striving for a comprehensive decision-making model.

## Conclusion

Decision-making is an important part of what public administrators are asked to do. There are several models of decision-making from which administrators may select. The two main models are comprehensive-rational decision-making and incremental decision-making with many variations in between. The comprehensive decision-making model has the benefit of proving to those the public administration serves that the decision was well thought out and the selected option was determined to be the best alternative based on clear data. However, the cost of completing this method may be greater than the agency or those it serves are willing to pay. It is also nearly impossible to know with absolute certainty that the information gathered is complete and without bias, which means that decision-makers will likely make their own determinations about what information will be gathered and what assumptions will be used to analyze the data (Eisenhardt 1989). Therefore, even the best attempt at comprehensive decision-making is not likely to be absolutely comprehensive, but it may not be as restricted or limited as the incremental model.

C

## Cross-References


- ▶ Incremental Theory of Decision-Making
- ▶ Knowledge Utilization in Organizations
- ▶ Mixed Scanning Model of Decision-Making in Organizations
- ▶ Models of Organizational Change
- ▶ Organizational Communications
- ▶ Organizational Decision-Making
- ▶ Organizational Innovation
- ▶ Rational Model of Decision-Making


## References


Eisenhardt KM (1989) Making fast strategic decisions in high-velocity environments. Acad Manag J 32(3): 543–576

Forester J (1984) Bounded rationality and the politics of muddling through. Public Adm Rev 44(1):23–31

Lindblom CE (1959) The science of "muddling through". Public Adm Rev:79–88

Svenson O (1979) Process descriptions of decision making. Organ Behav Hum Perform 23(1):86–112


# Compromise


Patrick Overeem
Department of Political Science and Public Administration, Faculty of Social Sciences, Vrije Universiteit Amsterdam, Amsterdam, The Netherlands


## Synonyms

Arrangement; Bargain; Compact; Deal; Settlement; Trade-off

## Definition

The *Oxford English Dictionary* defines "compromise" (in the sense relevant here) as "[a] coming to terms, or arrangement of a dispute, by concessions on both sides; partial surrender of one's position, for the sake of coming to terms; the concession or terms offered by either side." In brief, it is an agreement arrived at through mutual concessions (Pennock and Chapman 1979).

Etymologically, the word "compromise" stems from the Latin *compromissum*, which referred to the reciprocal promise of two disputing parties to submit themselves to the judgment of an arbiter, a *compromissarius*. In the Middle Ages, compromise came to refer to the process of electing a *compromissarius* as community representative. Since then, these associations with arbitration and election have gradually disappeared, and compromise has come to refer simply to a particular kind of agreement between disputants themselves.

## Conceptualization

One way to conceptualize compromise (in the current meaning) is to take it as the overlap between four other concepts, namely, conflict, concession, consensus, and consent. Together, they are part of a semantic field with two dimensions: conflict-consensus as an inter-actor dimension and concession-consent as an intra-actor dimension. At the intersection of these dimensions, one finds compromise; it has something of all four concepts while still differing from each of them.

To begin, every compromise implies conflict. Some think this can be a conflict within one person who has to compromise on his own convictions (sometimes called an "internal compromise"), but the typical case is a conflict between two or more actors. They settle their conflict, or rather suspend it, through an agreement they can all live with. Once the compromise has been reached, the initial conflict usually lingers on and its reemergence remains thinkable. Should the actors wear each other out in an exhaustive battle, balancing forces without coming to an agreement, they arrive at a stalemate, not a compromise.

On the other side of the dimension, secondly, compromise differs from, but also overlaps with, consensus. In every compromise, actors agree on at least some points, for instance, on the very fact that they are having the conflict, the terms of their conflict, the desirability to suspend the conflict, the preferability of peaceful settlement over violence, and of course the contents of the compromise itself. Indeed, according to many compromise theorists (though not all), the actors involved have to recognize, at least temporarily and to some extent, each other's legitimacy. (As long as Hamas and Israel do not grant each other a "right to exist," they might make deals, but not genuine compromises.) Compromise, it is believed, requires a certain degree of mutual respect and recognition or at least a willingness to tolerate the other side. Still there is, as said, a continuing conflict as well; a compromise never amounts to a complete consensus. Should the actors manage to agree on an arrangement they consider better than their initial positions, they have arrived at a synthesis, not at a compromise.

Thirdly, for the actors involved, compromise implies concessions. In order to reach an agreement, they give in on their initially preferred positions and accept a suboptimal (second-best or *n*th-best) arrangement instead, leaving them with moral regret. Still, they can accept such an arrangement for a variety of reasons, even for reasons unrelated to the issue at hand, but typically they regard the arrangement better than other ones they consider attainable *and* as better than continuing the conflict without the compromise. The concessions made in compromise are supposed to be mutual; every actor involved has to give in at least to a degree that is acceptable to the other actors. Should an actor be coerced or deceived to make more concessions than he is actually willing to consent to, one speaks of exploitation and treachery, not of compromise. And should, in an extreme case, one actor willingly and unilaterally abandon his initially preferred position and make all the concessions, there will be a capitulation, but again not a compromise.

Finally, compromise needs at least some measure of consent. A compromise, most theorists agree, requires more than a merely mental act of

acceptance – of the often grudging submission to the inevitable. It requires consent – the voluntary, unenforced, and honest willingness (however partial and conditional it in these respects may be), to agree with the arrangement. This consent may be explicit, but also tacit, and outside the negotiation room the actors may deny their consent vigorously. Given the fact that concessions have to be made, the consent can never be wholehearted, but some measure of genuine consent is necessary because it creates moral obligations to heed the agreement on the side of the other parties. As philosophers say, mutual consent makes compromises "morally transformative": it changes the moral status of actors toward one another.

## Types and Reasons

Many compromises are about material interests or what are sometimes derogatively called "bread-and-butter issues." These can be complicated and sensitive, but often they allow for somehow "splitting the difference" between parties. Such non-moral compromises are also often called deals or bargains and have been the subject of extensive scrutiny by economists and game theorists. More controversial are so-called moral compromises: compromises that involve conflicts on moral issues and hence often also concessions on moral principles. These tend to be particularly hard to strike and are often highly controversial. Many different writers, such as libertarian Ayn Rand and President John F. Kennedy, have even stated that while compromises on interests are often needed and good, compromises on moral principles should never be made. Others, however, have rejected this distinction and defended the necessity of making political compromises on principles, as well. In the literature on the ethics of compromise, abortion is often mentioned as a moral issue on which compromises are particularly difficult to achieve.

A seemingly similar but actually different distinction is that between pragmatic and principled compromises. This distinction concerns the *reasons* for which one compromises. A pragmatic compromise is struck in order to achieve other goals; it is seen as a mere instrument and often as a necessary evil. In case of a principled compromise, by contrast, one has distinctive moral reasons to compromise (for instance, the felt need to respect one's opponents' dignity). Striking the compromise is then considered morally desirable, even if there would otherwise be no need for it (for instance, because one has won an absolute majority). Opinions differ, however, on the question whether principled compromises really exist, especially in politics, or whether all compromises are necessarily pragmatic and therefore, in part at least, "strategic." This debate has only recently been opened and is far from finished.

Besides these two sets of reasons for compromising – pragmatic and principled – a third set has occasionally been suggested, namely, *epistemic* reasons. The moral dilemmas and controversies that underlie many of our social issues and policy debates are simply too complex, it is argued, to be resolved by one individual actor. Unintended consequences and unforeseen negative side effects will always be possible. A more prudent approach then would be to involve more actors than is strictly necessary and to opt not for one clear-cut course of action but instead for a compromise. This would do more justice, it is thought, to the complexity of the issue at hand. When the actors involved recognize this possibility, recognize their own cognitive and imaginative limits, and recognize each other as "epistemic peers" (three recognitions that may not come about easily), they have strong epistemic reasons to compromise.

## Ethics of Compromise

The subject of compromise touches upon many core issues in the field of (applied) ethics, including conflict resolution, integrity, and self-identification. It is also an important topic when it comes to the relationship between professional responsibility and personal morality. A useful distinction has been made between the morality *of* compromise (concerning the question whether and when we should compromise in the first place) and the morality *in* compromise (concerning the question how and under which constraints we should compromise once we have decided to do so). That these

two issues bear upon each other seems obvious, but few ideas exist on how exactly they are related. It seems safe to say, at any rate, that the degree to which a compromise can be made in a proper way (morality *in* compromise) determines in large part the degree to which it should be made at all (morality *of* compromise). Assessing the former before entering the process may, however, prove an impossible feat.

In relation to the morality *of* compromise, authors have noted the so-called paradox of compromise, which states that to hold a moral value dear implies that one wants to achieve it, but to achieve it one often has to compromise on that very value. In other words, a compromise will let you have more than you would have had without it and less than you aimed for. Not all actors might see things in this way, however. Uncompromising actors might deny that a compromise on their fundamental principles would give them any gains at all. For them, to join in a compromise means to be "compromised" or even to be stained with moral guilt. Here the aesthetics of compromise easily takes over from the ethics of compromise. People may speak of bad compromises as ugly, rotten, and stinking. Others, however, have praised the creativity and beauty of good compromises.

As these diverging valuations show, compromises almost by definition arouse a sense of moral ambivalence, albeit not in the same measure for everyone. From the viewpoint of a consequentialist ethic such as utilitarianism, compromises do not pose particularly difficult questions. They naturally fit with the principle that our moral choices should maximize overall utility. Compromises are often just necessary if one wants to promote "the greatest happiness of the greatest number." The consequentialist appreciation of particular compromises can be very "principled" and morally considerate, not less so at least than many high-minded rejections of them.

The opposite position often stems from a duty-oriented ethic such as deontology: it espouses absolute principles on which one should not compromise at all. Immanuel Kant's famous condemnation of lying, for instance, does not allow for compromises. Often, however, deontological reasoning is not used to denounce compromises categorically, but rather to set some strict limits around them. In international relations, for example, compromises, even bad and not fully just ones, must often be struck for the sake of peace, but perhaps even in that sphere, some compromises should never be made, not even to avoid war. For instance, Margalit (2010) has famously argued that compromises which support systematically cruel political regimes that break the bonds of our common humanity are "rotten" compromises and should be rejected. Others have argued that compromises are only morally acceptable if they improve on the status quo, if they do not violate basic human rights, if they do not trespass God's commandments, and so on. Needless to say, none of these deontological conditions for legitimate compromise making is generally accepted.

Virtue ethics, the third major approach in ethical theory, tends to be least outspoken about and most ambivalent toward compromises. Its comparative silence on the subject has to do with the fact that virtue ethics, contrary to the other two, primarily aims not at the moral quality of single actions but of human persons as a whole and the lives they live. Its ambivalence stems from the fact that compromises seem at odds with some virtues (steadfastness, courage), but required by others (prudence, charity, peacefulness). Despite this ambivalence, it seems clear that the exercise of virtues does affect the moral acceptability and quality of compromises. A bravely, patiently, and sincerely made compromise will, other things equal, tend to be better than a cowardly, rashly, and deceptively made one. In other words, while consequentialism and deontology have much to say about the morality *of* compromise, virtue ethics seems more helpful for assessing the morality *in* compromise.

One notion with a distinctly virtue-ethical flavor that is frequently juxtaposed to compromise is integrity (Benjamin 1990). In present-day political and administrative ethics, integrity is of course a very central concept, but much of the "integrity management" literature deals with forms of inappropriate behavior (bribery, conflicts of interest, harassment) rather than with morally ambivalent decisions such as compromises. In the literature on compromises,

however, the question is raised whether actors can compromise on moral principles without harming their own moral integrity. And this question is often answered positively: many authors argue that compromising can be a sign of moral strength rather than moral weakness and that, in fact, an unwillingness to compromise shows a lack of integrity.

## Compromises in Governance

"All government (. . .) is founded upon compromise and barter," Edmund Burke famously said in his *Speech on Conciliation with America* (1775). Politics, indeed, has often been called "the art of compromise." In public governance, be it in diplomacy, labor relations, or policy making more generally, compromises are omnipresent. The public sphere is, after all, the place in which various moral perspectives and material interests come together and where choices often cannot be postponed until a perfect solution is found. Indeed, even the long-lasting constitutional arrangements within which politics and administration take place can be understood as compromises between conflicting interests and various "regime values."

If compromise is essential to governance, this seems particularly true for democratic governance (Dobel 1990). Arguably, a willingness to compromise is particularly fitting for politicians and other policy makers in democracies, because there the negotiating actors are equal by principle and must rely on persuasion rather than force in the process of decision-making. Tyrants often make concessions, too, but they do not have to agree on compromises with opposing parties, and the opposition does not have to consent to their rule. The fact that modern democracies are characterized by moral, ethnic, and religious pluralism is an additional reason to emphasize the need for political compromises. Particularly under the condition of multiculturalism, compromise making is regarded a proper political instrument, and it is often associated with tolerance and a liberal moral and political stance. These associations are not intrinsic to the concept of compromise (non-liberal and even intolerant political actors can compromise, too), but they are very strong nonetheless.

Not only in politics but also in public administration compromise is of course a highly common phenomenon. If administrative arrangements can be divided, as is often done, into hierarchies, markets, and networks, compromises seem most suited to the last. Weberian bureaucracies with their strict hierarchy and regulatory discipline do not easily allow for compromises. New Public Management (NPM) style contract-based governing and public agencies do clearly depend on deals and bargains, but the notion of moral compromise spelled out here seems more alien to them. In governance networks, however, compromises seem particularly at home. When there is no clear center of authority, no hard and fast regulations, nor (quasi-) market mechanisms, actors will have to manage public problems with a flexible and cooperative attitude. Compromise is thus one of the most natural ways to deal with competing interests and values in contemporary governance.

## Compromise and Political Theory

Since about 2010, there is a strong renewed interest in the topic of compromise in (Anglo-American) political theory. This seems to have two reasons, one theoretical and one practical. Theoretically, compromise is found interesting because it promises a middle course between two competing approaches: liberalism and realism. Ever since John Rawls' book *A Theory of Justice* (1971), the field of political theory has been dominated by political liberalism. In all its variety, this approach has emphasized the need for a consensus (in Rawls' terms, an "overlapping consensus") among people with different moral and political views. This consensus should be found in a set of (liberal) principles to which all reasonable people could voluntarily agree. The core value on which these principles should be based and which they aim to promote is justice. In recent years, this very project has been criticized by theorists who reject

liberalism and favor realism instead. They believe the aimed-for overlapping consensus can never be found because politics is inherently conflictual. The best we can achieve, they argue, is modus vivendi arrangements that, like no-fly zones above war-torn areas, mitigate the intensity of ongoing conflicts. Peace is probably never really attainable, but should still be the core value driving our search for such arrangements.

Now compromise is seen as a concept that can lessen the tension between these two approaches. For compromise combines, as we have seen, elements of both consensus and conflict. It is often more than a merely pragmatic bargain (modus vivendi arrangements), but still less than a comprehensive agreement (consensus). Hence, some theorists believe that the notion of compromise is well suited to bridge this division between liberalism and realism. But as can be expected, others remain skeptical about this possibility.

## Compromise in Current Conditions

The more practical reason for the recent surge of interest in political compromises among academics has to do with the changing nature of present-day democratic politics. Admittedly, the appreciation for compromises has always varied among cultures and across time. For example, while compromise making has traditionally been valued by the Brits, it was despised by the French. And while for decades the willingness to compromise was associated with the conservative right, with the political left being inclined to reject compromise making as insufficiently radical, this seems to be largely reversed nowadays. So the appreciation of compromises has always been varying and changing. Today, however, several observers express strong concerns about a near-universal rejection of compromises among both the masses and the governance elites in Western democracies. In a culture of polarization and populist anti-elite sentiment, compromises have become unpopular with citizens and the media and hence also with politicians themselves. Particularly in the United States, but also in other countries, politics is increasingly dominated by the constant struggle between two political blocs engaged in "permanent campaigning" and hence finds itself regularly in deadlock. Important and urgent issues, such as the national debt and immigration, can therefore not be adequately tackled. The uncompromising mindset of many politicians, reflecting an uncooperative "winner takes all" mentality, is a serious cause of concern (Gutmann and Thompson 2012).

## Cross-References


- ▶ Administrative Ethics
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Formal Rulemaking in Public Administration
- ▶ Moral Responsibility
- ▶ Philosophical Ethics
- ▶ Politics and Collaboration
- ▶ Politics and Public Policy
- ▶ Politics: Basic Concepts
- ▶ Theories of Ethics
- ▶ Value Congruence


## References


Benjamin M (1990) Splitting the difference: compromise and integrity in ethics and politics. University of Kansas Press, Lawrence

Dobel JP (1990) Compromise and political action: political morality in liberal and democratic life. Rowman and Little, Savage

Gutmann A, Thompson D (2012) The spirit of compromise: why governing demands it and campaigning undermines it. Princeton University Press, Princeton

Margalit A (2010) On compromise and rotten compromises. Princeton University Press, Princeton

Pennock JR, Chapman JW (eds) (1979) Compromise in ethics, law, and politics. New York University Press, New York

Sabl A (2002) Ruling passions: political offices and democratic ethics. Princeton University Press, Princeton

Wendt F (2016) Compromise, peace, and public justification: political morality beyond justice. Palgrave Macmillan, London

# Concept and Experience of Decentralization in Latin America

M. Camilo Vial Cossani
Instituto Chileno de Estudios Municipales, Universidad Autónoma de Chile, Santiago, Chile

## Definition

Current consensus around the concept of decentralization tends toward the positions taken by Falleti (2005) or Rodden (2004). These scholars define decentralization as a public policy process whose overall effect is to transfer responsibilities, resources, or authorities from central government toward subnational governments, which enjoy autonomy.

## Introduction

The concept of decentralization has been an object of interest and study for a range of disciplines since the middle of the twentieth century. Decentralization came to the attention of economists, for example, in relation to the problem of efficiency in allocation of public services. Political scientists, on the other hand, were interested in communities' need to come together to pursue common objectives and interests, forming limited alliances around these while seeking forms of state organizational design that respect the heterogeneity of their members.

In Latin America decentralization, in the form of administrative political reform, became a central preoccupation of both neoliberals and social democrats during the 1980s. The former sought modes of doing politics that offered a smaller, more efficient central state. The latter, operating in the era of post-authoritarian restoration of democracy, saw in decentralization the promise of a solution that would broaden the field of rights and freedoms, integrate politically excluded sectors, and strengthen mechanisms of citizen control and participation.

Three decades on, we might ask whether decentralization in the region has proved capable of satisfying these wide-ranging expectations. Empirical evidence exists that is generally interpreted as supporting the hypothesis that fiscal decentralization contributes positively to the well-being of the population. Nonetheless, a series of studies counsels caution before subscribing to this conclusion. This chapter therefore aims to (1) review conceptual approaches to decentralization from the perspectives of politics, economics, and political-administrative reform and (2) sketch out the drivers that led to the adoption of decentralizing reforms in Latin America and chronicle the main experiences and outcomes associated with these reforms.

## Decentralization from a Political Perspective

"Before the nation state became the focus of democratic ideas, political theory held that the city-state was the most appropriate unit of republican and democratic government" (Mardones 2008, p. 44, author's translation). In this era, the belief was that the smaller the number of citizens, the more influence each could have over the decision-making process.

Notwithstanding this early championing of the democratic virtues of small political-administrative units, significant political and scholarly contributions on the subject of decentralization did not begin to appear until 1835, with the publication of French scholar Alexis de Tocqueville's *De la démocratie en Amérique*. The work, product of almost a year traveling through New England, introduced the notion that democracy was particularly well served by decentralized modes of organization. On his travels, de Tocqueville observed how a good proportion of everyday matters were resolved at district level, with no need to involve county or central state authorities, who were accordingly freed up to attend to legislative and strategic matters of regional or national import.

For de Tocqueville (2002), sovereignty, in democratic systems, inheres in the people. Each

person is invested with this sovereignty and is therefore capable of self-government. Individuals must nonetheless obey society, not because they are hierarchically inferior to it but because of the utility that is obtained from submitting to a regulatory power. The most natural form of organization of such power would be at the district (neighborhood) level, where each individual can participate directly. Decisions can be taken on a majoritarian basis, and authorities can be directly elected. In de Tocqueville's view, this is the kind of setting in which each person can meaningfully exercise their right to self-government.

Despite this early discussion of decentralization, theoretical and empirical attention to the phenomenon did not really take off until the 1950s. At that time, as will be seen below, the interest came principally from economics. Two decades later, William Riker (1975) however applied a political optic to develop the concept of federalism. He defined this as a decentralized organizational design for the state, in which tasks are divided between federal (central) and constitutive (local and regional) governments. Each has specific competencies, over which they enjoy final power of decision. Robert Dahl (1986) added that for true federalism to exist, certain of these competencies should be the exclusive prerogative of local and regional government, placed beyond the reach of federal authorities. Similarly, other issues would be the preserve of the federal state to the exclusion of subnational authorities.

Daniel Elazar (1987) argues that federalism proceeds from communities' need to form associations in furtherance of shared interests and common objectives. This generates limited alliances, focused on these areas of action and still respectful of the heterogeneous nature of the constituent parts. Elazar reminds us that in a unitary model, decentralization remains in the gift of central government, rather than being built into a founding agreement or the very essence of the alliance. Decentralization in a unitary state therefore creates a hierarchical structure, whereas in a federal state, it instead creates larger and smaller parallel spheres of political decision-making. He adds that structures of federation are created through practice rather than being set or fixed. One can therefore encounter states which are formally unitary or formally federal but exhibit some of the characteristics or behavior of the other type. Similarly, Falleti (2005) adds that the structuring of political organization in any nation is a process of continuous reform. The dichotomy between center and periphery may resolve itself toward one or the other at different times, according to circumstances: this holds for both unitary and federal states.

In sum, decentralization is most commonly evidenced in practice as a regime of political organization that a state generates, whether via an alliance between constituent governments or by the decision of a central government: hence it can be found in both federal and unitary states. It is characterized by a constant process of negotiation between representatives of central power and of subnational power (Mardones 2008).

## Decentralization: An Economic Perspective

Decentralization became a subject of interest to economists mainly in connection with concerns about efficiency in the assignation of public services. Paul Samuelson (1954) showed that state provision of public services is driven by residents' aggregated, rather than individual, preferences. This produces an efficiency problem, particularly when contrasted with the private sector, where the market is indeed capable of providing personalized responses. Charles Tiebout (1956) added that the efficiency problem will be reduced where public services are provided in a decentralized way. Here we see the origins of the notion of "voting with [one's] feet," whereby it is believed that citizens may select their place of residence according to which place best matches their needs and preferences.

In 1972, Wallace Oates published *Fiscal Federalism*, in which he showed that a decentralized model of the state represents multiplicity within unity. This means that unity can be delivered where required but variety and independence can be guaranteed when and where unity is not essential. Oates also argues that one of the

fundamental theoretical problems of fiscal federalism is the articulation of various levels of government for the provision of public services. This arises in part because patterns of demand do not necessarily coincide with the territorial units into which the political-administrative system has been divided. Moreover, the problems are exacerbated by the fact that there is no one single optimal unit size: optimal size varies according to the particular public good or service that is under discussion (Oates 1972). All of this creates positive and negative externalities, which must be compensated for. Nonetheless, even once these imperfections are taken into account, local jurisdictional boundaries should be more efficient than national ones at satisfying local and regional demand.

In this way, fiscal federalism takes the view that a decentralized model of public administration is the most efficient alternative for the provision of public goods and services. Complementing and strengthening this view, public choice theorists such as Dennis Mueller (1979, 1984) used public opinion data to demonstrate that the search for individual self-interest is not sufficient to produce the optimal outcome that classical economics claims (by which the market is assumed to be self-regulating if supply and demand are left to act freely, under the perfect competition conditions specified in Pareto optimality). Mueller calls attention to the fact that the trading of goods is only possible if prior agreements are in place, guaranteeing compliance with regulations and the requisites of a competition framework. Maximization of particular interests alone will, in contrast, produce very high incentives to seek means other than exchange for the acquisition of goods. Thus each person may produce and consume less, as a significant portion of their time and effort will be invested in protecting their goods. From this it follows that public assets require cooperative, rather than competitive, solutions, since the former are more efficient at a societal level. These prior agreements have an associated cost, which is shared across society through taxation.

Campbell et al. (1991) came up with "local public choice," a model of local public opinion in which the apportioning of resources for public goods and services funded from local contributions is carried out by collective decision, within certain budget parameters. Here, political candidates present their proposals or manifestos alongside their proposed taxation regimes, and voters make a decision based on both variables.

Fiscal federalism has also given rise to neoinstitutionalism, whose principal exponent is Douglas North (1990). North claims that a social contract is indispensable if the market is to function adequately. This contract must be both preexistent and compulsory and must spell out the mechanisms by which it is to be enforced. Neoinstitutionalism accordingly focuses on norms and procedures (conceived of as institutions) since these are held to be vital for development and economic growth. Neoinstitutionalism inspired a series of studies on industrial districts and subnational development (such as those of Putnam 1993; or Stöhr 1990).

## Decentralization as Political-Administrative Reform

Rondinelli, Nellis, and Cheema combine political science and traditional economic approaches to the concept of decentralization into a single perspective, defining decentralization as "the transfer of responsibility for planning, management, and resource raising and allocation from the central government and its agencies to: (a) field units of central government ministries or agencies, (b) subordinate units or levels of government, (c) semiautonomous public authorities or corporations, (d) areawide, regional or functional authorities, or (e) nongovernmental private or voluntary organizations" (Rondinelli et al. 1983, p. 13). They also suggest that decentralization can be categorized into four types:

- Deconcentration: the transfer of authority or responsibility from central government to subnational offices
- Delegation: the transfer of responsibility for delivery of functions specifically defined and controlled by central government to entities that are separated from it or whose dependence

on it is indirect (e.g., public companies or state universities)
- Devolution: the creation, or financial or legal strengthening, of subnational units of government characterized by their independence of, and autonomy from, central government, which often enjoys only indirect supervisory powers over them
- Privatization: the transfer of responsibilities to private companies or voluntary organizations, for example, via sale, concession, or putting services out to tender

This traditional definition, in wide currency throughout the 1980s, seems insufficient for studying present-day decentralization processes. First, because it does not differentiate competencies which require local decision-making from those in which subnational governments merely execute decisions taken at the center (Finot 2001). Second, because academic consensus around this definition has declined due to its strong association with state modernization, failing to treat decentralization as an independent phenomenon (Mardones 2008). Third, because in the present day, only the concept of "devolution" bears much resemblance to decentralization per se (Mardones 2008).

Eduardo Palma and Dolores Rufián (1989) draw an important distinction between the concepts of decentralization, delegation, and deconcentration. They depart from Rondinelli, Nellis, and Cheema by no longer treating the latter two as part of the former. Instead, all three are defined as transfers of competencies: in the case of decentralization, toward democratically elected entities that act with autonomy; in the case of delegation, toward decentralized entities that report to the central government responsible for delegating the functions; and, finally, in the case of deconcentration, toward officials who are designated by central government and who do not enjoy autonomy.

In regard to privatization, some observations are necessary. Christian Von Haldenwang (1990) holds that decentralization applies not only to the political arena but also to two key areas of public management: the administrative and the economic. If we accept that the term "decentralization" connotes a transfer of power, in whatever form or of whatever type, then it would seem justified to talk in terms of political, administrative, or economic decentralization (Boisier 2007; Finot 2001). Von Haldenwang would include deregulation as a form of economic decentralization. Boisier (2007) adds that privatization has the potential to constitute itself as a form of decentralization, if and when it allows the introduction of a new actor which takes independent decisions.

However, more generally there has been a move toward definitions that preserve or reassert the centrality of the state in decentralization, as emphasized by, inter alia, Palma and Rufián (1989). From this point on, privatization was discounted as a model of decentralization, since it was argued that those who received the transferred competencies had to be state agencies, whether autonomous or not (Palma and Rufián, op. cit.) While all three actions (decentralization, deconcentration, and delegation) involve the central state externalizing functions and competencies for which it was formerly responsible to other agencies, it maintains control over these whether in regard to the production or the provision of public services. By contrast, privatization connotes the transfer of these functions and competencies to organizations that are completely external to the state. O'Neill (2005) limits the field of "economic" action to the concept of fiscal decentralization, referring to the capacity of subnational governments with democratically elected authorities to make autonomous spending decisions and to levy their own taxes.

Current consensus tends to settle around the positions adopted by Falletti (2005) or Rodden (2004), defining decentralization as public policy processes that, taken as a whole, transfer responsibilities, resources, or authorities from central to autonomous subnational government. This definition highlights three central aspects: decentralization is a process carried out independently of concrete political, administrative, or fiscal situations in which a state may find itself at a specific moment in time; privatizations and deregulation are excluded since in this definition the receiving entity must be a subnational unit of government

and the autonomous character of the receiving entities is emphasized, with a preferential emphasis on subnational citizenries. Falleti (2005) sketches out three subtypes within this definition:

- Political decentralization: a set of constitutional and electoral reforms carried out to open up spaces of subnational political representation, with the objective of conferring political authority, through elections, on subnational actors who are not dependent on central government. This allows the elected representatives to respond to the citizens of their territory, rather than to directives emanating from the center. This should in turn encourage the creation of mechanisms of accountability and various tools for citizen participation.
- Fiscal decentralization: refers to a set of public policies dedicated to creating fiscal autonomy for subnational governments, in terms of both income and public spending. These policies can adopt a range of forms and mechanisms, such as fiscal transfers from central government, the creation of subnational taxation, or the delegation of tax-levying powers to authorities at this level.
- Administrative decentralization: the transfer of the management and administration of national public policies and public services, such as health, education, or housing, to subnational governments. This transfer must bring with it the possibility of developing a process of decision-making at this level about specific public policies (with a certain level of relative autonomy, notwithstanding the need to respect national conditions and standards pertaining to that policy area). It should also confer the power to supervise this development and to finance it.

## Decentralization in Latin America

Recent decades have seen two principal lines of support for decentralization measures in Latin America, emanating from two quite different positions. One group was interested in subnational development and planning, while the other supported neoliberalizing reforms (de Mattos 1990).

Among the first group, decentralization as a political-administrative reform came to prominence in the 1980s, strongly linked to processes of democratic restoration. Decentralization was a solution that broadened the field of rights and freedoms, integrated previously excluded sectors into the political arena, and promised to empower mechanisms of citizen control and participation (Borja 1987). From a sociological perspective, decentralization offered an opportunity to reintroduce civil society into the political debate. It favors certain dynamics that are integral to social life in democratic regimes, such as citizen participation, and the strengthening of civil society and of social movements (Cunill 2009; Delamaza et al. 2004). It was believed that new states emerging from years of authoritarianism ought to adopt modern, democratic, and pluralist designs and that decentralization was the obvious counterpart or expression of these (Mascareño 2008). This accounts for the strong political impetus that lay behind early decentralization processes, since the expectations were that they would improve the allocation of public goods and services, strengthen oversight and accountability mechanisms, and encourage citizen participation (Daughters and Harper 2006). It was also believed that decentralization would open a broader spectrum of local and regional pluralism and representativity (Restrepo 2006).

Argentina and Chile however stand as exceptional cases in the region. Here, decentralization was inspired by neoliberalism. Its main aims were to improve efficiency and efficacy in the use of public resources and in state administration in general (Rojas 1999; de Mattos 1990).

Boisier (2007) meanwhile held that decentralization in Latin America was also a response to the region's insertion in the globalized international scene. He argued that technological and scientific revolutions, in creating new areas of competition, had also permitted the decoupling of production from place. This, added to privatizing tendencies and growing demand for greater space for self-realization, would come together to increase the impetus toward decentralization in the region.

This backdrop of course led to the appearance of a range of characteristics that turned various countries into uniquely interesting objects of study. Why decentralize? Decentralization is not, of course, an end in itself: it is envisaged as a means to achieve other objectives. The first wave of Latin American decentralization, which took place in the 1980s, was invested with the high expectations described above. However, a good proportion of these goals remain unmet, leaving a sense that "decentralisation has not managed to generate the hoped-for processes of social, political, and economic inclusion" (Montecinos 2005, p. 84, author's translation). In addition to this sense of dissatisfaction, the widespread economic crisis that took place in the second half of the 1990s brought about a change of focus, which Gómez Saibani and Jiménez recognize as amounting to a second wave of decentralizing policies: "Co-participation regimes – involving revenue sharing, usually on a free disposal basis – were no longer prioritised, as they had been in previous years. Instead, a preference emerged for the channelling of federal resources to subnational government for health and educational spending. This strengthened the role of mechanisms of earmarked (designated) transfers" (2011, p. 15, author's translation). During this period, Latin American governments abandoned pretensions to subnational equilibrium, at least as a primary goal. Preference was instead given to guaranteeing equality of opportunity for the promotion of local and regional development, in which the deepening of imbalances becomes a logical or expected outcome (Cuervo 2012). The overall effect was that neutral national policies came to the fore, promoting local and regional competitiveness and subnational economic development.

Regional problems, such as disparities between territories, became the focus of renewed interest in the twenty-first century, strongly influenced by the increasing visibility of ethnic and cultural diversity (Cuervo 2012). In countries including Bolivia, Colombia, and Ecuador, indigenous peoples won constitutional recognition, conferring the possibility of territorial autonomy under special administrative arrangements. Thus "the concepts of subnational political decentralisation came back into fashion, as powerful tools for the identification of existing local resources and facilitation of strategic alliances among actors in a given territory" (Rufián 2009, p. 12, author's translation).

In summary, a review of the literature reveals frequent mention of general objectives for decentralization that include democratic strengthening, the promotion of citizen participation, more efficient provision of public services and public sector investment, the recognition of internal regional diversity, and encouragement of subnational development. But, as de Mattos asks, "how can a politico-administrative reform produce these kinds of deep transformation in the structural bases of national settings, the sum of whose overall conditions and determinants has hitherto been oriented in a completely different direction?" (1990, p. 52, author's translation). Empirical evidence exists that is usually interpreted as supporting the view that fiscal decentralization contributes positively to the well-being of populations (Letelier 2012; Voigt and Blume 2012). Nonetheless, a series of empirical studies, carried out in different parts of the world, suggest a need for caution: their results tend to be as wide ranging and disputed as are the numbers of cases and methodologies, adopted by each one (Letelier 2012).

## Final Remarks

The current consensus defines decentralization as a concept with three fundamental, and equally indispensable, characteristics. The first is that subnational governments have autonomy in their exercise of the responsibilities or authority, or their use of the resources, transferred to them from central government. This implies, inter alia, autonomy in decision-making (within the parameters of the applicable national framework); resource-raising capacity; the authority to implement budgets without conditions being imposed from the center; the power to choose

subnational authorities by democratic means, without central government intervention; and, in countries with the highest degrees of decentralization, the possession of subnational legislative capability. The second overarching characteristic is that the entities which receive transfers must be state organs, a definition which excludes privatizations or deregulation of public goods and services. Finally, the third essential characteristic is that decentralization should be understood as a long-term public policy process whose overall effects are to transfer the responsibilities alluded to above (as distinct from, e.g., a particular or time-limited set of political, fiscal, or administrative initiatives).

Measured against this yardstick, a general survey of decentralization in Latin America does not paint a particularly optimistic picture. Although over three decades of such processes in the region have produced a more decentralized face – evidenced by the consolidation of democratic election as the rule for major subnational authorities, the political and administrative recognition extended in some cases to ethnic groups, and the higher, though still incomplete, levels of autonomy, attributions, and budgetary powers awarded to peripheral governments – the centralizing culture that is typical of the region largely persists (Vial 2013). The literature shows how important decentralizing reforms have either remained limited to formal aspects, without taking substantive real-world effect, or, once implemented, have failed to deliver on the high expectations that they awakened.

**Acknowledgements** The author thanks the support of the Chilean Science Funding CONICYT, through Fondecyt Project No. 11160991: *Descentralización en Chile y su efecto en el desarrollo socioeconómico regional. Un análisis al periodo 1990–2015*.

## References

Boisier S (2007) Territorio, Estado y sociedad en Chile. La dialéctica de la descentralización: entre la geografía y la gobernabilidad, Memoria para optar al grado de doctor. Universidad Alcalá de Henares, Alcalá de Henares

Borja J (1987) Dimensiones teóricas, problemas y perspectivas de la descentralización del Estado. In: Borja J (ed) Descentralización del Estado. Movimiento social y gestión local. FLACSO, Santiago

Campbell T, Peterson G, Brakarz J (1991) Decentralization to local government in LAC: national strategies and local response in planning, spending and management, Report N°5.World Bank. Latin America and the Caribbean Technical Department, Washington, DC

Cuervo LM (2012) Ética Territorial. Ética y política económica. Discusión de sus relaciones fundamentales a la luz de las políticas de desarrollo territorial. Serie Desarrollo Territorial, CEPAL, 12

Cunill N (2009) La modernización de la gestión pública en Chile y su impacto en el proceso de descentralización. In: FLACSO (ed) Diálogos para la descentralización. Fomentando la cooperación entre Bolivia, Chile y Perú. FLACSO, Santiago

Dahl R (1986) Democracy, liberty, and equality. Norwegian University Press, Oslo

Daughters R, Harper L (2006) Fiscal and political decentralization reforms. In: Lora E (ed) The state of state reform in Latin America. Banco Interamericano de Desarrollo. Stanford University Press, Washington, DC

De Mattos C (1990) La descentralización, ¿una nueva panacea para impulsar el desarrollo local? Estudios Regionales 26:49–70

De Tocqueville A (2002) La Democracia en América (D. Trad. V. de Sanchez de Aleu, Trans.). Alianza, Madrid (original en francés, 1835)

Delamaza G, Fernández M, Navarro I (2004) Innovación y ciudadanía en la gestión territorial: el rol de los municipios. Programa de Innovación y Ciudadanía, Santiago

Elazar D (1987) Exploring federalism. University of Alabama Press, Tuscaloosa

Falleti TG (2005) A sequential theory of decentralization: Latin American cases in a comparative perspective. Am Polit Sci Rev 99(3):327–346

Finot I (2001) Descentralización en América Latina: Teoría y práctica. Serie Gestión Pública, ILPES, 12

Letelier L (2012) Teoría y práctica de la descentralización fiscal. Ediciones UC, Santiago

Mardones R (2008) Descentralización: una definición y una evaluación de la agenda legislativa chilena (1990–2008). EURE XXXIV(102):39–60

Mascareño C (2008) Descentralización y democracia en América Latina: ¿Una relación directa? Elementos conceptuales para su estudio. Latin American Studies Center. University of Maryland, College Park, Working Paper N° 23

Montecinos E (2005) Los estudios de descentralización en América Latina: una revisión sobre el estado actual de la temática. EURE XXXI(93):77–88

Mueller D (1979) Public choice. Cambridge University Press, Cambridge

C

Mueller D (1984) Public choice II, a revised edition of public choice. Cambridge University Press, Cambridge
North D (1990) "Institutions, institutional change and economic performance" Trad. Instituciones, cambio institucional y desempeño económico. FCE, México D.F. 1995
O'Neill K (2005) Decentralizing the state: elections, parties, and local power in the Andes. Cambridge University Press, New York
Oates W (1972) Fiscal federalism. Harcourt Brace Jovanovich, New York
Palma E, Rufián D (1989) Las nociones de centralización y descentralización. ILPES, Documento CPS-48
Putnam R (1993) Making democracy work. Princeton University Press, Princeton
Restrepo D (2006) Historias comparadas. Las fracturas del estado en América Latina. In: Restrepo D (ed) Historias de la descentralización. Transformaciones del régimen político y cambio en el modelo económico. América Latina, Europa y EUA. Universidad Nacional de Colombia, Facultad de Ciencias Económicas, Bogotá
Riker W (1975) Federalism. In: Greenstein FI, Polsby NW (eds) Handbook of political science. Addison-Wesley, Reading
Rodden J (2004) Comparative federalism and decentralization. One meaning and measurement. Comp Polit 36:4
Rojas F (1999) The political context of decentralization in Latin America: accounting for the particular demands of decentralization in the region. In: Burki SJ, Perry G (eds) Annual World Bank conference on development in Latin America and the Caribbean. World Bank, Washington, DC
Rondinelli DA, Nellis JR, Cheema GS (1983) Decentralization in developing countries: a review of recent experience, World Bank Staff Working Papers 581. World Bank, Washington, DC
Rufián MD (2009) Políticas e instituciones para el desarrollo económico territorial. El caso de Chile. Serie Desarrollo Territorial. CEPAL, 5
Samuelson P (1954) The pure theory of public expenditure. Rev Econ Stat XXXVI(4):387–389
Stöhr W (1990) Global challenge and local response. Masell, United Nations University, London/Tokyo
Tiebout C (1956) A pure theory of public expenditure. J Polit Econ 64:416–424
Vial C (2013) Political and fiscal and fiscal decentralization in South America: a comparative analysis of Bolivia, Chile, Colombia, Ecuador and Peru. In: Cuadrado-Roura JR, Aroca P (eds) Regional problems and policies in Latin America. Springer-Verlag, Berlin
Voigt S, Blume L (2012) The economic effects of federalism and decentralization; a cross-country assessment. Public Choice 151(1–2):229–254
Von Haldenwang C (1990) Hacia un concepto politológico de la descentralización del Estado en América Latina. EURE XVI(50):61–70

# Conceptual Perspective in the Making of Indigenous Policy in Latin America

Verónica Figueroa Huencho
Institute of Public Affairs-INAP, University of Chile, Santiago, Chile

## Synonyms

Indigenous political process; Indigenous strategies

## Definition

Political process that takes place in a certain institutional context, where a complex interrelationship of values and cultural elements is articulated that are important to preserve the indigenous knowledge and to assure its conditions of survival, in accordance with the interests of other actors of power.

## Section

Latin America and Caribbean.

## Introduction

How are indigenous public policies formulated? Which learning's are generated from Latin American and Chilean cases? The analysis of the processes of public policy formulation has been widely studied from different perspectives. However, in recent years, the need to address this analysis from a more complex perspective incorporating indigenous peoples has become increasingly relevant. This involves considering rational or instrumental aspects of the formulation of public policy, as well as subjective factors such as beliefs, values, and cognitive assumptions that underlie the world view of these peoples and influence decision-making.

Therefore, an analysis framework is required to incorporate the claims and demands of indigenous peoples (those who have generally been linked to the territory and the exercise of their rights) but also the interests and values that different actors with quotas have sought to place on the agenda of indigenous politics itself and the visions and paradigms from which decisions, interests, and positions at stake have been formulated, among others.

Considering the above, it is necessary to have a conceptual and empirical discussion that contributes to the generation of such an analytical framework as is necessary to advance toward a better understanding of indigenous peoples, considering the processes of formulation of indigenous public policies in Latin America, their emphasis and trends, as well as those learned that are derived from the Chilean case, which requires clarifying the following aspects: (a) What is meant by the formulation of indigenous public policies; (b) what paradigms and approaches have served as a framework for their development; (c) what type of learning is generated from the Latin American and Chilean case. We will then develop each of these aspects.

## Some Reflections on the Formulation of Indigenous Policy

Generally speaking, the analysis of the processes of public policy has been studied extensively, providing scholars and practitioners of parameters to understand better the variables to consider in this process (Parvin 2009). However, this development is not so clearly evident when it comes to indigenous policies. Following Kovach (2005), recent studies in indigenous politics demonstrate the emergence of processes with their own methodologies that, although they can interpret or criticize existing theories, can hardly be "embedded" in preexisting Western categories (Kovach 2005, p. 29).

This means understanding indigenous policies and their changes as the product of conflicts between different sets of beliefs articulated within the so-called policy subsystem, where different actors have regularly sought to access and influence the definition of problems in public debate and in decision-making (Sabatier and Jenkins-Smith 1999). From this perspective, indigenous policies can be understood as belief systems that articulate the mechanisms to reach certain objectives, visions about possible solutions, and priorities, among other aspects (Olavarría 2010).

In addition, the formulation of public policies can be understood "as a process that takes place in a certain institutional context, which distributes competencies and possibilities of action to those who are in it to promote problems and solutions that they claim, given the specific political circumstances of the moment" (Olavarría 2010, p. 114). The dynamic character of this definition makes it possible to articulate other efforts to situate the discussion around indigenous policies and the elements that should be considered in it. Yanow (1993) understands that these are a process that involves "making sense of tacit knowledge, multiple interpretations, and often conflicting definitions between actors located in different places."

On the other hand, it is a process still linked to the period of colonization and conquest, since the invisibility of the indigenous actor still exists as a strategic subject (Hopenhayn 2001). In addition, the process of indigenous policy-making must be understood as a complex interrelationship of traditional and cultural elements to which society often assigns much less value and which do not lend themselves to quantitative measures and, therefore, are not always included in the formulation of public policies (Banco Mundial 2014).

There are few studies in Chile that address the processes of designing indigenous policies. In that sense, it is possible to demonstrate similarities with the conceptual discussion presented from the empirical level, where there have been public policies since the birth of nation-Chilean state has tended to keep these people in secondary roles in decision-making, being seen as cultures that must be overcome in pursuit of greater modernity

(Walsh 2006). Thus, for Chile, Figueroa (2014) understands this process as an exchange that requires recognizing the existence of a territory, of a world view itself, together with the existence of social, political, economic, and cultural specific that define the set of interrelations and exchanges between different actors (Figueroa 2014).

In this sense, the formulation of indigenous public policies must incorporate elements that allow us a better understanding of the conflict of interests and values between different cultures, where, as a rule, hegemonic cultures have determinates the contents of policies alternatives to indigenous population (Kymlicka 2007).

Basics such as equal rights, representation, and political participation or self-determination, among others, should be analyzed from the perspective they bring with the players in debate. Therefore, talking about diversity, recognition, participation, and decision-making means, in the case of indigenous peoples, recognizing the existence of a social process in formulating indigenous policies regarding the ways in which policyholders decision (mostly belonging to the dominant societies) categorizes these people politically, certainly where the context becomes relevant.

As Zapata (2013) points out, "if we ask who defines who is diverse, we find that there is always a power relationship while there is a framework that holds the discursive power and therefore the monopoly of defining what Is diverse. Hence, when talking about diversity there is always a power relationship and a sector of the population that is not included" (Zapata 2013, p. 15). This applies significantly in the case of indigenous policies in Latin America, particularly in Chile.

## Prevailing Paradigms and Approaches in Formulating Indigenous Public Policy

In the Latin American case, as in the case of Chile, the main paradigms that have served as context for the development of indigenous public policies have been multiculturalism and interculturalism, which represents stages of recognition of social, political, economic, and cultural, differentiated in a specific time frame. In this sense, the model of the nation-state favored by most Latin American countries has promoted an assessment of a Western culture as that which is true, based on principles of liberalism, where everything that does not agree with those values and principles is unknown.

That way has been installed in Latin American societies an epistemic hierarchy that privileges knowledge and Western cosmology of knowledge and non-Western cosmologies, as in the case of indigenous peoples (Mignolo 2000), assuming that human societies were built from the ethnic and cultural homogeneity. This has created conflicts in coexistence because if anything characterizes humanity as a whole, the plurality of cultural expressions is within it (Maldonado 2010).

Consideration of multicultural and intercultural paradigms is relevant to also identify approaches which acquired the indigenous public policy, the points that have been leveraged in decision-making and contextualized some extent, and the causes that led these decisions. That is, who decides and what is decided upon them and even what kind of multiculturalism or interculturalism has tried to promote, prioritize, and implement in Latin America and Chile.

## Multiculturalism and the Rise of "Development" and "Rights" Approaches

Multiculturalism, privileged paradigm by different Latin American governments since the 1960s, has allowed indigenous policies to be formulated without this meaning to question or jeopardize the prevailing nation-state model. In the case of Latin America, multiculturalism has meant managing cultural differences from state policies, which has not been without its complexities. Rather, it has been identified as part of a strategy of domination of hope to establish majorities on minorities but also offers the possibility to create new forms of social and cultural relations (Walsh 2001).

Generally speaking, multiculturalism has been understood as "acceptance of different cultures in society and the active support of these cultural differences by various groups" (Verkuyten 2004) and "cultural acceptance of risk involved complexity relations between different cultures, exploring the identity of each within a context of

power, discourse and experience" (Mc Laren 1995). This has significantly influenced the vision with which they have pursued policies where the duality of multiculturalism-modernity has emphasized linearity in the search for a better state of life for these people.

Within the multicultural paradigm, the "development" and "rights" approaches have been privileged as a framework for the formulation of indigenous public policies, a fact that is evident both for the Latin American and Chilean cases.

The so-called developmental approach was one of the privileged from the origins of multicultural policies, understanding the development "as a desirable state of affairs, ideal, which is expected to reach" (Isla and Colmegna 2005). This led to understand that development evolves and that it is a process that leads, on favorable terms, to a situation of full deployment of physical, cultural, political, economic, and ecological capacities (Martínez Navarro 2000). Because of this approach, hegemonic cultures consider indigenous peoples as not "evolved" and, therefore, this people are in a "lower stage" of modernity.

Thus, public policies aimed at indigenous peoples have been defined unilaterally, because even when you have created instances of participation or spaces for reflection, they have concentrated on "Western" mechanisms of decision-making or have set limits of the discussion so that people do not contravene the interests that are defended from the dominant structures. This has influenced significantly in the vision that has been carried out development initiatives in Latin America with indigenous peoples. Thus the term development itself is often loaded with connotations that relate to the modern idea of "economic progress," an idea that has been widely criticized by many contemporary thinkers (Martínez Navarro 2000).

Within these indigenous policies, the formulation processes focused on the generation of plans, projects, and programs that would strengthen the economic and social capital of these peoples, as a mechanism to incorporate them into the idea of development and progress that the society wanted to generate. Moreover, these policies have encouraged the introduction of concepts such as private ownership of land, generating a progressive loss of the same and a breakdown of the community economies.

Globalization, modernization, and economic adjustments, among other elements that characterized indigenous policy of the time, have produced technological sociocultural restructuring, politically aggravating the precarious situation of most of these people (Hernandez and Calcagno 2003). In these processes, as aggravating the situation, rural-urban migration and employment were added (Plant 1998). This is true for the Latin American case but also for the Chilean case, where a series of rules aimed at dividing indigenous lands and creating reductions and promotion of migration (Bengoa 2000) were issued.

These policies led to questionable results, with some studies report situations of poverty and marginalization of indigenous peoples, which remain to this day. According to the study by the Banco Mundial (2014), being indigenous increases the probability of an individual being poor. Controlling the basic factors that are knowingly associated with poverty, such as age, education, employment status, and region within a country, being of indigenous origin still increases more significantly the chances that a person has of being poor. Thus begin to emerge with force a number of indigenous movements, largely rebelled against the so-called development policies which promoted multiculturalism (Assies 2005, p. 1).

The so-called rights-based approach emerged strongly during the last decades of multicultural policies, where indigenous peoples have called upon states and the international community to respect their individual rights and to recognize a set of collective rights inherent in their status as peoples (Aylwin 2004). These rights include the demarcation and protection of their lands and territories, property, and use and benefit from their natural resources, among others.

Thus, the process of formulating indigenous public policy was placed on the interaction between parent companies and some actors and representatives of the indigenous world as a mechanism to identify critical points on which they must act, being a concrete expression of generating the same rules, laws, and ratification

of international instruments and even constitutional recognition of indigenous peoples.

According to some authors, the scope of the constitutional recognition of indigenous peoples has been varied (Henríquez 2005), from those who have gone from the minimum and essential recognition of the multiculturality of the state to the right of indigenous people to bilingual education. On the other hand, some Political Constitutions have recognized indigenous peoples as originating and preexisting peoples, and the ownership of their lands as a material resource for their cultural and political development.

They have also considered rights to identity and own culture; to preserve, develop, and transmit; to self-determination or self-government according to their customs; to privileged administration over the natural resources in their territories; to ancestral religion as a factor of cultural ethnic identification; to have their own forms of social organization; to participate in local and national politics by electing their own representatives; to be consulted whenever legislative and administrative measures that may affect them are promoted; and to adapt justice to indigenous systems using their uses and customs, among other rights (Henríquez 2005, p. 4).

Thus, in recent years, both changes in the international framework as the consolidation of democracy in several Latin American countries have reconfigured somehow the role of indigenous peoples, who have opened spaces for generating movements They are claiming, among other things, recognition of political, social, and cultural rights along with the defense and recovery of their ancestral lands (Bengoa 2000). This new scenario is relevant to the whole of Latin American societies and the future of democracy, and it poses the challenge of rethinking the political community; mechanisms for citizen inclusion models, preponderant society, and models formulation; and implementation of policies public as defined for indigenous peoples.

In the case of Chile, the enactment of the 1994 Act N° 19.253 was recognition of the existence of indigenous peoples and the creation of specific public institutions responsible for coordinating the efforts that governments develop indigenous issues without progress toward constitutional recognition (an issue that is still under debate). Furthermore, in the case of Chile, only in 2008 the government ratified Convention 169 of the ILO "Indigenous and Tribal Peoples in Independent Countries," after more than 15 years of parliamentary debate, realizing the difficulties which still persist to recognize basic rights of these peoples. That is why Banting and Kymlicka (2006) identified Chile as a country that has had a weak progress on multicultural policies, which has affected the increasing demands and claims of indigenous peoples (Figueroa 2014).

## Interculturalism and the Rise of the "Political" Approach

During the fourth quarter, several Latin American governments have had to face, in one way or another, the consequences of multiculturalism and policies defined without indigenous peoples, reemerging demands, in many cases, of ancestral character, although not part an official political or ideological agenda driving the revision of concepts like nation-state or democracy itself (Kelly 2002).

Thus it emerged a new paradigm that has been installed strongly in Latin America called "interculturalism." Unlike multiculturalism, interculturalism is a new political and social perspective, being considerate as a key concept for academic and practitioner to formulate and implement educational, health and territorial policies to indigenous peoples. For that reason, the interculturalism articulate different efforts to propose accurate actions for the "otredad" (the "ohers") (Garcia et al. 2015).

According to the Royal Spanish Academy, multiculturalism refers to "the relationship between different cultures." It is based on a holistic and human rights approach which "refers to the construction of equitable relationships between cultures, countries, communities and individuals, so that this idea involves recognizing the difference as an inherent aspect of the human being concept and It emphasizes the importance of differences arising from cultural background, as

these are the foundation on which subjects construct their own identities" (Organización de las Naciones Unidas para la Educación, la Ciencia y la Cultura (Unesco). Educación y diversidad cultural. Lecciones para la práctica en América Latina. Santiago de Chile: Unesco; 2008 [Internet] [acceso: 3 de febrero del 2017]. Disponible en: http://unesdoc.unesco.org/images/0016/001626/162699 s.pdf).

Thus they begin to emerge debates about the reformulation of the state, beginning to define them as multiethnic, intercultural, and multicultural, establishing the promotion of diversity as a constitutive principle of their charters and emphasizing the notion that the unit does not imply homogenization of cultural differences, as some constitutions had understood multiculturalism (Uprimny 2011).

Within this paradigm, the "political" approach has been one of the privileged to expand the topics to be included on the agenda as part of the formulation of indigenous public policy. In fact, some constitutions have recognized indigenous peoples as originating and existing towns and ownership of their land as cultural material resources and political support of the existence of those. Policies have also incorporated the rights to identity and own culture; to preserve, develop, and transmit; to self-determination or self-government according to their customs; to privileged administration over the natural resources in their territories; to ancestral religion as a factor of cultural ethnic identification; to have their own forms of social organization; to participate in local and national politics by electing their own representatives; to be consulted whenever legislative and administrative measures that may affect them are promoted; and to adapt justice to indigenous systems using their uses and customs, among other rights (Henríquez 2005, p. 4).

Another concept used for public policy is political participation, which is linked significantly to the concept of self-determination in the sense of allowing the generation of specific spaces to ensure that it were indigenous people who make their own decisions and can act free and informed on all those factors that affect their own development. As noted in the previous section, much of the mistakes that have incurred multicultural policies aimed at indigenous peoples are that they have not been formulated respecting their world view and that they remain marginal players in the process.

As Meza-Lopehandia (2010) points out, in the case of Chile, the current constitution hinders the exercise of true democracy, especially the exercise of the rights of indigenous peoples. In Chile only recognized is the existence of a nation, but it is necessary to consider the existence of different peoples, an issue that is complex since our constitution only recognizes one people exercising sovereignty, excluding indigenous peoples of the political body. This can be evidenced in a weak multicultural paradigm without adequate progress toward the incorporation of multiculturalism.

This also occurs in the specific area of the territory. As described in some research, recognition of the territory was not considered in the Law N°19.253 where the solution is delineated to individual land ownership and regularization of tenure by communities. Thus it speaks of "indigenous lands" whose property holders will have as indigenous individuals or the indigenous community defined by the law itself. Along with this, the role of the state to protect indigenous lands, ensuring their appropriate exploitation and ecological balance and providing for their expansion, is recognized. This start is given to one of the points in dispute which remain until the current government who has been part of the permanent demands of indigenous peoples: the restitution of ancestral territory and support of the development of indigenous peoples (Figueroa 2014).

## Main Lessons Learned from the Latin American and Chilean Case

The main lessons that emerge from Latin American and Chilean reality can be summarized in three points. First, the conceptual development in indigenous public policy formulation is emerging. Despite the existence of historical relations between the state and indigenous peoples, studies are scarce and must nourish the conceptual discussion from the results of the implementation of

indigenous policy, thus generating a mapping exercise "in reverse," where evidence constitutes a substantive support for analyzing how, when, and why certain emphasis on indigenous policy, paradigms, and approaches that prevailed emerged. Thus, there is a wide range of theoretical and empirical development that can become an opportunity to strengthen a research agenda for academics and practitioners.

Second, the formulation of these policies stresses the broader around other processes that do not involve culturally distinct peoples' conceptual discussion, thus accounting for the need to incorporate new analysis dimensions to this process in order to promote a better understanding of these phenomena. Among them, the "cosmovision" becomes a key dimension to ensure that the design process incorporates visions not always valued and recognized by the other but that they become a powerful predictor to ensure an adequate later implementation. Also, as happens with the formulation of other policies, it cannot be analyzed without reference to power. However, power analysis cannot be understood in the abstract but needs to be located from the reality experienced by indigenous peoples and historically define the secondary place of today.

Third, the need to broaden the analytical framework becomes relevant considering the paradigms that have served as a backdrop to recognize the scope and emphasis of the formulation of indigenous policies. While multiculturalism has become a paradigm that has framed most studies about indigenous peoples, practice has shown certain limitations by not considering specific aspects specific to the reality that, historically, have faced indigenous peoples. Consideration of new paradigms such as interculturalism or others should also be incorporated into the analysis of indigenous policies.

## Conclusions

The process of formulating indigenous public policy is an aspect little studied and therefore poorly understood, resulting in a significant difficulty in having greater conceptual precision to facilitate their inquiry from a methodological point of view. The need for a framework of analysis considers not only the claims and demands of indigenous peoples (those that have generally been linked to the territory and the exercise of their rights) but also the interests and values that different actors with power quotas have tried to place on the agenda of decisions, which are not always part of the government.

According to some studies, one of the major factors that have influenced the current conditions of indigenous peoples is the lack of adaptation and integration of cultural, valuables, and historical and social elements, among others, in designing public policies, a factor which is essential if it is expected to avoid uprooting and marginalization (Parvin 2009). However, these elements cannot be analyzed in the abstract without considering the debate issues related to power or colonization of knowledge. Ultimately, indigenous peoples can relate to measures or initiatives that do not take into account their values, attitudes, beliefs, world view, or forms of organization, among other things (Inkeless 2000).

## References

Assies W (2005) El multiculturalismo latinoamericano a inicios del siglo XXI. http://www.odg.cat/documents/formacio/24abril_Salvador_Marti.pdf (23 Jan 2013)

Aylwin J (2004) Derechos Humanos y Pueblos Indígenas: tendencias internacionales y context chileno. Instituto de Estudios Indígenas. Universidad de La Frontera, Santiago. http://www.estudiosindigenas.cl/trabajados/SeminarioInternacional.pdf

Banco Mundial (2014) Los Pueblos Indígenas en América Latina. Balance político, económico y social al término del Segundo Decenio Internacional de los Pueblos Indígenas en el Mundo. BM, Washington, DC

Banting K, Kymlicka W (2006) Introduction: multiculturalism and the welfare state: setting the context. In: Banting K, Kymlicka W (eds) Multiculturalism and the welfare state: recognition and redistribution in contemporary democracies. Oxford University Press, Oxford

Bengoa J (2000) La emergencia indígena en América Latina. Fondo de Cultura EconómicaSantiago (Chile), Santiago

Figueroa V (2014) Formulación de políticas públicas indígenas en Chile. Editorial Universitaria, Santiago

García Palacios Mariana H, Ana EN (2015) Pueblos indígenas y escolarización: los usos del concepto de interculturalidad en el debate educativo

contemporáneo. Educación, Lenguaje y Sociedad XII (12 (Diciembre)):1–25
Henríquez VM (2005) Los pueblos indígenas y su reconocimiento constitucional pendiente, en Reforma Constitucional, (Zúñiga Urbina Coordinador). Editorial LexisNexis, Santiago, pp 127–145
Hernandez I, Calcagno S (2003) Los Pueblos Indígenas y la sociedad de la información en América Latina y el Caribe: un marco para la acción. Website: http://www.mapuche.info/mapuint/hernacalca030400s.pdf (02 May 2013)
Hopenhayn M (2001) iquest;Integrarse o subordinarse? Nuevos cruces entre política y cultura. In: Mato D (ed) Estudios latinoamericanos sobre cultura y transformaciones sociales en tiempos de globalización. CLACSO, Buenos Aires
Inkeless A (2000) Measuring social capital and its consequences. Policy Sci 33:19–42
Isla A, Colmegna P (2005) Política y cultura en las intervenciones de desarrollo. In: Isla AR, Colmegna P (eds) Política y poder en los procesos de desarrollo. Editorial de las Ciencias, Buenos Aires
Kelly P (2002) Introduction: between culture and equality. In: Kelly P (ed) Multiculturalism reconsidered: culture and equality and its critics. Polity Press, Cambridge
Kymlicka W (2007) Las odiseas multiculturales. In: Las nuevas políticas internacionales de la diversidad. Paidos, Buenos Aires
Kovach M (2005) Emerging from the margins: indigenous methodologies. In: Brpwn L, Strega S (eds) Research as resistance: critical, indigenous and anti-oppressive approaches. Canadian Scholar Press, Toronto
Maldonado I (2010) De la multiculturalidad y la interculturalidad: La Reforma del Estado y los pueblos indígenas en México. Andamios Revista de Investigación Social 7(14):287–319. (septiembre-diciembre)
Martínez Navarro E (2000) Ética para el desarrollo de los pueblos. Trotta, Madrid
Mc Laren P (1995) Critical pedagogy and predatory culture: oppositional politics in a postmodern era. Routledge, Londres
Meza-Lopehandía M (2010) Reconocimiento Constitucional y Derechos Fundamentales de los Pueblos Indígenas: Con especial referencia al derecho a la consulta. Observatorio Parlamentario, Octubre de, p 2010
Mignolo W (2000) Local histories/global designs: coloniality, subaltern knowledge and border thinking. Princeton University Press, Princeton
Olavarría M (2010) La formulación de la política pública: lo que revela el caso de la modernización de la gestión pública. In: Gambi O (ed) ¿Cómo se Formulan las Políticas Públicas en Chile? Tomo 1: La Modernización de la Gestión Pública. Editorial Universitaria, Santiago
Parvin P (2009) Integration and identity in an international context: problems and ambiguities in the new politics of multiculturalism. Pol Stud Rev 7(3):351–363
Plant R (1998) Pobreza y Desarrollo Indígena: Algunas Reflexiones. Documento BID N° IND-105
Sabatier P, Jenkins-Smith H (1999) The advocacy coalition framework: an assessment. In: Sabatier P (ed) Theories of the policy process. Westview Press, Boulder
Uprimny R (2011) The recent transformation of constitutional law in Latin America: trends and hallenges. Texas Law Rev 89(7):1587–1609
Verkuyten M (2004) Everyday ways of thinking about multiculturalism. Ethnicities 4(1):53–74
Walsh C (2006) Interculturalidad y (de)colonialidad. In: Diferencia y nación de otro modo en Desarrollo e interculturalidad, imaginario y diferencia: la nación en el mundo Andino. Académica, Quito
Walsh C (2001) (De) construir la interculturalidad. Consideraciones críticas desde la política, la colonialidad y los movimientos indígenas y negros del Ecuador. In: Fuller N (ed) Interculturalidad y política: desafíos y posibilidades. Pontificia Universidad del Perú-Universidad del Pacífico-IEP, Lima
Yanow D (1993) The communication of policy meanings: implementation as interpretation and text. Policy Sci 26:41–61
Zapata R (2013) Del diálogo intercultural a la acción intercultural. In: Zapata R, Pinyol G (eds) Manual para el diseño de políticas interculturales. Gritim, España

C

# Conflict Dynamics

Benjamin T. Jones[1] and Shawna K. Metzger[2]
[1]University of Mississippi, Oxford, MS, USA
[2]National University of Singapore, Singapore, Singapore

## Synonyms

Arbitration; Disputed issues; Disputes; Escalation; Evolution; Longevity; Negotiation; Process; Resolution

## Definition

Changes within a contested issue space over time with respect to actor behavior or the issue's broader environment.

## Introduction

An understanding of "conflict dynamics" requires an understanding of each of the phrase's words.

"Conflict" has been defined in two principal ways in the literature on organizational behavior (Thomas 1992, p. 265). First, it has been defined in *broad* terms. Pondy's (1967, p. 298) seminal work epitomizes this definition, as he argues that "conflict" is composed of four parts: (1) antecedent conditions (those creating the possibility for disagreement between actors, like resource shortages); (2) emotions (what he calls "affective states," such as stress and hostility); (3) perceptions of the situation; and (4) behavior (e.g., overt coercive violence, such as militarized behavior). Vasquez and Mansbach (1984, p. 428) emphasize similar constituting dimensions: (1) issue dimensions, relating to the item under contention; (2) opinions about the disagreement (agreement–disagreement); (3) behavior (positive–negative acts); and (4) disputants' resultant attitudes (friendship–hostility). Broad definitions are useful for discussions of conflict dynamics, insofar as they call attention to the entire process, and force scholars to think about how everything connects. At the same time, though, these approaches tend to be more descriptive. On their own, they are not falsifiable, nor do they generate specific predictions about observable phenomena.

Second, conflict has been defined in more *specific* terms by focusing on "a sharp disagreement or collision in interests between two or more actors" (Jones et al. 1996, p. 168). Defined in this way, conflict amounts to a bargaining problem in which two actors disagree over the allocation of an issue and must agree on how to divide it (Fearon 1995). An issue represents one or more concrete objects "seen as possessing or representing the desired" goals of an actor (Hensel 2001, p. 82). Conflict-as-specific studies are subsequently interested in how disputants manage the conflict. How long does the disagreement last? Do disputants enter into formal negotiations to resolve their differences? Does a neutral arbiter facilitate the negotiations? Do the negotiations succeed? Do the disputants resort to coercion to resolve the disagreement? Does the coercion resolve the disagreement, or does the disagreement still persist? Do disputants use both negotiations and coercion in an effort to resolve the dispute? A conflict-as-specific definition gives scholars more leverage for making inferences because it lends itself to generating falsifiable claims from an argument. However, such specific definitions can induce a "blinders effect" in which scholars focus on a specific type of observed behavior within the conflict (e.g., coercive) and eschew other types of observed behavior and how these behavior types may be interdependent. In a similar way, the definition's specificity can lead scholars to eschew the rich, broader context in which the behavior occurs and how this context may affect behavior.

Both conflict definitions make clear that conflict is a *process*, one composed of latent and observable traits. To speak of process automatically necessitates a time element, meaning that conflicts are not resolved instantaneously. Conflict has an ebb and flow, and scholars observe the conflict across time to "better understand how [it] begins, progresses (e.g., escalates, militarizes), terminates, and/or potentially recurs" (Jones and Metzger (forthcoming)). Time can be demarcated in a variety of ways, ranging from hours to weeks to years.

To speak of conflict *dynamics*, then, refers to how the conflict process can exhibit change across time. Social scientists have examined conflict in various settings. Examples include labor disputes, protests, interstate disputes, civil wars, contract negotiations, domestic crime and enforcement, legislative bills, and intrapersonal disagreements. Yet, regardless of context, important commonalities exist with regard to the *source* of the conflict's change across time. A useful framing heuristic is thinking of one disputant's behavior within a conflict and asking "what causes the disputant's behavior to change?" At minimum, three possibilities exist: other disputants (dynamics between actors), alterations specific to the conflict environment (dynamics across stages), or alterations to any environment in which the disputants are embedded (dynamics across levels), though the list is not exhaustive. The answer also greatly influences the ways in which scholars marshal evidence to support their claims.

## Dynamics Between Actors

### Description

The most obvious influence on a disputant's behavior is the behavior of the other disputant. Here, the dynamic element within a conflict originates from the actions of one actor toward the other, and the latter's responding action at a subsequent moment in time – an "action–reaction"-type argument. Cooperation theory suggests that "like produces like" – the action taken by one actor toward another is likely to garner a similar response (i.e., reaction) from the others (Axelrod 1984). For example, work on foreign policy behavior primarily focuses on the way in which two actors, usually states, interact with one another from period to period. Hostile behavior by one state in one period may elicit a similarly hostile response from the other state in the next period, whereas friendly behavior would invoke reciprocal friendliness.

Notably, an actor's reaction to an initial action is unlikely to be only a function of that initial action. Behavioral inertia (Goldstein and Freeman 1990) and rational expectations (Williams and McGinnis 1988) are also at work. All three factors together provide leverage for studying a disputant's behavior in many contexts. Modeling the response of protestors to government repression and vice versa is one example (Moore 1998). Protestor behavior is a combination of reacting to government repression (reaction), the protestors' own behavior in the past (inertia), and the protestors looking ahead to the future and acting strategically (rational expectations). The same is true for the government's behavior.

In addition, a disputant's actions may be in response to the actions of *many* other disputants, not just one. These additional actors may be additional states – for instance, modeling the actions and reactions of the North Atlantic Treaty Organization (NATO), Bosnia, and Serbia during the Bosnian conflict (Goldstein and Pevehouse 1997), or they may include domestic actors within states, for example, taking into account how shifts in domestic public opinion might impact states' actions and reactions in an ongoing conflict (Brandt et al. 2008). In these more complex situations, dynamics still arise from the interplay of each actor's behavior and the differential responses of the other actors involved in the conflict that follow from that initial behavior.

### Methods for Analysis

Both formal and empirical models often serve as the evidentiary basis for claims regarding the interaction between actors. Formal models are deliberate abstractions of the process under study, and usually take game-theoretic form, akin to a decision tree (Osborne and Rubinstein 1994). Formal modelers elucidate the number of interacting actors, the preferences/goals of these actors, the actions available to actors at each point in time, and the resultant outcomes from these actions. In conflict situations, one actor's goals are the opposite of the other actor's goals; accordingly, actors' preferences are defined as diametrically opposing. Scholars then solve the game-theoretic model for its equilibrium – the optimal action(s) for an actor to take to reach an outcome best fulfilling the actor's goals, given the likely actions of others. Formal models are well suited for thinking systematically about how actors strategically behave, given a set of constraints and preferences. They are also adept at generating falsifiable statements about the process of interest. However, formal models themselves cannot test whether the inferences they generate are borne out by real-world data from the process.

Empirical tests do utilize real-world data. Tests pertaining to actor dynamics rely on time series and longitudinal methods. Most empirical models view dynamics unfolding across time as a "nuisance" to making accurate inferences about some factor's effect on an outcome and simply want to correct for the nuisance's presence. By contrast, time series methods view modeling dynamics as an important exercise in its own right, one with substantive import for better understanding the process of interest (Enders 2009; Pevehouse and Brozek 2008). Longitudinal methods have a similar emphasis, but also usually have many panels'

worth of information on multiple subjects (Skrondal and Rabe-Hesketh 2004). As a result, longitudinal methods also equally emphasize accounting for a process' subject-specific attributes, again in the service of improving inferences about both the process' dynamics and certain factors' effect on an outcome.

### Comparison to Other Conceptions of Dynamics

Time is inherent to studying conflict dynamics arising from the actions and reactions of actors, as actions and reactions unfold in a sequential order – reactions necessarily follow actions. However, change over time sometimes reflects more than just progressing from one time period to another. Specifically, the conflict may progress from one stage to an entirely different stage. Dynamics between actors share a superficial overlap with conflict dynamics arising across stages (discussed more in the following section). However, the former emphasizes the actions and reactions of the actors in the conflict, whereas the latter emphasizes the structure of the environment, or stage, in which actions and reactions are occurring.

From the perspective of conflict dynamics arising between actors, conflict stages receive little attention. *If* stages exist, the dynamics-between-actors perspective views stages as a labeling convenience, simply marking a difference in actors' potential costs and/or benefits when formulating their reactions to one another. Fundamentally, little else changes. The importance (i.e., weight) an actor places on various costs and benefits, for instance, remains constant. Equation 1 provides a stylized cost-benefit expression for some action A at time $t$ for an actor, to make these points concrete. $\omega$ represents the importance of a cost or a benefit to the actor, with higher values representing greater importance and therefore, greater weight. An actor's $\omega$ derives from its perceptions, beliefs, and broader features of the environment in which the interaction is occurring. Within the framework of conflict dynamics arising between actors, Eq. 1's costs and/or benefits may change in value from one "stage" to the next, perhaps appreciably so. However, this framework also implicitly assumes that the broader environment in which actors interact with one another remains constant. As a result, within this framework, the $\omega$'s remain the same across time. That is, the importance ascribed to the benefit by the actor at time $t$ is the same as the ascribed importance of the benefit at $t+1$, $t+2$, and so on.

$$\begin{aligned}&\text{Expected Utility of Action A}\\&\quad = \omega_b(\text{benefits}) - \omega_c(\text{costs})\end{aligned} \tag{1}$$

The above suggests two fundamental assumptions with respect to conflict dynamics arising from actors' actions and reactions. First, the conflict process' environment – e.g., the internal structure of either actor, the broader system's characteristics and structure in which the actors are nested, aspects of what the actors' interactions are regarding, and so on – does not change (Frieden 1999). If true, actors' actions and reactions within the conflict are mostly independent of the stage they occupy, such that the primary source of the actors' behavior is their prior respective actions. Second, and related, is that actors' decision-making calculi are constant across stages. Actors respond to costs, benefits, and others' actions in the same way, regardless of the conflict's stage. More broadly, the implication is that the structure of actions and reactions between the actors remains the same. Equation 1's $\omega$'s remain constant.

## Dynamics Across Stages

### Description

A second source of dynamics can be the different stages (or phases, synonymously) composing a conflict process. Stage is a collective term encapsulating the structure of the environment in which actors interact, and there is theoretical reason to believe that the environment affects actor behavior. Put differently, stages are no longer a labeling convenience, as they were in the dynamics-between-actors perspective. Rather, the conflict moving from one stage to another indicates that some aspect of the environment has changed in a way that affects actors' valuation of $\omega$. Thus,

within this framework, stages denote when at least one of Eq. 1's $\omega$'s changes in value, meaning that how actors weigh their costs and benefits is now *conditional on* which stage of the conflict process they occupy.

Often, a process' stages are delineated based on a set of observable criteria. For example, a territorial dispute between states could have four stages, based on states' actions toward one another at time $t$: (1) existence of a status quo challenge, in which one state has explicitly made statements that challenge the territory's current ownership status, but no settlement attempts are underway; (2) active negotiations, in which disputant states are engaged in bilateral talks, arbitration, or mediation in an effort to resolve the dispute; (3) militarized settlement attempt, in which disputant states are engaged in threats, displays, or uses of military force toward one another in an effort to resolve the dispute; and (4) resolution, in which a new status quo is agreed upon by both disputants. However, a process' stages may also be latent, in that we can only infer indirectly whether a process is composed of many stages, and if so, what the process' current stage is. Regardless of how the stages are defined, the movement of a conflict from one stage to the next has important implications for the conflict process as a whole, as well as scholarly understanding of it. Accordingly, a number of studies have begun to conceptualize conflict not as pertaining to any one particular stage, but rather as a broader process comprising each of these stages (Levy 1995).

Within this framework, dynamics arise not only from the interactions between actors from one time period to the next, but also from the particular stage the conflict occupies. At the core of a stage conception of conflict dynamics is the claim that the conflict process' different stages fundamentally alter the environment in which interactions between actors take place. As the conflict environment in which interactions between actors takes place changes at a fundamental level, it suggests that the causal process yielding a conflict outcome of interest is likely subject to considerable complexity (Braumoeller 2003; Jervis 1997). The implication is, depending on the particular stage a conflict occupies, the same factor or similar patterns of interaction between actors may have fundamentally different effects. That is, depending on the stage in question, the "basic structural elements vary in their relation to each other. In other words, the variables in the bivariate relationship are right, but the relationship is not constant (i.e., the $\beta$'s vary)" (Goertz 1994, p. 15).

For instance, we can imagine a simple example in which a conflict comprises two stages: ongoing warfare and active negotiations. Importantly, factors increasing the likelihood of actors commencing negotiations may make it substantially more difficult for those same actors to actually implement any agreement they reach (Findley 2013). Analogously, Fearon (1998) distinguishes between the bargaining and enforcement stages of an agreement and demonstrates that the factors that make *enforcing* an agreement easier may make *reaching* such an agreement considerably more difficult.

Additionally, a focus on the stages that compose a conflict yields another form of conflict dynamics: the sequence in which a conflict transitions through these stages. Many studies make a simplifying assumption that a conflict transitions through its stages in a straightforward, linear manner, progressing from the first stage, to the second, to the third, and so on (Diehl 2006). However, many conflict processes exhibit a fair degree of complexity in the timing and sequence of transitions between conflict stages. This complexity may be of considerable importance, because particular transition sequences may yield varied outcomes of interest. For instance, particular sequences may systematically correspond with a higher likelihood of peace within states than others (D'Orazio and Yonamine 2015).

## Methods for Analysis

Empirical models have been the primary way in which researchers assess claims about dynamics across stages. Which tool is most appropriate depends on the claim under investigation. Regime-switching models allow the effect of different factors to be conditional upon a process' stage (Piger 2011). There are many variants of regime-switching models, with different degrees

of complexity, but most regime-switching models are rooted in the time series literature (e.g., Freeman and Jackson 2012). However, these models can be hard for non-time series experts to utilize because of their complexity. One alternative is multistate survival models, which are instead rooted in the duration analysis literature (Metzger and Jones (forthcoming)). Multistate models permit researchers to assess how many stages compose a conflict process of interest, how the disputants transition through these stages, and how the effect of certain factors varies depending upon the conflict's stage. Finally, sequence analysis is another tool with both descriptive and inferential power (Casper and Wilson 2015; Mills 2011, chapter ▶ "Organizational Environment"). Sequence analysis can provide descriptive information about how processes' transition sequences compare to one another. Sequence analysis can also yield inferences with respect to how certain factors make particular sequences more or less likely. Further, sequence analysis can also investigate claims in which *sequences* are the factor affecting outcomes.

## Dynamics Across Levels

### Description

Finally, dynamics can originate from different levels of analysis. Under this view, each level of analysis acts as a structure in which actors are embedded (Jepperson and Meyer 2011). In a static system, the structures in which an actor is embedded affect the actor's behavior, because actors are often assumed to be both strategic and utility-maximizing (Frieden 1999). For instance, bureaucratic behavior within a state is a product of the procedure and rules within a government agency and also the rules and procedures that dictate how and when the agency is to interact with other governmental bodies. If we move to international politics, states are constrained from both below and above: domestic politics within the state can have repercussions for how states behave toward other states (Putnam 1988), and the rules (or lack thereof) in the interactional system also affect how states behave toward other states (Waltz 1979). In short, even in a simple world observed at a single point in time, actor behavior is a product of the actor's preferences *and* the structure(s) in which the actor is embedded.

Dynamics arise when changes at one level of analysis affect a disputant's behavior within a conflict. For instance, a global shift in the distribution of military power – a change at the level of the international system – may spur individual states into action for myriad reasons. If states were satisfied with the previous status quo, they may act to restore it; newly powerful states may act to obtain all the trappings and benefits to which they believe their new power entitles them; run-of-the-mill states locked in bilateral conflicts may minimize or maximize their resolution efforts, particularly if their foreign policy attention needs to be diverted elsewhere. Additionally, changes at one level of analysis may also first affect change at other levels of analysis which then affect an actor's behavior.

### Methods for Analysis

Assessing claims about dynamics across levels of analysis is no small feat. Mathematical modeling has arguably been the mainstay of this body of work, in the spirit of Lewis Richardson's (1960) early work on the dynamics of arms races using differential equations. Researchers define the conflict system using a series of equations to capture the various forces theorized to be at work and derive the equilibrium conditions for the entire system. They can then compute comparative statics to see how a quantity of interest in the system responds to changes elsewhere. For empirical tests of conflict dynamics across levels, hierarchical models are adept at capturing the effects of variables at different levels of analysis in longitudinal settings. However, Chaudoin et al. (2015) point out that complex interactions, particularly across levels of analysis, require more sophisticated methodological tools than those that currently exist. More work will certainly be done on this front in years to come. For an applied example, Braumoeller's (2012) systemic theory of Great Power behavior is an excellent illustration of mathematical modeling (differential equations)

and empirical modeling (hierarchical models) working together to support an argument about dynamics across levels.

### Comparison to Other Conceptions of Dynamics

Dynamics across levels and dynamics across stages are very similar. Both involve changes to the environment, which in turn produce changes in actor behavior. A stage conception of dynamics usually focuses first and foremost on actor interactions and how stages can have conditioning effects on actor-specific or actor pair-specific factors that influence an actor's behavior. Importantly, changes brought about via levels of analysis could easily fit into a stage framework, as changes in one level may certainly shape the environment in which actors interact. However, levels are usually are not incorporated, likely as a function of where the theoretical emphasis is being placed in a stage framework. By contrast, changes across levels are usually conceptualized as entirely separate factors in their own right. Further, changes across levels, in many instances, are assumed not to have conditioning effects on other factors. Again, there is no reason why this must be so. A potentially powerful avenue for future research could involve stage conceptions of dynamics and level-of-analysis conceptions coexisting within the same framework.

## Analysis and Conclusion

To conclude, the notion of conflict dynamics centers on describing and analyzing how and why a conflict process – either a narrowly defined disagreement or a more expansive understanding including the lead up to and aftermath of such a disagreement – changes over time. All three conceptions of conflict dynamics above involve a time element, in that researchers are observing the conflict episode at various points in time. The presence of time is a necessary condition for investigating dynamics. However, beyond this, dynamics can manifest in myriad ways. The conceptions here draw attention to *where* the impetus for a disputant's behavior arises from – that is, whether conflict dynamics arise from the actions and reactions between actors, transitions from one stage of a conflict process to another, or from the interplay across distinct levels of analysis. Each "origin" of conflict dynamics offers unique insights into when, why, and how conflicts evolve over time, while simultaneously lending themselves to distinct methods of analysis. Which conception is most useful depends on the researcher's question, and the theoretical underpinnings of the researcher's argument. Clearly theorizing the impetus' source is essential because different sources speak to alternative empirical strategies for evaluating conflict dynamics.

In practice, all three conceptions are likely present in any given context, because the actors we theorize about in the social sciences are one constitutive piece of a larger, complex process. Indeed, developing the theoretical and empirical models to simultaneously account for multiple sources of conflict dynamics represents a fruitful path for future analyses of conflict dynamics. The three conceptions of conflict highlight many of the implicit assumptions underlying arguments about each conception of dynamics, which may not be reasonable in all applied settings. For dynamics between actors, is it reasonable to assume that all else is being held constant, with respect to the different structures in which an actor is embedded? If not, what effect might the transition from one stage of the conflict process to another, a fundamentally distinct environment, have on the actors' actions and reactions in the conflict? Analogously, analyses that focus on dynamics arising across levels of analysis do not typically account for how such dynamics may condition the actions and reactions of actors in a conflict. By taking into account multiple sources of conflict dynamics at the same time, future analyses can contribute new insights into the behavior of actors in conflicts and the manner in which both their own behavior and shifts to their environment jointly contribute to the course of the conflict process.

The three conceptions define conflict in specific terms, speaking to actors' observable behavior. Broader definitions of conflict reinforce the various conceptions, as they speak to attributes of a conflict that could change, and in so

doing, affect a disputant's behavior. Overarching the three conceptions is an interest in viewing conflict processes from a causal angle, which can differ from a purely descriptive approach to conflict dynamics. A causal angle is rich in potential, particularly for public policy questions. A specific instance of conflict (e.g., Finland and Russia's territorial dispute over Petsamo) is one example of a type of process, which may share similar dynamic elements relevant to a conflict process of the same type (e.g., Argentina and Britain's territorial dispute over the Falkland Islands). Understanding what factors affect how long conflicts last, whether conflicts escalate in intensity, and which resolution methods are effective (and when they are effective) is powerful knowledge for shaping policy discourse. As a result, hypothesizing about general factors that increase or decrease the likelihood of some behavior of interest takes on greater import.

## Cross-References


- ▶ Forms of Power
- ▶ Issue Networks: The Policy Process and Its Key Actors
- ▶ Politics: Basic Concepts
- ▶ Power and Peace


## References


Axelrod RM (1984) The evolution of cooperation. Basic Books, New York

Brandt PT, Colaresi M, Freeman JR (2008) The dynamics of reciprocity, accountability, and credibility. J Confl Resolut 52(3):343–374

Braumoeller BF (2003) Causal complexity and the study of politics. Polit Anal 11(3):209–233

Braumoeller BF (2012) The great powers and the international system: systemic theory in empirical perspective. Cambridge University Press, Cambridge

Casper G, Wilson M (2015) Using sequences to model crises. Polit Sci Res Methods 3(2):381–397

Chaudoin S, Milner HV, Pang X (2015) International systems and domestic politics: linking complex interactions with empirical models in international relations. Int Organ 69(2):275–309

D'Orazio V, Yonamine JE (2015) Kickoff to conflict: a sequence analysis of intra-state conflict-preceding event structures. PLoS One 10(5):e0122472

Diehl PF (2006) Just a phase?: integrating conflict dynamics over time. Confl Manag Peace Sci 23(3):199–210

Enders W (2009) Applied econometric time series, 3rd edn. Wiley, New York

Fearon JD (1995) Rationalist explanations for war. Int Organ 49(3):379–414

Fearon JD (1998) Bargaining, enforcement, and international cooperation. Int Organ 52(2):269–305

Findley MG (2013) Bargaining and the interdependent stages of civil war resolution. J Confl Resolut 57(5): 905–932

Freeman JR, Jackson JE (2012) Symposium on models of path dependence. Polit Anal 20(2):137–145

Frieden JA (1999) Actors and preferences in international relations. In: Lake DA, Powell R (eds) Strategic choice and international relations. Princeton University Press, Princeton, pp 39–76

Goertz G (1994) Contexts of international politics. Cambridge University Press, Cambridge

Goldstein JS, Freeman JR (1990) Three-way street: strategic reciprocity in world politics. University of Chicago Press, Chicago

Goldstein JS, Pevehouse JC (1997) Reciprocity, bullying, and international cooperation: time-series analysis of the Bosnia conflict. Am Polit Sci Rev 91(3): 515–529

Hensel PR (2001) Contentious issues and world politics: the management of territorial claims in the Americas, 1816–1992. Int Stud Q 45(1):81–109

Jepperson R, Meyer JW (2011) Multiple levels of analysis and the limitations of methodological individualisms. Sociol Theory 29(1):54–73

Jervis R (1997) System effects: complexity in political and social life. Princeton University Press, Princeton

Jones BT, Metzger SK (Forthcoming) Evaluating conflict dynamics: a novel empirical approach to stage conceptions. J Confl Resolut

Jones DM, Bremer SA, Singer JD (1996) Militarized interstate disputes, 1816–1992: rationale, coding rules, and empirical patterns. Confl Manag Peace Sci 15(2): 163–213

Levy JS (1995) On the evolution of militarized interstate conflicts. In: Bremer SA, Cusak TR (eds) The process of war: advancing the scientific study of wars. Overseas Publishers Association, Amsterdam

Metzger SK, Jones BT (Forthcoming) Surviving phases: introducing multi-state survival models. Polit Anal

Mills M (2011) Introducing survival and event history analysis. Sage, Los Angeles

Moore WH (1998) Repression and dissent: substitution, context, and timing. Am J Polit Sci 42(3):851–873

Osborne MJ, Rubinstein A (1994) A course in game theory. MIT Press, Cambridge, MA

Pevehouse JC, Brozek JD (2008) Time-series analysis. In: Box-Steffensmeier JM, Brady HE, Collier D (eds) Oxford handbook of political methodology. Oxford University Press, Oxford, pp 456–475

Piger J (2011) Econometrics: models of regime changes. In: Meyers RA (ed) Complex systems in finance and econometrics. Springer, New York, pp 190–202

Pondy LR (1967) Organizational conflict: concepts and models. Adm Sci Q 12(2):296–320
Putnam RD (1988) Diplomacy and domestic politics: the logic of two-level games. Int Organ 42(3):427–460
Richardson LF (1960) Arms and insecurity: a mathematical study of the causes and origins of war. Boxwood Press, Pittsburgh
Skrondal A, Rabe-Hesketh S (2004) Generalized latent variable modeling: multilevel, longitudinal, and structural equation models. Chapman and Hall/CRC, London
Thomas KW (1992) Conflict and conflict management: reflections and update. J Organ Behav 13(3):265–274
Vasquez JA, Mansbach RW (1984) The role of issues in global co-operation and conflict. Br J Polit Sci 14(4): 411–433
Waltz KN (1979) Theory of international politics. Addison-Wesley, Reading
Williams JT, McGinnis MD (1988) Sophisticated reaction in the U.S.-Soviet arms race: evidence of rational expectations. Am J Polit Sci 32(4):968–995

# Conflicts and Stress Management

Elena Novikova-Kalita[1], Natalia Ermasova[2] and Marina Gluchova[3]
[1]Volga Region Institute of management by Stolypin (branch) Russian Academy of Economy and State Service under the president of the Russian Federation, Saratov, Russia
[2]Public Administration, Governors State University, University Park, Chicago, IL, USA
[3]Department of Economics and Management, The First Medical University by Sechenov, Moscow, Russia

## Synonyms

Conflict management; Stress management; Work overload stress

## Definitions

**Conflicts** are the varieties of social relations in which the conflicting parties realize their interests, needs and aspirations in a bitter struggle.

**Stress** is the body's reaction to any change that requires an adjustment or response when the body reacts to these changes with physical, mental, and emotional responses.

**Job resources** are physical, psychological, organizational aspects of the job that help achieve work goals, or stimulate personal growth, learning, and development.

## Introduction

Conflicts and work-related stress are growing concerns in developing countries due globalization and the changing nature of work. The impact of stress can be seen in many aspects of a human's life, in particular during COVID-19 pandemic. It is evident that the feelings and perceptions of stress when people do not have enough time, skills, or financial resources to effectively handle personal or professional demands. Research has indicated that conflicts and work-related stress are considered a cause of many different diseases. Conflicts and stress in the workplace not only impact individual performance but also the organization's effectiveness as a whole. Conflicts at workplace and work-related stress may affect the organization's effectiveness due to costs associated with increased absenteeism and staff turnover, replacement of absent workers, increased unsafe working practices, accident rates, complaints from clients/customers, and reduced productivity, performance, and profitability of organization ((Nguyen et al. 2014).

## Conflicts at Workplace

The definition of conflict is multifaceted. According to the interpretation presented in the dictionary, conflict (from lat. Conflictus – collision) is a clash of parties, opinions, forces. The conflict is considered both in a broad and in a narrow sense. In a broad sense, conflict is interpreted as one of the varieties of social relations in which the conflicting parties realize their interests, needs, and aspirations in a bitter struggle. In a narrow sense, conflict is interpreted as

one of the varieties of social interaction, characterized by a direct and deliberate clash of its participants.

Today, the world is in an era of global change, conflicts are inevitable and are part of the public sector, NGO, and companies' human capital management process. There are different aspects of conflicts: the social tension, the confrontation between employees and their supervisors, and disagreements between the leaders. Conflicts could bring negative and positive outcomes. According to Adises (2017), "changes provoke disintegration – there will always be those who are able to turn the changes to their advantage, and those whom innovations frighten and paralyze… As a result, conflict management is becoming one of the main tasks of managers" (p. 1). Deivy (2020) suggests that "good teams are able to go into a productive conflict for the sake of finalizing ideas, stimulating innovation and reducing risks" (p. 1). If the teams at workplace are able to enter into a productive work conflict by expressing disagreement, discussing different points of view and working in difficult circumstances, these teams usually offer more innovation.

William Wrigley, the American king of chewing gum, once remarked that business is built by dissenting: "When two always agree, one of them is superfluous" (Lovrich and Chamorro-Premusik 2018). In business, politics, public administration, sports, and art, we can find different examples of successful partnerships, fueled not only by creative tension or disagreement.

Many scholars analyzed a different attitude toward conflict. Conflict, as a phenomenon, is always undesirable, which should be avoided and resolved as soon as possible. Such an attitude can be clearly seen in the writings of authors belonging to the school of scientific management, administrative school. Authors belonging to the school of "human relations" were also inclined to believe that conflicts should be avoided. But if there were conflicts in the organizations, then they considered this as a sign of ineffective activity and poor management. The modern point of view is that even in organizations with effective management, some conflicts are not only possible, but may even be desirable. In many cases, the conflict helps to identify the diversity of points of view, provides additional information, helps to identify problems, etc.

According to Kozer (2000), conflict has social functions, and certain level of conflict is "necessarily dysfunctional, but it is an essential component of both the process of formation of a group and its sustainable existence" (p. 51).

There are three stages in the development of the struggle of interests that lead to conflict:

- Differences of opinion
- Contradictions in the discussions
- Direct struggle in the form of conflicts in actions

There are following types of conflicts:

1. By sources of origin (conflicts of interest, values, identification)
2. By social consequences (successful, unsuccessful, constructive or constructive, destructive or destructive)
3. By scale (local, regional, interstate, global, micro-, macro-, and mega-conflicts)
4. Forms of struggle (peaceful and non-peaceful)
5. Characteristics of the conditions of origin (endogenous and exogenous)
6. In relation to the subjects of the conflict (genuine, random, false, latent)
7. Tactics used by the parties (battle, game, debate)
8. Fields of activity (economic, political, environmental, labor, social security, education, and others)
9. In relation to a separate subject (internal (personality conflicts) and external (interpersonal, between a person and a group, intergroup))
10. On the psychological aspect (motivational, cognitive, role-playing and other conflicts)
11. By nature:
    - Objective, related to real problems and shortcomings
    - Subjective, due to various assessments of certain events and actions

To resolve the conflict, you must:

- Determine the type of conflict
- Causes
- Features
- Apply the resolution method necessary for this type of conflict

A two-dimensional model of personality behavior in conflict interaction, developed by Thomas and Killman, is widely used in conflict management. This model is based on the orientation of the parties to the conflict to their interests and those of the opposite side. The participants in the conflict, analyzing their interests and those of the opponent, choose one from five behavioral strategies (struggle, withdrawal, concessions, compromise, and cooperation).

## Work-Related Stress

Stress can be positive and motivating when it is short, for example, you need more quickly submit reports: sometimes the work is done more efficiently under pressure of deadline. Moreover, the work in conditions of constant scarce resources, including time, is mid-level stressors. A similar tension occurs when a person has (1) difficulty in dealing with employers, (2) worries about career development, and (3) the tasks contradict each other. Risk of serious and chronic stress increases when there are sudden changes in working conditions or when a person is deprived of the support of colleagues, family and leadership. Stress is formed from a combination of these factors and the inability to relax. Prolonged activation of the stress response causes wear and tear on the body – both physical and emotional. The results of constant work-related stress are complex somatic pathology, reduced adaptive abilities of the organism, chronic fatigue syndrome earn, weakness in the morning, frequent headaches, insomnia, conflicts, or susceptibility to loneliness. Stress also becomes harmful when people use negative coping mechanisms as compulsive use of substances or behaviors to try to relieve their stress: food, alcohol, tobacco, drugs, gambling, sex, shopping, and the Internet. Rather than relieving the stress and returning the body to a relaxed state, these negative coping tend to keep the body in a stressed state and cause more problems at work and home.

According to the Globe Research Project (2020), Russian respondents had the lowest score for uncertainty avoidance practices of the 60 sample countries. There are a relative acceptance of ambiguity and uncertainty within the workplace along with a desire for greater workplace rules and certainty in the future in Russia. Russia experienced economic crises in 1992, 1998, 2008, and 2016–2017 that led to dramatic impoverishment of population, social anxiety, and high level of stress. These crises brought a lot of financial and social problems to Russia, including high level of inflation and unemployment. Russia experienced two serious economic crises in 1992 and 1998 that were accompanied with drop in personal income and rapid impoverishment. Start of transition period (a "shock therapy") occurred in 1992 after political decision to accomplish a rapid transition to market economy. The consumer prices grew 3.5 times faster than wages in 1992 and exploded by 2500% for the 1992. According to StatBureau (2019), inflation rate in Russia was 2508.85% in 1992. That is 2348.44 more than it was in the preceding 1991 and 1668.98% more than in the following year of 1993 (StatBureau 2019). During the time of transition, population of Russian federation had to deal with: (1) increased demands of learning new skills; (2) the need to adopt new ways of working; (3) the pressure of the demand for higher productivity and higher technical and computer skills; (4) demands for increased quality of work and time pressure; (5) higher job competition; (6) increased job insecurity and less benefits; and (7) less time for coworkers and socializing. Moreover, majority of people lost their life savings, were deprived of their social benefits, and experienced higher level of corruption and criminal activities. All these changes caused increase in the stress level among Russian population resulting in the psychotic, stress-related disorders.

Declining health status was also closely connected to the stress-induced illnesses. The study conducted in 2018 among 1,500 respondents in two Russian cities of Vologda and Cherepovetc revealed that among respondents who reported experiencing stress often or very often, 18% reported having regular headaches, 35% regular illnesses, 9% stress-related short-term disability, 7% stress-related long-term disability, and 34% stressed-induced various chronic conditions. This is in comparison to corresponding 9%, 16%, 2, 2, and 26% of the same conditions among respondents who reported experiencing stress seldom. Among respondents who reported having regular stresses, 12.7% evaluated their health is poor compare to 6.1% of respondents who reported having no or low stress in their lives (Korolenko 2019). In addition, there are many problems in the health care system in Russia. According to Rozenfeld (2019), "medical facilities at many different levels of the formerly hierarchical system have become deeply involved in the problems of day-to-day financing of their activities. The main state programs for improving the health of the Russian population are underfunded and suffer from lack of resources in general. No conditions can yet be foreseen for the reanimation of an effective preventive and curative health care system" (pp. 3–4).

Russian employees perceive a lack of clarity of work roles where employees perceive conflicting demands in the workplace. This conflict contributes to reduced job performance and job satisfaction, and increased tensions on the work and family relationship (Engle et al. 2018). In Russia, managers have to spend a lot of efforts on defending themselves in response to pressure from top managers. This can cause stress. Another feature of the Russian corporate stress is the habit of bringing personal problems to work. Russian leaders are traditionally broadcast their emotions on subordinates. Davidova and Kozmina (2014) found that only in Russia "nonmaterial job resources like power potential and opportunity for interpersonal communication affect both stress levels and job satisfaction. In other countries, they are not associated with stress levels and are only sometimes correlated with job satisfaction" (p. 172). In addition, occupational stress and job satisfaction are also affected by factors external to professional activities, such as family and children. When stress persists or occurs repeatedly, it can have various negative effects on workers and the companies they work for. Psychosocial stress may manifest itself as depression, anxiety, domestic violence, increase of smoking, work injures, increase of alcohol consumption, and divorce.

Many studies propose healthy coping mechanisms to decrease work-related stress, include exercise programs, stress reduction programs, and efforts to increase job satisfaction. Webster (2014) suggests that "approach strategies are generally considered healthy, as they attempt to address problems or emotions head-on. Avoidant strategies are not generally considered healthy, as they are used to simply escape problems or emotions, sometimes to the point of denying their existence" (p. 845). Morash et al. (2006) found that organizational psychologists employed to monitor negative workplace conditions can reduce employee stress. Healthy coping mechanisms may help an individual feel better immediately and experience benefits to their overall health and well-being. Some examples of healthy coping mechanisms would be exercise, getting adequate sleep, eating a healthy diet that includes nutrient-rich fruits and vegetables, and having social support (family, professional peers, and religious counterparts). Patterson (2004) suggests that "seeking social support buffered the relationship between work events and distress, and emotion-focused coping buffered the relationship between life events and distress" (p. 215). Many scholars suggest to use the following tips for coping: (1) keep a positive attitude at workplace and at home; (2) use positive coping; (3) accept that there are events that you cannot control; (4) be assertive instead of aggressive and assert your feelings, opinions, or beliefs instead of becoming angry, defensive, or passive: (5) talk with friends, peers, and loved ones; (6) learn and practice relaxation techniques, exercise, walk in nature; (7) make time for hobbies and interests; (8) get enough rest and

sleep to recover from stressful events; (9) do not rely on negative coping as alcohol, drugs, or compulsive behaviors to reduce stress.

## Conclusions

Conflicts and work-related stress can be positive and motivating when they are short, for example, you need to more quickly submit reports: sometimes the work is done more efficiently under pressure of deadline. Moreover, the work in conditions of constant scarce resources, including time, which are mid-level stressors, can lead to negative outcomes. This situation occurs when a person has (1) difficulty in dealing with employers, (2) worries about career development, and (3) the tasks contradict each other.

Risk of serious and chronic stress increases when there are sudden changes in working conditions or when a person is in conflict situation and deprived of the support of colleagues, family and leadership. Stress is formed from a combination of these factors and the inability to relax. The results of constant work-related stress are complex somatic pathology, reduced adaptive abilities of the organism, and chronic fatigue syndrome earn. The symptoms of work-related stress are fatigue, weakness in the morning, frequent headaches, insomnia, conflicts, or susceptibility to loneliness. People can learn to manage stress and lead happier, healthier lives.

Russian citizens lived through a unique political and economic transition in the 1990s, many financial and economic crises, pandemic in 2020. These changes not only created new challenges but also resulted in high level of stress in the country, including high level of work overload stress.

## Cross-References


- ▶ Administrative Evil
- ▶ Managerial Power
- ▶ Organizational Control
- ▶ Performance Management and Culture


## References


Adises I (2017) Key ideas in business management [Адизес, I. «Harvard Business Review – Россия» о ключевых идеях в управлении и бизнесе. На пороге управленческой революции. 16.02.2017. Retrieved from https://hbr-russia.ru/management/upravlenie-izmeneniyami/a18761

Davidova I, Kozmina Y (2014) Occupational stress and job satisfaction among professors of Russian Higher Educational Institutions. Stat Sociol Educ 4(1):169–183

Deivy L (2020) Conflict is the norm. [Лиана Дейви (2020). Конфликт – это нормально]. https://hbr-russia.ru/management/upravlenie-personalom/82027314 январ%2020

Engle R, Usenko L, Dimitriadi (2018) Work-life in Russia. Boston College. Center for Work and Family. Retrieved from https://www.bc.edu/content/dam/files/centers/cwf/research/publications3/executivebriefingseries-2/ExecutiveBriefing_Work-LifeinRussia.pdf

Globe Research Project (2020) Russia. Retrieved from https://globeproject.com/

Korolenko AV (2019) Stress as a risk factor of public health and the spread of pernicious habits. Health Phys Cult Sports 1(12):3–26. (in Russian). http://journal.asu.ru/index.php/zosh

Kozer L (2000) Functions of social conflict. [Козер Л. Функции социального конфликта. – М.: Идея-Пресс, Дом интеллектуальной книги, 2000. 208 с.]

Lovrich D, Chamorro-Premusik T (2018) Be afraid of harmonu: it can kill your creativity. [Чаморро-о-Премузик, D. Бойтесь гармонии: что может погубить вашу креативность]. 03.07. 2018. https://hbr-russia.ru/management/upravlenie-izmeneniyami/774453

Morash M, Haarr R, Kwak D (2006) Multilevel influences on police stress. J Contemp Crim Just 22(1):26–43

Nguyen LD, Ermasova N, Demin A, Koumbiadis A (2014) Work overload stress of Russian working adults: do age, gender, education, religion, management experience and government work experience make a difference? Acad Bus Discip J 6(2):76–89

Patterson G (2004) Examining the effects of coping and social support on work and life stress among police officers. J Crim Just 31(3):215–226

Rozenfeld B (2019) The crisis of Russian Health Care and Attempts at Reform. Institute for Economic Forecasting, Russian Academy of Sciences. RAND Conference Proceedings. Retrieved from https://www.rand.org/pubs/conf_proceedings/CF124/CF124.chap5.html#fn0

StatBureau (2019) Russia Inflation Rate in 1992. Retrieved from https://www.statbureau.org/en/russia/inflation/1992

Webster JH (2014) Perceived stress among police officers: an integrative model of stress and coping. Policing 37(4):839–857


C

# Conflicts of Interest in the Public Sector

Rolando Ochoa
Department of Security Studies and Criminology, Macquarie University, Sydney, NSW, Australia

## Synonyms

Cronyism; Favoritism; Traffic of influence

## Introduction

Corruption can cause severe losses to a country's economy, as well as to its overall social development. As such it is one of the main governance challenges faced today in many regions of the world. Corruption can take many forms and includes behavior such as bribery, extortion, nepotism, cronyism, self-dealing, misuse of information, and abuse of discretion among many others. A common expression of corruption, conflicts of interest (COI here forth), involves a situation in which the public function of an official is unduly influenced by their personal interests. When this occurs the society does not get the best public policy outcome.

There is often confusion about what constitutes a COI in a specific situation. Indeed, COI does not have a universal meaning as many practices are culturally specific. Networks of political patronage may be fraught with COI but described as "business as usual." The lobbying – and indeed money donations – of government by corporations is legal in many cases but a gray area when it comes to COI.

## Defining Conflict of Interest

Corruption and its definition have been the subject of much academic and policy output (Graycar and Villa 2011; Graycar and Prenzler 2013; Ochoa and Graycar 2016). Rose-Ackerman's original work on the economics of corruption (1975) is one of the cornerstones of the field. Other researchers have focused on, for example, corruption culture (Uslaner 2010) and historical analyses of corruption (Friedrich 1972). Globalization and economic development have placed a new focus on issues such as transparency in public affairs and conflict of interest (Auby et al. 2014). These issues have the capacity to seep into the international arena as Chayes (2015) has argued. The United Nations Convention Against Corruption, ratified by over 160 states (Joutsen and Graycar 2012), includes in section four of Article Seven a provision which encourages signatory states to design and implement policies and laws that enhance public sector "transparency and prevent conflicts of interest" (UNCAC 2012). A simple definition of conflict of interest would entail a conflict between the official obligations and the private interests of a person in a position of trust. Morreim (2011) has defined COI like this:

> A conflict of interest is a structure that carries an invitation. The structure is comprised of (1) a relationship featuring a strong obligation based on trust – for professions, a loyalty in which the provider places the beneficiary's interests above his or her own interests, and (2) an opportunity to act contrary to that obligation. The invitation arises when such an opportunity is sufficiently attractive that it poses a significant temptation to override the obligation.

The Organisation for Economic Cooperation and Development (2005: 13) offers the following definition:

> A conflict of interest involves a conflict between the public duty and the private interest of a public official, in which the public official's private capacity interest could improperly influence the performance of his/her official duties and responsibilities

Esadze (2013) divides the concept of COI into three different dimensions:

- *Actual*, where there is a direct conflict between a public official's current duties and responsibilities and existing private interests.
- *Perceived* . . .where it . . .appears that a public official's private interests could improperly influence the performance of their duties – whether or not this is in fact the case.

- *Potential*, . . .which arises where a public official has private interests that could conflict with their official duties in the future.

This classification means that there is a significant range of COI and thus addressing this issue is a complex undertaking. Conflict of interest presents an obstacle for the fair and impartial development of public policy and other forms of government activities (Ochoa and Graycar 2016). When private interests, financial interests, control interests, status interests, patronage interests are at odds with public functions, conflict of interest obviously arises. This is not confined to ruling elites, for in the lives of many people a situation could arise where some form of COI is foreseeable. It may be something as simple as having a contact help you jump to the front of a line, or whether or not to recommend a family member for a job, or to use an employer's resources to carry out nonrelated tasks. The truly negative aspect of it begins when, fuelled by private interests, actors fail to carry out their duties or attempt to profit from them, thus harming the communal good.

COI is not limited to developing and/or failed states. It is pervasive and can be found in all contexts and nations. It is, however, often difficult to pinpoint as cultural and contextual variables shape its analysis. This has clear implications for regulatory agencies. COI is found in the public sphere and private enterprises, and examples of regulation are found in both civil service codes of conduct and commercial regulation. For example, insider trading in the stock exchange is widely prohibited and is a good example of COI. The public and the private often intersect as often happens in the granting of infrastructure contracts or in some relationships between politicians and private firms. Conflict of interest permeates the political arena. It underscores much of political action as it is by definition the management of group and individual interests (Ochoa and Graycar 2016). Regulation of such interests is generally in the interest of policymakers. However, it does not follow that all COI will be perceived as such or will generate a desire for regulation in all places all the time. In simple terms, there are no universal forms of COI, rather, a set of behaviors that at different times and places undermine the political and democratic process (Ochoa and Graycar 2016).

COI can find expression in many levels, it can be individual when a person has a COI in a certain situation, and it can be sectoral whereby a number of entities within a sector (for example, the tobacco industry) have a COI, as outlined in the cases below, and it can also be group-based when a team or a group of people find themselves in a situation where COI arises. It is important to clarify the differences between *potential* and *perceived* COI as noted above. The main characteristic of perceived COI is that in many cases it is irrelevant whether COI exists or not. The public believes there may be COI, and this perception can have a real impact. On the other hand, potential COI arises when there is a real possibility of COI that can be preempted by regulation (Ochoa and Graycar 2016).

COI may take many shapes and forms. It is a subject which is especially dependent on local contexts, perceptions, cultures, and institutional norms. Is an overarching definition of COI really needed? Is the design of COI regulation at the international level, as through the United Nations Convention Against Corruption, an effective way to go about tackling COI? Or, is local level action a more effective strategy? These are all questions to challenge researchers and practitioners.

Understanding COI as a deviation from policy paths that have as their ultimate goal the greater good, or at the very least the effective provision of a public good, invites a policy response. Pervasive corruption can have a very long-lasting effect on the functioning of government institutions (Varese 2000) and widespread conflict of interest, much like acts of corruption, can have a direct cost to the taxpayer and to the effective delivery of public goods. The impacts of COI may have different effects depending on the policy sector in which it happens. In the health sector, it may lead to poor emergency services or lack of availability of quality drugs and medical treatment, in the infrastructure sector it may lead to poorly engineered or over-budget works which may well require extra investment later on. Moreover,

COI may also have nontangible but detrimental effects when it is present during regulatory processes, for example, in unduly influencing legislators in granting telecommunications licenses, designing tax reform and changing other regulatory frameworks or granting government contracts. Conflict of interest can also have a detrimental effect on public confidence in institutions and general trust in government. When cases of COI make headlines, it has a direct impact on people's confidence in their institutions and this in turn can negatively affect the democratic process.

## Policy Responses

There are mainly two mechanisms which can aid in the control of COI: *governance* and *social control*. Governance refers to areas which are regulated almost exclusively by the state such as administrative regulations of government agencies, the creation and enforcement of laws, as well as the management of financial resources. Social control refers to areas which may involve other actors as well as the government (Ochoa and Graycar 2016). These include creating networks of social actors to monitor and tackle COI, as well as advocacy and education efforts taken into action by the state in league with other social actors.

Thus there is a two-tier structure which hosts COI control and prevention. On the macro level, governance and social control are found as instruments for policymakers, at the micro level there are specific mechanisms through which the mentioned instruments are actually implemented and actioned. There are three main *governance* mechanisms which are used to tackle COI (Ochoa and Graycar 2016):

1. *Laws*. Laws are the key structure which supports efforts to stem conflict of interest. All countries that have ratified the UNCAC have laws against corruption. Most of these also contain specific mentions of COI.
2. *Administrative regulations*. These either operate as subordinate legislation or are agency specific such as codes of ethics, internal agency regulations, and transparency and access to information structures. These may regulate potential and perceived COI.
3. *Money*. Control of resources and financial matters is also a tool for the state to control COI. A system of financial penalties which punishes incidences of COI can be classified as falling within this sector which may aid in the regulation of all forms of COI, from government ethics to resource regulation and the behavior of government agents.

With regards to *social control* there are two mechanisms that can be used (Ochoa and Graycar 2016):

1. *Networks*. Networks of stakeholders can be developed or used by the state or some of its agencies and officials. These networks would have the ultimate goal of providing oversight and accountability to government officials with regards to conflict of interest. These mechanisms can be especially beneficial since they enhance multisectoral/multidomain approaches to preventing COI. Domains to be included in these networks can include NGOs, advocacy groups, international organizations, and government agencies. Networks can be used to regulate most instances of conflict of interest. This mechanism can be used to tackle cases of perceived COI such as the case of public-to-private transitions mentioned above.
2. *Advocacy*. Activities taken by institutions or individuals which pursue a certain goal and influence a decision-making process can have a ring of advocacy. Advocacy can be of assistance in dealing with conflict of interest by creating an environment of awareness and knowledge of COI and its causes, costs, and consequences. Advocacy can be central to prevention efforts, as it helps educate and transmit information so different stakeholders can take action to tackle COI. Advocacy can be used to regulate and prevent perceived conflict of interest as well. Advocacy can serve many purposes and at its best is an important incentive for enterprises and public figures to avoid instances of conflict of interest.

Laws include specific sections of penal codes related to corruption and COI, as well as other specially designed laws to monitor and assert COI in different government agencies. On the administrative front, codes of conduct and disclosure regulations are commonly used forms of COI control. Social control mechanisms are rarer and seem to be somewhat unused. In the authors' (nonrepresentative) sample, networks are used a little more than advocacy.

## The Issue of Policy Evaluation

Measuring success and evaluating the effect of inputs and outcomes is a challenging task. An evaluative framework for success of COI countermeasures is not easy because information is not readily available and measurement is nearly impossible. Quantifying the instances of successful COI prevention suffers from the same challenges as measuring prevention success. It is difficult to measure the instances of COI that *did not happen*. Prosecuted cases on the other hand may provide some information on success rates as well as a decline in COI after policies have been implemented. It is known, however, that prosecution in COI cases is a rare event, and convictions are rarer still. However, the challenge of creating effective evaluation mechanisms remains, not only for COI but also for other forms of corruption. A simple mechanism is to ask three quick questions. Is the intervention any good? Is the situation better than that which existed before? Is it worth it? Each of these questions can be answered quickly and intuitively, or each can be the subject of a longer and more rigorous evaluative project.

## Conclusion

Since before the signing of the UNCAC, and certainly afterwards, efforts have been made in many regions to bolster and design structures that control and prosecute these actions. There is widespread consensus on the negative impacts of corruption and conflict of interest in a country's productivity, development, and attractiveness for investors. Conflicting public and private interests do coincide and do so often, particularly at the intersections of public and private enterprise where monetary gain can be substantial and thus presents an incentive to ignore conflict of interest and give preference to private gain.

It is important to recognize that certain social structures, norms, and practices will at times blur the boundaries between what is acceptable behavior and what is not. What is considered a conflict of interest in one region or country may be an acceptable behavior in another. Thus a fully normative approach to COI, as much as it may be necessary for the design of policy instruments and initiatives, can and should be put into question. What is not up for questioning is the need to tackle this issue and in so doing countries have been using both national and international frameworks to design policy instruments to tackle COI. This needs to be done, however, with a deep knowledge of local circumstances, histories, and political arrangements. Thus it is very important to reconcile international mandates with local contexts.

## References

Auby JB, Breen E, Perroud T (eds) (2014) Corruption and conflicts of interest: a comparative law approach. Edward Elgar Publishing, Cheltenham

Chayes S (2015) Thieves of state: why corruption threatens global security. W.W. Norton & Company

Esadze M (2013) Corruption and conflict of interest. Unpublished manuscript

Friedrich CJ (1972) The pathology of politics: violence, betrayal, corruption, secrecy, and propaganda. Harper and Row, New York

Graycar A, Prenzler T (2013) Understanding and preventing corruption. Springer, London

Graycar A, Villa D (2011) The loss of governance capacity through corruption. Governance 24(3):419–438

Joutsen M, Graycar A (2012) When experts and diplomats agree: negotiating peer review of the UN convention against corruption. Glob Gov 18(4):425–439

Morreim EH (2011) Taking a lesson from the lawyers: defining and addressing conflict of interest. Am J Bioeth 11(1):33–34

Ochoa R, Graycar A (2016) Tackling conflicts of interest: policy instruments in different settings. Public Integr 18(1):83–100

Organization for Economic Cooperation, & Development (2005) Managing conflict of interest in the public sector. OECD, Paris
Rose-Ackerman S (1975) The economics of corruption. J Public Econ 4(2):187–203
UNCAC (2012) Conflicts of interest, reporting acts of corruption and asset declarations, particularly in the context of articles 7–9 of the Convention, Vienna
Uslaner EM (2010) Trust and the economic crisis of 2008. Corp Reput Rev 13(2):110–123
Varese F (2000) Pervasive corruption. In: Ledeneva AV, Marina K (eds) Economic crime in Russia. Kluwer Law International, The Hague

# Consolidated Accounts

Elisa Mori
Department of Economics "Marco Biagi", University of Modena and Reggio Emilia, Modena, Italy

## Synonyms/Related Words

Consolidated Financial Report; Consolidated Financial Statement

## Definition

Consolidated accounts represent a set of accounts that combines the financial results of a group of entities by combining the financial statements of separate legal entities controlled by a parent entity into one set of financial statements. The consolidated financial statement (CFS) is the result of consolidation.

## Consolidated Accounts: Introduction

Consolidated accounts represent a set of accounts that combines the financial results of a group of entities, rather than showing the results of each entity separately. The consolidated financial statement (CFS) is the result of consolidation. It combines the financial statements of separate legal entities controlled by a parent entity into one set of financial statements for the entire group but does not substitute single entity financial statements.

Consolidated financial statement of a group shows the assets, liabilities, equity, income, expenses, and cash flows of the parent and its subsidiaries as those of a single economic entity.

The term economic entity defines a group of entities comprising the controlling entity and any controlled entities.

Both the parent entity and the subsidiaries will continue to operate its respective activities and each will issue its own financial statements. However, politicians, managers, citizens, and other stakeholders could find helpful to know the financial results and the financial position of the *economic entity.*

The main purpose of consolidation in the public sector is to provide an overview of the financial performance and position, not only of the single government but also of the decentralized government entities.

At this purpose, financial information are combined after eliminating all inter-entity transactions and shown as belonging to a single reporting entity.

While consolidated financial reporting is widely adopted in the private sector, the preparation of consolidated financial statements is still developing in the public sector. Over the last decades, public sector accounting and CFS have been influenced by the private sector.

## The Growing Importance of CFS in the Public Sector

The increasing decentralization of public service production and delivery has led to the establishment of different types of entities which are "connected" to governmental organizations at the central and/or local levels, with different legal form (public or private) and different degree of ownership (totalitarian, majority, minority).

Hence, traditional annual reports of governments do not consider the financial consequences of subsidiaries, joint ventures, and associates included in a public group and

disclose only a partial view of their economic and financial situation, thus not giving a true and fair view of the current economic status of the whole of a public group (Wise 2004, 2006; Osborne and Brown 2005; Bundred 2006; Tagesson 2009).

Governments progressively changed their role from service providers to regulators and become, at the same time, the owners of its subsidiaries and the purchasers of services they produce.

Decentralized entities interact with the government in order to realize policies and programs. As a result, internal (e.g., politicians, managers, auditors, and employees) and external users (e.g., citizens, voters, taxpayers, suppliers, other public administrations, banks, and rating companies) of financial information are not able to base their decisions on reliable and relevant information about the financial position, financial performance, and cash flows by looking only at the government entity (Grossi 2009). On the contrary, this kind of relationships require for a more comprehensive accounting and reporting system for financial and political accountability (Almqvist et al. 2013).

Their inclusion in the programming and control systems of the parent is essential also because of the strategic importance of services provided by subsidiaries and because of entities size, per number of employees and turnover.

Both science and practice consider consolidated financial reporting as a useful instrument to support decision-making processes in planning strategies and verifying their impacts and to ensure higher public accountability and transparency (Chan 2003; Chow et al. 2007; Benito et al. 2007; IPSASB 2011) bringing the economic performance and financial position of the group in a single document.

## International Standards on Consolidation

Although not all countries have adopted CFS and it is not so diffused in the public sector, in some countries, accounting standards for consolidation of accounts have been established. Some of these countries are, for example, Sweden, the UK, the USA, Canada, New Zealand, Australia, and Italy.

At the international level, a series of accounting standards for the public sector (International Public Sector Accounting Standards or IPSASs) have been established by the International Public Sector Accounting Standards Board (IPSASB), with the aim of facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial reporting throughout the world.

IPSASs are high-quality global financial reporting standards. They relate to the general-purpose financial statements (financial statements) and are authoritative, but their application is not compulsory. In fact, IPSASB recognizes the right for governments and national standard setters to establish their accounting standards within their jurisdictions. In fact, IPSASs are not enforceable on territorial authorities, but they have a supportive function for legislators in developing new standards or revising existing ones. IPSASs represent the only internationally accepted public sector accounting model and therefore they can serve as a guideline. For these reasons, the following paragraphs discuss the contents of IPSASs.

IPSASs are applicable to public sector entities other than government business enterprises (GBEs apply International Financial Reporting Standards (IFRSs)). Public sector entities include national governments, regional and local governments (e.g., state, provinces, territorial governments, cities, towns), and their component entities (e.g., departments, agencies, boards, commissions).

Considering the consolidation of annual accounts, the IPSAS 6 (*Consolidated and Separate Financial Statements* (last version December 2006)), IPSAS 7 (*Accounting for Investments in Associates* (last version December 2006)), and IPSAS 8 (*Financial Reporting of Interests in Joint Ventures* (last version December 2006)) are to draw up the consolidated financial report (CFR) and are applicable to all levels of government. In January 2015, IPSASB issued IPSAS 35 (*Consolidated Financial Statements*), IPSAS 36 (*Investments in Associates and Joint Ventures*), and IPSAS 37 (*Joint Arrangements*) with the aim to

supersede IPSAS 6, 7, and 8 from January 1, 2017.

The abovementioned standards are on an accrual basis. In the development of IPSAS, the board has set two priorities:

1. Convergence with *International Accounting Standards* (IASs/IFRSs) issued by the *International Accounting Standards Board* (IASB), while taking account of unavoidable differences among public and private companies
2. The preparation of specific accounting rules for the public sector, in response to different needs that cannot be shared with those of private sector

In particular IPSAS 6, 7, and 8 correspond, respectively, to IAS 27, IAS 28, and IAS 31, with which they show little differences. Also the new standards IPSAS 35, IPSAS 36, and IPSAS 37 are largely based on IFRS and IAS and try to align with the Government Finance Statistics and the System of National Accounts.

An entity that prepares and presents financial statements under the accrual basis of accounting can apply these standards in the preparation and presentation of consolidated financial statements for the economic entity.

## Methods of Consolidation

There are several theories on how to compile CFS and to define the public group. The different theoretical perspectives are the following: the entity perspective, the parent company perspective, and the proprietary perspective (Grossi 2015).

These perspectives are important for consolidated financial statements and for determining the distinction between liabilities and equity. They affect whether the effects of transactions are viewed from the perspective of the entire consolidated group or solely from the perspective of the parent entity.

The entity perspective of a public group considers the economic unity of all the entities and minority shareholders are included in the equity. On the contrary, the parent company perspective focuses on the shareholders of the parent entity. This means that minority shareholders are considered as outsider interests and are seen as liabilities.

The proprietary perspective considers ownership which gives the possibility of exercising significant influence over the entity. Noncontrolled interest is not disclosed in the CFS.

IPSAS found inspiration in the parent company perspective as a model for consolidation accounting rules.

The methods of consolidation generally adopted are three: full consolidation, proportional consolidation, and the equity method of consolidation.

Full consolidation method is a full line-by-line aggregation of values, with no distinction between majority and minority shareholders. Assets and goodwill of subsidiaries are adjusted according to their fair value, and minority interests are reported as a separate item in the consolidated financial position, between equity and provisions. At the same, the operating result is distinguished between those pertaining to majority and minority interests. A full consolidation requires the elimination of all the transactions and balances occurring among the entities subject to consolidation. This requires a systematic identification and recording of all such transactions in the entities.

The proportional consolidation method of accounting lists the assets and liabilities in proportion to the percentage of participation of the parent. This method records income and expenses from the subsidiary in the calculation of its assets and liabilities for inclusion on its balance sheet and income statement. Noncontrolling interest is excluded from the CFS in order to account for the ownership interests of the parent company in other entities.

The equity method can be seen as an alternative of the proportional consolidation, where only the owned share of the subsidiary's net asset and the share of the net operating income are included in the CFS. On initial recognition, the investment in an entity is recognized at cost, and the carrying amount is increased or decreased to recognize surplus or deficit in investor's share after the acquisition date.

## The Determination of the Area of Consolidation

The first issue to face when compiling CFS is the determination of the area of consolidation on the basis of the "reporting entity" concept. The term reporting entity refers to the specific entity that is the subject of a set of financial reports. Identifying the area of consolidations means defining the government-owned entities and the existing relations between the single entity and the holding one.

Two ways of defining the area of consolidation are internationally diffused. The first one, more diffused, is based on the concept of control. The second one requires the presence of financial accountability. Here we consider the first criterion.

Public sector is different from private sector because control relationships are not always based on ownership. Furthermore some entities can have no legal personality or control over an entity which can be due to legislation or by contract, without any ownership relations.

An entity, regardless of the nature of its involvement with another entity, shall determine whether it is a controlling entity by assessing whether it controls the other entity.

According to IPSAS 35 the definition of control focuses on an entityâ€™s exposure to variable benefits from its involvement with the other entity and to the ability to affect the nature and amount of those benefits through its power over the other entity.

According to what is exposed in paragraph 20, "*an entity controls another entity if and only if the entity has all the following: (a) power over the other entity; (b) exposure, or rights, to variable benefits from its involvement with the other entity; and (c) the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.*"

A controlled entity is not excluded from consolidation because its activities are dissimilar to those of the other entities included in the economic entity.

This is a new and more wide definition of control respect to preceding IPSAS 6 and may impact previous assessments of control, whether certain entities should be consolidated or not.

Looking at IPSAS 6 (par. 20), the notion of control is based on "the consideration of the nature of the relationship between the two entities. This means that the controlling entity needs to be able to govern decision-making in relation to the financial and operating policies as to be able to benefit from its activities." This standard talks about the power and benefit conditions (see IPSAS 6, par. 39): benefits can be both financial and nonfinancial; for example, the controlling entity may benefit from the ability to direct the other entity to work with it to achieve its objectives. Similarly, the existence of control does not require an entity to have responsibility for the management of the other entity and does not necessarily require an entity to hold a majority shareholding or other equity interest in the other entity.

The concept of control in IPSAS 35 is based, similarly to IPSAS 6, on "power and benefit elements," but those concepts are interpreted in a different way. An entity has power over another entity when the entity "has existing rights that give it the current ability to direct the relevant activities" (par. 23), for example, the right to direct the financial and operating policies of another entity. It is important to note that in the public sector, this does not derive only from voting rights. An entity may also obtain power over another entity conferred by binding arrangements without having an equity instrument providing evidence of a financial investment.

The assessment of whether such instruments give rise to power over another entity may be complex and require more than one factor to be considered.

In addition, according IPSAS 35, an entity can have power over another entity even if its rights to direct have yet to be exercised or even if the second one has statutory powers to operate independently from the first one.

Lastly we can talk about control when an entity has the unilateral ability to direct different relevant activities of another entity or has significant influence on it, even if other entities have existing rights that give them the current ability to participate in the direction of the relevant activities.

Looking at the concept of entity's benefits from its involvement with the entity being assessed for control, it can be financial (e.g., returns such as dividends or similar distributions, cost savings), nonfinancial (e.g., support in achieving objectives/outcomes or providing services, benefit from a specialized knowledge), or both (see IPSAS 35, par. 31).

Financial benefits include returns on investment such as dividends or similar distributions, exposure to loss from agreements to provide financial support, and cost savings (see IPSAS 35, par. 32). Nonfinancial benefits include "advantages arising from scarce resources that are not measured in financial terms and economic benefits received directly by service recipients of the entity" (e.g., the provision of services that the parent entity would have otherwise been obliged to provide, the ability to benefit from specialized knowledge, improvement of outcomes, or efficiency).

It is important to note that control over an entity requires the ability to use power to affect the nature or amount of benefits received by the mentioned entity.

When control does not exist, it becomes necessary to understand whether the subsidiary could be a joint venture or an associate.

IPSAS 37 classifies joint arrangements as either joint operations or joint ventures. In a joint operation, the parties to the arrangement have "rights to the assets and obligations for the liabilities relating to the arrangement." In a joint venture, the parties to the joint arrangement have "rights to the net assets of the arrangement" (par. AG27). These classifications differ from IPSAS 8 which identified three types of arrangements (jointly controlled entities, jointly controlled operations, and jointly controlled assets). According to IPSAS 8 (par. 6), joint control is the agreed sharing of control over an activity, and a joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Differently to IPSAS 8, IPSAS 37 requires that joint ventures account for their investment using the equity method, while the previous IPSAS 8 permitted jointly controlled entities to be accounted for using either the equity method or proportionate consolidation.

IPSAS 36 illustrates the application of the equity method, which must be used when accounting for joint ventures and associates. The requirements are very similar to the current guidance in IPSAS 7, but the latter should be applied when a local government has significant influence in an associate that is neither a controlled entity nor a joint venture.

On the contrary, IPSAS 36 shall be applied when an entity has a significant influence over another entity, or joint control of it, and the investment leads to the holding of a quantifiable ownership interest, in the form of a shareholding or other formal equity structure or in another form in which the entity's interest can be measured reliably. The existence of significant influence is usually evidenced in the following ways (see IPSAS 36, par. 12): "*representation on the board of directors or equivalent governing body of the investee; participation in policy-making processes, including participation in decisions about dividends or similar distributions; material transactions between the entity and its investee; interchange of managerial personnel; provision of essential technical information*" (Tables 1 and 2).

## Structure of Consolidated Financial Statement

Consolidated financial statements provide information of value to government politicians and officials as well as to various external stakeholders, such as citizens, voters, taxpayers, and lenders of funds.

Consolidated financial statements include a consolidated statement of financial position, a consolidated income statement, and a consolidated statement of cash flow.

A controlling entity shall prepare consolidated financial statements using uniform accounting policies. If a member of the economic entity uses accounting policies other than those adopted in the consolidated financial statements, items of single financial statements must be adjusted and/or reclassified according to the same basis.

**Consolidated Accounts, Table 1** Consolidation of accounts according to IPSAS 6, 7, and 8

| | IPSAS 6 consolidated financial statements | IPSAS 7 accounting for investments in associates | IPSAS 8 financial reporting of interests in joint ventures |
|---|---|---|---|
| **Area of consolidation** | Controlled entities "Concept of control" | Associates "Significant influence" | Joint ventures (jointly controlled entities, jointly controlled operations, and jointly controlled assets) "Joint control" |
| **Methods of consolidation** | Full consolidation | Equity method | Equity method or proportional consolidation |

Elaboration of the author

**Consolidated Accounts, Table 2** Consolidation of accounts according to IPSAS 35, 36, and 37

| | IPSAS 35 consolidated financial statements | IPSAS 36 investments in associates and joint ventures | IPSAS 37 joint arrangements |
|---|---|---|---|
| **Area of consolidation** | Controlled entities "Extended concept of control" | Associates or joint ventures "Significant influence or joint control" | Joint arrangements (joint operations or joint ventures) |
| **Methods of consolidation** | Full consolidation | Equity method | Equity method |

Elaboration of the author

The consolidated statement of financial position, also known as the consolidated balance sheet (or condition), combines the financial statements of the controlling entity and its controlled entities line by line, by adding all of the cash, receivables, assets, net assets/equity, and liabilities of the economic entity at a specific point in time, after eliminating in full intra-economic entity assets, liabilities, net assets/equity, and cash flows.

The assets represent the financial or non-financial group's resources, such as cash, receivables, inventories, properties, and equipment.

The total assets (balance) equal the sources of funding: liabilities (external borrowings) and equity.

In preparing the consolidated statement of financial position, it is necessary to eliminate the carrying amount of the controlling entity's investment in each controlled entity and the controlling entity's portion of net assets/equity of each controlled entity (international or national accounting standards explain how to account for it).

The consolidated balance sheet is used by investors, creditors, and other decision-makers to assess the public group's overall financial and patrimonial situation, for example, the composition of resources and the level of external obligations.

The consolidated income statement (also known as consolidated statement of profit and loss, consolidated earnings statement, or consolidated operations statement) represents the details of the revenues that the economic entity earned from outside users and the expenses incurred through its exchange activity of production factors with the outside in a period of time (the generally accepted period of time is the solar year).

Revenues and expenses arising from transactions within the group must be eliminated in full.

The consolidated income statement separately itemizes revenues and expenses, which result from the public group's ongoing major or central activities, and the gains and losses arising from incidental or peripheral transactions. Extraordinary items, and effects of accounting changes, are presented separately.

Operating income, net of tax effect, is represented at the end of the consolidated statement.

The results of the public group's operating activities for the period as presented in the income statement provide information that can be useful

to predict the amount, timing, and uncertainty of future cash flows.

The operating income is a key indicator of the extent to which the operations of the group are funded by taxes or from the recipients of goods and services provided by the group.

Determining the profitability of operations is secondary for public administrations; rather a consolidated income statement gives the information of what is spent for the community.

Financial statements include notes, which constitute an integral part of the statements. The notes contain required disclosures of additional data, assumptions and methodologies that have been used, and other information deemed useful to stakeholders (such as information about investments in associate, events after the reporting date, information about the employees); International Public Sector Accounting Standards (IPSASs) offer guidelines for the content of the statements described above.

## Conclusion

The present contribution offered an overview about the theoretical approaches and methods of consolidation generally accepted for the preparation of CFS. The importance of using CFS as a tool for improving financial accountability of governments is recognized because, in the last decades, they tend to delegate a big part of their services to various types of subsidiaries.

The above paragraphs described IPSASs as generally accepted international standards for public sector. It is important to note that IPSASs are not the only existing standards; government and national standard setters can adopt their own standards, and this poses problems of comparability.

The above theories and perspectives on consolidation offer positive features, but they also carry some problems.

One of the most critical issues while consolidating is the definition of the area of consolidation.

The dominant criterion for determining the area of control according to the different existing standards considers the benefit and control conditions and requires the controlling entity to have the ability to govern decision-making of the controlled entity as well as to benefit from its activities.

The concept of control – defined according to power and benefits conditions – is more difficult to find in the public sector than in the private sector, because power does not always correspond to ownership but concerns, for example, entities that fulfill public sector functions or services and are mainly dependent on the government budget. For this reason, recently IPSASs have been significantly revised.

Information needs in the public sector are different from those of the private sector and this does not always fit with the IPSAS approach to consolidation.

Another issue concerns methods of consolidation. In general, full consolidation and the equity method are the most diffused both at international and national level. These two methods can lead to some disadvantages in the true and fair representation of information (overestimation or underestimation of values).

Some adjustments in the consolidation methods will probably be necessary for better comparability and accountability.

## Cross-References

► Accounting Principles
► Accrual Accounting
► Financial Statements

## References

Almqvist R, Grossi G, Van Helden J, Reichard C (2013) Public sector governance and accountability. Crit Perspect Account 24(7–8):479–487

Benito B, Brusca I, Montesinos V (2007) The harmonization of government financial information systems: the role of the IPSASs. Int Rev Adm Sci 73(2):293–317

Bundred S (2006) The future of regulation in the public sector. Public Money Manag 26(3):181–188

Chan JL (2003) Government accounting: an assessment of theory, purpose, and standards. Public Money Manag 23(1):13–20

Chow D, Humphrey C, Moll J (2007) Developing whole of government accounting in the UK: grand claims, practical complexities and a suggested future research agenda. Finan Account Manag 23(1):27–54

Grossi G (2009) New development: consolidated financial reporting as a stimulus for change in Italian local government. Public Money Manag 29(1):261–264
Grossi G (2015) Consolidated financial statements in the public sector. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, New York, pp 63–76
International Public Sector Accounting Standards Board (IPSASB) (2011) Handbook of international public sector accounting pronouncements. IFAC, New York
International Public Sector Accounting Standards Board (IPSASB) (2015a) IPSAS 35: consolidated financial statements. Jan 2015 http://www.ifac.org
International Public Sector Accounting Standards Board (IPSASB) (2015b) IPSAS 36: investments in associates and joint ventures. Jan 2015 http://www.ifac.org
International Public Sector Accounting Standards Board (IPSASB) (2015c) IPSAS 37: joint arrangements. Jan 2015 http://www.ifac.org
Osborne S, Brown K (2005) Managing change and innovation in public service organizations. Routledge, New York
Tagesson T (2009) Debate: arguments for proportional consolidation: the case of the Swedish local government. Public Money Manag 29(4):215–216
Wise V (2004) Government consolidated financial reporting: harmonization issues. Paper presented at business and economics society international conference, Island of Rhodes
Wise V (2006) Cross-sector transfer of consolidated financial reporting. Aust J Public Adm 65(3):62–73

# Constitution of the Russian Federation, The

Maksim Mokeev
Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

## Synonyms

Law; Main document of country

## Definition

Main legal act that has the highest legal force, fixing the basis of the constitutional system, the basis of the legal status of man and citizen, the system of bodies of state power, and the principles of the organization of government.

## Introduction

The Constitution of the Russian Federation is a legal act, which has the highest legal force, fixing the basis of the constitutional system, the basis of the legal status of man and citizen, the federal structure, the system of bodies of state power, and the principles of the organization of local self-government.

"We, the multinational people of the Russian Federation … adopt the Constitution of the Russian Federation." This is the first sentence of the document that has established a wholly new concept of statehood and society in Russia.

The Commission on Constitutional reform was first created in June 1990, but by 1993 it had rejected several draft constitutions. In May 1993, the president convoked the constitutional assembly to prepare the draft constitution. The assembly had considered different proposals and ideas and finished its work in October. The draft constitution had been published for national-wide discussion.

More than 54% of Russian citizens took part in voting on December 12, 1993, and 58.4% of them voted for the Constitution. The adoption of the Constitution by national referendum has broken up the development of the Soviet type of organization of government and has legally stated the recognition of democratic values and directions of social, political, and economic development which dominate over societies with older democratic traditions.

Considering the nature of the Constitution as the fundamental legal document, Veniamin Chirkin says that the value of the Constitution of the Russian Federation is determined by three main factors: (1) it is the legal formulation of the political victory of an antitotalitarian democratic revolution that has transformed the relations of power and property, personal status, and the foundations of social and state order; (2) in difficult conditions of the 1990s, it was the agreement on

preventing the civil war, on the "approval of civil peace and harmony" (preamble of the Constitution); (3) it is a kind of social contract about the basic values of the constitutional order.

The preamble declares the confirmation of constitutionalism in Russia and the transformation of the state into the rational organization of public authority for the accomplishment of public functions within the framework of the law (Kremyanskaya et al. 2014).

Legal features of the Constitution which are signs that distinguish it from the acts of the current legislation are the following:

1. *The constituent character* of the Constitution. It demonstrates that its rules consolidate the foundations of the state and the social order and establish an institute, which is implemented through state power, and the principles of their establishment and functioning.
2. *The legitimacy* of the Constitution. It was adopted by popular vote.
3. *The supremacy* of the Constitution. It has a priority position in the system of laws and regulations in force in the territory of Russia.
4. *The direct action* of the Constitution. This means that the provisions of the Constitution of the Russian Federation shall have direct effect, that is, their implementation is not required as a condition of additional, specifying laws. However, many provisions of the Constitution of the Russian Federation, by the high level of generality of legal regulation, require additional regulation by the adoption of acts of the current legislation.

The Constitution contains two sections with 9 chapters embracing 137 articles.

The first section consists of nine chapters:

1. The Fundamentals of the Constitutional System
2. Rights and Freedoms of Man and Citizen
3. The Federal Structure
4. The President
5. The Federal Assembly
6. The Government of the Russian Federation
7. Judicial Power and Prosecution Office
8. Local Self-government
9. Constitutional Amendments and Revision of the Constitution

The second section is called "Final and Transitional Provisions."

The major role in the constitutional regulation belongs to the fundamentals of the constitutional system stated in the first chapter. These are the basic principles and norms which define the form of government, the political regime, and the legal base for relations between public institutions, society, and citizens.

Thus, the Constitution proclaims Russia a democratic federal law-bound state with a republican form of government. It also recognizes human rights and freedoms as the supreme value and a subject of observance and protection by the state (Baudoin 2014). The first chapter also sets the following fundamental constitutional principles:

1. The bearer of sovereignty and the only source of power in the Russian Federation shall be its multinational people.
2. The sovereignty of the Russian Federation shall cover the whole of its territory. The Russian Federation shall ensure the integrity and inviolability of its territory.
3. The Russian Federation is a social state whose policy is aimed at creating conditions for a worthy life and a free development of man.
4. The state power in the Russian Federation shall be exercised on the basis of its division into legislative, executive, and judicial power. The bodies of legislative, executive, and judicial power shall be independent.
5. In the Russian Federation local self-government shall be recognized and guaranteed.
6. In the Russian Federation ideological diversity shall be recognized. No ideology may be established as state or obligatory one.
7. The Russian Federation is a secular state. No religion may be established as a state or obligatory one, etc.

The second chapter of the Constitution declares rights and liberties of humans and citizens to be guaranteed and protected. The

Constitution does not only establish the fundamental rights of the citizen (as before in Soviet Constitutions), but it enshrines the fundamental rights of the humans and citizens to the international standards (and in some cases above) and their legal guarantees (in particular in articles 45–55). The most important provision in this part is the thesis about the human as a supreme value (art. 2).

The Constitution has incorporated innovative provisions of the socioeconomic, political, and ideological nature (the variety of forms of ownership, the integrity of economic space, a free flow of goods, services and financial resources, support for competition, and the freedom of economic activity, social state, ideological diversity and a ban on obligatory ideology, political diversity and multi-party system, secular state, position of religion) (art. 2, 7, 8, 13, 14, etc.).

The Constitution also established new institutions and a new *political system*. Chapters 3–8 describe the federative structure of Russian Federation and the fundamentals of the organization and functioning of its public institutions: the president, the federal assembly, the government, the judicial power, and the local self-government.

V. Chirkin emphasizes that the Constitution has introduced some new elements to the world Constitutional Law (for example, for the first time given, though inaccurate, determination of the nature of power in constituent entities of the Federation (art. 5, 11, 77, etc.), the ratio of state power and local self-government (art. 12)).

The Russian Constitution establishes three procedures to change its text: amendments (chapters 3–8), the revision of the Constitution (chapters 1, 2, and 9), and a change in the text (article 65).

## Conclusions

The Constitution of the Russian Federation contains a complex regulatory framework of the state system (form of government, state sovereignty, separation of powers).

The constitutional text has been influenced by several foreign regimes, such as the French and American systems. Indeed, different foreign experts were consulted by the Constitutional Committee. But the "final product" remains a hybrid product that borrows from several models without reproducing any of them completely. Thus the President of the Russian Federation shall determine the guidelines of domestic and foreign policy, has a legislative veto power, may be impeached by the Council of Federation just as the US President, but it also has the right of legislative initiative and the right to issue decrees without the consent of the Parliament. Other aspects take the Russian system away from the US presidential model. For example, the Russian Constitution establishes a government headed by a president of government, appointed and dismissed by the President of the Federation upon consent of the State Duma. Additionally, another major difference should be highlighted: the Duma may be dissolved by the *President of the Russian Federation*.

In 2013, the Constitution survived its 20th anniversary with several amendments only. Some revisions can be analyzed as simple adjustments that did not lead to major changes in the constitutional system. This is considered to be quite a long period of time for the constitution in a transitional society. Most of the politicians, researchers, and experts in constitutional law incline to believe that the proposals to change the constitution or even adopt a new one seem to be unjustified as the Russian Constitution has not exhausted its potentialities at all.

## Cross-References

► Russian Political System, The

## References

Baudoin M-E (2014) Russian constitution. Academic Foresights, no. 10. http://www.academic-foresights.com/Russian_Constitution.pdf

Chirkin VE (2015) The Russia's 1993 Constitution: the principal advantages and some legal shortcomings. Eur J Humanit Soc Sci 1:28–39. https://doi.org/10.7256/1339-3057.2015.1.14165

Kremyanskaya EA, Kuznetsova TO, Rakitskaya IA (2014) Russian constitutional law. Cambridge Scholars Publishing, Newcastle upon Tyne

The Constitution of the Russian Federation (1993) http://www.constitution.ru/en/10003000-01.htm

# Constitutional Federalism and Public Administration

Sean T. Adkins
Virginia Tech University, Blacksburg, VA, USA

## Synonyms

Constitution; Devolution; Federalism; Government; Interpretation; Jurisdiction; Law; Levels of government; Municipalities; Public administration; Shared powers; States

## Definition

Public Administration: In the United States, it is an academic discipline and a field of broad scope that is geared toward the understanding of policy and how it is carried out in regard to the government and public sector. It has the fundamental goal of advancing management and policies to improve the functioning, as well as defining the role, of American government (Rabin et al. 1989).

## Introduction

The operational "compass" of the United States, the Constitution, has served to guide the direction of several facets of the country's government since its inception in the late eighteenth century. The professional duty of administering and serving the public good is embedded in the Constitution, and the two concepts remain to be intertwined. The Constitution provides the framework and guides the decision-making of those tasked with being a public manager in the United States (Rohr 2002). Federalism depends on the very work of public administrators to be carried out in a manner consistent with the Constitution, but the growth of the United States has presented a few obstacles and identity crises as the years have progressed. While the evolution of the country has reflected a perpetually adaptive direction in many contexts, so too has its working definition and understanding of the relationship between public administration and its inherent oath to the Constitution. In many situations, a universally accepted description serves as the starting point of the endeavor at hand, yet in the matters of public administration, this has proven not to be the case. Constitutional federalism is a term that carries a certain sense of breadth, as it can be understood to encompass entire relationships between citizens, administrators, and clearly governments. The point is not to attempt to be the first to articulate a concise definition of these concepts but to choose instead to trace the steps back across historically substantive explanations in order to answer the question of how they are connected and also to delve into the potentially problematic interpretations of the two. These problems are considered by this entry to be a necessary evil in that they embody the greatness of our system, adaptability, but at times are inconsistent due to their inherent subjective nature.

## Perspectives (and Problems?) of Public Administration

What is public administration? Who are public administrators? Who do they serve, the citizens or the Constitution? All of these valid questions have been asked countless times, and rightfully so, but there still is no answer. From that comes another question, is it a problem that there is no answer? There is no shortage of willing responders to this inquiry, both in terms of the identity of public administration and whether or not it is an actual issue being holistically undefined. The search into what public administration is can often lead to more confusion. The actual study of public administration has been explained by having an identity crisis (Waldo 1968), and this statement certainly carries a degree of truth to it. In his famous essay, Woodrow Wilson offered what is arguably considered to be the first literature authored on the topic of public administration in the United States. While this may be the first work on the topic, he may have also offered the most succinct definition of administration, seeing it as a "detailed and

systematic execution of public law" (Shafritz et al. 1992). This definition assumes that the role of the public administrator is the one responsible for implementation and carrying out the public law. This law has become to be known as the law of the Constitution and is further legitimized by the existence of judicial review. What has set the United States apart from other governments with constitutions is the presence of our judicial system; without it, our Constitution would be just another philosophical list of wishful moralities (May and Ides 2004). It is due to this legal authority that public administrators take an oath to uphold the Constitution in their respective positions. While it is true that those in the legal profession are considered public administrators and servants, that leaves a large gap in the field of administration and serving the public as a whole. The "Constitution (serves) as a standard for civil servants, but it plays a larger role in civil society as well" (Rohr 2002). As the Constitution may serve as more than a professional directive, the concept and field of public administration may similarly reach beyond any specific arena. The Blacksburg Manifesto opines a similar outlook, "professional status is not the answer and exhorts the Public Administrator to employ the metaphors of servants, vocation, and accountable teacher" (Wamsley et al. 1990). The range of definitions, interpretations, and theories of public administration are vast. The tendency for the laity to identify it as politics is also a common, albeit mistaken, idea that has loosely been adopted. It does not share the ease of explanation as its administrative cousin, business, but it does require the attention and attempt to do so anyway.

## Shifts of Federalism Perspectives

Federalism is the long-standing principle of government that embodies the relationship between the various levels of government. In the United States, this is often considered to be the dynamic of the federal government and state or local governments. The constitutional balance between the two levels of governance (Young 2015) continues to be a talking point in the conversation of politics and public administration. The reason for this perpetual discussion is due to the implications of different interpretations of the powers granted to both levels as bestowed by the Constitution. Political history in the United States has mimicked an ebb and flow regarding the administrational control from national to local and vice versa. The argument over what is the proper allotment of authority and clout assumed by the federal and state governments has pervaded the political landscape from day one in our history (Conlan 1998). The twentieth century saw the New Deal usher in a new era of unprecedented control and intervention at the federal level in the form of programmatic liberalism. This practice and view of the administration by the government of programs continued for some time up until the administrations of Presidents Nixon and Reagan. They actively questioned the control of the federal government through the lens of "threats of sweeping social or economic change and a movement toward mass democracy" in the attempt to decentralize government in favor of greater state control (Conlan 1998). What this history of altering assumptions, opinions, and theories offers is a segue into the conversation about interpretation and how it affects both federalism and public administration.

## Interpretation and the Debate over Control

The aforementioned judicial review process is a significant "tool" in the federal government's capacity to exercise its constitutional authority; it can overturn and has overturned decisions made by various state courts. This power to exercise such authority is not infinite, however, and is actually limited by the Article III case or controversy requirement. Under this Article arises the term justiciability, a set of doctrines that define the circumstances needed to be met in order for a federal court to exercise its constitutional authority (May and Ides, Constitutional Law: National Power and Federalism 2004). These limiting doctrines are created from interpretations of the Article. Interpretations are subjective, which leads to the malleable

identity of the constitutional federalism and public administration. This leads to the debate over the amount of discretion these individuals have in interpreting the United States Constitution. Within the purview of constitutional law lie the decisions that underlie the culture behind the contemporary understanding of federalism.

These matters often shape the direction of administration and government. According to Edward Purcell, the early-twenty-first-century ideals of constitutional interpretation were basically split into two philosophies, both of which have influenced United States constitutional law (Purcell 2014). Originalism holds the belief that the Constitution should be understood in the context of the day that it was ratified, while the other movement was in the pursuit of implementing mechanisms in the form of constitutional provisions that were meant to limit the powers of our national government. This "federalist revival" is an effort to "protect the sovereignty of the states", and which combined with originalism (Purcell 2014) as interpretive ideals shape the constitutional argument. As this conversation has continued, the results of various interpretations over time have produced high levels of power on the federal side, as well as the devolution of authority from national to state governments (Koontz 2002).

## Conclusion

What is public administration? Who are public administrators? The two concepts have sense of uniqueness to them in the sense that neither has a universally defined definition and both allow for an enormous amount of interpretation for those in pursuit of trying to create one. There is likely to never be an answer produced with any degree of finality attached to it, and perhaps, there shouldn't be given potential implications of limiting such concepts in the American system. The relationship between the two is undeniable; they are dependent on the other to have a continuing and legitimate purpose in the United States. Taking Rohr's (2002) and Wilson's (1992) views on the topic, public administration might better be described by its association with the power of the state to govern the people, and the Constitution is in place to constrain these powers and mediate the relationship between the two. What complicates matters of both concepts is the varying level of interpretation by public administrators in carrying out their civic duties. While there may be a negative connotation that follows such a statement, it is actually what makes the United States system so special and also why it works.

Yes, there are moments after witnessing slow changes that produces impatience or public unrest, but the fact that there are changes is what the system is designed to allow. The mechanisms in place serve a purpose to guide public administrators and society as a whole, but most of them are made to be able to adapt and evolve. The United States system may share general similarities with others, and our Constitution is not the first and only one, but it is unique in comparison. Aspects such as the constitutional principle of separation of powers are things that have to be taken into account in our country that administrators in others do not (Rohr 2002). The authority given to national and local governments and those who take the oath to administer the public good is open to interpretation, another unique trait of such a system. The very presence of opinions shaping the concept and understanding of the Constitution and federalism is necessary, albeit inconsistent, for the natural pursuit of a punctuated equilibrium. This is meant in the context of having a perpetual discussion over finding the natural balance of power and authority between the varying levels of federal and state governments. This encapsulates the ongoing debate producing eras of one practice or theory to the next that ushers in a period of an opposite ideal with the ambition of achieving a state of stasis. While this status is essentially unachievable in matters such as public administration and federalism, it is nonetheless a driving force behind each new interpretation of either.

## Cross-References

▶ Administrative Justice
▶ Complex Interaction of Administration and Law

▶ Constitutional Intersection of Civil Liberty and Public Administration
▶ Federalism and Public Administration

## References

Conlan TJ (1998) From new federalism to devolution: twenty-five years of intergovernmental reform. Brookings Institution, Washington, DC
Koontz TM (2002) Federalism in the forest: national versus state natural resource policy. Georgetown University Press, Washington, DC
May CN, Ides A (2004) Constitutional law: national power and federalism, vol 3. Aspen, New York
Purcell EA Jr (2014) Originalism, federalism, and the American constitutional enterprise. Yale University, New Haven
Rabin JW, Hildreth WB, Miller G (1989) Handbook of public administration. M. Dekker, New York
Rohr JA (2002) Civil servants and their constitutions. University of Kansas, Lawrence
Shafritz JM, Hyde AC, Wilson W (1992) Classics of public administration. Brooks/Cole Pub, Pacific Grove
Waldo D (1968) Public administration. J Polit 30(2): 443–479
Wamsley GL, Wolf JF, Bacher RN (1990) The public administrator and public service occupations. SAGE, Newbury Park
Young EA (2015) Federalism as a constitutional principle (3 Mar 2015). University of Cincinnati Law Review, Forthcoming; Duke Law School Public Law & Legal Theory Series No. 2015–12. Retrieved 20 Mar 2016 at SSRN: http://ssrn.com/abstract=2573338

# Constitutional Federalism and Public Administration, Russia

Ivan Leksin
Lomonosov Moscow State University, School of Public Administration, Moscow, Russian Federation

## Synonyms

Federation and Public Administration; Federal System and Public Administration

## Introduction: Historical Background

Formally, Russia has been a Federation since January 1918, when the federal character of the Russian Republic was proclaimed by the Declaration of Rights of Laboring and Exploited People, approved by the Third All-Russian Congress of Soviets. Half a year later, this Declaration was incorporated into the first constitution (Basic Law) of the Russian Soviet Federative Socialist Republic. All the Soviet Russian constitutions that followed (of 1925, 1937, and 1978) kept naming Russia the "Soviet Federative Socialist Republic."

Since 1992, Russia's official name is "the Russian Federation." Noteworthy, incorporation of this term into constitutional language occurred following the conclusion of the so-called Federative Treaty (for more details, see below), less than 2 years before the enactment of the current constitution. The term "Russian Federation" had not become a complete novelty for political and legal dictionary, as it had been used for decades before in academic papers (Chistyakov 1966). However, this collocation did not get wide recognition until the early 1990s.

For the members of the Federation, quite an unusual designation is being used since the end of the twentieth century – "subjects of the Federation." This construction does not seem to be perfect, but it has a simple historic explanation. It traces back to the law of the USSR dd. 26 April 1990, "On Distribution of Powers between the USSR and the Subjects of the Federation," that referred both to the Union republics and to the autonomous republics within the Union republics. Thus, the term "subjects of the Federation" served for generalization of heterogeneous entities.

Within Russia such a generalization was considered to be necessary as well. Originally, only autonomous republics (totaling 16, as of 1 January 1990) could be regarded as political entities within the Russian Soviet Federative Socialist Republic. However, upon conclusion of the Federative Treaty in 1992, all the upper-level units (totaling 88) were vested with political autonomy. Consequently, six formal types of constituent units of the Russian Federation appeared instead

of one (see chapter ▶ "Multilevel Governance and Public Administration, Russia").

## Constitutional Layout of Russian Federalism

The Constitution of the Russian Federation sets provisions for the regional and local autonomy and declares distribution of jurisdiction between federal and regional orders of government.

Currently the Russian Federation comprises 22 republics, 9 krays, 46 oblasts, 3 cities of federal significance, 1 autonomous oblast, and 4 autonomous okrugs (see chapter ▶ "Multilevel Governance and Public Administration, Russia"). All the 85 constituent units are proclaimed equal in their relations with the Federation. This neither repudiates political or economic asymmetry of the country nor prevents the regions from having definite legal specifics. For instance, republics enjoy the right to establish their own official languages in addition to Russian and to adopt constitutions, while in the constituent units of other types, similar documents should be titled "statutes." Much more specific is the position of autonomous okrugs that can be parts of either krai or oblast under Art. 66, para. 4, of the Constitutional Court of the Russian Federation. According to the opinion of the Constitutional Court of the Russian Federation, this means that the territory and the population of an autonomous okrug can be simultaneously a part of the territory of another constituent unit (currently three of the four existing autonomous okrugs remain incorporated into oblasts). It follows therefrom that some sort of distribution of jurisdiction between these constituent units should be settled (either by themselves or by federal law). The specifics set in the federal laws are considerable as well (Leksin 2014). However, the rule of constitutional equality of constituent units of the Russian Federation is generally observed (Topornin 2001).

The Constitution mandated that three blocks of jurisdiction should exist: federal jurisdiction, joint jurisdiction of the Federation and its constituent units, and residual powers (for the lists of powers, see chapter ▶ "Multilevel Governance and Public Administration, Russia"). The latter are considered to be exercised by the regional governments. Local governments do not participate in the constitutional distribution of jurisdiction. In fact, their functions overlap all the three mentioned blocks (see chapter ▶ "Institutional Foundations of Local Self-Government, Russia").

The Constitution of the Russian Federation provides for the formation of separate federal and regional governments (see chapters ▶ "Multilevel Governance and Public Administration, Russia" and ▶ "Regional Executives, Russia"). According to Art. 10 of the Constitution, the principle of separation of powers applies to both of these levels. Being grasped in concert with the federal principle, it implies that each constituent unit of the Russian Federation has its own legislative, executive, and judicial bodies. Under the provision of Art. 11, para. 2, of the Constitution of the Russian Federation, the governmental powers in the constituent units of the Russian Federation shall be exercised by the bodies they created. However, legal and political practices correct these declarations significantly.

The grounds for such corrections had been laid by the federal Constitution itself. First, according to Art. 72, para. 1, and Art. 118, para. 3, of the Constitution of the Russian Federation respectfully, general principles of governmental organization shall be set by the ordinary federal law, and the judicial system of the Russian Federation shall be instituted by the federal constitutional law. Art. 77, para. 1, further specifies that constituent units of the Russian Federation shall establish their governmental systems autonomously, though in compliance with the principles of organization of legislative (representative) and executive bodies set by the federal law. Second, under Art. 72, para. 1, and Art. 75, para. 3, of the Constitution of the Russian Federation, common principles of taxation and dues in the Russian Federation shall be established by federal law. This outwardly harmless provision currently serves as a basis for extensive federal legislation on taxation on every level of government. Third, Art. 78, para. 1, of the Constitution of the Russian Federation provides for establishment of territorial offices by the federal executive. In fact, such offices constitute quite

a brachiferous system that operates in parallel with the regional executives (see chapter ▶ "Regional Executives, Russia"). Finally, Art. 124 of the Constitution of the Russian Federation demands that the courts be financed only from the federal budget. This provision obviously conflicts with the idea of the regional autonomy in judicial sphere (see chapters ▶ "Federal Government, Russia" and ▶ "Multilevel Governance and Public Administration, Russia").

## Sovereignty Issue in the Russian Federation

Russian legal and political languages treat the sovereignty issues specifically. This specificity manifests in three main aspects.

First, the notion of sovereignty had been being adopted by the Russian science by stages. In the prerevolutionary years (beginning of the twentieth century), the scholars focused their attention on the essence of territorial sovereignty (e.g., Yaschenko 1912). The scientists that conducted researches in this sphere used to prefer a native equivalent of the word "sovereignty" (the latter had been usually translated into Russian as "territorial supremacy," or "territorial paramountry," making territorial sovereignty consonant with supremacy of law). Creation of the Soviet Union had led to the conceptual disputes on coexistence of the Union sovereignty with the sovereignty of the Union republics. This time a word of German origin ("Souveränität") had become predominantly used. As a result, in Russian translation the collocations "territorial sovereignty" and "state sovereignty" are not relatives.

Second, contemporarily a single term is being used for the sovereignty of the Federation, its constituent units, etc. In each case a collocation "state sovereignty" is being applied (as contrasted to the "people's sovereignty").

Third, in the recent decades, the word "sovereignty" often bears a negative connotation. For decades since the formation of the Soviet Union, the sovereignty issues had not leaved the realm of dogmatic theorization. However, in the early 1990s, the notion of sovereignty took on a highly politicized significance. As the disintegration processes in the Soviet Union and within Russia intensified, discussions on republican sovereignty become associated with secessionist ambitions (Karapetyan 2001).

Over the existence of the Soviet Union, the Union republics had been considered to be sovereign alongside with the sovereign Union. Adjacency of two sovereignties on the same territory gave rise to several theories of republican sovereignty (of a limited sovereignty, of a potential sovereignty, of a latent sovereignty). Autonomous republics within the Union republics were never regarded as sovereign under constitutions of either the USSR or the Union republics, although some scholars argued that autonomous republics possessed features of state sovereignty or a limited state sovereignty. However, shortly after the Congress of People's Deputies of the RSFSR adopted the Declaration of State Sovereignty of the RSFSR on 12 June 1990, autonomous republics (as well as some other of the Russian regions) proclaimed their sovereignty in similar declarations. This movement was called the "parade of sovereignties." Most of autonomous soviet socialist republics took self-names of "Soviet Socialist Republics" (cutting off their autonomous identification). By means of this, these republics intended to become self-standing members of the renovated Soviet Union, alongside with the original Union republics they used to be part of.

Surprisingly, both the Union and the Russian officials were well-disposed to the sovereignty ambitions of the autonomous republics. Being political rivals, USSR government and the government of its largest member, RSFSR, tried to enlist the support of the leaders of the sub-Russian republics, thus contributing to the sweeping disintegration of the Russian Federation.

After the breakup of the USSR, the sovereignty issue within Russia did not lose its acuteness, though substantially changed its form. The federal and regional governments became adversaries. The first tried to contain secessionist movements though had to stay consistent with the proclaimed ideas of democratic decentralization and the right of the national entities to self-determination. On 31 March 1992, a political compromise was

authenticated by signing the Federative Treaty by the representatives of the federal government and of 86 of the 88 then-current regions. This time the republics (former ASSRs) were titled "sovereign republics within the Russian Federation."

However, the Constitution (Basic Law) of the Russian Federation of 1978, as amended following the conclusion of the Federative Treaty, did not call the republics within the Russian Federation sovereign. Neither does the current Constitution of the Russian Federation of 1993.

Contemporary official opinion concerning distribution of state sovereignty in Russia is expressed in several judgments of the Constitutional Court of the Russian Federation:

- Resolution No. 10-P dd. 7 June 2000, on verification of constitutionality of provisions of the Constitution of the Republic of Altai and of the Federal Law "On the General Principles of Organization of Legislative (Representative) and Executive Bodies of Constituent Units of the Russian Federation"
- Ruling No. 92-O dd. 27 June 2000, on inquiry of a group of deputies of the State Duma of the Federal Assembly (the official name of the parliament of the Russian Federation) of the Russian Federation regarding conformity of provisions of the constitutions of the Republic of Adygeya, the Republic of Bashkortostan, the Republic of Ingushetia, the Republic of Komi, the Republic of North Ossetia-Alania, and the Republic of Tatarstan to the Constitution of the Russian Federation
- Ruling No. 249-O dd. 6 December 2001, upon application of the President of the Republic of Bashkortostan regarding official interpretation of the Ruling of the Constitutional Court of the Russian Federation of 19 April 2001 upon application of the Plenipotentiary Representative of the President of the Russian Federation in the Volga Federal District regarding official interpretation of the ruling of the Constitutional Court of the Russian Federation No. 92-O dd. 27 June 2000
- Ruling No. 250-O dd. 6 December 2001, on inquiry of the State Assembly-Kurultay of the Republic of Bashkortostan on interpretation of provisions of Arts. 5, 11, 71, 72, 73, 76, 77, and 78 of the Constitution of the Russian Federation

The reasoning parts of all these judgments (sections 2.1, 2.1, 3.1, and 3.1, respectively) read that "the Constitution of the Russian Federation does not provide for any other bearer of sovereignty and source of power except the multinational people of Russia, and, therefore, does not provide for any other state sovereignty than the sovereignty of the Russian Federation. In view of the Constitution of the Russian Federation its sovereignty excludes coexistence of two levels of sovereign authorities within the single system of government. . . i.e. does not assume the sovereignty of the republics or other constituent units of the Russian Federation to exist."

The considered legal treatment of the Constitutional Court of the Russian Federation, of course, rests on substantial historical and political grounds. After the "parade of sovereignties" in the early 1990s, a formal mention of the sovereignty of constituent units of the Russian Federation is perceived as a threat to its territorial integrity. Given these circumstances, the decision of the Constitutional Court quite naturally had a protective sense, rather than a heuristic one (although, of course, it must be noted that such protection of the Russian statehood was in a greater demand in the 1990s, while in political conditions of the early 2000s, this decision was a reflection of the actual strengthening of general government). We can also assume that a more favorable attitude of the Court to the sovereignty of the republics could have caused an unnecessary political hype.

However, although the Constitutional Court of the Russian Federation, apparently, was guided by good intentions, its reasoning was not perfectly convincing. To some extent it was based on a confusion of the notions of popular and state sovereignty. The Russian Constitution declares unity of sovereignty solely in respect of the popular one, in Art. 3, para. 1: "The holder of sovereignty and the only source of power in the Russian Federation is its multinational people." The Constitutional Court had extrapolated this unity to the state sovereignty, while the constitutional

provisions (e.g., Art. 4, para. 1, according to which "the sovereignty of the Russian Federation shall cover the whole of its territory") do not explicitly read that the word "sovereignty" is inapplicable to the constituent units of the Russian Federation.

Besides, the opinion expressed by the Constitutional Court of the Russian Federation can be described as an unfinished one. Having noted the interlink between state sovereignty and the multinational people of the Russian Federation, the Court had concluded that only the sovereignty of constituent units of the Russian Federation was unsound. However, following the idea of solidness of the national sovereignty expressed in the said decisions of the Constitutional Court, it would be reasonable to declare the absence of neither regional sovereignty nor the sovereignty referring to the general level of government. By implication of the Court's decisions, state sovereignty should be regarded a possession of the Russian state as a whole, but not of the Russian Federation as opposed to its constituent units.

It seems reasonable that the powers of both the federal and regional governments are manifestations of state sovereignty. The federal government and the governments of constituent units of the Russian Federation derive their powers from the same source, which is, under the Constitution of the Russian Federation, the will of the multinational people. When the government of either level exercises its powers, it expresses the sovereign will of the people, while the level of government itself (neither the regions nor the federal government) has no sovereignty.

It should also be noted that rigidity in the use of the term "sovereignty" that the Constitutional Court of the Russian Federation insists on is dissonant with extensive use in the Constitution of the Russian Federation of the noun "state" (which applies to both the nation as a whole and republics within the Russian Federation) and of the adjective "state" (which is attributable to the governmental bodies, to public service, to property not only of the Russian Federation but also of its constituent units (of any type), as well as to official languages of the republics within the Russian Federation). The term "sovereignty" is, of course, overly politicized, and limitation of its acceptable use could serve as a means of reducing political illusions and speculations. However, this tool may not be effective without prohibition on the "state" identification of the republics within the Russian Federation. Such prohibition could be accomplished solely by means of enactment of a new Constitution of the Russian Federation, as the republics are called "states" in Art. 5 of the current Constitution that belongs to the unalterable Chapter 1.

In addition, this restriction does not look quite natural, since according to Art. 73 of the Constitution of the Russian Federation outside the jurisdiction of the Russian Federation and the federal powers within the joint jurisdiction of the Russian Federation and its constituent units, the latter shall possess full state power. This corresponds to one of the acknowledged meanings of the word "sovereignty." An attempt to interpret it this way was made in the Constitution of the Republic of Bashkortostan. Its Art. 1, para. 2, as amended 3 November 2000, had stated that "the sovereignty of the Republic of Bashkortostan is expressed in the possession of full state power (legislative, executive and judicial) outside the jurisdiction of the Russian Federation and the powers of the Russian Federation on issues under joint jurisdiction of the Russian Federation and the Republic of Bashkortostan." Similar provisions had lately appeared in Art. 1, para. 1, of the Constitution of the Republic of Tatarstan and in Art. 1, para. 1, of the Constitution of the Chechen Republic. Following the adoption of the said decision of the Constitutional Court, the term "sovereignty" was replaced in the Constitution of the Republic of Bashkortostan by the word "statehood." However, the constitutions of Tatarstan and of the Chechen Republic still contain provisions mentioning their sovereignty.

The issue of sovereignty of constituent units of the Russian Federation was further associated with the issue of their citizenship. Proceeding from the assertion that republics do not possess sovereignty, the Constitutional Court of the Russian Federation in its ruling No. 250-O dd. 6 December 2001, on inquiry of the State Assembly-Kurultay of the Republic of

Bashkortostan on interpretation of provisions of the Articles 5, 11, 71, 72, 73, 76, 77, and 78 of the Constitution of the Russian Federation, concluded that republican citizenship neither has the right to exist.

Rigidity of the federal Constitutional Court in this question is understandable, as in Russia, the citizenship of the republics had become a subject of political speculations along with the issue of their sovereignty. The Federal Law No. 62-FZ, dd. 31 May 2002, "On the Citizenship of the Russian Federation," could serve the ground for a more tactful solution of the problem of citizenship of constituent units of the Russian Federation, as compared with the judgment of the Constitutional Court of the Russian Federation. According to Art. 71, para. "b," of the Russian Constitution, issues of citizenship in the Russian Federation fall to the jurisdiction of the Russian Federation. This leaves the legal possibility of recognition of the citizenship of republics within the Russian Federation, but solely at the discretion of the federal legislator, as following the provisions of Art. 76 of the Constitution of the Russian Federation, constituent units of the Russian Federation cannot make laws on the issues listed in Art. 71. The named Federal Law does not refer to citizenship of the republics, and consequently, this phenomenon in the legal sense does not currently exist (which does not prevent its rebirth in the future).

At the moment, only the Constitution of the Republic of Tatarstan mentions the republican citizenship, in Art. 21. According to the latter, citizen of the Russian Federation permanently residing in the Republic of Tatarstan is simultaneously a citizen of the Republic of Tatarstan. Up until 2010, Art. 4 of the Constitution of the Republic of Tyva contained a similar provision.

## Means of Distribution of Powers Between Orders of Government

Being a federal country by its official designation, Russia requires a constitutional distribution of powers between orders of government. A sort of such distribution can be found in Arts. 71–73 of the Constitution of the Russian Federation (see chapter ▶ "Multilevel Governance and Public Administration, Russia"). However, despite existence of the constitutional lists of powers, the Constitution of the Russian Federation cannot be regarded as a full-fledged source of the said distribution.

First, the constitutional formulas are not very precise and thus are subject to various interpretations. Due to the poor specificity of the Russian Constitution and other errors (duplicated articles of exclusive jurisdiction of the Russian Federation and joint jurisdiction, lack of a universal approach to settling the powers, etc.), it inevitably shares its function of distribution of competence with other legal sources.

Second, the Russian Constitution proclaims the vast part of jurisdiction to be the common field of the Russian Federation and of its constituent units. By virtue of the fact that the Constitution assigns the majority of socially significant issues, which affect the everyday interests of all citizens and organizations, to joint jurisdiction of national and regional levels of government, it is impossible to judge the actual level of centralization (decentralization) of Russia, being guided by the constitutional provisions solely.

Allocation of the powers within this sphere had always been a disputable issue. Though the constitutional distribution of powers between orders of government remains stable for more than two decades, actual autonomy of the regions changed drastically during this time due to the other legal sources. The Constitution of the Russian Constitution stipulates in Art. 11, para. 3, that distribution of powers between the federal government and the governments of constituent units of the Russian Federation shall be set only "by the given Constitution, the Federative Treaty, and other treaties." The first years after adoption of the Constitution of the Russian Constitution of 1993 were marked with "treaty making." In 1994–1998 such treaties, provided for by the Constitution (abovementioned Art. 11, para. 3), were signed by the representatives of 46 regions. All of them contained more or less corrected lists of federal and "joint" powers and one way or another violated the Constitution and (or) the federal laws.

Actually, one may doubt if these documents could have legal significance at all. They passed a ridiculous procedure: being just signed by the federal and regional leaders, these treaties claimed to be a substitute for the constitutional provisions on distribution of powers for the respective regions. Most of these treaties were denounced by agreements of their parties in 2001–2003. For the others a transitory provision had been set requiring passing a new procedure stipulated for in the Federal Law No. 184-FZ dd. 6 October 1999, "On the General Principles of Organization of Legislative (Representative) and Executive Bodies of Constituent Units of the Russian Federation." This procedure assumed ratification of a treaty by adopting a special federal law. Thus, none of the remaining treaties had chances to be prolonged. Consequently, all these treaties had been pronounced invalid in 2005. Lately, in 2007 a new treaty with the government of the Tatarstan Republic passed the said newly developed procedure. However, it appeared to be rather a symbolic document for the Republic than a treaty on division of powers (actually this treaty does not contain any significant provisions). Since then, no treaties of this type were concluded.

In the course of recomposing distribution of powers, it was definitely the Constitutional Court of the Russian Federation that ensured drastic strengthening of the federal positions. In dozens of decisions, the Court supported federal legislation, thus fighting the mentioned quasifeudal disunity and providing for developing a uniform regulation in various spheres, from electoral system to fire safety. One of the first adjudications of that kind (and the one that had far-reaching implications) was Resolution No. 1-P dd. 9 January 1998, on verification of constitutionality of the Forestry Code of the Russian Federation. By this Resolution the Constitutional Court of the Russian Federation provided for expansion of the list of acceptable forms of distribution of powers. According to para. 4 of the rationale of this decision, the Federal Law "defines the rights and obligations of the parties involved, including the powers assigned to the levels of government, and thus sets the distribution of these powers," and therefore, the Federal Assembly "shall be entitled to exercise the legislative regulation of issues related to the given articles of joint jurisdiction, to determine appropriate specific powers and competence" of governments of the Russian Federation and its constituent units.

This decision opened the gates to the federal legislative expansion. Shortly thereafter the Tax Code was successfully passed by the federal parliament. By adopting this act, the Federation proclaimed the most important taxes to be federal and set a comprehensive list of regional and local taxes. The federal government accumulates most financial resources and then redistributes them back to the regions. Considering enormous disproportions in regional economies, this measure was reasonable. However, it obviously provided the federal government with an outstanding leverage over regional governments.

One year later, the mentioned Federal Law "On the General Principles of Organization of Legislative (Representative) and Executive Bodies of Constituent Units of the Russian Federation" was enacted. With numerous amendments that followed, this act moved further and further from being a law "on the general principles." Its contemporary version contains detailed provisions on procedures of formation of regional legislative and executive bodies, on the structure of regional legislature, on procedures of decision-making, on regional taxation and budgeting, on federal intervention measures, on distribution of powers between federal and regional governments, and so forth. Thus, this Federal Law de facto took on part of the role of the constitution for all regions of Russia, whereas the latter have no choice but to reproduce provisions, established by the said law, in their constitutional acts (see chapters ▶ "Multilevel Governance and Public Administration, Russia" and ▶ "Regional Executives, Russia").

Currently, it is this law that serves as the main instrument for distributing powers within the vast field of joint jurisdiction of national and regional levels of government. Since 2003, it contains a list of powers lying within joint jurisdiction of the Russian Federation and its constituent units that the regional governments are responsible to exercise using their budgetary funds. This extensive list has been being regularly broadened by the

federal legislator (as of today, it includes some 110 blocks of powers). These powers refer to:

- Agricultural lands, support of agricultural production
- Some of the mining operations
- Development of small-scale and medium-scale business, inter-municipal investment projects, regional R&D, innovation programs and projects, pricing policy, intraregional trade
- Foreign economic agreements of the regional government, frontier cooperation
- Regional territorial planning, supervision over capital construction
- Housing issues, heat supply, water supply and sewerage, potable water and household water supplies
- Orphan children, guardianship and trusteeship, support for charitable activities and volunteering
- Regional highways, transportation services to the population, regional airports and aerodromes, river ports
- Preschool; primary, basic, and secondary education; physical culture and sports
- Historical and cultural monuments, regional museums, public libraries, support for arts and cultural development, as well as tourism development
- Employment assistance, labor protection, settlement of collective labor disputes
- Medical care, social support, and social services to advanced-age and handicapped citizens
- Assistance for burials
- Veterinary supervision
- Fire prevention and firefighting; prevention of emergency situations and of natural calamities and epidemics; and liquidation of the aftermath thereof, emergency rescuing
- Protecting natural environment and ecological security
- Administrative sanctions for violation of regional laws

Aside from the powers relating to the listed issues, the regional governments are mandated by special federal laws to exercise extra powers, at the expense of the federal budget. Thus, in the last decade, the distribution of powers between the federal and regional governments is being transformed neither by amendments to the Constitution of the Russian Federation nor by means of intergovernmental treaties (although agreements on delegation of administrative powers have been being regularly concluded between the federal governmental and regional executives), but by ordinary federal legislation, which does not require the adopted acts to be ratified by the representative bodies of constituent units of the Russian Federation.

As far as the federal laws became the main instruments of redistributing powers between orders of government, stability of the limits of jurisdiction of the constituent units of the Russian Federation is not guaranteed. However, the actual distribution of powers has reached a somewhat balanced condition, as the federal legislator had already covered almost all the issues he intended to.

## Federalism and the Federal Executive

The system of federal governing institutions is not restricted to the Russia's capital. Quite few of the bodies within the federal executive reside solely in Moscow. The main of such few bodies is the council of ministers (officially titled the Government of the Russian Federation). Under provisions of the Russian Constitution, the composition of this collegial body does not reflect the federal structure of Russia. However, according to Art. 6 of the Federal Constitutional Law No. 2-FKZ dd. 17 December 1997, "On the Government of the Russian Federation," deputy chairmen of the Government of the Russian Federation and federal ministers may hold the posts of plenipotentiary representatives of the president of the Russian Federation in the federal districts. Currently, there is one member of that kind within that body (see chapter ► "Federal Government, Russia").

The Constitution of the Russian Federation does not provide for direct involvement of the Government of the Russian Federation into

intergovernmental relations. However, under the Constitution, the decision of the government is mandatory in the Russian Federation (Art. 115, para. 2). Besides, Art. 77, para. 2, of the Constitution stipulates that within jurisdiction of the Russian Federation and the powers of the Russian Federation on the issues under joint jurisdiction of the Russian Federation and the constituent units of the Russian Federation, federal and regional executive bodies shall make up a united executive system. The meaning of the constitutional notion of this single executive is quite ambiguous, given the federal system of Russia. Whatsoever, taken together the two cited constitutional clauses allow the Government of the Russian Federation to establish the rules that are mandatory for the regional executives and, sometimes, to give them instructions.

Further, the Government of the Russian Federation actually participates in intergovernmental relations under the Federal Law "On the General Principles of Organization of Legislative (Representative) and Executive Bodies of Constituent Units of the Russian Federation." According to Art. 26.8 of the latter, it sets the rules for concluding agreements between federal and regional executive bodies on delegation of certain powers and approves such agreements.

Finally, the Government of the Russian Federation is, unexpectedly, involved in revising division of the federal territory into constituent units. Art. 147.2, para. 1, of the rules of the Council of the Federation (i.e., the upper chamber of the Federal Assembly) requires that the federal government submits its consent in cases of changing the boundaries of the cities of federal significance. For instance, the Resolution of the Council of the Federation No. 490-SF dd. 16 December 2009, on approval of changing the boundaries of the city of Saint Petersburg, had been adopted relying on the suggestion of the Government of the Russian Federation formulated in its ruling No. 1707-r, dd. 13 November 2009.

As mentioned above, federal executive bodies are entitled by the Constitution of the Russian Federation to establish territorial offices. Actually, most of the federal ministries, services, and agencies (see chapter ▶ "Federal Government, Russia") have numerous territorial departments. The idea to decrease federal presence in the regions has been being ventilated through the past two decades. However, despite the officially declared intentions to balance the number of federal institutions and officials in the constituent units of the Russian Federation with the federal principle, this transition is going slowly.

The administration of the President of the Russian Federation, that is, formally a non-governing institution, but actually the central unit of the public administration system, is not a single central office of the head of the Russian state as well. Actually, it is a hierarchical network of regional and supraregional departments and officials (see chapter ▶ "Head of the State and Public Administration, Russia").

## The Role of Constituent Units of the Russian Federation in Public Administration

The regional executives occupy a dualistic position in the system of public administration. On the one hand, they remain significantly dependent on the Russia's federal government in political, administrative, and financial respects (see chapter ▶ "Regional Executives, Russia"). Though restitution of popular elections of the regional chief executives in 2012 was an important formal step towards decentralization, the preceding period of quasi-appointment of these officials had been long enough to replace popularly elected governors with the presidential designees, which were usually concordant with the federal policies and were not eager to assert regional autonomy. Given that the Russian society actually has no intense aspiration for federalism, this cutting regional autonomy down in 2005–2012 actually does not deserve a rigorous denunciation. It resolved some pressing issues, such as populism at regional electoral campaigns and popular disenchantment after elections. Therefore, in some way, it was waited for by the voters. And it turned out to be quite convenient for the so-called regional elites. These did not only benefit from the vanishment of electoral battles but also managed to receive a

huge rent from the fact of siding with the federal authorities (Leksin 2012). Popular elections of the regional chief executives should contribute to political independence of the latter but does not guarantee it, of course. However, that may be, the chief officials of the constituent units of the Russian Federation and regional executives as a whole remain substantially involved in the federal policies.

On the other hand, it is the regional executives that the operability of the Russian government actually depends on. They carry the larger part of the administrative burden, as they act as the main implementors of both federal and regional legislation (see chapter ▶ "Regional Executives, Russia").

## Conclusions

Federalism and public administration in Russia had been developing in a somewhat unusual symbiosis. Although the federal principle is an obvious obstacle to constructing an integral system of public administration, in the Russian Federation, it had been used in antithetical ways.

In the revolutionary years at the beginning of the twentieth century, the federal idea had been being exploited in order to contain separatism driven by the nationalist aspirations in different parts of the ruined Russian Empire. In fact, the terms "federation" and "federative" had been being mainly misused at that time, describing political system based on ethnic autonomy, as a rule. Though this misuse was quite common during that time, it profited the Soviet government, first of all. In less than a decade after the end of the civil war, the Soviet state became solid in both political and administrative respects, although formally it remained a federal system.

At the end of the Soviet period of Russian history, the decentralistic movement in the Russian regions had been developed under the federalism slogans as well. Again, the terminology being used in political rhetoric during that period had little to do with the conception of federalism. Actually, some regional elites had strived for political autonomy and financial self-standing, but not for the Federation at all. The rush for more freedom and self-government in the end of the 1980s through the mid-1990s was in many respects stimulated by economic problems, which were exaggeratedly attributed to centralization of the Soviet rule. However, the original expectancies to cope with economic distress by means of decentralization had been ruined with time. Consequently, social support for autonomy had gradually vanished in most of the regions (by the end of the 1990s).

Conclusion of the Federative Treaty in 1992 and adoption of the Constitution of the Russian Federation in 1993 was actually the first time the federal idea had been implemented closely enough to the conventional concept. However, as before, the general government had utilitarian motivation to use it – this time, in order to lessen the political weight of the republics and of the so-called national elites of these constituent entities, as well as to cut down their influence on the federal decision-making. New constituent entities of the Russian Federation (krays, oblasts, cities of federal significance, autonomous areas) served as a political counterpoise to the republics. The new constituent entities provided considerable support to centralist bills in the upper chamber of the Federal Assembly. Thus, the promotion of former administrative territories to the status of constituent entities of the Russian Federation by the Federative Treaty of 1992, combined with regional equality in the upper chamber of the Federal Assembly provided by the Constitution of the Russian Federation of 1993 (formerly, constituent units were represented differently in the upper chamber of the federal parliament: each republic had three delegates, autonomous oblasts and autonomous okrugs were represented by one deputy each, and the other regions had 63 representatives altogether), formed the ground for the posterior centralization. No country has ever shown a more paradoxical example of decentralizing policy. Granting autonomy to the Russian regions that had never been in great need for it eventually permitted to centralize the federal system to such an extent that even republics were deprived of autonomy they used to enjoy. The Russian federalism of the end of the twentieth

century was undermined at its origination, and resultantly it self-destructed in the beginning of the twenty-first century.

Despite the extensive criticism, contemporary federal arrangements should not be regarded as defective. Centralistic nature of the present-day Russia does not cause popular discontent and thus does not demand urgent corrections. For Russia federalism is not an indisputable principle, as for Germany, the USA, or Switzerland, but a doubtful value. Today most of the Russians appear to remain quite indifferent about federalism and regional autonomy.

However, the demand for this autonomy varies greatly in different constituent entities of the Russian Federation. A considerable portion of constituent entities of the Russian Federation had enjoyed autonomy for many decades and cannot be deprived of it painlessly. Thus, legal instruments providing for political autonomy of the Russian regions should not be considered to be useless.

On the whole, by the actual political and legal context, it is not a fairly federal state. It should rather be placed among regional states (along with Spain and Italy). This deflection of the actual political structure from the declared one is neither harmful nor perilous by itself, as the official designation of any state is not legally binding. The terms "federation" and "federal" are abstract notions with no legal definitions. Therefore, constitutional name of the Russian Federation does not oblige it to be a federal state, as neither the Swiss Confederation nor the USA ought to be confederal. However, the Constitution does not only declare Russia to be a federal state but, surely, establishes provisions for certain federal arrangements that cannot be evaded. In this respect, Russia remains quite centralized both politically and administratively.

## Cross-References


- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia


C

## References


Chistyakov O (1966) Formation of the Russian Federation, 1917–1922. Publishing House of the Moscow University, Moscow

Karapetyan L (2001) Federative Organization of the Russian State. Norma, Moscow. (in Russian)

Leksin I (2012) Legal issues of Russian Federalism: prerequisites and implications of recent legislative reforms. Global Legal Issues (Korea Legislation Research Institute) I:459–504

Leksin I (2014) Territorial organization of Russia: constitutional and legal issues. Lenand, Moscow. (in Russian)

Topornin B (ed) (2001) Federalism: theory, institutions, relations. Yurist, Moscow. (in Russian)

Yaschenko A (1912) Theory of Federalism. Synthetic Theory of Law and State, Yuriev. (in Russian)


# Constitutional Intersection of Civil Liberty and Public Administration


Beth Cate
School of Public and Environmental Affairs, Indiana University, Bloomington, IN, USA


## Synonyms

Civil rights; Constitutional law; Public law

## Definition

The constitutional intersection of civil liberty and public administration refers to the need for public administrators to act in ways that do not violate individual liberties protected by a constitution, which is the fundamental charter for government.

## Introduction

Public administrators act under authority granted directly or indirectly through constitutions, which are the fundamental charters for government. Constitutions typically contain provisions that limit government's ability to interfere with certain individual liberties. Public administrators must adhere to these limits while carrying out their duties or face exposure to litigation and liability. This entry briefly describes the main tensions that public administrators in America face when balancing the efficient and effective implementation of public programs, with respect for individual liberty under the US Constitution. This entry does not address state constitutional rights or the many statutory rights that individuals also enjoy and that often provide more extensive, if legislatively revocable, protections for individual liberty.

## Balancing Liberty and Administrative Values

"Civil liberty" is defined as "the political freedom that is enjoyed by members of society that restrains its people as far as is necessary to maintain the general welfare of everyone" (Black's Law Dictionary). This definition embodies a central challenge confronting public administrators in America, who are generally called on to preserve as much individual liberty as possible in the course of carrying out programs aimed at achieving the public good.

The specific individual rights and freedoms that administrators at the federal, state, and local levels must respect are set out in the US Constitution's Bill of Rights and the Fourteenth Amendment. The Tenth Amendment, which reserves to the states or the people all powers not given to the federal government or prohibited to the states, is also noteworthy; it embodies principles of federalism that are felt to maximize individual liberty by preventing concentration of power and preserving more accountable, local forms of government.

The provisions that have been used most frequently to challenge public programs and administrative actions are discussed below. Written in broad language, these provisions gain ultimate meaning through interpretation and application by courts, especially the US Supreme Court, in the context of concrete disputes. Courts recognize that no individual's rights are absolute – that every time one person acts in the enjoyment of her rights, she affects others – and therefore government may, in the exercise of its constitutional power to promote the general welfare, act in ways that necessarily and legitimately cabin individual rights to some degree. At the same time, courts have emphasized that because the Constitution is the "supreme law of the land," core administrative values of efficiency and effectiveness must sometimes yield to the higher constitutional principles (Rosenbloom et al.).

## Frameworks for Judging the Constitutionality of Public Administrative Action

### Freedom of Speech and Expression

The First Amendment says the government "shall make no law abridging the freedom of speech. . .." This reflects the view of the founding fathers – the key figures who crafted the American Revolution and the constitutional republic that followed – that the free flow of facts and ideas is vital to informed self-governance and to checking abuse of power. Accordingly, courts view government efforts to suppress speech or to skew the public debate with deep suspicion. Regulation of speech based on the speaker's topic, or viewpoint, will nearly always be swiftly invalidated unless the government can show that the regulation is narrowly tailored to serve a compelling interest. This test is known as "strict scrutiny," and regulation virtually always fails it. The Supreme Court has applied this test to protect political speech by corporations as well as individuals.

The freedom to speak includes the freedom not to speak, and courts are hostile when government tries to compel someone to adopt its message as her own. So, for example, public schoolchildren may not be made to participate in patriotic exercises like saluting or pledging allegiance to the American flag. In the context of commercial

speech – speech proposing or facilitating a commercial transaction – regulation may require companies to disclose truthful factual information about their products, as long as the regulation is narrowly tailored to directly and materially advance a substantial government interest. Regulation may not, however, require disclosures of information that is ideological as opposed to factual, or reasonably disputed as a factual matter, or effectively convert the manufacturer's packaging and marketing to the government's use for its own messaging. So, while tobacco companies can be compelled to include textual warnings like "Cigarettes Cause Fatal Lung Disease" on cigarette packages, they may not be required to include graphic images of, say, diseased lungs or corpses, or to carry the phone number for the government's smoking cessation hotline.

Free-speech rights extend some protection to expressive conduct or "symbolic speech," such as burning the American flag to protest government policy. Since conduct may cause substantial physical harm, however, government may restrict it to serve important government interests unrelated to suppressing speech, as long as it prohibits no more speech than necessary. Under this principle, the Supreme Court upheld a criminal conviction of a man who burned his draft card to protest the Vietnam War, citing the government's compelling interest in preserving the draft cards as records of eligibility for military service, and the unintended and incidental nature of any burden on the speaker's message.

When people speak in a place reserved for public speech either by long-standing tradition (a park or sidewalk corner) or by conscious government action (a civic building whose rooms are available for use by all comers), the government may not restrict the topics discussed or the viewpoints expressed, although it may impose restrictions on the "time, place, and manner" of speech in these venues to preserve order –, for example, prohibiting the use of a bullhorn in residential neighborhoods late at night. Not all government property is or must be open to all speech; the government may create limited or nonpublic forums in which it may specify the topics (although not the viewpoints) that may be addressed.

When the government is the speaker, it may control its own message. In some cases, however, it may be difficult to tell when the government is speaking and when it is creating a forum for private parties to speak. Consider specialty license plates for vehicles, a program often used by states to raise revenue and facilitate charitable donations to organizations that design the plates. Recently the Supreme Court held that such plates are government speech, since while the designs come from private organizations, the plates still carry numbers and other data used for administrative purposes. Accordingly, the government may reject designs it finds offensive or expects will generate controversy and criticism. Had the Court held that the plates were forum for speech by either the organization that designed it or the vehicle owner who placed it on his car, the government could not pick and choose among designs (in that specific case, it could not reject a highly controversial plate design containing the Confederate flag, which is widely associated with slavery and racism). In such a case, the government might well have decided to forego the program to avoid the costs and headache of responding to provocative plate designs.

The Supreme Court has held that a very few categories of speech which were historically banned, due to their tendency to inflict great harm without contributing much of value to the public debate, remain outside the protection of the First Amendment. These include incitement (speech that is intended and likely to provoke imminent violence, such as whipping up a crowd to riot), "fighting words" (insults that tend to provoke an immediate violence response or breach of the peace – essentially one-on-one incitement), and true threats (an expression of a serious intent to inflict harm on someone and that is reasonably likely to place someone in fear of harm). Public officials struggle with how to apply these categories, and free speech principles generally, to digital age activities like online radicalization, terrorist recruitment, cyberbullying, "revenge porn," and so on. Drawing a workable conceptual line between protected speech and actionable incitement or harassment has proven difficult, even before factoring in the

complexities of enforcement in a globally connected world.

Outside its treatment of these "unprotected" categories, the Supreme Court has firmly resisted calls to judge the constitutionality of speech regulation through an ad hoc balancing test that weighs the social value of the speech against the harms it creates. As a result, most speech, including racial epithets, grotesquely violent imagery, and most adult sexual imagery, gets robust protection against efforts to suppress or punish it. Courts have emphasized that free speech rights would matter little if they only protected the right to express noncontroversial ideas. Courts generally call for more, not less, speech – for "counterspeech" – as the antidote to hateful expression. Essentially, the First Amendment presupposes and demands a public that is willing to engage in robust debate and confront unpopular statements. Yet in some cases, such as revenge porn, the normal calls for counterspeech seem unworkable. Likewise, the usual preference for punishing speech after the fact rather than imposing "prior restraints" may not work well with globally based online radicalization efforts.

### Equal Protection Under Law

The Fifth and Fourteenth Amendments state that government does not deny any person equal protection of the laws. This means it must treat similarly situated persons the same; more precisely, it means that when government classifies people in the course of making and implementing laws, it must have a sufficient justification for the classification. Many classifications involve characteristics like age, residency, income level, and so on that are commonly accepted as appropriate – for example, limiting the ability to drive to persons above a certain age. Such classifications are valid as long as they are rationally related to a legitimate government interest.

In contrast, distinctions in the law based on characteristics that are considered immutable and irrelevant to economic and societal participation, and have been historically misused to inflict great harm on minorities, require greater justification and more limited use. Accordingly, classifications based on race, ethnicity (as distinct from immigration status), and religion must be narrowly tailored to serve a compelling interest. Even efforts to use race to benefit historically disadvantaged minorities will receive this "strict scrutiny" by courts and almost always will be struck down. One of the few remaining constitutional uses of race in government decisionmaking is the use of race by public universities as part of a multifactor, holistic admission assessment designed to achieve the educational benefits of diversity.

Historically, gender-based classifications have received "intermediate" scrutiny, requiring the government to show that gender is substantially related to an important government interest. This use of less-than-strict scrutiny reflects the historical notion that biological differences justified certain differences in legal treatment of men and women; in an age of female Marines, this seems harder to justify. Courts have differed as to whether classifications based on sexual orientation (and perhaps gender identity) also warrant intermediate scrutiny. Since the Supreme Court has held that same-sex marriage bans violate equal protection principles, however, it is difficult to see how distinctions based on sexual orientation in areas like employment would survive constitutional challenge.

### Procedural Due Process

The Fifth and Fourteenth Amendments prohibit the government from depriving someone of life, liberty, or property without due process of law. The guarantee of due process has both procedural and substantive dimensions. Procedurally, it requires government to provide a fair process when taking someone's life, liberty, or property; a criminal trial, with appointed counsel for indigent defendants, is a well-known example. The procedural due process requirement grew in significance as courts in the 1970s began to recast government benefits, resources, contracts, licenses, and jobs – upon which people increasingly depended as major sources of income and support – as "new property" rather than largess (Reich, 741–746). Once an independent source of law, such as a statute, creates an entitlement to continued access to a benefit or work – for example, by preventing termination of

a public employee except for a good cause – the government must use a fair set of procedures in taking that property away. What is fair varies with the circumstances; courts balance the impact on individual interests with the likelihood that requiring certain types of procedures will lower the risk of error in the government's decision and the cost and burden of adding further procedures. The core of procedural due process is a notice of the government's intended action and a meaningful opportunity for rebuttal before an impartial decisionmaker who will make a decision supported by substantial evidence. In some cases – such as when the government proposes to cancel someone's welfare benefits, on which her life may depend – the balance of interests favors the individual and a hearing must take place before the government may act. In other cases, for instance where decisions about disability benefits may be made reliably on a paper record and the benefits are not as critical a form of income, the hearing may come after termination.

The substantive component of due process requires that the government act in a fair and nonarbitrary way and with sufficient justification when it interferes with fundamental individual liberties. This means, for example, that it may never act from an improper motive, such as animus toward a disfavored group. The substantive due process clause is only invoked to protect those individual liberties that are considered fundamental but are not, like free speech, spelled out directly in the Bill of Rights. Implied fundamental liberties protected by substantive due process must be "deeply rooted in the Nation's traditions" or "implicit in the concept of ordered liberty." (Palko 1937).

In the late nineteenth and early twentieth century, courts struck down various progressive labor and economic regulations for violating owners' and workers' fundamental liberty of contract. Those efforts subsided in the 1930s, and courts have since upheld economic regulation so long as it is rationally related to a legitimate government interest. In contrast, the Supreme Court has continued to recognize fundamental liberty interests in making decisions about family, procreation, and sexual intimacy, without unwarranted government intrusion. As a result, it has demanded the government show heightened justification for laws regulating abortion, criminalizing gay sex, and banning same-sex and interracial marriage. Finding insufficient justification for the laws on sex and marriage, the Court has struck them down. Crediting the government's strong interests in protecting the potentiality of life and the health of pregnant women, however, the Court has upheld regulations that do not impose an "undue burden" on access to abortion before viability of the fetus (ability to survive outside the womb) and a ban on abortion after viability. The Court recently made clear, however, that it will weigh the burden a rule imposes against how much it actually serves the stated government interest behind it, and the Court will not accept a legislature's assertions that the rule promotes women's health, at face value.

### Taking Private Property for Public Use

The Fifth Amendment's "takings clause" says that the government may not take private property for public use, without just compensation. The government may constitutionally force the transfer of private property for use in public projects as long as it pays a fair price – typically, fair market value. Both permanent and temporary takings of real property (land and buildings) require compensation, and so does the taking of personal property.

The classic examples are taking privately owned land to build airports or highways that will be used by the public. More controversial has been the taking of property from uncooperative property owners as part of a scheme to redevelop an economically depressed area, unless that area is "blighted" (afflicted with severe decay and unsafe living conditions). Taking private property for economic redevelopment, particularly if the government gives the property to private developers that are partnering with it to carry out the project, has led – property owners to claim that the project is not fir "public use" but rather just transfers property from one private owner to another. A highly controversial 2006 decision by the Supreme Court rejected that claim and held that a city's comprehensive

redevelopment plan to boost the local economy qualified as a public use. Numerous state legislatures responded by passing laws imposing limits on the use of the takings power, citing the critical role that private property rights play in securing liberty and checking government abuse of power.

Government generally may regulate the uses of private property to ensure the common welfare – for example, through zoning and nuisance laws – without implicating the takings clause. The Supreme Court has held however that if a regulation "goes too far" and deprives the owner of most or all of the beneficial use of her property or interferes with reasonable investment-backed expectations, the regulation will be deemed a taking and the government must compensate the owner. Determining whether a regulatory taking has occurred is a difficult ad hoc analysis; the availability of such a claim has empowered challenges to numerous environmental and other regulations.

## Freedom from Unreasonable Searches and Seizures

The Fourth Amendment states that "[t]he right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated ...." A "search" or "seizure" occurs when the government invades or takes something in which a person has an objectively reasonable expectation of privacy – that is, an expectation of privacy that society generally shares. For a search or seizure to be lawful, the government must either get a warrant or demonstrate that requiring a warrant is not feasible and the search is otherwise reasonable in the circumstances. A warrant is a judicial order authorizing the search or seizure after concluding that the government's evidence already gathered offers "probable cause" to believe the thing searched or seized will produce evidence of lawbreaking. A warrant is considered the "gold standard" of privacy protection since it involves oversight by a separate branch of government. Warrants are not always feasible though, and so courts have recognized many exceptions to the warrant requirement over the years, such as allowing the police to conduct limited "stop-and-frisk" activities to check someone they encounter for weapons or other evidence of crime when they have reasonable and individualized suspicion that s/he has committed, is committing, or is about to commit a crime. The Supreme Court has also held that public employers need not get a warrant for the same types of searches of employees or their materials that private employers engage in, to investigate workplace misconduct or for non-investigatory purposes.

Applying the Fourth Amendment in the digital age is challenging, and the Supreme Court has strongly suggested that Congress should update legislation surrounding access to digital records in order to strike the right balance between law enforcement needs and privacy concerns. Meanwhile, from a constitutional standpoint, widespread use of technologies like social media, drones, and traffic cameras may diminish individual expectations of privacy, which in turn may expand the government's ability to monitor and surveil – without a reasonable expectation of privacy, no "search" implicating the Fourth Amendment occurs. Yet, the Supreme Court has expressed unease about long-term digital monitoring of public movements, which can paint a detailed picture of someone's life. And the Court has held that, while an arrest may permit the immediate seizure of a smartphone on someone's person to prevent the destruction of evidence, it does not permit a warrantless search through the contents of that phone, given the tremendous amount of personal information it is likely to contain. This suggests that the Court may also soon abandon a warrant exception it formulated in the 1970s known as the "third party doctrine," in which it held, in the context of two cases involving government access to phone call and banking records, that individuals have no reasonable expectation of privacy in data voluntarily given to a third party. Given that people today routinely conduct highly personal matters, and indeed most of their lives, using third-party services that store data in the cloud, it is hard to imagine the "third party doctrine" will survive much longer.

### Free Exercise of Religion and Freedom from Establishment of Religion

The First Amendment prohibits the government from making any law "respecting an establishment of religion" or "prohibiting the free exercise thereof." Perhaps no area of constitutional law is more fraught than judicial efforts to apply and reconcile these clauses. Efforts to accommodate free exercise rights and avoid religion-based discrimination by letting religious organizations participate in secular public programs (e.g., school vouchers or public contracts for social services) generate claims that the government is establishing religion by supporting it with (fungible) taxpayer dollars. Courts generally have rejected these claims; even when parents use the vast majority of taxpayer-funded vouchers at sectarian institutions, courts have held that the parents' intervening choice of school eliminates any establishment clause concern. When confronting other establishment clause challenges, courts have approved practices that existed at the time the First Amendment was drafted that do not coerce unwilling participants and that do not convey to the reasonable person the message that the government endorses one faith over another or belief over nonbelief (or vice versa). Accordingly, courts have allowed opening legislative sessions with a sectarian prayer, at least if all faiths and nonbelievers have the opportunity to participate. Courts have also approved prayer at public university graduation ceremonies but disapproved it for younger children, presuming greater susceptibility to peer pressure and coercion in the latter case.

Courts have struggled the most with religious displays, judging them case by case to decide whether they convey a sense of government endorsement. Government displays that join the Decalogue (the Ten Commandments of the Old Testament) with other objects to illustrate the historical development of American law have passed constitutional muster. So too have holiday displays, whether taxpayer funded or hosted on public property, that are more secular than religious (more Santa than Jesus). This is typically of small comfort to public administrators, who may have to field complaints that making a display too secular, or opening it to all faiths and to nonbelievers, dilutes the message and does not honor America's Christian heritage and values.

Recent years have seen a growth in demands by individuals and organizations to be exempted from laws of general applicability, on the grounds that compliance substantially burdens the claimant's free exercise of religion. The Supreme Court held over 25 years ago that the free exercise clause does not require carving out exemptions from laws of general applicability that do not target religion and are rationally related to a legitimate government interest. Essentially, some incidental burden on one's religious exercise is the constitutional price paid for living in a pluralistic society.

To hold otherwise, the Court reasoned, would open the floodgates to religious exemption claims from laws people disliked. Swiftly following this decision, Congress and several state legislatures enacted legislation requiring government to exempt religious objectors from compliance with general laws, unless the government could show that requiring compliance was the least restrictive means of serving a compelling interest. Called "Religious Freedom Restoration Acts," these laws have prompted several high-profile actions to force changes in health-care administration and the certification of same-sex marriages.

### The Right to Keep and Bear Arms

The Second Amendment states that "[a] well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed." In a pair of decisions issued in 2008 and 2010, the Supreme Court held that this provision protects individual rights to keep and bear arms for purposes unrelated to military service, like self-defense, hunting, and target shooting, and struck down laws that prevented someone from having a loaded and ready-to-use handgun and shotgun in the home. The Court said that some historical limits on weapons – such as laws barring felons or those with mental illness from accessing guns, banning guns from sensitive areas like schools and government buildings, banning the use of "those weapons not typically possessed by law-abiding citizens for lawful purposes" – will continue to be valid. It refrained

however from offering a standard to use in judging the constitutionality of other rules. This leaves for resolution on a case-by-case basis such issues as whether a legislature may ban assault weapons or 3D-printed weapons or limit the amount of ammunition an individual may purchase; whether it may require background checks, mandatory registration, and training; and whether it may limit concealed and open carry in public. To obtain rulings on these issues, advocacy groups have filed extensive litigation challenging local, state, and federal gun control laws, even as a series of mass shootings has prompted calls from some quarters for more stringent controls.

### Cruel and Unusual Punishment

The Eighth Amendment prohibits the infliction of "cruel and unusual punishments." Courts judge whether a given punishment is cruel and unusual based on the "evolving standards of decency that mark the progress of a maturing society" (Trop 1958). Over the years, courts have extended the Eighth Amendment protections beyond sentencing to require that prisons offer certain minimum levels of nutrition, health care, space, and safety. Contemporary debates over the Eighth Amendment include the continued use of the death penalty and the imposition on convicted sex offenders of various civil restraints like registration requirements, bans on living within a certain distance of schools and parks, restrictions on Internet use, and so on. The Supreme Court has upheld the sex offender regulations as valid civil administrative measures. The Court did effectively impose a moratorium on state death penalty laws in 1972, after finding in a set of consolidated cases that the laws operated in an arbitrary and racially discriminatory manner. By 1976, several states had rewritten their laws to address the administrative issues the Court had cited earlier, and the Court reinstated the punishment as constitutional.

So far the majority of Justices on the Court have rejected modern calls to declare the death penalty unconstitutional categorically, noting that the Constitution expressly contemplates the imposition of death as a punishment and citing the value of having issues of appropriate punishment for crime judged by the electorate. The Court has, however, found that the death penalty is a cruel and unusual punishment for minors and those with mental retardation and for crimes where the victim did not die, and two Justices would invalidate the death penalty altogether, citing continued racial bias and arbitrariness in its imposition and a failure of the punishment to achieve its stated goals of deterrence and retribution. Meanwhile, opponents of the death penalty have had striking success getting companies to withhold from state execution programs the drugs that have been used for lethal injection; this has forced states to seek alternative drugs or reintroduce older forms of execution like firing squads. While constitutional challenges to these other methods continue, some state legislatures and governors have ended their death penalty programs, citing the high cost of executions compared to the imposition of life terms, among other reasons.

### Enforcing Constitutional Rights Against Public Administrators

A combination of statutes and judicial decisions waives government immunity and permits individuals to bring lawsuits against federal, state, and local officials (and in limited cases, local government entities) claiming the violation of their constitutional rights and seeking money damages, court orders, and attorney fees. (Blum and Urbonya, [will supply page numbers shortly]; Rosenbloom, 58–59) Officials may be sued in their official or individual (personal) capacity; the former applies when the official acts while clothed in her government authority, even if she abuses her position, and is effectively a suit against the government entity. The latter applies when she is acting outside the scope of her official duties and is a claim against her personal assets. A government official sued in her individual capacity may only be held personally liable if she violated "clearly established . . . constitutional rights of which a reasonable person would have known" (Harlow v. Fitzgerald, 457 U.S. 800, 818 (1982)). This "qualified immunity" protects her not just from

liability but from the suit itself; that is, courts judge at the outset if immunity exists and, if so, dismiss the claims before further costs are incurred. Qualified immunity helps ensure that public officials have fair notice that their behavior is unconstitutional before penalizing them and also helps give them the "breathing room" to make difficult decisions on the job without undue risk of liability. Because so many constitutional cases are decided through ad hoc balancing tests and fact-intensive analyses, the law rarely will be "clearly established," which greatly limits in practice the personal liability of public officials.

## Conclusion

To carry out their duties responsibly, avoid wasteful and distracting litigation, and honor some of the central values shaping American government, public administrators must consider how their choices affect individual rights and liberties and integrate that analysis into their daily decisionmaking. The application of constitutional standards designed to protect those rights and liberties, to new human activities and the regulation of them, can be challenging for both public administrators and courts. Public administrators should ensure that they have mechanisms in place to remain well informed about constitutional developments affecting their work. And, while constitutional values in principle trump values of administrative efficiency, the magnitude of a problem government seeks to address and the efficacy of a measure in addressing it, can substantially shape how a court balances individual liberties and administrative needs. It is therefore in the interest of public administrators to supply courts, legislators and the public with the necessary data and experience-based perspectives to defend reasonable regulatory efforts against constitutional challenge.

## Cross-References

► Constitutional Rights of Public Employees

## References

Black's Law Dictionary Free Online Legal Dictionary (2nd ed). Available online at http://thelawdictionary.org/civil-liberty/

Blum KM, Urbonya KR, Federal Judicial Center (1998) Section 1983 litigation. Federal Judicial Center, Washington, DC

Lee LXH, Rosenbloom DH (2015) A reasonable public servant: constitutional foundations of administrative conduct in the United States. Routledge, Abingdon

Palko v. Connecticut, 302 U.S. 319, 58 S. Ct. 149, 82 L. Ed. 288 (1937)

Reich CA (1964) The new property. Yale Law J 73(5): 733–787

Rosenbloom DH (2015) Administrative law for public managers, 2nd edn. Westview Press, Boulder

Trop v. Dulles, 356 U.S. 86, 101 (1958)

# Constitutional Law and Public Administration

Renee Prunty
Methodist College, Peoria, IL, USA

## Synonyms

Codified constitutions; Codified laws; National constitutions; Uncodified constitutions

## Definition

Constitutional law defines the power of and the relationship between the different entities of the government as well as the power of and the relationship between the government and the people.

## Introduction

Most countries today have a constitution that sets up their government structure and defines the relationships between entities of the government, specifically how the divisions of government interact and function together. Even China's rule by one party is codified by a constitution. The constitutions of democratic countries

generally set up a parliamentary system or a system of separation of powers. Democratic constitutions also typically codify the rights of the people, both through substantive and procedural due process protections. The type of government set up by the constitution will affect how public administration operates and interacts with other areas of the government.

The creation and role of public administration are not necessarily addressed in constitutions, but all governments produce public administration as a necessary function of their day-to-day operations. Public administration is generally considered to be part of the executive branch, although it often functions independently and more often includes multiple functions. Conflicts arise when a public agency is perceived to have overstepped its boundaries, especially since the confines of jurisdiction are often unclear. When there is a conflict between entities of government over the divisions of power or between the people and government over rights, in most countries constitutional law is used to determine the outcome. Constitutional law encompasses the fundamental principles that grant the government the power to act but also includes the limits to government action.

## Constitutional Law and Public Administration

The relationship between constitutional law and public administration will depend greatly on the type of government that has been created by the constitution, as well as how the different parts of the government are expected to interact with each other. Not all constitutions are written, there are a handful of countries that have unwritten or uncodified constitutions. Constitutions also do not necessarily set up democratic governments. Many monarchy, authoritarian, and one-party governments are formed by their country's constitution, although constitutional law in many of these countries will have a limited role in keeping the government restrained. Most democratic constitutions set up either a parliamentary system, a system of separation of powers, or a hybrid of the two. Even in democratic countries, the role of constitutional law will vary greatly by country depending on how the government is structured.

Many countries, including most European countries, have chosen a parliamentary or hybrid system of government, instead of a pure separation of powers regime. In parliamentary government systems, the executive functions are part of the legislative branch. There is some separation of the two functions but not to the same extent that is seen in countries with a clear separation of powers. The executive administration's actions are generally subject to approval by the legislature, since the executive is part of as well as elected by the legislative branch. In parliamentary systems, the legislature usually has more control over the actions of public administration even when the structure of government puts it within the executive branch.

In parliamentary systems the courts usually play a smaller role than they do in systems with separation of powers (Bignami 1999). This means that the role of constitutional law will likely be decreased in parliamentary systems. In fact, in Great Britain the Parliament is supreme, which means the courts are not allowed to rule any legislation passed by the British Parliament as unconstitutional. Great Britain is also unique in the fact that it is one of the few nations with an unwritten or uncodified constitution. Their constitution is a collection of the laws passed by Parliament, court decisions, and common law. Therefore, the British Constitution can be changed at any time by Parliament. There are a broad range of approaches by other European nations, including Germany who has a supreme court similar to what is found in a separation of powers regime, such as the United States. Generally, in parliamentary governments the legislative branch has more power than the executive or judicial branches, which means that constitutional law is going to have a more limited role than in separation of powers regimes.

Some countries, particularly in South America, have followed the United States' lead and adopted the belief that power should be divided into separate branches. These government systems use checks and balances to ensure that one branch does not become more powerful than another.

Each branch of government has a means of checking the power of the other branches, thus ensuring the correct balance of power is maintained. The belief is that power should be equally divided between the three branches. In these types of governments, constitutional law has a significant role to play in determining when one branch has overstepped its power over another or when one or more branches of government has violated the due process rights of its citizens.

Every country is unique in how it approaches constitutional law; therefore, it is helpful to look at one example. The United States has a long and robust history of constitutional law, despite the fact that it has one of the shortest constitutions ever written. The drafters of the US Constitutions were so concerned about the legislative branch becoming too powerful that most of the first two pages of the four-page Constitution were spent discussing Congress' powers and limits. There was a concern that the nature of legislative powers makes the legislature the most powerful by default; therefore, it is the only branch that has a section in the Constitution specifically devoted to instructing Congress on what it cannot do. In Federalist No. 48, Madison explains that without a check on its power, the legislative branch is likely to take over the functions and powers of the executive and judiciary; therefore, a lot of time was spent designing a legislature that would function effectively with the separation of powers' restrictions. This included dividing the power of the legislature into two separate houses. The framers spent nearly one page discussing the executive branch, although much of that was used to explain the complicated process of electing the president. Less than one third of a page was devoted to discussing the judicial branch. Despite the discrepancy in how much space was devoted to explaining each branch of government in the Constitution, there was an overriding belief that the three branches of government were coequals and each one would place a check on the power of the other two.

Although Madison discusses in Federalist No. 78 the virtue of having the judiciary and not Congress, itself, determines when the Constitution has been violated, it does not take hold in the American government for over a decade (2014d). The US Constitution does not explicitly give the judiciary the power to review laws; in fact, it does not articulate much about the courts except that there will be a Supreme Court and lowers courts. Congress is given the power to decide what the jurisdiction of the courts will be, how many justices will serve on the Supreme Court, and how many lowers will be created. Constitutional law in the United States officially begins in the Supreme Court decision of *Marbury v. Madison* (1803). This is also the case that helped put the judicial branch in more equal standing with the legislative and executive branches. In this case, Chief Justice John Marshall declared that the Court had the power of judicial review. Judicial review gives the Supreme Court the power to tell the other branches of government when they are overstepping their constitutionally given power. As a result of this case, in the United States the Supreme Court has become the ultimate decider of what is constitutional and what violates the Constitution. The US Supreme Court has been determining the balance of power between the branches of government ever since.

The US Constitution makes no mention of public administration, but public administration is still bound by constitutional law. Public administrators take an oath of office that includes agreeing to uphold the Constitution. Public administration is created by laws authorizing the government to take action, known as enacting legislation. The enacting legislation creates or expands an agency to carry out the new responsibilities. The legitimacy of public administration in the United States is dependent upon the US Constitution and the rule of law. The professional loyalty of public administrators should be to the US Constitution. This adherence to the rule of law and loyalty to the Constitution are what separates public administration from business administration (Newbold 2011). Regardless of the fact that public administration is not mentioned in the US Constitution, public administrators are required to uphold constitutional law, but their functions often conflict with the separation of powers created by the Constitution which is further

complicated by the fact that the Constitution gives no guidance for the role and function of public administration.

## Public Administration and Separation of Powers

Countries, like the United States, that have a strong belief in separation of powers will spend a lot of time and energy ensuring the separation of powers is not eroded. In fact, Garry Wills wrote an entire book on Americans' distrust of government and why it is *A Necessary Evil*. He claimed American "liberty depends so heavily on distrust of government that the government itself, we are constantly told, was constructed to instill that distrust" (2002, p. 16). American distrust of government is very much tied into the belief in a system that ensures separation of powers. There is an overriding fear of what would happen if power becomes too concentrated in one branch. The belief in separation of powers is based on the philosophy of Aristotle from around 350 B.C. that held there were three types of government functions: the deliberative, the magisterial, and the judicative. The Baron de Montesquieu extended this philosophy arguing that these powers should be divided into three separate branches of government: legislative (lawmaking), executive (law enforcing), and judicial (law interpretation). He posited "when the legislative and executive powers are united in the same person, or in the same body of magistrates, there can be no liberty. . .Again, there is no liberty, if the judiciary power be not separated from the legislative and executive" (1748). Montesquieu made a strong argument for keeping the three types of government power separate.

This idea was first put into practice in the United States. James Madison, in 1788, wrote in Federalist No. 47 in defense of the newly written US Constitution, "The accumulation of all powers, legislative, executive and judicial in the same hands . . . may justly be pronounced the very definition of tyranny" (2014a, p. 235). Although, Madison further explains in Federalists No. 47 and 48 that he is not advocating for a pure separation of powers. Nor did Madison believe that a pure separation of powers is what Montesquieu intended, because the structure of checks and balances in the government necessarily creates overlapping powers (2014a, b). In fact, in Federalist No. 48, he expounds on why it is essential that each branch has constitutional control over the other, in order to ensure that the power of each is secure (2014b). When there is overlapping power, however, the question will be asked: where does the power of one branch end and the power of another branch begin? In the United States, the Supreme Court hears cases when there is conflict to determine which branch is given the power under constitutional law. This includes whether or not the Supreme Court itself has the power to hear and decide the case. The separation of powers is further complicated when discussing the role of public administration, which often encompasses all three functions in the same agency.

The nature of public administration requires it to possess legislative, executive, and judicial powers. Congress is the main power source for public administration, because they create or expand agencies, govern the budget, define the scope of a project, and determine how much authority is given to the agency. Nevertheless, most agencies are part of the executive branch of government, because the agencies' main function is to carry out or enforce the law. At the same time, the scope of authority given to agencies often includes the power to create specific regulations or policies, which are legislative powers. Additionally, most agencies require that individuals appeal to them first for any grievances, meaning they also have judicial powers. In countries like the United States with a system of government designed to divide power into separate branches, this intertwining of the three types of government power can appear to put public administration at odds with the spirit of the Constitution.

The modern bureaucracy in the United States is often referred to as the fourth branch of government, although there is no mention or creation of it by the Constitution. Public administration in the United States has grown significantly over the past 100 years. In fact, the amount of legislative

output by the agencies exceeds that by Congress. The new legislation added to the *Code of Federal Regulations* by far exceeds that added to the US Code each year. The *Code of Federal Regulations* is broken up into 50 titles based on the type of regulation. It is made up of nearly 200 volumes, and each volume is updated once a year (National Archives n.d.). The US Code has 54 titles and the most recent printed version in 2012 had 27 volumes. Although, it takes 235 volumes to contain over 200 years of legislation including annotation on previous versions of legislation. The US Code is only updated every 6 years with supplements being printed during the other years (Office of the Law Revision Counsel n.d.). Both sets of volumes cover a wide range of topics and a large amount of regulation, but only the regulations by public administration are created or updated so regularly that the *Code of Federal Regulations* has to be updated yearly. In fact, it is necessary to use the *Federal Registry* between updates to ensure that the most up-to-date regulation is being used. Public administration in the United States is not only enacting legislation but is also producing legislation at a very high volume. This raises some concerns about the balance of power, when it is considered with James Madison's comments on the legislative power having the ability to override the other functions if it is not kept in check. Congress' legislative powers are specifically limited by the Constitution, but there is no such limit on public administration.

The amount of legislation produced by agencies through the creation of regulations has many concerned that the balance of power in the US government is no longer in check. Congress gives agencies different levels of rule-making power: legislative and interpretive. Legislative rule-making power gives regulations created by agencies the same force and effect as laws passed by Congress. Interpretive regulations are given a somewhat lower status and are therefore more open to interpretation or invalidation by the judiciary (Warren 2004). However, the agencies are still afforded a lot of deference even with interpretative rules. In *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc*. (1984), the US Supreme Court held that a challenge to administrative regulation will fail when it "centers on the wisdom of the agency's policy, rather than whether it is a reasonable choice within a gap left open by Congress" (at 866). The *Chevron* deference requires courts defer to the interpretation of an agency when Congress has given them the authority, and Congress is silent or ambiguous on the subject as long as the interpretation is reasonable. There are some that argue this doctrine counters *Marbury* by allowing public administration to be the emphatic decider of what the law is rather than the courts (Slattery 2015; Sunstein 2006). Many disagree on where the line should be drawn between deference to agency knowledge and ensuring the balance of separation of powers.

In *City of Arlington v. Federal Communications Commission* (2013), the Court further held that the *Chevron* deference includes interpretation of the scope of authority by the agency. Chief Justice Roberts dissented arguing that courts "do not defer to an agency's interpretation of an ambiguous provision unless Congress wants us to, and whether Congress wants us to is a question that courts, not agencies, must decide" (*Id*. at 1883). He further explained that while the *Chevron* deference intended to prevent courts from becoming policymakers in place of the executive, the courts still have a responsibility to determine where to draw the line between the legislative and executive branches (*Id*.). The *Chevron* decision requires courts to determine first if Congress was silent on an interpretation then to determine if the agency's interpretation is reasonable. The problem is that the terms "reasonable" and "permissible" are abstract, malleable terms that easily allow deference to agency interpretation, even if there is a better construction (Slattery 2015). If the courts are always deferring to the agencies then they might not be providing a robust check to agency actions as required by the separation of powers.

Those that challenge the *Chevron* ruling further argue that it allows public administration too much power, especially considering that it is difficult to provide effective oversight of agency actions. The Supreme Court had earlier explained in *Bowsher v. Synar* that "interpreting a law enacted by Congress to implement the legislative

mandate is the very essence of 'execution' of the law" (1986 at 733). This case held that the Gramm-Rudman-Hollings Act was unconstitutional, because Congress could not control how an agency enacted legislation which was an executive power. In this case, Congress was not allowed to remove the Comptroller General since the position exercised executive power, and therefore Congress did not have the removal authority. In theory, the President does have the ability to oversee agency actions, but the capability to actively supervise the vast array of agencies in an effective manner is difficult. Additionally, Congress has made some agencies independent by limiting the president's ability to remove the agency leaders without cause, thereby insulating them from presidential power. Given the limited ability of the executive and legislative branches to restrict agency actions, there are some that believe the courts should use independent judgment in reviewing public administrative rule making rather than deferring automatically to an agency's "reasonable" interpretation (Slattery 2015). Their concern is that this "fourth branch," which is not even mentioned in the US Constitution, has become more powerful than the other branches when such deference is afforded in violation of the separation of power.

There are some that believe the Supreme Court's decision to give deference to public administrators is founded in the separation of powers doctrine. "It is in honor of the constitutional separation of powers doctrine and out of respect for the expertise of administrators" (Warren 2004). The argument is that it prevents one branch from implementing their preference on another branch. However, there is still a concern if the deference leads to a lack of oversight of agency actions. This is particularly true if the concern is in regard to the due process rights of citizens.

## The Problem of Ensuring Due Process

In addition to setting up the government structure, democratic constitutions also typically specify the rights of the citizens. This includes both rights that the government is not supposed to violate and rights given by the government. Civil liberties are rights that the government is not allowed to violate, such as freedom of speech and religion. Civil rights are rights that are given by the government, and therefore, the government must take actions in order to protect those rights from other individuals or states. A good example would be the right to vote. Constitutional law protects citizens from oversteps by the government that infringe on both their civil liberties and civil rights.

The original US Constitution did not include written rights, because the framers believed that the separation of powers and checks on power built into the structure of the government would be enough to protect citizens' due process and other rights. They were not able to convince enough of the detractors to the new Constitution that the separation of powers would be enough, so they negotiated amending the Constitution to include a written Bill of Rights in order to ensure ratification. However, there is still a strong belief that the separation of powers in government is important for ensuring protection of individual rights, particularly due process rights. There is a concern that the blurring of the separation of powers by public administration raises the question of whether the system of checks and balances still exists to protect individual due process rights from agency actions.

The US Constitution protects both procedural and substantive due process. Procedural due process ensures that fair procedures are put in place and followed before the government is allowed to deprive an individual of life, liberty, or property. Substantive due process protects rights that are viewed to be fundamental liberties ensured by the Constitution from government interference. Most of the concerns over public administration's perceived violations of due process have to do with procedural issues. The concern is that when the same government entity is creating the regulations, enforcing the regulations, and adjudicating challenges to the regulations, it is difficult to ensure procedural due process or create fair procedures.

In the United States, agencies must adhere to due process as defined by the US Constitution.

Newbold contends that "it is not possible in the American administrative state to separate the rule of law with the preservation of liberty; one is intrinsically connected with the other" (2011, p. 469). He further states that if public administration's primary goal is upholding the Constitution, then discretionary power should be used to keep the separation of powers balanced, ensuring the protection of individual rights. This means public administrators should find themselves attending to all three constitutional branches of government in pursuit of this goal (Newbold 2011).

In the United States, there is always a concern that public administration is violating basic constitutional rights, particularly due process rights. When one administration is creating, implementing, and adjudicating policies and regulations, there is a concern that individual due process rights will be violated. If the same agency that created and implemented the laws is determining whether or not they violated an individual's rights, then many individuals argue that specific steps need to be put in place to safeguard due process or the individual is not going to get a fair hearing. Safeguards have to be put in place to ensure fairness, and in countries like the United States, the individual always has the right to appeal a decision to the judiciary, but there remains a shadow of concern especially if deference is given to agency actions.

Procedural due process is the belief that a process of adjudication should be fair. In the United States, due process in criminal and civil law has developed over time to the point that most people have a fairly good idea of what is considered a fair trial. Many raise the question whether agency hearings can be fair. What is considered due process in administrative law depends on what interests are at stake. In order to help meet the requirements of due process, the Administrative Procedure Act (APA) has given several requirements for all agency hearings. The major provisions require that proper notice be given, that convenience is considered in scheduling, that all parties must be given the opportunity to submit relevant information, and that agency employees who were involved in the investigation cannot participate in the hearing decision (Warren 2004). These steps are meant to create a more formal process, but agency hearings are still less formal than court proceedings.

In *Mathews v. Eldridge* (1976), the Supreme Court created a test to determine what types of due process procedures should be given. It is a three-prong test, which requires agencies to review (1) the private interest at stake, (2) the chance of making a mistake with a decision to remove the interest, and (3) the potential administrative burden to the government of additional procedural requirements. It is important that public administrators understand what procedural protections are afforded, because the Supreme Court held in *Harlow v. Fitzgerald* (1982) that public administrators who violate individual citizens' constitutional rights can be held personally liable. A clear understanding of the Constitution's boundaries ensures that administrators do not use their discretion to violate individual rights (Newbold 2011).

Besides ensuring that the correct procedures are in place in agency hearings, there is also a concern about the independence of administrative judges. Those in favor of maintaining the current system argue that it balances fairness with the need for effective processes. The concern is that leaders of agencies are political appointees, which means that their political philosophy is likely to guide their decision making (Warren 2004). There is a question of how independent an administrative judge has to be in order to ensure due process? "Predispositions should not bias hearing decisions to such an extent that a mockery is made of due process" (Warren 2004, p. 289). It is important to note that an administrative judge's verdict is not necessarily the final say from the agency, because the head of the agency can override any decision made at the conclusion of the hearing by making an institutional decision. Administrative judges' decisions can be viewed more as advisory opinions. The Supreme Court has urged agency heads to provide a reasonable justification for reversing a decision, but the decisions are often based on political reasons that do not have legal justification (Warren 2004). This once again raises the question of how much deference the courts should give to agency decisions.

Constitutional law oversees administrative law, but they function differently. Those different functions help explain the role that each plays in ensuring due process in public administration. Administrative law is made up of the policies, regulations, and decisions of public administrations. Constitutional law is the law created by a constitution and decisions made to ensure that the laws are upheld. What can happen if constitutional law must provide deference to administrative law?

## Conclusion

Constitutional law is important for ensuring that agencies do not violate the rights of citizens. This is particularly true for governments that have adopted a system of separation of powers. The nature of public administration means that their powers will overlap with all three branches of government. This creates a fear that the balance of power between the branches is put in jeopardy. There is also a need to put safeguards in place to ensure that the due process of citizens is not violated.

Public administrators are asked to balance the competing values of efficiency and effectiveness with responsibility and responsiveness. In a system of separation of powers, this can be very difficult as civil servants may be asked to pursue a different course by each of the branches of government (Newbold 2011). James Madison and the framers of the US Constitutions were in favor of this conflict as a means of ensuring liberty and the protection of individual rights. It is important that public administrators remember they had a reason for creating a system of checks and balances in a government designed to ensure separation of powers. There was a method to this sometimes perceived madness. If public administrators remember they have a responsibility to the Constitution, then they will be more likely to strike the right balance between the competing ideals. They will be more likely to balance the need for efficiency and effectiveness while still maintaining equity and equality of representation (Newbold 2011).

In Federalist No. 51, Madison writes about the importance of separation of powers in administration, to ensure a balance of power between the branches of government (2014c). It is within the administrative agencies that each branch of government attempts to extend its own power but also where it is able to check the power of the other branches (Newbold 2011).

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Administrative Law Judges and Politics
- ▶ Power and Minority Rights


## References


Aristotle (1984) Politics (trans: Lord C). University of Chicago Press, Chicago (Original work published around 350 B.C)

Baron de Montesquieu (Charles de Secondant) (1900) Spirit of laws (trans: Thomas Nugent LLD). Colonial Press, New York (Original work published 1748)

Bignami F (1999) The administrative state in a separation of powers constitution: lessons for European Community rulemaking from the United States. The Jean Monnet Center for International and Regional Economic Law and Justice. http://jeanmonnetprogram.org/archive/papers/99/990501.html

Bowsher v. Synar, 478 U.S. 714 (1986)

Chevron U.S.A., Incorporated v. Natural Resources Defense Council, 467 U.S. 837 (1984)

City of Arlington v. Federal Communications Commission, 133 S. Ct. 1863 (2013)

Harlow v. Fitzgerald, 457 U.S. 800 (1982)

Madison J (2014a) Federalist No. 47. In: Waldrep MC, Miller J (eds) The Federalist papers. Dover, Mineola, pp 235–240

Madison J (2014b) Federalist No. 48. In: Waldrep MC, Miller J (eds) The Federalist papers. Dover, Mineola, pp 241–245

Madison J (2014c) Federalist No. 51. In: Waldrep MC, Miller J (eds) The Federalist papers. Dover, Mineola, pp 253–256

Madison J (2014d) Federalist No. 78. In: Waldrep MC, Miller J (eds) The Federalist papers (378–384). Dover, Mineola

Mathews v. Eldridge, 424 U.S. 319 (1976)

National Archives (n.d.) Federal register: about the CFR. U.S. National Archives and Records Administration. http://www.archives.gov/federal-register/cfr/about.html

Newbold S (2011) No time like the present: making rule of law and constitutional competence the theoretical and practical foundation for public administration graduate education curriculum. J Public Aff Educ 17(4): 465–481
Office of the Law Revision Counsel (n.d.) About the United States Code and this website. U.S. House of Representative. http://uscode.house.gov/about_code.xhtml
Slattery E (2015) Who will regulate the regulators? Administrative agencies, the separation of powers, and Chevron deference. Heritage Foundation. Legal Memorandum #153, May 7. http://www.heritage.org/research/reports/2015/05/who-will-regulate-the-regulators-administrative-agencies-the-separation-of-powers-and-chevron-deference#_ftn25
Sunstein CR (2006) Chevron step zero, 92. Va L Rev 187
Warren KF (2004) Administrative law in the political system, 4th edn. Westview Press, Boulder
Wills G (2002) A necessary evil: a history of American distrust of government. Touchstone, New York

# Constitutional Law and Public Administration, Russia

Ivan Leksin
School of Public Administration, Lomonosov Moscow State University, Moscow, Russian Federation

## Synonyms

Constitutional legislation; Legal provisions regarding constitutional matters

## Definition

Constitutional law is a system of legal provisions that regulate fundamental social relations. The latter refer to the following matters regarded to be of vital importance to the individuals and to society as a whole:

- Human rights, freedoms, and responsibilities
- Basics of the social structure and political regime
- Political structure of the state territory
- Formation, composition, and functions of the higher governmental institutions, as well as their relationships

## Introduction

Within the listed fields, the constitutional law affects public administration primarily in the following ways:

- Setting general restrictions for the public officials preventing encroachment on the human rights
- Setting the basic framework for the social status of the public servants and other officials involved in public administration and providing for social guarantees for them
- Providing for the federal structure of government and for the separation of federal, regional, and municipal systems of public service
- Setting the basic rules for the formation, composition, and functioning of the federal and regional executives and for their relations with the legislative and judicial bodies
- Setting the basic rules for the formation, composition, and functioning of the local administrative bodies and for their relations with the municipal representative bodies, as well as with the federal and regional executives

Provisions of the listed types can be found in various sources: in the Constitution of the Russian Federation; in federal constitutional laws and ordinary federal laws; in some presidential decrees; in the regional constitutions, statutes, and laws; in the rulings of the Constitutional Court of the Russian Federation as well as of the regional constitutional courts of republics and statute courts of some constituent units of the other types; and in the normative acts issued by the representative bodies of local governments and by the chief officials of municipalities (see, e.g., Avakyan 2014; Kutafin and Fadeev 2013).

## The Constitution of the Russian Federation and Public Administration

Federal Constitution contains dozens of provisions that set the institutional basis of public administration and the functions of executive bodies, constraining officials from arbitrariness. Namely, the Constitution of the Russian Federation:

- Proclaims human rights and freedoms as a supreme value and obligates the government to recognize, observe, and protect them
- Lists basic human rights and freedoms and provides for amenability of governmental bodies and of their officials for damage caused by their unlawful actions (or by their inaction)
- Proclaims popular sovereignty and provides for prosecution for the seizure of governmental power
- Provides for the citizens' right to participate in managing state affairs and proclaims equal access to public service
- Proclaims the separation of powers, autonomy of the regional governments (see chapters ▶ "Multilevel Governance and Public Administration, Russia," ▶ "Regional Executives, Russia"), and local self-government (see chapter ▶ "Institutional Foundations of Local Self-Government, Russia")
- Defines the role of the President of the Russian Federation in public administration (see chapter ▶ "Head of the State and Public Administration, Russia")
- Describes the procedures of the formation of the Government of the Russian Federation, its composition, functions, and responsibility (see chapter ▶ "Federal Government, Russia")

Art. 15, para. 1, of the Federal Constitution proclaims the latter to be applied directly (meaning that public bodies and officials ought to abide by its rulings regardless the legislative provisions or by-laws on the respective issues and that a person can refer directly to the Constitution for the purposes of the human rights protection). However, most of the constitutional provisions are not precise enough and require either concretization by the legislator or clarification by the Federal Constitutional Court.

## Federal Constitutional Laws and Other Federal Laws

The Constitution of the Russian Federation provides for two types of federal legislative acts:

- Federal constitutional laws, referring to most important matters specified in the Constitution and being adopted with the consent of qualified majority of the members of both chambers of the Federal Assembly (i.e., the constitutional name of the Parliament of the Russian Federation)
- Other federal laws which can be adopted with the consent of simple parliamentary majority and suspended by the President of the Russian Federation (his veto can be overridden by qualified parliamentary majority)

Besides, a special type of federal laws exists that is roundaboutly mentioned in the Constitution of the Russian Federation as "amendments to the Constitution of the Russian Federation." Complete official title (elaborated by the Constitutional Court of the Russian Federation and by the federal legislator) of the acts of this kind is the "Law of the Russian Federation on the Amendment to the Constitution of the Russian Federation." Enactment of such laws requires majority set for adoption of federal constitutional laws and further ratification by at least two thirds of regional legislatures.

The most important federal legislative sources of constitutional law of the Russian Federation regarding public administration are as follows:

- The law of the Russian Federation on the amendment to the Constitution of the Russian Federation No. 7-FKZ dd. 30 December 2008, "On the Control Powers of the State Duma concerning the Government of the Russian Federation" (it provided for the federal government's duty to report to the lower chamber of the federal parliament annually on the results of its activities, including the issues raised by the latter).
- The law of the Russian Federation on the Amendment to the Constitution of the Russian Federation No. 11-FKZ dd. 21 July 2014, "On the Council of the Federation of

the Federal Assembly of the Russian Federation" (it provided for the right of the President of the Russian Federation to appoint federal representatives to this body; none had been appointed so far, however).

- The Federal Constitutional Law No. 2-FKZ dd. 17 December 1997, "On the Government of the Russian Federation" (it provides for composition of the government, its powers, relationships with federal ministries and other specialized executive bodies, with legislative and judicial bodies, as well as with the regional governments, for the distribution of functions between members of the government, as well as for financial and logistic support for the government and its members).
- The Federal Law No. 184-FZ dd. 6 October 1999, "On the General Principles of Organization of the Legislative (Representative) and Executive Bodies of Constituent Entities of the Russian Federation" (it provides for construction of the regional executives, their formation, their functions and powers, their relations with legislative bodies and with the federal government).
- The Federal Law No. 58-FZ dd. 27 May 2003, "On the System of Public Service in the Russian Federation" (it contains few provisions of constitutional nature, viz., it provides for distinction between public servants and political officials, for the two-tier civil service, and sets common principles for the federal civil service and for the regional one).
- The Federal Law No. 131-FZ dd. 6 October 2003, "On the General Organizational Principles of Local Self-government in the Russian Federation" (it provides for construction of the local governments, their formation, their functions and powers, their relations with the federal and regional governments).
- The Federal Law No. 25-FZ dd. 2 March 2007, "On Municipal Service," provides for distinction between public servants and political officials at municipal level, as well as between municipal service and the "state" service, which refers to public service at both federal and regional levels).
- Federal laws No. 41-FZ dd. 5 April 2013, "On the Accounts Chamber of the Russian Federation," and No. 6-FZ dd. 7 February 2011, "On the General Principles of Organization and Functioning of Control and Accounts Boards of Constituent Entities of the Russian Federation and of Municipal Entities" (the governmental bodies responsible for financial auditing).

C

## "Administrative-Constitutional" Decrees of the President of the Russian Federation

According to Art. 90 of the Constitution of the Russian Federation, the President of the Russian Federation shall issue decrees and orders that should not run counter to the Federal Constitution and to federal laws. Basically, these decisions contain individual rules of administrative nature. However, despite the relative prevalence of such rules, the number of normative acts being issued by the President of the Russian Federation is considerable as well (predominantly, they have the form of decrees). Among such acts, some refer to constitutional matters.

The chances to issue such acts had been being extensively used by the head of the Russian state in the 1990s. During this period of instability and rapid reformation in various spheres, the federal legislator had frequently failed to pass the necessary laws timely. Taking this opportunity, the President used to produce advanced regulations. Besides, during the 1990s, the President of the Russian Federation had frequently proclaimed the Soviet-time laws obsolete and void at his discretion, thereby clearing the field for his own regulations. By the time the federal parliament got round to the issues that had already been covered by the presidential decree, the rules they had contained could become customary, thus leaving no choice for the legislator but to develop the law on the basis of the presidential by-law.

This state of affairs had been legitimized by the Constitutional Court of the Russian Federation in its decision No. 11-P dd. 30 April 1996, on the verification of constitutionality of para. 2 of the Decree of the President of the Russian Federation No. 1969 dd. 3 October 1994, "On the Measures to Ensure Uniformity of the Executive Power in

the Russian Federation," and of para. 2.3 of the Regulations on the Head of Administration of the krai, oblast, city of federal significance, autonomous oblast, and autonomous okrug. According to the court ruling, the practice of issuing decrees by the President in order to make up for deficiencies of federal laws complies with the Constitution, given that such decrees should be brought to conformity with the newly enacted legislation.

Currently, the President of the Russian Federation is the body that neither regularly produces important legal provisions referring to constitutional matters nor acts directly instead of the federal parliament. However, the head of the Russian state possesses enormous political weight, and his legislative initiatives had not been meeting hindrance in the federal parliament in recent years (see chapters ▶ "Head of the State and Public Administration, Russia" and ▶ "Federal Government, Russia"). Thus, nowadays the President of the Russian Federation has no need for the contrivances used in the 1990s.

Nevertheless, decrees of the President of the Russian Federation still play a significant role in regulation of the constitutional matters. Firstly, they refer to the status of a man and citizen. According to the Constitution of the Russian Federation, the President of the Russian Federation solves the issues of citizenship of the Russian Federation and of granting political asylum and decides on pardoning (however, presidential decrees being issued on these issues are individual decisions).

Secondly, the structure of the federal territory and interaction between federal and regional governments are partially covered by the following acts of the federal President:

- Decree No. 1602 dd. 1 September 2000, "On the State Council of the Russian Federation" (this is a deliberative body comprised of federal and regional officials that considers vital matters of federal and regional policies)
- Decree No. 849 dd. 2 February 2000, "On the Plenipotentiary Representative of the President of the Russian Federation in the Federal District" (this act divides the territory of the Russian Federation into federal districts and establishes the offices of the President's plenipotentiary representatives performing monitoring and coordinating functions in these districts)
- Decree No. 337 dd. 24 March 2005, "On the Councils under the Plenipotentiary Representatives of the President of the Russian Federation in the Federal Districts" (these "mini-state councils" serve for discussion and coordination of federal and regional policies within federal districts)

Thirdly, the structure of federal government is to a considerable extent framed by the presidential decrees. The most important of these are:

- Decree Nos. 590 dd. 6 May 2011 and No. 715 dd. 25 May 2012, regarding the Security Council of the Russian Federation
- Decree No. 314 dd. 9 March 2004, setting the forms of federal executive bodies subordinate to the President and to the Government of the Russian Federation (federal ministry, federal service, federal agency), their typical functions, and other basic features
- Decree No. 636 dd. 21 May 2012, setting the composition of the Government of the Russian Federation and enumerating federal ministries, services, and agencies subordinate either to the latter or to the President of the Russian Federation
- Decree No. 32 dd. 11 January 1995, "On the Federal Public Offices" (this document enumerates the federal officials that are considered to be political ones and thus to be excluded from the operation of the legislation on the civil and other public service)
- Decree Nos. 400 25 March 2004 and No. 490 dd. 6 April 2004, on the Administration of the President of the Russian Federation (this body is mentioned in the Constitution of the Russian Federation, but its structure and functions are actually left at the presidential discretion)
- Decree Nos. 1791 dd. 31 December 1996 and No. 792 dd. 22 June 2004, on the plenipotentiary representatives of the President of the Russian Federation in the Constitutional Court of the Russian Federation and in the chambers of the Federal Assembly of the Russian Federation

All these decision are notable for having dual nature, as far as they serve both for settling issues that can be regarded as constitutional ones and for the needs of public administration at the federal level of government.

## Regional Legislation and By-Laws

The structure of normative regulation regarding constitutional issues of public administration varies from one region to another (Kryazhkov 2002). In most constituent entities of the Russian Federation, the basics of the regional executive system, specifics of government formation, and relations between the governor (or the head of the republic), the government (or the administration), and other governmental institutions are outlined in the Constitution (in constituent units enjoying the status of a republic) or in the statute (in krais, oblasts, cities of federal significance, autonomous oblast, autonomous okrugs), while the structure of the regional executive (the set of executive bodies) and distribution of functions between various ministries, departments, agencies, etc. are determined in a specific legislative act and (or) in by-laws issued by the chief official of the region (see chapter ▶ "Regional Executives, Russia").

For instance, in the Tatarstan Republic, the Republican Law No. 64-ZRT dd. 6 April 2005, "On the Structure of Executive Bodies of the Tatarstan Republic," and the Decree of the President of the Tatarstan Republic No. UP-899 dd. 25 September 2015, of the same name, are devoted to these issues. Organization of the executive of Vladimirskaya oblast is set in two regional laws, No. 151-OZ and No. 152-OZ dd. 27 October 2005, "On the System the Executive Bodies of Vladimirskaya Oblast" and "On the Structure of the Administration (the Higher Executive Body) of Vladimirskaya Oblast," as well as in the decree of the regional governor No. 48 dd. 10 June 2016, "On the Structure of the Executive Bodies of Vladimirskaya Oblast." However, in some constituent entities of the Russian Federation, most of these issues are exhaustively settled in the Constitution or in the statute, thus leaving space for the by-laws only. For example, in Vologodskaya oblast, the decision of the governor No. 118 dd. 26 April 2004, "On the Structure of the Executive Bodies of the Oblast," is based on the regional statute directly.

Besides, each of the 85 current constituent units of the Russian Federation has its legislation on the issues of public service (of these issues, the general principles to be observed by the public servants and the rules for transfer from municipal service to the regional one and back can be regarded as the constitutional ones), as well as laws on organization of local self-government, on the municipal service and some other issues that can be partially ascribed to both constitutional matters and matters of public administration.

## Local Constitutional-Like Regulation of Public Administration Issues

Each of some 22,000 municipal entities produces its own regulations regarding both constitutional and public administration issues. The most important among such sources is the statute of the municipal entity. Documents of this kind contain provisions on the structure of the municipal government, distribution of functions between municipal bodies, their composition, formation procedures, types of municipal offices and their terms, etc. Aside from these acts, the representative body of the municipal entity and its head (chief official) are entitled to issue subsidiary decisions on the mentioned matters (see chapter ▶ "Institutional Foundations of Local Self-Government, Russia").

## Decisions of the Constitutional Court of the Russian Federation and Public Administration

The Constitutional Court of the Russian Federation was not destined to take decisions constituting the system of public administration. However, a number of its decisions affect public administration on either federal, or regional, or local level. For instance, in its decision No. 1-P dd. 24 January 1997, on verification of constitutionality of the

Law of the Udmurtskaya Republic dd. 17 April 1996, "On the System of Governing Bodies of the Udmurtskaya Republic," the Court outlawed replacement of the municipal governments with the local bodies of the regional government.

In respect to the latter, the Constitutional Court of the Russian Federation had come to unmatched conclusions. In its decision No. 2-P dd. 18 January 1996, on verification of constitutionality of the statute (the basic law) of the Altaisky Krai, the Court outlawed the procedure of the regional executive formation leading to actual subordination of the latter to the regional legislature. However, by the decision No. 13-P dd. 21 December 2005, on verification of constitutionality of the mentioned Federal Law No. 184-FZ dd. 6 October 1999, the Court legitimated the procedure of "vesting of a citizen of the Russian Federation with the authority of a chief executive of a constituent entity of the Russian Federation" by the regional legislature (this procedure had been used until 2012) upon nomination by the President of the Russian Federation (see chapter ▶ "Regional Executives, Russia").

Several decisions of the Constitutional Court of the Russian Federation are devoted to the general order of government. For example, in the decision No. 28-P dd. 11 December 1998, on interpretation of provisions of Art. 111, para. 4, of the Constitution of the Russian Federation, the Court had established that the President of the Russian Federation may submit the same nominee for the office of the chairman of the Government of the Russian Federation twice or thrice (instead of presenting a new candidate each time). This decision was a significant victory of the head of the Russian state over the lower chamber of the federal parliament, as under the Constitution a thrice-repeated rejection of the presidential nomination shall lead to dissolution of the said chamber. The Court's decision had legitimized the displacement of the whole system of federal bodies responsible for public administration under integrate control of the head of the state.

The decision of the Constitutional Court of the Russian Federation No. 2-P dd. 27 January 1999, on interpretation of provisions of Art. 71, para. "d," Art. 76, para. 1, and Art. 112, para. 1, of the Constitution of the Russian Federation, had further strengthened the position of the President of the Russian Federation. In this decision the Court proclaimed the practice of establishing the system of the federal executive bodies subordinate to the President and to the Government of the Russian Federation, by means of decrees of the latter (instead of the federal laws), to be compliant with the Constitution of the Russian Federation (see chapter ▶ "Head of the State and Public Administration, Russia").

## Conclusions

Although public administration is traditionally regarded as the realm of administrative law, multiple provisions of constitutional law affect the institutional basis of public administration, allocation of administrative functions, interaction of administrative bodies and their officials with citizens, with legislatures, with the judiciary, etc. The scope of this influence varies in the course of time. However, there is no reason to believe that the role of the constitutional basis of public administration is about to decrease. In the foreseeable future, administrative law and constitutional law (as well as international law and financial law) will share public administration as the object of regulation.

This fact is an inevitable manifestation of two well-known circumstances. First, public administration is obviously a highly complex phenomenon that cannot be confined to a single branch of law. Second, division of law into the branches has been becoming increasingly imprecise and relative during the last decades. The precincts of the constitutional, administrative, etc. law still possess some academic significance, but they gradually lose adequacy as the categories describing actual social practice.

## Cross-References

▶ Constitutional Federalism and Public Administration, Russia
▶ Federal Government, Russia
▶ Head of the State and Public Administration, Russia

▶ Institutional Foundations of Local Self-Government, Russia
▶ Multilevel Governance and Public Administration, Russia
▶ Regional Executives, Russia

## References

Avakyan S (2014) Constitutional law of Russia: study course, vol 2, 5th edn. Norma: INFRA-M, Moscow, pp 669–704, 828–841 (in Russian)
Kryazhkov V (ed) (2002) Constitutional law of constituent units of the Russian Federation. Gorodets-izdat, Moscow, pp 442–462. (in Russian)
Kutafin O, Fadeev V (2013) Municipal law of the Russian federation: textbook. Prospekt, Moscow. (in Russian)

# Constitutional Protection of Human Rights in Nusantara Countries

Vadim Atnashev
Department of International and Humanitarian Law, North West Institute of Management, Russian Presidential Academy of National Economy and Public Administration, St. Petersburg, Russia
Faculty of International Relations, St. Petersburg State University, St. Petersburg, Russia

## Introduction

The presented paper is based on the analysis of three constitutions in respect of human rights in the main Nusantara countries – Indonesia, Malaysia, and Singapore.

The articles concerning personal rights are usually placed into separate parts of the constitutions under review, though some provisions can also be given in other different parts. Many international legal norms have been gradually incorporated into the domestic law of all Nusantara countries from the end of the twentieth century, though in the Philippines the process started earlier.

In the constitutions of the Nusantara countries, the principle of equality is the most important constitutional principle of the personal legal status. It corresponds to the democratic principle of equal opportunities and has undoubtedly democratic content, because it prevents the various forms of subordination of some groups by others. However, the concept of equality obviously does not apply to many other human rights aspects regulated by international standards (political convictions, religious and other opinions, property status, etc.).

Besides, unlike constitutions of many countries, both Malaysian and Singapore constitutions do not fix the recognition of the supreme value of human life. There the principle of equality is interpreted *prima facie* as the equality of citizens before the law.

Thus, Article 8 of the Constitution of Malaysia affirms the equality of all persons before the law and entitlement to the equal protection of the law. "There shall be no discrimination against citizens on the ground only of religion, race, descent, place of birth or gender in any law" (clause 2). The next Article 9 states that no citizen shall be banished or excluded from the Federation.

Worthy of notice that the Constitution of Singapore 1963 has a separate article entitled "Equality." It is similar to the provisions of the Malaysian constitution but contents a clause that there shall be no discrimination in the appointment to any office or employment in the public (§2 of Article 12). Interestingly, the Singapore Constitution specially stipulates the position of Malays who are considered as a minority community.

At the same time, for an effective protection of the constitutional rights and freedoms, the international law norms must be transformed into national legislation in accordance with

The author is a professor at the Department of International and Humanitarian Law, North West Institute of Management in the Russian Presidential Academy of National Economy and Public Administration, St. Petersburg, Russia; has a Ph.D. in Oriental Studies from St. Petersburg University; and has a M.L., M.A. from CUF-Sorbonne, St. Petersburg. His research fields include international law, conflict studies, ethnic minorities rights, Champa and Islam in Southeast Asia. In the 1990–2000s, the author conducted fieldwork in the Cham regions of Vietnam and Cambodia and published many articles on the topic.

**Constitutional Protection of Human Rights in Nusantara Countries, Table 1** Participation of Indonesia, Malaysia, and Singapore in the main international human rights treaties

| Name of treaty/convention | Participation | | | Ratification | | |
|---|---|---|---|---|---|---|
| | Ind. | Mal. | Sin. | Ind. | Mal. | Sin. |
| International Covenant on Civil and Political Rights (ICCPR) | + | – | – | + | – | – |
| International Covenant on Economic, Social, and Cultural Rights (ICESCR) | + | – | – | + | – | – |
| Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) | + | + | + | + | + | + |
| Convention on the Rights of the Child (CRC) | + | + | + | + | + | + |
| Convention on the Elimination of All Forms of Racial Discrimination (ICERD) | + | – | – | + | – | – |
| Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) | – | – | + | – | – | + |
| International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC) | + | – | – | + | – | – |

*Ind* Indonesia, *Mal* Malaysia, *Sin* Singapore

international obligations assumed by the states that ratified the core international treaties on human rights. The participation (nonparticipation) of Indonesia, Malaysia, and Singapore in the conventions is shown in Table 1 (see below). However, in the Nusantara region, all seven treaties were ratified by the Philippines only. Even there, as well as in the whole Southeast Asia, the death penalty is not forbidden.

Naturally, the real protection of human rights in Indonesia and Malaysia is not possible without their participation in the Convention against Torture.

In view of the fact that most foreign workers in the region work in Malaysia and Singapore, these states in the first place should become parties to the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

## Human Rights in the Constitution of Indonesia

The Constitution of Indonesia was adopted in 1945 and contents five short chapters (X–XIV) concerning citizen rights and freedoms: "Citizens," "Religion," "Defense," "Education," and "Social Welfare." It should be noted that the initial project of constitution presumed observance of *shariah* law and compulsory election of a Muslim as the president of Indonesia. However, the provisions were not adopted.

The Xth chapter of the Constitution (Articles 26, 27, and 28) covers issues of citizenship and rights of citizens. The Article 26 stipulates that citizens must be Indonesians by birth or other nationals who acquired the citizenship by law. Unlike Malaysia and Singapore, the Constitution of Indonesia does not fix the procedure of acquisition or termination of citizenship. In the additional clause included in 2000, there is provision that issues of the citizenship and residence in Indonesia are regulated by law (clause 3, Article 26).

Article 27 declares equality of all citizens before the law and state (the defense of which is civic duty) as well as their right to an occupation and "an existence proper for a human being" (though it is far from "an adequate standard of living" (ICESCR, Article 11 (http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx))). The next, 28th article assigns guarantee freedom of association and assembly, freedom of speech and press, and "other similar freedoms." By implication of the Constitution 1945, noncitizens of Indonesia did not possess the abovementioned rights as well as the right to education.

However, the Second Amendment to Constitution entered on 18 August 2000 and added the specific chapter "Basic Human Rights" (its number X-A) that includes ten articles (28A–28 J).

Thus, legislators finally paid attention to and guaranteed the "other similar freedoms." It was also logical that the Second Amendment added the following definition in Chapter X "Citizens and Residents": "residents include citizens of Indonesia and foreigners who reside in Indonesia" (clause 2, Article 26).

Meanwhile, Article 29 (Chapter XI "Religion") initially stipulated that the state basing on belief in the unique God "shall guarantee freedom to all residents to embrace their respective religion and to perform their religious duties," that is, the freedom applies not only to the citizens but to everybody who resides in Indonesia.

Below, we consider the rights and freedoms guaranteed by the Second Amendment 2000. According to the amendment, the basic human rights cannot be limited under any circumstances: "the rights to life, freedom from torture, freedom of thought and conscience, freedom of religion, freedom from enslavement, recognition as a person before the law, and the right not to be tried under a law with retrospective effect" (Art. 28I). Meanwhile, other constitutions of Nusantara countries do not declare some of the rights mentioned.

The following definition seems to be apt in Article 28I: "Every person shall have the right to be free from discriminative treatment based upon any grounds whatsoever and shall have the right to protection from such discriminative treatment" (subsection 2). A special subsection concerns children rights: "Every child shall have the right to live, to grow and to develop, and shall have the right to protection from violence and discrimination" (subsection 1 of Art. 28B).

Besides, Article 28E also guarantees many personal rights some of which are mentioned in other articles:

> (1) Every person shall be free to embrace and to practice the religion of his/her choice, to choose one's education, to choose one's employment, to choose one's citizenship, and to choose one's place of residence within the state territory, to leave it and to subsequently return to it.
>
> (2) Every person shall have the right to the freedom to hold beliefs (*kepercayaan*), and to express his/her views and thoughts, in accordance with his/her conscience.
>
> (3) Every person shall have the right to the freedom to associate, to assemble and to express opinions.

For comparison, according to the 1966 International Covenant on Civil and Political Rights, "No one shall be arbitrarily deprived of the right to enter his own country" (subsection 4 of Article 12).

Article 28G declares the right to protection of self, family, honor, dignity, and property and the right to feel secure against and receive protection from the threats. "Every person shall have the right to be free from torture or inhuman and degrading treatment, and shall have the right to obtain political asylum from another country." The latter right regarding asylum is uncommon disposition for many developing countries. Though, it corresponds to the international legal norms such as the 1967 UN Declaration on Territorial Asylum and the Universal Declaration of Human Rights.

It is important that the protection, advancement, upholding, and fulfillment of human rights have finally been recognized "the responsibility of the state, especially the government... For the purpose of upholding and protecting human rights in accordance with the principle of a democratic and law-based state, the implementation of human rights shall be guaranteed, regulated and set forth in laws and regulations" (28I). It is worthy to note that the modern Indonesia declares itself as the largest democracy in Asia, after India, so reference to "the principle of a democratic and law-based state" is absolutely logical.

As for the social rights and freedoms, there are guarantees of the right to work and to receive fair and proper recompense and treatment in employment, as well as the right to obtain equal opportunities in government (Art. 28D), the right to self-realization through the fulfillment of one's basic needs, and the right to education and to partake in the benefits of science and technology, art, and culture (Art. 28C, part 1). Besides, the assertion of the right "to self-improvement by way of a collective struggle" for one's rights contributes to the formation of political and social identity of Indonesians (Art. 28C, part 2).

The Second Amendment also allocates an article concerning the information right (28F): everyone has the right to communicate and obtain information "for the purpose of the development of his/her self and social environment, and shall have the right to seek, obtain, possess, store, process and convey information by employing all available types of channels."

Another article (Art. 28H) declares that each person is entitled to protection of self, his family, honor, dignity, and his property and has the right to feel secure from fear to do or not to do something. The last part of the same article emphasizes the right to own private property and "such ownership shall not be appropriated arbitrarily by whomsoever" (Art. 28H, part 4). Meanwhile, the "old" Section XIV "National Economy and Social Welfare" (adopted in 1945) still declares the right of "impoverished persons and abandoned children" to be taken care of by the state. According to the Street Children Statistics 2007 of UNICEF, pg. 5), there were over 170,000 street children in Indonesia (Irwanto P. et al. (1999). Situation of Street Children in 12 Cities in Indonesia, Monograph Report for the Asian.

Development Bank, TA No. 3043 INO. Cited in Pinheiro, P. (2007), World Report on Violence Against Children, Chapter 7. P. 295).

The cultural identities and rights of traditional communities shall be respected according to the Article 28I (part 3) that must include indigenous peoples like in the Philippine Constitution.

Besides rights, the Constitution of Indonesia also allocates duties of the citizens and residents of Indonesia. Part 2 of Article 26 defines: "Residents consist of Indonesian citizens and foreigners residing in Indonesia." In compliance with democratic principles, every person in the orderly life of the community, nation, and state must respect the human rights of others. In exercising his/her rights and freedoms, he/she has the duty to accept the restrictions established by law also for the purpose of "satisfying just demands based upon considerations of morality, religious values, security and public order in a democratic society" (Art. 28 J).

Up to 2000, the Constitution declared only the duty of all citizens "to hold without exemption the law and the government in esteem" (part 1, Art. 27), as well as the right and the duty of each citizen to "participate in the defense of the nation" (part 1, Art. 30). Meanwhile, the modified by the Second Amendment part 3 of Article 27 is almost the same as the following provision of Article 30 (part 1):

"Each citizen has the right and the duty to participate in the defense and security of the state" (the words "and security" were added in 2000).

After adoption of the Fourth Amendment to the Constitution (11 August 2002), the citizens not only have the right to education; they are obliged to follow an elementary education but the government has the duty to fund this (Art. 31, part2). At least 20% of the state's and regional budgets are to be allocated to the needs of the education system (Art. 31). Since there is still a high percentage of illiterate population in Indonesia, the provisions are important and progressive and obviously should help to reduce the number of illiterate people.

Implementing national education system should enhance "religious and pious feelings as well as moral excellence with a view to upgrading national life" (part 3 of Art. 31).

Thus, in recent years, there has been a positive movement toward the democratization of many social life aspects in Indonesia.

### Human Rights in the Constitution of Malaysia

The Constitution of Malaysia 1963 in force is one of the most voluminous and detailed not only in Asia, but all over the modern world. Part II of the Constitution, which has the name "Fundamental Freedoms," includes nine articles (Art. 5–13). They reflect main types of the rights of man and citizen – the personal, social, economic, and political rights.

According to Article 5 concerning the personal liberty, "no person shall be deprived of his life or personal liberty otherwise save in accordance with law."

If the high court receives a complaint that a person is being unlawfully detained, the court must consider it – when establishing the illegality of the detention, it shall order to produce the detainee before the court and release him (clause 2, Art. 5).

It is worthy to note that two clauses of the same article are not applied to "enemy aliens" (clause 3 and clause 4, Art. 5):

> (3) Where a person is arrested he shall be informed as soon as may be of the grounds of his arrest and shall be allowed to consult and be defended by a legal practitioner of his choice.
>
> (4) Where a person is arrested and not released he shall without unreasonable delay, and in any case within twenty-four hours (excluding the time of any necessary journey) be produced before a magistrate and shall not be further detained in custody without the magistrate's authority:
>
> Thereby, the right to *habeas corpus* and the said provisions shall apply to those aliens who are not considered "enemy" ones.

The Constitution further provides guarantees against criminal laws in force with retroactive effect and repeated trials (Article 7):

> (1) No person shall be punished for an act or omission which was not punishable by law when it was done or made, and no person shall suffer greater punishment for an offence than was prescribed by law at the time it was committed.
>
> (2) A person who has been acquitted or convicted of an offence shall not be tried again for the same offence except where the conviction or acquittal has been quashed and a retrial ordered by a court superior to that by which he was acquitted or convicted.

The mentioned provision corresponds to the "ne bis in idem" principle enshrined in fundamental international conventions such as the International Covenant on Civil and Political Rights (its Article 14.7).

Article 6 of the Constitution prohibited slavery and all forms of forced labor, though "Parliament may by law provide for compulsory service for national purposes." Meanwhile, according to Act A1130, section 2, in force from 28 September 2001, the end of the cited article was changed as follows:

> (3) Work or service required from any person as a consequence of a conviction or a finding of guilt in a court of law shall not be taken to be forced labour within the meaning of this Article, provided that such work or service is carried out under the supervision and control of a public authority.

The replaced clause defined such work just as "incidental to the serving of a sentence of imprisonment imposed by a court." Thus, now all kinds of works imposed by a court should not be considered forced labor.

Article 9 of the Constitution of Malaysia affirms the right of every citizen to move freely throughout the Federation and to reside in any part thereof (clause 2). This is a natural right and inalienable freedom, which concerns to the basic civil rights and freedoms.

The reflection of such understanding and the inclusion of Article 9 in the part II – "Fundamental Liberties" – is advantage of the Constitution of Malaysia (as well as one of Singapore). Meanwhile, an amendment regarding the right in question was included in the Indian Constitution only in 1978. In the USSR, it was not at all assured, and in the modern Russia, this constitutional right is constantly violated at different authority levels. There are some interesting parallels between Russia and Indonesia, for example, such problems as corruption, xenophobia, and extremism (see Atnashev V.R., Ward K., Terrorism in Indonesia: International Law and Political Aspects (in Russian) ATNASHEV, V.R., WARD, K., TERRORISM IN INDONESIA: INTERNATIONAL LAW AND POLITICAL ASPECTS (in Russian) // Russian Public Policy 2013, No. 5, pp. 42–49).

In accordance with international standards, the mechanism of realization of the right to move freely and choice of residence also includes the possibility of certain restrictions. In the Constitution of Malaysia, they are given in the second clause of paragraph 2 (Art. 9): "Subject to Clause (3) and to any law relating to the security of the Federation or any part thereof, public order, public health, or the punishment of offenders." The formulation is close to the first part of Article 16 of the Italian Constitution 1947.

Besides, paragraph 3 that was added in 1963 says: "So long as under this Constitution any other State is in a special position as compared with the States of Malaya, Parliament may by law impose restrictions. . . on the rights conferred by Clause (2) in respect of movement and residence." This version of Article 9 is still in effect, particularly in relation to the states of Sabah and Sarawak which retain their respective immigration control systems.

Article 11 concerns the freedom of religion and guarantees everyone the right to profess and practice his religion and propagate it. The latter is possible subject to paragraph 4: "State law and in respect of the Federal Territories of Kuala Lumpur, Labuan and Putrajaya, federal law may control or restrict the propagation of any religious doctrine or belief among persons professing the religion of Islam". No one should be forced to pay any taxes, "the proceeds of which is specifically designed, in whole or in part, to the needs of the religion which he professes" (clause 2).

Article 11 also lists the following rights of each religious group (its definition, however, is not given):

(a) To manage its own religious affairs.
(b) To establish and maintain institutions for religious or charitable purposes.
(c) To acquire and own property and hold and administer it in accordance with law.

It is remarkable that some provisions of Article 11 coincide with the similar part in the Constitution of India 1950.

Furthermore, Article 12 specifies that every religious group has "the right to establish and maintain institutions for the education of children in its own religion" without any discrimination. However, it shall be lawful for the Federation or a State to establish or maintain Islamic institutions or provide instruction in the religion of Islam and incur such expenditure as may be necessary for the purpose.

Then nobody shall be demanded "to receive instruction in or take part in any ceremony or act of worship of a religion other than his own (clauses 3 and 4)." Finally, the article has a remark concerning children: "For the purposes of Clause (3) the religion of a person under the age of 18 years shall be decided by his parent or guardian" (remarkable that in Singapore the legal age is 21).

Regarding political rights, the Malaysian Constitution guarantees the freedoms of expression, assembly and association (Article 10). However, the freedoms are not absolute; the same article contains a verbose clause, according to which Parliament may by law establish such restrictions on these rights "as it deems necessary or expedient in the interest of the security of the Federation or any part thereof, public order or morality."

Besides, restrictions on the right to freedom of speech and expression also can be imposed to protect "the privileges of Parliament or of any Legislative Assembly or against contempt of court, defamation or incitement to any offense." And the right to form associations may be restricted by any law relating to labor or education. A separate clause provides the possibility to limit the right of citizens to form associations by any law relating to labor or education (clause 3), while in the Constitution 1957, such provision was absent.

Finally, a next amendment (clause 4, Art. 10) that was entered into force on 10 March 1971 according to Act A30 asserts the right of Parliament to pass "law prohibiting the questioning of any matter, right, status, position, privilege, sovereignty or prerogative" set or protected in accordance with several other articles of the Constitution, if such questioning does not cover implementation of such prohibiting law. The mentioned articles relate to the citizenship issues, the constitutional status of the Malay language, and the special rights of Malays, as well as privileges of the Malay rulers. It is important that the indigenous peoples of Sabah and Sarawak have the same rights and privileges as Malays.

The adoption of Law A30 on the amendment to the Constitution was caused by historical reasons: in February 1971, the state of emergency was lifted in Malaysia, and the Parliament passed the respective law in order to stabilize the situation in the country. Since then, any amendments to the Constitution and legislation on the rights of ethnic minorities may be entered only with the consent of the Council of Rulers and subject to approval by both Houses of Parliament (two-thirds of the majority is required).

As is known, the further normal development of the Federation of Malaysia became possible largely owing to the consensus between the United Malays National Organization (UMNO) and the Malaysia Chinese Association (MCA)

which represented the interests of the largest ethnic groups of Malaysia.

In this regard, it seems to be appropriate to cite the following statement of M. Mironyuk: "The existence or aggravation of ethnic and national problems causes the formation of political parties based on ethnicity" (Mironyuk M.G., The Modern Federalism: Comparative Analysis (in Russian). (Moscow 2008), p. 117).

In the Constitution of Malaysia, citizenship issues are regulated mainly by Part III entitled "Citizenship" (it consists of three chapters, including 18 articles). It is important that Article 9 states that no citizen may be deported or expelled from the Federation.

One of the main factors of the ethnic conflict in Malaysia in the 1950s–1960s was citizenship issue. Previously, I considered the question in several articles (see, e.g., (2) and (3)), so I just present below some main points.

On 1 February 1948, the British government announced the creation of the Federation of Malaya, restoring the privileges of the Malay sultans and the special rights of Malays. Obtaining citizenship for non-Malays was restricted. Later, in order to ease the tension between the Malay and Chinese communities (as well as to reduce the influence of communist rebels on the Chinese community), British authorities amended the citizenship law which allowed about half of the Chinese population to become citizens of the Federation of Malaya.

In the independent Malaysia, bloody clashes occurred in 1969 between the left opposition and local government supporters in Perak, Penang, and Selangor. Then due to outbreaks of racial violence across the country (13 May incident and others), the government declared a state of emergency. In February 1971, the state of emergency was lifted and the Parliament passed a law to amend the constitution. The amendment prohibited public discussion of the issues concerning the constitutional status of the Malay language, citizenship, and special rights of Malays, while indigenous people of Sabah and Sarawak had acquired the same rights and privileges as Malays. The Constitution and legislation on the rights of ethnic groups can be amended only with the consent of the Council of Rulers and subject to approval of the Parliament.

Nevertheless, owing to the cooperation of governments of Malaysia and Singapore, their separation took place rather peacefully in 1965, but the both legislations give careful consideration to the issues of citizenship in order to ease and prevent tensions between the states. Eventually that contributed to the protection of the polyethnic rights in Malaysia and Singapore.

## Conclusion

In the analyzed constitutions, there is an increase of provisions on the human rights and freedoms, first of all due to the impact of international law and democratic processes.

Just as Malaysia, the current government of Indonesia which is often called technocratic relies on the development of science and technology, while preserving religious values and national unity has gradually stabilized the political and economic situation in the country that at the turn of the century was on the verge of disintegration and economic collapse.

These positive changes are manifested in the legislative sphere, first of all in the amendments to the Constitution of Indonesia, especially with regard to fundamental human rights and freedoms.

However, the Nusantara countries, in general, are characterized by inconsistency in constitutional provisions vis-à-vis the actual state governance. In a number of different cases, the system of rights and duties of citizens remains incomplete that often reveals itself in disregard of the constitutional rights and freedoms.

## References

Ancel M (1981) Methodological issues of comparative law. In: Essays on comparative law. Moscow (in Russian)

Atnashev VR (2004) Characteristics of the constitutional rights in the Republic of the Philippines. In: Pilipinas Muna! The Philippines is a Priority!, St. Petersburg, pp 450–461 (in Russian)

Atnashev VR (2009) Regulation of the citizenship issues in the constitution of Malaysia. In: Problems of law in the modern Russia: collected papers. St. Petersburg, pp 9–23 (in Russian)
Atnashev VR (2010) International legal aspect of the citizenship in Singapore. In: Problems of law in the modern Russia: collected papers. St. Petersburg, pp 14–18 (in Russian)
Atnashev VR, Ward K (2013) Terrorism in Indonesia: international law and political aspects. Russian Public Policy 5:42–49. (in Russian)
Civil Human Rights: modern problems of theory and practice. Moscow (2006) (in Russian)
Irwanto P et al (1999) Situation of street children in 12 cities in Indonesia, Monograph report for the Asian Development Bank, TA No. 3043 INO
Mironyuk MG (2008) The modern federalism: comparative analysis. Moscow (in Russian)
New History of the Asian and African Countries (XX century). Part 2 (2001). Moscow (in Russian)
The Constitution of Malaysia 1963
The Constitution of Singapore 1963
The Constitution of the Republic of Indonesia 1945
The Constitution of the Republic of the Philippines 1987
Undang-undang Malaysia Perlembagaan Persekutuan (1983). Kuala Lumpur

# Constitutional Reform in the English-Speaking Caribbean

John Gaffar La Guerre
Department of Political Science, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

## Synonyms

Legal; Reconstructing; Statutory

## Definition

A constitution is a combination of written and/or unwritten rules for the governance and administration of a particular society.

## Introduction

### Defining constitutional reform: brief overview

A constitution should be seen as a combination of written and/or unwritten rules for the governance and administration of a particular society. For this reason, such rules and administration are designed in the view of those responsible for devising them, by taking into account the social structure, aspirations, resources, and differences that exist between and among the groups that make up that society. In drawing up those rules, whether written or unwritten, the rule makers also attempt to adapt not only to changing social and economic conditions but also to future goals and visions. In this way a constitution must be perceived not as a "document for all times" but as a changing script, adapting to a changing environment. This is why most constitutional experiments or revisions tend to follow dramatic changes in the social and political order Francis (1985).

These rules must also enable the society to adapt to a changing domestic and multinational environment, accommodate their changing aspirations, deal with emergencies, and allow especially in a democracy for the maximum participation of its citizens in the process of government. How these rules come into being, how they are changed, and their differing degrees of entrenchment are thus critical questions for those who devise constitutions or reform them. What these rulers will be will depend on the nature of the social and political systems and the goals of the society and its rulers. In a communist system accordingly the rules will be different from those that will obtain in a democracy. In the case of the Caribbean, there is no doubt that the goals and strivings of rulers and its people were essentially democratic. They must then be judged by their contribution to the goals of democracy.

In the case of the Commonwealth Caribbean, it is important to recognize that most of the islands were under the rule of the British as a result of conquest, treaty, or annexation. What might be regarded as the constitution were in fact Orders in Council which established what was commonly referred to as Crown Colony government, established largely by the device of Orders in Council by the ruling colonial power, namely, the British. Colonial rule then ensured that the dominant institutions of the colony would be British. According to Spackman (1967) under this arrangement, the colony was rules by a Governor

appointed by the British who governed on the basis of an Executive and Legislative Council.

This would be the standard arrangement that obtained in countries such as Jamaica, Barbados, and Trinidad and in what was then British Guiana. The Executive was made up of officials with the Governor as Chairman to which was later added some elected members. The Legislative Council contained largely officials and nominated members to which were later also added some elected members on a limited suffrage. As one observer commented, it was a system of "three in one and one in three." The underlying philosophy of colonial rule was that colonial people were to be educated into self-government and the elected principle was gradually introduced until a number of intervening developments such as the First and Second World War, the economic depression of the 1930s, and returning activists led to the introduction of universal adult suffrage. This was followed by a period of tutelage through stages such as Chief Minister, premier until independence was achieved during the early 1960s. Independence came more reluctantly in the case of what was British Guiana but less so in the cases of Trinidad, Jamaica, and Barbados. Indeed in the case of Trinidad, the Prime Minister was urged to "hurry up," by visiting the Secretary of State (Mc Intosh 2002).

It is also important to recognize however that a constitution is a set of rules that locate and distribute power within a political system. It also determines whether the "winner takes all." It also identifies who is to make policy, whether the system will be presidential, semi-presidential, or parliamentary; it can also determine which kinds of parties will survive or whether the elections are direct or indirect. It can also determine what the relationship between the Head of State and Head of Government will be. Some are more concerned with the extent to which the constitution is conducive to democratic processes. Yet others are concerned with problems such as maintaining priorities, coordinating conflicting objectives, and achieving policy goals. Yet others are concerned with the nature of effectiveness of checks and balances as well as veto points. Some concern has also been expressed over the ability to select or dismiss Executives or promote regime stability and predictable policy in a context of social instability. Experience would reveal that some expectations could be disappointed or that some outcomes could be contradictory.

Yet all constitutional arrangements do have some basic issues to address. These would include areas such as representation, administration, legislation, and adjudication; admittedly these are broad categorizations, and within each of them, there will certainly emerge a number of questions that will need specific resolution. Much of these requirements derive from the fact that constitutional history, culture, and experience of the British Caribbean were shaped by what was obtained at the time. Yet what was bequeathed to the Caribbean was very much an adaptation to the local environment thus leading to a label as a Westminster-Whitehall model.

The run-up to independence in the Caribbean was not in fact encouraging. In Jamaica following the disturbances of the 1930s, Norman Manley warned that there was a danger that the country might become ungovernable, while in Trinidad ethnic tensions between the two major ethnic groups had become so severe that states of emergency had to be declared. Yet it was clear that the British approach to constructing a new constitution for independence was largely a "one-size-fits-all" approach and one that was largely dictated by the experience of what was then the Gold Coast.

There was also the emergence of the Cold War and the clear ideological preferences of Dr. Cheddi Jagan, the leader of British Guiana, factors which had led Dr. Eric Williams to declare that he was "best of the iron curtain." Cumulatively then domestic as well international development was to ensure that the independence constructions were to be holding operations. In Trinidad there were public discussions on the form that the independence institutions should take although the constitutional advisers to the government pointed out that they were concerned to follow well-trodden paths; in the case of Jamaica, there were no such consultations, while in British Guiana the constitution had been suspended in 1953.

Not surprisingly there was much similarity between the constitutions of the various territories except in the case of British Guiana. In the rest of

the Caribbean, there was to be a Governor as the representative of the Queen, a Premier elected by Parliament, an Executive responsible to it, independent Commissions in relation to the Public Services, the Police, the Judiciary, the Teaching Service, provisions for local government, entrenched clauses, elections at regular intervals, and dual chambers along with smooth transitions from one regime to another. The Governor was to consult with and act on the advice of the Prime Minister, and the Prime Minister was to be appointed on the basis of the judgment of the Governor as to who could best command the majority of members in the House or in the case of the Opposition Leader, the person who could command a majority of those opposed to the government. No specific procedure was established; however, that was to be followed in this regard. Jamaica was however allowed the device of a referendum (Spackman 1967).

By and large in the case of Jamaica, the constitutional arrangements of 1962 seemed to have worked so far. There have been amendments in relation to the Service Commissions and their transformation into agencies along the lines of the United Kingdom as well as a Charter of Rights and Freedoms. There have also since been calls for a change from a monarchical to a presidential system of government. What divides the advocates of presidentialism however is the question of the powers to be assigned to the President and the manner of his election, since the Senate is also constructed on party lines. The examples of Latin American dictatorships and their equation with presidents have been cited. It must be recognized though that Jamaica is largely African descended and its divisions are largely along "class" lines, although popular jargon refers to the plight of the "black man."

Some reservations have also been expressed over the decision to include judicial review on matters such as the exercise of some powers by the Governor-General or his deputy, whether the speaker's certificate is valid, whether an order on the delineation of boundaries is valid, or whether a Service Commission has validly performed its function. In Trinidad also unlike Jamaica, there is no provision for referendum, and its senate contains a provision for independent senators. There are also special clauses requiring differing majorities for their amendment (Kelly 1963).

By 1958 however, most countries in the Caribbean-British Guiana excepted, opted to form a federation, the better to achieve independence in their own territories. When, however, the Jamaican government was advised in 1959 that it possessed all the criteria for independence on its own, it decided to call a referendum in 1961, which ended in the eventual collapse of the Federation. In the graphic language of Dr. Eric Williams, the then Premier of Trinidad and Tobago, one from ten left nought. In desperation, Arthur Lewis, a future Nobel Prize winner, campaigned for a smaller federation of The Eight. It was rejected and Trinidad proceeded somewhat strangely to offer unitary statehood to Grenada. Trinidad had also moved from quasi-ministerial government in 1950 and into cabinet government in 1957 so that it had indeed followed the path to independence set out by British Colonial Policy.

In Trinidad also the relationship between the governing party and the opposition since independence has been uneasy largely because the latter had been rent by internal dissension with little prospect of capturing political power. Indeed in the election of 1966 after independence revealed a dramatic decline in support for both major parties. Four years later in, 1970, there was an outbreak of "Black Power" disturbances that shook the government to its very foundations. In the election of 1971, the ruling party captured all the seats and a constitutional crisis ensued. This was followed by the appointment of a constitution commission in 1974, to review the workings of the constitution since independence. While it is true that some of the grievances were imputed from the civil rights movement in the United States and the experiences of Trinidadians at a Canadian University, there could be no doubt that some were locally inspired problems such as unemployment, the failure of opposition parties, and what was perceived as the excessive power of the Prime Minister.

Spackman has pointed out that changes had been recommended in 1957, for the conventions

of Cabinet government in 1958 and also that the number of Cabinet Ministers be increased to include a Minister of Home Affairs with responsibility for security and the police and immigration which came together by another Orders in Council which introduced internal self-government. In many ways this merely ratified what was in practice Cabinet government since 1956. The recommendations of the Wooding Commission that followed were undoubtedly extensive, but the extent to which they represented the people is another question. The commission also expressed concern over the extent of the patronage by the Prime Minister, his power to appoint the Chief Justice and members of the Judicial and Legal Service Commission, the Chairman, and other members of the Service Commissions as well as the Chairman of the Boundaries Commission.

It accordingly recommended that their powers should be removed from the Prime Minister and be vested in a President after consultations with the Prime Minister and the Leader of the Opposition. The commission also recommended a limited amount of proportional representation, election of its President by an Electoral College, changes in fundamental rights, citizenship, and in the function and position of the Attorney General as well as the introduction of Standing Committees to scrutinize certain categories of bills. Most of the recommendations found their way into the constitution of 1976. The notable exception was the recommendation of proportional representation. What the 1976 constitution did also was not to disperse but to relocate what was perceived as the considerable power of the Prime Minister into the office of the President.

The constitutional motions of 1978 as well as the Acts of 1999, 2000, and 2001 amending the constitution were understandable outcomes of earlier reservations and difficulties. These measures allowed judicial review over the Service Commission and access to information on governmental policy-making along with the Ombudsman, the Integrity in Public Life Act of 1987 and the Equal Opportunity Act of 2000. It seems though that there is not much public comfort in the working and record of the Integrity Commission, while allegations of corruption are as widespread today as they were in 1956. Today, also the concerns are about the powers of the President, the role of the Director of Public Prosecution and the Judicial Systems, as well as the relations between the D.P.P and the Attorney General.

British Guiana notwithstanding the suspension of the constitution in 1953 as well as the existing racial anxieties and insecurities of the period achieved self-governing status in 1961 under the umbrella of a Governor and elected Premier chosen from a first-past-the-post elected chamber but with an electoral system that produced disparities between votes received and seats obtained. In 1964 a system of proportional representation was introduced that produced coalition government. Independence came in 1966. Thereafter Burnham, the Prime Minister declared the state a consultative democracy and embarked in 1969 and after on a wave of nationalization.

A cooperative republic on route to socialism was declared in 1970 that was later transformed into an Executive President with a veto under the doctrine of "Para mounting of the party" and in 1980 a Council of the National Congress of Democratic lagans. A crucial factor in the directive principles of the state was proclaimed as socialism, while the later amendments to the constitution had of course been due to the racial imbalances in the society. With a history of ethnic voting, it was to be expected that under the first-past-the-post system the African segment would be in perpetual opposition. It was not surprising then that a system of regional elections was introduced to supplement that of the Legislative Assembly. Some of the more important laws included the Representation of the People Act (1964) and the National Registration Act (1967) dealing with electoral polls.

Under the Herdmanston Accord, it was agreed that there should be some degree of gender and geographic representation in the legislative process. Fifty-three members were directly elected to Assembly and the remainder indirectly. Under the Amendment Act No. 3 of 2000 and the Election Laws (Amendment) Act No. 15 of 2000 and in November 2000, all members of the National

Assembly were to be directly elected with 25 members from the ten geographic constituencies and the remaining 40 to be determined by a top up list to ensure a high degree of proportionality.

A party fielding candidates for the National Assembly was required to nominate persons in at least 6 of the geographic constituencies or for 14 of the 25 constituency seats. One third had to be women. By further amendment in February 2001, the National Assembly was allowed to have at least 65 members and to allow the Election Commission to award "overhead seats," if a party won a disproportional number of constituency seats. The result of these and earlier reforms has been to lessen the racial appeals at national level and the emergence of validation arrangement and accommodative positions. What is clear is that constitutional reform in Guyana has largely been a response to an ethnic structure as well as the interaction between domestic and international considerations.

The case of Barbados has been unique in many ways since it enjoyed a large measure of self-government since 1640. Yet, it too received its independence only in 1966 on the basis of the model that was largely used in the case of the other territories. Thus, the Prime Minister is appointed from the majority party in the legislative chamber with a Governor-General as Head of State. In 2012 a commission was established to consider constitutional reform. There have been few amendments to the Barbadian Constitution over the years, but in recent times there have been calls for reforms that would conform to what is described as its political identity.

## Conclusion

Constitutional reform in the Caribbean then has largely been an exercise in the transference of power from the colonial to local rulers. It was essentially a change from dependence to independence for the states involved. Following a failed federation in 1961, they all proceeded to independence. Most of the provisions of the independence constitutions endured, but in the cases of Trinidad and Guyana, there were radical changes from parliamentarianism to presidentialism in Guyana in 1970 and 1976 in the case of Trinidad. Both countries also have race relations commissions. The constitutional changes in Trinidad and Guyana are to be explained by the existence of two substantial ethnic groups, namely, African and Indian whose relations over the years were perceived as uneasy and competitive. For these reasons, proposals for coalition, proportional representation, and presidential government have been more prominent in these two territories.

It also explains the lukewarm response of Trinidad and Guyana to the proposal for the abolition of the Privy Council and for federal initiatives. There have also been calls for reform of the regional constitutions to make them more attuned to our political identity and for removal of the Queen as Head of State and change in the system to make it more autochthonous. Yet it must be recognized that a constitution is a set of rules that allows a people and a state to develop and adapt to a changing world. West Indians are the products of empires and the children of migrations from other continents. The footprints of the original people are still around. How to integrate these various ingredients into a constitution and to avoid reinventing the wheel will be the challenge of future constitution reformers.

## Cross-References

► Constitutional Law and Public Administration

## References

Francis A (1985) Changing caribbean constitution. Antilles Publications, Bridgetown

Kelly J (1963) The Jamaican independence constitution of 1962. Caribbean Stud 18(36):85–108

McIntosh SCR (2002) Caribbean constitutional reform: rethinking the west Indian policy. The Caribbean Law Publishing Company, Kingston

Spackman A (1967) Constitutional development in Trinidad and Tobago. Social and Econ Stud 77:1–109

Spackman A (1975) Constitutional development of the West Indies 1922–1968. Caribbean University Press, Barbados

# Constitutional Rights of Public Employees

Beth Cate
School of Public and Environmental Affairs, Indiana University, Bloomington, IN, USA

## Synonyms

Civil rights; Constitutional law; Public personnel management

## Definition

Constitutional rights of public employees refer to limits that a constitution (as the supreme law governing the actions of public personnel) places on how and why government employers may discipline or fire their employees.

## Introduction

Constitutions are fundamental charters for governance; they set out the powers that government institutions may exercise and the limits on those powers. Accordingly, when the government acts in its sovereign capacity to regulate the populace, it must do so in a manner that does not conflict with applicable constitutional provisions. This means that constitutional provisions – as interpreted by courts, which must apply broad constitutional language to specific disputes – necessarily limit the policy and administrative choices available to public administrators to pursue the public interest. Among the most important constitutional provisions imposing such limits are protections for certain individual rights that are considered so fundamental to personal and collective freedom that the constitution shields them substantially – though certainly not entirely – from government interference.

For example, the First Amendment to the United States Constitution prohibits the national legislature – and by judicial interpretation, the national executive as well as state and local governments – from making laws "abridging the freedom of speech." Courts have held that this prohibition invalidates essentially all government regulation of private speech that targets the speaker's viewpoint (for example, restricting speech that opposes immigration but allowing speech that favors it) and most regulation targeting speech on specific topics (such as banning discussion of immigration policy). They conclude that such regulations improperly restrict the open inquiry and debate that the First Amendment protects in order to allow the people to hold government accountable and engage in meaningful, well-informed self-governance.

What about when government acts not as a *sovereign* regulating citizen speech on a controversial matter – say, by imposing buffer zones for protests at abortion clinics – but as an *employer* wanting to restrict its workforce from blogging their personal views of the buffer zones? Do constitutions constrain how governments manage public employees? In America the answer is yes, but this is a relatively recent development. For most of America's history, government jobs were forms of patronage, granted and revoked based on reputation, family background, education, or (as the strength of political parties increased in the early nineteenth century) political sympathies and loyalties (Meier 558). Accordingly, the government *as employer* could constitutionally discharge its workers on grounds, and in ways, the government *as sovereign* could not use to punish citizens in similar circumstances. Public employees were deemed to have abandoned any constitutional rights they held as citizens when they joined the government workplace. The future US Supreme Court Justice Oliver Wendell Holmes Jr. summed up this state of affairs in a Massachusetts Supreme Court case upholding a policeman's termination for engaging in political activities contrary to city regulations: "The petitioner may have a constitutional right to talk politics, but he has no constitutional right to be a policeman. There are few employments for hire in which the servant does not agree to suspend his constitutional right of free speech, as well as of idleness, by the implied terms of his contract.

The servant cannot complain, as he takes the employment on the terms which are offered him" (McAuliffe v. Mayor & Aldermen of New Bedford, 517–518).

Supporters of a patronage approach to government jobs argue that it keeps public administration responsive to the electorate's chosen leaders and policies, and they contend that this value outweighs the enhanced administrative competence that might come from merit-based appointments (Meier, 559). Nevertheless, Congress and state legislatures converted most public hiring and retention schemes from at will to merit based in the late nineteenth and early twentieth centuries. This legislative effort eased the way for courts to step in and impose additional constitutional limits on public workplace management. Some of these tracked doctrinal developments in constitutional rights for the public at large. For example, as public reliance on government benefits, resources, contracts, licenses, and jobs expanded significantly in the twentieth century, courts began to recast them not as largesse but as "new property." This meant that the government could not withdraw them arbitrarily, take them without due process of law, or condition them on relinquishing constitutional rights (Reich, 741–746). Other developments more specifically involved public employment, such as Cold War era rulings that the government could not condition teaching and other public jobs on swearing a loyalty oath, or withhold them from members of communist or other "subversive" organizations.

Courts from the 1960s onward have justified recognizing constitutional rights in the public workplace partly on the strength of the individual liberties at stake. They have rejected Justice Holmes' earlier formulation in favor of the view that "[t]here are some rights and freedoms so fundamental to liberty that they cannot be bargained away in a contract for public employment" (Connick v. Myers, 147). Courts also have emphasized that protecting such rights generally promotes public administration that is transparent, accountable, non-arbitrary, fundamentally fair, and characterized by the rule of law.

But public administration can pay a significant price for these benefits, by reducing the control over workers that is generally needed to get things done timely and well and consistent with priorities set by elected officials. Internal proceedings and lawsuits to resolve constitutional claims impose substantial costs, divert resources and personnel from public duties, and may deter some talented individuals from joining agency ranks (Harlow v. Fitzgerald, 816). Judicial rebuke of public management decisions on federal constitutional grounds implicates potent separation of powers and federalism concerns. Consequently, some jurists argue against "constitutionalizing" government personnel management and urge that legislation, such as ethics and whistleblower laws and nondiscrimination statutes, strikes the appropriate, voter sanctioned balance between protecting public workers and not imposing undue costs and inefficiencies on governmental operations (Bd. of Cty. Comm'rs v. Umbehr, 692–695).

So far American courts have resisted these claims and continue to strike the balance at a constitutional level, requiring government employers to justify treating employees differently from members of the public on the grounds that to do otherwise would unduly disrupt or burden public administration. David Rosenbloom offers a "public service model" that summarizes the chief factors courts weigh to strike the right balance in a given case: "(1) the employee's interest in exercising his or her constitutional rights...; (2) the government's interest in achieving some important purpose as an employer; (3) the public's interest in the way government and public administration operate; and (4) avoidance of overly intrusive judicial involvement in public management" (Rosenbloom, 48). Courts tend to give substantial weight to the second and fourth factors, emphasizing that "[t]he government's interest in achieving its goals as effectively and efficiently as possible is elevated from a relatively subordinate interest when it acts as sovereign to a significant one when it acts as employer" (Waters v. Churchill, 675). As discussed below, however, blending the considerations Rosenbloom cites to resolve an employee's constitutional claim involves fact-intensive analysis and multi-part doctrinal rules and therefore produces few

predictable outcomes. This unpredictability helps protect public officials from personal liability for violating public employees' constitutional rights, since to be liable they must violate clearly established constitutional rights that they knew of or reasonably should have known of. Whether the unpredictability emboldens or discourages constitutional claims by public employees as a general matter, and imposes more or fewer costs on government employers as a result, is unclear.

In describing the major constitutional rights accorded to public employees in the United States, this entry focuses on the judicial interpretation of provisions in the United States (i.e. national or federal) Constitution's Bill of Rights, (the colloquial term for the first ten amendments to the Constitution, and the Fourteenth Amendment, which says that states may not deprive someone of life, liberty, or property without due process of law and may not deny someone equal protection of law. The US Supreme Court has required state and local governments, as sovereigns and employers, to respect most individual rights granted by the federal Bill of Rights, holding that those rights are "incorporated" into the Fourteenth Amendment's due process guarantee. Focusing on the federal constitution therefore describes most constitutional rights enjoyed by federal, state, and local workers. It is beyond the scope of this entry to consider additional protections that may be afforded state and local workers by the constitutions of their respective states, or by public workers generally under federal, state, and local legislation.

## Public Employees' Constitutional Rights: Scope and Limits

### Freedom of Speech and Assembly and the Right to Petition for Redress of Grievances

The constitutional right most litigated between public workers and their employers is the right to freedom of speech under the First Amendment. Since the 1960s, the Supreme Court has asserted that "citizens do not surrender their First Amendment rights by accepting public employment" (Lane v. Franks, 319). Free expression of ideas and facts, without coercion or the imposition of orthodoxy by the government, is considered critical to informed debate and to meaningful public oversight of policymaking and administration. For this reason, and because public employees frequently will have well-informed opinions on government actions by virtue of their work experience, courts have limited the government's ability to punish employees – even probationary employees who may otherwise be terminated for no reason at all – for joining the public debate. Accordingly, when a public employee is speaking as a citizen on a matter of public concern, her employer may only restrict or punish that speech if it is reasonably likely to substantially interfere with workplace operations and the provision of public services.

Unpacking this rule further, courts have said that to speak as a citizen, an employee's speech must not be part of her official duties, based on the substance of her job as performed and not by a written job description. The theory underlying this requirement is that the government should be able to control speech that it has created or commissioned (Garcetti, 421–422). Rejecting the notion that all goings-on within government bodies are by definition matters of public interest, courts also require a public employee to prove that her speech, when judged by its form, content, and context, addressed an issue of concern to the community or of legitimate news interest, and not a private grievance (Connick, 147–148).

After crossing these thresholds, the employee must show that her speech – or, what the employer thought she said – was a substantial or motivating factor in taking adverse employment action against her; however, an employer that disciplines an employee for her protected speech may still avoid liability by showing that, more likely than not, it would have taken the same action against her for other valid reasons in the absence of her speech (Mt. Healthy, 287). Finally, the employee must prove that her interests in speaking, and society's in hearing from someone well informed through their work experience, outweigh those of her employer in "promoting the efficiency of the public services it performs through its employees"

(Pickering, 568). The factors that courts find relevant in this "Pickering balance" are whether the speech did or is reasonably likely to create disharmony among coworkers or undermine morale in the workplace, lessen trust (or actively breed distrust) between colleagues, or between supervisors and employees where close working relationships and trust is essential or interfere with the employee's ability to fulfill his official duties.

This same set of queries applies to public employee claims invoking freedom of speech, the right to peaceably assemble, or the right to petition government for redress of grievances. Each case involves close scrutiny of facts and difficult line drawing by courts, producing many divided decisions. Whether the overall outcome is to narrow protections for public employees is unclear. On the one hand, courts have set a high bar for preserving any remaining patronage-based appointments, requiring the government to demonstrate that shared party affiliation or political views are reasonably required for effective performance of the job in question (often focusing on the confidential or policymaking aspects of such work), and rejecting the government's claims in most such cases. Courts also have said that purely internal communications to colleagues and supervisors may qualify as touching on matters of public concern; examples include an assistant district attorney's survey question to coworkers about pressure to support political campaigns and an office worker's remark after a presidential assassination attempt that she hoped they would get him next time. The Supreme Court also has suggested that the ban on protection for speech created as part of official duties may not apply to teaching and writing by public university professors, who are paid precisely to contribute to the public debate, and has noted an independent duty all citizens have to testify truthfully under oath, which may protect the testimony of a public employee whose job includes going to court on behalf of a government employer (Garcetti, 425; Lane, 325).

On the other hand, lower courts have held that speech in the context of a professor's administrative service is part of employment duties and unprotected and have left open whether protection exists for sworn testimony by public employees whose job involves going to court on their employers' behalf. And, while courts have said that concerns expressed internally to colleagues or supervisors are not categorically beyond First Amendment protection, several cases have cited the internal nature of communications in finding them to be part of official duties and thus unprotected. Public communications, such as letters to the local newspaper or complaints to external auditors and regulatory authorities, are more likely to be deemed to touch on matters of public concern. This may incentivize employees to air concerns publicly, which in turn may disrupt government service substantially and in some cases give the employer a stronger hand in the ultimate balancing of interests.

Further, in an effort to reduce burdens and judicial intrusion on public workplace management, an employer may terminate an employee on a reasonable, but mistaken, belief that her speech was unprotected. However, if an employer mistakenly believes an employee engaged in protected speech and punishes her for it, the employer will be liable, on the grounds that such discipline chills others from engaging in protected speech even if the disciplined employee did not actually exercise her rights (Waters, 669; Heffernan, 1418). Employers need only reasonably anticipate substantial disruption to the workplace from an employee's speech – they need not wait to react only after disruption occurs (Connick, 152). Wary of micromanaging the public workplace from the bench, courts have tended in recent years to give significant credit to employer concerns that employee speech will undermine harmony and trust among coworkers, legitimate supervisory authority, and public confidence in the agency.

Freedom of speech includes the freedom not to speak and not to associate with others whose message one declines to join. For public employees, this has meant the right to refuse to join a public union, and in recent years, membership in public unions has declined significantly. The Supreme Court has long held that the First Amendment bars public unions from demanding fees from nonmembers to support lobbying and other political activities, but has also held that in

the interest of avoiding free riders, the unions may act as "agency shops" and collect fees from nonmembers for negotiation, contract administration, internal grievance procedures, and certain efforts to influence policymaking that the Court has deemed nonpolitical and that benefit all workers (e.g., on issues of wages and benefits). Under a "right to work" banner, advocates for nonmembers have persuaded a number of state legislatures to eliminate the laws authorizing agency shops. Several states retain the agency shop approach, however, and so challengers continue to attack its constitutionality. The Supreme Court seemed poised to overturn its earlier rulings and invalidate agency shops, but with the death of one of the nine Justices in February 2016, the Court is evenly split on the issue currently, and so future First Amendment challenges are likely to await a full bench.

### Substantive and Procedural Due Process of Law

The Fifth and Fourteenth Amendments say that the federal and state (including local) governments, respectively, may not deprive someone of "life, liberty, or property, without due process of law." Due process of law contains both substantive and procedural components relevant to public employment, although many more claims have involved the latter. Government denies its employees substantive due process when it interferes with fundamental liberties without sufficient justification. Most fundamental liberties (like free speech) are spelled out in the Constitution, and employees must cite those provisions rather than substantive due process where they apply. The few cases in which public employees successfully sued on substantive due process grounds have involved the enforcement of mandatory leave policies for pregnant women still capable of working; this reflects the Supreme Court's view that making decisions on matters of family and procreation is a fundamental individual liberty that is implied rather than expressly stated within the Constitution. The Court has strenuously rejected the notion that public employees may use the substantive due process clause as a catch-all tool to challenge individual employment decisions: "We must accept the harsh fact that numerous individual mistakes are inevitable in the day-to-day administration of our affairs. . ..The Due Process Clause of the Fourteenth Amendment is not a guarantee against incorrect or ill-advised personnel decisions" (Bishop, 349–350).

Government denies an employee procedural due process when it takes away her property – in this context, takes away her right to continued public employment by terminating, suspending, or demoting her – through a process that is not fundamentally fair. The Due Process Clause does not itself grant a right to continued employment; instead, the employee must point to a statute, contract, or well-established practice that creates such a right, for example by requiring a finding of "good cause" for termination. If such a right does not exist – if the employee is probationary or at will – then the Due Process Clause imposes no constitutional constraints on the process used to terminate her, even if statutes or contracts require certain procedural steps. If a public employee does have a right to continued employment, her employer may not discharge, suspend, or demote her without offering her a hearing before an impartial decision-maker (which may be an agency official), in which she receives notice of the reasons for discharge and an opportunity to review and respond to the employer's charges and evidence. Recognizing the employer's need to respond quickly to employment concerns, courts have held that pre-termination hearings, which are designed to clarify facts and avoid errors, may be brief and informal, especially if full evidentiary hearings are provided post-termination. Generally the remedy for violating an employee's procedural due process right is procedural rather than substantive – a new hearing, rather than reinstatement. Employees have no constitutional right to appeal the outcome of the hearing and may waive their right to the hearing itself.

Procedural due process also prohibits government employers from interfering with the liberty interest of all employees – including those without a right to continued government employment – in being able to work and earn a living. If, in the course of terminating an employee, a government employer publicly disseminates information that the employee claims is false, stigmatizing and

likely to substantially impair her future employment, the employee may assert a procedural due process right to a "name-clearing hearing." The purpose of such a hearing is solely to allow the employee to clear her good name and reputation; it is not an appeal of her termination and does not permit reinstatement, even if she proves that information the employer shared about her is false. Charges of dishonesty, embezzlement, drug and alcohol addiction, sexual misconduct, and mental instability all have qualified as sufficiently stigmatizing to warrant name-clearing hearings. Whether the employer has made the charges sufficiently public to warrant a hearing is determined on a case by case basis; sharing the charges with a potential future employer during a background check likely would qualify. The disclosure must be made by the employer and not coworkers or the media, to invoke the right to a name-clearing hearing.

### Equal Protection

The Fifth and Fourteenth Amendments require that government not deny any person equal protection of the laws. For public employees, this means that they have a constitutional right to be treated by their employers in the same manner as others who are similarly situated. The Supreme Court has held that a public employee may not use the Equal Protection Clause to challenge an employment decision that singles her out as a "class of one" for purely arbitrary, vindictive, or personal reasons; otherwise, too many public personnel management decisions would be constitutionalized and judicially micromanaged. But, when an employer classifies employees on different bases, courts will demand greater or lesser justification for those distinctions depending on the type of classification used.

Applying what is known as "rational basis scrutiny," courts will uphold most distinctions (e.g., age, residency, education, and work experience) as constitutional if they are rationally related to a legitimate government interest. Distinctions involving characteristics that are considered immutable, irrelevant to most or all work abilities, and historically misused to inflict great harm on minorities, require greater justification and more limited use. Accordingly, classifications based on race, ethnicity (as distinct from immigration status), and religion must be narrowly tailored to serve a compelling interest. In very few cases will an employer meet this burden; even so-called "benign" uses of race have been rejected, if intended as general affirmative action or workforce diversity measures (although race may be used in a limited way to address specific past instances of segregation). Rosenbloom suggests that undercover police or counterterrorism work requiring an agent to match the characteristics of an infiltrated group might withstand strict scrutiny (Rosenbloom, 52).

Historically, gender-based classifications have received "intermediate" scrutiny, requiring that the employer show the classification is substantially related to an important government interest. This reflects the (now diminishing) sense that certain innate differences between men and women warrant differential treatment in the workplace. Courts have differed as to whether classifications based on sexual orientation (and perhaps gender identity) also warrant intermediate scrutiny. Notably, federal and state statutes offer extensive nondiscrimination protections for age, disability, veteran status, and in some cases sexual orientation and gender identity, that go well beyond constitutional protections and give public employees a firmer footing for their claims.

### Privacy

The Fourth Amendment states that "[t]he right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated . . . ." Courts have interpreted the Fourth Amendment to mean that whenever someone has an objectively reasonable expectation of privacy (i.e., an expectation of privacy that society generally shares) in a place, or thing, or her person, the government may not invade that privacy without either obtaining a warrant – a judicial order authorizing the search or seizure, the "gold standard" of privacy protection since it involves oversight by a separate branch of government – or demonstrating that getting a warrant is not feasible and the search is otherwise reasonable in the circumstances.

The right to be free from unreasonable searches and seizures extends beyond criminal investigations and protects public employees from unwarranted invasions of privacy by their government employers in the course of their work. At the same time, courts have recognized that public, no less than private, employers have "special needs" to search or access employee possessions and information in order to carry out valid workplace functions. Accordingly, public employers do not need a warrant to conduct searches for non-investigatory, work-related purposes or to investigate work-related misconduct. Searches will be considered reasonable, and therefore constitutional, if they are justified at their inception, use methods reasonably related to what the employer is seeking, and are not excessively intrusive in the circumstances. So, for example, a city police department did not violate an officer's constitutional rights by reviewing two months of pager message transcripts to determine whether the city needed to adjust the character limit on department-issued pagers, after an officer exceeded that limit several times; the city disciplined the officer after finding that most messages sent and received by his pager were non-work related and many were sexually explicit (City of Ontario, 762–765).

In judging the overall reasonableness of a workplace search, or whether a public employee has a reasonable expectation of privacy to begin with – without it, no search is deemed to occur and the Fourth Amendment is not implicated – courts will consider the "operational realities" of the public workplace. These include whether an employee's files are publicly available under freedom of information laws, or her communications subject to monitoring or audit under employer policies, or her workspace open to public traffic. Public employers may effectively set expectations of privacy through their policies and thereby make workplace searches easier or harder to conduct. The digital age may present certain challenges, however, as when employees use personal devices for workplace communications. In a very small number of cases involving employees in dangerous and highly regulated work (drug interdiction, railroad operation), the Supreme Court found such a reduced expectation of privacy and an elevated employer need that suspicionless drug and alcohol tests were constitutional; more commonly, investigatory searches for workplace misconduct involve individualized suspicion.

C

### Free Exercise of Religion/Freedom from Establishment of Religion

The First Amendment protects both an individual right to free exercise of religion and a right to be free from government establishment of religion. Accordingly, public employers may not coerce employees, overtly or subtly, into joining in prayer or other religious activities in the workplace. More difficult questions arise as to how far employers must and may go in accommodating employee religious expression in the workplace. For example, some employees may wish to wear or display articles in the workplace that reflect or express their religion, or to discuss their religious beliefs with coworkers and clients. Employers may fear that employee religious expression will be attributed to the employer and prompt claims that the employer has violated the Establishment Clause; or, they may be concerned that such activities will generate conflict with coworkers and clients, especially if religious expression takes the form of proselytizing.

Because many cases involving religious expression are brought under both the free speech and free exercise clauses of the First Amendment, courts have tended to apply the same balancing of interests described above. In the religion context, this means weighing the employee's interest in expressing her religious views against the employer's interest in promoting an efficient and effective workplace, avoiding substantial disruption to its operations, and avoiding Establishment Clause problems. Courts have lowered the bar for employers in this regard by holding that as a constitutional matter, they may apply neutral (i.e., not targeting religion), generally applicable workplace rules even if they substantially burden an employee's free exercise of religion, so long as the rules are rational and non-arbitrary. This approach reflects a major shift from earlier case law requiring government employers to show a

compelling interest in applying rules that substantially burdened an employee's religious rights. Congress and many state legislatures have imposed this stricter standard via statute, however, and so public employees commonly invoke those statutes alongside the Free Exercise Clause in an effort to gain broader accommodation of religious expression in the workplace.

### Public Contractors

In important respects, the Constitution shapes relationships with public contractors as well as public employees. Under the First Amendment, public contracts may not be conditioned on political support or withheld when contractors criticize government officials or policies. The scrutiny given to even benign racial and ethnic classifications and to gender classifications under the Equal Protection Clause has eliminated most minority and gender preferences in public contracting, leaving room only to remedy prior systematic exclusion from contracting opportunities. Excluding religious organizations per se from competing on equal terms for public contract and grant dollars violates their Free Exercise rights, although allowing them to use public funds to only hire those of the same faith and deliver only those services that are compatible with their religious views may violate the Establishment Clause. Finally, in certain cases where contractors are performing inherently public functions, are clothed by the government with its own authority, or operate jointly with the government, the contractors may be deemed "state actors" whose operations must comply with the Constitution.

### Enforcement of Constitutional Rights

Constitutional rights, like any rights, matter little unless they are enforceable. Depending on the right and violation at issue, employees may want injunctive relief (e.g., reinstatement to a position following unlawful termination, elimination of an unconstitutional workplace rule, redoing a procedurally defective disciplinary hearing); money damages to compensate for lost pay or other actual financial harms; attorney fees and other litigation costs; and punitive damages to deter future misconduct. Because governments traditionally enjoy sovereign immunity – immunity from being sued without their consent – public employees may only seek these remedies from the agencies employing them, or personnel within those agencies, if that immunity has been waived.

Waivers typically occur through legislation, where elected representatives can balance the desire to remedy harms caused by government action with the need to prevent litigation from bleeding dry the public fisc or discouraging talented individuals from entering public service and vigorously pursuing their duties. The civil rights statutes noted in this entry are examples of such waivers, as are federal and state statutes that permit suits for breach of contract by government agencies and for "torts" – harms to persons or property – committed by public employees in the scope of their official duties.

For public employees seeking to vindicate federal *constitutional* rights, the most important statutory waiver of immunity is a federal civil rights law, 42 U.S.C. §1983 ("Section 1983"), passed by Congress in 1871 under powers granted by the Fourteenth Amendment to safeguard the rights of newly freed slaves. Section 1983 states that every person who violates someone's constitutional rights while acting "under color of" state law is liable for money damages and other remedies including attorney fees. Section 1983 does not create substantive rights; it is a vehicle for public employees to argue that their constitutional (or federal statutory) rights have been violated, and they must prove that violation under the standards discussed in this entry.

While states and state agencies are not themselves considered "persons" under Section 1983, public officials acting in the course of their official duties are, and suits brought against them under Section 1983 are effectively suits against the government employers they represent. (Section 1983 subsumes, in practice, a century-old waiver created by the Supreme Court in a case called Ex Parte Young, allowing suit against state officials seeking them to be ordered to enforce federal rights.)

Unlike states, local government bodies may be sued as "persons" under Section 1983, but only for constitutional harms caused by official policies, customs or practices, or individual actions approved by a final policymaker. State and local employees may be sued in their individual capacities under Section 1983 as well. Section 1983 does not apply to the federal government, and no other statutory waiver exists authorizing constitutional claims against federal agencies or officials. In 1971, however, the Supreme Court held that the Constitution itself implied the availability of such a suit – in that case, a $15,000 damages claim against six narcotics agents for unconstitutional search and seizure – where the legislature had created no other remedy for such a violation. Called a "Bivens" action after the title of that case, the Court has only allowed two other such actions since 1971, reflecting its concern about usurping the legislature's role in waiving immunity and exposing the government to liability.

Federal, state, and local personnel (and contractors qualifying as state actors) may only be held personally liable for violating constitutional rights and required to pay damages out of their personal funds, if they violate "clearly established statutory or constitutional rights of which a reasonable person would have known." (Harlow, 818) This "qualified immunity" is an immunity not just from liability but from suit, so courts judge at the outset whether immunity is available and, if so, dismiss the case. Qualified immunity helps ensure that public workers have fair notice that their behavior is unconstitutional before penalizing them personally and helps give them the "breathing room" to make difficult decisions on the job without undue risk of liability. Because so many constitutional cases are decided through ad hoc balancing tests and fact-intensive analyses, the law rarely will be "clearly established," which greatly limits in practice the personal liability of public workers. Moreover, even when remedies may be available, litigating against one's employer or coworker(s) requires time, emotional energy, and money, which themselves can be potent deterrents to lawsuits and encourage early settlement of claims.

## Conclusion

Federal courts began recognizing constitutional rights of public employees roughly 60 years ago. This effort has eliminated most vestiges of political patronage as the basis for public jobs, while preserving space for a few positions that truly require partisan alignment. But the scope of employee constitutional rights remains limited, because courts are keenly aware of the needs of public as well as private employers to manage the workplace efficiently and effectively. Despite some notable constitutional victories for employees (and contractors), mainly rejecting egregious efforts to suppress legitimate criticism or whistleblowing by subordinates, courts are reluctant to convert most public personnel decisions into constitutional litigation. Statutory rights in many cases may offer more valuable protections for employees facing discrimination, invasions of privacy, or retaliation for speech and religious expression.

## Cross-References

► Constitutional Intersection of Civil Liberty and Public Administration

## References

Blum KM, Urbonya KR (1998) Section 1983 Litigation. Federal Judicial Center, Washington, DC

Bodner B (1995) United States Supreme Court gives public employers greater latitude to curb public employee speech. Temp L Rev 68:461

Brown H, Kerrigan SV (1995) 42 U.S.C. § 1983: the vehicle for protecting public employees' constitutional rights. Baylor L Rev 47:619

Chemerinsky E (2001) Against sovereign immunity. Stan L Rev 53:1201

Hirschman LR (1977) at 352 No Right To Be a (Long Haired) Policeman*: The Constitutional Dimensions of Public Employment Under the Burger Court. Ind Relat Law J 2(3):351–390

Lee LXH, Rosenbloom DH (2015) A reasonable public servant: constitutional foundations of administrative conduct in the United States. Routledge, Oxfordshire

Meier KJ (1981) Ode to patronage: a critical analysis of two recent supreme court decisions. Public Adm Rev 41(5):558–563
Michael McGuinness J (1999) Procedural due process rights of public employees: basic rules and a rationale for a return to Rule-oriented process. New Eng L Rev 33:931
Reich CA (1964) The new property. Yale Law J 73(5): 733–787
Rosenbloom DH (2015) Administrative law for public managers, 2nd edn. Westview Press, Boulder
Rosenbloom DH, Carroll JD, Carroll JD (2000) Constitutional competence for public managers: cases and commentary. F.E. Peacock Publishers, Inc, Itasca
U.S.C. §1983 (2016) Available as of 14 Aug 2016 at http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section1983&num=0&edition=prelim#sourcecredit

# Construct Validity in Public Policy Research

Patrick O. Asingo
Department of Political Science & Public Administration, University of Nairobi, Nairobi, Kenya

## Synonyms

Constructs; Policy research; Reliability; Validity

## Definition

Construct validity is the degree to which research constructs accurately reflect or measure the phenomenon they represent.

## Introduction: Concepts, Constructs, and Variables

A discussion on *construct validity* must inevitably begin by clearing the dense conceptual forest around it. A *construct* is a type of *concept*, where a *concept* is a word that represents a phenomenon by summarizing its major characteristics. From a cognitive science perspective, "*concepts* are abstractions that represent some part of the world; they describe the properties common to class of objects or ideas" (Cerulo 2002, p. 5). Policy concepts group together the aspects of the policy world which are based on similar properties. This helps to identify them easily without enumerating their characteristics each time they are referred to. When concepts are used appropriately, they simplify the world and make communication easy.

Concepts which refer to aspects of objects that are similar from one case to the other are referred to as *constants*. Ideally, all human beings have two legs, and hence the number of legs is a *constant.* However, concepts that refer to aspects of objects that vary from one case to the other are called *variables*. For instance, some people are tall, while others are short, and, hence, height is a *variable*. Policy research usually revolves around variables as opposed to constants because a *constant* feature of a group of objects cannot explain differences in their behavior. For example, if each normal athlete has two legs (*constant*), then the fact that some athletes run faster than others (*variable*) cannot be attributed to the number of legs they have.

Concepts also vary in their degree of abstraction and range from very *concrete* to very *abstract* concepts. *Concrete* concepts refer to easily observable things with shared meanings which are relatively less controversial like age, height, or weight. The easier it is to observe what a concept refers to, the more concrete it is. In contrast, *abstract* concepts, which are also known as *constructs*, refer to things that are difficult to empirically observe such as *policy transfer*, *policy success*, *policy termination*, and *governance*. Wimmer and Dominick (2011) outline three characteristics of *constructs*. First, they are mental abstractions and therefore cannot be directly observed. Secondly, they are abstract ideas or higher-level concepts that have to be broken down into simpler parts that can be captured by lower-level concepts. Finally, they are context-based, and hence the meaning assigned to them when used in a given context has to be clarified for easy communication. Interestingly, most of the variables used in policy studies are *constructs*. Indeed, "numerous concepts in public policy are

either too vague or there is too little agreement on their outlines to measure them" (Innes 1990, p. 173).

## Construct Reliability and Validity

Since *constructs* are abstract, they must first be measured to establish an agreeable meaning before being used in research. Measurement is "the process of linking abstract concepts to empirical indicators" (Carmines and Zeller 1979, p. 10). It is the process of identifying the observable characteristics, empirical manifestations, or indicators of constructs and using them as research variables. The indicators require standard benchmarks or scales on the basis of which the qualitative or quantitative values of the constructs can be measured. There are four cumulatively and progressively related scales used to measure public policy constructs. *Nominal scale* is the lowest and involves classifying policy data into mutually exclusive and exhaustive nonhierarchical descriptive categories. For instance, income can be measured in terms of salaried incomes or non-salaried incomes. *Ordinal scale* also classifies data into hierarchical, qualitative, and non-numeric categories. In this regard, *policy support* can be measured as "low support" or "high support." *Interval scale* uses hierarchical and quantitative categories. For instance, *age* is measured in years. Finally, *ratio scale* has all the properties of *interval scale*, but in addition, each category begins from a fixed and nonarbitrary zero point.

Regardless of the measurement scale used, the meaning assigned to a construct must be agreeable, reliable, and also valid. A measure is considered reliable if it yields consistent results, so that it does not change unless what it measures has changed. A reliable clock does not change unless the time or time zone has changed. Reliability is about the consistency of a measure. A consistent liar is reliable because he always lies, and hence you can preempt his lies by avoiding him. However, a non-consistent liar is unreliable since you cannot tell when he will pull a prank. A concept is reliable if it is used consistently by a community of scholars to refer to the same thing even if, in reality, that is not what it is supposed to refer to.

There is always need to transcend construct reliability to attain *construct validity* which has to do with the accuracy of any alleged link between a construct and the phenomenon it purports to represent. A construct is validly measured if it accurately reflects the phenomenon it seeks to measure. Although a valid measure must be reliable, not all reliable measures are valid. Despite the existence of many forms of validity, construct validity tends to get special attention. Indeed, since Cronbach and Meehl first outlined *construct validity* in 1955, "it has come to be viewed as an over-arching concept which encompasses all the other [validity] forms" (Drucker-Godard et al. 2001, p. 197). Besides, "many writers have further argued that construct validity subsumes all other so-called types of validity and can, in fact, be equated with the basic meaning of validity" (Pearlman 1983, p. 2). Others argue that "only construct validity is really relevant in social sciences" (Drucker-Godard et al. 2001, p. 197).

Construct validity refers to the degree to which research constructs accurately reflect or measure the phenomenon of interest. It is useful to think of constructs as existing at three levels. First, there is the *objective construct* or *construct in itself*, which is the true meaning of a *construct* ascribed to it by its initiators or the community of scholars. Secondly, there is *subjective construct* or *construct by researcher* reflected in the indicators identified and assigned to a *construct* by a researcher in a research context. Finally, there is the *interpretive construct* or *construct by respondent* as reflected in how respondents interpret a *construct* in a specific survey research context. These three levels must match for a *construct* to be completely valid. The researcher, respondents, and research output consumers must have a shared meaning of a *construct*, which must accurately reflect what the *construct* is about.

## Threats to Construct Validity

Threats to construct validity occur when the researcher assigns indicators which do not reflect

the construct accurately. For instance, "claims of *policy success* are in abundance, yet the academic world has barely begun to dig beneath the surface of this key policy phenomenon and the rhetoric that surrounds it" (McConnell 2010, p. 29). Some researchers measure *policy success* in terms of *policy outputs*, while others measure it in terms of policy *outcomes*, and others define it broadly to include both policy *outputs* and *outcomes* (Hill and Hupe 2009). Similarly, "although *policy convergence* constitutes a central concept in comparative public policy, it is not always consistently used and mixed up with related but not equivalent concepts" (Knill 2006, p. 3) like *policy transfer*, *policy diffusion*, and *isomorphism*. Moreover, "various concepts have been used to define privatization, including *contracting for services*, *denationalization*, *commercialization*, *marketization, asset sale, managed competition*, and other processes" (Farrow 2014, p. 52). This trend toward proliferation rather than refinement of existing public policy concepts is bound to exacerbate the problem of construct invalidity.

### Construct Displacement

Both the survey respondents and consumers of research outputs must be brought to bear when conceptualizing *construct validity.* When respondents interpret constructs differently or have different meaning from what researchers intended, then the result is *construct displacement. Construct displacement* occurs as a miscommunication at the conceptual level, between the researcher and respondents regarding the meaning of a construct so that data obtained may deceptively seem to reflect the construct of interest. Some respondents, who do not know what a researcher means by constructs like *climate change*, still make judgments about its effects. It is imprudent to think that such judgments have no reasoned basis; most likely they have their own mental construction of *climate change*. Yet, "nothing is more frustrating for a researcher than realizing that respondents have consistently misinterpreted the meaning of a question [and] hence questions should be worded so that there is no ambiguity about their meaning, because this directly affects the validity of the responses" (Foltz 1996, p. 11).

A common source of *construct displacement* is the practice of soliciting aggregate-level information from respondents during surveys. Many national surveys usually ask respondents to state how well the national economy is doing and then treat the responses as a reflection of the true state of the *national economy*. Yet, *national economy* as a construct evokes different meanings to different people such as gross domestic product (GDP), debt ratio, employment rates, poverty levels, and per capita income. As a construct, *national economy* is derived from intricate mathematical computations which are well beyond the grasp of an average person. Even educated people who do not keep track of national economic indicators cannot tell the state of the national economy. Any country's *national economy* is the same everywhere, so that when respondents make different assessments of the same *national economy*, it may be due to *construct displacement*. Their focus may be on different aspects of the *economy* and hence have different sense of the economy from each other and from the researcher. As a remedy, questions with constructs should be preceded with researcher's clear description of the constructs or by asking respondents to state the meaning of the construct. This helps to detect *construct displacement* and address it during data pretest or cleaning. Otherwise, "the general admonition about survey design is this: pretest the questionnaire" (Foltz 1996, p. 12).

### The Identity-Equivalence Problem

The equivalence problem in comparative studies has to do with the extent to which relevant properties of a construct are similar and bear identical semantic meanings and weight across cultures (Van Deth 1998). The issue is not whether indicators of a given construct adequately capture the reality it is supposed to measure but whether the reality itself is perceived in the same way across cultures. Do constructs like governance, transparency, and accountability have similar meaning across different cultural and national contexts? Are construct indicators operationally visible only at elite epistemic levels where they

are constructed, or are they also visible to the "public"? Undoubtedly, "a crucial problem of comparative research, then, is the establishment of cross-culturally or cross-nationally [or cross-time] valid and reliable instruments" (Van Deth 1998, p. 2). While studies based on a single culture often miss cross-national differences and therefore weak in external validity, cross-cultural studies routinely fail to get identical or equivalent constructs, resulting in *identity-equivalence problem*.

Constructs should be measured in terms which are consistent with how the phenomena they represent are viewed in the study area. However, while most rural societies view wealth and poverty in terms of what they see around them, non-monetary indices of wealth like land and livestock tend to be ignored in wealth indices. Researchers in such societies usually treat a respondent who owns a bicycle as poorer than a respondent who has parked an old car in his compound, even if it can no longer move. However, such societies treat land and livestock as indicators of economic wealth and social status, which they use or sell to meet their needs, the way urban folks draw money from banks for similar or related purposes. Yet unless poverty as a construct is well-defined, it is difficult to design effective intervention policies.

One source of the equivalence problem is construct *translation*. Increased globalization has heightened the need for cross-cultural studies which inevitably demands *translations.* A representative cross-national study of sub-Saharan African countries has to include samples from Anglophone and Francophone respondents and hence require *translations.* Even survey research in linguistically diverse countries such as Nigeria, South Africa, and Kenya certainly require *translation*. Translation problems can be mitigated through inter-translator reliability.

### Conceptual Stretching

The concept of *conceptual stretching* was developed by Giovanni Sartori in 1970 and refers to the distortion in the meaning of a concept brought about by extending the use of a concept to cases for which it is not appropriate or where its features are not applicable. *Conceptual stretching* occurs when a concept developed for a specific set of cases is extended to other cases which are so different that the concept is no longer appropriate to use (Collier and Mahon 1993). *Conceptual stretching* distorts shared meaning of a construct and hence hinders communication at the concept level. Sartori suggested the *ladder of generality* as a solution. He argues that the number of traits captured by a construct should be inversely related to the range of cases that it can cover. The fewer the traits that define a construct, the more general it is and the larger the number of cases that it will be able to cover and vice versa. Intuitively therefore, constructs which are identifiable by many traits can only cover very few cases.

An example of a policy construct that has faced conceptual stretching is *bureaucratic authoritarianism*. The construct was initially developed by O'Donnell in the early 1970s to refer specifically to a new form of military-backed bureaucracies that were evolving in Latin America, especially Brazil and Argentina in the 1960s. Yet, over time, the meaning of the construct was altered to incorporate more cases for study such as Spain, Mexico, the Philippines, Turkey, South Korea, and Greece. In the process, *bureaucratic authoritarianism* began to be used in contexts that clearly are beyond its scope. Scholars such as Charles Andrain (1994) went to the extent of including Confucian China as part of bureaucratic authoritarianism, thus ignoring some of the construct's original defining features like industrial class (Munk 1998).

## Conclusion

Public policy research, like other social research enterprises, must be alive to and be shielded from construct invalidity. This article suggests a broad conceptualization of construct validity that transcends mere matching of variable's *objective* and *subjective construct* levels. For complete validity, constructs must travel the extra mile to also conform to the respondents' and output consumers' possible interpretation of the construct. The

problem is how to predict the interpretations which potential research respondents and research output consumers will assign to a construct and to align them with construct's *objective* and *subjective* levels. One strategy is to measure constructs in terms which are consistent with how the phenomena they represent are viewed in the study area. Another strategy is to disaggregate constructs to lower-level concepts and limit the practice of directly soliciting aggregate-level information from respondents. Relatedly, such constructs should not be used to communicate research outputs without adequate operationalization. Reconnaissance studies should be used to pretest if a construct has been properly disaggregated and to match the three construct levels.

## Cross-References

► Comparative Policy Implementation Research
► Comparative Policy Reforms
► Quantitative Methods

## References

Andrain CF (1994) Comparative political systems: policy performance and social change. M.E. Sharpe, New York
Carmines EG, Zeller RA (1979) Reliability and validity assessment. Sage, Thousand Oaks
Cerulo KA (2002) Establishing a sociology of culture and cognition (1–12). In: Cerulo KA (ed) Culture in mind: toward a sociology of culture and cognition. Routledge, London
Collier D, Mahon JE (1993) Conceptual stretching revisited: adapting categories in comparative analysis. Am Polit Sci Rev 87(4):845–855
Drucker-Godard C, Ehlinger S, Grenier C (2001) Validity and reliability. In: Thietart R (ed) Doing management search: a comprehensive guide. Sage, London
Farrow TCW (2014) Civil justice, privatization, and democracy. University of Toronto Press, Toronto
Foltz DH (1996) Survey research for public administration. Sage, London
Hill M, Hupe P (2009) Implementing public policy: an introduction to the study of operational governance. Sage, London
Innes JE (1990) Knowledge and public policy: the search for meaningful indicators. Transaction Publishers, London
Knill C (2006) Introduction: cross-national policy convergence: concepts, approaches and explanatory factors. In: Knill C (ed) Cross-national policy convergence: concepts, causes and empirical findings. Routledge, New York
McConnell A (2010) Understanding policy success: rethinking public policy. The Palgrave Macmillan, New York
Munk GL (1998) Authoritarianism and democratization: soldiers and workers in Argentina, 1976–1983. Pennsylvania State University Press, University Park
Pearlman K (1983) Validity generalizations applied to the construct validity of a broad-band examination. US Office of Personnel research and development, Washington, DC
Van Deth JW (1998) Equivalence in comparative political research. In: Van Deth JW (ed) Comparative politics: the problem of equivalence. Routledge, London
Wimmer RD, Dominick JR (2011) Mass media research: an introduction. Thomson Wadsworth, Belmont

# Constructivist Theories of Leadership

Linda M. Johnston
Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Constructive; Developmental; Empowerment; Leaders

## Definition

Constructivist theories of leadership emphasize new and integrative approaches to leadership development, effectiveness, and evaluation. The resulting research is focused on how leaders see their roles, how they derive meaning from their work, and how they assess their own development.

## Introduction

Since the 1990s, constructivist theories of leadership have emerged to demonstrate new, integrated, interdisciplinary, and innovative approaches to the study of leadership. In the 25 years since the concept was first introduced,

the research in the field has both grown and broadened. Research on constructivist theories have been exploratory, comparative, developmental, and global in nature and pushed the understanding of leadership to include totally new methods of evaluating leadership traits as well as behaviors. At the same time, new tools for evaluating leadership performance have been developed and tested in the field. Robust research in these areas has led to the development of new tools for self and peer assessment. Fields such as public administration and public policy have benefited from these new tools in terms of selection of appropriate candidates for positions, job training program development, job satisfaction, meaning-making, and performance evaluation. The evolving fields of public administration and public policy require the frequent examination of the tools and techniques by which leaders are chosen and appraised in order to best meet the needs of the positions in a specific time and place.

## Leadership Theory

Leadership is one of the oldest studied topics in human history. Leadership theory and research can be driven in many productive ways. Researchers have moved away from simple and uncritical interviews with leaders about what made them successful to examining leaders in the context of their work environment to discover how they find meaning in their work. Researchers can view the traits of individual leaders or the traits of leaders in certain fields, or they can examine the behaviors of those leaders once they are placed into those positions. At the same time, researchers can view the context in which leaders work to better understand the traits that would allow a leader to be successful in that particular context. Up until recently, there has been little connection between leadership theory and the field research on leadership. Constructivist theories of leadership encourage the leader to take a pivotal role in the creation of their understanding of themselves as a leader and their role in both the workplace and in their chosen field. This emerging way of viewing and studying leadership allows for meaning about leadership to be co-constructed between the researcher and the leader and even to include their followers and stakeholders. A leader has the opportunity to create their own meaning regarding their work as well as their workplace. At a time when trust in leaders is at an all-time low, researchers need to examine how leaders view the impact of themselves and their work on their respective constituents. Rather than just critique the leader's work, researchers now can work with the leaders to cocreate different alternatives for dealing with pressing issues or work with the leader to realize new opportunities. Researchers can also view critical and pivotal work events from more than one vantage point or discipline, thereby opening up their perspective while also considering elements of leadership from more than just one individual's goals and needs. Because much of this work is now interdisciplinary and contextualized, social lens can, for example, be juxtaposed or overlaid with psychoanalytical lens to generate a deeper understanding of leadership roles. The research can allow for the examination of the paradoxes and complications at various levels of leadership and the complicated interactions that leaders may experience as they advance into higher management positions. This process also allows for the inclusion of the impact of followers or other stakeholders on leaders and to more directly study leader-follower-stakeholder interactions.

## Development of Leaders

Any leadership role requires particular skills and behaviors in order to be successful. These skills and behaviors can be social or technical in nature or they can involve specific methods of problem-solving or decision-making. While it is clear that some very broad skills and behaviors might be necessary in order to perform certain jobs, it is more the case that these skills and behaviors can vary within the context of where someone works or the level at which they are performing. Joyce and Adams' (2010) work also demonstrates that these skills and behaviors can shift based on political, social, economic, and technological climates and as needs in particular fields shift. Leadership is more than just the assessment of a person's

skills, their role, and the context in which they work, and yet it remains difficult to envision a more comprehensive view of leadership effectiveness or to develop training programs which are of direct benefit to the leaders in a particular context. Leadership identity can now include how the leader sees themselves, how others view the leader, and the leader's place in the larger context.

Constructivist theories of leadership may hold promise for leadership training and development programs. Constructivist knowledge is personally constructed rather than imparted from the top-down. As Kuhnert and Russell (1990) point out, constructive development theory, largely because of its integrative approach to effectiveness, may help researchers better predict leader efficiency and success. These theories, because they focus primarily on the growth of the individual, lend themselves very nicely to a better understanding of the leader and their place in the larger context. They also allow for exploration of leadership roles far beyond individual development needs. Because constructivist learning is learner-centered, personal, and individualized, leaders can change course midstream if a particular process isn't working well for them. Leaders can now be an important part of the research team where they can drive their own training and development requirements, learn through direct interaction with a real-life problem, connect current learning to prior experience and preexisting knowledge, work on tasks which are important to them, participate in their production of knowledge, incorporate meaning derived from critical life events, and be a part of the assessment and evaluation team. This process of training can empower leaders and promote more thorough internalization of knowledge through learned experience. Participating in the construction of knowledge can assist leaders in making necessary cognitive and behavioral changes regarding their role. For example, researchers know very little about how leaders improvise or alter their course in a tough situation or what they learn from experiencing a tough situation firsthand. Current issues that concern leaders like incivility or hostility in the workplace, or project failure, can be dealt with in a way in which leaders can learn, practice, and formulate a plan of action all in the same setting. This process will allow them to directly address issues of immediate concern to them rather than a designated issue or case study from a textbook. Kegan's (1994) research on adult constructive developmental learning discusses the fourth stage of development, self-authoring, which is the stage at which leaders can put a plan in place to correct employee behavior without getting caught up in or held back by the emotions or beliefs of others and, at the same time, keeping the larger vision and mission of the organization in mind. This ability clearly has an impact on one's work life and one's capacity to lead and can empower the leader to become a more effective change agent, as well as become more comfortable in dealing with conflict.

Leaders come away from the training with what Barge and Fairhurst (2008) refer to as "actionable knowledge," and this, the authors say, has a moral dimension to it. It determines a set of permissions about what can be done, what must be done, and what can't be done. This set of permissions becomes particularly important in public service work because it includes permissions, obligations, and prohibitions about the tasks to be accomplished. In this process, the theory → research → practice → theory loop is better connected in the field.

## A Look to Future Research

Fairhurst and Grant (2010) offer what they refer to as a "sailing guide" in order to understand constructionist theories of leadership. They emphasize two points: (1) that this is a "leader-centric approach in which the leader's personality, style, and/or behavior are the primary (read, only) determining influences on the follower's thoughts and actions" and (2) that "emphasis is given to leadership as a co-constructed reality, in particular, the processes and outcomes of the interaction between and among social actors." The authors also share four axes to assist in understanding the various dimensions of constructivist models of leadership. These axes are (1) social construction of reality versus construction of social reality,

(2) praxis versus theory, (3) pragmatic interventionist versus critical/emancipatory, and (4) monomodal versus multimodal. This research is particularly useful for making choices about the research design in order to answer the questions: "Who am I? Which theory? Which research strategy? Which methods of data gathering and analysis? And for what purpose?" This sailing guide may prove especially useful in guiding future research in the field. Constructivist theories of leadership drive different types of questions for researchers and practitioners alike.

Constructivist theories of leadership and the research that accompanies them have been, up to this point, largely individually focused, predominately Western in scope, and dynamic learning processes. The study of the lived experience of leadership in a real-life scenario setting has added greatly to our understanding of the qualities, skills, and techniques of various leaders. Up until now, the sample sizes of many of the studies have been small and the research methods have been largely survey based. As the field of research continues to expand and we better understand leadership in particular contexts, we can learn more about what forces shape a leader's observed performance but perhaps also be able to better forecast how they will experience their leadership role.

## Conclusion

The research in the field also needs to be broadened to include cross-cultural and comparative issues and include studies from outside of the US context. Up until now, much research has been focused on individuals; we need to look more broadly at constructive leadership development in teams and in organizations or industries as a whole. Another avenue for further study would be to look at the developmental stages from a novice or young leader to an expert leader or senior executive. Of particular interest to the fields of public administration and public policy would be the study of both shared leadership roles, the impact of dispersed leadership environments, and leadership that leads not only to individual achievement but to collective achievement as well. Along this same line, there may have been a tendency in the past to attribute most of the success or failure of a project to the leader; the question still needs to be explored as to how much emphasis we should attribute to the leader versus how much we should attribute to the connection between a particular leader and the followers in the group. What is the impact of what happens to the leaders outside of the work context on how they perform on the job? This applies in particular to leaders who have very public roles in their communities and their work and nonwork actions are highly visible. Is it fair to these employees to ask them to bring their nonwork selves to work or to take their work selves out into their communities?

## References

Barge JK, Fairhurst GT (2008) Living leadership: a systematic constructionist approach. Leadership 4(3): 227–251

Fairhurst GT, Grant D (2010) A social construction of leadership: a sailing guide. Manag Commun Q 24(2): 171–210

Joyce ME, Adams WC (2010) Leadership competencies. In: Couto RA (ed) Political and civic leadership: a reference handbook, vol 2. Sage, Thousand Oaks, pp 875–885

Kegan R (1994) In over our heads: the mental demands of modern life. Harvard University Press, Cambridge

Kuhnert KW, Russell CJ (1990) Using constructive developmental theory and biodata to bridge the gap between personnel selection and leadership. J Manag 16(3): 595–607

# Consultants and Place-Based Policy

Evan Cleave and Godwin Arku
Department of Geography, University of Western Ontario, London, ON, Canada

## Synonyms

Consultants; Local economic development; Local economic development policy; Place-based policy; Policymaking

## Definitions

Consultant – a private-sector actor external to a public administration system, contracted to provide analytical support, policy advisory, or policy development and implementation assistance (Howlett and Migone 2013).

Fast Policy – policy approaches that are simple and relatively fast to implement but are often superficial rather than substantive in their impact (Cleave et al. 2017a).

Place-Based Policy – tailored and unique policy that targets specific neighborhoods or communities for integrated interventions that respond to geographically specific challenges, leveraging local advantages, ideas, resources, and residents; differs from traditional development and public policy approaches that are more general in their conception, design, and implementation (Bradford 2005).

Wicked Problem – a problem (often urban, social, or economic development related) that is difficult or impossible to adequately resolve through traditional public administration approaches (Cleave et al. 2017b).

## Introduction

This entry examines the role and the influence of private sector consultants in public administration, focusing on reasons for their use and their impact in the specific area of place based policy. Individually, consultants and place-based policy represent key elements of public administration theory; however, in practice there are strong linkages between the two that are difficult to disentangle. By necessity, therefore, this entry considers the two concepts together, examining their relationship within the context of public administration in a more holistic way. This allows for an examination of the influence that consultants have had on place-based policy efforts, which allows for the identification of key roles, strengths, and critiques of consultants that has broader implications for broader understandings of contemporary public administration. Additionally, it provides insight into how place-based policy is formulated, implemented, and measured, as well as the ways it has been used to address issues that places and governments face.

The rise to prominence of consultants (which should not be confused with Privatization in Local Governments) within public administration systems and the increased focus on place-based policymaking have occurred simultaneously since the 1990s, and therefore it is key to understand the context in which these processes have occurred, and how they relate to one-another. To do this, this entry first explains the context for the growth of private consultancies and place-based policy solutions. The role of consultants and their impact are then examined, followed by a critique of the potential advantages and disadvantages of their role in place-based policy development.

## Neoliberalism – Wicked Problems for Public Administration and the Rise of Consultants

In an era of neoliberalism, characterized by a spatial rescaling and decentralization of government power, it is not at all surprising that cities are becoming key sites for public administration and policymaking. Indeed, local governments are increasingly responsible for addressing the service needs of residents as well as the broader social, economic, and political challenges their communities face. Due to these structural changes, strategic planning and policymaking has become an important item within public administration systems. Strategic planning and policymaking has transcended typical timelines (being addressed during election season or city master planning that occur at regular intervals) and instead requires both day-to-day attention and long-term strategy. As noted by many academics, this has become particularly prescient for cities, as spatial changes to political power and responsibility have forced cities to become increasingly responsible for crafting their own destiny.

However, the increased responsibilities for local governments have come during a period of financial austerity and the hollowing out of the

bureaucracy. Accordingly, there has been an increased reliance on private-sector consultants within public administration. Recent studies from Australia, the USA, and Canada have demonstrated that policy advisory and development are regularly being outsourced and privatized at all levels of government (Perl and White 2002). The use of consultants began as a process of supplementing the analytical capabilities with public administration systems, however, has expanded into a broader mandate of policy development. Consultants are assumed to possess the appropriate technical expertise, knowledge, and creativity in finding solutions to the increasing complex issues facing local governments (Momani and Khirfan 2013) and have been lauded as providing flexibility to address policy issues as they arise. Due to these strengths, consultants are now integral stakeholders in the policy development and implementation process (McCann and Ward 2012).

Concurrently to the rise in consultants, an emerging trend is that localities face "wicked problems" that traditional public administration approaches cannot adequately address. With their inherent complexity, these problems are resistant to traditional sectoral interventions designed and delivered in a top-down fashion by individual government departments. Wicked problems are the ones that "cross departmental boundaries and resist the solutions that are readily available through the action of one agency" (Perri et al. 2002: 34) and are distinguished as being complex and multilayered policy programs that involve a wide variety of actors from differing background (i.e., elected officials, public administration, private sector, and the public) who need to create links between issues (Smith and Torjman 2004). For cities and other localities, prime examples of wicked problems include: housing and homelessness, local economic development, place branding and marketing, and urban planning.

As Bradford (2005) identifies, these wicked problems highlight critical information gaps about what information, policy, and action is required to help and often make clear the systemic failure of coordinating the development of policies and resources to the right target areas. These problems cannot be solved through "off the shelf solutions," but rather well-crafted solutions that require the leveraging of location-specific advantages and resources, as well as broader collaborations that cross functional boundaries and departmental silos within the public administration.

## Place-Based Policy

Among other solutions to these problems, a prominent approach used by local and state governments has been place-based policy. Previous approaches to solving wicked problems have emphasized individual-based policies (such as welfare-to-work programs and skill training schemes) or broad incentives and tax-breaks for firms. Place-based policy, on the other hand, targets specific areas for interventions in response to location-specific challenges and is meant to fully engage the ideas and resources of community and its residents. Place-based policy exists in a framework of two inter-related components: first, general policies guided by the urban lens that assesses their spatial impacts and takes account of local community needs and capacities in design and delivery, and second, targeted interventions focused on the special challenges in certain areas (Bradford 2005). As such, place-based policies need to emphasize qualities of the area and be tailored to maximize local strengths and opportunities to address wicked issues.

## Consultants and Place-Based Policy

Within public administration, the hiring of consultants has become extremely popular in developing and implementing place-based policies, with particularly high influence found in issues of local economic development and place branding. Consultants in this context are instruments of governments, meant to specifically address gaps in local organizational capacity. This sort of involvement has been linked to "hallowing" of organizational capabilities. Broadly, the use

of consultants falls into two categories: general-consultants, who provide local governments with a specific toolbox of universally applied approaches and policy solutions to respond to problems that are well identified, and expert-consultants, who are tasked with solving problems that are emerging and opaque in nature, and who intervene with the capacity to formulate solutions that are context-specific and tailor-made to deal with issues unique to the locale. As a result, different consultants are utilized in different situations, based on the existing capacity within the local administration and what gaps or weaknesses need to be filled (Cleave et al. 2017a).

To address wicked problems with place-based solutions, while still working within the fiscal constraints that most governments face, consultants are viewed by administration officials as an optimal solution. Their advantage is that they operate within an agreed upon framework (i.e., budget, timeframe, and issue); bring expertise, skills, and specialized knowledge that hallowed out government systems lack; and because they are seen as external to the existing public administrative system are often viewed as being more credible and objective in their policy recommendations. In particular, all types of consultants are used to provide analytical capabilities that hollowed-out local governments' lack, such as the necessary policy analysis capacity to perform the policy-development and implementation process, particularly with evidence-based policy. The development of policy without any evidence-based analysis is one of the common sources of policy failure, and therefore, consultants are seen as an avenue to access analytical capability. Thus, consultants can be in a better position to fully analyze the state of the locality, explore its realities (strengths, weaknesses, and assets) in a more thorough manner, and therefore be able to make stronger policy recommendations. Indeed, a current critique of public sector policymaking is the lack of outcome quantification and understanding of policy effectiveness. A key role that consultants can play is in measuring and analyzing the impacts of policy implementation. This can identify areas where policy approaches are working, as well as in the identification of areas that need improving or fortification. As wicked problems are complex, place-based policy solutions need to be able to adjust to address issues that arise as local realities change. Due to the narrowed focus of their work and responsibility, consultants can play a key role in ensuring the maintenance of policy, allowing for day-to-day upkeep as well as long-term strategic planning to occur.

Additionally, consultants have been described as having two other distinct advantages over the bureaucracy that are relevant to place-based policy development. First, consultants are able to coordinate and operate across the administrative and functional boundaries that have limited the effectiveness of government-based policy development efforts. Due to their nature – operating outside the bureaucracy – consultants have the potential to better coordinate the full resources of the community towards addressing a wicked problem, and therefore developing a stronger place-based response. Finally, consultants bring greater technical knowledge and skill to the policy development process. As consultants often work with multiple public-sector entities, they can bring greater experience and knowledge of how to approach place-based policy development, and therefore may be able to address problems in a more efficient manner, with greater specificity, than local government officials alone.

## Critiques of Consultants Use in Place-Based Policy Development

Despite their potential utility – and their increased usage by public administration systems – there are several key critiques of the use of consultants in place-based policy and its development. First, while consultants have the ability to cut across the boundaries that are required in place-based solutions, it remains unclear whether this is actually filling in gaps within local government. Recent research (Cleave et al. 2017a) suggests that local governments often underestimate the

knowledge, skill, and ability to coordinate resources. Instead, the immediate reaction is now to employ a consultant, when, in fact, the place-based policy development can be done in house.

Second, the use of consultants has been criticized as creating an administrative environment characterized by policy homogenization, policy migration, and the over-reliance on fast policy solutions (Cleave et al. 2017a). This, in part, is due to the oligarchical nature of consultancy in public administration where a limited number of companies (approximately 5%) hold the majority of contracts (over 80%). An outcome of this uneven distribution of contracts to consultants, the same firms and individuals are being employed multiple times in different locales and administrative contexts. As discussed, place-based solutions require carefully tailored policy for each situation; instead, however, the current state of relationship between public administration and consultants lends itself to considerable policy migration. As a result, circuits of policymaking are created and reinforced where a limited number of consultants facilitate the transfer of basic policy scripts between places. There are several implications. These policy scripts represent fast – rather than substantive – approaches to policymaking, where superficial measures are being developed to address complex problems. This reliance on private consulting firms and their associated policy transfers suggest there is greater emphasis on political expediency rather than developing a place-based policy program that has realistic expectation of transformative impact. Additionally, several wicked problems – such as those related to economic development – may also involve some form of regional or international competition between places. As homogenization increases through continual copying and greater uptake of the same policies, cities will essentially cancel out each other's efforts, resulting in policy that is ineffective in addressing local challenges.

Extending on this, the third critique of the use of consultant in place-based policy development involves local knowledge. Place-based solutions require considerable local knowledge and specific policy expertise that is tailored to the local political and economic conditions, and a policy development approach should be sufficiently malleable to the different needs of each locale. A critical limitation to consultants is their general lack of local knowledge and experience – as they are typically external to the community – and without which locally developed policies are doomed to failure. Without key insight to the locale, it will prove near-impossible to develop policy that will have a meaningful local impact. When expert consultants are employed, they can possibly be able to overcome this lack of local knowledge. However, it is increasingly clear that general consultants or generic approaches (i.e., relying on policy migration and fast policy scripts) suggest that there is often a misspecification between the type of consultants that are needed for effective place-based policy development, and those who are actively being employed.

## Conclusions

The use of consultants who are external to public administration systems are on the rise, particularly within local governments. In policy areas such as place-based development, consultants have become the primary source for analysis of local conditions and policy limitations, as well as in policy development. Despite the sentiment that consultants generally have greater experience, knowledge, and expertise than their public administration counterparts, there are in fact few true expert consultants that can engage the policy development process in a meaningful and substantive way. Instead, the reliance on general consultants has created a climate of policy migration and fast policy, limiting the appropriateness of the place-based policy solutions being developed and their impact on addressing wicked local issues.

The role of consultants, therefore, must be carefully considered. They must play a complementary role in policy development, rather than

one that duplicates local resources. There can be a need for consultants in specific situations, when there is an obvious lack of capacity and when there is a meaningful problem to be addressed. Accordingly, consultants should only be used when the entire range of their expert knowledge and skill can be tapped to solve a problem. However, this recommendation appears at odds with practice, as public administration is becoming increasingly reliant on consultants.

## Cross-References


- ▶ Bureaucracy and Economic Growth
- ▶ Economic Development Policy
- ▶ Privatization in Local Governments
- ▶ Rural Development


## References


Bradford N (2005) Place based public policy: towards a new urban and community agenda for Canada (Research report F51). Canadian Policy Research Networks, Ottawa

Cleave E, Arku G, Chatwin M (2017a) Are they surgeons? Or are they plumbers? Assessing the role of private sector consultants in place branding and other place based economic development strategies. Public Org Rev. https://doi.org/10.1007/s11115-017-0396-0

Cleave E, Arku G, Sadler R, Gilliland J (2017b) Is it sound policy or fast policy? Practitioners' perspective on the role of place branding in local economic development. Urban Geogr 38(8):1133–1157

Howlett M, Migone A (2013) Policy advice through the market: the role of external consultants in contemporary policy advisory systems. Policy Soc 32(3):241–253

McCann E, Ward K (2012) Assembling urbanism: following policies and 'studying through' the sites and situations of policy making. Environ Plan A 44(1):42–51

Momani B, Khirfan L (2013) Explaining the use of planning consultants in Ontario cities. Can Public Adm 56(3):391–413

Perl A, White D (2002) The changing role of consultants in Canadian Policy Analysis. Policy Soc 21(1):49–73

Perri 6, Leat D, Seltzer K, Stoker G (2002) Towards holistic governance: the new reform agenda. Palgrave, New York

Smith R, Torjman S (2004) Policy development and implementation in complex files. Canada School of Public Service, Toronto


# Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis


Anica Mapuru[1], Gurmeet Singh[2] and Jashwini Narayan[3]

[1]The University of the South Pacific (USP), Suva, Fiji

[2]School of Business & Economics, The University of the South Pacific, Suva, Fiji

[3]Discipline of Management and Public Administration, School of Business & Economics, The University of the South Pacific, Suva, Fiji


## Synonyms

Competition; Consumer Affairs and Price Control; Consumer regulatory framework; Consumer welfare; Pacific Island countries

## Brief Definitions

Monopoly – a business that does not have a competitor.

Externalities – the costs associated with the production and consumption but are not captured in the market price.

Public interest theory – unrestricted markets lead to failure; government is capable of correcting these failures through regulations; regulators intervene to protect public interests from malpractices and misconduct in the marketplace.

Private interest theory – regulations only benefit certain effective groups in the society; wealth is maximized toward some effective group in the society.

Economic theory of regulation – regulations aim to achieve special interest of the powerful interest groups rather than upholding the public interest.

Capture theory – regulators are captured by the regulated private businesses with the intention of

gaining a favor from the regulated businesses in the future.

Political theory – there are cases where the noneconomic interest groups may capture the regulator.

## Introduction

Market regulations apply to markets operating within any government institutions such as the common law institutions including property rights, liability rules, and contract laws as well as the institutions influencing them (Joskow 2010). The significance of market regulation is to ensure that consumers are protected from unfair practices in the market. Thus, an effective consumer regulation should address market failures in an inexpensive manner without hampering the competitive process so that consumers have choices regarding prices and products, and it should ensure that there are fewer barriers of entry and exit in the market (Koopman et al. 2015; Wright and Helland 2013). Apart from addressing market failure, market regulation also enhances the efficiency of the government programs, promotes civil rights, or provides for universal access to services deemed important (Dudley et al. 2017).

There are two theories that apply to consumer welfare and protection, and these are public interest theory of regulation and private interest theory of regulation. As per the former, consumer welfare can be enhanced through regulations. Therefore it refers to the optimal allocation of scarce resources to individual and collective goods and services to the society. However, the allocation of optimal resources is not optimal from the theoretical perspective; thus, the need to enhance the method of allocation by regulation arises (Hertog 2012; Koopman et al. 2015).

According to Brill (2011) and Koopman, Mitchell, and Thierer (2015), public interest theory assumes that unrestricted markets lead to failure due to the issues of monopolies (a business that does not have a competitor) and externalities (the costs associated with the production and consumption but is not captured in the market price), price gouging, and unequal bargaining powers and further assumes that government is capable of correcting these failures through regulations. The assumption of public interest theory is that regulators intervene to protect public interests from malpractices and misconduct in the marketplace (Ahmed 2016). Also, it has been assumed that its existence is due to significant market failures to protect the public interest (Urassa 2014).

However, this theory has been criticized since the public interest theories of regulations depend on leadership and the governments who have recently been seen as decreasing their capacity in boosting public value (Roman and Mcweeney 2017). As per Ginosar (2014), everybody wants to maximize their own interests; thus, this is not an exception for the regulators and results in regulation failure.

Private interest theory, on the other hand, states that regulations only benefit certain effective groups in the society. This theory assumes that wealth is maximized toward some effective group in the society such as the consumers/consumers group, regulators or their staff, legislators, and union (Samaha and Khlif 2016). It also suggests that regulations will create much inefficiency in the market (Urassa 2014). Within the private interest theory, there are three main schools. The first school is the "economic theory of regulation" whose main assumption is that regulations aim to achieve special interest of the powerful interest groups rather than upholding the public interest. The second school of thought is the "capture theory" "which assumes that regulators are captured by the regulated private businesses with the intention of gaining a favour from the regulated businesses in the future" (Ginosar 2014, p. 305). The third school of thought is "political" which assumes that there are cases where the noneconomic interest groups may capture the regulator (Morgan and Yueng 2007; Ginosar 2014).

Furthermore, an effective market regulation is one that will maximize consumer welfare in terms of setting fair prices and one that takes into account the unit costs, fixed costs, and the operational costs of resources. It also protects

consumers from deceptive advertisements and hazardous products and promotes competition. For example, the United States and Australia have a regulation against harmful products, and that is the Consumer Product Safety Act 1972 and the Consumers' Protection Law of Australia, respectively (Cowan 2004; McGarit 2013; Rotfeld 2010; Wood 2017). Similarly developed countries such as Germany and France adopted different approaches to enhance consumer information. German policymakers concentrated on providing consumers with precise technical product information through a strict set of regulatory policies to regulate the content of commercial speech and provide useful information to consumers, whereas France policymakers impose relatively weak information requirement as they value creative advertisement. This approach is to uphold circulation of objective product information derived from comparative product tests (Rothschild 2016; Trumbull 2006).

Moreover, there are fines imposed on deceptive advertisements or misleading information to discourage businesses from misleading the consumers as well as to restructure their competitive marketing strategy. The optimal fines should exceed the benefits of the violation taking into account the cost of detecting the breach (Passarini et al. 2017).

Hence, there is a need for reform in the legislation regarding advertisement to prevent misleading information and price baiting (the practice of luring consumers with unrealistic low price to bring them to the shop and then selling them the expensive goods). An example of this reform in South Australia is what occurred between the years of 2000 and 2008. The reform ensures that there is transparency in real-estate transactions, targeting bait pricing in the real-estate advertisements, which are fraudulent or deceptive (Kupke et al. 2014; Meloni 2010).

In the United Kingdom, one contentious issue is, even though market regulation is a buffer between the regulated economic activities and the enhancement of consumers' welfare, it negatively impacted on competitiveness, firms' performances, and its inputs as well as employment. However, better institutions, (one that is independent from political influence, considers all contingencies, and incorporates all strategic versions of regulatory policies) can help to reduce the adverse impact of regulations on macroeconomic performances (Fooks and Mills 2017; Messaoud and Tehen 2014). Hence, an effective regulatory policy needs full government approach in order to take into consideration the dynamic perspectives that interplay between the different institutions involved in the regulatory process. The departments that hold vital responsibilities in the regulatory policies are finance, justice, trade, and industries, but accountability should be increased in all government ministries (OCED 2017). In addition, when comparing the regulatory regime of the developed and developing countries, it is essential to understand the interaction between the regulatory regime and the context of the country that will enforce the regulation (Lodge and Stirton 2001).

According to OECD (2017), an ideal market regulatory framework is able to capture all contingencies and incorporates strategic version of a healthier regulation policy that clearly defines its long-term directions and its intentions of contributing to the public policy goals. An ideal regulatory framework should be designed in a tailor-made manner, considering the findings of cognitive sciences (Atamer 2017).

Moreover, as per Wood (2017), consumers need protection in the following areas:

1. Weights and measures (the measurement of volumes of oil, wine, and grain) to ensure there is uniform trade measurement legislation.
2. Public health and food ensuring the businesses comply with the Public Health Act. Due to the increasing growth of patent, such protection is necessary for the protection of reputable businesses from disreputable competitors.
3. Dangerous people, prevention of undesirable people carrying out certain occupation, which is risky for consumers.
4. Building, to ensure only qualified contractors are allowed to construct buildings.
5. Deceptive products mitigated through the enactment of product liability provisions in the United States as well the English law.

Consumers need protection to ensure they enjoy and exercise their rights to safety, rights to be informed, rights to choose, rights to be heard, rights to redress, and rights of privacy (Alsmadi and Alnawas 2017; UNCTAD 2018a, b). Therefore, countries such as Croatia have a separate legal regulation of consumer protection to protect the citizen rights and interests when purchasing goods and services for their personal needs (Josipović 2013). According to Rotfeld (2010), consumer protection is not to protect consumer but to protect the system of competition since the businesses are getting bigger and the industrial world is becoming complicated. Therefore, the activism of consumer protection has been originally to protect the marketplace rather than the consumers. He further suggested that consumers could protect themselves if they are well informed about the market, and this can contribute positively to the system of competition. However, a reasonably well-informed consumer is not always a perfectly reasonably informed consumer capable of making sound decisions since information is costly to obtain and translate (Pappalardo 2012). Hence, the argument is not always true.

As per Nyberg et al. (2012), in a market, there are rational and imperfectly rational consumers (consumers who misperceive the benefits and costs of a product or service). In this instance, the businesses can exploit the misperceptions of the imperfectly rational consumers and where there is limitation in educating those consumers in terms of the products, services, and contracts. In this situation, competition exacerbates the misperception of consumers. Hence, market regulation is needed to protect the imperfectly rational consumers, or a sophisticated mediator should assist in advising the imperfectly rational consumers since the benefit of competition does not necessarily cover the imperfectly rational consumers (Gans 2005; Bar-Gill 2011). However, according to Atamar (2017), information asymmetry is a myth since information is costly to produce and equal distribution of information is expensive, but an informed consumer can make a sound marketing decision.

Market regulation is important in protecting consumers against various issues such as misleading information, restriction of information to those who pay, difficulty in the evaluation of the characteristics of all products and services by consumers, and also the market incapability to regulate itself in the context of social and economic activity (Akinbami 2011; Lee 2017; Tirole 2014). However, in developing countries, less attention is given to consumer affairs, and it leaves a vague status of consumer rights with apparently poorly oriented consumer culture (Alsmadi and Alnawas 2017). Additionally, well-informed consumers would force the industries to enhance the quality of goods and services that meets their requirements, thus triggering competition (Campbell et al. 2011; Lodge and Stirton 2001). Another important consideration is the consumers' access to redress mechanism (the act of rectifying or compensating the consumers) if they have experienced unfair practices or suffer losses in the market. It is important that consumers who suffer loss seek redress or compensation in the tribunal or court (Wood 2017; UNCTAD 2018a). The forms of redress can be strengthened by providing more efficient ways to resolve disputes between consumers and businesses (Sitnikov and Bocean 2014).

Moreover, consumers through procedures such as consumer dispute resolution and small claim courts can directly and indirectly use consumers' policy on redress. Countries such as the United Kingdom, United States, Canada, and Australia have small claim courts, which is moderately effective in providing consumer redress (Delgadillo 2014; Paterson 2011). Apart from that, consumer complaints are solved through direct resolution, for instance, the refund of product or service. That is a cheaper solution for businesses and provides the fastest recompense for consumers (Delgadillo 2014; Paterson 2011; Zakuan et al. 2012).

## Background of the Consumer Protection Institutions in Solomon Islands and Fiji

The Solomon Islands is a sovereign Melanesian country located in the South Pacific Ocean, southeast of Papua New Guinea and northwest of Vanuatu. More than 90% of the population is

Melanesian. The population size is 600,000 and the country has a total area of 28,900 $km^2$. The major languages are English (official) and Melanesian dialects. Major religion is Christianity and the currency is Solomon Islands dollar ("Solomon Islands country profile," 2018; "Country profile of the Solomon Islands," 2016).

Solomon Islands is an agricultural-based society with main industries of copra, timber, palm oil, fish, cocoa, and beef cattle. The country is relatively rich in minerals and forest resources ("Country profile of the Solomon Islands," 2016).

The Republic of Fiji is an island in Melanesia in the South Pacific Ocean about 1,100 nautical miles northeast of New Zealand's North Island. Fiji is one of the most developed economies in the Pacific relying heavily on its tourism and sugar industry. The population of Fiji is 900,000 with an area of 18, 376 square km. The major languages in Fiji are English, Fijian, and Hindi. The major religions are Christianity, Hinduism, and Islam ("Fiji country Profile," 2018).

The Consumer Affairs and Price Control (CAPC) Division is a unit within the Ministry of Commerce, Industry, Labour and Immigration. The Division's vision is to become an effective advocator of consumer rights in Solomon Islands. Its mission is to promote and safeguard consumers' legitimate interests and to ensure that the consumer rights of families, communities, cultures, and environments are protected through consumer protection, weights and measures, and control services.

The Fijian Competition and Consumer Commission (FCCC) is the competitor regulator in Fiji that ensures integrated framework for regulating the monopoly market structure encouraging competition, restrictive trade practices, and consumer protection and is responsible for controlling the prices of public utilities and some other price-controlled items such as the common basic goods consumed by the consumers such as flour, tuna, and bread.

The Consumer Council of Fiji (CCoF) is a watchdog that protects the rights of consumers through the promotion of fair delivery of goods and services. The insight of CCoF into consumer needs is a powerful tool in influencing the decision-makers to bring about change. The council protects the vulnerable groups in the society such as the poor, the physically and mentally challenged, children, and women by identifying and articulating policy issues that are important to consumers.

This entry focuses mainly on the functions and powers of the CAPC Division regarding market regulation and consumer protection and compares them to the functions and powers of FCCC and CCoF. The comparative analysis is to identify loopholes that need strengthening. Consumer protection is vital for a possible development in a Pacific Island country (PIC) such as Solomon Islands (ADB 2016).

The following acts in Table 1 mandate the three consumer protection institutions (CAPC Division, FCCC, and CCoF) in Solomon Islands and Fiji, respectively.

Table 1 shows the acts that mandate the functions and powers of CAPC Division to protect the consumer interests, which are the Price Control Act 1982, Consumer Protection Act 1995, and Weights and Measures Act 1980. The FCCC functions and powers are mandated by the FCCC Act 2010, and CCoF functions and powers are authorized by CCoF Act 1976. As such, their duties and powers of regulating the market and protecting consumer interests are within these jurisdictions.

The acts indicate that CAPC Division and FCCC have regulated the market in terms of price control on basic goods and items. Tables 2 and 3 show the basic goods and items that are

**Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis, Table 1** Acts

| CAPC Division (Solomon Islands) | FCCC (Fiji) | CCoF (Fiji) |
|---|---|---|
| Price Control Act 1982 | FCCC Act 2010 | Consumer Council of Fiji Act 1976 |
| Consumer Protection Act 1995 | | |
| Weight and Measure Act 1980 | | |

Source: Interviews with Henry, 2018 (Solomon Islands); Rita 2018 (Fiji); Peters 2019 (Fiji)

**Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis, Table 2** The CAPC Division price-controlled goods/items

| | |
|---|---|
| 1 | Milk |
| | Nestle Sweetened Condensed Milk |
| | Nestle Sunshine Full Cream Powder |
| 2. | Meat |
| | Imperial Corned Beef (red) |
| | Imperial Corned Beef (blue with cereal) |
| | Ox & Palm Corned Beef |
| | Ma Ling Luncheon Meat |
| | Peck's Braised Steak & Onions |
| 3 | Fish |
| | Solomon Blue |
| | Solomon Blue Special |
| | Taiyo Skipjack Tuna |
| | 777 Mackerel (with or without tomato sauce) |
| 4 | Sugar |
| | All brands |
| 5 | Flour (plain and self-rising flour) |
| | All brands – bulk packages 10 kg and over |
| 6 | Soap (bath) |
| | Lux |
| | Palmolive |
| | Lyla |
| 7 | Soap (washing) |
| | Omo |
| | Niu |
| | Solomon Soap Laundry Bar Soap |
| 8 | Rice |
| | Polished rice – local purchase (all brands) |
| | Polished rice – direct imports (all brands) |
| 9 | Cooking oil (all brands) |
| 10 | Curry powder |
| | Palm, Sunshine, Steric |
| 11 | Cabin or navy biscuits |
| | All brands produced locally |
| 12 | Liquified petroleum gas |
| | Butane gas and propane gas |
| 13 | Petroleum products |
| | Petroleum Motor Spirit |
| | Distillate (ADO) |
| | Kerosine (Kero) |
| | Mixed outboard motor fuel |
| 14 | Bread |
| | 450 g and 900 g standard white loaves |
| 15 | Electricity charges |
| 16 | Water charges |

Source: Price Control Act, 1982; interview with Henry, 2018

**Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis, Table 3** Price-controlled goods/items by FCCC

| | |
|---|---|
| 1 | Rice |
| 2 | Blue peas |
| 3 | Salt |
| 4 | Split peas |
| 5 | Baby milk |
| 6 | Tuna |
| 7 | Sardines |
| 8 | Tin fish |
| 9 | Tea |
| 10 | Powdered milk |
| 11 | Liquid milk |
| 12 | Corned mutton |
| 13 | Corned beef |
| 14 | Edible oil |
| 15 | Butter |
| 16 | Margarine |
| 17 | Sugar of Fiji products (prepacked) |
| 18 | Breakfast and cabin crackers |
| 19 | Bread (long-loaf wrapped 400 g, loaf medium wrapped/sliced 600 g, loaf whole meal medium wrapped/sliced 600 g) |

Source: Interview with Ben 2019; FCCC website

price controlled by the CAPC Division and FCCC, respectively.

These two institutions emphasize on controlling the prices of basic goods and items as a form of protecting consumers from being exploited by traders. Also prior to regulating the price, a thorough assessment is done to ensure that prices are viable and traders are not disadvantaged. On the same note, the effective market regulations enforced by CAPC Division and FCCC is to maximize consumer welfare in terms of price fairness. Scholars like Cowan (2004) and Rotfeld (2010) have also supported this practice.

The CAPC Division, FCCC, and CCoF further protect consumers in promoting social justice when an issue arises. Scholars such as Stinikov and Bocean (2014) and Wood (2017) also support this view. However, CAPC Division has not done any prosecution so far, as the process is too lengthy and time-consuming. Therefore, cases are resolved through refund of cash and replacement of products. None of the complaints reach

the court since consumers want to reach faster resolution (Interview with Adam 2018). FCCC also has the power to prosecute scrupulous traders unlike CCoF who do not have the power to prosecute; however, it supports complainants, should the case reach such resolution.

The three institutions also ensure that consumers function effectively in the market in terms of understanding their rights and responsibilities. They protect consumers by eliminating unacceptable behavior in the marketplace and ensuring products and services are safe for consumers to use or consume. These practices are supported by scholars Alsmadi and Alnawas (2017), UNCTAD (2018a, b), and Wood (2017).

Furthermore, the institutions invite consumers for their views on legislations, regulations, and other domestic policies and proposals. For instance, FCCC invites the consumers and stakeholders to give their submission or views on any changes in the market such as increases in tariff by Energy Fiji Limited (EFL) before it comes into effect.

The institutions further protect the consumers by ensuring that manufacturers or traders offer goods that meet reasonable standards of durability, utility, and reliability and are suitable for the purpose for which they are intended. This is similar to the Australian regulations against harmful and dangerous products, which is the Consumer Protection Law of Australia. These practices and examples of Australia are also highlighted by scholars Cowan (2004), McGarit (2013), Rotfeld (2010), and Wood (2017). Furthermore, the three institutions ensure efficient operation of any person or body engaged in the production of goods or in the provision of services or in activities connected with or incidental to the production of goods or the provision of services. They represent consumer interest internationally and in the government.

They also establish and maintain legal and administrative measures to enable redress through procedures that are expeditious, fair, inexpensive, and accessible. They help to develop, strengthen, and maintain a strong consumer policy for the protection of consumers in accordance with the economic and social circumstances for the country. This is in line with the suggestion of Atamar (2017) who stated that an ideal regulatory framework should be designed in a tailor-made manner. Scholars such as Lodge and Stirton (2001) also mentioned that it is vital to understand the regulatory regime and the context of the country. The practices of the institutions are in line with the above scholars' suggestion.

The CAPC Division further regulates the market and protects consumers by regulating weights and measures to ensure that the weighting and measuring instruments used by traders are in accordance with the Weights and Measures Act 1980 and that they are fair to consumers who purchase such goods and items. Scholars such as Wood (2017) contend that such measures will ensure that there is uniformity and fairness in the weights and measuring instruments in the market. FCCC however does not regulate weights and measures since this comes under the responsibility of the Ministry of Industry, Trade and Tourism (MITT).

In terms of compliance and competition, awareness provided by the CAPC Division enhances the compliance level of the businesses as well. The number of complaints also declined compared to the past years. The number of complaints lodged in 2018 was only 20 (The CAPC Division did not disclose the number of complaints for previous years.). However, the CAPC Division's awareness coverage is limited as it focuses only on schools, clinics, and media (radio) once a week. This is why the message or information does not reach the entire population particularly those in the remote areas, resulting in consumers still lacking proper knowledge about their rights and responsibilities. Scholars like Rotfeld (2010) also suggest that well-informed consumers can protect themselves and can contribute effectively to the system of competition. However, Pappalardo (2012) argued that a well-informed consumer does not always make sound decisions in the market due to the cost of obtaining and translating information. Nevertheless, the practical side of awareness is positive which shows the declining number of complaints in Solomon Islands.

FCCC and CCoF, on the other hand, carry out greater awareness and are able to reach out to remote places or communities that are disadvantaged by transportation and distance. Also, they do not limit awareness to media but conduct workshops, visit schools and universities, make community visits, and send out teams to visit remote areas and facilitate World Consumers Rights Day. These means of awareness help to spread the information and educate the consumers as well as traders and reduce complaints and improve compliance level of businesses.

In addition, FCCC and CCoF have offices in the northern and western parts of Fiji which are responsible for these regions, unlike the CAPC Division that does not have any branch apart from the central office. Thus, reaching out to the scattered provinces with limited resources for awareness and monitoring purpose is quite impossible. In light of protecting consumers' interest, the CAPC Division does not control competition unlike FCCC but promotes competition by enforcing the acts of other government ministries, as its competition policy is still underway with the assistance of Asia Development Bank (ABD). Therefore, the Division upholds the standards and acts of other government ministries and agencies since competition is the responsibility of other government ministries such as the Ministry of Mines, Energy and Electrification. Due to this limitation, the CAPC Division encounters discrepancies in the course of its duty when upholding the acts of other government ministries such as imported items not complying with the required standards in accordance to the acts they are enforcing.

For instance, electrical goods found in the shops do not meet the required standard in the Mines, Energy and Electrification Act 1990 which disrupts their duties.

FCCC, on the other hand, further protects the consumers by controlling and regulating the prices and charges in the industries that have less competition or are monopolies. Similarly, Commerce Commission NZ regulates industries where there is limited competition and monopolies to ensure consumers are not disadvantaged by lack of competition. Commerce Commission NZ promotes competition along the supply chain of the regulated industries. For example, in the airline industry, competition is facilitated between airlines (Commerce Commission NZ website). Likewise, ACCC regulates some national infrastructures such as communication and energy and monitors some infrastructures where there is limited competition (ACCC website).

**Consumer Protection and Market Regulations in Solomon Islands and Fiji, Comparative Analysis, Table 4** Regulated industries

| | |
|---|---|
| 1 | Agriculture |
| 2 | Airports |
| 3 | Basic food items (shown in Table 2) |
| 4 | Cement |
| 5 | Electricity |
| 6 | Gas |
| 7 | Hardware |
| 8 | Marine |
| 9 | Mergers and acquisitions |
| 10 | Petroleum |
| 11 | Pharmaceutical |
| 12 | Ports |
| 13 | Postal services |
| 14 | Rental |
| 15 | Shipping |
| 16 | Stationary |
| 17 | Steel |
| 18 | Telecommunications |
| 19 | Wheat |
| 20 | Water |

Source: Interviews with Ben and Sam 2018

Table 4 shows the industries that are regulated by FCCC. Hence, FCCC promote competition in a more thorough manner and consider all relevant factors where cases are assessed individually and a thorough comparative analysis with literature review based on countries with similar economies like Fiji is carried out. This provides a holistic view on the needs of that industry that needs to be controlled and regulated and helps to make recommendations for suitable policies for that industry.

## Recommendations and Conclusion

The following suggested recommendations are put forward to enhance the operation of the

CAPC Division regarding market regulations and consumer protection.

The government should prioritize market regulation and consumer protection as one of the key areas to focus on, in terms of budget and policies. When regulation is given importance as the key area, it shows government commitment and makes it easy to seek assistance from aid donors especially when the Division is always facing budget constraints. This recommendation was also suggested by the ADB report (17) in which it stated that prioritizing this area will lead to the achievement of viable development for a small island state such as Solomon Islands. The Division will also be more effective when enforcing their functions like FCCC and CCoF.

Moreover, the market is dynamic; thus, the CAPC Division's acts (Price Control Act 1982, Consumer Protection Act 1995, and Weights and Measures Act 1980) and regulations need to be reviewed to cater for the current market. Hence, utilities such as electricity need to be regulated since it is largely used by consumers. For instance, Australian Competition and Consumer Commission (ACCC) and FCCC regulate electricity since it is a utility that is widely used by the general public.

Another recommendation is to increase the powers of the CAPC Division like that of FCCC so that the Division does not enforce other government ministries or agencies' acts, causing inconsistencies and disruption in their duties. These inconsistencies can be avoided if the Division's acts are reviewed and responsibilities are better consolidated.

On the same note, the CAPC Division should become a statutory body so that it has more powers to carry out its functions since it is an independent body such as FCCC and CCoF.

If the Division becomes a statutory body, there will be a possibility of establishing a small claims court to deal with compensation and small claims, since it is time-consuming and expensive for cases to be heard in magistrate court. Redress matters can also be reached promptly.

The CAPC Division can also enhance its awareness program from just going to schools, health clinics, and the weekly broadcast over the radio. It can, for example, conduct road shows and visit tertiary institutions such as the Solomon Islands National University (SINU) and University of the South Pacific (USP) campus in Honiara. Also, the Division should conduct workshops for consumers and organize a mobile team to visit the provinces or the communities so that they are fully aware of their rights and responsibilities like what is being practiced by FCCC and CCoF. This will make it easier for the Division to solve any complain and also further reduce the number of complaints.

To conclude, the market regulations enforced by the three institutions to protect the consumers' interest are quite similar. However, it appears that the CAPC Division regulates the market but not to the extent done by FCCC, CCoF, ACCC, and Commerce Commission NZ who regulate monopolies, control and promote competition, and protect consumers by providing in-depth awareness. In addition, FCCC and CCoF are statutory bodies and have their branches in the western and northern divisions apart from the head offices in Suva (capital of Fiji) Central Division. As such, these institutions have broader powers to deliver their functions as well as employees to carry out the duties unlike the CAPC Division, which is not a statutory body and has limited employees with no branches apart from the main office in Honiara (capital of Solomon Islands). Overall, the CAPC Division's regulation framework is concrete and similar to the regulations implemented by FCCC and CCoF but in a narrow scope and with limited resources.

## References

Adam A (2018, November 2) Chief inspector. (A. Mapuru, Interviewer)

ADB (2016) Continuing reforms to stimulate private sector investments: a private assessment for Solomon Islands. Asian Development Bank, Manila. Retrieved August 3rd, 2018, from http://www.adb.org

Ahmed MJ (2016) A conceptual framework for the Basel accords-based regulations. Emerald Insight 90–103. Retrieved October 15, 2018, from https://doi.org/10.1108/JFRC-02-2015-0007

Akinbami F (2011) Financial services and consumer protection after the crises. Int J Bank Mark 9(2):134–144. Retrieved August 3rd, 2018, from https://doi.org/10.1108/02652321111107620

Alsmadi S, Alnawas I (2017) Consumer rights paradigm: development of the construct in the Jordanian context. J Bus Ethics. Retrieved October 2018, from https://doi.org/10.1007/s10551-018-3815-4

Atamer YM (2017) Why judicial control of price terms in consumer contracts might not always be the right answer – insights from behavioural law and economics. Modern Law Rev 80(4):626–642. Retrieved August 11, 2018, from https://doi.org/10.1111/1468-2230.12277

Bar-Gill O (2011, December) Competition and consumer protection: a behavioural economics account. Law & economics research paper series working paper no. 11–42. New York University School of Law, New York. Retrieved from http://ssrn.com/abstract=1974499

Ben J (2019, March 28). Senior Marketing Analyst-Price Control & Monitoring. (A. Mapuru, Interviewer)

Brill J (2011) The intersection of consumer protection and competition in the new world of privacy. Competit Policy Int 7(1):8–20. Retrieved February 14, 2019, from http://www.competitionpolicyinternational.com

Cowan S (2004) Utility regulation and risk allocation:the roles of marginal cost pricing and future markets. J Regul Econ 26(1):23–40. Retrieved July 20th, 2018, from https://link.springer.com

Delgadillo LM (2014) An assessment of consumer protection and consumer empowerment in Costa Rica. https://doi.org/10.1007/s10603-012-9206-9

Fiji country profile (2018, May 31) Retrieved July 20, 2020, from News: https://www.bbc.com/news/world-asia-15896396

Fooks G, Mills T (2017) The tolerable cost of European Union regulation: leaving the EU and the market for politically convenient facts. J Soc Policy 46(4): 719–743. https://doi.org/10.1017/S0047279417000526

Gans JS (2005) Protecting consumers by protecting competition: does behavioural economics support this contention? ResearchGate, 1–13. Retrieved from https://www.researchgate.net/publication/228397223

Ginosar A (2014) Public-interest institutionalism: a positive perspective on regulation. Adm Soc 46(3): 301–317. https://doi.org/10.1177/0095399712453926

Hertog JD (2012) Review of Economic Theories of Regulations. Retrieved August 3rd, 2018, from https://www.uu.nl/rebo/economie/discussionpapers

Josipović T (2013) Enforcement activity in consumer protection regulation in Croatia. J Consum Policy 36: 287–314. https://doi.org/10.1007/s10603-013-9238-9

Joskow PL (2010) Market Imperfections vesus Regulatory Imperfections. Munchen: Econstor. Retrieved February 17, 2019, from http://hdl.handle.net/10419/167005

Koopman C, Mitchell M, Thierer A (2015) The sharing economy and consumer protection regulation. 8(2). Retrieved September 21, 2018, from https://heinonline.org/hol/license

Kupke V, Rossini P, Kershaw P (2014) Bait pricing: evaluating the success of regulatory reform in advertising. Int J Hous Markets Analy 7(3):333–345. Retrieved July 23, 2018, from https://doi.org/10.1108/IJHMA-02-2013-0016

Lee K (2017) Consumer perception,information provision and regulation of insurance markets. J Regul Econ 51: 1–16. Retrieved August 8th, 2019, from https://doi.org/10.1007/s11149-017-9317-y

Lodge M, Stirton L (2001) Regulating in the interest of the citizen: towards a single model of regulatory transparency? Soc Econ Stud 50(2):103–137. Retrieved July 18, 2018, from http://www.jstor.org/stable/27865234

McGarit TO (2013) Freedom to harm, Consumer protection. Yale University Press. Retrieved July 17, 2018, from https://www.jstor.org/stable/j.ctt32bhht.21

Meloni G (2010) Enabling regulatory reform,in making reform happen: lessons from OCED countries. Paris: OCED Publishing. Retrieved November 29, 2018, from https://doi.org/10.1787/9789264086296-10-en

Messaoud B, Tehen ZE (2014) Business regulations and economic growth: what can be explained? Int Strateg Manag Rev 2:69–78. Retrieved August 3rd, 2018, from: http://www.elsevier.com

Morgan B, Yueng K (2007) An introduction to law and regulation: text and materials. Cambridge University press, Cambridge, UK

Nyberg S, Bar-Gill O, Heidhues P, Köszegi B, Murooka T, Stucke ME, . . . Bennett M (2012) The pros and cons of consumer protection. Konkurrensverket Swedish competition authority. Davidsons Tryckeri AB, Stockholm, pp 6–41

OCED (2017) Regulation & the economy the relationship & how to improve it. Retrieved July 14, 2018, from http://www.ced.org

Pappalardo JK (2012) Product literacy and the economics of consumer protection policy. J Consum Aff 46(2): 319–332. Retrieved August 3rd, 2018, from https://www.jstor.org/stable/23859863

Passarini P, Cavicchi A, Santini C, Mazzantini G (2017) Deceptive advertising and unfair commercial practices in the agrifood sector. The role of the Italian competition authority. Br Food J 119(8):1781–1800. Retrieved August 3rd, 2018, from https://doi.org/10.1108/BFJ-12-2016-0600

Paterson JM (2011) Consumer affairs 36(4), 1–2. Retrieved October 18, 2019, from https://doi.org/10.1177/1037969X1103600111

C

Peters G (2019, Mar 7). Senior consumer officer. (A. Mapuru, Interviewer)
Rita S (2018, Nov 27) Senior compliance officer. (A. Mapuru, Interviewer)
Roman AV, Mcweeney T (2017) Assessing the capacity for public value creation within leadership theories: raising the argument. Int J Org Theory Behav 20: 480–510
Rotfeld HJ (2010) A pessimist's simplistic historical perspective on the fourth wave of consumer protection. J Consum Aff 44(2):423–429. Retrieved August 3rd, 2018, from https://www.jstor.org
Rothschild D (2016) Social and associal capital: social embeddedness and government intervention, pp 2–40. Retrieved November 13, 2019, from https://www.researchgate.net/publication/319448302
Sam P (2018, Nov 27) Senior marketing analyst-infrastructure. (A. Mapuru, Interviewer)
Samaha K, Khlif H (2016) Adoption of and compliance with IFRS in developing countires. J Account Emerg Econ 6:33–43
Sitnikov CS, Bocean CG (2014) Ways to reduce consumer complaints – the EU perspective. Amfiteatru Econ 16(35):336–350
Solomon Islands country profile (2018, January 4th) Retrieved July 20, 2020, from News: https://www.bbc.com/news/world-asia-pacific-14919067
Tirole J (2014) Market power and regulation. The Prize in Economic Sciences. Retrieved Aug 3rd 2018, from http://nobelprize.org
Trumbull G (2006) Consumer capitalism. Cornell University Press. Retrieved July 17, 2018, from https://doi.org/10.7591/j.ctv2n7gj1.8
UNCTAD (2018a) Dispute resolution and redress. UNCTAD Secretariat, Geneva
UNCTAD (2018b) Manual on consumer protection. United Nations Conference on Trade and Development. UNCTAD Secretariat, New York, Geneva, pp 1–151
Urassa GC (2014) The effect of the regulatory framework on the competitiveness of the dairy sector in Tanzania. Int J Public Sect Manag 27(4):296–305. https://doi.org/10.1108/IJPSM-08-2011-0100
Wood JT (2017) In: Drahos P (ed) Regulatory theory. ANU Press, Canberra. Retrieved Aug 3rd 2018, from https://www.jstor.org/stable/j.ctt1q1crtm.49
Wright JD, Helland E (2013) The dramatic rise of consumer protection law. In F. H. Buckley (Ed.), The American Illness, the Dramatic Rise of Consumer Protection Law. Yale University pres. Retrieved August 3rd, 2018, from https://www.jstor.org
Zakuan ZZ, Ismail IR, Yusoff SS, Ismail R (2012) Consumer redress mechanism in Malaysia. 3rd Iinternational Conference on Business and Economic Research (3rd ICBER 2012) Proceeding, (pp. 1–8). Bandung. Retrieved August 13, 2019, from http://www.researchgate.net/publication/268300377
Legislations
Fiji
*Consumer Council of Fiji Act,* 1976
*Fijian Competition & Consumer Commission Act* 2010
Legislations
Solomon Islands
*Consumer Protection Act* 1995 c C.63
*Price Control Act* 1982 c C64
*Weights and Measures Act* 1980 c C.155

# Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa

Ahmad Walugembe[1], Gideon Nkurunziza[2] and Joseph Mpeera Ntayi[3]
[1]Department of Marketing and International Business, Makerere University Business School, Kampala, Uganda
[2]Department of Management Science, Makerere University Business School, Kampala, Uganda
[3]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

## Synonyms

Brand favorability; Brand strength; Consumer attachment to a brand

## Definitions

| | |
|---|---|
| Consumer-based brand equity | Consumers' thoughts, feelings, perceptions, images, and experiences about the brand that occurs when consumers are familiar with the brand and hold favorable, strong, and unique brand association in their memory. |
| Social-environmental analysis actions | Practices of interacting with the customers, understanding customer needs, mapping the environment, and planning and monitoring of execution of organizational goals. |

| | |
|---|---|
| Error management actions | Practices of continuous detection and correction of errors and proper usage of feedback from customers to improve organizational performance. |
| Connectedness with customers | The strategic effort of build customer relationships beyond the initial transaction that results into bonding, trust, and believability in the firm and its products. |

## Introduction

The ongoing transformation of branding in developing countries remains under-researched despite its central importance in promoting competitive advantage (Shaalan et al. 2020). Firms that practice branding endeavor to create a reliable brand equity and build sustainable competitive advantage (Hussain et al. 2020). Brand equity is a marketing asset (Srivastava and Shocker 1991) which stimulates a unique and welcoming relationship, thereby strengthening the bond between the firm and its customers (Lambkin and Muzellec 2010) and nurturing long-term buying behavior. Developing a strong consumer-based brand equity therefore is one of the ultimate aims of firms (Tran et al. 2020) because firms that have invested heavily in consumer-based brand equity are able to retain their customers over time which makes them highly competitive (Yoo et al. 2000). Consumer-based brand equity is therefore the differential effect of brand knowledge on consumer response to the marketing of the brand and thus consists of brand awareness, brand associations, brand perceived quality, and brand loyalty (Keller 2016; Yoo et al. 2000). Davcik, Silva, and Hair (2015) explain the concept of consumer-based brand equity as the major asset for an organization that determines the performance of its products in the market place, yet creating a favorable consumer-based brand equity has remained a challenge for beverage manufacturing firms as evidenced in the continuous firm closure and product failures on the market (Caroni and Pierri 2020). In sub-Saharan Africa, Uganda in particular, there is a high rate of business failure which is estimated to be at 30% (Kituyi and Balunywa 2012; Tushabomwe-Kazooba 2006), and it is associated to challenges of building a reliable consumer base which subsequently leads to consumer-based brand equity (Buzdar et al. 2016).

Current literature has dealt with the subject of brand equity extensively (Branaghan and Hildebrand 2011; Kapferer 2012; Myers 2003; Keller 2013) with little emphasis on the ontological variants of consumer-based brand equity. Research about the antecedents of consumer-based brand equity and the context in which it is enacted and built in a competitive beverage manufacturing setting is sparse especially in the context of developing economies. Building on the work of Aaker (2009), Keller (2013), and Cuong and Khoi (2019) who detailed the elements of brand perceived quality, brand association, brand loyalty, and brand awareness as components of consumer-based brand equity, these studies are limited in explaining the actions of firms that contribute to the formation of consumer-based brand equity. Furthermore, the study of Cuong diagnosed these elements at a broader level of brand equity with less emphasis on the specific actions that are taken to form the desirable consumer-based brand equity for the firm. Cuong's study is also based on quantitative data from retailer goods in a Vietnam setting and therefore lacks the originality in constructing consumer-based brand equity.

Relatedly, Shaalan et al. (2020) quantitatively confirmed the relevance of brand loyalty, brand awareness, brand association, and perceived quality as constructs of brand equity and established causality from brand loyalty to brand equity, in the banking sector. However, this study is limited in explaining the constructs of consumer-based brand equity and the specific actionable antecedents. In spite of the findings from these studies and many others that attempt to use the brand equity model, the antecedents and constructs of consumer-based brand equity derived from beverage manufacturing setting and with evidence of firms that have been able to build recognizable brand equity are still not well documented.

Christodoulides and De Chernatony (2010) also asserted that for a better understanding of the concept of consumer-based brand equity, there is a need for a thorough investigation of the concept with a focus on specific industry and within a given cultural context. This paper fills this gap in literature and posits that consumer-based brand equity in a beverage manufacturing setting is a result of actions taken by firms and the connectedness with consumers that result into bonding and emotional attachment with the brand. This thinking is rooted in Leibniz's et al. (1967) discourse on metaphysics which asserts that all true predication has some basis in the nature of things.

To effectively theorize consumer-based brand equity, examining success stories of firms that have created strong and reputable brands locally is an important approach. Therefore, understanding the processes through which these firms have gone through results into a socially constructed reality that requires an interpretivist's epistemology from the company actions (Galutira 2018). This is further supported because interpretivism epistemology has been given less attention by consumer-based brand equity scholars, yet consumer-based brand equity is an antecedent of brand performance (Oliveira-Castro et al. 2008). This paper therefore focuses on the JESA Dairy Ltd. story depicting how the firm was able to build a recognizable brand that consumers are proud to be attached to. The paper also uses action regulation theory (Frese 2009) to deliver practices that can be adopted by beverage manufacturing firms in sub-Saharan Africa in the process of building consumer-based brand equity and unified theory of brand equity to derive the ontological variants of consumer-based brand equity as demonstrated in the story. JESA as a beverage manufacturing firm was used to tease out the practices that lead to consumer-based brand equity among beverage manufacturing firms. This paper is premised on the fact that consumer-based brand equity is a dynamic and complex subject that calls for continuous transformation of ground rules to enable customer satisfaction, social-environmental analysis, and establishment of error management culture within an organization that results into meaningful connections with customers to persuade them to believe in the firm.

## Building a Consumer-Based Brand: The Success Story of JESA Dairy Ltd.

In 1988, the late James Mulwana and his wife established a dairy farm at Mikka Village, Wakiso District in Uganda with 120 local cows producing 500 hundred liters of milk per day sold to different milk retailers around Kampala. As production increased, milk retailers couldn't sell all this milk, resulting into 150 liters of milk getting spoilt daily. Mr. Mulwana was then advised by the milk retailers to sell pasteurized packed milk and also venture into other milk products like yogurt and butter. He interacted with Brookside Kenya, who gave him further guidance related to milk processing and packaging. However, given the expansion of the product line, the 120 cows weren't enough to produce enough milk to cater for fresh and pasteurized milk. To cover up this gap, 250 Friesian cows were stocked which increased milk production to 8,000 liters per day. To ensure quality and customer satisfaction, product tests and trials were carried out, and feedback gathered was used to improve their dairy products. This continuous adaptation became a culture in the company.

In 1994, Mr. Mulwana registered JESA Dairy Farm Ltd. and started selling pasteurized milk. Having registered success with Nice House of Plastics and Uganda Batteries limited as successful brands, experiences gathered then were modified and used in the distribution of JESA. Existing channels of distribution guided the supply chain of JESA products to customers who were already loyal to the company. Therefore, JESA was bundled with plastics and batteries and also joined the Network of Dairy Milk Producers as a member. In 1996, the company revisited most of its existing policies to ease the penetration of JESA milk to the market. This allowed the use of above-the-line marketing strategies. As a result, the first marketing campaign was launched with the main theme "fresh from the farm." During the campaign, billboards were

raised to enable top-of-the-mind awareness, distributors were reminded daily to load the new JESA products, and brand ambassadors were staged in the different coffee shops and supermarkets which gave JESA a higher level of recognition among the population.

To further strengthen the bond between the JESA and customers, marketing surveys were conducted to enable customers to contribute to product development and pricing. Promotional strategies were also a result of trial and error methods that facilitated learning through addressing customer complaints. This made several customers develop positive attitudes and beliefs that JESA products were superior in the market which increased consumption of these products. This motivated Mr. Mulwana to increase farmland to 600 hectares, increased Friesian cows to 550, and identified 12 outgrowers who were given Friesian cows and vaccines and trained on how to maintain standards as required. This further increased milk production and formed the basis of venturing into more products like yogurt, butter, flavored milk, cream, and cheese. Given that all outgrowers were trained and equipped with production skills, JESA products maintained the same fresh test that impressed most customers.

JESA was later certified by the ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau. These certifications created more confidence among customers and enabled the company to enter into international markets through Newrest Inflight Services which supplies JESA products to leading airlines like KLM, Ethiopian, Brussels, and Rwanda Airlines.

Today, the company's sales stand at 100,000–120,000 liters a day with a distribution network of 270 actors with most customers emotionally attached to JESA, and to many, without JESA there is no milk. This is as a result of the belief in product quality, performance, and superiority of the brand which has enabled it to be in every household in Uganda. Currently the company enjoys market leadership in fresh milk, pasteurized milk, yogurt, and butter with a 75% market share, and it is a favorite brand in sub-Saharan Africa (*source: JESA Dairy LTD Records 2019, Uganda Dairy Products Market Outlook Report 2019*).

## Discussion and Implications

An examination of the JESA story facilitates a deeper understanding of the concept of consumer-based brand equity and processes that lead to its formation. The story displays how the company was able to build a strong JESA brand in Uganda that has become a household item in sub-Saharan Africa. From the story, an attempt is made to probe, evaluate, and deduce the concepts attached to the underlying ideas and move on to the discussion of passive and reflective constructions of consumer-based brand equity and generate a theoretical justification of the process of building a consumer-based brand. A number of constructs that are taken as measures of consumer-based brand equity have been derived from the JESA story and discussed using the unified theory of brand equity (Aaker 1991; Keller 1993; Nebojsa et al. 2015). The theory bases its teachings and assumptions on the early discussions on branding by notable authors, including the likes of Copeland (1923). According to these authors, the buyer is reluctant to buy a product if there is no recognizable brand name by the manufacturer in good standing. Later authors like Gardner and Levy (1955) have stipulated that a brand is embedded within a complex symbolism that represents a variety of attributes and ideas, and brand names are thus much more than mere labels that distinguish between products and allow consumers to tell them apart in the context of complex buying situations. Gardner and Levy (1955) have argued that a brand summarizes sets of ideas, feelings, and attitudes that the consumer has about an organization or the products it brings into the market. Based on the perception of these elements, consumers then make choices by picking one or a few elements from within these sets that they find most appropriate (Park and Srinivasan 1994). The theory advances the concept of consumer-based brand equity and indicated that it occurs when a consumer is familiar with a brand and has already developed some

favorability or strong associations with the brand (Keller 1993). This favorability is what translates into sales, market share, and profits for the organization which later results into the formation of brand value (Ozdemir et al. 2020). In relation to this, Aaker (1991) and Keller (1993) conceptualized consumer-based brand equity in form of brand awareness, brand associations, brand loyalty, and brand perceived performance as components that explain the rationale why consumers buy products from given firms. Using the assumptions of this theory, ontological variants of consumer-based brand equity among beverage manufacturing firms are derived from the JESA story.

## Ontological Variants of Consumer-Based Brand Equity Among Beverage Manufacturing Firms in sub-Saharan Africa

The JESA story shows that consumer-based brand equity is an observable phenomenon, and a number of constructs are witnessed as advanced by Nebojsa et al. (2015), and among them include brand awareness, brand perceived performance, brand loyalty, brand preference, and brand associations. A detailed analysis of these is provided below.

### Brand Loyalty

The success story of JESA demonstrates that brand loyalty is an indicator of consumer-based brand equity as portrayed in the proprietor's actions of bundling JESA products with Nice House of Plastics and Uganda Batteries limited that were already successful brands with a network of loyal customers. Given that the proprietors had loyal customers with the other lines of business, it becomes easier for them to understand and accept the JESA products. Therefore, the level of brand loyalty and attachment that consumers had with the Mulwana's products on the market created a strong base for the success of JESA products. This purely shows an association between brand loyalty and consumer-based brand equity implying that firms that may need to measure the level of consumer-based brand equity among their customers may depend on the level of brand loyalty.

In support of the findings from this success story, Aaker (1991) indicated that one of the core measures of brand equity is brand loyalty and explained brand loyalty as the extent to which a consumer constantly buys the same brand within a product category (Lassar et al. 1995); in the process, the consumer remains loyal to a specific brand as long as it is available. In addition, brand loyalty exists when the consumer feels that the brand consists of the right product characteristics and quality at the right price (Ekinci and Whyatt 2011). Therefore, even if the other brands are available at a cheaper price or superior quality, the brand loyal consumer will stick to his brand. Brand loyal consumers are the foundation of an organization since greater loyalty levels lead to less marketing expenditure (Ha et al. 2011) and acts as a means of launching and introducing more products that are targeted at the same customers and restrain new competitors in the market (Raju et al. 1990). Brand loyalty can be developed through various measures such as quick service, ensuring quality products, continuous improvement, and wide distribution network (Appiah 2014) which tallies well with the JESA case study where Mr. Mulwana was committed to continuously improve and consistently use the existing networks of plastics and batteries to increase the visibility of JESA products. Furthermore, Raju, Srinivasan, and Lal (1990) suggest that as brand loyalty increases, customers will respond less to competitive moves and actions. It implies that brand loyal customers will always remain committed to the brand, are willing to pay a higher price for that brand, and will promote their brand always which strengthens the consumer-based brand equity of the firm.

### Brand Perceived Performance

The other component of consumer-based brand equity that is evident in the JESA success story is brand-perceived performance. In the success story, the product tests and trials that were conducted with customers created the feeling of trust and perceived performance of JESA products. Customers that tested the JESA products felt proud for being consulted and provided feedback that was used to improve the quality of the

products. This was done continuously and ultimately resulting into positive beliefs towards the firm. In the same way, the firm strengthened the bond with customers through addressing their complaints. This process possibly made customers feel that the firm is empathetic and is committed to providing improved products on the market. As a result, marketing surveys were conducted to enable customers to contribute to product development and pricing and promotion. These surveys also facilitated learning and transformational processes of JESA products. Such efforts created a feeling of involvement and emotional attachment to JESA products.

The JESA case study further indicates that continuous training of production teams and outgrowers enabled consistency in the quality of the milk that was produced. Given that all outgrowers were trained and equipped with production skills, JESA products maintained the same fresh test that impressed most customers. Therefore, this impression of high-quality products facilitated the positive belief in the JESA products which is an indicator of consumer-based brand equity. In addition to the above, JESA certification by the ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau created more confidence and believability in the company products. Subsequently, this certification enabled JESA to enter into international markets through Newrest Inflight Services which supplies JESA products to leading airlines like KLM, Ethiopian, Brussels, and Rwanda Airlines. Therefore, the presence of JESA on international shelves and being served on international airlines was a sign of perceived performance among the existing and potential customers.

In support of the above, literature is littered with evidence to back up brand perceived performance as an indicator of consumer-based brand equity. In reference to the unified theory of brand equity (Nebojsa et al. 2015), brand perceived performance is among the elements that were used to measure consumer-based brand equity. Nabojsa explained brand perceived performance as the extent to which a brand is considered to provide a good-quality product, and a good-quality product was measured on the dimensions of product features, product reliability, customer service, style and design, and pricing of the product or service. In the JESA case study, the features like freshness, customer engagements, and consumer-based pricing methods were elements that portrayed the perceived performance of the brand. Furthermore, Aaker (1992) advanced the view that brand perceived performance provides value to consumers and ultimately becomes the main reason to buy. Firms with high levels of brand perceived performance enable consumers to differentiate their products and form the basis for line extensions. In other words, brand perceived performance is the consumer judgment about the brand and subsequently contributes to consumer-based brand equity.

### Brand Awareness

The success story of JESA presents the concept of brand awareness as a prerequisite for brand recognition and ultimately consumer acceptance. In the story, the actions of the proprietors to revisit the company policies and accommodate above-the-line marketing strategies to ease market penetration of JESA milk to the market resulted into a number of marketing efforts that intended to change the consumer's mindset. These marketing efforts included advertising, regular reminders to distributors, use of brand ambassadors, and market activations, among others. Such efforts gave the consumers the ability to recognize the JESA brand and also created the feeling of association to the brand. In the same regard, the actions of moving JESA milk alongside Nice House of Plastics and Uganda Batteries that were already successful brands on the market and had accumulated a higher level of awareness among the masses gave an opportunity to JESA to be easily known, trusted, and recognized. That level of recognition amplified the believability of the JESA brand among the masses resulting into accelerated consumer-based brand equity.

In support of these actions, the unified theory of brand equity also advanced brand awareness as a measure of consumer-based brand equity with an emphasis on the knowledge the consumer has about the brand and in the ability to reminisce the attributes of that brand. This assertion is similar to

the arguments of Yoo and Donthu (2001) who indicated that brand awareness is the strength of a brand's presence in a consumer's mind, and the higher the level of awareness, the more the consumer is attached to the brand. Additionally, Keller (1993) explained consumer-based brand equity in four different forms which are all evident in the JESA story, and these included recognition, recall, top of mind, and dominance. Recognition involves remembering past exposure to the brand. Although the customer may not remember the product or category associated with the brand, recognition is important because it results into more positive feelings towards the brand. In the JESA story, the marketing campaign was run mainly to increase the level of brand recognition among the masses which was achieved. Brand recall, top-of-the-mind awareness, and brand dominance were evident in the JESA story at the point where customers became emotionally attached to JESA brand and to a number of customers, without JESA meant absence of milk. Such level of attachment to JESA brand was a result of the brand awareness activities that were implemented which greatly improved the company's consumer-based brand equity.

### Brand Preference

Another component of consumer-based brand equity that is pronounced in the JESA story is brand preference. The story shows that JESA enjoys market leadership in fresh milk, pasteurized milk, yogurt, and butter with a 75% market share in Uganda and among the most favorite in sub-Saharan Africa. This means that customers prefer the JESA brand to other competition brands in the industry. In addition, the sales figures of JESA and a wider distribution network are a sign of a high rate of usage and preference of the product in its category. This is further confirmed by the assertion that JESA is in most households in Uganda and to most customers, the absence of JESA means an absence of milk on the shelves. In line with the above, Baalbaki and Guzmán (2016) concluded that customers are more likely to choose a product from a brand they know and will often prefer using a particular brand if they trust its products and feel its qualities match their needs. Therefore a brand with established consumer-based brand equity will stand out in the market against its competitors because of its preference.

### Brand Attitude

The JESA story also indicates that brand attitude is a major component of consumer-based brand equity. In the story, it is clear that efforts towards making customers understand the attributes of the JESA brand facilitated a change in consumer mindset and formation of positive attitudes towards the brand. These attributes included freshness that was pronounced in the campaign slogan of "fresh from the firm" that caused more believability in the JESA products since most pasteurized milk products on the market were imported and never tested fresh. Furthermore, the proprietors of JESA focused on maintaining the same quality of milk on the market through identifying, training, and supporting outgrowers with the aim of maintaining the same standard and attribute of freshness in taste for JESA products. In the same regard, JESA was certified by the ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau. These certifications also were intended to communicate the attribute of quality in relation to JESA products. This certification was used to enter into international markets through Newrest Inflight Services which supplies JESA products to leading airlines like KLM, Ethiopian, Brussels, and Rwanda Airlines. JESA's existence in international markets communicated the position of superiority, excitement, and willingness to associate with JESA products which accelerated its consumer-based brand equity. In support of this, Chang and Liu (2009) explained brand attitude as the overall gratification, evaluation, and liking of a brand, and it's characterized by the thoughts and feelings that a consumer holds about that brand. Similarly, Keller (1998) considered brand attitude as a function of brand attributes and benefits. In this case, perceived attributes and benefits, deriving from functional and experiential knowledge, form an overall evaluation of the brand in the consumer's mind, and this judgment is based on salient associations. This means that in measuring consumer-based

brand equity, brand attitude is an important component which originates from the consumer perception and interpretation of brand attributes.

Furthermore, Ajzen and Fishbein (1975) added that brand attitude is formed based on the consumer's salient set of beliefs about the brand and consumer perceptions of attributes associated with its benefits (Berger and Mitchell 1989; Dick and Basu 1994; Kotler et al. 2015; Keller 1998). In the JESA story, consumer's salient set of beliefs about the brand were evident in the freshness of JESA milk, international, and Halal certifications. These attributes communicated a position of superiority upon which consumers developed a positive attitude about the brand. Likewise, Ajzen and Fishbein also emphasized the importance of marketing communication and its influence on brand attitude since its main aim is to attract consumer attention. Therefore, the way consumers perceive the brand either favorably or unfavorably can be influenced or reinforced by the way the brand communicates to them (Ajzen and Fishbein 1975; Paproski 2012). In relation to JESA, it is clear that the formation and promotion of the JESA brand were meant to create a favorable opinion about the product and ease communication against the nonbranded milk products that were sold before. This kind of strategy is visible in the JESA fresh from the firm campaign that strengthened the feeling of favorableness towards JESA products. Therefore, JESA marketing communication efforts embedded with product trials were at the forefront of the formation of a strong brand attitude towards JESA products that resulted into a strong consumer-based brand equity for JESA.

Conclusively, the application of the unified theory of brand equity and the interrogation of the JESA story enabled the presentation of a mind map for consumer-based brand equity in Fig. 1 below.

## Relationship Patterns and Antecedents of Consumer-Based Brand Equity as Derived from the JESA Story

This paper uses the action regulation theory to develop constructs of social-environmental analysis, error management, transformation of rules, and customer bonding that preceded the formation of strong consumer-based brand equity for the JESA brand. These constructs are discussed as depicted from the story followed by the relationship patterns that exist among them.

### Social-Environmental Analysis Actions

Among the core elements of the action regulation theory is the analysis of the social context (Rauch and Frese 2007). Frese indicates that, when the focus of action regulation is on the social context, past, current, and expected interactions with other people, it eases the process of goal development and selection, mapping the environment, and planning and monitoring of execution. Frese and Zapf (1994) further argue that most tasks are done within a social setting particularly businesses and entrepreneurs that are oriented towards the market. In addition to the above, to effectively have tasks implemented within a social setting, Frese et al. (2000) emphasized the importance of planning to overcome uncertainty within the social environment and by actively influencing the environment rather than by only reacting to the environment. Therefore firms that are looking towards establishing reliable and believable empires need to consider a critical analysis of the social environment.

The JESA story shows that the proprietors were actively involved and interacted with milk retailers, customers, and other actors in the social environment both locally and in the neighboring countries to enable the firm to get a solution to the 150 liters of milk that used to get spoilt on a daily basis. Through these interactions, the idea of pasteurized packed milk and venturing into other milk products emerged. To actualize the production of pasteurized packed milk, the interaction with Brookside Kenya was of great importance especially in the processing and packaging of the product. Furthermore, market surveys were conducted to solicit for customers' views on the required improvements in the product. Such actions constituted a social-environmental analysis that was fundamental in the formation of the JESA brand.

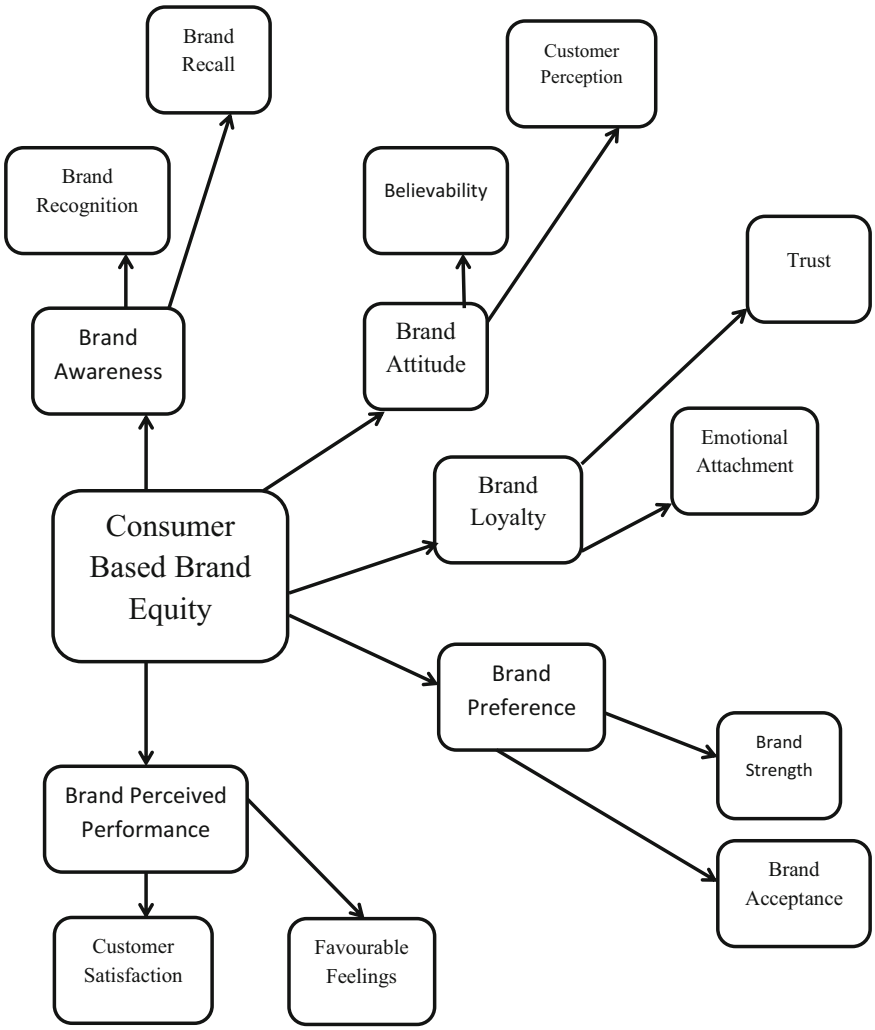


**Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa, Fig. 1** Mind map for consumer-based brand equity

### Error Management Actions

Further analysis of action regulation theory shows that people and organizations are active learners and that the development of knowledge and skills within an organization requires learning from errors (Frese and Keith 2015; Frese and Zapf 1994). In this regard, the theory pronounces continuous detection and correction of errors, learning, training, empowerment, and systematic usage of feedback from customers as core elements of an effective error management culture in organizations (Frese et al. 2003). In the JESA story, a number of these error management practices were observable as precursors of consumer-based brand equity. Evidence from the story shows that proprietors of JESA were ardent on the reduction of errors in the production process. To effectively achieve this, product tests and trials were carried out, and feedback gathered was used to improve the quality of products. Furthermore, trial and error methods facilitated learning through addressing customer complaints, and from these back and forth processes, effective promotion and communication strategies for

JESA emerged. In addition, the processes of equipping outgrowers with the same production skills through training were intended to avoid errors and ensure consistency in the production of milk with the same fresh taste that impressed most customers.

### Transformation of Rules

Continuous transformation and adaptation are among the underlying principles of action regulation theory. The theory assumes that, through reactions, and interactions with the environment, organizations adapt and improve performance (Frese and Sabini 1985). This enables organizations to develop action-oriented plans and transformation procedures that turn the plan into expected results. Zacher and Frese (2018) referred to this as a process of continuous transformation of rules that calls for adaptation and recognition of the changes in the environment to create a suitable identity. Furthermore, Neal, Ballard, and Vancouver (2017) indicate that organizations that strive to continuously transform their rules often have to flexibly manage multiple competing demands to enable them to avoid the undesired outcomes. To achieve this, action-based marketing practices are important tools in driving the change and create positive and favorable attitudes about the brand (Saenko et al. 2016). The purpose of this continuous transformation is to create a favorable brand image and attach the value that is relevant to consumers.

A critical review of the story of JESA reveals that a number of actions were undertaken by the proprietors of the business to facilitate a continuous transformation of rules. The success story shows that in an effort to grow the dairy business and establish a formidable brand, several transformations were made. As indicated in the story, in 1994, the proprietors registered JESA Dairy Farm Ltd. for the purpose of creating an identity in the market and enabling consumers to differentiate the company milk products from other competitors. It is under this brand name that the company started selling pasteurized milk. In addition, adjustments and transformations were made in the distribution channels by bundling JESA with an already successful brand of Nice House of Plastics and Uganda Batteries limited. This product bundling enabled customers to attach the same value to JESA products as they did to Nice House of Plastics and Uganda Batteries limited. More transformations and changes were made in the marketing practices of the firm which included above-the-line marketing strategies like running organized campaigns and below-the-line marketing strategies like the use of brand ambassadors and market activations. Such changes moved JESA close to the final consumer which resulted into more positive perceptions about the brand. Later on, JESA transformed its products into internationally accepted products through certifications with ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau. These certifications created more confidence among customers which qualified JESA's entry into international markets.

### Bonding

Bonding with customers is a strategic effort to create relationships beyond initial transactions that transforms customers into advocates (Rives et al. 2013). Therefore, manufacturing firms have put much emphasis on customer bonding as a strategy of creating customer loyalty since loyalty is a reliable measure of consumer-based brand equity (Keller 2013). Previous scholars have argued that achieving high levels of customer bonding is driven by a number of actions not limited to understanding and providing what customers want (Cowan 2018; Heinberg et al. 2018) quickly responding to errors and responding to customer complaints, adaptation to customer needs, and ensuring customer satisfaction (Rives and de Maya 2013). These actions are rooted in the action regulation theory which further confirms that achievement of organizational goals is accelerated by the bond that exists between the organization and its customers (Frese and Zapf 1994).

Examining the JESA story reveals that a number of actions were planned to enable customers to understand the company offerings and also strengthen the bond between JESA and customers. In this regard, circumstances that demonstrated the concept of bonding in the JESA story

included the ability of customers to provide unconditional feedback from the market. This feedback was regularly responded to which further improved the relationship between the two parties. Furthermore, it appears in the case study that most customers are emotionally attached to JESA. This emotional attachment is as a result of the trust and closeness between customers and the firm.

## Discussion and Establishing Relationships

### Social-Environmental Analysis Actions, Transformation of Rules, Bonding, and Consumer-Based Brand Equity

The JESA story shows that social-environmental analysis actions, transformation of rules, and bonding are core antecedents of consumer-based brand equity in a manufacturing setting. This movement first summarized the event listing matrix shown in Table 1 and later on discussed.

The event listing matrix above outlines a number of actions and events under social-environmental analysis, transformational of rules, and bonding that contributed to the formation of a strong JESA brand that exists in sub-Saharan Africa today. These actions and their relationships are discussed below.

A close examination of the actions that contributed to the existing consumer-based brand equity for JESA indicates that proprietors were actively engaged in community participation and business actors in this category were involved and consulted extensively. These consultations were planned with the intention of understanding community needs that enabled the formation of a formidable brand. Among the core actions at this level was working closely with the retailers who provided relevant market information upon which strategic decisions were taken. These strategic decisions included transformation from selling raw milk to pasteurized branded milk and the

**Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa, Table 1** Event listing matrix for social-environmental analysis actions, transformation of rules, bonding, and consumer-based brand equity

| Events | Social-environmental analysis actions | Transformation of rules | Bonding | Consumer-based brand equity |
|---|---|---|---|---|
| **Event 1** | Pro-activeness in consulting industrial key actors and channel members | Formation of the JESA brand and the start of the journey to pasteurized milk | Customers easily identified with the JESA brand and become more attached to it | Customers became more emotionally attached to JESA and developed a favorable brand attitude |
| **Event 2** | Market surveys were conducted to solicit for customers views on the product, pricing, and promotional methods | JESA marketing practices were transformed to include organized campaigns and brand ambassadors | JESA brand image made the consumer more attached to the brand | Increased perceived performance of JESA Brand |
| **Event 3** | Product tests and trials were carried out, and feedback gathered was used to improve JESA products | JESA milk products were continuously modified to suit customer's taste and preferences | Involvement of customers made them more attached to the firm | Customers believed more in JESA products and considered the rand to be superior |
| **Event 4** | A detailed study on Nice House of Plastics and Uganda Batteries Ltd. distribution channels was done | Existing marketing channels were modified to accommodate JESA products | The firm strengthened their relationship with the existing customers | The use of existing channels increased brand awareness and ease recognition of JESA products |
| **Event 5** | Analyzed and identified the need for certified and Halal products in the market | JESA products were certified by ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau | JESA products were more trusted and accepted by customers | JESA products were more preferred on the market and most customers befitted loyalty to the brand |

formation of the JESA brand that created a new identity for the business. The new JESA brand made it easy for customers to identify with the brand and to become emotionally attached to it. This level of attachment explains the favorable brand attitude for JESA and the subsequent consumer-based brand equity as outlined in event 1. These actions are supported by the work of Alvarado-Karste and Guzmán (2020) who investigated the role of brand identity in creating a congruent brand image and also analyzed how social influence – namely, consumers' compliance, identification, and internalization with a brand – affects consumer attitudes and strengthens consumer-based brand equity.

In addition, in event 2 in Table 1 above, market surveys were conducted to solicit for customers' views on product, pricing, and promotional methods that would be appropriate for their products. Such actions of involving customers contributed to a continuous refinement of the product, prices, and marketing campaigns. Furthermore, adjustments in marketing communication aided product demonstration and quality interactions with customers which enabled customers to appreciate the special features of the JESA brand and ultimately improved JESA's consumer-based brand equity. In support of this, Dwivedi, Johnson, Wilkie, and De Araujo-Gil (2019) argue that emotional marketing communication that is more than informative increases the audience's attention towards products and boosts recall, recognition, and attitudes towards the brand. This is further in agreement with Baalbaki and Guzmán (2016) who confirmed that consumer-based brand equity (CBBE) is a function of recall, recognition, and attitudes.

In line with the above, product tests and trials across all product lines of JESA seem to be among the social-environmental analysis actions that contributed to its strong consumer-based brand equity. On a number of occasions, milk products were given out to customers and outgrowers as samples to ensure that they match the desired taste. The feedback that was received after these trials enabled further improvement in the quality of milk that was released for sale. These practices of product testing became a culture in the company which meant that JESA milk products were continuously modified to suit the customer's taste and preferences making customers more emotionally attached to the firm. In this regard, Washburn et al. (2000) argue that positive product trial seems to enhance consumers' belief in the product and eventually consumer-based brand equity basing on the fact that product trials represent tangible evidence to determine a consumer's equity and perception. Therefore, experience gained after sampling the product augments the consumer's perceptions rather than forcing the consumer to rely on the brand name alone as a signal of quality.

Furthermore, through environmental analysis, a detailed study on the distribution channels of Nice House of Plastics and Uganda Batteries limited was done to ease the reach to their loyal customers. These channels were therefore modified to allow product bundling which enabled the movement of JESA products together with Nice House of Plastic products and Uganda Batteries. Whereas the three products were in different lines of business, targeting different market segments and satisfying different needs, selling milk alongside products that had a bigger brand name created positive perceptions and attitude towards the JESA brand and ultimately strengthened its consumer-based brand equity. Literature indicates that tying two products of unequal value makes them equally valuable as they become inseparable for purchase. Consequently, firms can charge a higher price for the bundled products than before (Washburn et al. 2000). This is also supported by Simonin and Julie (1998) who concluded that product bundling increases product believability and equity among consumers and it is necessary in introducing new products.

Lastly, event 5 in the matrix Table 1 shows that proprietors analyzed and identified the need for certified and Halal products in the market as a result of the international business regulations that call for certification of products that are going oversee and need for a Halaal certificate for food and beverages. In a bid to satisfy these requirements, JESA products were certified by ISO food safety standard, the UNBS Q mark, and the Uganda Halal Bureau. These certifications made these products more trusted and acceptable culturally and internationally. The certification

also increased consumers' trust, believability, and loyalty to the brand. To this effect, Keller (2013) and Keller and Lehmann (2006) advanced the view that the power of a brand relies upon what customers think, feel, and trust which gives value to a brand and strengthens its consumer-based brand equity.

### Error Management Actions, Transformation of Rules, Bonding, and Consumer-Based Brand Equity

The JESA success story assumes that a manufacturing firm in sub-Saharan African can achieve the desired level of consumer-based brand equity through error management actions, transformation of rules, and bonding. This is summarized the event listing matrix Table 2 followed by a discussion establishing relationships among the constructs.

In reference to Table 2 event 1, error management actions were observed through giving of Friesian cows, vaccines, and training to outgrowers. These actions solved the challenge of the poor quality of milk that was largely a result of mixing up of milk from different outgrowers with different quality standards. Several trainings were conducted to equip outgrowers with the required skills to enable them to produce the same quality of milk with the same great taste. As a result, this same great freshness taste of JESA made several customers fall in love with the product which made customers prefer JESA products to other milk products on the market. Such actions that were undertaken are consistent with action regulation theory which suggests that training and learning turn average workers into super workers who have superior knowledge and skills to undertake their tasks (Hacker 1985). These super workers are also more sensitive to signals from the environment and perceive signals and differences between signals as well as errors more accurately (Hacker 1985). The implication of this is that firms with employees that have a deeper understanding of tasks can easily provide what consumers want which makes them believe in the firm and subsequently strengthen its consumer-based brand equity.

In addition, events 2 and 3 demonstrate that receiving customer complaints and conducting trial and error activations are important strategies that facilitate learning and improving service delivery. This is because trial and error activations ease product demonstrations and acquisition of immediate feedback. In support of this,

**Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa, Table 2** Event listing matrix for error management actions, transformation of rules, connectedness with customers, and consumer-based brand equity

| Events | Error management actions | Transformation of rules | Bonding | Consumer-based brand equity |
|---|---|---|---|---|
| **Event 1** | Errors were avoided through giving Friesian cows, vaccines, and training to outgrowers | Outgrowers were skilled which enabled them to produce milk of the same great taste | The same great freshness taste of JESA made several customers fall in love with the product | Customers preferred JESA product over other products on the market |
| **Event 2** | Trial and error methods facilitated learning through addressing customer complaints | Customer complaints were addressed that improved in service delivery | Customers were satisfied with JESA products | Customers became attached and loyal to JESA products |
| **Event 3** | Continuous adaptation to customer needs | JESA milk products were continuously modified to suit the customer's taste and preferences | Involvement of customers made them more attached to the firm | Customers believed more in JESA products and considered the brand to superior |
| **Event 4** | Feedback was gathered on the effective promotion and communication strategies | More interactive promotion methods were used | Customers interacted more with JESA staff | There was a high level of bonding between customers and JESA staff |

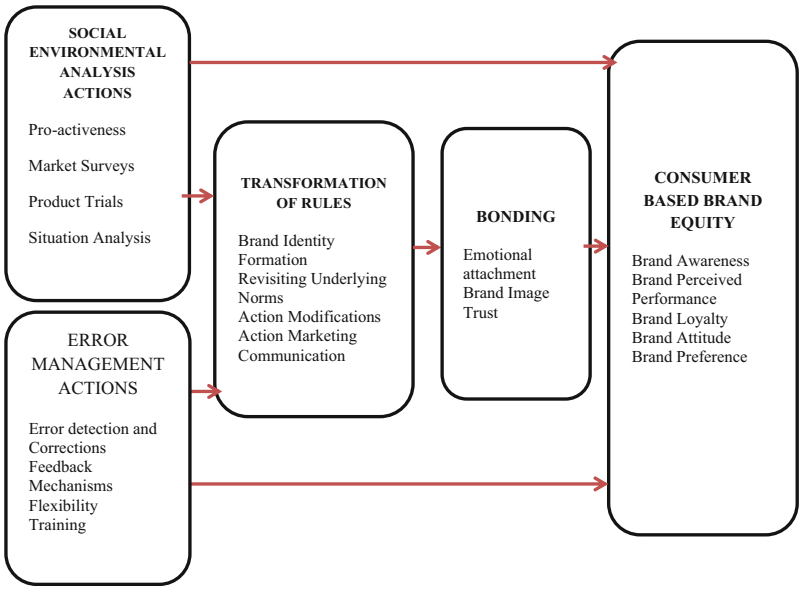


**Consumer-Based Brand Equity Among Beverage Manufacturing Firms in Sub-Saharan Africa, Fig. 2** Consumer-based brand equity variants and antecedents: a conceptual framework

Heimbeck, Frese, Sonnentag, and Keith (2003) indicated that error management and training encourage participants to learn from errors through exploring the causes and dynamics behind these errors. This continuous error detection and correction enables the firm to continuously adapt to customer needs and continuously modify its process to suit customer tastes and preferences. Despite the above, error detection and correction processes also accelerate customer involvement and strengthen the bond between the firm and its customers.

Following the above discussion, it can be concluded that in a beverage manufacturing setting as demonstrated in the JESA case study, social-environmental analysis, error management actions, transformation of rules, and customer bonding constitute the antecedents and variants of consumer-based brand equity. This argument is summarized in the conceptual model as shown in Fig. 2.

## Conclusions

The model above brings together constructs and/or metaphors derived from the action regulation theory. These constructs have been discussed with the support of the empirical findings from the literature and explaining in part the realities of consumer-based brand equity evidenced in the case study of JESA Ltd.

## Conclusion and Implications

### Conclusions

A thorough and critical analysis of the success story of JESA using the unified theory of brand equity reveals that brand awareness, brand perceived performance, brand loyalty, brand attitude, and brand preference are the ontological variant of consumer-based brand equity in a beverage manufacturing setting.

Application of the action regulation theory to the story of JESA also illustrates that the antecedents of consumer-based brand equity in a manufacturing setting include social-environmental analysis actions that were observed through pro-activeness, market surveys, product tests and trials, and error management actions that were observed through feedback mechanisms responding to customer complaints, flexibility, training, and error detection. Also transformation of rules was an antecedent of consumer-based brand equity among the manufacturing firms in sub-Saharan African that was observed through continuous adaptation, identity formation, and

action marketing practices. Conclusively, bonding was observed through relationship building, trust, and emotional attachment. The implication of this is that firms that are attempting to develop a favorable consumer-based brand equity need to interact regularly with customers and create an appropriate error management culture that allows continuous adaption to customer needs which ultimately strengthens the bond between the firm and its customers and subsequently builds a favorable consumer-based brand equity.

### Policy Implications

The paper recommends that regulators need to emphasize the role of environmental analysis and market surveys as methods through which beverage manufacturing firms can strengthen their existence in the market. This is because continuous environmental analysis and market surveys enable beverage manufacturing firms to understand and appreciate consumer needs and procedures of satisfying these needs. As a result, satisfied consumers become more attached to the firm which is an element of consumer-based brand equity.

Policy makers also need to supervise the existence of feedback mechanisms in organizations that facilitate error detection and correction. These mechanisms may be supported by equipping employees with the required skills through training to enable them to produce the required products and services.

### Theoretical Implication

This paper was anchored on the teaching of action regulation theory (Frese and Sabini 1985) and unified theory of brand equity (Aaker 1991; Keller 1993; Nebojsa et al. 2015). Unified theory of brand equity was used to derive the variants of consumer-based brand equity while action regulation theory was used to derive the antecedents of consumer-based brand equity. Action regulation theory argues that actionable activities in an organization are goal oriented and that they produce better results for the organization if they are well planned and aligned. In this study, the theory was used to examine the social-environmental analysis actions, error management actions, transformation of rules, and bonding action in the JESA story that seemed to be vibrant antecedents of consumer-based brand equity. This implies that interpretive philosophical perspective and case study analysis can be useful in understanding organizational practices that contribute to consumer-based brand equity.

Furthermore, the interpretive philosophical perspective was preferred because of the desire to have an in-depth understanding of organizational actions that are important in building strong consumer-based brand equity for the firm. This was necessary because consumer-based brand equity is an objective constructed by social interaction between the firm and its customers (Sarantakos 2005). The paper therefore undertook a task to examine the actions that lead to consumer-based brand equity among manufacturing firms in sub-Saharan Africa. In developing the success story, secondary data was gathered from the records of JESA Dairy Ltd., and also the current directors in the company were interviewed given that the original proprietor of the business had already passed on.

## References

Aaker DA (1991) Managing brand equity: capitalizing on the value of a brand name. New York: Toronto: New York: Free Press; Maxwell Macmillan Canada; Maxwell Macmillan International, vol. xiii, pp.299, ISBN;0029001013 9780029001011

Aaker DA (1992) The value of brand equity. Journal of Business Strategy 13(4):27–32

Aaker DA (2009) Managing brand equity. Simon and chuster. The Free Press, New York-London-Toronto-Sydney, ISBN 0-02-900101-3, eISBN-13: 978-1-4391-8838-5

Ajzen I, Fishbein M (1975) A Bayesian analysis of attribution processes. Psychol Bull 82(2):261

Alvarado-Karste D, Guzmán F (2020) The effect of brand identity-cognitive style fit and social influence on consumer-based brand equity. Journal of Product & Brand Management. Ahead-of-print. https://doi.org/10.1108/JPBM-06-2019-2419

Appiah D (2014) Building Brand Loyalty: Identity Theory Perspective Introduction and Context., University Plymouth Publishers UK

Baalbaki S, Guzmán F (2016) A consumer-perceived consumer-based brand equity scale. J Brand Manag 23(3):229–251

Berger IE, Mitchell AA (1989) The effect of advertising on attitude accessibility, attitude confidence, and the attitude-behavior relationship. J Consum Res 16(3):269–279

Blankson, Cowan, Darley (2017). Marketing Practices of Rural Micro and Small Businesses in Ghana: The Role of Public Policy. https://doi.org/10.1177/0276146717741067

Branaghan RJ, Hildebrand EA (2011) Brand personality, self-congruity, and preference: a knowledge structures approach. J Consum Behav 10(5):304–312

Buzdar MF, Janjua SY, Khurshid MA (2016) Customer-based brand equity and firms' performance in the telecom industry. Int J Serv Oper Manag 25(3):334–346

Caroni C, Pierri F (2020) Different causes of closure of small business enterprises: alternative models for competing risks survival analysis. Electron J Appl Stat Anal 13(1):211–228

Chang H-H, Liu Y (2009) The impact of brand equity on brand preference and purchase intentions in the service industries. The Service Industries Journal 29:1687–1706. https://doi.org/10.1080/02642060902793557

Christodoulides G, De Chernatony L (2010) Consumer-based brand equity conceptualization and measurement: a literature review. Int J Mark Res 52(1):43–66

Copeland MT (1923) Relation of consumers' buying habits to marketing methods. Harvard Business Review 1:282–289

Cowan K, Guzman F (2018) How CSR reputation, sustainability signals, and country-of-origin sustainability reputation contribute to corporate brand performance: An exploratory study. Journal of Business Research 117. https://doi.org/10.1016/j.jbusres.2018.11.017

Cuong DT, Khoi BH (2019) The effect of brand image and perceived value on satisfaction and loyalty at convenience stores in Vietnam. J Adv Res Dyn Control Syst 11(8):1446–1454

Davcik NS, Da Silva RV, Hair JF (2015) Journal of Product & Brand Management 24(1):3–17. Emerald Publishing Group

Dick AS, Basu K (1994) Customer loyalty: toward an integrated conceptual framework. J Acad Mark Sci 22(2):99–113

Dwivedi Y, Rana N, Jeyaraj A, Clement M, Williams M (2019) Re-examining the Unified Theory of Acceptance and Use of Technology (UTAUT): Towards a Revised Theoretical Model. Information Systems Frontiers 21:1–16. https://doi.org/10.1007/s10796-017-9774-y

Ekinci Y, Whyatt G (2011) Brand equity, brand loyalty and consumer satisfaction. Ann Tour Res 38:1009–1030. https://doi.org/10.1016/j.annals.2011.01.015

Frese M (2009) Towards a Psychology of Entrepreneurship – An Action Theory Perspective. Foundations and Trends® in Entrepreneurship 5(6):437–496. Now Publishers Inc.Boston-Delft. https://doi.org/10.1561/0300000028

Frese M, Keith N (2015) Action errors, error management and learning in organizations. Annu Rev Psychol 66: 661–687. https://doi.org/10.1146/annurev-psych-010814-015205

Frese M, Sabini J (1985) Action theory: An introduction. In: Frese M, Sabini J (Eds.) Goal directed behaviour: The concept of action in psychology. Lawrence Erlbaum Associates, London

Frese M, Zapf D (1994) Action as the core of work psychology: a German approach. Handb Ind Organ Psychol 4(2):271–340

Frese M, Gelderen M, Ombach M (2000) How to plan as a small scale business owner: Psychological process characteristics of action strategies and success. Journal of Small Business Management 38:1–18

Frese M, Beimel S, Schoenborn S (2003) Action training for charismatic leadership: Two evaluations of studies of a commercial training module on inspirational communication of a vision. Personnel Psychology 56 (3):671–698

Galutira GD (2018) Theory of reflective practice in nursing. Int J Nurs Sci 8(3):51–56

Gardner BB, Levy SJ (1955) The product and the brand. Harv Bus Rev 33(2):33–39

Ha H, John J, Janda S, Muthaly S (2011) The effects of advertising spending on brand loyalty in services. Eur J Mark 45(4):673–691

Hacker W (1985) Activity: A fruitful concept in industrial psychology. In: Frese M, Sabini J (Eds.) Goal directed behaviour: The concept of action in psychology. Lawrence Erlbaum Associates, London

Heimbeck D, Frese M, Sonnentag S, Keith N (2003) Integrating errors into the training process: the function of error management instructions and the role of goal orientation. Pers Psychol 56(2):333–361

Heinberg M, Ozkaya HE, Taube M (2018) Do corporate image and reputation drive brand equity in India and China?-Similarities and differences, Journal of Business Research 86:259–268

Hussain I, Mu S, Mohiuddin M, Danish RQ, Sair SA (2020) Effects of sustainable brand equity and marketing innovation on market performance in hospitality industry: mediating effects of sustainable competitive advantage. Sustainability 12(7):2939

Kapferer JN (2012) The new strategic brand management: advanced insights and strategic thinking. Kogan Page Publishers

Keller KL (1993) Conceptualizing, measuring, and managing customer-based brand equity. J Mark 57(1):1–22

Keller KL (1998) Branding Perspectives on Social Marketing. In NA - Advances in Consumer Research Journal 25:299–302

Keller KL (2013) Strategic Brand Management: Building, Measuring, And Managing Brand Equity (4th ed, Global Edition). Boston: Boston: Pearson

Keller KL (2016) Reflections on customer-based brand equity: perspectives, progress, and priorities. AMS Rev 6(1):1–16

Keller KL, Lehmann DR (2006) Brands and branding: research findings and future priorities. Mark Sci 25(6):740–759

Kituyi G, Balunywa W (2012) Why do nascent ICT businesses die young? Makerere Busines Journal 5(2):117–127

C

Kotler P, Armstrong G, Ancarani FG, Costabile M (2015) Principi di marketing. Pearson Italia
Lambkin MC, Muzellec L (2010) Leveraging brand equity in business-to-business mergers and acquisitions. Ind Mark Manag 39(8):1234–1239
Lassar W, Mittal B, Sharma A (1995) Measuring customer based brand equity. J Consum Mark 12(4):11–19
Leibniz GW (1967) Philosophy of religion, Studia Leibnitiana, Bd. 1, H. 4 (1969), pp. 293–320 (28 pages), Published By: Franz Steiner Verlag
Myers CA (2003) Managing brand equity: a look at the impact of attributes. Journal of Product & Brand Management 12(1):39–51. https://doi.org/10.1108/10610420310463126
Neal B, Perkovic V, Mahaffey KW, De Zeeuw D, Fulcher G, Erondu N, Matthews DR (2017) Canagliflozin and cardiovascular and renal events in type 2 diabetes. New England Journal of Medicine 377(7):644–657
Nebojsa S, Davcik RS, Joe FH (2015) Towards a unified theory of brand equity: conceptualizations, taxonomy and avenues for future research. Journal of Product & Brand Management 24(1):3–17
Oliveira-Castro J, Foxall G, James V, Pohl R, Dias M, Chang S-W (2008) Consumer-based brand equity and brand performance. Serv Ind J 28:445–461
Ozdemir RA, Tadayon E, Boucher P, Momi D, Karakhanyan KA, Fox MD, Halko MA, Pascual-Leone A, Shafi MM, Santarnecchi E (2020) It's all in the brand: Creating value through successful B2B relationships. Strategic Direction 36(10)15–16. https://doi.org/10.1108/SD-08-2020-0143
Paproski DM (2012) Purchasing intentions and behavior in china: a comparison of Chinese consumers in key cities-Beijing, Shanghai, Guangzhou and Chongqing. Doctoral dissertation
Park CS, Srinivasan V (1994) A survey-based method for measuring and understanding brand equity and its extendibility. J Mark Res 31(2):271–288
Raju JS, Srinivasan V, Lal R (1990) The effects of brand loyalty on competitive price promotional strategies. Manag Sci 36(3):276–304
Rauch A, Frese M (2007) Born to Be an Entrepreneur? Revisiting the Personality Approach to Entrepreneurship. In J. R. Baum, M. Frese, & R. A. Baron (Eds.), The organizational frontiers, Journal of psychology of entrepreneurship, Lawrence Erlbaum Associates Publishers 41–65
Rives L, de Maya SR (2013) The role of affiliation, attractiveness and personal connection in consumer-company identification. European Journal of Marketing 47 (3). https://doi.org/10.1108/03090561311297526
Rives V, Del Arco M, Martín C (2013) Layered double hydroxides as drug carriers and for controlled release of non-steroidal anti inflammatory drugs (NSAIDs): a review. Journal of Controlled Release 169(1–2):28–39
Saenko NR, Sozinova AA, Karabulatova IS, Akhmetov IV, Mamatelashvili OV, Pismennaya EE (2016) Research in action integrated marketing communications as the elements of information and virtualization market relations. Int Rev Manag Mark 6(1):267–272
Sarantakos S (2005) Social Research. 3rd Edition, Palgrave Mac-Millan, New York
Shaalan A, Hegazy A, Tourky M, Elshaer I, Ashour H (2020) Understanding consumer-based brand equity and its antecedents in international and national banks in Egypt, Journal of Marketing Communications 10:1–35. https://doi.org/10.1080/13527266.2020.18321375
Simonin BL, Julie AR (1998) Is a Company Known by the Company It Keeps? Assessing the Spillover Effects of Brand Alliances on Consumer Brand Attitudes. Journal of Marketing Research 35:30–42
Srivastava R, Shocker A (1991) Brand equity: A perspective on its meaning and measurement. MSI Report, pp. 91–124. Cambridge, MA: Marketing Science Institute.
Tran D, Andrade H, Durier G, Ciret P, Leopold P, Sow M, Ballantine C, Camus L, Berge J, Perrigault M (2020) Growth and behaviour of blue mussels, a re-emerging polar resident, follow a strong annual rhythm shaped by the extreme high Arctic light regime. Rsos SI https://doi.org/10.6084/m9.figshare.c.5144743
Tushabomwe-Kazooba C (2006) Causes of Small Business Failure in Uganda: A Case Study from Bushenyi and Mbarara Towns 1, African Studies Quarterly 8:27–35
Washburn J, Till B, Priluck R (2000) Co-branding: Brand equity and trial effects. Journal of Consumer Marketing 17:591–604. https://doi.org/10.1108/07363760010357796
Yoo B, Donthu N (2001) Developing and validating a multidimensional consumer-based brand equity scale. Journal of business research 52(1):1–14
Yoo B, Donthu N, Lee S (2000) An examination of selected marketing mix elements and brand equity. J Acad Mark Sci 28(2):195–211
Zacher H, Frese M (2018) Action regulation theory: foundations, current knowledge, and future directions. In: The SAGE handbook of industrial, work and organizational psychology. Organizational psychology, vol 2, 2nd edn. Sage, Thousand Oaks, pp 80–102

# Contemporary Civil Service Reforms in Japan

Takashi Nishio
Department of Politics and International Studies, International Christian University, Mitaka, Japan

## Synonyms

Reforms in the human resource management in Japan; The Japanese civil service; The political control of the Japanese bureaucracy

## Definition

The political and administrative reforms related to the civil service system and personnel management in Japan from the mid-1990s to 2020.

## Introduction

Modern Japan underwent at least three major civil service reforms. The first was the introduction of a modern examination and personnel system for public service based on a merit principle in the late nineteenth century. The second was the postwar civil service reform initiated by the General Headquarters of the Allied Forces (GHQ) as an important part of the constitutional reform in 1947, through which the Emperor's bureaucrats were regarded as "servants of the whole community" (article 15, the Constitution of Japan). The third reform started in the mid-1990s and lasted until the establishment of the Cabinet Bureau of Personnel Affairs in 2014, but the political and administrative adjustment to the new system is continuing. This article focuses on the third, ongoing reform.

While the postwar civil service reform was fundamental in terms of democratization and in the words of the constitution, some parts of the prewar Japan's bureaucratic system survived because the GHQ adopted the "indirect rule" to implement their occupation policies. For example, the privileged entrance selection system, in which the category of the examination for service matters throughout the career of each official, continues even now. In so-called "career system," those fast streamers who passed the type 1 examination will be promoted much higher than other categories, including technical officials, without receiving strict check about their real abilities or achievement (Kawate 2005).

As the tradition of closed, decentralized personnel system by each ministry has not undergone a radical reform, the pathology of compartmentalism and weak coordination by the cabinet has been a long-lasting issue. The establishment of the National Personnel Authority (NPA) as an autonomous, authoritative administrative committee in 1948 was expected to overcome this problem but the other ministries continued the decentralized and closed appointment system.

The need for civil service reform has been discussed repeatedly since around 1960. The Provisional Commission for Administrative Reform (PCAR or *Rincho*, 1961–64) emphasized the importance of civil service spirit but the people did not take it seriously because of the successful economic growth by Ikeda Administration. The second *Rincho* (1981–83) submitted five reports including proposals for a more efficient and slim government, but the major reform was the privatization of the three public corporations: the National Railways, the Telegraph and Telephone Public Corporation, and the Tobacco and Salt Public Corporation.

One of the most remarkable events with the civil service system in the 1980s was the freezing of the NPA's recommendation to raise the civil service compensation. Since the recommendations had been fully implemented for more than 20 years, it was an unusual, controversial political decision by Suzuki Administration. However, considering the popular sentiment against public officials in those days, it might be a responsive political action to the people's criticism to the autonomous administrative practices. The Japanese civil service system could no longer enjoy constant increases of the budget, staff, and compensation.

After the second *Rincho,* four advisory commissions for administrative reform were established to continue and supervise the ongoing reforms until mid-1990s, but actual reform movement did not start without strong public supports and political leadership. The third civil service reform was initiated by Prime Minister (PM) Hashimoto, who established two advisory commissions, the Civil Service System Study Group (1997–99) and the Administrative Reform Council (1996–98), and Hashimoto appointed himself the chair of the council.

## Corruptions, *Amakudari*, and the Ethics Act

Foreign scholars used to associate the Japanese public servants with integrity, dedication, and

high policy competency in relation to the postwar rapid economic growth (Kim et al. 1995). The Japanese government could recruit the best and brightest college graduates with relatively low salaries and have them work indefinitely for the development of the country. However, when the economic bubble burst in the early 1990s, corruptions, wastefulness, untransparent decision-making, and weak responsiveness of the bureaucrats were revealed to the public.

The most striking occurrence was the arrest of the administrative vice minister of the Welfare Ministry on charge of bribery in 1996, but it turned out to be just a case in a series of scandals of higher officials in various ministries. Although the government issued notifications concerning official discipline enforcement, scandals never stopped because acceptance of gifts or treatment from related companies was a daily custom in the public official's life.

PM Hashimoto insisted on the need for formal ethical disciplines for public officials and the National Public Service Ethics Act was enacted in 1999. It stipulates the officials' duty to submit reports concerning acceptance of gifts or treatment exceeding 5,000 yen or on share dealings. The National Public Service Ethics Board was established in the NPA to set the disciplinary standards for violation and to offer opinions concerning the ethics code to the cabinet.

The target of people's criticism to public servants shifted from the treatment corruptions to so-called "descent from heaven" (*Amakudari*), which means retiring bureaucrats taking high positions in related companies. Since the number of executive positions decreases toward the top, the administrative vice minister, "career" bureaucrats are expected to voluntarily leave their ministries in their mid-50s and need to find jobs for life. The personnel section of each ministry's secretariat must find their new positions in the private sector because very few bureaucrats wish to retire before 60, the official retirement age. However, not all companies are willing to accept outsiders, even though they are competent, without such profits as receiving public work orders or special consideration from the ministry. The National Public Service Act stipulates the regulations concerning re-employment by the NPA, but they were not necessarily strict.

This "up-or-out" practice had been deeply rooted in the personnel management system of each ministry (Inatsugu 1996). As early retirement means losing in the promotion race and no one happily leaves the office, each ministry must prepare and mediate nicer positions outside the government for retiring officials to compensate their long service and commitment. However, the custom of *Amakudari* looked unfair, untransparent, wasteful, and corrupt for ordinary citizens. Both the ruling parties, the Liberal Democratic Party (LDP) and Komeito, and the opposition parties openly criticized *Amakudari,* but since there were a number of ex-bureaucrat politicians in both the LDP and opposition parties, the actual reform of this practice was slow and cautious.

It was the first Abe administration (2006–07) that tried to abolish the *Amakudari*. Through the revision of the National Public Service Act in 2007, the ministry's mediation for re-employment of incumbent bureaucrats was prohibited, and instead, the Center for Personnel Interchanges between the Government and Private Entities was established for fairer and more transparent re-employment procedure. However, the center did not function as expected and the informal mediation by each ministry did continue for both incumbent and retired bureaucrats. It became a hot political issue again after the change of the governing party in 2009.

Through the corruption and *Amakudari* issues the Japanese citizens recognized the importance of political leadership for civil service reform (Nakamura 2005). As the LDP collaborated with the bureaucracy for more than half a century, people's expectation for a change in the governing party was rising gradually. But a radical change in the civil service system required a consensus between the politicians and the bureaucrats.

## Consensus Building and the Basic Act of 2008

The third civil service reform was initiated by PM Hashimoto who came into power in 1996, but it

took nearly 20 years to establish the Cabinet Bureau of Personnel Affairs in 2014, which was an epochal event of the change in the politics and administration relations. From Hashimoto administration to the second Abe administration (2012–20), 11 cabinets coped with the reform. This lengthy consensus building processes can be divided into two periods: from the mid-1990s to the enactment of the Basic Act on Reform of National Public Service System in 2008 and thereafter. During the first half period, in 2001, the central government organizations were restructured from 22 to 12 ministries and agencies based on the report of the Administrative Reform Council under the leadership of PM Hashimoto. It was called a reform of the "container," and the civil service reform, a reform of the "spirit" to fill it in, was expected to follow.

In the 1999 Report of the Civil Service System Study Group, a common understanding with the reform direction was confirmed: to enhance openness, diversity, transparency, competence, and to respect for independent will of each official. The next step was the establishment of the Civil Service Reform Office in the cabinet secretariat in 2001, which submitted the fundamental principles (*Taiko*) within a year. While it proposed a new staff evaluation system, a change in the re-employment regulations, and an examination reform, its underlying intention was to revoke the NPA's authorities as a third-party organization. In spite of its seemingly innovative wordings, the fundamental principles were trying to keep the traditional practice of *Amakudari* and the "career" system.

Scholars and mass media criticized not only the content of the fundamental principles but also its untransparent decision-making processes. The core members of the Reform Office were the officials of the Ministry of Economy, Trade and Industry (METI, former MITI), and their proposals were quite different from the directions indicated by the study group. But as the top priority of the reform by Koizumi administration was privatization of the postal service, the fundamental principles of the civil service reform were not developed to an actual enactment.

After Koizumi administration, which successfully realized the postal privatization, the first Abe administration restarted the civil service reform in 2006. But having revised the National Public Service Act in 2007, PM Abe stepped down from illness and PM Fukuda succeeded his civil service reform. At that time, the difficulty lied not only in the nature of the reform but also in the "twisted" (flipped) diet: two houses were controlled by different parties. Fukuda administration could not pass many of the cabinet bills, but in 2008 it could finally enact the Basic Act on Reform of National Public Service System by absorbing amendment opinions from the oppositions.

The basic act, having confirmed the superiority of politics over bureaucracy under the parliamentary cabinet system, stipulated the duty of the civil servants to assist the cabinet and the prime minister. For this purpose, the Cabinet Bureau for Personnel Affairs shall be established in a year absorbing some of the authorities of the NPA and the Ministry of Internal Affairs and Communication (*Somusho*). It also stipulates recording of contacts of politicians and higher officials, recruiting more staff with diverse abilities and backgrounds, and new evaluation system based on merit and achievement. However, since the nature of the basic act was a "program law," which provides future reform programs, the actual institutional reform was left to the following administration.

After Aso administration (2008–09), which succeeded PM Fukuda, the ruling party changed from LDP to the Democratic Party of Japan (DP), but all the DP cabinets, Hatoyama (09–10), Kan (10–11), and Noda administration (11–12) failed to pass their bills for civil service reform. As for the reasons, there was a great east Japan earthquake and the Fukushima nuclear accident in 2011, and the "flipped" diet again, but above all, people's expectation for strong political leadership under a stable government gradually withered.

When the DP government came into power in 2009, PM Hatoyama abolished the tradition of the meeting of administrative vise ministers, which had continued for 140 years and regarded as a symbol of bureaucratic initiative. The meeting was just a custom, not a formal system, but

substantially discussed and set the agenda for the next day's cabinet meeting. The DP government criticized that this mutual adjustment process within the bureaucracy had prevented political initiative. However, DP's critical view of bureaucracy prevented the politicians and higher civil servants from cooperating each other. One major reason for another change of ruling party in 2012 was the DP government's failure to develop collaborative relationship between politics and administration.

## The Cabinet Bureau of Personnel Affairs and Abe Administration

The second Abe administration (2012–20) enjoyed popular support from the beginning and was in power until September 2020, which was the longest administration in Japan's constitutional history. It could pass the cabinet bills more smoothly than before and the National Public Service Act and the Cabinet Act were revised as proposed in 2014. The Cabinet Bureau of Personnel Affairs (CBPA) was established and Abe administration started a unified, centralized control of about 600 higher civil servants. While the NPA and some scholars expressed concerns about risks with neutrality of personnel management, those voices did not spread widely.

Under the new system the minister will submit to the CBPA a list of candidates for the positions of deputy director general or higher, and having consulted with the prime minister and the chief cabinet secretary, the minister will appoint the final candidates. Although the formal appointer had been the minister since the postwar reform, actual selection of higher officials was based on peer review within the bureaucracy and the minister or other politicians seldom intervened in such closed, long-term selection processes. It reflected the Japanese political culture of mutuality or groupism, respect for consensus within the ministry and each group, which was criticized as a cause of compartmentalism or vertical siloization (Nishio 2004). The ideal officials in the postwar Japan have been the "servants of the whole community and not of any group thereof," for which the CBPA was expected to function at the top of the government.

As for the political appointee, Japan has had very limited cases for appointment of such outsiders as businessmen or academic (Izumo 2014). Abe administration also appointed close officials from among career bureaucrats, but not from outside. The PM secretaries and assistants to PM, whose initial affiliation is often the METI, are called "PM resident's bureaucrats" (*Kantei Kanryo*), which mean higher officials close to PM. As their policy advices are sometimes more influential than the top officials of each ministry, decision-making process of key policies has changed from a traditional bottom-up style to a more top-down one. Those politically loyal bureaucrats to PM Abe tend to be promoted to higher positions while those critical bureaucrats tend to become silent or obey reluctantly for fear of demotion.

The neutrality, impartiality, and expertise of the civil service was seriously at stake when PM Abe appointed a former diplomat the Cabinet Legislature Bureau Chief in 2013 although he had no work experience at the Bureau. This unprecedent appointment was to force a change of the legal interpretation of the constitution (article 9) to pass a new security bill. PM Abe used his authority over bureaucrats not only for policy issues but also for protecting himself from personal scandals. The Morotomo School problem, which began with an unfair discount of a government-owned property, led to various cover-ups including a large-scale falsification of the official documents of the Ministry of Finance.

Deliberated political appointments by the cabinet for policy initiative are necessary for responsiveness of the government, but when they are used for personal purposes, the outcome will be nepotism, distrust of government, and a divided society.

## Conclusion

In summary the major issue with Japan's contemporary civil service reforms has been the change in politics and administration relationship. Over

the past 20 years political leadership has been strengthened and bureaucratic autonomy has been mitigated, but it is not easy to evaluate how the government has developed its responsiveness. The price of political control over the bureaucracy might have been the civil service neutrality, fairness, and expertise (Shimada 2020). More deliberate, evidence-based policy making is needed to cope with such risks as earthquakes, climate changes, or covid-19.

There are other issues with recent changes in the civil service system. As for openness and diversity, empowerment of women is a pressing issue. At the entrance level, over 35% of new civil servants were women in 2020, but when it comes to the directors or higher level, women's ratio is only 5.3%. While the latter ratio has increased three times for the past 20 years, so-called "work-style reform" and more public supports for childcare are necessary for further improvement.

Regarding transparency, the criteria of the selection process at the CBPA is far from transparent. Rather, the whole decision-making processes in Abe administration became nepotistic and more closed than before. The more the cabinet exercise discretional power in personnel management, more accountability is needed for a responsive government (Nishio 2018). This is also related to the competence and expertise issue. Even in political appointments, there should be more concrete assessment of the candidates' ability, achievement, or integrity by the NPA.

Lastly, increasing turnovers from the government is becoming a serious problem. According to the NPA's survey, the central government is no longer a most attractive workplace for ambitious young people in terms of motivation, fringe benefits, future prospect, or sense of security after retirement (NPA 2017). For the past 30 years, politicians, mass media, and intellectuals have criticized or even bashed civil servants in discussing the civil service reforms. The number of public servants per population in Japan is the smallest in developed countries and their working condition is being deteriorated (Maeda 2014). More evidence-based evaluation and institutional design is needed for a sustainable government.

## Cross-References

▶ Administrative Reform
▶ Japanese Civil Service, The

## References

Inatsugu H (1996) Nihon no Kanryo Jinji Sisutemu (Japan's public personnel system). Toyo Keizai Shinposha, Tokyo.
Izumo A (2014) Seiji Ninyo to Komuin Seido Kaikaku (Political appointment and the civil service reform). University of Tokai Press, Tokyo.
Kawate S (2005) Sengo Nihon no Komuin Seidosi (History of the civil service in postwar Japan). Iwanami Shoten, Tokyo.
Kim H, Muramatsu M, Pempel J, Yamamura K (eds) (1995) The Japanese civil service and economic development. Clarendon Press, Oxford.
Maeda K (2014) Shimin wo Yatowanai Kokka (The state not employing citizens). University of Tokyo Press, Tokyo.
Nakamura A (2005) The debilitating power of Japan's central government bureaucracy in civil service reform: reality or fallacy? In: Cheung ABL (ed) Public service reform in East Asia. The Chinese University Press, Hong Kong.
Nishio T (2004) Japan: where mutuality reigns supreme. In: Hood C, James O, Peters BG, Scott C (eds) Controlling modern government: variety, commonality and change. Edward Elger, Cheltenham.
Nishio T (2018) Komuin-sei (The civil service system in Japan). University of Tokyo Press, Tokyo.
Shimada H (2020) Seiji Shudoka no Kanryo no churitsusei (Impartiality: the bureaucratic consequences of political leadership). Jigaku-sha, Tokyo.
The National Personnel Authority (NPA, 2017). Komuin Hakusho (The civil service white paper). The NPA.

# Contextualizing Indigenous Entrepreneurship in the United Arab Emirates

Syed Awais Ahmad Tipu and Abu Elias Sarker
Department of Management, University of Sharjah, Sharjah, United Arab Emirates

## Synonyms

Economic development in the UAE; Ethnic entrepreneurship in the UAE; Local population in the UAE; National innovation system in the UAE

## Definition

Indigenous entrepreneurship in the UAE refers to the creation, management, and development of new ventures by Emirati population.

## Introduction

A recent review of the literature (Croce 2017) reveals that the majority of the studies on indigenous entrepreneurship focus on North America, Oceania, Africa, India, Finland, and Pakistan. However, little is known with regard to indigenous entrepreneurship in the Middle Eastern context and in particular in the United Arab Emirates (UAE). The current paper aims to fill this gap in the literature as it examines indigenous entrepreneurship in UAE by taking an integrative dynamic perspective. Indigenous people around the globe face some common problems such as chronic poverty, low educational levels, poor health (World Bank 2011), discrimination, violence, and abuse (Croce 2017). However, the context of UAE is unique, as the indigenous population in UAE do not face the issues which other indigenous population groups normally experience in other countries. UAE indigenous peoples are considered as a socially and economically privileged group (Jones 2017). Shoebridge et al. (2012) contend that contextualization and indigenous specificity are the key factors in the success of government initiatives to support indigenous entrepreneurship. Very few studies explore the specificities of indigenous entrepreneurship and shed light on the related entrepreneurial configurations (Croce 2017). Therefore, the current entry follows a similar approach and contributes to the theoretical discussion of indigenous entrepreneurship by underlining the contextual settings in an Arab context.

## Indigenous Population and Indigenous Contextual Factors

An analysis is required to ascertain how the contextual factors impact the national leadership vision and institutional interventions for indigenous entrepreneurship.

### Demographic Trends

Demographic trends vary considerably among the indigenous populations from one region to another region. According to the World Bank estimate, there are 299 million indigenous people in the world. General trends indicate a high rate of population growth, high levels of child mortality, low life expectancy, early marriage of girls, and lack of access to modern education and health facilities (Hall and Patrinos 2010; World Bank 2011).

### Globalization

The term globalization has diverse meanings. It has implications for state, economy and society (Farazmand 2009). Though the pace of globalization was accelerated in the late twentieth century, its roots can be traced back to a few centuries earlier. It was the European commercial quest that prompted them to establish imperial hegemony over the indigenous populations in different parts of the world (Dell and Houkamau 2016).

There are both pros and cons of globalization for indigenous development. On the positive side, indigenous identity has become a neologism. With the positive roles of the United Nations (UN) and civil society movements, the aspirations to promote and protect the rights of the indigenous peoples have been rejuvenated.

### Economic

Economic conditions of indigenous population have been quite precarious over the years. Different estimates reveal that indigenous people's incomes are worst among the poor except in a few cases, such as in the oil-rich countries in the Middle East. Profound poverty is particularly observed in the Americas, New Zealand, and Australia (Hall and Patrinos 2010).

### Political

The political enabler of indigenous entrepreneurship is of paramount importance. The emancipation of indigenous people hinges on certain political parameters such as sharing or holding state power, political rights to participate in different political processes, and the state of mobilization to pursue their rights.

### Socio-Cultural Norms

Socio-cultural norms have received increased attention for uplifting the entrepreneurial spirit of indigenous peoples (Dana 2015). While some scholars describe them as obstacles to entrepreneurial developments, others attribute them to the false mindset of exogenous intervention. The indigenous populations are diverse in nature and so are their socio-cultural norms.

## Indigenous National Leadership Vision

History is replete with evidence that national leadership occupies an important place in the discourse in socio-economic transformations particularly in the developing world. Leaders have the capability to change the national mood, offer boldness of vision, engage in planned intervention, create opportunities, lead from the front, and make things happen. Jones and Olken (2005) have found that autocratic leaders under certain settings, such as Lee-Kwan Yew of Singapore or Deng Xiaoping of China, had causative influence on the economies of their countries.

## Indigenous Entrepreneurship: Policy and Outcomes

Over the last two decades or so, substantive researches on indigenous entrepreneurship have emphasized different forms of policy interventions and their outcomes (Dana 2015; Hall and Patrinos 2010). As such, various theoretical approaches have been employed in the literature in order to explore indigenous entrepreneurship. Croce (2017) highlights three models of indigenous entrepreneurship, namely the urban indigenous entrepreneurship (UIE) model, the remote indigenous entrepreneurship model, and the rural indigenous entrepreneurship model. The UIE model relates to entrepreneurship which focuses on opportunity orientation and emerges in an urban context, which highlights the availability of infrastructure, information network, technological tools, and business opportunities. The low level of urbanization underpins the remote indigenous entrepreneurship model for which researchers study the experiences and practices of indigenous entrepreneurs through narratives, interviews, and ethnography. Remote indigenous entrepreneurship generally relates to traditions and necessity orientation. The rural indigenous entrepreneurship model includes the features of both UIE and remote indigenous entrepreneurship and combines traditions and modernity.

## Towards an Integrative Dynamic Framework of Indigenous Entrepreneurship

In light of the review of available literature and relevant discussion as noted above, the current entry proposes a conceptual framework as shown in Fig. 1. The proposed integrated dynamic model of indigenous entrepreneurship takes into account the role of the indigenous context in shaping the national leadership vision. This leads towards enacting certain policies targeting the indigenous population, leading to the outcomes determining the success or failure of the policies. More importantly, the feedback loop shows how the outcomes could possibly affect policy effectiveness and shape the leadership vision.

The framework is applied in the context of the UAE. The study has exclusively relied on secondary sources of data and information.

## The Case of UAE

### Indigenous Context of UAE

According to an estimate in 2014, UAE's population was 9.2 million. Of these, 1.4 million were Emirati citizens or nationals (The Quality Assurance Agency for Higher Education 2017). The UAE, a federation of seven Emirates, is an oil-rich country. The discovery of oil in the 1960s and the oil boom in the 1970s heralded a new era for the country. Both the federal and local governments undertook grand projects on infrastructure and social developments. Currently, the GNI per capita is US$ 39,130 (Atlas method) and US$ 74,410 (PPP). In terms of social and

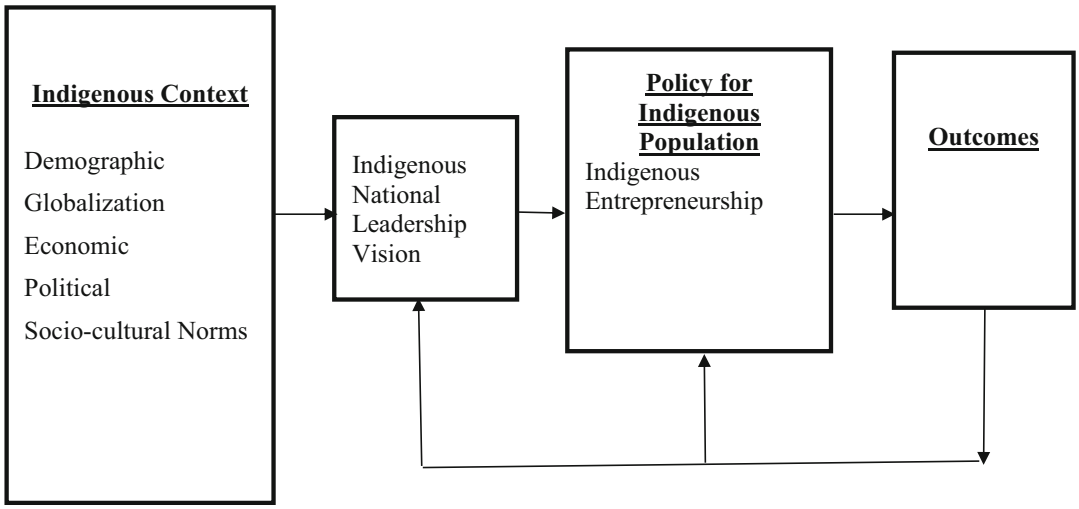


**Contextualizing Indigenous Entrepreneurship in the United Arab Emirates, Fig. 1** Towards an Integrative Dynamic Framework of Indigenous Entrepreneurship

human development indicators, the UAE is also one of the top performers in the world.

### Demographic

The trends in the demographic composition of the Emirati people have not simply been compatible with the burgeoning economic activities. "Emiratis are a minority in their own country, comprising two of every ten in the population" (Al-Ali 2008, p. 1). As economic activities triggered by the oil boom and diversifications increased, so did the inflow of expatriates. Though Emiratis constitute 11.5% of the total population, they make up less than 10% of the active labor force (Daleure 2017).

### Globalization

The urge for establishing a knowledge-based service economy became intensified following the rapid pace of globalization. Globalization has both threats and opportunities. The UAE is one of the few countries that grabbed the opportunities and withstood the threats with well-crafted policies and programs. According to KPMG's 2017 Change Readiness Index (CRI), the UAE was ranked first among the MENA countries for its readiness to change. In the global context, it was third among the 136 countries (Government of the United Arab Emirates 2018).

### Economic

The price of oil has been unstable since the early 1980s, and so economic diversification became a pronounced state policy. The financial crisis during the period of 2007–2010 further bolstered the necessity of economic diversification. The Emirate of Dubai is a case in point. With a low natural resource base, Dubai was hard hit by the financial crisis. The case for economic diversification became well-founded. The UAE has become a hub for wholesale, retail trade, tourism, and a real estate destination. The country has also become prominent in such areas as financial services, renewable energy, and tourism. The UAE has the most diversified economy in the region. The nonoil sector's contribution to the national GDP is around 70%, with the figure expected to swell to 80% by 2021 (Government of the United Arab Emirates 2018).

### Political

The preindependent UAE was a patrimonial society. With the formation of the federation in 1971, the state blended tradition with modernity. Different nomenclatures have been used to characterize contemporary UAE society – neo-patrimonial, rentier, and clientelist (Jones 2017). While many modern values have crept into the UAE society, traditional structure and the informing values

remain quite vibrant in the governing system (Jones 2017; Daleure 2017). There remains unquestionable legitimacy of political leadership which is more akin to Weberian traditional authority (Jones and Olken 2005; Mansour 2018).

### Socio-Cultural Norms

Some studies (Daleure 2017) consider the existing socio-cultural norms as deterrents which challenge activities such as commerce and private sector jobs. However, these researches are not well-founded as there are other reasons for the reluctance of Emiratis to work in the private sector (Ryan 2016; Al-Waqfi and Forstenlechner 2012). Similar reservations have also been echoed by private companies (Al-Waqfi and Forstenlechner 2012). Particularly, on account of the status, compensation, tenure, and other privileges, the first preference of Emiratis is to work in the public sector (Ryan 2016). Moreover, their readiness level is low in terms of working in the private sector (Daleure 2017).

## Indigenous National Leadership Vision in UAE

In the context of the UAE, there is an overlapping of formal and informal institutions. While the statecraft itself is a formal institution, its drivers are the Rulers, the epitome of informal institutions. It means that national leadership has been in the driving seat of the statecraft. This is an almost unique case of how traditional state leadership read the pulse of its people and the global dynamics and acted on these to deliver unique policies and programs for the country.

While in terms of socio-economic parameters, UAE has done splendidly, political leadership has been wary of three issues: growth of local entrepreneurship, nationalization of the workforce, and the preservation of national identity, while remaining open to the rest of the world. It is now proved that in spite of the rapid pace of globalization that may carry an erosion of cultural values, UAE political leadership has demonstrated its prudence in preserving the old national culture.

## UAE Policy and Programs towards Indigenous Entrepreneurship

The UAE's indigenous population has been at the center of the innovation policy. Through the development of indigenous entrepreneurship, UAE leadership aspires to achieve social and economic development of indigenous people.

Two important institutional interventions, such as the UAE Vision 2021 and the UAE National Innovation Strategy, were promulgated at the critical juncture of the UAE political economy. Both documents emphasized self-determination of Emiratis. The UAE Vision 2021 aims at unlocking the potentials of citizens and enabling them to be a driving force of the UAE's economic development.

In the UAE National Innovation Strategy (NIS) adopted in 2015, the UAE's political leadership strongly emphasized that innovation is the future of human investment. The issue of indigenous entrepreneurship is clearly pronounced in the strategy framework.

In line with the UAE Vision 2021 and the Innovation Strategy, numerous policies and programs have been undertaken over the years that illuminate the importance of indigenous entrepreneurship during the last 15 years.

## Outcomes

Despite various initiatives in the UAE focusing on nurturing the entrepreneurial potential of Emiratis, the active participation of Emiratis remains limited in managing established businesses. In this regard, different reports of the Global Entrepreneurship Monitor (Chabrak et al. 2017) mention the rate of established business ownership which relates to the ownership of established businesses for more than three and a half years. In 2011, the rate of ownership of established businesses by Emiratis was much lower (5%) than the average in innovation-driven economies (7.2%). In 2017, this rate increased to 24.3% but dropped to 15.4% in 2018. This inconsistent pattern underlines the lack of long-term commitment in successfully running established

businesses. This also underlines the challenges for firms' survival beyond 3 years of operations which is relevant to economic well-being and creating sustainable employment.

A recent study by the Global Entrepreneurship Monitor (GEM) examines the societal values regarding entrepreneurship in the UAE. Some key findings reveal how the indigenous population in the UAE view entrepreneurship. For example, 76.6% of non-Emirati expats consider that starting a new business is desirable, compared to 65.4% for Emiratis. Further, more non-Emirati expats consider starting a business easier (69.6%) than Emiratis (58%). The study also reveals that the mortality rate of ventures started by Emiratis is higher as compared to non-Emiratis. This indicates that the ventures started by Emiratis were not properly screened and the risk factor was not properly assessed. This high failure rate may cause higher fear of failure among the indigenous population resulting in more adversity towards entrepreneurship (Chabrak et al. 2017). Drawing upon the GEM UAE studies conducted in 2006, 2007, 2009, and 2011, Tong et al. (2012) also conclude that Arab expatriates have higher entrepreneurship rates compared to other nationality groups, including Gulf Cooperation Council (GCC) nationals and Emirati nationals.

## Conclusions

This study finds that the contextual factors significantly vary across the globe on account of the global changes that commenced with colonization by European invaders. This entry contends that the indigenous national leadership vision articulated on the basis of the contextual factors manifests in the framing and implementation of indigenous entrepreneurship which leads to the outcomes – positive and negative.

The outcomes do not give significant tangible results in terms of sustainable indigenous entrepreneurship ventures. This gives the national leadership avenues to rearticulate the vision which should encompass some reform measures including reviewing the social security welfare regime, the incentive structure, educational reforms, and technology use policy. Since the ethos of globalization has also engulfed the UAE, a newer way in the form of developing competence in public governance has to be found. (Farazmand 2009).

## Cross-References


- ▶ Conceptual Perspective in the Making of Indigenous Policy in Latin America
- ▶ Leadership and Innovation
- ▶ Leaders and Innovations in Public Organizations
- ▶ Public Administration in the United Arab Emirates: Continuity and Changes
- ▶ Public Policy Entrepreneurship
- ▶ Small Enterprises and Development


## References


Al-Ali J (2008) Emiratization: drawing UAE nationals into their surging economy. Int J Sociol Soc Policy 28(9/10):365–379

Al-Waqfi MA, Forstenlechner I (2012) Of private sector fear and prejudice: the case of young citizens in an oil-rich Arabian gulf economy. Pers Rev 41(5):609–629

Chabrak N, Bascavusoglu-Moreau E, Bouhaddioui C, Thomas L (2017) Global entrepreneurship monitor, United Arab Emirates, 2016/2017, Annual Report. United Arab Emirates University (UAEU) Science and Innovation Park & Global Entrepreneurship Research Association

Croce F (2017) Contextualized indigenous entrepreneurial models: a systematic review of indigenous entrepreneurship literature. J Manag Organ 23(6):886–906

Daleure G (2017) Emiratization in the UAE labor market. Springer, Singapore

Dana LP (2015) Indigenous entrepreneurship: an emerging field of research. Int J Bus Glob 14(2):158–169

Dell K, Houkamau CA (2016) Fire keepers and fire seekers: a dual entrepreneurial strategy for developing indigenous economies in a globalized world. In: Paper presented at the ANZAM conference, 6–8 December 2016. QUT, Brisbane

Farazmand A (2009) Building administrative capacity for the age of rapid globalization: a modest prescription for the twenty-first century. Public Adm Rev 69(6): 1007–1020

Government of the United Arab Emirates (2018) The UAE & the World's leading economies: managing challenges and opportunities amidst global change. Ministry of Planning, Abu Dhabi

Hall GH, Patrinos HA (2010) Introduction. In: Hall GH, Patrinos HA (eds) Indigenous peoples, poverty, and development. Draft Report. World Bank, Washington, DC, pp 2–15
Jones CW (2017) Bedouins into bourgeois: remaking citizens for globalization. Cambridge University Press, Cambridge
Jones BF, Olken BA (2005) Do leaders matter? National leadership and growth since World War II. Q J Econ 120(3):835–864
Mansour AM (2018) The national policymaking style of the United Arab Emirates: fusing patron–client networks into modernity. In: Howlett M, Tosun J (eds) Policy styles and policy-making. Routledge, New York, pp 263–286
Ryan JC (2016) Old knowledge for new impacts: equity theory and workforce nationalization. J Bus Res 69(5):1587–1592
Shoebridge A, Buultjens J, Peterson LS (2012) Indigenous entrepreneurship in northern NSW, Australia. J Dev Entrep 17(03):1250017
The Quality Assurance Agency for Higher Education (2017) QAA country report: United Arab Emirates. Accessed 3 Apr 2019. https://www.qaa.ac.uk/docs/qaa/international/country-report-uae-2017.pdf?sfvrsn=25caf781_6
Tong Q, McCrohan D, Erogul MS (2012) An analysis of entrepreneurship across five major nationality groups in the United Arab Emirates. J Dev Entrep 17(02): 1250007
World Bank (2011) Policy brief: indigenous peoples. Available online at: http://documents.worldbank.org/curated/en/144831468330276370/pdf/647600BRI0Box30ndigenous0clean00421.pdf

# Contingency Model of Reforms in Public Sector Accounting

Susana Jorge[1] and Giorgia Mattei[2]
[1]Research Centre in Political Science (CICP) and Faculty of Economics, University of Coimbra, Coimbra, Portugal
[2]Department of Business Studies, Roma Tre University, Rome, Italy

## Synonyms

Contingency approach for governmental accounting innovations; Financial management reform (FMR) process model; Lüder's model

## Definition

The "contingency model" (Lüder 1992, 1994, 2002) explains reforms in governmental accounting and financial management systems, resorting to several factors making part of the contextual conditions of those reforms. Also used in an a posteriori perspective, it essentially posits an a priori setting, where several factors combine more or less favorably to determine the likelihood of reforms to come to happen. In particular, the model allows to frame the more or less favorable combination of contextual conditions within one country, to conduct the so-called traditional governmental accounting system to change toward performance and resource accounting and budgeting.

The main underlying assumption is that specific contextual variables determine the primary user orientation of governmental accounting and reporting, which, in turn, determines the design of the governmental accounting and reporting system. It is not a causal relation though but a conductive one instead, as we will explain later.

The model addresses a comparative-international perspective.

## Introduction

The importance of studying accounting from a comparative-international standpoint has been recognized since a long time ago. Ever since world trade started to develop, corporations across nations started to import and export accounting practices as well, realizing that they could gain more insight into its own accounting system by studying those used by others in different countries (Nobes and Parker 2000).

Accordingly, one reason for comparative-international studies, either in business or governmental accounting, seems to be "learning with each other." Indeed, "it is possible for a country to improve its own accounting by observing how other countries have reacted and are reacting to problems that, especially in industrial nations, may not differ markedly from those of the observer's home country. It is also possible to satisfy oneself that, where accounting methods

differ, the differences are justified by differences in the economic, legal and social environment and are not merely the accidents of history" (Nobes and Parker 2000: 6–7).

In the actual international context of globalization, it is clear that the central reason for comparative-international business accounting is harmonization. In governmental accounting, this is also a major motive for comparative-international studies, considering that nowadays every country is, to a greater or lesser degree, integrated in one or more supranational communities, which it must be accountable to. This seems to have been the major stimulus for the first *comparative international governmental accounting research* (CIGAR) study developed in the late 1980s by the German University of Administrative Sciences Speyer (*Deutsche Universität für Verwaltungswissenschaften Speyer*), as well as for other cross-country studies that followed. Moreover, the same reason seems to underlie the need to develop theoretical frameworks, which might be commonly used both to explain governmental accounting innovations/reform processes and to explain and describe the governmental accounting systems' contents.

This entry addresses one of the most important theoretical models developed to frame governmental accounting reforms in the last decades – the contingency/FMR model, also known as Lüder's Model. After an introductory section about the origins of the contingency theory, it focuses on explaining how it was adopted to public sector accounting reforms and then detailing the contingency model since its first version up to the most recent one – the financial management reform (FRM) process model. At the end, some concluding remarks are presented.

## The Origins of the Contingency Theory

As it is commonly acknowledged, the evolutionary dynamics of information systems and accounting systems have been analyzed using organizational theories, finding in these theoretical constructs and organizational models to be subjected to quantitative testing.

The organizational studies had also been the point to start the first studies about the contingency theory; in fact in the organizational studies, which started around the 1960s (e.g., Burns and Stalker 1961; Thompson 1967; Lawrence and Lorsch 1967; Tiessen and Waterhouse 1983), the contingency theory supporters had found also their conceptual framework.

This approach was firstly used by the researchers of international business accounting, trying to categorize countries according to a series of criteria. Several authors, such as Nobes (1998) and more recently Zhang (2005), used these criteria to try to explain the reasons for accounting differences between countries; they aimed to describe and compare different systems with each other in an efficient way. There are several advantages to categorize and analyze the differences among countries, namely:

It promotes improved understanding of the complex realities of accounting practices.

It provides useful information for solving some of the important accounting problems that exist in the world – for example, it can help policy makers assess the prospects and problems of international harmonization.

By looking at other countries in the same group, it is possible for a country to anticipate the problems that it is about to face and the solutions that might work.

Using a deductive approach to identify the accounting development, and linking this to economic or business factors, the influential environmental factors are recognized. The examples of this approach could be seen in Mueller (1967), Choi and Mueller (1984), and Nobes' (1985) works.

The same approach can also be used to understand the influence of the environment for the governmental accounting system. Therefore, it is not surprising that Lüder (1992) resorts to the same approach; in fact, some of the aims this author explains in his first paper are the same previously indicated as advantages of the contingency theory.

## Adapting the Contingency Approach to Governmental Accounting Reforms

The initial contingency model was acknowledged as "a by-product of the Speyer Comparative Governmental Accounting Study focused on the features of (central) government budgeting and accounting systems of half a dozen industrialised countries, their communalities, their peculiarities and pending reform endeavours" (Lüder 2002: 2).

Therefore, the essence of the contingency model is a comparative-international analysis (Lüder 1989) aiming at classifying the several countries' governmental accounting systems according to internal and external criteria, emphasizing the differences and similarities, in order to learn about the different frameworks, but mainly to provide some insights for harmonization strategies. In reality, the author started his comparative analysis in order to find distinct patterns of the several governmental accounting systems studied and to explain the reasons for the differences between those patterns. For the classification, the internal criteria were accounting entities for governmental type activities, the measurement concept of accounting, the reporting entity, consolidation approaches, and the summary financial statements provided; the external criteria were contextual variables such as the distribution of political power, the legal system, and the professional influence on governmental accounting (Lüder 1989).

As Lüder (1992) himself affirmed, the structure of his model is similar to other models of organizational contingency theory, extended, however, by behavioral components (Khandwalla 1977; Kieser and Kubicek 1983; Schreyögg and Steinmann 1985).

For the comparative analysis, Professor Lüder and his team followed a methodology that embraced personal in-depth interviews with government officials in the respective countries, supplementary discussion with independent government accounting experts, and analysis of accounting documents (Lüder 1989). An interview guide was used for conducting the field studies. This interview guide focused on governmental accounting and financial reporting, covering both institutional framework (professionalism and independence, private sector influence, functional integration, and centralization) and policy questions (objectives of the system, accounting recognition criteria and measurement rules, financial reporting practices and contents, and the dissemination of financial information). Some aspects related to budgeting and auditing were also considered.

The observed differences in practices and procedures as well as in the direction, the state and the pace of reform discussions, and the implementation of reforms required an explanation. (Lüder 2002: 2)

The experience from the empirical research suggested that the observed differences were, at least partly, due to differences in the national political-administrative settings. This seemed to confirm the hypothesis initially stated (Lüder 1989): the primary user orientation of governmental accounting and reporting determines the design of the governmental accounting and reporting system; in turn, this is determined by specific contextual variables – this is however a conductive relationship, not a causal one.

In the last phase of the study, due to what happened at the beginning of the 1990s, a conceptual framework for the development of governmental accounting and financial reporting was to be elaborated.

Although in the interim summary report (Lüder 1989) some accounting and financial reporting theoretical issues were discussed and clarified and country accounting systems had been classified according to those aspects, this approach was not continued, since no further explanations were developed for the "why" of different governmental accounting system contents/designs. What was emphasized instead was the contextual approach of the reform process, i.e., the "why" of changes in governmental accounting systems toward more informative ones, which had led to several interesting discussions over the last decades.

Because the internal approach for characterizing and explaining governmental accounting systems has not been picked up by others, Lüder (2002: 17) additionally recognizes that "is still not available (...) a common framework for describing a governmental accounting system in

sufficient detail that would allow cross-country comparisons on the basis of country studies carried out by different researchers." What exists is a contingency model that "(. . .) attempts to specify the features of the political-administrative environment prevailing in a country and to identify their likely influences particularly on the outcome of governmental accounting reform processes" (Lüder 2002: 2).

Accordingly, it seems that in the Speyer research project development, Professor Lüder came out to redirect his research toward a better understanding of the context of governmental accounting rather than to the accounting system itself. This is why the main conclusions are related to a relationship between national context characteristics and the orientation of the governmental accounting system users (only part of the initial hypothesis). What was expected was an explanation for a relationship between the contextual variables and the contents of the governmental accounting systems. In the end, this was more or less conscientiously neglected, to give place for a framework that although of an extreme importance, only allows analyzing, explaining, and somehow predicting the consequences of a certain context and behavior (later emphasized in the model) in the governmental accounting changing process. Moreover, it is also assumed that this process is toward a more informative accounting system, so it must be innovative in the sense that the outcome must show improvements comparatively to the previous situation.

## The (First) Contingency Model of Governmental Accounting Innovations

The model initially elaborated by Lüder (1989) had a double purpose: on the one hand, it intended to serve as a framework for empirical investigations in governmental accounting reforms, creating a comparison basis for research carried out by different researchers; on the other hand, it wanted to explain the influence of the context on a special reform or accounting innovation, thus triggering research in confirming, refuting, and/or amending it.

In order to accomplish this second purpose, the model specifies the social-political-administrative environment prevailing in a country and its impact on governmental accounting innovations. In this way, it was expected to contribute to explain why those innovations took place in some countries and not in others. The proposed model should explain the transition from traditional government accounting into a more informative system, seeking to integrate ideas from the literature, along with empirical observations collected (via interviews and documental analysis) about the governmental accounting systems of a group of countries, focusing particularly the central government.

The countries initially involved were the USA (federal and state governments), Canada (provincial and federal governments), and a group of European countries (Germany, Sweden, France, Denmark, and the UK). The European Community government was also considered. These were selected considering three criteria: the legal system, the constitution-based organization of government, and the state of governmental accounting and reporting. The sample included both civil/roman law and common law countries, unitary countries as well as federations, and countries following more traditional governmental accounting approaches together with others adopting more innovative frameworks.

After that model was defined, the countries were compared along the various dimensions included in the model, on the basis of the empirical observations made in the empirical phase of the comparative-international study in 1987–1988.

The initial version of the contingency model (Fig. 1) can be summarized as follows: "The Contingency Model is fundamentally an economic model. It posits an information market with users and producers of governmental financial information. The attitudes and behaviours of users and producers alike are shaped by their respective environments. If the conditions are ripe – as occasioned by some stimuli (such as financial scandals or government financial crises) – the interactions between demand and supply could spark governmental accounting innovations" (Chan et al. 1996: 3–4).

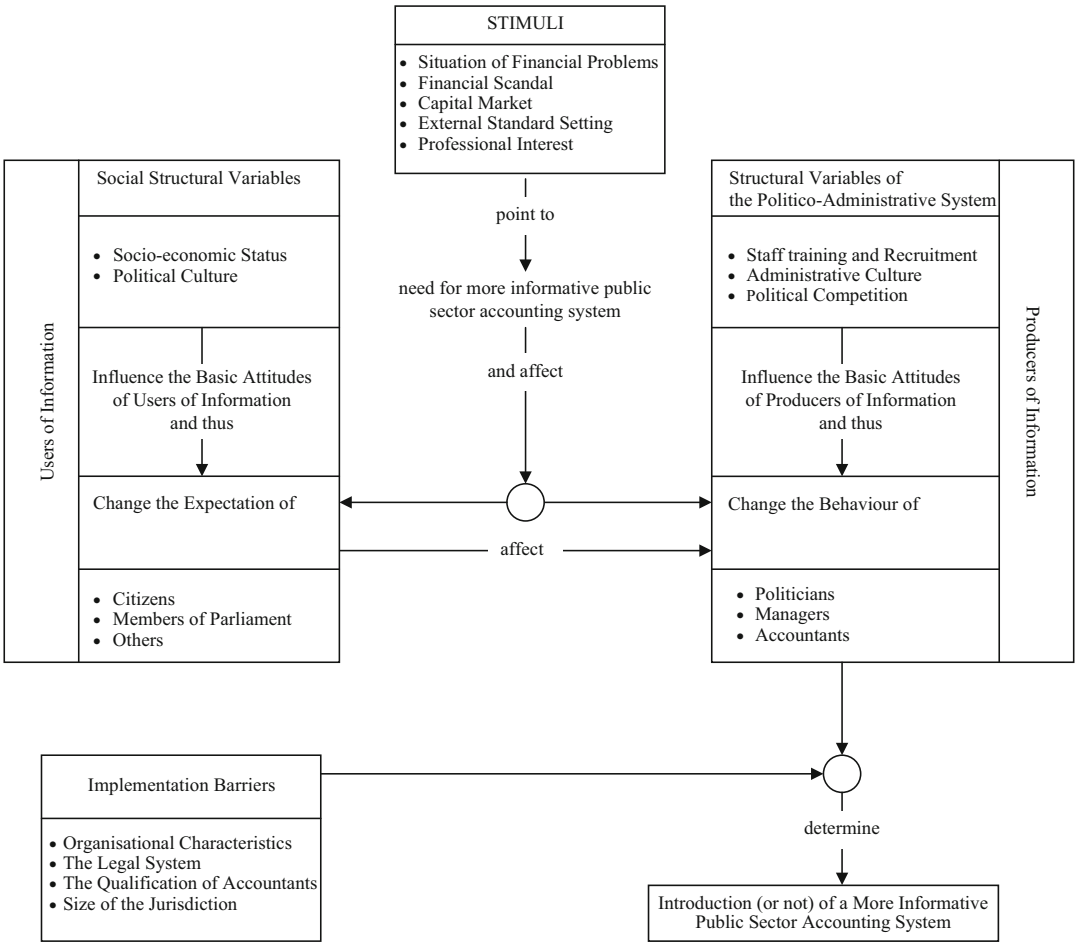


**Contingency Model of Reforms in Public Sector Accounting, Fig. 1** Contingency model of public sector accounting innovations – detailed model (Lüder 1992: 111)

As displayed in Fig. 1, there are four modules in this version of the model:

1. *Stimuli of a reform process* – events that occur at the initial stage of the innovation process, which individually or combined reveal a need for better accounting information from the users' side and increase the producers' readiness to supply such information. Accordingly, the stimuli change both the users' expectations and the producers' behavior (intervening variables).
2. *Characteristics of a country social structure* – structural variables external to the government, which influence the basic attitudes of information users and thus change their expectations toward the governmental accounting system.
3. *Characteristics of a country politico-administrative system* – internal structural variables, which influence the basic attitudes of information producers and thus their behavior, in particular their willingness to make changes in the accounting system. Information producers' behavior is also affected by the information users' expectation of change.
4. *Existing implementation barriers* – all environmental factors that could inhibit the implementation process of a reform.

The first three types of contextual variables are supposed to influence the two categories of intervening variables: the change expectations of information users and the change behavior of information producers. The intervening variables together with the fourth category of contextual variables, the implementation barriers, directly affect the outcome of the innovation process which is a conceptually different accounting system (dependent variable) (Lüder 1994: 3).

The environmental factors affecting one country's governmental accounting reforms may be described by a combination of the various manifestations of the model institutional modules. For simplicity reasons, Lüder (1992) assumes that each module exhibits just two different manifestations: favorable and unfavorable to governmental accounting reforms. This assumption allowed deriving 16 (two manifestations; four modules) different patterns of environmental conditions, which are differently favorable to the implementation of a more informative governmental accounting and financial reporting system. A more informative system performs two functions: it supplies comprehensive and reliable information on public finance, and it provides a basis for improved financial control of government activities (Lüder 1992). However, even if the information producers are willing to change, the innovation process might not happen due to the implementation barriers.

This model considered as the beginning of the "first generation of contingency models" explains the transition from traditional governmental accounting into a more informative one. Like in the versions that followed, this transition is assumed to be an innovation process.

On the basis of this first model, some critical issues have raised; one of the most important could be that the contingency model had a speculative nature, since it assumed several hypotheses to explain a rather complex reality, some of them very difficult to prove. Although some plausibility tests might be admitted, the use of an "informed speculation" methodology jeopardizes the model reliability. Indeed, a specific configuration of the contextual variables in the model may be conducive to an innovation process in the governmental accounting system, but the existence of such configuration is neither a necessary nor a sufficient condition for an innovation (Lüder 1994).

In the face of those issues, Lüder himself admitted abundant opportunities for improvements to be done to the initial model. Additionally, because the model is drawn on case studies, more insights from new case studies may lead to changes in the model design and/or components. Therefore, with new experiences from Italy, Spain, and Japan, Lüder (1994) introduced new features into the contingency model, though its basic structure was maintained. The revised model started the "second generation of contingency models."

## The Revised Contingency Model

The revision of the initial contingency model was an "almost natural" consequence of the first version, after further discussions and additional empirical evidence. Indeed, methodological and material improvements were expected to be explored from the first approach, considering the shortcomings acknowledged.

Figure 2 sets out this new version (Lüder 1994), displaying the components of the modules, the relationships between them, and their effects on the results of the governmental accounting innovation process, considering a critical review with suggestions for restructuring done by Lüder himself. This new version posits basically the same as the previous one, in spite of the modifications that were done.

Comparatively to the initial model (Fig. 1), some main differences can be pointed out (Lüder 1994):

1. *Broad behavioral variables were introduced, as intervening variables between the contextual and the dependent ones*.

   Although these behavioral variables were considered in the initial model, its intervening role was not so clear once they were included in the contextual variable modules. Because the behavioral variables are those that affect directly the innovation process, being like

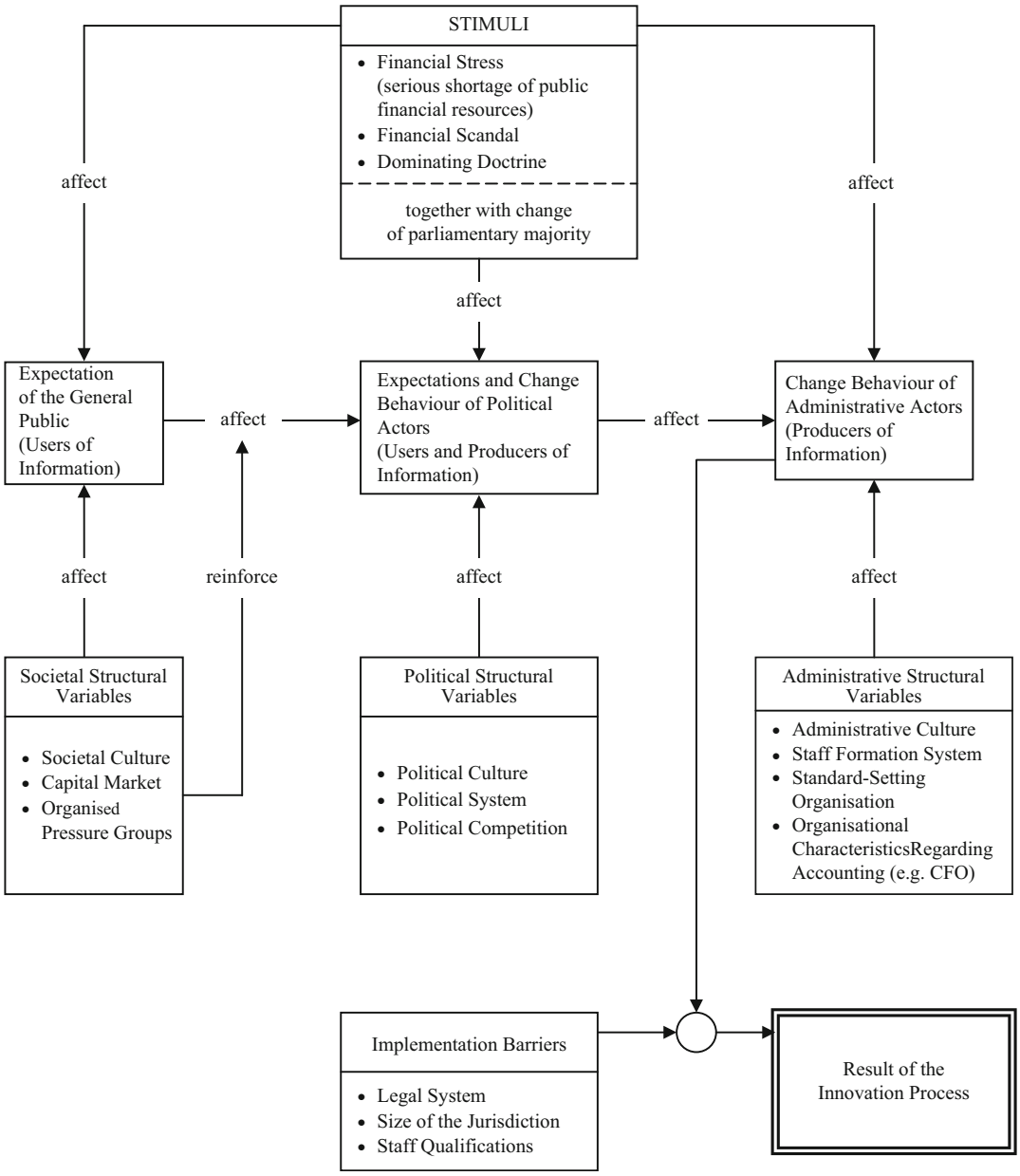


**Contingency Model of Reforms in Public Sector Accounting, Fig. 2** Revised contingency model of public sector accounting innovations (Lüder 1994: 9)

"instruments" used by the contextual ones, the introduction of separated clusters allowed further emphasis on its important function.

In this revised model, all the clusters were positioned vertically, so the effects point down directly to the result of the innovation process (Jaruga and Nowak 1996). This modification of the initial model structure was also, to a certain extent, an attempt to surpass the problem of too much focus on the contextual variables.

2. *The contextual variables were also clarified, considering both the mode of influencing the innovation process and the temporal stability.*

A different classification for the contextual variables was presented: temporarily present (relatively unstable environmental characteristics, stimuli), indirect relatively stable (relatively stable environmental characteristics that affect the innovation process via behavioral variables, structural variables), and direct relatively stable (relatively stable environmental characteristics that directly affect the innovation process, implementation barriers).

3. *The roles of political and administrative actors were differentiated*.

   The structural variables of the politico-administrative were separated into two components: the political structural variables and the administrative structural variables.

   This seemed to be more adequate, considering the importance of the political actors (members of parliament and members of government) in initiating and sustaining an innovation process. Moreover, a separate cluster for political variables allowed considering the particular situation of political actors – both producers (with respect to general public) and users (with respect to bureaucracy) of information – while social actors are only users and administrative actors are only producers (with respect to politicians and general public) of accounting information.

4. *Some of the module components were reclassified, others were omitted, and new ones were added*:

   *Capital market*, before considered as stimulus, was reclassified as part of the social structure. This was done taking into consideration bond rating agencies in particular, which are users (general public) of governmental accounting information.

   *External standard setting*, instead of being a stimulus, was better considered as an intrinsic part of the administrative structure. Accordingly, the establishment of "standard setting organizations" was explicitly identified as having an impact on the behavior of administrative actors (Chan et al. 1996).

   *Professional interest* was transformed in "organized pressure groups," moving accordingly from being an external stimulus to becoming part of the social structure. This was done because it was considered that accounting professionals could be interpreted as a possible pressure group with interest in public sector accounting and reporting information. Their interest affects and eventually reinforces the general public demand for more comprehensive and more reliable financial information. Indeed, "the expectations of the general public in regard to the government's financial structure disclosure and financial management need reinforcement by powerful pressure groups (e.g., professional accountants' organisations, business corporations' associations, labour unions, tax payers' associations, etc.) to affect the change behaviour of political and administrative actors" (Lüder 1994: 7). Moreover, Lüder (1994) considered that the function of these pressure groups in governmental accounting innovations is making certain issues (such as administrative efficiency and effectiveness and governmental accounting and financial reporting) to become a political matter.

   *Organizational characteristics*, considered before as implementation barriers, became instead part of the administrative structure. It was recognized that government characteristics regarding accounting, such as the distribution of responsibilities for the development of the accounting system (strengthening of financial functions), are a factor that directly influences the change behavior of administrative actors.

   *Socioeconomic status* was omitted from the model because no evidence was found for its influence on the expectations of the public regarding governmental financial disclosure and financial management. In the author's opinion, it did not seem to be plausible to assume such a direct influence, given that the empirical validity of such hypothesis was substantially questioned.

The existence of a *dominating doctrine* was added to the conceivable and observable stimuli.

Lüder (1994: 7) explains that "a dominant doctrine can either further the effect of other stimuli on the innovation process or even function as a stimulus on its own."

Additionally, it was recognized that a dominating doctrine "together with change of the parliamentary majority" could affect the attitudes and behavior of political actors. Such a political change may be a factor also furthering governmental accounting innovations. "In short, politics affect governmental accounting" (Chan et al. 1996: 6).

The dominating doctrine as a possible stimulus, allowed, among other things, distinguishing two main variants of the contingency model (Lüder 2002): the accountabilism-driven and the managerialism-driven. Subsequently, two approaches of the observable innovation processes were derived.

The main purpose of the "accountabilism-driven" process is an improvement of governmental external reporting toward more transparency. In fact, Lüder (1994: 10) considered that this kind of process could be "triggered by some type of financial scandal that results in a demand for more transparent, comprehensive and reliable financial information to be released by the government." Accordingly, in this variant of the model, users are primary important actors in the governmental accounting reform process.

The "managerialism-driven" approach aims in first place at contributing to more efficient, effective, and economic public sector management. Therefore, it is "primarily concerned with reforming governmental internal (managerial) accounting, but improvements in financial accounting and reporting sometimes is a by-product of the innovation process" Lüder (1994: 10).

Thanks to some studies, one can affirm that such an approach, where producers of governmental accounting information play the primary role, is mainly stimulated by fiscal stress and can be either an isolated reform (e.g., as happened in Spain) or part of a comprehensive administrative reform (e.g., as in the UK, Australia, and New Zealand).

Many country studies and cross-country comparisons, including the less developed countries (LDC), followed this version of the contingency model, not only by recommendation of Professor Lüder but as a result of a certain enthusiasm of researchers for having been available, for the first time, a comparative framework with such potentialities.

While testing this model – particularly the revised version – some modifications and extensions were unavoidably made to its structure and variables contents, mainly as a consequence of critical applications of the framework to individual country studies. Some authors also used different theoretical approaches to complement the contingency one. These studies additionally highlighted the need for some modifications, creating an important incentive to take up again the model on hand and revise it. An extensive revision of these studies on the application of the contingency model can be found in Jorge (2003).

## The Financial Management Reform Process Model

The reasons already explained led Professor Lüder to revise his model; in fact, in 2002 he presented the financial management reform (FMR) model – a completely modified version of the 1994 revised contingency model. He explained that this model was developed not only adopting some of the former modifications and extensions but also adding new ideas, brought about by discussions and other authors' critics. Besides, continuing the tendency of the model being drawn on case studies, new contributions from a research visit to Australia were taken into account (Lüder 2002).

This new model (Fig. 3), still framed by a contingency approach, addressed the financial management reform process in a country, which involves "stimuli" and "institutional arrangements," two clusters of contextual variables; "reform drivers," "political reform promoters," and "stakeholders," three clusters of behavioral variables; and "reform concept" and

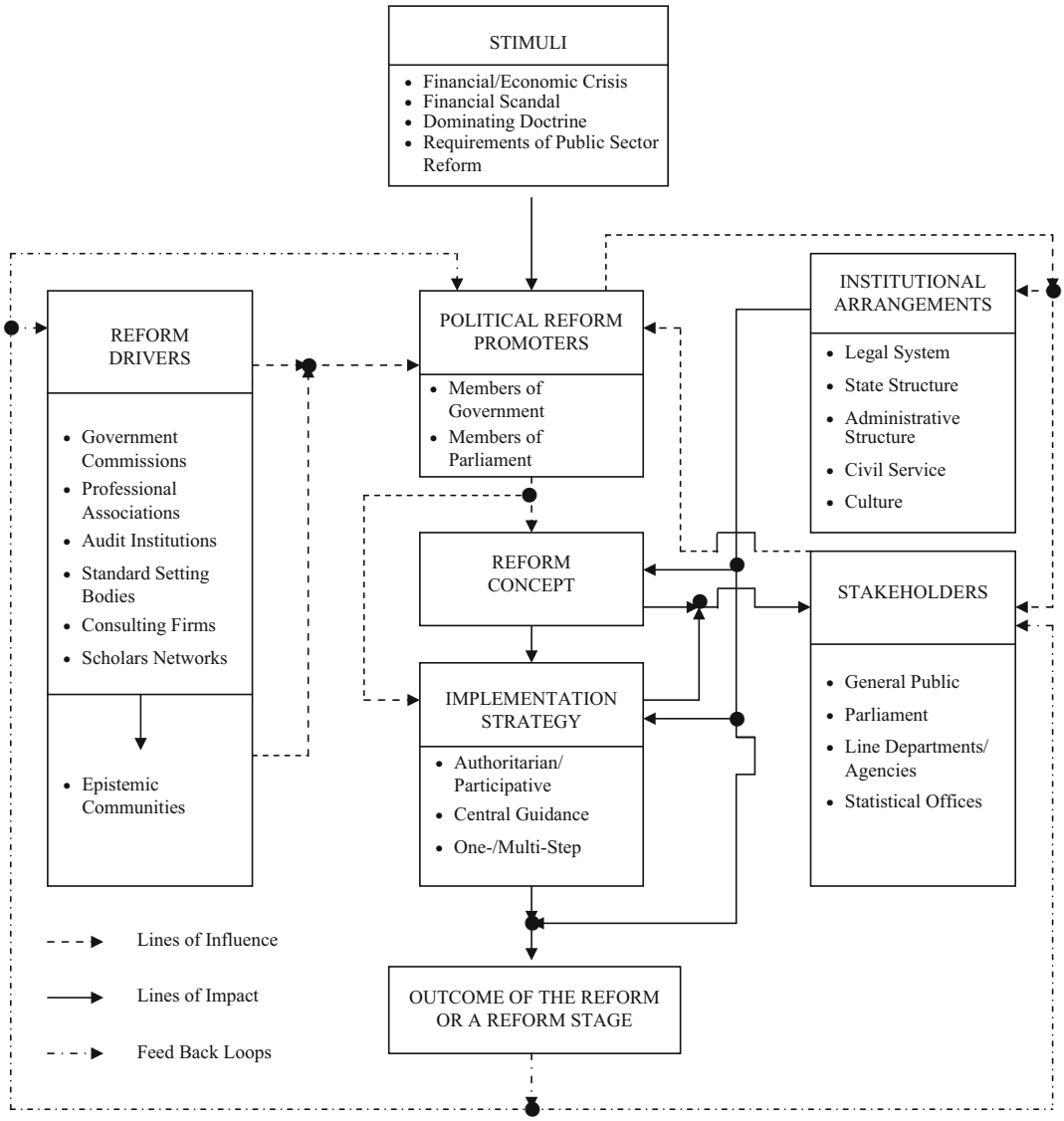


**Contingency Model of Reforms in Public Sector Accounting, Fig. 3** Financial management reform process model (Lüder 2002)

"implementation strategy," two groups of instrumental variables.

Compared to the contingency (revised) model, the differences worthy to mention are:

1. *The model formal structure is radically changed* – although the FMR Model still displays a relation between contextual variables and the outcome of a reform process in governmental accounting, the modules were completely rearranged, and new ones were added:

The contextual variables are now just included in the clusters "stimuli" and "institutional arrangements."

The behavioral variables, which in the previous version were considered as intervening (instrumental) variables between the

contextual and the dependent ones, are now presented as behavioral clusters sensu stricto, correcting the emphasis of context over behavior.

New instrumental variables are considered, with the addition of the "reform concept" and "implementation strategy" clusters.

2. *The actors in the reform process are specified*, aiming to shed some light into the understanding of the processes that generate and implement governmental accounting innovations.
3. *There are changes in the clusters' components and in the links between them* (Lüder 2002):
   I. *Stimuli* (contextual variables) – while they had remained by majority unchanged, the "fiscal or economic crisis," usually underlying a "fiscal stress," replaced the latter. "Requirements derived from administrative reform" were added to make clear that governmental accounting reform can well be embedded in a larger reform of the public sector, and particularly in the case of developing countries, "endeavors to improve international reputation" are also supposed to be a relevant stimulus for governmental accounting reform. The "stimuli" are considered to have a direct *impact* only on the politicians responsible for starting the reform.
   II. *Institutional arrangements* (contextual variables) – this cluster contains most of the components previously included in the (structural) societal, political, and administrative variables, as well as in the implementation barriers. Although the categories are rather broad, Lüder (2002) presents some additional remarks:
   "Legal systems" might be generally classified into civil law and common law systems – different legal systems may be linked to different types of governance (more or less flexible). The legal system also embraces the electoral system and the flexibility of the budget law.
   "State structure" refers to such categories as "unitary/federal," "cooperative federalism/competitive federalism," "one-chamber/two-chamber parliament," and the division of power between the electorate, the (executive branch of) government, and the directed elected bodies and officials.
   "Administrative structure" mainly refers to organizational characteristics of the administrations and the division of powers between organizational units such as "centralized/decentralized," "concentration/fragmentation of financial management functions," "existence of central organizational units at the different administrative levels" that are able to promote the reform in their area, and "formal power position of the heads of central units and the heads of line units."
   "Civil service" refers to the qualification of accountancy staff, but more generally to all other civil servants, which have a significant impact in the way governmental accounting reform is implemented, in the duration and in the cost of that implementation.
   "Culture" refers to the national social, political, and administrative culture, which can be specifically characterized as "risk taking/risk averse," "individualism/collectivism," the "degree of openness" of political and administrative processes, and their "responsiveness" to the needs and demands of the general public.

   Thus, the "institutional arrangements" are *influenced* directly by the "political reform promoters'" behavior and indirectly (via those) by the "reform drivers'" and the "stakeholders'" behavior. On the other hand, they have a direct *impact* on the "reform concept" and on the "implementation strategy," which reinforces the direct force on the "outcome of the reform."
4. *Reform drivers* (behavioral variables) – "These are recognized institutions and professionals in the reform field that promote the reform through oral and written publications aimed at making governmental accounting reform a political issue and influencing political decision makers in a specific way" (Lüder 2002: 10).

C

Accordingly, they suggest motives and ideas for political actors to engage in the reform. Subsequently, their behavior influences all the reform process while *influencing* the "political reform promoters."

To strengthen their influence on the reform process, "reform drivers" might assume the form of groups of experts – "epistemic communities" (Laughlin and Pallot 1998), sharing views on the main reform characteristics.

5. *Political reform promoters* (behavioral variables) – these are the politicians, usually members of government, who initiate a reform and have the power to enforce it: the minister of finance and the prime minister play a key role.

   Hence, the "political reform promoters'" behavior directly influences not only the "reform concept" and the reform "implementation strategy" but the "institutional arrangements" and the "stakeholders" as well.

   Usually, the views of the "reform drivers" and the "political reform promoters" regarding the innovation process are coincident.
6. *Stakeholders* (behavioral variables) – these are people and institutions positively or negatively affected by the reforms (e.g., the general public, the parliament, the administration, the statistical offices, etc.).

   Although "stakeholders'" behavior might be *influenced* by "political reform promoters" and might also *influence* them, these actors' views concerning the reform normally differ. Some "stakeholders" welcome the reform, expecting it to be in their interest; others, on the other hand, may oppose it, since they expect rather negative effects.

   Usually, it can be asserted that stakeholders' attitudes toward the reform depend on the reform concept and the implementation strategy, on their chances to affect both, and that they are susceptible to political reform promoters' influence.

   For the reform process to be successful, "political reform promoters" must lead opposing "stakeholders," especially those with key positions and powers within the process, to take at least a neutral position.
7. *Reform concept* (instrumental variables) – innovations in order to allow the governmental accounting system to provide information useful for ensuring financial accountability and sound financial management, conceptually not merely procedural changes. Innovative concepts underlie the innovation process. It has a direct *impact* on the "implementation strategy."
8. *Implementation strategy* (instrumental variables) – the manner used to implement the reform can affect the outcome of the reform itself. The strategy includes components related to the way the reform is implemented (e.g., more authoritative or more participative), which directly affect its probability of failure or success (outcome).
9. *Lines of influence*, *impact*, *and feedback loops are identified* – complementing and clarifying the links between the variables considered in the previous version ("affect," "reinforce," and "impact"). In particular, the *feedback loops* (consequences on the real world) allow tying behavior and attitudes of key actors in the innovation process to its results, taking into consideration the possibility of a multistage reform process.

   Depending on the size of a still existing gap between the outcome of the reform and the reform concept, the feedback either brings the process to an end or induces a subsequent reform loop with or without prior modification of the reform concept. (Lüder 2002: 14)

The main virtues of this "new contingency model" might be summarized as follows:

(a) With this model, many problems that arose in the previous ones are surpassed, namely:
   *Insufficient explanatory power*: the previous models did not aim to explain the whole reform process including all relevant factors. In the opposite, the FMR model includes reform approach variables, and some specific environment configurations conducive to the implementation of specific reform concepts are considered. This new construction of the model improved

its explanatory power, given that it becomes a representation closer to the reality of governmental accounting reform processes that have been happening in many countries.

*Emphasis on context over behavior*: even though it had not been enough, the specification of the actors involved in the governmental accounting reform process, as well as their behavior, allows the FMR model to step forward in understanding which attitudinal and behavioral variables are relevant to governmental accounting innovations.

*The unclear notion of innovation*: innovations in governmental accounting are broadly considered to be conceptual changes of the accounting system, in order to make it better, i.e., more informative.

Acknowledging this problem, before presenting the last version of his model, Lüder (2002) suggested a distinction to be made between an innovative concept underlying a reform process and the outcome of the process. In the FMR model, a "reform concept" as a cluster of instrumental variables is clearly separated from the "outcome of the reform or a reform stage."

Accordingly, it might be said that though maybe not sufficient, an attempt is made to clarify what one believes to be the most critical and controversial issue in governmental accounting reform: the reform concept itself.

(b) The new model considers some suggestions for modifications and extensions derived from other authors' researches, such as:

*The process of innovation*, suggested by Pallot (1995):

Because in the previous model there was a great lack of specificity of the relevant behavioral variables, and also the innovation concept was still very "cloudy," little was known about how particular innovations are generated and implemented. Because the contingency model was not very explicit about the decision processes through which innovations were developed, a need arose for a more systematic analysis on the processes of generating and implementing governmental accounting innovations, considering that they may affect the failure or success of the whole reform process.

The FMR model tries to fill this gap, considering a cluster of instrumental variables concerning the "implementation strategy," which embraces process variables, while the decision process underlying the reform is still not considered. This was done where a module aimed at characterizing the innovation decision process complements the contingency approach.

*Consequences in the real world*, suggested by Jaruga and Nowak (1996):

Following this suggestion, in FMR model, lines representing the "consequences on the real world" were introduced, so as to reflect the fact that the outputs of a governmental accounting reform have indeed consequences disseminated to the environment – firstly affecting the behavior of the actors involved in the reform and later even the contextual variables.

Through the feedback loops, the FMR model adds this suggestion, while the consequences are considered to be only on the reform actors' behavior. Therefore, as explained, the model, now more dynamic, allows not only tying behavior and attitudes of key actors in the innovation process to its results but also considering a governmental accounting reform process involving several stages, which is very useful since this has been the case in some countries (e.g., Poland and Portugal). It must, however, be reminded that the rational expectations about the consequences of accounting reforms might affect their success or failure.

*Epistemic communities*, suggested by Laughlin and Pallot (1998):

C

As mentioned, the FMR model considers that these communities of experts might have an important role not only in initiating a governmental accounting reform process but also in influencing its direction and outcome.

Accordingly, considering that forming "epistemic communities" might be a possible grouping behavior of "reform drivers," reinforcing its influence on the innovation process, the FMR model considers one that seems to be a progressively more important reform driver in industrialized countries.

## Conclusion

The most recent version of the contingency model – the FMR model – is viewed as an important comparative governmental accounting theory, already providing some explanation for the "why" of governmental accounting changing toward more informative resource accounting and budgeting systems. Yet, it essentially addresses the effects of the governmental accounting context on the conduciveness to reform processes, not the accounting systems itself (reform content). Therefore, it is an explanation for the "why" of governmental accounting reform process toward a more informative accrual accounting and budgeting system.

Furthermore, it endures some other particular problems, which might affect the model applicability:

"Black boxes:" while additional variables increased the model explanatory power, they lack further explanation – for some variables (e.g., behavioral variables clusters, reform concept, and innovation process), although known as affecting the governmental accounting reform process, one does not know exactly how they do it, to what extent, or what they are precisely.

Complexity and speculation: the complexity of multi-causal relationships between the variables in the model makes it very difficult, if not impossible, to test statistically, though plausibility tests might be used. Consequently it is empirical that validity might be jeopardized, as it still contains speculative features.

Nevertheless, the role that the contingency model has played in the still short history of CIGAR is invaluable. Regardless of future contributions that might be important for research in comparative governmental accounting, Professor Lüder's contributions will always be considered as a major part of the basic theoretical framework for comparative-international research in the public sector accounting setting.

## Cross-References


- ▶ Accrual Accounting
- ▶ Accrual Budget
- ▶ Cash Accounting
- ▶ Financial Reporting
- ▶ Harmonization
- ▶ Public Financial Management Reform in Less Developed Countries: An International Perspective
- ▶ Public Sector Accounting


## References


Burns TE, Stalker GM (1961) The management of innovation. Tavistock, London

Chan JL, Jones RH, Lüder KG (1996) Modelling governmental accounting innovations: an assessment and future research directions. Res Gov Nonprofit Account 9:1–19

Choi FDS, Mueller GG (1984) International accounting. Prentice-Hall, Englewood Cliffs

Jaruga A, Nowak WA (1996) Toward a general model of public sector accounting innovations. Res Gov Nonprofit Account 9:21–31

Jorge S (2003) Local government accounting in Portugal in comparative-international perspective. PhD thesis in accounting and finance, University of Birmingham, Birmingham

Khandwalla PN (1977) The design of organizations. Harcourt Brace Jovanovich, New York

Kieser A, Kubicek H (1983) Organisation, 2nd edn. de Gruyter, Berlin
Laughlin R, Pallot J (1998) Trends, patterns and influencing factors: some reflections. In: Olson O et al (eds) Global warning! Debating international developments in new public financial management. Cappellen, Oslo, pp 376–399
Lawrence PR, Lorsch JW (1967) Organization and environment: managing differentiation and integration. Harvard Busines School, Boston
Lüder K (1989) Comparative government accounting study – interim summary report, Speyerer Forschungsberichte; N.76. Forschungsinstitut für Öffentliche Verwaltung, Speyer
Lüder K (1992) A contingency model of governmental accounting innovations in the political-administrative environment. In: Research in governmental and nonprofit accounting, vol 7. JAI Press, Greenwich, pp 99–127
Lüder K (1994) The 'contingency model' reconsidered: experiences from Italy, Japan and Spain. In: Buschor E, Schedler K (eds) Perspectives on performance measurement and public sector accounting. Paul Haupt Publishers, Berne/Stuttgart/Vienna, pp 1–15
Lüder K (2002) Research in comparative governmental accounting over the last decade – achievements and problems. In: Montesinos V, Vela J (eds) Innovations in governmental accounting. Springer/Kluwer, Boston, pp 1–21
Mueller GG (1967) International accounting. Int Exec 9(4):1–2
Nobes CW (1985) International variations in perceptions of accounting journals. Account Rev 60(4): 702–705
Nobes C (1998) Towards a general model of the reasons for international differences in financial reporting. Abacus 34(2):162–187. reprinted in Nobes C (ed) International accounting and comparative financial reporting: selected essays. Edward Elgar Publishing, Massachusetts, pp 73–98, 1999
Nobes CW, Parker R (2000) Comparative international accounting, 6th edn. FT-Prentice Hall, London
Pallot J (1995) Contextual variables underlying innovation in national budgeting, accounting and auditing: the case of New Zealand. Working-paper presented at the Vth CIGAR Conference, Paris, May
Schreyögg G, Steinmann H (1985) Strategische Kontrolle. Z Betriebswirtsch Forsch 37(5):391–410
Thompson JD (1967) Organizations in action: social sciences basis of administrative theory. Transaction Publishers, New Brunswick
Tiessen P, Waterhouse JH (1983) Towards a descriptive theory of management accounting. Acc Organ Soc 8(2–3):251–267
Zhang G (2005) Environmental factors in China's financial accounting development since 1949. Eramus University, Rotterdam

# Contingency Theory of Leadership

Manuel Villoria
University King Juan Carlos, Móstoles, Madrid, Spain

C

## Synonyms

Contextual; Democratic and authoritarian leadership; *Potestas* and *auctoritas* in leadership; Situational

## Introduction: Contingency Theory

The main purpose of this article is to summarize the main ideas and contributions of the contingency theory of leadership (CTL) and to show its usefulness for the public sector. To do that, we are going to adapt it to the special characteristics and traits of public management considered as a design science (Barzelay and Thompson 2010).

The most important theoretical backgrounds of the CTL are the behavioral school and McGregor's Theory X and Theory Y. According to McGregor's thesis (1960), leadership strategies are influenced by a leader's assumptions about human nature. A leader holding Theory X assumptions would prefer an autocratic style, whereas one holding Theory Y assumptions would prefer a more participative style. Anyway, the best style of leadership was the participatory. Later on, Blake and Mouton (1964) created the "managerial grid." Their grid focuses on task (production) orientation on the horizontal axis and employee (people) orientation on the vertical axis, as well as combinations of concerns between the two extremes. According to this theory, there are five basic leadership styles. Blake and Mouton propose that "team management" – a high concern for both employees and production – is the most effective type of leadership behavior.

While behavioral theories may help managers to develop particular leadership behaviors, they

give little guidance as to what constitutes effective leadership in different situations. Because of that, the CTL emphasized the situational variables leaders must deal with, criticizing the idea of a universal set of traits associated with effective leadership. They look for effective leadership behavior. In order to find it, for example, researchers at the Ohio State University administered questionnaires to thousands of employees to identify successful styles of behavior. They identified two broad categories of leadership behavior: consideration (or concern for the welfare of subordinates) and initiating structure (concern for the accomplishment of goals). Later, this theory was refined in different ways, such as the contingency theory (Fiedler 1967; Vroom and Yetton 1967; Hersey and Blanchard 1977). And more recently, research on leadership behavior has identified a third category of behavior (Lindell and Rosenqvist 1992): development-oriented behavior (concern for experimentation, innovation, and organizational change), a behavior that is connected with the transformational theory of leadership.

According to *Fiedler's contingency model* (1967), there is no single best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation. Fiedler looked at three situations that could define the condition of a managerial task: (1) Leader-member relations: How well do the manager and the employees get along? (2) Task structure: Is the job highly structured, fairly unstructured, or somewhere in between? (3) Position power: How much authority does the manager possess? These environmental variables are combined in a weighted sum that is termed "favorable" at one end and "unfavorable" at the other. Task-oriented style is preferable at the clearly defined extremes of "favorable" and "unfavorable" environments, but relationship orientation excels in the middle ground.

*Tannenbaum and Schmidt's leadership continuum* (1958) is the consequence of the criticism of the idea of black and white terms of leadership. The autocratic and democratic styles are extremes and most leaders in business will do something between the two. These authors defend the idea that leadership behavior varies along a continuum and that as one moves away from the autocratic extreme, the amount of subordinate participation and involvement in decision-taking should increase.

The *Hersey-Blanchard model of leadership* (1977) posits that the developmental levels of a leader's subordinates (maturity) play the greatest role in determining which leadership styles (leader behaviors) are most appropriate. Maturity is the willingness and ability of a person to take responsibility for directing his or her own behavior. The key situational variable, when determining the appropriate leadership style, is the developmental level of the subordinate. As a result, there are four leadership styles:

- Directing: The leader provides clear instructions and specific direction (task behavior). This style is best matched with a low follower readiness level.
- Coaching: The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision-making. This style is best matched with a moderate follower maturity level, specifically when the follower has willingness to take responsibility but does not have ability.
- Supporting: The leader and followers share decision-making, but the leader provides support and encouragement (relationship behavior). Participating style is best matched with a follower who has the ability to make things happen effectively but does not have willingness to take responsibility.
- Delegating: This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with high follower maturity.

As the level of followers' maturity increases, the leader should begin to reduce his or her task behavior and increase relationship behavior.

Finally, Adair's action-centered leadership model (1973) is based on the idea that an action-centered leader must direct the job to be done (task structuring), support and review the individual people doing it, and coordinate and foster the work team as a whole. The effective leader carries out the functions and exhibits the behaviors depicted by the three frames. Situational and contingent elements call for different responses by the leader. Hence the various frames may be bigger or smaller as the situation varies.

## The Public Management Approach

In order to adapt the CTL to the public sector, we must first answer the question as to whether or not there is any difference between managing public and private organizations. We have public administration because we understand that there are services that the market should not provide, and this is based on social values, on the public interest, and on the political will of citizens (Rainey 1997). But being able to draw a clearly defined line between the public and private sectors is simply impossible. There are criteria that allow us to make distinctions, but not always, i.e., the interests at stake in cases of private individuals or groups, access to information, resources or buildings, agency, or the ability to act (or not act) on behalf of the community (Benn and Gaus 1983). Rainey indicates no fewer than thirty-three differences between public and private management (Rainey 1997, p. 73), of which we would highlight the following distinguishing public characteristics: greater political influence; quasi-legislative and quasi-legal capacity; greater expectations for equitable and equal treatment and for transparency; greater ambiguity and/or contradiction in objectives; greater constraints in public manager decision-making, both inwards and outwards; greater difficulty in linking incentives to performance; and slightly different value system related to work. Indeed, what exists is a *continuum* from private enterprise to ministries, as Dahl and Lindblom have stated (1976), a *continuum* which includes from pure private enterprise to ministries or secretaries of state, passing through private companies whose largest sources of income come from the public sector, mixed public-private enterprises, majority publicly owned enterprise, NGOs, etc.

Summarizing, different authors have brought out two principles: (1) There are differences (and similarities) and (2) these differences should be analyzed in a *continuum*. This leads us to postulate that although CTL can be useful to both public and private managers, it can be enriched for the "pure" public sector if we introduce public variables in its framework. Likewise, one cannot defend the same model of management for an executive in a private enterprise and as a high-ranking official of the federal government. Their interests, prioritization of values, or authority requires different responses to their demands for a leadership model. Public management theory was born to deal with this kind of professional problems. In a nutshell, the public management's objective is to generate a theory to give public managers an indication of how to act in different environments and situations and to identify and teach the skills needed to satisfactorily put this theory into practice (Perry 1993). In this context, the leadership literature must give thought to which organization it is addressing in each individual case and examine the teaching that may be useful accordingly, instead of succumbing to the tendency to put all managers in the same frame of reference.

## A Contingency Model of Public Leadership

As Van Wart (2003) stated, the literature on leadership is abundant in management, not so far in *public* management. Because of that, this contribution will deal with the introduction of "public" variables in the contingency theory. Within a democratic system, administrative positions are closely bound to legitimacy, both of origin and exercise. A lack of such legitimacy would challenge the access and sustenance of power. Furthermore, to hold an administrative position is linked to a variety of special duties and limited domains. In the political theory, there exist two

concepts, that is, *auctoritas* and *potestas*, which help to understand this fact. *Auctoritas* implies that those who hold power have to be legitimized by means of their capacity to meet citizens' expectations, that is to say, to be able to develop a legitimate political discourse, to make the right choices in strategy, and to achieve results. However, *potestas* is more related to the power source and has to do with the space and time which is possible to exercise power in accordance with the constitutional or legal framework. Otherwise, the exercise of public leadership is done within spatial and temporal borders, and by all means, those borders are defined through a variety of implicit and explicit mandates which frame the mission, tasks, and responsibilities of those who hold managerial positions in an organization.

It could be argued that studies on public leadership place the emphasis on analyzing the leader's *auctoritas* rather than his/her *potestas*. It is not the same to be the mayor in a city than to be the chief of the municipal register, and it is not the same to be the president or the prime minister of a government than to be a middle manager. They have different responsibilities and different *potestas*, and they have different origin in their positions and different need of *auctoritas*. These two variables permit us to better understand public leadership. In the dimension ***potestas***, we could integrate two sub-variables; one is organizational and the other is individual. The first sub-variable is the level of "publicness" or "institutionalization" of the organization where the manager works. We think that the organization as the unit of analysis is critical in leadership (Cook 1998, p. 228). Organizational structure shapes the behavior of the individuals. Plans and visions are different if the organization is an instrumental agency or a public company than if the organization is a ministry or a secretary of state. The instrumental nature is different because a public company usually has a very narrow mission, but a secretary of state has a much more open mission and conflicting responsibilities. According to Selznick (1949), leaders are supposed to define the mission of the organization and protect its distinctive character, and leaders must defend the organization. Even more, managers must protect the jurisdictional boundaries of their agencies and defend their autonomy from other rival agencies and political restrictions hampering them in their action (Terry 1995, p. 99). Institutionalization is understood in this paper as the degree of power granted to the organization by the law, the amplitude of stakeholders and conflicting values in decision-making, the quasi-legislative and *adjudication* capacity granted to the organization and its officials, and the legislative and legal controls in decision-making. Getting back to the distinction made earlier, it is not the same thing to manage family business selling sports equipment as it is to manage a team of investigators in the FBI. The latter can affect fundamental rights and attempt on citizen's freedom with the legal support of the state. There are different levels of institutionalization or "publicness" that determine leader's options. As much power is granted to the organization, much control is needed. Concluding, public managers make decisions that authoritatively allocate values, but the organizational environment determines what decisions can be made and how they can be made (Wilson 1989).

The second sub-variable in the dimension *potestas* is the level of responsibility of the manager. "Level of responsibility" could be understood as the realm of authority over one or several policies, formal legitimacy for decision-making, and independence or non-dependence from superiors granted by the law or the internal norms of the organization. The degree of validity of advice or guidance varies enormously in relation to this variable. Certain advice that may be useful to a deputy minister is not useful to a middle-level manager in a bureaucracy. In terms of *potestas*, there are important differences between the different ranks in an organization, and the leadership theory espoused should consider this situation. Putting together the two sub-variables, we find the most accurate picture of the position of a manager in the public sector (see Fig. 1), because an executive manager in a public company providing waste disposal services probably has less *potestas* than a middle manager in an agency like the FBI. The organizational

+ Responsibility of public manager

| - Level of publicness of the organization | | |
|---|---|---|
| | Low level of publicness and high level of responsibility. For example: The director of a waste disposal public company. | High level of publicness and high level of responsibility. For example: the FBI director. |
| | Low level of responsibility and low level of publicness. For example: the chief of communication of the waste disposal public company. | Low level of responsibility and high level of publicness. For example: The chief of the DNA-Mitochondrial team within the FBI. |

+ Level of Publicness of the organization

- Responsibility of public manager

**Contingency Theory of Leadership, Fig. 1** Level of *potestas*

environment influences the level of *potestas* and the kind of leadership the manager should prioritize.

The situation changes when we analyze the dimension **auctoritas**. The auctoritas is neither established by the law nor stabilized by the institutional design. It has to be achieved and built through the process of legitimation. For us, auctoritas is the degree of acceptance of the organizational and individual potestas by the stakeholders. Every organization and every manager need auctoritas. But the need of it is different depending on two sub-variables. The first sub-variable is the need of legitimation of the organization. The second is the level of responsibility of the manager.

The need of legitimation implies the need of providing legitimacy. According to Weber (1984), legitimation is the process of making something acceptable and normative to a group. The mission and existence of public organizations need to be acceptable to the stakeholders they have. But some organizations need more public legitimation than others. This need depends on multiple factors, for example, the exposition to the media or the use or not of legitimate violence. And some organizations need a more technical legitimation and others need a more public one. The kind of legitimation is different considering the mission of the organization and its level of publicness. The ministry of the interior needs more public legitimation than a company like a public shipyard, considering its powers and its role in our society. As a consequence, the minister of the interior needs a lot of auctoritas and should protect very strongly his/her public and private image.

The second sub-variable is individual, not organizational; it is, again, the level of responsibility of the manager in his/her organization. In terms of the need of auctoritas, there are important differences between the different ranks in an organization, and the leadership theory espoused should consider this situation. A middle manager in a public company has lower need of auctoritas than the CEO. The need of auctoritas of the minister of the interior is bigger than the one needed by a police officer. Putting together the two sub-variables (see Fig. 2), we could find a more accurate picture of the leadership needs of public managers. For example, the CEO of a public company (such a public shipyard) needs to have economic competency and entrepreneurial skills to do her job. But the minister of the interior needs political skills and an image of public and private honesty very well built. The organizational environment influences, again, the need of auctoritas and the kind of it the manager should prioritize.

| | + Responsibility of public manager | | |
|---|---|---|---|
| - Need of political legitimation of the organization | Low need of public (political) legitimation and high level of responsibility and technical authoritas. For example: The director of a public shipyard. | High need of public (political) legitimation and high level of responsibility. For example: the Minister of the Interior. | + Need of political legitimation of the organization |
| | Low need of public legitimation and low level of responsibility. For example: the chief of the training department in the public shipyard. | Low level of responsibility and high level of public and technical legitimation. For example: The chief of a team of tax inspectors in the Internal Revenue Service. | |
| | - Responsibility of public manager | | |

**Contingency Theory of Leadership, Fig. 2** The need of *auctoritas*

## Conclusions

Contingency theory is one of the most influential theories of leadership and has shown its usefulness for the public and private sectors. But managers should be made aware of its limits. None of the CTL models are useful always although some of them have interesting ideas that can be useful in the appropriate context. It helps a lot to deal with the complexities of managing a team of workers. But leading a team is only one part of the components of good leadership, especially in certain levels of government (see Heifetz 1994). That is why literature on contingency leadership needs to build more sophisticated models in order to improve its benefits for specific public situations and roles. How to connect CTL with different public environments and to underline the practicality of these designs is the motive that has driven this paper.

In particular, we underline that public organizations have different levels of *potestas*, that is to say, different levels of institutional power; the maximum institutional power implies quasi-legislative and adjudication capacity on areas that affect fundamental rights. The more the institutional power of the organization is, the more important the controls on the managers of the organization are. Moreover, in public organizations, the *auctoritas* is also important; every organization and every manager need *auctoritas*, but the need of it is different depending on two sub-variables. The first sub-variable is the need of legitimation of the organization. The second is the level of responsibility of the manager. Applying these ideas, we could conclude that public leaders with high level of *potestas* and big need of *auctoritas* must boost participation and protect the freedom of the citizens to whom their missions and objectives affect; accordingly, they should refrain from managerial innovations which could endanger freedom or security of the people they must protect.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Collective Dimensions of Leadership
- ▶ Group Power and Leadership
- ▶ Leadership in Organizations
- ▶ Legitimacy in Public Administration
- ▶ Power and Leadership
- ▶ Public Values in Public Organizations


## References


Adair J (1973) Action-centred leadership. McGraw-Hill, New York

Barzelay M, Thompson F (2010) Back to the future: making public administration a design science. Public Adm Rev 70(1):295–297
Benn SI, Gaus GF (1983) Public and private in social life. Sts Martin's, New York
Blake R, Mouton J (1964) The managerial grid: the key to leadership excellence. Gulf, Houston
Cook BJ (1998) Politics, political leadership and public management. Public Adm Rev 58(3):225–231
Dahl R, Lindblom C (1976) Politics economics and welfare. University of Chicago Press, Chicago/London
Fiedler FE (1967) A theory of leadership effectiveness. Mc Graw Hill, New York
Heifetz RA (1994) Leadership without easy answers. The Belknap Press of Harvard University Press, Cambridge, MA
Hersey P, Blanchard K (1977) Management of organizational behavior: utilizing human resources. Prentice Hall, Englewood Cliffs
Lindell M, Rosenqvist G (1992) Is there a third management style? Finn J Bus Econ 3:171–198
McGregor D (1960) The human side of enterprise. McGrawHill, New York
Perry JL (1993) "Public management theory": what is it? What should it be? In: Bozeman B (ed) Public management. Jossey Bass, San Francisco
Rainey H (1997) Understanding and managing public organizations. Jossey Bass, San Francisco
Selznick P (1949) TVA and the grass roots. University of California Press, Berkeley
Tannenbaum R, Schmidt W (1958) How to choose a leadership pattern. Har Bus Rev 36(2):95–101
Terry LD (1995) Leadership of public bureaucracies. Sage, London
Van Wart M (2003) Public sector leadership theory: an assessment. Public Adm Rev 63(2):214–228
Vroom V, Yetton PW (1967) Leadership and decision making. University of Pittsburgh Press, Pittsburgh
Weber M (1984) Economía y sociedad. Fondo de Cultura Económica, México
Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York

# Contingency Theory of Organizations

Eric E. Otenyo
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

Exigency; Turning point

## Definition

Identification of the circumstances under which a particular research finding is most applicable and appropriate. Contingency theories are a response to areas in organizational studies where the environment and other factors do not allow for models to be suitable in all circumstances and situations.

## Introduction

As a major organization theory literary stream, contingency theory responded to the challenges identified with both the Human Relations and Organizational humanism approaches. Contingency theorists claimed both the Classical thinkers and the Human relations approach made the same mistake through the claim that there was one best way of managing all organizations. For example, Max Weber's classical work neglected the role of structural variables in bureaucratic organization. He and others argued that specialization and formalization were key to maximizing performance. And Frederick Taylor's scientific management was universalistic and claimed to be one best way for maximization of organizational outputs. A similar universalistic analysis was evident in the neo-human relations school, especially Rensis Likert's claim that participation was a central value for maximization of organizational productivity. In essence, neo-humanists reified the universalistic argument with regard to maximization of organizational outputs.

The contingency approach suggests that organizational management is a relative and adaptive process, in which case, appropriate styles of action are contingent on a number of organizational considerations. This nonuniversalistic view implies that "organizational effectiveness results from fitting characteristics of the organization, such as its structure," to contingencies that reflect the situation of the organization. The proposition suggests that performance is a result of the fit between factors such as people, technology, market changes, organizational size (Child 1975; Pugh and Hickson 1976), strategy (Chandler 1962), and culture (de Ven and Drazin 1984; Donaldson 2001, p. 1; Burns and Stalker 1961).

Perhaps, we should explain that the organizational strategy determines whether or not departments such as production, sales, and marketing are organized to attain maximum efficiencies. And following classical work, organization theorists found that the Weberian bureaucratic structure was appropriate for large organizations, especially because these organizations were associated with rule making put in place to govern repetitive operations. Simple, bureaucratic structures had the tendency to be more centralized and were associated with personalized decision-making management styles (Child 1972). Tom Burns and Graham Stalker (1961) gave prominence to the uniqueness of environmental factors in shaping organizational outcomes. Their research findings based on British and Scottish industries reported that organizations operating in stable environments produced different outcomes from those in unstable and or dynamic environments. The organization is subsequently shaped by the contingency because it has to fit these variables and avoid barriers to optimum performance. Donaldson conceptualized the model in terms of SARFIT (structural-adaptation-to-regain fit), which is, fit affects performance. In this formulation, the organization seeks to avoid characteristics associated with misfit conditions arising from change in contingencies. This tradition is often referred to as the structural contingency theory because of the alignment of structures and organizational characteristics.

The originators of the concept, including Joan Woodward (1958, 1965), Paul Lawrence and Jay Lorsch (1967), recognized different environments place differing requirements on organizations. In particular, based on studies conducted in ten US-based firms, they affirmed structures were an important force in organizational success. Later, scholars employing ecological perspectives demonstrated that different technological and market environmental arrangements required unique kinds of organizations in order to succeed. Accordingly, contingency means outcomes are dependent on other things and intricately changing factors within the organization and environment (Waldo 1978, p. 592). And, for organizations to be successful at achieving their goals, there must be a "goodness of fit" "between their structure and the conditions in their external environment" (Daft 2007, p. 27; Pennings 1992). Pennings empirical work shed light on interactions among variables including environmental uncertainties and organizational structures and how these impacted performances in competitive market settings. Structural elements had a strong impact on organizational performance.

Studies on ways in which the nature of work affects organizational structures have provided valuable insights on impact of technology to production and effectiveness. Organizational sociologists are now in a position to predict and isolate the most critical structural features of organizations. Structures are important in organizational design, especially, for reducing uncertainty and effective coordination of various units.

We prefer to regard this body of literature as "theories" rather than in singularity because different scholars apply varied and multiple explanatory variables. Contingency theorists place much premium on environmental independent variables. Thus, for example, Burns and Stalker (1961) viewed organizations from two different structural forms, mechanistic and organic. The former more traditional in scope characterized by an emphasis on hierarchy and vertical communications patterns. The latter referencing fluid structures with horizontal communication forms and focused on knowledge rather than authority.

Organic organizations are more likely to adapt to changes in the environment and embrace technological innovations more readily. Through empirical work done in the manufacturing and food-processing sector, Burns and Stalker (1961) determined different subunits within organizations experienced different external demands. And to cope with the different stimuli and pressures, organizations created specialized structures, some opting for more centralization while others choosing decentralized decision-making formations. Those that performed at higher levels were observed to match the complexities of their environmental situations (Blau and Schoenherr 1971).

Contingency theories have wide applications in areas such as leadership and decision-making in

different organizational settings. Contingency theory of leadership is adequately discussed in Manual Villoria's entry in this current encyclopedic volume (2016). From a decision-making standpoint, depending on technical knowledge and consensus in problem definition, organizations apply different decision-making approaches to solve the challenges. While consensus is necessary for organizational managers to be clear about what they are faced with, technical knowhow is necessary to fix the problem. Contingency frameworks bring together the two dimensions to strengthen the environmental basis of the theory. The writers in this tradition must grapple with questions about the meanings of concepts such as adaptation, environmental demands, and the organization's internal features.

## Decision-Making and Other General Applications in Organizational Life

Several contingency theories relate to decision-making and echo aspects of leadership mentioned above. For example, Victor Vroom and Philip Yetton (1973) normative model contends that the effectiveness of a decision is a function of a number of situations and the importance of the quality of the decision. The model emphasizes participation as a key variable in producing effective decision procedures and outcomes. Vroom and Jago (1988) reformulated the situational leadership thesis to account for variations in different styles of leadership ranging from autocratic, to consultative-group approaches.

In general theory, rational decision-making follows economic logic and explains the behavior of individuals in terms of maximization of their goals. The rational theory is based on systems approaches and recognizes that the decision makers seek to produce the most output. However, contingency theorists point that the effectiveness of decisions is a function of situational variables that include existence of relevant information and likelihood that other actors will accept the decision. Contingency theorists recognize that a good decision is not a certainty because of ambiguities in goal setting and planning. Gortner et al. (2007, p. 281) acknowledge the difficulty in devising a contingency theory of decision-making noting it involves political choice about whosoever controls what kinds of decisions. To navigate the controls may require some degree of persuasion, especially is development of contingency rules that structure decisions. Mary Smith (1984) argues that contingency rules create contextual responses to messages generated and communicated within organizations. Smith's research provided new insights on roles of contingency rules in shaping compliance gaining behaviors within organizations.

Vanderbilt University's Professor of Management, Richard Daft (2007) adds that contingency decision-making theory brings together dimensions of problem consensus and technical knowledge about solving problems (p. 468). He adds that decisions made following prescriptions implied in contingency theory are more likely to be successful, and therefore managers seeking better performance, in a highly competitive world, maximize their chances for success through embracing contingency models (Daft 2007, p. 470). The contingency model's explanatory power is also evident from studies on contextual conditions for reforms in public sector financial management (Lüder 1992).

Applications of contingency theories to decision-making identify that the design of organizations must be in accordance with cultural norms. This is important, especially in business and corporate organization. For example, professors of marketing have applied contingency theory to equip managers with insights on how best to align organizational structures to their organizations. To this end, contingency perspectives explain the importance of adaptiveness of organizational structures to unit business goal attainment. The literature is replete with articles that speak to applications of contingency theory in the corporate world with increased attention drawn to issues such as the fit between corporate social performance and attendant strategies and structures.

Still, contingency perspectives have been offered as significant approaches to understanding not only business strategies but focusing on ethical practices in marketing practices. More

important, there has been an absence of consensus about ethical conduct among marketers, and contingency theory helps reduce the confusion among academics.

Other applications of contingency theory may be considered in the area of predicting employee suitability in serving at different situations. Such knowledge helps determine how well rounded individuals are and adds value to appraisal systems. Besides, contingency theory has been used to assess effectiveness of individuals in specified organizational roles and tasks.

These attributes lead us to determine the key strength of contingency theory as its empiricism. The impacts of situations can be measured, even if in simplistic terms. Moreover, the theory has some degree of predictive power and supports organizational identification of optimal roles assigned to leaders and their subordinates.

In addition, applications of contingency theory have proliferated into other areas of human resource management, including compensation systems. Studies identify possible links between strategy and the effectiveness of the compensation plans. Delery and Doty (1996), Guest (1997), and Delery (1998) exemplify applications of the theory to human resource management characteristics of organizational life.

Studies also show applications of contingency theory in areas such as management control systems, where the goal is to increase knowledge about the design of control systems in management. Such research supports practitioners improve organizational settings and workplace policy development. Additional applications in the area of public relations practice have been reported and subjected to scholarly attention (See, Cancel et al. 1999). More profoundly, scholars in this genre have through national surveys identified more than eighty-five contingent variables involved in the public relations profession.

## Critics of Contingency Theory

While there is no doubt that contingency theory has made its indelible mark on scholarly studies of organization behavior, design, performance, planning, and management strategy, critics identified several problems with its general appeal. Foremost was the observation that contingency theory is not one unified body and is, in fact, a body of perspectives. Among the problems associated with contingency theory is the lack of clarity in its statements.

Further, the theory embedded symmetrical and nonmonotonic assumptions its core arguments. Skeptics of generalizable facets of the theory doubt its empirical efficacy pointing out to data, which suggests relationships between structure, technology, and organizational effectiveness are far more complex than described in the theory. And there is confusion about the unit of analysis, for instance, the organizational division or its head offices. Still, although much of the focus on the relationship between structure and context dominated empirical research, a marked paucity of works on measures of performance was identified as point of concern (Dalton et al. 1980). In many instances, the research has also not offered robust distinctions between social and economic performance variables. It is fair to assume that some structural contingencies are more sensitive to social performances such as incivility and absenteeism, while economic performance metrics like return on investment (ROI) are emphasized in structural contingencies.

We have previously alluded to criticisms levels against specific tenets as underscored in its applications in areas such as leadership, human resource management, and decision-making.

In addition, as concerns the general core premise of contingency theory is a subject to misinterpretations. In particular, the SARFIT model seems to defy commonsense, because it suggests that when contingencies change, performance declines, leading to an erroneous consideration to argue for the organizational structures to change and match their new or emerging contingencies.

## Conclusion

Contingency theory of organization is a theoretical perspective with rich empirical support in the

social and behavioral studies. Starting from the view that organizations as open systems face challenges, contingency theorists believe and recognize the need for prudent, adaptable, and situational remedies to organizational challenges. Contingency theory was a product of the realization that many factors influence organizational effectiveness and behavior and that different responses may be required for varying situations. In addition, organizational structures have to fit managerial styles in order that performance is enhanced. Stated differently, contingency theorists also support managerial efforts to change organizational structures in bid to improve performance.

The theory gained currency as an attempt to offer alternatives to existing frameworks, which seemed universalistic and mostly based on research conducted in developed countries where environmental conditions are stable. Contingency theory has morphed into a lively framework, with added insights from organizations based in developing countries. Contingency theory has improved our understanding of situational dynamics in leadership in different cultural settings.

## Cross-References


- ▶ Contingency Model of Reforms in Public Sector Accounting
- ▶ Contingency Theory of Leadership


## References


Blau PM, Schoenherr RA (1971) The structure of organization. Basic Books, New York

Burns T, Stalker GM (1961) The management of innovation. Tavistock, London

Cancel AE, Mitrook MA, Cameron GT (1999) Testing the contingency theory of accommodation in public relations. Public Relat Rev 25(2):171–197

Chandler AD (1962) Strategy and structure: chapters in the history of the industrial enterprise. The MIT Press, Cambridge, MA

Child J (1972) Organizational structure, environment and performance: the role of strategic choice. Sociology 6(1):1–22

Child J (1975) Managerial and organizational factors associated with company performance, Part II, A contingency analysis. J Manage Stud 12(1/2):12–27

Daft RL (2007) Organization theory and design. Thomson, Mason

Dalton DR, Todor WD, Spendolin MJ, Fielding GJ, Porter LW (1980) Organization structure and performance: a critical review. Acad Manage 5(1):49–64

De Ven AH, Drazin R (1984) The concept of fit in contingency theory. Discussion Paper #19 (August). University of Minneapolis: The Strategic Management Research Center, University of Minnesota

Delery JE (1998) Issues of fit in strategic human resource management: implications for research. Hum Resour Manage Rev 8(3):289–309

Delery JE, Doty DH (1996) Modes of theorizing in strategic human resource management: tests of universalistic, contingency, and configurational performance predictions. Acad Manag J 39(4):802–835

Donaldson L (2001) The contingency theory of organizations. Sage, Thousand Oaks

Gortner HF, Nichols KL, Ball C (2007) Organization theory: a public and nonprofit perspective. Wadsworth Thomson, Belmont

Guest DE (1997) Human resource management and performance: a review and research agenda. Int J Hum Resour Manage 8(3):263–276

Lawrence PR, Lorsch JW (1967) Organization and environment: managing differentiation and integration. Harvard University, Boston

Lüder K (1992) A contingency model of governmental accounting innovations in political –administrative environment. In: Research in governmental and non – government profit accounting, vol 7. JAI Press, Greenwich, pp 99–127

Pennings JM (1992) Structural contingency theory: a reappraisal. Res Organ Behav 14:267–309

Pugh DS, Hickson DJ (eds) (1976) Organizational structure in its context. In: The Aston programme I (reprint ed). Saxon House, Westmead-Farnborough

Smith MJ (1984) Contingency rules theory, context, and compliance behaviors. Hum Commun Res 10(4): 489–512

Villoria M (2016) Contingency theory of leadership. In: Farazmand A (ed) Encyclopedia of public administration, public policy, and governance. Springer International, New York. https://doi.org/10.1007/978-3-319-31816-52227-1

Vroom VH, Jago AG (1988) The new leadership: making participation in organizations. Prentice-Hall, Englewood Cliffs

Vroom VH, Yetton PW (1973) Leadership and decision making. University of Pittsburgh Press, Pittsburgh

Waldo D (1978) Organization theory: revisiting the elephant. Public Adm Rev 38:590–591

Woodward J (1958) Management and technology. Her majesty's Stationery Office, London

Woodward J (1965) Industrial organization theory and practice. Oxford University Press, London

# Contract Administration

Bill Davison[1] and Clifford McCue[2]
[1]CPPO, Stearns County, St. Cloud, MN, USA
[2]School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Contract management; Contract monitoring; Contract surveillance; Project management; Quality assurance

## Definition

Administrative functions related to dealing with contracts: (1) issuing the request to bid, (2) evaluating the bid responses, (3) awarding of contract, (4) implementing contract, (5) contract monitoring and quality assurance (QA), (6) contract surveillance, (7) contract interpretation, (8) measuring completed work, and (9) computing payments.

## Introduction

The purpose of any contractual agreement is to define the parties' responsibilities with respect to a desired outcome, as well as to define the detail necessary for project success (See Davison and Wright 2004). The broad goal of contract administration is to ensure that the agency receives the right quantity of the right material or service of the right quality in the right time at the right place and to do this within the budget and without claim (Thai 2004). Good contract administration requires constant diligence to make sure the vendor is performing consistently with the contract, from the moment of contract award through final acceptance.

Contract administration consists of two broad processes undertaken to ensure project success. The primary process may be considered proactive and include post-award meeting, quality assurance, monitoring and surveillance, inspection and acceptance, payment, and contract closeout. The second and often simultaneous process may be considered reactive as it includes activities that deal with changes or problems that occur during contract performance such as modifications, dispute resolution, contract interpretation, and termination. The extent of performance of each activity will vary given the size, scope, and complexity of the contract and the terms and conditions that apply.

## Proactive Contract Administration

An excellent proactive step is to develop a contract administration plan (CAP). A CAP is an essential component in vendor performance monitoring and evaluation because it provides a systematic way for ensuring that all elements in the contract have been satisfactorily delivered.

A CAP typically includes the following elements:

1. Identify and document each contract deliverable including delivery time, quantity, quality, cost, and place of delivery.
2. Identify potential problems, i.e., delays, insufficient quality, cost overruns, and change orders.
3. Identify the method of evaluation on how acceptance will be determined for each deliverable (i.e., report, test, survey).
4. Develop a contract monitoring plan that identifies the type and level of monitoring necessary to monitor contract progress.
   (a) Incorporate the likely problems and develop a monitoring strategy that minimizes the occurrence of the identified problems.
   (b) Track the progress of contract deliverables and contract issues (typically through a contract management system, spreadsheet, or other electronic tracking applications).
   (c) Maintain information in a manner that is accessible to all members of the project team.
5. Conduct careful monitoring of contractor performance and maintain written records.

(a) Identify the method and level of surveillance necessary to minimize problems.
(b) Require and utilize progress reports, including contractor reporting requirements.

6. Conduct a "kickoff" or post-award meeting with the contractor, and review the contract monitoring plan, and establish an appropriate meeting schedule.
7. Have an internal plan to resolve any performance issues (corrective action plan, performance fees).

### Post-Award Meeting

It is imperative that all parties to the contract agree on the administrative procedures and performance expectations that must be followed relative to the terms and conditions of the contract. To avoid any potential contract disputes or problems once the contractor is engaged, all parties must fully agree on what are the contract requirements, and what are the expected results of the contract. If the parties don't agree on specific components of the contract, as interpreted by either party, then another meeting may be necessary. No contract should proceed until all parties agree on all the terms and conditions of the contract.

### Determining Acceptance

Acceptance means all of the contractual obligations have been fulfilled. To determine acceptance a process must be in place to inspect, verify, or test to ensure contract compliance. There are several options for inspection and testing. The type of inspection is dependent on the type of contract and the potential problems.

Inspection ensures that the contract is fully performed by verifying that the product or service is received in the correct quality, correct quantity, and in a timely manner. After satisfactory inspection, the final acceptance and payment for the product or service can occur. Some examples of inspection techniques included:

1. Exception: Assumes product or service has been satisfactorily delivered unless a complaint has been filed.
2. After Delivery: Inspection occurs after delivery and prior to use.
3. In Process: This method is used to inspect items while work is in progress to ensure that the current production or "work to date" complies with specifications and contractual agreements
4. Final Inspection: The examination of an item or service to ensure conformity to all applicable specifications and requirements before making final payment.
5. Sampling: Examination of a small sample size to determine conformity to all applicable specifications and requirements

### Quality Assurance (QA) and Contract Monitoring

QA is any planned, ongoing, or periodic monitoring activity that measures and confirms contractor compliance with the terms, conditions, and requirements of a contract. Some types of monitoring are:

1. Monitoring by Exception: No monitoring is done except in the case there is an end user complaint. The product or services is assumed to be satisfactory.
2. Follow-up Monitoring: Occurs after a product or service is delivered.
3. Random Monitoring: A direct or follow-up of the contractor's performance undertaken without the contractor's advanced knowledge over the course of the contract.
4. Scheduled Monitoring: Specific dates or times are scheduled.
5. Direct Monitoring: This method requires daily observation.

### Contract Surveillance

This method is used to document the activities that occur during contract performance. The data collected is useful in the event a dispute arises. Some examples are:

1. Observation record
2. Complaint record: recording of complaints
3. Discrepancy record
4. Unsatisfactory performance report
5. Summary evaluation report
6. Contractor status report
7. Surveys

### Contract Closeout

Contract closeout is a formal process for complex procurements such as construction and technology procurements. A checklist is developed which includes all matters that must be examined, validated, and officially closed to complete the contract and its records; some items included in the checklist are:

1. Resolution of claims and liens
2. Any required drawings, submittals, licenses, or warranties
3. Verification of acceptance of deliverables

### Payment

Payment may be made for supplies and services upon acceptance (and sometimes prior to acceptance) of some portion or all of the work required by the contract. Some types of payment mechanisms are:

1. Advance: Full or partial payment is issued after contract award and prior to completion of work.
2. Progress: Permit the contractor to submit invoices for payment as progress is made in performing the contract.
3. Milestone: Payments are made upon completion of mutually agreement milestones.
4. Final: Complete payment upon final acceptance of the project.

## Reactive Contract Administration

During the course of the contract, events may occur that require a reaction from contract administrator such as modification requests, delays, contract interpretation, dispute resolution, and termination. The written contract represents the legal agreement between the parties. It consists of several clauses that address how each of the contract administration activities will be addressed. After the contract is signed, both parties should refer to the contract for direction on how to handle foreseen and unforeseen issues, conditions, and problems that arise during the course of contract performance.

### Modifications

A process must be in place to address how modifications to the contract will be handled. The process should include:

1. Process for determining if a change request is within the existing scope of work
2. Process for determining the equitable adjustment for a change request
3. Process for stopping work

### Delays

Unanticipated delays are one of the most common contract administration problems. The contract must address how delays will be handled. The process should include:

1. Identifying the existence of the actual or anticipated delay.
2. Determine if the delay will impact delivery or performance.
3. Determine fault (excusable or non-excusable).
4. Determine the duration of the delay and/or the financial impact.
5. Determine appropriate action to resolve the problem.

### Contract Interpretation

There may be times when one of the parties files a claim that the terms of the contract are not being followed or if both parties assign a different meaning to a contract term or clause.

### Dispute Resolution

During the course of a contract, disputes between the parties may occur. It is crucial that both parties agree ahead of time how disputes will be handled. The contract should contain a clause that details the applicable procedures on filing a claim, the rights and responsibilities of both parties for making a timely decision, and procedures for appeal of the contracting officer's decisions.

### Termination of the Contract

The contract needs to describe how termination will be handled. There are two types of contract termination options.

1. Termination for Convenience
   The Termination for Convenience clause allows either party to terminate a contract without cause and limits the contractor to recovering costs and profit on work completed and in preparation of the termination settlement. The contractor is not allowed to recover any anticipated profits that will not be realized as a result of termination.
2. Termination for Default
   Despite the use of clear, progressive steps in contract monitoring, it is possible that default may occur. It should be understood that contract termination is always problematic and very risky, and termination for default has serious consequences for both parties. If the contractor is found to be in default, there may be financial consequences. The process should include:
   1. The determination of whether there is a breach of contract by either party
   2. Procedural notification requirements

## Conclusion

Successful project completion does not happen by accident. A successful project requires both proactive and reactive contract administration. To meet the project goals, a proactive contract administration plan outlining the steps for success must be developed. After contract award the contract administrator must be adept at dealing with and reacting to situations that typically occur during contract performance.

## Cross-References

► Contract Management Capacity
► Contract Monitoring
► Total Quality Management

## References

Davison B, Wright E (2004) Contract administration (CA). National Institute of Government Purchasing, Washington, DC

Thai KV (2004) Introduction to public procurement (IPP). National Institute of Government Purchasing (NIGP), Washington, DC

# Contract Administration Problems

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

C

## Synonyms

Contract monitoring/management failure; Contracting failure

## Definition

Contract administration is "the effort undertaken by both buyer and seller to ensure that the terms and conditions of the contract are being complied with. . .[including activities such as] monitoring the contractor's progress, inspecting deliverables, evaluating progress payments, and approving invoices" (Engelbeck 2002, p. 146). Serious problems from the government and vendor sides can occur in the course of administering a public contract; these problems may increase price, cause delays, or threaten completion of the contract as agreed.

## Introduction

The environment of government contracting is intricate. While government contracting presents great potential opportunity to vendors and considerable worth in expertise, product quality, and value to the government customer, contracting in the public sector may nevertheless present a variety of unique challenges to offerors, awarded vendors, procurement staff, and the agencies themselves. Many of these challenges are characteristic of the intensely regulated context of public procurement (Walker 2003).

Special attention should be paid to the matter of contract administration, but administration is sometimes overlooked when resourcing a public purchasing/acquisitions function. While the right writing of requirements, solicitation of responses,

and contract award are all important, it is through contract administration in the post-award phase that the public actually receives the products or services for which it is paying. Contract administration, as the implementation phase of the contract process, is "the effort undertaken by both buyer and seller to ensure that the terms and conditions of the contract are being complied with. . .[including activities such as] monitoring the contractor's progress, inspecting deliverables, evaluating progress payments, and approving invoices" (Engelbeck 2002, p. 146). Johnson wrote that "Within the contract document, and then during implementation, key indicators measuring the delivery of the contract inputs, outputs, payments, and outcomes should provide both the procurement professional (on behalf of the entity) and the contractor with a plan for achieving success" (Johnson 2017, p. 445).

As with many aspects of government, the best laid plans in contracting may not unfold as expected. During contract administration, problems can arise from bureaucratic inefficiencies, and latent problems present in the specifications and the contract itself, but vendors are also responsible for concerns. This entry considers contract administration problems and their causes, resolution of contract administration problems, and concluding thoughts on contract administration and its importance.

## Contract Administration Problems and Their Causes

Contract administration problems have as their source a failure, to some extent, to procure "the right item, in the right quantity, for the right price, at the right time, with the right quality" (NIGP 2000). These are related to various risks, as identified by Davison and Wright (2004), regarding proposal, liability, scheduling, contractual issues, acceptance/performance, and price risks. As examples, specifications may not be clear, and as a result, implementation of those specifications results in problems. A vendor's failure to perform may not be covered by liability insurance. The requirement itself could invoke challenges, as with the involvement of new technology, or when products or services are not provided with agreed quality (Davison and Wright 2004).

According to Davison and Sebastian (2009), the most common perceived contract administration problems were "delays; cost; change order[s]; poor performance; [and disagreement about the] definition of acceptance" (p. 273). Delay in delivery of product or service is a problem when it occurs in any contract. If a contract amendment is required, administrative avenues for processing such a request and navigating levels of approval authority can introduce delay (Reining 1959). Costs can spiral out of control, well beyond the amounts budgeted for requirements (Savas 1979).

When many contracts, especially information technology contracts, fail during contract administration, the cost associated with contract failure makes rendering due regard to contract administration concerns especially appropriate (Davison and Sebastian 2009). Problems experienced tend to vary with the type of contract and product/service procured. Certain types of problems, such as receiving the wrong product, are more obviously associated with supplies/commodities contracts. Other problems, like change orders and delays, are more often related to construction contracts, though change orders also adversely affect professional services contracts (see Davison and Sebastian 2011, for more detailed information about problems associated with specific types of contracts).

It has been suggested that vendors make the already difficult job of completing a government contract even more trying through "failure to understand contract terms, lack of experienced contract advice, and inexperience in dealing with government officials during crisis periods" (Walker 2003, p. 38). Many difficulties in contract administration have their origins in confusion about contract conditions – understanding what they mean and interpreting them properly (Sturgill and Vorster 2006). Failure to read the solicitation and the contract, and lack of communication with government representatives, have also been identified as critical points that could cause or heighten problems during the administration phase (Walker 2003).

Problems encountered in the course of contracting are myriad. They are particularly noticeable when the government representatives lack skill, expertise, or systems to perform their function acceptably. For example, in an instance involving the United States Department of Energy, "field personnel overly relied on contractors' accounting systems and contract-collected data in assessing performance, without significant validation of those data" (GAO 2005, ii). When agencies and personnel rely on vendor data and analysis, it becomes more difficult to know what has been purchased and supplied and challenging if not impossible to verify this information independently. A tendency may exist for government personnel to focus more on the pre-award phase, with its solicitation of requirements and award of contracts. While these activities are without doubt important, too much attention to the pre-award phase of contracts in an agency's portfolio may leave little time for administration. This can lead to cost overruns among other deviations (GAO 2005).

In their discussion of transportation public-private partnerships, Lawther and Martin observed that "insufficient incentives will exist for private partners to achieve optimal performance," unless the performance management system in place contains "KPI-related performance standards that reflect agency, regional, and larger societal goals, as well as project-related goals" (Lawther and Martin 2014, p. 220). The administration role is important in situations involving incentives, as the administrator should allow for incentives only when doing so is appropriate (Johnson 2017).

Research has shown that the presence of long-term relationships can affect whether and how government entities impose sanctions for contract problems; this is perhaps contrary to the formalized contract document and its prescriptions (Lamothe and Lamothe 2012). Favoritism and differences in how contractors are treated can seep into a contract administration program. In the administration role, a tendency for the government representative may be to seek to advocate for the vendor to achieve the outcome, but in those instances, it is essential for the representative to first remember who writes his or her paycheck and then to carry out the administration task in a manner that best represents the interests of the *government* client. Outcome is important, but ignoring rules that help sustain the integrity of the procurement system does not strengthen the system over the long term and can lead to creation or maintenance of an environment favoring corruption.

## Resolution of Contract Administration Problems

Fernandez (2009) offered that "contracting outcomes should be improved when a public agency is staffed with personnel trained in contract administration and capable of preparing bid documents, evaluating bids, handling questions posted during a prebid conference, monitoring performance, and dealing with complaints and performance problems" (p. 82). It has been offered that "contract management capacity, together with political factors, helps to account for variations in government contracting" and that "higher levels of contract monitoring capacity" are associated with "adequate monitoring systems and the personnel trained to operate them" (Fernandez et al. 2008, p. 454). Contract administration goes beyond enforcing the contract from the government entity's side – attention must be paid to the objectives of the program and achievement of the outcomes intended (Davison and Sebastian 2011).

However, contract administration problems are rooted, sometimes deeply, in issues of organizational behavior, personnel capacities and skill adequacies, beliefs, and lack of incentive. When a procurement professional does not have contract administration experience, some difficulty in working through the process may be assumed. A failure to track progress of a project may be technological (lacking a system to do so), or it may center on the insufficient skills, or lack of will to perform the task on the part of the staff member. Leadership in the organization may be lacking. Beliefs that defend the government entity, but unfairly disfavor vendors, can create project

delays that threaten agency outcomes (Sebastian and Davison 2011). Without adequate government staffing to monitor contracting during contract administration, in the presence of moves toward increased privatization of what were formerly government services, the idea of accountability in public procurement may be little more than symbolism and empty promises (Fine et al. 2016).

Whether or not problems are foreseen in administration of a contract, there should be some effort to ensure that parties have common understanding and interpretation of contract terms (Sturgill and Vorster 2006). Adjustments to existing processes can create problems elsewhere for administration. Changing delivery options, for example, may create problems in the post-award phase, so it is important that "contract administration procedures for facilitating [new approaches] are well defined" (Migliaccio et al. 2008, p. 499).

Some administration problems are caused by predilection for administrative ease, or avoidance of conflict with vendors, which can interfere with accountability. Piggybacking on others' existing contracts, or advocating for a sole source, can result in bad pricing; time and resources may be saved in noncompetitive processes, but the savings could be illusory if a better deal was possible (Bates 2010). Ideally, contracts should be structured in a manner that shares risk between vendor and government entity, so that achievement of targets will be adequately incentivized. Performance standards should not be too easy to meet, as would be the case in a pass-fail scenario (Lawther and Martin 2014).

When problems, and concerning tendencies in processes, are identified in contract administration, it is worthwhile to institute a program of periodic review to see whether identified issues are being resolved appropriately (GAO 2005).

## Conclusion

An important part of the work of contract administration is managing the expectations of diverse stakeholders (Johnson 2017). Contract administration problems can create considerable waste of resources, delaying or even preventing the achievement of important government functions. Recognizing relatively minor issues that exist in the contracting environment and in its instruments, which may eventually grow into contract administration problems, may be key to reducing or eliminating threats. This can help reduce risk for the government entity and provide for a positive environment for government vendors where all parties may achieve success.

## Cross-References


- ▶ Contract Administration
- ▶ Differences in States' Procurement Practices
- ▶ Public-Private Partnerships as Alternative Public Procurement Instruments
- ▶ Public Procurement and Accountability
- ▶ Public Procurement and Performance
- ▶ Typology of Agency Models of Corruption


## References


Bates C (2010) NOPA highlights office supplies contracting issues reported in Hillsborough County Florida. Bus Wire. https://www.businesswire.com/news/home/20100429007298/en/NOPA-Highlights-Office-Supplies-Contracting-Issues-Reported

Davison B, Sebastian RJ (2009) The relationship between contract administration problems and contract type. J Public Procure 9(2):261–285

Davison B, Sebastian RJ (2011) A detailed analysis of the relationship between contract administration problems and contract types. J Public Procure 11(1):108–126

Davison B, Wright E (2004) Contract administration. NIGP, Herndon

Engelbeck RM (2002) Acquisition management. Management Concepts, Vienna

Fernandez S (2009) Understanding contracting performance: an empirical analysis. Adm Soc 41(1):67–100

Fernandez S, Ryu JE, Brudney JL (2008) Exploring variations in contracting for services among American local governments: do politics still matter? Am Rev Public Adm 38(4):439–462

Fine J, Mareschal P, Hersh D, Leach M (2016) Contracting, performance management, and accountability: political symbolism versus good governance. J Strateg Contract Negot 2(4):294–312

Johnson BR (2017) Accountability and maximizing the value of public contracts. Public Adm Rev 77(3):445–446

Lamothe M, Lamothe S (2012) What determines the formal versus relational nature of local government contracting? Urban Aff Rev 48(3):322–353
Lawther WC, Martin L (2014) Availability payments and key performance indicators: challenges for effective implementation of performance management systems in transportation public-private partnerships. Public Works Manag Policy 19(3):219–234
Migliaccio GC, Gibson GE Jr, O'Connor JT (2008) Changing project delivery strategy: an implementation framework. Public Works Manag Policy 12(3):483–502
National Institute of Government Purchasing (NIGP) (2000) Contract management, 1st edn. NIGP, Herndon
Reining H Jr (1959) The government contract as an administrative device. Ann Am Acad Pol Soc Sci 323(1):68–79
Savas ES (1979) How much do government services really cost? Urban Aff Q 15(1):23–42
Sebastian RJ, Davison B (2011) The root causes of contract administration problems. J Public Procure 11(2):171–189
Sturgill RE Jr, Vorster MC (2006) Visually improving construction contract administration. Transp Res Rec 1946:12–21
U. S. Government Accountability Office (GAO) (2005) Department of Energy: further actions are needed to strengthen contract management for major projects. GAO Report GAO-05-123
Walker D (2003) Is your contract dying of self-inflicted wounds? Contract Manag 43(3):38–40

# Contract Design

Benjamin M. Brunjes
University of Washington, Seattle, WA, USA

## Introduction

Contracts are "business arrangements between a government agency and a private entity, in which the private entity promises, in exchange for money, to deliver certain products or services to the government agency or others on the government's behalf" (Kelman 2002, p. 282). In America, contracts date to the nation's earliest days, when private businesses supplied George Washington's Continental Army. In recent decades, political interest in possible market benefits associated with privatization has spurred the use of contracting as a tool for public service delivery. In particular, market competition is believed to drive down prices, encourage innovation, and increase accountability (Savas and Schubert 1987). Simultaneously, it is widely believed that governments can cut administrative costs through contracting, particularly expenditures associated with personnel management, salaries, and pensions (Osborne and Gaebler 1992).

Despite being one of many policy implementation tools, contracts are essential for public administration. Public managers operate in a system in which contracting is common and possibly inevitable. However, scholarship in public administration has tended to focus on the decision to contract out (the make or buy decision) and ideologically based arguments about the appropriateness of contracting in the public sector. Despite these debates, contracts are here to stay, as public agencies are more reliant than ever on private partners for the design, development, and delivery of public services. As a result, government managers need more and better strategies to help successfully design contracts, an area where scholarship has been particularly limited. To help fill this gap, this entry introduces contract design, summarizes existing public administration research on the topic, and identifies some of the most pressing research questions for scholars to pursue.

## Contract Design

As a result of intentional deliberation and negotiation, strategic plans set the direction for many public organizations (Bryson 2010). Empirical evidence suggests that public organizations are increasingly strategic, working under the guiding values of a mission statement, attempting to reach a vision of improve conditions, and meeting a range of goals and objectives that serve as milestones between today and that better future (Andrews et al. 2006). Recent meta-analyses suggest that this approach to strategic management can improve organizational performance and other administrative outcomes (George et al. 2019). That is, careful planning and projections of future needs and expectations can have meaningful effects on organizational outcomes.

Contracts are strategic vehicles, as they generally describe the overarching purpose for the work (akin to a mission), outline the proposed results (the vision), delineate work requirements and performance measures (goals and objectives), and create processes to manage and evaluate performance (implementation steps). Like organizational managers that dedicate time and resources to planning, drafting, and socializing elements of a strategic plan, contracting officials should be attentive to the details of a contract before it is solicited or signed. The effort to plan and specify contract details, including descriptions of planned activities and anticipated processes, is called contract design. Occurring after the decision has been made to contract out for a good or service but before a contract (or solicitation) has been released, contract design refers to a strategic approach to developing contracts, including the defining expectations, establishing key processes, and identifying conditions of success. During this phase of contract management, public contracting officials wield significant discretion over many important elements of contracts that, if addressed carefully ahead of time, might affect the solicitation, selection, oversight, and performance of a contract. These details often manifest as critical components of solicitation documents, such as requests for proposals (RFPs) or quotes (RFQs), as well as in the signed and executed contracts themselves. It is in the composition of these details that public managers can alter the purpose, structure, and performance of the contract (Curry 2016). For this entry, I focus on the two aspects of contract design most studied in public administration: (1) the specification of work requirements and (2) the establishment of solicitation and management processes.

First, the government must identify and explain what is needed. Contracts usually begin with some description of the background of the work to be done, including important contextual details, descriptions of relevant government organizations, and a summary of the overarching purpose for the work. These are followed with a detailed description of the work requirements. In these early sections of the contract, managers define the mission and vision for the contract, as well as particular goals and objectives that contractors must achieve over the period of performance. These can include reporting requirements, work products, or a particular impact (as performance-based contracts might specify). There is evidence that donors to nonprofit organizations use mission and vision statements to ascertain whether an organization is worthy of investment (Voeth and Herbst 2008). Similarly, vendors use these early sections of an RFP or RFQ to build their understanding of fit: can their organization meet the need, and are they interested in working in the context described? Waller et al. (2016) describe an RFP as a "user guide" that offers bidders insight into expectations, pricing, project management, and invoicing, all important concerns for vendors. The list of requirements provides insight into how the contract might mesh with the contractor's own strategy, particularly in terms of new investments (human capital, facilities, etc.) and the potential profitability (and risks) of the work. Well-designed contracts will present clear statements about the purpose of the work, the vision at its completion, and a roadmap for how the contractor will get there (or, alternatively, allow the contractor to submit such a plan).

There are few existing studies in the public administration literature that explore the importance and impact of the wording of contract requirements. Waller et al. (2016) perform a case study analysis of a single contract to provide insight into tools and templates that might be useful for other solicitations, finding that clearly defined requirements facilitate vendor understanding and willingness to bid. Harris (2020) investigates the linkage between requirements and public participation in the context of international development contracts, finding that clearly specified delegation of authority leads to greater input from less empowered actors. While these studies indicate that clarity has benefits, additional studies on the design and presentation of requirements are necessary.

Second, design elements written into contracts specify the processes that govern the solicitation of vendors and the management of the contract. Where the requirements establish priorities for the work and general strategy to be employed,

process components describe how the contract will be implemented. Implementation has long been neglected in strategic planning initiatives (Bryson 2010) and has been similarly undervalued in contract administration (Petersen et al. 2019). Process design elements include determining how to:

- Market solicitations to vendors (online, in-person, on bulletin boards, etc.)
- Solicit proposals from potential vendors (competitively, sole source, or somewhere between)
- Establish criteria and procedures to evaluate proposals (negotiation, cost, quality, etc.)
- Structure the financial obligation between the government and its contractor, including the application of incentives
- Exchange information between the parties to the contract during the period of performance, including establishing and monitoring performance criteria

Despite procurement rules that are perceived to be relatively constraining, many contracts cannot be fully specified ahead of time, due to incomplete knowledge about work requirements and the possibility of contextual changes. As a result, public managers wield a great degree of discretion over these design elements, meaning that many of the most important decisions about day-to-day contract management are the result of the application of administrative expertise and technical training (Brunjes 2020b; Christensen et al. 2011). Malatesta and Smith (2014) find that public managers design more flexible contracts when there is high work complexity and unpredictability, indicating that managers anticipate potential problems and build in mechanisms to allow redirection.

There have been a few recent studies on contract process design, largely centered on contract type, the use of financial incentives, and market interactions. Contract type refers to the choice between a fixed-price contract and a cost-reimbursement contract, which balance risk and performance incentives differently. Fixed-price contracts encourage firms to complete the work on a contract under budget to maximize their profit, boosting efficiency. Cost-reimbursement contracts incentivize firms to bid on less certain government work by guaranteeing remuneration for time, labor, and other expenditures. Malatesta and Smith (2011) examine 175 Environmental Protection Agency (EPA) contracts to determine if dependence between principal and agent influences contract design. They conclude that relationships affect contract design and that public managers alter the financial structure based on the market that they encounter, with cost-reimbursement contracts used to incentivize bidding. Kim and Brown (2012) look at contracts from three federal departments over a 5-year period to assess descriptive patterns in the financial structure, length, and funded value for complex contracts. They find that short-term, fixed-price designs are the most frequently used, potentially allowing for greater competition and public sector risk reduction. Brunjes (2018) investigates what affects the selection of contract types and their relationship to contractor performance, analyzing nearly 25,000 complex federal contracts that ended between 2005 and 2014. Results indicate the federal contracting officials tend to use fixed-price contracts more commonly, especially for simpler, easier to measure projects. Fixed-price contracts also tend to perform better than cost-reimbursement contracts, being considerably less likely to terminate early or to see cost overruns (Brunjes 2018).

Financial incentives are another important element of contract design. Though the tendency is to focus on financial penalties and rewards, non-financial, informal incentives such as verbal appreciation, public commendation, and scolding are also commonly used (Girth 2017). Based on a series of interviews with local-level contract managers, Girth (2017) discovers that public contract managers often use financial sanctions to address performance problems but are reluctant to terminate contracts. Financial incentives are less likely to be used to inspire good performance, which may be due to a combination of political and managerial factors (Girth 2017). These findings are supported by additional work by Girth and Lopez (2019) which analyzes more than 200,000 federal contracts, finding that incentive contracts

are not more efficient or better performing than other types of contracts. Taken together, these findings suggest that formal incentives are uncommon and that incentives in general may have a limited impact on contractor performance.

Competition is another process that has featured in recent scholarship. Contract managers make the determination about whether and how to interact with vendors and marketplaces. In recent years, the popular press and applied analyses have highlighted the lack of competition over many government contracts, and the academic literature has struggled with the balance between relational contracting (which limits competition to lower transaction costs) and the pure theoretical benefits of market competition. (For example, see https://thehill.com/blogs/pundits-blog/economy-budget/344829-rampant-use-of-no-bid-contracts-is-the-essence-of, which highlights both ethical and practical downsides of sole source contracting. From a practitioner perspective, the Government Accountability Office (GAO) has released a series of studies on problems with competition, especially within the Department of Defense. See, for example, https://www.gao.gov/products/GAO-19-691, and https://www.gao.gov/assets/660/653404.pdf, among others.) Contract administrators must determine whether to pursue full and open competition, use set aside procedures to compete within an exclusive group of contractors (disadvantaged businesses, nonprofits, etc.), or pursue a sole source (noncompetitive) contract. In this decision, accountability, efficiency, equity, and performance goals may clash, as managers weigh the relative importance of rule adherence, cost, relationships, and inclusion.

Shetterly (2000) assesses the impact of design on performance of trash collection in 41 localities around the USA and finds evidence that competitiveness can increase the costs associated with managing contracts, especially costs associated with solicitation and proposal evaluation. Atkinson (2020) finds that, despite an official commitment to full and open competition, federal agencies are responsive to market conditions and project complexity when making the decision to compete. As a result, the ethical commitments of public agencies are murky, balancing performance objectives with broader equity considerations. Brunjes (2020a) analyzes federal contracts to assess what leads to competition and whether competition affects contractor performance. Findings indicate that public contract managers are responsive to market strength, competing contracts where markets are robust. Yet, competition is not associated with better contractor performance. Instead, relationships and the alignment of goals between government and its contractors are better indicators of good performance. Taken together, these studies offer evidence that government contract managers use their discretion to design processes to lower transaction costs, mitigate risk, and preserve critical relationships with vendors and political overseers.

## Next Steps

Public administration research on government contracting has been challenging. Data is notoriously hard to find, as governments use a range of platforms and methods to report contracting activity. As a result, datasets are often incomplete and comparison between jurisdictions is hard. At the same time, comparison between different types of goods and services is also tricky, as it is difficult to identify similarities between types of purchases, which range from simple commodities to complex services and advanced weapons systems. To overcome these problems, studies have largely used cases, cross sections, and perceptual surveys. Much of the resulting research has been correlational and often applies inadequate or insufficiently vetted measures for critical concepts like complexity, process, and performance (Kim et al. 2016). Finally, contracting scholarship has suffered from theoretical myopia, dominated by concepts from agency theory and transaction cost economics. The resulting field is highly limited practically and theoretically, as it is based on suspect research methods and too narrowly focused. Contract design offers scholars the opportunity to expand the study of government contracting into areas where better data is

available, where additional theoretical lenses are useful, and where direct links can be made to broader topics of practical and scholarly interest such as planning, implementation, and performance. There are three primary areas where additional scholarship is needed.

First, additional studies of contract requirements are needed, including how they are generated, what they signal to vendors, and how they affect contract outcomes. Both active and archived solicitations, complete with requirements, are often publicly available on government websites. With the rise of predictive text analysis methods, it is now possible to generate, categorize, and analyze large *n* datasets of requirements. Such analyses would advance our knowledge of the planning process, generate new datasets for future studies, and facilitate the development of theoretical and practical knowledge about how to craft requirements that promote accessibility, accountability, equity, and performance.

Second, scholars should build a better understanding of the solicitation process, including issues of search, screening, and bargaining. Well-designed contracts will establish solicitation procedures to guide market interaction and negotiation, including staffing needs, a communication plan, and proposal evaluation criteria. Little is known about any of these aspects of government contract management. Understanding the impact of leadership, culture, role behaviors, communication, and participation on contract design and decision-making would tie contract management literature into broader literatures on organizational behavior and relationship-building across sectors and organizations.

Third, additional studies are needed to link design elements to management and performance. Design and planning are important because there is evidence that they affect processes and outcomes (George et al. 2019). There is early evidence that contract design elements like financial structure, incentives, and performance affect contractor performance (Brunjes 2018; Girth and Lopez 2019; Brunjes 2020a), but more work need to be done to establish causality and to present evidence of similar connections for other aspects of contract design, such as marketing, solicitation, and negotiation.

Contract design is an important yet understudied area of public administration scholarship. As government contracts have become more complex, public administrators wield increasing discretion over decisions about how to structure contract solicitation, proposal evaluation, and management. Though there is early evidence that these decisions affect contract outcomes, additional research is needed to generate datasets and develop new measures to help alleviate some of the problems that have long plagued contract management scholarship. Design elements such as competition, financial structures, advertising, communication, and evaluation may offer the chance to identify comparable measures, enhance practical impact, and form links with new theoretical perspectives. Contract design is a fertile subfield with the potential to generate theoretically sound and practically valuable studies over the coming years.

## Cross-References


- ► Competitive Sourcing
- ► Contract Monitoring
- ► Fixed Price Contracts
- ► Public Procurement and Performance


## References


Andrews R, Boyne GA, Walker RM (2006) Strategy content and organizational performance: An empirical analysis. Public Adm Rev 66(1):52–63

Atkinson CL (2020) Full and open competition in public procurement: values and ethics in contracting opportunity. Int J Public Adm 43(13):1169–1182

Brunjes BM (2018) Reducing risk and leveraging markets: the impact of financial structure on federal contractor performance. J Strateg Contract Negot 4(1–2):6–29

Brunjes BM (2020a) Competition and federal contractor performance. J Public Adm Res Theory 30(2):202–219

Brunjes BM (2020b) A rendezvous with discretion: an analysis of federal simplified acquisition procedure contracts. In: Proceedings of the seventeenth annual

acquisition research program. Naval Postgraduate School
Bryson JM (2010) The future of public and nonprofit strategic planning in the United States. Public Adm Rev 70:s255–s267
Christensen RK, Goerdel HT, Nicholson-Crotty S (2011) Management, law, and the pursuit of the public good in public administration. J Public Adm Res Theory 21(suppl_1):i125–i140
Curry WS (2016) Government contracting: promises and perils. Routledge
George B, Walker RM, Monster J (2019) Does strategic planning improve organizational performance? A meta-analysis. Public Adm Rev 79(6):810–819
Girth AM (2017) Incentives in third-party governance: management practices and accountability implications. Public Adm Rev 77(3):433–444
Girth AM, Lopez LE (2019) Contract design, complexity, and incentives: evidence from US federal agencies. Am Rev Public Adm 49(3):325–337
Harris AB (2020) Delivering participatory development through foreign aid contracts. PhD diss., University of Washington
Kelman S (2002) Contracting out. In The tools of government: A guide to the new governance, ed., L. M. Salamon. Oxford Univ. Press, New York
Kim YW, Brown TL (2012) The importance of contract design. Public Adm Rev 72(5):687–696
Kim YW, Roberts A, Brown T (2016) Impact of product characteristics and market conditions on contract type: use of fixed-price versus cost-reimbursement contracts in the US Department of Defense. Public Perform Manag Rev 39(4):783–813
Malatesta D, Smith CR (2011) Resource dependence, alternative supply sources, and the design of formal contracts. Public Adm Rev 71(4):608–617
Malatesta D, Smith C (2014) Designing contracts for complex services. Public Adm 92(3):531–548
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming government. Adison Wesley Public, Reading
Petersen OH, Baekkeskov E, Potoski M, Brown TL (2019) Measuring and managing ex ante transaction costs in public sector contracting. Public Adm Rev 79(5):641–650
Savas ES, Schubert A (1987) Privatization: the key to better government, vol 35. Chatham House Publishers, Chatham
Shetterly DR (2000) The influence of contract design on contractor performance: the case of residential refuse collection. Public Perform Manag Rev 24(1):53–68
Voeth M, Herbst U (2008) The concept of brand personality as an instrument for advanced non-profit branding–an empirical analysis. J Nonprofit Publ Sect Market 19(1):71–97
Waller R, Waller J, Haapio H, Crag G, Morrisseau S (2016) Cooperation through clarity: designing simplified contracts. J Strateg Contract Negot 2(1–2):48–68

# Contract Management Capacity

Shimaa Elkomy
Research Fellow, School of Economics, Surrey Business School, University of Surrey, Guildford, Surrey, UK

## Synonyms

Contracting out; New public management

## Definitions

| | |
|---|---|
| Contracting out | A mode of privatization where governments seek to delegate a private entity to manage some public services and operations while retaining ownership and overall control. |
| Contract management capacity | This includes all activities by public administration that involves dealing with a private provider to outsource a service that was initially performed by in-house public team such as bidding, designing a contract, measuring performance, consultations, and collaborative management. |
| Contestability | This refers to the possibility of replacing a private provider with another supplier in case of increase costs or significant quality deterioration in service delivery, hence the cost of entry and exit of a provider from a contract reduces the contestability of the service. |

## Contract Management Capacity: The Case of the UK Public Services

Competitive tendering and contracting (CTC) is a mode of supplying services through a

competition between an in-house team and one or more private contractors through tendering (Domberger and Jensen 1997). Contracting out refers to the provision of a public service by a private service provider that had previously been supplied by an in-house team. Supported by management theory, contracting out of public services has been promoted since the 1980s as a mechanism for reducing public expenditure and focusing on improving the quality of their core services. Governments since then relied on contracting out as the main mode of cooperation with the private sector with the purpose of cost reduction, improvement of outsourced quality of services, and introducing competition with its efficiency effects. As such, it is a legal requirement for many public services to be tendered. While public administration theory contends the enhanced productivity and improved quality of contracting out due to specialization and high-powered incentives of the private sector, many insights cast doubts on the effectiveness of contracting out. There are both theoretical and empirical reasons to believe that under incomplete contracts and with unobservable quality, private providers have an incentive for quality shading. Since the 1980s the private sector has played an increasing role in the provision of public services, based upon the argument that it would increase efficiency through the introduction of competition. There is a considerable literature that compares public and private provision and it largely, although not universally, finds greater cost efficiency under private provision (e.g., Domberger et al. 1995; Megginson and Netter 2001). Driven by competitive forces and profit-maximizing behavior, private sector firms drive down costs because their shareholders are the residual claimants on any profit. This can be at the expense of service quality (or other related characteristics) if this is unobservable or impossible to fully define. This is the well-known problem of incomplete contracts (Grout 1984).

It is argued that government management capacity can affect the outcome of contracting on quality of public services. Contract management capacity comprises all the skills and expertise that the government requires to manage conflicting interests. Brown and Potoski (2003) argue that the failure of contracting out of public services that results in sacrificing quality for cost savings might be related to the public management capability to evaluate the feasibility of contracting. Effective contract management might result in better evaluation and monitoring for the implementation of the contract. Although there is no evidence of how contract management capacity could affect the quality of contracted services, it is believed by public administration that this developed capacity can deal with some problems of contracting like accountability and monitoring problems (Walker et al. 2013).

The English governments spends more than £90 billion yearly on contracted out goods and services; however, there is clear evidence from extended investigation by the House of Commons (2014) that the government has done very little in improving contract management capacity and consequently failed to deliver high-quality contracted services. It has been concluded that the government clearly lacks the suitable legal, managerial, and financial skills to manage the whole contracting process. It seems that the government is overlooking the process of contract management and assigning this task to junior managers who restrict managing contracts to following up private providers rather than closely working with them to facilitate solving operational problems and the delivery of high-quality service. Moreover, public administration sometimes are not aware of the private providers' operations and service delivery process; consequently monitoring of performance and quality outcomes could be challenging. There are four giant private providers (Atos, Capita, G4S, and Serco) who control major outsourced public services. In recent years, public confidence in the ability of these private providers to supply high performance standards and attain quality outcomes has been undermined by numerous scandals of poor performance, lack of measurements that reflect real quality outcome, and little public accountability for private providers in case of quality failure. There are numerous cases of high profile failure of contracting out of public services in the English Government, for instance, the recent scandals of G4S and Serco of years of overcharging on

electronic tagging contracts and the failure of Capita to provide reliable translation services in UK courts and the clear disappointment of G4S in providing security services for the Olympics. In addition, there has been several calls to open up the market for contracting out for more companies operating in smaller scale to introduce more competitive forces, innovation, and contestability (the ability to replace the contractor in case of quality shading).

The report shows that contracting out has been always undermined by transparency problems where only 30 percent of contracts allow public access to full accounting and costing reports of private providers (House of Commons 2014). Moreover, the business for privately providing government services is dominated by limited number of firms which has recently witnessed significant growth in market share through acquisition of other competitors which sometimes hinders the government to replace the private providers in case of poor service delivery.

There is a consensus by literature that feasibility assessment capacity, implementation capacity, and evaluation capacity are the three areas of improvement for contract management capacity (Brown and Potoski 2003; Yang et al. 2009; Kim and Brown 2012). The feasibility assessment capacity is the ability of public managers to decide about the rationality of the decision to contract out certain auxiliary services to focus on core services and whether there is enough competition in the market resulting in efficiency effects. This implies the understanding of public managers to the objectives behind contracting and the suitability for outsourcing in terms of market conditions and contestability of the service. This implies the possibility of replacing a contractor with a cheaper or higher-quality supplier that creates a competitive environment which lowers the cost and improves quality (Domberger and Jensen 1997). This stage is relevant as public managers feel in charge of the decision about whether to opt for outsourcing or not. The second stage is the implementation which requires public administration to possess the experience of bidding, negotiation, and designing the contract. This would include designing measurements for performance assessment, skill promotion for public managers (e.g., consultation with other organizations and collaborative management), evaluation of the whole bidding process and assessment of the financial position of the contractor, and the staffing capacity. Auction theory also contributes in explaining why contracting out could be problematic. Tenders may be arranged as sealed bids, or reverse auctions, where the tender goes to the lowest bid. In this case, the value of contract depends not only on the costs faced by the provider but also on their competitors' unknown prices. Laffont (1997) argues that in some extreme cases the uninformed bidder would have zero profits, known as the winner's curse. Milne et al. (2012) argue that contracting out might result in significant quality shading where there are large numbers of competitors and/or the information asymmetry is high. They argue that in-house teams may be more successful in delivering higher-quality standards after retaining a contract from a private contractor because they are well informed about the optimum value of service provision.

Hence the ability of public managers to have clear picture about the contractor, service specification, and contract design including contract value and terms of service provision is potent. Contract design is one of the most relevant components in contract implementation. Kim and Brown (2012) explain three elements of contract design which are contract type, length, and value that affect the outcome of the contracting out process. Contract type would include the means of compensating the seller which is either by setting a fixed price at the start of the contract that determines the total final cost of the product or by cost reimbursement claimed after the contracted service is delivered, and this would shift the risk to the government side as a buyer of the service. This implies that for cost-reimbursement contracts, the government should be specific about the characteristics of the delivered service as this will determine the final paid price. On the other hand, the service provider in

the fixed-price contracts is more incentivized to set the exact product specification that would determine his initially set price of the contract. Contract length is another element in contract design that is determined by the nature of the contracted service. Short-term contract that includes some possibilities of extension suits simple services with known delivery time. This would allow the public sector to exchange the service provider in the short run if the promised quality is not delivered. The third element of contract is the contract value which is determined in advance in case of fixed-price contracts and ex post in case of cost-reimbursement contracts. For short-term contracts, the value of the contract might be modified with the extending the period of the contract without incurring new transaction costs for rebidding or renegotiation.

Yang et al. (2009) add to the implementation capacity another stage which is required during the period of contracting where public managers are involved to some extent in service provision with the contractor to help deliver better quality of service. This comes in the form of regular meetings to assess any operational problems the contractor might face and ongoing collaboration to support the contractor. The third stage is related to monitoring and evaluating the performance of the private supplier through creating formal channels for monitoring of the contractors (e.g., inspections, regular evaluation, and satisfaction survey for the end users). The trust relationship between public administration and private providers is often associated with high delivered quality of contracted services as explained by Fernandez (2007, 2009). The latter studies show that building trust relationships and continuous working on solving operational problems evolving during the contract would lead to high performance outcomes. Brown and Potoski (2003) render poor-quality outcomes from contracting to insufficient management capacity in any of these areas.

While public administration might attempt to draw a specific description for the service and endeavor to quantify and measure the service, some service outcomes are intrinsically hard to measure and quantify (Walsh et al. 1997). Monitorability and designing of the contracts in the public sector needs high levels of skills and is encountered by significant degrees of uncertainty in assessing the ex post quality (Kim and Brown 2012; Yang et al. 2009). Van Slyke (2003) argues that when the costs of monitoring the compliance of the private contractors to the quality standards exceeds the cost savings of contracting out due to contestability and high-powered profit incentives, public provision might be considered more efficient.

In reality private providers are aware that the capacity of public managers to manage a contract and monitor their performance is lacking, and there are plenty of examples where public administration was well rating a provider for meeting all targets, while major quality concerns are on surface. Moreover, as explained by Girth (2014), private providers are confident that any quality shading in the contracted service will not be highly penalized by public administration or not even penalized because of the administrative burden of these processes, long legal procedures, and the transaction costs of re-tendering.

## Conclusion

Contracting out as a main pillar of the new public management has been the most popular form of service delivery with potential benefits including cost reductions, efficiency gains, specialization, and quality improvements. Our short essay discusses the relevance of contract management capacity to attain the productivity benefits and efficiency effects of contracting out in the public sector. This article sheds the light on some theoretical aspects of managing a contract and the means of improving these skills by public management. I also attempted to highlight some examples of failure of contracting out in delivering the pursued quality outcomes due to lack of understanding in the UK government for the relevance of developing a capacity to manage a contract with the private sector.

## Cross-References

▶ Cost Efficiency
▶ Privatization
▶ Total Quality Management

## References

Brown T, Potoski M (2003) Transaction costs and institutional explanations for government service production decisions. J Public Adm Res Theory 13(4):441–468

Domberger S, Jensen P (1997) Contracting out in the public sector: theory, evidence and prospects. Oxf Rev Econ Policy 13(4):67–79

Domberger S, Hall C, Li E (1995) The determinants of price and quality in competitively tendered contracts. Econ J 105(433):1454–1470

Fernandez S (2007) What works best when contracting for services? An analysis of contracting performance at the local level in the US. Public Adm 85(4):1119–1141

Fernandez S (2009) Understanding contracting performance an empirical analysis. Adm Soc 41(1):67–100

Girth A (2014) A closer look at contract accountability: exploring the determinants of sanctions for unsatisfactory contract performance. J Public Adm Res Theory 24(2):317–348

Grout P (1984) Investment and wages in the absence of binding contracts: a nash bargaining approach. Econometrica 52(2):449–460

House of Commons Committee of Public Accounts (2014) Contracting out public services to the private sector. Forty-seventh report of session 2013–14. The Stationery Office, London

Kim Y, Brown T (2012) The importance of contract design. Public Adm Rev 72(5):687–696

Laffont J (1997) Games theory and empirical economics: the case of auction data. *Eur Econ Rev* 41:1–35

Megginson W, Netter J (2001) From state to market: a survey of empirical studies on privatization. J Econ Lit 39(2):321–389

Milne R, Roy G, Angeles L (2012) Competition, quality and contract compliance: evidence from compulsory competitive tendering in local government in Great Britain, 1987–2000. Fisc Stud 33(4):513–546

Van Slyke DM (2003) The mythology of privatization in contracting for social services. Public Adm Rev 63(3):296–311

Walker RM, Brewer GA, Bozeman B, Moon MJ, Wu J (2013) An experimental assessment of public ownership and performance. Public Manag Rev 15(8):1208–1228

Walsh K, Deakin N, Smith P, Sturgeon P, Thomas N (1997) Contracting for change: contracts in health, social care, and other local government services. Oxford University Press, Oxford

Yang K, Hsieh J, Li T (2009) Contracting capacity and perceived contracting performance: nonlinear effects and the role of time. Public Adm Rev 69(4):681–696

# Contract Management: Perspectives of Bureaucrats and Contractors in Hong Kong

Lina Vyas
Department of Asian and Policy Studies, Education University of Hong Kong, Hong Kong SAR, Hong Kong

## Synonyms

Civil service training; Contract management; Outsourcing; Stakeholder analysis

## Introduction

Training programs for civil servants have been increasingly decentralized, contracted out, or outsourced in Hong Kong. Although the perceptions of and the interactions among major stakeholders including bureaucrats and contractors form the basis for evaluating the effectiveness of contract implementation and management, the subject has remained largely understudied. In this essay, the bureaucrats in charge of contract management and contractors were interviewed. The findings indicate some mutually shared standards that need to be upheld for effective contract management, as well as some intriguing differences from diverse perspectives. The findings are analyzed by making use of five key attributes of effective contract management, which are drawn up based on the present literature. They include human resources, communication, information transparency, monitoring system, and compliance with requirements. The ultimate aim of this essay is to evaluate how effective

outsourcing contracts in respect of civil service training are implemented and managed by Hong Kong government.

## Background

Since the 1980s, outsourcing or "contracting out" has become prevalent in public sector management. Outsourcing refers to "a business arrangement between the government and a private for-profit or not-for-profit entity in which the private entity promises, in exchange for money, to deliver certain products or services to the government agency or to others on the government's behalf" (Kelman 2002a, p. 282). Various forms of outsourcing can be observed in Anglophile countries such as the United Kingdom, the United States, New Zealand, Australia and Canada, and recently in Asia. Despite the increasing popularity of outsourcing, the perceptions of and interactions among major stakeholders during the outsourcing procedure have not been extensively studied (Huque 2005; Kelman 2002a; Kettl 2010; Sclar 2000; Van Slyke 2006). This essay seeks to fill this gap by exploring the conceptions of the major stakeholders in the outsourcing process, namely the bureaucrats and contractors, toward effective contract management.

The perceived reasons for outsourcing and determinants of its success are affected profoundly by two strands of economic theory: principal-agent theory and transaction cost theory. They serve as the major vehicles of evaluation and analysis of outsourcing management in this article. Principal-agent theory refers to an arrangement in which one party (the principal) delegates work to another (the agent), who performs that work in behalf of the principal (Eisenhardt 1989). Principal-agent theory seeks to portray this relationship using the metaphor of a contract (Jensen and Meckling 1976). There are two basic assumptions: (1) human beings are rational, self-interested utility maximizers; and (2) the agent is more risk averse than the principal subjecting to fewer options and resources (Boston 2011). A principal-agent problem arises if the independent agent pursues other goals than those that the principal has in mind when launching the partnership with the agent, leading to increased coordination costs and reduced possibilities (Birner and Wittmer 2006).

Transaction cost theory entails an examination of the comparative costs of planning, adapting, and monitoring task completion under alternative governance structures (Williamson 1985). The assumptions are opportunism (i.e., using improper means to maximize one's own interest) and bounded rationality (i.e., people having the time and the cognitive ability to process only a limited amount of information on which decisions are based). Outsourcing, especially from the public sector to the private sector, is expected to enhance the quality of services at a lower price. The basic criterion for outsourcing services to private contractors is whether the likely benefits of complex contracts outweigh the transaction costs of executing the contracts.

## Five Key Attributes of Effective Contract Management

Other than merely a contractual arrangement, outsourcing requires proactive management of contracts if complex relationships between the buyer and the seller are to function well (Huque 2005; Yang et al. 2010). For contracting to be successful, effective contract management is essential. Kelman (2002b) argues that contract administration is an important part of the management function. If not, the task of contract management will be "dumped on poor performers" (officials) because it is not "a high-prestige task."

The fundamental challenge of outsourcing is to discover more effective strategies to ensure that it functions well. According to Kettl (2010), contract managers should be able to understand the issues facing contractors and the tasks that they have to perform, respond to complications swiftly as a negotiator, and steer contracts in the directions required by government policies. What is equally important is the presence of an effective system to assess the performance of contractors so as to establish a transparent contracting-out process, and strengthen the capacity of the

government as a "smart buyer": deciding what goods and services are needed, how they are designed and how well they work. It implies the need for evaluating the performance of contractors in different ways, including physical spot-checks, performance reviews by bureaucrats, customer satisfaction surveys, focus groups, external and independent audits, and joint reviews.

Based on principal-agent theory, it is important to manage relationships by overcoming the challenges in ensuring that contractors act in the interests of their shareholders. When ownership and control are separated in an organization, a string of agency problems such as violations arising from opportunistic behaviors can arise, and buyers ought to develop the evaluation capacity, which is the capacity of monitoring and evaluating the performance of contractors in order to determine if they are fulfilling the responsibilities specified in contracts (Brown and Potoski 2003). If agency problems are overcome, outsourcing will enable the government to gain both flexibility and the expertise, which is otherwise hard to access or to develop by itself.

Based on the literature, five attributes of effective contract management are as follows: human resources with contract management skills, communication, information transparency, monitoring system, and compliance with requirements.

## Data Collection

Our study seeks to identify how the processes involved in contract management are understood and conceptualized by the principal (i.e., bureaucrats responsible for managing outsourcing contracts) and the agent (i.e., contractors in the private sector). The data were collected in two stages: a questionnaire with 125 government departments and 250 contractors, and an in-depth interview with a sample of 10 bureaucrats holding senior or executive positions at the HKSAR Government, and 10 contractors. There were two sets of questionnaires designed specifically for bureaucrats and contractors respectively to reflect their different roles in the outsourcing process. As for the interview, interviewees were selected by making use of snowball sampling, i.e., interviewing a few individuals at the outset and asking each individual to identify others who should be interviewed. Each interview lasted for approximately one hour and the interview data were recorded. The interviewees were asked open-ended questions covering the four main issues listed below. Such questions were designed to elicit their experiences and perceptions of contract management.

1. General opinions about a good contract management
2. Experience of trainings for contract management
3. Relationship between the government and the contractor
4. Opportunities and challenges encountered in contract management

The interview data were then transcribed to identify any variations in the conceptions and perceptions of the bureaucrats and contractors. In general, most of the contractors (64.8%) had 5-to-10-year experience in dealing with government contracts. The vast majority of them (95.7%) undertook government contracts that lasted for 3–5 years. The major ranges of services outsourced to the private sector were human resources management (HRM) (41.4%) and building and property management services (34.6%). Nearly all of the bureaucrats (93.8%) confirmed that outsourcing had been adopted in their departments, among whom 63.9% regarded outsourcing as a successful strategy of managing human resources.

## Results

The questionnaire and interview data indicate that the interviewees from both the public and private sectors considered five main attributes essential for effective contract management:

1. Human resources equipped with the skills to handle contracts (human resources)
2. Good communication in the contractual relationship (communication)

3. Transparency and reliable information to assess the capacity of service delivery (information transparency)
4. An effective monitoring system (monitoring system)
5. Compliance with contract requirements (compliance with requirements)

The research data were further analyzed and classified into three types of conceptions, namely, solely from the bureaucrats' perspective (Conception 1), solely from the private contractors' perspective (Conception 2), and a perspective commonly shared by both the bureaucrats and private contractors (Conception 3). The research data were summarized in Table 1. Our findings show that the parties shared similar views in several areas such as Human resourses, Communications, Monitoring system, etc. Other than those areas, they held rather distinct views mainly because they viewed from different angles or perspectives based on their interests. The similarities and differences are discussed in the sections that follow.

## Conception 1 by Bureaucrats

The bureaucrats perceived contract management as a tool for facilitating the divestment of noncore government functions. While almost 80% of the responding bureaucrats were satisfied with their relationships with private contractors, many of the bureaucrats considered the strategy of contracting-out and the processes of contract management important for ensuring that cost effectiveness would be achieved when divesting government functions. A bureaucrat highlighted:

> . . .Government expenditure can be curbed, and the unavailability of expertise or expertise that is manifestly inadequate to tackle the task in hand can be dealt with within a short time.

Among the bureaucrats surveyed, almost all (94.8%) agreed with that the government enjoyed a more advantageous position in negotiation. Other views of bureaucrats are elaborated below in terms of five attributes of effective contract management:

### Human Resources

Some bureaucrats mentioned that no comprehensive training was arranged to them before taking up outsourcing contracts, which made it difficult for them to manage the contracts effectively. Instead, they had to study the contracts by themselves through studying government circulars, and rely on their own judgment or personal experience to make decisions. One bureaucrat remarked:

> I often rely on my own judgment and experience . . . I can assure that none of my peers has been given any relevant training, even though they are handling contracts.

Another bureaucrat mentioned that having the right person to deal with contractors and manage contracts was important, particularly when they had no hands-on experience:

> Those dealing with contractors are just petty administrators wearing straitjackets. Even if there is two-way communication, it does not guarantee good service standards . . . [t]here is no way that this complex process (of contracting out services) can be carried out in the absence of proper communication (between contactor and contractee).

### Communication

Proper and regular communication in terms of "3Ps" (i.e., performance, progress, and people) was also regarded as essential to avoid contract failure. The bureaucrats reflected that email was the most common means (43%) of daily communication with service providers; 21% of them would telephone contractors daily; and another 37% would do so once a week. Face-to-face meetings or letter correspondence were less common.

### Information Transparency

Given that bureaucrats had imperfect information regarding tenderers' capacities and track records, they were concerned about how to assess the capacity of private service providers, and how to adhere to the procurement requirement of selecting the lowest bidders. One respondent suggested that while the practice of selecting the lowest bidders was to ensure that government resources would be more effectively

utilized, there were other risks associated with the practice:

> In order to win the contracts, contractors have to offer extremely low prices, making it difficult for them to keep up with the quality of services promised. Moreover, the attraction of contracts can result in corruption (between government employees and contractors).

### Monitoring System

Some respondents reflected that the monitoring system in place was not always effective, making it difficult for them to implement contracts as intended:

> Addressing contract related problems is a very demanding task. Enforcing performance against the standard service levels is impossible to measure in certain cases.

In addition, the length of contracts has some implications for the market and effective monitoring. One bureaucrat remarked:

> [i]f the contract is too long, it will make contractors highly monopolistic ... [a] shorter government contract is a possible solution to monopoly because it is likely we can more closely monitor services by contractors.

### Compliance with Requirements

Many felt that it was important (62%) to establish service standards against which the contractors' performance could be assessed. Likewise, giving contractors clear directions as to how they should handle emergencies was also considered as critical.

## Conception 2 by Contractors

Conception 2 focuses on the contractors' perceptions of contract management. The contractors were generally more concerned about the sustainability of their contractual relationship with the government than the quality of services actually delivered. As regards the factors that might affect future outsourcing, the contractors shared different views, although approximately 40% of them found longer service contracts and a bigger contract size (i.e., bundling of small and related outsourcing contracts to increase the contract size) significant. In contrast, more than half of the contractors strongly opposed the introduction of any additional measures that might intensify bureaucracy, such as new provisions for contract exclusions and renewals.

### Human Resources

The contractors were concerned about protecting their human capital and their position as cost-effective specialists to maintain their competitiveness in their field. Some contractors reflected that the government did not seem to recognize contractors' lack of knowledge about government rules and procedures could become an obstacle to effective service delivery. One contractor made the following suggestion:

> We would appreciate basic training on the composition, practice and style of the government departments. This type of awareness and familiarization session is absent in Hong Kong.

### Communication

Many contractors weighed communication higher than reporting on the progress of work or delivering services. They suggested that bureaucrats should communicate with them more clearly and on a timely basis so that they could understand what the bureaucrats expect and need, and any changes in contract requirements. Two bureaucrats remarked:

> Communication does exist, but normally there is a delay as there is always a lack of prompt interaction.
>
> Owing to the privacy issue of the government, some important issues are not disclosed and communicated clearly. Hence, this makes our position difficult.

Some contractors were frustrated because of failure in communication or inconsistencies of practices across government departments. One contractor stated:

> [these problems could] cost us our reputation even though it is not our fault. Government interference results in project delay, which ultimately costs us a lot. Instead of making profits, we end up facing losses.

### Information Transparency

Those contractors with a long contractual relationship with the government hoped that government

rules and regulations would be made transparent so that they could enhance their offers during the negotiation process because "[i]nformation about those rules is essential for determining the scope of bargains."

#### Monitoring System

The contractors highlighted that knowing more about the system and frequency of checks could help improve service provision. One contractor commented that working for the government would be less demanding if they were "aware of the duration and frequency of monitoring" and, as a result, they could "start preparations well in advance."

#### Compliance with Requirements

Some of the contractors recognized the importance of complying with government requirements. However, they also realized the merits of government contracts. One of them remarked:

> Government contracts may involve more paper work and formalities, but working with the government is secure in nature. We have become trustworthy contractors since being endorsed by the government.

According to one-third of the contractors, the security of government contracts, high contract values and long contractual periods made government contracts attractive. At the same time, however, nearly 60% of the contractors did not find government contracts open, fair, stable, or secure.

### Conception 3 by Both Bureaucrats and Contractors

Conception 3 reflects the values generally shared by both bureaucrats and contractors. They are mainly related to issues that affect both efficiency of service delivery in the short-run and sustainability of service provision in the long-run.

#### Human Resources

Both bureaucrats and contractors agreed that efficiency of service delivery in the short-run and sustainability of service provision in the long-run were important. Establishing or introducing computer systems will make the monitoring mechanism more effective.

#### Communication

Most of the respondents were concerned about the lack of communication in establishing contractual relationships. This had less to do with the existing communication channels but rather reflected a belief that both parties should develop better mindsets and a stronger sense of shared accountability for service performance. One bureaucrat remarked:

> Accountability is a double-edged sword. It can enhance or hinder service performance and outcomes. The right mindset of all parties involved, i.e. the government administrators, service providers, members of the public, etc., is most important.

#### Information Transparency

Both parties agreed that having a known and predictable environment was beneficial, and they added that information transparency would help them evaluate and plan budgets, and manage risks better.

#### Monitoring System

Several bureaucrats highlighted the need for better a monitoring system for expenditure estimation to facilitate better financial resources planning. Better communication and information transparency would help contractors evaluate the risks entailed and evaluate their ability to deliver services. A bureaucrat commented:

> Contractors sometimes offer extremely low bids to get a contract, which gives rise to various contract complications. Developing a system for systemically recording their histories will be helpful for the selection of contractors in the future.

The contractors, however, were not supportive of developing a monitoring system that might store their past service records. Instead, they favored motivators for good performance such as payment bonuses (72%) and compensation (85%).

One contractor was concerned about the introduction of any new system for contract bidding because it could mean that "opportunities will not be available for new contractors, which could hurt the government's claim of fair competition in outsourcing." Another contractor, however, stated:

> Competition and a limited contract period have made us assure quality and innovate service delivery approaches that help the government to get the best from us. Since contracts are governed by a definite contractual procedure with proper competitiveness ensured in the bidding process, it also seeks to protect the public against waste of public funds and prevent abuses such as preference and wastefulness.

Several bureaucrats valued contract management because "[c]ontracting out helps shift the responsibility to private providers, holding the other party accountable for the work undertaken" and stated that the "public will be happier as a result of timely and efficient services."

### Compliance with Requirement

While some contractors felt that the pressure from both the public and the government was intense, others believed that such pressure would help sharpen their competitive edge and that winning government contracts would endorse them as "quality service providers," which would in turn help them obtain more business. As for the bureaucrats, they mentioned that outsourcing would offer them wider choices of service providers and better schedule maintenance.

Both parties held roughly balanced views on issues such as expanding contract sizes by bundling, the inclusion of provisions for contract exclusion/renewal and better allocation of risks. More than 60% of these respondents, however, did not consider that longer contract periods or adopting input/output-based service specifications would be helpful.

## Discussion and Concluding Remarks

Our surveys and interviews confirmed that bureaucrats and contractors perceived contract management differently. Three different sets of conceptions were identified (see Table 1). The bureaucrats (Conception 1) perceived that contract management was primarily the management of services or public functions divested by the government. Likewise, the contractors (Conception 2) perceived that contract management was a process of providing services in an ideal context of fair competition. However, both the bureaucrats and contractors (Conception 3) paid more attention to the benefits of managing contracts effectively and well. For example, the bureaucrats (Conception 1) expressed the need to search for and train staff to manage contracts. The contractors (Conception 2), meanwhile, tended to regard themselves as "specialists" in service provision, which also reflects the principle behind the principal-agent relationship. The bureaucrats and contractors (Conception 3) possessed a more comprehensive understanding of contract management, seeing it as a way to achieve efficiency of service delivery in the short-run and sustainability of service provision in the long-run.

The differences between Conceptions 1 and 2 show divergence in their perceptions toward three attributes: "human resources," "information transparency," and "compliance with requirements." For the attribute of "human resources," the bureaucrats emphasized that contract managers should possess the skills and expertise, while the contractors focused on their knowledge of government rules and procedures of delivering service effectively. For the attribute of "information transparency," both of them agreed that comprehensive disclosure of information from the other party was important: the bureaucrats needed information from the contractors to assess their capacity of providing services, while the contractors needed information such as contract details from the bureaucrats to guarantee their financial returns. The bureaucrats taking the views of Conception 3 indicated that they emphasized the accessibility of information relating to contractors' capacities, particularly in terms of their financial situation and their previous service records. As for "compliance with requirements," those taking the views of Conception 1 regarded the bureaucrats as being responsible and accountable for the services delivered to the public. The bureaucrats therefore strongly felt the obligation to monitor progresses of work and ensure that contractors would comply with service requirements. The contractors taking the views of Conception 2, however, were concerned about how they could fulfil government requirements to make sure they would receive any payments due.

**Contract Management: Perspectives of Bureaucrats and Contractors in Hong Kong, Table 1** Conception building results

| Five key attributes of effective contract management | | | | | | |
|---|---|---|---|---|---|---|
| Conceptions | Main focus | Human resources | Communication | Information transparency | Monitoring system | Compliance with requirements |
| **Conception 1:** Bureaucrats' perspective | Achieving divestment of noncore government functions | Training and searching for contract managers with skills and expertise | Establishing an open, efficient two-way communication channel | Accessing the capacity of service providers in the selection of contractors | Implementing monitoring in accordance with the nature of the service and the contract length | Ensuring the outsourced services follow the requirements as the bureaucrats are still held accountable |
| **Conception 2:** Contractors' perspective | Providing outsourced services to government under fair competition | Providing service as specialists with sufficient knowledge of government rules and procedures to deliver service effectively | Updating any contract requirements that help to avoid frequent adjustments in contracts | Providing complete knowledge of contract details that guarantee a better foundation for the negotiation of contract values | Arranging proper frequency of checks that do not affect their provision of services | Obtaining secured returns from the government while providing a financial deposit to secure completion of service |
| **Conception 3:** Values of Contract Management perceived by both bureaucrats and contractors | Efficiency of service delivery in short run; sustainability of service provision in long run | Building up the capacity of commercial expertise in the public sector | Maintaining mutual trusted relationships that generate consensus on accountability | Evaluating outsourcing budgets and plans, risk management, and stability of service provision | Ensuring the effective control of financial budgets | Offering wider choices of service providers, improving schedule maintenance, and generating competition among contractors |

Several dilemmas and tensions were observed because of their diverse views over communication and monitoring system. Speaking of communication, the bureaucrats repeatedly emphasized the importance of maintaining open, efficient two-way communication with the contractors. The contractors believed that the government's rules and regulations tended to protect the bureaucrats' own interests. In some cases, poor communication led to distrust between them. Hence, many contractors commented that government officials often did not contact them directly until there was an apparent contract failure. Monitoring systems presented a similar picture: the bureaucrats believed that monitoring was aimed at ensuring that contractors would meet performance requirements, with criteria varying according to service nature and contract length. The contractors, however, mentioned the inconvenience and negative impacts of irregular performance checks. They believed that this would dampen both their work progress and effective provision of services.

Respondents taking the views of Conception 3 generally recognized the value of interaction on the basis of mutual trust to facilitate them to reach a consensus, realize accountability, and ensure compliance with contract requirements, all of which can facilitate contract completion. Organizations work together on a foundation of trust where there is mutual accountability for achieving the desired outcomes. Through the careful alignment of performance objectives, accountability, and control, the service provider is empowered to pursue improvements. If bureaucrats and contractors can align their goals, this will boost contract performance.

It is intriguing to find that a majority of the bureaucrats rejected the proclaimed benefits traditionally associated with outsourcing, including lower operational costs, enhancing service quality, and reallocating resources so that they can be better utilized. While the government subscribes to the orthodoxy that outsourcing is more efficient and cost-effective (Scott 2010), utilizing an external organization to improve the efficiency and general standards of services provision remains doubtful. Grimshaw et al. (2002) point out that one of the paradoxes of hiring an external organization to improve service efficiency and heighten service standards is that the purchaser of these services must invest additional resources in the specification, monitoring, and assessment of contracted services. Hence, the higher the uncertainty and complexity of the contracting phase, the higher the transaction costs of negotiation, administration, and control of outsourcing (Pérez-López et al. 2013).

To align their diverse expectations, it is essential for service contracts to be specific. Among the five attributes of contract management, information transparency, monitoring system, and compliance with requirements are the prevailing features that must be developed in order to enhance performance. Agency theory reflects the self-serving behavior of the controllers and owners of resources. By that theory, if resource controllers outsource to maximize utilization of resources, and if providers try to maximize their profits by producing the specified services at the lowest cost possible, all parties should benefit. In the reality, however, contractors may economize on quality. Likewise, purchasers who seek to save their resources may be tempted to accept the lowest bid and sacrifice service quality. It is therefore essential that contracts or service-level agreements specify clearly both expectations and standards, as well as any monitoring and dispute resolution procedures. Relational contracting may help lower costs because the complex nature of public services requires careful maintenance of an ongoing relationship with private providers (Sclar 2000). Besides, planning a business strategy at the development phase could help generate consensus among administrators and contractors. Furthermore, clear business strategies will help cultivate development of a clear list of requirements for evaluating contractors' potential capacities.

## Cross-References

► Bureaucracy and the New Public Management
► Comparative Capacity Development
► Performance Management and Culture

## Appendix

See Table 1.

## References

Birner R, Wittmer H (2006) Better public sector governance through partnership with the private sector and civil society: the case of guatemala's forest administration. Int Rev Adm Sci 72(4):459–472
Boston J (2011) Basic NPM ideas and their development. In: Christensen T, Lægreid P (eds) The ashgate research companion to public management. Ashgate, Farnham
Brown TL, Potoski MP (2003) Contract-management capacity in municipal and county governments. Public Adm Rev 63(2):153–163
Eisenhardt KM (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):59
Grimshaw D, Vincent S, Willmott H (2002) Going privately: partnership and outsourcing in UK public services. Public Adm 80(3):475–502
Huque AS (2005) Contracting out and trust in the public sector: cases of management from Hong Kong. Public Org Rev 5:69–84
Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3(4):305–360
Kelman SJ (2002a) Contracting. In: Salamon LM (ed) The tools of government: a guide to the new governance. Oxford University Press, Oxford, New York
Kelman SJ (2002b) Strategic contracting management. In: Donahue JD, Nye JS Jr (eds) Market-based governance: supply side, demand side, upside, and downside, vol 4. Brookings Institution Press, Cambridge, MA/Washington, DC, pp 88–104
Kettl DF (2010) Governance, contract management and public management. In: Osborne SP (ed) The new public governance?: emerging perspectives on the theory and practice of public governance. Routledge, London/New York
Pérez-López G, Zafra-Gómez JL, Prior-Jiménez D (2013) Determining the relationship between efficiency and NPM-delivery forms and the impact of global crisis. Evidence from Spanish local governments. Paper presented at the 11th Public Management Research Conference, Madison, Wisconsin, June 20–22
Sclar E (2000) You don't always get what you pay for: the economics of privatization. Cornell University Press, Ithaca
Scott I (2010) The public sector in Hong Kong. Hong Kong University Press/Eurospan, Hong Kong/London
Van Slyke DM (2006) The agent or stewards: Using theory to understand the government-nonprofit social service contracting relationship. J Public Adm Res Theory 17:157–187
Williamson OE (1985) The economic institutions of capitalism: firms, markets, relational contracting. Collier Macmillan Publishers, London
Yang K, Hsieh JI, Li TS (2010) Evaluating contracting-out performance in Taiwan: Comparing perceptions of public managers and private contractors. Public Adm Quarter 34:76–108

C

# Contract Monitoring

Lachezar G. Anguelov
The Evergreen State College, Olympia, WA, USA

## Synonyms

Alternative service delivery; Contract management; Contract oversight; Proxy monitoring; Third-party governance

## Definition

Contract monitoring refers to the oversight tasks and functions performed during the delivery of a local government service that has been outsourced and is provided by vendors.

## Introduction

Research on the outsourcing of government services focuses on the "make or buy" decisions faced by public managers, the vendor selection process, and to a lesser extent on the oversight strategies used to assure contract performance. New Public Management (NPM) initiatives became increasingly popular at the end of the last century and suggested that borrowing private sector management strategies could improve the performance of public agencies. A key strategy was to increase the reliance on competitive markets in order to lower the cost of publicly funded services and to improve service quality. Yet, to this day these promises may not have materialized, regardless of the initiatives' wide adoption across the globe (Alonso et al. 2017).

The purpose of this entry is to provide a concise overview of what is known about the monitoring choices made by public managers when it comes to contracted out service production. It begins with a discussion of theoretical perspectives that inform the "make or buy" decision faced by public agencies and the central role played by public choice and property rights theories. Subsequently, contract management is outlined as an important public management function. The entry then turns to an overview of the importance of contract monitoring and how transaction cost theory brings attention to roles played by uncertainty and information asymmetry in contractual arrangements. Finally, it concludes with an overview of how transaction cost theorizing can be aided by incorporating real options theory (ROT) logic when explaining a dynamic contract monitoring environment that emphasizes a desire for cooperation as a preferred approach over competition.

## Outsourcing Public Services

The outsourcing of government services is hardly novel. In fact, some governments have been contracting out service production or procuring items from private markets throughout their entire existence and arguably since their inception (Cooper 2003). These practices grained almost universal popularity across the globe under the New Public Management (NPM) initiatives starting in the 1980s as public agencies began adopting management ideas and practices from the private sector. The outsourcing of public services became particularly popular with some policy makers as it promised lower costs and higher-quality services.

The justification for these normative expectations can be found in public choice and property rights theories. On the one hand, it can be expected that governments might be inefficient because both bureaucrats and politicians (elected officials) could be using service provision to satisfy their own purposes rather than the public's (Savas 1999). To remedy this, the outsourcing of public services could be trusted to the markets where competition and market discipline could assure improved cost-effectiveness and high service quality (Osborne and Gaebler 1993). At the same time, it can be expected that in their pursuit of profits, private sector firms strive to reduce costs (Alchian and Demsetz 1972; Hart and Moore 1990). As a result, the practice of contracting out found popularity and acceptance with some decision-makers as an appealing alternative for delivering publicly funded services. As more public agencies increase their reliance on alternative service production, such as outsourcing, the management of contracts becomes increasingly important for public managers (Brudney et al. 2005; Romzek and Johnston 2005).

## The Need for Contract Management

Since public employees and managers in various agencies increasingly became more reliant on contracting out to deliver services, the importance of contract management capacity became evident. An argument can be made that in some instances government workers found themselves managing contracts more so than delivering services (Prager 2008). Nonetheless writing contracts and assuring vendors are meeting the specified terms can be rather costly itself. In some cases, these expenses can amount to as much as 25% of the total cost of contracts (Rehfuss 1989).

The contracting out of public services is a multistep process (Brown and Potoski 2003; Yang et al. 2009). It begins with weighing the decision of producing a service in-house versus outsourcing (the common in the literature "make or buy dilemma"). Subsequently if it is decided that a service can be produced more effectively by a vendor, public managers need to solicit bids, evaluate them, and award the contract. After the selection of a vendor, managers would have to write the contract, and implementation follows. Needless to say, monitoring of vendors performance and evaluating their compliance with the specified terms on continuous basis is also important and necessary. The contracting process then concludes with auditing and post-contract assessment. Throughout this entire process, public

managers have to dedicate some effort or resources to assure its success.

The bulk of emerging scholarship addressing the outsourcing of public services had primarily focused on the "make or buy" decision. In other words, researchers prioritized understanding why agencies outsource the delivery of services and which services should be contracted out. Another important research stream focused on what determines the type vendor to be used for the outsourced services. In particular, studies examined when is it more appropriate to enter into interlocal agreements with neighboring jurisdictions, when should nonprofit organizations be relied upon, and when should for-profit vendors be used. Until recently, much less attention has been paid to the importance of contract monitoring – arguably an essential contract management function.

It can be reasoned that monitoring costs on average can be expected to be low for contracted out services. After all, competitive marketplace discipline and its incentives structures are some of the reasons why external production is thought to be more cost-effective. In reality, competitive markets for public services have not materialized in many cases (Girth et al. 2012). In addition, transaction costs economics (TCE) theory posits that competition may not be sufficient for cost savings if costs expanded throughout the contracting process depicted above outweigh the potential benefits or savings (Williamson 1981).

Lack of competitive markets for services presents public managers with certain challenges. In the absence of competition, increased monitoring costs are likely in cases where vendors exhibit opportunistic behavior. In other words, efforts expanded on management and oversight of contracts and service suppliers can negatively impact any potential government savings that are expected to result from outsourcing service delivery (Hefetz and Warner 2012).

## The Importance of Contract Monitoring

Contract monitoring is important for successful outsourcing of public services (Girth 2014; Marvel and Marvel 2009; Hefetz and Warner 2004). Research findings show that difficulties with monitoring can impact a range of contracting outcomes and can potentially lead to reverse contracting (Hefetz and Warner 2004). This seems to be the case because writing as well enforcing contracts is costly (Levin and Tadelis 2010; Yang et al. 2009). Monitoring costs can therefore impact overall "make or buy" decisions, but they can also explain high government expenditures for outsourced public services.

Governments' contracting out decisions are based on estimated costs of producing the service directly on the one hand versus the combined costs of contracting and monitoring vendor performance on the other. Inadequate monitoring and control can lead to lower savings (Sclar 2001). Yet providing sufficient monitoring may be an expensive endeavor. Presumably monitoring is important for successful public service outsourcing. Managers can use formal and informal monitoring tools and can be constrained by their organizations' capacity and environmental pressures (Van Slyke 2007). Therefore, public managers use a variety of oversight tasks and methods in their efforts to monitor performance throughout the service delivery process. Needless to say, this plethora of oversight methods represents varying costs and thus can have very different overall impact on expenditures for contracted out public services.

## The What and How of Contract Monitoring

It is important to address in greater detail the "what" and "how" of contract monitoring. These inquiries are important for both the theory and practice concerned with successful alternative services delivery that relies on outsourcing strategies. In the previous section, the importance of contract monitoring was outlined particularly as it applies to the public administration literature. Contract monitoring is considered the evaluative capacity of contract management or the use of staff and resources to collect performance information (Brown and Potoski 2003). Contract

monitoring capacity has been defined and studied in many different ways. Some scholars operationalize it in a broad way to include a range of functions, whereas others focus on a small indexes, yet other theorists view it as any source of information used by a government agency to monitor vendor resources and activities (Lambright 2008; Warner and Hefetz 2012; Van Slyke 2007; Marvel and Marvel 2007).

In essence there are two important aspects to the study of contract monitoring. The first is the "what" – what does contract monitoring itself consist of. As noted above, the literature reflects a range of operational definitions and measurements. Some are all encompassing and general, whereas others list as many as ten specific functions spanning the entire contracting process. Marvel and Marvel's (2007) classification, for example, accounts for oversight in three different categories: upfront monitoring, process monitoring, and ex post monitoring. This conceptualization suggests that public managers should make sure monitoring is exercised when setting service work plans as well as when setting performance targets (upfront monitoring). Monitoring is also necessary throughout the length of the delivery of the services. This entails ongoing assessment of compliance with work plans, as well as compliance with rules and regulations. At the same time, financial audits must be completed, and it must be verified that services are provided as specified by the contract; the results of services should be measured. Needless to say, it is also important to monitor client complaints and to measure their satisfaction with service delivery. Do all public agencies perform these oversight tasks all the time? Frankly no. Though as indicated above contract monitoring is important. And public managers can strategically decide how to proceed in order to assure the successful outsourcing of public services.

The second important aspect is the "how" of contract monitoring. How can public managers make sure that there is sufficient oversight for their outsourced services? Especially when this can require substantial resources and negate any potential savings promised by contracting out with private sector vendors. Arguably performing all of the monitoring tasks outlined by Marvel and Marvel (2007) directly could be very costly for public agencies. Governments can technically conduct monitoring either directly or through proxy (Amirkhanyan 2009; Brown and Potoski 2006). Direct contract monitoring means that public agencies are expanding their own resources to make sure vendors are complying with the terms of contracts. Monitoring by proxy on the other hand allows governments to enlist the help of third-party evaluators to verify that vendors are performing as specified in the contract (Yang and VanLandingham 2011). An alternative proxy monitoring approach is to trust the vendors' self-reported performance. And last but not least, public managers can rely on service recipients to sound the alarm when it comes to service quality.

Needless to say, direct government monitoring appears to be costliest approach to contract oversight. Though proxy monitoring might be more economical, it comes with certain risks – public managers do not have direct control and would have to rely on information supplied by other parties. It also appears that monitoring by proxy might be popular with public managers. For example, while studying the prevalence of collaborative monitoring, Amirkhanyan (2009) shows that in some cases self-reporting by vendors accounts for most of the contract monitoring! Similarly, her study shows that in as many as half (54%) of the contracts under examination, a third-party monitor was used!

How should public managers decide whether to conduct contract monitoring directly or rely on third-party (proxy) monitoring? Agency and transaction cost theories posit that vendors could engage in opportunistic behavior which necessitates investment in contract monitoring capacity. A limitation of relying solely on these theoretical frameworks to determine the appropriate oversight strategy is their reliance on a static environment. In reality contracting is a rather dynamic process. Services are contracted out, can be brought back in-house, contracted out again, and so on. The monitoring strategies can also be dynamic and evolve overtime.

A framework that could also be used to contribute to our understanding of contract oversight is real options theory (ROT). Its theoretical

arguments present a complementary approach to contracting structures and potentially can help elucidate and guide monitoring decisions faced by managers. Schepker et al. (2014) explain how ROT can contribute to the public services contracting literature in three ways. Firstly, its theoretical premise highlights the need for flexibility particularly in situations characterized by uncertainty. Secondly, the theory explicitly suggests that contractual governance should be modified when needed in order to respond to changing environmental factors and availability of novel information. And thirdly, ROT can be complementary to the transaction costs theoretical approaches currently dominating the public services contracting literature.

Though most empirical studies on public services contracting examine static data, few researchers would argue that the outsourcing decisions are dynamic. In essence, some contractual arrangements could be decades long with provisions modified in specified time increments. This potential for repeated interaction and relationship continuation often leads to increased cooperation and trust. Revisiting the procurement arrangements also allows contracting parties (governments and vendors) to restructure their agreements in efforts to improve outcomes and processes. This can arguably explain why scholars are finding evidence that relationships are of particular importance when it comes to government contracting (Brunjes 2019).

## Conclusion

This entry has provided an overview of what is known about a key contract management function for outsourced public services. Contract monitoring has been depicted as an essential task for public managers. The entry began with a discussion of theoretical perspectives on public services contracting, namely, how competitive markets are expected to aid in the delivery of lower cost and higher-quality services. Public choice and property rights theories in particular articulate how competition and firms' desire to lower production costs can aid governments in providing services in a more cost-effective manner. Though government outsourcing has been on the rise, the expected cost savings have either not materialized or scholars have not been able to adequately illustrate their prevalence. An argument is made here that contract monitoring, itself a costly endeavor, combined with lack of competition could be a potential explanation.

After outlining why contract monitoring is important for theory and practice when it comes to outsourcing government services, this entry also discussed the "what" and "how" aspects of contract oversight. In the "what" sections, the functions and tasks that span the public service contracting process were outlined. In the paragraphs that discussed the "how" questions, this entry highlights the prominent role of transaction cost theory in explaining public managers' decisions. Subsequently, an argument is made that real options theory could also help in explaining the empirical findings that demonstrate the prevalence and desire for relationships rather than the effectiveness of competitive markets when it comes to successful government contracting.

## Cross-References


- ▶ Comparative Policy Implementation Research
- ▶ Contract Administration
- ▶ Contract Design
- ▶ Contract Management Capacity
- ▶ Contracting with Government
- ▶ Gaps and Transparency Challenges in Contract Outsourcing
- ▶ Public Procurement
- ▶ Understanding and Operationalizing Financial Accountability in Government Contracting Systems


## References


Alchian AA, Demsetz H (1972) Production, information costs, and economic organization. Am Econ Rev 62(5):777–795

Alonso JM, Clifton J, Díaz-Fuentes D (2017) The impact of government outsourcing on public spending: evidence from European Union countries. J Policy Model 39(2):333–348

Amirkhanyan AA (2009) Collaborative performance measurement: examining and explaining the prevalence of collaboration in state and local government contracts.

J Public Adm Res Theory 19(3):523–554. https://doi.org/10.1093/jopart/mun022
Brown TL, Potoski M (2003) Managing contract performance: a transaction costs approach. J Policy Anal Manage 22(2):275–297. https://doi.org/10.1002/pam.10117
Brown T, Potoski M (2006) Contracting for management: assessing management capacity under alternative service delivery arrangements. J Policy Anal Manage 25(2):323–346. https://doi.org/10.1002/pam.20175
Brudney JL, Fernandez S, Ryu JE, Wright DS (2005) Exploring and explaining contracting out: patterns among the American states. J Public Adm Res Theory 15(3):393–419. https://doi.org/10.1093/jopart/mui019
Brunjes BM (2019) Competition and federal contractor performance. J Public Adm Res Theory 30(2):202–219
Cooper PJ (2003) Governing by contract: challenges and opportunities for public managers. CQ Press/Eurospan Distributor], Washington, DC/London
Girth AM (2014) A closer look at contract accountability: exploring the determinants of sanctions for unsatisfactory contract performance. J Public Adm Res Theory 24(2):317–348. https://doi.org/10.1093/jopart/mus033
Girth AM, Hefetz A, Johnston JM, Warner ME (2012) Outsourcing public service delivery: management responses in noncompetitive markets. Public Adm Rev. https://doi.org/10.1111/j.1540-6210.2012.02596.x
Hart O, Moore J (1990) Property rights and the nature of the firm. J Polit Econ 98(6):1119–1158
Hefetz A, Warner M (2004) Privatization and its reverse: explaining the dynamics of the government contracting process. J Public Adm Res Theory 14(2):171–190. https://doi.org/10.1093/jopart/muh012
Hefetz A, Warner ME (2012) Contracting or public delivery? The importance of service, market, and management characteristics. J Public Adm Res Theory 22(2):289–317. https://doi.org/10.1093/jopart/mur006
Lambright KT (2008) Getting what you ask for. Am Rev Public Adm 38(3):362–379. https://doi.org/10.1177/0275074007309150
Levin J, Tadelis S (2010) Contracting for government services: theory and evidence from U.S. cities. J Ind Econ 58(3):507–541. https://doi.org/10.1111/j.1467-6451.2010.00430.x
Marvel MK, Marvel HP (2007) Outsourcing oversight: a comparison of monitoring for in-house and contracted services. Public Adm Rev 67(3):521–530. https://doi.org/10.1111/j.1540-6210.2007.00734.x
Marvel MK, Marvel HP (2009) Shaping the provision of outsourced public services. Public Perform Manag Rev 33(2):183–213. https://doi.org/10.2753/pmr1530-9576330201
Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector (plume). Addison-Wesley, New York. Paperback/Published
Prager J (2008) Contract city redux: Weston, Florida, as the ultimate new public management model city. Public Adm Rev 68(1):167–180. https://doi.org/10.1111/j.1540-6210.2007.00846.x
Rehfuss J (1989). Contracting out in government: a guide to working with outside contractors to supply public services. Jossey-Bass/Proquest/Csa Journal Div, San Francisco
Romzek BS, Johnston JM (2005) State social services contracting: exploring the determinants of effective contract accountability. Public Adm Rev 65(4):436–449. https://doi.org/10.1111/j.1540-6210.2005.00470.x
Savas ES (1999) Privatization and public-private partnerships. Chatham House Publishers, New York
Schepker DJ, Oh WY, Martynov A, Poppo L (2014) The many futures of contracts: moving beyond structure and safeguarding to coordination and adaptation. J Manag 40(1):193–225
Sclar ED (2001) You don't always get what you pay for: the economics of privatization. Cornell University Press, Ithaca
Van Slyke DM (2007) Agents or stewards: using theory to understand the government-nonprofit social service contracting relationship. J Public Adm Res Theory 17(2):157–187. https://doi.org/10.1093/jopart/mul012
Warner, Hefetz (2012) Insourcing and Outsourcing. Journal of the American Planning Association 78 (3)313–327. https://doi.org/10.1080/01944363.2012.715552
Williamson OE (1981) The economics of organization: the transaction cost approach. Am J Sociol 87(3):548–577. https://doi.org/10.2307/2778934
Yang K, VanLandingham G (2011) How hollow can we go? A case study of the Florida's efforts to outsource oversight of privatized child welfare services. Am Rev Public Adm 42(5):543–561. https://doi.org/10.1177/0275074011411910
Yang K, Hsieh JY, Li TS (2009) Contracting capacity and perceived contracting performance: nonlinear effects and the role of time. Public Adm Rev 69(4):681–696. https://doi.org/10.1111/j.1540-6210.2009.02017.x

## Contracting with Government

Jiahuan Lu
School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

## Synonyms

Contracting out; Government contracting; Purchase-of-service contracting

## Definition

Government-nonprofit contracting: a contractual agreement between a government agency and a nonprofit organization to deliver a government-funded service to an eligible group of clients.

## Introduction

A remarkable feature of the contemporary nonprofit-government relationship is the increasing government-funded nonprofit activities. Government funding reaches the nonprofit sector in various ways, through such financial mechanisms as contracts, grants, and vouchers. Accordingly, government funding becomes a critical funding source for most nonprofit organizations. To the entire nonprofit sector, government funding generally constitutes over one third of the sector's total revenue (McKeever and Pettijohn 2014). This number could be even higher in service delivery nonprofit organizations, where government funding sometimes represents almost half of their total revenue income (Lu 2015).

Admittedly, the nonprofit sector includes a diverse set of organizations, ranging from social service organizations with service delivery as their major organizational activities to advocacy organizations with political participation as their major focus. This entry focuses on service delivery nonprofit organizations, that is, charitable organizations operating under 501 (c) (3) tax code, and examines government-nonprofit service contracting in these nonprofit organizations. Service contracting is defined in a broad way, involving public services funded by government agencies through contracts and grants but delivered to clients by nonprofit organizations. Indeed, this kind of contractual relationship between government and nonprofit organizations has a long history, with its historical root dated back to the colonial time, but the substantial growth in government-nonprofit contracting didn't appear until 1960s (Smith and Lipsky 1993). This entry will address four questions: (1) What is the rational of government-nonprofit contracting? (2) What is the scope of government-nonprofit contracting? (3) What factors could predict nonprofit receipt of government contracts and grants? (4) How does government contracting influence nonprofit operations?

## Rational of Government-Nonprofit Contracting

When government decides to contract out service delivery, there are several factors that lead nonprofit organizations to be appropriate contractors to work with. First, many service delivery nonprofit organizations are community-based organizations. Their embeddedness in local communities enables these nonprofit organizations to directly interact with citizens and thus better understand and respond to local needs. When government relies on these local organizations to deliver various services, nonprofit contractors could expand public service coverage to remote communities which government agencies could not reach and further tailor service provision to meet diverse client needs. Moreover, their locations in local communities also allow nonprofit contractors to examine the real effect of government programs and provide policy suggestions for funding agencies to modify existing policies and programs. In sum, nonprofit organizations' information advantage because of their unique locations allows them to act as an appropriate contractor.

Second, nonprofit organizations are mission-based organizations, with social improvement as their organizational goal. In this way, nonprofit contractors are expected to provide government-funded services to serve needy clients to advance social benefits, rather than focusing on cost minimization and using government funding to maximize organizational revenue. Again, largely because of the nondistribution limitation, nonprofit organizations are not legally allowed to distribute profits to their stakeholders. As such, nonprofit organizations are believed to have weaker incentives to take advantage of information asymmetry to increase profits through cutting costs and creaming, when compared with for-profit organizations. This is particularly an

advantage in service provision where service providers always enjoy a high level of discretion throughout service delivery process, and funding agencies often fail to fully regulate and monitor contractor behaviors. In sum, nonprofit organizations' social mission and nondistribution constraint make themselves more trustworthy than for-profit organizations.

In addition, there are also good reasons why nonprofit organizations are willing to receive government funding and become government contractors. First, most nonprofit organizations are small- or mid-sized organizations, operating with limited budgets. Therefore, nonprofit organizations are always struggling for reliable revenue sources. Compared with other revenue sources, government funding is relatively stable, which makes it a predictable funding source for nonprofit organizations. In this way, acting as government contractors and relying on government funding could help nonprofit organizations stabilize their resource environment and ease potential funding fluctuations, leaving them more capacity to pursue social causes. Second, government funding could help enhance the legitimacy of recipient organizations. In order to receive government funding, nonprofit contractors have to go through competitive merit-based selection processes, with extensive review and monitoring. In this way, government funding serves as an endorsement of quality and reliability. Nonprofit contractors could further use the receipt of government funding as an indicator of trustworthiness and competence to solicit resources from other venues (Lu 2016). In sum, government funding could enhance nonprofit contractors' capacity, which further allows them to draw resources from other revenue sources.

Overall, the contractual relationship between government and nonprofit organizations seems mutually beneficial to both parties (Saidel 1991). Government agencies prefer nonprofit contractors because of their proximity to citizens and perceived trustworthiness. Nonprofit organizations prefer government funding because of its stability and credibility. Therefore, this mutual beneficial relationship leads to a mutual dependence in the landscape of service delivery. This institutional arrangement is termed by Salamon (1981) as "third-party government" and by Smith and Lipsky (1993) as "contracting regime."

## Scope of Government-Nonprofit Contracting

This government-nonprofit contracting has been a central feature of service delivery system in various countries all over the world. In the United States, for example, the contractual relationship between government and nonprofit organizations in service delivery has existed for decades, with its historical root traced back to the colonial time. However, the substantial increase in government financing of nonprofit activities did not appear until the 1960s and 1970s when government decided to enhance its role in various social programs. Since then, there has been a sharp increase in the scope of government-nonprofit contracting (Smith and Lipsky 1993). At this moment, although the extensive use of government-nonprofit contracting in service delivery has been widely acknowledged, the exact magnitude of the contractual relationship across the nation is still largely unmeasurable. However, several recent survey data help us gain some sense about the overall picture of the scope of the US government-nonprofit contracting. For example, at state level, Gazley and Brudney (2007) surveyed local government administrators and nonprofit organizations in Georgia in 2003–2004 to explore government-nonprofit collaboration in public service delivery including contracts and grants. They found that over 50% of local administrators reported collaboration with at least one nonprofit organization and that about 50% of nonprofits reported partnership with local governments. Again, Lu (2015) surveyed human service nonprofit organizations in Maryland in 2012. He found that 77% of survey participants reported their receipt of government contracts and grants and that government funding on average constituted 44% of those organizations' total revenue.

A more comprehensive examination of government-nonprofit contracting in service delivery comes from a national survey of human service nonprofit organizations conducted by the Urban Institute (Boris et al. 2010). The research team surveyed a national sample of about 3500

human service nonprofit organizations from all 50 states and the District of Columbia in 2009. Based on the survey data, they estimated that government agencies at all levels have about 200,000 contracts and grants with about 33,000 human service nonprofit organizations across the country, equivalent to a monetary amount of over $100 billion. This finding implies that for every human service nonprofit organization in the nation, it would have six contracts and grants on average. Further, for organizations with government contracts and grants, government funding accounts for 65% of their total revenue income.

In sum, the complete picture of government-nonprofit contracting is still largely ambiguous, and the survey results from several recent studies are not exactly the same. However, two things seem pretty clear. First, government-nonprofit contracting is being widely used by government agencies at all levels as a tool in the provision of various services to achieve desired policy goals. Second, given the massive government contracts and grants in nonprofit organizations, the importance of government funding to the nonprofit sector is irreplaceable. For most individual nonprofit organizations, government funding is at least one of the crucial funding sources, if not the only one.

## Factors Predicting Nonprofit Receipt of Government Funding

Given the critical importance of government funding to most nonprofit organizations, an interesting question is to explore the factors that would be associated with nonprofit receipt of government contracts and grants. The answers to this question have meaningful practical implications for nonprofit leaders to manage organizational operations and develop effective financial strategies. Indeed, although the current understanding on the determinants of nonprofit receipt of government contracts and grants is still developing, existing research has already been able to provide helpful insights (Garrow 2011; Lu 2015; Stone et al. 2001; Suárez 2011).

It is useful to consider government-nonprofit contractual relationship as a kind of interorganizational relationship, which involves two dimensions: structural and relational (Faems et al. 2008). The structural dimension focuses on how visible formal components within two organizations affect interorganizational behaviors, while the relational dimension emphasizes the role of invisible informal interaction between two organizations in shaping interorganizational activities. In this line of reasoning, the factors that might predict nonprofit receipt of government contracts and grants could be summarized into these two categories. It should be noted that these two categories of factors are not mutually exclusive but complementary.

Structural factors emphasize that structural compatibility between government and nonprofit organizations could facilitate information exchange and flow between the two actors and thus promotes government-nonprofit partnership. In this way, at least four factors would help facilitate nonprofit receipt of government funding: formalization, professionalization, organizational size, and organizational age.

Formalization refers to the extent to which an organization is equipped with formal components in its operations. Formal arrangements in an organization can include a complete set of rules, regulations, and standard operating procedures, a clear chain of command, formal job descriptions for each staff position, and formal performance evaluations for staff and programs. Nonprofit organizations with more formal components are more used to government bureaucratic system, which increases the chance of collaboration. Also, organizational behaviors in formalized nonprofit organizations are more predictable and credible, which leads funding agencies to believe that these nonprofit organizations are able to take on more responsibility in the delivery of government-funded services.

Professionalization refers to the extent to which an organization employs a professional workforce and expertise in organizational management and service jurisdictions. Example indicators of professionalization are whether an organization is staffed by paid personnel, is managed by an executive director, only uses paid personnel in service delivery, and has a full-time executive director position. Nonprofit

organizations with these professional components are more likely to receive government funding not only because these components reflect reliable occupational norms and standards but also because these components allow nonprofit organizations to better meet the government requirements in grant and contract writing, performance reporting, and financial auditing. All these compatibilities enable nonprofit organizations to work more closely with funding agencies and provide public-funded services.

In a similar vein, organizational size and age could predict nonprofit receipt government funding in that bigger and older organizations generally embrace more organizational capacity in financial, human, and technological resources. This abundantness in resources allows nonprofit organizations to take on more responsibility to address social problems and to be considered more reliable and predictable.

In sum, from a structural perspective, more established nonprofit organizations would have more compatible structures with funding agencies and thus are more likely to receive government contracts and grants. This argument leads to several propositions as follows:

- Proposition 1: Nonprofit organizations with more established structures are more likely to receive government funding.
- Proposition 1a: More formalized nonprofit organizations would receive more government funding.
- Proposition 1b: More professionalized nonprofit organizations would receive more government funding.
- Proposition 1c: Bigger nonprofit organizations would receive more government funding.
- Proposition 1d: Older nonprofit organizations would receive more government funding.

On the other hand, relational factors emphasize that informal relationship building and trust cultivation in interorganizational relationship could foster mutual trust between government and nonprofit organizations and thus would facilitate nonprofit receipt of government funding. In this line of reasoning, four factors fall into this category: co-optation, advocacy, history of government funding, and collaboration.

First, nonprofit organizations with connections with government agencies enable to develop interorganizational relationships, which would facilitate the rise of government-nonprofit funding relationship. For nonprofit organizations, two usual strategies to get connected with government agencies are co-optation and advocacy. Co-optation refers to the process of absorbing important elements from external environment such as powerful people with legitimate status (e.g., political leaders and high-ranking government officials) to nonprofit leadership. In this way, nonprofit organizations legitimize themselves and get access to funding agencies to achieve favorable position in government funding process. In addition, advocacy refers to the process of engaging with government agencies to influence public policy and government practice. Through participating in advocacy, nonprofit organizations build connections with policy makers and further shape policy environment that promises favorable programmatic administration and outcomes.

Second, trust constitutes a critical factor in informal interactions. Trust helps reduce uncertainty and complexity in collective actions, which could stabilize interorganizational collaboration. However, trust is only formed incrementally and enhanced through repeated interactions. In this way, a history of interorganizational interaction and cooperation becomes another determinant of government-nonprofit contracting. Indeed, government-nonprofit contracting is a path-dependent process. Nonprofits receiving government funding in previous years or involved in collaborations with government other than service contracting might have formed various trust mechanisms with funding agencies. These mechanisms could coordinate and safeguard exchange and thus promote the continuity of the funding relationships.

In sum, from a relational perspective, more interactions between nonprofit organizations and government would develop stronger mutual trust relationship, which could further result in more government-nonprofit contracting. This argument leads to the following propositions:

- Proposition 2: Nonprofit organizations with more connections and trust with government agencies are more likely to receive government funding.
- Proposition 2a: Nonprofit organizations engaging in co-optation would receive more government funding.
- Proposition 2b: Nonprofit organizations engaging in advocacy would receive more government funding.
- Proposition 2c: Nonprofit organizations having a longer funding history with government would receive more government funding.
- Proposition 2d: Nonprofit organizations having more collaborations with the government other than service contracting would receive more government funding.

## Challenges of the Government Contracting on Nonprofit Operations

It is becoming increasingly clear to many that accepting government funding and acting as government contractors is not cost free. Government funding would bring a series of changes, both desired and undesired, to nonprofit operations, which further influence the roles nonprofit organizations play in democratic governance. Broadly speaking, service delivery nonprofit organizations play two major functions: service provision and policy advocacy. On the one hand, as service providers, nonprofit organizations serve the vulnerable populations and moderate social problems by delivering various direct services to needy citizens to meet their diverse welfare needs. On the other hand, as social change agents, nonprofit organizations advance their mission by engaging with government agencies to shape the policies that address those social problems. Government contracting has impacts on nonprofit operations in these two areas.

On the service delivery side, government funding would bring a number of changes. First, government funding would make nonprofit operations increasingly formalized and professionalized. To apply for government funding, nonprofit organizations have to spend substantial amount of time in writing contract and grant proposals and negotiating with funding agencies. While delivering government-funded services, nonprofit organizations have to suffer from extensive government oversight and monitoring. As such, nonprofit managers have to work with funding agencies on administrative reporting, performance evaluation, and financial auditing. All these changes might lead to nonprofit organizations' greater formalization and administrative inefficiency.

Second, to secure government contracts and grants, nonprofit organizations sometimes have to compete with for-profit organizations for funding purposes (Frumkin and Andre-Clark 2000). Traditionally, nonprofit organizations are major actors in social and human service markets. However, in recent decades, for-profit organizations have demonstrated growing interest in entering service markets and acting as government contractors and grantees. Although nonprofit organizations have comparative advantage in their proximity to citizens and perceived trustworthiness, in most cases for-profit organizations enjoy comparative advantage in their operating efficiency, due to their profit motive and access to more resources. Therefore, to compete for government funding, nonprofit organizations sometimes have to engage in efficiency competition with for-profit organizations and become more and more businesslike. In this way, the sectoral boundary in organizational operations between nonprofit and for-profit organizations tends to be blurred.

In addition to service delivery, charitable organizations also engage in policy advocacy.

Although providing high-quality services constitutes their organizational priority and some types of advocacy such as lobbying are under strict legal regulations, many service delivery nonprofits still participate in various other advocacy activities such as testifying before legislative committees and joining government advisory committees to shape public policy (Bass et al. 2007). On this policy advocacy side, government funding might crowd out nonprofit organizations' participation in advocacy activities and change the nature of their advocacy efforts. First, government-funded nonprofits would not want to challenge their funders to bite the hands that feed them, which may ultimately undermine the funding relationship. Nonprofit organizations thus are generally concerned that they would be punished by the government if they challenge existing or proposed policy (Bass et al. 2007). Second, the changes in nonprofit operations resulted from government funding would indirectly crowd out nonprofit attention to advocacy. As mentioned above, government funding is always associated with the pressures to become more businesslike, formal, and professional. Operating under these pressures, nonprofit organizations become more focused on service delivery, with limited attention to their historical role as policy advocators. Third, even if nonprofit organizations still decides to be politically active, they have to be very careful with their advocacy efforts, not to pursue wide policy change but only to maintain their funding stream (Mosley 2012). In this way, government funding might undermine nonprofit organizations' civic and political role.

In sum, receiving government support is not cost free. Although government funding brings stability and credibility to recipient organizations, it does modify nonprofit operations and undermine the political function. Nonprofit contracting with government agencies in practice is more complicated than the one in theory. For nonprofit organizations, to receive government support, they have to simultaneously accept the side effects associated with government funding, both desired and undesired. In viewing the downside of government funding, a common practice that many nonprofit organizations follow is to seek resources from private sources such as private donations and commercial activities to diversify their revenue sources, rather than fully relying on government funding (Froelich 1999).

## Conclusion

In recent decades, government contracting with nonprofits for the delivery of public services and achievement of policy priorities has risen sharply. Although there is a variation in the exact amount of government grants and contracts obtained by individual nonprofit organizations, the importance of government funding to the entire nonprofit sector could not be underestimated. This entry aims to delineate the rationale and scope of government-nonprofit service contracting, using the United States as a case. Further, the entry attempts to dig deeper into this contractual relationship and explores the factors that predict nonprofit receipt of government funding and the changes that government funding brings to nonprofit operations. Although the discussion here could not exhaust every aspect of government-nonprofit service contracting, it does provide an overview of the picture.

In addition, although the discussion here mostly focuses on the US context, the third-party government or contracting regime arrangement seems prevalent across many other countries. In particular, government financing of nonprofit activities is widespread through European countries. In countries such as the Netherlands, Germany, France, and Belgium, government support generally represents more than half of all nonprofit income (Salamon 2006). In this way, the arguments made above could be applied to nonprofit organizations in these countries as well.

## Cross-References

▶ Government and Nonprofit Relationships
▶ Public Organizations and Nonprofit Organizations

## References


Bass GD, Arons DF, Guinane K, Carter MF (2007) Seen but not heard. Strengthening nonprofit advocacy. The Aspen Institute, Washington, DC

Boris ET, de Leon E, Roeger KL, Nikolova M (2010) Human service nonprofits and government collaboration. The Urban Institute, Washington, DC

Faems D, Janssens M, Madhok A, Van Looy B (2008) Toward an integrative perspective on alliance governance: connecting contract design, trust dynamics, and contract application. Acad Manag J 51(6):1053–1078

Froelich KA (1999) Diversification of revenue strategies: evolving resource dependence in nonprofit organizations. Nonprofit Volunt Sect Q 28(3):246–268

Frumkin P, Andre-Clark A (2000) When missions, markets, and politics collide: values and strategy in the nonprofit human services. Nonprofit Volunt Sect Q 29(Suppl 1):141–163

Garrow EE (2011) Receipt of government revenue among nonprofit human service organizations. J Public Adm Res Theory 21(3):445–471

Gazley B, Brudney JL (2007) The purpose (and perils) of government-nonprofit partnership. Nonprofit Volunt Sect Q 36(3):389–415

Lu J (2015) Which nonprofit gets more government funding? Nonprofits' organizational attributes and their receipts of government funding. Nonprofit Manag Lead 25(3):297–312

Lu J (2016) The philanthropic consequence of government grants to nonprofit organizations. Nonprofit Manag Lead 26(4):381–400

McKeever BS, Pettijohn SL (2014) The nonprofit sector in brief 2014. The Urban Institute, Washington, DC

Mosley JE (2012) Keeping the lights on: how government funding concerns drive the advocacy agendas of nonprofit homeless service providers. J Public Adm Res Theory 22(4):841–866

Saidel JR (1991) Resource interdependence: the relationship between state agencies and nonprofit organizations. Public Adm Rev 51(6):543–553

Salamon LM (1981) Rethinking public management: third-party government and the changing forms of government action. Public Policy 29(3):255–275

Salamon LM (2006) Government-nonprofit relations from an international perspective. In: Boris ET, Steuerle CE (eds) Nonprofits and government: collaboration and conflict. Urban Institute Press, Washington, DC, pp 399–436

Smith SR, Lipsky M (1993) Nonprofits for hire: the welfare state in the age of contracting. Harvard University Press, Cambridge, MA

Stone MM, Hager MA, Griffin JJ (2001) Organizational characteristics and funding environments: a study of a population of United Way–affiliated nonprofits. Public Adm Rev 61(3):276–289

Suárez DF (2011) Collaboration and professionalization: the contours of public sector funding for nonprofit organizations. J Public Adm Res Theory 21(2): 307–326


# Contractual Misincentives in the Outsourcing of Information Technology: A Principal-Agent Approach


Thyago Celso C. Nepomuceno[1,2], Késsia Thais C. Nepomuceno[3] and Ana Paula Cabral Seixas Costa[4]

[1]Dipartimento di Ingegneria Informatica Automatica e Gestionale Antonio Rubert, Sapienza University of Rome, Roma, Italy

[2]Núcleo de Tecnologia, Federal University of Pernambuco, Caruaru, Brazil

[3]Centro de Informática, Federal University of Pernambuco, Recife, Brazil

[4]Departamento de Engenharia de Produção, Federal University of Pernambuco, Recife, Brazil


## Synonyms

Contract theory; Game theory; Information technology outsourcing; Misincentives; Principal-Agent

## Definition

The counter-effects of imposing penalty clauses in information technology outsourcing agreements.

## Introduction

Outsourcing the technological infrastructure has become a common practice for public administrations worldwide aiming at dedicating efforts and resources on their core activities. Outsourcing agreements have been conceptualized through the lens of agency theory by many governance applications of Principal-Agent models, some of which includes government contracting, asset and fund management, supply chain, cross-country offshoring, informal contracting, and information technology products and services (Coats 2002; de Almeida 2007; Dluhosch and Hens 2016; Dey et al. 2010).

The distinctions and influences of extrinsic incentives from contractual sanctions and rewards have been widely discussed in the economics, governance, and information systems management studies (Starbird 2001). Penalty clauses are intended to disincentive delays and improve the quality toward the objectives of the Principal. *Contractual misincentives* represent strategies once designed to work as an incentive (or disincentive) but have an opposite effect. This situation has been called sometimes as the crowding-out effect by Frey and Jegen (2001) or over-justification effect by the psychological theory of self-perception (Deci 1971), implying that motivations may undermine when a nonmonetary interaction becomes an explicitly monetary one (Titmuss 1970).

The phenomena has been evidenced in some interesting discussions about the political behavior of voters in compulsory elections (Nepomuceno and Costa 2019a), in the deliberate tardiness by parents to pick their children from day-care centers (Gneezy and Rustichini 2000) and in the propensity for blood donations (Glynn et al. 2006). In the first work, according to the authors, the imposition of low-cost fines for the abstention in the compulsory Brazilian elections is one of the main motivators (misincentive) for the decreasing turnout in recent national elections. In the second, the imposition of monetary sanctions by day-care administrations in Israel aiming at reducing the delay of parents resulted in the misincentive of increasing tardiness. In the last instance, blood donations presented a considerable drop after the inclusion of financial compensations by changing the intrinsic self-personality philanthropy benefits.

Game theory and optimization procedures are strong tools to support decision-making in the design of outsourcing contracts and negotiations under the most common context of asymmetry in information. The current study departs from this problem in the design of bilateral contracts for public administrations, particularly considering information technology outsourcing. Contractual misincentives are formulated as a Principal-Agent problem considering a sequential game of incomplete and asymmetric information about the cost structure of the client and the productivity of the vendor. The sequential game is characterized by the imperfect information from the client concerning the vendor, where the imposition of a fine uncovers information about the client's cost structure resulting in delays, similar to many formulations of this nature (Coats 2002; Dey et al. 2010; Nepomuceno et al. 2018). The next sections are dedicated to present the fundamental concepts of this approach with a numerical example. The conclusion summarizes the main prospects of the developed contribution.

## Incomplete Information Scenario

An appropriate model to support outsource contract designs considers several variables in the ITO relationship. According to the conventional software engineering literature (Boehm et al. 2000), those variables must represent the vendor's cost structure and the client's utility as a function of the quality of the software system, its delivery date, and the effort (in terms of capital and labor) a vendor chooses to apply to the project (Nepomuceno and Costa 2014). Each of the variables considered in the ITO scenario regarding vendors (Agents) and clients (Principals) is described as follows.

### The Agent

The Agent (software vendor) utility function is composed by the delivery time choice $T$ as a function of the current payment for the information technology product or service $G$ and the expect payment from future contracts $[(P)G_f + (1 - P)G_f]$. The software vendor faces two types of costs, one related to the quality of the product $Q$, i.e., the predefined requirements for the technology, and one related to the unproductivity of their capital and labor $LK$. The utility of the Agent $U_a$ by a choice of $T$ is maximized in the expression:

$$max\ U_{a(T)} = G + \left[(P)G_f + (1-P)G_f\right] + T - \left(C_f + \frac{Q^b LK}{T(P)}\right) \quad (1)$$

where:

$P$ and $(1 - P)$ are the probabilities the client is high or low cost, respectively.

$Q$ represents the quality requirement for the product or service.

$G$ is the current payment for the outsourcing transaction.

$T$ is the difference between the effective date on which the vendor delivers the product $T2$ (decision variable) and the date in the agreement, so that a positive $T$ means that the Agent delays the delivery (adds some utility by slacking efforts) and negative $T$ means that the Agent anticipates the delivery (loses utility by applying more efforts).

$L$ is the constant which captures the developer's lack of experience, skills, or immaturity of the development team (the unproductivity of the labor).

$K$ is the constant which represents the inadequacy of the software tools or the nonexistence of reusable code (the unproductivity of the capital).

$b$ is the exponent for the nonlinear relationship (as described by the side effects of development code), and it is usually estimated with a value between 1 and 1.5 (Boehm et al. 2000).

$G$ represents the *participation constraint* in order to get the vendor to accept the outsourcing agreement, i.e., the client must offer at least $G \geq (C_f + C_v)$ despite expected gains from future payments (contracts). Other concepts which affect the Agent's effort are the developer's experience or ability and the maturity level of the development team (represented by the constant $L$). Silva and Costa (2013) argues that, in order to optimize the time associated to complete a software development project, it is necessary to identify which professionals should be allocated to each function and task in the development phase, given the set of abilities and expertise. They are treated as one parameter of the employees' productivity so that the cost for the Agent to produce a given piece of software or provide a certain system increases when the team is more incoherent or when it lacks sufficient knowledge or technicians.

The capabilities of the software tools and the possibility of reusable code (represented by the constant $K$) are included as a third concept in the vendor's cost structure function. The absence of previous code which can be used for the new project and the inadequacy of the group's technological tools can considerably increase the time and effort invested, even considering low-quality software (which presumes easier development) or having the most qualified development team for the task. The Agent's variable cost is inversely proportional to the time of delivery: if there is less time to finish the project, more effort in capital (e.g., new tools) and/or labor (e.g., extra hours) is needed. The time variable ($T$) in the model is weighted by the probability that the Principal is a high-cost client. When the probability is high, the project becomes more costly because any delay in delivery can affect the vendor's expected gain in future transactions (e.g., affect the possibility to renew licenses).

The $b$ exponent is sensitive to the novelty and risk of the project, which can also be inferred from other parameters, such as the development team's inability to understand or use existing codes. The sequential game with incomplete or asymmetric information implies that the Agent is also concerned about the reputation and long-term profit, which might result from subsequent outsourcing contracts with the same client. The expected payoff in future transactions is set as a function of the type of the client, which can have high or low cost in relation to the technology. A high-cost client is assumed to have more difficulty working without the outsourced product or service than a low-cost client would. In other words, it is more costly for the high-cost client to conduct the same amount of business without the software system than it is for the low-cost client. For that reason, the high-cost client places more importance on a shorter delivery time (with no delays) and on high-quality software than the low-cost client. The parameter $u$ represents such client evaluations in the following description of the Principal.

### The Principal

The Principal (outsourcer client) welfare is based on the software quality. In general, the quality is

determined by the requirements and specifications in the agreement such as the interface, features, capabilities, and visualization tools such as graphics, plots, maps, dashboards, charts, scatterplots, and other forms of interactive visualizations, which can enable users to capture, treat, mine, and manipulate data and design and implement decisions (Nepomuceno and Costa 2019b). The customer welfare function decreases with the potential delay in the product delivery by the vendor and decreases with the current payment in the agreement. Thereby, the client aims at maximizing utility by the choice of $Q$, represented by the following function:

$$max\ U_{pr(Q)} = u_1\left(Q + Q_f\right) - u_2T - G - \left[(p)G_f + (1-p)G_f\right] \quad (2)$$

where:

$p$ and $(1 - p)$ are the probabilities that the vendor has low or high productivity (delaying or not delaying the delivery), respectively.

$Q_f$ represents the desired payoff from the quality requirement of future products or service.

The constants $u_1$ and $u_2$ represent the client's sensitivity to the quality and time.

It is assumed the vendor is willing to accept the agreement when the gains (in utility) are equal to the opportunity cost $(U_{a(T)} - (C_f + C_v))$, in which case the decision will be made on the basis of future earnings and delivery time contributions. So the *incentive compatibility constraint* to eliciting the high-quality software in our model is a function of probabilities that the vendor has low or high productivity, their expected gain and cost, so that $G + (G_f) - (C_f + C_v) > (1 - p)^*(C_f + C_v)$. Because the gains (in utility) might equal the opportunity cost, $G = 0$, and to elicit a high-productivity vendor ($p = 0$), $G_f > (1 - 0)^*(C_f + C_v) - (C_f + C_v)$, or $G_f > 0$, i.e., the client must guarantee some future gain to get a high-quality software from a high-productivity vendor.

The parameters $u_1$ and $u_2$ (when multiplied by the respective quality and time) represent the utility which the client gains or loses from the software; this value is greater than one when there is a high-cost client (i.e., when the client's valuation is greater than the vendor's) and less than or equal to one when there is a low-cost client (i.e., when the client's valuation is less than or approximately equal to the vendor's). A big $u_1$ for a high $Q$ (or a small $u_1$ for a low $Q$) tells us that the client cares very much about the product's specifications and quality, which causes the vendor to assume the client is a high-cost type. A small $u_1$ for a high $Q$ (or a big $u_1$ for a low $Q$) implies that the client is a low-cost type. The parameter $Q_f$ is the expected gain the client might have from future outsourcing contracts, and it increases with the current performance of the vendor; $u_2$ measures the sensitivity of the client to project delays – with the same interpretation from the $u_1$ coefficient described above. Positive $T$: $(-(u_2T) < 0)$ means that the client receives a late-delivery product (loses some utility by postponing the usage of the technology), and negative $T$: $(-u_2(-T) > 0)$ means that the client has an anticipated delivery (adds utility by applying tools or services earlier).

## Contract Performance

The total social surplus (Dey et al. 2010) is obtained by a combination of the best response from the Principal and the Agent, resulting in the solution for the problem. Summing the utility functions (1) and (2), the problem becomes

$$max\ U_{tot(Q,\ T)} = \left\{G + \mathrm{E}\left(G_f\right) + T - \left(C_f + \frac{Q^bLK}{T(P)}\right)\right\} + u_1\left(Q + Q_f\right) - u_2T - G - \mathrm{E}\left[G_f(LK)\right] \quad (3)$$

Assuming perfectly incomplete information for both parties, there is no reason for the client to believe that the vendor has a higher probability of being highly productive than being less productive. By the same reasoning, there is no space for the vendor's similar belief that the client is a

high-cost one rather than a low-cost one. Thus, $p = P = 0.5$, which simplifies equation (3) to

$$max\ U_{tot(Q,\,T)} = u_1\left(Q + Q_f\right) + T - u_2 T - C_f - \frac{Q^b LK}{0.5T} \quad (4)$$

The first-order conditions (FOC) are

$$\frac{\partial U}{\partial Q} = u_1 - b\frac{Q^{(b-1)}LK}{0.5T} = 0 \Rightarrow Q = \left(\frac{0.5Tu_1}{bLK}\right)^{\frac{1}{(b-1)}} \quad (5)$$

$$\frac{\partial U}{\partial T} = 1 - \left(u_2 + \frac{Q^b LK}{0.5T^2}\right) = 0 \Rightarrow T = \left(\frac{Q^b LK}{0.5 - 0.5u_2}\right)^{\frac{1}{2}} \quad (6)$$

Those are the optimal a priori choices for the Agent and the Principal. Substituting (5) in (6), the best response a posteriori by the Agent to the Principal's optimum choice of quality is

$$T = \left[\frac{LK\left(\frac{0.5Tu_1}{bLK}^{\frac{1}{(b-1)}}\right)^{(b)}}{0.5 - 0.5u_2}\right]\frac{1}{2} \quad (7)$$

A coherent estimate for the $b$ exponent based on current literature is $b = 1.5$ (see section "The Agent"). Then, equation (7) turns to

$$T = \left[\frac{\frac{(0.5Tu_1)^3}{1.5LK^{1.5}}}{0.5 - 0.5u_2}\right]\frac{1}{2} \quad \text{or } T = \left[\frac{(Tu_1)^3}{1.5LK^{1.5} - 1.5LK^{1.5}u_2}\right]\frac{1}{2} \quad (8)$$

Raising both sides of equation (8) to the second power and dividing both sides by $T2$, we have

$$T = \frac{1.5LK^{1.5} - 1.5LK^{1.5}u_2}{{u_1}^3} \quad (9)$$

From (9), the decision to delay the delivery (a high $T$) – given the client's choice of quality – depends on the parameter ($u_2$), i.e., how the client evaluates the time. A client placing higher importance on the time ($u_2$>1) makes ($1.5LK^{1.5}u_2$>$1.5LK^{1.5}$) and $T$ bigger (negative = anticipate the delivery), and the client placing less importance on the time ($u_2$<1) makes ($1.5LK^{1.5}$>$1.5LK^{1.5}u_2$) $T$ smaller (positive = delay the delivery) because the vendor believes to be working with a low-cost client and delays might not result in contract break.

Since $K$ and $L$ are constants well-known by the software vendor that represent the cost of producing a particular software product (unalterable in the short run), the vendor's decision focuses primarily on their beliefs for the parameter $u_1/u_2$, which represents the client's sensitivity to changes in quality and delivery time. Assuming the quality is fixed before the agreement is signed and there is no possibility for the client to lower specifications and requirements for the software or service and that in this kind of outsourcing arrangement the vendor cannot negotiate the functionalities which the client needs for the software required, the evaluation for this parameter ($u_1$) is not crucial for the vendor's decision to delay the delivery time.

## Asymmetric Information Scenario

An ITO arrangement under perfect incomplete information (p = P = 0.5) such as the model in the prior section, having the client option on the highest quality product, results in the vendor optimally responding by not delaying because, everything the same, the vendor cannot perceive a good judgment on how much the client evaluates the eventual deficiency to comply the agreement. When the client imposes monetary sanctions such as fines for each day of delay, the incentive signs the client's evaluation regarding the time for the delivery and provides the vendor with the strategic knowledge of the client importance for delays and consequently type of client. The prior

model can be adapted for a scenario under asymmetric information:

$$max\ U_{tot(Q,\ T)} = \left\{ G + \mathrm{E}(G_f) - \left( C_f + \frac{Q^b LK}{T(P)} \right) + T(1 - u_3 I) \right\} + u_1(Q + Q_f) - G - \mathrm{E}(G_f) - (I - u_2)T \quad (10)$$

Whenever the vendor delays the delivery, $T_2$ is greater than $T_1$, $T$ is positive, and the vendor pays the incentive $u_3 I$ (fine) to compensate the loss in utility ($u_2$) by the client. Whenever the vendor anticipates the delivery, $T_2$ is smaller than $T_1$, $T$ is negative, and the vendor receives an incentive $u_3 I$ (bonus) by the client to compensate the loss in utility by applying more efforts in the project. Assuming the client rationally impose a penalty or bonus equals to his loss or gain of utility, the incentive $I$ (bonus or fine related to the time) is defined as follows:

$$I = u_2 = \begin{cases} bonus \text{ when } T_1 > T_2 (T\ negative) \\ fine \text{ when } T_2 > T_1 (T\ positive) \\ 0, \text{ when } T_2 = T_1 \end{cases} \quad (11)$$

And equation (10) turns to

$$max\ U_{tot(Q,\ T)} = \left\{ \mathrm{E}(G_f) - \left( C_f + \frac{Q^b LK}{T(P)} \right) \right\} + T(1 - u_3 I) + u_1(Q + Q_f) - \mathrm{E}(G_f) \quad (12)$$

where $\mathrm{E}(G_f) = (p)G_f + (1 - p)G_f$. The loss (or gain) in utility by the vendor can be more than the loss (or gain) in money (when $u_3 > 1$) or can be less (when $0 < u_3 < 1$). The term $u_3$ represents the vendor's sensitivity to the value of the bonus or the price of the fine. Given the vendor's sensitivity to the price of the delay, this degree of importance is established as a function of the firm's endowment, i.e., the evaluation on the cost of the same fine varies with distinct companies – bigger software houses may be more willing to pay the delay's penalty than smaller software firms.

## Contract Performance

We depart from Fig. 1, where the client must describe a non-general purpose software contract with detailed features and the vendor must respond by delivering the ordered software. From the initial configuration, there will be a monetary incentive or disincentive whenever the outcome does not meet the agreement in relation to the time and the client's expectations – either by exceeding expectations, when $T_1 > T_2$, in which case the vendor must receive the payment of a bonus, or by violating the expectation, when $T_1 < T_2$, which makes the client charge a fine. The incentives are introduced in t5 and t6. The possibility to renew the contract or provide new products depends on the needs of the contracting organization and the (possible) payment of fines.

The imposition of fines and bonuses leads to asymmetric information for moving the vendor's beliefs in terms of probabilities from an uncertain situation where the client's value about the delivery time was uncertain to a situation where the client reports his evaluation of time within the incentive in the form of a bonus or penalty. The first-order condition for the model in equation (12) with respect to the quality remains the same, as designated by equation (5); the choice of $T$, however, is changed from equation (6) to

$$\frac{\partial U}{\partial T} = 1 - \left( Iu_3 + \frac{Q^b LK}{0.5T^2} \right) = 0 \Rightarrow T = \left( \frac{Q^b LK}{0.5 - 0.5Iu_3} \right)^{\frac{1}{2}} \quad (13)$$

Assigning $b = 1.5$ and using backward induction in the contract surplus to evaluate the Agent's best response to the Principal's choice results in the following choice of $T$:

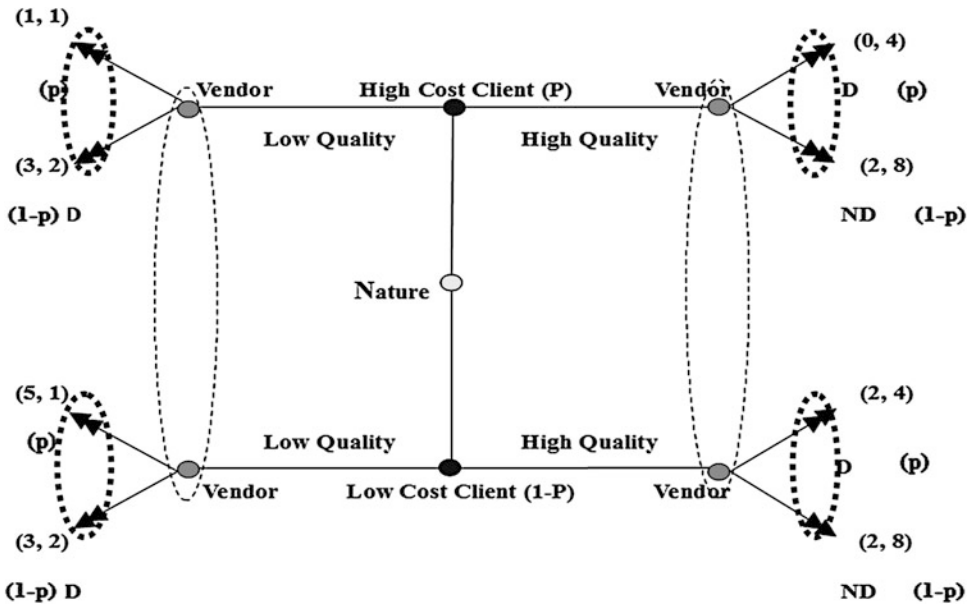


**Contractual Misincentives in the Outsourcing of Information Technology: A Principal-Agent Approach, Fig. 1** Extensive form of an IT outsourcing arrangement under incomplete information

$$T = \left[ \frac{LK \left( \frac{0.5Tu_1^{\frac{1}{(1.5-1)}}}{bLK} \right)^{(1.5)}}{0.5 - 0.5Iu_3} \right]^{\frac{1}{2}} \tag{14}$$

which can be simplified to

$$T = \frac{1.5LK^{1.5}(1 - Iu_3)}{{u_1}^3}$$

The difference from the scenario with no clauses of incentives (incomplete information) of equation (9) to the scenario with the imposition of monetary incentives (asymmetric information) of equation (14) is the decision-making shift from an unknown parameter ($u_2$) to the client evaluation on the marginal variation of the delivery time ($u_3$). The Agent in the equation (14) assumes a signal of the client's type. The choice of $T$ depends on how the vendor evaluates the cost of the fine charged by the client (or the benefit of the bonus) $u_3$. If the client imposes a very costly fine (big $I >> 1$) but the vendor considers it inexpensive (very small $0 < u_3 < < 1$), such that ($0 < Iu_3 < 1$), then equation (14) turns to be positive and $T = T_2 - T_1 > 0$, meaning the vendor is delaying rather than anticipating the delivery date. When the client imposes a small fine (small $0 < I < 1$) but the vendor considers it expensive (very big $u_3 > > 1$), then equation (14) turns to be negative and $T = T_2 - T_1 < 0$, meaning that the vendor anticipates the delivery date.

## Numerical Example

In the arrangement of incomplete information, the choice of $T_2$ (and consequently $T$) depends on how the vendor believes their client has evaluated the time needed to conclude the outsourcing. From the vendor's point of view, when $u_2$ is big, the vendor gains more by not delaying because the satisfaction of this type of client is easier to increase than it is for a client with low $u_2$. The vendor has a dominant strategy to not delay the delivery if no other strategic information is provided to justify the otherwise. Figure 1 presents this kind of agreement under incomplete information including a notion of values for the payoffs of the Principal and the Agent.

The payoffs in the extensive set of Fig. 1 are assigned according to the model described by equation (3) as a simple example of this scenario. The dashed line at the intersection of each decision branch and in the terminal arrows conveys both the Agent and the Principal lack of information about the other's cost structure and therefore do not know which type (high/low cost/productivity) to be dealing with. Assuming perfectly incomplete information for both parties, there is no reason for the client to believe the vendor has a higher probability of being highly productive than of being less productive. By the same reasoning, there is no space for a vendor's similar belief to be dealing with a high-cost client rather than a low-cost one, thus p = (1-p) = P = (1-P) = 0.5. Analyzing the expected payoffs for the Agent, we have:

1. Expected payoff when the Agent chooses to delay (D) a low-quality (LQ) software: $0.5^*1 + (1 - 0.5)^*5 = 3$
2. Expected payoff when the Agent chooses not to delay (ND) a low-quality (LQ) software: $0.5^*3 + (1 - 0.5)^*3 = 3$
3. Expected payoff when the Agent chooses to delay (D) a high-quality (HQ) software: $0.5^*0 + (1 - 0.5)^*2 = 1$
4. Expected payoff when the Agent chooses not to delay (ND) a high-quality (HQ) software: $0.5^*2 + (1 - 0.5)^*2 = 2$

Three possible Nash equilibriums can be found for the Agent: (HQ, ND), (LQ, D), and (LQ, ND). The expected payoffs for the Principal are:

5. Expected payoff when the Principal chooses low-quality software and the Agent chooses to delay: $0.5^*1 + (1 - 0.5)^*1 = 1$
6. Expected payoff when the Principal chooses low-quality software and Agent chooses not to delay: $0.5^*2 + (1 - 0.5)^*2 = 2$
7. Expected payoff when the Principal chooses high-quality software and the Agent chooses to delay: $0.5^*4 + (1 - 0.5)^*4 = 4$
8. Expected payoff when the Principal chooses high-quality software and the Agent chooses not to delay: $0.5^*8 + (1 - 0.5)^*8 = 8$

Choosing high-quality software and posing as a high-cost client are a dominant strategy for the Principal regardless of the strategy the Agent adopts because choosing a high-quality product will always provide a higher expected payoff (under the assumption the Agent is contractually obligated to provide the specified product). Thereby, the only equilibrium under incomplete information is the one where the client chooses high-quality software and the vendor does not delay the delivery: (HQ, ND) = (2,8) (see equation 9).

In the arrangements of asymmetric information, however, the results are changed. Equation (14) when compared to (9) brings an interesting result. The decision to delay is no longer based on beliefs. Now, the vendor has an asymmetric knowledge on the cost structure of the client, and the decision-making is based on his own evaluation of the imposed incentive. Thus, imposing a penalty over some outsourcing irregularity, such as a delay, may encourage instead of discourage the misbehavior because, everything else the same, the incentive may perform as a misincentive creating a sequential game of asymmetric information from the initial incomplete information arrangement. The situation where one player (in this case, the vendor) has strategic information concerning the other leads to a divergence from the initial equilibrium. Figure 2 illustrates this kind of agreement with asymmetry in information.

The payoffs in the extensive set of Fig. 2 are the same as Figure 1, with the difference in the way the Agent observes the terms of probabilities. The scenario of total uncertainty with perfect incomplete information (P = 1-P = 0.5) has turned to a situation in which the Agent believes the client has low or high cost with a higher probability. The Principal remains uncertain regarding the type of the Agent, whether the Agent has high or low productivity (depicted by the dashed lines at terminal arrows), and the expected payoff remains the same as before, choosing a high-quality product (HQ). The Agent's payoffs, however, are modified to include the incentive clauses. First, let us assume an expensive fine

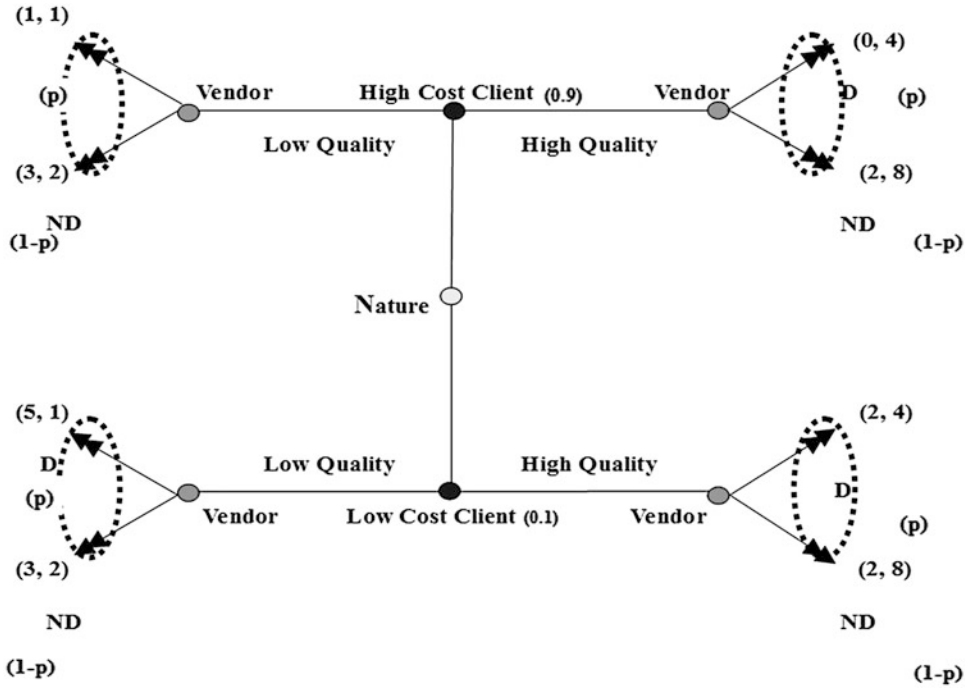


**Contractual Misincentives in the Outsourcing of Information Technology: A Principal-Agent Approach, Fig. 2** Extensive form of an IT outsourcing game under asymmetric information

in the Agent's perspective. The situation signs a Principal profile characterized by a high valuation concerning the delivery time (e.g., P = 0.9). The Agent's expected payoffs in this situation are (given the client's choice):

Expected payoff when the Agent chooses to delay high-quality software: $0.9^*0 + (1 - 0.9)^* 2 = 0.2$

Expected payoff when the Agent chooses not to delay high-quality software: $0.9^*2 + (1 - 0.9)^* 2 = 2$

Thus, the equilibrium has the client choosing high-quality software and the vendor opting to not delay the delivery: (HQ, ND) = (2,8). Let us assume a second situation when the fine has, in the Agent's view, an inexpensive value. This inexpensive value signals a Principal profile characterized by a low valuation concerning delivery time and (e.g., P = 0). The Agent's expected payoff is:

1. Expected payoff when the Agent chooses to delay high-quality software: $0^*0 + (1 - 0)^* 2 = 2$
2. Expected payoff when the Agent chooses not to delay high-quality software: $0^*2 + (1 - 0)^* 2 = 2$

Since the expected payoff for delay is equal to not delay, the agreement presents two equilibriums having (1) the client choosing high-quality software and the vendor responding by delaying the delivery, (HQ, D) = (2,4), or (2) the client choosing high-quality software and the vendor responding by not delaying the delivery, (HQ, ND) = (2,8). This mixed-strategy equilibrium is not present in the sequential arrangement of incomplete information and additional equilibriums having the Agent's best response as a delay can be portrayed. The potential equilibriums with delays are direct results from (14), which cannot be observed in (9) when the misincentives are not designed.

## Conclusion

This work has investigated through a game-theoretic analysis how the imposition of bonus/penalty schemes for the delivery time of software projects in outsourcing agreements can lead to misincentives. As a result, the knowledge of the penalty reduces the Agent's uncertainty about the Principal's cost structure and may, therefore, lead to an intentional delay. In other words, when the software vendor has information about the client's cost structure provided by the value of the incentive, the outsourcing scenario characterized as a sequential game of incomplete information becomes a sequential arrangement with asymmetric information, and the vendor's delay strategy is modified.

Under the new circumstances, equation (14) states that the vendor's decision-making concerning the delivery time changes from an unknown parameter (pondered in terms of probability) to the interaction of two variables: the price of the fine (or bonus) $I$ and how costly (or profitable) it is in the vendor's perspective ($u_3$). Four scenarios compose the interaction between those parameters:

1. When the price of the monetary penalty is high (big $I$) but not sufficient costly (small $u_3$) to increase the efforts applied in terms of capital and labor by the vendor.
2. When both are insignificant (small $I$ and $u_3$), the vendor must choose to pay the fine and not increase the efforts and the incentive encourage the delay.
3. When the price of the monetary penalty is insignificant (small $I$) but in the vendor's perspective, it is costly (big $u_3$).
4. When both are costly (big $I$ and $u_3$), the vendor must choose to not pay the fine and increase the efforts, and the incentive prevents the delay.

Under certain assumptions, the equilibrium with delay (scenarios 1 and 2) cannot be observed when the incentive schemes are not imposed, which characterizes the presence of misincentives in the asymmetric outsourcing agreement. Much remains to be studied, and many potential determinants to be investigated with regard the theory of incentives in the ITO scenario and in the many areas of the outsourcing production of goods and services in private and public organizations; a more general model regarding these effects must be taken into consideration in future works.

## Cross-References

▶ Contract Administration
▶ Outsourcing Contract
▶ Principal-Agent Theory of Organizations

## References

Boehm BW, Abts C, Brown AW, Chulani S, Clark BK, Horowitz E, Madachy R, Reifer D, Steece B (2000) Software cost estimation with COCOMO II. Prentice Hall, Upper Saddle River

Coats JC (2002) Applications of principal-agent models to government contracting and accountability decision making. Int J Public Adm 25(4):441–461

de Almeida AT (2007) Multicriteria decision model for outsourcing contracts selection based on utility function and ELECTRE method. Comput Oper Res 34(12):3569–3574

Deci EL (1971) Effects of externally mediated rewards on intrinsic motivation. J Pers Soc Psychol 18(1):105

Dey D, Fan M, Zhang C (2010) Design and analysis of contracts for software outsourcing. Inf Syst Res 21(1):93–114. https://doi.org/10.1287/isre.1080.0223

Dluhosch B, Hens T (2016) A rigorous approach to business services offshoring and North–North trade. Appl Econ 48(15):1390–1401

Frey BS, Jegen R (2001) Motivation crowding theory. J Econ Surv 15:589–611

Glynn SA, Schreiber GB, Murphy EL, Kessler D, Higgins M, Wright DJ, Smith JW (2006) Factors influencing the decision to donate: racial and ethnic comparisons. Transfusion 46(6):980–990

Gneezy U, Rustichini A (2000) A fine is a price. J Leg Stud 29:1–17

Nepomuceno TCC, Costa APCS (2014) A principal-agent approach for the crowding-out effect in information technology outsourcing contracts under asymmetric information. Anais do XLVI Simpósio Brasileiro de Pesquisa Operacional, Salvador

Nepomuceno TCC, Costa AP (2019a) Invalid votes, deliberate abstentions, and the Brazilian crisis of representation. Polit Policy 47:381–406. https://doi.org/10.1111/polp.12298

Nepomuceno TCC, Costa APCS (2019b) Spatial visualization on patterns of disaggregate robberies. Oper Res 19(4):857–886
Nepomuceno TCC, de Moura JA, Costa APCS (2018) Modeling sequential bargains and personalities in democratic deliberation systems: a NSS for social-efficient agreements. Kybernetes. https://doi.org/10.1108/K-03-2018-0144
Silva LC, Costa APCS (2013) Decision model for allocating human resources in information system projects. Int J Proj Manag 31(1):100–108
Starbird SA (2001) Penalties, rewards, and inspection: provisions for quality in supply chain contracts. J Oper Res Soc 52(1):109–115
Titmuss RM (1970) The gift relationship: from human blood to social policy. Allen and Unwin, London

# Control of Social Spending, Russia

Elena Gorina and Svetlana Biryukova
Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Control of social expenditure; Public spending; Social expenditure; Welfare expenditure

As defined by the OECD and following the international practice, social spending includes all public costs incurred by paying benefits, providing goods and services, as well as tax deductions and discounts, made for social purposes. Among the beneficiaries of these payments and services may be low-income households or certain social groups, such as the retired, disabled, sick and temporarily disabled people, unemployed, and some others. Social spending is generated by such systems as pension plans, healthcare, education (the OECD statistics covers only early childhood education and care), labor market programs, housing, and family policies. This spending is aimed at redistributing resources across households or targets all the citizens and implies compulsory participation. Apart from the definition above, some Russian authors interpret public social spending broader and include funding of the whole education system and add expenditures on the culture, mass media, physical education, and sports on the top. At the same time, tax spending remains unaccounted for in Russia.

Public social spending in the developed welfare states has been increasing for the last half century, and at the moment it has reached historically high level in most of the OECD countries. On the average, the advanced economies are spending 21% of their economic resources on the social sphere (OECD 2016). BRICS member states, Russia among them, according to the most recent data available, show a lower rate, with Brazil spending about 18% of its GDP; South Africa – 9%; China – about 7%; and India – less than 5% (OECD 2014).

Russian government has been increasing its social spending since the second half of 2000s. At that time, the increase was supported by the economic upturn and changing public and political agenda in the country. Despite the fact that worsening macroeconomic situation has curbed the growth of the Russian economy and budget revenues in the recent years, Russia is still close to the advanced nations in terms of its social spending. In 2015, total social spending in this country accounted for 17.4% of GDP according to the cost structure, proposed by the OECD, or 20.3% of GDP when accounting for funding of all levels of education.

However, the constant expansion of the social spending reflecting the permanently growing scope of the redistribution of financial resources is impossible due to the economic limitations. This fact raises the question of the *control of social spending* together with the issue of increasing their cost-effectiveness.

## Control of Social Spending Concept

What does the *control of social spending* stand for? Those who study public finances predominantly view the spending control as an ability to adjust its amount (increasing or decreasing) and,

respectively, its share in the structure of the budget expenditures. From this point of view, and also bearing in mind a long-standing trend of increasing social spending in most developed countries, control of social spending usually stands for its restriction at the macro level. Such a restrictive policy facilitates a balance between budget expenditures and the country's economic capacity.

At the level of certain social sectors or social programs, spending control regulates three complex key characteristics that directly impact the scope of expenditure. Kirchheimer (1989) calls them *gate variables*, which are the beneficiary population, program content, and financing rules. The last two of these characteristics and their components are the most controllable ones by state and local authorities and can be regulated by legislative and administrative measures. On the contrary, the components of the beneficiary population affecting the amount of spending—such as population size and income rate, territorial mobility, or eagerness to participate in the programs—these parameters go beyond the government control. The authorities can impact them only indirectly, through their interdependence with the components of other key variables of social programs.

Apart from that, a whole range of circumstances may obstruct the spending control at the level of certain programs and activities. Among them are factors of a more general nature, such as long-term trends at the macro level (demographic changes, higher or lower real wages, inflation rate, globalization processes, etc.), political groups and other advocacies lobbying their interests, or populist decisions in the light of upcoming elections. At the same time, control of spending can be hampered by the decisions directly related to the implementation and funding of social programs. From the administrative point of view, it is much more difficult to regulate spending on the open-end, enshrined in the law programs or on the programs assuming a regular adjustment for inflation—such as, for instance, social benefits with annual indexation.

## Managing Social Spending and Its Structure in Russia

The observed considerably high level of the overall social spending in Russia is mainly maintained by the cost of the state pension system (Fig. 1). The accelerated pension indexation policy and the reevaluation of pension rights in 2009–2010 allowed to promote the retired people's income level during the economic crisis, but increased total share of the spending on pensions up to 8–9% of GDP.

Another 4% of Russian GDP, or one fifth of the total country social spending, is allocated in the sector of social protection. However, the means-tested social programs, addressed to the poorest social groups, do not take a big share of it, accounting only for 15% of social support spending from noninsurance funds.

Meanwhile, compared to most of OECD countries, Russia spends less on education and health (including mandatory health insurance expenditure). In the recent years, there is a trend to reduce spending in these areas compared to economic performance.

To ensure better balance under the current macroeconomic conditions, the federal budget of Russia and most of regional budgets have been revised in 2014–2016 to compress their expenditure commitments, including the ones of social programs. New budgetary restrictions entailed a dramatic slowdown in the growth of public social spending at all levels of budgets. The most significant reductions were introduced in the education sphere, where the federal budget and the budgets of every fourth region have been trimming nominal spending 4–5% per year in 2014–2016.

Federal decisions make it difficult to regulate social spending at the subnational level. The President signed into law a dramatic increase in the pay of public sector employees in the areas of education, academia, health, and social care in 2012–2018. The financial burden of these decrees lies on the consolidated subnational budgets, as most of social sphere workers (from 85% to 99%, depending on the category) are employed by the organizations, controlled by regional and local authorities. In the absence of new sources of

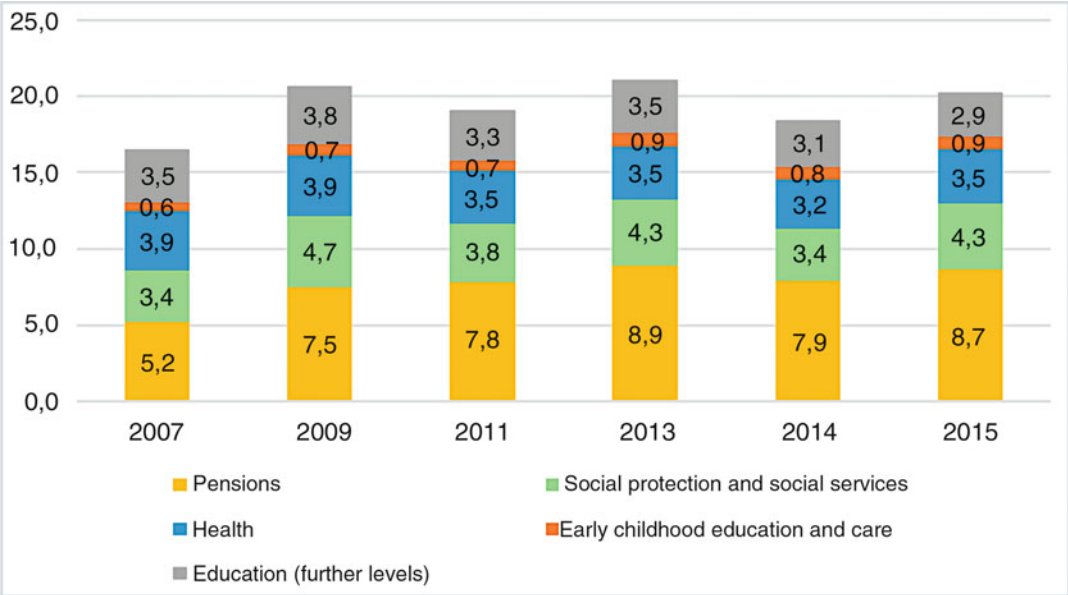


**Control of Social Spending, Russia, Fig. 1** Public social expenditure in Russia by broad social policy area, as a percent of GDP, 2007–2015. Notes: (1) These are allocations from budgets of all levels (federal, regional, and local) and also public extra-budgetary funds in the domain of mandatory pension, social, and health insurance. (2) Partially, the observed drop in social spending in 2014–2015 is due to a new methodology of GDP calculation. (Source: calculation based on the Federal Treasury data)

funding, it resulted in reallocation of subnational budget spending for more priority areas, thus diverting it from other domains. Besides, the regional authorities had to develop and execute measures, necessary to improve the efficiency of social spending. Many regions restructured social service providers and optimized or, more often, reduced the personnel headcount.

Regulation of spending on social support programs in Russia has its own peculiarities. First, there is less room for reduction than in other areas of social policy, as most of this spending is about funding termless commitments to providing cash and in-kind benefits that are usually adjusted to inflation and see an increase in the number of beneficiaries. Second, the Russian system of social protection serves as a channel of communication between the authorities and the voters, making it socially and politically sensible. That is why any changes in this sphere should be done with caution.

Nevertheless, certain measures to curb the growth of spending on social protection were recently introduced both at the federal and regional levels. Most of these decisions concern changing the financing rules for social programs and modifying the eligibility rules for the consumer participation. First of all, over the last years, many social benefits were not indexed at all or were adjusted below the inflation rate. It mainly concerns the biggest budget allocations such as pensions or maternity (family) capital program. Second, many regions tighten requirements to the beneficiaries of social benefits aiming at reducing their number: some benefits are no longer paid to the whole category but are allocated in a targeted way, only to low-income individuals and households. In parallel, the means-testing procedures are being amplified, and some regions introduce a residence qualification, i.e., set a minimum period of permanent residence in the region as a prerequisite for social programs. For the purpose of regulating the list of their social commitments, certain regions set validity period for some of them. At the same time, rolling back or suspension of the social

programs is less popular and is usually applied only to small scale and less expensive ones.

Control of spending in the pension system has become a particular problem for Russia. Gradual increase in the number of retired people, due to aging of the population and better life span, resulted in a disparity in this segment of social spending. Growth in the burden owing to the elderly destabilizes the Russian pension system as it was designed to fund its current commitments at the expense of current mandatory insurance contributions and federal budget transfers. The share of the latter in the overall amount of the pension fund's yearly spending on pension benefits has been fluctuating over the last few years and reached 37% in 2015.

Recently, certain changes have been adopted to alleviate the problem of funding pension commitments in the short run. These include moratorium on the voluntary (contributory) pension savings in 2014 and its subsequent extension to 2015 and 2016 together with the suspension of the pension law regulation concerning annual pension indexation in 2016. Besides, certain reforms are being discussed, such as a private pension provision scheme for early retirees, a restriction of pensions paid to those who still work upon attaining the pension age, and an increase of the retirement age with the purpose of controlling pension system spending. At the moment, certain measures were taken only to reform early pensions. In 2013–2014, the new regulations were adopted to accrue additional contributions to the pension fund for those employers, who create jobs characterized by hazardous or harmful working conditions of various kinds leading to early retirement. Yet, none of these measures have been adopted in full.

## Control as the Efficiency and Effectiveness Management

It would be inappropriate to consider *control of social spending* only as a regulation of the amount of budget allocations without looking at other aspects. Control of public spending also may be regarded as a means of its efficiency and effectiveness management. The improvement of the efficiency and effectiveness becomes a priority task of public administration in the context of ever-increasing pressure of social commitments on public finance.

According to the theoretical concepts developed over decades of economic research, evaluation of the budget expenditures relevance might be conducted basing on the three following indicators: economy, efficiency, and effectiveness of public spending. These indicators allow embracing in one single evaluation framework the inputs, the outputs, and the outcomes of any publicly funded activity, including social programs (Noman 2008).

At the internal level of control, the evaluation of the public spending relevance represents a component of the results-based management process. This evaluation, called performance management, defines the outputs and outcomes of a publicly funded activity to ensure the progress of program towards pre-established goals, taking the assigned tasks and the imposed functions into consideration. Such a monitoring lies in the scope of public authorities, responsible for planning and implementation of the social programs. Longstanding practice of performance budgeting shows that such evaluation runs into problems right at the planning stage: for adequate efficiency and effectiveness measurement it is of critical importance to correctly set the objective of a program, its expected outcomes and indicators, which will show whether these results are achieved.

External control is a performance auditing of public spending. It is broader by its content than performance management and less formalized (INTOSAI 2004). Authorized Supreme Audit Institutions execute this function in the interests of public control over the activity of public authorities.

In Russia, efficiency and effectiveness management of social spending is executed at both levels, internally and externally.

Results-based management approach was first applied to the internal management of the Russian social programs of all levels, from federal to

municipal, in early 2000s. At the moment, this approach has become a standard for development of public programs throughout the country. Still, the implementation of the results-based management approach in this country is far from being successful.

Results-based management at the level of each and every program document implies setting goals and tasks of strategic development of given area or direction, making an action plan for every objective and developing a system of targets and monitoring indicators. It is the integrity of all these three components that secures the program's effectiveness. At the moment, in the most of program documents in Russia, these three components are contained only technically, without any interconnection. The likely cause of the problem is that results-based management is applied primarily at the external level. It means that program documents just provide a new package for already ongoing activities and existing indicators. As a result, many challenges of efficient management remain unaddressed. Drafted documents do not set proper expected results and relevant indicators to measure programs' achievements. Such a situation can be illustrated by a package of federal strategic documents, *National Strategy of Actions in the Interests of Children for 2012–2017*, and its *Action Plan*. According to the experts, in 20% cases the actions have no connection with the set goals or efficiency indicators.

The external control in Russia is exercised by the Accounts Chamber (see reference for the web address), which conducts a regular and detailed performance auditing of the federal and regional budget spending and spending of public extra-budgetary funds on certain items of expenditure, including those from the social sphere.

## Cross-References


- ▶ Budgeting in the Public Sector
- ▶ External Budgetary Auditing
- ▶ Internal Budgetary Auditing
- ▶ Results and Output-Based Budgeting


## References


INTOSAI (2004) Implementation guidelines for performance auditing. Available at: http://www.intosai.org/issai-executive-summaries/view/article/issai-3000-standards-and-guidelines-for-performance-auditing-based-on-intosais-auditing-standar.html

Kirchheimer DW (1989) Control of social spending: gates and gatekeepers. Public Adm Rev 49(4):353–361

Noman Z (2008) Performance budgeting in the United Kingdom. OECD J Budg 8(11):1–16

OECD (2014) Social expenditure update – social spending is falling in some countries, but in many others it remains at historically high levels. Available at: http://www.oecd.org/els/soc/OECD2014-SocialExpenditure_Update19Nov_Rev.pdf

OECD (2016) Social expenditure update 2016: social spending stays at historically high levels in many countries. Available at: http://www.oecd.org/els/soc/OECD2016-Social-Expenditure-Update.pdf

The official web-site of the Accounts Chamber (2017). http://www.ach.gov.ru/en/ See http://audit.gov.ru/activities/bulleten/ for the reports in Russian only


# Convergence of Mainstream Public Finance and Islamic Finance in Public-Private Partnerships


Hanna Kociemska
Wroclaw University of Economics,
Wroclaw, Poland


## Synonyms

Heterodox public finance; Trade-offs between Islamic finance and mainstream finance

## Definition

Mainstream finance – economics phrase used for describing schools and scientific achievements of finance discipline that are accepting neoclassical paradigm.

Heterodox – the notion of heterodoxy stems from the Greek héteros (different, other) and dóxa (doctrine). The term denotes those creeds,

beliefs, or teachings, religious ones in particular, that are different from the norm of a given religion; they are the opposite of orthodoxy. In economics, heterodoxy pertains to an evolutionary approach to the economy.

Heterodox approach to the public-private partnership – the convergence of mainstream public finance and Islamic finance in project finance.

## Introduction

The appearance of public finance crises in conventional economies urges us to reflect on the causes of imperfections in public funds management. Governments' previous initiatives to stabilize finances and to improve social well-being, using mainstream finance and the experience of the economic society, have failed and have not brought the expected results. Reducing public spending and increasing fiscal burdens are met with social refusal. In addition, progressing stagnation in the implementation of both public and private investments reflects the uncertainty of current market conditions and the impasse in the performance of state functions. Within the confines of the European Union are its pillars, such as the monetary alliance, regional and social policy, etc., which, despite the progressing globalization and internationalization of individual economies, are inadequate to the current domestic problems of the individual countries. The unification of public policy, including the level of public debt, does not contribute to the improvement of the situation. The unfavorable demographic trends in Europe and the migration of the population both deepen the crisis of social policy. Meanwhile, Islamic countries have seen another type of challenge facing public finance managers, who have found it necessary to find greater opportunities for budgetary income diversification and the disappearance of the Islamic system's isolation from the conventional financial system. The large Islamic capital and assets facilitate their expansion into external markets and the widespread use of assets and financial structures based on them to make the necessary investments. Opening up to new markets will contribute to the acquisition of knowledge, which is often a barrier to the development of Islamic countries. It seems necessary to popularize the principles of the Islamic Moral Economy (IME) as honest, transparent canons of performing state functions, economic development, and ensuring social well-being in a globalizing world. The sub-Saharan African region is a key area that is dependent on both conventional and Islamic financial systems. The countries of this area represent high economic and social potential, but they require real, deliberate interventions to introduce public policy, transparent public finances, and profitable economic bases for private investors (*Mapping Africa's*). The necessity of protecting these markets against "new colonialists," depriving the continent of valuable assets, is increasingly clear.

Therefore, to undertake this topic related to the search for new public finance rules appears to be particularly relevant and useful. The presented scientific analysis confirmed the hypothesis convergence exists and is understood as convergence in selected areas of conventional public finance and of IME, for the development of emerging and developing economies wishing to implement public-private partnership (PPP) investments. This idea is a manifestation of the search for a theoretical model that explains the ever-changing reality. It gives the foundation for shaping new conceptual solutions in the area of public finance in emerging, developing countries, particularly in sub-Saharan Africa region. It is a kind of provocation that encourages the revision of the perception of the often-disjointed systems of conventional public finances and Islamic finance. As a consequence, it allowed the creation of a new concept called heterodox approach to PPP, theoretical solution, attractive and adequate to the needs of the market, in times of uncertainty and crisis of public worldwide. The conducted discourse is a contribution to the further discussion on the development of public finance theories and the inclusion of various developments, including the IME. Thus, the heterodox approach in PPP directs to obtain the convergence between selected goals: conventional private investors – maximizing profits, Islamic investors – maximizing social well-being and profits, as well as the

public entities goals, provision of public services with specified quality and accessibility. At the same time, the proposed platform for the interpenetration of both financial systems and the principles of financial management (public or private) guarantees equal opportunities for cooperation between those parties from different socioeconomic and religious orders. Each partner waives some of their rights, invests what is their key material or financial capital, and seeks to achieve stable, predetermined shared profits over the long term, with particular emphasis on the positive impact of cooperation on the society. The proposal for a heterodox approach to PPP may prove to be an appropriate solution for many globalizing economies, not just emerging or developing countries but mainly those looking for new financial management pillars and shifting away from cumulative external financing for greater use of their own economic or social attributes and assets. Due to the inadequacy of the current theoretical models, which do not fully explain the reality and do not permit the possibility of permeating selected conventional and Islamic finances, new, more reliable solutions are sought. The heterodox approach to PPP presents a solution that is beneficial for many types of partners, including public and multicultural societies, conventional investors, and Islamic countries, as well as from sub-Saharan Africa region. It contributes to the aforementioned continuous development of the financial discipline and the shaping of the new trend in the subdisciplines of public finance.

## Convergence of Public Finance and Islamic Finance

The heterodox approach to the PPP is an initiative carried out under the conditions of conventional finances, as well as Islamic finances in emerging and developing countries. It is a manifestation of the search for general solutions in the subdiscipline of public finances and the evolution of finances toward the convergence of conventional and Islamic finance. The concept of the heterodox approach to PPP is based on the convergence between selected private conventional investors' objectives, such as profit maximization, and Islamic investors' goals, i.e., the maximization of social well-being and profitability, as well as public entities' objectives, namely, the delivery of public services characterized by a given quality and accessibility. In addition, thanks to the combination of the theoretical characteristics of the public finance and Islamic finance systems, in order to create a common ground for consensus among private and public investors who are particularly active in emerging and developing countries, where the political and socioeconomic law is lacking and the conditions of operation are continually changing, PPP is a crucial process for achieving convergence. It provides the possibility of long-term collaboration between partners operating according to different canons of financial studies. The critical Islamic finance rules that theoretically enable the idea of convergence are profit and the loss-sharing rule, asset-based investments, and no risk transfer, fixing the *nisaab* level (defined as the minimum amount of profit below which, according to Sharia law, one is not required to pay zakat), whereas if profit exceeds this, then zakat becomes incumbent (Surah Baqarah Ayat 267; Sura Al Anam Ayat 242; Surah Taubah Ayat 34, 60 and 103). The postulated heterodox approach toward formulating PPP projects may become a platform for the fitting and coexistence of selected elements of conventional and Islamic finance to achieve synergy in the development of these countries, as well as to carry out joint investments in new economic areas. The territories to which this concept is more applicable are emerging countries, as well as countries characterized by atrophy of statehood. Such a region, among others, is sub-Saharan Africa, where no stable frameworks of financial systems have been observed thus far (Porter and Schwab 2008). Using the proposed theoretical model, such countries could have access to knowledge of the basics of new social and economic solutions, pertinent to local operating environments, in particular considering religion, due to the great Islamization of the region. The new forms of management can be manifested with a heterodox approach to PPP, which inherently combines the goals and rules of management implemented by both public and private partners. Reaching a

consensus always requires giving up some authorizations, as well as preceding the maximization of revenue to work out everyday goals that will be satisfactory for both parties in the course of a long-term formal collaboration (Kociemska 2010). The heterodox approach to PPP is a theoretical model aiming to explain the consistently changing reality, raising many concerns regarding the existing forms of public and private partnerships to improve upon them.

The results of the theoretical analyses enabled the development of the fundamental principles of a heterodox approach to PPP, in which:

- The principle of Pareto efficiency is rejected.
- The arrow's utility function is changed into a developed idea of the social utility of business.
- True corporate social responsibility is introduced for both private and public entities.
- Conflicts between the agent and the principal are avoided by setting goals and targeting financial results in advance.

In the case of PPP implemented by conventional and Islamic investors, adhering to the heterodox approach would mean that the goal of the PPP would be to provide a set quantity and quality of public goods to society while ensuring a satisfactory profit for owners. Moreover, all investment projects in PPP would be carried out according to the principles of corporate social responsibility. The PPP agreement would be drafted in a way that would cause a predetermined part of surplus funds to be transferred to the designated eligible entities while ensuring profit for investors and the sufficient quantity and quality of public goods for society. In this way, private investors would never maximize their profit but, instead, settle for obtaining a predetermined profit in a long-term project (Kociemska 2017). The first condition for the implementation of PPPs based on the proposed heterodox approach assumes the fulfillment of the PPP's primary public purpose, i.e., the long-term provision of services or goods at a predetermined price by the public-private entity, in line with the availability and quality of these services and goods for the local community set forth in the PPP agreement. The principle of Pareto efficiency is therefore rejected. This would result in a situation, where improving the benefits for one person would be impossible without decreasing them for someone else. Here, however, we aim at reaching a consensus between the expectations of profit by private investors, as well as fulfilling the well-being goals of public entities. Achieving one of the goals cannot mean the rejection of the second key goal. The second condition of the proposed solution concerns the obligation to observe the principles of corporate social responsibility, which exist in the conventional conditions, however, not as a general trend or one that is mandated by law in conventional environments. It should be assumed that, for an Islamic investor, the condition of social well-being is an obvious translation of the Quran's injunctions and the fundamental purpose of doing business in Islam (Chaudhury 2006; Shaykh Muhammad Taher, Khutbah 2006). This injunction, as mentioned earlier, is religious and not subject to discussion; however, it conditions the ability of an Islamic investor to do business. For a conventional private investor, this will be a new tool. The amount of money transferred above *nisaab* will always be subject to negotiation between partners; although if it is established in advance, it will protect the investor from moral hazard and seek other ways to maximize profit function. Forcing a conventional investor to support the social well-being of users, who take advantage of the infrastructure built and managed as part of the PPP, can bring mutual benefits. On the one hand, the final beneficiary (community representative) will have access to the desired public service. On the other hand, a private entity will make a predetermined profit by having regular users of the infrastructure that was built and managed by the entity. The third condition also fully implements the function of a PPP. For example, referring to the rules for the functioning of publicly or privately funded schools, if the costs of school admission are fixed (there is a fixed set of procedures, technologies, tools, and labor costs associated with the provision of each education procedure), then with a fixed value of revenue (the public or private payer pays a predetermined amount of education levels to the school), the public-private investor should agree to a predetermined profit. Then, they can also agree to a predetermined value of financial transfers above *nisaab* directed to those who might be excluded

from access. Why would partners not maximize their profit function by accepting financial transfers above *nisaab* and a predetermined level of profit? The answer is that, because there is no large cost savings potential, taking into account the fixed level of funding from the public or private payer for education would not result in a lower quality of services provided. Thus, the public payer not only carries out public services for the community (access to education) using a special purpose vehicle (Boussabaine 2007) but also redistributes the surplus over *nisaab* in the place where it is actually produced (which will be more efficient and procedurally cheaper from the point of view of the society). It is, therefore, consistent with the theory of Islam on the one hand, and on the other, it gives a real chance of reaching a compromise between the two investors who come from different economic systems. The other rational answer is that the investors are seeking to obtain long-term financing for services with stable social demand, just to bypass the highly competitive market. This will enable the dispensation of the market fight for customers, as in the offer of regular private services. Furthermore, private investors will be interested in getting social acceptance of the project, which provides equal opportunities for access to all community members (Fig. 1). Thus, they will be assured, as social acceptance is important for the



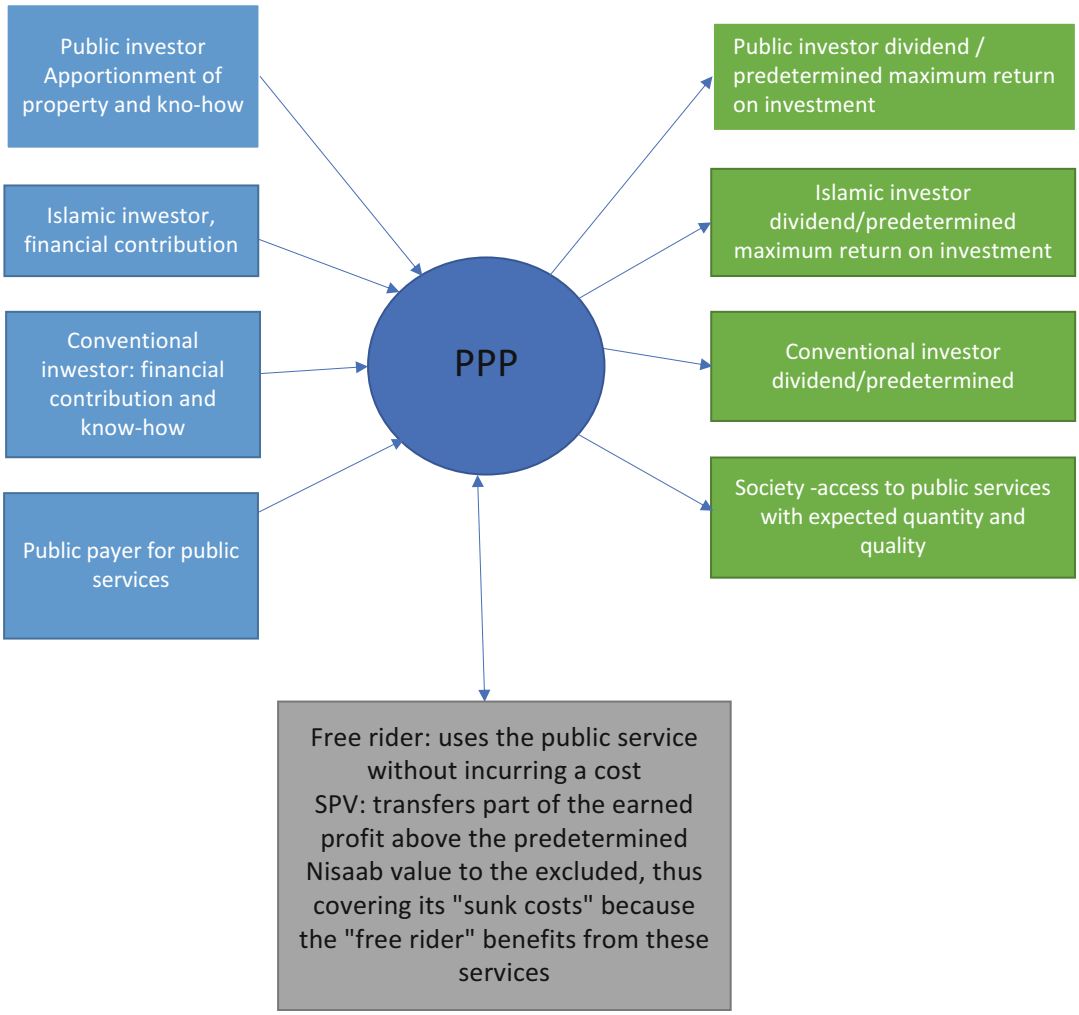


**Convergence of Mainstream Public Finance and Islamic Finance in Public-Private Partnerships, Fig. 1** Source: own

long-term sustainability of a project. Otherwise, it is all the more important concerning the aspirations of investors in search of new markets. Conducting socially responsible business might open doors to enter new markets, where Islamic finance is well established due to the progressively stronger Islamization of the economy, like in the sub-Saharan region of Africa.

## Conclusions

The success of the possibility of interpenetration and coexistence of conventional and Islamic trends in a heterodox approach to PPP may depend on an adequate interpretation of the Islamic religious principles and the current achievements of the science of public finance. Another factor contributing toward the symbiosis of these two systems would be a compromise between the primary management goals of profit and social well-being. The proposed heterodox approach to PPP is in line with the expectations, preliminary reports, and considerations of economists in the area of new trends in economics but from a much narrower perspective, implying the proposed rules for financial instruments and risk management solutions for investment projects. Besides, principles have to be developed to encompass a wide range of issues, including ethics, morality, and honesty toward society in the area in which the investment is carried out. The convergence of investor expectations with the needs and expectations of local communities can be achieved through the use of combined principles of conventional and Islamic finance, determining the value of nisaab and transferring the earnings above the predetermined profit level to society, while satisfying partners with a return on investment rate with a long-term perspective. Summing up, the table below presents the elements of the new PPP approach from the viewpoint of each PPP partner (Table 1).

The vision of public finance development presented herein is based upon the use of possibilities offered by the existing schools of economic thought, neoclassical theories that are critical toward them, as well as the religious and social trend of the Islamic Moral Economy. The selected public finance theories may, in their component elements, be compatible with the principles of Islam. The proposed heterodox approach to public finance theory, although referring herein specifically to PPP, lays foundations for the development of long-term forms of international cooperation

**Convergence of Mainstream Public Finance and Islamic Finance in Public-Private Partnerships, Table 1** Elements of the new heterodox approach to PPP

| | Public partner | Conventional private partner | Islamic private partner |
|---|---|---|---|
| Project profitability | Not important | Predetermined level of profit | Predetermined level of profit |
| Motivations to step in the project | Providing public services of a certain quality and accessibility | Profit | Profit and socially responsible corporate governance |
| Expected results of cooperation | Providing services in uninterrupted mode | Profit | Profit and supporting people in need, according to Sharia law |
| Criteria for success | Possible convergence between selected conventional public finance and Islamic finance | Possible convergence between selected conventional public finance and Islamic finance | Possible convergence between selected conventional public finance and Islamic finance |
| Key attributes | Sustainability | Increasing the value of the company, obtaining the predetermined level of stable profit | Responsiveness increasing the value of the company, obtaining the predetermined level of stable profit Socially responsible corporate business |

Source: own

under PPPs. The successful convergence and coexistence of conventional and Islamic trends may depend on the proper interpretation of Muslim religious rules and current achievements of financial sciences. Another determining factor for the symbiosis between both systems is to achieve a compromise between the basic objectives of economic activity, such as profit and social welfare. The proposed heterodox approach to PPP is consistent with and reflects those expectations, preliminary findings, and deliberations of the above-named economists in the area of new trends in economics, although to a much narrower extent, as it applies the proposed principles to financial instruments and solutions with respect to risk management in investment projects. What is more, the developed principles broadly reflect the ethics, morality, and fairness to the society in the area in which the investment project is being implemented. The convergence between investor expectations and the needs and expectations of local communities may happen in reality with the application of combined conventional and Islamic finance principles, determination of *nisaab*, and financial transfers in excess of a predefined profit level to the society, while simultaneously ensuring partners' satisfaction with the level of return on investment in the long term. It is a solution adequate to every model of economy, with particular emphasis on developing countries, and one that offers opportunities for both conventional and Islamic investors, including the public ones, to expand into new markets.

## References

Boussabaine A (2007) Cost planning of PFI and PPP building projects. Routledge Taylor & Francis Group, London/New York

Chaudhury MS (2006) Fundamentals of Islamic economic system, 2003. http://www.muslimtents.com/shaufi/b16/b16_pdf.htm

Shaykh Muhammad Taher, Khutbah – The objectives of the Islamic sacred law. Available online at http://www.leedsgrandmosque.com/khutbahs/khutba-20040319.asp. Visited 10 Sept 2006

Kociemska H (2010) Public private partnership – projects success circumstances. J Mod Account Audit 6:11, serial no. 66, ISSN: 1548-6583, USA

Kociemska H (2017) Partnerstwo publiczno-prywatne w ujęciu heterodoksyjnym. Wydawnictwo Uniwersytetu Ekonomicznego, Wrocławiu. ISBN: 978-83-7695-674-9

Porter ME, Schwab K (2008) Global competitiveness report 2008–2009, world economic forum. World Economic Forum, Geneva

C

# Coopetition in the Public Sector

Jan Stentoft, Mads Bruun Ingstrup and Ole Stegmann Mikkelsen
Department of Entrepreneurship and Relationship Management, University of Southern Denmark, Kolding, Denmark

## Synonyms

Collaboration; Competition; Cooperation

## Definition

Coopetition is a paradoxical relationship between two and more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical (Bengtsson and Kock 2014).

## Introduction

The concept of coopetition highlights the situation in which actors both cooperate and compete with each other (Brandenburger and Nalebuff 1996; Lado et al. 1997). So far, the concept is well researched in a private-sector context but lacks investigation in a public-sector context (Stentoft et al. 2018). Thus, at least three reasons contribute

This entry is an abbreviated version of the following publication: Stentoft J, Mikkelsen OS, and Ingstrup MB (2018) Coopetition segments in a public-sector context: insights from a business region. Int J Pub Adm 41(13): 1084–1094.

to the importance of studying coopetition in the public sector. First, with the implementation of New Public Management during the last few decades, it has become vital to understand how public-sector actors can contribute to a better and more inexpensive public sector by both cooperating and competing. Second, it is relevant to know how coopetition plays out in the public sector, as the overall objectives and logics fundamentally differ between the private and public sector. Third, the geographical framing of the public sector and its different administrative layers influence the patterns of cooperation and competition and therefore also the nature of coopetition.

Following these considerations, the purpose of this entry is to explore and further position the concept of coopetition in a public-sector context. This is specifically done by developing a coopetition segmentation model for identifying and describing public-sector coopetition segments. The empirical point of departure for this investigation is a polycentric and voluntarily formed business region in Denmark named the Triangle Region. It consists of seven municipalities that both cooperate and compete.

The remainder of this entry is structured as follows. First, the concept of coopetition is outlined by enumerating its major characteristics. In the subsequent section, the coopetition segmentation model is developed, and finally, the entry concludes by highlighting theoretical findings as well as practical implications.

## The Concept of Coopetition

Emerging from game theory, coopetition has become a robust concept in the field of strategic management (Dorn et al. 2016), and to date, research on this topic focuses mainly on these five themes: (1) nature of coopetition relationships, (2) governance and management of coopetition relationships, (3) output of coopetition relationships, (4) actor characteristics in coopetition relationships, and, lastly, (5) environmental characteristics influencing coopetition relationships (Dorn et al. 2016). In the wake of such overviews, it is observed that research on coopetition is mostly dealing with explorative rather than exploitative relationships and that the concept is analyzed at different aggregated levels: individual, intrafirm, interfirm, and network.

However, according to Bengtsson and Kock (2014), no consensus has so far been reached on how to define coopetition, but the many diverse definitions seem to cluster in two groups: a broad and a narrow group. The broad-definition group stresses coopetition takes place in a value net comprising an actor's suppliers, customers, competitors, and complementors (Brandenburger and Nalebuff 1996). The narrow-definition group comprehends coopetition as only when cooperation occurs between two directly competing actors (Bengtsson and Kock 2014). Along this framing, Bengtsson and Raza-Ullah (2016) detected two schools of thought on coopetition: the actor school and the activity school. The actor school recognizes coopetition as when cooperation and competition are divided among diverse types of actors in a particular context. In contrast, the activity school acknowledges coopetition as when actors simultaneously cooperate in some activities and compete in others.

In and across these two schools, research focuses primarily on motives, likelihood, interaction, processes, and outcomes of coopetition (Bengtsson and Kock 2014), and these themes have been elaborated on in Bengtsson and Raza-Ullah's (2016) framework on drivers, processes, and outcomes for coopetition. In addition to these discoveries, Dorn et al. (2016) introduced a four-phase model of coopetition that contributes an understanding of how coopetition develops. The four phases are (1) antecedents for coopetition, (2) initiation phase, (3) managing and shaping phase, and (4) evaluation phase. This understanding of coopetition as a dynamic concept, combined with the previous insights on definitions and schools of thought, has set the scene for exploring coopetition further.

## Developing a Coopetition Segmentation Model

With the purpose of exploring and further positioning the concept of coopetition in a public

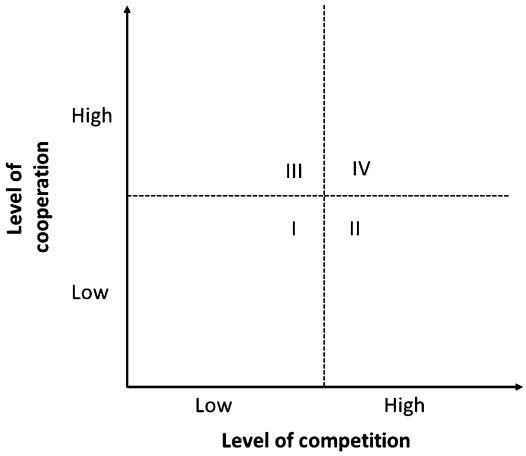


**Coopetition in the Public Sector, Fig. 1** Coopetition segmentation model. (Source: Stentoft et al. 2018)

sector context, a coopetition segmentation model has been developed (see Fig. 1). The model builds upon two scales – cooperation and competition – which vary from low to high. The scale of cooperation shows to what extent coopetition initiatives rely on involvement and contribution from many or few actors, and the scale of competition shows to what extent coopetition initiatives are characterized by significant gains and coincident interests by many or few actors.

The segmentation model contains four coopetition segments. To understand how they differ and relate to each other, the following five dimensions, derived from the coopetition literature, are used: political capital, interdependency, complexity, communication, and joint resource consumption. Below, each dimension is explained further.

- *Political capital* concerns the level of involvement that management invests in coopetition initiatives. This dimension is inspired by Dorn et al.'s (2016) work on balancing cooperation and competition and by Bengtsson and Raza-Ullah's (2016) focus on multifaced relationships.
- *Interdependency* covers how actors depend on each other in order to meet the objectives of coopetition initiatives. The source behind this dimension is Bengtsson and Raza-Ullah (2016) and their focus on dynamic coopetition relationships.
- *Complexity* denotes whether coopetition initiatives are complex in nature. Complexity can increase because of, for example, ambiguity, role conflicts, and risks (compare with Bengtsson and Raza-Ullah 2016).
- *Communication* refers to the need for communication about coopetition initiatives and whether the communication is internally or externally oriented. Dorn et al. (2016) recommended this dimension through their focus on enforcing communication among units.
- *Joint resource consumption* describes the extent to which coopetition initiatives draw on joint resources in order to succeed. This dimension proceeds from the work by Gnyawali and Park (2009).

To illustrate the four coopetition segments along these five dimensions, a study of coopetition was performed in the Triangle Region of Denmark, which is a polycentric and voluntarily formed business region of seven municipalities. These municipalities both cooperate and compete, and together, they have about 415,000 citizens and an annual budget of approximately 25 billion DKK. With the aim of setting an agenda among the municipalities, a secretariat plans and coordinates the different strategies on, for example, business development, culture, and infrastructure and reports to an execute committee including all seven mayors. Furthermore, this committee and the secretariat continuously consult with the city managers and business development managers from each of the municipalities in order to bring the strategies to life. In the following sections, examples of coopetition initiatives from the Triangle Region are linked to the four coopetition segments.

### Segment 1: Low Level of Cooperation and Low Level of Competition

Coopetition initiatives belonging to this segment are characterized by involvement and contribution from few actors as well as by restricted gains and coincident interests. In the Triangle Region, such initiatives relate to when some of the municipalities team up to provide, for example,

orthodontic treatment at schools, legal services in the city administrations, and sport events. Thus, the cooperation dimension relates to sharing resources and costs, whereas the dimension of competition relates to the rivalry in deciding which of the municipalities should work together. In the wake of this and the fact that coopetition initiatives in this segment rarely involve all seven municipalities, not many interdependencies exist, and joint resource consumption and complexity are low. Finally, such initiatives demand only little involvement from management, and they have primarily an internal stakeholder focus, indicating a low level of political capital investment and internal communication, respectively.

### Segment 2: Low Level of Cooperation and High Level of Competition

Coopetition initiatives that are linked to this segment are associated with involvement and contribution from few actors but with significant gains and coincident interests. In the context of the Triangle Region, such initiatives concern, for example, the attraction of citizens, public organizations, and firms to the region and its seven municipalities. The dimension of cooperation relates to when the municipalities jointly brand the region as a great place to live and work, whereas the competition dimension relates to when the municipalities compete against each other to gain the favor of the citizens, public organizations, and firms who have decided to settle in the region. Because of this clear division between cooperation and competition, coopetition initiatives in this segment have a medium level of complexity, and because of the joint branding, some interdependencies and joint resource consumption exist. Moreover, since these initiatives have significant gains and coincident interests and because they can determine elections and political careers, the political capital invested is high, and the communication is external.

### Segment 3: High Level of Cooperation and Low Level of Competition

Coopetition initiatives that fit this segment rely on involvement and contribution from many actors and have restricted gains and coincident interests. In the case of the Triangle Region, coopetition involves, for example, initiatives on producing a joint municipality plan for the entire region as well as establishing a joint fire brigade and energy supply. The cooperation dimension relates to when the municipalities pool their resources and align their interests for the common good of the region, whereas the dimension of competition relates to how many resources each municipality should contribute to the joint effort. To reach agreement on this matter, many interdependencies exist, along with a medium level of political capital, joint resource consumption, and complexity. Finally, initiatives of this kind have mostly an internal audience; therefore, the communication is primarily internally oriented.

### Segment 4: High Level of Cooperation and High Level of Competition

Coopetition initiatives in this segment are known for involvement and contribution from many actors as well as for significant gains and coincident interests. In the Triangle Region, the identification and selection of joint industry specializations are an example of such an initiative. The dimension of cooperation relates to identifying the specializations, whereas the dimension of competition relates to deciding which of the specializations to choose and support. Such coopetition initiatives contain many interdependencies and a high level of joint resource consumption because of the alignment and investments necessary across municipal boundaries. Moreover, because of the prestige of having a specialization linked to one's own municipality and because of contradicting municipal interests, both the level of political capital and complexity are high. Communication-wise, the focus is mainly internal, since the audience is primarily employees from the municipalities.

This illustration of the coopetition segmentation model has helped explore and further position coopetition in a public-sector context. As highlighted above, the four coopetition segments have a number of similarities and differences along the five theoretical dimensions of coopetition: political capital, interdependency,

**Coopetition in the Public Sector, Table 1** Characteristics of coopetition segments

| Dimensions/segments | I | II | III | IV |
|---|---|---|---|---|
| Political capital | Low | High | Medium | High |
| Interdependency | Low | Medium | High | High |
| Complexity | Low | Medium | Medium | High |
| Communication | Internal | External | Internal | Internal |
| Joint resource consumption | Low | Medium | Medium | High |

Source: Stentoft et al. (2018)



complexity, communication, and joint resource consumption. These parallels are displayed in Table 1.

As in Table 1, coopetition segments I and IV have reverse scores. This is due to the diverse levels of cooperation and competition in these segments. In between these two segments are segments II and III with a medium score on all dimensions except political capital in segment II and interdependency in segment III. Coopetition segment II scores high on political capital because of the prestige and competition related to the initiatives in this segment, and segment III scores high on interdependency because of the high level of cooperation and involvement of actors in the initiatives in this segment. Regarding communication, it is named either internal or external depending on the audience. If communication is labeled internal, it targets stakeholders such as politicians and employees in the public sector, and if it is labeled external, it targets stakeholders outside the public sector such as citizens, entrepreneurs, and firms.

## Conclusion

This entry explored and further positioned the concept of coopetition in a public-sector context. This has given birth to two major findings. First, it is emphasized that coopetition exists and is relevant in a public-sector context despite the lack of research so far on this matter. Second, the heterogeneity of public-sector coopetition is highlighted through the identification and description of four coopetition segments. Furthermore, the composed coopetition segmentation model is applicable for practice as a tool to prioritize coopetition initiatives, allocate resources, and become knowledgeable on how coopetition initiatives demand differentiated management approaches. Finally, to improve the segmentation model, it is of importance to assess it in other public-sector contexts, which will also address the entry's prime limitation – that it only builds on data from one business region.

## Cross-References


- ▶ Collaborative Public Management (CPM)
- ▶ Monitoring and Evaluation
- ▶ Networks and Networking
- ▶ Organizational Collaboration
- ▶ Performance of Nonprofit Services


## References


Bengtsson M, Kock S (2014) Coopetition – quo vadis? Past accomplishments and future challenges. Ind Mark Manag 43(2):180–188

Bengtsson M, Raza-Ullah T (2016) A systematic review of research on coopetition: toward a multilevel understanding. Ind Mark Manag 57:23–39

Brandenburger AM, Nalebuff BJ (1996) Co-opetition. Doubleday Currency, New York

Dorn S, Schweiger B, Albers S (2016) Levels, phases and themes of coopetition: a systematic literature review and research agenda. Eur Manag J 34(5):484–500

Gnyawali DR, Park BJ (2009) Co-opetition and technological innovation in small and medium-sized enterprises: a multilevel conceptual model. J Small Bus Manag 47(3):308–330

Lado AA, Boyd NG, Hanlon SC (1997) Competition, cooperation, and the search for economic rents: a syncretic model. Acad Manag Rev 22(1):110–141

Stentoft J, Mikkelsen OS, Ingstrup MB (2018) Coopetition segments in a public-sector context: insights from a business region. Int J Public Adm 41(13):1084–1094

# Coordination and Collaboration in Crisis Management

Allison Chatham
Department of Communication, University of Maryland- College Park, College Park, MD, USA

## Synonyms

Crisis management planning; Crisis management processes; International crisis management

## Definition

Coordination and collaboration in crisis management refer to the processes that occur when multiple parties work together in preparation for or in response to a crisis.

## Introduction

Effective crisis management involves the efforts of multiple parties working together to plan for, address, minimize, and stop a crisis. Crisis management planning has evolved significantly since the 1960s. The practice of crisis management is growing increasingly complex due to intensifying awareness of social conditions and natural disasters, the inclusion of more stakeholders in the process, and increasingly geographically dispersed teams. Response and planning networks have been strengthened through an increasing understanding and use of important social networks and communication channels with a focus on preventative planning and mitigation efforts rather than a singular focus on response. The use of collaborative networks strengthens crisis managers' capacities to successfully navigate crises.

Collaboration is, most simply, the act of working together on an activity. Coordination, however, refers to the process of adjusting expectations, aligning understanding, and identifying the scope of party contribution to increase the effectiveness of working together. Both collaboration and coordination are necessary for cohesive effectiveness. Before, during, and after a crisis, communication is the most important factor for coordinating and collaborating. The most effective teams (1) share an understanding of each member's strengths and weaknesses, dividing tasks accordingly; (2) have a shared understanding of priorities and member tendencies; and (3) have agreed upon decision-making and conflict resolution processes in place.

Coordination in crisis management is affected by team composition. Preplanned crisis management teams are more likely to have established processes and tools in place, while emergent groups work within more constraints to establish the best course of action. Emergent groups are unique because they are formed in response to a catalyst. They experience group cohesion and planning at a different rate than preplanned teams.

## Tools for Coordination and Collaboration

A crisis management team uses multiple tools in order to aid communication and task completion. Tools should be chosen based on ease of use as well as ability to contribute to team effectiveness. As a crisis management team grows larger or becomes more dispersed, it is more difficult to control member attention and to coordinate simultaneous meetings. A combination of tools and types should be used to ensure redundancy, accuracy, and information tracking.

The primary form of information sharing is verbal. Face-to-face interactions as well as phone, radio, or video interfaces facilitate the sending and receiving of timely information. When simultaneous, or near simultaneous, communication is not necessary or achievable, there must be secondary and tertiary tools to choose from.

Emergency Management Information Systems have been developed to synthesize and ease communications between decision-makers and responders. These systems aim to provide and support an infrastructure that has interoperability and continuity at multiple stakeholder levels and

by different agencies. Functions may include mapping, telephone and web alerts, remote or Internet-based access, document management, and streaming or stored visual output. These systems allow emergency managers to plan, execute, and track responses with other team members.

More static tools are used to aid knowledge sharing and learning before and after crises occur. Organizations commonly refer to emergency response plans (ERPs) or crisis management plans (CMPs) when deciding how to respond to unexpected situations. These plans can be printed and stored in physical locations or electronically accessed via intranets or websites. ERPs foster mutual understanding between various parties. These should be considered living documents that are updated and reviewed regularly.

Web tools, such as blogs, intranets, websites, and custom mobile phone applications, allow information to be stored (archived) and shared with a larger audience. These tools are also useful for communicating with external publics. Centralizing information and minimizing information gaps are more difficult as a group's size grows. These tools, when utilized correctly, minimize information gaps or spills. A crisis management team may rely on one or multiple coordinators to facilitate updating, distributing, and monitoring information via these media.

In 2007, the Virginia Polytechnic Institute and State University (USA) community learned of a gunman and shootings via a campus web alert. The alert and consequent updates were then shared on Facebook and Twitter. Since then, educational institutions have evaluated and refined their use of mobile and web alerts for the university community. Emergency updates share similar characteristics. They (1) identify a threat, (2) recommend a course of action, (3) are concise, and (4) are issued only by those granted authority by crisis management planners at the institution. Control over when and what messages are shared helps minimize misinformation.

Between 2008 and 2016, social justice movements have made noticeable uses of web tools to mobilize players, catalyze action, and document and share important information (i.e., social media use in the Arab Spring and the Black Lives Matter campaign). While access may not be fully controlled, information is shared that helps law enforcement, first responders, and other response groups identify potential areas of need or turmoil.

C

## Space and Coordination/Collaboration

Physical space has a number of implications for crisis management. While coordinating and collaborating, groups must consider potential natural barriers, such as geographic distance or impassable roads. Man-made inhibitors, such as meeting room size and office accessibility, are strong moderators of effective collaboration.

### Natural Space

The largest consideration in crisis management planning pertains to natural disasters. Natural disasters have the ability to spawn crises as well as inhibit crisis responses. During planning and response phases, consideration must be given to the impacts that natural disasters may have on team communication, movement, and technological access. Downed trees and impassable roads may impede the delivery of supplies or personnel to needed areas. Storms may also destroy phone and Internet connections making it harder to receive timely and accurate information between dispersed groups.

Geographically, dispersed teams must ensure their methods for sharing information in a timely manner. Redundant communication channels minimize disruption. Monitoring multiple channels also increases team ability to identify misinformation or inconsistent information. More monitoring does require more personnel. Time zone differences are especially important for crisis managers who are coordinating with nonlocal actors. Team member culture and energy are impacted because of working in different regions.

### Man-Made Space

A crisis may require the crisis management team, volunteers, or organizers, to meet at a predetermined location. These locations may be referred to as emergency operating centers

(EOCs) and can be located in an organization's headquarters or at various off-site locations. A crisis management team may decide to have one or more operating locations. There may be a central location, identified as a command center, and any number of satellite EOCs.

Off-site locations may be temporary or permanent and can range from movable trailers to hotel rooms or tents. Each location has a number of limitations that must be taken into consideration. These limitations include but are not limited to the maximum capacity of people the unit can hold, the maximum amount of essential equipment that the unit can hold, lighting, electronic connections, Internet connectivity, heating and cooling abilities and requirements, accessibility, and monetary costs.

## Problems in Inter-organizational Coordination and Collaboration

Communication has been identified as the number one problem that teams face; however, a number of other issues may interfere with effective collaboration when different organizations are involved. These issues include (1) misaligned goals, (2) mismatched skills, (3) emotional and social conflicts, and (4) a lack of trust between members. Teams who cannot adjust their expectations, align understanding, and develop trust risk decreasing their effectiveness. They also decrease their ability to complete a goal and increase the costs of participation. Organizational participation costs include time, money, personnel, and supplies and may also involve social, political, and legal implications. Actor participation costs include time, money, and physical, social, emotional, and mental energies. Team managers should address the triggers for these potential problems early in the collaboration and coordination process. These areas should also be regularly reviewed and evaluated.

## Government Roles

Planned crisis management teams (CMTs) are composed of individuals with specialized skills and knowledge. Before crises occur, these teams should meet to evaluate risks, establish expectations, and practice decision-making and response strategies. In numerous countries, the national government is held responsible for response to crises and disasters. The government is often a key player in the establishment and maintenance of organizational alliances focused on crisis management because it has social, political, and legal powers and financial resources that singular organizations and agencies do not have access to.

Internationally, governments are at different developmental stages in crisis management. International treaties, alliances, and frameworks support the development of more cohesive and effective planning and have been adopted in some form on almost every continent. Mutual aid agreements also play a large role in the development of strong network bonds between local and nonlocal governments. Mutual aid agreements allow personnel, supplies, and equipment to be shared outside of their normal jurisdiction in response to a crisis.

CMTs should regularly meet to plan and review their plans. Executing practice plans and drills helps create mutual understanding and trust between team members and presents opportunities to identify and correct weaknesses. Nationally and internationally, teams meet regularly to review their roles. These teams are often identified as committees. Committee members can be from public and private sectors. Each committee oversees specific crisis management functions.

### North America

In the United States of America, the Federal Emergency Management Agency (FEMA) is responsible for oversight of national coordination. FEMA was established in 1979. Prior to this, state and local agencies were assisted by the federal government through individual pieces of legislation in response to specific disasters. In 2003, FEMA merged with 22 other agencies to form the Department of Homeland Security. In 2006, FEMA was reorganized via the passing of the Post-Katrina Emergency Reform Act. This act expanded FEMA's preparedness mission and addressed and developed guidelines to support

individuals with disabilities, survivors of major disasters, and the reunification of separated family members.

At a local level, planned efforts may come through organization of smaller networks of people and organizations. Voluntary Organizations Active in Disaster (VOADs) and Community Organizations Active in Disasters (COADs) are comprised of nongovernmental organizations that significantly contribute to during and post-disaster efforts. While there is a national VOAD, a state's Office of Emergency Management (OEM) is often responsible for overseeing and liaising with members of local VOADs and COADs. State emergency response plans often account for existing agreements with VOADS and COADS to provide services, space, or supplies after disasters.

The Hyogo Framework for Action (HFA) has encouraged the development and improvement of crisis management systems around the world. The HFA was established in 2005 at the World Conference on Disaster Risk Reduction. Its main goal was to reduce vulnerabilities to natural disasters through the creation of policy, legislation, and national structures. In 2015, the Sendai Framework for Disaster Risk Reduction, HFA's successor, was created to focus on the development of more comprehensive plans that integrate and address the various aspects of citizens' lives (social, cultural, technological, educational, political, legal, health, etc.). Central American and Caribbean countries have participated in HFA.

In the Caribbean, plans have been activated through the Caribbean Development Bank and the Caribbean Disaster Emergency Management Agency (CDEMA). In 1991, the Caribbean Disaster Emergency Response Agency (CDERA) was established to head response and relief efforts in participating states. In 2009, the agency was transformed into the CDEMA. CDEMA's responsibilities include response and relief efforts as well as information management, the development and implementation of mitigation strategies, and facilitation of governmental and nongovernmental agency coordination and cooperation. Members of CDEMA include Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and the Turks and Caicos Islands.

Dominica established emergency response authorities in 1951 through the passing of the Emergency Powers Act. However, a more cohesive national disaster plan was not created until 1988. Dominica's National Emergency Planning Organization (NEPO) committee is composed of governmental officials and staff, for-profit organizational members, and nongovernmental organizational members. NEPO operates the Office for Disaster Management (ODM). The Dominica ODM has established a central location and satellite supply storage facilities around the island. Dominica's response preparedness plans are actively reviewed; however, they lack planning and execution in critical areas such as public education. The country also suffers from severe physical limitations due to size and topography.

In Haiti, the National Disaster and Risk Management System (SNGRD) was established in 2001. The SNGRD is composed of Departmental Disaster Risk management Committees, as well as municipal committees. However, these committees lack the legal and technical abilities to execute their roles. Overall, the SNGRD struggles as an organization functioning in an unstable political and economic climate. It prioritizes multilevel and multi-stakeholder responses nationally and internationally; however, there are not enough legal and financial resources to plan and execute basic crisis management at all levels of the system. The SNGRD has established an efficient messaging system that targets vulnerable populations and focuses on awareness and education.

In St. Kitts and Nevis, the National Emergency Management Agency (NEMA) oversees response and planning. NEMA was established in 1995 and was further strengthened by the Disaster Management Act of 1998. NEMA operates the National Disaster Committee (NDC), which is composed of governmental officials and staff, for-profit organizational members, and nongovernmental organizational members. NEMA also works with

Disaster District Committees and various subcommittees. NEMA operates out of a central office facility, but has not established satellite facilities on the islands. NEMA actively promotes public education media and workshops.

### South America

In Central America, countries have established emergency management systems through participation in the Central American Coordination Center for the Prevention of Natural Disasters (CEPREDENAC). CEPREDENAC was established in 1987. Current members include Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, and Panama.

In Costa Rica, the National Risk Prevention and Emergency Management Commission is responsible for national coordination during an emergency. In 1969, the National Emergency Commission (NEC) was established. It was primarily responsible for overseeing the National Emergency Fund. In 1999, and then 2006, the Commission's responsibilities were expanded to include the development of more comprehensive and integrated emergency response plans.

### Asia

In India, the 2005 Disaster Management Act spurred a transition in the government's coordination structure. In the newest iteration, the National Disaster Management Authority, State Disaster Management Authority, and District Disaster Management Authorities have financial and administrative powers. Training, capacity building, and documentation are the responsibility of a separate agency – the National Institute of Disaster Management. Prior to 2002, individual crisis management groups (national, state, and district) reported to the National Crisis Management Committee, but were majorly responsible for crisis response.

In the Russian Federation, crisis management is executed through the State System of Preventing and Eliminating Emergency Situations (RSES). RSES was established in 1992 and operates at federal, regional, territorial, and local levels. There are more than 40 subsystems operating within these levels. The coordination of these systems, at the territorial level, is executed by regional centers of the Ministry of Emergencies of Russia. RSES also operates as the Russian Federation's international relations arm concerning emergencies and disasters. In 2006, the Ministry of Russian Federation for Civil Defense, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM) was established to oversee policy. EMERCOM also oversees the National Crisis Management Center which oversees information channels, interdepartmental cooperation, and emergency monitoring.

In China, the China National Committee for Disaster Reduction (NCDR) is the newest iteration of the 1989 China National Commission for the International Decade on Natural Disaster Reduction. The NCDR is responsible for establishing policy and mitigation action plans as well as facilitating international collaboration. It is composed of 34 separate ministries and bureaus. In 2008, the National Disaster Reduction Center of China (NDRCC) and the Ministry of Civil Affairs (MCA) developed the National Disaster Information Management System (NDIMS). Twenty-two provinces have reserve facilities with supplies. The government has also used the HFA (Hyogo Framework for Action) as a basis to develop a more aggressive public education plan.

## Citizen Roles

Unplanned crisis management teams usually manifest as volunteer groups and community organizations created in response to a crisis. These groups develop similarly to planned CMTs; however, their main concern is collaboration: working together on specific projects and tasks to address an immediate concern. Emergent groups face higher project risks than planned groups. These actors must be more conscious of their impact in large-scale crises. Nonlocal groups, who relocate to help rebuild or provide support after crises, need to evaluate whether their presence and work are burdens on local resources (i.e., food, space) or personnel (i.e., first responders and law enforcement). However, any of these emergent groups may play a significant

role in maintaining and rebuilding communities after crises.

Emergent groups may be more fluid and able to respond quicker to developments than planned groups. Factors include (1) group size, emergent groups may be less diverse and have fewer numbers; (2) lack of static emergency systems and operating procedures; and (3) different decision-making structures. These groups may also operate independently and not report to local law enforcement or first responders. Finally, citizen groups may work together and share resources but have different end goals that do not require the same cohesiveness for effectiveness that planned groups do.

## Conclusion

The coordination of multiple organizations for effective crisis management is becoming increasingly important. Recent crisis management planning has recognized the need for, and begun to make use of complex networks and alliances to strengthen the team's ability to mitigate, respond to, and learn from crises. Preplanning for these teams requires an understanding of roles, tools, and space available. Indications of struggling teams include increased participation costs for actors and organizations, social and emotional conflicts between actors, and a lack of efficiency or effectiveness.

Internationally, governments have attempted to address these potential deficiencies through the use of committees and information management systems. Committees have areas of specialization and work to oversee the development and execution of strategies specific to their area. Each country has established its own priorities, often based on geographic, social, political, and economic constraints. Many countries have been impacted by international alliances and mutual aid agreements.

Local responses to coordination are more heavily impacted by emergent response groups and volunteers. There are likely fewer systems and structures in place to monitor the work of emergent groups. These teams are more likely to have high social and economic impacts where the government has more structural impact.

## Cross-References


- ▶ Coordination Between Municipalities in Crisis Management
- ▶ Local Governments and Crisis Management
- ▶ Public Bureaucracy and Crisis Management
- ▶ United Nations and Crisis Management


C

## References


Department of Homeland Security, FEMA (2004) Emergency and risk management case studies textbook. https://training.fema.gov/hiedu/aemrc/booksdownload/emoutline/

Heath RL, O'Hair HD (eds) (2010) Handbook of risk and crisis communication. Routledge, New York, NY

Majchrzak A, Jarvenpaa SL, Hollingshead AB (2007) Coordinating expertise among emergent groups responding to disasters. Organ Sci 18(1): 147–161

United Nations Office for Disaster Reduction (2005) The Hyogo Framework for Action 2005–2015: building the resilience of nations and communities to disasters. https://www.unisdr.org/we/coordinate/hfa


# Coordination and Effective Governance


Mst Marzina Begum and Md Nurul Momen
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh


## Synonyms

Coordination; Government; Horizontal; Organization; Vertical

## Definition

Coordination is defined as the purposeful alignment of units, roles, responsibilities, and efforts in order to attain a common goal (Christensen and LÆgreid 2018).

Coordination is about adjusting the actions and decisions of an organization to achieve targeted goals (Koop and Lodge 2014).

## Introduction

Coordination is a major issue for the effectiveness of any organization, which is required at all stages of public policy or the activities in organization. Coordination also supports coherent acts that have become a major governance challenge across the world. In the contemporary context of public policy, the diversity of stakeholders is involved in the decision-making process or any policy actions; therefore, it is the synchronized actions of the government that determine the coherence acts and support the policy agenda of the government (Tamtik 2016). However, designing public policy or any action increasingly connects diversity of stakeholders, and territorial decentralization in terms of regionalization, and multiple sources of funding leading to differentiation in organizational capacities and responsibilities (Edler and Kuhlmann 2008; Nilsson and Moodysson 2015). Given the importance of coordination in organization, Boston (1992) defines it as a dynamic process that facilitates the process of organizational activities and avoids overlapping and inconsistencies in policy and directions. He further added that coordination promotes to take coherent actions for minimizing the conflicting interests among the stakeholder in the policy process (Jennings and Crane 1994; Seidman 1999). However, coordination has always been a problem in the public sector in the world. It is of worthy to note that in the past several decades, there have been significant reform initiatives in the public sector and almost all governments across the world have undertaken a variety of strategies in the process in which they implement policies or actions (Bouckaert and Pollitt 2004). However, the entry is to conceptualize coordination and to re-examine its role for effective governance in organization.

## The Concept of Coordination

Marume and Jaricha (2016) present coordination as the synchronization of efforts, but conceptualize it from both positive and negative perspectives. On a positive note, it means bringing about cooperation and teamwork among the persons and units of an organization. But in negative terms, it means removing conflicts, values, inconsistencies, overlapping, and working at cross-purposes among persons or units of an organization. Hence, the above conceptualization with respect to coordination makes it clear that coordination is much more than cooperation of one person with another or others toward a common goal (Marume and Jaricha 2016).

## Typologies of Coordination

Coordination in organization is classified as "internal and external." Internal coordination deals with coordinating the individual activities of persons and units of an organization which is called as functional coordination. External coordination deals with coordinating the activities of various organizational units, which is called as structural coordination (Marume and Jaricha 2016).

### Horizontal and Vertical

Horizontal coordination deals with the coordination between one unit and another, one branch and another, one division and another, or one department and another. On the other hand, vertical coordination deals with the coordination between an executive and his supporting staff, a branch and a division, and a division and department (Marume and Jaricha 2016).

### Procedural and Substantive

Procedural coordination is operationalized as the structure of the organization itself that shows the nature of formal relationships among its members. The substantive coordination, on the other hand, is concerned with the content of the activities of the organization (Marume and Jaricha 2016).

## Importance

Coordination is essential for smooth and successful functioning of any organization. It is important in all aspects of organizational activities. Fayol, Gullick, and Urwick are some notable public administration scholars who have argued for coordination as an important principle

of organization. Gullick and Urwick in their paper in 1937 on administrative management theory developed POSDCORB in a very practical way, which stands for Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting. Gullick and Urwick (1937), in case of planning and organizing, point out what to include in a good plan and how to successfully implement it in organization. It is also important in case of staffing, as it indicates who should be the right staff and at the appropriate place as well. Even coordination highlights on directing, because it indicates to a specific focus in organization. Coordination helps coordinating the tasks of organization. When it is talked about reporting of organization, it produces realistic and coordinated information received from all sections or groups. Finally, coordination is part of budgeting, because it gives organization a good appraisal (Marume and Jaricha 2016). However, in general, coordination avoids conflicting interests and duplication of work for the functioning of any organization (Marume and Jaricha 2016).

## Techniques

However, to say that, there are different techniques of coordination, such as planning as an important means of coordination; institutional or organizational arrangement, such as inter- or intradepartmental meetings, planning among persons and units of organization, and so on; and standardization of procedures and methods like forms, manuals, regulations, verbal and written communications among the staff or units, organizational hierarchy, or scalar chain which constitutes the universal process of coordination; in addition to the above formal means, there are some other informal means of coordination, such as personal contacts (Marume and Jaricha 2016).

## Search for Coordination

Keeping the importance of coordination in organization in mind, theories regarding coordination have been developed from time to time in variety of discipline or field to coordinate the functioning between components and objects. It is stressed that organizational issues and concepts are brought into the existing theories with respect to coordination. Emile Durkheim, a great sociologist, has explored the negative outcome due to lack of definite purposes or specified goals in a condition of complex social environment. Hence, what is needed for an individual or a unit is reciprocation and purposive cooperation for attaining collective goals for organization. In the past decades, there have been deconcentrated decisions with respect to power of the central governments; the reforms have been made to decentralize power among the different levels of government. All of these changes have been made for the sake of decentralizing power to the lower levels of the government that have had the effect of diminishing power at the political and administrative center of the state. Furthermore, the logic behind the control of the public organization has been shifted from hierarchy and move toward competition with private sector.

When it is talked about different forms of coordination, there are two forms, such as vertical organizational structure and horizontal organizational structure. The structure of vertical organization is characterized in a more hierarchical manner, because of the power relationship that flows from top to bottom. On the other hand, the structure of horizontal organization is focused on specialization and participation, where the structure of horizontal organization becomes decentralized, flat, and, flexible. It is to be noted that in horizontal organization, employees may exercise more responsibilities for their tasks (Ronen et al. 2007). However, irrespective of the nature of an organization, coordination is necessary on the ground that it helps to arriving at the most appropriate decision for an organization that can have good internal and power-sharing approach or always intend to reestablish their power and influence for any kind of political initiatives (Peters 2000). Despite the fact still an increasing number of political leaders in the center of government and administrative systems continue to highlight on the efforts of decentralization process.

However, there are different strategies in order to cope with decentered government. Most importantly, it needs to highlight the role of political

executive at the top of government, so that common ideals and framework can be shared to steer policy and programs. However, what we learnt from the past experience with respect to decentered forms of government is that there are too many competing ideas and values; therefore, coherent policy and direction cannot be easily attained. To overcome the challenges of competing values, a clear central ideas and guidelines are needed to avoid overlapping and confusion that arising out from decentralizing roles and responsibilities of the political executive at the center.

For an effective coordination in organization, a clear definition must be stressed with respect to roles and responsibilities and structure of personnel. The very fact is that in modern world organizations are, in general, quite large and complex; therefore, it needs to emphasize on process dynamics. Provis (2004) pointed out that no collective goal can easily be achieved without a good quality of mutual reciprocation and coordination; the logic behind it that improved performance in organization can be attained with reciprocation among the appropriate stakeholders. However, it is pointed out that coordination intends to find an answer to the type of explorative questions with respect to why, how, when, and who of organization.

The State Service Commission of New Zealand ( 2013) has mentioned a number of challenging issues about coordination in an organization, such as longer stages of decision-making processes and direct and indirect costs of maintaining management and employee for introducing joint working approaches and structure. Despite the disadvantages, enumerated by the State Service Commission of New Zealand (2013), the benefits of coordination in an organization surpass the disadvantages; it is highlighted that most of the challenges regarding coordination highlighted in the commission can easily be turned into advantages with a positive thinking toward the roles of coordination in organization.

Against the backdrop, Christensen and Lægreid (2007) opined that the logic behind the introduction of New Public Management (NPM) has highly been concentrated through the strategy of fragmentation in approach; this movement also highlights to enhancing efficiency and transparency in public organization, with a view to making roles and responsibilities less ambiguous. Christensen and Lægreid (2007) have argued that vertical specialization or structural devolution undermines the control of political executive from the center, which diminishes the influence of political executives over the subordinate or regional levels of government. On the other hand, Christensen and Lægreid (2007) have argued that increased horizontal specialization, based on the principle of "single purpose organizations," has produced challenges of organizational capacity and coordination.

However, when it is discussed about reform efforts of the post-NPM model, vertical and horizontal structure of coordination have changed the earlier paradigm of the NPM. Post-NPM focused on the approach of "whole of government" and "joined up government" (Christensen and LÆgreid 2007). Under the vertical form, directing and controlling more central resources toward subordinate level of government became increasingly dominant values for political executives to regain political control at the center and achieve coherent policies and its implementation across the different levels of government. Under the horizontal form, measures like central government agencies were increasingly being used to deal with the "siloization" or "pillarization" of the public sector (Christensen and LÆgreid 2007) (Table 1).

**Coordination and Effective Governance, Table 1** Different forms of coordination

| | Horizontal coordination | Vertical coordination |
|---|---|---|
| Internal coordination | Intra-level coordination between ministries, agencies, or policy sectors | Inter-level coordination between parent ministry, and subordinate agencies and bodies |
| External coordination | Coordination with civil society organizations/ private sector interest organizations | Coordination<br>(a) Upward to international organizations<br>(b) Downward to local government |

Source: Christensen and Lægreid 2007, p. 12

## Role of Coordination for Effective Governance

Coordination is very important for promoting good governance practices and ensuring successful implementation of any development projects and programs. Coordination, generally, refers to an interactive process of communication and decision-making among different units or agencies. As already stated, it is for the purpose of synchronization of efforts which align actions and capacity with a view to achieving a common collective goal. Coordination between public agencies, on the one hand, and designing plan and financial authorities, on the other, have often been a major stumbling block for development policy and programs across the world. However, many developing countries in the world have introduced national strategies for their development efforts; however, there are doubts whether these strategies maintain policy coherence in promoting their development goals. Given the context, it is stressed that national development strategies and plans must be aligned within a coherent public financial management framework; in this regard it needs to establish coordination between policy and action within the framework of public financial management.

It is very important to note that a proper coordination among public organizations is required at the national level that may bring positive outcomes, thereby facilitating progress toward the successful implementation of development policy and programs. It is stressed that effective coordination starts with the performance of line ministries or through street-level bureaucrats. For instance, Bangladesh has been progressed to fulfill their goals for reducing infant mortality rate and improving the conditions of maternal health through successful implementation of a National Health Policy. This success of Bangladesh has been possible due to enhanced coordination and the concerted efforts and collaboration among the Planning Commission, the Ministry of Health and Family Welfare, and the Ministry of Women and Children Affairs. On the other hand, coordination with other responsible actors beyond the central government is highly emphasized in governance process, for instance, the success of Brazil's Bolsa Família program, where it is partly attributed to the capacity of strong leadership (Pereira 2015); it is of worthy to note that in case of Bolsa Família program, effective coordination between the national government and municipal authorities acted an important role. To uncover the fact, it is found that the Ministry of Social Development of Brazil made a formal joint management agreements and collaborative strategy with each municipality authorities of the country to clarify their roles and responsibilities in order to maintain standards for successful implementation. For enhanced coordination, as a strategy, the program introduced performance-based financial benefits to the concerned municipal authorities who were involved in implementing the program.

Efforts are always made to achieve policy coordination and coherence, but there is the number of constrained factors, such as poor performance of organizations with respect to public service delivery. The poor performance in delivering public services arising out from weak human skills and poor performance of institutions plays a critical role, when it comes to designing and implementing development policy and programs. Furthermore, it is of worthy to note that public service delivery is also negatively affected by some other factors, for instance, most importantly, low allocation or slow progress of implementation regarding the development budgets in many developing countries, where governments are failed to fully spend their allocated public expenditure within the specified period of time. Having cited an example, in an empirical study on 118 countries, it is found that countries with small populations, with special reference to the Small Island Developing States (SIDS) in the Pacific, face serious difficulties with respect to human and technical capacity for effective management of public finance (Haque et al. 2012).

Bardach (1998) has argued that collaboration is required for achieving strengthened coordination among stakeholders who are involved in designing policy or actions in ways that support the capacity of organizations. Collaboration among the appropriate stakeholders in organization may cooperate and further produce strategic solutions to complex organizational problems.

This strategy of collaborative approach fosters meaningful coordination that can be achieved only through developing a common collective goal among the appropriate stakeholders in the process; however the collective goal must be in place that enables all the relevant stakeholders to feel and share that they are achieving or going to achieve something in future through the efforts of mutual cooperation and reciprocation (Bardach 1998).

## Conclusion

From the above discussion, it can be said that coordination is the synchronization of efforts to enhancing effective coordination in organization. Hence, an effective coordination structure must be placed as a building block for the implementation of development policy and programs. Having reviewed the different literature, it can be concluded that coordination leads to better organizational performance that provides every nature of advantage to an organization. However, from internal perspective of coordination, personnel and tools of organization should be structured for the purpose of producing positive outcomes, on the other hand, from external perspective; organization must be in place of realizing internal arrangement even with the presence of other competing organizations.

## Cross-References

► Civil Society Organizations
► Governance
► Regulation on Political Parties

## References

Bardach E (1998) Getting agencies to work together: the practice and theory of managerial craftsmanship. The Brookings Institution, Washington, DC

Boston J (1992) The problems of policy coordination: the New Zealand experience. Governance 5(1):88–103. https://doi.org/10.1111/j.1468-0491.1992.tb00030.x

Bouckaert G, Pollitt C (2004) Public sector reform, 2nd edn. Oxford University Press, Oxford

Christensen T, LÆgreid P (2007) The challenge of coordination in central government organizations. Stein Rokkan Centre for Social Studies, Working paper No. 5, pages 33

Christensen T, LÆgreid P (2018) Governance coordination capacity and quality does wicked policy areas matter? Stein Rokkan Centre for Social Studies, Working Paper No. 5. This is a revised version of a paper presented at the IPSA World Congress, Brisbane, July 21–27 2018

Edler J, Kuhlmann S (2008) Coordination within fragmentation: governance in knowledge policy in the German federal system. Sci Public Policy 35(4):265–276

Gullick L, Urwick L (eds) (1937) Papers on the science of administration. Institute of Public Administration, New York

Haque T, Knight D, Knight D, Jayasuriya D (2012) Capacity constraints and public financial management in small Pacific Island countries (December 1, 2012). World Bank Policy Research, Working Paper No. 6297. Available at SSRN: https://ssrn.com/abstract=2192835

Jennings ET, Crane D (1994) Coordination and welfare reform: the quest for the philosopher's stone. Public Adm Rev 54:341–348

Koop C, Lodge M (2014) Exploring the co-ordination of economic regulation. J Eur Publ Policy 21(9): 1311–1329. https://doi.org/10.1080/13501763.2014.923023

Marume SBM, Jaricha E (2016) Coordination as an essential part of public administration. J Res Humanit Soc Sci 4(6):06–09

Nilsson M, Moodysson J (2015) Regional innovation policy and coordination: illustrations from southern Sweden. Sci Public Policy 42(2):147–161

Pereira AW (2015) Bolsa Família and democracy in Brazil. Third World Q 36(9):1682–1699. https://doi.org/10.1080/01436597.2015.1059730

Peters BG (2000) The future of governing, 2nd edn. University Press of Kansas, Lawrence

Provis C (2004) Ethics and organizational politics. Edward Elgar, Cheltenham

Ronen S, Shlomit F, Halo (Hilla) Ben-Asher (2007) Flexible working arrangements: societal forces and implementation. In: Managing social and ethical issues in organization. Information Age Publishing, Greenwich, pp 3–51

Seidman H (1999) Politics, power and position. Oxford University Press, New York

State Services Commission of New Zealand (2013) Factors for successful coordination: a framework to help state agencies coordinate effectively. Retrieved from http://www.ssc.govt.nz/node/2075

Tamtik M (2016) Policy coordination challenges in governments' innovation policy-the case of Ontario, Canada. Sci Public Policy: 1–11. https://doi.org/10.1093/scipol/scw074. published October 2, 2016

# Coordination Between Municipalities in Crisis Management

Chad S. Foster
College of Justice and Safety, Eastern Kentucky University, Richmond, KY, USA

## Key Terms and Definitions

- Coordination – The harmonization of activities among diverse actors in emergency management with the purpose of overcoming the challenges inherent in disasters.
- Disaster – An event that exceeds the emergency response and recovery capabilities and resources of the agencies and officials responsible for its management in one or more critical areas of response or recovery.
- Emergency Management Assistance Compact – A national disaster interstate compact ratified and signed into law by the U. S. Congress in 1996 that supports the efficient and effective sharing of resources to states.
- Fragmented Government Responsibility – The federal system of layers of government tends to fragment responsibility for disaster management with significant authority residing at the state and local governmental levels.
- Regional Coordination – The use of government resources in a complementary way toward goals and objectives that are mutually agreed upon by various stakeholders in the region.
- Robert T. Stafford Disaster Relief and Emergency Act – The Stafford Act authorizes the president to provide major disaster and emergency declarations to states for events in the United States that overwhelm state and local capability, upon request by a governor.
- Tiered Response – Incidents are managed at the lowest possible jurisdictional level and supported by additional response capabilities when needed.

## Introduction

Wildfires present many challenges to authorities responsible for fire suppression in California and other Western states. For one, wildfires show little concern for jurisdictional boundaries. The 2015 Valley Fire, for example, devastated 76,067 acres across the Lake, Napa, and Sonoma counties, and is considered the third most devastating wildfire in California's history (State of California 2015; Joyce 2015).

According to McEntire (2015), "coordination is the harmonization of activities among diverse actors in emergency management with the purpose of overcoming the challenges inherent in disasters" (p. 308). Conceptually, disasters are unique, especially when compared to other more routine incidents such as emergencies or crises. Specifically, the response requirements associated with disasters often exceed the capabilities of local emergency services (Haddow et al. 2014, p. 31). Wildfires such as the Valley Fire are often classified as disasters and demand significant coordination among fire service agencies, law enforcement agencies responsible for evacuating residents, medical facilities responsible for caring for those injured, human service agencies responsible for sheltering residents, and a host of other public, private, and nonprofit organizations with important roles in disaster management.

The need for cross-jurisdictional coordination during disasters, as difficult as it may be, is a symptom of the unique intergovernmental relationships that exist in the United States. Specifically, the 10th Amendment to the US Constitution notes that "[t]he powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States," which includes "police powers" (National Emergency Management Agency [NEMA] 2011, p. 14). In fact, there is no reference to Federal government involvement in disaster assistance in the US Constitution. Generally, states and local governments are presumed responsible for disaster management.

Some exceptions to this intergovernmental framework exist. For example, disasters on federal lands (e.g., National Parks, Monuments, etc.) may

be the responsibility of federal agencies such as the US Department of Interior or US Forest Service, an agency of the US Department of Agriculture. The US Coast Guard and US Environmental Protection Agency may have responsibility for management of incidents on waterways such as oil spills. Likewise, the Federal Bureau of Investigation will exercise broad authority for managing disasters linked to acts of terrorism.

However, a majority of disasters occur within the geopolitical boundaries of the 50 states, the District of Columbia, US Territories, and Commonwealths, as well as among the approximately 3141 counties and 36,000 sub-county general-purpose governments within the states. As a result, disaster management approaches and practices may be characterized as decentralized and fragmented, both horizontally and vertically, across the country (Sylves 2015).

And, significant variation likely exists from state to state. According to recent US Census Bureau estimates, for example, both Arizona and Indiana have similar population sizes or 6,828,065 and 6,619,680, respectively. However, Arizona's land size of 113,990 square miles is more than three times the size of Indiana, which is 36,420 square miles (see U.S. Census Bureau 2015a, b). The US Census Bureau also publishes statistics on the number and type of local governments that have general and special jurisdiction by state; see the Table 1 below.

Despite having similar population sizes, one may infer that Indiana is a much more fragmented state when compared to Arizona, generally speaking. Not only are local units of government highly fragmented in many states, but states grant different levels of autonomy to their local units (Richardson et al. 2003). These structural factors may impact the ability of local units of government to manage disasters.

Likewise, the nation's systems and traditions also support local control and decision-making for mitigating, preparing for, responding to, and recovering from disasters. Mitigation strategies and recovery planning, for example, may involve updating state and local building codes that govern construction standards or land use planning laws and ordinances (e.g., zoning, subdivision controls). State and local units may use financial tools such as taxes, impact fees, etc. as disincentives for building in high-risk areas.

Likewise, contemporary response doctrine embraces the concept of the tiered response; this means that incidents must be managed at the lowest possible jurisdictional level and supported by additional response capabilities when needed (U.S. Department of Homeland Security [DHS] 2013). This doctrine is supported by the Robert T. Stafford Disaster Relief and Emergency Act, which was signed into law in 1988 and amended numerous times since then. This seminal law aims "to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage which result from such disasters. . ." (Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988).

In other words and in summary, a premium is placed on the idea of coordination in the United States given that national disaster laws and policies favor local control and decision making, but rarely do disasters occur precisely within the boundaries of state and local jurisdictions.

## Benefits and Challenges

Understanding context is important when evaluating disaster management policies and practices,

**Coordination Between Municipalities in Crisis Management, Table 1** Number of local governments by State (U.S. Census Bureau 2012)

| State | County | Municipality | Town or Township | Special district | School district | Total |
|---|---|---|---|---|---|---|
| Arizona | 15 | 91 | N/A | 326 | 242 | 674 |
| Indiana | 91 | 569 | 1006 | 752 | 291 | 2709 |

especially in a comparative manner at the international level. The United States is a geographically expansive country; many states themselves rival foreign nations in size and population. For example, the most populous state, California, by itself ranks in the top 10 when compared to countries globally according to some economic measures such as Gross Domestic Product (GDP) (Sisney and Garosi 2015).

Regardless, decentralizing disaster management does carry many benefits in the United States. For example, approaches and solutions may be tailored to the unique hazards and threats and characteristics of communities. Communities in an earthquake-prone area of California have the flexibility to design public awareness campaigns aimed at their residents and visitors, while communities in the northeastern portion of the country may emphasis preparations for wintry weather. Second, decentralizing disaster management supports the timely response to incidents as state and local chief executives have broad authority to make decisions and deploy resources to save lives and protect property. Third, diverse practices nationwide likely supports innovations for addressing problems that may be first tested or piloted at the local scale. This may be especially useful when adopting technologies for alerting and warning residents, for example.

On the other hand, decentralization and fragmentation may also lead to the following challenges:

- Inconsistent practices nationwide that makes integration difficult during large-scale incidents.
- "Stovepipe" environments characterized by a lack of interoperability and compatibility among system components such as communications equipment.
- Inadequate preparations resulting from a lack of resources and preparations conducted within the confines of geopolitical boundaries and not at scales more appropriate for responding to large-scale disasters.

Beyond the problems associated with equipment compatibility, disasters present unique conditions or factors that are inherently difficult for people to overcome through coordination and other means. For example, McEntire (2015) notes the following conditions or factors:

- Disasters require that people conduct unfamiliar tasks, may change the structure of responding organizations, and mobilize participants who do not customarily respond to local emergencies.
- Disasters may require deviating from normal procedures and require flexibility and improvisation.
- The political values and organizational cultures of participating groups may differ, and these groups may have a tendency to compete for resources and recognition at the expense of outcomes and achieving shared goals.
- There may be a lack of communication among responding groups and a lack of sufficient, complete, or accurate information may hinder coordination (p. 310).

Exploring normative political theories as identified by Sylves (2015, pp. 28–31) may also be useful for exploring coordination challenges among disaster participants. The Hamiltonian Model, named for Alexander Hamilton's public management style, assumes that the public manager possesses specialized knowledge and expertise not possessed by others, and making decisions based on one's unique knowledge, skills, and abilities is acceptable. This model supports a top-down model in which a select few make decisions during disasters. For example, firefighters and police officers are often forced to make split-second decisions to save lives and protect property on a daily basis.

The Jeffersonian Model, on the other hand, is named for Thomas Jefferson's public management style. This model places a premium on community participation in decision-making and the skills of consultation, negotiation, and communication. According to the Jeffersonian Model, the process for arriving at decisions is valued.

The Jeffersonian Model may be more conducive to situations in which people need to work together to solve complex problems, and the public is viewed as a resource. Conversely, the Hamiltonian Model may be a necessity in many situations, such as when responding to the accidental release

of a hazardous material, and local units possess specialized knowledge and equipment for responding. Participants in disaster management come from a variety of traditions, including those consistent with the Hamiltonian and Jeffersonian Models, which may either facilitate or exacerbate the coordination believed necessary for making decisions and overcoming challenges.

## Alternatives for Improving Coordination

This section presents a few alternatives available for enhancing coordination for disaster management purposes and overcoming the challenges noted in the previous section.

### Regional Approaches and Compacts

From an economic perspective, O'Sullivan (2009) suggests that the provision of local goods may be inefficient if externalities are large from a geographic perspective, and scale economies are large. Furthermore, he offers subsidies from higher levels of government and the transfer of local authority to metropolitan-wide governmental entities as two possible responses to address inefficiencies in the provision of goods and services. Consistent with this economic reasoning and since 2001, DHS and other federal departments and agencies responsible for providing grants to states and local communities have consistently used financial incentives to encourage regional approaches. These approaches are viewed as one form of rescaling to address intergovernmental issues, among others.

Well before 2001, many cities themselves developed regional councils to support planning and coordination in various policy areas. Beginning in the 1960s, for example, federally designated Metropolitan Planning Organizations (MPOs) began planning surface transportation across metropolitan regions (Miller 2002, p. 103). In the decades to follow, many states such as Texas passed laws to permit regional planning commissions and regional councils of government to support planning and coordination in many public policy areas such as disaster management (Texas Local Government Code n.d.). The National Capital Region may be the only region to derive authority from federal law; the Homeland Security Act of 2002 and Title 10 of the United States Code define the NCR's geographic area and membership (Homeland Security Act of 2002).

Conceptually, regions generally refer to multijurisdictional areas that unite public officials to address common problems, identify communities of interest, and improve the quality and delivery of public services. While some states and localities are accustomed to coordinating regionally, such as those that comprise the National Capital Region, others are not. Unfortunately, response agencies at the local level tend to conduct preparations for large-scale disasters within the confines of their geopolitical boundaries. This may suffice for responding to small-scale incidents, but not large-scale disasters that commonly impact areas well beyond traditional state and local boundaries as the Gulf Coast experienced in 2005 following the landfall of Hurricane Katrina.

Among other possible methods, coordination is an integral activity in achieving enhanced preparedness. In September 2004, the Government Accountability Office issued a report outlining several factors that characterize effective coordination. The GAO (2004) defined regional coordination as "[t]he use of government resources in a complementary way toward goals and objectives that are mutually agreed upon by various stakeholders in the region" (p. 8). A prerequisite for effective regional coordination, however, is that local government units within the region achieve high levels of preparedness themselves. In other words, the coordination of resources cannot take place at the regional level unless those resources are known and organized at the local level. The coordination that takes place on the regional level is often centered on sharing resources and information.

Multijurisdictional response and recovery operations require the sharing of personnel, equipment, and facilities in an almost seamless fashion. Therefore, many regional planning and coordination efforts focus on developing or improving policies that govern the use of these resources.

Similarly, enhanced information sharing across jurisdictional boundaries leads to improved situational awareness and, therefore, decision-making. Regional efforts also help transfer best practices and professional experiences, increasing overall preparedness.

Regional approaches may be formalized through compacts, memorandums of agreements, and executive orders commonly adopted by chief executives. One of the most well-known interstate compacts to support the coordination of resources across state lines is the Emergency Management Assistance Compact (EMAC). In 1996, Congress passed the Public Law 104–321, which authorized states to "provide for mutual assistance between the states entering into this compact in managing any emergency disaster" (Joint Resolution 1996). In passing the EMAC law, states were provided flexibility in helping each other during disasters while also complying with minimum legal requirements identified in the compact relating to compensation, reimbursement, immunity, and other provisions. Since 1996, all states have enacted EMAC legislation. After Hurricane Katrina, nearly 66,000 personnel mobilized to help in the response and recovery from the disaster along the Gulf of Mexico (NEMA 2014). Without the help of EMAC, Louisiana may not have been able to gain the help from as many states as they did.

As a means to support coordination, it is not expected that compacts would involve significant restructuring of local boundaries if implemented at the local scale. While the compact itself ensures a minimum level of vertical and horizontal governmental integration, the structure of the regional authority and type of coordination promoted in the compact toward achieving shared goals is equally important. Theoretically, compacts might be used to authorize and finance many different forms of interstate and interlocal coordination. These may include generally easy to implement planning to the formation of regional institutions that may have authority "over public agencies and indirectly over private regional actors" (Walker 1987).

### Professionalization and Doctrine

Coordination among disaster participants may be improved via the use of professional training and by modifying the competencies expected of decision makers. There is a gap in knowledge, skills, and abilities associated with disaster coordination if participants are not experiencing large-scale disasters on a frequent basis or learning and reinforcing those knowledge, skills, and abilities through other education and professional training venues.

In lieu of disasters, real-world exercises may simulate the conditions that require participants to coordinate with one another. In addition to formal mechanisms such as exercises, McEntire (2015) promotes the use of informal methods of connecting participants with one another and networking before a disaster; these methods help participants identify and understand cultural differences that may exist.

National associations of professionals and organizations responsible for promulgating standards have a role in supporting coordination. The National Emergency Management Association (NEMA), which currently administers EMAC and the Emergency Management Accreditation Program (EMAP), and the International Association of Emergency Managers (IAEM) may help steer resources to areas of disaster management that may result in standardization and, ultimately, improve coordination. For example, standardizing platforms used for displaying geospatial data or the data elements used by disparate commercial platforms would likely support coordination.

Given that the Federal government fulfills important roles in providing training, technical assistance, and grants to state and local officials, national doctrine may have an impact on supporting many of the aforementioned alternatives. A case in point is the following FEMA doctrine: *A Whole Community Approach to Emergency Management: Principles, Themes, and Pathways for Action* (FEMA 2011). Though empirical data is lacking, anecdotal evidence suggests that this doctrine represented a paradigm shift and placed greater emphasis on coordinating with diverse groups of stakeholders in communities before, during, and following disasters.

## Conclusion

This chapter briefly explored the concept of coordination as it relates to disaster management in the United States. State and local governments are generally responsible for managing disasters; as a result, there is signification variation in disaster policies and practices across the country. Coordination is often portrayed as a way to mitigate challenges associated with the country's decentralized and fragmented disaster management system. However, achieving coordination is problematic for many reasons; for example, participating organizations often lack the experience required to address the complex problems presented during disaster situations.

A greater emphasis on regional approaches to disaster management, the use of both formal, professional and informal mechanisms to train participants and connect them with one another in advance of disasters, and national doctrine are offered as alternatives for strengthening coordination at all levels.

By their nature, disasters present complexities and challenges that are difficult to overcome. Some disrupt the economy and the operation of businesses, while others result in loss of life and damage to property and the environment. Understanding the coordination of disaster participants – citizens, emergent groups, nongovernmental organizations, businesses, governmental agencies – may provide one clue toward achieving a disaster resilient future.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Disaster Response Management
- ▶ Evolution of Crisis Management
- ▶ Laws and Crisis Management
- ▶ Leadership and Emergency Management
- ▶ Local Governments and Crisis Management
- ▶ Politics and Crisis Management
- ▶ Public Bureaucracy and Crisis Management


## References


California Department of Forestry and Fire Protection (2015) Incident information: valley fire. Retrieved from: http://cdfdata.fire.ca.gov/incidents/incidents_details_info?incident_id=1226

Federal Emergency Management Agency (2011) A whole community approach to emergency management: principles, themes, and pathways for action (FDOC 104-008-1). Federal Emergency Management Agency, Washington, DC

Haddow G, Bullock J, Coppola DP (2014) Introduction to emergency management, 5th edn. Butterworth-Heinemann, Burlington

Homeland Security Act of 2002, Pub. L. 107–296, 10 U.S.C. 2674(f)(2)

Joint resolution: granting the consent of congress to the emergency management assistance compact (1996) Pub. L. 104–321, 110 Stat. 3877

Joyce E (2015) Valley and butte wildfires among most damaging in California history. Capital public radio. Retrieved from: http://www.capradio.org/articles/2015/09/21/valley-and-butte-wildfires-among-most-damaging-in-california-history/

McEntire DA (2015) Disaster response and recovery: strategies and tactics for resilience, 2nd edn. Wiley, Hoboken

Miller DY (2002) The regional governing of metropolitan America. Westview Press, Boulder

National Emergency Management Association (2011) State emergency management director handbook. Lexington, National Emergency Management Association

National Emergency Management Association (2014) The emergency management assistance compact: a history and analysis of the evolution of National Mutual Aid Policy and operations. Lexington, National Emergency Management Association

O'Sullivan A (2009) Urban economics, 7th edn. McGraw-Hill/Irwin, New York

Richardson J, Gough M, Puentes R (2003) Is home rule the answer? Clarifying the influence of Dillon's rule on growth management. The Brookings Institution, Washington, DC

Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988. Pub. L. 93–288, as amended, 42 U.S.C. 5121–5207

Sisney J, Garosi J (2015) California economy and taxes, 2014 GDP: California ranks 7th or 8th in the world. Sacramento: the California Legislative Analyst's Office Retrieved from: http://www.lao.ca.gov/LAOEconTax/Article/Detail/90

Sylves R (2015) Disaster policy and politics: emergency management and homeland security, 2nd edn. CQ Press, Washington, DC

Texas Local Government Code., Title 12, Chapter 391 (Regional Planning Commissions)

U.S. Census Bureau (2012) Census of governments, local governments by type and state: 2012 [table].

U.S. Census Bureau, Washington, DC. Retrieved from: http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk
U.S. Census Bureau (2015a) Quick facts: Arizona [table]. U.S. Census Bureau, Washington, DC. Retrieved from: https://www.census.gov/quickfacts/table/PST045215/04,18
U.S. Census Bureau (2015b) Quick facts: Indiana [table]. U.S. Census Bureau, Washington, DC. Retrieved from: https://www.census.gov/quickfacts/table/PST045215/18
U.S. Department of Homeland Security (2013) National response framework, 2nd edn. U.S. Department of Homeland Security, Washington, DC
U.S. Government Accountability Office (2004) Effective regional coordination can enhance emergency preparedness (GAO-04-1009). U.S. Government Accountability Office, Washington, DC
Walker DB (1987) Snow white and the 17 dwarfs: from metro cooperation to governance. Natl Civ Rev 76(1): 14–28

# Coordination Quality: Perceptions and Drivers Among Civil Servants

Tom Christensen[1] and Per Lægreid[2]
[1]Department of Political Science, University of Oslo, Oslo, Norway
[2]Department of Administration and Organization Theory, University of Bergen, Bergen, Norway

## Introduction

The dynamics of modern public sector reform waves, from structural fragmentation in NPM to attempts at structural reintegration in post-NPM, have resulted in a renewed interest in coordination in the government apparatus. Coordination is very high on the contemporary reform agenda in many European countries. Coordination capacity and quality is a key precondition for governments to address complex governance and policy challenges in the modern state. In a broad survey, top civil servants in ministries and central agencies in Europe were asked to assess the importance of various reform trends in their own specific policy field, and they ranked enhanced collaboration and coordination as the most important measure. Hierarchical command is the most common coordination mechanism in central government, but network arrangements are also rather common.

This article focuses on perceived coordination quality in ministries and central agencies in Norway. It will describe and explain how civil servants in central government perceive coordination quality, by addressing the following questions:

- How do civil servants assess the quality of coordination in their own field of work?
- How can one explain the variations in perceived coordination quality from a structural and a cultural perspective?

## Conceptual Clarification: Coordination

The literature of coordination in public administration is ambiguous, and different concepts and terms have been used. There are several partly overlapping synonyms such as collaboration (shared responsibility), coordination (shared work), and cooperation (shared resources). This article leans towards a government-centered approach focusing on coordination and the institutional and organizational dimensions. Coordination can be defined as the purposeful alignment of units, roles, tasks, and efforts in order to achieve a predefined goal (Bouckaert et al. 2010). Coordination is about adjusting the actions and decisions of interdependent actors to achieve specified goals (Koop and Lodge 2014). We distinguish between coordination capacity as an independent variable on the one hand and coordination quality relations as dependent variables on the other hand. Coordination capacity refers to administrative capacity within civil servants' fields of work when it comes to getting actors to collaborate and to cooperate. Coordination quality is the perceived quality of coordinating activity as it works in practice within the civil servants' field of work along different dimensions.

When assessing coordination quality, it is distinguished between *internal* and *external coordination* and *vertical* and *horizontal coordination*

(Christensen and Lægreid 2008). Internal coordination refers to coordination in and between governmental actors within a political-administrative system, whereas external coordination refers to interaction between the government and public or private organizations or stakeholders outside of it, e.g., civil society, international organizations, or municipalities. Vertical coordination is normally more hierarchy-based, while horizontal coordination is more collegial or networked-based.

## Theoretical Perspectives on Coordination

Coordination is both a structural and a cultural phenomenon. A structural-instrumental perspective and a cultural-institutional perspective are used to understand the variation in perceived coordination quality and capacity among civil servants. According to a *structural perspective*, decision-making processes in public organizations are influenced by the formal structure. It is assumed that formal structure matters for coordination quality. This perspective offers insights into variations in how coordination is experienced by civil servants in different policy areas, at different administrative levels, in different positions, performing different tasks, and in different coordination structures.

A general expectation is that perceived coordination quality will be seen as better within own policy area than across policy areas and administrative levels due to weaker organizational boundaries in the first case. Civil servants in overarching ministries will probably perceive transboundary coordination as better than civil servants working in line ministries or agencies without such transboundary responsibilities. Another expectation is that coordination quality will be perceived as better in ministries than in central agencies. Leaders are expected to score highest in their positive perceptions of a broad range of coordination forms. Further we will expect that civil servants who work with tasks that need collaboration across administrative levels and ministerial areas will perceive less coordination problems than other civil servants due to their resources and experiences. Also participation in network arrangements is expected to make a difference. Previous studies have shown that there is a significant positive correlation between network-based coordination instruments and perceived coordination quality. Coordination tends to be viewed more positively when horizontal network-based measures are used as coordination instruments. Finally, the overall coordination capacity is expected to matter. Civil servants who assess the administrative capacity of the public administration within their own field of work to get actors to collaborate and cooperate as good will probably assess the various measures of coordination quality as better than those who assess coordination capacity as poor.

From a *cultural perspective*, trust relations, common cultural values and norms, may facilitate coordination. The development of a public organization is seen as based on historical traditions and path dependency. Actors will think and act according to a logic of appropriateness, not a logic of consequence. The leadership of a public organization will have a central role in socializing and training employees to install a common cultural identity. Coordination in a cultural sense might mean to develop an integrated culture, so that civil servants and their leaders share common informal norms and values, which may in turn facilitate coordination in practice. The introduction and use of NPM reforms meant increased structural fragmentation and cultural heterogeneity, and a challenge for leaders under the post-NPM reforms is to bring public organizations culturally back together again.

Previous studies have revealed that there is a positive relationship between coordination culture and coordination quality along different dimensions (Lægreid et al. 2016). Three different sets of cultural variables are used to explain variety in civil servants' perceptions of coordination quality. First, a central precondition for working together towards a common cultural goal in the civil

service is *mutual trust*, measured by whether civil servants think the level of mutual trust between the ministry and subordinate agencies is high or not. The expectation is that a high level of mutual trust will enhance coordination quality, especially the vertical coordination within own policy area. Second, whether civil servants' tasks and areas of responsibility are characterized by a high or low level of *conflict* will supposedly influence coordination quality. The expectation here is that a high level of conflict will make coordination more difficult and challenging, because it is difficult to find common cultural ground. Third, what is typical for the *identity* of civil servants? The expectation is that civil servants scoring high on identification with the public administration as a whole will perceive overall higher coordination quality than those who mainly identify with their own ministry or agency.

## Context

The ministerial responsibility principle tends to produce strong administrative silos with relatively good vertical coordination within each policy area but weak horizontal coordination across policy areas.

New Public Management reforms have mainly been preoccupied with vertical coordination and have tended to aggravate the mismatch between vertical and horizontal coordination within government. In recent 20 years, the NPM reforms have been supplemented by post-NPM reforms which seek to enhance integration in the central government apparatus by introducing more network arrangements in the shadow of the hierarchy and also by merging administrative bodies.

Compared with other European countries, Norway scores relatively low on coordination through the internal administrative hierarchy, but the use of cross-boundary collegial bodies, such as working groups and project groups, is rather common. Norway's closer integration in the European Union through the Economic Area Agreement has also increased the need for external coordination.

This contextual situation illustrates the challenges that civil servants in Norwegian central government face when handling and assessing coordination issues. The expectations based on these contextual features are:

- That internal coordination within own policy area will be seen as relatively good in comparison with horizontal coordination across policy areas.
- That there will be coordination challenges vis-à-vis local and regional government.
- That increased integration into Europe will strengthen the quality of sectoral vertical integration upwards to the international level.
- Owing to the introduction of post-NPM reforms over the last years, transboundary coordination will be of higher quality in 2016 than in 2006.

## Database

The data used are taken from two unique comprehensive surveys of civil servants in Norwegian ministries and central agencies, conducted in 2006 and 2016. All civil servants in the ministries with at least 1 year tenure, from executive officers to top civil servants, and a representative sample of every third civil servant in the central agencies were included. The number of respondents in 2016 was 2322 in the ministries and 1963 in the central agencies. The response rate in 2016 was 60% in the ministries and 59% in the central agencies. Overall, this is a high response rate.

## Coordination Quality Across Time and Coordination Dimensions

Table 1 shows, first, a stable pattern over time regarding perceived coordination quality in central government. Despite an increased focus on political-administrative coordination in different

**Coordination Quality: Perceptions and Drivers Among Civil Servants, Table 1** Perceived coordination quality in ministries and central agencies. Percentage rating the quality as good or very good in 2006 and 2016

| | 2006 | 2016 |
|---|---|---|
| Coordination between governmental authorities within own ministerial area | 59 | 61 |
| Coordination with governmental actors in other policy areas | 38 | 39 |
| Coordination with regional and local government | 33 | 33 |
| Coordination with supranational or international organizations | 51 | 48 |
| Coordination with private sector/civil society[a] | 38 | 40 |
| *N (average)* | 1818 | 1843 |

[a]Ministries only

governments' reform programs and several mergers in the ministries and agencies, the civil servants' characterization of coordination on all coordination measures did not change significantly. There are few changes in perceptions of increased coordination in central government over time.

Second, there are interesting variations across coordination dimensions, which remain similar over time. Reported coordination quality tends to decrease significantly when crossing organizational, administrative levels or sectoral boundaries in the central government apparatus. This illustrates a general finding that organizational boundaries in central government affect both civil servants' perceptions and their actual behavior. The civil servants are much more satisfied with the coordination quality within their own policy area than across policy areas or administrative levels. This finding is in line with a general trend in Europe.

Third, the civil servants report better coordination quality upwards towards the European or supranational level than downwards to the local and regional levels. The weaker coordination downwards with regional and local bodies is a major concern in ministries and central agencies, and this reflects how coordination is constrained when the principle of ministerial responsibility meets local self-governance. In contrast, coordination upwards to the European and supranational level tends to work pretty well, which might reflect that the EEA agreement is largely based on the principle of specialization by sector in line with the domestic governance style in Norway. Even perceived coordination quality with the private sector is stronger than with the local level.

Compared with 16 other European countries, Norwegian top civil servants score significantly higher than average on internal coordination quality both vertically within own policy area and horizontally across policy areas and considerably lower on external coordination both with local and regional bodies and with stakeholders in the private sector.

The five coordination dimensions are more overlapping and supplementary than alternative. If civil servants are dissatisfied with coordination along one dimension, they also tend to be dissatisfied with coordination along other dimensions. Perceived internal coordination problems tend to go in tandem with external coordination problems, and vertical coordination problems often overlap with horizontal coordination challenges.

## Variation in Coordination Quality: Structural and Cultural Features

A multivariate analysis (Christensen and Lægreid 2019) shows that structural and cultural features can help to explain variations in perceived coordination quality. The most important explanatory factors are coordination capacity and mutual trust. This goes for all five coordination dimensions. Strong coordination capacity has a significant positive effect on perceived

coordination quality along all dimensions, which was expected. If civil servants perceive the administrative capacity within their own policy area to get actors to cooperate and collaborate as good, then the perceived coordination quality is good. If mutual trust relations between ministries and subordinate central agencies are strong, then coordination seems to be smoother along all quality dimensions horizontally and vertically, internal as well as external.

Other structural and cultural actors also matter. Administrative level has an effect on internal coordination within own policy area, horizontal coordination across policy areas, and vertical coordination with international bodies. For all these dimensions, the civil servants in the ministries perceive coordination as better than those in the agencies do. Policy field also makes a difference to the way that civil servants working in overarching ministries perceive the quality of coordination across sectors and international coordination as better. Participating in network arrangements also influences the perception of international coordination. Having transboundary collaboration tasks matters for coordination within own policy area, across policy areas, and also with civil society and the private sector.

Among the cultural variables, level of conflict also matters. Civil servants working on policy areas with a high level of agreement normally perceive coordination quality as better than those who work on issues involving a lot of conflict. Strong identification with central government in general also tends to go together with higher perceived coordination quality, especially across policy areas and with regional and local bodies.

If we compare the explanatory factors across time, we find a lot of robustness and stability (Christensen and Lægreid 2008). Both in 2006 and 2016, we find a combination of structural and cultural features as the main explanatory variables, and the demographic control variables do not have a strong influence. In both years administrative level is a main explanatory factor when it comes to horizontal coordination as well as coordination within own policy area. Generally, coordination across policy areas as well as within own policy sector is perceived as better in ministries than in central agencies. The same stable pattern occurs for mutual trust relations. Among all coordination dimensions, mutual trust is an important explanatory factor both in 2006 and in 2016. Coordination among different dimensions is perceived as significantly better if there is a high level of mutual trust between ministries and central agencies.

## Discussion

Both structural and cultural factors matter for coordination quality. Regarding structural features, a positive perception of overall coordination capacity correlates strongly with all the dimensions of coordination quality, and administrative level means a lot for the coordination quality dimensions. Regarding cultural features, strong mutual trust enhances coordination quality. Also, a low level of conflict is important for improving the perceived quality of coordination, because interaction and cultural integration then become easier. This indicates that structural and cultural variables might interact and that informal cultural integration is important as "institutional glue" that reaches beyond formal structural boundaries.

Going back to the expectations based on the Norwegian political-administrative context, it was expected a high score on perceived internal coordination quality in own policy area, and that is exactly what we found. This is very much a reflection of the "siloization" that is very typical for many European central civil services. We also expected challenges in coordination with regional and local government, which is reflected in the relatively low scores for coordination quality on this dimension. It was also expected that closer European integration would lead to higher perceived quality of international coordination. This was confirmed, and there is a higher score on this dimension than on horizontal coordination between policy areas.

Despite all reforms aimed at enhancing coordination, the perceived coordination quality on different dimensions has not increased, as expected, but has remained stable. Thus, there seems to be a loose coupling between reforms and perceived coordination quality in central government. One reason for this may be that coordination quality perceptions are not that much influenced by reforms, but more by cultural features and basic structure of the central civil service.

## Conclusion

This article has shown that coordination is important but difficult to achieve, especially transboundary coordination. It has also revealed a coordination paradox. On the one hand, major efforts have been made to increase coordination both vertically and horizontally, and several big reform initiatives have been launched to increase coordination between policy areas and administrative levels. On the other hand, perceptions of coordination quality among civil servants in ministries and central agencies have been rather stable and robust over the past 10 years. One interpretation of this pattern is that as long as the main governance doctrine of ministerial responsibility is not challenged, the leeway for increasing coordination between policy areas and administrative levels is limited. Another interpretation is that coordination is not only a logistical and technical issue but also a political issue. Coordination is about power relations. Civil servants generally prefer to coordinate than to be coordinated. As long as power relations are not changed, the room for increased coordination is limited. This brings us to the third point: Context matter for coordination quality, such as governance doctrines and integration into the EU. A fourth interpretation is that one should not expect too much from big structural reforms. Often reform agents tend to oversell the reforms and promise more than they can deliver.

When it comes to explaining variations in coordination quality, it is distinguished between "hard" structural/formal explanations and "soft" cultural features. The main finding is that both "hard" and "soft" measures matter. First of all, cultural features affect the coordination pattern. If one wants to improve coordination, an important lesson is to take cultural features into consideration, like in trust-based reforms. However, it is also shown that cultural features need to be complemented by structural features. It is especially important to strengthen coordination capacity. Good government means a high trust administration but also an administration with coordination capacity. The structural arrangements can both constrain and enable coordination quality. Perceived coordination quality varies with organizational boundaries and especially with the administrative capacity to get different actors to collaborate and cooperate within and across different areas.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Authority in Organizations
- ▶ Bureaucratic Power
- ▶ Culture and Organizations
- ▶ Flexible Organizations
- ▶ Incremental Theory of Decision-Making
- ▶ Leadership in Organizations
- ▶ Models of Organizational Change
- ▶ Organizational Control
- ▶ Scientific Management Theory of Organizations


## References


Bouckaert G, Peters BG, Verhoest K (2010) The coordination of public sector organizations. Palgrave, London

Christensen T, Lægreid P (2008) The challenge of coordination in central government organizations: the Norwegian case. Public Organ Rev A Glob J 8(2):97–116

Christensen T, Lægreid P (2019) Coordinating quality in central government. The case of Norway. Public Organ Review. A Glob J. Online First

Koop C, Lodge M (2014) Exploring the co-ordination of economic regulation. J Eur Publ Policy 21(9):1311–1329

Lægreid P, Ramnda-Liiv T, Rykkja LH, Sarapuu K (2016) Coordination challenges and administrative reforms. In: Hammerschmid G, Van de Walle S, Andrews R, Bezes P (eds) Public administration reforms in Europe: the view from the top. Edward Elgar, Cheltenham, pp 244–258

# Co-production

Catherine Needham[1] and Caitlin McMullin[2]
[1]Health Services Management Centre, University of Birmingham, Birmingham, UK
[2]Institute of Local Government Studies, University of Birmingham, Birmingham, UK

## Synonyms

Cocreation; Codesign; Co-governance; Comanagement; Parallel production

## Definition

The involvement of citizens and/or community organizations in the design and delivery of the services they use or otherwise benefit from.

## Introduction

Public services have always relied on input from their users – be it pupils doing their homework, people remembering to take their medication, or neighborhood watch schemes contributing to local crime prevention. The term coproduction itself dates from the 1970s, a time when movements to challenge professional power and increase citizen participation in community affairs coincided with efforts to reduce public spending. Academics in the United States explored how to harness the input of people who use services, focusing particularly on municipal services such as waste collection, parking, road maintenance, and neighborhood policing.

From the early 1980s, the language of coproduction largely disappeared from policy. Policy makers and academics focused more on market approaches, which emphasized the separate interests of service producers and consumers, rather than the value of collaboration. However, the coproductive insight – that the people who use services have expertise and assets to contribute – continued to be evident in a range of reform movements in the nonprofit sector such as time banking and cooperatives. The last two decades have seen the return of coproduction as a mainstream idea in public policy. Coproduction is viewed as a way to combat many of the problems facing contemporary welfare states – such as stretched public finances, an increasing demand for more personalized services, technological advances, ageing populations, and other demographic changes. It is an approach with broad global appeal, drawing attention from the Organization for Economic Co-operation and Development (OECD) Directorate for Public Governance and Territorial Development and the World Bank.

## Types of Coproduction

People use the term coproduction in different ways. We can identify three different ways in which services are talked about as coproduced. The **first** is simply a **description** of how all services, including those in the private sector, rely on some productive input from users. The production and consumption of services are recognized to be inseparable, in contrast to the production and consumption of products. Here coproduction is merely the conceptualization of an existing practice. For example, education necessitates the active involvement and collaboration of both the student and teacher.

A **second** usage of coproduction is as the **recognition** of the productive contribution made by the people who use services, acknowledging their input, valuing and harnessing existing informal support networks, and creating better channels for people to shape services. There is an emphasis here on citizens as having **assets** rather than employing a deficit model of public services and the fostering of collaborative rather than competitive or antagonistic relationships between staff and service users. For example, bringing local community representatives into discussion about urban regeneration can be a way to recognize their lived expertise. However, this type of coproduction does not involve any shifts in the power relationships between different actors.

A **third** way of using the term coproduction is as an approach to **transform** public services. Here it is seen as bringing professionals and service users together to identify and manage new and existing risks and better meet the needs of citizens (Meijer 2016). This might involve innovative ways of designing and running services.

There is evidently a normative structuring to this tripartite approach. In other words, some of these are seen as better than others. The notion of coproduction as a *description* of existing practice is fairly limited in what it can achieve. The productive input of citizens may be little more than compliance with legal or social norms, such as making way for an emergency vehicle or not dropping litter. Coproduction as a form of *recognition* accounts for the contributions of citizens, communities, and professionals. This approach can promote increased understanding between multiple stakeholders. Those who deliver services can become more attuned to the individual circumstances, needs, and preferences of the people who use them. The *transformational* approach envisages behavioral change: more involved users and communities, who are invited to make a greater contribution to the service. Professions are expected to cede power and to share risks with users. Although rarely stated explicitly, the transformational approach to coproduction is the conceptualization of coproduction that has caught the imagination of policy makers.

## Who Is Coproducing?

Coproduction occurs when the input of citizens is complementary to the input of professionals, rather than substitutive. In other words, both professionals and citizens have resources and/or expertise that can benefit one another and ensure that coproduction leads to better outcomes than production by government or citizens alone (Ostrom 1996). The participants in coproduction may vary depending on the public service involved and may include service users themselves, their caregivers, or local community members in partnership with professional service providers. For example, home school contracts involve coproduction between parents and teachers, where parents become more actively involved in helping their children to learn, while large-scale community development projects can be coproduced by local citizens, businesses, government, and other local stakeholders.

Coproduction activities can be led by the state or by the nonprofit sector. Indeed, it may be that the nonprofit sector has closer links to communities which can make it easier for them to involve citizens in service design and delivery (Pestoff et al. 2012).

## Who Benefits?

One of the ways to separate out different types of coproduction has been to distinguish between **individual**, **group**, and **community** beneficiaries (Brudney and England 1983). Individual coproduction involves examples where the benefits are mainly targeted at an individual, such as involving patients in decisions about their own treatment. In group coproduction, the benefits accrue to the particular citizens who participate together rather than the wider community, an example being neighborhood watch schemes. Collective coproduction could include being a volunteer firefighter and helping out with park maintenance, with the benefits being dispersed across a community. However coproduction is not quite the same as volunteering. Coproduction is about people helping to shape the services which they themselves are likely to use or otherwise benefit from, whereas volunteering is usually seen as a more altruistic act of helping others.

## At What Stage Does Coproduction Take Place?

Coproduction primarily describes the involvement of people at the point of service delivery. It is also possible to involve the people who use services in the early stages of service planning, design, and commissioning and in the later stages of managing, monitoring, and evaluation (Bovaird and Loeffler 2012). Part of the coproductive challenge to traditional public services is to refute the very notion that people who use services sit at the end of a long delivery chain. If people are involved in codesign, they can help to identify the kinds of problems that a service is responding to, rather than just responding to

problems that someone else has identified. Coproduction can also be embedded in the management of a service, with users and communities having a place on the steering group or management board of the delivery organization.

## Examples of Coproduction

Instances of coproduction have been identified around the world and include coproduction between community members, disabled people and professionals, and older people and local citizens. For example, members of **time banks** share skills and companionship, based on time as the currency of exchange. Citizens support each other on a mutual aid basis, although professionals continue to play a key role in managing the credit system and facilitating access. Time banks were popularized in the United States but now exist in dozens of countries around the world.

Another example of coproduction is the **KeyRing** scheme in the United Kingdom (UK), which supports people with learning disabilities to live in their own homes (Poll 2007). A Community Living Worker offers a few hours per week of support to nine KeyRing network members in each locality and facilitates interaction between members. The role of the professional or volunteer caregiver is to facilitate self-reliance and mutual support, based on the expertise and skills of the people who use the service.

Similarly, Western Australia's **Local Area Coordination** (**LAC**) scheme involves locally based area coordinators, each providing support to between 50 and 65 people with disabilities, and providing financial support, varying from one-off discretionary grants to ongoing and intensive support (Bartnik and Chalmers 2007). The scheme is based on the assumption that services provided by government and community agencies complement and support the primary role of families, caregivers, and communities in achieving a good life for people with disabilities.

Finally, the French **Villa Family** program brings an older person with a disability into purpose-built accommodation with a trained host family, within or close to their home village (Bovaird 2007). The older people employ the host family (and have responsibilities as the employer) and can move if not satisfied. The older people are not financially dependent on host families – the state pays them a disability allowance.

C

## Making Coproduction Work

In her classic work on coproduction, Ostrom (1996) sets out four conditions which she suggests are necessary in order for coproduction to occur and provide better outcomes than government or citizen production alone. The conditions are that coproduction must be complementary rather than substitutive; there must be a range of options available to both professionals and citizens; all participants must be able to build a credible commitment to the process; and incentives exist for both sides. When these conditions are met, it is possible to see a number of benefits of coproduction. The benefits of coproduction include:

### Value for Money

Independent evaluation of the KeyRing project to support people with a learning disability to live independently found that the project delivered support cost-effectively. The Local Area Coordinators schemes in Australia have shown value for money as well as high levels of satisfaction from the people who use services. The potential for coproduction to access assets that were previously unacknowledged and may have been underused means that it may be more cost-effective than traditional approaches to service delivery. However, it is important to recognize that there may be costs to coproduction in training staff and supporting citizens. The cost savings generated by coproduction may be "soft" rather than cashable, for example, in reducing loneliness, increasing self-esteem, or enhancing trust.

### Incorporation of Expertise from the People Who Use Services

Coproduction recognizes that people who use services are "experts on their own lives" and their involvement can help to ensure that services are better designed and more effective (Poll 2007). It

can help to bridge the "them and us" culture between service users and staff by facilitating shared insights.

### Practical Skills

Coproduction can provide a number of practical advantages for participants, such as learning new skills and gaining access to information. Time banks, for example, can also be a way to develop more formal qualifications and opportunities. Being a peer support worker, for example, in mental health services, has been shown to offer various practical benefits for the support workers themselves, such as facilitating their moves into other forms of employment.

### Social Capital

Several coproductive schemes have reported positive benefits for social capital, through building supportive relationships, increasing personal self-confidence and activity, and fostering trust (Fledderus et al. 2014). The sorts of capital created by the schemes can benefit service providers and the broader community as well as the people who use services themselves. For example, the Villa Family project brings more young families into villages and helps them to integrate into those communities. The time banks appear to be more effective than traditional volunteering routes at attracting socially excluded sectors of the population and work well as a tool for social inclusion.

## Limitations of the Coproduction Models

Coproduction models, however, do have some limitations. These relate to the way in which coproduction may not help to overcome the marginalization of particular groups, the potential conflict with existing models of service delivery and existing institutions, and the culture change that is required of service professionals.

### Coproductive Schemes Can Reinforce Rather than Build Social Capital

Although the examples cited above show the potential for coproductive schemes to enhance social capital, there are clearly limits to the scope for some people to coproduce without support. Just as in participation initiatives more broadly, coproductive schemes may sideline groups that have been generally marginalized and underserved, such as people living in poverty; the homeless, black, and minority ethnic people; lesbian, gay, and bisexual people; older people; people with cognitive and communication difficulties; and those living in residential care settings.

There is also some concern that coproduction may be better at providing "bonding" social capital (helping to create links within communities) rather than "bridging" (making links between different communities). Connected to this is a concern that the collaborative nature of coproduction should not be seen too strongly in reciprocal terms, framed as what the people who use services will have to "pay back" in the future. Coproduction also must not be "government attempting to dump its difficult problems on users and communities" (Bovaird 2007, p. 855).

### Coproduction May Clash with Existing Frameworks of Service Provision

The KeyRing project had difficulty fitting in with a regulatory framework which is too focused on performance outputs rather than citizen outcomes. The tax and welfare regulations can be a problem for time bank participants. Risk aversion among statutory authorities was noted to be a constraint on innovation in some of the cases. Traditional notions of accountability may also be threatened as public/private; formal/informal resources become more closely linked (Joshi and Moore 2004).

### Coproductive Schemes Need Secure Funding and Organizational Support

A Government of Western Australia evaluation of the LAC scheme noted that the multiple demands being made on the scheme, such as to its scope, role, constituency, and accountability, threaten its medium- to long-term sustainability (Bartnik and Chalmers 2007, p. 34). In addition,

funding for time banks tends to be short-term and unstable.

### Coproduction Requires Support from and for Professional Staff

Most evaluations of coproduction highlight the importance of the relationship between the service user and the professional and the difficulties in making this relationship work well (Osborne and Strokosch 2013; Tuurnas 2015). Coproduction requires committed staff support, at least at early stages, which can be hard to reconcile with other priorities. Staff also need to be willing to share power with users. Officials can be reluctant to acknowledge the legitimacy of user expertise, and there is a danger that citizens feel "second-class workers" in dealings with professional staff. However, it is also clear that staff attitudes can be transformed through taking part in coproductive projects, building a greater awareness of the contributions of people who use services and a greater recognition of the assets held within communities.

## Conclusion

Coproduction is now a widely used approach to involving citizens and communities in the services offered by government and nonprofit organizations. Many initiatives have been called coproduction, but some advocates of coproduction suggest that schemes only really count as being coproductive if there is a cultural change. In other words, "It is, at heart, a *mindset* and a *style of working*. Co-production says that you start from the people themselves and find out what they think works well and what needs to be addressed" (SCIE 2009, p. 4, emphasis in the original). It is in this context that transformational coproduction can occur.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Citizen Participation in Public Management
- ▶ Contracting with Government
- ▶ Government and Nonprofit Relationships


## References


Bartnik E, Chalmers R (2007) It's about more than the money: local area coordination supporting people with disabilities. In: Co-production and personalisation in social care changing relationships in the provision of social care. Research highlights in social work, vol 49. Jessica Kingsley Publishers, Philadelphia/London, pp 19–38

Bovaird T (2007) Beyond engagement and participation: user and community co-production of public services. Public Adm Rev 67(5):846–860

Bovaird T, Loeffler E (2012) From engagement to co-production: how users and communities contribute to public services. In: Pestoff V, Brandsen T, Verschuere B (eds) New public governance, the third sector and co-production. Routledge, New York, pp 35–60

Brudney JL, England RE (1983) Toward a definition of the coproduction concept. Public Adm Rev 43(1): 59–65

Fledderus J, Brandsen T, Honingh M (2014) Restoring trust through the co-production of public services: a theoretical elaboration. Public Manag Rev 16(3): 424–443

Joshi A, Moore M (2004) Institutionalised co-production: unorthodox public service delivery in challenging environments. J Dev Stud 40(4):31–49

Meijer A (2016) Coproduction as a structural transformation of the public sector. Int J Public Sect Manag 29(6): 596–611

Osborne S, Strokosch K (2013) It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives. Br J Manag 24(S1):S31–S47

Ostrom E (1996) Crossing the great divide: co-production, synergy and development. World Dev 24(6): 1073–1087

Pestoff V, Brandsen T, Verschuere B (2012) New public governance, the third sector and co-production. Routledge, New York

Poll C (2007) Co-production in supported housing: KeyRing living support networks and neighbourhood networks. In: Co-production and personalisation in social care changing relationships in the provision of social care. Research highlights in social work, vol 49. Jessica Kingsley Publishers, Philadelphia/London, pp 49–66

Social Care Institute for Excellence (2009) Co-production in action, A SCIE expert seminar, report of the event

Tuurnas S (2015) Learning to co-produce? The perspective of public service professionals. Int J Public Sect Manag 28(7):583–598

# Co-production and Governance

Lino Cinquini[1], Cristina Campanale[1], Giuseppe Grossi[2], Sara Giovanna Mauro[3] and Alessandro Sancino[4]
[1]Institute of Management, Scuola Superiore Sant'Anna, Pisa, Italy
[2]Department of Business Administration and Work Science, Kristianstad University, Kristianstad, Sweden
[3]Department of Management, University of Turin, Turin, Italy
[4]Department of Public Leadership and Social Enterprise, Open University Business School, Milton Keynes, UK

## Synonyms

Co-delivery; Co-design; Collaborative governance; Participatory management; Public services

## Definition

**Co-production** indicates "collaborative approaches where citizens or service users engage in partnerships with service professionals in the design and delivery of a public service" (OECD 2011, p. 27).

In particular, the OECD report "Together for Better Public Services: Partnering with Citizens and Civil Society" (2011, p. 32) provides the following definition of co-production:

> A way of planning, designing, delivering and evaluating public services which draws on direct input from citizens, service users and civil society organizations.

According to Nabatchi et al. (2017), there are many different definitions of co-production in the literature, as summarized in Table 1.

**Co-production and Governance, Table 1** Definitions of co-production in the literature

| Author | Definition |
|---|---|
| Brudney and England (1983) | "Coproduction consists of citizen involvement or participation (rather than bureaucratic responsiveness) in the delivery of urban services. . . . coproduction stems from voluntary cooperation on the part of citizens (rather than compliance with laws or city ordinances) and involves active (rather than passive) behaviors" (p. 63) |
| Ostrom (1996) | "The process through which inputs used to provide a good or service are contributed by individuals who are not 'in' the same organization" (p. 1073) |
| Bovaird (2007) | "The provision of services through regular, long-term relationships between professionalized service providers (in any sector) and service users or other members of the community, where all parties make substantial resource contributions" (p. 847) |
| Pestoff (2009) | "Co-production provides a model for the mix of both public service agents and citizens who contribute to the provision of a public service" (p. 197) |
| Brandsen and Honingh (2016) | "Coproduction is a relationship between a paid employee of an organization and (groups of) individual citizens that requires a direct and active contribution from these citizens to the work of the organization" (p. 431) |

Source: Adaptation from Nabatchi et al. (2017)

The common element in these definitions lies in the new position of the citizens, who become contributors in all their multiple roles (e.g., consumers, clients, volunteers, etc.), and of the government officials (and/or officials acting by mandate of government, e.g., officials of third-sector organizations providing public services), who become a part of a broader system of actors in the co-production of public services.

The term "co-production" was coined by Elinor Ostrom during the 1970s, and despite the long history of the phenomenon, it has recently assumed renewed relevance in the public sector in the wake of austerity. The co-production of public services represents a new mode available to citizens to engage with public agencies coherently in what advocates

call the "new public governance" (NPG) paradigm. In particular, NPG-inspired reforms can be defined as the "coordination and use of the institutional arrangements formulated in policy-making and implementation processes aimed at the collective interest in a polycentric multi-sectoral stakeholder context to pursue the collective interest" (Antiroikko et al. 2011, p. 3).

NPG principles highlight the importance of public administrations looking outside their boundaries, where it is possible to find different competences and to better understand the needs of citizens. The reforms based on these principles follow a trajectory which goes from a unidirectional approach (information) to an interactive path (participation), from responsiveness to collaboration, where citizens and governments become partners (Vigoda 2002).

Thus, the underlying idea born under NPG was that networks of public, private, and nonpublic organizations and partnerships with citizens can increase effectiveness and efficiency (Voorberg et al. 2014) while maintaining the original and traditional public values and preventing the distortions created by the business-value orientation of new public management (NPM).

More specifically, co-production is based on the idea that citizens have individual and important skills, which have to be included in the work of public agencies in order to increase the quality and the effectiveness of public services. This phenomenon has the potential to reinforce the focus of policy makers and public service providers on the core issue of delivery of enhanced value to service users in such a way that it improves both the efficiency and effectiveness of public sector organizations (Osborne and Strokosch 2013). Further, co-production can improve the relationship between government and citizens, reinforcing service quality and responsiveness (Boyle and Harris 2009), democratic governance, accountability and citizens' empowerment (Ostrom 1996; Sancino 2016), trust, and communication (Needham 2008). Finally, co-production can produce internal positive impacts, valorizing frontline expertise (Needham 2008) and thus positively affecting the environment inside a public organization.

## State of the Art: Problems of Governance with Co-production

The involvement of citizens in service delivery changes traditional governance models. Governance is intended here as the structure whereby it is identified who has the decision-making power and about what issues they can decide (Kaler 2002), and, consequently, it involves the "processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions" (Hufty 2011, p. 405).

In the case of co-production, a clear model of governance has still to be defined, and this is a key criticality to face.

While the contributions of multiple actors can have a positive impact, at the same time, they can generate criticalities, because the boundaries between the roles of different actors become blurred (Ostrom 1996; Bovaird 2007). Further, the absence of clear rules and a framework for decision making can undermine the potentialities of co-production. There are two main reasons. First, the values of the actors are different (Taylor 2003), and the nonexistence of a clear framework for decision-making can contribute to create conflicts. Second, not all the citizens have the same access to co-production, because of a lack of both knowledge and resources to co-produce. Consequently, the way in which co-production is realized can determine the creation (or not) of a gap between service outcomes for advantaged citizens, who can access co-production, and disadvantaged citizens, with limited or no access to co-production (Jakobsen and Calmar Anderson 2013).

Hence, first, there is the need to clarify the model of governance (and its elements) in the case of co-production by pointing out the framework whereby decisions are taken and implemented. Second, this model should be critically analyzed to verify whether it is able to assure that all conflicting interests are managed. Finally, gaps in the model should be faced to guarantee good governance.

## Future Perspectives: Toward the Definition of a New Model of Governance

This section will provide some clarifications of the model of governance in the case of co-production. In general, a governance model includes the following elements: actors, power and tasks, structure and relationships, and accountability (Stoker 1998). In the following paragraphs, each of these elements of governance will be examined in relation to co-production, paving the way for further reflection in order to clarify and to critically analyze them and their existing relationships.

### Actors

In general, the model of governance in the case of co-production of public services considers the involvement of providers and users of public services. Users can be represented by citizens and communities of citizens, and providers are represented by employees who are professionals in their field.

The participation of users can result in forms of (i) co-production and (ii) networks for inter-organizational collaboration. Or it can occur through the creation of hybrid organizations when the involvement of the users is institutionalized and incorporated into the public administration system (Grossi and Thomasson 2015).

### Power and Tasks

Providers are usually involved as professional "regular producers," while users provide efforts to enhance the quality and quantity of the services they receive (Parks et al. 1981). In the course of co-production, the providers and users bring different types of knowledge. Providers bring the one general knowledge of the core (primary) process of the organization and the production of service, and users bring their situational and local knowledge (Scott 1998).

A first classification based on the power and tasks of actors is based on the extent to which co-production involves tasks which are part of the organization's core services (Brandsen and Honingh 2016):

1. Complementary co-production in service design and implementation occurs when citizens are engaged in coproduction, but in tasks that are complementary to the core process rather than part of it (e.g., when parents help plan and organize extracurricular activities such as school excursions or help design and plant a school garden).
2. Complementary co-production in implementation occurs when citizens are actively engaged in the implementation but not the design of a complementary task (e.g., students assisting the university in organizing welcome days and parents helping prepare school plays).
3. Co-production in the design and implementation of core services occur when citizens are directly involved in producing core services of an organization and are directly involved in both the design and implementation of the individual service provided to them (e.g., post-graduate training modules in which entrants, together with instructors, define their own learning objectives and learning activities).
4. Co-production in the implementation of core services occurs when citizens are actively engaged in the implementation but not the design of an individual service which is at the core of the organization.

Another classification looks to the phases of service delivery in a traditional cycle – the design of policies and services (co-design), decision (co-decision), production (co-production), and evaluation (co-evaluation) (Pollit et al. 2006). For instance, participatory budgeting is an example of a co-decision, since citizens contribute to decide how to allocate public money, whereas when citizens are involved in the delivery of a service without being involved in its design or evaluation, as in the case of co-teaching, it is possible to refer to co-production in a strict sense.

Other classifications look to the different levels of inputs from citizens, articulated by Hirschman (1970) as follows: voice (providing feedback), choice (choosing service), contribution, and control.

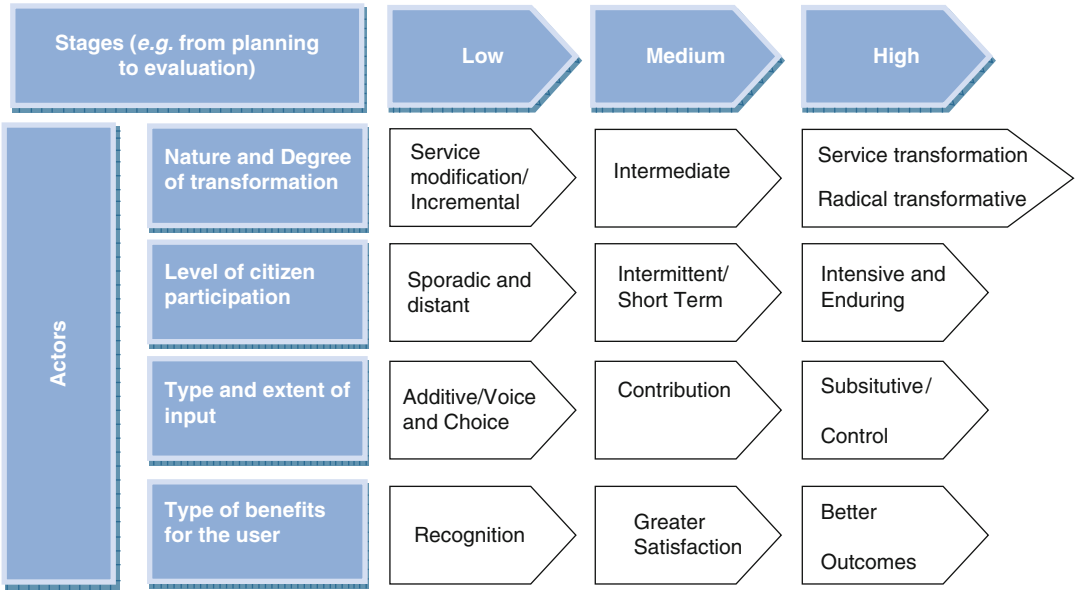


**Co-production and Governance, Fig. 1** Type and level of change involved in co-production. (Source: OECD 2011, p. 40)

Finally, co-production has been defined as either additive or substitutive (OECD 2011). In the first case, citizens collaborate with the public administration; indeed, they add their value to the service (e.g., citizens are coordinated to respond to local emergencies with public defense professionals). In the second case, citizens replace public administrations (e.g., health programs based on peer leaders with chronic illness helping other patients by performing professional tasks, as support in managing pain) (Fig. 1).

According to the degree of transformation of the final service determined by citizens, co-production can be classified (Needham and Carr 2009) as least transformative, intermediate transformative, and most transformative. In the first case, co-production is a simple explanation of the service, which is conditional on productive input from the citizen or user. For example, this is the case of students who simply do their homework. Intermediate transformative co-production happens when citizens actively participate in the production of public services, and their efforts are also formally recognized by the public administration, for example, by the institutionalization of their role in hybrid organizations. In this case, participation aims to improve services and establish a stable relationship between service providers and citizens. Finally, the most transformative co-production is characterized by a radical transformation of the service with a complete switch of powers, responsibilities, and control. This happens when the service is mostly planned, managed, or governed by the service users.

## Structure and Relationships

Structures in the case of co-production differ from the traditional vertical and horizontal relationships generally used in the public sector.

The vertical relationship between governments and citizens was born within the old traditional welfare system. It was based on a strict hierarchy in which the principals were the citizens and the agent was the government (Grossi and Thomasson 2015). In this perspective, people delegated to the government the responsibility for the delivery of public services by electing politicians to control and govern public administrations. Therefore, this vertical accountability relationship

is based on democratic values (Hodge and Coghill 2007). But this relationship leaves no room for user involvement (Pestoff 2009).

In the horizontal relationship, citizens were treated as customers of public services provided by purchasers, and, in turn, the government was the purchaser of public services from providers (Grossi and Thomasson 2015, p. 4). In that case, there was a horizontal accountability relationship between the government and organizations providing public services, based on market and financial mechanisms to test performance, and another relationship between citizens and organizations, based on market mechanisms. This relationship based on the consumerism of citizens and professionalism of providers also leaves no room for user involvement (Pestoff 2009).

Inspired by NPG reforms, relationships in co-production follow an interactive trajectory (Vigoda 2002). Networks created by co-production are usually "noncompetitive contractual partnerships," created with the aim to (i) include citizens' resources, knowledge, and skills in public service, (ii) increase citizens' participation, and (iii) improve the quality of processes and products (OECD 2011; Voorberg et al. 2014). In this case, citizens are involved in public administrations decisions. This relationship is based on participation and encourages it in the belief that citizens should engage personally in shaping the services they demand (Pestoff 2009). Fung (2015) claims that the potential of citizen participation is to advance three values of democratic governance: effectiveness, legitimacy, and social justice. Citizens can make several contributions to solving difficult problems; in particular, "citizens can sometimes become directly engaged in solving public problems and thus contribute additional resources through co-production" (Fung 2015, p. 517).

The interaction between actors is based on a "rough consensus" and self-regulation rather than on a hierarchal chain (Miller 2014).

### Accountability

Partnerships operate in an uncertain authority and accountability environment. The instance of clear rules and hierarchal chains and clear boundaries erodes accountability and obscures who is accountable for what (Skelcher et al. 2005). The high level of stakeholder engagement gives rise to the fragmentation of accountability and the scarce regulation of stakeholder power (Bovaird 2007).

Accountability in co-production has still to be defined; however, in this context, diagonal forms of accountability seem to be suitable in the case of co-production (Ackerman 2004).

Diagonal accountability is located within the domains of vertical and horizontal systems. It happens when citizens engage horizontal accountability agencies with the aim of improving oversight systems of state actions (The Transparency and Accountability Initiative 2016). In this case, citizen co-producers cooperate with state pro-accountability agencies in order to strengthen government accountability (Ackerman 2004). Societal actors may also control these agencies and ask for their actions. Goetz and Jenkins (2001) argue that in diagonal accountability, it is possible to find vertical actors carrying out horizontal functions.

## Conclusions

The diffusion of the co-production of public services was fostered by the shift from the paradigm of traditional government (old public administration) to the paradigm of new public governance (Bingham et al. 2005).

The key question to face is which governance of co-production can assure a "good governance" to ensure that all conflicting interests are managed. As elements of good governance, this chapter refers to the following (e.g., Graham et al. 2003):

1. Participation.
2. Rules of law: existence of a legal framework.
3. Transparency: decisions are taken, and their enforcement is performed in a manner which follows rules and regulations; information is freely available and directly accessible to

those who will be affected by such decisions and their enforcement.
4. Responsiveness: institutions and processes try to serve all stakeholders within a reasonable timeframe.
5. Consensus oriented: mediation of the different interests in society to reach a broad consensus.
6. Equity and inclusiveness: ensuring that all of society's members feel that they have a stake in it and do not feel excluded.
7. Effectiveness and efficiency: processes and institutions produce results which meet the needs of society while making the best use of resources at their disposal.
8. Accountability: not only governmental institutions but also citizens and communities of citizens must be accountable to the public and to their stakeholders. It requires transparency and the rule of law.

The co-production of public services finds its foundation in the *participation* of citizens/users in the public service cycle. Specifically, citizens/users have a direct voice in the decision-making process, and their contributions can vary in the extent to which they determine public services. The government itself is expected to motivate citizens/users to participate in co-production processes. Indeed, one of the main reasons why co-production takes place lies in the need of governments to improve their *responsiveness* to citizens'/users' needs. The empowerment of citizens/users can facilitate the identification of the main problems to cope with and how to address them, thus reinforcing the ability of public organizations to meet community expectations. This implies the need to guide negotiations among different actors in order to reach a *consensus* about what to co-produce and how. In turn, the attempts to empower citizens in order to increase government responsiveness to their needs require that the same opportunities should be recognized for all the members of the community, building co-production on *equity* and *inclusiveness*. However, as a side effect, co-production may produce distorted effects, creating a gap between actors with a diverse access to knowledge about co-production and with different resources to co-produce. Equity and inclusiveness thus represent challenging issues in the case of co-production. Further, co-production lacks clear and unique legal frameworks which discipline its process (*rule of law*). Consequently, as a result of the lack of standardization of the process, there are no indications about the information to be produced and reported on the process of co-production. This lack of *transparency* in the flow of information challenges the measurement of *efficiency and effectiveness*, although the improvement of these latter concepts is one of the key purposes of co-production. Finally, the involvement of multiple actors, and especially the participation of citizens, challenges traditional mechanisms of *accountability*, and the lack of clear rules, division of power and tasks, as well as limited transparency contributes to make more difficult the management of the relationships between the different actors. Therefore, although co-production can be argued to be designed to strengthen the accountability of public organizations toward citizens/users, it still needs careful implementation.

On the one hand, co-production can be argued to be good for guaranteeing participation, consensus orientation, and responsiveness. On the other hand, it calls for elaborating guidelines to orient the co-production process and to reinforce its transparency in managing equity and inclusiveness and in contributing to improve the efficiency and effectiveness of public services. Finally, co-production needs suitable and effective mechanisms of accountability to be sustainable and successful in the long term.

## Cross-References

► Collaborative Public Management (CPM)
► Politics and Collaboration

## References


Ackerman J (2004) Co-governance for accountability: beyond "exit" and "voice". World Dev 32(3):447–463

Antiroikko AV, Bailey SJ, Valkama P (2011) Innovations in public governance in the Western world. In: Antiroikko AV, Bailey SJ, Valkama P (eds) Innovations in public governance. IOS Press, Amsterdam

Bingham LB, Nabatchi T, O'Leary R (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65(5):547–558

Bovaird T (2007) Beyond engagement and participation: user and community coproduction of public services. Public Adm Rev 67(5):846–860

Boyle D, Coote A, Sherwood C, Slay J (2010) Right here, right now. Taking co-production into the mainstream, Nesta, London

Brandsen T, Honingh M (2016) Distinguishing different types of coproduction: a conceptual analysis based on the classical definitions. Public Adm Rev 76(3): 427–435

Brudney JL, England RE (1983) Towards a definition of the co-production concept. Public Adm Rev 43(1): 59–65

Fung A (2015) Putting the public back into governance: the challenges of citizen participation and its future. Public Adm Rev 75(4):513–522

Goetz A, Jenkins R (2001) Hybrid forms of accountability: citizen engagement in institutions of public-sector oversight in India. Public Manag Rev 3(3): 363–383

Graham J, Amos B, Plumptre T (2003) Principles for good governance in the 21st century. Policy brief 15(6)

Grossi G, Thomasson A (2015) Bridging the accountability gap in hybrid organizations: the case of Copenhagen Malmo port. Int Rev Adm Sci 81(3): 604–620

Hirschman A (1970) Exit, voice & loyalty: response to decline in firms. Organizations and States. Harvard University Press, Cambridge, MA

Hodge G, Coghill K (2007) Accountability in the privatized state. Govern: Int J Policy Admin Inst 20(4):675–702

Hufty M (2011) Investigating policy processes: the governance analytical framework (GAF). In: Wiesmann U et al (eds) Research for sustainable development: foundations, experiences, and perspectives. Geographica Bernensia, Bern, pp 403–424

Jakobsen M, Andersen SC (2013) Coproduction and equity in public service delivery. Public Adm Rev 73(5):704–713

Kaler J (2002) Responsibility, accountability and governance. Bus Ethics: Eur Rev 11(4):327–334

Miller K (2014) Co-governance and co-production: power and accountability. Manag Rev 8(4):551–566

Nabatchi T, Sancino A, Sicilia M (2017) Varieties of participation in public services: the who, when and what of coproduction. Public Adm Rev. https://doi.org/10.1111/puar.12765

Needham C (2008) Realising the potential of co-production: negotiating improvements in public services. Soc Policy Soc 7(02):221–231

Needham C, Carr S (2009) Co-production: an emerging evidence base for adult social care transformation: research briefing. Social Care Institute for Excellence, London

OECD (2011) Together for better public services: partnering with citizens and civil society. OECD Public Governance Reviews, OECD Publishing. https://doi.org/10.1787/9789264118843-en

Osborne SP (2010) The new public governance. Routledge, London

Ostrom E (1996) Crossing the great divide: co-production, synergy, and development. World Dev 24(6):1073–1087

Parks RB, Baker PC, Kiser L, Oakerson R, Ostrom E, Ostrom V, Percy SL, Vandivort MB, Whitaker GP, Wilson R (1981) Consumers as co-producers of public services: some economic and institutional considerations. Policy Stud J 9(7):1001–10011

Pestoff V (2009) Towards a paradigm of democratic participation: citizen participation and co-production of personal social services in Sweden. Annals Publ Coop Econ 80(2):197–224

Pollit C, Bouckaert G, Loffler E (2006) Making quality sustainable: co-design, co-decide, co produce, co-evaluate. In: 4QC conference, Scientific Rapporteurs

Sancino A (2016) The meta co-production of community outcomes: towards a citizensâ€™ capabilities approach. Volunt Int J Volunt Nonprofit Org 27(1): 409–424

Scott J (1998) Seeing like a state: how certain schemes to improve the human condition have failed. Yale University Press, New Haven

Skelcher C, Mathur N, Smith M (2005) The public governance of collaborative spaces: discourse, design and democracy. Public Adm 83(3):573–596

Stoker G (1998) Governance as theory: five propositions. Int Soc Sci J 50(155):17–28

Taylor M (2003) Public policy in the community. Palgrave, Basingstoke

The Transparency and Accountability Initiative (2016) Definitions. [online] Available at: http://www.transparency-initiative.org/about/definitions

Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. Public Adm Rev 62(5):527–540

Voorberg WH, Bekkers VJJM, Tummers LG (2014) A systematic review of co-creation and co-production: embarking on the social innovation journey. Public Manag Rev 17(9):1333–1357

# Corporate Crisis Management

Tham T. Nguyen
Gaylord College of Journalism and Mass Communication, University of Oklahoma, Norman, OK, USA

## Synonyms

Crisis communication; Organizational crisis management

## Definition

The term *crisis* refers to any significant threat that can affect a corporate's operations, its reputation, or even its existence, if the corporate fails to handle it properly. The threat may also cause negative consequences for the corporate's stakeholders or even for an entire industry (for instance, a big financial firm going bankrupt can shake the financial industry). Three related threats in a crisis include (1) public safety (for instance, industrial accidents or product tampering, which cause injuries or loss of lives, damage the environment or the water supply system), (2) financial loss (i.e., management misconduct that can disrupt operations, cause loss of market share or revenue and lawsuits), and (3) reputation loss (Coombs 2014). The three threats are interrelated. Any crises that involve injuries or fatalities can cause financial and reputation loss. Also, reputation loss can have a financial impact on organizations (Coombs).

Corporate crisis management refers to the process of preventing or reducing the potential damage of a crisis to a corporation and its stakeholders. Crisis management consists of three phases: (1) pre-crisis, (2) crisis response, and (3) postcrisis.

## Introduction

Corporate crises are unwanted and unpredictable incidents that can befall any firms during their lifetime. Planning and coordination in crisis management is important, despite the urgency of a crisis situation. Strong decisive leadership is crucial in all crisis management phases. The popularity of social media adds more tasks in media scanning and social media communication, especially in the wake of a crisis. This entry will discuss types of crises, crisis management phases, social media communication, and leadership in crisis management, followed by the implications for policymakers in crisis management.

## Types of Crises

There are various approaches in classifying crisis types (for instance, Coombs 2007; Sohn and Lariscy 2014). Sohn and Lariscy categorized crises into operational crises and reputational crises. Operational crises refer to incidents that threaten the operations of an organization, such as a defective product that requires a product recall or a severe accident in a factory. Negative media coverage generated by operational crises can inflict reputational crises (Barton 2001). Depending on the situation, a crisis can involve both operational and reputational crises, or it can involve one of each factors (Coombs 2014). Generally, poor organizational management can cause a crisis and will damage a corporation's reputation to a certain degree (Dilenschneider 2000).

In the situational crisis communication theory research, Timothy Coombs categorized crisis types into three crisis clusters: the victim cluster, the accidental cluster, and the intentional cluster (Coombs 2007). In the victim cluster, the organization is viewed as a victim and not held responsible for causing the crisis. While the organization is attributed to causing the crisis in the accidental cluster, the crisis situation is viewed as simply an accidental or unintentional

act. The organization is blamed for most of the causes and takes responsibility in the intentional crisis clusters. The level of reputational threat to an organization is minor in the victim cluster, moderate in the unintentional cluster, and high in the intentional cluster.

Crisis management attempts to prevent or diminish potential damage to an organization and its stakeholders. Crisis management should involve three stages: pre-crisis, crisis response, and postcrisis (Coombs 2014). The pre-crisis phase focuses on prevention and preparation. The crisis response phase involves the actual response in the wake of a crisis. The postcrisis phase evaluates the effectiveness of crisis responses and the lessons learnt. It provides follow-up information and implements actions that were promised while responding to the crisis. For instance, if an oil and gas organization promised to clean the beach and help affected communities after an oil spilling accident, they have to fulfill their commitments and solve the environmental issues, as well as support the affected residents and businesses.

## Crisis Management Phases

### Pre-crisis Phase

Pre-crisis phase consists of prevention and preparation activities. Prevention activities aim to detect potential risks that can lead to a crisis. Effective crisis management requires crisis managers to cooperate with risk management teams to detect risks in order to prevent it from escalating into a crisis. Preparation consists in creating a crisis management plan, conducting training for a crisis management team, and practicing the execution of the crisis management plan (Coombs 2014). The crisis management plan is not a step-by-step guide; instead it is a reference source for crisis management. A crisis management plan should have a designated crisis management team with defined tasks and responsibilities, provide lists of key contact information and important actions to respond to a crisis, and require using forms to document the crisis responses.

The crisis management team should include heads of departments or divisions of an organization, such as public relations, legal, finance, human resources, security, and operations (Barton 2001). Crisis management team members should participate in crisis management training and practice the handling of hypothetical crisis scenarios. Training for the spokespersons is also crucial before a crisis hits (Lerbinger 1997). Pre-draft messages prepared in the crisis-planning phase are helpful for the crisis team to add relevant information with the purpose of communicating in a timely manner. Since each crisis is unique, crisis decision-makers need to respond in unique and ethical ways. Discussing decision-making procedures to decide key crisis response strategies, key messages, and choosing communication channels to reach target audiences are important elements in the pre-crisis phase. Pre-crisis management should also incorporate guides on internal communication with employees and communication behaviors on social media in the wake of a crisis.

### Crisis Response Phase

Crisis response phase consists of actions and communication messages that the crisis management team does and says. Two major steps include (1) the initial crisis response and (2) reputation repair and behavioral intentions (Coombs 2014). The initial crisis response concerns the timeliness, accuracy, and consistency of the crisis response. In the first hour after a crisis hits, a crisis manager is under pressure to have a statement ready in order to tell the organization's side of the story (Coombs). Crisis preparation and templates help crisis management teams to draft and deliver key messages in a timely manner and appear to be a primary information source, rather than letting the news media fill in the information. Also, time pressure can increase risks of gathering and delivering inaccurate information. Although the organization can modify incorrect information, they will appear inconsistent and incompetent in crisis responses. Thus, crisis responses suggest that the organization speaks with one voice to maintain accuracy and address any confusion (Coombs). One voice does not mean that only one person

speaks; instead it is about conveying a consistent message to address public concerns of safety and reduce threats.

The idea of *stealing thunder* is also a concern during crisis responses. *Stealing thunder* suggests that an organization should release information about a crisis before any third-party information sources, such as news media and other sources (Arpan and Roskos-Ewoldsen 2005). By doing this, an organization appears to be more credible as the primary information source. It reduces the risk of inaccurate information disseminated by third-party sources and creates a better chance to communicate with the organization's stakeholders during a crisis situation.

### Postcrisis Phase

Although an organization is returning to its regular activities and is no longer the focal attention, as in the wake of a crisis, the organization still needs to implement several actions, including providing follow-up information, learn from its failure, and possibly commemorate victims (if any and if appropriate) (Coombs 2014). First, the organization should provide additional information as promised (i.e., rebuild damaged facilities, correct actions in misconduct management, or report on the investigation of the crisis). Postcrisis phase also requires crisis managers to provide follow-up information as promised to a reporter, as well as keep their employees updated on the recovery process through internal communication (i.e., intranet enterprise social networking, email).

Second, a crisis management team should conduct necessary evaluations of its crisis responses and integrate lessons learnt into the organizational crisis management system in order to be better prepared for future crises. Third, if a crisis causes fatalities or injuries, an organization should scan social media to ascertain whether there is any sign of the victims being honored, as well as consult with the victims' families to determine whether the organization can assist in contributing to anniversaries or memorials (Coombs 2014). For instance, West Pharmaceuticals built a physical memorial to commemorate those who lost their lives in the explosion at their plant in Kinston, North Carolina, in January 29, 2003. West Pharmaceuticals also kept the media, its employees, the community, and the general public informed on its plant-rebuilding project (Coombs).

## Social Media and Corporate Crisis Communication

Social media refers to a variety of Internet channels and applications that allow individuals to create content by posting their ideas and images publicly (Coombs and Holladay 2012). Social media crisis could be any incident that has emerged because of, or has been amplified, by social media. Social media crisis is different from customer service issues. Yet, a customer services issue, which is not handled properly, can precipitate public critique on social media and escalate into a crisis. Thus, it is crucial for crisis managers to identify both the social media's role in crisis communication, as well as how to integrate social media management in the three crisis management phases.

Although the basic elements of crisis management are still viable, a crisis management team needs to execute some activities when incorporating social media into the crisis management plan (Coombs 2014). First, social media adds new sources to the media scanning process. Monitoring relevant content in traditional and social media enables the organization to identify potential threats that can affect organizational activities. Second, the crisis management team should have a social media or digital public relations manager. Third, crisis managers may have to react under time pressure with the advent of the Internet and social media. Thus, crisis managers should try and use social media more efficiently in crisis management efforts.

## Leadership in Corporate Crisis Management

Leadership is a demanding process that becomes even more complex in crisis situations. While effective leadership can create opportunities

while recovering from a crisis, ineffective leadership can cause a further crisis or make a crisis worse. Leadership in crisis management requires cooperation with key personnel and partners, an appearance of empathy toward victims and their families (if any), as well as openness and honesty. Postcrisis leadership should evaluate the effectiveness of crisis responses, explore opportunities for renewal, and improve crisis preparation activities.

Responding to a crisis situation is not only an execution of the crisis management plan but also a reflection of leadership in handling a significant threat to organizational operations and its reputation. A crisis leader should be a storyteller and make sense of events in order to address any confusion, bewilderment, and disorientation (Hutson and Johnson 2016). Thus, a leadership message should be compelling and legitimate with the purpose of creating a personal connection with target audiences and convey emotions to bolster hope.

Crisis leadership requires a leader to have a vision, to understand the crisis situation, to stay calm, and be able to handle events under time pressure. A leader with a long-term view provides resources for crisis management efforts, which include delegating tactical crisis management to a trusted person, such as a deputy or an experienced public relations practitioner, assigning a crisis management team, and having a crisis communication plan to guide crisis responses (McGinn 2017).

Ideally, leadership in crisis management performs two functions, including using a suitable management style to cooperate and motivate the workforce and improving the management's ability to undertake necessary restructuring in personnel, operations, or policies (Müller 1985). Although there is a great deal of variance from leader to leader, a leadership style can affect crisis management efforts (Northhouse 2012). Several popular leadership styles in a crisis management context include authoritarian, democratic, laissez-faire or non-leadership, contingency, and transformational leadership styles (Northhouse). While an authoritarian leadership style tends to directly give orders and specific instructions, a democratic leadership style is more open to the ideas of individuals, and the leader is more likely to offer suggestions. Laissez-faire or non-leadership style allows followers to do whatever they want without giving directions and offers limited or no supervision.

Other approaches in leadership styles are contingency and transformational leadership (Northhouse 2012). Contingency leadership suggests that a leader should employ different leadership styles based on his/her relationship with followers (good versus bad), the characteristics of a task (clear versus unclear, certain or uncertain situation), and the power of the leader in controlling the situation to minimize potential harm. Meanwhile, the transformational leadership style suggests a dialogue with the followers to create agreement on a shared vision and objective. This approach can motivate their followers to share their ideas in order to achieve extraordinary outcomes.

## Implications for Organizational Policymakers in Crisis Management

While threats can cause a crisis, effective crisis management enables organizations to minimize potential damage. Although a crisis could be an opportunity for an organization to emerge stronger than it was before the crisis, it is not an ideal way to develop organizational business. Because crises can happen to any organization, organizations need to prepare for crisis incidents and incorporate social media communication policies into their crisis management.

Organizational behavior and policies can have certain impacts on strategic stakeholders. Failing to address public concerns may ignite conflicts that affect the implementation of organization programs or policies. For example, the US Army Corps of Engineers and its alliances did not appropriately address Native American concerns on environmental issues regarding the construction of Dakota Access Pipeline Project. Consequently, they were faced with the Standing Rock protests from April 2016, and the project was

consequently delayed until February 2017. Thus, building and maintaining strong relationships with strategic stakeholders are crucial in crisis management, as well as the decision-making process of organizational policymakers.

## Cross-References

- ▶ Community Resilience and Crisis Management
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Reputation Management in Crisis
- ▶ Unplanned Change and Crisis Management

## References


Arpan LM, Roskos-Ewoldsen DR (2005) Stealing thunder: analysis of the effects of proactive disclosure of crisis information. Public Relat Rev 31(3):425–433

Barton L (2001) Crisis in organizations II, 2nd edn. College Divisions South-Western, Cincinnati

Coombs WT (2007) Protecting organization reputations during a crisis: the development and application of situational crisis communication theory. Corp Reput Rev 10(3):163–176

Coombs T (2014) Crisis management and communications. Retrieved from http://www.instituteforpr.org/crisis-management-communications/

Coombs WT, Holladay SJ (2012) Amazon.com's Orwellian nightmare: exploring apology in an online environment. J Commun Manag 16(3):280–295

Dilenschneider RL (2000) The corporate communications bible: everything you need to know to become a public relations expert. New Millennium Press, Beverly Hills

Hutson H, Johnson M (2016) To recover from a crisis, retell your company's story. Harv Bus Rev. Retrieved from https://hbr.org/2016/05/to-recover-from-a-crisis-retell-your-companys-story

Lerbinger O (1997) The crisis manager: facing risk and responsibility. Lawrence Erlbaum Associates, Mahwah

McGinn D (2017) Leading, not managing, in crisis. Harv Bus Rev. November/December issue

Müller R (1985) Corporate crisis management. Long Range Plan 18(5):38–48

Northhouse P (2012) Leadership: theory and practice, 6th edn. Sage, Thousand Oaks

Sohn YJ, Lariscy RW (2014) Understanding reputational crisis: definition, properties, and consequences. J Public Relat Res 26(1):23–43


# Corporate Governance and Readability of Annual Reports


Md. Shariful Islam
Institute of Business Administration, University of Rajshahi, Rajshahi, Bangladesh


C

## Synonyms

Annual reports: corporate annual reports; Corporate governance: governance; Narrative texts: texts, nonfinancial statements

## Definition

Corporate governance: involves bringing balance in the interests of the company's diverse stakeholders such as shareholders, management, employees, customers, suppliers, government, community etc. It incorporates a broader horizon of scope of management from internal control and action plans to performance measurement of the company and corporate disclosure to stakeholders. Readability of annual reports: expresses the degree of ease in comprehension of language and its structure in text messages of corporate annual reports that are published as a part of required corporate disclosures of companies.

## Introduction

The primary objective of corporate annual reports is to provide financial information to users. Although information about the performance of a company can be obtained from many different sources, corporate annual report is considered as the most important source because of its wide coverage, availability, and legal status. Joint stock companies provide information to the users in the form of quantitative financial statements and narrative texts. Income statement, balance sheet, statement of changes in financial condition, and a summarized time series of performance are presented with quantitative figures.

The narrative texts include management's discussion and analysis (MD&A), the executive's letter, auditor's report, notes to the accounts, etc. A number of studies have been conducted on the amount of time spent reading annual reports. It is observed that the most widely read section of corporate annual report is the executive's letter to the shareholders (Hynes and Bexley 2003). As this section of annual reports is written in language or in text form, good readability of these narrative texts is important. The following section of the chapter presents corporate annual report and its contents, a brief description of readability and finally, importance of readability of annual reports in corporate governance.

## Corporate Annual Report

Corporate annual reports, popularly known as annual reports, are statutory reports prepared by companies at the end of each reporting year, which might be either on a calendar or fiscal basis. It incorporates various financial statements, reports, speeches, notes, highlights, graphs, charts, pictures, figures, ratios, etc. Annual reports are read by stockholders, potential investors, creditors, employees, regulatory authorities, and other interested users of financial statements.

Lee (1982) divided the elements of annual reports into four major sections: (a) the introduction to the financial results, (b) an overview of the financial results, (c) the main financial statements, and (d) the back-up reports to the main financial statements. A structure of an annual report based on Lee's presentation is given below.

(a) **The introduction to the financial results**
  (i) Notice of meeting
  (ii) List of directors
  (iii) Summary of results
  (iv) Financial calendar
(b) **An overview of the financial results**
  (i) Chairman's report
  (ii) Directors' report
(c) **The main financial statements**
  (i) Auditor's report
  (ii) Income statement
  (iii) Balance sheet
  (iv) Accounting policies
  (v) Notes to the accounts
  (vi) Sources and application of funds statement
(d) **The back-up reports to the main financial statements**
  (i) Five-year records
  (ii) Application of sales revenue
  (iii) Employment report
  (iv) Providers of capital
  (v) Financial relationship with govt.
  (vi) Store development

Components of the abovementioned list can broadly be divided into two major categories: financial statements and nonfinancial elements. Nonfinancial elements present information in verbal language where readability applies. As this chapter focuses on corporate governance associated with readability of corporate annual reports, nonfinancial elements of annual reports have been discussed in the following section.

### Nonfinancial Elements of Annual Reports

Major nonfinancial elements of corporate annual reports include management's discussion and analysis of earnings, auditor's report, and notes to the accounts.

#### Management's Discussion and Analysis of Earnings

In annual reports management summarizes among others the current year performance, future plans, reasons for changes in results of operations, capital resources, and liquidity. The section is designed to help users of the annual report to understand the extent to which changes in business activity and financial performances have affected the comparability of year-to-year data. It helps users, mainly investors, to assess the source and probability of recurrence in earnings of the firm. Subjects that are commonly discussed in annual reports by management include material changes in discretionary costs, material changes in assumptions underlying deferred costs, and significant changes in product mix or in the relative profitability of lines of

business, etc. Management's discussion and analysis of earnings are usually presented under two heads:

(i) Chairman's address
(ii) Directors' report

### Auditor's Report

The Auditor's report is a formal opinion given by either an internal auditor or an appointed external auditor as a result of an internal or external audit performed by the auditor. The report is subsequently incorporated in the annual report with an objective to help the users of the annual report to make decisions based on the results of the audit report provided thereof.

### Notes to the Accounts

Annual reports prepare a list of notes to the accounts that aim to provide detail and explanations on the information presented in the financial statements such as balance sheet, income statement, and cash flow statement. Notes to the accounts reflect the accounting principles that have been followed in preparing financial statements of the respective year and the facts that can have a significant impact on decision making of the reader of accounting information in the annual report. As a result notes to the accounts is often considered as simply expanded part of financial statements.

## Readability

Readability expresses the degree of difficulty of language and its structure. As a concept or as an area of research the term readability has been characterized by a variety of definitions and a number of measurement formulae (Lewis et al. 1986). Readability tries to match the ability of the reader and text and then tries to assess the ease to comprehend the text for the reader. Though readability and comprehension are different concept, Dale and Chall (1948), henceforth as Dale-Chall, assert that comprehension is a variable of readability itself. According to Dale-Chall, other variables of readability are fluency and interest.

### Brief Description of Readability Formulae

There are a number of readability measures available, namely, Dale-Chall (1948), Flesch (1948), Fog (1952), Kwolek (1973), The Fry Graph (1977), Lix (1968), etc.

### Flesch Index (1948)

The Flesch index was devised by Rudloph Flesch in 1948. For getting a score of readability of the text it uses a combination of sentence length and syllable count. Lower the score, the more difficult is the passage for the reader. The Flesch index was developed using the 1925 McCall-Crabbs standard test lessons in reading. An equation has been used that finds a reading ease score for the concerned passage of text. The reading ease score may range from 0 (most difficult) to 100 (least difficult). The Flesch index is expressed as follows:

**Reading ease** = 206.835 – (0.846 × SYLLS/100 W) – (1.015 × WDSSEN)

**SYLLS/100 W** = syllables per 100 words

**WDSSEN** = average number of words per sentence

(Lewis et al. 1986, p 201)

Seven-point general reading ease scale and educational attainment level of Flesch index is shown in Table 1 (Lewis et al. 1986, p 203).

### Fog Index (1952)

The Fog and Flesch indexes have similarity as both use the McCall-Crabbs test lessons in reading as a criterion of difficulty of the text. But unlike the Flesch index, the Fog index is based on the percentage of polysyllabic words (words with three or more syllables in a sentence). It

**Corporate Governance and Readability of Annual Reports, Table 1** Flesch reading ease scale

| General reading ease scale | Flesch score | Educational attainment level |
|---|---|---|
| Very difficult | 0–30 | Postgraduate |
| Difficult | 30–50 | Undergraduate |
| Fairly difficult | 50–60 | Grades 10–12 |
| Standard | 60–70 | Grades 8–9 |
| Fairly easy | 70–80 | Grade 7 |
| Easy | 80–90 | Grade 6 |
| Very easy | 90–100 | Grade 5 |

**Corporate Governance and Readability of Annual Reports, Table 2** Fog reading ease scale

| General reading ease scale | Fog score (Grade) |
|---|---|
| Very difficult | 13–17 |
| Difficult | 11–12 |
| Fairly difficult | 10 |
| Standard | 9 |
| Fairly easy | 8 |
| Easy | 7 |
| Very easy | 6 |

**Corporate Governance and Readability of Annual Reports, Table 3** Lix reading ease scale

| General reading ease scale | Lix score |
|---|---|
| Very easy | 20<br>25 |
| Easy | 30<br>35 |
| Medium | 40<br>45 |
| Difficult | 50<br>55 |
| Very difficult | 60 |

expresses difficulty of text in required grade levels rather than absolute scores. The formula used to get the Fog index is:

**Grade** = 0.4 (WDSSEN + % PSW)

**WDSSEN =** average number of words per sentence

**% PSW** = percentage of polysyllabic words

(Lewis et al. 1986, p 200)

Seven-point general reading ease scale for Fog index is shown in Table 2 (Lewis et al. 1986, p 203).

### Lix Test (1968)

The Lix test was developed by Bjornsson to assess readability of text that is written by using varying languages (Anderson 1981). Anderson's study indicates that this technique is useful across languages. The Lix formula has been tested for Swedish, French, English, German, and Greek texts. It is also argued that this tool is also suitable for technical languages such as accounting (Lewis et al. 1986). The formula for getting Lix score is:

**Lix** = Word length + Sentence length

**Word length** = percent of words of more than six letters

**Sentence length** = average number of words per sentence

(Lewis et al. 1986, p.201).

Five-point general reading ease scale of Lix test is shown in Table 3 (Anderson 1981, p 11).

### Dale-Chall (1948)

The Dale-Chall readability formula predicts vocabulary difficulty based on a list of 3000 best known words by 8 years old in the USA (Lewis et al. 1986). This formula measures unfamiliar words for the reader in the text with average number of words per sentence. Dale-Chall is very difficult to use because the formula requires application of over 30 rules for determining whether the words are familiar or unfamiliar. The formula is:

**United States Grade** = (0.1579 × % UFMWDS) + (0.0496 + WDSSEN) + 3.6365

**WDSSEN =** average number of words per sentence

**% UFMWDS** = percentage of Unfamiliar words

(Lewis et al. 1986, p 200).

Seven-point general reading ease scale for Dale-Chall test is shown in Table 4 (Lewis et al. 1986, p 203).

### Kwolek (1973)

This is a modified readability index to measure readability of a text. This formula measures percentage of hard words for the reader with average number of words per sentence. Words that consist of more than three syllables, abbreviations and symbols have been considered as hard words for the purpose. The formula used for measuring Kwolek is as follows:

**Grade** = 0.593 (WDSSEN/2 + %H)

**WDSSEN =** average number of words per sentence

**% H** = percentage of Hard words

(Lewis et al. 1986, p 200).

**Corporate Governance and Readability of Annual Reports, Table 4** Dale-Chall reading ease scale

| General reading ease scale | Dale-Chall |
|---|---|
| Very difficult | ≥10.0 |
| Difficult | 9.0–9.9 |
| Fairly difficult | 8.0–8.9 |
| Standard | 7.0–7.9 |
| Fairly easy | 6.0–6.9 |
| Easy | 5.0–5.9 |
| Very easy | ≤ 4.9 |

### The Fry Graph (1977)

The Fry graph technique is different from other techniques discussed earlier because it does not use formula. Instead it measures and presents the readability of the text by graph. Horizontal axis of the graph presents average number of syllables per 100 words, while average number of sentences is presented on the vertical axis. As it presents information by a visual aide, it is considered as a simple and familiar technique for the readers.

## Importance of Readability in Corporate Governance

Readability of annual reports is important for ensuring corporate governance. A number of studies address this issue. Research shows positive association between poor readability of annual reports and poor performance of companies (Subramanian et al. 1993; Smith and Taffler 1992a, b). Researchers reveal that management tries to suppress bad news consciously or subconsciously through obfuscation or poor readability of texts in annual reports (Adelberg 1979). For instance, Enron's communications during its final 3 years before collapse were examined and found that while the company's performance began to sink, its letters to shareholders and speeches by top executives became more laden with ambiguous words and sentences (Gonsalves 2003). Baker and Kare (1992) find a strong association between the Flesch score and return on equity. Smith and Taffler (1992a, b) find in a comparison of failed with nonfailed firms that the Lix and Flesch tests are good predictors of corporate failure. They conclude that "poor readability is associated with poor performance and ease of readability with financial success" (1992a). In another study, Subramanian et al. (1993) find significant relationships when testing "good" or "poor" performing corporations against readability. In particular, their analysis shows that the annual reports of good performers are significantly easier to read than those of poor performers.

A few researchers find association of readability of annual reports with size of firms. Jones (1988) suggests that readability and sales of a firm are significantly negatively correlated. This confirms that as a firm grows in size annual reports become more sophisticated and difficult to read. Jones also finds a significant decline in readability after the company was listed on the London stock exchange. Islam (2016) shows that larger privately owned commercial banks in Bangladesh have tendency to use difficult languages in their corporate annual reports.

## Conclusion

It is evident from previous discussion that readability of corporate annual reports is not same in different companies. It is also evident that there is a relationship between performance/size of companies and readability of respective annual reports. As it is seen by many researchers that poor performance tends to make the annual reports more difficult to read for the users and in some cases larger companies make their annual reports difficult for readers, both have implications on corporate governance. There must be guidelines from appropriate regulatory authorities regarding readability of annual reports to resist poor performing companies of hiding their weaknesses by using difficult languages and larger companies of using difficult languages as a means of differentiating them from smaller firms. In this way annual reports will be able to convey information to its users more effectively. Hopefully this may help in upgrading corporate governance.

## Cross-References


- ▶ Accountability and Corruption, Europe
- ▶ Agency Theory in Organizations
- ▶ Communication Within the Nonprofit
- ▶ Ethics and Organizational Performance
- ▶ Financial Reporting
- ▶ Fiscal and Financial Transparency
- ▶ Organizational Cheating
- ▶ Organizational Communications
- ▶ Performance Measurement


## References


Adelberg AH (1979) Narrative disclosures contained in financial reports: means of communication or manipulation? Account Bus Res 9(35): 179–189

Anderson R (1981) The usefulness of accounting and other information disclosed in corporate annual reports to institutional investors in Australia. Account Bus Res 11(44):259–265

Baker HE, Kare DD (1992) Relationship between annual report readability and corporate financial performance. Manag Res News 15(1):1–4

Gonsalves A (2003) Business software detects jargon, scrubs away Hype. http://www.techweb.com/wire/26801530. Accessed 2 Feb 2006

Hynes GE, Bexley JB (2003) Understandability of banks' annual reports. A discussion paper. The Association for Business Communication Annual Convention, Toronto

Islam MS (2016) Performance and readability of corporate annual reports of PCBs in Bangladesh. J Govern Innovat 2(1):59–68

Jones MJ (1988) A longitudinal study of the readability of the chairman's narratives in the corporate reports of a UK company. Account Bus Res 18(72):297–305

Lee T (1982) Company financial reporting. Van Nostrand Reinhold Co. Ltd, Berkshire, p 13

Lewis NR, Parker LD, Pound GD, Sutcliffe P (1986) Accounting report readability: the use of readability techniques. Account Bus Res 16(63):199–213

Smith M, Taffler R (1992a) The chairman's statement and corporate financial performance. Account Finance 32(2):75–90

Smith M, Taffler R (1992b) Readability and understandability: different measures of the textual complexity of accounting narrative. Account Audit Account J 5(4): 84–98

Subramanian R, Insley RG, Blackwell RD (1993) Performance and readability: a comparison of annual reports of profitable and unprofitable corporations. J Bus Commun 30(1):49–61


# Corporate Governance and Sustainability


Daniela M. Salvioni and Francesca Gennari
Department of Economics and Management, University of Brescia, Brescia, Italy


## Synonyms

Comparative corporate governance; Convergence in corporate governance according to globalization and Corporate Social Responsibility (CSR); Environmental, social, and governance (ESG); Harmonization of corporate strategy, objectives, and performances; Hybridization of corporate governance systems; Stakeholder relationship management and long-term value creation

## Definition

The ability of a corporate governance approach, based on a wide vision of responsibility, on a modern interpretation of the links between the long-lasting company success and the equal composition of all stakeholders' interests, to facilitate the convergence in corporate governance systems; the changes that sustainability causes in the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in relationship with all stakeholders, increasing the potential for value creation in the long run; and the trend to smooth out the differences in behavior that have long characterized outsider and insider corporate governance system due to the similar strategic approaches carried out by sustainable companies.

## Introduction: Sustainability and Corporate Governance

The corporate social responsibility and the sustainable development have recently emerged as relevant factors both for business and for the society. Firms have a key role in the realization of

economies geared to sustainable development. The recommendations and rules developed at international and national level promote the greater appreciation of the principles of social responsibility in business; however, the governance approaches adopted by the companies determine their effective implementation.

Several studies investigated the links between corporate governance structures and sustainability.

The corporate governance models existing worldwide are normative belief structures that determine the allocation of power in the firms. Based on the level of ownership dispersion, corporate governance systems can be classified as outsider systems or insider systems.

Highly dispersed ownership characterizes outsider or market-oriented systems: shareholders exercise control on managers' activities through their right to vote. Therefore, the high dispersion of share capital has long emphasized the shareholder view favoring frequently linking corporate success to the maximization of short-term profit, which is usually welcomed by the financial markets and generate approval for the board's decisions.

Concentrated ownership characterizes insider systems: such capital structure determines the possibility to exercise strong control on management in the long term for those who possess large shareholdings. The high concentration of capital and the frequent involvement of majority shareholders in management, often as members of the founding family and executives directors, orient the governance toward the maximization of the economic performance in the long run, with the aim to maintain and increase the corporate value.

The increasing awareness of sustainability concept has induced the adoption of a new approach by companies to deal with relevant stakeholders. The idea of stakeholder relationship management is recognized as a source of competitive advantage (Steurer et al. 2005; Salvioni and Astori 2013).

Sustainability is a long-term vision (Carroll 1999; Dahlsrud 2008; European Commission 2011) that refers to a concept of global corporate responsibility including legal, economic, social, and environmental dimensions (Salvioni 2003). This approach implies the balance of interests of all those who contribute to the current and future company's success, by means of a sustainable value creation that satisfies both shareholders and other stakeholders in the long term. Policies inspired to shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges (Porter and Kramer 2011), enhance the competitiveness of companies advancing, at the same time, the economic and social conditions of the communities where they operate, in a context where economics, social, and environmental dimensions nurture each other.

Therefore, when board of directors redefines the corporate priorities and goals according to the principles of sustainable development, they tend to overtake some traditional structural differences between outsider and insider corporate governance systems and to promote convergence paths. In this situation, the board of directors, entitled to set corporate goals and strategies in accordance with the need to balance the interests of all stakeholders, plays a key role for the development of the culture of sustainability throughout the entire organization, regardless of the corporate governance systems' specific characteristics (Salvioni et al. 2016).

## Convergence in Corporate Governance Systems: The State of the Art

According to several scholars, globalization of financial and product markets is nurturing a gradual path of convergence of corporate governance systems.

Someone prefers using the term hybridization of corporate governance systems instead of convergence to underline the simultaneous processes of continuity and change across national boundaries (Pieterse 1994). Others refer to a sort of paradox considering that mechanisms favoring divergence exist together with mechanisms favoring convergence (Lellapalli 2015). Moreover, the concept of path dependence (Schmidt and Spindler 2002) suggests that country's background influences the progressive process of

convergence. The scenario for convergence is very difficult to predict: that is, an insistent increase in diversity within an overall trend toward convergence (Clarke 2016).

The convergence between outsider and insider corporate governance systems can be observed in two aspects: the formal or de jure convergence and the substantial or de facto convergence (Coffee 1999; Gilson 2004; Yoshikawa and Rasheed 2009).

Convergence in form or de jure refers to the convergence of rules at international level. In several countries, corporate governance rules and regulations are submitted to changes. Prompted by the scale of the interests involved and by the role of national stock markets for the country's economy, self-regulation codes have been drafted, with the aim to adapt the conditions of transparency and effectiveness of listed companies to the new competitive requirements imposed by globalization (Salvioni 2008; Salvioni and Gennari 2014).

The growing wish of both investors and issuers to operate in global capital markets requires some degree of acceptance of high common values and standards. International bodies encourage convergence in both corporate governance principles and sustainability, considering the latter as a condition for sound governance in terms of risk management, cost reduction, and access to capital markets. At the same time, good governance nurtures trust in the economic system, because it is a condition for the development of the entire society and the environment. Empirical studies about convergence in corporate governance systems have existed for years, with the main focus on de jure aspects.

International organizations affirm principles of good governance that constitute an internationally shared framework. The most significant principles and guidelines are contained in the G20/OECD Principles of Corporate Governance (2015), the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (2014), the UN Global Compact publications, the green paper on The EU Corporate Governance Framework (2011), the ISO 26000 (2010), and many other EU recommendations, directives, and papers.

In this framework, many best practices of good governance exist, as country-based self-discipline codes and regulations. These best practices are coherent with principles and standards internationally shared, and this fact explains why the rules for effective corporate governance are rather similar even in countries with significant differences in corporate governance structures. Nevertheless, they follow the specific country's characteristics, and they are more subject to changes.

Therefore, it is quite improbable that one system might prevail on the others as optimal model, but it is plausible that some typical differences between outsider and insider systems can flag due to sharing of common rules.

Studies about convergence in function or de facto treat firms, instead of countries, as the unit of analysis and refer to the practices voluntarily adopted by the companies to be attractive on global markets underlining similar strategic approaches, regardless of the characteristics of country-specific corporate governance systems. However, they did not explicitly consider that the sustainability approach implemented by companies could either be a factor of substantial convergence or a potential incentive for formal convergence.

The two dimensions of convergence are very connected, influencing each other. De jure convergence tends to make some companies' choices uniform, stimulating de facto convergence. De facto convergence can prompt de jure convergence; this can happen in case of regulatory gap, when the companies autonomously adopt the existing best behaviors to deal with competitive pressure or in case of binding international guidelines (e.g., the ones into force in the EU) or great sensitivity to change by national legislators.

## Emerging Issues: Sustainability and Convergence in Corporate Governance Systems

Companies that pursue the same long-term sustainable value creation goals can promote a

gradual convergence of corporate governance systems, thanks to the board's commitment in sustainability.

The board of directors seems to be a potential factor of convergence from two perspectives. On the one hand, the board composition and responsibilities are intended to safeguard the stakeholders' interests, according to mandatory or self-regulatory rules: these rules derive from national and international standards of good, responsible, and sustainable corporate governance and make de jure convergence possible. On the other hand, the board's engagement in terms of corporate social responsibility leads to adopt sustainable development strategies based on stakeholder engagement and accountability, regardless of company's ownership, industrial sectors, and dimensions, promoting de facto convergence.

In fact, the board's commitment in sustainability matters (e.g., by means of the formal establishment of devoted committees and other organizational positions) helps going beyond the myopia caused by the pressure of short-term objectives and issues demanding immediate attention, and it sends a clear message to investors about the value creation in the future.

With regard to the first point, the adoption of sustainability strategies emphasizes the establishment of lasting positive relationships with all stakeholders, modifying the board's direction toward the maximization of economic performance in the long rather than short term. This should cause the overtaking of the traditional and limited short-term focus typical of outsider systems. Evidence suggests that the differences in the ownership structure characterizing outsider and insider systems (influencing the board's composition) do not assume a crucial role in the board's engagement in corporate sustainability (Ricart et al. 2005). This confirms that the sustainability approach adopted by the board of directors is not significantly affected by shareholders' short-term rent pressures, overtaking one of the traditional limits of outsider systems.

With regard to the relationship between company and its investors, researches confirm a growing interest in sustainability among mainstream investors (Unruh et al. 2016). Except for the founding families, the main shareholders, in insider as in outsider systems, are large and institutional investors, suggesting a positive relationship between institutional ownership and corporate social responsibility (CSR). CSR is considered the condition to minimize corporate risks and to obtain success in the medium-long term, so the attention of investors to long-run value creation can be a further point of convergence between insider and outsider systems.

Finally, the appreciation of board's commitment in sustainability can be deduced observing the length of top managers' presence in sustainable companies (Salvioni and Gennari 2014, 2016). In insider systems, a large percentage of executive directors hold their charge for many years as appointed by the majority shareholder. Vice versa, in outsider systems, generally, investors are not involved in management, and the term of office of directors is related to the consent of the property over time on board's work and results. The stable presence of executives and nonexecutives can state the guarantee for the continuity of corporate choices in a long-term vision, according to the principles of sustainable development.

It also seems appropriate to point out that a further tendency factor to sustainable governance consists of the increasing control activated by public authorities, or by recognized bodies, on corporate conduct and related social and environmental implications. The recent scandals (such as those of the automotive industry) have shown that the public awareness and recognition of the corporate sustainable development increase the external controls on products, processes, and business communications. This situation emphasizes the growth of corporate risk, when the economic, social, and environmental objectives are not properly integrated.

All these issues draw attention to a gradual path toward better governance structures that should nurture good governance practices reinforcing the link between formal and substantial convergence.

## Conclusion

The issue of convergence between corporate governance systems arises from the awareness that companies belonging to insider and outsider systems, and dealing with an increasing competition, do business in the same framework of principles of sound governance, and they tend to have similar conduct despite differences in their ownership structure and board composition. In such a dynamic world, the most critical success factor for a company is the capacity to create lasting and trust-based relations with its stakeholders, according to a long-term business orientation and value creation approach. This is the true spirit of any sustainable company, which affects its goals, strategies, and actions, regardless of its formal structure. Therefore, the convergence between insider and outsider corporate governance systems is evolving along a path where formal rules by international and national bodies and the external controls on sustainability on the one hand, and substantial approaches implemented by companies on the other hand, influence each other.

Empirical findings (Salvioni et al. 2016) show that the most sustainable companies in the world strive to balance the legitimate claims of different stakeholders in their decision-making processes; in this regard, no significant differences emerged for insider and outsider systems.

In this path of convergence between systems, the board's commitment to sustainability is crucial. In fact, the board of directors is the key driver for sharing the corporate culture in the entire organization, going beyond the logic of compliance toward a real passion for sustainability (Marlow et al. 2012). Sustainability is a governance approach that molds the company's identity, values, and organizational culture.

Sustainable companies are characterized by the same governance essence or spirit, irrespective of countries' specific corporate governance rules, institutions, and structures. However, the literature in the past has rarely considered sustainability as a factor of substantial convergence, mainly focusing on the convergence due to common legal framework.

International laws and guidelines can stimulate companies to act sustainably: in the future, this could even reduce the distance between corporate governance systems. However, a detached and mechanical compliance with the rules will probably be ineffective; vice versa, a shared awareness of sustainability as crucial for long-term company success is fundamental.

According to the idea that sustainability is a management point of view that can transform organizational culture, thanks also to the board's engagement, substantial paths of convergence can take place, despite structural differences in corporate governance.

In this context, the public policy making plays a central role in the promotion of corporate behaviors, both in terms of setting rules and in terms of promotion of corporate responsibility. This ensures that conduct failures are appropriately regulated, taking into account the integration between the different dimensions of sustainable development.

## Cross-References


- ► Corporate Social Responsibility
- ► Ethics and Good Governance
- ► Ethics and Organizational Performance
- ► Financial Sustainability
- ► Governance Theories and Models


## References


Carroll AB (1999) Corporate social responsibility: evolution of a definitional construct. Bus Soc 38:268–295

Clarke T (2016) The continuing diversity of corporate governance: theories of convergence and variety. Ephemera 16:19–52

Coffee JC (1999) The future as history: the prospects for global convergence in corporate governance and its implications. Northwest U Law Rev 93:641–707

Dahlsrud A (2008) How corporate social responsibility is defined: an analysis of 37 definitions. Corp Soc Responsib Environ Manag 15:1–13

European Commission (2011) A renewed EU strategy 2011–14 for Corporate Social Responsibility. COM (2011) 681 final
Gilson RJ (2004) Globalizing corporate governance: convergence in form or function. In: Gordon JN, Roe MJ (eds) Convergence and persistence in corporate governance. Cambridge University Press, Cambridge
Lellapalli V (2015) Divergence or convergence: paradoxes in corporate governance? Corp Gov 15:693–705
Marlow DR, Moglia M, Beale DJ, Stenstromer A (2012) Embedding sustainability into a utility's business culture. J AWWA 104:E121–E126
Pieterse JN (1994) Globalization as hybridization. Int Sociol 9:161–184
Porter M, Kramer M (2011) Creating shared value. Harv Bus Rev 89:62–11
Ricart JE, Rodriguez MA, Sanchez P (2005) Sustainability in the boardroom: an empirical examination of Dow Jones sustainability world index leaders. Corp Gov Int J Eff Board Perform 5:24–41
Salvioni DM (2003) Corporate governance and global responsibility. Symphonya Emerg Issues Manag 1: 44–54. https://doi.org/10.4468/2003.1.05salvioni
Salvioni DM (2008) Market-driven management and corporate governance. Symphonya Emerg Issues Manag 2:13–27. https://doi.org/10.4468/2008.2.02salvioni
Salvioni DM, Astori R (2013) Sustainable development and global responsibility in corporate governance. Symphonya Emerg Issues Manag 1:28–52. https://doi.org/10.4468/2013.1.03salvioni.astori
Salvioni DM, Gennari F (2014) Corporate governance, sustainability and capital markets orientation. Int J Manag Sustain 3:469–483
Salvioni DM, Gennari F (2016) Corporate governance, ownership and sustainability. Corp Ownersh Control 13:606–614
Salvioni DM, Gennari F, Bosetti L (2016) Sustainability and convergence: the future of corporate governance systems? Sustainability 8(1203):1–25. https://doi.org/10.3390/su8111203
Schmidt RH, Spindler G (2002) Path dependence, corporate governance and complementarity. Int Financ 5: 311–333
Steurer R, Langer ME, Konrad A, Martinuzzi A (2005) Corporations, stakeholders and sustainable development: theoretical exploration of business–society relations. J Bus Ethics 61:263–281. https://doi.org/10.1007/s10551-005-7054-0
Unruh G, Kiron D, Kruschwitz N, Reeves M, Rubel H, Zum Felde AM (2016) Investing for a sustainable future. MIT Sloan Manage Rev. Retrieved from http://sloanreview.mit.edu/projects/investing-for-a-sustainable-future
Yoshikawa T, Rasheed AA (2009) Convergence of corporate governance: critical review and future directions. Corp Gov 17:388–404

# Corporate Governance in Kazakhstan

Monowar Mahmood[1] and Zhanat Alimanov[2]
[1]Bang College of Business, KIMEP University, Almaty, Kazakhstan
[2]School of Law, KIMEP University, Almaty, Kazakhstan

C

## Introduction

Like other central Asian countries, corporate governance (CG) practices in Kazakhstan are still in their infancy. Transition from a socialist command economy to a capitalist free market economy, lax standards of practice, poor law enforcement capability, distorted or inaccurate stock market information, and a lack of qualified CG professionals are among the potential reasons for such governance conditions. However, the country needs to improve CG practices to ensure transparency and accountability of the board members and the top executives and ultimately to improve organizational performance and efficiency (Mahmood and Orazalin 2017). Developing better governance practices will enhance investors' trust in the publicly listed companies. Prior to the IPOs of large public sector organizations, these improved practices will help Kazakhstan's capital market to flourish, and people will buy shares of the public listed companies. Better governance practices will improve Kazakhstan's reputation as a country where businesses run fairly, as well as being a good governance indicator.

## Regulatory Framework of CG Practices in KZ: Current Scenario

CG is a mechanism to improve transparency and accountability of the top management. Boards of directors, top-level executives, and different stakeholders have significant roles in improving CG measures. Among various decision-

makers and policy-makers, the government of Kazakhstan, as the main regulator, plays the most significant role. To improve accountability and transparency in the financial sector, on January 1, 2004, the government established the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Institutions (the "Agency") under the jurisdiction of the National Bank of Kazakhstan. As its first initiative, the Agency formed a working group consisting of members from the Agency, the Ministry of Economic and Budget Planning of the Republic of Kazakhstan, the US Department of Commerce, and the Association of Financiers of Kazakhstan to develop the Corporate Governance Code for the business organizations in Kazakhstan.

The current Code of Corporate Governance was adopted in 2005, and it was developed in accordance with the OECD's corporate governance principles. The OECD's corporate governance code was first published in May 1999 and revised in June 2004, originated from the "Report on the Observance of Standards and Codes of the World Bank Group." It provides guidelines in five broad areas, such as "The Rights of Shareholders and Key Ownership Functions," "The Equitable Treatment of Shareholders," "The Role of Stakeholders in Corporate Governance," "Disclosure and Transparency," and "The Responsibility of the Board." Based on OECD's corporate governance principles, the Code of CG of Kazakhstan identified seven basic principles to ensure fairness, honesty, responsibility, transparency, accountability, and professionalism for effective corporate governance practices. These principles are as follows: principle of protection of rights and interests of shareholders, principles of transparency and objectivity of disclosure of information on the company's activity, principles of legality and ethics, principles of effective dividend policy, principles of effective manpower policy, principles of environmental protection, and principles of policy of regulation of corporate conflicts. The principles were intended to provide guidelines to corporations, governments, stock exchanges, investors, and all other stakeholders to develop good CG practices with respect to social, economic, legal, institutional, and regulatory framework of the country (Code of Corporate governance dated February 21, 2005, Chapter 1).

In addition to developing the CG code, the Government of Kazakhstan also entrusted the Agency to control and supervise the different activities of the commercial banks, insurance companies, pension and investment funds, securities market entities, and credit bureaus, as well as the protection of rights of consumers of financial services. As part of its tasks, the "Agency" periodically recommends various legal measures to the Madjilis of the Parliament of the Republic of Kazakhstan to improve corporate governance, strengthen stock market infrastructure, and protect the interests of investors in the securities markets. Among those legal measures, the most prominent is a mandatory requirement for listed companies to adopt a Corporate Governance Code (Resolution # 106, dated March 26, 2005). To date, the Agency has implemented a number of measures to reform and improve state regulation and financial market supervision, along with creating an independent and effective system to consolidate financial supervision.

The Joint Stock Companies (JSC) Act of 2003 also acts as a catalyst for good corporate governance practices in Kazakhstan. The JSC Act proposes the following measures to improve corporate governance practices in joint stock companies of Kazakhstan:

- All JSC Board of Directors should form committees to oversee and be responsible for (1) strategic planning, (2) personnel and compensation, (3) internal auditing, (4) and social aspects (Amendment from 19.02.2007 and 28.12.2011, Art.53–1).
- Except the Chair of the Management Board, no one from the management will be allowed on the Board of Directors (BOD) of the Joint Stock Companies (19.02.2007 and 28.12.2011, Art. 54(4)).
- The Chair of Management Boards (CEO or GM) cannot be appointed as the Chair of the BOD (Amendments from 19.02.2007 and 28.12.2011, Art. 54(4)).

- The JSC board should consist of at least three members (Amendments from 19.02.2007 and 28.12.2011, Art. 54).
- At least one-third of the BOD members should be independent directors in the JSCs (Amendments from 19.02.2007 and 28.12.2011, Art. 54).

According to the JSC Act, all JSCs are required to follow some specific reporting and disclosure practices (Law on JSC dated May 13 2003 № 415-II, Art. 443). The JSCs are required to include major transactions on their annual financial statements and publish the annual reports in the mass media (Law on JSC dated May 13 2003 № 415-II, Art. 70(1)). They are also required to disclose information related to shares and stocks, major and interested party transactions, property pledges exceeding 5% of total assets, and participation in other company shareholding. In addition to annual reporting practices, JSCs are also required to submit reports to the National Bank on a semi-annual basis.

The government promulgated the law concerning the introduction of international financial reporting standards for all the joint stock companies in Kazakhstan since January 2005 (The Law of the Republic of Kazakhstan # 329-ii dated June 24, 2002). The joint stock companies in KZ are now moving from a three-digit Kazakhstan Accounting Standard to a four-digit coding from the International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) and using different accounting groupings to maintain accounts and prepare financial reporting, balance sheets, income statements, etc., with IFRS/IAS standards. As KZ companies are adopting IFRS and IAS codes of practice, it could be seen as a step forward toward the convergence of international accounting and reporting practices (Kalyuzhnova and Nygaard 2008). Without a common accounting language for communication of financial information, KZ companies will be impaired when seeking or competing for available capital outside KZ, especially in the global capital markets. Cross-border investors will find it difficult to understand financial statements when companies use their respective national accounting and financial reporting standards. In another initiative, the National Bank of the Republic of Kazakhstan, the Ministry of Finance, the Agency, and the Association of Financiers established the Council of Issuers in February 2005. The Council of Issuers and the Council of the Association of Financiers approved the Corporate Governance Code on February 21, 2005 and March 31, 2005, respectively. The Association of Financers of Kazakhstan established a Centre of Corporate Governance in February 2006.

## Recommendations for Future Reforms

Though development of CG code could be seen as an important move to improve governance practices, it seems to identify some other priority areas, such as remuneration, risk management, board practices, exercise of shareholders' rights, etc., to meet new demands for improved checks and balances to cultivate sound governance practices in the post-financial crisis scenario. The existing code stipulates some recommendations, but the implementations are not spelled out in detail. However, a previous analysis has noted weaknesses in the board member nomination process, the guidelines for disclosure and transparency practices, and the accounting and financial reporting system (Johannesson et al. 2012). The code does not explain the qualifications of board members.

Different national contexts required different CG practices related to national culture, traditions, and institutional differences. However, the presence of multinationals and the emergence of international capital markets pushed for harmonization of accounting, auditing, and reporting practices across the nations. To improve the CG practices in KZ, lessons could be learned from the accounting and auditing reform in Kazakhstan. The accounting law of KZ was initially promulgated in 1995 and contained some 28 Kazakhstan accounting standards (KAS) similar to IFRS standards. However, over time, those KAS have changed, and since 2007, the government adopted a new accounting law considering the unique need

and institutional context of the country. The new accounting law consists of three-tier accounting and financial reporting systems for the businesses in Kazakhstan. The first-tier organizations, which are mainly microenterprises, need to apply simple tax-based rules; second-tier organizations, which include small and medium enterprises, are required to apply KAS standards; and third-tier enterprises, mainly the JSCs and public interest entities (PIEs), are required to apply IFRS and IAS practices. Such a similar system could be useful for promoting good governance in different sectors and different sizes of business organizations in Kazakhstan.

So far, only one CG code is developed and approved by the concerned authorities. However, within the national economy, different sectors operate with different business models; therefore, there should be different sets of CG codes for different industries. For example, due to the nature of the banking business, protection of depositors' interest and systematic risk need to be handled with more diligence than in other sectors. Therefore, different industry associations should take the initiative to develop or modify the existing code to meet the needs of respective industry stakeholders. The UK CG practices could be an exemplary model in this case, where eight different CG codes are in effect to provide one of the highest standards of CG among the global economies.

While KZ could further update CG codes, institutional support to implement those codes or rules is equally important. Without a proper enforcement mechanism, updating the CG codes will fail to bring the intended benefits. Moreover, CG practices could not be implemented in isolation from a range of other reforms related to micro- and macroeconomic, legal, and institutional systems. However, as reform is a cumulative process, one set of reforms underlies another, and reforms are sometimes implemented in parallel or sequentially, which adds up to a comprehensive program and long journey. Some internal measures could be taken. Internal stakeholders could appoint a designated third party to act impartially. The third party could accumulate all complaints, opinions, views, and wrong doing occurring within certain timeframe and submit the report to the company and other regulatory bodies.

Willingness to apply CG instruments is also important. Sometimes, unaccountable and opaque corporations can work to undermine and misinterpret the codes, thereby limiting their effectiveness, by creating and sustaining vicious circles of corruption, bribery, and mismanagement, which could have spillover effects on both private and public sector organizations. Different industry associations should encourage their member organizations to implement those codes of practices and promote more transparency and accountability in their governance practices.

The government could make it mandatory to prepare and publish a corporate governance report on a yearly basis. It should disclose and explain all the issues related to good governance practices and should follow some specific templates as prescribed by the government or law enforcing agency. In addition to penalty provisions, there could be some reward provisions for companies following and initiating better governance practices. Some independent authorities could be formed to assess the CG practices, and such assessment could be related with good rating systems.

There should be some penalty provision for the companies that do not comply with the CG code and principles and other stipulated legal measures. Such measures could be financial penalty, personal charges for the top managerial executives, delisting the company from the KASE, close observation of management for a given period during which the company would improve or implement certain practices, and/or reducing the company's financial flexibility.

## Conclusion

Recently, the government has undertaken initiatives to educate individual investors on stock trades and other collective investments for the economic and social development of the country (Resolution of the Government of Kazakhstan #822 dated August 25, 2006). This will

definitely help to improve CG practices in the long run. However, in addition to this initiative, the universities and other educational institutions could develop corporate governance related curricula to educated future generation of business managers. Additionally, they could provide training to media on corporate governance topics to raise awareness. The Ministry of Finance, the Agency, and the KASE should initiate training for government officials, corporate executives, accountants, and other professionals to understand the necessity of good governance practices and implement government directives and international standards to promote good governance practices in Kazakhstan. In case of a shortage of funding and lack of professional trainers, the government could request donor and multilateral agency assistance.

## References

Johannesson J, Palona I, Guillen J, Fock M (2012) UK, Russia, Cyprus and Kazakhstan governance compared. Corp Gov 12(2):226–242

Kalyuzhnova Y, Nygaard C (2008) State governance evolution in oil-rich transition economies: an application to Russia and Kazakhstan. Energy Policy 36:1829–1842

Mahmood M, Orazalin N (2017) Green governance and sustainability reporting: evidence from an emerging economy. J Clean Prod 164:389–397

# Corporate Governance in the Local Public Services Sector: The Italian Case

Gabriele D'Alauro
Department of Economics and Business Studies, University of Genoa, Genoa, Italy

## Synonyms

Corporate structure; Corporatization; Liberalization; Management mechanisms; Municipally owned companies; Privatization; Public control; Public shareholders; Public utilities

## Definition

Corporate governance concerns the system of rules and practices through which a company is managed and controlled, so identifying the various relationships between corporate structure and management mechanisms. In the local public services sector, corporate governance of Italian firms has been significantly affected by the trend to corporatization and aggregation, showing the deep-seated propensity of the public shareholders to preserve their control also following stock exchange listing.

## Introduction

Since the 1990s, privatization and liberalization have led to growing competition within the Italian local public utility services market. This competitive pressure has contributed to the development of corporate strategies aimed at concentration, through alliances and aggregations between operators, in order to achieve various configurable synergies. In the context of these evolutionary paths, the incidence and role of corporate governance mechanisms, together with the sociopolitical and territorial demands of the players involved, are crucially important particularly for listed local public utilities. Stock exchange listing has significantly changed the overall nature of the companies, affecting both their corporate structure and management mechanisms, with consequent changes in the relations between various public and private stakeholders inevitably involved.

This chapter describes the features of the local public services and, with reference to the peculiar Italian context, analyzes the corporate governance of the firms operating in this sector in the light of the trend to corporatization and aggregation. With regard specifically to Italian listed local public utilities, a case study research analyzes the ownership structure, the presence of shareholders' agreements, and the impact of aggregations on effective corporate control and on relations between public shareholders.

## Municipal Corporatizations in the Italian Local Public Service Sector

Corporatization is the process through which governments or local public institutions create private companies for public service production or delivery, previously typically managed in-house or by public-law entities (Citroni, Lippi and Profeti 2015). Liberalization and privatization measures, such as corporatization, which have taken place in many OECD countries, have significantly reformed the Italian public sector and have particularly affected local public utilities' ownership structure and governance mechanisms.

More in general, local corporatization can be influenced by several factors, among them (Tavares 2017):

- Service and market characteristics, since municipal corporations can allow for gains of specialization and autonomy
- Institutional and regulatory settings, as corporations could offer more flexibility and autonomy in order to meet corresponding obligations and needs
- Political constraints, because local elected officials could consider that the creation of private-law companies may determine some loss of political control
- Financial conditions, as exposing local services to market competition could be a way to alleviate economic and fiscal stress, particularly when there are potential significant economies of scale and scope

Corporatization does not, however, necessarily automatically mean the sale of the new company's shares owned by the municipalities and consequently does not imply the substantial privatization of local public services.

This is certainly the case of Italy, where an analysis of the ownership structure of the large majority of Italian public utilities shows a deep-seated propensity of public shareholders, particularly municipalities, to hold onto their control (Bognetti and Robotti 2007; Cafferata 2010). So, as regards the sector of Italian local public service providers, this privatization, consisting in the progressive replacement of organizations governed by public law – in particular "*Azienda Municipalizzata*" and "*Azienda Speciale*" – with firms regulated by private law, in which both public and private actors theoretically can invest, often appears merely formal (Costantino 2011; Grossi and Reichard 2008; Monteduro 2014).

The main Italian municipalities, by adapting the corporate governance of the public utilities they already own, have been able to maintain corporate control even after the significant aggregations and stock exchange listings described below (Calabrò, Torchia and Ranalli 2013; Ricci and Landi 2010).

## Reasons for Public Utilities Aggregations

Privatization and liberalization processes have significantly contributed to increasing aggregation between entities operating in the local public services sector – a trend seen on one hand as an opportunity for dimensional growth offered by the new economic scenario while on the other as protection against the risk of losing pre-existing market shares due to increasing competitive pressures.

Particularly, it is possible to identify the following reasons and incentives for public utilities to carry out concentration operations (Gilardoni, Marangoni and Fontana 2006; Gilardoni, Carta and Arcudi 2012; Barbera, Guarini and Steccolini 2016):

- The achievement of economies of scale, due to the possibility of operating on more efficient dimensional levels as a result of the reduction in the average unit cost arising from the increase in the volumes managed
- The achievement of economies of purpose, represented by the economic advantages connected to the joint production of different goods and services through the use of the same production factors, in particular deriving from the centralization of common functions such as finance, personnel management, marketing, sales, etc.
- The achievement of economies of density, attributable to the reductions in the unit cost

(per served customer) that are obtained with the increase of the territorial concentration of the users, above all in the distribution phase with reference to the supply costs not only connected to main services but also to accessory services
- The achievement of economies of extension, i.e., economies linked to the simultaneous performance of several activities in the supply chain, having regard to the typical characteristics of the productive sectors of public utility services such as gas, electricity, and also the water cycle
- The achievement of dimensional synergies related to commercial activities, with regard to the development of customer knowledge management systems and customer relationships aimed at greater loyalty, as well as the expansion of the user base, through the offer of a wider and more integrated range of services (cross-selling), as well as an overall improvement in the quality of the services on offer
- The acquisition of a greater investment capacity, whose importance is progressively increased according to the needs that distinguish the public services sector
- The acquisition of know-how and the sharing of complementary skills, correlated in particular with technological convergence processes as well as actions for the rationalization of research and development activities
- The acquisition of greater bargaining power both with suppliers and with customers
- The defense against larger competitors, through an increase in public utilities' size in order to face more effectively growing competition also through the synergies and economies underlying the aggregation operation, as well as any international expansion
- Compliance with specific regulatory requirements, such as the minimum territorial areas required for participation in tenders for the granting of public service concessions
- Diversification, in particular with the entry into new business areas correlated with the core area in order to increase profitability levels and achieve a reduction in corporate overall risk also through a balanced presence of activities in regulated sectors and in sectors subject to free competition
- Increase in company overall value also in view of subsequent stock exchange listing operations, which occurred in the case of significant Italian local utilities

Importantly, as these synergistic effects are often difficult to isolate and weigh, their evaluation has to take into account the specific context of analysis and some critical aggregation issues, above all the role of corporate governance.

## The Critical Role of Corporate Governance in the Italian Case

Corporate governance mechanisms are among the most critical factors affecting aggregations between public utilities.

At the same time, reciprocally, the process of dimensional growth of public utilities has significant consequences and effects on governance: a significant one is to balance achieving the dimension that economies of scale require with the need for proximity to the territory, with the aim of protecting the public interest.

With specific reference to the Italian context of public utilities, the main elements to be taken into consideration in terms of corporate governance in the light of the peculiarities of public utility companies, in particular local ones, can be identified as follows (Martinez, Jamison and Tillmar 2013):

- Relationship between the interests of local communities and market needs
- Role of the political system, also with reference to the analysis of the incidence of possible interference on economic performance by municipalities that are shareholders of public utilities
- Procedures for defining the corporate structure, with particular regard to the composition of the shareholder structure and the presence of shareholders' agreements
- Degree of balance of powers in the corporate administrative bodies, having also in mind the

choice between the alternative governance models (traditional, monistic, and dualistic)
- Methods of exercising powers, with reference first of all to the appointment criteria and to the composition of the various corporate bodies
- Remuneration policies and characteristics of (in)stability of management
- Degree of representation within the corporate administrative bodies of the different categories of stakeholders (controlling shareholders and minority shareholders, management, employees, customers, suppliers, citizens, and institutions), as well as, in a broader sense, ways of involving them by public utilities
- Internal control system, including the assessment of social-environmental reporting tools, and external controls, extended to the analysis of the role of sector authorities

Overall, the analysis of the aforementioned corporate governance profiles has shown that the issue of the relationship between property and management has never been definitively resolved, highlighting the critical issues inherent in trying to achieve a fair and correct balance between managerial autonomy and political influence, and also underlining the possible heterogeneity between the governance system formally adopted by public utilities and the actual decision-making processes assumed (Abatecola and Poggesi 2010).

In this articulated context, it should be noted both the existence of significant conflicts of interest between (public) majority shareholders and minority shareholders, as well as between them and the corporate administrative bodies, and the considerable influence of the involved municipalities in the corporate decision-making process (Calabrò and Torchia 2011).

So, focusing the analysis on the relationship between corporate governance and firm integrations, the evolutionary path that has characterized Italian public utilities in recent years emerges as having had significant effects also on the subject of governance, due to the trend toward dimensional growth and to aggregations, the entry of international players, and the access of some companies to the capital market.

Significant issues related to this context may concern the possibility of politics influencing corporate governance. It is also important to consider the way the companies are set up: in addition to companies created through the replacement of organizations governed by public law, entities exist that have arisen from aggregations of several companies operating in different territorial areas. This involves the presence of a varied stock ownership, representative of the local communities of origin of the previous companies, so increasing corporate governance issues of the new public utility.

With reference to the various categories of companies operating in the public services sector, the issue of corporate governance assumes a particular significance for the listed local public utilities: entry into the stock market has strongly affected the characteristics of the companies, changing corporate structure, organization, management and operating mechanisms.

Some peculiar corporate features of listed Italian local public utilities are highlighted in Table 1.

These data show in particular that in all the companies – equal to six local public utilities listed at the end of 2018 – municipalities continue to exercise – directly or indirectly – control of the corresponding public utilities. This persists even after significant aggregation operations, which will be discussed later.

A significant role in maintaining control – besides strong limits on share ownership typically added in the articles of incorporation – is played by shareholders' agreements, which are present in all the cases (four out of six) where the local public institution of reference, individually considered, already does not own more than 50% of the share capital: the incidence of these shareholders' agreements appears significantly higher in the examined public services sector than in the other sectors of activity.

Shareholders' agreements, signed by several local public institutions, in most cases have as their object the composition of the corporate bodies, the regulation of the exercise of voting rights, the limits to the transfer of the company's shares, and the exercise of a dominant influence. In this

**Corporate Governance in the Local Public Services Sector: The Italian Case, Table 1** Corporate governance peculiarities of Italian listed local public utilities[a]

| Firm | Ownership structure[b] | Limits of share ownership[c] | Shareholders' agreements[d] |
|---|---|---|---|
| A2A S.p.A. | Municipality of Brescia 25%<br>Municipality of Milan 25%<br>Own shares 0.8%<br>Other shareholders <2% 49.2% | 5% for shareholders other than municipalities of Brescia and Milan | Block and voting shareholders' agreement among municipalities of Brescia and Milan in order to exercise the control of the firm |
| Acea S.p.A. | Municipality of Rome 51%<br>Suez – Suez Italia 23.3%<br>Caltagirone group 5%<br>Floating 20.7% | 8% for shareholders other than municipality of Rome | None |
| Acsm-Agam S.p.A. | A2A 41.34%<br>Lario Reti Holding 23.93% (wholly owned by local public institutions in the provinces of Lecco and Como)<br>Municipality of Monza 10.53%<br>Market 10%<br>Municipality of Como 9.61%<br>Municipality of Sondrio 3.3%<br>Municipality of Varese 1.29% | None | Block and voting shareholders' agreement among A2A, Lario Reti Holding, municipalities of Como, Monza, Sondrio, and Varese in order to exercise the control of the firm |
| Ascopiave S.p.A. | Asco Holding SpA 61.56% (whose main shareholders are municipalities in the provinces of Venice and Treviso)<br>Amber Capital UK LLP 5.19%<br>Ascopiave SpA 5%<br>ASM Rovigo S.p.A. 4.4%<br>Other shareholders <3% 23.85% | None | None |
| Hera S.p.A. | Shareholders' agreement among public shareholders 51.9%<br>Shareholders' agreement among private shareholders 8.2%<br>Floating 39.9% | 5% for shareholders other than local public institutions, consortia and their subsidiaries<br>Local public institutions, consortia and their subsidiaries must hold at least 51% of the share capital | Some block and voting or consultation shareholders' agreements among more than 100 public shareholders overall (mainly municipalities in Emilia Romagna region) in order to exercise the control of the firm |
| Iren S.p.A. | Finanziaria Sviluppo Utilities 18.85% (wholly owned by municipality of Genoa)<br>Finanziaria Città di Torino 13.8% (wholly owned by municipality of Turin)<br>Municipality of Reggio Emilia 6.51%<br>municipalities of province of Reggio Emilia 5.43%<br>Municipality of Parma 3.16%<br>Municipality of La Spezia and other Municipalities of province of La Spezia 1.9%<br>Municipality of Piacenza 1.34%<br>Other municipality of Emilia 0.04%<br>Floating 48.96% | 5% for shareholders other than public institutions<br>Public institutions must hold at least 51% of the share capital | Block and voting shareholders' agreement among Finanziaria Sviluppo Utilities, Finanziaria Città di Torino, municipalities in Emilia Romagna region and municipalities of province of La Spezia in order to exercise the control of the firm<br>Additional block and voting shareholders' agreement among municipalities in Emilia Romagna region<br>Additional voting shareholders' agreement among Finanziaria Sviluppo Utilities and Finanziaria Città di Torino |

[a]Companies listed on the Italian Stock Exchange at 31 December 2018, belonging to the public services sector, operating at a local level and directly or indirectly controlled by Italian municipalities
[b]Source: Consob Internet site www.consob.it, accessed 22 July 2018
[c,d]Source: Corporate Governance Report at 31 December 2018, published in the website of each company

C

way, these agreements are essentially aimed at being able to jointly control the public utility, in order to achieve the stabilization of corporate structure and company governance, and – in case of aggregation – to maintain the centrality of the role played by each local public institution that already controlled the subsidiary public utility prior to unification.

In these contexts, however, there is the risk of creating aggregations without real leadership, where all decisions must be taken by all partners, with excessively long and complex decision-making processes and therefore not very effective organizational structures.

## Evidence of Typical Corporate Governance Mechanisms in Significant Italian Mergers

In the context of the different types of agreements and alliances that public utilities can undertake in order to pursue the objectives and results described above, the peculiar benefits connected to effective aggregation strategies, which allow for a good degree of integration among the different participants, have been highlighted.

Among the possible various types of aggregation, central and growing importance is represented by corporate mergers: mergers make it possible to capture intra-business synergies as intensively as possible in the various stages of the supply chains, heightening motivation for the overall improvement of company as well as determining an increase in the importance and value of the company considered as a whole.

In the Italian context, the realization of significant mergers between companies operating in the local public services sector has aimed to counter the growing intrusiveness of not only national but also international utilities, contrasting more significant regional groups.

The merger mechanism therefore offers the public utilities involved significant opportunities, by taking over, as a result of the corporate combination, a new entity, which can also operate in the various segments through specific special purpose companies, also based on the articulated sector regulations and in particular the unbundling provisions.

Notably, incorporation could determine the loss of public control previously exercised over the merged utility. To avoid this consequence, in light of the will of Italian municipalities to maintain control over the incorporated companies, a peculiar corporate governance mechanism has been implemented for the most significant mergers: the substantial formation of a joint venture, i.e., a solution whereby the parties that have joint control of the arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control, have rights to the net assets of the arrangement.

The most significant Italian mergers were the three mergers between large listed public utilities that led to the birth of Iride S.p.A. in 2006, A2A S.p.A. in 2008, and Iren S.p.A. in 2010, respectively. All these operations resulted in post-merger entities under the joint control of the dominant public shareholders of the involved firms, due to corporate governance deals and agreements under which the majority shareholder of the merging company cannot alone determine the financial and management policies of the firm deriving from the business combination: as a consequence, according to the new provisions of the shareholders' agreements, decisions about the companies' activities require the unanimous consent of the public shareholders of both the involved utilities.

In particular:

- As to the incorporation that led to the birth of Iride S.p.A. in 2006, the operation resulted in a joint venture under the joint control of the Municipality of Genoa and of the Municipality of Turin, which were the public majority shareholders of the merged (Azienda Mediterranea Gas e Acqua S.p.A.) and the merging (AEM Torino S.p.A.) company, respectively; Iride S.p.A. was in turn incorporated by Iren S.p.A. in 2010.
- With reference to the A2A S.p.A. creation by merger in 2008, the transaction was based on a principle of equality of the Municipality of

Brescia (dominant shareholder of the incorporated company – ASM Brescia S.p.A. – prior to the merger) and the Municipality of Milan (already controlling incorporating firm – AEM S.p.A.); A2A is currently the largest Italian multiutility company, principally involved in the sectors of production, sale, and distribution of electricity; sale and distribution of gas; production, distribution, and sale of heating through district heating networks; waste management; integrated water cycle management.

- With regard to the incorporation that led to the birth of Iren S.p.A. in 2010, the merger, similarly to the previous two, resulted in a substantial joint venture, due to the willingness expressed by the parties to the business combination, which were the municipalities of Parma, Piacenza, and Reggio Emilia (dominant shareholders of the merged firm (Enia S.p.A.) prior to the operation) on the one hand and the municipalities of Genoa and Torino (already jointly controlling the merging company (Iride S.p.A.)) on the other hand – to adopt joint measures; Iren S.p.A. is currently the third largest Italian multiutility company, principally operating in the sectors of electricity (production, distribution and sale), gas (distribution and sale), the management of integrated water services, environmental services (collection and disposal of waste), and services for local authorities.

## Conclusion

With reference to Italy, a country characterized by a high level of control exerted by public institutions in the local service sector, the analysis, conducted through a case study research, has shown that corporatization processes have resulted in formal privatizations, where the large majority of local public utilities are still directly or indirectly owned by municipalities, in particular after significant cases of listing on the stock exchange.

In this context, corporate governance mechanisms play a key role, which peculiarly concerns ownership structure, limits of share ownership, and block and voting shareholders' agreements, in order to preserve the power of public shareholders.

This deep-seated propensity of the public shareholders to preserve their control has also affected the realization of significant public utilities aggregations, among which mergers have assumed increasing importance, as they are potentially capable of achieving the desired synergies with greater intensity. Considering that these mergers can have a strong effect on corporate management and ownership, due to the entry of new public shareholders, peculiar corporate governance mechanisms have been constructed by Italian public utilities, through the creation of substantial joint ventures arising from the business combination under the joint control of the main public shareholders involved.

It is hoped that these corporate governance structures will satisfy in the most effective possible way, on the one side, the public needs arising from the public and strategic nature of local services, and, on the other, the requirements of market competitiveness and successful running of firms.

## Cross-References


- ▶ Economic Liberalization and Governance
- ▶ Features of Italian Public Administration
- ▶ Governance of State-Owned Enterprises
- ▶ Intermunicipal Cooperation
- ▶ Local Governance
- ▶ Outsourcing Public Services
- ▶ Privatization in Local Governments
- ▶ Reforms and Governance


## References


Abatecola G, Poggesi S (2010) Corporate governance and performance: evidence from the Italian listed local public utilities (2000–2008). Int J Public Adm 33(11):534–540

Barbera C, Guarini E, Steccolini I (2016) Italian municipalities and the fiscal crisis: four strategies for muddling through. Financ Account Manag 32(3):335–361

Bognetti G, Robotti L (2007) The provision of local public services through mixed enterprises: the Italian case. Ann Publ Coop Econ 78(3):415–437

Cafferata R (2010) The enduring presence of groups and public enterprises in the Italian economy. J Manag Gov 14(3):199–220
Calabrò A, Torchia M (2011) Conflicts of interest and governance mechanisms in Italian local public utilities. Int J Public Adm 34(7):447–460
Calabrò A, Torchia M, Ranalli F (2013) Ownership and control in local public utilities: the Italian case. J Manag Gov 17(4):835–862
Citroni G, Lippi A, Profeti S (2015) Representation through corporatisation: municipal corporations in Italy as arenas for local democracy. Eur Polit Sci Rev 7(1):63–92
Costantino F (2011) Public property in Italy. Int J Public Adm 34(1–2):84–88
Gilardoni A, Marangoni A, Fontana S (2006) Alliances and mergers in the Italian utilities industry: empirical evidence and main trends. Paper presented at the fourteenth international working seminar on production economics, 20–24 Feb, Innsbruck
Gilardoni A, Carta M, Arcudi C (2012) Post integration winning moves toward a high performance utility model. Manag Util 10(1):42–44
Grossi G, Reichard C (2008) Municipal corporatization in Germany and Italy. Public Manag Rev 10(5):597–617
Martinez M, Jamison M, Tillmar M (2013) Public utilities corporate governance. Guest editorial introduction. J Manag Gov 17(4):827–833
Monteduro F (2014) Public-private versus public ownership and economic performance: evidence from Italian local utilities. J Manag Gov 18(1):29–49
Ricci P, Landi T (2010) Governance and accountability for Italian listed public utilities companies. Rev Int Comp Manag 11(3):376–388
Tavares AF (2017) Ten years after: revisiting the determinants of the adoption of municipal corporations for local service delivery. Local Gov Stud 43(5):697–706

# Corporate Governance Mechanisms and Developing Stock Exchange

Constantinos Chalevas, Afroditi Papadaki and Christos Tzovas
Department of Accounting and Finance, School of Business Administration, Athens University of Economics and Business, Athens, Greece

## Synonyms

Stock market; Capital market; Corporate administration; Corporate management & control

## Definition

Corporate governance is "the system by which companies are directed and controlled" (Cadbury Committee 1992).

Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders (Organization for Economic Cooperation and Development, OECD 2015).

An exchange is a marketplace that deals in the buying and selling of stocks, bonds, commodities, derivatives, and other financial instruments.

## Introduction

Large corporations are usually characterized by dispersion of share capital ownership over a large number of shareholders. Due to this development, firms' management has become increasingly independent from shareholders while its effective control over firms' affairs has increased (Demsetz and Lehn 1985). A firm's management may pursue its own personal goals, even at the expense of the interests of the owners (Baker and Anderson 2010). Managers' aspirations for security, increased salaries, enhanced power, and prestige can prompt them to direct funds to operations and activities which do not necessarily contribute to the maximization of a firm's value (Saleem Sheikh 1995). These problems are more acute for smaller shareholders (noncontrolling shareholders), whose interests can be harmed, not only by management's actions but by board members' and larger shareholders' (controlling shareholders) actions as well (Christiansen and Koldestrova 2009; OECD 2015).

Corporate governance mechanisms have been introduced in many corporations in order to protect shareholders' interests. The corporate governance framework aims to protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders (OECD 2015).

The first organized efforts for the establishment of a coherent set of principles of corporate governance took place during the 1980s by the

"American Law Institute" in 1984 and the "Treadway Commission" in 1987. The issue of the "Cadbury Report" in 1992 introduced new regulations concerning corporate governance, while the Organization for the Economic Coordination and Development (OECD) and the World Bank have made important contributions to the development of corporate governance principles. Additionally, the Sarbanes-Oxley Act in 2002 imposed a minimum level of financial disclosure on firms' management.

## Corporate Governance Mechanisms

The corporate governance theory proposes mechanisms to ensure that the rights of all shareholders are protected. These mechanisms can be classified in two categories: those that are imposed by the external environment of a firm and those which are developed within a corporation.

### External Environment Mechanisms

The competition in labor market for managerial skills can persuade managers to avoid value-reducing actions (Watts and Zimmerman 1986). This competition can be both external and internal. Assuming that the labor market is efficient, managers restrain from value-reducing actions in order to avoid unfavorable adjustments to their compensation. Besides, when the management of a firm is involved in value-reducing actions, this information eventually becomes known and their professional reputations will be impaired (Abdel-khalik 2003).

Competition within the firm may impose further restrictions on managers' behavior. Senior managers have strong incentives to examine and control the efficiency of subordinate managers, since the formers' compensation and promotion can be determined by their ability to adequately perform such a duty. Similarly, the subordinate managers are induced to monitor their superiors, since by doing so they enhance their prospects for promotion. Furthermore, the welfare of subordinate managers is affected by their superiors' value-reducing behavior, since the value of their human capital in the labor market is negatively affected by that behavior. Consequently, subordinate managers have an incentive to prevent their superiors from taking value-reducing actions (Baker and Anderson 2010).

The competition in the market for corporate control has been identified as a mechanism that can refrain top management from assuming value-reducing activities. In order to be effective, markets for corporate control should be allowed to function efficiently and in a transparent manner. Investors must be in position to understand their rights. Thus, the rules and procedures which regulate the acquisition of corporate control should be clearly articulated and disclosed to investors, while transactions should take place at transparent prices and under fair conditions (OECD 2015).

### Internal Mechanisms

The internal mechanisms can include incentives to managers and the imposition of control mechanisms.

#### Incentives to Managers

Bonus schemes and/or compensation plans constitute mechanisms that prompt professional managers to pursue policies that serve owners' interests (Chalevas 2011). By connecting managers' compensation with the performance of the company, as this is expressed by the level of its profits, the interests of shareholders and managers will be aligned (Jensen and Zimmerman 1985). However, firms' management may attempt to manipulate the reported earnings in order to increase their remuneration through accounting-number based bonus schemes and to secure their position in the firm (Paltrow 2002). In addition, when ownership of a firm's stock capital constitutes a substantial proportion of managers' personal wealth, managers have a personal interest in ensuring that value-reducing actions will be avoided. Assuming rational expectations, the market anticipates any opportunistic managerial behavior and discounts the value of the stock outstanding. Thus, managers bear the cost of a value-reducing action (Baker and Anderson 2010).

### Control Mechanisms

Shareholders usually assign the responsibility for the supervision of managers' conduct to the board of directors and to internal and external auditors. Directors and auditors are supposed to have access to any relevant information concerning a company's performance.

### Board of Directors

The board of directors has been recognized as a crucial corporate governance mechanism. The board of directors is supposed to safeguard shareholders' interests and the company's resources while it is accountable to firms' shareholders (Jensen 1993). Particular importance has been assigned to the structure and the size of the board of directors.

The participation of independent nonexecutive members in the board of directors ensures that a firm operates toward the maximization of shareholders' wealth. Independent nonexecutive directors are more likely to select the more competent managers and to remove an incompetent one CEO (Brown and Caylor 2004). The participation of independent nonexecutive directors can improve the decision-making procedure and increases the reliability of the published financial statements (Klein 2002). The CEO duality (i.e., the same person is the president of the board of directors and the CEO of the firm) is a factor that can influence the independence of the board of directors (Baker and Anderson 2010; Calcagno and Renneboog 2004). On the other hand, Donaldson and Davis (1991) support that CEO chair has a thorough knowledge of the firm's financial condition and as a consequence is in position to make decisions that improve the firm's performance.

With respect to the size of the board of directors, it has been argued that boards of directors with few members are more effective than larger boardrooms. On the other hand, when a board of directors has many members, an allocation of duties and responsibilities takes place. Consequently, the directors can monitor and control the management's actions more effectively (Donaldson and Davis 1991).

### Internal Audit Mechanisms

Internal audit mechanisms such as the internal audit department and the auditing committee (i.e., the directors that supervise the internal audit department) are crucial corporate governance mechanisms.

An internal audit regulation secures transparency in the company's operations and defines a framework of responsibilities for the company's governing bodies and departments, while by providing that certain procedures are applied for the evaluation of the firm's managers, it prompts executives to perform their tasks effectively.

The internal audit department is responsible for the implementation of the internal audit regulation. The internal audit department has the important function to continuously monitor the operations of each division and department of the company. In addition, the internal audit department is responsible for the detection of cases of conflict between shareholders and managers (Cohen et al. 2002).

The audit committee has the responsibility to review the financial statements. By doing so the audit committee supervises and promotes financial accountability. Furthermore, the audit committee ensures that firms' management develops reliable internal controls and that internal audit executes its duties adequately, while independent auditors examine and evaluate management and internal audit practices. The board of directors and the audit committee have the duty to monitor the assessments and recommendations of the independent and internal auditors. The board of directors and the audit committee should also ensure that the directors account for actions taken on these recommendations (IBGC 2015).

### Ownership Structure

The concentration of the ownership of the firm's share capital to a limited number of shareholders (block holders) facilitates the effective control of the management of a firm. Since block holders have made a considerable investment in a firm, they are expected to exercise a continuous control upon the management of the company, in order to ensure that the management's decisions lead to shareholders' wealth maximization (O'Sullivan 2000).

The institutional investors can exercise considerable influence upon the management of a company, since they control a substantial percentage of voting rights in the general meetings of the shareholders. In addition, the dominant position they hold in the financial markets allows institutional investors to influence the share price of firms (Ashbaugh-Skaife et al. 2006). It should be noted, however, that although the presence of a controlling shareholder can restrain the firm's management from value-reducing actions, a company's smaller shareholders may be abused by the controlling shareholders. It is very likely that controlling shareholders have a close relationship with the firm's management. Abusive self-dealing can occur when controlling shareholders exploit this relationship to the detriment of the company and other shareholders and investors (Christiansen and Koldestrova 2009; OECD 2015).

## Corporate Governance and Stock Exchange

### Traditional Role of Stock Exchanges and Current State of Affairs

Investors' confidence that the capital they provide will be protected from misuse or misappropriation by corporate managers, board members, or controlling shareholders is an important factor in the development and proper functioning of capital markets. The purpose of corporate governance mechanisms is to create an environment of trust, transparency, and accountability. The establishment of such an environment is a prerequisite for fostering long-term investment, financial stability, and business integrity, thereby supporting stronger growth (OECD 2015). The adoption of corporate governance principles by firms seems to enhance investors' protection feeling. It has been observed that in countries where the institutional framework for the investors' protection is fully developed, stock returns are higher, since when investors feel that their interests are adequately protected, they value a firm at a premium (La Porta et al. 2002). During the Asian market crisis, the companies that had exhibited the less volatile stock market behavior were those that had developed the most intergraded systems of corporate governance (Mitton 2002).

The introduction of corporate governance mechanisms can result in a decrease in the cost of the capital of a firm since these mechanisms allow potential investors to estimate the result of an investment with greater precision (Gordon 2002). Corporate governance mechanisms increase the transparency relating to the selection of investments' projects, making investors more willing to provide equity funds to corporations with a lower required rate of return (Walkner 2004). In addition, the implementation of corporate governance mechanisms may improve the creditworthiness of a firm. Corporate governance framework provides assurance to the providers of debt capital that the funds that they have invested in a particular company will be directed toward high-return projects. As a consequence, the firm's financial position will improve and the firm will meet its debt obligations without difficulty. Empirical evidence suggests that firms that have adopted corporate governance mechanisms have easier and less costly access to loan capital (La Porta et al. 1999).

At the same time, stock exchanges can play an important role in improving corporate governance. Stock exchanges can establish and enforce the application of requirements that relate to the corporate governance of both listed firms and firms aiming to enter a stock exchange. Besides, stock exchanges provide investors with the opportunity to express their attitude toward listed firms' corporate governance arrangements by allowing them to sell or buy listing firms' shares (IBGC 2015).

The importance of corporate governance mechanisms for the smooth functioning of capital markets is underlined by the fact that stock exchanges have been one of the main promoters of corporate governance recommendations for listed firms (OECD 2015). In addition, stock exchanges had a central role in the development of national corporate governance codes and recommendations. These codes address issues relating to minority shareholders' protection and equitable shareholders' treatment, disclosure

and transparency, and accountability and operation of board of directors and management. The corporate governance codes differ with respect to their scope and recommendations. In some instances, there are codes that are very comprehensive and provide detailed guidelines for their implementation (e.g., Belgian Code of Corporate Governance), while other codes are less comprehensive and provide fewer details regarding their implementation (Christiansen and Koldestrova 2009; OECD 2015).

With respect to their regulatory function, stock exchanges exercise this function within the context of the prevailing legal framework. Initially, the role of the stock exchange was restricted to issuing rules and clarifying aspects of the existing regulatory framework. Given that the corporate governance issues are already addressed by legal and/or securities regulation, the regulatory role of stock exchange is limited. Stock exchanges execute their regulatory role mostly through setting, listing, and disclosure standards relating to corporate governance. In addition, stock exchange monitors listed firm's compliance with these standards (Christiansen and Koldestrova 2009). The regulatory role of stock exchange varies across countries. In most European Union (EU) countries, corporate governance rules are mainly issued by capital market regulators within the framework of the national and EU legislation. As a consequence stock exchanges share the responsibility for the monitoring of compliance with disclosure requirements with regulatory and government authorities. In the USA and Canada, stock exchanges have retained some regulatory functions (mainly in the area of listing), while other regulatory functions have been delegated to nongovernmental regulators (Coglianese et al. 2004).

Although the level of compliance with corporate governance codes varies considerably across countries, we can discern two basic approaches regarding the compliance with corporate governance codes. According to the first approach, firms should provide a full disclosure of their corporate governance policies. The alternative approach is the "comply or explain" approach (Christiansen and Koldestrova 2009). According to this approach, listed firms may not comply with all the provisions of the code, but they should disclose this fact and the reasons for non-compliance. In this case the main monitoring function of the stock exchange is to ensure that the firm's disclosure is meaningful. The ability of the stock exchange to take enforcement action is confined upon the legal basis of the code and securities regulation that prevail in a country (Coglianese et al. 2004).

Practically, stock exchanges can enforce compliance only with those corporate governance standards that are included in the listing requirements. In addition, stock exchanges prompt firms which are already listed to comply with higher corporate governance standards.

## Recent Developments and Further Perspectives

The developments in stock exchange industry in the last 20 years have raised concerns regarding the role of stock exchanges as promoters of corporate governance mechanisms and recommendations. Besides it has been questioned whether stock exchange can continue to execute their regulation and enforcement functions effectively. Many stock exchanges have demutualized and become listed, while in many cases, they have been consolidated through mergers and acquisitions (Aggarwal 2002). The competition between stock exchanges has been intensified (Bagheri and Nakajima 2004). Moreover, stock exchanges face competition from alternative trading systems (ATS). Within this context, it has been argued that a conflict of interest may exist between regulatory duties of stock exchange and their for-profits actions. The intensification of competition between stock exchanges may have made them lower their regulatory standards in order to avoid deterring firms from listing and losing listed firms to competitors. Moreover, the reduction of stock exchange revenues due to competition by ATS means that stock exchanges have less sources available to adequately perform their regulatory responsibilities. Yet, the impact of these developments should not be exaggerated. The spread of ATS occurred during a period of increase in trading volumes, while the role of stock exchanges

continues to be an important one. Moreover, it has been argued that the regulatory function of stock exchanges may constitute their main competitive advantage against competition (Christiansen and Koldestrova 2009).

## Conclusions

The implementation of corporate governance principles and mechanisms is essential for the development and the smooth functioning of capital markets in general and stock markets in particular. By protecting shareholders' rights and interests, the corporate governance framework creates an environment of trust, transparency, and accountability, a prerequisite for the development of stock exchanges. Although recent developments in the stock exchange industry have raised doubts regarding stock exchanges role as corporate governance promoters, stock markets can still facilitate the improvement of existing corporate governance framework by establishing listing criteria for issuers and by closely monitoring the implementation of corporate governance principles by listed firms.

## Cross-References


- ▶ Accountability
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ Global Financial Crisis Management


## References


Abdel-khalik AR (2003) Self-sorting, incentive compensation and human capital assets. Eur Account Rev 12:661–697

Aggarwal R (2002) Demutualisation and corporate governance of stock exchanges. J Appl Corp Finance 15:105–113

Ashbaugh-Skaife H, Collins DW, LaFond R (2006) The effects of corporate governance on firms' credit ratings. J Account Econ 42(1–2):315–342

Bagheri M, Nakajima C (2004) Competition and integration among stock exchanges: the dilemma of conflicting regulatory objectives and strategies. Oxf J Leg Stud 24(1):69–97

Baker K, Anderson R (2010) Corporate governance: a synthesis of theory, research, and practice. Wiley, Hoboken

Brown LD, Caylor ML (2004) Corporate governance and firm performance. Working Paper, Georgia State University

Cadbury Committee (1992) The report of the Cadbury Committee on the financial aspects of corporate governance: the code of best practice. Corp Gov Int Rev 1:124

Calcagno R, Renneboog L (2004) Capital structure and managerial compensation: the effects of remuneration seniority. Working Paper, Tilburg University

Chalevas C (2011) The effect of the mandatory adoption of corporate governance mechanisms on executive compensation. Int J Account 46:138–174

Christiansen H, Koldestrova A (2009) The role of stock exchange in corporate governance. Financ Mark Trends 1. OECD, pp 209–238

Coglianese C, Keating EK, Michael ML, Healey TJ (2004) The role of government in corporate governance. Faculty Scholarship 1243

Cohen J, Krishnamoorthy G, Wright A (2002) Corporate governance and the audit process. Contemp Account Res 19:573–594

Demsetz H, Lehn K (1985) The structure of corporate ownership: causes and consequences. J Polit Econ 93:1155–1177

Donaldson L, Davis J (1991) Stewardship theory or agency theory: CEO governance and shareholder returns. Aust J Manag 16:49–65

Gordon J (2002) The macroeconomic benefits of good corporate governance. New Delhi: I.M.F., 16 Jan

IBGC-Brazilian Institute of Corporate Governance (2015) Code of best practice of corporate governance. Instituto Brasileiro de Governança, Corporativa. São Paulo.

Jensen M (1993) The modern industrial revolution, exit, and the failure of internal control systems. J Finance 48:831–880

Jensen M, Zimmerman J (1985) Management compensation and the managerial labour market. J Account Econ 7:3–9

Klein A (2002) Economic determinants of audit committee independence. Account Rev 77:435–452

La Porta R, Lopez-de-Silanes F, Shleifer A (1999) Corporate ownership around the world. J Finance 54:471–517

La Porta R, Lopez-de-Silanes F, Shleifer A, Vishny R (2002) Investor protection and corporate valuation. J Finance 57:1147–1170

Mitton T (2002) A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis. J Financ Econ 64:215–241

O'Sullivan N (2000) The impact of board composition and ownership on audit quality. Evidence from large UK companies. Br Account Rev 32:397–414

OECD (2015) Principles of corporate governance. OECD Publishing, Paris


C

Paltrow S (2002) Accounting for the fall: accounting scandals have some peering at industry's self-policing. Wall Street Journal, 14 Jan
Saleem Sheikh R (1995) Corporate governance. Cavendish Publishing, London
Walkner Ch (2004) Issues in corporate governance. Working paper no. 200. European Commission, Brussels
Watts RL, Zimmerman JL (1986) Positive accounting theory. Prentice-Hall, Englewood Cliffs

# Corporate Intrapreneurship: An Overview

Saleem Gul
Institute of Management Sciences,
Peshawar, Pakistan

## Synonyms

Intrapreneurship is synonymous with corporate entrepreneurship

## Definitions

Intrapreneurship is "entrepreneurship in existing organizations"

## Introduction

The term intrapreneurship implies the practice of entrepreneurship within existing organizations. Intrapreneurship is an important concept and an essential element in organizational growth and economic development. Intrapreneurship is considered as a driver of corporate innovation, although some have pronounced that it has had its 15 min of fame during the first wave of the entrepreneurial revolution during the 1980s (Harvard Management Update 1999). However, literature on intrapreneurship shows that with each succeeding wave, intrapreneurship too seems to have risen from the ashes. Early use of intrapreneurship focused on organizational revitalization and performance. However, as competitive landscapes change, businesses evolve, and intraorganizational dependencies alter, intrapreneurship too needs refocusing.

This chapter is an attempt to reinvigorate interest in intrapreneurship. The chapter is laid out in the following manner. The first section explicates the etymological origins of intrapreneurship and makes apparent its initial usage in the domain of management. The second section defines entrepreneurship, which is then followed by the definitional section of intrapreneurship. The reason for defining entrepreneurship first is because the term intrapreneurship is a cognate and, therefore, shall only make sense if we have a clearer definition and understanding of entrepreneurship. The fourth section brings to fore the constituent dimensions of intrapreneurship. This discussion is followed by a treatment of the impediments of intrapreneurship. The last section moves towards closing the chapter by offering a discussion on the value of intrapreneurship.

## Etymology and Origins of Intrapreneurship

The word intrapreneur is etymologically rooted in the term entrepreneur. The term entrepreneur itself is a mid-eighteenth century word, popularized by the French-Irish economist Jean-Baptiste Say, denoting a person who undertakes a project. Although now both an English and a French word, its origins are in the Latin *interprehendere*, corresponding with the French verb *entreprendre.* Entreprendre itself is a compound word and has war origins; it is comprised of the word *entre*, which means to swim out, and *prendes*, which means to grab (Evergreen 2012). Elsewhere, *entreprendre* has been described as a Middle Age verb meaning "to cover" (Boutillier and Uzunidis 2013), entrepreneurship means "to attack". Later evolutions of the term, specifically in the fifteenth century *entreprendre* came to mean "to come to grips with" and later "to challenge" or "to take risk." In the sixteenth century, the term entrepreneur took on an entirely different meaning, that is, of a contractor or supplier (Vérin

1982), implying a relationship founded on a contract. Thus, implying that an entrepreneur is someone who earns a fixed sum of money that is predefined in a contract, while taking on a financial risk (Cantillion 1755). Cantillion is attributed with establishing the entrepreneur as a "risk-taker." In other places, an entrepreneur is defined, much less gloriously, as someone who performs work (Savary des Bruslon 1723). The nature of the work is further classified into entrepreneurship related to "manufacturing" and entrepreneurship that results in a "building" of some sort.

Other languages too have their own terms encapsulating the behavior of an entrepreneur. In English, the use of the term Entrepreneurship implies to "undertake" or "adventurer" (Boutillier and Uzunidis 2013). Adventurer here implies a person who takes a chance or risks and wishes to control his destiny. Undertake simply implies to own and manage a business. It should be noted that "undertake" here by no means signifies starting a business but rather it is used in the sense of a manager. In the Chinese language, three ideograms signify entrepreneurship (Chan 2010). These are *qi* meaning "hope", *ye* meaning "enterprise", and *jia* meaning "master." Thus, becoming an entrepreneur here signifies an opportunity to become rich and influent, which is a shared notion with the Europeans.

In the Greek language, the word *epixeimatias* derived from *epixeiro* means to "come to terms with." Here the term is used for someone engaging in active behavior grounded in trust. In the Arabic language, an entrepreneur is called a *moukawel,* which is defined as someone who creates an enterprise or is a maker of projects (Boutillier and Uzunidis 2013), and someone who gives work via subcontracting (Vérin 1982).

In Russian, entrepreneur is denoted by the word *predprenimalted*, which is a translation from German, meaning to begin to do something responsibly (Boutillier and Uzunidis 2013). In Russia, there are three types of entrepreneurs based on their sector of activity, that is, sellers, buyers, and speculators. Boutillier and Uzunidis (ibid.)'s work goes on to show that globally entrepreneurship is always related to the diptych "risk" and "trust."

The word "intrapreneur" is a relatively recent invention. The first written use of the terms "intrapreneur," "intrapreneuring," and "intrapreneurship" simultaneously occurs in a single paper by Pinochot III and Pinochot (1978). Intrapreneurship is a condensation of "internal entrepreneurship" (Harvard Management Update 1999). Macrea (1982) credits Pinochot III with coining the word intrapreneurship. The American Heritage Dictionary (1992) also concurs that Pinochot III is the originator of the term, whereas Heller (1982) is credited as the first academic work on intrapreneurship.

## Defining Entrepreneurship

As discussed above, the word intrapreneurship is a cognate of entrepreneurship; therefore, the term entrepreneurship will be defined first, and this will be followed by a discussion on the definitions of intrapreneurship. This will set the groundwork for understanding the difference between entrepreneurship and intrapreneurship.

Entrepreneurship has been defined as the "process of doing something new and something different for the purpose of creating wealth for the individual and adding value to society" (Kao 1993). Although entrepreneurship has been practiced for much longer than it has had a label, its academic foundations can be traced back to the 1950s, where a few US and Japanese universities introduced small business management into their curriculums. It was not until the 1970–1990 period that entrepreneurship gained academic footing both as a means of an alternative career and also as a mechanism to revitalize the economy (ibid.). At present, entrepreneurship stands firmly between the Scylla of capitalism and the Charybdis of socialism.

Historical attempts, dating from 1730 to 1970, at defining entrepreneurship are captured by McMullan and Long (1990). These and other important definitions are provided in an adapted form of Kao's (1993) table, see Table 1. In addition to being initial attempts at defining entrepreneurship, these definitions also hint toward specific personality characteristics that typify

**Corporate Intrapreneurship: An Overview, Table 1** Historical definitions of entrepreneurship

| | |
|---|---|
| Richard Cantillion (1730) | Defines entrepreneurship as self-employment with uncertain return |
| Francois Quesnay (1759) | Defined entrepreneurial behavior as laissez-faire, *laissez-passer* lit. leave to make, leave to pass |
| Nicholas Baudeau (1767) | Describes entrepreneurship as innovative management |
| Jean-Baptiste Say (1810) | Describes an entrepreneur as an extraordinarily talented manager |
| Jeremy Benham (1818) | Developed the entrepreneur as a creative agent and linked compensation to performance through incentives |
| Carl Menger (1871) | Identifies the four stages of an entrepreneurial decision. He also goes on to define four types of entrepreneurial activities |
| Alfred Marshal (1890) | Suggests that there may be a difference between managers and entrepreneurs |
| Joseph Shumpeter (1910) | In describing an entrepreneur uses the terms innovator and carrying new combinations |
| Frank Knight | The courage to bear uncertainty |
| Edith Penrose | Suggests that managerial capacities should be distinguished from entrepreneurial capacity and that identifying and exploiting opportunistic ideas for the expansion of smaller enterprises are essential aspects of entrepreneurship |
| Harvey Lebenstein (1970) | Defines entrepreneurship as the reduction of organizational inefficiency and the simultaneous reversal of organizational entropy |

entrepreneurs, that is, independent, creative, enterprising, willing to take on risk, initiative taker, etc.

According to the modern theory of entrepreneurship, based on post-Schumpeter developments, the different definitions of entrepreneurship may be classified into two schools of thought (Landstrom 1999): the Harvard tradition and the human action tradition. The Harvard tradition, according to Landstrom (ibid.) views entrepreneurship as consisting of three dimensions: changes in economic system, creation of organizations for commercializing innovation, and profit creation through production and distribution of goods and services. The human action tradition is grounded in the work of Hayek and Mises (Landstrom 1999), and focuses on the exploitation of opportunities through human action and notion of using information dissymmetry to one's advantage. Mises argues that humans are not only calculating beings, but they also exploit opportunities through human action. Hayek, on the other hand, dealt with information dissymmetry in the market economy and the notation that individuals with special access can make use of their positions to their advantage.

Over time, scholars (mostly economists) in attempting to answer questions such as: What is an entrepreneur? What happens when they act? What effects do they have on the economy? have identified five entrepreneurial roles: as a risk-taker/risk manager, as a capitalist, as an innovator, as an alert seeker of opportunities (Kirzner 1973), and as a coordinator of limited resources (Casson 1982; Hebert and Link 1982). The work of identifying the characteristics of entrepreneurial behavior (headed primarily by Kizner and Casson) eventually led scholarship on entrepreneurship toward the behavior sciences, where researchers became more interested in skills, traits, or abilities of entrepreneurs (Landstrom 1999). The behavior science approach is segregated into two main traditions: the analytical approach, which seeks to identify the qualities of entrepreneurs; and the psychoanalytical approach, which focused on the effect of early experiences of entrepreneurs on their behavior. Entrepreneurial traits include traits such as moderate risk-taking, independence, results orientation, higher tolerance towards ambiguity and uncertainty, initiative, self-confidence, aggressiveness, ability to mobilize resources with efficiency, viewing money as a measure of performance, self-awareness, a tendency to trust other, innovators, leader, energetic, flexibility, optimistic, results-oriented, independent, and values such as aesthetic feelings and artistic qualities (Filion 1997). However, it should be noted that research on traits most often produced contradictory results, and it has proved difficult to establish a scientific profile of the traits of an entrepreneur (Filion 1997).

Other research on entrepreneurs has demonstrated that they are social beings impacted by their environment, affected by the period they are born and raised in, and their region and locality (Ellis 1983; Gibbs and Ritchie 1981; Julien and Marchesnay 1996).

Most researchers taking a psychoanalytical view of entrepreneurship assume that an analysis on the intrinsic qualities of entrepreneurs produces the best understanding of their behavior. These intrinsic qualities are the result of early life experiences (Ketz de Vries 1997). However, most scholars agree that there is no scientific personality profile of the entrepreneur that would allow for the identification of potential entrepreneurs with certainty. This should come as no surprise, as people are complex adaptive social entities and, therefore, it is difficult to predict their behavior with certainty and that understanding entrepreneurs requires a multidisciplinary perspective. Interestingly, contemporary literature on entrepreneurship accepts this idea and has started taking a multidisciplinary focus and expanded into disciplines including psychology, organizational behavior, business administration, interorganizational theory, population theory, sociology, social anthropology, and economics.

Peneder (2009) presents a modular reconstruction of the meaning of entrepreneurship that may be used to form a holistic definition of entrepreneurship. According to Peneder, entrepreneurship is the pursuit and exploitation of profit opportunities, requiring the use of behaviors such as taking judgmental decisions, creating new means, ends, or means-ends relationships, and exhibiting cognitive leadership. The entrepreneur does this by either equilibrating through market coordination and technology adoption or diffusion, or disequilibrating through innovation. The entrepreneur may do so in two roles, that is, as an independent entrepreneur or as a corporate entrepreneur (a concept pioneered by Burgelman (1983)).

## Defining Intrapreneurship

A simple and widely used definition of intrapreneurship is "entrepreneurship in existing organizations" (Antoncic and Hisrich 2003). Others have defined it variously, including: "a process by which individuals inside organizations pursue opportunities independent of the resources they currently control" (Stevenson and Jarillo 1990), as pursuing new ventures and opportunities while departing from traditional ways (Vesper 1990); as entrepreneurship within running organizations (Hisrich and Peters 1998); and as existing organizations creating new organizations within themselves, or as instigating renewal and innovation within that organization (Sharma and Chrisman 1999). Pinchot (1985) defines intrapreneurship as a bottom-up initiative of individual change makers having a goal of improving their organizations.

Although some difference in terminology exists within the literature (Sharma and Chrisman 1999; Chiristensen 2004), intrapreneurship is thought to have extended the idea of entrepreneurship by including corporate entrepreneurship, that is, entrepreneurship within established organizations (Martiarena 2013). Intrapreneurship is considered and promoted as a means of promoting the excitement and creativity of entrepreneurship to corporate workers, but with access to more resources and less risk (Corbett 2018). Literature on intrapreneurship is rife with examples promulgating the power of intrapreneurship. The most cited examples being Spencer Silver's Post-It notes at 3 M, which is perhaps balanced by the most cited example of the failure intrapreneurship in the form of Steven Sasson's invention of the digital camera at Kodak.

Neessen et al. (2019) posit that the terms "intrapreneurship" and "corporate entrepreneurship" pervade most definitional attempts at describing intrapreneurship from the perspective of the individual or organization. They further find that most definitions of intrapreneurship were from the organizational point of view, and concentrated around the idea of new businesses, products, and ventures. Garcia-Morales et al. (2014) describes intrapreneurship as "a process by which individuals inside an organization undertake new activities and depart from routines to pursue new opportunities." Those taking an individualistic perspective of intrapreneurship define it as:

"bottom-up proactive work-related initiatives of individual employees that are the driving force behind product development or improvement and/or market penetration" (Moriano et al. 2014). Other perspectives on intrapreneurship include a focus on corporations, while excluding smaller organizations (Shollhammer 1982; Burgelman 1983; Pinchot 1985; Rule and Irwin 1988; Kuratko et al. 1993). Others have limited the term to the formation of new ventures (Kanter and Richardson 1991; Badguerahanian and Abetti 1995).

Regardless of whether intrapreneurship is viewed from the perspective of an individual or organization, six common themes have been identified in the definitions. These are: (1) innovativeness and creation of new products/processes/services, (2) new business venturing, (3) self-renewal of the organization, (4) opportunity recognition and exploitation, (5) proactiveness, and (6) risk-taking (Neessen et al. 2019). The first three themes could be classified as the goals of intrapreneurship and the latter three as its characteristics. However, no single definition was found that integrates all six of the themes. Neessen et al. (ibid.) go on to propose a holistic definition and define intrapreneurship as "a process whereby employee(s) recognize and exploit opportunities by being innovative, proactive and by taking risks, in order for the organization to create new products, processes and services, initiate self-renewal or venture new businesses to enhance the competitiveness and performance of the organization."

## Intrapreneurial Dimensions

To better understand intrapreneurship, this section explores its content and characteristic dimensions. Organizational entrepreneurship or intrapreneurship can be classified into two streams, that is, the entrepreneurial approach (this includes innovativeness, proactiveness and risk-taking, autonomy, and competitive aggressiveness) and the corporate entrepreneurship (this includes intrapreneurship at the overall level of the organization) (Antonic and Hisrich 2003). Previous views on organizational-level entrepreneurship have been integrated into eight dimensions (ibid.): new ventures, new businesses, product/service innovativeness, process innovativeness, self-renewal, risk-taking, proactiveness, and competitive aggressiveness. For a summary of the intrapreneurial dimensions, see Table 2.

More recent research by Neessen et al. (2019) finds that intrapreneurial behavior is concentrated around the following dimensions, which occur consistently within the definitions of intrapreneurship: innovativeness and creativity, proactiveness, recognizing and exploiting opportunities, risk-taking, and

**Corporate Intrapreneurship: An Overview, Table 2** Summary of the intrapreneurial dimensions

| Intrapreneurial dimension | Brief explanation |
|---|---|
| New venture and new business | New venturing includes the formation of more formally autonomous or semiautonomous units or firms (Sharma and Chrisman 1999). New business refers to an existing organization entering new businesses without forming new organizational entities (Antonic and Hisrich 2003) |
| Product/service and process innovativeness | Intrapreneurship includes new product development or product improvement, new production methods and procedures (Shollhammer 1982) |
| Self-renewal | This dimension has strategic and organization change connotations and is reflective of organizational transformations through the renewal of key ideas on which organizations are built (Sharma and Chrisman 1999) |
| Risk-taking | Refers to quick pursuit of opportunities, fast commitment or resources and bold actions (Lumpkin 1998) |
| Proactiveness | Is expressed in anticipation of, and action taken, based on future needs (Lumpkin and Dess 1996) |
| Competitive aggressiveness | Refers to a firm's propensity to challenge its competitors (Lumpkin and Dess 1996) |

networking. If we align Neessen et al.'s (2019) dimensions with those of Antonic and Hisrich (2003), we find that Neessen et al. (2019) contains two new dimensions not included in Antonic and Hisrich (2003), that is, recognizing and exploiting opportunities and networking. Networking includes internal bonding networks, external bridging networks, boundary spanning networks, and scouting networks. Networking may also include social networking. Baczynska et al. (2016) posit that innovation requires recognizing opportunities and utilizing the available resources and knowledge to exploit these opportunities. However, such proactive behavior requires a certain amount of risk-taking. Sebora and Theerapatvong (2010) found that organizational support is an important factor in nurturing such behavior. This support has been found to come in the form of an organization taking the risk of allowing its employees to use its resources and an employee receiving a safety net in the form of a soft landing, that is, getting their old job back in the case of failure (Harvard Management Update 1999).

## Impediments and Drivers of Intrapreneurship

Impediments to intrapreneurship would include those things that inhibit intrapreneurship within an organizational context. Literature on intrapreneurship leans towards the idea that firms in general are reluctant to innovate. Those within the firms willing to pursue innovation often face difficulties as they do not receive the support needed in the form of spare time or access to resources. Three organizational-level impediments of intrapreneurship have been identified: systemic, behavioral, and political (Lumpkin 2012). These are explained next.

Systemic barriers stem from the overall organization including its structure and processes. Overburdened organizational systems become lethargic. This has been found to impede the flow of information (Kanter 1983), thereby reducing organizational learning (McGrath 1999). Excessive formalism within organizations has been found to create a resistance to change (Lawler and Yoon 1996). Such systemic barriers inhibit intrapreneurship even if there in a strong impetus within. Behavioral barriers such as biases or limited perspectives also affect intrapreneurship. Tucker (2002) mentions "silo thinking" as an example, that is, organizational members focusing on what they do without considering other function into consideration. Other contributing factors may not be related to behavior at all. Rather, the difficulty to break free from tradition, that is, organizational processes or patterns may be an impediment (Ghemawat and Costa 1993). Other forms of biases that impede intrapreneurship include cognitive biases, overconfidence, or representativeness bias. A willingness to act on biases or lack of information may also be an impediment. Other impediments include career risk and the threat of job loss. Political barriers include conflicts that limit intrapreneurial progress; these arise from power relationships and the dynamics of authority and control (Kanter 2003). Example reasons for conflict include managers' competing interest in projects, or struggle over who is possibly in command, or efforts directed at the reduction of costs.

Morris and Lewis (1995) identify environmental turbulence as a driver of intrapreneurship. They go on to identify three dimensions of the external environment: heterogeneity, dynamism, and hostility. Heterogeneity is thought to foster intrapreneurship as firms operating in heterogenous environments must deal aggressively with greater number of customer demands and tastes (Huse et al. 2005). However, excess dynamism in the environment can give rise to threats that previously did not exist; these may end up having a negative impact on the firm (Kathuria and Joshi 2007). Other external forces may create conditions threatening a firm's mission and output. Huse et al. (2005) argue that these hostile factors may reduce profitability thereby exerting added pressure for innovation.

## Value of Intrapreneurship

Intrapreneurship is valued within organizational contexts in different ways. This section outlines these different perspectives. Intrapreneurship has

been harkened as a solution to the complexities faced by organizations, which include organizational structure, resources, culture, and in some cases environmental factors including competition and customer demands (Baruah and Ward 2013). These complexities are enhanced by extraneous factors such as increasing globalization, technological changes, and improvements in living standards (ibid.). Agency problems and some possible solutions have been identified in intrapreneurial situations by Parker (2011). Intrapreneurship is seen as a mechanism of gaining competitive advantage (Bysted 2013). Fostering intrapreneurship within organizations would require improving the sharing of information between organizational members and improving communication, barring which firms will experience increased turnover (Morris et al. 2008).

Bysted and Jesperson (2013) argue that increasing innovative behavior at the workplace is a complex process that requires an internal climate which supports idea generation and its implementation. Furthermore, intrapreneurship is supported by the culture of the organization, such that it affords the intrapreneurs opportunities to explore new ideas, ventures, and projects while tolerating failures (Hornsby et al. 2002). Communication and trust are considered as playing a prominent role within culture, as these enable goal achievement (Scheepers 2011). Strong links between intrapreneurship and technological innovation have been identified by Camelo-ordaz et al. (2011).

Scheepers (2011) suggests that employees who perceive their job as challenging and rewarding are more motivated. People engaging in intrapreneurial activities are perceived as engaging in "job crafting" (Chamorro-Premuzic 2020), which he defines as making "your job more meaningful by aligning it with your interests and values." However, research shows that this works generally well for those who are "reward sensitive" (ibid.). Antoncic and Antoncic (2011) show that employee satisfaction, intrapreneurship, and firm growth are critically associated. Davis (2009) shows that job satisfaction, creativity, and knowledge creation are strongly linked. These have been found to lead to more innovation and improved performance (Bysted 2013). Scheepers (2011) argues that an environment where there is formal acknowledgment and encouragement of skills and talents, where financial resources are provided, and employees are given freedom to experiment are conducive to intrapreneurship.

Intrapreneurship is a hallmark of paradigm-breaking companies, leading to innovation in products, services, and processes, and exceptional performance (Mohanty 2006). Intrapreneurship has been found to increase profitability and innovativeness, strategic renewal and performance, and international success. Additionally, firms that align themselves for intrapreneurship are more likely to achieve higher growth and profitability than those who do not (Antoncic 2007).

## Conclusion

This chapter provided an overview of intrapreneurship, moving from the origins of the discipline to its value. Intrapreneurship was and remains an important area of research and still holds tremendous value for organizations (regardless of their size). Changing organizational structures, ways of doing business, and evolving competitive landscapes will create new approaches and uses of intrapreneurship. Moreover, intrapreneurship is one of the ways through which organizations would be able to remain competitive, relevant, and attractive to investors.

## Cross-References

▶ Entrepreneurial Mind, The
▶ Leadership Style in Entrepreneurship
▶ Organizational Culture and Socialization

## References

Antoncic B (2007) Intrapreneurship: a comparative structural equation modeling study. Ind Manag Data Syst 107(3):309–325

Antoncic J, Antoncic B (2011) Employee satisfaction, intrapreneurship and firm growth: a model. Ind Manag Data Syst 111(4):589–607

Antoncic B, Hisrich RD (2003) Clarifying the intrapreneurship concept. J Small Bus Enterp Dev 10 (1):7–24
Baczynska AK, Rowinski T, Cybis N (2016) Proposed core competencies and empirical validation procedure in competency modeling: confirmation and classification. Front Psychol 7:273
Badguerahanian L, Abetti PA (1995) The rise and fall of the Merin-Gerin foundry business: a case study in French Corporate Entrepreneurship. J Bus Ventur 10(6):477–493
Baruah B, Ward A (2013) Can CEOs be influential facilitators? Voice Res 2(3):47–54
Boutillier S, Uzunidis D (2013) Entrepreneur: etymological bases. In: Carayannis EG (ed) Encyclopedia of creativity, invention, innovation and entrepreneurship. Springer, New York. https://doi.org/10.1007/978-1-4614-3858-8_465
Burgelman RA (1983) A process model of internal corporate venturing in the diversified major firm. Adm Sci Q 28(2):223–244
Bysted R (2013) Innovative employee behavior: the moderating effects of mental involvement and job satisfaction on contextual variables. Eur J Innov Manage 16(3): 268–284
Bysted R, Jesperson K (2013) Exploring managerial mechanisms that influence innovative work behavior: comparing private and public employees. Public Manage Rev 16:217
Camelo-Ordaz C, Fernandez-Alles M, Ruiz-Navarro J, Sousa-Ginel E (2011) The intrapreneur and innovation in creative firms. Int Small Bus J 30:513–535
Cantillion R (1755) Essay on the nature of trade in general. Ludwig von Mises Institute, Auburn AL
Casson M (1982) The entrepreneur. Barnes and Nobel Books, Totowa
Chamorro-Premuzic T (2020) Why you should become an "Intrapreneur". Harvard Business Review. Published on www.hbr.org March 26
Chan W (2010) Chinese entrepreneurship since its late Imperial period. In: Lades D, Mokyr J, Baumol W (eds) The invention of enterprise: entrepreneurship from ancient Mesopotamia to modern times. Princeton University Press, Princeton
Chiristensen K (2004) A classification of the corporate entrepreneurship umbrella: labels and perspective. Int J Manage Enterp Dev 1(4):304–315
Corbett A (2018) The myth of the intrapreneur. Harvard Business Review, June, 2–4
Davis M (2009) Understanding the relationship between mood and creativity: a meta-analysis. Organ Behav Hum Decis Process 108(1):25–38
Ellis WH (1983) Canadian entrepreneurs: innovators or manipulators. Paper presented at the 2nd international conference of the international council for small business, Halifax, Nova Scotia, Canada. June 26–29
Evergreen I (2012) The etymology of entrepreneur. Business Journals. https://www.bizjournals.com/boston/inno/stories/profiles/2012/12/03/the-etymology-of-entrepreneur.html. Last accessed 10 Oct 2020
Filion LJ (1997) From entrepreneurship to entreprenology. Paper presented at the 42nd ICSB world conference, San Francisco, CA. June
Garcia-Morales V, Bolivar-Ramos M, Martin-Rojas R (2014) Technological variables and absorptive capacity's influence on performance through corporate entrepreneurship. J Bus Res 67(7):1468–1477
Ghemawat P, Costa J (1993) The organizational tension between static and dynamic efficiency. Strateg Manag J 14(S2):59–73
Gibbs A, Ritchie J (1981) Influence on entrepreneurship: a study over time. Paper presented at the U.K. small business research conference, Polytechnic Center, London. Nov 20–21
Harvard Management Update (1999) Starting new businesses – inside the organization. Article preprint no. U9912A. HBS Publishing, Boston
Hebert RF, Link AN (1982) The entrepreneur. Praeger, New York
Hisrich RD, Peters MP (1998) Entrepreneurship: starting, developing, and managing a new enterprise, 4th edn. Irwin, Chicago
Hornsby JS, Kuratko DF, Zahra SA (2002) Middle managers' perception of the internal environment for corporate entrepreneurship: assessing a measurement scale. J Bus Ventur 17:253–273
Huse M, Neubam D, Gabrielsson J (2005) Corporate innovation and competitive environment. Int Entrep Manag J 1:313–333
Julien PA, Marchesnay M (1996) L'entrepreneur. Economica, Paris
Kanter RM (1983) The change masters: innovation for productivity in the American Corporation. Simon and Schuster
Kanter RM (2003) Challenge of organizational change: how companies experience it and leaders guide it. Simon and Schuster
Kanter RM, Richardson L (1991) Engines of progress: designing and running entrepreneurial vehicles in established companies – the enter-prize program at Ohio Bell, 1985–1990. J Bus Ventur 6(3):209–229
Kao RW (1993) Defining entrepreneurship: past, present and? Creat Innov Manag 2(1):69–70. https://doi.org/10.1111/j.1467-8691.1993.tb00073.x
Kathuria R, Joshi M (2007) Environmental influences on corporate entrepreneurship: executive perspectives on the Internet. Int Entrep Manag J 3:127–144
Ketz de Vries MFR (1997) The entrepreneurial personality. J Manag Stud 14:34–57
Kirzner IM (1973) Competition and entrepreneurship. The University of Chicago Press, Chicago
Kuratko D, Hornsby J, Naffziger D, Montagno R (1993) Implement entrepreneurial thinking in established organizations. SAM Adv Manag J 58(1):28–33
Landstrom H (1999) The roots of entrepreneurship research. N Engl J Entrep 2:9–20

Lawler EJ, Yoon J (1996) Commitment in exchange relations: test of a theory of relational cohesion. Am Sociol Rev 61:89–108
Lumpkin GT (1998) Do new entrants have an entrepreneurial orientation? Paper presented at the 1998 academy of management meeting, San Diego, CA
Lumpkin GT (2012) Intrapreneurship and innovation. Chapter 11. In: Frese M, Baron R, Baum J (eds) The psychology of entrepreneurship. Psychology Press, New York, pp 237–263
Lumpkin GT, Dess GG (1996) Clarifying the entrepreneurial orientation construct and linking it to performance. Acad Manag Rev 12(1):135–172
Martiarena A (2013) What's so entrepreneurial about intrapreneurs? Small Bus Econ 40:27–39
McGrath RG (1999) Falling forward: real options reasoning and entrepreneurial failure. Acad Manag Rev 24(1): 13–30
McMullan WE, Long WA (1990) Developing new ventures. Harvard Business Journal
Mohanty R (2006) Intrapreneurial levers in cultivating value-innovative mental space in Indian corporations. Vikalpa 31(1):99–105
Moriano J, Molero F, Topa G, Mangin J (2014) The influence of transformational leadership and organizational identification on intrapreneurship. Int Entrep Manag J 10(1):103–119
Morris M, Kuratko DF, Covin JG (2008) Corporate entrepreneurship and innovation 2nd Ed. Cengage Learning, Mason, OH
Morris M, Lewis P (1995) The determinants of entrepreneurial marketing. Eur J Mark 29(7):31–48
Neessen PCM, Caniels M, Vos B, de Jong J (2019) The intrapreneurial employee: toward an integrated model of intrapreneurship and research agenda. Int Entrep Manag J 15:545–571
Parker SC (2011) Intrapreneurship or entrepreneurship? J Bus Ventur 26(1):19–34
Peneder M (2009) The meaning of entrepreneurship: a modular concept. J Ind Compet Trade 9:77–99
Pinchot G III (1985) Intrapreneuring. Harper and Row, New York
Pinochot G, Pinchot E (1978) Intra-corporate entrepreneurship. Archived at the Wayback Machine. Accessed 20 Oct 2020
Rule E, Irwin D (1988) Fostering intrapreneurship: the new competitive edge. J Bus Strategy 9(3):44–47
Savary des Bruslon J (1723) Dictionnaire Universel de Commerce. Paris
Scheepers M (2011) Motivating intrapreneurship: the relevance of rewards. Ind High Educ 25(4):249–263
Sebora TC, Theerapatvong T (2010) Corporate entrepreneurship: a test of external and internal influences on managers' idea generation, risk taking, and proactiveness. Int Entrep Manag J 6(3):331–350
Sharma P, Chrisman JJ (1999) Towards a reconciliation of the definitional issues in the field of corporate entrepreneurship. Enterp Theory Pract 23(3):11–27
Shollhammer H (1982) Internal corporate entrepreneurship. In: Kent C, Sexton D, Vesper K (eds). Encyclopedia of entrepreneurship, Prentice-Hall, Englewood Cliff, pp 209–229
Stevenson H, Jarillo JC (1990) A paradigm of entrepreneurship: entrepreneurial management. Strateg Manag J 11:17–27
Tucker RB (2002) Driving growth through innovation: how leading firms are transforming their futures. Berrett-Koehler Publishers
Vesper KH (1990) New venture strategies, Rev. ed., Prentice-Hall, Englewood Cliffs, NJ
Vérin H (1982) Entrepreneurs, entreprise. Histoire d'une idée. Presses Universitaires de France, Paris

# Corporate Social Responsibility

Paolo Esposito and Paolo Ricci
Department of Law, Economy, Management and Quantitative Methods (DEMM), University of Sannio, Benevento, Italy

## Synonyms

Social Responsiveness

## Definition

The term "corporate social responsibility" (CSR) has a long and complex history. Today, it stands as a theory- and practice-based dialogic space that is still indefinite and perhaps indefinable, where a company's commitment is conceived and carried out on the basis of a given value system.

Although it is difficult for the concept to find a precise time allocation, CSR dates back to the 1950s and to the first scientific assumptions concerning entrepreneurs, managers, and businessmen (Bowen 1953). However, the assumption that the economic action generates higher responsibilities or implies moral and economic obligations is, with no doubt, an ancient idea that lies at the basis of any entrepreneurial initiative. This postulation derives from the fact that the firm is, in substance, a human implant. In other words, it is a man's tool used in the economic field as well as a particular type of organization enabling the

satisfaction of men's needs within the society which, at turns, allows the creation of other communities.

The concept of CSR implies the awareness that, from one side, whatever economic activity is carried out, the latter is to produce results and consequences, which are not necessarily economic in their nature, upon individuals and people's lives. From the other side, it stands the awareness that there are specific moral obligations that firm behavior should take into account, which go beyond current laws and norms and contribute pursuing directly and achieving objectives beyond purely financial interests.

Contrariwise to laws, the morale has not a sanctionary nature, and, therefore, every attempt to define the firm within a framework, which is not only economic, has always confronted with several difficulties leaving it as an abstract concept trapped between conflicts of interest and normative interpretations (Cary 1969).

The existence of different conceptualizations about the term CSR, which have abounded in the literature, has progressively emphasized on a particular aspect. Among those it would be relevant at this point to cite the following (Zenisek 1979; Carroll 1999; Campbell 2007; Dahlsrud 2008; Ghobadian et al. 2015): the vagueness of the concept itself (Davis 1960); the importance of public satisfaction (Frederick 1960); the intimate relationship between the firm and the society/community (Walton 1967); the firms' multiple interests and objectives to pursue (Johnson 1971); the philosophical vision and the long-term vision that the approach implies (Steiner 1971); the voluntary basis of a socially responsible behavior that is conducted (Manne and Wallich 1972; Jones 1980); the relevance and the size of social performances (Backman 1975; Sethi 1975; Carroll 1979); the preference for a concept which is more oriented toward public responsibility (Preston and Post 1975); the vision viewed as a process rather than a set of results or principles (Jones 1980); the compatibility between profitability and responsibility (Freeman 1984; Freeman et al. 2010; Aupperle et al. 1985; Rowely and Berman 2000; Walsh et al. 2003); the possible paradigm changes and reference to the concept of sustainability (Bruntland 1987; Van Marrewijk 2003; Montiel 2008); the correlation between responsibility and maximization of the firms' economic value and the sharing of those values themselves (Porter and Kramer 2011); the results that are analyzed in terms of human resources' motivations (Bruce et al. 2015).

All the above definitions and theoretical assumptions have altogether attempted to improve acknowledging the concept of CSR and, above all, its phenomenology, which remains a wide and complex subject confronting itself with issues concerning the nature of the firm itself and the individual.

## The Role of CSR

It is worth to focus on the nature of the firm which is not a machine, neither a closed organization nor a deterministic system. Rather, it has to be conceived as an open and probabilistic entity that is a well-defined system made of individuals and things. Its human nature – meaning that the firm is "generated by men" – characterizes it as a quasi-thing or an almost animate thing.

The firm, in fact, owns its own subjectivity, which is complex and, perhaps, not perfect; it is for this reason that it is also endowed with responsibility. As a responsible entity, it is also characterized by its own moral power, which should not be confused with the ethical sphere.

It is more probable that it is just the effort or the tension toward ethical issues (being truthful for some and false for others), that is, the attempt to search for an ultimate good through a powerful effort of courage. This leads to imagine the firm as what a human organization is not and it cannot be an engine or a generator of happiness only.

It would be important to remind that the morale generates from a necessity (e.g., a given culture, i.e., a given set of customs) and represents a reaction to an emerging need.

Ethics, instead, generates from the sphere of desire and constitutes an unphysical space where a man acts through the elaboration of senses in the attempt to discern new borders beyond the existing morale. Economics itself, being a

human modus, is a moral modality and cannot be considered as an ethical modus in the meaning which refers above. To this standpoint, it could be argued a firm is an entity that lives because of the continuous exchanges with other subjects, individuals, and behavior – as it requires knowledge, intellect, and willingness – who are, at turn, subjected to considerations and interpretations based on moral grounds.

On the above premises, it could be argued that a firm is not socially responsible when, assuming that the conducted behavior is licit and not against the law, the behavior itself is practically in contrast with shared common values and human action's fundamental rights as well as with the interests of the community and the environment where it operates.

This occurs every time the firm, in the pursuit of the economic benefits being at its own exclusive advantage, does not consider the existence of effects which would compromise a peaceful survival of the society, its surrounding environment, and, ultimately, the firm itself (Campbell 2007). In the case when there is an illicit purpose or the aim of to pursue is a premise for further and future illegal activities, the firm is to be considered as criminal, and, on these grounds, it is superfluous to make any considerations on social responsibility's related issues.

The firm is an instrument enabling to generate profit and create wealth, but before that, it is a spontaneous community and an occasion for men's aggregation.

As it has previously observed, the aim of a firm is not only to make profit. Profit regulates the life of the firm itself, but it is not the only factor since other human factors need to be added which, in the long run, are also essential for the firm's lifetime. Of course, it is worthwhile to question that parameters, performance, and objectives have to be considered in order to evaluate and appreciate the social behavior that a firm upholds.

The scientific literature added to entrepreneurial practice have, in any case, selected the areas and the big topics of interests among the streamline of social responsibility: among the first lot, there are the care and the respect of the environment, the support of civil progress, and the respect of and the promotion of fundamental human rights; among the second, it is possible to count for the psychophysical well-being of the personnel, health and safety of products and production, loyalty toward the public sector, and regulating actors (Carroll 1979).

Today, it is possible to consider a product or a production as innovative only if they are sustainable under the social and environmental rubric. The concept of innovation itself, then, should always imply a certain level of social responsibility. The public sector could provide significant input on this subject having consolidated the aspects of social responsibility while performing functions and tasks even though they are compromised by the degenerative interference of political power, by the (ab)use of power and by the functioning and measurement models which are not always adequate and rational (Bailey 1964; Cohen and Eimicke 1995; Frederickson and Ghere 2013). It is sufficient to think of corruption and clientele-based phenomena being, with no doubts, socially irresponsible leading to the destruction of the public value (or its regeneration) and placing recovery efforts at risks (Esposito and Ricci 2015). Unfortunately, some entrepreneurial experiences or practices go together with a wrong vision of the public good and the public sector by generating what is recognized today as crony capitalism (Hughes 1999).

Nevertheless, the social function of the firm is not easily and immediately and objectively measured, and there is a high risk of moving from business ethics to business of ethics.

In the firms, the issue of measurement is central and takes a renewed stake in the direction of social and environmental themes.

In any case, here come as evident the necessity of a twofold attempt: the firm must open itself by maturing a less opportunistic and opportunistic culture, and, at the same time, its interlocutors must define their own interests while reconsidering the wider and more complex economic motivations of the entrepreneurial systems, as well. Such a social integration conducted by the firm (Porter and Kramer 2002, 2006) is, nevertheless, possible only through a process of authentic maturation of those social and ethical principles, being generally shared, by means of a truthful assimilation of social responsibility-related issues.

These are values which are able to permeate concretely with no dangerous infringements. A mature social responsibility should also be able to overcome the idea that higher costs resulting from a social integration are widely recuperated from future profits and utilities that could derive. In practice, a merely utilitaristic consideration of CSR could be dangerous and risky to wreck into the realm of conveniences and opportunities.

The remarkable recent unfortunate experiences and scandals of capitalism – it is worth to recall also the dramatic accidents that occurred in several factories or the air and train disasters which are the result of a certain way of understating the life of the firm – have improperly shaken the public opinion. Moreover, if it is true that capitalism is made of alternating periods of development and crisis, and the mankind is made of saturated and greedy individuals, it becomes necessary to think about and consider those issues which do not seem that contingent but merely paradigmatic.

Among those there is the assumption to move from the logic of improving the mere entrepreneurial reputation that is closer to the idea of the brand dissemination among the market's consumers to the logic of defending the human dignity. The latter is proper of the individual acknowledgment and awareness of values and which value would enable the generation of wealth and profit without compromising the community and the environment while avoiding hypocritical and superficial activities (Cho et al. 2015).

Within the vision of building a geometry of well-being (De Finetti 1937) or a well-being economy, there is the attempt to reconcile efficiency and fairness contrary to the Paretan optimum which advocates that the firm's responsible action is driven by the continuous search of a responsible trade-off between efficiency and fairness, the respect of individual liberties and the fundamental human rights, the respect of human action's moral sentiments, and the firm economic subject's liberty to action that is necessary to ensure the respect of the minimum standard laws regulating the civil coexistence (Smith 1776) not damaged by the mere pursuit of individual interests.

All the rest has to be considered as an impediment to others' liberty which would otherwise be eroded by the single individual's decision and liberty (Kant 1793) so that it would be an impediment to the automatic fulfillment of happiness and responsible well-being of the community (Smith 1776) to which we all belong, including those who are driven by the mere achievement of profit optimization and personal efficiency, conducted in a responsible or irresponsible way, with conscience or unconsciously at the expenses of common liberties, fairness, and efficiency for all (O'Sullivan et al. 2015).

The role of CSR also moves through other important considerations.

The jurisprudential assumption affirms that CSR cannot always contain the ethical dimension of the entrepreneurial behavior. This is due to some limitations such as the fast evolution of markets and products and their physiognomies as well as the fast pace with which entrepreneurial behavior changes so far to impede constant and adequate legal adjustments, especially in the perspective of an ever borderless and globalized economy.

The other consideration focuses on the conditions of the system that the public sector must ensure to all. The private economic initiative is free only when all conditions to start, conduct, and conclude an economic activity practically exist altogether. By this perspective, some factors play a decisive role such as the quality of the public services delivered, the level of the necessary infrastructures, the efficiency and effectiveness of the normative system, the extent of the public order, the capacity of control, the sanctionary effectiveness, the rule of law, etc.

The third consideration is on deregulation processes which have recently produced, in the Western capitalistic cultures, phenomena of de-responsabilization.

It appears quite evident, then, that the state must develop systems aiming at controlling the private economic initiative which should not be overshadowing or suffocating, rather simple and effective in order to really influence irresponsible behavior.

The fourth consideration refers to the high level of citizens' schooling (a citizen considered

as a worker, a tax payer, a patient, a voter, a user, an investor). The latter appears to be, today, more sensitive, conscious, and more demanding in terms of information supply, but it is not for these purposes that the citizens stand as stronger vis-à-vis the relationships created with the firm.

With good reason, the information between the firm and the stakeholder should be upgraded and enriched in a wider and safer cultural framework based on an accountable relationship (Gray et al. 1987). The sole economic and financial communication is considered as fully inadequate. It is necessary to make use of innovative communication tools able to take into account noneconomic and social performances inspired by the following principles:

- Utility
- Transparency
- Clarity
- Participation

Only the use of a transparent and adequate communication which is useful to the cognitive needs of the recipients, since it would not be hypocritically built, can coherently contribute to improve the behavior in a socially responsible view of the firm itself, while ensuring a real participation to the firm's life.

## Conclusion

It is possible to conclude, therefore, that a firm's economic subject who conducts a socially responsible behavior is directly influenced by the value of the entrepreneurial system as a whole and by the capacity to pursue those values that, regardless of eventual contingencies, are nurtured by the following factors:

- The awareness of the existence of a framework of dependence and reciprocity-based relationships between the firm, the society, and the natural environment
- The importance of trust as an indispensable sentiment for the survival of the firm itself in the long run
- The refusal of those phenomena leading to the absolutization of the profit or other final economic and financial results
- The achievement of the trade-off between efficiency and fairness having in mind the responsible respect of the common liberties that the actors engaged in the decision-making enjoy
- The strategic and long-term vision

In any case, CSR should not be confused with purely philanthropic behavior or with charity activities that support economically and socially disadvantaged people. By the same token, activities of reporting and accountability toward stakeholders should not be considered as exhaustive with respect to those commitments and obligations having a social nature.

It would be important, at this stage, to refer to John Maynard Keynes's argument on the significance to the extent that it could contribute to acknowledge that the lack of social responsibility leads to several risks:

> We destroy the beauty of the countryside because the inappropriate splendours of nature have no economic value. We are capable of shutting off the sun and the stars because they do not pay a dividend. (Keynes 1933: 755)

## Cross-References

► Accountability
► Corruption

## References

Aupperle KE, Carroll AB, Hatfield JD (1985) An empirical investigation of the relationship between corporate social responsibility and profitability. Acad Manag J 28:446–463

Backman J (ed) (1975) Social responsibility and accountability. New York University Press, New York

Bailey SK (1964) Ethics and the public service. Public Adm Rev 24(4):234–243

Bowen H (1953) Social responsibilities of the businessman. Harper & Row, New York

Bruce R, Brammer S, Millington A (2015) Corporate social performance and the psychological contract. Group & Organization Management. Advance online publication

Bruntland GE (ed) (1987) Our common future: the world commission on environment and development. Oxford University Press, Oxford
Campbell JL (2007) Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. Acad Manag Rev 32(3): 946–967
Carroll AB (1979) A three-dimensional conceptual model of corporate performance. Acad Manag Rev 4(4): 497–505
Carroll AB (1999) Corporate social responsibility. Evolution of a definitional construct. Bus Soc 38(3): 268–295
Cary WL (1969) Cases and materials on corporations. Foundation Press, Mineola
Cho CH, Laine M, Roberts RW, Rodrigue M (2015) Organized hypocrisy, organizational façades, and sustainability reporting. Acc Organ Soc 40:78–94
Cohen S, Eimicke WB (1995) Ethics and the public administrator. Ann Am Acad Pol Soc Sci 537:96–108. Ethics in American Public Service
Dahlsrud A (2008) How corporate social responsibility is defined: an analysis of 37 definitions. Corp Soc Responsib Environ Manag 15(1):1–13
Davis K (1960) Can business afford to ignore social responsibilities? Calif Manag Rev 2:70–76
De Finetti B (1937) La prévision: ses lois logiques, ses sources subjectives. Ann Inst Henri Poincaré VII:1–68
Esposito P, Ricci P (2015) How to turn public (dis)value into new public value? Evidence from Italy. Public Money Manag 35(3):227–231
Frederick WC (1960) The growing concern over business responsibility. Calif Manag Rev 2:54–61
Frederickson HG, Ghere RK (2013) Ethics in public management. Political science faculty publications. Paper 43. http://ecommons.udayton.edu/pol_fac_pub/43
Freeman RE (1984) Strategic management: a stakeholder perspective. Pitman, Boston
Freeman RE, Harrison JS, Wicks AC, Parmar BL, De Colle S (2010) Stakeholder theory: the state of the art. Cambridge University Press, Cambridge
Ghobadian A, Money K, Hillenbrand C (2015) Editorial. Corporate responsibility research: past – present – future. Group Org Manag 40(3):271–294
Gray R, Owen D, Maunders K (1987) Corporate social reporting: accounting and accountability. Prentice-Hall International, London
Hughes H (1999) Crony capitalism and the East Asian currency and the financial 'CRISIS'. Policy 15(3): 3–9
Johnson HL (1971) Business in contemporary society: framework and issues. Wadsworth, Belmont
Jones TM (1980) Corporate social responsibility revisited, redefined. Calif Manag Rev 22:59–67
Kant I (1793) Ueber den Gemeinspruch: das mag in der Theorie richtug sein, taugt aber nicht für die Praxis, 1793
Keynes JM (1933) National self-sufficiency. Yale Rev 22(4):755–769
Manne HG, Wallich HC (1972) The modern corporation and social responsibility. American Enterprise Institute for Public Policy Research, Washington, DC
Montiel I (2008) Corporate social responsibility and corporate sustainability separate pasts, common futures. Organ Environ 21(3):245–269
O'Sullivan P, Allington N, Esposito M (2015) The philosophy, politics and economics of finance in the 21st century: from hubris to disgrace. Routledge, London
Porter ME, Kramer MR (2002) The competitive advantage of corporate philanthropy. Harv Bus Rev 80:56–68
Porter ME, Kramer MR (2006) Strategy and society: the link between competitive advantage and corporate social responsibility. Harv Bus Rev 84:78–92
Porter ME, Kramer MR (2011) Creating shared value. Harv Bus Rev 89:62–77
Preston LE, Post JE (1975) Private management and public policy: the principle of public responsibility. Prentice Hall, Englewood Cliffs
Rowely T, Berman S (2000) A brand new brand of corporate social performance. Bus Soc 39(4):397–418
Sethi SP (1975) Dimensions of corporate social performance: an analytic framework. Calif Manag Rev 17: 58–64
Smith A (1776) An inquiry into the nature and causes of the wealth of nations
Steiner GA (1971) Business and society. Random House, New York
Van Marrewijk M (2003) Concepts and definitions of CSR and corporate sustainability: between agency and communion. J Bus Ethics 44(2–3):95–105
Walsh JP, Weber K, Margolis JD (2003) Social issues and management: our lost cause found. J Manag 29(6): 859–881
Walton CC (1967) Corporate social responsibilities. Wadsworth, Belmont
Zenisek TJ (1979) Corporate social responsibility: a conceptualization based on organizational literature. Acad Manag Rev 4(3):359–368

# Corporate Social Responsibility in Developing Countries

Moustafa Abdelmotaleb
Business Administration Department, Faculty of Commerce, Assiut University, Assiut, Egypt

## Synonyms

CSR; Egypt; Employee behaviors; Internal stakeholders; Public sector; Public service motivation

## Definition

According to the World Business Council for Sustainable Development, corporate social responsibility (CSR) is "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce as well as of the community and society at large."

## Introduction

CSR has been researched since it was proposed about half a century ago. Topics of CSR in research include theories, models, concepts, and relevant themes. The concept of CSR has been accepted as obligations imposed by societal expectations for guiding business behaviors. Although academic research has discussed the concept of CSR for many decades, there is no single definition of the concept that everybody agrees. Bowen (1953, p. 41) put the initial definition of CSR as "the obligation of businessmen to pursue those policies, to the make of those decisions or to follow those lines of actions which are desirable in terms of objectives and values of our society". He defines CSR as the policies, the decisions, and the actions that align with the goals and values of society. Later, researchers distinguished between the internal and the external aspect of CSR. Internal CSR refers to CSR actions toward internal stakeholders (e.g., employees groups), specifically addresses the employees' needs and well-being inside the organization, whereas external CSR refers to CSR actions toward external stakeholders including customers, community, governments, and any other external organization and individuals. Employees' perceptions of internal and external CSR combined that shapes their overall perceptions of the level of responsibility of an organization. Definitions proposed in recent times stressed the integrated conceptualization of CSR that includes all stakeholders. Even though there is no consensus on a universal definition and dimension of organization's CSR, the substance of the concept is consistent, with organizational activities and status related to the organization's societal and stakeholder obligations.

## Benefits of CSR

Based on the findings of previous research work in CSR in developed economies, organizations that value CSR stand the chance of having the following advantages:

- Better public image: In a study examining the effects of CSR on corporate identity, image, and the firm performance in a multi-industry setting, Arendt and Brettel (2010) found that CSR triggers the corporate-image-building process, which in turn have a positive relationship to organization success. An organization's reputation is built and maintained by fulfilling the expectations of multiple stakeholders. Organizations that show their commitment to various causes are perceived as less selfish than organizations whose CSR actions are nonexistent. By publicizing their efforts and letting the general public know about their philanthropy, organizations increase their chances of becoming favorable in the eyes of various stakeholders.
- Attract and retain investors: Risk is reduced when organizations understand stakeholder concerns. According to a survey done by "Blue & Green Tomorrow" (2013), 90% of investors say corporate social responsibilities and sustainability reports are essential. It has been reported that investors see a relationship between CSR and risk mitigation. Investors consider CSR strategies and activities to be a part of the comprehensive approach to risk management in the organization. It could be expected that the perception of CSR as a tool mitigating business risk of companies will become more relevant for investors as the number of organizations which implement CSR initiatives as a part of business strategies grows. The growth of the number of organizations which fulfill CSR standards and CSR reports will contribute to a wider perception of CSR activities as a factor in mitigating

and, more generally, managing business risks and improving the attractiveness of companies to investors.

– Competitiveness and market positioning: In recent times, customers as a stakeholder enquire about the CSR performance of organizations and tend to be loyal to those corporations with a good record of social responsibility. There is evidence that organization's CSR performance encourages customers to perceive the organizations more favorably. A study done by Sen and Bhattacharya (2001) found a positive relationship between organization's CSR actions and consumers' positive attitudes toward that organization. Chung et al. (2015) examined the impact of CSR perceptions on customer satisfaction and loyalty of 276 customers in China. They found that there is a positive relationship between customer perception of organization's CSR and customer satisfaction and loyalty. In the marketing literature, customer satisfaction has been recognized as an important part of corporate strategy and a key driver of organization long-term profitability and market value.
– Positive work environment: While there are many ways for organizations to foster enjoyable work environment, one way is to create a strong sense of CSR. When organizations exhibit voluntary behavior to external stakeholders and the society at large (i.e., external CSR), they are more likely to provide employees with a positive workplace (i.e., internal CSR). Positive workplaces reinforce job-related attitudes and behavioral outcomes. Instilling a strong sense of CSR within every employee from the top down will help creating a positive productive environment where employees can grow and thrive.
– Increase in creativity: Employee creativity is high when employees come up with original, relevant, and useful products, ideas, or processes. Recently, a number of studies attempt to explore the potential link between organization's CSR efforts and employee creativity. Brammer et al. (2015) found in their study of employees working in a Spanish multinational corporation in the telecommunications sector found that there is a positive relationship between CSR perceptions and employee creativity. The results of their study also revealed that employee organizational identification played as a mediator variable in this positive relationship. Employees who perceive that their organization is committed to bettering the local and global communities are more likely to maintain a stronger connection to the organization. Because of this deep connection that employees share with their organization, employees feel more inclined to be productive and creative. In other words, by incorporating comprehensive CSR programs, organizations can help employees become more productive and creative.

## CSR in Developing Countries

Limited attention has been given to exploring the implications of organization's CSR efforts in developing countries. It has been suggested that CSR is more important in developing countries because lower amount of social provision is available in these countries as compared to the developed countries in the West. By far the majority of studies on Corporate Social Responsibility are still embedded in the economic, cultural, and organizational context of the West. Thus, we need to know the current state of affairs concerning corporate social responsibility in some of the developing countries.

Egypt is a developing country that has been going through a great deal of turmoil and social evolution. We do not know the state of corporate social responsibility in Egypt. It is also not known how corporate social responsibility shown by public and private corporations in the country does impact upon work behaviors of employee groups in Egypt. Such information is vital to the social and economic development of Egypt. This chapter, therefore, adds to the available academic body of CSR literature by focusing on the implications of organization's CSR efforts in Egypt as a developing country.

Culture is important in understanding CSR. Culture includes not only the ongoing practices and behaviors within an organization or region

but also the values and strongly held beliefs of how individuals expect their culture to be. Social-cultural and ethical-legal approaches have a fundamental role in the promotion of CSR and the social responsibilities understood by organizations. The Egyptian culture is classified as being collectivistic in context with moderate levels of masculinity. People with high score on collectivism assume that they are highly interdependent with the organization and believe it is important to make personal sacrifices to fulfill their obligations toward organizations they work for.

Recently, the findings of some qualitative research conducted in the Middle East and North Africa region (e.g., Ibrahim 2015) revealed that the Egyptian cultural heritage shapes the predominant cultural values that govern relationships inside organizations and influence social commitment. Persuaded by the findings, the author believes that such influences would impact work-related values as well as the CSR orientations adopted by organizations working in Egypt. The following section will shed some light on the influence of CSR orientations (i.e., internal and external aspects of CSR) upon internal stakeholder's attitudes and behaviors. Research findings focusing upon CSR perceptions of public sector employees working in Egypt as reported below had utilized an individual level of analysis for conducting the research investigations. The research could be considered as exploratory in nature to show the state of the art in CSR research in a developing country context.

## CSR Perceptions and Public Sector Employees

Most of the Western studies that focus upon CSR-employee outcomes have been conducted in the private sector organizations of those countries. Limited attention has been paid to the perception of public sector employees regarding corporate social responsibility. Accordingly, this chapter will throw light on some results of recently published research papers on the relationship between perceived CSR (i.e., internal and external CSR) and employee behavior in public sector organizations in developing countries.

A recent study conducted on a sample employees working in public banks in Egypt found that both perceived internal and external CSR initiatives have significant positive relationships with public service motivation (PSM) (Abdelmotaleb and Saha 2018). Thus, positive perception of CSR held by an employee produces strong motivation to serve the public. The findings from the study provides support for the assumptions underlying pro-social motivation theory that postulates that employees are more likely to be pro-socially motivated when organizations support collectivistic (i.e., external CSR) rather than individualistic norms and practices (Grant and Berg 2010). This finding also provides support to the process theory of PSM, which propose that organizational factors (i.e., internal CSR practices) will shape employees' desire to serve the public.

According to the results from the study conducted by Abdelmotaleb and Saha (2018), employees with higher levels of PSM will be willing to perform above and beyond what is expected of them. Based on this result, the author suggests that, when hiring new employees, managers should pursue those individuals who actually have the desire to serve the public. Also, in the selection stage, managers need to examine applicants with the perspective of public service motivation. To retain employees with high level of PSM, managers should commit to create a supportive workplace environment for public service motivation (e.g., align incentives with employees' PSM morals).

## CSR Perceptions and Employees Work Behaviors

In line with results obtained from studies in developed economies, the studies conducted by (Abdelmotaleb et al. 2018; Abdelmotaleb and Saha 2018) found that employee perceptions of internal CSR were positively related to employee work behaviors. This implies that, if an employee treated well in the workplace (e.g., work-life balance, training opportunities, career development,

and health and safety concerns) then this is likely to increase employee's willingness to display organizational citizenship behaviors and expend discretionary effort to support the organization. Nevertheless, contrary to the findings of Western studies, the results of these studies indicated that external CSR perceptions had no direct relationship with employee work behaviors. This finding indicates that external CSR (especially discretionary and environmental activities) is perceived less important by employees working in the developing economies than those working in developed economies.

One explanation for this contradiction in results between this investigation and previous studies on the subject (i.e., studies which conducted in developed economies) that employees in the developing countries are motivated by provision of the lower order needs and the issue of external corporate social responsibility may not be of much importance to them. The prevailing socioeconomic, political, and cultural environment in the developing countries may not be conducive to the awareness of external corporate social responsibility. It should be noted, however, that no definitive conclusion should be drawn on the relationship between external CSR and employee motivation and work behaviors based upon this one study alone. Further studies should be undertaken in developing countries like Egypt to confirm the relationship between external CSR, employee motivation to serve the public and employee organizational citizenship behaviors.

A question that could be raised concerns the issue of how could an organization increase the awareness of external CSR so that external CSR would have similar impact upon employee positive work behaviors as it does in the developed countries of the world. The author believes that efforts should be exerted by organizations in the developing countries to not only do more for the external stakeholders but also to increase the awareness of external CSR among employees in the developing countries, human resources managers should consider providing employees with regular updates as to the organization's involvement in external CSR initiatives, and clearly communicate to employees the importance of those external aspects of CSR efforts in employee orientation and socialization initiatives. Efforts should be directed to provide adequate CSR training to promote CSR as a core organizational value. Further, HR managers would consider employee social performance in performance appraisal and promotions. The HR departments should also design an employee performance appraisal system that would also recognize and reward employees for their positive social performance. The author also believes that governmental bodies and other public institutions in the developing nations have a vital role to play in enhancing individuals' awareness of the external responsibilities of organizations. Employees should be encouraged to help their communities. Managers of organizations should attempt to build positive attitudes toward the environmental and other external CSR aspects.

## Conclusion

Our current knowledge about the antecedents and outcomes of Corporate Social Responsibility (both internal and external CSR) in the developing countries is severely lacking. The author recommends that a great deal of research should be undertaken in the developing countries including the Middle-Eastern countries. Obviously the social and cultural environments, the type organizational designs and the kind of political environment vastly differ among these countries despite them being called the developing countries. For example, the Middle East is a region with diverse cultures, and some cultural values are common while others are very different. It is very likely that the way organizations in this region are structured and the CSR practices carried out by corporations and public institutions will also be different. Accordingly, additional research is needed on this topic in all geographical locations so that better understanding of the differences and similarities of internal stakeholders' perceptions of CSR prevails in both developed and developing countries of the world. The knowledge gathered in the developed countries concerning the value of

CSR for multiple stakeholders of organizations in those countries should inspire all corporate stakeholders in the developing countries as well to undertake more research on CSR so that all citizens can benefit from corporate initiatives for social responsibility.

## Cross-References


- ▶ Academic Citizenship
- ▶ Business Continuity
- ▶ Corporate Social Responsibility


## References


Abdelmotaleb M, Saha SK (2018) Corporate social responsibility, public service motivation, and organizational citizenship behavior in public sector. Int J Public Adm. https://doi.org/10.1080/01900692.2018.1523189

Abdelmotaleb M, Metwally AB, Saha SK (2018) Exploring the impact of being perceived as a socially responsible organization on employee creativity. Manag Decis 56(11):2325–2340

Arendt S, Brettel M (2010) Understanding the influence of corporate social responsibility on corporate identity, image, and firm performance. Manag Decis 48(10):1469–1492

Blue & Green Tomorrow (2013) 90% of investors say CSR and sustainability reports are 'essential'. Available on line at: https://blueandgreentomorrow.com/society/90-of-investors-say-csr-and-sustainability-reports-are-essential/

Bowen HR (1953) Social responsibilities of the businessman. Harper & Row, New York

Brammer S, He H, Mellahi K (2015) Corporate social responsibility, employee organizational identification, and creative effort: the moderating impact of corporate ability. Group Org Manag 40(3):323–352

Chung K, Yu J, Choi M, Shin J (2015) The effects of CSR on customer satisfaction and loyalty in China: the moderating role of corporate image. J Econ Bus Manag 3(5):542–547

Grant AM, Berg JM (2010) Prosocial motivation at work: how making a difference makes a difference. In: Cameron K, Spreitzer G (eds) Handbook of positive organizational Scholarship. Oxford University Press, New York, Forthcoming

Ibrahim S (2015) Corporate social responsibility in small and medium-sized enterprises: a developing country perspective. PhD thesis, University of Southampton

Sen S, Bhattacharya CB (2001) Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. J Mark Res 38(2):225–243


# Corporate Social Responsibility in Kazakhstan


Francis Amagoh
Department of Public Administration, KIMEP University, Almaty, Kazakhstan


## Synonyms

Community development; Corporate social responsibility; Corporate strategy; Economic contributions; Sustainable development

## Introduction

Corporate social responsibility (CSR) denotes a company's efforts to enhance the social, environmental, and economic impacts of its operations in ways that positively affect the community (Bredgaard 2004; Porter 2008). Through CSR, companies are able to achieve a balance between economic, environmental, and social imperatives while addressing the expectations of shareholders and stakeholders (Galbreath 2006; Porter 2008). It is therefore a business practice that incorporates sustainable development into a company's business model. A robust CSR program offers an opportunity for companies to demonstrate their corporate citizenship by looking at the entire environmental sphere in which they operate (Moon et al. 2010; Baisakalova and Amagoh 2020).

The impacts of globalization have facilitated the diffusion of CSR practices through the expansion of multinational companies into emerging economies such as Kazakhstan (Hamid et al. 2020; Ali et al. 2017). For its part, Kazakhstan's government has been actively promoting the idea of CSR over the years. After its independence from the Soviet Union independence in 1991, the concept of CSR was relatively new to the country and was first raised by the country's President, Nursultan Nazarbayev, at the II Congress of Entrepreneurs in Astana in 2005 (Smirnova 2012; Mouly et al. 2010). The President argued that the

country needed a model of CSR which focuses on world best practices and takes into account the economic, social, and multicultural context of Kazakhstan. The President envisioned a CSR model that addresses the country's ecological, social, and regional issues, while focusing on activities aimed at the economic well-being of the citizens. In 2009, a CSR contest named "Paryz" was initiated by the President and attended by more than 300 business entities (Novostei 2009).

It is important to stress that the promotion of CSR activities should be such that it does not adversely affect the economic viability of the companies involved. According to Blowfield (2005), Galbreath (2006), and Moon et al. (2010), a well-implemented CSR concept can facilitate a variety of competitive advantages for companies, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity, improved brand image, and so on. To facilitate the development of CSR in Kazakhstan, the government has developed strategies that integrate efforts of the state, businesses, and civil society organizations (Mahmood and Humphrey 2013; Baisakalova and Amagoh 2020).

## Theories of CSR

Over the years, various theories of CSR which are essential for sustainable development have been promoted. Three of such theories are *resource dependency theory*; *stakeholder theory*; and *legitimacy theory*. *Resource dependency theory* states that boards of directors have the capability to integrate the economic resources, information, skills, and knowledge for their company's success (Pfeffer and Salancik 2003). Boards of directors serve as a link between a firm and its external resources and thus can help mitigate uncertainties through transparent CSR information (Kiel and Nicholson 2003). Based on *resource dependency theory*, it can be suggested that the constitutive nature of boards of directors of companies in Kazakhstan has implications for CSR development in the country.

According to *stakeholder theory*, the long-term survival and sustainable development of an entity depend on the support of all stakeholders (van der Laan Smith et al. 2005; Orazalin 2019). The theory suggests that a firm's objectives and goals can be realized by balancing the competing interests and demands of various stakeholder groups (such as employees, customers, suppliers, auditors, shareholders, and the general public) (Freeman 1984; Mahmood and Humphrey 2013). Stakeholders of business entities have specific needs and expectations with regard to a firm's CSR activities. These include environmental management, effective and efficient use of natural resources, equity in employment practices, positive impacts on the community, etc. (Chakroun et al. 2017). *Stakeholder theory* is quite relevant to CSR in Kazakhstan because it supports improvements in several CSR issues, such as CSR disclosures; robust implementation of CSR activities; environmental activism; and policies that aim to satisfy the needs and expectations of all stakeholders in a diverse and multicultural society like Kazakhstan (Orazalin 2019).

*Legitimacy theory* states that there is a social contract between business organizations and society (Cormier and Gordon 2001). To satisfy such contractual obligations, businesses legitimize their actions and enhance their legitimacy through the disclosures of their CSR activities (Branco and Rodrigues 2008). Businesses in Kazakhstan may, therefore, legitimize their existence and earn social acceptance by disclosing more information on CSR activities. Such disclosures may include contributing to natural resource conservation, equitable recruitment and treatment of employees, philanthropic activities, etc.

## Models of CSR and Dimensions of Sustainability

A number of CSR models have been stated in literature in recent times. Two of such models are Carroll's CSR Pyramid and Fox et al.'s CSR Policy Framework. Carroll's CSR Pyramid was developed by Archie Carroll in 1991 and states that CSR comprises four basic social

responsibilities: *economic, legal, ethical, and philanthropic*. *Economic responsibilities* include a company's obligations to be profitable and deliver goods and services that meet the needs and expectations of society. *Economic responsibilities* are considered the most important category of CSR because they are the prerequisites for meeting the other responsibilities of CSR. *Legal responsibilities* refer to the ability of companies to operate and make profits in compliance with government laws and regulations. *Ethical responsibilities* refer to the moral and ethical attitudes of companies, such as justice and equity standards in ways of doing business. *Philanthropic responsibilities* are voluntary activities that companies engage in for the welfare of society. These include charitable donations and financial and other contributions that improve the quality of life in the community (Carroll 1991).

Fox et al.'s CSR Policy Framework was proposed by Fox et al. (2002) and consists of four components: *endorsing, partnering, mandating, and facilitating*. *Endorsing* means that governments should provide political support and a conducive environment for the promotion of CSR activities. *Endorsing* affirms and validates business contributions to society. *Partnering* is the ability of governments to partner with business and civil society organizations in order to promote CSR (Fox et al. 2002; Bredgaard 2004). *Mandating* emphasizes the utilization of legal instruments to promote or prohibit CSR programs. Governments can define minimum standards for CSR activities and impose penalties for violators of such standards within the legal framework. *Facilitating* is the ability of governments to play a supporting role for CSR through various schemes, such as tax incentives, subsidies, and other economic motivation programs (Fox et al. 2002).

An important aspect of CSR is the sustainability (social, environmental, and economic) of such policies and programs (Ismail et al. 2018; Branco et al. 2014). Sustainability is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland 1987; Branco et al. 2014). Social sustainability is the promotion of social justice through equitable resource allocation, poverty alleviation, and adequate access to social services (such as education, nutrition, health, etc.). Environmental sustainability involves the conservation of biodiversity, attaining atmospheric balance, and responsible utilization of natural capital (Brammer and Pavelin 2008; Orazalin and Mahmood 2020). Economic sustainability occurs when social and environmentally sustainable development is financially feasible. Economic sustainability facilitates the provision of economic welfare at present and in the future (Tavanti 2010; Vurro and Perrini 2011). Based on these models and dimensions, a number of studies have been conducted on CSR in Kazakhstan as discussed below.

## Selected Studies of CSR in Kazakhstan

One of the earlier studies on CSR in Kazakhstan was conducted by the country's Ministry of Labor and Social Protection in 2007. The government conducted a survey of 40 companies operating in 5 industries (mining, oil and gas, construction, food, and agriculture) in order to determine their CSR activities. The study found that the CSR activities of the companies focused mostly on internal and external CSR responsibilities (Mouly et al. 2010; Smirnova 2012). Internal social responsibilities refer to the development and training of employees, provision of health care, safe work environment, etc. External social responsibilities consist of corporate philanthropic activities, environmentally friendly operations, and other activities that contributed to the development of the region.

Smirnova (2012) applied Carroll's CSR Pyramid to investigate CSR activities in Kazakhstan. The results of the study showed that legal responsibilities were considered most important by respondents in the survey. According to the results of the study, being socially responsible meant protecting the environment and balancing the interests of stakeholders within the constraints of the law. A reputable public image was also identified as one of the benefits for companies that practice robust CSR activities in Kazakhstan.

A study by Mahmood and Humphrey (2013) also applied Carroll's CSR Pyramid in investigating stakeholders' expectations in Kazakhstan. The

results of the study showed that that the Kazakh government and internal stakeholders expect companies to focus more on the economic and legal dimensions of Carroll's model. However, external stakeholders and non-governmental organizations expect companies to show more emphasis on ethical and discretionary dimensions of Carroll's CSR Pyramid.

Orazalin (2019) examined CSR reporting practices and the effects of board characteristics on CSR disclosures in the banking sector in Kazakhstan. The study found that board gender diversity has a positive impact on CSR disclosures and that banks with foreign ownership were found to be more extensive and transparent in their disclosures of CSR activities than locally owned banks.

Using the standards of the *Global Reporting Initiative (GRI)* framework, Orazalin and Mahmood (2020) investigated the determinants of sustainability performance disclosures of publicly traded firms in Kazakhstan. Data for the study was collected from the Kazakhstan Stock Exchange between 2013 and 2015. The results of the study showed the determinants of sustainability reporting consist of firm profitability, firm size, reporting language, and auditor type.

Finally, Baisakalova and Amagoh (2020) investigated the state of CSR in Kazakhstan using Fox et al.'s Policy Framework and Carroll's CSR Pyramid. The study identified five determinants of CSR policies in Kazakhstan. Four of the determinants were found to be within Fox et al.'s (2002) framework, while one was found to be within Carroll's model. The four determinants in Fax et al.'s Policy Framework consist of the following: legal instrument (a *mandating* activity); economic instrument (a *facilitating* activity); partnership instrument (a *partnering* activity); and public information (an *endorsing* activity). Within Carroll's model, the study found philanthropic activities as some of the methods of CSR used by companies in Kazakhstan.

While the above studies explored various aspects of CSR in Kazakhstan, a relevant question becomes: how do foreign investors view Kazakhstan as a place of doing business in light of the country's corporate code of governance and CSR reporting practices?

## Kazakhstan's Corporate Code of Governance and CSR Reporting Practices

Kazakhstan enacted the *Code on Corporate Governance* in 2005 in accordance with the precepts of the OECD. The main idea was to enhance transparency, accountability, honesty, fairness, responsibility, and professionalism of business practices in the country (Orazalin 2019; Coffie et al. 2018). Over the years, corporate governance practices in Kazakhstan have been influenced by various laws and regulations, such as the *Law on Accounting and Financial Reporting*, the *Law on Joint Stock Companies*, the *Law on Banks and Banking Activities*, and the *Law on Securities Market.* Despite these regulations, Cigna et al. (2017) report that publicly listed companies in Kazakhstan demonstrate relatively weak corporate governance practices. This lack of compliance with corporate governance principles has made Kazakhstan to be considered as a risky business environment by foreign investors (Johannesson et al. 2012; Mahmood and Humphrey 2013). While all financial institutions in Kazakhstan are obliged to prepare financial statements in accordance with the *International Financial Reporting Standards*, there are no mandatory requirements for disclosure of CSR activities by Kazakh-listed companies in their annual financial reports (Orazalin 2019; Cigna et al. 2017). This means that the disclosure of information on CSR activities by Kazakhstani-owned companies only occurs on a voluntary basis. Consequently, with few disclosures of CSR practices by Kazakhstani-listed firms and weak corporate governance practices, foreign investors are likely to view Kazakhstan as a country with a weak business environment (Mahmood and Orazalin 2017; Mouly et al. 2010).

## Conclusion

Kazakhstan has continued to evolve in its CSR practices since it gained its independence in 1991. The influx of multinational companies with western best practices into Kazakhstan has facilitated this evolution. From recent studies, it seems that

components of Carroll's CSR Pyramid and Fox et al.'s CSR Policy Framework encompass several aspects of CSR policies and practices in Kazakhstan. The government and citizens of Kazakhstan support socially responsible firms, and, as such, companies that engage in CSR have a better reputation and brand loyalty in the country. The lack of mandatory disclosure requirements of CSR activities by Kazakhstani-owned firms on Kazakhstan's stock exchange and the country's weak corporate governance practices mean that foreign investors may tend to view Kazakhstan as an environment with a high risk for doing business. Encouraging more robust CSR policies will not only contribute to societal welfare but also facilitate the long-term sustainable development of Kazakhstan.

## Cross-References


- ▶ Human Capital and Meritocracy
- ▶ Social Capital and Organizational Change
- ▶ Sustainability Reporting at Universities
- ▶ Sustainable Development Administration


## References


Ali W, Frynas J, Mahmood Z (2017) Determinants of corporate social responsibility (CSR) disclosure in developed and developing countries: a literature review. Corp Soc Responsib Environ Manag 24(4):273–294

Baisakalova A, Amagoh F (2020) Multi-method research design in the study of corporate social responsibility in Kazakhstan. Cent Asian Bus J 11(1):17–27

Blowfield M (2005) Corporate social responsibility: reinventing the meaning of development? Int Aff 81(3):515–524

Brammer S, Pavelin S (2008) Factors influencing the quality of corporate environmental disclosure. Bus Strateg Environ 17(2):120–136

Branco M, Rodrigues L (2008) Social responsibility disclosure: a study of proxies for the public visibility of Portuguese banks. Br Account Rev 40(2):161–181

Branco M, Delgado C, Ferreira G, Eugénio T (2014) Factors influencing the assurance of sustainability reports in the context of the economic crisis in Portugal. Manag Audit J 29(3):237–252

Bredgaard T (2004) Corporate social responsibility between public policy and enterprise policy. Transfer 10(3):372–392

Brundtland G (1987) Our common future: the report of the world commission on environment and development. Oxford University Press, Oxford

Carroll A (1991) The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. Bus Horiz 34(4):39–48

Chakroun R, Matoussi H, Mbirki S (2017) Determinants of CSR disclosure of Tunisian listed banks: a multi-support analysis. Soc Responsib J 13(3):552–584

Cigna G, Kobel Y, Sigheartau A (2017) Corporate governance in transition economies: Kazakhstan country report. European Bank, pp 1–15

Coffie W, Aboagye-Otchere F, Musah A (2018) Corporate social responsibility disclosures (CSRD), corporate governance and the degree of multinational activities: evidence from a developing economy. J Account Emerg Econ 8(1):106–123

Cormier D, Gordon I (2001) An examination of social and environmental reporting strategies. Account Audit Account J 14(5):587–617

Fox T, Ward H, Howard B (2002) Public sector roles in strengthening corporate social responsibility. The World Bank Group, Washington, DC

Freeman R (1984) Strategic management: a stakeholder approach. Pitman Ser Bus Public Policy 1. https://doi.org/10.2139/ssrn.263511

Galbreath J (2006) Corporate social responsibility strategy: strategic options, global considerations. Corp Gov 6(2):175–187

Hamid S, Riad Z, Azeem S (2020) Carroll's dimensions and CSR disclosure: empirical evidence from Pakistan. Corp Gov 20(3):365–381

Ismail A, Rahman A, Hezabor A (2018) Determinants of corporate environmental disclosure quality in oil and gas industry in developing countries. Int J Ethics Syst 34(4):527–563

Johannesson J, Palona I, Salazar G, Fock M (2012) UK, Russia, Kazakhstan and Cyprus governance compared. Corp Gov 12(2):226–242

Kiel G, Nicholson G (2003) Board composition and corporate performance: how the Australian experience informs contrasting theories of corporate governance. Corp Gov 11(3):189–205

Mahmood M, Humphrey J (2013) Stakeholder expectation of corporate social responsibility practices: a study on local and multinational corporations in Kazakhstan. Corp Soc Responsib Environ Manag 20(3):168–181

Mahmood M, Orazalin N (2017) Green governance and sustainability reporting in Kazakhstan's oil, gas, and mining sector: evidence from a former USSR emerging economy. J Clean Prod 164:389–397

Moon J, Nahee K, Gond J (2010) Corporate social responsibility and government in Western Europe and Northeast Asia from a national governance systems perspective. ICCSR research paper series 56

Mouly P, Batima Y, Madiyar K (2010) Corporate social responsibility: a study of Kazakhstan corporate sector. Soc Responsib J 6(1):33–44
Nazarbayev N (2005) Speech of the President of the Republic of Kazakhstan. II Congress of Kazakhstani Entrepreneurs, Astana
Novostei F (2009) Paryz – 2009, 3 Dec. Available at: www.newsfactory.kz/45627.html
Orazalin N (2019) Corporate governance and corporate social responsibility (CSR) disclosure in an emerging economy: evidence from commercial banks in Kazakhstan. Corp Gov 19(3):490–507
Orazalin N, Mahmood M (2020) Determinants of GRI-based sustainability reporting: evidence from an emerging economy. J Account Emerg Econ 10(1):140–164
Pfeffer J, Salancik G (2003) The external control of organization: a resource dependence perspective. Stanford University Press, Stanford
Porter T (2008) Managerial applications of corporate social responsibility and systems thinking for achieving sustainability outcomes. Syst Res Behav Sci 25(3):397–411
Smirnova Y (2012) Perceptions of corporate social responsibility in Kazakhstan. Soc Responsib J 8(3):404–417
Tavanti M (2010) The integrated frameworks and pillars of sustainability. Available at: http://sustainabledepaul.blogspot.com/p/sustainability-frameworks.html
van der Laan Smith J, Adhikari A, Tondkar R (2005) Exploring differences in social disclosures internationally: a stakeholder perspective. J Account Public Policy 24(2):123–151
Vurro C, Perrini F (2011) Making the most of corporate social responsibility reporting: disclosure structure and its impact on performance. Corp Gov 11(4):459–474

# Corporate Social Responsibility in Public Services

Francesco Agliata
Department of Economics, University of Campania "Luigi Vanvitelli", Capua (Caserta), Italy

## Synonyms

Cost system in public services; Management accounting in public services; Process accounting

## Definition

The first definition traces how CSR theory is applied in practice: by the social responsibility of a firm, we mean the tendency shown by the firm – and, therefore, by the top management of the same – to satisfy, in an ever-increasing manner and beyond legal obligations, the legitimate social, environmental, and economic expectations of stakeholders through business management (*EU Green Book*: 7).

## Introduction

Among the most important key concepts are the explicit reference to global interests, the stress on company management as promoters of action, the three dimensions of the social message (social, in a strict sense, environmental, and economic), the reference to overcoming strict legal obligations, and, finally, the endnote that contextualizes the entire concept, inserting it in the performance of the company's activity and not viewing it as an external postscript. This approach is known as the triple bottom-line vision, as it suggests to the firm to act constantly on three fronts: economic, social, and environmental. The novelty consists in the consideration of these three aspects jointly as sides of the same figure, which will result in global value only if exploited from a systemic point of view.

The diagram shows the relational connections among economic, social, and environmental concerns (including a link of company solidarity between the economic and the social) – connections that also determine the correctness of the choices that have to be made to maintain (or to achieve) the best possible relations between the company and civil society, as well as between the viability of industrial operations and the feasibility of business plans from both an industrial and an environmental point of view. It is evident that the link among the three aspects permits the sustainability of the entrepreneurial action in all three areas (Elkington 1997).

Although CSR is constantly evolving and gaining increasing acceptance, it does not constitute a firm's final goal; a company must improve its

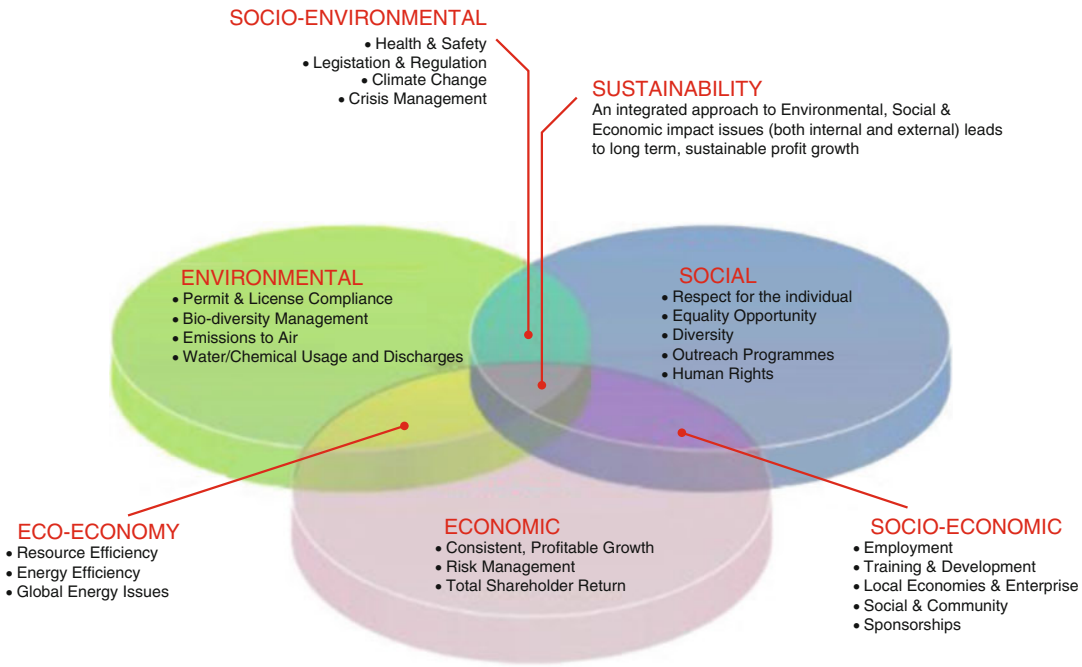


positions coherently, as it progresses over time. The method of implementation and the expository form of the statement may change, but the firm's final objectives remain the same. In fact, CSR and economic value are two faces of the same coin and should be pursued as a single goal. To respond to the demands of all interest holders with the firm's actual activity is to be truly attentive to global profit value and to maximizing profits (Smith and Taffler 1992).

This sensitivity is witnessed by the increasing number of CSR projects and documents: the ethical code, the values papers, the social report, the environmental report, and the sustainability report. Nonetheless, these documents still principally remain a prerogative of large-sized companies, primarily because they require very expensive management systems that are difficult for small companies to implement.

However, national and international reality is demonstrating a different tendency, which is that there are other relevant elements from which to choose. For example, we can consider the anchorage of many companies to shared values – Catholic, liberal, and socialist – and as promoters of attention toward the expectations of employees and their families; the diffusion of the cooperative movement and, in particular, the social cooperative as an innovative instrument to reach the general interest of the community and the social integration of its citizens; the social value provided by industrial districts that perform the fundamental function of developing technical and commercial knowledge, entrepreneurial culture, and services to employees and their families; the deep-rooting of the firms within their territory; and the prevalence of family firms, often characterized by a positive management of the relationships with collaborators, in addition to the dimensional element, which represents our reference variable (Porter and Kramer 2006).

However, the barriers are varied; they can hinder the development of sociality in the company and can be summarized in the following points:

- The cost of implementing CSR activities when survival is often the greatest economic imperative
- Time and resource constraints which may mean a lack of affordable external support and resources
- A lack of awareness of the business benefits

- The fact that existing CSR tools and guidelines are mainly geared toward large business
- No systematic incentives
- Fear of additional regulatory and bureaucratic burdens (Armstrong and Green 2013)

## CSR in Public Utilities Companies

The public utilities companies must implement a production process to obtain the services that are transferred to their customers and to the community of reference; however, the activity of these companies, by virtue of the role of public utility entrusted, is characterized by a broad social component.

This social character is recognized in the fact that the service must:

- Be equally available to all members of the community at a fair price
- Be set up with homogeneous characters for the entire community
- Ensure a performance of adequate quality level to all applicants

True social integration is not only implemented through strategies that simultaneously pursue the goal of providing a service to civil society and the benefits for the company. Indeed, the implementation of these specific strategic choices, which seem to be of a competitive nature, could even coexist with behaviors of absolute irresponsibility toward employees, minority shareholders, lenders, suppliers, and customers, in various ways marginalized from the goals of the organization (Fox et al. 2002).

Consequently, in order to maximize the socio-economic value, the objective of value creation can be pursued by reconciling the need to optimize the use of available resources (mainly public) with the safeguard of a broad and generalized access to the services provided.

Therefore, in the sector of public services companies, there are strong constraints deriving from the connotation of public utility that characterizes them, which heavily influence the design and management of the production structure. The task of ensuring an adequate quality level of service to all applicants is assigned to these companies. This task is a constraint that has direct and immediate consequences on the size of the company's production capacity and on the production methods adopted; these elements introduce a high degree of uncertainty on the development of the production process.

A sui generis obliged sociality exists in this context; this sociality would seem to be added to that of a traditional voluntary type. The latter, based on recent developments in the doctrinal studies on the subject, can be interpreted as an entrepreneurial attitude – in harmony with the dynamics of the environmental and relational system of belonging – aware that the growing attention to ethical and moral values, the improvement of quality of life, the recognition of workers' rights, and the development of human capital favor the development of long-term value strategies; in this way the achievement of a sustainable competitive advantage is allowed.

In particular, the presence of external constraints, connected with the social activity, clashes with the strategic repositioning of public utilities; alongside an institutional objective, one of an economic nature is presented, expressed not in terms of income but of "sufficient coverage of costs" through operating revenues (Ball and Grubnic 2007).

## The Social Information

A typical perplexity in the accounting survey, connected to the provision of essential information to carry out a correct monitoring activity, consists in not neglecting a documentary attestation of the sociality, inherent in the specialty activity of the public profit company. To this occurrence, at present, no obligation is ascribable to the top management. The typical nature of socially responsible behavior, in this specific case, is to respect the whole series of contractual provisions preordained to satisfy a general interest; thus the classical approach is overcome; it provided for informing and starting a dialogue with its interlocutors on the added value created

for the environment/community following the freely assumed strategic decisions (Preston 1981).

However, the singular condition of sociality found in public utilities would seem not to distort the structure of general accounting. The models for socio-ambiental information will continue to be linked to voluntary disclosure, where attention to socio-environmental variables is becoming more and more relevant (Baginski et al. 2000).

The discussion is based on the opportunity to create new and appropriate accounting documents, which provide information to the outside world. The starting hypothesis is that the activity of each company performs a social function and the effectiveness, achieved in the performance of the latter, must be communicated to the outside, in order to consolidate the consent of the community and stakeholders in their complex.

Some scholars believe that the financial statements should be socialized, that is, having to expand the information currently contained in the financial statements including new parameters, quantitative and qualitative, also concerning the social, ethical, and environmental aspects and aimed at increasing the number of stakeholder business recipients. According to the classical theory, conversely, the statutory financial statements are an accounting document aimed at providing the periodic, complex picture of the balance sheet, financial and economic equilibrium of the year and in which other information should not be placed.

On the contrary, a second line of study is oriented toward the so-called integrated reporting, considering that the complex evolution of the economic scenario deserves an integrated document that, alongside the traditional information, will complement other indications drawn up in appropriate formal documents, as distinct but connected to the financial statements and subordinated to it.

A further doctrinal address, moreover, referring to the theory of systems, inserts the financial statements in the broader information system of the firm, classifying it as its subsystem; the complex of all the documents of various extractions, deputed to the reporting of the complex business reality, would provide the global reporting (An et al. 2011).

However, some scholars recognize this expansion of information as the danger of opportunistic strategic use by management in order to manipulate information and control investor behavior. More precisely, managers, reporting information with an intentionally optimistic emphasis, could increase the quotation of the managed company in the short term and, consequently, improve its remuneration (impression management theory). In this regard, Smith and Taffler observe: "We would expect (. . .) that good financial performance will be associated with a clear and readable (. . .) narrative, and an obscure narrative with bad financial performance."

However, this theory is counterbalanced by the thought of other scholars who recognize the usefulness of an additional contribution, so that the information asymmetries existing between managers and recipients of information are overcome (incremental information theory), thus reducing the risk perceived by market operators. In this case, managers, reporting information objectively, could increase their reputation, decrease the cost of capital over time, and in the long run improve the company's price and its remuneration (Baginski et al. 2004).

In some European contexts, the inclusion of final and prospective items of a social and non-financial nature in the annual management report is envisaged. This inclination was legitimized through the implementation of the EU Directive No. 51 of 2003, which recognized the usefulness of information concerning the environment and personnel, considering them among the essential elements to be included in the management report.

In contrast, at international level, the IASB issued an ad hoc standard – IFRS – Management Commentary, a framework for presentation (2010). The question concerns the framing of the new report and the possibility of modifying IAS 1 "Presentation of Financial Statements" in such a way as to include within its essential requirements as well as the correlations with the other existing economic-financial statements (Fig. 1).

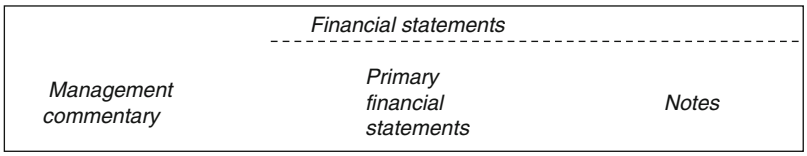


**Corporate Social Responsibility in Public Services, Fig. 1** Management commentary

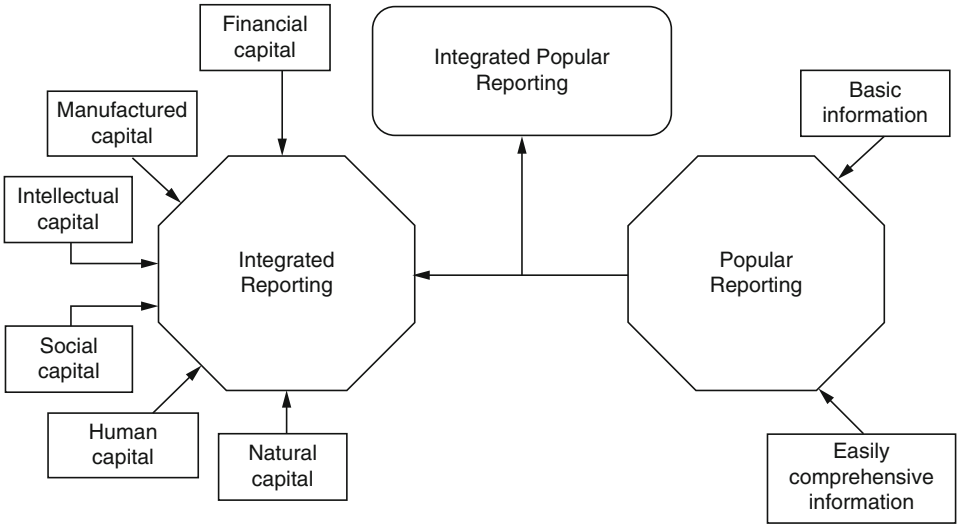


**Corporate Social Responsibility in Public Services, Fig. 2** A synthesis of two trending reporting forms (Cohen and Karatzimas 2015, p. 456)

In other words, in the intentions of the IASB Board, an autonomous and specific space for socio-environmental information would seem not to have been assigned yet. Little relevance attributed to this theme by international accounting standards, with direct effects also for public utilities companies, is perceptible.

Finally, in the public sector, the response to the new information needs could be found in the middle through the development of the "Integrated popular reporting". This new report, mixing the main characteristics of the integrated reporting and popular reporting, should have the features evidenced in Fig. 2.

## Conclusion

In the context of public utilities companies, a connotation of social responsibility with an external value of nonvoluntary matrix is ascertainable; atypicality is certified not so much by the characteristics of socially responsible behavior to be assumed as by the driving impulse of the conduct to be pursued. With reference to these companies, sociality is understood as a nascent corporate bond with the publicistic connotation of the service and not so much as an instrumental choice for the attainment of a competitive advantage.

The fundamental role of social vision in the observed company, conceived as an economic and social system, is intuitive; this vision involves the need to pilot a plurality of subjects in the direction of an appropriate balance between economic objectives and social responsibilities. It extends the scope of the economic entity, in relation both to the functions to be fulfilled and to the interlocutors to be satisfied. Although an expansion of the interested stakeholders is contemplated, the primary position assumed by the entrepreneur is never questioned; he will now be invested with

the task of coordination and conciliation of the different instances, as well as the exercise of command and guidance.

The widespread opinion is that the social commitment of the company combined with behaviors with lucrative purposes has the propensity to create added value for the company. The pressure exerted by the various interlocutors makes it possible to highlight the importance of social responsibility within the process of formulating economic-rational choices; in fact, even in the absence of an adequate system of incentives and sanctions, the economic results could vary considerably as a result of a loss of corporate image and prestige (Agliata et al. 2017; Walker and Brammer 2009).

## Cross-References

► Accrual Accounting
► Public Sector Accounting

## References

Agliata F, Ferrone C, Tuccillo D (2017) The value of corporate social performance: the case of a local public transport company. Int J Bus Manage 12(10):58
An Y, Davey H, Eggleton IRC (2011) Towards a comprehensive theoretical framework for voluntary IC disclosure. J Intellect Cap 12(4):571
Armstrong JS, Green KC (2013) Effects of corporate social responsibility and irresponsibility policies. J Bus Res 66(10):1922
Baginski SP, Hassell JM, Hillison WA (2000) Voluntary causal disclosures: tendencies and capital market reaction. Rev Quant Finance Acc 15(4):371
Baginski SP, Hassell JM, Kimbrough MD (2004) Why do managers explain their earnings forecast? J Acc Res 22(1):1
Ball A, Grubnic S (2007) Sustainability accounting in the public sector. In: Unerman J, Bebbington J, O'Dwyer B (eds) Sustainability accounting and accountability. Routledge, London
Cohen S, Karatzimas S (2015) Tracing the future of reporting in the public sector: introducing integrated popular reporting. Int J Public Sect Manage 28(6):449
Elkington J (1997) Cannibals with forks. The triple bottom line of 21st century business. Capstone, Oxford
Fox T, Ward H, Howard B (2002) Public sector roles in strengthening corporate social responsibility: a baseline study. World Bank Group, Washington, DC
Porter ME, Kramer MR (2006) Strategy and society. The link between competitive advantage and corporate social responsibility. Harv Bus Rev 84:78
Preston LE (1981) Research on corporate social reporting: directions for development. Acc Organ Soc 6:255
Smith T, Taffler R (1992) The Chairman's statement and corporate financial performance. Acc Finance 32:75
Walker H, Brammer S (2009) Sustainable procurement in the United Kingdom public sector. Supply Chain Manag Int J 14(2):128

# Corporative Social Responsibility Vs. Public Administration

Pedro Antonio Martín Cervantes and María del Carmen Valls Martínez
Economics and Business Department Ethics, Gender and Sustainability Research Group, University of Almería, Almería, Spain

## Synonyms

Contextualization; Corporate social responsibility; Globalization; Governance; Moral relativism; Public Administration

## Definition

A reduced review of the relationship between Corporate Social Responsibility and Public Administrations, based on the contextualization and determination of the historical roots of the term. It is included a summary of the most recent lines of research that have examined the binomial CSR-Public Administrations.

## Introduction

There seems to be a widespread misconception that Corporate Social Responsibility (hereinafter, CSR) is a relatively modern concept that emerged in the 1950s from the seminal contribution "Social Responsibilities of the Businessman" (Bowen

1953). In the same way, a false construct seems to have become generalized in order to locate Western European nations during the modern age as the precursors of both Public Administration and public and private governance. On the contrary, all these terms have their origin in the so-called fertile crescent of the Middle East, and they are as antique as the first human civilizations that emerged in those areas after the Neolithic era. The plausible existence among academia of a certain "Moral Relativism" makes it difficult to analyze the authentic historical roots of the CSR and its multiple links with the Public Administration, both insofar as they offer a biased, diffuse, and simplistic perspective of this phenomenon.

Besides following a staggering historical evolution entirely dependent on the sociopolitical context in which the CSR has been inserted (Mathis 2008), many other factors must be taken into account, such as the religious and the cultural ones, the degree of efficiency reached by the Public Administrations in the allocation of resources or the mere adherence of the citizen to its most elementary precepts. In the same way, two relatively recent phenomena, globalization, and multilateralism have led to an "international homogenization" of the CSR, in the sense that most nations have been required to adopt the directive of a series of consensual patterns when carrying out their social responsibility programs. This Encyclopedia entry briefly contextualizes the historical evolution of the CSR in the field of Public Administration, determining the main elements that have served to characterize and analyze it, making explicit reference to several elements in which the literature does not usually focus its attention as the religious roots of societies or the autonomous reorganization of citizens by providing their counterparts with alternatives to the CSR, when public and private administrations were not able to do so.

## Contextualization

Effectively, the religious phenomenon is historically related to the genesis of the CSR, and it can already be perceived in the Sumerian, Egyptian, and Chinese civilizations (Laha 2016) which developed highly bureaucratized Public Administrations in relation to those periods. More specifically, the precursors of bureaucratization were two civilizations, the Elamite and the Sumerians (see Farazmand 1999). Several millennia later, on these same territories (present-day Iran and Iraq), the Islamic civilization established a genuine network of Public Administrations that would extend westward in *Al-Andalus* (present-day Spain) and eastward in Indonesia. In these countries, a series of charitable institutions were developed that were exclusive to Islam (e.g., the *Awqaf*) because "piety" is one of the five pillars on which Islamic law is based, characterized by serving in a dual form, as a guide and as governance for its believers (Sachedina 2006). Consequently, the philanthropic institutions born by this path sheltered (and continue to shelter) the achievement of a series of plans of marked social character not very different from the current CSR, for instance, funding schools and hospitals. It should be noted that these institutions were able to carry out their objectives uninterruptedly throughout the centuries, despite the pernicious effects that the processes of colonization-decolonization had on Islamic countries (Bader and Maussen 2011).

Concerning the Christian faith, without the need of carrying out an exhaustive description of the principles of the common welfare that guide this faith, as the explicit condemnation of usury, the Catholic Church took quite a while to take action in the matter and it would not be until the papacy of Leo XXIII, already in the Second Industrial Revolution, that the Encyclica *Rerum novarum*, defends the right of workers to obtain a fair salary, to create unions to assist them in their labor rights or in providing their services in clean and safe working environments. In a certain sense, through this Encyclica the Roman Church was trying to position itself as a third way between Marxism and Capitalism, regardless of whether it recognized private property rights and freedom of enterprise. Almost at the same time, the Protestant ethic makes its appearance in "The Gospel of Wealth," work of the steel-industry magnate A. Carnegie (Carnegie 1889). This manuscript of barely 12 pages, considered by most of the

literature as the "founding act" of the modern CSR, constitutes a program of intentions for the future of American society, in which it made an express appeal to the wealthiest social strata to devote their wealth to the realization of philanthropic works to foster socioeconomic growth and promote the integration of those social strata living in conditions of poverty.

However, Carnegie's purpose was one thing, and the dictates of the harsh reality of those times quite something different: The Sherman Antitrust Act of 1890 (signed on July 2 during the presidency of B. Harrison) strictly prohibited the monopolistic practices on which Carnegie erected his fortune, inasmuch as public opinion commented on whether this initiative was in itself a matter of philanthropy or a double standards of morality game with the most disadvantaged. Even more representative was that of another "angel benefactor" of the society, the oil-mogul J.-D. Rockefeller, who avoided this law in 1911 by subdividing the mythical Standard Oil company into 34 subsidiary companies. Despite the philanthropic stigma of Rockefeller, many of these companies were directly involved in several war conflicts in Latin America (e.g., Chaco War) and the Middle East, contributing to the destabilization of this world area for the benefit of the particular interests of this business conglomerate. A similar scheme was followed by another renowned oil company, the Anglo-Persian Oil Company founded by W. Knox D'Arcy, which monopolized the extraction of crude oil and other mineral resources from Iran to the clear detriment of the native population of this country. It is in this extreme that a new side of the Moral relativism of CSR is evident, both in terms of the economic benefits obtained through the exploitation of foreign populations that were socially blessed.

In addition, a cruel paradox occurred: those millennial nations in which the first glimpses of Public Administration and CSR were born (e.g., Iraq, Iran, Egypt, or Transjordan) were vilified by newly created countries promoted by a strong philanthropic character that at most and, if produced, would only benefit their own nationals, not at all, those areas that suffered from such a degree of exploitation. In the face of the historical figures of the CSR, socially recognized and accepted, during the era of alcohol prohibition, various individuals belonging to organized crime began to emerge whose business organizations represented fierce competition to the interests created by government policies. Shaw and Shaw (2019) use the following proverb by the thirteenth-century Persian poet Y. M. Rumi to describe certain parallelisms with the famine of that time: "The satiated man and the hungry man do not see the same thing when they look upon a loaf of bread." Indeed, a quote normally attributed to A. Capone in the 1920s revived this reflection centuries later: "When I sell liquor, it's called bootlegging; when my patrons serve it on silver trays on Lake Shore Drive, it's called hospitality." Circumstantially, many of these underworld members became quite popular when they exercised a proactive community service during the period of the Great Recession, providing food for large masses of unemployed while the sadly famous "Hoovervilles" were gathering in the main US cities.

Especially notorious was the case of A. Capone (see The New York Times 1930), whose charitable campaign was materialized in the "Capone's Free Soup Kitchen" aimed at satisfying the basic needs of thousands of abandoned people in the face of the inane attitude of the Public Administrations that were unable to take charge of the situation or the inefficiency of the CSR programs that could be considered legal or "official." Late in the twentieth century, several dogmas of faith inherited from the industrialization of contemporary Western societies began to fade away. On the one hand, the works of G. Akerlof, M. Spence, and J.E. Stiglitz refuted the capacity of markets, which had been preconceived in the past as mechanisms that, systematically and in all conditions and contexts, were capable to efficiently allocate the productive resources generated by the economies, since the empirical evidence pointed out continuous informational asymmetries in the economies (see Lofgren et al. 2002). On the other hand, Stiglitz and Rosengard (2015) emphasize that the governance of Public Administrations constitutes in

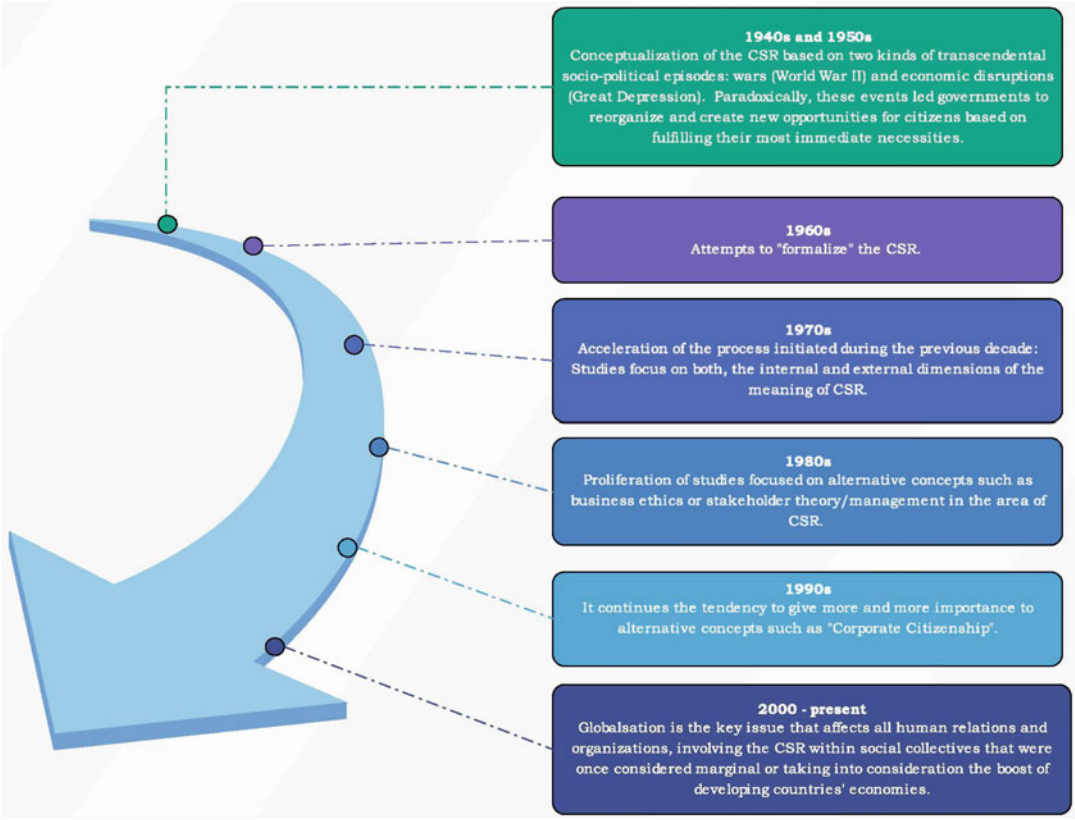


**Corporative Social Responsibility Vs. Public Administration, Fig. 1** Summarized time line of the evolution of the contemporary Corporate Social Responsibility. (Source: Own elaboration from Mathis 2008)

itself a "public good" that must be safeguarded since the correction of market imperfections largely depends on its adequate implementation, a fact that also depends on the deployment of more effective and efficient CSR policies (Clements and Bowrey 2010).

Fig. 1 represents a summarized timeline outlining the constant evolution of the CSR over the past decades. Among all these periods, it is important to highlight the first and the last one, as they have meant for the current conceptualization of CSR. In this sense, the decades of 1940–1950 were singularly decisive for two factors: the disruption of the Great Depression that has already been mentioned and the devastation caused by the Second World War, whose effects prompted the Public Administrations to restructure and enact new measures aimed at social protection such as the emergence of modern welfare states. The last period (2000–present) marks the triumph of the globalized world from the perspective of the CSR, including prospects for its implementation that are increasingly diversified and congruent with the problems confronting by today's society, such as the awareness of the environmental issues, the achievement of a real "green economy," the racism or the still perceptible gender differences in the labor sphere (see, e.g., Valls Martínez et al. 2020).

## Current Trends of the Relationship Corporative Social Responsibility Vs. Public Administration

Nowadays, the "Old CSR" has been readapted to the resolution of the new problems facing the citizens. In short, supranational organizations

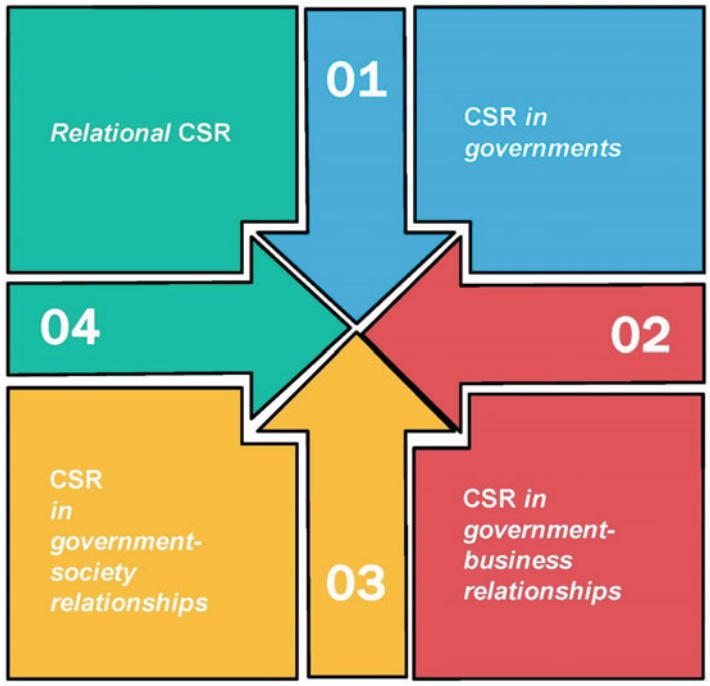


**Corporative Social Responsibility Vs. Public Administration, Fig. 2** Actors to whom government policies are addressed. (Source: Own elaboration from Albareda et al. 2007)

have been developing ambitious joint plans that insist on the democratic participation of society as a whole. One of these examples is the Rio-1992 Agenda (Agenda 21), in which the social interlocutors were called upon to implement programs of mutual economic dependence between Public Administrations and individuals that would open up new perspectives in Social Responsibility (Theuer 2013). According to Albareda et al. (2007), these new perspectives configure four basic types of relations between the actors that define the binomial CSR-Public Administrations, as detailed in Fig. 2.

In the perspective of Steurer (2010), the government authorities are interested in these new types of CSR because they facilitate on a completely voluntary basis the achievement of the political objectives set while transcending the classical measures related to sustainable development and environmental protection to the realization of international projects such as humanitarian assistance, usually defined from periodic programs or "agendas" (see, e.g., EC 2011; MESS 2015). In short, this is how Nelson (2008) summarizes the new commitment between Business and Public Administration:

> [. . .] exploring the relationship between corporate responsibility and traditional business lobbying, political campaign finance, payment of taxes and government relations, let alone new approaches to influencing or addressing public issues such as public-private Corporative Social Responsibility vs. Public Administration partnerships, charters and covenants between governments and business groups, multi-stakeholder policy consultation structures, and new governance and accountability mechanisms.

## Conclusions

Certainly, post-Second World War represented the emergence of the modern concept of CSR (Mathis 2008), but it did not mean the coinage of a univocal and closed concept, immune to the passage of time or lacking a series of ancestral historical roots that can be traced in the first human civilizations of the Middle East. Bowen (1953) is mistakenly pointed out as the first manuscript to reflect on CSR, emphasizing those ideological perspectives that reject the CSR by default (Friedman 1970) as if it were a *Scylla and Charybdis* dilemma. In reality, CSR is something much simpler, what is increasingly complex to analyze are the different organizations that human beings have created in

order to manage themselves in the context of highly changing environments. Globalization and supranationalization are the latest reefs that CSR must overcome. With respect to the new types and forms of CSR that will emerge in the immediate future, only time will tell.

## Cross-References


- ▶ Comparative Approaches to Private, Voluntary Development Aid
- ▶ Corporate Social Responsibility
- ▶ Criminal Networks
- ▶ Role of the Public Sector in Corporate Social Responsibility, The


## References


Albareda L, Lozano J, Ysa T (2007) Public policies on corporate social responsibility: the role of governments in Europe. J Bus Ethics 74:391–407

Bader V, Maussen M (2011) Conclusion, Chapter 12. In: Maussen M, Bader V, Moors A (eds) Colonial and post-colonial governance of Islam: continuities and ruptures. IMISCOE research. Amsterdam University Press, Amsterdam, pp 233–246

Bowen HR (1953) Social responsibilities of the businessman, Ethics and economics of society. Harper, New York

Carnegie A (1889) Wealth. N Am Rev 148(391):653–665

Clements M, Bowrey G (2010) Corporate social responsibility in public sector supply Chains: an insight. J New Business Ideas Trends 8(2):1–13

EC (2011) A renewed EU strategy 2011–14 for corporate social responsibility. COM 2011, 681 final. European Commission, Brussels

Farazmand A (1999) Bureaucracy and the alternatives in the Middle East. In: Henderson KM, Dwivedi OP (eds) Bureaucracy and the Alternatives in World Perspective. International political economy series. Palgrave Macmillan, London, pp 244–268

Friedman M (1970) The Social responsibility of business is to increase its profits. The New York Times Magazine (Sept. 13)

Laha K (2016) Corporate social responsibility in Ancient Indian wisdom: an analysis. International Journal of Legal Developments and Allied Issues. Available at https://thelawbrigade.com/wp-content/uploads/2019/05/kuhumita-1.pdf. Accessed 17 Sept 2020

Lofgren K, Persson T, Weibull JW (2002) Markets with Asymmetric Information: the contributions of George Akerlof, Michael Spence and Joseph Stiglitz. Scand J Econ 104(2):195–211

Mathis A (2008) Corporate Social Responsibility and public policy-making: perspectives, instruments, and consequences, Schone technologie en milieubeleid. University of Twente, Twente

MESS (2015) Spanish Strategy for Corporate Social Responsibility. Ministerio de Empleo y Seguridad Social Subdi- rección General de Información Administrativa y Publicaciones, Madrid

Nelson J (2008) CSR and public policy: new forms of engagement between business and government. In: Corporate social responsibility initiative working paper no. 45. John F. Kennedy School of Government, Harvard University, Cambridge, MA. (45)

Sachedina AA (2006) The role of Islam in the Public Square: guidance or governance? Vol. 5 of ISIM papers. Amsterdam University Press, Amsterdam

Shaw HJ, Shaw JJ (2019) Corporate social responsibility, social justice and the global food supply chain: towards an ethical food policy for sustainable supermarkets, Routledge Studies in Management. Organizations and Society/Routledge, New York

Steurer R (2010) The role of governments in corporate social responsibility: characterising public policies on CSR in Europe. Policy Sci 43(1):49–72

Stiglitz JE, Rosengard JK (2015) Economics of the public sector, 4th edn. W. W. Norton, New York

The New York Times (1930) Capone feeds 3,000 a day in soup kitchen; gangster spends $2,100 a week to provide meals for hungry in Chicago. Special to the New York Times. Available at https://www.nytimes.com/1930/11/15/archives/capone-feeds-3000-a-day-in-soup-kitchen-gangster-spends-2100-a-week.html. Accessed 17 Sept 2020

Theuer D (2013) Public administration and corporate social responsibility: how the state can promote better social bonds. Cadernos Gestão Pública e Cidadania 18(63):290–309

Valls Martínez MDC, Martín Cervantes PA, Cruz Rambaud S (2020) Women on corporate boards and sustainable development in the American and European markets: is there a limit to gender policies? Corp Soc Respon Environ Manag 27:1–15


# Corrupt Networks and the Land Grabbing Crisis in Uganda


Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda


## Synonyms

Corruption; Corrupts networks; Land crisis; Uganda

## Introduction

Corrupt networks are defined in this entry as groups of corrupt people that collude to abuse entrusted authority for self or corrupt network interests at public expense (see Gong 2002). The term land grabbing is used in this entry to describe circumstances where people whether local or foreign use illegal means to deprive others of their land especially large tracts of land occupied by many people. Land is the most important livelihood asset for the majority of the Ugandan people and an important factor of production for Uganda's agricultural-based economy. In recent years, land grabbing disputes manifesting in mass and violent evictions, incessant and long court cases, and land conflict-related murders have reached epidemic proportions throughout the country with devastating consequences (see Deininger and Castagnini 2004; Oloka-Onyango 2017). President Museveni revealed to the country in May 2017 that corruption is the leading cause of land disputes. However, corruption in Uganda is a collective problem, addressing it and protecting people from land grabbers not only requires punishing people who are easily identified or fronted as corruption perpetuators such as corrupt land officials but anti-corruption measures must be wide enough to capture and also punish wider corrupt-network members that also fuel land disputes. This entry discusses Uganda's precolonial and colonial land ownership and distribution practices, postindependence land ownership reforms, corruption and land disputes, and how corrupt networks influence or fuels land disputes.

## Precolonial Land Ownership and Distribution

Uganda has had a long history of difficult and discriminatory land ownership, access, and distribution practices that lay cumulative negative foundation upon which many conflicts emanate and effect women adversely. Cultural norms and practices in all the precolonial societies that now constitute Uganda looked down upon women and positioned them in inferior roles not only in the institution of marriage, day-to-day functioning of family life but also in the ownership, access, and inheritance of land. Land was always the property of men and women could only access land through their husbands, brothers, and sons. In case the husband died, it would be the sons or husbands clan members to decide who takes what and who does not. Sons were favored over daughters and the choice of a daughter as heir was thus a deviation from the norm. In circumstances where a woman produced only girls, this always caused rebuke, family quarrel, infidelity, polygamy, and even family breakups (see Nakanyike 1991).

## Colonial Land Ownership and Distribution

When the British declared Uganda a Protectorate in 1897, their first major act was the conversion of customary land rights to individualized statutory land rights within Buganda in 1900 and later to other areas like Tooro, Ankole, and Bunyoro kingdom and the main beneficiaries of these individualized land rights were men especially chiefs. In other parts of the country where customary forms of land ownership were not changed, the colonial state worked with senior African patriarchs to foment or develop inflexible land distribution practices and laws that evolved into new structures and forms of discriminatory domination. For instance under the Succession Act 1904 and Succession Ordinance of 1906, which were based on English common law, in case a woman lost her husband, the clan would appoint an heir usually the first son in the family who would inherit the deceased fathers property and take care of the family leaving the widow at the mercy of the heir and her husband's clan (see Nakanyike 1991). Because of such discriminatory land inheritance practices only 7% of women cultivated their own land and only 16.3% of women controlled farm land/holdings in 1995 when a new constitution was promulgated in Uganda (Okumu-Wengi 1996).

## Postindependence Land Ownership and Distribution

President Idi Amin carried the first land reforms in postindependence Uganda when he enacted the Land Reform Decree 1975 that essentially overhauled the previous land tenure system. Under the new arrangement, all land in Uganda was declared public land. Freehold land ownership was converted to leases held from the government on conditions that one would develop that land. The Decree disempowered customary landowners and empowered the government to lease any land occupied by customary tenants to any person (including the occupants) without the consent of the occupants as long as the government compensated them for the improvements. The Decree made occupation of any public land without the governments consent a criminal offence which took away the right hitherto enjoyed by indigenous Ugandans to occupy any unalienated public land (outside urban areas) without prior permission. Customary landowners retained a right to sell or donate their land on condition that the transfer did not vest title in the transferee except over improvements over the land (Mugambwa 2007).

## Constitutional Land Reforms Under the NRM Government

Even before coming to power, President Museveni and his NRA rebels were vehemently opposed to land grabbing and eviction of people from land in the name of development projects or investors. After capturing power, Amin's land decrees were repealed and land ownership powers reverted to the people of Uganda. Article 26 of the Uganda Constitution 1995 affirms peoples' right to property, and Chapter 15 of the constitution explains the institutional framework governing land (The Constitution of the Republic of Uganda 1995). The Land Act 1998 sets the laws on how land matters raised in the constitution can be implemented; the Land (Amendment) Act 2004 affirms women and family rights to land; the Land (Amendment) Act 2010 harmonizes the interest of "bona fide" and Customary/bibanja tenants and national land policy was put in place in 2013 (Oloka-Onyango 2017). The Land Act clearly and extensively explains the roles and functions of different local and central government land structures such as Courts of Law, Land Tribunals, District Land Boards, District Land Offices, Area Land Committees and Recorders at the subcounty levels and local councils in protecting peoples' land rights and mediating land disputes in accordance with the constitution of Uganda, the norms and practices of a community. The NRM government with support from development partners has also reinvigorated land titling basing on scholarly and development partners arguments that if well-implemented land titling on large scale can help pull people out of poverty, increase incentives for productive investments in land, give landholders a more secure tenure, make it easier for them to sell their land or use it as collateral for loans, reduce conflicts and expand state revenues through land taxation (see De Soto 2000). Despite of these policy reforms, constitutional and legal safeguards, land conflicts manifesting in mass and violent evictions, incessant and long court cases and land conflict related murders in Uganda have reached epidemic levels (Oloka-Onyango 2017).

## Corruption and Land Disputes

In May 2017, President Museveni revealed to the country that corruption is the biggest cause of land disputes in Uganda. He specifically pointed his fingers on corrupt land registry officials whom he accused of conniving with land grabbers to deprive people of their land and instructed Lands minister Hon. Betty Amongi to work with the Inspector of Government Ms. Irene Mulyagonja to weed out corrupt officials from the Land registry department (Nakirigya 2017). His assertion that corruption is a huge contributor to land disputes has been reiterated by many other influential commentators in the Ugandan society including Lands Minister Hon. Betty Amongi, the *Katiikiro* (Prime Minister) of Buganda kingdom Charles Peter Mayiga, Acting Principal Judge Hon. Justice Wilson Kwesiga, the Head of the High Court

Land Division Hon. Justice Dr. Andrew Bashaija, the President of the Institute of Uganda Surveyors Mr. Richard Masereje, an executive member of the Institute of Uganda Surveyors Dr. Ronald Sengendo, and senior Registrar of titles at the ministry of Lands Ms. Louella Ataro (see Mayiga 2017; Wambi 2017). For commentators that have been following corruption trends in Uganda from the early 2000s, the assertion that corruption is the biggest factor fueling land grabbing and disputes in the country is not surprising. President Museveni was seriously committed to fighting corruption in his first 10 years in power (1986–1995) as evidenced in the prosecution and sacking of key government leaders including his brother General Salim Saleh who was sacked from the position of army commander. However starting with the 2001 presidential elections when real political threat to his position as president appeared, Museveni retrogressed on his anti-corruption efforts and corruption did not only become a tool for personal wealth accumulation but also a method of power reproduction and consolidation. Thus since the early 2000s, corruption in Uganda has been on the increase year after year, and the country is now ranked among the most corrupt countries in the whole world. Corruption in several manifestations whether petty or grand, individual or collective, bureaucratic or political, state or regulatory capture is all rampant in most institutions of the Ugandan state (see Badru and Muhumuza 2017). However, most of the research, debates, and remedies on corruption in Uganda are built on the implicit assumption that individuals carry out corruption alone and also focus on corrupt activities in relation to public office and resources rather than the relationships among different actors. In addition, corruption findings by the government or rankings by organizations such as Transparency International rely on Corruption Perception Index, National Integrity Survey, National Service Delivery Survey, and Procurement Integrity Survey that mainly aim to capture the perception of the population about corruption prevalence. Whereas these can provide us with a picture of what the citizens think about corruption, such perception studies cannot tell us how corruption works within organizations, the different players, their roles in corrupt transaction, and what sustains the actions of actors in a corrupt network. Yet in recent years, it has become evidently clear that most corruption in Uganda is happening in a syndicated manner.

## Corrupt Networks and Land Disputes in Uganda

Corrupt networks fall in the syndicated or collective category of corruption that occurs when a group of corrupt people conspire and collude to abuse entrusted authority for self or corrupt network interests at public expense (Gong 2002). In the case of Uganda, corrupt-networks actors fueling land disputes mainly include people at the very top in government, investors, business people, brokers, and security officers collude to grab others land. However, corrupt networks are very elusive, hard to penetrate, and very difficult to research because in many cases, they prohibit members from revealing information to outsiders, any leakage is easily detectable and immediate action is taken. They create their own internal codes of social ethics, communications, and survival dynamics based on strong network of trust, loyalty, mutuality, reciprocity, repression, kinship, politics, and economic interests to protect those involved in corrupt practices and efficiently subvert the prevention of corruption. Members informally know each other thus they are able to keep their activities covert from any suspicious person or anybody outside their arrangement. Actors in corrupt networks also protect themselves by using their expertise knowledge on anti-corruption institutional frameworks and forming pervasive structures among actors who once recruited into corrupt networks may find out later that it is difficult or even prohibited to move out due (Jancsics and Jávor 2012). Investigating corrupt networks in Uganda that involve high-profile people is also very difficult and may not yield accurate information as informants may not want to be quoted or take responsibility for giving out such information in fear of risking their lives or jobs. The only way around that is for the very powerful people with authority to sanction such investigations. Indeed

in February 2017, President Museveni established Land Inquiry Commission led by Justice Catherine Bamugemereire to carry out a nationwide investigation on land-related conflicts in the country. This commission has the full backing of the President, has powers to interview or investigate anybody in the country without exception and can interdict or arrest anyone who does not observe its orders (see Nakirigya 2017). Thus to thread the nature of corrupt networks and how they influence land grabbing and conflicts in Uganda, this paper uses content analysis of sampled land conflict cases investigated by the Catherine Bamugemereire Land Inquiry Commission and reports for well-established research organization. However, they do not act alone but are part of complex corrupt networks. Very powerful people including President Museveni, members of his inner circle, his family members, close associate, and other influencial people in government including ministers, land registry officials, senior members of the army, police, judiciary, district land board officials, resident district commissioners, prosecutors, brokers, and investors are directly or indirectly part of corrupt networks or in one way or another aid and protect perpetuators of corruption that is fueling mass land evictions and conflicts.

## How Investors, Politicians, Bureaucrats, and Security Officials Collude in Land Grabbing

In January 2018, it was reported by WitnessRadio.org a civil society and research organization in Uganda that members of the army, police, judiciary, district land board officials, the resident district commissioner, prosecutors, courts of law, and investors ganged up together and grabbed over 1,975,834 hectares of land and forcefully evict people from their land in the subcounties of Kitumbi, Bukuyu, Madadu, and Nalutuntu in Mubende district leaving over 265,502 households homeless and in untold suffering. In this paper, the specific case involving 2000 people evicted from land by Mr. Abid Alam in Mubende districts is sampled for analysis. Mr. Abid is a very wealthy businessman of Indian origin and a well-known associate of President Museveni. He is involved in large-scale maize and tea farming among other businesses. The particular land considered in this research is 12 square miles in Nalutuntu Subcounty in Mubende District, where Mr. Abid owns a sugarcane plantation. The residents occupying this land claim that they are the rightful owners having purchased it from Mubende land office. Some claim to have inherited their plots from their former World War II ex-servicemen grandparents and have lived on the same land for over 50 years. On the other hand, Mr. Abid claims to have paid each of the 700 families between Shs 500,000–1.5 million (equivalent to US$ 138–416 in current exchange rates) to vacate the land. In 2010, President Museveni appointed a committee led by Public Service Minister Hon. Muruli Mukasa to investigate the violations, evictions, and suffering claims of these people and resolve the dispute peacefully. According to Mr. Ernest Byenkya, the Lands Inquiry Commission Lead Counsel, all the decisions from government authorities on this land conflict that has been ongoing since 2006 until 2017 when the commission intervened were in Abid's favor. Mr. Charles Bukenya a witness in this conflict told the commission that Minister Muruli Mukasa and his committee never verified people's claims but simply announced a decision to compensate everybody and ordered them not to go back to Alam's land. Bukenya testified that Minister Muruli Mukasa's team decided to pay Shs 280,000 (US$ 78) for an acre of land, Shs 200,000 (US$ 56) for an iron sheet roofed house, Shs 100,000 (US$ 28) grass thatched house, Shs 150,000 (US$ 42) for an acre of plantation, and Shs 150,000 (US$ 56) as disturbance allowance. When the minister's committee discovered that residents had petitioned President Museveni over the matter, their leaders were hunted, arrested, and imprisoned in Kaweri government prison (Kasozi 2017). After discovering that the land inquiry commission was armed with this information, Minister Muruli Mukasa admitted that his committee never had professionals to value people's property, never followed legal or proper procedures for compensation and illiterate people

were made to sign documents that they did not properly understand. He also admitted that the ground was not leveled during the purported negotiations, and many people left the place because most of their crops had been destroyed, and that he was aware of the brutal killing of one of the local council chairman David Senyama who was attacked and killed by workers of Mr. Abid in the presence of the police. The commission of inquiry visited the land in September 2017 and ordered that Mr. Abid should stop evicting people until investigations into the matter are completed. However, Mr. Abid visited the disputed land in October and November 2017 without informing the local leaders and together with around 50 clubs and machetes-wielding men continued with his forceful evictions and the ensuing fight between his men and the locals left many injured. This left the commission stunned at the manner in which Mr. Abid disregarded its directive (Kazibwe 2017). On March 16, 2018, it was reported that Mr. Abid Alam is embroiled in new forceful eviction of more than 700 families from 7 square miles of land in Nalutuntu Subcounty in Mubende district. On Thursday March 15, 2018, hundreds of people traveled from Mubende district and stormed the offices of the land commission inquiry in Wandegeya Kampala seeking the help of the commission and displaying injuries and wounds they sustained as a resulting of shootings and beating from goons hired by Mr. Abid Alam with the support of senior district officials, the acting Resident Commissioner of Mubende, the district police commander, and the district internal security officer. All these are said to be aiding the fresh evictions (Kasozi and Namyalo 2018b). The case of evicting, beating, and shooting of people in Mubende by people working on behalf of Mr. Abid Alam is a classic example of regulatory and state capture where institutions and officials that are supposed to be telling people involved in a conflict what to do, are actually being told what to do and in this case Abid is the one calling the shots. It should be remembered that Abid Alam is connected to President Museveni and one cannot rule out the fact that his sense of being untouchable is linked to those connections.

It was revealed by Catherine Bamugemereire Land Inquiry Commission that on July 9, 2010 and August 4, 2010, Ms. Sarah Kulata Basangwa, a commissioner for land registration and head of department of land management and administration in the ministry of lands, unlawfully registered land belonging to M/s Lakeside City Ltd. in the names of M/s Kikonyogo Investments Ltd. On the basis of this scandal, the Inspector General Government (IGG) charged and interdicted her with a criminal offence in 2011 that she successfully challenged in court on technicalities. Because of the overwhelming credible evidence relating to her fraudulent transfer of land titles in the possession of the inspectorate, the IGG appealed the case. The then minister for Lands Mr. Daudi Migereko lifted her interdiction on condition that she does not repeat the same mistakes and she returned to office. However, her misdemeanors did not end there because investigations into the stealing of Uganda Broadcasting Corporation land by Hon. Abdul Katuntu the former leader of the Parliament's Commission on Statutory Authorities and State Enterprises Committee also revealed that Kulata issued multiple land titles on land plots numbered vol 2699 Folio 13 Plot 27, Princess Anne Drive; Vol-Folio 2762-13 Plot 1, Luthuli Rise; and Freehold Register vol 66, Folio 12, Mbuya. In another case, Ms. Persis Namuganza, the State Minister for Lands queried a land dispute arising from unexplained titling of a land and its cadastral map belonging to Ngambwa Ruta, from the original 23.31 hectares to 95.466 hectares, an increase of 72.156 hectares. Kulata accepted fault in titling the land in question and issued a notice to cancel the portion of the land that had been tilted wrongly in a letter dated July 3, 2017 (Mugerwa 2016). In January 2018, the Senior Assistant Secretary of Bulambuli district local government told the land inquiry commission that she was pressured by Ms. Kulata to allocate 1,500 acres of land to Oscar Twanga and four others contrary to the 400 acres which the area land committee had agreed (Anyoli 2018). On February 8, 2018, while appearing before the Lands Inquiry Commission, Ms. Sarah Kulata also revealed that she fraudulently allocated the playgrounds land of

Nakasero primary and Kololo secondary schools located in Uganda's most prime neighborhoods to private developers (Kasozi and Namyalo 2018a). The example of Ms. Sarah Kulata a senior government lands official working with or for other people to defraud people or government of its land is not a one off or isolated case but rather has been the norm in other land registry offices. For instance, in 2011 Bukalasa land board office in Luweero district was under serious fire after being accused by residents for conspiring with land dealers and processing land titles for fake landlords purposely to grab their lands. One specific example involved Mr. Ibrahim Lutalo, a resident of Kamira Subcounty who accused Ms. Madina Nabukeera the District land board registrar and Mr. Hood Luyima the chairman for issuing a landlord title to a fake landlord on 320 acres of his late father's land. Lutalo explained that his father Athanas Kigumba died in the 2000's before completing the titling process of his land. The family tried to complete the process but it was slow. However, Lutalo argued that the Luweero land board officials connived with land dealers and gave them a land title on the same land that they speedily sold off to another person who transferred it to his names within a period of 1 month. In this case, both the land board registrar Madina Nabukeera and the chairman Hood Luyima dismissed these claims as hearsay (Luwaga 2011). However, other similar cases, of government land registry officials issuing land titles to the wrong people or acts of multiple land titling and ownership claims have resulted in destruction of property and killing of people. For instance, the most recent example is the conflict on land located on Block 269 on the prime hill of Lubowa along Entebbe road in Wakiso district. In this particular case, lawyers representing Mitchell Cotts Uganda Ltd. complained that plot marked between 2926 and 2970 had illegally been parceled out on Block 269 at Lubowa Hill. While appearing before the lands inquiry commission, Ms. Louella Ataro the former Wakiso district land Registrar and now a senior Registrar of titles at the Ministry of Lands revealed to the commission that she was approached by Simon Katoyingi, a records officer attached to the ministry zonal office in Wakiso, and offered a lot of money to sign certificates of title on Block 269 in Lubowa but resisted the bribe after discovering the irregularities regarding individuals who were processing the titles and the fact that the land in question had a valid freehold land title issued in 1931 belonging to Mitchell Cotts Uganda Ltd. When Ataro was transferred to the ministry of Lands in Kampala, the Wakiso land office went on and processed titles for this land which has now turned controversial with a number of individuals, private and government institutions laying claim over it. Major General Kahinda Otafiire the minister for Justice and Constitutional Affairs, Hassan Ssemujju, Ibrahim Mulumba, Aloysius Sseruwagi, Willis Murozi, and Global International Alliance Limited are some of the people and organizations whose land title on this land are to be cancelled over fraudulent acquisition. Brigadier Kasirye Gwanga and the National Social Security Fund claims part of it. On the same block is a proposed multibillion specialized international hospital whose groundbreaking was witnessed by President Museveni on 1 June 2017 but has since failed to take off as project financiers reportedly pulled out awaiting the settlement of the land wrangles (Wambi 2017).

Collusion between government land valuers, land speculators, and owners to inflate or undervalue land for government acquisition especially for infrastructural developments such as roads, electricity transmission lines, dams, oil refinery pipeline, and railway construction among other is also escalating land disputes in Uganda. It has been common knowledge for some years now that public officials who design infrastructure projects rush to the same areas and purchase tracts of land well aware that a project is going to be implemented there. Land prices then shoot up and when the time for compensation comes, they demand much more because they created artificial demand in the first place. In other cases, they leak government plans about the establishment of given infrastructure thereby causing artificial escalation of land values (Mayiga 2017). In other instances, they connive with land and property owners in those specific project locations and inflate the value of land and properties and then

share the inflated returns. For instance, Mr. John Moses Magala, a senior government valuer, was accused of inflating land compensation value for Kampala-Entebbe Express way to a tune of Shs 3 billion, inflating the cost of land in Nsambya (Kibuga Block 7 Plot 16A-28A) from Shs 50 billions to Shs 183.2 billions, paying ghost compensation claimants on the Fort-Portal-Bundibugyo road and attaching value to land in wetland and forest reserve (Mugerwa 2016).

## Role of Brokers in Land Grabbing Networks

There are also many instances where public officials work hand-in-hand with brokers to grab public or private citizen's land. Brokers are well documented in academic studies as an essential component in corrupt networks. They can design, organize, and execute corruption by identifying deals and linking different actors together, control the flow of information and resources to and from the network, manage social capital, and when partners do not trust each other, brokers can mediate between them and help build trust among network members (see Burt 2005). In the case of Uganda, brokers have been revealed to engage in similar roles and fuel a lot of land grabbing and conflicts. For instance in July 2017, Hon. Ronald Kibuule the Mukono north Member of Parliament and minister of State for Water illegally acquired an 85-acre piece of land on block 369 Plot 10 in Kigaya-Golomolo Buikwe district and evicted over 140 households from it (Kasozi and Namyalo 2018c). Under questioning by the commission of inquiry into land matters, Hon. Kibuule asserted that he was looking to buy land touching water when brokers who knew about such land approached him. Kibuule argued that he never visited the land but asked the brokers to do due diligence to establish if the land had any encumbrances and the owner. He noted that upon search, the brokers established that the land was registered in the names of Musa Kateregga and was encumbrance free. Without visiting the land, Hon. Kibuule held a meeting to streamline the process of purchase, paid a deposit of Shs120 million for the 85 acres and in July 2017, he was introduced as the new landlord. He deployed armed security personnel in the area, brought graders and started leveling the land while destroying people's crops and homes. People were forced to flee, others were arrested and kept in detention. Ms. Sanyu Nassali a tenant on this land told the Justice Catherine Bamugemereire-led commission that her husband Dickson Wasswa was forced to flee his home to stay in the bush before his arrest, torture, and killing. The Golomolo LC I chairman Mr. James Banda was also detained and tortured but he survived. Apart from Hon. Kibuule, the same land is contested by other illegal registered landowners include senior police officer, Mr. Guston Twinamatsiko, businessman Musa Kateregga, Eldard Mugisha, and Mbowa Mudasil (Kasozi and Namyalo 2018c). In another example, it was also revealed by the Lands Inquiry Commission that in July 2017, an illicit land deal organized by two brokers was effected with the help of a top government minister, a rich businessman, police officers, members of the Uganda land commission, and the judiciary that resulted in the displacement of hundreds of people occupying a building on government land in Jinja district. The land in this case was government land on Plot 60/62 Alidina road in Jinja District with a building that was occupied by hundreds of business tenants. The Uganda land commission obtained a 99-year lease for this land/property from the administration of Jinja Municipality. Simpson Birungi, an industrialist and wealthy businessman in Uganda, was approached by two brokers with a deal to help him acquire this property at Shs 2.5 millions (equivalent to US$ 680) on condition that he gave them a commission of Shs 70 million (US$ 20,000). The two brokers were Michael Nuwagira alias Toyota the stepbrother of President Museveni and another one named as Ibanda. Simpson Birungi paid Toyota the asked commission and the two brokers managed the process in which he acquired a lease offer within 3 days. Emmanuel Olauna Orum a former Undersecretary in the Ministry of Tourism told the same Commission that he was pressured to sign a letter of no-objection by Major General Kahinda Otafiire the minister of Lands at the time after

being driven to meet him by Toyota. Birungi took over the building well knowing that there were tenants with whom he never had any discussion. He acquired a court eviction order and forcefully displaced tenants from the property with the support of senior police officers.

## Role of Military Officials in Land Grabbing Networks

Besides brokers, top government politicians, and investors, top serving army officers have been reported to directly engage in land grabbing or help groups involved in the same activity. For instance on January 11, 2018, the commission of inquiry into land matters clashed with Military Police Brigade officers over 450 acres of Kajjansi Central Forest Reserve and wetland located in Wabusange village, Katale zone, Wakiso district. This land belongs to government, which leased it to local people to plant eucalyptus trees and preserve the wetland. However, after an alarm raised by displaced locals, the Bamugemereire commission visited the place and discovered that actually the local tree planters were displaced by Mubiru and businessman Ephraim Ntaganda without compensation and those that refused to vacate, woke up to find that their trees had been cut down, their trunks uprooted, the wells and swamp filled with gravel. For over 5 years now, military men have guarded the place, cutting off over 100 families from accessing water for domestic use. Joseph Kiggundu an excavator driver working for Mubiru told the commission members that he had always suspected the activities of his boss and Ephraim Ntaganda to be illegal but was surprised when he was arrested but Mubiru took him out of prison with a court order. As the commissioners were still inspecting the land, two military pickups full of Military Brigade soldiers commanded by Major Edson Akanyihayo came brandishing military batons and sticks to whack whoever was on that land only to find that it was Justice Bamugemereire. When it dawned on Major Akanyihayo that he was going to be in trouble, he claimed that locals who informed him about the presence of encroachers raised him yet Mr. Mubiru had a court order stopping anyone from trespassing on the land until the main court case is decided. Maj. Akanyihayo was not arrested but taken by the commissioners to record a statement and explain why he was protecting an illegality. In 2017, the commission had visited another part of Kajjansi forest reserve where Mr. Ntaganda had been accused of grabbing 297 hectares of land from tenants (Amamukirori 2018). In 2017, over 120,000 families were displaced and their properties destroyed from over 207.8 Square Miles of land by a joint force of police, military police, and regular UPDF army soldiers to clear way for gold mining by Gemstone International partly owned Ms. Gertrude Njuba a State House official in charge of directorate of land in Bukuya and Kitumbi Subcounties in Mubende district. This was done following a directive from State House and in total disregard of the area MPs writing to the President requesting for more time so that people would organize themselves to take away their belongings including animals and harvesting of their crops. In total disregard of this request, houses and shops were razed down; soldiers and police ate domestic animals and properties like iron sheets were sold to scrap dealers (Witnessradio.org 2018).

## Conclusions and Recommendations

From the above presentation of land disputes and many more investigated cases but not reported here, it is very clear that well-positioned government officials (especially land registry officials, top politicians, police and army officers, RDCs, and judicial officers) or those with close economic, social, kinship, or political ties to them (especially brokers, business people and investors) are part and parcel of the collective corruption problem in Uganda. While their role in perpetuating land grabbing has been clearly brought to the fore by the commission's investigations, it remains to be seen whether adequate punishment will be equally accorded to those implicated. Previous experience has shown that punishing corruption or escaping its punishment

in Uganda can be political. With supporters of the regime going scot free while those opposed or perceived to be critical to the regime or President Museveni paying a heavy price and this extends to other well-documented corruption scandals not necessarily related to land that have gone unpunished (see Human Rights Watch 2013). This impunity is not accidental but deliberate because these corrupt officials and their networks are the ones drumming up and fighting so hard to make sure that Museveni stays in power. Some like Kibuule and Kahinda Otafiire are even ministers and they are not alone. Others like Abid Alam are wealthy businessmen known to contribute to election campaign finance. On the other hand, it was noted that his strongest political opponents are mainly trumpeting against corruption. Therefore, it is in his political interest to support those who support him or at least let them off the hook as a method of political patronage. The main recommendation given in this paper is that to stop the land conflict hemorrhage in the country, severe punishment must be handled to all implicated without fear or favor especially for those with high political connections. The laws must be strengthened to also be able to punish people such as brokers who are now walking free because the laws are weak and do not cover them.

## Cross-References

► Corruption

## References

Amamukirori B (2018) UPDF officers, land probe team clash. New Vision, Kampala, p 3

Anyoli E (2018) Probe pins Bulambuli officials over illegal allocation of land. New Vision, Kampala, p 10

Badru B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the façade. Working paper no. 85, Effective States and Inclusive Development Research Centre (ESID), University of Manchester, United Kingdom. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954595 on 15 Aug 2018

Burt R (2005) Brokerage and closure: an introduction to social capital. Oxford University Press, Oxford

De Soto H (2000) The mystery of capital, why capitalism thrives in the West and fails everywhere else. Black Swan, London. Retrieved from https://yendieu.files.wordpress.com/2009/04/the-mystery-of-capital.pdf on 26 Aug 2018

Deininger K, Castagnini R (2004) Incidence and impact of land conflict in Uganda. World Bank. Policy Research Working Paper 3248. Retrieved from www.web.worldbank.org/archive/website01066/WEB/IMAGES/109509-2.PDF on 17 Aug 2018

Gong T (2002) Dangerous collusion: corruption as a collective venture in contemporary China. Elsevier Science Ltd. https://doi.org/10.1016/S0967-067X(01)00026-5

Human Rights Watch (2013) Letting the big fish swim. Failures to prosecute high-level corruption in Uganda: United States of America

Jancsics D, Jávor I (2012) Corrupt governmental networks. Int Public Manag J 15(1):62–99. Retrieved from www.tandfonline.com/doi/abs/10.1080/10967494.2012.684019 on 13 Aug 2018

Kasozi E (2017) Minister admits faults in Mubende land evictions. Daily Monitor, Kampala. Retrieved from http://www.dailymonitor.co.ug on 28 July 2018

Kasozi E, Namyalo J (2018a) I issued titles for city schools playground, says Kulata. Daily Monitor, Kampala. Retrieved from http://www.dailymonitor.co.ug on 28 July 2018

Kasozi E, Namyalo J (2018b) Businessman Abid Alam on the spot over fresh land evictions. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 17 Aug 2018

Kasozi E, Namyalo J (2018c) Minister Kibuule quizzed over illegal land acquisition, eviction of 140 households'. Daily Monitor, Kampala. Retrieved from www.newvision.co.ug 26 Aug 2018

Kazibwe K (2017) Land Inquiry: Businessman, Abid Alam, under investigation for murder. The Nile Post. Retrieved from www.nilepost.co.ug/2017/11/12/land-inquiry-businessman-abid on 26 Aug 2018

Luwaga B (2011) Luweero land board under fire for corruption. Uganda Radio Network. Retrieved from https://ugandaradionetwork.com/story/luweeroland-board-under-fire-for-corruption on 22 Feb 2018

Mayiga CP (2017) Reasons land conflicts are rampant in Uganda. Daily Monitor, Kampala. Retrieved from www.newvision.co.ug on 25 July 2018

Mugambwa J (2007) A comparative analysis of land tenure law reform in Uganda and Papua New Guinea. J South Pacific Law 11(1). Retrieved from www.paclii.org/journals/fJSPL/vol11no1/pdf/Mugambwa.pdf on 13 Sept 2018

Mugerwa Y (2016) Lands officials on the spot over abuse of office. Daily Monitor, Kampala. Retrieved http://wwww.dailymonitor.co.ug on 12 Aug 2018

Nakanyike BM (1991) Women, elite, elite polygyny, and Buganda state formation. J Women Cult Soc 16(4). Retrieved from www.jstor.org/stable/3174572 on 28 August 2018

Nakirigya S (2017) Amongi blames land wrangles on corruption in her ministry. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 13 Aug 2018
Okumu-Wengi J (1996) Dispossession and management of common property: Women and inheritance in East Africa, University of California Berkeley. Retrieved from google scholar
Oloka-Onyango J (2017) Land injustice, impunity and state collapse in Uganda: causes, consequences and correctives, HURIPEC Report. Makerere University, Kampala Uganda
The Constitution of the Republic of Uganda (1995) Uganda government printing and publishing corporation, Entebbe
Wambi M (2017) Land probe: courts accused of fueling land wrangles. Uganda Radio Network, Kampala
Witness.org (2018) Land in Mubende: guns, money and power grabbed over 1,975,834 hectares of land; broke families. Kampala Uganda. And the report was Retrieved from https://witnessradio.org/download/reports/Land-Grabbing-In-Mubende-Report.pdf on 30 Aug 2018

# Corruption

Staffan Andersson
Department of Political Science, Linnaeus University, Växjö, Sweden

## Synonyms

Abuse of power; Bribery; Conflict of interest; Favoritism

Corruption of politics and public administration is a problem that sees no border in terms of geography nor is it limited in time. It is not restricted to one or the other country or political level and affects societies and people in their daily lives. Corruption thus has become a major issue in many countries due to its negative effect on trust in politics and administrative processes, economic efficiency, international trade, equality, and poverty reduction. Politically, the fight against corruption is a high priority in many countries and corruption is also often a prominent issue in election campaigns and between competing political parties and candidates. Recently, we have seen this in countries such as Brazil, India, the Ukraine, and Spain. In the latest US presidential election issues concerning campaign finance, the extent of the influence of wealth interests on the political agenda, and political priorities of parties and candidates have been at the forefront. Moreover, revelations that large international companies have been involved in corrupt contract deals have come under scrutiny, not least when it has concerned payments to undemocratic regimes. Simply put corruption is of concern across countries and political systems.

Next the entry turns to the increased interest for corruption and its impact. Then, sections follow on what corruption is and how it can be assessed. The penultimate section discusses combat of corruption and its causes before concluding.

## Why Has the Focus on Corruption Increased? Why Is It of Such Concern?

Research interest for corruption has varied over time and in focus. Till the 1980s the focus was mainly on developing countries and explaining why corruption was pervasive there. Scant interest was given to developed countries with established democracies where corruption was perceived as an insignificant issue. This notion changed in the 1990s when the Cold War division of east and west ended. First, countries in the West became less and less willing to support corruption in client regimes in poor countries or look the other way. Increasingly demands were raised concerning democratic institutions and anticorruption reforms. Moreover, corruption scandals erupted in established, major Western democracies such as the USA, Germany, France, and Italy. Such scandals made it difficult to sustain the notion of high-level political and administrative corruption being almost solely a concern for developing countries. In line with this, research and media in rich, democratic countries ever more started to note corruption problems in their own countries (e.g., Andersson and Heywood 2009; Heywood 2015).

Another key development was the changed approach of important international organizations.

The Organisation for Economic Co-operation and Development (OECD) took an early interest in corruption combat, given the distortive impact of corruption on international trade. In 1997 OECD (2016) adopted the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The convention has played an important role in harmonizing the way countries deal with issues in relation to how to deal with and sanctioning international bribery in the home countries of bribe payers. Also other international organizations – such as the UN, the Council of Europe, and the World Bank – started to pay more attention to countervailing corruption. The World Bank changed from viewing corruption as an untouchable issue and something that would be against its statues of non-interference in political issues to view corruption as one of the most important obstacles for economic development (Marquette 2004). Thus, both in multilateral and bilateral aid today, fighting corruption and establishing good governance are seen as a necessary part of supporting sustainable development (e.g., Kim 2014; Wolfowitz 2006).

The formation of Transparency International (TI) in 1993 was a key factor in putting corruption on the international agenda. Its annual corruption perceptions index (CPI), a measurement of perceived corruption across countries, received much publicity among media, national and international organizations, and academics. This index made empirical country data accessible which contributed (together with other similar measures) to make it easier to investigate quantitatively how corruption was related to other factors such as democracy, political stability, and economic development. Nowadays, the improved accessibility to data and information enables more knowledge about corruption (See e.g., The Quality of Government Institute 2016).

## Effects of Corruption

Empirical research in general points to corruption as having negative impacts on societal level due to its effects on governments such as trust in due process, fair elections, and the market in terms of being a disincentive to investment and trade, and distorting resource allocation. It has costs that could also be measured in social and environmental terms as the everyday life of ordinary citizens are impacted. As difficult as it is to estimate the costs of corruption in economic terms due to its hidden nature and various shapes, the World Bank (2016) estimates about $1 trillion annually to be paid in bribes and the total economic loss from corruption to be much higher especially in poorer countries and by poor people.

This does not however rule out individual actors perceiving benefits from corrupt transactions. Think of a company who receives a contract by giving favors to decision-makers, or a person that requires acute health care and has to pay an unofficial fee not having to wait, or a person wrongly accused of speeding by a police officer being charged unless paying a bribe. In a corrupt environment, the corrupt choice might be more about fearing the negative consequences of extortion rather than an active choice regarded as something positive. This also points to the importance of understanding what structures and norms that are facing actors and to what extent these structures and norms support or prevent corrupt actions (e.g., Rothstein and Teorell 2015).

## The Magnitude of the Problem

There is a sense of corruption being a growing problem as judged by public opinion surveys in countries (e.g., Afrobarometer 2016; Transparency International 2015), and the frequent scandals concerning politics and business also in established democracies. However, this might also be related to the increased interest from citizens, media, governments, and international organizations, exposing corruption and putting it high up on the agenda. Watchdogs are being established, and ombudsmen, anticorruption agencies, the police, and prosecutors office play an important role in informing about, pursuing, and sanctioning corruption. Moreover, media plays an important role in exposing corruption in many countries and has often had a pivotal role in the exposure of scandals. The Watergate scandal in the US concerning illegal activities and their cover up in the re-election campaign of President Nixon in the 1970s may be the most known case. Also, the sense of increased corruption might also

be related to issues of measurement. A perceived increase in corruption raises questions about to what extent this concern an increased number of corruption incidents, its total value, and what corruption that is included or in focus.

## What Is Corruption?

Defining corruption is important in terms of being precise with what we are studying, assessing, and how to fight it. However, this is contentious as corruption is a multifaceted phenomenon that might vary with the context and over time.

Dictionary definitions of corruption tend to focus on morality and bribery (an official asks for or accept an offer from the other party in order to consider the interest of that party), which is a core type of corruption. The word corruption is derived from Latin where "Corruptio" means depraved condition, state of decay or bribery. The online Oxford Dictionaries (2016) defines corruption as "Dishonest or fraudulent conduct by those in power, typically involving bribery".

Social science definitions have tended to point to the breaking of norms concerning public roles or resources for private or personal gain (e.g., "Corruption," 1995) and have historically emphasized how the political system and society are negatively affected by corruption (Friedrich 1989, p. 16). The famous dictum by Lord Acton on how "Power corrupts and absolute power corrupts absolutely" points in this direction and to the importance of accountable power.

Transparency International provides one commonly referred to definition: "Corruption is the abuse of entrusted power for private gain" (Transparency International 2016). This is a broad and wide covering definition that makes room for inclusion of most of the activities and offences associated with corruption. It is applicable to different settings, not restricted to law breaking, and covers corruption where public power is entrusted to private operators or when private gain is not only for an individual (e.g., to benefit political parties). Such aspects are important given that increasingly the public and private sectors are intertwined and services contracted out to private operators.

There are, however, many contentious factors. For example, should corruption definitions include corruption that takes place within the private sector? In this context of public administration and public policy, naturally the discussion is focused on corruption in the public sphere or at the interface between the private and public spheres, i.e., what is often referred to as political corruption (Heywood 1997, p. 421). Moreover, should definitions be more inclusive or narrower, and how should the abuse criteria above be judged, i.e., against what standard? Let us discuss this by first looking at how generic definitions like the one above with focus on the behavior of actors involved have been distinguished into three categories.

Public office–centered definitions are grounded in the rules guiding public officials in their duties (e.g., Nye 1967, p. 419). However, one caveat in relation to using formal rules as the standard for misuse is that not every illegal action is corrupt and actions judged as corrupt by moral norms might not be illegal.

In public interest ("the interest of a collectivity, usually the state, as distinct from individual private interest or group interest" (Lawton et al. 2013, p. 30)) definitions corruption is indicated by the common interest being disregarded to promote private interest (Warren 2015). Accordingly, actions might be corrupt but not illegal. Also, questions arise about how to define the public interest?

Public opinion–based definitions let the public define corruption. An advantage is that it allows researchers to define corruption, while potentially having problems if opinion is divided, difficult to determine, or changing.

Let us now turn to Warren (2015) and Kurer (2015), respectively for a more detailed discussion of arguments for public interest definitions, which allow for a broader theoretical discussion, or public office definitions, which for empirical and comparative purposes might be easier to use, and standards for determining when abuse occur.

Warren views the normative core of corruption as when institutions and practices that should enable democratic inclusion instead are duplicity undermined for the purpose of exclusion (Warren

2015, p. 48). It is a broad definition based on public interest. It is though not contested that public office–centered definitions have their strength in enabling a focus on accountability standards for public office holders, serving as a guide for how to set up institutions to avoid corruption and defining corruption in the executive government sphere of society. Instead, it is regarded as somewhat outgrown in contemporary democracies and less suited for understanding corruption in other spheres such as the legislative sphere or the market. He gives as an example of how the office-based conception of corruption that public officials should act impartially in the public interest, ideally insulated from political pressures, does not work in relation to political representatives: Their role rather is to define the public interest in response to pressure from various interests, thus partiality being part of their job.

Therefore, Warren (2015, p. 49) argues for a corruption concept taking into account the way norms of inclusion, kinds of corruption, and damage done to inclusion vary depending on type of institution/sphere we are dealing with. If not, common but less obvious forms of corruption in democracies will otherwise be missed such as when the purpose of an institution is bent by undue influence. Think for example of the discussion of how members of the US Congress receive campaign contributions from wealthy donors and the way this may affect their task in representing people and whether they listen more to these interests and their issues than the public in general (Lessig 2013).

Kurer (2005, pp. 223, 229, 2015, pp. 37–38) pinpoints the problem with definitions as what standard to be used for the "misuse" of public office in definitions. He is very critical to definitions based on public interest, viewing it as too difficult to define. On the other hand basing misuse on legal rules is too narrow as it will rule out corruption just because there are no laws against it. So he argues for using public opinion of what constitutes violations of duties, of equity norms guiding distribution of rights and duties of officials. He argues against the often held position that public opinion would vary too much for comparative purposes. Instead he points to there being a common understanding across societies and cultures of what is corrupt where violation of impartiality in the exercise of public authority is a central aspect of the understanding of misuse (see also Rothstein and Torsello 2013).

In terms of studying corruption empirically corruption studies complement broad definitions as above with typologies. It is important to consider various types of corruption for the understanding of causes, effects, and how to effectively countervail corruption. Bar bribery, other corruption types concern, for example, favoritism (abusing authority to benefit family, party, or friends), embezzlement and fraud (undue private gain from the organization or citizens by misleading others or disregarding professional responsibilities), and conflict of interest (in general situations where an official has self-interest that conflicts with the obligations to carrying out duties for the public good, this could be due to outside interests such as jobs or gifts from third parties) (for further discussion and references see Andersson 2016).

The characteristics of typologies depend on the purpose and focus of study. Typologies can for example be based on what level of politics/public administration that is involved (grand versus petty corruption), what type of actors are involved, type of transactions involved, level of government and the effects. The famous typology developed by Heidenheimer (1970) categorizing corruption into black, gray, or white provides us with an example. This classification is based on the seriousness of the corrupt acts (petty, routine, or aggravated corruption), the type of society in relation to how political obligation relationships are ordered (family, patron-client, modern boss-follower (political machines), or civic-culture based systems), and the tolerance of various behaviors. So it presents a model for studying corruption perceptions of elites and the public and variation across different political systems.

## Corruption Assessment

To measure corruption is important in order to assess the scale of the issue and what the problems

are. It can also help in identifying variables related to or causing corruption, where action is needed, and when deciding what action to take. But it is also difficult to do due to the hidden nature of corruption and its many shapes. Even when looking at corruption in the same location the understanding of corruption and its definition might change over time (Anechiarico and Jacobs 1996, p. 14). Such problems raise questions about whether it is possible to know if there is more corruption in some places than others, and whether corruption has increased or decreased. Given these difficulties, what are the limitations and possibilities and how can corruption be measured? Corruption research uses various qualitative and quantitative methods and data sources to investigate corruption such as survey data, media reports, and legal cases.

The following will look at some possibilities of doing this. First, corruption is not only about bribery but such forms, which are also legal offences and "hard evidence", are easier to focus on. But as Johnston (2005, p. 6) has noted, during the 1990s a consensus developed that regarded corruption as almost equal to bribery, which especially in rich countries with established democracies might be justified but also only the tip of the (corruption) iceberg. Thus, patterns of corruption, with adhering types of corruption, vary across societies, this being a reflection of combinations of political participation and the strength of institutions in society. This also points to the risk that measures are variously fit depending on the context that they are applied to.

There are then several measures that are used to gauge corruption, for example, looking at (i) deviance from a specified norm, (ii) arrests for corruption violations or unethical conduct specified by for example constitutional provisions, statutes, and administrative regulations, (iii) victimization surveys, (iv) cases reported in the media, and (v) perception of corruption based on experts or the public as respondents.

Using various such ways is important as it is difficult for one perspective or source alone to give a full picture of the problem. Moreover, different measurements are suitable for different tasks. For example, using arrests or legal cases gives access to hard and accessible data but if we want to compare between different systems or countries, what does a varying degree of corruption then say? Is a higher number of cases in one country then an indicator of high corruption incidence or rather a measurement of an efficient prosecutorial and legal system catching a higher percentage of offenders?

This leads over to an important methodological distinction: survey assessments based on the own experience of corruption of respondents or assessments based on their perceptions. To give an example of the difference, say that the purpose is to assess bribery in various institutions in a country. Based on a perception method one could simply ask the respondent to rate each institution on a scale from 1 to 5 in terms of how corrupt each institution is perceived. Using an experience based method would instead first ask whether the respondent have had any service contact with each sector. For those sectors where such contacts were established follow-up questions could be asked about whether the respondent had experienced corrupt actions, (for examples of experience based or perceptions based questions see e.g., the Global Corruption Barometer) (Transparency International 2015).

As earlier noted, from the 1990s empirical studies of corruption developed rapidly not least as a result of easier access to country-level data that became standard for comparative research (e.g., the CPI and Worldwide governance indicators and World Bank 2015). Such data contributed to important findings, for example, regarding the relationship between corruption and democracy, institutions, and economic development (for a classical example see Mauro 1995). But there are also problems related to these standard cross-national measurements concerning their empirical foundations, the downside if using perceptions to measure real corruption levels and the varying correspondence of perceptions and experience measurements. Moreover, while country-level measures assigning each country a single score can grasp cross country variation in corruption levels they cannot do so for variation across government levels and sectors within a country. To better understand corruption and what measures

to take against it, these effects need to be considered (for further discussion and references see Andersson 2016).

## Combating Corruption and Its Causes

As economic and institutional circumstances vary across countries especially between rich and poor countries there is no single panacea of reform of how to combat corruption. Successful action against corruption need to take into account forms of corruption important in the specific context, institutional conditions like the strength of institutions and depth of public participation, and political support for various actions (Johnston 2005). In the following, examples will be given from work at the international level followed by examples of the relationship between national corruption reform and public administration.

As noted above, international governmental and nongovernmental organizations have increasingly emphasized the importance of countervailing and combatting corruption. The United Nations and the World Bank are two such examples where states try to find common ground for actions against corruption.

In the United Nations sustainable development goals of the 2030 agenda for sustainable development reducing corruption is an important part. In the 16th goal about promoting just, peaceful, and inclusive societies, one target is to "Substantially reduce corruption and bribery in all their forms." The legally binding United Nations (2016) Convention against corruption entered into force 2005. It includes measures concerning prevention, international cooperation, criminalization (of domestic and foreign bribery, influence trading, embezzlement and money laundering), and asset recovery. Preventive measures concerns transparency of political financing, establishing anticorruption bodies, safeguarding public services by promoting efficiency, transparency and merit based recruitment. It requires public servants to be subject of codes of conduct, financial disclosures and sanctions. The convention asks for promoting transparency and accountability of public finance, and establishing certain requirements for corruption prevention in public procurement and the judiciary. It further points to the importance of active involvement of citizens and nongovernmental organizations.

Given the important role of the World Bank as a financier of loans for development in poor countries it has a central role concerning corruption reform in these countries. It has promoted a good governance and anticorruption agenda (World Bank 2011), also adopted by many other aid agencies. Good governance has concerned aspects such as increasing political accountability, strengthening civil society participation, creating a competitive private sector, improvement of the public sector, and strengthening the judicial system and rule of law. As expressed by Kaufmann (2005, p. 88) corruption is not to be fought by fighting corruption (i.e., more anticorruption campaigns, more anticorruption commissions, new laws, and codes of conduct) but rather by focusing on indirect measures aiming at the broader political and economic structures. But it is also difficult to fight corruption when it is established on high levels so the success of anticorruption programs has been rather modest. Another reason is the initial reliance on using one size fits all programs without giving enough consideration to different types and levels of corruption, and situation specific causes. The World Bank (2016) and other donors subsequently gave this more attention in later work and initiatives.

Let us now turn to examples of domestic anticorruption reforms in order also to look at its relation to the development of public administration using the case of the USA. In their work with particular focus on New York City, Anechiarico and Jacobs (1994, 1996) show that corruption control efforts have impacted on the development, structure, and operation of public administration. It has aimed to enforce legitimate government authority, controlling employees and private sector clients, but also to increase government efficiency and effectiveness. They also recognize how corruption scandals have been important triggers for introducing more controls of public officers.

Five archetypes or visions of corruption control are identified over the study period (about the

1870s to the 1990s). Reformers of each era have added rules, procedures, and institutions to fulfill a vision of corruption free government. Much of the first three visions goes hand in hand with creating modern bureaucracy along Weber's (1946, pp. 196–198) legal rational lines, including moving away from political patronage to a civil service where officers are employed on basis of professional merits. Recent research has also shown meritocratic recruitment to have a significant corruption reducing effect, while this is not the case for some other often referred to bureaucratic factors, e.g., salaries of public employees and internal promotion (Dahlström et al. 2012).

The era of antipatronage vision of corruption control (1870–1900) identified partisan control of personnel in public administration as the cause of corruption. Many American cities were controlled by so-called political machines that were trading services and favors for votes and contracts. To secure the integrity and competence of employees, merit-based appointment system and professional public administration were introduced. Testing credentials of applicants, peer enforcement of organizational norms, and personal controls were central to uphold integrity, combined with a belief in the public service spirit of professionals (Anechiarico and Jacobs 1994, pp. 466–467).

The progressive vision (1900–1930) similarly viewed partisan and unprofessional administration as the main cause of corruption and called for a complete reform of the political system (e.g., electoral reform, increased administrative expertise, apolitical administration). To accomplish democratic accountability and efficiency, corruption control was regarded as necessary and peer review and professional ethics as integral parts of upholding integrity (Anechiarico and Jacobs 1994, p. 467).

The scientific management vision period (1933–1970) in time coincides with the birth of the large more complex formal bureaucratic organization. Building on progressivism it pointed out for the industrial society inadequate organizational design and external controls rather than ethics or politics as the cause of corruption problems. A vision of government free of corruption took hold as did a drive to know what was happening all throughout administrative organizations. The key policy prescription to prevention and exposure of corruption was to reorganize and centralize government and comprehensive monitoring and evaluations (Anechiarico and Jacobs 1994, p. 467).

Thus, overall the control approaches were initially much ethics based (Reliance on development of internal controls to stimulate ethical behavior, ethics training, education, advise (Lawton et al. 2013, p. 117)) relying on transferring a patronage run administration into a professional civil service with trust in professionals and their development of internal ethics motivated by a public service ideal. But over time more and more corruption controls were added, increasingly including external controls.

When moving into the panoptic (cf. Bentham, Focault) vision of corruption control (1970-), this trend fully materialized moving towards a more compliance based (Using external controls of unethical action such as laws and rules (Lawton et al. 2013, p. 117)) approach of control relying more on external control, surveillance, and legal investigative approaches, the aim being to know everything going on. This period starts at the time of the Watergate scandal that spurs new ethics legislation and increased investigative powers. Public administration is seen as plagued by corruption opportunities due to inadequate monitoring of corruption. Main reform proposals build on the previous visions but are extended to new levels striving for total information about administrators' performance. Surveillance, investigative bodies, and fiscal controls (audit, ethics offices, investigative agencies, media) are used to do so, and to avoid both actual and perceived corruption and conflict of interest, while de-emphasizing issues of recruitment and training (Anechiarico and Jacobs 1994, p. 468).

But as Anechiarico and Jacobs concluded, effectiveness was negatively affected and administrative reforms made more difficult when ever more controls were added. Morale was affected by constant surveillance. Moreover, reduced discretion of professional public officers might not just reduce risks for corrupt actions but also hamper

flexibility and their role in carrying out services. This led to critique of corruption control being viewed in isolation from the potential trade-off between anticorruption and administrative efficiency goals, and contributed to a reinvention movement. This revisionism perspective (1990-) regards corruption control (e.g., regulations, financial disclosure, whistle-blower protection, debarment from contracts) as a problem making recruitment more difficult, contracting processes less efficient, and organizations more inward looking. Overall, revisionists view traditional public administration and bureaucratic procedures and regulations as costly, rigid, and the main cause of corruption. Thus it calls for market privatization, businesslike methods, entrepreneurship (D. Osborne 1993), and debureaucratization, much in line with the New Public Management (NPM) trend at the time (Anechiarico and Jacobs 1994, pp. 468, 471).

At the time of the work of Anechiarico and Jacobs, the revisionist perspective had not affected the practice of public administration that much. The NPM perspective though became very influential from the 1990s and onwards in terms of impact on public administration and its operation. Later on the NPM model in turn become ever more criticized for subordinating values of public interest and citizenship to market values (Denhardt and Denhardt 2000, p. 557). NPM's promises of cutting costs and improved performance as judged by its results in the UK, one of the frontrunners in implementing the NPM agenda, instead points to costs being somewhat higher, performance somewhat worse, while perceived consistency or fairness of government administration worsened (Hood and Dixon 2015, pp. 180–183). This agenda was also found to require extensive external control, which is precisely what the revisionists critiqued traditional administration for.

So where do we stand now? Will compliance perspectives be dominating or perspectives more reminiscent of the earlier periods of visions of corruption control with a focus on ethics and internal control? This will be related to other developments in what management models are used and the organization of public administration, where parts of the NPM agenda is still much in vogue but challenged by other alternatives critical of the market value focus (Denhardt and Denhardt 2000; S. P. Osborne 2010).

## Conclusion

As noted in the previous section corruption control and reforms are related to the way corruption is defined, assessed, and the way public administration is organized. Corruption as a concept and its empirical manifestations are not static. This is seen by challenges provided over the last 30 years by the increased public–private cooperation in public administration. In order to increase efficiency and improve performance, public administration has been influenced by market models and management. Contracting out, public–private partnerships, and privatization of public services have become important components.

This development with a changing role of the state with a mix of public and private actors involved in public administration also blurs the line between what is public and private interest and who is responsible for making and implementing public policy. Even where institutions are strong, when decisions and activities increasingly are made in the private sphere, through markets or market like processes, with less restrictive rules and mechanisms of accountability, this also affects whether certain actions are viewed as corrupt or not (Johnston 2005, p. 12). It also impacts on how corruption manifests. Especially in established democracies with developed economies and strong institutions that have to some extent adapted rules to fit wealth interest, corruption takes new more invisible forms and sometimes within the limit of legal norms but harming public values and hinder participation in democratic institutions. Thus, what is legal might sometimes be corrupt!

This points to the need for anticorruption reforms with a focus not only on the individual level of corruption but also the institutional level. When what is perceived as corrupt, as for example many would opine in regard to the effects of wealth on US elections in terms of to whom politicians and democratic institutions respond, this raises questions about how reforms in public

administration can deal with corrupt dependencies, duplicitous exclusion, and reduced participation in democratic processes. This is an important challenge to heed in the pursuit of low corruption and strong democratic accountability, at the same time as demands on public services are increasing and economic resources are strained.

## Cross-References


- ▶ Compliance Versus Ethical Capacity
- ▶ Ethical Probity in Public Service
- ▶ Leading Governmental Reform
- ▶ Political Corruption
- ▶ Public Attitudes and Corruption
- ▶ Public Corruption


## References


Afrobarometer (2016) Corruption. Retrieved from http://afrobarometer.org/surveys-and-methods/survey-topics/corruption?page=2

Andersson S (2016) Beyond unidimensional measurement of corruption. Public Integrity 1–19. https://doi.org/10.1080/10999922.2016.1200408

Andersson S, Heywood PM (2009) Anti-corruption as a risk to democracy: on the unintended consequences of international anti-corruption campaigns. In: De Sousa L, Hindess B, Larmour P (eds) Governments, NGOs and anti-corruption: the new integrity warriors. Routledge, Abingdon/Oxon, pp 33–50

Anechiarico F, Jacobs JB (1994) Visions of corruption control and the evolution of American public administration. Public Adm Rev 54(5):465–473

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago

Corruption (1995) Collins dictionary of sociology, 2nd edn. Harper Collins Publishers, Glasgow

Dahlström C, Lapuente V, Teorell J (2012) The merit of meritocratization: politics, bureaucracy, and the institutional deterrents of corruption. Polit Res Q 65(3): 656–668

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Friedrich CJ (1989) Corruption concepts in historical perspective. In: Heidenheimer A, Johnston M, LeVine V (eds) Political corruption: a handbook. Transaction publishers, New Brunswick, pp 15–24

Heidenheimer AJ (1970) Political corruption: readings in comparative analysis. Holt, Rinehart and Winston, Basingstoke

Heywood PM (1997) Political corruption: problems and perspectives. Polit Stud 45(3):417–435

Heywood PM (2015) Introduction: scale and focus in the study of corruption. In: Heywood PM (ed) Routledge handbook of political corruption. Routledge, Milton Park/Abingdon

Hood C, Dixon R (2015) A Government that worked better and cost less? Evaluating three decades of reform and change in UK Central Government. Oxford University Press, Oxford

Johnston M (2005) Syndromes of corruption: wealth, power, and democracy. Cambridge University Press, Cambridge

Kaufmann D (2005) Myths and realities of governance and corruption. Retrieved from http://ssrn.com/abstract=829244

Kim JY (2014) World Bank Group President Jim Yong Kim's remarks at the international corruption hunters alliance. Retrieved from http://www.worldbank.org/en/news/speech/2014/12/08/world-bank-group-president-jim-yong-kims-remarks-international-corruption-hunters-alliance

Kurer O (2005) Corruption: an alternative approach to its definition and measurement. Polit Stud 53(1):222–239. https://doi.org/10.1111/j.1467-9248.2005.00525.x

Kurer O (2015) Definitions of corruption. In: Heywood PM (ed) Routledge handbook of political corruption. Routledge, Milton Park/Abingdon/Oxon

Lawton A, Rayner J, Lasthuizen K (2013) Ethics and management in the public sector. Routledge, Abingdon/Oxon

Lessig L (2013) Institutional corruptions. Edmond J. Safra working papers, no. 1

Marquette H (2004) The creeping politicisation of the World Bank: the case of corruption. Polit Stud 52: 413–430

Mauro P (1995) Corruption and growth. Q J Econ 110(3): 681–712

Nye JS (1967) Corruption and political development: a cost-benefit analysis. Am Polit Sci Rev 61(2): 417–427. https://doi.org/10.2307/1953254

OECD (2016) OECD convention on combating bribery of foreign public officials in international business transactions. Retrieved from http://www.oecd.org/corruption/oecdantibriberyconvention.htm

Osborne D (1993) Reinventing government. Leadersh Abstr 6(1):2–3

Osborne SP (2010) Introduction: the (new) public governance: a suitable case for treatment. In: Osborne SP (ed) The new public governance: emerging perspectives on the theory and practice of public governance. Routledge, Abingdon/Oxon, pp 1–16

Oxford Dictionaries (2016) Corruption. Retrieved from Oxford University Press. http://www.oxforddictionaries.com/definition/english/corruption

Rothstein B, Teorell J (2015) Causes of corruption. In: Heywood PM (ed) Routledge handbook of political corruption. Routledge, Milton Park/Abingdon/Oxon, pp 79–94

Rothstein B, Torsello D (2013) Is corruption understood differently in different cultures? Anthropology meets

Political Science. Retrieved from http://qog.pol.gu.se/publications/workingpapers
The Quality of Government Institute (2016) Downloads. Retrieved from http://qog.pol.gu.se/data/datadownloads
Transparency International (2015) Global corruption barometer. Retrieved from http://www.transparency.org/research/gcb/
Transparency International (2016) What is corruption. Retrieved from http://www.transparency.org/what-is-corruption/#define
United Nations (2016) United Nations convention against corruption. Retrieved from https://www.unodc.org/unodc/en/treaties/CAC/
Warren ME (2015) The meaning of corruption in democracies. In: Heywood PM (ed) Routledge handbook of political corruption. Routledge, Milton Park/Abingdon/Oxon, pp 42–55
Weber M (1946) From Max Weber: essays in sociology/translated, edited, and with an introduction by H. H. Gerth and C. Wright Mills. Oxford University Press, New York
Wolfowitz P (2006) Good governance and development – a time for action, speech in Jakarta 11 Apr 2006. Retrieved from http://documents.worldbank.org/curated/en/938181467987875500/pdf/101339-WP-Box393261B-PUBLIC-2006-04-11-PW-Good-Governance-and-Development.pdf
World Bank (2011) Governance & anti-corruption. Retrieved from www.worldbank.org
World Bank (2015) Worldwide Governance indicators. Retrieved from http://info.worldbank.org/governance/wgi/index.aspx#home
World Bank (2016) Anti-corruption. Retrieved from http://www.worldbank.org/en/topic/governance/brief/anti-corruption

# Corruption and Development: Comparing Uganda and Singapore

Pius Gumisiriza[1] and Robert Mukobi[2]
[1]School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda
[2]Ministry of Finance, Planning and Economic Development, Kampala, Uganda

## Synonyms

Corruption; Development; Singapore; Uganda

## Definitions

Corruption in this entry is defined as the abuse of public power or authority for private benefit or profit (see Johnston 2010). In this entry development is defined as a continuous and holistic process of improving people's lives and the environment they live in (Chambers 2004). Uganda is a sovereign country located in East Africa with an estimated population of 39,570,125 people and GDP of US$26.35 billion and has corruption which is endemic (Uganda| CIA Factbook 2018). Singapore is a sovereign country located in South East Asia with an estimated population of 5,888,926 people and GDP of US$323.9 billion and has very low levels of corruption (Singapore| CIA Fact Book 2018).

## Introduction

There is no agreement among scholars or development practitioners as to how corruption affects or influences development. There are scholars who have argued that corruption may be economically desirable in certain circumstances, may potentially improve efficiency, may help growth and development especially in developing countries with significant natural resources such as oil, and may help inefficient, inept, and mismanaged bureaucracies by greasing the wheels (Bardhan 1997; Looney 2006; Kutan et al. 2013). On the other hand, there are also other scholars and empirical evidence which suggest that corruption is one of the greatest obstacles to economic and social development around the world because it redirects resources in unproductive areas where bribes can be easily sought and this can distort an economy (Khan 2006). This entry specifically discusses how corruption influences the key ingredients that facilitate the development process such as leadership, investment decision-making, protection or plundering of public resources/investments, generation or loss of revenues, and the practice of politics and elements of development such as education, health, and public investments in Uganda and Singapore.

## Why Compare Uganda and Singapore?

Studying these two countries is quite interesting because both countries were colonized by Britain and got independence around the same time between 1962 and 1965. In those years, Uganda was generally more developed than Singapore, and many commentators predicted that masterminding an economic success was quite possible for Uganda because the country is naturally blessed with a very good climate, is very rich in mineral resources, adopted a Westminster system of government complete with an official opposition party, and had a fairly disciplined civil service, an independent judiciary, a relatively good performing economy with an annual growth rate of 3.3%, and relatively low levels of corruption. On the other hand, when Singapore separated from Malaysia on 9 August 1965, the country's future was so bleak that few people believed it could survive for 3 years. Its own founding Prime Minister Lee Kuan Yew broke down publically and cried because he too was not sure the country would survive on its own. It had no natural resource, its economic growth rate was 2.4%, and corruption inherited from the colonial government was endemic. Uganda had better prospects and was more developed than Singapore generally, and in 1965 the Singaporean government sent officials to East Africa to look for business though few trade followed after that (Rajivan 2008; Lee 2011). Fifty-five years forward, Uganda is one of the good stories gone badly. It is still a third world country with GDP of US$26.01 billion; corruption is an endemic way of life, is ranked among the worst countries in respecting the rule of law, has low Human Development Index scores when compared to its former peers, has consumed most of its independence life in wars, and has never experienced a peaceful transfer of political power from one president to another. On the other hand, Singapore has for many years been ranked among the least corrupt countries in the world and had the world's fastest growing economy between 1960 and 2000 at the rate of 8–9%, its people have access to world-class healthcare at a reasonable price, a life expectancy of 84.07 years, an education in world-class schools built by government, and one of the best standards of living in the world with a gross national product per capita higher than that of most developed countries including Australia, Canada, France, Italy, German, the United Kingdom, and the United States (Lee 2011).

## Corruption and Leadership

Singapore was blessed with an exceptionally brilliant, determined, pragmatic, farsighted, courageous, and astute leader in the person of Lee Kuan Yew who was ready to do whatever it took to develop and defend Singapore. A fourth-generation Peranakan Chinese Singaporean Lee Kuan Yew was born on 16 September 1923, was graded top Malayan boy in the Cambridge Senior Examinations, and later excelled in law at Cambridge University. He returned to Singapore in 1950, gained public attention as a lawyer defending trade unions and was a founding member of the People's Action Party that won elections in 1959 (Ghesquiere 2011). Lee Kuan Yew likened administering a country to managing a corporate entity: If its managers mismanage a company's resources, then it would go bust; if management is efficient, dedicated, and know what they are doing, the company will prosper. The same applies to a country: if those entrusted with public resources or authority in a country uses them for private gain, the country will go down the drain. In this regard, a corruption-free, determined, efficient, and effective leadership must be instituted first if development is to be achieved especially in a poor developing country. Immediately after coming to power, Lee Kuan Yew and his People's Action Party (PAP) government deliberately established a meritocratic system of governance that attracted people of good education, character, sense of reality, imagination, intelligence, dynamism, courage of their convictions, high motivation, integrity, and leadership into government. Opportunities were given equally to all citizens regardless of race, language,

culture, age, sex, or religion. Recruitment, promotion, and reward in the Singaporean civil service, government statutory bodies, and companies were and still are based on their contribution and performance rather than seniority or personal or group connections; for instance, headmasters were recruited, promoted, or demoted in part based on the results of their schools. Promotion in the civil service was based on results achieved through actual policy execution and on potential capability, and quite remarkably, this principle extended upward to include political leaders such as parliamentarians and ministers. In each election the PAP forced a painful measure on one third of its parliamentarians by telling them not to seek reelection. As a result of all these, the Singaporean public service was built on talent, competence, and professionalism that enhanced efficiency and effectiveness in service delivery (Mauzy and Milne 2002). An effective, professional, and non-corrupt public service and political leadership moved Singapore from humiliating poverty in the 1960s to spectacular wealth by 1990. After achieving first world status, it was no longer sufficient for old guard leaders to hold onto office if Singapore was to sustain its prosperity. Lee Kuan Yew started the search for possible successors in the 1960s. By the early 1970s, he made it clear that he was not looking for successors from among the party's old guard. By 1988, only Lee Kuan Yew remained in the Cabinet among the old guard. He stepped down from power in 1990 on the 25th anniversary of Singapore's independence aged 65 and gave an opportunity to a competent, tested, and young generation of leaders to continue Singapore development (Sonny et al. 2009; Lee 2011). On the other hand, Uganda's past experience offers an example of what can go wrong when you have wrong people as leaders of government. Just 10 years after independence in 1972, Idi Amin captured power through a coup d'état, and his first act was to expel Ugandans of Indian origin and distribute all their wealth and property to his cronies. This act of stupidity and madness among other atrocities turned Uganda's promising economy at that time into a tragedy as the Indians formed the backbone of Uganda's economic and professional life. The country could have done better with this section of its people. President Museveni is another leader whose 32 years stay in power can illustrate how corruption in different forms impact development of a country. There is an extensive list of nationalist leaders who successfully led anti-colonial fights for freedom and post-independence liberation movements, but who failed or are failing to groom honest and capable successors, and as a result their countries are steeped in uncertainty, corruption, nepotism, conflict, and poverty, for insistence, former Zimbabwean President Robert Mugabi and the late Libyan Dictator Muamar Gadhafi. Museveni almost fits in this category, and his instance to stay in power through repression and political patronage puts the modest development achievements made in the last 50 years in jeopardy. Recruitment, promotions, and punishment in the Ugandan public service today are not based on merit but rather on social connections and patronage, which has bloated the public service with mediocre talent resulting in the ineffective delivery of public goods and services.

## Avoiding Influence Peddling

According to Lee Kuan Yew, the founding Prime Minister of independent Singapore, confidence is the most single one word that explains why foreign investors located their factories, banks, and refineries in Singapore that contributed significantly to its economic miracle. Confidence did not come out of a vacuum but was a consequence of a committed leadership that fought corruption effectively and ensured that there was no influence peddling in giving or denying of contracts, licenses, and permits to investors or misuse of national resources and that peoples or public property was protected from corruption or any other form of abuse. For example in the 1970s and 1980s, Singapore avoided high-level influence peddling that helped her some disasters. This example related to Singapore denying a license to the Bank of Credit and Commerce International whose shareholders included members of the royal families of Saudi Arabia, Bahrain, Abu

Dhabi, and Dubai. The bank that had about 400 branches in over 70 countries applied for an offshore banking license in Singapore in 1973, 1980, and 1982 and was rejected all the time. Among the people that lobbied for it to be granted a license unsuccessfully was Harold Wilson the British Prime Minister. When it was closed down in July 1991 because of dishonest operations, it led to losses of US$11 billion for other banks, depositors, and creditors, and Singapore escaped unscathed because its leaders avoided influence peddling and refused to be compromised. Even when the financial crisis broke out in East Asia and devastated currencies, stock markets, and economies of the region, no bank in Singapore faltered. Singapore did not stop at avoiding corruption at the very high level, but also severely punished it when it was revealed to have happened. For example, in November 1986 one of the associates of Mr. Teh Cheang Wan the Minister for national development at the time admitted under questioning by the CPIB that between 1981 and 1982 he gave Cheang two cash payments of S$400,000 each one in cash to allow a development company to retain part of its land which had been earmarked for compulsory government acquisition and in the second to assist a developer in the purchase of state land for private development. Cheang denied receiving the money and tried to influence the Senior Assistant Director of the CPIB for the case not to be pursued. The cabinet secretary reported this and said Cheang had asked to see the Prime Minister. The Prime Minister replied he could not see him until investigations were over. A week later on 15 December 1986, he was found dead in his bed after taking his life rather than face disgrace and ostracism. Other high-profile prosecutions of corruption set clear precedent that corruption was not a way of doing things in Singapore and this did not only save public money but also attracted many genuine investors (Lee 2011). On the other hand, in Uganda high-level influence peddling for selfish interests especially by senior political leaders and technocrats and impunity on the side of those involved has not only sabotage investments but also directly lead to massive loss of public money. There are so many examples where millions of dollar projects have failed to take off because of influence peddling or direct loss of millions of dollars at the hands of corrupt officials. For example in March 2010, rather than go through a proper competitive procurement arrangement as stipulated in law, President Museveni ordered that Mühlbauer Technology Group, a company that had been recommended to him by the then German ambassador to Uganda, Reinhard Butchnolz, be given a contract to produce National Identity Cards. The company was expected to produce over 3.5 million IDs by December 2010 and around 21 million by the end of June 2012 when the project was supposed to end, but the firm only released 400 IDs; by March 2012, the project had stalled, and government had lost over UgShs 200 billion. The amount of public money lost in similar circumstances at the hands of government of official runs in hundreds of millions of dollars and lost investment opportunities sabotaged because of corruption are also similar. This is aggravated by the fact that most of such cases have happened with impunity. It is such funds and investments that could have provided jobs to millions of unemployed Ugandan youth and contribute to the country's development (see UDN 2013).

## Corruption and the Formation/ Nurturing of State-Owned Enterprises (SOEs)

The Singaporean government took the lead in establishing, nurturing, and protecting state-owned enterprises and industries including a National Iron and Steel Mills, a shipping line (Neptune Orient Lines), an Airline (Singapore Airlines), and a factory for small ammunition and a high-tech company (Singapore Technologies) that among other things set up wafer fabrication plants, assembled cars, refrigerators, air conditioners, radios, television sets, shipbuilding, and tape recorders. When these became successful, government decided to turn state monopolies such as the Public Utilities Board, Port of Singapore Authority, and Singapore telecom into separate entities, free from ministerial control, to

be run as profitable and competitive companies. These were selected after careful evaluation, implemented with extreme precaution, and their performance was continuously reviewed to ensure that they are efficient, market friendly, and profit making. They would be liquidated or merged or closed down if they systematically made losses (Ali 2000). Most enterprises succeeded, and as a result Singapore had a huge SOE sector estimated to be 21.8% of GDP in 1998 (Lee 2011). At independence in 1962, the government of Prime Minister Milton Apollo Obote in Uganda did not only inherit fairly function SOEs from the colonial state but also formed new ones that were performing very well, although most of them were under stress due to Amin's economic destruction. President Museveni and his NRA rebels espoused a vision to build an integrated and self-sustaining economy using a strong socialist-nationalist economic program during their bush war days. Their plan hit a dead end when Museveni turned to donors for aid to help him resuscitate a collapsed economy at the beginning of the early 1990s and was forced to abandon their ideology. Museveni quickly became neoliberal economic orthodoxy convert, and with the guidance of donors especially the World Bank and IMF, he implemented wide structural adjustment policies that included wholesale privatization of state-owned enterprises including those that were even performing better such as the Uganda Commercial Bank, retrenched many government workers, removed agricultural subsidies, and liberalized the economy among other reforms. The proponents of this dispensation credit these reforms for the impressive economic growth and macroeconomic stability Uganda registered from the 1990s to the early 2000s manifested in GDP growth average of 6%, single digit annual and core inflation, stable exchange rate, and tremendous reduction in poverty head count (ADB/OECD 2003). However, it was during the privatization of public enterprises in the 1990s when real massive systematic corruption was executed in Museveni's regime. Almost all public enterprises including those that were performing well such as Uganda Commercial bank were privatized at giveaway prices, and many enterprises were taken over by high-ranking corrupt government. The worst part of the whole process was that the proceeds from the privatization were also misappropriated and not accounted and most privatized enterprises later collapsed in the hands of private owners (Nakaweesi 2015). This is almost the opposite of what Singapore did to achieve an economic miracle.

## Loss of Revenues

High levels of corruption directly or indirectly lead to loss of money such as direct stealing of colossal sums of money by public officials, uncollected government revenue through tax exemptions, and evasion and loss of foreign aid as a punishment for corruption, all of which affect development as juxtaposed between the Ugandan and Singaporean experiences. It is estimated that Uganda has lost over US$5 billion through direct stealing or misuse of public money in the last 18 years (Mugerwa 2016). This is enough money to access safe water to 100% of the population or building at least six referral hospitals and put up a power dam of 600 MW that can supply electricity to 80% of the population. On tax exemption, Uganda Resource Authority and African Development Bank estimated that Uganda lost over US$ 400 million between 2005 and 2010 that resulted into loss of tax effort by 3.1 percentage points (Lwanga and Mawejje 2014). In 2012, as a punishment for continuous mega corruption scandals in the Office of the Prime Minister, the World Bank withdrew US$ 280 million that affected core public projects in health, education, water, and agriculture sectors. In 2014, the Ministry of Finance officials in Uganda admitted to the Parliamentary Public Accounts Committee that they abused billions of shillings in tax exemptions to selected private companies and organizations. For example, BIDCO Uganda Ltd. benefited from a VAT exemption for 8 years and a tax holiday for 25 years where more than Shs 540 billion (US$ 150 million) was lost (Mugerwa 2014). This direct and indirect corrupt loss of money in Uganda has not reduced to date, yet the country's

debt burden both internal and external is skyrocketing through the roof. Now, almost over 30% of the national budget is used to finance these debts, which has left many critical areas such as agriculture and job, creating infrastructure for the youth terribly underfunded, no wonder the resultant youth unemployment is estimated at a staggering 80% or above. In Uganda it involves 15 procedures and 33 days to register a business. At every procedure, there have to be bribe and extortion from incompetent and inept bureaucrats. This is disincentive for investors no wonder Uganda is 150th for cost of doing business (Martini 2013). On the other hand, because Singapore quickly converted itself into one of the least corrupt countries in the world, its government raised sufficient revenue to finance both operating and development programs and established a virtuous cycle of low expenditure, low taxation, high investment, and high productivity which led to the fastest economic growth in the whole world from the 1960s to 1990. The government did not need to borrow foreign funds and had annual budget surpluses year after year when they were in recession (Lee 2011).

## Corruption and Elections

Elections are a key determinant of who governs and how in any democratic society which ultimately influences development in that society. The use of money cannot be avoided in elections, but also commercialization cannot be accepted because it distorts the very essence of elections where by those that spent a lot of money to get elected must recover their costs and also accumulate funds for the next election and the system is self-perpetuating and brings into leadership people who may not serve the will of the voters after paying them. Elections are supposed to be free, fair, and acceptable to all (Chauvet and Collier 2009; Lee 2011). In Uganda, elections are not only commercialized, but the entire electoral processes are all marred with corruption. From the very top at presidential level to the village, there is usually bribing of voters, electoral polling agents, and buying off media outlets so that they can carry out biased reporting; electoral officials are bribed to do ballot staffing, unevenly distribute supplies of voting materials at polling stations, ensure that boxes of the ticked ballot papers disappear before reaching tally centers, or falsify results, and sometimes polling agents are bribed to abandon the polling stations on the election day. The inability to have credible electoral reforms and rampant electoral malpractices has led to loss of confidence in change of government through democratic means and sometimes has led to political strife and strikes where lives have been lost and properties destroyed. The issue of huge money in Ugandan elections is explainable through specific examples. In the 2011 campaign period, President Museveni chaired a Cabinet meeting on 8 December 2010 to request Cabinet to pass a supplementary budget amounting to Shs 380 billion for State House. Most electoral commentators noted that much of this money was used to finance his campaigns. In the 2015/2016 budgets, the government included UgShs 4 trillion (US$ 1.2 billion) which was not properly budgeted for, but people in the inner circle knew that this was meant to ensure that the incumbent won the March 2016 elections. The use of money in elections has also had direct negative impact on Uganda development in the past. For example, after elections most candidates find themselves in unpayable debts; at national level, after every election, Uganda finds itself in serious inflation; most investors withhold their money, and there are always violence and court disputes against electoral outcomes (Tangri and Mwenda 2013). On the other hand, Singapore avoided the use of huge amounts of money to win elections that has had a direct bearing on its development. Both the ruling party and the opposition kept election expenses small and well below the amount allowed by law. There was no need for the government to replenish its coffers after elections and between elections; there were no gifts for voters. The PAP got people to vote for them again and again by providing jobs, building schools, hospitals, community centers, and most important of all, homes which they owned. Opposition parties also did not need money. They won positions because the electorate wanted opposition MPs to pressure the government for more

concessions (Lee 2011). This did not only save money for individual candidates and parties but also the nation and was used for other purposes.

## Corruption and Health

A healthy population is not only essential but also a prerequisite for economic growth and development. Healthy populations live longer, are more productive, and save more. Many complex factors influence a country's ability to provide quality health services for its people including, for instance, investments in transport infrastructure such as roads that easily improve access to health services, inflation targets that can constrain health spending, civil service reform that may create or limit opportunities to hiring more health workers, and corruption that siphons off public resources meant to help citizen access better health services. Corruption has been well documented as an impediment that can prevent access or development of a good healthcare system in a country especially those that are still developing. In the case of Uganda, the health sector in Uganda is rated the second most corrupt institution, and this has negatively affected the quality of health services provided. In 2005, the Global Fund for HIV/AIDS, malaria, and tuberculosis suspended all donations to Uganda when over 1.6 million US dollars of grants went missing. It is estimated that over two-thirds of drugs meant for free distribution in the public sector are lost due to theft, expired medicine is knowingly dispensed to patients, 68–77% of formal user charges are misappropriated or pocketed by workers, there is poor supervision and investment in medical services, and doctor to patient ratio is 1:15,000. As a result of all these deficiencies and corruption, 16 women die daily due to maternal complications or failure to access critical health services, infant mortality rate is 60.82 deaths/1,000 live births, and life expectancy at birth for males is 53.1 years (Gnocato et al. 2014), and almost all top-ranked government officials seek their treatment in foreign countries or private hospitals in the country that can be quite expensive, and the taxpayer foots the bill which over US$ 100 million per year which is a lot of money for a country like Uganda. The gaps and challenges are so huge and complex that fixing them requires not only training enough, recruitment and retaining health works, remunerating them adequately, building and equipping health facilities, and eliminating both petty and grand corruption, but also benchmarking best practices from countries like Singapore that got it right. Singapore realized and implemented a range of policies that support corruption-free healthcare system. For example, the Singaporean government believes that nobody in their country even a foreigner should go without healthcare and have a health savings plan called Medisave; the government sets prices for private insurance companies; healthcare costs for services and procedures are completely transparent; there are high healthcare subsidies for those with low incomes; and the government invests heavily in medical education. Because of this, the country enjoys one of the most successful healthcare systems in the world. Its citizens have low infant mortality rates, and its people have a life expectancy of up to 84 years.

## Corruption and Environment

In 1945, Sir Winston Churchill visited Uganda and called it the Pearl of Africa because of its beautiful and good environment. The country is very blessed with massive green vegetation, tropical forests, wetlands, and water sources including rivers and lakes. However, endemic corruption in the form embezzlement of money by public officials during implementation of environmental programs, petty and grand corruption when granting permits and natural resources exploitation have had severe consequences on the environment and environmental protection efforts. Since the early 1990s, Uganda has lost 26.4% of its forest cover, destroyed or encroached on fragile ecosystems like rivers, lakes, wetlands, and hillsides, and this has resulted in severe social-economic consequences including landslides, flooding, food insecurity, migration, conflicts, diseases, poverty, drought, loss of lives, and properties and climate change. Most Ugandans depend and will continue

to depend on the environment for their livelihoods both as a source of subsistence and as a basis for production, and its destruction puts human survival at risk (NEMA 2014). On the other hand, from the early 1960s, Singapore designed and executed deliberate environmental policies and strategies that aimed to protect environmental standards. Even when they were undergoing rapid industrialization and urbanization, Singapore still searched for some dramatic way to achieve first world standards in a third world region and distinguish themselves from other third world countries. They settled for a clean and green Singapore. They set up corruption-free committees who worked to transform Singapore into a tropical garden city by planting millions of trees, palms, and shrubs; kept down flies and mosquitoes; and cleaned up smelly drains, canals, and the Singapore River and Kallang Basin. Within no time there was a distinct spruceness of public spaces. This raised the morale of people and gave them pride in their surroundings and boosted tourism and investment (Lee 2011). After the 1990s, because of the increasing concerns over global environmental issues such as global warming and preservation of biodiversity coupled with a growing population that expected higher standards of living, Singapore undertook a major environmental policy review, and a new Green Plan was born. This plan was issued in 1992 which aimed to balance environmental and developmental needs. After the year 2000, the plan was reviewed, and new issues that had emerged such as transboundary air pollution and climate change caused by greenhouse gas emissions were incorporated. The outcome of this was another new plan (Singapore Green Plan (SGP) 2012) that aimed to move beyond from just being clean and green and toward attaining environmental sustainability. All these plans have been effectively implemented mainly because of clean leadership that keeps misuse of public resources at the very minimal. It is not just the good policies on paper that matter, because even Uganda has fantastic environmental policies and laws on paper. The problem has been implantation and specifically the misuse of entrusted authority or resources. That is what separates Uganda and Singapore.

## Corruption and Education

Education is a backbone for any country's development. Corruption in the education sector may take different manifestations, for instance, diverting money and other resources into non-existing or fictitious areas, for example, cheating of exams, ghost teachers, ghost schools, and ghost pupils which may affect the quality of the curriculum. In the case of Uganda and Singapore, their attitude and actions against corruption have had sharply contrasting outcomes on education. In Uganda, corruption in the education sector is both practiced directly at the government level and also other players in the sector such as owners and managers of institutions like schools, both government and private. It has been estimated that Uganda loses over UgShs 40 billion (US$ 11 millions) annually to ghost teachers, pupils, and schools. This is an equivalent of 360 classroom blocks or salary of 6,820 teachers a year. In addition, because of liberalization, many actors in Uganda are engaged in the education sector mainly aiming at profit making. Thus most of these schools admit inappropriately high student numbers, parents are made to pay more money, yet these institutions do not pay enough salaries to teachers which have resulted into moonlighting, teacher absenteeism, and low-quality teaching leading to poor education achievement, high dropout rate, and high unemployment among the youth that go through such a system (NDPII 2015). On the other hand, the Singaporean government established high-quality education through transparent and accountable use of its resources, providing high-quality infrastructures, better rewards for teachers, and equipment geared toward vocational and science training. They selected their cream students from each year graduates and sent them to the top universities in advanced countries. The government also put in place high-quality vocational schools to prepare less academically inclined students with skills to earn a better living in vocational careers, gave scholarships to bright poor children to allow them realize their full potential, prevent building up of a permanent underclass, and allow an upward social mobility. Disadvantaged pupils who were unable to pass the basic primary school

leaving examination received intensive support including hands-on vocational training, life skills, and counseling to those with emotional difficulties, and all this contributed to social cohesion in Singapore's multiethnic society (Lee 2011).

## Conclusion

This entry concludes that corruption has a very significant impact on development in country. It is important for countries to learn from one another especially to those that have achieved excellency even in the face of serious difficulty, and Singapore is a model for many on the African continent especially Uganda.

## Cross-References


- ▶ Anti-corruption Agencies
- ▶ Corruption
- ▶ Public Policy and Politics


## References


ADB/OECD (2003) Uganda, African economic outlook. Retrieved from https://www.oecd.org/countries/uganda/2497647.pdf. On 24 June 2018

Ali MM (2000) Eradicating corruption – the Singapore experience. Corrupt Practices Investigation Bureau, Singapore. Retrieved from www.unpan1.un.org/intradoc/groups/public/documents/apcity/unpan002749.pdf. On 10 Sept 2018

Bardhan P (1997) Corruption and development: a review of issues. J Econ Lit 35(3):1320–1346. Accessed from https://www.jstor.org/stable/2729979. On 9 Sept 2018

Chambers R (2004) Ideas for development. IDS working paper 238. IDS, Sussex. Retrieved from www.citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.487.8068&rep=rep1. On 16 Aug 2018

Chauvet L, Collier P (2009) Elections and economic policy in developing countries. Econ Policy 24(59):509–550. Retrieved from https://www.jstor.org/stable/40272549. On 12 Sept 2018

Ghesquiere H (2011) From third world to first: Singapore's success. ICAC 29th Caribbean conference of accountants. Retrieved from https://www.nzcpr.com/wp-content/uploads/2013/12/Report-on-Singapores-Success-from-third-world-to-first.pdf. On 12 Sept 2018

Gnocato K, Harford A, Kailee J, Shelley E (2014) Women, health and corruption: redefining partnerships for social change. Graduate Institute Geneva. Retrieved from http://graduateinstitute.ch/files/live/sites/iheid/files/sites/about-us/discover-the-institute/geneva-challenge/docs/Women%20health%20and%20corruption%20.pdf. On 28 Sept 2018

Johnston M (2010) First, do no harm – then, build trust: anti-corruption strategies in fragile situations. World developments report 2011. The World Bank, Washington, DC

Khan MH (2006) Determinants of corruption in developing countries: the limits of conventional economic analysis. In: Rose-Ackerman S (ed) International handbook on the economics of corruption. Edward Elgar, Cheltenham

Kutan AM, Thomas JD, William QJ (2013) Does corruption hurt economic development? Evidence from Middle Eastern, North African and Latin American Countries. Retrieved from https://www.researchgate.net/publication/228656980_Does_Corruption_Hurt_Economic_Development_Evidence_from_Middle_Eastern_North_African_and_Latin_American_Countries. On 9 Sept 2018

Lee KY (2011) From third world to first: Singapore and the Asian economic boom. Harper Collins, New York

Looney R (2006) Can Iraq overcome the oil curse? World Econ 7(1):21. Retrieved from https://www.researchgate.net/profile/Robert_Looney/publication/23725038_Can_Iraq_Overcome_the_Oil_Curse/links/573f332c08ae9f741b321a14/Can-Iraq-Overcome-the-Oil-Curse.pdf. On 12 Sept 2018

Lwanga J, Mawejje J (2014) Macroeconomic effects of budget deficits in Uganda: A VAR-VECM approach. Economic Policy Research Centre, Kampala

Martini M (2013) Uganda: overview of corruption and anti-corruption. U4 Anti-Corruption Resource Centre U4. Retrieved from https://www.gov.uk/dfid-research-outputs. On 7 Sept 2018

Mauzy DK, Milne RS (2002) Singapore politics under the People's Action Party, New York. Retrieved from http://www.untag-smd.ac.id/files/Perpustakaan_Digital_2/POLITICS%20AND%20GOVERNMENT%20Singapore%20Politics%20Under%20the%20People%92s%20Action%20Party.pdf. On 11 Sept 2018

Mugerwa Y (2014, February 14) Finance on the spot over tax exemptions. Daily Monitor, Kampala. Retrieved http://www.dailymonitor.co.ug. On 22 Aug 2018

Mugerwa Y (2016, July 23) Probe reveals new ways of stealing money from government. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug. On Sept 2018

Nakaweesi D (2015, March 21) Privatisation: explaining Museveni's U-turn. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug. On 12 Sept 2018

NDPII (2015) Second national development plan (NDPII) 2015/16–2019/20. Retrieved from www.npa.ug/wp-content/uploads/NDPII-Final.pdf. On 19 Sept 2018

NEMA (2014) State of the environment report for Uganda. Retrieved from www.nema.go.ug/sites/all/themes/nema/docs/FINAL%20NSOER%202014.pdf. On 16 Aug 2018

Rajivan A (2008) Tackling corruption, transforming lives-Asia-Pacific Human Development Report. Published for UNDP by Macmillan India Ltd. Retrieved from http://hdr.undp.org/sites/default/files/rhdr_full_report_tackling_corruption_transforming_lives.pdf. On 4 Sept 2018

Singapore| The World Factbook – Central Intelligence Agency. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/sn.html. On 24 Sept 2018

Sonny Y, Lim R, Leong WK (2009) Men in white: the untold story of Singapore's ruling political party. Singapore Press Holdings, Singapore

Tangri R, Mwenda R (2013) The politics of elite corruption in Africa. Uganda in comparative Africa perspective. Routledge Studies in African Politics and International Relations (Book 3). https://doi.org/10.4324/9780203626474

UDN (2013) Dossier on corruption in Uganda from 2002–2012. Retrieved from www.udn.or.ug. On 15 Aug 2018

Uganda| CIA World Factbook – The best country factbook. Retrieved from www.ciaworldfactbook.us/africa/uganda.html. On 24 Sept 2018

# Corruption and International Aid

Adam Salifu[1] and Abdul-Gafaru Abdulai[2]
[1]University of Professional Studies, Accra, Ghana
[2]Department of Public Administration, University of Ghana Business School, Accra, Ghana

## Synonyms

Aid effectiveness; Development aid; Foreign aid; Official development assistance; Overseas aid; Poor governance

## Definition

**Corruption:** It is the misuse of public powers, office, and authority for private gain through bribery, extortion, influence, peddling, nepotism, fraud, speed money, or embezzlement.

**International Aid:** It is the transfer of any form of needed assistance such as financial capital, goods, or services from one country or international organization to another country for the benefit of its population. International aid mostly targets poverty reduction, the promotion of public welfare, or economic development.

## Introduction

The relationship between corruption and international aid has received considerable attention in the last couple of decades. Despite concerns that development assistance is often rarely put into effective use in highly corrupt countries, the period 1960–2010 witnessed a steady increase in development aid. The Organisation for Economic Cooperation and Development (OECD) estimated that leading donor countries gave about US$126 billion in development aid to lower-income countries in the year 2010 alone (OECD n.d.-a). More recent evidence provided by the World Bank suggests that in the year 2015, net official development assistance was amounted to approximately US$152.5 billion (World Bank n.d.). Among the leading countries that provide aid to developing countries are the United States of America, United Kingdom, Germany, Japan, France, Sweden, Norway, The Netherlands, Canada, and Australia. Afghanistan, Vietnam, Syria, Israel, Pakistan, Ethiopia, Kenya, Sudan, and Jordan are among the main recipient countries of aid.

There is growing awareness about the role of high levels of corruption in undermining the effectiveness of international aid (Fletcher and Herrmann 2012). There is broad-based consensus among donors, aid agencies, and policy makers that wide spread corruption undermines aid effectiveness in several ways. In particular, corruption delays and distorts social and economic development processes, as public resources are diverted away from the provision of basic essential services for private gains.

Today, while most donor countries have spoken against corruption, they still channel aid to countries that are perceived to be corrupt. However, a majority of donor countries are not able to meet the target set by the UN General Assembly (UNGA) regarding the levels of aid required to help in the elimination of extreme global poverty. In 1970, the UNGA proposed that developed economies should aim to contribute the equivalent of at least 0.7% of their gross national income to international aid and development as a way of demonstrating sufficient commitment to tackling extreme poverty across the globe. With the notable exceptions of Luxembourg, Norway, and Sweden, most developed countries have thus far failed to allocate up to 0.7% of their national income in the form of development aid to poorer countries.

This entry discusses the problem of corruption within the field of international aid and development. It begins by explaining the concepts of corruption and international aid. The entry then discusses the risk of corruption in international aid and then explores the different tools and techniques that have been used to measure corruption. This is followed by an examination of the effects of corruption on international aid and a discussion of the efforts that have so far been made in the fight against corruption within the context of international development. The last section concludes the entry.

## Explaining Corruption and International Aid

Corruption is a complex human practice that has been in existence since the creation of mankind. While corruption has a long history, not only has it become pervasive, but has also taken different forms in recent years. In spite of the long history of corruption, there is a lack of consensus on its definition. The most widely used is the World Bank's definition of corruption as the abuse of public office for private gain. While this definition seems to confine the problem corruption within the public sector, it is important to emphasize that corruption can take a rater larger scale that involves the private sector and civil society organizations. The UNDP also provides one of the most common international definitions of corruption: the misuse of public powers, office, and authority for private gain through bribery, extortion, influence, peddling, nepotism, fraud, speed money, or embezzlement. Much of the literature on corruption either explicitly or implicitly sees corruption as a sign of social decay and instability. Indeed, most dictionary definitions of corruption emphasize dishonesty, perversion, and depravity which implies corruption takes place when something wholly or good – which could be public office or the administration of public resources according to established rules and laws – is being distorted, violated, or tainted. It is also important to note that corruption occurs in all countries across the globe, including both developed or developing countries, democratic or autocratic countries, open capitalist economies or state planned economies, and low or high income countries. Undoubtedly, the level of corruption varies from one location to the other with developing, autocratic, and low income countries perceived to have higher levels of corruption.

International aid on the other hand has often been used interchangeably with concepts such as development aid, development assistance, overseas aid, and foreign aid (Fletcher and Herrmann 2012). International aid seems to have emerged only after the World War II. This was the time the United States used resources from aid to assist in the rebuilding of Europe. During the Cold War, particularly between 1960s and 1980s, foreign aid was frequently utilized as an instrument of courting allies by the two super powers at the time: the Eastern Bloc, comprising the Soviet Union and its allies, and the Western Bloc, comprising the United State of America and its NATO allies. However, with the collapse of the Soviet Union and the resultant end of the Cold War, the focus of international aid shifted more towards the reduction of global poverty, although with some conditionalities still attached to the aid. Today, most international aid comes with certain requirements, which often relate to political, economic, social, and ideological reforms. While some donors may attach change of regime or policy to aid, others attach religious preferences.

One can identify two broad forms of international aid: humanitarian (or emergency) and development aid. While humanitarian aid is aimed at alleviating the suffering of people in the short-tem, development aid is intended to alleviate poverty or ensure long-term socio-economic and political development. Humanitarian aid is mostly used for short-term emergency relief and often provided during natural disasters or violent conflicts. Development aid on the other hand is often provided on relatively long-term basis with the primary aim of promoting sustainable economic growth, political, environmental, and social development as well as reducing poverty in developing countries.

At the heart of international aid are donors, who make decisions as to whether to support national budgets or specific projects within recipient countries (Amen and Knack 2015). With project aid, donors support specific projects, such as building a health center or constructing irrigation systems. In the case of budget support, the aid flows directly to the recipient country's budget or national treasury. This implies that project aid allows donors to have control over the activities on which their aid is being spent, while budget support can be disbursed according to the recipient country's own allocation formula or system. A related type of aid is sector budget support, also sometimes referred to us program-based assistance. The main different between budget support and sector budget support is that while the former is directed to the national budget, the latter is limited to specific sector(s) within the national budget such as agriculture, energy, education, health, water, and sanitation. Many donors that provide sector budget support perceive it as having a greater potential of increasing the recipient nations' long-term planning and ownership abilities as well as reducing the operational and transaction cost of donors.

Similarly, there are two main categories of donors: bilateral and multilateral. Donors face growing demands to justify the allocation choice between bilateral and multilateral aid channels. Bilateral donors are government agencies that give aid directly to recipient countries on a state-to-state basis or state-to-NGO/Civil Society partnership. This means that one country will give aid directly to another, usually through its national development agency. Some bilateral donor agencies sometimes channel aid through local and international NGOs such as Care International, ActionAid, and Oxfam. There are about 28 bilateral donor members within the OECD Development Assistance Committee (DAC) alone (OECD n.d.-c), and a growing group of non-DAC donors consists of at least 28 states (Gulrajani 2016). Some bilateral donor agencies include the United Kingdom's Department for International Development (DFID), the United States of America's Agency for International Development (USAID), Australian Agency for International Development (AUSAID), Germany's GIZ, and the Norwegian Agency for International Development Cooperation (NORAD), among others.

Multilateral donors on the other hand often give aid through intergovernmental organizations. Here, donor countries will first provide the aid to international agencies or organizations who in turn will disburse to developing countries (Amen and Knack 2015). The multilateral donor system involves over 210 major organizations and funds, as well as various smaller trust funds (OECD n.d.-a). Key multilateral donors around the world include the World Bank, UN agencies (such as UN World Food Programme and UN Development Programme), African Development Bank, the European Commission, and Asian Development Bank. The following section discusses the risk of corruption in international aid.

## The Risk of Corruption in International Aid

As noted earlier, corruption is more pervasive in some societies than others. Several factors determine the level of corruption in society with the key ones being economic inequality and weak institutions in government and civil society. For purposes of this entry, the risk of corruption in international aid is examined here according to the instruments through which aid is disbursed (that is whether budget support or project aid) and the

type of aid being provided (that is whether humanitarian or development aid) (Fletcher and Herrmann 2012).

The two main aid instruments – budget support and project aid – that donors use to provide aid are vulnerable to corruption if appropriate steps are not taken. With regards to project aid, one of the greatest risks is the likelihood for project funds to leak. The effect of this is that the project will not achieve its desired results and impact. The risk of corruption, among other things, will also depend largely on the sector in which the project is being implemented, the size of the project, type, and number of stakeholders involved in the project and the nature of internal processes put in place to implement the project (Fritz and Kolstad 2008). In countries with high levels of corruption, the risk of corruption will be present throughout the project cycle – the design stage, the implementation phase, as well as the monitoring and evaluation phases. First, the design stage of a project involves decisions about the scale, form, and location of the project as well as procurements. Here, corruption can lead to decisions that favor specific groups, companies, or contractors with the objective of receiving kickbacks. In such contexts, corruption could take the form of bid rigging, resulting in the appointment of incompetent contractors and price inflations. Second, at the implementation stage, there is a high risk of misappropriating the actual aid such that aid deliverables (e.g., agricultural inputs) would end up in the hands of a few privileged elites. It is also at the implementation phase of projects that public officials may demand bribes before they provide services such as granting permits and releasing funds to contractors. The contractors on the other hand may request to pay bribes and kickbacks to public officials or local aid workers to enable the latter get away with substandard and unfinished work. Finally, during the monitoring and evaluation phase, bribes and distortion of financial data and reports can take place to exaggerate or hide fact from donors (Fletcher and Herrmann 2012). For instance, different stakeholders at the local level have the tendency to forge bills, financial reports, and payroll lists.

The above discussion on project aid, however, does not suggest that corruption takes place only in the recipient countries. There are also leakages of international aid within the countries of origin through corrupt practices (Amsden 2009). This implies that part of the international aid could be spent or misspent within donor countries before it is sent to the recipient countries. Corruption within the donor countries could be as a result of involving ruling political leaders or even business men and women as agents of the donor countries during the implementation stage of projects (Amsden 2009). Similarly, at the implementation stage of projects, several actors from the donor countries such consultants, staffers, and contractors end up spending a substantial share of the international aid using corrupt means for services they render. It is therefore not surprising there is some degree of perceived corruption in countries that are major donors of international aid. According to Transparency International's 2016 Corruption Index for example, the United States of America, Japan, and France – who are major donors of international aid – were not adjudged the cleanest countries in terms of perceived corruption, but were ranked as the 18th, 20th and 23rd cleanest countries, respectively.

The risk of corruption is also high with direct budget support particularly in recipient countries that are less democratic, and this partly explains why some bilateral donors such as Japan and the United States of America prefer to have greater control over their aid by supporting specific activities with the recipient countries (Fritz and Kolstad 2008). The main risk with budget support is that utilization of aid becomes less transparent largely due to weak budget and audit reporting. Organizations such as the Transparency International have noted that direct budget support is more prone to suspension by donors, as compared to project aid especially if recipient countries have weak administration, governance, and budgeting systems (Transparency International 2007). Donors who do not want to be directly labeled as supporters of corrupt leadership also avoid direct budget support given the high risk involved in this form of budget support.

Concerning humanitarian aid (aid in the form food aid, shelter, protection, refugees and internally displaced persons, health care, water and sanitation), there are at least two factors that contribute to the risk of corruption. These are the characteristics of humanitarian relief system and the internal processes inherent the aid. Ewins et al. (2006) and his colleagues outlined three main characteristics of humanitarian aid that creates the avenues for corruption. The first is the short response time needed during human emergencies or crisis, which often does not provide room for undertaking anticorruption measures. The second characteristic concerns the asymmetrical power relationship among the donors, aid agencies or workers, and the beneficiaries. That is, the transfer of resources is one-sided, thereby undermining transparency and accountability. Finally, humanitarian aid is often characterized by the proliferation of different organizations, huge coordination challenges, and huge quantities of funding, thereby making the risk of corruption high.

The internal process and the conditions inherent in humanitarian aid also make it more vulnerable to corruption. Embezzlement, for instance, can take place at almost every stage of the humanitarian aid cycle. Corrupt officials in procuring or purchasing relief items can either inflate their prices or deliver poor quality items, especially in contexts where kickbacks are involved. Similarly, some officials may sell the relief items for their own benefit or even decide to distribute the relief items to persons not targeted by the aid program in return for bribes, among others. Transparency International reminds us that humanitarian aid often gets distributed under very challenging circumstances such as weakened state capacity and nonexisting or destroyed essential infrastructure, which often result in the breakdown of law that then provides incentives for corruption to thrive (Transparency International 2007).

## Measuring Corruption

How is corruption measured? The measurement of corruption is highly controversial although the need to measure corruption is important for several reasons. First, one can best tackle corruption if the type and the extent to which corruption is widespread are known. Second, knowing the level of corruption provides anticorruption advocates and policy makers the opportunity to assess the effectiveness of anticorruption measures. At the same time, it can awaken governments and their partners towards effective anticorruption reforms if the seriousness of corruption is highlighted. Third and more importantly for recipient countries, some donors use the level of corruption as a criterion in the provision of aid. For instance, the government of the United States America through its Millennium Challenge Account initiative has made good governance and corruption key issues in determining how development aid should is distributed.

In spite of the relevance of measuring corruption, its measurement has received some criticism. The most commonly cited challenges regarding the measurement of corruption include the lack of consensus on the definition of corruption, the hidden nature of corruption, as well as the reliance on perception-based measures and disagreements over which types of data can be used reliably as indicators of corruption.

A significant number of techniques and tools have been developed to measure corruption since the 1990s. Following the launch of the United Nation's Human Development Index in 1990, there has been a proliferation of various cross-country indices to rank countries in order to provide insights about the relative ranking or standings of countries around the world. The assessments of corruption were part of some the indices. Chief among those indices that sought to assess the level of corruption were the Transparency International Corruption Perception Index (CPI) and the World Bank's Worldwide Governance Indicators (WGI). While the CPI started 2 years (1994) before that WGI (1996), they both depend largely on a similar methodological approach of using existing cross-national data sources, such as public opinion polls, expert ratings, and surveys among business people, to generate a composite indicator of the extent of perceived corruption in a country. The WGI currently aggregates governance indicators for

215 countries and territories with the objective of offering a multidimensional view of governance that allows comparison of perceived levels of corruption to other areas of governance such as the level of ordinary citizens' participation in public affairs among countries.

The most widely used cross-national measure of corruption is the CPI, computed annually since 1995. The CPI is published by Transparency International, a Berlin-based NGO and one of the most influential anticorruption watchdogs around the world. The CPI is based on elite perceptions of corruption in a wide range of countries (176 countries were included in the 2016 CPI), employing a wide range of sources. It aggregates data from the different sources that provide perceptions of business people and country experts of the level of corruption in the public sector on scale of 0 to 100 where zero means highly corrupt and 100 mean very clean country. The global average CPI score in 2016 was 43 out of 100. Any score below 50 means the government is failing to address the country's endemic public sector corruption. Figure 1 shows the Transparency International's 2016 CPI around the world. Clearly, it shows high levels of perceived corruption in the developing world including most of South America, Asia, and Africa. As noted earlier, it is these developing regions that receive most international aid.

Transparency International also has Global Corruption Barometer which is based on public opinion surveys and implemented in approximately 80 countries on bi-annual basis. It mainly examines the views and experiences of citizens with regard to a range of corruption issues, from satisfaction with government efforts to fight corruption, the willingness to report corruption

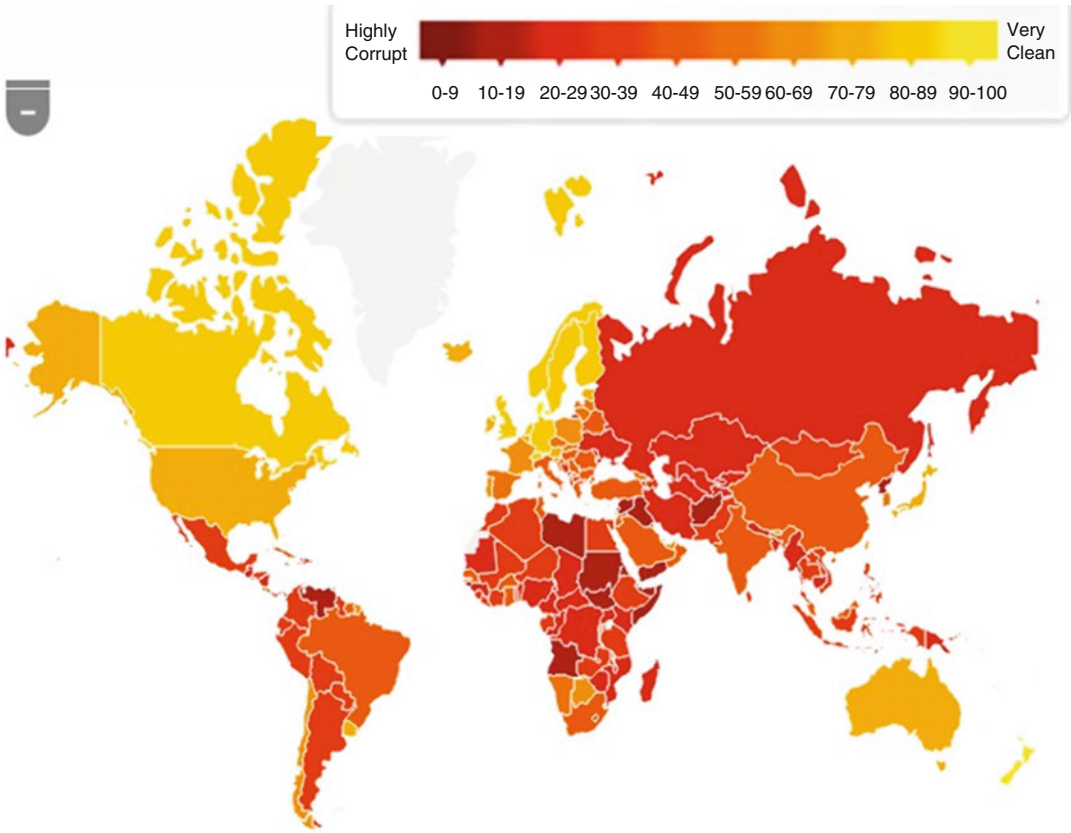


**Corruption and International Aid, Fig. 1** Corruption perceptions index 2016

within countries, and the frequency of bribery as experienced across a range of public services.

Another measure of corruption is the International Crime Victim Survey (ICVS), which involved more than 70 countries and coordinated by the Dutch Ministry of Justice in conjunction with the United Nations Inter-Regional Crime and Justice Research Institute (UNICRI). The ICVS is implemented at nonregular intervals, and there have been six rounds of surveys so far, with the last round conducted in 2010. Other important tools that have corruption assessment components include the Global Integrity Index, the Open Budget Index, Public Expenditure and Financial Accountability Framework (PEFA), and the Promoting Revenue Transparency Companies Report There are also wide variety of country-specific techniques and tools that have been developed to provide comprehensive and nuanced assessment of a corruption in specific context.

## The Effects of Corruption on International Aid and Development

This entry has already discussed the risk of corruption in aid development. Here, the entry explores the effects of corruption on international aid. While corruption is a huge problem all over the world, it is perhaps one of the most fundamental obstacles to development in developing countries. As noted already, there is a general consensus that high level of corruption in developing countries can seriously undermine the intended results of international aid. This may not only undermine economic growth but also may lead to human right violations, political instability, erosion of public confidence in institutions, and the exacerbation of poverty (Fletcher and Herrmann 2012). Corruption has the potential of deterring foreign investors.

As a former president of the World Bank, Paul Wolfowitz (2005–2007) once remarked, "The fight against corruption is a part of the fight against poverty, not just because corruption is wrong and bad but because it really retards economic development." Indeed, in 2005 when Paul Wolfowitz assumed office, the World Bank suspended loan disbursements to several developing countries on grounds of corruption. It must however be emphasized that there is no consensus as to whether highly corrupt countries should continue to receive aid or not. Similarly, other have noted that there is no point in helping poor countries with high level of corruption as their leaders are likely to waste or divert the money. For instance, when political leaders and their business allies divert aid money to their offshore bank accounts, poor nations become poorer. Hawley (2000) estimates that approximately $9 billion out of a total of $30 billion of World Bank loans to Indonesia during the General Suharto regime from 1967 to 1998 were diverted from the country's development budget funds.

With reference to humanitarian aid for natural disasters or violent conflicts, Ewins et al. (2006) and colleagues have noted that the cost of corruption can effectively result in loss lives, property, and profits as well as lower economic growth. Corruption could result in the diversion relief items or supplies away from the affected communities or even distributing them in an inequitable fashion. As a consequence, the needs of the intended beneficiaries will not be met.

## Fighting Corruption in International Development

Fighting corruption in general is not cheap. Not until the 1990s, there was no systematic effort on the part of both donors and recipients to fight corruption in the field of international development. Many donors including the World Bank largely ignored the fight against corruption in international aid mainly due to political sensitivities and the fear of being accused of interfering with the domestic affairs of recipient countries. Prior to 1995, the World Bank primarily viewed corruption as an issue of politics and stayed largely away from the fight against it. Some bilateral donors were also reluctant to address the issue of corruption in their aid projects for diplomatic reasons.

The World Bank, a major multilateral donor, only started to participate in international efforts

to fight corruption only after Jame D. Wolfensohn became its president in 1995. Following the World Bank, many other donors took corruption more seriously and embarked on several initiatives to improve the mechanisms through which aid is delivered and utilized. One such global effort was the Paris Declaration on Aid effective in 2005 – an action-oriented roadmap that seeks to ensure that both donors and recipients hold each other accountable to improve the quality of international aid and its impact on development (OECD n.d.-b). Many donors like the World Bank also started to fight corruption by redesigning their projects, raising awareness about corruption in recipient countries as well as advocating and supporting reforms in government institutions, particularly in the areas of financial management and public administration. According to Transparency International, public financial management is critical in the fight against corruption in developing countries. Strong financial and administrative managements are even more important in tackling corruption in humanitarian aid, as this will ensure the tracking of high-value relief supplies.

Regarding the issue of raising the awareness about corruption, aid beneficiaries within recipient countries should be involved in decision making and management of aid. In particular, they should have a clear understanding of the type of aid they are entitled to, the targeting and distribution criteria and the intended impact it will have on the beneficiaries. This means that the promotion of transparency and accountability is important for the success of anticorruption strategies. Some donors like the World Bank have also taken steps to improve their internal anticorruption strategies by training their staff in corruption awareness and have put in place mechanisms for reporting and investigating allegations of corruption. For instance, the World Bank has set up the Department of Institutional Integrity and Sanctions Committee to investigate allegations of corruption in the execution of contracts. Similarly, donors have started introducing more participatory processes by including the media and active civil society organizations in recipient countries to increase awareness about corruption and empower all relevant stakeholders. The media, for example, can expose systemic and organized corruption by making public information on the corrupt system and increasing pressure on governments to take action.

In their efforts to combat corruption in international development, five international financial institutions (the World Bank, the Asian Development, the African Development Bank, the European Investment Bank, and the European Bank for Reconstruction and Development) adopted a more coordinated approach in 2006 by setting up the International Financial Institution (IFI) Anti-Corruption Task Force, which introduced a uniform framework to fight fraud and corruption. With the adoption of the "IFI Anticorruption Task Force Uniform Framework," the five participating banks agreed on a standardized definition of corruption in order to fight it. The important point to note here is that better coordination among donors can help in the fight against corruption, especially if participation institutions adopt consistent policies and procedures and engage in the sharing of best practices among themselves.

Some donors have also tied aid to demonstrable commitment towards fighting corruption. Today, almost all donors have incorporated anticorruption clauses into their agreements in aid projects and sanctions are applied if corrupt acts are detected. Some donors have also introduced measures such as confidential hotlines (e.g., the World Bank), whistleblower protection, external auditors, ombudspersons, and voluntary disclosure programs to fight corruption (Kramer 2007). The conditioning of international aid on appreciable level of reduction in corruption is also a strategy used. In addition to reducing corruption, some donors have linked aid to specific conditionalities such as respect for human rights or democratic freedoms. In view of the above effort, we should note that while tax payers in donor countries find it challenging to scrutinize the delivery of aid due to the multilayered aid system, aid beneficiaries in recipient countries find it difficult to put their governments accountable because they are often poor and marginalized groups.

## Conclusion

This entry discusses the problem of corruption in the field of international aid and examines the risk of corruption in both humanitarian and development aid. While corruption is pervasive in developing countries – the countries that need more international aid to develop – cut of international aid because of practices by corrupt officials will be like punishing such countries twice over. Rather, the entry outlined a significant number of strategies that both aid donors and beneficiaries should adopt to minimize the level of corruption in the provision and use of international aid. These observations highlight the relevance of effective coordination among donors in their fight against corruption in international development. In particular, it is crucial that donors adopt consistent policies and procedures and make greater efforts in sharing successful anticorruption experiences across the countries in which they work. At the same time, international aid can serve as a powerful socio-economic and political tool for donor countries to coerce or bribe recipient countries to take actions or undertake activities that are in line with their interests.

## References

Amsden AH (2009) Escape from empire: the developing world's journey through heaven and hell. MIT Press, Cambridge, MA

Amen K, Knack S (2015) On the delegation of aid implementation to multilateral agencies. World Bank policy research working paper no. 7455

Ewins P, Harvey P, Savage K, Jocobs A (2006). Mapping the risk of corruption in humanitarian action. A report for Transparency International and the U4 Anti-corruption Resource Centre. Overseas Development Institute

Fletcher C, Herrmann D (2012) The internationalisation of corruption: scale, impact and countermeasures. Growers Publishing Limited, Surrey

Fritz V, Kolstad I (2008) U4 Issue: corruption and aid modalities [Online]. Available at: http://www.u4.no/info/about-u4/. Accessed 27 June 2017

Gulrajani N (2016) Bilateral versus multilateral aid channels. The Overseas Development Institute (ODI), London

Hawley S (2000) Exporting corruption: privatisation, multinationals and bribery. Corner House Briefing 19. [Online]. Available at: http://www.thecornerhouse.org.uk/resource/exporting-corruption-0. Accessed 20 July 2017

Kramer WM (2007) Corruption and fraud in international aid projects. U4 Brief number 4. [Online]. Available at: http://guide.iacrc.org/wp-content/uploads/2011/06/U4-Brief-on-corruption-and-fraud.pdf. Accessed 15 July 2017

Organization for Economic Cooperation and Development (OECD) (n.d.-a) What do we know about multilateral aid? The 54 billion dollar question. Online Available at: https://www.oecd.org/dac/aid-architecture/13_03_18%20Policy%20Briefing%20on%20Multilateral%20Aid.pdf. Accessed 1 July 2017

Organization for Economic Cooperation and Development (OECD) (n.d.-b) The Paris declaration on aid effectiveness. Available online at: http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm. Accessed 24 June 2017

Organization for Economic Cooperation and Development (OECD) (n.d.-c) Managing aid: the practices of DAC member countries. Available online at: https://www.oecd.org/dac/peer-reviews/35051857.pdf. Accessed 26 June 2017

Transparency International (2007) Global corruption report 2007. Cambridge University Press, Cambridge, UK

World Bank (n.d.) Net official development assistance and official aid received http://data.worldbank.org/indicator/DT.ODA.ALLD.CD. Accessed 21 July 2017

# Corruption in Post-Soviet Uzbekistan

Rustamjon Urinboyev
Aleksanteri Institute, University of Helsinki, Helsinki, Finland
Sociology of Law Department, Faculty of Social Sciences, Lund University, Lund, Sweden

## Synonyms

Informal governance in Uzbekistan; Corruption in Central Asia

## Definition

The international legal definition of corruption refers here to the one presented by Transparency International: "The abuse of entrusted power for private gain" (TI 2016).

The term "mahalla," derived from the Arabic mahali ("local"), is formally used in Uzbekistan to mean neighborhood, local community, or state administrative unit. Today, there are some 12,000 mahallas in Uzbekistan, each of which consists of anything between 150 and 1,500 households. In Uzbekistan, local people also use the word to describe community-based, informal economic practices. In this sense, mahalla denotes the means whereby people obtain access to public goods, services, and social protection while bypassing the state.

## Introduction

The collapse of the Soviet Union in 1991 led to the emergence of 15 independent states, 5 of which were in Central Asian. The Western world proclaimed the collapse as a victory for freedom and a final triumph of democracy over communism. There was a widespread assumption, both inside and outside the post-Soviet space, that the introduction of Western-style political institutions and legal systems would promote good governance and rule of law in post-Soviet societies. However, an analysis of the academic literature and policy reports on these societies indicates that social inequality has apparently increased in the post-Soviet period. This has resulted in a growing concentration of wealth in the hands of kleptocratic state officials and business elites who are well connected to the higher echelons of government. It has also contributed to growing poverty among the population in general (cf., Dillinger 2007; Habibov 2011; Hohmann et al. 2014; Humphrey 2002; Luong 2004).

Corruption is one of the main problems in this respect. There have been extensive discussions in academic and policy circles of why corruption remains a persistent and pervasive phenomenon in post-Soviet societies (e.g., Karklins 2002; Knack 2006; Polese 2008; Rivkin-Fish 2005; Urinboyev and Svensson 2013; Wanner 2005; Werner 2000). This chapter presents a further study in this direction and focuses on the case of post-Soviet Uzbekistan, about which, due to the authoritarian nature of the political regime, only a limited amount of information and data are available. Uzbekistan is also an internationally significant (yet under-researched) case given its position as one of the most corrupt countries in the world according to the Transparency International's (TI) Corruption Perceptions Index (TI 2016). The purpose of this chapter is thus to explore and delineate the factors and processes that explain the emergence and ubiquity of corruption in Uzbekistan, to analyze the current anti-corruption situation and efforts in the country, and then to suggest areas of governance reform as well as avenues for future research.

## Corruption and Informal Governance in Uzbekistan: The Karimov Era

Uzbekistan, like other newly independent post-Soviet states, was faced with the complex task of building a new nation-state. Coming on the heels of the global (Western) good governance discourses, the political leadership of Uzbekistan made all sorts of bold claims about their strong commitment to the ideals of democracy, market economy, human rights and the rule of law, as well as their intention to dismantle the Soviet-style governance (cf., Perlman and Gleason 2007). At the same time, Uzbek authorities made it clear that its governance system, while adhering to global standards, would also deploy Uzbekistan's ancient traditions, rich Islamic heritage and centuries-old administrative traditions in the nation-building project (Karimov 1993). Many international organizations, such as the World Bank, IMF, and UNDP, promptly geared their development programs to the Uzbek authorities' reform agenda, financing and initiating innumerable good governance, market economy, and human rights projects.

However, the complex and multidimensional nature of the political stability challenges that Uzbekistan faced in the 1990s, for different reasons, made the government skeptical towards real democratization and market reforms. The need to prioritize political stability over reforms was justified by the unstable political situation in Central

Asia during the 1990s. This included ethnic clashes between the Uzbeks and the Turks in 1989, ethnic conflicts between the Uzbek and Kyrgyz people in southern Kyrgyzstan in 1990, and the civil war in neighboring Tajikistan, 1992–1997 (Fane 1996; Megoran 2017; Warikoo and Norbu 1992). Consequently, the Uzbek authorities made it clear from the beginning that the "big bang" or shock therapy approach to transition would not be suitable for Uzbekistan (Ruziev et al. 2007). Instead, Uzbekistan adopted a gradualist approach, maintaining Soviet-era welfare policies and centralized control over the priority sectors of the economy (Spoor 1995). Thus, preserving the stability of the economy and of the social and political order has since become an overarching rationale for rejecting the economic and political reforms recommended by international institutions and for developing a strict border regime (Fumagalli 2007).

Notably, during the early years of transition, Uzbekistan achieved small but positive and persistent economic growth due to its favorable economic conditions such as the dominance of agricultural production, the low level of initial industrialization, and the rich natural resource base (Zettelmeyer 1998). Uzbekistan suffered less from the transition depression than its neighboring Central Asian states and was among the first to report positive output growth for the first time in 1996 (Spechler 2002). The cumulative decline in GDP between 1989 and 1996 was the lowest in Uzbekistan among all former Soviet republics. Uzbekistan did fairly well in terms of providing a social safety net, alleviating poverty and limiting spending cuts in education and health care, especially in the mid-1990s (Johnson 2007; Pomfret 2000). Soviet-style centralized economic management and strong social protection measures seemed to be successful in the transition period, as they prevented large output decline and served to maintain a reasonable standard of living. The agricultural sector prevented the increase of unemployment by providing job opportunities in rural areas. In this respect, during the early years of transition, Uzbekistan maintained Soviet-era welfare policies and centralized control over the priority sectors of the economy since these policies had considerably contributed to political stability and security.

However, the gradual reform strategy appeared to be a short-term remedy. The gradualist approach to transition did indeed contribute to the prevention of a sharp output loss and the consequential rise in unemployment and social unrest during the early years of transition. In spite of this, by 2000, it became evident that the economy was simply stagnating (Kandiyoti 2007). This was largely due to the government's heavy involvement in maintaining the practice of centralized management over the key sectors of the economy, which created significant administrative barriers and a high tax burden, thereby causing high transaction costs for national business and the prevalence of an informal economy (Ergashev et al. 2006). As Kandiyoti (2007) maintains, the partial market reforms that the government of Uzbekistan implemented in pursuit of stability paradoxically resulted in inefficient resource allocation and widespread corruption that led to a significant retrenchment of the welfare state. The centralized management methods negatively affected the agricultural sector in particular, which was evidenced by the government actively intervening in the cotton sector by redistributing income from agriculture. This was done in order to develop industries that produced import substitutes. Since agriculture has traditionally been the main shock-absorbing structure in rural areas, the reallocation of resources from agriculture to industry negatively affected the living standard of the rural population (Ilkhamov 2004; World Bank 1999). At the same time, the government took a series of severe measures to liquidate, or formalize, informal economic activities (bazaars and petty cross-border trade), which provided alternative means of survival for hundreds of thousands of people (Ilkhamov 2013). Although the Uzbek economy is said to have been experiencing above-trend rates of growth (7–8%) since 2004 (IMF 2012), these indicators hardly reflect the everyday realities in Uzbekistan in which many people, especially in rural areas, are compelled to secure their livelihood needs through alternative sources of income and a social safety net (Rasanayagam 2011; Urinboyev 2013).

These developments led to the emergence of informal governance structures in Uzbekistan (Urinboyev et al. 2018). As the state retreated from its social welfare obligations and failed to provide formal income-earning opportunities, citizens reacted to these changes by devising informal coping strategies (Urinboyev and Svensson 2017). Many commentators now argue that Uzbekistan has made little progress in promoting the rule of law and good governance, and that corruption has become a part and parcel of everyday life (Ilkhamov 2017; Kandiyoti 2007; Lewis 2016; Markowitz 2008; Rasanayagam 2011; Trevisani 2007; Urinboyev and Svensson 2013). According to the *Corruption Perceptions Index*, released annually by Transparency International, Uzbekistan has regularly been ranked among the most corrupt countries in the world (TI 2016). The "control of corruption" indicator of the *World Bank Governance Studies* also shows an extremely high level of corruption in Uzbekistan (World Bank 2014). Although Uzbekistan acceded to the UN Convention against Corruption in 2008 and recently adopted an Anti-Corruption Law on January 4, 2017, no significant success in reducing corruption has been apparent. The latest policy report, *Tackling Corruption in Uzbekistan*, commissioned by the Open Society Foundations Eurasia Program shows that the Uzbek authorities' recent anticorruption drives largely reflect political maneuverings in the elite, rather than a genuine attempt to combat corruption (Lewis 2016).

Academically, there is a growing body of literature on Uzbekistan's governance trajectories. Much of the scholarly literature, especially anthropological accounts, demonstrates that corruption permeates all levels of the state and society, from daily interactions between ordinary citizens and low-level state officials to kleptocratic practices involving high-level state officials (e.g., Abramson 2000; Ilkhamov 2017; Kandiyoti 2007; Markowitz 2008; Perlman and Gleason 2007; Rasanayagam 2011; Taksanov 2000; Wegerich 2006). Much of this research concentrates on macrolevel topics and state-centered approaches that focus on: authoritarianism and the persistence of a Soviet-style administrative culture, predatory elites, a dysfunctional public administration system, illiberal economic policies, clan politics, post-Soviet agricultural reforms, corrupt law-enforcement structures, and inadequate ways of dealing with corruption on the part of state authorities. These authors argue that the struggles among various state actors to gain control over scarce resources have resulted in an inefficient resource allocation and contradictory state policies, thereby making corruption and bribery part of the governance mode in Uzbekistan. At the same time, these studies also claim that there is a need to distinguish between the informal practices of kleptocratic elites, which have nothing to do with "survival," and the informal coping strategies of ordinary citizens and low-level officials. Another body of scholarly works suggests that it is the penetration of clans and regional patronage networks into official structures that depletes the state's organizational powers and causes corruption in state institutions (Collins 2003; Ilkhamov 2007; Kubicek 1998; Luong 2004; Pashkun 2003). Others have explained the ubiquity of corruption in Uzbekistan as an outcome of its communist past (Ergashev et al. 2006; Gleason 1995; Staples 1993).

The above studies share two common features in terms of analyzing corruption in Uzbekistan. First, they explain the ubiquity of corruption with reference to the authoritarian nature of the political regime. This idea is consistent with the mainstream corruption literature in which a strong state is seen as the key driver of widespread corruption, especially when it tends to function as a totalitarian and monopolizing agent (e.g., Heidenheimer et al. 1989; Sun 2004; Varese 2001). Second, they reflect the "corruption of the weak" approach, in which informal or illegal practices are seen as a survival strategy that provides alternative means for ordinary residents and low-level state officials to secure their basic needs (De Sardan 1999; Ledeneva 2013; Polese 2008; Sneath 2002). While recognizing the importance of "strong state" explanations, it should be noted that they are not sufficient, and run the risk of aggrandizing the role of the state as being the prime mover of widespread corruption, as if it alone shapes

the basic patterns of economic life and determines the parameters of daily social relations. Moreover, survival strategy explanations cannot satisfactorily explain the nonmonetary and affective dimensions of informal transactions. These needs to be considered when studying corruption in traditional, collectivist societies like Uzbekistan where society is organized around kinship networks. Of course, economic motivations play a major role in informal transactions, but the fashions and rituals in which they take place show a high degree of embeddedness in social norms, traditions, moral codes, and affective logics. Hence, to gain a more nuanced understanding of the nature, causes and forms of corruption in Uzbekistan, there is also a need to focus on the everyday life and social interactions on a microlevel.

## The Basic Social Fabric of Uzbek Society

Having been under the Soviet planning system for more than 70 years, Uzbekistan embodies a peculiar blend of traditionalism and modernity. As Pashkun (2003) describes, the ruling elite is quite Westernized (Russified), while a large portion of society, especially the rural inhabitants who account for more than 60% of the population, are still strongly devoted to traditions, collectivism, family, kinship, and religious values (Pashkun 2003; Poliakov 1992). This implies that the behavioral imperatives, expectations, and social sanctions emanating from these traditional structures largely shape the basic parameters of everyday life and social relations in Uzbek society (Urinboyev and Svensson 2017). These processes become particularly evident when observing the social interactions in the realm of the mahalla (neighborhood community), a primary social institution that deserves special attention when examining corruption in Uzbekistan.

As the state in contemporary Uzbekistan is no longer able to provide jobs and social services, Uzbek people frequently rely on social safety nets and mutual aid practices within their mahalla and kinship networks. These practices serve as a shock-absorbing institution for many people, enabling them to secure their basic needs and gain access to public goods, services and social protection unavailable from the state. Typically, such mahalla-based mutual aid practices include monetary and labor exchanges, rotating savings and credit initiatives, noncompensated labor during life-cycle rituals, housing construction and contributions to charity. Hence, few wedding feasts, funerals, irrigation building, road asphalting, medical operations or house constructions take place in the life of villagers without family, kinship or mahalla support. For example, according to Uzbek social norms, people are expected to give a fixed amount of money to the host when they attend wedding feasts. People actively engage in such mutual aid activities, since these practices enable them to not only meet their livelihood needs but also provide space for participation in everyday life and social interactions.

These mutual aid practices create strong moral and affective bonds within the realm of mahalla life. Uzbek people regularly attend most of the socializing events together and have a relationship of mutual dependence. The fact that people meet one another on a daily basis and regularly interact at social events acts as a guarantee that mahalla pressure and sanctions can be applied to an individual or his family who are not acting fairly, or are not helping a neighbor or mahalla member. Consequently, there is a high probability that people will help their family, kin, or mahalla members when they need assistance. Relying on kinship and mahalla connections is also a way to make up for the "absent state". Hence, the give-and-take rituals constitute an integral part of everyday interactions in Uzbek society.

While the aforementioned mutual aid practices produce social solidarity and reinforce the basic social fabric of Uzbek society, they may also contribute to the emergence of the initial elements of corruption. According to the informal mahalla norms, the individual is expected to share his or her economic resources and political influence with the mahalla (family, kinship group, neighbors). These norms shape the behavior of individuals when they engage in public administration or wield some political or economic resources. In

this regard, the state officials have little room for individual choice and often find themselves torn between loyalty to their family, kin, and mahalla and honesty at work. Thus, upholding respect and loyalty for family, kin, and mahalla networks often comes at the expense of using/abusing one's public office, thereby leading to an omnipresence of informal and illegal practices in state institutions (cf. Urinboyev and Svensson 2013, 2017). In this way, mahalla-based social practices undermine the rule of law and good governance initiatives by promoting alternative versions of how people should behave. Perlman and Gleason also share this perspective, noting that the "Asian path is different from other competing approaches in that it is synthetic-binding together the interests of the state, the society, the family, and the individual" (2007, p. 1333). Hence, the behavioral instructions promoted by the mahalla influence social behavior and everyday life more effectively than the laws of the state. Although these social practices can be interpreted as an instance of "corruption" according to the international legal definitions thereof, they are accepted within mahalla norms and traditions as a legitimate practice – regardless of whether they are legal or illegal.

## Governance and Anticorruption Policies in the Post-Karimov Period

The account presented in this entry mainly reflects the state of everyday life under President Islam Karimov (1991–2016) whose quarter-century rule in Uzbekistan had left rampant corruption and a stagnant economy that resulted in massive labor migration to Russia and Kazakhstan (Urinboyev 2017). It has been nearly 2 years since Shavkat Mirziyoyev took over the leadership of Uzbekistan. However, in contrast to early predictions, Mirziyoyev emerged as a reform-oriented, ambitious, and pragmatic leader (Pannier 2017). Unlike the late president (Karimov) who did not allow any forms of critical views, President Mirziyoyev openly acknowledged the failure of public policies and showed his readiness to make changes (Buckley 2018). He is actively and publicly pursuing a number of simultaneous reforms to change the everyday life norm from "people should serve the government" to "the government should serve the people." What is especially relevant with regard to anticorruption is that he began his reforms by asking for input from citizens through online reception systems, commonly known among ordinary people as "portals" (e.g., https://my.gov.uz/oz). These provide information about the government and encourage citizens to report problems with service provision and corruption and give feedback on state policies. These online reception systems enable ordinary citizens, even those living in remote villages, to file complaints and request assistance on various issues.

However, it remains to be seen if the anticorruption initiatives of the new Uzbek leadership will produce any tangible results in the long run. In spite of the recent positive changes, deeper systemic and structural problems still remain unaddressed by the new Uzbek government. A recently published study indicates that online reception systems have had a very limited impact on the peripheries of Uzbekistan where there are no viable forms of accountability or incentive mechanisms that can make local government officials act in accordance with the centrally designed policies and laws (Urinboyev et al. 2018). It is highly likely that the Karimov-era type informal governance practices will persist unless measures adopted to promote good governance go beyond official proclamations and rhetoric. Accountability schemes need positive and negative incentives that are enforced from above in order to bring about real positive changes in everyday life. In the light of ongoing changes in Uzbekistan, there is a need for further research that investigates the state of corruption and the governance trajectories in the post-Karimov period.

## Concluding Remarks

The chapter shows that the corruption in Uzbekistan is not only the outcome of kleptocratic practices and dysfunctional state institutions but is also a reflection of the general informalization of the state and society. Due to the inability of state to

provide adequate social protection, the general population of Uzbekistan is compelled to turn to an informal coping mechanism to "get things done." Both people and public officials are increasingly reliant on the informal economic system. From this perspective, the apparent resilience of corruption in Uzbekistan, despite innumerable anticorruption and good governance projects of both Uzbek government and international actors, resides in its embeddedness in informal forms of coping strategies, and might be viewed as a result of the "absent state" that fails to meet the basic needs of its citizens. Any attempts at eliminating informal livelihood strategies, without creating alternatives, might destabilize and create social discontent in an already troubled and impoverished Uzbek society. Hence, anticorruption measures are not simply a matter of getting people to obey the law. It is more importantly about promoting socioeconomic change.

## Cross-References


- ▶ Civil Service Development in Kazakhstan
- ▶ Governance in Tajikistan
- ▶ Local Government in Kazakhstan
- ▶ Local Government in Uzbekistan
- ▶ Public Administration in Kyrgyzstan
- ▶ Public Sector Reforms in Central Asia


## References


Abramson DM (2000) Constructing Corruption: Foreign Aid, Bureaucratization, and Uzbek Social Networks. Unpublished paper presented at Harvard University. Retrieved from http://turkmeny.h1.ru/cas/abramson.html

Buckley N (2018, February) Once-repressive Uzbekistan begins a post-Karimov opening. Retrieved 19 May 2018, from https://www.ft.com/content/6c37419c-0cbf-11e8-8eb7-42f857ea9f09

Collins K (2003) The political role of clans in Central Asia. Comp Polit 35(2):171–190

De Sardan J-PO (1999) A moral economy of corruption in Africa? J Mod Afr Stud 37(01):25–52

Dillinger WR (2007) Poverty and regional development in Eastern Europe and Central Asia. World Bank Publications, Washington, DC

Ergashev B, Iusupov I, Pogrebniak A, Korenev I, Allaev B, Gaibullaev O, . . . , Saifulin R (2006) Public administration reform in Uzbekistan. Probl Econ Trans 48(12):32–82

Fane D (1996) Ethnicity and regionalism in Uzbekistan: maintaining stability through authoritarian control. In: Drobizheva L, Gottemoeller R, Kelleher CM, Walker L (eds) Ethnic conflict in the post-Soviet World: case studies and analysis. M. E. Sharpe, Armonk, pp 271–302

Fumagalli M (2007) Introduction: stability, sovereignty, and the resilience of politics under authoritarian rule. Centr Asian Surv 26(1):1–6

Gleason G (1995) Corruption, decolonization and development in Central Asia. Eur J Crim Policy Res 3(2):38–47

Habibov NN (2011) Public beliefs regarding the causes of poverty during transition: evidence from the Caucasus, Central Asia, Russia, and Ukraine. Int J Sociol Soc Policy 31(1/2):53–74

Heidenheimer AJ, Johnston M, Le Vine VT (1989) Political corruption: a handbook. Transaction Publishers, New Brunswick. Retrieved from http://www.mtas.ru/search/search_results.php?publication_id=2319

Hohmann S, Mouradian C, Serrano S, Thorez J (2014) Development in Central Asia and the Caucasus: migration, democratisation and inequality in the post-Soviet Era. I.B. Tauris, London

Humphrey C (2002) The unmaking of Soviet life: everyday economies after socialism. Cornell University Press, Ithaca

Ilkhamov A (2004) The limits of centralization: regional challenges in Uzbekistan. In: The transformation of Central Asia. States and Societies from Soviet Rule to Independence. Cornell University Press, Ithaca, pp 159–181

Ilkhamov A (2007) Neopatrimonialism, interest groups and patronage networks: the impasses of the governance system in Uzbekistan. Centr Asian Surv 26(1):65–84

Ilkhamov A (2013) Labour migration and the ritual economy of the Uzbek extended family. Z Ethnol 138(2):259–284

Ilkhamov A (2017) Grand corruption in Uzbekistan's telecommunication sector: root causes and social costs. In: Laruelle M (ed) Constructing the Uzbek state: narratives of post-Soviet years. Lexington Books, Boulder, pp 45–68

IMF (2012) Republic of Uzbekistan and the IMF. International Monetary Fund. Retrieved from http://www.imf.org/external/country/UZB/index.htm

Johnson E (2007) Post-Soviet welfare provision: state or society? In: Annual Meeting of the American Political Science Association. Chicago. Retrieved from http://www.allacademic.com/meta/p211476_index.html

Kandiyoti D (2007) Post-Soviet institutional design and the paradoxes of the Uzbek path. Centr Asian Surv 26(1):31–48

Karimov I (1993) Building the future: Uzbekistan – its own model for transition to a market economy, Tashkent, Sharg

Karklins R (2002) Typology of post-communist corruption. Probl Post Commun 49(4):22–32
Knack S (2006) Measuring corruption in Eastern Europe and Central Asia: a critique of the cross-country indicators. World Bank Policy Research Working Paper, 3968. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=923275
Kubicek P (1998) Authoritarianism in Central Asia: curse or cure? Third World Q 19(1):29–43
Ledeneva AV (2013) Can Russia modernise?: sistema, power networks and informal governance. Cambridge University Press, Cambridge
Lewis DG (2016) Tackling corruption in Uzbekistan: a white paper. Open Society Foundations, New York
Luong PJ (2004) The transformation of Central Asia. States and ocieties from Soviet Rule to Independence. Cornell University Press, Ithaca
Markowitz LP (2008) Local elites, prokurators and extraction in rural Uzbekistan. Centr Asian Surv 27(1):1–14
Megoran N (2017) Nationalism in Central Asia: a biography of the Uzbekistan-Kyrgyzstan Boundary. University of Pittsburgh Press, Pittsburgh
Pannier B (2017) Analysis: how high should hopes be for change in Uzbekistan? Retrieved 16 July 2018, from https://www.rferl.org/a/uzbekistan-mirziyoev-hopes-for-change-karimov-cotton-foreign-policy/28938193.html
Pashkun D (2003) Structure and Practice of the State Administration in Uzbekistan. Discussion Paper No. 27. Open Society Institute, Budapest
Perlman BJ, Gleason G (2007) Cultural determinism versus administrative logic: Asian values and administrative reform in Kazakhstan and Uzbekistan. Int J Public Adm 30(12–14):1327–1342
Polese A (2008) "If I receive it, it is a gift; if I demand it, then it is a bribe": on the local meaning of economic transactions in post-Soviet Ukraine. Anthropol Action 15(3):47–60. https://doi.org/10.3167/aia.2008.150305
Poliakov S (1992) Everyday Islam: religion and tradition in rural Central Asia. M.E. Sharpe, New York
Pomfret R (2000) The Uzbek Model of Economic Development, 1991–99. Econ Transit 8(3):733–748
Rasanayagam J (2011) Informal economy, informal state: the case of Uzbekistan. Int J Sociol Soc Policy 31(11/12):681–696
Rivkin-Fish M (2005) Bribes, gifts and unofficial payments: rethinking corruption in post-Soviet Russian health care. In: Haller D, Shore C (eds) Corruption: anthropological perspectives. Pluto Press, London/Ann Arbor, pp 47–64. Retrieved from http://www.untag-smd.ac.id/files/Perpustakaan_Digital_1/CORRUPTION%20Haller_Corruption-Anthropological%20Perspectives.pdf#page=51
Ruziev K, Ghosh D, Dow SC (2007) The Uzbek puzzle revisited: an analysis of economic Performance in Uzbekistan since 1991. Centr Asian Surv 26(1):7–30
Sneath D (2002) Reciprocity and notions of corruption in contemporary Mongolia. Mongolian Stud 25:85–99
Spechler MC (2002) Free at last? Uzbekistan and Russia. Probl Post Commun 49(1):63–67
Spoor M (1995) Agrarian transition in former Soviet Central Asia: a comparative study of Uzbekistan and Kyrgyzstan. J Peasant Stud 23(1):46–63
Staples J (1993) Soviet use of corruption purges as a control mechanism: the Uzbekistan case. Past Imperfect 2:29–48
Sun Y (2004) Corruption and market in contemporary China. Cornell University Press, Ithaca/London
Taksanov A (2000) 'Tsentral'naya Aziya: Piramida Korruptsii Zdes' Prostoit Tysiacheletiya' (Central Asia: the pyramid of corruption will be standing there for ages). Internet-Gazeta Navig, July 14
TI (2016) Corruption Perceptions Index 2016, Transparency International. Retrieved 10 June 2017, from https://www.transparency.org/news/feature/corruption_perceptions_index_2016
Trevisani T (2007) After the Kolkhoz: rural elites in competition. Cent Asian Surv 26(1):85–104
Urinboyev R (2013) Living law and political stability in post-Soviet Central Asia. A case study of the Ferghana Valley in Uzbekistan. PhD Dissertation, Lund Studies in Sociology of Law, Lund University, Lund
Urinboyev R (2017) Establishing an "Uzbek Mahalla" via smartphones and social media: everyday transnational lives of Uzbek labor migrants in Russia. In: Laruelle M (ed) Constructing the Uzbek state: narratives of post-Soviet years. Lexington Books, Boulder, pp 119–148
Urinboyev R, Polese A, Svensson M, Adams LL, Kerikmäe T (2018) Political vs everyday forms of governance in Uzbekistan: the illegal, immoral and illegitimate politics and legitimacy in post- Soviet Eurasia. Stud Trans States and Soc 10(1):50–64
Urinboyev R, Svensson M (2013) Living law, legal pluralism, and corruption in post-Soviet Uzbekistan. J Leg Pluralism Unoff Law 45(3):372–390
Urinboyev R, Svensson M (2017) Corruption, social norms and everyday life in Uzbekistan. In: Kubbe I, Engelbert A (eds) Corruption and norms: why informal rules matter? Palgrave, Basingstoke, pp 187–210
Varese F (2001) The Russian mafia: private protection in a new market economy. Oxford University Press, Oxford
Wanner C (2005) Money, morality and new forms of exchange in postsocialist Ukraine. Ethnos 70(4): 515–537. https://doi.org/10.1080/00141840500419782
Warikoo K, Norbu D (1992) Ethnicity and politics in Central Asia. South Asian Publishers, New Delhi
Wegerich K (2006) "A little help from my friend?" Analysis of network links on the meso level in Uzbekistan. Cent Asian Surv 25(1–2):115–128
Werner CA (2000) Gifts, bribes, and development in post-Soviet Kazakstan. Hum Organ 59(1):11–22
World Bank (1999) Uzbekistan: social and structural policy review. World Bank Report No 19626. Washington, DC
World Bank (2014) Worldwide Governance Indicators: Uzbekistan. Washington, DC. Retrieved from http://databank.worldbank.org/data/views/variableselection/

selectvariables.aspx?source=worldwide-governance-indicators#c_u
Zettelmeyer J (1998) The Uzbek growth puzzle. Working Paper of the International Monetary Fund. International Monetary Fund, WP/98/133

C

## Corruption in Public Administration: Stabbing the African State in the Back

Emmanuel Yeboah-Assiamah[1], Kwame Asamoah[2], Thomas Buabeng[2], Justice Nyigmah Bawole[2] and Benjamin Otchere-Ankrah[3]
[1]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa
[2]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana
[3]Department of Management and Public Administration, Central University, Accra, Ghana

### Synonyms

Developing countries; Ethical decay; Institutions; Judicial corruption

### Definitions

**Corruption** This is a well-calculated transactional process involving the exploitation of public authority for personal or sectional advancement at the expense of the larger society; corruption may boost a person's or a group's economic position or noneconomic status.

**Transaction** This is a bargaining process that involves two or more parties negotiating on which items or kinds of favors to be offered in order to bend public sector procedures, processes, or institutions. It normally ends up with the "giver" receiving skewed service from a public officer.

**Corrupter** This is an entity that attempts or accepts to offer/promises to accept to offer an item/service of economic or noneconomic value to a public officer in order to receive skewed service or for public sector procedure to be bent. It is the supply side.

**Corruptee** This is the public officer who makes a demand or accepts an offer from an entity, either in cash or kind in order to provide a skewed service or bend public service procedures and processes to favor the "offering" entity.

### Introduction

Corrupt transactions involving public officials have serious negative ramifications on the entire facet of the political system including, inter alia, economic growth, general societal and people's welfare, justice system and business operation in the polity (Chen et al. 2015). For instance, a 2015 International Business Attitudes to Corruption Survey reports that corruption remains a major cost for honest companies who more often than not, lose out to unethical companies who bribe their way through (IBAC Survey 2015). In the report, 30% of respondents argue they have failed to secure contracts where there was strong circumstantial evidence of bribery by the successful competitor, thus making corruption a greater hazard to international business and similar transactions. More than 19% believe that refusal to pay bribe would cause significant delays and costs to business, while 3% believe it could make businesses "grind to a halt." We will lift our eyes upon the state, where cometh our help? This obviously is the cry of defenseless individuals and groups in any state, especially, developing societies. *Perhaps*, the legal system or court is a redeemer of those afflicted by corruption, injustice, and "mafiaism" in the system.

To restore hope in corruption control, the judicial sector [justice system] of countries provides, perhaps, a critical arena to prosecute all corruption cases in an attempt to deter the process; it becomes paradoxical and perhaps suicidal if the judicial sector itself is neck-deep in corruption or portrays an appearance of impropriety. In its 2007 Report, Transparency International observes how corruption tends to undermine justice in many parts of the world and how it denies victims and accused persons a fair hearing in trial processes. In the local arena, a corrupt justice system polarizes and divides communities by keeping alive the sense of injury created by unjust treatment and mediation; it also undercuts confidence in governance and fuels corruption in all sectors of government (TI 2007). The abuses, malpractices, and corruption in the public sector of Ghana have received massive media attention and public outcry at least within the last decade. Ghanaians have been introduced to new lexicons and catchphrases such as *gargantuan corruption*; *create, loot and share*; *to show or not to show* which resonate corruption scandals in the public sector. The latter reminds people of perhaps the highest corruption scandal that has bedeviled the Ghanaian Judiciary. Consequently, people's confidence in the public sector has reduced and risks even reducing at an alarming rate (CDD-Ghana Report 2014).

Mostly, people tend to argue that these malpractices proliferate because the system is weak and deficient in the public sector of developing societies. However, conventional wisdom posits that a system is as good as the people who make it. If the people are good, the system will be good and conversely, if the people are bad, the system will be bad. This is because people who engage in corrupt practices covertly do it in a well-calculated manner at the blindside of the existing rules and systems (see Jávor and Jancsics 2013; Yeboah-Assiamah and Alesu-Dordzi 2016). Ghana, especially, in the Fourth Republic has created a number of institutions and passed a number of laws, ostensibly, to check corruption and abuses. However, this effort does not commensurate with the actual successes in terms of raising standards in the public sector (Yeboah-Assiamah and Alesu-Dordzi 2016; see also Simelane 2012 on Swaziland). Simelane provides that the Swaziland Anti-Corruption Commission has largely been ineffective, it is unable to catch the "big fish" because of their connections with influential and powerful actors in society and in the public administration.

In a related discussion, Yeboah-Assiamah and Alesu-Dordzi (2016) define corruption as a transactional process and further conceptualize how this bargaining process occurs in the public sector. The transactional model views corruption as a typical bargaining process where public officials discharge public duties not necessarily based on "spirit of the law" but on how best clients clandestinely transact business with them. This reflects in a transaction between a judge and his client when the former promised that "*Oh I will get him off the hook on Friday but everything would depend on you*" (http://www.myjoyonline.com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php). In other words, actors would bargain and the consensus reached holds, irrespective of the rules of the game or institutions in place. This is because actors could easily work at the blind side of the system. This argument has been explained that "to every code, there is a decoding mechanism that is usually known by the adopters or the code makers; therefore, it becomes a wild goose chase if public officials and the technical men become part of the corrupt system or syndicate" (Yeboah-Assiamah and Alesu-Dordzi 2016, p. 215).

How does corruption really occur? How do actors transact to achieve results in spite of rules and systems in place? These questions remain largely unanswered in the literature. Studies and reports on public sector corruption mostly depend on accounts of people's perceptions and beliefs (IBAC Survey 2015; Desta 2006; Transparency International Reports), audit reports, and remnants of corruption which mostly make it difficult to really determine the veracity, volume, nature, and extent of this clandestine transaction (Serra and Wantchekon 2012). Most studies on corruption would design questionnaires and interview guides to seek perceptions [from the corrupt officials themselves]; the answers obtained may not

reflect the entire truth as respondents are likely to filter their responses (Desta 2006). This article addresses the gap by using an empirical evidence of judicial corruption scandal which hit the public sector of Ghana in 2015 best described as "transactional model of corruption in action." This time it is not about opinions or views or expectations, but the actual behavior of public actors when in camera or in their private "chamber" [office] with their clients. The study is underpinned by the following key research questions. How do corrupt public officials interact with their clients in the execution of public business? How do the key actors in corruption broker their corrupt transaction and how does it even get started? How does corruption compromise the public official's decisions with regard to public interest?

## Conceptual Overview: Corruption as a Transaction

The complex nature of corruption emanates from the fact that it occurs between rational individuals or actors with an agenda to conspire to transact illegally. In other words, the person corrupting and the person being corrupted had to have agreed to do something illegal; only in the case of such a mutual conspiracy will bribery and corruption prevail. From that transactional perspective, Barr and Serra (2010) designed a bribery game which simulates petty corruption as an exchange between secretive individuals and public officials whereby the private individuals make a proposal on what and how much to provide to the public official in order to receive a favored service, which may include, inter alia, "a reduction in tax, preferential treatment in a court hearing…" (p. 3). On the other way round, the public official must also make a decision either to accept the offer in its form or to negotiate further on how much bribe to accept. The authors argue that irrespective of how it gets initiated, "if a bribe is offered and accepted, the briber-bribee pair benefit, while other members of society incur a cost" (ibid., p. 3).

It is within the foregoing context that this entry adopts an operational definition of corruption as "*a well calculated transactional process involving the exploitation of public authority for personal or sectional advancement at the expense of the larger society; that the 'beneficiaries' of corruption may be individuals or groups; that corruption may boost a person's or a group's economic position or non-economic status*" (Yeboah-Assiamah et al. 2014, p. 193). The process is rational and well thought-through as both parties to the transaction "would make and receive any offer, after carefully assessing the prevailing circumstances, systems and the other partner or actor in order to avoid any possible challenge of being caught or setup" (ibid.).

### Conceptual Framework: Transactional Model of Corruption

In proposing a transactional model of corruption, Yeboah-Assiamah et al. (2014, p. 193) conceptualize corruption as a "calculated transactional process involving the exploitation of public authority for personal or sectional advancement at the expense of the larger society: that, the 'beneficiaries' of corruption may be individuals or groups, and that, corruption may boost a person's or group's economic position or non-economic status." However, this earlier version appeared "dyadic" in nature without highlighting the role of intermediaries. Consequently, this earlier version was modified by acknowledging the role of intermediary in the transaction (Yeboah-Assiamah and Alesu-Dordzi 2016). This is illustrated in Fig. 1.

The model explains corruption as the result of a transaction between actors who exhibit a relationship. In this relationship, one actor (corruptee) makes a demand, either in cash or kind, and the other actor (corrupter) supplies the demand (UK-AAPPG, 2006). Either the "corrupter" or "corruptee" can be the first to kick-start the transaction, but a consensus is reached after each actor carefully assessing other intervening elements which include, inter alia, the context, content of corruption item, process, and the perceived corruptibility of the other actor(s) involved as well as how the system operates. To minimize the risk, either the corrupter or corruptee mostly engages a "conduit" or intermediary who could be a relative, agent, or friend of either of the two parties to

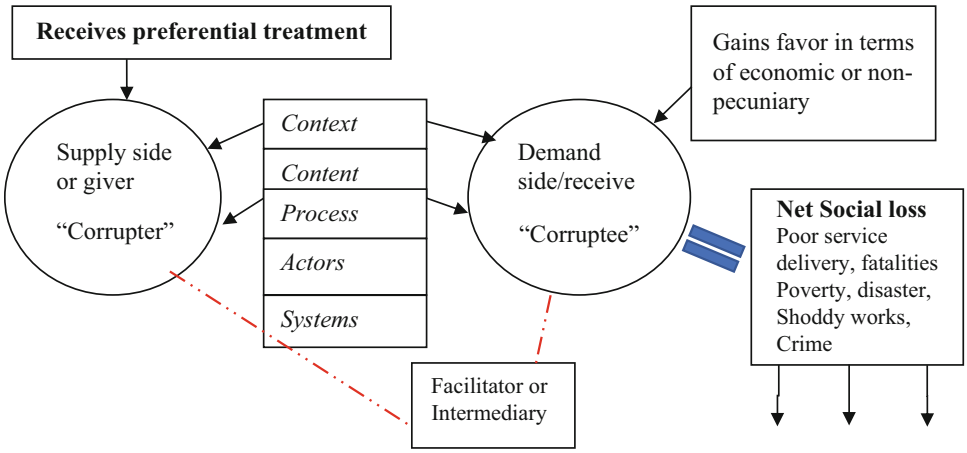


**Corruption in Public Administration: Stabbing the African State in the Back, Fig. 1** Transactional model of corruption (Source: Adapted from Yeboah-Assiamah and Alesu-Dordzi 2016)

intermediate certain phases of the process. The model explains that while corruption may benefit those who engage in it, the net effect on the entire society in terms of how it affects development, growth, and human lives can be devastating (see also Barr and Serra 2010). The proliferation of such transactions could depend on the individual's personal attributes and/or general societal attributes including prevailing political, social, and economic conditions.

## Methodology

As hard as it is to pounce on individuals or actors transacting corrupt deal, this study uses an empirical evidence of judicial corruption scandal in the public sector of Ghana to address the gap in the corruption literature of public administration. The data present how some justices of the lower and superior courts of Ghana and members of the judicial service transact corruption with "victims of the law" with the help of intermediaries. These empirical data were made available through an investigative work of a renowned journalist, Anas Aremeyaw Anas who has gained international repute [even acknowledged by Obama as far back as 2009] for his exposé on public sector corruption in Ghana and Africa (https://en.wikipedia.org/wiki/Anas_Aremeyaw_Anas).

The role of the media, which is facilitated by media freedom and democratization, is imperative in corruption combat (see Bhattacharyya and Hodler 2015 *on stylized game theoretic model on democratization and media freedom in corruption control*). For instance, Gould (2001, p. 768) observes that "a vigilant, well-supported, freely inquiring press provides a means for the public to monitor governmental activities including the extent of corruption in higher places; in several countries, alert newspaper professionals have helped 'break' major scandals." In this particular exercise, the undercover investigation of Anas Aremeyaw Anas which is reported to have been carried out over a 2-year period [between 2013 and 2015] saw him simulating as a relative or friend of an accused person [real accused person standing trial in court but mostly without the accused's knowledge] offering to pay bribe to judges in exchange to "turn the course of justice" or to have the accused freed. In order to have real evidence, the undercover investigator used portable disguised hidden cameras [sometimes his pen in the shirt pocket, eye lens or even buttons] on him each time he interacted or dealt with the officials. At the end of the reported 2-year exercise, the journalist and his team made available [screen publicly] a video footage of 34 judges [corruptees] involving 12 high court and 22 lower court justices seen transacting and taking bribes

mostly with the help of some members of the judicial service and other networks [intermediaries]. The video recordings and transcripts of these proceedings have been made public (http://graphic.com.gh/news/general-news/49877-hundreds-queue-to-watch-anas-video-at-aicc.html) and culprits have received various forms of sanctions with many of them sacked from the judiciary (http://www.myjoyonline.com/news/2015/September-9th/breaking-22-judges-suspended.php). However, as scholars of public administration and governance, there are lessons for further analysis and reflections. Using the *public choice theory*, this entry discusses the transactional model of corruption and uses transcripts of Anas' empirical corruption exposé to illustrate how corrupt transaction occurs, how it benefits actors, and how it leads to net societal loss.

## Results and Discussion

The above model (Fig. 1) is given empirical support by using narratives from the real corruption simulation exercise carried out by ace investigative journalist, Anas Aremeyaw Anas and his Tiger Eye PI. The transactional model (Fig. 1) has five key elements: corrupter, corruptee, intermediary or facilitator, net social loss, and intervening factors (systems, actors, content, and context). The section discusses how each of these elements occurs in real life public sector corruption situation. In the discussion, the study uses excerpts and narratives of Anas' transcripts. In the discussion below, the following acronyms used denote the following: *Cr:* implies *Corrupter; Ce:* implies *corruptee; and I* implies *Intermediary, or mediator.*

### Supply Side of Corruption (Corrupter)

The first element of the model is the supply side or "corrupter" who provides the bribe item or money to obtain skewed services. In most of the cases, the transactions were initiated by the corrupters. The study provides two empirical support or real life setting cases to explain this element.

#### Case1: Theft Case Involving Four, One Freed Because of Bribe

In one of the cases, an accused person is charged together with three other alleged suspects; however, one of them being his [supposed] brother, the "corrupter" [undercover journalist] attempts to assess how he could get him freed of the charge. He, therefore, initiates the corruption process by passing through an intermediary (a court clerk) who happens to be renowned or notorious for that mediation role and the process becomes successful. In responding to the deal, the corruptee [judge] gives this assurance (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php):

> *Okay, but what needs to be done is, we all need to meet when the time comes. And the thing is that you go home and talk to him [suspect]. When the time comes, we would sit down and then we see what we can do. Okay?*. . . Yes, bring him on the 7th. . . *Bring him here (judge's office)*. . .*and then I would make the entry for him [before the real judgment date]*,. . . *we can even use our record here.*

The transaction eventually gets sealed when a final installment was paid, and at the end of the day, the corrupter supplies money to the judge and he obtains benefits. The corrupter was able to "buy" justice for his [supposed] brother who was acquitted and discharged while the three other accomplices were convicted, currently in prison, *albeit*, all four were involved in a GHc 1,000,000.00 theft case (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php).

#### Case 2: Notorious Armed Robbery Case

In another account, the accused was standing trial for armed robbery charge, the corrupter [undercover journalist] disguised himself as a brother of the accused, and a bribe transaction was finalized. His corruptee partner [judge] assured him that:

> It's not a big deal. I've read the docket and I know how to go around it, hmm. . .I have all the power, so no fear . . .Oh I will get him off the hook on Friday but everything will depend on you. (A high court judge) http://www.myjoyonline.

com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php

Surely, as promised, the bribe money was able to corrupt the judgment of the public officer who delivered skewed judgment to free the notorious armed robber even to the awe of the corrupter. Anas [undercover journalist] writes: "...all the same, we were shocked beyond believe when Justice...[corruptee name withheld], in acquitting our armed robber 'friend', read a scanty one page judgment. In three minutes, all was over. Three minutes (one page) for an armed robbery case that had lasted five solid years (2009–2014). A cry of horror nearly burst from my throat... It was nothing but shocking travesty of justice. It even became more dramatic when, in his haste, Justice... [corruptee] forgot to even touch on one of the accused persons who had early on confessed his own role in the robbery but ... [corrupt judge], in his haste after collecting the cash, had released him too" http://www.myjoyonline.com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php.

The evidence above provides empirical support to an earlier argument that "... irrespective of the numerous anti-corruption legal frameworks, people, especially, the elites and the 'overseers' of these institutions, gang up to act at the blind side of the institutions or laws whereby tracing their back becomes difficult" (Yeboah-Assiamah and Alesu-Dordzi 2016, p. 215). This reflects the promise given by a judge (corruptee) to a corrupter that "*It's not a big deal. I've read the docket and I know how to go around it, hmm...I have all the power, so no fear*" http://www.myjoyonline.com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php.

## Demand Side of Corruption (Corruptee)

Per the transactional model, the "corruptee" is the "demand side" who receives bribe items from the "corrupter" before or after [depending on negotiation] providing a particular service. This actor has two key features: (i) he abuses his/her public authority and power to obtain either pecuniary or nonpecuniary items and (ii) provides skewed service or goods to his "corrupter" either warranted or unwarranted. The features fall within a classical conceptualization of corruption as the exchange of money or favor for a benefit disbursed by a government official.

### Pecuniary Gains

From the accounts or reports, the "corruptees" received sums of money (pecuniary). In one of these, although the "intermediary" charged about 15,000 cedis (USD 3,958), what the "corruptee" actually received was 10,000 cedis (USD 2,638) which was paid in two installments. This reflects in the final discussion between the intermediary and his boss "corruptee," the latter (judge) made this caution:

> But since he said ten (GH¢ 10.000.00) it should be ten! (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php)

In a similar account, the brokered deal was same Ghc 10,000 and the corruptee (public official) was very much sure he could deliver his part of the deal [providing skewed service], he therefore cautioned severally his "corrupter" partner to ensure he also handles his own part well. See below http://www.myjoyonline.com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php:

> **Ce**: Okay it's a deal...So you have to fulfill your side of the bargaining, okay?...You deal with the matter once and for all.
>
> **Ce**: So you heard what I said?
>
> **Cr**: Yes, I've heard you.
>
> **Ce**: Otherwise, tomorrow I won't deliver. First thing tomorrow morning okay?
>
> **Cr**: Okay.
>
> **I**: So you get to me then I will get to my lord before tomorrow morning so that he can do this thing once and for all.

**Ce**: Just do it once and for all, then we free the guy. I have all the power and I will free him, so no fear

**Ce**: Oh I'll get him off, I'll get him off the hook on Friday but everything would depend on you [a notorious armed robber to be freed just like that? All because of money]

**Cr**: Thank you sir.

*Cr: corrupter or customer; Ce: corruptee or judge; I: intermediary or court clerk*

From the account above, one could notice that the public official was very convinced he could have his way through because he knows the system well and how to manoeuver his way through. It is no wonder he states "I have all the power and I will free him, so no fear. . .oh I'll get him off, I'll get him off the hook on Friday but everything would depend on you." Klitgaard (1998) provides a famous equation of corruption, **C = M + D − A** [Corruption equals *monopoly* plus *discretion* minus *accountability*]. When officials possess excessive discretion coupled with poor forms of accountability, corruption thrives with arrogance, impunity, and confidence. In his paper, Mbaku posits that "if the country's counteracting agencies (e.g., police, judiciary system) are not properly constrained by the law and are pervaded by corruption, it is not likely that these institutions will serve as effective instruments for the elimination of corruption" (Mbaku 2008, p. 453). Our entry provides empirical support to how "unchecked" administrative discretion and power could promote bureaucratic arrogance, corruption, and development retarding tendencies in developing administrative systems.

### Pecuniary and Nonpecuniary Gains

In another account, the "corruptee" obtained different forms of items, both monetary and nonmonetary in nature. These items were provided to him by virtue of his authority and his role in the service the corrupter had interest. His corruption gains were transacted as follows:

[When the accused was finally released, corruptor [undercover journalist or cr] went to judge's residence with guinea fowl, a sack full of tubers of yam and cash].

**Cr**: My lord, we're back again! [He brings out the tubers of yam]

**Ce**: Put them down.

**Cr**: We borrowed the sack so we just want to go and return the sack.

**Ce**: Ehhee! . . . . . .

**Cr**: Oh thank you sir. (corruptor [Cr] gives guinea fowl to judge).

**Ce**: What's the mystery!

**Cr**: Hahaha, Sir I want the appreciation to last long including this. . ..!

**Ce**: (Talking to one of his boys). Call XXX to come and slaughter this (referring to the guinea fowl corruptor had just brought)

**Cr**: In fact, I quickly wish to say that "when appreciation last long you'll be able to taste"

**Ce**: Yooo!

**Cr**: So my lord, we are just here to thank you; that is why we came with our brother.

**Ce**: Oh okay! Thank you very much!

**Cr**: Thank you my lord! (corruptor gives bribe money to the judge). Judge shakes hands with the money http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

This suggests that the judge has abused his official position to obtain monetary and nonmonetary favor in order to provide an

unwarranted service to an alleged criminal accused of rape [a first degree felony] offence. Indeed even where there appears to be no way, corruption or bribe mysteriously makes a way. This provides empirical evidence to the growing literature on functionalist school of thought which posits that corruption at times serves as a lubricant that greases the wheels of commerce or transactions (see Mendoza et al. 2015). In a sensitive sector such as judiciary, by agreeing to transact with and accept a bribe offer, a corruptee is compromised to unduly repay in the form of services skewed to the corrupter's interest, while the supreme interest of the state and utilitarian value of society become the opportunity cost. When public officials trade integrity and good will for selfish gains, it is a reproach to the self (Kant 1994). Kant explains that "there is no possibility of thinking of anything at all in the world, or even out of it, which can be regarded as good without qualification, except a good will" (Kant 1994, p. 393). He further provides that there is good will when officials act for the sake of duty and not otherwise; "a duty is an action, which we are obligated to perform out of respect for the moral law" (Kant 1994, p. 400).

### The Connecting Factor/Intermediary or Facilitator

For illustration, the corrupter is a "dry cell" that provides energy [bribe item] to fuel the process, and the corruptee is a "bulb" [powered to provide skewed service or "light"], the intermediary becomes the conduit or "live wire" that connects the two elements or factors to produce "light energy." In the transactional model, the study mentioned that both the "corrupter" and "corruptee" mostly transact with the help of a "betweener" herein referred to as an intermediary or facilitator who greases the wheel of corruption transaction. In almost all the cases that were video-taped or audio-recorded, it was seen that the court clerks mostly served as "middlemen" between the judges and the supposed litigants. For instance, the ace investigator provides:

> One person who played an instrumental role in three of the judges' cases was called [GA], who works in the High Court in Accra. . . . Although he was on leave, everybody pointed him out as the one who mattered if we really wanted to do serious business with the judges. . . .. Often referred to as the doyen of the court, he was universally regarded as the most reliable intermediary between the judges and those who needed their special favors (http://www.ghanaweb.com/GhanaHomePage/NewsArchive/How-Justice-Ajet-Nassam-collected-Ghc16-000-bribe-381061).

As mentioned in the model (Fig. 1), actors mostly want to ensure some level of insulation in their corruption transactions and so would mostly want to have middlemen whom they know, trust and have some form of affiliation. For instance, in one of the cases, the "intermediary" happens to be engaged in this act and appears to have the trust of the judge so he was confident to proclaim to a client:

> "If it had not been that you want to (kind of) do things your own way, and not want him [. . .] – the suspect) to know, I would've asked you to ask him when he comes to court, how he sees the relationship between the judge and me. He would tell you how I relate with the judge. The judge is my father" (http://www.ghanaweb.com/GhanaHomePage/NewsArchive/How-Justice-Ajet-Nassam-collected-Ghc16-000-bribe-381061)

Surely, the paternalistic relationship between the judge and the clerk (intermediary) later appeared to be true when he was able to work the way out to get the deal sealed.

In one of the cases, it was the driver of the judge who acted as intermediary to get the corrupter introduced to the judge. This is what the investigator (Anas) had to say:

> xxx was a conduit through whom we got access to the judge, one of many conduits who kick-start the corruption chain within the judiciary. Many, like him, have acted and continue to act as bribe 'solicitors' and 'negotiators' even remitters at some point http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

The quotation above was confirmed by intermediary himself, who happens to be the driver of the corruptee [judge]. Apparently, after he had introduced the corrupter to the corruptee, the former ignored the intermediary and did not want to give him his due as agreed initially. This actor [intermediary] meted out his fury on the corrupter

[undercover journalist] when the two coincidentally met at the corruptee's [judge's] residence one day which made the intermediary expose his own role in the deal. The intermediary (corruptee's driver) fumed:

> The way you were serious that day, if you had given me the money, I told you I want to help you, that evening I called you but your phone was off. And you are just dodging me to come and see this man, I was the one who introduced this man to you http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

From the foregoing, the intermediary serves two paradoxical roles, both as an "insulator" and "conductor" (to borrow from light energy in physics). As a *conductor*, he serves as a "live wire" that connects corrupter and corruptee, mostly introduces the two together, and catalyzes the process. As an *insulator*, his role is to shield or provide some form of "cover" for both actors, especially, the public official, thereby reducing the risk of being suspected or exposed. The intermediary provides a protection racket to reduce the risks or shocks that are associated with the corruption transaction. This finding provides real life evidence to explain the role of intermediaries in corruption transaction in the public sector; it affirms an outcome of a bribery lab experiment which observed that "besides eliminating uncertainty, intermediaries facilitate corruption by reducing the moral costs of both private citizens and public officials" (Drugrov et al. 2014, p. 95).

### Intervening Elements

This transactional process occurs within a context where both the "corrupter" and "corruptee" rationally assess key variables. This mainly stems from the fact that each actor wants to be very careful not to be caught pants down. Both corrupter and corruptee would assess the context, the perceived corruptibility of the other actor, the existing systems within the organization, the content of the corruption money or item before the deal would be transacted.

#### Perceived Corruptibility of Actors

From the account of Anas transcripts, it reports that there were some courts where the clerks cautioned them not to even dare or waste their time to attempt bribing the judge; this was because the clerks have sufficient information on the "incorruptibility" of such judges. This is not endemic to that situation alone but mostly permeates in various public organizations. Subordinates usually know which of their superiors are ethical as well as those who are surmountable or easily fallible to corruption (see Yeboah-Assiamah et al. 2016). An empirical study by Ryvkin and Serra (2012) maintains that corruption is lowest when potential corrupters and potential corruptees are uncertain regarding each other's "corruptibility" and have asymmetric bargaining powers. This suggests that when citizens are certain or have sufficient information that an agency or official is ethically deranged, he/she is more likely to have many visiting corruption customers.

In other words, where citizens are certain on the "corruptibility" of a public official, corruption becomes more rampant. For instance, in one of the cases, the court clerk appeared to have sufficient information on the corruptibility of the judge or "propensity to fall prey" to corruption.

> **I**: . . .ask him when he comes to court, how he sees the relationship between the judge and me. He would tell you how I relate with the judge. The judge is my father.
>
> **Cr**: No problem, so then as a father and son, if you talk to him, I know he would listen, so I'm begging you.
>
> **I**: As things stand now, I don't know what the judge would say, but he's my father so I would try and see whether I can talk to him and see whether he would understand me or not. . . ., how much do you think that you can push?
>
> **Cr**: No, I don't want to mention anything, I can't mention.
>
> **I**: The issue is that (ehhh) right now, you see, these people [judges] are big men and if you want to go to them and ask anything right now, if I go to him and ask him, he'll ask me and I don't know but he may ask me

"what do you think he can do? (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php; http://www.ghanaweb.com/GhanaHomePage/NewsArchive/How-Justice-Ajet-Nassam-collected-Ghc16-000-bribe-381061)"

In another account, the subordinate (court clerk) had sufficient information on the corruptibility of his superior (judge) and was very confident in negotiating and transacting on his behalf. In other words, because he knew how his boss behaves, he could fetch customers or potential bribers to him and could even coach the customers on what to tell him. See the insert below:

**I**: . . .You give me two (GHc 2,000.00) then you give him three (GHc 3,000.00), you know I'm going to do the talking and I'll know how I'll convince him. Tell him . . . you're promising that you'll get back and get him his additional 7,000 cedis; you get what I mean? He'll understand. He's not a difficult person.

**Cr**: (Me too) I understand you too but that means (it is between) the pair of you when the money gets to him, he's not going to see you at all?

**I**: No, oh no, how possible is that?

**Cr**: You brought the customer?

**I**: No, these people we've been working with them for a long time and we know how they are. When something gets into their hands (that is it,) that is it! They would not, assuming I'm going to benefit from whatever they had I wouldn't have told you of the need to do whatever for me, no they'll not. Me, the only thing I like about him in particular is that when I tell him something, he respects me and does whatever he's supposed to do, that's the one thing about him [the subordinate is very sure of the corruptibility and ethical decadence of his boss]

**I**: Don't worry, don't worry. You as I said ehhh, do as I said when he comes. We'll get to him, myself I'll do a lot of talking http://www.myjoyonline.com/news/2015/September-9th/anas-expose-judges-have-collapsed-some-are-trying-to-resign.php

From the discussion above, one could suggest if subordinates have symmetrical information on their superiors' corruptibility, it tends to create a more unethical organizational climate through a cascading effect (see also Yeboah-Assiamah et al. 2016).

### Setting the Corruption Context: Outsmarting the System

In the corruption process, actors engaged in various activities set a right context to make this clandestine transaction very successful. In one of the accounts, the intermediary (a court clerk), in his determination to set context right to catalyze the corruption process, had to outsmart the existing system. This, he assured his "corrupter" partner that:

> Everything is now in my hands, I'm going to push everything, even the docket and everything are with me. You know he's [judge or corruptee] on transfer from the other block to this side; I'm going to do everything and bring it here. There are little, little connections I have to do. . .; you understand, I must make sure the case comes before him, you understand; some people must get something small, small (http://www.ghanaweb.com/GhanaHomePage/NewsArchive/How-Justice-Ajet-Nassam-collected-Ghc16-000-bribe-381061).

### "Dark Technical Advice" to Clients/Formidable Networks

Similarly, after receiving bribes, corrupt officials often provide technical details to their clients in order to speed up and catalyze the service to be delivered. This process [further bribing or softening grounds] at times could be done directly by the corruptee who would give part of his/her corrupt booties to their other counterparts or could direct, instruct, or guide the corrupter to that powerful actor too on what exactly to do.

In one of the accounts, the judge after agreeing to the corruption deal figured out how they could plan to act at the blind side of the law or system in order to acquit and discharge the accused. He had this to say:

> *Okay, but what needs to be done is, we all need to meet when the time comes. And the thing is that you go home and talk to him. When the time comes, we would sit down and then we see what we can do. Okay?*... Yes, bring him on the 7th... *Bring him here (judge's office)...and then I would make the entry for him [before the real judgment date],... we can even use our record here* (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php).

In another account, the corruptee [judge] provided coaching support or "technical advice" to his partner in crime [corruptor] on what exactly to do, which other officers to further bribe and how best to go about it. See the discussion below:

**Ce**: Now if you would like to see the state attorney yourself, then maybe you can come to the court tomorrow. I'll get somebody to take you to him

**Ce**: ....If you come, say that you are after xxx...he is my boy and then tell him that you are after me....

**Cr**: Okay my lord

**Ce**: So I'll ask him to take you to the state attorney and then you find something and put it in an envelope,...Ghs200, GHc 300.00, whatever your strength would be, put it in an envelope nicely. When you come we'll take you to him. That you're begging him, the boy is your elder brother and its because of him you have come from the university so you beg him, any help he can offer but as to the meeting between us, even lawyer xxx (corrupter's own lawyer and brother) don't tell him http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

The systems and procedures in executing public service mostly involve different offices and officials; therefore, a corruptee usually guides his clients on which actor to further engage so as to make the process easier and doable. A corruptee who receives bribe has to find a way through, either by doing it directly or indirectly coaching his client. This reflects the "technical advice" given to a client by his partner [corrupt official] that: "*I even advised him [client's lawyer] that he should try and see the state attorney.....he should try and go and find something for him ... in such cases the state attorney too is very important so what steps has he taken to see the state attorney, and then you can go and find some kola for him"* http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php The investigative journalist, Anas, provides that http://vibeghana.com/2015/09/25/sex-for-justice-court-clerk-busted-in-anas-video/: *"the situation at the Somanya District Court appeared sordid. It was a complete network, starting with the clerks through the prosecutors and ending with the judge. As a result, the judge, investigator and court clerks were all 'sorted out' to influence a defilement case. They suggested changing the defiled victim's age from 13 to 20."*

### Secrecy of the Process

Because corrupt actors operate at the thin margins or blind side of systems and rules, they do so cautiously to prevent the system's light to be thrown on them. Actors engaged in corruption mostly feel uneasy and are filled with fear, especially, if the partner is not a very familiar person. It could also be observed from the accounts of the investigation that the "corruptees" were very cautious of the corruption process; this is because they did not want to be caught by the system. Through whatever means, actors attempt very hard to transact in a calculus way at the blind side of the system. This could be found in what appeared to be the uneasiness on the part of a corruptee after receiving the bribe payment. This is illustrated in the discussion below:

(At this juncture, Tiger (investigator or corrupter) hands over bribe sum of GHc2000.00 to Justice xxx [ce], he accepted it and put it beside him)

**Ce**: Don't Tell Anybody About The Bribe [Pleads With Ce] (Hidden Camera Footage)

**Ce**: Thanks! Please I beg you, sit down (referring to Tiger who was still standing after giving the money to the judge)

**Ce**: Please you know our work; these things are very dangerous.

**Cr** & voice: Yes sir

**Ce**: So you are two and I am three (referring to the number of people they are in the room) so let this thing remain in this room, I beg you.

**Cr**: Okay my lord, okay my lord

**Ce**: ....even your brother, lawyer xxx; don't tell him.

**Cr**: No, no, no my lord we will not tell him http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

This same caution and suspicions could be found in another case where the corruptee appeared skeptical. But for the intermediary or facilitator attempting to shield the corruptor by referring to him as a brother, the deal would not have been successful. That kind of assurance by the intermediary gave the corruptee some form of assurance or "safety net" which later appeared to be false.

**Ce**: As I was saying, some people would be talking talking...!

**Cr**: Mmm, oh my lord, my brother here has already cautioned me a lot on that [talking] and I assured him that as for me ...

**Ce**: Somebody will be talking to you and then they would be recording you any moment.

**Cr**: Oh, no, no! [meanwhile, he was recording]

**I**: My Lord, that is one caution I gave him.

**Cr**: He really cautioned me and I told him as for us, we are genuinely here to beg for our brother, so we can't do that.

**I**: My Lord, actually I have assessed him and I really believe that he's a brother [this had not been done but was trying hard to catalyze the process] (http://www.myjoyonline.com/news/2015/September-10th/scandal-i-have-all-the-power-i-will-let-him-off-judge-tells-undercover-journalists.php; http://www.ghanaweb.com/GhanaHomePage/NewsArchive/How-Justice-Ajet-Nassam-collected-Ghc16-000-bribe-381061)

### Net Social Loss

In the transactional model, the authors posit that the process results in benefits to both the corrupter and corruptee and perhaps, the intermediary, but the net effect is a societal utilitarian loss. The utilitarian principle provides that actions of public officials should provide value to greater majority of people; but when actions are triggered by corruption or bribe payment, the hallmark of statesmanship is relegated to the background. In these cases revealed, it could be observed that public officials who are to safeguard the state and society against exploitation and potential harm end up betraying this noble duty as a result of corruption or bribe acceptance. Negotiating and accepting bribe to release criminals unto the street is a perversion of justice, a direct betrayal of public trust and actors stab the state in the back where she bleeds and cries profusely without help. The undercover investigator in disappointment scribes "*...when cash determines life and death, when criminals are unleashed onto society, when the solution rather is the cause, one wonders where*

*to begin when the source of corruption itself is the court*" http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php.

### Consciousness of Consequence

In most cases, public officials who engage in unethical acts appear very much aware of the effect of their actions and inactions on society and organization. That notwithstanding, they may still go ahead by ignoring its implication on wider citizenry. For instance, in one of the cases, in brokering a deal involving an accused armed robber, the intermediary [court clerk] had this to say:

> robbery actually in this country is a very serious offence, it's a first degree [felony or offence] and when somebody commits that offence and maybe you even leave him, the whole country would be watching you. so normally when they commit such an offence and we go on to help them, the only help is to consider certain things so that they give them a minimum sentence https://www.ghanacelebrities.com/2015/09/11/anas-reveals-how-high-court-justice-charles-quist-released-an-armed-robber-who-stole-over-ghc-11000-for-ghc-4000/

However, upon final transactions and the money involved, the corruptee [judge] paid a blind eye to the net consequence of releasing a notorious armed robber unto the street. Motivated by monetary gains, he was of few words and his interest was to summarily acquit and discharge the armed robber. He promised his client that: "Just do it once and for all [bring all the money], then we free the guy. I have all the power and I will free him, so no fear. . .Oh I'll get him off, I'll get him off the hook on Friday but everything would depend on you." In this case, everything will not depend on the law, the offence committed, or utilitarian effect on society but on how much money the corrupter is able to raise and on time.

### Mistrust in State Institutions, Institutional Degeneration, and Insecurity

In cases above, the society and people are at risk because armed robbers and rapists are likely to be released without appropriate trial; these individuals are more likely to go about their activities with impunity and even increase their territories so as to gain more money to offer "better bribes" next time. If people perceive that a notorious robber and rapist has been unduly released, the effect is that they are more likely to lose confidence in the public administration system and may resort to instant justice (Yeboah-Assiamah and Kyeremeh 2014). With this singular transaction, there will be general sense of insecurity in society, and people will begin to lose trust in public institutions and law enforcement agencies, which is problematic to democratic consolidation and development.

In Tamale, a high profile case of rape where the accused was sentenced, but on appeal, and with a reported pecuniary payment of Ghc 2000, the judge subsequently releases the accused. In other words, when corruption or bribe payment comes in, even high profile cases tend to lose their logic and intensity which could now be handled like a "child's play." This is how one writer puts it:

> Through the help of the Judge's driver, Tiger [undercover journalist] managed to lead the family of the accused to (Justice xxxx's house), where the matter, which was as crucial as a 'world cup final' to the victim and her family, ended up being played out like an inconsequential friendly match, kicked off, all with a GHc 2000.00 ceremonial handshake http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php

For instance, by paying bribe, a judge could decide to "throw away" a land dispute case before him or her http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php. This could be suicidal because, in Ghana, land disputes, in most cases, have led to "land guards" syndrome which at times, have involved fatalities. Fictitiously throwing away such cases in court may not lead them to rest in a healthy manner; the party who feels cheated is likely to devise and adopt an unorthodox means, *albeit,* unjustifiable. This will further deepen the general sense of insecurity and mistrust in state institutions (Transparency International 2007). The public official cares less about the net consequence on society, but his motivation is the benefits or richness he is to obtain. This emphasizes the conceptualization of public sector corruption by

Blackburn et al. (2010, p. 4) as "an illegal or unauthorized profiteering by public officials by exploiting their positions in public office to maximize their private gains."

### Loss of State Resources: "Throwing Away" or "Failing to Recover"

**Throwing Away** In most cases, the actions of corruptees and corrupters have led to a colossal loss of state resources; these same scarce resources could have been used to promote socio-economic well-being of the citizenry. Public officials tend to abuse their authority to trade the state for their own selfish gains, and in some cases, by just trivial gains, they sacrifice the supreme state interest and utilitarian values of society. Public officials cause malfeasance to the state, instead of being trustees of the state, they rather end up milking or causing others to milk the state. In the end, the actors in the corruption transaction benefit while the greater majority becomes victims. These judges caught on tape taking minor pecuniary gains as bribes, and one could easily infer that high profile economic cases involving the state, private citizens, and companies could also be thrown away [*first degree felony cases of rape and armed robbery were even made foolish cases* https://www.ghanacelebrities.com/2015/09/11/anas-reveals-how-high-court-justice-charles-quist-released-an-armed-robber-who-stole-over-ghc-11000-for-ghc-4000/; http://www.myjoyonline.com/news/2015/September-17th/how-to-bribe-a-judge-on-rape-justice-yaw-ansu-gyiabours-story.php] easily upon receiving "better" bribe payments. This has serious implications on socio-economic development. This provides support to a position held by Barr and Serra (2010, p. 3) whose bribery game simulation led to a conclusion that "if a bribe is offered and accepted, the briber-bribee pair benefit, while other members of society incur a cost."

**Failing to Recover** The perpetuation of unethical conduct in the public sector could partly be attributed to most of these clandestine judicial transactions which may make people act unethically with impunity. If there is a term "throwing away cases" on the basis of corruption or bribe payment and not necessarily merit of the case, then public officials may not necessarily care when found between acting legally or illegally. The accounts and revelations suggest that even important cases that could have brought about financial resources to the state could easily be "thrown away" without justice. For instance, Mr. Woyome was alleged to have fraudulently secured huge payments of about GHC51, 283,480.59 (equivalent to USD 13,372,485.03) as judgment debt which the state was pursuing to get the money recovered. The argument is that if an ordinary young man [low status in society] could easily transact corruption with judges to get a murderer and rapist freed, it may perhaps be relatively easier for people who have strong connections with politicians and corridors of power to do so with ease (http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=257186). Assuming [without admitting] that a judge manages to throw away this case, the whole state loses and may open flood gates for others to follow. Meanwhile, a then trial judge [of the Woyome case] was busted (both audio and video footage) in Anas investigation "in the act" of a different corruption http://www.myjoyonline.com/news/2015/September-9th/anas-investigation-cites-34-judges-others-in-massive-bribery-scandal.php.

## Conclusions and Policy Implications

This study contributes to existing literature on public sector corruption by using empirical evidence to highlight the transactional nature and how the deals finally lead to skewed public service delivery. More importantly, the study contributes to knowledge and strategies on corruption control. Specifically, the chapter makes a modest contribution by answering these key questions: How do corrupt public officials interact with their clients in the execution of public business? How do the

key actors in corruption broker their corrupt transaction and how does it even get started? How does corruption influence the public official's decisions with regards to public interest? The study finally contributes to literature on corruption control as it draws useful lessons to inform policies on the design of anticorruption strategies.

Firstly, it could be observed from the study that corruption is a well-calculated transaction by those who partake in the action; that is, actors engage in dark networks "to act-against the law" and attempt through all means possible to keep it from "glare of the public." Each of these actors is rational in nature and seek some returns from the corruption transaction by cautiously assessing the actor(s) involved, the content of the bribe items, the systems in place, and how to "outsmart the system."

Narratives from the study illustrate how corruptees (public officials) mostly outsmart the system or rules through inter alia, technicalities, grey areas in the system, administrative discretion, forging allegiance with other officials who matter in the process [dark networks as argued by the social network theory, see Hu et al. 2009], and providing coaching support to their "corruptors" or "partners in crime" on how to catalyze the process. This conclusion provides support to an empirical finding in Hungary by Jávor and Jancsics (2013) that even where there are mechanisms to check corruption, managers at the various levels of the organization have their own machinations "technicization" to side-step and trick the system to have their corrupt way through; people engage in a formidable network to "eat up" the technical quality of systems. For instance, the investigation by Anas reveals how such clandestine networks had been formed by relevant actors to outsmart the system by acting at the margins and blind side of the rules.

Secondly, the study concludes that any attempt at fighting corruption that concentrates just on systems without a significant focus on the human element is more likely to be outsmarted. This is because a rule or system is nothing more than a toothless bulldog barking without biting if the system does not have persons of integrity to apply it prudently. In other words, systems and rules especially in developing countries will only be effective in controlling corruption when linked with a process that pays attention to building people of integrity and honoring ethical people. The study has provided that rules are mere provisions which require people to execute and if the enforcers are part of a syndicate, they will inadvertently dilute the potency of the existing rules and systems to have their way through. Observing the role of people in administration, Wriston maintains, "I believe the only game in town is the personnel game; my theory is that, if you have the right person in the right place you do not have to do anything else, but if you have the wrong person in the job, there's not a management system known to man that can save you" (cited in Foulkes and Livernash 1982, p. 43).

Thirdly, the study concludes public officials who engage in corruption mostly know the negative net effect of their actions and inactions on society but tend to rationalize or just blink an eye to it. In his decision to take bribe and broker a deal to set an accused armed robber free, the actor knew the consequence and even explained to his corrupt partner. In spite of the risk associated, actors are still headstrong and broker deals, because of monetary payments [other gains] involved. That is why it is mostly argued that money is sticky, the lack of it, the desire for its acquisition, or the fear of losing it – brings out the worst in human nature. The public sector according to this narrative attracts greedy and ruthless people who have no hesitation in being manipulative, exploitative, and devious, willing to do anything for unorthodox personal enhancement. This conclusion is well explained by the public choice theory which maintains that individuals are fundamentally egoistic and self-seeking who enter into relationship or transaction based on careful calculation of benefits and costs.

Consequently, addressing corruption in the public sector requires a holistic and integrated approach which is well discussed in a recent publication dubbed *"Strong Personalities" and*

*"Strong Institutions" Mediated by a "Strong Third Force": Thinking "Systems" in Corruption Control* (see Yeboah-Assiamah 2016). Relating it to the conclusions, controlling judicial corruption should take into account the integrity levels of public actors through ethical training and measures aimed at recruiting people with high integrity; additionally, there is a need to reform the criminal procedures to actively reduce the high levels of discretionary powers of judges. This could be possible when there is high level of accountability on the part of "Lords of the land" to provide justifications for their actions and inactions. Finally, the role of the "third force" or civil society acting to throw much sunshine in the judicial operations would help to compel accountability from judges.

## Cross-References

► Development Administration

## References

Barr A, Serra D (2010) Corruption and culture: an experimental analysis. J Public Econ 1–8. https://doi.org/10.1016/j. jpubeco.2010.07.006

Bhattacharyya S, Hodler R (2015) Media freedom and democracy in the fight against corruption. Eur J Polit Econ 39:13–24

Blackburn K, Bose N, Haque ME (2010) Endogenous corruption in economic development. Journal of Economic Studies 37(1):4–25

CDD-Ghana Survey (2014) http://www.afrobarometer.org/files/documents/media_briefing/gha_r6_presentation3_trust_corruption.pdf. Accessed 5 Feb 2015

Chen M, Jeon BN, Wang R, Wu J (2015) Corruption and bank risk-taking: evidence from emerging economies. Emerg Mark Rev 24:122–148

Desta Y (2006) Designing anti-corruption strategies for developing countries a country study of Eritrea. J Dev Soc 22(4):421–449

Drugov M, Hamman J, Serra D (2014) Intermediaries in corruption: an experiment. Experimental Economics 17(1):78–99

Foulkes FK, Livernash ER (1982) Human resource management: texts and cases'. Prentice Hall, Englewood Cliffs

Gould DJ (2001) Administrative corruption: incidence, causes, and remedial strategies. In: Farazmand A (ed) Handbook of comparative and development public administration, 2nd edn. Marcel Dekker, New York

Hu D, Kaza S, Chen H (2009) Identifying significant facilitators of dark network evolution. J Am Soc Inf Sci Technol 60(4):655–665

International Business Attitudes to Corruption Survey (2015/2016) Published by Control Risks Group Limited, Cottons Centre, Cottons Lane, London SE1 2QG. https://www.controlrisks.com/webcasts/studio/2015-GENERAL/corruption-report/corruption-survey-2015.pdf. Accessed 14 Oct 2015

Jávor I, Jancsics D (2013) The role of power in organizational corruption: an empirical study. Adm Soc. https://doi.org/10.1177/0095399713514845

Kant I (1994) Ethical philosophy. Grounding for the metaphysics of morals (trans: Ellington JW). Hackett Publishing Company, Indianapolis/Cambridge

Klitgaard R (1998) International cooperation against corruption. Finance Dev 35(1):3

Mbaku JM (2008) Corruption cleanups in Africa lessons from public choice theory. J Asian Afr Stud 43(4):427–456

Mendoza RU, Lim RA, Lopez AO (2015) Grease or sand in the wheels of commerce? Firm level evidence on corruption and SMEs. J Int Dev 27(4):415–439

Ryvkin D, Serra D (2012) How corruptible are you? Bribery under uncertainty. Journal of Economic Behavior & Organization 81(2):466–477

Serra D, Wantchekon L (2012) New advances in experimental research on corruption, vol 15. Emerald Group Publishing, Bingley

Simelane HS (2012) The Swazi monarchy and the poor performance of the Swazi anti-corruption agency, 2006–2009. J Asian Afr Stud 47(4):421–435

Transparency International (2007) Global Corruption Report 2007. Corruption in Judicial Systems. http://issuu.com/transparencyinternational/docs/global_corruption_report_2007_english?e=2496456/2664845. Accessed 4 Apr 2015

Yeboah-Assiamah E (2016) 'Strong Personalities' and 'Strong Institutions' Mediated by a 'Strong Third Force': Thinking 'Systems' in Corruption Control. Public Organization Review 17(4):545–562

Yeboah-Assiamah E, Kyeremeh TA (2014) A Critical Assessment of Public Administration and Civil Disobedience in Developing African Democracies: An Institutional Analysis of Mob Justice in Ghana. Journal of Law, Policy and Globalization 28:1–11

Yeboah-Assiamah E, Alesu-Dordzi S (2016) The calculus of corruption: a paradox of 'strong' corruption amidst 'strong' systems and institutions in developing administrative systems. J Public Aff 16(2):203–216

Yeboah-Assiamah E, Asamoah K, Osei-kojo A (2014) Corruption here, corruption there, corruption everywhere: a framework for understanding and addressing public sector corruption in developing African democracies. J Public Adm Gov 4(3):186–204

Yeboah-Assiamah E, Asamoah K, Bawole JN, Buabeng T (2016) Public sector leadership-subordinate ethical diffusion conundrum: perspectives from developing African countries. Journal of Public Affairs 16(4): 320–330

# Corruption in South Sudan

Anthony Geoffrey Koma
War Child Holland, Juba, South Sudan

## Synonyms

Bribery; Crime; Exploitation; Extortion; Fraud; Graft and malfeasance

## Introduction

The signing of Comprehensive Peace Agreement (CPA) between Sudan People's Liberation Movement/Army (SPLA/M) and National Islamic Front (NIF) of Khartoum government in 2005, and subsequent referendum that led to the birth of South Sudan as Africa's newest country in 2011, was a sign of hope for the people of South Sudan to embark on peace, unity, justice, equality, and prosperity. Unfortunately, the national vision for equitable distribution of wealth and resources (sharing of national cake) among the South Sudanese has never been realized because of corruption, which is caused by a number of factors. These include political instability, poverty, weak property rights, contagion from corrupt neighboring countries, low levels of education, low economic and press freedom, lack of democracy, ethnic divisions, weak judicial and internal control system, gender inequality, lack of government decentralization, and low degree of regional and global economic integration.

This article tacitly acknowledges the complexity and sensitivity of the nature of corruption in South Sudan as habitual "malady" which requires collective, and yet, global action in order to fight against it. It also attempts to discuss a few of the prevailing nature and causes, and consequences of corruption in South Sudan, which is considered nowadays as Africa's youngest and yet fragile and/or failed state.

The outbreak of civil wars in December 2013 and July 2016, and the ongoing fighting between Salva Kiir's Sudan People Liberation Army/Movement (SPLA/M) and Riek Machar's Sudan People Liberation Army/Movement In-Opposition (SPLA/M-IO), reflects a longer-running crisis of governance marked by nepotism, corruption, income inequality, ethnic functionalism, maladministration, conflict of interest, moral decay in the ruling party, and a growing divide between the state and society. It also reflects unresolved historical grievances from the previous civil war and the failure of the CPA period to support healing and reconciliation at community, state, and national levels and to address issues related to corruption in the country.

## Theoretical Conceptual Framework

The term corruption stems from the Latin word "*corruptus*," which means to destroy, ruin, and/or waste. Theoretically, "corruption is a form of behavior, which departs from ethics, morality, tradition, law, and civic virtue" (Globalization of Corruption). It is a complex and problematic word, which denotes, among others, lack of integrity, bribery, misappropriation and mismanagement, moral decay, ambiguity, nepotism, embezzlement, extortion, conflict of interest, and misuse of power for personal gain. This definition is consistent with World Bank, Transparency International and UN's *Global Program Against Corruption* view that corruption is abuse of power for personal gain in both the public and private sectors (UNODCCP 2004).

In South Sudan, corruption has become a sociopolitical and economic "disease" for development that has eaten both private and public sectors of the government since the signing of the (CPA) in 2005 and post-independence in 2011, and the subsequent referendum of 2011. In the current system of Government in South Sudan, whether petty, grand, and systematic, corruption is an apparent irregularity that touches the life of every South Sudanese. The corruption we are referring hereto is manifold. It dates back to post-colonial Sudan and post-CPA era, Barnabas (2007) observes that corruption and fraud in both South and North Sudan general take the form of bribery, theft, nepotism, unmerited promotion to

high ranks in public service, tax evasion, diversion of government revenue and electoral fraud. The Southern Sudan Anti-Corruption Commission's (SSACC) definition of corruption, however, extends beyond to include issues of conspiracy between private actors and public officials for their mutual or private benefit, conflict of interest, formulating policies, and legislation so as to unduly benefit specific groups, sexual harassment and trafficking of influence, among others (SSACC 2009). All these factors deter good governance. Good governance requires extraordinary level of integrity, transparency, and accountability for social, economic, and political development. Precisely, good governance entails: "(1) political legitimacy for the state through democratic elections and transfer of power and an effective political opposition and representative government, (2) accountability and transparency in the sharing of information, (3) separation of powers, (4) effective internal and external audit, (5) effective means of combating corruption and nepotism, (6) competence of public servants, (7) impartial and accessible justice systems; and (8) the absence of arbitrary government power" (Balboa and Medalla 2006).

Frankly speaking, corruption is a common social phenomenon in the South Sudanese society, predominantly among the government officials. It has destroyed the conscience or principles of South Sudanese society to engage in economic, social, and political development. In Corruption Perceptions Index 2016, South Sudan scored 11 in corruption in Sub-Saharan Africa (Transparency International 2016). This means that "poorly equipped schools, counterfeit medicine and elections decided by money are just some of the consequences of public sector corruption. Bribes and backroom deals don't just steal resources from the most vulnerable – they undermine justice and economic development, and destroy public trust in government and leader" (Transparency International 2014), in South Sudan. Most of the government officials have become so corrupt that they have misappropriated state funds in order to enrich themselves. Some government dignitaries in Juba possess big and expensive cars and houses within and outside the country at the expense of others to the extent that there are two class societies emerging in South Sudan today: the exceedingly rich and the extremely poor.

## The Nature and Causes of Corruption in South Sudan

As noted previously in the introduction, the nature and cause of corruption in South Sudan are vast and the causes are complex in nature. These include, *inter allia,* political instability, poverty, weak property rights, contagion from corrupt neighboring countries, Low levels of education, low economic and press freedom, lack of democracy, ethnic divisions, gender inequality, lack of government decentralization, low degree of integration in the world economy, weak civil participation, and low level of political economic accountability and transparency.

## Legislation

Under the Presidential decree no. 1, and Southern Sudan Anti-Corruption Commission (SSACC) Act 2009, inter alia, were established as mechanisms to fight against corruption, theft of state resources, and money laundering. "In generating corruption reports SSACC adopts a variety of approaches. These include face-to-face reporting11, statutory reports by public officials12, open media sources13, official reports14, official databases15, anonymous reporting, intelligence production, complaint boxes and inter-agency information sharing" (Dut 2016). Even so, SSACC and SSPC as internal control systems seem to be ineffective in tracking down and dealing with corruption cases because despite President Salva Kiir's advocacy for the principle of "zero tolerance to corruption" during independence celebration that he would "as President do all . . . (he) can to remove this cancer of official corruption" (Othow 2011), fraud and dishonesty in management of public funds in the South Sudan are still alarming. Majority of South Sudanese believe that the public officials in the current GoSS are greedy, ignorant, and incompetent. This clearly explains that there are no clear

and sound laws established in South Sudan to check the abuse of power by the executive, judiciary, and legislature.

## Judicial System

Like any other organ of government, the law of South Sudan had mandated the judiciary to be independent body, but the whole system is very frail and unproductive. For example, South Sudanese have lost trust in South Sudan Police Service (SSPS) as service providers because the police and other security providers are widely perceived as corrupt and ineffective, and they act with impunity and demand for bribes while undertaking operations (HRR 2015). This means that it is easy to detect corruption but hard to punish agents who offer or take bribes.

## Macroeconomic Policies

Generally, South Sudan's macroeconomic policies are aimed at reducing the inflation rate and increasing employment. The fiscal and monetary policies are employed to stimulate economy and cool down the rate of economic growth with major objectives such as fighting inflation, stabilizing interest rates and exchange rates, and economic growth. As a rule, monetary policy in its broader context can easily harm the poor through inflation, output, and increase in real exchange rate (Spiegel 2006). Although monetary policy may lead to deterioration of exchange rate, it can make South Sudan more competitive and create more jobs for the citizens as well, if the root causes of corruption are effectually addressed. However, government macroeconomic policies are weak, and this is evidenced by narrow taxation, high government expenditure, and public debts (external and internal borrowing).

## Financial Mismanagement

There is no pressure to correct public financial management problems in the current GoSS. Neither the Legislative Assembly (LA) nor the Council of Ministers (CoMs) testifies to the public on any action taken by the government to understand or tackle corruption cases and budget proposals/recommendations. What is hindering these institutions is that there is no proper and effectual law, and corruption polices, and measures to carry out investigations on corruption cases and prosecute individuals or group of individuals involved in corruption. This provides a partial explanation as to why South Sudan has poor auditing institutions (Poor institutions here denote lack of direct or indirect participation of the citizens to the budget process and to public information on budgetary issues.) such as the Auditor General Chamber and the Anti-Corruption Commission, and the Legislative Assembly (LA) is not very strong.

Due to unclear guidelines and records, millions of dollars had disappeared into thin air since the establishment of the GoSS in the name of ghost-workers, fake invoices, illegal taxes, nepotism, and other backdoor practices. Cases in points are many. In 2008, the MPs of Unity State blamed the State Governor for misappropriating about $122 million; on December 5, 2008, a government official was caught carrying $3 million in his briefcase; on March 31, 2009, *Al-Wifaq* Newspapers reported that SDG 4 billion disappeared from the Ministry of Education in Northern Bahr El Ghazal State (Oduho 2009); between June and July 2009, a government official from MoEST wired $ 323,060 from scholarship fund meant for South Sudanese students studying in Kampala to a personal account of Mr. Felix Clive Arim Oceng, a Ugandan (Thon 2011). In 2012, President Salva Kiir accused 75 government officials for stealing $4 billion from the Reserve Central Bank of South Sudan but no further action is taken. World Bank reported that $22 billion from oil revenue was embezzled by government officials, an amount that is equivalent to Ghana's annual revenue, thus a country with a population of 22.5 million people, for about 20 years (Quoted in Nyamilepedia 2016). As result, the opaque management of the country's oil-rent has permitted the high-ranking government officials to siphon funds with impunity (FitW 2015, in South Sudan Corruption Report). Alluding to United Nations Office of Drug Control and Crime Prevention, South Sudan's:

> "Officials who work for or supervise revenue-collecting agencies, such as tax authorities, customs, public utilities... solicit bribes..... Civil servants... accept cash payments in order to alter tax files (income declarations) of individuals or organizations.... Officials ....illegally transfer funds and park them in accounts earning interest for themselves. Also, public officials are in a position to manipulate for their benefit foreign exchange rates.... Customs officials ... receive bribes in order to ignore legal or illegal imports or exports that have taken place. In this way, the payment of duties and levies is avoided at the expense of the national treasury. In addition, dangerous or prohibited goods [especially illicit proliferation arms] cross national borders" (UNODCCP 2004) are quite appalling.

Contrary to the advocates of decentralization system of governance, the way GoSS carries out its budget execution are diametrically opposed to international standard with regard to how public funds are spent and how the resources are generated because of low capacity, weak accountability sector, and public financial management law to control civil servants. Ministry of Finance (MoF) faces the problem of accountability at the level of state agency. Reports from the state MoF (2011–2016) shows that some spending agencies are not accountable, meaning very few produce statement of accounts for the funds they obtain from the MoF. Thus, money is released and spent, but there is not accountability. Moreover, prior to 2013 and 2016, ethnic and political conflicts, the oil-rent, and non-oil revenues are not appropriately translated to the benefits of the citizens because public spending is politically vested in the hands of the powerful military elites and public officials. This partly explains why the public resources are haphazardly allocated to the poorest states or regions, particularly those who are most in need of investment – resources go to those who have access or channels to the "national-cake." The evidence from the Statistical Yearbook for South Sudan (2009–2016) is indicative of this problem.

## Corruption, Ignorance, and Poverty

In an emerging society like South Sudan, there are excessive demands and public outcry, which call for more budgetary allocation by government agencies. However, owing to rampant poverty, corruption, nepotism, tribalism, and ethnic tensions, the question of transparency and accountability as the core values of public budgeting remains unanswered. Therefore, focus on poverty alleviation and policy choices are decisive for enhancing transparency and accountability in South Sudan. This is because lack of transparency could easily destabilize the structural relationship (country-ownership) between the Sudanese people and their government, and pave ways for irresponsibility and mismanagement in fiscal and political administration. Noticeably, it is apparent that the cases of mismanagement, corruption, and maladministration in the GoSS are intentional while others unconsciously arise from ignorance. The ignorance we are referring to here is not only lack of formal education but also lack of technical know-how, and/or weak technical and human capacity, lack of critical evaluation of the environment, and the human condition among the South Sudanese people. The Oil-rent has been an obstacle to upholding the principles of good governance and sustainable development because of corruption and mismanagement of public fund. Corruption eats so deep into the narrow tax-based economy of the country, and the narrow tax-based economy is further hardened by the fact that the impeaching poverty into the society gives no consideration for fair treatment and service delivery to the people who have just come out of war and are now back to fighting each other.

## Public Procurement

The public services sector is highly corrupt because the government, particularly SPLM officials, demand for gifts or other irregular payment from companies to obtain operating licenses and gain access to public procurement contracts award and construction permits (ES 2014). The government officials lack the necessary knowledge and skills for management of public fund to the extent that bulk of government contracts were awarded without due regard to competitive bidding (Barnabas 2007). Prior to the 2009 Appropriation

Act, most the contracts signed in South Sudan were not approved by the Parliament.

Thus, most businesses depend on connections in the government and the military – as these are the main contractors – bribes and other corrupt means to win public contracts (BTI 2016). Public officials often circumvent or influence procurement procedures, suggesting high rates of favoritism in the sector (Gan 2017). As a result, companies that are partially or fully owned by ruling party SPLM or SPLA, officials are more likely to win public contracts irrespective of the quality and price of their services (Gan 2017). According to Athorbei (2010), the government investigated and found that bags of "Dura" (sorghum) worth more than SDG 80 million that was meant to be distributed to the 10 States disappeared in thin air. As noted and acknowledged by The Voice of America and Transparency International, "...bribes and backroom deals don't just steal resources from the most vulnerable, but also undermine justice and economic development and destroy trust in the government" (Voice of America 2014). These are not merely figures and assumptions, but true indicators that there are weak spots in social, economic, political, and legal system of the government, which pose lots of challenges to peace, unity, stability, and progress in South Sudan as Africa's youngest nation.

## Public Services

In Public Service, South Sudan's "property rights are not well protected and customary land use rights have been replaced by more formal laws, leading to conflict in many communities (BTI 2016)." Most of the recruitment in public service sector is centered on one's allegiance to the SPLM/A instead of merits. There are several "ghost workers" that have inflated public pay rolls (Gan 2017).

## Nepotism

Certainly, corruption and institutionalized nepotism in the South are the main obstacles to service delivery and infrastructural development due to lack of human resources capacity in different units of the GoSS (Kuol 2007). While majority of the respondents argued that decentralization system is imperative for equitable distribution of resources, it remains uncertain whether the question of fairness and equity *vis-a-vis* national philosophy, justice, liberty, and prosperity, would solve the problem of corruption given that there is lack of fiduciary mechanism (duty of trust, care and devotion) and weak institutions with limited accountability and financial control. This is because, hitherto, the country continues to suffer from unfair distribution of resources and/or "national cake," unemployment, ethnic politics of divide and rule, rebellion, greed for power, lack of democracy, and good governance due to incompetent leaders. In fact, the failure to make a transition from military rule to civilian rule explains the lack of understanding between the state and SPLM. In most cases, SPLM is equated to the state. "South Sudan One Year On: From the World's Newest State to Another African Story," Mairi John Blackings argued that "the failure to separate the state from the party and the attendant failure to institute checks and balances within the various organs of the state lie at the centre of the general air of malaise suffocating and squeezing life out of the nascent nation state of South Sudan. . ." (Mairi 2002).

## Freedom of Speech and Press

Through the 2013 and 2016 Non-Governmental Organization (NGO) Act, the government restricted freedom of speech and expression and obstructed criticism by ". . .monitoring, intimidating, harassing, arresting, or detaining members of civil society who publicly criticized the government" (HHR 2015). Several media houses and civil society organizations that engaged in criticizing the government were shut down. For example, *Nation Mirror* (September 14, 2016) and *The Sentry* (November, 2016) were closed down because of criticizing the government on misuse of public funds. Besides, *Eye Radio* was closed

for a week for airing a voice clip from SPLM-IO leader Riak Machar (Africa News 2016). Human Report (2016) further indicated that several journalists and media houses have suffered from violence and harassment by security forces. Indeed, "security forces confiscated or damaged journalists' equipment and restricted their movements. During the year, journalists were interrogated, harassed, detained, and imprisoned, and there were instances of severe violence and suspicious death" (Gan 2017) by National security service (NSS), SSPS, and SPLA. Cases in points are: "On July 16, Alfred Taban, a journalist and editor in chief of the *Juba Monitor*, was arrested after publication of an editorial in which he called for the removal of President Salva Kiir and First Vice President Riak Machar, criticizing them for their failure to implement the August 2015 peace agreement. . . . And "On October 11, Malek Bol, a reporter for the Arabic-language daily *al-Maugif*, was found badly injured and showing signs of torture in a cemetery in Juba. . . . In December 2015, NSS members arrested Joseph Afandi, an editor for the Arabic daily *El Tabeer*, at the newspaper's offices in Juba after he wrote an editorial critical of the ruling party. . . ." (Human Rights Report 2015).

## Combating Corruption and Strengthening Whistle-Blowing

Corruption obstructs the efficiency of public services, enlarges the costs of public transactions, and destabilizes confidence in civic and/or public institutions. The need to fight and curtail corruption and strengthen whistleblowers is yet another area of concern in South Sudan. The GoSS should therefore instigate forensic accounting. Forensic accounting is vital for holding those who abuse public fund accountable before the court of law. It could also act as a mechanism for observing ethical codes of conduct, promoting public integrity and reforming bad habits of civil servants. Furthermore, a strong and sound law should be put in place to protect whistleblowers by strengthening internal control units or independent institutions such as SSACC and the South Sudan Audit Chamber. The government should empower both public and private institutions, strengthen hotlines, and combat conflicts of interest among public bureaucrats, particularly in areas such as public contracts and procurement management to "ghost" companies. However, without building strong political will and human capacity, fighting corruption will not be an easy project to embark on.

## References

African News (2016) S. Sudan radio closed over '28-seconds Machar interview' reopens today. http://www.africanews.com/2016/11/19/s-sudan-radio-closed-over-28-seconds-machar-interview-reopens-today//. Accessed 3 July 2017; http://www.africanews.com/2016/11/19/s-sudan-radio-closed-over-28-seconds-machar-interview-reopens-today//. Accessed 4 July 2017

Athorbei DD (2010) Planning strengthening planning & budgeting at GoSS & state levels. Ministry of finance and economic planning. GoSS Official Portal, Juba

Balboa J, Medalla EM (2006) Anti-corruption and governance: the Philippine experience. http://www.apec.org.au/docs/06ascc_hcmc/06_9_1_balboa.pdf. Accessed 14 Oct 2017

Barnabas MB (2007) Sudan experience trends of fraud and corruption. Paper Presented at the public works' zero tolerance stance conference on fraud & corruption. www.publicworks.gov.za/PDFs/AntiCorruptionConference/RSA%20CORRUPTION%20CONFERENCE%20%20_Mr.%20Barnabas%20-%20AG%20Suddan_.pdf. Accessed 12 Dec 2017

Blackings J (2012) South Sudan one year on: from the World's newest state to another African story. http://www.sudantribune.com/IMG/pdf/another_country.pdf. Accessed 11 June 2017

Dut AMD (2016) Criminal justice response to corruption in South Sudan. www.unafei.or.jp/english/pdf/RS_No98/No98_IP_South_Sudan.pdf Accessed 5 Sept 2017

Gan Integrity Inc. (2017) South Sudan corruption report. http://www.business-anticorruption.com/country-profiles/south-sudan. Accessed 20 Sept 2017

Globalization of corruption: an introduction. http://wordinfo.info/unit/3940/s:an%20introduction. Accessed 30 May 2017

Human Rights Reports (2015) Country reports on human rights practices for 2016. South Sudan. https://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper. Accessed 30 May 2017

Kuol SP (2007) Capacity building is about money: the cases for South Sudan. Retrieved on 3 Dec 2009 from http://www.southsudannation.com/
Mairi JB (2002) South Sudan one year on: from the world's newest state to another African story. http://www.sudantribune.com/IMG/pdf/another_country.pdf. Accessed 11 June 2017
Nyamilepedia (2016) Revealed: the list of top 45 most corrupt south sudan's government officials! https://web.facebook.com/ssyparl/posts/1720248631574190:0?_rdc=1&_rdr. Republished by South Sudan Youth Parliament. Retrieved on 14 Dec 2017
Oduho OD (2009) The illusive fight against corruption in South Sudan: no prosecutions since the establishment of GOSS. *Ohiyok News Analyses Online.* Retrieved 14 April 2011 from http://ohiyok-newsanalysesonline.blogspot.com/2009/05/illusive-fight-against-corruption
Othow JW (2011) The roots of corruption in South Sudan. Published 15 July 2011. Accessed 5 May 2017
Southern Sudan Anti-Corruption Commission (2009) Towards a corruption-free Southern Sudan. GoSS Official Website. Retrieved 15 May 2017, from http://www.goss-online.org/magnoliaPublic/en/Independant-Commissions-and-Chambers/Anti-Corruption/mainColumnParagraphs/0/content_files/file 3/Souther%20Sudan%20Anti-corruption%20Strategy%20(Final%20Draft).pdf. Accessed 15 May 2017
Spiegel S (2006) Macroeconomic and growth policies. Initiative for Policy Dialogue (IPD), Columbia University, New York. https://www.g24.org/wp-content/.../MACROECONOMIC-and-growth-policies.pdf Accessed 24 Sept 2017
Thon P (2011) South Sudan wins court case in Uganda. The Citizen, Tuesday, April 12, Vol. 6:100, pp 1–5
Transparency International (2014) Corruption is threatening economic growth for all. https://www.transparency.org/cpi2014/results. Accessed 12 June 2017
Transparency International (2016) Corruption perceptions index 2016. https://www.transparency.org/news/feature/corruption_perceptions_index_2016. Accessed 11 June 2017
United Nations Office of Drug Control and Crime Prevention (2004) United Nations manual on anti-corruption policy. www.unodc.org/pdf/crime/gpacpublications/manual.pdf. Accessed 15 Sept 2017
United States Department of State Bureau of Democracy, Human Rights and Labour (2016) South Sudan 2016 human rights report. https://www.state.gov/j/drl/rls/hrrpt/2016/af/265304.htm. Accessed 30 May 2017
Voice of America (2014) South Sudan seen as one of world's most corrupt nations. https://www.voanews.com/a/south-sudan-corruption-transparency-international-annual-index/2544599.html. Accessed 11 June 2017
Word Information (2017) Globalization of corruption: an introduction http://wordinfo.info/unit/3940/s:an%20introduction Accessed 30 May 2017

# Corruption Management in Africa

Adewale K. Kupoluyi
Department of Political Science and Public Administration, Veronica Adeleke School of Social Sciences, Babcock University, Ilishan-Remo, Ogun State, Nigeria

C

## Synonyms

Accountability; Africa; Corruption management; Good governance; Public sector

## Definition

The deliberate and sustained efforts by African states at preventing, controlling and curbing the use of public positions to illegally acquire unmerited privileges, favors, and resources.

## Introduction

Africa is a continent that is blessed with abundant rich human and material resources. These endowments have not been maximally used to provide basic social and infrastructural amenities for the people. What has been responsible for this is the endemic corruption that is plaguing the continent, going by Transparency International's Corruption Perceptions Index, which identified Africa as the most corrupt region in the world (CPI 2010). Corruption is the securing of wealth or power through illegal means, engaging in private gains at public expense or the misuse of public power for private benefit (Lipset and Lenz 2000).

Africa's predicament is compounded by bad leadership that has made it elusive to achieve good governance, even though some of its leaders are accountable, visionary, patriotic, and have sacrificed greatly towards making their countries a pride of place among comity of nations. Despite

the huge oil wealth and abundant resources endowments, Africa is today the poorest region of the world (Collier 2007). The prevailing situation suggests that corruption has gradually become a common feature of many African states, cutting across both the public and organized private sectors. The focus of this section is on public sector because it largely controls what happens to other sectors.

## Corruption

Corruption is complex to define. It can simply be been described as the illegal, dishonest, destructive, conscious, and well-planned act by a person or group of persons, to appropriate, by unlawful means, the wealth of another person or group of persons (Okolo and Akpokighe 2014). Pre-colonial Africa was founded on solid and strong ethical values that promote justice, equity, and development of the human society with disdain for corrupt practices. African nations, before the coming of the colonialists, laid much emphasis on strong moral values (Okolo and Akpokighe 2014). Such moral values abhor corruption and dishonesty. Corruption was seen as antithetical to African pride and dignity that cherish good societal values and morals. Nowadays, corruption is rampant and has eaten deep into the fabrics of many African nations, due to loss in values and morality. Global perceptions about graft in many African countries indicate that graft has become endemic and systemic in both public and private sectors (Okolo and Akpokighe 2014). Manifestations of official corruption include examination malpractices, adulterated foods, misappropriation, embezzlement of funds, and the use of proxy names to buy expensive property (Okolo and Akpokighe 2014). Corruption has become an enemy among African nations.

Bureaucratic corruption is common among less developed countries. Corruption remains a big issue because it stifles growth, enhances inequalities, and reduces government's capacity to respond to people's needs (Salisu 2000). Ake (1991) noted that the social impact of corruption involves the creation of an atmosphere of tension, dishonesty, weak, and/or selective law enforcement that breeds cynicism and erosion of faith. Therefore, corruption does not offer anything good for the development of Africa. Many reasons have been adduced for why corruption is prevalent in Africa. These range from the existing bureaucratic loopholes, nonconformity with traditional religious tenets and importation of values/ideals that are alien to African culture (Okolo and Akpokighe 2014).

A cursory look suggests that something drastic should be done to bring Africa back to the path of integrity and corrupt-free society, as much as possible. The reality on ground today calls for monetary and fiscal philosophy that would vigorously tackle corruption, waste, inefficiency, poor governance, and inequitable distribution of wealth (Kupoluyi 2016). These unethical attitudes among the people have encouraged the emergence of new breed of public servants (Okolo and Akpokighe 2014). Public servants that do not faithfully adhere to their professional ethics to always be faithful at all times and at great cost. It is on this basis that Maduegbuna (2005) had decried that, the benefits of corruption seem to be greater than its consequences when it comes to national development. This should not be. Collective wealth should not be controlled by few privileged persons at the detriment of the majority. People with questionable means of income are often celebrated while honest and dedicated public servants, who have not stolen or accumulated illegal wealth, while in active service, do not command much respect from the society, unlike persons of such questionable wealth. Corruption constitutes great obstacle to democracy and makes people to distrust heir leaders by developing nonchalant attitude and apathy towards public policy planning and implementation (Kupoluyi 2012). Nothing legitimately can ever to too much to do to end corruption in Africa.

Corruption has remained a serious development issue in Africa and that is why important organizations such as the United Nations, through its Sustainable Development Goals (SDGs), is striving to promote high level of accountability

and transparency in public service (Jaiyesimi 2016). Due to the seemingly complex nature of corruption, a deliberate, systemic and sustained approach is needed to curtail and curb graft in government. Collier (2010) asserted that apart from internal and local factors, some Western multinationals are allegedly aiding and abetting corruption in Africa, especially in the areas of natural resources' exploration and exploitation in countries like Nigeria, Benin Republic, Cote D'Ivoire, Angola, South Africa, Burkina Faso, Guinea Bissau, and Sao Tome and Principe. In looking for solution, searchlight should be beamed on local and international collaborators in order to achieve desired results.

## Western System of Corruption Management

Many schools of thought have attempted to explain what can be described as the Western approach to curbing corruption. What is central to this system is that, the entire process is totally subjected to the modern process and procedure of adjudication, rule of law, and due process of proper investigation, trial, and prosecution. There are a number of legal instruments and institutions existing for the management of corruption in Africa, including the media, as the watchdog and mirror of the society. From the 1950s till date, several laws and institutions had been put in place to fight corruption across Africa without yielding fruits.

In Nigeria, these include anticorruption apparatus and institutions include the Nigeria Police Force; Code of Conduct Bureau, as provided for in the 1999 Constitution of the Federal Republic of Nigeria (As amended); the Economic and Financial Crimes Commission (Establishment) Act of 2004 (EFCC Act, 2004); and the Independent Corrupt Practices and other related offences Commission Act of 2000 (Anti-Corruption Act, 2000). Certain corrupt practices that are criminal in nature are covered under the Criminal Code Act (CCA, 2004), the Penal Code Act (PCA, 1960), the Administration of Criminal Justice Act (2015), and the Whistle-Blowing Program, among others.

However, Western approach has appeared not to be effective in fighting against corruption in Africa, mainly due to failure of state institutions to make this possible. For instance, the Federal Government of Nigeria is strengthening its anti-corruption device by leveraging on the Mutual Legal Assistance (MLA) agreements it signed with six other countries to get wanted fugitives and corrupt persons alongside their loot repatriated back to Nigeria. The MLA countries include United Kingdom, Switzerland, United States of America, Italy, South Africa, and United Arab Emirates (The Punch 2017). Nigeria and the United Arab Emirates have also signed an agreement on the recovery of assets and cash stashed away in UAE. Both countries signed the agreement regarding the apprehension of criminals, extraditing convicted persons, providing mutual legal assistance in criminal matters, legal and judicial cooperation in civil and commercial matters. The deal includes Judicial Agreements on Extradition, Transfer of Sentenced Persons, Mutual Legal Assistance on Criminal Matters, and Mutual Legal Assistance on Criminal and Commercial Matters.

However, with the existence of strong institutions and bureaucracies in developed economies, they are not completely immune from corruption. Official misdemeanor was prevalent and recurring decimal in the public sector fiscal and monetary activities, as manifested in the failed privatization process, undermined economic reforms, deterred trade and investment, among others (Atwood 1998). Arbitrary arrests, torture, and delays in the dispensation of justice have equally been linked with the Western system, which is a symptom of corruption-laden setting. It is on this premise that Fatile (2012) alluded to the danger of relying solely on the Western approach to curbing corruption because of the erroneous impression that once graft cannot easily be easily discovered, or that if they are, they cannot be proved, and proved, it cannot be tenable. Western approach to curbing corruption is laced with many shortcomings that corrupt-minded persons often rely on to beat the state.

## African System of Corruption Management

In the management of corruption, the Afrocentric views stress the need to adopt indigenous approach to curbing graft in Africa (Ekeh 1975). The Afrocentric scholars argue that pre-colonial African leaders were more responsible and responsive to their subjects and avoided corruption, as much as possible, unlike what is obtainable in the present day Westernized society. It maintains that traditional African leaders in the pre-colonial period could hardly be said to be corrupt, because of the communal spirit that guided their operations (Igboin 2016). Although, there were extremely and very few reported cases of kings and chiefs being suspended or sent to exile for "corrupt" practices, and of individuals punished for corrupt behavior because they are guided by strong religious and moral rules (Igboin 2015). Generally speaking, corruption was not a regular feature in African societies in the past.

Storey (1953) pointed out that, before political independence, there were some cases of official misuse of resources for personal enrichment. As much as the Western model is formally structured, scholars like Ekeh (1975) further argued that the model has not helped in curbing corruption because of the "loopholes" and "lacuna" inherent therein. Historically, there was a remarkable difference in the patterns of colonial administration and practices in Africa, as colonialism was markedly different from the colonial experiences found in the Americas, Europe and Asia. There seems to be insufficient attention being paid to corruption and the incidence of development administration and the imperative for institutional overhaul and transformation of Africa's public administration (Amadi and Ekekwe 2014).

African traditional approach involves the use of home-grown weapons such as taboos, norms, superstitions, sanctions, and culture to control and curb corrupt practices (Olutoyin 2014). It is a process that is used to determine whether an accused person is truly guilty or not, of corrupt allegations. The steps involved in adjudication on corrupt cases entailed that an allegation is raised; deities/gods are consulted; investigations are carried out to ensure that innocent persons are not punished; and sanctions are pronounced on guilty persons; while opportunity for appeal is opened to aggrieved parties, severe punishment or acquittal is given. Such is found among the Yoruba people, domiciled in the South-Eastern part of the Republic of Benin, contiguous with Yorubaland in South-West of Nigeria.

Gennaioli and Rainer (2005) agree that the structure of African societies has largely helped in no mean way in curbing corruption. Taboos and superstitions were also introduced as weapons in the implementation of the African traditional approach. Taboos are seen as a moral ambience or moral codes intended to create harmony and order (Magesa 1997). They are powerful even though they are neither codified nor contained in any written law. To ensure fairness and avoidance of arbitrariness, African tradition puts the relevant checks and balances in place to ensure that this is done. For better corruption management to take place, there is the need to harmonize both African and Western approaches in Africa.

## Conclusion

Corruption management in Africa can be effective and efficient by combining both the Western and African traditional systems. Respective governments should enhance accountability and transparency by strengthening local institutions to ensure that relevant legislation are properly applied and enforced. The media should always mirror the society by exposing corruption. Whistle-blowing policy should be further strengthened. African governments should fund anti-graft agencies better for optimal performance. Diligent prosecution of corrupt cases should be pursued to logical conclusions. African leaders should muster the necessary political-will to end corruption by showing good examples. There is the need for more and open deliberation of policy issues involving civil society groups and actors, to challenge elite interests in the fight against corruption in Africa.

## Cross-References

▶ Ethics and Accountability

## References

Ake C (1991) How politics underdeveloped Africa. In: Adedeji A, Teriba O, Bugembe P (eds) The challenge of African recovery and development. Frank Cass, London, pp 316–329

Amadi L, Ekekwe E (2014) Corruption and development administration in Africa: institutional approach. Afr J Polit Sci Int Relations 8:163. https://doi.org/10.5897/AJPSIR2013.0634

Atwood JB (1998) Corruption: a persistent development challenge. *Economic Perspectives: an Electronic Journal of the Information Service (Online)*

Collier P (2007) The bottom billion: why the poorest countries are failing and what can be done about it. New York: Oxford University Press

Collier P (2010) The plundered planet. New York: Oxford University Press

Corruption Perceptions Index (2010) Transparency international. Accessed at: https://www.transparency.org/cpi2010/results. On: 28 May 2018

Ekeh PP (1975) Colonialism and the two publics in Africa: a theoretical statement. Comp Stud Soc Hist 17(1):91–112

Fatile JO (2012) Corruption and the challenges of good governance in the Nigerian public sector. Africa's Public Service Delivery and Performance Review. Accessed at: https://www.apsdpr.org/index.php/apsdpr/article/viewFile/35/34. On: 30 Dec 2017

Gennaion N, Rainer IJ (2005) Pre-colonial centralisation and institutional quality in Africa. A paper delivered at the CESifo Venice conference on "political economy and development", Hors, I. 91–110. UNDP/OECD, Paris

Igboin BO (2015) Afrocentrism: recalling the will of the past for the future. Paper presented at the conference organized by the Faculty of Letters and Social Sciences, University of Douala, Republic of Cameroon on the theme: "A young commonwealth, cultural heritage and commonwealth values", 11–14 Mar 2015

Igboin BO (2016) Traditional leadership and corruption in pre-colonial Africa: how the past affects the present. Studia Historiae Ecclesiasticae, 42(3):1–19

Jaiyesimi R (2016) The challenge of implementing the sustainable development goals in Africa: the way forward. Afr J Reprod Health (special edition on SDG) 20(3):18

Kupoluyi A (2012) Crisis of trust and leadership in Nigeria, Sunday Punch, April 1, 2012, p 13

Kupoluyi A (2016) Time to revisit the Oronsaye report. The Punch, March 1, 2016, p 23

Lipset M, Lenz G (2000) Corruption culture and markets. In: Harrison LE, Huntington SP (eds) Culture matters. New York, Basic Books

Maduegbuna N (2005) Anti-corruption in Nigeria: public communications perspective. Corporate Mirror 1(10):16–18 48

Magesa L (1997) What is not sacred? African spirituality. Orbis Books, Maryknoll

Okolo PO, Akpokighe OR (2014) Corruption in Nigeria: the possible way out. Glob J Hum Soc Sci Polit Sci 14(7):31–38

Olutoyin BI (2014) People perish for lack of knowledge: revisiting of the role of custom in the development of Nigerian legal system. Accessed at: http://moj.ekitistate.gov.ng/online-journal/people-perish-for-lack-of-knowledge-revisiting-of-the-role-of-custom-in-the-development-f-nigerian-legal-system/. On: 26 June 2017

Salisu M (2000) Corruption in Nigeria. Lancaster University Management School working paper 2000/006. The LUMS working papers series. Retrieved from: http://www.lums.co.uk/publications

Storey B (1953) Report of the commission of inquiry into the administration of Lagos Town Council. Government Printers, Lagos

The Punch (2017) Bringing Nigeria's corrupt fugitives to justice. The Punch, May 31

# Corruption, Brazil

Ana Luiza Aranha
Fundação Getúlio Vargas, São Paulo, Brazil
Transparency International - Brazil, São Paulo, Brazil

## Synonyms

Accountability; Brazil; Bribery; Corruption perception index; Corruption scandals; Global corruption barometer; Malfeasance; Public administration; Public control; Transparency

## Definition

It is important to stress that no definition of corruption is completely clear-cut (Svensson 2005). Transparency International (2016) characterizes corruption as "the abuse of entrusted power for private gain" and has been widely adopted.

## Introduction

Corruption was not part of the international research agenda until the 1990s. Partly driven by the waves of democratization and globalization, the theme has gained worldwide attention since then. Recent studies on the subject have consistently maintained that corruption delays and distorts economic development; preempts basic rights and due process; and diverts resources from basic services, international aid, and countries' economies (Johnston 2005).

The following sections summarize the recent research agenda on corruption in Brazil. The first section analyzes how corruption is being internationally measured and how Brazil scores in the most employed corruption assessments. The second section details how corruption was understood in Brazil before the boom in the international anti-corruption agenda. The third section deals with different approaches taken by corruption studies in the country in the last years. In the conclusion, I discuss the growing attention directed to the field due to recent scandals and I stress the need for establishing methodologically and theoretically strong approaches in corruption studies.

## The Scenario in Brazil: Perception and Experience Measurements

Measuring corruption is a difficult task, both due to the secretive nature of the phenomenon and to the variety of forms it may take. In recent decades, the research agenda on corruption, insofar as empirical approaches are concerned, has followed different paths. It has, for example, developed perception and experience measurements that try to capture the extent of corruption in the world.

There have been studies that measure corruption based on aggregate perception measurements, such as the Corruption Perception Index (CPI) from Transparency International. The CPI was the first systematic attempt to compare perceived levels of corruption in the public sector, determined by expert assessments and opinion surveys across a range of countries. The CPI ranks countries based on a scale from 0 (very corrupt) to 100 (very clean), in the attempt to identify broader trends and contrasts. In 2018, the CPI covered 180 countries. Latin American countries continued to score poorly for corruption and Brazil was among the countries with poor scores (holding the 105th position). Brazil has fallen 8 points since 2012, when it scored 43. This means that in 2018 the country had reached its lowest mark (Transparency International 2019).

Alongside the CPI, another composite measurement based on the perception of corruption is the Control of Corruption Index indicator from the Worldwide Governance Indicators (WGI). Calculated since 1996 by the World Bank, the Control of Corruption Index measures perceptions of the extent to which public power is exercised for private gain; taking into account not only petty and grand forms of corruption, but also the "capture" of the state by elites and private interests. Brazil's score in this Index has also shown a sharp decline in the last few years. Ranging from −2.5 (lowest control of corruption) to 2.5 (highest control of corruption), Brazil scored −0.53 in the WGI of 2017 (World Bank 2017). This is the lowest indicator ever to be attributed to Brazil.

But the CPI and the WGI are not the only type of corruption measurement available for scholars, practitioners, and decision-makers in Brazil. In this regard, Transparency International produces a more objective measurement of corruption: the Global Corruption Barometer (GCB). This is the world's largest survey in which citizens are asked about their first-hand experience with corruption in their daily lives.

In the 2016–2017 GCB round, 162,136 people were interviewed in 119 countries (Transparency International 2018). The results for Brazil show that corruption is on the rise: the majority (78%) believe that the level of corruption has increased and 56% believe that the government was underperforming in the fight against corruption. Brazilians also have a high level of distrust in the political arena: both Executive and Legislative Branches are perceived to be taken over by corruption. However, when compared to other countries in Latin America, Brazil scores fairly well in regard to the incidence of bribery: only 11% of Brazilians were reported to have paid a bribe to

access public services (contrastively, people in Mexico were the most likely to say that they had paid a bribe – 51%).

The results regarding the engagement of civil society were remarkable. When compared to other Latin American countries, Brazilian citizens were the most likely to feel empowered against corruption (83%) and were the most committed to the fight against corruption: the country had the biggest proportion of people who would report corruption even if that meant spending an entire day in a Court to provide evidence.

On the one hand, the measurements based on perception have become controversial, despite their prominence in the researches. Critics argue that perceptions are not necessarily a reflection of reality and that the indexes rely on the perception of experts who many times are based outside the country in question. On the other hand, experience measurements must deal with the hesitation surrounding the interviewing method. Considering that direct questions about people's involvement with corrupt activities may intimidate interviewees, especially during a face-to-face encounter, this method could inadvertently underestimate the phenomenon.

## Brazilian Studies on Corruption

In Brazil, before the boom in the anticorruption agenda in the 1990s, corruption studies were matters of historic and sociological approaches. Studies on patrimonialism, for example, have shown how the separation between the private and public spheres in Brazil was problematic (Faoro 1958). Brazilian political thinkers from the nineteenth and twentieth centuries aimed to understand the Brazilian "identity." In this regard, the high incidence of corruption throughout the country's history has crystallized the idea of corruption as an inexorable outcome. In addition, these Brazilian historiographical interpretations have set corruption as one of the perverse inheritances of the Portuguese colonization process.

The analyses of such important "interpreters of Brazil" run the risk of essentializing corruption as an inherent aspect of the Brazilian personality. For instance, Sérgio Buarque de Holanda (1995) defended the Brazilian culture as strongly patriarchal and patrimonialist; furthermore, Roberto DaMatta (1997) emphasized the "*malandragem*" in Brazilian individual ethics and social relations. The Brazilian character – naturally corrupt – has established an analytical and conceptual trap.

In the last decades, there has been a growing effort to make our way out of this trap. Differently from Holanda and DaMatta, corruption studies no longer understand this phenomenon as a remnant of premodern and predemocratic Brazil. For example, the Federal University of Minas Gerais and its Public Interest Research Center (Centro de Referência do Interesse Público) launched the book *Corrupção: Ensaios e Críticas* (Avritzer et al. 2008) in which it is possible to find entries of themes related to corruption written by Brazilian researchers. Later, the same research center launched "Corrupção e Sistema Político no Brasil" (Avritzer and Filgueiras 2011), a collection of papers about corruption and the political system in Brazil.

Another collection of articles on corruption in Brazil worth mentioning was released in 2002. Organized by Bruno Speck, "Caminhos da Transparência: Análise dos Componentes de um Sistema Nacional de Integridade" (Speck 2002) analyzes the system of integrity developed in Brazil to fight corruption. This was one of the first attempts to understand the institutions, processes, and areas to be addressed when considering reforms aimed at systematically combating corruption.

In relation to corruption studies in Brazil, the trend of studying accountability institutions in their relation to corruption control is rising. Books such as *Corruption and Democracy in Brazil: The Struggle for Accountability* (2011), organized by Timothy Power and Matthew Taylor, and *Democratic Accountability in Latin America* (2003), organized by Scott Mainwaring and Christopher Welna, have brought forth a multitude of studies on democratic accountability in Brazil and Latin America and also on the challenges posed by the fight against corruption in the region. All these collections have in common the analyses of institutions, rules, and practices that could facilitate or curb corruption. The books

describe the scenario in the country especially when it comes to institutional design.

Even the studies that analyze corruption and its cultural aspects do not claim anymore that it is an intrinsic characteristic of Brazilians. This trend investigates how corruption relates to social practices, how it impacts the quality of democracy, and how it impacts the trust in political institutions (Moisés and Meneguello 2013).

The anticorruption research agenda has got out of the trap. Recently, the two bursts in corruption studies are related to publicly accessible administrative data and corruption scandals. On the one hand there are the construction of datasets to objectively measure corruption from administrative data and relate it to socio-economic and political variables. On the other side, there are detailed case studies of corruption scandals.

## Administrative Data and the Focus on Electoral Rules

The first burst focuses on more objective measurements and analyzes corruption through the study of administrative data. One of the most disseminated administrative data to measure corruption in Brazil is the lottery program (*Programa de Sorteios Públicos*) developed by a federal agency to oversee municipal expenditure of federally transferred funds. Since 2003, the Brazilian internal control agency (Office of the Comptroller General – CGU) has disclosed objective data on corruption involving federal resources transferred to municipalities.

The literature that refers to CGU reports has usually performed tests to understand corruption drivers and consequences. The most famous studies are those by Ferraz and Finan (2008, 2011), which used data from the lottery program's random audits to evaluate how the disclosure of the findings impacted the electoral performance of incumbents. They concluded that the dissemination of information regarding corruption in local governments had had a significant impact on the likelihood of reelection, reducing the chances by 7%. The authors also found that mayors that were on the path to being reelected were significantly associated with less corruption.

The measurement of corruption derived from these studies is a byproduct of a governmental monitoring initiative. This means that the corruption indicator established from this data (which usually comes from classifying a broad spectrum of irregularities) is comprehensive. Moreover, the municipalities are chosen randomly in the entire country, which increases data reliability and generalization capacity. Unfortunately, actual lotteries are now rarely conducted and the lottery program has undergone several methodological changes – for example, the program no longer relies on a random sample.

Another common way to study corruption from administrative data is to analyze legal proceedings investigated in a country's courts. This can be misleading, tough. Indeed, it is considered a more "objective" measurement, but it fails to consider that countries have different legal systems. Thus, when the legal system of a country is weak, cases of corruption may not be prosecuted or investigated efficiently, even if they are epidemic. Alternatively, the legal system could be corrupt itself.

## Case Studies and the Focus on Corruption Scandals

In contrast with approaches based on administrative data, there are scholars dedicated to in-depth analyses of corruption. Their research carries out detailed case studies, highlighting corruption as a process immersed in complex human interactions which do not allow for comparisons that transcend time and space.

The recent anticorruption agenda in Brazil has focused on case studies, especially on the study of corruption scandals – according to Chaia and Teixeira (2001), the majority of corruption studies in Brazil deal with analyses of major scandals, which have received special media attention. Taylor and Buranelli (2007), for example, analyzed six corruption scandals to understand how accountability institutions in Brazil worked together in order to tackle corruption.

After the Lava Jato investigation, corruption gained prominence in the country and generated a new flow of corruption studies focused on scandals. Lava Jato refers to Latin America's most widely known corruption scheme. Related events began unfolding in Brazil, in March of 2014. Construction companies were discovered to have been colluding with employees of Brazil's state-owned oil company to win public works contracts. The oil company's employees took bribes, while politicians obtained kickbacks as personal gifts or campaign donations (For more information, see https://cgeg.sipa.columbia.edu/policy-briefs-lava-jato). Over the last years, this Operation was responsible for a series of studies based on its findings. The problem with these case studies, besides the issues with generalization, is that selections based on media attention tend to refer to cases that are given greater priority than would usually be assigned to a case.

## Conclusion

In line with the international agenda, the Brazilian academia has, in the last decades, undertaken the task of comprehending corruption. From the development of corruption measurements that take into consideration administrative data to the studies on the biggest corruption scheme in Latin America, corruption has been a growing area of interest in Brazil. Even so, there is room for improvement: we still need to use the measurements and tools available to us critically in order to engage in comparative studies with other countries; we must develop our own corruption measurements, especially ones that are appropriate for the local level; furthermore, we must use more robust theories – that view the phenomenon from the country's perspective without falling into the trap of the essentialization, – and more robust methodologies, – that go beyond case studies and administrative data.

In recent years, the country has experienced a solid increase in laws and institutions that promote transparency and accountability. While progress has been made to combat corruption, no overarching policies have been set in place to address the structural causes of corruption throughout the country. It becomes necessary to understand the anticorruption institutional architecture; how it could be strengthened; how coordinated accountability institutions and efforts have been made; how could we strengthen accountability, fight corruption, and safeguard the country's democracy at the same time.

One of the biggest challenges for this research area now is to engage discussions on corruption with democratic theory. Is it possible to defend an intrinsic connection between democratic principles and corruption control? What are the costs of corruption for the country? Have the recent scandals promoted political instability? What are the unintended consequences of the fight against corruption? Surely, it is urgent to link the anticorruption agenda with a broader defense of civil and political liberties, as well as human rights. This has been a missing link in the anticorruption agenda in general, but it must be taken seriously in a country whose political leaders claim to fight against corruption while they undermine basic citizens' rights.

## Cross-References


- ▶ Accountability
- ▶ Accountability Systems, Brazil
- ▶ Corruption
- ▶ Ethical Probity in Public Service
- ▶ Integrity and Corruption
- ▶ Political Corruption
- ▶ Public Administration and Corruption
- ▶ Public Attitudes and Corruption
- ▶ Public Corruption


## References


Avritzer L, Filgueiras F (Orgs) (2011) Corrupção e Sistema Político no Brasil. Civilização Brasileira, Rio de Janeiro

Avritzer L, Bignotto N, Guimarães J, Starling H (Orgs) (2008) Corrupção: Ensaios e Crítica. Editora da UFMG, Belo Horizonte, 598 p

Chaia V, Teixeira M (2001) Democracia e Escândalos Políticos. São Paulo em Perspectiva 15(4):62–75

Damatta R (1997) Carnaval, Malandros e Heróis. Editora Rocco, Rio de Janeiro

Faoro R (1958) Os Donos do Poder: Formação do Patronato Político Brasileiro. Globo, Rio de Janeiro, 271 p
Ferraz C, Finan F (2008) Exposing corrupt politicians: the effects of Brazil's publicly released audits on electoral outcomes. Q J Econ 123(2):703–745
Ferraz C, Finan F (2011) Electoral accountability and corruption: evidence from the audits of local governments. Am Econ Rev, Am Econ Assoc 101(4): 1274–1311
Holanda SB (1995) Raízes do Brasil. Companhia das Letras, São Paulo
Johnston M (2005) Syndromes of corruption: wealth, Power, and democracy. Cambridge University Press, New York
Mainwaring S, Welna C (eds) (2003) Democratic accountability in Latin America. Oxford University Press, Oxford
Moisés J, Meneguello R (Orgs) (2013) A Desconfiança Política e os Seus Impactos na Qualidade da Democracia. 1a. ed. São Paulo: Edusp, 392 p
Power T, Taylor M (eds) (2011) Corruption and democracy in Brazil: the struggle for accountability. University of Notre Dame Press, Kellogg Institute Series, Notre Dame, 328 p
Speck B (ed) (2002) Caminhos da Transparência: Análise dos Componentes de um Sistema Nacional de Integridade. Editora da Unicamp, Campinas, 224 p
Svensson J (2005) Eight questions about corruption. J Econ Perspect 19(3):19–42
Taylor M, Buranelli V (2007) Ending up in pizza: accountability as a problem of institutional arrangement in Brazil. Lat Am Polit Soc 49(1):59–87
Transparency International (2016) What is corruption. Retrieved at https://www.transparency.org/glossary
Transparency International (2018) Global corruption barometer 2017. Retrieved at https://www.transparency.org/news/feature/global_corruption_barometer_citizens_voices_from_around_the_world
Transparency International (2019) Corruption perception index. Retrieved at https://www.transparency.org/
World Bank (2017) Worldwide governance indicators: Brazil. Retrieved at http://info.worldbank.org/governance/wgi/index.aspx#reports

# Corruption, Iran

Majid Zamahani
Department of public Administration, Payam Noor University, Tehran, Iran

## Synonyms

Blackmail; Bribery; Cheating; Embezzlement; Extortion; Fraud; Nepotism

## Definition

The abuse of public power, most often for personal gain or for the benefit of others.

## Introduction

Corruption has been an omnipresent and universal phenomenon. No society is free from it. Literature of corruption show that it is an ancient practice that has been traced back to prebiblical times and made itself known in the ancient civilizations of China, Greece, India, and Rome. In this regard, Thakur (1979) opined, a review of penal codes utilized in various ancient civilizations clearly demonstrate that bribery was a serious problem among the Jews, the Chinese, the Japanese, the Greeks, the Romans, as well as in the New World. But over the recent decades, the issue of corruption, abuse of public power for personal gain or for the benefit of others, has attracted interest among academician and policymakers.

## Public Administration and Corruption

Public administration refers to the administration of public affairs and is distinguished from business administration which is associated with private enterprise. Over the years, scope of public administration has considerably increased (Pasricha 2003: 5). Public administration consists of all those operations having for their purpose, the fulfillment or enforcement of public policy as declared by competent authority. Wilson (1941) believes that "public administration is detailed and systematic application of law. Every particular of law is an act of administration." According to Gulick and Urwick (1937), "administration has to do with getting things done; with the accomplishment of defined objectives". Public administration is that part of the science of administration which has to do with government, and thus concerns itself primary with the executive branch where the work of the government is done, though there are obviously problems also in concerns with the legislative and judicial branches.

Therefore, corruption takes place as an outcome of deficiencies in the existing public administration systems as well as cultural, economic, political, and social factors. It hinders economic development, reduces social services, and diverts investments in infrastructure, institutions, and social services.

## Iran and Corruption

Iran is a developing country which has begun its economic development plans about six decades ago. During a decade before the victory of Islamic Revolution in 1979 in Iran, the extreme increase in price of oil caused all economical programs to be changed. Foreign income of selling oil ended up with squandering and importing luxury and consumer goods. Expensing this amount of money in cities increased the volume of governmental organizations. Moreover, it developed assembly industries and promoted villagers to immigrate to cities. Little by little, the manner of consuming and following "west" luxurious lives crept into Iranian society. Foreign products were welcomed by people. Importing and distributing foreign products was expanded thereafter. Along with the increase of prices of merchandise and inflation, the unproductive service activities were replaced with productive activities. Middle level of society, which had been formed many years ago, enlarged abruptly. Although the income of the people seemed to be increased, their distribution was done unfairly. The gap between the poor and the rich became wider and wider.

This transition period caused the increasing cost of government and resultantly corruption became more contagious in the society and among the officials of Monarchy. Collective hatred toward corruption of Monarchy in Iran was a significant cause that brought about the Islamic revolution of 1979. William H. Sullivan, the last US ambassador to Iran observed the high level of corruption among the officials of Monarchy as an important factor of collapsing Shah's (kingdom) regime in 1979 in Iran (Sullivan 1982).

Islamic Republic of Iran was established when the Iranian ejected "Shah" (King) from the power in 1979, and immediately after, the new constitution based on Islamic ideologies and values came into effect. Therefore, a corruption-free country expected to be established in the new era. In the first decade of the new political system in Iran, the level and prevalence of corruption was very low and there was no concern about it. But by the end of Iran-Iraq war in 1988 and beginning the development plans, the problem of corruption reappeared in the society and became people's major concern, which still preoccupies their daily life.

Increasing level of corruption in the country resulted that Iran's supreme leader "Ayat-Allah Ali Khamenaei" to issue a decree in "eight articles" in 2001 about the problem of corruption in the country and asked officials to be more serious in combating and preventing it. Emphasizing on lucid economic activities, avoiding of rent seeking, avoiding of monopolization, resurrect the investment, and employment are some specifications of the mentioned decree. The supreme leader in his decree which is known as a "Governmental Decree," also asked to establish a special staff along with a comprehensive program to fight corruption. Immediately after, a special committee was established to take the necessary measures against corruption. The president, the head of judiciary system, and the head of parliament were the members of this committee.

## Level of Corruption in Iran

Transparency International Corruption Perceptions Indexes (CPIs) show that the level of corruption is very high in Iran. According to evaluations by Transparency International, Iran is placed in a group of countries with a high index of corruption. On a descending scale of 100–0 (with 0 representing total corruption and 100 total lack of it), Iran scored 29 in 2016. According to this scale, in 2016, Iran is placed 131rd among 167 countries.

## Causes of Corruption in Iran

The causes and sources of corruption are not only varying from country to country, but also from one time to another in the same country. The

causes and sources of corruption in Iran are also many and varied. However, for the sake of convenience and clarity, they will be classified under the following broad heads, namely, administrative, socioeconomic, and political (Zamahani 2006).

### Administrative Causes

The administrative causes of corruption in Iran are varied and complex and rooted in the country's bureaucratic traditions and social history. Corruption tends to flourish when standards are lax or poorly defined, regulatory institutions and enforcement practices weak, and government policies generate economic rents. The opportunity for corruption is a function of the size of the rents under the control of a public official, the discretion that official has in allocating those rents and the practical accountability that official faces for his or her decisions. Generally, the administrative causes of corruption in Iran may be listed as follows:

1. The weakness and inefficiency of administrative structure: Parallel organizations and lack of logical relations between them to present the services to the citizens
2. The wide and complicated bureaucracy which encourages the illegal ways of doing work in the administrative system
3. Vague, interpretability, complex, deficient, and consecutively changing rules and regulations cause the corruption in the administrative system
4. Lack of effective and sufficient control over the bureaucracy
5. Appointing the unskilled and unspecialized people to significant jobs through nepotism in the organizations
6. Existence of unofficial groups and networks in organizations because of poor management
7. Lack of transparency and responsibility of the top officials against community, citizens, and public opinion
8. Lack of job security and possessing more than one job by managers and employees and resultantly lowering the useful working times in organizations
9. Lack of participatory management system and domination of the unscientific management methods in organizations
10. Lack of effective and continuous assessing of the organizations' performances in the country
11. Lack of effective and well-developed system of punishment and encouragement in the organizations which discourages the entrepreneurship and encourages the corruption
12. The public goals and functions are not well defined
13. Instability and weakness in policy making
14. Increase in employees
15. Lack of effective social security system
16. Citizens' unawareness toward their own legal rights and the services which organizations have to present
17. Weakness and inefficiency of inspective units in organizations
18. Lack of an independent organization to fight corruption
19. Inefficiency and weakness of judiciary system
20. Inadequacy of current rules for preventing corruption and also supporting the corrupt officials by political parties
21. Discretionary power of public managers: Monopoly power of officials over goods and services, discretionary power in deciding who gets the goods or services or how much they get, and lack of accountability
22. Weak of mechanized systems and information technology in organizations
23. Weak and inefficient salary system in the country so that the deference between salaries in public and private sector are very high
24. Inadequacy of the law-enforcement system and judiciary in detecting corruption crimes and punishing corrupt entities, as well as breaches of the principle of inevitability of punishment
25. Inadequacy of mechanisms to protect human and citizen rights, the legislation, and social justice
26. Poor oversight and scrutiny over the performance of public administration

### Socioeconomic Causes

The socioeconomic causes of corruption in Iran may be listed and explained as follows:

1. Government involvement in economy and private markets: Government involvement in economy and private markets in Iran dates back to centuries gone by and is commonly seen as a source of corruption. It has been suggested that the overall size of the government budget relative to GDP may therefore be positively correlated with levels of corruption.
2. Rent-seeking structure of economy in Iran: Rent-seeking and corruption among the public officials and powerful individuals has been a serious problem in the country during the last two decades. Sources of rent-seeking in Iran are numerous, which make a large part of income and payments of the government in the economy.
3. Governmental monopoly: Monopoly management of government on big and important companies in the country has enabled the government to interfere in the market and giving possibility to public officials to abuse the public power for own benefit. These State Companies which have employed half of the public servants are mostly suffering loss and cause corruption in the society.
4. Lack of clearness in the financial position of the public officials: One of the existing problems which cause the corruption in the country is the lack of the clearness in the financial position of the public officials when they are possessing a job and changing in their financial position during possessing the job. Clearness in the financial position of the public officials can help the controlling over their properties to prevent corruption.
5. High rate of inflation and unemployment and mistrust to future: The high rate of unemployment and inflation has also been a cause of corruption in the country during past decades.
6. Unfair and improper distribution of incomes and subsidies: Increase in poverty and inequality in community which are the causes of corruption are consequences of unfair and improper distribution of incomes and subsidies in the country.
7. Inequality in income and expenditure: Inequality in income and expenditure of the public servants and lower income householders is another cause of corruption in Iran. When officials are unable to meet their minimal living costs from their salaries, corruption will always be prevalent. But the relationship between salary levels and corruption is complex. Low salaries can provide a powerful incentive for officials to become corrupt, but they only form part of the environment in which corruption flourishes. The incidence of corruption depends more crucially on the wider economic, political, and social context.
8. Weakness in laws and regulations: One of the causes of corrupt behavior is improper and weak laws and regulations particularly in the financial and economic policies. Improper economic policies in Iran have pushed the economy toward the black market and unofficial economy.
9. Level of economic development: Levels of economic development do affect the forms and sectors where corrupt transactions take place. Petty corruption is particularly prevalent in developing countries where it is necessary to pay a small bribe to secure services that ought to be provided free of charge. While this practice has largely disappeared from many developed countries, their greater public resources and higher incomes mean that corrupt transactions tend to be grand rather than petty.
10. International corporations: Corruption in international corporations particularly arises from mining and oil/gas concessions and construction projects in Iran. International corporations are the supply side of grand corruption. If they do not offer bribes to gain contracts, concessions, and exemptions, there would be a dramatic fall in corruption. The need of international corporations to enhance their profitability drives them to seek new markets and new opportunities. Competition with other international corporations means there is always a search for competitive

advantage and corruption is often seen as an important and necessary method of enhancing or securing profits.

11. Inefficient tax system: Inefficient tax system and tax evasion constitute another cause of corruption in Iran.
12. Discrimination: Discrimination is also a significant cause of corruption in Iran. According to Tavakoli (2004), an economist in Iran, discrimination is the main barrier to fight corruption and is also a cause of corruption in Iran.
13. Lack of strategy and seriousness in fighting corruption: Fighting against corruption that has been announced for some times by top officials during recent years in Iran, and so many plans and committees were established to combat it, lack of seriousness made fighting against corruption ineffective and corrupt activities became more contagious in the country.

### Political Causes

The political causes of corruption are also varied and complex and may be listed as follows:

1. Immature democracy: The Corruption Perception Indexes consistently show that the countries, which appear to be the least corrupt, are all long established democracies. Young and immature democracy in Iran not only is not able to prevent corruption, but also is a cause of corruption. However, the persistence of differing degrees of corruption in established democracies shows that no particular set of political arrangements is a panacea for eliminating corruption. But established democracies usually have an underlying consensus on the values, rules, and processes of political change.
2. Political parties and groups: The legal, but irregular political parties and groups which appear only the time of elections, are one of the sources of corruption in Iran. Such parties and groups are not active regularly and have no control over the activities of the government. If their candidate comes to power, they will be the governmental political parties and abuse the power for own benefit and in the eve of a new election will change the name and will be active again.
3. Lack of a strong civil society in Iran: Johnston (1998) argues that social empowerment is an essential element to preventing corruption. Social empowerment includes the strengthening of groups and interests which make up civil society – that is organizations, enterprises, and informal social networks active in the realm between individuals and government. Where civil society is weak, citizens become vulnerable to exploitation and are unable to construct the coordination mechanisms necessary to police, and where civil society is strong, citizens are able to build coordination mechanisms. Therefore, the strength of mass political participation, specifically the strength of a state's civil society, is the key mechanism for preventing corruption.
4. Lack of free press: The press is owned or controlled by the state in Iran, and will report only information which is acceptable to the state. The press is handicapped, because there is no Freedom of Information law that can secure access to government decision-making processes. Lack of the free press opens multiple opportunities for corruption by officials, politicians, and bureaucrats. Therefore, curbing press freedom is an important means of ensuring that corrupt officials are not held accountable.
5. Lack of transparency in financing and activities of the political parties and groups: There is no obligation for the political parties and groups to declare their financial circles and informing the public opinion about their activities in the community.
6. Giving discretionary power to the political and administrative officials and lack of their accountability to the community.

## Institutions in Charge of Fighting Corruption in Iran

There are several organizations, institutions, and agencies which specially or genially (direct or

indirect) fighting against corruption. Some of them are as follows:

- General Inspection Organization: The General Inspection Organization of Iran (GIO) is linked to the Judiciary of Iran. It is also called the State Inspectorate Organization of Iran. The organization is a member of Asian Ombudsman Association and International Ombudsman Institute. Also, it is the member of International Association of Anti-Corruption Authorities.
- Supreme Audit Court of Iran: The Supreme Audit Court of Iran is a government agency of the Islamic Republic of Iran. It is supervised by the Iranian Parliament.
- Parliamentary Commission for enforcing principle 90 of the constitution which is involved in fighting corruption and enforcing United Nations Convention against Corruption.
- Ministry of Information of Iran also involve in fighting corruption.
- Islamic Revolutionary Guard Corps is one of the institutions that fights against corruption in Iran.
- Ministry of Justice: Ministry of Justice involves in fighting corruption by the Governmental punishment Organization (Sazeman Taazirat Hokomati).
- Islamic Republic of Iran Police (NAJA) also fights against corruption in Iran.

However, the institutions which try to fight against corruption in Iran are not just limited to which mentioned above, but inside public organizations also there are sections like Harasat and Hafazat that have been established to prevent, identify, inspect, control, and prosecute the cases of corruption inside organizations.

## Conclusion

On the basis of above explanations and the definitions of corruption, we can conclude that the public administration and phenomenon of corruption are closed to each other. Then public servants are subject to the corruption.

Literature reveals that corruption is identical with bad public administration under the bad governance. Under bad governance, one has a greater incentives and larger scope for corruption. Bad governance gives higher corruption margin for corruptor because of weak law enforcement, lack of transparency, and ineffective institutional controls. Thus, the promotion of Good Governance helps combat corruption. It goes together with efforts that aim on fighting corruption more directly, such as raising public awareness and strengthening the enforcement of anticorruption legislation.

As evidence shows, the cost of corruption to a nation is very high. It lowers investment, hinders economic growth, and undermines political stability and human development by limiting access to basic social services as well as increasing the cost of their delivery. Corruption also increases poverty, subverts the financial system, endangers the social fabric of the culture, lawlessness, and insecurity, citizens' distrust of the government, undermines the legitimacy of the state and stifles entrepreneurial. Thus, corruption is antipoor, anti-development, antigrowth, anti-investment, anti-entrepreneurship, and inequitable.

Since occasional fighting against corruption in Iran that people have been experiencing for a long time has been ineffective and inefficient, evidences show that corruption is going to be widespread and government's anticorruption efforts have been criticized as being insufficient to stop expanding of corruption at the grassroots level.

## References

Corruption Perceptions Index 2016 – Transparency International https://www.transparency.org/news/feature/corruption_perceptions_index_2016

Gulick L, Urwick L (1937) Paper on the science of administration. N.Y. p 191, quoted in Sharma and Sadana (2006). Public administration in theory and practice, 43rd ed. Allahabadn Kitab Mahal, p 4

Johnston M (1998) Fighting systemic corruption: social foundations for institutional reform. Eur J Dev Res 10(1):85–104

Pasricha A (2003) Public administration, discipline and dimensions. National Publishing House, New Delhi

Sullivan WH (1982) Mission to Iran. Hafteh Publication, Tehran, p 47
Tavakoli (2004). Available at: http://www.baztab.com/news/Tavakoli/ (01/03/2004)-(Solar: 09/12/84)
Thakur U (1979) Corruption in ancient India. Abhinav Publications, New Delhi, p 7
Wilson W (1941) The study of administration. Polit Q:481–566
Zamahani M (2006) The political and socio-economic impact of corruption on Islamic Republic of Iran. Ph. D. Thesis, India

# Cost Accounting in Public Services

Francesco Agliata
Second University of Naples, Capua, Italy

## Synonyms

Analytical accounts in public services; Cost system in public services; Management accounting in public services

## Definition

The cost accounting is a financial accounting subset. The cost accounting has the function to support the decision-making process and to inform the management about the resources acquisition and the level of resources utilization. With reference to the public service sector, the cost accounting verifies, for each service, the acquired financial resources, the costs of each productive factor, the obtained qualitative and quantitative results, and the revenues.

## Introduction

In the recent context of the public administration corporatization and of the outsourcing processes for the public services delivery, the awareness that the resources are becoming increasingly scarce and, therefore, that it is necessary to use them in a cost-efficient way, in order to achieve high standards, plays a pivotal role. Using resources in a cost-efficient way means optimizing the obtained results in relation to the inputs used in the economic transformation process.

Moreover, the general absence of the competitive logics within the delivery of public services, as automatic mechanism of market adjustment, allows to recognize a primary position to the management control procedures.

In particular, with specific reference to the public service sector, it is important to highlight that the monitoring was initially understood only in a "bureaucratic" way, viz., as the capability to fulfill the procedural/behavioral obligations related with the regulatory environment. In this way, those aspects which are today of strategic importance, such as the preservation of the financial equilibrium, the managerial efficiency, and effectiveness, were omitted.

In addition, it is wise to note that the presence of external constraints, related to the corporate social responsibility issues, inherent to the public nature of the service provided, is in contrast with the objective of the "sufficient cost coverage" usually adopted by the ordinary activities.

Therefore, there is the need to perceive the changes occurring for private companies, characterized by *for-profit* logics, and to overcome the difficulties associated with the coexistence of public and private interests in the process of the establishment of the strategic goals to achieve.

The information about the performance of the company that delivers the services is very important. Therefore, the various quantitative determinations of business operations methods, which can be used in a multidimensional perspective, have a significant strategic importance. However, some problems in the application of the referred above monitoring systems usually arise, due to four main factors: the presence of a predominantly legal culture instead of an accounting culture, the presence of accounting systems not suitable for economic analysis, the existence of IT systems not able to fully support the management control, and the absence of reliable data caused by the widespread practice consisting in manipulating the financial statements.

## Purposes

The main cost accounting goals are the following:

1. Evaluating the inventories and other assets, in order to allow the financial statements drafting
2. Leading the business decisions, according to the economic convenience criteria
3. Allowing the management control, especially as regards the efficiency, through appropriate comparisons between the incurred costs and the planned costs
4. Providing useful information for the organizational unit performance assessment in order to define the performance-based remuneration to be paid to the managers

The first objective is closely related to the financial statements drafting in compliance with the civil law.

The second and third objects make clearer the cost accounting function in the planning and control process: deciding according to the economic efficiency criteria.

There are two additional functions that are distinctive of the cost accounting and that must be considered as instrumental in relation to the previously mentioned objectives (2) and (3). They concern with the following:

(a) The analytical information about each business unit performance
(b) The measurement of costs related to each product

These latter functions are carried out by the management control staff. In particular, for the public services sector, the control system includes the leading role assumed by the service contract, which rules relationships between the public administration and the contractor company. Within the service contract are defined: the quantitative and qualitative levels of service to be achieved and the cost/revenue and inflows/outflows dynamics, which are fundamental to the determination of the tariff. Moreover, the service chart regulates the relationships between the contractor company and the citizen/user, defining the qualitative levels of service to be provided.

That being said, the different types of control identifiable in the sector are briefly presented below:

- The control performed by the contracting authority on the contractor company. Such control consists of two kinds of action, one external and another internal.

The first has the scope to assess a gap analysis between the delivered services levels and those planned and specified in the service contract. Later on the gap assessment, a specific feedback is addressed by the contracting authority to the contractor company, in order to request the timely implementation of appropriate recovery actions. Moreover, the contracting authority will be in charge to carry out an audit about the financial sustainability of the business taking into account the optimal relationship between the parameters of cost, fare, and quality of the delivered services.

As far as it concerns the internal control, it is aimed to perform, with a feed-forward approach, a gap analysis in order to verify efficiency and effectiveness and also reduce the information asymmetry between the financial accounting and the cost accounting.

- The control of the contracting authority of the service on the user-citizen. It consists of the examination of the adequacy of the fare charged to the users with respect to the service quality perceived by them.
- The internal managerial control on the public utility company's performance trends. This control is aimed at ascertaining the company's ability to ensure over time the economic and financial balance, as well as to detect the all stakeholders' satisfaction level (citizens and investors).

That being said, to use a cost accounting system, dedicated to the processing of quantitative data from the financial accounting which is able to respond to the monitoring of enterprise activities, is necessary. This monitoring function has the

scope to verify the formal correctness of the accounting documents and the adopted operating procedures as well as the optimal resources allocation (Anthony et al. 2005).

## Financial Accounting Versus Cost Accounting

The managerial activities require, in the process of the economic planning, the data processing deriving from the cost configurations. These are made through the financial statement item reclassification. In order to carry out the management control activities, to define a cost center system is necessary. The primary intents are the following:

- Cost center responsible accountability for the resources optimal allocation
- "Make or buy" trade-off related to the noncore activity production
- Setting the fares and/or the prices of final products
- Making analysis on the profitability or cost coverage levels
- Performance analysis comparing it with benchmark data

The financial accounting is mandatory, with an external disclosure function, and has as objectives the determination of the net income, measured as the algebraic sum of costs and revenues in line with the accrual principle, regardless of the time of the financial manifestation and equity, as a result of the algebraic sum of the economic and financial liabilities and assets. The financial accounting makes use of the double-entry method, through which the management events are measured, assigning income and asset items to the several reporting periods.

In a subsequent phase, the cost accounting will be developed. The cost accounting is not obligatory and is designed for gathering information for internal use, with the aim to facilitate the decision-making process. In this regard, paying attention to the cost classification, according to their controllability in the case of alternative management decisions, is very important:

- The costs are divided into relevant and irrelevant; the former are controlled by the head of a particular functional area and are connected to the implemented strategy; the latter have to be sustained regardless of the managerial actions to enact. Regarding the irrelevant costs, the overhead costs, in order to ensure the economic organizational continuity, have to be sustained. They are fundamental to carry out a differential analysis (direct costing) aimed at short-term marginal choices for a better exploitation of the existing organizational structure.

The cost accounting has a greater level of detail than the financial accounting. In fact, the cost items are classified by nature and are structured by destination. They refer to the object of the cost, which has determined the resources consumption, or to the center of responsibility from which it is possible to generate a revenue.

It is wise to note that the cost accounting output serves for the subsequent managerial decisions and trade-off. For this reason, the cost accounting uses the consumptive and standard cost configurations:

- The classification in consumptive and standard constitutes a relevant distinction in the public services management. The consumptive costs related to the production processes are ex post recognized. Such costs are certain and objective and, usually, they are recognized during the financial statement drafting in compliance with the civil law. Vice versa, the standard costs are measured before the production processes and are used in order to make forecasts about the future enterprise performance through the use of statistical methods. Usually, the standard costs are the basis on which the budget is built and represent the measurement, in perspective, of the strategies to implement (Drury 2008).

However, considering the recent public administration corporatization and the public services delivery outsourcing, the standard costs are a constraint and, at the same time, a benchmark for the initial definition of the enterprise strategy. So far the cost/revenue balance was not taken into

account enough. This is because the eventual financial statement deficits were covered by the public administration and were considered as a social cost. In this way, there is the absence of a direct link between the price, representative of the revenue, and the cost, which measures the economic sacrifice to be incurred for the service delivery process implementation. Instead, previously, the links between the quality and the fare, the former as the independent variable and the latter as the dependent variable, and the fact that the cost was not connected in any way with the quality to be achieved and the fare to charge were considered. In this way, it was difficult to pursue a balanced budget and to achieve profit levels that could satisfy the investors' interests. The dynamics between the three variables (fare, quality, cost) that determine the performance seem to be more relevant to the business administration logic, which considers the revenue as a positive income component that covers the costs. In particular, the quality is considered as the starting independent variable from which the level of the cost depends. This latter, in turn, becomes the independent variable from which the value to be attributed to the variable "fare" derives. Therefore, there is a logic of economic efficiency, directed to the profit pursuit.

Regarding to the implementation phase of a cost accounting system, a great awareness of the existing enterprise's organizational structure and activities is necessary to have. This is in order to collect information about the various responsibility centers to which assign the costs. The provided service type and the cost structure, especially with regard to the proportion of fixed/variable costs, have to be taken into account. For example, it is considered appropriate:

- To prefer the standard cost in those firms where the variable costs are high. In this way, when the operating revenues are not sufficient to ensure the economic stability compared to variable costs, a rethinking of the business in terms of service offering portfolio and of the offered service characteristics is appropriate.
- To use differential analysis systems (with the direct costing), considering the gross margin as reference indicator, in those companies where the fixed costs are high, and making any changes in the production structure is not possible.

## Cost Accounting Methods

Regarding the cost accounting methodologies used to measure the full cost level attributable to the different provided service categories, classifying costs on nature and then on destination is necessary.

In order to better understand these methodologies, distinguishing the costs in relation to the way in which they are related to the reference object is considered appropriate:

- The classification by imputation divides the costs in special and common and then divides them into direct and indirect. The division criterion is based on the objectivity of the measurement of the input product partial amount, used in order to produce the output, in relation to the cost object. Therefore, if the input product consumption is ascertained, the cost is special, otherwise the cost is common. In addition, considering the procedures for allocating the cost object, if the criterion of the objectivity is joined by the economic effectiveness criterion, it is possible to distinguish between direct costs and indirect costs. Therefore, it emerges that a common cost is always indirect, while a special cost can be direct or indirect.

The indirect costs, not directly attributable to the single object of cost, are generally divided in proportion to a basis of predefined allocation. In that regard, two alternative calculation methods are identifiable:

1. Cost to be divided * basis referred to the object/total basis of apportionment (attribution rate)
2. Basis referred to the object * cost to be divided/total basis of apportionment (apportionment rate)

Furthermore, it is noted that the division can be made on unique basis, if the total of the indirect

costs is divided in proportion to a single driver, or on multiple basis, if the total of the indirect costs is divided into homogeneous categories, each one related to an apportionment criterion. Among the indirect costs, there are the administrative costs, the social costs, and the amortization costs (Barfield et al. 2003).

Usually the two main used methods are the *cost center accounting approach* and the *activity-based costing (ABC)*.

It is wise to point out that the scope that could be pursued through the adoption of the *cost center accounting* consists in the acknowledge of the several sustained costs in order to produce the desired output and, moreover, in the respective imputation of the indirect costs assessed through the causality relationship.

The main advantage related to such method consists in the possibility to refer homogenous cost classes directly to the corresponding cost centers and the subsequent overturning of the entire amount on the several products, through a unique driver.

The cost center method is usually directly related to a functional organizational unit, to which the corresponding accountability center is strictly connected. The whole of the functional units making part of the enterprise's organization mirrors the requirements underlying the strategy and the management by objective approach adopted by the management.

Usually the following cost center classification is adopted:

- *Productive*. These cost centers are directly connected to the activities that implement the public service delivery process.
- *Auxiliary*. These cost centers are related to the whole of activities that are conducted to support to the delivery process. Among the support activities carried out within a firm's organization, there are the warehouse management, the maintenance services, and the logistics units.
- *Functional*. This category of cost centers is usually related to the activities that, although not directly related to the delivery process, are anyway essential for the organization running.

Once the cost center plan is prepared, the accounting procedure continues with the overturning of the indirect costs to the several cost centers. This operation is carried out according to the consumption request of the underlying resource, expressed by each of the involved cost centers.

Later on this step is the time of the auxiliary costs overturning. Therefore, the same operation, for the functional centers, is optionally executed. Finally, the total amounts have to be allocated to the several products through the *unit rates of cost* calculation.

$$\textit{Unit rates of cost} = \textit{Total costs charged} / \textit{quantity of the production}$$

The formula quoted above allows to measure the amount attributable to each category of product, multiplying the coefficients shown above for the quantity used during the service delivery (Horngren et al. 2002).

It is wise to observe that a rising of the indirect costs related to the production process, especially in the industry sector, can be detected. This trend is due to the implementation of a whole of support activities required by the increasing complexity of the production process. This phenomenon does not depend by the volume production, but rather it is strictly related to the ever-increasing differentiation, decentralization, and flexibility of the production processes. These, in turn, is a decrease of the direct labor costs determined while, at same time, an increase of both the direct raw material costs and the indirect overhead costs generated.

In other words, the "market of the offer," which is peculiar of the mass production and consumption, becomes the "market of the demand." This latter is able to detect and to satisfy the user community's needs. It can be pointed out that the "hidden costs" generated within the production plant, viz., those costs not related to the employment of the production factors, by the management of the ever-increasing complexity of the production structure are caused.

These phenomena heavily affected the organizations involved in the public services delivery. Indeed, these organizations are now required to

focus on a set of specific factors, as for instance, orientation to the users community, total quality approach, innovation process specially using ICT technologies, and production decentralization. Moreover, a high flexibility in the strategy, organization, and production seems necessary. In this scenario, it is wise to point out that the traditional cost accounting methods based on the cost centers that perform the direct costs overturning, calculating it according to the production volume, become obsolete. Indeed, this technique causes a significant information distortion about the trend and the cost distribution.

The cost center accounting approach can also determine the so-called phenomenon of "cross subsidization," in which the unit cost of products connoted by a high complexity of the production process and a low production volume is underestimated. Indeed the costs, due to the complexity, remain "hidden" and "shadowed" by the major absorption of the indirect costs made by the products characterized by a higher production volume.

Indeed, when the distribution of the indirect costs deriving from the complexity is executed according to the traditional methods based on the production volume, the penalization of the mature products was observed. These latter are connoted by a higher volume of production and lower need of cost coverage, while the youngest products are characterized by lower production volume and a higher absorption level of the indirect costs (for instance, the costs for advertising). In others words, the mature products, built up through a standardized production process, are disadvantaged in favor of those characterized by a lower production volume and higher complexity.

The issues above referred legitimated the abandonment of the traditional management by functions in favor of firm's management focused on the interrelationship between the several activities (horizontal perspective). Indeed, the *activity-based costing* (ABC) method is adopted according to the consideration that a direct relation between product and consumed resources does not exist, but, rather, these latter have to be related with the all enacted activities and that contribute, directly or indirectly, to deliver the service that the firm offers to the customers. In other words, it is important to know primarily the implemented activity entity and the total amount of the absorbed factors. This is in order to assess the relevant degree of contribution of the activities themselves to the final output production.

This methodology of allocation of the indirect costs allows to overcome the limits exhibited by the traditional accounting performed by the cost centers. The subtended logic consists in the changing of the perspective adopted for the cost allocation, viz., the coverage of costs, is not primarily related to the production volume, but rather it is linked to the understanding of the resource consumption causes. Therefore, starting from the management by activity analysis is possible to better understand what happens inside the several firms' functions and the related organizational units, and, moreover, the relationships between the functions themselves are possible to assess.

Nevertheless, it is possible to assess that the ABC methodology is not a technique completely different from that of the accounting by cost centers. This is because both methods are based on the overhead cost distribution, but the ABC method is a more sophisticated technique having the scope to assess with greater accuracy the costs of the products, according to the activities related to the indirect costs. Of course, in this case the conceptual model is changed, viz., the cost is correlated with the activities and not with the products anymore. These activities are indirect, consume resources, and are required by the services/customers/markets, and, in turn, they will generate overhead costs.

Therefore, the cost measuring, according to the following phases, will be performed: the definition of the activities and the detection of the relevant costs, the assessing of the criteria to be adopted for the cost allocation, the calculation of the allocation coefficients, and the assignment to the products of the indirect costs. It is wise to point out that deciding the criteria for cost allocation represents the technical innovativeness of the ABC method.

Indeed from one side, to identify a determinant of the cost (activity driver), which should be a full representative of the specific unit, will be required. Through this activity driver, it should be possible to express in a synthetic and effective manner the services delivered by the specific unit. From the other side, it is essential to distinguish the so-called activity rates, relating the total cost of the activity with the activity volume, so that to calculate the unit cost of the activity would be possible.

While the ABC method is limited to the definition of the cost of the activities, the activity-based management *(ABM)* represents the managerial evolution inspired to the operational management oriented to the intervention on the firm's costs. The ABM is grounded on the identification of the activities that primarily contribute to the competitive advantage of the firm, eliminating or reducing to the minimum those activities that do not bring an added value to the business process. When some activities are reduced or eliminated, the related resources should be reallocated, if it is possible (Cooper et al. 1992; Friedman and Lynne 1997).

## Conclusions

All this considering, it can be noted that the cost accounting has its origin in the will to overcome the limits of the financial accounting. Moreover, it constitutes the knowledge base that can serve as reference for the implementation of an effective internal management control, viz., the ways how the several sectors of the firm contribute to the delivery of the public service and to the achievement of the net income.

The cost accounting allows to implement an IT system dedicated to the internal monitoring that offers to the management the possibility to perform a wide variety of investigations and inspections, in order to verify the accomplishment of different objectives, for instance, the choices of the economical convenience about the different ways to deliver the service and the related impacts registered on the effectiveness of the firm; the knowledge about the quantities of resources absorbed by the delivery of each public service; and the comparing of the values of the cost related to a different time period or, vice versa, assessing the positioning of the average cost of the service with specific benchmark values.

It could be said that the cost accounting has the scope to satisfy some informational needs different from those of the financial accounting. Indeed, the cost accounting emerges in order to satisfy the requirements of a specific stakeholder category, viz., the economic agent/managerial category.

Therefore, the strategic value of the information obtainable from the cost accounting is unquestioned. Indeed, while the financial accounting is oriented to satisfy some external stakeholders with a set of information related to the firm performance, vice versa with the cost accounting, to the managerial class, the exact view about the firm performance in a strategic perspective and with the clear objective to highlight the causes of economic nature related to the variations of the results obtained versus those planned is given.

The final phase of the cost accounting procedure is the variation analysis. The latter, in turn, can be divided in four steps: comparison of values, decomposition of the variations, identification of the causes, and definition of the actions to be undertaken. Moreover, it is wise to point out the following:

- The comparison is made between the values referred in the budget and those consumptive to determine the global variations.
- The next step consists in the decomposition of the elementary variations.
- Once the elementary variations are identified, to detect the causes and the related responsibilities is necessary.
- At the end of the procedure, the corrective actions will be defined (Kaplan 1994).

## Cross-References

► Accrual Accounting
► Activity-Based Costing in Public Services
► Public Sector Accounting

## References

Anthony R, Hawkins DF, Macrì D, Merchant KA (2005) Sistemi di controllo. Analisi economiche per le decisioni aziendali. McGraw-Hill, Milano
Barfield JT, Raiborn CA, Kinney MR (2003) Cost accounting: traditions and innovations, 5th edn. South-Western College Pub, Cincinnati
Cooper R, Kaplan RS, Maisel LS, Morissey E, Ohem RM (1992) Implementing activity based cost management. IMA, New York
Drury C (2008) Management and cost accounting. Cengage Learning EMEA, London
Friedman AL, Lynne SR (1997) Activity-based techniques and the death of the beancounter. Eur Account Rev 6(1):19–44
Horngren CT, Datar SM, Foster G (2002) Cost accounting. A managerial emphasis. Prentice Hall, Edinburg
Kaplan RS (1994) Management accounting (1984–1994): development of new practice and theory. Manag Acc Res 5:247–260

# Cost Efficiency

Ally Ramathan Kibirige[1], Chrisostom Munene[2], Laura Orobia[3], Samuel Mafabi[4], Twaaha Kigongo Kaawaase[5] and Joseph Mpeera Ntayi[6]
[1]Makerere University Business School, Kampala, Uganda
[2]Department of Organizational Psychology, Makerere University Business School, Kampala, Uganda
[3]Department of Accounting & Finance (Academics), Makerere University Business School (MUBS), Kampala, Uganda
[4]Department of Organizational Behaviour, Makerere University Business School, Kampala, Uganda
[5]Department of Accounting and Finance, Makerere University Business School, Kampala, Uganda
[6]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

## Synonyms

Cost effectiveness; Cost efficiency; Cost proficiency

## Definitions

### Cost Efficiency

Cost efficiency is the extent to which a primary school's cost is used to achieve the best performance at a given level of input or output under certain business conditions. An efficient school minimizes its operating costs to achieve a given output (Bradrania et al. 2017, p. 194). Cost efficiency measurement values fall into the range between 0 and 1. A smaller number close to 0 suggests that the primary school has greater cost efficiency, while a greater value close to 1 suggests that the primary school is less cost efficient (p. 196).

### Internal Controls

Internal controls are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.

### Job Motivation

Job motivation is a set of energetic forces that originate both within and beyond an individual's being, to initiate work-related behavior, and to determine its form, direction, intensity, and duration.

### Organizational Resources

Organizational resources refer to all assets available to a firm for use during the production process.

## Introduction

Globally, private primary schools have been identified as an important sector for the economic stability and development of a country (Shabri et al. 2016). Achieving cost efficiency is one of the most important tools for identifying potential areas of cost containment and cost reduction (Assaf and Matawie 2008). However, cost efficiency in schools has been a global challenge for policy makers and scholars. For instance, in some western countries such as Sweden, Finland, the Netherlands, and Slovakia, private schools cannot sustain themselves, with over 90% of school

funding for privately managed schools coming from the government (OECD 2012). In African countries like South Africa, the government is promoting the idea of establishing private primary schools because in public schools, the country is burdened with levels of academic achievement that are on par or even worse than those of other developing countries who spend only a fraction of what South Africa spends on public education (Boateng 2014). Ugandan private primary schools are cost efficient. For instance, Muvawala and Hisali (2012) report that urban private schools are more technically efficient with schools achieving their expected ideal performance rates. This is because the cost of achieving over 50% pass rate at the primary leaving examination level in urban private schools is about US $115.

Cost efficiency in Ugandan schools is an important area of study because of the failure to manage savings for development and growth by some private primary schools. A number of schools have suffered insolvency, while others have stagnated, been sold, and collapsed due to lack of funds. Additionally, it is a norm for many schools to close their academic terms before the official closing date (Oluka 2014; Yunusu 2004). Scholars like Janssen et al. (2008) have advanced several reasons including better inputs for reflection, innovative resolutions, easy decision-making, and feeling of success as better reasons for addressing cost inefficiency of private primary schools using a positive case. Kabojja Junior School is one of the private schools in Uganda that has successfully ensured cost efficiency which has enabled it to grow and develop. Kabojja Junior School started its operations in August 1998 with 15 pupils. The main reason for its starting was to empower Kabojja Junior School to generate savings to support Kabojja Secondary School. Other reasons were to act as a feeder school to Kabojja Secondary School that was already in existence, provide quality primary education, create employment, and act as a retirement benefit scheme for the proprietors as stated by the founder Haji Nasser Lubega who was 63 years old at the time of sharing the information before his death. When Kabojja Junior School started, it employed experienced and competent staff. The head teacher, deputy head teacher, and 14 of the 24 teachers recruited at the beginning are still employed by the school. The school practices prudent financial planning and management including segregation of duties. Different accounting officers manage the finances of the school, but the owner makes the final decision. The school embraces purchase of genuine products in bulk to last for some good time in order to cut costs. Over- and under-stocking of inventories are avoided with procurement officers following the school procurement policy. The user department initiates a request through the supervisor. Three proforma invoices are obtained from possible suppliers, and a procurement committee of four officers decides on the best supplier. Normally, the supplier with the lowest quotation is awarded the contract.

On delivery of the supplies, the storekeeper receives the goods after they have been inspected by the concerned school administrator. This process helps the school to minimize losses. When sourcing items, the school authorities minimize the use of intermediaries to limit overspending on inventories. Expenditure follows the budget, and cash flow planning including infrastructure development is done during holidays. The owner treats the project as he treats his life. He said, "Success is my pride and failure is my misery." The actions taken by the management of Kabojja School have resulted into high staff retention and a high number of pupils currently totalling about 2100 pupils. The school has been able to attract learners from the affluent class of Kampala that has helped it to have stable finances. Thus, the school is able to pay salaries on time including paying staff during holidays unlike other private primary schools. School fees have risen from 500,000 shillings in 1998 to 1.5 million shillings per term to date. Despite the rise in school fees, the pupils' population continued to increase. This increase in population led to the acquisition of more land worth UGX 3.5 billion on which a modern infrastructure to accommodate the increasing population has been built for further expansion. The school is able to give staff advances and staff loans, pay suppliers on time, pay back bank loans, and organize end-of-year

parties for staff. Besides its success, the school went through some challenges given the fact that it started with 15 pupils; the school population did not grow promptly, hence causing the owners to look for alternative sources of funding to sustain the project. Costs like staff salaries, water and sewerage bills, communication, transportation, administration, infrastructure development, advertising, and other school-overhead-related costs remained a liability to the owner. Kabojja management ensures that the school and parents acquire optimum benefit from the available resources. Today, the school is ranked among the first top ten schools in the country in primary leaving examination results and in provision of other facilities. The lessons learned from this story suggest the use of internal controls, building a strong motivated workforce, identifying and encouraging key stakeholders to participate in managing and controlling costs, and the effective and efficient utilization of organizational resources in operating businesses. These lessons call for theoretical explanations.

We utilize the agency theory, stewardship theory, and stakeholder theory to explain the story of Kabojja Junior School. The agency theory (AG) suggests that a principal chooses to contract an agent for reasons of expertise and minimization of agency costs. However, due to lack of information on the side of the principal which the agent possesses, the agent may advance selfish interests making the principal suffer losses. The principal, therefore, uses internal controls to regulate the activities of the agent (Jensen and Meckling 1976). However, the agency theory pays less attention to job motivation factors, specifically achievement motivation, satisfaction with successful performance, and work ethic which were identified as paramount factors in the success of Kabojja Junior School. Thus, this creates the need for another theory that explains how to motivate the agent, hence the stewardship theory. The stewardship theory (ST) holds that there is no conflict between interests of managers and owners and that the goal of governance is, precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties (Hernandez 2012). Therefore, managers are not motivated by individual goals but rather are stewards whose motives are aligned with the objectives of their principals (Van Slyke 2006). Stewardship theory indicates that managers are motivated by a range of nonfinancial motives such as the need for achievement and recognition, the intrinsic satisfaction of successful performance, respect for authority, and work ethic (Muth and Donaldson 1998). However, stewardship theory does not point out the importance of stakeholder participation which is key in the Kabojja Junior School success story. This thus calls for analysis of the stakeholder theory.

The stakeholder theory suggests that the goal of any company is its flourishing and its entire principal stakeholder. Therefore, managing for stakeholders involves attention to more than simply maximizing shareholder's wealth but also interests and well-being of those who can assist or hinder the achievement of the organizations' objectives; thus, the job of a manager or entrepreneur is to work on the interests of customers, suppliers, and communities (Freeman 1984). Stakeholder theory advocates for involvement of stakeholders in management of organizations if cost efficiency is to be attained. Overall, the above theories show that each of them explains different predictors of cost efficiency. However, in the story of Kabojja Junior School, organizational resources were identified as a mediating factor in the attainment of its success. Therefore, this gap leads to the adoption of the resource-based view theory to explain the mediating role of organizational resources in achieving cost efficiency.

Resource-based view theory (RBVT) was developed by Bain in 1968 and Porter in 1979 based on the structure conduct-performance paradigm. RBVT explicitly explains the importance of internal sources to achieving sustainable competitive advantage (SCA) and explains why firms in the same industry might differ in performance. However, RBV's principal development occurred between 1984 and the mid-1990s especially with the contribution of Wernerfelt in 1984 and Barney in 1991 (Kraaijenbrink et al. 2010). Resource-based view theory suggests that there can be heterogeneity or firm-level differences among firms that allow some of them to sustain competitive

advantage. The theory emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance (Lockett et al. 2009). Resource-based view theory proposes that the company's abilities to invest are based on its internal capabilities. RBVT considers resources possessed by a firm as the primary determinants of its performance (Lockett et al. 2009). Resources contribute to a sustainable competitive advantage of the firm. In RBVT, a firm is viewed as a collection of tangible and intangible resources that combines with capabilities of management to enable competition with other firms. To provide sustainable competitive advantage, a resource must have four qualities, namely, valuable, rare, inimitable, and non-substitutable (Madhani 2009). Value can be achieved when a resource enables the exploitation of opportunities or neutralization of threats according to SWOT analysis; a resource must be scarce if it is rare, not easily duplicable, i.e., inimitable and non-substitutable, meaning that there are no strategically equivalent substitutes for the same resource. Therefore, resource-based view theory will be the basis for explaining the mediating variable organizational resources in terms of tangible and intangible resources (Mweru and Maina 2016). Therefore, no single theory comprehensively explains how to promote cost efficiency in organizations such as private schools. This calls for the integration of the four theories, namely, agency, stewardship, stakeholder, and resource-based view theories, to help explain cost efficiency in organizations such as private primary schools.

## Literature Review and the Development of the Theoretical/Conceptual Framework

### Agency Theory, Stewardship Theory, and Stakeholder Theory

This paper is grounded on three theories, namely, agency theory, stewardship theory, and stakeholder theory. Regarding the agency theory, this was developed by Alchian and Demsetz (1972), Eisenhardt (1985, 1989), and Jensen and Meckling (1976). The theory suggests that a principal chooses to contract with an agent for reasons of cost and expertise. The principal may decide that their organization lacks the expertise or resources required to produce a good or service and that the cost of hiring or developing that expertise in-house exceeds the costs associated with contracting for the expertise. The principal and the agent agree on the terms of the contract including the inputs, processes, outcomes, quality and satisfaction parameters, monitoring and performance-reporting requirements, how the agent is to be compensated for doing the work of the principal, and the sanctions that will result if the principal detects the agent pursuing his/her own goals above the principal's objectives. The main tenets of agency theory focus on information asymmetry (when one party has information the other party does not possess), adverse selection or pre-contractual opportunism (when one party knows more about attributes of a product or service than another and as a result, the uninformed party runs the risk of purchasing a product or service of low quality), and moral hazard or post-contractual opportunism (when a party to the contract uses information and expertise and acts opportunistically, in its own self-interest, to the exclusion of the agreed-upon contract goals) (Van Slyke 2006).

Two assumptions characterize the principal-agent model: there is goal conflict between the power (bureaucratic) and budget (wealth-maximizing) behavior of the principal and the utility-maximizing behavior of the agent, and agents have more information than principals, which agents can exploit for self-gain rather than for the collective interests of the contracting parties leading to moral hazard problems. However, the weaknesses of this theory are that it is one sided because it negatively characterizes an individual agent's moral and collective behavior as self-seeking and focused on obtaining power and wealth; ignores worker loyalty, pride, and identification with the organization's mission and goals; and omits opportunistic behavior by principals (Van Slyke 2006). However, more significant is that this theory points out that managers of organizations may not act in the interests of other shareholders. This, therefore, calls for

mechanisms such as internal controls to reduce fraudulent intentions of agents. Thus, this theory will be the basis for relating internal controls and cost efficiency.

With respect to stewardship theory, it was developed by Donaldson and Davis in 1991 and 1993 as counterweight to rational action theories of management. This theory holds that there is no conflict between interests of managers and owners and that the goal of governance is, precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties. This is because there is no inherent problem of executive control, meaning that organizational managers tend to be benign in their actions (Donaldson 2008). Stewardship theory suggests that managers are not motivated by individual goals but rather are stewards whose motives are aligned with the objectives of their principals (Van Slyke 2006). Stewardship theory recognizes a range of nonfinancial motives for managerial behavior. These include the need for achievement and recognition, the intrinsic satisfaction of successful performance, respect for authority, and work ethic. Managers are viewed as interested in achieving high performance and capable of using a high level of discretion to act for the benefit of shareholders. They are essentially good stewards of corporate assets, loyal to the company. Stewardship theory holds that a manager, when confronted with a course of action seen as personally unrewarding, may comply based on a sense of duty and identification with the organization (Muth and Donaldson 1998). The assumptions of stewardship theory are that long-term contractual relations are developed based on trust, reputation, collective goals, and involvement where alignment is an outcome that results from relational reciprocity (Van Slyke 2006).

Blanket controls applied to all managers may not be the answer to improving corporate performance or safeguarding shareholder interests. Stewardship theory argues that the reallocation of corporate control from owners to professional managers may be a positive development toward managing the complexity of the modern corporation (Muth and Donaldson 1998). However, the weakness of the stewardship theory is that it paints an excessively rosy picture of the steward. Conflicts of interests between the employee and the employer will always occur. The employer will maintain a strong attachment and psychological ownership toward the venture even after ceding a portion of ownership. The employer will remain an owner and will act as one over employees. As such, the employee will not likely subordinate his or her interests to those of the owner. Therefore, interests' alignment will always be a challenge (Arthurs and Busentiz 2003). However, most significant is that this theory suggests job motivational factors that should be put in place in order to make managers want to work in the interests of shareholders, hence promoting cost efficiency. This theory will be the basis for relating job motivational factors and cost efficiency.

With regard to the stakeholder theory, this has its origins in the pioneering work of Igor Ansoff and Robert Steward in 1963 while working for Stanford Research Institute. They suggested that the goal of any company is or should be the flourishing of the company and its entire principal stakeholder. However, Friedman developed the stakeholder theory in 1984 as a framework responding to the concerns of managers confronted with unprecedented levels of environmental turbulence and change (Fontaine et al. 2006). The theory proposes that managing for stakeholders involves attention to more than simply maximizing shareholder's wealth but also interests and well-being of those who can assist or hinder the achievement of the organizations' objectives; thus, the job of a manager or entrepreneur is to work on the interests of customers, suppliers, and communities. Employees and financiers go in the same direction (Sundin et al. 2010). The theory suggests mechanisms for controlling the interests of the agent to enable cost efficiency: these are monitoring, corporate control, contractual relations, and compensation. However, the limitation of the stakeholder theory is that it presupposes that managers do otherwise than maximize shareholder wealth, which violates legal and moral duties. In some ways, it is illegitimate to orient corporate decisions by ethical values that go beyond strategic stakeholder considerations to multi-fiduciary ones (Phillips

2003). However, importantly, the theory advocates for involvement of stakeholders in management of organizations. This theory will be the basis for relating stakeholder participation to cost efficiency.

The theory that will explain the mediating variable (organizational resource) is the resource-based view theory (RBVT). RBVT was developed by Bain in 1968 and Porter in 1979 based on the structure conduct-performance paradigm. Resource-based view theory explicitly explains the importance of internal sources to achieving sustainable competitive advantage (SCA) and explains why firms in the same industry might differ in performance. However, RBVT's principal development occurred between 1984 and the mid-1990s especially with the contribution of Wernerfelt in 1984 and Barney in 1991 (Kraaijenbrink et al. 2010). RBVT explains how an organization can obtain a certain sustainable competitive advantage over time using internal and external resources (Anwar et al. 2018). The theory assumes two assumptions in analyzing sources of competitive advantage: first, that firms within an industry may be varied, and second, that resource heterogeneity may persist over time (Liu et al. 2010). The resources are normally in the form of tangible (physical) and intangible resources. The intangible resources focus on intangible assets including information, knowledge, dynamic capabilities, contracts and partnerships, shared values and beliefs, attitude and behavior, employees recruited, operating and reporting structure, customer service, reputation, product or service reputation. Tangible resources include tangible assets, that is, cash (fee collections), financial capital (bank loans), physical equipment (machinery), inventory, buildings, and land including its location. To achieve the required competitive advantage, organizational resources should possess desired qualities, namely, value, rare, inimitable, and non-substitutable (Mweru and Maina 2016). This is because according to RBVT, organizational resources management are fundamental in increasing profits of an enterprise in the short and long run, hence its cost efficiency.

RBVT indicates that organizational resources must be measured or else performance would be unlimited. Organizational resource identification and management are key especially when focusing on those resources that are valuable, rare, and hard to substitute or non-substitutable (Jumadi and Bakri 2017). Therefore, RBVT suggests that to attain an organization's cost efficiency, efforts should be directed to manage the tangible and intangible resources of the organization in the strategic management of the firm. Thus, RBVT will be the basis for analyzing how intangible and tangible resources mediate the relationship between other factors and cost efficiency in private primary schools.

### Internal Controls and Cost Efficiency

Farhana et al. (2013) defined cost efficiency as how much in terms of costs an organization saves or the act of saving money by making a product or performing an activity. Scale efficiency refers to a situation when the size of the unit of operation is optimal so that any modifications on it will render the unit less efficient. Technical efficiency denotes the ability of the decision of the making unit to acquire maximum output with a given set of inputs. Pure technical efficiency is conceptualized as the measure of managerial performance to organize the inputs in the production process. A combination of scale efficiency and pure technical efficiency will result into overall technical efficiency (Farhana et al. 2013).

Several studies have suggested a link between internal controls and cost efficiency. For instance, Ejoh and Ejom (2014) studied the impact of internal control activities on financial performance of tertiary institutions in Nigeria. The study revealed that there was clear separation of role in the institutions' finance and account department and that superior officers in the college supervised regularly work done by their subordinate. In addition, the study found that the institution financial statements were audited annually by external auditors. However, the results further showed that there was no significant relationship between control activities and financial performance of Cross River State College of Education. Gavrea et al. (2011) studied determinants of organizational

performance on employees of manufacturing firms in Romania. Using the canonical correlation, they established that there was a strong positive relationship between a continuous performance monitoring process and performance. Khademfar et al. (2013) investigated the relationship between ethical work climate and firm performance in Malaysia. Their findings revealed a high correlation and significant relationship between ethical work climate and organizational financial performance.

Makori and Jagongo (2013) analyzed the effect of working capital management on firm's profitability in Kenya. The findings indicated a positive correlation between return on inventory holding period, accounts payment, and a firm's profitability. Mburu et al. (2015) assessed the effect of risk identification management strategy on supply chain performance in manufacturing companies in Kenya. Their descriptive results showed that companies could only ensure adequate cost reduction through the use of activity-based contracts with clean cost management targets and by setting annual savings target and reporting achieved savings monthly, enhancing cost efficiency. Nyakundi et al. (2014) analyzed the effect of internal control systems on the financial performance of small- and medium-scale business enterprises in Kisumu City, Kenya. Their findings showed that adherence to authorization procedures and review and verification of internal controls positively affected financial performance.

Oladejo (2013) examined the impact of management information system on manufacturing firms' decision-making in selected manufacturing firms in Nigeria. Descriptive results revealed that management information system has a significant impact on manufacturing firms' decision-making and profitability. The results revealed that management information system in manufacturing firms helped in taking profitable decisions, maintaining customer-staff relationship, locating potential customers, taking decisions that gave them competitive edge over competitors, and conserving their resources. Patel (2015) in a critical review examined the effect of accounting information systems on the profitability level of organizations. The study revealed that accounting information that is consistent, relevant, understandable, and timely required to meet the needs of decision makers affected profitability of organizations.

Saleem and Abideen (2011) studied risk management and organizational performance in the Pakistani software development sector. Their regression results showed that monitoring significantly positively influenced organizational performance. They indicated that monitoring was the tool, which most organizations used to reduce the threats against them. However, contextual gaps and empirical gaps emerge from the studies above. For example previous studies were conducted in the developed economies paying less attention to the developing countries (Dean 2002; Gavrea et al. 2011) and Asia (e.g., Abu-Tapanjeh 2006; Al-Mamun et al. 2014; Al-Thuneibat et al. 2015; Khademfar et al. 2013; Long 2008; Saleem and Abideen 2011) done in Asia. For those studies carried out in the African context (e.g., Ejoh and Ejom 2014; Makori and Jagongo 2013; Mburu et al. 2015; Nyakundi et al. 2014; Oladejo 2013), none was carried out in Uganda. At the empirical level, whereas the studies by Al-Thuneibat et al. (2015) and Nyakundi et al. (2014) revealed a positive significant relationship between different aspects of internal control and cost efficiency, that of Ejoh and Ejom (2014) did not. From the foregoing discussion, we propose that internal controls and cost efficiency are related (P1).

### Job Motivation Factors and Cost Efficiency

A number of studies (e.g., Abbasi et al. 2011; Crossman and Abou-Zaki 2003; Dizgah et al. 2012; Dobre 2013; Collins et al. 2004; Firestone et al. 2005; Munawaroh et al. 2013; Platis et al. 2015; Yesil et al. 2012) devoted to relating job motivation factors and cost efficiency can be cited. For instance, Abbasi et al. (2011) studied the effects of Islamic work ethic on business performance. Islamic work ethic referred to the state of respect and the practice of good deeds. The results indicated that Islamic work ethic significantly and positively influences business performance of an organization in terms of profitability. Crossman and Abou-Zaki (2003) studied job

satisfaction and employee performance of Lebanese banking staff. The results of the study showed that overall the respondents were satisfied with their jobs. However, as for the relationship between job satisfaction and performance, the results showed no significant relationship. Dizgah et al. (2012) studied relationships between job satisfaction and employee job performance with employees in Guilan Public Sector, Iran, as units of analysis. Their correlational results revealed a positive significant relationship between job satisfaction and in-role performance and job performance. Dobre (2013) carried out a literature review on employee motivation and organizational performance. The study indicated that the need for achievement was a powerful need that influenced the development of effective organizations. Collins et al. (2004) carried out a meta-analysis on the relationship of achievement motivation to entrepreneurial behavior. The study results revealed that achievement motivation was significantly correlated with entrepreneurial performance.

Firestone et al. (2005) studied protestant work ethic and worker productivity in a Mexican brewery. Protestant work ethic referred to employees' self-discipline, hard work, the careful use of time, and personal honesty, among others. Their findings showed that higher protestant work ethic was associated with workplace productivity, hence cost efficiency. Munawaroh et al. (2013) studied factors influencing individual performance in an Indonesian government office. Their regression analysis demonstrated that employee's need for achievement was a significant factor affecting individual performance that led to cost-effectiveness. Platis et al. (2015) studied the relation between job satisfaction and job performance in healthcare services in the National Centre for Public Administration and Local Government in Spain. Their correlational results revealed that self-satisfaction with quantity of work, self-satisfaction with productivity, and self-satisfaction with initiatives significantly positively related to performance, which implies cost efficiency. Yesil et al. (2012) investigated the influence of Islamic work ethic in the workplace. The findings revealed that work ethic influenced firm performance. However, the above studies present empirical gaps. For instance, whereas the study by Crossman and Abou-Zaki (2003) found no significant relationship between satisfactions with job performance, Dizgah et al. (2012) and Platis et al. (2015) found a positive significant relationship. In addition, the studies by Firestone et al. (2005) and Yesil et al. (2012) studied obliquely work ethic as Islamic and protestant work effort. The preceding discussion suggests that there is an association between job motivational factors and cost efficiency (P2).

### Stakeholder Participation and Cost Efficiency

Studies (e.g., Bandeira-de-Mello et al. 2011; Edelenbos and Klijn 2005; Gaspar and Mkasiwa 2014; Gibson et al. 2005; Kessler 2004; Mackie 2008; Nalweyiso et al. 2015; Nasirifard et al. 2013; Riege and Lindsay 2006) have related stakeholder participation and cost efficiency. Bandeira-de-Mello et al. (2011) studied the effects of stakeholder interaction in emerging economies using Brazilian firms. Their results indicated that stakeholder interaction had a positive impact on firm performance. Kessler (2004) carried out a synthesis of literature on stakeholder participation. The findings revealed that consultation leads to increased legitimacy of projects because individuals feel the process is fair and their inputs are used ultimately enhancing their compliance. Edelenbos and Klijn (2005) studied the management of stakeholder participation in decision-making in municipal councils in the Netherlands. The findings of their study revealed that greater input in decision-making from a variety of parties generated a variety of ideas and potentially enriched process substance. Gaspar and Mkasiwa (2014) studied the use of performance information by local government stakeholders in Tanzania. Their interview results revealed that stakeholders' demand for performance promoted efficiency in project implementation. Gibson et al. (2005) carried out a meta-analysis on improving performance and accountability in local government with citizen participation in the USA. The results of the study revealed that stakeholder teams promoted accountability in the use of resources. Mackie (2008) carried out a literature

review on organizational performance management in the Scottish government context. The results indicated that the stakeholder regular feedback affects government organizations' ability to provide quality services.

Nalweyiso et al. (2015) investigated the importance of stakeholder management in improving universal primary education schools in Wakiso District in central Uganda. Their results showed that there was a positive significant relationship between stakeholder management and project success. Nasirifard et al. (2013) studied the correlation between participatory decision-making and organizational effectiveness and performance in mining and trade organizations in Golestan province industry in Iran. Their results showed that a positive significant correlation existed between participatory decision-making and organizational effectiveness. Riege and Lindsay (2006) studied knowledge management in the public sector and stakeholder partnerships in the public policy development in several countries in the Western world such as the USA, Australia, and European Union countries. Their findings revealed that information exchange by different stakeholders improved the quality of decisions. However, the studies above reveal that the studies were largely skewed toward the Western world (Edelenbos and Klijn 2005; Gibson et al. 2005; Mackie 2008; Riege and Lindsay 2006) and Asia (Nasirifard et al. 2013). In addition, the above were carried out in sectors other than private primary schools. We, therefore, conclude that there is an association between stakeholders' participation and cost efficiency (P3).

### Organizational Resources and Cost Efficiency

A number of studies that have related organizational resources and cost efficiency can be cited. Gitahi and Kobonyo (2018) carried out an empirical study on the relationship of organizational resources and performance in companies listed on Nairobi Securities Exchange. Simple linear regression analysis results revealed that organizational resources significantly affect firm performance. The study contributes to theory building by demonstrating empirically that efficient bundling of resources results in firm capabilities that are harder to be imitated by competitors. Hadayati et al. (2016) carried out a study to examine the availability of tangible resources in cooperatives and their influence on firm performance in Malaysia. Regression analysis results indicated that cooperatives are utilizing more of their corporate resources in creating competitive advantage with positive impact on firm performance. In reference to RBV perspective, competitive advantage is generated from within an organization. The organization's resources are its central source of advantage, mainly those resources that are simultaneously valuable, rare, and hard to substitute. Ahmed et al. (2018) carried out a literature review to propose a conceptual framework to demonstrate that organizational factors like strategic orientation, organizational culture, and organizational commitment influence the organizational performance of the banking sector of Pakistan. The findings revealed that these organizational factors can directly and indirectly contribute in enhancing the organizational performance. Kumlu (2014) carried out a survey to establish the effect of intangible resources and competitive strategies on the export performance of small and medium-sized enterprises. A total of 1415 companies were considered from metal, textile, chemical, and furniture industries in Turkey. Regression and correlation analysis results revealed a positive relationship between all intangible resources (IR) and competitive export strategies (CES). It was also found out that IR makes more contribution than CES on perceived export performance. González and Dopico (2017) carried out an empirical study on the importance of intangible assets in achieving competitive and economic advantage. Empirical results indicated that intangible resources like managers' perception contributed greatly on competitive advantage on the entire market. Similarly, this was also supported by financial strength, leadership, and brand image. Shin et al. (2015) examined financial statement data for US manufacturing firms to explore the relationship between inventory management efficiency and firm profitability. Regression results indicated that a firm with lower ratio of inventory to sales is associated with higher profit margins. In addition, small

size firms received larger benefit from increased inventory efficiency compared to medium- and large-sized firms. Shen et al. (2016) investigated efficient and effective inventory management approaches in order to identify key factors that influence inventory management in a Chinese factory. The findings revealed that reducing inventory levels reduces operating costs and increases profitability of an organization. Otero and Amaya (2017) assessed the potential to reduce management inventory costs through the coordinated replenishment of multiple items from non-competitor vendors. The results indicated that companies with limited capacity and high demand achieved a cost reduction in inventory. In addition, companies had less capacity and reduction of holding cost by decreasing the cost of warehouse rental. Hansen et al. (2015) assessed the impact of efficient inventory management in an organization. The findings revealed that bad inventory management practices and damaged goods from storage facilities caused stockouts to hospitals, hence organizational inefficiencies. The literature above shows that scholars made effort to relate organizational resource and cost efficiency. However, gaps emerged at contextual and conceptual levels. At contextual level, all the studies were carried outside the Ugandan context. For instance, the study by Gitahi and K'Obonyo (2018) was carried out in Kenya; the study by Rohana et al. (2014) was carried out in Malaysia; the study by Ahmed et al. (2018) was carried out in Pakistan; the study by Kumlu (2014) was carried out in Turkey; the study by González and Dopico (2017) was carried out in Spain; the study by Otero and Amaya (2017) was carried out in Canada; the study by Ackah et al. (2015) was carried out in Ghana. At conceptual level, cost efficiency was obliquely studied as either organizational performance or financial performance. From the foregoing discussion, job motivation has a mediating effect on the relationship between cost efficiency and its antecedents (P4).

## Development of the Conceptual/ Theoretical Model

As stated earlier, our conceptualization, is grounded in four theories – agency theory (Alchian and Demsetz 1972; Jensen and Meckling

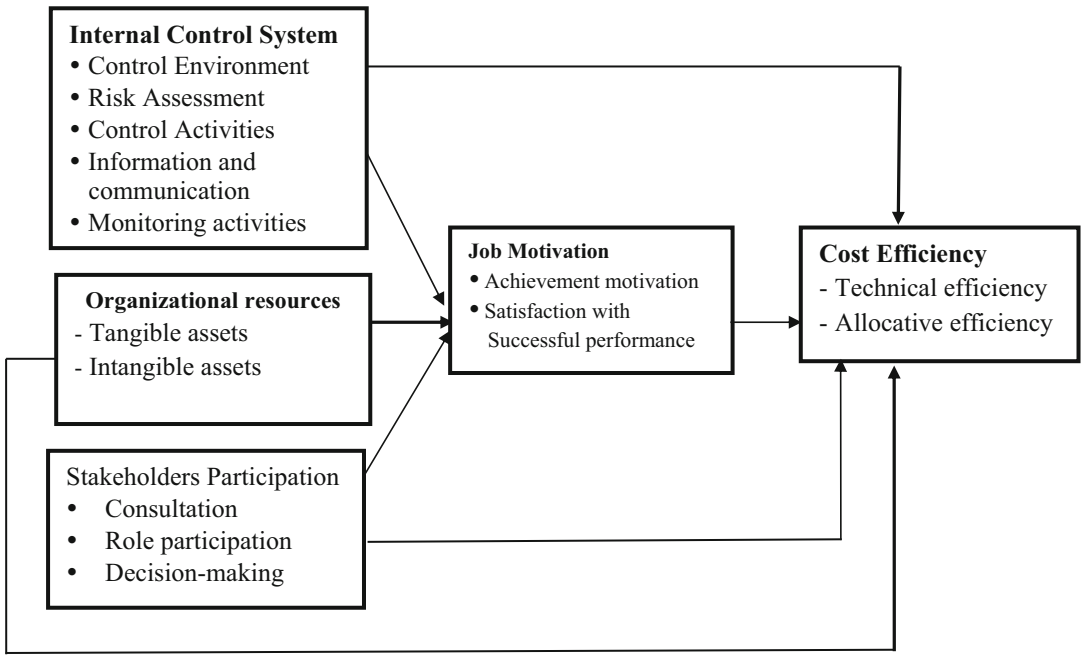


**Cost Efficiency, Fig. 1** Antecedents of cost efficiency

1976; Eisenhardt 1985; Means 1934; Arrow 1971; Muckstadt and Wilson 1968; Ross and Mitnick 1938), stewardship theory (Davis et al. 1997; Muth and Donaldson 1998; Van Slyke 2006; Harnanderz 2010), stakeholder theory (Freeman 1984; Gomes 2006; Branco and Rodriques 2007), and resource-based view theory (Wernefelt 1984) – combines to explain the story of Kabojja Junior School to produce Fig. 1. We also attempt to provide assumptions that trigger the conceptual/theoretical model.

## Assumptions

1. Organizations are conscious of the risks associated with their business operations arising out of their interactions with the various stakeholders and have the ability to develop and implement robust internal control systems.
2. Organizations have authentic and motivated leadership with the capacity to marshal resources required to motivate employees (to pay on time).
3. Organizations develop a cost-conscious culture, develop systems of monitoring costs, and implement appropriate early warning signals for increased costs which are communicated within the organization.
4. Organizations involve and/or engage relevant stakeholders in their business decisions and/or operations.

## Conclusion

In this paper, we set out to develop a theoretical framework that explains cost efficiency of private primary schools using the success story of Kabojja Junior School. The theoretical and empirical review of literature suggests that a multi-theoretical approach combining agency theory, stewardship theory, and stakeholder theory is appropriate in explaining the cost efficiency of private primary schools in Uganda. Kabojja Junior School demonstrates that organizations that are cost efficient pay attention to technical and allocative efficiency, thereby saving organizational resources which promote growth. Cost-efficient schools ensure prudent financial planning, separation of duties, and effective supervision and monitoring. Such schools encourage good working environment and relationship among owners and the staff which results in staff retention. The participation of the school directors in decision-making is common, thereby creating a strong bond between stakeholders. The parents, suppliers, and bankers all have a sense of belongingness and ownership because of recognition, prompt salary payments, and good loan repayments.

## References

Abbasi AS, Rehman KU, Bibi A (2011) Islamic work ethics: how it affects business performance. Actual Probl Econ 12:312–322

Abu-Tapanjeh AM (2006) An empirical study of firm structure and profitability relationship: the case of Jordan. J Econ Adm Sci 22(1):41–59

Ackah D, Hanson OY, Agboyi MR (2000) Effectiveness of revenue mobilization in the district assemblies. Organization 13:36

Ackah D, Agboyi MR, Yumul CM (2015) Assessing the impact of efficient inventory management in on organization. Int J Adv Res Com Sci Soft Eng 5(8)

Ahmed A, Khuwaja FM, Brohi NA, Othman I bin L (2018) Organizational factors and organizational performance: a resource based view and social exchange theory viewpoint. Int J Acad Res Bus Soc Sci 8(3):579–599

Alchian AA, Demsetz H (1972) Production, information costs, and economic organization. Am Econ Rev 62(5): 777–795

Al-Mamun A, Yasser QR, Rahman MA, Wickramasinghe A, Nathan TM (2014) Relationship between audit committee characteristics, external auditors and economic value added (EVA) of public listed firms in Malaysia. Corp Ownersh Control 12(1): 899–910

Al-Thuneibat AA, Al-Rehaily AS, Basodan YA (2015) The impact of internal control requirements on profitability of Saudi shareholding companies. Int J Commer Manag 25(2):196–217

Anwar M, Khan SZ, Khan NU (2018) Intellectual capital, entrepreneurial strategy and new ventures performance: mediating role of competitive advantage. Bus Econ Rev 10(1):63–93

Arrow K (1971) The theory of discrimination. Working papers 403, Department of Economics, Industrial Relations Section, Princeton University

Arthurs J, Busentiz L (2003) The boundaries and limitations of agency theory and stewardship theory in the

venture capitalist/ entrepreneur relationship. Entrep: Theory Pract 28:145–162
Assaf A, Matawie KM (2008) Cost efficiency modeling in health care foodservice operations. Int J Hosp Manag 27(4):604–613
Bandeira-de-Mello R, Marcon R, Alberton A (2011) Performance effects of stakeholder interaction in emerging economies: evidence from Brazil. BAR-Braz Adm Rev 8(3):329–350
Boateng NA (2014) Technical efficiency and primary education in South Africa: evidence from sub-national level analyses. S Afr J Educ 34(2):1–18
Bradrania R, Li X, Xu L (2017) Bank failures and management inefficiency during the global financial crisis. In: Handbook of investors' behavior during financial crises. https://doi.org/10.1016/B978-0-12-811252-6.00011-6
Branco MC, Rodriques LL (2007) Positioning stakeholder theory within the debate on corporate social responsibility. Electron J Bus Ethics Org Stud 12(1):5–15
Collins CJ, Hanges PJ, Locke EA (2004) The relationship of achievement motivation to entrepreneurial behaviour: a meta-analysis. Hum Perform 17(1):95–117
Crossman A, Abou-Zaki B (2003) Job satisfaction and employee performance of Lebanese banking staff. J Manag Psychol 18(4):368–376
Davis JH, Schoorman FD, Donaldson L (1997) Toward a stewardship theory of management. Acad Manag Rev 22(1):20–47
Dean CK (2002) Performance monitoring and quality outcomes in contracted services. Int J Qual Reliab Manage 19(4):396–413
Dizgah MR, Chegini MG, Bisokhan R (2012) Relationship between job satisfaction and employee job performance in Guilan public sector. J Basic Appl Sci Res 2(2):1735–1741
Dobre OI (2013) Employee motivation and organisational performance. Rev Appl Soc-Econ Res 5(1):54–62
Donaldson L (2008) Ethics problems and problems with ethics: toward a pro-management theory. J Bus Ethics 78:299–311
Edelenbos J, Klijn E (2005) Managing stakeholder involvement in decision making: a comparative analysis of six interactive processes in the Netherlands. J Public Adm Res Theory 16(3):417–446
Eisenhardt KM (1985). Control: organizational and economic approaches. Manag Sci 31(2):134–149
Eisenhardt KM (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):57–74
Ejoh N, Ejom P (2014) The impact of internal control activities on financial performance of tertiary institutions in Nigeria. J Econ Sustain Dev 5(16):133–143
Farhana I, Shabri M, A., & Rossazana, A. (2013) Efficiency of Islamic and conventional banks in Malaysia. J Financ Rep Account 11(1):92–107
Firestone JM, Garza RT, Harris RJ (2005) Protestant work ethic and worker productivity in a Mexican brewery. Int Sociol 20(1):27–44
Fontaine C, Haarman A, Schmid S (2006) The stakeholder theory. Edlays Educ 1:1–33
Freeman RE (1984) Strategic management: a stakeholder approach. Pitman Publishing, Boston
Gaspar AF, Mkasiwa TA (2014) The use of performance information by local government stakeholders in Tanzania. J Financ Account 2(3):51–63
Gavrea C, Ilies L, Stegerean R (2011) Determinants of organisational performance: the case of Romania. Manage Mark 6(2):285–300
Gibson PD, Lacy DP, Dougherty MJ (2005) Improving performance and accountability in local government with citizen participation. Public Sect Innov J 10(1):1–12
Gitahi AW, K'Obonyo PO (2018) The relationship between organizational resources and firm performance of companies listed on the nairobi securities exchange. Int J Econ Commer Manag 6(5):540–555
Gomes RC (2006) Stakeholder management in the local government decision-making area: evidences from a triangulation study with the English local government. 10(SPE), 77–98
González EML, Dopico DC (2017) The importance of intangible assets in the strategic management of the firm: an empirical application for Banco Santander. Eur Res Stud 20(2):177
Hadayati N, Rifki H, Pradesa HA (2016) The influence of service quality and sense of belonging toward members' participation in cooperative enterprise. J Bus Manag (IOSR-JBM) 18:55–65
Hansen KS, Grieve E, Mikhail A, Mayan I, Mohammed N, Anwar M, et al (2015) Cost effectiveness of malaria diagnosis using rapid diagnostic tests compared to microscopy or clinical symptoms alone in Afghanistan. Malar J 14:217. pmid:26016871
Hernandez M (2012) Toward an understanding of the psychology of stewardship. Acad Manag Rev 37(2):172–193
Hernandez R (2010) Overcoming overwhelming. Int J Narrative Therapy and Community Work 2010(4):57–71
Janssen F, de Hullu E, Tigelaar D (2008) Positive experiences as input for reflection by student teachers. Teach Teach Theory Pract 14(2):115–127
Jensen MC, Meckling WH (1976) Theory of the firm: managerial behaviour, agency costs and ownership structure. J Financ Econ 3(4):305–360
Jumadi R, Bakri S (2017) Strategic resources for sustainable competitive advantage. Int J Adv Res 5(3):237–241
Kessler BL (2004) Stakeholder participation: a synthesis of current literature. National Marine Protected Areas Centre and National Oceanic and Atmospheric Administration Coastal Services Centre
Khademfar M, Idris K, Omar Z, Ismail IA, Arabamiry S (2013) Ethical work climate and firm performance. Int J Bus Soc Sci 4(11):319–328
Kraaijenbrink J, Spender JC, Groen AJ (2010) The resource-based view: a review and assessment of its critiques. J Manag 36(1):349–372. https://doi.org/10.1177/0149206309350775
Kumlu Ö (2014) The effect of intangible resources and competitive strategies on the export performance of

small and medium sized enterprises. Procedia Soc Behav Sci 150:24–34
Liu L, Timothy V, Gao Y (2010) A review of approaches of resource-based empirical research in banking. Int J Appl Econ Financ 4(4):230–241. https://doi.org/10.3923/ijaef.2010.230.241
Lockett A, Thompson S, Morgenstern U (2009) The development of the resource-based view of the firm: a critical appraisal. Int J Manag Rev 11(1):9–28. https://doi.org/10.1111/j.1468-2370.2008.00252.x
Long CS (2008) Examining human resource competencies and their relationship to the success factors of HR profession. J Serv Sci Manag 1(3):259–265
Mackie B (2008) Organisational performance management in a government context: a literature review. Scottish Government Social Research, Edinburgh
Madhani PM (2009) Resource based view (RBV) of competitive advantage: an overview. Available at: http://works.bepress.com/madhani/35/
Makori DM, Jagongo A (2013) Working capital management and firm profitability: empirical evidence from manufacturing and construction firms listed on Nairobi securities exchange, Kenya. Int J Account Taxation 1(1):1–14
Mburu DK, Ngugi PK, Ogollah K (2015) An assessment of effect of risk identification management strategy on supply chain performance in manufacturing companies in Kenya. Int J Econ Commer Manage 3(4):1–17
Means GC (1934) The consumer and the new Deal. Ann Am Acad Pol Soc Sci 173(1):7–17. https://doi.org/10.1177/000271623417300103
Muckstadt J, Wilson R (1968) An application of mixed-integer programming duality to scheduling thermal generating systems. IEEE Transactions on Power Apparatus and Systems PAS-87(12):1968–1978. https://doi.org/10.1109/tpas.1968.292156
Munawaroh A, Riantoputra CDS, Marpaung SB (2013) Factors influencing individual performance in an Indonesian Government Office. South East Asian J Manage 7(2):51–60
Muth MM, Donaldson L (1998) Stewardship theory and board structure: a contingency approach. Corp Gov 6(1):5–28
Muvawala J, Hisali E (2012) 5. Technical efficiency in Uganda's primary education system: panel data evidence. Afr Stat J, Journal statistique Africain 70:69
Mweru MC, Maina MT (2016) Features of resource based view theory: an effective strategy in outsourcing. Int J Manage Commer Innov 3(2):215–218
Nalweyiso G, Waswa Y, Namiyingo S, Nangoli S (2015) Towards the successful implementation of UPE: the pivotal role of stakeholder management. Asian J Manage Sci Econ 2(1):2413–0591
Nangoli S, Namiyingo S, Kabagambe L, Namono R, Jaaza M, Ngoma M (2016) Stakeholder participation: an empirical investigation. Afr J Bus Manag 10(8):182–186
Nasirifard H, Saeedi P, Aghaei A (2013) Correlation between participatory decision making, organisational effectiveness and organisational performance: a case study of Golestan Province Industry, Mines and Trade Organisations. Int Res J Manage Sci 1(2):33–40
Nyakundi DO, Nyamita MO, Tinega TM (2014) Effect of internal control systems on financial performance of small and medium scale business enterprises in Kisumu City, Kenya. Int J Soc Sci Entrep 1(11):1–15
OECD (2012) Are school vouchers associated with equity in education? PISA in Focus. Available at: www.oecd.org/edu/pisa%20in%20focus%20n°20%20(eng)%2D%2Dv04_FINAL.pdf
Oladejo KS (2013) Management information system impact on profitability and decision-making in selected manufacturing firms in Nigeria. Greener J Econ Account 2(1):30–43
Oluka BH (2014) Private schools raise term II fees. The Observer. www.observer.ug/.../31361%2D%2Dprivate-schools-raise-term-ii-f
Otero C, Amaya R (2017) A cost-effective collaborative inventory management strategy between non-competitor companies-A case study. In: Proceedings of the international conference on industrial engineering and operations management, pp 948–960
Patel SBP (2015) Effects of accounting information system on organisational profitability. Int J Res Anal Rev 21(11):72–76
Pauly M, McGuire T, Barros P (2011) Handbook of health economics, vol 2, 1st edn. Elsevier, North Holland. Hardcover, ISBN: 9780444535924
Phillips R (2003) Stakeholder theory and organizational ethics. Berrett-Koehler Publishers, San Francisco
Platis C, Reklitis P, Zimeras S (2015) Relation between job satisfaction and job performance in healthcare services. Procedia Soc Behav Sci 175:480–487
Riege A, Lindsay N (2006) Knowledge management in the public sector: stakeholder partnerships in the public policy development. J Knowl Manag 10(3):24–39
Saleem S, Abideen ZU (2011) Do effective risk management affect organisational performance? Eur J Bus Manage 3(3):258–267
Shabri SM, Saad RAJ, Bakar AA (2016) The effects of internal control systems on cooperative's profitability: a case of koperasi ABC berhad. Int Rev Manage Mark 6(8S)
Shafawaty MS (2013) The effects of internal control systems on cooperative's profitability: a case of Koperasi Pekan Rabu Alor Setar Berhad
Shen H, Deng Q, Lao R, Wu S (2016) A case study of inventory management in a manufacturing company in China. Nang Yan Bus J 5(1):20–40
Shin S, Ennis KL, Spurlin WP (2015) Effect of inventory management efficiency on profitability: current evidence from the US manufacturing industry. J Econ Econ Educ Res 16(1):98–106
Slyke C, Shim JT, Johnson R, Jiang JJ (2006) Concern for information privacy and online consumer purchasing. J Assoc Inf Syst 7(6):451–444
Sundin H, Granlund M, Brown DA (2010) Balancing multiple competing objectives with a balanced scorecard. Eur Account Rev 19(2):203–246
Van Slyke DM (2006) Agents or stewards: using theory to understand the government-nonprofit social service

C

contracting relationship. J Public Adm Res Theory 17(2):157–187. https://doi.org/10.1093/jopart/mul012
Wernerfelt B (1984) A resource-based view of the firm. Strategic Management J 5(2):171–180
Yesil S, Sekkeli ZH, Dogan O (2012) An investigation into the implications of Islamic work ethic (IWE) in the workplace. J Econ Behav Stud 4(11):612–624
Yunusu A (2004) City tycoon Sudhir Ruparelia has acquired the prestigious Kampala Parents School and retained the 75 teachers. New Vision. Available at: http://www.newvision.co.ug/new_vision/news/1100821

# Costs of Ethics

Lisa Kretz
University of Evansville, Evansville, IN, USA

## Synonyms

Consequences of immorality; Results of unethical behavior

## Introduction

Ethical considerations play an important role in the area of public administration and policy. (This chapter uses the terms "ethical" and "moral" interchangeably.) One of the consequences that ethical considerations have in public administration and policy is the creation of additional costs. This chapter explores both monetary and nonmonetary costs that ethical considerations impose in the area of public administration and policy.

To best conceptualize the various ways that ethical considerations impose these costs, this chapter identifies dominant Western ethical views such as utilitarianism, deontology, virtue ethics, feminist ethics, animal ethics, and environmental ethics.

Next it explores ways in which ethical issues arise in public administration and policy. There are a number of methods utilized by organizations to mandate or encourage ethical behavior such as ethical codes, ethical constitutions, standards of conduct, mission statements, and general regulatory policies. Some approaches are procedural, wherein the tendency is to focus on primarily prescribing behavior. Informal ethics might also be used in isolation or in tandem with formal codes. Such ethics tend to pertain to work culture and office dynamics and what is taken to be acceptable and unacceptable. In some circumstances, cues that moral standards have failed to be brought to fruition come from the public. The public often indicates what constitutes the common morality when it responds critically to failures of organizations to achieve this standard. Ethical considerations arise at both the individual and collective level. Encouraging personal individual ethical integrity is one method for bringing to fruition ethical behavior in institutional contexts. Ethics also comes into play in the administration of organizations. Differing models for administration such as the traditional public administration model, the new public management model, and the new public service model each bring their own attendant set of ethical background assumptions and practices. Some organizations engage in ethical endeavors by going beyond existing laws and codes of behavior and engaging in voluntary social responsibility. Attending to the dynamics of employees and their representation also has an ethical valence; consider, for example, the need to reflect diversity, to prohibit sexual harassment, to generate a nonhostile work environment, to avoid conflicts of interest, and to manifest appropriate organizational authority and power. On a broader analysis, public administration and public policies require that responsibilities to citizens are reflected and respected and that actions taken inspire trust.

Following the grounding of various ways in which ethics are practiced in public administration and policy, the chapter next turns to exploration of the monetary costs of actively pursuing ethical standards in public administration and policy. Such costs include those associated with ethical training and management, identifying organizational regulatory and advisory policies, developing ethical codes and mission statements, constructing constitutions and standards of conduct, ethical audits, ethics committees, ethics and compliance officers, systems for resolving ethical

concerns, general infrastructure for monitoring ethical requirements, assessment of compliance with ethical standards via outside organizations or granting bodies, and cultural competence training.

Failure to meet ethical standards carries its own set of monetary costs. The individual ethical failures of an employee can result in the loss of the credibility of an institution as a whole. Scandals can tarnish an entire organization in terms of reputation and can carry attendant financial losses. Ethical failures coming to light can result in lost credibility, lost influence, and lost public trust. In the absence of employee, partner, and citizen trust, the efficacy of public administration and policy suffers. Failure to act ethically may also result in professional certification being lost, legal costs being incurred, and additional penalties. Public sector efficacy relies on evidence of ethical competence; failure through corruption generates citizen distrust and decreases in citizen well-being. Oftentimes individual whistle-blowers call attention to serious ethical breaches by organizations, peers, or management. Evidence of corruption is particularly damaging when it taints the very administration and policy that is meant to protect citizens. Failures of compliance, such as failing to meet mandatory safety procures, can result in firing and criminal prosecution or civil action.

This chapter closes with various nonmonetary costs of ethical failures. A cost-benefit analysis, in isolation, is inadequate to assess the impact of ethical considerations in public administration and policy. On a personal level, ethical failures can result in loss of personal and professional integrity. On an institutional level, ethical failings tend to entrench oppressive systems and externalize costs to disenfranchised populations, including nonhuman members of the ecosystem. Moral failures in public administration and policy can also result in destruction to the social fabric and the sacrifice of individual and group rights to be free from harm.

## Dominant Western Ethical Views

In Western philosophical ethics, numerous ethical systems are employed to assess ethical issues and to propose solutions to ethical problems. Among these ethical systems are:

- *Utilitarian ethics*, which focus on whether general goodness is maximized by the consequences of one's actions. According to this view, every individual impacted by an action ought to be taken into account. Utilitarian thought is often used in cost-benefit analyses. Utilitarian ethics are exemplified by the work of Jeremy Bentham and John Stuart Mill.
- *Deontological ethics*, which focus on whether one's act is motivated by adherence to principles. Moral correctness is defined by actions that embody categorical imperatives, which are, by definition, universalizable. Deontological ethics are exemplified by the work of Immanuel Kant.
- *Virtue ethics*, which focus on whether an individual is habituating the capacity to respond in morally appropriate ways in varied contexts, as determined by a wise person. Virtue ethics are exemplified by the work of Aristotle and David Hume.
- *Feminist ethics*, which focus on the moral harm caused by systemic oppression of various groups and seeks to alleviate that harm through critical social and political analysis and action. Feminist ethics are exemplified by the work of Virginia Held and Susan Sherwin.
- *Animal ethics*, which focus on identifying and ameliorating the immoral treatment of nonhuman animals. Animal ethics argue in favor of moral obligations to nonhuman animals. Animal ethics are exemplified by the work of Peter Singer.
- *Environmental ethics*, which focus on moral harms committed by humans toward the nonhuman environment and its members. Environmental ethics provide arguments as to why anthropogenic harm of the environment is immoral. Environmental ethics are exemplified by Aldo Leopold and Karen Warren.

Each of these ethical systems can offer unique solutions to ethical problems, illuminate inadequacies in other systems, and propose different means of assessing the costs of ethics. It is useful

to keep these ethical systems in mind when identifying and analyzing ethical questions – and when seeking to understand the reasons behind certain courses of action – that arise in the context of public administration and policy.

## Intersections of Ethics and Public Administration and Policy

Ethics intersect with public administration and policy in multiple ways. For example, ethical considerations affect the enactment of laws, the adoption and implementation of formal codes, and the informal expectations of employees. Although the underlying philosophical assumptions (some of which are articulated above) may not be readily apparent, they are nonetheless operative. In addition, ethical assessments occur against the background conditions of the legal system's moral constraints. There are also numerous constraints and recommendations within governmental entities and business organizations, including regulatory policies, mission statements, advisory policies, ethical codes, constitutions, and standards of conduct.

One manner in which to approach ethics in public administration and policy is to focus on procedural matters. Procedural approaches to ethics focus on rules and codes that identify expectations for morally permissible behavior; such an approach is, for the most part, prescriptive. One concern regarding this approach is the potential failure to cultivate robust moral motivation; it can be problematic to do what is morally right simply to avoid punishment as opposed to pursuing morally correct actions as ends in themselves.

Informal ethical codes can be used as alternatives to, or in tandem with, formal codes. Informal ethical codes might arise from office dynamics, the culture of the environment in which one works, and the responses of the public to administration and policy. Such considerations help to shape the unique ethical terrain of any organization. The shape of the more general public ethical landscape is sometimes revealed when organizations fail to fulfill public ethical expectations. What constitutes the common morality of a particular group can be made apparent when there are failures to adhere to it, especially when the failure is accompanied by a public response articulating the concern.

Ethical considerations arise not only at the collective level but also at the individual level. Individuals can manifest principled behavior that evidences quality of ethical character even when that behavior has not been prescribed procedurally. Individuals may face persistently changing contexts and are assumed to be capable of adapting to those contexts in a moral manner when the mere application of inadequately contextualized rules fails to apply. Encouraging the personal moral integrity of employees is sometimes identified as a key indicator of ensuring an ethical organization.

Ethics also impacts the administration of organizations, especially in the adoption of administrative reforms influenced by new administrative philosophies (Maesschalck 2004). For example, traditional public administration can be characterized as having a focus on centralized bureaucracy, top-down control, and minimal discretion (Fox 2001). However, a new public management approach has arisen that emphasizes efficiency and output, recommends contract labor, encourages private-sector management, and focuses on measurable performance standards (Hood 1994). In addition, a new public service approach to public administration has arisen that conceives of service as being in the public interest of citizens (as opposed to customers) and in which there is an emphasis on valuing people and not just productivity (Denhardt and Denhardt 2000). This approach also values citizenship and public service above entrepreneurship (Denhardt and Denhardt 2000). Different foci for the ends of public administration and policy generate a different ethical ethos.

There are also forms of ethics occurring in the context of public administration and policy that go above and beyond those specified above. For example, voluntary philanthropic social responsibility may be expected even though it is not explicitly articulated as an ethical requirement. Such actions can be interpreted as going beyond

compliance with existing laws and codes of behavior. Voluntary social responsibility may involve exercising economic, environmentally responsible, sustainably grounded, philanthropic behavior that is not mandated, but is nonetheless ethically desirable. Philanthropic behavior focused on sustainability concerns can be motivated through environmental ethics. Such action can lead to the benefits that come from a good reputation and the appeal it provides to individuals concerned with supporting socially responsible organizations.

Particular ethical concerns within public administration and policy also arise with regard to employees as members of a work environment. For example, adequate reflection of diverse persons in the work environment is an ethical consideration; diversity includes race, gender, sexual orientation, ability, and class background, among others. Feminist ethics are a uniquely good fit for such considerations. Other ethical considerations within the workplace include harassment – sexual or otherwise – and discrimination. Such occurrences are not only unethical, they can also generate legal action. Similar concerns arise with hostile work environments. Adequate pay, compensation, childcare, and health benefits, among others, also invoke ethical considerations in the workplace. Conflicts of interest also require special ethical attention, both in how they are handled when they occur and in how to prevent them from resurfacing in the future. The nuances of work culture also merit consideration, including the type of leadership provided and how it connects to decision-making processes and organizational authority and power.

Responsibilities to citizens are likewise ethically relevant. Public administration and public policies are only useful insofar as they inspire trust in their constituents. A lack of confidence in organizations radically minimizes their efficacy. The differing moral costs for individuals and larger groups are often brought into relief. For example, moral obligations to the greater whole may take priority (a view preferred by utilitarian-based ethics) or the rights of individuals may take priority (a view preferred by deontological-based ethics).

## Monetary Costs of Actively Pursuing Ethical Standards

Prioritizing ethical concerns within public administration and policy has multiple fiscal impacts. There can be costs associated with additional training for employees and management. There can be costs associated with investing in identifying organizational regulatory and advisory policies, costs that accompany developing ethical codes and mission statements, and costs that are incurred through the construction of constitutions and standards of conduct. Ethical audits, ethics committees, ethics and compliance officers, formal and informal systems for resolving ethical questions and concerns, and more generally ethical infrastructure and the means for monitoring ethical standards, codes, and requirements all come with temporal and fiscal costs. Assessing compliance with ethical standards, codes, and requirements may require the hiring of an outside organization. Additional costs may be incurred due to the need for training for cultural competence if the organization engages in global interactions, so as to avoid culturally relative ethical failures.

## Monetary Costs of Ethical Failures

Inasmuch as it may seem arduous or exorbitant to spend time, energy, and resources on ethical considerations, the benefits may be seen to far outweigh the harms that can result from a failure to invest in an ethical orientation for organizations and their constituents. For example, failures to act in an ethical manner at the individual level can result in the loss of credibility for an institution as a whole. Many instances exist in which the immoral behavior of an individual has, or the immoral behaviors of a group have, created a scandal that tarnishes an entire organization – both financially and in terms of their reputation. If ethical audits reveal wrongdoing, or if ethical failures come to light, organizations can lose credibility, influence, and public trust. Without employee, partner, and citizen trust, the efficacy of public administration and policy will suffer. Furthermore, organizations that operate in

unethical ways may lose professional certification, face penalties, and incur substantial legal costs.

In addition, one could argue that the costs of ethical failures are more dire when immoral action taints the very administration and policy that is intended to serve in a protective role for citizens. Organizations that seek to manifest ethical ideals, such as justice, more generally require aversion to particular forms of injustice like corruption. Ethical competency plays a key role in public sector efficacy, and corruption not only generates distrust but correlates with decreased citizen well-being (Jurkiewicz and Morozov 2012). Oftentimes, harms are exposed by the efforts of courageous whistleblowers, who report serious ethical breaches resulting in significant wrongdoing by organizations, their peers, or their management. Further, when individuals or groups seek to mask failures of compliance, such as violations of mandatory safety procedures, costs can be incurred that are associated with firings and potential criminal prosecutions or civil actions.

## Nonmonetary Costs of Unethical Behavior

By itself, a cost-benefit analysis is inadequate to assess the impact of ethical considerations in public administration and policy, especially if the goal is to live a life of integrity in which doing what is ethically right is valued in and of itself. The failure to do what is ethically correct in a given situation can often result in further harm to groups that are already oppressed (whether that oppression is based on race, gender, sexual orientation, class, ability, etc., or any combination thereof), such as further exclusions, failures to take perspectives into account, and externalizing costs (e.g., to individuals in third-world nations or to the environment), among others. One's own professional and personal integrity may be sacrificed through failures to reflect ethics in the workplace. Regular failures to manifest ethical behavior in public administration and policy can also result in detrimental treatment of the planet, destruction to the social fabric, and the sacrificing of individual and group rights to be free from harm. Accordingly, it is important to assess what nonmonetary costs can arise from the failure to act ethically.

## Conclusion

The impact of ethical considerations on public administration and policy are undeniable, and the costs that they impose cannot be understated. When identifying and assessing the ethical issues that arise in public administration and policy, it is helpful to consider philosophical ethical systems and the influence they might have on behaviors at individual and collective levels. The intersections of ethics and public administration and policy are numerous and varied, and the significant monetary and nonmonetary costs they can impose makes this an area worthy of focus.

## Cross-References


- ▶ Anti-corruption Policy in Regional Governments, Latin America
- ▶ Corruption
- ▶ Ethical Leadership
- ▶ Ethics and Duty
- ▶ Ethics and Equality
- ▶ Ethics and Good Governance
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Philosophy
- ▶ Ethics and Politics
- ▶ Ethics and Public Policy
- ▶ Ethics and Social Policy
- ▶ Ethics and the Public Interest
- ▶ Ethics and Well-Being
- ▶ Ethics in Public Administration and Government
- ▶ Ethics of Sustainability
- ▶ Ethics Policy
- ▶ Ethics Training
- ▶ Integrity and Corruption
- ▶ Integrity Management
- ▶ Kantian Ethics
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Leading the Ethical Organization
- ▶ Lying
- ▶ Moral Responsibility

▶ Motivating Ethical Behavior
▶ Noble Cause Corruption and Task-Related Rule-Breaking Behavior
▶ Philosophical Ethics
▶ Political Corruption
▶ Politics and Ethics
▶ Power and Ethics
▶ Professional Ethics
▶ Public Administration and Corruption
▶ Public Attitudes and Corruption
▶ Public Corruption
▶ Teaching Ethics in Public Administration
▶ Theories of Ethics
▶ Typology of Agency Models of Corruption
▶ Utilitarianism
▶ Whistleblowing

## References

Denhardt RB, Denhardt JB (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Fox CJ (2001) The use of philosophy in administrative ethics. In: Cooper T (ed) Handbook of administrative ethics. Marcel Dekker, New York, pp 105–130

Hood C (1994) Explaining economic policy reversals. Open University Press, Buckingham

Jurkiewicz CL, Morozov B (2012) Macro-ethinomics: the long term costs of short term thinking. In: Giacalone RA, Promislo M (eds) The Handbook of unethical behavior and well-being. M.E. Sharpe, Armonk

Maesschalck J (2004) Ethics and administrative reform. Encyclopedia of public administration and public policy. https://doi.org/10.1081/E-EPAP-120024736

# Counterterrorism and Community Resilience

Salwa El Habib
Walden University, Minneapolis, MN, USA

## Synonyms

Community building; Counterterrorism; Deradicalization; Human development; Islam; Islamic fundamentalism; Mediation; Mitigation; Peace building; Radicalization; Sustainable development; Terrorism; Terrorist; Violence; Violent extremism

## Definition

The Federal Bureau of Investigation (FBI) defines terrorism as "the unlawful use of force or violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives." Counterterrorism is the action of standing against, fighting, and preventing terrorism. Resilience is the capacity of the community to recover quickly from hardship.

## Introduction

The phenomenon of terrorism has existed throughout human history, taking different forms of rebellion and manifestations of violence. The origin of the term itself goes back to the Reign of Terror sponsored by France's revolutionary government in the seventeenth century to control its citizens. In more recent history, and through the 1970s, the phenomenon of terrorism involved anticolonial warfare, characterized by nationalistic and liberation movements in Africa, Asia, and the Middle East. During the 1980s, anarchism was on the rise, and so was *Jihad*, following the occupation of Afghanistan (1979–1986) by the former Soviet Union. In response to the Soviet occupation, Afghan tribes formed a coalition of armed fighters trained in camps in adjacent Pakistan. The Kingdom of Saudi Arabia had generously supported the *Mujahideen* (Afghan fighters); and fighters from all over the Islamic world declared holy war against the Soviet Union and flocked to fight alongside the Afghans. The United States intervened with equipment, training, and humanitarian aid to the Afghans and helped them gain independence and defeat the Soviet Union. This was the beginning of overt Jihad by Islamic fundamentalists, which spawned transnational terrorism, transcending political borders, and driven by faith rather than nationalistic interests.

## Background

In 2016, the concept of terrorism had evolved into a full-fledged academic discipline with hundreds of references and several definitions for the term which contextualized the phenomenon as a weapon or proxy war of the weak and disadvantaged against a stronger, more powerful ruler or government. The definitions of terrorism included organizations fighting for defined, tangible causes, such as for independence, or against persecution, injustice, and oppression. Derived from his experience in crises regions around the world, Staub (2000) attributed the formation of terrorist movements to feelings of alienation, ineffectiveness, and insecurity due to political disorganization and economic deprivation. Somalia is a case in point where political chaos and disorganization have alienated scores of people and created a societal vacuum that was favorable for propagation of gang-like violence, piracy, and international terrorism.

## Counterterrorism

The main problem of terrorism is the mobilization and recruitment of streams of supporters, which is fundamental to the sustainability and longevity of a terrorist group. Numerous studies on gang recruitment and socialization draw parallels to contemporary terrorist recruitment and socialization. In order to design effective counterterrorism strategies, it is crucial to understand the process of radicalization, to be able to discern whether radicalization is a function of the recruitment efforts of the terrorist or gang organizations, the vulnerability of the potential recruits, or whether there are extraneous factors that motivate or compel individuals and groups to join in terrorist activities. And if these situations happen interchangeably, what are the driving motives for each? It requires a deeper understanding of the circumstances considered favorable for terrorist organizations and groups to run successful recruitment campaigns. These include relationships, among individuals and groups, and also circumstantial relationships, to identify the triggers that make individuals radicalize and crossover to become active terrorists. This understanding will facilitate a view into the communities and a clearer perception of internal vulnerabilities and sources of resilience.

## Current Research Status

Stump and Dixit (2016) realize that in spite of the rapid growth of research in terrorism and violent extremism, the knowledge generated seems to perpetuate the existing power structures. They claim that most of the knowledge is produced by a relatively small group of researchers in Europe and the United States, crowding out dissident literature and depriving the field of meaningful debate that challenges the assumptions and advances the field. Research on terrorism and violent extremism was also prolific in several countries in the Middle East and North Africa, but due to language barriers, it was not captured in the mainstream literature and media. Similar to dissident research, local and regional research was not recognized in think tank and research institutions and was thus absent from meaningful debates that contributed to policy making. Dissident literature ranged from research revealing characteristics of state-sponsored terrorism, including state violence targeting certain non-state groups and populations, state-sponsored violence across international, or siding with groups and arming them against other groups.

## Paradigm in Literature

There have been three streams of thinking in literature that are loosely connected at the definition level. One stream advocates that conflict is inevitable; the second stream claims that conflict is created to justify aggression; and the third stream is more analytical and pragmatic. The first stream is pioneered by Huntington (1998), predicting the

realignment of the world along lines of civilization, and argued that the principles along which the West evolved are in direct conflict with the principles of other civilizations and cultures, namely, the Islamic, Chino, and Hindu. Huntington predicted that after the end of the Cold War, a clash of civilizations is inevitable between the West and the other cultures. This view was adopted as the premise for the United States foreign policy and continues to be the undertone of the policy and rhetoric of the United States and the Western countries, today, especially post the 9/11 terrorist attack, in the war against terror.

The second stream adopts conspiracy approaches to analysis as in anarchism, the orientalism theory, and the propaganda model. Said (1987) criticized Huntington's (1993) the clash of civilizations viewpoint as being divisive, confrontational, and non-conciliatory and accused him of depicting cultures as homogenous entities that lacked in depth of the human experience, reducing thousands of years of civilization to perceptions of Western travelers and explorers. Said (1993) articulated that Huntington's worldview provides the context for which conflicts are preempted as a justification for aggression. Herman and Chomsky (1988) critically looked at the role of the media propaganda in manipulating the public opinion and how the consent is being manufactured in the public consciousness. These theories have provided material for academic and intellectual debates on foreign policy and continue to feed intellectual discourse today.

Researchers in the third stream attempted to analyze circumstances and motives and are more optimistic about the transiency of the phenomenon as a stage in the continuum of globalization and global terrorism. In his lecture *Nine Myths of Terrorism*, LaFree (2015) described the black swan phenomenon by major events that the media overemphasize by replaying highly dramatic scenes, and raising the level of fear and anxiety, and viewership. LaFree (2015) discussed and refuted the validity of nine popular beliefs on terrorism as myths, using evidence from the Global Terrorism Database (GTD), which is an open-source database including information on terrorist events around the world from 1970 to 2015 and includes more than 150,000 incidents (START).

Other researchers used cause-and-effect theory to analyze terrorism in its contemporary context. At a global level, Azam and Thelen (2010) blamed foreign policy of Western countries on the spread of radicalization and terrorism by militarizing interventions and dumping arms and artilleries into failed or failing states. They suggested that Western countries could reverse the trend by refraining from military intervention in favor of increasing investment in foreign aid. Piazza (2011) blamed minority economic discrimination practices on the proliferation of domestic terrorism. He argued that radicalization and terrorist activities are more prevalent in Western countries where minorities experience economic discrimination. He invited countries to review their policies vis-à-vis their minority populations and develop policies that promote justice and reduce discrimination. Brockhoff et al. (2014) established a reverse relationship between education and terrorism, claiming that the higher the level of education, the less likely individuals would be drawn to radicalization and terrorism. Some researchers were able to draw direct links between public policies and radicalization, as in the case of Nigeria and the rise of Boko Haram, which Suleiman and Karim (2015) attributed to bad governance and corruption.

These arguments constitute some of the general perceptions on why and how people radicalize, yet there is not enough evidence to support or refute any of these arguments and perceptions. Although some of the research findings are plausible, there remains to be a great need for empirical research and data-based evidence to solidify theories and develop viable strategies for counterterrorism.

## Counterterrorism Policies

According to social construction framework (SCF) scholars, problems mostly exist as social

constructs, derived from perceived realities and values and driven by the emotional makeup of the people. Policy makers use selective facts to make decisions about target populations, and the grouping of the target populations based on selective facts influences the policy design. In the case of terrorism, the target populations affect the design of counterterrorism policy, and the policy design affects the target population, a two-way process of influencing and being influenced by the policy design.

Proponents of the multiple stream analysis (MSA) theory find it compatible with the reality of terrorism and radicalization. The MSA may provide the most appropriate platform to understand terrorism and radicalization as complex, with dynamic random interactions, at least as far as the victims' selection appears to be, and constantly evolving. In combination with the SCF platform, a policy window could be created for the formulation of effective counter-radicalization policies and strategies.

Several approaches of critical terrorism studies (CTS) use the historical materialist (HM) approach as a framework for studying violence related to terrorism. Maher and Thompson (2016) established a causal relationship between terroristic violence and neoliberal economics. They use the historical materialist approach as a framework for their research, presenting sequence of events that demonstrate that the domination and displacement of the poor and working class have systematically created economic opportunities for states and international corporations, linking poverty and deprivation to globalization, and thus state terrorism. In using the HM approach, Maher and Thompson (2016) demonstrate the interconnectedness among the political, economic, and security domains in the neoliberal globalization and their relationship to violent terrorism.

Critical of how meaning and identities are produced, critical discourse analysis (CDA) attempts linking the process of meaning production to a wider context of the discourse itself, while highlighting power relations within social reproductions. CDA is a realist approach as it emphasizes a real world beyond our conversational understanding of it. In other words, CDA makes a distinction between actual social relations and our perceptions of those representations, hinting that they could be distorted by power relations in society. As such being critical to the discourse is also a critique of social institutions and practices that produce it. An analysis of the government policy would entail looking at a wider range of documents, applications, and discourse. The analysis may lead to convergence or conflict or different policy interpretation by different departments. These could be supported by analyzing speeches and press releases, from pro- and anti-sources.

## Community Resilience

Resilience prevented the human race from extinction. It is the default for humans, whether public policies ignore or attempt to enhance the resiliency within communities. This is not advocating to leave people to fend for themselves in crises, but to understand that there is always an underlying capacity and strength to build upon. It is critical to identify the sources of community strength to be able to build on them. In a previous section, it was discussed that a deeper understanding of the causes, motives, and relationships behind radicalization and violent extremism is necessary in order to design effective counterterrorism strategies. There are many reasons for individuals and groups to choose violent extremism, and only a few scholars' opinions and findings on the relationship between terrorism and societal malfunctions have been presented. Perhaps community resilience in such cases means appropriately addressing societal lacks and malfunctions to deter terrorism.

## Conclusion

Reiterating what Maher and Thompson (2016) claimed, understanding terrorism takes beyond beliefs, motivations, and good will and that it requires understanding complex socioeconomic relations. The research on the field of terrorism is

far from adequate. It lacks primary and evidence-based empirical data and continues to be skewed toward Western scholars and worldviews. Therefore, research is the backbone of viable, effective counterterrorism strategies that work on eliminating vulnerabilities to radicalization by building on community strength and resilience.

## Cross-References

▶ Economic Development Policy
▶ Policy Networks as a Form of Governance

## References

Azam J, Thelen V (2010) Foreign aid versus military intervention in the war on terror. J Confl Resolut 54(2): 237–261. https://doi.org/10.1177/0022002709356051

Brockhoff S, Krieger T, Meierrieks D (2014) Great expectations and hard times: the (nontrivial) impact of education on domestic terrorism. J Confl Resolut. https://doi.org/10.1177/0022002713520589. Published online

Herman ES, Chomsky N (1988) Manufacturing consent: the political economy of the mass media. Knopf Doubleday Publishing Group, New York

Huntington S (1998) The clash of civilizations and the remaking of the world order, 1st edn. TOUCHSTONE, New York

LaFree G (University of Maryland) (2015) Understanding terrorism and the terrorist threat: challenges of studying terrorism. [Lecture]. Retrieved from https://d396qusza40orc.cloudfront.net/understandingterror/Module1_Black_Swan_LaFree_script.pdf

Maher D, Thomson A (2016) Applying Marxism to critical terrorism studies: analysis through a historical materialist lens. In: Dixit P, Stump JL (eds) Critical methods in terrorism studies. Routledge, New York

Piazza P (2011) Poverty, minority economic discrimination, and domestic terrorism. J Peace Res 48(3): 339–353. https://doi.org/10.1177/0022343310397404. Published online

Said E (1987) Orientalism. Vintage Books. Random House, New York

Staub E (2000) Preventing genocide: activating bystanders, helping victims and the creation of caring. Other Voices 2(1). ISSN 1094-2254

Stump JL, Dixit P (2016) Studying terrorism and practicing criticism. In: Dixit P, Stump JL (eds) Critical methods in terrorism studies. Routledge, New York

Suleiman M, Karim K (2015) Cycle of bad governance and corruption: the rise of Boko Haram in Nigeria. Sage J. https://doi.org/10.1177/2158244015576053. Retrieved from http://sgo.sagepub.com.ezp.waldenulibrary.org/content/5/1/2158244015576053.abstract

# COVID-19 and Work from Home Arrangement in Hong Kong: Implications and Challenges

Lina Vyas and Nantapong Butakhieo
Department of Asian and Policy Studies, The Education University of Hong Kong, Tai Po, Hong Kong

C

## Synonyms

COVID-19; Flexible workplace; Remote working; Work arrangements; Work from home

## Definitions

Work from home (WFH) is an alternative work arrangement in which employees carry out paid work for an employer in their own homes, rather than in a traditional office.

COVID-19, previously known as "2019 novel coronavirus," is an infectious disease caused by a novel coronavirus, which first emerged in Wuhan, China, in late December 2019.

## Introduction

The year 2020 has been exceptional and unlike any other, especially in terms of work arrangements around the world. A fatal new strain of coronavirus has spread to nearly every corner of the globe, which at the time of writing has already infected more than 59.7 million people globally, with over 1.4 million deaths (Johns Hopkins University and Medicine 2020). The world has shuddered to a halt. The pandemic has a seriously destabilizing effect on societies and economies across the world. The deadly coronavirus, which first emerged in Wuhan, China, in December 2019 (World Health Organization 2020b), is an infectious disease caused by a new virus that can easily spread from person to person. The virus belongs to the same group as the Severe Acute Respiratory

Syndrome (SARS) outbreak in South East Asia in 2002 to 2003 and the Middle East Respiratory Syndrome (MERS) in 2012. In early 2020, the new coronavirus was officially named by the World Health Organization (WHO) as "*COVID-19.*" Respiratory droplets and close contact with infected people are believed to be the main mode of transmission. Common symptoms of COVID-19 include shortness of breath, fever, and a dry cough; however, the symptoms may vary greatly from person to person (Centre for Health Protection [CHP] 2020). At the time of writing, there is no cure for this new virus yet, and healthcare scientists around the world are in a race to develop a vaccine to against it. In light of the urgency of the matter, the WHO is urging people to avoid the "Three Cs," namely, crowded places, close-contact settings, and confined enclosed spaces (World Health Organization 2020d).

This global health crisis is undoubtedly a nightmare for government officials around the world. Governments and health authorities are doing whatever they can to contain the outbreak while minimizing the level of social and economic disruptions caused by the virus. In a matter of weeks, the coronavirus spread from China at an alarming rate to 20 other countries. In view of the deteriorating situation, the World Health Organization (WHO) declared the new coronavirus outbreak a global health emergency on 30 January 2020 (World Health Organization 2020a). Countries in Asia, such as Thailand, Japan, and South Korea, etc., were among the initial batch of countries outside China that reported confirmed coronavirus cases (European Centre for Disease Prevention and Control 2020). Since the start of the pandemic and at the time of writing, there have been as many as 220 countries, areas, or territories affected by the pandemic (World Health Organization 2020c). Governments worldwide are taking various actions to contain the spread of the ongoing coronavirus outbreak, ranging from implementing community-based social distancing measures to rolling out strict national lockdown. Regular routines and habits have been suspended, and so many of the things that we normally take for granted have been put on hold or changed. It has pushed everyone to re-think about the activities in everyday life as well as the working alternatives. The pandemic has led workforces to take alternative working arrangements. Consequently, WFH has been an alternative work arrangement across both public and private sectors during the pandemic in most places worldwide. For instance, in some places such as Hong Kong, the government first introduced special work arrangements for the public sector and then called on private businesses to adopt similar measures (Hong Kong Special Administrative Region Government [HKSAR Government] 2020a).

## Overview of Work from Home

The pandemic has profoundly upended the world of work. Countless businesses worldwide have permanently shut down as a result of the pandemic, while many others are struggling to survive. Small businesses like restaurants and retailers have been among the hardest-hit businesses. Since the beginning of the pandemic, an alternative work model has grown in popularity – hundreds of millions of workplaces around the world have abruptly switched to WFH in an effort to keep their businesses afloat in today's times of crisis. This type of transition can be rather confusing, as for a number of people WFH were considered a "luxury," only very few could enjoy before the coronavirus pandemic. For example, just 4.7% of people in the UK reported working mainly from home in 2019 (Felstead and Reuschke 2020). In fact, the practice of WFH was already in place in the workforce decades ago. It was first introduced by Jack M. Nilles in 1973 (known in other terms like "telecommuting" or "telework"). Consequently, the practice has been defined by several names, that is, e–working, remote work, flexible workplace, and WFH. These terms shared similar concepts regarding employees are able to work in a flexible place, especially at home, instead of work in an office (Gajendran and Harrison 2007; Messenger and Gschwind 2016). Before the pandemic, the idea of WFH was a fantasy to many people, but such practice was considered not practicable for

heavily populated cities like New York, London, and Hong Kong among many others. This is principally because home working requires a quiet and dedicated space to perform work duties, which can be a real challenge for those living in small flats. WFH is becoming a more common practice worldwide as a result of the pandemic, for example, the proportion of people who work mainly at home rose significantly in the UK, which has jumped from 4.7% in 2019 to 43.1% in April 2020 (Felstead and Reuschke 2020). Many individuals and businesses are finding ways to adapt to this new way of working during COVID-19. The pandemic acts as a catalyst to create and promote WFH culture on a global scale; never in human history has such a large number of people been able to WFH globally. Some examples of the expansion of WFH adoption include employees in financial organizations in Europe are allowed to WFH as well as some organizations somewhat supported the costs of WFH practices (Peters et al. 2010). It has also been found that during the pandemic in the USA, some jobs could be performed entirely at homes, such as professional and scientific services, business management, and financial work while some jobs related to agriculture, restaurant, and hotel could be few performed at home (Dingel and Neiman 2020).

WFH has now become the new normal for many of the employees across the world, at least for a while. Some people are enjoying WFH, but for certain people, it is not ideal, and they are longing for a return to the office. The recent WFH trend has certainly sparked a new wave of debate on how effective WFH actually is. Even before the pandemic, there have always been concerns on the pros and cons of WFH. Studies have found the advantages of WFH for both employers and employees; however, some have uncovered the drawbacks. WFH benefits employers and employees, such as less office space using, less absenteeism and turnover, saving time to commute to an office, increasing motivation and productivity, or even job satisfaction. Conversely, some have debated the challenges of WFH, for example, a blurred line between family- and work-life leading to work-family conflict, employees bearing the costs related to WFH, isolation from coworkers, insufficiency of technology such as software and hardware (Mello 2007).

## Work from Home Amidst the COVID-19 in Hong Kong

Many places have been adopting different means to deal and defend themselves against the COVID-19 pandemic, and Hong Kong is no exception. Hong Kong was among one of the first places in the world hit by the disease, where the city announced its first confirmed case of COVID-19 as early as January 2020. The city of Hong Kong is no exception, where the special work arrangements and the government departments have implemented and lifted this work arrangement several times since the pandemic occurred, in accordance with the local epidemic situation. It is the government's initiative to reduce the infection in the city.

### Hong Kong in the Age of the COVID-19 Pandemic

Hong Kong was among one of the first places to report COVID-19 cases outside of mainland China, where the city reported its first case as early as late January. Within eleven months from the day when COVID-19 first appeared, four waves of infections have hit the city, of which the third wave was by far the most serious threat to the city and the forth one still on at the time of writing (HKSAR Government 2020b). The pandemic situation seemed to be handled considerably well during the first and second waves of infection, as evidenced by the small number of infected cases and deaths. However, in early July, the city was affected by the third wave of infection; the number of infected cases in Hong Kong began to spike at an alarming rate. It was found that the number of cases tripled in only one month, reaching 4,736 cases as of 25 August 2020. The situation was on huge concern. The government had adopted more stringent measures to contain the spread like making masks wearing mandatory in all public places and encouraging people to work from home wherever possible.

Unlike many of its global counterparts, the government has implemented a range of initiatives instead of entirely shutting down the city. The government's actions varied from limited public gathering to suspended schooling. One of the priority government measures to deal with the outbreak was the civil servants' special work arrangements. The government also called on private sector companies to enforce similar work arrangements as far as practicable. Not surprisingly, not all companies would follow this call. Some were not in the position because of their nature of work, for example, construction workers, restaurant employees, etc.

At the beginning of the pandemic in Hong Kong, civil servants were among the first batch of employees across the city shifted to WFH; however, necessary public services and emergency work staff were not included. The first batch also included the staff of eight publicly funded universities in Hong Kong. Some private companies in Hong Kong, for example, HSBC, AXA, AIA, and Standard Chartered, also adopted this work arrangement. During the pandemic, the government established specific work arrangements to allow its employees to WFH or work in an office, differing during each wave of the outbreak's severity (HKSAR Government 2020c). More specifically, when the number of infected cases was increasing, the government decided to let the employees shift to WFH; while when the situation was better, the government opted to allow people to go back to the office.

## Work from Home in Hong Kong During the COVID-19 Pandemic

The COVID-19 pandemic has changed the world of work, forcing people to take a new mode of working. It had never happened before that a vast number of the working population switched to WFH at the same time. WFH has never been more prevalent than today. The pandemic also elicited to raise the new discussions on the practicality of such work arrangements as well as the possibility of having WFH routinely in post-pandemic times. In addition to such concerns, the pandemic has brought some private companies in Hong Kong to shift towards WFH permanently, such as 9GAG, a Hong Kong-based social media website online and platform, shifted to WFH forever.

During the pandemic, the workforce in Hong Kong initially seemed favorable with changing the mode of working to WFH. For example, a local survey on employees' WFH experience during the COVID-19 pandemic revealed that most interviewed workers preferred at least partial WFH practices. They hope to WFH 1–2 days a week even after the pandemic. Workers seemed to prefer WFH practices and recognized some benefits of such work mode, for example, flexibility, having more time to rest, and improving work-life balance. However, looking at things in detail, the current WFH arrangement has many challenges. Some challenges of WFH include lack of resources, that is, hardware and software, absence of communication between coworkers, disturbance and distraction from family, limited space at home, limited accessibility of information from an organization, and difficulty in balancing work and family life (JLL 2020; Sun Life 2020; Wong and Cheung 2020). One critical WFH challenge highlighted by many civil servants was difficulty in accessing the information and confidential documents from the government's servers and intranet through virtual private networks (VPNs) while they are working from home. Some struggled to WFH and simultaneously take care of children at home (Tsang 2020).

Moreover, during the COVID-19 pandemic, it has been found that WFH workers in Hong Kong have more stress, burnout, and fear of losing their job than before. This is quite similar to homeworking workers in other Asian countries, that is, India and Singapore where employees also faced more stress during WFH (Teo 2020; Times of India 2020). Owing to a lack of proper policy and regulations in place, the employers as well as the employees struggle to make decisions especially during unanticipated or first-time occurrences. As an example, people in Hong Kong were arguing whether WFH workers should enjoy a day-off or continue to WFH when the typhoon signal number 8 had been alerted the time of WFH in the COVID-19 period. It has traditionally been a practice to require workers to

go home and stop working when this warning signal was alarmed (Ng 2020). However, at this time, the age of the COVID-19 pandemic, people were extensively confused about whether they were permitted to stop working or remain WFH. As evident from controversy, it could be assumed that there is a complete lack of clear official guidance on WFH in the local context for employers and employees adopting WFH, which caused significant confusion among the users.

Nonetheless, it is interesting that WFH, both during the pandemic or postpandemic, will have beneficial as well as negative impacts on employers and employees and is expected to be widely and officially accepted and adopted in Hong Kong. The effect on employers may mostly be concerned about the productivity of employees and organizational performance, while the employees might be considered on whether they will be faced with work-family conflict or work-life balance when embracing WFH. The support from the government is very likely by introducing related policies and regulations that rationalize the working mode. In the future, hybrid models combining WFH and work-from-office will become possible, which will benefit work-life balance. However, there are many intimidations that WFH should be faced with. First of all, the cybersecurity and privacy issues will pose a challenge. In addition, in some cases, employees may have to bear extra expenses for WFH, which may be taken for granted by employers. It is also difficult to effectively arrange WFH if only a part of employees want to WFH.

## Conclusion

The COVID-19 pandemic has reshaped the world of work, affecting the way we carry out certain jobs. As the novel coronavirus continues to spread around the world, many workers have switched from working in an office to home working, in an effort to prevent the spread of the virus in the workplace. Workers in Hong Kong are no exception. Public and private sectors in Hong Kong had sought to find alternative working arrangements. However, not everyone can WFH due to the nature of their work. Generally speaking, quite a number of employees in Hong Kong seem to enjoy the WFH practices; however, there are a number of challenges that need to be addressed in the long term. Some notable examples would be developing clear guidelines and policies on WFH and providing people with appropriate and required training or resources such as the software to support WFH practices. However, WFH in the postpandemic period would be a flexible working option rather than a forced mandate in the foreseeable future, and some sort of hybrid model, with a combination of remote work and office work, will likely become more popular.

## Cross-References

▶ Workplace Adversity

**Acknowledgements** This study was funded by the Department of Asian and Policy Studies – Small Research Grant, project code is 04578.

## References

Centre for Health Protection (2020, June 9) Frequently asked questions on coronavirus disease 2019 (COVID-19). Retrieved from https://www.chp.gov.hk/en/features/102624.html#FAQ2

Dingel JI, Neiman B (2020) How many jobs can be done at home? J Public Econ 189:104235. https://doi.org/10.1016/j.jpubeco.2020.104235

European Centre for Disease Prevention and Control (2020) Timeline of ECDC's response to COVID-19. Retrieved 26 Nov 2020, from https://www.ecdc.europa.eu/en/covid-19/timeline-ecdc-response

Felstead A, Reuschke D (2020) WISERD Report: Homeworking in the UK: before and during the 2020 lockdown. Wales Institute of Social and Economic Research, Cardiff. Retrieved from https://wiserd.ac.uk/sites/default/files/documents/Homeworking%20in%20the%20UK_Report_Final_3.pdf

Gajendran RS, Harrison DA (2007) The good, the bad, and the unknown about telecommuting: meta-analysis of psychological mediators and individual consequences. J Appl Psychol 92(6):1524–1541. https://doi.org/10.1037/0021-9010.92.6.1524

Hong Kong Special Administrative Region Government (2020a, July 19) Special work arrangement for Government employees. Retrieved from https://www.info.gov.hk/gia/general/202007/19/P2020071900482.htm

Hong Kong Special Administrative Region Government (2020b, January 23) Health declaration applies to XRL. Retrieved from https://www.news.gov.hk/eng/2020/01/20200123/20200123_203125_697.html?type=category&name=covid19&tl=t

Hong Kong Special Administrative Region Government (2020c, January 28) Special work arrangement for Government departments. Retrieveed from https://www.info.gov.hk/gia/general/202001/28/P2020012800310.htm

JLL (2020, July) Home and away: the new workplace hybrid? Retrieved from https://www.jll.com.hk/content/dam/jll-com/documents/pdf/research/apac/ap/jll-research-home-and-away-jul-2020-latest.pdf

Johns Hopkins University & Medicine (2020) COVID-19 Map. Retrieved 25 Nov 2020, from https://coronavirus.jhu.edu/map.html

Mello JA (2007) Managing telework programs effectively. Empl Responsib Rights J 19(4):247–261. https://doi.org/10.1007/s10672-007-9051-1

Messenger JC, Gschwind L (2016) Three generations of telework: new ICTs and the (r)evolution from home office to virtual office. N Technol Work Employ 31(3):195–208. https://doi.org/10.1111/ntwe.12073

Ng KC (2020, August 18) Do Hong Kong's work-from-home employees get a day off when typhoon signal No 8 is in force? Retrieved from https://www.scmp.com/news/hong-kong/society/article/3097872/hong-kong-braces-higos-will-teleworkers-still-have-work-when

Peters P, den Dulk L, de Ruijter J (2010) May I work from home? Views of the employment relationship reflected in line managers telework attitudes in six financial-sector organizations. Equ Divers Incl Int J 29(5):517–531. https://doi.org/10.1108/02610151011052799

Sun Life (2020, May 20) Health conscious office workers appreciate benefits of working from home. Retrieved from https://www.sunlife.com.hk/en/about-us/newsroom/news-releases/2020/health-conscious-office-workers/

Teo J (2020, August 19) More working from home feel stressed than those on Covid-19 front line: survey. Retrieved from https://www.straitstimes.com/singapore/health/more-work-from-homers-feel-stressed-than-front-line-workers-singapore-survey-on

Times of India (2020, April 14) Work from home is making 67% Indians suffer from sleep deprivation, says study. Retrieved from https://timesofindia.indiatimes.com/life-style/relationships/work/work-from-home-is-making-67-indian-suffer-from-sleep-deprivation-says-study/articleshow/75126242.cms

Tsang D (2020, February 2) Coronavirus: working from home a new, occasionally frustrating, experience for Hongkongers used to rhythms of office life. Retrieved from https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3048557/coronavirus-working-home-novel-occasionally

Wong HKA, Cheung J (2020, May 20) Survey findings on working from home under COVID19. Lingnan University. Retrieved from: https://www.ln.edu.hk/f/upload/48728/Survey%20findings%20on%20Work%20From%20Home_Eng.pdf

World Health Organization (2020a, February 12) COVID-19 Public Health Emergency of International Concern (PHEIC) Global research and innovation forum. Retrieved 26 Nov 2020, from https://www.who.int/publications/m/item/covid-19-public-health-emergency-of-international-concern-(pheic)-global-research-and-innovation-forum

World Health Organization (2020b, April 27) Archived: WHO Timeline – COVID-19. Retrieved 26 Nov 2020, from https://www.who.int/news/item/27-04-2020-who-timeline%2D%2D-covid-19

World Health Organization (2020c, November 26) Coronavirus disease (COVID-19). Retrieved 26 Nov 2020, from https://www.who.int/emergencies/diseases/novel-coronavirus-2019

World Health Organization (2020d) Avoid the Three Cs. 2020 WHO. https://www.who.int/images/default-source/wpro/countries/malaysia/infographics/three-3cs/final-avoid-the-3-cs-poster.jpg?sfvrsn=638335c1_2

# CPA and Global Governance

Awal Hossain Mollah
University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Comparative governance studies, multinational governance; Comparative policy and administration studies; Comparative public governance; Comparative public management; Comparative study of global public administration; World governance

## Definitions

The study of **comparative public administration (CPA)** is the way to explore the capacity of government and public actors in designing and implementing policies, programs, and projects throughout the world. "Comparative public administration is an approach to research and development of public administrative attributes and capacity in performing its responsibilities in different political, social, and economic systems" (Jreisat 2016: 1).

**Global governance** is a process by which multinational actors and institutions work together to solve global problems by using transnational strategies with a view to ensuring the well-being of human society and global development.

## Introduction

This study aims to highlight the necessity of comparative public administration (CPA) in ensuring better global governance. It emphasizes the necessity to learn more about how administrative reforms work effectively to ensure better management and governance of the public sector in different cultural contexts (Fitzpatrick et al. 2011: 821). However, the study of CPA is not an easy task but rather full of challenges. Global governance can be compared to and measured by the different issues related to public administration by using the approaches of comparative public administration. For instance, accountability, rule of law, control of corruption, impartiality, professionalization, and effectiveness in fulfilling the society's principal goals contribute to an understanding of the performance of the government sought by the researchers.

Primary studies on administration in countries such as China, Thailand, Vietnam, Turkey, Egypt, Pakistan, Brazil, and others disseminated knowledge, enriched practices, and expanded the horizon of public administration to become a global field of theory and practice. Eventually, comparative public administration research enhanced the global knowledge of the vital processes of reforming governance (Jreisat 2016: 1). The comparative approach is necessary to solve the various problems of governance that cannot be (re)solved via domestic policies. Examples of such global phenomena include climate change and global warming, migration, human (sex) trafficking, the garbage patches in the world's oceans, cybercrime, terrorism, drug trade, the extinction of species, epidemics, and the effects of an increasingly international economy where multinational corporations are difficult to constrain (Raadschelders 2018: 1). Therefore, a comparative study is important because the comparison is, first and foremost, a method of research. Moreover, adopting a comparative perspective, it assimilates experiences and cases across countries and regions in making a significant contribution to constructing a global social science (Gulrajani and Moloney 2012, cited in Wong 2016: 1). However, at the current stage of its development, there is still a gap between what it can deliver and what it has accomplished. The main objective of this paper is to help bridge that gap by introducing comparative administration and discussing critically the challenges and opportunities it is facing.

## CPA and Global Governance

The study of comparative public administration is very important in the digital era of globalization. CPA mainly spotlights on a specific policy area and then discovers by comparing among a group of countries, state of governance, or successive periods over time. But, comparative studies do not often take the larger political-administrative and societal context into account within which these policies unfold. So, before addressing these theoretical, conceptual, and methodological challenges, we need to gauge the nature of our time about trends in and around the state (Raadschelders 2018: 8). Pollitt (2011) suggests that with technological advancement and the extensive use of the English language, comparative public administration researchers do not have much problem in accessing information. As a result of the dramatic changes in communication and information technology, there are more opportunities for comparative public administration. Jreisat (2011) asserts that the advanced tools of communication and information technology make cross-cultural studies more manageable and easier. He emphasized that globalization requires comparative public administration and new administrative knowledge and skills.

This study focused on the importance of comparative public administration (CPA) for better global governance, which will provide a broader framework for comparison across nations of the world. The ultimate purpose of public administration is to improve governance in the sense of

efficiency and effectiveness in providing government services. It focuses on competition, measurement of results, and outputs; networks and new public governance (NPG), with emphasis on collaboration and effectiveness; and a move from outputs to outcomes among other things. These movements also resulted in a shift from public administration as a practice and discipline to public management, which is more applied and practical for rival arguments (Adebayo 2018).

The study of public administration from a comparative perspective is imperative for a variety of reasons.

**First,** the understanding of global issues requires a grasp of comparative public administration. An understanding of the global public administration is important to the extent that we strive to ensure security, peace, and livelihoods in an increasingly interconnected world (Gulrajani and Moloney 2012: 79). Similarly, Farazmand (1999) mentioned that comparative public administration broadens our world outlook and the American scholars and students can benefit from an understanding of cultural, institutional and religious underpinnings of administrative cultures.

**Second**, any attempt at building a scientific theory of public administration requires a comparative study of public administration. A study on comparative public administration focused on similarities and differences in different countries can build theories that are applicable across nations. In an interdependent global world, the issues of public administration cannot be understood without international collaboration. No country in the world can afford to live in complete isolation. To promote theory building in public administration, we need to examine issues across national and ethnic-demographic divisions to better understand and explain context-specific phenomena. To ensure Public Administration's relevance to practice, we must reach out to the global public administration community in academic exchanges, global innovation and diffusion of best practices, and collaborative education. Despite the influences of specific domestic factors in public administration, comparative public administration can contribute to building theories that can be applied cross-nationally.

**Third**, comparative public administration helps in eliminating the parochialism of public administration with a focus on both the Western and non-Western world. Jreisat (2011) suggests greater collaboration between the global North and the South through comparative public administration. Globalization provides an opportunity to conduct comparative research that is meaningful and useful for managers in all nations regardless of economic, political, and social considerations. A comparative approach can counter the tendencies toward parochialism that was prevalent in US public administration theory, research, and teaching (Klinger and Washington 2000). The comparative study helps to move away from an ethnocentric, parochial view of public administration based on the United States and Western Europe and broadens the search for theories of solving problems by including the context and cultural factors influencing public administration (Heady 2001; Pollitt 2011; Riggs 1976; Sigelman 1976).

**Fourth**, comparative public administration is useful for practical solutions to common problems. At present, governments are facing the common problems of the economy, education, terrorism, health care, and the environment. Comparative public administration can help find solutions to these complex problems by learning from other countries. It can help understand the different contexts of public administration. An analysis of the different contexts will be helpful to propose the best solution to the administrative problem in a given situation. An international and comparative perspective enhances our understanding of the impact of contextual variables on public policy and administration (Riggs 1968). The contextual factors are important for understanding the important variables relevant to public administration.

**Fifth**, the latest innovations in governance are essential to know and apply in developing and underdeveloped countries so that they can solve their problems. For instance, the microcredit program of Grameen Bank and BRAC is one of the revolutionary approaches in poverty elevation (Bangladeshi approach), which has been accepted and applied throughout the world, especially in Asian and African countries. It also means

comparing public policy and administration is essentially a comparison of the impacts of institutions (Heidenheimer et al. 1990). Consequently, from a broader perspective, the state of comparative public administration and policy studies is always a major indicator of the degree of success of social science scholars in pulling their knowledge together for making an impactful and discernable contribution to society (Wilson 2016).

Utilizing cross-national data from the Quality of Government Institute Expert Survey and Global Innovation Index, findings show that levels of innovation outputs are significantly higher in countries that have higher levels of professional and impartial bureaucracies (Kohei and Mehmet 2017). The results suggest the importance of administrative designs to promote innovative activities.

So, a comparative study of public administration is indispensable for global governance and peacekeeping.

## Challenges and Prospects of CPA for Global Governance

Despite its advantages, comparative public administration has not regained its prominence (Heady 2001; Klinger 2004). Earlier attempts at comparative public administration suffer from some problems and challenges but have some prospects too which have been discussed below.

**First,** the researchers faced the problem of establishing common criteria for comparing different nations with varying contextual variables affecting public administration. The problem of functionally equivalent indicators of important concepts is a challenge for comparative politics and administration. How to find a functionally equivalent indicator measuring the same phenomenon across the nations of the world was a challenge for the earlier researchers of comparative politics and administration. However, with the improvement of communication and technology and universal acceptance of common language, there are functionally equivalent concepts. The rise of social media has facilitated the emergence of common vocabulary across the world. The users of social media even use common acronyms to express their views on issues faced by the world. The use of the common concepts across different countries of the world has facilitated research on comparative public administration.

**Second**, the lack of broad-based data on public administration hinders research on a comparative study. However, the collection of data by the international organizations the World Bank, United Nations, OECD, Transparency International, and others have made it available for the researchers to research common issues. Gulrajani and Moloney (2012) expressed their concerns about the challenge of robust data from developing countries.

The authors suggested developing broad-based data for comparison so that the monopoly of the World Bank and other international organizations can be broken. Despite the existence of data by the different international organizations, public administration lags behind political science and other social sciences in the availability of data. Public administration researchers can devote more time to developing data that can be used cross-nationally. In addition to the above problems, the field of comparative public administration faces other challenges

**Third**, there are insufficient answers to the different complex problems faced by the governments of the world. Comparative public administration fails to explain why two separate countries under a similar situation behave differently. Jreisat (2011) asserts that the current research ideology and practices employed in comparative public administration are as yet inadequate in addressing these types of questions. So, many researchers are emphasizing the inclusions of not only institutions but also the contexts and the environment relating to public administration (Hood 2011; Terman 2011).

**Fourth**, one of the major problems of comparative public administration is parochialism/ethnocentrism based on American and Western public administration. The majority of the articles in major public administration journals concentrate on American and Western European countries.

As Heady (1987: 480) noted a quarter-century after the emergence of comparative administration, "parochialism is a persistent dominant

feature of American public administration, evidenced in the curricula of institutions of higher education and the conduct of public administration by practicing professionals." Parochialism based on western public administration impedes the comprehension of comparative and global perspectives of policy issues, and at the same time, it is a failure to use the knowledge from other countries to the advantage for the United States (Jreisat 2011).

Comparative research can help in understanding some particular patterns or generalizable laws influencing administrative issues across nation-states (Riggs 1962; Terman 2011). However, the thrust of comparative research is on a country-specific case study (Jreisat 2011). The case study is necessary for understanding the administrative systems of a particular country. However, case studies do not lead to broad-based theories in public administration. So, parochialism in public administration stands in the way of building grand theories applicable to the world.

Riggs (1991: 473) mentions, "We can no longer afford to base our theories on the truly exceptional American experience and to limit "Comparative Public Administration" to the study of "foreign" governments. Public Administration must be comparative in a global world system, we need to develop frameworks and theories for the study of public administration that are truly universal in scope-they will be based on a comprehensive ecological understanding of the place of public administration in all governments, historical as well as contemporary."

Yang (2009) complained that the international students in public administration programs were discouraged to concentrate on comparative public administration if they want jobs in the United States. There was not enough priority on the topics of comparative public administration in major journals despite the promise of the Public Administration Review that there would be international coverage regularly and "file periodic regional reports on best practices that apply to American public administration" (Stillman and Raadschelders 2006: 3).

Still, most of those articles focus on applying American administrative theories in a particular foreign country, with very few focusing on more than one country lacking an attempt to compare and investigate the influence of cultures and institutions (Yang 2009).

Fitzpatrick et al. (2011: 827) were concerned about the lack of emphasis on the countries of Africa and South America, the regions that will not meet the United Nation's Millennium Development Goals by 2015. They emphasized the importance of comparative public administration because it would enable a better understanding of the performance of the government in critical services like health care, sanitation, economic development and education in different regions of the world.

**Fifth**, **comparative** public administration was marked by shifting focuses lacking an attempt to build grand theories. One of the earliest attempts at comparative public administration was by Fred W. Riggs (1964), who developed three models: prismatic, fused, and diffracted types to study the administrative system in different countries. On the other hand, Samuel Katz (1970) advocated system approach to public administration. But the concept of the system includes too many variables, making it difficult for any systematic comparison across nations (Khan 1990). The other researchers on comparative public administration focused on bureaucracy (Aberbach et al. 1981; Heady 1966) and broad systems such as civil service and personnel management (Wart and Cayer 1990). Many researchers emphasize the importance of cultural contexts of different countries in understanding comparative public administrations (Przeworski and Teune 1970; Riggs 1962, 1991). However, it is difficult to collect data on culture in a comparative fashion. But ignoring the cultural norms, values, and traditions may cause the problems of validity and reliability in research. Riggs (1991) focused on presidential to make a comparison with the non-presidential system. Without measurable empirical data, it is difficult to make a comparison. However, with globalization, we have more opportunities for comparison between the administrative systems in presidential and non-presidential systems. It will be interesting to explore whether the presidential system performs better in terms of delivery

of services in health care, education, and economic development compared to the non-presidential system.

On the other hand, Ferrel Heady (2001: 391) focused on New Public Management (NPM) as "representing the most recent urge to develop a science of administration with principles of universal validity." Despite its appeal for universal acceptance, NPM was mainly limited to the United States and Western Europe. However, NPM is a concept too broad to guide a cross-country comparison (Dahlstrom and Lapuente 2010: 578).

**Sixth**, the other issue focused by comparative public administration researchers is culture. Many consider the understanding of the cultural contexts when comparing the implementation of policies in different countries (Przeworski and Teune 1970; Riggs 1962, 1991). However, it is difficult to gain knowledge of cultural values, norms, and traditions. Fred Riggs has "consistently put a particular emphasis on the linkage between public administration and its environment, and therefore advocated the concept that the administrative behavior in a given society must be understood in the context of the social background instead of the administration itself. Given that the administrative culture is only a subculture of the general social system, public administration can only be understood from the aspects of the ecological background which creates such an administration" (Wen-Shien and Peng 2008: 528). One of the major works on the importance of culture to the understanding of public administration is *Administrative Culture in a Global Context* by Joseph and Dwivedi (2004). Jabbra and Dwivedi (2005: 20) define administrative culture as "the modal patterns of values, beliefs, attitudes, and predispositions that characterize and identify any given administrative system." However, the study of culture most often focuses on a particular country without taking into account cross-cultural differences. "The lack of attention to culture may emerge from the many researchers who conduct comparative studies, but, may not be familiar with comparative theories or methodologies" (Fitzpatrick et al. 2011: 826–827). Nevertheless, focusing on cultural variables may be problematic from the point of building theories that can be applied universally. So, the classic dilemma of generalizability versus reliability predominates the research on comparative public administration. Hofstede (2001) identified five different dimensions of world culture: power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-term/short-term orientation. However, research needs to focus on the impact of culture on public administration.

**Seventh**, comparative public administration research can take advantage of the new realities and opportunities of the world. Robert Dahl mentioned nearly 70 years ago that "the study of public administration inevitably must become a much more broadly based discipline, resting not on a narrowly defined knowledge of techniques and processes, but rather extending to the varying historical, sociological, economic and other conditioning factors that give public administration its peculiar stamp in each country" (1947: 11). Holzer and Kasymova (2012: 162) assert that although comparative public administration (CPA) may have lost "the momentum of the 1960s and 1970s," the promise of significant cross-national studies is reemerging. Despite the emphasis on the topics of networks and governance, few articles are addressing these issues (Fitzpatrick et al. 2011). They believe that comparative perspectives should be incorporated into all topics of public administration. Werlin (2003) illustrates how more creative sampling strategies (e.g., countries similar in size and geography but dissimilar in governance) can expand comparative research to a more diverse set of countries and, in his research, develop the theory to show how governance structure helps explain differences in the wealth of nations. In an era of globalization and internationalization, there is a need to obtain general knowledge that explains similarities among countries, such as in centralization and decentralization, patterns of governing and policymaking, degree of professionalization, and managerial practices (Jun 2000).

Jody Fitzpatrick et al. (2011) note that globalization and the search for effective administrative reforms in different cultural contexts require public administration to incorporate a comparative

perspective. They emphasized the necessity for public administration to address the policy implementation challenges that the government faces in a globalized world. Similarly, Jreisat (2011) asserts that the countries in all regions of the world are looking for ways to improve the delivery of the services. The new realities of the world influenced many researchers to focus on governance. A comparative public administration perspective has changed the practice of public administration by directing it toward good governance. A search for better administration of government services has been the focus of the researchers on public administration. Comparative public administration theorists can focus on the ways to improve the quality and effectiveness of the government across nations.

**Eighth**, the central purpose of public administration is to improve the quality of governance. The quality of governance involves the processes and performance of the public administrators in delivering the services of the government. Globalization has facilitated the access and exchange of information all over the world. Globalization requires inclusive international collaboration for investigating any administration, developing country, or otherwise (Farazmand 1996, 1999). The paradigm based on the quality of governance is significant from the point of its applicability across the world.

The quality of governance involves both the internal organizations, the processes, and at the same time the effectiveness in the performance of the necessary functions of the government. The quality of governance can be assessed by the available data based on the functioning of the government, rule of law, basic administration, and the impartiality of public administration and professionalization (Yu Keping 2018: 1–8).

**Ninth**, the performance of the government is a variable that measures the extent of the ability of the elected head of the government, and the national legislature determines the policies of the country. It measures whether the government is accountable, free from corruption, transparent, and open. Accountability measures the extent of citizens' participation in an election to select their government. Carmen and McNeil (2010) consider accountability as the pillar of good governance. Without accountability, the goals of social justice, human development, and overall development are not achievable.

To ensure accountability, it is necessary to have a transparent and open government, where people have the rights of free speech, expression, religion, and the press. It is imperative to protect the rights of minorities, and minority views are not respected. An educated and informed public is essential to have an accountable and open government. Farazmand (1996) mentions that with democratization and the rising expectations in the developing world, the people are demanding more human rights and are resisting repression. The people are also becoming more aware of the activities of the government as a result of the international media, which is instrumental in exposing government corruption.

Corruption is one of the major impediments to economic development. Corruption is measured by the prevalence of bribes and other mechanisms for private gain. Corruption reduces economic growth by reducing private investment (Mauro 1995; Burki and Perry 1998). Mauro (1995) claims that corruption inundates the poor countries, for example, Zaire, Indonesia, and Haiti, whereas the rich countries like Switzerland, Canada, and the United States have less corruption. One of the other forms of corruption is the existence of clientelism and patrimonialism. Despite democratization, economic liberalization, and civil service reforms, many developing countries suffer from clientelism and patrimonialism. Brinkerhoff and Goldsmith (2004: 163) assert that "clientelism and patrimonialism are inefficient for society because they reduce expenditures on true public goods, which, in turn, are essential for sustained economic growth and social advancement." One of the major impediments to an effective, impersonal and rule-making state is patrimonialism, and any country that overcomes it can establish administrative capacity and an effective system of accountability.

Corruption is one of the major topics of public administration theorists because it is a major

impediment to development and administration. By comparing the nations on corruption, a more generalized theory can be established.

**Tenth**, rule of law, which, measures the independence of the judiciary, the extent to which rule of law prevails in civil and criminal matters; the existence of direct civilian control of the police, the protection from political terror, unjustified imprisonment, exile and torture; absence of war and insurgencies, and the extent to which laws, policies, and practices guarantee equal treatment of various segments of the population. The rule of law reflects the level of confidence in the rules of society and enforcement of the law by the appropriate authorities. Rule of law involves the efforts of the government in preventing crime and violence. It shows the propensity of the public to obey contracts and agreements. The traditional function of public administration is the enforcement of the law. The rule of law shows respect.

**Eleventh**, the fair play of public administration is essential for the exercise of the power of government impartially. The lack of impartiality corrupts public administration distorting the public interest benefiting the ruling clique. Impartial administration is essential for maintaining justice and the rule of law enforcing equality and fairness. Impartial public administration is necessary for establishing trust and legitimacy in the government. The selective enforcement of administration threatens the confidence of the people in the government. Woodrow Wilson proposed the separation of politics and administration to establish an impartial administration. The availability of data on impartial administration can help in comparing nations contributing to an understanding of an important element of public administration emphasized by the classical administrative theories.

Impartiality in public administration measures the degree of its independence from political pressures. Impartiality determines the quality and commitment of the government in policy formulation and implementation.

**Finally,** the professionalization of public administration requires recruitment and promotion to be based on merit principles. The merit principles are based on knowledge, skill, and ability. Professional civil service has been advocated by Max Weber a long time ago to promote efficiency in public administration. Despite the emphasis on professionalization, many countries of the world still manipulate recruitment and promotion of the civil servants. Based on the data on the quality of the government, countries can be compared to the professionalization of public administration.

The availability of large data based on the quality of government eliminates the traditional problems of comparative public administration: the lack of access, language barriers, lack of data, and the problem of establishing functionally equivalent indicators. The quality of government indicators is based on functionally equivalent indicators across the nations of the world. Each of the indicators is vitally related to public administration.

The quality of government can be evaluated based on the effectiveness of the society's goals at the prevailing time. For example, at present, there are more demands to ensure human development, remove inequality in income and gender, prevent terrorism, and ensure environmental sustainability. Gulrajani and Moloney (2012) emphasized the importance of research especially in the developing countries on examining the public service delivery and investigating the politics–administration dichotomy, human rights, and protection of health and environment. The quality of government can be judged by the success in meeting these objectives desired by society. With the available data, countries can be compared based on the performance in achieving these goals. The success of public administration depends on meeting or improving the important aspects demanded by the people.

The researchers can concentrate on one of the topics for cross-national comparison. The availability of broad data on each of the topics enables the researchers to research nations. Researchers on comparative public administration can use the data on one of the important aspects of government and make a comparison among the countries.

## Conclusion

The CPA study has a great impact on global governance. The literature on the quality of governance provides information on the internal dynamics of public administration across the world. The literature on professionalism, impartiality, functioning, rule of law, and basic administration provides necessary criteria for comparison. At the same time, data on the quality of government can be measured by the performance in different issues.

Global governance can be compared to the different issues related to public administration by using the strategy of comparative public administration. For instance, the effects of the functioning of the government based on accountability, rule of law, control of corruption, impartiality, professionalization, and effectiveness in fulfilling the society's principal goals contribute to an understanding of the performance of the government sought by the researchers. These issues are important for researchers, policy analysts, government agencies, and international organizations. The quality of governance data is necessary for comparative public administration because they are comprehensive and broad-based, applicable for cross-national comparison.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Comparative Public Management Systems
- ▶ Global Governance and National Governance


## References


Aberbach JD, Putnam RD, Rockman BA (1981) Bureaucrats and politicians in Western democracies. Harvard University Press, Cambridge, MA

Adebayo AO (2018) Comparative public management systems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Cham, Cham

Carmen M, McNeil M (2010) Demanding good governance: lessons from social accountability initiatives in Africa. Washington DC, World Bank

Brinkerhoff DW, Goldsmith AA (2004) Good governance, clientelism and patrimonialism: new perspective on old problem. Int Public Manage J 7(2):163–185

Burki JS, Perry G (1998) Beyond the Washington consensus: institutions matter. Washington, DC: World Bank

Dahl R (1947) The science of public administration: three problems. Public Adm Rev 7(1):1–11

Dahlstrom C, Lapuente V (2010) Explaining cross-country differences in performance-related pay in the public sector. J Public Adm Res Theory 20(3):577–600

Farazmand A (1996) Development and comparative public administration, past, present, and future. Public Adm Q 20(3):343–364

Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522

Fitzpatrick J, Goggin M, Heikkila T, Donald K, Machado J, Martell C (2011) A new look at comparative public administration: trends in research and an agenda for the future. Public Adm Rev 71(6):821–830

Gulrajani N, Moloney K (2012) Globalizing public administration: Today's research and Tomorrow's agenda. Public Adm Rev 72(1):78–86

Heady F (1966) Public administration: a comparative perspective. Prentice-Hall, Englewood Cliffs

Heady F (1987) American constitutional and administrative systems in comparative perspective. Public Adm Rev 47(1):9–16. 1

Heady F (2001) Public administration: a comparative perspective, 6th edn. Prentice-Hall, EnglewoodCliffs

Heidenheimer A, Heclo H, Adams CT (1990) Comparative public policy: the politics of social choice in America, Europe, and Japan, 3rd and. St. Martin's Press, New York

Hofstede G (2001) Culture's Consequences, 2nd edn. Sage, Beverly Hills

Holzer M, Kasymova J (2012) Review: restating the relevance of comparative public administration. Public Adm Rev 72(1):162–164

Hood C (2011) From FOI world to WikiLeaks world: a new chapter in the transparency story? Governance 24(4):635–638

Jabbra JG, Dwivedi OP (2004) Globalization, governance, and administrative culture. Int J Public Adm 27(13–14):1101–1127

Jabbra JG, Dwivedi OP (2005) Administrative culture in a global context. de Sitter Publications, Whitby

Jreisat JE (2011) Commentary-comparative public administration: a global perspective. Public Adm Rev 71(6):834–838

Jreisat JE (2016) Comparative public administration and globalization. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG, Switzerland. https://doi.org/10.1007/978-3-319-31816-5_1243-1

Jun JS (2000) Symposium: international perspectives transcending the limits of comparative public administration: a new internationalism in the making. Adm Theory Praxis 22(2):273–286

Katz S (1970) Exploring a system approach to development administration. In: Riggs FW (ed) Readings in comparative public administration Durham. Duke University Press, North Carolina
Keping Y (2018) Governance and good governance: a new framework for political analysis. Fudan J Hum Soc Sci 11:1–8. Online version: https://doi.org/10.1007/s40647-017-0197-4
Khan HA (1990) Political culture and the problems of implementation of population policies in India and Bangladesh: a study in comparative public administration. Asian J Public Adm 12(2):232–255
Klinger D (2004) Globalization, governance, and the future of public administration: can we make sense out of the fog of rhetoric surrounding the terminology? Public Adm Rev 64(6):737–743
Klinger DE, Washington CW (2000) Through the looking glass: the benefit of an international and comparative approach on TeachingPublic administration. J Public Aff Educ 6(1):35–43
Kohei S, Mehmet AD (2017) Rediscovering bureaucracy: bureaucratic professionalism, impartiality, and innovation, QoG working paper series, 17:7 July 2017
Mauro P (1995) Corruption and growth. Q J Econ 110(3):681–712
Pollitt C (2011) Not odious but onerous: comparative public administration. Public Adm 89(1):114–124
Przeworski A, Teune H (1970) The logic of comparative social inquiry. Wiley, New York
Raadschelders JCN (2018) Comparative public administration in a globalizing world: a new psychological challenge next to the traditional scholarly challenges. Paper prepared for the annual conference of the American Society for Public Administration, Denver, March 9–13, 2018. online: https://www.aspanet.org/ASPADocs/Annual%20Conference/2018/Papers/RaadscheldersJos.pdf
Riggs FW (1962) Trends in the comparative study of public administration. Int Rev Adm Sci 28(1):9–15
Riggs FW (1964) Administration in developing countries: the theory of prismatic society. Houghton Mifflin, Boston
Riggs FW (1968) Administration and a changing world environment. Public Adm Rev 28(4):348–361
Riggs FW (1976) The group and the movement: notes on comparative development administration. Public Adm Rev 36(6):648–654
Riggs FW (1991) Public administration: a comparativist framework. Public Adm Rev 51(6):473–477
Sigelman L (1976) In search of comparative administration. Public Adm Rev 36(6):621–625
Stillman RJ II, Raadschelders J (2006) Editorial: why PAR? Public Adm Rev 66(1):1–5
Terman J (2011) Comparative administration: ontology and epistemology in cross-cultural research. Adm Theory Praxis 22(2):235–257
Wart VM, Cayer JN (1990) Comparative public administration: defunct, dispersed, or redefined? Public Adm Rev 50(2):238–248
Wen-Shien PS (2008) A critique of Fred W. Riggs' ecology of public administration. Public Adm Q 32(4):528–548
Werlin HH (2003) Poor nations, rich nations: a theory of governance. Public Adm Rev 63(3):329–342
Wong W (2016) Comparative public policy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG, Switzerland. https://doi.org/10.1007/978-3-319-31816-5_253-1
Yang K (2009) American public administration: are we prepared for the challenges? Public Perform Manag Rev 32(4):579–584

C

# Creative Accounting

Salme Näsi
School of Management, University of Tampere, Tampere, Finland

## Synonyms

Account manipulation; Cosmetic accounting; Earnings management; Financial engineering; Income smoothing; Managing reported financial information; Off-balance sheet financing; Window dressing

## Definition

A process of manipulating the accounting figures of an entity in order to mislead rather than help the intended users of the information.

## Introduction

The term "creative accounting" seems to have appeared in the accounting literature in the 1950s (see, e.g., Park 1958; Bows 1959). At that time, however, the term seems to have referred to a positive creativity and the responsibility of accountants to find the best possible ways to earn a return on investments. Bows (1959, p. 51) states: "Accounting can contribute to larger profits by creative analysis of costs and use of funds, by evaluating the profitability of the various segments of any business enterprise. . .." Accountants

were seen as "continuous, creative, dynamic aid to management" (Park 1958, p. 444; see also Carey 1956).

A synonym of the adjective "creative" is "innovative" – both are adjectives that usually have a very positive connotation. In the context of accounting, creative accounting today has a negative implication. Besides creative accounting, several other concepts or terms, such as "earnings management," "income smoothing," "financial engineering," "cosmetic accounting," "window dressing," "account manipulation," "managing reported financial information," and "off-balance sheet financing," are used to describe more or less the same phenomenon (see also Diana and Madalina 2007; Balaciu et al. 2009). Some of these terms refer to lawfully acceptable but ethically questionable actions. Most of the terms, however, clearly reveal that there is some element of deception or fraud. Creative accounting can be understood as an umbrella concept for all the terms and forms of manipulation of accounts referring to the misleading, false, or dishonest presentation of financial information. Creative accounting practices are possible due to flexible or missing accounting regulations, but first and foremost such practices are an ethical issue. In this chapter, the use, motives, and means of creative accounting are discussed in the contexts of both the business and public sector.

## Creative Accounting in the Business Sector

Creative accounting as a concept is mostly used in European accounting literature, while the preferred term in the United States – and consequently in most of the literature on the subject – is "earnings management" (Amat and Gowthorpe 2004). Creative accounting is defined as "the *use of accounting to mislead rather than help the intended user*, deliberately taking advantage of areas where there is no standard treatment or where there are ambiguities and discontinuities or arbitrary cut-off points" (Parker 1984, p. 76; see also Amat and Gowthorpe 2004). Healy and Wahlen (1999, p. 368) explain that "Earnings management occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers."

Earlier literature on accounting ethics and creative accounting from the 1980s and 1990s mostly concerned accounting in the business context. The valuation of fixed assets has always played an important role in creating opportunities for creative accounting: regulatory flexibility may permit a choice of policy in fixed asset valuation at either revaluated amounts or a depreciated historical cost. The problem related to fixed asset valuation has been noted by Griffiths (1986, p. 97):

> Be it as part of bid defence or an attempt to beef up the balance sheet, or a genuine effort to reflect true value to the business, fixed asset valuations will always present opportunities for creative accounting. These opportunities are not restricted to the balance sheet since the consequent charge to the profit and loss account for depreciation will also be affected. Fixed assets are pliable, flexible and mobile. Everything then except fixed!

Due to increased international accounting standardization (e.g., the International Financial Reporting Standards) in recent decades, opportunities for creative accounting based on fixed asset valuation have obviously narrowed, but, nonetheless, fixed assets in accounting are anything except fixed.

The methods and motives for creative accounting in the business sector are numerous, some of them being more ethical and acceptable than others. Blake et al. (1998) have categorized the methods into four categories. First, the accounting rules may allow a company to choose between different accounting methods, and a company can then choose a policy that gives its preferred image. Second, certain entries in the accounts involve an unavoidable degree of estimation, judgment, and prediction. Estimation of the useful lifetimes of assets in order to calculate depreciation and other assessments concerning future values and income estimations in general are unavoidable, and they

therefore offer opportunities to manipulate annual accounts. Inconsistencies in applied accounting policies are often signs of manipulation and attempts to mislead. The two other methods are based on transactions. The timing of genuine transactions (e.g., sales of an investment) is a way to increase the profit (by the amount of sales profit) and give the desired impression in the accounts. Artificial transactions with an obliging third party can be used both to manipulate the balance sheet amounts and to transfer profits between accounting entities and accounting periods (Amat and Gowthorpe 2004). "Sale and leaseback of an asset" for the rest of its useful life is an example of this kind of income and balance sheet manipulation, and it represents an artificial transaction with an obliging third party. Transactions between accounting entities in a consolidated group represent another example of an opportunity for earnings management using artificial transactions. For example, the owner company can sell assets (e.g., inventory, land, etc.) to its subsidiary, and the owner company can report the sale and increased earnings in the current period. For consolidated purposes, the affiliated transaction will be eliminated and not affect the financial statements (see Thomas et al. 2004).

Diana and Madalina (2007) have analyzed the flexibilities of the accounting environment and categorized six techniques of creative accounting:

1. Flexibility of regulation (in choosing a policy to follow)
2. Lack of regulation (in some areas of every domain)
3. Discretionary position of management (e.g., to decide the increase or reduction of the provision for bad debts)
4. Timing of some transactions (e.g., sale of existing stocks in a company's assets to increase the operating profit)
5. Artificial transactions (in order to manipulate both the balance sheet amounts or to move the profits between accounting periods, e.g., sale and lease back transactions)
6. Reclassification and presentation of financials (smooth modification of numbers in order to improve the investors' perceptions)

The reasons and motivations for creative accounting in the business context are many. The conflict of interests between different stakeholders (managers, shareholders, employees, tax authorities, etc.) represents a real cause for creative accounting (Diana and Madalina 2007). Blake et al. (1998) have presented reasons for the directors of listed companies to seek to manipulate the accounts. Among these reasons are:

- Income smoothing: Companies generally prefer to report a steady trend of growth in profit rather than to show volatile profits with a series of dramatic rises and falls.
- Manipulation of profit to tie it to forecasts (a variant of income smoothing).
- An income-boosting accounting policy change to distract attention from unwelcomed news (e.g., decline of the market share).
- Maintaining or boosting the share price, e.g., by reducing the apparent levels of borrowing and by creating the appearance of a good profit trend.

A whole set of reasons for creative accounting are tied to the various forms of contractual rights, obligations, and constraints based on the amounts reported in the accounts, e.g., directors' bonus schemes, and in many countries' income taxation.

Blake et al. (1998) have investigated the ethics of creative accounting. They stated that creative accounting can be defined in a number of ways and offered the following initial definition: creative accounting is "a process whereby accountants use their knowledge of accounting rules to manipulate the figures reported in the accounts of a business" (ibid. p. 3). The first half of the definition refers to a positive issue, the knowledge of accounting professionals, and the second half to the dark side of the issue, the use of the knowledge to manipulate the accounting figures due to the ambiguity of accounting rules. Accountants use their expertise for manipulation, control, falsification, and misrepresentation. In addition to "manipulation," several other negatively connoted words, such as "fiddling," "deception," "misrepresentation," "con trick," "matter of judgment," and "sleight of hand," are used in defining

creative accounting practices. All of these terms refer to deceitful and unethical practices in accounting (see Blake et al. 1998). Archer (1996) has examined the ethical issues raised by creative accounting in the light of the literature on the ethics of lying. This literature includes the evaluation of various excuses and justifications for lying in relation to creative accounting. The author concludes, "even in circumstances in which creative accounting would arguably serve a worthy purpose, that purpose would be at least as well served by honest communication" (Archer 1996, p. 55).

## Creative Accounting in the Public Sector

The use of creative accounting has generally been associated with the business sector, but it is also practiced in public administration, where in fact the context and regulations often offer ample opportunities to indulge in creative solutions in budgeting and accounting. The recent literature on creative accounting often concerns manipulation of public sector financial information in order to meet the fiscal rules and convergence criteria imposed by international or national regulators (see e.g., von Hagen and Wolff 2006; Benito et al. 2008; Vinnari and Näsi 2008; Leppänen and Näsi 2015; Näsi and Leppänen 2015). "Do fiscal rules lead to fiscal adjustments, or do they encourage the use of creative accounting?" asks Milesi-Ferretti (2003) in her article and concludes that fiscal rules can induce governments to engage in "bad" or even "ugly" creative accounting.

Vinnari and Näsi (2008) have reported how a Finnish municipality sold its water utility to its own energy company for a fair value (130 million euros) plus a goodwill payment (20 million euros), i.e., for the "market price" of 150 million euros. The wholesale transaction was financed by a bullet-type debenture loan given by the owner municipality to the energy company. Thus, no money transfers were made at the moment of the sale. The book value of the water utility's infrastructure assets at the moment of sale was 37 million euros. The owner municipality recorded the difference (113 million euros) as an extraordinary income item on its income statement for the fiscal year in question. This extraordinary income was big enough to balance the budgets and accounts of the owner municipality for the three subsequent fiscal years. In the consolidated accounts, transactions between the municipal accounting entities are eliminated and have no influence at all, but the requirements of the balance of the municipal economy in Finland were then stated on the level of the owner municipality's accounts. National regulations have been reformed since and the balance of the economy is now measured on the consolidated account level.

Both revaluation of the water utility and the sales and funding transactions between the owner municipality and its energy company were used to manipulate the accounts in order to show the balanced economy of the owner municipality but also to mislead the municipal decision makers, taxpayers, and residents. The municipal council and other stakeholders were told that the sale of the water utility only meant transactions in accounts and nothing else, but the whole truth is that the residents of the municipality are obliged to pay back the debenture loan equivalent to the sales price (150 million euros) plus the interest on the loan in their future water bills to the energy company. This sale is thus expensive for the water users and heavily conflicts with the intergenerational equity principle that should be taken into accounts in the public sector economy.

Municipalities may also use their water, energy, and other monopolistic utilities for "hidden taxation." If the "bottom-line" profit is restrained by regulations to be "fair" or "reasonable" – as it is, for example, in the case of water utilities in Finland – a part of a positive financial result can be subtracted ("hided") above the -bottom-line figure as "calculated interest on the basic capital invested." This expense item on the water utility's income statement is artificial. It is based on the idea that the owner municipality is an investor, who can determine the amount of the basic capital of the water utility and also the interest rate charged from the utility. Often a huge amount of money is calculated as an interest expense and annually transferred to the owner municipality's budget. The term used in the

income statement – "calculated interest on the basic capital invested" – may mislead the users of financial information, such as municipal council members. They do not necessarily understand the real nature of this item, which is essentially a money transfer from the water consumers to the municipality, a form of hidden taxation.

Means or techniques to engage in account manipulation in the public sector seem to be numerous. Benito et al. (2008) have analyzed proposals for the private financing of public works in Spain. They argue that all the new financing methods assessed are incorrectly named as "private," since the payments are finally made by the government by means of it budgetary resources. A deferral of accounting and budgetary recognition of these transactions, together with a false disclosure in financial statements of the debt connected with the projects, are clear examples of creative accounting with the aim of meeting the convergence criteria imposed by the European Union.

Fiscal rules are introduced to constrain governments. EU countries have adopted a set of rules to constrain deficits with the goal of keeping debt levels sustainable. Von Hagen and Wolff (2006) have provided evidence that deficits in Europe provide only limited information on the evolution of debt levels in the past. Their empirical evidence indicates that the introduction of the Stability and Growth Pact and the Excessive Deficit Procedure in Europe have resulted in creative accounting. The use of creative accounting is especially measurable when the fiscal rules become binding. The results confirm the vulnerability of fiscal rules to creative accounting (see also Bruck and Stephan 2006).

The accrual accounting model seems to provide even more opportunities for creative accounting than the traditional public sector budgetary cash-based accounting models. This is especially the case when accounting practices depend on the public sector's own regulations or if regulations only provide a general framework for accounting, and the more detailed principles and practices rely upon self-regulation and interpretation. Leppänen and Näsi have divided the means of creative accounting in the Finnish municipal context in two categories: solutions based on ambiguous and flexible accrual accounting rules (Leppänen and Näsi 2015) and solutions based on cross-entity transactions (Näsi and Leppänen 2015). In the former category, changes in estimated lifetimes and depreciations of fixed assets are typical examples of the means to manipulate both the balance sheet and income statement figures. In the latter category, sales of properties, leasing instead of investments, and privatization and outsourcing of activities, for example, represent means to influence the public sector budgetary economy and meet the fiscal rules and convergence criteria in question. Privatization, outsourcing, and other restructuring of activities are means to decrease the size of the public sector and in that way to influence the balance or other criteria set for the budgets and accounts.

## Conclusion

Creative accounting consists of different means to manipulate financial information in order to mislead, rather than help, the users of the information. The means and motives for creative accounting are numerous, and they are often difficult to identify, especially by non-accountants. In business, the managers of firms – in listed companies in particular – are responsible for keeping the shareholders satisfied, and their own bonus and compensation programs are dependent on the financial performance of the company. Even though accounting regulations concerning the listed companies are rigorous and control by the financial supervisory authorities is intensive, there are always some means to manipulate accounts in order to present a more favorable picture of the financial situation.

In the public sector, creative accounting is an even more serious issue than in the business context. Public sector accounts should be transparent, but they are not. Public economies have become very complex due to the new ways of organizing public services via public-private partnerships. Decision makers in the public sector are responsible for the use of taxpayers' money. Financial information should be transparent and understandable for elected decision makers, who often have no or only a poor understanding of complex accounting issues.

Creative accounting practices are a permanent challenge to the regulators both on the national and international level. Creative accounting, which generally involves preparation of financial statements with the intention of misleading the readers of those statements, is prima facie a form of lying (Archer 1996). Until the 1950s, the basic idea in (management) accounting was to present "absolute truths," followed later by an understanding that accounting numbers present "conditional truths" or even "socially constructed truths." Creative accounting concerns first and foremost financial accounting, and it involves ultimate solutions to purposely represent misleading information – or even lies – as truth.

There is always some flexibility and loopholes within all regulatory frameworks of accounting to give a creative view that serves decision makers' and preparers' own interests. Potential for creative accounting and fraud is enhanced by lax regulations and by decision makers' own motives and incentive systems. Similarly, potential for creative accounting and fraud can be reduced by stricter regulations, appropriate reward, and incentive structures – and what is most important – by higher ethics in accounting and auditing practices (Jones 2011).

## Cross-References


- ▶ Accountability and Corruption, Europe
- ▶ Accounting for Public-Private Partnerships
- ▶ Accrual Accounting
- ▶ Financial Statements
- ▶ Local Governments Debt
- ▶ Provisions and Contingent Liabilities
- ▶ Public Sector Accounting


## References


Amat O, Gowthorpe C (2004) Creative accounting: nature, incidence and ethical issues. UPF Working Paper No. 749

Archer S (1996) The ethics of creative accounting. Sci Eng Ethics 2(1):55–70

Balaciu D, Bogdan V, Vladu AB (2009) A brief review of creative accounting literature and its consequences in practice. Ann Univ Apulensis Ser Oecon 11(1): 170–183

Benito B, Montesinos V, Bastida F (2008) An example of creative accounting in public sector: the private financing of infrastructures in Spain. Crit Perspect Account 19(7):963–986

Blake J, Amat O, Dowds J (1998) The ethics of creative accounting. In: Gowthorpe C, Blake J (eds) Ethical issues in accounting. Routledge, London, pp 24–40

Bows AJ Jr (1959) Creative accounting pays its way. J Accountancy (pre-1986) 108(000006):51

Bruck T, Stephan A (2006) Do Eurozone countries cheat with their budget deficit forecasts? Kyklos 59(1):3–15

Carey JI (1956) How can the profession plan for the future? J Accountancy (pre-1986) 101(000005):54

Diana B, Madalina PC (2007) Is creative accounting a form of manipulation. Econ Sci Ser Ann Univ Oradea 17(3): 935–940

Griffiths I (1986) Creative accounting. How to make your profits what you want them to be. Routledge, London

Healy PM, Wahlen JM (1999) A review of the earnings management literature and its implications for standard setting. Account Horiz 13(4):365–383

Jones MJ (2011) Creative accounting fraud, and international accounting scandals. Wiley, West Sussex

Leppänen P, Näsi S (2015) Accrual accounting in finnish local governments – source of comparable financial information or a field of creative accounting? Paper presented at the 15th Biennial CIGAR Conference, in Malta, 4–5 June 2015

Milesi-Ferretti G (2003) Good, bad or ugly? On the effects of fiscal rules with creative accounting. J Public Econ 88:377–394

Näsi S, Leppänen P (2015) Creative use of cross-entity transactions to balance local government economies in accrual budgeting and accounting in Finland. Paper presented at the 15th Biennial CIGAR Conference, in Malta, 4–5 June 2015

Park C (1958) Thought processes in creative accounting. Account Rev 33(3):441–444

Parker RH (1984) Macmillan dictionary of accounting, 2nd edn. Macmillan Press, London

Thomas WB, Herrmann DR, Inoue T (2004) Earnings management through affiliated transactions. J Int Account Res 3(2):1–25

Vinnari E, Näsi S (2008) Creative accrual accounting in the public sector: 'Milking' water utilities to balance municipal budgets and accounts. Finan Account Manag 24(2):97–116

von Hagen J, Wolff G What do deficits tell us about debt? Empirical evidence on creative accounting with fiscal rules in the EU. Discussion Paper Series of SFB/TR 15 Governance and the Efficiency of Economic Systems from the Free University of Berlin, Humboldt University of Berlin, University of Bonn, University of Mannheim, University of Munich. Discussion Paper nr 148

von Hagen J, Wolff GB (2006) What do deficits tell us about debt? Empirical evidence on creative accounting with fiscal rules in the EU. J Bank Financ 30(12): 3259–3279

# Credit Decision Rationality in the Money Lending Market

Shafic Mujabi, Victor Mbarika and Joseph Mpeera Ntayi
Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

## Synonyms

Astute credit decisions; Credit decision rationality; Intelligent credit decisions; Judicious credit decisions; Logical credit decisions; Prudential credit decisions; Reasonable credit decisions

## Definition

**Credit Decision Rationality**: A "credit decision" is a decision by a borrower to take credit. Credit decision rationality is a reasonable, logical, prudent, judicious, and well-thought out decision by a borrower to take credit. Credit decision rationality can also be defined as the literal, cognitive, and affective level of engagement of the borrower's mental faculties when making the choice to accept the terms and conditions of monies offered by the lender.

**Moneylending**: The dictionary definition of moneylending is often shared between its synonyms including usury, pawn credit, payday loans, and loan sharks. Most synonyms' definitions are associated with charging "excessive interest" and/or charging illegal interest which is not clearly defined. However, The Oxford English Dictionary defines it as "The fact or practice of lending money at interest." Moneylending is a financial transaction in which person A lends person B a sum of money for a fixed period of time with the agreement that it will be returned with interest. Moneylending is an informal and barely regulated form of credit between individuals where the lender exclusively determines and charges relatively high interest and outrageous terms to the borrower.

## Introduction

Rationality is a complex behavioral decision concept that can be deconstructed and simplified into statements on decision processing and/or reasoning out choice making perspectives. This entry theorizes credit decision rationality from a cognitive psychology lens redirecting it from the financial and expected utility paradigms that have long explained monetary decisions. The entry attempts to bring into view the cognitive, attitudinal, and psychological conceptualization of the consumer credit rationality in the money lending market. The uniqueness of the money lending market offers a decision platform where both the cost-benefit and interest-return calculations get into difficulty in attempting to explain decision-making rationality due to terms, time, saliency, or scale. The consumer decisions in the money lending market operates through financial literary deficiencies, attitudinal rigidities, cognitive insufficiency, and biases arising from the way social and financial information is stored, retrieved, and processed leading to formulation of choice problems that are inconsistent with financial and economic rationality. The entry further discusses how cognitive psychological anomalies influence financial decisions-making behavior and their implications for academics and finance decision analysis.

The entry heavily leans towards the realization that consumers in the pawn credit or pay day loans may not necessarily rely on the financial paradigm for rational decision-making as has been hypothesized in classical economic literature. One peculiar characteristic of this market is its tendency to disregard not only the high interest rates but also outrageous terms and conditions which bring into question the sufficiency of financial variables in explaining credit decisions (Bertrand et al. 2005; Helmore et al. 2009; Holden 2010). The utilization of the nonfinancial variables, in the credit decision-making literature, is well informed by the informal world of work taken from sub-Saharan context. Our emphasis on cognitive psychology is informed by the realities of the circumstances of the borrowers who choose to deal with money lenders despite the existence of cheaper and more transparent credit sources. It is important to note that even when financial consumers

fail in articulating financial or economic utility, their subconscious and unconscious states of mind will continue guiding financial decisions anyway. These are still guided by the extent of their contact with the world of credit. The money lending market is unpredictable and the decisional machinations of borrowers are still hidden behind a cognitive psychological veil. Furthermore, when it comes to money, significant psychological and cognitive differences exist in the rules that financial consumers follow.

Literature has shown that those with prudent but flexible and rule systems often fare reasonable better than those with complex and rigid rule systems that are typical of classical financial decision-making (Larrick 1993; Shiller 2000; Skinner et al. 2008; Block-Lieb and Janger 2005; Melzer 2011; Bhutta et al. 2015; Irungu and Nafula 2017). Furthermore, financial consumers have been seen to develop seemingly elaborate but not necessarily consistent rules or heuristics. This helps them account for both acceptable and unacceptable utilization as well as the expected outcome of exchanges of money. Thaler (1985, 1990), Prelec and Lowenstein (1997) interestingly noted that, for credit consumption, "Neither a borrower nor a lender becomes a principle for conduct or an instruction for rational behavior in a credit transaction." Anomalies in credit decision-making arise because financial consumers especially borrowers are inconsistent and deficient in time discounting. Most of them fail to discount critical financial events in the distant future consistently with short-term discounting. This has been attributed to short-term gratification delays that have a strong affect than the anticipated long-term benefits and costs are difficult to perceive in the present on the same basis as immediate benefits and costs. This explanation that is most rooted in stock market participants leaves room to discredit the role of classical financial calculations in informing many financial decisions.

Psychologists have used the terms *problem-solving*, *reason-based*, or *rule-driven* to refer to behavioral processes that override cost-benefit calculations, relying instead on principles or analogies to guide decision. Drazen Prelec and Loewenstein (1991) distinguishes this view of decision-making from utility-maximization models by the cognitive processes involved: Decision analysis, which codifies the rational model, views choice as a fundamentally technical problem of choosing the course of action that maximizes a unidimensional criterion utility. The argument is that immediate intuitive satisfactions are easy to experience or difficult to not experience. Human beings have been seen to have difficulty previewing the experience of future gains and losses, particularly if they are uncertain (Frank 1992; Hoch and Loewenstein 1991; Lowenstein 1998). Earlier on, Herrnstein and Prelec (1991) had discovered that temporal anomalies in psychological and cognitive differences were to blame for the failure of human beings to disregard the illusions that flawed their discounting time-related decisions.

## Rationality: Its Conceptualization and Antecedents

It is typical for most linguisticians to mistake rationality as getting a decision right; it is rather the way the decision maker gets it right. To inform this understanding, a suboptimal decision may have been reached through thorough critical analysis and reasoning while an optimal decision may be reached without consideration of facts and or active engagement of relevant knowledge. Ackoff (1974) described human decision-making as "mess management" and aligning it to the world of work being messy, he further noted that the cognitive processes involved in bringing those two worlds together are the messiest of all. This is summarized and presented as in Fig. 1. There are so many complex schematic imaginations and iterations that go on in the mind of the informal credit borrower before a final decision to borrow is reached. This movement in rationality is scaled from irrationality indicated by an avoidant stage to rationality indicated by the analytical decision-making style as shown in Fig. 1.

The standard model in economics which has also been adopted in finance is premised on the understanding that consumers behave as if

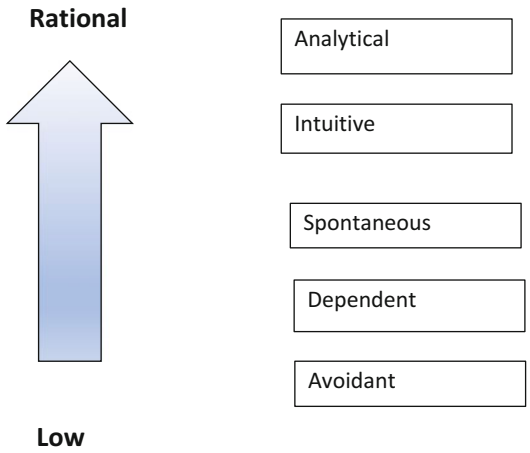


**Credit Decision Rationality in the Money Lending Market, Fig. 1** Scaling credit decision rationality: Avoidant to analytical

information is processed to form perceptions and beliefs using strict Bayesian statistical principles calling it perception-rationality. Preferences are primitive, consistent, and immutable conceptualized as preference-rationality, and the cognitive process is simply preference maximization given market constraints referred to as process-rationality. Economics has always been concerned with the motivations and behavior of consumers. In the broad meaning, rational behavior is sensible, planned, and consistent and believed to govern most conduct in economic markets. The motivation for this is that markets tend to punish foolish behavior. However, rationality has been given a much more specific meaning in the classical theory of consumer demand perfected by Hicks and Samuelson (1974) that forms the cornerstone of courses in economic theory. In the 1955 Herbert Simon's words, "The rational man of economics is a maximizer, who will settle for nothing less than the best." While this model of consumer behavior dominates contemporary economic analysis, there is a long history among economists of questioning its behavioral validity and the seeking of alternatives to rationality continues in behavioral decision-making in many fields of academia.

Rational choice behavior in many consumer fields including financial consumption is getting continuously linked to attitudinal, heuristics, and cognitive perspectives, which is informed by beliefs and perceptions based on available information and alternatives influenced by affect, attitudes, motives, and preferences. The *cognitive and/or psychological process* for decision-making is the mental mechanism that defines the cognitive task and the role of perceptions, beliefs, attitudes, preferences, and motives in performing this task to produce a *choice*. It is thus the aim of this entry to hypothesize a credit decision rationality model that will give an alternative explanation that will harmonize on the neoclassical economic and psychological views that have radically different elements and process on rationality. First, the primary focus of psychologists is to understand the nature of these decision elements, how they are established and modified by experience, and how they determine values. The primary focus of economists is on the mapping from information inputs to choice. The precept "Economists know the price of everything and the value of nothing" correctly characterizes the discipline's scientific priorities. Empirical evidence from social and cognitive psychology research suggests that contemplative access to cognitive processes is limited (Nisbett and Wilson 1977), pointing to cognitive processes that are often confounded by biases and heuristics (Kahneman et al. 1982; Simon 1955; Tversky and Kahneman 1973, 1974, 1983; Wason 1960), and that an intuitive mode of processing parallels the rational model (Epstein 1994; Kahneman 2003; Lieberman 2003) and is active and influential in decision-making.

Past investigations and meta-analytical studies that have studied financial decision rationality have contextually focused on other decisions like stock trading, entrepreneurial risk taking, insurance decisions, credit utilization, loan approval, and none has dealt with the decision of the borrower to take credit. The few studies that have focused on credit have looked at debt rather than credit decisions looking at repayment, credit utilization, and the general after math of acquiring a loan. Though the distinction is unclear, "debt" is an obligation that the borrower is either unable to discharge or trying to avoid discharging, in contrast "credit" implies an arrangement to borrow

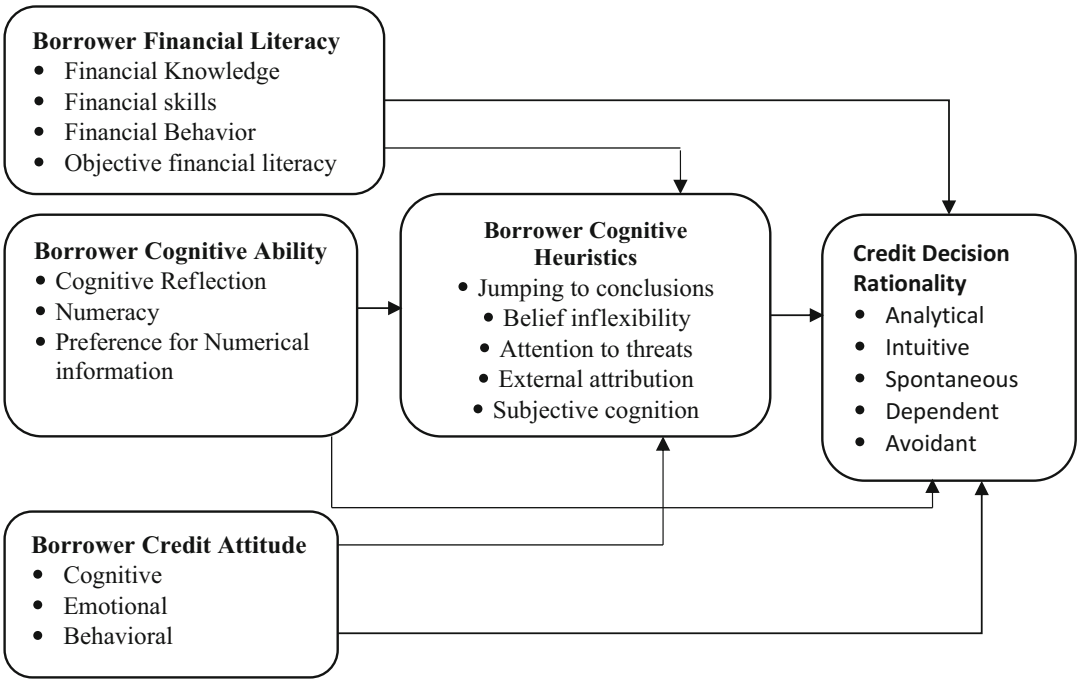


**Credit Decision Rationality in the Money Lending Market, Fig. 2** Credit decision rationality: conceptualisation and antecedents

money. This is the starting point of this entry's contextual diversion, and the entry theorizes what happens before the credit transaction has happened, the peculiar nature of credit (informal credit) and unique setting within which the credit decision is being made. The significance of informal credit decision presents the much neglected complexity and dynamism that is not typical of formal credit which forms the basis of many of the criticisms of the stochastic models of financial decision-making. From the preceding discussion, we derive a conceptual model presented in Fig. 2, which could be tested empirically by scholars.

Figure 2 is based on a number of demand and supply assumptions which we present

## Supply Assumptions

### Free and Mobility of Information

The conceptualized model assumes that information on the credit market is freely available. This means that there is no price for information for comparing interest rates, terms, and conditions for loans. This is an assumption across the whole credit market that there is no additional price on the search for credit market information. The word "free" on information also means that information moves freely and is accessible to all credit consumers from both main formal and informal credit. Most informal credit markets in developing countries fulfill this assumption.

### Unregulated Money Lending Market

The money lending market is assumed to be highly unregulated or at least hard to enforce laws and regulations that would restrict the rationality of credit transactions for both money lenders and borrowers. If money lenders' transactions and procedures are closely regulated, they would greatly affect consumer rationality. This assumption lays ground for the money lending market to assign a peculiar credit processing assumption as borrowers are left to the mercy of lenders. This means the market is free of conditioned rates and terms which are normally a characteristic of mainstream credit.

### Existence of Cheaper Credit Alternatives from Both Mainstream Credit and Informal Sources

From its inception, informal credit finance including money lending has always been looked at as an alternative to mainstream credit and other types of credit that offer cheaper and/or better credit terms. All propositions and hypotheses can thus hold if the borrower is opting for the money lender as an alternative. For a borrower who does not have other credit alternatives, rationality ceases to hold as they do not have a choice but to utilize the only credit source available. Furthermore, the price of credit seems the most crucial debate that propels the debate and inquisition into the money lenders' market. High interest is typical of this market and in times quadrupling alternative sources. If the price comparison in the interest rate for other credit sources is lower (thus cheaper), the propositions that credit rationality proposes fall. The assumption is more realistic than not as evidence shows that most money lenders are charging the above average rates and financial regulators have hardly been able to control this phenomenon.

### Equilibrium Position and Nature of the Market

These assumptions point to a free (moneylending) market whose equilibrium is determined by demand and supply forces. This is the perfect assumption to interrogate the rationality of market participants. Without this equilibrium, the rationality of decisions made here would not be those independent information processing. This would mean that rationality is not free and the decision makers are no longer independent in information processing and will.

## Demand Assumptions

### No Constraints to Qualification and Access to Credit Alternatives

The existence of alternatives is not enough for a choice to be made if the consumer (borrower) cannot either access or qualify for financial product alternatives. There are money lenders clients who not only have access but also fail to qualify for alternative credit sources. For these borrowers, credit rationality propositions do not hold for them. Alternatives that cannot be exploited are as good as nothing. This assumption seems most realistic because the money lending market is a phenomenon more visible in the urban environments where access to alternative credit is more available and urban dwellers tend to qualify for credit than their rural counterparts.

## Discussion

### Financial Literacy and Financial Decision Rationality

The expansion and dynamism of today's financial markets are providing a wide range of complicated financial products and services to choose from, hence complicating the individuals' choice (West 2012). Financial literacy is thus assumed to be a plan to improve financial consumer choices and behavior in terms of the products and services offered. It has been established in behavioral finance literature that effective financial decision-making is related to both financial competencies and levels of financial anxiety (Shapiro and Burchell 2012). Many empirical studies have ascribed the deficiency in fundamental knowledge on the low preference and demand for formal banking services compared to informal sources (Giné and Yang 2009). Contrary to informal financial products customers, informal credit presents more complexity without a proportionate growth in financial literacy levels to very vulnerable classes of people who borrow from informal sources as pointed out by Lyons (2005). Particularly financial literacy is needed for consumers who are exposed to very unscrupulous financial marketers in both formal and informal financial market (Braunstein and Welch 2002).

As earlier noted, financial literacy pointed to the ability to make decisions regarding the management of money and other assets. It is thus not surprising that Beal and Delpachitra (2003) attributed the overuse of credit cards and failure to repay to financial illiteracy. He also attributed reckless consumption, making unwise high-risk investments inconsistent with required capital stability, undertaking overly optimistic loan

obligations, and foolish commitment to get-rich-quick schemes to poor financial literacy. The multiplicity of consequences reported on financial illiteracy include consumer debt, insufficient plans for retirement and reduced saving, increased reasons to divorce and mental sickness, emotional strain and misery, and dignity and inadequate diversification (Stango and Zinman 2007; Hilgert et al. 2003; Lusardi and Mitchell 2006, 2007).

Fogarty and MacCarthy (2006) noted that the consequences of such all these behaviors are potentially devastating from both a societal and a personal level. Empirical evidence suggests more financially illiterate households are more prone to decisions that point to portfolio under-diversification, indecision and inertia in their portfolio management, and over-indebtedness through informal sources of borrowing (Guiso and Jappelli 2008; Kimball and Shumway 2010; Klapper et al. 2013; Lusardi and Tufano 2009). Norvilitis et al. (2006) and Lawson and Todd (2002) concluded that financial literacy helps one make better decisions regarding spending, borrowing, and saving. Van Rooji et al. (2007) find that individuals who are not financially knowledgeable do not make sound investment decisions on the stock market and are more likely to use high-cost means of borrowing (Lusardi and Tufano 2009). It has been pointed out that financial illiteracy was one of the leading causes of the financial crisis of 2007. It is important for credit decision makers to integrate financial knowledge and skills with real life processes leading to better financial interests. In short, financial literacy is important for better decision-making, to make better investments. *Financial literacy may also trigger cognitive biases of money lenders' clients.*

## Cognitive Ability and Financial Decision-Making Rationality

Several studies and literature in this review show that the level of cognitive abilities affects the broad financial decision-making. A few literature sets contain specific information on credit portfolios. Cognitive ability sometimes referred to as "general intelligence" is a very well-known predictor of many social outcomes like educational and occupational issues. Cognitive ability refers to things that people are capable of doing denoting people's processing and representation of information for decision-making (Urzúa et al. 2006). Studies have already demonstrated two stylized facts about the relationship between cognitive ability and economic behavior (see Frederick 2005; Benjamin et al. 2006; Bonin 2007). First, individuals with high cognitive abilities seem to be less risk averse when gambling in the positive domain. Second, they seem to be more patient. Studies reviewed showed that individuals with low CRT scores are significantly more likely to be subject to the conjunction fallacy and to conservatism with respect to probability updating. Test scores have no influence on the amount of anchoring, although there is evidence of anchoring among all subjects. It is also conspicuously surprising that many economic models show that cognitive ability is typically independent of both risk aversion and impatience.

In a highly acclaimed paper by Gerardi et al. (2010), they found a strong association between numerical ability and mortgage default during the recent financial crisis. In risk preferences domain, there is no widely shared presumption about the influences of cognitive ability and almost no sufficient evidence research on the topic. Studies in this review use the direct measure of cognitive abilities as an independent variable. The dependent variables are correlates of cognitive abilities identified in the cognitive psychology literature. They extend the model of Cagney and Lauderdale with an over 70 age dummy variable because cognitive abilities dramatically decrease after the age of 70 (Baltes and Lindenberger 1997). Consistent with Holtzman et al. (2004), their cognitive models focus on social network proxies. Since the level and type of social activities change with retirement, their cognitive ability model also includes a retirement dummy variable. This is in line with other studies which find evidence that in particular individuals with lower cognitive abilities are less likely to participate in the stock market. In particular, Grinblatt et al. (2010) found evidence that even among the most affluent individuals, higher IQ increases stock market participation. This implies that individuals with high

cognitive abilities face lower cost of acquiring information and thus higher participation as well as return in the stock market. In addition to this, Calvet et al. (2007) concluded that individuals with low cognitive abilities might be aware of their weakness and stay out of risky financial decision options to avoid investment mistakes.

Cole and Shastry (2009) and Small et al. (2001) propose several alternative mechanisms through which cognitive abilities could be related to financial market participation. The central finding is that individuals with lower cognitive abilities are more likely to suffer from biases and make irrational or minimum benefit decisions. Kimball and Shumway (2010) suggest that the most plausible reason is that more cognitive ability decision makers are better informed and therefore are better at managing their portfolios. They are also less likely to apply naive diversification heuristics, like the 1/n rule. Moreover, they invest fewer amounts of their assets in stocks of the company they work for, and they are less frequently suffering from a home bias. Guiso and Jappelli (2008) also find that a lack of diversification is related to low levels of cognitive abilities. They argue that individuals with low cognitive abilities are likely to undervalue the benefits from diversification – or even ignore them altogether. They are further said to have difficulties in assessing the correlation between their assets' returns. Similarly, Grinblatt et al. (2010) found that individuals with higher IQ invest in a larger number of different stocks and are more likely to hold mutual funds in their portfolio. Grinblatt and Keloharju (2009) observed that high IQ investors on average earn 11 % higher returns than low IQ investors. This concludes that *cognitive ability not only influences the credit decision rationality of money lenders' clients but also cognitive biases of money lenders' clients.*

### Credit Attitude and Credit Decision-Making Rationality

Eagly and Chaiken (1993) noted the important role that attitudes play in elucidating or analyzing credit behaviors of chronic debtors and those who are not. Credit attitudes defining decisions on retail credit have remained inconclusive and unclear particularly on the consistency between attitudes and behaviors. It emanates from the difficulty in understanding which of the two precedes the other. It however came to notice that particular creditors provide clarity, for instance, when it is friends or relatives, there are higher increments in the propensity of credit use and thus inducing a more positive attitude (Kaynak and Harcar 2001). For logical reasoning, the former may influence the latter, and beliefs tend to vindicate the debtor's relationship with the creditor (Lea et al. 1991; Ajzen 1996).

Xiao et al. (1995) had done a more critical study examining the role of different components within attitudes by studying who studied students' attitudes to credit specifically credit cards. Without regard to revolving credit and/or card usage, all examinees turned out to have a positive credit attitude but significant variances appeared between their affective, cognitive, and behavioral dimensions. This came with a noticeable positive relationship between the strength of cognitive and behavioral and the use of revolving credit. The same result emerged in Hayhoe et al. (1999), confirming both the existence of a positive relationship between the affective component and the use of credit cards and the significance of the cognitive dimension in prompting credit behaviors.

Earlier on, in a study by Livingstone and Lunt (1992), a significant positive relationship between a financial decision makers's positive or negative credit attitude and their indebtedness. Lea et al. (1993) had earlier on reported the same through a comparative study of households which gone into debt with a water-utility firms. Two years later, Zhu and Meeks (1994) were unable to replicate the same but the explanation was that results were from an educated sample. A year later, Davies and Lea (1995) analyzed attitudes of college students who used student loans and found a positive relationship between positive attitudes and indebtedness, in divergence with the former findings of Lea et al. (1993). In this review, studies devoted to debtor's individualities generally concentrate on personal factors to attribute meaning to being in debt and on the relationships between life events and the indebtedness risk. Particularly the

individual factors looked at included incentives, personality, abilities, preferences, purposes of credit, and perceptions relating to the general credit economy or environment and debtor's financial situation. My hypothesis focusing on consumer credit will look at how favorable attitudes may affect rationality and judgment of credit with recourse to money lenders and the association with a higher or lower tendency to turn to money lenders despite their undeniable ostracization and expense.

According to Lea and Xiao et al.'s conceptualization and reviews by Pattarin and Cosma (2012), the cognitive dimension consists of the debtor's information set, knowledge, opinions, beliefs, and perceptions regarding credit, which have seasoned during their life experiences with the credit environment. The cognitive dimension helps to establish the frame of reference within which credit behavior resides. The affective element consists of sentiments and/or emotions stimulated by credit. The affective element defines the meaning ascribed to credit and the configuration of likings, which can be slanted by outside factors in the cognitive element. The behavioral element pertains all credit behaviors and proactive intents that may not yet converted into actual behaviors. The conditioning that leads to credit attitudes includes exchanges between universal contextual aspects like behavioral patterns and culture, social grouping, money ethics, materialism, and esthetic values and subjective issues that bear on behavioral prototypes through opinions and processes of imitation or distinction.

All these components alter individual credit opinions, improving the comparative assessment of the debtor's situations in which materialistic aspects of economic classes are at play and thus positive attitudes are observed with respect to credit (Watson 2003). Explaining debt situations between individuals tends to compare social groups with comparable monetary conditions indicating consistency in debtor's perception of belonging and their specific credit condition. A particular uniformity in social level has also been pointed out by Lea et al. (1993) as individuals with debts are more likely than those without to confirm that the majority of their relatives and friends are also in debt and they consider it as normal. This study recognizes this analysis as part of the examinations to add on literature. The recourse to money lenders satisfies the needs for social-economic identification and consumption, predicting that being in debt involves a psychological dimension and increase in financial stress levels (Brown et al. 2005). From this review, we can conclude that *credit attitudes impact credit decision rationality of money lenders' clients and cognitive biases of money lenders' clients.*

### The Mediating Role of Cognitive Biases

Nigam et al. (2018) have explicitly noted that cognitive biases are crucial investigation mediators and/or moderators for financial judgment. Earlier on, Shefrin (2015) presented the results of correlational studies between decision maker's judgment of risk and actual returns and concluded with a similar position that financial decision makers' judgments of losses from risk and profits (return), mediated by heuristics on market and price experiences. Studies indicated other psychological and behavioral aspects affecting financial decisions judgment and choice emanating from these rules of thumb (Victoravich 2010), social influence (Andersson et al. 2014), overconfidence and over optimism in analysis (Jones and Johnstone 2012; Peterson et al. 2015), decision goal (Young 2009), subjective confidence (Du et al. 2011), and evaluation disclosure reliability (McEwen et al. 2008). It is thus not surprising that a number of studies report that forecast biases as having effect on rational appraisal of market intelligence (Nursimulu and Bossaerts 2014).

The early 1970s produced one of the most influential research programs by Daniel Kahneman and Amos Tversky; the heuristics and biases programs in this expanded the knowledge on human reasoning and rationality. Barberis et al. (1998) is among the first seminal papers that incorporated belief biases into an economic model. The central premise was that decision makers' limited cognitive and reasoning ability necessitates a reliance on heuristics like availability, representativeness, and the anchoring-and-adjustment heuristics. Although most heuristics

are "highly economical and usually effective, they lead to systematic and predictable errors" referred to as biases, fallacies, and or cognitive illusions (Gilovich et al. 2002). Biases have been seen to be key mental tools to overcome the complexity, probability, and uncertainty in which decision makers find themselves; however, utilization of biases can also exact considerable costs in terms of cognitive illusions, which may be difficult to "debias."

In contrast to the classical rationality by many economists, heuristics and biases can change the decision-making style of people's reasoning and render it systematically error-prone. This is in line with bounded rationality. For instance, many economic decisions such as credit appraisal involve the process of updating probabilities, which, according to the rationality assumption, people do in a Bayesian way. Credit decision makers are not immune to these cognitive biases which manifest in terms of information processing biases, belief biases, and attribution biases.

A brief outline of important biases studied in the last decade includes but not limited to heuristics, information processing biases, belief biases, attribution biases, selective attention biases, memory and judgment errors, sentiments, and subjective cognition problems.

***Information processing biases*** include errors in decision maker's thoughts when processing information. Money lenders' clients need to gather and consider information to make behavioral choices consistent with their goals and beliefs, although too much information might be irrelevant to making credit decisions. Ignoring critical information is usually detrimental and may lead to less rational decision-making. Woodward et al. (2008) noted that prior experiences and inflexibilities from momentary emotional and psychological distractions can make decisions less rational. The difficulty is identifying the right information and sieving irrelevant information. Such biases and attributions may influence the ability to make wise decisions because of a flawed information analysis process.

***Jumping to Conclusions (JTC)*** bias as a tendency to gather less or minimum information than what is needed to reach a reasonable decision. This bias is common and associated with overconfident probabilistic judgments (Freeman et al. 2004). A study by McKay et al. (2006) found that delusion-proneness was associated independently with the need for closure and jumping-to-conclusions bias. The bias is thus a measure of overconfidence bias as the neglecting and ignoring of relevant information is the cause of jumping to conclusions. Jumping-to-conclusions bias studies have been done on many experimental reasoning tasks, intolerance of ambiguity, and indecision concerning real-life dilemmas. Overconfidence about revenue forecasts can make borrowers accept outrageous interest rates and unreasonable conditionalities. They have indicated that decision makers overreact to positive information but underreact to negative information, thus appearing systematically overoptimistic and thus jump to conclusions.

### Belief Perseverance Biases

Probabilistic beliefs are central to decision-making under risk. Systematic errors in this reasoning can mean a lot to many financial decisions that involve risk, including investing for retirement, purchasing insurance, starting a business, and searching for goods, jobs, or workers (Benjamin 2019). Recently, Nigam et al. (2018) noted that belief biases and prejudices affect manifestation and realization of investor viewpoints. Some of the belief biases include belief inflexibility biases, affective self-affinity bias, projection bias, belief about deception bias, ego-centric bias, and self-deception bias.

***Belief inflexibility or belief perseverance*** is a psychological phenomenon in which decision makers adhere to certain beliefs after receiving convincing evidence and proof that casts doubt on that belief. Due to this, decision makers hold on to a previous decision because they are apt to keep on believing it, even when faced with contradictory symptoms. Consequently, they are inclined to accept conclusions that are consistent with their belief systems without challenge and to reject those that are not, despite the underlying logic and plausibility. Belief perseverance biases come from attempting to avoid conflicts between beliefs and reality. On experiencing such conflict,

a mental discomfort arises to find a resolution in the easiest manner possible. The psychological stress experienced by someone holding two or more contradictory beliefs at the same time called cognitive dissonance. That is, some financial decision makers tend to ignore or minimize any information that conflicts with a particular belief.

### Attention for Threat Bias

Attentional for threat bias is defined as exaggerated attention toward threatening information and stimuli (Bar-Haim et al. 2005). Leleu et al. (2014) noted that decisions made by individuals suffer from safety and threat-related disorders which can have a profound impact on their ability to make rational decisions. It should be noted that little is known about how threat attention influences specific decision variables in finance decisions. The extant literature has been examining its clinical dynamics in psychosis rather than its role in decision-making. We will attempt to explore this by examining the overlap in its mediation of decision-making and the potential impact of the documented psychological and cognitive deficits. Attentional biases in general involve the tendency to pay attention to some things while selectively ignoring others. This impacts not only the things that we perceive in the environment but the decisions that we make based upon our threat and safety perceptions. Studies have shown that threat targets suppress thoughts of negative stereotypes and experience a depletion of self-control resources, that is, ego depletion (Inzlicht et al. 2006). This ego depletion could affect decision-making. Behavioral evidence for the association between anxiety and increased attention toward threat has been garnered from a range of behavioral tasks. Potentially, focusing attentional resources toward threatening stimuli, rather than benign stimuli or signals of safety, contributes to the development of anxious behavior.

### External Attributions Bias (EAB)

Preliminary investigations have shown that many moneylenders' clients tend to blame all their credit woes and problems on the money lenders. They perceive money lenders as a threat to their financial wellbeing despite some of them acknowledging that they always go back to them even after getting problems with them. The bias to perceive other people as hostile and their self as a target of hostility is present in people with persecutory delusions (Combs 2009). The self-serving attribution bias (SAB) is a synonymatic bias to external attribution bias; it refers to individuals taking responsibility for successful outcomes but blaming circumstances or other persons for unsuccessful outcomes (Gervais and Odean 2001; Billett and Qian 2008; Libby and Rennekamp 2012). Self-serving attribution bias is the reciprocal bias that involves overestimating the extent to which internal characteristics (skill and effort) versus external characteristics (luck and task difficulty) are contributing factors to better performance.

While there is universal evidence that individuals exhibit EAB and SAB in lab experiments or surveys, relatively little direct evidence based on archival data exists on whether financial decision makers and in particular borrowers have EAB or SAB and whether borrowers' SAB has decision consequences. The goal of this study will be to examine whether corporate managers exhibit SAB or EAB. Given the importance of the external attribution bias in the behavioral economics literature, it is crucial to empirically test for its existence in finance decisions.

### Subjective Cognition and Judgment Problems and Errors

Decision makers' and cognition problem biases are particular to comprehension and fusion of information. These biases in the analysis of information are anomalies that constrain optimal decision-making. Cognition drives judgment, given that cognition and emotion jointly drive all financial decisions (also known as the affect heuristic). Cognition and judgment complement each other in understanding financial activity and market psychology. Although the effects of cognitive and emotional biases are similar, finding a solution to emotional biases often requires great care because these biases are tied deeply to personal sentiments. Subjective cognitive errors and problems are generally being corrected more easily than emotional biases because they are ingrained

in the decision makers' emotional psyche. Thus, if credit is put into the context, borrowers are seen to primarily manifest emotional biases due to desperation and thus can only attempt to moderate their effects rather than try to remove them completely (Taffler and Tuckett 2010).

### Others Biases in Financial Decision-Making Rationality

Apart from the cognitive biases and heuristics reviewed in this section, there are specific biases which have been contextualized to particular various decision-making and rationality. These include fear of unknown, optical bias, home-bias, regret aversion, equity-mortgage bias, myopic loss aversion, certainty effect, uncertainty avoidance, hedonic editing hypothesis, and Pygmalion; these were a part of the central findings in the works of Benjamin et al. (2006). Kimball and Shumway (2010) found that individuals with lower cognitive abilities and lower financial knowledge are more likely to suffer from biases and thus make decision mistakes. They suggested that the most plausible reason is that more financially literate investors are better informed.

### The Biases Research Direction

Studies suggested that biases lower decision quality; literature recommends minimizing their biases. Managers should pay more careful attention to the reliability and predictive validity of information. They can compare the information they gather to more make more analyses. Recalling past events increases one's belief that they will reoccur (availability heuristic), forcing the borrower to recognize that certain situations are difficult to predict and beyond one's control. Despite the suggestions above, it will still be extremely difficult for borrowers to minimize biases in their decision processes. In fact, money lenders' clients are often unaware that they exhibit biases as had earlier by Hogarth in the 1980s. The early 1990s recommended modifying group decision-making processes as the key to coping with individual-level biases (Russo and Shoemaker 1992).

Some, however, argue that biases should not be minimized because biases generate the action and the commitment necessary to starting a venture (Busenitz and Barney 1997). Even if money lenders' clients limit their biases, they still need to take steps to minimize any negative ramifications stemming from those biases. For example, they might avoid damage caused by initial misperceptions (Busenitz and Barney 1997) if they institute processes to increase learning, thereby allowing the venture to adjust to unfolding realities. Similarly, even if lowering risk perception through biases is a prerequisite to borrowing decisions, the borrower still needs to make sure that adequate safety nets are in place. Because decision-makers exhibiting overconfidence treat their assumptions as facts, they may not see the uncertainty associated with conclusions stemming from those assumptions. They, therefore, may erroneously conclude that a certain action is not risky or otherwise. This is consistent with the arguments of several reviews on general intelligence in learning. We therefore conclude that *cognitive biases mediate the relationship between (a) financial literacy and credit decision rationality of money lenders' clients, (b) cognitive biases and credit decision rationality of money lenders' clients, and (c) credit attitudes and the rationality of informal credit decision rationality of money lenders clients.*

## Conclusion

A number of constructs exist in identifying individual differences in general decision-making but Scott and Bruce's (1995) General Decision-Making Style concept and inventory has been proven to be most validated, encompassing, and widely used approach. This inventory measures rationality and intuitiveness as well as three other complementary styles: dependence, avoidance, and spontaneity. Conceptually, these dimensions are independent but not mutually exclusive. Cognitive scientists believe that "rational" or "intuitive" decision-making styles lead to better life decision outcomes, and on the other hand "avoidant" and "spontaneous" lead to regrettable and negative decision outcomes. The dependent decision-making style has not proven to be related

to decision outcomes. This reveals that financial literacy, cognitive abilities, and credit attitudes mediated by cognitive biases predict credit decision rationality. More empirical research is needed to interrogate these relationships in a money lending market.

## Cross-References

▶ Ethics and Philosophy
▶ Psychology of Leadership

## References

Ackoff RL (1974) The systems revolution. Long Range Plan 7(6):2–20

Ajzen I (1996) The social psychology of decision making. Soc Psychol Handbook Basic Princ 297–325

Andersson M, Hedesström M, Gärling T (2014) A social-psychological perspective on herding in stock markets. J Behav Financ 15(3):226–234

Baltes PB, Lindenberger U (1997) Emergence of a powerful connection between sensory and cognitive functions across the adult life span: a new window to the study of cognitive aging? Psychol Aging 12(1):12

Barberis N, Shleifer A, Vishny R (1998) A model of investor sentiment. J Financ Econ 49(3):307–343

Bar-Haim Y, Lamy D, Glickman S (2005) Attentional bias in anxiety: a behavioral and ERP study. Brain Cogn 59(1):11–22

Beal D, Delpachitra S (2003) Financial literacy among Australian university students. Econ Paper J Appl Econ Policy 22(1):65–78

Benjamin DJ (2019) Errors in probabilistic reasoning and judgment biases. In: Handbook of behavioral economics: applications and foundations 1, vol 2. North-Holland, pp 69–186

Benjamin DJ, Brown SA, Shapiro JM (2006) Who is "Behavioral"? Cognitive Ability and Anomalous Preferences, Levine's working paper archive

Bertrand M, Chugh D, Mullainathan S (2005) New approaches to discrimination – implicit discrimination. Am Econ Rev 95(2). Papers and Proceedings of the One Hundred Seventeenth Annual Meeting of the American Economic Association, Philadelphia, PA, pp 94–98

Billet M, Qian Y (2008) Are overconfident CEOs born or made? Evidence of self-attribution bias from frequent acquirers. Manag Sci 54(6). https://doi.org/10.1287/mnsc.1070.0830

Bhutta N, Skiba PM, Tobacman J (2015) Payday loan choices and consequences. J Money Credit Bank 47: 223–260

Block-Lieb S, Janger EJ (2005) The myth of the rational borrower: rationality, behavioralism, and the misguided reform of bankruptcy law. Tex L Rev 84:1481

Bonin B (2007) A-type granites and related rocks: Evolution of a concept, problems and prospects. Lithos 97(1–2):1–29

Braunstein S, Welch C (2002) Financial literacy: An overview of practice, research, and policy. Fed Res Bull 88:445

Brown ME, Treviño Linda K, Harrison David A (2005) Ethical leadership: A social learning perspective for construct development and testing. Organ Behav Hum Decis Process 97(2):117–134. https://doi.org/10.1016/j.obhdp.2005.03.002

Busenitz LW, Barney JB (1997) Differences between entrepreneurs and managers in large organizations: biases and heuristics in strategic decision-making. J Bus Ventur 12(1):9–30

Calvet LE, Campbell JY, Sodini P (2007) Down or out: assessing the welfare costs of household investment mistakes. J Polit Econ 115(5):707–747

Cole SA, Shastry GK (2009) Smart money: the effect of education, cognitive ability, and financial literacy on financial market participation. Harvard Business School, Boston, pp 09–071

Combs A (2009) Consciousness explained better: towards an integral understanding of the multifaceted nature of consciousness

Davies E, Lea SEG (1995) Student attitudes to student debt. J Econ Psychol 16(4):663–679. https://doi.org/10.1016/0167-4870(96)80014-6

Du N, Stevens KT, McEnroe JE (2011) Improving consistency in interpreting SFAS 5 probability phrases. Res Account Regul 23(1):67–70

Eagly AH, Chaiken S (1993) The psychology of attitudes. HBJ College Publishers, Orlando

Epstein S (1994) Integration of the cognitive and the psychodynamic unconscious. Am Psychol 49(8):709

Fogarty GJ, MacCarthy K (2006) Financial literacy: a psychologist's perspective on an emerging societal problem in Australia. In: Proceedings of the 2006 joint conference of the Australian Psychological Society and the New Zealand psychological society. Australian Psychological Society, pp 115–119

Frank RH (1992) Melding sociology and economics: James Coleman's foundations of social theory. J Econ Lit 30(1):147–170

Frederick S (2005) Cognitive reflection and decision making. J Econ Perspect 19(4):25–42

Freeman RE, Wicks AC, Parmar B (2004) Stakeholder theory and "the corporate objective revisited". Organ Sci 15(3):364–369

Gerardi KS, Goette LF, Meier S (2010) Financial literacy and subprime mortgage delinquency: Evidence from a survey matched to administrative data. SSRN Electron J. https://doi.org/10.2139/ssrn.1600905

Gervais S, Odean T (2001) Learning to be overconfident. Rev Financ Stud 14(1):1–27

Gilovich T, Griffin D, Kahneman D (eds) (2002) Heuristics and biases: the psychology of intuitive judgment. Cambridge University Press

Giné X, Yang D (2009) Insurance, credit, and technology adoption: field experimental evidencefrom Malawi. J Dev Econ 89(1):1–11

Grinblatt M, Keloharju M (2009) Sensation seeking, overconfidence, and trading activity. J Financ 64(2):549–578

Grinblatt M, Linnainmaa, Juhani T (2010) Jensen's Inequality, Parameter Uncertainty, and Multi-Period Investment (October 30, 2010). Chicago Booth Research Paper No. 10–22, CRSP Working Paper, Available at SSRN: https://ssrn.com/abstract=1629189 or https://doi.org/10.2139/ssrn.1629189

Guiso L, Jappelli T (2008) Financial literacy and portfolio diversification. EUI Working Papers, ECO 2008/31. ISSN 1725-6704

Hayhoe CR, Leach L, Turner PR (1999) Discriminating the number of credit cards held by college students using credit and money attitudes. J Econ Psychol 20(6): 113–133

Helmore K, Chidiac S, Hendricks L (2009) Microfinance in Africa–State of the sector report: bringing financial services to Africa's poor. World Population Highlights

Herrnstein RJ, Prelec D (1991) Melioration: A theory of distributed choice. J Econ Perspect 5(3):137–156. https://doi.org/10.1257/jep.5.3.137

Hilgert MA, Hogarth JM, Beverly SG (2003) Household financial management: The connection between knowledge and behavior. Fed Res Bull 89:309

Hoch SJ, Loewenstein GF (1991) Time-inconsistent preferences and consumer self-control. J Consum Res 17 (4):492. https://doi.org/10.1086/208573

Holden C (2010) Behavioral addictions debut in proposed DSM-V. Science 327(5968):935–935. https://doi.org/10.1126/science.327.5968.935

Holtzman RE, Rebok GW, Saczynski JS, Kouzis AC, Wilcox Doyle K, Eaton WW (2004) Social network characteristics and cognition in middle-aged and older adults. J Gerontol Ser B Psychol Sci Soc Sci 59(6): 278–284

Inzlicht M, McKay L, Aronson J (2006) Stigma as ego depletion: how being the target of prejudice affects self-control. Psychol Sci 17(3):262–269

Irungu S, Nafula E (2017) New regulations on money lending. Africa Legal Network. www.africalegalnetwork.com/uganda/news/legal-alert-new-regulations-money-lending/. Accessed 3 Aug 2019

Jones S, Johnstone D (2012) Analyst recommendations, earnings forecasts and corporate bankruptcy: Recent evidence. J Behav Financ 13(4):281–298

Kahneman D (2003) Maps of bounded rationality: psychology for behavioral economics. Am Econ Rev 93(5):1449–1475

Kahneman D, Slovic P, Tversky A (eds) (1982) Judgment under uncertainty: heuristics and biases. Cambridge University Press

Kaynak E, Harcar T (2001) Consumers' attitudes and intentions towards credit card usage in an advanced developing country. J Financ Serv Mark 6(1):24–39

Kimball MS, Shumway T (2010) Investor sophistication and the home bias, diversification, and employer stock puzzles [Working Paper]. SSRN. https://doi.org/10.2139/ssrn.1572866

Klapper L, Lusardi A, Panos GA (2013) Financial literacy and its consequences: Evidence from Russia during the financial crisis. J Bank Financ 37(10): 3904–3923

Larrick RP (1993) Motivational factors in decision theories: the role of self-protection. Psychol Bull 113(3):440

Lawson R, Todd S (2002) Consumer lifestyles: A social stratification perspective. Market Theo 2(3):295–307. https://doi.org/10.1177/1470593102002003278

Lea SE, Webley P, Young BM (1991) New directions in economic psychology. Edward Elgar Publishing, Cheltenham

Lea EG, Webley P, Levine RM (1993) The economic psychology of consumer debt. J Econ Psychol 14(1): 85–119

Lea S, Webley P, Walker PM (1995) Psychological factors in consumer debt: money management, economic socialization and credit use. J Econ Psychol 16(4): 681–701

Leleu V, Douilliez C, Rusinek S (2014) Difficulty in disengaging attention from threatening facial expressions in anxiety: a new approach in terms of benefits. J Behav Ther Exp Psychiatry 45(1):203–207

Libby R, Rennekamp K (2012) Self-serving attribution Bias, overconfidence, and the issuance of voluntary disclosures. J Account Res 50:197–231

Lieberman MD (2003) Reflexive and reflective judgment processes: A social cognitive neuroscience approach. In Forgas JP, Williams KD, von Hippel W (eds) Social judgments: Implicit and explicit processes. Cambridge University Press, pp 44–67

Livingstone S, Lunt PK (1992) Predicting personal debt and debt repayment: psychological, social and economic determinants. J Econ Psychol 13(1):111–134

Lowenstein LF (1998) Frames of mind in intertemporal choice. Manag Sci 34(2):200–214

Lusardi A, Mitchell O (2006) Financial Literacy and Financial Education: Review and Policy Implications. Networks Financial Institute at Indiana State University. Policy Brief. 2006-PB-11 May 2006. NFI working papers and other publications are available on NFI's. www.networksfinancialinstitute.org

Lusardi A, Mitchell OS (2007) Baby boomer retirement security: The roles of planning, financial literacy, and housing wealth. J Monet Econ 54(1):205–224

Lusardi A, Tufano P (2009) Debt literacy, financial experiences, and over indebtedness. CFS working paper, no. 2009/08. http://nbn-resolving.de/urn:nbn:de:hebis:30-63796

Lyons K (2005) Editorial. Int Soc Work 48(6):699–701. Sage Publications, London, Thousand Oaks, CA and

C

New Delhi. https://doi.org/10.1177/0020872805058173
McEwen BS (2008) Understanding the potency of stressful early life experiences on brain and body function. Metabolism 57:S11–S15
McKay R, Langdon R, Coltheart M (2006) Need for closure, jumping to conclusions, and decisiveness in delusion-prone individuals. J Nerv Ment Dis 194(6): 422–426
Melzer BT (2011) The real costs of credit access: evidence from the payday lending market. Q J Econ 126: 517–555
Nigam RM, Srivastava S, Banwet DK (2018) Behavioral mediators of financial decision making–a state-of-art literature review. Rev Behav Finance 10(1):2–41
Nisbett RE, Wilson TD (1977) The halo effect: evidence for unconscious alteration of judgments. J Pers Soc Psychol 35(4):250
Norvilitis JM, Merwin MM, Osberg TM, Roehling PV, Young P, Kamas MM (2006) Personality factors, money attitudes, financial knowledge, and credit-card debt in college students. J Appl Soc Psychol 36 (6):1395–1413
Nursimulu AD, Bossaerts P (2014) Risk and reward preferences under time pressure. Rev Finance 18(3): 999–1022
Pattarin F, Cosma S (2012) Psychological determinants of consumer credit: the role of attitudes. Rev Behav Finance 4(2):113–129
Peterson D, Hyer EJ, Campbell JR, Fromm MD, Hair JW, Butler CF, Fenn MA (2015) The 2013 Rim Fire: Implications for predicting extreme fire spread, pyroconvection, and smoke emissions. Bull Amer Meteor 96:229–247. https://doi.org/10.1175/BAMS-D-14-00060.1
Prelec D, Loewenstein G (1991) Decision making over time and under uncertainty: A common approach. Manag Sci 37(7):770–786. https://doi.org/10.1287/mnsc.37.7.770
Prelec D, Loewenstein G (1997) Beyond time discounting. Market Lett 8(1):97–108
Russo JE, Shoemaker PJH (1992) Managing overconfidence. Sloan Manag Rev 33(2):7–17
Samuelson PA (1974) Complementarity: an essay on the 40th anniversary of the Hicks-Allen revolution in demand theory. J Econ Lit 12(4):1255–1289
Scott SG, Bruce RA (1995) Decision-making style: the development and assessment of a new measure. Educ Psychol Meas 55(5):818–831
Shapiro GK, Burchell BJ (2012) Measuring financial anxiety. J Neurosci Psychol Econ 5(2):92
Shefrin H (2015) Investors' judgments, asset pricing factors and sentiment. Eur Financ Manag 21(2):205–227
Shiller RJ (2000) Irrational exuberance. Princeton University Press, Princeton
Simon HA (1955) A behavioral model of rational choice. Q J Econ 69(1):99–118
Skinner E, Furrer C, Marchand G, Kindermann T (2008) Engagement and disaffection in the classroom: Part of a larger motivational dynamic? J Educ Psychol 100(4): 765–781. https://doi.org/10.1037/a0012840
Small DM, Zatorre RJ, Dagher A, Evans AC, Jones-Gotman M (2001) Changes in brain activity related to eating chocolate: From pleasure to aversion. Brain 124 (9):1720–1733
Stango V, Zinman J (2007) Fuzzy math and red ink: When the opportunity cost of consumption is not what it seems. Working Paper, Dartmouth College
Taffler RJ, Tuckett DA (2010) Emotional finance: the role of the unconscious in financial decisions. In: Behavioral finance: investors, corporations, and markets. Wiley, Hoboken, pp 95–112
Thaler R (1985) Mental accounting and consumer choice. Mark Sci 4(3):199–214
Thaler RH (1990) Anomalies: Saving, fungibility, and mental accounts. J Econ Perspect 4(1):193–205. https://doi.org/10.1257/jep.4.1.193
Tversky A, Kahneman D (1973) Availability: A heuristic for Judging frequency and probability. Cogn Psychol 5:207–32
Tversky A, Kahneman D (1974) Judgment under uncertainty: Heuristics and biases. Science, New Series 185 (4157):1124–1131
Tversky A, Kahneman D (1983) Extensional versus intuitive reasoning: The conjunction fallacy in probability judgment. Psychol Rev 90:293–315
Urzúa P, Sáez K, Echeverria MS (2006) Disponibilidad léxica matemática: Análisis cuantitativo y cualitativo. RLA. Revista de lingüística teórica y aplicada 44(2):59–76
Victoravich LM (2010) Overly optimistic? Investor sophistication and the role of affective reactions to financial information in investors' stock price judgments. J Behav Finance 11(1):1–10
Wason PC (1960) On the failure to eliminate hypotheses in a conceptual task. Q J Exp Psychol 12(3): 129–140
Watson JJ (2003) The relationship of materialism to spending tendencies, saving and debt. J Econ Psychol 24(6): 723–739
West J (2012) Financial literacy education and behaviour unhinged: combating bias and poor product design. Int J Consum Stud 36(5):523–530
Woodward TS, Moritz S, Menon M, Klinge R (2008) Belief inflexibility in schizophrenia. Cogn Neuropsychiatry 13(3):267–277
Xiao JJ, Noring FE, Anderson JG (1995) College students attitudes towards credit cards. J Consum Stud 19(2): 155–174
Young K (2009) Understanding online gaming addiction and treatment issues for adolescents. Am J Fam Ther 37(5):355–372. https://doi.org/10.1080/01926180902942191
Zhu LY, Meeks CB (1994) Effects of low income families' ability and willingness to use consumer credit on subsequent outstanding credit balances. J Consum Aff 28(2):403–422

# Criminal Networks

Jorge Fábrega
Center of Social Complexity Research, School of Government Universidad del Desarrollo, Santiago, Chile

## Synonyms

Organized crime

## Definition

A group of individuals who collaborate in the development of illicit activities sometimes, but not necessarily, organized as an established criminal entity. Generally, they do network, so they know each other and work with, rely on, and collaborate with each other.

## The Origin of the Concept of Criminal Network

The research about the concept of organized crime has evolved from the notion of the existence of a rigid organization (a top-down perspective) with a vertical integrated hierarchy, with a superpower and merciless boss, to another view of a flexible coordination among co-offenders who, sometimes, create stable criminal groups (bottom-up approach). In this evolution, the reference to criminal groups as networks was originally a metaphor to describe sets of dyadic relationships among criminals, but later researchers used tools and techniques from the network theoretical approach to study their governance structure. Currently, a network approach to criminal behavior is at the forefront of research on criminal activities.

Crime is an umbrella concept that identifies a diverse set of illegal activities. These include several types of behaviors such as the voluntary participation in the production and exchange of illicit goods and services (e.g., drug trafficking and product counterfeiting), grabbing other people's resources (e.g., robbery, piracy, and cybercrime), smuggling vulnerable populations (e.g., for trafficking sexual and labor exploitation), laundering money, and trafficking weapons, among others. Both the use of violence and the exploitation of others are commonly used by the organization although none of them is a requirement for their existence. For instance, cybercrimes like theft of user digital credentials (e.g., via phishing) are criminal behaviors in which co-offender coordination is largely based on digital communications (Leukfeldt 2014). On the other hand, the fact that networked crime activities lack a political or ideological purpose distinguishes them from acts of terrorism (although some terrorist groups may get involved in criminal activities, as well).

Long-standing controversies exist in the scholarly literature on the governance structure of criminal activities. The notion of organized crime is at the center of those controversies (Von Lampe 2001). And the concept of criminal network is a subset of that dispute. Although some criminal activities can be made by individuals alone, most of them involve the cooperation and coordination of two or more subjects. This immediately raises questions on criminal groups about:

- How they solve incentive-related problems
- How they control opportunistic behaviors
- How they succeed to establishing roles
- What mechanisms they use to enforce their agreements
- How and with whom they create partnerships
- How their relationships influence each other in shaping a criminal career
- How new participants are brought into the illicit exchanges
- How they move into new and more specialized forms of crime and other illegal activities.

The concept of criminal network is one of the latest bricks in the research on organized crime adding new pieces to theoretical and empirical controversies. Historically, such endeavors began in the late 1910s when the term "organized crime" was used by the Chicago Crime Commission to refer to a group of individuals who make criminal activities a business (Von Lampe 2001).

However, between the 1920s and the late 1970s, the concept evolved to refer to organized crime as a hierarchical and powerful stable criminal syndicated organization. Some structures included the Italian-American Cosa Nostra, the Japanese Yakuza, the Lithuanian and Russian Cook Group, and the Chinese Triads. That vision included characters such as Alphonse "Al" Capone who became the public image with whom organized crime was associated. In part, the vision of crime as the monopoly of highly structured armies of criminals under the ruling of a "godfather" was caused by the sensationalism and superficiality with which media covered crime-related news. For instance, cocaine cartels, like the Colombians "Cartel de Medellín" or "Cartel de Cali," did not exist until the media and government action forced independent smugglers like Pablo Escobar to behave as a "grandfather" or cartel leader (Kenney 2007). The ethnographic-based evidence of more complex arrangement became clear in the 1970s, discouraging a description of all criminal activities as coming from vertically integrated organizations. For example, through field research, Albini (1971), father of the revisionist school of organized crime research, found that the Mafia was like a socially constructed organization rather than a criminal empire commanded by one tough and ruthless leader. Then, by the middle 1970s, based on ethnographic evidence, some scholars started to disagree with the accepted concept of organized crime as a hierarchy, and they started to focus on the organization of crime as more erratic with lesser structured organization.

In the middle of that debate, the concept of network became a good metaphor to describe the flexible and informal arrangement that were observed in the interaction among criminals. Following bottom-up approaches, the 1970s and the 1980s saw an increasing number of researchers doing field research, studying emerging patterns of relationships among criminals. However, those approaches mostly used the concept of networks as a metaphor rather than an enforcing mechanism capable to explain the governance of organized crime. During the 1990s, a systematic use of social network analysis and network theory to refer to organized crime started its route to the criminology's mainstream. Although there is still a controversy on its validity and scope to explain organized crime (Von Lampe 2009), the concept of criminal network to refer to organized crime became part of the core in the research on criminal activities at least since the late 2000s (van der Hulst 2009; Mainas 2012).

By focusing in the dyadic relationships that criminal subjects build, the concept of a criminal network has proven to be functional to reflect modern forms of collaboration also observed in legal markets, including international ones. In fact, the flexibility that the concept of criminal networks have introduced to understand the organization of criminal crimes has been seen for some scholar as a paradigm change within the crime literature (Klerks 2001). Moreover, the network paradigm has been appropriate to study the role that globalization plays on crime behavior because the openness of global trade, travel, communication, and capital markets also globalized criminal activities giving additional relevance to the understanding of crime as network structures. At the description level, the concept of criminal networks has been useful, first, to understand the actual working of criminal activities like drug trade that occurs in the interconnection among small groups (e.g., wholesalers, retailers, money launderers, brokers, processing labs, farmers, etc.) that expand and dissolve quickly in reaction to the level of demand and policing controls; second, to identify key players in the web of criminal ties; and, third, to develop new policies to work with communities in which crime is prevalent.

## Strengths and Weaknesses of a Network-Based Conceptualization of Crime

The age-old controversy between nature and nurture has its own version in the study of criminal behaviors. Early biological theories dominated since the 1890s to the first quarter of the 1900s. Those views were founded on Darwinian approaches to inheritance and natural selection (Lombroso-Ferrero 1972). Later, sociologically based theories emerged, being Sutherland's

differential association theory particularly successful (Sutherland 1939). Against the common belief at the time that understood criminal behavior as innate, Sutherland showed that criminal and noncriminal behaviors are founded on socialization processes, such that the differences between criminal and noncriminal activities are explained by the social interconnection that different individuals select and are exposed to. Therefore, the probability that a person does criminal-like behavior depends on the relative acceptability of stimuli favorable to law breaking with respect to stimuli favorable to law abiding. Criminal networks play a role on the development of those alternative visions about the law. Individuals with a criminal record whose social connections are saturated with gang members have less positive opinions of laws and authorities than those with less criminal alters in their personal networks (Papachristos et al. 2012).

Initially, scholars found in the idea of a network a natural way to describe the sociological approach proposed by Sutherland. Inspired on it, an ethnographic methodology based on case studies emerged as a way to observe and keep records of dyadic interchanges between pairs of criminals. Those studies describe criminal activities as criminal networks but do not necessarily attempted to theorize on their eventual networked-based governance structures. Indeed, a network conceptualization is not the only way to develop a bottom-up approach. Pires et al. (2016) show that illegal parrot trades in Bolivia and Peru are mostly composed of freelance operators interconnected in ongoing illicit actions, but they do not share a formal structure that linked them. For Pires and coauthors, it is better to describe those illegal parrot trades as crimes that are organized rather than organized crime. In the same venue, Felson (2009) suggests that criminal behavior is feed by convergence of potential offenders in the same places. For Felson, the meetings between potential co-offenders would be the foundation for committing crimes; hence, he suggests to focus the attention on the dynamic of those places where they meet and build relationships. From this perspective, Felson suggests a four-level classification of crimes based on size and complexity of the criminal cooperation: primordial clusters of offenders, small-scale charismatic leadership, medium-scale patrimonial system, and extended patrimonial system of illegal cooperation. Although, Felson's approach has clear similarities with a network-based theory, the concept of criminal networks plays no role in his approach.

Others, prominently Carlo Morselli, have move the analyses of dyadic relationships one step forward into a research agenda on crime fully based on a network approach. Such approach claims that patterns emerge from the interconnection of co-offenders that might not be clearly observed by particular individuals, but nevertheless frame their collaboration. For instance, in a set of dyadic relationships between co-offenders, some will have more partners and will become more central in the flow of communications and resources among group members. As a consequence, the relative position of individuals in web of criminals will reflect their relative involvement within criminal activities; moreover, such informal structures may or may not be similar to eventual formal structures that the group might have. Consequently, empirical implications can be tested on individuals' involvements in criminal activities based on their relative position on criminal networks. For example, using records of drug dealing of a group named the Quebec's Hell Angels for which it was also known its formal hierarchy, Morselli (2008) finds evidence that those members with higher level of participation in criminal behavior were more central in the interaction with other members but were not necessarily of higher status in their formal structure.

One key aspect in which a network-based approach to organized crimes has produced new explanations to crime is in the understanding of the governance mechanisms within criminal groups. In a hierarchy, there is a command line of authority, while in a network that command line is absent. That raised the question on the mechanism that makes organized crime possible in the second case. The sociological literature provides theoretical foundations to fill into that inquiry. For example, the development of trust among networks of co-offenders can be understood as a form of social capital (Von Lampe 2009). That

social capital emerges in the social interaction among potential co-offenders as part of their social life. Therefore, the prospect of a joint venture in a criminal activity is embedded in that web of relationships in which individuals are already belonging. While the early studies of criminal behaviors used to accuse some cultures and kinship origin as the source of crime, with the development of the concept of trust, the sociological literature was revealing one possible inner mechanism explaining why some crimes appeared to be associated with a particular ethnic origin. For example, drug trafficking strongly rests on interpersonal networks based on family ties, friendship, and geographic and professional ties; on one hand, trust and reciprocity within those networks help to recruit new participants, to increase the cost of deviant behavior, and to facilitate knowledge sharing and learning (Kenney 2007).

Nevertheless, some warnings must be in place on giving too much credit to the concept of trust as an inner mechanism explained organized crime. For instance, the concept of trust is still vague enough to reveal the mechanism allowing cooperation between potential co-offenders because it can refer to either an irrational decision by some of them who simply trust on others or a rational expectation on other people's behaviors. On the other hand, trust may be referring to personal trust or institutional trust. In the first case, the cooperation is based on a face-to-face relationship between potential co-offenders; in the second case, the legitimacy that they give to their social context is enforcing their cooperation. In both cases, the dynamic of co-offenders' cooperation may be different depending on what the source of the mutual trust is (Von Lampe and Johansen 2004).

Finally, the fact that two individuals expect to trust each other because they become from the same root and, eventually, share some honor codes does not guarantee that opportunistic behaviors will be under control. In this point, an important concept came from the economic analysis of organizations. The transaction cost school in institutional economics makes a link between individuals' motivations and the origin of organization. Individuals must choose between to cooperate with others in the making of an activity and to trade in the open market. The decision depends on the relative costs of "make" versus "buy." In the case of criminal activities, open markets are not available by the nature of the exchange. This increases the relative benefits of cooperation and, consequently, gives a rationale for the fact that most criminal activities are made by groups rather than by solitary criminals. However, the benefits of cooperation are not suffice to guarantee that individuals will commit to their responsibilities in the production of a crime. There are counterincentives to cooperate as well when others make efforts that benefit the group, for instance, there are incentives to avoid costs and to keep a bigger share of the benefits hiding them from the co-offenders. Consequently, the success of criminal groups depends on the way that they make their relationship commitment proof. The economics of organization provides some guidelines to specify the required governance structures for that end. It is in this point where violence plays a role within criminal organizations because the credible threat of suffering a punishment discourages behaviors that are undesirable from the point of view of the criminal group. Nonetheless, violence is not the only possible credible threat. In the case of criminal networks, trustworthiness is a key factor. Hence, failures to fulfill expectations can be punished as reputation losses within the network connecting co-offenders, such that other members reduce their desire to deal with the untruthful partner. Hence, the networks provide enforcement mechanisms that reduce opportunistic behavior making the cooperation in criminal activities possible.

Although the network approach has earned its place in the study of the organization of crime, some limitations must be highlighted. Adopting a bottom-up approach can effectively show hidden organizational structures in criminal groups, but without a clear theory or criteria about when to stop connecting individuals' ties, it would be possible to oversize the relevant criminal network. On the other hand, if some important ties are missing, the revealed network can give a wrong understanding of the actual criminal one. That might happen both as a consequence of latent ties that

are not easily observed but play key roles in the network and as a consequence of the time frame of the observation. Although this is a limitation inherent to all research based on network data, it is exacerbated on the study of crime given the secrecy involving criminal behaviors (Campana 2016). Last but not least, there is also a challenge in terms of the interpretation of network data. Given that individuals have different and multiple roles within networks, their relative relevance in a network structure will be a function of the ties selected to build the network data (Rostami and Mondani 2015).

## The Methodology of Network Analysis Applied to Criminal Activities

Mathematically speaking, a criminal network is a graph, $\Gamma = \Gamma(N, L)$, composed of two types of elements. A list of potential offenders, $N = \{n_1, n_2, n_3, \ldots n_k\}$, where $n_i$ represents individuals $i$ and a list of the dyadic relationships among them, $L = \{l_{12}, l_{23}, l_{31}, ..\}$, where $l_{ij}$ represents the link between individuals $i$ and $j$ (typically, $l_{ij} = \{0, 1\}$ where 0 represents the absence of a tie between individuals $i$ and $j$ and 1 represents its existence. Graph theory is the mathematical branch of network theory that studies the structural properties of networks. And social network analysis is the methodology that has found and proposed meaningful connection between those properties revealed by graph theory and sociologically relevant concepts like power, status, and trust. Most of the social network literature on crime is focused on the understanding of the composition of those structures and the relative positions of individuals within them. Also a promising branch in the intersection between the social network and the rational choice literature has been growing recently (Calvo-Armengol and Zenou 2004).

For instance, some criminal networks are associational networks that emerged from closed personal ties made during prison times, or during the childhood, or during individuals' mutual belonging to a given community, neighborhood or social group. Those ties give life to associational criminal networks embedded in social relationships in which a form of mutual trust was already present. Consequently, trust can be understood as a resource, namely, a form of social capital, bonding offenders together and making their cooperation possible (i.e., reducing transaction costs and discouraging opportunistic behaviors). It can be expected that the more frequent and more intense the ties among groups of potential co-offenders are, the greater the trust that they can build. Consequently, the denser the graph representing their relationships (it means the higher the links connecting them), the bigger their mutual trust. Therefore, social network analysis suggests that we should expect that denser groups have higher bonding social capital. On the other hand, given that individuals use to make bonds with others like them, we should expect high levels of homophily among criminal groups (e.g., in terms of racial origin or crime profiling).

Social network analysis helps to understand individual's differences within groups too. It can be expected that network's members who personally sustain closer ties with other members will be more central and trustworthy. There are several structural measures in social network analysis to represent those differences among individuals (Schwartz and Rouselle 2009). They shed light on different aspect of bonding social capital. Three of the most frequently used measurements are degree centrality (based in the relative number of closed ties that each member has), eigencentrality (based in the relative structural relevance of the ties that each member has), and closeness centrality (based on how close or far each member has the other members in the network). In sum, bonding capital is one reason why many criminal groups are associated with kinship and are informal in nature, given that members have a long-standing learning period of common beliefs and social norms that sustain their cooperation.

Bonding social capital can help to understand some criminal activities in which, for example, trust may be assumed within clusters of individuals. However, there are also criminal activities made with the explicit purpose of gaining profit among individuals lacking a shared past. In those circumstances, offenders' mutual dependence is

based on the success or failure on producing current profits, and it is not embedded in any prior social relationships among them. Therefore, while trust can solve cooperation problem within well-established groups, it is unclear how cooperation problem will be solved within individuals belonging to different clusters. But criminally useful social ties are not limited to bonding ties. Social capital is not only based on closed personal ties; on the contrary, weak ties are also key resources through which reputation and other forms of relevant information flow in the criminal network (e.g., about potential co-offenders). Given that network's members with good and bad records of past cooperation will face different prospects of profits in the future, the access to timely and accurately information is an important resource to decide with whom to cooperate to make criminal-based profits. Hence, networks' members who are a channel of communication among separated clusters in the network will have better information and will have a different form of social capital known as bridging social capital. As in the case of bonding social capital, there are structural measures to represent bridging social capital as well, being betweenness centrality the most common of them. In each of its several versions, betweenness centrality provides a metric of individuals' relevance in the flow of information among separated parts of the social graph.

Finally, the maintenance of social ties requires the investment of time. Therefore, there is also a question on link formation and network dynamic that impact the structure of a criminal network. Denser networks might be better suited for the success of criminal cooperation where mutual trust and secrecy are crucial. However, given that the density of the network rests on the redundancy of members' ties, those networks are time-consuming. Hence, there is a trade-off between the security of the network and its efficiency. This is particularly relevant for co-offenders whose main link is founded in profit making rather than a shared long-term relationship. Consequently, the social capital can not only be a condition for criminal cooperation (either bonding or bridging social capital) but also a function of the purpose of it (Morselli et al. 2007).

The measurement of the density and homophily and the several measurements of centrality in criminal networks help to understand criminal networks' composition. Other useful measures are provided by social network analysis to identify subgroups or communities within large networks, ego networks around particular subjects, and its level of clustering, among others. On the other hand, other concepts and techniques are required to study the dynamic of link formation and destruction among potential co-offenders (Berlusconi et al. 2016), the ways in which peers influence each other in the development of habits like drug consumption (Kirke 2006), the ways in which diffusion happens in criminal networks (Korobow et al. 2007), and the reconstruction of hidden criminal networks from massive data (Ferrara et al. 2014), among others.

## Final Remarks

Criminal network is a concept within the study of the organization of criminal activities. It shed light on the governance structures of co-offenders' cooperation, and it connects several literatures from the social science, graph theory, criminology, and, recently, data science. Currently, criminal network is at the core of an interdisciplinary and quickly growing scientific venture.

## Cross-References


- ▶ Institutional Theory of Organizations
- ▶ Organizational Collaboration
- ▶ Organizational Socialization
- ▶ Systems and Complexity Theories of Organizations


## References


Albini JL (1971) The American Mafia: Genesis of a legend. Appleton Century Crofts, New York

Berlusconi G, Calderoni F, Parollini N, Verani M, Piccardi C (2016) Link prediction in criminal networks. PLoS One 11(4):e0154244. Accessed 5 May 2016

Calvo-Armengol A, Zenou Y (2004) Social networks and crime decisions. Int Econ Rev 45: 939–958
Campana P (2016) Explaining criminal networks: Strategies and potential pitfalls. Method Innov 9:1–10
Felson M (2009) The natural history of extended co-offending. Trends Organ Crim 12:159–165
Ferrara E, De Meo P, Catanese S, Fiumara G (2014) Detecting criminal organizations in mobile phone networks. arXiv:1404.1295. Accessed 5 Oct 2015
Kenney M (2007) The architecture of drug trakkicking: network forms of organisation in the Colombian cocaine trade. Glob Crim 8(3):233–259
Kirke D (2006) Teenagers and substance use. Palgrave Macmillan, New York
Klerks P (2001) The network paradigm applied to criminal organisations. Connect 24(3):53–65
Korobow A, Johnson A, Axtell R (2007) An agent-based model of tax compliance with social networks. Natl Tax J 60:589–610
Leukfeldt ER (2014) Cybercrime and social ties. Trend Organ Crime 17:231–249
Lombroso-Ferrero G (1972) Criminal man. Patterson Smith, Montclair
Mainas E (2012) The analysis of criminal and terrorist organisations as social network structures: a quasi-experimental study. Int J Police Sci Manag 14(3): 264–282
Morselli C (2008) Inside criminal networks. Springer, Toronto
Morselli C, Giguere C, Petit K (2007) The efficiency/security trade-off in criminal networks. Soc Networks 29:143–153
Papachristos A, Meares T, Fagan J (2012) Why do criminals obey the law? The influence of legitimacy and social networks on active gun offenders. J Crim Law Criminol 102(2):397–440
Pires S, Schneider JL, Herrera M (2016) Organized crime or crime that is organized? The parrot trade in the neotropics. Trend Organ Crim 19:4–20
Rostami A, Mondani H (2015) The complexity of crime network data. PLoS One 10(3):e0119309. Accessed 5 Jan 2016
Schwartz D, Rouselle T (2009) Using social network analysis to target criminal networks. Trend Organ Crim 12: 188–207
Sutherland EH (1939) Principles of criminology, 3rd edn. Lippincott, Philadelphia
van der Hulst R (2009) Introduction to social network analysis (SNA) as an investigative tool. Trend Organ Crim 12:101–121
von Lampe K (2001) The concept of organized crime in historical perspective. Forum Crime Soc 1(2): 99–116
von Lampe K (2009) Human capital and social capital in criminal networks. Trends Organ Crim 12:93–100
von Lampe K, Johansen P (2004) Organised crime and trust: On the conceptualization and empirical relevance of trust in the context of criminal networks. Glob Crim 6(2):159–184

# Crisis Management and Governance

Lucia Velotti
John Jay College of Criminal Justice, New York City, NY, USA
New Brunswick, NJ, USA

C

## Synonyms

Complex systems and crisis; Network governance and crisis

## Definition

The study of crisis and governance management examines the ways through which the interconnections between the public, private, and nonprofit organizations are managed in the presence of high levels of uncertainty determined by a common threat and a sense of urgency.

## Introduction

Over the last two decades, the public sector has been affected by deep and radical changes, which have in part contributed to its complexity. In the public sector, complexity is the result of the increased connectivity among organizations such as public, private, and nonprofit, at different levels (local, national, and supranational) in policy and service delivery (Boin et al. 2014). The different roles played by citizens referred to as stakeholders, evaluators, issue framers, and collaborators (Epstein et al. 2006) add to this complexity. Further adding to the complexity are external factors such as the economic, social, and legal environment. The impact of these elements on society leads to a system in which outcomes become the result of the interaction among multiple organizations. In such interactions, the responsibilities of each participant are not clear. Thus, when we think about crisis and governance management, we need to think about how public, private,

and nonprofit organizations are interconnected. Connections between organizations are important because a failure in one organization can have a cascading effect on others. For instance, the failure of a financial institution in a remote area of the globe can have effects worldwide. Thus, it could be said that although the complexity of the systems of governance can make organizations more vulnerable, it also represents an opportunity for creating more resilient communities.

This entry provides a description of the state of the art of crises and governance management and discusses future perspectives. This entry starts by providing a definition of what a crisis is. Next, it introduces the challenges of crises and governance management, and finally, the entry discusses future perspectives.

## State of Art of Crises and Governance Management

The term crisis is widely used both by media and in interpersonal communication to indicate situations in which there is a disruption of daily routines. For instance, it is not uncommon to hear about personal, financial, health, and welfare crises. Crisis can occur at different scales such as personal, organizational, and interorganizational, at the societal system level and transboundary. Transboundary crises do not happen within a single jurisdiction, but they impact multiple jurisdictions (Ansell et al. 2010). Examples of transboundary crises are financial crises and pandemics. This entry will primarily focus on crisis that affects systems of governance, that is, a network of organizations. It should be noted that the term crisis is different from the term disaster. Disasters can be the consequence of a crisis; however, not all crises lead to a disaster. For instance, if the Cuban missile crisis in 1962 had not been resolved by the American and Soviet leadership, the result could have been a nuclear war, which would have been a disaster.

A crisis can be defined as a situation perceived by a community as capable of disrupting its core values or generating a threat to essential facilities (Boin and ‘t Hart 2007) under conditions of deep uncertainty. On the basis of this definition, the main characteristics of a crisis are threat, uncertainty, and urgency (Boin 2005). The definition of threat is subjective since it depends on the level of tolerability of the individual or organizations. Threats can be real or perceived. For instance, a looming hurricane or tornado is certainly a real threat; conversely, the threat of reputational damage can be considered as a perceived threat since there is no certainty that it will become real. Uncertainty refers to the unknowns of the threat and to its consequences on the affected communities. Urgency is the main observable characteristic of a crisis since the issue generating the crisis needs to be solved as soon as possible in order to limit damage.

Crises management presents five main challenges, namely, sense making, decision-making, meaning making, terminating the crisis, and learning from it (Boin et al. 2005; Boin and ‘t Hart 2007). The first challenge for crisis managers is to make sense of the event and triggering factors and of who is directly and indirectly threatened by it. Even though sense making may seem an easy task, that is not always the case. Oftentimes, making sense of crises is challenging because of the complexity of intertwined factors, contributing to the event, and also because of the high pressure put on managers to handle the situation in a short period of time. The second challenge relates to decision-making. Once the causes and the consequences of the crisis are known, a decision needs to be made on how to resolve the situation. However, solutions are not always implemented by a single person/organization, but oftentimes, they are put in place by a network of more or less diverse organizations. Fourth, the challenge of meaning making refers to the creation of a shared meaning of the unfolding event. Shared meaning is the creation of a common, and therefore shared, narrative of the reasons for the crisis. In this stage, communication is a very important aspect. In fact, communication management constitutes a significant portion of the effort required in responding to a crisis. The last two challenges of crisis management are terminating a crisis and learning from it. Terminating a crisis does not really look like a challenge because after all it is assumed that the

crisis has ended. However, since a crisis is by definition initially perceived by a set of organizations and their counterparts, it is clear that there must also be a wide perception that the crisis has been resolved. Thus, crisis termination is characterized by both a downsizing of the response efforts and by demonstrating that the generation of the crisis has nothing to do with the organizations involved and that their handling of the situation was done in a proper way in accordance with their capabilities. After a crisis ends, all the participants responding to that crisis should learn from it.

The five challenges of crisis management described above are amplified in governance settings by the network participants' organizations diversity, shared versus centralized authority, and by issues related to the balancement of network efficiency and inclusiveness (Moynihan 2009). The first challenge that networks encounter in managing a crisis is the diversity of the organizations participating in responding and managing the crisis. As the crisis grows, so does the number of organizations with diverse expertise. However, coordination requires that the organizations within the network have experience in working together before the crisis occurs in order to speed up the response process. Thus, it is not uncommon that in order to obtain greater efficiency, new network members tend to be left out (Provan and Kenis 2008). Lastly, authority is another important factor in crisis management in network settings, in particular, in order to make decisions such as how to respond to a crisis, how to disseminate information about the unfolding events, and how and when to terminate a crisis. In network settings, authority is usually considered as shared, meaning that all participants within the network need to justify why their authority should be more legitimate over others.

## Future Perspectives

In light of the amount of novelty crises generate, it is important to take into account how we can train organizations to deal with novelty. As stated in the previous section, crises are characterized by threat, urgency, and uncertainty. During normal times, organizations may choose to prepare for a number of emergencies or crisis through mutual agreement and planning. However, the level of uncertainty generated by a crisis could make planned response activities useless. Thus, it is important that organizations learn how to think out of the box and be ready to improvise if needed. In order to improvise, organizations need to overcome the idea that improvisation equals a failure of planning (Kendra and Watchendorf 2016; Howard and Leonard 2009). Having a plan in place is not a guarantee that things will go smoothly. Planning is not limited to the compilation of a plan; rather, plans should be considered living documents that need to be updated. For instance, strategic actions or measures designed to cope with hazards or threats and risk communications strategies need to be periodically reconsidered. In the words of Henry Mintzberg (1987): "(. . .) strategies are to organizations what blinders are to horses: they keep them going in a straight line, but impede the use of peripheral vision" (p. 31). Thus, crises can also be determined by the unwillingness in being open to change and attentive to the surrounding social and physical environment.

Nevertheless, even when plans are developed and tested, the reality is that there are situations that organizations face that would require improvisation. In fact, the unfolding of a crisis does not necessarily match previous planned response, this is even more true if the threat faced is new. For instance, the 9/11 waterborne evacuation of lower Manhattan was entirely improvised, and planning for it in advance might have been complicated. The 9/11 waterborne improvised evacuation provides food for thought on how to rethink the relationship between planning and creativity and advocates for a change of mind set from considering improvisation as the result of a plan failure to an understanding of improvisation as a means by which to adapt to a changing social and technical environment. In addition, it is suggested that organizations incorporate training for creativity into their planning activities. Even though people tend to be creative on their own, oftentimes their creativity is stifled (Kendra and Wachtendorf 2016; Howitt and Leonard 2009).

## Conclusions

Since threat, uncertainty, and urgency are the main characteristics of a crisis, crises pose a great challenge to governance systems. In a short amount of time, diverse organizations have to make sense of the threat they are facing and act on it. Oftentimes the threat faced is not easily identifiable, and time pressure does not help especially when multiple organizations, not used to working together, need to coordinate and collaborate to find a common solution. Even though governance settings have definitely improved the quality of government in the last two decades, they have simultaneously made entire systems more vulnerable. This vulnerability is due to the deep connections between organizations. Thus, a crisis can quickly spread and involve several organizations. Among all the challenges encountered in managing crises in governance settings, it is not possible to determine which is the most difficult to overcome as every crisis is characterized by different degrees of uncertainty. However, it is imperative for a network of organizations to learn from previous crises since lessons learned can help in being better preparing for the next crisis. In essence, the most important outcome of learning from a crisis is learning how to make systems of governance, organizations, and communities more resilient. Finally, it is imperative that public officials should be trained to deal with not just routine event but also be trained to improvise and foster their creativity to be able to better manage future crises.

## Cross-References

► Governance in Crisis Management
► Risk and Organizations

## References

Ansell C, Boin A, Keller A (2010) Managing transboundary crises: identifying the building blocks of an effective response system. J Conting Crisis Manag 18(4):195–207

Boin A (2005) The politics of crisis management: public leadership under pressure. Cambridge University Press, Cambridge

Boin A, 't Hart P, Stern E, Sundelius B (2005) The politics of crisis management: Public leadership under pressure. Cambridge: Cambridge University Press.

Boin A, 't Hart P (2007) The crisis approach. In: Handbook of disaster research. Springer, New York, pp 42–54

Boin A, Rhinard M, Ekengren M (2014) Managing transboundary crises: the emergence of European Union capacity. J Conting Crisis Manag 22(3):131–142

Epstein PD, Coates PM, Wray LD, Swain D (2006) Results that matter: Improving communities by engaging citizens, measuring performance, and getting things done. John Wiley & Sons.

Howitt AM, Leonard HB (eds) (2009) Managing crises: responses to large-scale emergencies. CQ Press, Washington, DC

Kendra JM, Wachtendorf T (2016) American Dunkirk: the waterborne evacuation of Manhattan on 9/11. Temple University Press, Philadelphia

Mintzberg H (1987) The strategy concept II: another look at why organizations need strategies. Calif Manag Rev 30(1):25–32

Moynihan DP (2009) The network governance of crisis response: case studies of incident command systems. J Public Adm Res Theory 19:895

Provan KG, Kenis P (2008) Modes of network governance: structure, management, and effectiveness. J Public Adm Res Theory 18(2):229–252

# Crisis Management Training

Melissa Pinke
Jacksonville State University, Jacksonville, AL, USA

## Synonyms

Catastrophe; Disaster; Education; Preparation

## Definition

Crisis management is the ability to handle an event that causes a significant threat to the organization that can have negative consequences if not handled properly (Coombs 2007).

## Introduction

A crisis is a turning point, which can have negative effects varying from localized and

manageable to regional and catastrophic depending upon how it is handled. Crisis management describes how an organization's leadership identifies areas of concern and plans to handle them to mitigate adverse impacts. Crisis management ensures that an organization can control events and remain profitable during and after an unplanned, negative situation. Public information management will enable the organization to be seen as trustworthy, compassionate, and ethical. To accomplish this positive outcome, organizations must engage in crisis management training.

## Emergency Management

A good complement for crisis management is emergency management. Emergency management focuses on the four phases of emergencies: mitigation, preparedness, response, and recovery to identify hazards and prepare for them. Some events are not caused by external forces, but are caused by actions or omissions of company employees and problems or failures with products or services or from the public perception of lack of care or concern. Both emergency managers and corporate leadership must be familiar with identifying the types of threats and have the capability to respond appropriately.

### Examples of Good and Poor Crisis Management

In 1982, several deaths were linked to the tampering of the Tylenol brand of pain reliever, acetaminophen, laced with cyanide (Markel 2014). Tylenol sales went from over 35% of the market share down to less than 8% (Markel 2014). Johnson & Johnson dealt with this crisis by using a media campaign issuing warnings and recalling more than 31 million bottles of Tylenol, creating tamper-proof packaging which is now the industry standard, creating a caplet which is less likely to be tampered with, and price reductions for the new pill form. While it took about a year, costing over $100 million dollars, Tylenol was once again trusted by the publics, and sales returned to prior levels.

British Petroleum (BP) was not as lucky. In 2010, 1 of their offshore wells exploded and caught fire, killing 11 employees and pouring oil into the gulf (CNN Library 2016). BP was under-prepared, under-managed, and unconcerned with the well-being of those impacted. One of the most infamous quotes of this century was made by Tony Hayward, BP's CEO at that time, "— there's no one who wants this thing over more than I do, I'd like my life back," while he then went to his yacht race in the middle of the crisis (Merji and De Wolf 2013, p. 79). While BP invested millions in a media campaign to improve their image, they did little to address the lack empathy and compassion to the families of the victims and to the people whose lives were disrupted (McClam and Weber 2010).

### What Is Crisis Management Training

Specifically, crisis management training prepares the organization by the active process of identifying and minimizing severe events to the organization and establishing who will deal with this type of situation and what to say and do in response. This needs to be done in such a way to reduce damage and maintain a positive corporate image. Crisis management training provides the opportunity to identify and correct problems ahead of time before they can become an issue. Staff will also develop and practice responses and work with activating the plan. This process provides familiarity, thus making proper response more automatic.

### Team Selection

When preparing for crisis management training, the process of selecting your crisis response team is just as important as the training itself and should be considered the first step. Identify the key people involved likely to handle a crisis event, and require all of these individuals to attend training. This includes senior management, department heads, human resources, spokespersons, public information officer (PIO), emergency manager, safety officer, head of security, and legal counsel. The safety and emergency managers will already have ideas of actual or potential issues that may create a crisis situation and could suggest ways to mitigate problems and handle complex. Include corporate attorneys to point out other liabilities. However, liability should restrict

communications. It is of the utmost importance to communicate; but choose your messages carefully.

If you already follow an Incident Command structure for other types of events, then that same set up can be used for a crisis as well. Regardless, once a situation is determined to be a potential crisis, a leader, scribe, public information officer, spokesperson, and operations manager are all needed (Weeden 2016). When following chain of command, the leader is in charge and has oversight. The scribe records issues and decisions and collects all information communicated, so there is a trail of decisions and actions. Your PIO monitors the public voice, creates messages, and prepares the spokesperson if messages are going out over audio or visual media channels. Operations manager determines what went wrong and oversees implementation of corrective measures.

### Training Delivery

The training delivery should be delivered in the form of a workshop. A workshop is a way to be actively engaged in the learning and provide ways to identify and respond to a situation. Begin with an introduction as to what to expect and why the workshop is needed. Include a few case studies addressing both successful and not-so-successful crisis management situations. This will provide some background and lessons learned from other organizations and hopefully provide an "ah ha" moment for leaders. Another good way to start is to use a real or fictional business scenario in the community and let the participants identify what should be said and done to ensure safety and reduce apprehension and for the company to maintain a positive image.

A review of the organizations' incident reports can also point out areas of potential problems that could have gotten worse and may be worthy to discuss. If there is a current crisis management plan in place, review what is listed to ensure accuracy and the steps that have been completed, and ensure all aspects and potential negative situations are covered. Then review your organization from the public perspective to ensure you have not missed any potential scenarios.

The next part of crisis management training is starting with mitigation and preparedness by having a team evaluate the organization and determine the internal critical areas that could cause problems related to safety, financial loss, or company reputation. This is a different type of risk assessment, looking at internal actions and mechanisms or internal hazards, rather external hazards. By doing a risk assessment of your full operations, not just your building, critical aspects can be identified.

It is important for the organization at this stage that everyone is honest and identifies what can go wrong related to products and services. Determine the worst-case scenarios the company can face. A site walkthrough can also point out potential areas of concern and will utilize the expertise of safety, security, and emergency management to determine the level of your risks and vulnerabilities, (FEMA 2013). Operations Management, too, needs an open mind to spot and acknowledge potential concerns in their respective areas. A hazard analysis could be applied to these scenarios in order to identify the worst of the worst and prioritize issues to address. Take any steps to mitigate or minimize these problems from occurring in the first place. While all risk may not be eliminated, it may certainly be reduced.

During this process, it is also important to realistically assess if employees will readily and comfortably come forward with potential or actual problems or concerns and if not, determine why and address this. If the potential for delivering bad news will be met unfavorably, employees will not speak up. It is always better to hear potential problems from employees, rather than customers or the media.

In conducting a self-assessment, consider what the current corporate image is. Assess if the organization looked upon favorably or not by the media and public. If not, identify what the issues are and address them. Develop steps and actions to make improvements to the company image now. It is never too late or too early to work on a positive company image.

When potential problems are identified, the next step is to determine what the warning signals are for each situation and how to detect them.

Some warning signals include a decline in productivity or an increase in errors, defective products, or the exposure of potentially sensitive aspects of the organization. It is important to identify a potential crisis as early as possible so it can be addressed quickly, before it gets out of hand. Include these warning signals or triggers in your crisis management plan. Finding problems and solutions is a significant step in crisis management.

The third part of crisis management training focuses more on dealing with response and recovery, when a crisis event is identified and while it is still underway, causing fear, anxiety, or alarm with the public or other stakeholders. This has often been referred to as "being in the hot seat." There are several items that need to be identified and covered in part of the training. This includes the proper chain of command for reporting potential or actual incidents and its importance to be followed during a crisis for damage containment. This may include the already established operational chain of command. Roles and responsibilities must be discussed, clarified, documented, and communicated. Ensure there is a mechanism to alert the crisis team if a potential crisis event is identified. It is much easier to work together as a team from the beginning to address a situation, rather than for it to escalate and then have to backpedal. Determine ahead of time what channels will be available for communication, and ensure they are accessible 24/7 by individuals assigned to use them.

An important part of crisis management training is ensuring participants to use their plan. The plan should be a working document and used as guidance and checklist to ensure critical items are not missed. If there is a plan already developed, participants should review it before the first class and bring a copy with them. Updates should be expected when the plan is reviewed. Someone must be designated to keep track of changes and make adjustments and reissue updates to all involved parties.

### Crisis Messages

Another component in the training is to practice crafting and delivering messages. Effective crisis communication is a central point in taking control, alleviating fear, restoring calm, and creating favorable opinions. Crisis communication messages must be swift and address the needs of various audiences. These messages must first convey sincerity and empathy to those affected. Facts must be given, even if they are unpleasant or unknown. It is ok to say all of the details are not known and do so by stating what is known. Do not lie, speculate, or blame others. Tell what the organization is doing to correct the problem. The goal must be to be open and transparent. At no time should the phrase "no comment" be used (Coombs 2007). Even if you don't have any answers or are unsure of what to release, make a simple statement of "we are looking into the situation at this time" (Coombs 2007). Always make sure any statements made, as well as body language and inflection, show concern, caring, and an active response. Plan to provide updates on a scheduled basis, and use various delivery methods as appropriate: media, social media, and updates on the company web page. Take the time to capture messages and save them as a template with permission to use them when needed. In most cases, some adjusting will be needed, but try to minimize the approval process, keeping it mainly within the crisis management team.

### Delivering Media Messages

Whenever possible, a senior leader should represent the company as the spokesperson, especially for radio or television statements, press releases, or press conferences. Otherwise, another trusted individual from the company is advised. Personal demeanor and professionalism is of utmost importance when trying to convey both control of the situation and care for those impacted. When presenting, avoid reading a statement in order to make it personal. Say something genuine to reflect empathy for those dealing with the problem. Personal image and body language are key considerations to ensuring the message is received as intended, and is the purpose and function of the PIO to assist the spokesperson in this area. Grooming and attire should be discussed, and at all times, a professional representation of the company image must be maintained. When speaking, the spokesperson can be supported by operational

and support specialists, and they can answer questions within their own expertise. Make sure they too have practiced under the guidance of the PIO.

### Information Management During a Crisis

Remember, there are two primary groups of people that must be kept up to date. The first group is company employees. Keeping employees abreast of events and what is being done will ensure the whole organization is on the same page. While employees may not officially make reports to media, they can act as goodwill ambassadors for the company, so ensure they can spread a good word about what is being done, even if it is just the company that is committed to making things right.

The next group of people that need information is the public. The public obtains its information from the media and will form an opinion about the organization and its response based on this information. Therefore it is essential that the public hears the organization's message, hears empathy and a commitment to solving the problem, and hears this message often.

Keep in mind for both groups, ensure the PIO is monitoring for messages to be delivered as intended. If there is miscommunication, rumors, or other issues that surface, the PIO needs to convey this to the leader, along with suggestions to correct the situation. Hearing the concerns of the people and addressing them are just as important as getting information out. Do not let rumors or false information go unchecked.

### Tiered Approach to Crisis Management Training

There are actually two levels of crisis management training. The first includes all people involved in crisis response team. They will go through the process outlined above to identify potential crisis, triggers, and response measures. The second level of training is for all employees. This is a much briefer session but includes awareness about the crisis communication plan, how employees can identify problems or triggers, and whom they should be reported to. The company's policy about employees speaking to the media should also be communicated. Be sure employees know how to respond if engaged by media personnel and whom inquiries should be addressed to.

### Maintaining Skills

As with any low likelihood event, practice will encourage readiness. Conduct regular, frequent sessions on crisis management that includes a different scenario each time, using the hazard vulnerability analysis to identify the priorities. The more comfortable individuals are at performing a task and working with both the plan and the team, the better they will do. Due to the high stakes of a crisis event, ensuring your crisis management employees work together as a team is critical. Everyone must feel free to speak up without repercussions and develop trust in each other.

### The Crisis Management Plan

The crisis management plan should maintain all important information. Specific response measures, staff roles and responsibilities, and other actions and methods of message delivery should also be included. This document should be reviewed frequently in order to ensure controls are effective and determine if other potential troubles arise.

### Media Relations

While it is not a direct part of training, the importance of establishing media relations prior to any event occurring is critical and should be covered. This would be a great task for the PIO, and these relationships should be maintained on an ongoing basis. Prior working relationships are a great beginning to handling a not-so-great event. Having a friendly face in the media can make a situation less unpleasant. Positive working relationships with the media also increase the likelihood your message will go out as intended.

### Recovery: Getting Back to Business

Recovery focuses on returning the business to more routine operations. By identifying cues of a problem, reacting swiftly, ethically, and with integrity, normal business operations should soon return. Recovery can often be a humbling and relieving experience. Processes or products may need to be changed; so may policies and procedures. Continued positive public relations and providing information need to continue until no

more questions are asked and all are satisfied and have gotten through the negative consequences.

Preventing this or a similar event is all about learning. Learning begins by identifying problems and solutions. The experience itself should also be a learning event and can be accomplished by conducting an after action review. Identify what worked well and what needs to be improved. Assign responsibility and accountability to corrective actions for operational, procedural, or functional areas and any changes in the crisis plan itself. Hold follow-up meetings to ensure changes are made. Follow up with tabletops or drills to practice and engage people and the plan. This process is cyclic for improvements. The expectation should be for any lessons learned from the event should get incorporated into procedures and protocols to reduce the chances of this or a similar event from happening again.

## Conclusion

Crisis management training is really about helping an organization and its management team to accept the reality that problems can occur, reducing the potential, and preparing leaders to quickly identify a crisis and to act swiftly with the appropriate actions to resolve the problem quickly. While the training should be led by someone knowledgeable and experienced on the topic, the goal is to allow the participants to realize the problems and put together a plan of action steps to take and identify who does what. Training also allows participants to practice and use their plan and skills by responding to various scenarios in order to determine plan limitations and develop skills and confidence. Confidence based on practiced skills and a solid plan will be a driving contributor to successful crisis management.

## Cross-References


- ▶ Corporate Social Responsibility
- ▶ Leadership in Organizations
- ▶ Organizational Communications
- ▶ Organizational Decision-Making
- ▶ Organizational Reputation
- ▶ Preparedness Measures' Implementation in Crisis Management
- ▶ Risk and Organizations


## References


CNN Library (2016) Oil spill fast facts. Cable news network. Retrieved from: http://www.cnn.com/2013/07/13/wo.rld/oil-spills-fast-facts/index.html

Coombs TW (2007) Crisis management and communications. Institute of Public Relations. Retrieved from: http://195.130.87.21:8080/dspace/bitstream/123456789/96/1/Crisis%20management%20and%20communications%20Coombs.pdf

FEMA (2013) Vulnerability assessment. FEMA-452 Risk Assessment, Step 3. Retrieved from: https://www.fema.gov/media-library-data/20130726-1524-20490-7825/fema452_step3.pdf

Markel H (2014) How the Tylenol murders of 1982 changed the way we consume medication. Public broadcast system. Retrieved from: https://deepblue.lib.umich.edu/bitstream/handle/2027.42/109703/TylenolMurders_Markel.pdf?sequence=1&isAllowed=y

McClam E, Weber HR (2010) BP's failures made worse by PR mistakes. NBC news Retrieved from: http://www.nbcnews.com/id/37647218/ns/business-world_business/t/bps-failures-made-worse-pr-mistakes/#.V__KwDKZPos

Merji M, De Wolf D (2013) Crisis management: lessons learnt from the BP deepwater horizon spill oil. Bus Manag Strateg 4(2). Retrieved from: http://orbi.ulg.ac.be/bitstream/2268/165986/1/Crisis%20Management-%20BMS.pdf

Weeden D (2016) Responsibilities of crisis team members; (video). Small business chronicle. Retrieved from: http://www.nbcnews.com/id/37647218/ns/business-world_business/t/bps-failures-made-worse-pr-mistakes/#.V__KwDKZPos


# Crisis, Emergency, Disaster, and Catastrophe Defined


Frances L. Edwards
Department of Political Science, Mineta Transportation Institute, San Jose State University, San Jose, CA, USA


## Synonyms

Adversity; Calamity; Cataclysm; Devastation; Tragedy; Trauma; Turning point

## Definition

An unwelcome event with negative consequences and various spatial impacts.

## Introduction

Various terms are used in emergency management to define unwelcome events, their size, and impact. All of these events include the sense of unwelcomeness – negative impacts on individuals, families, and communities and some kind of loss – material, psychological, or spiritual. The purpose of this section is to provide an understanding of the nuances of these terms in the field of emergency and crisis management.

## Terminology

Unwelcome events occur seasonally, cyclically, through technological failure or through human error or intent. These events may impact only one person, in which case the event is managed by that person or family. Conversely, some unwelcome events have widespread, regional, or even global impact and require the coordination of multiple actors to manage the event and its outcomes. Specific terms have been developed to impart the differences in impact and severity of these unwelcome events. The four most commonly used in crisis management are crisis, emergency, disaster, and catastrophe. Each implies a different level of impact and a different response requirement.

## Crisis

A crisis is a sudden unwelcome event. It may have natural causes, technological causes, or human causes. A crisis may impact one person, such as when someone has a heart attack. That is a medical crisis for that person, with impacts on his or her immediate family, workplace colleagues, and perhaps community. However, the response system is in place to provide rapid medical response and intervention, often leading to a good outcome for the patient and his associates. However, the event is upsetting, carries significant risk of becoming a greater problem, and in a significant percentage of events leads to tragedy – disability or death for the patient.

A crisis may impact an entire community or region. When a squirrel chewed on a power line in Oregon, power was lost to millions of residents in three states immediately. Those who had prepared for power outages were able to rely on backup generators, battery-operated equipment, and other strategies for managing without electricity. Some businesses had to close early due to the loss of all the systems relying on electricity, including the inability to use credit cards, confirm checks, and operate electronic cash registers. This in turn impacted residents who needed food for dinner, medications, or batteries and other equipment for dealing with the event.

The term crisis is also understood to be any unexpected, sudden-onset event with widespread negative consequences. For example, the financial crisis of 2008 caused a worldwide impact to banking and investments, depressing stock markets around the world. In some countries a high percentage of people became unemployed, while in others the markets for their trade goods shrank, depressing incomes. Some banks went out of business, and some nations tightened banking regulations, changing the cost and availability of credit. Recovery from this crisis required a coordinated international effort to better regulate investments. It took many years, and some economists argue that there will never be a return to the "normal" situation before that financial crisis.

Ultimately the core meaning of crisis is the suddenness of the event and the significant impact of the event on someone or some group of people. It is a life-changing event in some way. The scope may be one person or multiple nations. There may be a plan in place to manage it, and trained professionals to implement the plan, or it may be beyond anyone's capability to orchestrate a response (Edwards and Goodrich 2013).

## Emergency

An emergency is an unwelcome event that prompts rapid action by individuals or organizations. It occurs when either safety or security plans fail or natural hazard events overwhelm normal response capabilities. It may have natural, technological, or human causes, and it may be accidental or intentional. A common understanding of emergency is any unexpected event that causes damage or loss to persons or property. Action is required to lessen the impact, care for those effected, prevent further losses, and limit residual damage.

The scope of an emergency can also vary widely. Emergencies can be very small or enormous. A flat tire is an emergency for a driver on a freeway, demanding immediate responses like changing speed and pulling off the road. If the emergency is managed successfully, the only impact is on that driver. If it is managed unsuccessfully, there may be a chain reaction car accident involving dozens of other drivers. At the other extreme of emergencies, an earthquake is an emergency that generates numerous impacts within a community, region, nation or even global supply chain. The earthquake may trigger additional impacts, like a tsunami wave that travels to other countries, or loss of infrastructure that impacts regions. Successful emergency management is defined as limiting loss of life, speeding aid to the affected populations, and restoring infrastructure and services rapidly. Failure in emergency management can lead to long delays in the arrival of assistance, with resulting human and infrastructure losses.

Unlike a crisis, an emergency need not have a sudden onset. A hurricane may be predicted for days, yet when it finally makes landfall, it will create numerous emergencies in the affected communities. There will be loss of life, loss of infrastructure, loss of response systems and capabilities, and intractable environmental damage. Preparing in advance may enhance emergency response through population preparedness, emergency goods stockpiling, and effective planning and training for first responders in the community.

The term emergency then denotes an event that requires the immediate response of those involved and usually outside assistance from professionals in the community or beyond. Emergencies may be small or large, manageable or intractable (Edwards and Goodrich 2013).

## Disaster

A disaster is an emergency with a wide impact that overwhelms existing emergency plans, leading to a difficult or failed response. An emergency becomes a disaster when in the initial hours the response fails in some aspect. It may be a failure of the planned response because of the size of the event or the unexpectedness of its impact. The progression to a disaster may reflect a failure to plan for that kind of event at all – what Congress call a "failure of imagination" in the response to Hurricane Katrina, for example, since the failure of multiple levees along Lake Pontchartrain was not anticipated.

A disaster is also defined by the scope of its impact. It damages multiple segments of a community, multiple communities, or even whole regions. The widespread loss of property and failure of infrastructure leads to a disrupted response and protracted recovery period. Disasters are community events, not individual events.

Disasters require the rapid response of multiple professions. Police and fire personnel provide search and rescue and medical care for victims. Transportation personnel remove debris and open roads so emergency response vehicles can reach affected areas of a community. Public work personnel repair critical infrastructure like drinking water systems and wastewater systems. Multiple professions are coordinated through the community's emergency response plan and its emergency operations center.

Assistance will generally be required from surrounding unaffected jurisdictions. Mutual aid systems within a state are designed to coordinate response from unaffected countries within that state – and the Emergency Management Assistance Compact in the United States – and similar systems in other nations enable professionals from other states to be deployed to assist the disaster area. Help from the federal/national

level may be required, with resources of the central government sent to assist the impacted jurisdiction. Often federal/national financial resources will be essential to help with emergency response costs and immediate services like emergency shelter for the population.

Disasters, however, remain manageable with the addition of outside resources. Mutual aid and national-level funding augment local capabilities to bring about a lessening of the impact on the population and a rapid rebuilding of the community that leads to recovery. Communities that have withstood disasters like the Loma Prieta earthquake or Hurricane Andrew can rebuild and recover within weeks to a few years (Edwards and Goodrich 2013).

## Catastrophe

A catastrophe is an emergency event that overwhelms not only the local emergency plans and resources but also makes federal-/national-level response difficult. It causes widespread or economically significant damage across multiple jurisdictions and requires outside assistance, including national-level aid or international support. The challenge may be due to the unexpectedness of the event or the widespread areas of impact, as with the 2004 tsunami in the Indian Ocean. It may be impacted by unplanned-for factors like the presence of tourists with no experience of the area and limited local language capability. The impacts may be intractable, as with the loss of coastal land to the storm surge.

A catastrophe will strain internal responses for all but the largest and wealthiest nations. The extreme extent of the damage will make economic recovery difficult, damaging the tax base of the affected nation and depriving the central government of the means for response and recovery. Disaster assistance will have to come from the community of nations, international and nongovernmental organizations (NGOs). Emergency responders like search and rescue teams, search dogs, and medical assistance must often come from other nations.

The long-term impact of a catastrophe may include destruction of local economies. Slow recovery due to lack of funds for planning and rebuilding leads to loss of tax base, loss of income for the victims of the disaster, and long-term health impacts for the nation. The 2004 Indian Ocean tsunami killed 320,000 people and injured 1 million more in 11 countries from Africa to Thailand and Indonesia. The tsunami left the local fishermen without their boats and equipment, the ports were destroyed, and their former village areas were washed away. The disaster killed a number of tourists and destroyed beachfront hotels, damaging tourism for years. Recovery has led to disputes between the villagers who want the land next to the shore to replace their land that was washed away and the planners who caution against reconstruction in what they view as a dangerous place. Other villages fight with developers over the use of the shorefront for fishing villages and ports or tourism.

In the aftermath of the 2010 Haiti earthquake, over 100,000 people were killed and 3 million displaced. Haiti found its capital in ruins, with a loss of trained government workers in the building collapses. With Haiti already dependent on many NGOs for social services, after the earthquake the international community was essential for any meaningful response and recovery work. For example, the airport at Port-au-Prince was an essential link for the delivery of emergency supplies, but its air traffic control tower was destroyed and its personnel were with their families. The US Air Force had to land personnel there with a battlefield command post vehicle to provide air traffic control so emergency aid could be delivered. Israel sent a complete military field hospital to provide emergency medical care for the victims. This was tied to the US hospital system by the US Air Force that took the injured needing surgery and advanced orthopedic care to Miami's medical centers. Unfortunately, many of the injured needed protracted care that could not be delivered in their ravaged home country, so they have remained in US Gulf Coast cities, while their rehabilitation continues.

Unfortunately, the essential outside aid also come with some problems. The loss of many

government workers meant that Haiti did not have a strong emergency response internally and little capability to coordinate the outside aid that began to arrive. The international NGOs were often reluctant to share the scarce tarmac space at the airport and provided a challenge for the US air traffic controllers. Well-meaning donors sent response and recovery equipment, only to have it sit in the airport customs facility because no one had the funds to pay the customs duty on the donated goods, and the Haitian government demanded not only the customs duties but also storage fees, while it was impounded for lack of customs duty payments. Worst of all was the introduction of cholera to Haiti by a UN assistance team from Nepal. Haiti had never had cholera, but the Nepalese used a major river for latrines, bringing the disease to the environment. By 2016 the UN admitted responsibility for the introduction of the disease, 10,000 people have died from this secondary catastrophe, and over 800,000 have been made ill. To eradicate this legacy of the earthquake response will require not only a mass vaccination program but also the introduction of modern drinking water and sanitation systems. Neither the UN nor Haiti can currently pay for either of these recovery requirements (Edwards and Goodrich 2013).

## Conclusion

Unwelcome events occur as a result of natural, technological, or human-caused actions. These unwelcome events may have an unexpected and immediate impact on one person or millions. They may impact one person or town, or nations on two continents. Affected nations may be able to respond and recover independently or may require multinational assistance to save lives and develop some level of recovery. These various levels are named crisis, emergency, disaster, and catastrophe, reflecting the speed, nature, and scope of the event. Students of emergency and crisis management should use care in selecting the proper terms to discuss events and present their research.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Disaster Response Management
- ▶ Emerging Infectious Diseases and Emergency Management
- ▶ Global Financial Crisis Management
- ▶ Politics and Crisis Management


## References

Edwards FL, Goodrich DC (2013) Introduction to transportation security. CRC Press, Boca Raton

# Critical Infrastructure and Crisis Management

Frances L. Edwards
Department of Political Science, Mineta Transportation Institute, San Jose State University, San Jose, CA, USA

## Synonyms

Built environment; Framework; Supporting systems, Assets and networks

## Definition

Systems and assets, whether physical or virtual, are so vital to the society that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.

## Introduction

Modern societies are supported by a network of systems that provide the services essential to sustain human life, support socioeconomic activity, and provide security. While these systems provide

high levels of convenience and quality of life, they also create vulnerabilities, since the established social order depends upon their functionality. Members of the society can plan for brief interruptions of these systems through stockpiling, temporary alternate modes of operation, or foregoing the related activities for short periods of time. However, longer-term loss of these systems can damage the society's public health, economy, and security.

In most nations the critical infrastructure elements are mostly owned by the private sector: individuals, firms, and corporations. Governments may regulate service charges and delivery and may mandate a level of preparing for outages, but the private sector ultimately has to undertake the investment to make these actions possible. Explaining the value of these steps and the long-term return on investment (ROI) that they will generate is a challenge in growing economies and a losing proposition in times of economic downturn or in societies without increasing revenues to protect. The government's goal for critical infrastructure is to develop a society "in which physical and cyber critical infrastructure remain secure and resilient, with vulnerabilities reduced, consequences minimized, threats identified and disrupted, and response and recovery hastened" (USDHS 2013, National Infrastructure Protection Program).

## Defining Critical Infrastructure

### Source of Definitions

Critical infrastructure has been defined by national and international norms and regulations. For example, in the United States, there have been many documents issued from the Executive Branch of the government that define critical infrastructure, such as presidential executive orders like HSPD-7 (Bush 2003) and PPD-21 (Obama 2013), and descriptive documents created by executive branch agencies. There are 16 economic and social segments that have been identified by these documents, and they form a useful paradigm for understanding and evaluating critical infrastructure internationally.

**Critical Infrastructure and Crisis Management, Table 1** Critical infrastructure sectors

| | |
|---|---|
| Chemical | Financial services |
| Commercial facilities | Food and agriculture |
| Communications | Government facilities |
| Critical manufacturing | Healthcare and public health |
| Dams | Information technology |
| Defense industrial base | Nuclear reactors, materials, and waste |
| Emergency services | Transportation systems |
| Energy | Water and wastewater systems |

*Source*: USDHS (2016a)

Table 1 lists the sectors that are commonly considered to be critical for the functioning of civil society and the provision of national security. While government has a security interest in their operation, according to the US Government Accountability Office (GAO), 85% of the critical infrastructure in the United States is privately owned. The owners generate income for themselves, their employees, and the community while providing essential services. Short-term disruption of CI will have immediate economic impacts, but longer-term loss of these systems may have national security implications.

### Features of Critical Infrastructure

Critical infrastructure (CI) is made up of the physical and cyber elements that support normal activities, like transportation, communication, and public health. CI is comprised of physical assets, socioeconomic activities, and information creation and sharing. These elements are complex and interconnected, often in unexpected or unrecognized ways, and the failure of one may cause a cascading effect through the society. For example, water, power, and transportation are linked, so that failure of the transportation system may prevent the delivery of chemicals needed to treat potable water, or the lowering of the water level in a river may deprive the hydroelectric plant of flow to turn its turbine or deprive the gas-fired plant of the water to create steam to turn its

turbine, while a flood may destroy the power plant and the roads.

Damage to the CI may be caused by poor initial design, operator error, or physical destruction by natural or human-caused accident or intent. Therefore, the owners undertake mitigation steps to prevent or lessen the damage to their facility or system. Building codes for CI structures create resilience to damage, lessening the actual damage experienced or speeding recovery. Such mitigation may include value engineering, which goes beyond the minimum life safety codes for construction and builds in a level of protection that prevents disruption at all. For example, hospitals in high seismic activity zones are built with stronger and more flexible components to ensure that the hospital remains in service, even if the community experiences widespread damage. A nuclear electrical generation station would have alternate on-site sources of power available to keep its cooling water circulating and its security-based access systems functioning, even if the normal community power delivery system is disrupted.

CI may be damaged unintentionally by natural hazards or accidental errors in operation or through intentional damage and disruption planned by disgruntled employees or terrorists. Effective mitigation and prevention based on engineering standards can be created to protect CI when the unintentional events occur. These strategies for mitigation or prevention are based on an evaluation of risk through design flaws or human error, and safeguards are developed either to prevent the event or to limit the extent and duration of the event. For example, roadway bridges are built to withstand earthquake-generated shaking without significant damage, allowing the road to reopen quickly. Bridge supports are built with the ability to absorb the energy from being hit by a truck without buckling. However, it is very difficult to design CI to prevent or withstand intentional attack. Those planning the attack can do the same engineering risk evaluation as the designers and seek vulnerabilities inherent in the CI. For example, fiber-optic cables that serve regional communication systems are laid below ground level in protected conduit, and the connections are secured in a locked vault, which prevents tampering by vandals. However, disgruntled employees with knowledge of the system and its security design can destroy the lock on the vault and cut the cables at their most vulnerable location to create the largest possible communication outage, denying the community access to the emergency services they may want to summon.

While post-event damage assessment reports are the key to recovery, they also represent a vulnerability. Most governments mandate the development of a damage report after a disruptive event to a CI sector element in order to understand the failure point and evaluate how to prevent such a failure in the future. Therefore, the reports are usually detailed and self-critical, revealing the failure point for this event, as well as assessing other aspects of the structure or technology that could have failed or almost failed. These damage assessment reports are critical for the development of better designs and mitigations, but they also provide a blueprint for an intentional disruptive act. A terrorist learning that a building could not have withstood another 10 seconds of earthquake-induced shaking could better calculate the amount of explosive needed to destroy that building. If the building were a telephone switching station or a power plant, the community impact from the loss of the building could be long-lived and disruptive to the community and even to national security.

Reports that detail the cause of the damage, the extent of the damage, and the repair effort for the CI facility are especially sensitive. Therefore, the damage assessment plans must be treated as confidential documents, even classified as top secret for facilities whose vulnerabilities could be a national security threat. While private building owners have property rights that can allow them to refuse to reveal the contents of a report, some buildings or activities are considered under government jurisdiction, and information about them is inherently in the public domain.

Loss of CI may have a debilitating effect on public health and safety, on the national and even international economy, and on national and international security. Therefore, the central government has a direct interest in the development of

emergency response plans for the CI facilities, including appropriate prevention and mitigation activities, and plans for rapid system recovery. The government, in turn, will be relying on the systems, assets, networks, and services that the owners of the CI provide to maintain the civil society and the ability to defend the nation, especially in times of crisis (USDHS 2016b).

### Public/Private Ownership Challenge

In the private sector the CI facilities represent large capital investments. These facilities are intended to operate at a profit for the stockholders. When government regulations change the standards for management, storage, transportation, and use of components and products because of their role in the economy or in community safety, these extra costs are borne by the stockholders and consumers. Private firms often resist additional regulations because of these costs, but those owning CI have a unique need to consider continuity of business operations because they are not only the private owners of products, services, and systems but also the purveyors of these essential supplies, services, and systems to the community. The continuity of their business operations may be critical to life safety, as with medical devices and pharmaceuticals, or to the security of the nation, as with the manufacture of defense supplies. Balancing reasonable regulatory costs and community safety and security needs requires a collaborative relationship between government regulators and private sector firms.

Finding the appropriate balance between cost and regulation involves risk management. According to US DHS, the elements of critical infrastructure can be divided into physical, human, and cyber. These are intertwined operationally, and often their synergy must be considered in risk assessment. The threats to these elements of CI come from five identified potential sources: extreme weather, accidents or technology failures, pandemics, cyber threats, and acts of terrorism. The risk analysis sets goals for the CI in preventing and protecting against these threats, identifies the elements of the CI that are at risk, analyzes the risk to the CI, determines what risk management activities are reasonably likely to be effective, and creates measures to determine the value of the ROI for various levels of risk avoidance investment. (Government Accountability Office 2010). The CI owners, often in collaboration with the government, will make appropriate investments and monitor their success, from the perspective of the stockholders and the community. (Government Accountability Office 2006).

## Types of Critical Infrastructure

### Chemical

The chemical sector has five main subdivisions: basic chemicals, specialty chemicals, agricultural chemicals, pharmaceuticals, and consumer products. All of the elements of this sector manufacture items that are important to consumers for health and quality of life, to farmers for the production of food, to manufacturers as raw materials, and in the global supply chain as components of finished products or elements that contribute to the creation of those products. Most of the sector members are private sector corporations, some with government contracts to make defense-related items.

The chemical sector participates in many levels of the economy. Basic chemicals contribute to the manufacture or processing of many other products. Chlorine is an essential element in drinking water processing. Oxygen is used in manufacturing processes and as a medical gas. Agricultural chemicals include fertilizers and pesticides. Pharmaceuticals contribute to human and animal health. Hair dye and plastic cooking utensils are made from chemicals.

Commercial and military explosives are also made from chemicals, as are poisons and other items whose toxicity is incidental to its use and must be controlled. Cyanide is used in metal plating, for example. Because of the potential lethality of these chemicals, their manufacture, use, storage, and transportation are regulated by a variety of national and international government agencies. Some chemicals that are benign and useful individually can become lethal when combined, such as ammonium nitrate fertilizer and fuel oil, which when combined becomes ANFO, the

powerful explosive used to destroy the Murrah Building in Oklahoma City in 1995. Because of the potential damage that can be done by misused chemicals, governments may mandate special regulations for the custody and storage of these extremely hazardous materials. Operational security and physical security provide the best options for protecting this sector.

### Commercial Facilities

The commercial facilities sector includes locations that draw large crowds. The main subdivisions are entertainment, gaming, outdoor events, lodging, shopping, public assembly, real estate, and professional sporting leagues and federations. They are operated to make it easy for the public to access the activities there, sometimes with no limitations on entry, as at shopping malls, while others have ticking or security elements that permit the collection of some limited information on the users. They are critical elements of the local and global economy, housing the retail and corporate business elements, and entertainment.

The commercial facilities sector participates in many levels of the economy. They generate real estate tax and sales tax for the local and state governments and corporate income tax for the federal government. These venues enable many members of the community to earn a living and in turn pay income and real estate taxes. Thus, their role in the economy includes both the local private wealth creation and government taxation collection. They also impact the global supply chain through international and transnational corporations directly as owners or tenants and as part of the global supply chain that relies on these companies as suppliers of intellectual capital or consumers of their products.

Large-capacity open facilities are vulnerable to a variety of threats. Like the rest of the community, they have to plan for natural and technological unintended events like power outages or hurricanes. However, their large populations have also been attractive to terrorists for attacks. Among the most famous examples of such attacks are the World Trade Center office towers in New York on September 11, 2001, the Dolphinarium nightclub in Tel Aviv in 2001, and the attacks in Mumbai in 2008 that included the Taj Mahal Hotel, a café, and a cinema. The large populations provide the opportunity to create many victims, and the open nature of the buildings makes prevention very difficult. Security guards, metal detectors, explosive sniffing dogs, closed-circuit TV cameras, and undercover law enforcement teams have been used in various venues to deter, detect, and interdict hostile actions.

### Communications

Communications is both a critical infrastructure in itself and also an enabling element across all the other aspects of CI. The sector delivers voice, data, and wireless services using a variety of technologies, including land-based transmissions, satellite-based transmissions, and wireless methods. Communication systems include telephone, cell phones, one-way and two-way radio, television, pagers, Internet services, and many other technologies. With the development of the Internet of Things, even refrigerators and alarm systems have become part of the intertwined communication system. Most people use several of these communication technologies every day to get news, access traffic condition data, make business contacts, and send documents and messages. The systems support all types of commercial and industrial activity, as well as entertainment and friendship. While regulated by the government, most systems are owned by the private sector.

The communication CI makes rapid communication of information possible. Community members can contact emergency services for assistance. Businesses can contact customers and suppliers. Access to global stock market information influences investment decisions. The speed and accuracy of video feeds enable doctors to diagnose patients who cannot travel to medical centers and recommend treatment immediately. People in Ghana can use their cell phones to get market prices and product availability to conserve their time and money when shopping for kerosene or selling their produce. The benefits of inexpensive and immediate communication flow through most socioeconomic levels around the world.

Society's dependence on communications is this sector's primary vulnerability. If the means

of communication fail, the community impacts are ubiquitous. Hurricane Sandy damaged the sector's CI in New Jersey, preventing people from calling for assistance with evacuation. An intentional denial of service attack against a communications fiber-optic vault left two communities without any kind of phone service, including no 9-1-1 service, and hospitals without internal or external communications. While all communication CI owners take precautions against intrusions and attacks, the complexity of the system and the multiple elements of the networks make developing highly reliable protection for the networks and systems impossible. When cyberattacks from anonymous sources are added to the vulnerability matrix, it is clear that only redundant, unconnected systems like amateur radio are likely to withstand concerted attacks.

## Critical Manufacturing

Critical manufacturing includes four subsectors: primary metals manufacturing, machinery manufacturing, electrical equipment, appliance and component manufacturing, and transportation equipment manufacturing. This sector not only supports other manufacturing and assembly activities, and supplies consumer products, but also provides an industrial backbone to support a rapid increase in production of defense equipment. Many consumer goods come from this sector in whole or in part. It is predominantly made up of privately owned corporations, many with international elements such as raw materials extraction.

From transformers for trains to sports cars, this sector meets the needs of a wide variety of activities and of other CIs. This CI provides the components for much of the rest of the US industrial base, provides the elements for logistics capabilities – trucks, trains, and ship motors – and also creates many consumer products, from refrigerators to airplanes.

The critical manufacturing sector is vulnerable to the same unintentional events as the whole community. Floods and hurricanes have damaged factories. It is one of the unionized segments of the economy, so this sector is subject to strikes and labor unrest. Its critical place in the global supply chain would make it attractive to criminal activity and terrorism, but a high level of security is possible at most CI facilities of this sector. The facilities are not open to the public; employees are generally badged and often uniformed. Facilities are gated and generally have security guards and cameras within the property. However, the continuing theft of materials from manufacturing facilities makes it clear that with so many workers and so much materiel in transit from initial development to finishing, perfect security is not possible. Physical and operational security protocols can protect the facilities, and inspection and customs sealing protocols provide some protection in international transit. Truly critical elements may be moved by the military for better protection from tampering and theft. Cyberattacks against critical manufacturing operations and cyber theft of intellectual property are added threats that must be countered through the development of cyber defense software, systems, and protocols. This sector is particularly attractive to thieves and potentially to terrorists.

### Dams

The dam sector is a complex and highly interconnected part of the CI. Dams provide hydroelectric power generation, municipal and industrial water supplies, agricultural irrigation, sediment and flood control, river navigation for inland bulk shipping, industrial waste management, and recreation. Water from dams is used to irrigate 10% of American crops; dams offer flood protection to millions of people around the world; and according to the World Energy Council, more than 160 nations generated hydroelectricity using dams. Dams have direct relationships with many of the other CI sectors, such as agricultural irrigation mentioned above. Electricity and communications systems are used to remotely manage dam operations. It in turn provides electricity generation. The lock systems in this sector enable the movement of goods on inland waterways. Reservoirs behind dams are an important source of drinking water around the world. About half of American dams are privately owned by farmers,

water companies, and energy companies. Ownership rules vary around the world.

Dams protect communities from normal rainfall-induced flooding by impounding water for later safe release. The water behind dams provides drinking water for communities, habitat for wildlife, and water sports venues. Some dams were built for flood control, some for hydropower generation, and others for private purposes like irrigation of farmland.

Dams and their impounded water are vulnerable to unintentional damage from erosion, silt buildup, and inadequate maintenance of the concrete structures. They are also vulnerable to failure through overtopping in high rainfall seasons. Intentional damage can be inflicted on the dam through excavation and explosions. Dam safety offices provide inspection and advice services, and many have enforcement authority to ensure that adequate maintenance is performed to prevent unintentional breeches. Protection against intentional threats is more difficult. People have tried to deny communities the use of the water supplies by introducing poisons and toxins into the reservoir. In the past disgruntled landowners have blown up dams that denied them water resources. Most dam owners are conscious of the vulnerabilities and maintain surveillance and security of their facilities. This is difficult in areas where the reservoir is a public recreational asset. Security guards, cameras, fences, and water testing are defense strategies at many dams.

### Defense Industrial Base

The defense industrial base sector is a global complex of designers, manufacturers, and supplies of goods and equipment needed to support military activities. It includes intellectual capital like research and development and physical manufacturing facilities that may be part of other CIs, like the metals and critical manufacturing discussed above. The industries and activities are privately owned, government owned, or joint public/private industries, depending on the specific activity and the nation state that is the sponsor. It does not include the utilities that provide the power and communication assets essential to its operations.

This sector is a community benefit by supporting the ability of a nation to defend itself and deter attack. It is also vulnerable to espionage, so security in such facilities is usually very high. Guards, fences, and cameras are routinely employed. Employees typically have background checks before being hired and must display official identification while at work. However, facilities are still vulnerable to cyberattack and from insider espionage or theft, which could be inspired by any type of adversary. Vigilance and protective software provide the best countermeasures for cybercrime and intrusions.

### Emergency Services

The emergency services sector includes a variety of professions and activities that support the four phases of emergency management: mitigation/prevention, preparedness/planning, response, and recovery. Some of the personnel are full-time professionals, while others are volunteers. There are five parts of this sector: law enforcement including specialized teams like explosive ordinance disposal units, canine teams, and tactical teams; fire services, including search and rescue and hazardous materials teams; public safety aviation organizations; emergency medical services; emergency management, including emergency operations center staff and emergency management planners; and public works, including highway repair and debris management. While most of these personnel work for public agencies, there are private emergency services personnel such as industrial fire suppression teams, security guards, and private ambulance companies.

The emergency services sector provides day-to-day management of unwanted events for the residents of a community and the commercial and industrial facilities within it. They also help the community to prepare for natural and technological hazards, as well as intentional criminal or terrorist events, by teaching home and personal preparedness techniques, emergency response skills like light search and rescue, and community surveillance for indicators of imminent unwanted events, whether accidental or intentional, like transit's "see something, say something" campaign.

Emergency medical services personnel are highly visible due to their uniforms and marked vehicles, so they may be intentional targets of criminal activity. This makes it easy for the community to recognize help when it arrives, but it also exposes the uniformed members to possible attack from those wishing to damage the community and its members. One way to instill fear into a population is to deprive it of its protectors, so terrorists often target this sector during insurgencies and civil wars. Surveillance, awareness of threats, and teamwork are the best counters to attacks and disruptive events. Immediate communication links to law enforcement support add a layer of protection for unarmed fire and emergency medical services personnel.

## Energy

The energy sector, defined as electricity, oil, and natural gas (but not nuclear), is a cross cutting CI that supports many of the others, is supported by the transportation sector, and provides essential community services. It is comprised of all the elements needed for creation of energy, including extraction of the raw materials, and it is closely tied to transportation, as the raw materials are moved by train, rail, or pipeline to refineries, points of distribution, or points of use. Almost half of US electricity is produced by coal-fired plants, while about one quarter comes from natural gas and over 20% from nuclear sources, with the last small segment from hydropower, wind, solar, and other renewables. Oil is essential for operating most motor vehicles, and some other vehicles are powered by natural gas or electricity, demonstrating the intertwined nature of the energy and transportation sectors. In the United States 80% of the energy sector is privately owned. Most homes in the developed nations of the world receive electricity from a grid that is either owned by the government or privately owned but regulated by the government.

Electricity is used for lighting homes, cooking, doing household chores, and entertainment. Many homes are also heated with electricity. Other households may use natural gas, kerosene, or propane for cooking and heating. Oil is used for heating homes in some areas and in some places for electricity generation. Energy is essential for manufacturing and operating all types of businesses. Loss of energy would threaten the functionality of other CIs, such as public health, food, and manufacturing while denying the entire population the access to communications and other systems that are critical for modern society. Some element of all the other CI sectors is dependent on the energy CI for operation or control, so it is a cross cutting benefit.

Energy products and services are delivered in long supply chains in generally open areas with little security. Electricity is delivered through a power grid that is aging and in many nations exceeding the demand design standards. This creates a vulnerability to natural hazards and accidents, as well as intentional damage. The northeast US power outage in 2003 left 50 million people in Canada and the United States without power in the August heat from 2 days to 2 weeks. In November of 2006 people in at least five European nations lost power due to a change in operating procedures in northeastern Germany. In July of 2012, 650 million people in India lost power for 2 days, which was the largest electricity failure anywhere. In each case a small accident or a small increase in demand or decrease in supply created the outage, but these events provide a model for potential intentional acts. Trains carrying crude oil have caught fire and derailed in the United States because oil production areas have moved away from existing pipelines. Trains were substituted since 2014, creating a new safety hazard with derailments and explosions and also providing a blueprint for an intentional criminal act. Pipelines have the best safety record of the land modes for transporting petroleum products, but even they have suffered significant failures in North America, Asia, Russia, and Kenya. While a metallurgical flaw in the pipe is the most common cause of pipeline failure, there have been explosions or breaks due to accidental excavation, which again demonstrate the vulnerability to intentional acts. Finally, maritime shipment is the principal method for international movement of crude oil, gasoline, and other petroleum products. Because of maritime regulations, these ships are forbidden from carrying armed personnel, so

they are vulnerable to pirates, as well as to storms and operational problems. The US Navy's seventh Fleet patrols the Straits of Malacca to protect the shipping lanes there, and Combined Task Force 150, a multinational group of naval vessels, patrols the sea lanes around the Horn of Africa to protect oil shipments from pirates.

Energy delivery systems cross substate and national boundaries. Few nations maintain complete energy independence. While there are international regulatory bodies that provide rules for managing energy systems, the need for coordination and collaboration among operators in multiple nations creates an additional vulnerability. Codes and standards for construction and operation may differ across boundaries even within the same nation. Since energy production and distribution transcend boundaries, security measures and resilience to all hazards must be built into the design of the system and its components. Aging energy infrastructure in many areas needs to be addressed in advance of a crisis.

### Financial Services

The financial services sector includes banks, brokerages, credit and financing organizations, and the service industry that supports these functions. It includes individual savings accounts, financial derivatives, credit extended to large organizations, and investments made to foreign countries. The system supports customer activities such as the ability to deposit funds and make payments to other parties, provide credit and liquidity to customers, invest funds for both long and short periods, and transfer financial risks between customers. Most financial services providers are privately owned, but may be regulated by government agencies.

The financial services sector serves the credit and money transfer needs of the population of a nation, while also safeguarding its deposits. This service provides liquidity that permits ease of commercial transactions ranging from credit card-based purchases in a shop to billion-dollar real estate financial arrangements. Through international banking protocols, money may also be moved from nation to nation, including investments and remittances. Unfortunately, the banking system is also used to support criminal enterprise, including terrorist acts.

The financial services CI is dependent on other CIs to function. Large-scale power outages, natural disasters, and cyberattacks have threatened this CI, resulting in heightened law enforcement attention to the sector and greater regulation by government agencies, such as the US Treasury Department. American financial institutions are required to develop and maintain resilience to all hazards. While this represents a large investment of staff time and money, the criticality of this CI and the ongoing risk justify the investment.

### Food and Agriculture

The food and agriculture sector includes farms, restaurants, food manufacturing and processing facilities, and storage facilities. Availability of safe food is critical to all societies. As more of the world's population has become urbanized and no longer food self-sufficient, the ability of the government to regulate the food CI becomes more important. In the United States most of this CI is in the private sector, operating within federal agency food safety regulations, but in some nations the government may own, control, and regulate the food and agriculture CI.

Food is essential for life. Growing, processing, and distribution of food are essential for community health. Issues like pesticide use, genetically modified organism (GMO) use, and availability of arable land and irrigation water must be planned and managed to ensure a safe and adequate food supply for the nation.

The food and agriculture CI is vulnerable because of its many interdependencies. The chemical CI provides the materials required for modern agricultural production, including pesticides and fertilizers. The water and wastewater systems CI provides clean water for irrigation and processes runoff from animal waste in food production facilities. The transportation CI moves the means of production to the farms (seed, fertilizer, agricultural machinery, animal feed, fencing materials) and takes the farm products to processing and market. The energy CI provides power to run the irrigation system, lighting for animal facilities and processing equipment, and fuel for the farm

machinery. A break in any of these CIs can lead to a loss of food production or access for the population. While natural hazards – especially droughts, heat, pests, floods, and freezes – cause the most damage to the food supply around the world, various agricultural diseases have been postulated as terrorist weapons to deprive the population of adequate food, thereby destabilizing the government as people demand action to replace the lost food. Availability of stored food and plans for international food deliveries can overcome short-term threats like single season losses. Infestations or genetically modified diseases without a known cure could create long-term stress for a society. Disease surveillance of crops is the best countermeasure to intentional infections and to catching natural outbreaks early enough for effective intervention and protective measures.

### Government Facilities

The government facilities CI sector encompasses a wide range of buildings and facilities owned by governments. This includes all levels of government and all types of government activities, from military installations to kindergartens, from courthouses to national laboratories, and from community parks to Yosemite National Park. Their commonality is that they are paid for with public funds and provide facilities to conduct the public's business. Some facilities like city halls are open to everyone to do business with government entities. Others, like national laboratories, are not open to the public. The sector also includes the storage of personal, classified, and highly sensitive information, critical equipment, systems, networks, and functions. The CI also includes the cyber assets that contribute to the protection of assets, such as access control and closed-circuit TV. Government employees are also part of the CI because they perform essential tasks or possess specialized knowledge for government operations.

Government facilities may be found in all parts of a country, although they tend to be clustered in national and state capitals. Government-owned facilities in the form of embassies, consulates, and research facilities may also be found in other nations based on treaty agreements. The presence of government facilities offers access to citizens to get vital records or land records, obtain an education, or resolve a legal matter. Local governments provide citizens with an opportunity to watch government in action and to participate in policy making through attendance at public meetings. The presence of government agencies within communities creates access and transparency, which build trust in government. Government monuments and icons provide character to the community and recreational opportunities for the residents.

Because many government buildings are open to the public or are located on public streets, providing security to the personnel and records contained in the facilities is a challenge. Terrorists have attacked the Murrah Federal Office Building in Oklahoma City using a truck bomb parked at the curb on the public street. They have used the postal service to deliver anthrax to the US Congress. Vulnerabilities have to be evaluated and risk management steps used to lessen the threat to the security of the facilities. Metal detectors, guards, closed-circuit TV cameras, and electronic access badges are typical strategies used in government buildings for security.

### Healthcare and Public Health

The healthcare and public health sector includes all healthcare providers, from metropolitan general hospitals to single practitioner clinics, from hospital labs to the US Centers for Disease Control and Prevention. It includes the public health aspects that protect the whole community from infectious disease as well as individual medical care. Medical resources are essential for maintaining the health of the community to cut down on the cost of illness – lost wages, lost productivity, and loss of use for contaminated spaces – and to aggressively manage recognized threats. While some levels of government may maintain a public hospital, or even have a public medical care program, in many nations, including the United States, the direct healthcare delivery system is mostly privately owned and operated. The public health system is usually government operated.

The healthcare system provides cradle to grave assistance with prevention and treatment of illnesses and injuries, with services delivered to individuals. The public health system addresses infectious diseases, disease transmission, and threats to the community from disease-related activities and vectors. They also maintain the birth and death records for a community, use databases for disease tracking, and offer specialized care like kidney dialysis, lead abatement, and HIV/AIDS treatment. They track and study novel diseases to prevent their spread in the community and offer immunizations to community members.

The healthcare and public health CI is uniquely entwined with multiple other CIs. Their equipment and facilities require power, communications, and clean water and wastewater management to operate. They use information technology to access patient records and up-to-date treatment information. Emergency medical services bring the ill and injured to the emergency facility at the hospital, and the hospital relies on the police, fire, and emergency managers for protection, access, and community interface. Goods like medicines and food, services, staff, and patients rely on the transportation system to access the hospital. Loss of any of these CIs would pose a threat to the operation of this CI.

The human population is vulnerable to infectious disease. While immunizations are possible to protect against some organisms, viruses generally cannot be treated with either immunizations or antibiotics, creating the possibility for a pandemic of an illness for which the population has no immunity. Infectious diseases can be intentionally introduced into a community through the food or water supply or even through building air-conditioning and ventilation systems. They can be accidentally introduced through travelers acting as the host or through importation in contaminated cargo. For example, West Nile virus entered the United States through mosquitoes that bred in transit in water in imported tires. Natural disasters like fires, floods, tropical storms, and earthquakes can damage the physical infrastructure that the sector depends on. To overcome these vulnerabilities, the community has regular monitoring of the drinking water, has an emergency response plan for pandemics and natural hazards, and has disease surveillance conducted at the disease registry, in physicians' offices, and through pharmaceutical sales, using big data strategies for the most current information on the purchase of medicines.



### Information Technology

The information technology (IT) sector includes personally owned equipment, commercial facilities, and international linkages. It includes companies that create hardware and software and that offer services related to operating these systems. The Internet is a combination of this CI sector and the communication CI sector. These virtual and distributed functions support almost every other business and information-gathering function, from the common operating picture on the battlefield to diagnoses in laboratories and doctors' offices. The presence of IT is so ubiquitous that people take for granted that their refrigerator, car, and exercise tracking devices are all part of the Internet of Things and dependent on the functioning of the Internet and the equipment to access it.

The IT CI is a complex of privately owned facilities, government-regulated activities, and publicly owned elements. Benefits of IT include greatly enhanced job productivity, immediate access to information on almost any subject, and an array of software program to support creativity and information sharing in all aspects of life and work. Little children learn to read on a laptop computer. Big data programs harness the power of the Internet to accumulate bits of information about how people shop and what they eat to generate information to enhance retail sales, guide the development of a new business, or determine when the flu season has started in a community based on which shelves are empty at the pharmacy.

Because the IT sector is so complex and dynamic, it is difficult to develop a threat and vulnerability profile, as it changes hourly based on new developments in other nations and by unknown actors. Cyber threats are especially significant in this sector, which can be stopped by a denial of service attack, damage to a supporting CI like energy, or hacking by malicious actors.

The size and complexity of the system build in a level of resilience, but viruses, bots, and malware can spread an attack across networks and nations in seconds. Emergency plans for paper and pencil work-arounds, creation of local communications capabilities external to the networks, and installation of attack monitoring and prevention software offer the best response to existing vulnerabilities. The physical elements of the IT CI – offices, buildings, and hardware – need high levels of physical security to deny access to criminals and terrorists. Operational security is essential for protecting information from leaking to would-be attackers.

### Nuclear Reactors, Materials, and Waste

The nuclear industry is an important part of energy provision worldwide. The sector includes nuclear power plants; non-power nuclear reactors used for research, testing, and training; manufacturers of nuclear reactors or components; radioactive materials used primarily in medical, industrial, and academic settings; nuclear fuel cycle facilities; decommissioned nuclear power reactors; and the transportation, storage, and disposal of nuclear and radioactive waste. In 2014 there were 447 nuclear power stations operating in 31 nations, creating over 10% of the electricity consumed in the world. The United States and France are the top nuclear-generating nations, with China, South Korea, Russia, Germany, and Canada also in the top group of electricity generation. (Japan's generation was cut in half after the 2011 Great East Japan Earthquake and Tsunami damaged one of its major facilities, causing the others to be shut down for inspection, and not all were restarted.) The private sector owns and operates most of the assets in this sector, while military-related applications are owned and managed by the federal government and are part of the Defense Industrial Base CI. All nuclear activities are subject to a robust set of central government-administered regulations and protocols for safe handling and secure management.

The benefit of nuclear power is that it is relatively cheap and very clean. It generates electricity by heating water to create steam, which drives the turbine that creates electricity. The water is cooled and discharged into the environment, leaving no greenhouse gasses. It does use a large amount of water for steam generation and cooling, and a pool of water is used to store the spent fuel rods, so location next to a river or other body of water is preferred.

As with all community facilities, natural hazards like floods, earthquakes, fires, and sea level rise may damage the nuclear plant facility. Special precautions have to be taken in the design and construction phases to build in resistance to damage and resilience from the level of damage that cannot be prevented. Since the Japanese triple disaster in 2011 (earthquake/tsunami/nuclear plant damage), most nuclear generation agencies are reevaluating the facility's capability to withstand hazards beyond the design criteria. Germany has a plan to end its use of nuclear power generation, and Japan is reevaluating whether to reopen some of its stations.

Another vulnerability is the movement of fuel rods from the manufacturing facility to the generating station. These trips are coordinated with military escorts and local law enforcement support in most countries to deter theft en route. Nuclear power plants are large and obvious facilities, so their vulnerability to criminal and terrorist activities is significant. Loss of water for the cooling processes or for the fuel rod storage could result in leaks of radioactive materials. A breach of security leading to thefts of material could have significant repercussions. A high level of operational security and physical security is in place at most nuclear generation stations to prevent tampering with processes or theft of fissile materials. They have special emergency planning requirements, including regular training and exercises for the nearby community and for first responders. Recent increases in cyberattacks worldwide have resulted in renewed vigilance over the control systems and computers at nuclear-generating stations to protect the processes from malicious attacks.

### Transportation Systems

The transportation sector moves people and goods worldwide. The components are aviation, highway and motor carrier, maritime, mass transit,

passenger and freight rail, pipelines, and postal and shipping. This broad sector includes the rolling stock, training facilities, ports and stations, personnel, bridges, tunnels, and roadways. It underlies every other CI, since everything has to get moved from where it is made to here it is used, and the movement of some items may be inherent in their operational needs, such as moving children from home to school. The ownership of the elements of this CI is mixed, with roads being publicly owned, many ports and airport facilities being publicly owned by local governments or special districts, and most of the operating companies and rolling stock being privately owned. The government regulates the operations of the private sector, including drivers' licenses, special requirements for dangerous goods transport, and advanced security elements required for aviation, trucking, and shipping containers.

Transportation makes everything else possible. This sector takes people to work and school, for medical care, and for recreation. It moves component parts and consumer goods across town and around the world. It facilitates the global supply chain and the local employment base. It moves hazardous materials in pipelines below ground for greater safety. It ships birthday gifts and computer chips.

Transportation is vulnerable because of its open nature. Road and rail-based transportation is ubiquitous and highly visible. It has some redundancies – ferries can replace bridges, for example – but changes to the status quo will entail new costs in time and money. Passengers on public transit want swift entry and exit, but air passengers tolerate long delays at airports because the risk of terrorist attack is more real to them. Transportation has been famously targeted by terrorists in London, Madrid, Russia, and on 9/11 in the United States. Governments have created protocols for surveillance and security regimes to deter attacks, which have largely been successful. Tighter security at ports and better training for truck drivers have provided additional layers of deterrence, but an open passenger system and a well-documented global supply chain are difficult to protect at all times.

### Water and Wastewater Systems

Safe drinking water is the basis for human life. People can live for only 3 days without water, so its provision is an important function of society, because it is generally not something that individuals can manage unless they live in rural areas. Clean drinking water is essential for disease prevention, while properly treated wastewater is essential for public health and environmental protection. In many countries these are governmental functions. In others drinking water and wastewater treatment are for sale from private entities. In some areas there are public/private partnerships for water treatment and delivery. New challenges in getting adequate freshwater in many parts of the world are leading to new solutions with their own problems, like keeping reusable "gray water" and new water separated, developing clean recycled water systems, and using desalination to modify seawater for human consumption while changing the environment through the discharge of the resulting brine.

Clean water is essential for human life and health. Treatment of wastewater is essential to prevent disease transmission. After the earthquake in Haiti, the UN sent a group of Nepalese soldiers to assist with earthquake recovery work. Unfortunately, cholera is endemic in Nepal but was unknown in Haiti, meaning that the local people had no resistance to the disease. When the soldiers used the local river in Haiti as a sewer for untreated human waste, they caused an outbreak of cholera among the river's downstream users. The disease outbreak is unabated 6 years later in that nation with limited public health assets.

The drinking water system is vulnerable to breaking pipes, infiltration of dirty water into pipes during floods and earthquakes, and denial of access due to changes in river or aquifer levels. The chemicals used to clean the water – mainly chlorine products in most countries – are hazardous if released into the environment. Wastewater itself is an environmental pollutant, and the chemicals used in the cleaning process are also hazardous. Natural hazards and intentional damage can lead to hazardous materials releases, denial of service, water shortages, or

environmental damage. Because of the criticality of water for life, terrorists have threatened to poison water systems and reservoirs. Emergency plans for alternate water sources and facility security protocols provide a level of safety at the processing points. Vulnerabilities in the transportation of the drinking water and the treatment chemicals show the close relationship between water and the transportation sector. Plant operations for drinking water and wastewater treatment both depend on energy to operate the complex systems.

## Place of Critical Infrastructure in Emergency Management

All 16 sectors of critical infrastructure have a role in emergency management. They are all vulnerable to human-caused, natural, and technological damaging events, both unintentional and intentional. The denial of access to the CI in any one of the 16 sectors will have a damaging effect on the society as a whole and on specific other CI sectors with cross dependencies, like water, power, and transportation. The 16 sectors all have a role in all four phases of emergency management.

Critical infrastructure may be the cause of the crisis, it may be the victim of the crisis, or it may be a resource for resolving the crisis. Each phase of emergency management provides a point for planning how to overcome crises when they arise.

### Critical Infrastructure and the Four Phases of Emergency Management

#### Mitigation

Every CI sector must examine its vulnerabilities and its role in community functioning. A thorough threat assessment will indicate the areas where mitigation may be possible. Steps may be taken to strengthen the built environment, to change the way items are transported, or to create less obvious access points to the critical materials. Physical security like guards, sensors, detectors, and locks can be added.

Prevention steps may include deterring intentional harm through security measures, detecting potential intrusions with alarms, and denying access with monitored alarms and cameras and a quick response force to deny entry to a hostile actor. Procedures and protocols can create a barrier to access through operational security by warning employees against talking about their work and wearing their badges in public places.

Insurance can be obtained to ensure rapid replacement of damaged or stolen machinery, equipment, or capabilities. Insurance can not only provide funding for the acquisition of replacements but also provide a conduit to available resources through insurance company contacts.

#### Preparedness

The threat assessment will warn leaders of the CI sectors about probable disruptions and their sources. They should use this information to develop an organizational emergency response plan with a generic response protocol and some threat-specific checklists for organizational reaction and employee actions. They should collaborate with their local government emergency managers to ensure that their plan is in keeping with community plans and protocols and to see what the community expects of them as a CI in the aftermath of a disaster event.

They should also collaborate with other members of their CI sector in developing mutual aid plans for disaster response when some are victims and some are not. For example, electric linemen from California went to New York and New Jersey after Hurricane Sandy to help repair damaged lines and restore power. Guidance documents for developing sector-specific emergency plans are readily available online from US DHS. Most CI sectors in the United States have developed coordinating councils and planning groups that may have additional sector-specific materials to share on planning and preparedness.

Some problems can be solved by anticipating the harm and preparing ahead of time to manage around it. Backup power generators with a supply of fuel and stockpiles of critical supplies – water and medications, essential parts, and clean non-

network laptops with antivirus protection – may enable rapid recovery of operations following a disruption. Employee training and exercises for the expected threats will also speed recovery of services. Training for earthquake safety, cyber intrusion responses, and pandemic disease outbreaks will also help to ensure that employees know what is expected of them: must they stay at work, how soon must they return to work, and will they work from home until the threat is resolved? They also need to train their families in the skills needed to be safe and independent without them, so that they can remain at work or return to work rapidly. Employees who are worried about their families will not remain to help the CI sector organization.

### Response

When the anticipated threat – or an unanticipated threat – materializes, the plan should be activated, the employees should act on their training, and the organization should respond to the threat as robustly as possible. Even if the hazard was unanticipated, it is likely that existing plans for other threats could be quickly modified to meet the new need. For example, New York City did not plan for the unanticipated terrorist attacks of 9/11, but they were able to use elements of their hurricane response plan to manage the evacuation of Lower Manhattan after the World Trade Center towers were destroyed.

As a CI sector it is likely that the government will request assistance from elements of the organization. The emergency plan should include information on deploying employees, supplies, and equipment to meet the needs of CI and dependent sector partners in other communities or even other nations. The more specialized the activities of the organization within the CI sector, the greater the likelihood that resources for mutual aid will be requested. Employees should be trained and equipped to respond safely in a disaster or crisis environment.

### Recovery

Once the crisis has been stabilized and additional harm has been stopped or minimized, the organization must recover as rapidly as possible to stay in business or to meet essential community needs. The recovery portion of the emergency plan should include information on existing supplies and services contracts that could be activated to support the recovery. Open purchase orders and existing contracts can speed acquisition of essential materials and services.

An evaluation of the damage will include the physical facility damage and the damage to supply chains and business relationships. Did the principal client find an alternate vendor? Did the principal supplier sell the goods to another customer? How long will it take to repair the office or manufacturing facility? Should an alternate site be activated while repairs are undertaken? Insurance company adjusters can assist with time and cost estimates for physical repairs. Reconstitution of work groups and work processes will require internal analysis.

Because these are organizations in the CI sector, their recovery will be key to the larger community recovery. Roads have to be inspected and reopened to enable other emergency response to begin. Debris has to be managed. Water, wastewater processing, and power have to be quickly restored. Government will set priorities for the use of scarce resources among the CI within the community to ensure life safety and environmental protection first, so the stockpiling and preparing undertaken in the preparedness and planning phase will ensure internal support for recovery.

### Resilience

Resilience has been called "creating the new normal" or "build back better." Plans for recovery should incorporate mitigation with the goal of preventing the same damage from occurring again in a future crisis. Lessons learned from the performance of the built environment in this event should be used to improve mitigation steps and planning for a future event. Newer designs, materials, or strategies should be adopted to prevent a repetition of preventable losses – whether of materiel, money, or time. CI sector organizations should incorporate cybersecurity strategies into every plan as it is rewritten, recognizing the growing threat from criminals and nation states in the cyber realm. In the United States the goals for

resilience are to plan for a future "with vulnerabilities reduced, consequences minimized, threats identified and disrupted, and response and recovery hastened" (USDHS 2013, National Infrastructure Protection Plan). These goals are especially important for the critical infrastructure sectors.

## Conclusion

Critical infrastructure refers to the cross cutting resources and activities of a society that are essential for its social, economic, environmental, and security sectors to perform effectively to meet public needs. Just as they are the essential underpinnings of the society every day, in a crisis the critical infrastructure sectors must immediately provide support to the community and its government, to ensure stability and recovery from the emergency. A threat assessment provides the basis for effective emergency planning that will lead to a successful response and rapid recovery. Each CI must engage in thoughtful and thorough event planning to ensure effective post-event recovery.

## Cross-References


- ▶ Business Continuity
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined


## References


Bush GW (2003) Homeland Security Presidential Directive-7: Critical infrastructure identification, prioritization, and protection. The White House, Washington, DC

Government Accountability Office (2006) Critical infrastructure protection: progress coordinating government and private sector efforts varies by sectors' characteristics. GAO, Washington, DC

Government Accountability Office (2010) Critical infrastructure protection update to national infrastructure protection plan includes increased emphasis on risk management and resilience. GAO, Washington, DC

Obama B (2013) Presidential Policy Directive 21. Critical infrastructure security and resilience. The White House, Washington, DC

US Department of Homeland Security. (2016a). Critical infrastructure sectors. https://www.dhs.gov/financial-services-sector

US Department of Homeland Security. (2016b). National Infrastructure Protection Plan (NIPP) security and resilience challenge. https://www.dhs.gov/publication/nipp-challenge-fact-sheets

USDHS. (2013). *National Infrastructure Protection Plan, NIPP: Partnering for Critical Infrastructure Security and Resilience*. Page 5. https://www.dhs.gov/publication/nipp-2013-partnering-critical-infrastructure-security-and-resilience


# Critical Misunderstandings in the Nuclear Industry


BC Pemberton
Wantage, England


## Synonyms

Control; Euratom; Governance; International; Regulation

## Definition

An overview of the industry's regulatory governance including its links with European and global nuclear agencies to inform stakeholders and to identify critical issues in need of resolution.

## Introduction

In March 2017, the UK Government "gave notice of its intention to leave Euratom as part of the Article 50 notification process" (Hinson 2017) and set out possible implications (BEIS 2017). Following these events, wide concern has been expressed by commentators on the risks of leaving Euratom (McMullan 2017; Froggatt 2017). To ensure that public debate is informed, an outline UK regulatory arrangement of the nuclear industry and its international context is offered together with suggested critical issues in the regulatory governance of the industry.

## The UK's Regulatory Framework of the Nuclear Industry

The industry's regulatory framework comprises both general and specific regulatory elements. In general, legal and administrative regulatory instruments include statutes and voluntary codes supported by case law and precedent. Additional generic legal provisions also apply, such as those associated with the Health and Safety at Work Act (1974). More specifically, three key elements of the industry's regulatory structure include the arm of government to which it reports, the relevant statutes, codes of practice and standards, and the agencies that monitor these. These are briefly characterized and international regulatory linkages identified.

### Government Departmental Control

The UK nuclear industry's governance structure includes a mix of both public and private sector organizations that have owner responsibilities. A key publicly funded organization is the Nuclear Decommissioning Authority (NDA) responsible for aging plant and wastes. A key private sector organization is Électricité de France (EDF), an international energy utility company. In regulatory terms, departments have a significant role as the government devolves its power including disbursement of public funds (NDA Financial Memorandum 2012). Other responsibilities are implemented with reference to regulatory instruments (Table 1).

**Critical Misunderstandings in the Nuclear Industry, Table 1** Examples from legislative nuclear framework

| Act/regulation | Requirement |
|---|---|
| Health and Safety at Work | Health standards and regulations, for instance, the Ionising Radiation Regulations |
| Nuclear Installations Act | Controls the issue of site licenses |
| Control of Major Accident Hazards Regulations | Regulated jointly by the HSE/EA |
| Radioactive Substances (1993) Ionising Radiation Regulations (1999) | Limits and conditions |
| Environmental Protection (1990) | Considers waste management and contaminated land |
| Pollution Prevention and Control (1999) | Permits for industrial processes |
| Nuclear Industries Security Regulations (2003) and Anti-Terrorism Crime and Security (2001) | Security requirements |
| Radioactive Material (Road Transport) Act (1991) and Regulations (2002) | Road transport requirements for materials |
| The Health and Safety at Work Act (1974) and the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations (2004) | Rail transport requirements |
| Dangerous Goods and Marine pollutants regulations (1997) | Marine transport requirements |
| Air Navigation Order (2005) and the Air Navigation (Dangerous Goods) Regulations (2002) | Air transport requirements |
| Radioactive Material Planning Legislation | Requirements for the radioactive materials |

### Statutes and Standards

The nuclear industry's primary regulatory statute is the 1965 Nuclear Installations Act (NI Act). The statute deals with nuclear site licenses, the duties of licensees, the right to compensation, and the role of inspectors. Breaching statutory requirements can result in criminal liability; however, the government may invoke other measures such as the withdrawal of a license, or the issue of specific regulatory demands and directions. The requirements of statutes are assessed ordinarily by reference to standards, such as ALARP (as low as reasonable practical), requiring operators to take account of risk in service provision and thereby cost. Operating under its license, the licensee must make judgments that are assessed by inspectors. In making these, inspectors will refer to standards such as BATNEEC – best available techniques not involving excessive costs – in judging whether site practices reflect standards are being applied in a reasonably practicable manner. Inspectors work for regulatory agencies.

### Regulatory Agencies

Regulatory agencies are government-appointed bodies specifically created to support the government's regulatory and statutory needs. The ONR, formerly the Nuclear Installations Inspectorate (NII), is a crucial element of the nuclear industry's regulatory structure. The ONR investigates site incidents and determines noncompliance with regulatory requirements taking enforcement action that can include prosecution. Although the inspector's priority is "to secure the maintenance and improvement of standards of safety" (Robinson 1999: 203), this is undertaken by examination of activities and comparison with license conditions. The site inspectors' role is to ensure that "nuclear safety is achieved through [adherence to] the LCs" (Robinson 1999: 204). In practice, inspectors review site records to determine license compliance, relying on accurate and timely information provided by the licensee. These arrangements "place the responsibility for safety. . .on the licensee" (Robinson 1999: 211). The ONR also ensures compliance with the Nuclear Industries Security Regulations (2003), health and safety, and transport requirements. The Environment Agency (EA) oversees the regulation of environmental discharges using industry-agreed standards to measure performance at site level.

### International Requirements

In addition to national regulatory requirements, international regulatory requirements also exist. In the EU, a separate nuclear community exists – Euratom. Euratom, developed in the 1950s in parallel with the European Common Market, shares the EU institutional framework reporting to the Directorate-General for Energy, a part of the European Commission (see: ec.europa.eu/energy/en/topics/nuclear-energy). Reporting requirements derive from the Euratom Treaty and are detailed in Commission Regulation (Euratom) 302/2005. Frequent Euratom safeguards inspections take place at sites such as Sellafield, "some 220 inspections (about 1000-person days) during 2014" (ONR 2017). European law on nuclear matters includes Directive 2009/71/Euratom, effective from July 2009, and Directive 2014/87/Euratom, effective from August 2014. In addition to these arrangements, further European and global nuclear-related groups exist. The European Nuclear Safety Regulators Group (ENSREG) is an advisory group created in 2007. ENSREG's role is to support the safe operation of nuclear facilities in the EU. Meeting bi-annually, ENSREG has established four working groups to undertake its work program and report to the EU on its activities every three years. In addition to this group there is also the Western European Nuclear Regulators Association (WENRA). This comprises a minimum of 10 nuclear regulatory bodies from across Europe forming a network of nuclear safety regulators dealing with reactor harmonization, inspections, and waste and decommissioning.

The International Atomic Energy Agency (IAEA) is a global nuclear forum created in 1957. With powers derived from its statute of 1956, the IAEA aims to promote safe, secure, and peaceful use of nuclear technologies. In addition, the Nuclear Energy Agency (NEA) works as a forum for sharing information and experience and promoting international co-operation (see: www.oecd-nea.org/). At a global level, the World Nuclear Association (WNA 2017) seeks to promote an understanding of nuclear energy among key international influencers by producing authoritative information, developing common industry positions, and contributing to the energy debate. Given the scale of this regulatory framework, and its apparent ineffectiveness, a discussion of operational and regulatory matters suggests key issues for consideration.

## Discussion

In the UK, the nuclear industry now has an enduring and toxic legacy (DTI 2002) and significant environmental implications. It has been suggested that, together with Concorde, the AGR stations (there are three types of reactor in the UK: Magnox, advanced gas-cooled, and pressurized water) represent "the greatest misallocation of public funds in British industrial history. . .costing the British taxpayer...£11 billion at 1981 prices"

(Durie and Edwards 1982: 28), equating to nearly £31 billion at 2012 prices. Together with the Magnox program, UK nuclear policy is described as "the most expensive failure of post-war British policy-making" (DECC 2011) with aging plants and wastes held in the public sector or potentially requiring taxpayer support. Current estimates suggest the costs for the publicly funded legacy will total (discounted) £164bn (NDA 2016-17), although figures quoted are within a range of £97-£222bn and are time-limited to the first 120 years.

There are many factors that may account for the industry's historic performance level including the governance processes adopted over the decades (Pemberton 2016), but regulatory failures may also have contributed to its demise. One of the key issues for consideration is how the government can ensure an adequate segregation of duties together with an alignment of interests between owners and agents. For the UK nuclear industry, history suggests the maintenance of these principles has proved to be problematic.

In the UK, the government both funds the Legacy's operations and appoints the nuclear regulator's senior staff. These powers indicate high levels of owner influence in a largely non-prescriptive regulatory system may occur. In addition, the UK has a "hands-off" regulatory process whereby "we expect the industry to take the prime responsibility for learning lessons, rather than relying on the Regulator to tell it what to do" (ONR 2011: 1). A close relationship emerges between the "owner," the regulator and the body regulated under which a cooperative regulatory process operates. This regulatory relationship was reviewed by the ONR following the nuclear accident at Fukushima. The ONR found that regulatory independence was not an issue for the UK as the regulator operates independently both of the industry and of Government. At the same time, and somewhat perplexingly, the report noted that government was considering organizational changes "to create a more integrated, focused, independent and accountable nuclear regulatory body with the greater institutional flexibility necessary to sustain the high level of expertise" (ONR 2011: v). The creation of the ONR as a statutory authority was completed under the 2013 Energy Act. However, the powers of statutory corporations are defined and approved by government. In section 92 of the Energy Act (2013), the Secretary of State has the power to

(1) Give the ONR a direction as to the exercise by it of –
   (a) Its functions generally, or (b) any of its functions specifically.
(2) A direction given by the Secretary of State under subsection (1)
   (b) may modify a function of the ONR, but (b) must not confer functions on the ONR (other than a function of which it was deprived by a previous direction given under this section).
(3) The Secretary of State may give the ONR such directions as appear to the Secretary of State to be necessary or desirable in the interests of national security.
(4) A direction given by the Secretary of State under subsection (3) may
   (c) modify a function of the ONR, (b) confer a function on the ONR.

Examples of the problems created by close regulatory relationships between owner and regulator, or regulatory capture, are evident (Connor 2012) together with other governance failures including the Windscale Fire (1957) and issues of control at Sellafield. Other examples of failure in the industry can be found in reports or publications (WISE 2001; Blowers and Pepper 1987). More recently, the NDA were found to have managed fundamental failures in the Magnox contract procurement process. The auditor suggested that the failed process cost the taxpayer £122 m and questioned if the department's governance and oversight arrangements are sufficiently clear and effective.

For an industry with such catastrophic potential where accidents may "condemn. . .millions to pay the cost of nuclear power with their own health" (Caldicott 2006: 39), these performance levels may appear unacceptable. It has been suggested that the industry's regulation and advisory bodies are not sufficiently independent and a thorough review

of regulation is required that questions "the ability of Regulatory. . .institutions. . .to be effective regulators. . .rather than being 'captured' by particular interests" (Abbot and Snidal 2008: 3).

In addition to the risk of regulatory capture, other problems exist. For instance, the UK's retrospective regulatory process relies on the licensee to advise the regulator of noncompliance rather than undertaking proactive risk assessments to avoid failure. The estimated costs of the Chernobyl accident run to "hundreds of billions of dollars" (Dorfman et al. 2013: 477). Nonetheless, the UK regulatory approach requiring assessments of contractor appears sufficient. Implicitly, the approach relies on regulatory trust in the process and the contractor to report failures. Using its 560-staff located at three locations, a form of state-sponsored self-regulation exists where a government-sponsored regulator reviews a government-sponsored agent. What then, are the key issues that should be considered in the public debate?

## Key Issues

This paper does not attempt to provide solutions to the suggested key issues but rather aims to widen the debate on regulatory issues. Five regulatory conundrums are suggested. The first issue concerns regulatory independence avoiding an "identification with the industry, sympathy with the particular problems that regulated firms confront in meeting standards [or the] absence of toughness" (Makkai and Braithwaite 1992; p 61). Possible solutions may be to increase transparency through the use of informed stakeholder groups. For example, rather than the regulator operating under its own constitution as a statutory entity within the UK, it could be required to facilitate meaningful stakeholder reporting and dialogue that informs a wider debate about the industry's performance. Stakeholder groups have been established under statute for the industry but have not been extended to regulatory roles. Additionally, other international regulators such as the IAEA could play a more collaborative regulatory review role.

Secondly, the regulatory process should possibly move from its hands-off, retrospective nature to a more inclusive, prospective role. That is, the current arrangements require the regulator to "operate[s] a goal-setting regime rather than the more prescriptive, standards-based regimes" (ONR 2016a: p 17). Where the operator is a private sector organization required to meet the needs of its shareholders, a potential conflict is created with a hand's-off regulatory policy requiring the licensee to advise the regulator of defined incidents after the event.

Thirdly, key nuclear standards are used based on the "ALARP" principle.

> This principle requires 'nuclear licensees. . .to build, operate and decommission nuclear sites in a way that ensures that risks are kept as low as reasonably practicable [ALARP]. . .. This requires them to balance the level of risk posed. . .against the measures needed to control that risk in terms of money, time or trouble (ONR 2016: p 16).

Given nuclear hazards, this approach may be seen by some to be inappropriate.

Fourthly, the effectiveness of the regulatory process critically depends on the numbers of suitably qualified staff available and the resources to hand. Although the ONR annual report (2017) identifies that the staffing level of the ONR increased from 500 to 523 during the year, and this level of resource did not prevent regulatory events from occurring including the large-scale failure of the Magnox Procurement contract. Of the "3,866 events reported to ONR during the period covered by this report" (ONR 2016b: p4), many were low-level incidents according to international measurement scales. However, the numbers of incidents are not an adequate measure of the risks generated from the nuclear industry, and some suggest that we would be better positioned to manage nuclear affairs if "we could institutionalize the idea that nuclear risk assessments are *contestable judgments* more than they are *objective truths*" (Downer 2013: 18). This theme is echoed by other scholars and underlines the need to treat the nuclear industry as a special case when it comes to governance matters. That is, the risks arising from the industry may be low, but their impact is extremely high and unpredictable requiring a significant resource to attempt mitigation.

Finally, the interface between regulation and governance of the industry should not be viewed as separate issues. The regulatory process described is complex comprising both formal and informal elements. The formal elements include those based in the UK – the ONR, the Environment Agency, the HSE, and others – that together with risk-based standards, create a statutory form of self-regulation that is accountable to the owner. Informal elements include the powers of the government departments to which the agencies are accountable, and other legislative requirements. When viewed individually, each of these elements faces challenges, for instance, the use of risk-based standards to assess performance or the adoption of cash limits in hedging activity. However, if regulation can be viewed as part of governance, historic failures may be avoided. Since the Windscale Fire of 1957, the government have attempted to transfer its owner role through differing governance paradigms. While the governance arrangements over the industry have been heavily criticized by select committees, these criticisms related largely to the management control over costs rather than physical hazards. An impression may be given from such reports that the nuclear industry is similar to other parts of the UK economy, and it is mundane in the sense that its ownership can be transferred to the private sector and its regulation remains in a government agency. Perhaps, given events, history indicates that a sustainable and holistic regulatory governance approach is needed.

## Conclusion

The lively debate on the UK's proposed exit from Euratom in March 2019 has been welcomed. However, this chapter suggests other significant issues to consider including the regulatory process itself. The role of government, the efficacy of statutes, standards, agencies, and the relationship with management make this complex but apparently ineffective. The UK's retrospective, self-regulatory, and risk-based approach may be inappropriate for an industry with potentially catastrophic characteristics experiencing dramatic increases in unfunded cost forecasts and questionable stakeholder support. In the light of such challenges, government have attempted to transfer owner responsibilities through alternative governance paradigms, but have made few changes to the regulatory framework. Five key issues were identified as a basis for further research into nuclear regulation including regulatory independence and the regulatory process, the appropriateness of nuclear standards, the need for adequate resources in an industry that has low risk but high impact, and how regulation "fits" with the industry's governance. The UK now has an enduring, potentially catastrophic legacy and has begun a new reactor construction phase. The fundamental nature of the industry's challenges suggests that the government may need to undertake an overarching review of the industry focusing on issues such as how the new construction phase can be synchronized with the needs of the industry's past.

## References

Abbot KW, Snidal D (2008) The governance triangle: regulatory standards institutions and the shadow of the state. The Politics of Global Regulation, Princeton University Press, Princeton Accessed 3 Jun 2014 at 20:04

BEIS (2017) Business energy and industrial strategy report. leaving the EU: implications for the civil nuclear sector second report of session 2017–19. HC 378 published on 13 Dec 2017

Blowers A, Pepper D (1987) Nuclear power in crisis. Nicolson Publishing, London

Caldicott H (2006) Nuclear power is not the answer. The New Press, New York ISBN 978-1-59558-067-2

Connor S (2012) Sellafield "needs extra £276 million of taxpayer's money to complete UK's biggest nuclear construction project." The Independent, Wednesday, 30 May 2012. Available at: www.independent.co.uk/news/uk/home-news/, Accessed 31 May 12 at 13:48

Department of Energy and Climate Change (DECC) (2011) Speech by the Rt Hon Chris Huhne MP to the Royal Society: why the future of nuclear power will be different. January 2012. Available at www. gov.uk/government/speeches/the-rt-hon-chris-huhne-mp-speech-to-the-royal-society-why-the-future-of-nuclear-power-will-be-different, Accessed 26 Mar 2013 at 12:00 noon

Dorfman P, Fucic A Thomas S (2013) Late lessons from Chernobyl, early warnings from Fukushima. European

Environment Agency. Published 23 Jan 2013. EEA report No 1/2013. See www.eea.europa.eu/
Downer J (2013) Disowning Fukushima: managing the credibility of nuclear reliability assessment in the wake of disaster. School of Sociology Politics and International Studies, University of Bristol, Bristol. Regulat Govern 8(3):287–309. https://doi.org/10.1111/rego.12029
Department of Trade and Industry (DTI) (2002) White paper: managing the nuclear legacy – a strategy for action
Durie S, Edwards R (1982) Fuelling the nuclear arms race. Pluto Press, London
Energy Act (2013). C32. See: www.legislation.gov.uk/ukpga/2013/32/contents/enacted. Accessed 15 Dec 17 at 14:39
Froggatt A (2017) Brexatom: the UK will now leave Europe's nuclear energy authority
Hinson S (2017). House of commons library. Briefing paper number CBP 8036, 15 Nov 2017. Euratom. Suzanne Hinson
Makkai T, Braithwaite J (1992) In and out of the revolving door: making sense of regulatory capture. J Public Pol 12(1):61–78. https://doi.org/10.1017/S0143814X00005006
McMullan J, McMullan London School of Economics (2017) Avoiding a nuclear meltdown: how we might resolve the Euratom question. See blogs.lse.ac.uk/brexit/2017/12/11/avoiding-a-nuclear-meltdown-how-we-might-resolve-the-euratom-question/ Accessed 12 Dec 17 at 10:52
NDA (2016/17) NDA annual report and accounts. HC/269. In: Report presented to Parliament pursuant to section 14 (6) of the energy act 2004 and accounts presented to parliament pursuant to section 26 (10) of the energy act 2004. Ordered by the House of Commons to be printed on 19 July 2017
NDA Financial Memorandum (2012) See www.nda.gov.uk/documents, Accessed 20 May 2012 at 13:55
ONR (2011) The Office of Nuclear Regulation Framework document as amended 9th August and 23 November 2011
ONR (2016a) Office for nuclear regulation – A guide to nuclear regulation in the UK 2016 update. See www.onr.org.uk/documents/a-guide-to-nuclear-regulation-in-the-uk.pdf. Accessed 27 Mar 18 at 10:29
ONR (2016b) ONR – Events reported to the nuclear safety regulator in the period of 1 April 2001 to 31 March 2015. See www.onr.org.uk/documents/2016/events-reported.pdf. Accessed 27 Mar 18 at 11:16
ONR (2017) Office for nuclear regulation. Euratom safeguards in the UK. See www.onr.org.uk/safeguards/euratom.htm. Accessed 16 Dec 17 at 11:19
Pemberton BC (2016) Corporate governance and the nuclear industry. Routledge, Oxon
Robinson IF (1999) A nuclear inspector's perspective on decommissioning at UK nuclear sites. J Radiol Protect 19(3):203–212
Windscale Fire (1957). Enquiry. 'Fire at windscale pile number 1'. www.icsaglobal.com/governance-and-compliance#.UO2cIuR1HTo
WISE (2001) Possible toxic effects from the nuclear reprocessing plants at Sellafield and Cap De La Hague. E.C. European Parliament, Paris, pp 1–168
World Nuclear Association, WNA (2017) Nuclear power in the EU. See www.world-nuclear.org/information-library/country-profiles/others/european-union.aspx. Accessed 15 Dec 17 at 10:43

# Critical Theory of Organizations

Arthur J. Sementelli
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Critical management studies; Critical organization studies; Critical postmodernity

## Definition

Social theory of change in organizations.

## Introduction

Critical theories of organizations refer to the cluster of literature that typically employs elements of the Frankfurt School of critical theory as well as the work of post structural theorists like Deleuze, Derrida, and Foucault among others to understand managerial processes. If a common progenitor existed, one might argue it would be the work of Braverman (1974) who set the tone for critical inquiry in the context of labor. He particularly focused on how labor processes become power games using the combination of a Marxist perspective and concepts like deskilling.

Another critical point in early development comes with the work of Alvesson (1984), who uses the phrase critical organization theory, and begins exploring ties to the Frankfurt School along with issues of dominance in management studies. Alvesson (1984) explicitly talks about issues of rationality and ideology in the context

of late capitalism focusing on issues of power, the reification of work, technology and oppression, and the nature of organizational interests. One of the most important contributions of the piece comes from the recognition of more social elements of organizations, including Marcuse's notion of one dimensionality along with an overt recognition of how social construction helps reinforce power relationships.

Later, work by Steffy and Grimes (1986) raised an epistemic critique of management research with added complexity. They open a dialogue about work conditions and other elements considered earlier by both Gergen (1985) and Hummel (1977). Yet it is not until the emergence of Alvesson and Wilmott (1992a, b, 1996) that we begin to see a clearer conceptualization of what the amalgamation of critical theory and management might look like as a more cohesive conceptual frame. The development of this conceptual frame, in turn, allowed for the emergence of research from Boje (2001), Boje and Rosile (2001), Carr (2000), and others. These scholars opened streams of research in both critical organization theory and critical management, often focusing on inconsistencies between theories and practices. These emergent works have led some of the most dynamic, engaging contemporary managerial research in recent history.

It is important to understand what people often consider the origin of a critical theory of organizations. To do this, we must recognize the elements of Braverman's (1974) argument for a labor process theory. He notably takes on assumptions about capitalism illustrating how production shifts to large corporations. This is coupled with an understanding that labor had undertaken a process of deskilling, which refers to situations where skilled labor is replaced with a combination of semi/unskilled labor and technology. The effect in this case, according to Braverman (1974), is that workers can be kept in a more subjugated role than they would experience as either a skilled laborer or artisan (Peltonen 2016). Braverman (1974), through his work, calls for further consideration about how skilled and/or enriched jobs can impact society. Braverman's (1974) piece also serves as the seminal Marxist critique of the limits and consequences of Taylorism in management and Sociology as well as a progenitor of both critical organization theory and critical management studies.

A critical theory of organizations must therefore reconcile a few elements to be recognized as such. By and large, critical theories of organizations typically will borrow elements from a school of critical theory and apply it within a managerial frame. This contextualization of operating within a managerial frame differentiates critical theories of organization as well as critical management studies from critical theory by removing the inevitable need to wholly dismantle organizational systems. Theories borne out of a Marxist sociological perspective, like Frankfurt style critical theory, implicitly strive for a classless society, which implies the wholesale destruction of power structures. In contrast, critical management theorists adapt within existing structures and frames, offering change opportunities, often advocating for internal process or work redesigns rather than the wholesale destruction of a system of capital.

Out of the early theorists examining critical theories of organizations, Clegg and Dunkerly (1980) offer perhaps the most intimate exploration of critical theory and organizations. While they highlight the Marxist perspective as part of their argument, what stands out is the selection and consideration of Gramsci as source material. Clegg and Dunkerly (1980) persuasively justify the links to Gramsci based on his practical experiences at Fiat, his activism, and his scholarship. This selection of Gramsci for source material is uncommon given that he is not a Frankfurt theorist and that he bridges commerce and social activism as well as theory and practice. Clegg and Dunkerly (1980) contribute powerfully to the emergent literature by bridging concepts and highlighting how managerial practices (deskilling, Taylorism) maintain and reinforce power disparities as well as dominant ideologies of control, explicitly linking management practices to broader hegemonic practices in society.

Fischer (Fischer and Sirianni 1984) opens the discussion of a critical theory of organizations to the public sector with a managerially focused edited volume that collected works from other prominent scholars, interspersing within them

more contemporary cases and contexts. Of particular note is Fischer's "Ideology and Organization Theory" chapter which builds upon both Braverman's (1974) and Clegg and Dunkerly's (1980) works, articulating that the "real" contribution of Taylorism "was less the development of scientific techniques for measuring work processes than the construction of a new mode of organizational control" (Fischer and Sirianni 1984 p. 177). Paired with contemporary classics from Lipsky, Perrow, and others, this piece represents one of the few cross sectoral applications at the time.

Steffy and Grimes (1986) continue to develop a critical theory of organizations through a focus on organizational science. They propose a philosophical critique of research in organizations as an alternative to existing empirical approaches, focusing explicitly on the value-free assumption often made at the time. Moreover, they state that assuming away the subjective character of observed facts, knowledge gained in organization science would be one sided and incomplete (p. 328). Integrating elements of critical theory into the study of organizations allows for discussions of technology as control, as well as of reasoning as a normative force. Most interesting, however, is the overt link of critical theories of organization to change (p. 333) and change management.

As critical organization theory continues to develop, one uncovers links to specific elements of critical theory such as Alvesson and Willmott's (1992b) notion of microemancipation. Microemancipation implicitly requires a commitment to positive change within existing structures, similar to the commitment posed by Steffy and Grimes (1986). Microemancipation itself has become contested based on the practicality and viability of the concept in a managerial context. Citing issues of practice, Huault et al. (2014) point to (1) the implications of a constant struggle, (2) problems of identifying resistance (or "everyday misbehavior (p. 27), and the fragmentation of effort. Huault et al. (2014) take a step closer to Frankfurt style critical theory advocating for a more radical reconfiguration that moves organizations toward equality.

## Conditions for a Critical Theory of Organizations

As seen above, concepts relating to a critical theory of organizations have certain things in common. They often draw upon Frankfurt theorists (Horkheimer, Adorno, Marcuse, Benjamin, and Fromm), second-generation theorists like Habermas, and the work of non-Frankfurt, neo--Marxists like Lukacs and Gramsci. Especially in more contemporary work, these theoretical perspectives are enriched or otherwise supplemented with the work of what some call poststructuralists like Baudrillard, Butler, Deleuze, Derrida, Foucault, Kristeva, and Lacan as a way to bridge the more abstract work of critical theory into managerial theory and practices.

More specifically, in light of the rise of contemporary consumerism, civic engagement, identity politics, and spin, people find that interesting combinations of critical theories and the post-structural theories emerge. These combinations can allow cogent frames for understanding ideas like digital value, engagement, identity, and semiotics as well as their influences on managerial thought to emerge as points of concern and consideration. As organizations both influence and are influenced by their environments, a critical theory of organizations holds promise as a means to capture, understand, and possibly adapt to emergent issues of digital products and services along with discussions of value, engagement, identity, and semiotics.

## Differentiation

The tone of each perspective on critical organization theory tends to vary along the lines of the scholar of critical theory employed as a primary source. Most often, this is a function of the different a priori assumptions about ideal states critical theorists have and whether or not they are attainable. As an example, people embracing the work of Habermas tend to implicitly strive for egalitarian communicative structures as desirable outcomes. In contrast, people drawing from Marcuse, in contrast, tend to rely more heavily on

notions of consumer behavior. Gramsci, in particular, often reflects a tone most associated with prison narratives and narratives of more overt oppression, often in workplace contexts. Horkheimer's work differs primarily in scope and focus, as it tends to reflect more generalized societal contexts of suffering and oppression.

A method to distinguish among the variety of critical organization theories then emerges. The particularities of a contemporary scholar's perspective are colored by the critical theorist or theorists, as well as if any poststructuralist theorists inform a particular approach to critical theories of organization. The nuances of differences, in essence, reflect the a priori assumptions of the source material as well as any biases, predilections, or contexts where they are drawn from. The consequence, of course, is that scholars and practitioners must take care to minimize incongruities among the source material and applications to avoid mismatches.

## Current Applications

One of the most fruitful incarnations of a critical theory of organizations comes in the form of critical management studies. Critical management studies are understood as clusters of managerial and organizational thought that often encompass both critical and poststructural perspectives. An emergent line of inquiry captures managerial narratives and their analysis using social lenses that include radical democratic theory, feminism, postcolonialism, neo-Marxism, and gender studies to name a few. In this sense elements of critical theory have been hybridized with elements of poststructuralism, postmodernity, and organization studies. This hybridization attempts to reconcile the artifacts of earlier work of Steffy and Grimes (1986), which ambitiously tried to resolve positivist narratives of organization science with hermeneutics and phenomenology via philosophical assumptions.

More contemporary work, such as that of Carr (2000), linked Marxist informed critical theory with Freud to understand organizations. Carr (2000) adds to the literature bringing questions of "moral" choices in public sector organizations that can be deconstructed and the power disparities effectively reflected upon and analyzed using critical theory, thereby informing change management. Similarly, Jurie (2000) linked aspects of critical theory using Habermasian path to achieving "joint benefits" via reflexive communication in a decidedly public sector context.

With the advent of Boje (2001), we begin to see even more complexity and depth being brought to bear on public affairs. His critique of state power using notions of spectacle and carnival represents an effective fusion of prevailing notions of postmodernity of the time with themes from critical theory to offer a perspective on organizations now understood as "critical postmodernity" with examples of virtual resistance, electronic disobedience, and other prescient organizational themes. Similarly, Boje and Rosile (2001) turn this emergent critical postmodern theory toward the topic of employee empowerment, revealing underlying hegemonic processes as well as microlevel power dualities that impact human resources management.

This is not to say that there are not also works that focus on critical organization theory more generally. In most instances, contemporary critical organization theories have trended more toward application and further hybridization. Applications appear most prominent in European scholarship, though there are some emerging examples in the USA and other areas. One of the more utilized examples comes from Durepos and Mills (2012), who employ critical organization theory along with actor network theory. Another is Rhodes and Wray-Bliss (2013) who employ it to the study of ethics. A third, O'Toole and Grey (2016) use critical organization theory to wrestle with issues of volunteerism.

We find ourselves in the twenty-first century with a well-developed managerial tool for theorizing which benefits explicitly from praxis based approaches. As demonstrated, the traditions of a critical theory of organizations as well as the emergent critical management studies and critical postmodernity are colored heavily by practitioner experiences as employees, as change agents, and as managers making this theoretical approach

both applicable and compelling while minimizing some of the intellectual baggage associated with more purely sociological approaches to critical theory many are more familiar with.

Given the increasing applications and emphasis throughout the management literature, one might argue that it offers enhancements to both the theory and associated practices of management. In the public sector, in particular, this underexamined concept has the potential to offer even more insights into organizational life, particularly given the peculiar relationships often experienced in the practice of public affairs. One can conclude by making the claim that critical organization theory and critical management studies, though still from being mainstream concepts, have carved out some niche applications that have demonstrated its relative worth in the managerial literature. The long-term impact of these bodies of literature has not yet been fully realized, but appears to be gaining ground as people consider and reconsider work, life, and organizations.

## References

Alvesson M (1984) Questioning rationality and ideology: on critical organization theory. Int Stud Manag Org 14(1):61–79

Alvesson M, Willmott H (1992a) Critical management studies. Sage, London

Alvesson M, Willmott H (1992b) On the idea of emancipation in management and organization studies. Acad Manag Rev 17(3):432–464

Alvesson M, Willmott H (1996) Making sense of management. Sage, London

Boje DM (2001) Carnivalesque resistance to global spectacle: a critical postmodern theory of public administration. Admin Theory Praxis 23(3):431–458

Boje DM, Rosile GA (2001) Where's the power in empowerment? Answers from Follett and Clegg. J Appl Behav Sci 37(1):90–117

Braverman H (1974) Labor and monopoly vapital: the degradation of work in the twentieth century. Monthly Review Press, New York

Carr A (2000) Critical theory and the management of change in organizations. J Organ Chang Manag 13(3): 208–220

Clegg S, Dunkerly D (1980) Organization, class, and control. Routledge and Kegan Paul, New York

Durepos G, Mills AJ (2012) Actor-network theory, ANTi-history and critical organizational historiography. Organization 19(6):703–721

Fischer F, Sirianni C (1984) Critical studies in organization & bureaucracy. Temple University Press, Philadelphia

Gergen KJ (1985) The social constructionist movement in modern psychology. Am Psychol 40:266–275

Huault I, Perret V, Spicer A (2014) Beyond macro- and micro-emancipation: rethinking emancipation in organization studies. Organization 21(1):22–49

Hummel RP (1977) The bureaucratic experience. St. Martin's Press, New York

Jurie JD (2000) Building capacity: organizational competence and critical theory. J Organ Chang Manag 13(3): 264–274

O'Toole M, Grey C (2016) 'We can tell them to get lost, but we won't do that': cultural control and resistance in voluntary work. Organ Stud 37(1):55–75

Peltonen T (2016) Organization theory: critical and philosophical engagements. UK. Emerald Publishing, Bingley

Rhodes C, Wray-Bliss E (2013) The ethical difference of organization. Organization 20(1):39–50

Steffy B, Grimes A (1986) A critical theory of organization science. Acad Manag Rev 11(2):322–336

# Crowdfunding and Social Policy

Martin Mayer
Old Dominion University, Norfolk, VA, USA

## Synonyms

Alternative finance; Direct charitable giving

## Definition

Crowdfunding is a combination of crowdsourcing and fund-raising in which monies are raised through online platforms connecting ideas to supporters. Increasingly crowdfunding has been utilized in local government as a means to address resource needs while further engaging and giving voice to citizens.

## Introduction

In mid-2006 the US housing market was at an all-time high, having risen steadily during the early

2000s in the wake of the dot-com collapse. The combination of a volatile stock market and low interest rates led to money increasingly being funneled out of stocks and into housing. At the time, the housing sector had never experienced a national decline, and investors considered it not just safe but exceedingly profitable; rates were low and money was easy to come by. By the summer of 2007, after years of excessive subprime lending and a spike in loan defaults, the bill had come due for many of the major banks. The resulting credit freeze, bankruptcies, and bailouts had a devastating impact on every level of the economy; some of the effects are still being felt today. As has often been the case in times of great economic and financial strife, uncertainty leads to opportunity, which leads to innovation. Crowdfunding is one such recent innovation.

A relatively new term in the social policy lexicon, crowdfunding utilizes online technology to connect ideas to resources. Crowdfunding began as a way to fund business ideas and artistic endeavors where an entrepreneur would often promise a reward or gift to those donating start-up funds for a particular project. Despite the onset of the recession in 2008, crowdfunding campaigns and revenues continued to grow. With the passage of the Jumpstart Our Business Startups (JOBS) Act in 2012, which further eased fundraising and solicitation restrictions, crowdfunding was given an endorsement and a sense of legitimacy as a funding mechanism by the federal government. At the time with many local governments still trying to dig out of the ongoing recession, funds and resources were particularly scarce. The combination of the continued private sector success and eased regulations began to open the door for local government to begin to turn to crowdfunding as a more inclusive form of decision-making and service provision.

This remainder of this text explores the emergence of crowdfunding in the public sector (civic crowdfunding) and its impact on social policy. This is done by first providing an overview of the emerging field of crowdfunding. This includes briefly examining the history and factors contributing to the growth and development of civic crowdfunding. This includes briefly examining the history and factors contributing to the growth and development of civic crowdfunding, examining the theoretical development of the field and also highlighting components of a successful civic crowdfunding campaign. Next, the social policy implications for local government and the citizenry engaged in civic crowdfunding will be discussed, and this will be followed by a brief discussion of the strengths and challenges inherent to civic crowdfunding campaigns. And finally, potential opportunities for research and further development within the field moving forward will be highlighted within a summary conclusion that details how civic crowdfunding has evolved into a tool for local government that has the potential to increase service and engagement between the government and constituents.

## Overview

### History

In its most basic conception, crowdfunding utilizes the resources of the crowd to achieve a shared goal. The continued growth of technology has made it easier than ever to develop platforms in which individuals can be connected to ideas and has fueled the growth of crowdfunding as both a resource generator and increasingly a tool for local government. While crowdfunding in its current iteration (as a citizen driven online activity) has grown and evolved substantially over the last 20 years, it is far from a new concept. Examples of crowdsourcing, utilizing the resources of the citizenry, financial or others, can be found throughout history.

One of the more prominent early examples is the funding of the Statue of Liberty pedestal. After receiving the monument from the French, it sat unassembled in New York Harbor for nearly a decade as Congress, the City of New York, and private citizens differed on how the monument pedestal and assembly should be funded. Eventually, publisher Joseph Pulitzer appealed to his readers to help fund the pedestal construction. In a period of less than 6 months, Pulitzer received donations from over 160,000 citizens, with the majority of donations totaling less than one dollar.

Throughout the fund-raising period, Pulitzer recognized each individual contributor in his newspaper. Pulitzer's campaign, with the exception of the fund-raising medium, shares many similarities to modern crowdfunding campaigns, including the appeal by a primary convener to a large number of constituents and the reliance on a large number of small donations to collectively achieve a shared goal.

Pulitzer is just one example of several crowdfunding efforts throughout the nineteenth and twentieth centuries; however, it was not until the digital revolution of the 1980s and the following Internet age when technology allowed for the connecting of people from all expanses of the world that crowdfunding began to be taken seriously as a realistic platform for raising money and funding projects. Initially it was used primarily within the artistic community as a way to fund music, tours, and other related things. As success followed so has the number of different funding platforms focusing on everything from education to business ventures and eventually local government civic matters.

The growth and legitimacy of crowdfunding as a potential revenue source for multiple sectors and industries were further buoyed by President Obama's signing of the JOBS Act in the spring of 2012. The JOBS Act, as it relates to crowdfunding, updated provisions from the 1933 Securities Act by easing restrictions on fund-raising, advertisement, and solicitation while also providing a sense governmental legitimacy to the growing field. Collectively the impact has been substantial as total revenues from crowdfunding ventures have increased more than 1000% since 2012 to more than $10 billion in the year 2014 (Fundable 2015). While this number includes a disproportionate amount of generic crowdfunding campaigns (campaigns that raise money for any number of issues and concerns), the growth of civic crowdfunding has had a similar rise albeit on a smaller scale.

## Theoretical Development

Conceptually, crowdfunding borrows from and incorporates a number of literatures and theoretical bases including collaboration, communications, local government, and the New Public Service. The lack of theoretical development and reliance on other literature is primarily attributable to the recent emergence of the field as an innovation that straddles a number of existing literatures and disciplines. This disparity, while limiting to the extent of overall theoretical development, also has a positive effect by providing a diverse collection of potential explanations and opportunities for the field and literature to explore and incorporate. Despite the still developing nature of the field, much can be gleaned from the incorporation of the above literatures in explaining crowdfunding as an innovative tool for local government that crosses a number of existing boundaries and has the potential to make government and service delivery increasingly accessible.

In collaboration and through the use of various technological channels, citizens and government are able to come together to address emergent problems in increasingly challenging environmental conditions. While civic crowdfunding exhibits many characteristics that comprise and lead to the success of collaboration, such as the need for communication strategies, the importance of diverse stakeholders, social capital, and trust, it is important to understand that not every aspect of a civic crowdfunding campaign is truly collaborative. Often the convening process of collaboration and civic crowdfunding (identifying key stakeholders and resources) can be similar, yet as each process grows, they may continue to diverge with crowdfunding looking less and less like a true collaboration. In both cases, existing social capital can foster trust and ultimately lead to buy-in among individuals (O'Leary et al. 2012). Civic crowdfunding projects usually begin to take shape when there is the articulation of a particular community need or desire. Once identified and conceived as a project, social capital is critical to bringing in potential investors, in turn helping to fund the project while also increasing citizen participation and transparency.

Much like in a true collaboration, social capital is not necessarily a prerequisite in civic crowdfunding, but the presence of social capital between actors can greatly expedite the process.

In instances where social capital is low or nonexistent, there are a number of potential strategies aimed at increasing it while also building trust. One of the most effective methods has been found to be maintaining and promoting frequent and open lines of communication between all involved parties (Howe 2008). This is typically done through frequent multifaceted online updates and the repeated solicitation of feedback in a manner that is both inclusive and transparent while further engaging the citizenry (Brito 2008).

Another key aspect of collaboration and crowdfunding, particularly in the public domain, is that of mutual benefit. Local governments have to receive something appealing enough to incent their participation. Normally the funds are required to address a particular project; on the other hand, the project has to be deemed worthy enough by citizens willing to put up the necessary resources to make a project a reality. Mutual benefit is critical, especially in selecting the right projects, projects that are likely to get funded and that don't waste precious time, attention, and resources of all involved parties.

Crowdfunding has been described as a mix of top-down/bottom-up collaboration (Tapscott and Williams 2008), which can move toward creating or disrupting public value at an incredibly fast pace (Brabham 2013). As civic crowdfunding becomes increasingly prevalent and much of the collaborative process takes place through non-traditional online institutions in which knowledge, power, and capacity are increasingly dispersed, it has become exceedingly important to study these fluid connections and relationships (Tapscott and Williams 2008).

Along with the collaboration literature, another lens that offers insight into the connections and relationships necessary for civic crowdfunding success is the New Public Service. The New Public Service advocates for government predicated on citizen needs; the primary role of administrators is that of service to their constituents. An engaged citizenry is thus critical to understanding what exactly it is that citizens want. One way to engage citizens is through the fostering and development of multifaceted coalitions that highlight member strengths and resources (Denhardt and Denhardt 2000). Participants are often civic-minded individuals driven by a sense of purpose and duty (Brabham 2010). In some instances, additional incentives can be helpful and necessary to further engage the citizenry; these typically include opportunities to further participate in various stages of the planning process, volunteer opportunities, and invitations to special commemorative events (Davies 2014). Many concepts of the New Public Service are also characteristics of successful crowdfunding campaigns.

## A Successful Crowdfunding Campaign

Citizen engagement is critical to the success of a crowdfunding initiative, and one of the primary ways to engage the citizenry and make them aware of particular projects is through the use of social media. An effective social media presence cannot only raise awareness and engagement, but it can also serve as a tool to increase transparency, in turn further building trust and social capital between project administrators and the community (Brito 2008). By promoting an inclusive policy process, administrators allow citizens to take a more active role in project design and development while also increasing the likelihood of project success (Seltzer and Mahmoudi 2012).

In addition to engagement, successful civic crowdfunding initiatives are often characterized by the clear articulation of a community need or visible problem. While the articulation of need typically originates from the organizational level in a top-down manner, visible problems are often rooted at the individual level and flow upward. In this case, presentation and how a problem or issue is framed can have a significant impact on the success of crowdfunding proposal. This connection once again reinforces the importance of engagement, coalitions, and mutual benefit to the success of crowdfunding initiatives.

In addition to engagement strategy and the use of technological innovation, in order for civic crowdfunding campaigns to be successful, they must address issues that broad segments of the population care about. Typically these issues may be smaller scale but still have a broad impact, like a local park, for example, something that is

non-excludable and has the potential to provide enjoyment for all visitors.

## Social Policy Implications

Crowdfunding initiatives can have a number of social policy implications both for local government and the citizenry. Utilizing crowdfunding also presents a variety of strengths and challenges that must be carefully weighed when determining when to use crowdfunding to supplement traditional fund-raising and service delivery.

### To Local Government

Crowdfunding initiatives can help administrators with not just budgeting and resource shortfalls but also with project development decision-making. For example, if a project is pitched and receives little support, it may be something that falls off the agenda entirely; conversely, if a project receives a fair amount of support, but comes up short of the funding goal, it may need to be reevaluated and possibly further pursued through more traditional means. The online format allows for greater citizen involvement as well as offering municipalities an additional feedback mechanism to determine needs of the constituency based on the citizens' response to requests for funding. The potential and utility of crowdfunding as a nontraditional budgetary tool lie in its ability for increasingly responsive and transparent governance.

One of the primary implications and challenges for administrators is figuring out the proper role of citizens in the planning and development process. The challenge can be further compounded when incorporating civic crowdfunding into traditional tax-and-spend project development, where citizens may not have the same level of input into a particular project as other stakeholders.

Accountability is another implication and concern for administrators, particularly how to deal with changing and potentially divested accountability. Civic crowdfunding can lead to a shift in accountability, in which citizens with greater input also want greater accountability. This shift in accountability ultimately may lead to finger-pointing when something goes wrong and politicians, administrators, and citizens all attempt to absolve themselves from blame (Miglietta et al. 2014).

Crowdfunding may also raise questions about budgeting and planning. Depending on the number of projects planned and how many are successful, crowdfunding may impact the budget and be the cause for certain projects to be put on hold or canceled altogether. Planning can be a concern for many of the same reasons, especially when administrators need to determine how much time and resources to put in to project planning for crowdfunded initiatives that may or may not be successful.

### To Citizens

Similar to the implications for administrators, the potential implications for citizens involved in crowdfunding can be many. One of the primary implications is the potential to offer a much greater voice and involvement in project development and success. Due to the need and reliance of citizen resources in these types of projects, citizens can also play a larger role than in traditional settings when it comes to decision-making and resource allocation. Ultimately, greater citizen involvement promotes a more transparent process that can foster significant increases in social capital between citizens and administrators (Miglietta et al. 2014).

A potential cause for concern related to the changing relationship dynamics between citizens and administrators is once again related to accountability. As citizens typically have greater involvement in crowdfunding initiatives, the traditional channels of authority and accountability can devolve among a number of stakeholders. Citizens often expect greater accountability in such situations, yet due to the changing structures, it is far from assured.

### Strengths

Civic crowdfunding can promote democratic citizenship and encourage individuals to take a more active role in the process in government and decision-making; this can lead to more representation, greater transparency, and less risk of fraud (Miglietta et al. 2014). In addition to the benefits

of greater involvement and engagement, perhaps the most obvious is the resources that crowdfunding can bring to the table. While not a replacement for traditional budgeting and service provision, crowdfunding has been increasingly utilized as a means to provide scarce resources and create public value within participating communities. Proponents argue that civic crowdfunding has the potential to give citizens a greater opportunity to impact local government policy and service provision within their communities.

### Challenges

A key challenge that must be addressed when utilizing crowdfunding is that of role definition. As the number of stakeholders increases, so do questions over roles and boundaries, particularly as it relates to accountability and decision-making (Davies 2015). There is also the concern over how to best utilize and incorporate crowdfunding as a relatively recent innovation into more traditional methods of governance and service delivery (Miglietta et al. 2014).

One major criticism that must be taken into account is the potential or perception that the process could be co-opted by elites (Seltzer and Mahmoudi 2012). Proper care must be taken to design the necessary structures to guard against this concern and maintain the equity and the integrity of the project. Designing such structures remains one of the greatest challenges facing administrators seeking to take advantage of crowdfunded resources.

## Conclusion

At its best, crowdfunding has significant potential for administrators to better involve citizens in the daily business of government all the while addressing pressing resource issues. On the other hand, crowdfunding is a recent innovation that is not without legitimate concerns over equity, accountability, and representation. The key to the continued use and growth of crowdfunding to address community needs and projects will be figuring out how to best design the structures required to maximize resources and relationships. Further understanding these roles and expectations, especially as they relate to the citizens, is critical to the development of the field and the acceptance of civic crowdfunding as a potential alternative funding mechanism for local government.

As a recent innovation, civic crowdfunding has shown the potential to greatly impact local government through an upheaval in the traditional models of resource creation and service delivery. When properly leveraged, civic crowdfunding has the potential to increase transparency and engagement all the while providing valuable scarce resources for communities that desperately need them. Civic crowdfunding encourages involvement and can foster greater social capital within the local funding communities. Additional research is necessary however to better understand the potential challenges that this new innovation brings and also to further delineate best practices in order to optimize chances of success.

## Cross-References

► Fiscal and Financial Transparency

## References

Brabham DC (2010) Moving the crowd at threadless: motivations for participation in a crowdsourcing application. Inf Commun Soc 13(8):1122–1145

Brabham DC (2013) Crowdsourcing. MIT Press, Cambridge, MA

Brito J (2008) Improving government transparency online. Public Manag 37(1):22–26

Davies R (2014) Civic crowdfunding: participatory communities, entrepreneurs and the political economy of place. Graduate thesis, MIT, Cambridge, MA

Davies R (2015) Three provocations for civic crowdfunding. Inf Commun Soc 18(3):342–355

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Fundable (2015) Guides. Fundable. http://www.fundable.com/learn

Howe J (2008) Crowdsourcing: how the power of the crowd is driving the future of business. Random House Publishing, New York

Miglietta A, Parisi E, Pessione M, Servato F (2014) CrowdFunding and local governments: a financial opportunity for a new liaison with citizens. Paper presented at the Toulon-Verona conference "Excellence in Services"

O'Leary R, Choi Y, Gerard CM (2012) The skill set of the successful collaborator. Public Adm Rev 72(s1): S70–S83

Seltzer E, Mahmoudi D (2012) Citizen participation, open innovation, and crowdsourcing: challenges and opportunities for planning. J Plan Lit 28(1):3–18

Tapscott D, Williams AD (2008) Wikinomics: how mass collaboration changes everything. Penguin Publishing, London

## CSOs and Public Financial Management in Ghana

Joseph Antwi-Boasiako[1], Gladys Nkrumah[1] and Ama Kissiwah Boateng[2]
[1]Department of Public Administration and Health Services Management,
University of Ghana, Accra, Ghana
[2]Faculty of Public Governance and Administration Sciences,
National University of Public Service,
Budapest, Hungary

### Synonyms

Budgeting process; Think tanks

### Definitions

Public financial management is how governments manage their public resources and the impact of the resources on the economy of the country.

Public financial management also refers to the allocation and utilization of governments' resources in an effective, responsive, and efficient way.

### Introduction

Public financial management involves activities of the government setting the rules governing the use of public resources and how revenue is mobilized (Simson et al. 2011). In most countries, the public financial management process incorporates four stages: budget formulation, budget approval, budget execution, and budget evaluation which can further be divided into more key processes. For instance, in Ghana, the public financial management process incorporates strategic planning, budget preparation and approval, budget execution, record keeping, accounting and reporting and monitoring, evaluation, and auditing (Adzroe 2015).

In the public financial management process of Ghana, different actors are mandated by law to participate in the various stages. Some examples of the mandatory stakeholders include the National Development Planning Commission; Metropolitan and Municipal District Assemblies and Ministries, Departments, and Agencies; Ministry of Finance; Parliament; Controller and Account Generals' Department; Public Accounts Committee; Ghana Audit Service; etc. (Adzroe 2015). Other groups like political parties and civil society organizations may serve as permissive stakeholders to influence and perform different roles and functions in the public financial management process of Ghana (Ahenkan et al. 2013; Adzroe 2015).

Ramkumar and Krafchik (2007) posit that traditional public financial management process in most developing countries until the late 1990s excluded civil society organizations. However, civil society organizations have built their capacities to participate in the budgeting processes of their countries. While some scholars and international organizations have recognized the role played by civil society organizations in the public financial management of some countries (World Bank 2002; Ramkumar and Krafchik 2007), others still believe that there is paucity of material in the literature (Petrie 2003).

Civil society organization roles in public financial management have mainly been studied under two broad themes which are auditing and non-auditing roles (Ramkumar and Krafchik 2007). They posit that in performing the auditing roles, civil society organizations serve as a check on state institutions to ensure an efficient utilization

of financial resources. The World Bank (2002) has also explained that civil society organization roles are not only limited to the auditing roles; however, they adopt participatory approaches to participate in the public financial management especially in the preparation of the budget.

In most African countries, especially in Ghana, where issues of financial mismanagements are predominant, civil society organizations have been very vibrant and are mostly seen to be performing the auditing roles (Abdulai and Quantson 2009). As a result, attention has not been given to the non-auditing roles of the civil society organizations in the public financial management of Ghana and hence has not been well explored in the literature. This entry therefore specifically seeks to assess the non-auditing role of civil society organizations in the public financial management of Ghana. The introduction section is followed by an overview of the public financial management process in Ghana, the methodology used for the entry, findings and discussions, and conclusion.

## Public Financial Management Process in Ghana

In Ghana, public financial management derives its legal framework from an Act of Parliament, the Public Financial Management Act (Act 921) of 2016. The Act regulates the management of public finances in Ghana and defines the roles of persons who are mandated by law to control and manage state assets, liabilities, resources, and funds. This is to make sure that the funds are sustainable and in line with the level of public debt to provide for accounting and auditing of public funds and all other related matters.

Public financial management goes through some processes (Andrews et al. 2014; Lawson 2015). Andrews et al. (2014) explain that public financial management systems are embedded by a broader set of processes, systems, and institutions. However, some of the processes are similar among countries, while others still have differing processes. This, therefore, makes the issue of public financial management contextual (Andrews et al. 2014). Generally, most public financial management processes around the world go through four stages: budget formulation, budget approval, budget execution, and the stage of evaluation of the budget. However, some countries may further divide these four processes into subprocesses (Andrews et al. 2014). Lawson (2015) posits that some of the processes are further divided into six which are the policy design stage, budget formulation stage, budget approval stage, budget execution stage, accounting stage, and external auditing stage.

In Ghana, Adzroe (2015) asserts that the public financial management cycle goes through five stages. The first stage in Ghana is the strategic planning. The strategic planning involves state actors like the National Development Planning Commission; the Metropolitan, Municipal and District Assemblies; and the Ministries, Departments, and Agencies. The next stage after the strategic planning is the budget preparation and approval with some actors like the Ministry of Finance preparing the budget and Parliament approving it. The budget is then executed in the next stage of the cycle. This stage is where the government generates the needed revenue and administers expenditure. The fourth stage involves record keeping, accounting, and reporting. The last stage in the public financial management cycle, according to Adzroe, is the monitoring, evaluation, and auditing which also involves state actors like the Ghana Audit Service and the Public Accounts Committee of Parliament. The public financial management process of Ghana is illustrated in Fig. 1 below.

## Methodology

In assessing the non-auditing role of civil society organizations in the public financial management of Ghana, the entry adopted the qualitative research approach. This approach answers the questions of how, what, and why as this entry seeks to do. Civil society organizations in Ghana have demonstrated that their activities can be found in areas such as governance, health, and

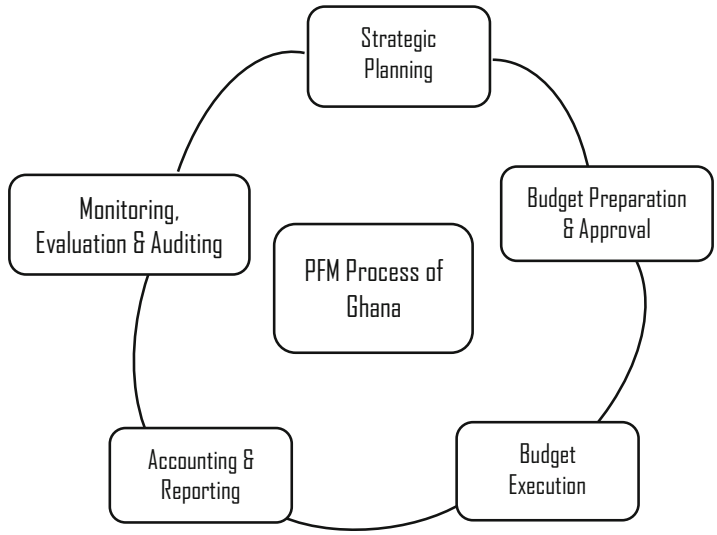


**CSOs and Public Financial Management in Ghana, Fig. 1** PFM process of Ghana

service delivery, among others. Selected civil society organizations for this entry were in the area of governance and also have shown evidence of participating in the public budgeting process of Ghana. Twelve civil society organizations were identified by the researchers with ten of them giving access to the researchers. The ten civil society organizations were found to be performing roles across the public financial management process in Ghana. Face-to-face interviews were then conducted with designated members of these civil society organizations using a semi-structured interview guide. In some cases, interviews were conducted with the top management executives of these civil society organizations including country manager, chief executive officer, and president. Other interviewees included policy analysts and research officers. Data collected from the interviews were analyzed using the content analysis approach.

## Civil Society Organizations and Public Financial Management in Ghana

In assessing the non-auditing roles of civil society organizations for this entry, two broad themes were generated from the interviews with the respondents. It was found that under the non-auditing roles, civil society organizations played participatory roles in the planning stage and the budgeting stage of the public financial management process. The World Bank (2002, p. 1) defines participation as "the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services." The participatory roles of the civil society organizations are discussed below.

## Participatory Planning

In Ghana, priority setting is done at the strategic planning stage of the public financial management process. At this stage of the process, the National Development and Planning Commission is mandated by law to perform this function with the Ministries, Departments, and Agencies and the Metropolitan, Municipal, and District Assemblies. However, data from the interviews conducted shows that other non-state actors like civil society organizations are permitted to participate in the planning process.

These civil society organizations serve as groups that represent the citizens to make inputs into the strategic planning which reflects the

expectations and needs of the people. Civil society organizations interact with the people at the local level through research and when called to participate in the process submit inputs which reflect the needs of the people.

A participant from one civil society organization narrated how they participate in the strategic planning stage of the public financial management process:

> What we do at the strategic planning stage at the national level is that when the National Development Planning Commission develops Medium Term Development Framework and the Ghana Shared Growth and Development Agenda, we are involved in the consultation process. And when guidelines are given to the Metropolitan, Municipal and District Assemblies to develop their own plans at the local level, we are also there to make inputs.

Another participant from a local government advocacy civil society organization also explained that:

> At the strategic planning stage, we get the citizens to identify their problems or challenges and when we are called to participate we channel these problems to the local assemblies for them to be included in the Assembly Development Plan.

According to Abdulai and Quantson (2009, p. 122), "evidence suggests that these organizations understand local conditions better and have a comparative advantage over national governments." By this, civil society organizations have found support from the national governments, and this has paved way for civil society organizations to participate in the planning of national budgets in Ghana. In GPRS II, an aspect of public financial management, data shows civil society organizations were engaged in the planning of the program. These civil society organizations were consulted once or twice by the National Development Planning Commission to participate in the thematic groups (Abdulai and Quantson 2009). Ahenkan et al. (2013, p. 165) explain that for citizens and civil society groups to participate properly in the revenue management of their districts, "they must as well be able to influence how the planning is done."

## Participatory Budgeting

Another role played by civil society organizations in Ghana is participatory budgeting. Public involvement in the budgeting process is envisaged by the World Bank as participatory budgeting and has been defined by Marquetti et al. (2012, p. 63) as "a form of democracy in which citizens and civil society organizations have the right to participate directly in determining fiscal policy." The World Bank (2002) outlines that at the budgeting stage, civil society organizations can participate in the budget formulation and budget review and analysis.

### Budget Formulation

At the budget formulation stage, the stakeholders usually involve the cabinet, sector ministries, and the Ministry of Finance (World Bank 2002). The case of Ghana at this stage is not different (Adzroe 2015). Civil society organizations participate in the formulation by proposing spending projects, setting priorities for spending, and helping to decide which projects should be funded.

In Ghana, Akwetey (2007, p. 7) as cited in Abdulai and Quantson (2009) explains that the Ministry of Finance and Economic Planning (MOFEP) in 2005 introduced an open-door policy which was aimed at encouraging civil society organizations to submit inputs before the national budget is prepared. As part of the "new budgetary approach," the Ministry invited civil society organizations through open advertisement in the electronic and print media to submit memoranda on issues that informed the prioritization of resource allocation in the national budget. Some selected civil society organizations also narrated their participation in the budgeting process even though it was no longer through the open-door policy. They were rather invited as stakeholders during the budget preparation stage. A respondent narrated that:

> In the preparation of the budget, we do a district and regional level consultation to take inputs from the citizens into the national budget. We go to many districts and ask them what they really want to reflect in the budget and then we consolidate

> everything into a citizen's alternative budget or budget input and present it to the Ministry of Finance.

A campaign coordinator of one civil society organization also explained that they always get the opportunity to submit their own proposals on tax policy plan for the year and in terms of planned expenditure for the year to the duty bearers before the budget preparation. In the 2017 Citizen's Budget, the Minister of Finance of Ghana during his presentation to the legislature acknowledged the participation of civil society organizations in the preparation of the budget. This, therefore, confirms that civil society organizations participate in the formulation of the budget.

### Budget Review and Analysis

The stage at which civil society organizations participate the most is the budget review and analysis. When the budget is presented by the Minister of Finance to the legislature, civil society organizations take up the role of reviewing and analyzing it. The World Bank (2002) identifies that civil society organizations inform and train parliamentarians on the budget, create awareness of pro-poor issues, and demystify its technical content, among others. Indeed, civil society organizations also perform such roles at the participatory phase of the budgetary process.

A respondent narrated that:

> For us, when the government comes up with the budget every year, we do an analysis of the budget, we compare with the previous year to look at how this new budget is different from the previous year's budget.

Another respondent also corroborated that:

> When the budget is presented and has become a property of Parliament, this is where we engage parliament. We issue an analysis of the budget and the idea is to get parliament to have a third view of the budget from the perspective of the citizens so that in their discussion and debate of the budget, they are guided by what the aspirations of the citizens and civil society are so that they will able to make the right decisions as to whether to ask for revision or reject a particular ministry's budget (allocation).

This claim was supported by a letter from the Speaker of the Parliament addressed to a civil society organization inviting them to engage the parliament on the 2017 budget. In relation to demystifying the budget, one respondent narrated that his organization engages in public education and public sensitization. To "demystify" is to explain the budget in nontechnical language for the public to understand and appreciate its contents and what it seeks to achieve. In his words, "when the budget is presented, it is a big document, we take the document and break it down. We present it into readable formats for people to easily understand it."

Findings from South Africa and India have shown that civil society organizations like the Institute for Democracy in South Africa (IDASA) and the Development Initiatives for Social and Human Action (DISHA) in India perform a budget review and analysis functions in their respective countries (World Bank 2002). DISHA is noted to be unpacking and demystifying the data in the budget to enable the legislators, media, and citizens to be able to quantify the allocations made. IDASA in South Africa has also been reported to be improving the budget literacy through training, community radio, newspapers, and the Internet. The Ghanaian situation is not different from the cases of South Africa and India.

## Conclusion

This entry tries to fill the gap by contributing to the literature on the non-auditing role of civil society organizations in public financial management using the case of Ghana. The entry presents findings from Ghana to support the assertion that even though civil society organizations are not mandatory stakeholders, they still have a role to play as permissive stakeholders in the management of public finances. From the entry, civil society organizations in Ghana are playing a positive participatory role and achieving relatively good results which compare favorably well with their counterparts in some parts of the world. It is proposed that civil society

organizations should be accorded official recognition and integrated into the public financial management process. By so doing, they will see their role more of an obligation than a responsibility.

## Cross-References

► Civil Society Organizations
► New Public Financial Management

## References

Abdulai AG, Quantson R (2009) The changing role of civil society organizations in public policy making in Ghana. Ghana Soc Sci 6(2):114–151

Adzroe G (2015) An overview of PFM reforms in Ghana. Presentation by Controller and Accountant General at IFAC round table discussion, Labadi Beach, Accra

Ahenkan A, Bawole NJ, Domfeh KA (2013) Improving citizens' participation in local government planning and financial management in Ghana: a stakeholder analysis of the Sefwi Wiawso municipal assembly. Public Adm Gov 3(2):191–210

Akwetey E (2007) The paris declaration and aid effectiveness: effect of implementation on civil society funding and policy space in ghana, an alliance 2015 Report. Available at: www.alliance2015.org

Andrews M, Cangiano M, Cole N, de Renzio P, Krause P, Seligmann R (2014) This is PFM (No. 285). Centre for International Development at Harvard University, Cambridge, MA

Lawson A (2015) Public financial management. GSDRC professional development reading Pack no. 6. GSDRC, University of Birmingham, Birmingham

Marquetti A, Schonerwald da Silva CE, Campbell A (2012) Participatory economic democracy in action. Radical Polit Econ 44(1):62–81

Petrie M (2003) Promoting fiscal transparency: the complementary roles of the IMF, financial markets, and civil society. IMF Working Paper, WP/03/199

Ramkumar V, Krafchik W (2007) The role of civil society organizations in auditing and public finance management. In: Auditing for social change: a strategy for citizen engagement in public sector accountability. United Nations Publication, New York

Simson R, Sharma N, Aziz I (2011) A guide to public financial management literature. Overseas Development Institute, London

World Bank (2002) In: Shah P, Youssef D (eds) Voices and choices at a macro level: participation in country-owned poverty reduction strategies, a workshop report. Action learning dissemination series no. 1. World Bank, Washington, DC

# Cultural Approach to Crisis Management

Jungwon Yeo[1], Hui Li[1], Yoon Ah. Shin[2] and Brittany Haupt[1]
[1]School of Public Administration, University of Central Florida, Orlando, FL, USA
[2]Graduate School of Public and International Affairs, University of Pittsburgh, Pittsburgh, PA, USA

C

## Synonyms

Cultural approach to crisis management; Cultural approach to disaster management; Cultural approach to emergency management; Cultural diversity in crisis management; Managing cultures in disaster; Managing diversity in emergency and crisis

## Definition

Cultural approach to emergency management is a systemic process incorporating cultural knowledge, awareness or sensitivity, attitudes, skills, and encounters in order to provide both effective and appropriate care, relief, support, and services to diverse communities at risk from disasters and crises.

## Introduction

Culture includes shared values, meanings, beliefs, and norms of a particular group. An individual's cultural background and understanding of another's culture guides them to interpret a social phenomenon and respond to the event. People of diverse organizational, ethnic, or religious customs or experiences have distinct understandings and behaviors in crises and emergency situations. Therefore, cultural understanding and adaptation is necessary for effective crises and emergency management.

## Culture

Culture is not limited to racial, religious, ethnic, and sexual orientations and social institutions. Culture implies a totality of human behavior including beliefs, communications, customs, and values (Office of Minority Health [OMH] 2013). Culture is embedded within group-level interactions, and it is both manifesting and established by norms, attitudes, and behaviors of individuals (Douglas 1982). Culture can be examined at the national, regional, or local level. In addition, it can also be examined with a longitudinal perspective as people of different generations carry with themselves different cultures. These various levels of culture may overlap, but are not necessarily compatible and may result in conflict. Thus, what works in one culture may not work in the other, and the differences may lead to misunderstandings and conflicts.

## Culture and Emergency Management

Cultural differences are notable in crises. Any crisis, regardless of type, size, cause, and location, can affect multiple individuals and communities and highlight their culture in an unstable and time-sensitive setting. For example, different languages may be spoken on site between responders and community members. Moreover, diverse organizational, ethnic, or religious customs or experiences can be present, such as different ages, marital statuses, experiences, and abilities among the people involved in the crisis.

Cultures provide essential information in emergency management (Florida Center for Public Health Preparedness [FCPHP] 2017; Bergeron 2014). Firstly, culture indicates which services are necessary for specific groups exposed to a crisis (FCPHP 2017; OMH 2013). Services and goods necessary for females in crisis may be different from those for males. The same logic applies to different language groups. Demographic and geographic information will help managers identify at-risk populations and services necessary to them. Secondly, the cultural background of a community reveals what services/goods are accepted or desired by a particular group of people (OMH 2013). Individuals with distinct cultural backgrounds may require different kinds of services. For instance, should the crisis necessitate relocation then some survivors who share a strong communal culture may not want to be relocated to shelters that separate family members regardless of the reason for separation. Lastly, culture indicates the way people perceive the emergency situation and obtain crisis information (OMH 2013). Researchers have found some ethnic groups tend to avoid information from formal sources, such as government officials, preferring informal sources, like family or friends.

Culture also affects communication and coordination among diverse stakeholders, leading to different results in crises management (FCPHP 2017; OMH 2013). Constant communication among diverse stakeholders is critical in arenas such as emergency management. The performance of emergency management is highly contingent on the level of coordination and collaboration among entities affected by disasters. As cultures are associated with values, norms, attitudes, and actions, people with matching cultures are more likely to trust and communicate with one another in a crisis, while people with different cultural backgrounds may experience difficulties in doing so (Mileti 1999).

If cultural differences are not recognized, then they may induce conflicts and impede coordination among diverse stakeholders in emergency management (Bergeron 2014). In particular, cultural misunderstandings between responders and affected individuals could delay the disaster relief process or aggravate the crises situation. For instance, if emergency services and programs are delivered in English only, other linguistic minorities within the affected community may not have their needs met. As a result, the population's initial vulnerability increases within the disaster. Therefore, culturally appropriate and adaptive methods may improve the quality and effectiveness of emergency management (Canton 2015; OMH 2013). In contrast, culturally ignorant plans and approaches may cause undesirable results.

## Cultural Approach to Emergency Management

Given the strong presence and impact of culture, a culturally competent approach is essential to effective crisis management (FCPHP 2017; Mileti 1999). A cultural approach encourages constant learning, communication, and coordination among diverse stakeholders and helps identification and utilization of appropriate methods (Bergeron 2014).

Utilizing the four phases of emergency management (i.e., mitigation, preparedness, response, and recovery) can assist in generating or adapting current practice into culturally competent approaches.

Mitigation aims to minimize the impact of emergencies and prevent future occurrences. Tension or conflict between different cultural groups may exacerbate future crises situations by impeding interactions and communications between groups. To minimize or prevent adverse impact from cultural conflicts in future emergencies, cultural competency training for emergency management professionals is essential. Cultural competency training enhances the knowledge, skills, and abilities of professionals and influences their behaviors, attitudes, and policies in a way that enables effective collaboration within cross-cultural situations.

Federal agencies recognize cultural competency training focuses on facilitating (1) awareness and acceptance of difference, (2) awareness of own cultural values, (3) understanding and managing the dynamics of difference, (4) the development of cultural knowledge, and (5) ability to adapt activities to fit into different cultural contexts (Federal Agency of Emergency Management [FEMA] 2011). The first step of developing cultural competency is to recognize diversity and respect the value of other cultures as well as one's own cultural value. This allows individuals to identify biases when interacting with others from different cultures. The reflection also helps to evaluate personal prejudices and cultural stereotypes and cultivate responders' awareness of diverse cultural beliefs and capacity. It also enhances quality care to diverse populations and the ability to overcome difficulties caused by dissimilar backgrounds. The results of the training may alleviate cultural tensions or conflicts between responders and victims and support effective communication and resilient collaboration among them. Furthermore, the training mitigates future emergencies by enabling responders to use culturally diverse knowledge, skills, and attitudes in practice.

Preparedness involves identifying hazards that threaten people's safety and developing a comprehensive plan for community activities. The responders' knowledge of a particular community's cultural context along with response capacity (i.e., cultural and geographic isolation, residential patterns, cultural or language differences between a community and the responders, level of preparedness of the minority groups) may help managers identify potential cultural barriers to hazard preparedness and develop appropriate plans to address cultural factors (FCPHP 2017; FEMA 2011; Andrulis et al. 2007).

Community outreach helps managers and responders identify cultural factors and foster cultural understanding as well as build trust with community members (FEMA 2011). First, managers can assess cultural characteristics of the target community, such as racial groups, primary languages, and socioeconomic status. This assessment helps managers understand the community's needs and anticipate potential attitudes in crisis situations. Second, managers can evaluate the community's resource inventory, such as physical and human resources and services available for future disaster response (FEMA 2011). Moreover, responders can minimize redundant services and goods and focus on what is lacking in the community. Third, community outreach allows managers to interact with local leaders and residents. It also creates an opportunity to educate and engage locals in disaster prevention and preparedness. The benefits from community outreach help managers build a disaster-specific, culturally sensitive, and adaptive response plans (FEMA 2011).

The sole focus of response is to minimize the impact of the disaster. In this phase, responders need to make sure that culturally proficient response services are distributed fairly across communities. Culturally competent services can more effectively cope with emerging demands

and concerns across cultures. For example, cultural adjustment of shelter operation is effective in international disaster response, such as gender-based evacuation and separation for Muslim communities who prohibit cohabitation. Another example is the provision of shelters accommodating all family members within Asian communities due to their collectivistic culture. In addition, linguistic competency supports fair distribution of appropriate response services. For instance, mandatory interpretation services provided by the US 9–1-1 call centers allow linguistic minorities to receive culturally appropriate response services at the right time (Futty 2007; Kelly et al. 2006). Culturally competent response services support timely communication and coordination across communities and contribute to minimizing the initial devastation from the crisis.

Recovery includes both short-term and long-term efforts aiming to return an affected area to a sense of status quo or normalcy following a crisis. This phase focuses on restoring not only physical but also psychological conditions of the community. In this phase, emergency responders need to make sure that every affected community receives the right messages and assistance, and those messages and types of assistance are culturally and linguistically appropriate. To rebuild the community, emergency management agencies can collaborate with local groups, such as nonprofits, health services, and faith-based organizations. These local partners know the community better and can quickly identify culturally appropriate recovery services by observing and interacting with local leaders and residents (OMH 2013). They can also bridge the language gap between the outside agencies offering recovery assistance and the disaster survivors who are trying to rebuild their lives.

## Conclusion

Cultural approach is critical for effective emergency and crisis management (Candon 2015). The significance of the cultural approach lies in cultural competency of involved stakeholders: the ability to understand diverse cultures, and adapt methods to emerging needs during disasters and crises. Cultural competency helps communities understand own cultural vulnerabilities, develop specific intervention plans, and utilize appropriate methods to cope (OMH 2013). Moreover, cultural competency contributes to building resilient communities by encouraging constant learning, communication, and coordination among diverse stakeholders (Bergeron 2014). Therefore, cultural approaches need to be incorporated in all phases of emergency and crisis management.

## References

Andrulis D, Siddiqui N, Gantner J (2007) Emergency preparedness for racially and ethnically diverse communities. Presentation at the National Emergency Management Summit, New Orleans. Retrieved from http://www.ehcca.com/presentations/emsummit/1_03_3.pdf

Bergeron WP (2014) Considering culture in evacuation planning and consequence management. J Emerg Manage 13(2):87–92

Canton LG (2015) Is your planning culturally sensitive? Emergency managers need to develop cultural competence to better serve our communities. Retrieved from http://www.emergencymgmt.com/emergency-blogs/managing-crisis/Is-Your-Planning-Culturally-Sensitive.html

Douglas M (1982) Cultural bias. In: Douglas M (ed) The active voice. Routledge, London, pp 183–254

Federal Agency of Emergency Management [FEMA] (2011) A whole community approach to emergency management: principles, themes, and pathways for action. Retrieved from //www.fema.gov/media-library-data/20130726-1813-25045-0649/whole_community_dec2011__2_.pdf

Florida Center for Public Health Preparedness [FCPHP] (2017) Assuring cultural competence in disaster response. University of South Florida. Retrieved from http://www.fcphp.usf.edu/courses/content/ACC/ACCfinal.pdf

Futty J (2007) County's 911 lines to offer quick access to translators. The Columbus Dispatch. Retrieved from http://wwwphp.dispatch.com/news-story.php?story=dispatch/2007/05/21/20070521-A1-03.html

Kelly N, Willett K, Bancroft M (2006) Bridging the cultural divide: cultural competence in public safety. Emergency Number Professional Magazine, May, pp 64–70

Mileti D (1999) Disasters by design: a reassessment of natural hazards in the United States. Joseph Henry Press, Washington, DC

Office of Minority Health [OMH] (2013) Cultural competency curriculum for disaster preparedness and crisis response. Department of Health and Human Sevices. Retrieved from https://cccdpcr.thinkculturalhealth.hhs.gov/

# Cultural Competence in Nonprofit Organizations

Christa L. Remington
Florida International University, Miami, FL, USA

## Synonyms

Cross-cultural competence; Cross-cultural skills; Intercultural competence; Multicultural competence

## Definition

A set of behaviors, policies, and attitudes which enables effective service delivery between various racial, ethnic, religious, and linguistic groups.

## Introduction

In the nonprofit sector, cultural competence is essential to the successful outcome of nonprofit programs. A commitment to cultural competence is not only important at the individual level but also at the organizational level. Nonprofit organizations commit to ongoing learning about the cultural identity of their constituency and to developing the cross-cultural skills that will help them to operate more effectively in their mission. Cultural competence increases the capacity of the organization and enhances trust between nonprofit organizations and those they serve. Cultural competence is a developmental process that can be measured along a continuum as organizations increase their awareness, skills, and knowledge.

## Background

Intercultural research has furthered our understanding of the similarities and differences in human culture. The body of research on cross-cultural competence stems mainly from private business, military defense, and industrial and organizational psychology. The term *multicultural competence* was first used in a 1988 mental health publication by psychologist Paul Pedersen. Since then, multiple definitions have emerged. Cultural competence broadly refers to a set of behaviors, policies, and attitudes which enables effective service delivery between various racial, ethnic, religious, and linguistic groups.

The term culture refers to an integrated pattern of human behavior that includes thought, communication, actions, customs, beliefs, values, and institutions of a specific racial, ethnic, religious, or social group. The term competence implies the ability to function effectively and to specifically meet an organization's stated goals while adhering to its values and vision.

Much of our current knowledge on the actual practice of cross-cultural management comes from the private sector. Research, such as that done by McCall and Hollenbeck (2002) and the works of Jay Galbraith (2000), focuses on cross-cultural competencies within the context of the multinational partnership and is geared toward helping global executives become more effective at communicating, establishing relationships, and conducting business while living abroad. Organizations such as GE and Royal Dutch Shell have spent decades researching the cultures in which they are enmeshed and honing their organizations' cross-cultural processes and competencies (Zweifel 2003).

The National Center for Cultural Competence defines cultural competence as a "set of cultural behaviors and attitudes integrated into the practice methods of a system, agency, or its professionals that enables them to work effectively in cross-cultural situations" (2001, 9). This includes a wide variety of both hard and soft skills, value systems and dynamics, and organizational processes and structures that allow the organization to learn, adapt, and better fulfill its specific goals. Agencies committed to being culturally responsive must train their staff in areas that affect their constituency and must set the tone for their employees through policies, hiring practices, and ongoing learning.

## Dimensions of Cultural Competence

Cultural competence can be divided into the areas of awareness, knowledge, and skills. *Cultural awareness* refers to values, attitudes, and assumptions that are vital for successful communication with clients who are culturally different from the service provider. Awareness requires self-evaluation, self-reflection, acknowledging one's stereotypes, biases, or culturally based assumptions, and understanding how their culture is perceived by members of other cultures. *Cultural knowledge* involves understanding the worldviews of various cultural groups. This includes knowledge about the history, values, attitudes, and behaviors in other cultures and how members of other cultures interpret their own rules, customs, and laws. *Cultural skills* are the appropriate behaviors, interventions, and strategies resulting from the cultural awareness and cultural knowledge.

Rosen (2000) identifies four dimensions of cultural competence that he terms "global literacies." These four dimensions comprise a simple, robust framework for identifying the skills, values, qualities, and practices that are part of intercultural efficacy. Based on findings from a 4-year study involving more than 1000 international business leaders from organizations and nations around the globe, Rosen's global literacies are as follows: (1) Personal literacy- this dimension includes that which is internal and personal, including an individual's capacity for self-awareness, self-esteem, and self-development. (2) Social literacy- this second dimension covers the soft-skills needed to collaborate in a shifting global environment, such as pragmatic trust, urgent listening, and collaborative individualism. (3) Business/technical literacy- this includes the ability to institutionalize practice in varied global contexts and to effectively navigate chaos. (4) Cultural literacy- this final dimension covers both explicit cultural knowledge and the implicit cultural mindset that makes learning, synthesizing, and utilizing such knowledge and experience possible in cross-cultural scenarios.

Rosen's findings mirror those of countless other studies. Adler and Bartolomew (1992), for example, identify five cross-cultural competencies that global leaders must develop in order to improve global team effectiveness. First, public servants must be able to understand worldwide business, political, and cultural environments. Second, they must learn the perspectives, tastes, and language of the targeted culture. Third, they must be able to work simultaneously with people from different cultures. Fourth, they must have the ability to adapt to living and communicating in an unfamiliar culture. Fifth, they must relate to people from other cultures from a position of equality rather than cultural superiority. These competencies, they assert, prepare public servants for effective conflict resolution, communication, stress coping, language acquisition, and adapting to working with those from another culture. The learning process is more than transmitting culturally specific knowledge. Intercultural competencies are translatable across language, culture, and chronologies.

## Organizational Cultural Competence

Culturally competent organizations are characterized by policies that reflect a commitment to effectively serve diverse populations, whether in multicultural scenarios or in culture-specific contexts. In addition to policies and worker training, culturally competent organizations should include input from diverse communities and individuals in order to develop culturally appropriate programs and culturally responsive service delivery. The impact and efficacy of these practices can be measured by setting organizational goals and providing a cultural competency continuum to monitor progress.

The culturally competent organization seeks to hire diverse and unbiased employees. This includes hiring qualified employees from the organization's constituency, when applicable. Ongoing learning is also a characteristic of a culturally competent agency. It is continuously assessing the organization to identify its progress toward cultural competency and providing opportunities for staff to increase their cultural knowledge through training and participate in self-assessment.

## Cultural Competence in Public Service

While best practices and cross-cultural assessments are fairly common within private sector domains, the public sector has largely ignored the critical role that culture plays in public service. Research demonstrates that an understanding of culture, which refers to the norms, roles, belief systems, laws, and values that are interrelated in meaningful ways, is critical to cross-cultural communications and program effectiveness. For public servants, working with different cultural groups is often a challenge and more frequently a source of conflict. Cultural differences encountered during service transactions are frequently laden with misunderstandings, frustrations, and disagreement.

Cultural competence first requires an understanding of the cultural context in which any direct public service encounter occurs. The ability to recognize and respect similarities as well as differences in belief systems, values, and approaches is critical to becoming culturally competent. Subtle cues, expressions, and tones of voice, which are taken for granted in one's own culture, may have vastly different meanings cross-culturally. Within multicultural settings, what constitutes appropriate behavior may vary greatly and is often bound by religious traditions, historic gender roles, and a culture's unique sense of power distance.

While the private sector has invested significant resources in researching cross-cultural competencies and efficacious intercultural models, the nonprofit sector is only recently coming to recognize both the moral and strategic need for prioritizing cross-cultural competencies. The lack of funding and professional training and a sector-wide failure to recognize the relevance of cross-cultural competence to the organization's bottom line have left most organizations with little time and interest in intercultural dynamics. Yet the impact of cross-cultural competencies on organizational efficacy is profound and can influence everything from donor relations to staff satisfaction to relationships with beneficiaries and local governments.

## Cultural Competence in Disaster Response and Recovery

Cross-cultural competencies are critical to successful communication and program effectiveness in the aftermath of a disaster (Storti 2007). Cultural norms play a powerful role in communication between co-workers and between aid workers and beneficiaries during the best of times. Disaster and stress serve to amplify cultural differences, making cultural competence a vital post-disaster skill. Where cultural competence does not exist, misunderstandings, frustrations, and stress abound, often undermining organizational goals and confusing processes.

Because of the global nature of aid work, it is vital that individuals possess a wide set of cross-cultural competencies in order to adapt programs to new cultural contexts, to communicate effectively with minority groups, and to work with and manage culturally diverse employees. Disaster response and recovery operations bring together international staff, often from vastly different geographic regions and cultures. Due to the multicultural and multiethnic makeup of many disaster response and recovery agencies, daily exchanges between those of different cultural backgrounds, beliefs, practices, and language are inevitable. These individuals are charged with forming effective teams and establishing good communication, cooperation, and understanding, all critical in a post-disaster environment.

Disaster response and recovery operations require direct interaction with beneficiaries. This requires the aid worker to deliver services and communicate, often in a foreign language or with the use of a translator while navigating unfamiliar societal and cultural norms. The sustained effort of cultivating trust and communicating comfort and understanding within an unfamiliar culture easily leads to misunderstandings, heightened suspicions, and reduced program effectiveness. Because disasters are dynamic in nature, in order to be effective, response and recovery workers must develop the capacity to quickly adapt their behavior to these new cultural contexts. This adaptive capacity refers to an ability

to learn new, culturally integrated patterns of human behavior and apply them in appropriate situations.

## Cultural Competence Continuum

Cultural competence is a goal toward which agencies must continually strive. Becoming culturally competent is a developmental process which should be routinely measured according to the specific priorities and goals of the agency at an organizational level; cultural competence is organized along a continuum, with cultural destructiveness at one end and advanced cultural proficiency at the other (see Fig. 1) (Betancourt et al. 2002).

First, agencies should decide where they fit along the continuum by honestly assessing current policies and internal practices. Strategic adjustments can be made and policies implemented to help the organization move along the continuum toward the goal of advanced cultural competence.

**Cultural Destructiveness** At the extreme end of the cultural competence continuum is cultural destructiveness. An organization on this end of the continuum has attitudes, policies, and practices which are purposefully destructive to cultures and individuals within that culture. This includes the intentional violation or shaming of cultural norms and denying or withholding care in a way appropriate to one's religion. Historically associated with colonialism, racism, and cultural domination, cultural destructiveness is the furthest point of inefficacy and harm for a nonprofit organization (e.g., the removal of Native American children from their families into boarding schools). Nonprofit organizations are often in the position of being the sole provider of essential services (e.g., food, water, shelter), thus creating a power differential between the organization and those being served. This power differential allows the organization to disenfranchise, control, or exploit those relying on their services and to silence voices and critiques through the intimidation of resource control.

**Cultural Incapacity** The next position on the continuum is cultural incapacity. Unlike cultural destructiveness, these organizations are not purposefully culturally destructive. Rather, subtle attitudes and biased policies place the organization in a paternal position toward those considered lesser. These organizations may disproportionately apply resources, have discriminatory hiring

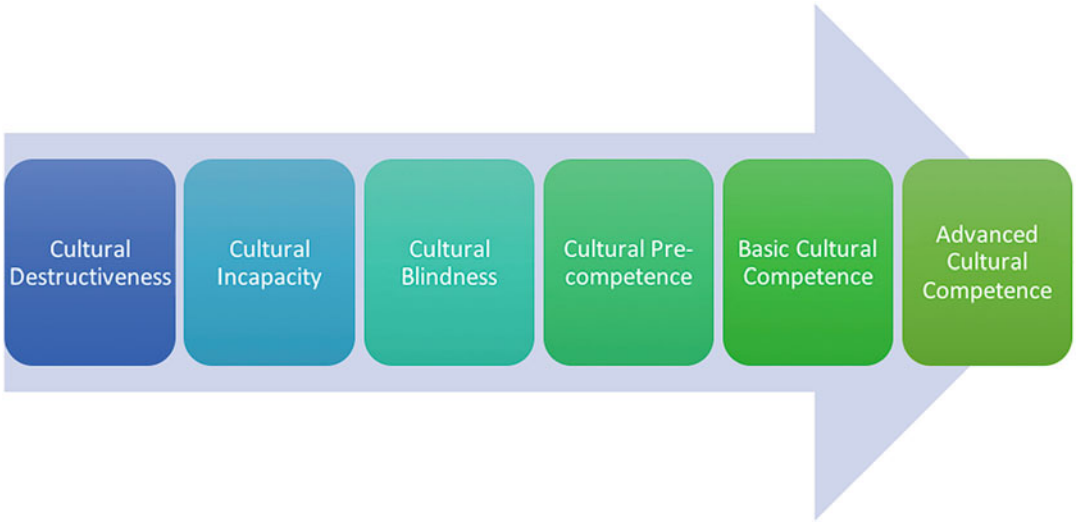


**Cultural Competence in Nonprofit Organizations, Fig. 1** Organizational cultural competence continuum

practices, and make eligibility for services or resources contingent on assimilation.

They may hold generally lower expectations of minority clients and operate under the assumption that their own cultural norms are "normal" and that what is different in the culture of their constituency is "less" or in need of change.

**Cultural Blindness** Organizations who fall at the midpoint of the continuum are considered culturally blind. Often, these agencies hold the view that all clients are equal and that services do not need to be adapted to fit specific cultural groups. While these agencies view themselves as unbiased, their policies exclude many groups which are not from a middle-class, nonminority demographic. This can include the minimization of a client's cultural or religious context and the dismissal of minority concerns as being "irrelevant" to the situation or services provided. By failing to recognize diverse yet equal realities, nonprofit organizations at this point of the continuum may ignore a culture's valuable contributions or insist that victims are to blame for their situation. Often, minorities are viewed as culturally deprived and only in need of the enlightenment the organization can bring in order to transform their situation. This unrecognized ethnocentrism can be the result of lack of training and a dearth of information about the nuances of culture and the population being served.

**Cultural Pre-competence** The culturally pre-competent organization is one that has realized its deficiencies in serving minorities and has taken steps to address them through policies, training, and practice. These organizations may begin to assess the needs of minority groups and initiate policies related to the recruitment of minority staff and volunteers. Instead of being integrated as part of the life of the organization, pre-competent organizations treat cultural competence as a special event that requires occasional training or certification. Having fulfilled training requirements, these agencies may feel a false sense of accomplishment and may stop progressing. While these organizations are further toward the positive end of the continuum, they still fail to understand the dynamic nature of cross-cultural work and the need for continual learning, growth, and adaptability.

**Basic Cultural Competence** Organizations with basic cultural competence have an organizational culture of respect for differences and internal scrutiny and seek to access a wide variety of intercultural resources. They are learning organization, committed to cross-cultural growth and to listening to the needs of minority populations which are served by the agency. These organizations recognize their own limitations and, as a result, seek out advice and guidance from organizations and individuals that can help them see their own blind spots and craft more effective practices. While they may still struggle with achieving full competency, nonprofits with basic cultural competence are committed to growing and changing in this area with intentionality.

**Advanced Cultural Competence** At this far end of the scale, we find cultural proficiency which is the most advanced form of cultural competence within the nonprofit organization. Culturally proficient models place a premium on cross-cultural competence and see intercultural differences as qualities worth celebrating, learning from, and incorporating into the life of the organization. Such agencies are advocates for best practices, constantly adaptive, and resources for other organizations. For them, cultural competence is not ancillary but a key component of both values and practice. Their commitment to inclusion and participatory programming helps them build strong relationships of trust with diverse members of their organizations as well as better connecting with and serving their beneficiaries.

## Conclusion

The degree of cultural competence achieved by a nonprofit is a result of purposeful steps taken to increase the organization's cultural awareness,

knowledge, and skills. To move along the continuum toward cultural proficiency, an organization must intentionally identify and root out ethnocentrism within itself and proactively change both policy and practice. Attitudes, priorities, and structures may need to be altered significantly, and time-honored practices may need to be changed. Because cultural competence increases capacity of the organization and establishes trust within its constituency, the development of intercultural skills, policies, and structures is of strategic as well as moral significance.

## Cross-References


- ▶ Culture and Organizations
- ▶ Ethics and Organizational Culture
- ▶ Globalization and Culture


## References


Adler NJ, Bartholomew S (1992) Managing globally competent people. Acad Manag Exec 6(3):52–65

Betancourt J, Green A, Carrillo E (2002) Cultural competence in health care: emerging frameworks and practical approaches. The Commonwealth Fund, New York

Galbraith JR (2000) Designing the global corporation. Jossey-Bass, San Francisco

McCall MW, Hollenbeck GP (2002) Developing global executives: the lessons of international experience. Harvard Business School Press, Boston

National Center for Cultural Competence, Georgetown University Child Development Center (2001) Achieving cultural competence: a guidebook for providers of services to older Americans and their families, Georgetown

Pedersen PB (1988) A handbook of developing multicultural awareness. American Association for Counseling and Development, Alexandria

Pope RL, Reynolds AL (1997) Student affairs core competencies: Integrating multicultural awareness, knowledge, and skills. J Coll Stud Dev 38(3): 266–277

Rosen R (2000) Global literacies: lessons on business leadership and national cultures : a landmark study of CEOs from 28 countries. Simon & Schuster, New York

Storti C (2007) The art of crossing cultures. Intercultural Press, Yarmouth

Zweifel TD (2003) Culture clash: managing the global high-performance team. SelectBooks, New York


# Cultural Elements Impacting African Americans' Access to Mental Health


Constance Lacy[1], Keilah Jacques[2], Gloria H. Jackson[3] and Krithika Pennathur[2]

[1]The University of North Texas at Dallas, School of Human Services, Dallas, TX, USA

[2]Johns Hopkins University, Bloomberg School of Public Health, Baltimore, MD, USA

[3]Dallas College, School of Law & Public Service, Dallas, TX, USA


## Introduction

The Black experience in America is filled with a history of pain, distrust, trauma, and increased stress, all of which hurt this population's adaptive coping and overall mental well-being. The stigma associated with mental illness is just one barrier that prevents African American people from engaging in mental health care. With that in mind, practitioners need additional guidance to build the infrastructure and relationship to respond to Black communities' needs related to mental and behavioral health and substance use disorder, including domestic violence, child abuse, unemployment, despair, and suicide. While issues of depression, anxiety, and substance use among the African American community is historically high, the most recent Impact of COVID-19 has had a profound impact on people of color with increased crisis-induced trauma (Baptiste et al. 2020a, b; Krieger 2020; Pratt and Frost 2020). Mental illness, adverse childhood experiences, and related domestic violence issues are at an all-time high (Alegria et al. 2010; Pratt and Frost 2020; Zhao et al. 2020). In this project, consideration for problems that may arise when practitioners, educators, leaders of the faith-based communities, and the judicial system fail to consider race, ethnicity, health equity, and their impact on African American's health disparities is paramount to affecting positive change.

This systemic integrative literature review consists of 20 academic articles and 25 pieces of gray

literature, which include blogs, personal narrative, factsheets, and advice columns, and aims to: (1) identify what research regarding the African American cultural experience in acquiring and navigating mental health supports; with a summarizing of findings focused on historical beliefs, practices, and actions that negatively influenced African American mental health and coping strategies; (2) conduct a comprehensive evaluation of the literature to find potential gaps related to the African American cultural experience regarding mental health, education, training, and service implementation; and (3) make recommendations for next steps and culturally responsive best practices to guide holistic, behavioral health, and mental practice, and recommend African American coping strategies that help Black bodies heal. Additional topics addressed will include the professional/ethical responsibilities of influencers regarding the Black/African American experience, including ethical and cultural dilemmas. The authors offer recommendations for strategies and interventions that reflect cultural humility.

## Research Method

Examining the cultural and societal elements that inhibit or minimize the likelihood of Black people accessing services for mental illness and substance use disorder treatment is critical. The authors endeavor to help the academic, medical, faith-based, correctional, and mental health community understand how to work with Black populations. The African American (AA) populations include individuals and families whose notions of mental disorders are not dissimilar to that of the dominant culture. However, ideas regarding mental illness are overshadowed by cultural, spiritual, social mores, and beliefs that might be in direct opposition to the perceived benefits of seeking help for mental illness. Professional health, mental healthcare providers, pastors, judges, teachers, and educators are increasingly interacting with "families whose race, culture, national origin, living circumstances, and family composition are different from their own" (Alegria et al. 2010, p. 1).

In this entry, the authors discuss distinctive characteristics of the AA cultural experience, the reason behind resistance to addressing mental health within the African American culture, and the barriers, stigmas, and myths of mental illness, as it impacts Black people. The authors consider how implicit associations in the subconscious affect AA communities. Racial minority families differ in their experiences, explanations, and mental illness manifestation and treatment (Alegria et al. 2010). In their article on the diverse, cultural context of mental health among minority populations, Alegria et al. (2010) define mental illness as "any current or past-year psychiatric disorders that result in functional impairment which substantially interfere with [a person's] role or functioning" (p. 2). However, these researchers recognize that many cultures see mental illness as a fatalistic flaw or personal defect thought to be incurable and embarrassing. Such stigmatizing beliefs generate feelings of shame and guilt, leading to distorted help-seeking patterns.

The literature review derives from scholarly peer-reviewed journals and nonconventional sources, including gray literature and various social media forms. The authors approach studying the social and cultural processes that cause Black people to ignore, deny, feel shame about their mental health. Through a comprehensive review that provokes new insights into AA's mental and behavioral health, the reviewers consider a cultural perspective (Torraco 2016; Stigma – and Other Factors – Affect Blacks' Use of Mental Health Services 2018). This literature review sources use the terms Black and African American interchangeably; thus, this entry will do the same (Torraco 2016; Stigma – and Other Factors – Affect Blacks' Use of Mental Health Services 2018).

### Conceptual Structuring

Mistrust of systems stymies help-seeking behavior among AA people. The ongoing and warranted mistrust of systems at various levels impact the AA cultural experience. The authors explore this phenomenon's effect on African Americans' experience related to mental health and substance

use disorder. Individuals in leadership, such as pastors, community leaders, and societal authority figures, are considered influencers. Additionally, in the higher education systems and social media systems, influencers in the criminal justice system impact individuals from a multi-systemic, multi-dimensional perspective. Therefore, community, religious, and social agencies are typically more trusted as viable resources for confronting the hardships and stressors associated with their own and their family's living circumstances (Alegria et al. 2010; Gonçalves et al. 2015; Here is What African Americans Are Doing To Address Mental Health And Its Stigma This Year 2018; How Churches are Addressing the Mental Health Needs of the Black Community 2018). Expectations of misunderstanding and coercion within traditional institutional services (e.g., school, police, and government services) discourage Black people from seeking professional mental health care (Vu 2011; Persaud 2019). As a result, there is a gap in the offerings of mental health service correlated to the negative experienced and unmet needs of Black people, especially children and youth (Vu 2011; Williams 2014; Lewis 2016; Stigma – and Other Factors – Affect Blacks' Use of Mental Health Services 2018).

While there is no single unchanging statement that encompasses the core tenets and perspective that explains the AA cultural experience, this review is the conceptual foundation of Urie Bronfenbrenner (1986). In ecological systems theory, the individual, family, community are interrelated social influences. In his seminal explanation of the ecological perspective, Bronfenbrenner highlights the "influence of external environments on the functioning of families as contexts of human development" and explains how external systems can influence individual, family, and group functioning and interactions (p. 723). The external influences of five different environmental systems include the Micro, Meso, Macro, Exo, and Chronosystem. The authors will focus on the Meso system's role, the Exosystem, and the Chronosystem for this review. Integrating the ecological perspective throughout this literature review helps connect concepts related to the AA cultural experience. The present review's relevance lies in the fact that ecological systems can indirectly influence the cultural experience by affecting individual and family processes, coping strategies, and resilience aspects (Bronfenbrenner 1986).

### Literature Search Strategy

This literature review involved an environmental scan of the peer-review literature in addition to gray literature (magazines, news, blogs, and social media). The process of gathering information about barriers to mental health supports for African Americans included scholarly sources and sources that chronicled the events and their relationships within the population's cultural context. According to the critical race theory (CRT), grounding academic understanding in the African Americans' cultural context and lived experiences serves to center the lived experiences. Black folks' lived experiences, traumatically impacted by racialized marginalization exclusionary tactics (Gillborn 2015). Counter storytelling refers to a method that provides a space for African Americans to express experiences, feelings, and stories to challenge and examine the dominant White culture's narrative about their lived experience through a dominant and often white supremacist lens (Quiros et al. 2019). Engaging in this process for the literature review supports culturally responsive findings in their inception and in determining the future direction of the research, prevention, and intervention methods used to address this culture.

An extensive search for articles on topics and theoretical frameworks addressing stigma, mental health, and AA experience, the role of spirituality and religion in guiding AA attitudes, beliefs, and behaviors about mental health took place in the peer-reviewed and gray literature. Additional authors looked at resiliency's role (e.g., internal locus of control, social support, family support) on Black peoples' coping. The authors conducted a meta-analysis of the literature related to the topics above. The authors analyzed 53 artifacts and created an excel spreadsheet that tracks each piece and assessed the content to identify design, assessment tools, the population the tools were normed on, results, and findings. Of the articles

reviewed for this analysis, 50 percent indicated the data collection methodology. Twenty-five percent engaged in some form of qualitative research techniques. Other methodologies of the literature included quantitative methods, secondary data analysis, and theoretical analysis. The articles chosen were a mix of formal academic, scientific writing style, theoretical discourse, and gray literature, including fact sheets, personal narrative pieces, and opinion pieces. Our ability to develop a research design for further exploration and foundation for our methodology is the outcome of this exercise. The authors identified existing assessment and evaluation tools that address African Americans' cultural appropriateness and compiled information about the tools through this search.

### The Systems Model and Ecological Perspective

According to the ecological theory developed by Brofenbrenner (1986), five environmental systems can influence resilient responses, ranging from individual characteristics exhibited by youths to direct interactions with social agents and even broader influences of culture on responses to stress. Waller (2001) identifies five components of this ecological system:

1. Microsystem: consists of people with whom adolescents come into direct contact. Within this system, protective factors include the individual's internal characteristics and relationships with family, peers, school staff, faculty, community centers, and church.
2. Meso System: represents relationships between components of the microsystem. For example, interactions between adolescents and school counselors, family members, or church friends function at the mesosystem. The mesosystem considers the community's multiplicative effect on individuals. The negative and positive impacts of school, church, and community organizations on black families continue as a phenomenon.
3. Exo-System: involves the influence of such mediating or moderating entities as political forces, policy-making agencies, social welfare services, legal services, and state educational commissions. The last year has created an opportunity to observe the continued evolution of policies and laws that adversely impact Black people. The events of 2020 elucidated American's continued struggle with racism and racial disparities. The exosystems are those policies and laws designed to promote racist acts, attitudes, and actions with little to no accountability. Systemic racism for the Black family hinders their ability to earn a livable wage, move out of poverty, and escape civil injustice (Baptiste et al. 2020a, b). Racism has a compounding impact across generations. Barriers to accessing mental health support further highlight the disinvestment and disenfranchisement for Black communities. Discriminatory acts of aggression and oppression against Black people are where individuals can begin to look at a cultural perspective of how African Americans navigate life and formulate coping mechanisms (Smith et al. 2011; Benner et al. 2018; Bonilla-Silva 2019).
4. Macrosystem represents historical and cultural forces like ethnic identity, Afrocentric paradigms, and sociocultural perspectives, minimizing risk factors' adverse effects.
5. Chrono System: comprises interconnections and transitions between individuals and their environments over the life course. As a result, exposure to multiple and diverse inequities across generations increases stress and triggers many Black folks' dynamics like poverty, poor physical health, and depression (Verschelden 2017; Jones et al. 2019). The Chronosystem model looks at the progressive impact of how lived experiences can transition to family processes and ultimately impact a culture. One example is the concept of transgenerational trauma, which is characterized by continued oppression with limited to no access to positive benefits available in society. Aspects of transgenerational trauma overshadow Black lives and often manifest as individual and family trauma.

The overwhelming predisposition to depression, anxiety, hypervigilance, substance use disorder, along with more severe mental illness

diagnoses, is understandable. Dr. Rochelle Dunham (2019), the Metropolitan Human Services District executive and medical director in New Orleans, LA, notes that the African American condition in the United States of America, layered with profoundly traumatic experiences, began the seventeenth through the eighteenth centuries. These experiences included involuntary servitude perpetrated against people of the African diaspora, considered "sub-human." Atrocities, torture, rape, and the use of violence to garner submission are not only dehumanizing, but they have been used historically as psychological tools to promote and justify the economic gain for whites throughout the history of America.

Dr. Dunham further notes that systemic inequities created the marginalization that makes it impossible for AAs to overcome without honest, reflective work that acknowledges the history of multiple traumatic events perpetrated by the privilege held by some. Inequities exist in all spaces. The psychological burden of bearing this belief reinforces the trauma (2019). Some behaviors have generated levels of resilience and positive coping. However, maladaptive forms of coping have adverse outcomes. The use of alcohol and drugs to cope with societal inequities and disadvantages is just as much a part of the Black experience as prayer and faith (Degruy 2017).

### Historical Context of Racism in Health Care

It is essential to consider resilience in a holistic context. Henderson et al. (2016) and Theron et al. (2015) characterize the ecological perspective as a conceptual framework that looks at the relationship between people and their environments. How the environment influences individual development and how individuals change the environment composes this interactive process. For example, adolescents at risk in one area, such as in dysfunctional family interactions, are likely to be at risk in other areas, such as academic performance, without a significant buffer somewhere in the environment (e.g., via supportive relationships with school counselors). Waller (2001) considers resilience to be multidimensional.

In considering the work across systems, the literature review illuminated three major themes to consider: historical contexts of inequity, cultural competence from an ecological lens, and spirituality as a form of resilience. Because of racist ideology, further reinforced by policies, practices, and procedures such as slavery and social inequities, African American people often experienced discrimination in housing and education. Other areas where discrimination presented challenges include eugenics, medical experimentation, and state-sanctioned violence on Black people. Overall, mental health conditions, exacerbated by the historical sovereign and physical dominance by the power holding whites, aggravated collusion. The delusion of dominant ideologies and narratives further hindered African American progression (Su Rasmussen 2011). The literature suggests that there are diverse types of historical contexts to be considered in supporting resilience. Firstly, Pan-Africanism and the origins of religions can help practitioners understand the importance of religion in the AA community (Capone 2007). Secondly, the historical mistreatment of the Black community by providers is documented in the literature and serves as the foundation of medical practice and discovery (Washington 2006; Baptiste et al. 2020a, b). It is important to note that substantial amounts of qualitative research in the gray literature and narratives (oral & written) support this for generations (Brondolo et al. 2009). There is also evidence to support that racism is a driver for a consistent lack of access and barriers to care (Washington 2006; Baptiste et al. 2020b).

Black people are less likely to seek professional help that addresses behavioral, mental, and substance use and abuse due to harmful life taking experiences across generations. An analysis of academic literature and gray literature shows unique factors to consider when studying mental health in the AA community (Cuevas 2013). The role of religion, spirituality, and Faith serves as an essential part of AA communities' relationship to mental health.

However, resiliency, resulting from protective factors, can minimize the impact of negative cross-generational experiences on individuals' ability to employ positive coping skills. For example, Lacy (2005) found that individuals overcame

challenges and achieved success and advancement goals despite the environmental, social, and economic conditions and experiences (Edwards and Wilkerson 2018; Henderson et al. 2016).

### Spirituality

The literature makes a case for Faith, such as religion and spirituality, incorporated into mental health research as positive practices for AA communities. It is essential to acknowledge the historical roots of this recommendation. Spirituality and relationships within the religious communities function as a coping mechanism and source of mental health resilience. However, this mesosystem contributor has a connection to the AA that makes it both trusted support and, at times, a limiting gatekeeper (Matory et al. 2018).

These paradigms point to the historical, cultural, and spiritual structure, content, and practice as evidence of the transmission of belief systems and cultural values conducive to successful coping. Within the solutions framework, the concept of racial socialization is meaningful. The gray literature demonstrates standards of conduct in faith communities (family rules and beliefs) that AA implements, encouraging resilient behavior, beliefs, and values within faith circles (How Churches are Addressing the Mental Health Needs of the Black Community, 2018). This support system provides a keen sense of self and buffers against such life stressors as Racism (Gentry 2013; Matory et al. 2018; Dorsman 2019).

Findings in the literature indicate that culturally relevant coping tools such as religion, spiritual awareness, culturally transmitted personality traits, collectivism, and cooperation play a significant role in promoting AA's resilience (Lacy 2005; Edwards and Wilkerson 2018). Looking at spiritual health from a multidimensional standpoint, Black people do not have to attend church; but observe the behaviors of significant family and community members who attend church or exemplify spirituality through praying, singing, or talking about the goodness of their God. Black people may implement what they observe (e.g., a praying grandmother) in their own private lives. Services translate into action, and many times the spiritual songs become messages to encourage, give guidance, give direction, and provide a grounding for communities. Another demonstration is the connection between coping with substance use disorder and spirituality (Edwards and Wilkerson 2018). Clergy representatives who take up these roles are mental health providers, in this instance, offering prayers and words of encouragement (Gentry 2013; Matory et al. 2018; Dorsman 2019).

The literature also documents that many individuals who seek mental health services through the church are reluctant to receive this type of care anywhere else. Black people's conceptual beliefs about God (or their higher power), their relationship with a deity system, and how that deity affects their world can increase recovery likelihood. In this instance, they feel supported, watched over, protected, guided, and such feelings may promote more resilient behavior. Spirituality and religion, identified in the literature as a significant cultural value, serves as a critical factor in people's ability to cope with stress (Edwards and Wilkerson 2018).

When examining coping factors among African Americans, Lacy (2005) found that social support from spiritual health proved to be a statistically significant predictor of positive coping skills among African American/Black youth. Additional findings indicated that one of the most effective mechanisms through which resilience correlated with Black youth success occurred through spirituality's nurturance. Young people also characterize spirituality, identified as a significant cultural value, as a critical factor in their ability to cope with stress (Haight 1998).

Based on the literature, spirituality and relationships within the religious community function as a coping mechanism and mental health source. A clear focus is on the Black Church. Services were translating into action, and many times the spiritual songs were messages to encourage, give guidance, give direction, and provide a grounding for communities. There was even a connection demonstrated between coping with substance use disorder and spirituality. The clergy not only acts

as a spiritual guide but as a social provider. Clergymen who take up these roles are mental health providers in this instance. There is a potential burden on clergymen to provide this service. However, the literature also documents that many individuals who seek mental health services through the church are reluctant to receive this type of care anywhere else.

One area of significance not explored in the literature is the impact of leaders' ethical standards and behaviors (influencers) in Black social-emotional outcomes. Social injustices across generations in the name of "right and righteousness" leave Black people navigating life with traumatic consequences. Influencers have a critical role in ensuring that exemplary ethical practices people move toward equitable treatment and service (McEwen 2003). Codes of ethics hold professionals accountable to uphold quality, moral care for all individuals regardless of their race, ethnicity, or culture. When professional influencers fail to apply the same quality of care, they violate their ethics code, which ultimately violates a commitment not to harm. As influencers, individuals in leadership can benefit from understanding or learning the Black culture's moral norms (Whetten et al. 2006; Smith 2016). Doing so gives credence to the lived experiences and the limitations systemically inflicted on Black people.

## Results

Conversations around culturally competent mental health services in AA communities arise by analyzing academic literature and gray literature. In particular, the concept of resilience is of utmost importance. The premise that resilience, constructed through social interactions, is supported in relevant research and sets a foundation to expand the conversation around what accessing mental health services looks like in AA communities (Lacy 2005; Henderson et al. 2016; Theron et al. 2015). Through an analysis of academic literature and gray literature, it is evident that there are unique factors to consider when studying AA communities' mental health. The evidence base supports the idea that the role of religion, spirituality, and faith serves to be an essential part of AA communities' relationship to mental health. Churches specifically have a significant role in providing mental health services, and there is a trust in the church to provide these services.

In contrast, there is a deep mistrust within AA communities, which gives rise to feelings of despair generated by failed efforts to access help within the medical system. The literature reveals barriers in accessing mental health care, the historical context of the provider-patient relationship, and racism within the healthcare practice. Several resources published in the gray literature elucidate the healthcare system's impact on AA people – also, virtual resources in particular document coping strategies and interventions that focus on empowerment through community-based work. Notably, the literature provides useful tools to conceptualize what cultural competency looks like in this space. It explicitly designing interventions, understanding mental health within AA communities, and pedagogical practice to serve AA communities best; by looking at significant categories discussed above: spirituality, racism, and ethical considerations.

The literature analysis involved searching outside traditional academic articles and considering new epistemology points – personal narrative and gray literature. Gray literature, such as opinion articles and informal resource sharing sites, can be used as a point of epistemology to conceptualize thinking about intervention. Spirituality, used as a point of epistemology, includes healthcare practice development and intervention development, explicitly thinking about delivering mental health services. The DSM-5 does not precisely encapsulate the experiences and effects of racism; therefore, gray literature and additional theoretical reading can fill this knowledge gap. Racism is also defined clearly as a "healthcare issue" in the literature. This evidence from the literature offers tools on how to conceptualize barriers within health care. The leaders and influencers have a responsibility to ensure that their commitment to professional codes of ethics and their behaviors align in such a way that validates Black people's

lived experiences and embraces their cultural and racial differences. Doing so will provide tools to dismantle barriers and implicit biases within their practices actively.

## Conclusion

The literature examination informs us that African Americans' cultural experiences play a role in shaping care provision and access to care. Recommendations following the literature analysis enlighten practitioners and researchers on ineffective service provision and encourage ongoing evaluation and conversation to understand better how to build on the strengths of AA individuals, families, and communities.

The first recommendation is for practitioners to enhance the existing evidence base by using a more intersectional approach. There are gaps in the evidence base, and several populations can be incorporated to fill this gap in the literature. It is essential to mention that this evidence base is focused mostly on Black Christian traditions, excluding other religious practices in this review. The authors recommend expanding the conversation from just the Black Church to other religious minorities to be more inclusive. Furthermore, the authors recommend expanding the conversation to Black LGBTQ+ folks. Black transwomen die at higher rates, and this population is underserved. This population deserves more attention in the literature, as there is a notable gap in the current evidence base.

Additionally, this conversation should include Black Immigrant Communities since little literature studying this group exists. Lastly, additional research on age considerations is necessary. A good portion of young people move away from religious traditions and identify as spiritual or atheist – furthermore, complex relationships between churches and the LGBTQ+ community exist. Incorporate these populations into future literature, a systemic process of gathering information via qualitative processes, informal interviews can be developed and used to inform barriers to accessing mental health care. By developing this design, intersectionality between the dimensions of a lack of equity, diversity, and inclusion occurs while also recognizing academia's privilege.

Secondly, future literature should focus on a regional context. The current literature analysis adopted a more national context. Regional contexts are essential when discussing access to health care, as there are notable differences across regional contexts. Engaging various stakeholders and encouraging ongoing conversations with AA leaders in the four quadrants (areas of influence and interaction with AA clients and parishioners) encourages empowerment and self-efficacy. To include the church, the criminal justice system, the medical and behavioral health community, and the business community in the conversation ensures validation of the AA cultural experience. Additionally, a team of young participants and young scholars can be incorporated.

Third, further consideration for the COVID-19 impact on stress levels continued barriers to affordable health care, and appropriate coping is of utmost importance. Due to the Covid-19 pandemic, there are constant stress sources (Baptist et al. 2000). The research has indicated that trauma has intensified and presented challenges. There are feelings of despair due to joblessness and unemployment on the rise, given the economy's state. Further, COVID-19 increases the burden of working parents becoming serving as teachers and the additional burden of caretaking. The isolation of shelter in place policies can intensify depression and mental health struggles. Opioid usage has increased due to the pandemic, alongside domestic violence. Providing resources through a telemedicine environment has proven to be challenging. Access to telemedicine depends on economic status, reliable Wi-Fi, food security, and many other social determinants.

Next, we must consider other points of epistemology. It is evident through the original literature analysis that nonacademic and gray literature holds invaluable insight. Quantitative data gives us the ability to generalize the experiences of the larger group/population. Likewise, the quality of the culture's voice allows the researcher to gain an end-user perspective and validates the lived experience of those disproportionately underserved

and accommodated. Simultaneously, qualitative data allows us to clarify for different populations what those quantitative research numbers represent related to the individual's particular identity and experiences. The narrative allows us to get to the intersectional need and strengths of AA people generated as "cultural capital." Cultural capital, operationally defined as the social, emotional support and strength generated by mutually relevant lived experiences, gives credence to how Black folks talk about, sing about, write about, and pass on hope to the next generation (An and Western 2019).

A future step allowing us to expand on the last recommendation would be to include social media analysis and document analysis as methodologies to conceptualize resilience tools. A common theme arising from the review includes resource sharing, done through Instagram Threads and Facebook support groups. Resource sharing helps groups navigate the complex healthcare system or alternative care supports. Lastly, learning from community organizers would be incredibly important in this space. Practitioners and researchers should look to nonprofit and grassroots work to see how they help Black communities connect with support groups and host their support groups.

Future directions should continue to include literature reflections of lived experiences. Taking a reflective approach lends itself to guided questions as foundational to qualitative interviews. This approach helps identify research findings to validate the cultural experiences of African American people and communities. The opportunity to gather people's stories through informal conversations helps identify what the literature may lack. An Institutional Review Board (IRB) application is required to move any qualitative assessments of lived experiences and coping behaviors forward.

Moving forward in this research, practitioners must extend efforts to engage young scholars in the conversations about the African American experience. Young scholars bring fresh and innovative perspectives to the conversation. Connecting the seasoned experiences of a more mature generation with the energetic insight youth can produce noteworthy results, propel the conversations, and search for solutions toward merging care systems.

## References


Alegria M, Atkins M, Farmer E, Slaton E, Stelk W (2010) One size does not fit all: taking diversity, culture, and context seriously. Adm Policy Ment Health Ment Health Serv Res 37(1–2):48–60

An W, Western B (2019) Social capital in the creation of cultural capital: family structure, neighborhood cohesion, and extracurricular participation. Soc Sci Res 81: 192–208

Baptiste DL, Commodore-Mensah Y, Alexander KA, Jacques K, Wilson PR, Akomah J et al (2020a) COVID-19: shedding light on racial and health inequities in the United States. J Clin Nurs

Baptiste DL, Josiah NA, Alexander KA, Commodore-Mensah Y, Wilson PR, Jacques K, Jackson D (2020b). Racial discrimination in health care: an "us" problem. Journal of Clinical Nursing (29):4415–4417. https://doi.org/10.1111/jocn.15449

Benner AD, Wang Y, Shen Y, Boyle AE, Polk R, Cheng YP (2018) Racial/ethnic discrimination and well-being during adolescence: A meta-analytic review. Am Psychol 73(7):855

Bonilla-Silva E (2019) Feeling race: theorizing the racial economy of emotions. Am Sociol Rev 84(1):1–25

Brondolo E, Ver Halen NB, Pencille M, Beatty D, Contrada RJ (2009) Coping with racism: A selective review of the literature and a theoretical and methodological critique. J Behav Med 32(1):64–88

Bronfenbrenner U (1986) Ecology of the family as a context for human development: Research perspectives. Develop Psychol 22(6):723

Capone S (2007) Transatlantic dialogue: Roger Bastide and the African American religions. J Relig Afr 37(3): 336–370. Retrieved November 11, 2020, from http://www.jstor.org/stable/27594422

Cuevas AG (2013) Exploring four barriers experienced by African Americans in Healthcare: Perceived discrimination, medical mistrust, race discordance, and poor communication. Dissertations and theses. Paper 615. https://doi.org/10.15760/etd.615

Degruy-Leary J (2017) Post-traumatic Slave Syndrome: America's legacy of enduring injury. Portland, OR: Joy DeGruy Publications Inc

Dorsman R (2019) The Spirit (s) of New Orleans. Atlantic Perspectives: Places, Spirits and Heritage 172

Dunham R (2019) The case for addressing equity and diversity for African Americans [Unpublished mauscript]. New Orleans, LA: Metropolitan Human Services District

Edwards B, Wilkerson P (2018) The role of spirituality in fostering resilience in African American children:

implications for social work practice. J Cult Divers 25(2)
Gentry TLS (2013) A perspective on the history of religion in Denver's black community: A case study of Zion Baptist church and Shorter African Methodist episcopal church. Doctoral dissertation, University of Colorado Denver
Gillborn D (2015) Intersectionality, critical race theory, and the primacy of racism: race, class, gender, and disability in education. Qual Inq 21(3):277–287
Gonçalves JP, Lucchetti G, Menezes PR, Vallada H (2015) Religious and spiritual interventions in mental health care: a systematic review and meta-analysis of randomized controlled clinical trials. Psychol Med 45(14):2937–2949. https://doi.org/10.1017/S0033291715001166
Haight WL (1998) "Gathering the spirit" at First Baptist Church: Spirituality as a protective factor in the lives of African American children. Social work 43(3):213–221
Henderson DX, DeCuir-Gunby J, Gill V (2016) "It really takes a village": A Socio-ecological model of resilience for prevention among economically disadvantaged ethnic minority youth. The Journal of Primary Prevention 37(5):469–485
Here's What African Americans Are Doing to Address Mental Health and Its Stigma This Year (2018, October 10) NewsOne. https://newsone.com/3830945/african-americans-world-mental-health-day-2018/
How Churches are Addressing the Mental Health Needs of the Black Community (2018, November 26) Nyu.Edu. https://counseling.steinhardt.nyu.edu/blog/church-mental-health-black-community/
Jones NL, Gilman SE, Cheng TL, Drury SS, Hill CV, Geronimus AT (2019) Life course approaches to the causes of health disparities. Am J Public Health 109(S1):S48–S55
Krieger N (2020) Enough: COVID-19, structural racism, police brutality, plutocracy, climate change—and time for health justice, democratic governance, and an equitable, sustainable future
Lacy CL (2005) Identifying social support as a factor contributing to resilience among African American youth. The University of Texas at Arlington
Lewis CA (2016) Assessment of mental health, religion, and culture: the development and examination of psychometric measures (part I). Mental Health, Religion Cult 19(5):415–419. https://doi.org/10.1080/13674676.2016.1233662
Matory JL, Sansi R, Pérez E, Iyanaga M (2018) J. Lorand Matory's black Atlantic religion: A retrospective discussion. J Africana Religions 6(1):50–94
McEwen T (2003) Ethical beliefs and behaviors of future African-American business professionals. Bus Prof Ethics J 22(3):23–48. https://www.jstor.org/stable/27801318
Persaud S (2019) Mental health in the black family: An examination of perceptions of mental health and ways of healing. Doctoral dissertation, Loyola University Chicago
Pratt BA, Frost L (2020). COVID-19 and the status of Women's, Children's, and adolescents' health and rights: A targeted literature review of current evidence for action on universal health care (UHC) and accountability
Quiros L, Varghese R, Vanidestine T (2019) Disrupting the single story: challenging dominant trauma narratives through a critical race lens. Traumatology
Smith WA, Hung M, Franklin JD (2011) Racial battle fatigue and the miseducation of Black men: racial microaggressions, societal problems, and environmental stress. J Negro Educ:63–82
Smith CP (2016) First, do no harm: institutional betrayal in healthcare. Doctoral dissertation, University of Oregon)
Stigma – and Other Factors – Affect Blacks' Use of Mental Health Services. (2018). Care for Your Mind. https://careforyourmind.org/stigma-and-other-factors-affect-blacks-use-of-mental-health-services/
Su Rasmussen K (2011) Foucault's genealogy of racism. Theory Cult Soc 28(5):34–51
Theron LC, Liebenberg L, Ungar M (2015) Understanding cultural contexts and thier relationship to resilience processes. In Theron LC, Liendenberg L, Unger M (eds) Youth resilience and culture: Commonalities and complexities (pp. 23–36). Springer. https://doi.org/10.1007/978-94-017-94145-2
Torraco RJ (2016) The persistence of working poor families in a changing US job market: An integrative review of the literature. Human Resource Development Review 15(1):55–76
Verschelden C (2017) Bandwidth Recovery: Helping students reclaim cognitive resources lost to poverty, racism, and social marginalization. Stylus Publishing, LLC
Vu CM. (2011). Factors associated with ethnic minority human service utilization: A community and organizational analysis. Doctoral dissertation, UC Berkeley
Waller MA (2001) Resilience in ecosystemic context: Evolution of the concept. American Journal of Orthopsychiatry 71(3):290–297
Washington HA (2006) Medical apartheid: the dark history of medical experimentation on Black Americans from colonial times to the present. New York: Doubleday Books
Whetten K, Leserman J, Whetten R, Ostermann J, Thielman N, Swartz M, Stangl D (2006) Exploring lack of trust in care providers and the government as a barrier to health service use. Am J Public Health 96(4):716–721
Williams S (2014). Why we do not talk about mental health in the black community—and why we have to start. SELF. https://www.self.com/story/racism-mental-health-in-the-black-community
Zhao Y, An Y, Tan X, Li X (2020) Mental health and its influencing factors among self-isolating ordinary citizens during the beginning epidemic of COVID-19. J Loss Trauma:1–14

C

# Culture and Development

Oludele Albert Ajani[1], Adeoluwa Toluwa Adeniyi[1] and Isaac Akintoyese Oyekola[2,3]
[1]Department of Sociology and Anthropology, Obafemi Awolowo University, Ile Ife, Nigeria
[2]Landmark University SDG 10 (Reduced Inequalities), Landmark University, Omu-Aran, Nigeria
[3]Department of Sociology, Landmark University, Omu-Aran, Nigeria

## Synonyms

Cultural characteristics; Economic development; Nature of development; Political development; Social development

## Definition

Culture refers to the wide spectrum of learned patterns of human behavior and it includes the way of life, the ability to live together, the framework of values, traditions and beliefs, as well as knowledge, art, and literature. In other words, culture is the heritage of a group of people living in a particular location, defining their distinctiveness including ideology, perception, values, beliefs, knowledge, material products, symbols, and behavior. Here, behavior means increased capacity, skill, and knowledge that makes life better for people in a globalized world.

## Introduction

The concepts of culture and development were not easily linked together until in recent years when the two concepts became highly inseparable due to the emergence of some elements and ideas which emphasize their connection. One reason being that for any (sustainable) development to be realized, cultural differences and dynamics must be considered, and for every local culture to meet up with contemporary global realities, it must be developed, hence, the interrelatedness of the concepts. Importantly, the significance of culture in realizing the global agenda of 2030 cannot be underrated. According to United Nations Educational Scientific and Cultural Organization (2020), recognition and promotion of cultural diversities in a human right–based approach is vitally important for creating conditions that will aid the realization of the Sustainable Development Goals (SDGs). In addition, experiences are showing how some cultures are highly resistant to some aspects of development, and how some others are embracing and developing faster. Considering the possibilities of cultural homogenization, heterogenization, hybridization, the development of local cultures to meet global realities becomes highly imperative (Oyekola 2018). To address these interconnected concepts especially in the context of global development agenda, this entry first explains the concept of culture and its characteristics before discussing it in line with three aspects of development: social, economic, and political.

## Culture

The term "culture" has several meanings and remains one of the few concepts difficult to define accurately. Some definitions of culture are suitable for appreciating quality literature, music, art and cuisine. For biologists, culture is expected to be a colony of bacteria or other microorganisms developing in the nitrogen medium of a petri dish laboratory. However, for anthropologists, sociologists, and other behavioral scientists, culture is the wide spectrum of learned patterns of human behavior. British pioneer anthropologist Edward B. Tylor used this concept for the first time in 1871 in his book entitled *Primitive Culture,* where he defined it as "that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society" (Tylor 1924). Culture also includes the way of life, the ability to live together, the framework of values, traditions and beliefs, as well as knowledge, art, and literature. In other words, culture is the heritage of a group of

people living in a particular location and it defines their distinctiveness including their ideology, perception, values, beliefs, knowledge, material products, symbols, and behavior. Consequently, culture is regarded as a set of distinctive characteristics inherent in the social structure of every society, and championing the course of development in such society.

## Characteristics of Culture

Cultural characteristics are the embodiment of the lifestyles of social groups, because these characteristics are socially formed rather than genetically determined. As a comprehensive ideal concept of human understanding, belief and action, culture is the "road of reflection" for society. What is particularly fascinating about culture is that every culture has at least five basic characteristics, no matter where it is located. This suggests that the now extinct Troy civilization, for instance, had at least five basic characteristics that are common to today's African or European society. The five basic characteristics that all cultures have in common are that cultures are learned, transferred or shared, based on symbols, interconnected/integrated and dynamic (Scupin 2019). Scupin's (2019) description of cultural characteristics is discussed as follows:

(a) *Culture is learned and taught – not biologically based:* While biological traits such as individual personality and genotype are neither learned nor taught, culture has the capability of being passed to other generations through learning and teaching. It is important to note that most informal learning and teaching, as prevalent in traditional societies, are unconsciously based, unlike in the contemporary societies where norms, values, and knowledge are often deliberately learned and taught. Culture is taught by family members, organizations, and media, and the learning process is called socialization, which in turn leads to enculturation.
(b) *Culture is shared:* This characteristic explains the social nature of culture and demonstrates the importance of social interaction in the sharing of culture. Since we exchange culture with other people in society, we can behave socially and instinctively, and foresee how others will behave. However, the common nature of society should not mean that society is homogeneous.
(c) *Culture is symbolic:* A symbol is a recognized icon of representation that connotes a representative meaning. Symbols are subjective and different from a cultural perspective. They are only valuable when people in society want to use them. Symbols come in form of art, signs, language, money, and so on. Language is the most important cultural symbolic element.
(d) *Culture is integrated:* This is called holism, or it is related to all aspects of society. In order to understand a culture correctly, one needs to understand all parts and not just a part. All aspects of culture are interconnected.
(e) *Culture is dynamic:* This characteristic suggests that culture is being exchanged and developed. Because most cultures are connected to other cultures, and ideas and symbols are shared. All societies are changing, otherwise it will be difficult to adapt to changing conditions. With the interconnection of cultures, if part of a system changes, the whole system is likely to adapt.

A closer look at every aspect of cultural characteristics in relations to development shows that one cannot discuss the sacrosanct characteristic of culture in relations to development without understanding how culture is exchanged. Material culture such as art, objects, and music, for example, are mostly learned formally today, while the nonmaterial is being learned informally. However, this culture-born learning cycle has become the cultivation of various roots in development. Likewise, what we have in commerce today can be compared to the word "culture is symbolic and integrated." Symbols and signs of our daily life have become omnipresent. Simplified colloquialism has merged with our subconscious while we manage our everyday life in many circumstances. Modern representations are transcendent,

transmedia, and transcultural. Symbols can be divided into three main groups, most of which are intended to define, explain, and create meaning. Early symbols were clearly used for a completely different purpose. Today, we mostly associate symbols with brands and trade – to fix confusion. In addition to all the cultural characteristics defined by Scupin (2019), culture includes a learning community. Culture reflects both trust and attitudes in a network of equal values that is held by the civil society. Culture shapes the brain and creation of the mind. This is because the mind is not a biological building, but a culturally built unit. Hence, the key game of creation is the mind built into culture. There is therefore no excuse for cultured society to stay underdeveloped. Development is a goal that completes culture, and therefore the link between culture and development is inseparable and indefinite.

## Definition and Nature of Development

Development simply means making life better for everyone. Considering the level of inequality worldwide, a better life for many means, meeting basic needs (such as food, shelter, clothing, education, good health, dignity, and respect) adequately and sufficiently while for some others, it means sustaining "high mass consumption." Generally, development is measured quantitatively (such as increase in Gross Domestic Product, and higher number of telephone users) and qualitatively (such as improvement in people's well-being, and increased access to infrastructural facilities including the vulnerable). In local and global academic discussions, the idea of development is fundamental considering its multidisciplinary nature. In developing countries, there seems to be no consensus on development path among writers, scholars, and theorists (Teng et al. 2016). Nevertheless, according to Vaggi (2018), the concept of development is used in three main senses. First, as a state of vision, interpretation, and measure in an ideal society. Second, as a cycle of social change that transforms societies over long periods of time. Lastly, as concerted attempts to strengthen various institutions, including states, all types of organizations, groups, and social movements. Development therefore has several meanings and these meanings are interrelated, largely because the historical process is regarded as an explanation of the ideal state of society, and the latter can be the result of seeking change through direct efforts. As a result, the creation of the state of existence has been controversial for many years, and different political ideologies have led to different concepts of an ideal society.

In this context, development is seen as a method that can realize the capabilities of everyone in a modern industrial society, or as a way to alleviate poverty (Vaggi 2018). From 1950s to the 1960s, development was seen as the modernization of the industrial revolution that led to economic growth and development. The United Nations Development Programme (2018), clearly states that development is a long-term and secured existence which enables access to resources to achieve a decent standard of living and to be able to participate in community life. In addition, Teng et al. (2016) regard development as the core value of improving and realizing sustainable development (continuous ability to meet basic needs), self-esteem (meaning and respecting a person's facts), and freedom from serfdom (or the ability to choose and change a specific desire for legal existence). From the foregoing, development at the level of individuals, social groups and communities is thus conceptualized (United Nations Development Programme 2018).

Development includes social, economic, political, cultural, and human growth. Development as a specific term has been discussed extensively in the literature with the aim of achieving social, economic, and political development. However, in recent times, the focus of discussion turned from industrial and economic development to the transformation of society in terms of people's wellbeing and their sociocultural elements. Indeed, economic growth can bring material benefits to people, but development has a lot to do with enriching people's lives in society. Hence, development is not only about material things but also about people's well-being. On this premise,

next sections examine the concept of development from three different perspectives: Social development and sustainability (which emphasis path toward modernization in all ramification), economic development (associated with nationalism and capitalist development), and political development (which emphasizes the development of democratic principles).

## Culture and Social Sustainability

Formerly known as social development, social sustainability and inclusion is all about creating inclusive and resilient societies whereby people's voices, including the vulnerable, are heard and responded to. This is achieved by removing barriers preventing people from full participation in society, creating social opportunities for all (both today and tomorrow), and increasing inclusive growth regardless of people's gender, age, religion, race, ethnicity, or disability. The onus of attaining social sustainability across the globe lies with the involvement of state actors, nonstate actors, community members, and citizens of every nation. The role of culture in achieving social sustainability therefore becomes indispensable.

Human beings are social beings; organizing themselves into different forms of social groups, such as nomads, settlements, and countries. In these organizations, humans work, trade, entertain, reproduce, and communicate in many other ways. Sustenance of these cultural traits over a period of time is made possible via socialization. Compared with other species, human socialization is combined with systematic social and organizational improvements over time. Therefore, the model of human society varies from place to place, from age to age, and from culture to culture, thereby creating a very complex and dynamic framework for the social world in which everyone is born into. The social and cultural environment in which everyone finds her/himself consist of family, houses, schools, social class, communities, language, religion, religious groups, and both implicit and explicit rules and regulations, among many others (Oyekola 2018). These environments continue to shape how people think, act, and react. The way people respond to all these influences, even the most powerful ones, is unpredictable. Nevertheless, the way people react to the same stimulus pattern is very similar, that is, proposed in the same community. In fact, culturally influenced behavior patterns (such as speech patterns, body language, and emotions) are so deeply rooted in the human mind that they often function without being fully aware of them (Keller 2020). Hence, it is these environments that create opportunities for some, while at the same time create barriers for some others thereby limiting the opportunity for the attainment of social development and sustainability.

However, from a sociological perspective, people believe that cultural environment has a great influence on cultural beliefs. The first explanation is that people like to communicate. This means that they have new values and knowledge and if members from different cultures stay connected for a period of time, they will get used to new values. For them, it will no longer be new. New cultural values will become the norm, and people's lives will begin to embrace them. In addition, when we say that culture is the development goal of social ideals or that culture has an influence on the social development and sustainability of individuals and the entire society, we are making a valid statement which is applicable to different parts of the world and applies to all contemporary civilizations. Of course, society will internalize certain values in its policies, traditions, and systems in different ways and degrees. Similarly, although human society is unique and develops at different speeds, the impact of culture on social development and sustainability is obviously huge. This may also affect the speed at which society reaches different milestones in development. It is worth noting that the experience of cultural differences can also help to evaluate which cultural elements affect the development process of all societies.

## Culture and Economic Development

There seem not to be any discussion on economic development without economic growth because it

is the latter that engenders the former. Simply put, while economic growth, as an aspect of economic development, focuses on how gross domestic product (GDP) can be increased and how market productivity can be enhanced, economic development examines how policy interventions geared towards economic growth have improved general well-being and quality of life. Recently, researchers in community economic development have extended the focus of economic development to include socioeconomic development whereby improvement in people's well-being and quality of life becomes the target and goal to be achieved (Collier 2017). Culture, on the other hand, has social, economic, and environmental influences worldwide and is a powerful driving force for economic development. As discussed prior to this section, culture is mainly responsible for the lifestyle of people, their economic behavior, their consumption lifestyle, and their interaction with the natural environment (United Nations Educational Scientific and Cultural Organization 2020). If development is seen as improving people's productivity and living standards, then development efforts cannot ignore culture.

Economists tend to narrowly describe culture as "common beliefs and values that have been passed on relatively unchanged from generation to generation through ethnic, religious, and social groups" (Guiso et al. 2006). This approach is primarily based on the goal of defining causal interactions by focusing on culturally constant aspects over time. Not surprisingly, anthropologists have written some of the most revealing writings on the subject. Scupin (2019) believes that society is a social model system. This is not a legacy, but a result of learning. Likewise, Collier (2017) emphasized the evolution of economists, viewing culture as "building an arsenal or 'toolbox' that people use to formulate action strategies economically." More so, the status of culture is naturally the inherent instinct of creating green jobs, reducing poverty, making towns more resilient, ensuring safe access to food and water, maintaining natural resources such as forests, and improving the adaptability of communities in the face of disasters (Guiso et al. 2006). As such, the ability to preserve, maintain, and maximize this natural resource essentially influence the economic developmental level of a certain society.

Culture plays an important role in understanding economic development. For example, South Koreans advocate thrift, hard work, investment, education, planning, and discipline, which influence their ability to maximize available resources, and these have influence on their economic development. Hence, work values in every culture determine the level of economic growth and development. However, this is still debatable as every society would want to claim that their culture is the best since no single variable can be a determinant for the relevance of a certain culture. More reason why discussions about cultural norms is avoided by international financial organizations and bilateral participants (Lopez-Claros and Perotti 2014). Furthermore, taking this discourse from another approach, when studying modern culture, we can see many influences that culture has on business. In business meetings where people from different cultural backgrounds communicate with one another, cultural differences must be considered. It is not only necessary to overcome the language barrier. These differences may involve people's sensitivity to time, ways of communicating, ways of taking risks, ways of making decisions, and thinking about others, all of which need to be addressed. Cultural differences usually affect the success or failure of multicultural business negotiations. Unless the target market for the product or service is segmented, the company may spend time researching the cultural beliefs and beliefs of various communities. Culture affects personal tastes and desires, and not all audiences use the same methods. For example, Americans have different views on advertising and marketing from Asian consumers. From design to marketing and the entire product life cycle, companies need to consider changes.

In addition, economic potential is a product of a country's culture, which has been believed and developed over a period of time. Enhancing it means studying the dominant constructive principles, values and ideas. For example, encouraging the poor to develop small businesses, giving them soft loans and grants, or providing them with

business skills in order to eradicate poverty in developing institutions and governments of Africa might be a bit controversial and insufficient. This is because eradicating poverty involves re-orienting people and imparting them with cultural values and principles (such as diligence, thrift, labor, integrity, and discipline) that will change existing "traditional" norms and bring about positive results. In many African societies for instance, it is believed that all that is earned in a day must be expended on that day and that God will provide for the next day. Such belief system has capability of hindering business growth and in turn economic growth. Therefore, the influence of culture on economic growth and development cannot be overemphasized.

## Culture and Political Development

Political development generally refers to the advancement in the institutions, values, and attitudes that constitute the system of political power of a society. It involves positive change from inefficient, ineffective and corrupt public administration toward efficient, effective, and non-corrupt governance. Usually, the capacity of a state is enhanced to mobilize and allocate resources, and to transform policies into actions when political development is in place. However, the development of political system in a given society cannot be possible without corresponding cultural traits and values. Culture describes what people think is moral or immoral; right or wrong. It relates to and determines loyalty, legitimacy, sanctity, coordination, order, and teamwork. The degree to which society demands independence, justice, allegiance, or advocacy for authority varies from culture to culture. To live and prosper in any given society or culture, every individual must interact and associate with other individuals in the same culture. As long as people interact, teamwork is inevitable and that cannot occur properly without leadership and political sets. According to Carmines and D'Amico (2015), every leadership is motivated by an ideology, which is frequently turned into a political structure (Carmines and D'Amico 2015).

Society is very important to human life. There is therefore the need for institutions that can ensure the functioning of society. For this reason, culture and government are the main institutions that keep society united. Comparatively, culture retains the traditions and practical wisdom inherited from ancestors, while the government uses laws to organize society. The purpose of politics therefore is to ensure the adoption of ideal model, at every point in time, for managing and governing people and resources of a society for the safety and well-being of that society. In the process, political system is being developed. As such, culture influences the daily state of society and its development, determines the essence and form of policies and transforms them. Therefore, culture plays a vital role in determining the path that politics should take; it is the foundation for forming and regulating social norms.

## Culture and the Realization of 2030 Development Agenda

At the beginning of the second millennium in the year 2000, world leaders met to design eight common global goals to be achieved across the globe in the next 15 years. At the end of the proposed years when the goals were to be achieved, it was realized that many people, cultures, nations, and countries were left behind. One major factor that hindered the realization of the Millennium Development Goals (MDGs) was the inability to consider cultural differences and diversities (United Nations Educational Scientific and Cultural Organization 2020). In order to correct some defects in the design and implementation of the eight MDGs, a more inclusive and comprehensive consultation was made and that led to the designing of a more wide-ranging 17 Sustainable Development Goals (SDGs) to be achieved in 15 years beginning from September 2015. Culture has a key role to play in order to realize the 2030 global development agenda. In order words, culture represents a vitally important pillar for the attainment of SDGs as each SDG has targets that are indirectly or directly related to culture. For example,

the culture of brotherliness can go a long way in eradicating poverty and hunger in all its forms, and equal access to cultural services such as education, aesthetic enjoyment, physical and mental health, as well as spiritual experiences can contribute to "reduced inequalities." In addition, health policies and programs that account for local customs and integrate traditional health systems and practitioners will go a long way in ensuring healthy lives and promoting wellbeing for all across ages, and understanding of the link among traditional knowledge, cultural practices, and environmentally sustainable activities will help in combating climatic change. Involvement of international, national, and local actors with diverse cultural orientations is therefore indispensable if SDGs will be realized. In other words, all sustainable development stakeholders must integrate cultural dimensions and their capacities must be strengthened in order to realize the SDGs. Hence, development of strong and solid cultural policies is essential if SDGs will be achieved. Any development agenda that fails to put into consideration cultural diversity and uniqueness will result in illusory development. In other words, for sustainable development goals to be realized worldwide without leaving anyone and any culture behind, cultural differences and distinctiveness must be valued and appreciated. Otherwise, (global) efforts geared toward the attainment of 2030 development agenda will not translate into (global) results. This is because the most successful and possibly sustainable, inclusive, and fair result is a strategy that responds to and promotes a people-centered development approach in various but specific cultural contexts.

## Conclusion

Culture affects all aspects of our lives. It has wide range of influences on human society and development including decision-making and protection measures, the development of social values and traditions, and the status of interpersonal relationships. Generally speaking, the status, direction, and development of social, economic, and political activities are usually influenced by culture. This makes culture the central determinant of individual and societal development. Global leaders recognized this and therefore emphasized the need for cultural analysis before the introduction of social, economic, and political policies geared toward the attainment of development agenda. Culture is therefore very influential in creating and maintaining social, economic, and political norms, values, and policies that will help in shaping people's ideas, attitudes, and personalities, community conventions and habits, as well as global development agenda. With global development being realized in many local cultures, we see the development of many local cultures meeting up with global realities. Nowadays, most communities are multicultural, with more and more people traveling, socializing and collaborating with other people from all over the world and different cultures thereby aiding the developmental process.

## Cross-References

► Globalization and Culture

## References

Carmines E, D'Amico N (2015) The new look in political ideology research. Annu Rev Polit Sci 18:205–216. https://doi.org/10.1146/annurev-polisci-060314-115422

Collier P (2017) Culture, politics, and economic development. Annu Rev Polit Sci 20:111–125. https://doi.org/10.1146/annurev-polisci-051215-024720

Guiso L, Paola S, Luigi Z (2006) Does culture affect economic outcomes? J Econ Perspect 20:23–48. https://doi.org/10.1257/jep.20.2.23

Keller H (2020) Culture and social development. In: Oxford research encyclopedia of psychology. https://doi.org/10.1093/acrefore/9780190236557.013.592

Lopez-Claros A, Perotti V (2014) Does culture matter for development? Policy research working paper series, 7092. https://doi.org/10.1596/1813-9450-7092

Oyekola IA (2018) Culture and globalisation. In: Ogunbameru OA, Adisa AL, Adekeye DS (eds) Cross-cultural management: a multidisciplinary approach. Obafemi Awolowo University Press, pp 81–102. http://eprints.lmu.edu.ng/1410/1/Culture%20and%20GLobalisation%20CHAPTER%206.pdf

Scupin R (2019) Cultural anthropology: a global perspective. Sage. https://edge.sagepub.com/scupincultural10e
Teng F, Quoquab F, Hussin N, Mohammad J (2016) Re-defining sustainable development values and its facets based on developing country perspective. J Adv Humanit Soc Sci 1(2):1–13. https://doi.org/10.20474/jahss2.1.1
Tylor EB (1924) Primitive culture, vol 2, 7th edn. John Murray. https://doi.org/10.1037/13482-000
United Nations Development Programme (2018) National Human Development Report 2018: achieving human development in North East Nigeria. UNDP
United Nations Educational Scientific and Cultural Organization (2020) The future we want: the role of culture. Culture for Sustainable Development. http://www.unesco.org/new/en/culture/themes/culture-and-development/the-future-we-want-the-role-of-culture/culture-enables-and-drives-development/
Vaggi G (2018) Towards a broader definition of development. In: Development. Springer, pp 25–49. https://doi.org/10.1007/978-3-319-54879-1_2

## Culture and Organizations

Patrick S. Malone
American University, Washington, DC, USA

### Synonyms

Organizational climate; Organizational environment

### Definition

Organizational culture refers to the climate of an organization including rituals, behavior, unspoken norms, spoken norms, inherent values, what is and is not acceptable, communication modes, and behavior.

### Introduction

The definition of organizational culture may include a wide assortment of variables. In its simplest terms, organizational culture refers simply to "the way things are done around here." Organizational culture may include the values, language, principles, beliefs, assumptions, expectations, attitudes, customs, written and unwritten rules, and behaviors, in any entity that are considered acceptable and appropriate. These factors work together to create a social and psychological climate wherein the organization operates day to day. Because of the complexity of the psychosocial and environmental factors contributing to organizational culture, organizational cultures are unique to the organizations in which they exist.

### Manifestation of Culture

The observable aspects of organizational culture may be seen in two primary ways in an organization. Evidence of culture are evident through and examination of symbolic and behavioral aspects of the organization. Taken together, these two lenses account for the complexity of the diffusion of politics, power, human nature, and internal and external influences that make up organization cultures.

#### Symbolic

Bolman and Deal (2008) suggest that much of an organization's culture may be revealed and communicated through symbols. These include myths, visions, values, heroes, stories, rituals, ceremony, and metaphor. The presence and content of these symbols provide clues as to the nature of the organizational culture, its attributes, and its challenges.

*Myths, vision, and values*. Organizational myths may find their genesis at any time in an organizational lifecycle. It is very common for myths to be attributed to the early days of an institution and may include stories about founders working in garage, scientists spilling something on their clothing, or act of extraordinary courage or sacrifice. These stories form the foundation of the organization's values and give the employees a sense of what matters most. Indeed, it is a strong connection with organizational values that allows an individual to feel efficacy in their work and a strong commitment to the goals and mission of the

organization. Vision, far from being a fairytale look at the future, allows individuals in the organization to connect the history and core concepts of the organization to a future pathway of performance and success.

*Heroes and heroines*. Heroes and heroines may come from any level within an organization and may be represented by individuals or by groups. These individuals or groups provide a common rallying point for organization from which to build momentum. They fuel organizational values noted above and contribute to the myths and stories that enrich organizational context.

*Stories and fairy tales*. Like myths that are specifically related to the organization itself, stories may or may not find their origin in the organization. Stories could entail any individual whose behavior is reflective of the values the organization espouses. These often take the form of extraordinary service or sacrifice of an organizational employee in pursuit of the organizations goals. For example, a teacher that spent extra time with a needy student, a police officer who adopted a homeless child discovered on a city street, or a janitor who noticed a patient in need in a hospital setting.

*Rituals*. Rituals provide a very observable set of practices for a newcomer to grasp when joining an organization while at the same time providing a sense of stability and comfort to those that have been in organizations for a very long time. They provide structure and predictability, and thus comfort, for individuals in organizations. They also serve as a connection to the values and mission of the organization.

*Ceremony.* As opposed to rituals, which occur on almost a daily basis, ceremonies are more random and specific in terms of their focus. Ceremonies may include annual meetings, award presentations, retirement ceremonies, or any number of other planned events. As with rituals, they serve to anchor the organization to its greater contextual meaning.

*Metaphor, humor, and play*. Metaphor, humor, and play all accentuate the playfulness of an organization. They allow for organizational members to engage their creative selves while facing conflict or challenge. They have the added benefit of opening up varied perspectives within institutions that support questioning and exploration.

### Behavioral

Behavioral evidence may reveal much about organizational culture. Assessing behavioral intent in communication, power, interests, and politics is a far more tangible endeavor than the symbolic lens and may be categorized as follows.

*Communication*. Marshak and Katz (1992) suggest communication in organizations may come in four forms: metaphor, music, movement, and media. Metaphor includes various figures of speech, puns, or imagery that are used on a day-to-day basis within the organization. Do people refer to the organization as a zoo? Do they refer to the organization as a team or family? Music refers to expression that is shared through voice, tone, pitch, volume, melody, and tune. Are the group discussions within the organization in harmony? Is there a rhythm to the organization? Movement refers to expressions such as posture position, facial cues, etc. Do people often stand when talking or is the atmosphere more relaxed? Do people hug or touch each other as a common course of business? What body language is displayed? Finally, media comprises artistic forms of expression such as painting, drawing, sculpture, and photography. Marshak and Kats ask if an organization's logos, brochures, and reports were examined, what were they suggest?

*Power*. Organizational power may come in many forms including: who gets paid the most, who has a title, who has a window in their office, who has a parking space, or who has access to resources. The source of power can certainly provide clues as to the nature of the organizational culture. How is power dispersed? How is it recognized? What do individuals do with the power that they have? Is power shared among many or concentrated in the hands of a few?

*Conflict*. Conflict lies at the heart of much of organizational politics. Sometimes conflicts are generated that are quite explicit. However, there are other times that conflict resides beneath the surface of day-to-day events. While conflict in and of itself is not a bad thing in organizations,

the question becomes, how is conflict handled? Is it considered to be a positive and creative tool? Does conflict result in gridlock? Or, does it result in a forum for the discussion of new ideas and innovative approaches to organizational challenges? Conflict may occur at any place within the organization but is most common between departments, between levels of the organization, and among various groups within an organization.

*Politics*. The presence of politics within organizations reflects the fact that individuals working in organizations have specific interests, as do departments and divisions within organizations. Recognizing these interests, and understanding the potential conflict with other components the organization, can open the door to a constructive and impactful dialogue. Typically considered to be the bane of organizational existence, politics is actually a very positive force within an organization, and some suggest that organizational politics is at best a tool that anyone can use for the good of the organization. Organizations who use politics in a strategic and focused way are more likely to find themselves successful in meeting organizational goals. The identification of these interests can fuel an organizational culture that is be bereft of careerism, gamesmanship, turf protection, and rigidity.

## Subcultures

In much the same way that a comprehensive organizational culture impacts serves an organization, there may be a number of subcultures within the organization operating in a like manner. For example, in a hospital there may be a culture of the physicians, laboratory technicians, and lawyers. Within the Navy, there are distinct and separate subcultures for surface warfare officers, aviators, and submariners. A common challenge in organizations with numerous subcultures is the need to focus the impact of each subculture on the overarching goals and values of the organization at large. This requires significant leadership skill as well as a very clear understanding of the components of each of these cultures.

## Impact of Culture

A significant body of research has pointed to a direct impact between organizational culture and organizational performance. Organizational culture is often cited as one of the primary reasons that organizations either fail or succeed and may drive employee satisfaction, turnover rate, and profit margin. Further, environments that are marked by learning, fun, innovation, and mission focus are commonly associated with organizations with much success. Public sector organizations such as NASA, the Department of State, and the Department of Transportation are perennial top three selections for the best places to work in the federal government. In the private sector, organizations such as Google, Southwest Airlines, and Edward Jones are known for the positive impact their cultures have upon bottom-line performance.

## Assessing Culture

Because of the multiple variables impacting the presence of organizational culture, assessing culture can be an arduous and difficult task. Advocates of a qualitative approach to examining organizational culture argue that because culture is highly subjective, often hidden, and unique to the entity, a qualitative approach is necessary. Those arguing for a more quantitative approach are best suited to focus on specific aspects of organizational culture. In truth, the most impactful techniques to uncover organizational culture are mixed methods that use the strengths of both approaches. Depending on which aspect of organizational culture is being investigated, either a qualitative or quantitative approach will generally fit the purpose. Three common approaches in diagnosing organizational culture include the behavioral approach, the competing values approach, and the deep assumptions approach (Cummings and Worley 2005). When used properly, any one of these three approaches may yield valuable information about the state of an organization's culture.

*Behavioral approach*. This technique, as the name suggests, focuses on the observable behaviors of members of an organization. This type of analysis allows for assessments to be made to determine whether or not organizational culture is in need of change to support future strategic directions. This technique may focus on particular organizational behaviors such as communication, organizing, monitoring, decision-making, innovating, and rewarding.

*Competing values approach*. This organizational assessment technique spotlights the complementary nature of organizational values. When using the competing values approach, the analyst collects data regarding competing values within the organization in order to assess the organization's proclivity for one value versus another. The technique allows for a diagnosis to be made of an organization's flexibility, discretion, internal focus, integration, stability, control, differentiation, and external focus.

*Deep assumptions approach*. By far the most difficult technique for organizational analysis, the deep assumptions approach probes into an organization's most infused values and assumptions. The uncovering of hidden assumptions is one of the greatest benefits as a result of the use of this particular tool. Since hidden assumptions are so hard to find, their discovery can prove very valuable to assessing an organization's culture

### Culture and Change

All too often, organizational culture change efforts fail, and leaders will often overestimate the amount of cultural change they can impose in an organization. Institutions, by their nature, tend to possess an inertia that encourages them to remain stable. This is especially pronounced in public organizations which are highly bureaucratic and decentralized and are typically very slow to change. It is important to recognize that any organizational change that comes is accompanied with fear emanating from the individuals residing the organization. Organizational employees may feel a loss of clarity or focus, feel disempowered, and experience anxiety, tension, or feelings of loss. All of these create formidable barriers to organizational culture change. Typically agency leaders will attempt to communicate the need for culture change but will not take the necessary steps in order to ensure communication is consistent, and incremental successful change steps are accomplished. Additionally, they often fail to recognize how difficult it can be to move people from their comfort zone.

Kotter (1996) offers a well-known and effective approach in organizational change. It begins with establishing a sense of urgency ensuring that organizational leaders identify the competitive realities of the nature of the work and uncover potential crises or opportunities that may occur during the change effort. Once this is completed, leaders are directed to form a powerful guiding coalition of individuals with enough power to be the change agents. This group creates a vision to help direct the change effort and develops strategies for achieving the newly created vision. The next step is especially important, the need to communicate the vision. This is an often underestimated step in that leaders do not communicate enough in general. In attempts to change organizations, leaders are advised to communicate using multiple modalities including in person, email, focus groups, etc. Leaders must then empower others to act on the vision and render the organization free of obstacles to change. It is especially important in this step that support structures be in place that eliminate any barriers to change vision.

Along the path to culture change, it is also necessary to create as many short-term wins as possible. This forms a trajectory and momentum that allows the organization to continue to pursue active organizational change. As credibility is gained, the organization continues to implement new change and improve processes. Once these are institutionalized, the organization is well on its way to a successful culture shift.

## Conclusion

The importance of organizational culture cannot be underestimated. Organizational culture is the operating system of any institution, running quietly in the background but important to accomplishing the organizational mission.

Understanding the complexities of the variables, and their interaction, is tantamount to achieving and maintaining a positive learning culture in any organization. Such cultures have direct impacts on the ways the organization conducts its business, treats employees, clients, and external stakeholders. They also foster freedom in decision-making, innovation, and expression and help employees stay focused on organizational objectives.

## Cross-References


- ▶ Causes of Organizational Conflict
- ▶ Diversity in Organizations
- ▶ Flexible Organizations
- ▶ Groupthink Processes and Problems
- ▶ Organizational Environment
- ▶ Organizational Innovation


## References


Bolman L, Deal T (2008) Reframing organizations. Jossey-Bass, San Francisco

Cummings T, Worley C (2005) Organization development and change. Southwestern Cengage, Stamford

Kotter JP (1996) Leading change. Harvard Business School Press, Boston

Marshak RJ, Katz J (1992) The symbolic side of OD. OD Practitioner, San Francisco, pp 1–5


# Curriculum Design for Leadership Education in UAE


Ahmad Alnajjar
Department of Psychology,
United Arab Emirates University,
Al Ain City, UAE


## Synonyms

Leadership development; Leadership program; Humanistic approach; Theta worldview; Lambda world

## Introduction

The current environment in which leaders must work is characterized by the army term VUCA (volatile, uncertain, complex, and ambiguous), one likened to perpetual turbulent white water (Petrie 2014). It is a political-economic environment that is dizzying and globalized which constantly demands efficiency and stability of organizations (Perucci and Schwartz 2002). These changes can impact leadership development in the trajectory of successfully developing leaders who have the increasing capability to deal with a multiplicity of crisis situations (Probert 2011). This also comes with an enormous cost. The Association for Talent Development (2015), for instance, reported that American corporations are spending $160 billion annually on leadership training and development programs.

Although the environment has changed and the skills needed for leadership have also changed, it had been noted that leaders are not developing fast enough or in the right ways to match the new environment. A cross-country survey conducted by the British Council (2014) on the higher education preparation of leaders in 30 countries selected from country groupings such as Anglo countries, Confucian Asia, Eastern Europe, Germanic Europe, Latin America, Latin Europe, Nordic Europe, Middle East, Southern Africa, and sub-Saharan Africa showed that the study participants did not have undergraduate degrees in leadership studies or related fields although many of them have undergraduate and graduate degrees in the social sciences and humanities. For the participants from the Middle East grouping coming from Egypt, Turkey, and Saudi Arabia, their preparation was more on business, information technology, engineering, and the military, all of which were taken internationally. It can, therefore, be surmised that the leadership studies of these executives were either collateral aspects of their educational or work experiences.

Considering that the development of leaders via collegiate education has been a goal of institutions of higher learning since their inception, the appearance of actual academic majors and minors in leadership is still a relatively recent

phenomenon. The delay may have much to do with overcoming the common perception that leadership qualities are innate, and thus leaders are "naturally born," not made (Prince 2001). Yet several studies suggest that leadership actually can be taught and learned in classroom settings (Buschlen and Dvorak 2011; Astin and Astin 2000; Daloz Parks 2005; Robert 2007; Johnson and Woodard 2014; Mangan 2002).

Leadership educators face the daunting task of creating leadership programs that must meet the needs of diverse learners and stakeholders, including academics and administrators. As Andenoro (2013) noted, the task is both made more difficult and more pressing by the complex charge of leadership education to create a foundation for successfully working with the large number of dynamic organizations and diverse people present in an increasingly global social, political, and economic climate. Student participation in leadership programs must correspondingly encompass many aspects of student development – personal, intellectual, spiritual, philosophical, and skill-based growth (Evans et al. 1998). Colleges and universities are starting to offer a myriad of experiences to build student leadership capacities, including cocurricular activities, social activities, tailored student organizations, immersion programs, weekend community service work, and training workshops (Dugan 2007; Buschlen and Dvorak 2011; Buschlen and Johnson 2014).

A recent examination of the role of civic engagement in 77 introductory undergraduate leadership courses points to the great need for improving undergraduate leadership curricula (Johnson and Woodard 2014). While many well-known universities have developed full undergraduate degree programs in leadership, very little has been available in the academic literature describing the theoretical underpinning or even general characteristics of a successful program. Filling this gap is an important aim of this paper. Perhaps the promise of such training to produce leaders capable of tackling pressing issues of global development and peace in a turbulent world could help convince those firmly entrenched in classical disciplines to accept a Leadership Studies focus (Buschlen and Dvorak 2011; Brungardt et al. 2006; Alexander 2011). As cited by Petrie (2014), "it makes little sense to begin leadership development processes at very senior levels. Instead, the process must start early." The challenge is to think about how leadership development can be democratized to "take it back to the masses – to the base and middle of the socioeconomic pyramid, not only the peak" (Petrie 2014: 18).

## Theoretical Considerations

From the hundreds of leadership programs across the United States and Europe, Perucci and Schwartz (2002) distinguished two predominant approaches in leadership studies and development: utilitarian and communitarian. The utilitarian approach caters to the interest of students in economic security and hence provides the necessary skills needed by students to enter the workplace. The communitarian approach, on the other, caters to the democratic requirement for active citizenship. The rationale of this approach lies in the logic that power resides in the people, and therefore, citizens are expected to exercise leadership roles in advancing a democratic and equitable society. The objective is to foster and sustain the common good. Since students would become future leaders of their communities, they are expected to acquire the necessary skills to make a difference (Perucci and Schwartz 2002). Whereas the utilitarian approach is premised on an economic motivation, the communitarian approach is shaped by political motives.

Perucci and Schwartz (2002), however, argued that both approaches do not portray a complete picture of leadership development. To this effect, they suggested a third approach which they termed the humanistic approach. Accordingly, the humanistic approach combines both economic and utilitarian elements while drawing on the strengths of the humanities in providing a deeper understanding of leadership studies and development. What constitutes the heart of the humanistic approach is the development of a calling among students to translate meaningful knowledge into purposeful action. The three elements that edify the humanistic approach to leadership

development include (1) search for meaning and purpose in human experience, (2) focus on knowledge as the basis for action, and (3) action grounded in a moral ethos (Perucci and Schwartz 2002: 13).

The importance of the past as an element in building leadership development programs also resonates with incorporating the needs of learners in leadership studies. In this regard, Mostovicz et al. (2009) advanced the notion of a leader's timeline and the Theta and Lambda worldviews that influence the choice of learners. The formulation of leadership development programs is found at the intersection of this timeline and worldviews. The leader's timeline consists of the past, present, and future. The past is seated in self-awareness or a deep understanding of one's strengths and weaknesses, drives, expectations, values, and emotions. This capacity is not self-evident but rooted in a cyclic movement of evaluation involving the present and the past. The present situates the leader in the social environment that requires the capacity of understanding the emotional makeup of other people. The focus of the present is on the capacity for empathy. To empathize means the ability to "respect the other's goals and motives" (Mostovicz et al. 2009: 8). The future focuses on purpose. Everyone needs a purpose, and each individual searches for his own purpose based on his or her unique personality.

According to Kouzes and Posner (2003), leadership is about making choices, and people make choices based on their worldview. In this regard, Mostovicz et al. (2009) suggested two worldviews: Theta and Lambda worldviews. The Theta worldview is motivated by the need for achievement, and the Lambda worldview is motivated by the need for affiliation. Whereas Thetas have a socially oriented motivation, Lambdas are individually motivated (Mostovicz et al. 2009). Interposing the Theta and Lambda worldviews with the leader timeline would surface out the critical agendas for the leadership development of individuals (Mostovicz et al. 2009).

Leadership development is a progressive process of learning new skills, abilities, and behaviors (Petrie 2014). While this can be attained by means of horizontal development, a more significant aspect of leadership development is making sense of the world in more complex and inclusive ways, a manner in which their minds grow bigger (Petrie 2014). This can be accomplished by stages that individuals go through as a result of experience and hence is attained by means of vertical development. As cited by Petrie (2015: 11), "today's horizontal development within a mindset must give way to the vertical development of bigger minds." While horizontal development can be attained through short-term leadership development training, vertical development is best attained through a progressive system of leadership studies.

Based on the foregoing premises, a leadership development program based on a synergistic framework was developed (Fig. 1). The framework takes into account the vertical development, the humanistic approach, and the leader's timeline in constructing the conceptual, strategic, and operational edifice of the program. This has to be laid upon a strong foundation which is anchored on the context in which the program is implemented. To ensure continuous quality improvement, the PDCA cycle (Deming 1986) was employed in every aspect of design and delivery processes.

## Contextual Considerations

The UAE and the rest of the Arab world are not deprived of leadership development programs. In fact, the past decade witnessed the mushrooming of leadership development programs all throughout the Middle East and North Africa creating a cottage industry of leadership development managed by a diversity of providers and catered to by a broad spectrum of consumers. In short, the region is saturated with leadership development programs (Al-Dabbagh and Asaad 2010). In a broad assessment of leadership programs in the Arab world, Al-Dabbagh and Asaad (2010) developed a typology that reflected an array of programs spanning the MENA region. Their typology shows six main types of providers of leadership development programs in the Arab world which includes governments, educational institutions, private sector organizations, commercial training programs or centers, international organizations, and local and regional

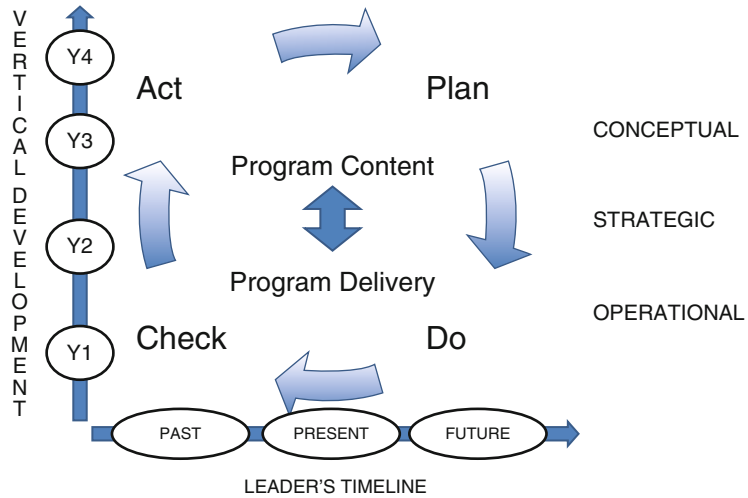


**Curriculum Design for Leadership Education in UAE, Fig. 1** The framework of program development

non-governmental organizations. Each type of provider caters to a different target group and employs a distinct set of characteristics that differentiate it from others (Al-Dabbagh and Asaad 2010: 5).

In their assessment, Al-Dabbagh and Asaad (2010) surfaced some salient points that were relevant to this paper. They observed that the programs offered are "tailor-made" to serve specific development purposes. More often than not, these programs are divorced from institutional context. The programs experiment with addressing local needs by outsourcing to Western leadership training providers, thereby creating a tension between the dominant Western perspectives on leadership and local needs and realities. The approaches to the programs targeted intrapersonal competencies of individuals rather than transforming the relationships between people. In this regard, leadership is understood as a cause rather than an effect or an emerging property of effective systems design. Hence they asserted that "one of the main challenges for leadership development programs in the region is to better understand and conceptualize relational approaches to leadership development" (Al-Dabbagh and Asaad 2010: 11). In the light of the foregoing considerations, the leadership program herewith described was designed to meet both the theoretical and contextual requirements.

## The Leadership Program

The United Arab Emirates University started offering a comprehensive bachelor's degree in Leadership in 2009. It has the distinction of being the only college in the United Arab Emirates to offer a bachelor's degree in leadership. The program is hosted by the College of Humanities and Social Sciences with the goal of providing students with an innovative curriculum that focuses on the study of leadership in the context of an ever-changing society. It offers a humanistic approach to the study of leadership and draws from research in a number of fields in humanities and social sciences including sociology, psychology, philosophy, history, mass communication, linguistics, and political science. Since no one discipline holds mastery of leadership and social issues, students are expected to engage content, skills, thinking processes, and assessments by exploring connections among several different disciplines. The leadership program's objective is to provide students with the needed knowledge and skills to enact leadership roles in their respective workplaces and in the community, nation, region, and global spheres. The emphasis of the program is on assisting students in realizing their potential and responsibility for leadership by providing them with a comprehensive educational experience based on

both theory and practical application. The program was designed to immerse students in a challenging and stimulating intellectual environment and equip graduates with skills to achieve personal, professional, and citizenship excellence in their post-university careers.

### Program Overview

The leadership program curriculum was designed mainly by an interdisciplinary committee of ten faculty members from different disciplines at the College of Humanities and Social Sciences. Their views and the results of their frequent meetings led to the development of the current program's curriculum. This process ensured that the program's curriculum met the expectations of all disciplines within the college.

One of the significant components of the program was to go beyond the presentation of traditional college courses that convey knowledge. This type of delivery largely belongs to the domain of pedagogy. Considering that college students are young adults, the program took a shift in epistemology and employed instructional technology which engaged the principles of andragogy (Knowles 1990) and experiential learning (Kolb 1984). The program's classroom experience stressed excellent teaching, academic rigor, and active learning. Outside the classroom, students are immersed in a rich array of cultural programming that is supported by United Arab Emirates University. The program required students to engage in community service to develop social efficacy and an awareness of the essential relationship between privilege and responsibility.

### Planning

Consistent with a general rubric of developing the curriculum, the planning process involved the following activities: university-based reflections, content analysis, and independent reviews.

**University-based reflections**. In this stage, inputs from course teachers were solicited in the form of a report regarding the course description and requirements, contents, resources and technology, and teaching strategies. This was later followed by interviews to determine the views of the teachers on the satisfaction and fulfillment of the course objectives. An evaluation of the outcomes of the course in terms of satisfaction, performance, and outreach was later done by the 14 students who graduated during the period from 2012 to 2013, all of whom were female UAE nationals.

**Content analysis**. Content analysis and satisfaction of all objectives and outcomes of courses in accordance with the main goals of the program were performed by ten faculty colleagues from different disciplines who participated in our internal reviews. Review and analysis were done to determine the academic and organizational obstacles that the program faced over the 5 years of program implementation. The program was also reviewed vis-à-vis the top 100 US universities' leadership programs as well as top 100 international universities by utilizing the portal used to check the top 100 international and US universities (Your Gateway to Universities and Colleges 2013).

**Independent reviews**. Independent reviews were done by experts in the field. The external evaluators consisted of the Director of Leadership Programs, University of Arizona; Dean of the Jepson School of Leadership Studies; a Professor from Concordia University Chicago; and an Associate Professor of the Department of Political Science, Eastern University.

### Requirements

**Faculty**. In order to achieve program objectives, the faculty members had to be highly qualified. In addition to holding the normal and appropriate credentials for teaching at the university, they must have the academic qualification and the experience to teach leadership courses that draw from broad scholarship in the humanities and social sciences. Given the still-developing status of the field, it is crucial that faculty demonstrated a keen interest and possess innovative experience with leadership issues. They must also possess an extraordinary ability to inspire students, fellow faculty, and the university community about the valuable contributions of the field. In addition, they should demonstrate leadership themselves in collaboratively promoting the discipline

through active participation in conferences, professional association, and other activities.

**Admission requirements**. Candidates for bachelor's degree in leadership must apply for admission to the leadership program during the spring semester of their second year. They must fill out an application form and provide all the required information by the first week of the spring semester. Students wishing to major in leadership are evaluated based on the following criteria:

- Must have completed their university general requirements, general education requirements, and College of Humanities and Social Sciences requirements.
- Must have earned a minimum cumulative grade point average (GPA) of 3.0 in courses taken at the university.
- Demonstrate English language skills that meet a minimum IELTS score of 5.5.
- Demonstrate first language skills.

## Course Model

**Course goals**. Based on the analysis of the internal and external inputs by the faculty and experts, respectively, and researches on best practices in leadership studies and development worldwide, the learning goals were formulated that reflected the intrapersonal developmental needs as well as the interpersonal ones. It also considered the organizational aspects of team working and team leading at the same time. Accordingly, the students of the leadership program are expected to accomplish the learning goals and outcomes as shown in Table 1. Based on these goals, the course design for the interdisciplinary major in leadership shown in Table 2 was implemented. As a corollary, Table 3 shows the course design for those who opt to take the interdisciplinary leadership program as a minor field of study.

On the whole, the processes employed in the development of the leadership program were a synergy of conceptual, strategic, and operational elements that defined the program while paying close attention to the local and global cultural context in which the program is embedded in. The conceptual requirements were realized in

**Curriculum Design for Leadership Education in UAE, Table 1** Learning goals and outcomes

| Goals | Outcomes |
|---|---|
| **Goal 1 (G1):** Develop personal leadership skills | 1. Develop goals and priorities to balance competing demands<br>2. Recognize responsibility and accountability for own performance and behavior<br>3. Assess the need for continuous learning and professional growth<br>4. Demonstrate career interests and goals and awareness of program-related career possibilities |
| **Goal 2 (G2):** Develop communication leadership skills | 1. Develop effective communication with others<br>2. Identify mistakes and successes, and adjust future plans accordingly<br>3. Explain ideas and materials effectively, both orally and in writing<br>4. Express information in a variety of forms – e.g., word, graphs, charts, diagrams<br>5. Demonstrate clear and effective writing of leadership reports |
| **Goal 3 (G3):** Develop teamwork skills | 1. Employ teamwork skills<br>2. Demonstrate respect for different opinions and arguments<br>3. Evaluate the performance of others<br>4. Generate problem solutions and conflict resolution<br>5. Demonstrate the ability to motivate others |
| **Goal 4 (G4):** Explain theories of leadership and society | 1. Discuss the different theories, concepts, and principles of leadership<br>2. Examine the political, economic, social, and environmental aspects of local and international society<br>3. Examine leadership theories and relevant knowledge |
| **Goal 5 (G5):** Develop effective engagement in society | 1. Apply values of hard work, honesty, and integrity<br>2. Define the role of volunteerism<br>3. Show effective communication in the diverse work environment<br>4. Initiate positive changes in society |
| **Goal 6 (G6):** Develop creativity and problem-solving skills | 1. Assess different situations and problems<br>2. Identify the root cause of a problem or issue<br>3. Operate innovative and creative solutions to problems<br>4. Analyze regional and global issues<br>5. Interpret different points of view/ interdisciplinary perspectives<br>6. Synthesize facts<br>7. Analyze arguments and actions |

**Curriculum Design for Leadership Education in UAE, Table 2** Course design for interdisciplinary major in leadership

| Main courses to be studied (3 CH each), (all compulsary but not the last two courses) | Goals/ courses associated | Suggested subjects to be fulfilled from other disciplines (to select 5 courses) | Goals/ courses associated |
|---|---|---|---|
| 1. Principles of leadership | G1, G2, G4 | Sociology of organizations (sociology) | G3 |
| 2. Identity in a multicultural world | G1, G4 | Social psychology (psychology) | G2, G4 |
| 3. Organizational leadership | G3, G4, G6 | Government and politics (political science) | G4, G1 |
| 4. Interpersonal leadership | G1, G2 | International organizations (political science) | G2, G6 |
| 5. Values and ethics of leadership | G1, G2, G3, G5 | Contemporary civilization (history) | G2, G4 |
| 6. Societies and governments in a globalized world | G4, G5 | Principles of economics (economics) | G5 |
| 7. Leadership communication | G2, G5, G6 | Social entrepreneurship (business administration) | G1, G3, G6 |
| 8. Field experience | G3, G5, G6 | Fundamentals of management (management) | G2, G3 |
| 9. Internship | G3, G5, G6 | Civilizations in dialogue (leadership) | G2, G5 |
| 10. Capstone course (faculty requirement) | All goals | Twenty-first century challenges: Environment (leadership) | G3, G6 |

**Curriculum Design for Leadership Education in UAE, Table 3** Course design for a minor in leadership

| Main courses to be studied (3 CH each), (all compulsive but not the last two courses | Goals/ courses associated | Suggested courses as an elective to be fulfilled from other disciplines (to select 1 course) | Goals/ courses associated |
|---|---|---|---|
| 1. Principles of leadership | G1, G2, G4 | Field experience (leadership) | G3, G5, G6 |
| 2. Identity in a multicultural world | G1, G4 | Values and ethics of leadership (leadership) | G1, G2, G3, G5 |
| 3. Organizational leadership | G3, G4, G6 | (Course relates to specific specialty according to peripheral of major) | |
| 4. Interpersonal leadership | G1, G2 | | |
| 5. Leadership communication | G2, G5, G6 | | |
| •UAE society and government in globalized world | G4, G5 | Twenty-first century challenges: environment (leadership) | G3, G6 |
| •Principles of economics | G5 | Civilizations in dialogue (leadership) | G2, G5 |

the development of the program concept and the curriculum. The strategic requirements were met in the approach to design and delivery, and the operational requirements were attained through the collaborative efforts of various stakeholders in contributing to the development, implementation, and evaluation of the program. After 5 years of its implementation, a number of 32 students graduated from the bachelor's program with 20 having majored in leadership and society and 12 with minors in leadership and society.

## Assessment and Lessons Learned

The assessment begins with a note of caution regarding the "modifier" issue. As numerous disciplines recognize a need to integrate leadership as a topic of study, this apparent popularity at times may have the disadvantage of housing the discipline in many dispersed umbrellas, something that may be the main reason delaying it from becoming independently recognized and independent and authoritative. When a leadership

program serves a specific discipline (such as educational leadership, communication leadership, organizational leadership, engineering leadership, social leadership, economical leadership, etc.), there is a temptation for it to be used merely to provide scattered courses to fill up degree requirements. The need to construing a sound selection of courses as part of a dedicated program that is not "watered down" (Reggio 2011) is very important to crystallize leadership studies as a discipline. A related issue is the need to distinguish between leadership and management. Leading a discipline is much different from managing it, and so leadership is not simply an administrative subject.

Many fundamental questions remain in the pedagogy and content of the emerging field of leadership studies (Murphy and Riggio 2003). The early debates dealt with questions that typically arose when a leadership program is proposed. After facing foundational objections from those who doubted whether leadership can be learned and taught at all, huge debates also arose about the following: whether such teaching should occur at the post-graduate level (a view once held by this author); whether the education should create leaders ready to work immediately after graduation, or should it instead be building a potentiality for future opportunities; whether the education should aim to prepare people for work as supporters and facilitators for actual decision makers; whether leadership instruction should act to promote individual disciplines; and whether its primary focus should be to produce leaders which could spread into society and act as community leaders and pioneers. Another important argument arose about whether it should be a solo major, double major, co-major (e.g., Peace College/USA; Brungardt et al. 2006), or a minor. The latter is designed so that the greatest number of leadership candidates could take advantage of such learning opportunities.

The experience in the implementation of leadership program also surfaced the issue on the faculty. According to Riggio (2013), to be rigorous, the program has to be taught by accomplished faculty. The multidisciplinary nature of the program requires the faculty to have multidisciplinary expertise. The dearth of experienced faculty with multidisciplinary expertise was a real impediment to the program. It is just hoped that this could be addressed in the future by tapping on the services of graduates in advanced leadership courses or by deliberately motivating the faculty to pursue higher studies along this aspect of leadership development.

It is also worthy to note that there are no accrediting agencies as of yet that can ascertain the effectiveness of the program. This was addressed, however, through the assistance of a plurality of expert views from inside and outside the university. The program was already a collaborative effort from its inception, and this ensured that the program was not a single person's agenda but was truly faithful to the vision of the university to develop a new generation of leaders.

The program is not only multidisciplinary but transdisciplinary as well and here lies the crux of another issue: gauging the interdisciplinary mindset. In the absence of an established metrics to gauge the contribution of different disciplines in creating such a broad base of knowledge expected not only of a scholar but a leader as well, a parallel challenge is posed to scholars and researchers as well. Hopefully, further conversations on this emerging field will stimulate scholarly inquiry in this direction.

On the whole, the leadership program was successfully implemented according to design, but there is still room for its further enhancement. It is hoped that this endeavor will help spark further conversation and research on the leadership studies that can offer alternative reference points for those developing new leadership programs or enhancing existing ones.

## Conclusion

The leadership program is a bold and novel step taken by the UAEU to respond to the need for developing future leaders among the young in a country that is rapidly moving toward becoming a highly competitive knowledge-based economy. The sensitivity to the cultural context made the development process avoid the cut-and-paste approach from hundreds of programs existing on

the subject. Rather, the development process was evolutionary and synergistic. The program locates itself at the intersection of the conceptual, strategic, operational, and contextual dimensions associated with the multidisciplinary nature of the program. It highlights the synergy of these dimensions that is facilitated by the convergence of efforts of the university's internal stakeholders in collaboration with external experts, all of which led to the birth of the program. While growing pains were experienced in its implementation, these were taken not as stumbling blocks but stepping stones to further find ways to improve, enhance, and sustain program growth. Since leadership studies and development is an emerging field, the program can be likened to the Confucian first stem in a journey of a thousand miles. At best, it can serve as a model that can inform the development of similar initiatives in the Arab world, where the need to recast existing programs to make these more sensitive to context is fast becoming an imperative.

## Cross-References

► Leadership Development

## References

Al-Dabbagh M, Asaad C (2010) Taking stock and looking forward: leadership development in the Arab world. Research Center for Leadership in Action NYU Wagner, Abu Dhabi

Alexander NH (2011) Teaching leadership to female students in Saudi Arabia. Adv Women Leadersh 31:199–212

Andenoro AC (2013) The National Leadership Education Research Agenda: strategic priorities and deepened perspectives. J Leadersh Educ 12(3):1–9

Astin A, Astin H (2000) Leadership reconsidered: engaging higher education in social change. W.K. Kellogg Foundation, Battle Creek

British Council (2014) The educational pathways of leaders an international comparison. British Council, UK

Brungardt C, Greenleaf J, Brungardt C, Arensdorf J (2006) Majoring in leadership: a review of undergraduate leadership degree programs. J Leadersh Educ 5(1):4–25

Buschlen E, Dvorak R (2011) The social change model as pedagogy: examining undergraduate leadership growth. J Leadersh Educ 10:38

Buschlen E, Johnson M (2014) The effects of an introductory leadership course on socially responsible leadership, examined by age and gender. J Leadersh Educ 13(1):31–45. https://doi.org/10.12806/V13/I1/R3

Daloz Parks S (2005) Leadership can be taught: a bold approach to a complex world. Harvard Business Review Press, Cambridge, MA

Deming W (1986) Out of the crisis. MA/MIT Centre for Advanced Engineering Studies, Cambridge

Dugan JP (2007) Developing leadership capacity in college students: findings from a national study. National Clearinghouse for Leadership Programs, College Park

Evans WA, Hau KC, Sculli D (1998) A cross-cultural comparison of management styles. J Manag Develop 8:3:5–13

Johnson M, Woodard J (2014) The role of civic engagement in undergraduate leadership. J Leadersh Educ 13(1):1–13. https://doi.org/10.12806/V13/I1/R

Knowles M (1990) The adult learner: the neglected species. Gulf Publishing, Houston

Kolb D (1984) Experiential learning. Prentice-Hall, Englewood Cliffs

Kouzes J, Posner B (2003) Leadership challenge, 3rd edn. Wiley, San Francisco

Mangan KS (2002) Leading the way in leadership education: the unending quest of the discipline's founding father. Chron High Educ:A10–A12. https://www.chronicle.com/article/Leading-the-Way-in-Leadership/17155

Mostovicz E, Kakabadse N, kakabadse A (2009) A dynamic theory of leadership development. Leadersh Org Dev J 30(6):563–576

Murphy SE, Riggio RE (2003) The future of leadership development. Mahwah, NJ: Lawrence Earlbum Associates, Publishers

Perucci G, Schwartz S (2002) Leadership for what? A humanistic approach to leadership development. Essex Management Centre, University of Essex, Essex

Petrie N (2014) Future trends in leadership development. Center for Creative Leadership, Seattle

Petrie N (2015) Future trends in leadership development. Greensboro, North Carolina: Center for Creative Leadership

Prince H (2001) Teaching leadership: a journey into the unknown. Concepts Connect 9(3):1–4

Probert J (2011) Leadership development: crisis, opportunities and the leadership context. Leadership 7(2):137–150

Reggio RE (2011) Is leadership a discipline? In M.Harvey and R.E. Reggio (Eds.). The Dialogue of Disciplines: Research companion to leadership studies, pp. 9–19. Cheltenham, UK: Edward Elgar

Riggio RE (2013) Advancing the discipline of leadership studies. J Leadersh Educ 12(3):10–14

Robert D (2007) Deeper learning in leadership: helping college students find the potential within. Jossey-Bass, San Francisco

Your Gateway to Universities and Colleges (2013) Retrieved from http://www.4icu.org/

C

# Cybersecurity as Social Policy

Festus C. Obi
Texas Southern University, Houston, TX, USA

## Synonyms

Communication systems; Cyber-attack; Cybersecurity; Cyberspace; Cyberwar; Cyber-warfare; Digital information technology (DIT); Information and communication technology (ICT) defense; Information networks; Information security; Information superhighway; Information takedown; Information technology; Information-war; Insecurity; Internet; Malware; Security threats; Techno threats; Viral-attack; Virus; Vulnerability; World Wide Web

## Definition

Cybersecurity, cyber-warfare, information technology, malware, vulnerability, asymmetric war, cyber-criminal, and civilian warriors.

Cybersecurity: All proactive and reactive tools deployed by individuals, businesses, and governments to protect their information and communication systems from unauthorized access and harm.
Cyber-warfare: A war launched online by individuals, organizations, and states against their opponents who may be real or imagined. The objective of this war is to cripple the opponent economically, politically, and socially.
Information technology: Hard and software systems set up for exchange of information through audio, visual, or written form.
Malware: A worm attached to a file with the intent to destroy targeted information database or to steal important individual, business, or state information. The stolen information is used for gain by the entity that deployed the malware.
Vulnerability: A state of weakness that makes a thing or an individual an easy target.
Asymmetric warfare: Using a strong opponent's area of weakness to undermine or attack the strengths, thereby causing the opponent huge damage or defeat.
Cyber-criminal: A person or an organization that specializes in stealing personally identifying information, trade secrets, or classified information and using the same for economic or political gain.
Civil warriors: These are citizens of a country who use their in-depth knowledge of information technology to launch cyber-warfare against their country's enemies with the intention to cripple them economically, politically, and socially.
Bounded rationality: Ability to make decision based on facts or knowledge at the disposal of the decision-maker.
Social engineering: Using technology to create instruments for cyber-attacks such as phishing, pharming, hacking, etc.

## Introduction

When we talk about cybersecurity, we must also think of what necessitates cybersecurity as a response to certain risks and hazards inherent in the cyberspace. To understand cybersecurity and its essence, there is also a poignant need to grasp the underlying techno threats to individual, corporate, and governmental information and communication infrastructures and networks. Therefore, to think about cybersecurity or information and communication technology (ICT) defense, we must think about its predictor in the form of cyber-warfare or information warfare. A statement by Major-General Wang Pufeng of the Chinese Red Army (1995) captures some of the underlying factors for the rise of cyber-warfare across the globe, thus:

> In summary, our warfare methods must adapt to the needs of information warfare. We must use all types, forms, and methods of force, and especially make more use of nonlinear warfare and many types of information warfare methods which combine native and Western elements to use our strengths in order to attack the enemy's weaknesses, avoid being reactive, and strive for being active. In this way, it will be entirely possible for China to achieve

comprehensive victory over the enemy even under the conditions of inferiority in information technology.

The purpose of this article is to explain cybersecurity as the only known and legitimate response to cyber-attacks on individuals, businesses, or countries. This article will also explore cybersecurity as a social policy response. In this paper, individual cybersecurity expectations and official (governmental) efforts at combating cyber-attacks will also be addressed. Recommendations would also be made to enable countries of the world articulate cybersecurity policies and actions that will assure their nationals of their security in the cyberspace.

## Overview

Cyber-warfare, also known as information war (IW) or cyber-attack (CA), has become a global threat to critical infrastructures that make societies meet the needs of their peoples. Individuals, business entities, and nations are resorting to the information technology (especially the World Wide Web) as a means for settling scores, enriching themselves, stealing other businesses' trade secrets, and gaining military advantage over other nations – enemy nations. Before cyber-warfare became the most effective means of destroying opponents' economic, financial, and military capabilities through Internet attacks, individuals and nations fought with clubs, spears, bows and arrows, muskets, high-caliber guns and rifles, and nuclear arms. But since the end of the Cold War in the early 1990s and the popularization of personal computers and superhighway access, advanced computer users have resorted to a convenient way of launching paralyzing warfare against enemies from remote locations. Vulnerable individuals, businesses, and nations have become victims of cyber-warfare at some points in the past. Many more are falling victims because of the convenience of this style of warfare.

In the recent past, companies and countries have been attacked, further highlighting the obviousness of cyber-warfare and the seeming inabilities to defend against them. It is also hard to predict when the attack will occur. Several precautionary measures against cyber-warfare have proved inadequate. For instance, in August of 2012, the world's biggest oil producer known as Saudi Aramco suffered a viral attack which compelled the company to go offline so as to purge infected thousands of computers that comprised its information database. Iran's oil ministry had its computers attacked with the Flame malware. The attack on Iran's oil ministry's computers was credited to the United States and Israel (Porche III et al. 2012). The databases of retail giants Target and Neiman Marcus, among others, were attacked in late 2013. Over 60 million customers had their personally identifying information (PII) breached. Cyber-warfare has greater potentials for success and is more damaging to the economic, technological, and military capabilities of an enemy than nuclear war.

According to Porsche III et al. (2012), recent cyber-warfare has been against the energy industries – a pointer to the vulnerability of the computer networks of the victims and the capabilities of their attackers. Cyber-warfare is borderless. It takes place from remote locations and does not necessarily have to be launched from a computer. We live in a wireless world. That means that an attacker could launch debilitating worms from any wireless device so long as they know how. Cyber-warfare does not require military knowledge; it requires computer knowledge and the ability to create and transmit worms or viruses that would damage the opponents' capabilities. Hjortdal (2011) noted that cyber-warfare could be accidental and not intentional. What this means is that the attacker has no definitive enemy in mind but is out to attack whoever is vulnerable. Cyber-warfare is currently occurring at individual, industrial, and national levels and carried out by what Hoisington (2009) called "state and non-state actors" (p. 439). Countries like China, India, Iran, Israel, North Korea, Pakistan, Russia, and the United States among others are fully engaged in the war according to Billo and Chang (2004).

Cyber-warfare did not come out of the blues. It is a phenomenon that has its roots in the desire of nations to engage adversaries in nonnuclear

warfare. However, non-state participators have escalated cyber-warfare. Countries like China, Iran, Russia, and others view cyber-warfare as an asymmetric war strategy (Breen and Geltzer 2011). Countries like the United States are well advanced in technology, but this technological advancement presents areas of vulnerabilities that its opponents could capitalize on. Cyber-warfare could be traced to the then Soviet Union which in a bid for an upper hand in its nuclear arms' race with the United States hired a German computer Internet expert in 1972 to hack into US military computers. Since then hundreds of thousands of attacks have been launched against many opponents all over the world. In 1998, 3,000 Chinese hackers launched thousands of attacks against Indonesia as a protest against the anti-China demonstrations that occurred in the country.

This points to the fact that individuals might decide to carry out cyber-warfare against governments or corporations and vice versa. Instances abound of cyber-wars unleashed on governments as well as corporations. In 2008, Estonia was attacked to a point of paralysis. This compelled North Atlantic Treaty Organization (NATO), a military consortium of former allied countries during the World War II to change its policies to reflect the threats and urgency of action against cyber-warfare. In 2009, Georgia was attacked "cyberly" during its war against Russia over South Ossetia. Also in 2009, Stuxnet (a worm or virus) was released into Iranian computers with the suspected motive of disrupting Iran's nuclear enrichment. Israel and the United States were accused of releasing the Stuxnet virus.

## Cyber-Warfare and Cybersecurity

What causes cyber-warfare? Is it done out of mere pleasure trip? Just like every other war, there is always a real or imaginary cause. According to Billo and Chang (2004), there are different motivations for different countries in their launch of cyber-warfare. However, there are common threads that run through each motive. For countries like China, India, Iran, North Korea, Pakistan, and Russia, the primary motive for launching a cyber-warfare is to inflict incalculable financial and material losses on the opponent.

Billo and Chang found out in their study that countries referenced here aim at information takedown of an opponent by paralyzing its Internet connection, disrupting communication, compromising data, impeding commerce, and debilitating the information and technological infrastructure of the adversary. China, for instance, knows that it cannot match many countries in nuclear warfare but has the human capital to engage its adversaries in cyber-warfare. Its official doctrine of cyber-warfare states a determination to raise as many cyber warriors as possible to engage its enemies in asymmetric war, using China's nuclear weaknesses as an advantage for gaining information technological superiority over its stronger opponents. This entails being proactive and offensive in its tactical approach to combating its enemies through sheer overwhelming population of cyber warriors.

In its confrontation with Pakistan over Kashmir and Pakistan's ability to launch nuclear and technological warfare, India has made the pursuit of cybersecurity and warfare a part of its military doctrine. In 1998, India began a 10-year information plan that would give it an advantage over its opponents (see Billo and Chang 2004). This is also the case with other countries the authors studied. They all want to use the information superhighway to deal with their opponents, thereby making cyber-warfare to assume the same importance as nuclear warfare, if not more.

John H. Herz (1950) argued that uncertainty and bounded rationality (Inkster 2013) drive many individuals, corporations, and countries to insecurity. The produced insecurity creates feelings of threats which the fearful tends to fight against. Most of the security threats that lead to information warfare stem from uncertainty and insecurity within one's bounded rationality. At the moment, China and the United States, India and Pakistan, Russia and the United States, Israel and Iran, and Iran and the United States are all caught in the web of uncertainty and insecurity

emanating from real or perceived threats. This feeling of insecurity pushes each of these countries to not only defend itself against the other's security threats or cyber-warfare but to engage in a tactical offensive moves aimed at accumulating greater power and advantage.

The cyberspace is an open space. O'Connell (2012) pointed to the interconnectedness of computers on the information superhighway. This international open space of the Internet makes access to computers easy. It is just like an open door or closed but unlocked door which makes entry unhindered. So, according to scholars like O'Connell, Billo, and Chang, the Internet creates access for intruders and thieves whose intention is to wreak havocs on their victims. This state of the Internet is the biggest weapon for cyber-warfare. Individuals and countries that engage in cyber-warfare or attacks watch out for the vulnerabilities of an information infrastructure that give them unfettered access to personally identifying information, trade secrets, military and defense strategies, and security policies. The means to cyber-warfare is the Internet connection. Also, information security vulnerability is another means through which attackers launch cyber-warfare. This then indicates that information security is vital to warding off cyber-warfare. Cyber-warfare is inevitable especially with the frontier expanding to include non-state warriors. An advanced knowledge of information superhighway and how information securities work and their vulnerabilities are all it takes for an opponent to launch a successful cyber-warfare against an adversary. Warriors use malwares, viruses, or worms to disrupt opponent's data tables and corrupt the hard drive, the operating system, and all files available in the system. They also steal vital information if they are able to gain access as was the case innumerably in the past.

Being aware of an uncountable number of cyber warriors out there, it is very pertinent that the most effective response to cyber-warfare is cybersecurity. The depth, length, and breath of cyber-attack demands more vigilance and security measures that will thwart its onslaught. There are numerous critical infrastructures that sustain every country. Disruption of these critical and key infrastructures means destroying economic, political, and social ambience of a nation. As a result, it will be foolhardy for any country, business, and even individuals to navigate the cyberspace without some form of security in place. Cyber-warfare has reached such a feverish point that every country should deal with it as a national emergency requiring well-articulated and robust social policies and actions.

## Military and Civilian Warriors

Cyber-warfare was initially regarded as military warfare. It was engaged in by countries to gain military advantage over their opponents. When Soviet Union began cyber-attack in 1972, it did so to undermine America's nuclear superiority. It also had in mind to shift the turf of the war. So most countries as noted by Knapp and Boulton (2006) in their review of literature on cyber-warfare from 1990 to 2005 are seeing their business corporations increasingly becoming victims of this war. They explained that there has been a transition of cyber-warfare from being a non-bloody military weapon to an instrument of commercial and industrial espionage and destruction. This transformation of the scope of the war has far-reaching implications for business entities and their customers. Cyber-warfare has become a critical societal problem. Cronin (2002) argued that because cyber-warfare was first fought as military and defense maneuver, scholars failed to address the civilian dimension of the war.

Though countries and their military arms have been targeted by cyber warriors, victims have been mainly corporations and private organizations. Low entry security can account for one of the reasons for its prevalence. Overdependence on information technology by corporations has exacerbated their victimization. The Internet is overwhelmingly used for industrial espionage, organized crime, and public opinion management and against individuals and small businesses. With thousands of the world population becoming increasingly computer savvy, the rate of cyber-warfare rises.

## Trends of Cyber-Warfare

Existing literature shows that there are innumerable instances of computer-related incidents of cyber-warfare. Many of these incidents target individuals and civilian organizations. To compound this prevalence is the failure of victims of cyber-warfare to report the breaches. Sometimes, some corporations are unaware of their victimization until law enforcement agencies bring the occurrences to their knowledge. A survey by the Federal Bureau of Investigation (FBI) in 2002 showed that 90% of cyber-warfare attacks were known by victims, but only 34% reported them to law enforcement agencies (see Knapp and Boulton 2006). To say that hundreds of thousands of cyber-warfare takes place daily is repeating the obvious. The concern for users of the Internet and information highway is how to forestall against cyber-attacks. There are some attacks that may not be prevented but it helps to keep most of the enemies at bay.

## Meaning of Cybersecurity

The vastness of the cyberspace has created many vulnerabilities which have increased because of skill gap in protecting personal information and data. Ordinarily, cyberspace is supposed to be a safe place for exchange of personal and organizational information and communication. Unfortunately, cyber-criminals are unleashing myriads of threats to security of data online through what is known as social engineering. The state of the global cyberspace at the moment is one of heightened victimization. Millions of individuals and organizations are yearly victimized by an army of cyber-attackers. These attacks run into billions of dollars every year in losses. Cyber-attack is a global phenomenon that requires concerted individual, organizational, and governmental efforts at combating it. The integrity of data and personal privacy can only be protected and assured through cybersecurity. Cybersecurity is the protection of information and communication systems and networks, computers, data, and personally identifying information from threats of theft, attack and destruction, unauthorized access, or intrusion. Cybersecurity is a preventive mechanism for ensuring that networks and data are not attacked or stolen. It is not enough for users of cyberspace to depend on developers of an array of hardware and software for their security while in the cyberspace. Therefore, security of personal and business information and data while operating online is what cybersecurity entails. It is about safeguarding object identifiable information that will create serious breach for owners of such information. Cybersecurity is a response to the social problem of cyber-attacks. Without cybersecurity, users of cyberspace are like those bathing naked in the public. Every part of their bodies is exposed to onlookers. Since it is clear that cyber-attacks and online fraud will never abate rather they will exacerbate, policy decisions and actions by countries of the world against cyber-attacks are desired now more than ever. Individuals and corporate entities are also to take actions that will help protect their information and communication systems and networks.

## Individual Cybersecurity

Individuals should do all it takes to protect their personal computers and other digital information technology. It is not enough to depend on manufacturers for the protection of personal information and data in our present commodified world. Individuals should educate themselves on cybersecurity so that they will be able to deploy the necessary protective mechanism like advanced encryption systems for password. Whereas governments are expected to introduce policies, enact laws, and take actions to protect their critical infrastructure and key resources, individuals have to protect their personal computers and gadgets and data from attacks and theft. Depending on government alone to create social policies for cybersecurity is important, but it does not discount individual responsibilities as well.

## Organizational Cybersecurity

Business organizations do not wait for governments of the societies in which they operate to protect them and their information systems and networks from cyber-attacks before they do something. They have been making individual efforts to prevent their systems and business data from attack and theft. Except for brick and mortar businesses that do not treat cyber threats as serious problems, medium and large organizations have created information security departments that police their information and communication systems and networks and business from cyber-attacks. Unfortunately despite all the efforts put into the fight, cyber-criminals have successfully breached the systems and networks and databases of many large corporations. What this portends is that cyber-criminals need not be taken for granted. Cyber-criminals are working harder to circumvent any security mechanisms an organization has put in place. Businesses cannot wage the security war alone. More than ever, individuals and organizations expect their governments to be proactive in their engagements against cyber-attacks.

## Cybersecurity as Social Policy

There is no country of the world, be they developed or developing, that is immune from cyber-attack. The foregoing indicates the need for countries and corporations to engage and invest heavily in cybersecurity and critical infrastructure protection. Cybersecurity as I understand it is the strategic policy of a country, a corporation or an individual to defend its computer or information infrastructure from attack by virtual enemies. The attack which currently defines the scope of cyberterrorism is aimed at crippling an enemy politically, economically, and socially with possible moral panics as the result. Since cyber-attacks are social issues of monumental dimension that threaten the political, economic, and social well-being of a country and its citizens, every country of the world should articulate a cybersecurity policy for engaging cyber-criminals. Cybersecurity education of citizens should be a mandatory action. Every country should enact laws prohibiting and punishing cyber-attacks. Every country should formulate an information and communication framework that will prescribe minimum standards and guidelines for establishing information and communication networks and systems. As a social policy, each country of the world should partner with organizations and businesses operating within its jurisdiction in the fight against cyber-warfare or attacks. Also as a social policy, governments should create cybersecurity centers or fusion centers for detecting, preventing, and responding to acts of cyber-attacks. Governments should share cases of cyber-attack and its robust cybersecurity mechanisms with private entities and individuals in their jurisdictions. Cybersecurity should be the political policy, the military policy, the foreign affairs policy, and the economic policy of every country. There also should be global cybersecurity efforts and coalition that will help countries with advanced preventive cybersecurity share their methods with those countries which are still struggling with creating their cybersecurity policies.

## US Cybersecurity Policies

Countries such as Russia and China are said by cyber-warfare analysts to have made this form of aggression a national policy. The intriguing element of cyber-warfare is that it does not require military training; rather, all it takes is deep knowledge of the Internet and how the virtual world operates. By hacking or deploying worms (viruses) into enemy databases, adversaries can wipe away or corrupt the valuable strategic information of their opponents. Such information could be stolen and used in asymmetric war by militarily and economically weak opponents against more powerful adversaries. What a weak enemy country only needs to successfully attack a militarily strong country like the United States is an understanding of its vulnerability hidden within its strength.

It must be understood that individuals can launch successful cyberwar against a country,

but the difference in the case of China or Russia, for instance, is that it has turned its civilians into virtual soldiers and maintains a regiment of attackers who are 24/7 looking for signs of weakness in the technology infrastructure of their targets. The Pentagon's computers have been hacked although sensitive intelligence data were not lost. In the last 2 years alone, major American corporations like Target, Neiman Marcus, Home Depot, JPMorgan Chase, Kmart, etc., have had their databases hacked into and customer's vital object identifiable information stolen. These emergency events stemming from technological hazards need serious and stronger response. All these incidents could be summed up in one word – cyberterrorism.

Since the United States heavily depends on cyberspace and has made many real and imaginary enemies as the world's strongest military power, enemies who are savvy tech geeks are being recruited to undo the country's critical infrastructure and key resources. If America is successfully attacked technologically, a lot of things will go awry. That is why cybersecurity is very important in the country's military planning, foreign policy initiatives, and technological advancement. The country recognizes the importance of a national cybersecurity master plan in its National Strategy to Secure Cyberspace. This undertaking is etched in the Comprehensive National Cybersecurity Initiative (CNCI) as articulated in former President Bush's Presidential Directive 54. The Homeland Security Presidential Directive (HSPD) 7 outlined critical infrastructure identification, prioritization, and protection as the trifecta foci of the strategy. In 2010, the Obama administration expanded the scope of the master plan and coalesced the international community to understand the dangers of cyberterrorism as a singular big threat to the world.

Obama administration's policy review of the nation's cybersecurity underscores the following facts – the nation is at a crossroads; the status quo is no longer acceptable, the national dialogue on cybersecurity must begin today; the United States cannot succeed in securing cyberspace if it works in isolation; the federal government cannot entirely delegate or abrogate its role in securing the nation from a cyber incident or accident; working with the private sector, performance, and security objectives must be defined for the next-generation infrastructure; and the White House must lead the way forward. Cybersecurity comprises cyber-infrastructure consisting of electronic and communication systems, information and communication systems, and information technology critical functions.

America's cybersecurity initiatives are not solely undertaken by the Department of Homeland Security (DHS). There are other government departments engaged in the same cause. The DHS achieves these objectives through the National Cyber Incident Response Plan, the National Cybersecurity and Communications Integration Center (NCCIC), the US Computer Emergency Readiness Team (US-CERT), the EINSTEIN Program which alerts the US Government on intrusions into the Federal Executive Branch civilian networks – the program is on its third stage of development – the National Strategy for Trusted Identities in Cyberspace, and the Private Cyber Infrastructure Protection.

Other government departments involved in the cybersecurity and critical infrastructure protection are the Department of Defense (DOD), Department of Agriculture, Department of Commerce, Department of Education, Department of State, Environmental Protection Agency (EPA), Department of Energy, Department of Health and Human Services, Department of Interior, and Department of Treasury. Most of the departments have their individual initiatives and some in alliance with DHS. State, local, tribal, and territorial governments partner with DHS in its National Infrastructure Protection Plan (NIPP) to protect their critical infrastructure and key resources (CIKR). Also the private sector works in tandem with DHS under NIPP to ensure that cybersecurity and critical infrastructure protection is a well-rounded enterprise. These protection efforts extend to other federal government and private sector critical infrastructure and key resources (CIKRs) overseas.

The question then is can we say that America's cybersecurity and critical infrastructure protection strategy is robust enough given

the recent spate of hackings into the databases of some of the country's large corporations? It is apparent that the cybersecurity architecture of the affected corporations did not meet expectations. However, there is no cybersecurity defense mechanism out there that is 100% reliable, but corporations and individuals have to be proactive in their cybersecurity efforts. They have to monitor their networks constantly and ensure that every open or unlocked back door is locked. They can detect unlocked back doors by engaging friendly hackers. Friendly hackers will always expose loopholes in the cybersecurity architecture of an organization.

## Conclusion

The need for organizational cybersecurity strategies cannot be overemphasized. Companies should build solid information architecture that has the capabilities to withstand all forms of cyber-warfare. This can be achieved by hiring knowledgeable and certified information security personnel, conducting periodic risk assessment of information platforms, training employees on the risks of vulnerability and precautions against intended breaches. Tucker (2004) recommended the creation of architecture of technological high walls with hidden armed guards for information protection. There is also need for multilayered defense mechanism created around each country's information platform. Though this may not be enough but it goes a long way to help. It might be difficult to end cyber-warfare but doing nothing compounds the problems. Just as many countries are writing their military doctrines to center around cybersecurity, every business and country should develop information security strategies that will guide how they engage this serious global enemy.

The security policy has to be managed. It should not be a doctrine that is not implemented or evaluated periodically to ensure that the most defense against cyber-warfare is proactiveness. That is anticipating the inevitability of an attack and doing all necessary to deter it no matter when it comes.

## References


Billo C, Chang W (2004) Cyber warfare: an analysis of the means and motivations of selected nation states. Institute for Security Technology Studies at Dartmouth College, Hanover

Breen M, Geltzer JA (2011) Asymmetric strategies as strategies of the strong. Parameters 41:41–55

Cronin B (2002) Information warfare: peering inside Pandora's postmodern box. Libr Rev 50(6):279–295

Herz JH (1950) Idealist internationalism and the security dilemma. World Polit 2(2):157

Hjortdal M (2011) China's use of cyber warfare: espionage meets strategic deterrence. J Strateg Secur 4(2): 1–24

Hoisington M (2009) Cyberwarfare and the use of force giving rise to the right of self-defense. Boston Coll Int Comp Law Rev 32(2):439–454

Inkster N (2013) Conflict foretold: America and China. Survival 55(5):7–28

Knapp KJ, Boulton WR (2006) Cyber-warfare threatens corporations: expansion into commercial environments. Inf Syst Manag J 23:76–87

O'Connell ME (2012) Cyber security without cyber war. J Confl Secur 17(2):187–209

Porche IR III, Sollinger JM, McKay S (2012) An enemy without boundaries. Proc Mag 138(10):1–6

Tucker TE (2004) Leveraging protection mechanisms to provide defense in depth. In: Whitman ME, Mattord HJ (eds) Management of information security. Thomson Course Technology, Boston


# Cyberspace and Crisis Management


Komila Aima Muku
San Jose State University, San Jose, CA, USA


## Synonyms

Cyber; Cybercrime; Cyber territory; Cyber war

## Definition

Cyberspace is the "globally interconnected digital information and communications infrastructure" (Nielsen 2012). It is comprised of globally connected networks of hardware, software, and data and also the people who interact with it.

## Introduction

The early designers of cyberspace focused on ease of access, interoperability, and innovation and gave less importance to security and accountability. While there is no doubt that cyberspace has made the world interconnected and made life easy, some of its key characteristics also make it vulnerable and prone to cyber threats and attacks.

Cyberspace has become extremely important in the recent times. It is now recognized as the fifth domain along with land, sea, air, and water. Governments all over the world are increasingly realizing the importance of cyberspace and its vulnerabilities and are taking proactive steps to secure it. Reducing the vulnerabilities and building resilience are two key components of crisis management in cyberspace.

## Key Characteristics of Cyberspace

Some key characteristics of cyberspace are (1) it is man-made and built to support particular purposes. When they developed the Internet, the designers focused on ease of access, availability, interoperability, expansibility, and innovation. For those early designers, security and accountability had low priorities. (2) It is dynamic – its structure can change in a very rapid fashion. (3) It is fast – events in cyberspace can occur rapidly. For example, the Slammer worm that attacked the Internet in January 2003 and infected more than 90% of vulnerable hosts in 10 min and caused significant disruptions to several institutions. (4) It is transboundary in nature. Most often it is not possible to territorialize it (Boin and Lodge 2016). (5) It has very low barriers to entry – even someone with a mobile phone or computer can access it from an Internet cafe. (6) It is growing rapidly – the number of Internet users is increasingly regularly all over the globe.

## Importance of Cyberspace

Cyberspace has gained considerable importance in the recent past. With the establishment of the 24th Air Force and the US Cyber Command, the US government now recognizes cyberspace as the fifth military domain along with land, sea, air, and space. The US government has also introduced many policy measures to deal with the growing cyber threats facing the country. In 2015, the Obama administration introduced several initiatives with the purpose of securing networks and trade secrets, protect privacy, and enable government agencies to share intelligence to manage cyber threats (Kshetri 2015). Most policy makers in the USA agree that stronger efforts need to be undertaken to better protect American interests in cyberspace against a wide array of dangerous threats.

Many governments in different parts of the world now consider their digital infrastructure to be an important national asset that needs to be protected. As Darby interestingly postulates it, cyberspace completely reduces the physical spaces between the enemies – the enemy now possibly does not reside on the "other side of the ocean" but only behind the firewall. The Russian cyberattacks on Estonia in 2007 and on Georgia in 2008 have been referred to as the Web War 1.

## Threats and Vulnerabilities in Cyberspace

There is disagreement among experts on the significance and consequences of threats in cyberspace. While some like Clarke and Knake (2010) consider cyber war to be the next threat to US national security, others like Thomas Rid (2013) argue that cyberspace is making the world more peaceful because sabotage and espionage in cyberspace do not lead to any physical harm. Rid argues that the perception that cyber war will lead to the doom of society is unrealistic as cyber war has never happened in the past or present. Rid contends that cyber war will not happen in the future.

Even if there has never been a full blown cyber war, it would be naïve to assume that the threats pertaining to cyberspace can be harmless. In 2009, Stuxnet, a cyber worm, destroyed a huge proportion of Iran's nuclear centrifuges by making them to spin out of control. This attack on Iran clearly showed that cyber warfare can have strong visible physical consequences.

Also, several events in the recent years draw attention to the fact that in future, some nation can use its cyber skills to attack the civilian infrastructure and military of another nation. The fact that everything in the USA is completely connected – from automated tellers to the Federal Reserve, Wall Street, and most hospital and business computer systems – makes unwanted intrusions into cyberspace a serious threat. Also, given the highly digital nature of the US infrastructure, a cyberattack on the US infrastructure can be more devastating to the entire nation than any kind of traditional warfare activity like bombings. In 2011, Leon Panetta, then CIA director, warned about the possibility of a "digital Pearl Harbor."

## Crisis Management

Crisis is defined as "the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization's performance and generate negative outcomes" (Coombs 2007). A crisis is by definition a time of great tension and uncertainty. Most often crises are characterized by a high degree of threat, short time for decision, and the "fog of crisis" that confuses the crisis participants about what is happening (Cimbala 2016).

Crisis is different from complex emergencies. As they happen more regularly, emergencies provide operational agencies enough past experiences that can enable them to plan better for future events. In the context of crises, past events do not provide much guidance to the policy makers.

Crisis management refers to the processes by which an organization deals with a crisis before, during, and after it has occurred. These processes involve identifying, assessing, understanding, and coping with a crisis. Crisis management is a core government responsibility.

## Crisis Management in Cyberspace

Given the complex nature of cyberspace, crisis management can be challenging. Cyber warfare is different from traditional warfare in many ways. In the first place, it is challenging to combat cyber spies. Secondly, attribution is difficult. It is impossible to prove with certainty that the hacker was working for a foreign government. Even when the IP address of a computer used in a cyberattack can be traced to a particular country, it is not enough evidence to prove that the government of that country was involved.

Cyber espionage, unlike traditional espionage, is more difficult to detect. Additionally, as there are no physical clues, it is difficult to prove when a system was compromised (Pedersen 2013). The transboundary nature of cyberattacks increase the challenges public and private authorities face while dealing with urgent threats.

Given the complexity of cyberspace, two important components of crisis management in cyberspace are risk mitigation and building resilience.

### Risk Mitigation

An important part of crisis management in cyberspace is reducing and removing the vulnerabilities in the computer networks.

It takes less than a minute to compromise an unprotected computer connected to the Internet, and an infected computer connected to other unprotected computers can quickly pass that infection to other computers. Even computers not connected to the Internet can become a threat if they are unprotected by allowing unauthorized people to access information. A computer not connected to the Internet can also become infected through an infected USB or DVD.

The reality is that there is no forced entry in cyberspace (Libicki 2009). No one can get into cyberspace if there are no pathways produced by the system itself. Therefore, building security in such that there are no loopholes is important to avoid a cyberattack. This is more important than building a strong offensive system against an attack. Building security into the software as it is being built is an important risk mitigation measure. Building it in such a way that it continues to function well even under malicious attack can be very useful (McGraw 2013).

A potential threat in cyberspace that is often ignored is the internal threat, i.e., misuse by employees, whether unknowingly or deliberately.

Employees might knowingly create threats if they are disgruntled or dissatisfied by the system or agency (Caruson et al. 2012; Antikainen et al. 2015). Cyber threats are not only technical problems but also leadership, human resources, and employee education problems. Thus, human decision-making is also very important to cyber security.

Two kinds of employees can pose an insider threat – those who intentionally misuse systems and those who assist outsiders unknowingly. There is a need to create more awareness about what actions can create a threat in cyberspace. It is also important to translate the complex, technical language most often used into easy to understand language. Besides, employees and contractors need to be provided adequate knowledge and skills to identify potential social engineering, spear phishing, or watering hole attacks.

Thus, end-user education is very important to prevent breaches in cyberspace. It is also important to have a policy that describes how to deal with unknown media. Most governments still rely mainly on antivirus and firewall protection and ignore end-user education.

Another important mitigation measure is conducting security audit and penetration tests. During these test, ethical hackers try to breach into the system of the organization and report back so that one can take preemptive action.

### Building Resilience

Crisis management in cyberspace should also include preparing to continue operations and return to normal as quickly as possible when attacks are successful. For effective crisis management in the cyberspace, resilience is important.

Resilience has also been highlighted in the 2015 US Department of Defense Cyber Strategies and commonly highlighted by most technical experts. Building resilience involves developing plans and actions that will minimize damage, provide for continued operations, and facilitate return to full functionality as quickly as possible when cyberattacks are successful. For example, in the case of the US electric grid, resilience would involve the system being able to perform manually even if the system goes offline. Having plans and training personnel for manual operation of critical infrastructure is very important for building resilience of the system.

## Conclusion

In the current, interconnected digital world, when a major part of the world is dependent on cyberspace, it is imperative that adequate steps are taken to ensure that it can function properly and without any disruptions. For effective crises management in cyberspace, public and private authorities all over the world need to take proactive steps. Two essential components of crisis management in cyberspace are taking adequate risk mitigation measures and building resilience. By focusing on risk mitigation, crisis in cyberspace can be either prevented or its impact reduced. Resilience ensures that the system is able to continue even if an attack cannot be prevented and thereby reduces the loss of time and money.

## Cross-References


- ▶ Cybersecurity as Social Policy
- ▶ Exercises in Crisis Management Training
- ▶ Global Agenda for Crisis Management


## References


Antikainen J, Eronen P, Peritz A (2015) Every corporation has an insider cyber threat. GIJA. Retrieved from http://journal.georgetown.edu/every-corporation-has-an-insider-cyberthreat/

Boin A, Lodge M (2016) Designing resilient institutions for transboundary crisis management: a time for public administration. Public Adm 94(2):289–298. Retrieved from https://sjsu.illiad.oclc.org/illiad/illiad.dll?Action=10&Form=75&Value=628959

Caruson K, MacManus S, McPhee B (2012) Cybersecurity policy-making at the local government level: an analysis of threats, preparedness and bureaucratic roadblocks to success. J Homel Secur Emerg Manag 9(3):1–22. Retrieved from http://web.b.ebscohost.com.libaccess.sjlibrary.org/ehost/detail/detail?vid=3&sid=557cac86-0b1b-44bc-898f-35dbdd01f525%40sessionmgr120&hid=101&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=90364974&db=poh

Cimbala S (2016) Nuclear cyberwar and crisis management. Comp Strateg 35(2):114–123. Retrieved from:

http://www.tandfonline.com/doi/full/10.1080/01495933.2016.1176458
Clarke R, Knake R (2010) Cyber war: the next threat to national security and what to do about it. Harper Collins, New York
Coombs T (2007) Ongoing crisis communication: planning, managing and responding. Sage Publications, New York
Kshetri N (2015) Recent US cybersecurity policy initiatives: challenges and implications. Computer 48(7): 64–69. Retrieved from http://ieeexplore.ieee.org.libaccess.sjlibrary.org/stamp/stamp.jsp?tp=&arnumber=7163257
Libicki M (2009) Cyber deterrence and cyber war. Rand Corporation, Santa Monica. Retrieved from http://www.rand.org/content/dam/rand/pubs/monographs/2009/RAND_MG877.pdf
McGraw G (2013) Cyber war is inevitable (unless we build security in). J Strateg Stud 36(1):109–111. Retrieved from http://www.tandfonline.com/doi/abs/10.1080/01402390.2012.742013
Nielsen S (2012) Pursuing security in cyberspace: strategic and organizational challenges. Orbis 56(3):336–356. Retrieved from http://ac.els-cdn.com.libaccess.sjlibrary.org/S0030438712000300/1-s2.0-S0030438712000300-main.pdf?_tid=aa28f9e0-ad5d-11e6-a3e2-00000aacb35e&acdnat=1479453028_a68ac3b743662682568fd6575225843b
Pedersen C (2013) The rising digital missile gap: the security threat of the United States' cyber inactivity. Pepperdine Policy Rev 6:1–15. Retrieved from: http://web.b.ebscohost.com.libaccess.sjlibrary.org/ehost/pdfviewer/pdfviewer?sid=4b9a2511-46df-4881-a67a-9a2d944ad95b%40sessionmgr105&vid=33&hid=123
Rid, T. (2013). Cyberwar and peace: hacking can reduce real world violence. Council on Foreign Relations. Foreign Affairs - November/December 2013 issue. https://www.foreignaffairs.com/articles/2013-10-15/cyberwar-and-peace

# Cyber-tech Companies and Public Mind Control

Amir Forouharfar
Department of Public Administration, University of Sistan and Baluchestan, Zahedan, Iran

## Synonyms

Public mind check; Public mind direction; Public mind dominance; Public mind dominion; Public mind engineering; Public mind management; Public mind manipulation; Public mind nudge; Public mind sway

## Definition

Public mind control is applying mass instruments and techniques in order to nudge the collective mind of a target nation, community, or group of people toward the manipulators' desirable direction or objective.

## Introduction

While Carpignano et al. (1990) and the other mass media scholars in the 1990s and before were blaming television as having a corrupting and degenerating nature for the public mind, they were hardly assuming that the former unidirectional impacting and shaping the public mind will change to a more sophisticated interactive situation, where the cyber-media and companies could receive even the most hidden intentions and aspects of public mind and access an influential medium via the stupendous public data to make the public cyber-hegemony of our era. What do *Google*, *Yahoo*, *Bing*, and the same search engines and cyber-companies know about the undisclosed side of the public mind? Public mind is determining leverage in election, political legitimacy, cultural fads, etc. The popularity and frequency of keywords in search queries on the Internet and cyberspace could provide a precious data on the current, latent, and emerging public demands or obsessions. Once these data are accumulated, analyzed, and graphed based on different categories such as age, education, geography, sex, political tendencies, etc., they could collectively reflect the hidden mentality of the public mind. Public mind has twofolds, superficially the evident aspect that is usually reflected on the news and non-cyber-media and, deep down, the hidden aspect, which is far more significant than the former, since it is usually reflected on the cyberspaces without the fear of sociopolitical pressures. The trends could reflect tremendous information on how the public thinks and demands. The search volume of queries reveals the backbone of public frame of

mind and even a predictable turn of mind in the future. The accession to query volumes gives an unprecedented and menacing capability to the cyber-tech companies with respect to how they are going to use the data. In spite of plenty cyberspace-regulating laws for the privacy of public information, a few companies may resist against the ready *Big Data* which could be datamined to demonstrate the undiscovered aspects of the public mind's patterns and intricacies. In the case of public administration, the trends, patterns, and associations of the public data are constituting an emerging power which could be applied either by a democratic government for leveraging good governance or by a totalitarian government as a means of suppression. Therefore, undoubtedly it is an influential tool of nudging the public mind. Such a quality justifies its study in public administration discipline. On the other hand, predictive ability of the search trends has been studied and proved in different studies (Granell and Carlsson 2018). Search trends were studied as a means of forecasting economic indicators (Choi and Varian 2012) or for increasing the precision of social issues prediction via the search trends volume, e.g., the rate of suicide in the UK (Kristoufek et al. 2016), or for analyzing the relation between the search trends and the financial markets (Preis et al. 2013) which in this case led to the introduction of "early warning signs." In addition there is the possibility of the strategic usage of the search trends like "Google Trends Strategy" to figure out if it is a proper time to sell or buy – based on the rising or falling of specific keywords' search volumes on the *Google* in comparison to the volumes of the same keywords in the previous 3 weeks. Furthermore, there is causality between certain searched words on the Internet and the stock market (Perlin et al. 2017). Even – based on the Internet users' search queries – there is a correlation between a country's per capita gross domestic product (GDP) and the extent the Internet users were searching for information about the future (Preis et al. 2012). However, the search trends and their data have been studied mostly in the world of business, and they did not often been studied in the political or public mind contexts. Lack of researches in this matter does not reflect the non-use of such data in the sociopolitical and public life by those who have accession to accumulation, selection, emancipation, and analysis of these data. The public mind researchers of the cyberspace usually ask the following questions in their studies:

1. What do the cyber-companies do with the dark side of the public data?
2. Could the public data be used for forecasting voting results?
3. Could the public data be used for responding implicitly and tactfully to the emerging public demands?
4. Is there anything that the cyber-companies know that the governments are not wide-awake about?

Nevertheless, it could not be denied that accession to the dark side of the public mind may lead to the intensions of designing or manipulating them. What *Noam Chomsky* clarifies as the propaganda-making capability of corporations via their domination over our public life, the media, and even the environment (Chomsky and Barsamian 2001) could be also discussed with respect to the cyber-tech companies' dominance in shaping our public life. Cyber-tech companies are new institutions of power. By studying the entry, the reader gets familiar with the potential threat or opportunity of cyber-tech companies in the third millennium administration of state and public affairs.

## A Few Examples of Cyber Public Mind Control

Cyber-tech companies are potentially capable of nudging and controlling the public mind that could be a threat or an opportunity to the world governments. Public mind trends are one of the online indicators of the public mind either for a limited specific geographical zone or for a global arena. Familiar examples of public mind trends' indicators are *Google Trends*, *Google Insights for Search*, *Google's Keyword Planner*, *Google*

*Webmaster Tools*, *KW Finder*, *Bing Keyword Research*, *Wordstream*, *Keyword Tool*, *Ubersuggest*, etc. Besides, some online text corpora in different languages (e.g., *American National Corpus*, *Corpus of Contemporary American English* (COCA), *Bank of English*, *British National Corpus*, *Oxford English Corpus*, *Corpus Resource Database* (CoRD) as a few examples in English language) prepare powerful statistical tools for discovering the public mind in different aspects within different time frames. Furthermore, states have some governmental bodies (e.g., the *American Association for Public Opinion Research*) to discover public minds. These governmental bodies act the same as survey firms. The survey firms in their public mind probe projects could use the big and enormous amounts of digital data that people unwittingly or wittingly provide about themselves (O'Connell 2010). For example, *Pew Research Center*, a fact tank based in Washington, in its quest to probe the public mind on *Flint water crisis* (the contamination of the drinking water of Flint, Michigan, with lead, which was first started in 2014 and resulted in 2016's federal state of emergency), analyzed 18 months' worth of Google Search data with the intention of tracking public interest in the crisis. The Google Search data – in this case – were used as a tool for analyzing the attitudes of the public (Gramlich 2017). In 2018, approximately every second, Google processed over 40,000 search queries that work out to over 3.5 billion searches per day and 1.2 trillion searches annually (Internet Live Stats 2018). Therefore, it gives a competitive advantage among the search engines to *Google* to be aware of the public mind worldwide. One of the cyber-nudging techniques – a technique to push or nudge public mind toward a specific issue – is showing a public issue high on the ranks of listed issues on an Internet page. It was statistically verified that once a politician's name stands at the top of the Internet page, there is a more possibility that he/she receives more votes (Shultz 2015). This technique is a means of public mind control on a massive and stupendous scale unprecedented in public life history (ibid.). Additionally, there are numerous other techniques applied by some cyber-tech companies to manipulate public mind. Some of these techniques are echo chambers, search engine manipulation effect (SEME), voter buttons, fake news, and misinformation dissemination (Kulpati 2018). Modern political campaigning potentially could take advantage of the undisclosed data on the public mind. A familiar example is *Hillary Clinton's* 2016's presidential campaign usage of *The Groundwork* technology firm. It shows how political campaigns could take advantage of data analysts and digital data to shape their voter blocs (Pasick and Fernholz 2015). Moreover, accumulating digital information of billions of searches gives the accumulator a powerful basis to draw meaningful social patterns out of it (Stephens-Davidowitz 2012).

Another cyber public mind controlling technique is the *search engine manipulation effect* (SEME) which is an influential behavior effect technique originated from manipulating search results that divert the Internet users' preferences. One of the proved effects of SEME on the public mind is also shifting the public voting preferences from 20 up to 80 percent (Epstein 2015; Epstein and Robertson 2015).

Furthermore, the search engines have the capability of affecting national elections either directly by manipulating the results' ranking or indirectly by optimizing some results, known as *search engine optimization* (SEO). SEO is to use cyber techniques to put a website in top result lists after searching specific keywords on a search engine (Yalçın and Köse 2010). Such optimizations usually lack transparency (Epstein et al. 2017).

*Twitter* and *Facebook* are two giants in shaping the public mind. *Donald Trump's* frequent use of *Twitter* shows his belief in the effectiveness of this medium for shaping the public mind. *Twitter* could be used as a significant means of reaching and impressing a great number of future voters. It could help politicians to nudge the public mind into specific frames of interpretations, i.e., the politicians could lay a ground – e.g., by the means of *Twitter* – to induce specific interpretation in the public mind. This is a framing technique to affect the public mind. This is one of the reasons for the political superiority of Trump in shaping the public mind (Vlatković 2018).

On the other hand, there are some claims that *Facebook* has been used as a strategic advantage in the 2012 US presidential election (Shafi and Vultee 2016). It helped the political campaigns to disseminate their messages in no time.

Generally, the facilities and infrastructure that are provided by cyber-tech companies – e.g., Twitter and Facebook – could be used by the outsiders for meddling and interfering with the democratic process of selecting political candidates, e.g., the Russian cyber-campaign to influence the US 2016 presidential election (The New York Times 2018a). Sometimes, trending fake or biased news will be used as a lethal weapon of the intruders into the public mind, e.g., there is some evidence that *Instagram* is actively used by outsiders to influence the public mind (The New York Times 2018b). Therefore, it is not only the intentional capability of the cyber-companies in influencing, twisting, and shaping the public mind but also the potentiality of being used by the outsiders not only to control but also to affect the public mind. Hence, some scholars such as Rule (2013) have warned against the "destructive uses" of the Internet and search engines. The Internet could be used for orchestrating cyber-warfare or political repression against a specific public mentality or even to be used for public mind diversion.

Cyber-companies have access to substantially digital type of public data on the Internet which are called Big Data (i.e., extremely large data sets). Therefore, in affecting the public mind, they deal with public mind Big Data.

## Big Data and Public Mind Control

Public mind is not constituted by the summation of the individual minds but as Lichtman (2013) asserts, it is the source and presupposition of the individual minds, i.e., in dealing with this public phenomenon, it should be studied with *Holism* mentality, i.e., to see it as a whole since it is impossible to reduce it to any constituting entities or what *Reductionism* does, i.e., to reduce and simplify the issues – and hence we apply "public" for it. The search trends data once accumulated could be dealt as *Big Data* (Jahedi et al. 2016; Siewert 2013) since they make a stupendous quantity, and the characteristics of *Big Data* could be logically applied to it in its discussion. Volume, variety, velocity, veracity, and value are the key concepts of Big Data (De Mauro et al. 2015) and hence the Big Data of public searches on the Internet. Here, *volume* refers to the size of accumulated public searches data. *Variety* refers to different types of public searches data. *Velocity* refers to the speed of public searches data generation and processing. *Veracity* refers to the quality and trustworthiness of the public searches data, and *value* refers to the capability of cyber-tech companies in digitalization and conversion of public searches to quantities and numbers. The superiority of each cyber-aspect of public data would lead to different tendencies of the public mind; i.e., the analysis of the public mind could be done by considering the 5Vs (volume, variety, velocity, veracity, and value). These aspects could define the current and latent orientation of the public mind.

## Cyber-Companies' Potential Scenarios to Influence the Public via the 5Vs of Public Data (Volume, Variety, Velocity, Veracity, and Value)

Although these days social networks prepare the interactive communication of the public and "participatory web" (Veltri 2013), the cyber-companies could benefit from the 5Vs of public search trends data (e.g., through *data mining* techniques: the techniques for discovering unknown structures in large data sets). Here the entry broadly presents five frequent scenarios of nudging and affecting the public mind.

## First Scenario: Taking Advantage of Public Data Volume

Clone is a term that means an identical individual grown from a single somatic cell. Cloning is a method in biology, which refers to the process

of making a genetically identical copy (clone) of an organism or a cell. *Cloning technique* is referring to multiplying the volume of the public data by initial dissemination of fake or exaggerated data on one fake or genuine website and intentionally copying and pasting or quoting the fake or misinformation to affect the public mind according to the interests of the disseminators. This technique will be usually used either for publicizing or for propagating public issues. Studies prove that cloning of misinformation on cyber social media in recent years has had a great growth damaging societies and democratic institutions (Allcott et al. 2018). A recent example of *cloning technique*'s effects was the great number of US adults who were not only affected by large false information but also believed what they read on social media before the 2016 election (Guess et al. 2018; Allcott and Gentzkow 2017).

## Second Scenario: Taking Advantage of Public Data Variety

Public data variety deals with collected public data types either as structured, or unstructured, or none of them as semi-structured, and a mixed data, which in the two recent cases lead to the complexity of data (Demchenko et al. 2013). Cyber-tech companies would affect the public through *multi-sourcing technique*. This technique is intended for reaching what Kaisler et al. (2013) mention as the richness in presenting the data through using text, audio, images, video, etc. When the public face a trending issue in different formats of representation (e.g., text, audio, figures and images, films, etc.), they would usually believe in the significance and urgency of the case. These impacts will be usually acquired by *multi-sourcing technique*, i.e., by providing the public with multiple types of data from multiple data outlets. In contrary to classic media such as television or radios which could only transmit a single type of data (visual or audio), cyberspace prepares the possibility of availability of different formats of data (photo, film, text, audio, figures, etc.).

## Third Scenario: Taking Advantage of Public Data Velocity

Cyberspaces disseminate the news faster than any other media, and because of this super-velocity, they should be counted as one of the foremost and timely public mind shapers.

## Fourth Scenario: Taking Advantage of Public Data Veracity

The *cloaking technique* of affecting the public mind frequently uses cloaked websites. Cloaked websites are sites that are published by individuals or interest groups who conceal their authorship with the intention of disguising a hidden and clandestine political agenda (Daniels 2009). By this technique, the cyber-companies and networks either intentionally by themselves or indirectly without being aware would be used for twisting the public mind. It also affects public data veracity by turning them into disseminating outlets for fake news and misinformation. A familiar example of *cloaking technique* is writing biased reviews on review websites. For example, the *MarketWatch* reported that 25% of entries on *Yelp* are forged and false review disseminated by paid freelance writers to improve the online reputations of specific companies (Pardy 2013).

This technique has also been seen in cloaking social media pages in world-renowned social networks such as *Facebook*. For example, some cloaked *Facebook* pages were created to disseminate specific political propaganda and goals by cloaking a user profile and copying the identity of a political opponent with the intention of sparking hateful reactions (Farkas et al. 2018). Therefore, large-scale manipulation of public data veracity could affect public institutions' decision-makers.

## Fifth Scenario: Taking Advantage of Public Data Value

*Data mining technique* is usually used by the cyber-companies to diagnose specific hidden

**Cyber-tech Companies and Public Mind Control, Table 1** Cyber-companies' 5Vs potential scenarios for impacting the public mind

| Public data 5Vs | Impacts | Cyber-techniques | Public mind effects | |
|---|---|---|---|---|
| | | | Positive | Negative |
| Volume | Volume impact | Cloning technique | Publicizing | Propaganda |
| Variety | Variety impact | Multi-sourcing technique | Inclusiveness | Perplexity |
| Velocity | Velocity impact | Dissemination technique | Timeliness | Overreaction |
| Veracity | Veracity impact | Cloaking technique | - | Fake news and misinformation |
| Value | Value impact | Data mining technique | Measurability | Oversimplification |

Source: Author's own work

structures in the public data. The numerical values of the public data could be used for measuring specific aspects of the public mentality.

The summarization of the abovementioned techniques and their public mind effects are presented in Table 1.

## Conclusion

Without any hesitation, public Big Data analytics could be applied for better, quicker, and more efficient public policy making (Barbero et al. 2016). However, there is always a possibility of a systematic inclusion and exclusion of public data and their manipulation. Cyber-giants such as *Google*, *Facebook*, *Twitter*, etc. are not only informant of the current and emerging trends in the national public mind in the country that are based but also in the other nations' public mind.

Our world is getting near to a phenomenon, which could be called cyber-oligarchy, which brought about public mind monitoring, controlling, and altering. Now for the cyber-tech companies, public mind sits in a glass house. They could thoroughly investigate and if intend smash it, shape, or even reshape it and put at stake the legitimacy of the states and their governments or divert the electoral intentions of the public to whom or to what they wish. This is the cyber-hegemony of our time, which the entry broadly tried to shed light on it with the intention not to be neglected by the governments in the new public administration practices.

## References


Allcott H, Gentzkow M (2017) Social media and fake news in the 2016 election. J Econ Perspect 31(2):211–236

Allcott H, Gentzkow M, Yu C (2018) Trends in the diffusion of misinformation on social media. Preprint. https://web.stanford.edu/~gentzkow/research/fake-news-trends.pdf

Barbero M, Coutuer J, Jackers R, Moueddene K, Renders E, Stevens W, Toninato Y, van der Peijl V, Versteele D (2016) Big data analytics for policy making, Deloitte report for the European Union. https://joinup.ec.europa.eu/sites/default/files/document/2016-07/dg_digit_study_big_data_analytics_for_policy_making.pdf

Carpignano P, Andersen R, Aronowitz S, DiFazio W (1990) Chatter in the age of electronic reproduction: talk television and the "public mind". Social Text 25/26: 33–55. https://www.jstor.org/stable/466239?seq=1. https://doi.org/10.2307/466239

Choi H, Varian H (2012) Predicting the present with Google Trends. Econ Rec 88:2–9

Chomsky N, Barsamian D (2001) Propaganda and the public mind. South End Press, Cambridge, MA

Daniels J (2009) Cloaked websites: propaganda, cyber-racism and epistemology in the digital era. New Media Soc 11(5):659–683

De Mauro A, Greco M, Grimaldi M (2015, February) What is big data? A consensual definition and a review of key research topics. In: AIP conference proceedings, vol 1644, No 1. AIP, pp 97–104

Demchenko Y, Grosso P, De Laat C, Membrey P (2013, May) Addressing big data issues in scientific data infrastructure. In: Collaboration technologies and systems (CTS), 2013 international conference on IEEE, pp 48–55

Epstein R (2015) How Google could rig the 2016 election: Google has the ability to drive millions of votes to a candidate with no one the wiser. Politico Magazine

Epstein R, Robertson RE (2015) The search engine manipulation effect (SEME) and its possible impact on the outcomes of elections. Proc Natl Acad Sci 112(33): E4512–E4521

Epstein R, Robertson RE, Lazer D, Wilson C (2017) Suppressing the search engine manipulation effect (SEME). Proc ACM Hum Comput Interact 1(2):42

Farkas J, Schou J, Neumayer C (2018) Cloaked Facebook pages: exploring fake Islamist propaganda in social media. New Media Soc 20(5):1850–1867

Gramlich J (2017) Q & A: using Google search data to study public interest in the Flint water crisis. http://www.pewresearch.org/fact-tank/2017/04/27/flint-water-crisis-study-qa/

Granell A, Carlsson F (2018) How Google search trends can be used as technical indicators for the S&P500-index: a time series analysis using Granger's causality test. Royal Institute of Technology, Stockholm

Guess A, Nyhan B, Reifler J (2018) Selective exposure to misinformation: evidence from the consumption of fake news during the 2016 US presidential campaign. Working paper. European Research Council. https://www.dartmouth.edu/~nyhan/fake-news-2016.pdf. Accessed 3 Sept 2018

Internet Live Stats (2018) http://www.internetlivestats.com/google-search-statistics/

Jahedi S, Wenger JW, Yeung D (2016) Searching for information online: using big data to identify the concerns of potential Army recruits. RAND Corporation-Arroyo Center, Santa Monica

Kaisler S, Armour F, Espinosa JA, Money W (2013) Big data: issues and challenges moving forward. In: System sciences (HICSS), 2013 46th Hawaii international conference on IEEE, pp 995–1004

Kristoufek L, Moat HS, Preis T (2016) Estimating suicide occurrence statistics using Google Trends. EPJ Data Sci 5(1):32

Kulpati S (2018) How technology subconsciously manipulates your vote. The Startup. https://medium.com/swlh/5-sinister-ways-technology-subconsciously-manipulates-your-vote-17bbe45b1ffb

Lichtman R (2013) The violent disorder of our public mind. https://truthout.org/articles/the-violent-disorder-of-our-public-mind/

O'Connell A (2010) Reading the public mind. Harv Bus Rev 88(10):27. https://hbr.org/2010/10/reading-the-public-mind

Pardy N (2013) Cloaked websites: the dark side of digital media. http://tuftsobserver.org/cloaked-websites-the-dark-side-of-digital-media/

Pasick A, Fernholz T (2015) The groundwork: the stealthy, Eric Schmidt-backed startup that's working to put Hillary Clinton in the White House. https://qz.com/520652/groundwork-eric-schmidt-startup-working-for-hillary-clinton-campaign/

Perlin MS, Caldeira JF, Santos AA, Pontuschka M (2017) Can we predict the financial markets based on Google's search queries? J Forecast 36(4):454–467

Preis T, Moat HS, Stanley HE, Bishop SR (2012) Quantifying the advantage of looking forward. Sci Rep 2:350. https://www.nature.com/articles/srep00350

Preis T, Moat HS, Stanley HE (2013) Quantifying trading behavior in financial markets using Google Trends. Sci Rep 3:1684

Rule JB (2013) The search engine, for better or for worse. The New York Times, 18 Mar. https://www.nytimes.com/2013/03/19/opinion/global/the-search-engine-for-better-or-for-worse.html

Shafi A, Vultee F (2016) One of many tools to win the election: a study of Facebook posts by presidential candidates in the 2012 election. In: (R) evolutionizing political communication through social media. IGI Global, Hershey, Pennsylvania, USA. pp 210–228. https://doi.org/10.4018/978-1-4666-9879-6.ch011

Shultz D (2015) Internet search engines may be influencing elections. Science. https://www.sciencemag.org/news/2015/08/internet-search-engines-may-be-influencing-elections

Siewert SB (2013) Big data in the cloud. Data velocity, volume, variety, veracity. IBM Corporation. https://www.researchgate.net/profile/Sam_Siewert/publication/256979589_Big_data_in_the_cloud_-_Data_velocity_volume_variety_and_veracity/links/004635241ce3741354000000.pdf

Stephens-Davidowitz (2012) How racist are we? Ask Google. https://campaignstops.blogs.nytimes.com/2012/06/09/how-racist-are-we-ask-google/

The New York Times (2018a) Russian hacking and influence in the U.S. Election. https://www.nytimes.com/news-event/russian-election-hacking

The New York Times (2018b) Russian trolls came for Instagram, Too. https://www.nytimes.com/2018/12/18/technology/russian-interference-instagram.html

Veltri G (2013) Microblogging and nanotweets: nanotechnology on Twitter. Public Underst Sci 22(7):832–849

Vlatković S (2018) New communication forms and political framing: Twitter in Donald Trump's presidential campaign. AM J Art Media Stud 16:123–134. https://doi.org/10.25038/am.v0i16.259

Yalçın N, Köse U (2010) What is search engine optimization: SEO? Procedia Soc Behav Sci 9:487–493

C

# D

## Data-Driven Ethics Monitoring

Jonathan Rauh
East Carolina University, Greenville, NC, USA

### Synonyms

Compliance monitoring; Data analysis; Ethics; Process monitoring

### Introduction

There is a quote from Alan Ehrenhalt (1998, p. 11) that nicely summarizes the problem of data-driven ethics monitoring: "When government has the right people, and the right system, and the right intentions, many good things are possible. The trick is knowing which ones they are." Ethics is an application of generally accepted social norms (morals) in governing behavior – that is, they help one establish right action from wrong. This manuscript examines the attempt in the field of public administration to use data-driven monitoring for ethical compliance. The term ethical compliance is used intentionally because an organization's code of ethics and subsequently the standard against which individuals and the organization are judged as ethical or not are externally given. The application of the code and the understanding of the code may be endogenous to the organization (see Geuras and Garofalo 2002), but the code itself is not.

This manuscript takes the position that the field of public administration has done a poor job at using data to monitor ethics. That is distinct from saying that it has done a poor job of examining ethics. This is because monitoring assumes an active process (Stevenson 2014), whereas the work to date has focused on post hoc analysis of ethical failings (Rauh 2015, 2016a; Menzel 2005, 2015) or evaluations of ethical training (West and Berman 2015; Villoria et al. 2013). This manuscript lays out the case that the ability to use data to monitor ethical compliance in public organizations is lacking due to:

1. A decreased understanding of organizational mission given increased devolution
2. A lack of ethical understanding due to the increasing trend among managers to rationalize their behavior as opposed to confront it
3. A general inability to effectively diagnose ethical failings when they do occur because of the previously mentioned problems
4. The fact that the ability to capture the data necessary does not exist and would likely lead to a hostile work environment

Ethics monitoring, unlike other compliance monitoring, does not have clear targets. Budget monitoring (Grizzle and Pettijohn 2002) or monitoring local bond markets (Moldogaziev and Guzman 2015) have measurable variables and

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

targets defining compliant behavior – specific investment actions, budgeting practices, and so on. This is not the case for ethics monitoring where compliance is determined by value judgments based on an externally given standard (Chandler 1983; Stewart 1986). Much discussion of ethics "monitoring" has trended toward post hoc analysis (autopsies of what went wrong) as opposed to active monitoring. In this way the usual discussion of ethics monitoring makes it akin to monitoring via administrative procedures (fire alarms) – see McCubbins and Schwartz 1984).

Over the past 70 years, public administration has undergone a number of fundamental shifts in its thought on ethics ultimately landing now at what Fox (2001) argues is a postmodern public administration ethics. As noted by Fox, though, what we have been left with is not an ethics of administration but administrators rationalizing their behavior through an ever-increasing set of moral arguments which they never fully hash out. In practical terms though, we likely do not want administrators to do the job of philosopher but to have a good sense of what they *should* do in a given situation.

What an administrator *should* do is a huge question and one that can and has filled volumes so I will not attempt to fully address it here. Rather I intend to show how agency heads and organizational leaders may use a number of strategies in their collection and analysis of data for determining whether the behavior of individuals and business units comports with the agencies' values, i.e., Rohr's (1989) low road ethics of compliance. When this manuscript discusses data-driven monitoring, it portends assessment processes to see how far behaviors deviate from a standard. In the case of monitoring ethical compliance, it involves understanding the organization's structure and processes, setting clear expectations for employees and ensuring they understand those expectations, and understanding how changes to the system could induce behavior which is either unethical (either out of ignorance, necessity, or intent). (Unethical behavior out of ignorance simply means an employee does not know what they are doing is unethical; necessity portends a case where the structures have changed to the point that an employee has no good options left for behaving ethically (other than quitting); and intent envisions a willful violation of ethical conduct while knowing better.) Note that this manuscript makes no specific recommendations or models to monitor ethical compliance – that is, too large of a task for the space available.

Understanding the concepts behind different types of measurement tools and their underlying concepts is fundamental to their proper use. As Rauh (2016a) pointed out in a critique of the State Integrity Investigation, the use of the wrong measurement tools leads to the wrong responses. He further pointed out that this was a particularly poignant problem for ethics since ethical failings tend to elicit a visceral reaction from the public. Note that although individual employees could likely benefit from a sound understanding of these measurement principles, the emphasis here is at the organizational level, i.e., how can the organization most effectively and efficiently collect, monitor, and analyze its data regarding organizational ethics.

Current research on administrative ethics has made great strides in assessing how bureaucrats make decisions based on a given framework (Burke 1986; Cooper 1991; Light 2015; Goss 1986; Lewis and Gilman 2012; Menzel 2005). Research on administrative ethics writ large has focused primarily on:

(a) The design of codes of ethics (Svara 2015; Chandler 1983; Cooper 1987; Menzel 1996).
(b) The function of ethics oversight bodies (Smith 2003; Svara 2014; Stewart 1985; Dilulio and Dilulio 1994).
(c) The outcomes of political control over ethics oversight bodies (Rauh 2015; Rosenson 2003, 2009; Mackenzie 2002; Tolchin and Tolchin 2001). Other works have focused on correlates of corruption or on how the public responds to scandal (Alt and Lassen 2008; Glaeser and Saks 2006).

We therefore know a great deal about the institutional connections of ethics and policy. However this focus largely ignores the role of the

public in the determination of ethicality and with good reason. As noted by Rauh (2015, 2016b), McDougle (2006), Rosenson (2003, 2009), and Bowman (1991), the public does not really pay much attention to ethics in the government until there is a scandal. Ethics policies therefore tend to be ad hoc responses to quell public outcry rather than a comprehensive examination of the public's true beliefs about how they want their politicians and administrators to behave (see, e.g., Mackenzie 2002).

This manuscript continues with a discussion of the current practices in ethics monitoring in public administration, a discussion of the four approaches mentioned above and concludes with some examples of their application.

## Organizational Ethics Monitoring

Discussions of monitoring ethical compliance are found in political science, sociology, philosophy, medical and financial fields, and even economics. Much of the work on ethics monitoring in public administration has dealt less with how ethics are monitored and more with whether or not employees understand ethical codes. There has been little in the way of ethics monitoring as an active process and more post hoc analysis of ethical failings. As evidence of this, the majority of works dealing with ethics oversight (not including discussions of the ASPA code) in *Public Administration Review* and the *Journal of Public Administration Research and Theory* addressed topics of:

- Ethics training and dealing with employees (Bowman and West 2009; O'Leary 2010; Newswander 2015)
- The political connections between ethics and administration (Rauh 2015; Vigoda-Gadot 2007; Cowell et al. 2014; Rosenson 2006)
- The need for moral administrators (O'Kelly and Dubnick 2006; Kane and Patapan 2006)
- Calls for a new debate on ethics in public administration (Stensota 2010)
- Addressed the need for organizational reform of ethics monitoring (Kerkhoff 2011; Raile 2013)

### The Need for Better Tools

The emphasis on post hoc assessments rather than active monitoring is arguably because it has been taken for granted that the human processes and relative process inertia (processes are sticky) in complex organizations make meaningful monitoring difficult. This was first pointed out by Gannon (1973, 1977) in his discussion of the use and misuse of employee questionnaires for monitoring organizational behavior. Rezaee et al. (2001) use surveys of employees as a means of ascertaining their understanding of ethical codes. Their results suggest a need for greater inclusion of key stakeholders and a need for clear processes of how codes are applied as opposed to simply appealing to codes as authoritative – see also (Fox 2001).

Smith (2003) and Lewis and Gilman (2012) note the instrumental nature of ethics codes, e.g., they are applied in a manner that is best for the organization. Svara (2015) reimagines the American Society of Public Administration code in a manner which provides a macro-ethic under which professionals may operate. At their heart though, these works assume a reliance on the code by employees but such reliance should not be assumed without a proper monitoring system vis-à-vis their behavior. Political realities go a long way in making this case. As noted by Smith (2003), Rauh (2015), and Rosenson (2003), elected officials, who establish and fund ethics monitoring bodies, are loathe to give up oversight authority to unelected bureaucrats. As a result monitoring bodies are often underfunded and lack effective investigatory capacity. This lack of capacity is viewed as one of the reasons why ethics investigations either target high-level officials against whom there is an "open and shut" case or low-level functionaries who lack the requisite financial capacity to mount a sound defense (see Smith 2003).

### The Need for Better Understanding

Geuras and Garofalo (2002) – applying deontology, teleology, and character ethics to problems faced by administrators – argue that rather than monitoring ethical compliance, ethics programs should seek to promote ethical individuals, e.g., the organization promotes ethical behavior

through the mission and the code rather than seeking to attract ethical individuals. Brady (2003) makes the case that there are many ethical orientations in public administration, and these are established via the promotion of commonly held values, shared goals, etc. In both of these cases though, ethical malfeasance is only recognized after it occurs. This does not mean ethics programs should not promote ethical behavior. Rather it argues for an approach more in line with Rohr (1989). Specifically, the *high road* ethics of promoting ethical behavior should be strived for, but cannot be achieved without monitoring, e.g., *low road* compliance.

Many manuscripts call for continued vigilance in public administration ethics and make note of a number of training programs. For example, West and Bowman (2014) describe the effects of ethics training in US cities and the duration of the effectiveness of the training. Bowman and Knox (2008) track the shifting attitudes toward integrity in public agencies and argue for a more robust ASPA code – something later envisioned by Svara (2014). Even my own work has considered ethical failings in the sense of when a violation occurs rather than monitoring to prevent the violation – it is common throughout the field to consider training programs and their effectiveness over time based on the change in number of violations; it is less common to provide means of monitoring for ethical compliance. As a field public administration has a tendency to assume that the capacity of a training program is endogenous to the structure of the organization (Smith 2003; Bowman and Knox 2008) and exogenously determined by the pedagogical approach or capacity of the organization providing the training (West and Berman 2015; Rauh 2015). Rarely discussed is how such programs will be monitored or which types of monitoring work best for which organization.

## Data-Driven Approaches to Ethics Monitoring

Although there is little work describing monitoring procedures in public administration, the intent of this section is to show what a data-driven process might look like and point out the complexities that must be considered in such a process. This manuscript borrows examples from the industrial and organizational engineering literature to accomplish this. Yin et al. (2014) and Sobhani-Tehrani and Khorasani (2009) describe a number of processes for ensuring reliability and safety in industrial processes, e.g., fault detection. The term "fault" in fault detection refers to the failure of a business unit, individual, sector, etc. to conform to the expectations – a term which is necessarily fluid since expectations shift both between and within organizations but which must be understood by management in order to identify faults. Fault detection can be thought of in terms of the classical "fire alarm" (McCubbins and Schwartz 1984). An observed event or variable is needed to detect faults, hopefully before it gets to the point of an ethical qualm. This may be a process that is not in keeping with ethical norms of the organization as much as it may be an individual who is behaving contrary to the organization's ethical code.

It may be tempting to think of monitoring ethical compliance as a problem of detecting and isolating faults be thought of a general nonlinear system. To this end, one may consider it in the form of a general nonlinear equation describing the processes in an organization:

$$y_k = b(x_k) + u_k$$

where $y_k$ is the organizational output variable measuring ethical compliance, $x_k$ is the organization state vector, $b$ is the output equation for the nominal model for the organization, $x_k$ is the organization state matrix, and $u_k$ represents noise. This is a simple enough equation but the capability to measure the values in the equation are problematic to say the least.

As described in greater details below, this is too simplistic an approach for proper monitoring. Under normal circumstances, a manager may only be concerned with a change in $y_k$ and counsel or reprimand an individual employee, alter the design of a particular business unit, and so on. Without an effective means of monitoring

their processes and their organizational design, these responses may amount to patching holes since they have not identified whether the problem was one bad employee, a bad process, or an interaction between process and organizational capacity that led employees to act in a particular manner. This sort reflective analysis is largely missing from discussions of administrative ethics and is instead reserved for the work of inspector generals or federal probes, e.g., the 2016 probe into the actions of Department of Education's Chief Information Officer over the agency's failure to properly monitor its cybersecurity procedures (https://oversight.house.gov/hearing/u-s-department-of-education-investigation-of-the-cio/).

## What Is Required for Effective Fault Diagnosis in Ethics Administration?

A number of items are required for effectively detecting a fault in ethical compliance. First is a sound understanding of the mission of the organization, the processes by which that mission will be accomplished and citizen's expectations around outcomes. Next, and of equal importance, is an understanding of the ethics and values espoused by the organization and an ability to give meaning to those ethics and values. This is not always an easy task. As Fox (2001) notes, much of administrative ethics has become a case of managers rationalizing away their behavior instead of confronting it vis-à-vis ethical expectations. Next is an understanding of what constitutes symptoms of failure and lastly what constitutes the unmeasurable aspects, e.g., noise, within the organization – this is not to say that these may not be important within the organization only that they are not immediately measurable.

### Missions, Processes, and Non-missions

Measures of missions and processes are often associated with the performance management literature, and to a large degree, this is a study about managing ethical performance, so it makes sense to draw on this literature. As noted by Moynihan et al. (2011), few public organizations have the good fortune of providing simple and straightforward services. They must work across organizational and in some cases national boundaries while still meeting the democratic values inherent in their constitutional mandate (Rohr (1989, p. 60) as well as the individual expectations of citizens in the localities they operate. Additionally, organizations are often called upon the addressed issues that are not central to their core missions and must divert resources to those non-mission areas – transparency and openness being some of these. Piotrowski and Rosenbloom (2002), Piotrowski and Van Ryzin (2007), and Rauh (2016b) examine organizational commitments to transparency and found that managers tend to hold focusing on transparency as low on their priority. Part of the argument is that managers simply do not have the capacity to address transparency issues and that meeting democratic-constitutional values such as openness place a burden of time and capacity on agencies, e.g., their primary concern was accomplishing their mission and meeting the benchmarks against which they were evaluated while transparency and openness tended to take a back seat.

Transparency or other concerns associated with ethicality may be low on the list of priorities for managers. Piotrowski and Van Ryzin (2007), Piotrowski and Rosenbloom (2002), and Rauh (2016b) all found that the issue was one of capacity rather than simply a desire to eschew responsibilities. This is an example of how something non-related to the ethics policy of the organization may nonetheless lead to an ethical failing. The organizations in the cases described by the above authors were not actively trying to hide anything; they simply lacked the capacity to fully address transparency requirements. Such limitations though can cause an organization to run afoul of Freedom of Information Act requirements and can also serve as a violation the ASPA Code of Ethics, point 3: *Promote democratic participation* – inform the public and encourage active engagement in governance. Be open, transparent, and responsive and respect and assist all persons in their dealings with public organizations.

There are things that an organization can control and things that it cannot. It cannot control how much the legislature allocates for its budget, and it cannot control the number of statutory requirements placed upon it. An organization's

leadership may advocate on behalf of the organization on these matters, but ultimately they are exogenously given. This may seem like an obvious point, but it is an important one considering how federal relationships have changed over time, with the federal government devolving much of its policymaking authority to states and thus placing increasing burdens of capacity on states to accomplish ever-expanding missions. Anyone who is concerned about ethics in administration or simply good governance should be concerned about this since it makes understanding missions monumentally more difficult (Milakovich and Gordon 2010; Conlan 2010; Oates 1972).

### Understanding Administrative Ethics

Administrative ethics have been conceptualized in a number of ways: foundational, deontological, character, and postmodern, to name a few. While philosophers debate over "what is good" and proper use of language, administrators need clear guidance on how to address ethical issues and the capacity to understand that guidance (Fox 2001). Unfortunately many schools of public administration began to push administrative law and ethics courses to the back burner beginning in the 1990s choosing to focus more on managerial skills (Raadschelders and Lee 2011; Menzel 2015).

The understanding of ethics goes beyond the current methods of ethics training. Menzel and Carson (1999) called for greater understanding across fields (psychology, business, education, and engineering) as well as a more in-depth methodological approach to studying ethics (see also Menzel 2005 and Menzel 2015). The findings from Menzel's (2015) review of studies on ethics in the public sector found a large body of fraud and corruption and developing the public sector ethos. The trend appears to be toward greater practitioner knowledge of addressing ethical failings or designing systems to promote ethicality, but little in the way of monitoring or checking for understanding. Ethical failings, as stated above, tend to be understood only after they have occurred and, as shown by O'Leary (2010), Bowman and West (2009), Kane and Patapan (2006), and multiple inspector general reports (see, e.g., https://www.oig.dhs.gov/index.php?option=com_content&view=article&id=222&Itemid=69), they are rarely single issue failures but result from breakdowns in organizational processes and either a willingness to violate (or a lack of understanding of) ethical expectations.

### Monitoring Beyond Our Capacity?

As mentioned above, a linear approach to monitoring is too simplistic to effectively monitor ethical compliance across an organization. To get a sense of what complete process monitoring for ethics would look like, imagine an organization with $N$ processes and $K$ employees. This can be envisioned as an $N \times K$ matrix with $K_i$ employee completing $N_i$ process. Now consider that there is at least one opportunity $Z$ for behaving in a way that is against the organization's ethical understanding. To monitor all employees across all processes, one would need to be able to monitor a three-dimensional $N \times K \times Z$ matrix. Additionally, $Z_{i,t+1}$ may be dependent upon the actions of $N_{i,t}$, $K_{i,t}$.

Just by way of example, to estimate the differences in possible values of $Z_i$ across $K_i$ in a single $N_i$ (ignoring the temporal component) means that one is measuring the $ZK$ divergence within a given $N$. Assuming a Gaussian distribution, it follows that:

$$ZK\left(f\middle\|g\right) = \sum_{i=1}^{n} \alpha_i \min_j \left( ZK\left(f_i\middle\|g_j\right) + \log \frac{\alpha_i}{\beta_j} \right)$$

where $f$ and $g$ are density functions relating to the point sets of $Z$ and $K$. If one thinks of the point sets as delta functions (logical since we are discussing change), then it is natural to think of any model as attempting to capture possible mixtures of the point set. The change in the parallel density functions across two dimensions would then be the issue of concern for one single process and one single group of employees. Parsing this out across all possible processes $N$ one can see that the monitoring capacity would quickly expand beyond the basic forms of monitoring in which administrators are trained. Additionally, this says nothing of how intrusive this monitoring may or may not be. This does not mean that there are not potential solutions to the monitoring problem or that there are no shortcuts within the $N \times K \times Z$ matrix, as shall be described below.

## More Efficient Means of Data-Driven Analysis?

If data-driven monitoring is to occur in public administration, then the field must embrace more rigorous methodological techniques as well as suggestions from relational theories within organizations. As seen in McGrath (1984), Illgen et al. (2005) the factors linking organizational inputs and organizational outputs is the behavior of employees within a given framework. These scholars identify factors such as trust, team cohesion, and shared cognition (see Carter and Mossholder 2015) as factors which serve as predictors for organizational outcomes. Measures of social interactions between individuals tend to resemble an amalgamation of individuals' perceptions rather than correlated behavioral matrices (Carter and Mossholder 2015; DellaPosta et al. 2015). This is a problem for ethics monitoring because, unless public organizations are going to move to big-data style monitoring of its employees (costs and morale issues notwithstanding), the type of data available typically available in public organizations does not lend itself well to the sort of relational monitoring described above. To this end, a recommendation for managers would be to establish of system of monitoring paying attention to the key features identified above: (1) detailed process knowledge, (2) regular checks for employee and managerial understanding of ethical expectations, and (3) an understanding of how the addition of responsibilities affects 1 and 2. If an organization's management has a firm grasp of these factors, then they should be able to monitor moves away from the equilibrium point (no unethical behavior) and address issues as they arise.

Because the aim of monitoring is to capture ethical issues before they become a problem, organizational processes do not follow a standard linear pattern (Allison 1971); targeted monitoring or risk-based monitoring offers the most efficacy for identification:

- *Targeted monitoring*: replacing traditional periodic inspections with data-triggered inspections. This approach more appropriately leverages resources by focusing on those areas of highest need.
- *Risk-based monitoring*: measures and analyzes risk to determine when an action is harmful. This approach, in conjunction with targeted monitoring, is particularly beneficial in focusing resources to those areas that need the most support.

Although engineering and the hard sciences are able to estimate the parameters of a process using expert knowledge (Cabral and Schurr 2010), or by estimating model fit predictions using process observations (Facon and David 2006), a combination of approaches is likely necessary when dealing with an organization where processes are beholden to human interactions – expert opinion and statistical reasoning. Long-term monitoring programs are normally conducted with the goal of estimating trends for individual units within an organization and organization-wide (Provan et al. 2005; Borgatti 2009). Because collection of such data occurs within specific business units in an organization, across multiple individuals in each unit and across multiple project types, they have the potential to be used for creating data sets and organizational maps showing changes in practices ethical attitudes, differences in levels of compliance in specific units and projects, and so on (Tsui and Liebowitz 2005; Barabasi 2016).

Like all observations though, monitoring data are imprecise. When the aim is to develop a profile of risk characteristics of ethical violations, the amount of information related to organizational processes driving any identified ethical challenges will require additional model calibration since the ethical violation (save a willfully corrupt individual) is cannot occur without the processes that are in place. A monitoring regime covering organization-wide characteristics but with large temporal lags may be adequate to follow organizational processes. However such data will fail to capture variation occurring at the business unit level.

In contrast with general purpose surveys across the organization, targeted monitoring samples those units where changes in ethical attitudes

or practices that are potentially corrupting are likely to occur, e.g., financial services, product approvals, regulatory preclearance, etc. By their nature, targeted monitoring programs theoretically contain more useful information for model design (Yin et al. 2014). They do not cover the entire organization though, and so one cannot be sure if all areas where ethical violations may occur are being covered.

Risk-based monitoring is generally used in collaboration with targeted monitoring and is when you are seeking to examine the risks represented by each targeted unit. One would conduct a risk-based assessment at the beginning of any monitoring program. An incident may occur in a unit, the organizational make-up may change, regulations may change, etc., all of which may trigger for risks of ethical noncompliance. There is nothing novel about this from a management perspective. The principles of risk mitigation are fairly standard across organizational segments even though different organizational segments have their own languages (FDA-UCM269919 2011; Artzner et al. 1999). At its core risk is about the likelihood of an occurrence, in this case the likelihood of observing behavior that is counter to the ethical understanding of an organization. It is imperative though to adjudicate decisions about the risk of an outcome based on information that is as complete as possible. The problem of incomplete or information, particularly in public organizations, has been known for some time but its effects are still not fully understood. Kelman and Friedman (2009) and Wegner et al. (2008) in an article on the potential for dysfunctional reactions to performance measurement targets found that altering performance measurement targets do not increase the likelihood of dysfunctional reactions or improvement of outcomes, respectively. On the other hand Rauh (2016a) found that increases in transparency requirements for managers did not lead the managers behaving more strategically in their requests for federal grant funds.

While the task of monitoring individuals conducting processes within business units within an organization is a daunting task, understanding organizational processes and potential risks thereto, and having a sound ethical understanding, should do much for determining the most efficient targets of any monitoring that occurs. It is imperative that expert knowledge be combined with any data collection and monitoring regimes that are put in place.

## Closing

In this manuscript, I have attempted to point out a number of requirements for monitoring ethical compliance in organizations: understanding the organization's processes, having a sound ethical understanding, and understanding how changes to the organization can open up potential for ethical hazards. I have also attempted to point out a number of weaknesses in the current study of ethics monitoring. Ethics monitoring is reactive instead of proactive, and so it is difficult to call it monitoring. In this regard better tools are needed to capture the likelihood of ethical violations both within and across organizations. Although I have not sought to describe any particular monitoring technique, I have offered two connected approaches to monitoring which rely on an organization's managers having a sound understanding of processes and a clear understanding of ethical expectations. Targeted monitoring targets resources at specific units which, due to prior knowledge about the organization or processes in general, are the most likely areas for ethical violations. Risk-based monitoring necessitates a study of the likelihood of an event occurring which would place the unit out of ethical compliance. For this reason, the methods used must be risk-based measures, e.g., most likely a maximum-likelihood approach. This was pointed out by Rauh (2016b) in his analysis of the State Integrity Investigation's findings.

Closing the literature does not currently point to strong abilities on the part of managers to use data to monitor ethics in public organizations. This is in part due to a limited understanding of an organization's mission and the corresponding processes. This is expected though given

increased devolution, an observed trend among managers to rationalize their behavior as opposed to confront it, and a general inability to effectively diagnose ethical failings when they do occur because the aforementioned issues. This should serve as a call to action to practitioners to move away from post hoc analysis of ethical failings and to actively monitor processes for the potential of ethical failings. Risk management standards are available which are sector specific and are already in place for process improvement. Monitoring for improved ethical outcomes should be no different.

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Compliance Theory of Organizations
- ▶ Contingency Theory of Organizations
- ▶ Ethical Risk Management
- ▶ Risk and Organizations


## References


Allison G (1971) Essence of decision: explaining the Cuban missile crisis, 1st edn. Little Brown, New York

Alt JE, Lassen DD (2008) Inequality and corruption: evidence from US States. EPRU working paper # 2008–02. EPRU

Artzner P, Delbaen F, Eber J, Heath D (1999) Coherent measures of risk. Math Financ 9(3):203–228

Barabasi A-L (2016) Network science. Cambridge University Press, New York

Berman EM, West JP (2006) Ethics management and training. In: Public personnel management: current concerns, future challenges. Longman, p 190

Borgatti S (2009) Social network analysis: two mode concepts. In: Meyers R (ed) Encyclopedia of complexity and systems science. Springer, New York

Bowman J (1991) Ethical frontiers in public management. Jossey-Bass, San Francisco

Bowman J, Knox CC (2008) Ethics in government: no matter how long and dark the night. Public Adm Rev 68(4):625–637

Bowman J, West J (2009) To 'Re-Hatch' public employees or not? An ethical analysis of the relaxation of restrictions on political activities in civil service. Public Adm Rev 69(1):20–40

Brady NF (2003) 'Publics' administration and the ethics of particularity. Public Adm Rev 63(5):525–534

Bryson John M, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. Public Adm Rev 74(4):445–456

Burke JP (1986) Bureaucratic responsibility. Johns Hopkins University Press, Baltimore

Cabral J, Schurr F (2010) Estimating demographic models for the range dynamics of plant species. Glob Ecol Biogeogr 19(1):85–97

Carter M, Mossholder K (2015) Are we on the same page? The performance effects of congruence between supervisor and group trust. J Appl Psychol 100(5): 1349–1363

Chandler RC (1983) The moral reasoning in American Public Administration: the case for a code of ethics. Public Adm Rev 43(1):32–39

Conlan T (2010) Administration and governance in a compound republic: Martha Derthick's contributions to the Study of American Federalism. Public Adm Rev 70(5): 811–816

Cooper T (1987) Hierarchy, virtue, and the practice of public administration: a perspective for normative ethics. Public Adm Rev 47(3):302–328

Cooper T (1991) An ethic of citizenship. Prentice Hall, Englewood Cliffs

Cowell R, Downe J, Morgan K (2014) Managing politics? Ethics regulation and conflicting conceptions of "Good Conduct". Public Adm Rev 74(1):29–38

DellaPosta D, Shi Y, Macy M (2015) Why do liberals drink lattes? Am J Soc 120(5):1473–1511

Denhardt R, Denhardt JV, Blanc TA (2014) Public administration: an action orientation, 7th edn. Cengage, Boston

Dilulio JD, Dilulio JT (1994) The cultural bases of behavior in a federal government bureaucracy. J Publ Adm Res Theory 4(3):277–318

Ehrenhalt A (1998) Democracy in the mirror: politics, reform, and reality in grassroots America. Congressional Quarterly, Washington, DC

Facon B, David P (2006) Metapopulation dynamics and biological invasions: a spatially explicit model applied to a freshwater snail. Am Nat 168(6):769–783

Fox C (2001) The use of philosophy in administrative ethics. In: Cooper T (ed) Handbook of administrative ethics, 2nd edn. Marcel Dekker, New York

Gannon MJ (1973) The proper use of the questionnaire survey. Bus Horiz 15(5):89–94

Gannon MJ (1977) Behavioral monitoring systems in complex organizations. Acad Manag Rev 2(4):667–671

Geuras D, Garofalo C (2002) Practical ethics in public administration. Management Concepts, Vienna

Glaeser E, Saks RE (2006) Corruption in America. J Publ Econ 90:1053–1072

Goss C (1986) Bureaucracy, technical expertise, and professionals: a Weberian approach. Social Theory 4(1): 61–70

Grizzle G, Pettijohn C (2002) Implementing performance-based program budgeting: a system-dynamics perspective. Public Adm Rev 62(1):51–62


D

Illgen DR, Hollenbeck JR, Johnson M, Jundt D (2005) Teams in organizations: from input-process-output models to IMOI models. Annu Rev Psychol 56(1):517–543

Kane J, Patapan H (2006) In search of prudence: the hidden problem of managerial reform. Public Adm Rev 66(5): 711–724

Kelman S, Friedman J (2009) Performance improvement and performance dysfunction: an empirical examination of distortionary impacts of the emergency room wait-time target in the English national health service. J Publ Adm Res Theory 19(4):917–946

Kerkhoff T (2011) Organizational reform and changing ethics in public administration: a case study on 18th century Dutch tax collecting. J Publ Adm Res Theory 21(1):117–135

Lewis CW, Gilman SC (2012) The ethics challenge in public administration: a problem solving guide. Wiley, New York

Light PC (2015) Federal ethics controls: the role of inspectors general. In: Frederickson GH, Rohr J (eds) Ethics in public administration. Taylor and Francis, New York

Mackenzie CG (2002) Scandal proof: do ethics laws make government ethical? Brookings Institute Press, Washington, DC

McCubbins MD, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179

McDougle LM (2006) Understanding and maintaining ethical values in the public sector through integrated approach to leadership. University of San Diego, San Diego

McGrath JE (1984) Groups: interaction and performance. Prentice-Hall, Englewood Cliffs

Menzel D (1996) Ethics complaint making and trustworthy government. Publ Integr Annu 1996:73–82

Menzel D (2005) Research on ethics and integrity in governance: a review and assessment. Publ Integr 7(2):147–168

Menzel D (2015) The ethics of public officials in the United States: strong, bent, broken? In: Lawton A, van der Wal Z, Hubert L (eds) Ethics in public policy and management: a global research companion. Routledge, New York

Menzel D, Carson K (1999) A review and assessment of empirical research on public administration ethics: implications for scholars and managers. Publ Integr 1(3):239–264

Milakovich M, Gordon G (2010) Public administration in America. Cengage, New York

Moldogaziev T, Guzman T (2015) Economic crises, economic structure, and state credit quality through the cycle. Public Budg Financ 35(4):42–67

Moynihan D, Fernandez S, Kim S, LeRoux K, Piotrowski SJ, Wright B, Yang K (2011) Performance regimes amidst governance complexity. J Publ Adm Res Theory 21:i141–i155

Newswander C (2015) Guerrilla statesmanship: constitutionalizing an ethic of dissent. Public Adm Rev 75(1): 126–134

O'Kelly C, Dubnick M (2006) Taking tough choices seriously: public administration and individual moral agency. J Publ Adm Res Theory 16(3):393–415

O'Leary R (2010) Guerrilla employees: should managers nurture, tolerate, or terminate them? Public Adm Rev 70(1):8–19

Oates WE (1972) Fiscal federalism. Harcourt Brace Jovanovic, New York

Piotrowski S, Rosenbloom D (2002) Nonmission–based values in results–oriented public management: the case of freedom of information. Public Adm Rev 62(6): 643–657

Piotrowski S, Van Ryzin G (2007) Citizen attitudes towards transparency in government. Am Rev Publ Adm 37(3):306–323

Provan K, Veazie M, Staten L, Teufel-Shone N (2005) The use of network analysis to strengthen community partnerships. Public Adm Rev 65(5):603–613

Raadschelders J, Lee K-H (2011) Trends in the study of public administration: empirical and qualitative observations from public administration review, 2000–2009. Public Adm Rev 71(1):19–33

Raile E (2013) Building ethical capital: perceptions of ethical climate in the public sector. Public Adm Rev 73(2):253–262

Rauh J (2015) Predicting political influence on state ethics commissions: of course we are ethical – nudge nudge, wink wink. Public Adm Rev 75(1):98–110

Rauh J (2016a) Changing ethics policies without scandal: state responses to published reports and the importance of accurate information. Publ Integr 18(3): 308–335

Rauh J (2016b) Give a little or lose a lot? The effects of increased transparency on local applications for federal grant funds. Adm Soc 48(3):290–315

Rezaee Z, Elmore R, Szendi J (2001) Ethical behavior in higher educational institutions: the role of the code of conduct. J Bus Ethics 30(2):171–183

Rohr J (1989) Ethics for bureaucrats: an essay on law and values. University of Kansas Press, Lawrence

Rosenson BA (2003) Against their apparent self-interest: the authorization of independent state legislative ethics commissions, 1973–96. State Polit Policy Q 31(1):42–65

Rosenson B (2006) The shadowlands of conduct: ethics and state politics. Georgetown University Press, Washington, DC

Rosenson BA (2009) The effect of political reform measures on perceptions of corruption. Elect Law J Rule Polit Policy 81(1):31–46

Smith RW (2003) Enforcement of ethical capacity: considering the role of state ethics commissions at the millennium. Public Adm Rev 63(3):283–295

Sobhani-Tehrani E, Khorasani K (2009) Fault diagnosis of nonlinear systems using a hybrid approach. Springer, New York

Stensota H (2010) The conditions of care: reframing the debate about public sector ethic. Public Adm Rev 70(2):295–303

Stevenson W (2014) Operations management. McGraw-Hill, New York

Stewart D (1985) Ethics and the profession of public administration: the moral responsibility of individuals in public sector organizations. Publ Adm Q 8(4): 487–495

Stewart IC (1986) Ethics and financial reporting in the United States. J Bus Ethics 5(5):401–408
Svara J (2014) Who are the keepers of the code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74(5): 561–569
Svara J (2015) The ethics primer for public administrators in government and nonprofit organizations, 2nd edn. Jones and Bartlett, Burlington
Tolchin SJ, Tolchin M (2001) Glass houses: congressional ethics and the politics of venom. Westview Press, Boulder
Tsui E, Liebowitz J (2005) Linking social network analysis with the analytic hierarchy process for knowledge mapping in organizations. J Knowl Manag 9(1): 76–86
US Food and Drug Administration (2011) Oversight of clinical investigations – a risk-based approach to monitoring. OMB Control No. 0910-0733. Food and Drug Administration, UCM269919, Washington, DC
Vigoda-Gadot E (2007) Citizens' perceptions of organizational politics and ethics in public administration: a five-year study of their relationship to satisfaction with services, trust in governance, and voice orientations. J Publ Adm Res Theory 17(1):285–305
Villoria M, Van Ryzin GG, Lavena CF (2013) Social and political consequences of administrative corruption: a study of public perceptions in Spain. Public Adm Rev 73(1):85–94
Wegner J, O'Toole L, Meier K (2008) Trading speed for accuracy? Managing goal conflict and accommodation in the U.S. unemployment insurance program. Policy Stud J 36(2):175–198
West J, Berman E (2015) The ethics edge. International City Management Association, Washington, DC
West JP, Bowman JS (2014) Electronic surveillance at work: an ethical analysis. Admin Soc. https://doi.org/10.1177/0095399714556502
Yin S, Ding S, Xie X, Luo H (2014) A review on basic data-driven approaches for industrial process monitoring. IEEE Trans Ind Electron 61(11):6418–6428

# Data-Driven Management

Elizabeth Davies, Gary VanLandingham and Torey Silloway
Pew-MacArthur Results First Initiative, The Pew Charitable Trusts, Washington, DC, USA

## Synonyms

Evidence-based policymaking; Government performance; Outcome monitoring; Performance management; Performance measurement; Program evaluation; Program performance

## Definition

Data-driven management is the strategic, routine use of data to improve service quality and achieve key outcomes.

D

## Introduction

For years, leaders in both the private and public sectors have recognized the value of using data to guide operations, maximize productivity, and achieve important goals (see McAfee and Brynjolfsson 2012). *Data-driven management* is the strategic, routine use of data to improve service quality and achieve key outcomes. This approach is a best practice for optimizing government efficiency and effectiveness across agencies. When developing goals, data can help leaders identify needs, prioritize activities, and track the outcomes that matter most to their community. In the context of project and program management, data can help identify and diagnose problems as well as support implementation of successful practices. When used to inform spending decisions, data can help policymakers direct resources to their best use and shift money away from ventures that are not working.

This entry explores how data-driven management has evolved within the public sector and considers how government leaders can use data to set and report goals, improve program performance, and make funding decisions.

## The Evolution of Data in Government

Today, nearly every USA state, along with local and regional governments and federal agencies, collects and reports a wide range of data (NASBO 2015), typically including population demographics, service inputs (the resources such as funding and staffing used to deliver programs), outputs (the number and type of services delivered), and outcomes (the impacts of services for

clients and the community). Governments frequently collect these data from multiple sources, including administrative records, community surveys, regional benchmarking initiatives, and national datasets, and apply a variety of techniques to interpret results (the Consortium for Advanced Management – International (CAM-I) has identified over 50 techniques available to public and private sector organizations to improve performance; CAM-I 2015).

The ubiquity of data-driven management is a relatively new phenomenon. Early in the twentieth century, the management use of data in the USA was generally focused on employee efficiency and performance appraisal, often using the time-and-motion techniques pioneered by Fredrick Taylor. The use of data by the federal government increased through its responses to the Great Depression and World War II, which required managers to coordinate nationwide efforts. Data-driven management activities by states and local governments were slower to develop, but began to grow through the diffusion of analytical techniques, such as the Planning-Programming-Budgeting System adopted by the federal government, as well as initiatives to develop nationwide datasets including the Uniform Crime Reporting System and the Medicaid Management Information System, which collectively increased analytical capacity in the states (Mushkin 1977). Beginning in the 1960s, state legislatures and governors also began to institutionalize data analysis to support their growing responsibilities in policy development and oversight.

Government's increased capacity to engage in data-driven management, coupled with resource scarcity, began to change the role of policy analysis as well, from a source of descriptive information to a resource that could be used to engage in political bargaining (Radin 1997). The perception of data as a tool made it increasingly important to validate both the data and the methods used to arrive at key findings. Standards for data management emerged through national associations (such as the Government Finance Officers Association) and research groups (such as the Urban Institute), as well as through ongoing federal initiatives, including the federal Government Performance and Results Act (GPRA) of 1993 and its 2010 modernization, both of which placed a strong emphasis on data vetting and transparency, and the Program Assessment Rating Tool (PART), designed to help federal agencies assess and improve performance and outcomes through a standardized evaluation process.

## How Governments Use Data to Set and Report Goals

In recent years, public leaders have focused more attention on using data to assess needs, set goals, and monitor key outcomes rather than "counting widgets" that are produced from service delivery. Ideally, the process of needs assessment and goal setting occurs independently of current program offerings, funding streams, or legal mandates. In reality, leaders must determine which outcomes they want to achieve within the context of the current service delivery system; efforts to do otherwise, such as goal setting exercises that do not assume continuity of services, are typically short-lived.

This process often begins with a needs assessment that examines population demographics, service delivery levels in different geographic areas, and incidence of problems within a community (such as poor educational attainment, unemployment, and health risk factors); some efforts also include collecting citizen input from public forums and community surveys. When reviewing a needs assessment, leaders must interpret how this information translates to a particular goal or long-term outcome; for example, a needs assessment that detects an increase in neighborhood graffiti or citizen concerns about trash collection may suggest that the government should track and prioritize the appearance and quality of its public places.

Managers can also use data to establish outcome targets. National initiatives that present common metrics for multiple jurisdictions can help leaders identify outcomes that are frequently tracked by similar entities and establish a national

or regional baseline or benchmark against which to compare their own progress (e.g., see www.nationalcoreindicators.org). Such benchmarking data are helpful because they are often easy to collect, can be reported regularly, and provide a high-level, comparable indicator of quality of life. Managers can also use historical data to track and review trends – assuming data points are calculated consistently over time – to contextualize current outcome levels and set priorities based on whether factors are moving in a positive or negative direction. However, benchmarks and trends are limited in that they cannot tell leaders whether outcome levels, even if superior to other jurisdictions or to historical progress, reflect the current needs of their jurisdiction.

Documenting the link between outcomes and services can bring greater objectivity to this process of identifying and prioritizing outcomes. A program logic model or theory of change diagram illustrates how resources expended (inputs) are expected to generate services and products (outputs) that lead to desired results (outcomes). These exercises can help leaders and managers understand how their work contributes to larger governmental goals and to manage programs and funds more effectively. A logic model can be built from the top-down, starting with outcomes of interest to the government and then considering how a specific service contributes to the overall goal, or from the bottom-up, starting with a program and then considering why they are offered. The strongest logic models utilize data and rigorous research to document causal direct links between inputs, outputs, and outcomes and help leaders and managers understand and defend the effectiveness of programs by reducing the possibility that other factors have contributed to the result.

Most governments that track outcomes also report key performance data to agency and elected officials, funders, and the public through websites or documents; some also supplement this performance information with written analyses, financial data, supplemental information such as methodology descriptions, and links to agency performance dashboards (e.g., see http://vaperforms.virginia.gov/). In addition to enabling stakeholders to better understand what is being accomplished with tax dollars, these reports can be helpful to executive and legislative staff who are responsible for budget development and agency personnel whose work contributes to the reported outcomes.

## How Governments Use Data to Improve Program Performance

Ideally, data systems enable public managers to monitor program operations on an ongoing basis, comparing actual results to targets, responding to problems as they arise, and adapting strategy to optimize performance. Unfortunately, many outcomes desired by governments are difficult to measure (such as whether program staff throughout a state are following treatment protocols when serving substance abuse clients), are slow to change (such as air quality), or require monitoring for long time periods (such as whether preschool programs improve high school graduation rates). Consequently, governments often must rely on intermediate outcomes such as completion rates, levels of pollution emissions, and kindergarten readiness test scores when examining whether programs are operating as intended.

Tracking interim outcomes and outputs is particularly important for managing the delivery of evidence-based services, where programs have been shown to be effective only when implemented with fidelity to treatment protocols (which often require that services be delivered in specified ways at required dosage levels to certain target population groups). As a result, data-driven management systems often must track compliance with program design in addition to key outputs and outcomes. Fortunately, monitoring tools have been developed in many policy areas to support such oversight. For example, the Correctional Program Checklist and the Standardized Program Evaluation Protocol enable governments to compare their adult and juvenile justice programs (respectively) against known principles of effective interventions and can help managers identify

which activities should be tracked to increase the likelihood of reducing recidivism.

Setting program targets remains one of the more challenging aspects of data-driven management and a topic on which relatively limited academic research exists. Guidebooks typically advise managers to set targets slightly higher than the programs' historical achievements or at a comparator jurisdiction's performance level. While useful for grounding expectations, such comparisons often tell managers little about whether those achievement levels are realistic in their jurisdiction. Standards set by national associations can provide useful guidance, but may not be supported by scientific evidence. Findings from rigorous evaluations may provide the best option for target setting by enabling managers to determine whether, and the extent to which, similar programs have been able to achieve desired outcome levels in other jurisdictions. For example, if a meta-analysis of prenatal counseling programs finds that the programs were successful in reducing infant mortality by 50%, the finding can reasonably be used as a performance benchmark for a similar local program targeting the same population.

Once targets are established, data dashboards, report cards, and other standardized reports can allow managers to compare current performance against targets and facilitate ongoing program and quality improvement. Some governments have created automated, high-quality, and real-time reporting systems that provide a broad set of performance data to inform program management and decision-making. Developing such systems often requires considerable investments in informal technology infrastructure to transition from manual, disconnected systems to a paperless, centralized database. These technological improvements can save manager and staff time that otherwise would have been spent on data collection, interpretation, cleaning, organization, and synthesis. These systems can be particularly useful for programs that must manage populations on a daily basis to avoid bottlenecks or capacity problems, such as jails and clinics. Integrated data systems that collect information in real time from multiple agencies can help managers gain additional insights into problems, such as identifying clients and families that utilize a range of government services and who might be better suited for a wraparound approach (e.g., see Chapin Hall's analysis of administrative data from multiple service systems; Goerge et al. 2010). Governments that lack the capacity to create such technology systems may be required to use manual systems such as logbooks to track key processes.

Maps are an increasingly popular form of data display, particularly when precise geographic information is available (such as a specific address or census tract) to explore trends within a discrete area. Managers can also use geographic information systems (GIS) to compare the performance of programs across multiple service areas, to identify problems that may be obscured when viewed in the aggregate, and to locate at-risk neighborhoods or populations. City and county 311 systems – customer relationship management systems that collect nonemergency service requests, along with complaints and compliments – frequently collect real-time, geographic data and are a natural candidate for map-based displays.

In addition to creating forms and templates for data reporting, some governments have also established standardized review processes to bring together managers in an official forum for discussing performance problems. For example, several governments have adopted the Performance Stat model, a management strategy originally developed by the New York City Police Department. This approach relies on regularly scheduled, structured, data-driven meetings where leaders review performance indicators with their direct reports; the approach is applicable to both high-level executives meeting with department heads and to managers meeting with staff. The Performance Stat model is distinguished from other regular staff check-ins by the frequency and regularity with which meetings are held and the continued focus on the latest performance indicators.

Some governments have created standardized performance review systems that compare the productivity and effectiveness of similar staff. While less common, such systems can be effective

in detecting problems and improving results, such as identifying call center staff that take excessive lengths of time to answer phone calls and to provide requested information to callers. However, these systems can be unpopular with workers who feel that they are held to unrealistic standards or are not appropriately compensated for superior performance (as in pay-for-performance human resource initiatives). However, a continued focus on quality improvement, a clear link between inputs and outputs, and a desire to highlight successes as well as challenges may help encourage staff adoption.

## How Governments Use Data to Make Funding Decisions

Almost all states in the USA, along with many local governments, incorporate at least some performance data in their annual or biennial budgets (NASBO 2015), often as the result of legal mandates (Lu and Willoughby 2012) and/or through formal performance budgeting initiatives, such as budgeting for outcomes and zero-based budgeting, that create a structure to collect and report standardized performance metrics during the appropriations process.

In theory, including performance data in the budget enables policymakers to identify and direct resources toward effective interventions that help government achieve high-priority outcomes. In reality, while many governments report this information in their budget documents, many struggle to apply these data in appropriations decisions, often due to problems including lack of interagency comparability, difficulty attributing outcomes to programs, and differing views on whether funds should be increased or decreased in response to poor performance.

In order to effectively use data to guide funding decisions, leaders need consistent information about the programs operating in their jurisdiction. Too often, the only data collected uniformly across government focus on resource usage – revenues, expenditures, and staffing counts – and most enterprise resource planning (ERP) systems track this information by organizational unit, expenditure type, or funding source, not by individual program. The lack of intervention-level data makes it difficult for policymakers to isolate the effectiveness of individual programs and to identify similar services for coordination and/or elimination.

Many jurisdictions have addressed this problem by establishing an official definition of program, such as "a set of related activities or tasks intended to produce a desired result for constituents... broader than a line item or task, but more detailed than a department or entire function...[providing] a discrete service that leads to an identifiable result or benefit"(Kavanagh et al. 2011). Developing this shared understanding facilitates consistent categorization and information gathering to guide budget decision-making. A growing number of states and counties have created detailed, complete inventories of their programs that identify not only what agency funds these interventions but also what core outcomes each seek to achieve and what populations are served. This information can help leaders to better understand the relationship between spending and outcomes and to identify service gaps and duplication.

Many US states and local governments are also using research on program effectiveness – "what works" – to categorize their programs, distinguishing those interventions with a well-supported link to outcomes from those that lack rigorous evidence of effectiveness. These efforts are often based on the work of national research clearinghouses, which compile and assess evaluation studies to identify effective and promising programs across a range of policy areas. For example, states and counties that participate in the Pew-MacArthur Results First Initiative typically develop detailed inventories of their funded programs that categorize each intervention by its evidence of effectiveness.

Comparative benefit-cost analysis can help inform budgeting decisions by creating a common metric to compare the outcomes generated by alternative funding choices. For example, a program that reduces recidivism will also reduce the number of arrests, court proceedings, detainments, and programming associated with the prevented crime – each of which has an associated

cost. The avoided crime also carries societal benefits, such as reduced victimization, that can be monetized. Added together and considered over time, these costs can be used to calculate a ratio that shows how much money is returned to the state or locality for every dollar invested. Managers with access to this type of information can assess whether a particular program is likely to generate positive returns on taxpayer investment or assess which combination of programming is most likely to achieve positive outcomes with the best use of public dollars. This comparative approach was pioneered by the Washington State Institute for Public Policy, which routinely conducts meta-analyses of rigorous evaluations to quantify the effectiveness of evidence-based interventions, and it has developed a model that monetizes the costs and benefits of implementing those interventions in Washington. As of 2016, 28 jurisdictions participating in the Results First Initiative have used this model to examine programs in their jurisdictions and estimate the short- and long-term return on investment that they could achieve by targeting resources to evidence-based, cost-effective options.

Contracts with service providers offer another avenue to incorporate outcomes into funding decisions. While these contracts typically include sets of deliverables – such as the number of job seekers served, the construction of a new light rail, etc. – with an established time frame, some government agencies have also required providers to report on the longer-term impact of those services, such as the number of job seekers employed for 6 months after service or the number of times the light rail system must be repaired in the 6 months following construction. In these cases, the government response to violations of contract requirements varies. Some governments require a formal inquiry into why the provider has not performed and what changes are needed to achieve specified outcomes. Others tie contract renewal to the achievement of outcomes, with providers disqualified from future funding if they consistently fail to meet performance expectations. Social impact bonds are an emerging form of performance-based contracting; these arrangements allow private investors to supply working capital for governments to implement evidence-informed programs, which the government must repay if specified outcome targets are met, often with a predetermined return on investment. For further discussion on how governments can orient their funding structures toward outcomes, see Shelton (2015).

## The Future of Data-Driven Management

The need to sift through and interpret large volumes of information is part of modern life – and part of modern government. In the USA, leaders are increasingly using data to optimize government efficiency and effectiveness through three primary management activities. First, when setting and reporting goals, governments are using data to identify the outcomes that matter most to their community, understand how services contribute to those larger goals, and share results with the public. Second, when delivering programs, governments are using data to establish meaningful performance targets, identify problems and issue areas, and devise solutions that focus on technical assistance and support. Third, when making funding decisions, governments are using data to identify, and direct resources toward, effective interventions that help achieve high-priority outcomes.

As governments expand their reliance on data to inform management decisions, leaders who can cross bureaucratic boundaries in search of information will be able to set more meaningful goals and targets, monitor progress, and respond appropriately and effectively based on observed results. Indeed, the increased focus on outcomes in management decisions has prompted some governments to use academic literature and program evaluations as a data source. Historically, performance management has been seen as a separate process from program evaluation, which tests whether an intervention contributes directly and significantly to an observed outcome, typically by comparing conditions or behaviors before and after the intervention or by comparing the intervention against status quo or a control group. The thinking holds that performance data must be

nimble and current to guide operational decisions; evaluations, in contrast, are costly, focused, and time-consuming and cannot produce immediate and usable management information. Put simply, "performance-based" was not "evidence-based."

This distinction is beginning to blur, as public managers recognize that while the typical performance management system provides "an indication of [an] organization's performance... [it cannot establish] a causal relationship between interventions and program outcomes. That requires... scientifically-based research methods known as program evaluation" (Van der Veer 2012). In the field of program evaluation, researchers are beginning to construct lower-cost evaluations using existing data from administrative and performance management systems (e.g., 35 state budget offices report using performance data to conduct program evaluations; NASBO 2015). And in performance management, governments are using rigorous research to create defendable, causal links between programs and their outcomes, set service level expectations based on how they impact program effectiveness, and prioritize funding toward interventions that have been shown to work in other jurisdiction and that generate a positive return on investment.

## References


Chartered Professional Accountants of Canada and the Consortium for Advanced Management – International (2015) The CAM-I performance management framework: how to evaluate and improve organizational performance. Retrieved from http://www.cam-i.org/images/cam-i/The-CAM-I-Performance-Management-Framework-February-2015.pdf

Goerge RM, Smithgall C, Seshadri R, Ballard P (2010) Illinois families and their use of multiple service systems By 2010. Chapin Hall Issue Brief. Retrieved from http://www.chapinhall.org/sites/default/files/publications/Multiple%20Systems_IB_02_25_10.pdf

Kavanagh SC, Johnson J, Fabian C (2011) Anatomy of a priority-driven budget process. Government Finance Officers Association. Retrieved from http://icma.org/Documents/Attachment/Document/1328

Lu Y, Willoughby K (2012) Performance budgeting in the states: an assessment. IBM Center for The Business of Government. Retrieved from http://faculty.cbpp.uaa.alaska.edu/afgjp/PADM628%20Spring%202013/Performance%20Budgeting%20in%20the%20States%20%2D%2D%20An%20Assessment.pdf

McAfee A, Brynjolfsson E (2012) Big data: the management revolution. Harvard Business Review Online. Retrieved from https://hbr.org/2012/10/big-data-the-management-revolution/ar

Mushkin SJ (1977) Policy analysis in state and community. Public Adm Rev 37(3):245–253

National Association of State Budget Officers (2015) Budget processes in the states. Retrieved from http://www.nasbo.org/sites/default/files/2015%20Budget%20Processes%20-%20S.pdf

Radin BA (1997) Presidential address: the evolution of the policy analysis field: from conversation to conversations. J Policy Anal Manage 16(2):204–218

Shelton J (2015) Smarter government for social impact: a new mindset for better outcomes. Beeck Center For Social Impact + Innovation

Van der Veer G (2012) What it means to be a "data-driven organization". Independent Sector Blog. Retrieved from http://www.independentsector.org/blog/post.cfm/ngen-cncs-data-driven


D

# Debt Brake: The Swiss Experience


Roland Hofmann
School of Management and Law, Zurich University of Applied Sciences, Winterthur, Switzerland


## Synonyms

Budgetary discipline; Debt brake; Expenditure ceiling; Federal Government Switzerland; Fiscal rule; Public debt

## Definition

The terms debt brake or fiscal rule refer to constitutional provisions which, in the sense of a self-restraint, aim to oblige governments and parliaments to limit government budget deficits or to stabilize government debt. Such rules oblige to keep public revenues and expenditures in balance over an economic cycle and to compensate for any overruns in subsequent years. In Switzerland, such a debt brake was successfully introduced in 2001.

## Introduction: Budget Deficits and Rising Debt

The increasing indebtedness of sovereigns has been the subject of extensive public and academic debate for several years (Feld and Kirchgässner 2008; Guarini 2016; Biondi 2016; Rodríguez Bolívar 2016). Many countries are struggling with budget deficits and rising debt, with corresponding economic and political consequences. High debt levels can lead to lower economic growth rates. The high debt levels of some southern European countries nearly led to the collapse of the Euro (Salvi et al. 2020; Kirchgässner 2013). But even before the great financial crisis of 2008, many countries were experiencing financial difficulties (Waldmeier and Mäder 2015: 1–2; Sacchi and Salotti 2015). The debt situation, which was exacerbated during the financial crisis, could not be consolidated in the following years, which is why the measures to combat the economic impact of the pandemic from 2020 onward caused the debt level to shoot up to exorbitant heights.

This development has led to a lively debate on how countries can reduce or at least stabilize public debt. One prominent instrument to achieve this goal is the fiscal rule. In recent years, a broad body of scientific research has emerged describing the effects of fiscal rules on fiscal policy and economic outcomes (Salvi et al. 2020; FFA 2018; Lüchinger and Schaltegger 2013).

## Political-Economic Background and Theoretical Foundation

### Autonomy, Responsibility, and the Causes of Indebtedness

Federally structured countries, such as Switzerland, which have a pronounced autonomy of public tasks, decentralized tax sovereignty, and budgets at the different levels of government, also require a corresponding responsibility at every level. The transfer of tasks, competencies, and responsibilities to subnational territorial authorities in a federally structured government means that these political units must and can bear financial responsibility. Financial responsibility is an outflow of federal autonomy. Autonomy and self-responsibility are inextricably linked.

The autonomous fiscal decision can also include *borrowing* (Waldmeier and Mäder 2015: 3–5). Debt allows consumption or investment and its financing to be separated in time. Debt is neither good nor bad in this sense. They become problematic when debt becomes excessive. In the long term, debt cannot grow faster than the economic growth of a state. Sustainable fiscal behavior thus requires a stabilization of the debt ratio (debt in relation to economic performance).

Chronic, structural deficit is the main reason why a country builds up debt (Waldmeier and Mäder 2015: 6–9). In the case of the Swiss cantons, deficits were the cause of 65% of the debt increase between 1990 and 2004. In the case of the Swiss federal government, deficits and the reorganization of public companies and organizations (railroads, postal service, pension fund) accounted for as much as 82% of the debt increase in the same period. Based on the causes of debt briefly outlined here, one goal of a budget rule must be to primarily strive to balance the public budget and avoid chronic, structural deficits. In this way, the debt ratio can be stabilized.

### Impossibility of Insolvency and Continuation of State Activity

Financial crises due to rising debt cannot be ruled out by the nature of the state; the state's financial power is also ultimately limited. Perhaps it is precisely because of the nature and function of states that they are particularly vulnerable to crises. As a *lender of last resort*, the state often assumes the leadership role in crisis situations in order to cope with the challenges ahead, which means that there is a latent danger of overburdening itself, especially financially (but also, for example, in terms of leadership capacities). Even if a country has it in its own hands to remain capable of acting within its own revenue (increase taxes) and expenditure (decrease government spending) sovereignty, there is ultimately no unlimited financial ability of the public sector. In a free and democratic country, it is to be expected that citizens will conduct a cost-benefit analysis

and, in the worst case, leave the country and emigrate (voting by feet).

In any case, the state must continue a certain minimum level of administrative activities and public tasks. A complete cessation of its "operations" is not possible. The concept of the state's inability to file for bankruptcy arises from the interest in preserving the function of performing public tasks, which cannot be discontinued. The aim of insolvency proceedings is to terminate the existence of a legal entity and dissolve it. However, this cannot be the objective in the case of a public entity, which has to perform public functions. The liquidation of a state would not fulfill the purpose of releasing assets to satisfy creditors from these assets. A state is not first and foremost an asset holder, but primarily a duty bearer and a sovereign.

In conclusion, it can be stated that the public sector can undoubtedly fall into bankruptcy, even if only de facto, but that this cannot be solved by bankruptcy proceedings due to the interest in preserving core public functions. The potential risk of over-indebtedness of a country must be solved in another way.

## Fiscal Rules from a Political Economy Point of View

The over-indebtedness or insolvency of the public sector has considerable consequences. The burden of a default is borne not only by lenders, but also by all citizens, because many public goods and services can no longer be financed and must be largely discontinued and reduced to core activities. The purpose of budget rules is to *prevent* chronic structural deficits, stabilize the debt ratio, and thus ensure the solvency and functioning of the state in the long term. In this sense, budget rules have a *preventive* effect, while debt enforcement and bankruptcy regulations have a *curative* effect (Guarini 2016; Waldmeier and Mäder 2015: 2).

One main argument for the introduction of financial governance mechanisms (debt brakes, fiscal rules) is that in democratic political systems an *asymmetry* between revenue and expenditure responsibility can often be observed (Waldmeier and Mäder 2015: 6–9, 43): While an adjustment of the revenue structure (e.g., tax increase) has to overcome high democratic hurdles (e.g., constitutional amendment, qualified majorities in parliament, mandatory referenda), expenditure can often be determined by a simple parliamentary decision. This results in a tendency toward deficits and debt, which should be contained by means of fiscal rules to maintain healthy public budgets.

The anchor point for assessing fiscal rules is the *sustainability* of a fiscal policy. The stabilization of gross debt has become established and proven as an indicator for sustainability. To stabilize gross debt, a balanced budget is a prerequisite.

Fiscal rules prevent insolvency (Waldmeier and Mäder 2015: VII, 10–28). The purpose of a rule is to institutionalize solvency and thus ultimately to maintain the ability of the state to act in perpetuity. In the case of general fiscal policy, the requirement of long-term sustainability means that the debt ratio must not rise permanently. A budget that is sustainable in the long term must satisfy the requirement of a balanced account over the business cycle.

## The Structure of a Fiscal Rule

A fiscal rule is not an *objective*, but an *instrument* for pursuing economic and political goals. It can serve to avoid shifting additional financial burdens onto future generations or to preventively counter the risk of de facto public sector insolvency. Since the 1990s, there has been a marked increase in the number of countries and subnational federal authorities that manage their public budget through fiscal rules (Waldmeier and Mäder 2015: 1–2). Some of these rules have proven effective, others have not. Switzerland, as an example, has implemented fiscal rules at all federal levels.

The basic architecture of a fiscal rule comprises *four elements*: (1) a basic rule, (2) a steering rule, (3) a sanction rule, and possibly (4) a relaxation rule (Waldmeier and Mäder 2015: 10–35; Guarini 2016): The *basic rule* contains the financial objective that is to be achieved. This generic objective is operationalized and specified with the help of a quantitative measure. The *steering rule* serves as a trigger to initiate actions. A threshold value is defined under which conditions the basic rule is

judged as "not complied with." The *sanction rule* determines – after the steering rule has been triggered – the necessary actions, measures, and corrections that must be initiated and implemented to comply with the basic rule again. The *relaxation rule* (escape clause) specifies the conditions under which the fiscal rule is not to be complied with.

In simplified terms, a fiscal rule could be structured as follows (Waldmeier and Mäder 2015: 43–56; see also Guarini 2016):

*Basic rule:* What is the objective of the fiscal rule? It is about the long-term financing of the budget and the sustainable maintenance of the public sector's functions and tasks. In this context, balancing the public budget in the medium term is a suitable approach. Medium term means allowing for cyclical deviations and requiring the public budget to be balanced over the business cycle (e.g., over 5 years). To reduce the possibility of evasive actions (escape from the budget), the state is to be provided for a comprehensive consolidation of all its activities and entities (analogous to private corporations). Special financing, special funds, special accounting, etc., must be dispensed with. Extraordinary budgets (e.g., social security funds) must also be subject to the fiscal rule.

*Steering rule:* Over a period of several years, the public budget is balanced, and debt does not increase further. Which criterion or threshold (trigger) indicates that the path of financial sustainability has been abandoned? Should flow variables (e.g., the public budget) or stock variables (such as the debt-to-GDP ratio) serve as control variables? It is important to define a threshold value that indicates a clear deviation from cyclical deficits to structural imbalances (e.g., deficit of X % on average over a period of 5 years). If a public budget is above the defined threshold, the debt brake does not trigger any measures. If the steering rule is violated, measures to correct the structural imbalances automatically come into effect with the aim of returning to long-term sustainability. The redemption period must be linked to the legislative/office/election period of the government and the parliament so that the burden of action cannot be passed on to subsequent generations of politicians.

*Sanction rule:* Violation of the steering rule must be accompanied by the credible consequence of a sanction. Otherwise, the fiscal rule will have no effect. On the one hand, it is important that the sanction does not worsen the financial situation. Therefore, threats of fines are unsuitable. On the other hand, sanctions should set in motion an automatism that adjusts those fiscal parameters that can improve the financial sustainability of the public budget. Ultimately, then, it is a matter of a mix of mandatory expenditure and revenue adjustments. What immediate measures should be taken when the threshold has been exceeded? What corrections can be initiated automatically to ensure financing in the short term on the one hand and to avoid setting a precedent for long-term corrective measures on the other ("sacrifice symmetry," i.e., a balanced distribution of the burden between payers and users to prevent a reform blockade)? Should this be achieved through tax increases or benefit reductions? Empirically, expenditure reductions are in many cases more successful than revenue increases.

*Relaxation rule (escape clause):* By their very nature, relaxation provisions jeopardize the purpose of fiscal rules. They should therefore only be applied in cases of genuine exogenous emergencies and catastrophes (natural disasters, pandemics, war). The frivolous triggering of the relaxation rule must be prevented by appropriate measures (mandatory referendum in a popular vote, qualified parliamentary majority, decision by the highest court, or similar).

A promising fiscal rule consists of these four elements which, when coordinated, can guarantee the long-term sustainability of the public budget. First, it is essential to define a target value that is suitable for maintaining actual solvency. Second, threshold values must be defined above which corrective measures must take effect because long-term sustainability is being breached. Third, a sanction mechanism is needed so that compliance with the fiscal rule can be effectively enforced. Fourth, escape clauses can be provided for real emergencies.

What is ultimately relevant for the impact of a fiscal rule is its precise design, with broad constitutional support, a close link to sustainable fiscal

policy, and an easy monitoring and understanding (Caselli and Reynaud 2020). What matters is the enforceability and thus the fiscal impact of the rule. Fiscal policy evasion must be prevented as wide as possible (Waldmeier and Mäder 2015: 49–57; Burret and Feld 2018a, b). It is important that the fiscal rule is placed as high as possible in the legal hierarchy, ideally at the constitutional level, and that any amendment or non-application be subject to a mandatory referendum by a popular vote. This will give these provisions greater weight and make them less easy to ignore or amend. Transparency and control can also increase enforceability (through independent fiscal councils, through financial auditors, or through courts).

## The Swiss Debt Brake

### Need for Action

The Swiss Confederation has a federal structure consisting of the Confederation (first level), 26 cantons (second level), and around 2000 municipalities (third level). The cantons and the municipalities differ considerably in terms of size, political orientation, culture, or economic strength. The subnational entities enjoy a high degree of financial and fiscal autonomy, with corresponding self-responsibility. The federal government is responsible for about 1/3 of all government spending. All three levels of government exhibit extensive fiscal federalism and a high level of direct democracy (Burret and Feld 2018b; Salvi et al. 2020; Feld and Kirchgässner 2008).

Although this institutional framework was supposed to limit public debt, Switzerland's federal and many cantonal and municipal debts increased markedly in the 1990s, in part because of a severe recession (FFA 2018). From 1990 to 2005, gross debt increased markedly from about 40 billion francs to about 130 billion francs. The constitution did know an article since 1959 that budget deficits should be reduced. However, this provision produced little effect (FFA 2018; Salvi et al. 2020). The required debt reduction, though, remained a dead letter, a common phenomenon in politics: In principle, there was agreement, but as soon as it came to implementation and the individual political case, there were always reasons to deviate from a balanced budget.

The realization matured that the severe deficit and debt problem had to be solved (FFA 2018). With this fiscal experience of the 1990s, the willingness of the Federal Council (government) and the parliament grew to impose fiscal restrictions on the public budget via a concrete and effective fiscal rule. The new Swiss debt brake limits spending to the level of structural, i.e., cyclically adjusted, revenues. Expenditures may only be increased if their financing is secured by revenues, and tax cuts must be accompanied by corresponding expenditure reductions.

### The Swiss Debt Brake – Key Elements and How It Works

The debt brake at the federal government level was approved by referendum on December 2, 2001 and incorporated into the Constitution as Article 126, with 85% of the voting population approving the constitutional amendment. The details of the debt brake were specified by law in Articles 13 through 18 in the Federal Budget Act. As of 2003, the rule was applied (FFA 2018; Salvi et al. 2020).

Various cantons enacted fiscal rules much earlier (Waldmeier and Mäder 2015: VII; Burret and Feld 2018b). The canton of St. Gallen has known a kind of a debt brake since 1929, and since the 1990s, many cantons have also introduced fiscal rules. As mentioned above, the federal level has also known a debt brake since 1959, which, however, remained ineffective.

The Swiss Federal Constitution describes the following fiscal rule in Article 126 "Financial Management":

#### Art. 126 Financial Management

1. *The Confederation shall maintain its income and expenditure in balance over time.*
2. *The ceiling for total expenditure that is to be approved in the budget is based on the expected income after taking account of the economic situation.*
3. *Exceptional financial requirements may justify an appropriate increase in the ceiling in terms*

D

*of paragraph 2. The Federal Assembly shall decide on any increase in accordance with Article 159 paragraph 3 letter c.*

4. *If the total expenditure in the federal accounts exceeds the ceiling in terms of paragraphs 2 or 3, compensation for this additional expenditure must be made in subsequent years.*
5. *The details are regulated by law.*

The *goal and mandate* of the Swiss debt brake is to keep federal expenditures and revenues in balance in the long run (FFA 2018; Waldmeier and Mäder 2015: 37–57; Salvi et al. 2020). The Constitution and the law governing the details do not merely set a goal, but a clear mandate for action. The core of the debt brake stipulates that revenues multiplied by a cyclical factor determine the expenditure ceiling. The balance between revenues and expenditures must not be achieved annually, but on a permanent basis, i.e., over an economic cycle. In addition to expenditure surpluses, nevertheless, revenue surpluses must also be avoided. Taxes should not be levied unnecessarily.

Maximum expenditures are derived from revenues multiplied by the cyclical economic adjustment factor. The adjustment factor is intended to stabilize expenditures over the cycle and bring them into line with fluctuating revenues. The factor consists of the ratio of trend output and current output. If the factor is higher than one, then a budget deficit is allowed. On the other hand, if the factor is less than one, then a budget surplus is required. The Federal Tax Administration is responsible for estimating the revenues (FFA 2018; Salvi et al. 2020) (Fig. 1).

Estimation errors regarding revenues (taxes) can lead to deviations. Such deviations are recorded in an equalization account. Additional revenues are credited to it, reduced revenues are debited to it. However, only reduced revenues are to be balanced by expenditure savings in the ordinary budget over several years. The treatment of the equalization account is therefore asymmetric, which tends to lead to a reduction of debt (FFA 2018).

The debt brake also contains a sanction mechanism to provide an incentive not to allow deviations and to plan expenditures and revenues as precisely as possible. Differences between budgeted and actual results above a certain level must be compensated by reduced spending (Salvi et al. 2020).

However, there is no obligation to reduce the debt accumulated by 2001 when the rule was introduced (Waldmeier and Mäder 2015: 37–57). The Swiss rule is therefore precisely a "new debt brake." The question at which level Switzerland's debt should be stabilized is not answered by the constitution. There is also no specification as to how high the government ratio (share of government spending in relation to economic output) should be. Therefore, the balance can be achieved

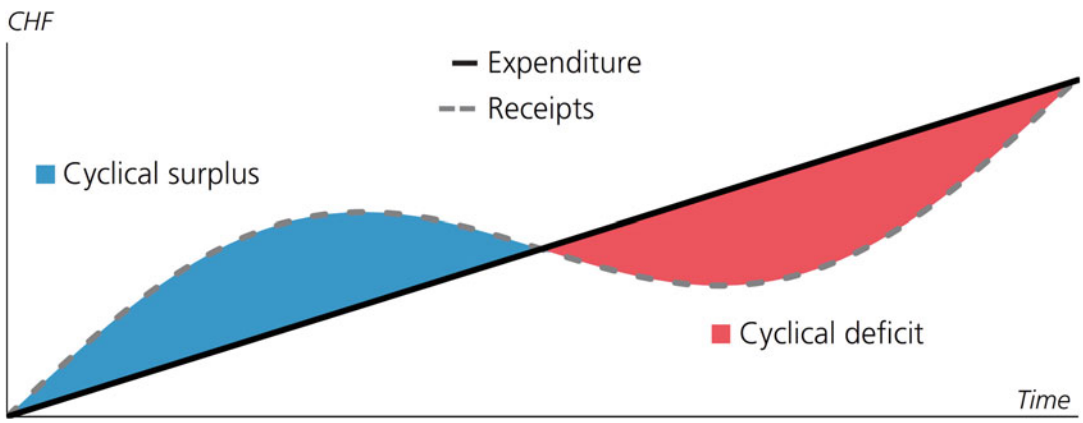


**Debt Brake: The Swiss Experience, Fig. 1** Consistent path of expenditure and cyclically dependent receipts. (Source: Federal Finance Administration (FFA) (2018))

both by revenue increases (tax increases) and by expenditure reductions.

Though, the scope of the debt brake is not comprehensive (Waldmeier and Mäder 2015: 39–40; Salvi et al. 2020). The rule deliberately includes not only the regular but also the extraordinary federal budget to limit attempts to circumvent it. However, separate accounts of the Confederation (e.g., the infrastructure fund), the social security system, and independent administrative units (e.g., the Financial Market Authority) are not part of the federal accounts. These entities are not subject to the debt brake.

The Swiss debt brake also provides for a flexibilization of the basic rule in extraordinary situations (FFA 2018; Waldmeier and Mäder 2015: 37–57; Salvi et al. 2020). The extraordinary financial need must be qualitatively uncontrollable by the federal government (such as a severe recession, a natural disaster, warlike events) and quantitatively of a certain amount. Procedurally, both chambers of parliament must also decide on an exceptional situation with a two-thirds majority. While combating the consequences of the Covid-19 pandemic, for example, the parliament decided to waive the application of the basic rule and approve extraordinary expenditures.

## Does It Work? Empirical Findings

Based on the development of Switzerland's gross debt since the introduction of the debt brake, the picture is consistently positive (FFA 2018; Waldmeier and Mäder 2015: 56–57; Kirchgässner 2013). The awareness of the central value of sustainable federal finances is likely to be deeply anchored in the population, parliament, and government by now.

The goal of the Swiss debt brake is to stabilize debt. However, it tends to work toward *debt reduction*. Between 2003 and 2017, the federal debt was reduced by around 18,5 billion francs. This was due to structural surpluses. On the one hand, revenues were higher and, on the other, expenditures were lower than budgeted (FFA 2018) (Fig. 2).

From 1990 to 2005, gross debt increased markedly from around 40 billion francs to around 130 billion francs. As explained above, this development was the cause of the introduction of the debt brake. Thereafter, debt was stabilized and reduced to below 100 billion francs by 2019.

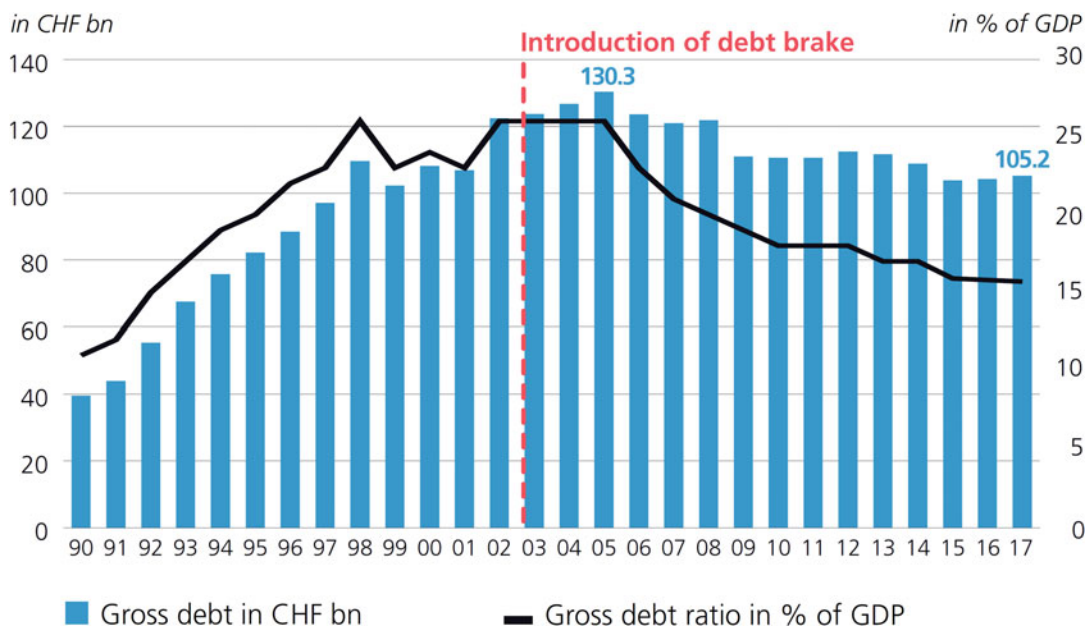


**Debt Brake: The Swiss Experience, Fig. 2** Debts of the Confederation 1990 to 2017. (Source: Federal Finance Administration (FFA) (2018))

The decline in debt from 2005 described here was not only notable in nominal terms, but even more pronounced in relation to economic development. From 1990 to 2019, Switzerland's gross domestic product increased by 96% from 370 to 727 billion francs (per capita by 55% from 55,000 francs to 85,000 francs). The debt-to-GDP ratio fell from a peak of around 26% to around 18% (Salvi et al. 2020).

Practical experience with the debt brake at the federal level has shown that countercyclical fiscal policy was strengthened (forced surpluses in the boom years 2006–2008), debt was reduced, and the interest burden was lowered. The investment ratio remained stable. Today, the debt brake is widely accepted by the population and politicians (FFA 2018). Though, the debt brake in its current form is not a solution for long-term structural fiscal challenges (e.g., demographic change, crowding-out effects in the federal budget due to the financing of old-age pensions, which today already comprise more than 20% of expenditures). A budget rule (debt brake) would also have to be applied to the social security funds to have its full effect on the entire national budget (FFA 2018).

From a scientific point of view, it is necessary to assess whether the debt brake was actually the *cause* of this development or whether it was not another, coincidental confounding factor, such as the sensitivity of the Swiss electorate to additional spending and higher taxes. In fact, the effect of the Swiss debt brake has been proven (Salvi et al. 2020; Chatagny 2015). The debt brake makes it impossible to deviate from a balanced budget in the long run. Because expenditures may not exceed revenues over an economic cycle, a disciplining top-down approach to budgeting is applied. The rule thus becomes a *spending cap*. Such spending limits are commonly considered the only effective fiscal policy rules. The introduction of the debt brake led to a substantial and persistent decline in the debt ratio in Switzerland. The growth rate of government spending fell markedly after the rule was introduced. It also made an important contribution to shifting from a procyclical to an appropriately cyclical fiscal policy. Overall, the success of the Swiss debt brake is not a temporary phenomenon.

## Conclusion

Switzerland's public finances are in good shape by international standards. This is due in large part to the stringent design of the debt brake and the political will to comply with the rules. In addition to the federal government, most cantons also implemented a debt brake (FFA 2018) For example, it has been shown that cantonal debt brakes also significantly reduce budget deficits, while direct democracy leads to significantly lower government debt (Feld and Kirchgässner 2008; Burret and Feld 2018b). Debt brakes also reinforce precise budgeting (Lüchinger and Schaltegger 2013). Effective fiscal rules at the cantonal level even strengthen municipal public finances (Burret and Feld 2018a). And apparently, in Switzerland, direct popular rights, such as fiscal referendums in which the population can directly express its fiscal policy preferences, strengthen the effect of debt brakes. This is true even for financially weak cantons (Kirchgässner 2013).

The success of the Swiss debt brake also has an impact beyond national borders (FFA 2018; Lüchinger and Schaltegger 2013). Germany introduced a debt brake in 2011 that is largely based on the Swiss model. Due to the sovereign debt crisis in Europe, most EU member states committed to introducing a debt brake at the constitutional level in the 2012 Fiscal Compact. Moreover, in an international context, debt brakes have a balancing effect on the business cycle (Sacchi and Salotti 2015).

However, the most important contribution of the Swiss debt brake should not be measured in numbers alone. Rather, the introduction of the debt brake has fundamentally changed the fiscal culture in Switzerland (Lukasiewicz and Adler 2017). As recently as the 1990s, policymakers tended to focus on the demand for public goods without looking at the available financial resources. Today, the administration, the government, the parliament, and the electorate are convinced that government spending and revenues must be in balance. This is astonishing, considering that self-restraint runs counter to the logical interests of politics and administration.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Budgeting and Austerity
- ▶ Budgeting in the Public Sector
- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ Proposed Fiscal Council for Ghana: An Ex Ante Evaluation


## References


Biondi Y (2016) Debt capacity and financial sustainability in central government. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Burret HT, Feld LP (2018a) Vertical effects of fiscal rules: the Swiss experience. Int Tax Public Financ 25: 673–721

Burret HT, Feld LP (2018b) (Un-)intended effects of fiscal rules. Eur J Polit Econ 52:166–191

Caselli F, Reynaud J (2020) Do fiscal rules cause better fiscal balances? A new instrumental variable strategy. Eur J Polit Econ 63:101873

Chatagny F (2015) Incentive effects of fiscal rules on the finance minister's behaviour: evidence from revenue projections in Swiss cantons. CESifo working paper no. 5223

Federal Finance Administration (FFA) (2018) The debt brake. Swiss Confederation, Federal Department of Finance (FDF). FFA, Bern

Feld LP, Kirchgässner G (2008) On the effectiveness of debt brakes: the Swiss experience. In: Neck R, Sturm J-E (eds) Sustainability of public debt. MIT Press, Cambridge, MA, pp 223–255

Guarini E (2016) Deficit control. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Kirchgässner G (2013) Fiscal institutions at the cantonal level in Switzerland. Swiss J Econ Stat 149(2):139–166

Lüchinger S, Schaltegger CA (2013) Fiscal rules, budget deficits and budget projections. Int Tax Public Financ 20:785–807

Lukasiewicz M, Adler T (2017) Positive culture of austerity: Switzerland's debt brake. Avenir Suisse, Zurich/Lausanne

Rodríguez Bolívar MP (2016) Financial sustainability. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Sacchi A, Salotti S (2015) The impact of national fiscal rules on the stabilisation function of fiscal policy. Eur J Polit Econ 37:1–20

Salvi M, Schaltegger CA, Schmid L (2020) Fiscal rules cause lower debt: evidence from Switzerland's federal debt containment rule. Kyklos 73(4):605–642

Waldmeier D, Mäder B (2015) Handbuch der Schuldenbremsen der Schweiz: Regeln der Insolvenzvorsorge im Zusammenspiel mit dem geltenden Haushaltsrecht. Haupt, Bern (German title translated into English: Handbook of Swiss debt brakes: insolvency precaution rules in interaction with existing budgetary laws)


D

# Debt Capacity and Financial Sustainability in Central Government


Yuri Biondi
Cnrs – Labex ReFi (ESCP Europe), Paris, France


## Synonyms

Financial condition; Financial position; Financial situation; Fiscal policies; Monetary policies; Monetary base management; Public debt management; Public financial management; Sovereign credit worthiness

## Definition

Central government is deemed to be financially sustainable when it can pursue its ongoing public benefit missions while fulfilling its financial obligations when they are due in time and amount. This financial capacity depends on both tax revenues and public debt management.

In this context, governmental debt capacity consists in placing sovereign debt – for the sake of debt issuance and refinancing – with governmental entities, resident and foreign debt-holding investors, monetary financial institutions, and central banking. The latter two placements relate to the monetary base management. Financial markets may facilitate some of these transactions on sovereign debt.

Therefore, fiscal policies, welfare policies, and public debt management are linked, while governmental debt capacity constitutes an integral part of its financial sustainability.

## Introduction

During the last decades, governmental debt has increasingly become "the bogeyman" of fiscal policies. Policy advisors, policy-makers, and the *media* have increasingly stigmatized the level and growth of governmental debt, raising the question of its supervision, its limitation, and eventually its reduction, either in absolute terms or relative to the size of the national economy.

This view on governmental debt assumes its analogy with debt owed by an individual to another individual. As Macaulay (1848, p. 400) explained, "here it is sufficient to say that the prophets of evil were under a [...] delusion. They erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself; and this analogy led them into endless mistakes about the effect of the system of funding." This view neglects the dynamic and collective dimensions of public debt management, misunderstanding the economic effects of its financial process of borrowing. On the one hand, governmental debt relates to the use of borrowing to fulfill public benefit missions with an overall redistributive purpose (welfare policies). On the other hand, it relates to the monetary base management (monetary policies).

This entry aims to address public debt management in its relation with welfare policies and monetary policies. The following section defines debt capacity and financial sustainability of central government in this specific context. The next section deals with their connection with the monetary base management. The last section reconsiders the bogeyman view on the basis of our institutional economic analysis. A summary of the main argument and its implications concludes.

## Defining Debt Capacity and Financial Sustainability

In a first approximation, the question of governmental debt capacity points to the willingness of lenders to lend to a government which issues debt (for sake of simplicity, we mainly neglect the assurance of non-debt liabilities such as guarantees and pensions). In turn, this willingness is related both to lenders' uses of this debt and to the capacity of a government (borrower) to sustain it over time. Therefore, governmental debt capacity is further related to the financial sustainability of a government, that is, its capacity (and willingness) to fulfill its financial obligations when they are due in time and amount.

From this perspective, a government can be considered as a socioeconomic entity that borrows from some stakeholders (the lenders). This financial process of borrowing is embedded in its economic organization, requiring representation and control through accounting systems that are generally established to perform both functions. These systems provide a standardized picture on the ways in which borrowed funds are acquired, spent, and eventually refunded by the governmental entity. This picture is generally common knowledge among citizenship, sovereign debt holders, and supervisory bodies, enabling them to elaborate informed opinions on ongoing public debt management. In this way, accounting systems drive representations that make the governmental entity controllable (accountable), framing and shaping its economic and financial processes over time and circumstances.

Accounting systems are often regulated through standards issued by private and public bodies; these standards are based upon and provide accounting models of reference for management, governance, and regulation purposes. These models are then constitutive of the institutional economic order in economy and society. The design of accounting models for whichever entity – commercial enterprises, public administrations, and financial institutions – makes the entity's economic and financial activity, with limitations, intelligible and manageable; in turn, the entity's activity is eventually responsible for social welfare (Biondi 2016b). The entity's accounting model is then expected to make it accountable for its contribution to satisfying individual and collective needs, as well as for sources

and uses of (financial) funds employed to intently pursuing that contribution.

Financial sustainability must be considered according to the specific contribution that is expected from each kind of entity. National accounting conventions attribute transfers and nonmarket provision of goods and services to public administrations, although production, transfer, and consumption acts are performed in every entity. This convention points to the contribution that frames and shapes entity's activities: production and profit-making, for commercial enterprises; and redistribution of incomes and fortunes, through transfers or nonmarket provisions, for public administrations.

This redistributive purpose frames and shapes its working mode of functioning and then the specific financial process generated by the public administration over time. As GASB (2013, p. 13) concludes in its white paper on the matter,

> governments are fundamentally different from business enterprises. As a result, separate accounting and financial reporting standards for governments are essential to meet the specific needs of the users of governmental financial reports. The standards for governments need to reflect their unique environment, including different organizational purposes and special legal powers, and to effectively address public accountability issues inherent to governments.

The overall purpose of public administration consists of direct satisfaction of individual and collective needs (according to its institutional scope), while no commercial revenue or business income is required to be generated throughout its working process. The nature of its public service activity is "nonmarket": it is performed by redistribution through transfers and provision of goods and services, either in kind or on non-commercial basis.

In this context, citizens are stakeholders who contribute with resources to the public administration (generally by monetary transfers) in view to perform activities with a non-market, redistributive purpose. Citizens' contributions are employed to cover expenditures for both expenses and financing the ongoing process, which requires a specific accounting representation. Accordingly, the government consummates resources acquired through taxation and borrowing, so as to redistribute them at the macroeconomic level. In turn, citizens contribute with resources to be redistributed by paying taxation and subscribing governmental debt issuance and refinancing.

Financial sustainability for central government is then framed and shaped by this specific use of governmental debt for non-market, redistributive purpose. Accordingly, under an accrual basis of financial accounting, accrued deficit or surplus (resulting from a balance between expenses and contributions attached to the same period and its accumulation over time) acquires a distinctive meaning that is different from accrued business income: be it positive or negative, this matching balance shows ongoing capacity of contributions (mainly taxation, in case of governments) to cover incurred expenses (Biondi 2012).

Generally speaking, accrual-based (accumulated) balance is materially negative and has increased over time for central governments all around the world. This fact has surely been the case throughout the twentieth century, showing that modern states employ debt issuance (and refinancing) to cover for operational expenses. Accordingly, governmental borrowing performs a specific economic function as a macroeconomic redistributive policy: in a nutshell, governments employ debt to redistribute incomes and fortunes across stakeholders over space and time (Biondi 2016b).

This specific debt use for redistributive purpose is made possible by continued refinancing of debt positions over time. When one cohort of debt securities becomes due, a new debt issuance is performed to replace the expiring one. In this way, the governmental entity can sustain a virtually permanent negative balance, as long as lenders go on subscribing its refinancing issuances over time and circumstances.

## The Connection Between Governmental Debt and the Monetary Base

This specific way to financial sustainability is further reinforced by involving governmental

debt into the monetary base management. The monetary base consists of currency (legal tender) and other cash equivalents that are transferrable, redeemable on demand and at par. They constitute the basis for the means of payment within the economy and are considered to be the most readily available for settling transactions and commerce.

Although we have been going on labeling it "debt," governmental borrowing has a distinctive meaning which is linked, on the one hand, to macroeconomic policies with, as explained above, an overall purpose and function of redistributing incomes and fortunes and, on the other hand, to the organization of the monetary base and its joint management by treasuries, central banking, and financial institutions.

In this context, governmental borrowing is systematically employed to both "wake up" sleeping cash hoardings and to manage the monetary base. On the one hand, governmental borrowing generates additional spending by mobilizing hoarded financial resources held by households and other final investors. On the other hand, placement of governmental debt in portfolios managed by financial institutions relates to monetary base creation and administration (McLeay et al. 2014a, b).

It is generally accepted that central banking assures liquidity of governmental debt (Buiter 2006). Open-market operations and refinancing policies operated through central banking do monetize governmental debt (Beard and McMillin 1986; Mishkin 2009), at least temporarily. Singh and Stella (2012) include into "money-like assets" both central bank deposits (reserves) and every collateral that can be converted into central bank deposits without haircut, such as governmental debt securities. Moreover, whenever central banks do create ex nihilo paper money (legal tender), they generally buy back governmental debt securities against this creation. Accounting consolidation of central banks within central government accounts clears all doubts concerning sterilization of governmental debt held by the central bank itself, for both interest charges and capital repayments (for the UK case, see Biondi 2016a).

Governmental debt refinancing involves a sort of public-private partnership between government and banking to manage the monetary base. This partnership has historically assumed various forms. Constitutional political choices are then involved in granting some debt securities with the privilege to be refinanced through central banking. For instance, shifting this privilege from governmental securities to private securities will shift control on the purchasing power from the public sphere of government to the private sphere of those security issuers, while reducing overall refinancing size may deleverage the economy, with effects on both spheres.

In sum, governmental borrowing deals with lending by households and other final investors and with monetary base creation and administration. From a macroeconomic perspective, governmental borrowing enables a "soft" redistribution of financial fortunes, which complements "hard" redistribution accomplished through taxation over incomes and fortunes. Among others, this redistribution may play an important societal function in compensating inequality in allocation of income and wealth achieved in other spheres of economy and society (Dabla-Norris et al. 2015). From the viewpoint of individual holders, governmental debt is to be remunerated by interest charges and repaid by capital installments at its nominal value; however, at the aggregate level, governmental borrowing enables transferring these borrowed funds *in view to redistribute them* across stakeholders. This mechanism is made possible by continued refinancing of governmental debt at every capital installments, which makes this debt, once again, an essentially monetary phenomenon.

## "Financialization" of Public Debt and "The Bogeyman"

This governmental funding practice, together with overarching institutions for treasury management and central banking, did not change radically in recent times (Singh and Stella 2012; IMF 2014; McLeay et al. 2014a, b; Biondi 2016b). However,

recent reform claims do apparently neglect this specific economic organization, looking for sustainability of governmental borrowing in terms of net assets (net worth) as accounted for by governmental financial accounts on an accrual basis. In particular, this balance sheet approach is the accounting model of reference for the International Public Sector Accounting Standards (IPSAS).

As a matter of fact, governmental debt capacity mainly relies, on the one hand, on the capacity to collect future taxation and, on the other hand, on issuance and refinancing conditions granted by national and nowadays also by international financial systems, which enable governmental borrowing. Within the latter circuits, one should further distinguish borrowing from governmental entities, intervention by central banking and monetary financial institutions, and lending by households and other final investors.

Governmental borrowing is ultimately justified by its specific function of "soft redistribution" that is accomplished through its refinancing. However, this function has never prevented modern states to be funded and refinanced for centuries by final investors active on Securities Exchanges. This long-standing investment practice has been accepting that structural debt is issued and refinanced over time to cover governmental expenditure, including for investment purpose. Net assets on accrual basis are then expected to be materially negative and even decreasing over time.

However, recent reform claims argue against issuance of structural debt. They claim for the strictest golden rule on governmental spending coverage. On accrual basis of financial accounting, this rule implies that net assets must remain around zero or become positive. Negative net assets should be admitted only temporarily, as it would be the case for a business enterprise.

These claims concern the very definition of financial sustainability, which involves the funding modes of public administration and its accounting representation on accrual basis. They can be linked to the ongoing "financialization" movement: a complex cultural and socioeconomic phenomenon driving the financial sphere at the core of coordination and control in economy and society (Biondi 2013). Concerning accounting and finances of public administration, this phenomenon has apparently facilitated imitation and transplantation of financial and accounting practices originated by the private sector, fostering the alleged analogy between governmental debt and other securities issued by business enterprises and financial institutions. This view often assumes competition between all and every security on one global financial market, neglecting then the privileged connection between sovereign debt and the monetary base.

Along with the rise of "financialization" since the 1970s or so, governmental debt has increasingly become "the bogeyman" of fiscal policies. Policy advisors, policy-makers, and the *media* have increasingly stigmatized the level and growth of governmental debt, raising the question of its supervision, its limitation, and eventually its reduction, either in absolute terms or relative to the size of the national economy. At the same time, the overall debt outstanding in national economies has been generally expanded, including by debts owed by households and financial institutions.

## Conclusions

Governmental accounting policies involve constitutional political choices between alternative modes of functioning for public administration, since accounting frames and shapes representation and control of public action over economy and society. Governmental financial sustainability and related funding modes ultimately depend on these constitutional choices.

Governmental debt capacity is then rooted in the specific context of public administration, namely, in its redistributive purpose and in the organization of the monetary base.

Concerning the redistributive purpose, the redistributive capacity of public administration is at stake when representation of financial sustainability is to be chosen. Ruling over public finances

should then consider the overarching definition of financial sustainability that each ruling establishes and implements.

Concerning the organization of the monetary base, limiting the issuance of governmental debt raises financial and societal issues related to the "financialization" movement. If this limitation does not reduce overall debt outstanding, every pressure on governmental debt reduction shall result in shifting purchasing power coordination and control from the public to the private sphere of society, reinforcing the centrality of banking and finance in coordinating and controlling economy and society. If it does, governmental debt reduction shall result in deleveraging the overall economy, reducing liquidity of its financial system.

Generally speaking, if governments can use relatively less debt to 'softly' redistribute wealth, compensation of inequality in incomes and fortunes shall be performed through alternative ways. In conclusion, defining governmental debt capacity and its control involves constitutional choices on power distribution in our institutional economic order, not only technicalities about fulfillment of governmental financial obligations over time and circumstances.

Governmental borrowing does not, of course, create legal tender money and still less does it create real goods and services. It is employed to fund transfers and non-market provision of goods and services. It does, therefore, something – it is perhaps easier to see this in the case of expansion of monetary base to finance public expenditure – which, in its economic effects, may lead to the creation of real goods and services that could not have been created without this practice. Social welfare improvement is then not synonymous of absolute or relative reduction of governmental debt.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Accounting Principles
- ▶ Cash Management
- ▶ Financial Analysis
- ▶ New Public Financial Management
- ▶ Public Sector Accounting


## References


Beard TR, McMillin DW (1986) Government budgets and money: how are they related? J Econ Educ 17(2): 107–119

Biondi Y (2012) Should business and non-business accounting be different? A comparative perspective applied to the new French governmental accounting standards. Int J Public Adm 35(9):603–619. https://doi.org/10.1080/01900692.2012.661186

Biondi Y (2013) Hyman Minsky's financial instability hypothesis and the accounting structure of economy. Account Econ Law 3(3):141–166. https://doi.org/10.1515/ael-2013-0045

Biondi Y (2016a) The HM 'Treasure's Island': the application of accruals-based accounting standards in the UK government. Account Europe 13(1):81–102. https://doi.org/10.1080/17449480.2016.1142096

Biondi Y (2016b) Accounting representations of public debt and deficits in European central government accounts: an exploration of anomalies and contradictions. Account Forum (forthcoming). https://doi.org/10.1016/j.accfor.2016.05.003

Buiter WH (2006) Seigniorage. National Bureau of Economic Research, Working paper no w12919

Dabla-Norris E, Kochhar K, Suphaphiphat N, Ricka F, Tsounta E (2015) Causes and consequences of income inequality: a global perspective. International Monetary Fund, Washington, DC

GASB – Governmental Accounting Standards Board (2013) Why governmental accounting and financial reporting is – and should be – different, White Paper, April. http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176156741271

IMF – International Monetary Fund (2014) Revised guidelines for public debt management. Prepared by the staffs of the international monetary fund and the World Bank (March 2014). IMF Policy Paper, April 1st, 2014

Macaulay TB (1848) The history of England from the accession of James II, vol IV. Porter & Coates, Philadelphia [1848/1887?]

McLeay M, Amar, R, Thomas R (2014a) Money creation in the modern economy. Bank of England's Monetary Analysis Directorate, Quarterly Bulletin Q1. Tech Rep, Bank of England

McLeay M, Amar R, Thomas R (2014b) Money in the modern economy: an introduction. Bank of England's Monetary Analysis Directorate, Quarterly Bulletin Q1. Tech Rep, Bank of England

Mishkin FS (2009) The economics of money, banking, and the financial markets, 9th edn. Pearson Prentice Hall

Singh M, Stella P (2012) Money and collateral. IMF working paper, pp 1–21

# Debt Management and Municipal Bond Market, Korea

Il Hwan Chung[1] and Eung Gil Kim[2]
[1]Department of Public Administration, Sungkyunkwan University, Seoul, South Korea
[2]Department of Accounting, SoongSil University, Seoul, South Korea

## Synonyms

Debt financing; Local debt

Financing lumpy capital projects requires a large amount of capital up front, whereas the benefits and the revenue are spread over many years. For such projects, local governments borrow from investors such as banks, capital market funds, and other institutions (Lee et al. 2012). Debt becomes one of the primary revenue sources to finance the infrastructure projects of a municipality. One of the main advantages of using local debt is to increase the intergenerational equity because both current and future taxpayers pay for new highways, for instance, and also benefit from increased transportation coverage. If financing capital projects mostly relies on the current revenue (pay-as-you-go financing method), then current taxpayers would bear the fiscal burden but would share the benefits of infrastructure with future taxpayers. Long-term planning in fiscal operations is feasible through local debt because local managers are able to plan for the future and utilize resources to their full advantage; it also has a positive effect on improving short-term liquidity through the adjustment of the period between taking in revenue and making expenditures. Lastly, local debt encourages the central government to achieve its policy goals through medium-term or long-term government financing, and by serving the function of supplementing the administration's fiscal policy (Mikesell 2013).

This chapter is partly drawn from Chung and Kim (2019).

On the other hand, the utilization of local debt may also have several shortcomings. Local debt can impede the financial health of local governments with the accrued interest and other debt issuance expenses that it entails, such as up-front charges for financial advisory, debt service reserves, bond counsel, and so on. It can also have an impact on increasing the budget of local governments in the following year, which may affect upcoming budgetary concerns and obligations and result in the loss of flexibility in future operating budgets. Finally, the excessive use of local debt can pass on an excessive repayment burden to future generations. To balance benefits and pitfalls of local debt, a growing body of research has documented the role of governments in debt management and municipal bond markets. However, there are relatively few studies focusing on debt management in non-Western countries. Thus, this chapter aims to provide an overview of debt management and the municipal bond market in Korea. Then, it discusses relevant studies on local debt in Korea and concludes with a policy recommendation for these areas.

## History of Local Debt Policy in Korea

The most commonly understood meaning of local debt is debt that is taken on by a local government and paid over multiple fiscal years to the institution, taking on the form of long-term loans (e.g., certificates). In most European countries, local governments secure debt capital through borrowing from banks or financing institutions (Lee et al. 2012). Another mechanism of debt financing is the issuance of bonds, which are commonly referred to as municipal bonds in the USA. According to the *Local Public Finance Act* in Korea, local debt is defined as debt that is taken on by local governments to cover either deficits or finance capital-project construction, and can be financed through either long-term loans or municipal bonds that take the form of securities.

The growth of subnational public debt has contributed to pervasive policy issues for the central government in Korea. Without an effective regulatory framework, subnational borrowing results in

exposure to substantial fiscal issues, such as fiscal stress and debt crises, which threatens the quality of local service delivery and the overall economic stability of a region. In a sense, the Korean government emphasizes the series of policies to control and sets the limit on subnational government borrowing. Regulatory frameworks for subnational debt can be categorized into two parts, such as *ex-ante* control and *ex-post* insolvency mechanisms. The Korean government focuses on *ex-ante* borrowing regulation. For instance, a local government should go through the approval process from the central government in order to finance local debt.

However, a number of scholars contend that the subnational debt policy should not lie in simply prohibiting subnational borrowing only to resolve the subnational insolvency problems because there are substantial benefits of subnational debt (Liu and Waibel 2008). As such, the Korean government introduced the debt ceiling system through amendments in *the Local Government Act*, *the Local Finance Act*, and *the Enforcement Decrees to the Local Finance Act* in 2006, in an effort to revitalize the use of local debt. Its underlying premise is that local governments issue fewer local debt under the approval-by-project system from the central government. In order to stimulate the local debt market, the central government needs to offer more leeway for local governments in choosing to participate in the debt financing market. The main feature of legislation is to set the total amount of local debt, and thus localities can issue any debt within the limit. To this end, a specific process that can be utilized to achieve these goals is as follows: first, local governments are divided into four types on the basis of their financial indicators, such as debt service ratios and debt-to-budget ratios (See Table 1), and then the ratio of issuable total municipal bonds to total revenue sources is granted depending on the four types of local governments (See Table 2). For example, if a local government's debt service ratio is below 7% and its debt-to-budget ratio is below 15%, then it is designated as a Type 1 institution. Larger localities within a Type 1 institution are able to use local debt up to 8% of total revenue.

The ceiling system was amended in 2013 to abolish the categorization by debt level, and set initial ceiling amounts by judging the financial situation of local governments on the basis of the local debt self-issuance ability index and managed debt repayment cost ratio, instead of the debt-to-budget ratios. The legislation also differentiates the possible local debt issuance ratio on the basis of each type of local government, such as special metropolitan areas, provinces, cities, counties, and districts. In addition, the use of urban railway public bonds and regional development public bonds were not included within the scope of the ceiling system, and a separate issuance ceiling was set. Table 3 describes the new total debt ceiling system.

In short, the ceiling system, which was newly amended in 2013, differentiates the ceiling

**Debt Management and Municipal Bond Market, Korea, Table 1** Institution category for total limit system of local debt

| | Type I | Type II | Type III | Type IV |
|---|---|---|---|---|
| Debt service ratio | Below 7% | 7–12% | 12–17% | Above 17% |
| Debt to budget ratio | Below 15% | 15–25% | 25–40% | Above 40% |

Source: Ministry of Interior and Safety (2017). Adapted from Chung and Kim (2019)

**Debt Management and Municipal Bond Market, Korea, Table 2** Total limit system for local debt

| Ratio of local debt to total revenue sources | Type I | Type II | Type III | Type IV |
|---|---|---|---|---|
| Larger localities (*Si* and *Do*) | Below 8% | 6% | 4% | 0% |
| Smaller localities (*Si-Gun-Gu*) | Below 5% | 4% | 3% | 0% |

Source: Ministry of Interior and Safety (2017). Adapted from Chung and Kim (2019)

amount on the basis of the type and financial situation of the local government when it assigns the ceilings to what is utilized by local governments. This system aims to increase the autonomy of local governments in handling local debt.

Descriptive statistics partially support that localities with more independence have been likely to use debt over the last few decades. As of the end of 2016, local debt totaled 26.4 trillion won, of which 22.53 trillion won existed in metropolitan cities and provinces and 3.88 trillion won in local bonds. When local debt balances are divided into the issuance of securities and local loans according to the method of local debt financing, the amount of local loans is 5.97 trillion won (22%), and the securities issuance is 20.47 trillion won (78%). This result is a sharp change over the last few decades, considering that the issuance of securities amounted to 2.84 trillion, which is 15.1% of the total local debt financing in 2000 (See Fig. 1).

## Relevant Studies on Local Debt in Korea

The existing line of studies related to local debt in Korea can be categorized into three types (Kim and Yoon 2009). Early studies were concerned with the determinants of local debt issuance. Pai (2005) examined how the enactment of the local governance system in 1996 as a natural experiment subsequently affected the use of local debt. Using data from 1988 to 2003 in subnational debt, he empirically found that the size and ratio of the local debt decreased after the implementation of the local governance system. In addition, local governments with a large ratio of central government subsidies were shown to have much lower local debt utilization ratios as a result of utilizing this system. It can be implied that since the implementation of the local governance system, local governments are more likely to secure their finances by relying on central government subsidies rather than by issuing local debts. In a similar vein, Pai (2009) also examined

**Debt Management and Municipal Bond Market, Korea, Table 3** Revised total debt limit system

| | | Special *Si* or *Do* | *Do* or *Si* (more than one million population) | *Si* or *Gun* | *Gu* |
|---|---|---|---|---|---|
| Total limit (A + B) | Basic limits (A) | Local debt self-issuance ability index ∗ ratio by each type ∗ total revenue | | | |
| | | 1 − [local debt + BTL charges + (contingent liabilities)/general revenue] | | | |
| | | 10% | 8% | 5% | 2% |
| | Additional limits (B) | Urban railway public bonds + regional development public bonds + loans with restriction | | | |

Source: Ministry of Interior and Safety (2017). Adapted from Chung and Kim (2019)

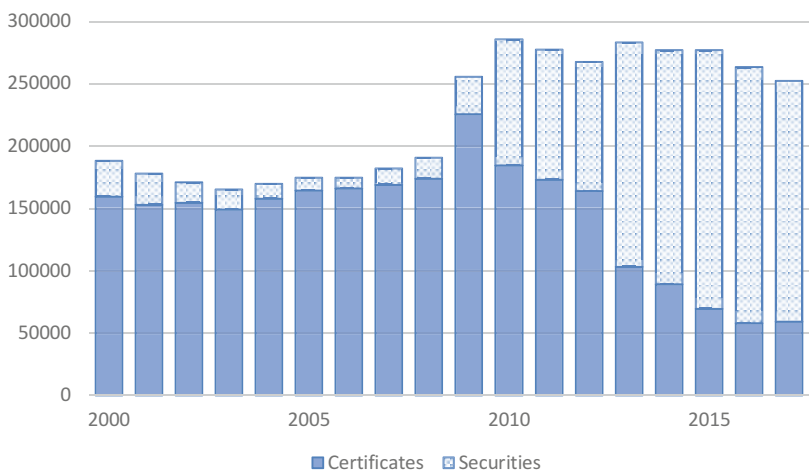


(Unit: 100 million won)

**Debt Management and Municipal Bond Market, Korea, Fig. 1** Time trend of local debt (Unit: 100 million won) (Source: Chung and Kim 2019)

the relationship between the use of central government-dependent financing and the issuance of local debts. The results showed that there was a negative effect between these two variables. Namely, it revealed that the dependence effect was much greater for locally allocated tax grants compared to other government subsidies. In a recent study, Lim and Hong (2012) also explored factors related to the balance of issued local debt, such as population size, size of subsidies, and financial independence levels, and found a positive relationship among these variables. At odds with other studies, Kang (2014) focused on total debt, which included the debt of local governments as well as the debt from local government-run enterprises and the implementation of private-sector investment projects. In that study, he analyzed the effect of socioeconomic, financial, and political factors and found that socioeconomic factors, such as the demand for local economic development and welfare, the existing state of competition, dependent financing factors, and the constituent's political support had a significant influence on the issuance of debt by local governments.

Second, several studies emphasized the local debt issuance system such as the bond issuance law and the local bond ceiling system. For example, Ra and Cho (2008a) examined whether the local bond issuance ceiling system achieved the intended policy effects. The authors pointed out that while the autonomy of local governments in issuing local debt was expanded, the issuance of local debt and its market had not been revitalized as anticipated. The results showed that the bond issuance law was partially in operation due to a lack of long-term low-interest funds, and that the ceiling standards that were presented in the local bond ceiling system were considerably low. In a subsequent study, Ra and Cho (2008b) also looked for ways to improve the local bond ceiling system for the benefit of the municipality. The authors argued that the private capital market needs to play a larger role in subnational finance for the continued revitalization of the local bond market. In doing so, the local government should look for ways to reduce the cost of raising capital, adjust the BIS capital adequacy ratio, and expand the range of local debt. Additionally, they pointed out that credit rating systems should be introduced to cultivate a stable investment environment. In this sense, Lee (2010) compared the local debt issuance systems of Korea and Japan. He pointed out that local governments in Korea have less autonomy over debt issuance compared to Japan. In addition, he argued that local governments issue relatively small local debt in response to the financial demands of the local governments in Korea. In the meantime, Kang (2015) examined the effects of the introduction of the local debt ceiling system in 2006 on the issuance size of local debt. The author empirically studied its effects by examining the period from 2000 to 2004 before its implementation, and from 2008 to 2011 after its implementation. The results showed that there were no statistically significant differences in the amount of local debt issuance before and after the implementation of the local bond ceiling system. This finding revealed that among the various factors related to the issuance of local debt, the levels of fiscal autonomy, development project costs, and debt repayment amounts have a significant impact.

Third, several studies also discussed local debt management practices or the introduction of credit ratings. Kim (2005), for instance, argued that with the securing of local debt issuance autonomy by individual local governments, there is a need for the introduction of credit rating schemes used by credit rating agencies. The author further asserted that a performance evaluation, more comprehensive monitoring of local governments, more efficient allocation of resources, and resolving the information asymmetry issue can all be achieved through the introduction of such a credit rating system.

## Conclusion

The balance between revitalizing local bond markets and regulating the municipal debt market has been one of the salient policy issues in local public

finance. The subnational debt markets in Korea remain small and the larger portion of local debts relies on borrowing from the central government rather than through the private capital bond market. The total limit system for local debt was introduced in this context and was useful in the management of debt by a municipality. However, it still remains to be seen how the ceiling system can be used as an advantage to stimulate municipal bond markets.

## References


Chung IH, Kim EG (2019) Revitalizing municipal bond market: the case of total bond limits system. Korean Governmental Accounting Review 17(1):175–195

Kang YH (2014) An analysis of determinants of the local governmental gross debts in Korea. J Local Gov Stud 26(3):153–172

Kang YH (2015) An analysis of the effect of the local bond ceiling system on local bond issuance in Korea. J Local Gov Stud 18(4):189–206

Kim DW (2005) A study on the introduction of local bond credit rating agency system through capital market. Korean Policy Sci Rev 9(1):169–187

Kim MJ, Yoon SS (2009). The new institutional analysis of the changes in the issued local debts in Korea 21(2): 79–99

Lee HW (2010) The current status and improvement direction of local bond system. Korean Assoc Local Financ:121–148

Lee RD, Johnson RW, Joyce PG (2012) Public budgeting systems. Jones & Bartlett Publishers, Burlington

Lim SI, Hong SB (2012) Analyzing the determinants of local borrowings in Korea. Korea J Local Public Financ 17(2):83–106

Liu L, Waibel M (2008) Subnational borrowing, insolvency, and regulation. In: Shar AM (ed) Macro federalism and local finance. World Bank, Washington

Mikesell J (2013) Fiscal administration. Cengage Learning, Boston

Ministry of Interior and Safety (2017) A criteria for issuing local bonds

Pai IM (2005) The effect of implementation of local autonomy on the activation of local debt. Korean J Public Adm 14(4):123–145

Pai IM (2009) The effect of Grants on the municipal debt financing. Korea J Local Public Financ 14(4):133–158

Ra HM, Cho KH (2008a) A study on the effect analysis and development strategies of the local bond system. Korean Soc Public Adm 19(3):103–121

Ra HM, Cho KH (2008b) A study on the development of the local bond system. Korean Policy Sci Rev 12(3):175–199


# Debureaucratization of Power in Nigeria


Samuel Sunday Idowu[1], Jide Ibietan[1] and Segun Joshua[2]

[1]Department of Political Science and International Relations, Covenant University, Ota, Nigeria

[2]Kola Daisi University, Ibadan, Nigeria


D

## Synonyms

Commercialization; Cut-back management; Electricity; Energy; Managerialism; New Public Management; Nigeria; Privatization; Reforms

## Definitions

| | |
|---|---|
| Debureaucratization | A complex set of reforms in the public sector, bringing changes especially to the ownership and management of public enterprises. |
| Power | The source of electrical energy used for socio-economic development. |

## Introduction

Electricity is a major source of power, a critical infrastructure that is strategic to a nation's socio-economic development. Therefore, this provides a rationale for most government involvement in its ownership or management. In Nigeria, the Federal Government (FG) merged Electricity Company of Nigeria (ECN) and Niger Dams Authority (both were established to distribute and generate power respectively before independence in 1960) to establish National Electric Power Authority (NEPA) with the task of producing and distributing electricity (Tinuoye 2017).

However, NEPA's inability to live to its responsibility of meeting customers' (household and

commercial) electricity demands sparked criticism from stakeholders. Ajumogobia and Okeke (2015) identified various challenges to the delivery of quality service such as: inadequate power generation, low connection rate, inefficient usage of capacity, limited access to infrastructure, insufficient transmission, and distribution facilities, among others. Meanwhile, many of the public service reform commissions set up by FG to review public service efficiency suggested the following options: merger, downsizing, privatization, or commercialization of public enterprises. Thus, debureaucratization, an omnibus concept, depicting incremental changes to fast-changing post-industrial society in public administration occasioned by an ideological shift from monistic to pluralism perspectives or closed to open systems, and technological progress (Argyriades 2010), of the power sector was considered a veritable option, specifically, privatization.

It becomes imperative that government had to opt for NEPA privatization, especially after its initial commercialization in 1989 made negligible impact on effective and efficient service delivery to its increasing customers. Hence, the Power Sector Reform Bill (PSRB) was initiated and signed into law in 2005 under President Obasanjo's administration. This was done with the intent of ending NEPA's monopolistic operation and providing a legal framework for the reform in a non-competitive market, in order to ensure efficient and effective power sector Consequently, the bill enabled participation of the private sector in the generation, transmission, and distribution of electricity while floating the Power Holding Company of Nigeria (PHCN) as successor to NEPA with provision for its unbundling into eleven distribution companies (DISCOs), six generating companies (GENCOs), and one transmission company (TCN), and establishing National Electricity Regulatory Commission (NERC) as the sector's overseer alongside Nigerian Bulk Electricity Trading Plc (NBET) serving as bulk buyer/intermediary between the GENCOs and DISCOs (Enoche et al. 2015).

Therefore, this entry's central objective is to offer insights into the structural composition of the Nigeria's power sector reform; examine the reform's theoretical underpinning; and descriptively analyze the post-reform experience upon which the current position of the sector's reform is anchored.

## Underpinning Theory

Privatization is a concept that has metamorphosed to acquiring a theoretical status currently due to its increasing popularity, acceptance, and application by many countries as a public sector reform instrument. This begins from the 1970s after the United Kingdom (UK) and United States of America (USA) adopted, and championed its global promotion. Privatization theory is pivoted on liberal economy tenets, notably, a total disengagement of the public interest for active involvement of private firms in a country's production and service industries, and government active facilitator's role in the economic management. This emphasizes the promotion of effective and efficient service and productivity if employed by a state predicated on a liberalized operating environment (Muogbo 2013).

The anticipated improved performance of the public enterprise via privatization informed its choice for Nigeria's electricity sector's reform, and the altruistic and faithful implementation of the reform implies that the lackluster performance of NEPA would become history. However, by and large, the essence of privatization policy as a prime among other tools of New Public Management (NPM) in Nigeria has not yielded the desirable results (Ibietan 2019). While the post-privatization performance of the power sector is a subject of debate among scholars, stakeholders, and operators, the submission seems to reflect the picture of its current position, especially based on a cross-country performance comparison. The next section highlights the structure and features of the power sector reform in Nigeria.

## Structure and Features of the Power Sector Reform in Nigeria

The unbundling of NEPA's into 18 units characterized by 11 DISCOs and 6 GENCOs with the

TCN operating under a management contract agreement, "described as one of the boldest initiatives globally" (Tinuoye 2017, p. 2). The distribution companies are Abuja, Benin, Ikeja, Eko, Ibadan, Enugu, Jos, Kano, Portharcourt, Kaduna, and Yola, while the generating companies consist of Egbin, Kainji/jebba, Shiroro, Sapele, Geregu, and Afam, and the TCN was initially managed by Manitoba Hydro International (MHI) but was reverted to the government in 2016 after the expiration of the contract without stating any clear-cut basis. Moreover, it is important to note that a DISCO covers an average of three states within the country, except Eko and Ikeja, that operate within Lagos State with extension to adjoining cities in the neighboring Ogun State. Of the six GENCOs, only Kainji/Jeibba and Shiroro are hydro-power stations but others generate electricity through gas thermal technology with Egbin having the highest installed capacity of 1320 MW (Tinuoye 2017).

Furthermore, the size of the country largely accounted for the adoption of a horizontal unpacking separating the DISCOs and GENCOs into the regional operational bases, differing markedly from what is obtainable in other African countries. As such, the structural and institutional designs are tailored to meeting the vast space and high population features of Nigeria. Also, to increase power supply, the PSRB provides for government's establishment of National Integrated Power Projects (NIPP), and Independent Power Producers (IPP), owned and managed by the private power generating firms to complement the GENCOs' capacity (Okafor et al. 2015). In this sense, aside from increasing the generation capacity, the participation of the IPPs is also a strong indication of the existence of a liberalization regime affording competition in the sector, to some extent.

It is also interesting to note that though the overarching objective of the power sector privatization is to achieve maximum efficiency in the sector's value chain, the measure equally generated revenue for the government. This was coordinated by the National Council on Privatization (NCP) that warehoused the privatization exercise, while the Bureau for Public Enterprises (BPE) discharged administrative duties. However, since 2013 that the private companies took charge of the DISCOs and GENCOs operations, and noting that government retains 40% and 20% ownership shares, respectively, service delivery is still low and continue to ebb, with complains and criticism being unleashed on both the government and power sector operators, most especially, the DISCOs interfacing with the electricity end-users. This calls for urgent and more robust actions or strategy for effective reform outcomes.

## The Post-reform Experience

The power sector is naturally interdependent and runs on the network of a tripod, namely: generation, transmission, and distribution. This systemic operation makes disruption at a point to interrupt the effectiveness of the other binary. In other words, an increase in the power generation without a commensurate capacity for wheeling would not only make the energy wasted (because it cannot be conserved), but also deprive the distribution end of electricity for the customers. Therefore, it is difficult to isolate the consequential effects of the challenges at any of the treble value chain from one another.

Although, the entrance of the private investors in the generation and distribution ends have raised the sense of responsibility to customers, unlike the pre-reform era characterized by negligence of duty and other bureau pathologies that exacerbated poor service delivery, there are ticklish and unabating issues highlighted in this issue and proactive measures canvassed to redress the palpable state of affairs through a more effective power sector reform.

## Operators' Capacity

It is noteworthy that the power sector is capital intensive. However, the reform is yet to provide lasting solutions to the challenges of the huge cost of generation, weak transmission, and efficient distribution according to Enoche et al. (2015).

Implicitly, the new operators are yet to manifestly display financial adequacy, managerial and technical capabilities required to optimize the facilities bequeathed to them for improved service delivery. Additionally, the "legacy debt" (debt of the government Ministries, Department, and Agencies (MDAs)) to DISCOs worsen their illiquidity, making the DISCOs to continually clamor for government's funding support despite the Central Bank of Nigeria (CBN) intervention fund received in 2016. The criticism by civil society organization on government subsidy to private firms, and government's justification of its action as necessary to stabilize the sector, are quite illuminating here, even as NERC threatens to cancel eight DISCOs licenses due to 30.1 billion debts to NBET (Simon 2019), are poignant evidences of the shortcomings of the power sector reform.

A related study shows that customers' assessment of some DISCOs using the electricity supply, load shedding, pricing/metering, response to customers, and coverage area indices affirms gross underperformance (Idowu et al. 2019). Hence, it is instructive that a collaborative synergy of resources and efforts between the government and new managers of the sector to recalibrate the processes leading to enhanced performance is urgently required.

Similarly, the current level of technical losses to electricity generation via differences between the installed and generation capacity; loss to distance in the course of power transmission; and theft by customers at the distribution end demand a review to minimize its adverse effects on the network. Furthermore, the national grid system appears to be a burden on the efficiency drive of the value chain. Tinuoye (2017, p. 4) posits that in Nigeria, 90% of electricity output is supplied through the national grid. The negative consequences of this on the national life can be colossal in the event of grid collapse or hitches. Thus, alternative grid methods such as mini-grid or off-grid system are imperative to, first, minimize chances of national power outage and, second, entrench some degree of stability in the power network.

## Regulatory Environment

The regulatory environment is a crucial and irreducible requirement for the operation of electricity business, more importantly in a liberalized regime. NERC is empowered by ESPRA to regulate the sector operators, protect customers, mediate between the DISCOs and customers, and between operators, and ensure fairness to all stakeholders. Nonetheless, with the prevalence of estimated billing system inflating the cost of energy consumed by customers to the advantage of the DISCOs, and recorded cases of energy pilfering, bypassing of meters, and similar indecent practices by customers, the business environment can be said to be poorly regulated. To inject sanity into the sector, NERC needs to improve its supervisory role and be more proactive in attending to stakeholders concerns, more importantly by making customers' access to prepaid meters and ensuring that punishment for infractions are strong to act as deterrent to real and potential offenders.

## Political Considerations

The conflict between the national and individual or sectional interests is an albatross to transparency, credibility, and sanctity of both the pre- and post-privatization process and management, respectively. This is typified by overbearing influence of political considerations in the decision making before the unpacking of the electricity sector and post-reform regimes, observed and lampooned by the civil society groups, interest groups, and some of the citizens. For instance, the liberal precept of market determination of electricity price in the post-privatization era is restrained because the government regulate retail price, making the tariff to be lower than the economic reality. Consequently, the non-economic reflective price is characterized by poor return on investment for the private operators, specifically, the DISCOs.

As a corollary, political considerations and graft tendencies of political leaders and

bureaucrats account for the non-transparency of the bidding and award processes of DISCOs and GENCOs, manipulations of rules and disregard for extant laws, prevalence of inexperienced operators in the power sector, and Bureau of Public Enterprises' (BPE) permission to defer payments and manipulation of payment terms, contravening the bidding rules to the disadvantage of co-bidders (Socio-Economic Right and Accountability Project (SERAP) 2017) are emblematic of the reform process. In light of this, it is discernible that the pre-reform trajectory largely accounts for the current weak position, and contributes (to some extent) to the post-privatization poor regulatory environment.

## Conclusion

This entry highlights the debureaucratization of the power sector in Nigeria. The failure of NEPA as a public enterprise to effectively provide quality power supply to the residential and commercial customers not only attracted criticism but impacted negatively the nation's social and economic development. Thus, privatization of the power sector value chain was considered as panacea to epileptic electricity supply. This step led to the private ownership and management of the 6 GENCOs and 11 DISCOs in 2015 while TCN operates under a management contract until 2016 when it expired making the FG to regain its management. This was accomplished with the aid of the PSRB act that provides the legal framework, the establishment of NERC as the sector's regulator, and NIPP and IPP to complement the generation capacity of the GENCOs. It is noted that while the reform raised the current operators' sense of responsibility, the systemic failure of the value chain circumscribed optimum performance.

Moreover, the post-reform analyses reveal the sector's inadequacies, jeopardizing effective, and efficient network functioning. The GENCOs and DISCOs' financial, technical, and management incapacity as private entities conjoin to adversely affect stable electricity experience by customers. And, the GENCOs, TCN, and DISCOs inability to minimize their technical losses further aggravates their technical deficit, while the inability of NERC in curbing the prevalence of estimated billing system with the provision of pre-paid meters, and bringing to the barest minimum the unwholesome behaviors of consumers, compounded the operators' challenges, presenting the regulatory environment as uncertain and deprived stakeholders' of confidence. Also, undue politicization in the pre- and post-privatization regimes resulted in the emergence of inexperienced bidders and unsound management decisions, respectively. The culmination of these deficiencies is poor service delivery by the network operators manifesting in the current poor quality power supply to consumers.

## Cross-References

▶ Administrative Reform
▶ New Public Management

## References

Ajumogobia HO, Okeke CN (2015) Nigerian energy sector: legal and regulatory overview. Retrieved November 15, 2017 from www.ajumogobia Okeke.com/assets/media/16545aded4/ecbbbb7e4519771e/d.pdf

Argyriades D (2010) From bureaucracy to debureaucratisation? Public Organ Rev 10:275. https://doi.org/10.1007/s11115-010-0136-1

Enoche UP, Egware HO, Eyakanor TO (2015) The Nigeria electric power sector (opportunities and challenges). J Multidiscip Eng Sci Technol (JMEST) 2(4):494–502

Ibietan J (2019) Oscillation of the public administration paradigms and the management of public service in Nigeria: trajectory and lessons. Estonian J Adm Cult Digit Gov 19(2):81–105

Idowu SS, Ibietan J, Olukotun A (2019) Privatization of power sector in Nigeria: an evaluation of Ibadan and Ikeja electricity distribution companies performance. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1672183

Muogbo US (2013) Impact of privatization on corporate performance: a study of selected industries in Nigeria. Int J Humanit Soc Sci Invent 2(7):81–89

Okafor TG, Onodi BE, Onyali IC (2015) The effect of control measures in the power sector reforms on electricity development in Nigeria. Int J Acad Res Bus Soc Sci 5(8):297–312

D

Simon ES (2019) 30.1 billion Debt: F.G to Cancel Abuja, Kaduna, Kano, Ikeja, Four DISCOs' Licenses. Retrieved October 17, 2019 from https://www.dailytrust.com.ng/n30-1bn-debt-fg-to-cancel-abuja-kadunakanoikeja-four-discos-licenses.html

Socio-Economic Rights and Accountability Project (SERAP) (2017) From darkness to darkness: how Nigerians are paying the price for corruption in the electricity sector. Retrieved October 20, 2018 from http://serap-nigeria.org/wp-content/upload/2017/08

Tinuoye K (2017) Nigerian power sector report: is there light at the end of the tunnel? Retrieved July 20, 2018 from www.unitedcapitalpicgroup.com

## Decentralization and Citizens' Participation in Local Governance

Vincent Ekow Arkorful[1], Benjamin Kweku Lugu[2], Anastasia Hammond[3] and Ibrahim Basiru[2]
[1]Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong
[2]School of Management, University of Science and Technology of China, Hefei, Anhui, China
[3]Department of Psychology, University of Ghana, Legon, Accra, Ghana

### Synonyms

Citizens' participation; Decentralized agencies; Ghana; Institutional trust and transparency; Local governance

### Definition

Decentralization refers to the transfer of administrative, planning, management, and resource generation responsibilities from a central superordinate government authority to subordinate government and nongovernment agencies.

### Introduction

Generally, governance in Africa has undergone a monumental sea change since the initiation of democratic reforms by western governments and their ancillary international organizations, principally led by the World Bank. Part of the reformation process culminated in the widespread adoption and subsequent implementation of decentralization in many developing and transition countries. The benefits thereof essentially opened a germane space for constitutional consolidation that did not only guarantee but also contributed to trimming the edges of cooperate undertakings as far as institutional, constitutional, and overall governance is concerned. Because this has been the case, it became a de rigueur for countries to conform to certain quality governance standards (Crawford 2004) – one favorably inclined toward the plane of an all-inclusive participatory governance.

Ensuingly, decentralization has become an emblematic constituent of governance in various countries, including those with solvent and insolvent leadership structures, leftist, rightist, or centrist, as well as others with wavering civil society structures (Conyers 2007). With the coming into vogue of decentralization, it has gained the recognition as a reliably sustainable conduit to push through the vision of state reconstruction in many countries. As a consequence, post Ghana's emergence from the Provisional National Defence Council (PNDC) military rule under the leadership of then Flight Lieutenant Jerry John Rawlings (in the 1970s and 1980s), the transition leadership constituted to shepherd the nation to safety prioritized the enactment of a comprehensive decentralization program – as part of a broader road map to rooting democracy.

Precisely, the tone for decentralization was set via the passage of the PNDC Law 207 of 1988. Consistent with the political philosophy and vision of the then PNDC-led government, the overarching focus of the PNDC Law 207 was to extend power to the people while bringing democracy to their doorsteps (Ayee 2008). With the coming into being of the 1992 constitution of Ghana, and the Local Government Act 1993 (Act 462), the PNDC law on decentralization received an impetus. Though these constitutional arrangements laid the foundation for a broader stakeholder engagement in the governance process, it also catapulted into prominence the need to incept appropriate mechanisms that would

foster the extension of opportunities for people's participation at the various rungs of governance – as enshrined in Article 35, paragraph 6 *(d)* under the Directive Principles of State Policy of the 1992 constitution.

Proponents of decentralization have overtime emphasized on the overarching potency of the governance system to effectively and efficiently facilitate governance reinvention while propelling development in its multifaceted dimensions. A perusal of literature on decentralization underscores the concept as an enhancer of participation (Ahmad et al. 2005; Kauzya 2007; Blair 2000; Mohammed 2016; Michels 2011). Among other things, decentralization is touted as a reliable pathway to delivering public goods to populations, more particularly those of under-resourced provenance. At the same time, decentralization is acknowledged as a control valve for entrenching localized democracy, by way of pulling local citizens into the decision-making framework (Bawole 2017).

Moreover, Jutting et al. (2005) further posit that the active participation of the local people in the decision-making process will not only help expedite the reduction of poverty but also help in empowering the local people in diverse ways that will help them take their social, political, and economic destiny into their own hands. Katsiaouni (2003) also accentuates that by virtue of local people's involvement in the governance process, they are likely to develop a sense of system ownership, on the basis of which strong partnership could be forged between decentralized institutions and local people. This situation could further provide an anvil to forge a strong relationship driven by transparency, accountability, and trust (Bawole 2017).

However, notwithstanding the anticipated efficacy and benefits of decentralization, Crawford (2008) avers that dividends accrued from decentralization in developing countries have been unappealing and unsatisfactory. Part of the diagnosis of the malaise sharply brings into focus issues bordering on a dearth of institutional incapacity, corruption and patronage, fragile local accountability, and institutional opacity, among others. Against this backdrop, Bawole (2017) illuminates on the widespread and deep-seated mistrust among local people who perceive of local government system as a façade incepted and employed by elite government functionaries to plunder locally generated and/or allocated resources.

In this vein, Crawford (2008) and Bawole (2017) further not only bemoan the paucity of transparency and trust relative to local citizens' participation in decentralization but also expressed worry about the debilitating ramifications that such nagging undertones may engender – thereby posing substantial jettisoning threat to the noble purpose for which decentralization (as a special-purpose policy development machinery) is commissioned.

On this premise, our study sets out to empirically interrogate the pertinence of transparency and trust in decentralization and people's participation in the governance process. To the best of the knowledge of the authors, this is the first empirical investigation to be conducted in Ghana. Interrogating trust and transparency factors within the context of decentralization would contribute to building a robust research foundation and further aid in furnishing policy makers with sufficient pointers on factors that could contribute to strengthening governance, particularly at the local level. The remaining parts of the entry are segmented as follows. The next section discourses on literature review. This is followed by a treatise on Ghana's decentralized system structure. Subsequent section captures the theoretical underpinning and hypotheses of the study and methodology. This is followed by the discourse on results and practical and theoretical implications of the study. Finally, the study concludes by delineating the limitations and future research prospects.

## Literature Review

The efficient grinding of the wheels of constitutional reforms in developing countries ably ensconced political pluralism and also widened the political space for a broad-based political participation. With decentralization as the newly propagated political doctrine, in addition to participatory governance becoming an entrenched

feature of modern political administration, it also assumed the fad of a much bandied around vogue that caught the fascination of development stakeholders alike. In the views of the World Bank (2000), the existence of a mechanism in the shape and form of decentralization provides a forum for participation while hastening development (Ayee 2013).

Apparently, the existence of a decentralized development-driven framework appears to be steeped in the web of opinion divergence and incoherence. To this end, there is a dearth of uniformity. Whereas decentralization has been result-oriented in some countries, the reverse is however the case in most developing countries (Blair 2000; Baganda 2007; Crawford 2008). Inkoom (2011) shares the view that despite the comprehensive decentralized structures in Ghana, gains are yet to be realized as the decentralized process has not sufficiently enhanced or guaranteed expected results.

Enthrallingly, a significant amount of study on decentralization has been conducted in Ghana over the years. Inkoom (2011) for instance investigates the nature, processes, financing, and operationalization of decentralization in Ghana after two decades of implementation. Debrah (2014) also probes the politics of decentralization in Ghana's Fourth Republic. Specifying how decentralization has promoted popular participation and boosted local level autonomy in terms of decision-making, the study notes deficits such as mistrust, fund disbursements, and revenue generation ambiguities.

In another study spanning a space of five districts in Ghana, Mohammed (2016) investigates decentralization and participation, and revealed systemic structural shortfalls relative to participation, which has precipitated perceptions of exclusion. Bawole (2017) in a seminal inquiry into the potency of deploying decentralization as a poverty alleviation mechanism among other things revealed a confluence of factors including, but not limited to, resource constraints, dearth of collaborating state actors, and apathy of citizens as factors that have malnourished the gains of decentralization. These findings of these studies raise a plethora of issues bordering on decentralization drivers and local people participation – primarily anchored on trust and transparency. This observation actually constitutes the motivation to conduct an empirical investigation into decentralization and people's participation, taking into account cognizance, trust, and transparency.

## Structure of Ghana's Decentralization System

Historically, Ghana's local government system could be traced to the pre-independence era when governance of the native people was administered through the British indirect rule system. Governance under this system subsisted on native administrative structures helmed by traditional leaders from backgrounds of royalties (ILGS 2006). The local governance system since then has undergone phenomenal structural transitions – legal and constitutional. Emblematic of these remains the PNDC Local Government Law 207, Legislative Instrument (LI) 1589. Future landmark constitutional arrangements evidenced through the promulgation of the 1992 constitution of Ghana, Article 240 of Chapter 20, contributed to casting local governance in steel strength.

Ghana's constitution provides for a structure composed of national, regional, metropolitan, municipal, and district assemblies and subdistrict structures (Fig. 1). By composition, the metropolitan, municipal, and district assemblies (MMDAs) are composed of 70% members elected through universal adult suffrage. The remaining 30% are nominees of the incumbent president. The MMDAs are helmed by a chief executive whose nomination by the president is subject to the approval of 2/3 majority of the members of the MMDAs through voting (Ayee 2013).

Beneath the MMDAs lie the subdistrict structures operating at three distinct but interrelated structural levels. The metropolitan assembly level is segmented into sub-metropolitan district councils. Second are the urban councils, carved for jurisdictions with populations greater than 15, 000. The last is the nonelected body – town

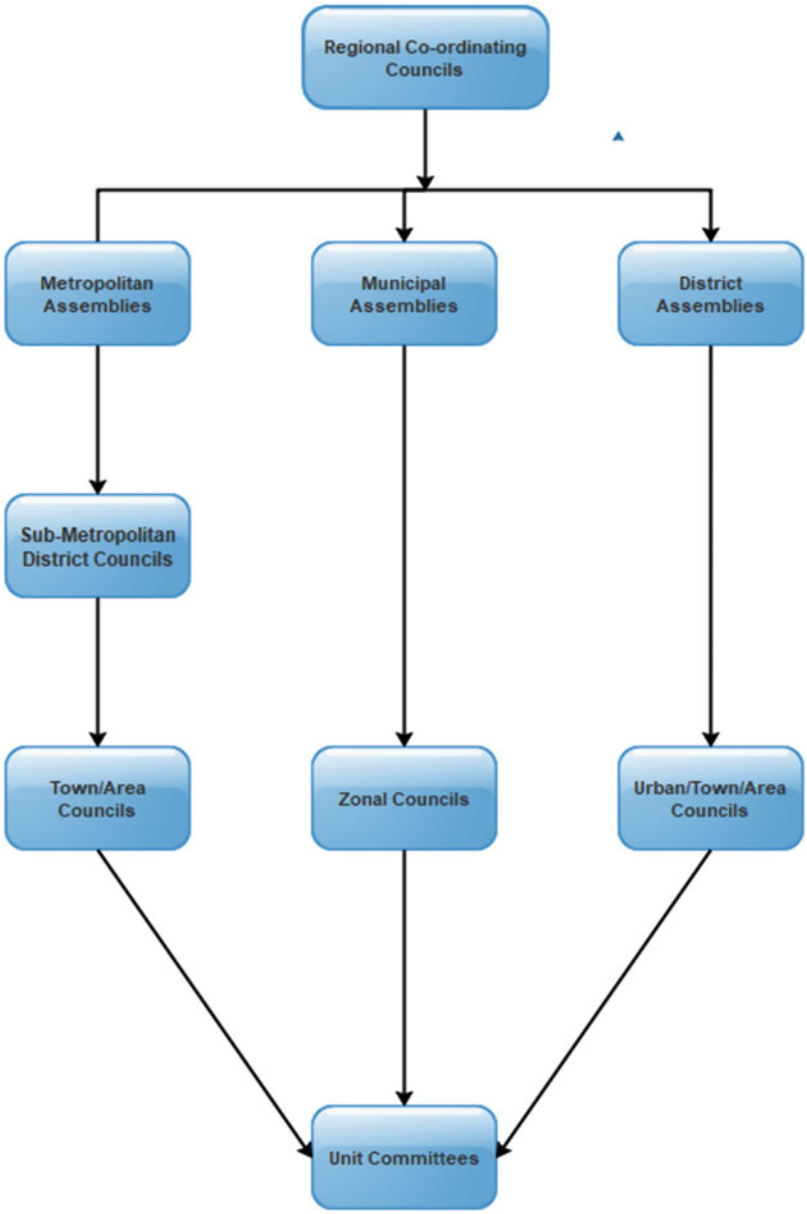


**Decentralization and Citizens' Participation in Local Governance, Fig. 1** Local government structure in Ghana

councils – specifically for areas with populations ranging between 5000 and 15,000. These councils are made up of district assemblies and unit committee representatives of the metropolitan, municipal, and district chief executives. In these structures, the most vibrant and robust are the MMDAs who are vested with overwhelming political and administrative powers to act as local government representatives at the local levels (Gyimah-Boadi 2009). Among other functions, they are constitutionally mandated under Section 10 *(5) of Act 462* of the Local Government Act to coordinate and execute district development plans and other development initiatives led by government ministries, departments, agencies, and other development partners including non-governmental organizations. As posited by Gyimah-Boadi (2009), they also have extensive responsibilities to not only control public services but also make policy decisions.

## Theoretical Underpinning of the Study

The theory of decentralization is touted as a reformative political and administrative tool capable of forging an all-inclusive participation so far as governance is concerned. As one of the cardinal ubiquitous governance theories, it has been variously, altogether, broadly conceptualized. In the views of Rondinelli and Cheema (1983), decentralization refers to the transfer of decision-making or administrative authority from a superordinate central government to its field constituents, local administrative units, semiautonomous and other parastatal entities, and local government or nongovernmental organizations. This definition captures decentralization as not only a single thread that weaves through variants of structures but also presents the system as a well-architectured and efficiently coordinated network that integrates diverse structures into a homogenous entity.

Unpacking decentralization leaves us with a tripod of concepts converging around political, administrative, and fiscal. Whereas political decentralization refers to the transfer of political powers to semiautonomous bodies for political decision-making purposes like legislation, administrative decentralization on the other hand refers to the transfer of powers to subordinate entities for administrative purposes including, but not limited to, human resource recruitment. Finally, fiscal decentralization is used in reference to the designation of autonomous powers for revenue generation and control (Tang and Huhe 2016).

These strands of decentralization are essentially initiated for the purposes of making government responsive to the needs of grassroots people and, at the same time, create a viable atmosphere for their involvement in the decision-making process (Sewell and Coppock 1977; Midgley 1986; Tosun 2000; Mohammed 2016). Participation of the people in the decision-making process in Africa is reported to be impoverished. Tosun (2000) and Mohammed (2016) ascribe the situation to local people's feeling of alienation. Other reasons advanced to illuminate on the participation deficit include regime uncertainty (Ohemeng 2005; Edigheji 2008), patronage, and coercion (Mhone 2003).

It is in view of the need to enhance participation that decentralization is touted and implemented. However, years of experimentation are yet to corroborate this generalization (Van de Walle 2003; Francis and James 2003). In a study attempting to synthesize disparate strands of factors weakening the structural efficacy of decentralization structures, Porumbescu (2015) excavates issues of "closures" and concludes on the need for openness to strengthen participation in decentralization. From the foregoing, the study argues that trust and transparency could strengthen citizens' relationship with decentralized agencies and further their participation in the decision-making process.

## Hypothesis Development

The study proposes nine (9) hypotheses. Six (6) of these hypotheses are delineating causal relationships, while the other three (3) are with significant bearings on the mediating roles of trust and transparency on the relationship between decentralization and local people's participation in local governance affairs.

## Decentralization and Participation

The proximate reason for the overwhelming touting of decentralization is predicated on its utility to grant citizens a considerable role and space in decisions pertaining to their welfare. This is ensured through the recognition of the roles of the local people in articulating needs, also ensuring that the design and provision of same are responsive to their sociocultural peculiarities. The people-centered nature of decentralization, inclined toward a broader stakeholder engagement in the decision-making process, helps in empowering local people (Blair 2000) which contributes to augmenting their appreciation of the governance process. Furthermore, the recognition offered them, and their opinion in the decision-making process imbibes them with a sense of recognition within the governance structure. Given this situation,

their sense of commitment to the governance process becomes elevated, thereby enhancing participation. In view of this, the study hypothesizes that:

**H1**: Decentralization has a significant positive relationship with local people's participation in local governance.

Moreover, given the participation of the local people in the day-to-day local governance process, they end up becoming integral partners and/or stakeholders. Explicitly, instituting and entrenching practical measures such as ensuring information transmission from councilors to electorates, promoting the regularity of councilor-electorate meetings, and the subsequent exchange of ideas between institutions and the local people could go a long way to strengthen the decentralization process (Bawole 2017). By extension, it is imperative to state that this may enhance their understanding of government undertakings. A fair understanding of these processes could help in curing local people's perception of fiscal and administrative opacity surrounding the engagements of local authorities in developing countries, particularly Ghana (Debrah 2014). Contextualizing the discourse, our study posits that efforts toward governance reforms targeted at either initiating or strengthening local governance should prioritize transparency. Transparency would further entrench trust between the local people and the subnational government structures. The prevalence of trust would in turn help in boosting cooperation, which is germane for pursuing socioeconomic developments. In view of the foregoing discourse, the study hypothesizes the following:

**H2**: There is a significant positive relationship between decentralization and transparency such that an appreciable dosage of transparency will enhance decentralization.

**H3**: There is a significant positive relationship between decentralization and trust such that an increase in local people trust in decentralized system will enhance decentralization.

## Transparency

One of the much often referenced debate in pursuit of institutional reforms in developing countries has been the clarion call for transparency. Essentially, the tenets of transparency, among other things, seek to advance institutional diligence, effectiveness, and efficiency (Grimmelikhuijsen and Meijer 2014), in furtherance of collaborative governance (Sørensen and Torfing 2012). Transparency denotes the extent at which stakeholders are accorded frequent access, relative to the operations of public organizations (Meijer 2013). Transparency enhances decision-making and understanding (Pina et al., 2007), while building up citizens' understanding. Transparency entrenches institutional responsiveness and trustworthiness (Goetz and Jenkins 2001; Porumbescu et al. 2015). The advocacy of transparency has led to the development of several frameworks including the four-dimensional frameworks of Cucciniello and Nasi (2014).

The first dimension of this framework is the institutional (disclosure of public organization information). The second dimension is the political (i.e., information about political representation), third financial (i.e., disclosures about financial resources allocated), and fourth service delivery (i.e., how local government delivers public service). Another framework presents three components (Grimmelikhuijsen 2012) including decision-making transparency (i.e., stakeholders' access to policy decisions); policy transparency (i.e., how adopted policies intend to address issues); and policy outcome transparency (i.e., provision of information detailing the actual policy impacts).

Though studies (O'Neill 2002; Prat 2005; Porumbescu and Im 2015) have confirmed the adverse effects of transparency, it would not be out of place or, perhaps, hyperbolic to emphasize its relevance in influencing peoples trust and participation in local governance. Im et al. (2013) confirm the utility of transparency to organizational efficacy. Moreover, in addition to transparency enhancing stakeholder trust (Porumbescu 2016), it also embeds a favorable public perception of value for state institutions. Replicating this

logic within the context of local governance, it could be generalized that transparency could boost citizens' participation. Moreover, a more positive perception with regard to transparency could also amplify stakeholder trust. From the foregoing discourse, the following hypothesis is proposed:

**H4**: Transparency in decentralization has a significant positive impact on local people's participation in the local governance.
**H5**: Transparency in decentralization has a significant positive impact on local people's trust in local governance.

## Trust

Trust has been established within social science discourses as a significant influencer of people in decision-making processes. Despite the various applications of trust in diverse disciplines, its fundamental interpretation reinforces the notion of a psychological measure or judgment of honesty in relations to an individual, group of individuals, or organization (Tschannen-Moran and Hoy 2000; Rawlins 2008). Porumbescu (2016) is of the strong view that transparency in local government engenders trust among stakeholders. This confirms the significance of trust in local governance affairs. From another study in South Korea, Park and Blenkinsopp (2011) corroborate the relevance of citizens' trust on stakeholder satisfaction. A careful consideration of these studies indicates the centrality of trust in diverse areas of organizational setup. In view of these prior studies, the same logic is replicated, and as such, the following hypothesis is proposed:

**H6**: Trust has a significant positive impact on local people's participation.
**H7**: Transparency has a significant mediating effect on the relationship between decentralization and local people's participation in the local governance.
**H8**: Trust has a significant mediating effect on the relationship between decentralization and local people's participation in the local governance.
**H9**: **Transparency and trust have a** significant mediating effect on the relationship between decentralization and local people's participation in the local governance.

## Research Methodology

### Sample and Data Collection

The research employed a questionnaire-based approach to elicit data to investigate the discourse of trust and transparency in decentralization and local people's participation in local government. With recourse to literature, a questionnaire was designed. Considering the research objective, using convenient sampling technique, data was drawn. To this end, the survey method anchored on the structural equation modeling (SEM) technique was employed. The survey method was preferred to interview and experiment because it helps to predict behavior and association between constructs (Newsted et al. 1998). With reference to prior studies, constructs and their various indicators were adapted. They were further refined to suit the study context. Our study population sampled in Ghana was composed of residents in metropolitan, municipal, and district assemblies across Ghana. The selection of the study areas was based on the recommendations of a government regulatory authority with local government working relations. Prior to data collection, the study designed questionnaires which were reviewed and modified by four expert professors who helped to enhance its clarity and comprehension. Prior to data collection, a pilot study was conducted with 50 respondents, and the outcome was satisfactory. The results of this pilot were however not included in the final data. Data collection from 10/12/2019 to 15/03/2020 issued 400 questionnaires to respondents. In the end, the study gathered 375 responses, representing 94% response rate. After removing questionnaires with incomplete responses, 338 useable questionnaires remained. To increase responses, the research team made follow-up calls as a reminder. And to avoid biases in responses, respondents were not offered any incentive. Given that sample data were elicited from different areas, Chi-square

test and t-test were conducted to test differences between study samples (Armstrong and Overton 1977). The results suggested no significant differences. The sociodemographic composition of our study sample is presented in Table 1. The research ensured anonymity of respondent's information. Also, respondents were assured that information provided was for academic purposes only.

## Measures

Our study was composed of sixteen (16) questions disseminated over four (4) constructs. The scales and instruments employed for the study were adapted from prior literature that had established their respective reliability and validity within the study domain. Study items were measured with multiple items anchored on a five-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5). Cheng and Chen (2015) and Dawes (2008) have suggested that a five-point Likert scale is easy to foster understanding better than a seven-point Likert scale. Study instruments were adapted from prior validated study instruments. Considerable changes were made in the language of the questions to suit the study context. Items for "decentralization" (five items) were adapted from Inkoom (2011). Also, items for "participation" (three items) were also adapted from Mohammed (2016). Moreover, items for "transparency" (three items) were adapted from Mishra and Bekuretsion (2020). And finally, items for "trust" (five items) were adapted from Mishra and Bekuretsion (2020). To enhance respondents' understanding of the study, an overview of the research was provided at the start of the questionnaire. Respondents were assured of their anonymity guaranteed that the data provided will solely be used for academic purposes.



**Decentralization and Citizens' Participation in Local Governance, Table 1** Demographic characteristics of respondents (N = 338)

| Characteristics | Frequency *(N)* | Percentage (%) |
|---|---|---|
| *Gender* | | |
| Male | 173 | 51 |
| Female | 165 | 49 |
| *Age* | | |
| 18–25 | 55 | 16 |
| 26–35 | 83 | 25 |
| 36–45 | 78 | 23 |
| 46–55 | 88 | 26 |
| 55+ | 34 | 10 |
| *Level of education* | | |
| Primary | 46 | 14 |
| Secondary | 39 | 11 |
| Tertiary and above | 220 | 65 |
| No formal education | 33 | 10 |
| *Number of years stayed in the area* | | |
| <2 | 45 | 13 |
| 3–5 | 76 | 23 |
| 6–10 | 95 | 28 |
| 11–15 | 40 | 12 |
| 15+ | 82 | 24 |
| *Area of stay* | | |
| Metropolitan | 145 | 43 |
| Municipal | 85 | 25 |
| District | 108 | 32 |

### Results

Among study participants, females constituted 165 (49%) and males were 173 (49%), representing sufficient distribution of respondents across the gender spectrum. Regarding age distribution, respondents aged between 18 and 25 were 55 (16%). Whereas those between the ages of 26–35 were 83 (25%), those between 36 and 45 were 78 (23%). Also, those between 45 and 55 were 88 (26%), and finally, respondents aged 55 and above were 34 (10%). Relative to distribution in terms of level of education, primary education recipients were 46 (14), secondary education were 39 (11), tertiary and above were 220 (65%), and, finally, those without any formal education were 33 (10%).

## Descriptive Statistics

Data analysis using SmartPLS software version 23 revealed results of factor loadings to be greater than 0.70. This symbolized a significant model strength, consistent with the benchmark values recommended by Hair et al. (1992) and Garson (2016). Table 2 presents mean, standard deviation, and Cronbach alpha values of the proposed four constructs employed for the study. Cronbach alpha values are essentially used to determine the reliability of scale of study constructs, which signifies a demonstration of the internal consistency of items measuring the same constructs (Hair et al. 1992; Zikmund 1994). The test of reliability analysis confirmed that variables were reconcilable with acceptable levels proposed by Gliem and Gliem (2003). The greater Cronbach alpha values of our results could be attributed to the strong internal consistency for study items (Weerakkody et al. 2016). Furthermore, results of inter-item correlations revealed values to be <0.45. Study constructs recorded a mean value greater than 3. This signifies the favorable response of respondents to study instruments. Results of standard deviation for all constructs were approximately 1.00. This confirms the non-fluctuation of respondents across mean value scores.

## Outer Model Testing (Measurement Model)

Next, our study conducted an outer model test, also referred to as test of measurement model, using SmartPLS software. In this regard, the four procedure recommendations of Ringle et al. (2014) were followed. These procedures include the test of Cronbach alpha and composite reliability (CR), average variance extracted (AVE), discriminant analysis, and t-test. Table 2 presents Cronbach alpha values establishing the internal reliability of proposed study constructs. In presenting the output of SmartPLS, a reflexive figure capturing latent and measured indicator variables was presented. Moreover, in presenting estimations of analysis, PLS algorithm with recourse to presenting paths in weighting scheme was employed. Path weighting scheme is mostly used in reference to the structural equation modeling (Ringle et al. 2014). Table 2 presents the scores of mean, standard deviation, and Cronbach alpha.

Table 3 presents the values of factor loadings (FL), composite reliability (CR), and average variance extracted (AVE). The values captured in the table demonstrate their significance, sufficiency, and consistency with the recommended benchmarks of a minimum of 0.70 (Henseler et al.

**Decentralization and Citizens' Participation in Local Governance, Table 2** Descriptive statistics of study items (N = 338)

| Constructs | Mean | Standard deviation | Cronbach's alpha (α) |
|---|---|---|---|
| Decentralization (DEC) | 3.70 | 0.99 | 0.922 |
| People's participation (PPA) | 3.57 | 1.04 | 0.898 |
| Transparency (TRA) | 3.86 | 1.05 | 0.898 |
| Trust (TR) | 3.85 | 0.89 | 0.947 |

2015). Composite reliability measures were also reconcilable with the proposed minimum threshold of 0.70 (Nunally 1978; Hair et al. 1992). Furthermore, the use of SmartPLS aided in the computation and generation of AVE scores for the proposed study constructs (Table 3). In situations where a measure does not highly correlate with another from which it must differ, results of AVE values help in describing verified discriminant validity (Netemeyer et al. 1990). Values of AVE greater than 0.5 signify a good convergent validity of the questionnaire (Fornell and Larcker 1981). AVE values below the recommended threshold of 0.50 signify a greater error in variance than explained variance (Garson 2016). Our results of AVE ranged from 0.762 to 0.831. In effect, convergent validity was attained by estimating factor loadings, convergent reliability, and average variance extracted values (Anderson and Gerbing 1988). In terms of discriminant validity, the criterion of Fornell and Larcker (1981) and the heterotrait-monotrait ratio (HTMT) were considered. In view of this, factor correlations between the pair of latent variables should not be below the AVE square root via the factor correlation matrix (Table 4).

AVE values for the respective variables diagonally presented in bold fonts (Table 4) indicate that variables are greater than correlation for any pair of variables. Heterotrait-monotrait ratio was simultaneously, albeit, complementarily checked to take care of the shortfalls inherent in the Fornell

**Decentralization and Citizens' Participation in Local Governance, Table 3** Results of structural equation modeling

| Measure | Factor loadings | Composite reliability | Average variance extracted |
|---|---|---|---|
| **Decentralization (DEC)** | | | |
| DEC1 | 0.888 | 0.941 | 0.762 |
| DEC2 | 0.896 | | |
| DEC3 | 0.824 | | |
| DEC4 | 0.882 | | |
| DEC5 | 0.874 | | |
| **People's participation (PPA)** | | | |
| PPA1 | 0.913 | 0.936 | 0.829 |
| PPA2 | 0.902 | | |
| PPA3 | 0.916 | | |
| **Transparency (TRA)** | | | |
| TRA1 | 0.923 | 0.936 | 0.831 |
| TRA2 | 0.901 | | |
| TRA3 | 0.910 | | |
| **Trust (TR)** | | | |
| TR1 | 0.910 | 0.959 | 0.825 |
| TR2 | 0.927 | | |
| TR3 | 0.887 | | |
| TR4 | 0.904 | | |
| TR5 | 0.914 | | |

**Decentralization and Citizens' Participation in Local Governance, Table 4** Fornell and Larcker criterion

| Construct | DEC | PPA | TRA | TR |
|---|---|---|---|---|
| DEC | **0.873** | | | |
| PPA | 0.306 | **0.911** | | |
| TRA | 0.422 | 0.387 | **0.912** | |
| TR | 0.396 | 0.311 | 0.441 | **0.908** |

and Larcker (1981) criterion as identified by Garson (2016) and ably supported by Henseler et al. (2015). An appropriate and suitable heterotrait correlation should be lesser than the monotrait correlations. The proposed ideal monotrait-heterotrait ratio, per the recommended criterion of Henseler et al. (2015), should be below 0.90. In a more stringent situation, Kline (2011) recommends a cutoff point of 0.85 as the benchmark for establishing and grounding discriminant validity. Moreover, estimates of *t-values* of the outer model (measurement model) were attained using the bootstrapping method with 5000 subsamples. Results of bootstrapping helped in approximating the normality of elicited data (Wong 2013). In presenting bootstrap results, two-tailed tests were significant at a level of 0.05. On this basis, our research found path coefficients to be significant as they were greater than 1.96 (Wong 2013).

## Inner Model Testing (Structural Model)

In checking the validity of the structural model, with recourse to previous studies that had adopted the SmartPLS approach, model fit values were derived. Following the recommendations of Ringle et al. (2014), the procedures considered in establishing the measurement model were anchored on SEM through partial least squares approach. Precisely, the study considered t-test, Pearson's determination coefficient evaluation ($R^2$), and the interpretation of path coefficients. As a requirement for the evaluation of outer measurement model, a t-test was conducted. These values constituted the basis for reporting t-values for the inner structural model (Table 5). Table 6 presents path coefficients results of *t-values* and *p-values* generated through the bootstrapping method. Path coefficients, as presented in the t-statistics, indicate their consistency with the recommended criterion of Wong (2013). Moreover, $R^2$ square values were also checked, confirming a significance of *t* and $R^2$ values of participation, trust, and transparency, at a level of $p < 0.05$. Actually, the value of $R^2$ presents an evaluation of the components of variance of endogenous variables explained by the structural model. This further indicates the quality, suitability, and appropriateness of the model (Ringle et al. 2014).

$R^2$ values include small (2%), medium (13%), and large (26%) (Cohen 1988). Results of $R^2$ of SmartPLS output indicate the following: people's participation ($R^2 = 0.189$), transparency ($R^2 = 0.178$), and trust ($R^2 = 0.248$). Trust was revealed to have recorded the largest variance followed by people's participation and, finally, transparency. Results of path coefficient of the study are presented in Table 7. The results of the path coefficients, and the significance of the

**Decentralization and Citizens' Participation in Local Governance, Table 5** Heterotrait-monotrait ratio (HTMT)

| Construct | DEC | PPA | TRA | TR |
|---|---|---|---|---|
| DEC | | | | |
| PPA | 0.331 | | | |
| TRA | 0.463 | 0.426 | | |
| TR | 0.423 | 0.333 | 0.475 | |

**Decentralization and Citizens' Participation in Local Governance, Table 6** t-values and p-values of the inner model

| | t-statistics | p-value |
|---|---|---|
| DEC → PPA | 2.315 | 0.021 |
| DEC → TRA | 8.598 | 0.000 |
| DEC → TR | 5.199 | 0.000 |
| TRA → PPA | 4.396 | 0.000 |
| TRA → TGA | 6.230 | 0.000 |
| TR → PPA | 2.619 | 0.009 |

model relationship validates and confirms the appropriateness of the research model which signifies an explained total variance of 18.9% on people's participation with the most acceptable paths as presented in Fig. 2.

## Discussion

The purpose of our study was to investigate the role of transparency and trust on the symbiotic relationship of decentralization and local people's participation in the local governance process. Our discourse was situated within the theoretical precinct of decentralization. In furtherance of our study objectives, our research put forward a four-construct model composed of nine (9) hypotheses. Six of these hypotheses were sought to establish causal relationships between study constructs, while the remaining three (3) were inclined to test their mediating effects on the relationship between study constructs.

The results of our study revealed a significant positive relationship between decentralization and people participation in the local governance process. This indicates that the establishment of subnational government bodies assuages the challenge of remoteness occasioned by the centralized government structure operated in Ghana. Establishing subnational bodies makes it apparent that the government has been brought to the doorsteps of the people. The existence of these structures comes with the benefit of enhancing stakeholder participation in the governance process while efficiently aiding community development. The inherent potency of decentralization provides a springboard for advancing broader stakeholder participation as echoed by Mohammed (2016).

Moreover, our study established a positive relationship between decentralization and transparency such that an appreciable dosage of transparency augments local people's participation in decentralization. This is reconcilable with our

**Decentralization and Citizens' Participation in Local Governance, Table 7** Values of path coefficients and hypothesis testing

| Causal relations | Path coefficients | p-values | Hypothesis | Result |
|---|---|---|---|---|
| DEC → PPA | 0.138 | < 0.05 | H1 | Supported |
| DEC → TRA | 0.422 | < 0.001 | H2 | Supported |
| DEC → TR | 0.256 | < 0.001 | H3 | Supported |
| TRA → PPA | 0.268 | < 0.001 | H4 | Supported |
| TRA → TR | 0.333 | < 0.001 | H5 | Supported |
| TGA → PPA | 0.139 | < 0.01 | H6 | Supported |
| DEC → TRA → PPA | 0.113 | < 0.001 | H7 | Supported |
| DEC → TR → PPA | 0.035 | < 0.05 | H8 | Supported |
| DAG → TRA → TGA → PPA | 0.019 | < 0.05 | H9 | Supported |

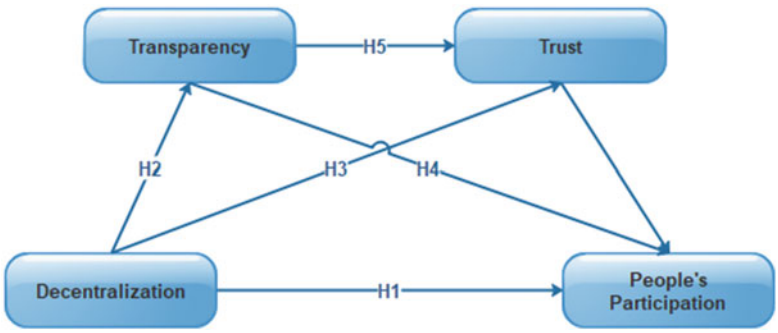


**Decentralization and Citizens' Participation in Local Governance, Fig. 2** Proposed research model

hypothesis 2. Prior study findings have accentuated the relevance of transparency within the corporate context of governance (Porumbescu 2015; Park and Blenkinsopp 2011). The results underscore the fact that full disclosures on local government engagements, including, but not restricted to, information on fiscal and other administrative matters, are pertinent to local governance.

Similarly, our study confirmed the significant positive relationship between decentralization and trust such that an increase in local people trust in decentralized system enhances decentralization as proposed under hypothesis 3. This is an attestation to the study findings of Porumbescu (2015) and Hood (2006). In view of this finding, it is apparent that, part of the source of local people good will to, and cooperation with subnational structures could emanate from local people's trust. This therefore makes it necessary for local government bodies, being metropolitan, municipal, district, and their affiliate subordinate bodies, to prioritize not only accountability but also communication and information flow on fiscal, policy, and general administrative issues.

Moreover, in confirmation of hypothesis 4, this study also identified transparency to have a significant impact on local people's participation in the local governance process. Our finding is consistent with the proposition of Porumbescu (2015) and Grimmelikhuijsen et al. (2012, 2017). The study finding could be interpreted to imply that, given the closeness of subnational entities (as service administration entities) to the local people (as service recipient) and their environment, vis-à-vis the strong working relationships, it is obvious that excellence or otherwise in service delivery could either enhance or impair participation of the latter – which is not only indispensable but also a sine qua non to the success and survival of the former. In much the same vein, in confirmation of hypothesis 5, our study revealed a positive relationship between transparency and local people's trust in local governance systems and processes. Also, our study confirmed trust has a significant positive effect on local people's participation. This is in accord with Douglas and Meijer (2016 and Porumbescu (2015) (Fig. 3).

In conducting the test of mediation, the research followed the recommendations of MacKinnon et al. (2007). In this regard, whenever direct and indirect effects are significant, then there exists a partial mediation effect. On this basis, our study found transparency to have a partial mediating effect on the relationship between decentralization and local people participation. This is in support of the study hypothesis 7. In the next mediation test, our study revealed that trust has a significant partial mediating effect on the relationship between decentralization and local people's participation in the local governance process. This supported our hypothesis 8. And finally, the direct effect (0.138) and indirect effect (0.019) of the total effect model (DAG → TRA → TGA → PPA) are both significant, indicating a partial mediation. However, the total effect model resulted in a much higher path coefficient of 0.306, which can be attributed to the levels of interactions among the mediators.

Overall, our study concludes that decentralization as an efficient tool for enhancing broader stakeholder participation and general development around the world could be made more efficacious when trust and transparency are ensured. As one of the most extensively embraced result-oriented development concepts with an increasing primacy and emphasis on countervailing remoteness in governance, it is therefore important that it is subjected to constant efficiency test via research. Such endeavors would help troubleshoot possible factors likely to impair or negate inherent gains. Within the context of development, and more particularly within the confines of Sustainable Development Goals (SDGs), in view of the essential services that subnational structures provide, while it would be convenient to assert that the realization of the integrated SDGs is hinged on the existence of efficient local governance structures, it would in much the same vein be more appropriate to conclude that ensuring a functional system requires investigation and further understanding of the issues raised in our study.

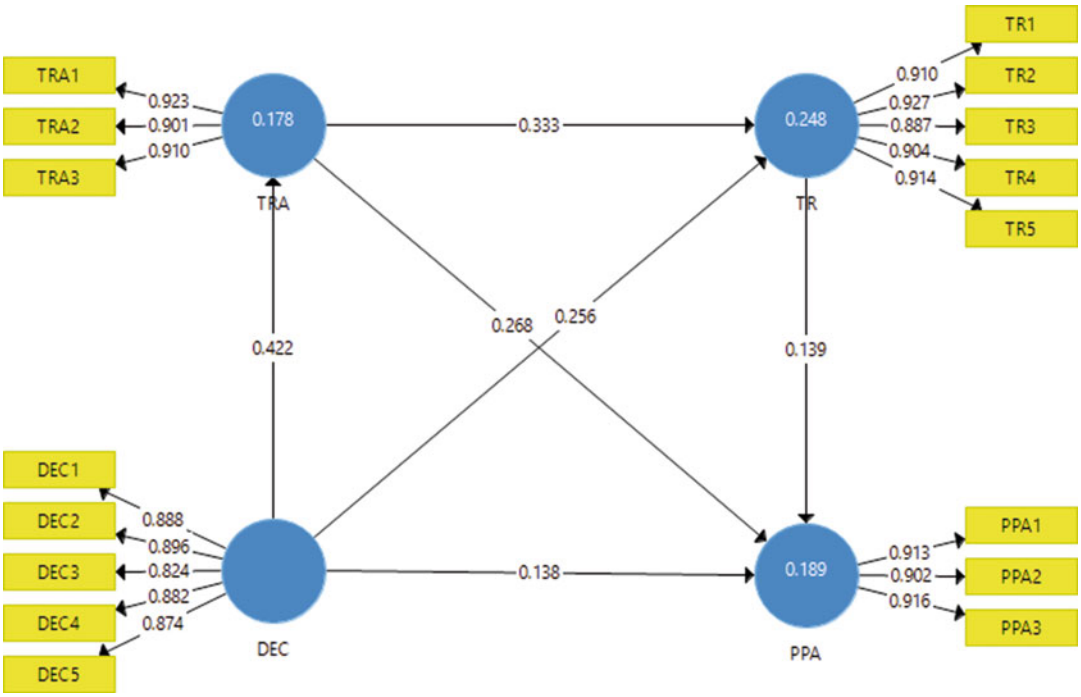


**Decentralization and Citizens' Participation in Local Governance, Fig. 3** Research model with path results of path coefficient

## Implications for Theory

Situating the study within the theoretical framework of decentralization helps in investigating and describing how decentralization could enhance a broader citizen participation in a given context. Decentralization has become a commonplace practice as far as governance is concerned. It essentially involves the institution of a system that is responsive to the needs of the people. Findings from this study confirm that decentralization has a greater prospect for enhancing citizens' participation. By putting forward a theoretical model situated within the context of decentralization, integrated with trust, transparency, and participation factors, our study contributes to theory. Our study confirms that trust has the potency to strengthen decentralization. The finding of our study further confirms that trust could also enhance decentralization. Altogether, the study findings confirm the significance of trust and transparency in relation to not only decentralization but also participation in the decentralization system.

## Implications for Practice

The study findings have tremendous ramifications for the state and non-state stakeholders particularly in Ghana and generally across the world. Given that no empirical study has explored the discourse of participation in local governance in Ghana, our study comes in handy with findings proffering sufficient pointers for policy-making purposes. Given that Ghana's democracy is still in transition, and undergoing a series of reforms, our study findings will be seminal to inform present and future reforms. Central to the pursuit of these reforms, proponents and reform advocates should focus on advancing the tenets of trust and transparency, as part of broader efforts and measures to enhance system efficiency and effectiveness anchored on a people-centered participation.

This would be essential to entrenching trust among a broad spectrum of the local people.

## Conclusion

In view of the prime focus of our study, we interrogated the mediating effects of transparency and trust on the relationship between decentralized structures and local people participation within the context of Ghana. Our study further examined the relationship between transparency, trust, and local people participation within the spheres of decentralization. Our study was situated within the theoretical precincts of decentralization. Results of our study were from a study sample of 338. Data was elicited from a wider population across municipalities, metropolitan, and districts in five regions in Ghana to ground the research model. The results of our study confirmed the nine hypotheses put forth for the study. The study outcome corroborates the significance of trust and transparency as significant boosters of decentralization and people's participation in this system. Overall, the model contributed a total of 18.9% explained variance.

## Limitations and Future Research

This is the first empirical study to investigate and report on decentralization, people's participation, and the significance of trust and transparency. Our study drew data from metropolitan, municipal, and districts across five regions in Ghana. As such, generalization of the study findings may not be applicable in other areas beyond these jurisdictions. Our study employed a quantitative approach. This may have limited the generation of in-depth responses mostly occasioned by the use of closed-ended instruments. On this score, our study recommends future studies to employ an open-ended instrument for qualitative studies targeted at eliciting in-depth responses. Given the limited areas selected for the study, future studies may also consider drawing data from a larger study sample across Ghana while testing other factors likely to enhance participation.

## Cross-References

▶ Comparative and Development Public Administration and Policy
▶ Governance and Public Administration

## References

Ahmad JK, Devarajan S, Khemani S, Shah S (2005) Decentralization and service delivery, World Bank policy research working paper no 3603. World Bank

Anderson JC, Gerbing DW (1988) Structural equation modeling in practice: a review and recommended two step approach. Psychol Bull 103(3):411–423

Armstrong JS, & Overton TS (1977) Estimating nonresponse bias in mail surveys. Journal of marketing research, 14(3):396–402.

Ayee JRA (2008) Decentralization and governance in Ghana. Reg Devel Dialogue 29(2):35–54

Ayee JR (2013) The political economy of the creation of districts in Ghana. J Asian Afr Stud 48(5):623–645

Baganda JN (2007) 'The challenges of decentralization for development in Uganda: a case study of Kibaale District, Kampala, Uganda', unpublished MA thesis. Kimmage Development Studies Center, Dublin

Bawole JN (2017) Pro-poor decentralization in Ghana: exploring the facilitators and the limitations. Admin Theory Praxis 39(2):122–139

Blair H (2000) Participation and accountability at the periphery: democratic local governance in six countries. World Dev 28(1):21–39

Conyers D (2007) Decentralization and service delivery: lessons from sub-Saharan Africa. IDS Bull 38(1):18–32

Crawford G (2004) Democratic decentralisation in Ghana: issues and prospects. POLIS Work Pap 9(9):1–23

Crawford G (2008) Decentralization and the limits to poverty reduction: findings from Ghana. Oxf Dev Stud 36(2):235–258

Cucciniello M, Nasi G (2014) Transparency for trust in government: how effective is formal transparency? Int J Public Adm 37(13):911–921

Debrah E (2014) The politics of decentralization in Ghana's fourth republic. Afr Stud Rev 57(1):49–69

Douglas S, Meijer A (2016) Transparency and public value – analysing the transparency practices and value creation of public utilities. Int J Public Adm 39(12):940–951

Edigheji O (2008) Introduction: public sector reforms and the quest for democratic developmentalism in Africa. Afr Dev 33(4):1–13

Fornell C, Larcker DF (1981) Evaluating structural equation models with unobservable variables and measurement error. J Mark Res 18(1):39–50

Francis P, James R (2003) Balancing rural poverty reduction and citizen participation: the contradictions of Uganda's decentralization program. World Dev 31(2):325–337

Garson GD (2016) Partial least squares: regression and structural equation models. Statistical Associates Publishing, Asheboro

Gliem JA, Gliem RR (2003) Calculating, interpreting, and reporting Cronbach's alpha reliability coefficient for Likert-type scales. In: Midwest research-to-practice conference in adult, continuing, and community education, Columbus

Goetz AM, Jenkins R (2001) Hybrid forms of accountability: citizen engagement in institutions of public-sector oversight in India. Public Manag Rev 3(3):363–383

Grimmelikhuijsen SG (2012) Linking transparency, knowledge and citizen trust in government: an experiment. Int Rev Adm Sci 78(1):50–73

Grimmelikhuijsen SG, Meijer AJ (2014) Effects of transparency on the perceived trustworthiness of a government organization: evidence from an online experiment. J Public Adm Res Theory 24(1):137–157

Grimmelikhuijsen SG, Weske U, Bouwman R, Tummers L (2017) Public sector transparency. In: James O, Jilke S, Van Ryzin G (eds) Experiments in public management research: challenges and contributions. Cambridge University Press, Cambridge, pp 291–312

Gyimah-Boadi E (2009) 'Political decentralization: achievement and challenges', in reflections on Ghana's decentralization: progress, stagnation or retrogression? Papers from a symposium. CDD-Ghana, Accra

Hair JF, Anderson RE, Tatham RL, Black WC (1992) Multivariate data analysis with readings, 3rd edn. Macmillan Publishing Company, New York

Hair Jr, JF, Sarstedt M, Hopkins L, & Kuppelwieser VG (2014) Partial least squares structural equation modeling (PLS-SEM). European business review.

Henseler J, Ringle CM, Sarstedt M (2015) A new criterion for assessing discriminant validity in variance-based structural equation modeling. J Acad Mark Sci 43(1):115–135

ILGS (Institute of Local Government Service) (2006) A handbook: the role of the assembly member in Ghana's local government system. Institute of Local Government Service, Accra

Im T, Porumbescu G, Lee H (2013) ICT as a buffer to change: a case study of the Seoul metropolitan Government's Dasan call Center. Public Perform Manag Rev 36(3):436–455

Inkoom DKB (2011) Ghana's decentralization: two decades and still crawling? Development 54(3):393–399

Jütting J, Corsi E, Kauffmann C, McDonnell I, Osterrieder H, Pinaud N, & Wegner L (2005) What makes decentralisation in developing countries pro-poor?. The European Journal of Development Research, 17(4):626–648.

Katsiaouni O (2003) Decentralization and poverty reduction: does it work? Paper presented at the fifth global forum on reinventing government, Mexico City. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan012251.pdf; http://unpan1.un.org/intradoc/groups/public/documents/un/unpan012376.pdf

Kauzya JM (2007) Political decentralization in Africa: experiences of Uganda, Rwanda and South Africa. In: Cheema GS, Rondinelli DA (eds) Decentralizing governance: emerging concepts and practices. Brookings Institution Press, Washington, DC, pp 75–91

Kline RB (2011) Principles and practice of structural equation modeling. Guilford Press, New York

MacKinnon DP, Fairchild AJ, Fritz MS (2007) Mediation analysis. Annu Rev Psychol 58:593–614

Meijer A (2013) Understanding the complex dynamics of transparency. Public Adm Rev 73(3):429–439

Mhone G (2003) Democratization, economic liberalisation and the quest for sustainable development in South Africa Guy Mhone. Governance in the new South Africa: the challenges of globalization, 18–68

Michels A (2011) Innovations in democratic governance: how does citizen participation contribute to a better democracy? Int Rev Adm Sci 77(2):275–293

Midgley J, Hall A, Hardiman M, & Narine D (1986) Community participation, social development and the state. Methuen.

Mishra SS, Bekuretsion S (2020) Roles of transparency and Trust in the Relationship between privatization and customers' satisfaction in Ethiopia: results of structural equation modelling. Public Organ Rev:1–17

Mohammed AK (2016) Decentralization and participation: theory and Ghana's evidence. Jpn J Polit Sci 17(2):232–255

Netemeyer RG, Johnston MW, Burton S (1990) Analysis of role conflict and role ambiguity in a structural equation's framework. J Appl Psychol 75(2):148–157

Newsted PR, Huff SL, & Munro MC (1998) Survey instruments in information systems. MIS quarterly, 22(4), 553.

Nunnaly JC, & Bernstein IH (1978) Psychometric Theory McGraw-Hill. New York, NY.

O'Neill O (2002) A question of trust: the BBC Reith lectures 2002. Cambridge University Press

Ohemeng FLK (2005) Getting the state right: think tanks and the dissemination of new public management ideas in Ghana. J Mod Afr Stud 43(3):443–465

Park H, Blenkinsopp J (2011) The roles of transparency and trust in the relationship between corruption and citizen satisfaction. Int Rev Adm Sci 77(2): 254–274

Pina V, Torres L, Royo S (2007) Are ICTs improving transparency and accountability in the EU regional and local governments? An empirical study. Public Adm 85(2):449–472

Porumbescu GA (2015) Using transparency to enhance responsiveness and trust in local government: can it work? State Local Govern Rev 47(3):205–213

Porumbescu G (2016) Comparing the effects of e-government and social media use on trust in government: evidence from Seoul, South Korea. Public Manag Rev 18(9):1308–1334

Porumbescu G, Im T (2015) Using transparency to reinforce responsibility and responsiveness. In: The Handbook of public administration, 3rd edn. Wiley, San Francisco, pp 120–136

Prat A (2005) The wrong kind of transparency. Am Econ Rev 95(3):862–877

Rawlins BL (2008) Measuring the relationship between organizational transparency and employee trust. Public Relat J 2(2):1–21

Ringle CM, de Souza Bido D, da Silva D (2014) Structural equation modelling with the SmartPLS. Braz J Mark 13(2):56–73

D

Rondinelli DA, Cheema GS (1983) Implementing decentralization policies: an introduction. In: Cheema GS, Rondinelli DA (eds) Decentralization and development: policy implementation in developing countries. Sage, Beverly Hill
Sewell WRD, Coppock JT (1977) A perspective on public participation in planning. In: Sewell WRD, Coppock JT (eds) Public participation in planning. Wiley, London, pp 2–14
Sørensen E, Torfing J (2012) Collaborative innovation in the public sector. Innov J 17(1):1–14
Tang M, Huhe N (2016) Does decentralisation bring the people back to the government? An empirical analysis of the effect of decentralisation on political trust. Policy Polit 44(3):403–426
Tosun C (2000) Limits to community participation in the tourism development process in developing countries. Tour Manag 21(6):613–633
Tschannen-Moran M, Hoy WK (2000) A multidisciplinary analysis of the nature, meaning, and measurement of trust. Rev Educ Res 70(4):547–593
Van de Walle N (2003) Decentralization, trends and constraints. www.kit.nl/specials/html/de_decentralization_in_detail
Weerakkody V, Irani Z, Lee H, Hindi N, Osman I (2016) Are U.K. Citizens satisfied with EGovernment services? Identifying and testing antecedents of satisfaction. Inf Syst Manag 33(4):331–343
Wong KK-K (2013) Partial least square structural equation modelling (PLS-SEM) techniques using smartPLS. Mark Bull 24(1):1–32
World Bank (2000) World development report (WDR 1999/2000: entering the 21st century). Oxford University Press, New York
Zikmund WG (1994) Business research methods, 4th edn. The Dryden Press, New York

# Decentralization and Economic Growth in International Context

Boris Morozov
Stephen Poorman College of Business, Information Science, and Human Services, Lock Haven University of Pennsylvania, Lock Haven, PA, USA

## Synonyms

Decentralization; Economic growth; Federalism; International comparative studies

## Definitions

*Decentralization* is the transfer by the central government to subnational governments (states, regions, municipalities, etc.) of specific functions along with the administrative authority and economic resources to perform those functions.

## Introduction

The concept of decentralization has attracted the attention of scholars and policymakers alike for a number of decades. Recent research has deepened our understanding of decentralization. Yet there still remains a significant amount of confusion over its measurement and its contribution to an economy. Current literature on decentralization is characterized by the multitude of conflicting definitions and measurement instruments. Current literature on the relationship of decentralization and economic growth is also mixed. The primary purpose of this article is the discussion of the decentralization measurement instrument developed, calibrated, and assessed by Morozov (2016, 2017) and its implications for the theory and policy. In addition, this entry discusses the implications for the theory and practice of policymaking by addressing the explicitly tested relationships between decentralization and economic growth (Morozov 2017). It also identifies such potentially fruitful venues of research on decentralization and its relationship with other processes as democracy, government accountability, and government responsiveness to citizens' preferences and needs.

### Theoretical Discussions and Relevance of Decentralization

The twentieth century can be described as a century in which governments are providing an increasing amount of services and products to their constituents. Such an increase in the amount of services provided presents a significant challenge to the government structures. As such, the service delivery responsibility has to be carefully analyzed. The need for such an analysis stems

from the fact that different levels of governments are better equipped to provide different types of services. There are three major functions of the public sector (Morozov 2016): macro-economic stabilization, wealth redistribution, and resource allocation. To a certain degree, these three functions are performed by all levels of government. However, central government is much better equipped to address the first two functions: economic stability and wealth redistribution. While the central government also participates in the resource allocation function, the local implementation of that function depends primarily on subnational governments. It is important to acknowledge that these three functions are implemented through a series of specific and targeted programs, which are administered by different levels of government. During the twentieth century, the quantity of these specific services performed by subnational governments increased significantly. Thus, the continuous quest for what would be the appropriate distribution of responsibilities among government levels was undertaken. This shift towards subnational government delivery of services, known as the process of decentralization, has been the subject of careful attention and analysis by both scholars and practitioners.

Recent research has responded to the development of decentralization and has deepened our understanding of the process and its connections to such outcomes as economic growth, inequality, and quality of governance. Despite the topic's uninterrupted popularity, the body of knowledge on decentralization can best be characterized as marked by multiple definitions and operationalizations of the process. Such a multitude of definitions presents a major drawback for any rigorous attempt to carefully decipher the influence that the decentralization process might have on other socioeconomic processes. For example, lack of an adequate measure of decentralization made it difficult to analyze the potential benefits and/or shortcomings associated with it.

Thus, this entry was written in response to the need for an accurate and aggregate measure of decentralization. One of the major contributions of this entry was to develop a measurement instrument that would address the multitude of existing definitions and operationalizations of the phenomenon by bringing a sense of consistency and accuracy to the interpretation of what is referred to as the "decentralization process." The newly developed measure of decentralization was later used in different research to specifically test the existing theoretical relations between decentralization and the economic growth of nations. The actual analysis and interpretations of decentralization model building, theoretical concepts, as well as challenges presented by the very complicated nature of the concept under discussion are presented in two distinct articles (Morozov 2016, 2017).

## Decentralization Study: Summary and Overall Findings

More and more countries around the world have embarked on some sort of decentralization process because of the potential benefits associated with it and/or despite the possible dangers. By no means is this manuscript the final answer to the intricacies and complexities of the decentralization process, its measurement and evaluation, or its relationship to economic growth. More and more nations have some level of decentralization of their public sector. Despite its popularity, the concept of decentralization still suffers from conceptual confusion (Ebel and Yilmaz (2004) have multiple definitions of decentralization measures). Such theoretical confusion has a significant negative influence on a nation's ability to develop a system of decentralization that would be adequate to that nation's needs and necessities. Current research on decentralization can be accurately described through the existence of multiple definitions of decentralization. Very often these definitions are mutually exclusive and, simply, contradictory. The situation is not exactly helped by the multi-dimensional nature of decentralization. As a result of this multidimensionality, decentralization is conflated with other concepts, especially these that also have a theoretically positive value, such as democracy and market economy.

A commonly used taxonomy of the decentralization process defines it in terms of its economic, political, and administrative dimensions. As such, this classification is not new, and it provides a good starting point for the analysis of the process. Thus, the author of this study has employed the formal definition of decentralization as the transfer by the central government to subnational governments (states, regions, municipalities, etc.) of specific functions along with the administrative authority and economic resources to perform those functions. This definition accurately captures the essence of the decentralization process and, thus, sets up the framework for analysis of the first set of research questions, which is related to the essence of the process.

The first question to be answered (Morozov 2016) was "To what degree can the 'decentralization system' be understood in terms of the economic, political, and administrative dimensions?" The obvious question here was about the exhaustiveness of the proposed framework. One of the crucial points is whether or not the list of decentralization dimensions is exhaustive. Do these three dimensions adequately and accurately describe the process, or is there another dimension to it? This brings us to the first significant finding of this article.

Indeed, the decentralization process can be understood in terms of economics, political science, and public administration. In fact, decentralization would not be feasible if any of the abovementioned dimensions were not present in the mix. However, the decentralization process works somewhat differently from what has been previously hypothesized by multiple researchers and practitioners. Specifically, the long-hypothesized three-pronged model of decentralization is in fact two-dimensional (Morozov 2016).

Our sample analysis revealed that the decentralization process is best explained by a combination of two latent dimensions of decentralization. The first dimension is economic in nature. This dimension consists of three observed factors: share of subnational revenues, share of subnational expenditures, and share of subnational revenues received by subnational governments from taxation sources. The implication of this finding is the fact that even purely economic variables of the decentralization process exhibit the interconnectedness of the process. It was theorized that the share of subnational revenues from taxes is indicative of subnational governments' administrative autonomy and, thus, should be more closely aligned with the administrative dimension of decentralization. However, this was not the case. Instead, we did find that economic variables align along an economic dimension. In other words, economic variables are correlated, forming the economic dimension of the decentralization process. But, such an alignment shows that there is a necessary correlation between share of subnational taxes and other observed variables that are theoretically representative of the administrative dimension of decentralization, such as government efficiency, rule of law, control of corruption, and regulatory quality. This brings us to the next dimension of the decentralization process. We have theorized that two other separate dimensions of decentralization process are political and administrative decentralization. This was not the case. In fact, the political and administrative dimensions of the process are not two separate dimensions. In fact, decentralization in terms of political science and public administration is not a dichotomy, but a combination. In other words, the six variables that defined the political and administrative dimensions of the decentralization process are highly correlated. Thus, based on our sample and analysis, we concluded that political and administrative decentralization are nothing more than a single dimension that contributes to the explanation of the essence of decentralization. The practical implication of this finding is the fact that decentralization systems should include measures that address both political and administrative reforms of a nation at the same time. These findings suggest that it would be inaccurate to separate these two aspects of decentralization. In other words, the interdimensional connectedness of the decentralization process requires simultaneous treatment. This implication brings us to the next important

observation: the interconnectedness of the observed dimensions of the decentralization process.

Two separate, but intertwined, dimensions of the decentralization process are the economic one and a combination of the administrative and political aspects. This correlated nature of the phenomenon supports the existing consensus among scholars and practitioners that decentralization should be viewed as a comprehensive system of economic, political, and administrative mechanisms that is aimed at bringing the government closer to its constituents. However, it is important to note that, even though these two dimensions of decentralization are interrelated, they can be analyzed separately. In other words, it is possible to dissect the entire process of decentralization into smaller blocks and develop solutions for existing problems within the limits of these smaller blocks. This approach may be appropriate because different countries face different issues in their decentralization reform. Thus, segregation of the entire decentralization process into smaller blocks might yield more accurate results and better recommendations for countries pursuing decentralization. However, the possibility of separate analysis of economic factors and administrative-political components of decentralization does not imply that changes in one dimension will not be reflected in another. This brings us to the first extremely important conclusion regarding the essence of the decentralization process.

As previously mentioned, current literature on decentralization suffers from multiple and often contradictory definitions of the process. Additionally, there is the argument that the multiplicity of decentralization definitions and measurement instruments is unavoidable because of its cross-disciplinary nature. As this article demonstrates, it is feasible to derive a unique definition of the process. It is possible not only to do so but also to develop a measurement instrument that captures the multi-disciplinary nature of decentralization in a statistically and methodologically impeccable manner. As demonstrated by Morozov (2016), the newly proposed measurement of decentralization is a significant improvement over existing alternatives for several reasons. The first is conceptual in nature and can be explained through the fact that our measurement instrument of decentralization adequately addresses the inter-disciplinary nature of the phenomenon under analysis by including all dimensions of the process in it. The second is technical in nature, and it specifically addresses the issue of goodness of fit of the instrument to the data. Our analysis (2016) clearly shows that the newly developed index is statistically sound, unlike other most commonly used indicators. The implication of this is that our index addresses the decentralization measurement problem in such a way that it reflects the multi-dimensional nature of the process and it does so statistically accurately. Thus, the first set research questions of this research about the structure of the decentralization process has been properly addressed and answered. However, answering the question about the measurement of the decentralization process does not address the existing theory on benefits and drawbacks that are theoretically associated with the process. The next part section will do so.

## Decentralization Process and Economic Growth – Evidence and Consequences

As previously mentioned, decentralization is a multi-dimensional process. Numerous nations have embarked on some sort of decentralization reform in an effort to achieve the theoretical benefits associated with the process. Such fascination with decentralization reform can be partially explained by the strong support of international organizations such as the World Bank and the International Monetary Fund. However, lack of an accurate and adequate measurement instrument for the decentralization process has created a string of theoretical discussions about both the dangers and the benefits of decentralization. Having developed an accurate measurement instrument of decentralization, we will discuss the second research contribution concerning relationship of decentralization to/with economic growth.

The research question is actually a series of interrelated questions that can be stated as follows: "Does decentralization cause economic growth, or is it a consequence of economic growth? If decentralization causes growth, then what type of relationship is it? Is it linear, or is it non-linear as Theissen (2003) hypothesizes?" Morozov (2017) has examined the linkages between decentralization and economic growth. The measurement of decentralization was developed as a part of his research, and the results of this research have previously been presented and discussed (Morozov 2016, 2017).

The starting point for discussion of the findings of this section is the fact that we were able to replicate the results by Mankiw, Romer, and Weild (MRW) regarding the explanatory factors of economic growth. We have found that almost 60% of the economic growth in a country is explained by the country's savings rate, capital formation ratio, and government (Morozov 2017). Previously mentioned factors exercised a positive and statistically significant linear influence on economic growth. This finding is consistent with both theory and practice. The most important factor of influence on a country's growth rate is capital formation. The formal definition of capital formation is "the transfer of savings from households and governments to the business sector, resulting in increased output and economic expansion." Such a definition is consistent with the rest of our findings, according to which the other two statistically significant factors of influence on the economic growth rate are household savings and government share in GDP. All of these findings are consistent with the theory and empirical evidence from other researchers.

At the same time, we found that the quality of the labor force was not statistically significant in our analysis. The potential explanation of such finding is twofold. The first source of possible problems is the operationalization of the quality of the labor force. We followed MRW approach in defining it. We took the gross enrollment ratio in the secondary level of education. This operationalization is less than perfect because it ignores both primary education and the tertiary level of education. Development of a measure that would adequately capture the quality of the labor force represents an interesting and potentially fruitful topic of research and could be a manuscript topic on its own. The second reason why our operationalization of the quality of the labor force was not statistically significant is the limited nature of the time series. Our sample consisted of 37 cross-sectional observations over 8 years. Introducing a one-year lag reduced the time frame of the analysis to 7 periods. It is clear that completion of the formal education process takes longer than 7 years. Therefore, it is not surprising that this variable was insignificant. The potential solution to this problem could be a longitudinal dataset that contains more than 8 years of cross-sectional data.

The most striking finding of this analysis is the fact that the index of decentralization does not contribute to the economic growth of a nation. In other words, the empirical evidence presented by Morozov (2017) suggests that the decentralization process, whether undertaken by a nation or not, does not affect a nation's economic growth rate. In other words, decentralization might be pursued for other reasons such as accountability and the eradication of corruption. But the argument that decentralization significantly contributes to the economic growth of a nation is not justified. At least, it is not justified in our sample and for our time frame of analysis.

## Discussion of Arguments for the Benefits of Decentralization

With more and more attention being paid to subnational government, the decentralization movement has enjoyed significant attention from scholars of various disciplines. The arguments of positive influence of decentralization consist of four different hypotheses: (1) the diversification hypothesis (aka decentralization theorem) (Oates 1972, 1977); (2) the Leviathan (restraint) hypothesis (Brennan and Buchanan 1980); (3) the productivity enhancement hypothesis (Martinez-Vasquez and McNab 2001); and (4) the political and administrative improvements hypothesis (e.g., improved accountability, decreased corruption, increased citizen participation) (Bird 2001). Therefore, our findings will be discussed and related to these four theoretical arguments.

The major point of the decentralization theorem is the fact that centrally determined policies do not consider either regional and local conditions or locally determined policies in the provision of public goods and services. Thus, Oates (1993) argues that the economic growth of a nation might be only enhanced if only subnational authorities are more actively involved in such policy decisions. In other words, a more involved subnational government will result in a higher economic growth rate. Our findings do not support this theoretical argument. In the sample under analysis, our well-developed index of decentralization was not a statistically significant explanatory variable of economic growth. Based on our sample analysis, we may safely say that the decentralization process does not have any statistically significant influence on economic growth. The implication of this finding is that the influence of decentralization might be either positive or negative in a bigger sample. However, given our results at this point, we may safely conclude that Oates' argument about decentralization needs further investigation. Also, this result means that we do not have objective evidence to support the argument presented by Martinez-Vasquez and McNab (2001) that "decentralized expenditures may cause greater 'consumer efficiency'" (p. 9), thus leading to a greater economic growth rate. The general conclusion at this point is that decentralization and economic growth rate are two separate phenomena that do not correlate and/or cause each other.

The second argument supporting decentralization is the "Leviathan (Restraint) Hypothesis" and stems from Buchanan's Theory of Clubs (1965) and Brennan and Buchanan (1980). The main point of this hypothesis is that intergovernmental competition may prevent an oversupply of public goods and services and/or x-inefficiency in the public sector. Thus, ceteris paribus, decentralization should have a positive impact on per capita growth due to more efficient use of resources by governments. Again, as in the case of the decentralization theorem, we do not have clear evidence that intergovernmental competition expressed through decentralization leads to a positive impact on economic growth.

The third argument supporting the benefits of decentralization is known as "productivity enhancement hypothesis." The main point of this hypothesis rests on the fact that decentralization implies a transfer of responsibility associated with accountability to subnational governments. Such a transfer of responsibility results in the fact that subnational governments have direct incentives to take into account local preferences. Additionally, this incentive suggests that local governments actively look for ways to improve their operations (Theissen 2000). As a result of the previously mentioned incentive, production costs and prices of public goods and services could thus be lower and their quality better than in a uniform approach to providing public goods and services. In other words, decentralization may result in greater producer efficiency (Martinez-Vasquez and McNab 2001), which would then contribute to an increased economic growth. There are two separate parts of this argument. The first part concerns producer efficiency gains expressed in an increased economic growth rate. Based on our results, we may safely say that even if there are gains in terms of efficiency, these gains do not contribute in a statistically significant manner to the economic growth rate of a nation.

The second part of this argument is about the quality of the services provided by subnational governments. The aspect of quality of public services was addressed through our index that accounted for quality of regulations. The implicit assumption here is that more decentralization implies higher quality of services rendered because of the proximity of governments to its constituents. This assumption is somewhat similar to the fourth argument for promotion of decentralization because of the theoretical benefits associated with it.

The fourth group of arguments supporting decentralization is political in essence. The political aspect of the decentralization argument is related to quality of governance. According to that group of arguments, decentralization puts distributional decision-making closer to the citizenry. The expectation is that local decision makers have better information about the problems and needs of their local area than do their

central counterparts. Additionally, accountability between governments and citizens is increased because of the proximity of governments to their constituents. This means that locally elected officials are more likely to be sensitive about local needs then their national counterparts. Finally, increased accountability is correlated with decreased corruption, thus, resulting in an increased social welfare. That may be the case, however, additional research that is well beyond the purposes of this article is needed.

This subsection has reviewed the evidence regarding arguments about decentralization's positive influence for a nation's economic growth. However, there are significant arguments cautioning against decentralization. Our findings will be interpreted through the prism of these arguments in the next section of this chapter.

### Discussion of Arguments Cautioning against Decentralization

As shown in the preceding part of this chapter, although the contribution of the decentralization process towards the economic growth of a nation is insignificant in our sample, this process still has some positive potential (in terms of quality of governance) associated with it. However, the discussion of our results would be incomplete without a proper analysis of the opposite stream of literature that warns of decentralization's dangers. The stream of cautionary literature was thoroughly presented by Morozov (2016, 2017), and it can broadly be summarized into two major groups according to its focus: (1) economic research and (2) public administration and political science research. The first group of literature is economic in nature. The economic cautionary notes against decentralization are (1) macrostability related arguments, (2) horizontal equity issues, and (3) a nation's size and level of economic development.

Tanzi (1995) suggests that decentralization may hinder long-run economic growth by making the task of stabilization more difficult when we interpret stabilization to mean not only countercyclical actions but especially the fiscal adjustments needed to eliminate structural (chronic) imbalances. This argument implies that the decentralization process has a statistically significant negative influence on economic growth. However, the evidence from our analysis suggests that decentralization is not a significant predictor of economic growth. In other words, we cannot unequivocally say that decentralization hinders economic growth. What we may say is that, based on our evidence, there is no relationship between the two processes. That might, however, change in a bigger sample.

Another aspect of the economic efficiency argument is based on the principle of horizontal equity and presented by Theissen (2003) and Prud'homme (1995), who suggest that the economic efficiency argument requires roughly similar regional fiscal capacities, which might not be the case in developing countries. Whether or not it is the case, different fiscal capacities of different subnational regions are aggregately reflected in the subnational participation in the economy. In other words, if the disparity of fiscal capacities among subnational units were indeed detrimental to the economic growth rate, that would then show in the results as a negative consequence of decentralization. In other words, the decentralization index would exhibit a negative and statistically significant influence on economic growth. As we previously described in our results chapter, the decentralization index does not influence the economic growth. Therefore, we may safely conclude that even though inter-regional disparity might influence the decentralization degree, it (decentralization) does not show up as a significant influence on the economic growth of a nation. This raises a possibly interesting question. We have examined the role of decentralization for a nation's economic growth rate. However, we did not examine the role of decentralization for subnational units' economic growth. Theoretically, the more control a subnational government has over its economy, the better the results could be (if everything is done properly). This topic represents a potentially fruitful area of future research.

The third type of economic argument against decentralization was developed by Bahl and Lihn (1992), Theissen (2000, 2003), and others. These arguments caution against decentralization in low-income and small countries. The main point

of these arguments is that the fixed costs of decentralization could consume such a large share of the total funds available that decentralization might seem difficult to justify (Prud'homme 1995). The implication of these arguments is twofold. The first is that the decentralization function in developed countries is different from that in developing countries. In other words, the decentralization function might be a nonlinear function, and the decentralization function slopes for developed and developing countries are different. We have explicitly tested both parts of that argument. Our findings indicate that the best decentralization function is linear. This finding addresses Bahl and Lihn's argument against the process under analysis. Specifically, we may safely say that the initial costs of decentralization are not as high as theorized by Bahl and Lihn. This is the case because subnational governments already exist in countries. Therefore, the fixed costs of the implementation of a decentralized governance system are sunk costs and, thus, are not relevant to the decentralization decision. However, these costs would be relevant if they had not yet been incurred. Additionally, the nonlinearity argument presented by Theissen (2003) suggests that there might be either too much or too little of decentralization. Theissen further theorizes that either situation is detrimental for economic growth. Our results indicate that (1) decentralization is best explained by linear function and (2) neither high nor low levels of decentralization have an influence on the economic growth of a nation. The second part of this argument is related to the fact that developed countries face different issues than do developing nations. Thus, the decentralization function would be different for each group. We have also explicitly tested this hypothesis and found that decentralization functions do not have different slopes for developed and developing countries. The differences of issues faced by different countries (as a function of their level of development) are nothing but changes *along* the decentralization function.

The second type of literature that cautions against decentralization stems from political science. As previously mentioned, the political aspect of decentralization is mainly about the quality of governance. Thus, arguments against decentralization revolve around this concept. As previously mentioned, the quality of governance was addressed via our comprehensive index. However, testing the influence of decentralization on the quality of governance is well beyond the purposes of this article.

D

## Significance of the Research and Concluding Remarks

In some ways, this research project has covered well-known ground. In other ways, new paths of research have been forged. Not only is there additional evidence on questions that have been pondered for a while, but also some new directions for research and policy have been identified. The effort to analyze and extend the existing framework of understanding of decentralization is important. While the basic thrust of decentralization arguments remains intact, some important qualifications have been added. Additionally, the conclusions about appropriate measures of decentralization are new and important. The significance of these measures of decentralization lies in the fact that for the first time a set of measures that would capture both economic and political-administrative has been proposed, carried out, and calculated. These measures of decentralization, while too blunt to be used for the specific analysis of a country, offer a meaningful way to compare progress in terms of decentralization all around the world. Additionally, these new decentralization measures were employed to answer the question of causality between decentralization and economic growth.

Multiple econometric procedures were employed by the author of this study to enhance the study's credibility. The first significant econometric contribution is the use of factor analysis in the development of decentralization indexes. This technique enabled a statistical answer to the question about the structure of a decentralization system. As such, this technique addresses the widest criticism of currently employed measures of decentralization. According to this criticism, currently employed measures of decentralization are not capturing the interconnected nature of decentralization because of their focus on the

economic side of the process. As such, the decentralization measurement then becomes misspecified. Such misspecification may potentially lead to inaccurate conclusions of negative influence of decentralization on economic growth rate, service delivery, and other aspects of public administration and economics.

The next most important econometric procedure that improves the credibility of this study is the use of pooled datasets. This approach avoids both the problems of aggregation bias under time series models and heterogeneity among units of observation under cross-section models. This method also gives much more efficient estimates and more reliable conclusions about statistical significance of the findings. Another important consideration is the use of a fixed effects model. The use of a fixed effects model captures the multitude and variety of the existing political, administrative, and economic arrangements in different countries. This is the appropriate methodology in this case because there might be multiple factors of influence on a country's type and mode of decentralization. Obviously, the method has costs associated with it. The loss is that some variation among different data points is lost as unknown. However, the benefits of this approach compensate for its costs through the higher quality of its estimates.

This study took extreme care to test for common and uncommon econometric problems. The test for multicolliniarity revealed no need for adjustment. Serial correlations as well as unit roots were not a problem. Variance inflation factors, albeit a little high for two variables in the economic growth model, were not a cause of bias or concern.

Many have argued that, if properly implemented, a decentralization system will contribute to a nation's economic growth. Others have warned against decentralization because of its potentially negative influences. The evidence of this research project shows that decentralization does not affect economic growth. The implication of this finding is that decentralization, if pursued, should be pursued for other reasons than the facilitation of economic growth. Thus, the findings here are all the more important for future technical consultancy to developing countries, their governments, and international donors.

Beyond practical reasons, these findings are also relevant and important for the theory. As previously analyzed, while there is no significant positive relationship between decentralization and economic growth of a nation, there might be a significant relationship between decentralization and the economic growth of subnational units of a country. This venue of research has received little attention from the academic community. Perhaps one of the most important reasons for this was the fact that there were no universally comparable measures of decentralization. With the newly proposed indexes, the lack of such tools should be rectified.

Two normative comments are required at this time. The first observation has already been made and will only be repeated once for additional emphasis. Decentralization is a multifacet process. This research reminds us that a systematic measurement of such multi-aspect processes requires great care in analysis and interpretation. Increasingly, new statistical indicators of various aspects of decentralization have become available. However, despite this, conceptual fogginess clouds our understanding of how to use these new indicators. As a result of such fogginess, a multitude of hypotheses can emerge, and a multitude of definitions can be developed. To organize what we know about decentralization so far, this research advances an explicitly empirical approach that uses conceptual dimensions to meaningfully organize data on decentralization. Such an approach may not work for all the concepts, especially these that defy neat categories and clear indicators. Additionally, techniques that measure variations, such as factor analysis, will work imperfectly if the empirical distribution of cases does not reflect the full range of a specific concept. However, a mutually understood and agreed upon set of concepts and definitions can allow researchers to either agree or disagree in a productive fashion and provide more consistent advice to policymakers regarding decentralization's mechanisms, its benefits, and its costs.

The second comment is more theoretical in nature. Despite all the research on decentralization, there is much that can be added to both policy and theory. This article has attempted to add to the body of knowledge on decentralization via the development of indexes that would capture the essence of decentralization. Subsequently, this manuscript explored the causal relationship between economic growth and decentralization. Future progress in the field of decentralization depends on both committed research on additional nations and many varied research approaches. Case studies on various countries and their decentralization schemes would allow us to develop better measurements of decentralization. Better measurements of decentralization would in turn be conducive to more accurate theories on the role of decentralization as well as more accurate policy recommendations to both developing and developed nations.

## Cross-References

► Decentralization and Governance
► Federalism and Public Administration

## References

Bahl R, Lihn J (1992) Urban public finance in developing countries. Washington: Oxford University Press
Bird R (2001) Rethinking subnational taxes: a new look at tax assignment. Tax Notes Int 8:2069–2096
Brennan G, Buchanan J (1980) The power to tax: analytical foundations of a fiscal constitution. Cambridge University Press, Cambridge
Ebel RD, Yilmaz S (2004) On the measurement and impact of fiscal decentralization. World Bank, Policy Research Working Paper 2809, Washington DC
Martinez-Vasquez J, McNab RW (2001) Fiscal decentralization and economic growth, In: International studies program working paper series, Andrew Young School of Policy Studies, Georgia State University
Morozov B (2016) Decentralization: operationalization and measurement model. Int J Organ Theor Behav 19(3):275–307
Morozov B (2017) Decentralization and economic growth: specification, measurement, and direction of causal relationship. Int J Public Admin 41(9):684–699
Oates WE (1972) Fiscal federalism. Harcourt, Brace, Jovanovich, New York
Oates WE (1977) The political economy of fiscal federalism. Lexington, Massachusetts: Lexington Books
Oates WE (1993) Fiscal decentralization and economic development. Natl Tax J 46:237–243
Prud'homme R (1995) The dangers of decentralization. World Bank Res Observe 10:201–226
Tanzi V (1995) Fiscal federalism and decentralization: a review of some efficiency and macroeconomic aspects. In: Annual bank conference on development economics 1995, The World Bank, Washington DC
Theissen U (2000) Fiscal federalism in western European and selected other countries: Centralization or Decentralization? What is Better for Economic Growth?. Berlin: Deutsches Institut für Wirtschanftsforschung
Theissen U (2003) Fiscal decentralization and economic growth in high-income OECD countries. Fiscal Stud 24:237–274

D

# Decentralization and Governance

Khandakar Farid Uddin
Center for Administrative Research and Innovation (CARI), University of Dhaka, Dhaka, Bangladesh

## Synonyms

Delegation and domination; Devolution and supremacy; Regionalization and ascendency; Reorganization and power

## Definition

Decentralization is the administrative reform to division and dissemination of central government authorities, activities, rights, and responsibilities to the distant grassroots administrative units. On the contrary, governance is the administrative innovation to ensure effective application of organizational arrangements and reforms. Both decentralization and governance are effective administrative tools to strengthen the management skill and delivery of services. Decentralized governance is usually introducing to support to democratic state-run, whole state affairs, grassroot governance, and better public services. Decentralized governance ensures

delegation of the power and authority to the remote level administration. They help to empower local level administrative wings and enhance the opportunity for active public participation. Decentralized governance is substantial in ensuring sound and sustainable governance.

## Introduction

Decentralization and governance are fundamental part of the government strategies to facilitate regulatory approaches. Governance is an ancient term, which has been applying by organizations to launch effectiveness and operative services. The various state faced significant socio-economic barriers to their governance problem. The governance practices have been changed with the passes of time. The traditional governance apparatuses were being shifted to collaborative manifold arrangements, and the shifts are theorized as decentralization (Bannink and Ossewaarde 2012). Decentralization is being widely supported as a means to overcome various problems (Faguet et al. 2014). Decentralization is applied as an instrument of governance actions around the world to establish efficient functioning of administrative machinery. Faguet (2014) claimed decentralization as the significant organizational changes. Subsequently, decentralization is the process of transferring reliable state power to the local bodies to ensure competitive services. Therefore, by considering administrative efficiency and better facilities, there are strong ties with governance and decentralization.

## Conceptual Framework

Scholars have defined the term decentralization and governance from numerous standpoints. Both concepts are related to competent administrative functionaries and better services to citizens. Usually, governance is the administration's ability to make and enforce rules capably and to deliver services smoothly to the citizen. Furthermore, governance is the process of exercising authority and consequences of various stakeholder's relations to manage its functions and to solve public issues of society, monetary, and policymaking (Saito 2008; Wahhab 2006). Governance is also considered as the government's regulatory power to initiate and impose strategies (Fukuyama 2013). Governance likewise acknowledges the people choices and incorporates them in the administrative process. Olowu and Wunsch (2004) demarcated governance as the progression of public decisions and implement the decisions. For smooth regulatory activity and service delivery, there is need of shift the governance process. The transformation of typical governance process to corporate governance is considered as decentralization (Bannink and Ossewaarde 2012). Therefore, decentralization is regarded as the whole kit and caboodle as an advocate to improve governance. Ancient state to modern state decentralization is being applied fundamentally all over the world (Faguet 2014). Bannink and Ossewaarde (2012) argue that decentralization is the standard dimensions between the central and devolved points of governance assemblage. Sometimes decentralization is being applied to convince people in favor of the government. Decentralization makes governments more honest and efficient (Dreher 2006); therefore, the central government place decentralization into exercise to reestablish the assurance of the people in the state (Aoki 2008). Decentralization is fortified with many characteristics by its virtue.

## Key Features

Decentralization is the crucial process of administration for its broad application in the considerable amount of countries and profound consequences on the way to governance (Faguet 2014). It is extensively admired as a critical component of good governance and growth (White 2011). Thus, decentralization is equipped with various characteristics. Some of the noteworthy features are described below,

***Governance origination***: Decentralization opens broad avenues for governance. Decentralization

ensures people participation, accountability and transparency and eradicates autocracy and supremacy of the central government which instigates the progression of governance.

***Triggering local government***: Decentralization strengthens the local government system by delegating power to the local authorities. The grassroots people receive the opportunities of contribution in the governance system.

***Utilizing local resources***: The faraway resources of a country remain unexploited because of administration backing. Decentralization creates the opportunities for using the local resources of a nation.

***Contribute in the administrative matrix***: By the benefit of decentralization, the local level officials and grassroots and people get the opportunity to contribute to the organizational activities of the country.

***Organizational management***: Decentralization improves the managerial activities by regionalizing and delegating authority and responsibility. Decentralization removes the regulatory barriers to governance.

***Communication with the remote area***: The central and local administration can communicate quickly and frequently by the support of decentralization of government. The effective communication leads to better administrative and service governance.

## Importance

Decentralization is very dynamic component among other features of governance arrangements, and it diminishes the autonomy of the state (Bardhan 2002; Faguet et al. 2014). Decentralization is being applied in various regions for diverse purposes like to impose or restore political and economic control, to strengthen the democratic system, to minimize conflict or controversies, to expand the public facilities, or to aggravate regional dissimilarities (Ahmad et al. 2005; Streeten 1999). For their distance with the local level, the central government might not have satisfactory acquaintance with the remote localities; thus, decentralization is introduced in many states (Wahhab 2006).

Similarly, decentralization of government bodies makes central government more responsive to local needs and deliver inaccessible residents voice in public concerns. Faguet (2014) argues that decentralization incline reform the bureaucratic, top-down management system to a self-autonomies participatory system. Thus, decentralization fortifies democratic practice, enhance community involvement, and consequently improve government effectiveness. Accordingly, decentralization empowers citizens to ensure their interests articulated in the government strategy and amenities (Faguet et al. 2014). Regionalization of power unlocks the political participation of the community in policymaking. Furthermore, devolution of the administrative system by decentralization promotes equality, ensures cost-effectiveness, improves accountability, reduces corruption, and establishes effective governance. Bardhan (2002) argues that decentralization not the only purpose of the delegation of authority, it also substantially ensures governance at the local level. By delegating power and resources to lower levels of government, decentralization minimizes social tensions and community resentment.

## The Nexus Between Decentralization and Governance

Decentralization and governance are commonly considered as closely related (Saito 2008). The principle aims of governments are to manage the state affairs well and deliver efficient services to the citizen. Subsequently, the term governance is introduced to strengthen the government endeavors. Decentralized governance context is very operative in firming the state (Faguet et al. 2014). The centralized system of public administration is unable to ensure the level and quality of community services to the periphery. On the contrary, the decentralized administrative local bodies despite having limitations are firmly engaged with the desires of the people. Bardhan (2002) claims that decentralization introduces "checks and balances" in the government structure (p. 185). Therefore, this administrative

adjustment helps to strengthen the governance mechanisms.

In this regard, governance attempt to progress the excellence in government functions and ensure smooth access to public services. The governance framework needs to function its activities with the supportive government bodies at the local level. The transformation of government philosophies to governance suggests that government inclined to be a top-down process and in contrast governance is the bottom-up process where various actors are actively involved in the operations (Saito 2008). However, the public participation and transparency are distinctive for the sound governance of government activities. Usually, the ruling classes were not used to incorporating publics in the organizational functionaries, or not even considered the thoughts and expectations of the public. The establishment of good governance is not possible without the active and fruitful involvement of publics in the government functionaries. Decentralization unlocks the opportunities for public participation in the governance progression. There was no widespread exercise of collaboration between the local public and government organizations before decentralization.

Decentralization is the spreading of the thought of governance at the local level that leads to accomplishing the national level of governance well. Concerning governance, Azfar et al. (1999) alleged decentralization by way of "bring government closer to the people" (p. 1). The governance aims to destroy strictness and introduce candidness of the government activities. However, theoretically, decentralization is strongly preferred to enhance the accountability and openness of the government (Faguet 2014). Decentralization contributes to fortify the swiftness of governance agendas and in this means decentralization and governance are strongly associated with each other. Accordingly, the core output of decentralization is the substantive change in governance arrangements. Thus, the fruitful application of decentralization and governance mechanism requires a favorable circumstantial to implement their reform measures.

## Decentralized Governance Practices

Decentralized governance lessens strains of the central government, grows local level capacities, encourages divergence, and improves self-governing ethics. Decentralized governance is ensured by various means in different regions as per the practical situation. It can be practiced by relocating of central government authority and responsibility of planning, managing, fund mobilization, resource distribution, and policy implementation to the ground units. Various countries are applying various forms of decentralization to enhance the governance process.

The administrations are commonly applying de-concentration, delegation, devolution, and dispersal to establish hands-on and responsible decentralized governance practices around the entire organizational apparatuses. In the de-concentration decentralization method, central administration transfers the management workload and specific responsibilities from central officials to local officials at the local level. However, the final authority kept in the center. De-concentration can be labeled as administrative decentralization in an arrangement of an introduction of field administration. Then delegation is another process of decentralization where central authority transfers power and responsibility to the bottom authority; however, final responsibility remains with the central authority. Devolution is also the process of decentralized governance where the central authority transfers legal authority to the locally established bodies. These bodies are free from the direct control of the central authority and work independently. It is fundamentally the self-governing and democratic decentralization process. Thus, the establishment of local government units is considered as the process of decentralization under the essence of devolution. Dispersal is another form of decentralization where the central administration engages administrators in the local area, but in this process, the central administration does not transfer considerable authorities and responsibilities to the local units.

On the other hand, the forms of decentralized governance depend on a range of factors like size

of the state, constitution, politics, leadership, the form of government, economy, the geography of functional areas, administrative ability, communication system, central-local relations. Consequently, decentralized governance practices elasticities substantial role to the localized bodies to adopt and implement own development program as well as assure sound management of state affairs as local actors are more well informed about their aptitude and hindrances.

## Decentralized Governance Challenges

The decentralized governance process brought economic, social, and political modifications to exaggerate localized contribution. However, there are substantial challenges in the progression of decentralized governance. Some of the vigorous challenges are informed below,

***Politicized governance***: Decentralized governance is controlled by the political government bodies. In the politicized organization, the political staff (ministers and public servants) give importance to partisan benefits in all endeavors (Aucoin 2012).

***Centralization of power***: The central management keep the authority and power in their custody; they are not willing to hand over the supremacy. The decentralized governance aims to transfer authority and power to the grassroots level, but the central authority creates obstacles in this progression. Due to the extreme centralization of power, almost all decentralized bodies face severe difficulties.

***Biased administration***: The central organizational units are influenced by the central leaders and not cooperative to the localized units. The localized units do not get the necessary support to accomplish their purpose of facilitating localized units. Decentralization goals are not being steered properly due to partial and incapable administration.

***Underprivileged local units***: A powerful and effective local units are essential for strong decentralized governance. Decentralized bodies' technical skills and competence on the ground are awkward. Indeed, the decentralized local bodies are neglected by the central authorities. A minimum number of skills are required to implement localized agendas, and decentralized institutions cannot manage the delegated functions.

***Political instability***: In general, the political parties have a hostile and antagonistic relationship. Decentralized governance is a political initiative, and the unstable political situation produces complications in the progression of decentralization and governance.

## Aspects that Strengthen the Decentralization and Governance Measures

The decentralized local bodies are subordinated to the government, which restrict the empowerment of the dispersed forms. A range of elements influences the process of decentralization and governance aspects. Decentralization improves governance (Dreher 2006); nevertheless, it requires considerable modification to improve governance (Ahmad and Brosio 2006). There are several aspects like location, population, resources, financial ability, central government command, constitutional authority, public participation, public consciousness, common characteristics, the rule of law, and lots of features that move the establishment of governance as well as decentralization. Among these issues, the substantial aspects are described below.

***Legal framework***: To ensure the reliable power and to fortify the benefits of decentralization, considerable authority should be definite in the constitution. Besides, the constructive law should be introduced to robust the legal base of decentralized governance.

***Administrative command***: The central government dictation to the decentralized local bodies significantly influences the structural decentralization. The central government empowers decentralized local government units. It is not possible to establish robust governance framework for the effective administrative regulator.

***Political authority and independence***: The decision-making power should be devolved to the local bodies. The restrictions of the politically free domain confine the regional administrations to implement strategies.

***Resources devolution***: The transfer of various resources like the institutional outline, managerial responsibilities, financial backing, political control, and democratic practice significantly stimulates the governance and decentralization process. Besides, the conditions of the resources being transferred, and the goals also affect the progress of governance and decentralization.

***Monetary supremacies***: The powers to levy local taxes, impose fees for services, management of revenue accounts, and sufficient fund from the central government impact the development of delegation and ascendency.

***Accountability***: The mechanisms for ensuring local officials accountable effect the decentralization process. To establish a sound governance framework, the local officials should be responsible for their decisions and finances to the central government as well as the public.

***Democratic features***: A constructive democratic situation is necessarily required for effective governance and decentralization. The accessibility of the rule of law, freedom of speech, equality, and justice is significantly crucial.

***The capacity of the community***: The aptitude of the public consciousness, literacy, patriotism, and responsibilities can also affect governance and decentralization. For stable formation of governance and decentralization conscious, responsible and hardworking nationals are necessary.

***Demographics***: Numerous demographic aspects like population density, the deficiency, income, social conflict, and economic conditions may also impact decentralization strategies.

As discussed above, there are various dominant aspects that shape decentralization and its impact on governance. Thus, if these characters are in the favorable situation, at that point decentralization can ensure better governance. The aspects of decentralization should be facilitated to strengthen the governance framework otherwise the effective administrative functions and better services for citizens will be far away.

## Conclusion

Decentralization is applied to broaden and strengthen the governance procedures. Decentralization strategies cannot be implemented if there is the insufficiency of facilities at the local level. It is a fact that in the decentralization process governments think that they would lose power, authority, and supremacy if they execute real decentralization (Ayee 2008). Also, the decentralized unit competence level is not up to the mark to implement the strategies. A minimum level of abilities is essential to achieve policies and agendas. However, the limitations depend on how seriously the central government initiates the solutions. On the contrary, decentralization may lead to severe governance. It may engender patron-client political relation between central and local government, which may lead to misuse of power (Golooba-Mutebi 2008). The competent and appropriate decentralized governance is called good governance. Though there are significant obstacles and criticisms in the process of decentralized governance, administrative decentralization is considered as a critical element aspect of governance arrangements. However, decentralization alone cannot generate useful governance. Other aspects of governance measures should also be ensured. Thus, the outcome of decentralization, even in the early stage, may lead to targeted consequences. The central administration should comprise and support the local people benefits by decentralized governance. For an ideal and effective decentralized organizational management, the decentralization processes must ensure effective and sustainable transference of authorities and dictates from the center to the local levels.

## Cross-References

► Centralization and Decentralization
► From Governance to Government

▶ Good Governance
▶ Governance and Democracy
▶ Governance and Development
▶ Governance and Government
▶ Governance and Public Administration
▶ Governance and Regulations
▶ Local Governance
▶ Regional Governance

## References

Ahmad E, Brosio G (2006) Introduction. In: Ahmad E, Brosio G (eds) The political economy of decentralization. Edward Elgar Publishing, Cheltenham, UK and Massachusetts, USA, pp 1–36

Ahmad J, Devarajan S, Khemani S (2005) Decentralization and service delivery. Retrieved from World Bank Publications: http://econ.worldbank.org

Aoki E (2008) Entangled democracy, decentralization and lifeworld in Flores under global trends. In: Saito F (ed) Foundations for local governance decentralization in comparative perspective. Physica-Verlag, A Springer Company, Heidelberg, pp 47–74

Aucoin P (2012) New political governance in Westminster systems: impartial public administration and management performance at risk. Governance 25(2):177–199

Ayee JRA (2008) The balance sheet of decentralization in Ghana. In: Saito F (ed) Foundations for local governance decentralization in comparative perspective. Physica-Verlag, A Springer Company, Heidelberg, pp 233–258

Azfar O, Kahkonen S, Lanyi A, Meagher P, Rutherford D (1999) Decentralization, governance and public services: the impact of institutional arrangements. Retrieved from Centre for Institutional Reform and the informal sector, University of Maryland. http://siteresources.worldbank.org/INTINDONESIA/Resources/Decentralization/Lit_Review_IRIS.pdf

Bannink D, Ossewaarde R (2012) Decentralization: new modes of governance and administrative responsibility. Adm Soc 44(5):595–624

Bardhan P (2002) Decentralization of governance and development. J Econ Perspect 16(4):185–205

Dreher A (2006) Power to the people? The impact of decentralization on governance. Retrieved from Swiss Federal Institute of Technology Zurich. https://papers.ssrn.com/soL3/papers.cfm?abstract_id=881542

Faguet J-P (2014) Decentralization and governance. World Dev 53:2–13. https://doi.org/10.1016/j.worlddev.2013.01.002

Faguet J-P, Fox AM, Poeschl C (2014) Does decentralization strengthen or weaken the state? Authority and social learning in a supple state. Retrieved from London School of Economics and Political Science. http://eprints.lse.ac.uk/id/eprint/60631

Fukuyama F (2013) What is governance? Governance 26(3):347–368

Golooba-Mutebi F (2008) Politics and local government in Uganda. In: Saito F (ed) Foundations for local governance decentralization in comparative perspective. Physica-Verlag, A Springer Company, Heidelberg, pp 137–164

Olowu D, Wunsch JS (2004) Local governance in Africa: the challenges of democratic decentralization. Lynne Rienner Publishers, Boulder/UK

Saito F (2008) Decentralization and local governance: introduction and overview. In: Saito F (ed) Foundations for local governance decentralization in comparative perspective. Physica-Verlag, A Springer Company, Heidelberg, pp 1–24

Streeten PP (1999) Governance. Pak Dev Rev 38(4, Part 1):355–384

Wahhab MA (2006) Problems of governance and the need for political decentralization in Bangladesh. In: Paper presented at the NAPSIPAG conference on innovation, policy transfer and governance: how they can best contribute to social and human development. University of Sydney

White S (2011) Government decentralization in the 21st century. In: A report of the CSIS program on crisis, conflicts, and cooperation. Centre for Strategic and International Studies, Washington, DC

D

# Decentralization and Recentralization of Disaster Management in Turkey

Helena Hermansson
Department of Security, Strategy, and Leadership, Swedish Defence University, Stockholm, Sweden
Centre of Natural Hazards and Disaster Science, Uppsala University, Uppsala, Sweden

## Synonyms

Collaboration; Collaborative disaster management; Disaster management; Disaster risk reduction; Political-administrative system; State-society relations

## Definitions

| | |
|---|---|
| Decentralization | The process of spreading out authority from a smaller to a |

| | |
|---|---|
| | larger number of actors and from a central authority to a less central authority. |
| Recentralization | The process of undoing or taking steps from decentralization towards centralization. |
| Disaster governance | The specific arrangements that societies put in place to manage their disasters and disaster risks within the broader context of governance. |

## Introduction

There is a belief that decentralized disaster management systems are better equipped to effectively prepare for and respond to disasters compared to more centralized systems. The superiority of decentralized disaster management systems may seem commonsensical since local actors are first on site when a disaster has struck. The activities of local (as opposed to central) governments and nongovernmental actors are also believed to facilitate risk management solutions that are adapted to the specific context as well as the needs and capabilities of local communities (Garschagen 2015). It is thus perhaps no surprise that advocacy for decentralization and empowering of local authorities is a centerpiece in mainstream disaster risk reduction paradigms (United Nations International Strategy for Disaster Risk Reduction 2005, 2015). Our knowledge about how decentralizing reforms play out in various disaster management systems is, however, not on par with policy circles' advocacy for it.

Yet, the wider decentralization literature informs us that investigating states' central–local relations helps us understand the consequences of decentralization (Hutchcroft 2001). Moreover, the nature of these relations also provides insight into how actors in any given system context perceive and receive decentralizing reforms. Central–local relations are also critical for managing disasters as such extreme events often overwhelm local authorities and call for assistance from the central national levels. This is one of the reasons for why effective management of disasters requires collaboration between central and local actors. Yet such collaboration does not follow automatically from decentralization reforms, despite their hypothesized effects of encouraging the inclusion of local perspectives and actors.

The wider decentralization literature has also established that lest the decentralization efforts are properly planned and implemented, they may bring unforeseen effects, including recentralizing backlashes. To be properly implemented, decentralization attempts must be carefully attuned to "the preexisting character of central-local ties" (Hutchcroft 2001, p. 46). Proper implementation of decentralization reforms also depends largely on political culture that manifests itself in the nature of state–society relations and decision-making structures (Garschagen 2015). The character of central-local relations, political culture, state-society relations, and decision-making structures largely stem from the character of a country's political and administrative system. One study even noted that the characteristics of states' political and administrative systems were what "most significantly influenced what was possible in terms of the scope, process, and speed of reform" (Sozen and Shaw 2002). The desired traits of decentralization and collaboration, as conveyed by the international disaster risk reduction discourse, are rarely present in the system setup of countries that are repeatedly hit by natural disasters. Instead, these countries are often rather centralized and hierarchical: Turkey, a country frequently hit by floods, earthquakes, and landslides, is a case in point. To manage the consequences of such extreme events in a more effective manner, Turkey attempted to decentralize their disaster management system a decade ago, but before long, the contours of a recentralizing backlash were noticed. Before getting more acquainted with Turkey and how this turn of events came to pass, the decentralization concept and some observed benefits and drawbacks related to decentralizing reforms and their implementation will be outlined below.

## The Decentralization Concept

In general, decentralization implies that authority is "spread out from a smaller to a larger number of actors" and from a central authority to a less central authority (Pollitt 2005, p. 373). Decentralization can be administrative, political, and fiscal. Administrative decentralization entails the delegation of responsibility for certain issues to local branches that are appointed by the central government. Political decentralization brings more independence to local authorities as it not only involves the delegation of power but also the devolution of exclusive authority. Importantly, these local authorities are not appointed but elected, and they are hence accountable to the electorate. Fiscal decentralization involves to what extent lower tiers of the government can "define their own tax bases, set their own tax rates, and determine their own public spending" (Treisman 2007, p. 25).

## Potential Benefits and Drawbacks of Decentralization

Research on decentralization reforms have identified a number of potential benefits and drawbacks of administrative and political decentralization. Public sector efficiency is one benefit. Administrative decentralization reduces information overload which may speed up decision-making, which in turn, may boost innovation. Local decision-making is also associated with being more responsive to citizens' specific needs and with reducing central governments' political intervention in local matters, which may reduce political tension (Pollitt 2005). Administrative decentralization may also improve employee motivation by making the results of employees' efforts more visible as opposed to "just being a cog" in a large centralized bureaucracy (Haase and Antoun 2015). Turning to political decentralization, its promoters propose that it brings political power closer to citizens and makes politicians less remote and more accountable. It may also increase participation, both during and between elections.

Decentralization reforms can clearly also have negative effects. For example, it makes it more difficult to retain a critical mass of experts and it also increases fragmentation, which challenges efficient coordination of policies and programs. Also, having autonomous local authorities may increase the likelihood of citizens receiving unequal treatment, which can cause increased ethnical or political tension (Pollitt 2005). Decentralization further brings more intricate accountability systems, which may create opportunities for blame shifting and/or avoidance. These downsides shed some light on why natural resource management and public service delivery researchers point out that we are amiss if we equate decentralization with more effective service delivery (Bardhan 2002; Hutchcroft 2001; Jesse et al. 2006; Rumbach 2015).

Within the disaster and emergency literature, a rich body of research has developed arguing the benefits and drawbacks of placing the main burden for managing crises and disasters centrally, regionally, locally, or a combination of the three which is often the case. Against this background, many studies also discuss intergovernmental coordination between these levels and various jurisdictions, which is crucial for disaster management. More specifically, researchers have also looked into how decentralized structures impact certain aspects of disaster response, like information flow (Koehler et al. 2014) and evacuation (Waugh and Ruback 2014). Studies like the ones just mentioned often study disaster management systems already in place while this chapter is more concerned with the reaction to, and the dynamics of, the decentralization process(es) itself.

As mentioned above, the potential of decentralization reforms is hypothesized to depend on the institutional context and the political culture and circumstances in which they are embedded "Bureaucratic Culture". Critical aspects to ponder before attempting to decentralize are whether local jurisdictions have the needed capacity and financial resources and whether they are prepared to assume the responsibilities handed to them (Haase and Antoun 2015; Jesse et al. 2006). Other relevant context features include the

strength of monitoring and accounting systems and accountability mechanisms (Bardhan 2002). Initiating decentralization reforms without the presence of these conditions may lead to problems occurring locally and when (rather than if) central governments undertake countermeasures to address these problems, a recentralization "backlash" often follow. Ineffective and/or dysfunctional decentralization processes have been observed in a variety of political-administrative system contexts, like the Middle East (Haase and Antoun 2015), South Asia, West Africa (Agrawal and Ribot 1999), and Latin America (Jesse et al. 2006). In addition to the conditions already mentioned, Rumbach (2015) notes that within the disaster management sector, gaps between de jure and de facto decentralization may affect the feasibility of such reforms. Such gaps often emerge when decentralization initiatives are launched by central governments to appease international donor agencies or domestic constituents without being willing to cede power.

Turning back to Turkey, it has long been emphasized that the Turkish disaster management system needs stronger local actors and more collaboration between actors (Ganapati 2008; Kapucu 2012; Unlu et al. 2010). Steps were actually taken towards realizing both as decentralization reforms were initiated following unprecedented earthquakes in 1999. The development was partly spurred by the international aid organizations involved in the restructuring of the disaster management system. Yet, despite initiating decentralizing reforms during the decade that followed the 1999 earthquakes, the de facto development of the disaster management system has taken a centralizing turn, particularly so in the wake of new earthquakes in 2011. How could this come to pass?

## Central Governments May Delimit Decentralization

Studying decentralization reform within the forestry sector, Jesse et al. (2006) showed that central governments use a number of strategies to thwart or limit decentralization processes. One strategy is to introduce new systems of oversight in the wake of decentralization, which reduces local authorities' newfound autonomy. Another strategy is to not match local authorities' increased responsibility with increased funds, which makes it hard to fulfill their newfound responsibilities. Both strategies were present in Turkey's recentralization process. First, attention is given to how the central government introduced new systems of oversight.

### Introducing New Systems of Oversight

One major change in Turkey's disaster management system following the earthquakes in 1999 was that the Disaster and Emergency Management Presidency (AFAD) was created. This is a central agency, placed in the Prime Ministry, but in addition to its headquarters (HQ) in Ankara, provincial and regional AFAD offices were also created with provincial managers to strengthen local authorities. At the outset, in 2009, when AFAD was created, these local offices were attached to the provincial governor which entails a decentralizing move. Yet, following the experiences made from dealing with new earthquakes in 2011, centralizing changes were made in AFAD's organization. The changes tied AFAD's provincial offices closer to the HQ in Ankara (act 6525; AFAD 2015) by altering how AFAD's local managers are appointed. AFAD's local managers are still responsible to the provincial governors in day-to-day activities, but the governors no longer appoint them – AFAD's president and the deputy prime ministers do. On the one hand, this may allow for appointing officials who are loyal to the current central perspectives, perspectives that often diverge from local ones as actors at different levels in a system not necessarily share understanding or priorities. On the other hand, centralizing appointment procedures may reduce the risk of basing appointments on local partisan pressures. Favoritism is widespread in the Turkish political-administrative system, both at central and local levels (Çaha 2009; Kalayçıoğlu 2001).

In addition to changing this appointment procedure, the budget procedure was also changed. Previously, the activities of the local AFAD offices was covered by the provincial governors' budget. Since the change, the local AFAD offices

instead come under central AFAD's budget. As it is commonly difficult for local officials to motivate the spending of money on disaster preparedness (unless a disaster has recently happened), centralizing the budget for such activities may ensure that initiated capacity development projects are carried out and not postponed due to other competing local issues. On the other hand, provincial governors generally have a superior knowledge of local conditions and the type of preparedness activities that are most needed. Regardless of whether the changes bring better or worse outcomes; centralizing the power to decide over local appointments and spending not only entails introducing new systems of oversight. The changes go further than that as they clearly restrict local authorities' room to maneuver and thwarts the decentralization process.

Another aspect related to moving beyond the introduction of new oversight systems is the character of AFAD's mandate. Its location within the Prime Ministry would normally grant them a regulation and coordination mandate. In the Turkish administrative system, implementation mandates reside with the general directorates within the other ministries. AFAD has, however, gradually become involved hands-on in disaster management operations and has, in practice, been bestowed with an implementing mandate. AFAD has thus moved away from oversight, engaging merely with policy and planning, to also conduct operative activities. This shift may be understandable given the currently low disaster management capacity locally (Unlu et al. 2010), but regardless, the development in itself entails a further centralization of the disaster management system.

### Mismatch Between Responsibilities and Funds

The central government may also thwart decentralization reforms by withholding funding to local levels ▶ "Local Governments and Crisis Management". It is noteworthy that following the devastating earthquakes in 1999, nearly every type of local authority (including municipalities) existing at the time saw an increase in their power, duties, and responsibilities related to disasters (Balamir 2013; Gül and Kiriş 2015). According to a report from the Turkish Ministry of Public Works and Settlements (2009), the increase in local authorities' tasks and responsibilities meant that "most of the [disaster] mitigation, preparedness, planning, and recovery works have been transferred to them" (p. 7). There was indeed a serious decentralization attempt – on paper. Yet changing responsibilities on paper does not change capacity, especially not when central governments increase responsibilities without coupling it with increased financial and human resources. Fiscal decentralization generally remains very limited in Turkey (EU 2014). Turkish disaster laws put a lot of responsibility on governors and municipalities but the capacity to manage disaster on these levels is low and adequate funds to be able to raise their capacity have not been provided. Having interviewed local actors in Van and Erciş that was struck by earthquakes in 2011, it became clear that the initial conditions needed for decentralization to succeed was lacking: interviewees, for example, mentioned feeling unprepared and incapable of assuming the responsibility handed over to them due to various capacity deficits. This is part of the so important conditions in the institutional context that must be considered before initiating, or advocating for, decentralization. Although some local authorities expressed the wish to be relieved of their current responsibilities, there was no unanimous desire to recentralize the system. Rather, some envisioned placing the responsibility for disaster management at the regional level, where knowledge and understanding concerning local conditions, which they considered very important, are more prevalent than at the central level.

### Low Levels of Central-Local Collaboration

In addition to central actors' introduction of new systems of oversight and withholding of funds to local levels, recent research suggests that central actors' refraining from collaborating with local actors may also shed some light on the fate of decentralization reforms (Hermansson 2018) ▶ "Collaboration in Crisis Management". Local disaster management capacity in Turkey not only suffers from inappropriate funds but also from

weak relations between central and local actors. An AFAD (2015) report mentions that the central–local relations must be improved as they strengthen the capacity of the responsible local agencies. Weak relations between central and local actors is problematic as it may contribute to that the proposed benefits of decentralized disaster management never see the light of day. Decentralization is, for example, hypothesized to increase local disaster governance capacity (Rumbach 2015), local participation, and incorporation of local knowledge in disaster planning (Escaleras and Register 2012). But these goals or preferred end states will be very difficult to attain, and maintain, without central-local collaboration. The management of the 2011 earthquakes in Van and Erciş, proffered many manifestations of weak central-local ties (even though some collaboration occurred thanks to individual initiatives, see Hermansson 2019). Interviewed key actors painted a picture of a disjointed political-administrative and disaster management system where local actors had a hard time getting the attention of AFAD to share their experiences and lessons learned. The disaster management system was also described as being very low in community and local authority participation. There was also a revealing distance between local and central actors' perceptions and interpretations of events connected to managing the earthquake. One example concerns local and central actors' perceptions of the earthquake response that were described as being "worlds apart, with one version describing quick and adept disaster response and the other suggesting that Turkey has a long way to go in terms of disaster management" (Ayasun 2011).

Another example concerns the planning and building of new residential areas following the earthquakes. The legislation surrounding earthquake reconstruction was modified in 2011 so that the previous decentralization of housing and urban planning issues was abolished and the issues related to urban renewal and land-use planning were recentralized (Balamir 2013; EU 2012). A provincial official shared that as result; everything concerning the new residential areas was decided by "Ankara," by people at the central level who were not familiar with the local conditions. Local actors felt excluded from the process and saw the implementation of these projects as far from ideal (Hermansson 2018). The new apartments were, for example, not adapted to local needs and residents' access to labor and social arenas became limited (Tercan 2015). An AFAD HQ report, however, conveys that the reconstruction of Van is a "best practice" that currently serves as a model for the future. When central actors dominate both the rebuilding processes and the post-disaster narratives in this manner, central perspectives are regenerated and central-local gaps reified. Considering AFAD's current implementing mandate and the lack of local actor participation in disaster management, their (central) voice becomes even stronger. In such an environment, decentralizing reforms do very little in terms of increasing local disaster governance capacity, local participation, and incorporation of local knowledge in various planning processes related to disaster.

## Conclusion

Following the lessons made from unprecedented earthquakes in 1999, a stepwise decentralization of the disaster management system was initiated in Turkey. Nearly all types of local authorities existing at the time were given more power and responsibilities, but in spite of this, recent developments indicate that a recentralization process is in the making. Decentralization research suggests that decentralization reforms risk being for naught if trying to implement them without proper preparations and starting conditions. In these instances, central governments who are often reluctant to give up power, find ways to circumscribe local actors' newfound authority and responsibility. They may, for example, as in the case of Turkish disaster management, retort by introducing new oversight mechanisms, omitting to match local authorities' increased responsibilities with increased funds, and/or avoiding to include and engage local actors in collaboration. These types of strategies are often enabled by highly hierarchical and centralized political-administrative systems, like the Turkish one, and

the political-administrative culture that they tend to give rise to. This awareness of how political-administrative contexts shape and color the potential for decentralization needs to be incorporated into the knowledge foundation that current disaster policy and advocacy is based on. Otherwise, what may come across like steps towards achieving a decentralized disaster management system, may be little more than the first step of a recentralizing process, in which the system returns to an even more centralized state than before.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Governance of Disaster Management
- ▶ Local Governments and Crisis Management


## References


AFAD (2015) National progress report on the implementation of the Hyogo Framework for Action (2013–2015). Retrieved from https://www.preventionweb.net/files/42758_TUR_NationalHFAprogress_2013-15.pdf

Agrawal A, Ribot J (1999) Accountability in decentralization: a framework with South Asian and West African cases. J Dev Areas 33(4):473–502

Ayasun A (2011) Turkey needs to improve disaster response capabilities, Van quake shows. Today's Zaman

Balamir M (2013) Obstacles in the adoption of international DRR policies: the case of Turkey. Draft background paper prepared for the global assessment report on disaster risk reduction 2013

Bardhan P (2002) Decentralization of governance and development. J Econ Perspect 16(4):185–205. https://doi.org/10.1257/089533002320951037

Çaha H (2009) Corruption in Turkey: structural dimensions and practice. TODAIE's Rev Public Adm 3(1):119–156

Escaleras M, Register CA (2012) Fiscal decentralization and natural hazard risks. Public Choice 151(1): 165–183. https://doi.org/10.1007/s11127-010-9740-4

EU (2012) Progress report Turkey. Retrieved from http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/tr_rapport_2012_en.pdf

EU (2014) Progress Report Turkey. Retrieved from http://ec.europa.eu/enlargement/pdf/keydocuments/2014/20141008-turkey-progress-report_en.pdf

Ganapati NE (2008) Disaster management structure in Turkey: away from reactive and paternalistic approach? In: Pinkowski J (ed) Disaster management handbook. CRC Press, Boca Raton, pp 281–319

Garschagen M (2015) Decentralizing urban disaster risk management in a centralized system? Agendas, actors and contentions in Vietnam. Habitat Int. https://doi.org/10.1016/j.habitatint.2015.08.030

Gül H, Kiriş HM (2015) Democratic governance reforms in Turkey: prospects and challenges. In: Dawoody AR (ed) Public administration and policy in the Middle East. Springer Science+Business Media, New York, pp 25–59

Haase TW, Antoun R (2015) Decentralization in Lebanon. In: Dawoody AR (ed) Public administration and policy in the Middle East. Springer Science+Business Media, New York, pp 189–213

Hermansson H (2018) Challenges to decentralization of disaster Management in Turkey: the role of political-administrative context. Int J Public Adm 42(5):417–431. https://doi.org/10.1080/01900692.2018.1466898

Hermansson H (2019) Disaster response in Turkey: conditions promoting CrossSectoral collaboration and implications for effectiveness. Adm Soc 51(7): 1051–1078

Hutchcroft PD (2001) Centralization and decentralization in administration and politics: assessing territorial dimensions of authority and power. Gov Int J Policy Adm 14(1): 23–53. https://doi.org/10.1111/gove.2001.14.issue-1

Jesse CR, Agrawal A, Larson AM (2006) Recentralizing while decentralizing: how national governments reappropriate forest resources. World Dev 34(11):1864–1886. https://doi.org/10.1016/j.worlddev.2005.11.020

Kalayçıoğlu E (2001) Turkish democracy: patronage versus governance. Turk Stud 2(1):54–70. https://doi.org/10.1080/14683849.2001.11009173

Kapucu N (2012) The network governance in response to acts of terrorism: comparative analyses. Routledge, New York, pp 108–137

Koehler GA, Kress GG, Miller RL (2014) What disaster response management can learn from chaos theory. In: Farazmand A (ed) Crisis and emergency management theory and practice, 2nd edn. CRC Press, Boca Raton, FL, pp 111–133

Ministry of Public Works and Settlements (2009) HFA progress report 2007–2009. Retrieved from www.preventionweb.net/english/hyogo/progress/reports/v.php?id=7460&pid:223

Pollitt C (2005) Decentralization. A central concept in contemporary public management. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The oxford handbook of public management. Oxford University Press, New York, pp 371–397

Rumbach A (2015) Decentralization and small cities: towards more effective urban disaster governance? Habitat Int. https://doi.org/10.1016/j.habitatint.2015.08.026

Sozen S, Shaw I (2002) The international applicability of "new" public management: lessons from Turkey. Int J Public Sector Manag 15(6):475–486. https://doi.org/10.1108/09513550210439625

Tercan B (2015) Post-disaster relocation and resettlement processes in urban areas of Turkey. In: Hepperle E, Dixon-Gough R, Mansberger R (eds) Challenges for governance in urban and regional development. Vdf Hochschulverlag AG, Zürich, pp 311–323


D

Treisman D (2007) The architecture of government. Cambridge University Press, New York
United Nations International Strategy for Disaster Reduction (2005) Hyogo framework for action 2005–2015. Retrieved from http://www.unisdr.org/2005/wcdr/intergover/officialdocL-docs/Hyogo-framework-for-action-english.pdf
United Nations International Strategy for Disaster Reduction (2015) Sendai framework for disaster risk reduction. Retrieved from http://www.preventionweb.net/files/43291_sendaiframeworkfordrren.pdf
Unlu A, Kapucu N, Sahin B (2010) Disaster and crisis management in Turkey: a need for a unified crisis management system. Disaster Prev Manag 19(2):155–174. https://doi.org/10.1108/09653561011037977
Waugh WL Jr, Ruback JR (2014) Psychology of evacuation and the design of policy. Lessons from hurricanes Katrina, Ike, and Sandy. In: Farazmand A (ed) Crisis and emergency management theory and practice, 2nd edn. CRC Press, Boca Raton, pp 135–154

## Decentralization in Lebanon

Thomas W. Haase[1], Mona Harb[2] and Sami Atallah[3]
[1]Department of Political Science, Sam Houston State University, Huntsville, TX, USA
[2]American University of Beirut, Beirut, Lebanon
[3]Lebanese Center for Policy Studies, Beirut, Lebanon

### Synonyms

Administrative decentralization; Decentralization; Deconcentration; Delegation; Devolution

### Introduction

Decentralization is defined as the reorganization or transfer of power and authority away from central governments toward regional and local actors (Pollitt 2005). In the Republic of Lebanon, advocates for political and administrative reform have long argued that decentralization would expand local participation and strengthen national unity. The foundations for this argument can be traced back to the mid-nineteenth century, when the Ottoman Empire began to establish local municipalities throughout what would become modern-day Lebanon. During the 1920s and 1930s, French mandate authorities continued this trend and expanded the number of municipalities (Favier 2001). After gaining independence in 1943, the Lebanese government began to decentralize political and administrative authority toward local municipalities. The Lebanese Civil War (1975–1990) weakened Lebanon's political and administrative systems and disrupted these municipal reform efforts. Discussions about decentralization began anew with the adoption of the Ta'if Agreement in 1989, which brought the Lebanese Civil War to a tenuous close. The Ta'if Agreement (1989) stressed that administrative decentralization would contribute to national reconciliation, local participation, and economic and social development. Despite the promotion of decentralization as a mechanism for peace and stability, Lebanon's administrative power and authority remain concentrated within the central government.

This entry reviews developments associated with administrative decentralization within Lebanon after the conclusion of the Lebanese Civil War. It begins with an overview of the evolution of Lebanon's administrative structures during the 100-year period that preceded independence. The discussion then shifts toward Lebanon's contemporary administrative structures, concentrating on both their institutional arrangements and their governance problems. The entry then highlights the recommendations contained in a major legislative proposal that focused on the decentralization of power and authority from the central government toward regional and local governments. Although commissioned by Prime Minister Najib Mikati and endorsed by President Michel Sleiman, the draft legislation has not been submitted to the government for approval, hindering the aspirations behind the proposed reforms. This entry concludes by highlighting the administrative and political obstacles that hinder Lebanon's ability to embrace decentralization.

## History of Lebanon's Administrative Structures (1861–1977)

Lebanon's contemporary administrative structures date to 1861, when following a conflict between Christians and Druze, the Ottoman Empire established the administrative region of Mount Lebanon. This administrative region, known officially as a Mutasarrifiyya, was placed under the authority of the mutasarrif, an Ottoman government official appointed by the Sultan. In an attempt to maintain their control over Lebanon, the Ottomans reorganized Lebanon's territory into seven districts (qada's), which were administered by an officer (qa'immaqam) who was appointed and overseen by the mutasarrif (Antoun 1995). Each district was subdivided into directorates (mudiriyyat), which were administered by directors (mudir) who were appointed and overseen by the qa'immaqam. The smallest administrative unit was the village, headed by a shaykh or a mukhtar, who was selected through local elections. After a period of rapid population growth and urbanization, the Ottoman Parliament promulgated the Municipal Law of 1877. This law established a modern form of municipal government and required all towns and cities to form municipal councils. This law also expanded municipal authority to include social services, public works, health, and sanitation. To maintain their control over municipal affairs, the Ottoman government appointed mayors and various members of the municipal councils.

After the collapse of the Ottoman Empire, Lebanon came under the purview of the French Mandate. The French adjusted Lebanon's political and administrative structures in 1920 and reorganized the territory into 11 regions (muhafazat), each headed by a muhafiz. The regions were further subdivided into directorates (mudiriyyat), each headed by a mudir. This arrangement was short-lived, however, as the territory was subsequently recentralized into five regions (muhafazat), which were subdivided into districts (qada's) and administered by an officer (qa 'immaqam). The French also adopted a new municipal law in 1922. While this law worked within the general framework of the Municipal Law of 1877, it redirected power and authority back to the central government. In addition, municipal council membership was expanded to include ex officio members such as the muhafiz, the qa'immaqam, and French counselors. Within this revised structure, the municipal council president, appointed for a 1-year term by the central government from among the council members, served as both the mayor and the agent of the central government. As a consequence of these reforms, municipal councils were left with little more than nominal power.

The Lebanese government, after independence, elected to retain the Ottoman and French models of administrative centralization. The first modification of the municipal laws, promulgated in 1947, specified the conditions under which municipalities could be created and established the rules that governed the management of municipal councils. Over the next 50 years, the Lebanese government amended the municipal laws nine times. These amendments not only adjusted the conditions under which municipalities could be established, they also adjusted how municipalities could manage their internal affairs (Mrad 1997). With the promulgation of Decree-Law 116 of 1959, however, Lebanon's central government initiated the formal deconcentration of administrative authority toward the muhafazat and the qada's. These reform processes continued until the adoption of the Municipal Law of 1977, the legal framework that governs Lebanon's municipalities today (Decree 118 1977).

## Contemporary Administrative Structures (1977–Present)

Lebanon's contemporary administrative structures are organized into four levels (Decree 11 1988). These structures, as indicated in Fig. 1, include the central level, the regional level (muhafaza, led by a muhafiz), the district level (qada', led by a qa'immaqam), and the local or municipal level (baladiyyat, led by a mayor). At the regional level, Lebanon is organized into eight

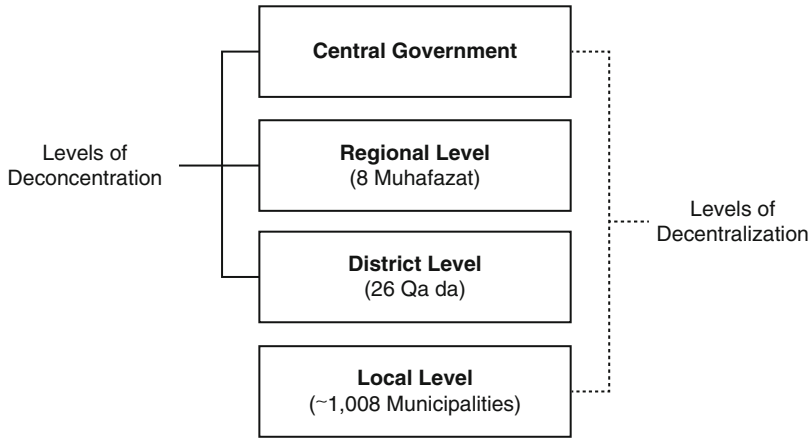


**Decentralization in Lebanon, Fig. 1** Levels of deconcentration and decentralization in Lebanon

muhafazat, which include Beirut, Mount Lebanon, North Lebanon, Akkar, Baalbek-Hermel, Beqaa, South Lebanon, and Nabatiyyeh. At the district level, including Beirut, Lebanon is organized into 26 qada's. At the local level, Lebanon's villages, towns, and cities are organized into more than 1,000 separate municipalities. In terms of the division of administrative power and authority, regions and districts represent levels of deconcentration and, as such, implement the policies and directives of the central government. In contrast, municipalities represent levels of decentralization and have the statutory authority to govern their affairs through autonomously elected bodies. Despite this institutional distinction, regions, districts, and municipalities all fall under the control of the central government's Ministry of Interior and Municipalities (MoIM).

The responsibilities of Lebanon's regions and districts are predominantly administrative, as they do not possess any legal personality or independent authority. At the regional level, the duties of the muhafiz involve the local implementation of policies established by the central government. The muhafiz also coordinates with the central government offices and officials in the region. The muhafiz is assisted by a council (except in Beirut), an advisory body composed of all the qa'immaqam in the region, a financial officer, and two civil society representatives from each district, who are appointed by a decree from the Council of Ministers. Although the law requires the establishment of these councils, they have not been formed in any of Lebanon's muhafazat. At the district level, the duties of the qa'immaqam are similar to the duties of a muhafiz, except they do not represent or coordinate the central government ministries and offices. Although Lebanon's territory is organized into 26 districts, 5 districts are classified as regional capitals and are administered directly by a muhafiz.

Lebanon's local administrative matters are governed by the Municipal Law of 1977, which established the legal and financial authority of Lebanese municipalities. According to the Municipal Law of 1977, all Lebanese cities, towns, and villages are permitted to have a municipal authority, provided that their population exceeds 300 persons and their annual revenues reach a minimum threshold (Decree 118 1977). The legal responsibilities of municipalities have been broadly defined to include "all actions of a public nature or with a public interest within the municipal boundary" (Decree 118 1977, Article 47). Matters of local governance are handled by the municipal president (mayor) and a municipal council, the size of which is determined by the size of the authority's registered population. All elected municipal officials serve 6-year terms, except in Beirut, where executive authority is possessed by the muhafiz. Municipalities also have the authority to form municipal unions, which can promote municipal cooperation on projects of public interest, for example, large-scale technical projects that benefit their member municipalities.

To finance their operations, Lebanese municipalities have the authority to access seven different sources of revenue, of which three are the most important. The first is direct revenue, which, according to Lebanese law, can be generated by

36 different tariffs and fees (Law 60 1988). Only three of these fees are financially significant: those on the rental value of built real estate, those on construction permits, and those on sewerage and pavement maintenance. The second source is derived from VAT taxes and service surcharges collected by public, semipublic, or private organizations. The third source comes from the Independent Municipal Fund (IMF), an intergovernmental grant system that redistributes tax and fee revenues from the central government to the municipalities and municipal unions. These revenues are disbursed by decree following the recommendation of the MoIM. The MoIM uses a formula established by law, which requires 60% of the distribution to be based on the registered population and 40% to be based on the actual direct revenues collected during the previous 2 years (Decree 1917 1979).

## Problems with Lebanon's Contemporary Administrative Structures

Discussions about Lebanon's administrative structures are contentious. Those in support of the status quo argue that these structures enable the central authorities to preserve one of the oldest democracies in the Middle East. Others argue that these structures deny local communities the opportunity to participate in decision-making and impede Lebanon's social and economic development. Notwithstanding the significance of this debate, there are four problems that undermine the effectiveness of Lebanon's contemporary administrative structures.

### Central Control

The first problem is that municipalities do not have the autonomy to manage their internal affairs. The Municipal Act of 1977 (Municipal Act) states that municipalities enjoy financial and administrative independence and have the authority to establish public services, set tax rates, regulate transportation, and develop and manage public programs related to infrastructure, public health, and utilities (Decree 118 1977, Article 1). Despite what appears to be an expansive allocation of authority, municipalities are not able to pursue their own policy agendas. For example, the Municipal Act empowers three central government officials – the qa'immaqam, the muhafiz, and the Minister of the Interior and Municipalities – to oversee municipal decisions related to budgets, financial transfers, tax rates, the purchase of supplies and real estate, and the development of social programs (Decree 118 1977, Articles 60–64). To illustrate the extent of the central government's control over local affairs, municipal expenditures over LL20 million (~$13,333) must be approved by the qa'immaqam and those over LL80 million (~$53,000) must be approved by the muhafiz. Moreover, the central government also has the power to delay the implementation of any municipal decision in the interest of national security (Decree 118 1977, Article 65).

### Municipal Fragmentation

The second problem is that the central government has granted municipal authority to communities that are too small to provide their populations with essential public services (Atallah 2014a). By way of example, in 2012, approximately 70% of the 1,000 municipalities registered with the central government had populations of less than 4,000 people (Atallah 2012). Given their size, many of these municipal authorities do not have the resources or capacities needed to develop and sustain critical infrastructure systems, to take advantage of modern information systems, or to promote long-term development projects. The problems that can be caused by the size of Lebanon's municipalities are especially revealing in the area of human capital. Estimates suggest that 400 of Lebanon's municipalities do not employ a single public servant (Atallah 2012).

### Revenue Generation

The third problem is that municipalities do not have the authority to generate the revenues necessary to carry out their legal responsibilities. This is because the Municipal Act does not allow municipalities to establish taxes or fees or define their own tax base (Atallah 2014a). Rather, municipalities can only set their taxes and fees at rates that are established by the central government. More specifically, however, many municipalities do not

have the capacity to maintain tax schedules and are not able to identify existing or potential sources of revenue. In many instances, municipalities are not able to generate revenues because they do not employ sufficient numbers of tax collectors. These revenue problems also extend to the collection of municipal fees, which are not only set by the central government but have not been adequately revised after the devaluation of the Lebanese pound in the late 1980s and the early 1990s. Moreover, municipalities cannot access information about how much money they ought to receive from the collection of taxes and fees by the central authorities. Consequently, even when taxes and fees are collected by other public and private entities, authorities cannot ensure that the revenues are transferred to the appropriate municipality.

### Revenue Transfer Dependency and Inequality

The fourth problem is that many of Lebanon's municipalities are dependent on IMF transfers from the central government. According to the IMF disbursement formula, revenue transfers favor municipalities with large registered populations and sizeable direct revenues (Decree 1917 1979). Since the collection of direct revenues is dependent on real estate, for example, rental value fees on residential and commercial units, the disbursement formula also favors urban municipalities over rural municipalities. There are also uncertainties related to the amount and timing of the revenue disbursements that are made by the central government, which have an impact on municipal cash flows and undermine municipal public service programs and long-term development projects. The timing of the disbursements is especially problematic, as the central government can take up to 19 months to issue IMF distribution authorization decrees, twice the time required by Lebanese law (ICMA 2011).

## Decentralization Options

The 1989 Ta'if Agreement specifies that Lebanon is a state that possesses a strong central government. The Ta'if Agreement also calls for decentralization at the qada' level, where a council would be elected to ensure local participation. Despite its recognition that decentralization would promote national unity and development, the Lebanese government has yet to meet the goals of the Ta'if Agreement. An initial attempt was made in 2009, when the Lebanese Government approved the Council for Development and Reconstruction's *National Land Use Plan for the Lebanese Territory*, which called for regional decentralization. This plan was not realized, however, because it was not accompanied by the regulations and reforms needed to implement its decentralization directives.

A second attempt to meet the aspirations of the Ta'if Agreement occurred when former President Michel Suleiman and former Prime Minister Najib Mikati established a committee in November 2012 to draft legislation to transform Lebanon's qada's into regional developmental actors. Under this arrangement, the central government would focus on policy-making and regulation and the local authorities would focus on service delivery. The draft legislation, announced in April 2014, clarified responsibilities, provided fiscal support, and contained a mixture of incentives and disincentives to improve the capacity of local politicians and administrators. Substantively, the decentralization reforms detailed in the draft legislation were organized around five pillars (Atallah 2014b).

First, the legislation would establish representative regional councils at the qada' level, which would be held accountable to voters through elections. Second, the legislation would require the election of a 12-member executive team, including a president and vice president, elected by the members of the regional council. These executive teams would be responsible for guiding local planning activities in their qada'. Third, the legislation called for executive teams to be held accountable by their regional councils, which would approve decisions related to budgets, strategic plans, large contracts, loans, and grants. Regional councils would also receive the power to establish committees that would provide recommendations and expertise on key policy issues and put the members of the executive team up to a

vote of confidence. Additionally, independent and external auditors would oversee the financial activities that occur in each region. Fourth, the legislation made provisions for transparency, as all decisions and data concerning the region would be regularly collected and published. Finally, the legislation contained reforms that, if approved, would ensure that each region would have access to the financial resources needed to carry out their individual mandates.

The draft legislation would also adjust the fiscal system used to generate and distribute municipal revenues. Under the new system, the regional councils would be given the authority to administer a taxation system that is built upon the collection of real estate fees. These fees, in combination with the direct taxes and fees imposed by the qada', would account for 60% of regional revenues, while transfers from the central government would account for the remaining 40%. The IMF would be replaced with a "decentralization fund" that would have strengthened governance structures and expanded financial support. The fund would be administered by an oversight board, whose 18 members would be apportioned and elected in a manner that ensures the representation of qada's of all sizes and socioeconomic levels. The fund would be replenished through national revenues generated from 25% of VAT, 25% of customs revenues, 10% of total mobile phone bills, and 25% of inheritance fees. Allocations would be directed to qada's using the following criteria: (1) their level of development, with poorer qada's receiving more funds, (2) their surface area and population, and (3) their tax collection rate.

Formal consideration of the draft legislation was placed on hold after Prime Minister Mikati's resignation in February 2014 and President Michel Sleiman's term of office concluded in May 2014. Lebanon's next Prime Minster, Tammam Salam, did not raise the decentralization matter with the Council of Ministers. However, after the National Dialogue debates, which brought together Lebanon's major political groups in August 2016, the draft legislation was discussed as part of a basket of administrative reforms. It is not clear whether, following these developments, the draft legislation will find support among Lebanon's political elites and be recommended to the government for consideration.

## Decentralization Obstacles

Debates about decentralization in Lebanon often reference federalism, which can awaken macro-level fears that the country will fracture into sectarian cantons – a narrative associated with the civil war and the desires of some political groups to operate autonomously within self-administered territories. This narrative is often supported by those who view decentralization as a threat to Lebanon's consociational political structures, where power is shared at all levels of government by different sectarian groups. Ironically, when the central government does take steps to decentralize power and authority, it often does so to weaken opposition groups by concentrating them within institutional structures that can be controlled or constrained. At the microlevel, however, two practical obstacles explain why Lebanon has yet to pursue comprehensive decentralization-based reforms.

### Low Administrative Capacity

According to Lebanon's Office of the Minister of State for Administrative Reform (OMSAR), Lebanon's government and administrative officials are limited in their capacity to develop and implement public policy (OMSAR 2011). The deficiency in administrative capacity affects all levels of government, but it is especially problematic for municipalities. Assuming the central government adopted legislation that decentralizes power and authority, municipalities would struggle to undertake administrative tasks related to strategic planning, data analysis, decision-making, program evaluation, budgeting and financial management, the use of information technology, and the management of human resources. Moreover, there are also concerns that those employed by the civil service are not committed to undertake the reforms that would be necessary to improve the country's administrative

capacity (OMSAR 2011). Consequently, to be effective, Lebanese policy-makers must compliment decentralization reforms with substantial investments in administrative capacity.

### Elite Interests and Political Conflict

Lebanon's post-civil war governments have not embraced decentralization as envision by the 1989 Ta'if Agreement (Harb and Atallah 2015). As has been the case throughout much of the country's recent history, sectarian divisions, clientelism, and rent-seeking activities can prevent important policy issues from obtaining agenda status within Lebanon's governmental institutions (Bou Jaoude and Morachiello 2012). More specially, however, the lack of action on the issue of decentralization also relates to perceptions that shifts of power and authority would exacerbate political competition and antagonism. Given that confessional, demographic, socioeconomic, and family rivalries often paralyze Lebanon's political and administrative institutions, one concern is that decentralization may actually intensify struggles over the country's scarce resources. Therefore, as long as the consequences of decentralization are perceived to threaten the interests and stability of Lebanon's political elites, administrative reforms based upon notions of decentralization will remain an aspiration.

## Conclusion

Lebanon's contemporary administrative structures do not provide local municipalities the autonomy they need to manage their internal affairs. This problem has two interrelated dimensions, which create a predicament that undermines the ability of Lebanon's municipalities to deliver public services and engage in long-term development projects. On the one hand, Lebanon's municipalities do not possess the financial resources they need to develop effective and efficient administrative capacities. On the other hand, without effective and efficient administrative capacities, Lebanon's municipalities will not be able to generate the revenues they need to undertake administrative reforms. To overcome this predicament, Lebanon's central government can limit its control over local affairs through the decentralization of power and authority toward municipal authorities. The central government can also reconsider the minimum population thresholds used for the establishment of a municipal authority, promote the development of administrative capacity across all levels of government, and improve municipal revenues, for example, by modernizing the distribution formula and processes used by the Independent Municipal Fund. Given Lebanon's unique social and political contexts, however, reforms advanced in pursuit of decentralization will only be accepted if the political elite agree that alternative institutional arrangements are preferred over the status quo.

## References

Antoun R (1995) Municipalities in Lebanon: past and present. Lebanon Rep 4:31–38

Atallah S (2012) Decentralization in Lebanon. Lebanese Center for Policy Studies, Beirut. Lebanese Center for Policy Studies, Mar. http://www.lcps-lebanon.org/featuredArticle.php?id=6. Accessed 25 Mar 2016

Atallah S (2014a) Fiscal autonomy and equitable transfers all key pillars in the new decentralization draft law. Lebanese Center for Policy Studies, Beirut, June. http://www.lcps-lebanon.org/featuredArticle.php?id=24. Accessed 25 Mar 2016

Atallah S (2014b) Decentralization draft law anchors political accountability at the core of development. Lebanese Center for Policy Studies, Beirut, June. http://www.lcps-lebanon.org/featuredArticle.php?id=23. Accessed 4 Aug 2016

Bou Jaoude R, Morachiella E (2012) Lebanon. In: Beschel RP Jr, Ahern M (eds) Public financial management reform in the Middle East and North Africa: an overview of regional experience. World Bank Publications, Washington, DC, pp 126–134

Decree 11 (1988) Law on administrative organization, December 29, as amended. The Republic of Lebanon, Beirut

Decree 118 (1977) Municipal Act, June 30, as amended. The Republic of Lebanon, Beirut

Decree 1917 (1979) Distribution of the revenues of the independent municipal fund, April 6, as amended. The Republic of Lebanon, Beirut

Favier A (ed) (2001) Municipalités et pouvoirs locaux au Liban. CERMOC, Beirut

Harb M, Atallah S (2015) Lebanon: a fragmented and incomplete decentralization. In: Harb M, Atallah S (eds) Local governments and public goods: assessing decentralization in the Arab world. Lebanese Center for Policy Studies, Beirut, pp 189–225

International City/County Management Association (2011) Municipal finance studies program: final Strategic framework. Ministry of Interior and Municipalities, Beirut. Available at: www.moim.gov.lb/Download.aspx?idf=81. Accessed 27 Sept 2016

Law 60 (1988) Law on municipality fees and premiums, December 8, as amended. The Republic of Lebanon, Beirut

Mrad M (1997) Al-majalis al-baladiyya wal ikhtiyyariyya (Municipal Councils and the Makhatir). Dar Al Farabi, Beirut

Office of the Minister of State for Administrative Reform (2011) Strategy for the reform and development of public administration in Lebanon. Office of the Minister of State for Administrative Reform, Beirut

Pollitt C (2005) Decentralization: a central concept in contemporary public management. In: Ferlie E, Lynn LE, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, New York, pp 371–397

Ta'if Agreement (1989) Document signed October 24. Republic of Lebanon, Beirut

# Decentralization in Local Government Empowerment of Bangladesh

Shah Md Azimul Ehsan
Department of Public Administration, Jagannath University, Dhaka, Bangladesh

## Synonyms

Decentralization in Bangladesh; Decentralized governance in Bangladesh; Decentralized local governance; Local governance in Bangladesh

## Definition

Decentralization refers to a process of transferring authority and responsibility from the central/national government to the local government so that local entities can make effective decisions suitable for local needs.

## Introduction

Decentralization has become a buzzword and a much-debated policy issue in the academia and development parlance for the last few decades. It was put forward by the Western scholars and development agencies (World Bank, United Nations) as a means by which the transitional economies could overcome the ills of centralization which were haunting them since their independence. The theoretical rationale for the adoption of decentralization is that the transfer or devolution of authority and resources from central government (hereinafter referred to as CG) to local government (hereinafter referred to as LG) units would empower those units to undertake more effective self-governance and development activities suitable for local needs (Awortwi 2010; Bardhan and Mookherjee 2006; Balagun 2000; Oyugi 2000). In other words, such a mechanism not only limits the capacity of the CG in interfering over the affairs of those LG units but also helps to strengthen them (Rees and Hossain 2010). The policy response has been quite remarkable as most of the countries of the world undertook some form of decentralization (Manor 1999).

However, the question remains, has decentralization lived up to such expectations? Many scholars have boldly challenged the real benefits of decentralization drawing on the experiences from sub-Saharan African, Latin American, and few Asian countries (Crook 2003; Adamolekum 1999). Bangladesh, a country in South Asia, also belongs to this bloc. There is a plethora of literature that suggests that although the nation made several experiments and reforms with decentralization for strengthening local government institutions (LGIs), it did not yield the expected results.

In this milieu, the specific objective of this entry is to understand whether decentralization can really strengthen LGIs? If yes, then why the results have not been uniform for every country? In order to answer these questions, this entry takes Bangladesh as a case study and further dig into the literature for unraveling the constraining factors behind the country's limited success with decentralization. Having set the background in the introductory part, the next section starts with conceptualizing decentralization, followed by a brief discussion of various forms of decentralization and the "sequential theory of decentralization." The following section makes a review of

the potentials of decentralization in strengthening LGIs from a critical lens. The latter part of this paper sheds light on the Bangladesh case study, i.e., why decentralization has not taken roots in the country.

## Conceptual and Theoretical Underpinnings

### Decentralization

Scholars have defined decentralization from various perspectives. According to Falleti (2005), decentralization is a state reform process that consists of policy decisions regarding the transfer of responsibility, authority, and resources from higher to lower levels of government in the context of a specific type of state. Rondinelli (1981) comprehensively defined decentralization as a process of transferring the legal and political authority for planning, managing, and resource-raising from CG to field units or subordinate units of CG and autonomous or semi-autonomous LG bodies. Hence, decentralization is related to the transfer of power and authority to the local levels of government (Panday 2011).

### Forms of Decentralization

Countries have adopted different types of decentralization which include political, administrative, and fiscal decentralization. Rondinelli and Nellis (1986) have discussed four different forms of administrative decentralization, viz. deconcentration, delegation, devolution, and privatization. In deconcentration, the decision-making authority and financial management responsibility is shifted from CG officials to those officials or staffs working in regions, provinces, or districts. Local administrative units that are located outside of the national capital but subject to the supervision of the CG are examples of deconcentration (Panday 2011; Rees and Hossain 2010). In contrast to deconcentration, delegation is a more extensive form of decentralization. Here, responsibility for decision-making and administration of public functions is transferred to semi-autonomous bodies from CG. Although these bodies are not entirely controlled by the CG, they are ultimately accountable to them. However, in terms of decision-making, these organizations usually have a great deal of discretion (Siddique 2005). Interestingly, in the case of devolution, the LG units are strengthened with more autonomy which empowers them to operate remaining outside the direct domain of the CG. In other words, devolution provides the opportunity to local people for electing their representatives who then have the mandate and authority to raise revenues and make investment decisions. In such systems, LGs operate in well-defined geographical boundaries that are legally recognized. According to Wibbels (2004 cited in Panday 2011), this type of administrative decentralization underlies most political decentralization. While in privatization, CG transfers a few of their responsibilities to private entities or even voluntary organizations.

### A Sequential Theory of Decentralization

Falleti (2005) provided another perspective for understanding why decentralization outcomes have not been uniform across the globe. She developed a theory termed as "sequential theory of decentralization" drawing on the elements of path dependency, self-reinforcing sequences, mechanisms of reproduction, and institutional change with empirical evidence from Latin American countries. Falleti (2005) argued that the sequence in which the decentralization reforms take place in countries has a significant implication in strengthening or weakening the LGs. In other words, she stated that in an ideal situation, the sequence of decentralization reforms must start with political decentralization (i.e., devolution) followed by fiscal and administrative decentralization. However, in reality, most transitional countries start the decentralization process through administrative decentralization (i.e., either with deconcentration or delegation). As a result, more responsibility is transferred to LGs albeit with less power and resources. Consequently, inadequate funding affects the capacity of LGs in fulfilling their responsibilities. As a matter of fact, those LGIs get dependent on CGs which force them to comply with various terms and conditions related to those grants. Thus, such a situation is created that benefits the CG politicians and the bureaucrats and so

they stall further attempts to empower LGs. Falleti (2005) further expounded that whatever experiments or reforms might not be done in the name of strengthening LGs, the inherent intention remains to reinforce more control at the hands of CG. This results in further retardation of LGIs (Awortwi 2010).

## Potentials of Decentralization in Strengthening LGIs: A Critical Review

Proponents of decentralization strongly believe that decentralization has the potential to strengthen LGIs. They regard the decentralization of power to the local people as a fundamental component of democratization, good governance, and engagement of citizens. These advocates also argue that if the real power of decision-making, planning, managing, resource-mobilizing, etc. is devolved to the local representatives, then LGIs can be really effective. Those LGIs then would formulate policies as per the aspirations of the local people. The implication of such a policy will be the enhanced quality of public services which would foster local development (UNDP 2009; Francis and James 2003; De Vries 2000). Few empirical studies conducted by Blair (2000), Parker (1995), and Rowland (2001) also suggest that decentralization did improve the democratic governance in both large cities and small towns in India, Brazil, Bolivia, Colombia, Honduras, Mali, Mexico, the Philippines, Ukraine, and Mexico.

However, critics of decentralization negate such propositions of decentralization advocates. Rather, this group of scholars opines that decentralization does not necessarily strengthen LGIs. The most compelling and glaring empirical evidence which they refer to is the case of sub-Saharan African countries where decentralization has significantly failed and led to "elite capture" (Crook 2003; Francis and James 2003). Arguing in the same vein, Khan (2016) and Panday (2011) noted that decentralization in Bangladesh has remained more as policy rhetoric. Moreover, few observers also commented that decentralization reform attempts in Bangladesh also resulted in "elite capture." Scholars like Fan et al. (2009) and Prud'homme (1995) went one step further and stipulated that decentralization fosters corruption. Their line of argument is that decentralization will lead to the creation of more tiers of government at the local level, which will open up more avenues for filling up pockets of the local bureaucrats making the situation deplorable.

So, which bloc is right as both the group of scholars have their arguments? Manor (1999) rightly noted that albeit decentralization is not a panacea for the ills of over-centralization, it has got many virtues and is certainly worth pursuing. Therefore, this chapter takes the side of the first camp that decentralization can make the LGIs strengthened, provided it is handled with real intentions of devolving power. Having said that, it must also be remembered that not all forms of decentralization will yield similar results. Rondinelli and Nellis' (1986) "forms of decentralization," as discussed in the earlier section of the paper, provide a conceptual framework to understand and analyze why LGs in few countries are stronger while the scenario is a total reverse one in other countries. This is because their framework clarifies what extent of power CG retains and what sort of autonomy LG enjoys. For instance, if a country has such a decentralization scenario which has more elements of devolution with a limited amount of deconcentration and delegation, then that country will have robust LGs with more autonomy. Conversely, if the same country has a decentralization that heavily relies on deconcentration and delegation with a limited amount of devolution, then the LGIs of that particular country will be weakened. In other words, LGs of that country will suffer from lack of funding, limited resources, and lesser discretion in making local decisions. All these will make those LGs dependent on the CG.

Falleti's (2005) sequential theory, as discussed in the earlier section of the paper, also provides some valuable insights for understanding this complex phenomenon. According to her findings, LGs can be strengthened provided the process of decentralization maintains a sequence, i.e., starting with political decentralization (devolution), followed by fiscal and administrative decentralization. However, she rightly observed that a coalition is often formed in transitional countries between CG and bureaucrats who do not want to

devolve the power to LGs. As so, the sequence of decentralization gets reversed. In other words, they mostly introduce administrative decentralization (deconcentration or delegation) at first instance. As such a decentralization fulfills the interest of both the CG and the bureaucrats, they further reinforce it. Often CG makes attempts to strengthen LGs by bringing changes in the structure or nomenclature of LGs (as the case of Bangladesh will reveal in the next section). Nevertheless, the real motive behind such so-called reforms is simply to solidify the position of the CG. And the scenario is perpetuated which makes LGIs further weak and to exist just in the name!

## Analyzing the State of Decentralization in Bangladesh

This section will shed light on the state of decentralization in Bangladesh and analyze why decentralization has had limited success in such a country that has a rich history and legacy of establishing and promoting LGIs. Before moving on to the discussion, it is important to understand the national context in which LGIs operate here. Bangladesh is a unitary state composed of divisions, districts, subdivisions (Upazilas), municipalities, and city corporations, having Union Parishads (UPs) at the lowest level. The country is governed through a unicameral legislature that guides public policies through a wide network of bureaucratic agencies. In this context, LGIs have practically no scope to operate independently of the influence of overwhelming CG (Huque and Panday 2018).

Bangladesh inherited the colonial structure of local government since the country was under the British Raj and Pakistan for 190 years and around 24 years, respectively (Panday 2011; Ehsan 2020). Hence, the subsequent governments since independence made several attempts to strengthen decentralized local governance. The aspirations for LGs have also been enshrined in the constitution of Bangladesh (Article 11, 59, 60). Nonetheless, the actual role and contribution of these institutions to augment citizens' participation and consolidate democratic practices have often been below par. Overwhelming central interference, abuse, and manipulation by authoritarian regimes to perpetuate their power have been the predominant reasons for Bangladesh's limited success in decentralization (Siddiquee 1997; Rahman 1994; Sarker 1990 cited in Khan 2016).

However, over the past decade, major efforts have been undertaken in Bangladesh for strengthening the role and capacity of LGIs (Ehsan 2018). Development partners, over and again, echoed their voices for stronger, effective, participative, and accountable LGIs. Various policy documents, including five-year plans (sixth and seventh), reflect the commitment of the Bangladesh government in complying with such suggestions to consolidate decentralization (Aminuzzaman et al. 2015). Moreover, several attempts have been taken for transforming the traditional and largely unresponsive UPs into increasingly participatory and pro-people institutions through the introduction of participatory platforms like Ward Shavas, Open Budgeting System, and Standing Committees (Bhuian 2014). Furthermore, legal provisions for LGIs to play a stronger role have clarified and expanded. In simpler terms, currently, there are separate systems for rural and urban areas of LGIs which are guided by their own separate and operational framework. Meanwhile, fiscal transfers to LGs have also significantly grown in size. Another commendable recent trend has been holding regular elections at various LGIs (Khan 2016). Ahmed et al. (2014) and Aminuzzman (2013) noted that, due to these recent initiatives along with the project-based local development activities patronized by the development partners, LGIs are increasingly looking to play a meaningful role, both as platforms for deepening local democracy as well as mechanisms for the improved localized services.

Contesting such claims, which mostly emanate from the consultancy reports patronized by government and donors, many scholars argue that despite recent reforms, the country is still plagued with such a LG system where CG holds a dominating position. In other words, the main principles of decentralization are being done in the spirit of deconcentration and delegation with the limited scope of devolution. This means that the CG retains control over LGIs through various means, depriving them of adequate power for making

decisions even on local issues. Despite the delegation of power to act on certain matters, LGIs are restrained through procedures and requirements for approval that make them accountable to local field offices of the central government. For example, the budget of the UP requires final approval from the Upazila Nirbahi Officer (UNO) before implementation (Huque and Panday 2018). Such an authoritative relationship pattern created scope for field-level government officials, i.e., the Deputy Commissioner (head of the administrative unit of the district) and UNO (head of the administrative unit of subdistrict) to control the LGIs. Moreover, the current legal provision empowers the CG to issue circulars for controlling activities and conducting inquiries of LGIs, and even suspending the elected representatives in the event of misconduct (Huque and Panday 2018). Bhuian (2014) rightly noted that, given the national political culture, this power is most likely to be abused by the CG if it fails to ensure that the elected representatives of LGIs do not adhere to its instructions or policies.

Again, recent local government laws have transferred many responsibilities (health, family planning, education, etc.) from the CG to LGs but with few resources. Although LGs have the authority to raise the tax from the local sources, it so happens that the amount of taxable items is so low that it becomes insufficient to meet their day-to-day expenses (Panday 2011; Ehsan 2020). Consequently, LGIs have to depend on central funding which typically comes in the form of "block grants" and other project aids. Khan (2016) rightly pointed out that these resources remain a major avenue for central manipulation and interference as there is no clear budgetary formula for the allocation of resources for LGIs.

Another recent phenomenon that has sparked much controversy is about the national MPs being provided with an advisory role on LGIs, who is neither elected nor has any voting right in those LGIs. Earlier the Shawkat Ali Commission and more recently Khan (2016) and Islam (2018) argue that the so-called "advice" of MPs often turns into an "executive order," overriding and controlling development plans and actions by the elected representatives at Upazilas. As a matter of fact, such a role of MPs not only curtail the autonomy of LGIs but also make them subordinate to the party in power. Regarding recent elections of LGs, many independent observers, for instance, Majumder (2014) and Hussain (2014) reported about the widespread fraudulent practices and manipulations. As a result, the outcome of those so-called elections has been simply "elite capture" and consolidating the local support base of the ruling regime.

Therefore, it is evident from the above discussion that the current state of decentralization in Bangladesh is in no way facilitating the pathways for the effective functioning of LGIs. Rather, LGIs are operating simply as agents of CG. The interesting thing to note here is that there have been several regime shifts since independence but this grey situation of decentralization has remained constant for the last 50 years. This pinpoints a vital issue that the political masters in Bangladesh never believed, and perhaps, still do not believe in real devolution of power. Quite astonishingly, this is one of the rare areas where both the government and the opposition have been on the same wavelength (Panday 2011). Again, the decentralization policy in Bangladesh is mostly concentrated on the principles of deconcentration and delegation, where CG retains most of the authority and control of LGs. This has been another factor behind Bangladesh's limited success with decentralization. Rondinelli and Nellis (1986) considered this sort of decentralization as less desirable. And it is rather ironic that this has been perpetuated for around half a century in Bangladesh! But why? It is because, as mentioned above, political leaders in Bangladesh never wanted to devolve power and change the ongoing status quo of weak LGs as it has been benefiting their interest. So, when such a situation prevails, Falleti (2005) rightly noted that CG keeps on reinforcing decentralization efforts through the strengthening of deconcentration and delegation with fewer elements of devolution. The case of Bangladesh reveals a similar scenario where recent decentralization reforms have transferred more responsibility to LGs but with less power and resources

which has not only affected their capacity of effective functioning but also led to central dependency. Moreover, Falleti (2005) also pointed out that CG will stall any reforms for empowering LGs to ensure that their vested interests are not threatened. The same picture was seen in Bangladesh back in 2007–2008. The military-backed caretaker government brought some radical reforms for strengthening LGIs. Quite interestingly, those were entirely ditched by the next political government when they resumed office after the ninth parliamentary national elections (Khan 2016). Rather, they followed the footprints of their predecessors.

## Conclusion

The purpose of this entry was to understand if there is a positive impact of decentralization in making LGIs stronger. The study found that decentralization has got enough potentials to offer to policymakers which if implemented with good intentions can make LGIs more effective. Having said that, the entry argues in the same vein as (Faguet 2018), and challenges the popular notion that decentralization is not like a switch that will have symmetric results everywhere. Rather decentralization has to be viewed from the political-economic lens, i.e., as a political initiative and as a political process, to better comprehend its consequences in a particular setting (Samoff 1990). This implies that whether decentralization will lead to robust LG will depend on the contextual factors where it is applied. The case of Bangladesh revealed that the unwillingness of the political masters to devolve real power to LGs was the prime reason that decentralization did not yield expected results there. However, the reason might be quite different when investigated and analyzed for other countries.

## Cross-References


- ▶ Decentralization and Governance
- ▶ Local Governance
- ▶ Local Government Budgeting in Bangladesh
- ▶ National and Local Governments Relationship in Bangladesh


## References


Adamolekum L (1999) Public administration in Africa. Westview Press, Boulder

Ahmed N, Boex J, Monem M, Panday PK (2014) Policy study on the local government system in Bangladesh: a comparative analysis of perspectives and practices, Local Government Division, Ministry of Local Government, Rural Development and Co-operatives, Government of People's Republic of Bangladesh (GOB), Dhaka

Aminuzzaman SM, Monem M, Arfina FA, Shuaib M, Khondoker BH, Eusuf MA, Ahsan AHM, Khan RU (2015) Impact assessment of Upazila Parishad Governance Project [UZGP] & Union Parishad Governance Project [UPGP]. UNDP, Dhaka

Aminuzzman SM (2013) Governance at grassroots–rhetoric and reality: a study of the union Parishad in Bangladesh. In: Jamil I, Askvik S, Dhakal TN (eds) In search of better governance in South Asia and beyond. New York, Springer, pp 201–221

Awortwi N (2010) The past, present, and future of decentralization in Africa: a comparative case study of local government development trajectories of Ghana and Uganda. Int J Public Adm 33(12-13):620–634

Balagun MJ (2000) The scope for popular participation in decentralization, community governance and development: towards a new paradigm of center-periphery relations. Reg Dev Dialogue 21(1):153–173

Bardhan P, Mookherjee D (eds) (2006) Decentralization and local governance in developing countries: A comparative perspective. MIT press, Cambridge, MA

Bhuian MN (2014) Reviewing of local government laws in Bangladesh: towards prospect of a local government uniform framework legislation. Local Government Division, Ministry of Local Government, Rural Development and Co-operatives, Government of People's Republic of Bangladesh (GOB), Dhaka

Blair H (2000) Participation and accountability at the periphery: democratic local governance in six countries. World Dev 28:21–39

Crook RC (2003) Decentralization and poverty reduction in Africa: the politics of local-central relations. Public Adm Dev 23:77–88

De Vries MS (2000) The rise and fall of decentralization: a comparative analysis of arguments and practices in European countries. Eur J Polit Res 38(2):193–224

Ehsan SMA (2018) An analysis of local government Laws in Bangladesh: in quest for unravelling existing anomalies. Soc Change 12(3):1–22

Ehsan SMA (2020) The Local Government System in Bangladesh: An Anatomy of Perspectives & Practices. South Asian Journal of Policy and Governance 44 (2):1–22. Retrieved from http://sjpgjournal.org/index.php/sjpg/article/view/29

Faguet JP (2018) Transformation from below in Bangladesh: decentralization, local governance, and systemic change. Mod Asian Stud 51(6):1668–1694
Falleti TG (2005) A sequential theory of decentralization: Latin American cases in comparative perspective. Am Polit Sci Rev 99(3):327–346
Fan CS, Lin C, Treisman D (2009) Political decentralization and corruption: evidence from around the world. J Public Econ 93:14–34
Francis P, James R (2003) Balancing rural poverty reduction and citizen participation: the contradictions of Uganda's decentralization program'. World Dev 31(2):325–337
Huque A, Panday P (2018) Local government institutions and governance in Bangladesh. South Asia J (Special Issue):127–131
Hussain MS (2014) Security in elections. In: The daily star. Retrieved from http://www.thedailystar.net/security-in-elections-17970
Islam M (2018) Cooperation or interference: MP's role in local government. In: The daily star. Retrieved from https://www.thedailystar.net/opinion/news/cooperation-or-interference-mps-role-local-government-1671871
Khan NA (2016) Challenges and trends in decentralized local governance in Bangladesh. Institute of South Asian Studies Working Paper 222:1–19
Majumder BA (2014) First round of Upazila elections: an appraisal. In: The daily star. Retrieved from http://www.thedailystar.net/first-round-of-upazila-elections-an-appraisal-12269
Manor J (1999) The political economy of democratic decentralization. The World Bank, Washington, D.C.
Oyugi WO (2000) Decentralization for good governance and development: the unending debate. Reg Dev Dialogue 21(1):3–22
Panday PK (2011) Local government in Bangladesh. Lex-Localis J Local Self-Gov 9(3):205–230
Parker A (1995) Decentralization: the way forward for rural development? Policy research working paper 1475. World Bank, Washington, DC
Prud'homme R (1995) The dangers of decentralization. World Bank Res Obs 10(2):201–220
Rahman MH (1994) Decentralization and rural Society in Bangladesh: a study on the bureaucratic constraints on success in the Upazila structure. Ph.D Thesis. University of Wales, Swansea
Rees CJ, Hossain F (2010) Perspectives on decentralization and local governance in developing and transitional countries. Int J Public Adm 33(12-13):581–587
Rondinelli D (1981) Government decentralization in comparative perspective: theory and practice in developing countries. Int Rev Adm Sci 47(2):133–145
Rondinelli DA, Nellis JR (1986) Assessing decentralization policies in developing countries: the case for cautious optimism. Dev Policy Rev 4:3–23
Rowland AM (2001) Population as a determinant of local outcomes under decentralization: illustrations from small municipalities in Bolivia and Mexico. World Dev 29:1373–1389
Samoff J (1990) Decentralization: the politics of interventionism. Dev Chang 21:513–530
Sarker AE (1990) State intervention in rural development: a case study of Bangladesh. Ph.D Thesis, University of Liverpool, Liverpool
Siddique K (2005) Local government in Bangladesh, 3rd edn. University Press Limited, Dhaka
Siddiquee NA (1997) Decentralization and development: theory and practice in Bangladesh. University of Dhaka, Dhaka
UNDP (2009) Local governance and decentralization. Retrieved from http://www.europeandcis.undp.org/governance/lgdc. Accessed 2 Jan 2021
Wibbels E (2004) Decentralization, democracy, and market reform: on the difficulties of killing two birds with one stone. In: Montero AP, Samuels DJ (eds) Decentralization and democracy in Latin America. University of Notre Dame Press, Notre Dame, pp 203–234

D

# Decentralization in Sub-Saharan Africa

Abner Beesigye Baryaija[1], Edgar Kateshumbwa Mwesigye[2] and Godwin Kwemarira[3]
[1]School of Management Sciences, Uganda Management Institute, Kampala, Uganda
[2]Department of Political and Administrative Sciences, School of Management Sciences, Uganda Management Institute, Kampala, Uganda
[3]Faculty of Management Science, Busitema University, Tororo, Uganda

## Synonyms

Administrative reform; Governance; Public services; Strategy

## Definition

Decentralization — It means transfer of power and authority from the central government to local or sub-national units of the government for the meeting of grassroots people's demands.

It is a sociopolitical process that transfers

| | |
|---|---|
| | authority and responsibility in planning, management, and decision-making from central government to local authorities. |
| Centralization | It is defined as the concentration of decision-making authority in the organization. Concentration of authority in strategy-making can be defined as the number of people who are involved in the decision-making process of the most important goals of the organization. It can emerge if a decision needs to be approved by higher hierarchical levels. |

## Introduction

Optimizing the quality of public service is imperative for governments worldwide. Poor quality might be rooted in organizational structure. For example, Burns and Stalker's (1961) classical model predicted that mechanistic structures characterized by high formalization and centralization would improve performance under conditions of low environmental uncertainty. As a result, the primary reason behind calling for decentralizing the public sector is the strong belief that decentralization has potential for improving the quality of services provided, and allowing for better coverage, thus leading to increased equity in the service delivery. This is consistent with the Ugandan government that introduced decentralization so as to improve service delivery. This was enshrined in the Constitution of the Republic of Uganda (1995) and operationalized by Local Governments Act (Cap. 243). Public services were, indeed, taken nearer to the citizens as a result of increased participation in decision-making at various levels of local governments. This is seen in the case of Bushenyi Local Government in Western Uganda that brought on board all councilors at the community level to engage in health, education, food security, and income initiatives. The higher local authorities in local government came up with resolutions that were found to be binding and always adopted.

The territorial dispersion of authority has in recent years gained increasing attention and is especially apparent through a wave of reforms that addressed service administration and delivery. This trend involves activation policies directed at social assistance recipients. Hence, there are several reasons for promoting decentralization, including increasing service delivery effectiveness, efficiency of resource allocation, public worker motivation, financial lucidity, and community participation and representation, in addition to equity and private sector participation. Nonetheless, the success of decentralization in meeting these objectives depends on many dynamics and circumstances. It is believed that by expanding the power at the district level and by moving to a more horizontally structured system of the public sector, resistance to change may develop among those who are at risk of losing power from decentralization. Initial losses in efficiency and increased liability may also occur as power is transferred to lower levels until administrators become accustomed to their new responsibilities. Other reasons for practicing decentralization include increasing local ownership and accountability, strengthening integration of services at the local level, creating a realistic and integrated public service that accommodates local preferences, controlling costs of targeted communal programs and improving their implementation, and reducing discrimination that results in differences in government delivery of services to rural and urban populations (Kassak et al. 2007).

Authors have advanced that centralization of indirect tasks in institutions, as shown by separate staff-line divisions, is harmful for job autonomy. As a result, they posit that organizations need to decentralize indirect tasks from supervisory, administrative, or managerial units to more productive service units. Huys et al. (1999) relate the centralization or decentralization in organizations to task segregation or task integration in jobs.

First, they demonstrate that highly centralized organizations have more vertically segregated jobs, meaning that these jobs may consist of both direct tasks in service units and indirect tasks in separate supervisory, administrative, or managerial units. In other words, because indirect tasks are assigned to specialized units, these tasks cannot be assigned to individual service jobs. Second, they state that organizations with a decentralized structure have a higher chance of vertically integrated jobs, consisting of indirect and direct tasks. This can be explained in terms of the absence of specialized units for fulfilling indirect tasks. Nonetheless, organizations with a decentralized task division can still include a vertically segregated job structure. A useful example would be the specialized employees in teams that fulfill all the indirect tasks (e.g., quality control, maintenance, and repair).

## Dimensions of Decentralization

Decentralization is the transfer of authority from a higher level of government to a lower level. The main rationale for decentralization is that people at the lower level of a hierarchy are more knowledgeable about their own needs and challenges. This is conceptualized from the thinking that people have more control and input into their own lives at a local level which enhances development initiatives from the popular majority, particularly the local poor. It assumes that there has been centralization before the decentralization. As a concept, it means different things to different people and can be seen from different critical perspectives: political, social, and administrative. It has been defined as the movement of powers and functions from the center to territorial sub-national units of government. Koontz and Weihrich (1990) argue that decentralization is a tendency to disperse decision-making authority in an organized structure. Lutz and Caldecott (1996) define decentralization as a process by which property rights and bargaining powers are redistributed among the levels of society.

Decentralization has been a continual focus of attention of both scholars and practitioners for more than half a century. Even though there is general agreement on what decentralization is, there is no consensus about how it should be measured. This entry builds on the existing body of literature that specifies three major dimensions of decentralization: political, administrative, and fiscal. Political focuses on citizens participating in electing their local leaders. Administrative also (unpacked in terms of deconcentration and delegation) pays attention to implementation and optimum utilization of resources in a delegated form, while fiscal decentralization transfers two things to local governments: funds to deliver decentralized functions and revenue generating power and authority to decide on expenditures. It is both an economic and a political process involving the transfer of financial authority from the center to the local governments in order to carry out decentralized functions effectively. Fiscal decentralization may also be designed to bring about cost containment and greater financial control. Here, local priorities are mainly focused on streamlined and targeted programs that should lead to greater efficiency when compared to programs run by the center. This makes public investment in local government more progressive and responsive to the people, including disadvantaged groups, than is the case with centralized government.

## Decentralization in Uganda

Since Uganda attained independence in 1962, the management of public services has been alternating between different stages: centralization, decentralization, and recentralization. By and large, decentralization is about shifting decision-making responsibility from the central government level to the local level within a country. Local self-governance was made operational in Uganda since the 1990s. During the 1990s there was significant progress in the development of public systems under the framework of long-term public plans and policies, guided by a vision

of equitable access and the principles of community participation. This was through the Constitution of the Republic of Uganda (1995), under the democratic principles that directed thus: *The State shall be guided by the principle of decentralization and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their own affairs.*

The constitution therefore legalized decentralization through which local governments were established as body corporate entities with powers to provide services to the citizens. The reforms respond to traditional political systems in some parts of the world, particularly in Asia, which have been highly centralized for centuries. Therefore, local governments were introduced in many developing countries through colonization and development assistance, often taking a form that neither met their intended purpose nor gained acceptance from the local people. Uganda's attempt to decentralize was first registered during colonialism when colonial masters set up local administration in Uganda in 1919 by passing the African Native Authority Ordinance which provided unlimited judicial, executive, and legislative powers to chiefs and made them entirely responsible to central government. The chiefs collected taxes, presided over native courts, maintained law and order, and constituted native councils at district and lower levels (Nsibambi 1998).

The center-local relations deteriorated in 1966 when the conflict between Buganda (in central Uganda) and the central government was resolved militarily. A year after the 1966 crisis, the 1967 Local Administrations Act which centralized power and stifled local decision-making was enacted. In the period 1972–1985, institutions of local self-governance atrophied while centralizing tendencies were reinforced. The situation started changing in 1986 when the National Resistance Movement took charge of the government of Uganda after a 5-year people's uprising that transformed into a protracted war against the previous leadership that was accused of disabling structures of democracy despite being a product of universal adult suffrage. From the onset, the government set out to empower the people and reawaken the spirit of local participation in all spheres of local governance, and decentralization was considered fundamental in this process. The government of Uganda instituted a Commission of Inquiry into the local government (LG) system (GoU 1987). The commission collected views from all parts of the country and recommended that Uganda should adopt a decentralized system of governance. In 1992, the decentralization policy was officially launched, and this was followed by enacting the Local Governments Statute (1993) which legally devolved certain powers and responsibilities to LGs. In 1993, the highly centralized administrative structure of Government including budgetary management in Uganda was decentralized. Decentralization was strengthened by its inclusion in the Constitution of the Republic of Uganda (1995) and consolidated further in the Local Governments Act 1997 (Cap. 243).

The Local Governments Act 1997 (Cap. 243) and Uganda Constitution 1995 gave local governments autonomy to formulate and approve own budgets and budgeting in 1994/1995 with the first batch of 13 districts receiving a vote system. The local government decentralization program devolved functions and services to these local governments. Decentralization was implemented in phases involving only recurrent expenditures. The first batch of 13 districts operated a vote system in 1993/1994. The line ministries, whose services were decentralized, identified the activities and computed the amount of money spent on those activities in the fiscal year before decentralization was transferred to the local governments. The second phase started in 1994/1995 and the third phase in 1995/1996 which involved 14 and 12 districts, respectively. In the second and subsequent years, the districts received block grants. The decentralized system allowed the District Council to allocate the funds according to its priorities since the funds previously provided under the vote system and earmarked for specific activities were aggregated and sent to the district as a block.

## Merits of Decentralization

There are several reasons for promoting decentralization, including increasing service delivery effectiveness, efficiency of resource allocation, health worker motivation, financial lucidity, and community participation and representation, in addition to equity and private sector participation Nonetheless, the success of decentralization in meeting these objectives depends on many dynamics and circumstances. It is believed that by expanding the power at the district level and moving to a more horizontally structured system of healthcare, resistance to change may develop among those who are at risk of losing power from decentralization (Aitken 1998). Initial losses in efficiency and increased liability may also occur as power is transferred to lower levels until administrators become accustomed to their new responsibilities (Bossert and Beauvais 2002). Other reasons for practicing decentralization include increasing local ownership and accountability, strengthening integration of services at the local level, creating a realistic and integrated health service that accommodates local preferences, controlling costs of targeted health operations and improving their implementation, and reducing discrimination that results in differences in healthcare delivery to rural and urban populations.

Another important reason for decentralization is the better understanding of the local situation of the units. Decentralized activities can adapt to the local environment more easily than centralized ones. Several studies show decentralized organizations can be more resistant because divided responsibilities help institutions to make better decisions and adapt faster. Meyer's (1982) research shows that a decentralized structure fosters organizational learning even in the time of crisis. Moreover skill-intensive institutions can witness larger productivity growth after decentralization. These can be supported by new knowledge and viewpoints. Decentralization can foster entrepreneurial behavior within the organization as well.

Political devolution has been a major milestone of the decentralization in Uganda. In particular, electing of local leaders, political representation, and legislation in councils have been positive. The citizens have been enabled to choose their leaders periodically through adult suffrage. Another achievement of the decentralization policy has been the reversal of centrally driven to area-based planning and budgeting. This has facilitated the inclusion of locally felt needs and dealt with unique locality challenges such as bridges, food security, and needy students' scholarships that could not be anticipated or determined at the central government level. There has also been increase in volume, access to, and quality of social services in local governments over the past two decades.

## Conclusion

Many developing countries, Uganda inclusive, have at some point in their quest for improved public service delivery considered decentralization as a strategy. This entry demonstrates the power of decentralization in fostering public service delivery using the Ugandan experience. In conclusion, the system in Uganda before 1992 was centralized; however, after that period and as a result of decentralization, the structure and quality of public services improved. This is largely attributed to lowering decision-making that affects administrative efficiency to the local level. All in all, decentralization is associated with increased service access, utilization, and improved service delivery. This is consistent with previous scholars (Anderson 2004; Bossert and Beauvais 2002; Lutz and Caldecott 1996) who provide evidence that decentralization enhances service-level performance. This study found that community-managed public services have merits: developed ownership, empowerment to enhance planning and monitoring, greater transparency, and improvements in resource management by local government authorities.

## Cross-References

▶ Good Governance
▶ New Public Management

D

## References

Aitken I (1998) Decentralization and reproductive health. Harvard University, School of Public Health, Cambridge, MA

Anderson TJ (2004) Integrating decentralized strategy making and strategic planning processes in dynamic environments. J Manag Stud 41(8):1271–1299

Bossert T, Beauvais J (2002) Decentralization of health systems in Ghana, Zambia, Uganda and the Philippines: a comparative analysis of decision space. Health Policy Plan 17(1):14–31

Burns T, Stalker G (1961) The management of innovation. Tavistock, London

Government of Uganda (GoU) (1987) Report of the commission of inquiry into the local government system. Government Printer, Entebbe

Government of Uganda (GoU) (1993) The Local Governments (Resistance Councils) Statute. Government Printer, Entebbe

Government of Uganda (GoU) (1995) The constitution of the Republic of Uganda. Government Printer, Entebbe

Government of Uganda (GoU) (1997) The Local Governments Act (Cap. 243). Government Printer, Entebbe

Huys R, Sels L, Van Hootegem G, Bundervoet J, Henderickx E (1999) Toward lessdivision of labor? New production concepts in the automotive, chemical, clothing, and machine tool industries. Human Relations 52(1):67–93

Kassak KM, Ali AM, Tauk M, Abdallah AM (2007) The quest for health care decentralization: revisiting decree 159. J Public Budg Account Financ Manag 19(4):447–461

Koontz H, Weihrich H (1990) Essentials of management, 5th edn. McGraw-Hill, Boston

Lutz E, Caldecott J (1996) Decentralization and biodiversity conservation. The World Bank, Washington, DC

Meyer AD (1982) Adapting to environmental jolts. Administrative Science Quarterly 27(4):515–537. Available at: http://doi.org/10.2307/2392528

Nsibambi AR (1998) Decentralization and civil society in Uganda. The quest for good governance. Fountain Publishers, Kampala

# Decentralization Promotion in Japan

Yoshiko Kuni
Tokyo Gakugei University, Tokyo, Japan

## Synonyms

Intergovernmental relations

## Introduction

The principle of local autonomy in Japan has been protected and guaranteed by the Japanese Constitution promulgated in 1947. Under the preceding Meiji Constitution, the system of local autonomy had no constitutional basis for its existence. The mere notion of local autonomy was arbitrarily rendered subject to parliamentary laws or interpretation of administrative rules by the central government officials. Now, under the new Constitution of Japan, a new chapter of "local autonomy" was provided, and a "Local Autonomy Act" was legislated. Both the new Constitution and the Local Autonomy Act were enforced on May 3, 1947.

While the new Constitution incorporated the provisions on guaranteeing local autonomy, even under the new Constitution, there remained the prewar customary procedures of the central government delegating national administrative matters to chiefs and other officials of local governments that would function as subordinate administrators of the central government. Such delegated administrative services were conducted by local chiefs that came under direct instructions by the central government. The enhanced guidance and intervention in local matters by the central government are derived from the following reasons: (1) the need for the central government to readjust the then widening regional differences and discrepancies in the degree and pace of economic development during the high economic growth period of Japan, (2) the volume of matters uniformly and nationally to be administered augmented, and (3) the population outflow from local communities into large cities left behind sparsely populated regions that came to fail to perform properly in local administration, thus seeking dependence on help from the central government.

But the centralized system that functioned properly during the postwar high economic growth period gradually came to reveal symptoms of what may be termed "institutional fatigue." It is true that on the one hand, the centralized system founded in the Meiji period did properly function in providing administrative services across the country uniformly. On the other hand, however,

regional differences or individualities and diversities were not duly considered. The central government, by way of its subsidy grant and partial redistribution of tax revenues to local governments, kept intervening in local matters. Consequently, local governments were discouraged from addressing on their own local community development, which came to disrupt a well-balanced efficient administrative and financial comanagement of local communities.

After the 1970s, under the unfavorable conditions of stagnant economy, both national and local governments came to suffer financial plight. In order for the entire nation to address the issues of globalization of economy and aging population, the hitherto operational system of centralization came to prove irrelevant. Rapidly and radically changing international circumstances required the central government to deal rapidly with those changing external conditions. This new development pressed the central government to reduce the degree of its involvement in local communities and in turn to devote more of its capacity to issues of foreign policy and national defense. Meanwhile the issues of aging society and declining birth rate called for further direct involvement of local governments operating in the communities of daily life of local residents. At present, not only the resident population but all the services of industry, finance, information, and culture are densely concentrated in the Tokyo metropolitan area. This is contrasted to the situations in local communities where depopulation continues to induce disruption of local economic structure. To reverse such negative trends and to foster human capitals that can contribute to revitalizing local communities, some kind of institutional reforms came to be considered in order. Such new reform plans would call for management of different local communities in such a way that best suits its local conditions and features, rather than trying to apply uniform administrative methods across different communities.

The local administrative system reform plan intended for a radical restructuring of relations between the central government and local governments was started for the first time after 1945, with the resolution of June 1993, respectively, declared in the Japanese Lower and Upper Houses, the "Resolution on Promotion of Decentralization Reform," as cited below:

> The heavy concentration of things in Tokyo that incurs various problems must be redressed in such a way that can help develop in a well-balanced way our national land. For the entire nation to create a society where people can enjoy a leisurely affluence, much work is expected to be accomplished by local public entities. The existing system of centralized administration of local matters should come under an in-depth review and further devolution or decentralization of public administration is strongly called for. It should be an urgent task for the central government to respond positively to the wishes of the people, to review the existing relations between the central government and local communities, to delegate some central authorities to local governments, to enhance local tax revenue sources and thus help strengthen autonomy and self-rule of local communities, which should all help establish a local system of autonomy commensurate with the newly emerging needs in the 21st century. Accordingly, relevant legislative and other measures must be urgently pursued and implemented all out in a resolute manner.

D

## Decentralization Reform

### Basic Principles for Decentralization and a System to Promote Decentralization

The "Fundamental Principles for Promoting Decentralization" as determined in December 1994 by the Cabinet meeting called for, in the same manner as the above-cited resolution by both Houses of Diet, as part of the essential ground rule for promotion of decentralization, a review of responsibility sharing between the central government and local governments, promotion of delegation of authorities from central to local governments, and enhancement of financial ground structure of local communities.

By the "Decentralization Promotion Act" enacted in May 1995, the "Committee for the Promotion of Decentralization" was inaugurated in July of the same year, marking a real start-up of the process. The committee conducted surveys and deliberations to promote decentralization, made recommendations to the Prime Minister on specific guidelines to be set to promote decentralization as formulated by the government, oversaw

how actual policies were conducted to implement the decentralization as planned, and reported its findings to the Prime Minister.

During its 6 years of activities (1995–2001) (by the revised Decentralization Promotion Act of May 2000, its activities were extended for 1 more year), the Committee for the Promotion of Decentralization sent five recommendations to the government. Those recommendations induced formulation of two government plans on decentralization determined, respectively, by the Cabinet meeting in May 1998 and in March 1999. Finally in July 1999, the "Omnibus Decentralization Act" was enacted.

Thereafter on, the Committee for the Promotion of Decentralization continued its oversight on implementation of the two decentralization plans and, on two occasions in August and November 2000, presented its findings to the Prime Minister with its advice. In June 2001, the committee submitted its final report, and in July of the same year, the committee was disbanded. Those measures of local community reforms as implemented according to the committee recommendations are called the "First Phase of Decentralization Reform."

In the final report of the committee, specific cases of positive results of the First Phase of Decentralization Reform were featured, and the following six items were raised as remaining tasks to be pursued: (1) restructuring of local public financing system, (2) relaxation of obligatory and compulsory conditions, (3) exploration of some new structure of local autonomy, (4) delegation of administrative authorities, (5) expansion of autonomy by local residents, and (6) specific implementation of "real nature of local autonomy" as stipulated in the Constitution.

With a view to continuing the task of the First Phase of Decentralization Reform, the "Council on Promotion of Decentralization Reform" was instituted on July 3, 2001 as a consultative body for the Prime Minister (temporary measure until 2003). Noting that the positive results of the First Phase of Decentralization Reform were confined to the matters previously agreed upon between the Committee for the Promotion of Decentralization and the ministries concerned, this new council raised a banner saying "no sanctuary is allowed before the reexamination of division of work between local communities and the central government." The new body came to conduct surveys and deliberations on "the ways for the central government and the local communities to split their respective work, their tax revenue sources, their promotion of administrative and financial reform plans, and other relevant important matters."

Then the system of promoting decentralization was taken over, under the first Shinzo Abe Administration, by the "Committee for the Promotion of Decentralization Reform" which was instituted by the "Decentralization Reform Promotion Act" enacted on December 8, 2006. The Committee upheld the slogan "local communities must play the principal role in nation building."

The committee issued four recommendations which led to legislation of a series of seven laws: "Laws on recompiling relative laws on promotion of reforms to uplift autonomy and independence of local communities." (First Package Law, April, 2011; Second, August 2011; Third, June 2013; Fourth, May 2014; Fifth, June 2015; Sixth, May 2016; Seventh, April 2017). These seven laws have been enacted under the government of Democratic Party of Japan (Sept. 2009–Dec. 2012) and the Second Abe government (Dec. 2012~). Under these laws the "Second Phase of Decentralization Reform" has been implemented.

The present structure of the decentralization reform promotion was launched in March 2013 under the leadership of a newly set up "Headquarters for Promoting Decentralization Reform" that replaced the "Local Sovereignty Strategy Council" instituted under the government of Democratic Party of Japan. The headquarters comprise the Prime Minister acting as chairman and all cabinet members. The ground work to be reexamined by the headquarters was supposed to be first developed and reviewed by the "Advisory Council on Decentralization Reform" instituted in April 2013 under the Minister of State for Decentralization Reform.

## Results of the Proposed Decentralization Reform

Hereunder to be reviewed are the results of how the reform plan fared according to the rules set in

the "Fundamental Principles for Promoting Decentralization" of 1994.

### Explicit Division of Work Between the Central Government and Local Governments

After the enactment of the Omnibus Decentralization Act, the Local Autonomy Act underwent an extensive revision. The revised law, under Item 2 of Article 1, stipulates the principle of division of work between the central government and local governments. Under the same Item 2 of the law, the law defines the role of local governments as "promote welfare of local residents" and "administer in an autonomous and comprehensive manner local public services. The same law in the following paragraph 2 defines services to be administered by the central government as those relating to "matters affecting due existence of our nation state in the international community," "matters affecting people's activities that should hopefully be nationally standardized or matters relative to basic rules on local autonomy," and "implementation of policies and undertakings that should be conducted on a national scale or from a national perspective." Further, the law requires the central government to do the following: "Essentially administrative services to be conducted closer to local residents should be turned over to local governments. Thus the central government should properly exercise the division of work with local governments and see to it that autonomy and independence of local government are duly and fully established and developed."

### Transfer of Authorities from Central to Local Governments

**Abolition of the System of Delegated Functions**

The most notable positive result from the First Phase of Decentralization Reform was the abolition of delegation of services from central to local governments. The erstwhile system of administrative service delegation from central to locals deemed governor and mayors or those chief executives of local governments as organs of the central government. The latter were to execute the delegated services for the central government. This system that placed local governments in the subordinate positions and under the supervision by the central government really symbolized the nature of "upper versus lower echelons of governments or of superior versus subordinate relations." There persisted controversial issues from a perspective of legitimate local autonomy: the chief executives directly elected by local residents had to execute matters delegated from the central government, functioning simply as a subordinate body of the central government; the local assembly or council could not establish any rule on matters delegated from the central government or intervene in matters delegated from the central government.

The Omnibus Decentralization Act categorized into two groups administrative services to be administered by local governments: "statutory entrusted services" and "self-governing services." "Statutory entrusted services" are defined as follows under the Article 2, Item 9, Paragraph 1: "Among the services determined by laws or executive orders derived from such laws as to be executed by the local governments, such services that should be in principle executed by the central government. The central government must see to it that such services be properly executed." Other than these, in principle, those other services that are not legally delegated services from the central government come under direct jurisdiction of local governments (Article 2, Item 8 of the Local Autonomy Act).

**Intervention by the Central Government and Rearrangement of New Rules on Necessary Supervision**

- Establish New Rules on Intervention by the Central Government

  Together with the abolition of the delegation of central government services to local governments, the comprehensive oversight by central ministers regarding matters hitherto delegated to local governments was also abolished. A new set of rules on central intervention was incorporated in the Local Autonomy Act. The law in its Article 245, under Item 2, "intervention based on legal stipulation,"

D

requires any central intervention to specifically refer to a relevant legal ground from a law or an executive order derived from such a law.

Further under Item 3 of the same Article 245, the law explicitly stipulates the ground rules that any intervention from the central or prefectural governments into ordinary local public communities must be limited to a minimum necessary degree and that due consideration must be given to autonomy and independence of the local communities concerned. Conforming to this ground rule, as to cases of intervention by the central and regional governments into local communities, there are stipulated, from the Item 3 of the same Article 245 of the law to the Item 6 of Article 250, essential rules on intervention, standards of administrative disposition, and intervention procedures, covering the following matters as listed under Article 245, Item 1 of the Local Autonomy Act: advice, recommendation, demand of reference materials, demand of correction, consent, approval, recognition, instruction, subrogation of administrative acts, and consultation.

In anticipation of a case of dispute on matters concerning central and regional governments' intervention into local community matters, an impartial and neutral body of deliberation on legitimate legal interpretations was instituted in 2000 within the Ministry of Internal Affairs and Communications. This Central and Local Government Dispute Management Council is composed of five members confirmed by both Houses of Diet and appointed by the Minister of Internal Affairs and Communications. The five members are appointed for a term of 3 years, and the chairman is co-opted from among the five members. When an order from the central government to a local government to rectify things or permit things is denied by a local government or when grievances are brought up from local governments to the central government regarding other central exercise of government prerogatives, such controversial cases are brought before the commission. When the government case is judged illegal, the committee advises the government to take necessary measures to rectify things. When the original plaintiff party of the local government does not agree with the rulings by the commission, the local government can bring up the case to a court against the chief executive of the central government.

- Recompilation of Mandatory Control by the Central Government

  Mandatory control by the central government over local governments is a way of central intervention into local administrative systems. This is intended for cases of delegating central administrative matters to local governments. To secure a certain level of quality and quantity of national administrative services rendered to the people, local governments are required to assign personnel, provide facilities, and appoint qualified specialists. There are three broadly divided areas of control: (1) assignment of qualified personnel; (2) matters concerning administrative body, system, and facilities; and (3) institution of deliberative bodies and such other attached service systems.

  The call for relaxation of mandatory control came from the recognition that such control restrains the right to organize autonomy of the local governments and the right to determine number of local legislative representatives and local personnel management policy. The new concept intends for the local governments to offer administrative services relevant to locality and also flexibly to establish and use local systems on their own. Central control was reduced to the necessary minimum, and now when a new control is to be set, a new law or an executive order derived from such a law should be referred to.

**Transfer of Authorities and Deregulations (Review of Obligation and Framework Imposition)**

The transfer of authorities from central to locals and the deregulations realized by the waves of decentralization reform essentially aimed to realize autonomous and comprehensively competent local administration. The waves of deregulations were implemented with priorities given to city-, town-, and village-level administrations that deal with matters closest to local residents.

- Transfer of Authorities

Transfer of administrative matters and power from the central government to local authorities was conducted according to the Fourth Package Law. For example, designation and oversight of professional training facilities such as those for nurses (32 kinds of qualifications relating to 25 pieces of laws) were transferred from the Ministry of Health, Labor and Welfare to local governments (Regional Offices of Health and Welfare). Hitherto required central approval (Bureau of Economic and Industrial Affairs of the Ministry of Economy and Industry) of modification of articles of incorporation of a local chamber of commerce was replaced by mere reporting from the local party concerned, and other related matters came to be placed under the jurisdictions of local governments and specially designated large cities. Matters concerning registration and oversight of passenger transport business venture run by private automobile owners that had come under the jurisdiction of a local branch of the Ministry of Land, Infrastructure, Transport and Tourism were brought under the jurisdiction of local governments that desired such an authority transfer. For the cases of those local communities that did not want such an authority transfer, the oversight authority was granted to those adjacent communities that wanted it. Consequently, of all the 96 items of matters that had been recommended by the Commission on Promotion of Decentralization Reform to be transferred to local governments, 66 items or 69 % of the originally recommended items came under decentralization (http://www.soumu.go.jp/main_content/000327098.pdf).

As to transfer of administrative matters and power from prefectural governments to lower autonomous communities, by the Second and Third Package Laws, 169 items were recommended to be transferred, of which 113 items or 67 % of the originally recommended items for transfer were actually transferred downward (http://www.soumu.go.jp/main_content/000327098.pdf).

The transferred administrative matters and power comprise those relative to visit and guidance for premature babies, grant of medical service to premature babies, approval of ownership transfer of farmland, guidance and oversight for household item sales business, determination of city planning, and incorporation of specific nonprofit legal entities.

As for transfer of matters and power from local governments to designated cities, together with the cases of transfers from central to locals, the Fourth Package Law realized the following cases of transfers: cost bearing by the prefecture for expenses of public junior high schools, expenses of teachers salary, determination of admissible number of students for junior high schools and number of classes to be run, authorization of opening a new hospital with more than 20 beds for inpatients, license for manufacturing explosives, and license for manufacturing high-pressure gaz. Overall, of those 64 items of matters that had come under the review, 41 items or 64% of the original items were transferred to the lower levels of administration (http://www.soumu.go.jp/main_content/000327098.pdf).

- Review of Mandating and Framework-Setting

By the First, Second, and Third Package Laws, then existing mandating and frame-setting imposed by the central government on local governments came under review, and the prerogatives for the local authorities to establish their own regulations came to be expanded. This reform was intended for local communities to determine and execute things on their own, through locally determined regulations, and apply their own standards different from those that had been imposed by the central government. According to the Committee for the Promotion of Decentralization Reform, mandating meant "mandating local governments to engage in certain activities to address certain tasks which comprise an obligation to work on planning on certain categories of activities." Framework-setting meant "setting a framework for local activities relative to organization, procedures and judgment criteria" (http://www.cao.go.jp/

D

bunken-suishin/gimuwaku/gimuwaku-index.html).

Out of the total number of 4076 items that had come under the review and recommendation, 1316 items were deemed to require rectification, of which 975 items or 74% of the original number were actually rectified (http://www.soumu.go.jp/main_content/000327098.pdf).

The target matters to be rectified comprised such things as "standards of setting and management of facilities and public facilities;" "consultation, consent, permission, grant, approval;" and "formulation of a plan and its procedures." The thitherto legally required standards of road structure and required conditions for residing in public housing facilities and such other standards for managing public facilities and assets were turned over to local regulations. The requirements for the locals to consult with the central government and notify and report thereto were abolished. As to planning and modification of planning on different matters, the hitherto required prior approval by way of consultation with the central minister or local governor concerned was now replaced by post-factum reporting. The mandatory consultation with the minister and the governor concerned for a case of decision on or modification of a planning was abolished. A number of rules on planning and formulation of fundamental policies and their application procedures were either abolished, curtailed, or incorporated into a larger legal framework or simply relegated into a category of desirables.

### Bolster Local Financial Basis: "A Three-Way Reform"

In the national account settled for the fiscal year 2014, the total revenue of national tax and local tax amounted to 94.6 trillion yen. About 40% of the revenue or 36.8 trillion yen was accounted for by local tax. Of the total expenditure by the national and local governments that amounted to 167.8 trillion yen, local expenditure represented approximately its 60% or 97.8 trillion yen (http://www.soumu.go.jp/iken/zaisei/28data/2016data/28010000.html).

This illustrates that despite the rectified central vs. local relations into equal/cooperative ones, the tax revenue sources distribution ratio remains 6 for the central and 4 for locals, while the expenditure ratio of 4:6 remains, which requires further improvement.

The gap between local revenue and expenditure has long been covered by two main additional revenue sources: (1) Locally transferred national tax (which local governments can use freely). Part of national tax revenue is transferred to local governments with a view to adjusting local discrepancies in financial conditions arising from differences in degrees of economic development of local communities. This financial support from the central government is intended for standardized administrative services to be delivered in the local communities. The transferred tax revenue is composed of 33.1 % of national income tax and national corporate tax, 50% of alcoholic beverage tax, 22.3% of sales tax, and the total amount of local corporate tax. (2) National subsidies or specified resources whose spending purpose is predetermined and locally issued public bonds (http://www.soumu.go.jp/english/lpfb/index.html).

"The Solid Policy Plan 2002" enunciated in June 2002 reviewed comprehensively the three-way tax revenue distribution policies of national coffers subsidy, tax transfer, and cession of tax revenue sources. The government aimed to finalize within a year a reform plan with a specific road map. Conforming to this policy direction, a base plan called "a three-way reform" on administrative and financial structures and policies was presented by the then Prime Minister Koizumi to the Council on Promotion of Decentralization Reform. But regarding the issues of abolition or reduction of local ventures dependent on national subsidies, the commission failed to reach an agreement among its members. The deliberation left stalled in confusion, and the task of developing a specific method to address this issue was turned over to six local bodies. The central government and local governments were to discuss directly a forthcoming proposal from the six bodies over the table of the Council on Economic and Fiscal Policy.

Consequently, from 2004 to 2006, approximately 4.7 trillion yen of national coffers subsidy

and 5.1 trillion yen of locally transferred tax revenues were, respectively, curtailed, which resulted in about 3 trillion yen of tax revenue source transfer from the central to local governments.

The essential objective of the three-way reform plan was to expand the latitude of local autonomy through revision of the national coffers subsidy system and to strengthen the basis of local autonomous public finance by ceding tax revenue sources from central to locals. But it turned out that the degree of local latitude and discretion did not increase as much as expected. Abolition of national coffers subsidy which was to bring a new revenue source to enable transfer of tax revenue was mostly postponed, while the portion of central subsidy was reduced and central intervention in local affairs persisted. An additional blow was dealt to local governments with the curtailment of locally transferred national tax. These developments seriously damaged those local governments with weak financial underpinnings. The series of reformative attempts simply ended up in widening the gap in financial strength among local governments.

After all, the consequences of the three-way reform attempt confirmed anew how much it would be difficult to restructure the existing system for the central government to intervene in local administration by way of financial control. Central ministries raised strong objections to the proposed reform plan on national coffers subsidy as it would call for an in-depth review of central versus local authority delegation and central intervention in local affairs. Also there arose an internal dispute between the Ministry of Finance and that of Internal Affairs and Communications, the former calling for curtailment of locally transferred tax from the central government and the latter demanding more of such transfer to local governments. This interministerial difference of views contributed partially to hampering the projected in-depth reform.

## Conclusion: A Decentralization Reform yet to Be Achieved

The report, compiled in June 2014 by the Prime Minister's Office through a series of deliberations at the "Advisory Council on Decentralization Reform" and titled "Create autonomous local governments and communities that can feature their respective individual traits – Perspective of consolidated decentralization reform," recapitulated what has been done over the past 20 years in the way of decentralization reform and set forth what steps are yet to be pursued along the same lines (http://www.cao.go.jp/bunken-suishin/soukatsutotenbou/soukatsutotenbou-index.html).

The report cited three items as positive results of the past reformative activities: 1) abolition of the system of delegated functions, 2) new rules set on central intervention into local affairs, and 3) implementation of a series of deregulations. The report raised as prioritized issues to be addressed relative to the decentralization reform, further transfer of central authorities to locals, further deregulations, establishment of autonomous and independent local financial basis, expansion of local residents' autonomy, and such other matters that the thitherto conducted reform plans had failed to fully address. The report also emphasized the need for further decentralization reforms commensurate with different local circumstances. The thitherto pursued reform policy line applied uniformly across the country, led by the central government, was deemed yet to be converted into a new reform policy line more commensurate with different local features and locally arising issues. As to specific methods to promote such reform measures, the report proposed such approaches that may enable selective central-to-local transfer of authorities in response to local initiatives.

As shown in the report, what should be prioritized most in the yet to be implemented decentralization reform is establishment of financial autonomy on the part of local governments. Under the circumstances of administrative and financial predicament at both national and local levels, further attempts are called for to address in-depth the issues of tax revenue source transfer, national coffer subsidy, and uniform revision of the system of locally transferred national tax. By further streamlining of the categories of centrally subsidized local ventures or by rigorous reassessment of subsidy grant conditions, some financial leeway must be created for the proposed

transfer of central tax revenue to locals. Regarding the locally transferred central tax, the required total transfer amount must be stably secured in such a way that both the function to secure revenue source (for every local government to secure necessary revenue sources to maintain a certain level of administrative service) and the function to adjust different public financing capacities (among local governments with different financial conditions) should be adequately exercised.

Moreover, for continuation of the current decentralization reform, the so far shelved issue of autonomy of local residents must be urgently addressed. The so far implemented central-to-local authority devolution and deregulations increased the extent of autonomous decision-making by local governments and the accompanying wider responsibility on their part, which all led to an increased degree of local autonomy. But for the local governments to exercise their own locally appropriate and effective decision-making, they must foster human resources conversant with local conditions and equipped with special knowledge and technologies. Execution of locally conceived policies should likewise require competent locally reinforced human resources. Another urgent task should be for the local governments not only to strengthen local legislatures or assemblies but also to broaden chances for the local residents to participate in the local policy formulation process. It is also essential to promote cooperation between local authorities and residents in the process of policy implementation so as to establish a system whereby local people can participate in assessing and rectifying locally run public services and policies.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Administrative Reform
- ▶ Centralization and Decentralization
- ▶ Local Politics
- ▶ Regional Governance


## References


Council of Local Authorities for International Relations (2016) Local Government in Japan, 2015 revised edition. CLAIR, Tokyo

Mochida N (2008) Fiscal Decentralization and Local Public Finance in Japan. In: London. Routledge, New York

Muramatsu M, Iqbal F, Kume I (2001) Local Government Development in post-war Japan. Oxford University Press, New York


# Decentralization, Partisan Politics, and National Development in Ghana


Samuel Adams and Kingsley S. Agomor
GIMPA School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana


## Synonyms

Decentralization; District chief executive; Local governance; Partisan

**Definitions**: Decentralization involves the transfer of political authority, power, and resources from the central government to local spheres of government. In Ghana, it involves transfer of political authority to metropolitan, municipal, and district assemblies.

**Local governance**: A political subdivision of a nation state, which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to extract labor for prescribed purposes. In Ghana metropolitan, municipal and district assemblies are by law mandated to control local affairs of the citizens

**Partisan:** Is a strong support of a group of people for political party activities directed at the

success or failure of a scheme or a plan.

**District Chief Executive:** District Chief Executive is the local government. In Ghana, District Chief Executive is appointed by the president; therefore, he is the local representative of President and expected to promote the vision of the President and local people

## Introduction

A remarkable development in developing countries in the last three decades has been the decentralization of government, where power is devolved to lower tiers of subnational structures as a means to promote democracy, governance reforms, and inclusive growth. Decentralization is basically described as a set of policy reforms aimed at transferring responsibilities, resources, or authority from higher to lower levels of government (Falleti 2004). Kauzya (2007) has argued that the search for inclusive and participatory governance has given impetus to the decentralization agenda as it provides local communities the opportunity to shape their destiny.

Because of the popularity of decentralization, many studies have been conducted to examine both its determinants and impact with mixed results as many of the studies ignore the role of political institutions (Bowen and Rose-Ackerman 2003). More than five decades ago, Riker (1964) observed that political parties exercise a decisive influence over the distribution of fiscal power between state and the national government. Riker (1964), in his classic study reported that the success of federalism depends on two key factors: the extent of subnational control by the center and the strength of national parties. However, these issues have not been given the desired attention in much of the literature on Africa. These issues motivate the study to contribute to the debate on the role of parties in the decentralization process.

In Ghana, the Local Government Act, 462 of 1993 seeks to achieve the autonomy of district assemblies through a non-partisan Assembly as specified in the mode of elections to the Assembly (Section 7 of the Act):

A candidate seeking election to a District Assembly or to a lower local government unit shall personally appear before the electorate as an individual and shall not use a symbol associated with a political party. A political party shall not endorse, sponsor, offer a platform to, or in any other way campaign for or against a candidate seeking election to a District Assembly or to a lower local government unit. A candidate who contravenes subsection (1) commits an offence and on conviction the Electoral Commission shall cancel the nomination of that candidate.

Consistent with the neoclassical approaches to the allocation of authority, decentralization is treated as a depoliticized issue, which according to Rodden (2006) is reducible to the establishment of the optimal number of territorial jurisdictions. Obviously, understanding the role of parties in decentralization is important, since decentralization touches on the core of politics (Tarouco 2016; Hopkin and Van Houten 2009). This study is motivated by the fact that the agency expected to synchronize the policies of national and constituent administrations is a political party, however not much focus has been given to this in the context of decentralization. This paper contributes to the decentralization research agenda by systematically exploring the partisan links between national and state politicians on decentralization from the perspective of citizens. This will provide recommendations as to how to improve the decentralization process in African countries more generally, and Ghana more specifically as one of Africa's most committed to the decentralization process. The rest of the study is organized as follows; the next section presents the literature review after which the methodology is described, results are then discussed and policy implications and concluding remarks offered.

## Literature Review

Two main perspectives (First and Second Generation Theories) underlie the benefits of decentralization. The First Generation Theories (FGT) of decentralization (Oates 1972; Tiebout 1956) analyze the benefits and costs of decentralization from the standpoint of resource allocation while ignoring agency costs. The basic assumption is that local governments have the proximity advantage, which translates into informational advantage for better service delivery. Decentralization is, therefore, expected to lead to better public service provision because local government officials are better positioned in delivering services that match local preferences (Oates 1972). The inter-jurisdictional competition, associated with decentralization, according to Tiebout (1956) gives opportunity to citizens to vote and move to localities that meet their needs in terms of public goods provision and tax incentives.

The Second Generation Theories (SGT) of decentralization draw from various perspectives including principal agent, theory of the firm, and organization theories. Unlike the FGT which assume that both local and central government officials are benevolent social planners, the SGT show that government officials at all levels are constrained by political incentives that often do not lead to maximization of citizen welfare (Weingast 2014; Hanke and Heine 2016). While the FGT provide a normative agenda, the SGT give a positive theory of decentralization.

Opponents of decentralization, however, argue that the benefits of decentralization have been overstated and, in certain cases, may lead to negative economic outcomes especially in African countries with weak political institutions. For example, inter-jurisdictional competition may lead to what Zodrow and Mieszkowski (1986) describe as race to the bottom, where productivity-enhancing public goods are underprovided by the subnational units in an effort to attract taxable but mobile factors of production. Thus, the SGT deal with political economy of capture and corruption and agency costs issues that are ignored by the FGT. It is not surprising, therefore, that while some authors support the view that partisan politics is good for decentralization, others argue otherwise. Empirically, Harbers (2010) reports that political and fiscal decentralization have a robust negative effect on nationalization through different model specifications and trade-offs between decentralized governance and nationalized party systems. Tarouco (2016) demonstrate that when political parties manage electoral competition, there is a greater likelihood of concerns about the fairness of the election.

## Research Methodology

The study is a cross-sectional study based on a national sample survey of 3018 citizens of voting age from the ten regions and 72 districts of Ghana. The survey sample size and distribution is captured in Table 1.

A total of 72 research assistants were recruited and trained to administer the questionnaires in the respondents' own language of choice.

## Findings of the Study

The discussion of the findings of the study is divided into two main parts, descriptive and logistic regression results.

## Descriptive Results

Two substantive questions guided the study. They were: should the DCEs be elected or appointed?; and is the District Assembly (DA) partisan or not? Over 68% of the respondents indicated that the DAs were already partisan and only 961 (31.8%) respondents held the view that DAs were non-partisan. The respondents were then asked to give their personal opinions on whether or not the DAs should be partisan; the responses are presented in Table 2.

The results show that while over 80% reported that the DAs were already partisan only 18% suggested that the DAs should not be partisan. The findings also show that only 20% want the DAs to be partisan and 25% reported that partisan politics at the local could help to enhance national cohesion. Interesting though is the observation that nearly 70% of the

**Decentralization, Partisan Politics, and National Development in Ghana, Table 1** Sample distribution of respondents

| Regions | Share of population (%) | Total no. of districts | District allocation | Sample allocation | Sample surveyed | Response rate |
|---|---|---|---|---|---|---|
| Ashanti | 19 | 30 | 10 | 608 | 605 | 99.5 |
| Brong-Ahafo | 10 | 27 | 9 | 320 | 297 | 92.8 |
| Central | 8 | 20 | 7 | 256 | 248 | 96.8 |
| Eastern | 11 | 26 | 9 | 352 | 344 | 97.7 |
| Gt. Accra | 15 | 16 | 5 | 480 | 443 | 92.2 |
| Northern | 10 | 26 | 9 | 320 | 318 | 99.3 |
| Upper east | 5 | 13 | 4 | 160 | 143 | 89.3 |
| Upper west | 3 | 11 | 4 | 96 | 94 | 97.9 |
| Volta | 9 | 25 | 8 | 288 | 255 | 88.5 |
| Western | 10 | 22 | 7 | 320 | 271 | 84.6 |
| **Total** | 100 | 216 | 72 | 3200 | 3018 | 94.3 |

Source: Survey Data, 2018

**Decentralization, Partisan Politics, and National Development in Ghana, Table 2** Issues concerning party politics and decentralization

| Item | % Agree | % Disagree |
|---|---|---|
| As more experience is gained with decentralization MMDCEs could be elected | 74.7 | 15.3 |
| As the level of development goes up, MMDCEs could be elected | 72.6 | 19.2 |
| Ghana's decentralization should be partisan | 18.0 | 65.4 |
| Ghana's local government system is already political | 81.8 | 9.2 |
| Strengthen political parties at the local level is the best way to promote democracy | 61.1 | 27.7 |
| Strengthen political parties at local level helps make parties stronger | 68.5 | 20.6 |
| Partisan politics be encouraged in district level elections | 20.7 | 70.7 |
| Partisan politics at local level could enhance national cohesion | 25.0 | 57.7 |

Source: Survey Data, 2018

respondents indicated that political parties at the local should be strengthened as a means of promoting democracy. The reason for this finding per informal discussions with the respondents is that promotion of partisanship at the local level could provide an opportunity for building political competencies for those having aspirations of being involved in national politics. It is worth mentioning that both those who support partisanship and those who argue against it at the local level agree that some degree of partisan politics already exists in the MMDAs. Additionally, 69% of respondents were of the view that the District Chief Executives should be elected while 31% said they should be appointed.

The study's findings are supported by a recent survey by the Center for Democratic Governance (CDD-Ghana) which reported that the majority of Ghanaians would want the MMDCEs to be elected. The survey which was conducted in September 2017 is the Round 7 findings on local government and the election of MMDCEs**.** The survey which sampled 2400 respondents showed that 69% of Ghanaians want the position of MMDCEs to be elective, while 25% prefer the current system of appointment of MMDCEs to be maintained.

The regional analysis of the data helps to provide more information on the issues discussed (see Table 3).

**Decentralization, Partisan Politics, and National Development in Ghana, Table 3** Percentage of agreement on issues concerning party politics per region

| Item | WR | CR | GAR | VR | ER | ASR | BAR | NR | UER | UWR |
|---|---|---|---|---|---|---|---|---|---|---|
| As more experience is gained with decentralization MMDCEs could be elected | 9.6 | 5.3 | 14.9 | 8.9 | 9.8 | 19.2 | 9.6 | 12.4 | 5.1 | 5.2 |
| As the level of development goes up, MMDCEs could be elected | 9.9 | 5.6 | 15.5 | 8.9 | 9.5 | 17.5 | 9.9 | 12.8 | 5.4 | 5.1 |
| Ghana's decentralization should be partisan | 10.8 | 4.2 | 13.8 | 11.1 | 9.5 | 20.4 | 7.7 | 10.6 | 7.4 | 4.5 |
| Ghana's local government system is already political | 9.1 | 5.6 | 15.4 | 8.9 | 9.3 | 19.8 | 10.0 | 11.4 | 5.8 | 4.7 |
| Strengthen political parties at the local level is the best way to promote democracy | 10.3 | 4.4 | 15.1 | 9.9 | 8.8 | 17.7 | 9.1 | 13.7 | 6.0 | 5.1 |
| Strengthen political parties at local level helps make parties stronger | 9.4 | 5.1 | 15.5 | 10.1 | 10.2 | 16.4 | 9.8 | 12.0 | 5.8 | 5.8 |
| Partisan politics be encouraged in district level elections | 10.3 | 4.6 | 15.6 | 11.9 | 11.7 | 19.5 | 10.6 | 4.8 | 4.8 | 6.2 |
| Partisan politics at local level could enhance national cohesion | 11.8 | 4.7 | 17.5 | 12.9 | 9.9 | 18.0 | 9.3 | 4.7 | 4.9 | 6.3 |

Source: Survey Data, 2018

The results show that many of the respondents of the more developed and cosmopolitan regions (Greater Accra Region (GAR), Ashanti Region (ASR), Northern Region (NR)) support the election of MMDCEs than the least developed regions (Upper East Region (UER), Upper West Region (UWR), and Central Region (CR). The assumption is that the more developed the locality, the more people are willing to take their lives into their own hands and have less trust in government. The results also show a similar pattern on the issue of whether the local government should be partisan or not. The poorest regions of the country (UER and UWR) were more comfortable with the status quo.

The logistic regressions (not shown here but available upon request) also show some interesting findings. The results show that religion and location of constituency (rural and urban) determine the outcomes of the respondents in terms of the institutional arrangement for decentralization. Non-Christian religion influences the perception of being partisan or not. It is significant at 5% and the odds ratio is between 1.016 and 1.43. The results suggest that those in rural areas are more likely to accept the partisan nature of district assemblies. On the election versus appointment question, the results show that religion and age of respondents were key determinants of the choices made. The results show that non-Christians are likely to perceive that elections are better than appointments by the President. Additionally, age is a critical influence on whether one supports the status quo or would want the MMDCEs to be elected. The results show that older (41–60+) people in Ghana are more likely to suggest that the DCE should be elected compared to those 40 years and below.

## Policy Implications and Concluding Remarks

The study examined the role of political parties in the decentralization process of Ghana. The results show that the majority of the respondents believe that the process is already political, which is not consistent with the spirit of the 1992 Constitution that seeks to establish a party-free local government system. The findings provide two main policy implications.

First, the review of the literature and findings of the study show that the very context of decentralization is political; therefore, any discussion of decentralization as a party-free process would be

inadequate. Obviously, the ability of national executives or subnational politicians to shape decentralization is determined by the structure of political parties, which provide the medium through which such bargaining takes place. If indeed, decentralization is a process that relocates power from the center to the subnational to promote not just efficiency but also citizen engagement in providing services that best meet their needs, then it is imperative that political parties as mobilizing agents should be allowed to play a role in the process.

Secondly, decentralization provides an opportunity for the local government and civil society to engage in such a way as to help in the maintenance and development of democratic institutions. In many African countries, the desire for change necessitate the strengthening of political parties because pressures for internal organizational changes are more likely to take place where subnational party elites gain some form of independent control of zones of uncertainty in the electoral arena.

On the other hand, democratization and increased political competition can create pressure to decentralize, and the resulting political openings could provide opportunities for political entrepreneurs and newly organized social groups to challenge not only the inefficiencies of centralization but also its political exclusiveness. The indication is that although decentralization may promote participation and reduce the likelihood of dictatorship, it may also lead to authoritarian enclaves in peripheral regions if the central government and society are too weak. The findings of the study contribute to the literature on multilevel governance and conclude that a party-free analysis is incomplete as it ignores the political context of decentralization. Political parties, therefore, are very important actors that establish the linkages between the political institutions and, more importantly, national stability is dependent on the strength of political parties. Obviously, the essence of decentralization is rooted in a partisan logic, which invariably explains the very timing and nature of the decentralization process. Further research is needed to ascertain the moderating of the role of demographic and economic factors on the perception of people on the institutional arrangement for Ghana's decentralization process.

## References


Bowen J, Rose-Ackerman S (2003) Partisan politics and executive accountability: Argentina in comparative perspective. Supreme Court Econ Rev 10:157–210

Falleti TG (2004) A sequential theory of decentralization and its effects on the intergovernmental balance of power: Latin American cases in comparative perspective. Helen Kellogg Institute for International Studies, Hesburgh Cente

Hanke PC, Heine K (2016) Fiscal federalism. In: Marciano A., Ramello G. (eds) Encyclopedia of Law and Economics. Springer, New York, NY

Harbers I (2010) Decentralization and the development of nationalized party systems: evidence from Latin America. Comp Pol Stud 43(5):606–627

Hopkin J, Van Houten P (2009) Party politics and decentralizing reforms: the role of statewide political parties in comparative perspective. Spec Issue Party Polit 15(2):131–240

Kauzya JM (2007) Political decentralization in Africa: experiences of Uganda, Rwanda and South Africa. In: Decentralizing governance: emerging concepts and practices. Brookings Institution Press, Washington, DC, pp 75–91

Oates W (1972) Fiscal decentralization. Harcort Brace Javanovich, New York

Riker WH (1964) Federalism: origin, operation, significance. Little Brown, Boston

Rodden J (2006) Hamilton's paradox: the promise and peril of fiscal federalism. Cambridge University Press, Cambridge

Tarouco GDS (2016) The role of political parties in electoral governance: delegation and the quality of elections in Latin America. Elect Law J 15(1):83–95

Tiebout C (1956) A pure theory of local expenditures. J Polit Econ 64:416–424

Weingast BR (2014) Second generation fiscal federalism: political aspects of decentralization and economic development. World Dev 53:14–25

Zodrow GR, Mieszkowski P (1986) Pigou, Tiebout, property taxation, and the underprovision of local public goods. J Urban Econ 19(3):356–370


# Decentralizing Governance


Giorgio Oikonomou
Department of Political Science and International Relations, University of the Peloponnese, Corinth, Greece


## Synonyms

Decentralization; Decentralizing authority; Decentralizing power

## Definition

Decentralizing governance is the process of promoting the role and enhancing the status of – principally – formal subnational institutions, namely local and regional authorities, in the policy process, by transferring responsibilities and – financial and human – resources from central state authorities to them.

## Introduction

Since 1990 onwards, the term "governance" has become a highly popular one (for an etymology and genealogy see: Jessop 1998, pp. 30–31). However, there has not been a single definition of the concept so far; instead, various uses have been proposed (Rhodes 1996). Generally, it has been suggested that the concept denotes "a change in the meaning of government" which allows for "a *new* process of governing, or a *changed* condition of ordered rule; or the *new* method by which society is governed" (Rhodes 1996, pp. 652–653; italics in original). In the same vein, it has been argued that it refers to "patterns that emerge from governing activities of social, political and administrative actors" (Kooiman 1993, p. 2). From another perspective, governance is about hierarchy in the sense of self-organization, and "co-ordination of independent activities" (Jessop 1998, p. 29), and shortly the "pursuit of collective interests and the steering and coordination of society" (Peters and Pierre 2006, p. 209). A critical component of the concept is the plurality of new actors that can be involved in policy-making processes, a feature which characterize modern states and supranational organizations. Among the new actors involved in policy-making are other than the traditional dominant central state authorities, namely, subnational institutions; in other words, regional and local authorities.

## Governance and the Concept of Decentralization

Governance is not about allocating competences among central and subnational institutions or selecting between centralization and decentralization (Rhodes 1994, p. 151), though the interinstitutional arrangements within states are closely linked with the concept. In this regard, decentralization or, alternatively, the policy of transferring authority and resources from institutions of the central government to regional and local bodies is an inherent and rather latent part of the "ordered rule," and stands for a new governing method aiming at improving the efficiency and effectiveness of public policy delivering. Respectively, the decentralization of governance in essence is related with the process of advancing the role of – principally – formal subnational institutions in public policy-making, by attributing responsibilities and – financial and human – resources to them; in that respect, decentralization constitutes a powerful tool for reorganizing the process of governing, in other words reorganizing governance. The process represents a political choice controlled by central authorities, a characteristic which is rather oxymoron since it may entail some degree of "hollowing out" of the overall power of the central administration. Notably, the decentralization process is characterized by the perceived role and institutional power the center should retain for itself vis-à-vis the role and power that should transfer to its periphery. The greater the degree of power that is transferred, the higher the potential gains for the substate entities in terms of their institutional and administrative capacities; however, this should not be always taken for granted. In times of economic crises, the center may be tempted to shift responsibilities to subnational authorities, yet omitting to transfer sufficient financial and human resources.

In general, in many European countries and elsewhere, decentralization constitutes a central feature of the administrative reform agendas. By and large, decentralization has been considered a tool for promoting local autonomy and democracy, while it has also been linked with the new public management literature (Pollitt 2005, pp. 371–372) according to which economy, efficiency, and effectiveness (the tree "E"s) should be the driving forces of public institutions. Regarding a working definition of the term, it has been argued that

providing one depends upon the time period and the political context of a country (Loughlin 2007, p. 393). According to the World Bank, decentralization results in the transferring of administrative and economic power as well as responsibility for governance issues and public service delivery from a higher administrative level to a lower one (World Bank 2008, p. 31).

## Factors Inducing Decentralization

A main exogenous factor favoring decentralization initiatives is the supranational (globalized) economic pressures and calling for efficiency and effectiveness of the public sector as a whole. In conjunction with the external environment, domestic national policy preferences dealing with the type and mode of decentralization, as well as subnational institutions' own interests constitute two significant factors that define the scope and the depth of the efforts for decentralizing governance. In addition, the participation of countries in international or regional formal organizations may induce pressures for institutional (re)arrangements in favor of decentralization. In this context, the European Union stands as a critical pattern in terms of posing adjustment pressures to its member states, that favors decentralization efforts (John 2000, p. 878; Loughlin 2007, p. 394) and advances another model of state reorganization which is closely linked with the promotion of the concept of multilevel governance (Hooghe and Marks 2001; Piattoni 2010). In that respect, the relationship between decentralization and multilevel governance can be characterized as a causal one, since it provides explanations on how the former (decentralizing governance) can really affect – in terms of fostering – the latter (multilevel governance).

## Types and Modes of Decentralization

From a theoretical point of view, in the literature of decentralization, there has been proposed a variety of different types (for instance, see: Kuhlmann and Wayenberg 2016; Pollitt 2005; Shabbir-Cheema and Rondinelli 2007; Saito 2011; World Bank 2008). The most prominent types are political, administrative, and fiscal decentralization, whereas another pattern is the organizational form of decentralization. Broadly speaking, the form of political decentralization relates with an increased institutional autonomy and power derived from directly elected leadership for the substate entities. The type of administrative decentralization entails mainly the transferring of competencies from the central to the subnational level. Regarding fiscal decentralization, this type is linked with the fiscal federalism literature, and stands for the shifting of financial resources and decision-making power for controlling local taxes to subnational institutions. In addition to the three aforementioned types of decentralization, there are two other complimentary forms, namely, the territorial and the organizational decentralization. The former indicates the transferring of responsibilities to local and regional authorities for exercising them within a predefined territorial area; the latter form of decentralization suggests that tasks are decentralized within a public service (i.e., vertically-hierarchically) or between public services (i.e., horizontally, that is from old to new administrative bodies).

Due to the fact that the boundaries of the different types of decentralization are often blurred, some degree of overlapping may de facto occur. In addition, one category does not necessarily presuppose the (pre)existence of another. In that respect, a decentralization initiative may take the form of a radical reform effort or can simply aim at partly altering some features of the institutional or administrative environment of the subnational setting.

For example, administrative decentralization allows for deconcentrating state power, a feature which is also traced in organizational decentralization. In addition, one category may exclude critical elements of another that should have been taken into consideration. For instance, political decentralization may not always entail fiscal autonomy (Ezcurra and Rodríguez-Pose 2013, p. 389), thus prolonging subnational authorities'

dependency on central government subsidies and subsequently raising questions about their institutional autonomy altogether, despite the initial reform effort for providing more political autonomy.

Along with the proposed decentralization types lays the mode of implementing them. De-concentration, delegation, and devolution of power stand for the main policy tools that determine the depth of decentralization (Saito 2011; World Bank 2008, p. 32). De-concentration denotes that central government functions are to be implemented by state personnel, thus allowing for the central authorities to focus more on policy formulation issues rather than implementation (Hague and Harrop 2004, pp. 505–506). Delegation is related with the transferring of competences to and the respective implementation by local government authorities. Finally, devolution is considered to be the most powerful mode of decentralization, due to the fact that legislative power is attributed to subnational institutions along with authority for autonomous decision-making. The combination of the types with the modes of decentralization shows that devolution is mostly linked with political and fiscal decentralization, whereas organizational and territorial decentralization suggests deconcentration and delegation measures; the latter also pertains for administrative decentralization. The combination indicates that the scope of decentralization is contingent upon the depth of its mode: the greater the depth (i.e., devolution), the higher the scope (political decentralization), whereas the opposite does not seem to be always the case.

## The Pros and Cons of Decentralization

When considering the advantages and disadvantages of decentralization, it must also be taken into account the argumentation in favor and against the concept (Pollitt 2005) since the results are not always positive for citizens. Decentralization literature has provided contradictory findings regarding the overall implications (for a discussion see: Kuhlmann and Wayenberg 2016, pp. 235–238). In that respect, it has been suggested that when a political decision backs decentralization reforms, some critical dimensions should be taken into thorough consideration such as effectiveness, efficiency, coordination (vertical and horizontal as well), democratic control, and equity as well (ibid., pp. 237–238).

In broad terms, on the side of the spectrum that favors decentralization initiatives are reasons for (potentially) improving the responsiveness of governance since local authorities are closer to citizens' real needs and have direct access to their needs, as well as enhancing the quality of democracy by increasing the proximity of constituencies with political leaders and engage citizens in political affairs. In the same vein, territorial competition creates pressures for improving the delivery of local public policies. The counter-argumentation treats centralization as the key-element for achieving economies of scale, utilizing expertise found more easily in central authorities, allowing for single and consolidated public policies strategies, as well as treating all citizens equally rather than in diversity. On the side of criticism are also found arguments about obstacles in citizens' free movement and choices about continual resettlement; moral hazard issues that arise in cases where subnational authorities shift their (i.e., financial) burdens and/or policy failures to central authorities easily as well as phenomena of local élit capture by strong clientelistic networks operating at the territorial level of governance; greater income inequality between and even within rich and poor territories. In this respect, the nexus between decentralization and centralization constitute a "political enigma" when a policy decision regarding the architecture of governance – that is decentralization or re-centralization – has to be reached, since there is not a single solution that fits with every given political process and system of governing.

## Conclusion

In a nutshell, governance is about a new process of governing and a method that societies

are governed, whereas decentralization is related with transferring authority and resources from institutions of the central government to regional and local institutions. Respectively, decentralizing governance is the process of enhancing the role of substate entities, that is, local and regional authorities in the policy process. On the one hand, decentralizing governance has certain advantages such as promoting democracy and accountability as well as increasing the effectiveness of public policies due to better information about the local needs; on the other hand, it may entail costs such as regional competition, moral hazard issues, and local élite capture by local vested interests. In addition, there have been proposed various types and modes of decentralizing governance which better describe the scope and depth of the degree of decentralization within a sovereign state. All in all, decentralizing governance constitute a "political enigma" since there is not a single solution that fits with every given system of governing. Thus, there is not a straight and unitary answer when dealing with trilemmas like centralizing, decentralizing, or recentralizing governance, but it rather depends on preexisting institutional arrangements, political priorities, and citizens' real needs.

## Cross-References


- ▶ Local Government Size and Democracy
- ▶ Multilevel Governance
- ▶ Public Policy and Governance: Theory and Practice
- ▶ Public Sector Governance and Ethical Compliance Indices


## References


Ezcurra R, Rodríguez-Pose A (2013) Political decentralization, economic growth and regional disparities in the OECD. Reg Stud 47(3):388–401

Hague R, Harrop M (2004) Comparative government and politics. Palgrave Macmillan, New York

Hooghe L, Marks G (2001) Multi-level governance and European integration. Rowman & Littlefield Publishers, Oxford

Jessop B (1998) The rise of governance and the risks of failure: the case of economic development. Int Soc Sci J 50(155):29–45

John P (2000) The Europeanisation of sub-national governance. Urban Stud 37(5–6):877–894

Kooiman J (1993) Social-political governance: introduction. In: Kooiman J (ed) Modern governance. New government-society interactions. Sage, London, pp 1–6

Kuhlmann S, Wayenberg E (2016) Institutional impact assessment in multi-level systems: conceptualizing decentralization effects from a comparative perspective. Int Rev Adm Sci 82(2):233–254

Loughlin J (2007) Reconfiguring the state: trends in territorial governance in European states. Reg Fed Stud 17(4):385–403

Peters BG, Pierre J (2006) Governance, government and the state. In: Hay C, Lister M, Marsh M (eds) The state – theories and issues. Palgrave Macmillan, Basingstoke, pp 209–222

Piattoni S (2010) The theory of multi-level governance-conceptual, empirical, and normative challenges. Oxford University Press, Oxford

Pollitt C (2005) Decentralization. In: Felrie E, Lynn LE, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, pp 371–397

Rhodes R (1994) The hollowing out of the state: the changing nature of the public service in Britain. Polit Q 65(2):138–151

Rhodes R (1996) The new governance: governing without government. Polit Stud XLIV:652–667

Saito F (2011) Decentralization. In: Bevir M (ed) The Sage handbook of governance. Sage, London, pp 484–500

Shabbir-Cheema S, Rondinelli D (2007) From government decentralization to decentralized governance. In: Shabbir-Cheema S, Rondinelli D (eds) Decentralizing governance. Emerging concepts and practices. Harvard University-Brookings Institution Press, Washington, DC, pp 1–20

World Bank (2008) Decentralization in client countries. An evaluation of World Bank support, 1990–2007. The World Bank, Washington, DC


# Decision Making


David Landsbergen and Jos C.N. Raadschelders
John Glenn College of Public Affairs, The Ohio State University, Columbus, USA


## Synonyms

Agreeing to do; Bounded to do; Obliging to do

## Definitions

A *decision* is the moment in time between a period that various alternative solutions to a problem are considered on the one hand and the period that people attempt to implement what they determined to do on the other.

*Decision making* (DM) is a process of, hopefully, careful consideration of the issues, resources, and feasibilities in the (re)solution of a problem.

## Introduction

Decisions are central to human activity. They are made all the time, by individuals, by groups of people, and by people in organizations and in societies. The scholarly literature on DM has increased exponentially since the Second World War, and it has particularly grown in economics and psychology. The references at the end of this entry cannot be complete, but they will provide the reader an entry into the recent literature.

## Importance of Public Sector Decision Making

Decision making in the public sector is particularly important for several reasons. First, and perhaps foremost, government is the only institution in (democratic) society that has the authority to make binding decisions on behalf of all residents in a country. Second, only government can marshal the financial and personnel resources needed to deal with society-wide problems and concerns. Third, government often deals with so-called "wicked problems" (Rittel and Webber 1973) that nonprofit and private actors do not deal with because (a) the both these do not have the decision making authority and resources government has and (b), for the latter only, because it is not profitable. To put this differently, it is governments especially that deal with DM under risk (i.e., when the probability of an outcome is knowable and can be calculated) and uncertainty (i.e., when the probability of an outcome is undetermined and thus unknowable). This element of DM regarding wicked problems will be further explored in the next section. Fourth, only government can act as a neutral decision maker in conflicts between citizens and in disagreements between citizens on the one hand and private/nonprofit organizations on the other. Finally, fifth, public sector decision making is unique in the sense that government in a democracy restrains its use of decision making power vis-à-vis citizens, interest groups, and private and nonprofit organizations and companies. That is, *chapeau* Locke, a democracy can only thrive when all institutional, organizational, and individual actors exercise self-restraint so that others will be free.

In this entry, we focus on public sector decision making as manifest at the individual, group, (inter)organizational, and societal levels. Before we do so, however, the nature of problems in public affairs needs to be briefly explored. There will be a few references in the text, but the references at the end will provide the reader with entries in the literature that was consulted in preparation for this encyclopedia entry.

## Nature of Problems in Public Affairs

The most simple prescriptive models of "good" decision making involve, more-or-less, five basic steps: (1) identify (or agree on) the problem, (2) identify the goals, (3) define alternative solutions, (4) gather information, and (5) analyze which alternative is the best. With some variation, this is the approach taught to school children from the time they enter school until they graduate. It is the most common norm by which decision making is judged. While useful in simple decisions, it becomes clear, with just a little inspection, that this model does not apply to most of the bigger decisions in public affairs.

Each of these "ideal steps" is now compared against the reality of public decision making. They are more aptly characterized as "wicked problems" that require additional tools to support good decision making. First is the assumption that

problems can be easily identified, or as a second-best solution, agreed upon. In reality, decision makers really begin with "problematic" situations – something hurts or is painful. These problematic situations somehow need to be diagnosed before resources and managerial attention can focus on the specific policy or managerial interventions that need to take place. Poverty is problematic. Is the problem the lack of job opportunities? the lack of a work ethic? lack of education or job preparation? psychological in origin? the result of other social problems like the inability to obtain child care? Aside from the problem of "clearly identifying the problem," there is the added complexity that citizens have differing values as to what is important. Politicians are keenly aware of the power of framing a problem as it will dictate the range of allowable solutions, and ultimately the goals being sought (Schattschneider 1960).

There is also the added difficulty that there are interdependencies, such that many of these candidate explanations may have a role. A closely related characteristic of public problems is that they are complex and are interdependent so that actions taken to improve upon one problem do not always consider the effects of, or effects on, other attempts to deal with public problems and so lead to "unintended consequences" (Merton 1936). Finally, these problems are dynamic – their intensity and direction change over time. In a strict sense, decision makers already fail in the first step, clearly defining the problem. However, something must be done and so decisions about the problem are made without a clear unanimity of what the problems are. Public problems need special tools and institutions to agree on what the problems are.

Moving on to Step 2, defining alternatives to the problem, suffers from many of the same problems as in Step 1, defining the problem. In addition, there are time, resource, and cognitive limits on the ability to identify the many possible alternatives. There is also an urgency that decisions should be made soon so that the problems can be ameliorated. As a result, big assumptions are made about what facts are important, how important the problem is, and how many resources are to be devoted to the problem. Step 2, therefore, is not perfectly completed because it is never clear whether all the important alternatives are identified.

These resource constraints also limit how much decision making can do in Step 3. In addition, there are also limitations on the data that are available. Even if the resources are there, very often the data are simply not there or are not collected in a form that it is useful. In the public sector, this brings up the problems of good data management, which is only recently being seen as a necessary prerequisite to decision making. As will be discussed later, society is changing in its "taste" for the need for good information planning and management as well as availability of the tools to accomplish this. Limitations in human cognition also limit the quality of the analysis (discussed in individual decision making, below).

Finally, public decisions are most often judged by short-term outputs and to lesser degree by longer-term outcomes (think here several years if not decades). Now, given their inherent uncertainty, the quality of public decisions should also be judged by the process by which they were made, namely and ideally with all stakeholders involved. Government is not a private business.

In summary, while the public is very well educated as to the basic steps in decision-making, the characteristics of public problems require significant departures from this ideal model. The difficulty is when the public judges these departures not as a practical accommodation, but as flaws in the decision-making process.

## Taxonomies of Decision Making

As mentioned in the introduction, the literature on decision making is vast and it is therefore no surprise that it has been organized in a variety of ways. One of the most common distinctions is that between normative, descriptive, and prescriptive theories (Bell et al. 1988). *Normative theories of DM* assume that decisions are predominantly made on a rational basis. Rational models are

based upon "ratio-", the Latin for "reason." Rational models must articulate an explanation that links a set of facts logically towards a conclusion. Rational models will vary according to the norms that are posited for what a good decision looks like. The best-known example is the simple problem-solving approach discussed above, the so-called rational-synoptic model (also known as the expected utility model) that holds that decision makers have complete understanding and knowledge of the problem at hand, the costs and benefits of alternative solutions, and can thus determine the best and only possible solution. This is the model that has informed economic theory during the nineteenth century and for much of the twentieth century. In addition to the rational-synoptic models, there are additional normative models that have their own set of norms and logics by which decisions are made including technical rationality where administrators make decisions based on administrative rules, legal rationality, and political rationality (Murray 1986). Each of these kinds of rationality is also important to public affairs but is not addressed here because of page limitations.

Since the 1960s, the "faith" of economists in rational decision making has been challenged by psychologists giving rise to behavioral economics and behavioral psychology. The focus of these *descriptive theories of DM* is on how people actually make judgments and decisions. Researchers in this tradition are concerned with actual behavior and reflective judgments, seeking to test these behavioral assumptions empirically. Finally, *prescriptive theories of DM* make an effort at outlining how people can make better decisions by making them aware of (a) the limitations of human judgment and (b) practical problems of implementing policies (Table 1).

In the table below, the various theories about decision making are organized on the basis of the distinction between individual, group, organizational, inter-organizational, and societal levels. As far as we know, those are not really theories that specifically address DM at societal level. However, (neo-)institutional theories suggest that individual behavior is very much influenced by environmental factors and trends.

## At Individual Level

Many DM-theories focus on the individual level and they can be placed on a continuum from completely rational to completely irrational. Economic man theories assume that decisions are made on the basis of complete information about (a) the nature of the problem that needs to be solved and (b) the costs and benefits of all possible alternative solutions. This leads automatically to the one best decision. That is, there can be only one best decision, irrespective of who the decision maker is. Thus, the economic man model assumes that decisions have no political content. This type of theory has come under scrutiny especially since the 1940s. Herbert Simon was the first to question the omniscience implied by the economic man model and with his concept of "bounded rationality" emphasized that decisions were never maximizing, merely satisficing (am eighteenth century Scottish word: a conflation of satisfying and suffice). Also, decision makers should focus on facts and leave value judgments to elected officeholders and their civil servants.

Within the study of public administration, various other normative models have been suggested, but they all assume that some degree of rationality is possible. Lindblom's incrementalism is a DM-model where decisions are made as successive limited comparisons and the best example is the cyclical nature of the budget process. Yehezkel Dror developed his normative-optimum model in response to, what he felt to be, Lindblom's conservative view on DM. He advocated rationality should be enhanced by explicating goals and searching for new alternatives, while at the same time clarifying the values upon which a decision is pursued. Dror's model is closer to Simon's. Amitai Etzioni's mixed-scanning model sits somewhere in the middle of the continuum between rational and irrational models. He argues that some decisions are fundamental and contextuating, setting the tone for many bit-by-bit decisions. His model is thus something of a compromise between Simon and Dror on the one hand and Lindblom on the other. These three models focus on the nature of decisions as well as the DM process, and not on the

**Decision Making, Table 1** Approaches to decision making (expanded from Koppenjan and Klijn 2004, p. 44)

| Level | Nature of decision making | Central insights | Approaches/authors |
|---|---|---|---|
| Individual as economic man | Individual (central) decision maker assesses alternatives on basis of utility and/or profit maximization | Rational-synoptic decision making; social development is aggregate of individual behavior | Neoclassical economic theory, economic man; Gaming theory |
| Individual as administrative man | Individual (central) decision maker assesses alternatives on basis of his own and/or group objectives and upon as complete information as possible | Information-processing and digesting capacities are limited: Bounded rationality | Critiques and amendments: Incrementalism, Lindblom (1959); satisficing, Simon (1947); mixed scanning, Etzioni (1967); normative-optimum model, Dror (1964); public choice, Downs (1967); Niskanen (1971); heuristics and biases, Tversky and Kahnemann (1974); Thaler (2015); Hastie and Dawes (2010); Kahneman (2003); (Thaler and Sunstein 2009) |
| Group | Decisions are made in groups; group processes influence course and outcome of decisions | Group process influence information provisions, value judgments and interpretations | Social-psychology: Groupthink, Janis (1982); Nondecision making, Bachrach and Baratz (1970); |
| Organization | In modern societies, decisions are made in and by organizations | Organizational filters and intra-organizational contradictions influence information processes and the decisions based upon them | Garbage-can model, Cohen, March and Olsen (1972); organizational process and political-bargaining or governmental politics model, Allison (1970) |
| Inter-organizational | Decision between mutually dependent organizations are taken in horizontal settings with a highly "disjointed" nature | Subjective perceptions, power relations, dynamics and coincidence influence information and decision making | Disjointed incrementalism, Lindblom (1959, 1979); game approach, Allison (1970), Crozier and Friedberg (1980); multiple streams model, Kingdon (1984). |
| Societal | Decision making is influenced by the societal context | Institutions matter; individual and organizational behavior are highly influenced by the cultural, social, economic, political, historical context | (neo-)institutional theories, Peters (2012) |

individual who makes the decision(s). Downs and Niskanen's ideas are different in that they specifically look at the decision maker, and then especially at the bureaucrat who is out to enhance her/his own influence through successfully negotiating larger budgets and/or more personnel. However, their public choice theory of bureaucratic self-serving behavior (as presaged by "Brutus" in the Anti-Federalist Papers) is not corroborated by empirical evidence. That is to say, all people will now and then engage in self-serving behavior and it is thus not a behavior characteristic for career civil servants. Furthermore, it has been shown that civil servants are perfectly capable of making decisions resulting in budgetary and personnel cuts (Dunleavy 1991).

Since the 1970s important contributions to decision making have been provided by scholars working in behavioral psychology and behavioral economics. The work by Israeli psychologists Amos Tversky and Daniel Kahnemann has been very influential. They pointed out that DM is a process more grounded in heuristics and

biases, i.e., mental shortcuts, than many people would like to believe or accept. Heuristics such as the representative heuristics (using resemblance between different object or events), the availability heuristic (estimating likelihood based on how easy it comes to mind), the anchoring heuristic (reliance on the first piece of information available), and the framing effect (influencing judgment by framing, e.g., drug use as health or as criminal problem) are now standard language in decision making theories. Biases are too numerous to list (one can simply google and pages with examples of biases will show up), but each of those shows how people are pattern-seekers and hard-wired into perceiving regularities and imposing structure upon what they perceive. What makes their work important is that decision makers have become much more aware of how ubiquitous heuristics and biases are. Where Simon's bounded rationality mainly concerned human being's limited information storage and information processing abilities, the work of Kahneman and Tversky brought home the message that many decisions are driven by, what Kahneman has called, System-2 thinking that is quick, intuitive, and impulsive. System-2 thinking is much harder, for it concerns doubt and the suspension of disbelief.

The economist Richard Thaler has further expanded the understanding of how much economic decisions are influenced by cognitive limitations, by self-control problems, and by social preferences. One solution to these problems in decision making in the public sector (developed with Cass Sunstein) is that governments should "nudge" people into making better economic decisions (Thaler and Sunstein 2009). However, as Martin Lodge and Kai Wegrich pointed out, this implicitly assumes that a public decision maker actually knows what is best for the individual(s) (Lodge and Wegrich 2014). Lodge and Wegrich thus conclude that "nudge" assumes bounded rationality, but at the same time that the decision maker has a more comprehensive understanding of what is good for the individual. In the view of the authors of this entry, Thaler and Sunstein's libertarian paternalism is reminiscent of Plato's guardians or philosopher-kings.

## At Group Level

While ultimately individuals make the decisions, it is usually through groups that these decisions are made. In an age of increasing complexity and specialization, it is even more important that group decision making be better understood, so that collaborative decision making is managed well.

Assembling individuals into groups can theoretically improve decision making as it increases the variety of perspectives, knowledge, and skill sets that can be applied to a problem. This can lead to alternative ways to view the problem or a more robust evaluation of the facts, analysis, or the outcomes. On the other hand, when individuals enter groups, they bring their individual biases as well inducing new kinds of biasing behaviors. If the advantages of groups are not managed appropriately, groupthink can occur that works to limit the quality of the decision. Rather than providing alternative perspectives, groupthink can reinforce errors instead of identifying and eliminating them. Similar to improving individual decision making, improving group decision making means identifying these biases and managing them with the appropriate tools.

Surowiecki (2005) *Wisdom of the Crowds* recounts a famous experiment conducted by Francis Galton in 1907 that shows the power of individuals working together to make a decision (Surowiecki 2005). The experiment involved having fairgoers guessing the weight of an ox. Surprisingly, in this experiment and many others, it turns out the average guess of fairgoers was more accurate than the individual guesses of individual experts. The important reason this worked, as it turns out, was because the guesses were independent and could count on the individual guesses averaging out towards the expected mean. On the other hand, experiments which involved situations where individuals were influenced by the guesses of others resulted in less accurate predictions. Under the right conditions, people working in groups are quite intelligent. Plainly, groups have advantages over individuals, but it is also true that biases in groups need to be managed to realize their full value.

In group decision-making, some of these biases have come to be known as "groupthink" (Janis 1972, 1983) and they occur when there are strong pressures to conform. Soon after assembling individuals into a group, group norms and identities form and social cohesion develops. While this is a more comfortable state for individuals, these tendencies can also negatively result in pressures to conform, essentially, taking away what individuals can contribute to a group by suppressing controversial or different views, ideas, and values. Counteracting these natural tendencies requires explicit focus on encouraging diverse perspectives to be raised and evaluated.

Another way to think about group decision making is whether the inappropriate use of individual heuristics, discussed earlier, is reinforced or countered by the group. Sunstein and Hastie (2015) review the behavioral decision-making literature to better understand how groupthink occurs. They conclude that too often groups amplify the negative effects of individual heuristics. Individuals indulge in the "planning fallacy" or bias, the inability of individuals to accurately assess their capacity to accomplish things within a time period. Groups also exhibit these same biases.

In conclusion, groups have theoretical advantages over individuals, and under the right circumstances, those advantages can be realized by managing the biases that individuals bring to groups and managing group-level biases. There has been a great amount of empirical research on the large number of individual and groups biases, but some simple management principles and tools have emerged: (1) at the individual level, encourage decision makers to examine their own biases and support their efforts by the provision of information to counter biases and suggest the development of models, and (2) at the group level, encouraging debate and question through "priming" critical thinking, using devil's advocate thinking and "red teams," and tools like the Delphi method (Sunstein and Hastie 2015), as well as other tools like systems dynamics simulation, nominal group techniques, and Q methodologies.

Although Simon's call to have the study of public administration focus on the importance of decision-making occurred almost 70 years ago, widespread understanding of the importance of decision-making to the success of groups has only recently appeared in the popular discourse. Perhaps driven by the ongoing desire to improve policy and management through better evidence and analysis, and assisted by advancements in ITC to collect, store, and analyze information better, the trend towards formal and explicit attention to decision-making will continue and grow.



## At (Intra)Organization Level

Perhaps decisions in the past were made by individuals (think authoritarian or dictatorial rulers), but they were not implemented by that individual. In other words, decisions always were a function of organization. Nowadays, decisions are always made in a specific organizational context. Two theories address this organizational level. The so-called garbage-can model of Cohen, March, and Olsen suggests that decisions in organizations are random and unsystematic, that at any time multiple decisions are made in an organization, and that most decisions are made under high uncertainty. Sometimes this theory is considered to address some degree of anarchy in organizational decision making, and this is especially visible in organizations, for example, with two categories of highly educated professionals such as nurses and doctors in hospitals and professors in universities versus professional administrators (CIO, CFO, CEO).

Another way of looking at organizational decision making was provided by Graham Allison in his analysis of the Cuban missile crisis where he distinguished between three different models, each providing a specific focus on understanding the events of 1962. The rational-decision making model focuses on objectives, rational explanations, clarity of choices, and the organization as a whole. The organizational process model emphasizes routines and procedures (standard operating procedures (SOP)) and sheds more light on the "behavior" and interests of subunits in an organization. The political-bargaining or governmental politics model stresses that the decision making space is limited by the interests of individuals and organizations.

Both the garbage-can model and the three foci of Allison are relevant to understanding intra-organizational decision making. John Kingdon's multiple streams model extends the garbage-can model to the intra-organizational environment (Kingdon 1994). The problem, policy, and politics streams seldom coincide, and when they do the decision maker(s) jump(s) through a policy window. These streams also are not "controlled" by one organization only; there are very few, if at all, policy areas where the authority to make and implement decisions rests with one organization only.

## Decision Making and Society: The Role of Government

Democratic society is about public decision-making through collective action. Democratic governments are creatures of the Enlightenment, a period in which empirical observation, rational analysis, and decision-making are core principles of both the scientific method and democratic governance. Common to both were an expectation that decisions need to be explained, that those justifications be based on evidence, information, and cogent analysis. Individuals could now understand the world and make it a better one through reasoned discussion. Central to the success of science and democracy is a forum by which claims are discussed and adjudicated. The success of democracy is based on an educated citizenry.

Citizens have a choice as to the kinds of fora in which these collective decisions are made: through hierarchies or organizations, markets, and more recently, networks. The question about the appropriate forum in which to make these collective decisions is known as the "governance" question (Thompson et al. 1991).

Interest in making good decisions is now increasing. The claim that we are an "information society" is really another way to say that we are society that needs information to make decisions. There is a push in many professions to make evidence-based and data-driven decision-making. In addition to this cultural shift, there are now ongoing and significant innovations in ITC to collect, store, communicate, and analyze information. Not too long ago, access to good information was the primary limitation on decision-making, but with these exponential increases in the power of technology, the problem is now of decision-maker "information overload" (Toffler 1970) where the new constraint is how to use this information effectively. Now that information access is improving; the new restraint is finding organizational and analytical tools to make sense of this information. There is a growing interest in data analytics and Big Data. Yet, despite the advancements in ITC, public decision-making will always involve the collective evaluation of information in the context of public values.

## Conclusion

Decision making used to be a topic of interest in the study of public administration. At the moment there are few PA scholars who write about public sector decision making (Morçöl (2006); Raadschelders and Whetsell (2018); Moynihan and Lavertu (2011)). The most important advances in DM-theory have been made in behavioral psychology and behavioral economics. It is important to point out that elected officeholders, career civil servants, and scholars nowadays very much emphasize evidence-based decision making, which is a process where scientific knowledge and facts drive the decision to be made. While there is nothing wrong with gathering evidence, we cannot overlook the fact that decisions are just as much influenced by organizational knowledge (i.e., the strategies, rules, techniques, procedures, routines, and interests of an organization), by societal knowledge (i.e., what values are shared in society, are advanced by the political party (in the USA, UK) or the coalition (in continental European countries) in power), and by individual knowledge (i.e., preferences of individual decision makers as influenced by religious and political affiliation, life experiences, upbringing, and ethical preferences). Much public sector decision making concerns tame and simple problems, and decisions made about these are generally not what drives research into decision making. Public sector decision making that concerns wicked and complex problems, though, requires awareness of the

various knowledge sources that decision makers consciously and intuitively tap into.

## Cross-References

▶ Authority in Organizations
▶ Institutions and Wicked Problems

## References

Allison G (1970) Essence of decision: explaining the Cuban missile crisis. Little, Brown, Boston
Bachrach P, Baratz M (1970) Power andpoverty: theory and practice. Oxford University Press, New York
Bell DE, Raiffa H, Tversky A (1988) Decision making: descriptive, normative and prescriptive interactions. Cambridge University Press, Cambridge
Cohen MD, March JG, Olsen JP (1972) Admin Sci Quart 17(1):1–25
Crozier M, Friedberg E (1980) Actors and systems: the politics of collective action. University of Chicago Press, Chicago
Downs A (1967) Inside bureaucracy. Little, Brown, Boston
Dror Y (1964) Muddling Through: Science or Inertia? Public Admin Rev 24(3):153–157
Dunleavy P (1991) Democracy, bureaucracy and public choice: economic explanations in political science. Harvester Wheatsheaf, Hemel Hempstead
Etzioni A (1967) Mixed Scanning. 27(5):385–392
Hastie R, Dawes RM (2010) Decision making in an uncertain world. The psychology of judgment and decision making. Sage Publications, Thousand Oaks
Janis IL (1972) Victims of groupthink; a psychological study of foreign-policy decisions and fiascoes. Houghton, Mifflin, Boston
Janis IL (1982) Groupthink. Houghton Mifflin, Boston
Janis IL (1983) Groupthink. Houghton Mifflin, Boston
Kahneman D (2003) Maps of bounded rationality: psychology for behavioral economics. Am Econ Rev 93(5):1449–1475
Kingdon JW (1984) Agenda, alternatives and public policies. Harper Collins, New York
Kingdon JW (1994) Agendas, alternatives, and public policies. Harper Collins, New York
Koppenjan J, Klijn E-H (2004) Managing uncertainties in networks. A network approach to problem solving and decision making. Routledge, London/New York
Lindblom CE (1959) The Science of Muddling Through. Public Admin Rev 19(2):79–98
Lindblom CE (1979) Still muddling through, not yet through. Public Admin Rev, 39(6):517–526
Lodge M, Wegrich K (2014) Rational tools of government in a world of bounded rationality. Centre for Analysis of Risk and Regulation, London School of Economics and Political Science, London
Merton RK (1936) The unintended consequences of purposive social action. Am Sociol Rev 1(6):904
Morçöl G (2006) Decision making: an overview of theories, contexts, and methods. In: Morçöl G (ed) Handbook of decision making. CRC Taylor & Francis, Boca Raton, pp 3–18
Moynihan D, Lavertu S (2011) Cognitive biases in governing: technology preferences in election administration. Public Admin Rev 72(1): 68–77
Murray M (1986) Decisions: a comparative critique. Pittman, Marshfield
Niskanen W (1971) Bureaucracy and representative government. Aldine, Atherton, Chicago
Peters BG (2012) Institutional theory in political science: the new institutionalism. Continuum, New York
Raadschelders, JCN, Whetsell TA (2018) Conceptualizing the landscape of decision making for complex problem solving. Int J Public Admin, pp. 1–13
Rittel H, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169
Schattschneider EE (1960) The semisovereign people. New York, Holt, Rinehart, and Winston
Simon HA (1947) Administrative behavior: a study of decision-making processes in administrative organization. Free Press, New York
Sunstein CR, Hastie R (2015) Wiser. Harvard Business Review Press, Boston
Surowiecki J (2005) The wisdom of crowds. Anchor Books, New York
Thaler R, Sunstein C (2009) Nudge: improving decisions about health, wealth, and happiness. Penguin Books, New York
Thaler RH (2015) Misbehaving: the making of behavioral economics. W.W. Norton & Company, New York
Thompson G, Frances J, Levačić R, Mitchell J (1991) Markets, hierarchies and networks. Sage Publications, London
Toffler A (1970) Future shock. Bantam Books, New York
Tversky A, Kahneman D (1974) Judgment under uncertainty: heuristics and biases. Science 185(41457):1124–1131

# Decision-Making in Networks

Zachary Mohr[1] and David Mitchell[2]
[1]UNC Charlotte, Charlotte, NC, USA
[2]University of Central Florida, Orlando, FL, USA

## Synonyms

Administrative arrangements; Central government; Discretionary; Federal government; Governance arrangements; Mandatory; Required; Voluntary

## Definition

| | |
|---|---|
| Accountability | Responsibility for showing the performance or cost of a service |
| Public management networks | Networks of organizations that work together and are responsible for providing a public good or service. |
| Network administrative organization (NAO) | The coordinating body of a public management network. |

## Introduction

The advent of government collaboration and the disarticulated state has altered traditional conceptions of public service delivery and accountability, which in this paper we define as accountability for public service cost and performance. These collaborations of public organizations are discussed here as public management networks or just networks. Public management networks have been the focus of much attention in public administration for over a decade, as scholars have borrowed and extended network ideas from sociology to develop key network concepts. The shift from hierarchically managed organizations to horizontally self-organizing collaborations logically has implications for organizational decision-making in these new types of public management networks.

Since O'Toole's seminal (1997) study, public management networks have been studied extensively. Some, such as Provan and Kenis (2008), study the differing structure of networks, and others have looked at the effectiveness of networked organizations (Provan and Milward 1995). Some studies have noted the importance of trust and reciprocity (Provan and Kenis 2008; Thurmaier and Wood 2002), and others have noted the contractual (Cohen and Eimicke 2008), hierarchical (Rethemeyer and Hatmaker 2008), and jurisdictional (Agranoff and McGuire 2004) dimensions of networked service delivery. Most recent studies tend to find that the structure of the network leads to differences in decisions and outcomes.

In this entry on decision-making in networks, we first define networks and the types of evaluative decisions of which we are going to discuss. Then we discuss decisions related to cost and performance, which are critical to further discussions about the network. In the conclusion we discuss how network cost and performance decisions feed into other decisions about the network such as decisions to expand the network to other partners or expand the network to other types of services. Ultimately, the cost-effectiveness and performance of the network may determine whether the network grows and thrives or is scaled back or terminated.

## Defining Networks and Network Typologies

Since much of the literature has distinguished between types of networks and their features, it is important to make some of these key distinctions here. These distinctions influence both the type of network and the decisions that are made in the network.

In the literature, we see that there are many types of networks. Importantly, we must first distinguish between whether it is a hierarchical network or a horizontal network. The first type is the hierarchical network and pertains in cases such as when a central, or federal, government works with a network of local governments to provide a service. Examples of this type of structure include examples such as the network of mental health provision in the United States that are primarily provided by local mental health clinics that are managed at the county and state level and that receive funds from the federal government. Others have noted that there are services, usually at the local level, where autonomous organizations that have the same level of authority in adjoining jurisdictions work together to provide services. Examples of these types of services are things like road networks and collaborative solid waste pickup.

Closely related to hierarchical and horizontal organizational network structure is the issue of whether the collaboration is mandatory, required,

or discretionary, voluntary. Both hierarchical and horizontal collaborations can be either mandated or discretionary. For example, the federal government may require law enforcement agencies to work with its federal law enforcement for many types of issues, or it can provide grants to incentivize issues like information and communication technology interoperability. In the latter case, the networking of the communication technology is incentivized but discretionary. Likewise, at the local level, the federal government can strongly incentivize collaboration through its use of federal funds to establish regional planning and road networks. In contrast, local governments may collaborate completely independently for things like solid waste pickup, and the decision to participate in these networks is completely voluntary. It is likely that collaboration and networked service provision exist on a continuum of networks from completely required to completely voluntary. In this entry, we examine network decision-making in networks that are horizontal and voluntary because these networks should have the most discretion in their decision-making about the network.

Additionally, we make the distinction between extant and emerging networks and distinguish between networks that have a central agency and those that are completely disaggregated in their decision-making. First, it should be noted that networks and networked service delivery are new and fashionable service delivery options. So, many networks are new or emerging and may not have had time to fully develop into a functioning service provider. In other words, they may exist simply "on paper" and may provide very little or no service. Conversely, extant public management networks are already in existence and providing a service to their network members. Because local and regional cooperation has been important as a planning concept at least since the 1960s and 1970s, some networked organizations that we have studied are over 50 years old. The decision-making about an organization that is decades old is very different than that of a newly conceived network. Secondly, the organizations that have been around for some time are likely to have governance and administrative arrangements that allow for greater coordination and structure than newer networks that may be more disaggregated in decision-making and lacking in network structure. This network coordinating body is known in the literature as the network administrative organization or NAO. This organization often provides or coordinates the service for the member organizations.

In this entry, we further distinguish decision-making in extant public management networks, and these public management networks further often have NAOs. The characteristics of the public management networks of interest are thus that they have (1) three or more members, (2) a shared or overlapping purpose for network membership, (3) joint oversight, and (4) coordinated interaction between members and not just interlocking contractual relationships. In other words, the organizations are aware that they belong to the network and can make decisions about the network as a whole and not just individually reacting to other organizations with which they have relationships.

Within these horizontal and extant networks, scholars have noted that there are distinct subtypes of networks (Agranoff 2007; Mitchell and Thurmaier 2016). The first subtype of network is the informational network that allows network members to share information about "policies, technologies, and solutions" (Mitchell and Thurmaier 2016, pp. 50–51). The second type of network is known as the developmental network that provides education and training for member organizations. The third type of network is the outreach network that does things such as "…shares information, coordinates programming, jointly pursues resource opportunities…." The final type of network is the action network where the members work together to actually provide services across their jurisdictions. The literature shows that different types of networks are likely to have different network structures and different network decision-making processes. In the next section, we discuss how we have found evidence that decision-making varies significantly in these different subtypes of networks.

## Decision-Making in Networks

Since we have already stated that we are going to focus in this entry on horizontal and extant networks, we need to briefly discuss the types of decisions that we focus. Because the public management network is extant, the decision about whether to start the networked organization is already made, and many of the main governance arrangements, such as rules for organization and conduct of member organizations, have also been established. Therefore, the primary decision-making issues are primarily evaluative in nature; particularly we focus on decisions about performance and cost. In the discussion section that follows this one, we note how other decisions like the expansion of the network or changing organizational arrangement can be influenced by these important evaluative decisions about the network.

Generally, the importance of trust in networks cannot be overstated. The literature has broadly found that trust is one of the key elements of decision-making and structure of networks (Provan and Kenis 2008; Thurmaier and Wood 2002). Having trust in the relationship reduces transaction costs and increases the ability to coordinate the network. Research broadly finds that networks where trust is high are more effective in delivering services and better at responding to needs in the environment. As a structural feature of public management networks, most are run by a board of directors. Usually the board is made up of an equal number of representatives from the participating jurisdictions, and sometimes the NAO is given representation on the board. The board tends to make decisions that are highly consultative with their member organizations so as to maintain trust in the network.

Because network boards are usually highly representative of the membership and the decision-making process is consultative, we are told that network decision-making is not often confrontational. Particularly in developmental networks, outreach networks, and action networks, the organization often gets a level of training, outreach, and service that it simply could not achieve on its own simply through economies of scale. These characteristics of networked services make them easily justified to the governing bodies of member organizations, and network members often describe the network service as a "bargain" (Mitchell and Mohr 2019). However, in spite of the often easy evaluative decisions about network performance and cost, there are important ways that decision-making about performance and cost vary by types and subtypes of networks.

Mitchell and Mohr (2019) find support for an ecological model of accountability in networks. They find important differences in how organizational members evaluate cost and performance in networked organizations. They find that the trust of focusing on a common purpose reduces additional cost monitoring in the network much like the literature would suggest. The policy salience or importance of the service was associated with an increase in cost monitoring in the network. Likewise, conflict as a proxy for a lack of institutional balance in the network increased cost monitoring. Finally, perceptions of network cost effectiveness were associated with reduced monitoring of additional costs in the networks.

When it came to performance, the decisions about network performance were primarily of the programmatic output type: X number of things produced or Y number of people trained. Interestingly, one of the most important programmatic outcomes noted in the Mitchell and Mohr study was the cost-effectiveness of the networked service delivery. When the networked organization could produce the needed good or service at a savings for the organization, it was often easy to justify the performance.

Finally, within different subtypes of organizations it was found that decisions to monitor cost varied significantly. For example, no organization that participated in information and outreach networks did additional cost monitoring beyond reviewing the payment that they made to the NAO. In other words, they could easily see what their network participation provided, and there was no need to monitor costs further. In action networks, a little over 14% of the organizations monitored costs to their organization outside of the budgeted payments but organizations that participated in developmental networks had

significantly more than the other three types of networks (26.7%). In the words of the participants, the action network participants do not often have issues of trust, but occasionally there may be an issue like an employee of the network stealing that may create conditions for additional cost monitoring. However, in the developmental networks, there are significant and ongoing costs that must be monitored such as the amount of time that employees spend in training and related costs. Interestingly, these costs are often associated with reasons that justify the use of the networks. For example, if the network can provide training for an employee locally that would otherwise require travel across the state or out of state to get the required training, then the cost savings can justify the network membership.

In summary, in decisions about network cost and performance, the research shows that trust is key. The recent Mitchell and Mohr study found a quantitative link that has primarily been shown through qualitative studies previously. The research also showed that common purpose, institutional balance, and perceptions about cost-effectiveness influenced cost and performance monitoring. From this study, it appears that one of the key dimensions of public management network performance is often the cost-effectiveness of the network service.

## Discussion and Conclusions About Decision-Making in Networks

This entry has discussed evaluative decisions in extant, horizontal networks. While this discussion of evaluative decisions about cost and performance may at first appear limited, it is important to note that evaluation decisions about cost and performance influence other important decisions about the network. For example, the decision to add new members will likely be influenced by the perception of whether the new members will further increase the economies of scale that can be achieved by the network. If the network is already cost efficient, further reducing the cost of the service can only be seen as beneficial. If it is decided that the cost of the network is a concern, the network may seek out new members to lower the per member cost. Finally, if the cost and performance of the network are not sufficient, then the networked organization may be terminated. While these conclusions are logically derived from the literature, there have been few studies that have looked at these issues in the public sector, and we believe that more studies should look into these issues. Likewise, issues of cost and performance are likely to either promote or hinder the further expansion and development of public management networks. In sum, the evaluative decisions around cost and performance are likely to be highly important in any network that is not mandated by a higher-level authority.

## Cross-References


- ▶ Budgeting and Decision-Making
- ▶ Cost Accounting in Public Services
- ▶ Network Structures
- ▶ Organizational Decision-Making
- ▶ Performance Measurement


## References


Agranoff R (2007) Managing within networks. Georgetown University Press, Washington, DC

Agranoff R, McGuire M (2004) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Cohen S, Eimicke W (2008) The responsible contract manager: protecting the public interest in an outsourced world. Georgetown University Press, Washington, DC

Mitchell D, Mohr ZT (2019) Accountability in public management networks: an analysis of cost monitoring in Chicago Municipal Networks AU – Mitchell, David. Int J Public Adm 1–13. https://doi.org/10.1080/01900692.2018.1561714

Mitchell D, Thurmaier K (2016) (Re)defining the disarticulated municipality: budget accountability for networked governance. Public Budg Financ 36(1): 47–67

Provan KG, Kenis P (2008) Modes of network governance: structure, management, and effectiveness. J Public Adm Res Theory 18(2):229

Provan KG, Milward HB (1995) A preliminary theory of interorganizational network effectiveness: a comparative study of four community mental health systems. Adm Sci Q 40(1):1–33

Rethemeyer RK, Hatmaker DM (2008) Network management reconsidered: an inquiry into management of network structures in public sector service provision. J Public Adm Res Theory 18(4):617–646

Thurmaier K, Wood C (2002) Interlocal agreements as overlapping social networks: picket-fence regionalism in metropolitan Kansas City. Public Adm Rev 62(5): 585–598

# Decision-Making in Nonprofit Organizations

Charity R. Remington
The Mission Haiti, Lake Placid, FL, USA

## Synonyms

Decision-making; Organizational strategy

## Definition

The process of making a choice from various alternatives to achieve a desired outcome.

## Introduction

In general, the decision-making process consists of identifying the problem or opportunity, developing alternatives, evaluating alternatives, and choosing and implementing the best alternative and then evaluating the decision. In a nonprofit organization, decision-making is impacted by both the internal and external environment. Everything from the size of the organization to the resources it has available and to the goals and strategic plan of the organization and their feasibility of implementation can play a vital role in an organization's decision-making process.

Organizational decision-making models are multiple and diverse and frequently serve as reflections of organizational design. Hierarchical organizations tend to have leadership-centric decision-making processes, while flattened organizations often push decision-making out to the wider group. Decision-making processes can fall across a broad spectrum, from centralized and tightly controlled to fully democratic and highly inclusive. Most organizations fall somewhere in the middle of this spectrum by allowing open participation in some decisions and making other decisions exclusive to a select group.

### Background in the Nonprofit Context

In the nonprofit sector, there is a wide range of decision-making strategies that vary both in terms of scope and structure. While decision-making strategies are similar to those employed in the private sector, there are multiple factors that make decision-making unique within the nonprofit context. Organizational characteristics of nonprofits limit both the types of decisions that can be made and the range of feasible solutions available for solving problems. Unlike for-profit entities, which are created to fulfill the primary mission of producing economic gains for owners or stakeholders, nonprofits organizations are created to fulfill a public good. The not-for-profit organizational structure both confers privileges and imposes restrictions. Nonprofit organizations can solicit public donations and are exempt from federal taxation, but they also face greater public scrutiny and strict regulation. These rights and restrictions create an initial filter for nonprofit decision-making, constraining organizational options to those which are legally and ethically available.

In a similar manner, a nonprofit organization's mission and values are primary drivers of decision-making (Butler 2016). A clearly defined mission automatically precludes certain decisions and actions. Choices that fall outside of the mission's scope are excluded. Instead, decisions must be made that further the organizational mission and goals. This missional filter exists for more than just organizational efficacy. Because nonprofit organizations solicit donations for the accomplishment of their mission, decisions must be made that are in keeping with that mission and that are consistent with the message communicated to donors. Integrity and transparency in the use of donations (and therefore within the decision-making process) ensure both accountability to donors and beneficiaries alike.

There are other constraints on nonprofit decision-making, as well. For example, many smaller nonprofit organizations may have limited technical or organizational capacities and small resource bases. These organizations may have weak linkages with other resources and community actors in development. Limited strategic perspectives, constrained by a nonprofit's vision, mission, or organizational history, may also place explicit or implicit boundaries around decision-making strategy.

Additionally, a nonprofit's budgetary constraints or organizational structure may utilize volunteers instead of paid staff. This may limit the feasibility of certain activities or create the need for additional oversight or increased costs that simply are not deemed worth the trade-off. Moreover, there are many constraints on the types of solutions which can be utilized when solving problems in the nonprofit sector. For example, the relationship between the government and nonprofits may involve legal, ideological, administrative, and political constraints. Also, competition may exist between donor, management, and board priorities, mitigating the rate of organizational change.

Furthermore, in nonprofit organizations, funding is often limited, unpredictable, or earmarked for specific purposes. This uncertainty may automatically eliminate many possible solutions to problems, restrict innovation, and create further issues needing to be addressed through the decision-making process.

In the private sector, executives have some degree of autonomy and flexibility with respect to decision-making responsibility. In the nonprofit sector, decision-makers are faced with multiple layers of accountability. Nonprofits are accountable to stakeholders, donors, and beneficiaries as well as local and national laws and regulations of the countries in which they operate.

Nonprofit performance is not only measured by the amount of good the organization accomplishes. It can also be assessed in terms of the agency's management and decision-making processes, its demonstrable accountability and transparency, and how well the organization is governed. Decision-making processes must help management of the organization's resources in ways that are accountable, equitable, transparent, and responsive to the needs of beneficiaries (Kendall and Martin 2000).

As in the private sector, nonprofit organizations are invariably faced with a multitude of serious and complex decisions that involve multiple stakeholders. But in the nonprofit sector, such decisions have the potential to impact the lives of beneficiaries, for good or ill. In such a high-stakes environment, nonprofit organizations must often make difficult decisions about the most efficient ways to achieve their mandate and about the quality, quantity, impact, and value of financial decisions while maintaining responsiveness to beneficiaries. Nonprofits can also be held accountable for the reliability and independence of their organizational structures, such as the composition and role of the board, management and financial structures, and human resource management practices and policies.



## Decision-Making Processes

Before the decision-making process can begin, the organization must first establish who will make the decision, who will implement it, and who has the authority to approve the decision or even veto it. In a nonprofit organization, decision-making ambiguity can often occur between the board and staff, headquarters and regional branches, and at different levels of management. Without clarity on the decision-making process, confusion can ensue and organizational performance can begin to suffer.

To formalize the decision-making process, many organizations utilize specific decision-making frameworks and instruments. There are several tools available to help clarify the decision-making roles. While the majority of these tools originated in the private sector, they are frequently used in the nonprofit sector to help formalize decision-making processes. These tools and processes often have four or five steps in common that include some form of the following: identification of the problem or opportunity, developing alternatives, evaluating alternatives, choosing and implementing the best option, and assessing the decision. While there are numerous

variations upon this theme, these steps are a recognizable thread running through the most commonly held decision-making paradigms.

Some of these tools are:

RAPID (Recommender, Approve, Perform, Input, Decide)
LACTI (Lead, Accountable, Consult, Tasked, Informed)
CAIRO (Consulted, Approves, Informed, Responsible, Out of Loop)
IMRN (Input, Make, Ratify, Notify)
ASICK (Accountable, Support, Inform, Consult, Okay)
RACI (Responsible, Accountable, Consulted, Informed)

### Identification of the Problem or Opportunity

Any decision-making process must first begin with a clear identification of the problem or opportunity (Verschaffel 2011). Whether an organization is big and multi-departmental or run by a small staff of volunteers, each agency has unique goals. Within the organization, individual departments or teams also have goals, while external stakeholders, such as donors and community leaders, may have goals and expectations of their own. The establishment of clear and realistic goals serves as the foundation for identifying problem areas, deciding on courses of action, and evaluating the decision's outcomes.

When organizational goals are not being met, it is vital that leaders understand both why and how this is occurring. Anything from mission creep to inadequate funding to misappropriation and beyond can lie at the root of organizational problems. By carefully examining every situation through the filter of clear organizational goals, nonprofit agencies can begin to recognize superfluous programming, imbalanced budgets, and threats to effective functioning. The process of problem identification often requires a scan of the external and internal environments for issues that merit attention. Managers examine the world around them to establish whether the organization is progressing satisfactorily toward its goals and which forces and drivers are influencing it.

On occasion, an objective assessment may turn a problem into an opportunity. The strengths, weaknesses, opportunities, and threats (SWOT) analysis, for example, is an appraisal tool which aids in identifying the problem, analyzing the agency's larger ecosystem, assessing its internal strengths and weaknesses, and examining the organization's capacity to respond to the problem. A SWOT analysis takes into consideration the organization's internal strengths and weaknesses, along with external opportunities and threats in its surrounding environment. These factors are organized on a chart according to categories, and then they are analyzed and deconstructed in order to provide a fuller picture of the organizational system in which the agency exists.

### Developing Alternatives

After identifying a problem, it is time to begin generating alternative solutions. In developing these alternatives, nonprofit managers must first consider the organization's strategic vision and specify the goals that they expect to achieve through their decision (Zopounidis 2011). Strategic planning is a management process that combines a clear statement of the organization's mission, the identification of the organization's stakeholders, the outlining of its strategic objectives and goals, and the development of strategies to achieve them. If the organization already has a clear strategic plan, this step should be simple. If not, strategic planning quickly becomes an essential component of the decision-making process to develop alternatives which will satisfy the strategic vision of the organization.

Strategic planning is the backbone of strategic management, and it is a fundamental process in the conduct of strategic management in nonprofits (Kaplan 2001). The significance of strategic planning can be explained from four points of view including environmental scanning, strategy formulation, linking goals to budgets, and to the strategic planning as a process. For strategic planning to be useful and productive, there must be involvement and commitment across all levels of the organization to overcome problems such as rivalry among projects and departments, resistance to change, resource allocation issues,

resource requirements, and so on. Over time, the practice and concept of strategic planning have been embraced globally and across public and private sectors because of its contribution to fast-track performance and organizational effectiveness.

There are many factors that influence decision-making through the strategic planning process. Environmental uncertainties can hinder the development of long-term plans, while legislative changes can introduce new dynamics into a sector. Additionally, the complexity and size of an organization creates variables and uncertainties that need to be reevaluated on a regular basis. There are many reasons that organizations may need to revise their strategic vision, such as the need to better orient the organization to the needs of the community, to plan for growth and expansion, to accommodate changes in the regulatory environment, or to adjust to new economic realities (Lewis and Wallace 2000).

Effective strategic planning initiatives make organizations more viable and responsive by turning comprehensive goals into action steps and facilitating the creation of timetables for how long tasks should take to avoid sidetracking of efforts and helping to correct deviation from commonly held objectives.

Strategic planning is a continuous process that requires constant feedback on how the current strategies are working and makes adjustments to those strategies whenever necessary. Because of this, all alternatives for decision-making must be feasible and in keeping with the organization's strategic plan. The plan itself should act as a filter, weeding out aberrant alternatives and generating alternatives that advance the vision, mission, and values of the agency.

## Evaluating Alternatives

The next step of the decision-making process is the evaluation of possible alternatives. There are advantages and disadvantages to every possible solution, and nonprofit organizations must think holistically and strategically, weighing carefully the potential consequences and benefits of each option. In some situations, there may be more than one solution to a problem, and in other situations, there may be no viable solution and a whole new paradigm is required. It is essential that managers accurately appraise arguments for or against a particular alternative in order to have a clear and usable understanding of the choices they are facing. Alternatives must be evaluated not only for their possible results but also for their feasibility and their alignment with the organization's vision and mission.

One of the major factors determining the feasibility of a given alternative is the nature and dependability of the organization's funding. In many nonprofits, resources and institutional capacity are limited. Financial resources may be the determining factor in the organization's course of action and the timeline for implementation. Evaluating available resources and identifying resource constraints require decision-makers to think about new ideas, knowledge, procedures, methods, and strategies for the completion of work.

During the evaluation stage, reliable, current, and pertinent information must be collected and potential outcomes considered. Changes in external conditions, such as societal, political, economic, or demographic shifts, new regulatory processes, and even competition for funding may impact the viability of an alternative. Predicted shifts in key external conditions may reduce the impact of an alternative or even eliminate it altogether.

There are many decision-making tools which are useful when evaluating alternatives. One commonly used method is the scenario technique, a strategic foresight method used in decision-making teams to envision multiple possible futures and to decide upon the organization's preferred future and cocreate a strategy to help the organization create that preferred future for their agency. Another method for weighing alternatives is known as the "decision matrix," a tool that uses a chart and a point system to assign value to different components of each alternative. After completion, the points are totaled and the option that receives the highest total score is selected. Perhaps even more commonly used is the cost-benefit analysis. Traditionally associated with for-profit corporations, a cost-benefit analysis in a nonprofit organization measures the cost of

making a given decision against the potential benefits that decision may have. A cost-benefit analysis of each alternative can provide decision-making teams with a more accurate picture of possible ramifications and the costs attendant with each one.

### Choosing and Implementing the Best Alternative

A decision is made after generating and evaluating several alternative courses of action and carefully weighing each option for organizational fit. A decision is considered to be effective if it addresses the problem, achieves a predetermined set of goals, and is feasible using the resources available to the organization. Even more importantly, it must conform to the organization's vision, mission, and values and be ethically and legally sound. Alternatives that are feasible but fall outside of these parameters are eliminated from consideration. Unless criteria of success are established ahead of time, it is impossible for an organization to gauge the success of a decision after implementation (Forbes 1998).

After the selection of an alternative, managers must ensure that the chosen alternative is thoroughly carried out. The implementation of an alternative begins once the decision of choice is established. Effective implementation of a decision is as important as the decision itself, and many carefully made decisions are not realized due to a failure in the implementation phase.

In the nonprofit sector, effective implementation is the result of careful selection. The selected alternative must be viable and stay within budgetary constraints and be implemented by staff or volunteers. This requires careful planning and the creation of structures that allow for delegation, address issues of conflict management, measure execution, quantify the return on investment, and consider team motivation (Kaplan and Norton 1992). Without strategic implementation, the selected alternative has little hope of ever being actualized.

### Evaluating the Decision

The decision-making process does not end with implementation. The final step is to evaluate the decision based on specific outcomes, enhanced operations, social change, or other predetermined metrics of success. The decision's success or failure is based on how well it meet or did not meet these predetermined goals. Decision goals may be aimed at improving outcomes or operations. Outcomes refer to a nonprofit's social impact with respect to its mission. Assessing decisions involves identifying indicators of impact in order to measure outcomes. Evaluation of decision success may focus on measuring improvements with respect to internal processes, expansion of reach or influence, or shifts in organizational culture. Regardless of what is measured, the technique for tracking success must be specific and predetermined.

One technique for measuring success is the establishment of critical success factors (CSFs) before the decision-making process ever begins. CSFs are predetermined checkpoints that must be met if the decision-making process is to be considered effective. An organization can check the reality of what transpired against their list of CSFs to determine whether an initiative was successful. In a similar vein, key performance indicators (KPIs) serve as predetermined signals that an organization can watch for to gauge progress and assess decision-making efficacy. For example, donor retention rates, rates of growth, and changes in volunteer participation rates can each be KPIs that provide the organization with a better understanding of both implementation success and failure.

Another option for evaluating the impact of a decision is the use of a strong evaluative instrument, such as the Organizational Culture Assessment Instrument (OCAI). The OCAI assesses and plots an organization's culture before a decision-making process takes place and then reassesses and plots the organization's culture afterward, helping organizational members assess the success of their decision-making processes and the implementation of their goals.

No matter the metrics for measuring success, after a decision is implemented, the performance of the decision must be compared to the predetermined goals it was set to achieve. The evaluator must identify the deviation, if any, between the planned and actual performances, learning what worked, what did not work, and the reasons

behind both successes and failures (Herman and David 1999).

After evaluating the success of the decision, organizations then may find proactive ways to adjust the implementation of the decision or, if that is not possible, improve the decision-making process for greater success in a future scenario. This may include seeking direct feedback from employees through surveys, focus groups, or roundtables. It may also include outside evaluations, assessments by beneficiaries, or a formal appraisal of expectations versus reality. Outside consultants can often help the organization better understand why implementation of a given initiative was successful or unsuccessful and can probe for answers, discover blind spots, and result in insights that those within the organization may be unable to see. A thorough understanding of the impact of decisions is crucial to refining the decision-making process if an organization is to remain effective over the course of time.

## Conclusion

Decision-making in nonprofit organizations begins, first and foremost, with the establishment of the nonprofits' mission, values, and goals as central to and the basis for the decision-making process (Hicks 2005). The decision-making process involves several steps and selecting from various alternatives in order to achieve a desired outcome. Outcomes represent measureable changes that are indicative of the impact – or social change – a nonprofit seeks to make with respect to its mission. Achieving desired outcomes requires a strategy for the selection process that meets the needs of the organization and its stakeholders. Effective nonprofit organizations do more than make ad hoc decisions; they also learn how to systematize the successful decision-making process and use it again for future decisions. By identifying the problem or opportunity, developing and then evaluating alternatives, choosing and implementing the best alternative, and evaluating the decision, nonprofit organizations can make quality decisions which turn problems into opportunities and satisfy the mandate of their stakeholders while continuing to meet the primary needs of their beneficiaries.

## References

Butler R (2016) Managing voluntary and non-profit organizations: strategy and structure. Taylor & Francis, New York

Forbes DP (1998) Measuring the unmeasurable: empirical studies of nonprofit organization effectiveness from 1977 to 1997. Nonprofit Volunt Sect Q 27(2):183–202

Herman RD, David OR (1999) Theses on nonprofit organizational effectiveness. Nonprofit Volunt Sect Q 28(2):107–126

Hicks MJ (2005) Problem solving and decision making: hard, soft, and creative approaches. Cengage Learning, Belmont

Kaplan RS (2001) Strategic performance measurement and management in nonprofit organizations. Nonprofit Manag Leadersh 11(3):353–370

Kaplan RS, Norton D (1992) The balanced scorecard: measures that drive performance. Harv Bus Rev 70(1):71–79

Kendall J, Martin K (2000) Measuring the performance of voluntary organizations. Publ Manag 2(1):105–132

Lewis D, Wallace T (eds) (2000) New roles and relevance: development NONPROFITs and the challenge of change. Kumarian Press, Hartford

Verschaffel L (2011) Use of external representations in reasoning and problem solving: analysis and improvement. Taylor & Francis, New York

Zopounidis C (2011) Multiple criteria decision aiding. Nova Science Publishers, New York

# Decline of Coal as an Energy Resource

Debbie Firestone[1] and Warigia M. Bowman[2]
[1]Environmental Energy & Natural Resources Advocates, Tulsa, OK, USA
[2]University of Tulsa College of Law, Tulsa, OK, USA

## Introduction

The USA and most of the Western world are turning away from coal production and generation, so it may be surprising to some that coal remains the largest source of electricity generation internationally. Coal continues to be used as an

energy source in part because it is plentiful, and in part because it is relatively inexpensive.

Coal creates significant negative externalities, both during the mining process, and after mining wastes are released into the environment. Societies face a choice: live with those negative externalities or address them through government action. Whether it is through regulation, control, or taxes, we look to our decision makers to address the overarching issues that accompany coal-powered energy generation, especially with regard to climate change.

## The Height of Coal

Coal is plentiful, and people have used coal as a source of energy for millennia. The Romans and ancient Chinese civilizations used coal (*Coal, Unearthing Ancient Mysteries* 2000). As an energy source, coal became prominent during the Industrial Revolution from the late eighteenth to the late the nineteenth centuries (Trueman 2015) when it was discovered that coal burned cleaner and hotter than wood charcoal (*Fossil Energy Study Guide* 2020). The steam engine harnessed coal energy, but machines used in manufacturing were the real catalyst for increased coal usage (Trueman 2015).

Coal is available in almost every country (*Fossil Energy Study Guide* 2020). As more countries have industrialized, coal consumption has risen. Coal generation has expanded in Southeast Asia and China (Malischek 2020). Over the past 20 years, 90% of all of the coal-fired capacity built worldwide has been in Asia alone (*World Energy Outlook* 2019). China relies heavily on coal, using it to generate more than 70%, and is the largest consumer of coal in the world (Inskeep and Westerman 2019). Today, India and China are two of the largest producers and importers of coal (*Coal Information* 2020).

## Upsides/Downsides

### Advantages

Coal use has its advantages. It is relatively inexpensive (Barber 2015). Since coal is found on every continent (*Where is Coal Found?* 2020), and since the infrastructure is currently in place to utilize it thanks to the Industrial Revolution, coal is seen as a tool to eliminate worldwide poverty (Mooney 2019). In addition, coal is abundant in the USA, particularly in the Appalachian region (Cherry 2015). The Cumberland Plateau's coal seams have had an incalculable impact on the politics, history, and economy of states like Tennessee, Kentucky, and West Virginia (*Id.*). The USA has a demonstrated reserve base with in-place coal that can be mined commercially at both underground and surface mines that would last over 300 years at current rates (*Coal Explained* 2019).

A stable, reliable energy source (Coal = Reliable Energy 2015), at its height, coal provided close to 90,000 mining jobs in the USA alone (*Thousands* 2020). Unlike renewable sources of energy such as wind or solar power, coal does not depend on weather conditions or other external forces (Coal = Reliable Energy 2015). Rather, coal provides continuous baseload power (*Id.*). In fact, the US Department of Energy, during the presidency of Donald Trump, created a strategic electrical generation reserve using coal for the purpose of national security (Schneider and Trotta 2018). The DOE cited grid resilience and grid reliability as their ultimate goals in establishing generation diversity and keeping coal a part of the national energy mix, although strong ties between the Trump Administration and the coal industry were likely a driving factor of that decision (*Id.*).

The so-called "clean coal" technologies capture $CO_2$ and address climate change to reduce emissions from coal (Clean Coal Technologies 2008). Tackling carbon-based emissions means not only creating new, clean infrastructure, but addressing existing systems and power plants. Current coal power plants can be made more flexible and efficient as to address carbon-based emissions and long-term sustainability goals (Malischek 2020). The International Energy Agency has considered three different options for reducing carbon emissions from existing coal-fired power plants: (a) retrofitting the plants with biomass co-firing equipment or carbon capture, utilization, and storage (CCUS);

(b) repurposing the plants to provide flexibility and adequacy while simultaneously reducing operations; or (c) retiring the plants early (*World Energy Outlook* 2019).

### Disadvantages of Coal as a Source

Unfortunately, coal has a severe environmental downside: it is one of the highest $CO_2$ emitters per unit of energy (Levin 2013). In 2019, coal accounted for 60% and natural gas for 38% of electric power sector $CO_2$ emissions in the USA (*Energy and the Environment* 2020). $CO_2$ emissions contribute substantially to the greenhouse gases that are affecting the world's climate (*Id.*). Additionally, there are health risks with inhalation of coal dust, with mining, and with the harmful chemicals used with coal, including pneumoconiosis and other respiratory diseases (*Coal Mine Dust* 2011). Inhalation of coal dust can cause premature death (*Id.*).

The transportation of coal to processing plants also presents significant dangers (Gleick 1981). Problems arise not only on railroad transport, but also on waterways (McBride 2005). Coal transport has increased to satisfy Clean Air Act obligations on mines in the East, leading to longer hauls from the West to Midwest and Eastern destinations (*Id.*). Accidents have triggered transporters to invoke indemnity, insurance, and force majeure clauses in contracts (*Id.*). Further, accidents are not the only issue, since coal dust contaminates the communities which are traversed causing incidental environmental impacts (Chadwick et al. 1987).

Coal mining has a negative effect on the human environment as well as on surrounding ecosystems and natural habitats. In a barren landscape of coal surface mining, it is easy to see the steep environmental price paid by the altered landscape (Coal 2020). Land erosion, drinking water deterioration, and wildlife habitat degradation result from mining, and the wastes produced from mining (*Id.*). Coal produces radiation via trace amounts of uranium contained in coal (Serle 2020). At the end of its fuel cycle, the radioactive waste generated from the spent fuel, fly ash, emits as much as 100 times more radiation than a typical nuclear facility (Cox 2011). Coal processing emits arsenic, cadmium, mercury, uranium, and thorium (Langsdorf 2017). Some studies show that communities surrounding coal power plants show the same, if not more, radiation than those areas containing a nuclear power facility (Cox 2011).

Coal use began when there was little understanding of modern, more efficient, cleaner sources of energy (Nijhuis 2014). Recently there has been a push toward the development of clean coal technologies in order to reduce global warming by the reduction of $CO_2$ emissions (*Clean Coal Technologies* 2020). Yet such efforts are costly. The coal industry struggles to remain competitive as it faces high costs to reduce coal emissions (*Id.*). Cleaning coal is costly because capturing carbon dioxide from hot flue gas streams following combustion is difficult considering $CO_2$ concentrations make up 14% or less of the total, with nitrogen making up the balance (*Id.*).

Aside from the difficulties caused by mining, coal use itself imposes heavy costs on society (Nijhuis 2014). The burning of coal produces coal ash that contains lead, ammonia, arsenic, mercury, and other toxic substances, which contributes to increased pollution (*Id.*). Coal ash is dumped in unlined ponds, which leads to toxins leaking into and contaminating groundwater beyond levels deemed safe for drinking water by the Environmental Protection Agency (*Mapping the Coal Ash* 2020).

In April 2015, the EPA promulgated a rule for the management of coal ash (*Util. Solid Waste* 2018). In a 2018 decision by the D.C. Circuit of Appeals, the court overturned some provisions of EPA's 2015 rule and remanded certain provisions back to the agency (*Id.*). Particularly, the EPA exempted from regulation unlined impoundments at inactive facilities, a provision the court determined was arbitrary and capricious (*Id.*). Since the remand, the EPA has been hard at work making changes to coal ash regulations to provide for the retrofitting or replacement of unlined impoundments to prevent leakage (*EPA Finalizes Revisions* 2020).

Yet, in August of 2020, the Administration of former president Donald Trump successfully managed to weaken the 2015 regulation

(Dennis and Eilperin 2020). The new "flexible, phased-in" approach allows coal power plants, the largest industrial source of toxic wastewater, to continue to leak toxic metals such as arsenic and mercury into lakes, rivers, streams, and groundwater (*Id.*). The new deadline is currently moved from 2023 to 2025, while entirely exempting dozens of coal-powered plants – those which are set to retire between now and 2028 (*Id.*). While the US Energy Information Administration reports that 121 US coal-fired power plants have been repurposed to burn other types of fuels between 2011 and 2019, with most of them converted to or replaced by natural gas-fired plants (*More than 100 coal-fired plants* 2020), the danger of coal ash from existing plants (both active and retired) cannot be overstated (*Coal Ash: Hazardous* 2018) Worldwide Coal Assessment.

Europe has experienced a strong decline in coal generation, with many countries focusing on aggressive policies phasing out coal use (Malischek 2020). This is partly due to the European Union's establishment of a cap and trade scheme, EU's Emissions Trading System (*EU Emissions Trading* 2020). Success has been shown in recent years as the EU transitions from phase 3 of the plan into phase 4 (*Id.*). Phase 4 runs from 2021 to 2030 toward reducing $CO_2$ emissions from coal and other fossil fuels to attain the emission reduction targets of the Paris Agreement (*Id.*; Paris Agreement 2015).

While in 2018 global demand for coal grew by 1.4% due to increased consumption in Asia (Hutzler 2020), the year 2019 saw coal-fired power plants' growth reach a decade low (Malischek 2020). Coal generation in China and Asia have helped to maintain coal's position as the predominant source of power generation worldwide (*Id.*).

Slowly, however, coal is being replaced by natural gas, wind, solar, nuclear, and hydropower, all of which have been significantly less affected by the economic disruptions caused by COVID-19 (*Id.*). If current trends continue for the foreseeable future, coal may continue to see more of a decline globally as renewable energy becomes more reliable.

## What Is Next on the Coal Horizon

### Changes in Coal Firing Strategies

Traditional plants burn pulverized coal. Power engineers are working to develop new coal firing strategies to help make coal a cleaner source. If coal is gasified before burning, it could help with the removal of $CO_2$ and also help make electricity generation more efficient (Nijhuis 2014). A new power plant in Kemper County, Mississippi was designed with gasified coal carbon capture in the design of the plant (*Id.*). Another idea is to burn coal in pure oxygen instead of regular air, which might make $CO_2$ from the flue gas a simpler process (*Id.*). Ultimately, however, coal generating electricity plants are switching to natural gas burning more than ever (Gossard 2015).

### Cap and Trade Control

One government response in environmental and economic policy vis-à-vis coal is to limit emissions from coal by means of a cap and trade system (Stavins 2008). The cap and trade arrangement involves a cap or upper-limit placed on greenhouse gas emissions from coal coupled with a market for trading the allowances (Farber 2012). As the total of the cap is split into allowances, each allowance permits a company to emit one ton of emissions (*Id.*). Companies may buy and sell the allowances at a supply-and-demand-driven price, giving companies a strong incentive to cut emissions in cost-effective ways (*Id.*). Cap and trade has already been utilized to regulate and limit the emission of sulfur dioxide, the primary precursor of acid rain (Driesen et al. 2016). Yet, businesses may find the uncertainty associated with cap and trade troubling (Lépissier and Barber 2014).

### Coal Carbon Tax

Technology has the chance to advance when governments require it, either by imposing a regulation on emissions or by the institution of a carbon tax (Nijhuis 2014). Carbon taxes are not a new concept. Congress has recently debated various different carbon tax proposals on fuels like coal that emit greenhouse gases (De Bolle 2019). An environmental tax on emissions is called a

Pigovian tax (Chelliah et al. 2005). The term is coined honoring British Economist Arthur Cecil Pigou who wrote about the idea in 1920 in his book, *The Economics of Welfare* (Hovenkamp 2009). Pigou described a tax as a way of equalizing the "marginal social damage of pollution" (Chelliah et al. 2005). The difficulty is that it is difficult to measure, but it centers on the concept of "the polluter pays" (*Id.*). A carbon tax is a market-driven device, which may be more efficient at reducing emissions than industry-level regulations like those used in the past (Lépissier and Barber 2014). A carbon tax could be the most cost-effective and business friendly way to reduce emissions from coal, and businesses appreciate its predictability (*Id.*). Taxing carbon is not new – 11 countries are currently pricing carbon (Ye 2020). Nine proposals instituting a new carbon tax were considered in the 116th Congress (2019–2020) (Energy Innovation and Carbon Dividend Act of 2019, 116 H.R. 763; Healthy Climate and Family Security Act of 2019, 116 S. 940, 116 H.R. 1960; The American Opportunity Carbon Fee Act of 2019, 116 S. 1128; The Climate Action Rebate Act of 2019, 116 S. 284, 116 H.R. 4051; The Stemming Warming and Augmenting Pay Act of 2019, 116 H.R. 4058; The Raise Wages, Cut Carbon Act of 2019, 116 H.R. 3966; The America Wins Act of 2019, 116 H.R. 4142; The Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion Act of 2019, 116 H.R. 4520; The Carbon Reduction and Tax Credit Act, 116 H.R.5457; and, The America's Clean Future Fund Act, 116 S. 4484.). Most of the proposals tax carbon upstream, i.e., at coal mines (Ye 2020).

Burning coal causes harmful effects to third parties. A carbon tax would level those out by causing companies who mine or burn coal to internalize the costs. The typical example of a negative externality is a motor vehicle with non-compliant emissions, which produces exhaust that everyone around it has to breathe – everyone but the driver who is not internalizing the cost (Negative Externalities 2020). If a penalty or tax were imposed on coal producers, which is equivalent to the amount of harm coal brings about, then an equilibrium would result (*Id.*). The difficulty lies in calculating that cost.

In theory, a carbon tax would cost coal producers an amount equivalent to the harm that coal produces (Wihbey 2016). Since consumers would bear the brunt of the tax being passed on to them, in most of the bills considered by Congress in 2019, a redistribution plan was baked in (The Climate Action Rebate Act 2019). In The Climate Action Rebate Act of 2019, consumers would receive a sizable portion, 70% of the revenues, as a monthly dividend to US citizens and lawful residents (*Id.*). The rest of the tax revenues would be used for research, design, and development (*Id.*).

A domestic carbon tax could be seen as an impediment on international competitiveness of US companies, since the world's largest polluters, countries like China and India, have no such mechanism in place (Energy Innovation and Carbon Dividend Act 2019). The solution proposed is a carbon border fee, similar to a carbon tariff, which would be levied on imported fuels and carbon-intensive goods (*Id.*). The fee would evaporate when the importing country has implemented a climate policy equivalent to the proposed US program (*Id.*). Such a tariff would have the effect of prompting countries in the world to act so that they will not be paying money to the US government coffers, incentivizing them to implement their own carbon tax initiatives (Ye 2020).

While revenues from a carbon tax used to provide dividends to American consumers, it would not be the end of the benefits. A carbon tax would provide incentives to corporate innovation and an impetus to encourage global attention to an impending worldwide problem, climate change.

### The Biden/Harris Administration

President Joseph R. Biden has indicated that he plans to phase coal out and eliminate subsidies (Chalfant 2020). By selecting Michael Regan to lead the Environmental Protection Agency, the Biden administration has signaled its eagerness to have an expert at the agency handling the Trump environmental rollbacks (Beitsch 2020). Regan's key accomplishment in his role as North

Carolina's top environmental post was his reaching a settlement with Duke Energy to spend billions on coal ash cleanup, making it the largest coal ash cleanup settlement in history (Weir 2020).

Fighting climate change has long been a major policy focus of President Biden. The President Obama website touted an energy plan that supported clean coal, but then Vice President Biden said in one speech he made in Ohio, "We're not supporting clean coal" (White 2009). Power producers nationwide are adjusting to this change in tone, and making plans to exit coal and embrace renewables (Howland 2020).

## Conclusion

Coal has been a source of heat, warmth, and energy for centuries. Since coal is abundant and inexpensive, and since it is located conveniently in numerous countries on every continent, it has enjoyed a prominent place in the energy generation mix of nations on every position on the first-, second-, and third-world spectrum. Yet, due to its significant health and environmental impacts, most notably its massive contribution to greenhouse gases, coal is, and should be, in decline.

Whether governments pursue a cap-and-trade scheme, a carbon tax policy, or some other system not yet developed, it is the duty of government to lessen the negative effects of coal. In the USA, the new Biden administration will certainly pursue legislative and administrative means to curb coal use. This approach can provide leadership to other countries, which burn large amounts of coal. The recent efforts of the USA to re-enter the Paris Climate Accord also provide a positive signal regarding sustainable energy use. Globally, efforts to address climate change must incorporate efforts to quickly reduce dependence on coal as an energy source.

## References


Barber W (2015, Mar 23) Study: coal power is cheap, abundant – and controversial. Power Grid Int. Retrieved from https://www.power-grid.com/2015/03/23/study-coal-power-is-cheap-abundant-and-controversial/#gref

Beitsch R (2020, Dec 17) Biden Set to Select Top North Carolina Environmental Official to Lead EPA. The Hill

Chadwick MJ, Highton NH, Lindman N (eds) (1987) Environmental impacts of coal mining & utilization, a complete revision of environmental implications of expanded coal utilization. 73–80. Retrieved from https://doi.org/10.1016/B978-0-08-031427-3.50013-X

Chalfant M (2020, Oct 20) Trump Plays Video of Biden, Harris Talking About Fracking at Pennsylvania Rally. The Hill

Chelliah R et al (2005) Pricing coal ash for environmental protection. J Energy Dev 30(2):207–221. Retrieved from www.jstor.org/stable/24812664

Cherry M (2015) Permit to poison: the failure of the federalist regulatory regime to address the human health impacts of mountaintop removal coal mining. Colum Hum Rts L Rev 47:198

Clean Coal Technologies (2008, Mar) IEA.org. Retrieved from https://www.iea.org/reports/clean-coal-technologies

'Clean Coal' Technologies, Carbon Capture & Sequestration (2020, Sept) World Nuclear Ass'n. Retrieved from https://www.world-nuclear.org/information-library/energy-and-the-environment/clean-coal-technologies.aspx

Coal (2020) Center for Biological Diversity. Retrieved from https://www.biologicaldiversity.org/programs/public_lands/energy/dirty_energy_development/coal/index.html#:~:text=Coal%20mining%20comes%20with%20a,the%20deterioration%20of%20drinking%20water

Coal = Reliable Energy (2015) National Coal Council. Retrieved from https://www.nationalcoalcouncil.org/Documents/Energy-Education/4-Coal-Reliable-Energy-Final.pdf

Coal Ash: Hazardous to Human Health, Physicians for Social Responsibility (2018). Retrieved from https://www.psr.org/wp-content/uploads/2018/05/coal-ash-hazardous-to-human-health.pdf

Coal Explained, U.S. Energy Information Admin (2019, Nov 12). Retrieved from https://www.eia.gov/energyexplained/coal/how-much-coal-is-left.php

Coal Information: Overview (2020, July) IEA. Retrieved from https://www.iea.org/reports/coal-information-overview

Coal Mine Dust Exposures and Associated Health Outcomes (2011, Apr) CDC.gov. Retrieved from https://www.cdc.gov/niosh/docs/2011-172/pdfs/2011-172.pdf?id=10.26616/NIOSHPUB2011172#:~:text=Exposure%20to%20coal%20mine%20dust,3

Coal, Unearthing Ancient Mysteries: Ancient Romans in Britain (2000) Gov't of Alberta. Retrieved 18 Mar 2021, from http://history.alberta.ca/energyheritage/coal/early-coal-history-to-1900/unearthing-ancient-mysteries/ancient-romans-in-britain.aspx#:~:text=Coal%20was%20used%20because%20it,close%20proximity%20to%20their%20encampments

Cox SP (2011) The nuclear option: promotion of advanced nuclear generation as a matter of public policy. Appalachian Nat Resour Law J 5:25

De Bolle M (2019, Sept 19) A carbon tax for the United States. Peterson Inst Int Econ. Retrieved from https://www.piie.com/blogs/realtime-economic-issues-watch/carbon-tax-united-states?gclid=Cj0KCQjwt4X8BRCPARIsABmcnOqdJaPMv5WjgX8JldwjJu6v1qIkae5KsGCtQbVU3dDppozL3N0ZnoYaAptFEALw_wcB

Dennis B, Eilperin J (2020, Aug 31) Trump administration rolls back Obama-era rule aimed at limiting toxic wastewater from coal plants. The Washington Post

Driesen DM, Alter RW, Engel KH (2016) Environmental Law, 3rd edn. Acid Rain Program. (2020, Oct 9). EPA. Retrieved from https://www.epa.gov/acidrain/acid-rain-program

Energy and the environment explained – Where greenhouse gases come from (2020, Aug 11) U.S. Energy Information Admin. Retrieved from https://www.eia.gov/energyexplained/energy-and-the-environment/where-greenhouse-gases-come-from.php

Energy Innovation and Carbon Dividend Act (2019) 116 H.R. 763

EPA Finalizes Revisions to the Coal Ash Closure Regulations, Increases Public Access to Information (2020, July 29) EPA. Retrieved from https://www.epa.gov/newsreleases/epa-finalizes-revisions-coal-ash-closure-regulations-increases-public-access#:~:text=Releases%20from%20Headquarters-,EPA%20Finalizes%20Revisions%20to%20the%20Coal%20Ash%20Closure,Increases%20Public%20Access%20to%20Information&text=In%20response%20to%20court%20rulings,groundwater%20contamination%20above%20regulatory%20levels

EU Emissions Trading System (EU ETS) (2020) European Union. Retrieved from https://ec.europa.eu/clima/policies/ets_en

Farber DA (2012) Pollution markets and social equity: analyzing the fairness of cap and trade. Ecol Law Q 39:1

Fossil Energy Study Guide: Coal (2020) Energy.gov. Retrieved from https://www.energy.gov/sites/prod/files/Elem_Coal_Studyguide.pdf

Gleick PH (1981) Health and safety effects of coal transportation: reassessing the risks. Energy 6(7):611–619. Retrieved from https://doi.org/10.1016/0360-5442(81)90016-5

Gossard S (2015, June 18) Coal-To-Gas Plant Conversions in the U.S. Power Engineering. Retrieved from https://www.power-eng.com/2015/06/18/coal-to-gas-plant-conversions-in-the-u-s/#gref

Hovenkamp H (2009) The Coase theorem and Arthur Cecil Pigou. Ariz Law Rev 51:633

Howland E (2020, Nov 24) Utilities Plan to Retire 9,500 MW of Coal Capacity. CQ Roll Call Wash. Energy Briefing

Hutzler M (2020, May 26) Thanks to Asia, Coal Is Still King Worldwide, PowerMag.com. Retrieved from https://www.powermag.com/thanks-to-asia-coal-is-still-king-worldwide/

Inskeep S, Westerman A (2019, Apr 29) Why is China placing a global bet on coal? NPR. Retrieved from https://www.npr.org/2019/04/29/716347646/why-is-china-placing-a-global-bet-on-coal

Langsdorf F (2017, Mar 23) Coal Radioactivity Emissions. Stanford University. Retrieved from http://large.stanford.edu/courses/2017/ph241/langsdorf2/

Lépissier A, Barber O. (2014, Sept 8) A global carbon tax or cap-and-trade? Part 1: The Economic Arguments. Center for Global Development. Retrieved from https://www.cgdev.org/blog/global-carbon-tax-or-cap-and-trade-part-1-economic-arguments

Levin K (2013, Nov 22) Carbon dioxide emissions from fossil fuels and cement reach highest point in human history. World Resources Institute. Retrieved from https://www.wri.org/blog/2013/11/carbon-dioxide-emissions-fossil-fuels-and-cement-reach-highest-point-human-history

Malischek R (2020, June) Coal-Fired Power. Int Energy Agency. Retrieved from https://www.iea.org/reports/coal-fired-power

Mapping the Coal Ash Contamination (2020, Oct 6) Earth Justice. Retrieved from https://earthjustice.org/features/map-coal-ash-contaminated-

McBride MF (2005) Mine to market: surface transportation of minerals and mineral commodities. Rocky Mount Mineral Law Inst 51:17A

Mooney C (2019, July 1) Existing Fossil fuel plants will push the world across a dangerous climate limit, research finds. The Washington Post. Retrieved from https://www.washingtonpost.com/climate-environment/2019/07/01/existing-fossil-fuel-plants-will-push-world-across-dangerous-climate-limit-research-finds/

More than 100 coal-fired plants have been replaced or converted to natural gas since 2011 (2020, Aug 5) U.S. Energy Info. Admin. Retrieved from https://www.eia.gov/todayinenergy/detail.php?id=44636

Negative Externalities (2020) EconomicsOnline.co.uk

Nijhuis M (2014, Apr) Can coal ever be clean? Natl Geograph 28. https://www.nationalgeographic.com/magazine/issue/april-2014

Paris Agreement (2015) United Nations. Retrieved from https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

Schneider J, Trotta J (2018) What we talk about when we talk about resilience. Energy LawJ 39:353

Serle J (2020) Do coal-fired power stations produce radioactive waste? Science Focus. Retrieved from https://www.sciencefocus.com/science/do-coal-fired-power-stations-produce-radioactive-waste/#:~:text=Yes%20%E2%80%93%20and%20the%20waste%20contributes,and%20thorium%20contained%20in%20coal.&text=But%20the%20burning%20of%20coal,thorium%20are%20much%20more%20concentrated

Stavins RN (2008) A meaningful U.S. cap-and-trade system to address climate change. Harv Environ Law Rev 32:293

The Climate Action Rebate Act of 2019, 116 S. 284, 116 H.R. 4051

D

Thousands of coal workers lost jobs. Where will they go? (2020) E&E News. Retrieved from https://energynews.us/2020/06/25/southeast/thousands-of-coal-workers-lost-jobs-where-will-they-go/

Trueman CN (2015, March 31) Coal Mines in the Industrial Revolution. The History Learning Site. https://www.historylearningsite.co.uk/britain-1700-to-1900/industrial-revolution/coal-mines-in-the-industrial-revolution/#:~:text=Coal%20was%20needed%20in%20vast%20quantities%20for%20the%20Industrial%20Revolution.&text=However%2C%20as%20the%20country%20started,further%20increased%20demand%20for%20coal

Util. Solid Waste Activities Grp. v. EPA (2018) 438 U.S. App. D.C. 230, 901 F.3d 414

Weir B (2020, Dec 18) How the fight over Biden's EPA pick highlights a seismic crack in the democrats' climate coalition. CNN.com

Where is Coal Found? (2020) World Coal Ass'n. Retrieved from https://www.worldcoal.org/coal/where-coal-found#:~:text=Coal%20reserves%20are%20available%20in,of%20proven%20coal%20reserves%20worldwide

White CB (2009) The straight talk express: yes, we can have a false political advertising statute. UCLA J Law Technol 13(242):1

Wihbey J (2016, July 20) Pros and Cons of a Carbon Tax: key issues. Yale Climate Connections. Retrieved from https://yaleclimateconnections.org/2016/07/pros-and-cons-of-a-carbon-tax-key-issues/?gclid=Cj0KCQjw2or8BRCNARIsAC_ppyalvyC-kGEhLli8u-Ove3gq5FV5vSnq6vR-Mr1giAvGqErl0dC4YqwaAu8UEALw_wcB

World Energy Outlook 2019 (2019, Nov) Intl Energy Agency. Retrieved from https://www.iea.org/reports/world-energy-outlook-2019

Ye J (2020, Aug) Carbon Pricing Proposals in the 116th Congress. Center for Climate and Energy Solutions

# Decoupage Governance: Design-Outcome Gap

Carlos Zamora-Bugueño[1] and Maite Jiménez Peralta[2]

[1]University of Viña del Mar, Viña del Mar, Chile

[2]Pontificia Universidad Católica de Valparaíso, Valparaíso, Chile

## Synonyms

Homeostatic governance; Informal governance; Micro-adaptative governances; Pastiche governance

## Introduction

At the international level, Chile appears as a model in design, solidity, and effectiveness of results in public policies (Aninat et al. 2006); however, an internal and local analysis reveals a discrepancy between compliance with the design (supported by indicators) and actions declared by local executers. The connection between them throughout the entire structure of the policy (design, dissemination, implementation, and evaluation) becomes artificial (Jiménez 2019; Zamora 2015). To look at public policies in a process perspective is to understand that it operates at different levels, from the definition of the public problem to the moment in which the effects of it are verified (Olavarría-Gambi 2007). Thus, its analysis is oriented to answer how the implementation of the policy responds (or not) to the intention of its design (Pressman and Wildavsky 1998). This is part of the formal and institutionalized process, where different actors explain their interests. The implementation resorts to a strategy where executers, as independent actors to designers, must materialize the stated purpose. It is not unusual for them to end up developing a language consistent with "their" politics, controlling information circuits, or changing relationships and balances of power (Stone 1998).

Since the 1980s, two perspectives are opposed in the way of understanding the process: (i) up-down perspective presumes that the executer develops activities according to the objectives and indications given by the authority (Meny and Thoening 1992); (ii) bottom-up perspective focuses attention on the set of formal and informal relationships that occur between different actors that execute the policy (Howlett and Ramesh 2003). Thus, the results do not always respond to the design (design-outcome gap), independent of the quality of said design (Olavarría-Gambi 2007).

The states and their administrations tend to participate in governmental relational processes for the purpose of governing and decisions that according to public policy are supported by laws and regulations. They are insufficient in the face of the complexity and magnitude of problems

faced by the executers, since they must satisfy broad and inclusive societal criteria to achieve a status of new public governance (Quintero 2017).

## Chile, Latin-American, and Policy Networks

As product of a history different from that experienced in Europe, the Latin-American identity is ambivalent (Gissi 2004). A cultural need to adapt prefers sapiential knowledge to the scientist (Morandé 1984), affecting how policies are designed (Armijo 2000; Tello Navarro 2010).

There is a discourse where practices and values converge that articulate the properties of a space that establishes the limits of what is and what is not (Petersen 2009; Spink 2001). Therefore, the problems and reasons of the state are more problems of the government than problems of the population (Silva Arriola 2009). All this, in a context of management practices, is led by indicators that regulate the performativity of the speaker (Avis 2003, 2005).

Chilean politics, analyzed as a heterogeneous socio-technical network (Grau et al. 2010), is constituted by systematic and varied associations between different actants: human and nonhuman (institutions, regulations, registers, etc.), articulating as a network thanks to these relationships and permanent coordination.

An analysis of actors and scenarios, in the process of formulating policies, recognizes the scope and type of function developed by them. Their interactions are delimited by a group of underlying factors (formal and informal rules, interests, preferences, and capacity) and by the expected behavior of other actors and characteristics of the scenarios in which they are located.

Two Chilean public policies will be presented: national plan for mental health and higher education. Their implementation can be seen as the execution of a set of activities aimed at achieving goals established by state interventions; it is revealed as a scenario in which the actors are neither passive nor neutral (Olavarría-Gambi 2007), since the roles they play will deviate from what is expected in formal rules and legally defined functions (Martínez 2008). An inscription mechanism would allow them to adjust to the text of the policy (Correa-Moreira 2012). As a complex process, it implies putting into practice a variety of mechanisms and procedures that involve a wide and diverse range of actors (Ramesh 2008). The theories of public policy decisions, the choice of intervention instruments, and the resources allocated during the formulation process are tested in reality (Olavarria-Gambi 2017), in a double game of policy execution and resolution of own interests.

## Mental Health and High Education Public Policies

In health policy, and especially in primary care, the action of the state transfers its public function to third parties; the most notable effect is an administrative "transfer" of its centers to municipalities (Law 19,378) (Jiménez de la Jara 2004), assigning them the role of executer and financiers of the action at the first level (Morales 2014). It established a relationship where the budget is mediated by performance indicators and the execution of health actions is managed to obtain resources.

Professionals are subjectivated through normative documents that regulate and establish their actions in detail; the registration systems that must be completed to inform the actions they carry out; and the interactions, and scope of these, which must be established with other members of the health network. Public networks are the most relevant component to fulfill their obligations (Sabatier 1986; Spink 2009). Primary health policies are now managed toward continuity between performance and compliance with indicators (cost-effectiveness) (Zárate 2010), to the point that the reading made by the executers is reversed and it is in the achievement of the latter where the former makes sense.

Although the indicators (and consequently the policy) are achieved, the implementation becomes ambiguous. A distortion of the nature of the task is deployed to avoid conditions that could discredit the participation of actors in the implementation

of the policy. The positions generated convert them into negotiated, defended, contested, and reconstituted borders.

In higher education, post-reform of 1981, it went from a centralized, elitist, and homogenous system to a regionalized, massified, and heterogeneous system where the participation of the private sector transformed the rules of the game (Fried and Abuhadba 1991). The construction of the public problem was based on the promise of mass access to improve opportunities in the workplace and boost the development of the country; the translation was to understand education as a private good instead of a public good (Schmal and Cabrales 2018).

The instruments were an opening to the participation of private agents, diversification of the offer, and change in the forms of financing through competitive funds and a lower participation of the state with regulation through supply and demand. As a central regulatory mechanism, an accreditation process was established. The transition to democracy perfected these processes (Brunner 1997; Gregorutti et al. 2016).

A more managerial and neoliberal governance looks toward the state as a custodian of resources. The university was "modernized" toward financial autonomy and academic capitalism (Slaughter and Leslie 1999). Knowledge is transformed into a consumer good, and the academic becomes a worker who works in a university industry. The academic career is transformed, and the competition regulates the quality of the system and its members (Rodríguez-Ponce 2011). The emphasis on relevance (Naidorf et al. 2007) and efficiency introduce a functional rationality (Ibarra and Porter 2007), shaped by economic incentives.

## Decoupage Governance

The agency theory (Kettl and Fesler 2005) understands the implementation of public policies as a network of chains of contracts. The authorities have the power to establish incentives and to guide the conduct of the agents toward the achievement of goals and sanctions to correct the deviations that may occur.

The decoupage character of governance recalls the technique of sticking paper cuttings of different colors on an object, to produce different visual effects (Pryce 2017).

The executers of the policies, in a performative action, are superimposing discourses to adjust the instruments to their own interpretations of the public problem, as well as the decoupage technique, creating the effect that the policy is being fulfilled because the result measured by the indicators points it out. However, there is a gap between the design and the result, since the public problems are not "out there" but are elaborated from the policy analyst (Subirats 1989).

In addition to this, although the institutional actors represent the "public thing," this does not prevent the presence and intervention of others that represent general interests, and the legitimacy of the action of the public powers is based on the capacity to respond to these sectors (and their interests) over their ideological arguments. Consequently, the different actors execute an "inscription" of the problem as an unfinished exercise, because the institutional logics come into conflict with the logic of the state and the market, resulting in different degrees of ambiguity of objectives, responsibility, and hybridity, which plays a crucial role in the achievement of the policy (Thomann et al. 2016).

## Conclusions

In the sphere of public policies, the time change requires a rethinking of the ways to explain the processes of formulating, elaborating, deciding, and implementing policies (Fuster and Morells 2012). Each policy generates its own space which is not neutral, and effects are produced both on the behavior of the different actors and on the modes of action chosen at the time of the public intervention (Lowi 1972).

The bottom-up perspective (Sabatier 1986; Sabatier and Mazmanian 1980) highlights the role of the subject as executor of public policies, observing what is happening at the lower levels of the chain or the implementation system,

providing access to how the administrative actors adapt, redefine, or block the decisions taken by the government (Thomann et al. 2016). The result is a deployment in which the subject executes himself, thus becoming an actor, to participate and faithfully execute the policy as requested but at the same time allows him to position himself according to his interpretation and interests.

The similarity of behavior presented by these two public policies, which are not linked, makes it possible to discuss a Latin-American style of government, a style that in form and results would fulfill what was expected for a public policy but that makes invisible the imbalances and significant errors that it has, with very different effects on the participants and recipients of these.

A decoupage governance is happening in both policies, due to the following:

- They express the nature of their actions as if they played a role in the system.
- The subject is presented from the agency, to become an actor in the network of the policy. This allows you to interpret the actions that drive the objective expected by the indicator. For this, he/she understands (decodes) the descriptions of the procedures, or the strategies, oriented to meet the indicators.
- The actors take advantage of the possibility to reinterpret the content of the indicators and organize informal relationships in the established networks protecting their identity.
- The actors tell a story in relation to others and in the need to interact as actors with objects that make possible their agency, positions of power, approval, and movement in the labyrinth of devices built by the policies.

There is an overlap of strategies that resolve the different forms of interpretation of a public problem on which a specific policy is based. This is not surprising, because the Latin-American identity is the product of an amalgam of traditions under permanent construction.

In a temporal dimension, processes are generated to implement a policy without canceling the previous ones, some coexisting, while others are hybridized to adjust to the new interpretation.

The result is a decoupage, where the speech is organized to be fulfilled despite this fragmentation. Because at the same time actors struggle to assert their own interests or ideas, they also seek to differentiate themselves from the individuals and groups that operate outside the space defined for (and by) the public policy.

D

## Cross-References

▶ Governance

## References

Aninat C, Landregan J, Navia P, Vial J (2006) Political institutions, policymaking processes and policy outcomes in Chile. En Ssrn (No R-521). https://doi.org/10.2139/ssrn.1815897

Armijo M (2000) Proyecto de reforma del Estado: experiencias y desafíos para América Latina Consideraciones para la investigación de los procesos de reforma y modernización del Estado. In: V Congreso Internacional del CLAD sobre la Reforma del Estado y de la Administración Pública. Domingo, Santo, pp 1–15

Avis J (2003) Re-thinking trust in a performative culture: the case of education. J Educ Policy 18(3):315–332. https://doi.org/10.1080/02680930305577

Avis J (2005) Beyond performativity: reflections on activist professionalism and the labour process in further education. J Educ Policy 20(2):209–222. https://doi.org/10.1080/0268093052000341403

Brunner JJ (1997) La Educación Superior Chilena como Objeto de Análisis y Políticas. Estudios Sociales 91(1):187–192

Correa-Moreira GM (2012) El concepto de mediación tecnológica en Bruno Latour: una aproximación a la Teoría del Actor Red. Psicología, Conocimiento y Sociedad 2(1):56–81

Fried B, Abuhadba M (1991) Reforms in higher education: the case of Chile in the 1980s. High Educ 21(2):137–149. https://doi.org/10.1007/BF00137069

Fuster M, Morells J (2012) Més enllà d'Internet com a eina "martell" – eina de la vella política: Cap un nou Policy Making? Els casos del Moviment de Cultura Lliure i pel Procomú Digital i el 15M a Catalunya. Icaria Editorial, Barcelona

Gissi J (2004) La Psique Latinoamericana: Breve Ensayo Hermenutico Desde F reud y Jung. Psykhe (Santiago) 13(1):71–78

Grau M, Iñiguez-Rueda L, Subirats J (2010) La perspectiva sociotécnica en el análisis de políticas públicas. Psicología Política 41:61–80

Gregorutti G, Espinoza O, Gonzalez L, Loyola J (2016) What if privatizing higher education becomes an issue?

The cases of Chile and Mexico. Compare J Comparative Int Educ 46(1):136–158. https://doi.org/10.1080/03057925.2014.916605

Howlett M, Ramesh M (2003) Studying public policy: Policy cicles y policy subsystems. Oxford University Press, Oxford

Ibarra E, Porter L (2007) Costos de la evaluación en escenarios de continuidad: Lecciones mexicanas sobre las disputas con los mercaderes del templo del saber. Espacio abierto *16*(1):61–88

Jiménez M (2019) Identidad académica: una franquicia en construcción. Educare 50(2):543–560. https://doi.org/10.5565/rev/educar.960

Jiménez de la Jara J (2004) Cambios en el entorno del trabajo médico. Rev Med Chil 132(5):637–642. https://doi.org/10.4067/S0034-98872004000500016

Kettl D, Fesler J (2005) The politics of the administrative process (Tercera). CQ Press, Washington, DC

Lowi T (1972) Four systems of policy, politics, and choice. Public Adm Rev 34(4):298–310. https://doi.org/10.2307/974990

Morales Casetti M (2014) Nueva Gestión Pública en Chile. Revista de Ciencia Política (Santiago) 34(2):417–438. https://doi.org/10.4067/S0718-090X2014000200004

Martínez B (2008) Un nuevo rumbo para las políticas públicas en América Latina. Convergencia 15(46):293–300. Recuperado de http://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S1405-14352008000100013&lng=es&nrm=iso&tlng=es

Meny I, Thoening JC (1992) Las políticas públicas. Ariel Ed, Barcelona

Morandé P (1984) Cultura y modernización en América Latina. Instituto de Sociología UC, Santiago

Naidorf J, Giordana P, Horn M (2007) La pertinencia social de la Universidad como categoría equívoca. Nomadas 27(1):22–33

Olavarría-Gambi M (2007) Conceptos Basicos en el Analisis de Politicas Publicas. En Documentos de Trabajo (No. 11). Universidad de Chile, Santiago

Olavarria-Gambi M (2017) Policy implementation: lessons from the Chilean policy on public management modernization. Cent Eur J Public Policy 11(1):41–54. https://doi.org/10.1515/cejpp-2016-0030

Petersen EB (2009) Resistance and enrolment in the enterprise university: an ethno-drama in three acts, with appended reading. J Educ Policy. https://doi.org/10.1080/02680930802669953

Pressman JL, Wildavsky A (1998) Implementación Cómo grandes expectativas concebidas en Washington se frustran en Oakland. Recuperado de http://maxicamposrios.com.ar/wp-content/uploads/2014/03/PRESSMAN-WILDAVSKY.pdf

Pryce M (2017) Decoupage (Barcelona). Barcelona: Libsa

Quintero CE (2017) Gobernanza y teoría de las organizaciones. Perfiles Latinoamericanos 25(50):39–57. https://doi.org/10.18504/pl2550-003-2017

Ramesh G (2008) Policy-implementation frame: a revisit. J South Asian Glob Inform 15(1):42–63

Rodríguez-Ponce E (2011) ¿Por qué es necesario una reforma de la educación superior chilena? Idesia *29*(2):3–10. https://doi.org/10.4067/S0718-34292011000200001

Sabatier P (1986) Top down and bottom up approaches to implementation research: a critical analysis and suggested synthesis. J Educ Policy 6(1):21–48. https://doi.org/10.1017/S0143814X00003846

Sabatier P, Mazmanian D (1980) The implementation of public policy: a framework of analysis. Policy Stud J 8(4):538–560. https://doi.org/10.1111/j.1541-0072.1980.tb01266.x

Schmal R, Cabrales F (2018) El desafío de la gobernanza universitaria: el caso chileno. Ensaio: Avaliação e Políticas Públicas em Educação 26(100):822–848. https://doi.org/10.1590/s0104-40362018002601309

Silva-Arriola L (2009) Seguridad, Territorio, Población. Revista INVI, 24(66):193–196. https://doi.org/10.4067/S0718-83582009000200006

Slaughter S, Leslie L (1999) Academic capitalism, politics, policies and the entrepreneurial university. Johns Hopkins University Press, Baltimore

Spink P (2001) Modernización de la Administración Pública en América Latina: Evaluación de los recientes cambios en la gerencia de los ministerios y de las agencias reguladoras. Orientaciones metodológicas. CLADS-Centro Latinoamericano de administración para el desarrollo, Caracas

Spink P (2009) Psychologists and public policy in Latin America: the big mac and the trojan horses. Psicoperspectivas 8(2):12–34

Stone D (1998) Policy paradox and political reason. Glenview, Illinois: Scott Foresman & Company

Subirats J (1989) Analisis De Politicas Publicas Y Eficacia De La Administracion. Instituto Nacional de Administración Pública, Madrid

Tello Navarro FH (2010) La política de reforma y modernización de la gestión pública en Chile: Actores y procesos. V Congreso Latinoamericano de Ciencia Política 26(2):245–265. https://doi.org/10.4067/s0718-23762011000200012

Thomann E, Lieberherr E, Ingold K (2016) Torn between state and market: private policy implementation and conflicting institutional logics. Polic Soc 35(1):57–69. https://doi.org/10.1016/j.polsoc.2015.12.001

Zamora C (2015) Prácticas y registros de las(os) psicólogas(os) a nivel de salud primaria, elementos de performatividad en las políticas públicas en salud mental en Chile. Valparaíso. Pontificia Universidad Católica de Valparaíso. https://doi.org/10.13140/RG.2.2.31779.86564

Zárate V (2010) Evaluaciones económicas en salud: Conceptos básicos y clasificación. Rev Med Chil 138:93–97. https://doi.org/10.4067/S0034-98872010001000007

# Defense Spending and Inequality

Hamid Eltgani Ali
School of Public Administration and Development Economics, Doha Institute for Graduate Studies, Doha, Qatar
School of Global Affairs and Public Policy, The American University in Cairo, Cairo, Egypt

## Synonyms

Reduction of defense spending; Restraining military expenditure

## Definition

Restraining military spending means reduction in military spending necessitates by curbing the ambitions it serves.

Peace Dividend: Saving accrued from reduction in defense spending.

## Introduction

The enduring prioritization of military spending across much of the world gives natural rise to questions about its causes and how to finally achieve reductions. Restraining military spending is essential for human security and world peace, but the reality is different since the end of the WW II until today, the defense spending upward patterns did not change, human society continues paying the price in lives and treasures. According to the Stockholm International Peace Research Institute, the world spent $71.304 trillion on armaments between 1948 between 2018 in constant dollars. If military spending during this period had remained steady at $1.093 trillion per year – roughly equivalent to the level at the end of the Cold War – the world could have saved $7.596 trillion, or $542 billion per year. These yearly savings, which are roughly equivalent to all United States defense spending in 2003, could have substantially benefitted social and economic development if they had been committed toward programs in these areas. Instead, as shown in Fig. 1, defense spending rose steadily through these decades, reaching its highest level in 2018 at $1.738 trillion.

Even as the end of the cold war transformed the international security landscape, States continued allocating resources to military-industrial sectors that were vying to safeguard their historical rights and privileges. Since then, these sectors have been leveraging technological advances to support new military doctrine and supply new types of arms, driving up the costs of new weapon systems and creating pressure for Governments to increase military outlays. Meanwhile, in-kind military assistance from advanced countries effectively subsidized weapons purchases for recipient countries that otherwise could not have afforded them. The resulting increases in military expenditures reduced the availability of funds for social and economic development, producing significant long-term impacts on peace and security.

These extreme opportunity costs to date underscore the need for new action to restrain military expenditure through curbs on arm producers, particularly in advanced industrial countries that reduced their defense burden only marginally at the end of the cold war. A proactive effort by the highest military spenders could have an outsized impact in restraining defense expenditure across the rest of the world.

The next section of the paper will discuss the country reasons for resisting restraining defense spending. The following section presents how to restrain military spending while maintaining security in developed countries, which are responsible for 90% of worldwide military spending. The following section will examine how to restrain military spending through technological innovation and curbs on so-called "rent-seeking" behavior, by which cronyism and corruption contribute toward distortions in government spending. The article will then conclude by presenting several proposals for the consideration of Governments and relevant stakeholders.

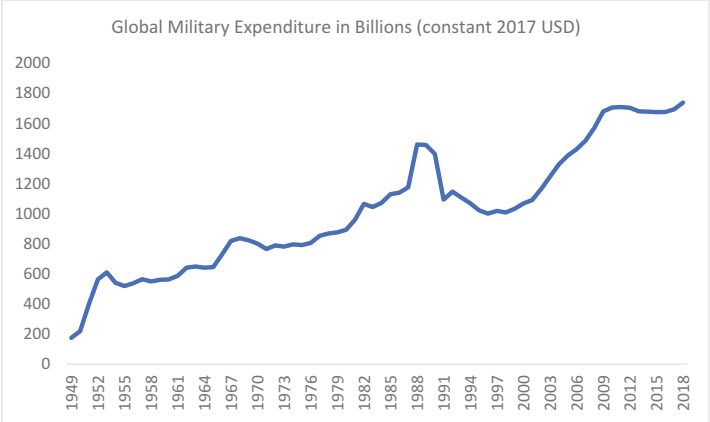


Data source SIPRI (2019).

**Defense Spending and Inequality, Fig. 1** Global military expenditure in billions (constant 2017 USD). (Data source SIPRI (2019))

## Challenges for Restraining Defense Spending

Why do some countries resist such reductions? External and internal threats, whether real or perceived, can prompt military spending in anticipation of potential conflicts, particularly where the vulnerability of resources to rebels or neighboring countries may appear to pose a greater economic gamble. This is applicable to countries such as Iran and Saudi Arabia and current blockade of Qatar by neighboring countries. All are about the access to the resources and fears of the external threats. Additionally, Governments with access to wealth and advanced technology may predicate various strategic objectives on the pursuit of military hegemony, encouraging increases in defense spending. The size of a country's economy, the traits of its leaders, and the broader international security context also play a role; considerations in this regard include the existence and severity of current disputes as well as the military spending decisions of allies and adversaries, including those anticipated in the future (Nordhaus et al. 2012).

Other common obstacles to reductions include the political influence of entrenched military industries – with their webs of associated corporations, contractors, and lobbyists – as well as institutional interests resistant to smaller standing armies and streamlined bureaucracies. In developing countries, where the army is often a governing force entrenched in the domestic economy, disrupting the military's codependent relationship with business can pose a significant challenge in the absence of sustained international pressure.

## Restraining Military Spending and Security

This section will explore the potential for limitations on defense spending to contribute to economic development, economic equality, and global security.

Recent scholarship has highlighted yielded ample evidence that high military spending accelerates the arms race at the expense of social welfare, underscoring the potential for military savings to be invested in social programs to positive effect. Countries tend to accelerate or reduce their defense spending together in a "bandwagon effect," and the major industrial powers – responsible for 90 of the world's military spending from 1970 to 2018 – hold considerable power to help restrain the arms race.

### Military Spending, Economic Growth, and Inequality

A watershed study by Knight et al. (1996), and others by Smith (1995), Dunne (1995), and Kollias et al. (2007), produced consistent estimates of the growth-retarding effects of military spending through its adverse effect on capital formation and resource allocation. These

researchers found, in short, that military spending contributes relatively little to broader economic growth, thus retarding growth as it lowers the availability of capital, increases the cost of borrowing, and starves private enterprise of needed funds.

Meanwhile, a substantial body of literature has uncovered a robust relationship between military spending and economic inequality, showing that rising military spending negatively impacts economic inequality, growth, and per capita income in rich and poor countries alike (Ali 2007, 2012; Lin and Ali 2009). Although progressive tax structures and spending in areas such as health, education, and pensions can help address these economic problems, unconstrained military spending tends to crowd out such social spending while forcing tax rates to remain at comparatively high levels. States that accept such a trade-off are likely to invoke national security as a justification for the continued prioritization of this defense programs over social and economic development.

Yet where this policy priority has impeded on economic and social development, social tension and ethnic conflict can result, sometimes prompting further spending on military assets for domestic use (Ali 2011). As economic inequality increases, military spending should be expected to rise and vice versa (Ali 2007). Developing countries have been particularly vulnerable to this dynamic, sometimes resulting in conflicts that drag on for years and claim significant resources. The war in Darfur, for example, consumed up to $5 billion a year for more than a decade, and it may have been averted through $500 million in infrastructure improvements (Ali 2014).

Global military spending, as a percentage of gross domestic product, has consistently tracked economic inequality as measured by the Theil Index. As shown in Fig. 2, the levels of military expenditure and economic inequality rose together until 1973 and then again from 1980 until 1991, when military expenditures began to fall and inequality followed soon after. Military expenditure and economic inequality began to rise again in the aftermath of 11 September 2001, a period that included the second Gulf War and the invasion of Iraq. Then from 2009 to 2014, these levels fell again amid a decline in oil prices and the global economic crisis, despite a temporary jump in military spending by most Middle Eastern and North African countries following the 2011 Arab Spring and a similar international response to the Russian Federation's 2014 annexation of Crimea.

D

### Impact on Global Security

Military spending cannot ultimately achieve peace. As developed countries increase their defense expenditures, they drive higher outlays elsewhere, increasing the risk to international security. As defense spending and weapon procurement accelerated during the cold war, for example, certain hosts of NATO military assets in the Gulf region increased their military spending to provide logistical support in the event of a major conflict. Even poor countries with strategic locations allocated significant portions of their foreign aid from industrial countries for military purposes. These major defense allotments never achieved peace; rather, they accelerated regional conflicts and civil wars. In other words, aid that could have supported economic development was instead crowding out private capital and adversely affecting capital allocation to civilian industries (Ali 2014).

The reduction of defense spending by leading industrial countries during the Cold War had a positive effect, encouraging reciprocal steps by regional powers to create an environment conducive to further reductions. This process can help divert attention toward economic development as a vehicle for improving global security.

### Impact on Regional Security

Restraining the regional arms race and conflict, there is a need for regional-level political order. Strengthen the economic ties and regional cooperation by the regional power facilitates reduction on arms race. In the absence of an effective regional-level political order to help keep the peace, any increase in the material wealth of a developing State is likely to encourage an appetite for aggression that wealthier countries will seek to satisfy, whether to provide markets for their arms exports or to protect indigenous resources in

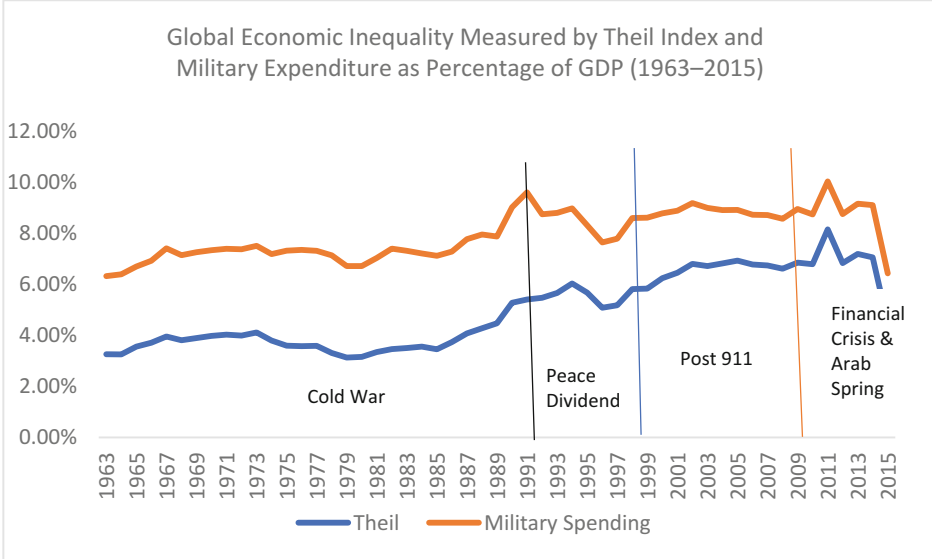


Data source: SIPRI and University of Texas Inequality Project.

**Defense Spending and Inequality, Fig. 2** Global economic inequality measured by Theil Index and military expenditure as percentage of GDP (1963–2015). (Data source: SIPRI and University of Texas Inequality Project)

which they have a financial interest. The developing country is likely to pursue military spending in either case, as its growing income lowers the opportunity cost of acquiring more expensive weapons.

Governments in Asia steadily increased their defense spending from 1949 to 2018, reflecting the effects of increasing wealth concentration. Asian countries spent $12.5 trillion during this period, or 17% of worldwide defense outlays. The rentier states in the Middle East are spending on social welfare and defense. The per capita military spending is the highest in the world due to smaller size of their populations. In addition, the region went through series of wars before and after the cold war resulted in higher defense spending. For example, Israeli-Arab conflict, the Iraq-Iran war, the Gulf war I and II, and recently the Arab Spring, all contributed to higher regional defense spending.

As shown in Fig. 3, Asia and each of its subregion, have seen increasing defense spending, particularly in the Middle East, followed by South Asia.

In Africa, the sub-Saharan countries have also been increasing their defense spending. They realized a peace dividend from 1980 to 1987, 1992, 1994, and 1995, then resumed an upward trend that reached a peak of $22 billion in 2014, falling to $19.1 billion in 2018. North Africa has spent far less on defense than sub-Saharan Africa. Comparing to sub-Saharan countries, we have few countries in North Africa. In addition, Morocco and Tunisia spend less, while Egypt, Libya, and Algeria are less transparent in reporting defense spending. North African countries' peace dividend lasted from 1982 to 2000, starting a decade before the end of the Cold War. Their highest defense spending was $20 billion in 2014, and the lowest was $13 billion in 2018 (Fig. 4). This taxonomy of African countries to two regions is illustrating the fact that poor countries are spending higher than the lower-middle income countries.

The arms race is the underline trends across the regions; the state craft of using force is dominating the conversation with catastrophic results for the human security, particularly in Asia and the Middle East. Overall, regional security is enhanced through cooperation, political dialogue, and shared economic development. Constructive engagement between and within

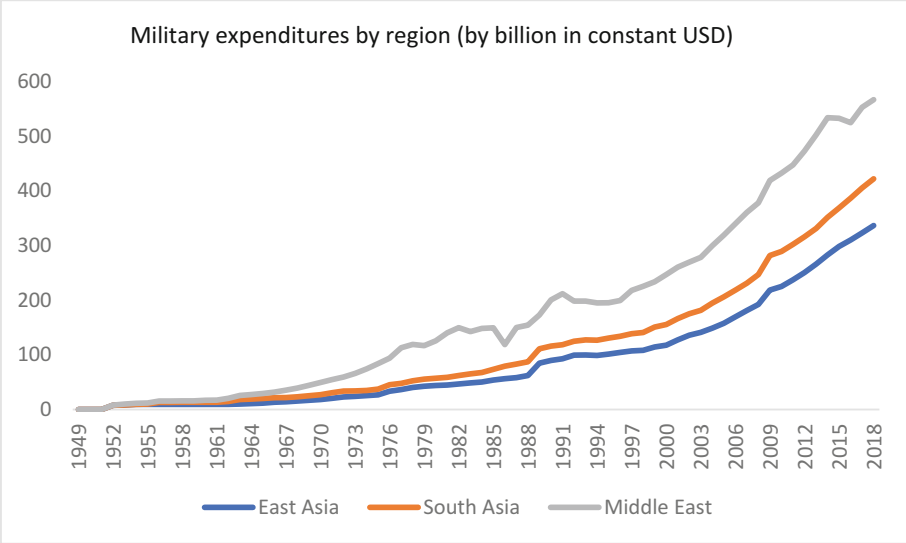


Data source SIPRI (2019).

**Defense Spending and Inequality, Fig. 3** Military expenditures by region (by billion in constant USD). (Data source SIPRI (2019))

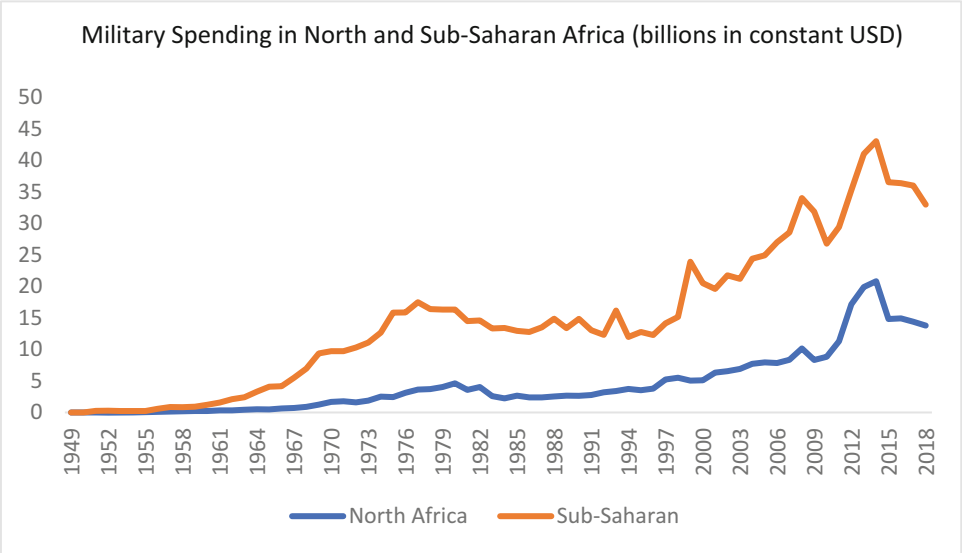


Data source SIPRI (2019).

**Defense Spending and Inequality, Fig. 4** Military spending in North and sub-Saharan Africa (billions in constant USD). (Data source SIPRI (2019))

countries reduces the need for military means to achieve political and economic ends, and restraining defense spending would make the Middle East, North Africa, and Asia safer and more prosperous.

Yet as countries build their military capacity, they face a growing temptation to use force and test the potential of military domination. The shortcomings of this approach are clear: despite higher military spending, the Middle East region

is less secure than at any time in decades, with the exception of the Gulf War. Spending more on militaries does not guarantee security; in contrary, it complicates regional confrontations in a manner necessitating yet more military spending. Peace cannot be realized through military spending; it can only be pursued by a mutual a political decision to achieve regional security through political dialogue rather than military means.

### Potential Benefits for National and Human Security

Following up to nature of arms race regionally and globally any conflict will be detrimental to human security and its economic welfare. People should be free from fear. The 1994 Human Development Report highlighted two major components of human security: "freedom from fear" and "freedom from want." This section will focus on the fundamental right to live free from fear, which has been continuously threatened by the accelerating defense spending of States, including for the production of weapons of mass destruction. Armament and militarization deprive people of the right to engage in dialogue and exercise choices safely and freely. Increasing levels of defense spending and armament also heighten the potential armed conflict or war, posing a direct threat to human security. For example the Saudi-Iranian conflict fought in Yemen, Syria, and Lebanon directly or by proxy resulted in detrimental impact on human security in Yemen and Syria.

In light of the threat posed to human security by accelerating defense spending, it follows that restraining defense spending can benefit human security at domestic and international levels. Prospective reductions to military spending should therefore the UN development agencies examined both as a tool to fund development efforts and as a contribution to reducing tensions and minimizing armed conflicts (International Peace Bureau 2012).

Savings from defense spending have the potential to benefit human security both directly and indirectly. Reductions in armaments could reduce civil wars and save lives while potentially freeing resources to fight poverty, promote food security and provide education opportunities gap, and help economic growth. Other benefits to human security may be less direct, including from additional economic growth that could result from lower tax burdens.

Yet while any savings from military spending reductions would ideally be redirected to benefit human security, such reallocations are far from guaranteed. There will therefore remain a need for strong grassroots advocacy pressuring Governments to responsibly spend resources released from the military sector (International Peace Bureau 2012).

### Restraining Military Spending through Innovation and Curbs on Rent Seeking

Unchecked military spending can foster forms of cronyism and corruption that distort the size and structure of government spending, ultimately contributing to spending increases that may retard economic growth. Highlighting the scope of this problematic "rent seeking" behavior, one study of military spending by States from 1984 to 2006 correlated the presence of corruption with higher spending on arms imports (Hudson and Jones 2008). One contributing practice involved the hiring of former military personnel by arms manufacturers, systematically undermining incentives to serve the public interest in contract negotiations (Lieberson 1971).

These findings suggest that any successful strategy to rein in excessive military spending must succeed at finding and eliminating conflicts of interest that generate waste, abuse, and fraud. Specifically, States may wish to consider establishing moratoriums on the hiring of former military personnel, as well as financial incentives for military retirees not to work with contracting corporations.

Innovative management techniques can also reduce overhead costs and opportunities for corruption in weapon acquisition programs, and innovative applications of new technology are essential in this regard. Using satellites and strategic air assets – along with the information systems needed to support network-centered warfare – can reduce bureaucracy and any associated need for draconian management systems. Additionally, the contract bidding process should be automated to weigh the ability and merits of

contractors with minimal intervention. The initial costs of these systems are expensive, but in the long run due to the economic of scaling and learning by doing and new innovations, all will be driving down the operation costs. Updating these procurement systems can help generate savings that, if reinvested in the economy, will unleash the potential of the private sector to grow and create more jobs.

## Conclusion

Restraining defense spending can benefit economic equality and growth while helping to ensure fundamental human rights, including the right to live free from fear. Reductions in military expenditures can also help reduce tensions, minimize armed conflicts, and provide funds for development.

Yet military spending can still be restrained by pursuing technological innovation in specific areas, by ending waste and abuse and by curbing corruption in military contracts. By taking action in these three areas, States can contribute toward a peace dividend beneficial not only to global and regional security but also economic and social development as well as human security.

Grassroots movements will be essential to any successful international effort to restrain defense spending. Donor countries and organizations should exert sustained pressure to lower defense spending in war-prone countries, and local communities should debate how to balance competing demands for economic development and defense.

## References

Ali HE (2007) Military expenditure and inequality: empirical evidence from global data. Def Peace Econ 18(6):2519–2535

Ali HE (2011) Military Expenditure and Human Development in Egypt: Guns and Butter Arguments. Peace Economics, Peace Science and Public Policy 17 (1):1–21

Ali HE (2012) Military Expenditures and Inequality in the Middle East and North Africa: Panel Analysis. Def Peace Econ 23(6):575–589

Ali HE (2014) Darfur political economy: a quest for development. Routledge, London

Dunne P (1995) The demand for military expenditure. In Handbook of Defence Economics, edited by K. Hartley and T. Sandler. Amsterdam: North Holland, 71–87

Dunne, Paul and Sköns, Elisabeth (2011) The Changing Military Industrial Complex Working paper

Hudson J, Jones P (2008) Corruption and military expenditure: at 'No cost to the King'. Def Peace Econ 19(6):387–403. https://doi.org/10.1080/10242690801962270

International Peace Bureau (2012) Opportunity costs: military spending and the UN's development. Zürich

Knight M, Loayza N, Villanueva D (1996) The peace dividend: military expending cuts and economic growth. Staff Papers, International Monetary Fund 43

Kollias C, Mylonidis N, Paleologou S-M (2007) A panel data analysis of the Nexus between defense spending and growth in the European Union. Def Peace Econ 18(1):75–85

Lieberson S (1971) An empirical study of military-industrial linkages. Am J Sociol 76(4):562–584

Lin ES, Ali HE (2009) Military Spending and Inequality: Panel Granger Causality Test. J Peace Res 46(5):671–685

Nordhaus W, O'Neal J, Russett B (2012) The effect of the international security environment on National Military Expenditures: a multicountry study. Int Organ 66:491–513

Smith R (1995) The demand for military expenditure. In Handbook of Defence Economics, edited by K. Hartley and T. Sandler. Amsterdam: North Holland, 71–87

SIPRI. (2019) Autonomy in Weapon Systems. https://www.sipri.org/research/armament-and-disarmament/emerging-military-and-security-technologies/autonomy-weapon-systems

# Deficit Control

Enrico Guarini
Department of Business Administration, Finance, Management and Law, University of Milano-Bicocca, Milan, Italy

## Synonyms

Budget balance; Budgetary control; Budget rules; Fiscal governance; Fiscal responsibility; Fiscal rules; Public budgeting; Public deficit

## Definition

A government deficit occurs when public expenditures are greater than revenues. Running a

deficit essentially means that the government resorts to borrowing as to maintain higher spending without increasing taxes. This leads to the accumulation of public debt.

## Introduction

There are different types of government deficits and methods of measuring them. A deficit, for example, may be caused by a temporary shortfall in revenues or may occur during economic downturns because of gross domestic product (GDP) reduction. Additionally, government deficits occur when tax revenues are insufficient to finance public investments (e.g., building roads, hospitals, schools, etc.), and the consequent imbalance must be covered by debt.

However, governments can intentionally choose to run systematic deficits. In some cases, this choice is related to public policies aiming at stimulating the economy during recessions by increasing public spending and reducing taxes. In other cases, government deficits allow for political benefits. For elected politicians to maintain a deficit and increase borrowing is generally less politically risky than reducing it by increasing taxes or reducing public expenditures and investments. However, running structural deficits is not without risks in the long run. Revenues persistently lower than expenditures produce accumulation of debt and interest, which might result in increasing future negative cash flows and, as a last instance, the inability of the government to pay its obligations. Public debt means a commitment from the government that future revenues must balance future expenditures to pay back the loans and associated interest (debt service). Hence, in order to avoid future financial unsustainability, government deficits and borrowing should be limited and managed carefully (Bergmann 2009; Posner and Blöndal 2012).

This issue has policy implications at both micro- and macro levels. At the microlevel, i.e., the individual public entity running operations, if the debt is unsustainable in the long run, the public entity may default and require a bailout by upper levels of the government or by supranational institutions. At the macrolevel, i.e., the government system as a whole, highly recurring public deficits can cause fiscal instability and lower growth rates in the economy.

In a multilevel government system, these two perspectives are strongly interlinked. The budgetary outcome of the general government depends on the budgetary positions of all component entities. Whatever the number of government tiers, the control of aggregate deficit requires rules to ensure the fulfillment of financial responsibility of lower-tier governments (Oates 1972). This is particularly important in the public sector because of the size of the government units and the consequent risk of default on the economy (Breton 1977; IMF 2009).

Over the years, fiscal crises have shown a dramatically close link between the fiscal instability and the real economy and emphasized the need for early deficit and debt control in several countries, particularly developing ones (Posner and Blöndal 2012). The size of deficits can vary depending on economic and political contexts. A way to reduce a government deficit is to increase tax revenues or cut government expenditures. However, this is not an easy task. First, it could be difficult for politicians to increase tax rates or reduce government spending. Second, at the macroeconomic level, fiscal tightening can cause lower economic growth, which, in turn, can result in a higher deficit because of the lower tax base and revenues.

Consequently, in order to secure the control of government deficit on a permanent basis, a financial control system is needed at national and subnational levels. This system is fundamentally based on financial rules – also known as fiscal rules in the public finance literature (Kopits and Symansky 1998) – which set financial constraints on government budgets, such as by limiting the deficit, borrowing, and debt, or a major component thereof.

Once fiscal rules have been adopted, the budget must be prepared and executed according to these rules. Budgets allow public officials to preemptively check the expected balance between expenditures and revenues and, during the fiscal year, provide a yardstick for execution if adjustments are necessary (Anessi-Pessina et al. 2012).

The deficit control system, which is also referred to as "fiscal governance," has two components: first, the financial rules set to enhance budgetary discipline within a government and second, all the fiscal, legislative, and procedural rules set for the coordination and control of budgetary policy across layers of the government (central/local) at national or supranational levels.

In subsequent sections, this entry presents some theoretical explanations for the government deficit and discusses the main features of deficit control systems.

## Definition of Government Deficit

Government deficit intersects with other key concepts developed in public financial management literature. Ensuring the financial sustainability of government activities over time is a common explanation for the need to control public deficits. However, how the deficit is interpreted and measured in theory and practice varies significantly, depending on different measurement perspectives. In order to understand these differences, first, it is helpful to outline the overall budget account's accounting basis and structure. Indeed, as previously explained, the deficit comes from the budget balance, which expresses the difference between revenues accomplished and expenditures.

Differences in deficit size emerge from how it is measured. First, it depends on the accounting basis used in the preparation and presentation of the budget, i.e., cash or accrual, or some modification thereof (Jones and Pendlebury 2010). Second, it varies depending on what is counted in the balance (Dafflon 2002). Regarding the accounting basis, the differences lie in the timing of recognizing expenditures and revenues. By using the cash basis, revenues are recognized only when cash is received, and expenditures are recorded when cash is disbursed. Long-term assets are not capitalized, and no depreciation or amortization is recorded. In this case, the budget balance shows the yearly cash flow and the deficit results from cash outflows exceeding cash inflows. Under the cash basis, outstanding obligations, in the form of contracts or orders issued, are not reflected in the budget balance, and hence the deficit might be underestimated. To avoid this shortcoming, most government budgets use separate obligation-based accounting, which records an obligation against available funds when a commitment (i.e., a liability) is created.

In accrual systems, revenues are recognized when earned and expenditures when they are incurred (and not only when cash is received or paid) (OECD 1993). Expenditures may also include asset depreciation and cost estimates that will be outlays in the future (i.e., maintenance, credit losses, etc.) (Chan 1999). However, a high degree of differentiation exists in the features of budgeting and accounting systems across countries (Brusca et al. 2015). Some variations deal with the use of accounting bases, which might take different forms between a pure cash basis and a full accrual basis (these are often referred to as the "modified accrual" basis or the "modified cash" basis of accounting).

Finally, there are ad hoc international statistical standards and methodologies for measuring the government deficit in national accounting, namely, the system of national accounts (SNA), which is used for assessing and comparing the economic performance of countries. While sharing many common principles with the accrual basis of accounting and administrative data from government accounting systems, national accounts are based on economic concepts and statistical estimates (Jones 2003). The alignment between the two systems requires some amount of adjustments which is an issue for the reliability of government deficit and debt aggregates reported in the national accounts (Jesus and Jorge 2016).

Cash and accrual measures of the government deficit serve different purposes but provide complementary information for the assessment of government's financial performance. From the perspective of microlevel internal financial management, a cash flow deficit does not necessarily mean debt if the government has accumulated cash reserves. Conversely, from the perspective of the control of public finances at the macroeconomic level, the cash flow deficit is a proxy measure of the public sector's borrowing needs in the

economy, thus making it useful for understanding the short-term economic impact of fiscal policies.

The accrual deficit is the amount by which accrued expenditures exceed accrued revenues. It approximates liabilities that will have an impact on the government's fiscal condition in future years. Hence, the accrual basis provides a more comprehensive view of the government's financial performance and the cost of government activities (IFAC 2011).

Figure 1 shows the basic elements of the government's budget balance in a general (unified) budget account. The illustrated budget structure adopts a cash-based/financial control logic, since the goal here is to show the government's investing and financing activities and borrowing need estimates. Debt service has been included in the current budget balance to clarify theoretical issues.

The budget balance can be split into the operating or current budget and the capital budget. The operating budget deals with recurrent yearly costs and income related to the delivery of public services and includes operating revenues, such as taxes, transfers, and service fees, and annual expenditures items, such as salaries and wages, welfare services, interest payments, capital assets amortization, and other expenditures. The capital budget deals with the money needed for long-term investments and includes capital revenues and expenditures, mainly for land, highways, and buildings (Goode and Birnbaum 1956; Webber 2007). One important issue here is how the debt service item is considered in the balance, as it can be defined in a number of ways depending on the budgetary and accounting system in use in each country and level of government (Dafflon 2002). The debt service should include both interest payments and annual debt repayment, but sometimes the latter is not counted in the balance.

Moreover, while interest payments are considered in the current balance, the annual debt repayment can be included in the current or in the capital budget balance or as a separate budget item.

The budget balance components are not neutral when it comes to limiting the deficit; this can be

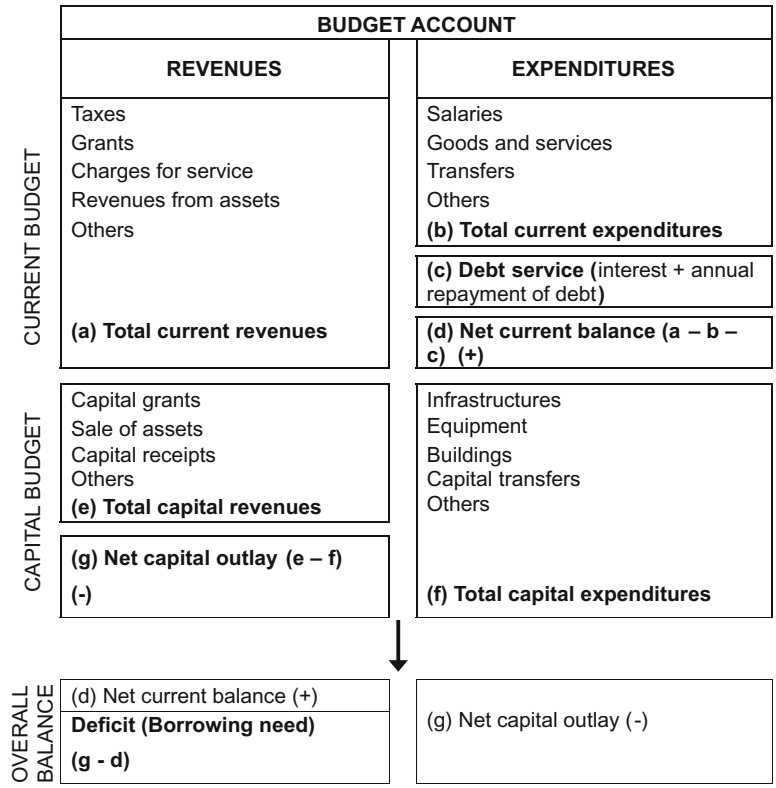


**Deficit Control, Fig. 1** Budget balance aggregates for deficit measurement. (Source: Author's illustration)

referred to the current budget balance or the capital budget balance, as well as to the overall result of the budget balance, without distinction between current and capital account. As a result, the deficit varies depending on how the requirement of a balanced budget is applied. If the requirement is just for the current budget balance (aggregate "d" in Fig. 1), then there might be a capital deficit (balance "g" in Fig. 1) and debt, with borrowing need corresponding to the net balance of the capital budget minus the current budget surplus, if any. This means that governments are allowed to borrow only for capital expenditures and not to fund operating deficits (the so-called golden rule). If the requirement is for the entire budget (current and capital), then no deficit nor new borrowing is allowed, and hence, both current surplus and capital revenue have to be used to finance investment (capital expenditure) in case of an imbalance in the capital budget.

In the European system of national and regional accounts -ESA 2010 (European Commission 2013), operations are recorded on an accrual basis, and the overall result of a country's general government balance is calculated in terms of the primary balance and structural balance, i.e., the primary balance adjusted for the effects of the business cycle and one-off measures. The primary budget balance equals the total government budget balance (current and capital budget), before interest payments, without distinction between current and capital accounts and not including debt repayment (see again Fig. 1). For example, the balanced-budget fiscal rule for member states under the European Union (EU) deficit control mechanism (the stability and growth pact (SGP)) is calculated from the previous balance, but net of interest payments; this result, if negative, should not exceed 3% of GDP. The structural budget balance is the key indicator used for the assessment of EU member states' medium-term fiscal objectives.

## Theoretical Perspectives on the Control of Government Deficit

Ensuring financing for long-term capital expenditures is considered by public financial management theories as a justification for deficits and government borrowing when other revenues are insufficient to satisfy population needs (Bonner 1972; Devas et al. 2008). By borrowing, the basic assumption is that the future tax base growth or user charges will offset the increased liability for debt service. In other words, the debt burden measures the amount of taxes that future taxpayers are required to provide in order to finance outstanding debt service. This is consistent with the public finance principle of intergenerational equity, which recommends the benefits and associated costs be spread over the life of the capital facilities (Musgrave 1959; Buchanan 1967). However, without constraints, governments may have the incentive to generate excessive deficits in response to service demands from current voters, leaving the burden of borrowing to future taxpayers. A theoretical explanation for this fiscal behavior is the "common pool" problem. Literature shows that, in a decentralized system, when local governments are highly dependent on central government transfers, they tend to incur a deficit because their additional expenditure is paid by all taxpayers (Persson and Tabellini 2000).

According to the public choice theory (Buchanan et al. 1978), government deficits occur because of asymmetry of information and moral hazard problems that arise between the politicians (i.e., agents) and the voters (i.e., principal). Elected politicians may have an incentive to spend more in a year than taxes collected in that period, since voters do not have enough information to fully understand the intertemporal budget constraints resulting from deficits (Buchanan and Wagner 1977). This incentive is particularly high before elections, when politicians can benefit from current spending financed by debt and shift the fiscal burden to future generations (Nordhaus 1975). The debt can be also used by the incumbent politicians to condition the policy options of the incoming elected officials if they expect to lose the elections (Alesina and Tabellini 1990).

Deficit can also result from "moral hazard" behaviors of local governments, which tend to overspend in case of soft budget constraints, as

they expect a bailout from the central government in case of financial distress.

Apart from the creation of government deficits, an important problem in public financial management is the impact of deficits on the financial viability of governments. On this issue, public sector accounting and financial management literature have developed several theoretical propositions on how to measure and assess government deficits (Bergmann 2009; Levine et al. 2012; McKinney 2015). At the basis of these propositions lies the core principle of "financial sustainability." Although there is no generally accepted definition of the term, this concept can be clarified by taking into account the three elements mentioned above: expenditures (i.e., public services), taxation, and impact on future generations. For example, the International Public Sector Accounting Standard Board (IPSASB) has clarified that the long-term fiscal sustainability of a public sector entity is its "ability to meet service delivery and financial commitments both now and in the future" (IPSASB 2013). Hence, financial sustainability means that to fulfill its mission, a government should be able to achieve an adequate operating surplus over time, that is, revenues should be large enough to cover expenses on an accrual basis, as well as an adequate liquidity, i.e., the ability to meet current liabilities when due (cash basis) without systematically relying on financial support from the higher government levels or from the market (Schick 2005; Hendrick 2011). Within this perspective, a temporary cash flow deficit is not negative as far as the operating balance is maintained in surplus over time and adequately sustains the annual debt service. Conversely, systematic operating deficits (revenues lower than expenditures) and an excessive level of debt would inevitably produce increasing cash flow deficits, new debt, and future losses due to increasing interest. The continuous inability to pay obligations could lead to default.

An indirect form of government deficit control is also that exercised by financial markets, which impose higher borrowing costs (i.e., interests) in case of perceived unsound financial management (Ter-Minassian 2007). In this respect, countries that rely mainly on the control of financial markets, such as Canada, the United States, and Australia, tend to have less formalized or no fiscal rules. The problem with this type of control is that it could not allow early adjustments of financial behaviors unless a financial crisis becomes evident.

To avoid (or limit) deficits and promote long-term financial sustainability, several countries have established deficit control systems across government tiers, based on institutional budgetary constraints, i.e., fiscal rules (Sutherland et al. 2005; Ahmad et al. 2011). Fiscal constraints can be framed in different ways. Budget balance and debt rules introduce limits on the deficit or debt of entities of the general government sector on a yearly basis or over a given period. Alternatively, expenditure and revenue rules impose constraints on certain categories of government expenditures or tax revenues. Fiscal rules are often translated into numerical targets or ceilings, but they should not be confused with general fiscal targets adopted by governments for policy measures, which may be set on an annual basis and revised frequently without any restriction. What distinguishes a fiscal rule from the usual fiscal target is that there should be a quantitative constraint on one of the key general government budget balance aggregates and that this constraint should be set for a certain period (medium to long term) (Kopits and Symansky 1998). An example of permanent constraint is a deficit ceiling as a percentage of GDP, as in the case of EU's SGP for member states. Fiscal rules can be adopted by governments at the supranational, national, or subnational levels. These rules have a clear procedure of implementation, monitoring, and enforcing, as well as explicit sanctions if the rule is not followed.

Fiscal rules have gained greater attention in OECD countries since the early 1990s, as the autonomy granted to subnational governments has increased through the decentralization of taxation powers and spending responsibilities. The effectiveness of fiscal rules in driving budgetary outcomes has been largely investigated by public finance scholars (Schick 2003; von Hagen and Wolff 2006). Their research has shown that efficacy depends on a number of features, such as the statutory basis of the rule, the budgetary control

against the fiscal targets, and the existence of corrective mechanisms in case of noncompliance.

Debates on the negative effect that austerity-based fiscal rules have on economic growth have recently emerged as well (IMF 2010). It has been argued that the disadvantage of fiscal rules is that they might be implemented as highly inflexible, so that they could not allow for prompt anti-cyclical behavior.

Another disadvantage of fiscal rules is that they tend to create incentives to evade them through creative accounting. Examples of these practices are several: withdrawal of certain expenditures from the budget, manipulation of estimations for budget preparation, underestimation of expenditures, and exclusion of contingent debts from the budget, such as government guarantees to state-owned companies, to private companies, or to subnational governments (von Hagen and Wolff 2006).

## Deficit Control Systems

Fiscal rules for deficit control can be set in different ways, depending on the level of government, the legal basis of the rule, the time horizon, and the budget account aggregate to be considered (Guarini 2013). Regarding the latter component, fiscal rules put constraints on expenditures, budget balance, or debt level.

### Expenditure Rules

Expenditures are the main source for the deficit and constitute a budget item mainly under direct government control. Expenditure rules set targets on the overall spending ceiling of a government, or major policy areas or types of expenditure (e.g., operational or capital), as well as on specific expenditure items (e.g., salaries, purchase of goods and services, transfers, etc.), thus making public officials fully accountable for their achievements (Mullins and Wallin 2004). The expenditure target can be expressed in terms of a ceiling (real or nominal), or as a maximum growth rate.

The main objective of expenditure rules is to ensure budgetary coordination across government levels through improved expenditure control. At the same time, these rules can be instrumental in limiting the size of the government or prioritizing expenditures. An expenditure rule can be established for the entire general government sector or be differentiated by government level. In order to be effective, expenditure rules require a clear allocation of responsibility for public functions across layers of the government. Overlapping of activities and spending powers should be avoided in order to increase transparency and financial accountability. An adequate degree of tax autonomy for lower levels of government should also be considered to avoid a mismatch in revenue power and spending responsibilities (i.e., the so-called vertical fiscal imbalance) (Sharma 2012).

When designing a ceiling for the growth of public spending, the government has to decide the time horizon over which the target must be achieved and how to ensure compliance. These two issues are interlinked. Multi-annual expenditure targets are more effective than annual ones. An annual expenditure constraint may be easily circumvented by postponing the recording of expenditure items to the following fiscal year. Another common practice is arbitrarily reclassifying expenditure items into aggregates excluded from the ceilings. For example, if the ceiling is put on operating expenditures, government entities can be tempted to reclassify operating expenditure items – such as current asset maintenance into capital spending – and finance them by debt. Another, somewhat different behavior is accounting expenditures off the entity's budget. Conversely, multi-annual expenditure targets may be better embedded in a medium-term financial strategy, thus making budget adjustments more flexible.

### Balanced-Budget Rules

The key financial control mechanism on government deficit is a balanced-budget rule. This rule has a constitutional rank in most countries and requires the government not to spend more than its revenue (Sutherland et al. 2005). The budget aggregate put under control is the overall budget balance or a major component thereof (see Fig. 1).

The balanced-budget rule can be set in different ways, and central and local governments are often constrained by distinct mechanisms. If the rule considers only the current budget balance, a balanced-budget requirement means that the overall deficit (and borrowing) is admitted only to finance capital expenditures.

Sometimes, especially at local government level, the rule might require current revenues to balance current expenditures inclusive of debt service (interest payment plus annual debt repayment). Hence, while new borrowing is allowed only to finance a capital balance deficit, this rule provides an indirect assurance of financial sustainability for the debt level related to current revenues and expenditures. Moreover, this rule is consistent with the principle of intergenerational equity, as taxpayers and beneficiaries bear the cost of interest and debt repayment but benefit from the utility and income generated by the public asset. Indeed, relatively high levels of debt represent a significant call on future revenue flows, thus limiting the government's flexibility to engage in new expenditure on public services or tax cuts.

If the balanced-budget requirement is also applied to the capital budget, then no deficit or debt is allowed, and investments should be financed through own resources. If this rule is applied at local government level, it means that a capital imbalance must be financed by a structural current surplus (i.e., mainly by tax revenues), unless investments are financed by capital transfers from the higher tier or by other nonrecurring capital revenues (i.e., sale of assets, capital fees, etc.). The reason for relaxing this requirement is that it would be contrasting with the principle of intergenerational equity in the sense of an equal distribution of costs and benefits of investments over time (Jones and Pendlebury 2010). This rule might also cause side effects, such as accounting manipulation and the reduction of the local investment capacity (Guarini and Pattaro 2016).

A relevant issue is the time horizon of the balanced budget. There are two general types of government balanced-budget constraints. The first is that the budget must be balanced when introduced by the executive or passed by the legislature. The second is that the budget must be balanced at the end of the fiscal year, so that no deficit is carried forward. If it is just the enacted budget to be balanced, the government may carry over a deficit into the next fiscal year for resolution.

Fiscal constrains set on the budget balance allow budget flexibility, given that adjustments can be made on both sides of the budget. However, when local tax rates are capped by higher governments, this rule is de facto not much different from an expenditure rule. In many countries, governments can revise budgets after they are enacted as to bring them into balance. Such requirements can be either constitutional or statutory, but the former are more effective, considering they are not subject to legislative amendments.

### Borrowing Rules

An indirect way to control government deficit is to constrain government borrowing, especially at the local level. This is achieved in several ways (Kriz and Wang 2012). An example is the requirement of achieving a net operating balance, in that current revenues must balance current expenditures inclusive of debt service (interest and annual debt reimbursements). This rule forces governments to accumulate adequate operating surpluses to fund current expenditures and the debt service. This requirement is more efficient if it has to be achieved at the end of the fiscal year and not just when the budget is enacted.

Another way is to set a ceiling on the cost of debt service. As a result, new borrowing is allowed only if the overall cost of interests on outstanding debt rests below a preset percentage of current revenues. However, this type of rule does not prevent subnational governments from borrowing beyond their debt-carrying capacity, especially in times of low interest rates. Therefore, ensuring sound fiscal behaviors requires a continuous ceiling revision.

Finally, other forms of control are to put an explicit limit on the stock of debt (e.g., debt as% of GDP, such as under the EU's SGP) or on the rate of a new debt creation (e.g., debt growth rate as% of GDP), as well as to require preventive debt authorization from higher levels of government.

## Deficit Control in Multilevel Governance Systems: The Case of the European Union's Stability and Growth Pact

To be effective, deficit control systems should be spread across government tiers. In centralized government systems, the problem of deficit control is almost limited, given that subnational governments might have restricted fiscal autonomy and the central government exerts direct administrative control over their decisions (i.e., spending authorizations). If subnational governments have certain degrees of fiscal autonomy, such as in multilevel governance systems, then the general government's fiscal outcomes are highly dependent on local level financial behaviors. Therefore, the control of the overall fiscal deficit cannot be achieved without the financial responsibility of subnational governments. This requires that their deficit is constrained by a wide range of fiscal rules, which are either self-imposed or imposed by higher government levels. Strengthening deficit control is particularly relevant when supranational commitments on government fiscal performance have to be respected. An example of this type of deficit control system is the EU's SGP, which has been adopted since 1997.

In Europe, fiscal rules were introduced at supranational level by the 1992 Maastricht Treaty, which established the fiscal criteria for the membership of the economic and monetary union (EMU). These rules require general government debt of member states not to exceed 60% of GDP and deficits not to exceed 3% of GDP. In this case, national fiscal rules are imposed by supranational legislation. Each member state must submit a "Stability Program," showing how it intends to achieve a sound fiscal position in the medium term. Multiyear budgetary targets refer to a budgetary position "close to balance or in surplus" and reduction of debt toward the threshold of 60% of the GDP. The Stability Program is subject to a review by the European Commission and updated annually. To prevent the occurrence of an excessive deficit, an early warning can be addressed by the European Council, on the basis of a proposal by the Commission. Furthermore, the Commission can directly address policy advice and recommendations to a member state regarding the broad implications of its fiscal policies (European Commission 2016).

An "excessive deficit procedure" (EDP) is triggered if the deficit breaches the 3% ceiling, except when the deviation is both temporary and small. The Council issues recommendations for correcting the excessive deficit and gives a time frame for reducing it. Noncompliance with the recommendations triggers further steps in the procedure, including the possibility of sanctions. Monitoring government deficits is exercised by the Commission only at the national level, and the existence of different levels of government is not taken into account. This has made national governments accountable for deficits incurred by their subnational entities.

Recently, the EU's fiscal framework has been strengthened by the new Treaty on Stability, Coordination, and Governance signed on March 2012, the so-called fiscal compact. Two relevant requirements have been introduced. First, member states with debt over the 60% ceiling must follow a new numerical budgetary rule requiring the debt ratio to fall each year by an amount of one-twentieth of the debt excess. Second, a balanced-budget rule requiring the budget position be "balanced or in surplus" must be included in national laws and be of binding force, preferably constitutional. The SGP rules apply to the general government, with each country being responsible for distributing the fiscal target internally among government tiers. Most countries settled their domestic deficit control system with strategies ranging from top-down to cooperative target-setting arrangements (European Commission 2009). Some member states (e.g., Austria, Belgium, and the Netherlands) have implemented a cooperative approach for deficit control between government tiers with budgetary targets set on a multiyearly basis. These arrangements are more flexible and allow renegotiation of fiscal targets over time. Other countries with a Napoleonic administrative tradition (e.g., France, Italy, Portugal) have chosen to impose fiscal rules set up in the national law and based on a system of control for legal rules. Italy, for example, has decided to replicate the SGP's medium-term objective of "close to balance or in

surplus" at local government level, and sanctions are applied in case of noncompliance (Guarini and Pattaro 2016).

## Conclusion

Deficit control is an issue at the core of financial management in both private and public sector organizations. With the growing challenges of fiscal crises and increasing demand of public services, the need for a sound financial behavior from governments has reached renewed interest in theory and practice. In multilevel government systems, public deficit at the macroeconomic level may become highly dependent on the behavior of individual entities and often more difficult to control because of "moral hazard" actions and bailout expectations at the microlevel. Despite financial sustainability being recognized by theories and practice as an important principle of public financial management, it cannot be taken for granted. Additionally, fiscal responsibility driven by financial markets cannot be an efficient mechanism to that end.

Therefore, to avoid excessive public deficit and debt, it is necessary to arrange multilevel control systems based on fiscal rules, which can be either self-imposed or imposed by higher levels of government (national and supranational). Fiscal rules act by imposing constraints on budget balance aggregates, expenditures, or debt levels. Preset sanctions may supplement the control mechanisms in case of noncompliance. Empirical evidence shows that fiscal rules do have an influence on deficit control, and they affect financial markets' reactions. To this aim, deficit control systems should be binding and credible. While fiscal rules have become common in deficit control systems in most countries, an area where theory development is particularly needed relates to the design of constraints at the macrolevel in a way that it reinforces rather than threatens financial management autonomy at the microlevel. Rules that are much too rigid or that require onerous adjustments (e.g., austerity measures) can be circumvented by governments or may have counterproductive effects on the society. To this end, not only sanctions but also incentive-based rules should be developed.

## Cross-References


- ▶ Accrual Budget
- ▶ Budgetary Constraints
- ▶ Budgetary Principles
- ▶ Budgeting and Austerity
- ▶ Budgeting in the Public Sector
- ▶ Debt Capacity and Financial Sustainability in Central Government


## References


Ahmad E, Albino-War M, Singh R (2011) Subnational public financial management: institutions and macroeconomic considerations. International Monetary Fund, Washington, DC

Alesina A, Tabellini G (1990) A positive theory of fiscal deficit and government debt. Rev Econ Stud 57:403–414

Anessi-Pessina E, Sicilia M, Steccolini I (2012) Budgeting and rebudgeting in local governments: siamese twins? Public Adm Rev 72(6):875–884. https://doi.org/10.1111/j.1540-6210.2012.02590.x

Bergmann A (2009) Public sector financial management. Prentice-Hall, London

Bonner J (1972) Local authority investment and debt-financing. Scott J Polit Econ 19:135–149. https://doi.org/10.1111/j.1467-9485.1972.tb00516.x

Breton A (1977) A theory of local government finance and the debt regulation of local government. Public Finance 32:16–28

Brusca I, Caperchione E, Cohen S, Manes Rossi F (eds) (2015) Public sector accounting and auditing in the public sector: the challenge of harmonization. Palgrave Macmillan, London

Buchanan JM (1967) Public finance in democratic process. University of North Carolina Press, Chapel Hill

Buchanan JM, Wagner RE (1977) Democracy in deficit: the political legacy of lord keynes. Academic, New York

Buchanan JM, Rowley CK, Breton A, Wiseman J, Frey B, Peacock AT, Grimond J, Niskanen WA, Ricketss M (1978) The economics of politics. Institute of Economic Affairs, London

Chan JL (1999) The basis of accounting for budgeting and financial reporting. In: Meyers RT (ed) Handbook of public budgeting. Jossey Bass, San Francisco, pp 357–380

Dafflon B (ed) (2002) Local public finance in europe: balancing the budget and controlling debt. Edward Elgar, Cheltenham

Devas N, Munawwar A, Delay S, Koranteng RO, Venkatachalam P (2008) Financing local government. Commonwealth Secretariat, London. https://doi.org/10.14217/9781848590076-en

European Commission (2009) Public finances in EMU 2009. Office for Official Publications of the European Communities, Luxembourg

European Commission (2013) European systems of accounts – ESA (2010) Eurostat, Luxembourg, downloadable from: http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-02-13-269
European Commission (2016) Vade mecum on the stability and growth pact. European Union, Luxembourg. Downloadable from: http://ec.europa.eu/economy_finance/publications/
Goode R, Birnbaum EA (1956) Government capital budgets. Staff Pap (Int Monetary Fund) 5(1):23–46
Guarini E (2013) Financial management and governance across levels of government. In: Maggi D, Vendramini E (eds) Financial management and budgeting in the public sector. Theories and practice. McGraw-Hill, Milano
Guarini E, Pattaro AF (2016) Deficit control and fiscal austerity in the EU: time to consider the local impact. Int J Public Sect Perform Manag 2(4):348–369
Hendrick R (2011) Managing the fiscal metropolis: the financial policies, practices, and health of suburban municipalities. Georgetown University Press, Washington, DC
IFAC (International Federation of Accountants) (2011) Transition to the accrual basis of accounting: guidance for public sector entities, 3rd edn. IFAC, New York
IMF (International Monetary Fund) (2009) Macro policy lessons for a sound design of fiscal decentralization. IMF Board Paper SM/09/208. IMF, Washington DC
IMF (International Monetary Fund) (2010) From stimulus to consolidation: revenue and expenditure policies in advanced and emerging economies, april 30. IMF, Washington DC
IPSASB (International Public Sector Accounting Standards Board) (2013) Reporting on the long-term sustainability of an entity's finances. IFAC, New York
Jesus MA, Jorge S (2016) Accounting basis adjustments and deficit reliability: Evidence from southern European countries. Revista de Contabilidad – Spanish. Account Rev 19(1):77–88. https://doi.org/10.1016/j.rcsar.2015.01.004
Jones R (2003) Measuring and reporting the Nation's finances: statistics and accounting. Public Money Manag 23:21–28
Jones R, Pendlebury M (2010) Public sector accounting, 6th edn. FT Press
Kopits G, Symansky S (1998) Fiscal policy rules. IMF Occasional Paper 162, IMF, Washington, DC
Kriz KA, Wang K (2012) Measuring and monitoring debt capacity and affordability: market- and nonmarket-based models. In: Levine H, Justice JB, Scorsone E (eds) Handbook of local government fiscal health. Jones and Bartlett Learning, Burlington, pp 453–474
Levine H, Justice JB, Scorsone E (2012) Handbook of local government fiscal health. Jones and Bartlett Learning, Burlington
McKinney JB (2015) Effective financial management for public and non profit agencies. Praeger, US
Mullins DR, Wallin BA (2004) Tax and expenditure limitations: introduction and overview. Public Budg Finance 24(2):2–15. https://doi.org/10.1111/j.0275-1100.2004.00344.xc
Musgrave RA (1959) The theory of public finance. McGraw-Hill, New York
Nordhaus W (1975) The political business cycle. Rev Econ Stud 42:169–190
Oates WE (1972) Fiscal federalism. Harcourt Brace Jovanovich, New York
OECD (Organisation for Economic Cooperation and Development) (1993) Accounting for what? The value of accrual accounting to the public sector. PUMA, Paris
Persson T, Tabellini G (2000) Political economics: explaining economic policy. MIT Press, Cambridge
Posner P, Blöndal J (2012) Democracies and deficits: prospects for fiscal responsibility in democratic nations. Gov: Int J Policy Adm Inst 25(1):11–34
Schick A (2003) The role of fiscal rules in budgeting. OECD J Budg 3(3):7–34
Schick A (2005) Sustainable budget policy: concepts and approaches. OECD J Budg 5(1):107–126
Sharma CK (2012) Beyond gaps and imbalances: re-structuring the debate on intergovernmental fiscal relations. Public Adm 90(1):99–128. https://doi.org/10.1111/j.1467-9299.2011.01947.x
Sutherland D, Price R, Joumard I (2005) Fiscal rules for sub-central governments: design and impact. OECD, Paris
Ter-Minassian T (2007) Fiscal rules for subnational governments: can they promote fiscal discipline? OECD J Budg 6(3):1–11
von Hagen J, Wolff G (2006) What do deficits tell us about debts? Empirical evidence on creative accounting with fiscal rules. J Bank Financ 30:3259–3279
Webber D (2007) Integrating current and development budgets: a four-dimensional process. OECD J Budg 7(2):93–157

D

# Defining Corporate Governance: Shareholder Versus Stakeholder Models

Collins G. Ntim
Department of Accounting, Centre for Research in Accounting, Accountability and Governance (CRAAG), Southampton Business School, University of Southampton, Southampton, UK

## Synonyms

Corporate governance; Shareholder perspective; Stakeholder perspective

## Definition

Corporate governance has generally been defined as the "*. . .system by which companies are directed and controlled*" (Cadbury 1992, s.2.5).

## State of Art: Defining Corporate Governance

The last three decades has seen the term "*corporate governance*" emerged clearly as an independent field of study (Gillan 2006). Its scope has also witnessed great expansion such that it is now an amalgam of different disciplines, including accounting, economics, ethics, finance, law, management, organizational behavior, and politics, among others, with no universally accepted definition (Mallin 2007). As a corollary, there exist a large number of definitions of corporate.

Despite the existence of heterogeneous definitions, however, researchers frequently classify the existing corporate governance definitions as either "*narrow*" or "*broad*." As a prelude, the narrow-broad dichotomization is based on the extent to which a corporate governance regime essentially focuses on satisfying the parochial interests' of shareholders or meeting the broader interests of diverse societal stakeholder groups (Sternberg 2004).

The Cadbury Report (1992, s.2.5) narrowly defines corporate governance as being concerned with the "*system by which companies are directed and controlled*." This definition suggests that in order to maximize the wealth of owners, three key corporate governance structures of the corporation emerge, namely a general assembly of shareholders, a board of directors, and an executive management. In this case, the corporation is primarily accountable to shareholders, and as such they have the power to appoint directors and to satisfy themselves that the right governance mechanisms have been instituted.

Also, and at least in theory, the shareholders have the power to reject decisions of the board or remove them from office in a general meeting. By contrast, the board of directors' has the responsibility to ensure that the company is properly governed. These responsibilities include setting the company's strategic aims, appointing or firing the management team, supervising the management team, and reporting to the owners of the company on their stewardship.

In short, a governance structure of a firm is considered as "*narrow*" if it mainly concentrates on how key internal governance mechanisms interact to maximize its value primarily for the benefit of shareholders instead of enhancing the interests of other potential stakeholder, like customers, employees, creditors, suppliers, and the local community, among others.

Contributing to the foreword of the World Bank Report (1999, p.vii), Sir Adrian Cadbury defines corporate governance broadly as being "*. . .concerned with holding the balance between economic and social goals and between individual and communal goals. . .the aim is to align as nearly as possible the interests of individuals, corporations, and society.*" This definition implies that corporate governance goes beyond the immediate internal corporate structures to include external corporate governance mechanisms and stakeholders. Typically, and as has been explained above, internal corporate governance structures may include the general assembly of shareholders, the board of directors, and the executive management. By contrast, the external corporate governance mechanisms may consist of the legal system; the market for managerial labor and corporate control; regulators; local communities; cultural, political, social and economic policies; and institutions within which corporations operate.

In this case, the corporation is considered to be a social entity that has accountability and responsibility to a variety of stakeholders, encompassing shareowners, creditors, suppliers, customers, employees, management, government, and the local community (Mallin 2007). The aim of corporate governance is to facilitate the efficient use of resources by reducing fraud and mismanagement with the view not only to maximize

but also to align the often conflicting interests of all stakeholders.

In brief, and in contrast to the "*narrow*" characterization, a "*broad*" corporate governance structure's central preoccupation is to examine how both external and internal governance mechanisms can be run to maximize firm value and/or performance for the mutual benefit of shareholders and other potential stakeholders.

## State of Art: The Main Corporate Governance Models

This section discusses the state of art knowledge relating to main corporate governance models within the extant literature: the "*shareholding*" and "*stakeholding*" models. Specifically, the general theoretical assumptions, characteristics, solutions, and weaknesses of the "*shareholding*" and "*stakeholding*" models will be discussed. Table 1 below contains a summary of the theoretical assumptions, features, and solutions underlying the "*shareholding*" and "*stakeholding*" models of corporate governance. For brevity and comparability purposes, they have been put together, and therefore will be referred to throughout the rest of this entry. The first subsection of this section will examine the "*shareholding*" model, while the following subsection will present the "*stakeholding*" model.

## The Shareholding Model of Corporate Governance

### Theoretical Assumptions, Features, and Solutions of the Shareholding Model

To begin with, and as Table 1 shows, the shareholding corporate governance model is usually common in the UK, USA, and other commonwealth countries. Central to the shareholding corporate governance model is the doctrine of shareholder value and primacy. It suggests that a firm must be run to primarily advance the interests of its owners. This is based on a basic assumption that ownership is separate from control in an Anglo-American model (Table 1). That is, in this corporate governance system, the providers of capital (owners/shareholders) surrender the day-to-day management (control) of the business to a group of managers, consisting of a "unitary" board of directors and executive management, who are frequently not owners of the corporation themselves. Of close relevance is that through multiplicity of shareholders, ownership in this corporate governance model is quite often relatively widely diffused (Berle and Means 1932).

A major implication from dispersed ownership is that the power of shareholders to exercise control over the way their business is run is greatly impaired (Table 1). This raises serious agency problems, which is the central theoretical framework that underpins this entry. Briefly, however, the agency theory suggests that since shareholders (principals) have to delegate the control of their business to a few directors and managers (agents) to run the company on their behalf, there is a potential risk that directors and managers will pursue their own interests to the detriment of the eventual owners – shareholders (Smith 1776). This is also based on the premise that managers are both opportunistic and rational such that, on average, they are more likely to pursue their self-interests than those of shareholders (Weimer and Pape 1999).

In response, the shareholding model offers several solutions to the agency problem. Firstly, it suggests that restrictions on factor markets must be removed in order to encourage competition (Letza et al. 2004). Secondly, it calls for the introduction of a voluntary corporate governance code of ethics and conduct, which is usually underpinned by the universal business principles of accountability, discipline, fairness, independence, responsibility, and transparency to regulate director and managerial behavior (Cadbury 1992). Thirdly, it recommends the strengthening of the managerial incentive system by instituting performance-linked executive compensation schemes to help align shareholder-managerial interests (Weimer and Pape 1999). Finally, it calls for the introduction of efficient contracts to

govern the relationship between owners of capital and labor (Letza et al. 2004).

By contrast, the shareholding model rejects external interventions and additional obligations imposed on corporations by government and central authorities because it may distort free market operations (Table 1). Rather, it sees a firm's existing governance arrangements as the outcome of a bargaining process, which has been freely entered into by corporate insiders and outsiders

**Defining Corporate Governance: Shareholder Versus Stakeholder Models, Table 1** Summary of the theoretical assumptions of the shareholding and stakeholding models of corporate governance

| Summary | Shareholding model | Stakeholding model |
|---|---|---|
| *Theoretical assumptions* | | |
| Purpose of corporation | Maximization of shareholder value | Maximization of all stakeholders' wealth |
| Problem of governance | Agency problem | Absence of stakeholders' participation |
| Cause of problem | Shareholders do not have enough control | Governance failure to represent stakeholders' interests |
| Background | Separation of ownership and control | Different style of capitalism |
| Assumptions about causation | Self-interest human behavior | Traditional mentality of private capitalism |
| Type of economic organization | Rational economic unit with profit motive | Social economic unit with stakeholder welfare motive |
| Proposition | Market efficiency of economy | Social efficiency of economy |
| Rejection | Any external interventions | The principal-agent model |
| Source of discipline | External market forces | Internal social forces |
| *Major features*: | | |
| Board structure | One-tier (executive and nonexecutive board) | Two-tier (executive and supervisory boards) |
| Major source of finance | Equity from the capital markets | Debt from banks |
| Role of capital markets | High | Low |
| Role of banks | Low | High |
| Ownership concentration | Low/diffused | High/concentrated |
| Regulatory orientation | Self-regulation | Statutory regulation |
| Legal system/ origin | Common law/Anglo-American: UK, US/Commonwealth | Civil law/Continental Europe: France, Germany, and Japan |
| Time horizon of economic benefits | Short-term | Long-term |
| *Major solutions* | | |
| Solution | Removing restrictions on markets. Strengthening the incentive system. Introducing a voluntary code of governance. Introduction of a combination of efficient contracts | Trust and long-term contractual associations between the firm and stakeholders. Interfirm cooperation. Employee participation. Introducing business ethics |

Sources: Compiled from Keasey et al. (1997); Weimer and Pape (1999); Letza et al. (2004).

(Keasey et al. 1997). More specifically, as a rational economic model, it assumes that factor markets (capital, managerial labor, and corporate control) are efficient and subsequently, self-regulation backed by additional voluntary mechanisms, such as a voluntary corporate governance code are more effective in reducing divergent activities of managers (Letza et al. 2004).

The rejection of external interventions by central regulatory authorities, but heavy reliance on a free market regulation, is also based on a core premise that the major source of finance to corporations is equity rather than debt. That is, equity capital is expected to be raised mainly from efficiently operated capital markets. In such a market, capital is assumed to freely move to investments that offer the highest risk-adjusted returns (Friedman 1970).

Finally, and as a corollary, equity markets tend to be relatively better developed in Anglo-American countries, such as the UK and USA than in Continental European countries like Germany and France (Weimer and Pape 1999). This implies that shareholders can easily either transfer their capital from a poorly governed company to a better-governed one or a poorly governed company may be acquired by a better-governed firm through the inherent efficient markets for corporate control. Similarly, and at least in theory, poorly performing managers can easily be fired and replaced with an efficient team, hence, providing the most effective restraints on managerial discretion.

## Major Criticisms of the Shareholding Model

Despite its dominance as a major corporate form worldwide (Keasey et al. 1997), the shareholding model suffers from several weaknesses (Sternberg 2004). These weaknesses generally concern shareholder power and democracy, stakeholder interests, social morality and ethics, efficient factor markets, and excessive short-termism (Letza et al. 2004).

Firstly, it has been suggested that shareholders lack sufficient power to control management and prevent misuse of corporate resources as purported by the shareholding model. Central to this model is the axiom of shareholder primacy, which presupposes that corporations should mainly be managed for the welfare of shareholders. Arising out of such a presupposition is that theoretically a residual power rests with the shareholders so that they can choose the persons to whom operational power is delegated. It also entitles them to participate in major corporate decisions, including exercising the power of hiring or firing the board of directors, usually at an annual general meeting (AGM).

In practice, however, it has been contended that the ability of shareholders to meaningfully exercise such control over the direction of their company is severely limited by the very procedures, which govern such meetings and corporate officers elections (Sternberg 2004). For example, it is directors rather than shareholders that typically set the agenda of an AGM, and by implication directors determine the issues that come up for voting. By contrast, it has been shown that it is either difficult or impossible for shareholders to get binding resolutions of their own onto the agenda (Sternberg 1997).

Secondly, and closely associated with the lack of real shareholder power, is that directors, who are expected to be the first line of defense for shareholders, also suffer from many defects. Sternberg (2004) suggests that because executive directors of a corporation are also normally its managers, they are less willing to recognize, criticize, or correct their own mistakes. Nonexecutive directors' accountability to shareholders is also usually impaired by the ways in which they are nominated, officially appointed, and remunerated (Sternberg 1997). In an Anglo-American model, the appointment procedure is such that most nonexecutive directors are nominated by the chief executive or by the board themselves (Sternberg 2004). This makes them insufficiently independent of management and insufficiently accountable to shareholders.

It is, however, acknowledged that with the recent increase in the proliferation of codes of good corporate governance, especially among Anglo-American countries (Aguilera and

Cuervo-Cazurra 2009), the procedures for board appointments are gradually improving. The UK's 2006 Combined Code, for example, requires listed firms to establish independent nomination committees. It also requires the nomination committees to be constituted and chaired by independent nonexecutive directors. Requirements of these nature imposed by codes of good governance on firms have generally improved board accountability, independence, and monitoring of company executives and senior management.

Short-termism is a third criticism that has usually been levelled against the Anglo-American corporate governance model. Opponents (Letza et al. 2004) of the shareholding model contend that it is significantly flawed by its excessive fixation on short-term financial performance – short-term returns on investments, short-term corporate profits, short-term management performance, short-term share prices, and short-term expenditures. This arises out of the substantial reliance on and the existence of efficient capital markets, which put huge pressure on managers.

In principle, a higher short-term share return, for example, is preferred to a lower one in this corporate governance model. By contrast, a comparatively lower share price, for instance, makes a firm more vulnerable to receiving takeover bids, including hostile ones. This huge market pressure from investors and competitors leads to managerial preference for investments with shorter payback period in order to boost short-term profits, while disfavoring long-term capital investments, like research and development expenditure (Keasey et al. 1997).

Finally, and by far the most compelling attack and formidable challenge to the Anglo-American model has come from stakeholder theorists (Freeman 1984). Generally, stakeholder theorists have criticized the shareholding model on two main grounds that: (i) it ignores the social, ethical, and moral responsibilities of the corporation as an important societal institution; and (ii) it offers a narrow definition of the stakeholders of the firm (Sternberg 2004).

Firstly, stakeholder theorists (Freeman 1984) argue that rather than running the firm to primarily maximize the wealth of shareholders (Berle and Means 1932), the firm should equally serve the interests of a wider stakeholder group. These may include employees, creditors, suppliers, customers, and local communities that have long-term relationships with the firm, and thus affect its long-term success. As a result, it has been contested that the Anglo-American model's exclusive emphasis on the powers and rights of shareholders results in the negligence of the interests of other legitimate stakeholders (Sternberg 1997).

Secondly, a close criticism from stakeholding theorists is that the shareholding model lacks the capacity to give serious consideration to ethical and moral issues. A popular but sometimes controversial ethical and moral criticism is that the Anglo-American governance model encourages excessive or even "*obscene*" executive remuneration (Sternberg 2004). It is reported, for example, that the average CEO of a medium-sized American corporation earns 531 times as much in pay, bonuses, and stock options as the average factory worker. It has been argued, however, that good corporate governance is expected to empower the weaker sections of society.

In this case, the shareholding governance model is criticized for "unethically" strengthening further the already rich and powerful societal segments – shareholders and managers rather than empowering the weaker sections of society – lower level employees, local communities, the poor, women, and children. In this case, the 2007/2008 global financial markets offers classic anecdotal examples. In spite of receiving multibillion-pound British Government bailouts (Turner Review 2009), and reported record of multibillion-pound losses at some major British banks, including the Royal Bank of Scotland and Lloyds Banking Group, reports within the popular media suggest that senior executives continued to pay themselves millions of pounds of bonuses (Walker Review 2009). Arguably, this may further transfer wealth from ordinary taxpayers to already rich senior corporate bank executives.

Due to the above weaknesses, stakeholder governance theorists purport to offer a better alternative to the shareholding governance model. The next subsection, therefore, will discuss the

stakeholding corporate governance concept. For purposes of comparison, Table 1 will be referred to throughout the next subsections. Specifically, the first subsection will present theoretical assumptions and solutions, while the subsequent subsection will examine the major weaknesses of the stakeholding model.

## The Stakeholding Model of Corporate Governance

### Theoretical Assumptions, Features, and Solutions of the Stakeholding Model

To start with, and as Table 1 suggests, the stakeholding model of corporate governance is often found in France, Germany, Japan, and other European or Asian countries. A central underlying assumption of the stakeholding corporate governance model is that the purpose of the corporation is to maximize the welfare of a number of stakeholders of the firm rather than those of shareholders alone (Table 1). That is, unlike the shareholding model that encourages firms to "*exclusively*" advance the interests of shareholders, it suggests that companies should "*inclusively*" pursue the interests of a group of identifiable stakeholders who may either directly or indirectly be affected by or can affect the success of the firm.

Past stakeholder theorists have offered classical exposition of the "*inclusive*" governance concept (Jensen 2002). They suggest that a firm consists of social groups in which each group can be seen as supplying the firm with important resources (contributions) and in return expects its interests to be promoted (inducements).

For example, it is suggested that shareholders supply the firm with capital. In exchange, they expect to maximize the risk-adjusted return on their investments. Creditors provide the firm with loans. In return, they expect their loans to be repaid on time. Local communities supply the firm with location and local infrastructure. In exchange, they expect the firm to improve their quality of life. Managers and employees provide the firm with time and skills. In return, they expect to receive a sustainable income, and this has been argued to be true for every reasonably conceivable constituency of the firm (Jensen 2002).

As a result, and unlike the shareholding model, the stakeholding governance model presupposes that the governance problem arises out of the absence of broader stakeholder participation in the running of public corporations (Table 1). Like the shareholding model, however, it subscribes to the idea that the separation of ownership and control in modern public corporations creates a governance problem (Keasey et al. 1997). It also concurs with the shareholding model's assumption that the resulting agency conflicts may be reduced by the firm through a nexus of contracts between the various stakeholders of the firm, and that the firm should be run rationally in economic terms to broadly maximize its wealth (Table 1).

By contrast, it rejects the assumption that shareholders and managers are the only important participants in such a relationship (Table 1). Further, while it shares the assumption that markets can be efficient (Table 1), it also recognizes the existence of short to medium-run market inefficiencies. This implies that there may be a need for occasional external interventions, including statutory legislations to establish equilibrium in order to maximize the broader societal wealth (Weimer and Pape 1999).

In response, the stakeholding model offers several solutions. Firstly, it proposes a two-tier corporate board structure as a way of achieving a broader representation of the interests of a larger group of stakeholders of the firm (Mallin 2007). Thus, in a typical stakeholder governance framework, like in Germany, companies will normally have a dual board structure: (i) a supervisory board and (ii) a management one. The supervisory board is usually constituted by many stakeholders, including investors (shareholders and creditors/banks), employees (union groups), suppliers, customers, and government appointees representing broader segments of society. In this case, it mandates the managing board to run the company in the best interests of a number of stakeholders. This implies that the interests of shareholders should only be pursued to the extent that they are not detrimental to the interests of the other stakeholders of the firm (Mallin 2007).

Secondly, it encourages corporate management to focus on building trust and long-term contractual relationships between the firm and its stakeholders (Letza et al. 2004). In particular, it supports interfirm cooperation, including cross-shareholdings (especially in Japan) and employee participation in decision-making through the supervisory board (particularly among German firms). Similarly, it encourages closer contact between shareholders, creditors, managers, employees, and suppliers, as well as the integration of business ethics as a solution to achieving a balance among the various stakeholder interests (Table 1).

One consequence of the stakeholding model's insistence on balancing the interests of the various stakeholders is that it may render it less appealing to equity investors. As such, companies tend to rely heavily on debt rather than equity as a major source of finance (Weimer and Pape 1999). The corollary as Table 1 shows is that equity markets (stock exchanges) tend to be underdeveloped relative to the debt markets (banks) with relatively high level involvement by credit granting banks in providing capital for public corporations.

Finally, block shareholdings from the various stakeholders, such as employee unions, government, and banks, lead to a situation in which ownership is often highly concentrated. Concentrated ownership and close managerial monitoring, especially from the supervisory board, reduce agency costs. Concentrated ownership may also be associated with weak investor protection, particularly minority investors, which could normally be explained by the legal system of countries often associated with the stakeholder governance framework.

Specifically, La Porta et al. (1998) demonstrate that there is a negative relationship between ownership concentration and investor protection, which can be explained by legal origin. They show that Anglo-American countries (common law family, like the UK and USA) have dispersed ownership with higher investor protection in comparison with Continental-European-Asian (civil and Scandinavian law origin, such as France, Germany, and Japan) countries, which tend to have relatively high ownership concentration with weaker investor protection.

### Major Criticisms of the Stakeholding Model

The stakeholding governance model has also received several criticisms. These include its incompatibility with the concepts of business, governance, and private property rights (Letza et al. 2004).

Firstly, a central criticism of the stakeholder governance model is that it is not compatible with the concept of business (Letza et al. 2004). It proposes that corporations must strive to achieve a fair balance in distributing the benefits of the firm to a number of stakeholders, and as such prevents the firm from pursuing a single objective function that favors particular groups (Sternberg 1997). This is, however, not consistent with the notion of business, which involves the investment of one's capital in a commercial firm to primarily maximize its long-term value (Letza et al. 2004). Jensen (2002) suggests that if a business is prevented from operating efficiently by focusing on maximizing owners' profits (purposeful behavior), it will simply collapse in the long-run. This will negatively affect social value and welfare of all stakeholders.

Secondly, the definition of stakeholders appears to be vague sometimes. Since stakeholders are all those who can affect or are affected by the business, the number of people whose benefits need to be taken into account is simply infinite (Sternberg 2004). This means that stakeholders by definition could be anybody or anything from anywhere or everywhere, and as such could range from employees, creditors, government to terrorists, corporate armed-robbers, and the sea, among others. Yet, it mandates that a balance be struck in the distribution of benefits to all stakeholders, but ambiguous stakeholder definition means that balancing divergent stakeholder interests is also an unworkable objective (Jensen 2002).

Thirdly, the stakeholding governance model is incompatible with the notion of corporate governance. A key corporate governance concept is accountability: the accountability of directors to shareholders; the accountability of managers to directors; and the accountability of corporate employees and other corporate agents to shareholders through managers and directors

(Sternberg 1997). Stakeholding, however, suggests that firms should be accountable to all their stakeholders rather than to their shareholders alone (Letza et al. 2004). By contrast, it has been argued that multiple accountability works if the purpose is unambiguous to everyone involved (Sternberg 2004). In fact, the 2002 King Report of South Africa suggests that an organization that is accountable to everyone is actually accountable to no one. Thus, accountability that is diffuse is effectively nonexistent and unworkable in governance terms.

Finally, an associated criticism is that the stakeholder model provides no effective objective standard against which corporate agents can be judged (Sternberg 2004). Corporate agents are mandated to run the business primarily to balance all stakeholders' interests. It is, however, contested that it does not serve as an effective objective performance measure because it allows corporate agents responsible for its interpretation and implementation, excessive freedom to pursue their own narrow interests, including perquisites consumption and other private benefits of control (Sternberg 1997).

## Conclusion: Future Perspectives

This entry has attempted to define corporate governance. The central rationale has been to paint the broader corporate governance picture within which the international corporate governance reforms, codes, policies, research, and context could easily be understood by corporate governance academics, especially research students and early career academics, policy-makers, and regulatory bodies.

In this regard, the entry began by offering a working definition of corporate governance. While it acknowledged that corporate governance has no universally accepted definition, it suggested that the existing numerous definitions can be classified into two groups: narrow and broad. At the narrow level, it defined corporate governance as referring to internal governance structures, such as the executive management, the board of directors, and the general assembly of shareholders, by which companies are directed and controlled. At the most expansive form, however, it contended that corporate governance goes beyond immediate internal governance mechanisms to include external structures and stakeholders, such as the legal system, the efficient factor markets, local communities, the regulatory system, as well as the political, cultural, and economic institutions within which companies operate.

Overall, the entry identified two major types of corporate governance within the international literature and context: the "*shareholding*" and "*stakeholding*" models. In simple terms, it suggested that the shareholding model refers to the narrow definition of corporate governance, in which the interests of shareholders are considered as paramount, and is usually found in Anglo-American countries, such as the UK and USA. In contrast, the stakeholding model refers to the broader definition of corporate governance, which attempts to equally cater for the interests of a number of stakeholders of the firm, and is normally predominant in Continental European and Asian countries, like Germany and Japan. It also acknowledged, however, that the shareholding and stakeholding dichotomization of modern corporate governance systems might be an oversimplification. This is because due to increased globalization, greater global stock market integration through cross-listing, and the proliferation of national and trans-national codes of corporate governance, among others, corporate governance practices are increasingly converging across different countries and systems. Further, for each corporate governance model, the underlying theoretical assumptions, major features, and proposed solutions as found within the international corporate governance literature were discussed. Of crucial relevance is that the extant literature shows that both models suffer from several weaknesses. This raises an important public policy question as to whether it will be more valuable to formally combine some of the main features of the "*shareholding*" and "*stakeholding*" models to form a "*hybrid*" corporate governance model that will be capable of addressing their current respective weaknesses.

## Cross-References

▶ Corporate Governance and Sustainability

## References

Aguilera RV, Cuervo-Cazurra A (2009) Codes of good governance. Corp Gov Int Rev 17(3):376–387
Berle AA, Means GC (1932) The modern corporation and private property. Macmillan, New York
Cadbury C (1992) Report of the committee on the financial aspects of corporate governance. Gee, London
Cadbury A (1999) "Foreword," in World Bank report. In: Corporate governance: a framework for implementation – overview. Work Bank, Washington, DC
Freeman RE (1984) Strategic management: a stakeholder approach. Pitman, New York
Friedman M (1970) The social responsibility of business is to increase its profits. N Y Times Mag 13:2–33
Gillan SL (2006) Recent developments in corporate governance: an overview. J Corp Finan 12:381–402
Jensen MC (2002) Value maximisation, stakeholder theory, and the corporate objective function. Bus Ethics Q 12(2):235–247
Keasey K, Thompson S, Wright M (1997) Corporate governance: economic, management, and financial issues. Oxford University Press, Oxford
King R (2002) King report on corporate governance for South Africa. King Committee, Johannesburg
La Porta R, Lopez-de-Silanes F, Shleifer A (1998) Law and finance. J Polit Econ 106(6):1113–1155
Letza S, Sun X, Kirkbride J (2004) Shareholding versus stakeholding: a critical review of corporate governance. Corp Gov Int Rev 12(2):242–262
Mallin CA (2007) Corporate governance, 2nd edn. Oxford University Press, Oxford
Smith A (1776) An inquiry into the nature and causes of the wealth of nations. Prometheus Books, Amherst
Sternberg E (1997) The defects of stakeholder theory. Corp Gov Int Rev 5(1):3–10
Sternberg E (2004) Corporate governance: accountability in the marketplace, 2nd edn. The Institute of Economic Affairs, London
Turner Review (2009) A regulatory response to the global banking crisis. Financial Services Authority, London. Available at: http://www.fsa.gov.uk/pubs/other/turner_review.pdf. Accessed 28 Sept 2009
Walker Review (2009) A review of corporate governance in UK banks and other financial industry entities. HM Treasury, London. Available at: http://www.hm-treasury.gov.uk/walkereview_information.htm. Accessed 28 Sept 2009
Weimer J, Pape JC (1999) A taxonomy of systems of corporate governance. Corp Gov Int Rev 7(2): 152–166

# Definition of Nonprofit Organization

Gianluca Antonucci
DEA – "G. d'Annunzio" University, Chieti-Pescara, Italy

## Synonyms

Charities; Civil society organizations; Non-governmental organizations (NGOs); Nonprofit institutions; Philanthropic organizations; Social economy organizations; Third sector organizations; Voluntary organizations

## Definition

Despite different naming framed along the years and in different countries according to different traditions, a distinctive feature of every nonprofit organization is the prohibition, or limit, as in the case of some specific organizations like social cooperatives and social enterprises in Europe, from distributing their assets or surpluses regardless of the presence or absence of tax breaks. A nonprofit organization finds its essence in having the mission of producing and delivering public goods together with advocacy actions, having as inspiring mission, a social objective rather than the search for profits. A nonprofit organization belongs to an institutional sector between state and market.

## Introduction

Private organizations having the mission of delivering public goods produced neither by the market nor by the public system, which fulfill both economic and social missions and pursue a general interest, and whose final objective is not the redistribution of profit, have always existed. In the last few decades they have, however, increasingly become the object of specific attention, due to

the increase in both their number and different fields of intervention.

Since the early 2000s, at an institutional level, the necessity has been recognized of considering these "new" organizations within a different specific institutional sector from those of the public and the private market. This has triggered the search for a generally accepted definition for these organizations. The point is that, considering the different traditions developed in Europe and North America, as well as the development, since the second half of the twentieth century, of such organizations also in developing countries, there is not yet a unique univocal definition.

Some basic features have been distinguished and their fields of activity have also been clearly defined as the 12 described by the International Classification of Nonprofit Organizations (Salamon and Anheier 1997). However, it is not easy to have a "simple common label" agreed upon at an international level, due to the fact that over the years this bewildering array of entities, such as hospitals, day care centers, universities, social clubs, sports clubs, grassroots development organizations, environmental groups, self-help groups, religious congregations, job training centers, human rights organizations, community associations, have been variously known as belonging to the "nonprofit," the "voluntary," the "civil society," the "third," the "social economy," the "NGO," or the "charitable" sector. All these different terms are derived from different traditions in different countries and underline specific aspects. After the alignment of the principal aspects regarding definitions both at institutional and academic level, this entry reviews all the different common appellations reading them according to cultural traditions and general contexts.

## Institutional Classifications of Nonprofit Organizations

This section first describes the most widely recognized nonprofit classification systems and then summarizes their main differences and common points of agreement.

A starting point in searching for a clear definition nonprofit organizations (NPOs) is the analysis of the different "formal" classifications given by institutional organizations in defining a classification system for the different NPOs. Thus this first section of the entry presents an overview of the main classifications given by United Nations and the Organization for Economic Co-operation and Development, together with the presentation of the first important empirical study upon NPOs, conducted internationally, initially under the guide of Salamon and Anheier, by the Johns Hopkins University. At the end of this section some shared points of the different described definitions are derived.

In 2003, United Nations (UN) published the *Handbook on Non-Profit Institutions* (NPIs) in the System of National Accounts in order to account for the growing economic contribution of NPOs worldwide (UNO 2003). The manual aimed to improve and make available data on an increasingly important sector, as figures were not developed yet as part of the economy-wide compilation of data on national accounts. The handbook provided a first "formal" definition of NPOs, that instead of describing their specificities that led to the necessity of considering them within a specific institutional sector (IS), defined what differentiated these organizations from the ones already recognized, belonging to the already structured IS. In the handbook, the organizations belonging to this "new" IS were different from the ones belonging to the already recognized ones for the following reasons:

- *Corporations* differed from NPOs because were set up for purposes of engaging in market production and were capable of generating a profit or other financial gain for their owners.
- *Government units* differed from NPOs because were unique kinds of legal entities established by political processes with legislative, judicial, or executive authority over other institutional units within a given area including the authority to raise funds by collecting taxes or compulsory transfers from other institutional units.

- *A household* differed from an NPO because it represented a small group of persons who shared the same living accommodations, who pooled some or all of their income and wealth, and who consumed certain types of goods and services collectively, mainly housing and food (UNO 2003).

After drawing these distinctions, the handbook identified the following characteristics as being common features among NPOs:

- The prohibition on the distribution of profits giving them an objective function quite different from that of for-profit corporations
- Their involvement in the production of public goods
- A revenue structure that generally includes substantial voluntary contributions of time and money
- The use of volunteer as well as paid staff
- Limited access to equity capital
- Eligibility for special tax advantages in many countries
- Special legal provisions pertaining to governance, reporting requirements, political participation, and related matters
- The lack of sovereign governmental powers despite their involvement in public goods provision (UNO 2003)

Also the Organization for Economic Co-operation and Development (OECD) reflected on the importance to analyze NPOs within an IS different from the state, the market, and the household. In 2003 recognizing that the nonprofit sector was often associated with concepts such as "social economy," "third sector," and "third system" underlined that it was a growing social and economic force all over the world and a key element in employment and social policies in most OECD countries. All of these terms broadly characterized the existence of a distinct sector that lied between state and market, whose organizations aimed to pursue a public interest, rather than a profit. Given the different traditions and the different origins, each of the terms considered by OECD tends to underscore a specific aspect of the sector. For example, the term nonprofit sector, originating in the United States, denotes the prohibition on the redistribution of profits, while the term "*économie sociale*" or "social economy," widely used in France, emphasizes the socioeconomic dimension of the sector and the term "third sector" highlights the position of this IS between the state and the market (OECD 2003). Moreover, OECD underlined that despite the different naming according to different traditions, the sector organizations lying in a space between the state and the market has existed for many years in several OECD member countries but emerged worldwide in the second half of the twentieth century, mainly as a response to the crisis of welfare systems and to the perceived need to reshape them, notably in the European context and as a new strategy against social and economic exclusion (OECD 2003). The response to the crisis of the welfare state leads indeed to the development of NPOs in diverse areas of the economy, such as health and care, culture, environment, social services, education and employment through various entities such as associations, traditional cooperatives, social cooperatives, charities, foundations, or other types of organizations. Nevertheless, the different legal statuses for the different kinds of entities belonging to an IS different from state and market, OECD recognized that there was no yet a general theory which could explain the limits and competitive advantages of the sector as a whole because in comparison to market or public policy analysis, nonprofit studies were a relatively "young" but rapidly evolving field of research (OECD 2003).

In 2004, OECD, in confirming the difficulties in finding a general theory, underlined that the definition of this sector between the state and the market was not an easy to find because it may, for example, be equated with the idea of the "social economy," seen by the European Union as comprising cooperatives, mutuals, associations, and foundations, ignoring the many examples of not-for-profits or social enterprises that do not fall into easily defined categories. Thus all these organizations, according to OECD, could be encompassed in a space which includes a range of more recognized terms such as not-for-profits, voluntary sector, mutuals, social enterprises, or community

enterprises. The common factor is that they all have a focus on social or environmental objectives rather than profit seeking categories. However, some do create a profit but reinvest this in their activities or distribute to relevant stakeholders rather than external shareholders or the owner manager. That is why according to OECD this "new" sector between the state and the market can range from organizations that are fully grant dependent to those that are fully self-financing and from those that compete in mainstream markets to those that provide nonmarketable goods and services. The range of social and environmental goals is extremely diverse as are their governance structures and the different groups of stakeholders who are engaged with each organization (Westall 2004).

In agreement with the UN, the OECD confirmed the necessity for a better classification of NPOs' activities and impact within National Accounts designing specific accounts for them otherwise their inclusion in the already existing accounts could lead to underestimations and distortions such as:

- "To add non-profit value in other sectors, usually government, overestimating the relevance of the public sector.
- Consider the assets held by non-profit organizations, such as foundations, as part of the personal savings having distortions on the consideration of household savings.
- Ignore the role of volunteers and unpaid.
- Include in the governmental accounts also the international transfers and activities by those specific NPOs organizations like the non-governmental organizations" (OECD 2003).

Considering the necessity for a better understanding of the role and the impact of the whole range of NPOs (such need was related to NPOs particular aspects that led to their inclusion in a dedicated IS), the Johns Hopkins University launched, at the beginning of the 1990s, under the guide of Salamon and Anheier, the Comparative Nonprofit Sector Project (CNSP) that led then to the creation of the Center for Civil Society Studies, whose specificities will be addressed later in this entry. The project was born with the aim to document the scope, structure, financing, and role of NPOs for the first time in solid empirical terms in a significant number of countries representing different geographic regions, cultural and historical traditions, and of development (Salamon and Anheier 1998).

Along the years, the number of countries participating into the project increased, exceeding 40 countries, thus providing a remarkable empirical analysis able:

- To explain why this sector varies in size, composition, character, and role from place to place and identify the factors that seem to encourage or retard its development, including differences in history, legal arrangements, religious background, cultures, socioeconomic structures, and patterns of government policy to evaluate the impact these organizations are having and the contributions they make, as well as the drawbacks they entail
- To improve awareness of this set of institutions by disseminating the results of the work
- To build local capacity to carry on the work in the future (Salamon and Sokolowski 2010)

The development of such worldwide empirical project was grounded on the consideration that recent years had witnessed a considerable surge of interest throughout the world towards these organizations that occupy the social space between the market and the state, variously known as the "nonprofit," the "voluntary," the "civil society," the "third," the "social economy," the "NGO," or the "charitable" sector. This set of institutions included a bewildering array of entities such as hospitals, universities, social clubs, professional organizations, day care centers, grassroots development organizations, health clinics, environmental groups, family counseling agencies, self-help groups, religious congregations, sports clubs, job training centers, human rights organizations, community associations, soup kitchens, homeless shelters, and many more. Although the existence of such institutions was by no means a new phenomenon, the number and variety of such organizations seemed to have

grown enormously in the last decades of the twentieth century (Salamon and Sokolowski 2010).

Despite the wide range of different entities composing this sector, over the years, CNSP's analysis has been able to find a consensus on five structural or operational features that defined the entities. Those were provided to define the characteristics of NPOs:

- *Organizations*, i.e., they have some structure and regularity to their operations, whether or not they are formally constituted or legally registered. What is important is not whether the group is legally or formally recognized but that it has some organizational permanence and regularity as reflected in regular meetings, a membership, and/or some structure or procedures for taking decisions that participants recognize as legitimate.
- *Private*, i.e., they are not part of the apparatus of the state, even though they may receive support from governmental sources.
- *Not profit distributing*, i.e., they are not primarily commercial in purpose and do not distribute profits to a set of directors, stockholders, or managers. NPOs can generate profits in the course of their operations, but any such profits must be plowed back into the objectives of the organization.
- *Self-governing*, i.e., they have their own mechanisms for internal governance, are able to cease operations on their own authority, and are fundamentally in control of their own affairs.
- *Voluntary*, i.e., membership or participation in them is not legally required or otherwise compulsory (Salamon and Sokolowski 2010).

The project's studies led to the definition of the International Classification of Nonprofit Organizations (ICNPO), which comprises the following 12 fields of activity: (1) culture and recreation; (2) education and research; (3) health; (4) social services; (5) environment; (6) development and housing; (7) civic and advocacy; (8) philanthropic intermediaries; (9) international; (10) religious congregations; (11) business and professional, unions; (12) other.

Even if run by different organizations for different purposes, the analysis of the above reported researches and classifications allows enucleating some common aspects, which are useful for a general classification of NPOs. In particular, they all share the following propositions:

- NPOs have always existed, but the early 2000s witnessed a considerable surge of interest throughout the world around them, as their great increase – both in number and fields of interventions – indicated all around the world.
- The ensemble of NPOs consists of private organizations, formally or informally constituted, that do not fall in other ISs due to the fact that, firstly, they are not primarily commercial in purpose and do not distribute profits, and then, having their own specific governance characteristics, they have in common a focus on social or environmental objectives, rather than profit-seeking categories.
- It is not easy to establish a clear univocal definition encompassing the different realities in the various countries because of the different historical traditions that consider them as variously belonging to the "nonprofit," the "voluntary," the "civil society," the "third," the "social economy," the "NGO," or the "charitable" sector.
- They are mainly engaged in the production of public goods in different fields ranging from health, education, social services to environmental protection, civic affairs, and advocacy.

## Principal Features of Nonprofit Organizations Classification Systems

Following NPOs diffusion both in number and in fields of activity, several researchers started to look in depth at their essence. The first important study to be mentioned is the above reported analysis within the CNSP that led to the definition of the ICNPO, specifically designed to differentiate entities through the five basic above reported features identified by the study to make up the "nonprofit sector." This section briefly reports other

important academic findings which, along with ICNPO, can be considered as main pillars for the definition of NPOs. In particular, Burton A. Weisbrod, whose definition on the existence of NPOs is based on the concepts of market failure and government failure; Henry B. Hansmann whose definition is based on the notion of contract failure; and the European research network EMES, whose definition of NPOs is based on the attention given to an historical-dynamic perspective.

According to Weisbrod, NPOs should be considered as components of a specific sector. Nevertheless, they are far from homogeneous, because there are as many variations among them as there are among governmental organizations and for-profit firms (Weisbrod 1988), but they all share three characteristics that make them different from organizations belonging to the other two sectors: (1) no one owns the right to share in any profit or surplus of a NPO; (2) NPOs are exempt from taxes on corporate income; (3) some NPOs receive subsidies and/or donations (Weisbrod 1988). Weisbrod recognizes that NPOs have always existed. He identifies their essence in their ability to respond both to private for-profit and public sectors' limitations to meet various human needs. The private market does not respond to any wants or needs unless they are accompanied by money demand. This is because consumers who are willing and able to pay will have their demands satisfied through the private market; those who are not, will not. The consequence is that consumers who are poorly informed will not find the private market supplying higher quality when lower quality can be sold at the same price. Collective action, through government, has the potential of correcting market failures. Since it has the power to tax, government can finance, subsidize, mandate, or otherwise encourage the provision of goods and services that are inadequately provided by the private sector or that are not provided to particular groups in the population (Weisbrod 1988). However, governments provisions have limits too because governments satisfy the demand of the median voter, that is the majority of the citizens that "assure" the stability of the government and maximize the chances of reelection. Therefore governments provide a level of public goods lower than what desired by citizens, with a level of demand greater than the median voter's one. NPOs existence is given by their capacity to respond to the unsatisfied demand that remains after the government intervention. In this regard, the greater the heterogeneity of the demand, the greater is the space of intervention for NPOs, as the undersatisfied demand for collective-type goods can be considered a governmental "failure" analogous to private market failures. This means that if government responds to the demands of the majority and the nonprofit sector responds to the demands of the undersatisfied, the greater the diversity of the demand, the larger the size of the nonprofit sector will be (Weisbrod 1988). Indeed nonprofit organizations may develop for a number of reasons. Some are created for mutual benefit, and some for charitable purposes; moreover, governments may choose to use nonprofit organizations to provide certain services that are difficult or expensive to monitor (Weisbrod 1988).

According to Hansmann "true" nonprofits are firms that are formally organized as either nonprofit corporations or charitable trusts. They are all characterized by the fact that they are subject, by the laws of the state in which they were formed, to the "nondistribution constraint" that prohibits the distribution of residual earnings to individuals who exercise control over the firm because net earnings, if any, must be retained and devoted, in their entirety, to finance further production of the services that the organization was formed to provide (Hansmann 1980).

The flexibility of the statutes, as well as the specific governance rules, permits NPOs to assume a wide variety of forms. Thus, Hansmann develops a basic subcategorization of NPOs by their source of income and the way in which they are controlled (Hansmann 1987). According to the source of income he identifies: *Donative* NPOs, which receive most or all of their income in the form of grants or donations; *Commercial* NPOs, which receive the bulk of their income from prices charged for their services. According to the way in which they are controlled he identifies: *Mutual* NPOs, which are controlled by their

patrons; *Entrepreneurial* NPOs, which are largely free from the exercise of formal control by their patrons (Hansmann 1987). He makes some examples of different types of organizations and mix of financing and controlling rules shaping a two-dimensional array. For example, Organizations for a Common Cause, National Audubon Society, and Political Clubs are examples of mutual donative organizations. American Automobile Association, Consumers Union, and Country Clubs are examples of mutual commercial organizations. March of Dimes and Art Museums are examples of entrepreneurial donative organizations. National Geographic Society, Hospitals, and Nursing homes are examples of entrepreneurial commercial organizations (Hansmann 1987).

Commercial NPOs, whatever their legal form, arise where, because of the different circumstances in which a service is purchased or consumed, or because of the particular nature of the service itself, consumers feel unable to evaluate accurately the quantity and/or quality of the provided service. Therefore, a for-profit organization could exploit the information asymmetry condition for obtaining higher profits providing quantity and/or quality lower than what was promised or paid for by the consumers. Indeed consumers recognize more confidence to an NPO because, being it under the nondistribution constraint, its owners and administrators cannot obtain any personal gain from the realization of extra profits resulting from the exploitation of information asymmetries, and are not encouraged to take any advantage (Hansmann 1987). In synthesis, commercial NPOs arise where ordinary contractual mechanisms do not provide consumers with adequate means to police producers. In the case of donative NPOs a donor is considered as a purchaser of services, differing from the customers of commercial nonprofits only in that the services he or she is purchasing are either (1) delivery of goods to a third party, as in the case of charities for the relief of the poor or distressed, or (2) collective consumption goods produced in such aggregate magnitude that the increment purchased by a single individual cannot be easily discerned. In either case, the purchaser is in a poor position to determine whether the seller has actually performed the services provided; hence, the purchaser has an incentive to patronize a nonprofit firm (Hansmann 1987).

Thus Hansmann – in a certain sense enriching Weisbrod's theories which answered to questions about the role of NPOs, that is: "why do NPOs exist?" – termed his theory the contract failure theory of the role of NPOs (Hansmann 1987) answering to the questions about the behavior of NPOs, that is "what objectives are pursued by NPOs?"; "how do NPOs differ from for-profit organizations?"

On the European side, an important input in the definition and study of NPOs was given by EMES, a research network of established university research centers and individual researchers whose goal, since its birth in 1996 – when an international group of scholars formed a research network initially financed also by the European Union – is to gradually build up an international corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodologies, around social economy, as will be described in the last section of this entry, solidarity economy and social innovation.

In building up their corpus of knowledge, recognizing the works of researchers from the US EMES researchers framed what they called European approach. The distinctive feature of this approach is the attention given to the historical-dynamic perspective in studying NPOs thus taking a more analytical perspective, focusing more on generating NPOs typologies that highlight different modes of action and the changes in them over time (Laville et al. 1999). Therefore, EMES' researchers gave a broader definition of those entities between the state and the market which include – in the "Third Sector," originally shaped as "Third System," as they defined it – also cooperatives and mutual aid societies. Indeed, according to EMES' researchers, these organizations (especially in Europe) are created not for maximizing return on investment, rather for meeting a general or mutual interest, contributing to the common good, or meeting social demands expressed by certain segments of the population. The basic features of the European definition by EMES are: (1) the

inclusion of an analytical approach developing organization typologies and changes with an emphasis on the development of their economic dimension; (2) the criterion of limits on private acquisition of profits (inclusion of cooperatives and mutual aid societies) (Laville et al. 1999).

According to EMES' researchers the Third Sector in Europe is associated with the expansion of public intervention because it is the source of a number of action models that generated public services. In addition, it has established a relationship with the market. The final outcome is a concept that emphasizes the intermediary dimension of phenomena referred to collectively as the Third Sector. Another distinguishing feature of European research is the emphasis placed on the fundamentally open, mixed, pluralistic, and intermediary nature of the Third Sector and a concomitant rejection of the notion of sectors so as to avoid creating the impression that there is a clear line of demarcation between, on the one hand, the marketplace, the political arena, and the community, and, on the other, the Third Sector. This pluralist vision leads to a Third Sector embedded in the framework of a three-polar system rather than understanding the Third System as juxtaposed to states and markets (Laville et al. 1999).

## Different Types of Nonprofit Organizations

Both at institutional and academic level, it has been recognized that NPOs have always existed, but since the beginning of the 1990s there has been a considerable surge of interest towards these institutions – which occupy the social space between the market and the state – due to the fact that they are on a constant increase all over the world and nowadays represent a key element in employment and social policies. At the same time it has also been underlined that these institutions have been variously known – according to the different traditions developed, over the years – as belonging to an ensemble of entities known as: the "nonprofit," the "voluntary," the "civil society," the "third," the "social economy," the "NGO," the "charitable" sector, etc. The different designations used for defining these organizations can be clarified looking at their origins and inner essence (Antonucci 2011). This section of the text reports on the different meanings and characteristics of the different appellations along the time.

### Charities (Religious Organizations)

Within the UK system, charities are voluntary bodies whose purpose is predominantly to benefit the community, not private individuals. Any private benefit must be incidental. There are thus three defining characteristics of charities: public benefit, independent governance, nonprofit distribution. A possible first legal framework can be found in the Act of Parliament of 1601 which reaffirmed the charitable framework in order to tackle postmedieval social and economic difficulties by harnessing the commitment of the public spirit (Fries 1999).

Nevertheless, charities are not specifically British organizations. The point is that the same analysis, as the one reported above referring to the UK can be made (obviously with different dates and Parliamentary Acts) for nearly all European countries, due to the fact that the definition of charity has ancient roots. It has always existed in Europe since the Middle Ages and, during the Modern Age, has been legally framed, up to the present time. Indeed, nearly all European countries have charities named for example *Instituciònes de Caridad* in Spain, *Associations Caritatives* in France, and *Istituti Caritatevoli* in Italy. They all have the same purpose and origin, and share, even in their names, the same root, which etymologically comes from the same Latin word *caritas*, meaning "unselfish love for God," and indicated all those entities, in the Middle Ages of a religious nature whose aim was to do charity work, that is to collect offerings for initiatives and actions to help the poor and homeless. Indeed, during the Middle Ages, the act of giving was seen not simply as an act towards the less fortunate, but rather as an act that earned, through the action of giving, "credits" from God for the afterlife (Landi 2014). In this sense, the institutions with religious roots that were created to help less fortunate people receiving free offerings can be seen as the "origin" of NPOs.

### Philanthropic Organizations (Foundations)

The term philanthropy, in the modern sense, was coined in England in the late eighteenth century, and is the son of the Enlightenment. It came from the search to use reason to solve problems and social needs, seeing in philanthropy a secular response to charitable movements led by religious sentiments (Gross 2003). In other words, a philanthropic organization has the same aims and purposes as a charitable one, but without having any religious aspect.

As in the above definition of charities, the same argument applies to philanthropy, whose etymology can be found in the Latin word *philantropus*, which in its turn derives from the ancient Greek words: *phileo*, which means love, and *anthropos*, meaning man. In synthesis, philanthropy means "unselfish love for man," being in this sense a word referring to a man that help men, without an ulterior sentiment towards God.

Thus, after the Enlightenment, from the end of the eighteenth century, philanthropic organizations spread both throughout Europe and North America. Once again the same origin can be found for words having the same meaning in different countries. In this case, there are no common definitions for the word philanthropy, but there are common definitions for the word philanthropist like *filántropo* in Spanish, *philantrope* in French, and *filantropo* in Italian.

The growth of philanthropy led to the creation of organizations that could work efficiently without the direct action of the philanthropist and thus also "survive" after his/her death, that is big, efficient organizations that could be autonomous from the philanthropist, equal in all respects to charities, but without any link with religion aspects, being rather a kind of "celebrative" organization of the action of the philanthropist. Therefore, over the years, there has been the creation of "foundations," seen precisely as institutions financed by a donation or legacy, given by the philanthropist, to aid less fortunate people or other important aspects of society, such as research, education, and the arts. Once again, since the nineteenth century, the "same" type of organizations has spread all over Europe and North America like *Fundaciónes* in Spain, *Fondations* in France, and *Fondazioni* in Italy.

### Voluntary Organizations (Associations, Mutuals, Unions)

By voluntary organizations the British usually mean those charities that form a distinctive part of the sector, defined by their public purpose as bodies serving the community, not just for private or personal ends. The Industrial Revolution prompted a new upsurge of not-for-profit activities in many new forms, included within the developing tradition of voluntary activity. Their essence lies in the context of the common law according to which citizens have a right to form associations without needing state authority. Voluntary bodies therefore need no permission to exist and, in fact, require no specific legal form (Fries 1999).

Again it is possible to extend the above reported considerations to all European and North American countries. The birth of voluntary organizations can be traced back to soon after the Industrial Revolution, when the main changes that were occurring into society forced the rising industrial labor force towards a new consciousness that led people to find new ways for mutual help. This assertion is supported by the fact that this period saw the birth of entities such as unions and mutuals. The term "voluntary" derives from the Latin term *voluntarius* which underlines "an action performed by interior impulse having full knowledge of the facts." In this sense the birth of voluntary organizations can be seen as a further change in the history of NPOs, with the birth of organizations of men who were looking for help/aid not through religious organizations or a philanthropist, but by mutual help. In this way there was the birth of a "new" giving, which was no longer a donation of money or goods, but rather a devotion of time, i.e., spontaneous work given to help someone else while expecting nothing in return, just doing it because it felt right to do so. As occurred for the philanthropists who created the foundations, people created by themselves, together with the mutuals and unions, the basic and simplest element of NPOs, that is the association, which needs no legal permission to exist. Indeed, the origin of the word association

can be found in the Latin term *associare* meaning "bring together, be together." Once again the common basic elements of voluntary associations in Europe and North America can be seen in that, after the Industrial Revolutions – which occurred in different periods in different countries – there was the birth, together with unions and mutuals, of similar bodies that also have in common, corroborating the abovementioned observations, also the same etymology. For example, *Asociaciones de Voluntariado* in Spain, *Associations de Volontariat* in France, *Associazioni di Volontariato* in Italy.

### Social Economy Organizations

Social Economy is a specific locution derived from the French term *Économie Social*. The origin can be traced back to by the French liberal economist Dunoyer, who, in 1830, wrote two volumes on the *Économie Social* entitled New Dissertation upon Social Economy (*Nouveau traité d'économie sociale, ou Simple exposition des causes sous l'influence desquelles les hommes parviennent à user de leurs forces avec le plus de liberté, c'est.-à-dire avec le plus de facilité et de puissance*). In considering the concept of Social Economy, the same assumptions can be made as mentioned above for the birth of philanthropy after the Enlightenment, also considering the fact that France was its birthplace. Given its French origin, the social economy model grew mainly in French-speaking countries during the end of the nineteenth and early twentieth centuries. The 1980s saw a new impulse in France, with the modification of the French Act on Non-Profit Institutions and then, in 2004, with the creation of the Regional Chamber of Commerce for Social Economy (*Chambre Régionale de l'Économie Sociale et Solidaire*). This new input led to a reframing of the concept, also at an academic level, in other European countries and Canada.

The redefinition of Social Economy describes it as an area consisting of: cooperatives, mutuals, associations, and foundations engaged in the production of goods and services, with no purpose of the owners' enrichment, but instead having objectives of sharing and solidarity, being engaged in activities such as local development, reemployment, and the fight against exclusion. The definition Social Economy indicates the various entities that are part of it, underlining their own codes of conduct and their governance, which are far from the business sector ones (Baulard 2008).

The definition of Social Economy would have remained a niche of French-speaking countries if it had not been for the fact that, since the end of the 1980s, it has been (thanks to the French inputs) the basic definition within the European Union (EU) for classifying, the organizations that occupy the space between the market and the state. The EU arrived in 2000 at the creation, within the European Commission, of the *Conférence Européenne Permanente des Coopératives, Mutualités, Associations et Fondations* (which later became Social Economy Europe), thus making the concept of Social Economy the first attempt, at international level, of framing within a specific sector all the different realities working in the space between the state and the market.

### Nongovernmental Organizations (NGOs)

Article 71 of the United Nations Charter signed in 1945 states "the Economic and Social Council may make suitable arrangements for consultation with nongovernmental organizations which are concerned with matters within its competence." This statement represents – although some preliminary locutions can also be found in previous documents of the early 1940s (Olivo 2007) – the first recognition of nongovernmental organizations widely referred to simply as NGOs.

According to the World Bank Operational Directive 14.70, "NGOs include a wide variety of groups and institutions that are entirely or largely independent of government, and characterized primarily by humanitarian or cooperative, rather than commercial, objectives. (. . .) Although organizations such as universities or research institutes may be nongovernmental, this directive refers principally to private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development" (World Bank 1989).

Irrespective of the chosen legal form, the distinctive feature of an NGO is the complete detachment from the government – actually not from "any" government but, at least, from the government of the places in which they run their activities – together with the field of activity focused on basic services and community development or advocacy like in the case of environment protection, human rights, etc. A specific and distinctive feature can be seen in the fact that NGOs – when they are not international ones engaged in advocacy – mainly operate in developing countries and have, in many cases, a registered office in a European or North American country. Considering also the period in which the first formal definitions appeared, at the time of the end of colonialism, they are the organizations that initially represented the voluntary action of people linked with a developing country but detached from its government. This might also explain why all the abovementioned definitions were made before the twentieth century in European and North American countries while NGO is a "modern" definition commonly used in all developing countries, which is why the World Bank is interested in collaborating with them, arriving in some cases to be used to define the whole sector of those organizations that occupy the social space between the market and the state.

### Nonprofit Organizations

The definition "Nonprofit Organizations" is recent and can be dated between the end of the 1980s and the early 1990s in the United States. Its derives from the fact that, while the interest in the broad range of institutions occupying the social space between the market and the state was increasing, there was also a growing need to name all the different relevant organizations, ranging from foundations to voluntary associations, as well as charities, NGOs, etc. In synthesis, it was necessary to find a label for all these different bodies, also considering the fact that, as shown in the first section of the text, the borders of a new institutional sector needed to be defined. The common point found was that all these institutions shared the main characteristic of having a no-profit purpose and were thus increasingly becoming known as "nonprofit organizations," The Johns Hopkins University Comparative Nonprofit Sector Project then led to the definitions described in the first section. Therefore, while in Europe the concept of Social Economy was rediscovered, in North America the whole category was named "Nonprofit Sector" and a nonprofit organization was identified as having the characteristics initially described by Salamon and Anheier. An aspect that corroborates this is that Weisbrod, in his initial publications in the 1970s regarding the essence of NPOs, entitled his works "Theory of the Voluntary Nonprofit Sector" while his comprehensive publication in 1988 was entitled "The Nonprofit Economy," recognizing that "Nonprofit" was the correct label to identify all the different organizations.

### Civil Society Organizations

"Civil Society Organization" is a very recent definition that can doubtless be attributed to Salamon and Anheier and their work entitled "The Civil Society Sector" (Salamon and Anheier 1997). According to the authors, the civil society sector is composed by the plethora of private, nonprofit, and nongovernmental organizations which have emerged in the second half of the twentieth century in virtually every corner of the world to provide vehicles through citizens can exercise individual initiative in the private pursuit of public purposes. Organized private voluntary activity, the proliferation of civil society organizations, that may turn out despite earlier origins represent the greatest social innovation of the twentieth century (Salamon and Anheier 1997) In synthesis, at the end of the 1990s, Salamon and Anheier – who originally gave full recognition to the definition "Nonprofit Organization" – coined a new definition, useful to indicate the new institutional sector, which was still not well highlighted in the national accounting systems of different countries, recognizing that although these entities had always existed, they required a different, specific framework and labeling because, during the twentieth century, a large number of them had sprung up all over the world, bringing them to be one of the biggest "innovators" in the social field.

In a certain sense it can be said that, after having spent nearly 10 years studying NPOs around the world in the context of the Comparative Nonprofit Sector Project, the two authors found that the "simple" characteristic of being nonprofit seeking was not sufficient to explain the whole "new" set of institutions, in all its diversity of interested groups engaged in creating the networks of civic engagement that produce and enforce communal values and notions of trust so necessary for cooperation and civil life (Salamon and Anheier 1997).

### Third Sector Organizations

The above descriptions for nonprofit organizations and civil society organizations relative to the necessity to determine a label defining a new institutional sector can also be made for the definition "Third Sector Organization," seen as an organization belonging to an institutional sector that occupies the social space between the market and the state.

The difference is that, unlike the other two above described definitions, it is impossible to identify a clear origin for this one. However, an advantage in the use of this definition is that it exists in both North America and Europe. It seems that, like the invention of the wheel, the simplest definition of an organization belonging to a "third" sector has been made in different ways in different situations. In fact, it is the "simplest" one given by the "invention" of a *tertium non datur*, i.e., since these organizations belong to a different sector from the other two, the simplest definition was to call it "third."

## Conclusion

According to definitions given in this entry considering definitions both by international institutional organizations and by academic researchers, NPOs belong to a specific institutional sector situated between the state and the market. They (1) cannot distribute any profit; (2) are involved in the production of public goods with the aim of answering market failures not solved by the public system (government failures); (3) in many cases are eligible for special tax advantages; (4) are private self-governing organizations with specific governance rules; (5) in many cases can have voluntary workers.

Moreover, it is not compulsory for them to have a legal recognition (e.g., voluntary associations), but they may have specific legal forms (e.g., foundations). They can be engaged in one or more of the following fields of activity as defined by the ICNPO: (1) culture and recreation; (2) education and research; (3) health; (4) social services; (5) environment; (6) development and housing; (7) civic and advocacy; (8) philanthropic intermediaries; (9) international; (10) religious congregations; (11) business and professional, unions; (12) other.

The ensemble of NPOs is composed of a bewildering array of entities, such as hospitals, day care centers, universities, social clubs, sports clubs, grassroots development organizations, environmental groups, self-help groups, religious congregations, job training centers, human rights organizations, and community associations variously known as belonging to differently named sectors according to specific traditions and countries. At last, different terms along the time in different traditional and cultural context have been coined to name all the different typologies of organizations.

## Cross-References


- ▶ Budgeting for Nonprofit Organizations
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Differences Between Nonprofit Agencies and Membership Associations
- ▶ Economy and Nonprofit Sector
- ▶ Environmental Nonprofit Organizations
- ▶ Government and Nonprofit Relationships
- ▶ Philanthropy and Nonprofit Organizations, Russia
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Religion and Nonprofit Organizations

## References

Antonucci G (2011) Prime riflessioni sulla individuazione di un framework nelle aziende del terzo settore. Franco Angeli, Milan

Baulard F (2008) L'economie sociale et solidaire: identite, dynamique et enjeux de l'observation, pre-acts – 6th annual international conference of Territorial Intelligence – caENTI – October '08. Available at://www.territorial-intelligence.eu/besancon2008/blog/wp-content/uploads/2008/10/b08-a24c-57-paper-baulard-fr.pdf. Accessed 18 Dec 2016

Fries R (1999) Keynote speech: charity and the charity commission. Int J Not Profit Law 2(1). Available at http://www.icnl.org/research/journal/vol2iss1/a_2.htm. Accessed 6 Jul 2017

Gross RA (2003) Giving in America: from charity to philanthropy. In: Friedman LJ, McGarvie MD (eds) Charity, philanthropy, and civility in American history. Cambridge University Press, Cambridge

Hansmann H (1980) The role of nonprofit enterprise. Yale Law J 89:835–901

Hansmann H (1987) Economic theories of the nonprofit sector. In: Powell W (ed) The nonprofit sector. Yale University Press, New Haven

Landi F (2014) Il tesoro dei regolari. L'inchiesta sui conventi d'Italia del 1650. Clueb, Bologna

Laville JL, Borzaga C, Defourny J, Evers A, Lewis J, Nysens M, Pestoff V (1999) "Third system: a European Definition" in the enterprises and organizations of the third system: a strategic challenge for employment, CIRIEC, within the pilot action "Third System and Employment" of the European Commission. Available at: http://www.uv.es/uidescoop/TSE-DGV-CIRIEC-Full%20text-English.pdf. Accessed 18 Dec 2016

OECD (2003) The non-profit sector in a changing economy, © OECD. Available at: http://www.oecd.org/leed-forum/publications/The%20Non-profit%20Sector%20in%20a%20Changing%20Economy.pdf. Accessed 18 Dec 2016

Olivo M (2007) Evolution on the term non governmental organization (NGO). Revista Venezolana de Anális de Coyuntura XIII:2, Universidad Central de Venezuela

Salamon LM, Anheier HK (1997) The civil society sector, society – special feature – Jan Feb 1997, pp 60–66

Salamon LM, Anheier HK (1998) Social origins of civil society: explaining the nonprofit sector cross-nationally. Volunt Int J Volunt Nonprofit Org 9(3): 213–248

Salamon LM, Sokolowski SW (eds) (2010) Global civil society: dimensions of the nonprofit sector, 3rd edn. Kumarian Press, Greenwich

UNO (2003) Handbook on non-profit institutions in the system of national accounts studies in methods series F, no 91. Handbook of national accounting. United Nations – Department of Economic and Social Affairs Statistics Division, New York

Weisbrod BA (1988) The non-profit economy. Harvard University Press, Cambridge, MA

Westall A (2004) Evaluation and third sector programmes. In: Evaluating local economic and employment development: how to assess what works among programmes and policies. OECD Publishing, Paris

World Bank (1989) Involving nongovernmental organizations in World Bank-supported activities. Operational Directive 14.70. Available at: www.gdrc.org/ngo/wb-ngo-directive.html. Accessed 18 Dec 2016

# Delays in Litigation of Judicial Administration in Bangladesh

Abdur Rahman (Zibol)
The Supreme Court of Bangladesh, Dhaka, Bangladesh

## Synonyms

Litigants or Disputants

## Definition

Delays in litigation refers to the degree to which litigants must wait too long, and pay too much, to resolve their disputes which stained to the administration of justice to meet out as promptly as possible.

## Introduction

The provisions of Article 31 and 35 denotes the fundamental rights as guaranteed in the Constitution of the People's Republic of Bangladesh to have a speedy and fair trial in judicial proceedings. Delays in litigation are blight or disease in all the judicial administration. Lawyers preference a delay in litigation as a professional disease or as a privileged anecdote. Access to a reasonable hearing is not a shaggy dog story. Most lawyers and judges familiar with civil or criminal trial practice

agree that the most critical problem is a delay in either trying or disposing of the cause. Judiciary does not work as a single device but a mixed mechanism of linking administrations likely police, land, health, local government, and public administration as well as the people at large. Problems of delay in judicial administration now have been emerged as a national crisis in Bangladesh. This crisis has a multiplier impact negatively on public and social governance. There should be a thorough research study on delays in specific to establish good judicial activism. On this backdrop, the present study to minimize or eradicate the delays in judicial administration aims at (i) analyzing the reasons of delays, (ii) evaluate the problems identified by law commission, (iii) exploring the current status of the delay, (iv) identifying the problems in ensuing delays, and (v) suggesting measures to minimize the existing problems.

Multiple methodologies will be used in this study to ensure its validity, reliability, and objectivity. These primarily include (i) case study; (ii) experts' consultation; (iii) content analysis like books, Internet, newspapers, journals, statutes, charters, law reports, judgments, minutes of judicial conference, and researches on judicial reforms; (iv) observation and participatory method, and so on. Delays in litigation are the violation of human rights and to minimize the alleged problem of administration of justice system, a new device needs to be chalked out.

## Case Study: Craving Justice Crying Silently!!!

Most of the researches and books raise finger as to delay reasons mostly in the civil litigations over the criminal cases. But I dare to say that one-year delay in criminal cases is more crucial than five-years delay in civil cases, because of proving the criminal case largely depends upon the ocular witness than to documents of civil suits. Moreover, painful experiences of custody in a jail in case of innocent persons should also be considered as there are huge false cases in our jurisdiction. The prison in our country is the factory of violation of human rights. Both cases are important because one case gives birth to other cases among the parties or witnesses.

## Cases in Point

i. One newspaper which is popularly known as "Bangladesh Protidin" has published a report on 09.09.2016, Friday, stating that the trial of 35 woodcutters has not been completed in 20 years. Facts leading that on 10 September 1996 in the deep forest of Pakuakhali of Longadu-Baghaichhary Boarder area under Rangamati District the terrorists captured 36 (thirty-six) woodcutters and tortured them inhumanly by tying their hands, legs, and eyes for 3 days and then one Younus Ali had been able to flee away and having information from him the police rescued 28 person's dead bodies and other 7 dead bodies were not found. The heirs and relatives of those 35 victims are crying for justice in the long run of 20 years and it is uncertain when they will get justice.

ii. Zasim who worked in Qatar as a driver is an accused of a murder case and his relative Mr. Monirul Islam came to me and told that one person was killed at night near about the house of Zasim's previous wife in 1996 and thereafter case was lodged against unknown persons and after investigation three persons were implicated including Zasim. As per his version, the relatives of his previous wife implicated him by managing the investing officer and Mr. Monir produce some documents where I found the Sessions case No.1169 of 2001 is pending in Dhaka Court. Thereafter, I inspected the case record where I found that the case has been renumbered as Sessions Case No.11 of 2016 and still pending for further witnesses and it is also uncertain when the justice will meet with the departed soul of the victim.

iii. **A civil suit:** While I was posted as assistant judge of Shahjadpur Court, Sirajganj, then

I dare to dispose of a civil suit of 1940. I have delivered the judgment of the said suit in 2008 and at that time I called the parties before pronouncing judgment and did not find the original plaintiffs/defendants and their sons/daughters but found the grandsons of both parties. Thereafter, I have collected information for this write up that the same case is pending in appeal.

## Causes of Delay Identified by the Law Commission of Bangladesh

The Law Commission of Bangladesh is established under the *Ain Commission Ain*, 1996 (Act No. XIX of 1996). This commission acts on research to identify the reasons for any defects of law or proceedings and suggested measures of the loopholes for enacting the new law, but its suggestions seldom followed by the lawmakers. However, the commission pointed out some reasons for the delay in disposal of cases in the subordinate courts only, which cover both procedural as well as practical loopholes.

These are as follows:

(a) The abundant number of cases in the subordinate courts.
(b) Absence of a specialized court.
(c) Defects of procedural law.
(d) Lack of dutifulness of the judge.
(e) Lack of effective monitoring in the judicial system.
(f) Noncooperation of the lawyer.
(g) Problems in serving process, e.g., summons, warrant, etc., the chance of amendment of plaint and submission of supplemental written statement, and chance of prayer of unconditional interlocutory orders.
(h) Scarcity of logistics of the judges.

However, the law commission is either silent or ignore the matters of stay of litigations by the higher court and accountability of the judges and lawyers which at present is considered phenomenal causes of delays in litigations.

### The Roots of the Problem

It is patently unfair to require a litigant to wait years longer for a decision. The standard legal process need not consume so much time. Legal scholars should identify the roots of the problems to eliminate or minimize them. The following factors are principal causes of delays in litigation:

(i) lack of accountability of the judges and lawyers; (ii) dependency of Judiciary upon other administrations of the government; (iii) the unsystematic management of the judicial administration; (iv) increasing litigations tremendously; (v) the philosophy of procrastination of many judges, lawyers, and one side of litigants; (vi) the priority of trial over compromise; (vii) the loopholes and complexity in the procedural law, and (viii) limitations of the judges and lawyers as well as the lawmakers.

## Reasons of the Problems

### Lack of Accountability of the Judges and Lawyers

Lack of accountability in judicial activities by the judge and advocates caused several factors coupled with the undesirable delays in litigation. The judge and lawyers are not willing to make their staffs and clerks accountable or they could not do this respectively. Lack of accountability in the judiciary paves the way to generate dysfunctions, transparency crisis, and corruption and destroys the fundamental rights resulting in injustice everywhere.

## Dependency of Judiciary upon Other Administrations of the Government

The paramount problem of the judicial administration is to depend upon the other administrations of the government like police who get the vital responsibilities of recording and lodging cases, inquiry, investigation, arresting criminals, giving an expert opinion as to hand-writing/thumb impressions, servicing summons and notices as well as conducting general register cases and giving evidence as witnesses before the court but

their conduct and competency do not ensure to make the speedy and sound judicial process. Another administration of health where the doctors take part in giving injury certificate, examinations of victims, and making postmortem and giving evidence before the court, but their report and availability before the court caused the delay in cases.

## Unsystematic Management of the Judicial Administration

There are two basic streamlines of litigations likely civil and criminal but the judges (including magistrates) have to deal with the proceedings on both sides. The judges have minuscule scope to become expertise even on one side of the vast area of law. A judge is sitting on the chair without proper training resulted in mismanagement of court time, advocates, clients, and staff engaged with the legal proceeding. In Bangladesh, judges have to take training after the appointment and posting and they have to work for nonjudicial activities like staffs' appointment, Nejarat, record room, and coping department within the scheduled time of the court and also lack of logistic supports of judges and sudden transfer without giving posting to another judge there in time cause delay in litigation.

## Increasing Litigations Tremendously

This is a common phenomenon in all jurisdictions of the judicial administration. Peoples' intolerance, interests, and craving to be profitable by dint of any means creating a violation of fundamental rights are paramount factors of arising litigations. More than 80% civil nature cases arising out of the misdeeds the land administration likely Survey Department, Assistant Commissioner (Land) Office, Tahshil Office who mainly work for the record of rights and another malefactor office for registration of deeds where inefficient deed writers, touts and Dalal are available to make mistake and creating false documents beyond mismanagement of Ministry of Land and Law. Besides, civil nature cases also increasing surprisingly due to the authoritative corrupts of various departments of the government due to mala fide, illegal, arbitrary, and inefficient orders relating to the appointment, posting, transfer, and promotion. On the other hand, more than 90% of criminal nature cases are arising out of civil nature cases due making harassment upon the opponents or even to the witnesses and supporters who are willing to establish their civil and political rights at large. It is also important to note that the present village politics and Shalishders of the rural or urban area are malefactors of creating many civil suits and criminal cases. Increasing litigation creates backlog and backlog also creates new litigation.

## Philosophy of Procrastination of Judges/ Lawyers, Etc.

Philosophy is being established by nature, the mentality of the people, and the historical background of the jurisdiction. The legal system of Bangladesh has been oriented from the common law culture. Common law with its adversarial or accusatorial topographies has both its advantages and drawbacks. Some judges and lawyers as well as litigants have led our judiciary to a situation where its demerits are ruling over the merits, manifesting in crippling logjams and delays. Due to procedural law and backlog in the court, the judges and advocates have to take times to cover the stages of trial and traditions buildup that the summons and notice would not be served out in time and the rich party in the case is always tried to consume time to make harassment upon the poor. Finally, justice fails to pay even the winning party of the case, for its costs in terms of time, money, energy, and human emotions are too high.

## Priority of Trial over Compromise

The lawyers and one side litigants are very much willing to go for trial. In civil suits there is a landmark provision for compromise under

section 89A and 89B of the Code of Civil Procedure 1908, and the Judicial Administration of Bangladesh is trying to establish the Alternative Dispute Resolution popularly known as ADR and some visible contribution is seen by the utmost trying of judges, the reluctance of the advocates is also remarkably seen not to compromise. In criminal jurisdiction there are also provisions for summary trials against petty offenses and compromise under sect. 345 of the Code of Criminal Procedure, 1898, in case of certain offenses, thus the judges and advocates both are reluctant to make compromise over the trial.

## Loopholes and Complexity in the Procedural Laws

The provisions of the procedural laws are not properly observed and leaves room to escape speedy disposal for loopholes and complexity in procedural law. Parties showed disinterest to pay requisites fees after filing litigations, so that the summons to the defendant is not served in time. The defendants try to avoid taking summons and notice by managing the process server who has many pretense likely parties not found, and address incorrect and huge workload not to serve the summons in time. Lack of inside discipline and accountability of the judges and lawyers as well as the unwillingness of the judges, emphasized by their statutory noncompulsion, to use preexisting rules and orders to expedite the trial, or to sanction the parties for failing to follow the procedural requirements, meaning that the judges do not take enterprise to employ procedural power already within their grasp, nor do they kind to use of their inherent rule-making authority to accomplish procedural efficiency. Moreover, our procedural laws license taking recurrent adjournments by both parties of the litigation and making interlocutory prayers, orders, and appeals/revisions which fracture the case into many parts and effectively stay the trial. The advocates also have charades to give no confidence upon the judges which also accelerate the cause of delay.

## Limitations of the Judges/Lawyers and the Lawmakers

Limitation as to incompetency inherently developed in judicial administration due to improper appointment, training, dependency, and lack of adequate knowledge to the assignment, which largely depends upon the ignorance of the persons in post and position. It is important to mention that ignorance of the judges is the calamitous for the people.[2] There are serious loopholes in the lawmaking process in our country which priorities one person's will over common people's will and interest as such, which resulted from incompetency or loyalty to the power that makes bad laws for us. The judges and advocates are failed to transform themselves into proficient and accountable ones and they are becoming busy with their petty personal interest in coping with politics so that public interest so far as relates to the litigations suffered immensely.

## Suggestions and Recommendations

Our judicial administration is swimming into a wide scope of corruption which correlates with political influences in respect of appointment, posting, promotion, insufficient salary, and logistic supports. Due to the squat of moral courage and spirit, a judge of the administrative tribunal cannot execute a decree against the law secretary to avoid his harassment. Moreover, the inefficiency of judges, advocates, and prosecution teams as well as nonco-operation of the other administrations connected with the judicial proceedings cause failure to get an easy, speedy, and cost-effective result in the cases. Delay in the judicial process makes the foundation of backlog; rising backlog puts incredible stress on present cases and vice versa. The present rate of disposal of cases and backlog is shocking for judicial administration, rule of law, good governance, and economic progress of the country. Under the present judicial system, the fruits of justice could be enjoyed only by those who could afford its costs. Some suggestive measures are given below to be taken in to account for a

healthy judicial administration in Bangladesh perspective:

## Digitized Judicial Administration

Digital Judicial Administration can make the judiciary more effective, accountable, and transparent. The advocates must file two sets of plaint/complaint, i.e., one as hard copy and another soft copy through online. The judges should forward gist of every order through the website against every case. The interested person can find out the case, order, and current position of the case through the special website of the concerned court without depending upon staff, clarks, and advocates. The parties have to pay enough money to inspect the documents and to have a date of the case. Sometimes failure to get up-to-date information interlocutory matter arises in civil suits and the bail being canceled due to nonappearance of the accused. The public witnesses can get summons through the website of the court. The up-to-date information of the cases will be visible in the website of the court concerned. Even the court may arrange virtual hearing in case of emergency. So, digital judicial administration may minimize unnecessary delays.

## Judicial Administration Should be Separated

A separate administration of the judiciary may be a way out in coping with the present backlogs of litigations. This may happen in the following ways:

a. An exclusive secretariat under the authority of the supreme court having power of transfer and recommendation of promotion of the judges of the subordinate judiciary.
b. The judicial service commission should have the power of recommendation to the appointment of additional judges to the high court division.
c. Top to bottom two divisions of judiciary, i.e., (i) criminal division includes magistrate, joint sessions judge, additional sessions judge, sessions judge, criminal division of the high court, and criminal appellate division; and (ii) civil division includes assistant judge, joint district judge, district judge, civil division of high court, and civil appellate division.
d. There shall be a chief justice of Bangladesh having only supervisory power over the whole judiciary including power of supreme judicial council without power of hearing of judicial proceedings.
e. The service age of the judges should be enhanced, because the judge while obtain maturity in exercise of judicial functions then leaving to retire life, or another job is not a proper justification at all.
f. A good number of judges should be increased and the salary of the judges should be amplified to attract the commendable persons to this career.

## Effective Procedure for Service of Summons

There are many interesting chronicles as to serving of process. The service of summons or processes is not properly got outcome due to procedural technicalities under the prevalent system of the judicial administration. Moreover, the postal system of our country has got failure and not effective enough in providing its service in time. So, there is a patent need to transformation the present system and to incorporate a new dimension of service of summons or process. The following steps may be taken into consideration:

i. The village court/office of councilors can play a vital role in servicing summons as they are well known to the locality.
ii. The parties should submit two sets of summonses or notice and the process server, or assigned police will deliver one copy in the office of the village court/councilors instead of the post office as the postal department has already lost its confidence and another will be served by himself.

iii. Provisions should be incorporated to increase the transport costs for the process server and to make them responsible for the failure of service within the stipulated time.
iv. Government-oriented Internet or cyber network access should be adopted in every stage of the service of summons or process.
v. The parties should endorse their cell numbers and e-mail address for subsequent communications in respect of suits/cases.

## Increasing Court/Process Fees, Etc.

The parties in litigation have to pay unlimited money in a proceeding, whereas the government got not more than 1% cost of the proceeding. The following examples are open secrete to everyone as-.

i. In a mutation proceeding the government at present will get Tk.250/=(taka two hundred and fifty) only as per the circular of 2010, but the parties have to pay Tk.5000/=(five thousand) to unlimited figures and the mutation proceeding must be completed within 45–60 days.
ii. In filing general diary in the police station party is bound to pay at least Tk.500/= (five hundred) and in case of lodging first information it depends upon the identity of the informant, but the government has no gain over the matters.
iii. In filing civil suit/petition of complaint the parties have to pay the seristader, peshker, and peon of the court concerned which is both limited and unlimited. It is also run till the disposal of the litigations.

It is mentionable that parties in the proceedings are very much willing to pay the right amount through ethical ways, but they have to pay more and more amount in an unethical way which also tortured them mentally a lot. So, it is important to increase all kinds of fees to introduce digital judicial administration and to give effective facilities to persons engaged in the proceedings without imposing a burden upon the government.

## Opportunity for Amendment of Pleadings and Adjournments Should be Limited

Amendment of pleadings is a necessary step in case of civil suit. Thus, sometimes amendment of pleadings occurs due to lack of documents of the parties, and ineptitude of the advocates, or the advocates take the adjournments mostly depending upon their busy schedule, or by the government's pleader. There should be a demarcating time within the period of which pleadings may be amended and no adjournment should be granted at the trial stage except on unavoidable grounds.

## Early Disposal of Interlocutory Matters

Appeals or revisions against interlocutory orders which hold up the progress of civil suits and report of expert and publication in newspapers in certain criminal proceedings in lower courts should be given precedence over all kinds of works other than that of an especially urgent nature, and every endeavor should be made to dispose of such appeals or revisions quickly. There is another barrier to early disposal of cases due to stay by the higher courts. So, it must take into consideration of stay at least against order be disposed of as early as possible.

## Examination and Cross-Examination on the Same or Consecutive Day

The examination-in-chief and cross-examination of the witnesses are fundamentals of trial. The appeared witnesses must be examined on the same date and the witness should not go unexamined as it is very troublesome to make the appearance of the neutral witnesses. It is the mandatory provisions that the examination-in-chief of a witness shall be recorded on affidavit. There are straightforward provisions in the procedural law that examination-in-chief and cross-examination of a witness must be completed on the same day or the consecutive day. Thus, the

very provisions are rarely applied in the court due to a pile of cases for witnesses. There should have recorded and printing versions of evidence to avoid tempering in the record by any troublemaker and to avoid applications of recalling witnesses.

## Compulsory ADR Mechanisms

The modern world has attracted seriously upon the process of the mediation, arbitration, and alternative dispute resolution for speedy disposal of cases. In Bangladesh, the Code of Civil Procedure adopts Alternative Dispute Resolution (ADR) mechanisms in Sections 89A to 89C as to mediation and arbitration. It is observed that the parties to the suit are quite ignorant about ADR mechanisms and the advocates are not willing to encourage their clients about ADR owing to the loss of their financial interest. The ADR experiment in many countries reveals that ADR is the only mechanism, which settles down the dispute at the early stage of proceedings and prevents lingering of suits before entering into the trial stage. ADR works like an antibiotic against the long process of disposal of suits. ADR also provides a win-win situation among the litigants. For effective ADR mechanisms, the government should take initiatives to give benefit to the advocates and make a rule to return the court fees to the party concerned and it must be compulsory in every civil suit and case of compoundable offenses of criminal proceedings. Moreover, the advocates and the village courts can play a vital role to prevent pretty cases by adopting pre-dispute resolution, conciliation, and mediation between the interested parties. A single step may make a giant step in future.

## High Court Rules and Order/CRO Mechanisms

The high court rules and orders, criminal rules and orders (CrRO) as well as civil rules and orders (CRO) regulate the official as well as private conduct of the judges and to some extent of the advocates. Most of the high court judges and subordinate judges do not follow the sessions time of court as per the said rules. The advocates are also reluctant to submit Hazira intime according to the instruction of the aforementioned rules and orders. Moreso, the authority concerned must transmit and communicate the records on call for within the stipulated time as ordain in the rules for early disposal of the issues in question. A dynamic and up-to-date version of both can play an effective role in facilitating speedy and early disposal of suits.

## Accountability of Judges

A judge is accountable to his superior authority. The hierarchy of the courts designates the accountability of the judges of the subordinate courts. The supreme court has superintendence and control over high court division and the later possess the same power to all courts and tribunals subordinate to it. The subordination of the courts signposts that the district court is subordinate to the high court division and every civil court of a grade inferior to that of a district court and every court of small causes is subordinate to the high court division and district court I respect judicial activities as well as annual credentials of the judges concerned. Every judge (including magistrate) has to prepare and submit a monthly or weekly statement of his judicial functions which contains a column of disposal of suits/cases. Misconduct of the judge is a common phenomenon, though there are provisions to make the judge liable to departmental proceedings under relevant service rules. The accountability of the judges must contribute to the huge disposal of cases. The accountability provisions in the service of a judge may be said to be better standing if it is properly implemented. The endorsement of accountability may, however, be well thought out in the following perspective:

a. The judge having dual jurisdiction, i.e., civil and criminal should include a certain number or percentage of disposal of civil suits in his monthly or weekly statement, failure to which makes him liable.

b. The judge's monthly or weekly statement should include a column of disposal of suits through ADR.
c. Regular and timely visit by the superior judicial officer over the inferior courts may ensure the accountability of the judges of the subordinate courts.
d. Annual confidential report (ACR) should be made the main basis for the promotion of a judge. There should have a cross-mechanism of checking the ACR and then it should be considered a fundamental basis for promotion, or elevation for the administrative, or any vital judicial posts, e.g., district judge, chief judicial magistrate, and chief metropolitan magistrate, etc.
e. The ranking of the merit list of a judge at the time of appointment should not be the only basis for promotion.
f. Evaluation of conducts of judges by the senior lawyers also may be counted at the time of promotion and or any post of administrative in nature.

## Accountability of Advocates

Unlike judges, there are little accountability provisions for advocates. The Bangladesh Legal Practitioners and Bar Council Order 1972 established the Bangladesh Bar Council which is the controlling and supervisory authority of the legal profession. The Bar Council provides an advocacy certificate to be enrolled as an advocate and administers professional conduct of the advocates. According to the said order, an advocate may be warned, suspended, reprimanded, or removed from practice if he is found guilty of professional misconduct by adopting the process of referring such an allegation of misconduct to the tribunal constituted by it. The Bar Council runs by the elected members from the advocates having its secretariat; consequently, there are, however, the little instances where an advocate had been warned, chastised, or suspended or removed from practice for his professional delinquency. Although, there is a spiraling feeling among the litigants that the advocates are free from accountability and once a case is handed over to them, they may conduct the case whatever means they like. There is no strong and transparent watchdog mechanism to ensure the accountability of the advocates. The Bar Associations are doing nothing but to help preserve the financial interests of the advocates. So, durable transparency and accountability instruments over the advocates may be projected to ensure effective administration of justice. The following acclamations may be well thought out for that purpose:

i. The Bar Council should be the center for ensuring transparency and accountability of the advocates. There should be brought a holistic reform to make the institution watchdog machinery, and its functions should not be limited only to issue bar certificates.
ii. The council should be as institutionalized as a board or university which would regulate and approve the curriculum and administration of the law colleges of the country.
iii. The District Bar Associations should be brought under the actual administrative control of the Bar Council.
iv. After obtaining a bar certificate, an advocate should go in for several efficiency tests based on which his gradation and category are to be determined.
v. An advocate should always vigilant to the practice and he has to prepare and submit a monthly statement of his professional works to the Bar Council through the president of his own Bar Association, which must include disposal of suits in the month conducted by him and which must also include a column of disposal of suits through Mediation or ADR.
vi. Every advocate should have to maintain his tax file and the Bar Council should have to scrutinize and make effective the provisions of professional misconduct in consonance with time and necessity.
vii. Since the administration of civil suits is complicated, involve different branch of laws, and many cases of delay occur due to mistakes or ignorance of the advocates, an advocate who arrived at a certain period of

experience and who obtains a specific grade standard should be permitted to conduct civil suits.

viii. The Bar Council should adopt measures for training to the newly enrolled advocates and after 10 years of practice evaluation of a process for professional conduct and etiquette of the advocates in general.

ix. The Bar Council must come out from political differences to regain its autonomous and independent character as to discharge its duty to protect, preserve, and defend the constitution.

x. The Bar Council should maintain a digital database for every advocate in respect of his provident/contributory funds, fees, and welfare matters relating to health and pensions to make them loyal to the Bar Council.

## Accountability of the Legislature and the Executives of the State

The legislature is the supreme lawmaking authority and all the well-being laws make beneficial the executive and judiciary who has the implementing mechanism of the said law. Judiciary is not a single device but a mixed mechanism of linking legislature and administrations like police, land, health, and the local government. The administrative arbitrariness, unreasonable decisions, and *mala fide* activities violated the fundamental rights of the citizens. Therefore, the citizens ought to rely upon the judiciary which also mounted unnecessary burden upon the judicial proceedings in exercise of judicial review, administrative and civil suits. Moreover, political influences upon the judiciary, inefficient court management, tremendously increasing of cases, and lack of knowledge and accountability of judges, lawyers as well as the lawmakers prop up the causes of delay in litigation. The present judicial structure with existing loopholes in procedural law is not able enough in dealing with the present intricacy arising out of technicalities and intentional delays and practical obstructions.

## Accountability of the Attorney Service

Article 64 of the Constitution of the People's Republic of Bangladesh has established the post of attorney general for Bangladesh, thus no provisions for establishing any attorney service commission and the service of the attorney are depended upon the pleasure of the president, while the government pleaders (GP) and public prosecutors (PP) are depended upon the pleasure of the government and even there is no control of the judicial administration upon them. The temporary service terms already created many obstacles in the early disposal of cases. Moreover, the GPs and PPs did not produce the government's witness in time during the trial, consequently, delays occurred in the early disposal of cases. So, there should a nonpolitical Attorney Service Commission for Bangladesh and the commission shall have the power to nominate the attorneys, government pleaders, and public prosecutors and they will work as permanent judicial officers under the specific service rules and code of conduct bearing with accountability and responsibility as a whole.

## Processes of Land Survey, Mutation, and Registration Should be Updated

Most of the civil suits arise due to defective records of rights including mutation and land registration management. Differences in land portions between Cadastral Survey (CS), State Acquisition (SA), Revisional Survey (RS), and Bangladesh Revisional Survey (BRS) records often raise causes of land disputes. So, it is suggested to update the records which should be made by settling all claims of land records by way of the digital record management system, and by a competent body consisting of, inter alia, judicial personalities, or under the control of the judicial administration. The other important malefactor of increasing litigations is the registration process of deed. The inefficient deed-writers cause injury upon the title of the parties by inserting wrong Khatian/plot numbers or creating forged deed under the instigation of the bad persons of the society.

## Responsibility of the People

Bangladesh is the People's Republic, consequently, all the state organs are accountable to the people at large, thus being citizens of Bangladesh the people has simultaneous responsibilities as well as accountabilities to observe the constitution and the laws, to maintain discipline, to perform public duties, and to protect the public property (Article 21 of the constitution). Be that as it may, the people are not so concerned about their rights and responsibilities, accordingly, their little contribution caused huge embargo upon the judiciary in the dispensation of justice on a speed run. There is no provision of legal educations in the syllabus of secondary and higher secondary education like religious, social, or historical affairs. So, the government can consider the matter in question for building up awareness of the common people as to legal educations. A responsible person shall be vigilant to observe the laws of the country and his helping hand must create an endeavor to a speedy dispensation of justice.

## Ends Demanded Easy Access to Justice

Litigants' craving for justice ends into crying. Constitutional mandates as to fundamental rights have been ignored by our judicial administration. Easy access to justice is nothing but a chronicle of gold deer. However, to easy access and expeditious justice, it is essential to appoint meaningful oath-bound judges from the higher court to the lower courts. It is a matter of fact that the judges of the higher court are over and over again appointed on political contemplation. Due to mental spirit, most of the judges dare to come out of political influences to honor their oath. The judges of the lower courts also appointed by political considerations and they are not sworn with an oath. The aristocracy and discipline in the judiciary are not so high. As a result, the present emoluments of judges are so inadequate and the same do not attract competent people in the said posts to deliver a complete decision in the first instance. So, substantial reforms required to judicial administration in respect of judges' appointments, training internal and foreign posting rules and orders as well as procedural laws to have easy access to justice by the people at large.

## Conclusion

The catastrophe in the judicial administration of - Bangladesh has forgotten the well-known wise saying, "justice should not only be done, but it must also be shown to be done." Delays in litigation remain in the provisions of the procedural laws as well as longstanding practices in the courts, which are designed to aid the delay of cases and eventual success in the case often proves elusive justice. Be that as it may, a single contribution of accountability to create stainless judicial administration may lessen the agony of the litigant in getting proper justice. Every law has definite intention to minimize the difficulties and loopholes and ambiguities in law cannot be the only basis of delay in the disposal and the increasing number of disputes may be responsible for intensifying scope of mechanism which in fundamental nature persuade the parties to take advantage of such mechanisms with intent to cause a delay in the disposal of litigations. O.J Simpson case of the USA, in which trial spanned from November 9, 1994, to a verdict on October 3, 1995, and the case has been described as the most publicized and longest criminal trial in American history in terms of examination of witnesses in the trial. But in our jurisdiction on average a civil suit be ready for framing issues after 2(two) years and a criminal case be ready for framing charge after 1(one) year which initiates the trial. Delays of litigation in our judiciary have reached a point which stained the administration of justice to meet out the litigants to have a remedy as promptly as possible, and the same may be termed as a factor of injustice, and the violative of human rights. Praying for justice is the crying for the parties and becoming a part of a long, stretched, and torturing process and unknown to the ends of justice.

## Endnote

1. Belli, Melvin M. (1981) "The Law's Delays: Reforming Unnecessary Delay in Civil Litigation," *Journal of Legislation*: Vol. 8: Iss. 1, Article 2. Available at: http://scholarship.law.nd.edu/jleg/vol8/iss1/2
2. Rahman, Md. Azizur, Criminal Laws of Bangladesh (2012).

## References

DLR (1986) The law on injunction, Dhaka law reports. DLR Publications, Dhaka
Hoque, Kazi Ebadul (2003) Administration of justice in Bangladesh, Asiatic Society of Bangladesh
Hossain MS, Hossain MI (2012) Causes of delay in the administration of civil justice: A look for way out in Bangladesh perspective. ASA University Review 6(2, July–December)
http://www.bcjusticereview.org/working_groups/civil_justice/civil_justice.asp last visited on 10 Sept 2016
http://www.bangladesh.gov.bd/index.php?Itemid=137&id=58&option=com_content&task=view, last visited on 10 Sept 2016
https://www.litigationessentials.lexisnexis.com/webcd/app?action=DocumentDisplay&crawlid=1&doctype last visited on 10 Sept 2016
https://plagiarismdetector.net/ visited as well as checked by it on July 24–25, 2020
Islam, Mahmudul & Neogi Probir (2006) The law of the civil procedure. Mollick Brothers, Dhaka
Jason Ellis Anderson (2014) Washington Attorney – What are some delay tactics used by litigation lawyers to drag out a lawsuit? Written on 5 Nov 2014. https://www.quora.com, last viewed on 24 Sept 2016
Justice M.A. Matin (2019) Unwritten constitution of Bangladesh, published by Mullick brothers, first print in 2019, Dhaka, Bangladesh
Jain, M.P. (1972, Reprinted 1976) Outlines of Indian legal history, Bombay.
Kamal, Justice Mustafa (1994) Bangladesh constitution, trends and issues. Dhaka
Kulshreshtha VD (1968, Reprinted 1981) Landmarks in Indian legal and constitutional history. Lucknow
Law Journal, ASA Publications, Dhaka, Bangladesh. 110 ASA University Review, 6(2), July–December 2012
Moazzem Hossaain Vs. State (1983) 25 DLR (AD) 290
Professor M Shah Alam (2000) A possible way out of backlog in our judiciary-source. The Daily Star, Dhaka, 16 April 2000
Patwari, Mofizul Islam (1991) Bangladesh legal system, Dhaka
Rajasthan Electricity Board Vs. Mohanlal, AIR 1967 SC 1857
Siddique, Md. Abu Bakar (2009) The reasons for delay in civil litigation. Hatekhari, Dhaka
The O. J. Simpson murder case (officially the people of the state of California v. Orenthal James Simpson) (1994). https://en.wikipedia.org/wiki/O._J._Simpson_murder_case

D

# Delegation of Human Resource Functions: The Jamaican Public Sector Experience

Lois Parkes
University of the Commonwealth Caribbean, Kingston, Jamaica

## Synonyms

Delegated authority; Human resource; Public sector reform

## Definition

Assessment of the impact of the delegation of human resource functions on the quality of the delivery of human resource functions in the Jamaican Public Service context.

## Introduction

The Government of Jamaica, like many Commonwealth and other countries, has been undergoing significant public sector reform, starting in the 1980s. These reforms were aimed at dealing with the fallouts from loss of preferential trade markets, the impact of globalization, and the need to meet the demand for increased public sector efficiency and effectiveness. This process in Jamaica was accelerated in the 1990s, with the restructuring of the Cabinet Office, the formation of the Public Sector Reform Unit under this Office, and the creation of the first four Executive Agencies.

## Context

Given its Commonwealth history, the centralization of Human Resource functions of appointments, promotions, discipline, and separation under a variety of Services Commissions (the chief being the Public Service Commission) was a common feature of the public sector Human Resource System (Lalla 2006; OECD 2009). In keeping with the trends in public sector reform, decentralization was seen as one of the critical philosophies underpinning the reform process. The thinking behind decentralization was that:

1. Centralization separated decision-making from managers, particularly, Heads of Departments and Permanent Secretaries, which often led to decisions being made centrally, that did not take into account the real needs at the point of service delivery to public sector clients;
2. Centralization decision-making was often more time consuming and inefficient, leading to poor levels of productivity; and
3. With centralized decision-making, managers could not be held truly accountable for the delivery of results, which was necessary with the new emphasis on results-based management practices, that was also a key feature of public sector reform (Commonwealth Secretariat 2002; Polidano and Manning 1996).

Decentralization of Human Resource functions became a major feature of the Jamaican public sector reform process, and since 1999, the Government has embarked on the phased delegation of human resource functions under Section 127 of the Jamaica Constitution (Order in Council) 1962. This delegation was first to Chief Executive Officers of Executive Agencies, and soon after to Permanent Secretaries, and some Heads of Departments (Office of the Services Commissions 2000). Between March 1999 to December 2015, delegation of functions was granted to nine Chief Executive Officers of Executive Agencies, 12 Permanent Secretaries, and four Heads of Departments.

The Public Service Regulations (1961) outline the role and functions of the Public Service Commission. With delegation, most of the functions under the Public Service Regulations were delegated, except in relation to the office of Chief Executive Officer/Permanent Secretary/Head of Department as follows:

- Appointments, promotions, and assignment of employees
- Employee discipline
- Mandatory retirement of employees, as well as retirement on medical grounds and on the grounds of reorganization
- Selection of employees for training and study leave in relation to specific Ministry/Agency/Departmental needs

Functions that were also not delegated were retirement in the public interest, and selection of employees for training in keeping with public sector-wide needs and selection of employees for national scholarships.

In keeping with need to improve accountability for the management of these Human Resource functions, each Chief Executive Officer/Permanent Secretary/Head of Department granted delegated functions is required to sign an Accountability Agreement with the Chairman of the Public Service Commission. This Accountability Agreement outlines the functions delegated, the guidelines governing the management of these functions, how accountability will be maintained, and the performance standards expected to be adhered to. The Accountability Agreement is underpinned by a values framework, which links key values with the expected behaviors and performance standards. The key values underpinning the delegation of functions are as follows:

1. Fairness
2. Respect
3. Accountability
4. Merit
5. Equity
6. Integrity
7. Transparency

The delegation of functions also occasioned the reform of the Public Service Commission, and this

saw the introduction of new functions for the Commission. Chief among these are the auditing and monitoring of the delegated human resource functions, and the hearing of appeals against decisions taken under delegated authority. These are the main mechanisms by which the accountability for the delegated functions is achieved.

Between 1999 to 2015, over 60 auditing and monitoring reports were completed by the Office of the Services Commissions, the secretariat to the Public Service Commission. The data collection methods used for each audit were the review of personnel transactions, corporate reports and relevant minutes, interviews with key managers and union representatives, and surveys and focus group discussions with employees using random sampling.

As with all reform initiatives, there is an imperative to evaluate whether the aims of the reform have been met. In the case of the delegation of functions, it is important to answer the question of whether the delegation of functions led to increased efficiency and effectiveness in public service delivery. As it relates specifically to the human resource functions, it was equally important to assess whether the values and expected performance standards and behaviors have been adhered to. Central to the values is the maintenance of the merit-based Human Resource system, a major tenet of the Westminster model of government. There is also the need to assess what are the contributors to this reform's successes and pitfalls, and to determine the lessons learnt for other countries and future reforms.

This research paper is a meta-analysis of these reports. Using the functions delegated and audited, a thematic and trend analysis of the audit findings over the period. The central themes examined are:

- Appointments/Promotions
- Efficiency of the HR System
- Training and Development
- Separation (Retirement and Resignations)
- Management of Discipline
- Human Resource Records Management
- Communication of Staffing
- Performance Management

The main findings were:

a) Appointments/Promotions – Executive Agencies and smaller sized Ministries and Department generally exhibited more consistent adherence to the stipulated performance standards. These standards included filling of all entry-level appointments on a competitive basis, promotion of employees on the basis of open competitive processes, and employees meeting the basic qualifications requirements for the positions in which they were employed. Larger Ministries generally had more breaches of these standards; however, breaches over time did not occur in the majority of appointment and promotions. Additionally, the period also witnessed the introduction of a variety of job selection tools in selection processes, which led to major improvements in job selection decisions. Lengthy acting appointments/assignments of staff (in excess of 6 months in vacant positions) was the most common breach in the area of appointments.
b) Efficiency of the Human Resource System – Generally, across Ministries, Departments, and Executive Agencies, there was greater efficiency in the processing of appointments and human resource decisions generally. However, there were instances where decentralized human resource decision-making was more inefficient than centralized decision-making. Where this occurred, there were weak internal human resource operations system, including delays in the holding of Human Resource Executive committee meetings, and manual systems alongside larger employee numbers.
c) Training and Development – The period saw a greater emphasis on conducting training needs assessment, and aligning training interventions with identified needs. Where gaps in this function were identified, these were correlated with inadequate training management competencies and inadequate funding of training.
d) Separation (Retirement and Resignations) – Within Executive Agencies, there was a high level of efficiency in the processing of retiring benefits. This was impacted by the introduction of a new pension scheme for Executive

Agencies, which allows for greater efficiency in the calculation of pensions. Ministries and Departments with larger number of employees tended to experience more delays in pensions processing, largely due to the manual processes involved and the numerous steps involved in this particular business process. In relation to resignations, there was inconsistency in the collection of data around reasons for resignations.

e) Management of Discipline – Over time, this is one of the weakest areas of Human Resource Management. The common weakness identified was the failure to take disciplinary action that this was required, in the face of evidence that this was needed. Other common weaknesses noted were the lengthy processing of disciplinary cases and lack of adherence to the stipulated disciplinary processes. A major causal factor impacting this area of Human Resource Management is weak competencies of managers in this area.

f) Human Resource Records Management – This is also an area where there were inconsistencies and weaknesses observed. This, in particular, impacted the processing of retiring benefits.

g) Communication of Staffing – Generally, there were greater efforts and mechanisms used to communicate staffing and other issues/information to employees. The use of information and communication technologies, such as website, emails, and intranets have contributed greatly to the more effective dissemination of staffing information.

h) Performance Management – During the period of this research, the Government of Jamaica introduced new target-driven Performance Management and Appraisal systems, first in Executive Agencies, and later in Ministries and Departments. The expectation was that better selection and training decisions, along with robust performance management systems, would result in improved public service delivery. There were, at best, mixed results in this area. In most Executive Agencies, there was more effective implementation of the new Performance Management and Appraisal systems, and better alignment of individual, team, and organizational goals. In most Executive Agencies, these were also tied to the payment of performance incentives. This improvement is exemplified by the receipt of customer service awards by several Executive Agencies. Where gaps were identified in the Performance Management and Appraisal system, the causal factors identified were inadequate and inconsistent implementation, weak culture change management, and limited alignment between organizational goals and individual employee goals.

## Conclusion

Implications and lessons learnt from the Jamaican delegation experience are:

1. Public sector reform initiatives are pieces of a puzzle, and if certain pieces are missing, it results in partial success of the overall reform. In the case of the delegation of functions, there were other reforms that were intended to complement the delegation of functions. One of the major initiatives was the introduction of an ICT-based human resource system. The continuation of manual, paper-based human resource information system led to many of the inefficiencies observed.
2. Another piece of the reform puzzle that was missing is the delay in delegating other human resource functions, such as job classification, organizational design, and compensation. Steps were taken in this direction, but this was halted, owing to fears of spiraling compensation costs, in the context of dire fiscal constraints and the requirement to contain the public sector wage bill, especially in view of the International Monetary Fund agreements that the Government signed to during the period. While these fears were not totally unfounded, it also meant that there were constraints in determining appropriate organizational structures to meet the demands for better public service delivery. In the context of the management of the delegated Human Resource functions, the audits revealed that,

in the many cases where gaps in performance were observed, there was often an inadequacy in the structure of the Human Resource units. This, coupled with the manual business processes, resulted in the weaknesses noted. There were also inconsistencies in the classification of jobs within Human Resource units. As such, some organizations had a challenge in recruiting and retaining the required competencies to carry out of the Human Resource functions according to standard.

3. Effective change management is necessary to achieve reform goals. The greater levels of efficiency and effectiveness observed among Executive Agencies, as compared to Ministries and Departments which had not undergone a similar level of change, can be attributed to the overall change management strategies that were utilized in the creation of most Executive Agencies. This included the creation of new organizational structures, and the competitive process used to fill positions under the new structures. These led to better staff quality. The introduction of new accountability structures, new and, in many cases, automated business processes was also a major part of the change process in these Agencies. These were all accompanied by specific change management strategies, including retraining and communication. In short, the greater alignment of organizational systems, structures, and culture underpinned the improvements realized.
4. Overall, the major fear in relation to the delegation of functions was not realized, which was the breakdown of the merit-based Human Resource system. Compared to the number of Human Resource transactions, the incidences of breaches of the merit principle were relatively few.
5. Going forward, it is recommended that greater attention be paid to change management, reform of the system of organization design and job classification, introduction of an effective ICT-based human resource information management system, and closing the gaps in the Performance Management and Appraisal/accountability systems. These are likely to result in greater overall improvement in public service delivery and lead to higher levels of success in the reform goals.

## References

Commonwealth Secretariat (2002) Current good practices and new developments in public sector management. Commonwealth Secretariat, London

Lalla K (2006) The public service and service commissions – commonwealth Caribbean. Universal Printers (T & T) Limited, Trinidad

OECD (2009) Government at a Glance 2009. OECD Publishing, Paris. https://doi.org/10.1787/9789264075061-en

Office of the Services Commissions (2000) Delegation of functions – public service regulations (1961) guidelines. Accessed on http://www.oas.org/juridico/PDFs/mesicic5_jam_guidelinespublicserv.pdf

Polidano C, Manning N (1996) Redrawing the lines service commissions and the delegation of personnel management. Managing the public service – strategies for improvement series: no. 2. Commonwealth Secretariat, London

D

# Democratic Governance in Bangladesh

Md. Awal Hossain Mollah
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Accountable government; Citizen engagement; Freedom of expression; Fundamental rights; Participatory government; Rule of law

## Definition

**Democracy** represents a form of government that is formed by the majority and the majority safeguards the interests of the common people, including minorities. In this study, democracy means a form of government in which power is exercised by the people through their representatives by holding periodic free and fair elections, and by the parliament being accountable to the

people with a view to ensuring equitable distribution of the state resources and equal opportunity for all citizens.

**Democratic governance** refers to a participative manner of governing that functions in a responsible, accountable, and transparent manner based on the principles of efficiency, legitimacy, and consensus for the purposes of promoting the rights of individual citizens and the public interest, thus indicating the exercising of political will to ensure the material welfare of society and sustainable development with social justice. It is a system of government in which institutions function according to democratic processes and norms, both internally and in their interaction with other institutions (such as the private sector, nongovernmental organizations (NGOs), civil society, aid partners, business organizations, pressure groups, professional bodies, and relevant stakeholders).

## Introduction

Democratic governance is *sin qua non* for a peaceful society. Many national and international organizations and scholars have put forward various theories and models of democratic governance. However, better governance is still a very concerning issue all over the world. The aim of this chapter is to evaluate the current state of democratic governance in Bangladesh by highlighting the general conceptual analysis of democratic governance. In Bangladesh, it has been found that most of the basic elements of democratic governance have been recognized and preserved by the Constitution of Bangladesh since independence. However, these principles are being violated in the practice of democracy owing to political turmoil, political instability, lack of trust among political parties, problems of free, fair, and credible election, abuse of power, non-engagement of civil society, and lack of conscious citizens. As a result, the practice of democratic values is hampered in politics and governance, and the violation of human rights is severely enduring in Bangladesh. Despite this, a ray of hope has been noticed in a few policy initiatives related to human rights and governance undertaken by the government. Moreover, some civil society and human rights defender organizations are very proactive with regard to the malicious actions of the government to improve governance and human rights in Bangladesh.

## Democratic Governance

The term "governance" is a buzz word used by scholars, politicians, and academicians in various ways. Simply it means, "the manner in which power is exercised in the management of countries' economic and social resources for development" (World Bank 1992). From a different angle, Kooiman opines that governance is a "blend of all kinds of governing levels, modes, institutions, orders and procedures which refers to the overall pattern of interaction process between different societal and political actors in each specific issue, and the growing interdependence between them" (Kooiman 2003). The opinion of Nicholas (1999) is also worth mentioning; according to him "governance refers to any strategy, tactics, process, procedure or program for controlling, regulating, shaping, mastering, or exercising authority over others in a nation, organization or locality." Thus, it is clear that governance is broader than government. Therefore, governance is not merely government; it refers to a democratic process that encompasses the whole of society. In governance, the private sector, NGOs and other civil society organizations are encouraged to participate in the governance process so that the government can accomplish everything smoothly and effectively.

A pertinent question may now be raised: what is democratic governance? Simply, democracy means representative government and governance means the dealing pattern of government with participation of other stakeholders of a country. Therefore, democratic governance refers to the process by which the government carries out its function by using its resources and strategies, ensuring participation of other existing stakeholders of a country. In democratic governance, a government is elected periodically a by free, fair, and credible election,

to be accountable to the people through their representatives and other forms of vertical and horizontal accountability mechanisms, ensuring peoples' participation with other stakeholders (civil society, NGOs, private sectors, aid partners, professional and other public interest bodies) in key policy-making and the implementation of development and other public services.

The common elements of democratic governance are (Cunningham 2002; Donohue 2003; Sheldon 2004; Citroni 2010):

1. A government elected after a periodic free, fair, and participative election;
2. Rule of law and accountability;
3. Access to information and justice;
4. Engagement of civil society; and
5. Freedom of association.

Based on the above-mentioned five elements, the following section highlights the current state of democratic governance in Bangladesh.

## Democratic Governance in Bangladesh

In theory, most of the basic principles of democratic governance have been reflected in the Bangladesh Constitution. The preamble of the constitution pledges that:

> It shall be a fundamental aim of the state to realize through the democratic process a socialist society, free from exploitation, a society in which the rule of law, fundamental human rights and freedom, equality and justice, political, economic and social will be secured for all citizens. (COB 2011)

In addition, Articles 7 (1) and 11 of the Constitution specifically highlight democracy and democratic governance. According to article 7 (1), "*all powers in the Republic belong to the people, and their exercise on behalf of the people shall be effective only under, and by the authority of the constitution*."

Similarly, Article 11 state that:

> The republic shall be a democracy in which fundamental human rights and freedoms and respect for the dignity and worth of the human person shall be guaranteed and in which effective participation by the people through their elected representatives in the administration at all levels shall be ensured. (Article 11 of COB 2011)

These two articles provide and permit the basic criteria for democracy in Bangladesh. However, Article 70 states:

> A person elected as a Member of Parliament at an election at which he was nominated as a candidate by a political party shall vacate his seat if he resigns from that party or votes in Parliament against the party.

This provision is contradictory to the real spirit of democratic governance and for that reason most of the MPs support the agenda of their own political party, even if it is against the public interest.

How far these elements are exercised in practice has been analyzed below.

### Government Elected by Periodic Free, Fair, and Participative Elections

A free, fair, participative, and credible election is the first and most important prerequisite for a democratic government and governance. It has been 45 years since Bangladesh attained independence and started its journey as a parliamentary form of government with a multiparty (around 100 political parties) political system. Since independence, ten parliamentary, three presidential, and three referendum elections have been held (ECB 2014). However, most of the elections were neither free nor fair and competitive (Khan 2014). Although the experiences of elections held in 1991, 1996, 2001, and 2008 under a nonpartisan caretaker government (CTG) were comparatively competitive, fair, and credible (The Daily Star, March 17, 2014) the provision of CTG was abolished by the 15th amendment of the Bangladesh constitution, which created dissatisfaction and frustration among opposition political parties and drew the country toward an uncertain destination of a free and fair election. For instance, the last election (tenth) held under the ruling AL government was not competitive, as the BNP-led allies boycotted this election and only 39% of voter applied for their voting rights (ECB 2014).

The parliament is run by one party, although the Jatiya Party (Ershad) now acts as the opposition to the parliament, which is part of the AL-led allies. Currently, two MPs of the Jatiya Party (Ershad) act as cabinet members of the current government. This is why the question of acceptability and legitimacy is still fingering from various corners of politics, civil society, and academic scholars of national and overseas domains. It means that the policy and works of the government are suffering from a lack of legitimacy.

Hence, the politics and governance of Bangladesh are practicing a culture of a one party-led authoritarian government instead of a real parliamentary democracy. Besides, the game of blame and claim is another feature of our political culture and as a result, confrontational politics exists, which causes a chaotic and unstable situation in Bangladesh that is detrimental to life, liberty, security, economy, and is a violation of human rights. Therefore, the first and most important requirement of democracy has been absent in Bangladesh since independence.

### Rule of Law, Accountability, and Transparency

The rule of law, accountability, and transparency are interlinked and related to each other and are the three basic and indispensable ingredients of democratic governance. It has been strongly recognized in the preamble of the Bangladesh Constitution (COB 2011), which has been mentioned previously. Besides, several provisions have been articulated for the rule of law. For instance, Article 27 guarantees that all citizens are equal before the law and are entitled to equal protection of the law. Article 31 guarantees that all citizen's rights are protected by the law and no one can perform any actions that are harmful to the freedom, life, reputation or property of any person except in accordance with the law.

In theory, all the essential features of the rule of law are enshrined in the Bangladesh Constitution, but what has been practiced is a matter of concern for this study.

In practice, the scenario is almost contrary and divergent in every aspect of individual life to national life. Confrontational politics is mainly responsible for this. All forms of violation of human rights and the rule of law have been continuing since independence. Few examples of the current state of the rule of law can be mentioned. According to the international organization Human Rights Watch (HRWR 2014), Bangladeshi security forces have frequently used arbitrary and excessive power in responding to street protests and have killed at least 150 protesters and injured at least 2,000 between February and October 2013.

The rule of law offers the opportunity of equal rights and equal protection of the law with an independent judiciary, but in Bangladesh application of the law is discriminatory. The Odhikar report claimed that most of the 184 people killed were from opposition political parties and human rights defenders (Odhikar 2013).

In 2014, a massive killing (7 people) including Advocate Chondon and Panel Mayor Nazrul Islam in Narayanganj was carried out by Rapid Action Battalion (RAB), as disclosed in their self-confession to the Magistrate (Mollah 2014).

Therefore, the theory and practice of the rule of law and accountability are antagonistic in Bangladesh. Most of the provisions of the constitution and other international human rights law, the declaration (UDHR), covenant, treaties, and conventions are violated. However, there are no strong accountability mechanisms to compel the authority concerned to commit a violation of the rule of law. Thus, the most crucial basic elements of democratic governance are also violated in Bangladesh.

### Access to Information and Justice

Access to information and justice are two core elements of democratic governance. Through the option of access to information on the one hand, citizens can know their rights and the duties of the government toward them, and know what the government is doing for them. On the other hand, the transparency and accountability of government actions are ensured. To protect and promote human rights, the Bangladesh government took several initiatives such as the National Human Rights Commission Act, 2009, and the Right to Information Act, 2009, with a view to establishing a national human rights commission

(NHRC) and information service center (ISC). These acts not only enhance the power of citizens to protect their rights and to participate in and attain government programs to obtain their rights, but also enhance the power of various mechanisms (such as the National Human Rights Commission, Anti-Corruption Commission, NBR, CAG, and Parliamentary Committees) of ensuring the accountability of government officials for their misuse of power or illegitimate exercise of power, or any forms of corruption (Mollah 2014). However, the violation of human rights, abuse of power, and corruption still appear to be rampant in Bangladeshi governance.

The most vulnerable sections of society are women, marginalized minorities, and the poor people of Bangladesh, who have little access to justice because of a lack of awareness and financial support. These sections are even deprived of traditional Salish or informal arbitration as they are dominated by local elites such as village moral, political leaders, religious leaders, chairmen, and members of local councils (Momen 2014: 64). The lower judiciary is dominated by the executive from the British period. Even after the separation of the judiciary from the executive in 2007, it has been continuing, and as a result poor and non-elite persons have little access to and are deprived of fair and natural justice (Mollah 2014). Moreover, extra-judicial torture, punishment, forced disappearances, and killing by government law-enforcing agencies and other militant forces are the worst forms of injustice and lack of access to justice in Bangladesh. In recent years, the higher judiciary has proactively taken initiatives to protect the rights of citizens by *suo moto* rules for the incidence of violence against women, children, and human rights overall based on newspaper reports; however, these initiatives are very inadequate instead of incidences happened (Mollah 2014).

Thus, another element of democratic governance is not satisfactory and it is violated in the case of backward and vulnerable sections of society, including opposition political activists in Bangladesh.

### Engagement of Civil Society

Civic engagement or participation in of civil society is one of the crucial requirements of democracy, human rights, and good governance. In Bangladesh, many NGOs have been working for development and awareness building since independence (Zafarullah and Rahman 2002), but in recent years some organizations have worked as defenders of civil society and human rights. A few can be mentioned here: the Center for Policy Dialogue (CPD), Transparency International Bangladesh (TIB), SUJON, Ain O Salish Kendro (ASK), Mohila Porishad, Mohila Forum, BLAST, Odhikar, BELA, etc. The media (both print and electronic) also play a very important role as part of civil society. These organizations are always vocal and publicly disclose and criticize any national policy against the public interest. They always criticize the activities of government and political parties against human rights and the national interest, but appreciate good initiatives. However, a trend has been noticed over the last few years that some so-called think tanks as members of civil society, newspapers, and TV channels are polarized by political ideology, either leftist (AL allies) or rightist (BNP allies). Therefore, the main spirit of civil society was criticized by the common people as they lost their fairness and neutrality.

Now, one question may be: how far are the opinions or suggestions accepted by government or other political parties? For the last 15 years, it has been witnessed that governments have not cared (or cared little within their own ideological organizations) about following their suggestions.

Apart from this, a few organizations are very actively working to protect and promote human rights in Bangladesh instead of the inhuman tortures of the government. For example, ASK, BELA, BLAST, and Odhikar took many initiatives to protect human rights, such as combating violence against women and children, arbitrary arrest and detention, protection of the environment, and extra-judicial killing. Each year they publish their annual reports disclosing the total incidence of the trafficking of and throwing acid at women, disappearance, and torture in custody, extra-judicial punishment, killing, and other

forms of human rights violations. They also help victims with legal assistance through public interest litigation and awareness-building programs.

Hence, the engagement of civil society, one of the core elements of democratic governance, is also vulnerable because of government suppression and domination.

### Freedom of Association

This is another vital instrument of democratic governance and human rights. Article 37 of the Constitution of Bangladesh provides for freedom of assembly and states that:

> Every citizen shall have the right to assemble and to participate in public meetings and processions peacefully and without arms, subject to any reasonable restrictions imposed by law in the interests of public order or public health.

Similarly, Article 38 provides for freedom of association and articulated that:

> Every citizen shall have the right to form associations or unions, subject to any reasonable restriction imposed by law in the interests of morality or public order.

In theory, the opportunities of assembly and association are permitted by the Constitution in Bangladesh, which is used as a platform for expressing the will and opinions of individual rights and criticizes any actions of the government against the public interest. However, these provisions are restricted by reasonable grounds of public security and interest, and the law and order situation of Bangladesh. In Bangladesh, the freedom of assembly and the freedom of association have been violated by government law and order agencies since independence. Most of the cases of assemblies, rallies, meetings, sittings, campaigns, gatherings, and road shows against the violation of human rights, abuse of power and authority, and corruption of government are abolished in the name of public security and the law and order situation, especially programs of the opposition political parties. The confrontation politics of Bangladesh is very prominent and very often political programs are declared by the both ruling party and the opposition political parties at the same time in the same place. As a result, the government declared 144 and prohibits any kinds of meeting, sittings, and gathering in that place. Thus, freedom of assembly and the freedom of association are severely violated.

In addition, the freedom of thought, conscience, speech, expression, press, and media is permitted and guaranteed by the COB, Article 39, but these rights are also suppressed by the government in Bangladesh.

## Concluding Remarks

For a democratic government, a free, fair, credible, and competitive election is a must, but the country is still too delicate to establish a suitable and acceptable mechanism for holding free and fair elections. As a result, most of the elections held in Bangladesh since independence have suffered from a lack of fairness and competitiveness. The rule of law, the protection of fundamental rights, access to information, and justice are core elements of democratic governance. However, the overall governance situation in Bangladesh is upsetting because of the years of constant political carnage. Forced disappearances, extra-judicial torture, punishment, killings, and deaths in police custody are continuing amid communal violence and harassment, destruction of property and religious centers, arbitrary detention and killing of journalists, violence against women and children, and violation of labor rights. Although some steps have been taken by the government to ascertain and ensure the rights of the individual, political instability, violence, and the deteriorating law and order situation produce anxiety, fear, and uncertainty among people. In addition, some of the organizations defending civil society and human rights are very active against the violation of human rights, but are very often victimized by the ruling elites and governmental law-enforcing agencies. All these are a violation of the constitutional provisions of Bangladesh. To protect and promote human rights and the rule of law, the government should be accountable and responsible for upholding the spirit of the rule of law and human rights. Law-enforcing agencies should be transparent and accountable to the law and the people, the judiciary must be free from all sorts

of interventions by the executive and the legislature. The Human Rights Commission, Anti-Corruption Commission, and Election Commission of Bangladesh should be more independent in a financial capacity. In addition, people's participation, including organizations defending civil society and human rights and NGOs in the governance process should be ensured and encouraged by the government by providing adequate independence.

Although the governments have taken various initiatives in protecting and promoting democracy and human rights in various regimes, the overall situation is not pleasing. The National Human Rights Commission of Bangladesh has already existed for around 8 years; however, the institution merely acts as a powerless and incapable executive rubber stamp. As a result, the fundamental rights of citizens enumerated in the Bangladesh Constitution (Articles 27–44) and the rule of law are always violated in Bangladesh.

The role of civil society has been vital in Bangladesh with regard to various issues of governance and human rights from colonial rule to the present day. However, the government has less care for them to correct or change the existing situation of governance. In a democratic society, the participation of civil society is always appreciated and encouraged. Thus, Bangladesh should follow the spirit of real democratic governance. In addition, organizations defending civil society and human rights should also play fair with neutrality.

## References


Citroni G (2010) Mai Più Soli. Note Sulla Democrazia Partiecipativa. Bonanno Editore, Firenze, p 41

COB (2011) Constitution of Bangladesh, 15th amended version. Republic of Bangladesh Government Press, Dhaka

Cunningham F (2002) Theories of democracy – a critical introduction. Routledge, London/New York, p 1

Donohue KG (2003) Freedom from want: American liberalism and the idea of the consumer, New studies in American intellectual and cultural history. Johns Hopkins University Press, Baltimore, pp 12–19

ECB (2014) Election results. Election Commission of Bangladesh, 2014. http://www.ecs.gov.bd/English/MenuTemplate1.php?Parameter_MenuID=19&ByDate=0&Year=

HRWR (2014) Human Rights Watch Report 2014 on "Democracy in the crossfire, opposition violence and government abuses in the 2014 pre-and post-election period" in Bangladesh. Human Rights Watch, New York. http://www.hrw.org/world-report/2014. Accessed 6 June 2014

Khan SR (2014) Vested interest: the human rights practice of political parties. Asian Legal Resource Centre (ALRC), Hongkong. article 2, vol 13, nos 2 and 3, p 30

Kooiman J (2003) Governing as governance. Sage, London

Mollah MAH (2014) Judicial activism and human rights in Bangladesh: a critique. Int J Law Manag 56(6):475–494

Momen MN (2014) Access to justice: assumptions and reality checks in Bangladesh. Int J Public Law Policy 4(2):161–168

Nicholas R (1999) Powers of freedom: reframing political thought. Cambridge University Press, Cambridge, p 15

Odhikar (2013) Human rights monitoring report, January–July 2013. http://odhikar.org/human-rights-monitoring-report-july-2013/ and www.fidh.org/IMG/pdf/odhikar_ahrr_2013.pdf

Sehldon SW (2004) Politics and vision: continuity and innovation in western political thought. Princeton University Press, USA

World Bank (1992) Governance and development, Washington D.C., USA

Zafarullah HM, Rahman MH (2002) Human rights, civil society and nongovernmental organizations: the nexus in Bangladesh. Hum Rights Q 24(4):1011–1034


# Democratic Governance in Developing Nations


Ylva Stubbergaard and Anders Uhlin
Department of Political Science, Lund University, Lund, Sweden


## Synonyms

Developing countries; Global South; Low-income countries

## Definition

Democratic governance: Includes principles such as the rule of law, people's participation, accountability, transparency, responsiveness, effectiveness, and equitable service delivery.

Governance: Implies interactive governing among both governmental and nongovernmental actors, often organized in networks.
State Government: Refers to a governmental hierarchical steering chain with formally regulated competence and responsibilities in decision-making.

## Introduction

A fundamental issue in academic and policy discussions is the role of the state, which role it has, should have, or could have in the governing of a society. Should the state finance, manage, and produce services and deliver goods or should it mainly legislate and regulate relations between societal actors and leave the provision of services and goods to private actors? Together with questions on how state actors obtain power and legitimacy these kinds of fundamental questions are at the core of debates about democratic governance in developing countries. Recognizing that research on democratic governance and policy discourse on democratic governance are often highly intertwined and influence each other, we will deal with both in this chapter. We first need to clarify what we mean by "governance," "democracy," and "developing countries."

## Clarification of Key Concepts

There is no agreement on the definition of the concept "governance." In some literature, particularly within the field of comparative politics, governance tends to be conflated with "government." However, in this chapter the aim is to discuss the new discourses on governance, hence we maintain that governance is not the same as government. "Government" refers to a governmental hierarchical steering chain with formally regulated competence and responsibilities in decision-making. "Governance" implies interactive governing among both governmental and nongovernmental actors, often organized in networks. In this sense various stakeholders are involved in processes of decision-making and implementation. Ideally all involved actors are participating on equal terms (Hooghe and Marks 2001; Hajer and Wagenaar 2003; Bevir 2010; Torfing and Sørensen 2014; Jacobsson et al. 2015). Moreover, the whole discourse on governance is influenced by neoliberal ideological assumptions favoring free markets rather than state interventions. "New Public Management" is an important aspect of mainstream understandings of governance.

Democracy – literally rule by the people – may take many different forms. In modern states democracy typically means that the government is accountable to citizens through regular free and fair elections. Rule of law and respect for fundamental political rights and freedoms, such as freedom to form and voice opinions and freedom to organize are essential aspects of a democratic system. Governance arrangements are more complex than state government in the sense that they typically include both private and public actors in complex networks often lacking a clear hierarchy. Hence, conventional representative democracy might not be applicable to governance where there are no clearly defined citizens, but a number of different stakeholders. This might provide an opportunity for more participatory forms of democracy, as in ideals of "global stakeholder democracy" in which all affected people should have equal say in decision-making concerning a specific issue (Macdonald 2008). In practice, however, such participatory ideals seem hard to realize, whether in local, national or global governance. "Democratic governance" – both when referring to the governing of modern states and in its more complex forms involving state and non-state actors on different levels – typically includes principles such as the rule of law, people's participation, accountability, transparency, responsiveness, effectiveness, and equitable service delivery (Agere 2000).

When referring to developing countries we mean low and lower middle income countries mainly in Africa, Asia, and Latin America. While the diversity in this group of countries belonging to the "Global South" is obvious, they arguably share some characteristics that have implications for democracy. Democratic

governance is particularly challenging in contexts of severe poverty and a history of colonial – and postcolonial – exploitation.

This chapter provides a brief overview of debates concerning democratic governance in developing countries and highlights some tensions in academic and policy discussions on this topic. The two key concepts democracy and governance that compose "democratic governance" have different roots and each of them consists of several complex and sometimes contradicting meanings. When "democratic governance" is used in discourses on developing countries additional tensions are brought to the fore, for instance related to power relations between on the one hand international organizations like the UN, World Bank, IMF, and OECD and on the other hand developing countries. Highlighting such tensions, this chapter aims to open up for complex understandings of democratic governance in developing countries. We begin with a discussion of the transformed meaning of governance, including discourses on "good" and "democratic" governance. Then follows a section on how to assess and measure democratic governance in developing countries. We then consider the outcomes of democratic governance in developing countries, specifically whether it leads to economic growth and reduced inequality or if it is actually harmful for economic development. Finally, we offer some concluding remarks.

## Governance: Good and/or Democratic?

The academic discussions concerning governance are confusing in several ways. First, there is a mix regarding normative and empirical statements. Is governance to be regarded as new steering models in practice that have been empirically recognized and defined or does it constitute a desirable change of steering systems? It seems as the identification and recognition of decision-making in policy networks together with an extensive debate about reduced autonomy and steering capacities in state institutions led to an uncritical shift from empirical assumptions to normative statements. Second, there are controversies in the academic debate of whether this is a substantial shift in steering models or if it is an acceptance and a theoretical adaptation to the fact that governments have never been able to govern in an autonomous and hierarchical way. However, there is clearly a change in the normative opinions concerning what tasks state institutions should take on and changes in dominant ideals of how relations between state institutions and societal organizations should be organized. Ideas of increased importance for nonstate actors in policy-making are in line with political ideologies and public reforms which emphasize the idea of rolling back state institutions. Some of these ideas are connected to neoliberalism and the ideas of New Public Management (NPM) which highlight efficiency in policy implementation and privatization and decentralization in delivery of public services. NPM promotes state institutions to steer policies through goals and control implementation, but not to produce public services (Osborn and Gaebler 1992). These ideas have had a strong influence on international organizations in the field of development and guided their policies for promoting governance reform in developing countries.

The introduction of the concept "good governance" by the World Bank in 1992 is often used as an illustration of an ideological change in how donor organizations promote a new role for state institutions in developing countries (Kaufmann and Kraay 2007; Bevir 2010; Rakner 2014). The World Bank highlighted efficient and accountable management combined with a transparent and predictable policy process to strengthen economic development (World Bank 1992). UNDP's view on governance is more explicitly based on political aspects. "Good, or democratic governance" according to UNDP, "entails meaningful and inclusive participation" (UNDP 2012). There is a strong connection between the meaning of "good governance" and integrity, often used synonymously with the absence of corruption. Hence, corruption is deemed as one of the greatest obstacles to development of good governance. Corruption erodes legitimacy and citizens' trust in the regime (Quality of Government Institute 2016; Rothstein 2011; Rakner 2014). Research and policies on anticorruption have focused on rule of law

and in particular, impartiality of state actors when making binding decisions (Rothstein and Teorell 2008).

Focusing more on democracy within governance, many scholars have stressed a need for new democratic models which may strengthen democracy when new relations between state actors and citizens develop (e.g., Hajer and Wagenaar 2003; Bevir 2010). In particular, a model with participatory dialogues and collaboration in horizontal relations has been influential. This participatory model is discussed in contrast to representative democracy with elected politicians who have a mandate to represent their voters. There are discussions on how compatible these two democratic models are, but for the discussion of democratic governance in this chapter it is enough to consider that the transformation of mechanisms for public influence has consequences for democratic key values like accountability and political equality.

The model of participatory dialogue has been seen as particularly relevant in global governance. Certain democratic values – but not democracy as a political system – have become prominent within global and regional governance institutions in the field of development. Buzzwords such as transparency, accountability, participation, and stakeholder democracy are common in international development discourse. First and foremost this is related to proposals for "good governance" that developing countries are supposed to implement, but increasingly it has been argued that global governance institutions themselves also need to apply such principles of democratic governances in their policy-making (Woods 2000). This has led multilateral development banks and other international organizations to establish accountability mechanisms, transparency policies, and consultation process including a number of civil society organizations. To what extent this trend implies a true democratization of global governance is highly questionable. Rather, it is a form of political liberalization of these institutions that does not fundamentally alter power relations or challenge mainstream development thinking and practices (Uhlin 2016).

As reflected in the preceding discussion, two major dimensions of democratic governance can be identified (Haque 2014: 267). First, "democracy *within* governance," which implies fair, inclusive, and transparent procedures in the governance organization. In the case of states, this typically includes an accountable government through free and fair elections, rule of law, and civil and political liberties. Second, democratic governance may also mean "governance *for* democracy," which suggests that governance should promote rights and freedoms as well as entitlement to socioeconomic needs. In this chapter we consider both the output side (the outcomes of democratic governance) and the input side (democracy within governance). Next, however, we discuss the measurements of democratic governance in developing countries.

## How to Assess Democratic Governance?

Theoretical and policy discussions about democratic governance have been intertwined and have clearly had a mutual impact on which values and indicators should be privileged (cf Bevir 2010). There is a risk that what can be measured turns out to become the norm. Definitions, objectives, and measurements become politically important when deciding which problems and solutions are seen as relevant and which are defined away.

Although there has been a long and in periods intense debate about democracy and good governance, there is no consensus on what goals and indicators should be used when defining and measuring democratic governance. There is not even an agreement among the major international organizations on what level goals, standards, and indicators should be formulated. These difficulties partly explain why the Millennium Development Goals (MDGs) did not include a goal on democratic governance (UNDP 2012). In 2010 leaders on an international summit organized by the UNDP stated that development and sustainability is dependent on democracy when they agreed on "/. . ./the importance of freedom, rule of law, peace and security, respect for all human rights, including the right to development, gender

equality and an overall commitment to just and democratic societies for development" (UNDP 2012).

Recent attempts to create indicators for the assessment of democratic governance have put more emphasis on the process rather than content. The argument has been that if the indicators are developed in dialogue between state and societal actors the process itself will contribute to improved governance. This kind of argument for measuring democratic governance is similar to that of UNDP when the organization underlines that democracy is promoted when democratic governance is formulated and discussed (UNDP 2012).

Definitions and measurements of democratic governance have varied over time and across actors. It must be decided on what political or administrative level the goals should be formulated, and on which level the indicators measuring the implementation of the same goals should be decided. The goals may be formulated on a global level and the indicators on the local level. But the goals may also be formulated on the local level together with the indicators (UNDP 2012). Local indicators would promote better prerequisites for implementation when they are adapted to more specific contexts and especially if they are negotiated in dialogues among different actors as described above. On the other hand, the use of local, context specific criteria makes it impossible to compare countries and assess and rank them.

There are several databases on democracy focusing on aspects like political participation and freedom of expression. Beyond the global databases there are some focusing on regional conditions. Many international organizations also publish country reports. Data collection differs considerably. Many indexes of democratic governance rely on expert assessments. Only a few make substantial use of statistics, because of a lack of reliable data that could be considered valid indicators of democratic governance (Kaufmann and Kraay 2007; UNDP 2012).

One widely used database is the Worldwide Governance Indicators (WGI) produced by the World Bank. These indicators include aggregate data as well as individual governance indicators for 215 countries covering six dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption. The WGI is important for World Bank policies, but the bank stresses that it is not used when allocating resources (World Bank 2016).

The WGI has been criticized both for the indicators as such and for how data is collected. It could be argued that the WGI indicators emphasize regulations and formal criteria of good governance instead of outcomes and real consequences of governance. Moreover, the value of data based on "subjective" interpretations rather than "objective" statistics has been questioned. A skepticism is expressed concerning whose perceptions the data is based on and in that respect, the risk of biases in experts' assessments. Another discussion deals with the composition of the questionnaires in public surveys.

There are a large number of databases focusing more specifically on democratic governance (See, e.g., Democracy Barometer 2016). Similar criticism as that against the WGI has been raised against major democracy indexes. The basic premises in defining and measuring democratic governance have been challenged. This kind of criticism is often related to what is seen as a fundamental tension between neoliberalism and the idea of promoting democracy. How can developing countries be democratized through an undemocratic ideology? Another kind of criticism emphasizes the "epistemic colonialism" in which Western ideas of governance are dominating. This argument is further strengthened by showing that non-Western scholars are excluded in academic journals on democratic governance in developing countries (Kiely 1998; Kaufmann and Kraay 2007; Haque 2014).

## Democratic Governance, Economic Growth, and In(Equality)

The relationship between democratic governance and economic development has been a persistent focus for social scientists for several decades.

On an overarching level, there is evidence of a correlation between democracy and economic development. Countries with a higher degree of democracy, in general, tend to enjoy higher levels of economic development. However, there is limited evidence on the direction and mechanisms of causality. Focusing on this output side of democratic governance, this section deals with the impact of democratic governance on two aspects of economic development: economic growth and socioeconomic equality.

Some scholars argue that there is a trade-off between democratic governance and economic growth. According to this pessimistic view democracy might be harmful for economic growth (Barro 2008). Economic freedoms (property rights and free trade) generate growth, but democracy (political freedoms) has no positive (and often negative) effects on growth. The policy recommendations stemming from this position is to first establish successful economic institutions (promote market reforms, property rights, and free trade) if the goal is economic progress, increased standards of living, and (in the long time perspective) democracy.

A second position in this debate, by contrast, holds that there is no trade-off between growth and democracy; democracy even promotes economic growth. Some scholars argue that democratic governance promotes economic development, at least in the long run, because accountable government, transparent decision-making, and political freedoms favor economic growth. According to Amartya Sen (1999) and other proponents of this optimistic view, basic political and liberal rights have an instrumental role in enabling people to express their claims to political attention, including claims of economic needs, and are thus essential for economic development. Many of the conditions believed to be favorable for economic growth are indeed related to democracy, including rule of law and electoral democracy to somewhat limit the political power of private capital (Williams et al. 2009).

According to a third position in this debate the kind of regime in place is not decisive for a country's economic development. Following this skeptical view, there is no indications that authoritarian regimes perform better economically than do democracies, but the institutions of democracy are not necessarily the institutions most suitable for economic development. Proponents of this view often refer to the rapid economic growth that has occurred in authoritarian so-called developmental states, mainly in East Asia. The argument is that fundamental social change and nonconsensual policies are often necessary for development when inequality in wealth and opportunities must be dealt with. Democracy is seen as a conservative system of power favoring stability – not change. Consensual competitive politics characterizing democratic systems allow a plurality of interests. A "developmental state" sometimes needs to go against certain sectional interests (of land-owners or trade unions, etc.) and hence risk damaging democratic institutions (Leftwich 2005).

Each of these three positions finds some support in empirical studies. Extant research on democracy and economic growth is inconclusive. A compilation of major studies on this relationship shows evidence pointing in different directions (Magee and Doces 2014). The character of the relationship between form of governance and economic growth differs depending on level of economic development, type of authoritarian regime, regional context, and time period. Differences in findings might also be related to unreliable data. Neither democracy nor economic growth (or other aspects of economic development) are easy to measure and one might, for example, suspect that authoritarian governments tend to exaggerate their growth rates more than do democratically elected governments.

Nevertheless, some general conclusions can be drawn. It is clear that low-income democracies (Botswana, Costa Rica, Ghana, and Senegal) have had more impressive growth rates than nondemocracies. Leaving out East Asia, the economies of poor democracies have grown more rapidly than nondemocracies during the last 45 years. The authoritarian "developmental states" of East Asia that achieved sustained and rapid economic growth appear to be exceptional

cases, and these development processes seem hard to replicate. We can conclude that long-term democratic governance seems to lead to stronger economic performance. However, democratic transitions rarely have immediate positive effects on growth.

Crucially, economic development is not only about growth. Redistribution also needs to be taken into account. Democratic governance has been increasingly common in most parts of the world since 1990. However, during the same time economic inequality appears to have increased in most countries, even if we recognize the uncertainties in measurements of both democratization (as discussed in the previous section) and inequality (Bermeo 2009). Hence, democratic governance in itself does not seem to necessarily lead to redistribution and less inequality. Nevertheless, much research suggest that while persistently high economic inequality can go together with electoral democracy, it has a negative effect on the *quality* of democracy (Bermeo 2009: 24–25). Countries characterized by high levels of economic inequality tend to be low quality democracies at best. Here, again, the form of democratic governance is important. Formal electoral democracy controlled by a small wealthy elite, like in the Philippines, does not lead to improved socioeconomic equality. However, more participatory forms of democracy, like in the Indian state of Kerala, have resulted in reduced socioeconomic inequality.

## Concluding Remarks

It has been demonstrated throughout this chapter that ideas of good governance and democratic governance are complex and ideologically based. This is not surprising. Politics is about alternatives on how to reach the good society. What is important is to recognize different meanings and make the alternatives public and open for debate. Two main lines of discourse on democratic governance have been put forward, two lines that may be combined. One is a policy-oriented approach on how governance should be institutionalized and exercised to best contribute to development in low-income countries. The other approach focuses on democratic theory, participatory dialogue, and partnership in horizontal relations, as an alternative to representative democracy with elected politicians who are held accountable by their voters. It is clear that major international organizations in the field of development mainly take the first approach to governance. In line with the second approach, we suggest that democratic governance means that governance ought to be publicly discussed and institutionalized possibilities for citizens to influence policy are needed.

## Cross-References


- ▶ Accountability
- ▶ Accountability, Politics, and Power
- ▶ Citizen Participation in Public Management
- ▶ Global Governance
- ▶ Integrity and Corruption
- ▶ Policy Networks as a Form of Governance


## References


Agere S (2000) Promoting good governance: principles, practices and perspectives. Commonwealth Secretariat, London

Barro RJ (2008) Democracy and growth. In: Secondi G (ed) Development economics reader. Routledge, London, pp 92–98

Bermeo N (2009) Does electoral democracy boost economic equality? J Democr 20(4):21–35

Bevir M (2010) Democratic governance. Princeton University Press, Princeton

Hajer M, Wagenaar H (2003) Deliberative policy analysis: understanding governance in the Network Society. Cambridge University Press, Cambridge

Haque MS (2014) Rethinking democratic governance: looking back, moving forward. In: Mudacumura GM, Morçöl G (eds) Challenges to democratic governance in developing countries. Springer, Heidelberg, pp 265–273

Hooghe L, Marks G (2001) Multi-level governance in European integration. Rowman & Littlefield Publishers, Lanham

Jacobsson B, Pierre J, Sundström G (2015) Governing the embedded state: the organizational dimension of governance. Oxford University Press, Oxford

Kiely R (1998) Neo-Liberalism revised? A critical account of World Bank concepts of good governance and market friendly intervention. Cap Class 20(64):12–36
Leftwich A (2005) Democracy and development: is there institutional incompatibility? Democratization 12(5): 686–703
Macdonald T (2008) Global stakeholder democracy: power and representation beyond liberal states. Oxford University Press, Oxford
Magee CSP, Doces JA (2014) Reconsidering regime type and growth: lies, dictatorships, and statistics. Int Stud Q 59(2):223–237
Osborn D, Gaebler T (1992) Reinventing government. Penguin, London
Rakner L (2014) Governance. In: Burnell P, Rakner L, Randall V (eds) Politics in the developing world. Oxford University Press, Oxford, pp 224–240
Rothstein B (2011) The quality of government: corruption, social trust, and inequality in international perspective. University of Chicago Press, Chicago
Rothstein B, Teorell J (2008) What is quality of government? A theory of impartial government institutions. Gov Int J Policy Adm Inst 21(2):165–190
Sen A (1999) Development as freedom. Anchor Books, New York
Torfing J, Sørensen E (2014) The European debate on governance networks: towards a new and viable paradigm? Polic Soc 33(4):329–344
Uhlin A (2016) Civil society and regional governance: the Asian Development Bank and the Association of Southeast Asian Nations. Lexington Books, Lanham
UNDP (2012) Measuring democracy and democratic governance in a post-2015 development framework (Discussion Paper). UNDP
Williams G, Duncan A, Landell-Mills P, Unsworth S (2009) Politics and growth. Dev Policy Rev 27(1): 5–31
Woods N (2000) The challenge of good governance for the IMF and the World Bank themselves. World Dev 28(5): 823–841
World Bank (1992) Governance and development. The World Bank Publications, Washington, DC
World Bank (2007) Governance indicators. Where are we, where should we be going? (Policy Research Paper 4370, Kaufmann D, Kraay A). The World Bank, Washington, DC

### Internet Sources

Democracy Barometer (2016) http://www.democracybarometer.org/links_en.html
Quality of Government Institute (2016) http://qog.pol.gu.se
The World Bank (2016) http://info.worldbank.org/governance/wgi/index.aspx#home
UNDP (2016) http://www.undp.org/content/undp/en/home/ourperspective/ourperspectivearticles/2011/05/20/why-good-governance-makes-for-better-development.html

## Dependent Capitalism and Monetary Regimes: The Case of the Balkan Countries

Eric Magnin[1] and Nikolay Nenovsky[2,3]
[1]LADYSS, Department of Economics, University of Paris, Paris, France
[2]CRIISEA, Department of Economics, University of Picardie Jules Verne, Amiens, France
[3]SU HSE, Moscow, Russia

### Synonyms

Comparative analysis of capitalism; Monetary policy; Monetary sovereignty; Varieties of capitalism

### Introduction

Central and Eastern European (CEE) countries experienced two successive waves of systemic institutional changes during the 1990s and 2000s, first the post-socialist transformation and then the integration process into the European Union (EU). These systemic changes have led social science researchers to raise questions about economic models emerging as an outcome of these processes (Chavance and Magnin 2002). Within the theoretical framework of the "varieties of capitalism" (VoC) proposed by Hall and Soskice (2001), Nölke and Vliegenthart (2009) consider that a form of "dependent" capitalism has been developing in East Central Europe (the Czech Republic, Hungary, Poland, Slovakia) since the 2000s, as a result of these transformations, marked by the role of foreign capital in economic dynamics. This hypothesis has met growing interest and relevance in the context of the 2008 economic and financial crisis (Drahokoupil and Myant 2011). The crisis brought to light the weaknesses of East-European economies, with their strong exposure to foreign market risks and their structural dependence on foreign direct investments. And then, the COVID-19 crisis highlighted the problems caused by

excessive dependence and a possible disruption of international production chains.

However, the issue of the monetary regime is not addressed in the VoC analysis. A monetary regime can be considered as a structuring institutional form, a set of rules expressing the power relations between national and foreign actors. The monetary regime includes rules related to the external dimension (exchange rate policy) and the domestic dimension (money supply or interest rates policy). Monetary regimes can also be described as "dependent" in Central and Eastern Europe but to varying degrees. Most of the new EU member states have gradually restored a relative independence of their monetary policies, by adopting a policy of inflation targeting or in joining the euro zone, which, however, means sharing their monetary sovereignty with other members of the euro zone.

As a separate group, the Balkan countries are characterized by a stronger dependence, regarding both foreign capital and monetary regimes. Currency boards in Bulgaria and Bosnia and Herzegovina, unilateral euroization in Montenegro and Kosovo, and de facto fixed but adjustable exchange rate regimes in Albania, Croatia, Macedonia, Romania, and Serbia (even if some of these countries are officially promoting a policy of inflation targeting) are all examples of monetary dependence. Monetary regimes in the Balkan countries both strengthen and protect the institutional configuration of dependent capitalism and thus contribute to its overall coherence. Hence, monetary dependence can be considered as one of the founding institutional elements of dependent capitalism.

## Dependent Capitalism and Monetary Regime: Theoretical Considerations

### Dependent Capitalism in the Visegrád Countries

Nölke and Vliegenthart (2009) assess that a new variety of capitalism has been emerging in East Central Europe since the 2000s: the "dependent market economies" (DMEs). Their theoretical framework directly derives from the VoC approach by Hall and Soskice (2001), which makes a distinction between two types of capitalism: the "coordinated market economies" (CMEs), with Germany as a case in point, and the "liberal market economies" (LMEs) exemplified by the United States. The DMEs broaden this initial binary typology.

Nölke and Vliegenthart believe that DMEs can be considered as a genuine variety of capitalism, different from both other models, because its founding institutions, as Hall and Soskice define them (industrial relations, education system, corporate governance, interfirm relations, and employment relations), exhibit strong complementarity and coherence.

The salient feature of the DME variety is a strong dependence on foreign capital, while the main source of investment is foreign direct investment (FDI). Corporate governance is then dominated by the hierarchical control of transnational companies' headquarters, which becomes the central coordination mechanism in DMEs, in contrast to markets and contractual relations in LMEs or networks and associations in CMEs.

The position of employees appears to be weaker than in the coordinated market economy, because transnational corporations look for cheap but skilled labor force and may rely on the competition among post-socialist countries to attract foreign direct investments, but the labor legislation is less flexible than in the liberal market economy in order to avoid social troubles that could impede production.

Tax competition and low taxation to attract FDIs result in limited government spending on education. Moreover, major investments in research and development are not necessary, while most of it is carried out within transnational companies' headquarters and then integrated into the subsidiaries' production processes, innovation remaining under the control of the corporate hierarchy. The DME countries in East Central Europe demonstrate a comparative advantage in the assembly and production of relatively complex and durable consumer goods, which are then reexported. This comparative advantage rests on the availability of cheap but skilled labor force, technological transfers within transnational

corporations, and capital inflows through foreign direct investments.

Dependent market economy should not be considered as a flawed model. On the contrary, Nölke and Vliegenthart (2009) believe that the post-socialist dependent capitalism in East Central Europe is a rather "stable and fairly successful" economic model – "particularly when compared with most of the other transition countries" (p. 693). Institutional complementarity is the major reason explaining the coherence and stability of the model and the comparative advantage of these economies. Until the 2008 crisis (and even during the crisis), the Visegrád countries were among the best performing countries in terms of sustained economic growth and per capita GDP. The modernization of industries, technology and know-how transfer, and catching up with Western Europe can be mentioned among the positive results.

Still, the authors acknowledge the vulnerabilities and risks of this dependent type of capitalism, especially the dependence on imported industrial goods, investment decisions of foreign-owned firms and banks, and exports to Western markets. They also warn on the probability of Central European DMEs not being able to upgrade their economic models from their semi-peripheral position, unlike Ireland which has succeeded in catching up with the most advanced European economies.

## Monetary Regime as a Structuring Element of the Comparative Analysis of Capitalism

Surprisingly, most attempts made so far for classifying types of capitalism in post-communist countries have disregarded an important institutional element: the structuring role of the monetary regime. It is notably the case of the VoC approach but not of the French School of *Régulation* (Boyer 1990; Amable 2003). The "dependent capitalism" hypothesis is thus ignoring the importance of the monetary regime and the monetary system.

Firstly, money is a pivotal institution not only for the economic but also for the social system as a whole. The monetary regime and the monetary system of each country indicate, both statically and dynamically, the power relations between the major economic and social actors. The enforcement and evolution of monetary regimes is the result of various coalitions of interest groups, either economic, political, or geopolitical ones. At the same time, monetary regimes convey a definite system of values. It is of major importance to pay particular attention to the "domestic (national)/external (international)" dividing line. This dividing line determines the degree of "dependence/independence" of individual countries' monetary regimes as regards external actors (be they countries, corporates, individuals, etc.). It can lead to the existence or absence of monetary sovereignty, to sovereign and independent, or to dependent and subordinate monetary policy. Not surprisingly, a perfect monetary sovereignty is becoming increasingly difficult to be implemented in today's global and interdependent world.

Secondly, as a working definition, "monetary regime" is here considered as a system of formal monetary institutions and rules of monetary behavior. In a broader sense, a monetary system comprises not only formal rules (monetary regime) but also informal monetary rules, informal monetary practices, and country-specific or region-specific monetary behaviors. When defining the core elements of a monetary regime, it seems appropriate to differentiate between two components, namely, the rules of conducting a monetary policy (rules regarding the domestic value of money, i.e., the relation towards the value of goods and services) and the type of exchange rate regime (rules regarding the external value of national currencies, i.e., the relation to other currencies).

Thirdly, the "dependence/independence" of the national monetary regime may emerge in different forms and different degrees. "Independence" means the following core elements: (i) the ability of an independent performance of the main functions of money (unit of account, means of payment, medium of exchange, store of value) and (ii) the capacity to raise seignorage, i.e., monetary revenue. It also refers to (iii) the ability to pursue an independent monetary policy, i.e., to influence money markets, either

through quantities or through money prices (interest rates), and (iv) the ability to perform the function of lender of last resort (LLR) and the functions related to financial stability. And finally, independence means (v) the ability to symbolize a given national community, its political independence, its cultural identity. The monetary sovereignty can be regarded also as a continuously developing system of values as regards money and the monetary system, marked by the historical context and national specificities.

However, history shows that a country can never have complete monetary independence. This fact comes as a result of the interwoven monetary spaces and of the hierarchical nature of monetary systems. The monetary dependence can be both formal, through certain legal rules, and informal or spontaneous, such as "currency substitution," for example. Hence, the design of the monetary regime indicates the degree of "dependence/independence" of a monetary regime with regard to its external side (exchange rate regime). For example, fixed exchange rates point to stronger dependence of a country on external monetary policy, on the value of the monetary anchor to which a national currency is pegged. Next in line come currency boards in which, in addition to a fixed exchange rate, monetary policy is almost completely eliminated. There follows the unilateral adoption of a foreign currency as a legal tender, in which case monetary revenue is brought to zero. In the above ranking of monetary regimes, monetary sovereignty gradually decreases to be entirely eliminated in the last case. The above classification includes "monetary unions," where monetary sovereignty, at least formally, is pooled, shared with other countries within a common currency area, which also means a common monetary policy (e.g., the euro zone or the African CFA area). Nevertheless, it is self-evident that hiding behind the formally shared sovereignty looms the real dominance of a particular country – a leading economic, political force within the framework of the monetary union (like Germany in the euro zone).

As a whole, the (formal or informal) monetary hierarchy cannot be eradicated. Strong and weak currencies have always existed in history. The historical dependence and hierarchical subordination of monetary regimes in the Balkan countries have also been a well-documented fact since the time of the Latin Monetary Union, when Balkan governments gaining their independence from the Ottoman Empire unilaterally adopted Latin Monetary Union rules (Nenovsky and Vaslin 2020).

Fourthly, going back to the issue of "dependent capitalism," monetary regime could be considered as one of its major analytical elements, because of its structuring role as a central institutional anchor as regards the other leading institutional components defining the existence of "dependent capitalism." The concept of institutional complementarity is most relevant here (Amable 2003). The type of monetary regime is indeed tied up with the balance of payments' structure (FDIs, trade flows), with the nature of public finance and tax regime, with labor market conditions and welfare system, as well as education, etc. It may be contended that core institutional forms have been created or evolved in a manner, which makes them mutually complementary and supportive in time. More specifically, the dependent monetary regime is servicing foreign capital, which is a leading element in the system. Foreign capital and monetary regime, on their part, determine the presence of foreign banks, the need of security in "profit recycling," etc. This requires a stringent budget policy (primarily expenditure restriction) and in general a minimum government interference on a national level. Low and predictable taxes (often a flat tax), light social burden, and certainly a flexible labor market, where labor is cheap and is easily hired and made redundant, are all elements of the same basic institutional set, which allows us to refer to a model of "dependent capitalism."

## Dependent Capitalism and Dependent Monetary Regime: The Case of the Balkans from 1990 to 2015

### Evolution of Monetary Regimes in the Balkans After 1990

At the beginning of the 1990s, two groups of countries, following different transition trajectories,

including the adoption of various monetary regimes, came to the fore. Within certain conventions, two types of development were discerned, *type 1* for Central European countries (Poland, Czech Republic, Hungary) and the Baltic region, which were later joined by Slovenia, and *type 2* for Balkan economies (Romania, Bulgaria, Albania, and the former Yugoslav Republic countries).

Generally speaking, *type 1* was more successful and was characterized by an orientation to Western models of development, institutions, etc. Economic policy, institutional reforms, and overall behavior of economic operators were directed to Western Europe to attract capital and expertise. The countries of this group voluntarily delegated part of their economic sovereignty and sacrificed their independence in favor of Western European countries and economic actors. That corresponded to their desire for quick emancipation and for breaking away from the influence of Russia (Feldmann 2013). Within that configuration, FDI and external participation in privatization became leading forces. The role of the national state was reduced to the minimum, dictated by foreign actors' interests. Values of a free market economy and a liberal shock therapy became pivotal. Logically, this brought about the choice of a monetary regime servicing the selected development model, namely, a stable external value of national currencies within the framework of a fixed exchange rate regime, a strong presence of foreign banks, etc. It meant for those countries "to climb in the hierarchies of currencies" and in the case in point to peg to the German mark, Europe's central currency. The fixed exchange rate had the advantage of limiting the crony transition and the opportunities for speculation, as well as state and central bank captures. As reforms were unfolding and privatization completed, and mid-1990s crises left behind, the countries of group 1 started to emancipate and regain part of their independence and sovereignty. This process also transpired in the monetary regime evolution: most countries transited to one degree or another to a floating exchange rate or inflation targeting.

Countries of *type 2*, roughly speaking from the Balkan region, embarked on an opposite path. The mutual attraction between these countries and Western Europe was weak, due to a number of historical, geographical, and other factors. In the Balkan countries, national elites and the socialist ruling top succeeded in preserving their positions and became a major factor in the post-communist transformation. External factors, Western Europe influence in particular, held a secondary role. In this context, the state had a significant impact on the economy and, having been captured by the abovementioned elites, became a major factor in the redistribution of ownership and wealth. The state was overburdened with discretionary policy tools, including control over the country's monetary system and the central bank's policy. The monetary regime was so constructed as to serve the colossal redistribution process in favor of the communist upper crust. The floating exchange rate and the "crony" discretionary monetary policy became the leading transmission mechanisms of that redistribution. The public sector was drained of resources, which were privatized, while losses were passed on to the budget and into state-owned banks. The whole process found its logical end in printing money.

Once privatization was completed and internal sources of capital formation depleted, and after the 1990s crises, Western influences started to gain momentum in most of those countries. The monetary regimes also changed in nature and became externally dependent and controlled. The currency board in Bulgaria (of mid-1997) is an evidence of this. Yugoslavia put up long resistance, but geopolitical and economic factors led to its disintegration. The separation of Slovenia (1991), Macedonia (1991), Croatia (1991), and Bosnia and Herzegovina (1992), subsequently of Montenegro (2003) and Kosovo (2008), logically brought about the adoption of external monetary regimes oriented towards Western Europe. The adoption of the Deutsche Mark, subsequently of the Euro as the official currency in Montenegro and Kosovo, was ultimately aimed at their breakaway from Serbia.

During the period under study (1990–2015), monetary regimes are highly dependent in Bulgaria, Bosnia and Herzegovina, Montenegro, and Kosovo. By all means, during the years

1990–2015, the Balkan countries are characterized not only by formal monetary dependence and loss of monetary sovereignty but also by informal monetary dependences, manifested in a large-scale and strongly expressed monetary substitution.

## Monetary Regimes with Limited Sovereignty: Currency Board and Unilateral Euroization

This section will provide two examples of dependent monetary regimes, namely, currency boards in Bosnia and Herzegovina (1994/1998) and in Bulgaria (1997) and unilateral euroization in Montenegro (1999) and Kosovo (1999).

### Currency Boards (1992–2015)

Immediately after the collapse of the communist system, in the very early 1990s, the currency board (CB) was not among the instruments used by the international financial institutions (IFIs); it failed to fit into the models used by the IMF. Very quickly, however, after certain resistance and hesitation as regards the introduction of the CB in Estonia (June 1992), the IMF and international experts started treating this monetary regime with higher regard. This emerged at the time of implementing this system in Lithuania in April 1994 and in devising the de facto CB in Latvia. After the CBs in the Baltic states proved efficient not just in geopolitical terms but also by providing monetary and economic stability, IFIs, and among them the IMF, included them more actively in their programs. The extremely negative attitude to this type of regimes was overcome at least partially, and they were no longer treated as an aberration from normal monetary policy, as a legacy from the colonial system, or as specific solutions for highly unstable and underdeveloped countries. Logically, CBs began to be treated as a system worth of attention.

In a nutshell, CB is a regime under which the monetary sector is closely related to the dynamics of the balance of payments; monetary policy is totally or almost totally eliminated; the exchange rate is fixed, in most cases by law; and the monetary base is covered with highly liquid foreign assets. In this case, money supply cannot be influenced by the central bank: domestic sources of monetary base are non-existent; the independent monetary policy is eliminated, as is the function of the LLR; while seignorage is limited. Considerable foreign currency reserves are maintained, which should ensure the credibility of and confidence in the national currency, but at the expense of investing these reserves abroad and not domestically. To maintain such a regime, disciplined public finances, presence of foreign banks to be refinanced by their parent banks in case of a crisis, and a considerable inflow of foreign capital are deemed to be required.

Thus, very quickly, the CBs found their foothold on the Balkans. This happened owing to two main reasons – economic and financial in the case of the CB introduced in Bulgaria in June 1997 and geopolitical and financial in implementing the regime in Bosnia and Herzegovina in 1994/1998.

The unification of the monetary space in *Bosnia and Herzegovina* was completed in legal terms on 1 July 1998 with the introduction of the CB and of the common currency for the three ethnic zones (Bosnian, Croatian, and Serbian), known as Convertible Mark (KM). This was implemented in practice in the end of 1998. Since then, the CB has existed under the initial conditions, and there has been no criticism voiced against the regime. However, the background of the CB is both interesting and edifying. Without getting into details, we would note that the major factors here are geopolitical – the interests of Western Europe, the United States, and IFIs.

After the independence of Bosnia and Herzegovina was announced in March 1992, the payment community/space started to disintegrate, and several currencies were put into circulation, depending on the actors' ethnic and trade preferences (various types of emergent currencies, alongside with officially accepted *Novcani Bons*, Deutsche Mark, Serbian Dinar, Croatian Dinar, *Kuna*, etc.). During the same year, the first independent banknotes were issued, which were in circulation together with the Deutsche Mark. In general, the situation was quite chaotic. During the war, which started in May 1992, the country was in the grip of hyperinflation, as was Serbia. In August 1994, the first CB was introduced in the Bosnian territory, after the Bosnian Dinar was

redenominated and subsequently pegged to the Deutsche Mark at an exchange rate of 100 new Dinars = 1 DM, and the new currency was backed 100% with Marks.

Subsequently, events developed in the following way. After the Dayton Peace Agreement for the establishment of a federation put an end to the war in December 1995, there were actually three monetary zones – a CB on the territory of Bosnia, the Kuna in the Croatian zone, and the Serbian Dinar in the Serbian area. These three zones shared in common a peg to the Deutsche Mark, which acted as an anchor for the three systems. Under the pressure of the IMF, the US Treasury, and a number of Western European countries, a decision was made to establish a common CB, integrating the three zones. The other options were introducing the Deutsche Mark as an official currency or creating three mutually interrelated CBs (Coats 2007). After some discussions a new central bank was established, operating under a CB regime, and a new currency, called Convertible Mark (KM), was put into circulation. Thus, from June 1998 1DM = 1 KM, and since 2002 1 EUR = 1.95583 KM.

The CB in Bosnia and Herzegovina is extremely conservative and was initially designed to be governed by a foreigner appointed by the IMF. The first Governor was Peter Nicholl, from New Zealand (who held the position for 7 years and was replaced in 2005 by Kemal Kozaric from Bosnia). The cover of the monetary base should be above 100% (not exceeding 100–110% by law) and at least 50% of the reserves in the reserve currency. According to Steve Hanke, the CB in Bosnia and Herzegovina is the closest to the orthodox form: the value of its sterilization rate, which shows the monetary authorities' capacity to influence the monetary base, is next to zero (Hanke 2002). It is stipulated by law that the CB should grant no loans, whatsoever, to the government in the first 6 years, and thereafter this may be allowed by Parliament. Today, the official exit of the CB is considered to be joining the euro area; no mention is made of an independent monetary policy.

While the limitation of Bosnia and Herzegovina's monetary sovereignty may be contemplated as a resolution of the war and of ethnic conflicts, the CB in *Bulgaria* is a different story, principally initiated for financial and economic reasons. A CB was introduced in Bulgaria after the colossal collapse of the banking and economic systems in 1996 and the default of foreign debt servicing. The CB was officially introduced in June 1997 (under IMF pressure and external factors). The story has been frequently analyzed and presented (Berlemann and Nenovsky 2004).

As has already been mentioned, in the early 1990s, the transition was dominated by the former communist elites, which converted their power resources into ownership and assets within a few years. They became the new capitalists and rentiers. The state was the main transmission mechanism through which plundering and redistribution took place, and the monetary regime was so structured as to serve those processes. The external actors were in an extremely unfavorable position. They did not participate directly in the privatization processes. They mostly used to grant loans to the Bulgarian state, i.e., to the same domestic communist elites. It is worthwhile noting the rejection of the early ideas of implementing a CB, known as the Rahn-Utt Programme (a project funded by the American Chamber of Commerce in 1990), that de facto aimed at introducing a CB and giving room to market forces in order to strengthen the positions of external actors.

Subsequently, the accumulated foreign debt proved difficult to service very quickly, and the crisis hit as a logical consequence. At that point, a radical overhaul of the monetary regime took place, as the IMF (whose role at the time of the crisis was extremely questionable) and Bulgaria's foreign creditors imposed the CB system. The new regime aimed at establishing an institutional monetary framework, which should ensure the future foreign debt servicing and the security of foreign capital. Monetary policy was completely eliminated, and the LLR functions were highly limited. The pegged exchange rate and the monetary base coverage rate as well as the publication of CB's balance sheets were enforced by law. Initially pegged to the Deutsche Mark at a 1:1

rate, the Bulgarian Lev is still fixed to the Euro at the same rate as in Bosnia and Herzegovina, 1 EUR = 1.95583 BGN. Both in Bosnia and Herzegovina and Bulgaria, the national monetary policy is directly tied up with that of the ECB.

In the CB case, it is worthwhile noting that a monetary income or seignorage is generated, though at a lower rate (which is allocated between the monetary authorities and the budget). National currency is also printed and remains a national symbol (e.g., in Bosnia and Herzegovina, the design of the banknotes contains common and specific elements for each of the three communities).

The determining role of external factors and the subordinate importance of national elites in the choice of a CB in Bulgaria and Bosnia and Herzegovina are indirectly confirmed by one of the recent surveys on CB's credibility in both countries (Begovic et al. 2015).

### Unilateral Euroization (1998–2015)

A still more radical restriction of monetary sovereignty was the unilateral adoption of the Deutsche Mark and subsequently of the Euro as an official currency in the case of Montenegro and Kosovo, called euroization.

Taking a look at *Kosovo*, we can immediately observe that the change of the monetary regime has been directly devised by external forces (United Nations Interim Administration Mission in Kosovo, the US Treasury, IMF, NATO, etc.). The start was given after recognition by Western powers of the self-proclaimed Republic of Kosovo in May 1992 in violation of UN norms. After the cease-fire in 1998, the Deutsche Mark was declared a legal tender, initially alongside with the Serbian Dinar, and subsequently on its own (this happened on 2 September 1999). The Central Bank of the Republic of Kosovo was established in 2008 and decided to undertake the changeover from the Deutsche Mark to the Euro (about one million Marks were exchanged in cash). It is mainly concerned with banking regulations, the payment system, and the management of government finances.

As regards the causes of introducing the Euro in *Montenegro*, it resembles the imposition of a CB in Bosnia and Herzegovina. In the first place, it was a geopolitical decision, imposed from outside (Germany in particular). The facts and technical details are also well known. The decision for the separation of Montenegro from Yugoslavia, the last republic remaining in the Federation, was not only accompanied but also implemented mainly by leaving the Yugoslavian Dinar zone.

In early November 1999, a decision was made that the Deutsche Mark should be in circulation in parallel with the Dinar, at a floating exchange rate – it is not sure whether it was coordinated or directly imposed by Germany and the Bundesbank.

From January 2001, the Deutsche Mark became the only legal tender, and, since June 2002, it has been replaced by the Euro. Paradoxically, euroization seems at first sight to enable monetary policy. Montenegro's system, unlike that of Kosovo, allowed, at the end of the period under review, some attempts to regulate monetary policy (open market operations, reserve requirements, etc.). The case in point of course is a monetary policy in euro (i.e., the money supply cannot be increased, but its structure may be changed within certain boundaries). In both cases of euroization, however, the money supply is a direct result of the balance of payment dynamics. It mostly relies on foreign capital, remittances, and IFIs' official aid.

## Conclusion

Dependent capitalism is marked by the structuring role of foreign capital in national economic dynamics. The monetary regime was not included in Nölke and Vliegenthart's initial contribution, nor was it in Hall and Soskice's theoretical framework, but it appears to be complementary with other institutional forms, some of which have been mentioned by the authors (tax regime, social welfare, education system, labor market, etc.). First focused on the Visegrád group, the extension of the dependent capitalism analysis to Balkan countries, to EU new members or non-members, appears particularly relevant.

Balkan countries' experiences provide almost perfect examples of dependent, orthodox, and

limited monetary regimes, such as currency boards and euroization. This was the case of Bulgaria, Kosovo, Montenegro, and Bosnia and Herzegovina. In other Balkan countries, where such rigid monetary rules were not adopted, the de facto monetary regime and policy similarly followed external anchors and targets. These monetary regimes could be analyzed as institutional compromises, resulting from interactions between economic, political, and global interests in the Balkans and core Western countries' players. Dependent monetary regime also appears as a key element of the whole structure of DMEs that presupposes market liberalization, i.e., free labor market, low wages, conservative public finances, and dominant level of foreign capital and foreign banks.

The COVID-19 crisis and the vulnerabilities it revealed could lead to a shift in the forms of capitalism in Central and Eastern Europe towards less dependence and more sovereignty, in the context of Brexit, with an increased role for the state and public policy.

## Cross-References


- ▶ Diversity of Capitalism in the New EU Member States
- ▶ Power and Politics in the European Union
- ▶ Transnational Capitalist Class, The


## References


Amable B (2003) The diversity of modern capitalism. Oxford University Press, Oxford

Begovic S, Adnett N, Pugh G (2015) An investigation into the credibility of currency board arrangements in Bosnia and Herzegovina and Bulgaria. J Comp Econ 44(3):787–799

Berlemann B, Nenovsky N (2004) Lending of first versus lending of last resort: the Bulgarian financial crisis of 1996/1997. Comp Econ Stud 46(2):245–271

Boyer R (1990) The regulation school: a critical introduction. Columbia University Press, New York

Chavance B, Magnin E (2002) Emergence of path-dependent mixed economies in Central Europe. In: Hodgson G (ed) A modern reader in institutional and evolutionary economics: key concepts. Edward Elgar, Cheltenham, pp 168–200

Coats W (2007) Monetary policy issues in post conflict economies. New York University's Center on International Cooperation

Drahokoupil J, Myant M (2011) Transition economies: political economy in Russia, Eastern Europe, and Central Asia. Wiley, Hoboken

Feldmann M (2013) From the Ruble zone to the euro zone: the political economy of Estonian macroeconomic policy. Post-Soviet Aff 29(4):354–370

Hall P, Soskice D (eds) (2001) Varieties of capitalism: the institutional foundations of comparative advantage. Oxford University Press, Oxford

Hanke S (2002) On dollarization and currency boards: error and deception. Policy Reform 5(4):203–222

Nenovsky N, Vaslin JM (2020) Shadowing the Latin monetary union: monetary regimes and interest rates at the Balkans periphery (1867–1912). J Eur Econ Hist 23(2):71–114

Nolke A, Vliegenthart A (2009) Enlarging the variety of capitalism. The emergence of dependent market economies in east Central Europe. World Polit 61(4): 670–702


# Desecuritization of the Relationship Between Turkey and Other Islamic Countries in the Middle East


Fikret Birdişli[1] and Ahmet Karadağ[2]

[1]Department of International Relation, Kahramanmaras Sutcu Imam University, Kahramanmaraş, Turkey

[2]Department of International Relation, Inonu University, Malatya, Turkey


## Introduction

Ottoman Empire has been a kind of "security community" by covering most Islamic countries in Middle East region for a long time. So it can be said that Ottoman Empire has achieved Karl W. Deutsch's economic-orientated "security community" model in the context of political scene in their age.

Approximately 49 states emerged from Ottoman Empire ruins, and they have been mostly colonized by the Western countries after the World War I. But they have gained their independence after the Second World War.

Nevertheless, after the independence, bilateral and multilateral relationship has been low level with both each other and especially Turkey which is the successor of Ottoman Empire.

There are many reasons, but most salient ones is that Turkey has turned his face to the West and refrained from developing close relationship with the other Islamic countries in sake of Westernization.

Interregional relationship also was low level between Middle Eastern countries because of the post-colonial problems such as border conflict, clash of interest, ethnic and sectarian problems. So each country securitized it's foreign relation and policy in the region. Therefore, the Middle East region became one of the most insecure and unstable places of the today's world because of threat perceptions. So this paper focused on the question on how to deal with security problems of the Middle East region.

The main assumption of this paper is that international security problems must taken hand with its their regional character and solved by interdynamic. So this research has been built on the regional security complex theory (RSCT) via constructivist approaches.

An exclusive offer of this research is that there must be regional cooperation in the Middle East. And Turkey's new direction of foreign policy would be good model for desecuritization of the multilateral relationship in Middle Eastern countries. Turkey is a very special country because of its historical and specific gravity on the region. Besides Turkey is only democratic and secular, moderate Muslim country with its conservative social character.

Another crucial problem is the radical movements in the Middle East. It became not only a regional but a global problem. Duality and lack of religious authority in Islam has caused chaos and feeds religious extremism. In fact Islam doesn't require any central religious authority like the pope or Vatican. But it doesn't mean that there would not be any consensus about Islamic issues. The function of caliphate was to represent consensus in Islamic world in the Ottoman's time by force of the state. Herewith, Ottomans was not letting emerging of any radicalism in the Islamic world because of they represent moderate Islam. But, abolishment of the caliphate has caused the reduction of influence of the moderate Islam all over the Islamic world and led to chaos in Islamic issues.

This paper interests in how this problem would be solved. Rising of Turkey as a regional power has caused some hope for regional cooperation by way of desecuritization of multilateral relationship. So, Turkish experience both domestic and international policy level would be good model for the development of regional cooperation also. Fallowing chapter include regional security complex theory and regional security problem of Middle East. Research environment is limited by only Middle East countries because of others covered by another subregional complex.

## Regional Security Complex Theory

The Regional security concept is a historical and geopolitical approach to the security problems of the post-Cold World era. It's enabling to analyze and explain development within any region.

So, regional security approach is a modern time's phenomenon where its root is reaching back to the interval between 1500 and 1945. It's a subsystem of the global world system. So, we cannot mention about regional approach before 1500 because global level was not strong enough to generate a global world system (Buzan and Waver 2003, p. 15).

The world system refers to the inter-regional and transnational relation which is shaped by economic and geostrategic priority. Regional security also related with global rivalry among European power in local unit (Buzan and Waver 2003, p. 15). Because dividing of world in controllable area is the characteristic of the imperialism, for example, the world has divided according to the colonial interesting area in pre-Cold War time, there was a bipolarity in Cold War time; now the world has been divided into the two camps as *zone of peace* and *zone of conflict* in the post-Cold War time. So, regionalism is closely related with relationship between

core and periphery also. Therefore, regional security complex theory (RSCT) may be convenient for analyzing security problems of the today's world.

The meaning of the region in this theory is that the region is the integrated area which has economic, geographic, social, and cultural similarity and is challenged by same security problem. The meaning of the Regional Security Complex (RSC) is also "*as a group of state whose primary security concern link together sufficiently closely that their national security cannot reasonable considered apart from another*" according to Buzan (2003, p. 40).

The impact of the geographical proximity on security interaction is strongest and most obvious in military, political and societal, and environmental sectors. Generally geographic adjacency is much less effective in economic sector when compared with security interaction. So, all the states in the system are enmeshed in a global web of security interdependency. But because regional security often associated with proximity, this interdependence is far from uniform. Buzan and Waver (2003, p. 46) claims that security interdependency is markedly more intense between the states inside such as complex than outside states. But great powers and superpowers are extending their interest and interaction over many complexes also. Great power will typically penetrate several adjacent regions, while superpower will range over the whole planet.

Some other states which have limited capacity confine their security interest and activities to their near neighbors. Smaller states will usually find themselves locked into and RSC with their neighbors (Buzan and Waver 2003, p. 46). So, regional security complex and their problems strictly bind to condition of the powers.

The question is here in this point that how regional security in geographical clusters can be enhanced.

Some of the basic assumptions of this study are as follows: first, history shows us minimal relationship with other states causes more threat perception; second, regional security highly depends on regional collaboration; third, geographic proximity is more functional in insecurity than the economic relation, so economic cooperation works in regional clusters but does not prevent proxy wars.

If we summarize regional security complex approach before analyzing of Middle East region, main corners of the RSCT are:

(a) International system manifests themselves in regional clusters.
(b) The role of the states varies in regional clusters.
(c) All the states in the system are to some extent enmeshed in a global web of security interdependence.
(d) Security also varies in the regions by effect of penetrating external power.
(e) Insecurity is often associated with proximity.
(f) Generally geographic adjacency is much less effective in economic sector when compared with security interaction.

## Regional Complex Theory and Middle East Region

The Middle East is a place where an autonomous regional level of security has operated strongly for several decades despite continuous and heavy impositions from the global level (Buzan and Waver 2003, p. 187).

The Middle East is a large and complicated place and it possesses some distinctive historical and cultural features. Most countries have been colonized by Westerners except Turkey, Iran, and Saudi Arabia. All countries are traditionally linked by trade and religion to each other all long history. Turkey and Afghanistan are insulator countries between the Middle East region, Europe, and South Asia. Turkey has special importance because it had ruled much of Arab world as the heartland of the Ottoman Empire.

There has not been any security problem or sectarian conflict in the Middle East region during the Ottoman time because of the strict control over the religious group or local authorities on behalf of the Caliphate. Actually there is no any spiritual authority in Islam ontologically, as it is pope or Vatican. Nevertheless, the caliphate has always

been an important both political and religious figure in Islamic world.

Post-Ottoman time, after the First World War, all Arab countries are colonized. Only Turkey, Iran, and Saudi Arabia have been independent between Islamic countries. But they were also under the heavy Western influence.

All Arab countries have gained their independence after the Second World War by inducement of Arab nationalism. But Arabism and Islamism are competitive as well as closely interlinked ideas (Dawisha 2000, p. 80).

As Barnett (1998, cited by Buzan and Waver 2003, p. 190) has demonstrated, the construction of Arab nationalism has generated considerably more inter-Arab rivalry and conflict than cooperation and harmony. This rivalry extended to such water, border, and clan interest problems also. So, many of the present dynamics of conflict of the region have roots reaching back into the interwar years.

From another point of view, colonization and decolonization have corrupted traditional sociopolitical structure of Arab countries and left them in an unstable condition after the independence.

At the end of the Second World War, British and French colonial presence was also strong, and their military-political overlay dominated the region for a long time. Rising of the nationalism, Israel and Palestinians question; oil reserves and resisting of conservatism are main roots of the conflicts. So, main conflict patterns in the Middle East region are consisting of:

(a) Inter-Arab rivalries between Hashemite and Saudi monarchies.
(b) Rivalry of the Arab leadership between Egypt and Iraq.
(c) Conflict between Palestinians and Zionist immigrants.
(d) Territorial problems between new emerged countries.
(e) Eternal competition between Arab and Persian civilization.
(f) Penetrative interest of the powers outside of the region.

Clearly Middle East countries would not be transplanted successfully into the Western political system after the independence. And they grasped by authoritarian regime as they used to be in their tribal tradition. But this tradition has feed inter-Arab competition also for leadership of the Arab world. Additionally, territorial problems, tribal rivalry, and rising of radicalization which originated from Shi'ism and Salafi are main grounds of the regional insecurity in the Middle East. But this insecurity has inclination of metastasize to the other region because of all regions are close-knit to each other about security issues. So security in the Middle East means security for other regions also. In this point, the question is how security in the Middle East region can be provided.

## Security Community for Regional Security of the Middle East

Although Islam itself has strong transnational qualities, Islamists have been poor at building wide political coalitions either within or between states and good at fragmenting themselves into rival factions. This reality feeds many conflict and fundamentalism in the region.

The Gulf subcomplex formed after Britain's withdrawal from the area in 1971. It centered on a triangular rivalry among Iran, Iraq, and Gulf Arab states led by Saudi Arabia. There is also peripheral rivalry between Saudi Arabia and Yemen which has generated a lot of local wars and has in its time drawn wider Arab participation along rival royalist versus radical line (Buzan and Waver 2003, p. 191).

The 1979 Iran revolution added a sharp ideological elements to its rivalry with Saudi Arabia since both states claimed leadership of competing Islamic universalism of conflict easily. All states in Middle East region have dynamic interest for each other. For example, Syria has a problem with Israel but also with Iraq so took side against Iraq both Gulf wars in both of these rivalries Syria is an ally of Iran. Iraq and Syria are allies against Israel but otherwise have been hostile to each other; the Gulf Arabs play financial role against Israel by their funding of Islamic group also in domestic politics of the many Arab countries. Egypt although a central player in Arab-Israel conflict

is also prominent in the Gulf; it intervened extensively in Yemen during the 1960s, and during the Second Gulf War sided with the Gulf Arab states and Syria against Iraq (Buzan and Waver 2003, p. 193).

Another rivalry problem of the Middle East region is waging competition and enmity between Shi'ism and Wahhabism (Salafi). Their radical conception about state and international relation is not only feeds mutual contestation but also spark an antagonism both non-Muslim and other Muslims also. Because Wahhabism and Shi'a both have radical ideas about Islamic state and governing. Wahhabism is a peculiar virulent, ultra-puritanical strain, so it tends to accept as profane most moderate Muslims. Shi'a also refused to right of governance of anybody who doesn't come from a prophet family. So they become not only political barrier to create central authority but also sources of radical Islamism. So, according to the Country Reports on Terrorism 2012 by the Bureau of Counterterrorism, there are 51 terrorist organizations, and 34 of them are originated from "Islamism" ("Country reports. . ." 2013). These "Islamist" terror organizations are originated from either Shi'ism or Wahhabism. Terrorist incidents are highest rank in the Middle East regions also (GDT 2013). It means that the Middle East region is one of the most insecure places of the world today.

It's crystal clear that security of all nations and countries in the Middle East region is tightly knit interregionally. But, almost every country in the Middle East perceived threat from neighbors as a threat and prefers being ally with countries from other regions, whereas the regional security highly depends on the regional collaboration and trade. On the contrary, regional security problems require internal cooperation and solidarity.

Origins of the concept of security community depend on the regional cooperation. It can be amalgamated model or pluralistic security model. An amalgamated security community exists with formal merger of the two or more previously independent units with some type of common government. But in pluralistic security community model, each unit retains in their legal independence and spare governance (Adler and Barnett 2000, p. 6). Amalgamation model like the USA is not possible for the Middle East region, but pluralistic model depends on the compatibility of core values derived from common institutions and mutual responsiveness.

In Deutschian model, communication is the cement of social groups in general and political communities. Actually history shows us minimal relationship and communication with other states causes more threat perception. So, communication will enable to develop a "we" sense and think together. According to Adler and Barnnet (2000, p. 7), transactions and communication would be factories of shared identification also. So pluralistic security approaches would fill the gap between different sects in the Middle East region in timely.

Adler and Barnnet convey about trade, migration, tourism, and cultural and educational exchange in transaction process. Additionally, the Hajj (pilgrimage) is strong transaction in Islamic world because it's weave social fabric between not only elites but also masses.

## Creating of Regional Security Structure in the Middle East

A community is defined by three characteristics (Adler and Barnett 2000, p. 6): (1) members of a community have shared identity, values, and meanings; (2) those in community have many sided and direct relation; (3) and communities have altruism. These are constructivist element of the community structure. But this structure needs an architecture and institution for cooperation in regional security. So general trend international organizations have condensation nuclei such as EU, ASEAN, OSCE, etc. for regional solidarity. These organizations reduce transaction cost and change the payoff structure of security arrangement by lengthening the shadow of future (Heller 2003, p. 125).

Main pillars of this structure are cognitive familiarity, common identity, and common idea. In European Union experience, cognitive familiarity is "democratic peace" doctrine. This is obvious factor in the Western European system of structures established after World War II. Second, common identity depends on Western civilization. And finally common idea of EU is economic cooperation for progress.

In the Middle East case, the Organization of Islamic Cooperation (OIC) is an institution for regional security structure. There are some other organization such as Gulf Cooperation and OPEC in region, but they are not including all countries in the region. But OIC is big umbrella for Islamic world as well as the Middle East region.

Second, cognitive familiarity is the concept of justice (adalet). Justice is one of the four fundamentals of Quran. It is the Muslim's duty to work for justice and reject operation on both interpersonal and structural level. The ideal and comprehensive notion of justice can facilitate the development of Islamic peace-building strategy (Abu-Nimer 2003, p. 51). So concept of the justice (adalet) in Islamic world can work as "democratic peace" theory.

Common identity for Middle East countries is that shared past and idea of transnational solidarity (the umma). This gave authentic and satisfying Islamic identity. But this idea doesn't require single transnational Islam or amalgamated security community. Pluralistic security community is compatible with realities of region. But even in pluralistic model, there must be some core countries for gravity center while creating regional collaboration as being Germany, France, and England in European Union. In the Middle East regional security structure, these core countries are Turkey, Iran, Egypt, and Saudi Arabia because prominent nations of region are Turks, Arabs, and Persians. But Turkey has some advantage over others because of being successor of the Ottoman Empire.

But abolition of the caliphate has negative effect on the relationship between Turkey and other Islamic countries at the beginning. In aspect of Turkey's sustainable relationship with Islamic world, it has accepted as threat for ideal Westernization. This is discourse of the securitization of relationship with Islamic countries for Turkey.

## Turkey, Model Country for Developing Regional Cooperation

Turkey is one of the pivot countries of Middle East region. The others are Iran and Egypt. Turks, Arabs, and Persians are dominant nation of the regions. So it cannot be possible to make something in this region without considering these nations. All Arabic countries have been ruled by Turk for a long time. Turks have been respectful for all Arabs because of the Prophet Muhammad (PBUH) who was also Arab. So, the relationship between Arabs and Turks has not been such as boss-labor relation. Turks always give them autonomy. This relationship demolished after the First World War, and all Arab countries separated from Empire by military force. Secular policy of the new republic of Turkey and rising of the socialist Arab nationalism also have been so harmful for this relationship. Turkey is Western country relatively with Middle East and has been in Western camp during Cold War time. But many Arab countries have been positioned themselves between non-alignment countries. But at the same time Arab countries prefer to be nearer to the Soviets than to the West because of the colonisation past. Therefore the relationship between Turkey and Arab neighbours has been always weak. But, history shows that minimal relationship between neighbours means more threat perception and misunderstands. So, regional security highly depends on the intra regional collaboration and trade. But, regional collaboration and confidence very complicated issue and itâ€™s generally requires leading and some initiations as it has been in European Union. In this point, rising of Turkey as a political and economic power in the region aroused a hope for successful cooperation in the region. It is also important that it was done by a conservative party because of demography of Middle East countries. So success of the Turkish government has been hope for all conservative dissidents. Thus some autocratic governments have been changed or toppled by people, and power of the conservatives has been raised in Arab Spring.

These changes bring the hope regional cooperation with a few exceptions. But future of the region is not clear already. At this point we are interested in desecuritization of mutual relationship. So Turkey experiences are both important externally and internally.

## Securitization and Desecuritization of Relationship Between Turkey and Islamic Countries in the Middle East

The relationship between West and Ottoman Empire has been shaped by "advancement strategy" and "defense strategy." Ottomans have taken the protector role for Islam and other oppressed nations in period of progress so it's called advancement strategy. But Ottoman's forced to give up this strategy gradually because of decline of Empire after the end of the seventeenth century.

Ottoman Empire has been terminated by nationalist at the end of First World War after the three-year independence war. Foreign policy of the new republic of Turkey has been shaped by historically inherited reflects and conjectural difficulties in international area (Davutoğlu 2001, p. 69) and vision of Westernization which is accepted as contemporary civilization.

Islamism and Turkism which have been used as foreign policy instruments are lost its importance at the twentieth century already. So, new republic determined present boundaries' ultimate goal as to protection of the national boundaries, and founders of republics think that it's possible only being in dominant Western power. Because of this inference, Turkey has become a part of new international system, whereas it was an alternative to the Western dominance in the past (Davutoğlu 2001, p. 69). It was impossible for any alternative in powerless position already.

## New Foreign Policy, Securitization of Foreign Policy

Becoming part of the Western-dominated system does not mean being in Western system for Turkey, because Turkey is in the region geographically which has political interest of Western power concentrated. The Middle East is not only a struggle arena of Western power but hinterland of Turkey also. Ottoman Empire has been the defender and representative of Eastern civilization against West for a long time, and Turkey is the successor of Ottoman Empire now. Hence, Westerners hesitated about Turkey because of this historically heritage. Especially the caliphate which becomes the main motivator and interdependency in Islamic World is existent already and religious character of society still evident. So Westerners think that being in Western-dominated international system is not enough to rely on Turkey. And they left a private distance for Turkey and waited for cultural and institutional transforming. This is a common base for Westerners and new Turkish elites; because Turkey's new elites needed a new vision to strengthen their position also. So, interest of Turkish elites and dominant power overlapped in this point.

In subsequent years, the caliphate has been invalidated after the declaration of new republic in construction of new reality. It was followed by new revolution like secularization of law and whole system. In this way Turkey assured to stay in "system" by takeout disturbing institutions and political identity for West. Hereafter geopolitical frontline of Turkey is legal boundaries. Therefore, Turkey doesn't have interest in some problems and changes of remainder of Ottoman lands like Balkans, Caucasians, the Middle East, and North Africa. Turkey foreign policy was neutrality, neglect, and ignorance about Eastern World (Gözen 2009, p. 36).

These changes have caused negative reflection on the Islamic World about Turkey. First, these changes are perceived as rupture from Islamic identity and civilization. Second, political and military intervention to the Hatay question in 1939 and northern Iraq problem have been criticized by the Arab world in shade of Arab nationalism. Third is ambivalent altitude for the Middle East in Turkish foreign policy as it's happened in recognition of Israel and negative attitude vote with France for Algerian independence. Forth is consistent foreign policy with US's interest in the region. Especially position of Turkey excoriate by Syria, Iraq, and Lebanon around 1947 and 1960.

Shortly the period of 1925 and 1960 was absolute pro-Western foreign policy of Turkey. So, the relationship between Turkey and Middle Eastern countries has been securitized by discourse of Westernization. Securitizing actors were secular state and elites. Referent object was national sovereignty and secularism; existential threats for referent objects were re-conservatism.

### Deviation from Absolute Pro-Western Policy of Turkey

Some significant development in international area has caused to review absolute pro-Western policy of Turkey. First and one of the most impacted ones is Cuban Missile Crisis in the 1960s.

Missile crises between the USA and USSR caused great danger for Turkey, but it solved without any information and evaluation from Turkey. Turkey realized that West easily could jeopardize him.

Second impacted one was Cyprus crises. Turkey perceived as national problem Cyprus question and needs for international support. Nevertheless Turkey couldn't find enough support by neither Western countries nor Eastern countries in this case. Therefore, Turkey realized that the West doesn't stand behind them when Turkey need them (Gözen 2009, p. 182).

Third one is Arab-Israel War. Turkey decided to give passive support for Arab countries in this time (Bölükbaşı 1999, p. 26). Turkey have had small advantage of this policy during oil crisis around 1973 and 1974. The only concrete benefit for Turkey was oil pipeline between Iraq and Turkey. But Turkey didn't so take advantage of this relation for a long time because of political and economical instability (Gözen 2009, p. 184).

The USA embargoed for Turkey after the military intervention to Cyprus. And some economic problems between Turkey and Europe have aroused idea of searching alternative in foreign policy. In this period Prime Minister Bulent Ecevit and Co-deputy Necmettin Erbakan were important political figure for desecuritization process of Turkey's foreign policy about the Middle East (Gözen 2009, p. 185). Bulent Ecevit was seeking cooperation about military and security issue in the regional context, while Necmettin Erbakan was seeking for economic cooperation such as "Islamic economic cooperation" between region countries.

Other important events are Iran revolution and Iran-Iraq War. Both countries relied on Turkey for their economic needs and reliable mediator. So, Iran-Iraq War has caused rising of external trade and cooperation in the region around the 1980s (Calabrese 1994, p. 103).

After the 1980s, Prime Minister Turgut Ozal has widened vision of Turkey both in West and East direction. He has both Ecevit and Erbakan vision about the Middle East. He wants it to be an active country in the region and become a regional power. Therefore he supported to the USA in First Gulf War. It was such a rebirth of absolute pro-Western policy of Turkey. But this time Turkey tried to develop relationship with other regional countries also.

Rising of the Kurdish question and new conjecture post-Cold War time caused fluctuation of regional policy of Turkey. Neoliberal transformation and its economic requirements have suppressed being more dynamic in foreign policy.

This period stagnation and horizontal expansion period of the Turkish foreign policy. Hence, President Ozal tried to diversify and expand interest area of Turkey by developing of relationship with old Soviet Union affiliated Turkish countries in Central Asia, but internal and international conjoncture did not allow to the great change to happen like this.

Most remarkable thing in these periods was that Turkey has always tried to keep warm relationship with West even seeking independence about foreign policy (Erhan 2006, pp. 390–391). So Turkey has been always criticized about being pro-Westerner both internally and externally.

### Desecuritization of Relationship Between Turkey and Islamic World

Actually seeking of proactive foreign policy has just begun after the Cold War time. Some initiatives were salient in terms of Turgut Ozal. But proactive policy has taken step in time of AKP (Justice and Development Party) after 2002. AKP government has benefited from all past experience about the Middle East and West. So silent future of foreign policy of AKP government is multidimensional foreign policy. Important subjects were:

(a) Sustainable development via economic cooperation with all countries.
(b) Sustainable security via regional cooperation with all neighbors.
(c) Diversified international trade.
(d) Forward-deployed diplomacy by using historical gravity.

These political initiatives have started with negotiations in regional dispute, for example, between Iran and West, Israel and Syria, Iran and Saudi Arabia, Lebanon and Israel, etc. Turkey thinks that inner peace is necessary to be strong in foreign policy. So some democratization program has been accepted by the government to deal with Kurdish question and reduce structural violence.

Opposition parties claimed that Turkey has diverted his face from West to the East, but most actually igniter initiatives about membership of the EU have been taken by AKP government also.

Most important change about state policy is that Turkey begins to benefit from Islam as a historical and moral motivation source for foreign policy instead of perceiving it as a threat for secularism. It helps to create friendly and more realistic foreign policy with Middle Eastern countries. This is desecuritization of the relationship with other Islamic countries in the Middle East. These developments were not unilateral. Turkey has gained great popularity in the Middle East public because of some declarations about Palestinian/Israel question and negotiation initiative in regional conflicts. Additionally economic achievement and political stability take Turkey in front of the line in international arena so Turkey came to be seen as a model. Turkey was one of the least affected countries about global financial crisis and most democratic ones between Islamic countries.

Conciliatory public speech about Islam and secularism which had been done by Prime Minister R.T. Erdogan in the University of Cairo was reassured for Islamic extremism. These improvements have positively reflected on the economic and politic relationship between Turkey and other Islamic countries. All indicators were positively raised. This development caused to discuss Turkey as a model for all Muslim countries.

## Conclusion

Prominent concern of today's world is security problems. Globalization and high technology have multiplier effect on the security problems, and all problems are metastasized easily. So, nobody can feel safe because of being far away from problematic area.

Additionally any problem in security area has more destructive effect today also. It means that many terrorist attacks have not been carried out in a military and conventional manner. In contrary attackers used daily life's tools. So this reality has dragged all of us to the security dilemma. We should make a choice between privacy, freedoms, and security. Hence security problems must be dealt with new methods. And we should develop new paradigm in international security also. One of the most logical methods is of course to prevent problems in their sources. This is core value of regional security complex theory (RSCT).

RSCT requires to strengthen regional cooperation because similarity, complexity, and proximity. The meaning of the region in this theory is that the region is the integrated area which has economic, geographic, social, and cultural similarity and is challenged by the same security problem. The meaning of the regional security complex (RSC) is also "*as a group of state whose primary security concern link together sufficiently close that their national security cannot be reasonably considered apart from another*."

Generally geographic adjacency is much less effective in economic sector when compared with security interaction. So, all states in the system are enmeshed in a global web of security interdependency. But because regional security is often associated with proximity, this interdependence is far from being uniform. Barry Buzan says that security interdependency is markedly more intense among states which are inside in complex than which are outside. But great powers and superpowers extend their interest and interaction over many complexes also. Great powers will typically penetrate several adjacent regions, while superpowers will range over the whole planet.

Some other states which have limited capacity confine their security interest and activities to their near neighbors. Smaller states will usually find themselves locked into and RSC with their neighbors (Buzan and Waver 2003, p. 46). So, regional security complex and their problems strictly bind to condition of the powers.

The question in this point is how regional security in geographical clusters can be enhanced.

Some of the basic assumptions of this study are as follows: first, history shows us that minimal relationship with other states causes more threat perception; second, regional security highly depends on regional collaboration. Third, geographic proximity is more functional in insecurity than the economic relation so economic cooperation works in regional clusters but does not prevent proxy wars.

There are many problematic areas in the world. One of them or one of the most important ones is the Middle East region. Because the Middle East is the most unstable region of the world today, this provides a safe haven to the extremists or terrorist organizations.

The question is here how to re-stabilize Middle East would again. Before giving answer to this question, we should have some reflection about the Middle East.

The Middle East is a large and complicated place and possesses some distinctive historical and cultural features. Most countries were colonized by Westerners except for Turkey, Iran, and Saudi Arabia. All countries have been traditionally linked by trade and religion to each other for a long history in the region. Turkey and Afghanistan are insulator countries among the Middle East, Europe, and South Asia. Additionally Turkey has special importance because of its ruling of Arab countries as the heartland of the Ottoman Empire for a long time.

All Arab countries gained their independence by inducement of Arab nationalism after the Second World War. But Arabism and Islamism are competitive as well as closely interlinked ideas. The construction of Arab nationalism has generated considerably more inter-Arab rivalry and conflict than cooperation and harmony. This rivalry includes water, border, and clan interest problems also. So, many of the present dynamics of conflict of the region have roots which reaches back into the interwar years.

From another point of view, colonization and decolonization have destroyed traditional socio-political structure of Arab countries and left them in an unstable condition after the independence. We can add more subject, but the main problems which are related with regional security are:

(a) Rising of extremism and rivalry between religious sects.
(b) Lack of regional cooperation, dialog, and solidarity because of the threat perception and others problems.

In this point it should be remembered that the Middle East has not been an unstable place in the near history. Actually there were no waging security problems in the Middle East at the time of the Ottoman Empire. Therefore, the Ottoman Empire has been a kind of "security community" by covering most Islamic countries in the Middle East region for a long time. So it can be said that the Ottoman Empire has achieved Karl W. Deutsch's economic-orientated "security community" model in the context of political scene also.

But at the post-empire time, mutual relationship has been low level between regional countries. Especially Turks, prominent successor of the Ottomans have turned their face to the West and have been refrained from developing close relationship with the other Islamic Countries in shake of Westernization. This is the securitization of international relationship between Turkey and other Islamic countries. The other states also have securitized foreign policies with neighbors because of the geostrategic and politic disputes. So the Middle East has been far away from regional integration and cooperation among countries.

Today many countries perceive threats from others in the Middle East. If so it is crucially important to desecuritize of foreign policies for building a regional security complex in the Middle East. In this point, experience of Turkey about new foreign policy may be a good model for readvance relationship amongs regional countries.

So most salient future of new foreign policy of Turkey is multidimensional. Important subjects were:

(a) Sustainable development via economic cooperation with all countries.

(b) Sustainable security via regional cooperation with all neighbors.
(c) Diversified international trade.
(d) Forward-deployed diplomacy by using of historical gravity.

These are parallel with regional complex theory also. But most important barriers for regional cooperation in the Middle East are autocratic governments in the region. Turkey proves that democracy and secularism might be compatible with Islam. But of course no authoritarian regime will easily accept to transform itself to democratic one. In this point external power may destroy all images and initiatives. This transformation must be internally induced, and reliable power is the power of people. Turkey may be only brilliant image for metamorphose.

As a result, regional security complex theory draws a good framework for solving of security issues of the Middle East. The Middle East region needs a functional regional cooperation for being stable area. This functional regional cooperation could be a solution for not only political and economic problems but also for religious extremism. So there must be some dragger countries for this functional cooperation, and Turkey is eligible for the Middle East because of its historical gravity. And Turkey may be good model for all Muslim countries because of its experiences about desecuritization of the relationship in the Middle East region.

## References

Abu-Nimer M (2003) Nonviolance and peace building in Islam: theory and practice. University Press of Florida, Gainesville
Adler E, Barnett M (2000) Security communities. Cambridge University Press
Aras D (2006) Türkiye'nin Ortadoğu Politikaları. Beş Deniz Havzasında Türkiye. Siyasal Kitabevi, Ankara, pp 283–321
Barnett MN (1998) Dialog in Arab politics: negotiation in regional order. Colombia University Press, New York
Bölükbaşı S (1999) Behind the Turkish-Israeli alliance: a Turkish view. J Palest Stud 29(1):21–35
Buzan B, Waver O (2003) Regions and powers, the structure of international security. Cambridge University Press, Cambridge
Calabrese J (1994) Revolutionary horizons: regional foreign policy in post-Khomeini Iran. St. Martin's Press, Londra
Country Report on Terrorism (2013). http://www.state.gov/documents/organization/210204.pdf. Reached at 29 July 2013
Davutoğlu A (2001) Stratejik Derinlik. Küre Yayınları, İstanbul
Dawisha A (2000) Arab nationalism and Islamism: competitive past uncertain future. Int Stud Rev 2:3
Desilver D (2013) World's Muslim population more widespread than you might think. http://www.pewresearch.org/fact-tank/2013/06/07/worlds-muslim-population-more-widespread-than-you-might-think/. 31 July 2013
Erhan Ç (2006) Türkiye ve Bölgesel Örgütler. Beş Deniz Havzasında Türkiye. Siyasal Kitabevi, Ankara, pp 389–421
Global Terrorism Database (GDT) (2013) GDT data rivers. http://www.start.umd.edu/gtd/features/GTD-Data-Rivers.aspx. Reached at 29 July 2013
Gözen R (2009) İmparatorluktan Küresel Aktörlüğe Türkiye'nin Dış Politikası. Palme, Ankara
Heller MA (2003) Prospects for creating a regional security structure in the Middle East. J Strateg Stud 26(3): 125–136
Stevenson J (2006) Demilitarizing the war on terror. Survival 48(2):37–54

# Design and Implementation of Legislation: The Role of Discretion

Barbara Coyle McCabe[1] and Renee Nank[2]
[1]University of Texas at San Antonio, San Antonio, TX, USA
[2]University of Texas Rio Grande Valley, Edinburg, TX, USA

## Synonyms

An administrator's latitude in policy implementation

## Definition

Administrative discretion is the freedom that unelected public servants have to make decisions about the application and implementation of public policy. Administrative discretion includes the

ability to decide which policies to focus on as well as the determination of the kind, quality, and quantity of benefits or sanctions to apply.

## Introduction

Administrative agencies carry out the dictates of the laws and rules that express public policy. Laws and rules do not implement themselves, and no matter how precise they may be, laws and rules cannot anticipate every possible circumstance that reality presents. Ultimately, the interpretation and implementation of public policy is left to bureaucrats/public servants, who must resolve the real-life issues that clients face and public policy seeks to address. This resolution requires public servants to exercise administrative discretion. Administrative discretion takes many forms and occurs at virtually all levels of an administrative agency. It is so central to the realization of public policy that administrative discretion lies at the heart of administrative law. Administrative discretion, however, remains controversial for at least two reasons. First, administrative discretion means that policy is shaped by an unelected cadre of public employees. Perhaps for this reason, much of the political science literature has focused on differences in legislative grants of discretion to public agencies and on how political actors can direct bureaucratic discretion. Second, while discretion enables public servants to tailor their actions to fit the circumstances, it also makes it possible for public officials to discriminate and behave abusively. Much of the public administration literature considers the conditions under which discretion is practiced and the characteristics that shape its practice.

## Discretion at Work

Since laws tend to be more general than specific, administrative discretion includes both agency rulemaking and implementation actions. In state and federal governments, statutes typically give regulatory and service agencies broad policy mandates, and agencies then adopt administrative rules that provide greater detail for how those mandates will be met. In this way, administrative rules structure administrative discretion. Even with rules in place, public officials exercise discretion in many ways and at all levels of the agency, top, middle, and bottom.

Discretion comes into play when agency heads use their judgment to determine how to carry out vague or inconsistent policy mandates. It allows administrators to select from alternatives and determine how a public policy will be carried out in a specific case. For example, an agency executive may develop a strategic plan that places more emphasis on attaining some policy goals and less focus on others. Discretion also allows bureaucrats/public servants to use their expertise to fill in the knowledge gaps of legislation. For example, to combat seasonal influenza, public health officials use surveillance data and forecasts about the spread of various strains of viruses across the world in order to determine which virus strains should be included in the flu vaccine for that year. Finally, discretion allows a public servant to adapt a program or procedure to fit the client's needs instead of blindly following a one-size-fits-all approach. When teaching young children to read, for example, a teacher may tutor a single student having difficulties with an assignment while the rest of the class reads independently. In this sense, administrative discretion makes public policy real and meaningful to the client.

## The Political Science Perspective

Lawmakers address administrative discretion of both *ex ante*, in the design of legislation, and *ex post*, in the oversight of administrative agencies. Some scholars note that legislation can be designed to "stack the deck" in favor of preferred policy outcomes, and such deck stacking limits the need to rely on administrators' judgments. For example, the laws' provisions for the burden of proof stacks the deck against pharmaceutical companies attaining approval for a new drug as well as against the Environmental Protection Agency's (EPA) regulating chemicals: Drug companies

must demonstrate that a new drug is both safe and effective to win regulatory approval, but the EPA must prove a chemical harms human life or the environment for that chemical to be regulated. As a result, few new drugs are approved and few chemicals are regulated. In designing legislation, lawmakers can include provisions affecting the administrative rulemaking process or the composition of administrative boards to shape the law's implementation and favor predetermined outcomes, stacking the deck to favor some interests and hinder others (McNollgast 1999).

Many scholars in political science examine administrative discretion through the lens of economics (particularly the economics of insurance) to develop theoretically-driven mathematical models that explain or predict bureaucratic responses to congressional grants of authority. Many of these models formalize the relationship between lawmakers and bureaucrats as a principal-agent problem, a relationship in which one party (the principal) empowers another (the agent) to act on their behalf. In an ideal relationship, the agent acts efficiently and effectively to carry out the principal's tasks, but economic models assume both agents and principals are rational, self-interested actors. The principal-agent problem arises because the interests of principals and agents may differ: unfaithful agents may shirk their duties or pursue their own agendas at the principals' expense. Information asymmetry – in which the agents know more about the policy and its implementation than the principals do – is a related problem that formal models of bureaucratic discretion frequently address.

## Principals, Agents, and Policy

Policy implementation is rife with principal agent and information asymmetry problems. The very notion of bureaucratic expertise – whether in substantive areas or procedural matters – highlights the information advantages of bureaucrats. Formal models have demonstrated that administrative discretion is not a dichotomous issue, but a matter of degree. They have shown that it is not possible to implement policy without at least a small measure of administrative discretion and also have identified conditions under which lawmakers to grant agencies greater measures of discretion (Epstein and O'Halloran 1999). Generally, lawmakers are apt to grant more administrative discretion in areas that are technically complex or inherently unstable, and less in areas in which they feel competent to set direction. Laws governing responses to emergencies or disasters tend to give agencies considerable discretion for how they will respond, for example. Agencies, on the other hand, may desire less discretion when the issues involved are highly salient and garner a great deal of interest but where the outcomes of the policy choice are uncertain. In short, formal models examining *ex ante* measures for bureaucratic control have shown that it is neither possible nor practical for lawmakers to design away administrative discretion.

One way to address the principal-agent problem is to monitor the agents' behavior, but such oversight is costly. Furthermore, monitoring often focuses on inputs, but effective monitoring of agencies would concentrate on outcomes. For members of congress, an agency's key outcome is whether their constituents are getting the services they want from agencies. The use of formal models examining *ex post* measures for limiting agency discretion led scholars to examine congressional oversight, an important function that many felt congress had abandoned. Congressional oversight helps assure that elected representatives and administrative agencies generally agree about agency purposes and practices, but oversight activities tend to be spotty. Rather than uniformly reviewing the actions of all federal agencies, members of congress pay particular attention to the programs or agencies they believe are somehow failing congressional constituents.

Critics had long argued that Congress treated agency oversight in an ad hoc, lackadaisical fashion. Models of the oversight function revealed that congress' approach to monitoring agency behavior stood on solid, rational ground. Just as a fire alarm signals, a need for action, mistakes, or poor outcomes in policy implementation raise a call for legislative oversight, as elected officials review agency actions (McCubbins and Schwartz

1984). Many congressional actions – reviewing budgets, holding hearings, approving executive appointments – can be used to rein in administrative discretion and shape future decisions. In short, legislative efforts to attenuate administrative discretion can come both before implementation by changing a broad grant of power to a narrow, highly specific one as well as after implementation, through heightened legislative oversight, tightened budgetary controls, or increased scrutiny over the appointments of agency heads.

Economic reasoning, formal models, and principal-agent theory simplified relationships between administrative and congressional actors to the point that differences among institutional mechanisms could be explained and predicted. The economic foundation lent these models several strengths, including a rational microfoundation for the individual behavior of bureaucrats and lawmakers, the use of deductive reasoning, and the need for sophisticated methodologies, that drew scholars' interests. Moving beyond the stark principal-agent model of congressional-administrative relationships to a more realistic depiction of the politics of policy implementation recognizes that federal bureaucrats respond to multiple principals – congress, the executive, the courts, and interest groups – with differing perspectives. Beyond that, many bureaucrats are trained in professions and members of professional organizations that have their own codes of ethical behavior. The recognition of multiple principles and influences greatly complicates these models of bureaucratic behavior and reduces their predictive power.

## The Public Administration Perspective

The classic Weberian (1978) bureaucracy focused on the efficient execution of duty: elected officials set programmatic goals which administrators carried out. In "Politics as Vocation," Weber (1965) declared that elected officials, not administrators, are to be responsible for public policy and are to be held responsible through the political process. Bureaucrats are to use their professional expertise and follow the laws and rules to implement these programs, giving rise to the classic politics/administration dichotomy of Woodrow Wilson (1887). The notion of administrative discretion was not a carefully developed construct. In his famous essay, Wilson called for "unhampered discretion," presumably relying on bureaucratic expertise, technical competence, and the hierarchical controls of public agencies. This position was revised as Wilson campaigned for the presidency in 1912 when he advocated in favor of greater legislative specificity, and administrative responses to well-defined laws (Cook 2002).

As government assumed new roles in the Great Depression, divergent perspectives of bureaucratic responsibility, accountability, and administrative discretion were voiced. The debate between Carl Friedrich (1935, 1940) and Herman Finer (1936, 1940) explored the normative dimensions of public service as it established polar positions on the proper scope of bureaucratic action. Finer argued in favor of the classic dichotomy, contending that bureaucrats are accountable to elected officials, whose directives should include policy goals as well as the means for their achievement. Part of the elected official's job, according to Finer, was the supervision of bureaucrats' implementation of policy. In his view, discretion was the politicians' prerogative. Friedrich, on the other hand, emphasized the complex interactions among policies and the technical aspects of their implementation. He saw public policy making as an ongoing process, evolving at the hands of administrators as they carry out policy directives. Friedrich's work drew on ideas of professionalism and the development of expertise through training, education, and interaction with other professionals. In his view, good policy results arise not from the simple following of directives, but from the bureaucrat's efforts to be responsive to the public good and responsible to elected officials. To Friedrich, discretion enabled public servants to use their expertise for the public good and to be held accountable for their actions. Taken together, the Friedrich-Finer debate highlights two sides of bureaucratic responsibility – the political as well as the professional.

## Street-Level Bureaucracy

To Lipsky (1980), policies are best understood not by studying the way they are enacted by elected officials, but by examining the way they are carried out through the actions of street-level bureaucrats. Street-level bureaucrats (Lipsky 1980) handle individual transactions between citizens and public agencies and, despite their place on the lower rungs of the public agency's hierarchy, make the decisions and take the actions that implement public policy. In that process, they exercise considerable administrative discretion. Acting in the name of the agency, street-level bureaucrats – police officers, teachers, health and safety inspectors, intake officers, etc. – assign the benefits and impose the sanctions that actualize public policy. Decisions to issue a ticket, assign a grade to homework, set the amount of a fine, confer benefits, and perform the other decisive tasks that deliver public policy to citizens all lie within the purview of street level bureaucrats.

Essentially, Lipsky perceived street-level bureaucrats as using their discretion to make their jobs both more manageable and more interesting. Every day, these workers face clients in difficult circumstances and agency pressures to be effective and efficient. Many street-level workers succumb to the pressures and burn out. Turnover in these jobs is high. Those who remain develop individual routines to deal with the pressure of limited time, emotional cost, and uncertainty in making judgments about individual cases. A job counsellor, for example, may deal with the easy-to-place clients first, to satisfy agency demands for efficiency, and leave hard-to-place, long unemployed clients for last on their daily to-do lists. While the routines help simplify work life, they also shape decisions on the use of discretion. Besides individually-developed routines, street-level bureaucrats' decisions are also influenced by their coworkers, organizational culture, as well as by their personal and professional beliefs and norms. The perspective that street-level bureaucrats have of themselves, their work, and their clients is very different from the views of high-level policy makers.

High-level policy makers see the targets of policies (e.g., at-risk teenagers) as objective abstractions and the street-level bureaucrat as the implementation arm of the state. Street-level bureaucrats work directly with members of the public, and often define their work not in terms of policies and rules but in terms of their norms and beliefs about fairness as well as in terms of their relationships with their clients (Maynard-Moody and Musheno 2000). Unlike the objective observations of high-level policy makers, street-level bureaucrats are emotionally engaged, but the power positions of the bureaucrat and client is unequal because the bureaucrat has the authority to issue sanctions and benefits.

Faced with the need to make quick decisions, street-level bureaucrats assess their clients' situation and determine a response to it. One way in which street-level bureaucrats use their discretion is in the decision over how fervently to pursue their client's case and which rules to apply in its pursuit. In their study of cops, teachers, and counsellors, Maynard-Moody and Musheno (2003) found this decision was based on street-level bureaucrat's judgment of whether the client was just "working the system" or was truly worthy of assistance and extra effort. For those deemed deserving, street-level bureaucrats will sometimes risk breaking the rules to take actions in the interest of their client. The discretion of street-level bureaucrats can work to the client's benefit or detriment, and high-level policy makers sometimes seek to channel discretion by enacting procedures and policies that centralize decision making.

## Limiting Discretion at the Street Level

Information and communication technology has limited the discretion of street-level bureaucrats in some large, machine-like agencies, particularly for routine decisions involving program eligibility. In these agencies, systems analysts, software programmers, and policy analysts have designed knowledge management systems, decision trees, and algorithms to allow for computerized assessment of client information and program entitlement. Public employees that meet with clients use computerized templates to input client data, with the decision made by the system. Intake personnel

have lost administrative discretion in these agencies, but discretion has not so much been eliminated as transferred to the system designers (Bovens and Zouridis 2002).

Centralization and standardization also limit administrative discretion. When a state establishes the education curriculum or selects the textbooks that may be used in K-12 classes, the discretion of local elected officials has been limited. At the local level, some school boards not only establish the curricula for classes, but determine what will be taught, when, and how, limiting the discretion of teachers. Again, centralization and standardization, whether through technology or by decree, limit administrative discretion at the lower levels by interpreting policy and creating procedures that reflect the preferences of systems designers and higher-level policy makers.

## Conclusion

Administrative discretion is part of policy implementation in nearly every public program. It remains despite lawmakers' efforts to control it through legislative design and executives' employment of technology and other means to standardize and centralize decisions. While political science models frequently assumed that bureaucrats would use their discretion in their own self-interest, perhaps by shirking work or pursuing personal goals, Maynard-Moody and Musheno (2000, 2003) found that many bureaucrats at the street level use their discretion to dedicate themselves to meeting the needs of clients they believed in. In this way, many street-level bureaucrats use their discretion to make their jobs rewarding while making public policies work in the interests of the public. On the other hand, just as these bureaucrats can use their discretion for their clients' benefit, discretion can be used abusively, to the client's detriment.

## Cross-References

► Politics and Administration

## References

Bovens M, Zouridis S (2002) From street-level to system-level bureaucracies: how information and communication technology is transforming administrative discretion and constitutional control. Public Adm Rev 62(2): 174–184

Cook BJ (2002) Expertise, discretion, and definite law: public administration in Woodrow Wilson's presidential campaign speeches of 1912. Adm Theory Praxis 24(3):487–506

Epstein D, O'Halloran S (1999) Delegating powers. Cambridge University Press, Cambridge

Lipsky M (1980) Street level bureaucracy: dilemmas of the individual in public services. The Russell Sage Foundation, New York

Maynard-Moody S, Musheno MC (2000) State agent or citizen agent: two narratives of discretion. J Public Adm Res Theory 10(2):329–358

Maynard-Moody S, Musheno MC (2003) Cops, teachers, counselors: stories from the front lines of public service. University of Michigan Press, Ann Arbor

McCubbins M, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179

McNollgast (1999) The political origins of the administrative procedure act. J Law Econ Organ 15(1):180–217

Weber M (1965) Politics as a vocation. Fortress Press, Philadelphia

Weber M (1978) In: Roth G, Wittich C (eds) Economy and society. University of California Press, Berkeley/Los Angeles

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

# Destructive Technologies for Industrial and Corporate Change

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

## Synonyms

Competence destroying; Destructive creation; Discontinuous innovations; Disruptive innovations; Killer technologies; Major innovations; Radical innovation; Revolutionary innovations; Technology change; Technology progress

## Definition

Destructive technology is a radical innovation, (a new product and/or process) which with high technical and/or economic performance destroys the usage value of established techniques previously sold and used in markets, generating technological, industrial, economic, and social change.

## Introduction

Adner (2002, pp. 668–669) claims that:

> Disruptive technologies . . . introduce a different performance package from mainstream technologies and are inferior to mainstream technologies along the dimensions of performance that are most important to mainstream customers. As such, in their early development they only serve niche segments that value their non-standard performance attributes. Subsequently, further development raises the disruptive technology's performance on the focal mainstream attributes to a level sufficient to satisfy mainstream customers . . .. disruptive technologies . . . with their lower performance, appeal to the low end, low-profit portion of the mainstream market.

Calvano (2007) suggests the concept of "destructive creation," in which "a monopolist has the option, at the beginning of each period, to destroy the usage value of all units previously sold and simultaneously introduce a new, perhaps improved, vintage at some cost $c \geq 0$. . .Such cost is interpreted as any expenditure incurred in the process of destruction as well as in the process of creating, developing and marketing the new versions."

In general, turbulent markets have, more and more, destructive technologies given by radical innovations of new products and/or processes that with high technical and/or economic performance destroy the usage value of established techniques previously sold and used, generating technological, industrial, economic, and social change (cf., Coccia 2019a; Foster 1986; Sahal 1981; cf., Coccia 2018b, 2019c; Coccia and Watts 2020). Disruptive technology (as a complex system of interrelated components) can be analyzed with different theories that are schematically summarized in Fig. 1.

## Theories of Disruptive Technologies in Industrial Competition

### Theory of Revolutionary Innovations by Abernathy and Clark

This theoretical framework recognizes that innovation is not a unified phenomenon: some innovations disrupt, destroy, and make obsolete established competences; others refine and improve existing technologies. In particular, Abernathy and Clark (1985, pp. 4*ff* and pp. 12–13, original emphasis) claim: "An innovation is .. . . derived from advances in science, and its introduction makes existing knowledge in that application obsolete. It creates new markets, supports freshly articulated user needs in the new functions it offers, and in practice demands new channels of distribution and aftermarket support. In its wake it leaves obsolete firms, practices, and factors of production, while creating a new industry .. . . innovation that disrupts and renders established technical and production competence obsolete, yet is applied to existing markets and customers, is . . . labelled 'Revolutionary.' It thus seems clear that the power of an innovation to unleash Schumpeter's 'creative destruction' must be gauged by the extent to which it alters the parameters of competition, as well as by the shifts it causes in required technical competence. An innovation of the most unique and unduplicative sort will only have great significance for competition and the evolution of industry when effectively linked to market needs."

### Theory of Disruptive Technologies by Christensen

Christensen (1997) identifies disruptive technology with specific characteristics: (a) the performance trajectory provided by disruptive technology and (b) the performance trajectory demanded by mainstream market. Christensen et al. (2015) claim that disruptive technologies or innovations are generated by small firms with fewer resources that successfully challenge established incumbent businesses. Innovative firms, generating disruptive innovations, grow more rapidly than other ones (Tushman and Anderson 1986, p. 439; Abernathy and Clark

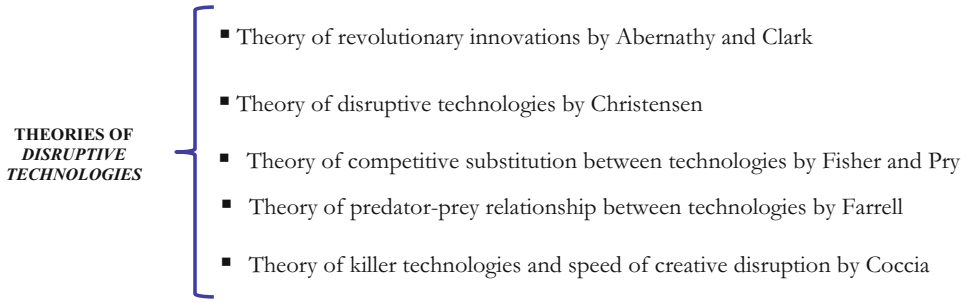


**Destructive Technologies for Industrial and Corporate Change, Fig. 1** Theories of disruptive technologies in industrial dynamics

1985). Christensen's (1997) approach also shows that disruptive innovations generate significant shifts in markets (cf., Henderson 2006). In general, technological and market shifts embody competence-destroying and competence-enhancing because some firms can either destroy or enhance competence existing in industries (cf., Hill and Rothaermel 2003; Tushman and Anderson 1986). New firms tend to generate competence-destroying discontinuities, based on disruptive technologies that increase the environmental turbulence, whereas incumbents focus mainly on competence-enhancing discontinuities that decrease the turbulence in markets. Disruptive innovations change habits of consumers and undermine the competences and complementary assets of existing producers (Christensen and Raynor 2003; Garud et al. 2015; Markides 2006; cf., Coccia 2005). Disruptive innovation speed is also important to sustain competitive advantage of firms amidst rapidly changing business environments (Kessler and Chakrabarti 1996, p. 1143). A sector with several disruptive innovations is biopharmaceutical industry because of revolution generated by molecular biology and nanotechnology (Coccia and Finardi 2012, 2013; Coccia 2012, 2014, 2015; Coccia et al. 2012; Coccia and Wang 2015). Christensen (1997) observes that established firms face an "innovator's dilemma," which is associated with the problem of internal resource allocation leading them to systematically underinvest in Research and Development (R&D) of disruptive technologies (cf., Garud et al. 2015; Coccia 2006). However, research alliances and acquisitions may help incumbents to overcome this *inertia* both in the initial stage of research and in the later stage of development of disruptive technologies (Coccia 2014, 2015). Coccia (2020) shows new disruptive technologies given by deep learning methods in cancer imaging that can generate a shift of technological paradigm for diagnostic assessment of any cancer type and disease.

## Theory of Competitive Substitution Between Technologies by Fisher and Pry

Disruptive technologies often supplant for more mature technologies in markets (Coccia 2019b). This dynamic behavior between technologies leads to the dominance of a new disruptive technology on established one in markets (cf., Coccia 2017). A model that operationalizes this competition between technologies is suggested by Fisher and Pry (1971). This model fits to data of competition between synthetic vs. natural fibers, synthetic vs. natural rubber, etc. (cf., Fisher and Pry 1971). In this context, Sahal (1981, p. 79*ff*) describes the competition between steamship and sailing ship that generates in the long run the dominance of steamship (a disruptive innovation) as means of transportation of goods and people (cf., Graham 1956; Rosenberg 1976). Another example of disruptive technology is the diffusion of Solvay process that in the 1900s destroys the Leblanc process in the production of soda (Freeman 1974). In agriculture, farm tractor can be considered a disruptive technology because it has generated a substitution of mechanical for animal power (Sahal 1981; Walker 1929). In general, disruptive technologies have the

characteristics of substitutes with a powerful force in markets that generates technical, industrial, and economic change (Porter 1980).

### Theory of Predator-Prey Relationship Between Technologies

The competition between technologies can generate a predator-prey relation (Pistorius and Utterback 1997, p. 74). In this case, (emerging) disruptive technology can slowly reduce market share of (mature) established technology. Farrell (1993) applies Lotka-Volterra equations to examine the predator-prey competition between technologies, such as between nylon *and* rayon tire cords, telephone *and* telegraph usage, etc. Utterback et al. (2019) show a predator-prey relation in a specific period between plywood and oriented strand board (OSB is a composite of oriented and layered strands, peeled from widely available smaller trees). The behavior of predator (disruptive) technologies is especially relevant to explain how a new technology destroys old technologies and generates corporate and industrial change (cf., Porter 1980).

### Theory of Killer Technologies and Speed of Creative Disruption by Coccia

Killer technology is a radical innovation, that with high technical and/or economic performance destroys established devices in markets. Killer technology *Kl* can explain the behavior and characteristics of innovations that generate a destructive creation for technical and industrial change. The relationship between a disruptive technology *Kl* (called killer technology) *and* a victim technology *V* (established technology) can be represented with a *log-log* linear model (Coccia 2019b):

$$\log Kl = \log A + B \log V \qquad (1)$$

*B* is the coefficient of growth that measures *how* technology *Kl* destroys technology *V*. This model has linear parameters that are estimated with the ordinary least squares method. In particular, the coefficient *B* in the model (1) measures the relative growth (*speed*) of *Kl* in relation to the growth of *V*, suggesting different patterns of creative disruption in markets:

- $B < 1$, whether new killer technology *Kl* destroys at a lower relative rate of change the old victim technology (*low speed of disruptive technology in markets*)
- $B = 1$, killer technology *Kl* substitutes victim technology at a proportional rate of change (*proportional speed of disruptive technology in markets*)
- $B > 1$, whether killer technology *Kl* destroys victim technology at greater relative rate of change (*high speed of disruptive technology in markets*)

Examples of killer technologies are into the market of devices for data storage, such as the development of Universal Serial Bus (USB) technology by Intel Corporation in 1995 to standardize the connection of computer peripherals (Coccia 2017, 2018a). In 1998, the Personal Computer iMac G3 by Apple Inc. was the first consumer computer to discontinue legacy ports (serial and parallel) in favor of USB technology (Coccia 2018a). This innovation strategy by Apple Inc., a market leader, has paved the way for a market of solely USB peripherals (*disruptive technology*) rather than other ports for storage devices. New USB technology in interaction with host technologies, such as Personal Computers, has destroyed the market of other storage devices because of more efficient operations of storage (higher velocity of transfer data, larger storage capacity of data, etc.; Coccia 2018a, b; 2019a, b; Coccia and Watts 2020). In short, USB technology, as killer technology, has destroyed the use of 3.5-inch floppy disks, Compact Disc, etc. generating industrial and corporate change (Coccia 2018a). Emerging cloud computing (based on computing services, such as servers, storage, databases, networking, etc. over the Internet "the cloud") is generating a further shift in these markets destroying other devices of data storage. Finally, general properties of killer technologies (Coccia 2019a, b) are (1) killer technology has a disproportionate growth in relation to victim technologies in markets; (2) killer technology has a series of major and minor technological advances of its own that pave the way for the dominance over other established technologies in markets; and

(3) learning via diffusion and diffusion by learning are a driving force underlying the development and adoption of killer technology in markets.

## Conclusions and Managerial Implications

Calvano (2007) argues that "we highlight the role of destruction rather than creation in driving innovative activity. The formal analysis shows that destructive creation unambiguously leads to higher profits whatever the innovation cost" (cf., Tripsas 1997). Christensen (1997) claims that "disruptive technologies" offers a novel mix of attributes compared to established technology (cf., Adner and Zemsky 2005; Christensen 2006). The disruptive technology is, therefore, initially purchased by consumers in a secondary (niche) market segment who place high value on new technology's attribute mix. As disruptive technology matures and improves its performance, it is able to enter into the primary (mainstream) segment. Christensen (1997) shows this dynamic behavior with a variety of technologies, including laser and inkjet printers, hydraulic, and steam-powered earthmoving equipment, etc.

Adner and Zemsky (2005) argue that the disruptive threat is greater when firms can price discriminate across market segments. In particular, disruption occurs when new-technology firms pursue a high-volume and low-price strategy that allows to break into the primary segment. For example, the lower the marginal costs of new-technology firms, the more attractive is a high-volume strategy and hence the greater the threat of disruption by new technology. Moreover, the lower the marginal costs of the established-technology firms, the greater their output and hence the lower the scope for new-technology firms to increase their volumes by disrupting the primary market. In short, the lower the costs of established-technology firms, the lower the threat of disruption. Despite disruption is associated with low costs for new technology, Adner and Zemsky (2005) claim that the lowest-cost new-technology firm is not necessarily the one that initiates disruption. Adner and Zemsky (2005) find that technology improvement can lead to disruption and highlight the importance of market structure as an important driver of the dynamics of disruption because it determines the extent to which consumer surplus from each technology increases over time (cf., Coccia 2016). Finally, Adner and Zemsky (2005) also show that a) social welfare can unambiguously increase because prices for both products (based on established and new technology) fall with disruption and that b) concentration tends to increase with disruption because the effect of cost asymmetries on market share is amplified by the increased number of competitors (cf., Coccia 2016).

The characteristics of disruptive technologies can be synthetized as follows (Coccia 2019a):

1. Disruptive technology is always associated with some comparable established technology in markets.
2. In the short run, disruptive technology can induce incremental technological advances of established technologies that have a prospect of being supplanted by a (new) disruptive technology.
3. In the long run, disruptive technology has a series of technological advances of its own resulting from various major and minor innovations that pave the *technological direction to be a dominant technology* over other established technologies in markets.
4. The long-run behavior and evolution of any disruptive technology is not independent of the behavior of other comparable technologies.
5. The *learning* via *diffusion* and *diffusion by learning* are a driving force underlying the development and adoption of disruptive technology in turbulent (complex and fast changing) markets.

Overall, then, disruptive technology is a specific radical innovation that generates a disruptive creation in industrial dynamics. Disruptive technology affects the behavior of other technologies, generating a process of actual substitution of a

new technique for the old one and, as a consequence, technical, industrial, and corporate change. The characteristics of disruptive creation can support innovation strategy of firms and policymakers of nations on critical decisions of when to invest in R&D of new disruptive technologies, abandon the old technology, or pursue an intermediate level of R&D investment between old and new technology for sustaining and safeguarding competitive advantage in turbulent markets (cf., Coccia 2018c, 2019d). To conclude, for scholars, disruptive technologies highlight the question of the boundaries of technology competition and how those boundaries change over time (Adner 2002). For managers, disruptive technologies highlight the danger posed to incumbent firms from too quickly dismissing new technologies as inferior and therefore irrelevant to their market positions.

## Cross-References

- ▶ Comparative Concepts of Technology for Strategic Management
- ▶ Comparative Hypotheses for Technology Analysis
- ▶ Comparative Theories of the Evolution of Technology
- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The

## References


Abernathy WJ, Clark KB (1985) Innovation: mapping the winds of creative destruction. Res Policy 14(1):3–22. https://doi.org/10.1016/0048-7333(85)90021-6

Adner R (2002) When are technologies disruptive: a demand-based view of the emergence of competition. Strateg Manag J 23:667

Adner R, Zemsky P (2005) Disruptive technologies and the emergence of competition. RAND J Econ 36(2 (Summer)):229–254

Calvano E (2007) Destructive creation. SSE/EFI working paper series in economics and finance, no 653, December

Christensen C (1997) The Innovator's dilemma: when new technologies cause great firms to fail. Harvard Business School Press, Cambridge, MA

Christensen C (2006) The ongoing process of building a theory of disruption. J Prod Innov Manag 23:39–55

Christensen C, Raynor M (2003) The Innovator's solution. Harvard Business School Press, Boston

Christensen C, Raynor M, McDonald R (2015) What is disruptive innovation? Harv Bus Rev December:44–53

Coccia M (2005) Metrics to measure the technology transfer absorption: analysis of the relationship between institutes and adopters in northern Italy. Int J Technol Transfer Commer 4(4):462–486. https://doi.org/10.1504/IJTTC.2005.006699

Coccia M (2006) Analysis and classification of public research institutes, world review of science. Technol Sustain Dev 3(1):1–16. https://doi.org/10.1504/WRSTSD.2006.008759

Coccia M (2012) Converging genetics, genomics and nanotechnologies for groundbreaking pathways in biomedicine and nanomedicine. Int J Healthc Technol Manag 13(4):184–197. https://doi.org/10.1504/IJHTM.2012.050616

Coccia M (2014) Converging scientific fields and new technological paradigms as main drivers of the division of scientific labour in drug discovery process: the effects on strategic management of the R&D corporate change. Tech Anal Strat Manag 26(7):733–749. https://doi.org/10.1080/09537325.2014.882501

Coccia M (2015) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016) The relation between price setting in markets and asymmetries of systems of measurement of goods. J Econ Asymmetries 14(Part B, November):168–178. https://doi.org/10.1016/j.jeca.2016.06.001

Coccia M (2017) Sources of disruptive technologies for industrial change. L'industria –Rivista di economia e politica industriale 38(1):97–120., ISSN: 0019-7416. https://doi.org/10.1430/87140

Coccia M (2018a) Disruptive firms and technological change. Quaderni IRCrES-CNR 3(1):3–18. https://doi.org/10.23760/2499-6661.2018.001. ISSN (print): 2499-6955, ISSN (on line): 2499-6661

Coccia M (2018b) Theorem of not independence of any technological innovation. J Econ Bibliogr 5(1):29–35. https://doi.org/10.1453/jeb.v5i1.1578

Coccia M (2018c) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Tech Trans 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2019a) Comparative theories of the evolution of technology. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. Springer Nature Switzerland AG, ISBN: 978-3-319-20927-2, online ISBN 978-3-319-31816-5. https://doi.org/10.1007/978-3-319-31816-5_3841-1

Coccia M (2019b) Killer technologies: the destructive creation in the technical change. ArXiv.org e-print archive.

Cornell University. Permanent arXiv available at http://arxiv.org/abs/1907.12406
Coccia M (2019c) A Theory of classification and evolution of technologies within a Generalized Darwinism. Technology Analysis and Strategic Management 31 (5):517–531. http://doi.org/10.1080/09537325.2018.1523385
Coccia M (2019d) Why do nations produce science advances and new technology? Technology in society, vol. 59, November, 101124, pp. 1–9, https://doi.org/10.1016/j.techsoc.2019.03.007
Coccia M (2020) Deep learning technology for improving cancer care in society: new directions in cancer imaging driven by artificial intelligence. Technol Soc 60-(February):1–11. https://doi.org/10.1016/j.techsoc.2019.101198
Coccia M, Finardi U (2012) Emerging nanotechnological research for future pathway of biomedicine. Int J Biomed Nanosci Nanotechnol 2(3–4):299–317. https://doi.org/10.1504/IJBNN.2012.051223
Coccia M, Finardi U (2013) New technological trajectories of non-thermal plasma technology in medicine. Int J Biomedical Engineering and Technology 11(4):337–356. https://doi.org/10.1504/IJBET.2013.055665
Coccia M, Wang L (2015) Path-breaking directions of nanotechnology-based chemotherapy and molecular cancer therapy. Technol Forecast Soc Chang 94(May):155–169. https://doi.org/10.1016/j.techfore.2014.09.007
Coccia M, Watts J (2020) A theory of the evolution of technology: technological parasitism and the implications for innovation management. J Eng Technol Manag 55:101552. https://doi.org/10.1016/j.jengtecman.2019.11.003
Coccia M, Finardi U, Margon D (2012) Current trends in nanotechnology research across worldwide geo-economic players. J Technol Transf 37(5):777–787. https://doi.org/10.1007/s10961-011-9219-6
Farrell CJ (1993) A theory of technological progress. Technol Forecast Soc Chang 44(2):161–178
Fisher JC, Pry RH (1971) A simple substitution model of technological change. Technol Forecast Soc Chang 3(2–3):75–88
Foster RN (1986) Innovation: the attacker's advantage. Simon and Schuster, New York
Freeman C (1974) The economics of industrial innovation. Penguin, Harmondsworth
Garud R, Simpson B, Langley A, Tsoukas H (eds) (2015) The emergence of novelty in organizations. Oxford University Press, Oxford
Graham CS (1956) The ascendancy of the sailing ship, 1850–1885. Econ Hist Rev (Series 2) 9:74–88
Henderson R (2006) The Innovator's dilemma as a problem of organizational competence. J Prod Innov Manag 23:5–11
Hill C, Rothaermel F (2003) The performance of incumbent firms in the face of radical technological innovation. Acad Manag Rev 28:257–274
Kessler EH, Chakrabarti AK (1996) Innovation speed: a conceptual model of context, antecedents, and outcomes. Acad Manag Rev 21(4):1143–1191
Markides C (2006) Disruptive innovation: in need of better theory. J Prod Innov Manag 23:19–25
Pistorius CWI, Utterback JM (1997) Multi-mode interaction among technologies. Res Policy 26(1): 67–84
Porter ME (1980) Competitive strategy. Free Press, New York
Rosenberg N (1976) Perspectives on technology. Cambridge University Press, New York
Sahal D (1981) Patterns of technological innovation. Addison-Wesley Publishing Company, Reading
Tripsas M (1997) Unraveling the process of creative destruction: complementary assets and incumbent survival in the typesetter industry. Strateg Manag J 18(Summer Special Issue):119–142
Tushman M, Anderson P (1986) Technological discontinuities and organizational environments. Adm Sci Q 31(3):439–465
Utterback JM, Pistorius C, Yilmaz E (2019) The dynamics of competition and of the diffusion of innovations. MIT Sloan school working paper 5519-18. Last revised February 20, 2019
Walker HB (1929) Engineering applied to agriculture. Agric Eng 10:341–349

D

# Determinants of Tax Compliance Attitude

Godfred Matthew Yaw Owusu, Rita Amoah Bekoe, Octavia Ama Serwaa Otchere and Nana Adwoa Anokye Effah
Department of Accounting, University of Ghana Business School, University of Ghana, Accra, Ghana

## Synonyms

Compliance; Conformity, abidance, obedience, adherence, observance; Levy, tariff, duty, tribute; Tax

## Definition

Tax compliance is the manner and extent to which individuals adhere to the applicable tax laws in their country of residence.

## Introduction

The socioeconomic development of every nation depends substantially on its capacity to generate enough revenue to finance its developmental projects. One of the major avenues for revenue generation for development is through taxation. Notwithstanding the fact that taxes constitute an important source of revenue to governments, it has been a huge challenge for many governments and tax authorities in practice to convince all individual taxpayers to meet their tax obligations to the state (McGee et al. 2008). Governments all over the world are confronted with the challenge of dealing with tax non-compliance issues which have been on the ascendency for decades. Despite the efforts by most governments in reforming the tax systems, available statistics on the amount of revenue lost to countries due to non-compliance with tax laws suggest widespread evasion of tax in many parts of the world.

A report by the Tax Justice Network suggests that governments worldwide lose more than $3.1 trillion in annual revenue due to tax evasion, while it is estimated the equivalent of more than 5.1% of global gross domestic product (GDP) never reaches the coffers of 145 national governments in the form of taxes (Cobham and Janský 2017). The United States alone loses over $600 billion revenue to tax evasion each year (Cebula and Feige 2012), while the European Union loses between €50 and €70 billion of tax revenue to tax evasion annually (Carrero and Seara 2016). In Africa, the continent loses close to $14 billion revenue to tax evasion annually (Mwanza 2016).

To reduce the incidence of tax evasion and enhance the revenue mobilization effort of countries, several initiatives including tax audits and enactment of laws to punish offenders among others have been experimented by many governments. These initiatives in most cases have focused on ensuring compulsory compliance with tax provisions. Notwithstanding its perceived benefits, measures aimed at enforcing compliance with tax provisions have been criticized for its minimal impact on taxpayers' compliance attitude. As argued by social psychologists, tax compliance can be achieved without the use of any form of force by tax officials. In line with this belief, Mohdali and Pope (2012) suggest the need to focus on sociopsychological factors in explaining tax compliance behavior on the basis that residents of the country feel obligated to do so and not for the fear of repercussions of non-compliance.

Accordingly, several studies seeking to understand the tax compliance behavior of individuals have emerged over the years (Wahl et al. 2010). These studies argue that factors such as tax knowledge, trust in authority, ethics, education, and social norms are relevant in explaining tax compliance behavior of individuals. Thus, a multiplicity of factors may explain the tax compliance behavior of individuals, and these factors may vary based on context.

By relying on the framework of Mohdali and Pope (2012), the current study examines the tax compliance attitude of a section of Ghanaians highlighting the dominant factors that influence tax compliance attitudes. The study examines whether the perception individuals have toward the government (in terms of utilization of tax revenue), the attitude of the tax authorities toward taxpayers, and other demographic characteristics of the respondents including their level of tax knowledge and religiosity have any implications on their tax compliance behavior. While the work of Mohdali and Pope (2012) was conducted in a Muslim-dominated environment, this study provides some evidence from a Christian-dominated country (Population and Housing Census 2010).

## Literature Review

### Tax Compliance and Theories of Compliance

"Questions about tax compliance are as old as taxes themselves and will remain an area of discovery as long as taxes exist" (Torgler 2006, p.82). While most researchers in the area of taxation view compliance as a measure of taxpayers' conformity to tax rules as well as regulations, others explain compliance to involve the filing of requisite tax returns at the right time, and accurately reporting one's tax liability in accordance with the applicable laws. Tax compliance as a

concept is therefore about individuals and how they adhere to the applicable tax laws in their country of residence.

Critical to the tax compliance discourse is the attitude of taxpayers toward paying taxes. Several studies have examined the factors that influence tax compliance behavior of people. Eriksen and Fallan (1996), for instance, argue that the tax compliance attitude of an individual is usually a function of that individual's knowledge of tax regulations and their economic effect and conclude that knowledge of tax laws reduces the propensity not to comply with tax provisions. Other factors including the perception of fairness in the use of tax revenue, social norms, education, ethical conduct, trust in tax authorities, personal characteristics of the individual taxpayer, etc. have been associated with tax compliance attitude. Studies have examined these factors under the lenses of the economic deterrence model, social psychological model, and the fiscal psychological model.

The economic deterrence theory is primarily based on the economic theory of compliance with a focus on deterrence be it persuasive or punitive. Its foundation is based on the measures aimed at preventing taxpayers from evading. The assumption is that taxpayers pay their taxes largely due to the fear of being detected and penalized for non-compliance. Thus, a rational taxpayer will evade tax if the expected cost of being detected is lower than the payoff from evading.

The social psychological theory, however, suggests that tax compliance is influenced by two main factors: trust in authorities and power of authorities. Wahl et al. (2010) explain trust in authorities to mean the general belief that tax authorities work in the best interest of everyone, while the concept of "power of authorities" describes the taxpayers' perception of the potential of the tax official to detect and punish acts of tax evasion. While trust enhances voluntary tax compliance, enforced compliance is achieved by increasing levels of power.

The fiscal psychological model suggests compliance behavior is influenced by three factors: tax mentality, tax tension feeling, and tax morale. Tax mentality is the taxpayer's decision to comply or otherwise based on personal experience and the social environment. Tax tension feeling refers to the taxpayer dissatisfaction with the tax system and the propensity not to comply with tax obligations, while tax morale is explained to mean the intrinsic motive (resulting from religious principles and his moral values). By employing the fiscal psychological model, we examine whether taxpayers' prior experiences with tax authorities (mentality), their feeling about the tax system (proxied by how they perceive the government and the utilization of the tax revenue), and the intrinsic motive (proxied by religiosity) affect their tax compliance attitude.

D

### Religiosity and Tax Compliance Attitude

Religiosity is the commitment and the application of one's faith, commonly classified into intrinsic and extrinsic components. Extrinsic religiosity is explained as a means to an end, where religion serves a means of obtaining social acceptance and reward. Intrinsic religiosity on the other hand is an end in itself where an individual is committed to his religion and internalizes his religious beliefs (Torgler 2006). An extrinsically inspired individual uses his religion to acquire comfort and security and to experience a sense of belongingness, while an intrinsically inspired individual strives to live and practice his religion as an essential part of his life.

Religiosity has been examined on several issues including moral judgments, ethics, norms, and personality traits. Some limited attempts have also been made to link religiosity to tax compliance behavior. Torgler (2006), for instance, assessed the relationship between tax morale (intrinsic motive to pay tax) and religiosity and found a positive relationship between them. Mohdali and Pope (2012), however, found that the willingness to honor tax obligations is largely driven by the intrinsic religiosity and not extrinsic. To them, religion reinforces an individual's moral and ethical perception, fortifies his "sense of obligation," and eventually improves his tax compliance attitude.

### Perception Toward Government and Tax Compliance Attitude

Governance plays a critical role in influencing tax compliance attitude of people. Fauvelle-Aymar (1999) points out that three factors, legitimacy,

efficiency, and credibility of a government, are critical in shaping the attitude of taxpayers to comply with the tax provisions in a country. Thus, the willingness to comply with tax provisions may be dependent on whether the citizens view the government of the day to be legitimate or otherwise, approve of the government's actions and have trust in the governance systems. Where citizens presume the government to be illegal and not credible, the motivation to comply with tax provision is likely to be low. Thus, the perception of the citizenry toward the government may influence their tax compliance behavior.

The argument has been that taxation constitutes one of the important sources of revenue by which government finances its projects and hence, most citizens usually expect the government to be accountable in the administration of the tax revenue through the provision of social amenities in a cost-effective way. The tendency to oppose the payment of tax is usually high if taxpayers cannot match the responsibility to pay tax with government effort in addressing their infrastructural needs. As Feld and Frey (2007) point out, citizens in most instances are willing to honor their tax obligations if public services provided by the government can be matched equitably with the taxes. Where this expectation of the citizen is not met, compliance becomes an issue. Thus, tax compliance attitude is more likely to be positive when citizens can see its manifestation in a form of provision of essential amenities for the public good.

### Attitude of Tax Authority Toward Taxpayers

Governments worldwide appoint a relevant authority to be in charge of its tax administration. While studies on compliance behavior have often focused on studying the behavior of taxpayers, important insights could be gained on the tax compliance discourse by taking a critical look at the behavior of the tax authorities and their dealings with the taxpayer. According to Muehlbacher and Kirchler (2010), a healthy interaction between tax authorities and taxpayers enhances cooperation of the latter in complying with their tax obligations. It is believed that the manner in which the tax authority treats taxpayers has important implications on their willingness to pay their taxes and their tax morale. This is why Feld and Frey (2007) suggest the need for the tax authority to be tactful in dealing with taxpayers as it constitutes one of the important means of inducing compliance. To them, it is more prudent for the tax authority to adopt a respectful approach in dealing with taxpayers as it serves as an incentive to comply with tax laws.

Wahl et al. (2010) describe two forms of relationship (antagonistic and synergistic) that can exist between the tax authority and the taxpayer in the famous slippery slope framework. In an antagonistic environment, both parties see each other as "opponents." Since taxpayers in this environment are hesitant in honoring their tax obligations, the tax authority is always on the lookout for evaders. In the synergistic environment however, it is presumed that a combined effort of both the taxpayers and the tax authority is crucial in ensuring an effective tax system. As a result, the tax authority views it necessary to give off their best by treating taxpayers with trust and respect. Thus, the type of relationship that exists between the parties involved in the administration of tax is relevant in shaping tax compliance behavior.

## Methodology

### Design, Research Instrument, and Data Collection

The survey-based method of research was adopted with questionnaires as the principal means of data collection. Printed questionnaires were administered to the respondents in class during the second semester of the 2017/2018 academic year. To ensure voluntary participation and elicit honest response; the students were assured of the confidentiality of their responses which were to be used for the purposes of the study only. The questionnaire used consisted of two sections. The first section sought the views of respondents on tax compliance attitude and the factors that influence such attitudes (religiosity, perception of government spending, attitude of tax authorities) using a seven-point Likert scale (where 1 represents a strong disagreement and 7 represents a strong agreement) to the statements used. The specific items used in measuring each of

the construct were adapted from the work of Mohdali and Pope (2012).

### Respondents

A total of 400 valid responses were used for the analysis made up of 258 postgraduate business students and 142 nonbusiness students. The sample had an equal distribution of males and females as the males outnumbered the females by a difference of 12. More than half of the respondents were between the ages of 25 and 30 (57.5%), and their religious background suggests majority of them are Christians (76.3%). Table 1 presents details of the demographic characteristics of the respondents.

### Data Analysis Procedures

An exploratory factor analysis was initially conducted on the study constructs to examine their dimensionality. Regression analysis was subsequently employed to ascertain whether the variables of interest were good predictors of the tax compliance attitude of the respondents.

### Exploratory Factor Analysis (EFA)

The principal component extraction criterion using the varimax rotation method was employed for EFA. The Kaiser-Meyer-Olkin values for each construct exceeded the 0.7 threshold, indicating sampling adequacy (Kaiser 1974). Bartlett's test of sphericity also yielded very significant and satisfactory results, a confirmation that the data set was fit to conduct EFA. The EFA results yielded two factors for both "tax compliance attitude" and "religiosity," while three factors emerged from the construct "perception toward government." A summary of the EFA results is presented in Tables 2, 3, and 4.

**Determinants of Tax Compliance Attitude, Table 1** Descriptive summary of demographics

| Variables | Frequency | Percent |
|---|---|---|
| **Gender** | | |
| Male | 206 | 51.5 |
| Female | 194 | 48.5 |
| **Age** | | |
| 25–30 | 230 | 57.5 |
| 31–35 | 98 | 24.5 |
| 36–40 | 49 | 12.3 |
| 41–45 | 23 | 5.8 |
| **Course major** | | |
| Business | 258 | 64.5 |
| Nonbusiness | 142 | 35.5 |
| **Religious background** | | |
| Christian | 305 | 76.3 |
| Islam | 95 | 23.8 |
| **National pride** | | |
| Not proud of Ghana | 97 | 24.3 |
| Proud of Ghana | 303 | 75.8 |

## Regression Results and Discussions

Table 5 presents results from the regression analysis using the Ordinary Least Square (OLS) estimation technique. The results show the effect of the variables of interest: perception toward government, attitude of tax authority, religiosity, and control variables (national pride and course major) on tax compliance attitude. There are two different regression outputs as shown in Table 5. Model 1 of Table 5 shows the relationship between the independent variables and voluntary tax compliance attitude, while Model 2 contains results based on enforced tax compliance attitude.

Results of Model 1 suggest intrinsic religiosity, perception of fairness, national pride, and course major have significant influence on voluntary tax compliance attitude. A positive and highly significant relationship (at 1% level) was found between intrinsic religiosity and voluntary tax compliance attitude. This demonstrates that individuals who strive to live and practice their religion as an integral part of their daily life exhibit high tax compliance attitude voluntarily. Extrinsic religiosity was also positively related to tax compliance attitude though statistically insignificant. These results demonstrate that religiosity plays an important role on tax compliance attitude. As argued by existing studies (Mohdali and Pope 2012; Torgler 2006), religion imposes a sense of moral and ethical responsibility on an individual which improves tax compliance attitude.

The results also show that when individuals perceive the tax system to be fair, the motivation to comply with tax is high. Impliedly, individuals

**Determinants of Tax Compliance Attitude, Table 2** Rotated factor matrix on tax compliance attitude

| Indicators | Component | |
|---|---|---|
| | 1 | 2 |
| It is my duty as a citizen to pay taxes as required by the law | 0.87 | |
| I pay taxes as required by the law to support the country | 0.84 | |
| Citizenship carries with it a duty to pay tax | 0.79 | |
| I pay my taxes as required by the law because of a sense of responsibility | 0.65 | |
| It makes it difficult to govern the country when people don't pay their tax | 0.59 | |
| I pay my taxes as required because I know that I will be audited | | 0.72 |
| I prepare my tax return correctly because I fear my reputation would be ruined if I were to get caught for not following the tax laws | | 0.71 |
| Not paying taxes is one of the worst crime a person can commit because it harms the whole community | | 0.65 |
| The harm to the community through people not paying tax is regretful | | 0.56 |
| If everyone paid the correct amount of tax, we would enjoy better public facilities | | 0.52 |
| **Eigen values** | **4.06** | **1.80** |
| **Percentage of variance explained** | **33.81** | **15.01** |

**Determinants of Tax Compliance Attitude, Table 3** Rotated factor matrix on religiosity

| Indicators | Component | |
|---|---|---|
| | 1 | 2 |
| I rarely read books and magazines about my faith | 0.81 | |
| I rarely join the activities of my religious organization | 0.79 | |
| I rarely try to live all my life according to my religious beliefs | 0.71 | |
| I do not enjoy spending time with others of my religious affiliation | 0.69 | |
| It doesn't matter much what I believe so long as I am good | 0.68 | |
| Religious beliefs do not influence most of my dealings in life | 0.64 | |
| My whole approach to life is based on my religion | | 0.79 |
| I keep well informed about my local religious group and have some influence on its decisions | | 0.75 |
| It is important for me to spend periods of time in private to think and reflect on my religion | | 0.74 |
| I spend time trying to enhance my understanding of my faith | | 0.69 |
| **Eigen values** | **3.52** | **35.23** |
| **Percentage of variance explained** | **1.92** | **19.17** |

**Determinants of Tax Compliance Attitude, Table 4** Rotated factor matrix on perception toward the government

| Indicators | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| The services provided by the government are not comparable with the amount of taxes paid | 0.78 | | |
| Despite being able to vote, I have no say over the government's decisions to spend public funds | 0.73 | | |
| The government is not being transparent in spending taxpayers' money | 0.70 | | |
| The tax laws ensure that everyone pays a fair and correct amount of taxes | | 0.82 | |
| The amount of tax expected to be paid by all Ghanaians is fair because it is based on taxable income (after allowable deductions) | | 0.79 | |
| I believe that the Ghanaian government is spending public funds prudently | | | 0.89 |
| Public funds are allocated equitably for the Ghanaian citizens' well-being | | | 0.75 |
| **Eigen values** | **2.21** | **1.65** | **0.90** |
| **Percentage of variance explained** | **31.53** | **23.63** | **12.90** |

**Determinants of Tax Compliance Attitude, Table 5** Multiple regression results

| Variables | Model 1 | Model 2 |
|---|---|---|
| Intrinsic religiosity | 0.22 (0.00) | 0.25 (0.00) |
| Extrinsic religiosity | −0.03 (0.53) | 0.01 (0.82) |
| Trust in government | 0.06 (0.23) | 0.01 (0.91) |
| Perception of fairness | 0.10 (0.06) | 0.11 (0.04) |
| Equitability of government | −0.89 (0.09) | −0.04 (0.50) |
| Attitude of tax authority toward taxpayers | 0.02 (0.75) | 0.04 (0.44) |
| National pride | 0.19 (0.00) | 0.20 (0.00) |
| Course major | −0.10 (0.04) | −0.08 (0.11) |
| **Overall model fit** | **Adjusted $R^2$ = 0.12**<br>**F (8, 391) = 7.71** | **Adjusted $R^2$ = 0.12**<br>**F (8, 391) = 7.98** |

Note: P-values are in parentheses



are more willing to honor their tax obligations when they have confidence in the authenticity of the tax system. Course major was negative and statistically significant, an indication that business students have higher compliance attitude than nonbusiness students. As a proxy for tax knowledge, this finding suggests that higher level of tax knowledge has a positive influence on compliance attitude as shown by some empirical studies (Ali and Ahmad 2014; Eriksen and Fallan 1996).

Using enforced compliance as the dependent variable produced similar results as the voluntary compliance. As shown in Model 2, intrinsic religiosity, perception of fairness, and national pride were found to be full predictors of enforced tax compliance attitude. Taken together, results of both models indicate that the intrinsic component of religiosity, perceive fairness of the tax system, national pride, and knowledge on tax laws are the main determinants of tax compliance attitude of people.

## Conclusion

Taxes remain one of the most effective means by which nations mobilize internal resources for growth and development. In reality however, it has been a huge challenge for most governments as well as tax authorities to convince individual taxpayers to honor their tax obligations to the state. Consequently, studies aimed at identifying the determinants of tax compliance attitude have emerged in recent times. This study contributes to extant literature on tax compliance by examining the influence of religiosity, perception toward government, and attitude of tax authority toward taxpayers on tax compliance attitude.

Findings of this study showed that religiosity as a generic term has an impact on tax compliance attitude. Specifically, the intrinsic component of religiosity as intrapersonal religiosity has a positive and statistically significant influence on tax compliance attitude. Further, the perception of taxpayers toward the government (in terms of equitability of government and fairness of the tax system) was also found to be positively associated with tax compliance attitude. Again, an individual's knowledge level and the extent to which citizens are proud of their country have important implications on their tax compliance attitude.

These findings therefore imply that, as part of the broad strategy of government to influence voluntary tax compliance attitude, it is important to promote religious values among taxpayers. Religious teachings should therefore be geared toward establishing the importance of honoring one's civic responsibilities especially with the issue of taxation which forms one of the most important civic responsibilities. By so doing individuals will voluntarily comply with their tax obligations.

Even though "nobody likes paying taxes" (Feld and Frey 2007 p.105), individuals upon realizing the effective mobilization of government revenues will be inclined to honor their tax obligations. Public services provided by the

government therefore ought to substantially amount to tax payments. Also, the tax structure should be segregated on fair bases such that no one pays more or less tax than expected. These constructive measures will go a long way to positively influence taxpayers' compliance attitude.

In addition, tax education should be promoted in the various colleges. It is important for students to be exposed to the tax structure of the country irrespective of whether or not they are pursuing a business-related course. By so doing they will be highly informed about how the tax system operates and also the socioeconomic developments that have come about as a result of effective utilization of the tax revenue. This will help individuals better appreciate the importance of paying taxes to the state.

In spite of the significant contribution of this study, the findings are limited in some respects. First, the respondents of this study were students from only one public university among the many universities in Ghana, and this could affect the extent of generalization of results. The use of students from various universities, both public and private, in the country could improve the generalization of results. Second, this study focused mainly on income tax to examine the taxpayers' compliance attitude. Future researches may include other forms of taxes, such as corporate tax, gift tax, and value-added tax among others, to enhance existing literature on taxation issues. Future studies may also explore the issue qualitatively to provide a deeper understanding of the determinants of tax compliance attitude.

## References

Ali A, Ahmad N (2014) Trust and tax compliance among Malaysian working youth. Int J Public Adm 37(1):37–41

Carrero JMC, Seara AQ (2016) The concept of 'aggressive tax planning' launched by the OECD and the EU Commission in the BEPS era: redefining the border between legitimate and illegitimate tax planning. Intertax 44(3):206–226

Cebula RJ, Feige EL (2012) America's underground economy: measuring the size, growth and determinants of income tax evasion in the U.S. Crime Law Soc Chang 57(3):265–285

Cobham A, Janský P (2017) Global distribution of revenue loss from tax avoidance. United Nations University, WIDER Working paper 55

Eriksen K, Fallan L (1996) Tax knowledge and attitudes towards taxation; A report on a quasi-experiment. J Econ Psychol 17(3):387–402

Fauvelle-Aymar C (1999) The political and tax capacity of government in developing countries. Kyklos 52(3):391–413

Feld LP, Frey BS (2007) Tax compliance as the result of a psychological tax contract: the role of incentives and responsive regulation. Law Policy 29(1):102–120

Kaiser HF (1974) An index of factorial simplicity. Psychometrika 39(1):31–36

McGee RW, Ho SSM, Li AYS (2008) A comparative study on perceived ethics of tax evasion: Hong Kong vs the United States. J Bus Ethics 77(2):147–158

Mohdali R, Pope JEFF (2012) The effects of religiosity and external environment on voluntary tax compliance. N Z J Tax Law Policy 18(2):119–139

Muehlbacher S, Kirchler E (2010) Tax compliance by trust and power of authorities. Int Econ J 24(4):607–610

Mwanza K (2016) Retrieved 18 Sept 2018 from https://moguldom.com/132671

The 2010 Population and Housing Census retrieved 4 Nov 2018 from http://www.statsghana.gov.gh

Torgler B (2006) The importance of faith: tax morale and religiosity. J Econ Behav Organ 61(1):81–109

Wahl I, Kastlunger B, Kirchler E (2010) Trust in authorities and power to enforce tax compliance: an empirical analysis of the "slippery slope framework". Law Policy 32(4):383–406

# Developed Welfare

Mario Benito Mazzoleni and Diego Paredi
University of Brescia, Brescia, Italy

## Synonyms

Institutional involvement; New social state; Social innovation

## Definition

The task of addressing past and current needs, without delegating to either the market alone or the action of the public administration, enables new forms of collaboration, involving various parties, creating other modes of action between public and private cooperation.

## Introduction

Within the last few decades, the concept of "social" needs has been changing. This concept has now broadened dramatically both having the effect of establishing an "interventionist" state culture (e.g., Krugman 2009) and the objective expansion of social inequalities (e.g., Atkinson 2015) which has, very recently and quite unpredictably, brought about new needs; one needs only to think of the effects from significant immigration or that which is connected to the early expulsion from the production sector with millions of people still without a possibility of pension subsidies (Mazzoleni 2013). As a result of the continuing financial cuts in welfare systems, redefining measures in social security has become a key requirement (e.g., Hulst and van Montfort 2012). Together with this, there are two other aspects to consider; the ongoing difficulty in providing solutions to centralized monetary payments focusing on direct payments (pensions, various subsidies, citizens' income, etc.) and the inadequacies of the Italian welfare system (and in some rare exceptions, those also found elsewhere in continental Europe) that have become obvious in recent years following the level of services offered (Lippi Bruni et al. 2012). It is becoming increasingly clear that there is a need to move beyond the idea of delegating responsibilities of welfare to the state alone, in the same way that social (and economic) ineffectiveness leads to imagining these same delegations being put to the market alone. For this reason, in recent years, there has been a growing interest with respect to innovative ways of structuring and delivering services of a high social content. Above all, new ways of engagement which lead businesses that work alongside regional authorities, lenders alongside trade unions, nonprofit businesses alongside organizations not only to deliver, but also to design services for the individual.

## The Paradigm of "Evolving Welfare"

The role of welfare seems relevant irrespective of the various ideologies and governments that have contributed to it over the last 200 years (e.g., Spicher 2000). Over time, there has been a shift from delegating this role only to the people to favoring a vision whereby both state and market attempt to share responsibilities. The exponential growth of needs, coupled with the difficulty of addressing them through traditional methods and the explosion of economic burdens generated by interventions, slowly led to the need of "new" approaches and new organizational and governmental solutions (Giacomini et al. 2015, 2018). Besides the specific debate between those who advocate either a greater or lesser involvement of the state (or, vice versa, of the market) to address this kind of problem and acknowledging the need not to neglect the effects of underestimating what can be achieved, socially, and economically, without intervening on the increasing needs of this kind, the different stakeholders who are, in turn, confronted with this situation, have begun to think of new pathways which can tackle the issue. The principle values of solidarity which the majority of countries are founded upon, that have in the past paid close attention to the subject of welfare, form the "ideological" basis on which the "developed welfare" model develops. The practice of managing "common goods" (e.g., Demsetz 1967) sets the basis on which to build this new model. The model is based upon on the intent to aggregate individuals, associations, public administration, lenders, enterprises, employers, and trade union organizations to address social, environmental, and other contextual issues. This cooperative effort between the aforementioned parties leads to addressing the subject of welfare through applying a unified solidary vision, strongly orientated toward problem solving. This guiding idea has allowed us to find participatory and effective solutions to otherwise unsolvable problems, thus representing a first pillar on which to build a new behavioral model that has started addressing broader social issues alongside existing welfare issues. Ultimately, the model of developed welfare begins from the assumption that social, environmental, and other contextual issues can be addressed with some of the following assumptions: micro or "territorial" issues should be separated from those which are "macro," focusing on the former, since those

which are considered "macro" can only be addressed through policies made at a national or supranational level.

In search of solutions, the "micro" approach must be coupled with the so-called globalization model. More specifically, having general measures and a logical framework in order to apply and adapt in accordance with local specifications (e.g., Dirlik 1996). Micro-level solutions can only be effectively identified by involving all the different stakeholders that work within the concerned area. With these assumptions in mind, the model requires a first stage, an engagement between stakeholders which allows for sharing methods and approaches. Secondly, the challenge lies in arriving at a prioritization of issues that need to be addressed. This is approached by the direct involvement between various stakeholders. There is a need to see past the problems during the analysis stage and encourage the different parties to evaluate themselves both in terms of their influence on the economic and social balance, and also in relation to the ability to intervene as problem solvers. This establishes clear modes of action and generates operational responsibilities of the different parties in sight of various issues. At the same time, this collaboration helps to empower individual parties to work "systematically." That is to say that they are not only responsible for actions directly related to their areas of intervention, but they are also required to carry out their work respecting the principles on which this approach is based; those of shared participation and shared responsibility. Another of the prerequisites for action is encouraging those in charge of projects to define the general effects in a concrete and objective manner by means of data which is not only qualitative, subdividing the planning by outlining the timings for action.

Once the priorities and operational responsibilities have been defined, the model provides for a continuation of the established processes leading to:

- A systematic monitoring of the actions taken
- Results being systematically recorded and verified throughout the various planning stages
- Sharing the obtained results among stakeholders, through a possible relaunch and redefinition of methods that can be adapted to a "feedforward" logic
- A verification of the obtained results and the congruency of the outcomes expected to be useful throughout the new phases of the project

The model therefore requires, first of all, a strong ability to select mechanisms designed to identify activities that are able to mediate between urgency and feasibility. Secondly, out of the need to share the model's validity and effectiveness, the model requires the need to operate with methods of involvement and shared responsibility in accordance with parties and institutions called to work with systematic approaches. Also, it requires an explicit willingness to "question the status quo" and agreeing to operate through highly flexible approaches. From an operating point of view, the model requires two "critical" figures to be entrusted with the responsibility of directing, guiding, and verifying. The first being a methodological presidium officially entrusted with planning and initiating the project. The second is the "play maker" of the project, the director and facilitator of the operational activities. The first figure should be considered as a critical element from a professional point of view, while the second one is fundamental in order to exercise its role in social, institutional, and behavioral guidance.

## Conclusion

The developed welfare model brings with it certain elements of discontinuity with the past that, if implemented, can present important opportunities, the first and foremost being a collaborative work ethic between "parties" and "institutions." The need to adopt new paradigms demonstrates the first element of criticality and, at the same time, the potentiality of the model.

The criticism arises from the fact that, with respect to both the parties and when considering the methods of involvement, a new, unconventionally explored method is being realized.

Culturally, it represents a significant challenge when envisaging parties collaborating "around a table," often contributing a difference in ideas, direction, implementation, and verification. At the same time, creating approaches that would lead these parties to "get involved" in new ways offers the opportunity to obtain unconventional ideas and develop methods which can, in their innovativeness, effectively solve issues that would otherwise not find an adequate solution. A second potential element is one which is related to the need of addressing problems, being sure to look thoroughly at their analysis in order to assess the effect which they specifically have and to give an indication to the real solving potential that the new approach brings with it.

A mix between the pragmatic nature of "doing" paired with the necessary ability to criticality choose the different areas to be faced, obliges the involved parties to overcome the learned hypotheses that often lead to suggesting sufficient solutions which are proven to run up against unforeseen or undervalued difficulties. Therefore, new procedures and paradigms end up with generating multiplier effects allowing to hypothesize useful methods and approaches (also from a cultural point of view) in order to deal with a reality facing a steep and unpredictable transformation.

## References

Atkinson AB (2015) Inequality: what can be done. Harvard College, Cambridge, MA

Demsetz H (1967) Toward a theory of property rights. Am Econ Rev 57(2):347–359

Dirlik A (1996) The global in the local in global/local cultural production and the transnational imaginary. Duke University Press, Durham

Giacomini D, Mazzoleni M, Muzzi C (2015) Ilcambiamento organizzativo generato dalle gestioni associate obbligatorie. Sviluppo & Organizzazione 267

Giacomini D, Sancino A, Simonetto A (2018) The introduction of mandatory inter-municipal cooperation in small municipalities: preliminary lessons from Italy. International Journal of Public Sector Management 31(4):1–31

Hulst R, van Montfort A (2012) Institutional features of inter-municipal cooperation: cooperative arrangements and their national contexts. Public Policy and Administration 27(2):121–144

Krugman P (2009) The return of depression economics and the crisis of 2008. W.W. Norton Company, New York/London

Lippi Bruni M, Rago S, Ugolini C (2012) Il ruolo delle mutue sanitarie integrative. Le società di mutuo soccorso nella costruzione del nuovo welfare di comunità, Bologna

Mazzoleni M (2013) Riflessioni di impresa: alla ricerca di nuovi paradigmi. G. Giappichelli Editore, Torino

Spicher P (2000) The welfare state a general theory. Sage, London/Thousand Oaks/New Delhi

D

# Developing Public Administration with Performance Dialogues

Harri Laihonen and Tomi Rajala
Faculty of Management and Business, Tampere University, Tampere, Finland

## Synonyms

Dialogic accounting; Dialogic performance management; Learning forums

## Brief Description

This entry summarizes the discussion on performance dialogues and offers four reasons why performance dialogue is considered a promising approach in public administration seeking to consolidate the values of pluralistic societies by engaging in collaborative governance.

## Introduction

In pursuing development, the public administration quite often encounters problems that are interdependent and multidimensional. Poverty, homelessness, population aging, climate change, and unemployment are all examples of problems requiring the input of the entire administration. To solve such societal issues, public managers need to engage in problem-solving processes that cannot be conducted within a single organization,

because these challenges are by nature multi-level, multi-actor, and multi-sectoral (Head and Alford 2015). The need to solve such problems has increased the demand for collaborative governance. Whether we talk about governance networks (Klijn 2008), policy networks (Klijn and Koppenjan 2000), network governance (Rhodes 2017), cross-sector collaboration (Bryson et al. 2006), public value governance (Bryson et al. 2014), participatory governance (Fung and Wright 2001), holistic governance (Perry et al. 2002), or governing hybrids (Johanson and Vakkuri 2017), they all refer to some form of collaborative governance aiming to solve the current problems in the public sector by creating collaboration between different actors, be they public, private, or third sector actors. Pluralism is a typical feature in collaborative governance, and therefore, negotiations that consolidate pluralistic views on public sector values, objectives, as well as ways of organizing and measuring public administration and services through performance measurement and evaluations are common. One way to conduct these negotiations is a performance dialogue.

Rajala et al. (2018) defined performance dialogue as a process in which "participants jointly interpret performance information and discuss it while identifying the actions needed to manage the performance according to this information." This interpretative process is increasingly needed as co-creation, co-production and other collaborative approaches become the state-of-the art in public management and public value creation. Moreover, performance dialogue is often required in approaches like public-private partnerships (e.g., Hodge and Greve 2007) and hybrid organizations (e.g., Johanson and Vakkuri 2017), which have become increasingly popular in administrative practice.

Collaborative governance in public administration also means that performance management has become more of a joint effort involving multiple actors. Indeed, several scholars have recognized and emphasized the need for performance dialogue in collaborative performance management and proposed various methods for putting this idea into practice (e.g., Moynihan 2005; Laihonen and Mäntylä 2017; Rajala and Laihonen 2019a). This short entry summarizes the discussion on performance dialogues and offers four reasons why performance dialogue is considered a promising approach in public administration seeking to consolidate the values of pluralistic societies by engaging in collaborative governance.

## Performance Dialogue in Addressing Complexity and Ambiguity

One of the main premises used to justify collaborative performance management is that no actor is able to solve the prevailing complex societal problems alone. Another reason for collaborative performance management arises from the ambiguity associated with performance information. Ambiguity relates to actors' differing perspectives on performance information, and collaborative performance management involves different actors with differing perspectives (Vakkuri 2010). The ambiguity inherent in performance information becomes an even more interesting and challenging issue when the focus is on interorganizational or cross-sectoral collaboration, because the variety of perceptions related to performance becomes even more diverse.

Given the complexity of the problems emerging and to address the ambiguity of performance information, interaction and dialogue are called for. These afford an opportunity to increase the use made of performance information, collective knowledge and expertise. Indeed, a group capable of productive discussion may be more than the sum of its parts, and this increases the organizational capacity to solve difficult problems and to identify the ambiguity arising from performance information. In this line of thinking, the common argument is that a well-functioning team can better address the different sides of the complex problems in performance dialogues than could any individual alone. In addition, confirmation bias (e.g., James and Van Ryzin 2016), where the public manager only seeks, interprets or favors performance information confirming existing conceptions can be avoided by incorporating

different people with dissimilar beliefs to the performance dialogue. Recognition of the ambiguity associated with performance information may serve to prevent poor decisions neglecting some important interpretations due to confirmation bias. Having an open performance dialogue with colleagues about the different perspectives arising from the ambiguity can help an individual to recognize her own confirmation biases. This indicates the following: performance dialogues use organizational diversity to expose the ambiguity and to make decisions taking better account of the disparate values concerning performance and interpretations of performance information.

Dialogue-based models emphasize the acceptance of ambiguity and complexity as simply inherent in public service systems. Ambiguity and complexity cannot be removed from public sector activities that are multifaceted and ambiguous. However, the point of the performance dialogue is to turn ambiguity and complexity into a strength and a potential for renewal by using collective thinking to create the big picture describing the prevailing situation. Besides comprehensively describing the overall situation, a performance dialogue provides a forum where different interpretations are debated and new meanings are created based on the available information and creative thinking. Generating the big picture, debating about perspectives relating to performance information, and creating new meanings and practices all enhance the understanding of the overall situation.

## Using Dialogue to Break Organizational Silos and Performance Illusions Inhibiting Development

The main argument arising from the literature is that as the complexity of the problems to be solved increases, there will be a corresponding need to invoke collaborative management. In complex situations, citizens' expectations and requirements regarding a public service cannot be met by an individual organization – an efficient public service system calls for efficient cross-sectoral collaboration and shared objectives (Lönnqvist and Laihonen 2012). Indeed, organizational silos separating different actors from each other make it difficult to solve broad societal issues requiring comprehensive government intervention. Because performance dialogue generates interaction and a mutual understanding of performance among companies, citizens, and public managers operating in different administrative sectors, this type of dialogue is one way to break organizational silos causing insufficient interaction between people inside and outside of the organization silo. The literature has proposed various structural and functional ways to encourage dialogue in public administration. Learning forums (Moynihan 2005) and performance dialogues (Laihonen and Mäntylä 2017) are some examples of these concrete ways of breaking organizational silos with collaborative performance management practices based on dialogue addressing the performance results and future actions needed in light of these results (e.g., Busi and Bititci 2006; Verdecho et al. 2009).

Research on performance dialogue has so far provided some guidance on how to break organizational silos inhibiting collaboration. The most recent studies on performance dialogues reveal preliminary findings on how organizational silos are created and sustained in individual performance dialogues and how performance dialogues can be used to break such silos (Rajala and Laihonen 2019a; Rajala et al. 2019). Moreover, research has also shown how dialogues about performance results are used to form series of performance dialogues that convey important information throughout the entire public sector organization and to its stakeholders, be they private sector companies or citizens. In breaking organizational silos, it is beneficial to understand the ways in which effective performance dialogue series create knowledge networks that increase the awareness of how every actor in the public service network contributes to the others' activities and to the overall well-being of public service users. Earlier research has also investigated which institutional logics and roles are present in performance dialogues – and which are not (Rajala et al. 2019). This knowledge on institutional logics and roles in performance dialogues may

help in break the institutional silos that currently inhibit cross-sectoral collaboration within the public sector and boundary-crossing efforts in service production between public, private, and third sector organizations and citizens.

The aim of performance dialogue is to dispel these harmful delusions and practices in organizational silos through collaborative sensemaking. In practice, breaking the organizational or institutional silos helps to dispel illusions that different actors may have regarding their respective contributions to the public sector service system as a whole. Organizational silos may sustain illusions about performance existing within these silos by blocking conflicting views arising from other parts of the public sector organization or from other organizations, such as private companies or third sector organizations. Successful performance dialogue can debunk such illusions simply by bringing together and combining the alternative viewpoints and diverse knowledge of different actors and by fostering the creation of a shared view of the situation between the different people taking part in the performance dialogue.

One major risk with performance dialogues is that they may be used improperly, in which case they either further strengthen the existing organizational and institutional silos or then retain them in their present state. Another noteworthy point is that performance dialogues may remain superficial and insufficient, can lead to a false understanding of the overall situation and to shortages in collective action due to these problems in understanding. When performance dialogues generate problems rather than solving them, organizations are not utilizing their full potential nor making optimal use of resources. The management and use of performance dialogues is thus an art form itself that should be further studied as we still know very little about this art form. Research has so far shown that the challenges of performance dialogue seem to reflect problems typically associated with performance information use in general. As to managing and using performance dialogues to break organizational silos, public managers need to make successful choices on purposes, topics, participants, forums, time spans, and dialogue methods. Moreover, creating knowledge networks for collaborative governance by using performance dialogues involves public managers' considerations concerning:

1. Synchronization between the performance dialogues and other organizational activities
2. Division of labor between different performance dialogues
3. Right gatekeepers transferring knowledge from one dialogue to another
4. Performance dialogue hubs that connects all important performance dialogues and their conclusions to one forum

It is true that management can create opportunities and conditions for successful performance dialogue but ultimately the ability and willingness of the personnel and various stakeholders to handle performance information and discuss it determines whether organizational silos can indeed be broken. Thus, performance management taking place in performance dialogues is a collaborative effort. This means that not only top management but also the whole organization and each individual employee will be responsible for performance management. Thus, personnel and stakeholders should also know how to generate efficient performance dialogue.

## Performance Dialogue: A Continuous Process

Discussion on learning forums and performance dialogues easily focus on individual dialogues although the performance dialogue is quite often a continuous process where a series of performance dialogues conveys information and knowledge through the organization and feeds it to the decision-making venues at the right time. Indeed, a more profound step towards collaborative performance management is taken when performance dialogue is perceived as a continuous and integral part of performance management practices. Then, each participant practices collaborative management, and participants can therefore play an important part in shaping the dialogue and

determining the course of the organization. For an individual public servant, performance dialogue and collaborative performance management can mean greater responsibility if each participant becomes responsible for analyzing and interpreting performance information. Involving personnel in performance dialogues can create cohesion and integration among staff and stakeholders by assigning people joint tasks but it also means costs as personnel will have to devote their time to analyzing performance information. Hence, the benefits of this involvement need to outweigh the costs of it; otherwise, the total value of performance dialogue is negative to the organization.

Mastering the management of any individual dialogue is a starting point for any public organization adopting performance dialogue. Managing a particular performance dialogue is not an easy task itself and requires knowledge of how to generate a functional dialogue between people. However, moving from individual dialogues to organizational dialogue that creates integration and cohesion throughout the whole public sector organization is a more difficult task and calls for a system-level understanding of how different spheres of public administration and different professions engage with each other through an integrative dialogue. This integrative dialogue is achieved if series of performance dialogues are coordinated and not isolated and decoupled from each other. In linking together different performance dialogues, management should seek answers to questions like: what kind of practices and structures support a performance dialogue that can break organizational silos, and what incentives encourage cross-sectoral and interorganizational collaboration and dialogue?

When the linkage of different performance dialogues is in focus, the critical question relates to the ownership of the dialogue. By ownership, this entry refers to questions addressing who ensures that the messages are conveyed all through the organization and its collaborators to help decision-making and organizational learning and who checks that all the needed dialogues actually take place? These questions also raise a counterquestion: how and to what extent can or should performance dialogues be managed in the first place or should they form a more free-floating communication and learning system that can produce innovations and learning more freely? All these questions relate to previous academic discussions on how performance dialogues are controlled in the public sector. It seems that performance dialogues can be controlled with traditional management controls. For example, setting joint topics and purposes for distinct performance dialogues can integrate different actors and create a sense of cohesion.

## Performance Dialogue: A Control and Learning Mechanism

Performance dialogue may serve many purposes. According to the literature, one interesting juxtaposition relates to the relationship pertaining between two different purposes: namely learning and control. It has been claimed that performance dialogue develops shared understanding but also has a role in decision-making and management control (Rajala and Laihonen 2019b). In many cases, performance dialogue precedes decision-making and can control the decisions because the jointly created understanding may dictate the decisions of participants and their actions occurring after the dialogue. This type of performance dialogue is a management control in its own right. Interestingly, performance dialogue can be steered with other management controls as the shared understanding formed in the dialogue can be controlled with traditional management controls, such as organizational structure, bureaucratic controls, or even cultural controls. However, from the viewpoint of learning, excessive control may be detrimental to learning and creativity.

It seems that dialogue can be considered as a way to learn and create shared understanding, but at the same time, it also provides an opportunity to control learning and future actions. As a control mechanism, performance dialogue can be used to set objectives, create a shared view of the performance among the internal and external stakeholders, and it can be used evaluate the success of the operations and dialogue itself. Because

performance dialogue may offer actors freedom to select objectives or the concrete ways to achieve these, it may be classified as an enabling control mechanism. In enabling performance dialogues, power and control are continuously rebuilt within the dialogue, and people feel empowered as they can all have power and exercise control over the situation. Further, the themes, topics, and objectives of the dialogue are defined in the dialogue by the participants rather than in advance and by someone else not participating in the dialogue. This creates a continuously evolving process that determines what the dialogue is and what it seeks to achieve. New participants and performance information can also be brought into this dialogue when needed when performance dialogues are predesigned to be enabling rather than coercive.

If performance dialogues do not allow much freedom of choice, then they are used as a more coercive control. According to research, many of the factors affecting the outcome of the performance dialogue are typically defined beforehand and placed on the agenda of the meeting. This creates predefined dialogues and leaves very little room for innovation and the emergence of new ideas. For this reason, it is not unusual that participants feel powerless in coercive performance dialogue because all the important decisions have already been made before dialogue takes place, thereby making the dialogue a mere formality.

On the one hand, there is sometimes a need for strict governing of the dialogues, and this necessitates the use of management controls. After all, the fundamental task of an organization is to coordinate the efforts of its employees. In strict governance of the dialogues, the organizational hierarchy, the prevailing organizational culture and administrative bureaucracy, as well as professional coordination mechanisms ensure that the needed dialogues take place and that these dialogues serve predesigned purposes. For example, by controlling the series of performance dialogues with job design and division of labor, it is possible to generate cohesion and integration between different performance dialogues and the participants involved.

On the other hand, the governance may on occasion rely on self-regulation and autonomy, while the management system is more based on trust. This means that instead of formal control mechanisms, public managers rely more on flexible forms of performance dialogue and collaborative action. This enabling form of performance dialogue may be better suited to dynamic environments where it is difficult to successfully plan everything beforehand.

## Conclusions

The performance management literature discusses collaborative management requiring new organizational structures and approaches. This entry shed light on performance dialogue as a form of collaborative management by explicating the reasoning on why performance dialogue is considered a promising approach in public administration. According to these reasons, performance dialogue is a useful tool in:

1. Dealing with complex societal problems and ambiguous performance information
2. Breaking organizational silos and dispelling illusions concerning public sector performance
3. Generating cohesion and integration between different levels of administration and between public sector and its external stakeholders
4. Controlling the learning and future actions of the actors involved in public sector service production

At best, performance dialogues increase the awareness of the determinants affecting performance, and this awareness can be further improved through systematic management of performance dialogue. Collaborative performance management and performance dialogue can therefore play a critical role in future performance management. In practice, it seems that management needs to consider both the role of performance dialogue more widely as well as the management of individual dialogues. Both types of considerations are needed when building and developing performance-driven organizational

culture and behavior. As the literature shows, performance dialogues can be fostered by establishing formal guidelines and developing meeting practices. Yet performance dialogue can also arise unexpectedly and on an ad hoc basis. These *ad hoc* approaches remind us that the flow of knowledge is sometimes difficult to predict and model in performance dialogues because people may quite spontaneously discuss their successes and failures, and during this communication, they may learn from each other and develop better and more efficient ways of responding to the existing challenges. Thus, knowledge and performance-driven behavior is often a far more complex phenomenon than the simplistic data – reporting – decision-making – models suggest.

In light of the foregoing, future studies can investigate whether ambiguity and complex societal problems can be handled more efficiently using performance dialogues than using other methods. Another interesting question to be addressed is when performance dialogues can break organizational silos and adverse illusions about the performance and what types of dialogue can accomplish this. What factors affect the level of integration generated with performance dialogues could also be further investigated.

## Cross-References


- ▶ Administrative Reform
- ▶ Development Administration
- ▶ Development Governance
- ▶ Performance Management in Public Administration
- ▶ Performance Management in the Public Sector


## References


Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. Public Adm Rev 74(4):445–456

Bryson JM, Crosby BC, Stone MM (2006) The design and implementation of cross-sector collaborations: propositions from the literature. Public Adm Rev 66(Spl Issue):44–55

Busi M, Bititci US (2006) Collaborative performance management: present gaps and future research. Int J Product Perform Manag 55(1):7–25

Fung A, Wright EO (2001) Deepening democracy: innovations in empowered participatory governance. Polit Soc 29(1):5–41

Head BW, Alford J (2015) Wicked problems: implications for public policy and management. Adm Soc 47(6):711–739

Hodge GA, Greve C (2007) Public–private partnerships: an international performance review. Public Adm Rev 67(3):545–558

James O, Van Ryzin GG (2016) Motivated reasoning about public performance: an experimental study of how citizens judge the affordable care act. J Public Adm Res Theory 27(1):197–209

Johanson J-E, Vakkuri J (2017) Governing hybrid organisations. Exploring diversity of institutional life. Routledge, New York/London

Klijn EH (2008) Governance and governance networks in Europe. Public Manag Rev 10(4):505–525

Klijn EH, Koppenjan JFM (2000) Public management and policy networks: foundations of a network approach to governance. Int J Res Theor 2(2):135–158

Laihonen H, Mäntylä S (2017) Principles of performance dialogue in public administration. Int J Public Sect Manag 30(5):414–428

Lönnqvist A, Laihonen H (2012) Welfare service system productivity: the concept and its application. Int J Product Perform Manag 61(2):128–141

Moynihan D (2005) Goal-based learning and the future of performance management. Public Adm Rev 65(2):203–216

Perry 6, Leat D, Seltzer K, Stoker G (2002) Towards holistic governance: the new reform agenda. Palgrave Macmillan, Basingstoke

Rajala T, Laihonen H, Haapala P (2018) Why are performance dialogues challenging in local governments? Meas Bus Excell 22(2):117–129

Rajala T, Laihonen H (2019a) Managerial choices in orchestrating dialogic performance management. Balt J Manag 14(1):141–157

Rajala T, Laihonen H (2019b) Combining learning with management controls in performance dialogues to shape behavior of public servants. In: Sullivan H, Dickinson H (eds) The Palgrave handbook of the public servant. Palgrave Macmillan, Cham

Rajala T, Laihonen H, Vakkuri J (2019) Exploring challenges of boundary-crossing performance dialogues in hybrids. J Manag Gov https://doi.org/10.1007/s10997-019-09485-x

Rhodes RAW (2017) Network governance and the differentiated polity. Oxford University Press, Oxford

Vakkuri J (2010) Struggling with ambiguity: public managers as users of NPM-oriented management instruments. Public Adm 88(4):999–1024

Verdecho MJ, Alfaro JJ, Rodriguez-Rodriguez R (2009) Foundations for collaborative performance measurement. Prod Plan Control 20(3):193–205

# Developing World Policy Process, the Case of Ghana

Abdulai Kuyini Mohammed
Department of Political Science,
University of Ghana, Legon, Accra, Ghana

## Synonyms

Policy development, implementation, and assessment; Stages heuristics and alternative theories; Steps in the making of public policy; The how and why of policymaking

## Definitions

Public policy is a set of interrelated decisions that are taken by actors in the governmental and nongovernmental realms to resolve a problem or issue of concern to the public. Each step in the process of resolving the problem has different issues and needs which have to be addressed. Ultimately, however, activities at the different stages should be mutually reinforcing toward the accomplishment of a common purpose, that is, resolving the public problem. How the chain of activities is carried out, the opportunities and challenges that are encountered in carrying them out, and the outcomes these efforts achieve will vary from jurisdiction to jurisdiction. In this article, the process of designing, implementing, and evaluating public policy in the developing context of Ghana is examined to determine its congruence or incongruence with that in developed countries.

## Introduction

The term process connotes temporality, an unfolding of actions, events, and decisions that may culminate in an authoritative decision, which, at least temporarily, binds all within the jurisdiction of the governing body. In explaining policymaking processes, the emphasis is much more on the unfolding than on the authoritative decision, with attention devoted to the structure, context, constraints, and dynamics of the process, as well as to the actual decisions and events that occur (Schlager 2007: 293). The policy process is the study of change and development of policy and the related actors, events, and contexts (Weible et al. 2012). Policy scientists argue that public policy is best conceived in terms of a process (Jenkins 1978; Anderson 2006). This is because policy decisions are not "something confined to one level of organization at the top, or at one stage at the outset, but rather something fluid and ever changing" (Gilliat 1984: 345). This joins Rose (1969: xi) when he asserts that, "policy making is best conveyed by describing it as a process, rather than as a single, once-for-all act." This process involves negotiation, bargaining, and accommodation of many different interests, which eventually give it a political flavor. These political interactions happen within the network through which decisions flow, programs are formulated and implemented, and interorganizational dependencies and interactions take place. Thus "policymaking" is not a simple rather a complex dynamic process involving series of actions and inactions of varieties of groups with varieties of interests at different stages. It is crucial to state here that public policymaking not only involves the public bodies or public operatives as policy players, but also private or nonofficial groups play a very active role in policymaking. This public-private interaction constitutes the structure of the political system within which policy actors influence the policy process (Osman u.d.). It is true that many policy matters across jurisdictions are understood in terms of concepts already rooted in the emerging discourse on public policy in general (Horowitz 1989: 198). Moreover, there are similarities between developed and developing countries in terms of the constraints encountered in the policy development and implementation process. Such constraints relate to, for example, the plenty of room for slippage at each stage of the policy process. Another is the unintended consequences that attend all policymaking efforts. Nevertheless, the policymaking process in developing context is

different from that of the developed world. One of the differences is that the structure of the political system in the developed world is greatly different from that in developing countries. Others are the unfavorable research conditions usually experienced in the latter: scarce data, difficult logistics, sometimes suspicious officials, regime instability, inadequate policy capacity, and rarity of inclusive politics, just to mention a few (Horowitz 1989). This makes the existing theories or models of public policymaking derived from the developed countries inadequate to explain the policymaking process of developing countries.

So if there are similarities and differences between the policy processes of developed and developing countries, the questions that arise are: (1) To what extent do these processes converge or diverge? (2) Do the similarities in the policy processes outweigh the dissimilarities and vice versa? (3) What factors are responsible for the similarities and differences in the policy processes? (4) What are the consequences of the similarities and dissimilarities in the policy processes? (5) What lessons can be drawn from the consequences to improve policymaking in the developing context? These questions are investigated specifically in relation to Ghana as a case in developing contexts.

The rest of the paper is organized such that part two examines the policy process in Africa, part three explicates the framework for assessing the policy process in Ghana, while part four analyzes the public policy process in Ghana. The final section is devoted to discussion and conclusion.

## Public Policy Process in Africa

Anangwe (1997) argues that the principal issues of concern in respect to African policymaking are several. First, African policymakers do not seem to understand their policy environments and the kinds of problems they generate. This is attributable to the social distance between the policymakers and the rest of the population. The former belong to the elite group, and their background makes them perceive policy problems from a perspective that is somewhat impaired, resulting in wrong policies being made vis-a-vis policy problems that confront the bulk of the population.

Second, African policymakers seem to be making decisions without adequate information because of poor articulation between political and administrative roles in the process. Often politicians would like to seize the initiative in making certain policies, and they tend to do so without adequate knowledge of the consequences – a problem that could have been avoided if they had listened to the expertise which the bureaucrats possess (Anangwe 1997; Grindle and Thomas 1991). In addition, research institutions have been sidelined in a manner that precludes their findings as input to the policy process. Third, the inability to mobilize adequate resources as well as the inability to effectively utilize capacity renders policymaking a symbolic exercise. Policy implementation in Africa is also confronted with diverse problems. For instance, implementation rates of national development plans in the recent past have ranged between 5% and 30%. Another obvious constraint is the politicization of policy implementation (Anangwe 1997).

Many interest groups are also not always aware of the content of policy until implementation kick starts. It is only at this stage that powerful actors realize what a policy contains, and they then make vigorous attempts to frustrate the implementation of unpalatable aspects of such a policy (Anangwe 1997).

Policy evaluation is another problem area because the feedback mechanism in African policymaking process is deliberately weakened. African policymakers do not like to hear that their policies are performing poorly. Here, process mistakes remain undetected and uncorrected. At the same time, no meaningful lessons can be learnt from past performance within this milieu. Notwithstanding these problems, it is fair to acknowledge that some successes have been registered in Africa in some specific areas, the most prominent being in education and health (Anangwe 1997).

## Framework for Assessing the Policy Process in Ghana

Evaluation of a policy cannot simply take account of the stated objectives for change (Chapman et al. 1997: 208). In this connection, the criteria that are used to evaluate Ghana's public policy process are three: program, process, and political dimensions (McConnell's 2010). These three criteria are reconcilable aspects for assessing policy success. The program criterion refers to policy attaining or exceeding its original programmatic or technical goals, at roughly the same cost, with the same degree of effort, and within the same period of time as originally envisioned (McConnell 2010). In this view, policy learning has often been viewed as an activity within government related to the attainment of these technical aspects of policies, and it is expected that management strategies such as the acquisition of more and better data and analysis can enhance the probability of policy success by reducing the risk of policy failure through poor information collection and use in policy formulation or implementation.

The process measure denotes simply a policy being able to proceed from idea to reality through the successful completion of the many stages of a policy process (Bovens et al. 2001; Brandstrom and Kuipers 2003). In this process sense, a policy is often judged a success if it successfully goes through a complex, veto-point-filled and multi-actor approval process to creation and implementation, regardless of its actual ability to "deliver the goods" in terms of its substantive program effectiveness or efficiency (Lindblom 1959).

The process dimension contains five stages: agenda-setting stage, formulation stage, implementation stage, adoption stage, and evaluation stage. These phases may fail because of the following: the agenda-setting stage is such that overreaching governments take on too many simultaneous initiatives (Baumgartner and Jones 1993); the formulation stage entails governments attempting to address "un-addressable" or "wicked" problems where neither the cause of a problem nor the solution to it is well enough known (Churchman 1967) to generate feasible policy alternatives; the decision-making stage is fashioned such that institutional venues designed for serial or seriatim processes may bog down policies (Jones 1994) or where governments engage in logrolling and other forms of bargaining behavior which undermine the integrity of policy proposals (Anderson and Heywood 2009); the implementation stage is such that governments take on the implementation of too many policies beyond their organizational capacity to provide results (Meier and Bohte 2003); and the evaluation stage is such that actors fail to properly evaluate the results of their policies and thus fail to incorporate this knowledge into subsequent policy reforms (May 1992). The political dimension highlights the negative political consequences of adverse policy outcomes on subsequent political evaluations and the fortunes of policymakers (Wolman 1981).

## The Policy Process in Practice in Ghana

In the preceding section, the criteria for evaluating public policy process have been well enunciated. These criteria which are the process, program, and political dimensions are applied in the assessment of Ghana's policy process.

### Process Dimension

The subcategories of the process dimensions that are discussed here are the agenda-setting stage, formulation stage, adoption stage, implementation stage, and evaluation stage. These subcategories are now examined in turn below.

#### Agenda-Setting Stage

In terms of the agenda-setting stage, successive postindependence Ghanaian governments have sought to tackle the seemingly insurmountable problems facing the country by rolling out prestigious and ambitious projects and programs. The scope of these policy initiatives in major sectors is usually very vast and expansive. For example, Dr. Kwame Nkrumah, the first postindependence leader of the nation, gave Ghana a good start in her developmental race. During Dr. Nkrumah's regime (1957–1966), the state was involved in various socialist development projects. The government was supported by urban dwellers who

wanted an expanded state sector, rapid industrialization, and economic self-sufficiency (Joeng 1998). Up to the early 1960s, attempts at building major infrastructure and many prestigious projects and programs like the construction of the Akosombo Hydroelectricity Dam and building of the industrial township of Tema were funded partly from revenue from exports of cocoa. However, decline in cocoa prices on the world market and cost of big projects rift havoc on the balance of payments. The instability of the Nkrumah development strategies were linked to their dependence on expansive, imported capital-intensive technology and on heavy investment in infrastructure (Joeng 1998). To finance such a program, the government had to borrow from the World Banking system, engage in deficit financing and monetary expansionism, and impose higher taxes. Political discontent following economic instability facilitated the collapse of the nationalist Nkrumah regime (Joeng 1998).

Similarly, the current Akufo-Addo-led NPP government (2017 to date) won power in the 2016 elections on the back of gigantic promises. It sailed to victory in the elections on the basis of a highly ambitious campaign platform and manifesto promises. Some of the 2016 manifesto promises included free senior high school education, one district one factory (in a country of 216 districts), one village one dam (in a country of several scores of thousands of villages), one constituency one million dollars (in a country of 275 constituencies). and construction of a railway from the southern to the northern part of the country (a track of more than 1500 km) (NPP 2016). These promises are overambitious when considered against the financial capabilities of the country. To illustrate, Ghana's total public debt stood at GHC17.7 billion at the close of 2010, which represented 38.9% of GDP and rose to GHC35.1 billion or 48.4% of GDP in 2012. It climbed further to GHC76.1 billion, equivalent to 67.1% of GDP in 2014. By March 2015, the total public debt stock reached GHC88.2 billion representing 65.3% of GDP (Institute of Fiscal Studies 2015). Ghana has long depended on foreign aid or loans from international financial institutions to supply part of its foreign currency needs. However, non-concessional external debt stock increased considerably from US$90.1 million to US$838 million in 2008 and then to US$1.45 billion in 2012. The government also issued another Eurobond in 2015 to raise US$1.0 billion which summed up to US$2.75 billion Eurobond issued in three consecutive years (Institute of Fiscal Studies 2015). Against this week financial backdrop, it is therefore not surprising that since assuming office in January 2017, to date no single factory has yet been built. The 275 constituencies have each received naught of the promised one million dollars, and no village has yet been provided with a dam, nor has work commenced on the railway project. It is perhaps to presage this problem that Jenkins' (1987) definition of public policymaking includes a stress on the fact that it should be within the capacity of the state to achieve.

### Formulation Stage

At the formulation stage in Ghana strides are usually made to address "un-addressable" or "wicked" problems where neither the cause of the problem nor the solution to them are well enough known (Churchman 1967) to generate feasible policy alternatives. For example, successive governments since independence in 1957 have attempted incorporating the informal sector into the tax net without much success. The following characteristics of the informal sector are not well understood: identifying informal actors; the economic activities they engage in; the size of their economic activities; the revenue or income they accrue on a daily, weekly, or monthly basis and their variations; their residential addresses; changes in their business profiles; their capacity in charging and deducting tax especially value-added tax; and their ability to do the necessary paper work to file their tax returns, which are all not only difficult to pinpoint or measure but they are also not well understood. Without understanding these characteristics of the informal sector operators, it will be quite formidable to introduce tax reform that will effectively incorporate the informal sector into the tax net to increase the much needed government revenue.

Another wicked and intractable problem in Ghana is bribery and corruption. Successive governments since independence to date have pledged to uproot it. Nevertheless, they end their terms of office leaving the problem even worse than what it was when they assumed office. All the four military governments, namely, the National Liberation Council (NLC) (1966–1969), National Redemption Council (NRC) (1972–1979), Armed Forces Revolutionary Council (AFRC) (1979), and Provincial National Defense Council (PNDC) (1981–1992), which overthrew democratically elected governments, cited corruption and financial mismanagement as one of the reasons for the coups. For example, the AFRC military regime of Flt. Lt. Rawlings that toppled the military government of the NRC had a slogan of "cleaning the house," meaning ridding the system of corruption before handing over to a civilian government. But after the civilian Limann's government to which power was handed ruled for only 27 months, it was overthrown by the same Flt. Lt. Rawlings citing among others, corruption for his action (Gyimah-Boadi 1994). On assumption of office, this time under a junta known as the PNDC, Flt Lt. Rawlings waged a campaign of probity and accountability. By applying radical tactics and organs like the Citizens Vetting Committee (CVC), the National Investigations Committee (NIC), and the Public Tribunals and pure vile rule, the junta caused fright in the public and confiscated the property of wealthy businesses, lodges, and professionals in anti-elitist corpus action (Gyimah-Boadi 1994; Oquaye 1993). It also chased citizens into exile or imprisoned them on grounds of corruption and carried out political executions (Gyimah-Boadi 1994: 77).

Yet by the time the PNDC rule ended in 1992, corruption was not eradicated; it rather worsened. Likewise, all the civilian governments of the first, second, third, and fourth republics of Ghana have all, on assumption of office, promised to rid the country of corruption but left office leaving corruption much bigger than what it was when they came into office. For example, former President Kufuor (2001–2008) assumed office with a promise of zero tolerance for corruption but left office when corruption was at a very high level. A survey report by Transparency International in the late 2003 confirmed this claim when it indicated that corruption has worsened in Ghana 3 years into the Kufuor's administration (Adu-Asare 2006). The canker of corruption persists because it is hydra-headed requiring a multipronged approach, but this is lacking. For example, there is no political will to deal with it since its tentacles extend to cover the political elite.

### Decision-Making Stage

At the decision-making stage in Ghana, it is common for institutional settings designed for serial or seriatim processes to bog down policies (Jones 1994) or for governments to engage in logrolling and other forms of bargaining behavior which undermine the integrity of policy proposals. For example, the president and the ruling party virtually go unobstructed in abusing incumbency for personal as well as partisan electoral interest. Executive dominance has also made it possible for successive governments to resist the introduction of transparency-promoting instruments, such as access to information legislation and public officeholder asset disclosure laws (Ayee et al. 2011). The vast powers of the president enable him to ignore the views of other actors including public opinion. This has often led to street protests and demonstrations, opposition boycott of parliamentary proceedings, and critical press and memorial lectures. To illustrate, the proposal to introduce the National Health Insurance Scheme was done by former President Kufuor without much public consultation. This led to protest by labor unions and boycott of proceedings in parliament by the then opposition National Democratic Congress (NDC) (Mohammed 2013). Similarly, the sale of Ghana Telecommunication Corporation to British Vodafone was done in an elitist way by the same Kufuor administration, and this led to the opposition walking out of parliament during the adoption of the policy. Likewise, the nationwide matches and protests against the value-added tax (VAT) which former President Rawlings introduced were done in an exclusionary manner. The protests led to four deaths before it was withdrawn and reworked (Mohammed 2013).

### Implementation Stage

At the implementation stage in Ghana, cases abound where governments have taken on the implementation of too many policies beyond their organizational capacity to provide results. For example, the immediate past President Mahama made in his NDC party manifesto a total of 540 promises which were captured under four thematic areas. These areas included the economy, governance, social policy, and infrastructure. The NDC's own assessment indicated that government was able to achieve at least 80% of the promises (Appiah 2016). However, IMANI Ghana, a think tank in a research report, claimed that the NDC government was able to achieve only 53% of the 540 promises (IMANI Ghana 2016). It elaborated that the government's best performance was in education where it scored 69%. The NDC government from 2012 to 2016 had invested GHC28 billion in the education sector. IMANI Ghana assessed that access to education had improved greatly under President Mahama. The government's flagship educational policies included the conversion of polytechnics to technical universities and the establishment of 200 Community Day Senior High Schools (IMANI Ghana 2016).

However, the government was weakest in the implementation of promises under the economy where it scored 44%. The NDC government pledged in 2012 to maintain a GDP growth of at least 8% per annum, maintain a single-digit inflation rate, reduce fiscal deficit to 5% of GDP, increase per capita income from $1,600 to $2,300 by 2017, and improve the international reserve to 4 months of import cover (Appiah 2016). Besides 2012 when GDP grew by 8%, the economic growth had been sluggish at 3.5%. Government had also a maximum of 3-month import cover over the 4 years (IMANI Ghana 2016).

Promises under the infrastructure sector were only 55% fulfilled where the government sunk a whopping GHC3 billion which was claimed to be the most massive infrastructure development in the history of Ghana. While under governance, the score was 51%, with social policy initiatives meeting 52% of the pledges made (Appiah 2016; IMANI Ghana 2016).

### Evaluation Stage

At the evaluation stage in Ghana, governments usually fail to properly evaluate, if at all, the results of their policies and thus fail to incorporate this knowledge into subsequent policy reforms. According to the National Development Planning Commission (NDPC), there is no system of active evaluation of national projects and programs, making the evaluation aspect of policy virtually nonexistent. The few projects that undergo proper evaluation are donor-funded projects which have strict evaluation conditions (Mingle 2016).

This lacuna in the policy process prompted calls for the establishment of a National Evaluation Policy (NEP) which a Senior Technical Advisor at NDPC, Dr. Grace Bediako, described as a critical tool to promote accountability and transparency for the efficient and effective implementation of development projects. By evaluating policy at various stages, Dr. Bediako said the nation would know the success or otherwise of such projects and help in deciding whether to scale up. She believed the NEP would therefore help to create a database from which future projects could draw lessons so as to avoid mistakes and challenges that often hinder the implementation of projects and programs (Mingle 2016).

On his part, a Monitoring and Evaluation Specialist at UNICEF intimated that a NEP would provide a good mechanism to support evidence-based decision-making in rolling out national development projects. He said the evaluation policy will help us pause and reflect on the projects and programs. He added that the NEP would help to answer three key questions: (1) Are we doing the right thing? (2) Are we doing it right? (3) Are there better ways we can do it?

### Other Process Issues

Other process issues in the Ghanaian policy process, like elsewhere in the developing world, are several. First, there is participation deficit in the policy process in Ghana – there are fewer participants in policymaking, and the quality of participation is poor. Participation refers to citizens having a clear avenue that provides space for their input, the participatory tools used, and the

information made available as well as the feedback provided. Given the positioning of citizen involvement as an appendix to representative governance, authentic or meaningful participation is critical to good policymaking and governance. Such participation occurs when the potential exists that citizen involvement will shape policy decisions, which requires that public administrators and policymakers be committed to genuinely considering citizen input in policy analysis and decision-making (Smith et al. 2000; Woodford and Preston 2011).

In Ghana, elitist and exclusionary approaches to public policymaking have had preponderance over participatory and inclusive styles. For example, the amendment of the 1957 Constitution and the promulgation of the 1960 Constitution, which converted Ghana from a multiparty system to a one-party rule, as well as conferred live tenure on President Nkrumah, were conducted in an exclusionary manner (Frimpong 2007; Gyimah-Boadi 2010). Among other things, the changes were aimed at silencing dissent and safeguarding an executive-controlled legislature (Frempong 2007). Another example was the enactment of the Prevention Detention Act by the same government under which persons could be detained without trial (Frimpong 2007). The Union Government concept (a combination of military and civilian-appointed government) that was proposed by General Acheampong's military government was passed without public consultation (Frempong 2007; Institute for Democratic Governance 2007). Mass opposition to the concept forced the military regime to let a referendum to determine the proposal's fate. Predictably, the concept was defeated in the process. The economic recovery program, formulated under the Rawlings military rule, was launched with little, if any, public involvement (Gyimah-Boadi 2001; Vordzorgbe and Caiquo 2001).

More recently, there have been a series of policies which development and implementation have adopted elitist and exclusionary approaches. For example, the defense pact Ghana Government recently signed with the United States which was approved by the Ghanaian Parliament was objected to by the public through street demonstrations. The pact, among others, will allow unfettered access to Ghanaian military installations by the US military (Daily Graphic 2018). Another example was when the Kufuor's democratically elected government designed and implemented the National Health Insurance Scheme without much consultation which culminated in protests particularly by labor unions (Agyeapong and Adjei 2008). A further case was when the elected government of President Atta Mills pursued the STX Korea Housing Deal in a nonparticipatory manner in 2010, objection to which by the public led to its withdrawal (Daily Graphic 2010).

Other elitist and exclusionary policymaking included the value-added tax (VAT), cancelation of teacher and nurse trainee allowances, granting of refuge status to two Guantanamo Bay detainees, review of the 1992 Constitution, petroleum price increases, mandatory toll levy, and Ghana's new spying bill. The value-added tax (VAT) was adopted as a policy in Ghana in 1995 in an effort to deal with the inefficiencies and shortcomings of existing consumption taxes and to enhance the revenue capacity of government. Attempts at implementing VAT sparked worst street demonstrations in recent memory, comparable in terms of number of fatalities to the February 28, 1948 riots which had prompted the development of mass nationalism (see Austin 1964; Tordoff 1997: 40). Four people were killed, and many others sustained severe injuries, and then the Rawlings' National Democratic Congress (NDC) government was forced to scrap it. Similarly, on February 15, 2016, the Parliament of Ghana's Committee on Defense and the Interior introduced to the public a new Ghana's new spying policy that would give sweeping powers to the Ghanaian government to spy on its own people. One of the major reasons for the introduction of the bill was that, "it will provide Ghanaian security, intelligence, and law enforcement agencies with more power to fight crime, terrorism, drug trafficking, and identity theft." This was done without public consultation and civil society organizations objected to the bill. Two principal justifications out of the many reasons advanced for objection to the bill were that: (1) there "is the

morbid eternal fear, that without a clear definition of the crimes and offences, innocent Ghanaians will be monitored for acts that do not fall under crimes" and (2) it "infringes on the privacy of the Ghanaian citizen which is guaranteed by the constitution" (Raviv 2016: 2). A further example is the national tow levy which was introduced by the current Akufo-Addo NPP-led government in 2017. As part of the law, vehicle owners and motorcyclists will be expected to pay compulsory annual fees ranging from GHC20 to GHC200 in a year, for towing services. The First Deputy Speaker of Parliament, Joe Osei-Owusu, argued that the levy was essential to eliminate the carnage on Ghanaian roads. He argued that the policy is in the supreme interest of road users after research showed that a huge number of road accidents are caused by broken down vehicles (Brakopowers 2017). Civil society organizations and the general public objected to it as bad on many grounds. For example, IMANI Ghana, a think tank, queried the levy as unjust, badly designed, probably corrupt, and unlikely to achieve its goals (Brakopowers 2017).

Second, the legitimacy of many Ghanaian regimes particularly the one-party and military ones was, and continue to be, in question. Regime legitimacy is said to exist when citizens support their government because they believe it has a moral right to rule over them (Gilley 2009). It thus refers to the quality of the relationship between the citizens and the regime. This moral right again is argued to issue from a belief that the regime serves the common good of society and not just the interests of certain groups within society (Eastern 1965: 311; Gjefsen 2012). Legitimacy is thought to be one of the critical factors in a regime's ability to govern effectively and to maintain its ability to govern in times of crisis. By giving the regime a moral foundation, the regime then has the right to expect the obedience and cooperation from its citizens, which is important for the efficient organization of any society and for political life in general and public policymaking in particular (Eastern 1965; Gjefsen 2012). A regime that loses legitimacy will have to employ other measures such as coercion, threats, and force to obtain obedience and cooperation from its citizens. Obedience by compulsion may render the regime susceptible to collapse. However, support and cooperation based on willful acceptance that is the right thing to do makes legitimacy the "ultimate soft power" (Gilley 2009: 149).

The most common requirements for establishing regime legitimacy are democratic and constitutional rule. In a democracy, the exercise of authority is bound by law that enjoys some form of popular sanction. It is also dependent on the congruence between the values of the citizens and the values that underpin the regime (Beetham 1991; Gjefsen 2012). Furthermore, it hinges on support for regime performance that is whether or not citizens support the way the regime functions in practice (Norris 2011). Both democratic and authoritarian regimes can have problems meeting the expectations and needs of the citizens to deliver concrete results. Moreover, it is a function of support for regime institutions such as citizens' trust and confidence in the main political institutions of the regime like the government, the parliament, the courts, and the bureaucracy.

In Ghana, the most common requirement for regime legitimacy was absent for a considerable part of her life as an independent nation. In her 61 years as an independent country, Ghana has lived under 6 years of one-party rule, 22 years of military dictatorship, and 33 years of democratic reign. Under authoritarian regimes, only the governing elite, dominated by the head of government, made authoritative allocation of values for the rest of society. One of the key reasons for the agitations for independence was that colonial administration excluded the majority native population from decision-making and the development process. The hope of the colonized was that independence and constitutional rule will democratize public policymaking by allowing all stakeholders to participate in the process. Democratic rule was cherished and continuous to be cherished because it was, and still is, believed that it is only in a democracy that differing values and interpretations of factual evidence can be mediated (Steelman 2001).

Ghana wanted to avoid military rule and other forms of undemocratic rule like obtained in Latin

America in the 1920s and the Middle East in the 1950s for several reasons. Undemocratic rule gaged free press and freedom of expression, curtailed fundamental human rights, disrespected the sanctity of private capital, and most importantly excluded the citizens from the development process by allowing only the few governing elites to make authoritative allocation of values for the rest of society (Handelman 2006).

Even under democratic rule today, the executive, led by the president, has dominated the policy process with the other actors including the legislature, judiciary, and bureaucracy as well as civil society playing peripheral roles. This perception is connected to the notion of the imperial presidency – a phenomenon describing the appropriation by the president of reserve constitutional powers and sometimes usurpation of the powers of those of other democratic institutions (Schlesinger 1973; Prempeh 2008). The third wave of democracy has impacted Africa: imposed term limits on African presidents, dulled the repressive outlook of governments, expanded the latitude of personal liberty, and improved the climate of competitive party political contest. Nevertheless, power in African countries in general and Ghana in particular and state resources remain largely in the hands of the president (Prempeh 2008).

Third, policy concerns in Ghana, like everywhere in the developing context, do not match those that predominate in the West. The advanced industrialized nations have witnessed a massive expansion in the scope and output of centrally directed policy (see Beer 1973: 53 cited in Horowitz 1989). In contrast, a Third World country like Ghana is unable to mobilize the resources needed to fund an extensive welfare state that pertains in the developed world. For example, Ghana has only been able to introduce a pilot cash transfer system known as the Livelihood Empowerment Against Poverty (LEAP) to vulnerable Ghanaians such as the aged and physically challenged. Each beneficiary receives about GHC60, an equivalent of $13.6 per month, and the coverage is less than 10% of the country, with disbursement being erratic and sometimes in default.

Some policy concerns that are topical in developed nations like the legalization of same-sex marriages, the accommodation of transsexuals, and the endorsement of prostitution and brothels are no-go areas in Ghana. This prompted the former UK Prime Minister, David Cameron, to warn African leaders to be prepared to face a slash in British aid if they failed to adhere to what he called "proper human rights." The Prime Minister was obviously concerned about the recent anti-gay hysteria in some African countries including Ghana, Uganda, and Malawi. The United Kingdom had already suspended its budgetary support to Malawi over the same concerns (Sidibe 2011). The Ghanaian state was warned it would suffer a similar sanction if it continued its anti-gay stands. In response, late President Atta Mills said that, Ghana had a sovereign right to adopt its own laws and reminded Prime Minister Cameron that Ghana was no longer under colonial rule (Sidibe 2011). Faith-based organizations and the Ghanaian public in general have vehemently condemned the legalization and recognition of those minority groups and called on successive governments to come clear on their stands on those issues. President Millis' response therefore spoke their language.

Fourth, the literature on the public policy process generally discusses civil engagement processes as if all country governments around the world have complete ownership over their affairs (see, e.g., Fishkin 2009; Fung 2006). This study draws attention to the dilemma policymakers in developing nations face in responding both to internal and external constituencies. The analyses of the value-added tax (VAT) and the World Bank-inspired structural adjustment program in Ghana showed the differences between policymaking in developed nations and developing countries. The analyses indicated how in developing context like Ghana a wide gap can exist between the preferences that are domestically desired and the proposals that are externally imposed by the donor community to the detriment of the developmental aspirations of the developing country concerned. The British involvement with the VAT policy development was evidenced by the appointment of the Crown Agents of the United Kingdom, who

eventually won the contract to design the VAT project (Osei 2000). Thus, while public policy in the advanced industrial nations responds primarily to the needs and demands of their domestic electorates, policymakers in developing countries must simultaneously address the needs of their domestic constituencies (who can vote them in or out of office but do not have the resources to finance development) and external constituencies like the World Bank, IMF, and the British Overseas Development Agency (ODA) (which wield no electoral muscle but use their financial power to advance policies often seen as more ideological than pragmatic). Consequently, developing countries are denied policy autonomy or policy space to adopt national policies that meet the hopes and aspirations of their citizens and their peculiar political circumstances. The result is that the policy demands of their people may be downplayed, while the ideology-driven prescriptions of the donors are given prime place.

Fifth, the state structures of Ghana like most other Third World nations, whatever their weaknesses, are still relatively powerful vis-à-vis its society. Despite the fact that the burdens shouldered by the Ghanaian state are not consistently weightier than those assumed by a developed country, the size and impact of the state, in relation to the society, are far greater. Juxtaposed with developed countries' institutions, the state structure in Ghana as in other developing countries is weak, their legitimacy doubtful and their capacity to compel change imperfect at best, yet what the state does may, however, be extremely crucial for a developing country (Horowitz 1989: 201) like Ghana. For example, the state is still the largest employer in Ghana, while in developed countries like the United States, it is the private sector which is the largest employer. Consumer subsidies are discernible across sectors such as electricity, water, and gas as well as education, while neonatal and postnatal services are paid fully by the state in Ghana. In contrast, in the West, producer subsidies are the most prevalent (Horowitz 1989).

Mediating institutions, that is, the types of organizations that can pursue their interests and activities to greater extents separately from the state, are in general more developed in industrial societies than in Ghana and other developing nations (Diamond 1989: 22–29). For example, in Ghana, the Criminal Libel Law under which journalist could be detained indefinitely for alleged slander of political functionaries especially the president was scrapped only in 2001. Per the law, the press was gagged and could only express what pleased the government. Revolutionary politics in Ghana during the Rawlings revolutionary period strangled civil society. It separated the country into "people" and "citizens," that is, friends and enemies (Oquaye 2000: 69). Those who were construed as "people" were members of the Committees for the Defense of the Revolution (CDRs) and the revolutionary organs including the 31st December Women's Movement (DWM), while those who were viewed as "citizens" embraced the Ghana Bar Association, the Medical Association of Ghana (GMA), the Association of Recognized Professional Bodies (ARPB), the University Teachers Association of Ghana (UTAG), and the Ghana Employers Association and Masonic Lodges (Oquaye 1995).

In the absence of freedom of expression, civil associations cannot make their objectives, interests, and demands openly known, much less publicize their activities as well as their views and comments on the government's policies and measures (Drah 1996). Thus, during the military regimes, CSOs could not assume their role as a countervailing force in the policy process to provide alternative proposals to the regimes' – making the juntas to dominate the public policy process. Even in the current democratic dispensation, some journalists still complain of molestation by security agencies and the police. For example, only 3 days ago, that is, April 28, 2018, a TV3 journalist in attempting to film the crowd outside the premises of a court where the former Chief Executive Officer of the COCCOBOD was being tried for alleged financial malfeasance had his camera seized and was arrested and detained and later released (TV3 2018).

Sixth, the capacity of the Ghanaian state, just like other Third World countries, to make and execute policy is, in several respects, more imperfect than that of their counterparts in the West.

There are dissimilarities between developed nations and developing countries like Ghana in terms of institutional capacity and policy effectiveness. To illustrate, advanced states have superior capacity to collect taxes than a developing nation like Ghana due mainly to poor logistics, lack of proper and updated database on taxable units, and inadequate tax base valuation expertise in the latter (Petio 2013). Generally, what was described in the literature on political development – the "penetrative capacity" of policymakers and implementers, that is, their ability to make their presence and policies felt throughout society (La Palombara 1971) – is considerably superior in advanced industrialized nations than their counterparts in the Third World. Thus, as Horowitz (1989) surmises, it makes sense to infer that such dissimilarities might compel governments in the Third World to worry about the efficacy of their policy innovations and thus employ somewhat brute approaches of enforcement.

Moreover, Ghana like most developing countries is unable to mobilize superior levels of knowledge and analytical capacity on questions related to policy. The modern state is reputed for its access to extraordinary quantities of information. For several decades, systematic data collection has been a crucial exercise of governments in the developed countries, and often, documentation became a real preoccupation (Horowitz 1989). It appears a given that policy should be predicated on expert knowledge backed by specialized information – that is, information beyond what can be obtained from everyday experience or intuition (Horowitz 1989: 202). The tendency to depend on differentiated expertise is obviously integral to the comprehensive division of labor that epitomizes developed countries. In Ghana as a developing nation, functional differentiation is much less marked. In Ghana, there is inadequacy of personnel with the requisite skills, and data collection is not only inadequate but also inaccessible, inaccurate, and dated to be of much utility for policymaking (Ayee et al. 2011). The European colonial powers did establish the culture of data collection in some of their colonies perhaps most notably in India (Horowitz 1989). Nevertheless, it is still commonly a fact that Third World nations', as Hirschman (1975: 392) notes, "motivation to solve a problem may arise in advance of adequate understanding."

Accordingly, there is frequent dependence on foreign experts and importation of "solutions from external sources in the form of the most up-to-date central banking legislation, economic planning agencies, or common market schemes" (Hirschman 1975: 392), just to mention a few. In Ghana, for example, the development of the Ghana Poverty Reduction Strategy I and the Growth and Poverty Strategy II as well as the value-added tax policies were all done with the advice and support of donor partners (Mohammed 2013). Undoubtedly, developed countries borrow ideas and institutions as well, but the difference is that they do that much less frequently than Third World states (Watson 1974).

### Program Dimension

The program or outcome dimension denotes the end result – new or revised policies that reflect, to some degree, citizens' input. In Ghana, public opinion is largely incongruent with public policy simply because the people were not involved in the policy process from the onset. Another problem is that the occasions when policies meet their objectives are disproportionately less than instances when they fail to do so. This is attributed to a number of factors: data for policymaking is rarely adequate, accurate, and up-to-date; enforcement capacities are limited; regimes have dubious legitimacy; and capacity constraints are prevalent (Ayee et al. 2011; Mohammed 2013). Together these minutiae make the stakes of policy very high in Ghana, and the challenges to regimes that are provoked by policy are also considerable. Thus, policy in Ghana as elsewhere in the developing world has a high-risk quality that is less frequently discernible in advanced industrial societies.

### Political Dimension

The political criterion highlights the negative political consequences of adverse policy outcomes on subsequent political evaluations and the fortunes of policymakers (Wolman 1981).

Policies can fail less through program or process-related issues, but for political reasons. As many scholars note, policy outcomes have political consequences affecting the ability of parties and individuals to obtain or retain their positions in government and elsewhere in the political system. And, as social constructivists have noted, designations of policy success and failure are semantic or "discursive" tools themselves used in public debate and policymaking processes in order to seek political, partisan, and often electoral advantage (Hood 2002). Policy failures easily translate into declines in electoral support and legitimacy (Hibbing and Theiss-Morse 2002) and can result in the growth and success of rival parties and contestants for office even in nondemocratic systems.

In Ghana, perceived policy failure or inability to meet the needs of the people or the breakdown of the social contract between the government and the governed is discernible across governments. For example, during President Mahama's (2012–2016) regime, rising cost of living triggered by upsurges in petroleum prices and increases in existing taxes and the introduction of new ones, as well as the cancelation of teacher and nurse trainee allowances, eroded the legitimacy of the government. The then opposition New Patriotic Party (NPP) particularly its then flag bearer, Nana Akufo-Addo, seized the opportunity afforded by the trying circumstances to label the government as incompetent and campaigned on a platform of change. In particular, he promised to scrap the new taxes, remove the increases in the existing ones, as well as restore the teacher and nurse trainee allowances. Not surprisingly, he defeated the incumbent President Mahama in the 2016 elections and swept to power on January 7, 2017.

## Similarities Between Ghana and Advanced World's Policy Processes

Notwithstanding the differences between Ghana and advanced industrialized countries' policy processes, some similarities are discernible. These similarities border on the constraints inherent in the policy process: future decisions or policies are informed by past decisions; there are new policy departures; some policies are objected to by the populace; timing is an important element of explanation; organized group pressure is less frequently present, or at least effective, at a time of major policy departures; there is plenty of room for slippage at each stage of the policy process; and there is plenty of room for unintended consequences (Bridgman and Davis 2004; Horowitz 1989: 204–206; Howlett and Ramesh 2003).

For example, in respect of future decisions or policies being informed by past decisions, Ghana's later policies of re-democratization resemble its earlier policies on that subject, as, equally, Nigeria's later re-democratization policies resemble its earlier policies on that subject. This resemblance between past and future policies prompted Moore to assert that policies made in an area fresh in the experience of decision-makers and the relevant public stand a good chance of being cut in the same groove (Moore 1985: 84).

In regard to new departures from national style of policymaking, the military regime of the National Liberation Council (NLC) (1966–1969) which overthrew the Nkrumah's government (1957–1966) and the subsequent civilian government of Dr. Busia (1969–1972) wanted to avoid repeating the Ghanaian past. In the past under Dr. Nkrumah's administration, the 1957 independence Constitution was manipulated to create the 1960 Constitution. The latter enabled Dr. Nkrumah to convert Ghana from a multiparty democracy to a one-party state and conferred life president on him (Frempong 2007; Gyimah-Boadi 1994). A new policy model was chartered that prohibited the one-party state and life presidency and inserted these into the new 1969 Constitution as entrenched clauses (Frempong 2007).

In relation to slippage at each stage, it is true that irrespective of jurisdictions implementing bureaucrats do not always have the same interests or preferences as the elites who made the policy. Bureaucrats may be subject to influences in the course of implementation that did not appear earlier. Moreover, there may be problems of building an effective coordination and communication network among all the individuals, groups, and

organizations involved in implementation to prevent what Pressman and Wildavsky (1984) refer to as an implementation deficit. The fight against illegal mining in Ghana appears not to be chalking success because of such implementation bottlenecks (Mahama 2018). Similar bottlenecks bedeviled the Oakland project in Oklahoma in the United States which was aimed at providing employment for inner city youth (Pressman and Wildavsky 1984).

## Conclusion

This study set out to determine the nature of the policy process in the developing world using Ghana as a case. The assessment of the policy process was captured along three dimensions: process dimension, program dimension, and political dimension. The analysis showed that on these dimensions, Ghana's public policy process is significantly different from that in the advanced industrialized countries. Some of the contextual factors which accounted for the process differences included participation deficit, questionable legitimacy of regimes, narrow scope and output of policy, eroded policy ownership, powerful state vis-à-vis weak society, inadequate capacity of the state, and scarce, inaccurate, and dated information. Consequently, there is a relatively high potential for miscalculations, misalignment between citizens' needs and public policy, protests and demonstrations, policy failure, and regime fragility.

The policy process differences between Ghana and the West are not as difficult to explicate compared to the similarities. Dissimilar access to resources, unequal levels of economic development, and contrasting social patterns can purely generate significant policy framework and policy content divergences between Third World and developed nations.

The similarities of process are more wanting in explanation. It is true that developing nations adopted many of their formal institutions from Western models. Not surprisingly, their informal processes, which occur within the institutions accordingly, are congruent with Western processes. Yet it is common knowledge that capacities constraints make it herculean to match similar forms to dissimilar content. Explanations based on imitation appear improbable to explicate process convergences across the globe.

Rather, the convergences need further explanation. They point to the exigencies of human problem-solving in structured contexts. Policy intervention is often essential because something has gone wrong or less often, because there is a danger that something will go wrong in the future. If something has gone wrong, it probably means there is considerable complexity to the problem and uncertainties about the consequences of alternative solutions (Horowitz 1989). Irrespective of context, the decision setting has its intricate characteristics which vary from jurisdiction to jurisdiction. Yet different contexts all involve multiple actors, competing interpretations, conflicting goals and preferences, and some standard operating procedures through which issues must pass. These constituent elements of the process shift with the shifting circumstances. Thus, for the developed and developing countries, the policy process needs to be seen in terms of the changing pattern of external events and conditions and of internal forces influential in that process (Horowitz 1989).

Given these similarities and differences between developed and developing countries' policy processes, it is apt to assert that the divergences outweigh the convergences. The conclusion is that for a broad general understanding of the dynamics of the policy process of Ghana, models and innovations from the West provide useful guidelines. However, this is far from asserting that they are adequate for an in-depth analysis of the Ghanaian and other Third World countries' policy processes. This is because the socioeconomic and political conditions of a country determine or shape the nature of its particular policy process.

## References

Adu-Asare A (2006) Kuffour's failure to execute zero tolerance for corruption. Retrieved from www.ghanaweb.com on 28 Apr 2018

Agyepong IA, Adjei S (2008) Public social policy development and implementation: a case study of the

National Health Insurance Scheme. Health Policy Plan 23:150–160
Anderson JE (2006) Public policy-making, 6th edn. Wadsworth, Belmont
Ayee JA, Søreide T, Shukla GP, Le TN (2011) Political economy of the mining sector in Ghana. Policy research working paper 5730. World Bank, Washington, DC
Anangwe A (1997) The public policy process in Africa. http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan010297.pdf. Accessed 29 Feb 2018
Anderson S, Heywood PM (2009) The politics of perception: use and abuse of transparency international's approach to measuring corruption. Pol Stud 57:746–767
Appiah A (2016) Exclusive interview of Rojo Mettle Nunoo – Mahama's campaign ignored research findings in 2016 – NDC Guru. http://www.myjoyonline.com. Accessed 19 Feb 2018
Austin D (1964) Politics in Ghana, I946–1960. Oxford University Press
Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. University of Chicago Press, Chicago
Beer S (1974) Modern political development. Random House, New York
Beetham D (1991) The legitimacy of power. Macmillan Education, London
Bovens M, t'Hart P, Peters BG (2001) Analyzing governance success and failure in six European states. In: Bovens M, t'Hart P, Peters BG (eds) Success and failure in public governance: a comparative analysis. Edward Elgar, Cheltonham, pp 12–32
Brakopowers A (2017) Towing companies unhappy with cancellation of mandatory tow levy. https://www.myjoyonline.com/. Accessed 20 Feb 2018
Brandstrom A, Kuipers S (2003) From normal incidents to political crises: understanding the selective politicization of policy failure. Gov Oppos 38(3):270–305
Bridgman P, Davis G (2004) The Australian policy handbook, 3rd edn. Allen and Unwin, Crow's Nest
Chapman RM, Haward M, Ryaan B (eds) (1997) Local government restructuring in Australia. Center for Public Management and Policy, Hobart
Churchman CW (1967) Wicked problems. Manag Sci 14(4):B141–B142
Daily Grahpic (2010) Constitutional review takes off. Monday, January 11
Daily Graphic (2018) Ghana-US Defense cooperation agreement not military base. http://www.graphic.com.gh/news/general
Diamond L (1989) Introduction: persistence, erosion, breakdown, and renewal. In: Diamond et al (eds) Democracy in developing countries: Asia. Lynne Reinner, Boulder
Drah FK (1996) The constitutional framework and civil society. In: Drah FK, Oquaye M (eds) Civil society in Ghana. Friedrich Ebert Foundation, Accra, p 35
Eastern D (1965) A systems analysis of political life. Wiley, New York
Fishkin J (2009) When the people speak: deliberative democracy and public opinion. Oxford University Press, New York
Frempong KD (2007) Constitution-making and constitutional rule in Ghana. Paper presented at the Ghana Golden Jubilee Colloquium, University of Ghana, 1–2 March
Fung A (2006) Empowered participation: reinventing urban democracy. Princeton University Press, Princeton
Gilley B (2009) The right to rule: how states win and lose legitimacy. New York University Press, Columbia
Gilliat S (1984) Public policy analysis and conceptual conservatism. Policy Polit 12:346–368
Gjefsen T (2012) Sources of regime legitimacy: quality of government and electoral democracy. http://www.duo.uio.no/. Accessed 30 Feb 2018
Grindle MS, Thomas JW (1991) Public choices and policy change: the political economy of reform in developing countries. Johns Hopkins University. Press, Baltimore/London
Gyimah-Boadi E (1994) Ghana's uncertain political opening. J Democr 5(2):75–86
Gyimah-Boadi E (2001) Democratizing Africa: halting progress, outstanding problems and serious dilemmas. Inter-Faculty Lecture. University of Ghana, Legon
Gyimah-Boadi E (2010) Assessing democracy assistance: Ghana. Project report, FRIDE, May. www.fride.org/download/IP_WMD_Ghana_ENG_jul10.pdf. Accessed 5 Nov 2012
Handelman H (2006) The challenge of third world development, 4th edn. Pearson/Prentice Hill
Hibbing JR, Theiss-Morse E (2002) Stealth democracy Americans' beliefs about how government should work. Cambridge University Press, Cambridge
Hirschman AO (1975) Policy making and policy analysis in Latin America: a return journey. Policy Sci 6:385–402
Hood C (2002) The risk game and the blame game. Gov Oppos 37(1):15–54
Horowitz DE (1989) Is there a third world policy process? Policy Sci 22:197–212
Howlett M, Ramesh M (2003) Studying public policy: policy cycles and policy subsystem. Oxford University Press, Oxford
IDEG (Institute for Democratic Governance) (2007) Ghana, democracy and political participation: a review. Open Society Initiative of West Africa, Johannesburg
IMANI-Ghana (2016) 2016 IMANI pre-election report: critical analysis of political promises in Ghana. https://www/imaniafrica.org/2016/08/29/2016-pre-election. Accessed 17 Mar 2018
Institute of Fiscal studies (2015) Ghana: public debt and debt sustainability issues. Institute of Fiscal Studies, Accra
Jenkins WI (1978) Policy analysis: a political and organizational perspective. Martin Robertson, Oxford
Joeng H (1998) Economic reform and democratic transition in Ghana. World Aff 160(4):218–230

D

Jones BD (1994) Reconceiving decision-making in democratic politics: attention, choice and public policy. University of Chicago Press, Chicago
La Palombara J (1971) Penetration: a crisis of governmental capacity. In: Binder L et al (eds) Crisis and sequences in political development. Princeton University Press
Lindblom CE (1959) The science of muddling through. Public Adm Rev 19(2):79–88
Mingle E (2016, April 7) Ghana to get evaluation policy. Ghanaian Times
Mahama (2018) Mahama criticizes government fight against illegal mining. https://www.pulse.com.gh/news/politics/mahama/criticizes. Accessed 21 Mar 2018
May PJ (1992) Policy learning and failure. J Public Policy 12(4):331–354
McConnell A (2010) Policy success, policy failure and grey areas in-between. J Public Policy 30(3):345–362
Meier KJ, Bohte J (2003) Not with a bang, but a whimper: explaining organizational failure. Adm Soc 35(1): 104–121
Mohammed AK (2013) Civic engagement in public policy making in Ghana: fad or reality? Polit Policy 41(1):117–152
Moore M (1985) The state and peasant politics in Sri Lanka. Cambridge University Press, Cambridge
Norris P (2011) Democratic deficit: critical citizen revisited. Cambridge University Press, New York
NPP (2016) NPP's 2016 manifestos. https://www.ghanaweb.com/GhanaHomepage/News. Accessed 27 Feb 2018
Oquaye M (1993) Law, justice and revolution. In: Gyimah-Boadi E (ed) Ghana under PNDC rule. Codesria Book Series, Dakar, pp 154–175
Oquaye M (1995) The Ghanaian elections of 1992: a dissenting view. Afr Aff 94:259–275
Oquaye M (2000) The process of democratization in contemporary Ghana. Commonw Comp Polit 38:53–78
Osei P (2000) Political liberalization and the implementation of value added tax in Ghana. J Mod Afr Stud 38(2):255–278
Osman FA (u.d) Public policy making: theories and their implications in developing countries
Petio MK (2013) Role of the land valuation division in property rating by the district assemblies in Ghana's Upper East Region. Commonwealth J Local Gov 12
Pressman J, Wildavsky A (1984) Implementation, 2nd edn. University of California Press, Berkley
Prempeh HK (2008) Presidents untamed. J Democr 19(2): 109–123
Raviv S (2016) Ghana's new domestic spying bill. https://medium.com/@shaur. Accessed 14 Feb 2018
Rose R (ed) (1969) Policy making in Britain: a reader in government. Macmillan, London
Schlesinger AM (1973) The imperial presidency. Houghton Mifflin, Bouston
Schlager E (2007) A comparison of framework theories and models of policy process theory. In: Babatier PA (ed) Theories of the policy process. Westview Press, Boulder, pp 293–319
Sidibe A (2011) Mills, Prime Minister Cameron and Homosexual Rights. Retrieved from www.ghanaweb.com on 29 Apr 2018
Smith R, Grandbois G, Tremblay J (2000) Sustainable development strategy consultations optimum. J Public Sect Manag 30(1):24–41
Steelman TA (2001) Elite and participatory policy-making: finding balances in a case of national forest planning. Policy Stud J 29:71–89
Tordoff W (I997) Government and politics in Africa, 3rd edn. Macmillan, Basingstoke
TV3 (2018) Molestation and arrest of TV3 photo journalist by policemen. TV3 7.00 PM News, April 28
Vordzogbe SD, Caiquo B (2001) Report on status review of national strategies for sustainable development in Ghana. IIED, London
Weible CM, Heikkilia T, DeLeon P, Sabatier PA (2012) Understanding and influencing the policy process. Policy Sci 45:1–21
Wolman H (1981) The determinants of program success and failure: comparison and assessment. J Public Policy 1(4):432–464
Woodford M, Preston S (2011) Strengthening citizen participation in public policy-making: a Canadian perspective. Parliam Aff:1–19

# Development Administration

Frank L. K. Ohemeng
Department of Public Administration, College of Law, Commerce and Public Affairs, Incheon National University, Incheon, South Korea

## Synonyms

Direction; Government; Improvement; Management; Organization

## Definition

Those aspects of and changes in public administration necessary to carry out policies, projects, and programs that will improve social and economic conditions, and the study of such administration.

The bureaucratic process that facilitates or stimulates the achievement of socioeconomic progress through utilization of the talents and

expertise of the bureaucrats. It involves the mobilization of bureaucratic elite skills for speeding up the development process.

## Introduction

Development administration is one of the many perspectives from which scholars understand the underdevelopment of many developing countries, particularly in Africa and other parts of Asia, and what can be done to change it. Development administration may be even more relevant today than when it first emerged in the aftermath of the Second World War; globalization produced a one-size-fits-all approach through concepts like the New Public Management (NPM) and reinventing government.

Currently these global ideas have found resonances in concepts such as governance, collaborative governance, the new public governance, and public networks, among others. Unfortunately, while these ideas gain traction implementing them continues to be problematic in developing countries, which want to develop their public bureaucracy as the condition for better overall development. Bureaucracies in most developing countries are less able than in the developed world, making it very difficult for them to undertake the kind of development common elsewhere. It is thus important to revisit the idea of development administration to see how it can fit into the modern or even the postmodern developmental ethos, and how it can be used to enhance development in developing countries. In other words: Is development administration relevant today?

## The Emergence of Development Administration

Development administration, then, is a post-Second World War concept. It emerged with the decolonization of many countries in Africa and Asia, as part of the ripple effect of the war in the 1950s. The war made these countries globally more significant, inasmuch as some had participated on behalf of their colonial masters. Its aftermath saw agitation for better public service delivery and, in some cases, public service jobs. Before it, colonial authorities had largely ignored the development of their colonies. In some cases the clamor for better public services and jobs generated civil unrest and the demand for independence.

Achieving independence, however, did not solve these countries' problems. The government machinery, particularly the bureaucracy, was inadequate, and faced tasks it had not been set up to perform. Creating an effective governmental system, with an efficient and capable bureaucracy that could meet these developmental needs, then became paramount.

Development administration thus emerged out of the realization that governments and their bureaucracies in less-developed countries needed to be recreated and revitalized as a prerequisite for transforming those societies. It became both an academic discipline and a prescription for implementing and administering government programs for economic development (Hope 1984: 64), as scholars, particularly in the United States, and the United States government grappled with the problem of how to build such bureaucracies.

This thinking was necessary in view of the fact that these newly emerged independent countries faced the mammoth tasks of nation building, and consequently needed civil service institutions with the skills to undertake core development functions, including the generation of policy and program alternatives in different sectors, program planning, implementation monitoring, and service delivery and access. Administration in newly independent countries was sadly wanting in its capacity to meet these demands of independence, nor could the transfer of public administration from the Western world, as an instrument of development meets the developmental expectations in these countries.

### The CAG and the Evolution of Development Administration

Development administration, then, was one of the United States government's attempts to generate development through technical assistance to newly emerged developing countries after the war. In pursuing this course of action, the primary

concern, according to Loveman (1976), was to find an alternative to the Marxist-Leninist idea of development, which ran contrary to that of the Western democratic ethos, in furtherance of American hegemony in these countries. The US government developed a four-point strategy, where the fourth point was about achieving the objectives of technical assistance. According to Esman and Montgomery (1969), it sought a rather simple solution for a very complex set of conditions. The strategy called for training in modern skills and transferring "know-how" from an American "technician" (or a UN "expert") to "counterparts" in less-developed countries. At the same time Americans were to be put in the position of the givers and the cooperating nationals were to be the receivers of American developed skills and technology. To Esman and Montgomery (1969), therefore, this doctrine summed up technical cooperation in the minds of most Americans (including members of Congress) and many leaders of the less-developed countries (509).

The emphasis on technical assistance was also linked to the transfer of administrative capabilities. Advocates called for a distinct form of administration, using which the government in a developing country would actively lead, stimulate, and centrally coordinate the country's total development endeavor. This American attempt to provide a countervailing force to Marxism-Leninism gave birth to a new public administration scholarly entity: the Comparative Administration Group (CAG), whose members studied development administration from the 1950s in newly independent states in the developing world.

The CAG wanted to advance the theory and practice of comparative public administration, and bring the study of public administration in developing countries into the mainstream in the USA, assisting these scholars in achieving their objective of spreading American development to those countries. According to Schaffer (1971), the group's interest in the relations between public administration and politics was formulated on the premise that "a live and vital public administration" was a necessary instrument of government and politics, and a comparatively beneficent source of welfare. The second point was that there could and should be a new version of that instrument, to be called development administration: which was, perhaps, public administration when it became an instrument in the hands of governments "everywhere" who were "struggling to improve the lot of man" (328).

For the CAG, understanding the nature and development of these newly emerged countries and how they could overcome their developmental problems called for understanding the context and the environment in which established public administration institutions operate. They thus believed that transplanting the American public administration system was unnecessary from both the theoretical and practical points of view. Many CAG scholars found the kind of technical assistance developed by the United States, for example, inapplicable in these countries, although they unanimously agreed about the relationship between politics and public administration and how the two can be used in governing society. They thus questioned the application of American public administration as part of the overseas technical assistance programs of the United States government. At the same time, they agreed that it was important not only to find more appropriate frameworks of analysis but also to carry out empirical studies and operational programs.

The need to develop different theoretical and empirical frameworks to understand these societies led Riggs (1964), for instance, to develop his Prismatic Society idea. In less-developed countries people hold two different sets of ideals – what he called traditional, relatively fused traits, and relatively diffracted traits – at the same time, and they are in constant conflict. Unfortunately, as noted by Hope (1984), the "conflict between the two is not often articulated, but is recognised by the acceptance of an endemic gap between formal expectations and actual behaviour" (66). Riggs (1962) further emphasized the importance of ecology in the study of administration, essentially dismissing scholars who believed that Western administrative systems could be replicated in developing countries without a careful and systematic readjustment of variables to suit the social structures of these countries. He insisted that understanding the ecology of these countries meant not

just reciting the facts of geography, history, social structure, etc., but analyzing patterns of interaction between subject and environment.

## What Is Embedded in Development Administration?

According to Schaffer (1969: 184), development administration is a distinctive form of administration for development programs, policies, and plans in those conditions (traditional, transitional or newly independent, and less-developed political system) in which there are unusually extensive needs (which could coincide with urgently expressed demands of political elites, modernizing ideologies, and exercises in mobilization), precisely where there are peculiarly few resources and exceptionally severe obstacles to meeting the needs. To him, the distinction of development administration is exactly in the inconvenient combination: extensive needs, low capacities, severe obstacles. Concisely, development administration, focusing on the state bureaucracy and political institutions, should create an innovative atmosphere or environment through which governments in developing societies and their developmental partners, particularly the United States and the United Nations, could operationalize and share developmental goals by combining planning (thinking) and acting (doing), minimizing parochialism, diffusing influence, increasing tolerance of interdependence, and avoiding bureaupathology. As Hope (1984) has cogently summarized, the goals of development administration are to stimulate and facilitate defined programs for social and economic progress: or, put another way, development administration is the administration of policies, programs, and projects to serve development purposes. It indicates the complex of the agencies, management systems, and processes a government establishes to achieve its development goals. It thus encompasses the organization of new agencies, such as planning organizations and development corporations, the orientation of established agencies, such as departments of agriculture, the delegation of administrative powers to development agencies, and the creation of a cadre of administrators who can provide leadership in stimulating and supporting programs of social and economic improvement (63–64).

According to the dominant premise of development administration, there are significant and fundamental differences between the public administrative process in less-developed countries and in developed ones. In many respects, the notion of development administration questions the relevance of classical or traditional systems, concepts, and methods of public administration to the demands and challenges in less-developed countries. For instance, there are those who doubt the relevance of the classical Weberian bureaucratic model to those demands. The argument is that having evolved from the experience of Western developed countries, they were not designed to be responsive to them.

The theme of development administration was therefore to develop the administrative capacities of these societies on the premise that economic development can only be achieved with better administrative capabilities. Development administration scholars conceived of administrative capability as involving the ability to mobilize, allocate, and combine the actions that are technically needed to achieve developmental objectives. It should be about civil service structure and extragovernmental institutions. Such capabilities were concerned with the deliberate or artificially induced acceleration (predominantly by public authorities) of growth processes, national goals, and modernization and action programs, with attention to normative prescriptions and value judgements concerning the direction of change. The idea was thus attuned to the problems and needs of developing societies, stressing the setting that provides the political, economic, cultural, and historical context within which administration functions.

### The "Relevance" of Development Administration Today

In recent times the development of developing countries has again become the subject in developmental discourse. Poverty, sickness, war, etc., continue to afflict most developing countries, even in the midst of plenty in terms of natural resources. It is not surprising that poverty

reduction strategies continued to be developed for such countries. Unfortunately, the concentration of development continues to be determined by the market, and championed by the World Bank, the International Monetary Fund, the United States government, and other partners. Nevertheless, the market-based approach continues to lead to state or administrative reduction or thinning out through different strategies, despite the shortcomings of such policies, such as structural adjustment programs. What, then, needs to be done in the midst of these developmental problems? The answer may be in revisiting the very notion of development administration.

Development administration scholars of old and in modern times have identified the importance of administration in development. It seems, however, to have been ignored by proponents of the market idea for developing countries. With the recent focus on the developmental state, the ideas and ideals of development administration have become much more pertinent. One area development administration scholars have concentrated on is the role of the state, especially a capable bureaucracy, in spearheading development. Writing on the role of the public bureaucracy in development, Stone (1965) observed:

> The task of national development therefore becomes in large measure, one of developing political and administrative capabilities to provide leadership and direction. These capabilities are especially critical in administering and coordinating the myriad of activities which must be carried out with varying priorities and according to different time periods. . .For this purpose, the natural and human resources of the country must be identified and utilized to the fullest extent and in the most economical manner. We see in this complex of administrative tasks the greatest challenge facing our administrative capabilities (51)

From Stone's (1965) perspective, the primary obstacles to development are administrative rather than economic, and not deficiencies in natural resources. He goes on to argue that developing countries generally lack the administrative capability to implement plans and programs, and that most persons charged with planning and other development responsibilities in individual countries, as well as persons made available under technical assistance programs, lack adequate knowledge and adaptability in designing and installing organizations, institutions, and procedures suitable for the particular country (53).

What Stone observed in the 1960s is perhaps more relevant today than it was during his time. For instance, the emergence of Information Communication Technologies has rendered bureaucracy's way of doing things a bit more archaic. These bureaucracies continue to face capacity issues that must be seriously addressed to help governments implement their development plans. Administrative capacity thus continues to be a major problem, so that development plans, including poverty-alleviating strategies and fighting corruption, remain a mirage. The need to rebuild a public bureaucracy, just as in the 1960s, is now back on the drawing board. It does not, however, mean implementing a one-size-fits-all approach, but taking into consideration the ecology of the country: As the United Nations said in the 1960s, "the public service should in a very real sense belong to the society it serves, sharing its culture, its values, its problems and its ambitions. Even when external advice and assistance are available and accepted, they must be given an indigenous character, for the public administration is an integral part of a nation's institutions" (UN 1961: 11). This was the idea projected by scholars interested in development.

In current development discourse, however, the focus is more on building a democratic developmental state, a situation projecting an effective role for the state in marshaling all forces to enhance development. Such a state needs a strong, efficient, and effective government machinery (public bureaucracy) that can continue to bring all sectors to the table collaboratively to discuss, develop, and implement public policies. From this perspective, we need the ideas and ideals projected by development administration in helping to build such democratic developmental states in the developing world.

## Conclusion

Development administration, the exercise of intentionally building an effective public administration

in developing countries, continues to provide food for thought to both scholars and political leaders interested in developing countries. Its earlier scholars and projectors had an altruistic attitude to the predicaments of newly emerged countries in the 1950s. Such scholars provided the scholarly and practical platforms on which effective administration could be built and used as the means to provide development. They saw the importance of the role of the state in such development. At the same time, they saw how the state could be effective if its institutions are well equipped with personnel with skills and capacities to develop, plan, and execute public policies.

Today, with the recognition of the role of the state in development, especially after years of promotion of neoliberalism and the shrinking of the state, development administration has taken on greater dimensions than perhaps it did in the 1950s and 1960s. With the call to build democratic development states in these countries, it has dawned on many that without effective administrative institutions built on the values of these societies, reducing poverty, preventing terrorism, etc., will continue to be a mirage. Early development administration scholars showed how administrative capabilities could and should be built. It is time for those interested in the development of developing countries to revisit these ideas, and use them for shaping administrative institutions that have suffered under the neoliberal mantra of development.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Public Administration Theory


## References


Esman MJ, Montgomery JD (1969) Systems approaches to technical co-operation: the role of development administration. Public Adm Rev 29(5):507–539

Hope KR (1984) The dynamics of development and development administration. Greenwood Press, Westport

Loveman B (1976) The comparative administration group, development administration and antidevelopment. Public Adm Rev 36(6):616–621

Riggs FW (1962) Trends in the comparative study of public administration. Int Rev Adm Sci 28(1):9–15

Riggs FW (1964) Administration in developing countries: the theory of prismatic society. Houghton Mifflin Company, Boston

Schaffer BB (1969) The deadlock in development administration. In: Leys C (ed) Politics and change in developing countries. Cambridge University Press, Cambridge

Schaffer BB (1971) Comparisons, administration and development. Pol Stud 19(3):327–337

Stone DC (1965) Government machinery necessary for development. In: Kriesberg M (ed) Public administration in developing countries. The Brookings Institutions, Washington, DC

United Nations (1961) A handbook of public administration: current concepts and practice with special reference to developing countries. United Nations, New York


D

# Development Administration from System Perspective


Masuda Kamal[1] and Aka Firowz Ahmad[2]

[1]Department of Public Administration, Comilla University, Comilla, Bangladesh

[2]Department of Public Administration, University of Dhaka, Dhaka, Bangladesh


## Synonyms

Development administration system; System of development and change; Systems perspective of development administration

## Definition

(i) Development administration can be conceptualized from systems perspective which integrates all the issues pertinent to development within the philosophical foundation of (i) wholeness and (ii) interrelationship.

(ii) Development administration as a system takes inputs from the environment, converts or transforms the inputs into outputs with the help of some withinputs, discharges or releases the outputs into the environment,

and receives feedback manifesting the nature and dimension of influence of outputs upon environment.

## Introduction

Development as a multidimensional phenomenon always accompanies with changes in the system state and essentially involves a profound transformation of entire economic and social structure (Fayol 1949). Functionally, it lies on the increased ability of human societies to shape their physical, human, and cultural environment. It is the responsibility of development administration in any country striving for development to shoulder the responsibility for ensuring developmental changes and transformation in the society by formulating proper policies and implementing the same through a capable administrative system. Development administration thus includes two issues, (i) administration for development as well as (ii) development of administration, one directly deals with the goal and other with the means needed to achieve the goal. Effective and efficient means necessarily refers to the administrative system which is capable of shouldering all the responsibilities of development administration. That is why for initiating development process, first of all a proper administrative system compatible with the demand of development needs to be established. Since development is holistic in nature and upholds the notions of total system, development administration should also be viewed and structured from systems perspective so that it can discharge its developmental responsibilities effectively and efficiently. In this article, attempts have been made to analyze development administration from systems perspective within the broader framework of input, conversion process, output, feedback, and environment.

## Development Administration as a System

Development administration can be conceptualized from systems perspective which integrates all the issues pertinent to development within the philosophical foundation of (i) wholeness and (ii) interrelationship. This perspective is also essential for analyzing the change process occurring in the developing societies (Finkle and Gable 1966). Efforts for development are linked with the whole social system and address all the dominant aspects of the society in integrated manner. Development administration is also a total phenomenon having some interrelated components which interact with each other and with the environment for goal accomplishment. As a system, it takes inputs from the environment, converts or transforms the inputs into outputs with the help of some withinputs, discharges or releases the outputs into the environment, and receives feedback manifesting the nature and dimension of influence of outputs upon environment.

Development is a never-ending process. The continuity of this process practically maintained this continuous cycle of events of development administration. The following diagram represents a general systems model of development efforts/administration (Fig. 1).

The elements shown in the figure, i.e., the environment, inputs, conversion process, outputs, and feedback, relate to and interact with each other. The entire set of these elements and their interactions constitute the system of development administration. Environment, within which the system works stimulates the system- man to receive its products; *inputs* carry stimuli from environment to the development administration; *outputs* carry the results of development actions to the environment; *conversion process* convents/transforms inputs into outputs; and *feedback* transmits the systems elements are briefly discussed in the following section to have a theoretical framework.

## Inputs

Inputs are the raw materials of the system. The production mechanism is primarily based on the inputs received by the system from environment. The system starts its function with the importation of inputs. Types of inputs required by a system

vary from mere information to material resources. Johnson, Kast, and Resenzwing discuss inputs for any system into three broad categories: information inputs, *material inputs*, and *energy inputs*. The latter two are often convertible to each other. Along with natural energy, human resources are also included in the category of energy inputs. Ira Sharkansky points out (i) demands, (ii) resources, and (iii) support and opposition from the citizen as the inputs for public administration. These are also equally the inputs for development administration.

*Demand* manifests the objective conditions in the environment which requires development intervention. Socioeconomic disparities exposed in the form of underdevelopment threaten environmental balance and thereby the forward movement of the society as a whole. These constitute a *demand* for development felt equally by the *advantaged* and *disadvantaged* section of people. The first initiates development process to consolidate or save their position, and the latter supports development efforts for socioeconomic uses of their life. The nature and types of demand are molded by the sociopolitical ideology and by the nature of relationship among the different sections of people.

Only the information inputs describing the exact nature of demand are not sufficient for development efforts. These might be followed by resources like capital/fund, manpower, technology, other raw materials, etc. All or some of these may be mobilized from within and without the country. Sources of these inputs have direct bearing on the process of input importation and conversion process. *Support* and *opposition* of the government, donor people, and other pressure groups affect both the demand for development and flow of inputs to the process of development. If the government policy does not permit the operation of development efforts either NGOs or any other agencies, the latter lose the legal right to work in any modern nation state. Government's support and opposition are reflected in its policy declaration, legal provisions, and administrative behavior. Influence of donors, people, and other pressure groups inside and outside the country plays a vital role in the embodiment of government's support for or opposition to any efforts. Donor's role is the most crucial in the policy decisions of developing countries for their direct financial involvement in the development efforts in developing countries as well as the latter's dependency on the former for development assistance. Donor *support* and *opposition* enhance and restrict foreign fund flow to these countries, respectively. *Support* and *opposition* of people and other interest groups stem from the consideration of the result of efforts affecting them and their interest. Efforts receive strong mass support when these are found congruent with the socio-cultural norms and value as well as with people's expectation, while incongruence produces opposite result. Support of the people, in the development efforts, ranks very high. It ensures people's participation in the development process and helps have sustainable base. The system of development must have sufficient information about the access to these inputs.

## Conversion Process

The system transforms available inputs into outputs. Development system converts the inputs into outputs for the purpose of development. "Feature for conversion process itself affect their actions. These features are given a separate level in order to distinguish them from the inputs that come from environment. Because they originate within the conversion process, they are called *with inputs*" (Sharkansky 1975: 8). *With inputs* in the system of development efforts include (i) organization structure, (ii) personnel, (iii) process/procedures, and (iv) conflicts/contradictions. With inputs are not only responsible for converting inputs into outputs; equally they are responsible for the importation of inputs from the exportation of outputs to the environment to ensure the continuity of conversion process and thereby the achievement of development objectives. Katz and Khan mention five types of functions under five subsystems related to the conversion process: *production*, *maintenance*, *supportive*, *adaptive*, and *managerial*. Production processes with the help of technical proficiency transform energy within the organization. To

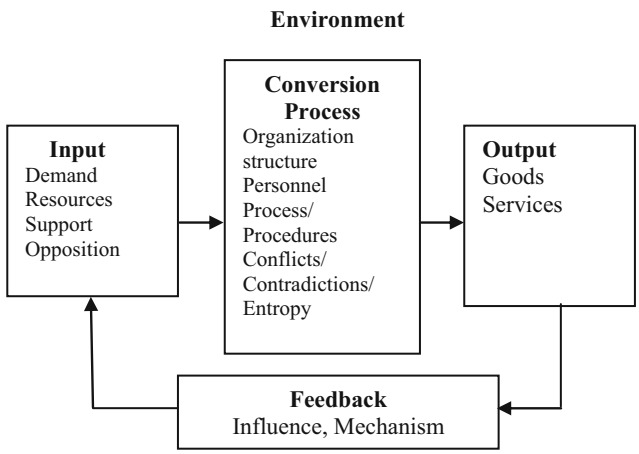


**Development Administration from System Perspective, Fig. 1** System of Development Administration

Maintenance of steady-state involves mediating between tasks demand and human needs to keep the structure in operation. Supportive functions include procurement of inputs and disposal of output through transactional exchanges at system boundaries and obtaining social support and legitimization. These are done with the help of societal manipulation and integration. Adaptive functions help the system to cope with the changing environment and expectations and include a number of intelligence activities like research, planning system development, etc. (i) Resolving conflicts between hierarchical levels, (ii) coordinating and directing functional substructures, and (iii) coordinating external demands and organizational resources, needs, etc. constitute managerial functions in the conversion process.

*Structure* represents the relationship among the various functions or the activities in the organization for the efficient achievement of its goal. It "can be compared to the skeleton structure of animals – it provides the basic framework around which the various parts or units are related and function". (Johnson et al. 1973: 32). Simon holds, "the organization structure establishes a common set of presuppositions and expectations as to which members of the organization are responsible for which classes of decisions; it establishes a structure of sub-goal to serve as criteria of choice in various parts of the organization; and it establishes intelligence responsibilities in particular organization units for securing specific parts of the organization's environment and for communicating events requiring attention to appropriate decision points" (Simon 1960: 10). In short structure highlights who is, where, why, and how in the organization. It makes clear distribution of responsibilities and authority in the organization through horizontal and vertical division for having the total work done. *Hierarchy* refers to the vertical division of authority and responsibility in the organization structure, while *departmentalization* refers horizontal functional division. *Span of control* is one of the basic criteria in setting hierarchy and establishing various departments. There are *line* and *staff* units in the structure, one directly related to the goal accomplishment activities and the other assists the former by providing technical and other supports; committees meant for special purpose also constitute an important part of modern development organization.

Personnel make the structure operative in the system. They are recruited in the organization on the basic of a service and salary structure. Conversion is the interaction between structure personnel for converting inputs following some process/procedures to have desired outputs.

System of recruitment and nature of appointment, permanent and temporary, salary and incentive structure, motivation, and manpower development process within the organization determine the quality of personnel in the system. Conversion process always requires an efficient personnel management system.

A set of processes consisting of some procedures and methods establish linkage between structure and personnel and make the organization operative. These centers round two broader issues of with inputs – *planning* process and *implementation* process. "Plan is a specific documented intention consisting of an objective and an action statement represents the means to that end" (Kreitner 1987: 148). Plan explains *what*, *when*, and *how* something is to be done in the system. Planning is the process by which the system adapts its resources to changing environmental and internal forces (Johnson et al. 1973: 49). Planning is an integrative activity and is not an end in itself – "its purpose is to provide the guidelines necessary for the vital decision making processes throughout the organization" (1993: 54). It decides in advance what is to be done and how is to be done. *Futurity action* and personal or organizational causation are important elements in any plan (LeBreton and Henning 1961: 7). Information is the basic input in any planning process. The development organization for initiating planning process needs sufficient and accurate information regarding demand, support, opposition, and the availability of resources needed for development action. Plans for repetitive and non-repetitive problems are different. Plan may be strategic middle range or short term in nature. Development efforts require various types of plans to face the contingent forces.

Plan is materialized through a complicated process of implementation. The necessary aspects of implementation process are *communication*, delegation coordination/integration, supervision, control, monitoring, and evaluation. The field-level staff and structure of development organization shoulder the ultimate responsibility of implementing development plants, programs, and project. The need to be communicated the message regarding development actions as visualized in the planning/program documents. Delegation of adequate authority and supply of necessary inputs are two prerequisites for their action. Various units at the implementation level, following the principle of differentiation and specialization, work separately to achieve the segment of planned object. Only through integration and coordination there outputs can effectively achieve the desired goal of development. Through division of work, some forces of disintegration in the system always develop. Coordination upholds the forces of integration to achieve the integrative goal of development. The conversion process takes place in a dynamic environment which deviates the time of action from the desired one. Henri Fayol defines "control consists of verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established. It has to point out weaknesses and errors in order to rectify and prevent recurrence" (Fayol 1949: 107). Control function "provides adjustments in conformance to the plan; the maintenance of variations from system objectives within allowable limits" (Johnson et al. 1973: 74). Rebert Mockler comprehensively defines control as systematic effort "to compare performance to predetermined standards, plans or objectives in order to determine whether performance is in line with these standards and presumably in order to take any remedial action required to see that human and their corporate resources are being used tin most effective and efficient way possible in achieving corporate objectives" (Mockler 1970: 14). In the process of developing program implementation, control mechanism occupies the most vital position; the development process is not desirable by some of the forces who prefer status quo, not developmental change. At the time of this opposition, development process may deviate from the proper way of handling inputs meant for development. Control mechanism constantly tries to protect this deviation.

*Monitoring and evaluation* of the performance of the implementing actors are two other activities in the system of conversion process. These two are also used as instruments of control mechanisms.

Participation of actors and beneficiaries in the process of development both at planning and implementation stages has been a widely accepted phenomenon which is necessary to formulate realistic plan and effective plan implementation. Effectiveness of developmental organization largely is affected by its capability to ensure participation.

Conflicts and contradictions are most common phenomena in any complex organization that may

originate act of personal, structural, and procedural reasons. In the conversion process, Sharkansky observes "Conflicts between the formal rules of the organization and the personnel values of the administrations clashes among administrators that increase problems in making agency outputs; decision makers' use of routine procedures to simplify complex and numerous inputs; an tendencies towards rigid maintenance of the status-quo in the force of innovative demands. An agency's leadership and staff may disagree about proper salaries, working conditions and services to the agency's clients" (Sharkansky 1975: 8). There are informal groups in the social organizations. The differences among these groups in respect of their goals and organizational goal also produce conflicts and contradictions in the conversion process.

## Outputs

Outputs that conversion process discharges to the environment include "services, tangible goods and behavioral regulations, plus gestures, and activities that the give symbolic messages to those who are tuned in" (Sharkansky 1975: 9). Outputs help the system to achieve its goal. This falls within two broad categories: *goods* and *services*. The outputs of development efforts ensure directly the supply of goods to the beneficiaries or create congenial scope for them so that they themselves can produce goods required by them. Effectiveness of the outputs of the efforts depends on their capacity to face the development demands of the incumbents, minimizing opposition of the environment. It is measured by the process of evaluation.

## Feedback

Feedback represents the influence of earlier outputs upon the demands, resources, support, or opposition, i.e., up inputs that the system receives (Sharkansky 1975: 17). Feedback mechanisms are evident in the continuity of interactions among development actors and the many sources of their inputs and the recipients of their outputs. The continuity of the development process is carried on by the feedback mechanism. This feedback may be positive when it satisfies the target and negative when paradoxes remain between expectation and outputs. Development efforts need multidimensional feedback mechanism to get proper assessment of the output and goal achievement. Negative feedback is more important to the conversion process for its adaptation with the development need. "When a system's negative feedback discontinues its steady state vanishes and at the same time its boundary disappears and the system terminates" (Miller 1955: 529). Functionally the outputs constitute the boundary of the system. It disappears when the conversion process collapses at the advent of the total rejection of environment to receive system outputs.

## Environment

Environment is very important to any system. Development system not only takes input from and discharges output to the environment, but also influences the environment. Environment is dynamic, and the system of development efforts must cope with the changing environment. Shirly Terreberny argues that environments are becoming more *turbulent*. There are accelerating rates and new directions of change in that the system must be able to adapt to this turbulence in order to survive. Environmental factors are a source of change as well as a source or cause of existing conditions (Hall 1974: 297–298). Environment is a compact network of relationship of enormous issues and entities by which any organization is surrounded. Considering this reality "organization can be thought of as a subsystem of the broader socio-cultural environment in which it operates" (Johnson et al. 1973: 508). Development efforts always strive toward the change in relationship network of the environment to remove the odds of underdevelopment. There are several issues and elements in the environment development administration. Hall discusses two types of environment: *general* and *specific*. The first contains those general conditions that must be

**Development Administration from System Perspective, Table 1** Various issues related to the system of development efforts/administration

| No. | Systems variable | Main constituents of the systems variable | Aspects related to the constituents of system variable |
|---|---|---|---|
| 1. | Input | a. Demand | Socioeconomic status of the people |
| | | | Dimension and nature of under development |
| | | | Need for development |
| | | | Sociopolitical ideology |
| | | b. Resources | Fund/capital |
| | | | Manpower |
| | | | Technology |
| | | | Raw material |
| | | c. Support | Policy and administrative supports from the government |
| | | | Donors support |
| | | | Legal/legislative/judicial protection |
| | | | Sociocultural consumer |
| | | | Support of the masses/clients |
| | | d. Opposition | Government |
| | | | Donor |
| | | | People |
| | | | Sociocultural innocence |
| | | | Legal and administrative constraints |
| 2. | Conversion process | a. Organization structure | Organization goal and functions |
| | | | Hierarchy, distribution of authorities, and power/basis of command |
| | | | Departments/divisions |
| | | | Associated bodies/committees |
| | | | Distribution of work |
| | | b. Personnel | Personnel manual (recruitment/selection) |
| | | | Service structure |
| | | | Personnel strength and qualities |
| | | | Wage/incentive structure |
| | | | Personnel development system (training) |
| | | c. Process/procedures | Planning: setting programs preparation of project, decision-making, diplomacy |
| | | | Implementation: communication, delegation, coordination integration, monitoring, control, and evaluation |
| | | d. Conflicts/ contradictions/entropy | Interpersonnel |
| | | | Structural |
| | | | Procedural-negative entropy |
| 3. | Outputs | a. Goods | Economic goods/income employment generation |
| | | | Capital formation |
| | | | Infrastructure |
| | | b. Services | Health |
| | | | Education |
| | | | Environment |
| | | | Legal |
| | | | Conscientization |
| 4. | Feedback | a. Influence | Positive influence |
| | | | Negative influence |
| | | b. Mechanism | Mechanism of getting feedback |

(continued)

D

**Development Administration from System Perspective, Table 1** (continued)

| No. | Systems variable | Main constituents of the systems variable | Aspects related to the constituents of system variable |
|---|---|---|---|
| | | | Changes directed by feedback |
| 5. | Environment | a. Beneficiaries | Socioeconomic status, attitudinal and behavioral pattern of beneficiaries |
| | | | Relationship with beneficiaries |
| | | b. Government | Government's rules/regulation |
| | | | Institutional arrangement |
| | | | Pattern and spheres of relationship |
| | | | Policy and attitude of government |
| | | c. Donor | Role of donor |
| | | | Relationship with donor |
| | | | Interactional pattern |
| | | | Donors' attitude |
| | | d. Sociocultural and economic issues | People as whole |
| | | | Sociocultural dynamics |
| | | | Network of the economy |

of concern to all organization – social, economic, political, legal, demographic changes, etc. "The second category contains specific environmental influences on organization such as other organizations with which it interacts or particular individuals who are crucial to it" (1973: 298). William Dill from narrower perspective defines it as *task environment* which refers to those elements in the environment that are relevant or potentially relevant for organization (Dill 1958: 409–443).

The environment that is most relevant to the system of development efforts is the sociocultural and economic condition in general which upholds the overall demand for development. The other three important elements with which it always interacts specifically are the beneficiaries, government, and donor. Beneficiaries are the object of development as well as actors when participation and sustainability are concerned. Government provides legal basis for development action and regulates and directs the same as the protector of popular interest. In the developing countries where internal resource mobilization cannot alone ensure development finance, donor's role still remains vertical in the process of development change initiated either by the government or by the nongovernment administration which refers to its relationship with the government, donors, and beneficiaries within the broader socioeconomic spectrum (Table 1).

## Conclusion

This framework of development administration the system depends on the various issues like the extent to which the system can uphold the different characteristics of open system in coherent manner and the functional arrangement of the interacting subsystems within the system. Importation of inputs, conversion process, exportation of outputs, and feedback constitute the most important functional characteristics of any system. Besides these other important characteristics including negative entropy, coding process, steady-state and dynamic homeostasis, differentiation, and equifinality as mentioned by Katz and Kahn determine the efficacy of the system operation (Katz and Khan 1978: 42). Development administration system must move to arrest entropic processes that always threaten development initiatives in the developing countries, so the system must acquire negative entropy, the means, and strength to encounter the same. The system must procure information input and receive negative

feedback. Coding process in this regard plays the most vital role. It refers to a framework within which the system will accept or reject any inputs. It is a basic element related to the perspective of development efforts. If any development administration system fails to develop, sustain, and use its coding process, it has every chance to derail from its goal. The development administration system must uphold dynamic equilibrium in its operation and proper balance with the dynamic environment without sacrificing its core values and compromising with the objective of development. It needs to exhibit the characteristics of differentiation efficiently and effectively. For its successful achievement of goal, it must follow or uphold the principle of differentiation and must keep in mind that a system can reach the same final state from differing initial conditions and by a variety of paths. All these characteristics do not automatically become operative in the system rater they essentially depend on the subsystem arrangement and functioning of the later.

## References


Dill WR (1958) Environment as an influence on managerial autonomy. Adm Sci Q 2(4):409–443

Fayol H (1949) General and industrial management. Pitman Publishing Corporation, New York, p 107

Finkle JL, Gable RW (1966) Political development and social change. Wiley, New York

Hall R (1974) Organizations structure and process. Prentice Hall International, London, pp 297–298

Johnson RA, Kast FE, Rosenzwing JE (1973) The theory and management of system, vol 49. Mcgraw-Hill, New York, p 508

Katz D, Khan RL (1978) The social psychology of organization. Wiley, New York, pp 39–47

Kreitner R (1987) Management. Houghton Mifflin Company, New Jersey, p 148

Miller JG (1955) Towards a general theory for the behavioral science. Am Psychol 10:529

Mockler RJ (1970) Readings in management control. Appleton-Century-Crafts, New York, p 14

LeBreton PP, Henning DA (1961) Planning theory. Prentice-Hall, Inc., Englewood Cliffs, NJ, p 7

Sharkansky I (1975) Public administration: policy making in government agencies, vol 17. Rand McNally College Co, Chicago, pp 8–9

Simon H (1960) Administrative behaviour. Macmillan, New York, p 10


# Development Administration in the Caribbean


Ann Marie Bissessar
Faculty of Social Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago


D

## Synonyms

Authority; Control; Rule

## Definition

"Development administration" is the administration of policies, programs, and projects that contribute to the development of a nation. Development administration has a broader impact than public administration since it is suggested that this kind of administration has significant sociopolitical and socioeconomic impact on the countries involved.

## Development Administration as a Concept

### The Concept and Elements of Development Administration

Public administration as a concept is not new, and some suggest the term "administration" predates back to the earliest forms of civilization. Farazmand (1996), for example, suggests that it is old as civilization itself. However, the term itself became part of the wider academic discussion when Woodrow Wilson (1887) suggested that, unlike the broader discipline of political science, public administration was a *detailed and systematic application of law*. Gulick and Urwick (1937) later expanded the term to include of *all those operations having for their purpose the fulfillment or enforcement of public policy*. While the debates in the latter half of 1800s and early 1900s centered around issues of the loci (where) or foci (what) of public administration or whether it should remain as integral part of political

science, it was evident, however, that public administration could not be a tool kit of "one size fits all." In other words, particularly after World War II, it was argued that public administration as a mechanism for achieving the goals of administrators had to be adjusted to suit a specific environment. Accordingly, by the 1960s, a Comparative Administration Group (CAG) sponsored by the Ford Foundation, led by Frederick Riggs, was established. Emerging out of this research was the proposal to view public administration in various countries through *prism* or *lenses*. Hence, what emerged was the theory of the *prismatic society*. Unfortunately, by the 1970s the research was discontinued due to a lack of funding.

The work of this group had a lasting impact on the development of the discipline of public administration. As more and more countries attained independence, it was found that the "traditional" public administration was limited in its scope and premise, the core of which was strict adherence to laid-down rules and hierarchy. Two terms were introduced and then used interchangeably – administrative development and development administration. The concept and meaning of the two terms, however, differed significantly. The first term connotes the mechanisms by which administrative institution is developed or improved. The second, development administration (1950s), suggested new aspects of public administration which were needed to carry out policies, projects, and programs in order to improve the social and economic conditions of the ex-colonial territories. It should be recalled that "new" described a number of features including newly established political structures, new institutions, practices and regulations which were juxtaposed with old traditions and behaviors, and newly elected politicians who now replaced the former colonial administrators. In addition, the infrastructures of many of these countries were poor, and services such as the delivery of potable water, access to education, governmental services, transportation, and even sewerage disposal were minimal or nonexistent in many areas within these countries. Poor infrastructure, limited access to health care which resulted in a high level of maternal and child deaths, as well as the spread of a number of infectious diseases were all challenges in these societies. The levels of literacy were also high, and in many countries there was a high rate of unemployment. It was evident that even though the former administrators had endeavored to train or "West Indianize" some of the local administrators to take over the mantle of administration of the country when they left, to a large extent, their emphasis on law and order, stability within the countries, and the maintenance of the status quo did little to prepare the new nations to take over the mantle of political power far less economic independence.

## The Features of Development Administration

The focus on development administration thus expanded on the elements of the old public administration model which was premised on the basis of accountability, scope, authority, and communication. Since these "developing" countries were now confronted with rapidly increasing populations whose expectations were high, the emphasis for the administrator was now on results. It was felt that every development function should have a defined objective. A critical element of development administration was the focus on the bureaucrat. Under colonial administration, the bureaucrat was envisaged as part of a "cog" in a larger wheel. The typical bureaucrat adhered strictly to the ideals of the bureaucracy as outlined by Weber in 1925. These ideals included:

- The emphasis on rules, regulations, and procedures.
- The separation between the public and private sphere – in other words the neutrality of the bureaucrat.
- A hierarchical organization where the span of control was limited and there was a series of subordinate and superordinate positions.
- Knowledge resided at the top of the organization and communication flowed from the top to the bottom. In other words, there was little scope for discussion or the proposals of new

ideas from the rank and file within an organization.
- There was a strict reliance on files, which meant that individual cases that did not fall within the "norm" were not considered.
- Officers were promoted on the basis of seniority or what was termed "the knowledge of files."

In the "developing" countries, however, it was felt that in order to bring about change or development, the bureaucrat had to be transformed into a "leader." New attributes were required of the leader. One of the critical attributes was that the leader had to be visionary. In other words, the leader had to recognize the strengths and weaknesses of the organization or the country and should have the vision or the foresight to establish systems by which to achieve set goals or objectives. Implied in this "vision" was the idea of *innovation*. An innovative approach was a dynamic approach which encouraged new and better ways to achieve objectives. One of the implied attributes of the administrator/bureaucrat/leader was the need to foster *inclusiveness*. The concept of inclusiveness to the Western world suggested the need to understand the needs of the country as well as the requirements of the wider population within the society and not merely one group. This attribute was critical in the newly independent territories particularly in societies in which there were a number of *transplanted* populations, such as Trinidad and Tobago, Suriname, and Guyana. Inclusiveness, many suggested, was thus "people centered" and not "group centered."

A major aspect of development administration was its focus on planning Williams (2002). In introducing planning, however, what was surprising was even at this period, short-, medium-, and long-term goals were emphasized. According to Gant (1979), in order to achieve development administration, new and reoriented agencies along with new management systems and processes should be introduced. Accordingly, he suggested that these agencies should include planning boards to facilitate decisions about development policies and the allocation of resources toward the accomplishment of those policies (Gant 1979: 24). He also proposed the reorientation and strengthening of nation-building departments or ministries to accommodate development. This, along with the introduction of competent planning in the central ministries and departments, he felt was a key factor in reorienting and strengthening the nation-building departments upon whom the diverse burden of development fell. Yet, there was some dissent, it seemed, from the politicians. Indeed, Eric Williams, the first premier (1956) in the twin-island Republic of Trinidad and Tobago, noted that *national planning is from start to finish a political process- a process that can be initiated and carried through only by politicians, who are undoubtedly the main actors in the planning drama, however big a role can be played by other actors such as administrators, the private sector and the labour movement*. The message was quite clear – the politician was the one in charge.

## The Challenges in Introducing Development Administration in Ex-colonial Societies

While the ideology of development administration was sound, there were numerous challenges that stymied its implementation. One such challenge, particularly in the case of the Anglophone Caribbean, was the conflicts in the relationships of the politicians and the senior administrators. According to G. E. Mills (1977: 265), *the initial stages of the introduction of ministerial government and the transfer of power from the colonial office and the governor were accompanied by friction, mutual suspicion and conflict between civil servants and the new ministers*. He noted that this problem stemmed from a number of sources but primarily from deep social, psychological, and historical roots which were brought to the surface by the transfer of power. He suggested that the older officials were conditioned by the colonial system, and some officials, as the heads of departments, were accustomed to performing powerful roles as policymakers. Thus they resented the intrusion of the new group of elites, some of whom had little formal education and thus were considered ill-equipped to undertake the responsibilities of government. But it was

not only the conflict between the ministers of government and the civil servants that were to present challenges. Rather other challenges that emerged were the instability of the politicians, some of whom served for a term of 5 years. Five-year terms, it was argued, meant that many of the policies introduced were often short-term rather than long-term plans. Another issue that surfaced and was inherent in small states where everyone knew or was related to someone within the society was the high degree of political interference by the politicians. It was particularly prevalent in the filling of vacancies as well as funding of projects.

One key issue, too, was the overcentralization by the central planning agency. According to Rodman (1968: 13), *whatever the location of the central planning agency, the most frequent complaint about the organization is that of overcentralization. This embraces both the failure to 'deconcentrate', i.e. to delegate powers to middle and lower echelons at the centre, and the failure to 'devolve' powers to local administrators*. Another challenge also was that of the system of budgeting. Rodman (1968: 14) notes: *Moreover, the budget process, by its nature, tends to act as a restraint; its officials are inclined to adjust programmes to available resources rather than try to secure resources (e.g. by tax reform) for financing desirable programmes. If the planning agency is politically out-weighed by the budget bureau, or if the planning unit is part of the Ministry of Finance, the forces of restraint may prevail. The budget itself should serve as a control on the quality of projects, and as an authoritative commitment of funds. Too often, however, premature and ill-conceived projects slip through and the budgets are subject to endless approval. Year round* ad hoc *expenditure control is often resorted to as a substitute for good budgeting, and this is a negation of programming and planning*.

## Conclusion

However, one issue that remains key to the idea of development and in fact hinges on the notion of inclusiveness is the question of whether the administrator, in small societies, could actually divorce personal interest from public interest. Indeed, some have argued that the challenge lies with the administrators who are self-serving rather than displaying neutrality in the delivery of public service. While the call for development administration was prevalent in the 1960s, much of these challenges persist today and include questions of the relationship between the politicians and the civil servants, the challenge of devolving power, budgetary concerns, conflicts between groups, and the reluctance to change practices and procedures. Many therefore argue that development administration is ongoing.

## Cross-References

► Development Administration

## References

Farazmand A (1996) Development and comparative public administration: past, present, and future. Public Adm Q 20(3):343–364

Gant GF (1979) Development administration. Concepts, goals and methods. The University of Wisconsin Press, Madison

Gulick L, Urwick L (eds) (1937) Papers on the science of administration. Institute of Public Administration, Columbia University, New York

Mills GE (1977) In: Ryan S, Bissessar AM (eds) Conflict between ministers and civil servants. The Sunday Gleaner, Jamaica, April 3, 1977 reproduced in Governance in the Caribbean 2002. SALISES, The University of the West Indies, St Augustine, pp 265–268

Rodman PW (1968) Development administration: obstacles, theories and implications for planning. Printed in France by the International Institute for Educational Planning, 16 Dec 1968

Williams E (2002) The purpose of planning. In: Ryan S, Bissessar AM (eds) Governance in the Caribbean. SALISES, The University of the West Indies, St. Augustine, pp 323–328

Wilson W (1887) The study of administration. Political science quarterly, reprinted in 1997. In: Shafritz J, Hyde A (eds) Classics of public administration, 2nd edn. Dorsey Press, Chicago

# Development Assistance, Networks, and Community Self-Help Development

Manoj K. Shrestha
University of Idaho, Moscow, ID, USA

## Synonyms

Community development; Network building; Network structures; Networking; Self-sustaining communities

## Definition

Networks are relationships between actors. Network structures are emergent patterns of relationships resulting from relationships among actors. Community self-help development is defined as activities pursued by communities for their well-being after the development assistance is complete or external funding has ceased.

## Introduction

Many communities or neighborhoods face challenges in getting ahead. They need outside assistance to address those challenges. At the core of community development assistance is to help communities to help themselves. The most successful development assistance is one that produces effects far beyond the confines of the assisted project itself (Goldin et al. 2002). Many development assistance programs include capacity building measures as part of the assistance so that the recipient communities move toward self-help development. This entry discusses the relationship between development assistance, network building, and community self-help development. It argues that network building plays important mediating role between development assistance and self-help development of communities. This involves specific ways communities structure their relationships with organizations.

## Development Assistance and Network Building

External resource dependence is common for many communities. Communities hardly possess all the resources they need to successfully plan and implement community development projects on their own. These resources include funding, expertise, information, or political support, for example. Even when communities receive outside assistance for their projects, more often they are required to do their part which can range from arranging the matching funds to soliciting technical expertise or political support. Besides, the assistance is temporary; it ceases once the project is complete. Therefore, it is paramount that a community, aiming to get ahead, connect with various public, private, nonprofit, or community-based organizations operating at different levels to mobilize their support to purse community projects. These connections between communities and organizations develop into complex pattern of networked relationships.

Networks are formed as actors engage in network building – an act of creating relationships or ties with other actors. Creating ties involve choosing partners to create ties with. The choice of partners is influenced by the qualities they possess or the positions they hold in the network because of the presence of other ties. A focal actor may create ties with other actors to access resources they hold or to garner social capital such as trust or credibility of commitment needed to achieve coordination or integration of resources (Provan and Milward 1995). Besides, communities vary in network building capacity or in their ability to network in a certain social context, affecting their choice of partner organizations or the extent of network interaction. For example, some communities may be less outgoing or marred with internal conflicts, whereas others may lack enabling environment or skills needed to engage socially. Social skills involve communication skills, conflict resolution, participation, and treating others respectfully. Social environment includes the social setting, social institutions, power relations, and cultural norms and values that affect social interaction. Poor communication skills or absence of enabling public or private

forums, for example, can present significant barriers to interaction. Knowing how to initiate, respond, and react and how to adapt to the situation can significantly improve personal and professional relationships (Chaskin et al. 2001). Understanding the subject matter, processes, and the roles the potential partners play can prove important in building relationships. Similarly, a supporting social climate can significantly reduce the stress for actors seeking to engage in interaction.

Having collaboration and problem-solving abilities, planning and decision-making expertise, and relationship building skills are important aspects of community capacity (Chaskin et al. 2001). Many community development programs invest in capacity building measures as part of the development assistance to communities in the form of technical assistance, separate from the capital assistance meant for building physical assets. Although community capacity building measures are short-term interventions, they enable and grow long-term capacity of communities (Chaskin et al. 2001). Technical assistance to communities commonly focuses on providing formal and on-the-job training. Formal training includes interaction skills, conflict resolution, community engagement, record keeping, and collaboration and relationship building. On-the-job training includes planning, implementation and operation of the funded projects, organizing community meetings, and managing the beneficiary-elect Users' Committee, for example. These trainings incorporate leadership development, organizational development, community organizing, and fostering collaboration among organizations considered crucial for building community capacity (Chaskin et al. 2001). The premise is that the communities with exposure to capacity building measures will engage in network building to mobilize resources not only to complete the assisted project but also to pursue self-help activities after the assistance ends.

## Network Building and Community Self-Help Development

Two questions of interest in this regard are: Do communities pursue self-help development? How do communities structure their relationships with organizations to pursue self-help development?

### Community Self-Help Development

Public investment programs have potential to create spin-off effects. For example, highway projects not only improve vehicular traffic flow but also create opportunity for the development of towns and businesses. Childcare programs not only help development of a child but can also save time for parents to earn income. In the context of community development assistance programs, the recipient communities are expected to transition to self-help development rather than continue to depend on the assistance. In fact, many communities take up new projects to meet their unmet needs after competition of the publicly funded project. In many developing societies, such needs include school building, irrigation channels, farm roads, bridges, electricity, and community centers, for example (Shrestha 2020).

These offshoot or spin-off projects initiated by the communities after the completion of initial assistance are self-help development projects. Community self-help development is a process in which communities are in charge of their own well-being. The process is triggered by positive experience of or the skill and confidence gained from the implementation of the externally funded project. Self-help development is a behavioral shift in communities, from being rowed by others to rowing the community by themselves, which can be measured by the number of post-assistance projects pursued or the amount of resources mobilized by communities from organizations they have had contacts with (Shrestha 2020).

### Structuring Relationship for Self-Help Development

Network setting and the problems the communities trying to resolve affect how communities structure their relationships with organizations in pursuing self-help development. The network setting constitutes two sets of actors: communities and organizations of various types. These are heterogeneous organizations including public, private, nonprofit, and community organizations operating at different levels with their own functional jurisdictions (scope), authority, and

resources they command. No single organization holds all the resources and authority the communities need; rather, polycentricity, or multiple independent centers of authority or power, is the norm (Ostrom 2010).

Communities initiate contacts with organizations to mobilize resources to pursue self-help projects. Successful execution of self-help projects demands effective coordination and integration of organizational resources. They may also face credibility of commitment problem; that is, organizations may deviate from or may not live up to their commitments. While contacting organizational partners involves a choice as noted earlier, the choice is also affected by the communities' need for resources as well as the challenges they face in coordinating the mobilized resources and in getting assurance that resource commitments are fulfilled. In doing so, given the costs of creating or maintaining ties with organizations, communities evaluate the existing ties with organizations and decide to connect with organizations to form specific configuration of ties that help them resolve the challenges. The communities can use centralized coordination and closure-based coordination in their relationships with organizations to address the challenges.

## Centralized Coordination

Centralized coordination occurs when communities actively reach out to multiple organizations to mobilize resources. Since communities can pursue multiple self-help projects of different types, they would be better off in mobilizing resources when they connect with a broad range of organizations willing to cooperate. In this community-organization network, the community occupies the central position and is expected to mobilize greater variety or amount of resources when its network size or the number of organizational contacts (i.e., degree centrality) is greater. Given that resources are held by different organizations, the community, being in the central position, can improve implementation of self-help projects by reducing fragmentation of resources, by enhancing communication and coordination between organizations in the mobilization of resources, and by integrating the mobilized resources (Provan and Milward 1995).

Coordination in the delivery of resources is especially important when the community is in search for various resources and the resources are disbursed across various organizations. Moreover, most organizations have narrow mission. They only support projects that match their mission. In this situation, the communities will do better when they have ties with many organizations, allowing them to cast a wide net to mobilize resources. Coordination of various organizational resources is also more efficient by a leading community instead of individual partner organizations devoting time and effort to coordinate the support they provide. By implication, having ties to many organizations helps the communities reduce dependency on any one organization as they will have option to fall back on another organization for help in case one organization chooses to withdraw its support.

The greater the number of organizations contacted by a community, the higher the community's degree or degree centrality (see Wasserman and Faust 1994). A community having ties with many organizations (i.e., a "star-like" network) is more active and can mobilize more resources than a community that is less active or has ties with few organizations. Because communities vary in size and socioeconomic status, their scope and extent of unmet community needs also differ. These differences are expected to reflect in varying levels of demand for organizational supports and, thus, the number of organizations they contact. Hence, at the network level, one would expect different communities having contacts with different number of organizations. The distribution of communities' degree centrality with organizations in a network, measured by degree centralization (see Wasserman and Faust 1994), can be highly skewed; that is, one or few communities can have contacts with large number of organizations in the network. In that case, community degree centralization score would be high. But when there is less skewed distribution of communities' degree centrality, then community degree centralization score would be low. There is substantial evidence for positive association between network size of actors and direct outcomes of public programs. But there is limited

evidence regarding post-project self-help development activities. In the case of rural communities in a developing country, Nepal, communities' degree centrality was found to be correlated with the number of post-assistance self-help projects they pursued (Shrestha 2020).

## Closure-Based Coordination

Closure-based coordination occurs when closed groups are formed in which each member of the group is linked with every other member. In a network between communities and organizations, a closed group would mean two or more organizations sharing at least the same two communities. Note that networks involving two sets of actors such as communities and organizations are called two-mode networks. In such networks, the basic form of closure is a four-cycle which is formed when an open three-path consisting of two nodes of one type and two nodes of another type is closed by a fourth tie (Wang 2013). In networks involving the same set of actors, called one-mode networks, the basic form of closure is a triangle which is formed when a two-path or an open triangle is closed by a third tie. Assumed to be cohesive, a closed group of organizations supporting the common communities is more conducive for coordinated supply of different organizational services. When organizations support a common project but commit different resources, coordination is required to effectively pursue the shared project. The partner organizations' interests to see that their support is helping the communities encourage them to work together. A cohesive group allows the member organizations to communicate with each other, resolve differences, and plan together for the benefit of the shared project. A community's ability to organize projects increases with greater coordinated support from the partner organizations. Closure networks can also help build group solidarity and trust among the members of a group. Greater trustworthiness can encourage other actors to join the group. In this scenario, actors in collaboration are less likely to shy away from commitments because rapid flow of information within the group allows the members to watch each other's actions, encouraging them to honor their commitment (Coleman 1998).

Cohesiveness also creates disadvantages. Tightly knit groups suffer from redundancy of information as the same overlapping information travels within the group. Closed groups also place constraints on actors, preventing them from accessing diverse perspectives, resources, and skills valuable to their success. Moreover, cohesiveness tends to encourage groupthink. When communities value new information over partner coordination, links to a cohesive group of organizations can limit their ability to successfully pursue self-help activities. Access to new knowledge is possible through bridging ties between two unconnected actors or groups serving as bridges or weak ties (Granovetter 1973) or filling structural holes (Burt 2000) between the two. Bridging ties provide information advantage to actors because sources of information are additive than overlapping. For example, a community looking for ideas to resolve local disputes can benefit from the experiences of other communities that faced similar issues in their projects.

Network closure and bridging (i.e., open-path network) are often considered an opposite phenomenon (Burt 2000). The more closely knit a group is, the less open it will be for outside connections and vice versa. In this sense, closure and bridging involve trade-offs. Closure implies dense ties among organizations, whereas bridging implies sparse links among organizations. In that case, communities' preference for network closure or bridging is expected to depend on their need for coordination among partner organizations or for new information when pursuing self-help projects. However, it is possible that communities seek balance between partner cohesion and bridging ties to secure program funding for their projects (Shrestha 2013a).

In the case of communities as collectives, closure and bridging can also be conceived in terms of ties within a community among community members and of ties outside the community with organizations. Woolcock (1998) argued that coordinating community economic development efforts entails collective action problems, warranting communities to be able to draw on both bonding and bridging ties. Bonding ties, or

having high degree of density and closure, among members within a community help it to get by, whereas bridging ties with wide-ranging links to heterogeneous organizations that go beyond the community are essential to get ahead. This suggests additive relationship between centralized coordination and closure-based coordination. Trade-offs between internal cohesion (bonding) and external contacts (bridging) are possible. Communities with greater internal conflict (less bonding) tend to use more wide-ranging contacts with outside organizations for securing funds for their projects (Shrestha 2013b).

## Conclusion

Network building is important in pursuing community self-help development. It plays a mediating role between community development assistance and self-help development. Mobilization of resources from organizations and coordination and assured supply of those resources are critical for successful implementation of self-help projects. Communities can achieve this by building wider network of organizations and by developing closure network among partner organizations. The former allows the communities to be in charge of coordinating organizational supports, whereas the latter allows the partner organizations to work together and to maintain credibility of the commitments needed for the success of the shared projects. Determining why and how communities engage in network building is crucial for understanding their motivations and the underlying organizing principles they follow in structuring relationships with organizations. This also highlights the importance of including network building as part of the design and evaluation of community development assistance programs. These insights can also be valuable to public managers looking for ways to modifying network behavior for sustained impact on communities beyond development assistance.

## Cross-References

► Governance

## References

Burt RS (2000) The network structure of social capital. In: Staw BM, Sutton RI (eds) Research in organizational behavior. Elsevier, New York, pp 345–423

Chaskin RJ, Brown P, Venkatesh S, Vidal A (2001) Building community capacity. A. de Gruyter, New York

Coleman JS (1998) Social capital in the creation of human capital. Am J Sociol 94:S95–S120

Goldin I, Rogers H, Stern N (2002) The role and effectiveness of development assistance: lessons from world bank experience. World Bank, Washington, DC

Granovetter M (1973) The strength of weak ties. Am J Sociol 78:1360–1380

Ostrom E (2010) Beyond market and states: polycentric governance of complex economic systems. Am Econ Rev 100(3):641–672

Provan KG, Milward HB (1995) A preliminary theory of interorganizational network effectiveness: a comparative study of four mental health systems. Adm Sci Q 40:1–33

Shrestha MK (2013a) Self-organizing network capital and the success of collaborative public programs. J Public Adm Res Theory 23(2):307–329

Shrestha MK (2013b) Internal versus external social capital and the success of community initiatives: a case of self-organizing collaborative governance in Nepal. Public Adm Rev 73(1):154–164

Shrestha MK (2020) Network structures and performance: evidence from post-project spinoff activities of a collaborative public program. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1715426

Wang P (2013) Exponential random graph model extensions: models for multiple networks and bipartite networks. In: Lusher D, Koskinen J, Robins G (eds) Exponential random graph models for social networks: theory, methods, and applications. Cambridge University Press, Cambridge/New York, pp 115–129

Wasserman S, Faust K (1994) Social network analysis – methods and applications. Cambridge University Press, New York

Woolcock M (1998) Social capital and economic development: toward a theoretical synthesis and policy framework. Theory Soc 27(2):151–208

# Development Governance

Neetu Choudhary
A N Sinha Institute of Social Studies, Patna, Bihar, India

## Synonyms

Development administration; Development management; Development policy

## Definition

Although governance may pertain to all types of organizations – whether social or political, private or public – in context of development, it typically implies governance by the State through its various constitutional powers and obligations. As such, development governance simply means the process and manner of governing the development of a given administrative and/or geopolitical unit. It is a broad term that encompasses whole policy process vis-à-vis development and its participants. In its 1992 report entitled "Governance and Development," the World Bank defined [good governance] as "the manner in which power is exercised in the management of a country's economic and social resources for development" (IFAD 1999). In context of development, the same definition implies that development governance is governing of social and economic development through appropriate mechanisms including policy making, program design, budgetary allocation, and administrative reforms corresponding to long-term priorities, medium-term goals, and short-term and/or annual targets set for social and economic development. This process is led by the State as mediated by collective action of various stakeholders. Thus, development governance is necessarily a political issue.

## Introduction

Although governance has always been in practice at some level or the other, the term has invited particular interest during last three decades. Emergence of neoliberalism as the dominant force tended to minimize the role of state. Alongside, the popular discussion began to speak more of "quality government" than "all government." This implied that in a liberal economic framework scope for government interference should be limited and it is the "quality" of the government that should be the prime concern. Quality of governance in turn highlights the instrumental role of government, i.e., it means a manner of governance that facilitates efficient implementation of market reform through effective political institutions. According to Britannica encyclopedia – "the term governance can be used specifically to describe changes in the nature and role of the state following the public-sector reforms of the 1980s and 1990s. Typically, these reforms are said to have led to a shift from a hierarchic bureaucracy toward a greater use of markets, quasi-markets, and networks, especially in the delivery of public services."

Thus, the current governance discourse actually aligns with the discourse that looked into the question as to how much government interference can be acceptable in a liberal economy. To reiterate, this notion of governance is preoccupied with the economic aspect of governance that sees state's role as limited in relation to market. As such, governance today literally represents "economic governance." But with continued human and international development challenges such as hunger, malnutrition, illiteracy, etc., the boundaries of governance is specifically reconstituted to address such issues that market cannot take care of. Thus, now development governance can be understood as the extended term to capture this definition of governance.

This approach on development governance got impetus from international development organizations, which came to support less developed and developing countries in their fight against some of the development challenges listed above. Their technical and financial support and aid mostly come with their recipe for good development governance. While on one hand global forces pushed the state for minimal interference in market mechanism, on the other they expect the state to indulge in good development governance. The latter in terms of the World Bank and the United Nations Development Programme also means supporting donor agencies work through enabling the civil society. The UNDP (1997) even conceptualized the empowerment of civil society as the true guardians of democracy and good governance everywhere. This simply means that the state has to depend upon and partner with various stakeholders – national and international civil society – to fulfill its various development goals. Clearly, the governance approach, as Stoker (1998: 17) puts it a "new process of governing, or a changed condition of ordered rule; or the new method by which society is governed."

### Governance, Good Governance, or Development Governance

The way the discourse on governance got impetus during late 1980s onwards, inherently carried the notion of governance or good governance for development. Since many countries in the Global south, i.e., many developing and less developed countries of the world continued to remain entrapped in low and very low growth rate and high poverty, the incumbency of neoliberalism attributed this to too much government interference. It was held that development requires limited but good government and rest can be taken care of by the market. Therefore, practically good governance is governance that facilitates efficient functioning of market in partnership with other stakeholders in a way that various development goals may be achieved. Apart from limited role for state, this clearly calls for participation from other stakeholders of development. This emphasis on participation is co-terminus with the emergence of the rights-based approach to governance. The era of Millennium Development Goals and now Sustainable Development Goals has been founded on the philosophy of right to development wherein governance is considered the most important requirement for achievement of these goals. Such governance in turn is based on efficient and effective administration, and elimination of corruption is certainly an important component of good governance. The framework of development governance converges with that of the neoliberal agenda of free market as well as with the international development agenda. This is why this term is so much in vogue. In fact, growth and development are key factors pushing for governance today.

## Is There a Theory on Development Governance?

The evolution of a theory on development governance necessarily has to be linked to theory of administration. This is because "governance" as a way to govern is a relatively new way to look at administrative processes. Administrative theories have to be understood against the socioeconomic background and historical time period of their existence (Bhattacharya 1996). As such, development governance is a product of contemporary global structure of economy and the willingness of nation governments to adopt this structure. The bureaucratic systems of government that Max Weber and Woodrew Wilson dealt with are no longer the dominant forms. Weber's formulation on bureaucracy continues to influence theoretical paradigm on administration, but various other organizational theories have been found to be helpful in explaining how organizations including government functions. These theories have evolved through continuous interdisciplinary interface.

### Traditional Organization Theories on Administration

This theory adopts an orthodox approach and speaks of one best way of structuring organizations. With its focus on physiological and mechanical aspects of work organizations, this theory is also referred as closed system approach. There are three dominant schools under universal design theory (Bhattacharya 1996):

(i) Scientific management: This approach was concerned with organizational efficiency and focused on the aspects of planning, standardizing, and improving human effort at the level of works, so that to enhance productivity and efficiency. There was so much emphasis on efficiency that mechanisms were also developed to measure the progress of work against time. The separation of planning and execution was a basic tenet of scientific management theory. Since the theory laid too much emphasis on efficiency at operational level, it witnessed resistance from labor groups and leaders.

(ii) Classical theory of management: Unlike the scientific management theory, which focused on operational level, the classical theory of management adopted a broader approach towards formal organization, structure, and the basic management process. Earlier thinkers of this school believed that knowledge of administration rather than technical knowledge is needed at higher organizational levels. The classical theory

focused on division of work, centralization, stability of tenure, and equity among others. The classical theory is also known as administrative management theory. The classical theory was criticized by the behavioural scientists as too mechanistic and incompatible with human nature (March and Simon 1958).

(iii) The bureaucratic theory: Although scholars like Marx and Hegel have written on bureaucracy, Weberian bureaucratic model continues to dominate administrative theory. Max Weber linked the growth of bureaucracy with the emergence of post subsistence economy. This was so because the market (capitalism) would need administration for security and facilitation of its market based activities. Weber also laid emphasis on the role of middle class and its demand for democracy as a prerequisite for development of bureaucracy. Weber situated the model as a sociological phenomenon in his theory of domination (Nicos 1975). Domination refers to power relationship between people and when exercised over a large number of people, requires a pool of administrative staff which is to be provided by bureaucracy. This domination draws legitimacy through charisma, tradition, or law. Weberian model is ideal type, draws authority by law, and is defined by structural characteristics such as value neutrality. Bureaucracy should be considered as an "organization that maximizes efficiency in administration or an institutionalized method of organized social conduct in the interest of administrative efficiency" (Blau 1956).

### Behavioural and System Theories

These theories were led by behavioral science which has been defined by Berelson and Steiner (1964: 10) as "the disciplines of anthropology, psychology and sociology – minus and plus: Minus such specified sectors as physiological psychology, archeology, technical linguistics, and most of physical anthropology; Plus social geography, some psychiatry, and the behavioural parts of economics, political science, and law". In short, these theories are concerned with the scientific research that deals directly with human behaviur.

(i) Behavioral approach: This approach was led by the human relation approach which emerged from a series of studies conducted between 1927 and 1932 undertaken by researchers from the Harvard University at the Hawthrone Plant of Western Electric Company at Chicago (Bhattacharya 1996). While the human relation thinkers agreed with the traditional theorists on the crucial importance of management in production, their basic approach was to see organization as a social system consisting of individuals and several informal groups functioning alongside the formal structure. Chester Barnard, Carld Rogers, A H Maslow are among the leading scientists under this approach. Barnard in particular is known for his equilibrium theory of organization, which suggests that organization sustains through the equilibrium between the contributions and the satisfaction of its members (Barnard 1938). He emphasized on factors like persuasion and cooperation to motive workers rather than coercion.

(ii) Systems approach: The systems approach evolved out of the need to understand organization as a holistic unit when various theories examined the organizational realities from different aspects such as structural, technological, socio-psychological, etc. General systems theory owes its origin to the biologist – Ludwig von Bertalanfly (see Blandberg et al. 1977), who underlined the fact that similar ideas have often been advanced in different subjects without an effort to synthesize them. This approach gives the opportunity to see organization as a "system," where many subunits are operational in constant interaction, thus influencing and getting influenced by each other to give way to a given system, i.e., an organization.

The systems approach is particularly relevant to understand complex public

organizations that have elaborate structures embedded in larger social, political, and economic environment. The systems view has helped the radical shifts in organizational thinking in the form of contingency or situation view that departs from the traditionalist view of "one best way."

– Situational theories: Constitute the modern approach to organization and underline the importance of dynamic interaction with environment and other situational factors influencing organizational design (Bhattacharya 1996). These theories are based on the premises that there can not one model of organization since changing environment changes situation in and around an organization, which needs a unique design. Technological changes and environment factors get particular importance in situational theories. Evidently, a stable environment may encourage the development of structured organization similar to "bureaucratic type." The systems approach argues that the survival or success of an organization depends upon its ability to adapt to the demands of the environment in which it exists.

## Economic Theories on Organization

### Public Choice Theory

The public choice theory is a branch of economic principles applied to bureaucratic organizations. This includes the application of microeconomics to social and political areas. This theory regards traditional public services as a source of rent seeking by the bureaucrats. Like market failure, public choice theorists speak of government failure, wherein government interventions do not produce desired results. The theory examines the functioning of government, bureaucrats, as well as the legislators. While analyzing the role of bureaucracy in government, the public choice theory also suggests ways to improve efficiency in government. This is possible through reorientation of public organizations towards performance and spending cuts. The public choice theory emerged during the 1950s but got widespread attention in 1986 when James Buchanan, one of the leading thinkers of this stream, was awarded with Nobel Prize for his contribution.

### Agency Theory

The agency theory has its roots in economics and business management. It then is used in an important stream of public administration research that has emerged using agency theory over time: political control of the bureaucracy. The most extensive application of agency theory in public administration has come in advancing the understanding of democratic control of the bureaucracy (Wood 2010). This theory is also known as principal/agent theory and deals with the dilemma when the agent has to make decision on behalf of the principals but the agency becomes preoccupied with its own interest in decision-making process. In the public sector, there is a difficulty to determine who the owners are and what their goals. Thus the accountability concerns become the main focus for the application of principal/agent theory in public sector (Hughes 2003).

## New Public Management

The theory of New Public Management (NPM) was inspired by varied theoretical perspectives briefed above. The need for a new approach to conduct public organization and services was begun to be felt since the 1980s. This was instrumental to the advent of the theory of New Public Management. United Kingdom has been the country of origin of the idea of new public management, wherein Hood (1991) based in his experience in UK coined the term NPM. NPM has also been represented as a cluster of ideas by David Osborne and Ted Geabler (1992) through their book titled "Reinventing Government." As reflected from the title of the book, the new public management sought to reorganize the functioning of government and its organizations along the values of service orientation and efficiency of a private sector organization.

As suggested by Osborne and Gaebler (1992), the governments should function in such a way as to,

- Be a facilitator
- Empower communities to solve their own problems rather than focusing on simple service delivery
- Encourage competition rather than protecting monopolies, be driven by missions, rather than rigid rules
- Be result oriented by funding outcomes rather than inputs
- Meet the needs of the people, not the bureaucracy
- Concentrate on earning money rather than indulging in indiscriminate spending
- Invest time and resources in preventing crisis rather than attempting to cure the problems
- Decentralize authority
- Solve problems by influencing market forces rather than creating public programs

As such, New Public Management is an umbrella term for a set of ideas, values, and practices that espouse for private sector and business approach to conduct organizational activities particularly service delivery. The new public management thus can be seen as a response to counter undesirable elements of civil services – the bureaucracy – particularly its rigid hierarchical nature, inflexibility, lack of accountability, and lack of ownership of public programs among others. This response includes a broad range of reforms spanning different echelon of government such as finance, banking, public enterprises, and so on. The arrival of economic reforms particularly imprudent fiscal management further highlighted the dysfunctionality in the civil services structure. The underlying presumption has been that private sector management techniques and market linkages can considerably enhance the efficiency and performance of public sector activities. With the establishment of the role of governance in development, the reforms sought through new public management were also endorsed by international organizations such as the United Nations agencies and what was propagated by them now was the importance of governance or good governance. The ideas thrown under new public management were now spread along with international development agenda after neoliberalism, and the role of development governance was systematically brought to the forefront.

From the above, it is apparent that the systems approach to organization and the public choice and agency theories together provided theoretical ground for the emergence of the theory and practice of New Public Management – the portent of development governance. As noted in the introduction, the concept of governance found predominance in response to the emergence of neoliberalism and globalization. This response rooted in the principles of new public management which with the support from the international agencies and other advocates, by mid-1990s, became a dominant paradigm in public management. The emphasis on development governance has been a coordinated articulation of what neoliberal forces and the international development agenda seeks from contemporary governments. Although, countries are hardly free from bureaucratic functioning, its domain has significantly cut down in many areas particularly service delivery. At the same time it has concentrated on facilitating business at ease. These shifts together reflect how as situational theorists would say, the nature of government changed while passing through various stages of bureaucracy to "governance" in current sense with changing economic and technological environment. With the advent of development governance, development administration lost much of its relevance since "governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred" (Ewalt 2001: 10).

## Paradigm Shift in Public Administration: Evolutionary Linkages

### Traditional Administration to Development Administration

The evolution of Public Administration, as the institutionalization of administrative capacity for collective purpose (Caiden 1982), can be considered to be co-terminus with the evolution of human civilization. In its systematic and distinct form, traditional public administration has its

roots in nineteenth century, particularly during the appearance of the essay by Woodrow Wilson (1887) titled "A Study of Public Administration." Traditional public administration has had specific characteristics such as – dichotomy between politics and administration, value-neutrality, anonymity, one best way of doing things, rule-boundedness, impersonality, efficiency, rationality, and so on. Gradually, the traditional public administration, the focal point of which rested in the Bureaucratic Theory of Max Weber, was found to be too rigid, formalistic, and procedural inflexibility. Subsequently behavioral and human relation theorists came up with behavioral and systems approach to public administration (Barnard 1938; Maslow 1943; Appleby 1945; Simon 1946). This approach challenged the completely rational characteristics of bureaucracy as also the principles of administration and the idea of politics-administration dichotomy. The behavioral revolution established that the role of context is important and cultural factors also play a role in administrative setting.

Subsequently, a Comparative Administrative Group was founded in 1960 with grant support from the Ford Foundation which reflected upon the administrative needs of newly independent countries in Asia and Africa. The concomitant emphasis on third world countries gave rise to the subfield called Development Administration of which Fredrick W Riggs was the most noted scholar. Riggs discussed at length the varying context of under developed, developing (transition), and developed societies and emphasized upon their unique administrative needs. Administrative reform – in structure as well as behavior of bureaucracy – has been one of the core values of Development Administration in order to promote development activities.

## Development Administration to Development Governance

Development administration can be understood as direct government led effort to intervene in the processes of socioeconomic transformation. The idea of development administration was born at the juncture when many Afro-Asian countries emerged out of the colonial experience after the Second World War. Post third world war, many countries that emerged out of colonial government took to development administration to build their nations. The administrative system in countries like India inherited the colonial bureaucratic structure inspired by the traditional theories of organization which focused on efficiency. After freedom from colonialism, in many countries, the same bureaucracy was reoriented for implementation of development agenda. Thus, the law and order administration of precolonial era was converted into development administration. The term "development administration" is associated with an Indian Scholar Goswami, but it owes its conceptualization to Western scholars particularly the Comparative Administrative Group (CAG) in USA (Bhattacharya 1996). The purposes of development administration are to stimulate and facilitate defined programs of social and economic progress (Gant 1979). Even though the CAG was disbanded in 1973, Development Administration remained institutionalized in countries like India as an institutional mechanism to implement specific development goals set out in various public policies. Alongside in the USA, the Minnowbrook Conference of 1968 gave birth to New Public Administration (NPA), which refuted classical theories of public administration and called for client orientation, less bureaucracy, participatory decision-making, and decentralization among others. In India where the bureaucracy through development administration carried forward the government's development agenda, administrative reforms were sought through set up of various Administrative Reform Commissions. However, in practice development administration continued to be associated with self serving bureaucracy with rigidity in decision-making process and nexus with political power even though the need for efficiency and participation was well recognized. The critique of public administration in practice reached a new height in late 1970s and 1980s, and there was a collective assault on government's ways of doing things. Again the emphasis was on decentralization, business orientation, participation, etc. This collective assault was against the hierarchical nature of bureaucratic functioning and attempted to replace

development "being administered from top" by "being managed in partnership." This shift along with a thrust among the Public Administration scholars to align with the discipline of management led to evolution of New Public Management (NPM).

The NPM movement emerged in the United Kingdom to begin with but found immediate relevance in prevailing global context of structural adjustment and economic liberalization that needed efficient decision-making on and upon minimum government interference. Moreover, the ideas of NPM and reinventing government were essentially born out of the continuing search for solution to economic problems in 1970 and to produce a government that works better but costs less (Denhart 2004: 136). In less developed contexts, NPM was put forth popularly by development advocates in the form of governance. Although in the popular parlance, governance instead of development governance is the common term, in context of less developed and developing countries governance essentially means governance for development. The new economic regime came into a structural adjustment and economic stabilization package in the name of better development through minimum government. Hence, it spoke of governance that facilitates development through partnership with other stakeholders rather than the state itself. It is this transition that transforms development administration to development governance.

Unlike Development Administration that implied execution of development agenda through bureaucracy as the central tool (of course the bureaucracy was supposed to be oriented for this task), Development Governance implies institutionalization of a system wherein citizens, groups, institutions, and networks as society collectives articulate their demands and exercise their rights in pursuit of collective good. While under Development Administration, citizens looked up to bureaucracy for solution of various problems, under Development Governance, citizens are expected to resolve the issue with mutual partnership of which bureaucracy is but one member. Further, Development Administration is the responsibility of the state; Development Governance is the responsibility of all partners- state, market, and civil society. However, it should be noted that in most of the developing countries, the switch to efficiency and performance oriented administrative system begun with external pressures along with structural adjustment programs, which needed faster decision-making and simpler rules and procedures to promote private and foreign investment for which globalization opened ample opportunities. While countries have been vying to get greater share in global foreign investment flows, smooth business climate or "ease of doing business" – has been a key precondition to this. This in turn implied lesser government interference and smoother procedural follow ups. In fact, donor agencies and international financial institutions have conditioned their support to countries upon the latter's ability to adopt the spirit of development governance and adhere to proper administrative processes in dealing with development aid and put in place effective policy instrument to ensure the same. Thus, apart from the within discipline quest for better forms of public administration, it is globalization and international agencies as well, which have been responsible, almost in equal proportion – for mainstreaming of development governance.

Various countries have proceeded with the governance agenda with varying levels depending upon their internal structure. Though development governance has been much in vogue, bureaucracy has not lost its influence either although the scope for interaction and partnership has been widened.

## Elements of Development Governance

An investigation into the evolutionary linkages of development governance itself throws light upon its key elements. Development governance is contextualized response to the need for responsive institutions that in partnership with various stakeholders could manage development without corruption, procedural hassle, discrimination, nepotism, and rigidity. Subsequently, international development discourse has added the need for governance that promotes ecological balance, environment protection, and sustainability.

Ostensibly, development governance has to be: participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follow the rule of law; It assures that corruption is minimized, the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making; It is also responsive to the present and future needs of society. Expanding upon the UNDP's (1997) eight elements or characteristics of good governance, elements of development governance are as under:

### Participation

Governance for development has to be based on equal rights of all citizens irrespective of class, creed, caste, gender, or any other form of identities. These equal rights have to be materialized either through direct democratic rights or through legitimate institutions or representatives. Such a process is based on freedom of speech and association for all.

### Rule of Law

Rule of law implies that law works similarly and impartially for all individuals irrespective of their background identities. Good governance requires that appropriate legal systems should be created to protect human and constitutional rights. The rule of law should be designed to provide stability and predictability, which are the essential elements in creating an economic environment in which business risks may be rationally assessed.

### Transparency

Transparency is critical element of governance and is important to ensure accountability and responsiveness on the part of government functionaries. This implies sharing of institutional processes, outputs, and almost all information in public domain, i.e., making them accessible to the citizens including those who are likely to be affected. This is required to ensure continuous monitoring of whether policy decisions are made and implemented in accordance with existing rules and regulations. Transparency also implies the media's access to information so that it could be disseminated to the people particularly to those who are likely to be affected and can communicate their feedback back to the policy system. Access to information for various players in the market is also essential for a competitive market economy.

### Responsiveness and Accountability

Good development governance requires that institutions and processes respond to all stakeholders and the citizens irrespective of their backgrounds. Further, it is also that the response is given within a reasonable time frame, otherwise it is likely to lose its relevance. The onus to respond and stay transparent invokes accountability in governance, which is another important element. Development governance holds that public functionaries are to be held accountable to the people for their action and its consequences.

Further, not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders.

### Consensus Oriented

Since governance for development is based on partnership, the need for consensus in setting policy priorities and designing implementation and monitoring mechanism is indispensable. This also involves minimizing conflict of interest and striving for common good of the community concerned as a whole. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development.

### Equity and Inclusiveness

When speaking of development today, one means development that is based on equity and includes all. Governance for such a development has to run on the principles of equity and inclusiveness. This implies that each citizen gets equal opportunity to improve or maintain their well-being. As such, each member of society is likely to have a sense of ownership in the process of development governance. Special consideration is often required for the most vulnerable groups to enable them to participate in development opportunities provided through participatory governance.

### Effectiveness and Efficiency

Traditional bureaucracy has been criticized for its unproductiveness and inefficiency. On the contrary, effectiveness and efficiency are foremost elements of good governance. This requires that institutional processes minimize wastage of resources and produce results that meet needs through optimum use of resources. This also indicates that results have to be achieved within stipulated time frame. In the process norms of sustainable use of environmental and natural resources should also be adhered to.

### Sustainability

Development governance and sustainability have often been considered as two sides of the same coin. Sustainable development is a broad framework that includes environmental as well as social and economic sustainability. Thus, sustainable development is a multidimensional notion and multisectoral practice and is considered to be attainable only through development governance which can facilitate partnership and ownership from all stakeholders.

As governance and development has invited much attention from international development agencies, the World Bank and the Asian Development Bank have also proposed certain elements of good governance. According to the World Bank, the elements of good [development] governance are: public-sector management, accountability, actions, legal framework for development, and transparency and information (IFAD 1999). The Asian Development Bank identifies four elements, i.e., accountability, participation, predictability, and transparency. It is clear that these elements overlap with the above list of eight elements which is comprehensive and takes care of sustainable development challenges as well.

## Institutions and Actors of Development Governance

Development governance involves two processes – decision-making on development and its goals, targets, and pathways and implementation of those decisions. In context of development governance, decision-making is a process in which state institutions and non-state actors – the stakeholders of development – act as group to arrive at decision on the basis of consensus. Further, the implementation of these decisions is a process that starts from state institutions but involves ownership, monitoring, and management by interested and affected stakeholders. The participants in the process of decision-making as well as in the process of implementation of decisions constitute various actors of development governance. Institutions and structures are concerned platforms that coordinate the process and provide a platform for consensus building and convergent action. At the same time, the institutions are also the actors in the entire process. Thus, an actor may be individual or group or institution that participates in the process of decision-making and implementation. A structure is an organization or a mechanism that formally or informally may steer the decision-making process and sets into motion the different actors and apparatuses in the implementation process.

As per the Britannica Online Encyclopedia, the structure of new governance highlights the role of networks, markets, and non-state actors wherein the boundaries in between have blurred. Since the concept of governance is associated with influence of neoliberal ideas, its structure has international dimensions including actors from outside the countries. Thus the boundaries between the national and the international also become diluted in certain cases. Thus, the institutional structure of development governance is less rigid and more flexible to involve local as well as international actors – private or public – with nation states for the cause of development.

### The State

Despite all the porous nodes government structure allows today, the state remains the key and perhaps overpowering actor as far as development governance is concerned. Depending upon the context, the institutional structure of the state varies. Mostly, in electoral democracies, the state is comprised of an elected government, and representative institutions are expected to execute people's will.

Certain traditional roles of the state which deal with matters of citizenship remain intact. This include maintaining the social, economic, and legal order within the country through its administrative apparatus, retaining the mandate to control and exercise force for protection of constitutional rights of citizens, having ultimate responsibility for public services and creating an enabling environment for sustainable human development. In context of development governance, the latter two roles have undergone marked transition. The government herein is increasingly expected to confine itself to the first two roles which should be performed in a stable and transparent manner so as to facilitate space for the market and other stakeholders for the service delivery and human development. In this regard, the emergence of international development commitments such as the Sustainable Development Goals (SDGs) has further accentuated the expectations from the state. Here the challenge that lies with the state is how to address the concerns of equity and address the lack of opportunities with the poor to expand their capabilities. The traditional roles of the government are now assessed in the light of their efficacy to provide stable, transparent, and responsive environment for achieving development goals through partnership with non-state actors.

### The Private Sector

In context of development governance, many governments consider the private sector (as different from civil society) as an important development partner. This role for private sector is grounded in the neoliberal agenda wherein the governments have committed themselves to disinvestment of public enterprises, reduce expenditure and deficits, and promote private investment. In their attempts to meet these commitments, governments find justification in inviting private sector for development goals. The most important argument for private sector involvement has been that of employment generation, which is expected to get impetus through spur in private investment.

Thus, governments are now also evaluated by mechanisms such as the World Bank's tool of measuring the ease of doing business. This evaluation is based on indicators of stable macroeconomic environment, transparency, responsiveness, procedural efficiency, and so on. Knowledge and technological transfers and human resource development are other sectors where governments are promoting private investment for expansion of jobs and opportunities. Private sector investment is expected to bring spur in economic growth rates, and it is expected that this has spillover effect in terms of work and employment.

Another way the governments are now partnering with private sector is the practice of "corporate governance." Corporate governance has become a mechanism for direct and micro level development intervention by private sector particularly big corporate houses. Several multinational corporations today provide technical and financial support to government and non government organizations for community level development programs. Often such corporates create foundations or trusts to undertake such activities. The Bill and Melinda Gates Foundation is an international example for private sector intervention in development governance. Similarly, there are many corporate houses that have created separate subentities for corporate governance activities indirectly or directly. Within the framework of development governance, these interventions have been encouraged by the government and are important actors in the governance process.

### Civil Society (National and International) and Media

All remaining actors other than the government and the private sector constitute the civil society. However, the domain of private sector that deals with corporate governance activities also overlaps with civil society. The civil society includes nongovernmental organizations, and other community-based and sector-specific organizations, such as citizens' groups, association of workers/farmers, charitable institutions, cooperatives, religious communities, political parties, and research institutes. These organizations are private in nature but have public functions or objectives. The role of civil society is critical in the framework of development governance situated within neoliberal democracy.

As the governments are retreating from many areas and often on the pretext of good governance, civil society organizations act as the link to create the system of check and balance on behalf of the citizens. Civil society offers platform for people to participate in governance and affairs that have implications for their lives. In the process, the civil society enables people to express their voice and negotiate with the government institutions by organizing them as interest and pressure groups. This role is particularly critical when the stakeholders are the poor and the marginal usually unable to approach the government. Here, civil society organizations often conducts capacity building programs for the marginalized and the voiceless to enable them to participate in mainstream process of seeking rights and justice. These activities of civil society constitute the "advocacy" aspect.

The civil society is also engaged more directly in supporting government's development activities and acting as a link between the government and the people. As development governance seeks stakeholders' involvement for better and effective implementation of development-related decisions and goals, their reliance on civil society has been increasing. This necessarily involves partnering with civil society since they have greater community outreach and can ensure community monitoring of various development programs. In case of conflict of interests also, civil society's involvement is sought for consensus building at community level. Moreover, nurturing an environment for sustainable human development requires civil society organizations that make political and social interaction easier and that mobilize society to participate in economic, social, and political activities (UNDP 1997) (Fig. 1).

Amidst neoliberal public policies, government and civil society have evolved into some kind of symbiotic relationship though the latter's role goes much beyond that. Although the civil society usually draws its strength from the constitution, the emphasis on governance has created a favorable environment for it to grow. In this regard it is important that governments ensure the operationalization of appropriate legal framework for functioning of civil society and in fact they have done so.

Media is considered as the third pillar of democracy and has a very significant role to perform in context of development governance. Although it is a part of private sector, in establishing accountability on the part of various actors, it is the media which is expected to play a key role by ensuring the dissemination of right information across the board. Civil society in fact relies on media to prepare its case in dealing with government players.

## Key Issues and Concerns on Development Governance

### Political Orientation

To begin with, development governance is an agenda often pushed from outside the government. In many developing countries the need for a focus on governance has been co-terminus with the imposition of structural adjustment programs based on the need for minimal government. Thus the demand for governance did not necessarily come from within. In such a context, governance reform has been a half-hearted and fragmented exercise. Thus, despite more than two decades of bringing good governance on its agenda, governments in many countries such as India are far from implementing actual reforms. Apparently, the idea of minimal state underlying governance for development amidst neoliberalism has been maneuvered by the state to escape its obligations to its citizen. Often governments are seen to withdraw from critical socioeconomic activities in the name of minimal government without creating alternative platform. This has created some sort of vacuum in certain sectors, for example, healthcare in India.

Further, in the name of involving civil society, the focus of government has been either in seeking financial aid or in shifting its responsibilities to civil society institutions. In case of financial aid, there has been involvement of international civil society but this has failed to produce desired results. The reason is that the governments have not shown enough commitment to facilitate

proper utilization of aid resources. There is a lack of political will in this regard beyond procuring the aid. Also, in its attempt to attract international aid and donor funds, governments have been preoccupied with their expectations without investing adequate reasoning in it. Pressing domestic issues are often sidelined by government in prioritizing the agenda of donor agency since the latter is bringing funds with it.

Further now for its important activities including policy making, governments have shown increasing reliance on civil society. The concern here is can civil society be a substitute for the functions of a representative government.

### The Bureaucracy

Max Weber in his theory articulates exquisitely that bureaucracy once it comes into existence is likely to be permanent – it is self feeding and self generating. This observation of Weber is reflected well today in the relentless dominance of bureaucratic forces despite the advent of development governance agenda. The bureaucracy today does not necessarily display a significant sign of efficiency or transparency in its functioning. The bureaucratic dominance continues to shape up the future of development through their persistent procedural inefficiencies. Even if there is involvement of the civil society including the community, the government departments have to facilitate the process aspect. Bureaucracy is rarely swift in acting as a facilitator unless it is under extreme pressure due to some contingency. Thus, by and large, development governance remains compromised before constant manipulations to meet the interests and priorities that emerge from the nexus between the political and the bureaucratic authority. In fact, at times the bureaucracy through resource rich civil society institutions – may also be seen to feed its own interests through clandestine negotiation processes. Corruption is a familiar word to express some of the continued bureaucratic practices amidst much hue and cry over good governance.

As long as there is corruption, the governance agenda is a failure since it is based not just on minimal government but also on transparent and efficient government. The government and its bureaucracy machinery have to work hard to instill people's confidence in its system. But the issue is whether there is a will to change – both at political and bureaucratic level, beyond just shifting their duties to the civil society. While civil society involvement in such circumstances is just a façade, political and bureaucratic obsession with power and corruption continue to divert resources away from the cause of development and poverty eradication. Despite enactment of various anti-graft legislations, it remains the biggest challenge across the world to free government machinery from corruption.

### Fiscal Management

Despite all its emphasis on minimal government, development governance does call for an important role for state in certain sectors such as in poverty eradication, education, health and of course the reform of its administrative machinery. It is in this context that the government of India for instance legislated the National Rural Employment Guarantee Act and Food Securities Act. Similar programs have been implemented in other countries such as in Mexico where *Prospera* (earlier *Progresa*) has been in existence since 1997 as social assistance and poverty eradication program. However, meeting the resource requirements of such huge countrywide programs has been a challenge. This is particularly critical since in context of today's open economy government must maintain certain level of fiscal prudence and avoid high fiscal deficits so as to remain relatively insulted from changing economic scenario across the globe. Development governance thus when seen in the light of economic liberalization also reflects certain level of contradiction in it. The challenge, however, may not be as insurmountable if the leakages in the development programs caused due to systemic corruption are blocked. A focus on raising revenue base through restructuring the system of taxation is also required. Expanding direct tax bracket may have considerable implication for public revenue base and fiscal strength. This is so particularly in context of growing income

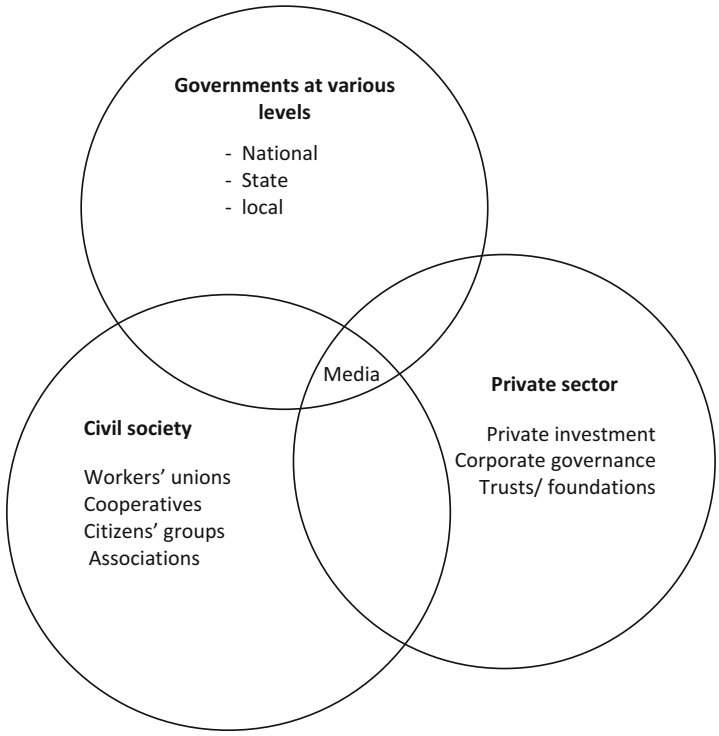


**Development Governance, Fig. 1** Actors of development governance: Negotiating, finalizing and executing the development agenda

inequalities wherein the rich is paying relatively less as tax when compared with those belonging to relatively inferior economic strata.

## Conclusion

Evidently, aforementioned issues connect directly or indirectly to the aspects of political orientation and bureaucratic functioning which thus are the central concerns before development governance today. There are several contradictions between what development needs and how governance is understood and practiced. In fact, a stream of thinking goes to the extent of arguing that for all the confusion it has created, the agenda of governance has been defeating for the agenda of development. Further, in contexts of several conflict ridden states of Africa, lack of capacity for governance reform is also a concern. For these countries, emergence from extreme economic backwardness itself could be a source for political reforms since conflict often roots in extreme deprivation. Political condition is an important determinant of development and is also shaped by the state of development. The recognition of these linkages has also been instrumental to develop the popular belief in the virtues of governance. Indeed, most of the issues or concerns that development governance faces today happens to pertain to the politics of it.

## References

Appleby P (1945) Big Democracy. New York: Alfred A Knopf

Barnard C (1938) The functions of the executive. Harvard University Press, Cambridge

Berelson B, Gary SA (1964) Human behaviour: an inventory of scientific findings. Harcourt, Brace & World, New York

Bhattacharya M (1996) Public administration and planning. The World Press Private Ltd, Calcutta

Blandberg IV, Sdovsky VN, Yudin EG (1977) Systems theory: philosophical and methodological problems. Former USSR: Progress Publishers, Moscow

Blau PM (1956) Bureaucracy in modern society. Random House, New York, p 60

Caiden EG (1982) Public administration. Palisades Publishers, California

Denhart RB (2004) Theories of public organization. Thomson Wadsworth, Belmont

Ewalt JAG (2001) Theories of Governance & new Public Management: links to understanding welfare policy implementation. A second draft. In: A paper presented at the annual conference of the American Society for Public Administration
Gant GF (1979) Development administration: concepts, goals, methods. The University of Wisconsin Press, Madison, pp 20–21
Governance (2017) Encyclopædia Britannica. Encyclopædia Britannica Online. Encyclopædia Britannica Inc. Accessed from https://www.britannica.com/print/article/1449402 on 9 Sept 2017
Hood C (1991) A Public Management for all seasons. Public Administration 69:3–19
Hughes O (2003) Public management or public administration? Palgrave Macmillan, New York
IFAD (1999) Good governance: an overview, 67th session of executive board, International Fund for Agricultural Development Rome, 8–9 Sept
March JG, Simon HA (1958) Organizations. Wiley, New York, p 36
Maslow AH (1943) A preface to motivation theory. Psychosomatic Med 5:85–92
Nicos PM (1975) Organizational and bureaucracy. Aldine Publishing Company, Chicago
Osborne D, Geabler T (1992) Reinventing Government, New York: Penguin Press
Simon HA (1946) Administrative behavior: a study of decision-making processes in administrative organization. Macmillan publishers, New York
Stoker G (1998) Governance as Theory: Five Propositions. International Social Science Journal 50(1):17–28
UNDP (1997) Re-conceptualizing governance. Discussion Paper, vol 2. Management Development and Governance Division, Bureau of Policy and Programme Support, United Nations Development Programme, New York
Wilson W (1887) The study of administration. Political Science Quarterly 2(2):197–222
Wood BD (2010) Agency theory and the bureaucracy. In: Durant RF (ed) The Oxford handbook of American bureaucracy. Oxford University Press, Oxford

# Development Impact Fee Program

Gregory S. Burge
University of Oklahoma, Norman, OK, USA

## Synonyms

Capacity fee; Capital expansion fee; Capital recovery fee; System development charge

## Definition

Development impact fees are one-time levies imposed by a local government during the permit approval process. They are levied according to a schedule of fees that has been adopted by the community. Revenues are earmarked for capital expenditures that are associated with the construction, expansion, or renovation of public infrastructure servicing the developing area in question. Traditionally, programs have been held subject to a "rational nexus" test establishing their legality.

## Introduction

Local governments have long been aware of the need to creatively raise revenues to cover the costs associated with expanding public infrastructure systems to accommodate growth. And while they are often still framed as a novel and innovative financing method, development impact fee programs are now firmly entrenched with the landscape of local governance. Thousands of development impact fee programs now operate in the United States, a surprising reality given that they did not exist 50 years ago. In fact, 29 US states – including nearly all western and southern states – have now adopted impact fee enabling statutes, while programs can be found in many other states due to the "home-rule" status of municipalities. A telling fact is that of the roughly 1,300 communities with populations above 25,000 persons, nearly 60% now use impact fees to finance infrastructure (National Association of Homebuilders 2016).

In simple terms, impact fee programs represent an attempt on the part of a local government to narrow what is often framed as a pre-existing disconnect between the development approval process and the generation of revenue that will (at least partially) be used to pay for the infrastructure costs associated with that growth. As such, they play a critical role in what can be framed as a two-part pricing scheme, where impact fees theoretically cover the fixed costs of service and property tax revenues then cover the marginal costs.

This encyclopedia entry outlines the history of development impact fee programs in the United States. It then shifts into a discussion of their causes, consequences, and likely future challenges.

From the start, it is important to acknowledge the unavoidable controversy associated with impact fees. While they have gained support from both scholars and practitioners or local public finance, they are stridently opposed by the National Association of Homebuilders, the National Association of Realtors, and many "pro-Growth" and "pro-business" local interest groups. The most frequently cited criticism of development impact fee programs among scholars is that they may have adverse effects on the availability and affordability of housing – particularly among starter homes and rental housing – thus harming already vulnerable working class and poor households. The most frequently cited criticism of these programs among government officials and developers is that they may stifle economic development and robust job growth within adopting communities. While the present exposition does not seek to advance these negative views of impact fee programs, it does take those two concerns very seriously.

## How Did We Get Here? Antecedents to Impact Fees and Their Rise to Popularity

The antecedents to development impact fee programs were in-kind exactions. These often took the form of land and/or facility dedications that were negotiated in an ad hoc manner between local governments and developers (Altshuler and Gomez-Ibanez 1993). Most early legal battles that display a connection to the topic of impact fees were actually cases centering on "in-kind" donation requirements or requirements to pay fees covering on-site development and/or connection costs. The explosion of modern monetary-based impact fee programs, where fee revenues can be spent off-site for system level improvements, dates back to a groundbreaking 1976 case where developers sued the city of Dunedin, Florida. The judge ruled in favor of the city, establishing a legal basis for allowing impact fee charges that were "reasonable, proportional, and earmarked," thus forming the three pillars of what has become known as the "rational nexus test." Shortly thereafter, in 1977, Broward County adopted what can be viewed as the first countywide development impact fee program, using language that closely followed the newly established legal protection offered from the Dunedin case. They charged $125 per newly permitted home for park services (Burge and Ihlanfeldt 2007). Moreover, just a few months later, on June 6, 1978, California voters passed the now somewhat infamous "Proposition 13" initiative that severely limited local governments' ability to raise additional revenues through property tax hikes. (Through serendipity or pure coincidence, my first breath was drawn just 3 days after the passage of Proposition 13. I grew up in a suburban Midwestern community that experienced a quadrupling of its population between 1960 and 1990. Both bear an uncanny connection to the topic of impact fees.) Scholars of Public Administration have characterized Prop 13 and the many similar pieces of legislation as part of a "property tax revolt."

Summarizing a complicated political movement in a way that is admittedly blunt, I would argue that this combination – that of newly legal development impact fees and severely hamstrung property tax programs – fueled a perfect storm and led to the explosion of impact fee programs across the portions of the United States that were rapidly adding population. In fact, a majority of the most impactful development impact fee programs currently seen in the United States date to initial adoptions during the 1980s. For example, in the State of Florida, only two counties (Broward and Palm Beach) had the program in place prior to 1980, but well over half of Florida's 67 counties, and essentially all of Florida's urban counties, had programs by the end of that decade (Burge and Ihlanfeldt 2007). Other rapidly developing states shared similar experiences. One characterization of the movement toward development impact fees is that communities quickly embraced the idea that impact fee programs were a practical and legal means of addressing budgetary shortfalls associated with adding capacity to existing public

infrastructure systems that badly needed help as they were accommodating rapid population growth (Altshuler and Gomez-Ibanez 1993). A strong piece of evidence that speaks to the effectiveness of development impact fee programs is that communities hardly ever remove programs once they are initially adopted.

## The Effects of Impact Fees on Housing and Land Markets

While development impact fee programs date to the late 1970s, their rapid growth in the early to mid-1980s is likely the factor that motivated academic interest in studying their effects on housing markets. Contributions by Snyder et al. (1986), Downing and McCaleb (1987), Huffman et al. (1988), Delaney and Smith (1989a), and Singell and Lillydahl (1990) all helped lay the groundwork for what became known in the literature as the "traditional" view of impact fee programs as it was formalized by Altshuler and Gomez-Ibanez (1993). Under this approach, development impact fees are framed as an excise tax levied on the production of new homes and commercial properties. Like other taxes, the fees are argued to shift the supply curve to the left, by the dollar amount of the impact fee, and the relevant elasticities of the supply and demand for new homes interact to determine the overall tax incidence. Similarly, to the extent that new and existing homes serve as close substitutes for one another in most housing markets, an equivalent sized positive spillover effect onto the price of existing homes occurs as well.

In the long-run, developers of new properties are assumed to be mobile across jurisdictions and thus are able to fully avoid the burden of impact fees. The incidence is then either shifted forward to the consumers of housing in the form of higher housing prices or shifted backward onto the owners of undeveloped land. The fraction of the burden going each direction is determined by the existing elasticity conditions of the market in question. One must then acknowledge that there is no "one size fits all" answer to this question, as elasticities vary considerably across different environments. For example, the supply of new construction is not nearly as elastic in San Francisco or Seattle as it is in Houston or Oklahoma City.

More recently, contributions by Brueckner (1997), Yinger (1998), Nelson and Moody (2003), Ihlanfeldt and Shaughnessy (2004), and Burge and Ihlanfeldt (2006b) have extended the conclusions of the "traditional" view into what is now often referred to as the "new view" of development impact fees. Brueckner (1997) advances a theoretical model that compares the efficiency properties of various infrastructure financing schemes, including development impact fees. Beyond demonstrating the steady-state efficiency properties of impact fees, he shows that the direction of the effect of impact fees on construction rates is ambiguous. Yinger (1998) most directly challenges the assertions of the traditional view and is thus credited for being the main architect of the new view. In Yinger's *National Tax Journal* model, revenues from impact fee programs are used to directly provide valuable local public infrastructure. Thus, beyond the direct effect the fee has on the supply side, there are two indirect effects on the demand for housing in the adopting community. First, demand is stimulated by the enhancements to the quality and/or quantity of public services in the community. Second, impact fee revenues lessen the pressure to raise property tax revenues, such that adoption of a fee program is associated with lower current and future property tax burdens.

Extensions of the supply side implications of the Yinger model come from both Nelson and Moody (2003) and Burge and Ihlanfeldt (2006b). In the Yinger model, the impact of development impact fees of the supply of new construction is framed as unambiguously negative. However, this is not completely accurate. Nelson and Moody argue that the adoption of impact fee programs should increase the supply of land zoned and/or allowed for residential development, suggesting local planning commissions control these decisions and will therefore be more accepting of new development following the imposition of impact fee programs. Following similar logic, Burge and Ihlanfeldt (2006b) add

that communities with stringent exclusionary land use regulations in place may reduce and/or eliminate some of these barriers (or at least slow the rate of growth in their evolution over time), such that the indirect costs associated with overcoming regulatory barriers in the community are lessened. This is important since it demonstrates consistency with the literature on land use regulations (e.g., Gyourko et al. 2008; Glaeser and Ward 2009) as well as the more rigorous recent empirical investigations of the effects of impact fee programs. Put simply, the supply side effects of development impact fee programs are complicated. On the one hand, they add a monetary cost to the development process. On the other, developers may benefit from the greater supply of developable land and reduction in other regulatory development barriers.

Turning to the empirical evidence on the effects of impact fees, most of the early literature focused on the way impact fee programs influenced home prices. These include Delaney and Smith (1989a, b), Singell and Lillydahl (1990), Nelson et al. (1992), and Skaburskis and Qadeer (1992). These studies produced a set of largely inconsistent findings. The likely culprit, at least in part, was that the studies did not have access to appropriate longitudinal data capable of overcoming a strongly suspected endogenous relationship between the variables of interest (i.e., the idea that development impact fees are more likely to be adopted in communities where housing prices are already on the rise due to population growth). For example, Singell and Lillydahl find that a newly adopted $1,182 impact fee increases the price of new homes by just under $4,000 but that the same impact fee caused the price of existing homes to rise by over $7,000, a highly implausible result. Of these early investigations, the piece by Skaburskis and Qadeer produces the set of findings that is most consistent with more recent studies that have used more methodologically appropriate panel data estimation techniques. They find the positive price effect to be roughly 1.2 times the size of the impact fee itself.

Burge and Ihlanfeldt (2006b) use 11 years of panel data from Florida to investigate the price effects of County level impact fee programs across distinct size/quality segments of the market for new homes. Adding a number of relevant control variables and, most importantly, using panel data fixed effects techniques, this study overcomes the endogeneity issue and estimates that a $1 increase in impact fees will increase the price of small-, medium-, and large-sized homes by $0.39, $0.82, and $1.27, respectively. This marked the first piece of evidence for the now robustly supported idea that development impact fees cause a rightward shift in demand that is roughly proportional to the value of the home, for both new and existing homes.

The capitalization effects of impact fees into land prices have also been a consistent area of interest in the literature. Burge (2014) investigates the potentially nuanced effects that various categories of development impact fees have on the price of both residentially zoned and commercially zoned undeveloped land parcels. School impact fees, which are paid only by residential developers, are shown to be negatively capitalized into the value of residentially zoned parcels but increase the value of undeveloped commercially zoned land. Other meaningful asymmetries surface when considering utility fees (i.e., water and sewer system fees). In this case, a strong negative effect is found for residentially zoned land, but no effect is found for commercially zoned land – providing at least some anecdotal evidence that commercial development may value utility services more intensively than residential customers. Regarding traditional categories of impact fees including transportation, fire, police, and park fees, a negative effect on value is found for both categories, but the effect is much smaller in magnitude for the residentially zoned parcels – an intuitive result when considering that residential demand is likely to be willing to pay more to live in communities with high-quality public services than would be the case for commercial development.

Beyond the effects of home prices, which the literature has always shown to be positive, the effects of development impact fees on construction rates merit attention due to the theoretical ambiguity established by Brueckner (1997). In fact, one of the biggest concerns associated with implementation of development impact fee programs is that some worry they will stifle the

production of affordable new homes most dramatically, potentially exacerbating housing affordability issues (Anthony 2003). However, the empirical evidence does not support this claim. To address the question of whether or not impact fees help or harm the provision of affordable housing opportunities, Burge and Ihlanfeldt (2006a, b) investigate the effects of impact fee programs on construction rates for both single family and multifamily housing. In doing so, they estimated separate models for Florida's central cities, inner and outer suburban areas, and rural areas. They find that impact fees used to fund infrastructure otherwise financed through property tax revenues (e.g., roads, parks, schools, fire, and public safety) have a positive effect on residential construction rates in suburban areas but have no significant impact on construction rates in central-city and rural communities. This result holds for both single family and multifamily housing. For affordable housing, including apartments, the positive affect seems to be limited to the inner suburbs, whereas it applies to both inner and outer suburban communities when considering larger homes. These results seem consistent with the idea that exclusionary barriers to affordable housing may be sufficiently strong in outer suburban areas – where populations are more homogenous with respect to both race and income – such that any small reductions in their stringency associated with the imposition of impact fee programs may simply not be enough to stimulate the production of affordable small homes and apartments in exclusive outer ring suburban areas.

## The Next Generation of Impact Fee Programs

From the early adoptions seen in the late 1970s to the programs administered today, the specific elements embodied within development impact fee programs have evolved relatively quickly. For example, many programs now charge higher fees for larger homes and/or homes that have more bedrooms, as compared to most early programs which levied uniform rates. Another example of this evolution is that a significant number of programs now contain different impact fee zones, where charges are higher (lower) in areas that have particularly underdeveloped (already developed) existing infrastructure. Another element of the evolution of impact fee programs comes from expansions in what types of services are covered. Early programs were mostly contained within four core areas: utilities, transportation, parks, and public safety. Now it is common to see programs for education finance, public transportation, and even environmental mitigation fees devoted to advancing sustainable development patterns (Burge and Ihlanfeldt 2013). There is good reason to believe this trend will continue as the fields of planning, economics, political science, public administration, sociology, legal studies, and geography continue to advance our understanding of the deeply interconnected economic relationship between newer and older properties situated within the same community, as well as the relationship between the various communities situated within the same regional/metropolitan area.

## Conclusions

This entry seeks to provide a brief overview of the historical expansion of development impact fee programs in the United States. It also illustrates their current position within the overall landscape of local public finance, including summaries of how impact fee programs influence various outcomes within local housing markets. In doing so, both efficiency-related and equity-related concerns were given attention. My hope is that a broad introduction to the topic has been advanced, such that readers will walk away having learned a handful of key pieces of information but are also left with a hunger to learn even more about this provocative and innovative tool of local public finance. At the end of the day, those within the fields of public administration and economics should be deeply concerned with how to best "get the pricing right" when it comes to paying for local public services – a topic introduced over 50 years ago by Charlie Tiebout – and one that stands to this day as the source of much controversy (Tiebout 1956).

Development impact fee programs can and should play an even more enhanced role in matters of local public finance than they do currently. Essentially every sizable growing community should have at least a basic impact fee program in place to address the issues associated with accommodating growth. *The costs of building/expanding public infrastructure and/or services should be covered through impact fee revenues. The costs of operating and maintaining public infrastructure and/or services should be covered through property taxes or other local taxes.* Viewed through the lens of an efficient two-part pricing mechanism, development impact fee programs can serve as valuable Coasian bargaining mechanisms that mitigate the frictions characterizing the contentious relationship between local governments and the development community. Although the two sides may always have somewhat divergent goals – those divergent goals can be pulled a few steps closer to one another through well-designed impact fees.

## References


Altshuler A, Gomez-Ibanez J (1993) Regulation for revenue: the political economy of land use exactions. The Brookings Institution/Lincoln Institute of Land Policy, Washington, DC/Cambridge, MA

Anthony J (2003) The effects of Florida's growth management act on housing affordability. J Am Plan Assoc 69:282–296

Brueckner J (1997) Infrastructure financing and urban development: the economics of impact fees. J Public Econ 66:383–407

Burge G (2014) The capitalization effects of school, residential, and commercial impact fees on undeveloped land prices. Reg Sci Urban Econ 44:1–13

Burge G, Ihlanfeldt K (2006a) The effects of impact fees on multifamily housing construction. J Reg Sci 46:5–23

Burge G, Ihlanfeldt K (2006b) Impact fees and single--family home construction. J Urban Econ 60:284–306

Burge G, Ihlanfeldt K (2007) Documenting the rise of impact fees in Florida. In: Growth management in Florida: planning for Paradise. Ashgate Press, Aldershot

Burge G, Ihlanfeldt K (2013) Promoting sustainable land development patterns through impact fee programs. Cityscape 15:83–105

Delaney C, Smith M (1989a) Impact fees and the price of new housing: an empirical study. Am Real Estate Urban Econ Assoc J 17:41–54

Delaney C, Smith M (1989b) Pricing implications of development exactions on existing housing stock. Growth Change 20:1–12

Downing P, McCaleb T (1987) The economics of development exactions. In: Development exactions. Planners Press, Washington, DC

Glaeser E, Ward B (2009) The causes and consequences of land use regulation: evidence from greater Boston. J Urban Econ 65:265–278

Gyourko J, Saiz A, Summers A (2008) A new measure of the local regulatory environment for housing markets: the Wharton residential land use regulatory index. Urban Stud 45:693–729

Huffman F, Nelson AC, Smith M, Stegman M (1988) Who bears the burden of development impact fees? J Am Plan Assoc 54:49–55

Ihlanfeldt K, Shaughnessy T (2004) An empirical investigation of the effects of impact fees on housing and land markets. Reg Sci Urban Econ 34:639–661

National Association of Homebuilders (2016) Impact fee handbook. https://www.nahb.org

Nelson AC, Moody M (2003) Paying for prosperity: impact fees and job growth. Working paper. Brookings Institution, Center on Urban and Metropolitan Policy

Nelson AC, Lillydahl J, Frank J, Nicholas J (1992) Price effects of road and other impact fees on urban land. Transp Res Rec 1305:36–41

Singell L, Lillydahl J (1990) An empirical examination of the effects of impact fees on the housing market. Land Econ 66:82–92

Skaburskis A, Qadeer M (1992) An empirical estimation of the price effects of development impact fees. Urban Stud 29(5):653–667

Snyder T, Stegman M, Moreau D (1986) Paying for growth: using development impact fees to finance infrastructure. Urban Land Institute, Washington, DC

Tiebout C (1956) A pure theory of local expenditures. J Polit Econ 64:416–424

Yinger J (1998) The incidence of development impact fees and special assessments. Natl Tax J 51:23–51


# Development of E-Government and Its Challenges, Iran


Hassan Danaeefard[1], Akbar Hassanpoor[2] and Tayebeh Abbasi[3]

[1]Faculty of Management, Tarbiyat Modares University, Tehran, Iran

[2]Faculty of Management, Kharazmi University, Tehran, Iran

[3]Faculty of Management, Tehran University, Tehran, Iran


## Synonyms

E-government; Information and communication technology

## Definition

E-government refers to the utilizing of information and communication technologies to develop and improve the relationship between government, citizens, businesses, and other society entities.

## Introduction

E-government has been an important outcome of rapid developments in information and communication technology (ICT), whose implementation has dramatically changed the conduct of social life and the management of countries. This social phenomenon is a combination of information technology and web information network, which aims to directly serve citizens, businesses, and government sectors.

Using e-government, countries can satisfy citizens and reduce costs as well as enhance their power to monitor society. Regardless of the type of government managing a society, e-government helps governors in leading that community toward their goals.

On the other hand, the implementation and development of e-government has often been focused on making changes in the processes of public organizations, such as decentralization, improving efficiency and effectiveness. However, there is no single definition for e-government, and this is due to the dynamic and changing nature of technology. The information and communication technology is applied to improve efficiency and effectiveness, information transparency and comparability of information, and monetary transactions in the government; between government-to-government-affiliated organizations at the national, municipal, and local levels (G2G); and information and monetary transactions to citizens (G2C) and to business (G2B) and to realize e-government. E-government enables double-sided access to information via ICT and leads to greater empowerment of people in using information. In fact, the existence of such networks based on ICT changes the relationship between the people and the government.

Accordingly, all governments are increasingly using ICT in the form of e-government to perform their daily tasks and operations, thereby resulting in an increased research focus on e-government, and researchers have developed diverse conceptual and theoretical models to understand the various aspects of e-government.

For the past two decades, Iran has been taking steps to implement e-government. But it has not been able to achieve its goals as yet. The following section will define e-government and also investigate the status of e-government in Iran as well as explain the challenges faced in application and implementation.

## Defining E-Government

There are different definitions of e-government. Some define it as the means of digital governmental information or a way of engaging in digital transactions with customers. For others, e-government consists of creating websites that present information about political and governmental issues. This is a multidimensional and complex concept, which requires a careful definition and understanding, in order to design and implement a successful program. The key element of all these definitions is the use of ICT tools to change and reinvent the public sector by transforming its internal and external ways of doing things and its interrelationships with *customers* and the business sector. The analysis of these definitions allows us to characterize the main elements of an e-government framework as per Ndou (2004):

- Transformation areas (internal, external)
- Actors, users, customers, and their interrelationships (citizens, businesses, government organizations, employees)
- E-government application domains (e-services, e-democracy, e-administration)

## E-Government Maturity and Its Models

Due to the interactions between the elements of e-government (public organizations, businesses, government employees, and citizens), e-government benefits not only the government

but also the citizens, private sector, and government employees as well. E-government is a socio-economic system and a link between government, citizens, and businesses. The strategic goal of e-government is for the government to support all the sectors interacting with it, such as governments and other public sectors, organizations, and citizens. Therefore, the aim of e-government is the realization of good governance. Good governance can be considered in terms of the ability of economic, political, and administrative authorities to better manage the country at all national and local levels. The strategic objectives of e-government can be assessed both internally (people's satisfaction and their expectations along with facilitating interactions between people by providing timely services) and externally (speed, transparency, efficiency, and effectiveness in government administrative activities).

It is important to note that according to the needs of different governments, the e-government goals are determined in different forms, and basically governments determine their goals on the basis of stages of growth and maturity of e-government, so until now they have set up and followed higher goals so as to take advantage of this phenomenon.

In the literature, there are various models. This section will now address some of the important maturity models.

## UN/ASPA Study: Five Stages of E-Government Model

This model identifies five stages to quantify the progress of e-government. It identifies the e-government stages as representative of the government's level of development based primarily on the content and deliverable services available through official websites. These stages are:

Stage 1: Emerging: An official government online presence is established through a few independent official sites. Information is limited, basic, and static.

Stage 2: Enhanced: Government sites increase; information becomes more dynamic. Content and information are updated with greater regularity.

Stage 3: Interactive: Users can download forms, e-mail officials, interact through the web, and make appointments and requests.

Stage 4: Transactional: Users can actually pay for services or conduct financial transactions online.

Stage 5: Seamless: Total integration of e-functions and e-services across administrative and departmental boundaries.

## Layne and Lee's Four-Stage E-Government Model

Layne and Lee (2001) provided a four-stage model of e-government development to help public administrators think about e-government and their organizations (Fig. 1). This model includes the following stages:

Stage 1: Cataloguing: During this stage, the initial efforts of governments are focused on establishing an online presence for themselves.

Stage 2: Transaction: In the transaction stage, e-government initiatives focus on connecting the internal government system to online interfaces and also allow citizens to carry out electronic transactions with the government.

Stage 3: Vertical integration: This refers to connecting the local, state, and federal governments for different governmental functions and services.

Stage 4: Horizontal integration: This is defined as the integration across different functions and services. In defining the stages of e-government development, the vertical integration across different levels of the same functionality is posited to precede the horizontal integration across different functions.

## The World Bank Stage Model

This model divides the process of e-government implementation into three phases. These phases

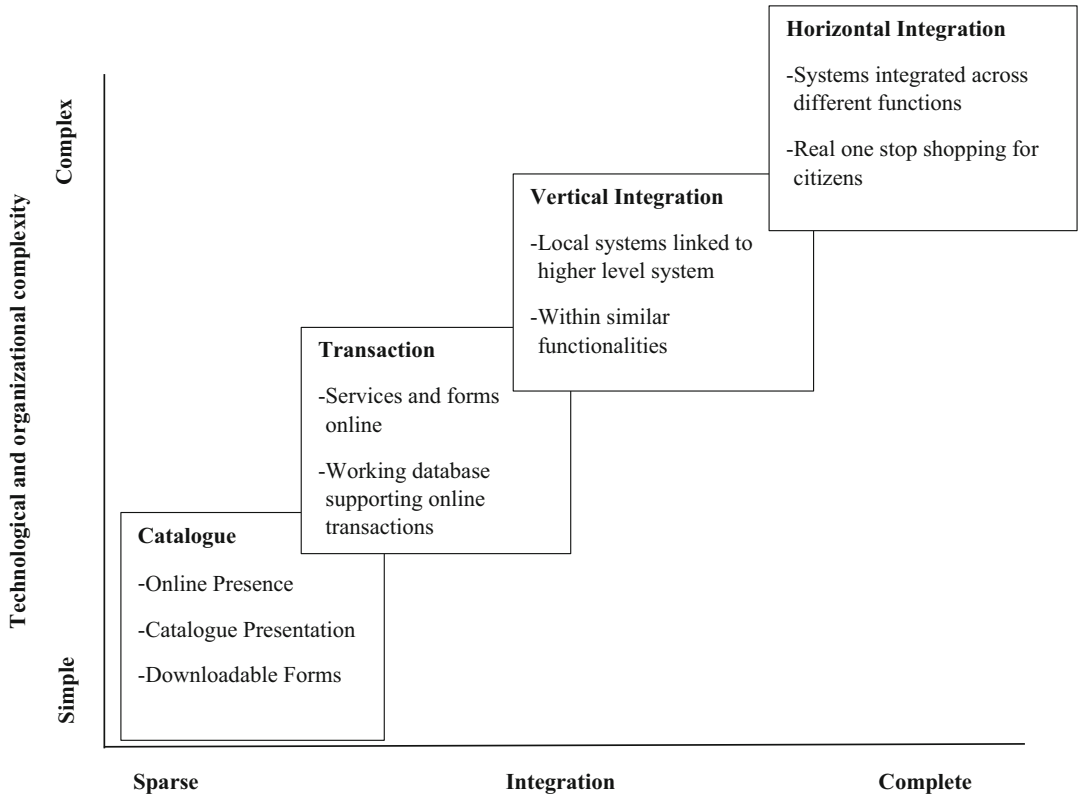


**Development of E-Government and Its Challenges, Iran, Fig. 1** The Layne and Lee E-government Model (2001)

are neither dependent on each other nor is there the need for one phase to be completed before another can begin; but conceptually, they offer three ways to think about the goals of e-government (Fig. 2).

Phase 1: "Publish": This refers to publishing sites that seek to disseminate information about the government and information compiled by it to the widest audience possible. In doing so, the published sites serve as the leading edge of e-government. During this phase, a variety of information is published on the web, including rules, regulations, documents, and forms.

Phase 2: "Interact": During this phase, the users can provide feedback and submit common legislative or policy proposals. Interactive e-government involves two-way communications, starting with basic functions like the e-mails and contact information of government officials and feedback forms that allow users to submit comments on programs or policy proposals.

Phase 3: "Transact": During this phase, the users can go for completely secure online transactions, allowing citizens to obtain government services or the business sector to transact with the government online. A transact website offers a direct link to government services, available at any time. Transact sites can enhance productivity of both public and private sectors by making the processes that require government assistance or approval faster and cheaper.

## History of E-Government in Iran

In recent decades, many countries have attempted to implement ICT in administration and service

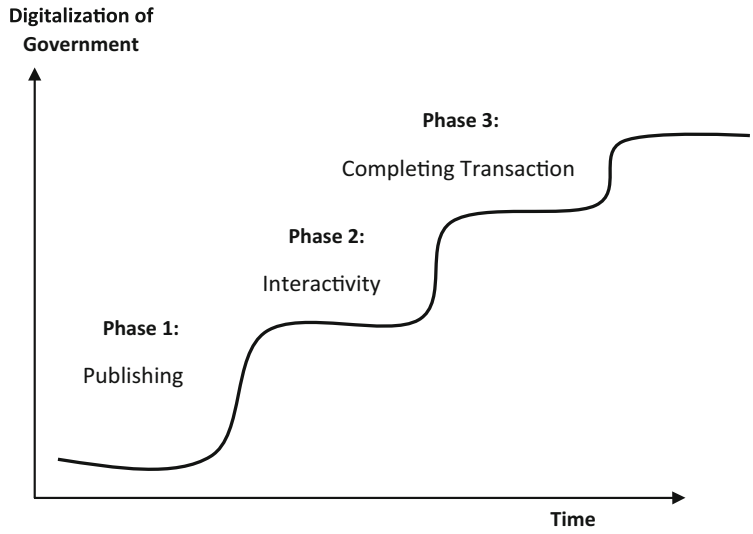


**Development of E-Government and Its Challenges, Iran, Fig. 2** The World Bank Stage Model of E-Government (2003)

provisions through these tools and the realization of e-government generally. Studies and surveys in this context indicate an extensive attempt by and competition among different countries in this field.

Along with other countries, Iran too has been making sporadic and wide efforts in implementing ICT since the past two decades. The first scheduled orientation in this field was projected in the framework of the Third Plan for the economic, social, political, and cultural development of the country. In this regard, the Iran University of Science and Technology and Kish regional organizations held a conference titled "Conference of Electronics and Internet Cities Worldwide" in May 2001, and this marked a new chapter in informing about the development of ICT and its dimensions in the country (such as e-commerce, e-banking, e-learning, credit cards, the Internet, and its various applications).

However, the first organized and comprehensive measure in this field was taken in the initial months of 2002, when the plan to modify processes and work methods as well as develop office technologies was approved as one of the seven plans for creating a change in the country's administrative system.

In this regard, a proposed regulation "IT Application Development" with the acronym "TEKFA" was approved by the Cabinet. The plan to coordinate the implementation of ICT in the country was approved on 30 June 2002 and communicated to the relevant organizations for execution. In order to clarify the plan's framework, the country's Supreme Council of the administrative system approved the plan to develop information technology in the country's administration (administrative automation plan) on 6 July 2002. The realization of e-government in the country came as a bill which was proposed by the country's management and planning organization. The mentioned plan, which included the obligatory automation of general and specific activities of government agencies, was communicated to be executed by all the government agencies.

The continuation of this plan was endorsed in 2004 with the passing of the Law of the Fourth Economic, Social, and Cultural Plan of Islamic Republic of Iran. The things that the law considered explicitly in this regard included obligating the government to establish a system of electronic banking; extending the application of ICT in economics, commerce, and trade; updating databases and information centers; providing services by public organizations through computerized and networked systems; and so on. Also in 2007, the document of comprehensive IT system was approved. This document identified the strategic areas of ICT, fundamental objectives, strategic directions, as well as strategies for achieving the future goals of the Islamic Republic of Iran in this regard.

Now, the Law of the Sixth National Development Plan determines the future of Iran's approaches and measurements in the field of e-government and e-services. This plan is in the form of articles, and it clearly deals with the issues of the development of electronic services and e-government; and e-health, e-banking, e-services, communication infrastructure, and government databases are among the important items included in this law.

## Analysis of the Status of the Iran's Performance in Realizing E-Government

The main objective of the development of IT applications and the realization of e-government in Iran is to provide effective and efficient services and to respond favorably to the citizens using ICT (the analysis and evaluation of the status of Iran's performance in the field of e-government is based on the findings of three studies by the Parliament Research Centre, by the Strategic Research Centre of the Expediency Council, and by the Communication Research 13 of the budget of 2007 of websites of governmental organizations and the way of providing e-services, the office of new technologies of research center of Parliament, accession number 9456 2008. The report of prioritizing public e-services in the country, the office of new technologies of research center of Parliament, accession number 9555 2013; The evaluation of e-government, office of studies of new communications and technologies of research center of Parliament, accession number 10283 2010). In order to achieve this goal, Iran has framed and approved several laws and regulations related to e-government and provided public services. The most notable among these are TEKFA or the plan to develop information technology (2002), the electronic commerce law (2003), the fourth development plan (2004), the document of comprehensive system of information technology in the country (2007), the law of country's services (2007), the law of publication and free access to information (2009), the fifth development plan (2009), and the sixth development plan (2016).

In addition to these laws and regulations, several institutions and councils have been formed and vested with some responsibilities and duties to realize e-government. The three most notable among these are the Supreme Council of Information Technology, the Informatics High Council, and the Supreme Council of Information.

However, neither the multiplicity of laws and supporting documents nor the creation of multiple institutions and councils to develop ICT has been able to realize the anticipated goals of e-government.

Studies on the status of e-government, and especially those on the fulfillment of the laws and regulations to support the continuous development of information technology and electronic services, reveal that although the presence of different organizations in electronic space has seen a significant growth quantitatively and the process of providing services through government websites is growing and improving, in terms of the stages of e-government establishment, the majority of government sites under study (conducted by the office of new technologies of parliament research center to analyze and prioritize public electronic services in the country and a survey of 55 public organizations in Iran (the basis of analysis in this study is the investigation of governmental websites on the basis of the UN model's five stages of maturity of e-government)) are in the process of upgradation and development, and therefore the objectives anticipated in the planned laws are not realized. In addition, the report's findings show that the providing of services by the websites of organizations and institutions related to learning and economic activities was better than those of cultural and social organizations and civil services; and therefore the websites of institutions such as the Ministry of Education, the Ministry of Science, Research and Technology, the National Education Measurement and Evaluation Organization, universities and banks, statistics center, etc. are the pioneers in providing electronic services (the assessment report of proper implementation of Article 13, Budget Law 2007, 2008).

Another important point is that one of the key measures of information linkage between public

organizations has not been established or just partially established. The main reasons for the imbalance between executive organizations in e-government activities include the lack of determined responsibility, the lack of coherent planning, the lack of informational support by institutions for each other, and the lack of proper coordination between these institutions. Therefore, e-government policymakers should prepare the necessary context for rapid and cheap information exchange before drafting new laws. Moreover, informational support between various institutions is essential for providing electronic services and preventing wastage of resources. On the other hand, the performance of e-government operations without preparing the appropriate infrastructure, relying merely on equipping offices and organizations with modern technologies, and establishing websites would not have the desired results. In addition, recent reports from the e-government establishment and the degree of realization of the laws' anticipated goals and supporting documents suggest that according to global and standard e-government development indices, the anticipated results and objectives have not been achieved yet. According to the UN's E-Government Development Index, Iran is placed among the moderate countries (from 25 to 50) in this regard. The index listed four categories of countries – highly desirable (75 and above), desirable (from 50 to 75), moderate (from 25 to 50), and undesirable (less than 25) (UN 2014).

Also in terms of progress of the government's main sites as per the five-step framework of e-government development, a survey of 55 sites in Iran showed that only four websites are developed for complete transactions, and though most websites have good notification status (compared to other aspects of services), very little transactional services are offered by them.

On this basis, it seems that the development of e-government in Iran has not been good as compared to other countries, and the progress too has not been in accordance with the anticipated plans and objectives, and it faces obstacles and challenges that need to be addressed in order to achieve the government's anticipated goals. The remainder of this section will refer to some of these challenges.

## Challenges to the Realization of E-Government in Iran

As previously discussed, notwithstanding the fact that Iran has performed some actions for the preliminary implementation of e-government, the main orientations of the country in this area indicate that the implementation of e-government has not been realized. However, given the extent of the phenomenon and the requirements of the modern world, progress in this area requires removing some challenges. An inspection of the current situation on the process of implementing the e-government project shows that some of these challenges pertain to the vastness in terms of nature and importance of e-government and its related requirements, and some of them are due to the infrastructure situation and features of countries like Iran. Some of these significant challenges include:

1. **The need for management support**: Undoubtedly, one of the most important factors in the implementation of projects such as e-government is senior managers and committed leaders who are charged with the responsibility of leading and controlling their implementation. In the context of e-government project implementation, it requires broad changes in government structure, sufficient investment, coherent planning, as well as the participation and cooperation of different sectors, and so the need for full support of senior management is more crucial. In other words, the managers tasked with the implementation should be capable enough in political and executive areas on the one hand, and they should well perceive the need for IT, make the appropriate changes, and remain committed to it, on the other hand.

   The experience of countries with high levels of e-government capacity and development indicates that one of their key features is the determination and commitment of senior

management has led to the approval of strategic e-government plans in the highest echelons of their governments. This commitment has led to the inclusion of e-government in the laws pertaining to the overall development plans of those countries. In this area, a look at Iran's e-government status reveals that notwithstanding the efforts made in the implementation of e-government, the top management in the country has failed to address this phenomenon and its related issues to the extent required.

2. **Expertise and knowledge required to use information technologies**: A major prerequisite for the effective use of ICT in society, particularly among the staff of government organizations, is expertise and knowledge. Certainly, exploiting ICT, particularly in public organizations, and maintaining the technology infrastructure require people with IT skills.

   The staff of government organizations should be familiar with new tools and systems as well as have the ability to work with them easily. In addition, government agency managers should also be trained in the area of applying IT.

   An examination of the status of employees shows that they (especially those in the public sector) are not familiar enough with the capabilities and effective utilization of ITC. In such circumstances, they have to work as per their previous work patterns, and they cannot use the features of the new systems optimally. Moreover, public sector managers do not have the expertise and also not trained enough in the application of ICT, and so they have less incentive to use new technologies. In order to resolve this problem, there is a need to establish educational systems with better quality so that government agency managers and employees are able to adapt themselves to the needs of developing ICT and the accompanying changes as well.

3. **The need for sufficient capital and funding**: The implementation of e-government encompasses many projects that need huge finances. Accordingly, the high level of funding needed is a major issue with the implementation of e-government in most countries. On the one hand, an e-government project needs the development of telecom infrastructure to reliably take advantage of the benefits of new technologies and communication tools. On the other hand, given that the optimal use of ITC for e-government requires an expert workforce, therefore grooming and training of such a workforce requires budget and capital. On this basis, the lack of required capital and funding is one of the main problems and obstacles faced by many countries in the implementation of e-government.

   **Lack of appropriate infrastructure**: The development and implementation of e-government, on the one hand, requires necessary legal support, and on the other hand, it needs institutions to facilitate the procedure as well as help in coordination and guidance. The experience of countries successful in implementing e-government suggests legal support and backup for projects (at the macro-level of developmental programs). The existence of a legal framework is very important for systematizing the establishment of e-government. Moreover, structural changes in organizations to facilitate e-government as well as the formation of coordinating institutions in this regard are common features of countries with highly developed e-government. An investigation of this phenomenon in Iran suggests that the current structure of government agencies is not particularly suitable for taking advantage of ICT. In addition, different public organizations now use different systems at diverse levels and have different functions, contrary to the e-government objective of integrating and organizing various government services. Thus, a basic requirement for realizing e-government is to review and improve this area. On the other hand, the lack or the low capability of ICT infrastructure is one of the primary challenges to e-government implementation. The ICT infrastructure not only comprises telecommunications and computer equipment but also e-readiness and ICT

literacy. The information and communication technology literacy refers to the use of digital technology, communications tools, and/or networks to access, manage, integrate, evaluate, and create information in order to function in a knowledge society. On the other hand, digital divide (the gap in opportunities between those with access to the Internet and those who do not) is another challenge. This is because those who lack access to the Internet are unable to benefit from e-government services.

4. **Public-private partnership in the implementation of e-government**: A partnership between public and private sectors is very important for the rapid realization of e-government. Compared to public sector organizations, their private counterparts have seen faster implementation of new technologies as well as significant progress in e-commerce. Hence, the private sector would be highly effective in promoting e-government. In addition, private sector personnel are better trained in ICT use and thus have better adaptability to the consequent technological changes as compared to the public sector, and therefore private sector employees have more incentives to exploit new technologies.

   The above description makes it evident that the participation of both private and public sectors is important for the realization of e-government. In the public sector, ministries and government agencies and, along with small and medium economically active enterprises in the private sector, private companies that are active in ICT would play key roles. However, due to the state structure of Iran's economy, the main thrust is on the government to promote efficiency and productivity of economic activities by improving its administrative and management systems. In such a situation, the government faces serious challenges pertaining to the need for adequate funding and capital as well as the need for adequate staff (given the absence of an active force within government agencies familiar with new technologies and the limitations of government budget as well).

5. **Challenges concerning security and privacy**: Like in other countries, one of the major issues with e-government is the security and privacy of people as well as setting up secure and reliable communication networks. E-government enables the government to interact with businesses and citizens in order to access governmental services. Such interactions involve the transfer of large volumes of data and information, and this trend is increasing by the day. Hence, in order to increase e-government efficiency, particularly in the area of Internet-based systems, the citizens and other entities interacting with government agencies should be assured of the safety and security of their data and financial information so that they could trust the public sector to have installed the necessary security principles in all governmental systems and interactions.
6. **Creating a cultural context**: The adoption of modern technologies to access governmental information and services entails great changes on the cultural and social fronts as well as in governmental structures. Creating awareness about ICT and its benefits among citizens as well as adapting to the fact that e-government entails services being offered in a new ICT-based manner would require training and attempt on a large scale.

   Many people, including government employees and citizens, may not be motivated enough to take advantage of ICT due to diverse reasons, including the fear of changes, etc. On this basis, the government faces a challenge to find ways for persuading and encouraging people to use new technologies.
7. **Resistance to e-government as a change**: Employees' resistance to change has always been the main challenge to all successful innovations. E-government is a new phenomenon and complex as it entails a transformation from manual work methods to electronic ones. These changes will create a new advanced environment, which will be completely different from what government departments have been used to for years. Many employees perceive the implementation of e-government as a threat to their powers, positions, and jobs.

Creating incentives for employees to learn and adapt as well as implementing plans to embrace employee participation across all stages of the change process can successfully overcome employee resistance. To decrease resistance, employees have to understand the importance and significance of e-government systems and that their jobs were safe. At the same time, the employees can be reassigned new roles through retraining and skill developments. Moreover, it is very difficult to forego traditional work methods and learn new ones within a short time.

These are the major challenges in the implementation of e-government. Although these are not the exclusive problems related to e-government, overcoming them successfully is necessary for the effective implementation and development of the new system in the public sector.

## Conclusion

E-government is a free flow of information that enhances the effectiveness of knowledge, relationships, opportunities, and time. Related tools (Internet) change the way citizens interact with each other and their relationship with the government, the relationship between government departments, and their relationship with the private sector. Regarding the rapid development and penetration of this phenomenon (for instance, e-commerce penetration in the global economy in the recent past), the transition from the traditional system of governance to e-government looks inevitable for many governments. Investigations suggest that e-government is being implemented in Iran in order to evolve administrative systems (in the form of evolution plans) and to bring about changes in government applications, fertilizing working processes and procedures as well as increasing accountability and clarity. Within this framework, the Iranian government has promoted e-services based on the concepts of participation and accountability as well as facilitated the procedure of service delivery.

However, the study suggests that the anticipated targets for e-government have not been realized in accordance with what was planned originally. Therefore, government departments need to improve their performance regarding the fulfillment of e-government assumptions (better services to citizens and better accountability). In many countries, especially in developed countries, astonishing changes have occurred in the area of e-government despite the challenges facing its implementation. However, the aim is not exactly to increase Iran's rate of adoption of e-government to match the other countries, but learning from the experiences of those countries would provide more appropriate and logical solutions to boost the implementation of e-government and to remove obstacles. Therefore, in order to improve the realization of e-government, it is necessary to pay attention to some essential points, one of them being coherence in plans associated with the project. Also, e-government should be given priority in the country's development plan, and it should be supported with more applied researches at the same time. Moreover, it is important to realize that e-government entails new processes and changes in relationships between the public and sector and citizens as well as the other sectors that use government services, and therefore they have their own requirements. Realization and improvement of e-government require strong management and leadership; strong management can ensure long-term commitment of resources, expert workforce, and other resources and capital needed for creating and exploiting it.

In this area, the government has to create and examine new relationships between citizens and the public sector, between government departments, and between private sectors. Being citizen centric by providing them optimum services is the prime vision of e-government, and policymakers should integrate this in the system design, policymaking, and planning related to this area. We hope that e-government will move toward the anticipated goals of facilitating and optimizing service delivery to citizens and also be integrated in the framework of our cultural values and societal issues.

## References

About Fifth Development Plan Bill (2011) Evaluation of E-government, parliament research center office of communication and new technologies studies, serial number 10283

Layne K, Lee J (2001) Developing fully functional E government: a four stage model. Gov Inf Q 18(3): 122–136

Ndou V (2004) E-government for developing countries: opportunities and challenges. Electron J Inf Syst Dev Ctries 18(1):1–24

The evaluation of E-Government, office of studies of new communications and technologies of research center of parliament, accession number 10283 (2010)

The Law of the Fourth Economic, Social and Cultural plan of Islamic Republic of Iran, Organization of Management and Planning (2005–2009)

The report of evaluating the proper execution of clause 13 of budget of 2007 of website of governmental organizations and the way of providing e-services, the office of new technologies of research center of parliament, accession number 9456 (2008)

The report of prioritizing public e-services in the country, the office of new technologies of research center of parliament, accession number 9555 (2013)

The Third Economic, Social and Cultural Law of Islamic Republic of Iran, Organization of Management and Planning (2000–2004)

United Nations Division for Public Administration and Development Management (2014) United Nations E-Government Survey, E-Government for the Future We Want. http://www.unpan.org/dpadm

United Nations Division for Public Economics and Public Administration (2001) Benchmarking E-government: a global perspective – assessing the progress of the UN member states. http://pti.nw.dc.us/links/docs/ASPA_UN_egov_surve y1.pdf. Accessed 2 Jan 2010

World Bank (2003) World development indicators. http://www.worldbank.org/data/wdi

# Development of E-Government in South Africa

Liza Ceciel van Jaarsveldt
Department of Public Administration and Management, University of South Africa, Pretoria, South Africa

## Introduction

Since 1994, the development and use of e-government services in South Africa have moved through many different stages, some more prosperous and successful than others. Some presidents, for example, Nelson Mandela and Thabo Mbeki, strongly emphasized the use of technology and e-government for development in South Africa. According to Jensen (2001, p. 4), this emphasis led to the development of the best information and communication (ICT) infrastructure on the African continent. However, the current President, Jacob Zuma, does not share this view of the importance of technology and e-government, as can be seen in the World Economic Forum Information Technology Report 2015, that has shown South Africa's ICT status deteriorating. South Africa lost three places in the 2015 report, resulting in the former leader of technology and e-government on the African continent now being ranked third, behind Mauritius and the Seychelles. The United Nations 2016 E-Government survey also ranked South Africa third on the continent behind Mauritius and Tunisia.

This entry presents a historical perspective of the development of e-government in South Africa. The entry used a qualitative research methodology to determine how e-government services developed in South Africa since 1994. First, the entry started with a review of scholarly literature related to the development and use of e-government in South Africa. From the review of literature on e-government, it was determined that a number of related terminologies, for example, technology, information and communication technology, social media, the internet, mobile phones, smart phones, and access to technology, affect and relate to the development and use of e-government in South Africa. Secondly, literature relevant to government policy on the development and use of e-government was identified and reviewed. Thirdly, a literature review of the current use and status of social media platforms in South Africa was conducted to assist in providing a theoretical perspective for this entry. These three themes were used as a framework to determine how e-government services developed since 1994 and what the current status and level of use of these services are.

## Historical Development of E-Government in South Africa

In 1994, with the first democratic government being elected, South Africa entered a period of transition, growth, and change. After 1994, government in South Africa underwent various changes and transformations. Moving from an apartheid state to a democratic state with a majority rule system posed many challenges. Many of these challenges have remained to this day, more than 20 years after the first democratic elections were held. They include a lack of housing, poverty, a high unemployment rate, and a lack of providing quality education and adequate health care. Given these challenges, the use of technology was viewed since 1994 as a tool to support and promote development. According to Cloete (2012), the new South African government acknowledged the important role of e-government in supporting public service delivery early on. This is evident in a speech that former President Nelson Mandela (**1994–1999**) gave in Johannesburg in 1995: "[S]cience and technology need to be exploited to the full . . . [W]e need to develop industrial processes and technologies which are appropriate to our local conditions, our climate and our needs to create employment" (South African History Online 1995). During the same year, on 3 October, he also stated: "[N]ot even the most repressive regime can stop human beings from finding ways to communicate and obtain information. This applies in equal measure to the information revolution sweeping the globe. No one can roll it back. It has the potential to open communications across all geographical and cultural divides . . . Converging developments in the fields of information and communications offer immense potential to make real progress in this direction. If developing countries are to make use of the chance to join the super-highway, there is a need for a special effort to build the pool of human resources . . . [A] massive investment in education and skills transfers is essential if the South is to compete in the global communications marketplace" (Mandela 1995). This speech formed the basis for the move in South Africa towards participating in the information society, which was also linked to the macro socioeconomic policy envisaged then. During this time, the Telecommunications Act, 1996, came into effect and the National Telecommunications Forum was established to improve nationwide access to telecommunications. During 1997, Mandela reaffirmed his view of the importance of technology: "[O]ne of the wonders of modern age is that we can overcome many of the obstacles that nature and misfortune impose on us. If we all co-operate to use the technology that is available, then there is little that can stop us" (South African History Online 1997).

This view was further advocated by former President Thabo Mbeki (**1999–2008**) at the G7 meeting of the Information Society in Brussels: "[W]e must strive to ensure that each individual whatsoever his or her station in life play a meaningful role in decision making and in governance. One of the ways this can be done is to ensure that citizens have access to information" (Mbeki 1995). Mbeki focused on electronic training and education and an increased public awareness of the importance of ICT literacy. Moreover, he promoted universal access to public telephones in schools and hospitals, especially in the poorest parts of South Africa. This included the erection of 2.69 million new telephone lines in remote, disadvantaged areas (Singh 2010). These landlines supported the development of telecenters in disadvantaged areas that created community access points at multipurpose community centers, cyber labs, public information terminals, and public libraries.

These service centers were created as a one-stop center where government, as well as other service providers, could provide services and information to local communities that probably would otherwise not have had access to information technology (Thlabela et al. 2006). During this time, South Africa experienced a "boom" in technology, as it was evident that government was committed to the growing information society and it propagated the benefits of using technology in government (Department of Communications 2016; Fraser-Moleketi 2002). The *Green Paper* (DOC 2016, p. 15) formulates the view of the

South African government regarding the influence of information technology as follows:

> [T]he increasing pace of technological innovation such as the rapid integration of the Internet and other telecommunications based activities into nearly every sphere of life has given rise to new ways of communicating, learning and conducting business. The Internet has facilitated the establishment of a borderless environment for communications and the electronic delivery of certain services. Convergence of technology is the major driving factor that contributes to the exponential growth of electronic commerce. Convergence goes beyond the use of technology to develop new products and services and is seen as a vehicle to improve the quality of life of society in South Africa and other developing countries (DOC 2016, p. 15).

Along with the *Green Paper on E-Commerce*, the Department of Public Service and Administration (DPSA) was mandated to promote the use of information technology in order to improve public service delivery in South Africa (DPSA 2009a). The Minister of Public Service and Administration was responsible for policymaking with regard to electronic government and published a formal e-government policy in 2001. The policy outlined a 10-year plan for implementing e-government services in South Africa, with the goal of transforming the interaction between government and society from paper-based interaction to electronic interaction. Another project that the DPSA undertook was developing the State Information Technology Agency (SITA) in 1999. The SITA focuses specifically on providing information technology products and services effectively and efficiently across the three spheres of government. Another initiative during this time was the creation of the Government Information Technology Officers Council (GITOC) (DPSA 2009b). This Council assisted government on a continuous basis in enhancing service delivery for citizens (DPSA 2009b). The Council also participated in formulating and developing an information technology security policy and procurement guidelines for information technology (DPSA 2009b). Apart from the GITOC, the Department of Science and Technology (DST) promoted the importance of technology by providing South Africa with an information technology roadmap for the future (DST 2009). Various e-government initiatives were developed by the South African government, which showed its commitment to the use of technology in government. An important e-government initiative that the DPSA undertook was the development of the South African Government Online gateway. This gateway or portal, which was initiated in 2002, is a single electronic gateway that facilitates access to all information about and services provided by the government. Since its inception, the South African Government Online gateway has increased government information that is available to the public. After the inception of the South African Government Online gateway, other e-government projects were initiated, for example, the Cape Province Gateway project, Gauteng Online, eSchool Cyberlab, e-Filing for tax purposes, e-Justice, the national automated archival information retrieval system (NAAIRS), and the broad-based black economic empowerment website (B-BBEE) of the Department of Trade and Industry (DTI). During this time, all national and provincial government departments and many local governments, specifically in large metropolitan municipalities, developed their own websites to share information (Farelo and Morris 2006).

Apart from these initiatives, the Public Administration Management Bill (No 47 of 2008) confirmed the importance of using information technology in government by stating that a "minister must promote the use of information and communication technology in institutions to enhance the efficiency of their internal and administrative operations." This includes designing a framework to facilitate and coordinate the development and enhancement of electronic services and to create a positive environment for the use of e-government services in South Africa (Public Administration Management Bill 2008, p. 10).

Between **2008 and 2009**, Kgalema Motlanthe was President of South Africa, but he was viewed as an "acting president" between national elections. In this short term serving as the president, he was not able to make radical changes or contributions to the development and use of technology and e-government.

Since Jacob Zuma (**2009 to current**) became the President of South Africa, the use of technology for development and service delivery steadily declined, as can be seen in the World Economic Forum Information Technology Report (2015) and the United Nations 2016 E-Government survey. President Jacob Zuma faced many challenges, for example, service delivery protests that turned violent, the Marikana massacre, controversy over money spent to upgrade his personal home in Nkandla, power cuts due to old infrastructure that was not maintained, xenophobic attacks against foreigners, the controversial appointment and dismissal of ministers as well as the appointment of incompetent leaders to senior positions in government, local government election results that saw the ruling party losing support, and the collusion between business, his own private interest and government (Munusamy 2016). (Matavire et al. 2010) found in their research on e-government implementation that "some leaders at the top management and government level . . . seem to have lost touch with the e-government needs on the ground." This statement clearly indicates the lack of interest by the government to support and promote the use of e-government services. The National Development Plan (2011, p. 162) states that, compared to other nations, performance of ICT is slipping down international benchmark rankings, while communication quality, speed, and cost are also significantly worse in South Africa. According to Cloete (2012), the GITOC published a new draft framework in June 2011 to support a government-wide ICT strategy. The aim of this framework was to identify new priorities that government earmarked to support the use of ICTs and to make a renewed commitment to promote e-government. However, this report does not contain concrete steps and it has failed to deliver (Cloete 2012). Lesame (2013, p. 73) concluded that ICT use in South Africa is declining after studying national and international data. While Padayachie (2010) states that due to the unsuccessful follow-through of government policies South Africa experienced ICT deployment challenges. In addition (Gillwald et al. 2012, p. 5) are of the view that a lack of effective policy implementation resulted in an uncompetitive market structure, compromised regulatory effectiveness, and weak institutional arrangements, which left South Africa dropping down international ICT indices. The authors continue to state that the high cost of broadband remains a challenge that causes a lack in growth and development for the country. Van Jaarsveldt and Wessels (2011) found that most of government's e-government initiatives are based on information sharing with citizens. The South African Government Online gateway is a good example of this. The gateway offers government information as well as a subscription service to citizens, which enables them to request government information to be e-mailed to them on a regular basis. This gateway uses Web 1.0 technology that is characterized by providing text or written information to users and a one-way flow of information. Although e-government projects in South Africa remains limited, some progress has been made, especially with the use of social media to communicate with citizens – as can be seen next.

## Social Media Use in South Africa

A review of information technology applications in South Africa indicates that South Africa currently has 4,131 million main telephone lines in use, with the best developed telephone system on the African continent. At present, South Africa has 85 million mobile cellular telephone users for a population of 53, 675, 563, which indicates that some citizens are using more than one mobile telephone (World Fact Book 2016). Of these mobile phones, an estimated 60% are smartphones, with the majority of users (84%) making use of prepaid payment services instead of contracts (Shezi 2016). Since 2016, South Africa had 27,868 million internet users, which is an increase of 1.9 million from January 2015 (Shezi 2016). This means that 53.3% of South African households have at least one member who uses the internet at home, work, university, or an internet cafe. The major reason for the increase in internet usage is the accessibility and use of smartphones, as fixed broadband usage is still limited at 5.3%

(Mzekandaba 2016). This shows the important role that smartphones are playing in South Africa. Important to note is that Statistics South Africa (2016) has found that most of these smartphone users are located in big metropolitan cities in the Western Cape and Gauteng, with some rural areas still having little or no access to the internet. In addition, big metropolitan cities such as Cape Town, Johannesburg, and Tshwane have started providing free Wi-Fi hotspots to their residents. The City of Tshwane connected 700 free Wi-Fi hotspots while 408 of these hotspots can be found in Johannesburg, providing residents with more opportunities to access the internet (Mzekandaba 2016).

With the increased use of the internet, South Africans are becoming more interested in information and giving their opinion on blogs and on social media. South Africa currently has 13 million active social media users according to Shezi (2016), while Snyman (2016) and the Internet World Stats (2016) indicate that South Africa has 13 million Facebook users. This gives a good indication of the popularity of Facebook in South Africa. Snyman (2016) also states that 77% of Facebook users in South Africa access the platform by means of their smartphones. The ten most popular social media platforms being used, including Facebook, are WhatsApp, Facebook Messenger, Google+, LinkedIn, Twitter, Pinterest, Instagram, BBM, and Skype. According to Shezi (2016), this is an indication of South Africans preferring instant messaging platforms to enhance communication with friends and family.

Although most of the e-government initiatives undertaken by government, as mentioned above, are based on information sharing with citizens, progress has been made in the use of social media. Of the 47 national government departments, 23 are available and active on Facebook, including the Department of Arts and Culture, the Department of Health, the Department of Higher Education and Training, and the Department of Tourism. The Presidency also uses Facebook to share government speeches and important policy issues, giving Facebook users the opportunity to make comments and share their views of government programs and activities. Other information, discussed on the South African government Facebook page, includes registering for government elections and the "batho pele principles." The meaning of these principles is that a better life could be obtained for all South Africans by putting people first. The principles indicate government's commitment to providing services to citizens. To date, 159,389 people have indicated that they like the South African government Facebook page (Facebook 2016).

Various South African government departments are using not only Facebook to communicate and interact with citizens but also Twitter. Of the 47 national government departments, 21 are using Twitter. This includes President Jacob Zuma who has 410,000 followers (Twitter 2016). Apart from Twitter, the South African government makes use of YouTube to share videos on, for example, bullying in schools, protecting our rhinos, and explaining how the justice system of the country works (including episodes of Let's Talk Justice) (YouTube 2016). Currently, 12 of the 47 national government departments use YouTube, although views are limited, ranging from 28 for the Let's Talk Justice videos to 37,854 for a debate on the State of the Nation Address in parliament. Only four national government departments, including the Presidency, the Department of Economic Development, the National Planning Commission, and the South African government, use Flickr, while the Department of Arts and Culture is the only national government department that makes use of Pinterest.

From the above examples, it can be seen that government, similar to the citizens of South Africa, is using social media platforms for improved communication. However, it is also clear that government sites on the different social media platforms do not have a major following or support. Government should pay attention to this shortcoming by making their sites more interesting and inviting for citizens, for example. If government takes into consideration that the number of citizens using their smartphones to access the internet and social media platforms is increasing, it could benefit government to use these platforms optimally, especially given their increasing popularity. More government departments and local governments can easily start using social media platforms to reach citizens more easily and

communicate with them more clearly. It should be noted, however, that these social media platforms only support communication between government and citizens and the sharing of information and views; they do not provide actual services, as could be done by undertaking proper e-government initiatives.

## Future Challenges and Opportunities for South Africa

At present, all government departments are supporting technology initiatives in South Africa since all of them have a webpage. Some national government departments are also making use of social media platforms although they do not have a big following. Most of these government initiatives aim at sharing information and they have done so for some time. The next phase of technology projects and e-government strategies in South Africa should therefore be developing and focusing on progressing from information dissemination to additional and improved service delivery by expanding the e-government services currently available. Government should aim to enable citizens to become more involved in online communication, transactions, services, and activities.

In the future, the main challenge for a country like South Africa is to become increasingly proactive rather than reactive in developing information and communication technology. This will require of the South African government not only to focus on promoting ICT but also to pay attention to policy implementation and regulatory assessments. South Africa already has a strong base that was created after 1994. However, it is important to continue building on this base and to improve constantly and move forward continuously. Government should make its social media platforms, for example, Facebook, more vibrant and interesting for citizens. They should encourage citizens to become actively involved, give their views, and interact on various issues with government on these platforms. Government should focus on expanding e-government services as a priority. Citizens who are increasingly using technology and smartphones and who have access to free Wi-Fi in cities are ready and geared for improved and expanded e-government services.

## Conclusion

This entry gave an overview of the development of e-government services since 1994 in South Africa. It was found that under former Presidents Nelson Mandela and Thabo Mbeki, government viewed the use of technology and the development of e-government services as a priority for development. Since Jacob Zuma became the President, developing technology and e-government has become less important.

This entry further found that citizens in South Africa are increasingly using smartphones, the internet, and social media platforms. Although some government departments are also making use of these platforms for communication, their support is low. In general, the South African government has undertaken some e-government initiatives, but for the most part, these initiatives have been based on information sharing. It will benefit the citizens, government, and the economic development of the country to make the development and use of technology and e-government services a major priority that could support the growth of South Africa.

## References

Cloete F (2012) E-government lessons from South Africa 2001–2011: institutions, state of progress and measurement. African J Inf Commun 2012(12):128–142

Department of Communications (DOC) (2016) The Department of Communication: e-services, including e-government. Retrieved 2 June 2016, https://www.dtps.gov.za/index.php?option=com...9...eservices

Department of Public Service and Administration (DPSA) (2009a) Department of Public Service and Administration: about us. Retrieved 2 Dec 2009, from http://www.dpsa.gov.za/about.asp

Department of Public Service and Administration (DPSA) (2009b) Department of Public Service and Administration: e-Government. Retrieved 2 Dec 2009, from http://www.dpsa.gov.za/egov-documents.asp

Department of Science and Technology (DST) (2009) Department of Science and Technology: about us. Retrieved 2 Dec 2009 from http://www.dst.gov.za/about-us

D

Facebook (2016) South African Government. Retrieved 2 June 2016, from https://web.facebook.com/GovernmentZA/?fref=ts
Farelo M, Morris C (2006) The status of E-government in South Africa. Retrieved 1 May 2010, from http://www.researchspace.csir.co.za/dspace/bitstream/.../1/Farelo_2006_D.pdf
Fraser-Moleketi G (2002) Budget vote speech 2002: "We are changing for the better of the people of South Africa". Retrieved 30 Oct 2002, from http://www.gov.za/speeches
Gillwald A, Moyo P, Stork C (2012) Understanding what is happening in ICT in South Africa. Evidence for ICT policy action, policy paper 7
Internet World States (2016) Retrieved 29 May 2016, from http://www.internetworldstats.com/stats1.htm
Jensen M (2001) The African internet: a status report. Retrieved 3 July 2002, from http://www3.wn.apc.org/africa/afstat.htm
Lesame N (2013) Vision and practice: the South African information society experience. J Multidiscip Res 5(1): 73–90
Mandela N (1995) Address by President Nelson Mandela at the opening of Telecom 95, the 7th World Telecommunications Forum and Exhibition. Retrieved 10 June 2016, from http://www.anc.org.za/content/address-president-nelson-mandela-opening-ceremony-telecom-95-7th-world-telecommunications
Matavire R, Chigona W, Roode D, Sewchurran E, Davids Z, Mukudu A, Boamah-Abu C (2010) Challenges of eGovernment project implementation in a South Africa context. Electron J Inf Syst Eval 13(2): 153–164
Mbeki TM (1995) South Africa and the information superhighway. Retrieved 25 July 2008, from http://www.info.gov.za/speeches/1995/990623227p4002.htm
Munusamy R (2016) A presidency of calamity: Jacob Zuma's doomed legacy. Retrieved 4 June 2016, from https://www.dailymaverick.co.za/article/2015-06-30-a-presidency-of-calamity-jacob-zuma-doomed-legicy
Mzekandaba S (2016) SA's Internet user number surge. Retrieved 5 June 2016, from http://www.itweb.co.za/index.php?option=com_content&view=article&id=153224
National Development Plan (2011) National Development Plan: vision 2030. Government Printers, Pretoria
Padayachie RL (2010) eBarometer: measuring the impacts of ICTs on development in South Africa. South Africa Government National Department of Communication, Pretoria
Shezi L (2016) SA's 26.8 million internet users spend almost three hours a day on social media. Retrieved 3 June 2016, from http://www.htxt.co.za/2016/04/29
Singh S (2010) The South African information society 1994–2008: problems with policy, legislation, rhetoric and implementation. J South Afr Stud 36(1):209–227
Snyman A (2016) Social media – the latest South African stats. Retrieved 3 June 2016, from https://www.webafrica.co.za/blog/social-media-2
South Africa (Republic) (2008) Public administration management bill. Government Printer, Pretoria
South African History Online (1995) Opening address by President Nelson Mandela at the Sub-Saharan Oil and Minerals conference, Johannesburg, 27 March 1995. Retrieved 10 June 2016, from http://www.sahistory.org.za/archive/opening-address-president-nelson-mandela-sub-saharan-oil-and-minerals-conference-johannesbur
South African History Online (1997) Speech by President Nelson Mandela, 23 May 1997. Retrieved 2 June 2016, from http://www.sahistory.org.za/archives/speech-president-nelson-mandela-baragwaneth-hearing-aid-project-sowet-23-may-1997
Statistics South Africa (2016) Community survey. Retrieved 3 June 2016, from http://cs2016.statssa.gov.za/
Thlabela K, Roodt J, Paterson A, Weir-Smith G (2006) Mapping ICT access in South Africa. Retrieved 2 Dec 2009, from www.hsrcpress.ac.za/product.php?productid=2192
Twitter (2016) Twitter.com. Retrieved 3 June 2016, from https://twitter.com/sapresident?lang=en
Van Jaarsveldt LC, Wessels JS (2011) The application of web 2.0 technologies by the South African Government. Administratio Publica 19(4):63–79
World Economic Forum (2015) Information technology report: ICTs for inclusive growth. Retrieved 8 June 2016, from http://www3.weforum.org/docs/WEF_Global_IT_Report_2015.pdf
World Fact Book (2016) South Africa. Retrieved 3 June 2016, from https://www.cia.gov/library/publications/the-world-factbook/.../sf.html
YouTube (2016) South African Government. Retrieved 5 June 2016, from https://www.youtube.com/user/JusticeGOVZA

# Development of Information Communication Technology Industry and Public Policy in South Korea

Changjun Lee[1] and Yooil Bae[2]
[1]Media & Social Informatics, Hanyang University, Ansan, South Korea
[2]Fulbright School of Public Policy and Management, Fulbright University Vietnam, Ho Chi Minh, Vietnam

## Introduction

South Korea (hereafter Korea) has enjoyed spectacular growth rates since the 1960s. Since this

time, Korea's economy has grown by an average of 7% each year and its gross domestic product (GDP) per capita has increased from 158 USD in 1960 to 29,742 USD in 2017. Nowadays, Korea is the fourth largest economy in Asia and the twelfth largest in the world in terms of GDP. In addition, many Korean companies have become global leaders in areas such as: consumer electronics, automobiles, ship building, and steel to name but a few. To these ends, the well-known "economic miracle of the Han River" has transformed Korea from that of a recipient-based economy to a donor-economy and has resulted in Korea gaining elite G-20 status.

In the context of the above, several factors have contributed to Korea's impressive growth rates namely: a favorable international market, high ratio of skilled workers, centralized financial system, and highly educated workforce. Nevertheless, academics and policy-makers have frequently cited its export-orientated economy and targeted industrial policy as the primary driver of its success (Birdsall et al. 1993). In this realm, "developmental state" theorists have argued that the state not only pushes businesses to serve its interests by controlling public finance but also is committed to finding their style of capitalism to maximize efficiency for the regional development (Woo 1991).

At the same time, some heated debates have taken place regarding the nature of the Korean state and whether it can still be considered developmental following the post-Asian financial crisis. Furthermore, given the onset of neoliberalism, the Korean state has been unable to shape their economy through its traditional means, i.e., manipulating financial resources, planning industries, and promoting strategic investment (Pirie 2016). Although state elites have retained an influence on economic and industrial development, the discursive existence of the developmental state in Korea has changed noticeably since the late 1990s.

In this vein, the introduction and subsequent explosion of Information and Communication Technologies (ICTs) provides an interesting example to contextualize the changing nature of the Korean state, particularly in relation to socioeconomic (neoliberalism) and political (democratic) practices. There were four major phases of ICT expansion in Korea in 1960–1986, 1987–2003, 2004–2007, and 2008–2014, and with this in mind, the primary aim of this entry questions how these four expansionary phases have shaped the development of ICT at a national level. In terms of outcomes, this entry uses data from the European Patent Office (EPO) and United States Trademark and Patent Office (USPTO) to map the evolution of Korea's ICT knowledge space over the period 1960–2014. Finally, this entry interprets these findings within the Korean context and draws implications for developed and developing economies alike who are keen to emulate Korea's success.

## Background: ICT and National Economic Growth in South Korea

Here, economists have provided a wealth of empirical evidence on the causal relationship between the development of ICT and national economic growth (Vu 2011). In such instances, Korea has frequently been mentioned as one of the best examples to explain the relationship between ICT and economic growth (Lee and Kim 2018). Many studies have highlighted the primacy of ICT for the development of Korea's economy citing the fact that the percentage of ICT-related products and services – as a total of GDP – has increased from 9.5% to 16.9% during 2000–2007 (Onodera and Kim 2009).

From a more geographical perspective, it is now commonplace to assume that changes in the technological structure of regions materialize in the prosperity of national economies (Lucas Jr 1988). In this context, the explosive growth of ICT throughout Korea is particularly noteworthy considering that it barely existed in the 1970s but since then has become the countries dominant industry. At the same time, the growth of ICT is also interesting because it defies traditional path-dependence theory. Put differently, the relevant literature suggests that

technologies, firms, industries, etc. enter a region when they are technologically related to the regions preexisting knowledge base (Boschma 2017). However, given that ICT was not present in Korea before the 1970s has led scholars to conceptualize its emergence from a path creationist and public-policy point of view.

It is without question that the development of ICT throughout Korea was driven largely by the introduction of ICT giants Samsung and LG (Lee 2005). That being said, it is also true that a large part of this growth was driven by a series of government-led policy initiatives. Here, the Korean government adopted an advisory stance promoting polices that nurtured those research institutions, universities, and companies, etc. activity engaged in the creation of cutting edge ICT-related technologies (Larson and Park 2014). Korea established government-owned research institutes like the *Korea Institute of Science and Technology* (KIST) and the *Electronics and Telecommunications Research Institute* (ETRI). Off the back of these research institutions, the Korean government enacted several ICT megaprojects in conjunction with top-tier universities namely the *Korean Advanced Institute of Science and Technolog*y (KAIST). These government-owned research institutions fostered a domestic absorptive capacity at the early stages of ICT development. Later on, these research institutions became incubators for the development of more sophisticated technologies, i.e., semiconductor and mobile communication technologies.

As a result of these processes, Korea gradually became the leading economy in the standardization of ICT technologies (Choung et al. 2012). For example, Korea established the standardized practice for the Code Division Multiple Access (CDMA) and subsequent third generation (3G) mobile technologies. Once Korea led the standardization of these technologies, big conglomerates, such as Samsung, SKT, and LG, were able to achieve a relative advantage in the world economy.

## Methods

### Data

Recent advances in data-driven research offer new perspectives across a spectrum of scholarly disciplines including innovation public policy, while also providing the opportunity to fill the gaps in existing theories. The novel approach applied in this entry is the knowledge space methodology (Kogler et al. 2013), and it is used to map the evolution of technology sectors (ICT in this case) via information inputs derived from patent documents.

Patent documents contain a wealth of unstructured multidimensional information, enabling scholars and experts to conduct a variety of exploratory analysis depending on their purposes. To these ends, the increasing importance of knowledge in an innovation-driven economy has been well documented by Jaffe and Trajtenberg (2002). Our focus in this entry is on patents applied for at the USPTO and the EPO between the years 1960–2014 and specifically those patents related to ICT fields. The International Patent Classification (IPC)-ICT concordance table developed by Inaba and Squicciarini (2017) was applied to filter ICT-related patents. (IPC is a patent classification tree based on fundamental knowledge and technology categories, and was originally established by the World International Property Organization (WIPO) and European Patent Office (EPO).) Our analytic sample is further restricted to the ICT-related patents which had at least one Korean inventor. This geographical restriction allows us to analyze how ICT knowledge has evolved in Korea. This entry only uses the patents applied for the two biggest patent offices in the world because those are guaranteed to represent the importance of the technologies in either technically or strategically, thereby showing the essence of the evolution of one nation's knowledge space without misleading.

### Knowledge Space in ICT

To understand the relationship between individual technologies, Kogler et al. (2013) developed the

"knowledge space" methodology which captures levels of technological relatedness based on the co-occurrence of technology classes listed on patent documents. In this entry, the knowledge space modified to understand the relationship between ICT classes and their recombination patterns by constructing an ICT class co-occurrence matrix. (See Lee et al. (in press) for the details on how to create co-occurrence matrix in ICT-related patents.) More technically, we develop four non-overlapping co-occurrence matrices: 1960–1986, 1987–2003, 2004–2007, and 2008–2014 in order to capture the technological evolution of ICT in Korea.

Next, we transform these matrices in four distinct network visualizations and discuss the successes and/or limitations of Korean ICT public policy. In addition, several network indices are applied with the attributes on nodes and edges to capture the technological convergence of ICT classes. Edge weight, $A_{ij}$, represents the co-occurrence of technology classes $i$ and $j$ or the knowledge flow from technology $i$ to technology $j$ and is used to capture the convergence between these classes. Throughout the remainder of this entry, two of the most indicative centrality measures are used: eigenvector and betweenness centralities. Eigenvector centrality, $C_E(v)$, is created to measure overall influence of the nodes across the networks. A node's eigenvector centrality is calculated by its proportional value to the sum of scores of its neighbors (see Eq. 1). Therefore, a high eigenvector score means that a given ICT class is connected to many other ICT classes with high eigenvector scores.

$$C_E(v) = \frac{1}{\lambda} \sum_{t \in M(v)} C_E(t) = \frac{1}{\lambda} \sum_{t \in G} A_{vt} \times C_E(t) \quad (1)$$

where $M(v)$ is a set of the neighbors of $v$ and $\lambda$ is a constant.

Betweenness centrality, $C_B(v)$, is measured by the number of the shortest paths that pass through each node (see Eq. 2). Betweenness centrality indicates how well a node is at bridging communities within the network. Put differently, the node with the highest betweenness centrality value is the most connected ICT class and therefore has the greatest influence in the knowledge space.

$$C_B(v) = \sum_{i \neq v \neq j \in V} \frac{\sigma_{ij}(v)}{\sigma_{ij}} \quad (2)$$

where $\sigma_{ij}$ is the number of shortest paths from $i$ to $j$ and $\sigma_{ij}(v)$ is the number of shortest paths from $i$ to $j$ that passes through node $v$.

## Findings

Table 1 shows the number of patents published in USPTO and EPO with at least one Korean inventor. There are 12 technology areas of ICT: Computer input-output and Others, Electronic measurement, High-speed computing, High-speed network, Human-interface, Imaging and sound technology, Information communication device, Large-capacity and high-speed storage, Large-capacity information analysis, Mobile communication, Security, Sensor, and device network. Among the 12 classes, *Information communication device* has always been the top patented technology in Korea. In and off itself this is not that surprising considering the fact that the public policy has highlighted the importance of ICT devices such as semiconductors since the first phase (1960–1986). Table 1 also reveals that many patents have been developed in *Imaging and sound technology* and *Large-capacity and high-speed storage* which reflect this initial phase.

Next, in order to observe patenting trends between policy transition periods, Fig. 1 calculates the growth rates for each of the 12 ICT classes. During the policy phase 2 (1987–2003), the Korean government prioritized the need for a more national network infrastructure. As a direct result of this, resources for R&D in *Mobile network* technology were prioritized and this is clearly reflected in Fig. 1.

Next, the third phase of public policy (2004–2007) highlights the importance of value-

chain and service sectors. During this time period, *Security* (337%), *Large-capacity information analysis* (326%), and *Human-interface* (310%) registered the greatest increase in patent applications.

Finally, during phase 4 (2008–2014), the government attempted to foster a healthy ICT ecosystem. During this phase, patenting in the Internet of Things (IoT) increased higher than any other sector (*Human-interface* 114%, *Mobile communication* 77%, *Computer input-output and Others* 17%, *Imaging and sound technology* 7%, and *Information communication device* 5%).

Table 2 provides some descriptive statistics on the individual knowledge spaces by policy period. The large number of nodes and edges indicate that many technologies are participating during these periods and their combinational links are diverse. All the networks have 12 nodes, representing the 12 technology classes of ICT. In addition, all the nodes are connected to one another at least once so there are no isolated nodes in either network. Network density is calculated as the sum of the weight of edge divided by every possible combination of edges, representing the degree of connectivity. There are two knowledge spaces:

**Development of Information Communication Technology Industry and Public Policy in South Korea, Table 1** Patenting trends in ICT class by policy period

| | Policy period | | | |
|---|---|---|---|---|
| Class | 1960–1986 | 1987–2003 | 2004–2007 | 2008–2014 |
| Computer input-output and Others | 40 | 802 | 1,542 | 1,798 |
| Electronic measurement | 43 | 243 | 685 | 701 |
| High-speed computing | 96 | 905 | 1,981 | 1,723 |
| High-speed network | 304 | 4,170 | 12,619 | 12,331 |
| Human-interface | 38 | 475 | 1,948 | 4,176 |
| Imaging and sound technology | 273 | 4,435 | 10,847 | 11,653 |
| Information communication device | 524 | 6,372 | 20,972 | 21,926 |
| Large-capacity and high-speed storage | 348 | 4,676 | 9,355 | 7,798 |
| Large-capacity information analysis | 85 | 672 | 2,862 | 2,163 |
| Mobile communication | 5 | 801 | 4,531 | 8,026 |
| Security | 43 | 478 | 2,088 | 1,830 |
| Sensor and device network | 47 | 233 | 647 | 521 |
| **Total** | 1,846 | 24,262 | 70,077 | 74,646 |

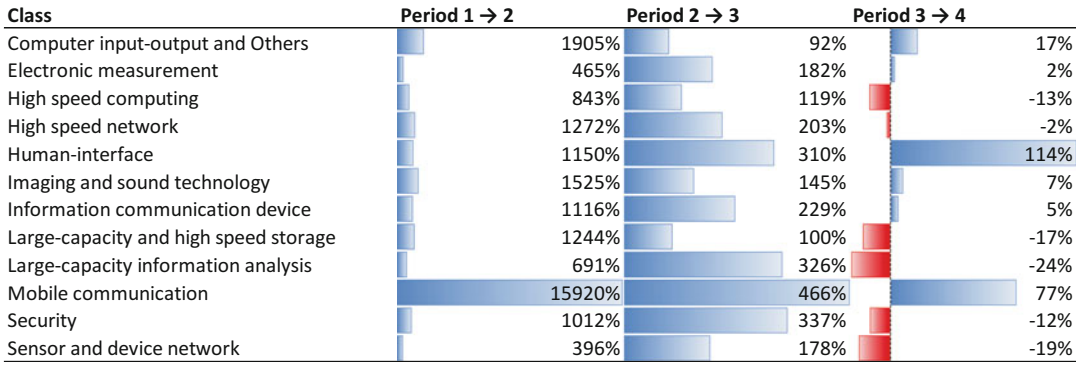


**Development of Information Communication Technology Industry and Public Policy in South Korea, Fig. 1** Growth rate in patenting by ICT class in transition periods of ICT policy

**Development of Information Communication Technology Industry and Public Policy in South Korea, Table 2** Descriptive statistics of the networks (ICT knowledge space in South Korea)

| Period | 1980–1984 | 1985–1989 | 1990–1994 | 1995–1999 | 2000–2004 | 2005–2009 | 2010–2014 |
|---|---|---|---|---|---|---|---|
| ***ICT knowledge space (International)*** | | | | | | | |
| No. nodes | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| No. edges | 124 | 132 | 132 | 131 | 132 | 132 | 132 |
| Net. Density | 54 | 88 | 205 | 520 | 919 | 1,328 | 2,069 |
| ***ICT knowledge space (South Korea)*** | | | | | | | |
| No. nodes | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| No. edges | 46 | 49 | 58 | 66 | 65 | 66 | 65 |
| Net. Density | 2 | 4 | 9 | 34 | 77 | 85 | 120 |
| **Density ratio (%)** (S. Korea/ Global) | 4.6 | 4.8 | 4.4 | 6.5 | 8.4 | 6.4 | 5.8 |

International and South Korea. Network densities for both International and South Korea networks have been increased from 54 to 2,069 and from 2 to 120, respectively as the weights of the edges have grown. The increase in density is also indicative of ICT becoming more complex as these individual technology classes have been rigorously recombined. The density ratio of South Korea compared to the international knowledge space has increased steadily until the period of 2000–2004 and has gradually declined since then. This is an important point for the sustained competitiveness of Korea which we return to later in the entry.

Figure 2 provides a more direct interpretation of the individual knowledge spaces and their evolution over the four periods. The distance between the classes indicates the level of technological relatedness between them. The shorter the distance, the more related these technologies are indicating that they are likely more to be recombined.

As mentioned earlier, the first phase of policy (1960–1986) was the period when Korean government focused intensely on developing a critical mass in *High-speed computing.* As a result of these efforts, *High-speed computing* was the dominant technology in the network, and it was closely connected to *High-speed network*, *Imaging and sound technology*, and *Large-capacity and high-speed storage*. From this strong beginning, Korea then began creating its own path in ICT technologies, and as a result, the knowledge space began developing along a new trajectory. Phase 2 made the growth of *High-speed network* technology (including digital transmission, network, telephone communication, broadcasting, and transmission, reception, channels, etc.) and more specifically those technologies strongly related to *Mobile communication*. To these ends, phase 2 provides a good indication of how effective technology policy can shape the evolution of a specific type of technology. During the policy phase 3 (2004–2007), prior investments in ICT infrastructure began spilling over into other areas of the knowledge space, i.e., *Imaging and sound technology* and *Large-capacity and high-speed storage,* which were crucial building blocks for the development of semiconductors and other signal processing related technologies. Moreover, the combined fruits of these investments resulted in Korea enjoying a sustained period of tremendous economic growth particularly in the areas of mobile phone industry. At the same time, however, Korea's unrivalled fortune was about to change as a result of the upcoming iPhone era. During this time, Korea opted to rely on its prior knowledge base and continued to strengthen its capabilities in ICT infrastructure. Finally, policy phase 4 (2008–2015) closely resembles that of its

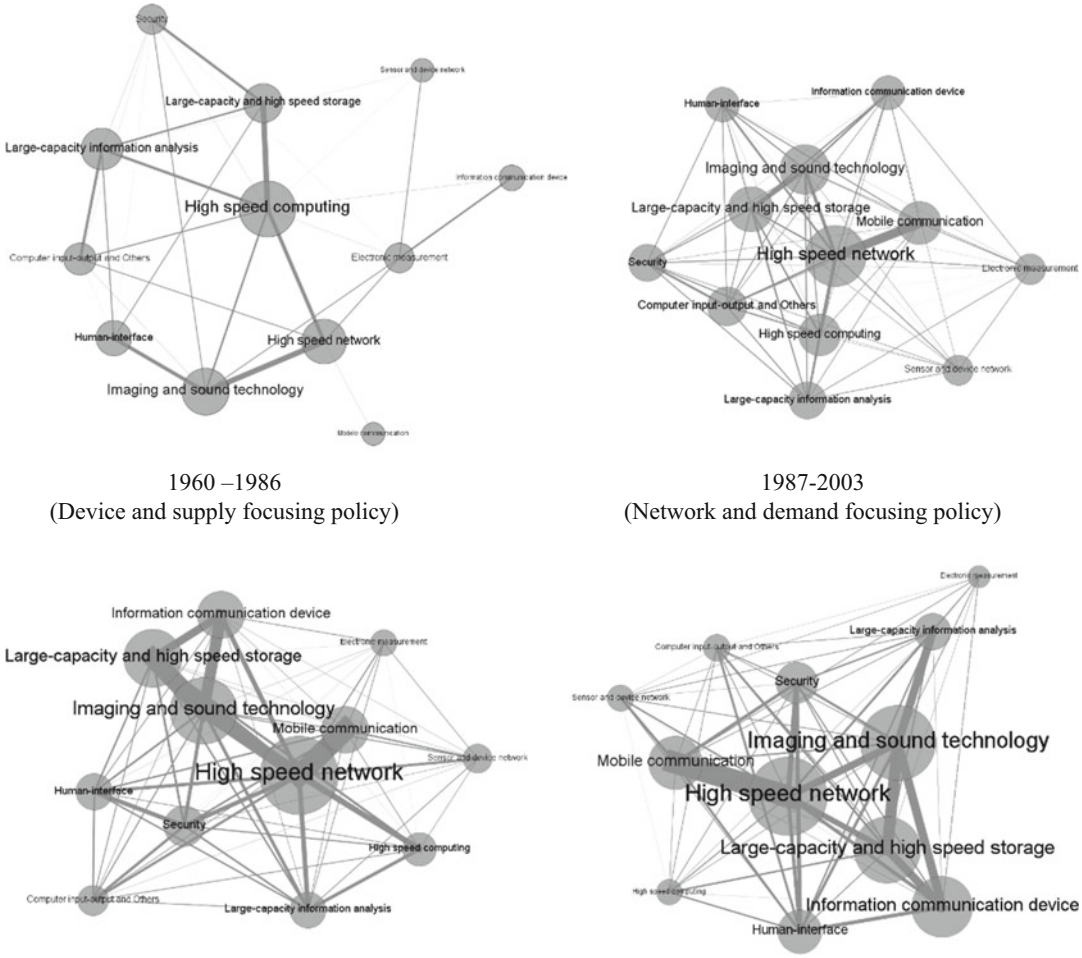


1960 –1986
(Device and supply focusing policy)

1987-2003
(Network and demand focusing policy)

2004-2007
(Value-chain focusing policy)

2008-2015
(ICT Convergence policy)

**Development of Information Communication Technology Industry and Public Policy in South Korea, Fig. 2** ICT knowledge space by policy period

predecessor indicating that not much structural change has occurred between these two periods. However, what has changed is that each technology has become increasingly connected to every other technology in the network illustrating the success of Korea's ICT convergence policy.

Table 3 provides information on the convergence of the top five ICT classes and their respective weights in the knowledge space. More technically, this information provides an insight into the relationship between these technologies as well as their overall evolution. Unsurprisingly, the most frequent combination of technologies during the first phase of ICT policy was between I*nformation communication device* and *High-speed network* technologies. During the second phase, *High-speed network* is the most frequently recombined technology. Interestingly, the combination between *High-speed network* and *Mobile communication* emerges during this period, and this will remain the most frequent pairing throughout our remainder of this entry.

Nodes attributes (eigenvector and betweenness centralities in this entry) provide useful information on influence of individual technologies in terms of their bridging power among other nodes

**Development of Information Communication Technology Industry and Public Policy in South Korea, Table 3** Trends in top five convergent ICT technologies in South Korea

| Policy period | Knowledge space in ICT | | |
|---|---|---|---|
| | Weight | Convergent technologies (A–B) | |
| (1) 1960–1986 | 50 | Information communication device | High-speed network |
| | 33 | Large-capacity and high-speed storage | Imaging and sound technology |
| | 32 | Information communication device | Large-capacity and high-speed storage |
| | 30 | Information communication device | Imaging and sound technology |
| | 29 | High-speed network | Imaging and sound technology |
| (2) 1987–2003 | 777 | Imaging and sound technology | Large-capacity and high-speed storage |
| | 527 | High-speed network | Imaging and sound technology |
| | 450 | High-speed network | Mobile communication |
| | 414 | High-speed network | Information communication device |
| | 312 | High-speed network | Large-capacity and high-speed storage |
| (3) 2004–2007 | 2,591 | High-speed network | Mobile communication |
| | 1,537 | Large-capacity and high-speed storage | Imaging and sound technology |
| | 1,180 | High-speed network | Imaging and sound technology |
| | 827 | Information communication device | Imaging and sound technology |
| | 798 | Information communication device | Large-capacity and high-speed storage |
| (4) 2008–2014 | 4,606 | High-speed network | Mobile communication |
| | 1,349 | Large-capacity and high-speed storage | Imaging and sound technology |
| | 1,166 | High-speed network | Imaging and sound technology |
| | 1,009 | Information communication device | Imaging and sound technology |
| | 966 | Information communication device | Large-capacity and high-speed storage |

in the network. To these ends, Fig. 3a, b demonstrate the evolution of individual technology classes within the Korean ICT knowledge space in terms of their eigenvector and betweenness centralities. In both of these figures, we have highlighted *Mobile communication* and *Human-interface* as these are the fastest growing technologies in their of the eigenvalue. On this point, an interesting facet is that the sheer number of patents associated with *Mobile communication* is less than that of *High-speed network* or *Information communication devices.* As such, the dominance of *Mobile communication* is due to the fact that this technology is so frequently recombined (fused) with other technologies in the network.

Next, we shift our attention to focus on how ICT policy effects international collaboration and knowledge flows. In this context, Fig. 4 shows trends in the ranking of eigenvector and betweenness centralities for the global ICT sector. Firstly, in terms of knowledge flows (Fig. 4b), a prominent feature is the increasing eigenvector centralities values of Canada and South Korea. Turning to betweenness centrality (Fig. 4d), China has shown rapid growth (explain why this is important). In terms of the collaboration space (Fig. 4c), we find that Korea is not in an important bridging position and has not been so since the early 2000s. Finally, in terms of knowledge flows (Fig. 4d), Korea had made a significant growth until 2009 but has stopped growing since. This decline should not be taken lightly if Korea wants to maintain its position as a global ICT leader. Moreover, the abrupt fall could result in them becoming a local hub (instead of a global powerhouse) which would limit Korea's influence on local communities.

Figure 5 shows ranking dynamics for *out-degree ratio* (ODR) to the overall degree in terms of knowledge flows among countries. Put differently, high ODR means high probability of being knowledge source on ICT area. Since the 1980s, Japan has shown the greatest increase in ODR and they have retained this position until today. Korea has also shown significant growth in

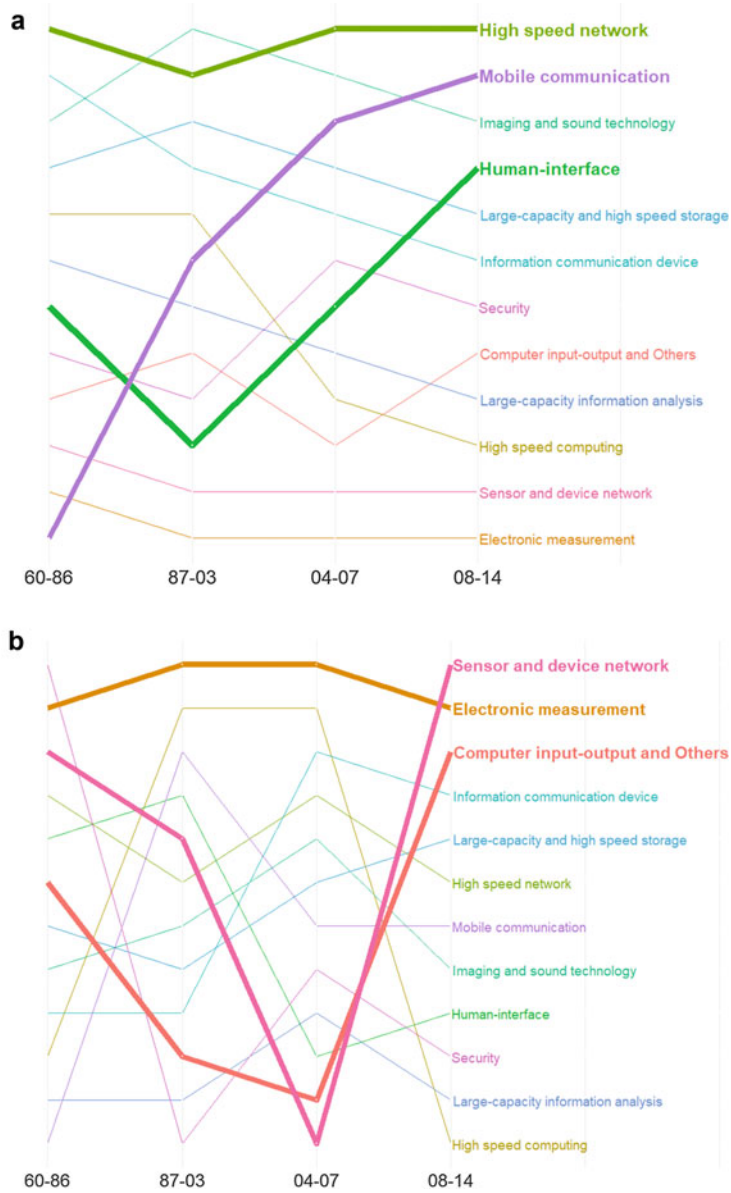


**Development of Information Communication Technology Industry and Public Policy in South Korea, Fig. 3** Ranking dynamics of centralities in knowledge space among ICT classes. Note: **a** and **b** represent ranking dynamics of $C_E(v)$ and $C_B(v)$ in ICT knowledge space respectively

ODR in recent years whereby it is now the second most influential economy.

However, in spite of the above, one reason for concern is that Korea has only been actively participating in the knowledge production and is not engaging in distant collaborations with other ICT-orientated economies (Fig. 4c). In this context, Korea's economic growth will continue to be less than Japan given that Japan is actively involved in both the collaboration space and knowledge production space.

## Discussion

Extending the recently developed knowledge space methodology (Kogler et al. 2013), this entry used information contained within patent documents to demonstrate how government policy successfully shaped the evolution of information communication technologies (ICT) in Korea. More tentatively, the Korean experience successfully illustrates the government's long-term commitment to fostering a well-rounded and

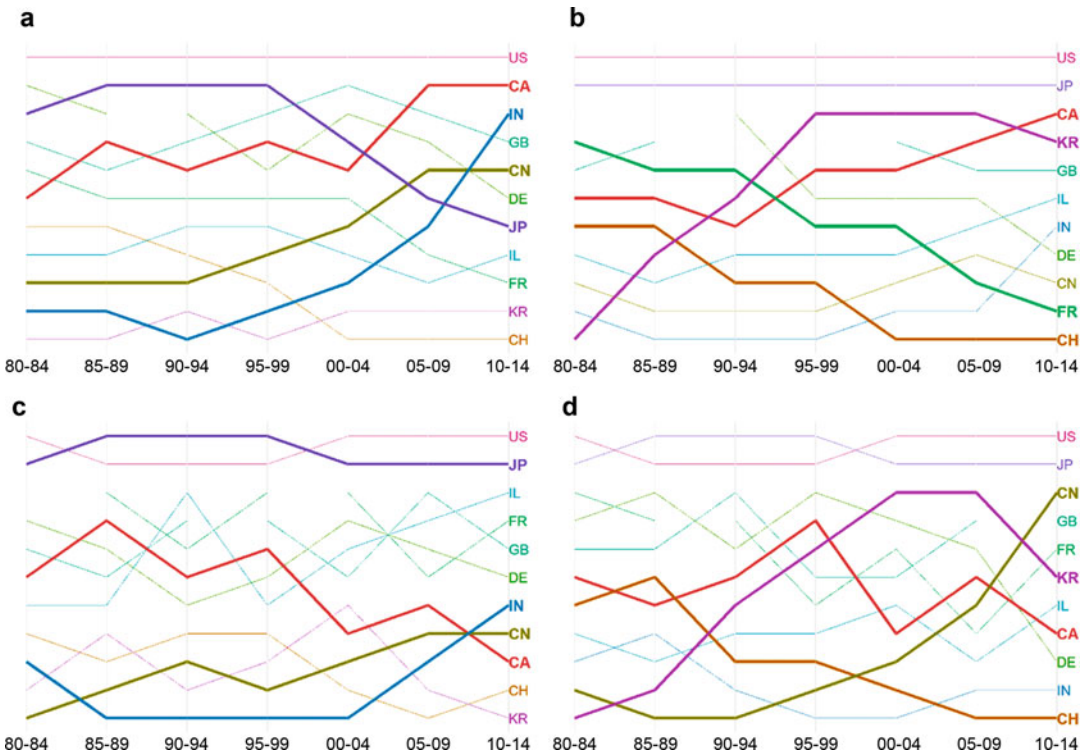


**Development of Information Communication Technology Industry and Public Policy in South Korea, Fig. 4** Ranking dynamics of centralities in ICT knowledge space and flow among countries. Note: It represents ranking dynamics of $C_E(v)$ in knowledge space (**a**) and knowledge flow space (**b**), $C_B(v)$ in knowledge space (**c**) and knowledge flow space (**d**)

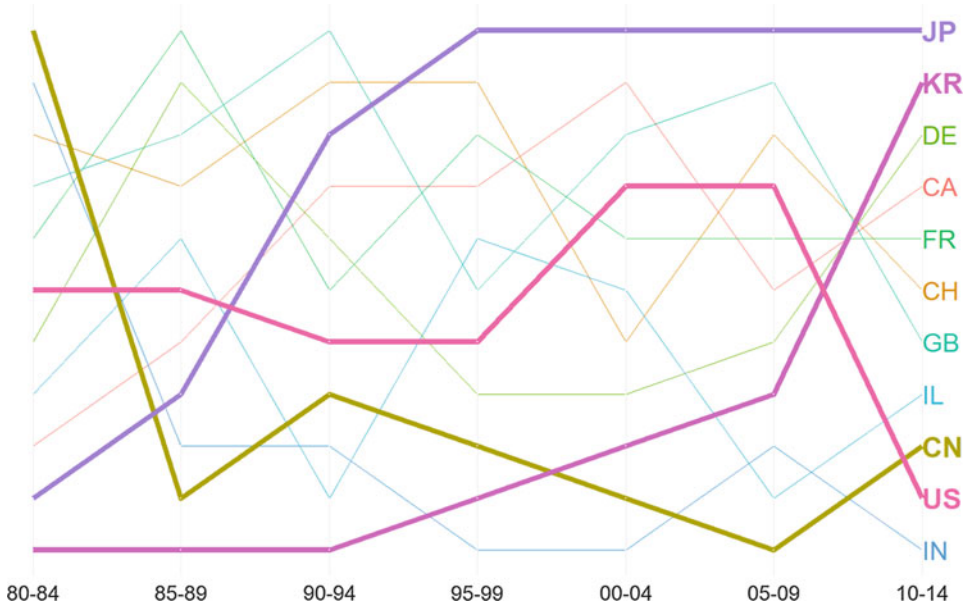


**Development of Information Communication Technology Industry and Public Policy in South Korea, Fig. 5** Ranking dynamics of weighted out-degree ratio in knowledge flow among countries

functional ICT ecosystem. For Larson and Park (2014), this commitment is evidenced through a series of R&D support systems as well public–private partnerships specifically designed for the expansion of ICT. In addition, the case of ICT also highlights the legacy of the developmental state and their intervention in nurturing domestic industries in different modes and patterns.

The growth of ICT throughout Korea began in the early 1960s when the Korean government launch their first policy phase (1960–1986) geared towards the development of ICT-related technologies. Among other things, this policy resulted in high levels of patenting in areas such as *Information communication devices*, *Imaging and sound technology,* and *Large-capacity and high-speed storage*. At the same time, this period also saw the government focus on building a domestic capability in the form of government-owned research institutions like the *Electronics and Telecommunications Research Institute* (ETRI) and *Korea Institute of Science and Technology* (KIST). As a result of this, Korea's knowledge space evolved towards *High-speed computing* in tandem with other related technologies, i.e., *High-speed network*, *Imaging and sound technology*, and *Large-capacity and high-speed storage.*

From this strong vantage point, the Korean government began to develop a well-rounded ICT network infrastructure as part of Policy phase II (1987–2003). Similar to the first phase, a key component of this phase was the adoption of specific technologies and in this instance, patenting in *Mobile communication* technologies skyrocketed. Another key facet of this phase was that Korea began to develop their own unique trajectory in ICT, and as a result of this, Korea's knowledge space evolved differently from other economies at this time.

Policy phase III (2004–2007) focused on the value-chain and service sectors, making companies, universities, and research institutions patent in demand-side technologies like *Security*, *Large-capacity information analysis*, and *Human-interface*. These technologies naturally had an influence on other related sectors, i.e., I*maging and sound technology* and *Large-capacity and high-speed storage* and it was their recombination value that made it possible for Korea to develop a comparative advantage in semiconductors and signal processing-related technologies. Colloquially, Policy phase III is known as the heyday for Korean ICT, but this relationship was bittersweet. On the one hand, ICT was doing better than it had ever done before, but these successes resulted in Korea becoming technologically myopic and unable to prepare for the upcoming new generation of ICT which was driven by the creative content and applications.

The theme of the policy phase IV (2008–2014) was broadcasting-telecommunication convergence, and the focus was to develop a healthy ICT ecosystem. This leads to an increase in the number of patents concerning the Internet of Things (IoT) (*Human-interface* and *Computer input-output and Others*). Crucially speaking, however, the overall trajectory of Korea's knowledge space had not changed much from the previous period indicating that Korea's ICT sector was no longer flexible but was becoming rigid and sticky to a specific set of technologies.

Strengthening Korea's absorptive capacity was mainly achieved through the creation of government-funded research institutions such as the ETRI and KIST. Moreover, given that Korea lacked the necessary entrepreneurial skillset to develop all the required technologies, the government absorbed this responsibility an oversaw the expansion of ICTs at this time. These research institutes also functioned as a type of triple-helix model providing synergies between private enterprises, universities, and the government. As discussed previously, the early stages ICT benefited tremendously from public R&D spending as this type of technology as too costly and difficult for the private sector develop by themselves. In addition, several institutional improvements such as the Act of Information Promotion and stricter patent laws supported the continued development ICT at this time.

In spite of the above, Korea has faced another more pressing challenge since 2010. This entry has discussed at length how the Korean government promoted the development of the ICT, and while their involvement was invaluable throughout the initial phase of development, it became a

hindrance at the latter stages of development when the industry became more creatively driven. It is precisely for these reasons that Korea's ICT knowledge space does not change much between policy phase III and phase IV despite all the efforts in ICT convergence policy (see Fig. 2). Additionally, Korea has yet to begin collaborating with ICT dominant countries which hinders its ability to take the next step in its technological development.

Broadly speaking, there is no guarantee that the government's forward-looking investment and policy intervention would be as successful today as it was in the past, given that the pace of technological change has accelerated so much in the past couple of years. Even today, new social, economic, and often ethical practices are led by industrial actors, as technological progress outpaces policy responses from the government. Under the volatile and uncertain era of Industrial 4.0, Artificial Intelligence, and Internet of Things, Korean government needs a more agile and iterative approach to help domestic companies and entrepreneurs adapt to a rapidly changing environment.

In sum, government-led policy was very effective in promoting the expansion of ICT knowledge in Korea. The results showed that the policy mix has shaped the trajectory of ICT knowledge space during four distinct stages of policy. This policy mix can provide some valuable implications for developing countries hoping to nurture an industry led by high-tech domains.

In the case of Korea, the main determinants of success are summarized as follows: (1) supporting resources to absorb those key technologies at the first phase and (2) legislating and enacting laws related to technology development and applying incentive programs to promote new path-creation. The most important thing is that these factors are not a list of policies but a series of gradual process. At the first stage of ICT development, it might be easy to accept foreign investments, technologies, and experts for government as many developing counties do lately. However, Korea focused on how to accumulate domestic ICT-related knowledge and incubate domestic human resources. This, in turn, earned some temporal and financial buffer zone for private companies to mushroom their own technologies since 1980s. The Korean case may not be replicated again in other developing countries, because local contexts vary from country to country. Rather, contextually dependent "new path-creation" including investment on R&D and human resources in ICT domain by the governments or international donors should be made for the successful growth.

D

## References


Birdsall NM, Campos JEL, Kim C-S, Corden WM, Mac Donald L (eds); Pack H, Page J, Sabor R, Stiglitz JE (1993) The East Asian miracle: economic growth and public policy: main report (English). A World Bank policy research report. Oxford University Press, New York. http://documents.worldbank.org/curated/en/975081468244550798/Main-report

Boschma R (2017) Relatedness as driver of regional diversification: a research agenda. Reg Stud 51(3):351–364. https://doi.org/10.1080/00343404.2016.1254767

Choung J-Y, Hameed T, Ji I (2012) Catch-up in ICT standards: policy, implementation and standards-setting in South Korea. Technol Forecast Soc Chang 79(4): 771–788. https://doi.org/10.1016/j.techfore.2011.10. 007

Inaba T, Squicciarini M (2017) ICT: a new taxonomy based on the international patent classification. OECD science, technology and industry working papers, no. 2017/01. OECD Publishing, Paris. https://doi.org/10.1787/ab16c396-en

Jaffe AB, Trajtenberg M (2002) Patents, citations, and innovations: a window on the knowledge economy. MIT press, Cambridge, MA

Kogler DF, Rigby DL, Tucker I (2013) Mapping knowledge space and technological relatedness in US cities. Eur Plan Stud 21(9):1374–1391. https://doi.org/10.1080/09654313.2012.755832

Larson JF, Park J (2014) From developmental to network state: government restructuring and ICT-led innovation in Korea. Telecommun Policy 38(4):344–359. https://doi.org/10.1016/j.telpol.2013.10.001

Lee K (2005) Making a technological catch-up: barriers and opportunities. Asian J Technol Innov 13(2):97–131. https://doi.org/10.1080/19761597.2005.966 8610

Lee C, Kim H (2018) The evolutionary trajectory of an ICT ecosystem: a network analysis based on media users' data. Inf Manag 55(6):795–805. https://doi.org/10.1016/j.im.2018.03.008

Lee C, Kogler DF, Lee D (2019) Capturing information on technology convergence, international collaboration, and knowledge flow from patent document: a case of information and communication technology. Inf Process Manag 56(4):1576–1591. https://doi.org/10.1016/j.ipm.2018.09.007

Lucas RE Jr (1988) On the mechanics of economic development. J Monet Econ 22(1):3–42. https://doi.org/10.1016/0304-3932(88)90168-7
Onodera O, Kim H (2009) Trade and innovation in the Korean information and communication technology sector. OECD J: Gen Pap 2008(4):109. https://doi.org/10.1787/gen_papers-v2008-art26-en
Pirie I (2016) South Korea after the developmental state. In: The Asian developmental state. Palgrave Macmillan, New York, pp 139–158
Vu KM (2011) ICT as a source of economic growth in the information age: empirical evidence from the 1996–2005 period. Telecommun Policy 35(4): 357–372. https://doi.org/10.1016/j.telpol.2011.02.008
Woo JE (1991) Race to the Swift: State and Finance in the Industrialization of Korea. Columbia University Press

# Development of Turkish Public Administration

Mustafa Altunok
Public Administration Department, Abant İzzet Baysal University, Bolu, Turkey

## Synonyms

Administrative Systems; Administrative Thought; Divan-ı Humayun; Enderun; Mulkiye; Reform; The Administration of Ottoman Empire; Turkish Public Administration

## Definition

Development of Turkish public administration represents the stages and development system that public administration thought, organization, personal system, and functioning has gone through in Turkey from the past to the present day.

## Introduction

Historically, the state is the oldest large-scale form of economic and social organization. Taking into consideration this organized nature of the state, it is possible to draw the conclusion that the administrative accumulations of societies with a historical relationship of the ruler and the ruled and state experience are also developed. It is seen that nations that achieved continuity in history are state societies. This is because they have significant advantages over others in their struggle for existence. This has not only been important for the ethnic and religious communities but also has been important and determining for the world societies for a long time. Because it would be impossible to write history in case these societies are excluded from the world history. In terms of historical accumulation and transmission, Chinese, Greek, Persian, Russian, and Turkish societies are considered to bear such a quality. Whether they are accepted to have left positive or negative marks, Turkish communities are one of the communities that holds a significant position in the history of the world in terms of both the width of demographical and geographical areas that they influenced and their time depth. From this point of view, it is not easy to narrate the development adventure of Turkish administrative tradition and the accumulation gained in this area in a short text. This study is an attempt to outline the Turkish public administration, which has been taken from the heritage of the past Turkish societies and which has risen with the things added to this heritage within the context of modernization adventure, starting from the last period of the Ottoman Empire.

## From the Traditional State Administration to the Modern Public Administration

Although it is possible to take the Turkish state tradition back to thousands of years ago, and start the topic with especially with Huns, Uighurs, or Gokturks, an evaluation based on the modern public administration understanding was made in this study since public administration conceptualization was used in the title. The present study discusses the development adventure of the Turkish public administration through the main determinants such as institutions, schools, actors, processes, and breakpoints from the late Ottoman period to today. It is important to highlight the

essential elements that constitute the public administration when it comes to the development of public administration in a country or society. Below, it will be paid utmost attention to this sensitivity.

## State Structure and Political System from the Ottoman Empire to the Present Day

One of the main factors determining the organization and functioning of a public administration is the system in which it is embodied because the characteristics of public administration are generally determined according to the system and by the system. Within this scope, it should be noted that both internal and external actors are important. As it is known, the Ottoman State territories reached out to three continents and the state was based on family bonds. Although remarkable differences exist between the characteristics and administration understanding of this state and modern Turkish Republic, there exist some similarities and continuities as well. Since the nineteenth century, the Ottoman Empire underwent changes in its monarchical structure and evolved into a constitutional system. In this sense, *the Charter of Alliance (Senedi İttifak)* document by which Mahmoud II recognized the presence of Notables (landed proprietors in Ottoman Empire) is regarded as a significant beginning. The following Edict of Gülhane (Tanzimat Fermanı) of 1839 and Ottoman Rescript of Reform of 1856 and the enactment of the Ottoman constitution of 1876 (Kanun-u Esasi), which is the first constitutional initiative, are important guides and carriers of this Westernization-centred transformation process.

At the beginning of the 1920s, as a result of the struggle for liberation, a *National Assembly* was established in Ankara and the foundations of a system based on national sovereignty were laid down simultaneously. In this context, initially the principle of "Sovereignty rests unconditionally with the nation" was adopted with the constitution enforced on January 20, 1921. Moreover, the monarchic ruling system was terminated with the law enacted on November 1, 1922 by abolishing the *Ottoman Sultanate* separated from the *caliphate* and the *Republic* was proclaimed on October 29, 1923. The caliphate institution, which was regarded as the continuation of the Sultanate, was abolished on March 3, 1924. Thus, a brand new political regime based on national sovereignty, which was completely different from the sultanate-based political system of the Ottoman Empire, was adopted. This transformation of the state regime brought along a transformation of the political structure. Instead of the system that started with the *parliamentary government* and operated by the *one-party* practice, the mechanism gradually evolved towards a system more suitable for the parliamentary system. After 1946, a multi-party system was introduced.

Since the Ottomans, Turkish political life has been frequently confronted with coups or coup attempts. Raid of 1913 on the Sublime Porte, the 1960 and the 1980 coups and the coup attempts between this period, memorandums and 15 July 2016 coup attempt illustrate this concretely. Democratic political life has been interrupted or damaged by such military interventions during the process. In fact, after the military interventions governments were toppled down, many political party leaders were imprisoned and some were executed. Each of these interventions and attempts inevitably affected the public administration system and its functioning in an adverse manner. The most concrete indication of this is the emergence of the post-coup State of Emergency legal systems and the efforts to enact a new constitution. Following the 1960 coup d'etat, the 1961 Constitution, after the 1980 coup d'etat the 1982 Constitution were introduced, respectively, and after the coup attempt on 15 July 2016 constitutional amendments were made with the 2017 referendum. Each of these interventions resulted in fundamental changes that affected the executive mechanism and public administration.

## The Birth and Development of the Modern Public Organization in Turkey

The field of operation of a public administration mechanism in a country emerges in line with the

structure, ideology, and basic characteristics of that state. It is seen that the priorities of principal and secondary founding powers are determinant in setting this scope. In this regard, Republic of Turkey has built its existence on the remains of the Ottoman Empire. The Ottoman central organization was shaped around the palace organization. In the countryside, the organization was present in the form of provinces, sanjacks, districts, and villages. One of the essential elements of the system was the application of *Timar*, which had economic, military, and administrative dimensions. It is seen that the duties and roles of the Ottoman state especially in the classical period were not as wide as they are now. Within these duties and roles, especially the *provision of internal and external security*, *establishment of justice and equality*, *taking measures to ensure the well-being and welfare of the country* were striking. From among the fundamental public tasks and services in the country, provision of security was ensured via military personnel; justice and education system was carried out through the *Ulema* (Scholars). It is seen that the rest of the public services were carried out through *guild organization and foundation mechanism* which were two developed institutional structures.

It is accepted that in the Ottoman system, a kind of Imperial Council structure called Divan and consultancy system were important in the functioning of the state. There were different forms and kinds of the *Divan* in the history of East and West. For instance *Divan-ı Humayun,* which was the most important Divan in the Ottoman Empire, was working like de facto cabinet or a consultative assembly of senior officials summoned. With the Westernization movements in the Ottoman Empire, the Divan system began to lose its former significance. It is seen that the Western type of central and local governmental organization started to be adopted as a model together with the reform movements that emerged in the last period of the State. With the reform movements that started after the Carlowitz Treaty, and gained momentum especially after Sultan Mahmud II, Western style political, administrative, military, legal, educational institutions came to the forefront. The first ministries, the modern bureaucrat schools, health institutions structured in line with Western examples, postal service, basic organizations such as Police Department and intelligence organization and first municipalities and mukhtarships at the local level, which are important pillars of the present-day Turkey at the centra-level organization, were established in the nineteenth century.

In the Republican period, public administration field of activity developed at the center of the ministerial organization, whose foundations were laid in the late Ottoman period. Looking from the current system, Republic of Turkey has built its public services and the public organization on some basic principles as a unitary state. The principle of the *integrity of the state* as a requirement of the unitary state structure, the *decentralization and centralization principles* aiming at achieving a balance between the *decentralzsed* administration and the centralized administration; *principle of equality and the legality of administration* established on the constitutional control mechanism are the main principles that determine the public administration organization. In Turkey, an organization considered to be centralized exists. Centralized organization, which is prominent in the execution of basic public services, bears a dual characteristic as a *capital organization* and a *provincial organization*. Main elements of centralized organization include basic institutions such as ministries, general directorates and presidencies in the capital city, and the *governorships* in cities and *district governorships* in the districts. In this system, where the governorship is the provincial extension of the center, governors work as representatives of both the government and the state. The governors are appointed from the centre and make and implement decisions without consulting the centre, which is called *the extent of the authority system*.

The local government organization of the Republican era is composed of *municipalities* (may have differences like metropolitan municipality, provincial municipality, district municipality), *provincial special administrations,* and

*villages*. According to the constitution, local administrations are public legal entities, founding principles of which are stated in the law and their decision-making bodies are determined by the votes by voters specified by the law in order to meet the local common needs of the provincial, municipal, or village people. The relationship between central government and local governments operates according to the *administrative guardianship principle*, in which the central government has a specified supervisory authority on the local governments.

The main types of supervision operated in the Turkish public administration system during the Republican period are divided into five. In the *Judicial Supervision*, a judicial system peculiar to continental Europe called the *administrative regime* has been adopted. *Political Supervision* involves procedures such as questioning, interviewing, and parliamentary inquiry through parliament. *Supervision by the Public Opinion* refers to a supervision type made through written, visual, audio, and social media. The *Ombudsman Supervision* emerged as a result of the establishment of the Ombudsman Institution by law in 2012. It is a type of supervision aimed at accelerating the judicial process by easing the burden of the jurisdiction without the authority of imposing any sanctions. *Administrative Supervision* covers practices such as *hierarchical supervision* which regulates the intra-organizational structure and *guardianship supervision* which regulates the relations between the institutions along with special implementations of the administrative supervision carried out by the means of supervisory agencies such as the *State Supervisory Council* and the *Court of Accounts*. In addition to these, it is important to point out that international supervision mechanisms are important in terms of the system.

## The Evolution of the Turkish Personnel System

Until the last period of the Ottoman Empire, there had been no regular and permanent public service application. Generally, during the periods coinciding with Shawwal month, public officials were assigned for a period of one year. At the beginning, there was a system which consisted of *grand viziers, viziers, governor-general, kazasker, and other senior officials* who had secondary influence after the Sultan. Overwhelming majority of them was of the origin of *Birun* and *Enderun* which were parts of the palace organization. In the last period when Ottoman personnel jobs were more developed, the essence of the system mainly consisted of four personnel classes. These were the *İlmiye* composed of scientists and members of the jurisdiction; *seyfiye* composed of the military family, *mülkiye* composed of the senior bureaucrats, and *kalemiye* composed of the officers in charge of carrying out general administrative affairs. Today, different than the Ottomans, 10 classes of service have been adopted. However, the military personnel, judicial personnel and academic personnel included in the above-mentioned four classes have also been considered particularly important during the Republican period. Their duties, authorities, responsibilities, and liabilities are therefore framed by their own personnel laws, unlike other officers. There are also differences in the training and appointment procedures of the governors and district governors which belong to the class of *mülkiye*.

From the perspective of the legal development of the civil servant regime, it is seen that *Memurin Act* passed in 1926 was one of the most important regulations. The establishment of the State Personnel Organization and the adoption of the *Civil Servants Act* No. 657 are the two most significant developments in terms of the current system. As an effort towards the administrative reform, especially the reports of foreign experts had a significant impact on translating these developments into reality. Act No. 657, which is still effective today, is based on *classification*, *merit,* and *career* principles as three basic principles. This system consists of *public personnel, civil servants, contracted personnel* and *workers*. A central examination system was adopted in the appointment of public officials in 1999, and it is accepted that this examination, which is called the Public

Personnel Selection Examination (KPSS), is determinative for the system even though occasional appointments are made externally outside of this examination system. In recent years, it has been observed that the public personnel system is within a development process centred especially on *permanent staff, flexible employment and performance supervision*.

## Administration and Administrative Schools

*Enderun*, which is regarded as one of the most qualified administrative schools known in history has a special place concerning the success of the Ottoman state. Enderun, which is accepted to have been established during Sultan Murat II period and have completed its institutionalization during the reign of Sultan Mehmet the Conqueror, is a developed palace school built on a devshirme system in which students are provided with theoretical and practical education ranging from military education, art education, politics, philosophy, and science to religion and mysticism. This school maintained its existence until the end of the Ottoman period, but its influence lessened over time and Western style schools were established. Three separate *Mulkiye Mektebi* (Cairo, Istanbul and Bosnia Herzegovina) were established in the nineteenth century in the Ottoman Empire to train administrators. In addition, educational institutions like *Sultani Schools*, Chamber of Translation, Darülfünun, Tıbbiye, Valide Schools, and non-Muslim schools were utilized in meeting the need of qualified public servants.

Among these schools, especially *Mektebi Mulkiye*, which was founded in Istanbul in 1859, has a big significance. This school has also assumed an important role in the training of senior diplomats, politicians, and administrators in the Republican period, functioning first in Istanbul and later in Ankara. With a treaty signed in 1949 within the framework of Barker Report, the foundations of American-origin public administration discipline were laid in Turkey and public administration department was established under the Faculty of Political Sciences in Ankara, and Public Administration Institute for Turkey and Middle East (PAITME) was founded in order to meet the administrator need (Altunok 2012: 173–198). Faculties of Political Science, Faculties of Economics and Administrative Sciences, and Faculties of Public Administration in other universities were added to these schools, which have functioned as a monopoly for many years as the determinant of the administrative organization. It should also be noted that public officers who received diplomas from the developed Western and northern countries play an important role in staff working in the public sector.

## Discipline of Public Administration in Turkey

The origin of Public Administration thought in Turkey can be traced back to the reflections of rulers and inscriptions such as books of government, ethical books, explanatory documents written by many old Turkish thinkers such as Farabi, Kutadgu Bilig, Lutfi Pasha. However, as a systematic field of work and a modern social scientific discipline, the roots of public administration need to be addressed more recently. In the nineteenth century, it is possible to consider the lessons taught under the roof of the *Mektebi Mülkiye* and the trained teaching personnel and publications made under the influence of the public administration studies that emerged in France as the first products of the Turkish public administration studies.

In the establishment and development of American-origin public administration discipline, the foundation of Faculty of Political Science Public Administration Department and PAITME were the main determinants. PAITME was established in the 1950s as a regional-based public administration institute like public administration institutes in countries such as Costa Rica, Brazil, Egypt, and India. This school is a product of a Middle East-oriented perspective,

and it particularly aims to provide post-graduate education to the senior public officials. Since its foundation, PAITME has been one of the institutions with a predominant role especially in institutionalizing and developing the mainstream public management discipline in Turkey both with their academic staff as well as the through periodicals such as *Public Administration* Journal and *Journal of Contemporary Local Governments*. Another important school in the development of discipline is the department of public administration established in the Faculty of Political Sciences, which has been shaped on the historical heritage of the *Mektebi Mulkiye*. This department has been a fundamental resource for many years with the academic staff and public officials they have raised, as well as the undergraduate education that has been provided. Faculty of Political Science Journal and Mülkiye Journal published by Faculty of Political Science lecturers are periodicals that have guided the discipline. PAITME and Faculty of Political Science Public Administration Department, founding personnel of which were raised in American public administration schools and which became institutionalized with the provision of education by American teaching personnel in Turkey, have been the basic guides for years in public administration discipline in Turkey (Altunok 2012: 196–211). Despite being regarded as important institutions in this field, it is possible to argue that their determinant effect declined with the establishment of various public administration departments in many universities. Today, the number of departments named public administration reached 57 in Turkish universities. When Political Science and Public Administration Departments are added to this, the number of public administration related departments affiliated to Turkish higher education system in state and foundation universities reaches 356 with daytime and evening education and distance education departments.

As can be understood from a comprehensive study conducted on public administration in Turkey, over 60 years passed after the first foundations of public administration discipline were laid in Turkey. In this sense, it is fair to say that there is a significant accumulation of public administration discipline in Turkey. However, it can be criticized that the discipline of Turkish public administration has developed under the influence of American public administration to a great extent in terms of course syllabus, topic selection, reference sources, and follow-up of the agenda.

## Conclusion

Depending on the continuity of social life, Turkish public administration cannot be considered independent from its historical roots. However, it would not be wrong to say that Turkish public administration has developed as a result of the effort to join the developed world structurally, intellectually, and functionally in line with the rising modernization efforts over time. The Turkish public administration, which was observed to be under French influence in the last period of the Ottoman Empire, has continued to develop under the American influence in the last 50 years.

## Cross-References

► Comparative Administrative Reforms
► Comparative Public Administration and Globalization

## References

Altunok M (2012) Türkiye'de Kamu Yönetimi Düşüncesi: Tarihsellik ve Disipliner Bağımlılık. Gazi Kitabevi, Ankara

Bingöl S (2001) Mektebi Mülkiye'nin Bir Şubesi, Ankara: Mülkiye Dergisi, Cilt 15, sayı 229

Findley CV (1989) Ottoman Civil Officialdom: a social history. Princeton University Press, New Jersey

Gözübüyük Ş (2015) Türkiye'nin İdari Yapısı. Turhan Kitabevi, Ankara
Güler BA (2017) Türkiye'nin yönetimi- Yapı. İmge Kitebevi, Ankara
Ortaylı İ (2008) Türkiye Teşkilat ve İdare Tarihi. Cedit Neşriyat, Ankara
Özbudun E (1998) Türk Anayasa Hukuku. Yetkin Yayınları, Ankara
Shaw S (1997) History of the Otoman Empire. Cambridge University Press, New York
Yalçındağ S (1970) Kamu Yönetimi Sistemimizin Tarihsel Evrimi Üzerine Notlar. Ankara: AİD, Sayı:3/2
1982 Türkiye Cumhuriyeti Anayasası (2018). https://www.tbmm.gov.tr/anayasa/anayasa_2018.pdf. (Erişim Tarihi: 24.07.2018)

# Devolution, Coordination, and Control of Accountability Reforms in Kenya

Gedion Onyango
Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

## Synonyms

Anti-corruption strategies; County governance; Decentralization; Devolved administration; Intergovernmental model; Public sector reforms

## Definitions

***Devolution*** refers to a decentralized government system where some or all arms of government are devolved. Sometimes it merely involves decentralization of some administrative or political structures and retaining of others by the central government. ***Coordination*** is where administrative instruments and mechanisms are devised to enhance voluntary or forced organization of tasks to create administrative coherence and reduce lacunae, redundancy, and managerial or implementation overlaps in the public sector. ***Control*** describes the capacity of regulatory, compliance, and oversight systems, rules, and legislations in public administration.

## Introduction

Even though political-administrative systems and processes largely draw their uniqueness from their organizational culture and environments as concerns organizational outputs, their structuration presents generic experiences relating to problematics of coordination, oversight, autonomy, capacity, and control (Bouckaert et al. 2010; Fukuyama 2013; Christensen and Lægreid 2018). Mainly drawing on contemporary public management approaches and organization theory, it is demonstrated how, in addition to mostly presenting contrary reform outputs, political-administrative reforms through devolution often come with bloated public bureaucracies, increased institutional layering, policy sedimentation, jurisdictive conflicts, and specializations. It is also shown how sometimes (or most of the times) these developments increase complexities and hybridity in public administration (Christensen and Lægreid 2011; Denis et al. 2015) and how the intergovernmental models and/or related reforms arising from such reforms establish fragile oversight mechanisms or accountability relations in public administration (Onyango 2017c). Evidences particularly further affirm that such reforms, i.e., devolution, exacerbate rather than reduce challenges with coordination and control of accountability reforms (Carroll 1989; Lægreid et al. 2016). Similarly, among others, such developments feature unique or foster related bureaupathologies while reforming political-administrative structures (Yesilkagit and Van Thiel 2008; Bouckaert et al. 2010). As such, political-administrative reforms mostly seem to bear more uncertainties despite minimal but critical changes at the end.

Relatedly, because of uncertainties witnessed during implementation of political-administrative reforms or the ambiguous tools of evaluating expected reform outputs, accountability initiatives in public organizations are mostly embraced as *window-dressing* or administrative *myths* for purposes of internal and external legitimation. Thus, administrative reforms often remain more of instrumental features than coherent and institutionalized administrative practices, processes, and culture. In this way, coordination and control designs,

especially in otherwise unsettled reform contexts or those arising from subsequent garbage can-like processes of institutional changes, present and sustain weak accountability relations between concerned administrative departments. Moreover, with increased fragmentation and associated problems of coordination, administrative executives have a tendency of focusing more on inward-looking strategies for implementation while relying less on prevailing networks and partnerships within and outside public bureaucracies. So, political-administrative reforms often face normative crises arising partly from the mismatch between organizational structuration and culture, as well as from institutional-historical factors that come with path dependence problems.

This chapter largely draws on this discourse in public governance to understand implications of devolved administration to accountability reforms and anti-corruption initiatives in particular in Kenya. The chapter particularly illuminates how institutional fragmentation of public oversight interacts with intergovernmental model of administration in the implementation of accountability reforms or related bureaucratic oversight initiatives in the public sector. Indeed, albeit findings upon which public management discourse, i.e., New Public Management (NPM) and/or post-NPM approaches such as New Public Governance (NPG) are often evaluated, draws mostly on political-administrative contexts of advanced democracies, there are also rich and plethora of findings indicating similar trends in public sector reforms in sub-Saharan Africa.

Accordingly, the task herein generally seeks to extend the latter while similarly addressing the wider horizon of developments or analyses on the efficacy of NPM and post-NPM-related reforms. A transformative approach or an organizational approach to public administration provides theoretical framework of analysis. The presentation is accordingly organized as follows: the next section locates convergences or commonalities associated with devolved administration while also identifying key implications on public accountability designs. This is followed by a focus on concerns with coordination and control, including conceptualization of the two in public administration. A transformative approach as framework of analysis is then explained followed by data source, analysis, and conclusion sections, respectively.

## Convergences in Political-Administrative Reforms for Public Accountability: A Review

The literature on public management has increasingly shown that the vertical intergovernmental specialization and authority and horizontal inter-organizational relationships inherent in the NPM and post-NPM reforms generally present widened scopes and layers of policy implementation in public organizations (Bouckaert et al. 2010; Christensen and Lægreid 2011). These have also come with structural-instrumental and cultural paradoxes or complexities that ultimately impede bureaucratic capacities for accountability and administrative responsiveness. Furthermore, structural devolution presents imbalance between political control and institutional autonomy in reform processes (Yesilkagit and Van Thiel 2008). Particularly, when it comes to addressing wicked policy problems such as corruption, which transcend institutional jurisdictions of public organizations. Likewise, devolved processes bring forth indistinctive boundaries between reforms and actual performance of public organizations. This, in turn, features less concerns with policy problem structure than with organizational design for effective control and coordination within intergovernmental administrative model (Lægreid and Rykkja 2015). Autonomization efforts, especially through agencification, can therefore be more rooted on managing symptoms than on addressing policy problems.

Again, besides producing institutional duplications, overlaps, and redundancy, structural devolution has increased concerns with establishment of effective coordination mechanisms in managing regulatory or accountability reforms across governance systems. Public administration as such has been faced with identical governance problems arising from adoption of organizational structuration, policy strategies,

or reform approaches in reorganizing political-administrative systems (Peters and Pierre 2001). That is, despite being pressured by different contextual forces, political-administrative executives have in recent years embarked on integrating policy models posing relatively similar implementation outcomes. Hence, bureaucratization strategies for reforms have been accompanied by mimetic, normative, and coercive pressures, which pose isomorphic effects on organizational designs and implementation problems in public organizations (Meyer and Rowan 1977; Peters and Pierre 2001). This has come with adoption of super-standards or recipes for reform such as devolution, hollowing out, whole-of-government approaches, etc. Other commentators have also characterized these convergences in public management as the triumph of neoliberalism through globalization that underscores border openness, efficiency and economy, transcendence and process of capital accumulation, etc.

Further to this, devolved or multilevel decision-making processes with their intra- and inter-organizational layouts have generally come with increased governmental loss of control over accountability matters across countries (Carroll 1989; Peters and Pierre 2001). These processes have also witnessed increased corruption at the local state level. This is because, contends Carrol (1989) with the case of nonprofit housing programs in Canada, "devolution of programs, without adjusting for the resulting loss of bureaucratic control, leaves governments with little information about, or control over, the people who make decisions about large expenditures of public funds" (p. 345). As such, devolved governance presents an ineffectual design for implementation of accountability reforms that compounds bureaucratic oversight problems, especially during the transition stages of devolution. That is, devolution not only features a shift in administrative authority, but it also generally initiates a shift toward decentralized bureaucratic corruption.

However, such analyses have generally been descriptive and instrumental in public management literature (Yesilkagit and Van Thiel 2008) despite increasing shift in the recent past. Therkildsen (2001), for example, writes that in Africa, it has always been "the institutional view that informs most of the actual reform initiatives, and it is NPM concepts that inspire many (although far from all) reform measures as far as efficiency and accountability initiatives are concerned" (p. 4). The instrumental-biased analyses in sub-Saharan Africa contexts also largely draw on historical-institutional and cultural structure variables. Even so, the latter is unwholesomely conceptualized and often presented as hindering the needed political-administrative reforms (e.g., Hyden 2013). Thus, normative analysis of policy reforms in these contexts is often vague, mainly, in operationalization of political-administrative culture (Oliver de Sardan 2008). Oliver de Sardan further argues that these analyses in particular ineptly correlate historical-institutional and culture leading to theoretical indeterminacy.

Such analytical frameworks have indeed rather advanced neoliberal *development administration models* of evaluating institutional reform outputs in the region. Subsequent criticisms to current state of affairs of reforms in Africa have also hardly availed alternative approaches. Most commentators have often relatively argued that reforms in developing countries largely fail because of the complex socio-structural factors, which are devoid of civic culture. Or institutional reforms and developmental programs fail because of the weighty orientation of the state politics and administration toward informal structures, mainly, neopatrimonial systems. Hyden (2013) particularly shows that arising problems with civic culture – emphasis on universalism or orientation to long-term goals, acceptance of abstract rules, and natural acknowledgment of interdependence by individual actors – in African administrative contexts hinder needed reforms. This is despite adoption of otherwise testable apposite and performing structuration of administrative systems as experienced in the West. Also because of the effectiveness of neopatrimonial systems, it has been

contended that reform processes in African contexts should *go with the grain* not against it, i.e., finding ways of utilizing cultural structures to realize needed reforms and developmental changes. Although, the above mentioned analyses, like those they seek to discredit, have are similarly trapped in neoliberal prejudices in understanding reform complexities in Africa (Oliver de Sardan 2008). Therefore, there is still need for a more comprehensive theoretical framework that can illuminate the complex nature of interactions between institutional, historical, demographic, and cultural factors, in as far as implementation of policy reforms is concerned. Whereas, at the same time identifying the isomorphic nature of such developments in contemporary public governance. It is believed here that a transformative perspective is somehow close to presenting such a theoretical framework. The role of ecological factors in shaping reform outputs is thus neither overstated nor underrated.

In addition, even though concerns with issues of coordination and control are eminent in the implementation of accountability reforms, particularly anti-corruption reforms in sub-Saharan Africa, the literature has nonetheless mentioned this in passing and sometimes rather colloquially. In lieu, there is most focus on other capacity-related dimensions such as legal frameworks or political will in the analysis of such reforms. It is shown herein that challenges in the implementation of policy reforms and subsequent problems with accountability in African contexts relatively resonate with other organizational outputs of reforms across the globe. It is particularly shown that problems with implementation of policy reforms or the pursuit of bureaucratic oversight in modern public administration arise mostly from difficulties with coordination, control, capacity, autonomy, etc. due to adoption of similar governance paradigms by contemporary governments. Public administration in Africa should, therefore, be seen as contributing to understanding rather than diverging from these global trends of governance reforms.

## Coordination and Control of Accountability Reforms in Public Organizations

Studies on public accountability, mainly on corruption and anti-corruption efforts, have insufficiently dealt on coordination and control of related reforms in public organizations. Instead, the focus, has largely been on concerns with political will needed for effective enforcement of anti-corruption legislations or on the role of ethnicity and culture which sustains the political economy of corruption hence perpetuating bureaucratic corruption in developing contexts and on the aptness of instrumental designs or the role of institutional contexts of anti-corruption strategies in public organizations or on the role of aid agencies in the creation and subsequent performance of anti-corruption agencies in the public sector or on coalition building or collective action for anti-corruption strategies across countries and between the private and public sectors. The latter have characterized by a call for vibrant civil societies and collaborative public management to assert external environmental pressures for accountable public management. Similarly, and in line with present task, other scholars hinge anti-corruption reforms within the whole matrix of public sector reforms arguing that comprehensiveness of such reforms creates apt environments for the effectiveness of public accountability mechanisms. Some also delve on the role of e-government systems in controlling accountability ills in public organizations.

However, the larger part of this literature utilizes the term coordination in a manner that hardly reflects on the weight of the matter, particularly on the implementation of anti-corruption reforms in public organizations. Consequently, although coordination comes out as a subject of concern, intricate issues posed by coordination per se have been ineptly or rarely handled in anti-corruption literature and generally in accountability reforms. In fact, even as specialized agencies, most Anti-Corruption Authorities (ACAs), particularly in sub-Saharan Africa, seem to struggle with

challenges of coordination amidst the dynamism posed by consistent political-administrative reforms. Chêne and Hodess (2009) contend that whereas centralization of core capacity, expertise, responsibilities, and resources can be appropriate, ACAs still need to interact with other organizations. That is, ACAs' "[...] success greatly depends on the cooperation and effectiveness of other institutions. Yet, the coordination of anti-corruption institutions has generally received little political and operational attention and anti-corruption efforts continue to face major coordination challenges in most countries" (p. 2).

Nevertheless, emerging evidences suggest that besides this gap, implementation of such accountability reforms has recently witnessed increased collaboration across and between relevant institutions under the banner of *collective action* approaches. In Kenya, for example, this has seen relevant oversight institutions, and public organizations create *accountability networks* for effective coordination and control of anti-corruption initiatives. The Kenyan Ombudsman or the Commission for Administrative Justice (CAJ) and Ethics and Anti-Corruption Commission (EACC) have established external horizontal coordination and control of accountability initiatives or implementation networks with both public and private organizations.

Meanwhile, *coordination* has often been conceptually confused with nomenclatures such as cooperation, coherence, integration, and collaboration despite these being inherently different. In cognizant of this, Bouckaert et al. (2010) consider coordination as a process that can be comprehensively defined as "the instruments and mechanisms that aim to enhance the voluntary or forced alignment of tasks and efforts of organizations within the public sector. These mechanisms are used in order to create a greater coherence and to reduce redundancy, lacunae and contradictions within and between policies, implementation or management" (p. 16), most importantly, where anti-corruption strategies are integrated into the civil service reform programs as in the case of Kenya. Thus, coordination practically consists of multilevel interactions (both horizontally and vertically aligned) when it comes to the implementation of policy reforms within inter-organizational and intergovernmental structures (Christensen and Lægreid 2011).

Conversely, *control* in public organizations entails "rules" (or structural-instrumental dimensions), which may (or may not) be necessarily formally defined by members of the organization (Clegg 1981, p. 545). Control has also been understood to involve steering or governance. In particular, Kenya's Public Finance Management Act (2012) defines control as "a set of systems to ensure that financial and other records are accurate, reliable, [and] complete and ensure adherence to the management policies" (Republic of Kenya 2015, p. 219). This means, control as a concept resides with the organizational infrastructure for implementation of accountability reforms. Similarly, controls can stem from informal norms, which define logics of action and decisions in public organizations (Christensen and Lægreid 2011). Therefore, coordination processes are subjected to dimensions of control or power relations present in the existing political-administrative structures.

Therefore, coordination and control designs can explain the varying prevalence of accountability ills such as corruption across countries or between inter-organizational units. Indeed, Pillay (2004) states that high prevalence of corruption in South African public sector relates to insufficient coordination of anti-corruption efforts. As such, like all other governmental programs, accountability reforms are pertinently affected by control and coordination structures. In this way, anti-corruption reforms may seem to have more to do with bureaucratic discretionary structures and behaviors. Evidences actually show that with structural devolution accountability reforms get caught in between coordination and control conflicts characterized by tug of wars between the center and semiautonomous local governments (Christensen and Lærgeid 2008). Also, the essentiality of bureaucratic authority and its effectiveness in directing ethical behaviors or the capacity

of bureaucracies to effectively coordinate and control accountability reforms embody complex interaction of organizational structure, culture, and environments as advanced in transformative approach. This is elucidated as follows.

## A Transformative Approach and Accountability Reforms in Public Bureaucracies

A transformative approach purports that public organizations feature complex interactions "between political and administrative steering, design, negotiation, diverse interests, cultural bindings, and adaption to external pressures and influences" (Lango et al. 2011, p. 169). It generally presents an eclectic ecological approach for explaining decision-making and/or implementation processes. The actions or behavior of decision-makers and administrators are viewed as influenced or constrained by a complex combination of components of organizational structures, cultures, and environmental factors. These entail composites of governance such as polity features, environmental pressures, and historical-institutional contexts of public organizations. Altogether these are considered to define the leeway, scope, and choices faced by political-administrative leaders, i.e., how political-administrative leaders "are able to balance and making trade-offs between central concerns in NPM and post-NPM reforms like central political and administrative control on one hand, and agency and professional autonomy on the other [. . .]" (Christensen and Lægreid 2011, p. 410). Transformative approach thus entails a three-dimensional perspective: *structural-instrumental*, *cultural*, and *environmental* perspectives.

### Structural-Instrumental Perspective

This perspective is grounded on both managerialistic and legal approaches to administration that underscores the formal or rational-bureaucratic organizational designs that define organizational responsibilities, goals, and relationships, as well as how different organizational parts engage toward such ends. It assumes that administrators score high on rational calculations or means-end decisions (Christensen and Lægreid 2011). As such, it is assumed that accountability "reforms may generally be seen as conscious organizational design or reorganization i.e., political and administrative leaders use the structure as an instrument to fulfil goals" (ibid, p. 411). In most cases, this perspective is constrained by challenges arising from bounded rationality, as well as organizational design. Therefore, organizational actors can be rather confined by their organizational mandates and constrain actions that may allow innovative strategies outside organizational hierarchy. This may constrain effective collaborative systems between public organizations and their stakeholders as instrumental norms define both procedural and substantive coordination activities. The former refers to line of authority and scope of activities to be coordinated, and the latter entail the contents of activities to be coordinated. Organizational members must accordingly support such decisions and activities.

Thus, instrumental features endow leaders with tight or loose hierarchical discretional powers to identify directions, procedures, and parties to engage in collaborative management of accountability reforms to achieve reform objectives. This is besides compulsory legal requirements that may direct such collaborations in the public sector. For instance, structural-instrumental structures in forms of specialized organizational designs arguably present individuals with relatively narrow range of understanding and an overview about their positions or duties. It is contended that even though this is likely to ease understanding and capacity problems within such structures, it can lead to knowledge gap in policy design and implementation. Bureaucratic legislations will also determine the scope of engagement by governmental organizations, for example, in collaborative networks for the implementation. Administrators may also face challenges in interpreting their roles in wider perspectives or

scopes of operation because public agencies or organizations "have an autonomous and influential authority based in established structures, rules, procedures, culture, traditions and dynamics" (Lango et al. 2011, p. 169).

Therefore, inasmuch as implementation partnerships or networks in public administration may address this knowledge gap and improve coordination mechanisms, among others, such networks are also not insulated from complexities. Especially, considering, for example, cultural conflicts or tug of wars between leaders in public organizations when it comes to concerns with control and autonomy. This can either promote or frustrate effective partnerships because, among others, organizational design alone can hardly build trust between various organizational parts and actors needed to bolster effective coordination systems. Hence, concerns with organizational culture so as enhance bureaucratic capacities for increased output (Fukuyama 2013).

### Cultural Perspective

This perspective focuses on sociological aspects of public organizations by underscoring the essentiality of organizational culture. It accordingly brings to attention the role of informal dimensions of formal organizations. Informal structures result from the infiltration by individual personalities laden with personal problems, conflicting interests, and politics (Meyer and Rowan 1977). These structures also entail beliefs, past experiences, values, and norms that are not coherent with normative values stipulated in organizational routines. It is common knowledge that informal norms influence decision-making and implementation outcomes in public organizations. Some of these cultural norms draw on historical-cultural or what Oliver de Sardan (2008) terms as *practical norms.* Practical norms may also stem from or present path dependence implications for reforms. The cultural perspective holds that "when public organizations are exposed to reform processes, the reforms proposed must go through a cultural compatibility test" (Christensen and Lægreid 2011: ibid).

Organizational culture may enhance acceptance or passive resistance to collaborative management formula between governmental institutions and between these institutions and non-governmental stakeholders. As such, cultural consistency either within or between partnering organizations is an additional essentiality for effective operation of organizational partnerships or intergovernmental coordination systems. Indeed, the structural-instrumental dimensions hardly address execution of organizational powers inasmuch as they endow such powers. Power relations within and between organizations and organizational actors can be better understood by understanding organizational culture. Thus, organizational culture dimensions can make it "possible to have an impersonal, merit-based bureaucracy that nonetheless is extremely poor at getting things done" (Fukuyama 2013, p. 6).

Fukuyama further observes that good procedures often overstated in structural-instrumental perspectives hardly equal to increased outputs. And neither can procedures nor processes for control and coordination mechanisms be divorced from normative measures. That is, issues of capacity for effective collaborative systems or coordination mechanisms additionally embody organizational culture as it does organizational environments. Cultural compatibility is essential for creating mutual trustful relationships, effective organizational communication, and commitment between concerned implementing partnerships of policy reforms. Organizational communication and commitment needed for effective operations of coordination and control systems are largely influenced by organizational culture and environments. The latter is also essential for creating external organizational legitimacy. Coordination and control of reforms may therefore be problematic in cases where implementation gaps arise from cultural inter-organizational inconsistencies.

### Environmental Perspective

It has been reiterated that formal organizations operate within institutional environments where they are confronted with external pressures, which

they must heed to establish legitimacy. Through such agencies as public opinions and social prestige, contemporary public organizations "dramatically reflect the myths of their institutional environments instead of demands for their work activities" (Meyer and Rowan 1977, p. 341). Myths are socially constructed norms in an institutional environment, which may ultimately perform window-dressing functions or act as symbols for reform. The environment here has often been divided into technical and institutional environments. The technical environment entails concerns with efficiency, production, and exchange that may subsequently "exert strong external determinism, meaning that an organization has to adapt to demands from the environment" (Christensen and Lægreid 2011, p. 412). Conversely, institutional environment entails "assumptions concerning the appropriate organizational structure, internal culture, recruitment policy, demography, etc." (ibid).

It has also been argued that accountability reforms such as anti-corruption efforts in African contexts stem largely from environmental pressures, arising both from internal and external agents for institutional change in these countries. Similarly, agencification approach toward addressing accountability problems in public organizations arises from institutional reorganization myths formed and spread across countries through coercive, mimicking, or normative pressures (Onyango 2017b). Intergovernmental structures and collaborative public management structures are also nothing short of outcomes from environmental pressures to, respectively, increase accountable management of public resources and effective delivery of public services. Peters and Pierre (2001) indeed contend that whereas intergovernmental relationships like devolution are triggered by context-specific pressures, they "are developing to some extent according to the trajectory of institutional relationships which is typical of that national context, we suggest that the triggering mechanisms have been, on the whole, fairly similar across the western world" (p. 131).

Nonetheless, the effectiveness of such instrumental reorganizations is a subject to the synergic interactive influence between cultural and environmental factors. These interactive processes subsequently determine implementation components such as institutionalization, internalization, legitimacy, rejection, and matching, as well as contextualization of accountability reforms in public organizations. This means that effective coordination of reform symbols largely depends on the extent to which they are inclusive or representative across organizations. This, however, often comes with negotiations, trade-offs, and modifications prior to or during implementation in the hosting departments or organizations. In short, such processes reassert the extent to which reform myths have been formed into organizational culture beyond just being features of organizational design. For example, levels of internalization of coordination and control systems in public organizations may imply effective institutionalization, legitimacy, and implementation of relevant reforms or needed organizational ethics (cf. Sims 1991). This may also mean that the technical and institutional imperatives of public organizations are fit for the facilitation of effective collaboration or coordination of accountability initiatives.

Altogether, transformative approach may assist with understanding some interrelationships between different layers of decision-making and horizontal linkages involved in coordinating the implementation of anti-corruption initiatives. Sections that follow empirically explore the case of devolved administration along these perspectives, as far as coordination and control of accountability initiatives in public organizations are concerned.

## Coordination and Control Structures for Accountability Reforms in Kenya

The Constitution of Kenya 2010 (CK2010) introduced a decentralized system of government where two of the three arms of government – the legislature and the executive – were devolved to

47 political-administrative county governments as stipulated in Article 6 and specified in the First Schedule to the Constitution. The primary objective of devolution is to decentralize power, resources, and representation to the grass roots as it involves "[. . .] the presence of local units that have autonomy and independence from the center, with clear and legally recognized geographical boundaries over which to exercise authority and perform public functions. The units are also accorded corporate status and the power to raise sufficient resources to carry out their functions" (ICJ 2013, pp. 5–6).

Many legislations have been accordingly enacted to create an effective implementation framework for devolution. Devolution should mainly steer and coordinate the needed public sector reforms, where administrative units are embedded onto the office of elected governors. The governors appoint senior administrators in the county responsible for the administration and implementation of policy reforms, including anti-corruption reforms in the counties. Accordingly, county administrators collaborate with oversight and regulatory institutions in coordinating accountability reforms in the county. Similarly, oversight roles and legislative dimensions of decision-making lay with the county assembly consisting of locally elected representatives and headed by the county speaker.

Thus, Kenya has a unitary state model with decentralized political-administrative structures in policy formulation, decision-making, and implementation across the public sector. This implies vertical-horizontal decentralization of coordination structures. Therefore, inasmuch as county governments have a leeway in the implementation of some national policies such as collection of revenues, county executives must balance their decisions with those of line ministries at the national level. This is in conformation to policy standards set by the latter, including accountability reforms. Similarly, public organizations within or outside county governments must liaise with relevant oversight institutions in the implementation of accountability regulations or legislations enforced by the latter.

Coordination and control structures for accountability reforms such as anti-corruption strategies, i.e., Public Service Integrity Programme (PSIP) framework, take on both vertical and horizontal linkages, within and outside county governance to ensure effective integration, steering, and coordination. This implies a collective action approach, bringing together regulatory authorities, private organizations, constitutional commissions, and the mainstream ministries. Consequently, there is widened scope, for example, of anti-corruption mechanisms in terms of investigations and enhancement of capacities of relevant agencies. Accordingly, there is need for effective horizontal and vertical inter-organizational linkages creating both external and internal horizontal and vertical coordination dimensions. These uniquely influence implementation of anti-corruption strategies in particular Ministries, Departments and Authorities (MDAs).

For example, institutionalization of legislations like Public Officers Ethics Act (POEA) 2003 and Leadership and Integrity Act (LIA) 2012 through PSIP framework needs "collaboration between various players for the ultimate goal of a corruption-free society for the benefit of all. This brings to fore the need for back-up and ownership of anti-corruption drive by other players" (Tuta 2005, p. 87). To borrow from Christensen and Lægreid (2011, p. 2), this is because PSIP framework exists in a combination of "vertical specialization or structural devolution with extensive use of the principle of 'single-purpose organizations' or horizontal specialization, creating a fragmented system [or] more horizontal collaboration and coordination in the form of networks, teams and projects." Super-ministries at the national government and their subunits at the regional county commissioners, county governments, parliamentary commissions, and all other MDAs should therefore draft ethical guidelines, institute accountability initiatives such as Corruption Prevention Committees (CPC) and Whistleblower Protection Policy, as well as enforce institutionalization of these initiatives in other subunits within their jurisdictions. This

implies an internal vertical coordination and authority in the implementation of anti-corruption strategies. This, for instance, requires county commissioners to create CPCs for county administration levels.

However, to further strengthen coordination and control of different accountability dimensions in the public sector, institutions like CAJ were created to address control gaps eminent in the problem structure of corruption and accountability dimensions, most importantly, those that fall outside the mandate of the ACA and other oversight institutions. That is, the Ombudsman deals with accountability ills such as unlawfulness, abuse of power, unfairness, etc., whereas ACA handles bribery and fraud. These are done through law enforcement, promotion of administrative standards, public sensitization on corruption, and promotion of ethical practices in public organizations. This has reportedly assisted with addressing the wickedness of corruption, i.e., its complexity, transcendence, and overlaps in public administration. That is, the control and specificity provided by the distinctive relationship between EACC and CAJ have somehow addressed ambiguities hitherto confronted by the former.

In addition, toward addressing issues of control and coordination, the CK2010 separated the Office of the Director of Public Prosecution (ODPP) from that of the attorney general. Investigative powers on corruption and economic crimes were accordingly conferred to ODPP. It can be argued that this reduced the red tape and institutional complexities, which had previously characterized anti-corruption reforms in public administration (cf. Tuta 2005). Nevertheless, as will be demonstrated shortly, oversight or regulatory institutions, including EACC, are still faced with poorly structured coordination and control mechanisms. For instance, EACC blames the absence of a national anti-corruption policy for the poorly coordinated anti-corruption reforms and has negatively "affected investigations, asset recovery by EACC particularly in areas, which require an integrated approach among all institutions, which may be involved in the matter. Thereby, EACC's effort to deliver on its mandate is affected" (EACC 2013, p. 62).

## The Data Source

Data draws on qualitative primary and secondary data collected between January 2015 and May 2016 in Migori, Kisumu, and Nairobi counties in Kenya. Primary data were collected through administration of structured and unstructured questionnaires, as well as conducting of in-depth interviews with relevant parties. A total 77 executive and middle-level administrators were interviewed. This included heads of department and units in Ethics and Anti-Corruption Commission (EACC), Commission for Administrative Justice (CAJ), and Transparency International (TI-Kenya). These interviews took approximately an hour. Respondents were largely selected basing on the relevance of their administrative roles to implementation of accountability reforms. Referral sampling was also helpful in identifying, creating rapport, and accessing data or interviewing administrators in studied counties. The secondary data were based on documentary analysis of surveys and auditing, annual, and media reports. Data analysis involved coding, schematization, and categorization as discussed below.

## Networks and Partnerships: A Multiagency Approach to Coordination and Control

Lægreid et al. (2016) with regard to European governments argue that traditional hierarchical coordination in public management has partly involved attempts to reintegrate fragmented administrative apparatuses. This has entailed creation of transboundary coordination arrangements such as networks, partnerships, and shared performance targets like Kenya's PSIP framework. Through such networks, a variety of new coordination practices have been designed to tackle accountability challenges. In line with this,

EACC's Directorate of Prevention Services hosts a unit called the Partnerships, Coalitions, and Interventions (Prevention). It is responsible for addressing areas considered critical in relating with other governmental agencies. This involves "[f]orging Partnerships and Coalitions and creating linkages with other organizations and institutions involved in the fight against corruption. Organizing forums for informed debate and discussion on critical issues [and] Training integrity and quality assurance officers in the public and private sectors" (EACC *website*).

Moreover, in its *Strategic Plan 2013–2018*, the EACC recognizes that partnerships and coalitions with its stakeholder organizations are crucial in the control and coordination of anti-corruption strategies. That is, EACC and CAJ are committed to expanding their partnership base ostensibly to foster effectiveness of their partnerships (cf. EACC 2013, p. 29; CAJ 2014). No wonder, in 2015 EACC further entered into a memorandum of understanding with three other institutions – Kenya Revenue Authority (KRA), Nairobi City County Government, and the Association of Professional Societies in East Africa (EACC 2015). More importantly, however, through a network labeled Kenya Leadership and Integrity Forum (KLIF), the ACA with its partners such as CAJ, MDAs, Courts, etc. exist in what Michele Gelfand and others would term as the *accountability web*. This is created "to maintain order and coordination between individuals, social systems [or institutions] create a multitude of standards to which individuals and groups are answerable, and to which these entities are judged and sanctioned" (Gelfand et al. 2004, p. 137). This accountability web presents an external-horizontal coordination regarding specific investigations and penalties that may arise in the implementation of PSIP strategies. Thus, accountability web with its horizontal linkages is intended to ensure control on accountability ills, their nature notwithstanding, that is, whether criminal, administrative, or otherwise, as well as to coordinate actions on all forms of maladministration across public institutions and agencies.

According to EACC, KLIF "is a national integrity system set up to coordinate a unified sector based strategy for preventing and combating corruption by forging alliances and partnerships with sectors across the Kenyan society" (EACC 2015, p. 67). It has 14 member organizations drawn from both the public and private sector, including the judiciary, professional associations, the civil society, and other MDAs. Using KLIF, EACC, for instance, coordinated and rolled out a 5-year multi-sector integrity strategy dubbed KIP (Kenya Integrity Plan). It is also through collaborations with KLIF Secretariat that EACC has been able to organize and execute public awareness and foster environmental-related components such as the commemoration of International Anti-Corruption Day across counties in Kenya. The control dimension of this network can be demonstrated by the fact that on 15 January 2015 a collaborative reporting of intelligence or information sharing between EACC and KRA reportedly foiled smuggling at the Port of Mombasa. In particular, credit was placed on the fact that the collaboration between these agencies witnessed some success in coordinating the confiscation of smuggled goods at the mentioned port, which included a container carrying 17,600 x 50 kilogram bags of sugar amounting to approximately Ksh 56 million (or USD 560,000).

In addition, although hardly adequate, partnerships in the areas of public accountability have somehow reduced impediments hitherto faced in the enforcement of ethical standards in the public sector. For example, it has become a requirement to any applicant for a public office to seek clearance from EACC, the police, and KRA or even from the Credit Reference Bureau so as to become a member of any committee in the counties or be employed in any regulatory authority. This has arguably fostered self-regulation through coordinating compliance with PSIP framework in the public sector. However, dimensions of administrative culture, e.g., collectivist structures and inadequate design of relevant legislations to back such efforts, including political factors, have made the impact of self-regulation and coordination efforts problematic in county administration.

Furthermore, oversight institutions through another collaborative network called Integrated

Public Complaints and Referral Mechanism (IPCRM) reportedly established effective coordination and control mechanisms that have seen increased reporting organizational malpractices in public organizations. The IPCRM was founded in 2013, and it consists of six organizational partners, which include EACC, CAJ, TI-Kenya, Kenya National Commission on Human Rights (KNCHR), National Cohesion and Integrated Commission (NCIC), and National Anti-Corruption Campaign Steering Committee (NACCSC). IPCRM brings a multiagency approach to cases on corruption and other complaints related to maladministration. Thus, IPCRM has been credited for increased reports on wrongdoing in public organizations by members of the public. For instance, in 2014 CAJ stated that it had "received 151 complaints through IPCRM, a double increment from the previous reporting period when the Commission received 73 complaints. The Commission also attended a strategic meeting in Machakos on awareness creation on the partnership" (CAJ 2014, p. 24). It was also established in Kisumu county that IPCRM coalition expanded specificity in dealing with different dimensions of maladministration such as abuse of office. This arguably improved control and coordination mechanisms through effective information sharing between member agencies. It should be noted that such collaborative operations as reported in the case of EACC and KRA above improve both technical and institutional environments of oversight institutions. Dimensions of legitimacy in oversight agencies, for example, are improved leading to institutionalization and internalization of accountability reforms in public organizations.

Notwithstanding the above, it was likewise established that KLIF or IPCRM networks have not resulted into substantive changes needed to control malpractices in the public sector. In line with findings by Lægreid and Rykkja (2015) on coordination of wicked policy problems in Norway, this was partly contributed to the existing strong vertical coordination among key individual partners in these networks and in public organizations. Consequently, deficits of coordination and control, as well as multi-organizational suboptimization, were reported in the implementation of accountability reforms in county administration. Such deficits may also allude to reassertion of vertical authority within individual organizations or units. This, in turn, creates ineffective coexistence between elements of hierarchy that, on one hand, emphasizes control and organizational interests, mandates, and responsibilities and, on the other hand, IPCRM and KLIF networks. However, this additionally poses loose and rather weak horizontal coordination capacities. It was established that this may explain, for instance, low public awareness and trust in the structural organization of anti-corruption reforms reported among administrators in county administration. In other words, there were evidences of a knowledge gap among administrators, and reportedly the public, with regard to the jurisdictive roles of EACC and CAJ.

Such challenges of coordination and control also allude to unbalanced congruence. That is, levels of organizational commitments needed in these partnerships hardly equaled to administrative cultural congruency between organizations. Organizational commitment is essential in the creation of mutual trust that can allow effective operation of such networks. In particular, mutual trust between organizations may "enhance appropriate behaviour, and individual and organizational decision-making is oriented towards confirming roles and identities [as this] may facilitate or constrain coordination" (Lægreid and Rykkja 2015, p. 479). That said, the next section further looks into implications of devolved administration for coordination and control dimensions of accountability initiatives.

## County Administration, Coordination, and Control of Accountability Reforms

The relationship between devolved structures and institutions of accountability on issues of coordination and control of anti-corruption strategies can be used to interrogate the nature of horizontal linkages in the implementation of accountability reforms in Kenyan public administration. Indeed, as anywhere else, it was established that

devolution has presented unique and increased institutional hybridity in forms of layering of reform structures, conflicting administrative cultural features, and jurisdictive specializations. These have aggravated rather than reduced complexities in the ongoing anti-corruption reforms in public administration.

That is, subsequent vertical intergovernmental specialization and authority and horizontal inter-organizational relationships have generally implied widened scopes of implementation of accountability reforms in the public sector. This has compounded challenges with control and coordination landscape in the implementation and enforcement of accountability initiatives in public organizations. It was also reported that a new set of policy reforms in the counties have generally been characterized by conflicting implementation relationships between administrative gatekeepers and those whose interests are availed by the new administrative dispensation. Devolution has therefore come with displacement, replacement, and promotion of some working groups or networks and structures. This has resulted to a largely politically charged and anarchic accountability relation in county administrations. Thus, negatively affecting operations of anti-corruption committees, whistleblowing efforts, and compliance to drafting specific ethical guidelines. Subsequently, control and coordination mechanisms for accountability get weakened.

It was established that devolution has exacerbated the already problematic organizational commitment, bureaucratic identity dimensions, and information sharing between public entities and partners toward policy implementation that has posed challenges for the realization of effective coordination of accountability strategies, most importantly, basing on the fact that the design of accountability reforms tends to transcend individual organizational jurisdictions and depends largely on the commitments of public organization actors to facilitate or own the reforms for effective implementation. That said, devolved administration in Kenya presents pertinent implementation problems of horizontal coordination and control between line ministries and oversight institutions.

Moreover, the "unsettled" situation or the transitioning nature of devolved administration was found to present increased complex implementation processes. In particular, such processes were said to be characterized by tug of wars between the central and county governments. There were also administrative tensions between employees from line ministries currently absorbed into the devolved governments and their colleagues from the defunct local authorities. Thus, transitory stages of political-administrative reforms in Kenya tend to feature operational instrumental ambiguities, partly due to the lack of clear budgeting processes; anarchic hierarchy, especially at the mid-level positions; and unclear definition of tasks between some departments. In other words, devolved structures are not coherent and do not clearly stretch to street-level administration. This was contributed to the consequent lack of effective control measures against threats of accountability ills at the local state levels, alluding to both instrumental and cultural inconsistencies as far as accountability norms are concerned in county administration.

### *The Reform Paradox*: Re-grouping of Informal Networks and Accountability Controls

Insofar as dimensions of coordination and control are concerned, the complex interaction between instrumental and cultural components in devolved reforms and inherent accountability problems in county administration was reiterated by many respondents. It was also explicit that accountability relations in county administration seem unclearly defined to foster effective control and coordination of accountability mechanisms in public administration. In fact, we may draw on this to reassert the reform paradox argument that reforms may sometimes undermine rather than foster accountability relationships. However, such unsettled or transitory status of reforms in Kenya reportedly experienced the re-grouping of informal networks or relationships that may have been threatened by devolved governance reforms. This may have partly come from the possible

trade-offs and negotiations by concerned interest groups or factions prior to or during the enforcement of punitive measures, most importantly, when it comes to handling cases of maladministration to CPCs and commitment to coordination networks at the local levels. This can, in turn, explain the established increased porosity of accountability mechanisms in county administration. This porosity partly stems from the conflicting control and specialization concerns between the central and county governments, as well as between the latter and institutions of accountability.

Again, instead of weakening neopatrimonial structures that were associated with administrative ills in defunct local authorities in the country, devolution has rather reinstituted these structures at the county government levels. It was established that these networks have incubated corruption and collective action problems to public accountability in county administration. Consequently, there was reportedly institutionalization of a complex interaction between informal and formal multilevel decision-making and inconsistent courses of action within intra- and inter-organizational relations. This also contributed to reported gap between oversight and public organizations in the effective coordination of accountability reforms. The embeddedness of accountability reforms onto political-administrative structures at local levels through PSIP framework both fragments these reforms and largely places control under the discretion of county CEOs. As such, institutionalization and coordination of accountability reforms are placed on the hierarchical and largely influenced by the quality of leadership at any particular department or ministry. Accordingly, contrary to contestations that decentering supposedly weakens the position of CEOs on matters of accountability, county administration in Kenya indicates that the control and influence of information by political-administrative leadership is complex and multilayered and does not necessarily guarantee increased accountability more especially if this relationship is understood largely within instrumental arrangements like advanced in agency theory models of administration or within post-NPM or joined-up government approaches, which favor interagency integration and reassertion of the center (Christensen and Lægreid 2008).

It was further established that embedment of accountability reforms on political-administrative structures in public management has heralded jurisdictive conflict between oversight institutions and public organizations. The latter have largely retained their jurisdictions on various aspects of management including accountability reforms or PSIP-related concerns in the public sector. Unfortunately, this scenario has been exacerbated by devolved structures owing to the powerful institution of the governor, whose influence presents centrifugal effects on key decisions and implementation directions for accountability reforms. Such partly being the case, EACC, for instance, was reportedly constrained as a coordinating agency to effectively monitor compliance with the implementation of PSIP strategies in public organizations. Therefore, coordination and control as implementation components in accountability reforms is incoherent in county administration. In particular, many of the respondents alluded that anti-corruption efforts in county governments are poorly coordinated both in terms of their contents and in terms of relationships between respective ministries, departments, authorities, and accountability agencies. That is, coordination and control aspects of accountability reforms are instrumentally and culturally inadequate in county administration.

The implementation of devolved systems has also come with expanded bureaucracy and increased demand for resources. Different studies have shown that this is indeed a key challenge to accountability reforms in most African countries. Thus, the enormous size of bureaucracy and the entrenched negative implications of collectivist culture, i.e., cronyism, favoritism, etc., hinder effective coordination and control of accountability reforms. EACC officials interviewed reiterated that enforcement of anti-corruption initiatives in public administration, in particular, has become increasingly problematic given the size of the bureaucracy. Though, it should be pointed out

that events that ushered in devolved administration were less inspired by addressing administrative accountability than fostering representation and political responsiveness hitherto unbalanced in the centralized governance system.

The largeness of public administration also brings to fore concerns with capacity issues when it comes to implementation and institutionalization of accountability structures in the counties. Indeed, some respondents correlated the inadequate capacity of oversight institutions to effectively monitor, audit, enforce, and coordinate accountability initiatives in the public sector to the largeness of the latter. At the same time, the expansive bureaucracy stemming from the adoption of devolved governance poses challenges both in terms of structure and labor, to the establishment of effective control systems for accountability reforms. For example, according to the Auditor General's 2014/2015 Financial Year (FY) report, it was stated that Migori county exceeded its payroll budget by over Ksh 136 million in the audited FY. Actually, the constrained performance of financial control mechanisms, particularly the Integrated Financial Management Information System (IFMIS), was blamed on the bloated Kenyan public sector. So, because devolution largely prevails on the enhancement of political-administrative representation, political responsiveness, and accountability, it may sometimes come with an expansive bureaucracy, which, in turn, impedes actualization of effective oversight mechanisms in the public sector.

## Conclusion

Accountability reforms founded on weak and loose devolved structures are likely to witness instrumental and cultural layering and jurisdictive conflicts of decision-making. This creates a milieu for poorly coordinated and weak control mechanisms for reforms in public organizations. Such outcomes avail capacity problems within intergovernmental model to foster effective coordination of accountability mechanisms and control maladministration at all levels of political-administrative structures. It has been advanced that organizational dimensions, particularly culture, design, and environments, present synergic relationships that make devolution a complex political-administrative structure to allow effectual implementation of accountability reforms. Devolution also creates a more politically affiliated working group at local state level with somehow hostile implementation relationships and problematic commitment to accountability reforms in public organizations.

It is further demonstrated how devolved reforms characterized by unsettled situations lead to loose accountability relations between public and oversight organizations or between ministries, departments, and authorities in intergovernmental model of administration. The unsettled situation also ushers in chaotic transition of devolved governance and brings forth institutional capacity and resource-related problems. For instance, the bloated bureaucracy that has come with devolved governance has put pressure on civil service wage bill and created capacity-related challenges for effective political-administrative oversight in Kenya. This has hindered the performance of ACA and Ombudsman as key coordinating agencies for accountability initiatives in Kenya's public organizations. In addition, the uneasy relations between former employees of defunct local authorities and their colleagues from line ministries impede adequate organizational communication, commitment, and trust for effectual coordination and control structures for the implementation of accountability reforms.

Moreover, devolution in Kenya has rather exacerbated than reduced the consolidation of clientelistic networks which seem to threaten effective control of accountability problems in public organizations. This has created a milieu for accountability ills such as cronyism, kickbacks, etc. in county administration. In this way, and as often been reiterated by studies in other contexts, even though devolution in Kenya may seem to have weakened central political-

administrative levers of control, it is yet to address challenges of vertical and horizontal coordination between public institutions and oversight institutions or between county and central governments that are needed to effectively coordinate accountability reforms. These evidences add to findings in public management that intergovernmental model is characterized by persistence of accountability problems despite adoption of otherwise apposite and elaborate reform frameworks.

## Cross-References


- ▶ Garbage-Can Model of Organizations
- ▶ Globalization and Organizations
- ▶ Organizational Control
- ▶ Organizations and Environment
- ▶ Policy Networks as a Form of Governance


## References


Bouckaert G, Peters BG, Verhoest K (2010) The coordination of public sector organizations. Palgrave Macmillan, Hampshire

CAJ (2014) County visits report on awareness creation 2012–2013. The Commission for Administrative Justice, Nairobi

Carroll BW (1989) Administrative devolution and accountability: the case of the non-profit housing program. Can Public Adm 32(3):345–366

Chêne M, Hodess R (2009) Coordination mechanisms of anti-corruption institutions. U4 expert answers, Anti-corruption Resource Centre, Transparency International & Chr. Michelsen Institute. Retrieved 15, no. 2

Christensen T, Lægreid P (2008) The challenge of coordination in central government organizations: the Norwegian case. Publ Organ Rev 8(2):97

Christensen T, Lægreid P (2011) Complexity and hybrid public administration – theoretical and empirical challenges. Public Organ Rev 11(4):407–423

Christensen T, Lægreid P (2018) An organization approach to public administration. In: Ongaro E, Van Thiel S (eds) The Palgrave handbook of public administration and management in Europe. Palgrave Macmillan, London

Clegg S (1981) Organization and control. Adm Sci Q 26:545–562

Denis JL, Ferlie E, Van Gestel N (2015) Understanding hybridity in public organizations. Public Adm 93(2): 273–289

EACC (2013) Annual Report, 2012/2013. Research & Policy Dept. Directorate of Preventive Services. Ethics and Anti-Corruption Commission

EACC (2015) Corruption and Ethics Survey Report, 2014. Research & Transformation Dept., Ethics and Anti-Corruption Commission

Fukuyama F (2013) What is governance? Governance 26(3):347–368

Gelfand MJ, Lim B-C, Raver JL (2004) Culture and accountability in organizations: variations in forms of social control across cultures. Hum Resour Manag Rev 14(1):135–160

Hyden G (2013) Culture, administration, and reform in Africa. Int J Public Adm 36(13):922–931

ICJ (2013) Handbook on devolution. The Kenyan Section of the International Commission of Jurists, Nairobi

Lægreid P, Rykkja LH (2015) Organizing for "wicked problems"–analyzing coordination arrangements in two policy areas: internal security and the welfare administration. Int J Public Sect Manag 28(6): 475–493

Lægreid P, Sarapuu K, Rykkja L, Randma-Liiv T (eds) (2016) Organizing for coordination in the public sector: practices and lessons from 12 European countries. Springer, London

Lango P, Rykkja LH, Lægreid P (2011) Organizing for internal security and safety in Norway. INTECH Open Access Publisher, London

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83(2):340–363

Oliver de Sardan JPO (2008) Researching the practical norms of real governance in Africa. Overseas development institute (ODI), London

Onyango G (2017) Organizational disciplinary actions as socio-political processes in public organizations. Public Organ Rev. https://doi.org/10.1007/s11115-017-0401-7

Peters BG, Pierre J (2001) Developments in intergovernmental relations: towards multi-level governance. Policy Polit 29(2):131–136

Republic of Kenya (2015) The annual county governments budget implementation review report, FY 2014/2015. Controller of Budget. Republic of Kenya

Sims RR (1991) The institutionalization of organizational ethics. J Bus Ethics 10(7):493–506

Therkildsen O (2001) Efficiency, accountability and implementation: public sector reform in East and Southern Africa. United Nations Research Institute for Social Development, Geneva

Tuta JK (2005) Legal Framework for the Control of Corruption. In Chweya L, Tuta JK Akivaga SK (eds) Control of Corruption in Kenya: Legal-political Dimensions, 2001–2004. Nairobi: Claripress

Yesilkagit K, Van Thiel S (2008) Political influence and bureaucratic autonomy. Public Organ Rev 8 (2):137–153


D

# Dictatorships and Nonprofit Organizations

Palina Prysmakova
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Authoritarianism; Cooption; Unjust regimes

## Definition

An authoritarian regime is a type of state administration, whose main goal is to support its rule and to guard against any possible inflictions of power-threatening elements. Such a state is characterized by the domination of the government in making and implementing policy, the limited autonomy of an organization in representing its members and constituents, and deliberately erected obstacles for citizens to define and voice their priorities.

## Introduction

Despite the attempt of being as much global as possible, most of the entries in the present encyclopedia refer the nonprofit sector management and its place in the society in the developed world. There, the relations between governments and the nonprofit sector are predictable, mainly because they are stabilized by the corresponding legislative base. However, even this pool of developed countries represents the diversity of administrative regimes and the variations of government-nonprofit relations created by the uniqueness of their origins. These variations occur everywhere across the globe in both developed and developing contexts. This entry aims to describe possible relationships in authoritarian states, which, despite of being highly understudied (Bohmelt 2013; Salamon and Anheier 1992), require no less attention.

Before outlining various types of relationships between a ruling group and the civil society, one should determine what can be called a dictatorship. Authoritarianism is not a uniform label, and in any theorizing about governmental relations with the nonprofit sector in authoritarian context, one needs to understand the relativeness of this characteristic of a government. What is viewed as a dictatorship by the citizens of one country could be a normal order of life for others and vice versa. Therefore, the states that one can call authoritarian would differ as for their welfare regimes, their cultural and religious traditions, or lack of them, which would shape not only the development of associational life but also determine the type of a consolidated regime.

Scholars and philosophers consider a regime being dictatorial or authoritarian using pleiades of definitions. Summing up several typologies (e.g., Bohmelt 2013; Heurlin 2010; Lee 2005), we can see that scholars distinguish personalist regimes, single-party regimes, military-led regimes, monarchies, illiberal democracies, liberal autocracies, and statist regimes. Bohmelt (2013) refers to an authoritarian regime when the main goal of the state administration is to support the rule and to guard against any possible inflictions of power-threatening elements. According to him, such a state is characterized by the domination of the government in making and implementing policy, the limited autonomy of an organization in representing its members and constituents, and the lack of citizens' involvement in defining and voicing their priorities. Other scholars like, for instance, Lee (2005) also expect that an authoritarian state often restrains freedom of associations and corresponds to the statist regime, in which the low levels of social spending are not compensated by the growth of the nonprofit sector. However, as this entry will show, there could be some notable exceptions.

## Factors Influencing Nonprofits in Dictatorships

Variables that impact the nonprofit sector either in dictatorial or in any other type of regimes could be

internal and external. Internal are those factors that determine the way in which the administration of the state and nonprofit organizations communicate inside the country. For instance, in open and relatively free civil societies, the nonprofits usually work with the local governments rather than with the central governments (Brinkerhoff and Brinkerhoff 2002). In states with more centralized governments, this dynamic changes. The functioning of nonprofit programs is strongly dependent on the favorable attitudes of a central government. The scholars uniformly claim that the relations between the state administration and the nonprofit sector is primarily determined by the type of a regime, namely, who is in power and how this power has been acquired (Bratton 1989; Heurlin 2010; Bohmelt 2013; Hasmath and Hsu 2014). Other internal variables are the longevity and stability of the regime, its strength, historical formation of welfare state, the extent of governmental social welfare spending, and the level of state capitalization.

Economic performance also plays an important role. Some highly centralized countries do very well due to their strong command economy, which usually is built up on the enormous resources they possess (Cook 2015). Thus, while their governments have the ability to provide their population with the necessary social services, it is up to them whether to delegate the provision of some of these services to the nonprofit sector. Meanwhile, when some centralized countries are economically weak, they will not have enough resources to undertake welfare functions (Cook 2015). Here, the authorities have to decide whether to allow the nonprofits to activate the external resources (Heurlin 2010).

External or international variables that determine the nonprofit-government relations are the extent to which international donors are allowed to enter the country, whether they are interested to run the projects in a particular country or to which extent the authorities fear to lose their country's autonomy. Sometimes the donors are simply not interested to support the nonprofit sector. The reasons could be diverse, and their discussion is out of the scope of the present chapter.

## Nonprofit Types

Scholars suggest that various types of nonprofit organizations can exist in dictatorial regimes performing diverse services and functions. Like anywhere else, the entire range of organizational types is present across the authoritarian states, yet, not all of them could be simultaneously found in a single country. Different authoritarian regimes would agree on different types of nonprofits to be present in their country. For example, according to a funding type, the government could accept international nonprofit organizations, local nonprofits funded from abroad (southern nongovernmental organizations depending on northern funding), local nonprofits funded by local private donors, or local nonprofits operating on government funds.

Again, like everywhere else, the functions that nonprofits would perform are diverse: there could be environmental, social care, religious, human rights, and educational nonprofits. The last two could be restricted from the political activism and the discussion of political issues (Lee 2005). The division between a nonprofit religious organization and the government is also very thin in the sacred countries, which has no legal separation between church and state, or those where the government works closely with the church to acquire a popular support even though a country positions itself as a secular state.

## Forms of Relationships

In a single country, regardless of the regime, the degrees of freedom of association could differ between the nonprofits. They may function freely, they may function freely within the limits to receive international funds, or their functioning may be strongly regulated by the state. All three types could occur in the dictatorship. The latter is achieved either through complicated bureaucratic registration and reporting requirements or through the direct suppressing measures (Hasmath and Hsu 2014; Heurlin 2010). Researchers point out that if there are any relationships between dictatorial governments and the nonprofit sector, they

could be collaboration, co-option, pressure, and elimination. First, the entry reviews how scholars describe the situation when the nonprofits function freely and have no connections with the state.

*No relations* mostly works in a way that "we do not bother you, you do not bother us." This state of affairs usually occurs when the government is busy maintaining the power or establishing the regime, for instance, fighting of clans, and thus has a limited attention to the voluntary sector. Moreover, suppressing the independent sector might be costly for a newly formed administration (Heurlin 2010). Usually, the situation changes fast as the dictatorship obtains more power. For example, the first years of a dictator's rule might coincide with the activation of the nonprofit sector. After the regime is consolidated, the ruler turns to a restrictive treatment of the free operating sector. Even without establishing any relationships, the government can still benefit from the nonprofit organizations that function in parallel to the state. Trying to remove the label of being a dictatorship from their country, the authorities often show these organizations to the international donors as a proof of existing civil society (Dupuyabc et al. 2015).

Another obstacle for collaboration could be the common lack of scientific experts in the nonprofit sector, which rather consists of grassroots movements with have high interpretive but low delivery power. In highly centralized regimes with the exception of the environmental organizations, the nonprofits usually have little professional expertise (Hasmath and Hsu 2014). Thus, the nonprofits do not produce the knowledge, but reframe it, which is of little help to the governments.

Because the service delivery usually occurs on the local level, the lack of relationships also happens when local governments have low levels of trust towards and low levels of knowledge about existing nonprofits (Hasmath and Hsu 2014). A good example is when local governments are more focused on the local development measured by the economic growth, which is easier to report to the central government than the indicators for environmental or social improvement (Prysmakova 2016). In such a situation, the need to contact and collaborate with the local nonprofits is marginalized. Nonprofit organizations equally avoid approaching the local governments, because they are aware that the local governments lack trust and knowledge of their sector.

The knowledge about the nonprofits is also determined by the governmental awareness about certain social issues and the degree of importance assigned to them. Increased awareness could lead either to the attempts to collaborate with or to co-opt a nonprofit organization.

*Collaboration* on equal, even though possible, rarely appears in dictatorships. The reasons are the prevailing tendencies of those in power to limit their partners to the family clan, party adherents, or closest allies. Also, when the lack of trust is not the problem for cooperation, then it could be the difference in the perspectives about social problems and their solutions.

However, as the practice shows, there are situations when an authoritarian government recognizes the important role of the nonprofit sector in the provision of educational and social services. Nonprofits in turn also depend on the state as a partner in social provision. Cook (2015) suggests some of the centralized governments in fact encourage and support service-providing nonprofit organizations contracting the nonprofits to deliver social services that previously were provided by the state (Cook 2015).

When the burden of welfare provision is passed to the local governments, the latter might become interested to cooperate with the nonprofits. While the majority of meaningful interactions occur between the nonprofits and the local governments, the difficulties in collaboration could be attributed to the fact that the central government still effectively controls the legal environment in which independent organizations operate (Hasmath and Hsu 2014). Further difficulties are attributed to the organizational differences between the two sectors in their forms and missions, making it hard to build mutual trust and to define a common goal.

Corporatist relationships as a case of collaboration often occur between church and state. Scholars give an example when the colonial regimes use the Christian churches to protect

from any possible intervention of the communist ideology (Lee 2005). Also, religious organizations are very capable of attracting religion and humanitarian aid through their international connections.

From the perspective of a nonprofit, however, collaboration with the government is often not acceptable or it contradicts its mission. Therefore, the nonprofit organization will try to negotiate its autonomy from the state. Moreover, because nonprofit organizations often promote liberal causes like human rights, democratic choice, or gender equality, they will start bothering the authorities just with their presence. When the independent nonprofit sector becomes politically inconvenient to the extent that it requires an action, the authoritarian government has a choice to co-opt nonprofit organizations or pressure and eliminate them.

*Cooption*, or corporatist-style institutionalization, means using the nonprofit organizations for the sake of government promotion. In response, the government assists civic organizations to provide welfare and services to the community. The nonprofits are typically called co-opted by the government when the government becomes the major funding source, and, therefore, all the decisions undertaken by a nonprofit organization require an official approval of a sponsoring agency. The autonomy of nonprofit organizations erodes, and they become homogeneous with a high degree of predictability for the state.

Being co-opted, however, does not necessarily mean governmentally funded. Besides governmental provision, such organizations could also either operate on membership fees or on private donations. Meanwhile, as another drawback, any form of state dependency could lower the activism of the nonprofits, and they could stop the proliferation of neighborhood organizations striving for a democratic change. Researchers give us an example of the colonial practice of co-opting leaders of local civic associations into the government, for instance, through inviting them to political and administrative positions, which has been a common practice even after World War II (Lee 2005). In such cases, co-option reduces the strong feelings of community ownership of the nonprofit sector (Heurlin 2010).

Potentially successful organizations are especially prone to governmental co-optation, because incorporating such organizations into the regime system releases the need from the government to be creative in solving problems. The government absorbs the nonprofits implementing their programs into the governmental system. As a final drawback of co-option, the fear of losing the credit for creative ideas might discourage the nonprofit sector to innovate (Hasmath and Hsu 2014).

*Pressure, Exclusion*, *and Elimination* include bureaucratic complications during the registration or extensive systems of reporting during nonprofits' operation. The authoritarian government might have little interest for extra administrative work to sponsor or regulate the nonprofit sector. Neither there is an incentive for the government to be liable if the nonprofit program does not perform. The way out is to prevent a nonprofit organization from completing a registration step (Heurlin 2010). To avoid this type of relationships as well as the co-option, a nonprofit might register as a business organization. However, it is also not always an easy solution. Researchers suggest that, for instance, a private organization that undertakes public tasks might find difficulties to officially establish its regional branches (Hasmath and Hsu 2014).

The most common way to deal with unwanted nonprofit organizations is the use of force. Advocacy organizations are especially prone to the brutal treatment (Nair 2011). The mass media often reports journalists' disappearance and numerous raids of special military forces to confiscate equipment and documentation of independent advocacy organizations.

Pressure on the nonprofit organizations usually occurs, when the image and the power of the government are threatened by the nonprofit sector activities. While more obvious with the advocacy and lobbying groups, service-providing organizations could become equally dangerous for the regime. By taking over governmental functions, such organizations damage the image of the government showing its passivity in regard to various hardships of the population (Heurlin 2010).

The high profile and strong power of local community groups can raise the hostility and

cause the violent intervention of the governing authorities. To address the issue, a strong governor could appoint into his or her cabinet a popular leader of a nonprofit organization who might be considered an unofficial people's mayor (Lee 2005). Similarly, a dictatorial government could recommend that a nonprofit's board should appoint a government's ally to a leading position of their institution.

In response to regulatory change, nonprofits minimize, avoid, or try to defeat new rules. Also some organizations might prefer to work illegally without officially complying with the rules. Increased regulatory restrictions, however, are not exclusive to the authoritarian states (Heurlin 2010). As the research shows, after World War II, the legislation regulating the nonprofit sector have toughen up in nearly half of world's states regardless of the regime type (Cook 2015; Salamon and Anheier 1997).

Dictatorships often pay a special attention to foreign-sponsored nonprofit organizations, which by definition have problems with organizational ownership and autonomy of agenda setting. Authoritarian governments are likely to dismiss nonprofit organizations that do not represent local population. Harassment, detention, banning, and violence are standard forms of repression for the maintenance of the external links. Although when the support comes from a well-established international donor, the nonprofit organization might be able to function allowing for the government interference.

## Variations of Authoritarian Regimes and Their Consequences for Nonprofits

Relations between centralized regimes and nonprofit organizations have some variations in their patterns. On the one hand, scholars claim that across various authoritarian regimes, advocacy and civil rights organizations are uniformly suppressed (Nair 2011). On the other hand, researchers were able to illustrate that the milder regimes allow for small-scale advocacy organizations, because those in power know that in the absence of representative governments, small public demonstrations are safe and actually help tame the unsatisfied by venting out their grievances (Lee 2005).

The pattern is clearer for the service-providing organizations, whose primarily goal is to serve the vulnerable population and to support the neglected in the existing system of social care and public education. While they still advocate, their ideas are less of a political character and thus do not threaten the authorities. For instance, supporting and encouraging the formation of organizations that advocate the equal access for persons with disabilities actually creates a positive image and improves the popular support for the state administration. Meanwhile, researchers observed that there are also some specifics in the relationship between the government and the service-providing nonprofits depending on the authoritarian regime type, which are discussed below.

*Personalist regimes* are often characterized by having no other relations with the nonprofit sector than repressing it. The main obstacles to develop a vibrant civil society are the lack of competitive opposition and the government hostility toward independent political activities. It happens in countries with single-governor regimes, because of the weakness of political-party systems. Nonprofit organizations often duplicate the role of opposition parties, because the nonprofits are often founded and staffed by opposition figures. Such situation becomes inevitable where any organization outside of governmental control automatically falls into the definition of being an opponent. The government views nonprofit organizations as de facto opposition. Any program conducted by the organizations could be interpreted as a failure of the state to provide necessary services to the public. Some of the organizations, however, have no desires or ambitions to represent the opposition. This situation creates a climate of fear and periodic intimidation. Local nonprofit organizations are generally permitted to function, while they expect home invasions, nuisances, and lawsuits. This is the kind of backlash against any activities that challenge the authority of the government. Meanwhile, some organizations with a long history and possibly

connected to the religion of a country fare better than new ones that are not religiously affiliated.

The government is extremely sensitive to criticism and independent political activity. It controls independent organizations, citizens' movements, and nonprofit mass media, which are largely funded from abroad, by restricting freedom of speech, practicing detentions, and even questionably legal killings (Backer and Carroll 2001).

International donors may exacerbate the situation by transferring funds to the nonprofit sector as an expression of their dissatisfaction with the current governor (Backer and Carroll 2001). International development support often comes through the international organizations cooperating with the functioning nonprofit sector on the ground rather than government-to-government transfers. The dictatorial government usually demands from donors to channel their funding through the governmental structures, and if done otherwise, to bear the consequences (Heurlin 2010). A good example is when a chair of a human rights center – an organization that provides free legal services for those mistreated by a personalist regime – is put in prison after being arrested under charges of tax evasion of foreign funds through this nongovernmental organization.

*Single-party* regimes differ greatly from the personalist regimes from the perspective of the government relations with the nonprofit sector (Bohmelt 2013). In countries ruled by a single party, social services are often delegated to the nonprofits. Often the welfare is provided by the authoritarian state, and therefore, there is no need for the detached independent nonprofit sector. The regime is stable, and therefore, it has enough time and other resources to establish collaborative or co-optional relationship (Heurlin 2010). Scholars suggest that the nonprofit organizations either function almost freely as to initiate projects and receive international aid, for example, despite the strong clans' culture (Cook 2015), or limited to be governmental contractors. Contracting the nonprofit sector is interesting for the government, because of cheaper labor achieved through the involvement of volunteers and also by the possible greater devotion to the cause, because the staff in such organizations is working foremost for the society's sake rather than for a government. Instead of being treated as an opposition like in the case of personalist regimes, a nonprofit organization is a tool in the war of the elites. Both the ruling class and their opponents try to get as much nonprofits on their side as possible to have a greater popular support.

The system allows for the nonprofit sector, while still pursuing strong coercive isomorphic pressures generated by the central legislation, and, therefore, the nonprofit organizations become alike. Literature has examples, where the creation of any other knowledge outside of the government challenges the legitimacy of the party, and as the result, the legal framework dominates the relations between the local governments and the nonprofit sector (Hasmath and Hsu 2014). It prevents the full-scale cooperation on the ground and transforms any relationship till it corresponds to the central regulations. For a nonprofit, the only way to exist is to be co-opted by the government. Therefore, to gain the trust of the government and greater possibilities to cooperate with the local authorities, the nonprofits build their names by delivering excellent quality of work that corresponds the central government requests to become a successful model.

*Colonial regimes* similar to other authoritarian administrations are primarily interested in maintaining domination, which intervenes with the development of free associations and prescribes the parameters for the inclusion or exclusion of nonprofit organizations in welfare provision. While keeping social spending low, authoritarian power of a colonial regime tries to avoid alternative bottom-up initiatives and limits grassroots movements and empowering. Community building is reserved to a top-down approach, as the bottom-up initiatives of the local population might challenge the authority. A top-down style allows to align forces in support of the state, making it harder for pressure grassroots groups to mobilize. For instance, despite stressing nonintervention in the social institutions and cultural practices of the native populations, colonialism often practices selective intervention in institutional forms strengthening the power relations.

The colonizers prioritize control over development. For example, during the establishment of a colonial rule, the authorities will restrict civil associations and assemblies. In addition to the fear of losing the power, the colonialists feel that providing welfare will attract the outside poor into their power centers usually located in larger cities and, thus, try to avoid it. As a result, local populations have to rely on unregistered groups of community self-help usually located on the peripheries of the cities or completely outside of them (Lee 2005).

*Military regimes* have either no relations with the nonprofit sector or they resemble the ones found in the personalist regimes, especially, in relations to the human rights groups, which are strictly outlawed. In turn, a*uthoritarian monarchies* resemble a lot the stable single-party regimes. In these more stable monarchies, some welfare is provided by the authoritarian state, which decreases the need for the independent nonprofit sector (Bohmelt 2013).

## Challenges for International Support

Even in democracies, states powerfully shape the patterns of the emergence, activity, and survival of the nonprofit organizations, as they do with other non-state actors. In the authoritarian regimes, the situation is exacerbated even more. The main question remains: how to support the independent nonprofit sector in an authoritarian state? A less harmful way is to wait, because as history has shown, the dictatorial regimes come and go. If being idle is not a solution, it is also possible to cooperate with the government. However, direct contract with the government could raise a public controversy. Direct contact of international organizations with the government legitimizes what is in many ways an illegitimate government. Certain organizations avoid it, for others there is no second option, and they fall under the definition of a government-organized nongovernmental organization (GONGO).

Close relations with the authoritarian government raise the question of population loyalty to the nonprofit organizations. For them, international funding either directly supports the authoritarian government or makes it legitimate in the eyes of the international community. For instance, the researchers show that the trust in the nonprofit sector could become very low, mainly due to the image spoiled by the international donors sponsoring briefcase organizations. They function with the permission of the government and are set up only to obtain money from donors with no real programs on the ground (Dupuyabc et al. 2015). Meanwhile, in authoritarian regimes, the self-helped groups sponsored by the members are valued highly by the population and enjoy its confidence (Lee 2005).

The relationship is determined not only by the strength of the regime but also by the institutional environment created by the leadership of the state. For example, the state administration could move from the overt coercion to intelligent sanctioning, when the government creates a defined space in which the nonprofit sector operates.

From the international perspective, the failure of a government to respect human rights creates a misleading impression that local nonprofit organizations are also inefficient. This divergence could be explained by the different objective that the local organizations and the international donors might pursue (Backer and Carroll 2001). Organizations on the ground prefer to maintain a high level of independence from each other, while donors rather encourage collaboration. Duplication of efforts within the limited resources raises the donors' concern, because from their point of view, when organizations are fragmented, the political improvements are slow.

The practice shows that playing against the government creates more pressure on the organizations up to their complete elimination. As a protection mechanism against the government hostility, for example, to avoid a punishment of all organizations in the network, the international assistance is sent only to a single organization. However, if discovered by the government, the foreign intervention blocks the desired growth of civil society (Backer and Carroll 2001). For these reasons, the most popular and safer approach that has been gaining its strength in the 2000s and 2010s is the emphases on citizen education and empowerment rather than institutional change and policy reform.

## Conclusion

Even though the presence of authoritarianism is ubiquitous across the globe, whether a country could be considered a dictatorship is the matter of definition. The fact remains that despite of seemly unfavorable political climate, various nonprofits manage to survive in highly centralized regimes. So, do the various forms of the relationships the government establishes with the nonprofit sector: from being unaware of the nonprofits existence to its attempts to collaborate, co-opt, or even eliminate some nonprofits that become strong opponents of the regime.

The relationships between the public and the nonprofit sectors will differ depending on the type of the government. In personalist dictatorships and military and colonial regimes, the leaders are either not paying attention to the nonprofit sector or tend to completely eliminate it. Meanwhile, single-party systems and long-established monarchies find it more useful to cooperate or to co-opt the nonprofits in their welfare systems.

The threats for the vibrant and organized community come from everywhere. Various groups both within and also from outside of the government abuse the nonprofit sector in the dictatorships. For instance, if funded from abroad, to preserve themselves, the nonprofits might behave contrary to the goals of a positive political dialogue and progressive reform. One thing is for sure, the creation of the vibrant civil society and the embellishment of the beneficial relationships built on the civil dialogue between the public and nonprofit sectors takes time and requires the change of the public values.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Contracting with Government
- ▶ Economy and Nonprofit Sector
- ▶ Governing and Managing International and Global Nonprofit Organizations
- ▶ Government and Nonprofit Relationships
- ▶ Public Organizations and Nonprofit Organizations


## References


Backer D, Carroll D (2001) NGOs and constructive engagement: promoting civil society, good governance and the rule of law in Liberia. Int Polit 38(1):1–26

Bohmelt T (2013) Environmental interest groups and authoritarian regime diversity. Int J Volunt Nonprofit Org 26(1):315–335

Bratton M (1989) The politics of government-NGO relations in Africa. World Dev 17(4):569–587

Brinkerhoff JM, Brinkerhoff DW (2002) Government–nonprofit relations in comparative perspective: evolution, themes and new directions. Public Adm Dev 22(1):3–18

Cook LJ (2015) New winds of social policy in the east. Int J Volunt Nonprofit Org 26(6):2330–2350

Dupuyabc KE, Ronde J, Prakasha A (2015) Who survived? Ethiopia's regulatory crackdown on foreign-funded NGOs. Rev Int Polit Econ 22(2):419–456

Hasmath R, Hsu JYJ (2014) Isomorphic pressures, epistemic communities and State-NGO collaboration in China. China Q 220:936–954

Heurlin C (2010) Governing civil society: the political logic of NGO–State relations under dictatorship. Int J Volunt Nonprofit Org 21(2):220–239

Lee EWY (2005) Nonprofit development in Hong Kong: the case of a statist–corporatist regime. Int J Volunt Nonprofit Org 16(1):51–68

Nair P (2011) Evolution of the relationship between the state and non-government organizations: a South Asian perspective. Public Adm Dev 31(4):252–261

Prysmakova P (2016) Chinese intergovernmental relations and world development: origins and impacts of Chinese export credits. Int J Public Adm, published online: https://doi.org/10.1080/01900692.2016.1242611

Salamon L, Anheier HK (1992) Toward an understanding of the international nonprofit sector: the Johns Hopkins comparative nonprofit sector project. Nonprofit Manag Leadersh 2(3):311–324

Salamon LM, Anheier HK (1997) Defining the nonprofit sector: a cross-national analysis. Manchester University Press


# Diet and the Legislative Process, Japan


Shunta Matsumoto
Faculty of Law, Meijo University,
Tempaku-ku, Nagoya, Japan


## Synonyms

Comparative legislature; Lawmaking process; Legislature; New institutionalism; Policy process

## Definition

This article describes Japan's lawmaking process, institutional features of the Diet, academic debates over the function of the Diet, and recent changes and reforms of the Diet.

## Introduction

This article reviews Japan's Diet and the legislative process from comparative and institutional perspectives. This article consists of four parts. First, it describes the first half of the legislative process, the bill-making process in the bureaucracy. Coordination inside the bureaucracy and with ruling party members matters in this stage. There are several instruments for facilitating coordination. Advisory Councils (*Shingikai*), legal examination by Cabinet Legislation Bureau (*Naikaku Houseikyoku*), and review session in the ruling party (so-called *jizen shinsa*), all of which are highly specific to Japan.

The second part is about the latter part of the process. After a bill is introduced, in contrast with the first stage, almost all ruling party Members and bureaucrats are cooperative to let the bill pass quickly. It is the opposition parties that tries to amend or kill a bill or to pursue a partisan debate to the public. Therefore, the government and ruling parties rely on informal negotiations between ruling and opposition parties. The so-called *kokutai seiji*, meaning politics by party Members in charge of Diet affairs, characterizes Japan's legislative process.

Third, there are several competing explanations to understand the overall function of the Diet, focusing on the institutional features unique to Japan. Contrary to the conventional view that the Diet merely realizes preferences of the bureaucracy, many scientific studies argue that the Diet works well in different ways. Then it is useful to summarize the debate. The real debate about the Diet is, however, based on the assumption that the Diet does not work well. Then a series of reforms occurred about the Diet and the legislative process in the 1990s, which will also be reviewed here.

This article ends with summary and short descriptions about several topics: bicameralism, bills submitted by Members (*giin rippou*), and budgetary process.

## Bill-Making Process in the Bureaucracy

As is the same as other parliamentary systems, there are two types of bills: government bills (*naikaku teishutsu houan* or *kakuhou*) and bills submitted by Members (*giin rippou*). This article mainly deals with government bills because they consist of most of the bills dealt with in the Diet.

Figure 1 is a flowchart that gives us an overview of the lawmaking process. Bills are born at the bottom of one or a few ministries, elaborated from the bottom to the top of the ministry, coordinated with other ministries in some cases, and finally be submitted to the Diet after the formal approval at the Cabinet Meeting.

The most important thing is, again, Japan adopts a parliamentary system. Thus, bills should almost perfectly be elaborated before submitted to the Diet. Several institutional features strengthen this tendency. First, it is the Cabinet not a vague "government" that has the responsibility to submit a bill. According to Article 5 of the Cabinet Law, Prime Minister, representing the Cabinet, shall submit a bill, budget, and other proposals. Second, Japan's policy process has been characterized as so-called the Iron Triangles, representing special interests shared by bureaucracy, politicians, and interest groups. Japan's bureaucracy has a strong tendency toward sectionalism. In addition, Japan's main political parties, especially Liberal Democratic Party (LDP), are categorized as a catchall party. Politicians represent various interests that sometimes conflict each other. Third, as discussed in the next section, time is extremely scarce in Japan's Diet. So the government and ruling parties have a strong incentive to complete the internal coordination before they submit a bill.

Several informal rules have evolved reflecting the importance and difficulty of internal coordination before the Diet. The first instrument lies

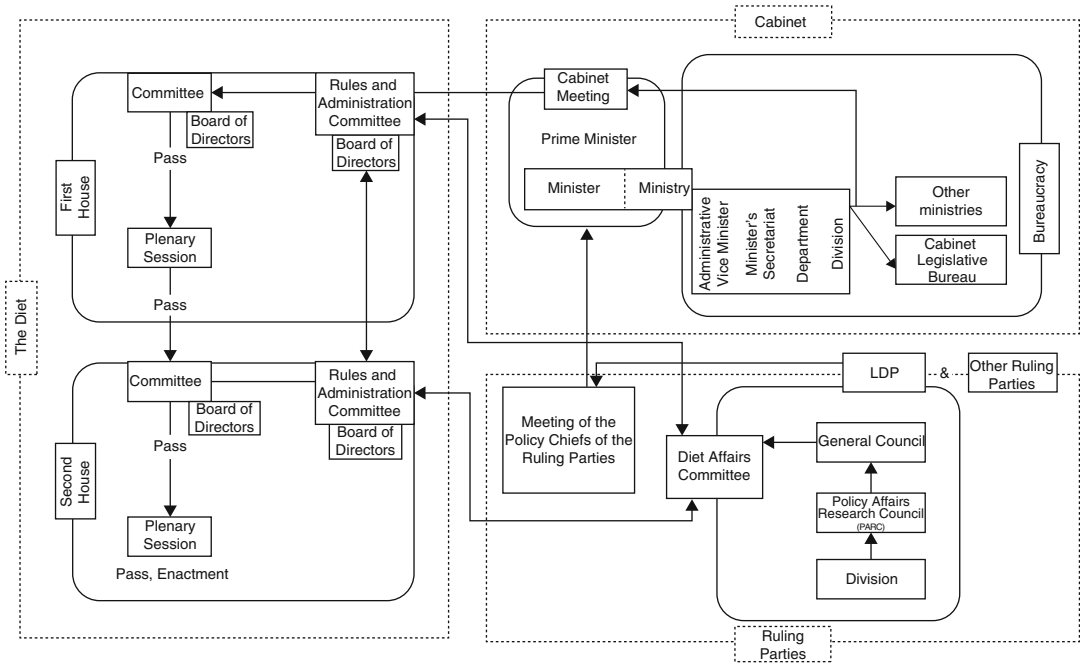


**Diet and the Legislative Process, Japan, Fig. 1** Lawmaking process of the government bill (Source: Nakajima 2014: p.33 (translated by the author))

inside the bureaucracy. Each ministry has several advisory bodies. There used to be more than 200 statutory established councils (called *shingikai*), whose number is now reduced to about 130. Members of a council typically include interest groups (both business and labor), scholars, journalists, other experts, etc. Councils can deal with virtually all topics related to their jurisdiction. There is a controversy whether councils function. Elitist theory criticizes that councils simply follow, or even authorize, preferences of bureaucrats. This argument is based on the fact that bureaucrats select council members at their own discretion and that radical opinions are seldom reflected. By contrast, Pluralists regard the council system as one of the channels to incorporate interest group's preference and expert knowledge with government bills.

A ministry is also able to organize non-statutory, private advisory bodies (*shiteki shimon kikan*). They are typically named Roundtable Conference (*Kondankai*), Study Group (*Kenkyukai* or *Chosakai*), or else. The Prime Minister sometimes relies on these groups. This is especially the case when the Prime Minister begins something that is hard to gain support from bureaucrats and/or ruling party Members. A typical example is the decision-making style by Prime Minister Nakasone Yasuhiro (1982–1987). Nakasone, sometimes called "presidential Prime Minister," fully used private groups on administrative reform, national security, and education reform as if these groups were presidential offices. Although Nakasone had weak political base at the LDP and pursued policies unpopular among LDP Members (especially privatization of the national railway company), he adopted ideas by an advisory body, appealed them to the public, and finally achieved policy successes.

Another informal coordinating mechanism is about the relationship between bureaucrats and ruling parties. This is especially the case with LDP that was born in 1955 and has almost been a ruling party (except August 1993–June 1994 and September 2009–December 2012). The LDP

began the so-called *jizen shinsa* (review-in-advance) system in the early 1960s. All government bills must be unanimously approved by internal organizations such as Policy Affairs Research Council (PARC), General Council, and Diet Affairs Committee. The most important session is Divisions (*Bukai*) under the PARC. Divisions correspond to ministries and Diet Standing Committees. Lawmakers at LDP attend one or more Division meetings at the LDP headquarters usually held in the morning. Bureaucrats also attend the meeting and explain bills they are preparing.

This review-in-advance system has evolved as some LDP lawmakers came to have their own policy specialties since about 1970s. Such Members are called *zoku* (tribe) or *zoku giin* (tribe legislator). For example, a Member who is familiar with public works is *kensetsu zoku* (construction tribe). There are pros and cons about review-in-advance between bureaucrats and *zoku giin*. On one hand, this is one form of representation. *Zoku giin* tend to represent their constituents and interest groups. This system also facilitates coordination when bureaucrats conflict across ministries over a policy issue. However, critics became the majority since 1980s. These decision-making styles turned to be regarded as a hotbed of the Iron Triangle. Politicians mainly care about their reelection. They had a strong incentive to participate in the review-in-advance for two reasons. First, Japan's major parties, except Communist Party and *Komeito*, have very weak party organization. Members of these parties have to win the election largely by themselves. Second, the past electoral system enhanced this tendency. The SNTV (single nontransferable vote) system enforced LDP Members to compete each other and then gave them incentives to appeal to special interests in their constituency. Therefore, what lawmakers pursued was credit claiming, pork barrel, and ignorance of the budget constraint and national-level affairs.

Critics toward the Iron Triangle led to the electoral reform of the Lower House in 1994 which abandoned the SNTV and introduced the current Parallel System of Single Member District and Proportional Representation. Nevertheless, although its influence might be weaker, this review-in-advance system survives after the electoral reform. The Democratic Party of Japan (DPJ) originally had a similar policy research system. Although the DPJ government tried to abandon this system just after they took the government in 2009, this attempt failed. Another recent change is that Japan began experiencing coalitional government since 1990s. Coordination among coalition parties matters now. The decision-making style among coalitions varies. In the case of the longest LDP-*Komeito* coalition, bills are usually discussed at the meeting by Chairs of policy councils after each party completes their internal procedure. In the case of some important bills, ruling parties organize a task force from the beginning.

Parallel with these procedures, bills are subject to review from the legal perspective. A Cabinet agency called Cabinet Legislation Bureau (*Naikaku Houseikyoku*) reviews all bills, Cabinet Orders, and treaties before they are submitted to the Cabinet Meeting. The Bureau checks the following things, all of which are about legal and technical points: necessity of creating a new law, contradiction with Constitution and existent laws, rooms of unintended interpretations, or even the use of words, technical terms, and even punctuation. All government bills become extremely flawless because the review is very strict. This is one main reason that the Supreme Court has seldom made a judgment that a law is unconstitutional. At the same time, critics claim that the Bureau behaves as if it were a court and then it might violate the authority of legislative and judicial branch. The Bureau is also consulted by Prime Minister, Cabinet members, or Diet over legal issues. The answer from the Bureau represents the government. There has been a controversy whether the interpretation of the law by the Bureau touches the political decision, especially about Article 9 of the Constitution abandoning war and armed forces.

After a series of these formal and informal procedures, a bill finally arrives at the Cabinet Meeting. Cabinet members usually meet in the morning of Tuesdays and Fridays. The decision

must be unanimous so as to consistent with Article 65 of the Constitution that "Executive power shall be vested in the Cabinet." Then informal coordination before the Cabinet Meeting matters. There used to be Conference of Administrative Vice Ministers usually held the day before the Cabinet Meeting. Administrative Vice Ministers (*Jimu Jikan*), top of the bureaucrat in each ministry, met in this Conference and made the final coordination mainly about interministerial matters. The DPJ government abandoned the Conference in 2009. But after the Eastern Japan Earthquake in 2011 and the recovery of the LDP in 2012, meeting by Administrative Vice Ministers revived although it is now held after the Cabinet Meeting and not for the coordination of a bill.

## Legislative Process in the Diet

Article 41 of the Constitution states that "The Diet shall be the highest organ of state power, and shall be the sole law-making organ of the State." The standard interpretation of the word "highest" is merely nominal. Other articles of the Constitution also stipulate the separation of powers among legislative, administrative, and judicial branches. In terms of the legislative-administrative relationship, Japan adopts the parliamentary system. The Diet designates and can also make a nonconfidence resolution to the Prime Minister. Instead, the Prime Minister has an authority to dissolve the Lower House.

Figure 2 displays the structure of Japan's National Diet. The Diet has two chambers: House of Representatives (Lower House: *Shugiin*) and House of the Councilors (Upper House: *Sangiin*). Both chambers have Plenary Session (*Honkaigi*), standing and other committees, and other internal organizations. Also, the Diet has the National Diet Library, the biggest library in Japan followed by the US Library of Congress. Figure 2 also describes the membership of both Houses. The main difference between them is the possibility of the dissolution. Whenever the Prime Minister considers it necessary, he/she can declare dissolution within 4 years of the term; Members of the Lower House lost their job and then the General Election should be taken place.

From the comparative perspective, main institutional features about Japan's parliamentary system are as follows. To summarize, there are a lot of hurdles for the government and ruling parties to pass their agendas quickly and smoothly.

First, Japan pursues strong bicameralism. All bills and budget proposals must be passed by both chambers. The Lower House usually deals with a bill first (about 90%) although there is no formal rule about the order. Of course, the Constitution and the Diet Law give the Lower House some privileges: electing the Prime Minister, procedures and rules about annual budget, treaty ratification, making a nonconfidence resolution against the Cabinet, and so on. At the same time, Japan's the second chamber in Upper House has a strong veto power compared to other parliamentary democracies. If the Upper House is against a bill, the Lower House cannot pass it without overriding by two-thirds of the majority. This often happens when the ruling parties lose the majority of the Upper House (*nejire kokkai*, meaning twisted parliament). Also, two-thirds of the majority is necessary at both Houses to call on a national referendum for amendments of the Constitution (which has never happened under the current Constitution). Finally, the Upper House is supposed to have an Emergency Session when the Lower House is dissolved and the General Election is going on.

Second, Japan's parliamentary system adopts the strong committee system like that in the US Congress. The committee system is based on the Diet Law that reflects the idea by the US occupation force. Standing committees are organized based on policy areas corresponding to ministries. All bills are referred to committees just after the Plenary introduced them. Institutionally, it is the Speaker (Lower House) and the President (Upper House) who makes committee assignment with a constraint that committee seats should be allocated in proportion to each party's seat share. In reality, at the same time, each party decides the committee assignment within the constraint of the seat allocation. Ruling parties give oppositions the chair position for several committees when ruling

**Diet and the Legislative Process, Japan,**
**Fig. 2** Structure of the National Diet (Source: Secretariat of the House of Representatives. 2018: 11)

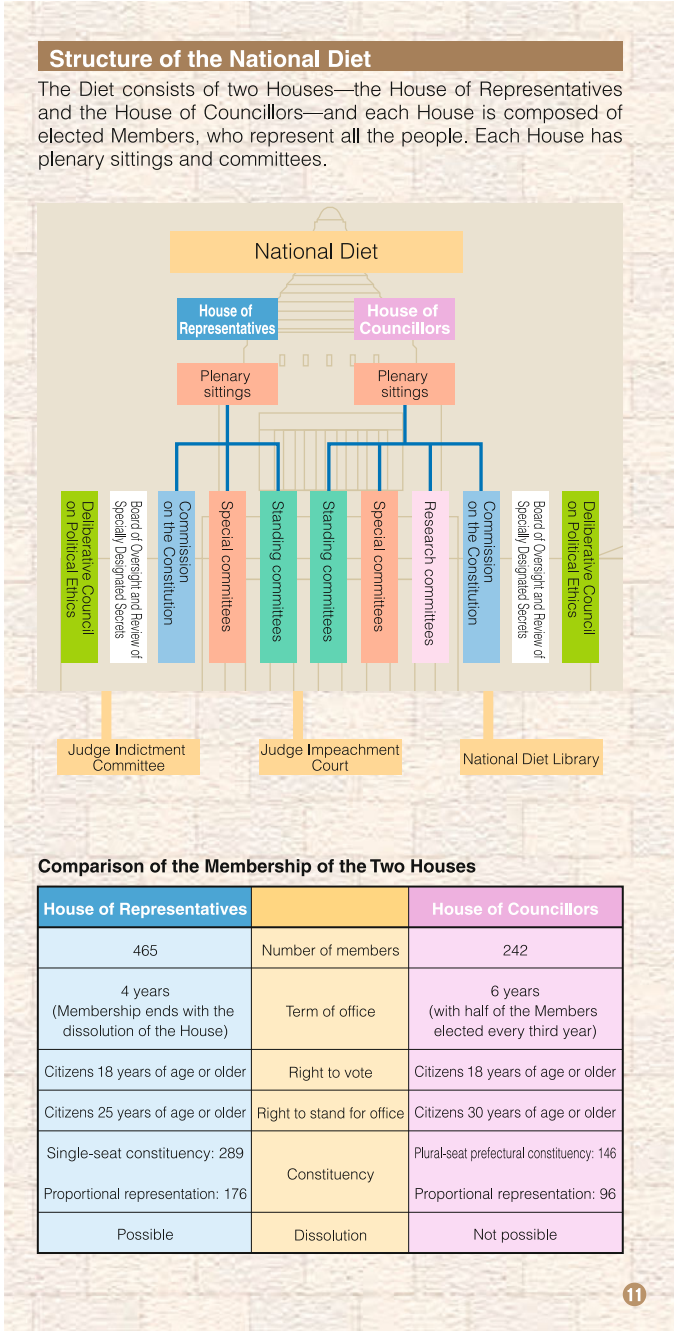


parties' seat share is thin. In addition, committees are given some autonomy. Committees can continue deliberations when the Diet is not in session and if the House approves. Directors (*Riji*) from ruling and opposition parties decide schedule by a unanimous manner. For these reasons, opposition parties can wield a dilatory strategy at the committee stage.

Third, the Budget Committee is especially important. The main role of this committee is to discuss the annual budget mainly just before the next fiscal year begins (around February and

March). At the same time, this committee can deal with everything related to the budget. Coupled with the fact that Plenary Session is very short, the Budget Committee functions like the Plenary in other parliaments: sessions are often televised; ministers, including the Prime Minister, attend the session when necessary and answer the questions from committee Members; and even scandals by politicians or bureaucrats are discussed.

Fourth, unlike other parliamentary systems, the Cabinet has no authority in dealing with the legislative procedure. In addition, there is a custom that the Speaker and the Vice Speaker in the Lower House and the President and the Vice President in the Upper House leave their party affiliations when they get elected. Once a bill is introduced, therefore, the Cabinet completely has to rely on ruling party Members. It is the Rules and Administration Committee (*Giun*: *Giin Unei Iinkai*) that handles legislative calendar. In addition, the Committee makes a decision based on the unanimous agreement by Directors from both government and opposition parties. Then the fate of a bill largely depends on the will and the negotiation skill of the ruling party.

Fifth, the Plenary Session still matters although it is less important than other countries' legislatures. The Diet session begins with the Opening Ceremony in the presence of the Emperor. Just after that, a series of addresses are delivered by the Prime Minister, Ministers of Foreign Affairs, Finance, the State on economic and fiscal policy, and other ministers (when necessary), and then partisan debate proceeds. Next, if the Committee on Rules and Administration decides it necessary, the Plenary holds a Question-and-Answer Session. The Members or the minister who submitted the bill should explain the purpose of the bill and then answer the questions. The most important role of the Plenary is, of course, to make a final decision about a bill, resolutions, etc. A bill arrives at the Plenary Session after a Committee approves it. Then a series of partisan debates begins over controversial bills. Oppositions even wield a dilatory strategy on the floor (sometimes that resorts to physical actions) if they really do not want to let a bill pass. Members' voting behavior is generally party line. But there are a few but historical case that ruling party Members vote against the government bill and then the bill is dead (e.g., postal reform in 2005, increasing the consumption tax rate in 2012). Because such cases politically mean nonconfidence to the Cabinet, that result leads serious consequences such as division of the ruling party, resignation of the Prime Minister, or dissolution of the Lower House.

Finally and most importantly, the legislative session is extremely short. Aside from the Special Session (*Tokubetsu Kokkai*) which is only for electing the Prime Minister, there are two more types of sessions that deal with a bill. The longer one is the Ordinary Session (*Tsujo Kokkai*) which begins in January and mainly discusses the annual budget. But its length is only 150 days, with only one opportunity of extension. An Extraordinary Session (*Rinji Kokai*) is usually called in the fall, but it is much shorter than the Ordinary Session because the next Ordinary Session is supposed to begin in the next January.

In order to reconcile with these tight rules, informal procedures and customs have been developed. Such customs evolved especially when the Rules and Administration Committee experienced gridlock frequently in the 1970s. Parties began negotiations between Chairs of Diet Affairs Committee (*Kokkai Taisaku Iincho*) within each party organization (note: this committee is not a formal organization in the Diet). This is called *kokutai seiji*, meaning politics by Diet Affairs Committee. This decision-making style reached its peak in the latter of the 1955 System. Although the ruling LDP and the main opposition SDPJ (Social Democratic Party of Japan) officially fought over national security and other ideological issues, their Chairs and related Members met frequently both inside and outside the Diet (often first-class Japanese restaurant). Even there is a rumor about the transaction of money or something from LDP to the Socialist. This custom has cultivated personal networks or even friendship between parties, which is said to be a driving force of forming the coalition government between LDP and the Socialist in 1994.

It is true that *kokutai seiji* facilitates the coordination between parties and then improves the

productivity of the Diet. These informal negotiations benefit not only to the ruling parties but also to the oppositions. They can win an amendment to a bill, easily stop an unfavorable bill, let ruling parties pass their bill, and credit claiming to their supporters through these achievements. Nowadays, however, critics toward *kokutai seiji* have become dominant. This decision-making style lacks transparency, which violates accountability to voters, allows inappropriate use of money and, therefore, integrity of the Diet. Although *kokutai seiji* remains as a custom, its importance is significantly weakening. Especially the DPJ government (2009–2012) strongly disliked this type of negotiation. The relationship between ruling and opposition parties is becoming more contentious at the Diet session, which has both positive and negative aspects as well.

## Controversy About the Function of the Diet

Academics have been debating about how these formal and informal rules are functioning. The conventional wisdom criticizes that the Diet merely works as a "rubber stamp" (Baerwald 1974). That is, the Diet easily passes what the bureaucracy prepares without satisfactory discussions and/or amendments. Evidences that support this argument are that bills submitted by Members record very low rate of both submission and passage; the Diet seldom approves an amendment of a bill; bureaucrats, not ministers, tend to answer the questions from legislators; and the length of the discussion at the Diet is very short. This view is a corollary of the Elitist or bureaucracy-centered understanding about postwar Japan. This view, however, has weak both theoretical and empirical grounds and currently almost no political scientists follow. The Diet do have *some* function, but *what*?

The first alternative view toward the rubber stamp theory is called "viscosity theory." Mochizuki (1982), the very famous PhD. Dissertation, argues that the Diet has a strong "viscosity" that prohibit laws to pass smoothly. The extremely short legislative session, strong bicameralism, strong committee system, and unanimous customs about procedure, all of which enable opposition parties to pursue an effective dilatory strategy and then often win a concession (e.g., amendment of a bill) from the ruling parties. This theory is coupled with Pluralistic understanding about Japanese politics. Pluralists regard the coordination process before the bill submission as the "obstacles" for the government. The reason that these obstacles were created comes from the viscosity of the Diet. Because time is very scarce at the Diet session, the government does not want to waste time and then tries to solve all internal conflicts before the bill submission.

The second wave of new arguments about the function of the Diet occurred in the early 2000s under the strong influence of Rational Choice Institutionalism. First, unlike the rubber stamp theory that considers bureaucrats and ruling parties as a unitary actor, new studies rely on the principal-agent framework. The question here is whether ruling parties (and its Members) as a principal are able to control bureaucrats as an agent. The answer is yes: ruling parties have an implicit influence to bureaucrats that let them write a bill that reflects ruling parties' preference from the beginning, unanimous procedural rules are just a custom that ruling parties can easily break, and ruling parties dominate the agenda power that enable them both to pursue the passage of a bill they really prefer and to let oppositions stop a bill that they simply compromised with bureaucrats. Second, whereas all of the studies above regard the Diet as a law-making body, new studies focus on the debate itself. It is reasonable when we recall the argument by Polsby (1975) that a legislature at the parliamentary system is generally an "arena" that ruling and oppositions openly debate. This view considers debates at the Diet as an extension of the electoral campaign that parties and politicians pursue "credit claiming" and "position taking" to voters. Empirical studies about the Diet speeches are now increasing with the technological progress of computer content analyses.

Contrary to the academic debate in political science, however, reforms over the Diet and the legislative process were based on the notion that the performance of the Diet needed to be improved. Politicians proposed a series of reforms and some of them were realized. But the goal of the reform somewhat contradicts each other. On

one hand, someone pursued improving each Members' ability to participate in the lawmaking process, which regards US legislators as the role model. Efforts to loosen party discipline let Members submit and pass more bills and provide one more secretary to assist Members for policies and legislative activities, all of which was only partly successful. On the other hand, Japan experienced a series of reforms in 1990s which aimed at strengthening the power of the parties, party leaders, and the Prime Minister. These Westminster-style reforms include electoral reform, administrative reform, and another part of the Diet Reform in 1999.

There are three notable reforms pursuing the Westminster parliament. First, there used be Parliamentary Vice Ministers (*Seimu Jikan*) selected from relatively junior ruling Members, but their performance was low. The reform abandoned these Vice Ministers and instead introduced the Senior Vice Ministers (*Fuku Daijin*) and Parliamentary Secretaries (*Daijin Seimukan*) customly selected from ruling parties. Second, high-ranked bureaucrats called Government Committee Member (*Seifu Iin*) often answered the questions at the Diet. The new system basically precludes these bureaucrats and instead lets Senior Vice Ministers and Parliamentary Secretaries speak. And finally, debates at Japan's Diet were virtually limited to questions from Members and answers by the government. Then the reform established the new committee named National Basic Policy Committee which serves as the similar role as the Question Time at the British Parliament. This committee is occasionally held at Wednesday afternoon, and then the Prime Minister and opposition leaders hold a highly partisan debate.

## Conclusion

Although there still be a folklore that the Diet is inactive, this article has been describing how Japan's Diet and related legislative processes are the core of the Japanese politics. In addition, the Diet is becoming more important both substantially and academically as the 1955 System ended. At the same time, some politicians and scholars claim that there is still some room of improvements and reforms. Therefore, the Diet may be the subject of change as well as the main political battlefield.

This article ends by quickly pointing out three more topics. First, debates about bicameralism are becoming contentious both empirically and normatively. The Upper House has been criticized as a "carbon copy" that simply traces the same decision as the Lower House. But things are changing as *nejire kokkai* happened three times, the Upper House has not experienced major reforms, and the amendment of the Constitution is now on agenda. How does the Upper House really function now? Should the Upper House be reformed? If so, what should be the fundamental role of the Upper House? Second, normative critics that the Diet should function more became salient in 1990s, but reform ideas might conflict each other. On one hand, someone claim that Members' bills should be submitted and passed more, which is based on the notion that Diet Members should literally legislate like Members and Committees in the US Congress. But that could violate the British-style parliamentary system which is based on strong party discipline and contention between government-ruling party and the opposition. Third, although this article has limited the argument to the lawmaking process, the budgetary process has its own mechanism. Administrative reforms in the 1990s also change the budgetary process. As a part of the 2001 Central Government Reform, Council on Economic and Fiscal Policy was created in the Cabinet Office. Prime Minister, ministers dealing with the economy, and others meet at the council and discuss economic matters. The LDP Prime Ministers let the council decide the basic principle of the budget before each ministry begins next fiscal year's budgeting. This decision-making style shifted the initiative of budgeting from bureaucracy (Ministry of Finance) to the Cabinet. Examining the budget and the budgetary process should serve as a touchstone to test whether the Prime Minister and the Cabinet became stronger after reforms in the 1990s.

## Cross-References

► 1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy

▶ Budget Formulation Process of Japan's National Government
▶ Politico-administrative Relationships in Japanese Context

## References

Baerwald HH (1974) Japan's parliament: an introduction. Cambridge University Press, New York
Mochizuki MM (1982) Managing and influencing the Japanese legislative process: the role of parties and the national diet. Ph.D. Dissertation, Harvard University
Nakajima M (2014) Rippougaku (third edition). Horitsu-Bunka-Sha, Kyoto
Polsby NW (1975) Legislatures. In: Greenstein FI, Polsby NW (eds) Handbook of political science, Readings, vol 5. Addison Wesley, Boston, pp 257–310
Secretariat of the House of Representatives (2018) The National Diet of Japan: The House of Representatives. http://www.shugiin.go.jp/internet/itdb_english.nsf/html/statics/english/pamph_e.htm

# Differences Between Nonprofit Agencies and Membership Associations

David Horton Smith
Department of Sociology, Boston College, Chestnut Hill, MA, USA
Centre for Study of the Nonprofit Sector and Civil Society, National Research University Higher School of Economics, Moscow, Russia
School of Health Sciences, University of East Anglia, Norwich, UK
School of Arts and Sciences, City, University of London, London, UK
Institute for Philanthropy, Tsinghua University, Beijing, China
Australian Center for Community Studies and Research (ACCSR), School of Social and Policy Studies, Flinders University, Adelaide, SA, Australia

## Synonyms

Charitable organizations; Charities; Membership associations; Nonassociational nonprofits; Nonprofit associations; Philanthropic organizations versus associations; Social agencies; Sodalities; Tax-exempt organizations; Volags; Voluntary agencies

## Definition

A *nonprofit agency* is a kind of nonprofit organization (NPO) that provides some benefit(s) for nonmembers, usually operating mainly with paid staff. Such agencies usually have a board of directors who make policy decisions. Many documents on nonprofit agencies use the latter term as the same as the broader term *Nonprofit Organizations* (NPOs), which is incorrect.

*Foundations* are a major subtype of nonprofit agency that usually has a substantial endowment as financial assets, a special tax status, and regularly makes philanthropic grants to other nonprofits, usually charities.

An *association* (or *voluntary association*, *membership association*) is a formal or semiformal nonprofit group that mainly has volunteer members and leaders and that primarily seeks member benefits, even though some also seek some nonmember benefits.

Associations distinctively use the *associational form of organization*, which involves having official members who are mostly or all volunteers, some elected formal leaders, sometimes a board of directors with policy control, financial support mainly from annual dues payments or member donations, often one or more committees, and regular in-person meetings attended by official members and informal participants.

Local associations are termed *Grassroots Associations*, or *GAs*, as distinct from *supralocal associations* at state, province, national, or international levels.

The content of this chapter deals with *voluntaristic*s, which is a new, single-word name for the general study of the nonprofit sector and voluntary action, including NPOs of all kinds.

## Introduction

There are three main types or structural forms of nonprofit organizations (NPOs) – *voluntary*

*associations* (more briefly termed *associations* here), *nonprofit agencies* (also termed *voluntary agencies*, or *volags*), and *foundations*, which are in fact a special type of nonprofit agency. This chapter discusses how nonprofit agencies and associations differ from each other and manifest distinctive ways of operating. One key difference between the two major NPO subtypes is that associations serve mainly members, while nonprofit agencies serve mainly nonmembers or the general public. A second key difference is that associations mainly and usually *only* have volunteers as members and as leaders or staff, while nonprofit agencies nearly always have paid staff as executives, managers, or leaders. By definition, agencies never have official members, but may have subordinate volunteers as unpaid workers in a service volunteer program.

A third key difference is in the power structure that the NPO usually manifests: Associations are fundamentally democratic in most nations that do not have dictatorial regimes, while nonprofit agencies are fundamentally hierarchical and in a sense authoritarian anywhere. Put another way, associations mainly operate with bottom-up power structures with the membership having ultimate power, while agencies mainly operate with top-down power structures, usually lodging all policy control in a board of directors or equivalent.

In associations, the official members elect the leaders by voting annually or at some multiple of years, such as every 2, 3, or 4 years. These leaders are usually the principal officers of the association, such as the President, Vice-President(s), Secretary, and Treasurer. Most of the smaller, all-volunteer associations lack a Board of Directors as a policy-making body, but when a Board exists, its members are usually also elected regularly by the membership. In the absence of a Board, the top officer or officers of an association make policy decisions.

By contrast, nonprofit agencies are run like corporations or government agencies, nearly always having a Board of Directors, or the equivalent Board of Trustees, at the top, which has ultimate control of the NPO. Often, the board members are self-perpetuating as a group, with the initial, founding board and its successors nominating and appointing or electing new board members, often the same people or their friends over time, as a dominant oligarchy. The agency paid staff rarely has an effective influence, and usually has no vote, on who the board members are. If there is a volunteer department, often termed a *volunteer service program* (abbreviated as *VSP)*, its administrator, let alone its volunteers, have little or no influence on who becomes a board member. Relatively enlightened boards in larger agencies and in more modern or post-modern nations may try to get some representation of various stakeholders on the board, including paid staff or volunteers, but this is clearly a minority approach to such boards (Guo and Musso 2007).

Many other differences between nonprofit agencies and associations flow from these key differences in the power structure (Mason 1984). Indeed, these two distinctive types of NPOs really constitute two different *subsectors* of the nonprofit sector, or simply two different nonprofit *sectors* of society, given their markedly different operational styles. Both types of NPOs may receive tax-exemptions in many nations and both may in some ways serve the general welfare or public interest, but in many features the similarities end there. The rest of this chapter will describe and discuss the many differences that have been identified by empirical research on these two types of NPOs.

## Different Current Prevalence and Numbers

While there is limited research on associations or agencies in various contemporary nations, there are multinational projects that provide some rough indication of agency prevalence (e.g., Salamon et al. 2004). Seven NPOs per thousand of population is a reasonable global estimate, with a margin of error of perhaps 50% around this estimate (Smith 2014). With a global population estimate of 7 billion earlier in this decade, that yields an estimate of about 56 million NPOs circa 2010–2013, with 49 million of those being associations, mostly local associations or GAs. The remaining seven million of NPOs are mainly nonprofit agencies, but also include a small

percentage of paid-staff-based larger associations, especially national and international associations.

The numbers of associations worldwide are growing significantly; two studies of 90–140 of the major nations of the world have identified the major determinants of association prevalence and the sheer frequency of associations (Schofer and Longhofer 2011; Smith and Shen 2002). Confirming each other generally, these independent studies show that greater prevalence of associations in contemporary nations results in large part from larger population size, greater average formal education, greater GDP per capita, more civil liberties and democracy, longer experience historically with democracy, more government expenditures per capita, and less civil unrest and disorders as predictors. Given a global historical trend toward increasing industrialization and modernization, increasing educational levels, and other factors favoring more associational prevalence, the global growth trend of associational prevalence for the past 150 years is likely to continue (Boulding 1953; Harris et al. 2016).

Although associations are roughly eight times more frequent than agencies among NPOs globally, nonprofit agencies, on average, are wealthier in terms of assets and annual income. Because associations are usually all-volunteer, especially GAs, this is not a surprise. Paying staff salaries in agencies requires much more substantial funding, which partly explains why associations are globally more frequent than agencies and have been for 10 millennia. Agencies are far more likely to own or rent an office or building as their headquarters and base of operations, in part because paid staff need such a semipermanent daily base.

## Different Typologies of Groups

The typologies used by researchers to study and understand NPOs are quite different for associations and agencies. There are various typologies of associations in terms of major goals or activities pursued, but there is a general consistency in such *purposiv*e types. About ten such goal types are frequently used, including religious, philanthropic, political influence, economic-occupational, self-help, and sports-recreational. Those ten types, plus an *Other* category, successfully classify all of the major purpose-activity types of associations used in several major studies done in many nations.

There are also *analytical* types that are far more relevant and significant for studying and understanding associations. They allow more theoretical and causal conclusions to be drawn about the nature and operation of different associations, as contrasted with agencies. One handbook lists 55 such structure-process analytical typologies, which help predict and explain association behavior and impacts.

The eight most important ones for understanding associations are the following, according to the author:

1. Structural type of members: individual persons vs. organizations vs. both.
2. Conventional-mainstream-acceptable vs. unconventional-outsider-marginal-deviant in goals or means to achieve them.
3. Sociocultural change seeking vs. integrative-establishment-*status quo*-oriented.
4. Internal, member-focused goals vs. external, nonmember-focused goals vs. both.
5. Degree of formalization: high vs. low bureaucratization and centralization.
6. Degree of socio-political power and influence: low vs. high.
7. Polymorphic, as a branch or chapter of some higher-level parent association vs. monomorphic, not structurally linked to some higher level.
8. Instrumental vs. expressive goals or purposes.

Nonprofit agency typologies typically focus only on purpose-activity types. The two typologies most commonly used are the International Classification of Nonprofit Organizations/ICNPO (Salamon and Anheier 1992) and the National Taxonomy of Exempt Entities/NTEE, used by the Internal Revenue Service of the USA. Both have their limitations even as purpose-activity typologies. The NTEE is

US-based, and very long and unwieldy. The ICNPO is more transnational, but not adequate for classifying associations also, as the author has pointed out, with suggested improvements. Both were devised mainly or solely for classifying agencies, not also associations, as if associations did not exist or did not matter as NPOs.

When we turn to analytical classifications of nonprofit agencies, the set of association types listed above are not very useful, principally because most agencies do not vary much on many of the association analytical dimensions. Thus, nonprofit agencies usually have individual persons as staff and volunteers; are conventional-mainstream-acceptable in goals or means to achieve them; are integrative-establishment-*status quo*-oriented; have external, nonmember-focused goals; have high levels of bureaucratization and centralization; are legally incorporated and formally registered with some level of government; have exemption from certain government taxes; have a board of directors; have little rotation of individuals in top leadership positions; have at least three levels of bureaucracy; and have instrumental goals or purposes. Agencies do vary in whether or not they are residential, high or low in sociopolitical power and influence, and polymorphic or monomorphic, but tend usually to be monomorphic – existing only at one site, not branches of some larger parent organization, such as a national or international agency.

## Differences in Governance and Guidance Systems

Based on many key sources (e.g., Cnaan and Milofsky 2008; Powell and Steinberg 2006; Renz et al. 2010; Ruckle 1993; Salamon et al. 2004; Smith 2000), in this and several following sections are listed key differences between associations and nonprofit agencies, emphasizing GAs as the most globally frequent NPOs.

In terms of internal governance and guidance systems, two complementary structure-process features can be distinguished – *ideologies* and *incentives*. NPO ideologies consist of what NPO individual affiliates, such as members, volunteers, board members, or paid staff, are systematically encouraged to believe about the group. NPO incentives consist of structured reward and punishment patterns systematically applied to affiliates. Associations and agencies both tend to be similar in the extent of ideology they use: Their ideology is generally moderately extensive in mainstream NPOs, but much stronger in deviant NPOs, which are usually associations, not agencies.

When it comes to NPO incentives, however, there are marked differences between associations and agencies. Simply put, nonprofit agencies mainly use utilitarian or economic incentives, since they depend mainly on paid staff to accomplish their goals. In marked contrast, such utilitarian incentives are usually of little importance in the majority of associations, with the exception of occupational-economic associations like unions or professional associations. Much more important in associations, especially GAs, usually are sociability and purposive incentives. That is, members and volunteers are rewarded most by sociability benefits, such as friendship, informal relationships, feelings of belonging, and also by the psychic rewards of feeling they are working toward goals they approve of.

Of secondary importance generally, but especially important in certain relevant types of associations, are informational incentives, such as learning new facts or processes or having new and novel experiences, sociopolitical influence and empowerment, developmental incentives such as growing as a person, and service incentives such as helping others, often comembers of the association, but sometimes nonmembers. Sometimes the paid staff of nonprofit *agencies* experience one of more of these association-type incentives, but in agencies these incentives always tend to be quite subordinate to the utilitarian incentives – pay and fringe benefits. Of course, the *volunteers* in a nonprofit agency may experience some or all of the association incentives listed, but likely do so less than do association volunteers.

## Different Internal Structures as Roles and Subgroups

The term *internal structure* of an informal group or organization refers to enduring customs that involve formal roles and subgroups, such as committees, work teams, projects, programs, departments, and divisions. Associations and agencies also differ markedly in their internal structures. Although both types of NPOs are similar in usually having a small locality base of operations and substantial internal autonomy, the fact that associations depend mainly on volunteers, while agencies depend mainly on paid staff to get work done and move toward their goals, makes a huge difference. For instance, paid staff usually have to do what they are told to do, but volunteers, mainly using their leisure time and seeking psychic rewards, have to be treated far more carefully and kindly – or they simply leave or fail to show up. Along this same line of thought, members and volunteers in associations are usually seeking internal or member-benefit goals, while the paid staff of agencies is generally expected to seek nonmember benefits goals – helping outsiders as recipients, the larger community, or the world somehow. Further, associations tend to be much more democratic, so individual members and volunteers tend to feel more empowered and that they can influence operations and even goals.

Agencies are much more hierarchical, and their basic top-down power structure means that paid staff often feel alienated and powerless, usually having little influence on operations and none on goals. In very small agencies, however, with mostly volunteers, the situation is sometimes more like associations. Associations, being leisure activity sites for all volunteers and having few or no paid staff, are nearly always more informally organized and run than are agencies. Agencies are nearly always *work* organizations, not *leisure* groups, hence having paid staff that all have jobs to keep or lose if they fail to follow instructions. As a result, agencies are nearly always more bureaucratic and formally organized than associations, except for very large associations with many paid staff, which are quite rare numerically. As a further result, working in a nonprofit agency is usually far less fun and enjoyable than being an active member or volunteer in an association.

Associations also tend to be more demographically homogeneous in their memberships, while agencies tend to be more heterogeneous in the backgrounds of paid staff. One result is that association members usually feel more satisfied with similar individuals in associations they have freely chosen to join and participate in, than do paid staff in agencies, who often simply may have needed the job.

As suggested earlier, individual associations on average are much poorer in economic resources than are individual agencies – less assets, less annual income, usually no paid staff to do things no one really wants to do, such as janitorial work and cleaning bathrooms, no regular everyday headquarters or office space, little NPO equipment or facilities, and little or no storage space. Agencies on average are much better off in all of these ways. However, to think that, as a result, associations in general are intrinsically weak and unimportant is to commit the money-is-the-key, flat-earth-map fallacy.

As leisure time groups, GAs are rarely incorporated or registered with the government at any level, and similarly seldom have direct tax-exempt status. It is scarcely worth the time, money, and effort of association leaders involved to arrange these formalities. However, in some nations like the United States, polymorphic local branches of larger, state or national associations, may receive these statuses because of their linkage to a parent association. Associations are much more likely to be polymorphic branches in modern societies than monomorphic or solitary, which makes them stronger and more likely to survive on average than solitary, monomorphic associations.

## Different Internal Processes or Procedures

The internal processes of a group or organization are the customary ways of doing things and the timing of these activities, such as usual procedures and timing for working, meetings, interacting, taking work breaks or meals, and the like, when

operating in the context of the group's internal structure. As in other characteristics, associations and agencies also differ markedly in their internal structures, although both types of NPOs have distinctive action norms and customs. But associations, especially GAs, usually operate with very restricted timing, in a sense only active during general meetings and committee or fund-raising events, if any. As leisure time groups, they usually meet weekday evenings or lunchtimes and on the weekend, and tend to have no office and paid staff with regular hours. By contrast, nonprofit agencies usually have an office and at least one paid staff, with weekday 9–5 hours in the USA, for instance. Some nonprofit agencies, like museums, libraries, and colleges or universities, operate on the weekend, and still others operate all the time, such as hospitals and rehabilitation agencies. Thus, nonprofit agencies operate rather continuously, while associations are markedly intermittent in their times of operation.

Associations, especially GAs, tend to do only informal, word-of-mouth recruitment, or use posters and websites to attract members, while nonprofit agencies do much more formal recruitment, through newspaper advertisements, commercial employment agencies, job fairs, and Internet websites. Associations mainly do informal socialization of new members, rarely having special training for new members, while agencies usually do semiformal or formal training of new paid staff. These practices are consistent with the low degree of professionalism, indeed, often proud amateurism, in associations and their leaders as leisure time groups. Nonprofit agencies, as work organizations, by contrast tend to be more professional in all paid staff matters. Larger agencies often recruit professional managers with advanced degrees in nonprofit management or administration. Consistent with informality and low professionalism, members and leaders of associations are rarely terminated involuntarily and ejected from the group. But agencies often fire paid staff, including leaders, for poor performance, conflicts of interest, or absenteeism.

Looking at the environment of NPOs, associations usually receive no external funding as grants from foundations, and in the United States they rarely receive government funds, either as contracts for services or regular operations. Government funding for associations, usually in small amounts, is more common in European nations, and in higher income nations elsewhere. Nonetheless, annual member dues, fund-raising events, and donations by members, by families of members, and by friends are the main sources of funding for most associations. Characteristically, agencies do not have annual dues, but rather get most of their income from fees for services, including entry fees, for instance at private secondary schools, colleges or universities, museums, libraries, and athletic or exercise venues. In Europe, agencies may receive operating grants from government. In the case of nonprofit health agencies, like hospitals and rehabilitation nonprofits, insurance payments are very important sources of funding, as in the USA. Agencies also receive a minority of their funding from philanthropic donations from individuals and grants from foundations. Unlike most associations, agencies these days often also receive government contracts for delivery of services.

Other important aspects of NPO relationships to environments include collaboration with external NPOs, with both associations and agencies tending to do some of this. Associations are more likely to be linked to higher geographical-level parent organizations, like state or province and national associations as polymorphic associations. As noted earlier, they also may be parts of local coalitions of NPOs with common goals or projects. Nonprofit agencies are rarely polymorphic, with links to a state or national parent organization. But larger ones often participate in state or province or national professional associations of similar NPO types, which often get involved in setting standards for organizational members and enforcing these.

## Different Management and Leadership

In addition to prior sections on internal governance, structures, and processes, there is also research on NPO leadership and management. As suggested earlier, boards of directors are far

more common and important in agencies, which nearly always have them, than in associations. Many, perhaps most, local associations as GAs do not even have formal boards of directors. At higher territorial levels, like the state, province, national, or international levels of associations, boards are usually present, often required for government registration purposes. When present, boards tend to be quite powerful in either type of NPO, and board members usually participate as unpaid policy volunteers. Often, boards have term limits, which limit oligarchy to some extent, but such limits are not universally present. Boards in associations, especially in GAs, and also at higher territorial levels, are mainly comprised of association members. By contrast, boards of agencies tend to have a broader range of members, not necessarily people involved in the agency as paid staff or volunteers. Agency service program volunteers are only rarely represented on the agency boards.

Leaders are substantially more important in associations than in agencies. Especially in GAs, loss of a key leader can often lead to the association's demise, while agencies usually have more leadership depth in sheer numbers. When a top agency leader leaves, one of the remaining paid staff is usually eager to step in as a leader to preserve his or her job and perhaps earn more. In associations, leaders are mainly elected and are volunteers, but in agencies they are nearly always appointed and are paid staff. Leaders in associations are more likely to have some charisma than in agencies and are nearly always selected from among existing association members. Some agency leaders are often brought in from outside, not previously involved in the agency, though promotion from within is still the norm. As noted earlier, low professionalism is usual among association leaders, while higher professionalism is common in agencies, especially larger ones. Thus, selectivity of leaders in associations is much lower and less stringent than in agencies, where jobs are at stake. As a result, leader quality problems are usually greater in associations.

Regarding leadership activities, priority setting and planning are usually much stricter, more detailed, and more thoughtful in agencies than in associations. Association leaders tend to show members more consideration and kindness than agency leaders tend to show their employees, as a consequence of markedly different compliance structures, voluntary versus remunerative approaches. Agency leaders tend to show their employees stricter supervision than association leaders show their active volunteer members (Renz et al. 2010; Nesbit et al. 2016). This occurs mainly because associations are leisure time contexts, while agencies are work organizations, with paid jobs at stake and more accountability is demanded in the organization generally.

## Different Impact and Effectiveness

The impact and effectiveness of NPOs are important factors in understanding their respective roles in societies. Associations are notable for having a variety of significant impacts on their members, especially on active members as associational volunteers, influencing greater longevity, health, social relationships, political empowerment, job income levels, and even well-being or happiness. By contrast, agencies have not been shown to have such positive impacts on their employees, although their service program volunteers, if any, often receive some similar benefits to association volunteers, but to a more limited extent.

Evaluating the broader impact of NPOs is very difficult to do well. Both ordinary nonprofit agencies and foundations often perform useful functions where they exist in human societies. However, associations, especially social movement organizations, have the greatest long-term average impact on social progress in human history, sometimes referred to as *ethical evolution*. When the impact of associations on communities and entire societies in human history is reviewed, the conclusion is that associations in general, especially sociopolitical change-oriented associations, usually as components of social movements, have had massively greater impacts than agencies. Such associations, *not* mainly nonprofit agencies or even governments, have been directly

responsible for ending widespread slavery, gaining substantial rights for women and the handicapped, protecting gays and lesbians, and gaining rights for labor unions. Usually the associations with the greatest historical impact have been perceived generally as deviant and stigmatized when they first arose, because socio-cultural change is usually strongly resisted in any society, such as the early anti-slavery or women's rights associations in various nations. Deviant voluntary *associations*, which seek goals that are generally rejected by their surrounding society, though quite rare, are much more frequent than deviant nonprofit *agencies*: It is easier and wiser to be deviant in one's leisure time than when one's job is at stake.

## Conclusion

Because voluntaristics scholars tend to study ***either*** associations ***or*** nonprofit agencies, but only ***rarely both***, research-based comparisons of these two key NPO types are seldom done. The content of this chapter comes mainly from independent studies of either type of NPO, ***not*** from directly comparable studies of samples of both associations and agencies, which have been almost totally neglected. Much prior research demonstrates that nonprofit agencies and associations differ markedly on a wide range of important characteristics. Some examples of such differences are dates of origin in human history, power structures, intended beneficiaries, frequency in nations, wealth and resources, incentive systems, use of volunteers versus paid staff, internal structures and processes, management and leadership, and levels of impact and effectiveness in societies. There is much empirical evidence that the nonprofit or third sector really consists of two very different subsectors, or more accurately two distinct *sectors* of society, the associational and the nonprofit agency sectors.

Most voluntaristics scholars and academics focus on nonprofit agencies in their research, publications, and teaching, perhaps in large part from following the norms of their main academic disciplines and because agencies are more visible, easier to study, and complexly bureaucratic. Any given nonprofit agency is usually wealthier and larger by other criteria than is the average association. But this approach overlooks the cumulative numbers of associations, especially the GAs in any nation, and their collective, long-term historical impact. Nonprofit agencies seem to broadly serve the public interest and social welfare in most nations, but certain associations, especially socio-political change associations as parts of social movements at any territorial level, are the main forces of sociocultural change in most nations in promoting ethical evolution and societal progress. Voluntaristics scholars would do well to seek more balance in their research and theory concerning associations and agencies, instead of frequently ignoring associations without good reason.

## Cross-References


- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Civil Society Organizations
- ▶ Life Cycles of Nonprofit Organizations
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Nongovernmental Organizations and International Nongovernmental Organizations
- ▶ Philanthropy and Nonprofit Organizations, Russia
- ▶ Sociological Study of Nonprofit Organizations
- ▶ Structure of Nonprofit Organizations
- ▶ Technology and Nonprofit Organizations


## References


Boulding K (1953) The organizational revolution. Harper, New York

Cnaan RA, Milofsky C (2008) Handbook of community movements and local organizations. Springer, New York

Guo C, Musso JA (2007) Representation in nonprofit and voluntary organizations: a conceptual framework. Nonprofit Volunt Sect Q 36:308–326

Harris B, Morris A, Ascough RS, Chikoto GL, Elson PR, Mc Loughlin J, Muukkonen M, Pospíšilová T, Roka K, Smith D, Soteri-Proctor A, Tumanova A, Yu P (2016) History of associations and volunteering. Chapter 1.

In: Smith DH, Stebbins RA, Grotz J (eds) The Palgrave handbook of volunteering, civic participation, and nonprofit associations. Palgrave Macmillan, Basingstoke
Mason DE (1984) Voluntary nonprofit enterprise management. Plenum, New York
Nesbit R, Rimes HN, Smith DH, Akhter S, Akingbola K, Domaradzka-Widla A, Kristmundsson OH, Malunga C, Sasson U (2016) Leadership and management of associations. Chapter 36. In: Smith DH, Stebbins RA, Grotz J (eds) Palgrave handbook of volunteering, civic participation, and nonprofit associations. Palgrave Macmillan, Basingstoke
Powell WW, Steinberg R (eds) (2006) The nonprofit sector: a research handbook, 2nd edn. New Haven, Yale University Press
Renz DO et al (eds) (2010) The Jossey-Bass handbook of nonprofit leadership and management, 3rd edn. San Francisco, Jossey-Bass
Ruckle JE (1993) Distinctive qualities of third sector organizations. Garland, New York
Salamon LM, Anheier HK (1992) In search of the nonprofit sector II: the problem of classification. Voluntas 3:267–309
Salamon LM, Sokolowski SW et al (2004) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian, Bloomfield
Schofer E, Longhofer W (2011) The structural sources of association. Am J Sociol 117(2):539–585
Smith DH (2000) Grassroots associations. Sage, Thousand Oaks
Smith DH (2014) The current state of civil society and volunteering in the world, the USA, and China. China Nonprofit Rev 6(1):137–150
Smith DH, Shen C (2002) The roots of civil society: a model of voluntary association prevalence applied to data on larger contemporary nations. Int J Comp Sociol 42(2):93–133

# Differences in States' Procurement Practices

Geo Quinot
Stellenbosch University, Stellenbosch, South Africa

## Synonyms

Administrative contracts; Government contracts; Procurement methods; Public law contracts; Public procurement; State contracts

## Definitions

| | |
|---|---|
| Public procurement | The process of purchasing of goods, services, and works by the governments as well as the enterprises which are owned by the state. |

## Introduction

Public procurement is a highly regulated element of public administration. That is, the way in which governments go about acquiring goods or services from suppliers in the private market for purposes of fulfilling their public functions is typically governed by detailed regulatory regimes. Public entities thus mostly do not have freedom in the methods they use to acquire goods or services. It is common to find that in most countries, the public procurement regulatory regime contains detailed rules on what procedures a public entity should follow under particular circumstances to acquire goods or services.

While it is common to find that public procurement practices are prescribed, often within a fairly strict and detailed set of rules, these practices differ in important respects between different countries. There have been major movements towards international harmonization of public procurement practices for the last 25 years. However, major differences remain between different countries and regions.

## Procurement Methods or Procedures

The way in which a public entity goes about acquiring goods or services is typically referred to as public procurement methods or public procurement procedures (Arrowsmith et al. 2000). These typically take the form of a number of prescribed procedures or steps that the public entity must follow to enter into a contract with a private supplier in terms of which the supplier will provide the required goods or services to the public entity.

The prescripts setting out these methods and the conditions under which particular methods

must be used often constitute the bulk of states' public procurement regulatory regimes. These methods capture all the major stages and steps in a typical procurement cycle. In its most common form, a procurement method starts with the identification of the need or the requirement for goods or services, followed by the drafting of a description of those goods or services, typically called the specifications, the strategy for approaching the supply market, inviting suppliers to offer goods or services in response to the requirement, evaluating the offers received, deciding on the preferred supplier, entering into a contractual relationship with the supplier, managing performance under the contract, and concluding with a review the relationship.

Over time, a number of typical procurement methods have emerged as fairly standard labels or approaches to public procurement. These include open bidding, limited bidding, quotations, and direct procurement. While these are fairly common and could be found in some form in most procurement systems, the details of particular methods can differ quite markedly between different procurement systems, despite the use of similar (or even the same) label.

## International Influences

There have been a number of international influences in public procurement that have generated some levels of harmonization in procurement practices. Globally, the most pertinent instruments are the Model Law on Public Procurement of the United Nations Commission on International Trade Law (UNCITRAL) and the World Trade Organization's (WTO) Government Procurement Agreement (GPA). Both instruments were initially adopted in 1994 and substantially revised versions of both were adopted in 2011.

The UNCITRAL Model Law has generated significant harmonization of procurement practices among countries that have used the model for their own public procurement regimes. It is evident when comparing procurement methods in these countries that there are fairly standard approaches. This is not surprising given the procurement methods constitute the single biggest topic covered by the Model Law. If one thus compares procurement methods in Nigeria with those in Jamaica, for example, which are both countries that based their procurement laws on the Model Law, one finds that the procurement methods are virtually identical, with "national competitive bidding" and "international competitive bidding" as the default methods. The same can be said of many other procurement practices, such as bid securities, record-keeping, and cancellations.

The WTO GPA has not had a similar harmonization effect, largely because of the different nature of the instrument. Unlike the Model Law, the GPA does not provide a statutory model for countries to adopt. Rather, the GPA sets out the principles that countries that are party to the agreement must adhere to in their respective procurement regimes. The focus is thus not on having similar procurement practices, but rather practices that adhere to certain agreed principles (mainly non-discrimination) regardless of their similarity. If one thus compares procurement methods of countries that are members of the GPA, for example, the USA and any EU member state, one finds significant differences in procurement practices.

At regional level, there have also been a number of noteworthy instruments that have generated harmonization of procurement practices. The prime example is the European Union's directives on public procurement. Since 1971, these directives have increasingly prescribed a common code of procurement practices in EU member states (Arrowsmith 2006). Other notable regional instruments include the public procurement regulations and directives of the Common Market for Eastern and Southern Africa (COMESA) and the government procurement directives of the West African Economic and Monetary Union (WAEMU). These instruments have also greatly increased the harmonization of procurement practices among COMESA and WAEMU member states, respectively.

## National Differences

Despite the increasing international harmonization of procurement practices brought about by international and regional procurement instruments, major differences in procurement practices remain. Such differences include distinctive approaches to procurement, distinct procurement methods, and variations in the specific steps to be taken within common procurement methods.

A significant difference in procurement approaches between different states relates to the measure of discretion granted to procurement officials. This is quite a foundational distinction, since the level of discretion granted typically dictates the nature of procurement practices. Some practices only make sense within the context of high levels of discretion, whereas some practices are indeed aimed at curbing discretion. Such differences in levels of discretion can impact on a range of procurement practices. For example, procurement practices in different states in respect of the criteria used to determine whether a particular supplier qualifies to participate in the procurement, sometimes referred to as eligibility or responsibility criteria, may largely differ depending on whether a procurement official is given discretion to determine such criteria and at what level. A procurement official may thus be granted discretion to determine in each procurement what the eligibility criteria should be for that particular procurement. Alternatively, the eligibility criteria may be generally prescribed and procurement officials may have little or no discretion in deciding on the criteria to use in a given instances. Between these extremes, there are a range of different options allowing some measure of discretion subject to conditions or parameters.

The particular procurement methods and the specific format of those methods also largely depend on the measure of discretion granted to procurement officials. So, for example, procurement rules for federal procurement in the United States of America allow procurement officials (contracting officers) to use sealed bidding (more commonly known internationally as open competition or bidding) or competitive negotiations, subject to some conditions. This grants considerable discretion to contracting officers, firstly to decide whether to use sealed bidding or negotiated procedures and if the latter, to engage suppliers in direct negotiations. This highly discretionary method of procurement is now used for the vast bulk of federal procurement in the United States. In stark contrast, many other states strictly prescribe that bidding is the default method of procurement and that procurement officials may only under closely circumscribed circumstances depart from this method and enter into negotiations with suppliers. This is, for example, the approach in most African states as well as under China's procurement rules.

While there is significant congruence between states in the procurement method that is commonly referred to as open competition (or open bidding, open tendering, open/formal tendering), there are also various other procurement methods that are particular to specific states and that introduce notable differences in procurement procedures.

Under the EU directives, for example, a host of different procedures for negotiated procurement have emerged. These include the competitive dialogue procedure, the competitive procedure with negotiation, and the negotiated procedure without prior notification. Especially the competitive dialogue procedure has become a distinctively EU procurement practice for use in complex procurements and represents a mix of the open and restricted procedures and negotiated procedures. However, even within the EU it is of interest to note that not all members states have used this particular procedure for their complex procurements with a country such as Germany continuing to rely on the negotiated procedure (Burgi 2012).

Another notable example of distinct procurement methods is procedures that have been developed to promote innovation by means of public procurement. This use of public procurement, commonly referred to as public procurement of innovation (PPI), has become an important demand-side measure in innovation policy. However, the actual procurement practices employed for this purpose have differed between states. Under the EU directives, a new form of

competitive procedure was introduced in 2014, called innovation partnership, to enable PPI in the EU. This procedure allows for the combination in a single procurement of the acquisition of both the development and supply of innovative goods or services. Another approach is to allow public entities to use direct contracting methods, i.e., procurement without competition, when the aim of the contract is to acquire research and development, a practice found in Colombia, for example. A different practice, found in the Russian Federation and South Korea, is to set targets in the ordinary procurement activities of public entities for the procurement of innovation products, e.g., as a percentage of overall procurement (OECD 2017). Another practice to promote innovation through procurement, also employed in Russia, is to set payment terms in procurement contracts to the achievement of final outcomes rather than outputs such as quantities supplied. Along this route, a supplier is thus rewarded for the innovative outcomes achieved. Linked to this is the practice of formulating specifications in public procurement in functional terms rather than describing the actual goods or services required. This approach allows suppliers to come up with their own solutions to the achievement of the function and thus supports innovation. From these examples, it is evident that while the objective of public procurement for innovation is widely shared between states, the procurement practices to pursue that objective differ significantly between states.

A similar divergence has emerged in relation to practices aimed at achieving sustainable public procurement (SPP). However, this divergence between states is more conceptual than the practical differences found in respect of PPI. SPP can be understood as the integration of environmental, social and economic considerations in public procurement. However, states have diverged in how they have conceptualized sustainability in their public procurement practices. Environmental considerations are typically given primacy in procurement practices in the Global North compared to the Global South, where social considerations are typically favored (Stoffel et al. 2019). While the mechanisms employed in SPP practices are thus often similar between states, e.g., incorporation of sustainability criteria in adjudication or specifications, these mechanisms have focused on different dimensions of sustainability in public procurement practices.

## Conclusion

The differences in procurement practices between states reflect differences in the values or the objectives that inform the respective public procurement systems. Procurement systems can be informed by a range of different values or objectives. These include competition, transparency, integrity, efficiency, customer satisfaction, value for money, risk avoidance, uniformity (Schooner 2002), and a host of policy objectives such as wealth distribution, environmental protection, industrial development, human rights protection, etc. The particular objectives that are dominant in a specific state will have a significant impact on the procurement practices adopted in that state so that a state's procurement practices can be viewed as a reflection of the values of that state's procurement system. For example, in a state where integrity is a dominant objective (e.g., because of concerns regarding high levels of corruption), one is likely to find that procurement practices will be characterized by low levels of discretion and high levels of detailed prescripts circumscribing procurement procedures. Or in a state where efficiency and value for money are overriding objectives, procurement practices are bound to be more flexible and to allow procurement officials more discretion to engage with suppliers to secure the best possible deal.

Despite increasing harmonization of public procurement practices globally due to influential international and regional procurement instruments and international policy agendas such as free trade and sustainable development, important differences in procurement practices remain between states. These differences are largely an expression of the continued divergence of objectives pursued through public procurement systems globally.

## Cross-References


- ▶ Competitive Acquisition Processes
- ▶ Competitive Sourcing
- ▶ Economic Context of Public Procurement
- ▶ Procurement Integrity
- ▶ Procuring for Sustainability: Prioritizing Preferences
- ▶ Public Contracts
- ▶ Public Procurement
- ▶ Public Procurement and Accountability
- ▶ Putting Public Values in Public Procurement Agenda
- ▶ Sustainable Procurement


## References


Arrowsmith S (2006) The past and future evolution of EC procurement law: from framework to common code? Public Contract Law J 35:337–384

Arrowsmith S, Linarelli J, Wallace D (2000) Regulating public procurement: national and international perspectives. Kluwer Law International, The Hague

Burgi M (2012) Competitive dialogue in Germany. In: Arrowsmith S, Treumer S (eds) Competitive dialogue in EU procurement. Cambridge University Press, Cambridge

OECD (2017) Public procurement for innovation: good practices and strategies. OECD Publishing, Paris

Schooner SL (2002) Desiderata: objectives for a system of government contract law. Public Procurement Law Rev 11:103

Stoffel T, Cravero C, La Chimia A, Quinot G (2019) Multi-dimensionality of sustainable public procurement (SPP) – exploring concepts and effects in sub-Saharan Africa and Europe. Sustainability 11:06352. https://doi.org/10.3390/su11226352


# Digital Media in Nonprofit Organizations


F. Elizabeth Gray
Massey University, Wellington, New Zealand


## Synonyms

Charities; Information and communication technologies

## Definition

Digital media includes software, databases, websites, digital video, social media, and digital audio, and it allows for the creation of dense, distributable, replicable, universalized, and manipulable information.

## Introduction

Some forms of digital media, like email and the Internet, promote unidirectional information dissemination, while social media, which includes interactive, collaborative, web-based applications like Facebook, video and photo-sharing sites like YouTube and Instagram, and microblog and info-sharing sites like Twitter, structurally supports feedback loops between an organization and its stakeholders. Databases allow individuals and organizations to store, access, and manipulate massive amounts of information. The advent of digital media has offered nonprofit organizations new communication opportunities, time and cost savings, and vastly expanded reach. However, all digital channels and platforms carry with them challenges and risks, some particular to the mission and imperatives of the nonprofit sector, and the strategic mobilization of digital media deserves sustained organizational attention.

## History and Background

In August 2016, the Brazilian government announced it would not grant the license required to build the São Luiz do Tapajós (SLT), a giant dam planned for one of the last major free-flowing rivers in the Brazilian Amazon. The project, which would have had a massive environmental impact, would also have displaced the Munduruku indigenous people of the region. The Munduruku were joined in their opposition to the project by Greenpeace, which marshaled 1.2 million people internationally to send digital messages protesting the building of the SLT dam and pressuring multinationals to distance themselves from the project. The activation of this

opposition, and its scale, was made possible by Greenpeace's global digital media campaign.

While the nonprofit sector is tremendously diverse – encompassing not just global environmental campaigners like Greenpeace but also regional health and service providers, sporting and recreation bodies, and business and professional associations – at a fundamental level their goals are inherently similar and relational. These goals include educating publics through information dissemination; advocating for group interests, or for policy development or change; soliciting involvement, whether through donations, volunteering activity, or less tangible forms of support; promoting organizational reputation; and interacting in general, ongoing ways with current and potential supporters and donors.

The financial imperative is as foundational to the nonprofit organization's concerns as the relational imperative. Nonprofit organizations (NPOs) are historically and notoriously short of resources. Shoestring budgets impact the activities and projects that may be funded, and also the attraction and retention of staff, which has a corollary impact on activity and campaigning. Following the global financial crisis of 2008, charitable donations at a corporate and individual level shrank dramatically, resulting in NPOs facing tighter budgets and more competition for donors' attention than ever before.

Communication is thus essential to NPOs' relational and financial priorities. In the 1980s and early 1990s, traditional communication methods involved specialists within NPOs reaching out to journalists in efforts to have their messages picked up and disseminated. These regular media targets effectively acted as gatekeepers of NPO messages for wider publics, though direct mail campaigns of various kinds might also be employed. NPO messages tended to be produced via traditional communication divisions within the organizations and also via traditional processes of message production: written copy was provided predominantly for print media, and radio and television dissemination might also be possible for an NPO with a less straitened budget.

Since the early 1990s, digital media has created a variety of new communication avenues, demanding entirely new methods of production. After 1993, when the World Wide Web became free for all to use and develop, the use of email became ubiquitous. Curtis et al. (2010) studied over 400 NPOs and reported that 97.8% of nonprofit PR professionals used email. Facebook, originally developed in 2004 for individuals to connect socially, opened registration to organizations in April 2006. Twitter was launched in October 2006, its microblogging services instantly utilizable to promote organizational values and objectives. Written news releases directed at journalists have diminished. Organizations may now use photos, videos, or 140-character snippets to disseminate their messages. This message dissemination is available via digital means at a fraction of the former cost, although the costs of software and hardware needed to support the new dissemination channels have increased manyfold.

Digital media enables almost instant response to events. In addition, more numerous and more diverse audiences may be exposed to NPO messages via digital media. The Internet reaches more homes globally than any traditional media outlet was able to, and more directly. While digital media has not entirely replaced traditional media outlets, journalists may now follow nonprofits on social media and initiate contact with the NPO, rather than the other way around. And because of the disseminability of digital outputs, messages may be circulated and forwarded by recipients in an ever-broadening network.

Interactivity is a particularly critical component of digital media. The expanding audiences of NPO messages may themselves contribute content, through comment forums, email contact forms, and opportunities to upload original material. Social media also enables organizations to receive real-time feedback about their announcements and to engage in conversations with stakeholders, further increasing their knowledge of their publics and their ability to respond nimbly. Audience expectations have shifted to reflect digital media's ability to convey responses that are swift, personal, and authentic.

In response to the upsurge of digital media and the opportunities it affords, which are discussed in

more detail below, IT has become central to the mission of most NPOs. The new prominence of technology as an enabler and driver of mission has had corollaries for expectations of personnel, and of leadership. Withal, the rise of digital media means that a clear and coordinated communication strategy is more important than ever for the nonprofit sector.

## Opportunities

Key benefits offered by digital media include expanded opportunities to build relationships with stakeholders, to raise an organization's profile and credibility, to frame issues with agility and speed, and to build trust.

Globally, NPOs have recruited digital media in an attempt to achieve organizational goals. First and foremost, digital media presents the opportunity for vast relationship expansion. By the relatively straightforward means of producing and curating an organizational website that may be accessed by anyone in the world with Internet access, an NPO may engage potentially billions of supporters. These audiences may have never encountered the organization's mission via traditional media and may represent demographic diversity never previously captured or even targeted by the organization. The millennial generation, highly engaged and proficient with digital media, is one demographic that represents the potential of a more diverse support base for NPOs.

Digital media enables the strengthening of audiences' identification with a particular organization or cause, through its key characteristic of interactivity. Social media, in particular, offers myriad possibilities for enhancing participatory, two-way communication. Organizations may solicit their audience members' contributions to digital materials, via comments, blog posts, or uploaded photographs or audio and visual content, which in turn connects to those individuals' wider networks. Such interactivity may be enormously valuable for NPOs. Supporters may contribute content, via a Twitter feed or a Facebook page, that appeals to a particular group more effectively than any content generated by the organization's in-house communications team. Further, digital media offers mechanisms to enable supporters themselves to drive advocacy efforts, widely disseminate information, and even self-organize, in efforts that may be completely independent of the NPO. Self-perpetuating, peer-to-peer-driven activism, enabled by digital media, has proven a useful adjunct to NPOs' fundraising efforts. In 2015, MDG Advertising reported 33% of all online donations to NPOs were made through peer-to-peer campaigns (Campbell 2015). Peer-to-peer campaigns may also go viral, gain international attention, and reemerge in different forms. One example is the 2014 global phenomenon of the ALS Association's ice-bucket challenge. To raise awareness of and donations for Amyotrophic Lateral Sclerosis – or motor neurone disease – individuals videoed themselves tipping a bucket of ice water over themselves and then challenged others to do likewise. This campaign also epitomizes the emergence from digital media of entirely new kinds of activity and organizational identity for NPOs. For example, network organizations have emerged that exist primarily in cyberspace, with virtually no infrastructure at all, enabled by the Internet's facilitation of supra-geographic and asynchronous communication. Groups may not be co-located, may have no physical premises, and may have very limited resources, but can campaign effectively using digital media such as websites, listservs, and online chat rooms.

Another means of strengthening relationship inheres in the more direct self-representation that digital media has made possible for nonprofit organizations. The ability to directly send messages to stakeholders via websites or emails heralds independence from traditional media gatekeepers who in the past may have partially represented or even misrepresented an organization's mission and activities. Carboni and Maxwell (2015) suggest that if stakeholders are engaged with an organization through online platforms, they are more likely to engage offline as well. The direct reach of digital media may also afford NPOs the opportunity to improve their credibility, as interactivity has been argued to foster trust. The readiness with which digital media enables NPOs to provide details of governance, financial and other activities, ostensibly

unmediated by a media middle-man, may enhance the perception of organizational transparency on the part of their stakeholders.

Digital media offers immediate and enticing potential financial benefits, too. Websites provide content richness and design flexibility, at low cost; email postings eliminate the costs of hard copy mailings; fundraising drives may be conducted by text messaging rather than by flyers or brochures. Additionally, particularly in the early days of the twenty-first century, NPOs seized enthusiastically upon the possibilities for fundraising made available through new media, anticipating that the reach of digital media could secure new sources of funding where traditional avenues had dried up. A number of studies of NPOs have revealed that the enhancement of donations and fundraising has not always been accomplished via digital channels (Branston and Bush 2010). However, while online giving still represents a modest percentage of overall philanthropic giving, it is the fastest growing avenue for donors to support NPOs. Online giving grew 13% between 2014 and 2015, with funds raised via social media growing 70% in that period (Campbell 2015).

A number of NPOs have found digital media to have profoundly improved their ability to deliver services to their publics. Nonprofits working in the health sector have as a key part of their mission the provision of information to populations with particular health concerns or conditions. The wide disseminability and forwardability of email messaging can vastly increase the effectiveness with which information is provided. Similarly, NPOs working to connect newly settled refugees with community support and services might use social media to mobilize volunteers within communities to provide new migrants with needed assistance.

Digital media has broken down many traditional barriers and divisions faced by nonprofit organizations. The speed of transmission via digital channels has enabled NPOs to transcend traditional temporal delays, responding with timeliness and agility to breaking events or emerging areas of need, producing reports and appeals within minutes or hours as opposed to days or weeks. In the case of international aid agencies like the Red Cross, humanitarian aid may be mobilized while a crisis is unfolding. Interest groups may organize rapidly following significant news events or political announcements, reports may be live tweeted from annual general meetings, and so on. As geographical distance has evaporated as a factor limiting the reach of communication, regional and national operating divisions have dissipated for many larger NPOs, resulting in restructurings. New structures have also reflected a breakdown in traditional role divisions, as communications and marketing functions have increasingly integrated. In many ways the nonprofit sector might be said to have become truly global in its scope and operation. Finally, digital media has dissolved traditional barriers between producers and consumers of content, meaning an NPO's stakeholders may take a significant role in shaping and even creating the organization's message.

One further opportunity presented to NPOs by digital media is a vastly expanded ability to gain and store information about their publics. Web analytics provide information about the number of visitors to a website, and the number of page views, helping gauge traffic and popularity trends, and enabling commercial marketers and NPOs alike to better determine audience preferences. As individuals undertake activities online, transmitting more and more personal information, organizations can deploy analytics with ever greater sophistication to learn more about the online and offline characteristics of their site users. Even as regional and national operating divisions have declined within NPOs, audience segmentation has become a tighter focus, made possible by analytics and data mining software. This enables NPOs like Oxfam to target communications to historically reliable donors for additional donations when a natural disaster strikes, for example, or the SPCA to alert ailurophiles in a particular suburb of an upcoming cat-adoption drive.

## Challenges and Risks

Despite their potential benefits, digital media may incur unanticipated costs and provide limited returns. The regular monitoring of digital channels and the swift response increasingly required by users demand time and knowledgeable

personnel. NPOs using digital media rely on their stakeholders having access to those media, which is not always the case. Additionally, studies suggest digital media may create only weak connections to the organization, which do not prompt stakeholders to volunteer or donate.

Studies of NPO engagement with digital media show that many have used new media in much the same way as they used "old" media, tending to continue a "push" strategy of top-down, one-way information dissemination. While NPOs have evinced a keen interest in many digital opportunities, particularly in the area of social media, they have often failed to take full advantage of the relationship-building possibilities inherent in digital platforms. As a result, they continue to lag behind the corporate sector in terms of effective use of information and communication technologies. One reason for this may be a lack of strategic consideration of the particular characteristics and corresponding needs of individual technologies. For example, Facebook sites require regular monitoring and swift responses to posts in order to prevent the departure of audiences who might feel their voice or contributions are ignored. Another reason may be inadequate resources in terms of time and knowledgeable personnel, both of which are essential to provide the authentic and personal engagement demanded by digital natives. Smaller and less-resourced NPOs may entirely lack specialist Information Technology (IT) support. A number of scholarly studies have raised doubts as to the effectiveness of social media in fostering dialogic engagement with NPO publics, with one study of the Facebook sites of 50 environmental advocacy groups revealing the majority failed to use the sites to engage interactively (Bortree and Seltzer 2009).

Certainly, expectations of organization–individual relationship have been raised. In terms of relationship engagement, new channels have led audiences to expect and demand interactivity, and regularly updated content. If an organization does not provide these via its digital media, potential supporters may withdraw. Challengingly, the increasingly diverse demographic groups accessible by digital media may also express different desires concerning communication content, channel, and frequency. Digital media's myriad possibilities may mean interests of some of the groups represented by NPOs go unheard. This may result from suboptimal channel choices, as, for example, retirees may be less likely to be active Twitter users. It may also result from a lack of monitoring of comments. Importantly, not all service users have Internet access, meaning that unless a blend of traditional and digital media channels is used, certain groups may not have their needs met. One factor attending increasingly globalized operations is the growing reliance of NPOs on the publics they wish to engage having access to information and communication technologies (ICTs) and Internet-enabled devices, and some commentators believe the digital access divide has become more pronounced than ever.

Despite the emergence of certain viral campaigns, digital media has not regularly or predictably supported the recruitment of volunteers and supporters, either. While digital media enables the formation of more connections between NPOs, causes, and audiences, these are not necessarily strong connections. "Clicktivism" refers to weak or purely notional forms of charitable support, in which electronic signatures on an email petition or "likes" secured by an organization's Facebook presence do not translate in any measurable way to an increase in tangible involvement with or commitment to an organization's initiatives. Rather, these weak connections may in fact render audiences less likely to actively participate in a cause.

The financial challenges faced by NPOs have not, as was initially hoped, been countered by digital media. Studies have shown the limited efficacy of fundraising drives undertaken via digital media (Branston and Bush 2010). NPOs were also often following a corporate business model that was not always fully applicable to the nonprofit sector, in terms of heavy focus on and investment in image marketing. Embracing digital media can lead to considerable savings of time and money over utilizing traditional media, as outlined above, but digital media is not "free." Even "cheap" communication channels like social media require substantial resources – time, stable and knowledgeable staff, technical support.

Considerable financial resources are required to produce certain kinds of content such as videos, podcasts, or infographics, and to make structural investments in software and hardware. A further challenge is posed by the very ubiquity of digital media, and the proliferation of digital content. NPOs must cut through crowded email inboxes and overwhelming digital "noise" to secure readers, let alone potential supporters, volunteers, and donors.

The rate of change poses a series of challenges of its own. NPOs, trying to adjust to a swiftly changing digital environment, learned through active and ad hoc engagement with different platforms, with greater or lesser degrees of informed leadership and strategic planning. As Hackler and Saxton (2007) have shown, NPOs sometimes only articulated a digital strategy well after they had begun engaging with a variety of channels, and sometimes failed to create a strategy at all. As platform deployment proliferated in response to normative pressures, the pace of adoption and the frequent lack of a coordinated digital strategy meant content was often undifferentiated across platforms and not optimized to the characteristics either of the channel or of its particular user group.

The pace of change placed yet more pressure on NPOs in relation to securing sufficient and appropriately skilled personnel. In line with ad hoc platform adoption, staffing and recruitment decisions were often reactive rather than proactive. For example, social media management tasks were handed to interns or volunteers solely on the basis of their youth or supposed digital savvy. Especially in the early years of the twenty-first century, communication decisions were often entrusted to those in technical roles rather than to communication professionals. During this initial reactive period, little or no training for communication staff was provided, despite scant or nonexistent knowledge of optimal use of digital media tools. At the same time that skilled personnel, who could earn much more in the corporate sector, were hard for NPOs to recruit, key decision makers lacked technical skills and expertise. Even today budgetary limitations often mean untrained NPO staff may be charged with developing and wielding specialist tools.

Digital technologies may be a boon or a threat to NPO operations. In some cases digital media enables NPOs to be entirely bypassed. For example, the creation of sites like GoFundMe and various crowdfunding initiatives mean charitably inclined individuals can "donate directly" and avoid contributing to organizational overheads. Donation decisions are increasingly linked to information concerning the percentage of the donation that will go directly to those in need. On the one hand, this means that NPOs must meet ever-increasing demands for transparency. But on the other, network technology makes organizing collective action much easier – making organizations less important. Additionally, it has been claimed that digital activism has become counter-productive, drowning local, grass-roots, and radical voices in a flood of often ineffectual petition drives that may alienate potential supporters.

Finally, new ethical considerations have arisen in relation to the opportunities provided by digital media, meaning the emergence of new risk management demands. NPOs may gather an enormous amount of data from their digital media users, information that may be used to segment audiences and tailor news and appeals with increasing sophistication. But the degree of surveillance made possible by digital media causes many commentators concern, as the scope and the invisibility of observation raises as-yet unanswered questions about organizations' ethical requirements around the storage, manipulation, sharing, and even sale of the information they gain from their digital "customers." Given the politically sensitive work done by many nonprofit groups, the risks of metadata and the vulnerability of identificatory information about their stakeholders are particularly concerning.

## Future Directions

How to mobilize the opportunities suggested by digital media is a persistent challenge for the great majority of NPOs, which tend to be small scale, characterized by shrinking budgets and strictly limited resources in terms of both staffing and

time. An entirely new industry has arisen to advise NPOs on digital and social media strategy. Due to the dynamic nature of digital media development, the rapid obsolescence of advice means this is a burgeoning field.

Nonprofits need to modify their goals for digital communication. To date, digital media has produced only modest gains in terms of recruiting volunteers and raising funds, although a recent study indicates charitable giving via digital means is growing. Relational goals may be more achievable, but true dialogic engagement with publics takes investment and commitment.

Additionally, it is clear that one-size-fits-all messaging does not work – a variety of channels needs a variety of approaches. NPOs must ask challenging questions about platform proliferation, as more is not necessarily better. The demands of managing stakeholder relationships, always essential to NPO mission, are shifting and accelerating in a digitized world. NPOs must recognize that interactive and personal engagement is demanded by consumers of digital media, and only engage with digital media channels where they are able to support the interactivity required by the characteristics of the channel and its audiences. Additionally, differences within the nonprofit sector must be recognized and catered for at the strategic planning stage. Research has shown stakeholder preferences regarding digital communication differ between different segments, meaning NPOs in differing segments should tailor communication strategies particular to their groups.

NPOs should capitalize on the possibilities for monitoring information delivery and information uptake made available by digital media, and use the data both strategically and ethically. While commercial marketing research has not always proved directly transferable to the nonprofit sector, NPOs can and should benefit from the body of knowledge emerging from the growing field of analytics. Even nonexperts can use Google analytics to analyze website visitation patterns, and NPOs using platforms like Mailchimp for e-newsletters can easily examine open and click-through rates, and tailor their communications accordingly. They must, however, maintain transparency around how they are collecting, using, and potentially sharing data about their stakeholders.

Different demographic groups vary in their degree of interaction with digital media, and in their channel preferences. While the older generation has traditionally made up the majority of nonprofit volunteer and donor bases, this group presently engages with digital media to a far lesser degree than millennials. However, the number of "silver surfers" continues to rise, and the unique demands of this group, in terms of channel, content, and accessibility, must be taken into account by NPO communication personnel. Ultimately, not all groups can be reached by digital channels, and NPOs need to recognize that digital media cannot replace traditional means of engagement of publics. Face-to-face engagement will remain an invaluable tool. A coordinated suite of traditional and new media platforms will continue to be needed to ensure NPOs' vitality and sustainability.

## Conclusion

The nonprofit sector has embraced digital media, with high hopes that digital platforms and channels can assist them to achieve relational and financial goals. While cheap, responsive, and interactive, digital media has not solved all the sector's problems, and has created some new ones, among them challenges around staffing and the ethical management of data. More research into how digital technologies affect social and civil structures in the longer term is needed. While that work is being done, NPOs must be willing to continuously interrogate and adjust their communication strategy for digital media. NPOs must acknowledge that traditional one-way information dissemination does not suit digital media or digital natives and that thoughtful responsiveness to stakeholder input is essential. Haphazard approaches via fad technologies to poorly understood publics cannot support the survival, let alone the flourishing, of the nonprofit sector. In a clogged digital sphere, in which messages proliferate and audiences are increasingly

time- and attention-poor, clarity of message focus and of organizational identity is more important than ever.

## Cross-References

▶ Ethics and the Nonprofit Sector
▶ Nonprofit Organizations
▶ Virtual Volunteering and Nonprofit Organizations

## References

Bortree DS, Seltzer T (2009) Dialogic strategies and outcomes: an analysis of environmental advocacy groups' Facebook profiles. Public Relat Rev 35:317–319

Branston K, Bush L (2010) The nature of online social good networks and their impact on non-profit organisations and users. PRism 7(2):1–14

Campbell JC (2015) How digital and social media tool have transformed nonprofits. http://jcsocialmarketing.com/2015/11/digital-social-media-infographic/. Accessed 24 Mar 2017

Carboni J, Maxwell S (2015) Effective social media engagement for nonprofits: what matters? J Public Nonprofit Aff 1(1):18–28

Curtis L, Edwards C, Fraser KL, Gudelsky S, Holmquist J, Thornton K, Sweetser KD (2010) Adoption of social media for public relations by non-profit organizations. Public Relat Rev 36:90–92. https://doi.org/10.1016/j.pubrev.2009.10.003

Hackler D, Saxton GD (2007) The strategic use of information technology by non-profit organizations: increasing capacity and untapped potential. Public Adm Rev 67:474–487

# Digital Social Innovators

Fateme Tavallaei[1] and Mehrdad Ahmadi[2]
[1]PNU University, Tehran, Iran
[2]Faculty Member of Management Department, PNU University, Tehran, Iran

## Synonyms

Adaptation; Career condition; Digital social innovation; e-Readiness; e-Society; Exceptional individuals

## Definition

Digital social innovation introduces and covers the digital technologies to co-create knowledge and solutions for a wide range of social needs. Disabilities work condition is one area that has mass challenges. Nonprofit organizations like a digital social innovator have the potential to meet these kind of needs through the means of technologies.

D

## Introduction

The society consists of several groups with their own special needs. Organizations help to supply their needs and overcome their obstacles and problems. But sometimes new solutions cannot go on their way and need further attempt. In this situation, social innovators like nonprofit organizations try to solve the problems. They produce new solutions to social problems in many areas such as welfare, health, education, unemployment, etc. One of the area with less attention refers to disabled people. They have different life aspects including health living, safety, schools, etc. Though of some attempt in this area, many problems are not solved or even studied yet. One of these vacancies relates to disabled career conditions. Nowadays a huge improvement in technology can facilitate their career condition. AT, IoT, ICT, IT, or robotics bring a lot of tools to cover the disabilities and physical deficiencies. But it seems that technology could not be beneficial as much as expected. What is wrong? Technology without any adaption, readiness, implementation, and change plan in governmental, organizational, and individual level cannot penetrate well. Digital social innovators can bring the voice of technology to the e-society in support of career condition of exceptional individuals. Digital social innovation (DSI) is an emerging field to support the society needs by the use of digital tools for social change. The entry tries to bring latest technological innovations in the world and specially the suitable ones for exceptional individuals' career conditions and then the role of digital social innovators like

nonprofit organizations to join these capacities. Besides society awareness, it can help to have better policy making and proper training plans for changing and improving the work skills and opportunities in a more justice environment in e-society.

## Digital Social Innovation

Social innovation is the application of new solutions to social problems in areas such as welfare, health, education, youth unemployment, adaptation of migrants, and territorial integration of regions.

Social innovations allow nonprofits and other organizations to meet the needs of the society more effectively than existing options, respond to social challenges, offer new solutions to social problems, develop social interaction, and create alliances (Caulier-Grice et al. 2012). It may refer to product innovations, service innovations, or process innovations. Nowadays digital social innovations introduce and cover the digital technologies to co-create knowledge and solutions for a wide range of social needs. It tries to develop open data infrastructures, knowledge co-creation platforms, wireless sensor networks, decentralized social networking, free software, and open hardware to raise awareness and collective actions. A growing movement of innovators in civil society, tech and social entrepreneurs are now developing inspiring digital solutions for a variety of social issues in areas such as health, democracy, consumption, money, transparency, and education. It can be supported by governments, public organizations, companies, enterprises, nonprofit organizations, or NGOs. More often they emerge at the hybrid intersections among different sectors.

Nonprofit organizations are very important for creating social innovation and are believed the primary sources of social innovations due to their social mission and interests of certain groups, recipients of their services, who are end-users (Anheier et al. 2014), forming new relationships and networks, modifying the ways of interactions, contributing to changes in organizational structures, high aptitude for experiments, sensitivity to the needs of the clients, capacity of engaging volunteers, different stakeholders, and attracting assets from various sources, developing and implementing innovative services or new methods of delivering community services, having a capacity to involve various actors and volunteers in their interactions. The flexibility of nonprofit organizations makes them behave and act more efficiently than governmental strictly regulated systems (Krasnopolskaya and Minnigaleeva 2017). This concept is new and is not well studied yet but seems to be crucial in exceptional individuals life aspects especially their career conditions.

## Exceptional Individuals' Career Condition

The society consists of several groups which can be distinct from other population and have their own characteristics. These groups can be categorized based on gender, race, socioeconomic class, and people with physical, mental, or emotional functioning such as disabilities. They include of impairments, activity limitations, and participation restrictions. Physical and mental differential lead to different life aspects such as health living, safety, assistive technology, schools, transitions, independent living, support, and career conditions. The notable percentage of people are disabled with the career condition problems. The uncomfortable work situations cause anxiety, depression, and loss of confidence, a reduction in self-esteem and the level of general happiness. Career condition is the important issue which can be discussed in various aspects: law, transition programs, facilities, etc. e-Society is facilitating and influencing on exceptional individuals' career conditions in near future. Being familiarity with the newest and latest innovations can be certainly helpful for exceptional individuals to manage their aims and assays. They can participate more in social activities include of career situations. Technology provides facilities and can help to overcome the obstacles easier. Some important cutting-edge technologies for exceptional

individuals are assistive technology (AT), information technology (IT), internet of things (IoT), information communication technology (ICT), and robotics. Though the importance and strength of the technology, it cannot be useful alone without any cultural and supportive plans. In the case of exceptional individuals, it becomes more critical due to their mass of limitations. So there is a further organizational support to meet their needs. Social innovators and especially digital nonprofit organizations can meet this type of social needs in a better way than the existing solutions. They can help e-society members, policy makers, and managers to accept the technology in the field of disabilities' workplaces.

## Exceptional Individuals in e-Society

### Assistive Technology (AT)

Assistive technology device is defined as any item or equipment to improve the functional capabilities of a person with a disability for learning, daily living, listening, augmentative communication, computer access and instruction, environmental control, mobility, prevocational and vocational, recreation and leisure, seating and positioning, and visual aids (Barge 2016).

The AT covers physical/situational products (for physical needs), such as: scooters and wheelchairs, alternative automobile controls, environmental controls, prostheses, communication aids, hand splints, hearing aids, and alternative computer's input and output devices.

AT also facilitates virtual needs for people with visual, hearing, mobility, or learning disabilities. Specific web site design, Video iChat to improve social studies and facilitate communication, touch and speech feature controls for individuals with difficulty movement, text-generating hard and software such as word processing, word prediction, and word-cueing programs for handwriting, Speak Key Presses Calculator, Grapher, Voice Over and Screen Reader to facilitate reading, MacBook Pro (Mac computer's Braille-output capabilities), and iPod touch to facilitate composing are the examples for hearing disabilities. Text-Edit to type, Converted text to audio plan application, Built-in Screen-Reading, Braille-Output Capabilities, and Speech synthesis in conjunction with word processing is useful in enhancing visual disabled students' written language production. Wheelchairs, walkers, crutches, canes, prosthetic devices are suitable for mobility disabilities. It seems that assistive technologies not only provide better situations for exceptional individuals to learn better but also can be used in work places to make works easier.

### Teleworking in the Information Technology Era (IT)

Information technology is defined as the use of any computers, storage, networking and other physical devices, infrastructure, and processes to create, process, store, secure, and exchange all forms of electronic data. People are changing in the information age and huge transitions have been occurred. Emergent of virtual organizations is one of them. It is described as "an extremely loose web of individuals, capital and technologies operating in collaborative networks uninhibited by time and space" (Barnatt 1996; Birchall and Lyons 1995), employed, self-employed, and home-based teleworkers, remote site, and mobile telework. Konradt et al. (2000) explained that telework is a kind of work which is partially or completely done outside the workplace. These job categories can easily be done by the use of telephone, fax, or email with flexible work locations and remove the organizational boundaries of the traditional and centralized workplace.

Benefits of teleworking for organizations are: enhancing job satisfaction, flexibility, more productivity, less absenteeism, reduce office space, easier staff recruitment, and retention. Some teleworking jobs are suitable for mobility disabilities. Some examples are: account management, accounting/taxes, administrative, analyst, bilingual, business development, call center, case manager, consulting, customer service, data entry, development engineering, entry level, finance, human resources, information technology, insurance, Linux, management, telephone or internet marketing, NET, PHP, project management, Python, quality assurance, recruiter sales, software development, and SQL or Web developer.

Effectiveness of each job depends on the disability condition. Telephone marketing can be useful for mobility disabled due to no need for movement, web developer for deaf due to no need to speak or listen, and consulting in any area for blind due to no need for seen. A precise investigations can help to distinguish suitable teleworking jobs for disabled. So it leads to have more proper training and education plan according to the specific abilities and facilities. Policy makers should consider a proper job analyzing to match the everyday suitable emergent jobs with organizational positions.

### Information Communication Technologies in Organizations (ICT)

Information communication technologies (ICT) refers to technologies that provide access to information through telecommunications. It is similar to information technology (IT) but focuses primarily on communication technologies. This includes the internet, wireless networks, cell phones, and other communication mediums. ICT is used to handle telecommunications, broadcast media, intelligent building management systems, audiovisual processing and transmission systems, and network-based control and monitoring functions.

ICT in the organizations requires access to own computer or sharing, internet connectivity, access to internet and World Wide Web, high bandwidth availability for accessing the network, quality of connectivity to the network, website availability for business promotion, availability of LAN, diversity of ICTs in identifying, storage and information retrieval, online business transaction implemented, e-commerce, broadband access availability, and use of network (Mutula and Van Brakel 2006). Adoption of ICT in the organizations leads to the huge changes such as: performance, process, structure, environment, regularity, competency, and infrastructure. In this shift of manually works to machinery ones, ICT has considerable impacts on workers. Knowledge replaces physical activities. Problem-solving, statistical process controls, computer skills, new working practices, team works, quality circles, job rotation, multitasking, and interpersonal abilities are what workplaces need in the ICT world. ICT workers need the ability to evaluate, organize, manage, maintain, access, analyze, use, identify, and retrieve the information. It seems that some important obstacles like physical skills are now disappearing and the growing need for knowledge workers is emerging. Disabilities have more opportunities to come into workplaces in this situation. Policy makers and managers need to consider suitable adoption, readiness, and change plans to enable their organizations for better use of facilities and staff opportunities. There are various models that consider the international, national, organizational, and individual ICT aspects in infrastructure, structure, goals, and human resources. Training and educational programs need to be updated according to the newest workplaces' situation and requirements.

### Internet of Things (IoT)

Internet of things (IoT) defined as a system of interrelated computing devices, mechanical and digital machines, objects, animals, or people that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction (Pawade and Wasukar 2017). IOT is going to penetrate all aspects of human lives, such as: smart cities, smart environment, smart water, smart metering, security and emergencies, retail, logistics, industrial control, smart agriculture, smart animal farming, demotic and home automation, and e-health in near future. But what does IoT brings for disabled? Some specific functionalities are enabled by IoT for disabled people, such as: remote support and services, speech activated devices, and automated accessibility functions in public spaces for physical and dexterity people, interpretation of user environment for way finding, near field automation, and speech-activated devices which communicate with speech output for visual disabled, captioning in glasses delivered by beacons, and visual cues about status of home devices on mobile device

for hearing disabled, localization and orientation, automated reminders, and programmable safety processes for cognitive disabled. These are just the direct impacts of IoT on exceptional individuals.

Again IoT can provide facilities in organizations and workplaces that can lessen the mobility and physical skills and abilities and focus on virtual world. Some organizational opportunities that are brought by IoT are: e-business in transforming key business processes to reach the global marketplace and improve current business and competitive advantages, e-maintenance as e-technologies (ICT, web-based, tether-free, wireless) in integrating with new trends such as e-monitoring, e-diagnosis, and e-prognosis to remote and real-time knowledge assessment of system performance, cloud manufacturing in enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable manufacturing resources, e-science as a platform for scientists to share their knowledge and science, e-invoice as a kind of information system service for gathering transaction information, e-portfolio as a network application for providing the author with administrative functions for managing and organizing work, e-commerce as selling and buying of products or services over the internet to allow a helpful analysis of the data which further aids in the business intelligence, product suggestions, and recommendations, and the fraud detection, e-library as a library in which collections resources are stored in digital formats as opposed to print, microform, or other media and accessibilities by computers, and e-procurement as the use of information technologies to facilitate B2B purchase transactions. It involves six forms of activities, including e-ordering/e-maintenance repair operate, web-based enterprise resource planning (ERP), e-sourcing, e-tendering, e-reverse auctioning/e-auctioning and e-informing, e-learning as an internet-based learning process, using internet technology to design, implement, select, manage, support, and extend learning which are used in universities or in similar conditions (Table 1).

**Digital Social Innovators, Table 1** Direct and indirect impact of IoT on disabilities' career condition

| Direct impact | Indirect impact |
|---|---|
| Speech-activated devices | e-Business |
| Automated accessibility functions | e-Maintenance (e-Monitoring, e-Diagnosis, e-Prognosis) |
| Environment interpretation for way finding | e-Learning |
| Near field automation | e-Science |
| Speech-activated devices | e-Invoice |
| Captioning in glasses by beacons | e-Portfolio |
| Visual cues | e-Commerce |
| Localization and orientation | e-Library |
| Automated reminders and programmable safety processes | e-Procurement (e-Ordering, e-Sourcing, e-Tendering, e-Reverse, e-Informing) |

It seems that IoT can lead to a huge change in disabilities life but there are not notable researches in this area especially about the probable revolution of their career conditions.

## Robotics

Robots are electromechanical devices with multiple task capability and programmability that can sense, think, and act in repeatable cycles (Argote et al. 1983). The skill requirements for production and personnel technical support will be changed from manually oriented to mentally by the use of robots. Some robots that are used in companies are: the Locus Robot for logistic operations like quick finding, packaging, and shipping online orders in warehouses, Lowes Oshbots for helping customers to find and managers to track inventory, Chloe for shifting through music, movies, and games, and bringing customers what they want, Yotel butlers for taking care of guest bags and cleaning rooms. Again like other technologies which are discussed above, these shifting activities from manually toward mentally ones lead individuals to concentrate more on analyzing and handling systems more than operating activities. It again provides opportunities for

**Digital Social Innovators, Table 2** Direct and indirect impact of robotics on disabilities' career condition

| Direct impact | Indirect impact |
|---|---|
| Obi Dining Robot to help feeding | Locus Robot for logistic operations |
| | Lowes Oshbots to track inventory |
| Toyota Human Support Robot (HSR) to help moving | Chloe for shifting for bringing customers what they want |
| | Yotel butlers for taking care of guest bags and cleaning rooms |

exceptional individuals who suffer from physical disabilities to inter to the workplaces for less physical activities and more handling and managing ones. Some specific robots are only for exceptional individuals like Obi Dining Robot to help feeding or Toyota Human Support Robot (HSR) to help moving. It is needed to develop more robots to help exceptional individuals in workplaces (Table 2).

## Adaption and e-Readiness Approach

Nonprofit organizations can act as a digital social innovator in career condition of disabilities in e-society. Penetrating technology in exceptional career conditions have gotten engaged with multi-faced and multi-level aspects and needs to be coordinated with governmental, organizational, and individual capacity. Many theories and models try to illustrate the influencing factors in technology adaption and e-readiness area. It can be useful for a nonprofit organization to assess the degree of disability conditional adaption and e-readiness.

For example in social and governmental level, digital social innovators should consider economical and social environment, ICT policy, cultural and learning development, geographical scattered, ICT industrial, tax, information transaction, national content, perception, productivity, citizen knowledge, industry characteristics, market structure, technology support infrastructure, and government regulation for external task environment to help policy makers develop facilities for career condition of exceptional individuals.

A nonprofit organization should assess how much a society is ready for exceptional individual physical infrastructure and integrate current ICTs throughout business and communities and everyday life of people and then give solutions for it.

In organizational level, digital social innovators should consider communicational and organizational infrastructure, managerial support, organizational culture, customers, expert workers, access, speed, quality, technology use, workplace, industrial competition, cost, computer and internet, electronic learning, learning content, ICT strategic development, formal and informal linking structure and communication processes, size, and availability. Each of the factors is important and need deep studying. It is necessary to understand where it is more possible to use disability capacity, in which industry characteristics, public organizations, market, SMEs, enterprises, etc.; or which organizational size is more appropriate for exceptional individuals; or by which speed and quality they can work easily without reducing the workplace productivity; and if the learning content in schools and university published well and accordance with requirements to provide enough working knowledge for them. These kind of analyzing can help to make suitable and beneficial strategies for disabled career conditions. Information security risk management and being connected with a service provider and supporter can help organizations to jump the obstacles.

In cognitional level, it should be considered that if the disabilities understand their performance and outcome expectations, they have enough personal and self-efficacy, or are affected by anxiety. What is their attitude, norm, perceived usefulness and ease of use, extrinsic and intrinsic motivation, perceived behavioral control, relative advantage, image, visibility, compatibility, results demonstrability, and voluntariness of use toward technology? To improve their cognitive factors toward technology, a nonprofit organization can develop training and information sessions, increasing their knowledge, help them understanding and feeling of independency by using technology to complete their tasks, having enough support by manuals or systems, learning easily how to use the technology, and also understanding

its usefulness, convenience, and quickness. Creativity training, team-based collaboration, learning especial skills, customizing applications, encouraging awareness, and rewarding programs can be beneficial in this field.

So digital social innovators and especially nonprofit organizations can help to improve multi-level and multi-aspect of the e-society for acceptance of technologies in career condition of exceptional individuals.

## Conclusions

Going along the twenty-first century with every day emergent of new technologies leads to solve many challenges. Some of these technologies include IT, ICT, IoT, AT, and robotics. Disabilities are the part of the society with different life aspects. Disabilities' career condition with the technological perspective was mentioned in this entry. Technologies are not apart from each other and conjoin the whole powers to make opportunities. Remote access, ability to organize, less need in physical activities, helping to cover deficiencies through devices and tools, huge storage, and big data analyzing are some of the issues pointed in the entry. Though of huge improvement in e-society, technology cannot overcome the obstacles on its own. Social and individual capacity besides technological improvement are needed too. Technology cannot reach to achievement without good infrastructure, structure, goal, human resource learning and training, suitable adoption, readiness, and change plan. These facilities can be studied and supported by further organizations like digital social innovators. Nonprofit organizations are ones that can facilitate technology use in disabled workplaces by helping to replace the manual jobs by expert ones with computer thinking skills like analyzing, systems designing, problem-solving, and consulting. Nonprofit organizations help managers and policy makers to consider technological improvements which are beneficial for the exceptional individuals to overcome physical deficiencies and also suitable plans to use the capabilities of disabled people in workplaces. Exceptional individuals need to learn proper educational programs in e-society too. There was not enough literature about exceptional career conditions especially with technological perspective by the help of nonprofit organizations. So future studies can be assigned to this issue with precise details.

## Cross-References


- ▶ Professional Development and Training
- ▶ Social Innovation
- ▶ Stakeholder Perspective in Nonprofit Organizations
- ▶ Technology and Nonprofit Organizations


## References


Anheier HK, Krlev G, Preuss S, Mildenberger G, Bekkers R, Mensink W, Bauer A, Knapp M, Wistow G, Hernandez A, Bayo A (2014) Social innovation as impact of the third sector. A deliverable of the project: "Impact of the third sector as social innovation" (ITSSOIN), European Commission – 7th Framework Programme, European Commission, DG Research, Brussels

Argote L, Goodman PS, Schkade D (1983) The human side of robotics: Results from a Prototype Study on How Workers React to a Robot (No. CMU-RI-TR-83-11). Carnegie-mellon Univ Pittsburgh Pa Robotics Inst.

Barge J (2016) Definition of assistive technology. Retrieved September 14, 2016, from http://www.gpat.org/Georgia-Project-for-Assistive-Technology/Documents/Definition-of-Assistive-Technology.pdf

Barnatt C (1996) Virtual organizations in the small business sector: the case of Cavendish management resource. Draft unpublished article

Birchall D, Lyons L (1995) Creating tomorrow organizations: unlocking the benefits of future work. Pitman Publishing, London

Caulier-Grice J, Davies A, Patrick R, Norman W (2012) Defining social innovation. The theoretical, empirical and policy foundations for building social innovation in Europe (TEPSIE), European Commission – 7th Framework Programme, European Commission, DG Research, Brussels

Konradt U, Schmook R, Malecke M (2000) Impacts of telework on individuals, organizations and families – a critical review. Int Rev Ind Organ Psychol 15:63–100

Krasnopolskaya I, Minnigaleeva G (2017) Social innovation. In: Global encyclopedia of public administration, public policy, and governance. Springer, New York. pp 1–6. https://doi.org/10.1007/978-3-319-31816-5_3012-1

Mutula SM, Van Brakel P (2006) An evaluation of e-readiness assessment tools with respect to information access: towards an integrated information rich tool. Int J Inf Manag 26(3):212–223

Pawade, P.A. and Wasukar, A.R., 2017. A Review on Importance of Internet of Things for Next Generation Computing. International Journal of Research In Science & Engineering 3(1)

# Digital Transformation, Brazil

Thiago Ferreira Dias and Hironobu Sano
Federal University of Rio Grande do Norte – UFRN, Natal, Brazil

**Digital transformation** reflects the improvements implemented by governments, in the search for innovative digital solutions due to social, economic, political, and other pressures, in order to transform their internal and external processes, to generate higher public value and for the effectiveness of government actions.

## Synonyms

Accountability Systems; Governance; Public Innovation

## Introduction

It is undeniable that a percentage of the cultural, political, and economic dimensions and other human activities escalate with the increase in digital space. Data indicate that three billion people use the Internet, but 90% of the remainder live in the developing world (ITU 2014). Smartphone users also spend 89% of their time interacting with mobile media applications (Nielsen 2014).

In order to prevent governments from neglecting this digital space as a potential ally to extend the value and delivery of public services, utilizing the physical and digital worlds, this proposal of interaction between services for public issues and the use of digital space as a basis for interaction is called Digital Government (DG).

It is obvious that advances in Information and Communications Technology (ICT), which started around the world in the 1980s, and in Brazil in the 1990s, promoted a transformation and improvement in the quality of public services, increasing operational efficiency, a reduction in costs, productivity gains, and an improvement in the quality of public services, allied to increased interaction with society (Gil-Garcia and Pardo 2005).

However, over time, it was observed that for ICT to generate improvements in the public sector, changes must not be limited solely to the implementation of technological elements in governments (hardware and software), but should also include procedural and cultural changes in those working in public administration. Therefore, it is vital that the adoption of ICT tools also includes routine process, legal and behavioral modifications, aiming towards greater efficacy and effectiveness in the public services provided to citizens.

In the light of public administration adopting digital government as part of the government agenda evolving into other aspects in the near future, digital transformation impacts the modus operandi of public administration and its relationship with society. While observing that there is no universal model to implement government digitization efforts in different national contexts and sector locations, advances are only achieved with the adoption of precise locations and diagnostic solutions via public governance searches.

## Electronic Government, Digital Democracy, and Innovations Related to State-Society in Brazil

Facing the greatest ICT appropriation by the government sector, the term "e-government," or electronic government, emerges; it is a concept related to the greatest intensification of ICT use in modernization actions linked to public administration, ranging from the computerization of internal

activities to the expansion of communication and provision of public services to external clients – citizens, suppliers, companies, or other government sectors society – via use of the web, with the creation of government sites (Pinho 2008; Agune 2006; Chahin et al. 2004).

Janowski (2015) proposed a model of evolution for digital government with four increasingly complex phases in the evolution of the concept: digitization (technology in government), transformation, engagement, and contextualization (policy-oriented public governance). The evolutionary model is based on three binary variables: (a) digitization complements inner workings and government structures; (b) the transformation is internal and to the government structure, as well as its relationships with citizens, businesses and other stakeholders; and (c) if the transformation depends on a particular application context, such as a country, location, or sector.

Thus, the phases are systematized as follows (Janowski 2015): Stage (1) digitization or "technology in government" does not produce any internal government transformations, changes in external relationships or dependence on the application context; Stage (2) processing or "electronic government" promotes the internal transformation of the government but not the transformation of external relations and, therefore, does not depend on the application context; Stage (3) Engagement or "e-governance" promotes both the transformation of internal government and external relationships but does not depend on the application context; and Stage (4) Contextualization or "policy-driven governance" promotes both the transformation of internal government and external relationships and depends on the application context.

In Brazil, formalization of including the topic on the governmental agenda took place with the creation of the Electronic Government Executive Committee in 2000 and the Electronic Government Policy in Brazil was launched the following year. Through Decree no 5.234 on July 7, 2004, electronic government was created to link and coordinate the implementation of electronic government actions, the provision of public services via electronic means, and the standardization of actions and dissemination of electronic government information to the federal public administration.

Since then, the implementation of successful practices has been observed, highlighting the Federal Inland Revenue annual income tax declaration system; the government purchase system using an electronic trading system; the election system, with the use of electronic ballot boxes; and the federal government's people management system (Sigepe), among others.

However, Diniz et al. (2009) state that although the Electronic Government Program has been successful, in 2003 the government started to reduce its importance, mainly due to the transition in presidential management. According to these authors, in 2016, the Federal Court of Auditors (TCU) prepared a report on the Electronic Government Program under Luiz Inácio Lula da Silva's government and observed the difficulty in coordinating program actions and the lack of monitoring of electronic government initiatives. In 2016 a federal government services site was created (www.servicos.gov.br) through Decree No 8.936, on December 19, 2016, which aimed to centralize digital services and facilitate access and follow-up by citizens. One thousand, eight hundred and seventeen (1,817) services from 85 institutions and federal public authorities are currently available, and 43% of these have fully digitized steps.

While considering the digital transformations of its interface with society, expansion tools are being promoted for state-society interaction, with the goal of more effective public actions, which involve various initiatives that represent the term e-democracy or digital democracy (Dahlberg and Siapera 2007). Digital democracy can also be deemed a conceptual innovation, since it promotes a state-society relationship through a new perspective, transitioning from an offline view, a model with higher government preponderance, to an online view in which society is more prominent and has the capacity to influence the public policy cycle.

However, for conceptual innovations to be converted into public policy changes and,

consequently, to take these transformational changes to the state-society relationship, specific policies need to be prepared, and instruments developed to enable the practice of this new form of interaction. The development of studies and applications based on ICT to foster the state-society relationship has created a productive area for innovation.

As an example, Sampaio (2013) performed a survey of digital democracy initiatives by the three authorities and the three government spheres in Brazil, having identified 96 experiences, with the majority developed by the Federal Executive Authority, followed by the state and municipal legislative branches. As far as popular participation is concerned, the majority fits into the e-information framework, followed by e-consultation and finally, e-decision. Due to the variety of mechanisms in place, this article will focus on some of the more widely disseminated ones, such as the disclosure of data and government information. The following discussion is organized based on the dimensions of participation, being analyzed in terms of innovation and its contribution to the strengthening of digital democracy.

### e-Information

When it comes to the dimensions of e-participation and e-information, progress has been made in the first stage in the country, especially due to the Law of Fiscal Responsibility (LRF). This has made mandatory the broad dissemination of information on the fiscal management of public entities in electronic format and public access, much of which is in real time. The Access of Information Law (LAI) established the obligation to publish information on the institution (active transparency), as well as the possibility of society requesting information (OGP 2011), which covers the opening-up of government data as a way to increase transparency and strengthen social control.

In the federal sphere, Decree 5.482/2005 established the obligation of making financial information available on the Federal Executive Authority Transparency site for institutions and entities with direct and indirect administration. In addition, each federal institution should have a shortcut to this site on their internet home page; however, the visibility given to promoting this is not the same for federal institutions, and there is not always sufficient information to allow political participation (Marques 2010).

The perspective that government information should be widely available to the public, although included in the Federal Constitution since is promulgation in 1988, was only regulated with the establishment of the LRF and LAI. The assurance of access to information by society must be considered a conceptual innovation, as although envisaged in the Federal Constitution, it only became truly effective with the approval of both laws.

A conceptual innovation will not necessarily bring innovation to public organizations, as it requires the concept to be converted into a product, service, or tool. By analyzing the compliance of LAI by states and cities, the Federal Public Prosecution Service (MPF) created the National Transparency Ranking and, in 2016, the average was 5.21 out of 10. These results show that cities and states face greater difficulties in making information available to society.

It is established in these studies that public institutions, although using the Internet to publish their documents, the information available is strongly linked to what is made obligatory by the LAI and LRF. Consequently, e-information has a greater focus on complying with current legislation, and there are still many flaws in government communication with society, based on ICT.

### e-Consultation and e-Decision

The two dimensions that propose a new bidirectional communication channel will be analyzed together, since different initiatives developed by a number of public institutions can be identified in both strategies.

One of the main e-consultation mechanisms is public consultation, which merges aspects of face-to-face and online participation, where both allow sending suggestions, proposing alterations,

and consulting other actions. The digital version has already been adopted by 30% of the ministries and 22% of the regulatory agencies, which indicate that it is not related to specific resources and that its acceptance is growing (Matheus 2009; Sampaio 2013). The Ministry of Health received 45 public online queries between 2001 and 2011, although only 13 reports were available, in which "there is no record of comments, suggestions or interactions between participants" (Barbosa 2015).

The digital version of consultation simultaneously represents an innovation in service delivery and makes advances in terms of conceptual and systemic innovation, but it is limited since the reports are not widely available and, principally, because the destination of the contributions received by this channel is not clear.

In the legislative branch, the House of Representatives created the e-Democracy site, with the aim of expanding popular participation in the legislative process, proposing different participative mechanisms, such as discussion of law bills, provisional measures, deliberative meetings, seminars, forums, and public hearings, as demonstrated in Table 1.

In Sampaio's analysis (2013), some topics discussed in e-Democracy were submitted for legislative review. As in the case of online public consultations, innovations developed by the House of Representatives contain conceptual and systemic innovation perspectives, although the absence of a systematic return on participative mechanisms restricts its transformational potential.

**Digital Transformation, Brazil, Table 1** Participative tools for e-democracy in the house of representatives

| e-Democracy tool | Participation features |
|---|---|
| Interactive Audiences | Submit questions to deputies |
| WikiLegis | Suggest the composition of laws that are sent to rapporteur deputies |
| Participative Agenda | Vote on priority projects; those with the most votes are placed on the agenda |

Source: Prepared by the authors based on e-Democracy (https://edemocracia.camara.leg.br/)

In subnational governments, notably in cities, one of the most common mechanisms for listening to the population is participatory budgeting (OP), which has a digital version. Sampaio (2013) identified 37 digital participatory budgeting (OPD) experiences in 17 Brazilian locations, with the most popular being Recife, Belo Horizonte, Porto Alegre, and Ipatinga. These cities adopt different strategies that surpass the simple transposition of a face-to-face model to the virtual world.

In the case of Recife, traditional OP sets the topics that will be taken for an Internet vote or electronic ballot, which enabled an increase in the number of voters and, therefore, the result reflects the population's greatest desires. In Ipatinga, suggestions can be sent electronically and are then organized by the city hall, which then forwards those considered feasible for deliberation at face-to-face assemblies (Best et al. 2010; Possamai 2011; Sampaio 2013). In the Belo Horizonte OPD, voters can vote on specific options previously selected by the city hall (Cunha et al. 2014; Sampaio 2009). In Porto Alegre, the electronic OP (e-OP) corresponds to an expansion of the face-to-face version of the virtual world, which increased the number of voting participants (Best et al. 2010; Sampaio 2009).

OPD has shown to be a productive area for new features, and innovations can be identified in different categories: service innovation, when the digital version complements and reinforces popular participation; delivery innovation, when it creates a new category; public policy innovations, when changes are promoted as a result of learning from experiences. This is the case for Internet voting and the provision of equipment (computers and electronic ballot boxes) in various locations, specifically to increase participation. As for the degree of innovation, more specific changes can be characterized as incremental and since new forms to accomplish this are offered, they can be categorized as radical. The OPD data presented here do not allow for characterization in the case of transformational innovation, which would demand in-depth studies from that perspective.

Participation in the varying e-Consultation mechanisms is related to the debate and definition stages of possible alternatives, where different ideas are proposed for discussion, allowing proposals to be defended, rejected, or reformulated (Kingdon 1995; Possamai 2011). In some situations, ideas and proposals can progress, although one of the main weaknesses of these mechanisms is that there is no system for providing feedback to participants regarding the utilization, or otherwise, of their contributions. This generates questions on the effectiveness of these spaces and could lead to reduced participation (Rothberg 2010).

## Directions and Challenges

It is believed that ICT broadens and strengthens social participation and, consequently, promotes the improvement of digital democracy. It is emphasized that the tools developed in the field of digital democracy allow for the expansion of popular participation. Unidirectional government communication, with the disclosure of data via the Information Access Law, has made the most progress, reinforced by specific legislation that demands active transparency and the country's admission to the principles of an Open Government Partnership. In an analysis of LAI compliance, the actions of external (MPF) and internal (Comptroller General's Office – CGU) control bodies have produced an improvement in indicators developed by each of the public authorities, reinforcing e-information on electronic government sites.

On communication and bidirectional participation, there has been an increase in the use of dialogue channels that choose to capture society's insights, with instruments such as online public consultations, especially by the federal government and digital participatory budgeting; the latter being more commonly adopted by municipal governments. They are innovations in public policies that incorporate a conceptual and systemic innovation perspective when proposing new ways of communicability that aim to strengthen and increase civil participation. Discussion mechanisms are included in this perspective, such as enquiries, forums, and chats, among others, which enable not only conceptual and systemic interlocution with the government, but also promote dialogue among citizens, creating the opportunity to discuss different views on the same theme. This deliberative process can generate subsidies, which can be incorporated on the preparation of a final proposal for a public enquiry, or influence voters when voting on digital participatory budgeting.

On the other hand, conceptual innovations have certain limitations that restrict their results and limit them to a perspective closer to service innovation or service delivery, which, consequently, drive them further away from the possibilities of transformational change. One of the main criticisms of the online query mechanisms and virtual discussion tools is that, in general, participants receive no feedback on submitted proposals, meaning it is not known if they were taken into consideration and whether they contributed, or otherwise, to the decision-making process. This lack of return may discourage further participation, reducing the tool's credibility. To finalize, it is affirmed that ICT has generated innovation not only in e-Democracy and e-Participation, but also in terms of government management and services.

## References

Agune RM (2006) Impacto do governo eletrônico da gestão governamental: Observatório de Tecnologias de Informação. In: Anales del Congreso Ìbero Americano de e-Gov, Santiago, October

Barbosa H (2015) Comunicação, transparência e consultas públicas on-line: a importância da participação em políticas de saúde. Comunicação Soc 37(3):127–152

Best N, Ribeiro MM, Matheus R, Vaz JC (2010) Internet e a participação cidadã nas experiências de orçamento participativo digital no Brasil. Cad PPG-AU/UFBA 9(special edition):105

Chahin A, Cunha MA, Knight PT, Pinto SL (2004) E-gov.Br: A próxima revolução brasileira: Eficiência, qualidade e democracia: o governo eletrônico no Brasil e no mundo. Prentice Hall, São Paulo

Cunha MA, Coelho TR, Pozzebon M (2014) Internet e participação: o caso do orçamento participativo digital de Belo Horizonte. Rev Adm Empres 54(3):296–308
Dahlberg L, Siapera E (2007) Radical democracy and the internet: interrogating theory and practice. Palgrave Macmillan, New York
de Pinho JAG (2008) Investigando portais de governo eletrônico de estados no Brasil: muita tecnologia, pouca democracia. Rev Adm Pública Rio J 42:471–493
Diniz EH, Barbosa AF, Junqueira AR, Prado O (2009) O governo eletrônico no Brasil: perspectiva histórica a partir de um modelo estruturado de análise. Rev Adm Pública Rio J 43(1):23
Gil-Garcia JR, Pardo TA (2005) E-government success factors: mapping practical tools to theoretical foundations. Gov Inf Q 22:187–216
ITU (2014) Measuring the information society report, 2014. https://doi.org/10.3359/oz0303157
Janowski T (2015) Digital government evolution: from transformation to contextualization. Gov Inf Q 32: 221–236
Kingdon J (1995) Agendas, alternatives, and public policies. Harper Collins College Publishers, New York
Marques F (2010) Internet, canais de participação e efeitos políticos: um estudo do Portal da Câmara. Fronteiras Estud Midiáticos 12(2):82–94
Matheus R (2009) Consultas públicas do Governo Federal e agências reguladoras. In: Anais do II Congresso Consad de Gestão Pública, Brasília
Nielsen (2014) An era of growth: the cross-platform report. Retrieved from http://www.nielsen.com/us/en/insights/reports/2014/an-era-of-growth-the-cross-platformreport.html
OGP – Open Government Partnership (2011) Declaração de governo aberto. Available at http://www.governoaberto.cgu.gov.br/central-de-conteudo/documentos/arquivos/declaracao-governo-aberto.pdf. Last access on: 17 June 2016
Possamai AJ (2011) Democratização do Estado na era digital: e-participação no ciclo de políticas públicas. Master's in Political Science, Federal University of Rio Grande do Sul, Institute of Philosophy and Human Sciences, Post-Graduation in Political Science program
Rothberg, Danilo (2010) Contribuições a uma teoria da democracia digital como suporte à formulação de políticas públicas. Revista Iberoamericana de Ciencia, Tecnología y Sociedad - CTS 14(5):87–105
Sampaio R (2009). Governança eletrônica no Brasil: limites e possibilidades introduzidos pelo orçamento participativo na internet. Planej Polít Públicas (33):123–144
Sampaio RC (2013) Democracia digital no Brasil: uma prospecção das iniciativas relevantes. Rev Eletrônica Ciênc Polít 4(1–2):55–89

# Digital Transparency and Open Data

Carlos Moreno[1], Vinod Kumar Verma[2] and Jean-Yves Simon[3]
[1]Department of Communications, Universidad Central de Venezuela (UCV), Caracas, Venezuela
[2]Department of Computer Science & Engineering, Sant Longowal Institute of Engineering & Technology (SLIET), Longowal, Punjab, India
[3]Department of Strategy, Instituto de Estudios Superiores en Administración (IESA), Caracas, Venezuela

D

## Synonyms

Accounting; Communal; Digital revolution; E-governance; Information; Internet of Things; Online data; Open data; Public administration; Public information; Transparency; Unified Theory of Acceptance and Use of Technology (UTAUT)

## Definition

**Open data** signifies a philosophy for saving, showing, and making accessible the collected public information by Governments of the world.

**Public data** implies the information of the citizen stored in the repository of the Government of the country.

**E-Governance** refers to the facility provided for the public services to the citizen of the country.

**Digital Transparency** deals with the uniformity in the distribution of the information to the citizens online.

## Introduction

Recent studies show a trend to store public data, gathered through web services, in Government repositories. These services constitute open data and are used to provide transparency, accountability, or information to the private sector of a country. This is a step beyond the passive transparency, which is based on the Right To Information (RTI). This RTI concurs with the declaration of the rights of man and citizens issued during the French revolution in 1789, especially with Article 11 that refers to the rights of every citizen to be able to write and print freely. In particular, the information known to and stored by the Government can be handed over to citizens and is linked historically with this right. The use of open data can provide considerable advantages for researchers, increase transparency (Bertot et al. 2010) and accountability, as well as increase citizens innovation and participation in public activities (Conradie and Choenni 2014). An open data barometer was created to observe whether countries worldwide are taking steps toward implementing this philosophy. The Open Data Foundation was also created to standardize the way open data from the governments is represented. Various model styles have been developed, such as the national administrative implantation model in Colombia (Datos Abiertos 2017; Gandía et al. 2016) and the open data maturity model, with a regional aim. In Venezuela, legislation exists that permits establishing the baseline for implementation of open data. The Law of Infogovernment specifically refers to the right to have public information published (Gobierno Abierto en Argentina 2016; Gobierno Abierto en Chile 2016; Gobierno Abierto en el Salvador 2016). Such law was notified on October 17, 2013 and executed 10 months later. However, it does not refer to open data specifically, and the lack of open data technical standards, projects, technological independence, and efforts hinders its deployment. Studies regarding transparency in local Governments have been conducted in the Czech Republic and Brazil using a research survey on a set of habitants. Such studies aimed to diagnose the level of passive transparency in the management of the public budget. It was demonstrated that transparency is an effective tool to maintain a sustainable management, although in some cases there was a negative reaction to the filling out of surveys. Although such studies were focused on passive transparency, they constitute a background for the study of open data in the framework of active transparency. In addition, determining which technological model should be employed for the storage, management, and delivery of high volumes of data presents another dilemma (Disruptive Views 2016). Some important enterprises such as Amazon Web Services (AWS) propose cloud computing solutions for open data (Cloud Computing 2017; Datos Abiertos 2017). For instance, AWS suggests to separate the cloud infrastructure from managed services, leverage third-party accreditations for security, privacy, and auditing, and define cloud evaluation criteria. The European Data Portal (2017) indicates a technical preparation and implementation for open data. They propose five steps for the technical process: data management; extract, transform, publish; channels; search; prerequisites, choices, and accountability. In general, technical guidelines establish that the channels might be: Web download (based on a content management system such as Drupal and Wordpress in combination with an internal database), data portal (open source and catalogues), and application programming interface (API) such as CKAN (2017) and DKAN (2017), Socrata, and Junar. Open data can also be used to e-vote during political elections. The first part of this work consisted of a transversal exploratory documental and non-experimental research study that was followed and supported by two levels of survey intended for a number of ICT experts from Venezuela, based on qualitative research regarding the administrative study. The first survey was administered to ICT directors electronically using Google Forms to collect national information. Next, recommendations were elaborated on and validated with three higher-level directors using an additional brief survey. The first level survey served as a starting point to locate focus areas. In the second part, a preliminary technical study was done based on

best practices and international directives to compare the scenarios of implementation: the presence of a cloud computing provider versus national data centers.

Section "E-Governance for Digital Transparency" of the article shows the administrative and technical problems initially. The second part indicates the state of the art for open data around the world. The third part explains the methodology followed. The fourth part shows the results and a proposal for implementation of open data. Finally, the fifth part contains the conclusions and recommendations of the study.

## E-Governance for Digital Transparency

For decades now, information has been generated and published through the Internet, and this tactic has progressively and dramatically increased. Consequently, better technologies to store, treat, and distribute the generated data are required. In the private sector, such technologies are called big data. Equivalently, in the public sector, enormous amounts of information are generated as the result of E-government using ICTs. However, not all the information is allocated within repositories freely accessible to the public due to various reasons. Open data is the name of a philosophy for saving, showing, and making accessible the collected public information by Governments of the world. Active digital transparency constitutes the basis for open data. In some countries, it has been deployed owing to legislation and citizen attitude. In Venezuela, this philosophy is not deployed sufficiently; therefore, it is ranked in one of the last places on the Open Data Barometer. The objective of this research work was to "propose administrative guidelines and a technical study on digital transparency for the public administration in Venezuela based on open data philosophy." The research question was: "What guidelines on digital transparency for public Venezuelan administration based on open data might be proposed?" Such guidelines were proposed from the results of surveys applied to measure the attitude of ICT directors regarding the Venezuelan public sector and the technical study.

### Concept of Open Data

Open data refer to the information being collected by Governments and administrations for their own function and that might be accessible for any citizen or organization. Open means that anyone can use, reuse, and redistribute them. This offer of the data does not imply an additional budget because the data already exist and are organized in closed databases in a structured way and prepared in adequate formats for the public. Open data enables the establishment of anticorruption methods, participation of the citizens, generation of economic value for the private sector, and improvements in the decision-taking process.

### State of the Art

Some bibliographical sources establish a relationship between digital transparency and open data (Cotino 2013). Digital transparency is the most modern version of traditional transparency using ICTs. E-Governance is based on open data. The first effort in this direction came from former President Barack Obama in 2009. Its aim was to permit transparency, accountability, and interaction with the private sector.

According to the Open Data Barometer, the first five countries of the 2015 ranking were Great Britain, the United States, France, Canada, and Denmark. In the USA, data has been provided for free information regarding agriculture, business, weather, consumer, ecosystem, education, energy, finances, health, manufacturing, public security, research and development. In France, data has been provided for free information regarding agriculture and feed, culture, education and research, sustainable development and energy, health, society, and national transport. Sets of international data have been provided in graphical form. Some other international open data initiatives are currently under development such as Global Open Data by the Government of Japan established after the Fukushima disaster in 2011. Regarding transparency specifically, projects such as the British model show how one Government is spending the budget. Open data in Canada shows and is permitted to increase taxes collected with charitable donations since 2010.

Several government websites exist, such as the Danish one that follows the activities at the "parliament and Dinamarca," and processes the formulation of laws so that people might know exactly the facts and which parliament members are involved. The Danish site (Eficiencia Energética en Dinamarca (2016) helps to find new methods to improve home energy efficiency, including financial planning and information regarding contractors that might do this work. It is based on cadastral information, Government subsidies, and commerce local registries. The most important organizations that collaborate on the development and implementation of open data they highlight are Open Data Development, the World Bank, and ILDA. According to ILDA, Latin America is one of the most active worldwide regions regarding open data nowadays. An active group of Government and civil leaders have consolidated communities in the regional events (Abrelatam and Condatos, 2016). There is a great liberation and use of public data in various countries. The public data remains a pillar of success for the legislation and infrastructure of any country. A big part of civil society organizations is to take the data regarding their respective contexts and convert them into civic actions to improve institutions and public services and generate new participation forms. New Government leaders make connections with civil society for new collaborations, and the private sector offers key services to develop the infrastructure that is required for these forms of work. Gradually, Latin America has today achieved the potential of taking the open data agenda to another level by focusing on the use of open data in the context of the proper priorities for regional development. For example, Chile has the Law of Access to the Public Information, Law of Associations, and Citizen Participation; this information has been taken from the website (Gobierno Abierto en Argentina 2016). In El Salvador, the Government websites contain tools to ask for public information, send complaints, receive notifications and consultation, read publications, and download socially useful information (Gobierno Abierto en Chile 2016). In Paraguay, there is a Law of Access to the Public Information and an Institute for Access to the Public Information; this can be read on the website of the Government of Paraguay (Gobierno Abierto en el Salvador 2016). Likewise, Argentina has an Open Government website, and in Mexico, Agroclima (Agroclima México 2016) permits access to information regarding the weather forecasts and possible impacts of climate changes on agriculture and livestock. In Venezuela, there is not a website for centralized open data information. However, a Facebook account exists to gather interested actors. The website of the Instituto Nacional de Meteorología e Hidrología (INAMEH) provides a site with partial open data; it is available on the website of Meteorology from the Venezuelan Air Force Army. In this research work, an exploratory study has been conducted to investigate the existence of efforts for open data and its dependencies on the public sector using surveys before the technical study. Regarding its implementation, some solutions exist based on cloud computing providers such as Amazon Web Services and others on national data centers. Several organizations have recommended some steps for implementation of open data (Global Open Data Initiative 2016).

## Unified Theory of Acceptance and Use of Technology (UTAUT) Model

UTAUT is a technology acceptance model formulated to correlate the attitude of acceptation and its use with the performance expectancy, effort expectancy, social influence, and facilitating conditions. It can be used to study the attitude of ICT directors in relation to open data in the following sense:

1. ***Performance expectancy:*** It is the degree to which an individual believes that using an open data system will help in their work. It could be moderately influenced by gender and age.
2. ***Effort expectancy:*** It is the degree of ease associated with the use of an open data system. Some authors have found that it is more evident in women, particularly older women with less experience.

3. ***Social influence:*** It is the degree to which an individual perceives how important others believe the open data system will be. The author of the UTAUT model expects a complex interaction between influence and intention.
4. ***Facilitating conditions:*** It is the degree to which an individual believes that a technical and organizational infrastructure exists to support the system. Experience and age moderate this factor.

The voluntariness of use is not considered in the original UTAUT model. However, it has been included in later research for the implantation of worldwide open data. This study was done with surveys: physically and electronically with a group of researcher, assistants, and open data conferences from various countries. In the simpler form, it has been analyzed that 45% of the variability of behavior related to the intention of implanting open data depends on these factors. Facilitating conditions has the least influence.

## Administrative Model for Implanting Open Data and Technical Steps

### Administrative Model

The administrative model consists of a hierarchical representation based on the layers of the elements that are considered on the implantation of open data in a region, country, or place. It has some similarities with a balanced scorecard used for management control and permits the establishment of guidelines. Lower layers are often related to the legal and operations aspects. Upper layers are related to the strategies. Some regional models exists in Latin America such as the Modelo de Madurez Open Data OD-MM created under the framework of the Project "The citizen and e-government for the Americas" from Colegio de las Americas (COLAM). This model of implantation was used in Colombia and has been proposed as the guidelines for Venezuela. Four layers are proposed from bottom to the top: support, operation, tactic, and strategy. The support layer is related to the legal framework, processes, technology, and organizational environment. The operation layer defines one value chain between the offer of open data and demand with continuous feedback. The tactic layer involves institutional articulation and public politics. Finally, the strategy layer defines the objectives of open data and their alignment with E-Governance strategies.

### Technical Steps for Implanting Open Data

Some portals propose a group of steps to implement open data. Socrata, one of the available platforms, suggests the following six steps.

1. **Start small:** decide which datasets to publish first. It is similar to the philosophy of Lean Startup (El Método LEAN STARTUP 2017). A cycle must be used: create–measure–learn; it is necessary to have the feedback of citizens. Files can be converted into diverse formats: JSON (JavaScript Object Notation), CSV (Comma Separated Values), XML (eXtensible markup language).
2. **Get transparency done:** the easiest data to publish first is usually financial transparency and personnel data. It is recommended to show visualizations, especially charts.
3. **Bring developers on board:** the primary goal is to connect with the local developer community and help them build applications. Many organizations, institutes, and governments use Creative Commons licenses to share data just to maximize the re-use of data and databases.
4. **Increase Agency Participation:** the open data program needs to obtain participation from agencies and departments. Personnel also needs to be trained and can study the case of other government organizations.
5. **Optimize for efficiencies and cost savings:** this is the moment to decide whether to adopt new technologies that make the flow of data and information more efficient. Collaborative information is important to compare how easily colleagues have found data.
6. **Federate data with neighboring, cities, counties, and states:** the implementation plan so far has been focused on internal walls mainly and experience of employees. A two-way exchange of data is needed with

neighboring cities, counties, states, federal agencies, and stakeholders to create converged data portals at regional and national levels. This is called a "data catalog federation."

## Methodology

A qualitative research transversal exploratory document based on a bibliography and two levels of survey was administered to a number of ICT experts from the public sector in Venezuela.

(A) Collecting open data experiences worldwide outside Venezuela:

Different experiences regarding open data outside Venezuela have been investigated by consulting several websites such as the Open Data Barometer. Some articles and conference proceedings were also considered (Bertot et al. 2010; Cotino 2013).

(B) Administration of first level surveys to 20 Venezuelan ICT experts responsible for public institutions:

It was distributed through an electronic survey using Google Forms where personal information was asked: complete name, career, years of experience, and name of organization. After that, some questions about the actual state of open data in Venezuela were asked. The survey was based on the UTAUT model.

(C) Elaboration of guidelines for the implantation of open data in Venezuela:

After the analysis of the first level survey, guidelines were established in the following order:

(i) Definition of an open data implantation model that contains objectives, strategies, tactics, operation, and support elements. The results of the survey from the 20 experts was considered.

(ii) Definition of operative elements with a virtual value chain related to the offer and demand of open data. At the level of offer, the components identified were preparation of aperture, identification and treatment of data, and promotion with supervision. At the level of demand, the components identified were needs and requirements, access to public data, and development and registration of applications.

(iii) Establishment of responsible actors, the tools, and guidelines for each component.

(D) Application of second level surveys to three higher-level ICT directors of public dependencies in Venezuela for validation of guidelines:

Once the administrative guidelines were designed, three national experts consulted to validate them:

- *Vice minister of Electrical Energy of Venezuela:* professor of ICTs from Universidad Central de Venezuela. Founder of CENDIT (Fundación Centro Nacional de Desarrollo e Investigación en Telecomunicaciones).
- *Director of Ministry of the Popular Power for University Education, Science and Technology:* is in charge of design and application of public politics related to ICT.
- *Director of ICTs at Universidad Central de Venezuela:* is the person responsible for coordinating and developing new methods to use ICTs for activities related to teaching, research, and extension.

After the qualitative research. A technical study was conducted using the following method:

(A) **Searching diverse sources:**

Use of Internet, books, and papers to search regarding the technologies that are used for the deployment of open data in Venezuela.

(B) **Information about cloud computing:**

Decide which modality of services (software such as a Service-SaaS, platform such as a Service-PaaS or infrastructure such as a Service-IaaS) are to be chosen for open data depending on the CSPs.

(C) **Search of technical steps:**
Decide which steps are recommended for its implantation according to diverse experiences from other countries.

(D) **Comparison between open data based on cloud computing providers (CSP) versus use of national data centers**:
Consider the global tendencies and the specific characteristics of the Venezuelan reality.

## Results and Proposal

### Administrative Study

After applying the first questionnaire to the group of 20 ICT expert directors or the equivalent from the public sector, we obtained the following results:

**Question 1: Is Open Data Philosophy Known by your Institution?**
Table 1 shows that 16 out of 20 surveyed directors know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 2: Is There any Open Data Project in your Institution?**
Table 2 shows that 4 out of 20 surveyed directors have open data projects in their institutions and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Digital Transparency and Open Data, Table 1** Response to question 1

| Response | Frequency |
|---|---|
| Yes | 16 |
| No | 4 |
| *No answer* | *0* |

**Digital Transparency and Open Data, Table 2** Response to question 2

| Response | Frequency |
|---|---|
| Yes | 4 |
| No | 12 |
| *No answer* | *4* |

**Question 3: What type of Information Might or Has Been Included in any Open Data Project for your Institution?**
Table 3 shows that 3 out of 20 surveyed directors have included budget, infogovernment, and pension/retirement in open data projects and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 4.1: Why Not (There Is Not an Open Data Project in your Institution)?**
Table 4 shows that 10 out of 20 surveyed directors know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 4.2: Is your Institution Willing to Implement the Open Data Philosophy?**
Table 5 shows that 9 out of 20 surveyed directors were willing to implement open data in their institutions and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Digital Transparency and Open Data, Table 3** Response to question 3

| Response | Frequency |
|---|---|
| Budget | 1 |
| Infogovernment | 1 |
| Pension/retirement | 1 |
| *No answer* | *17* |

**Digital Transparency and Open Data, Table 4** Response to question 4.1

| Response | Frequency |
|---|---|
| No resources | 2 |
| Other projects | 3 |
| No interest | 1 |
| Complexity | 1 |
| Confidentiality | 3 |
| I do not know | 2 |
| *No answer* | *8* |

**Digital Transparency and Open Data, Table 5** Response to question 4.2

| Response | Frequency |
|---|---|
| Yes | 9 |
| No | 2 |
| *No answer* | *9* |

**Digital Transparency and Open Data, Table 6** Response to question 5

| Response | Frequency |
|---|---|
| Transparency | 12 |
| Accountability | 11 |
| Info for private sector | 6 |
| *No answer* | *1* |

**Digital Transparency and Open Data, Table 7** Response to question 6

| Response | Frequency |
|---|---|
| Yes | 18 |
| No | 1 |
| *No answer* | *1* |

**Question 5: The Open Data Philosophy Would Be Implemented in your Institution to Provide (Options: Transparency, Accountability, Information for Private Sector, Other)?**
Table 6 shows that 19 out of 20 surveyed directors agreed over open data constraints and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 6: Does your Institution Have a Staff that Can Be Trained on Open Data?**
Table 7 shows that 18 out of 20 surveyed directors have staff in their institutions to train for open data and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 7: Would your Institution Be Willing to Hire an External Enterprise for Training your Staff on Open Data?**
Table 8 shows that 8 out of 20 surveyed directors were willing to hire external services for open data and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Digital Transparency and Open Data, Table 8** Response to question 7

| Response | Frequency |
|---|---|
| Yes | 8 |
| No | 9 |
| *No answer* | *3* |

**Digital Transparency and Open Data, Table 9** Response to question 8

| Response | Frequency |
|---|---|
| Yes | 19 |
| No | 0 |
| *No answer* | *1* |

**Question 8: Do you Think that Implementation of Open Data in your Organization Would Permit Access to Information Activities Work with Better Performance?**
Table 9 shows that 19 out of 20 surveyed directors agreed that implementation of open data improves the performance and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 9: Do you Think that Implementation of Open Data in your Institution is too Much Effort?**
Table 10 shows that 12 out of 20 surveyed directors agreed that it does not take much effort to implement open data and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 10: Do you Think that Other Institutions of the Public Sector Might Be Willing to Implement Open Data?**
Table 11 shows that 18 out of 20 surveyed directors gave their thoughts regarding the willingness of open data for public sectors and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Digital Transparency and Open Data, Table 10** Response to question 9

| Response | Frequency |
|---|---|
| Yes | 6 |
| No | 12 |
| *No answer* | *2* |

**Digital Transparency and Open Data, Table 11** Response to question 10

| Response | Frequency |
|---|---|
| Yes | 18 |
| No | 2 |
| *No answer* | *0* |

**Digital Transparency and Open Data, Table 12** Response to question 11

| Response | Frequency |
|---|---|
| Yes | 8 |
| No | 11 |
| *No answer* | *1* |

**Question 11: Is the Network Infrastructure of your Institution Prepared to Permit the Implementation of Open Data?**
Table 12 shows that 8 out of 20 surveyed directors agreed that their institutions have sufficient infrastructure for implementation of open data and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

**Question 12: Has any Member of your Institution Ever Volunteered to Participate in an Open Data Project?**
Table 13 shows that 8 out of 20 surveyed directors show a willingness to adopt open data and know of the open data philosophy. The questionnaire included a small paragraph explaining the concept of open data.

## Technical Study

According to the state of the art, the use of cloud computing provides many benefits compared with

**Digital Transparency and Open Data, Table 13** Response to question 12

| Response | Frequency |
|---|---|
| Yes | 8 |
| No | 12 |
| *No answer* | *0* |

**Digital Transparency and Open Data, Table 14** Comparison of CSP versus other

| Characteristic | CSPs | Other |
|---|---|---|
| Costs | Low | High |
| Time to market | Short | Large |
| New technology | Fast adoption | Slow adoption |
| Interoperability | Complete | Difficult |
| On-demand-service | Elasticity | Inertia |
| QoS guaranteed offer | SLA | Non-guaranteed |
| Autonomous system | Transparent | Decentralized |
| *Scalability* | *Complete* | *Non enough* |

national data centers managed by public sector employees and other paradigms such as grid computing (Shawish and Salama 2017), including the advantages related to costs and value. In Venezuela, there are some CSPs such as NETELIP, NUBOTEK, IBM, HP, and Microsoft. They do not have the necessary experience with open data in Venezuela and are only oriented toward the private sector with the modality Software as a Service (SaaS). The implementation of open data requires CSPs to provide Infrastructure as a Service (IaaS) because APIs can be used. CSPs are mainly used by telecommunications companies and banks. Regarding open data, the cost of implementation with CSPs is lower than with other solutions such as national data centers. The time to market is shorter with cloud computing, and thus if open data solutions based on IaaS are offered by any cloud computing company the service can be delivered quickly. New technologies can also be quickly adopted by CSPs because these enterprises are focused on the newest advances. Interoperability is also an issue considered by CSPs. They offer the characteristic of elasticity since open data datasets will be increased in a structured form. A service level agreement (SLA) must be established between the CSPs and the government to assure a quality

of service. Table 14 presents the justification summary of when it would be necessary to use CSPs for implementing open data instead of other solutions.

## Proposal of Guidelines for Implanting Open Data in Venezuela

Initially, the results from the first level survey were collected. Furthermore, some elements were identified to be considered for the implementation of open data in Venezuela using a tentative model of implantation. The questionnaire collected the attitude of the 20 ICT experts responsible for public Venezuelan dependencies. To establish the guidelines and recommendations from international organizations that promote the use of open data, considering the most successful experiences worldwide based on best practices, key sources were consulted from the European Union and USA. Such sources are: Study of the impact of reuse or resources of open data in the European Union (European Data Portal 2017), the report of best practices of open data in the Canarias Islands, and the guide of open data for the Department of Police of Philadelphia in the USA established by the Chief Officer of Data presented in the Code For America (2017). Using all the information collected from the documental research and surveys from the 20 ICT experts from the public sector, a specific model for Venezuela has been proposed (Fig. 1). The guidelines originate from this model. This model might be consistent with the model used in Colombia resulting from Presidential Directive No2 and Decret 1151 in 2000 that permitted its implementation in 2010–2014 by following the development plan.

### Guidelines for the Offer of Open Data

This section proposes the overall guidelines of the open data adaption for opening, identification, analysis, prioritization, documentation, uploading, and publication.

#### Preparation for Opening

In Tables 15, 16, 17, and 18, guidelines for opening are proposed. The E-Governance system must permit including any project, and thus it must be formed by a multidisciplinary team, a working plan needs to be defined, and participants must be trained.

**Digital Transparency and Open Data, Table 15** Response to question 9

| | Interest of participating |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Guide for opening |
| *Guidelines* | *Creation of a main website for open data* |

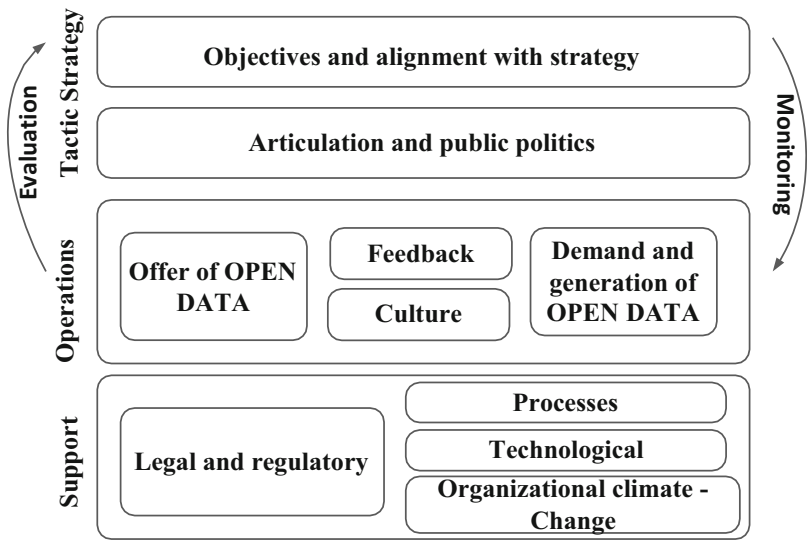


**Digital Transparency and Open Data, Fig. 1** Model for implementation of open data for Venezuela

**Digital Transparency and Open Data, Table 16** Response to question 9

| | Formation of working group |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Guide for opening |
| *Guidelines* | *Actors must count on multidisciplinary roles* |

**Digital Transparency and Open Data, Table 17** Response to question 9

| | Elaboration of working plan |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Project management tools |
| *Guidelines* | *Actors must elaborate project plans* |

**Digital Transparency and Open Data, Table 18** Response to question 9

| | Participation in training |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Guides, face-to-face and virtual training |
| *Guidelines* | *Accessible face-to-face or virtual training* |

**Digital Transparency and Open Data, Table 19** Response to question 9

| | Identification |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Data guide and website e-government |
| *Guidelines* | *Actors must identify and define datasets in catalog* |

**Digital Transparency and Open Data, Table 20** Response to question 9

| | Analysis of information |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Data guide and website e-government |
| *Guidelines* | *Responsible actors must identify publishable data in accordance with the law* |

## Identification, Analysis, Prioritization, Documentation, Uploading, and Publication

In Tables 19, 20, 21, 22, and 23, guidelines for treatment and publication for open data are proposed. Interests must be identified and analyzed to see which ones are publishable. The datasets must then be prioritized, uploaded, and published.

**Digital Transparency and Open Data, Table 21** Response to question 9

| | Prioritization of information |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Data guide and website e-government |
| *Guidelines* | *Responsible actors must prioritize publishable data* |

**Digital Transparency and Open Data, Table 22** Response to question 9

| | Documentation |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Data guide and website e-government |
| *Guidelines* | *Actors are responsible for understandable data documentation* |

**Digital Transparency and Open Data, Table 23** Response to question 9

| | Uploading and publication |
|---|---|
| Actors | Universities, research centers, private sector |
| Tools | Data guide and website e-government |
| *Guidelines* | *Actors are responsible for structuration of data with open formats* |

**Digital Transparency and Open Data, Table 24** Response to question 9

| | Promotion of data |
|---|---|
| Actors | Venezuelan state |
| Tools | Communication plan of the dependency |
| *Guidelines* | *The state is responsible for promoting datasets* |

### Promotion and Follow-up

In Tables 24 and 25, guidelines were proposed so that the state promotes and updates published datasets.

## Guidelines for the Demand of Open Data

This section proposes the overall guidelines of the open data adaption for demand and development of applications.

### Identification of the Demand

In Tables 26 and 27, guidelines for identification of users and required studies are proposed. A market study is necessary.

### Access to Public Data

In Tables 28 and 29, guidelines for searching, downloading, and notification of datasets are proposed. There must be a catalog.

**Digital Transparency and Open Data, Table 25** Response to question 9

| | Updating of data |
|---|---|
| Actors | Venezuelan state |
| Tools | Communication plan of the dependency |
| *Guidelines* | *The state is responsible for updating datasets* |

**Digital Transparency and Open Data, Table 26** Response to question 9

| | Identification of data users |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Users database |
| *Guidelines* | *Website must register users and update periodically* |

**Digital Transparency and Open Data, Table 27** Response to question 9

| | Study of needs for the demand |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Market study |
| *Guidelines* | *Different actors must do market studies to identify interests, use, and needs* |

### Development of Application

In Tables 30 and 31, guidelines for the development and registration of applications are proposed. The applications must be based on open source and must comply with the national regulations. Once verified, they can be registered on the application store.

**Digital Transparency and Open Data, Table 28** Response to question 9

| | Search and download of open data |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Open data catalog |
| *Guidelines* | *Developers give products to providers. No restriction for users* |

**Digital Transparency and Open Data, Table 29** Response to question 9

| | Notification of published data |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Open data catalog |
| *Guidelines* | *Catalog must enable notifications for each type of users* |

**Digital Transparency and Open Data, Table 30** Response to question 9

| | Development of applications |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Any IDE (integrated development environment) |
| *Guidelines* | *Development of applications must be done by using open standards and open source* |

**Digital Transparency and Open Data, Table 31** Response to question 9

| | Registration and applications |
|---|---|
| Actors | Citizens, guilds, NGOs, developers, academy, state |
| Tools | Applications store (open source) |
| *Guidelines* | *Developer must register the application. The functioning and data validity must be verified* |

## Conclusions and Perspectives

The philosophy of open data has not been implemented in all public dependencies of Venezuela. This is probably because there are no formal guidelines due to a lack of planning in this area. However, the legal framework has been progressively established since the creation of the Law of Infogovernment. Specific legislation for open data might be implemented by using regional models such as the Open Data Maturity Model for the Americas. Guidelines from the European Union and Organization of American State (OAS) might accelerate the process. The model of implantation for Venezuela could include training for change management at the lowest layers. The UTAUT model for acquisition of technology for open data may help to more thoroughly study the attitude of ICT directors in public administration dependencies. According to a preliminary study, some directors think that now is the time for implantation. It is recommended to do a more detailed study of all public organizations of Venezuela to see if the National Technological platform is adequately prepared to connect the cloud to the public administration networks. Internet providers could also make it easy to download open data applications by applying quality of service to the correspondent flows.

### Conflict of Interest

Author declares that they have no conflict of interest regarding publication of this paper.

## Cross-References


- ▶ Open Government
- ▶ Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends
- ▶ Open Government Data and Trust
- ▶ Open Government Influence on Social Prosperity
- ▶ Open Innovation


## References


Abrelatam y Condatos (2016) Recovered December 26, 2016, from de https://abrelatam.condatos.org/#/menu/evento/-KVLkB5TutXtF4PzhGZ3/false. Consulted 10 Jan 2017

Agroclima México (2016) Recovered December 26, 2016, from http://www.agroclima.com.mx/. Consulted 10 Jan 2017

Bertot J, Jaeger P, Grimes M (2010) Using ICTs to create a culture of transparency: E-government and social media as openness and anti-corruption tools for societies. Gov Inf Q 27:264–271. https://doi.org/10.1016/j.giq.2010.03.001

CKAN (2017) Recovered August 8, 2017, from http://docs.ckan.org/en/latest/api/. Consulted: 8 Aug 2017

Cloud Computing (2017) Recovered August 9, 2017, from https://opendatacenteralliance.org/accelerating-adoption/cloud-computing/. Consulted: 9 Aug 2017

Code for America (2017) Recovered October 1, 2016, from https://www.codeforamerica.org/summit/. Consulted 10 Jan 2017

Conradie P, Choenni S (2014) On the barriers for local government releasing open data. Government Inform Q 31(1):S10–S17. https://doi.org/10.1016/j.giq.2014.01.003

Cotino L (2013) Derecho y "Gobierno Abierto". La regulación de la transparencia y la participación y suejercicio a través del uso de las nuevas tecnologías y las redes sociales por las Administraciones públicas. Propuestas concretas. Monografías de la Revista Aragonesa de Administración Pública XIV:51–92

Datos Abiertos. Amazon Web Services (2017) Recovered August 8, 2017 from https://aws.amazon.com/es/government-education/open-data/. Consulted 8 Aug 2017

Disruptive Views (2016) Recovered August 4, 2017, from de https://disruptiveviews.com/big-data-openness-means-lot-just-open-data/. Consulted 4 Aug 2017

DKAN (2017) Recovered August 8, 2017, from http://demo.getdkan.com/. Consulted 8 Aug 2017

Eficiencia Energética en Dinamarca (2016) Recovered January 1, 2017 from https://www.modstroem.dk/energiberegner/. Consulted 10 Jan 2017

El Método LEAN STARTUP (2017) Recovered August 8, 2017 from https://www.leadersummaries.com/ver-resumen/el-metodo-lean-startup. Consulted 8 Aug 2017

European Data Portal (2017) Creating value through open data. Recovered October 1, 2016, from https://www.europeandataportal.eu/sites/default/files/edp_creating_value_through_open_data_0.pdf. Consulted 10 Jan 2017

Gandía J, Marrahí L, Huguet D (2016) Digital transparency and Web 2.0 in Spanish city councils. Gov Inf Q 33(1): 28–39. https://doi.org/10.1016/j.giq.2015.12.004

Global Open Data Initiative (2016) Recovered December 26, 2016 from http://globalopendatainitiative.org/. Consulted 10 Jan 2017

Gobierno Abierto en Argentina (2016) Recovered December 26, 2016 from http://www.gobiernoabierto.gob.ar/. Consulted 10 Jan 2017


D

Gobierno Abierto en Chile (2016) Recovered December 26, 2016 from http://www.gobiernoabierto.cl/. Consulted 10 Jan 2017
Gobierno Abierto en el Salvador (2016) Recovered December 26, 2016 from http://www.gobiernoabierto.gob.sv/. Consulted 10 Jan 2017
Shawish A, Salama M (2017) Cloud computing. Paradigms and technologies. Recovered August 9, 2017, from http://www.springer.com/cda/content/9783642350153-c2.pdf? Consulted 9 Aug 2017

## Disability Bioethics: Ethical Problems in Genetic Testing in the USA

Andjela H. Kaur
University of North Dakota, Grand Forks, ND, USA

### Synonyms

Disability and bioethics

### Definition

Disability bioethics is the study of ethical reasoning and ethical professional practice at the intersection of ethics, biomedical science, and disability studies. Disability bioethics draws on the philosophical discipline of ethics and its applications in the practice of medicine, as well as on disability studies and disability activism. Public health administration and policy play an important role in the assessment of genetic testing from the standpoint of disability bioethics.

### Introduction

As a philosophical discipline, bioethics seeks to answer ethical questions in biomedical science and the professional practice of medicine. General ethicists may seek answers to questions such as: How should people act?; What norms and principles should guide human conduct?; How does one distinguish between right and wrong?; and What does it mean to be a virtuous person? Bioethicists, focusing on the intersection of ethics with the practice of medicine and health professions, may ask: Is genetic engineering good for humanity?; Is euthanasia morally permissible?; What are the doctors' and nurses' obligations towards their patients?; and What does it mean to treat patients equally and fairly?

To elucidate such questions in the context of disability, disability bioethicists may ask: Should civil and human rights be upheld for persons with disabilities seeking medical treatment?; Is physician-assisted suicide morally permissible?; Should patients with disabilities be afforded the same treatment options offered to patients without disabilities?; and What are doctors' and nurses' moral obligations towards patients with disabilities?

To answer such questions, disability bioethics relies on the knowledge provided by biomedical science, on the guidance provided in professional codes of ethical conduct for medical staff, and on the literature in medical bioethics including its legal aspects. Additionally, it relies on the insights of historians and philosophers of disability, on disability art and disability culture, as well as on the empirical research on the experience of living with disability and personal testimonies of persons with disabilities. Lastly and crucially, disability bioethics engages the knowledge provided by disability studies and disability social movements (e.g., disability rights movement, disability justice movement, and independent living movement). It takes into account testimonies of disability activists who seek to expose and dismantle the prejudice and structural injustice towards disabled people in the context of biomedical research and the practice of medicine (Longmore 1995; Parens and Asch 1999; Amundson 2008; Asch 2001; Scully 2008a; Ouellette 2011; National Council on Disability 2019).

As a multidisciplinary endeavor, disability bioethics is informed by the ethical principles, professional virtues, and socio-political values that structure the diverse sources of knowledge on which it draws. These diverse influences are reflected in the ways disability bioethics addresses

challenging ethical questions and complex situations in biomedical practice. One of the common complex topics in disability bioethics is genetic testing (Scully 2008a).

Public health ethics aims to identify common good related to human health and to administer activities that would lead to the fulfillment of those goals. Public health activities are grounded in general moral considerations (examples of which are noted above) presumed to concern the majority of humans and in specific moral questions that arise in the context of a specific population. By contrast from general ethics, public health ethics is concerned with ethical problems related to health; in distinction from bioethics, it seeks primarily ethically to satisfy the needs of a population, rather than those of an individual (Holland 2015). As disabled people can be considered a specific population, public health ethics and disability bioethics share a vantage point when they consider questions concerning the group. Their goals can diverge substantially, however: while public health ethics guides public health activities towards the goal of improving the health and well-being of a community or society through eradication of medical abnormalities, disability bioethics seeks to improve the well-being of all people by including medical imperfections into the definition of a healthy and well society. In its ethical problematization of genetic testing, disability bioethics makes clear this difference in approach and highlights the value of the population-based approach to bringing about collective health and well-being.

This review of major issues in disability bioethics in the context of routinization of genetic testing draws attention to the need for collaboration between disability, medical, and public health ethics. By highlighting the central concerns of disability bioethicists, disability advocates, and persons with disabilities, the review invites mainstream bioethics to engage with the perspectives of those who are directly affected by the ethical deliberations and decisions in the field of biomedicine. The review begins with an introduction of the relevant concepts, namely genetic testing, routinization, and informed consent. Next, it turns to the analysis of these terms and practices in the context of disability bioethics, which includes the examination of emotional harm, epistemic injustice, and social and legal discrimination. The conclusion invites the bioethicists to consider disability as a form of biological and social diversity.



## Genetic Testing

Continuous development of biomedical technologies has made genetic testing more readily available to the general population (Andrews 1996; Suter 2002). Today, people can undergo genetic testing for a variety of reasons and at different stages of their lives. Genetic tests can broadly be divided into three categories: predictive, carrier, and diagnostic. The first two types of tests are often associated with family planning, and the third may be used for the purpose of family planning as well as a diagnostic tool at any stage of life. Carrier tests are used to identify if a person has a genetic mutation which is likely to become symptomatic in their lifetime, or which may, under certain circumstances, cause a genetic disorder in their children. Predictive genetic tests are conducted during pregnancy in order to screen for the presence of a genetic anomaly in a fetus. Diagnostic testing is used to identify a genetic disorder in a fetus, a child, or an adult (Andrews 1996; Suter 2002).

Regardless of the type of test it uses or the genetic condition it tests for, the practice of genetic testing raises ethical concerns for disability bioethics. Some questions that arise in this context are: Should genetic testing be routinely recommended by physicians?; Should medical staff recommend selective abortions based on the disability status of the fetus?; What information should be presented to inform personal decisions in case of a positive test result?; and Should patients receive nonmedical information about the social, psychological, and cultural experiences of disabled people? To answer such questions, disability bioethicists organize their arguments around two central topics: routinization of genetic testing and informed consent.

### Routinization

Routinization is common in public health administration. Routine medical interventions may be mandated by health policy (e.g., selected vaccinations) or may be routinely recommended to patients by their medical providers. Accordingly, the term "routinization" of genetic testing refers to the promotion of genetic testing as a component of routine health care. The promotion may take the following forms: (a) offering carrier testing to patients who may or may not have a family history of a serious medical condition; (b) communicating spoken and unspoken expectations to pregnant women about including predictive genetic tests in the standardized battery of blood or sonogram pregnancy tests; and (c) recommending diagnostic genetic testing as a necessary next step in the case of a positive genetic screening test (Andrews 1996). In addition to the promotion of genetic testing, routinization also includes measures that overtly or covertly prohibit or discourage patients from refusing genetic testing. These measures may include public health policy mandates requiring testing for specific groups of people and for specific disorders, circumventing conversations about the risks and inaccuracies of genetic tests, and avoiding discussions about the patients' right to refuse medical intervention.

Routinization of genetic testing can also be contributed to the factors outside of public health policy and health-care management. As the producers of genetic tests have a vested interest in the sales of their product, promotion of genetic testing is also connected to the financial goals of the biomedical industry. Prior to the invention of noninvasive genetic testing (NIPT), commercial producers of genetic tests were mostly operating in close cooperation with the medical providers and under the direction of governmental agencies (e.g., Food and Drug Administration). Under these conditions, genetic testing was considered an invasive procedure and genetic screens were routinely offered only to known carriers and women considered to have a medically justifiable risk of a chromosomal anomaly. But, since the large-scale production of NIPT became technologically possible in 2011, an array of noninvasive tests has been marketed more aggressively as desirable health-care commodities. Between 2011 and 2019, the number of companies offering NIPT in the USA rose from 4 to 40, and the global revenue for the genetic testing industry is projected to be over $2.5 billion by 2025 (National Council on Disability 2019). Remarkably, these business venues have been marketing the tests to all those interested to know, regardless of their medical history and risk factors associated with chromosomal abnormalities.

Rapid routinization of genetic testing has caused an unprecedented challenge to public health administrators. Across the globe, public health ethicists and policymakers are asking questions, such as: Should the testing be available to all interested parties?; Should national insurance programs and governments pay for the tests or subsidize their cost?; Should the marketing of the tests be regulated by public health laws and policies?; and What, if any, limitations should public health policies impose on genetic testing? In the USA, additional questions emerge as both the number of companies producing the commodity and the number of disorders the tests can detect are rapidly increasing, despite the high frequency of intellectual property litigation regarding testing patents (Agarwal et al. 2013).

### Informed Consent

Some medical interventions are compulsory as a matter of health policy, but most medical interventions require patients' consent as a matter of professional ethics of health-care providers. The term "informed consent" refers both to the act through which a patient agrees to a specific medical intervention and to the doctor–patient conversation preceding such authorization. Informed consent takes as its premise the belief that patients have the right to direct their medical care. Thus, it is both an ethical and a legal obligation of medical practitioners in the USA to obtain patients' consent prior to commencing medical interventions in nonemergency situations. In other words, because patients have the right to receive the information they need to make an informed decision about their care, the medical care provider has the obligation to supply that information.

Despite a vast variety of recommendations about collection procedures and the content of the information that should be shared during informed consent deliberations, disability bioethicists agree that: (a) the decision-maker should be a person capable of making the decision on their own or through a supported decision-making process; (b) the decision should be made freely, without persuasion or coercion; (c) the decision-maker should communicate an understanding of the information shared verbally or through alternative means of communication; and (d) the medical staff should provide enough information for the decision-maker to make an informed choice (Longmore 1995; Asch 2001).

The following three standards, expressed as guiding questions, may be used to assess the adequacy of information shared in the informed consent process: (a) subjective standard: What would this patient need to know and understand to make an informed decision?; (b) reasonable patient standard: What would the average patient need to know to be an informed participant in the decision?; and (c) reasonable physician standard: What would a typical physician say about this procedure? Although the courts prefer the use of the second standard, it is the providers who have the obligation to determine which standard best applies in a given situation (Andrews 1996).

Further, a legal doctrine of informed consent compels the doctors to inform the patient of the following: (a) the diagnosis; (b) nature of the proposed medical intervention; (c) anticipated outcomes; (d) risks and benefits of alternative treatments; (e) serious possible risk and complications, as well as benefits of the proposed intervention; (f) risks and benefits associated with refusing the intervention; (g) possible known effects of the intervention on the particular patient (personalized information); and (h) physicians' personal or economic interests that may influence their recommendation, if any.

In the context of health-care systems, informed consent forms serve as administrative documentation and evidence of compliance. In practice, in a busy work environment for a routinized medical intervention, the complex process of informed decision-making may get reduced to an act of autographing a prepared statement written by a compliance office (Hall et al. 2012).

In sum, routinization of genetic testing is a multifaceted process driven by the priorities of scientific and technological innovation. As rapid technological development, public health policy, and commercial interests converge, ethicists from a variety of disciplines raise questions about routinization as a means for dissemination and application of scientific and technological advancements. Informed consent is a process through which a patient agrees to undergo a medical intervention that the doctor proposes. This process is guided by both ethical considerations and legal acts. Bioethicists and policymakers agree that information sharing is central to informed consent procedures, but there is not enough clarity about what information should be included in joint decision-making in this context.

## Disability Bioethics Analysis of Routinization and Informed Consent in Genetic Testing

Disability bioethics shows how routinization and informed consent affect lives of those living with disabilities and how availability of medical procedures influences conceptualization of disability in medicine and health care. The notions of disability created in medical settings and through the processes of administering medical procedures often influence public views on disability more broadly. Disability bioethicists' analyses of these processes reflect the multidisciplinary character of disability bioethics and the complexities intrinsic to definitions of disability. Direction for their inquiries comes from their own personal experiences, social science research, legal scholarship, and the work of disability historians, artists, and philosophers. Ethical issues that arise in consideration of all these perspectives, at the intersection of disability and routinization and informed consent in genetic testing, can be grouped in three broad categories: (a) emotional risk or harm, (b) epistemic injustice, and (c) social and legal discrimination.

### Emotional Harm

Emotional risk or harm occurs when a patient is given knowledge of a problem related to their well-being for which there is assumed to be no solution. For example, when a carrier learns that they have a high chance of becoming ill with an incurable disease, they have been exposed to knowledge about their future which they cannot change. When carrier testing is routinized, the likelihood increases of emotional risk and harm to a greater number of patients. According to the study of over one hundred women who had taken a noninvasive genetic test (only blood samples were used), all women experienced anxiety during the screening process (Farrell et al. 2016). Although such routine testing may cause greater harm on aggregate, it is possible to justify this enlarged exposure by honoring each patient's individual right to know and their right to choose what they wish to know.

To honor the patient's autonomy, a medical expert should facilitate a conversation with the patient about the risk of emotional harm in knowing or predicting one's future. Physicians and genetic counselors often neglect to discuss the risk of emotional harm when obtaining informed consent to genetic testing. When they do discuss the risk of emotional harm, medical staff routinely misrepresent such risk caused by new knowledge as the better alternative to the problem posed by undetected disability presumed to be a tragedy (Longmore 1995; Andrews 1996; National Council on Disability 2019). In other words, instead of discussing the reasons for which one might ponder whether they should take the risk of knowing their future, medical professionals foreground the threat of disability as the central emotional risk one would take if they consented to genetic testing. Such misrepresentation of the ethical dilemma at hand heightens the patient's fear and anxiety about their future because their desire to learn their chromosomal count is taken for the desire to know their misfortune. At the same time, disability is presented to the patient as tragic by definition, the only possible negative outcome of their procreative potential, in disregard of the fact that tragedies happen for a variety of reasons and at any point in peoples' lives and regardless of their genetic makeup.

Most importantly, disability in these discussions figures solely as a mark of a negative personal experience, and, more broadly, as a form of human existence deserving of systematic eradication. The former conception is at odds with the experiences of disabled people who repeatedly report that their lives are indeed satisfying (National Council on Disability 2019). The latter disregards the fact that eliminating a pregnancy does not eliminate the presence of disability in the world. Consequently, disability bioethicists recommend that informed consent discussions be focused on the issue at hand, namely, the risks and benefits of knowing what the future may bring to the person in question in their particular circumstances. These conversations then ought to include the accurate information about experiences of persons who live with the specific disability detected or confirmed by the test, and be provided by persons with disabilities and/or their caretakers (Andrews 1996; Parens and Asch 1999; National Council on Disability 2019).

It is important to consider how the emotional harm caused by routinization and flawed informed consent affects persons with disabilities as well. As the disability movement suggests in its "expressionist argument," routinization of prenatal testing expresses a strong message to the potential parents and to the public to select against disabling traits, which in turn hurts people who already live with those same traits (Parens and Asch 1999).

### Epistemic Injustice

Epistemic injustice is a discriminatory practice which excludes certain individuals or groups of people from the processes of creation and dissemination of knowledge based on identity prejudice against them (Fricker 2009). In the context of routinization and informed consent, epistemic injustice occurs wherever the common and wrongful assumption is made that patients will and should unconditionally agree to the tests instituted by medical science and recommended by their doctors. This assumption is shared by medical staff and patients, and is institutionalized through hospital policies, promotional materials

about genetic testing, and, more generally, by advertisements about genetic testing as a routine practice in health care. Due to such uncritical circulation of views on health and well-being that privilege biomedical sciences as the authoritative model of knowledge, patients are forced to accept this epistemic perspective as the only, and, thus, the "true" knowledge (Newell 2006). This epistemic vacuum wrongs the patients by restricting their knowledge base and presuming the patient to be a nonknower. Once presumed to lack the capacity to know, the patients are not given all the information they need in order to understand the context of the intervention to which they are required to consent, and are so subjected to routines they cannot change and to which they cannot object.

Epistemic injustice also marks the systematic exclusion of information provided by persons with disabilities, disability scholars, and disability activists from the promotional materials for the medical procedures and from the medical decision-making processes. This exclusion positions disabled people as noninformants in the production of knowledge about genetic testing and disability. Through such selective sharing of knowledge, medical professionals construct biomedical science as the one reliable source of knowledge, and disability community as an undependable one. Consequently, routinization and flawed informed consent create the epistemic space in medical practice in which patients and disabled people are taken to be either ignorant or incapable of knowing, while the medical professionals and institutions figure as indisputable epistemic authorities.

### Social and Legal Discrimination

Routinization and flawed informed consent procedures create the conditions for discriminatory use of biomedical science in social contexts (Scully 2008b; Parens and Asch 1999; Asch 2001). Social and legal discrimination in this context happen in two ways: through social and legal acts disfavoring disability and through disregard for the existing social practices and legal protections upholding disability as a form of human biological and social diversity. The history of use of social and legal acts to prevent and eliminate disability as a form of life has included the following: (a) institutionalization of children and adults with disabilities; (b) forced sterilization of persons identified as disabled; and (c) scientific experimentation on institutionalized and imprisoned disabled people. Although most of these practices are not legally permitted or enforced any longer, contemporary disability bioethics continues to grapple with the remnants of the historical practices and ethical norms rooted in eugenics – a discriminatory application of genetics to the social sphere of life.

For instance, while there are currently no federal laws in the USA requiring genetic testing, most states do legally mandate routine newborn genetic testing. Although in most states these laws grant to parents the option to refuse the testing, routine newborn screenings are usually conducted in the name of improving public health outcomes (Andrews 1996). Thus, the providers can avoid engaging parents in an explicit discussion about their right to refuse the tests but rather assume the parents' consent. Some states include legal penalties for health-care workers who fail to conduct the tests, which additionally disincentivizes informed discussions about parental consent and dissent. Such presumptuous testing at the onset of a human's life as a social being communicates to the parents and the public that the division of people into healthy and unhealthy, and able and disabled, those who test negative or positive to a genetic screen, is necessary for the maintenance of social order, and a matter of great importance to their child's future and well-being.

Further contributing to the routine omission of legal mandates is the promotion of genetic testing by the epistemic authorities in health care and medical professions. Although these entities do not have the power legally to regulate the use of testing, they are widely presumed to be the authoritative sources of medical knowledge and their recommendations are publicized without qualification to both patients and medical staff. For example, the American College of Obstetricians and Gynecologists and the Society for Maternal Fetal Medicine recommend routine noninvasive prenatal testing (NIPT) of all pregnant women,

even if their health profiles contain no known risk of having a child with a disability. Consequently, since its commercialization in 2011, NIPT has been routinely recommended to pregnant women in the USA as a screening test for detection of genetic disorders, particularly those related to aneuploidy, the genetic mutations in the number of chromosomes. One of the most common forms of aneuploidy is Trisomy 21 or Down Syndrome (National Council on Disability 2019).

Due to the routinization of NIPT, the number of pregnant women who acquire the knowledge about the likelihood of having a child with Down Syndrome has increased relative to the number of women who consented to invasive tests prior to routinization of NIPT. The consequences of this increase are hard to measure quantitatively. The findings of studies of quantitative effects of NIPT routinization on the maternal decisions to terminate pregnancies due to positive test results vary vastly and are inconclusive in the aggregate (National Council on Disability 2019). These inquiries additionally substituted discussions of morality of abortion for question about the moral obligation to recognize the diversity of the embodied human experience. In other words, the question is not whether a mother should be allowed to abort upon the diagnosis of Trisomy 21, but whether Down Syndrome should be normalized as a permissible variant in the genetic makeup of the human race.

The qualitative examination of the consequences of routinization of genetic testing on human behavior and on the role it plays in the formation of dominant cultural attitudes and common social values shows the following: (a) routinization of genetic testing normalizes views of disability as a tragedy to be avoided at any cost; (b) selective abortion expresses negative or discriminatory attitudes not merely about a disabling trait, but about the people who carry it; (c) discriminatory attitudes towards disability are harmful to persons living with disability, and might negatively influence parental attitudes towards their own children with disability; and (d) commercialization of genetic testing promotes the view that the cost of health care for persons with disabilities should be assessed in relationship to the cost of a test used to determine if a human with a disability should be conceived or be born at all (Parens and Asch 1999; Asch 2001; Scully 2008b).

These problems could be solved in part by upholding the existing laws that seek to democratize routinization and informed consent. The Prenatally and Postnatally Diagnosed Conditions Awareness Act (PPDCAA 2008) is the most significant piece of federal legislation addressing disability rights and prenatal genetic testing. The law has the following goals: (a) to provide women who receive prenatal or postnatal diagnosis of Down Syndrome or other conditions with referrals to the providers of services related to the diagnosis as well as accurate information on the quality of life for individuals living with the diagnosed condition; (b) to strengthen networks of support among governmental agencies, patients, and provider programs; and (c) to ensure that patients receive evidence-based information on the accuracy of genetic tests (PPDCAA 2008). Notably, since its enactment in 2008, the PPDCAA has not received Congressional funding that would have been sufficient for its consistent enforcement. Many states have enacted similar laws, but their formulation of goals and mandated procedures vary widely, and their impact remains unclear (Andrews 1996).

Disability advocates agree, however, that even in the complete absence of legal directives, it is ethically imperative to share correct and comprehensive information about the accuracy of the test and about the quality of life of persons with disabilities (National Council on Disability 2019). At this time, neither consideration is part of routine discussions between medical personnel and patients before and after genetic testing. Academic research, popular media, and disability advocates show how information sharing in this context is often skewed in favor of exaggerating the accuracy of tests and diminishing the prognosis of a good life with a disability (Parens and Asch 1999; Asch 2001; Scully 2008a; National Council on Disability 2019).

Finally, promotional materials and advertisements about genetic testing do not mention that disabled people are protected by anti-

discrimination laws, namely the Rehabilitation Act and Americans with Disabilities Act; this fact is also routinely omitted from doctor–patient conversations about genetic testing. This exclusion may be justified by the language of these laws that do not currently protect unborn persons with disabilities, so carriers and parents could not be held legally responsible for disability discrimination against their unborn children. At the same time, there is no reason for excluding this information as a means of showing to the carriers and potential parents that their children would be legally recognized as rightful members of society. At a minimum, laws which protect disability as a form of human biological and social diversity should be mentioned along with recommendations for routine genetic testing issued by epistemic authorities in the field of medicine such as American College of Obstetricians and Gynecologists and the Society for Maternal Fetal Medicine. Although neither one of these professional organizations nor the anti-discrimination laws hold any legal power over the patients' decisions regarding genetic testing, they shape the ways patients and the public think about disability inclusion and exclusion.

## Conclusion

Disability bioethics problematizes routinization of medical procedures and notions of informed consent to procedures in ways that highlight the emotional risks, epistemic injustice, and social and legal discrimination in the context of genetic testing. Across these areas of concern, disability bioethics asserts that routinization of genetic testing perpetuates discrimination against disability as a form of human diversity and that informed consent fails to uphold ethical and legal mandates affirming disability as a variation of biodiversity. Disability bioethicists, thus, often recommend the following changes in practice: (a) genetic testing as a means to labeling disability as a tragedy should not be routinely recommended by physicians nor advertised as a part of routine health care; (b) patients should be given comprehensive information about the accuracy of genetic tests and the quality of life of persons with disabilities; and (c) medical staff in their daily use of biomedical research, and biomedical science more generally, should base testing recommendations and interpretations primarily on the nonmedical information provided by disability activists and disability scholars about the social, psychological, and cultural values intrinsic to a life experience of disability. Disability, thus, should be accepted as a form of biological and cultural diversity.



## Cross-References


- ▶ Economic Development Policy
- ▶ Public Policy and Politics


## References


Agarwal A, Sayres LC, Cho MK, Cook-Deegan R, Chandrasekharan S (2013) Commercial landscape of noninvasive prenatal testing in the United States. Prenat Diagn 33(6):521–531

Amundson T (2008) Bioethics and disability rights: conflicting values and perspectives. J Bioeth Inq 5(2): 111–123

Andrews LB (1996) Prenatal screening and the culture of motherhood. Hastings Law J 47:967–998

Asch A (2001) Disability, bioethics and human rights. In: Albrecht GL, Seelman KD, Bury M (eds) Handbook of disability studies. Thousand Oaks, Calif: Sage Publications, pp 297–327

Farrell R, Agatisa P, Mercer M, Mitchum A, Coleridge M (2016) Expanded indications for noninvasive prenatal genetic testing: implications for the individual and the public. Ethics Med Public Health 2(3): 383–391

Fricker M (2009) Epistemic injustice: power and the ethics of knowing. Oxford: Oxford University Press

Hall DE, Prochazka AV, Fink AS (2012) Informed consent for clinical treatment. Can Med Assoc J = J Associationmedicalecanadienne 184(5):533–540

Holland S (2015) Public health ethics. Polity Press, Cambridge

Longmore PK (1995) Medical decision making and people with disabilities: a clash of cultures. J Law Med Ethics 23(1):82–87

National Council on Disability (2019) Genetic testing and the rush to perfection. Bioethics and Disability Series. Washington, DC: National Council on Disability

Newell C (2006) Disability, bioethics, and rejected knowledge. J Med Philos 31(3):269–283

Ouellette A (2011) Bioethics and disability: toward a disability-conscious bioethics. Cambridge Disability

Law and Policy Series. Cambridge University Press, Cambridge
Parens E, Asch A (1999) The disability rights critique of prenatal genetic testing: reflections and recommendations. Hast Cent Rep 29(5):1–24
Parens E, Asch A (2003) Disability rights critique of prenatal genetic testing: reflections and recommendations. Ment Retard Dev Disabil Res Rev 9:40–47
Prenatally and Postnatally Diagnosed Conditions Awareness Act, Pub. L. No. 110–374, § 2(1)–(3), 122 Stat. 4051, 4051 (2008)
Scully J (2008a) Disability and genetics in the era of genomic medicine. Nat Rev Genet 9(10):797–802
Scully J (2008b) Disability bioethics: moral bodies, moral difference. Rowman & Littlefield, Lantham
Suter S (2002) Routinization of prenatal testing. Am J Law Med 28:233–270

## Disaster Management and Nonprofits Organizations

Lucia Velotti[1] and Paolo Cavaliere[2]
[1]John Jay College of Criminal Justice, New York City, NY, USA
[2]University of Delaware, Newark, DE, USA

### Synonyms

Comprehensive emergency management; Disaster management cycle; Nongovernmental organizations; Voluntary organization

### Definition

Disaster management.

### Introduction

Disaster management includes a complex set of activities which are carried out both in the pre- and post-disaster stage. Emergency management practitioners and scholars refer to these activities as the four phases of a comprehensive emergency management cycle, which include mitigation, preparedness, response, and recovery. Mitigation and preparedness are pre-disaster activities, while response and recovery constitute post-disaster activities (Clary 1985; Prater and Lindell 2000; Haddow et al. 2008). Each phase follows the previous, though its core functions persist even after its main activities are accomplished. For example, while working in a response phase, organizations might continue to encourage preparedness activities for communities, in order to reduce, at minimum, secondary impacts or encourage citizens to be better prepared in the future.

Public, private, and nonprofit (NP) sectors all play a role in disaster management. There is a broad spectrum of organizations, each having specific functions, that in times of crisis work closely. In the United States, the public sector is in charge of overall disaster management and is mandated to design and implement plans, programs, and operations. For instance, the public sector's responsibility is to develop policies and plans to mitigate and prepare for a set of hazards and to respond and recover from disasters. The NP sector supports the public sector and operates in different capacities throughout all phases of disaster management. In the United States, the cooperation between the public and the nonprofit sector is outlined in the "Whole Community Approach" policy (FEMA 2011) that aims to create public-private partnership in order to better respond to disasters. Nonprofit organizations (NPOs) have a considerable role in the field of disaster management, since they are at the frontline of the response and already have established strong relationships with local communities. Therefore, NPOs can have an enormous impact on communities, during the pre- and post-disaster phases. These organizations have the potential to tie communities to local/state agencies and carry out surveying and monitoring activities to collect sensible data about citizens and their needs. Moreover, due to the variety of services, they can provide additional support to families, including spiritual relief.

The numerous nonprofit organizations dedicated to relief are an exceptional asset in disaster management, since they are able to deploy a consistent amount of material and human resources. Due to the diversity in their core missions, NPOs can carry out a broad range of activities. When an emergency occurs, it is not just the NPOs that have disaster relief as a core mission that are

called to respond. Many other organizations, established with core missions other than for the purpose of relief, are called by a sense of duty for the common good. For example, NPOs that work in the field of psychological support may join a particular post-disaster relief effort in order to provide support to affected children.

The term nongovernmental organizations (NGOs) is commonly used when referring to NPs involved in disaster management. Some examples of large NGOs operating in the field of disaster management are the International Federation of Red Cross – Red Crescent (IFRC), the International Committee of the Red Cross (ICRC), World Vision, Oxfam, and Doctors Without Borders. NPOs are independent organizations that are organized to address a specific mission and carry out a broad variety of programs and for which they receive private donations. In addition, NPOs may also be contracted by federal, state, and local public organizations to assist with the delivery of services. However, even though NPOs do not generate a profit, they do have legal responsibilities such as reporting on economic activity, tax declaration, accountability, and auditing. In particular, accountability to donors is a very important issue for NPOs, especially during disaster recovery.

## Disaster Management and Nonprofit

The relationships between the nonprofit sector and disaster management are explained in the remaining part of this entry as they occur according to the mitigation, preparedness, response, and recovery phases of the disaster management cycle. A description of the activities that occur in each phase will be provided along with specific examples of how the nonprofit sector operates in each stage or phase of the comprehensive emergency management cycle.

### Disaster Mitigation

Disaster mitigation is the first step of a comprehensive emergency management cycle. Mitigation activities are carried out to reduce or minimize the risk of loss of lives and properties before a disaster occurs. Thus, the goals of hazard mitigation are prevention, property protection, public education and awareness, natural resource protection, critical facilities protection, and structural protection. The role of NPOs in this stage tends to be of advocacy for vulnerable communities and promoting community hazard awareness and hazard adjustments adoption through the formation of public-private partnerships. In some cases, NPOs can serve communities by offering legal support.

Hazard mitigation activities can involve structural or nonstructural interventions. Structural interventions are man-made barriers, such as protection walls, sea walls, and dams. The purpose they serve is to reduce the hazard and limit the impact on communities. Nonstructural measures comprise proactive measures. Building codes, planning and zoning, land development regulations, and open space preservation are some of the proactive activities or measures included in prevention. Acquisition, relocation, rebuilding, and flood proofing are a subset of property protection activities. Natural resource protection includes wetlands protection, dune restoration, reforestation, erosion, and sediment control. The creation of hazard maps, outreach programs for residents and property owners, the disclosure on the part of real estate owners of hazard location are some examples of public education and awareness.

Nonprofit organizations contribute to projects that reduce the impact of hazards facing communities through their involvement in the communities they serve and partnerships with the government. Nonprofit involvement in hazard mitigation supports hazard mitigation planning on two fronts. First, natural hazards hinder the development of the communities that they affect, and second, vulnerable populations such as the less wealthy, elderly, women, children, which are the target of many NPOs, are the most affected by disasters.

A natural role for the nonprofit sector in hazard mitigation is to advocate for the inclusion of vulnerable populations in the governmental decision making process and at times provide legal or other forms of support to these groups. For instance, a community in the Philippines brought the Department of Environmental and Natural Resources to

court for its unwillingness to provide environmental clearance certificate (ECC) on a development project before the start of the project. The community successfully pursued their case to the Court of Appeals. This achievement would have not been possible without the support of a NPO specialized in providing legal services. The legal battle between the Department of Environmental and Natural Resources and the community ultimately went up to the Supreme Court, which is exactly what the NPO wished for since if successful it would acknowledge the right of communities to access and to be consulted for the issuance of ECCs. It is not unusual that when it comes to land development issues, communities are unable to fight back on their own as they do not have training in legal matters, therefore the support of specialized NPO is imperative (Luna 2001). The formation of a community-based organization (CBO) is one mechanism by which the nonprofit sector can contribute to hazard mitigation. A CBO is a nonprofit organization designed to provide services to a community. The characteristic of CBOs is that all the activities are realized through the contribution of citizen volunteer work. The partnership formed between the American Red Cross chapters of greater Miami and the Florida Keys, the Greater Miami and the Keys Chapter, and the Florida Regional Interfaith Interagency Emergency Network in Disaster (FRIEND) is an example of a CBO formed in the United States to address disaster mitigation by engaging the needs of the elderly in the State of Florida – a population especially vulnerable in a state subject to high-winds due to hurricanes or tropical cyclones (Volunteer Florida 2004). High-winds constitute a hazard since they may cause harm to people that could be hit by flying debris which can also cause damage to property. Along the Florida coastline surrounding Miami-Dade County, low income elderly inhabitants constitute a vulnerable population. In partnership, these organizations work together to provide 1,300 hurricane shutters and shutter installation to eligible low income elderly residents (Volunteer Florida 2004).

### Disaster Preparedness

Disaster preparedness is the second phase of the disaster management cycle. It is conceived as a short-term phase, primarily focused on the immediate readiness responses. The main objective of disaster preparedness is to allow the overall emergency system to perform a continuous assessment of response structures and systems in general, plan for response readiness, provide training for first responders in order to quickly deploy assistance, and train communities to be ready to face emergencies (Petak 1985). The role played by NP during the preparedness stage refers to the formation of public-private partnerships aimed at supporting emergency operations such as planning for an eventual evacuation and the training of volunteers.

Disaster preparedness is the fundamental phase that can potentially save lives and allows communities to better understand disasters (Gillespie and Streeter 1987). Disaster preparedness embraces a broad spectrum of activities that span from risk assessment, the development of response strategies and education planning (Keeney 2004). It also requires collaboration among diverse stakeholders, governmental agencies at all levels of government, private sector, and voluntary organizations. A greater interest is being placed upon the role that communities play in this phase. Citizens play a critical role in disaster preparedness activities; moreover, preparedness activities are essential to strengthen communities by supporting community-based activities. Thus, the NP role in the preparedness stage refers more to planning, often times together with the public sector, and preparing communities to respond when needed.

In the United States, Evacuteer.org is an example of a nonprofit organization involved in the preparedness stage of the emergency management cycle. New Orleans, Louisiana, is a city known for the policy fiasco that occurred in response to Hurricane Katrina (2005). Evacuteer.org was constituted in the aftermath of Hurricane Gustav (2008) and is authorized by the city of New Orleans to manage and train volunteers to assist tourists and citizens without cars in case of a mandatory evacuation also known as City Assisted Evacuation (CAE). A mandatory evacuation is issued when there is at least a category 3 hurricane in sight. The City Assisted Evacuation (CAE) targets an estimated 35,000 New Orleanais that will reach one of the 17 neighborhood

evacuspots, a term for pick-up locations, where they will be registered and then transported to the Union Passenger Terminal where they can be connected to existing transportation connections. In addition to assisting in cases of mandatory evacuation, Evacuteer.org also conducts community outreach. One of the needs fulfilled by Evacuteer.org is the lack of dedicated preparedness programs in schools in order to reach out to underserved youth. As the nonprofit reports on its website, there are 78,845 children in Orleans Parish under the age of 18, 39% of which live in poverty, and 19% of overall households do not have access to a car (evacuteers.org). In order to answer this need, Evacuteer.org offers a curriculum in preparedness for children in grades 3–5 (ages 8 to 11). The curriculum is made up of 6-h long discussion on hurricanes as a hazard and it is also aimed at making children aware of the CAE so that they will be able to identify and reach the evacuation pick-up spots. The hope is that children will have this information readily available in case of a mandatory evacuation and will be able to direct their parents and loved ones toward safety.

### Disaster Response

Disaster response is the third phase of a comprehensive emergency management cycle and comprises immediate post-disaster actions to save lives, protect property, and meet basic human needs. Response activities are generally drawn and implemented from preparedness actions and plans. Public agencies, in collaboration with other entities, typically carry out warning and evacuation activities, perform search and rescue missions, assess the damage and the extent of impacts on communities, and estimate the overall needs of the affected communities in order to meet their needs. The most important services provided in the immediate aftermath of a disaster are mental health support or disaster mental health and the provision of basic necessities such as food and hygiene. Where a given national government lacks the resources, substantial help can come from humanitarian organizations. It is not uncommon that large disasters affect the poorest countries in the world. A notable example of intervention by an international NGO is the International Federation of Red Cross (IFRC). The IFRC has at its disposal Emergency Response Units (ERU), which is a standardized and modular package of personnel and equipment ready to be deployed in a disaster area on short notice. ERUs can be called upon in emergency situations, when local facilities are unable to cope and when the IFRC delegation or the national Red Cross or Red Crescent societies in the concerned country cannot respond on their own. ERUs are self-sufficient units that can operate for 1 month and can stay up to 4 months in the impacted country. Different types of ERU are deployed depending on the functions required. These emergency response units include: logistics, information technology, water and sanitation, basic health care, referral hospital, relief and base camp. Logistics ERUs manage the movement of goods and undertakes transportation duties. Information technology and telecommunications ERUs work to reestablishes disrupted communication systems providing communication networks. Water and sanitation (WATSAN) ERUs provide treatment of non-potable water. Basic health care ERUs provide community health care. Referral hospital provides hospital facilities. Relief ERUs undertake assessments and builds up distribution points. Base camp ERUs provide Red Cross or Red Crescent staff with appropriate living and working conditions such as tented accommodation, which are conditioned for hot and cold climates, toilets, hot showers, recreational facilities, kitchens, administrative offices, IT/communication, and coordination facilities in locations where these facilities are not available to Red Cross or Red Crescent staff.

However, it is important to point out that the presence of nonprofit organizations is not always a blessing in the aftermath of a disaster especially in areas characterized by a weak government. The convergence of volunteers, nonprofit organizations, and donations in the affected areas is a condition that sets the stage for problems such as material convergence. Material convergence occurs in large disasters when organizations tend to send a large amount of goods, sometimes not really needed by the affected communities. For example, in the aftermath of the 2010 earthquake in Port Au Prince, Haiti, NGOs brought in bottled water by the boatload, although water supplies

were not necessary at the time. In fact, at that time rice and sanitation equipment were most needed. Another example involves a shipment of refrigerators from Europe that could not be used because the units had a different voltage rating than what was available on the ground; moreover, the earthquake had caused power outages (Holguín-Veras et al. 2012). Material convergence can create serious problems that subsequently impact on warehousing and stocking operations, which require a great deal of effort by the organizations in question to sort and label what is really necessary for the emergency. This complex operation limits the capability of distribution of goods to affected communities resulting in a loss of efficiency.

### Disaster Recovery

Disaster recovery is the fourth and last phase of the comprehensive emergency management cycle. It constitutes a series of steps and actions undertaken in order to restore normal functionality of basic services such as water supply, gas, and power as well as facilitating the recovery of the economy such as reopening of local businesses. In addition, disaster recovery plays an important social/psychological function by restoring social and community networks. This phase is generally divided into short- and long-term recovery. Short-term recovery involves post-disaster decisions and actions taken to replace lost residential and business properties, rebuilding the economic base, and repairing and rebuilding infrastructure. Long-term recovery refers to plans that allow to rebuild the economic and social fabric, in order to give the affected community a new start. Typically, this phase ends with the completion of the entire reconstruction of devastated communities. A key aspect of the long-term recovery is the integration of new practices of mitigation and preparedness, while rebuilding and bringing back the entire system to make communities more resilient and able to cope with future disasters. Globally, there are several examples of projects carried out by NGOs. The majority of these projects focus on strengthening communities and local economies and rebuilding social capital. In addition, NGOs carry out educational programs such as providing basic school education and disaster preparedness education.

An example of a recovery project can be seen in Japan after the Great East Japan Earthquake in 2011. A study conducted by Nakazato and Lim (2017) demonstrated how the Sawayaka Welfare Foundation funded a recovery project named *Domo* in order to promote mutual help among residents of Kamaishi and helped rebuild the local economy. *Domo* aimed to create an alternative currency system, which allowed the trading of goods and services among the community's residents.

## Conclusion

Nonprofit organizations take part in disaster management in the areas of mitigation, preparedness, response, and recovery. NPOs are important players in identifying community needs, communicating information, and ensuring access to services or assistance. In some cases, NPOs collaborate with governmental organizations at various levels of coordination, from local to international. In other cases NPOs counterbalance, supplement, or monitor government policy, in fact NPOs are not an arm of the government as they operate independently from it. Nonprofit organization play a vital role in identifying community needs or gaps in services, advocating for citizens, and undertaking community projects. They raise awareness and advocate for better conditions and sustainable development before and after disasters. Even though, nonprofit organizations support the public sector and in particular disaster management along all the stages of a comprehensive emergency management cycle, it should be noted that they can also generate unintended consequences such as material convergence as seen in the aftermath of the 2010 earthquake in Haiti. The success of nonprofit organizations in disaster management is determined by their ability to integrate with other nonprofit organizations and local, state, and federal

level of government (Salamon 1987; Paarlberg and Varda 2009).

## Cross-References


- ▶ Definition of Nonprofit Organization
- ▶ Nonprofit Organizations
- ▶ Volunteers in the Public Sector


## References


Clary BB (1985) The evolution and structure of natural hazard policies. Public Adm Rev 45:20–28

Evacuteers.org. About us. Retrieved from: http://www.evacuteer.org/about/

FEMA (2011) A whole community approach to emergency management: principles, themes, and pathways for action. Retrieved on April 2016 at: https://www.fema.gov/media-library-data/20130726-1813-25045-0649/whole_community_dec2011__2_.pdf

Gillespie DF, Streeter CL (1987) Conceptualizing and measuring disaster preparedness. Int J Mass Emerg Disasters 5(2):155–176

Haddow G, Bullock J, Coppola DP (2008) Emergency management. Elsevier, Oxford

Holguín-Veras J, Jaller M, Van Wassenhove LN, Pérez N, Wachtendorf T (2012) Material convergence: important and understudied disaster phenomenon. Nat Hazards Rev 15(1):1–12

International Federation of Red Cross – Red Crescent IFRC. Retrieved from http://www.ifrc.org/eru

Keeney GB (2004) Disaster preparedness: what do we do now? J Midwifery Women's Health 49(4):2–6

Luna EM (2001) Disaster mitigation and preparedness: the case of NGOs in the Philippines. Disasters 25(3): 216–226

Nakazato H, Lim S (2017) Community rebuilding processes in a disaster-damaged area through community currency: the pilot project of "Domo" in Kamaishi, Japan. Disaster Prev Manag 26(1):79–93

Paarlberg LE, Varda DM (2009) Community carrying capacity a network perspective. Nonprofit Volunt Sect Q 38(4):597–613

Petak WJ (1985) Emergency management: a challenge for public administration. Public Adm Rev 45:3–7

Prater CS, Lindell MK (2000) Politics of hazard mitigation. Nat Hazards Rev 1(2):73–82

Salamon L (1987) Partners in public service: the scope and theory of government-nonprofit relations. In: Powell WW (ed) The nonprofit sector: a research handbook. Yale University Press, New Haven, pp 99–117

Volunteer Florida (2004) Disaster mitigation: a guide for community–based organizations. Retrieved on March 12, 2017 from: https://www.volunteerflorida.org/wp-content/uploads/2013/03/Mitigation.pdf


# Disaster Response Management


Frances L. Edwards
Department of Political Science, Mineta Transportation Institute, San Jose State University, San Jose, CA, USA


## Synonyms

Emergency response; Response resource organization

## Definition

There are four phases to emergency/disaster management: mitigation/prevention, preparedness, response, and recovery. Response includes the organization of personnel and resources and the delivery of services to victims and communities with the goal of ending the emergency/disaster. For purposes of discussing this topic, the term "emergency management" will be used, since disaster is a type of emergency. (See the entry on "Crisis, Emergency, Disaster, and Catastrophe Defined.") (Fig. 1).

## Introduction

Unwelcome community events (crises, emergencies, disasters, and catastrophes) require that the resources of the community be organized to deliver services to the victims in the most efficient and effective manner. To meet this goal, the emergency management organization for the community develops a threat assessment, creates plans for responding to these various potential events,

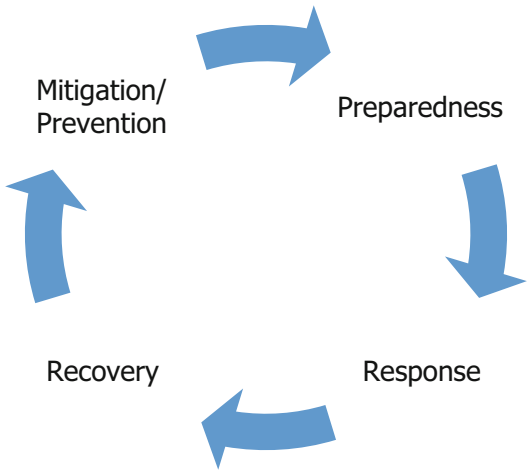


**Disaster Response Management, Fig. 1** Phases of emergency management

organizes personnel and materiel resources to implement the plans – including training, equipping, and exercising – and works with the community to prepare for self-support during potential events. The response becomes necessary when the threat materializes as an event, and people, property, and the environment are threatened with harm or damage. The response may come from the local community or from many levels of government, depending on its severity and the scope and specialized nature of the response that is needed.

## All Disasters Are Local

Various nations organize for response in different ways, but all disasters are local. They occur in some town or village or some state or region, and the victims are the people, property, and environment in that area. In a crisis the area may be very limited – just one neighborhood or small portion of a community – and emergency response resources within the community may be adequate to effectively respond to save lives and property. However, in a catastrophe, the area may include nations on two continents, as in the 2004 Indian Ocean Tsunami. Such an event uses immediate aid from local resources, but requires additional nationwide and even international responders to augment available local resources. Regardless of the breadth of the event, it is people in local areas who experience it and who are present to start rescue and deliver immediate emergency medical care. Unless they are evacuated, they experience the short- and long-term recovery and have a vested interest in all phases of the emergency management cycle.

In some nations, such as the United States, all initial response resources are owned by the local government. For example, police, fire, emergency medical services, and transportation department personnel all work for the locally elected officials. This means that the initial response is centralized in the impacted community, which may enhance the speed and coordination of the resources, but which may also mean that responders and their families are victims of the event. In some nations, such as Japan, the initial response resources are located at different government levels. For example, the fire department works for the mayor of the city, while the police department works for the governor of the prefecture. Some nations, like Italy, have a national fire corps based in the Ministry of the Interior, but the fire chief of the province is still the incident commander at a scene. In Italy they have created uniform regional disaster resource caches and uniform response training, to permit rapid, coordinated assistance across Italy's 20 regions and 101 provinces. Because of the strategic location of these equipment caches across provinces, at least nine emergency response vehicles can be brought to the scene of an emergency event within 1 h. In other nations the emergency response is centrally directed, with support from unaffected governmental subdivisions. Such centralized responses may rely on not only the civilian police and fire personnel but also military units. Regardless of where the assistance originates, the locally elected officials are responsible for the emergency response within the community, and their political careers will be influenced by their success as emergency managers.

## Local Response Organization

The goals of local emergency response are to save lives, limit injuries, protect the environment,

protect property, protect the local economy, and facilitate recovery. The locally elected officials set policy for the disaster response, including priorities for the use of scarce resources, authorize funds for emergency response, and request assistance from higher levels of government when local resources – including money – are exhausted. The city administration translates the goals and priorities of the elected officials into strategic plans for community response and recovery. The professional responders – police, fire, emergency medical services, transportation personnel, and public works personnel – create tactical plans to guide the use of resources in the field to end the emergency and begin recovery. The local first responders may need assistance from professionals in other jurisdictions, which is facilitated through pre-made agreements called mutual aid or emergency management assistance. Ultimately community members, including residents and businesses, are both victims and assets in emergency response. The city's strategic emergency plan provides for a coordinated response among all levels of response – local, regional, state, and federal, and all response assets, public, community, or private.

## Incident Command System (ICS) and National Incident Management System (NIMS)

To ensure a rapid augmentation of local capability during emergencies of all sizes, nations adopt emergency response systems that are used across all jurisdictions. For example, in the United States the Incident Command System (ICS) is the response structure used for all hazards (DHS 2015). This approach provides for dividing the available personnel to accomplish planning, operations, and logistics activities in support of victim rescue and care. ICS was created in California in the 1970s in response to a series of wild land urban interface fires in Los Angeles and San Diego counties that required a coordinated effort by local, county, state, and federal fire service units. It was adopted by large cities in other states, such as Phoenix, Arizona, and then became part of the curriculum at the National Fire Academy in Emmitsburg, Maryland, leading to its adoption across the country as the management system for large-scale events requiring multi-agency response (Fig. 2).

As a result of coordination challenges during the Loma Prieta Earthquake in the San Francisco Bay Area in 1989, ICS was mandated for all state agencies in California with required implementation by 1993, was widely adopted by large cities across the state, and was credited with contributing to the successful response to the Northridge Earthquake in the Los Angeles area in 1994. After the terrorist attacks of 9/11/01, President George W. Bush issued Homeland Security Presidential Directive-5 (HSPD-5) which recognized the role of state and local governments in immediate response to emergencies but also recognized the need for local assistance to local and state agencies when their resources were overwhelmed. It mandated the creation of a National Incident Management System (NIMS) for use during federal response to state and local requests for emergency response assistance. NIMS is based on ICS as the emergency response system (Bush 2003).

Italy has also adopted the Incident Command System. It recognizes the advantages of economy of scale in the development of policies and training curriculum by having one method for managing emergencies. Personnel can be rapidly assigned to a disaster scene in another province or region and immediately be effective because the management system is the same across the nation. Joint training across jurisdictional boundaries offers efficiencies in developing instructional

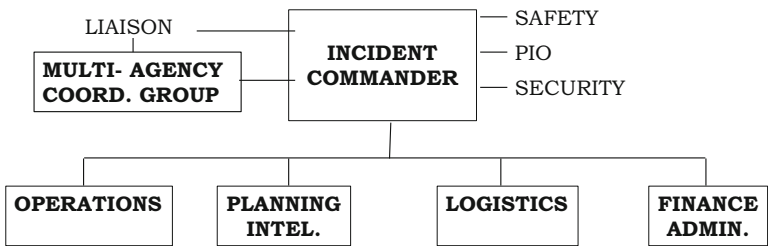


**Disaster Response Management, Fig. 2** Incident command system

videos and training materials. Uniform equipment can be procured at a better price, and at a large emergency the equipment can be kept in working order because the spare parts are interchangeable.

### Mutual Aid/Emergency Management Assistance

Few communities have the resources to manage every possible emergency, because of the cost of maintaining a large professional response force and stockpiling equipment that may never be needed. After World War II, emergency responders evaluated the damage from aerial bombing and determined that there would have to be outside support to any American city that was attacked. They also recognized that urbanized areas would need search and rescue assistance after a regional earthquake and that rural areas would need help protecting communities from wild land interface fires. In the early 1950s the fire chiefs of California developed a mutual aid agreement, in which they arranged to provide the first shift of disaster assistance for free, with the receiving jurisdiction paying overtime costs, and lodging and feeding expenses. They would also pay for any equipment that was consumed or destroyed. In the following years, the police chiefs joined the California mutual aid agreement, followed by building officials, coroners, public works officials, emergency managers, and more than 20 other professions. In the 1994 Northridge Earthquake, the mutual aid systems provided a variety of professionals to support the City of Los Angeles in response and recovery.

In 1996 the Congress ratified the creation of an Emergency Management Assistance Compact (EMAC) (Public Law 104–321) which all states could join. It provided a framework for requesting and receiving emergency response assistance across jurisdictions, based on a cost reimbursement system. Each state had to pass legislation to join EMAC, which is managed by the National Emergency Management Association, a non-governmental professional organization associated with the Council of State Governments. By the early twentieth century, all 50 states had joined, along with the District of Columbia, Puerto Rico, Guam, and the US Virgin Islands.

### Community Emergency Response Teams (CERT)

Regardless of where the emergency response management originates, the victims are already in the area where the event has occurred. Therefore, engaging the residents in preparedness and self-protection actions will limit loss of life and property damage. Many countries offer training and support for neighborhood emergency response team development, empowering residents to respond to emergencies rapidly with appropriate skills and basic equipment. In Japan the neighborhoods are organized with a "neighborhood mayor," and these groups are the first responders to local fires. Every home has a sand bucket and broom to begin fire suppression while the professionals are on the way. Rapid localized action saves lives and lessens the damage, preventing fire from spreading to adjacent structures. Neighborhood-based teams are also trained for search and rescue, first aid, or evacuation.

In the United States this concept was adopted after the Mexico City Earthquake of 1985 demonstrated that neighbors help each other, even when they are not trained. In this event 10,000 people died and 30,000 were injured. In the presence of such need, local residents formed impromptu search and rescue teams with no training and no equipment. They used the skills and tools available to them to rescue people from building collapses and to provide immediate medical care. These informal neighborhood groups are credited with saving 800 people, but 100 of the volunteer rescuers died in the process.

Seeing this altruistic response and its resulting volunteer deaths, California fire departments borrowed from the Japanese model of neighborhood-level training and created programs to educate and equip willing and interested residents and business employees. Los Angeles, the City of Irvine, and San Francisco were early creators of neighborhood training programs when the Whittier Narrows Earthquake damaged parts of Los Angeles and Orange Counties in 1987, demonstrating the need for immediate response by neighbors to save lives in a widespread disaster.

By 1993 the Federal Emergency Management Agency (FEMA) adopted the Los Angeles model,

called Community Emergency Response Team (CERT), and revised the curriculum to include neighborhood-level response to all hazards. BY 2011 all 50 states were using CERT, which has also been adopted by three US territories and six other nations. The training is delivered both in person and online and covers home and personal preparedness, disaster firefighting, light search and rescue, and disaster medical care.

### Emergency Operations Center

While the field level response is being managed tactically by the incident commander in the field, the strategic management of community resources is conducted from the Emergency Operations Center (EOC) in each community. The work of the EOC is guided by an Emergency Operations Plan that details the roles of the elected officials, city administration, and each department. The challenge for the EOC is to manage the emergency while at the same time guaranteeing the expected services to the undamaged parts of the community. For example, a neighborhood along the river may be flooding, but neighborhoods on high ground will still expect a 5-min response time when they place a medical emergency call. Balancing resources for the damaged and undamaged areas is often accomplished through the use of mutual aid and contractors to augment capabilities needed in the emergency area (Fig. 3).

Many communities use the same Incident Command System concept to manage their EOCs. The difference is that the senior position is called the Management Section Chief, because he is managing strategic assets rather than being in tactical command. His responsibility is to ensure that the field forces have the supplies, equipment, and personnel support needed to achieve the goals of emergency response, while at the same time providing emergency response for personal events for the rest of the community.

## Regional Response: State, Province, and Prefecture

In most nations the next higher level of government provides assistance when an emergency occurs. The regional division in which the effected jurisdiction is located will normally be responsible to augment personnel and equipment resources for the response. It will also have financial obligations for the cost of sheltering the population, providing temporary housing and beginning the short-term recovery processes. Government services like welfare, criminal justice, and schools may be governed at a regional or state level, making them obligated for those aspects of the immediate response and short-term recovery.

The United States is a union of states that were, in some cases, once independent colonies or even countries. Therefore, the Constitution guarantees each state that it will maintain control of its own legal internal affairs, which includes emergency response and recovery. Article 4 Section 4 requires that the state legislature, or the governor if the legislature is not meeting, must make a formal request for a presidential declaration of disaster. Only then can the federal government provide guidance and assistance with organizing a response to the event. Without a governor's declaration of a state of emergency and formal request for financial assistance, the president and the federal agencies cannot undertake a response within a state.

Governors have the resources of the state at their disposal to respond to a local area's

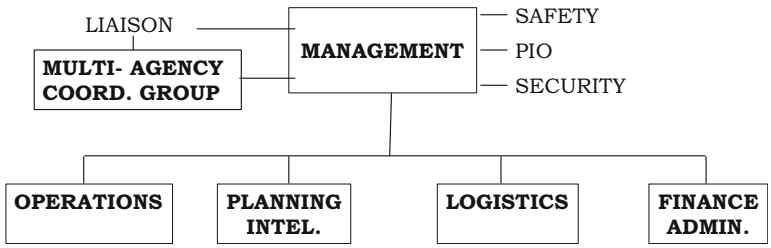


**Disaster Response Management, Fig. 3** EOC organization using incident command system

emergency. Using the State's Emergency Operations Plan the governor and the leaders of state agencies coordinate emergency response. The state level department managing emergency response operates a State Operations Center where representatives of the state's major departments collaborate to provide resources and assistance to the damaged areas of the state. In a crisis the governor may use state resources to augment specific local capabilities, such as providing shelter supplies or drinking water. The governor also has the National Guard at his disposal. The National Guard is the state militia and as such belongs to the governor of the state, unless it is federalized to assist in war fighting. The National Guard can be used for manpower, such as levee building or laying sandbags. During the response to Hurricane Sandy, the New York National Guard evacuated hospital patients from low-lying areas of New York City to hospitals on higher ground. National Guard facilities and supplies were used to establish short-term shelters in city and county parks in Los Angeles after the Northridge Earthquake. In 2014 the Florida National Guard created an agreement with the Florida Power and Light, a private company, to provide assistance with power restoration to damaged communities after a disaster. State resources can be used to hasten the restoration of critical services within a community.

The first financial assistance for emergency-damaged communities must come from the state. Most states split the cost with the local jurisdiction, paying 75% of the response costs for an emergency. This includes overtime for first responders, shelter costs not covered by non-governmental agencies like the American Red Cross, and immediate recovery actions such as debris removal and building shoring. The thought is that the state's tax base will not all be damaged by an event, while the local community's ability to collect sales and property taxes may be damaged for months to years. Property damage, loss of tourism, and closure of industries as a result of an emergency event will lessen a community's ability to pay its budgeted expenses, as well as its emergency response costs.

## Federal Response to Disasters

All disasters are local, but sometimes federal assistance is essential. The national government manages emergency response using the National Response Framework. Once a governor has requested assistance, the federal agencies' representatives gather in the National Operations Center. Using a plan called "Emergency Support Functions" (ESF), the federal resources are organized to respond to the needs expressed by the governor's declaration and the emergency managers at the state level. For example, ESF 1 is transportation, so any requests for vehicles or logistics support for moving people or goods will be coordinated by the US Department of Transportation, using not only its own resources but also the resources of other federal departments with vehicles. There are 14 distinct ESFs, each providing a type of emergency assistance, such as police and fire, public information, and public health services.

Military units may also provide specific types of assistance to local communities and states, but not law enforcement services. The Posse Comitatus Act forbids the use of US troops for any law enforcement function. US Marine Corps units provided drinking water to neighborhoods with damaged pipes after the 1994 Northridge Earthquake. US Air Force personnel provided air traffic control for the Port-au-Prince Airport after the 2010 earthquake in Haiti. Military personnel can establish field hospitals for emergency medical treatments in areas where hospitals have been damaged and transport critically injured and ill patients out of the disaster area to undamaged communities for definitive hospital care. After the 2004 Indian Ocean Tsunami, US troops delivered disaster supplies to damaged areas, provided patrol aircraft for search and rescue support, and airlifted emergency response personnel and equipment from the Unites States to areas of need. Naval ships were sent to Indonesia to provide freshwater, and the 1000-bed hospital ship *Mercy* provided disaster medical assistance. Military hovercraft were used to deliver relief supplies to otherwise inaccessible areas on the tsunami damaged Indonesian coast.

Financial assistance is the most wide-ranging type of emergency assistance. Under the Robert T. Stafford Act, the federal government provides 75% of the emergency response costs to the states in disasters that exceed specified cost guidelines of $1.44/population (see Table 1). This funding includes emergency response costs, short-term recovery costs, and restoration of public facilities like water treatment plants that are damaged in the disaster. In addition, residents of the disaster area may be eligible for disaster-related unemployment, food assistance, and grants for the replacement of lost household goods. In some cases residents may be eligible for financial assistance with repairs of their homes or replacement of a rented apartment (Table 1).

The federal government also assists with field-level civilian response by sponsoring specialized teams. FEMA sponsors firefighting equipment in fire-prone communities. They also pay for training and equipment of the Urban Search and Rescue Teams (USAR) that are based in metropolitan areas and staffed by volunteer professionals from the area. These teams consist of firefighters, search dogs and their handlers, architects and engineers, riggers, communications specialists, and load masters. Their equipment is stored in cargo containers that can be moved on C-130 military aircraft to disaster areas. They are volunteers during practice periods, but become temporary federal employees when they are deployed to disasters. These teams have been deployed to major disasters across the United States for the California earthquakes in 1989 and 1994, hurricanes in Louisiana and New York, and floods in Texas and Missouri. They have also gone to assist in other nations under the US Department of State.



**Disaster Response Management, Table 1** Population and disaster assistance

| Population rank | State | Population | Disaster loss required for major declaration ($1.44 factor) |
|---|---|---|---|
| 1 | California | 37,253,956 | $53,645,697 |
| 2 | Texas | 25,145,561 | $36,209,608 |
| 3 | New York | 19,378,102 | $27,904,467 |
| 4 | Florida | 18,801,310 | $27,073,886 |
| 5 | Illinois | 12,830,632 | $18,476,110 |
| 6 | Pennsylvania | 12,702,379 | $18,291,426 |
| 7 | Ohio | 11,536,504 | $16,612,566 |
| 8 | Michigan | 9,883,640 | $14,232,442 |
| 9 | Georgia | 9,687,653 | $13,950,220 |
| 10 | North Carolina | 9,535,483 | $13,731,096 |
| 11 | New Jersey | 8,791,894 | $12,660,327 |
| 12 | Virginia | 8,001,024 | $11,521,475 |
| 13 | Washington | 6,724,540 | $9,683,338 |
| 14 | Massachusetts | 6,547,629 | $9,428,586 |
| 15 | Indiana | 6,483,802 | $9,336,675 |
| 16 | Arizona | 6,392,017 | $9,204,504 |
| 17 | Tennessee | 6,346,105 | $9,138,391 |
| 18 | Missoiuri | 5,988,927 | $8,624,055 |
| 19 | Maryland | 5,773,552 | $8,313,915 |
| 20 | Wisconsin | 5,686,986 | $8,189,260 |
| 21 | Minnesota | 5,303,925 | $7,637,652 |
| 22 | Colorado | 5,029,196 | $7,242,042 |
| 23 | Alabama | 4,779,736 | $6,882,820 |
| 24 | South Carolina | 4,625,364 | $6,660,524 |

(continued)

**Disaster Response Management, Table 1** (continued)

| Population rank | State | Population | Disaster loss required for major declaration ($1.44 factor) |
|---|---|---|---|
| 25 | Louisiana | 4,533,372 | $6,528,056 |
| 26 | Kentucky | 4,339,367 | $6,248,688 |
| 27 | Oregon | 3,831,074 | $5,516,747 |
| 28 | Oklahoma | 3,751,351 | $5,401,945 |
| 29 | Connecticut | 3,574,097 | $5,146,700 |
| 30 | Iowa | 3,046,355 | $4,386,751 |
| 31 | Mississippi | 2,967,297 | $4,272,908 |
| 32 | Arkansas | 2,915,918 | $4,198,922 |
| 33 | Kansas | 2,853,118 | $4,108,490 |
| 34 | Utah | 2,763,885 | $3,979,994 |
| 35 | Nevada | 2,700,551 | $3,888,793 |
| 36 | New Mexico | 2,059,179 | $2,965,218 |
| 37 | West Virginia | 1,852,994 | $2,668,311 |
| 38 | Nebraska | 1,826,341 | $2,629,931 |
| 39 | I daho | 1,567,582 | $2,257,318 |
| 40 | Hawaii | 1,360,301 | $1,958,833 |
| 41 | Maine | 1,328,361 | $1,912,840 |
| 42 | New Hampshire | 1,316,470 | $1,895,717 |
| 43 | Rhode Island | 1,052,567 | $1,515,696 |
| 44 | Montana | 989,415 | $1,424,758 |
| 45 | Delaware | 897,934 | $1,293,025 |
| 46 | South Dakota | 814,180 | $1,172,419 |
| 47 | Alaska | 710,231 | $1,022,733 |
| 48 | North Dakota | 672,591 | $968,531 |
| 49 | Vermont | 625,741 | $901,067 |
| 50 | Wyoming | 563,626 | $811,621 |

Compiled by Frances Edwards (Source: US Census 2010)
http://www.nga.org/cms/home/governors/current-governors/col2-content/main-content-list/matthew-mead.html

The Disaster Medical Assistance Teams (DMAT) are organized by the US Department of Health and Human Services (DHHS). They are made up of trauma surgeons, nurses, and allied medical professionals, supported by logistics and communications specialists. They are equipped to support themselves for 72 h in the field and are deployed for 2 weeks at a time to disaster areas to augment available medical capability. In 1994 in Northridge, they took over existing hospital positions so that hospital personnel could go home to deal with the earthquake's impact on their homes and families. They have been deployed to disasters in the United States and abroad. Members are recruited and screened by DHHS and serve as volunteers until they are deployed, when they become temporary federal employees.

## Conclusion

Disaster response requires the coordination of personnel and equipment across professional and jurisdictions. All disasters are local. Help must be organized beginning at the local level. As the severity and scope of the disaster increases, mutual aid from neighboring jurisdictions and even assistance from the international community may be required. Each level of government has an important role in achieving the disaster response goals of saving lives, protecting property and protecting the environment. The legal responsibility lies with the locally elected officials, who can request assistance from the next higher level of government when local resources are overwhelmed. The federal government only responds on the request of the

state to augment their capabilities, with both resources and funds.

## Cross-References

▶ Emergency Operations Plan
▶ Evolution of Crisis Management

## References

Bush GW (2003) Homeland security presidential directive-5: management of domestic incidents. The White House, Washington, DC
FEMA (2015) National preparedness goal, 2nd edn. Department of Homeland Security, Washington, DC

# Disclosure in SOE

Alessandra Allini
University of Naples Federico II, Naples, Italy

## Synonyms

Communication; Information; Reporting

## Definition

Disclosure consists of the display and communication of information to parties in order to make them advised on a specific issue and allow to predict or assume appropriate decisions.

Disclosure is a crucial topic in accounting and finance studies, even if it has been considered also in other strands. Generally, disclosure has been conceived as a tool for the functioning of an efficient capital market related to the optimal allocation of savings to investment opportunities. In particular, firms would like to attract the highest amount of resources by investors to support their activities. However, the relation between investors and the firm is not linear and two kinds of problems mainly arise.

First, the firm has better information than savers on the real value of investment opportunities and tends to overstate. Savers, hence, face an asymmetry information problem. Second, once savers invest, firms have an incentive to expropriate their savings. In this regard, between firms and investors, information asymmetries and conflicting interests create a so-called lemon problem (Healy and Palepu 2001).

Conflicting interests, however, are peculiar in state-owned enterprises (SOEs). SOE usually encompasses firms where the state government or local authorities either (1) own over 50% of the share equity or (2) own less than 50% of the share equity but are entitled to appoint of the majority of directors and consequently prevail in voting at general meetings. In most Organization for Economic Cooperation and Development (OECD) countries, SOEs are a means for national and local governments to support the economic growth and the development of a territory or a sector, and they account for a large part of gross domestic product. They manage public money and pursue social goals that coexist with economic objectives. Their inherent mandates, inevitably, clash with the economic rationale that determines profitable decision-making. In addition, SOEs often constitute a particular blend of characteristics that are conducive to conflicting tendencies: political interests may compromise efficiency and effectiveness; directors may favor their own personal interests and gains, and government ownership, in whole or in part, entails reduced risk of failure.

## Disclosure Within the Agency Framework

Within the so-called traditional agency approach, conflicting interests deal with the relationship between the principal and the agent. Principals hold agents accountable upon obligations; however because of information asymmetry, a principal cannot effectively monitor agent's actions. Within an SOE, the information asymmetry problem assumes a double, peculiar perspective based on a two-tier collusion. Specifically, the government is the controlling shareholder whose interest

is not always aligned with that of minorities. Within the agency theory, this represents a principal–principal conflict, where the conflict refers to the appropriation of firm value from minority by dominant public shareholders.

Furthermore, in SOE there is also an agency–principal conflict, as the relation between citizens and the state owner is blurred. From this view, the citizens who vote are the principal, while the state shareholder is their agent, since the latter acts on their behalf (Argento et al. 2010).

Here the question of moral hazard also arises. The agent is susceptible to the pursuit of self-interest rather than the public interest (Hinna et al. 2010). This is because the SOE strategic goals are difficult to define and encompass multiple (sometimes conflicting) objectives related to political, social, and economic aspects. For example, while the efficiency goals strictly rely on the production of services, the social ones mean universal accessibility to services of appropriate quality and substantial amount of public funds to support such production. The ability of the principal to limit opportunistic behavior depends on how much information it has.

In this regard, disclosure has been perceived as a way for mitigation, and regulation aims at improving the quality of information available to principals and enforces their capacity to hold agents accountable.

Regulation may mandate disclosure to achieve market fairness purposes and reduce the information asymmetry. In this view, the annual report is considered a primary mandated reporting mechanism that enables users to assess firm performance. However, the degree of regulation can vary based on several motivations: the rule can overall regulate how, when, to whom, and what discloses or, conversely, covers only some aspects. In this latter case, for example, firms may be required to provide information on a specific issue but can, discretionary, decide the type and nature of information to parties.

Mandatory disclosure of SOE also concerns information related to performance, which enables the firm to be responsible for its actions and provides stakeholders with useful information for decision-making.

A study conducted by the OECD (2015), however, suggests the existence of a variety of approaches in the reporting of financial information, including the integration into the year-end report. Indeed, among OECD countries, the SOE annual reports are often available to the public through web site, while for timeless of publication, some countries have adopted specific rules and policies to encourage to publish reports timely.

## Disclosure and Public Accounting Harmonization

With the new public management (NPM), each government regulated the accounting systems and financial reporting with its own domestic legislation. Divergence in regulation among countries and within countries exists in recording approach, measurement rules, and disclosure requirements. Then, an important process of standardization started during mid-1980s with the aim to increase accounting comparability worldwide. Such process recommends the public sector to prepare their financial reporting in accordance with International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standard Board (IPSASB). IPSASs consists of a set of high-quality accounting guidelines for the preparation and publication of financial reporting by governments and other public sector entities, whose main common feature consists of the accrual basis of reporting (instead of the cash basis principle). The aforementioned adoption of a uniform corpus of accounting standards by local and central governments encourages the international convergence of financial reporting systems worldwide.

Such reform is still in progress, and its main trends include the convergence of IPSAS toward the set of International Accounting Standards for the Private Sector (IAS/IFRS) issued by the International Accounting Standards Board (IASB), the harmonization of national and international public sector accounting, the harmonization of accounting and statistics reporting systems, and the development and adoption of managerial accounting tools.

Although IPSASs are not mandatory, they are producing considerable effects, and a strong debate in the academic literature has emerged, questioning the appropriateness of introducing private sector management and accounting principles and techniques into the public sector.

The most debatable aspect concerns the move to accruals in government financial reporting and budgeting. Empirically, certain countries have been already adopting full accruals in both financial reporting and budgeting system, using standards that are mostly consistent with IPSAS requirements (e.g., Australia, Canada, and the UK), while a range of other governments has declared the intention to adopt the accrual basis tendency to IPSAS (e.g., Israel). To encourage and enhance international transparency and comparability, both setters and governments worldwide have been intensively working on upgrading public sector accounting standards and their equivalent domestic rules.

A survey by Christiaens et al. (2014) concludes that among 59 jurisdictions worldwide, the "old" European local governments have adopted accrual accounting tendency to IPSAS, while about 17% are still limited to cash accounting. The authors believe that the main reasons for using the IPSAS are related to the fact that such standards will improve the (inter)national comparability of financial information and facilitate the consolidation of financial statements. Instead, the new European countries are still working on accounting reforms in order to modernize their financial information system toward IPSAS. Conversely, outside Europe, Latin America countries reveal a favorable situation for accrual accounting, particularly for IPSAS.

Of course, additional financial performance information may be provided by an SOE based on other requirements – such as the efficiency or the cost-effectiveness of policies and programs – which draws on variables external to the body of the financial statement and adds further depth to the performance. For example, Finnish SOE annual reports have to include the value of EVA, while in New Zealand, the value-based reporting (VBR) should be carried out by SOE (OECD 2015).

In this regard, in a growing number of OECD countries, especially after the strong role recognized to both international accounting standards IPSASs and IAS/IFRS, the SOEs have to prepare a Directors' Report which includes information on review of operations and relevant activities, relevant changes in the statement of affairs and in the environment that may affect an SOE performance or forward-looking plans, main developments, and information on members of the board of directors, including their skills, experiences, and responsibilities as well as board activities. Such report may be integrated or substituted by the Corporate Governance Report. This report is typically required for listed SOE with the aim to inform users on governance mechanisms. Information includes board and audit composition, board and audit activities, other governance committees, risk management system, and ethics policy. Conversely, aggregate information on SOE performance by sectors as a whole is still scarce.

## Disclosure in SOE Within the Stakeholder Theory

Disclosure has been employed also as a tool to ensure greater accountability from the stakeholder perspective (Freeman 1994). This theory is grounded on the idea that firm has a wide range of stakeholders other than shareholders. Based on the existence of a social contract with the firm, stakeholders are those having "a reasonable right" to ask a firm being *accountable* on its performance and going concern conditions. Stakeholders rely on any groups or individuals having a formal or unformal relationship with an SOE, who can affect or are affected by its activities. A range of stakeholder interests in SOE may include taxpayers, voters, suppliers, lenders, creditors, investors, governmental and local agencies, analysts, employees, trade unions, etc. Therefore information, for example, on economic and organizational aspects, as well as on future risks, strategies, management performance, efficiency, and investments, may support decision-making by different users and

demonstrate also how public money has been spent by an SOE and whether efficiency principles have been achieved (Guthrie 1993).

Disclosure enlarges corporate stewardship beyond its focus on shareholders. Although accountability is desirable, its concept is however ambiguous and has undefined boundaries. Scholars argue that it can have multiple meanings and can be intended as a mechanism, a relationship, or even a process. To this end, disclosure for the discharge of the accountability paradigm concerns a much wider and comprehensive range of information to comply with all relevant stakeholders' requirements having social, economic, and political interests.

## Disclosure in SOE Within the Legitimacy Framework

The role of disclosure has been observed also in the frame of the legitimacy theory, focusing on the relationship(s) between organizations, the State, individuals, and groups (Gray et al. 1996).

A primary aspect of this approach – common also to the stakeholder theory – is that disclosure policies are regarded as a mean to constitute a strategy to influence the organization's relationships with the other parties with which it interacts. Legitimacy theory is mainly grounded on the idea that there is a social contract between the organization and the society in which it operates. Such a contract implies explicit and implicit expectations of the society in relation to organization's activities and, in turn, fosters organizations to constantly seek to ensure that other parties perceive them as legitimate.

Legitimacy – indented as the generalized perception that the actions of an SOE are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions – is a relative concept. It represents a resource for the organization, that if is unable to legitimate itself will be likely to perish. On this basis, organizations try to activate a number of mechanisms and strategies to achieve legitimation, and among them a relevant role is played by disclosure since it informs interested parties about an SOE performance, its strengths and implications of its activities.

However, when legitimacy worries trigger the disclosure process, then the information divulged may be motivated by survival purposes rather than by a desire to achieve greater accountability. This may give rise to disclosures that are mere legitimation devices and not accountability mechanism. Thus, to understand if disclosure is aimed at reaching mere legitimation, a possible way is to ascertain if this is adopted as a symbolic or as a substantive approach. Symbolic techniques do not reflect any real change in SOE activities, while substantive techniques involve real material change in goals, structures, and processes, or socially institutionalized practices.

These issues are becoming increasingly relevant with reference to trends in voluntary disclosure that, over the last years, have been progressively developed to satisfy increasing accountability demands and which are beyond the scope of financial statements.

## Voluntary (Sustainability) Disclosure

The decision to provide voluntarily information is typically modeled within a cost–benefit framework. Costs include mostly exposure to competitive and political visibility, as well as the cost of preparing information. Benefits typically include lower capital costs and enhanced firm image, responsibility, and credibility.

The SOEs are expected to voluntarily disclose information when they perceive that benefits exceed direct and indirect related costs. A well-known example of existing voluntary disclosure concerns nonfinancial information, which typically includes social, environmental (sustainability), and forward-looking information and future business strategies. The main issue underlying the social/sustainability reporting is how an organization contributes or intends to contribute to the improvement or declining of economic, environmental, and social conditions at the local, national, or global level.

To foster the sustainability, reporting should be a prime issue especially for an SOE, since their

activity is strictly related with the community, their responsibilities are wide, and their accountable level is broad ranging. Their strategies, plans, actions, and decisions directly affect the economic, social, and environmental well-being of the community. In this regard, voluntary sustainable reports may be perceived as a powerful tool in the management, planning, control, and accountability of SOE with their social and environmental commitments.

In supporting such voluntary disclosure worldwide, on 1997 the Global Reporting Initiative (GRI) was founded in Boston. It is an international independent organization that helps companies, governments, and other organizations to enhance and communicate the impact of their activities on critical sustainability issues, such as climate change, human rights, corruption, and many others. Such body has issued specific guidelines to encourage the adoption of sustainability reporting, specifically, into the public sector.

Namely, the GRI Sector Supplement for Public Agencies (GRI 2005) states that public agencies are invited to produce a sustainability report in order to promote transparency and accountability, strengthen organizational commitments, be a benchmark for the private sector, improve governance mechanisms, highlight the significance of its role as a consumer and employer, comply with disclosure expectations, and provide information to support dialogue and effective involvement with stakeholders. Empirically, however, research suggests that the sustainability reporting by SOE and within the public sector is an initial stage, in part due to a lack of consistency in the type and extent.

## Risk Disclosure

Among voluntary disclosure (i.e., nonfinancial), risk information is also another important strand in SOE (Allini et al. 2016). Corporate failures have alerted financial markets to the importance of assessing certain sources of risks and uncertainties and of the need for better quality information. Risk is broadly defined as the uncertainty associated with either a potential gain or loss (Solomon et al. 2000). Its disclosure means the inclusion of (financial and nonfinancial) information about any opportunity, hazard, danger, harm, threat, or exposure that has already impacted or may impact over the firm, as well as the management of any such opportunity, prospect, hazard, harm, threat, or exposure (Linsley and Shrives 2006).

In the case of risk disclosure, the boundary between mandatory and voluntary is quite blurred. Almost all the main international and national standard setters and regulators recommend that any relevant information on future risks and uncertainties should be disclosed by firm in the annual report. However, no strict guidelines are given about either content or form, which still essentially depends on the company's attitude to disclosure.

Considering that the field of risk disclosure is remarkably wide ranging, a notable relevance for the public sector has been attributed to non-*financial risk disclosure*.

It is intended as the volatility of expected future earnings or cash flows not related to financial investments, but to "business and operational risk, regulatory risk and environmental risk, as more valuable information about a firm's total risk exposure" (Lajili and Zéghal 2005: 126).

To date, nonfinancial risk disclosure has been inadequately regulated in the international arena. Most of the initiatives, in fact, regard corporate disclosure only. Nevertheless, in the first document on the matter, Statement of Position 94–6, the Securities and Exchange Commission (SEC) invited American companies to disclose the nature and effects of nonfinancial risks voluntarily. This strengthens the informative content of the management and discussion analysis as required by Registration Statement 501–07 and provides investors with an opportunity to look through the eyes of management. The SEC requires foreign listed companies to present the 20-F form, disclosing all information related to potential risks. In the UK, the Combined Code (Turnbull Report) (1999) has strongly recommended that companies should disclose all risks and related effects in a section of the annual report, the Operating and Financial Review, which is similar to the

MC. The English standard setter, the Accounting Standards Board (ASB), since 2006, has issued various standards that called for more transparency in risk disclosure. In Germany, the GAS 5 was issued in 2000. It was devoted exclusively to risk disclosure. Since then, German listed companies have been requested to assign a specific section in the MC to exploring potential risks. More recently, in December 2010, the International Accounting Standards Board (IASB) issued the IFRS practice statement on MC. It pointed out that the MC is a narrative report that is an integral part of the annual report and that it "provides management with an opportunity to explain its objectives and its strategies for achieving those objectives." Subsequently, in January 2013, the IASB included in its agenda the disclosure framework project which aims to make disclosure more effective.

As far as international regulation is concerned, there are very few indications specifically referring to the SOE. Only the OECD has issued guidelines related to the corporate governance of government-owned firms (OECD 2015) and in the section concerning disclosure, it recommends that companies "should disclose material information [. . .and] any material risk factors and measures taken to manage such risks."

From the European perspective, more recently, the European Commission has issued the Directive N. 2014/95/EU to mandate disclosure of some nonfinancial information for certain type of firms. Namely, it requires only large companies to disclose in their annual report (or in a separate report) information on risks, policies, and outcomes as regards environmental issues, social and employee aspects, respect for human rights, anticorruption, and diversity in the board of directors. The new rules will only apply to firms with more than 500 employees, including listed companies, other public interest entities, and even companies designated by the State, based on their activities, size, or number of employees.

The law, in any case, leaves a degree of discretionary in the content disclosed – requiring firms to provide information that they consider most relevant and useful – and in the way to report – recognizing firms to use international, European, or national guidelines which they consider appropriate. The Directive entered into force on 6 December 2014 and EU states have 2 years to include it into their domestic legislation.

## Cross-References


- ▶ Accountability
- ▶ Financial Reporting
- ▶ Integrated Reporting
- ▶ Organizational Communications


## References


Allini A, Manes Rossi F, Hussainey K (2016) The board's role in risk disclosure. An exploratory study of Italian listed state-owned enterprises. Public Money Manag 36(2):113–120

Argento D, Grossi G, Tagesson T, Collin SO (2010) The 'externalisation' of local public service delivery: experience in Italy and Sweden. Int J Public Policy 5(1):41–56

Christiaens J, Vanhee C, Manes-Rossi F, Aversano N, Van Cauwenberge P (2014) The effect of IPSAS on reforming governmental financial reporting: an international comparison. Int Rev Adm Sci:1–20. https://doi.org/10.1177/0020852314546580

Freeman RE (1994) The politics of stakeholder theory: some future directions. Bus Ethics Q 4(04):409–421

Global Reporting Initiative (2005) GRI sector supplemrnt for public agencies. Amsterdam

Gray R, Owen D, Adams C (1996) Accounting and accountability. Prentice Hall

Guthrie J (1993) Australian public business enterprises: analysis of changing accounting, auditing and accountability regimes. Financ Account Manag 9(2):101–114

Healy PM, Palepu KG (2001) Information asymmetry, corporate disclosure, and the capital markets: a review of the empirical disclosure literature. J Account Econ 31(1):405–440

Hinna A, De Nito E, Mangia G (2010) Board of directors within public organisations: a literature review. Int J Bus Gov Ethics 5(3):131–156

Lajili K, Zeghal D (2005) A content analysis of risk management disclosures in Canadian annual reports. Can J Adm Sci 22(2):125–142

Linsley PM, Shrives PJ (2006) Risk reporting: a study of risk disclosures in the annual reports of UK companies. Br Account Rev 38(4):387–404

OECD (2015) Guidelines on corporate governance of state-owned enterprises. OECD, Paris

Solomon J, Solomon A, Norton S (2000) A conceptual framework for corporate risk disclosure emerging from the agenda for corporate governance reform. Br Account Rev 32(4):447–478

# Discovery Leadership for Corporate Responsibility

Diane L. Swanson
College of Business Administration, Kansas State University, Manhattan, Kansas, USA

## Synonyms

Corporate responsibility and corporate social responsibility; Corporate social responsibility and CSR; Global reporting initiative and GRI

## Definitions

| | |
|---|---|
| Associative mindset | The recognition of the symbiotic relationship between business and society and the values at stake. |
| Business and society field | An academic area of inquiry into the role of business organizations in society. |
| Corporate social responsibility | An area of business and society research that addresses the obligations that firms have to society. |
| Corporate social responsiveness | An area of business and society research that examines the processes by which managers can discern and respond to stakeholder expectations of business responsibilities. |
| Corporate social performance | An area of business and society research that examines the outcomes or impacts of corporate conduct. |
| Discovery leadership | A theoretical perspective on the type of executive capable of activating the personal and organizational values that enable a firm to achievesocially outcomes. |
| Economizing | The ability of firms to covert inputs into outputs efficiently for profit. |
| Ecologizing | The capacity of firms to forge cooperative, collaborative linkages with communities that function adaptively to sustain life. |
| Pre-paradigm stage of normal science | Refers to investigation that occurs before the scientific community has reached a consensus on a general framework or paradigm for approaching problems and solutions. |
| Social contract reasoning | A form of reasoning broadly concerned with the nature of social agreements and, in the business and society field, more narrowly used to establish conditions under which corporations have institutional legitimacy. |
| Stakeholder research | Inquiry into the expectations that various groups in society have of business conduct. |
| Triple bottom line | An accounting of corporate conduct according to its impacts on people, profit, and planet, also known as social, economic, and environmental impacts. |

## Introduction

The model of discovery leadership for corporate responsibility is an outgrowth of decades of business and society inquiry, starting with social contract reasoning and followed by research on corporate social performance. Of this research, discovery leadership is especially informed by the understanding that organizational culture is a means by which executives can direct their firms to be socially responsible. Discovery leadership elaborates on the type of executive mindset needed for this enterprise and the values at stake.

## Social Contract Reasoning in Corporate Responsibility Research

The idea of discovery leadership for corporate responsibility is consistent with the claim that

business has institutional legitimacy if it serves social betterment. This assertion was established by decades of social contract reasoning in the business and society field, some of which harkens to Adam Smith's (1776) particular use of it to propose that exchanges in markets based on mutual benefit will serve the greater good, if institutional rules support this outcome. According to Denis Collins (1988), this famous justification of capitalism was based on an implicit social contract that justifies the activities to be permitted in the economic sector as subject to certain boundaries. Business and society scholars in the modern era, an eclectic group of political scientists, legal scholars, organizational theorists, economists, psychologists, sociologists, and normative philosophers, have extended Smith's use of the social contract by clarifying society's boundaries for business in general and the nature of agreements between firms and their stakeholders in particular.

According to R. E. Freeman (1984), these stakeholders include customers, suppliers, business partners, stockholders, employees, social activists, the media, government regulators, civic organizations, and local communities. Initial research on corporate responsibility stressed that the conscience of the chief executive officer is an important factor in determining whether a firm uses its power responsibly to comply with existing institutional rules and regulations on the one hand and stakeholder expectations of responsible conduct on the other. Examples of such expectations include that stockholders want strong economic performance, consumers seek product safety, workers desire equitable pay, environmental activists value environmental sustainability, and communities hope that firms will contribute to local causes in the form of philanthropy. Increasingly, these expectations have been formulated in terms of the triple bottom line, which means that corporations are thought to have economic, social, and environmental responsibilities to stakeholders, some of which are legally mandated and some, such as philanthropy, are discretionary but expected nevertheless (Elkington 1994).

The question of how firms can discover these expectations and respond to them has been a theme in the field's corporate social performance research.

## The Discovery Orientation in Corporate Social Performance Research

Social contract reasoning in the business and society field has led to a view of corporate social performance that distinguishes between corporate social responsibility, corporate social responsiveness, and corporate social performance. Donna Wood (1991) captured these distinctions by pointing out that *responsibility* addresses the obligations that firms have to society, *responsiveness* indicates the processes by which managers can discern the nature of these responsibilities and contend with them, and, finally, *performance* focuses on the actual impacts or outcomes of these processes. Scholars who conduct research on responsiveness, the action counterpart to responsibility, have extended social contract reasoning to conclude that corporations should anticipate and respond to social pressure, formulate solutions to social problems, and be guided by principles of responsibility while doing so (Carroll 1979).

Processes of responsiveness include environmental assessment, stakeholder management, and issues and crisis management, often carried out by public affairs specialists who communicate with stakeholders to ascertain their interests and expectations. In other words, processes of responsiveness came to be seen as important means for discovering and carrying out responsible corporate social performance. Whereas earlier research portrayed corporate responsibility as mostly dependent on the conscience of the chief executive officer, research on corporate social performance looked to the whole organization for the implementation of policies for responding to stakeholder expectations of responsibility. According to this view, firms need to detect these expectations on an ongoing basis, an understanding that greatly influenced the model of discovery

leadership, described later. Likewise, the discovery model benefited from corporate social performance research that addressed how leadership of organizational culture helps determine a firm's potential for responsible conduct. Instead of relying solely on the executive's conscience to determine this potential, as previous research had done, this newer line of questioning pointed to the role that personal and organizational values have in shaping organizational decisions and outcomes and how executive leaders help determine them (Swanson 1999).

For instance, this line of inquiry examined how executives who encourage the organizational values of *teamwork*, *trust*, and *employee cohesion* may obtain the organizational value of more *productivity* than if they pit employees against one another to fuel distrust (Treviño and Nelson 2004). Pursuant to this research, such distrust may contribute to low morale and render employees unable to address the problems and opportunities posed by the external environment, including those related to stakeholder expectations (Schein 1985; Swanson 1996). Put more affirmatively, the proposition was that organizations that embody constructive values, such as *teamwork*, *trust*, and *employee cohesion*, have more potential to deliver responsible impacts to society, according to corporate social performance analysis.

William C. Frederick (1995) contributed to this analysis by categorizing such impacts as values-driven outcomes of economizing and ecologizing processes, the former referring to the ability of firms to covert inputs into outputs efficiently for profit and the latter describing their capacity to forge cooperative, collaborative linkages with communities that function adaptively to sustain life. That these two large-scale outcomes can be understood to be the legitimate goals of business (Waddock 2009) recalls social contract reasoning and the obligatory nature of corporate responsibility. The macro value processes of economizing and ecologizing can also be understood in terms of the triple bottom line, as when firms fulfill their economic function (economizing) while also contributing to the well-being of the community and the natural environment (ecologizing). Or, as John Elkington (1994) put it, positive triple bottom-line impacts are those that sustain people, profit, and planet. A case in point that illuminates the role of organizational and stakeholder values in the pursuit of the triple bottom line is when an executive directs employees to prioritize *product safety* and this policy enhances *profitability* because the firm garners a reputation for protecting *consumer well-being* (Fombrun 1996). Another example along these lines is that a policy of *efficiency* in reducing waste from production may gain a firm a reputation for protecting *environmental well-being* that yields *economic benefits.* Accordingly, the economic, social, and environmental goals of triple bottom-line policies are not necessarily mutually exclusive, particularly for firms that accrue good reputations for collaborating with communities by providing philanthropy that results in positive social and environmental impacts.

## Realizing Discovery Leadership for Corporate Responsibility

Building on these research orientations, Diane L. Swanson (2008, 2014, 2017, 2018) proposed a model of discovery leadership that highlights the executive's role in shaping a values-driven organizational culture capable of corporate responsibility. As a result of doing this, she recast the field's earlier emphasis on the role of the executive's conscience in determining corporate responsibility by specifying the mindset needed for directing a firm to discover and respond to stakeholder expectations, the latter constituting the kind of responsiveness that was stressed in subsequent corporate social performance research. Swanson calls this mindset "associative" and proposes that it is a necessary condition for discovery leadership. Specifically, as summarized below, she held that four interrelated realizations define this mindset, starting with an executive's awareness that a firm is not separate

from its environment but is symbiotic with it. The second realization follows from the first: under the terms of the social contract, an executive realizes that his or her responsibility is to strive for a balance in delivering triple bottom-line outcomes that will serve the greater good. The third realization emphasizes that values are key to an executive's ability to find ways to direct organizational decision processes toward these goals.

*Realization #1*: *Business organizations have symbiotic relationships with their social and natural environments.*

*Realization #2*: *The responsible business leader pursues a balanced enactment of economic, social, and environmental goals.*

*Realization #3*: *The responsible business leader discovers how to embed (a) value information and (b) personal and organizational values that facilitate triple bottom-line performance into organizational decision processes.*

In keeping with the first part of Realization #3, the responsible executive will direct public affairs specialists and other employees who span the boundary between the organization and society to discern stakeholder expectations of triple bottom-line performance and find ways of establishing communications channels that transmit this value-defined information to decision-makers throughout the firm. The second part of Realization #3 highlights the need for the executive to discover how to embed the personal and organizational values that allow for the pursuit of triple bottom-line performance into a firm's culture. Candidates for such *personal values*, drawn from Milton Rokeach's (1973) classification of values, include *broadmindedness, capability, courage, helpfulness, honesty, imagination, logic,* and *responsibility*. To illustrate, public affairs specialists who operate on the boundary between a firm and its environment must be *broad-minded* and *imaginative* enough to discern the value-defined expectations of stakeholders, such as consumers' anticipation that they have a *right to know* product ingredients. By implication, executives striving for corporate responsibility will direct these specialists to be *accountable* and *truthful* in conveying these expectations to senior managers and other employees and, ideally, exhibit the *courage* to be *honest* when such information is not welcome. Moreover, *responsible* public affairs specialists will understand the need to engage in *helpful* and *honest* communication with stakeholders in the process of discovery.

The second part of Realization #3 signifies that the associative executive understands the need to discern the *organizational values* that facilitate responsible performance and embed them in decision processes as well. Examples of such collective values in an organization include *communication, community well-being, compliance, cooperation, efficiency, economic growth, ecological sustainability, employee cohesion, quality, innovation, learning, productivity, product quality, resource conservation, safety, teamwork, transparency*, and *trust*. Many of these values are interrelated as synergistic means to triple bottom-line goals. For example, *efficiency, productivity*, *teamwork, cooperation*, *employee cohesion,* and *innovation* are values that can be leveraged in support of *economic growth*, *community well-being*, and *resource conservation*. The associative executive understands the need to embed these values into organizational culture and leverage value synergies. This type of executive believes in the value of *learnin*g from this experience, which points to the fourth realization necessary for discovery leadership.

*Realization #4*: *The responsible business leader directs employees to learn continually about the firm's economic, social, and environmental impacts and stakeholders' expectations and assessments of them.*

According to this perspective on leadership, tracking a firm's triple bottom-line impacts and stakeholders' assessments of them allows for the value of *organizational learning* to be part of discovery. It follows that the validity of this information may be bolstered by reporting designed to measure it, such as that established by the Global Reporting Initiative (GRI 2012).

## Discovery Leadership and Scientific Investigation

Swanson (2018) proposes that two main meanings can be ascribed to discovery for corporate responsibility. The one described so far is that responsible executives must lead their firms to detect stakeholder expectations of triple bottom-line goals and find ways to respond to them on an ongoing basis. The second, less obvious, meaning of discovery stems from the nature of scientific investigation. Specifically, some of the values necessary for the scientific investigation on the one hand, and leading discovery cultures on the other, are the same, including *learning, broadmindedness, teamwork, quality, cooperation, truthfulness, imagination, logic, innovation, communication, accountability*, and *transparency.* These affinities imply that executive leaders must necessarily conduct themselves as do scientists who continually seek to comprehend cause and effect relationships and adjust their theories-in-use accordingly. For the discovery leader, understanding value relationships and their effects is key to pursuing corporate responsibility and learning from the experience.

A more indirect affinity to scientific inquiry pertains to the eclectic nature of cross-disciplinary research that spans decades in the business and society field. Thomas Kuhn (1970) refers to this state of investigation as the pre-paradigm stage of normal science during which scientists who have not reached consensus on a general theory seek to assimilate findings into a coherent framework that reflects a stockpile of knowledge. Similarly, discovery leadership represents a framework that assimilates business and society topics according to their coherence while, at the same time, it points to the possibility of a general theory of corporate responsibility leadership that has been lacking. Consistent with the nature of discovery in science, this perspective is poised to accommodate additional research.

## Some Areas for Additional Research

Discovery leadership for corporate responsibility has many implications for research that can inform practice. Of these, the role of boards of directors in hiring associative executives is especially significant. For instance, it is important to know how boards can determine if executive candidates realize that relationships with stakeholders are symbiotic. According to the discovery approach, if this perception if absent, then prospects for responsible leadership are slim. One possibility for determining if an executive candidate realizes symbiosis is to give him or her a personality survey designed to assess this perception. For example, one study suggests that the personality factor of agreeableness, which denotes the inclination to be cooperative, friendly, altruistic, tender-minded, and trusting (Goldberg 1993), is consistent with an other-regarding associative mindset (Orlitzky et al. 2006). This research, although preliminary, hints that it may be possible to develop a questionnaire that measures associative thinking as a way to augment other methods for screening executive candidates for responsible leadership potential.

It is also important to investigate ways to handle organizational value conflicts, as when the goal of improving *productivity* may compromise consumer product *safety.* This investigation should address the following questions: Who in the organization is best suited to detect and track such conflicts? Should this task be centralized in one office or decentralized throughout the organization? What kind of conflict risk analysis and reporting should the discovery leader require? Research should also address whether a flatter chain of command could speed the transmission of such information to the executive and other employees. If so, then it may be possible for value conflicts to be addressed in a timely manner before they risk a firm's reputation, as when *safety* concerns are ignored in favor of rushing a harmful product to market for short-term financial gain.

The discovery perspective would also benefit from a fuller accounting of the means by which an executive can embed those values that facilitate triple bottom-line outcomes into a firm's culture. Andrew Savitz (2013) suggests that hiring employees who share such values is a good place to start, which implies that valid screening techniques need to be developed for this purpose, along with commensurate job descriptions and reward and promotion criteria.

Comparing the triple bottom-line performance of firms that employ such practices to those that do not could further develop the theory and practice of discovery leadership. Likewise, studies that benchmark optimal triple bottom-line outcomes across industries could enhance society's understanding of conditions under which public policy and regulation should provide special oversight of firms that lag their peers in responsible performance. This kind of research could also be used to benchmark best practices established by discovery executives.

## Cross-References


- ▶ Community-Based Organizations
- ▶ Culture and Organizations
- ▶ Goal-Setting Theory of Organizations
- ▶ Leadership Development in Organizations
- ▶ Leadership in Organizations
- ▶ Organizational Boundary Spanning
- ▶ Organizational Decision-Making
- ▶ Organizational Learning
- ▶ Organizational Values
- ▶ Organizations and Environment


## References


Carroll AB (1979) A three-dimensional conceptual model of corporate social performance. Acad Manag Rev 4:497–506

Collins D (1988) Adam Smith's social contract: the proper role of individual liberty and government intervention in the 18th century. Bus Prof Ethics J 7:120–146

Elkington J (1994) Towards the sustainable corporation: win-win business strategies for sustainable development. Calif Manag Rev 36:90–100

Fombrun CJ (1996) Reputation: realizing value from the corporate image. Harvard Business School Press, Boston

Frederick WC (1995) Values, nature, and culture in the American corporation. Oxford University Press, New York

Freeman RE (1984) Strategic management: a stakeholder approach. Pitman/Ballinger, Boston

Global Reporting Initiative (GRI) (2012) A new phase: the growth of sustainability reporting – GRI's year in review. GRI, Amsterdam

Goldberg LR (1993) The structure of phenotypic personality traits. Am Psychol 48:26–34

Kuhn T (1970) The structure of scientific revolutions, 2nd edn. The University of Chicago Press, Chicago

Orlitzky M, Swanson DL, Quartermaine LK (2006) Normative myopia, executives' personality, and preference for pay dispersion: toward implications for corporate social performance. Business & Society 45:149–177

Rokeach M (1973) The nature of human values. Free Press, New York

Savitz A (2013) Talent, transformation, and the triple bottom line. Jossey-Bass, San Francisco

Schein EH (1985) Organizational culture and leadership. Jossey-Bass, San Francisco

Smith A (1776) An inquiry into the nature and causes of the wealth of nations. W. Strahan, London

Swanson DL (1996) Neoclassical economic theory, executive control, and organizational outcomes. Human Relations 49:735–756

Swanson DL (1999) Toward an integrative theory of business and society: a research strategy for corporate social performance. Acad Manag Rev 24:506–521

Swanson DL (2008) Top managers as drivers for corporate social responsibility. In: Crane A, McWilliams A, Matten D, Moon J, Siegel D (eds) The Oxford handbook of corporate social responsibility. Oxford University Press, New York, pp 47–62

Swanson DL (2014) Embedding CSR into corporate culture: challenging the executive mind. Palgrave Macmillan, Basingstoke

Swanson DL (2017) The restorative potential of discovery leadership: corporate responsibility as participating consciousness. In: Giacalone R, Jurkiewicz CL (eds) Radical thoughts on ethical leadership. Information Age Publishing, Charlotte, pp 69–95

Swanson DL (2018) CSR discovery leadership: society, science, and shared value consciousness. Palgrave Macmillan/Springer, Cham

Treviño LK, Nelson KA (2004) Managing business ethics: straight talk about how to do it right. Wiley, Hoboken

Waddock S (2009) Leading corporate citizens: vision, values, value added. McGraw-Hill, New York

Wood D (1991) Corporate social performance revisited. Acad Manag Rev 16:691–718


# Discretionary Behavior: An Islamic Perspective


Osama Hazzi[1] and Musab Hamod[2]

[1]FrontiersToday, Vienna, Austria

[2]Damascus University, Damascus, Syria


## Synonyms

Personal initiative; Proactive work behavior; Voluntary behavior

## Definition

From an organizational standpoint, discretionary behavior is defined as the behavior that is not prescribed as part of one's organizational role, and that contributes in the aggregate to enhancing the welfare of the organization and its members. From an Islamic standpoint, discretionary behavior is defined as the behavior that is originally innate, but it is learnable over the time.

## The Essence of Discretionary Behavior

Discretionary behavior has been studied in the organizational behavior field with a number of overlapping and related constructs such as helping behavior, organizational citizenship behavior (OCB), personal initiative, proactive work behavior, prosocial organizational behavior and volunteering behavior. Considerable attention was devoted to some of such behaviors by a number of behavioral and social scientists during the 1980s and later (e.g., Brief and Motowidlo 1986; Smith et al. 1983). Nowadays, the evolution of workplace demands organizations to pay more attention to discretionary behavior. Indeed, organizations cannot predict all contingencies in advance. Discretionary behavior, however, provides the organization the flexibility needed to work and better enhance the social machinery of the organization which, in turn, can enhance the workplace dynamics.

From an organizational standpoint, discretionary behavior is defined as the behavior that is not prescribed as part of one's organizational role, and that contributes in the aggregate to enhancing the welfare of the organization and its members. Substantively, discretionary behavior is important to foster the social and psychological environment in which task performance takes place, thereby, contributes to achieving favorable outcomes. As is commonly known, the organization is considered as a social construct and can flourish according to the quality of inter-employee relations and the employee-organization relations. In general, discretionary behavior tends to take on two forms: one directed at the individuals within the organization and one directed at the organization itself.

Theories such as Social Exchange Theory (SET), Social Network Theory (SNT) and Team Member Exchange Theory (TMX) can help us to some extent to ideate the working mechanism of the discretionary behaviors. For example, mutual bonds emerge in social interaction as people who incur obligations reciprocate but imbalance resulting from unilateral benefits engenders superior status (Blau 1964). In organizational settings, employees will only contribute their discretionary effort to problem-solving if they believe that their individual interests are aligned with those of the organization, and that the organization will make a reciprocal investment in their well-being (Macduffie 1995).

There are different perspectives showing different factors potentially affecting discretionary behavior. Research showed that individuals with high emotional intelligence may more tend engage in discretionary behavior (Turnipseed and VandeWaa 2012). On the other hand, discretionary behavior such as OCB is rooted in an individual's intrinsically motivated effort (Organ 1988) and does not represent expressive behavior owing to emotional states (Organ and Konovsky 1989). The style of organizational leadership also is another factor potentially affecting discretionary behavior such as OCB. Indeed, leadership behavior is one of the most predominant antecedents of such behavior (Hazzi 2018). Therefore, in practical terms, there are strong reasons why organization encourages the style of transformational leadership behaviors (e.g., transformational behaviors, articulating a vision, high performance expectations and intellectual stimulation), for example, may influence discretionary behavior such as OCB.

Within the context revealed above, discretionary behavior may be indirect or direct and one-way or reciprocal, and that might be stimulated by factors attributed to either what called the personal initiative or the quality of the organizational settings. The following question, however, may be raised: how could be discretionary behavior explained according to Islamic perspective? The next section provides some insights of how Islam considers discretionary behavior.

## Discretionary Behavior in Islamic Thinking

Islam gives a human the freedom of choice to take the road they want. *And a soul and Him who perfected it, And inspired it (with conscience of) what is wrong for it and (what is) right for it. He is indeed successful who causeth it to grow. And he is indeed a failure who stunteth it*. (Qur'an 91: 7–10). One of the messages these Qur'anic verses include shows that discretionary behavior can be either helpful or unhelpful. However, these verses are ostensibly opposed to the Qur'anic verse (39: 62): *Allah is Creator of all things, and He is Guardian over all things*. The phrase of *"all things"* stands for an absolute meaning including behavior. As a result of such ostensible contradiction, different schools showing different perspectives were originated.

One school finds that a human absolutely has the freedom of choice. That is, a human creates their actions as a result of their choices either because they themselves have the capacity to do so (the Qadariyyah's doctrine) or because of the capacity Allah created for them (the Mu'tazilah's doctrine). The Jahmiyyah's doctrine finds that a human has no capacity at all, rather that a human is considered as an inanimate object and is absolutely driven by Allah, thereby, a human has no option except to do what they are compelled to do. The Sunnah's doctrine, however, finds that a bondman has only the intent accompanied by action. An example of the latter, when one intends to help others, Allah creates the capacity and the conditions facilitating to take the benevolence-aimed intended action. Even the intent, which drove one to help others, is predestined by Allah as a reward for those who try to fix themselves and be good.

The mental logic accepts and supports the trend the Sunnah's doctrine believes since the intent sometimes may take place before the action and vise verse. Indeed, the experience shows that there are cases where one intends to do something, but they cannot do it because of some reason, while there are other cases where one embarks doing something even though they had no intent to do it. Within the context revealed above, one can argue that a human has neither the freedom of choice nor is driven, rather that a human was characterized by a facilitated dynamic. This facilitation is at most the true meaning of the Qur'anic verses (91: 7–10), aforementioned.

The word of "*inspired it*," for example, those verses include means that Allah inspired the soul, pointed it out that there are two ways: piety and debauchery and facilitated it to proceed. This facilitation is a kind of access to the reward and punishment domain, so the Qur'anic verse (91: 9) shows that the truly successful one is the one doing their best to fix the self. The expression of "facilitation" was clearly expressed in other Qur'anic verses (92: 5–10): *As for him who giveth and is dutiful (toward Allah); And believeth in goodness; Surely We will ease his way unto the state of ease. But as for him who hoardeth and deemeth himself independent, And disbelieveth in goodness; Surely We will ease his way unto adversity.* Also, the expression of "facilitation" was expressed in the Hadith, a saying, action, statement (including the tacit one), and an ethical or physical character of the Prophet Muhammad (peace be upon him). Narrated 'Alī (may Allāh be pleased with him): *While the Prophet (peace be upon him) was in a funeral procession, he picked up something and started scraping the ground with it and said, "There is none among you but has his place written for him either in the Hell-fire or in Paradise." They said, "0 Allāh's Messenger! Shall we not depend upon what has been written for us and give up doing (good) deeds?" He said, "Carry on doing (good) deeds, for everybody will find easy to do such deeds that will lead him to his destined place) for which he has been created. "So, he who is destined to be among the blessed (in the Hereafter), will find it easy to do the deeds characteristic of such people, while he who is destined to be among the wretched ones, will find it easy to do the deeds characteristic of such people." Then he recited: "As for him who gives (in charity) and keeps his duty to Allāh and fears Him, and believes in Al-Husna." (V. 92: 5, 6)* (Sahîh Al-Bukhâri, vol 6, Hadith Number. 4949).

Consequently, from Islamic standpoint, discretionary behavior is defined as the behavior that is originally innate, but it is learnable over the time. Within Islamic view, one should not overlook that the voluntary behavior is a sub-behavior of the discretionary behavior. Whereas the discretionary behavior is available for use at the discretion of the doer, whether or not the doer is obligated to do the intended task, the voluntary behavior has no binding status. For example, the prayer, which is one of the five pillars of Islam one must do every day, is a binding discretionary behavior. That is, one is free to pray or not, but they will be charged for neglecting it in the hereafter. However, the following behavior the Prophet Muhammad (peace be upon him) engaged is an example of a voluntary behavior. Narrated Anas bin Mālik (may Allāh be pleased with him): *I took 'Abdullāh bin Abū Ṭalḥa to Allāh's Messenger (peace be upon him) to perform Tahnik for him. (Taḥnīk was a custom among the Muslims that whenever a child was born they used to take it to the Prophet (peace be upon him) who would chew a piece of date and put a part of its juice in the child's mouth). I saw the Prophet (peace be upon him), and he had an instrument for branding in his hands and was branding the camels of Zakāt.* (Sahîh Al-Bukhâri, vol 2, Hadith Number. 1502). By way of explanation, the Prophet Muhammad (peace be upon him) volunteered to do a job he was not obligated to do, but he did it since the job is in the interest of others by branding the camels of Zakat.

The volunteering work, however, including a form of harm is forbidden even if the volunteer has a sense of benefit. The following Hadith is an example of just that. Narrated An-Nu'mān bin Bashīr (may Allāh be pleased with them): The Prophet (peace be upon him) said, *"The example of the person abiding by Allāh's Orders and Restrictions in comparison to those who violate them is like the example of those persons who drew lots for their seats in a ship, Some of them got seats in the upper part, and the others in the lower. When the latter needed water, they had to go up to bring water (and that troubled the others), so they said, 'Let us make a hole in our share of the ship (and get water) saving those who are above us from trouble. So, if the people in the upper part left the others do what they had intended, all of them would be perished, but if they prevented them (from doing so), both parties would be saved."* (Sahîh Al-Bukhâri, vol 3, Hadith Number. 2493).

Within the context revealed above, one can argue that the benevolence values-driven discretionary behavior is always actually or potentially profitable to all individuals concerned, and that the individuals engaging in such discretionary behavior and recipients are always environmentally, not genetically, differentiated by environmental situations.

## Concluding Thoughts

The Qur'an cannot be translated, and the translation can never take the place of the Qur'an in Arabic, nor is it meant to do so (Pickthall 1930). Indeed, the existing translations of the Qur'anic verses stand for the interpretations of those words existing in the Arabic version and stand neither accurately for the meanings of those words nor the rhetoric of the Qur'an. Therefore, the future contributions stemming from Islamic perspective must be referred back to Islamic law-specialized Muslim scholars in order to expand the true knowledge and avoid wrong employing of the Qur'anic verses and the Hadiths, thereby, contribute to providing a reader a better understanding of this behavior.

Even though some discretionary behaviors reflect a human concern for conditions of work and individual welfare, it is a mistake to consider that all discretionary behaviors are good, therefore, should be encouraged in work organizations. A right behavior in one culture may be considered wrong in other cultures. What is hoped from future studies for is to further debate about this behavior and its characteristics from different cultures and in different organizational settings.

In closing, discretionary behavior is one of the topics far more complex than are generally considered, so criticisms about it may still on. For this

reason, the future works should add value to the research community and provide constructive criticisms showing how organizations can efficiently benefit from discretionary behavior.

## Cross-References


- ▶ Organizational Citizenship Behavior
- ▶ Organizational Citizenship Behavior: A Holistic Review
- ▶ Volunteer Motivations and Nonprofit Organizations


## References


Al-Bukhâri M (1997a) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 2. Darussalam, Riyadh

Al-Bukhâri M (1997b) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 3. Darussalam, Riyadh

Al-Bukhâri M (1997c) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 6. Darussalam, Riyadh

Blau PM (1964) Exchange and power in social life. Wiley, New York

Brief AP, Motowidlo SJ (1986) Prosocial organizational behaviors. Acad Manag Rev 11(4):710–725

Hazzi OA (2018) Organizational citizenship behavior: a holistic review. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Qur'an (1930) The meaning of the glorious of Koran: An explanatory translation (trans: Pickthall M). Alfred A. Knoph, New York

MacDuffie JP (1995) Human resource bundles and manufacturing performance: organizational logic and flexible production systems in the world auto industry. ILR Review 48(2):197–221

Organ DW (1988) Organizational citizenship behavior: the good soldier syndrome. Lexington Books, Lexington

Organ DW, Konovsky M (1989) Cognitive versus affective determinants of organizational citizenship behavior. J Appl Psychol 74(1):157–164. https://doi.org/10.1037/0021-9010.74.1.157

Smith CA, Organ DW, Near JP (1983) Organizational citizenship behavior: its nature and antecedents. J Appl Psychol 68(4):653–663. https://doi.org/10.1037/00219010.68.4.653

Turnipseed DL, VandeWaa E (2012) Chapter 1 the relationship between the four branch model of emotional intelligence and discretionary behavior of University Educators. In: Duyar I, Normore AH (eds) Discretionary behavior and performance in educational organizations: the missing link in educational leadership and management. Advances in educational administration, vol 13. Emerald Group Publishing Limited, Bingley


### Websites

https://archive.org

# Disparity and Policy in Neighborhood Access to Financial Service Providers


Sean Hubbard
The University of North Texas at Dallas, Dallas, TX, USA


## Synonyms

Alternative financial services; Bank deserts; Economic inequality; Loan sharks; Predatory lending

## Definitions

*Financial Services*: lending, bank accounts, check cashing, bill pay, and money transfer services.

*Financial Service Provider*: a person or institution providing financial services.

*Neighborhood Access*: the presence of financial service providers in a defined geographic area.

*Disparity*: differences between neighborhoods in access to financial service providers.

Urban communities are a collection of different, and many times disparate, housing, educational, economic, health, and financial landscapes. The disparities in these landscapes manifest in the lack of quality jobs, housing, schools, grocery stores, etc., found in lower-income neighborhoods with larger non-white populations. Policymakers and researchers often refer to the low supply areas as deserts, then formulate policy meant to increase the supply of higher quality options in these deserts.

A look at the urban financial landscape reveals racial and economic disparities that reflect those found in other areas of urban environments. The disparity in the financial landscape presents itself

most prominently in the relationship between the racial and economic makeup of a neighborhood and differences in the number of banks found in those neighborhoods. In the most extreme cases, these disparities create a bank desert, defined by an apparent lack of financial services in some communities.

Since the 1960s, the focus of federal, state, and local policy responses to disparities in financial landscapes has been on creating equity in neighborhood access to banks and credit unions. These policies seek to encourage, through incentivization and regulation, increasing the presence of good financial service providers and decreasing the number of higher-priced providers in disadvantaged neighborhoods.

The question is whether nearly 80 years of location focused policy have reduced or eliminated disparities in the urban financial landscape. This chapter provides an in-depth look at the problem of neighborhood financial disparities, the history of policies meant to address these disparities, and the effectiveness of current policy approaches.

## Neighborhood Financial Disparities

Concern over disparities in financial access is not new. In fact, policies addressing financial disparities, particularly around credit, extend back 4000 years to the Code of Hammurabi. These early attempts at policy focused on protecting vulnerable borrowers from harmful practices such as excessive interest rates or usury. As financial services matured and diversified, the focus began to shift to differences in access to "good" vs. "bad" lenders. The terms "good" and "bad" are somewhat subjective ways to describe financial service providers. Generally, "good" providers are those providing financial services for lower fees, interest rates, and now report to credit reporting agencies. "Bad" financial services are those who charge higher interest rates, higher fees, and have coercive, sometimes violent, collections practices. At least in policymakers' eyes, the key difference is that "good" providers are helpful to their customers, while "bad" providers are harmful. In the modern urban economy, the "good" vs. "bad" dichotomy has become banks vs. alternative financial service providers, such as payday lenders, pawnshops, and check-cashing outlets.

These different types of financial services providers serve specific types of customers. "Good" financial service providers typically serve higher income and better-resourced customers, while "bad" providers serve lower-income customers with fewer resources. This pairing of certain types of financial service providers with specific customers is most easily seen in provider locations' geographic distribution.

The geographic distribution of financial service providers mirrors the economic and racial segregation of modern urban neighborhoods. Neighborhoods with a greater number of high income and white households will also have a greater number of "good" providers. Conversely, neighborhoods with a greater number of low to moderate-income (LMI) and non-white households will have fewer, if any, "good" providers. This relationship between the racial and economic makeup of neighborhoods and the geographic distribution of financial services creates two types of financial disparities.

The first type of disparity creates what is called a bank desert. Bank desert is the phenomenon in which low income, non-white neighborhoods experience a complete absence of financial services. This may be a lack of physical locations (Kashian et al. 2018) or specific services, such as mortgage lending, in LMI and non-white neighborhoods. While bank deserts can be a product of demand based decisions on the part of banks, they are often created through redlining, which is the practice of banks identifying neighborhoods to avoid based on their economic and racial makeup. Whether driven by market decisions or intentional discrimination, bank deserts leave LMI and non-white neighborhoods without essential financial services that are readily available in majority white, higher-income neighborhoods.

The second type of disparity is a difference in the types of financial services available rather than a complete absence of supply. As with the first type of disparity, financial services demand in majority white and higher-income neighborhoods is met with a sufficient supply of bank and credit

union services. In LMI and non-white neighborhoods, however, demand for financial services is met with fewer banks and a greater number of alternative financial service providers (AFSP) such as payday lenders, pawnshops, and check cashers (Barth et al. 2015; Damar 2009; Fowler et al. 2014; Gallmeyer and Roberts 2009; Graves 2003; Kubrin and Hipp 2014; Lee et al. 2014; Negro et al. 2014; Prager 2009).

While geographic disparities in banks and alternative lenders' location may suggest that individuals living in those neighborhoods face financial disparities, that disparity only exists if people living in different neighborhoods are using the providers associated with their neighborhood. There is a robust field of research to provide evidence that the racial and economic disparities in neighborhood access to financial services are also seen in the use of financial services.

Just as neighborhoods with higher non-white populations are more likely to have a greater number of alternative financial service providers, Black, Hispanic, and Native American populations are more likely than whites to use alternative providers (Johnson and Johnson 1998; Lawrence and Elliehausen 2008; Stegman and Faris 2005). Low- to moderate-income individuals are also more likely to use alternative providers, while those with higher incomes are more likely to use banks (Johnson and Johnson 1998; Lawrence and Elliehausen 2008; Stegman and Faris 2005). This means that differences in the geographic distribution of provider locations represent disparities in the use of financial services.

Given the extensive body of empirical work, few debate whether these neighborhood disparities exist. There is, however, significant debate over whether these disparities are a policy problem. For these disparities to justify policy intervention, they must constitute a public problem. To be a public problem, these disparities must create negative internalities or externalities, affecting a significant portion of the population. There is evidence that neighborhood disparities in access to financial services do create both negative internalities and externalities necessary to justify policy intervention.

The negative internalities of financial access disparities are the most frequently cited case of policy intervention. Those with access to only alternative financial services pay a much higher price for financial services than those with access to banks. Those who lack access to bank accounts often turn to check-cashing outlets, which charge 1.25–2% to cash paychecks (Manning 1999). The fees for an alternative loan can range from 15% per 30 days for a pawn loan to 15% for 2 weeks for a payday loan. This means those without access to banks pay between 200 and 400% APR, which is significantly higher than those with access to banks pay (Johnson and Johnson 1998; Lawrence and Elliehausen 2008).

The higher price of alternative financial services puts an additional strain on vulnerable households' budgets and often leads to a debt trap. Unable to repay the loans when due, LMI borrowers pay the interest and extend the loan for another period (Carter 2015; Skiba and Tobacman 2007). The higher price of alternative services and the potential for being drawn into the debt trap both worsen the financial situation for those in neighborhoods lacking access to banks.

One long-term consequence of alternative finance usage is an increased reliance on credit. Those who use alternative financial service providers are borrowing more frequently and spend a greater percentage of their income on debt payment than those who do not (Bos et al. 2012; Carter 2015; Johnson and Johnson 1998; Lawrence and Elliehausen 2008; Skiba and Tobacman 2007). The use of alternative financial services is also associated with difficulty paying regular bills such as mortgage or rent (Melzer 2011). In the most extreme cases, the result of alternative financial services is a higher rate of Chapter 13 bankruptcy fillings (Johnson and Johnson 1998; Skiba and Tobacman 2007).

Beyond the harmful effects that may worsen individual finances, disparities in the financial landscape create negative externalities that may worsen neighborhoods and have consequences for those not using alternative financial services. Evidence suggests that the presence of payday lenders and pawnshops increases the neighborhood crime rate (Kubrin and Hipp 2014). Pawnshops, perhaps due to the requirement of physical collateral, have long been associated with

property theft. Authorities have long sought to combat the use of stolen goods in pawn transactions (Fass and Francis 2004). More recently, the question has arisen as to whether the presence of payday lenders and check-cashing outlets increases the neighborhood crime rate. While the research is limited, early results suggest that the presence of payday lenders and check cashers may be associated with increases in both property and violent crime (Kubrin and Hipp 2014; Lee et al. 2014). If the presence of alternative financial services providers is correlated with higher crime rates, this suggests that neighborhood financial disparities disadvantage the individuals who ultimately use those services and negatively impact others in the neighborhood who may become victims of crime.

It seems clear that there is some direct or indirect relationship between disparities in neighborhood financial access, and the well-being of those living within these neighborhoods.

The presence of these negative internalities and externalities resulting from disparities in neighborhood access to financial services makes a compelling case for public policy intervention. The question is then how to best either reduce these disparities or mitigate their effects.

## Policy

Throughout history, policy has focused on the terms of financial transactions. Most often, this meant regulating the terms of loans. Babylonian, Christian, Jewish, and Muslim societies have all had various restrictions on loan terms (Homer and Sylla 2005). These historical regulations range from limitations on what can be used as collateral to outright prohibition of charging interest (Homer and Sylla 2005). Behind all of these policies is the goal of protecting vulnerable consumers from harmful terms offered by "bad" providers.

While current policies addressing financial disparities are still about protecting vulnerable borrowers from harmful practices, the focus has expanded from regulating terms to addressing the geographic supply of financial services. Driven by evidence of disparities in the geographic distribution of financial service providers, modern policy's goal is to adjust the supply of financial services by reducing the number of "bad" providers and increasing the number of banks and credit unions in vulnerable neighborhoods.

Policymaking for adjusting the supply of financial services consists of three approaches. Ranging from paternalistic to somewhat libertarian, these policy approaches involve increasing regulation of practices, banning alternative financial service providers, and increasing the supply of banks.

First appearing in the Code of Hammurabi, regulating the practices of financial services providers is the oldest approach to addressing financial disparities (Homer and Sylla 2005). Behind the regulatory approach is the idea that some groups of consumers have limited access to financial services and are exploited by "bad" providers. Policymakers then put limitations on the terms of financial transactions involving these providers.

In a modern context, vulnerable populations live in neighborhoods where the only financial service providers are payday lenders, check cashing outlets, etc. Policymakers believe that these alternative providers use the lack of bank access to take advantage of consumers by charging excessively high rates and fees. The local or state government then uses regulatory or legislative authority to create interest rate caps, fee limits and requiring interest rates to be displayed in terms of APR. While this approach is not a physical readjustment of the geographic distribution of providers, it aims to reduce neighborhood disparities in the price of financial services.

However, this approach has had limited success at reducing the use of alternative financial services and improving vulnerable populations' financial well-being. Several, states including Oregon, Arkansas, and Ohio, have taken the regulatory approach, and their efforts have ranged from ineffective (Ohio) to harmful (Oregon). In the case of Ohio, voters passed a ballot measure limiting interest rates to 28% APR. After the law, there was no reduction in the number of alternative lenders as lenders were able to use a loophole

to apply for a different lending license. In both Oregon and Arkansas, interest rate caps reduced the number of lenders and payday borrowing, but evidence suggests that these reductions were harmful to those policymakers sought to protect (Lukongo and Miller 2017; Zinman 2010).

A step up from regulation on the paternalistic policy scale is banning certain types of financial service providers. Behind policies that ban certain types of financial service providers is the idea that vulnerable populations become dependent on these types of financial services, and breaking that dependency requires removing those providers as an option. This approach focuses on adjusting the geographic distribution of financial services by removing alternative financial service providers in the hope that banks will replace them.

Relying on Spatial Void Hypothesis, the idea that alternative financial services are filling spaces where banks could be, the ban approach has been tried by states such as North Carolina and Georgia and some municipal governments. Bans in North Carolina and Georgia have been effective in removing alternative financial service providers, but evidence suggests the bans may have worsened the financial well-being of those who previously relied on those services. After Georgia's ban, the state saw increases in bounced checks, complaints about debt collectors, and Chapter 7 bankruptcy filings (Morgan and Strain 2008). In Arkansas, where the interest rate cap is effectively a ban on alternative lenders, customers, rather than switching to banks, began traveling to neighboring states to fill their financial needs (Lukongo and Miller 2017). With the additional transportation cost of traveling out of state, eliminating alternative finance only increased the price of financial transactions.

The third policy approach aims to increase the supply of banks through regulation or incentivization. This approach is based on the idea that due to either discrimination or economics, LMI and non-white neighborhoods are bank deserts. The goal is to adjust the geographic distribution of financial services by increasing the supply of banks in these neighborhoods.

Perhaps the first examples of the supply increasing approach are seen beginning in the 1960s. Primarily due to racial discrimination, majority-black neighborhoods lacked bank locations and certain financial services such as mortgage lending. Policymakers, seeing that these deserts were created by racial discrimination, took a regulatory approach to addressing neighborhood financial disparities. With the Fair Housing Act of 1968 and the Equal Credit Opportunity Act of 1974, the federal government sought to eliminate discrimination in the supply of financial services. The goal of these policies was not necessarily to increase the physical supply of providers but to equalize the supply of financial services.

With racial discrimination in the provision of financial services addressed, the federal government sought to address the neighborhood disparities in provider locations. Policymakers turned to an incentive-based approach to address the disparity in provider locations. The Community Reinvestment Act (CRA) in 1977 provided incentives for lending in LMI neighborhoods and was later amended with the Riegle-Neal Act in 1994, which removed restrictions on bank branching to encourage banks to open locations in underserved neighborhoods.

Recently, state and local policymakers have sought to build on the incentive approach to solving neighborhood financial disparities by creating banking development districts. As with other supply increasing policies, banking development districts are based on the idea that LMI and non-white neighborhoods are bank deserts. With banking development districts, policymakers incentivize banks to open in underserved neighborhoods by offering to deposit state and local funds in the institution below the market interest rate. First adopted in New York, the banking development district approach has been adopted by New Jersey, Louisiana, and Texas. While the banking development district program has been somewhat successful in reducing neighborhood disparities in the supply of financial service locations in New York, it has been mostly unsuccessful in other states (Neiman et al. 2010).

In some way, all of these policy approaches are meant to address neighborhood disparities in access to financial services. However, the results of these efforts have been limited success and, in some cases worsening the situation for those in

disadvantaged neighborhoods. This array of approaches' apparent ineffectiveness raises the question of why disparities in the financial landscape persist.

## Ineffectiveness of Policy

Disparities in access to financial services continue to be a significant problem facing policymakers. Evidence of their persistence is seen in both spatial analyses of neighborhood financial landscapes and profiles of consumers of different financial services. The answer to why these disparities exist despite significant policy efforts may be found in the differences between these neighborhoods and between different types of financial services.

High-income and LMI neighborhoods are made up of very different types of consumers. These consumers are likely to have different financial needs that are driven by several factors, including financial security and job stability. Profiles of payday lending and pawn customers reveal that users of alternative financial services are likely to be lower-income, experience less stable income, and are less likely to have savings (Johnson and Johnson 1998; Lawrence and Elliehausen 2008). This indicates that LMI populations may be more susceptible to economic shocks and lack resources on which they can draw to cover their expenses.

If LMI consumers are more likely to experience shocks and are less likely to have savings, they are also likely to need short-term credit. LMI consumers are more credit constrained than high-income consumers meaning obtaining credit from "good" sources is more difficult (Agarwal and Bos 2014). LMI consumers may be so constrained that no incentive may entice banks to serve them (Stiglitz and Weiss 1981).

If a neighborhood is comprised of consumers who, whether due to need/product mismatch or are not target customers for banks, then perhaps incentivizing or coercing banks to locate in these neighborhoods is bound to fail. Economic theory suggests that banks may always be resistant to serving these neighborhoods if they believe that they cannot profit (Berry 1992; Quint and Einav 2005). This may partially explain the ineffectiveness of supply increasing policies.

The decisions of banks are not the only reason for the ineffectiveness of past policies. Banks are more tightly regulated, particularly on price, than are alternative financial service providers. In most cases, these regulations make it impossible for banks to provide the sorts of services offered by alternative providers. If consumers in LMI neighborhoods have a need for specific services such as short-term loans or check cashing that banks cannot provide, there will be higher demand for firms that can provide these services. Unmet demand in LMI neighborhoods may explain the presence of alternative financial service providers in these neighborhoods.

Whether the explanation is choices by banks, demand/product mismatch, or some combination of these factors, it seems unlikely that current approaches to balancing the geographic distribution of financial services will reduce neighborhood disparities in access to financial services. Efforts to increase the supply are likely to remain ineffective, and efforts to ban or restrict "bad" providers are likely to worsen the disparities because neither approach accounts for the community's needs.

Future policy for addressing neighborhood disparities in financial access should focus on meeting disadvantaged communities' needs while reducing the price. The first signs of this approach to policy are beginning to appear. Some nonprofits, such as Community Loan Centers, offer products similar to those offered by alternative financial service providers at a much lower price. Sen. Elizabeth Warren has proposed allowing the US Postal Service to provide certain banking services. Others have proposed relaxing regulations so that banks can offer products that fit the needs of LMI communities. Any of these approaches may be more effective at reducing neighborhood disparities in access to financial services than our current set of policy approaches.

## Conclusion

Urban neighborhoods face disparities in their financial landscape, similar to disparities in other

areas such as food, healthcare, and education. Disparities in the financial landscape mainly follow the racial and economic makeup of these neighborhoods. Neighborhoods with larger low to moderate-income and non-white populations are likely to have fewer "good" financial service providers such as banks and have a larger number of "bad" financial service providers such as payday lenders and check-cashing outlets.

These disparities create harm to residents of these neighborhoods who rely on more expensive alternative financial service providers by further straining their budgets and leading them into a cycle of indebtedness. These disparities also create more financial distress and increase crime in the neighborhood, creating negative externalities that harm other residents who may not use these services. These problems create an urgent issue for urban policymakers.

Policymakers have spent decades trying to solve this problem through various approaches aiming to adjust the geographic distribution of financial services. These policy efforts, including regulation, banning, and increasing supply, have been mostly ineffective in addressing disparities in access to financial services. This ineffectiveness may be due to their focus on supply with little consideration to the needs of these communities.

A new approach to addressing disparities in access to financial services has begun to enter policy conversations. This new approach focuses on demand by considering the difference in financial needs between different communities. Demand-centered approaches may provide a path for urban policymakers to address neighborhood financial disparities in a way that improves the well-being of the people who live in disadvantaged neighborhoods.

## References


Agarwal S, Bos M (2014) Rationality in the consumer credit market: choosing between alternative and mainstream credit. SSRN, June. https://doi.org/10.2139/ssrn.1978574

Barth JR, Hilliard J, Jahera JS (2015) Banks and payday lenders: friends or foes? Int Adv Econ Res 21(2): 139–153. https://doi.org/10.1007/s11294-015-9518-z

Berry S (1992) Estimation of a model of entry in the airline industry. Econometrica 60(4):889–917

Bos M, Carter SP, Skiba PM (2012) The pawn industry and its customers: the United States and Europe. SSRN Electron J. https://doi.org/10.2139/ssrn.2149575

Carter SP (2015) Payday loan and pawnship usage: the impact of allowing payday loan rollovers. J Consum Aff 201:436–456. https://doi.org/10.1111/joca.12072

Damar HE (2009) Why do payday lenders enter local markets? Evidence from Oregon. Rev Ind Organ 34(2): 173–191. https://doi.org/10.1007/s11151-008-9194-8

Fass SM, Francis J (2004) Where have all the hot goods gone? The role of pawnshops. J Res Crime Delinq 41(2): 156–179. https://doi.org/10.1177/0022427803258384

Fowler CS, Cover JK, Kleit RG (2014) The geography of fringe banking*. J Reg Sci 54(4):688–710. https://doi.org/10.1111/jors.12144

Gallmeyer A, Roberts WT (2009) Payday lenders and economically distressed communities: a spatial analysis of financial predation. Soc Sci J 46:521–538. https://doi.org/10.1016/j.soscij.2009.02.008

Graves SM (2003) Landscapes of predation, landscapes of neglect: a location analysis of payday lenders and banks. Prof Geogr 55(3):303–317. https://doi.org/10.1111/0033-0124.5503017

Homer S, Sylla R (2005) A history of interest rates (fourth). Wiley Finance, Hoboken

Johnson RW, Johnson DP (1998) Pawnbroking in the U.S.: a profile of customers. Washington DC. Retrieved from http://faculty.msb.edu/prog/CRC/pdf/Mono34.pdf

Kashian RD, Tao R, Drago R (2018) Bank deserts in the USA and the great recession: geography and demographics. J Econ Stud 45(4):691–709. https://doi.org/10.1108/JES-05-2017-0121

Kubrin CE, Hipp JR (2014) Do fringe banks create fringe neighborhoods? Examining the spatial relationship between fringe banking and neighborhood crime rates. Justice Q December:1–30. https://doi.org/10.1080/07418825.2014.959036

Lawrence EC, Elliehausen G (2008) A comparative analysis of payday loan customers. Contemp Econ Policy 26(2):299–316. https://doi.org/10.1111/j.1465-7287.2007.00068.x

Lee AM, Gainey R, Triplett R (2014) Banking options and neighborhood crime: does fringe banking increase neighborhood crime? Am J Crim Justice 39(3): 549–570. https://doi.org/10.1007/s12103-013-9228-0

Lukongo OEB, Miller TW Jr (2017) Adverse consequences of the binding constitutional interest rate cap in the state of Arkansas. Mercatus working paper series. George Mason University, Arlington

Manning RD (1999) Poverty, race, and the two-tiered financial service system. Poverty and Race 8(4):1–2

Melzer BT (2011) The real costs of credit access: evidence from the payday lending market. Q J Econ 126(1): 517–555. https://doi.org/10.1093/qje/qjq009

Morgan DP, Strain MR (2008) Payday holiday: how households fare after payday credit bans. Federal Reserve Bank of New York Staff Reports

Negro G, Visentin F, Swaminathan A (2014) Resource partitioning and the organizational dynamics of "fringe banking". Am Sociol Rev 79(4):680–704. https://doi.org/10.1177/0003122414537644

Neiman RH, Dixon DE, Soadwa A, Franklin Y (2010) 10 years in: a review of the Banking Development District program. New York

Prager RA (2009) Determinants of the locations of payday lenders, pawnshops and check-cashing outlets. Finance and economic discussion series no. 2009–33, Washington, DC

Quint D, Einav L (2005) Efficient entry. Econ Lett 88(2): 278–283. https://doi.org/10.1016/j.econlet.2005.02.015

Skiba, P. M., & Tobacman, J. (2007). Measuring the individual-level effects of access to credit: evidence from payday loans. Vanderbilt Law School: Working Paper

Stegman MA, Faris R (2005) Welfare, work and banking: the use of consumer credit by current and former TANF recipients in Charlotte, North Carolina. J Urban Aff 27(4):379–402. https://doi.org/10.1111/j.0735-2166.2005.00242.x

Stiglitz JE, Weiss A (1981) Credit rationing in markets with imperfect information. Am Econ Rev 71(3):393–410

Zinman J (2010) Restricting consumer credit access: household survey evidence on effects around the Oregon rate cap. J Bank Financ 34(3):546–556. https://doi.org/10.1016/j.jbankfin.2009.08.024

# Disparity in Government Procurement

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Disadvantaged business enterprise; Diversity and inclusion programs; Level playing field; Minority-owned business enterprise; Women-owned business enterprise

The author has served as a local government project manager on a county-level disparity study project.

## Definition

Compelling interest: exists where "government's interest in the law and its purpose" is very strong when compared with "an individual's constitutional right that is affected by the law" (Garner 2006, p. 121).

Disparity: availability of firms, usually socially and economically disadvantaged business enterprises, minority-owned business enterprises (MBE), or women-owned business enterprises (WBE), does not equal utilization in the procurement operations of an entity, usually governmental.

Disparity study: a research product that evaluates "statistical and anecdotal evidence of discrimination against M/WBEs to allow state or local policy makers to determine whether there was a 'strong basis in evidence'. . .to adopt race-conscious remedies" (Wainwright and Holt 2010, p. 11).

Disparate impact: "A test or other tool used for selection that, though appearing neutral, actually has an adverse effect on a particular protected class of individuals" (Legal Information Institute 2016a).

Disparate treatment: intentional behavior that is discriminatory.

Narrow tailoring: means "no broader than absolutely necessary" (Garner 2006, p. 474).

## Introduction

In the American Bar Association's model procurement code (2000), support of and assistance to small and disadvantaged business enterprises is highlighted as one of two chapters (the other being ethical standards) serving as additions to basic procurement policy. The model code's inclusion of such language recognizes the place of socioeconomic policies in state and local government procurement, and the frequency that locales engage in addressing the need for inclusiveness in vendor selection and, possibly, are working to alleviate the effects of inequality in procurement. From the year 2000 when the model code was drafted to today, there has been a shift

D

from adoption of programs designed to alleviate procurement disparity, to programs giving preference, for example, to local businesses as part of an economic development program, with the intent to maintain or increase local employment and community investment. This is not to say that discrimination on the basis of race and gender has been alleviated society-wide – this is sadly not the case. However, such development programs have a lower standard of legal review, are easier for local governments to defend, and can potentially benefit small businesses, including minority and women-owned businesses, considerably. Nevertheless, race-conscious programs exist today, created and implemented to address the impacts of discrimination.

This entry considers the concept of parity in government procurement, the compelling interest of government in achieving parity, an overview of a disparity study, and concludes with considerations for the future of disparity studies in public procurement.

## Parity in Government Procurement

Ideally, government enacts policy because inequality has been experienced or market failure has occurred (Arshed and Carter 2012). It is thought that "Under a fair and equitable system of awarding subcontracts, the proportion of subcontractors and subcontract dollars awarded to M /WBEs should be relatively close to the proportion of available M/WBEs in the relevant market area" (Mason Tillman Associates 2012, p. 8–1). However, as the Supreme Court opined in the Adarand v. Mineta, 534 US 103 (2001) "Congress has found that many Americans, because 'of their identification as members of certain groups that have suffered the effects of discriminatory practices or similar invidious circumstances over which they have no control,' lack equal 'opportunity for full participation in our free enterprise system', and thus are 'socially and economically disadvantaged' on account of race or ethnicity."

The United States Federal government has instituted programs for minority contracting since 1977, with the Public Works Employment Act of 1977 (Fullilove v. Klutznick, 448 US 448 1980). Scrutiny at the time for such programs was closer to an intermediate standard – the program was determined to serve an *important objective of government* and the program itself was *related to the objective* of increasing minority participation in government contracting. A current program with particularly wide use, given its interaction with state and local entities, is the US Department of Transportation disadvantaged business enterprise (DBE) program (49 CFR 26). The DBE program, in place in various forms since the 1983 (USDOT 2015), has been a periodic legal flashpoint for argument and increased understanding of how programs intended to address disparity are instituted and how they work in practice.

The central notion of affirmative contracting programs is that previous discrimination likely lessened the ability of minority contractors to compete effectively against other contractors and that as minority contractors gain work and are awarded contracts, they gain capacity that allows them not only growth in the short run but the ability to compete more effectively over the longer term. This is, through affirmative action, a form of recompense of previous discrimination, through the amelioration of present competitive standing in public procurement (Martin et al. 2007). State and local programs are in many ways fashioned on Federal programs designed to address prior discrimination, either on the part of government as a passive participant or through studies that identify government itself as discriminating against disadvantaged businesses.

## Compelling Interest, Strict Scrutiny, and Narrow Tailoring

City of Richmond v. J.A. Croson Co., 488 U.S. 469 (1989) required the establishment of a "compelling interest" in "apportioning public contracting opportunities on the basis of race"; the majority opinion utilized a standard of strict scrutiny given the presence of race in directing government policy. In *Croson*, the Court wrote

that "It is beyond dispute that any public entity, state or federal, has a compelling interest in assuring that public dollars, drawn from the tax contributions of all citizens, do not serve to finance the evil of private prejudice." However, the mere statement of the need for governments to avoid becoming a "passive participant" in private sector discrimination does not allow for passage and implementation of overarching programs for minority contractors, society-wide. The Supreme Court more firmly established the need for strict scrutiny in the *Adarand* case in 1995, after some hesitance in the form of an intermediate standard for *benign* use of race in the case of Metro Broadcasting, Inc. v. Federal Communications Commission, 497 U.S. 547 (1990). In doing so, they rejected arbitrariness in the establishment of minority contracting goals within public procurement programs. From that point forward, the identification of specific disparity was required to institute affirmative programs that considered race/gender in contracting. Resultant goals for minority and women-owned business contracting must therefore be narrowly tailored to address specific disparity.

## Disparity Studies

A disparity study intends to show whether or not past discrimination has occurred in a government's procurement operations; assuming that it has, the study identifies areas where underutilization has occurred and makes recommendations for how the commissioning entity can enact policy or change practices to help resolve the identified disparity. The purpose is to provide an evidentiary basis and documentation of "how well an organization has involved small and minority owned businesses and to what extent, remedial programs for racial or gender discrimination are appropriate" (MGT of America 2012). The studies' "statistical analyses, combined with anecdotal and other evidence of discrimination, have been used almost universally as the legal support for minority contracting programs at the state and local levels" (Martin et al. 2007, p. 513). Disparity studies are commissioned to answer a variety of questions: Can discrimination be documented? Did government participate in this discrimination? Were race-neutral measures used successfully? Can solutions be formulated that portend to resolve the problem(s), narrowly defined? (Martin et al. 2007). A disparity study is typically conducted by a third-party consultant or educational institution.

A disparity study typically includes a review of relevant case law, a calculation of the entity's relevant market area (where the entity buys most of its products and services), the sorts of products and services most relevant to identifying purchasing patterns, estimates of potential availability of MBE and/or WBE firms, comparison of dollars spent in total with dollars spent with MBE and WBE firms as prime contractors/consultants and subcontractors/subconsultants, the calculation of *disparity ratios*; comparison with private sector buying behaviors, analysis of "access to capital and credit" for disadvantaged businesses (Wainwright and Holt 2010, p. 12), qualitative analysis of "anecdotal evidence" (p. 12), consideration of policy measures that do not include race and gender factors (what are called "race-neutral" approaches), and inquiry into existing programs and recommendations for how those programs might be improved (Wainwright and Holt 2010).

Disparity studies are not without concerns; their use and basis can be subject to disagreement. Studies may be conducted differently by a variety of providers. In the directing of a study, a number of problems may occur: The data needed for the study may not be available; information may not be sufficiently centered on the locale in question; sources of information might be inconsistent; and definitions of "minority-owned business" might not be consistently used. Even when disparity is found in public procurement, this does not necessarily mean that discrimination has occurred (Martin et al. 2007).

Disparity studies tend to recommend a fairly typical list of "remedies" to address disparity, once identified. These include goal-setting programs to apportion a specific part of contracts to minority or women-owned firms; these may be fashioned as percentage goals and are tied to disparity as identified in the study document. Studies

recommend race-neutral measures, including enhanced opportunity for small businesses generally to compete for and be awarded contracts, outside the open market, in what may be referred to as sheltered market opportunities. Studies might recommend the creation of mentor-protégé programs, to assist small and minority/women-owned businesses in increasing their knowledge and capacity to compete, with the counsel and guidance of a larger business with established capacity in a related industry. Disparity studies usually recommend governments collect contracting data with consistency and purpose; study consultants are able to work more effectively with a locale's data when all the data points are available, including full lists of subcontractors, whether certified in a locale's small business program or not. When data collection is not supported, costs associated with disparity studies, which are considerable, can increase markedly (Martin et al. 2007).

As race-conscious programs are challenged, study consultants may opt to recommend race-neutral programs. These programs seek to encourage the development of small businesses generally; as a result, they do not present issues of equal protection (Legal Information Institute 2016b). There has been a marked advance of programs requiring a lower "rational basis" standard of legal review, in the form of development programs, over programs designed to address disparity. These programs avoid the strict scrutiny standard and do not require narrow tailoring to address identified discrimination.

## Conclusion

As a normative consideration, the inclusion of all businesses in public procurement remains an important belief. The principle of an equal opportunity to compete for and be awarded contracts is an important aspect of governmental contracting, given the use of taxpayer resources. As long as discrimination exists in the public marketplace, including where government purchasing is touched by discrimination in the surrounding community, government has a compelling interest in addressing it or at the very least not contributing to further discrimination. Parity in public procurement, therefore, remains a consideration for governments at all levels, particularly where a history of discrimination exists.

## Cross-References

▶ Ethics and Equality

## References

Adarand Constructors, Inc. v. Mineta (2001) 534 U.S. 103

Adarand Constructors, Inc. v. Peña (1995) 515 U.S. 200

American Bar Association (2000) The 2000 model procurement code for state and local governments. Retrieved from https://www.nigp.org/docs/default-source/New-Site/accreditation/2000_aba_model_procurement.pdf?sfvrsn=2

Arshed N, Carter S (2012) Enterprise policymaking in the UK: prescribed approaches and day-to-day practice. In: Blackburn RA, Schaper MT (eds) Government, SMEs and entrepreneurship development: policy, practice and challenges. Surrey, Gower, pp 61–74

City of Richmond v. J.A. Croson Co (1989) 488 U.S. 469

Fullilove v. Klutznick (1980) 448 US 448

Garner BA (2006) Black's law dictionary, 3rd pocket edn. Thomson West, St. Paul

Legal Information Institute, Cornell Law School (2016a) Disparate impact. Retrieved from https://www.law.cornell.edu/wex/disparate_impact

Legal Information Institute, Cornell Law School (2016b) Equal protection. Retrieved from https://www.law.cornell.edu/wex/equal_protection

Martin H, Berner M, Bluestein F (2007) Documenting disparity in minority contracting: legal requirements and recommendations for policy makers. Public Adm Rev 67(3):511–520

Mason Tillman Associates (2012) Metropolitan St. Louis sewer district disparity study. Retrieved from http://www.stlmsd.com/sites/default/files/misc/disparity-study.pdf

Metro Broadcasting, Inc. v. Federal Communications Commission (1990) 497 U.S. 547

MGT of America (2012) Disparity studies. Retrieved from http://www.mgtofamerica.com/what-we-do-disparity-studies.aspx

U.S. Department of Transportation (USDOT) (2015) History of the DOT DBE program. Retrieved from https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/history-dot-dbe-program

Wainwright J, Holt C (2010) Guidelines for conducting a disparity and availability study for the federal DBE program. Retrieved from http://nap.edu/14346

## Diversity and Its Management in Organizations

Lotte Holck and Sara Louise Muhr
Department of Organization, Copenhagen Business School, Copenhagen, Denmark

### Synonyms

Heterogeneity in organizations

### Definition

Diversity refers to understanding uniqueness of individuals within organizations.

### Introduction

Due to increased workforce mobility, migration, and internationalization of education curricula, diversity in the workforce in terms of social identity categories such as gender, race, ethnicity, age, and sexual orientation has become a prime concern for today's organizations in both the public and private sector. In today's globalized world, organizations need to attract and maintain a diverse workforce to make use of its differentiated knowledge, skills, and capabilities (Ortlieb and Sieben 2014; Romani et al. 2016; Janssens and Zanoni 2014). Diversity in the workforce can be defined in terms of social identity categories such as gender, race, ethnicity, age, and class and has become a prime concern for organizations in both the public and private sector because today's globalized organizations need a diverse workforce in terms of knowledge, skills, and abilities (Benschop et al. 2015). Diversity as a term has assumed preeminence over recent decades as a way of representing populations that diverge through a wide variety of age related, cultural, ethnic, racial, national, linguistic, religious, physical and mental strengths or weaknesses, gender, and sexual identifications or positionings. Diversity at the organizational level is often neutrally referred to as "the composition of work units (work group, organization, occupation, establishment, or firm) in terms of the cultural or demographic characteristics that are salient and symbolically meaningful in the relationships among group members" (DiTomaso et al. 2007, 474). However, critical diversity scholars question this presumable straightforward, unproblematic, and power-void definition of diversity advocated especially among mainstream diversity scholars. On the contrary, critical scholars highlight how diversity is a "slippery and equivocal term, which scholars and practitioners use in different ways" (Just and Remke 2012, p. 138). In a more critical perspective, diversity can also be interpreted as the "salient and symbolically meaningful" in relation to dynamics of power. This is what Mamman et al. (2012) refer to as a "low status minority" that can apply to any category of employee, irrespective of such elements as gender, ethnicity, nation, sexuality, physical ability, and other factors deemed relevant. Critical scholars furthermore emphasize how the salience or relevance of the *status* of any category of employees depends on the historical and societal setting (Mamman et al. 2012). Diversity *management* can therefore be defined as the part of the diversity literature explicitly concerned with the practical application of how differences are and should be managed in organizations and to what ends (e.g., Holvino and Kamp 2009; Tatli and Özbilgin 2012).

To give an overview over the way issues of diversity management are theorized and analyzed in an organizational setting, this entry is structured as follows: First the historical backdrop of the development of the concept of diversity management is drawn up. Then the two prevailing discourses of diversity management – the discourse on social justice and the discourse on the business case – are explicated. Finally the management of

workforce diversity in a corporate context is discussed as a part of human resource management practices in the organization.

## Historical Backdrop of the Development of Diversity Management

Diversity management originates from North America. It is rooted in the anti-discrimination movement of the 1960s but coined as an independent concept in the 1980s. For decades the diversity debate in USA was focused on legislative issues such as affirmative action (AA) or equal employment opportunities (EEO). Affirmative action refers to hiring quotas designed to increase the proportion of employees from minority groups typically to make up for past discriminative hiring practices. Equal employment opportunities cover how policies are made to guarantee access to job interview and more broad development and qualifications initiatives. Fuelled by the Workforce 2000 report on changing demography of the US labor force, however, diversity management literature – as well as practice – took a new turn and began to investigate the "business case" of successfully integrating an increasingly diverse labor force (Jonsen et al. 2011). The business case approach to diversity management entered the management discourse with a critical distance to its predecessors' affirmative action and equal employment opportunities advocating a legal focus (cf. Holvino and Kamp 2009). While AA and EEO activities were seen to reduce the negative effect of exclusion and social stratification (on the labor market and in the corporations), diversity management in a business case perspective was meant to pave the way for managing differences proactively by promoting the positive effects of inclusion within the organization (Jonsen et al. 2011). While AA/EEO represented a legal and moral social justice imperative, diversity management employed the rationale of competitive advantage, human resource utilization, and the business imperative to enhance organizational productivity and profitability with a focus on discretion and voluntary action on behalf of the corporations (Cox 1993; Herring and Henderson 2012; Kalev 2009; Noon 2007; Oswick and Noon 2014; Thomas and Ely 1996). In other words, the arguments for diversity shifted from being around whether it was the right/fair thing to do to the fact that organizations could benefit economically from having diverse teams – at shop floor as well as management level.

AA and EEO programs of the 1960s, 1970s, and early 1980s had according to several scholars proved insufficient (Kalev et al. 2006; Kelly and Dobbin 1998; Muttarak et al. 2013; Oswick and Noon 2014; Shore et al. 2009), and it has been argued that their failure to achieve enhanced organizational inclusion of hitherto disadvantaged minorities presumably was due to insufficient involvement and commitment by managers (Janssens and Zanoni 2014; Tomlinson and Schwabenland 2010). The business case perspective on diversity management was therefore also formulated as a response to this and thus as a way to commit senior management. Diversity management was then to provide a powerful set of arguments by means of the "business case" for diversity with which to persuade and mobilize management interests in the needs of the marginalized minority labor (Kandola and Fullerton 1998). The business case is based on the idea that a diverse workforce can be a valuable asset for organizations if correctly managed, presenting diversity management as a way to value unique competences of a diverse workforce and to create a win-win situation for employer and employees (Thomas and Ely 1996; Zanoni 2011).

## Two Competing Discourses: Business Case or Social Justice

The managerial diversity management proponents of the "business case" and the critical diversity scholars advocating social justice have hitherto polarized the field of diversity research and created two strong – but competing – discourses on diversity management. The shift from AA and EEO to the business case perspective implied a move from legislative commitment to voluntary company initiatives – a way for companies to be proactive and take control instead of reactively

applying to a legal framework (Özbilgin and Tatli 2011). The business case fuelled a more voluntary and discretionary approach to diversity making it easier to link employee diversity to business strategies and innovation in firms. The shift also implied a move beyond the discrimination and equality debate and away from group-based differences and intergroup inequalities to a focus on the attribute of individuals – and adopted because it made business sense in an increasingly ethnocultural and globalized economy (Jonsen et al. 2011; Klarsfeld et al. 2012; Kelly and Dobbin 1998; Noon 2007; Tatli et al. 2012).

The frontier then polarized along on the one side, functionalistic diversity management scholars promoting a broad set of individualized differences including all conceivable elements like personality traits, physical characteristics, and cognitive capacities in addition to the traditional "big five" (ethnicity, gender, age, physical ability, religion, and later on sexual orientation (cf. Ashcraft 2011; Thomas and Ely 1996)). On the other, the business case keeps critical diversity scholars busy deconstructing the very same as managerial rhetoric serving to conceal the widespread realities of unequal power relations along sociodemographic identity axes manifest in, i.e., enduring wage and promotion inequality in organizations (Ahonen et al. 2014; Embrick 2011; Kalev 2009; Kalev et al. 2006; Oswick and Noon 2014). They perceive the showcasing of the business case as corporate efforts to push the question of power aside (Ghorashi and Sabelis 2013).

This individualization of differences is combined with a focus on explicit and measurable aspects of diversity backing up the business case rhetoric of how diversity pays off (Embrick 2011: 545). According to Embrick, the increasing vagueness of the definition of diversity with the broadening of the term also becomes a minimization or neglect of issues pertaining to racial/ethnic or gender diversity:

> By increasing the number of categories of people that fall under the umbrella of diversity, companies are able to effectively escape close examination of racial and gender inequalities that might occur in their workplace. As long as no one brings it up, it can be ignored. . .The diversity ideology emerged in the late 1960s that has helped corporations become increasingly sophisticated in their ability to portray themselves as supporters of racial and gender equality, while simultaneously they make no real substantial changes in their policies and practices to create real changes in the racial and gender composition of their workplace. (Embrick 2011: 544–5).

The business case aims at demonstrating diversity as a strategic asset of the business focusing on the uniqueness potential of different members while sidestepping the inequality and power dimension of the organization. However, the minority groups are still predominantly perceived as *different* from those representing the norm and "classified and categorized" according to race, ethnicity, gender, and age and to a lesser degree class, sexual preferences, education, and disabilities (Muhr and Salem 2013; Risberg and Søderberg 2008: 427).

The difficulties of grappling with the issue of "valuing difference" and the tendency to combine "difference" with otherwise marginalized groups on the labor market have led to a critique of diversity management as reinforcing stereotypes of especially ethnic minorities and women in a corporate setting (Syed and Özbilgin 2009; Tatli and Özbilgin 2012; Zanoni et al. 2010). The calculative dimension of the diversity business case also brings along a representative logic of "counting" difference, which again can lead to stereotypical categorizations of employees and essentializing of difference. Others again criticize diversity management as a means to gloss over and "dissolve differences" in pursuit of harmonious corporate integration and profitability by integrating a wider variety of categories (Holvino and Kamp 2009; Muhr 2008; Noon 2007; Tatli and Özbilgin 2012; Tomlinson and Schwabenland 2010).

The coexistence of inclinations to simultaneously dissolve and highlight, and to individualize and essentialize differences along social identity groups, brings together two conflicting logics when dealing with diversity both underpinning mainstream diversity management and the critical diversity research. The critical line of diversity literature has in particular focused on deconstructing and de-essentializing the notion

of diversity to demonstrate how demographic categories and identities are not to be seen as static and fixed, but as social constructs under constant redefinition, influenced by competing discourses and existing structures of power, and as varying according to the national/societal setting (Holck 2016; Knoppers et al. 2014; Van Laer and Janssens 2011; Zanoni and Janssens 2004). The quest that underpins much critical diversity literature is to bring back in the question of *social justice*. This is done to "unmask" power dynamics by illustrating how diversity management is a managerial practice of control by defining minority employees in fixed, essential groups with negative connotations (see also Boogaard and Roggeband 2010; Ghorashi and Sabelis 2013; Holck and Muhr 2016, forthcoming; Janssens and Zanoni 2014; Litvin 1997, 2002; Muhr and Salem 2013; Muhr and Sullivan 2013; Noon 2007; Roberson 2006; Roberson and Stevens 2006; Simon and Oakes 2006; Tatli and Özbilgin 2012; Zanoni et al. 2010; Özbilgin and Tatli 2011). Once categorized in essentialist stereotypical categories they are then more easily controlled and managed.

The two directions within diversity research point to how the act of intervening to craft a more egalitarian organization is navigating between the "Scylla and Charybdis" of, on the one hand, the use of essentialist "stereotypical" demographic categories and, on the other hand, individualistic, depoliticized categories (Tomlinson and Schwabenland 2010; Noon 2007; Kamp and Hagedorn-Rasmussen 2004). In practice this has led to an oscillation between "colorblind" diversity policies in the quest to overcome resistance and then "identity conscious" to further social justice (Holck et al. 2016; Tran et al. 2010). As Ghorashi and Sabelis (2013) argue, without the recognition of salient differences that *matters in the context* organizational policies for change become too diffuse to tackle the sources of exclusion requiring urgent attention: While target group policies like AA and EEO make historically disadvantaged groups seem as "absolute others who needed to be helped and accommodated," then the more individualized diversity management policies render them "invisible altogether" (Ibid. 83). This highlights the difficulties of finding an adequate balanced method for the attention to a specific diversity category and yet avoiding the fixation.

## The Management of Diversity Management

Scholars and practitioners seldom contest the importance of diversity in organizations any more (Benschop et al. 2015), and the management of differences is now commonly perceived in the corporate environment as a part of human resource management and leadership development (Holck et al. 2016). However, how to achieve the organizational change that is needed to transform organizations into more inclusive and diverse workplaces has proven to be much less obvious. Organizational processes are complex and difficult to change and although different strategies for change have been developed for diversity in general (Dobbin et al. 2011) and gender in particular (Benschop and Verloo 2011), we still lack knowledge of which practices have proven most effective in different settings and contexts. Diversity management practices refer to formalized practices developed and implemented by organizations to manage diversity effectively (Yang and Konrad 2011).

The HR diversity management practices advanced in the scientific and management literature emphasize the importance of understanding and intervention for reducing or eliminating bias and discrimination in heterogeneous workplaces. This research is characterized by the noble intent for all organizational members to benefit from differences by maximizing inclusion, feelings of fairness, and equality (Bendick Jr et al. 2010; Holck et al. 2016; Ortlieb and Sieben 2014; Shore et al. 2011; Tatli and Özbilgin 2012). The field of diversity management is dominated by a social-psychological approach that stems from research on organizational behavior. This line of research assumes that negative in-group/out-group dynamics are the product of majority individuals' biased cognitive processes and stereotyping, which can be corrected and limited through formalized HRM practices (Janssens and Zanoni 2014; Jonsen et al. 2013; Mamman et al. 2012;

Qin et al. 2014; Verbeek and Groeneveld 2012; Williams and Mavin 2014). Within this tradition, HRM activities include three main types of practices. The first are *objective procedures* and pre-specified criteria for selection, promotion, and lay-off decisions; performance appraisals; and pay structures. Objective and neutral procedures are believed to restrict ethnic majority decision makers' discretion and prevent cognitive biases from shaping allocation and reward decisions (Kalev et al. 2006; Shore et al. 2011). The second practice is *training*, which aims to familiarize employees with anti-discrimination law, ensure behavioral changes, and increase cross-cultural awareness and communication (Dobbin et al. 2011; Qin et al. 2014). The third set of activities is *network and mentoring*, which are designed to counter the social isolation that minorities experience as a result of homogeneity (Janssens and Zanoni 2014; Shore et al. 2011).

However, according to critical diversity scholars, these widespread HRM practices of diversity management have generally proved insufficient. In fact, little empirical evidence supports their ability to foster workplace equality (Dobbin et al. 2011; Holvino and Kamp 2009; Janssens and Zanoni 2014; Oswick and Noon 2014). One line of critique is that HRM diversity practices are "premature" or based on trial-and-error processes rather than scientific knowledge. Another line of critique suggests that the inadequacy results from the targeting of cognition rather than the structural dimensions of privilege, domination, and disadvantage (Ashcraft 2012; Oswick and Noon 2014; Zanoni et al. 2010). These critics suggest that such practices might even backfire, resulting in stereotyping and remarginalization (Kalev et al. 2006). Along these lines of critique, critical diversity research has applied a more discursive lens, aimed at exposing how larger societal discourses regarding e.g., gender, sexuality, or race/ethnicity obstruct organizational diversity initiatives (e.g., Christiansen and Just 2012; Klarsfeld et al. 2012; Muhr 2011; Muhr and Salem 2013; Oswick and Noon 2014). Critical scholars try to redress structural inequalities and perform a vital role in documenting the persistence of status inequalities in the workplace as well as in society at large. Here, diversity management is deconstructed as being a utilitarian and managerial rhetoric, serving in the upkeep of said inequality. This presents an important critique, but at the same time often refrains from engaging with practitioners to provide solutions, thus failing to obtain the desired change (Ahonen et al. 2014; Jack et al. 2011; Van Laer and Janssens 2011).

The prominence of decontextualized, abstract, and generalized perspectives mainly informed by sociopsychological insights helps explain why diversity research is generally viewed as unaccommodating to diversity practitioners (Ariss et al. 2012; Jonsen et al. 2013; Jack and Lorbiecki 2007; Muhr 2011; Oswick and Noon 2014; Zanoni et al. 2010). In a comprehensive literature review on diversity research, Jonsen et al. (2011) identify how most diversity research has been carried out in controlled, cross-sectional environments and has introduced artificial situations. These include, for example, lab studies using student samples (e.g., Stahl et al. 2010). Ivancevich and Gilbert (2000) report how most researchers remain outside the organizational flow and activities and instead rely on archival data, surveys, and secondary databases as primary data sources. This kind of research ends up making too broad assumptions that do not capture the complexities or the fabric of organizational life.

The prevalence of a prescriptive diversity management or an abstract critical diversity research unified in a nonsituated approach also brings along a general paucity of empirical research based on experimentation and improvisational use of active participative methods with relevant implications for practitioners. In particular, critical diversity research has thus far failed to articulate practical implications despite the crucial role played by practitioners in designing, implementing, and monitoring diversity policies and practices (for exceptions, see Ahmed 2007; Boxenbaum 2006; Janssens and Zanoni 2014; Ortlieb and Sieben 2013; Tatli 2011; Tatli and Özbilgin 2009). However, this distancing or disdain for management as a practice may result in a reluctance to take a strong stance or undertake empirical experiments. Indeed, while critical work has considerably enriched debates about

diversity and inequality in organizations, such scholarship must directly engage with practice if it is to fulfill its emancipatory aspirations (Hartmann 2014; Holck et al. 2016; King and Learmonth 2015; Spicer et al. 2009; Wickert and Schaefer 2015).

## Conclusion

This entry has focused on the concepts of diversity and diversity management, their definitions, historical context, theoretical debates, and practical uses. Diversity management as a concept has its historical roots in USA and the focus on affirmative action and equal employment opportunities. This has meant that diversity management historically has come out of a focus on rights (employee rights, human rights, equal rights etc.), which despite different explicit focus today still shapes the way it is theorized and practiced. Rather than affirmative action or equal employee rights, today's debates about diversity management seem centered around the two "new" poles in diversity management: the business case argument and the social justice argument. One finding justification for diversity management programs in economic reasoning, the other in ethical and moral reasoning. Besides outlining these poles in the debate, this entry has also shown how two different academic approaches to diversity management – one rational and positivistic and often referred to as mainstream, the other critical and constructivist in its approach – seem to divide the literature in two camps. As we have tried to show here, however, rather than one being right and the other being wrong, these two "camps" in the literature can be used for different methodological purposes and thus also holds different possibilities when it comes to the management of diversity management. Here our point is again not to take sides but to emphasize the importance for scholars as well as practitioners to understand the consequences, which such differences have for the choice of approach, and to provide the theoretical basis for scholars as well as practitioners to make such choices in an informed way.

## Cross-References

▶ Diversity in Organizations
▶ Managing Diversity in the Caribbean

## References

Ahmed S (2007) The language of diversity. Ethn Racial Stud 30(2):235–256

Ahonen P, Tienari J, Meriläinen S, Pullen A (2014) Hidden contexts and invisible power relations: a Foucauldian reading of diversity research. Hum Relat 67(3): 263–286

Ariss A, Koall I, Özbilgin M, Suutari V (2012) Careers of skilled migrants: towards a theoretical and methodological expansion. J Manag Dev 31(2):92–101

Ashcraft KL (2011) Gender and diversity: other ways to "make a difference". In: Alvesson M, Bridgman T, Willmott H (eds) The Oxford handbook of critical management studies. Oxford Handbooks Online

Ashcraft K (2012) The glass slipper: 'incorporating' occupational identity in management studies. Acad Manag Rev. https://doi.org/10.5465/amr.10.0219

Bendick M Jr, Egan ML, Lanier L (2010) The business case for diversity and the perverse practice of matching employees to customers. Pers Rev 39(4):468–486

Benschop Y, Verloo M (2011) Gender change, organizational change, and gender equality strategies. In: Handbook of gender, work, and organization. Wiley, Chichester, West Sussex, pp 277–290

Benschop Y, Holgerson C, van den Brink M, Wahl A (2015) Future challenges for practices of diversity management in organizations. In: Bendl R et al (eds) Oxford handbook of diversity in organization. Oxford University Press, Oxford

Boogaard B, Roggeband C (2010) Paradoxes of intersectionality: theorizing inequality in the Dutch police force through structure and agency. Organization 17(1):53–75

Boxenbaum E (2006) Lost in translation: the making of Danish diversity management. Am Behav Sci 49(7): 939–948

Christiansen TJ, Just SN (2012) Regularities of diversity discourse: address, categorization, and invitation. J Manag Organ 18(3):398–411

Cox T (1993) Cultural diversity in organizations: theory, research & practice. Berrett-Koehler Publishers, San Francisco

DiTomaso N, Post C, Parks-Yancy R (2007) Workforce diversity and inequality: power, status, and numbers. Annu Rev Sociol 33:473–501

Dobbin F, Soohan K, Kalev A (2011) You can't always get what you need: organizational determinants of diversity programs. Am Sociol Rev 76(3):386–411

Embrick DG (2011) The diversity ideology in the business world: a new oppression for a new age. Crit Sociol 37(5):541–556

Ghorashi H, Sabelis I (2013) Juggling difference and sameness: rethinking strategies for diversity in organizations. Scand J Manag 29(1):78–86
Hartmann RK (2014) Subversive functionalism: for a less canonical critique in critical management studies. Hum Relat 67(5):611–632
Herring C, Henderson L (2012) From affirmative action to diversity: toward a critical diversity perspective. Crit Sociol 38(5):629–643
Holck L (2016) Spatially embedded inequality: exploring structure, agency, and ethnic minority strategies to navigate organizational opportunity structures. Pers Rev 45(4):643–662
Holck L, Muhr SL (2016, forthcoming) Practicing inequality through welfare logics of equality and solidarity. Scand J Manag
Holck L, Muhr SL, Villeseche F (2016) Identity, diversity and diversity management: on theoretical connections, assumptions and implications for practice. Equal Divers Incl Int J 35(1):48–64
Holvino E, Kamp A (2009) Diversity management: are we moving in the right direction? Reflections from both sides of the North Atlantic. Scand J Manag 25(4):395–403
Ivancevich JM, Gilbert JA (2000) Diversity management: time for a new approach. Public Pers Manag 29(1): 75–92
Jack G, Lorbiecki A (2007) National identity, globalization and the discursive construction of organizational identity. Br J Manag 18(S1):S79–S94
Jack G, Westwood R, Srinivas N, Sardar Z (2011) Deepening, broadening and re-asserting a postcolonial interrogative space in organization studies. Organ Interdisc J Organ Theory Soc 18(3):275
Janssens M, Zanoni P (2014) Alternative diversity management: organizational practices fostering ethnic equality at work. Scand J Manag 30(3):317–331
Jonsen K, Maznevski ML, Schneider SC (2011) Special review article: diversity and its not so diverse literature: an international perspective. Int J Cross Cult Manag 11(1):35–62
Jonsen K, Tatli A, Özbilgin MF, Bell MP (2013) The tragedy of the uncommons: reframing workforce diversity. Hum Relat 66(2):271–294
Just S, Remke R (2012) Practising difference – beyond culture and management in professional encounters with diversity. In: Holmgren LL (ed) Culture and identity in organisations – a discourse perspective, 1st edn. Aalborg University Center, Aalborg, pp 231–250
Kalev A (2009) Cracking the glass cages? Restructuring and ascriptive inequality at work. Am J Sociol 114(6): 1591–1643
Kalev A, Dobbin F, Kelly E (2006) Best practices or best guesses? Assessing the efficacy of corporate affirmative action and diversity policies. Am Sociol Rev 71(4): 589–617
Kamp A, Hagedorn-Rasmussen P (2004) Diversity management in a Danish context: towards a multicultural or segregated working life? Econ Ind Democr 25(4): 525–554
Kandola R, Fullerton J (1998) Diversity in action: managing the mosaic. CIPD Publishing, London
Kelly E, Dobbin F (1998) How affirmative action became diversity management employer response to anti-discrimination law, 1961 to 1996. Am Behav Sci 41(7):960–984
King D, Learmonth M (2015) Can critical management studies ever be "practical"? A case study in engaged scholarship. Hum Relat 68(3):353–375
Klarsfeld A, Ng E, Tatli A (2012) Social regulation and diversity management: a comparative study of France, Canada and the UK. Eur J Ind Relat 18(4):309–327
Knoppers A, Claringbould I, Dortants M (2014) Discursive managerial practices of diversity and homogeneity. J Gend Stud. https://doi.org/10.1080/09589236.2013.833086
Litvin DR (1997) The discourse of diversity: from biology to management. Organ 4(2):187–209
Litvin DR (2002) The complexity of intersectionality. Signs J Women Cult Soc 30(3):1771–1800
Mamman AA, Kamoche K, Bakuwa R (2012) Diversity, organizational commitment and organizational citizenship behavior: an organizing framework. Hum Resour Manage Rev 22(4):285–302
Muhr SL (2008) Othering diversity: a Levinasian analysis of diversity management. Int J Manag Concepts Philos 3(2):176–189
Muhr SL (2011) Caught in the gendered machine: on the masculine and feminine in cyborg leadership. Gend Work Organ 18(3):337–357
Muhr SL, Salem A (2013) Specters of colonialism–illusionary equality and the forgetting of history in a Swedish organization. Manag Organ Hist 8(1):62–76
Muhr SL, Sullivan K (2013) "None so queer as folk": gendered expectations and transgressive bodies in leadership. Leadership 9(3):419–435
Muttarak R, Hamill H, Heath A, McCrudden C (2013) Does affirmative action work? Evidence from the operation of fair employment legislation in Northern Ireland. Sociology 47(3):560–579
Noon M (2007) The fatal flaws of diversity and the business case for ethnic minorities. Work Employ Soc 21(4):773–784
Ortlieb R, Sieben B (2013) Diversity strategies and business logic: why do companies employ ethnic minorities? Group Org Manag 10:11771059601113497094
Ortlieb R, Sieben B (2014) The making of inclusion as structuration: empirical evidence of a multinational company. Equal Divers Incl Int J 33(3):235–248
Oswick C, Noon M (2014) Discourses of diversity, equality and inclusion: trenchant formulations or transient fashions? Br J Manag 25(1):23–39
Özbilgin M, Tatli A (2011) Mapping out the field of equality and diversity: rise of individualism. Hum Relat 64(9):1229–1253
Qin J, Smyrnios KX, Deng L (2014) An extended intervening process model: diversity, group processes, and performance. Hum Resour Dev Rev 13(2): 133–157

D

Risberg A, Søderberg AM (2008) Translating a management concept: diversity management in Denmark. Gen Manag Int J 23(6):426–441
Roberson QM (2006) Disentangling the meanings of diversity and inclusion in organizations. Group Organ Manag 31(2):212–236
Roberson QM, Stevens CK (2006) Making sense of diversity in the workplace: organizational justice and language abstraction in employees' accounts of diversity-related incidents. J Appl Psychol 91(2): 379–391
Romani L, Holck L, Holgersson C, Muhr SL (2016) Diversity management and the Scandinavian model: illustrations from Denmark and Sweden. In: Chanlat JF, Özbilgin M (eds) Management & diversity: main constatations in different countries. Emerald, London
Shore L, Randel AE, Chung BG, Dean MA, Ehrhart KH, Singh G (2009) Diversity in organizations: where are we now and where are we going? Hum Resour Manag Rev 19:177–133
Shore L, Randel AE, Chung BG, Dean MA, Ehrhart KH, Singh G (2011) Inclusion and diversity in work groups: a review and model for future research. Hum Resour Manag Rev 37(4):1262–1289
Simon B, Oakes P (2006) Beyond dependence: an identity approach to social power and domination. Hum Relat 59(1):105–139
Spicer A, Alvesson M, Kärreman D (2009) Critical performativity: the unfinished business of critical management studies. Hum Relat 62(4):537–560
Stahl G, Maznevski ML, Voigt A, Jonsen K (2010) Unravelling the effects of cultural diversity in teams: a meta-analysis of research on multicultural work groups. J Int Bus Stud 41(4):690–709
Syed J, Özbilgin M (2009) A relational framework for international transfer of diversity management practices. Int J Hum Resour Manag 20(12):2435–2453
Tatli A (2011) A multi layered exploration of the diversity management field: diversity discourses, practices and practitioners in the UK. Br J Manag 22(2):238–253
Tatli A, Özbilgin M (2009) Understanding diversity managers' role in organizational change: towards a conceptual framework. Can J Adm Sci 26(3):244–258
Tatli A, Özbilgin MF (2012) An emic approach to intersectional study of diversity at work: a Bourdieuan framing. Int J Manag Rev 14(2):180–200
Tatli A, Vassilopoulou J, Ariss AA, Özbilgin M (2012) The role of regulatory and temporal context in the construction of diversity discourses: the case of UK, France and Germany. Eur J Ind Relat 18(4):293–309
Thomas D, Ely R (1996) Making differences matter: a new paradigm for managing diversity. Harv Bus Rev 74: 79–90
Tomlinson F, Schwabenland C (2010) Reconciling competing discourses of diversity? The UK non-profit sector between social justice and the business case. Organ 17(1):101–121
Tran V, Gracia-Prieto P, Schneider S (2010) The role of social identity, appraisal, and emotion in determining responses to diversity management. Hum Relat 64(2): 161–176
Van Laer K, Janssens M (2011) Ethnic minority professionals' experiences with subtle discrimination in the workplace. Hum Relat 64(9):1203–1227
Verbeek S, Groeneveld S (2012) Do "hard" diversity policies increase ethnic minority representation? An assessment of their (in) effectiveness using administrative data. Pers Rev 41(5):647–664
Wickert C, Schaefer SM (2015) Towards a progressive understanding of performativity in critical management studies. Hum Relat 68(1):107–130
Williams J, Mavin S (2014) Guest editorial progressing diversity in HRD theory and practice. Hum Resour Dev Rev 13(2):127–132
Yang Y, Konrad AM (2011) Understanding diversity management practices: implications of institutional theory and resource-based theory. Group Organ Manag 36(1): 6–38
Zanoni P (2011) Diversity in the lean automobile factory: doing class through gender, disability and age. Organization 18(1):105–127
Zanoni P, Janssens M (2004) Deconstructing difference: the rhetoric of human resource managers diversity discourses. Organ Stud 25(1):55–74
Zanoni P, Janssens M, Benschop Y, Nkomo S (2010) Unpacking diversity, grasping inequality. Rethinking difference through critical perspectives. Organization 17(1):9–29

# Diversity and Representation in South Korea

Sun Young Kim
School of Public and International Affairs, The University of Georgia, Athens, GA, USA

## Synonyms

Diversity management; Inclusion; Representative bureaucracy

## Definitions

Diversity: How an organization or a workgroup is composed of individuals from different backgrounds in terms of observable (e.g., gender, race/ethnicity, age) and underlying attributes (e.g., skills, values, perspectives)

Representation: Whether a bureaucracy reflects the overall composition of the general population it serves with respect to demographic

and socioeconomic characteristics (e.g., race/ethnicity, gender, social class)

## Introduction

Building and cultivating a diverse workforce is a crucial part of public personnel administration. With the increasing pressure to eliminate discrimination against disadvantaged groups and provide them with fair and equal opportunities for employment, many governments around the world have developed and implemented policies and programs aimed at enhancing diversity and representation in the public sector. A series of policies for representative bureaucracy in South Korea, which is collectively known as balanced public personnel policies, is one example of such efforts to actively hire and promote members of minority groups who have been relatively underrepresented in the civil service and to reflect their interests and opinions in policymaking and administration. This entry reviews the South Korean government's policy initiatives for representative bureaucracy and describes the content and implementation of balanced public personnel policies.

## Representative Bureaucracy in South Korea

Historically, public personnel practices in South Korea relied heavily on nepotism and favoritism based on kinship, regionalism, and school ties to reinforce power and authority of the ruling class. The prevalence of such practices inevitably resulted in severe discrimination against and unequal treatment of underprivileged groups in the civil service. In the development of modern bureaucracy, merit principles have become influential in establishing and instituting public personnel policies. Under this system, public officials are hired, appointed, and promoted based on individual qualifications, abilities, and achievements through open competitive examinations and objective performance appraisals.

While the merit system is believed to safeguard the fairness and impartiality of administration and help establish skilled career civil servants (Newland 1976), merit-based practices have weaknesses in providing equal opportunities to all members of society. For minority groups, open competitive examinations often act as a barrier to entering the civil service. These groups tend to be underrepresented, and thus, their opinions and perspectives are not adequately reflected in government affairs. When talent is selected only for their achievement and ability, those who have had limited opportunities for education or are in adverse situations compete under unfair circumstances and are further alienated from the civil service, making the bureaucracy more exclusive and dominated by certain elite groups or classes.

The notion of representative bureaucracy has emerged, in part, to overcome the limitations of the merit system and improve the responsiveness and representation of public officials. It also has been the theoretical foundation for the adoption of balanced public personnel policies in South Korea. According to this theory, a public workforce that mirrors the overall composition of society, in terms of demographic and socioeconomic attributes, can effectively reflect the collective interests of the people they represent because public officials and citizens share similar values, attitudes, and life experiences (Meier and Nigro 1976; Mosher 1968). All groups that make up a society should be represented reasonably in all areas, levels, and positions within the bureaucracy by their proportionate distribution in the population in order for them to have an impact on policymaking and implementation.

The theory posits that a simple reflection of the characteristics of the population, such as gender, race, and social class, in the configuration of the bureaucracy (i.e., passive representation) can lead public officials to actively advocate and represent the values, interests, and desires of the social groups to which they belong (i.e., active representation) (Meier 1993; Mosher 1968). This translation of passive representation to the active form occurs when power and discretion are delegated to public officials so they can respond more favorably to certain groups of their own (Meier 1993).

In South Korea, several plans have been developed in response to calls for a more representative government that recruits and hires people from

underprivileged segments. Balanced public personnel policies aim to ease the disparity between majority and minority groups and promote social equity and integration by eliminating long-standing discrimination against disadvantaged civil servants. They are also a means of increasing the public's satisfaction with the administration and the competitiveness of the government by providing administrative services that correspond to the values and interests of various social groups.

## Balanced Public Personnel Management

Balanced public personnel policies have been adopted and implemented since the 1990s. These policies refer to a set of initiatives to establish a public workforce in which different groups of people are adequately represented in proportion, and thus, have a broad scope that includes a variety of minority groups. The earliest set of programs was targeted at women and persons with disabilities, both of whom have historically experienced severe discrimination and had limited opportunities for employment in the civil service.

Such problems as regional inequalities, extreme income gaps, and discrimination against candidates with science and engineering degrees have arisen as persistent issues in South Korea. Beginning in the 2000s, balanced personnel policies have been introduced for local talent, low-income groups, and people with science and engineering backgrounds. More recently, programs aimed at newly emerging minority groups, such as North Korean defectors and multicultural families, have been established in an effort to respond to social and cultural changes facing Korean society.

It should be noted that racial conflicts have been less serious in South Korea than in other countries, such as the United States, because it is quite homogeneous in terms of race and ethnicity.

### Policies for Gender Equality

To increase the number of female public officials in the civil service, the government launched a recruitment plan in 1996, which aimed to hire a certain percentage of women among those who took national civil service examinations. The hiring target for female candidates was initially 10% in 1996, the year the policy was introduced, and increased to 30% in 2002 and afterward. While the original purpose was to expand female employment in government, the policy was modified in 2003 to include hiring targets for both men and women. The target was set at 30% for either gender in Grades 5, 7, and 9. (In the Korean civil service system, Grade 1 refers to the highest level and Grade 9 indicates the lowest level.) These policies are shown to have helped increase the employment of women in the government sector. In terms of quantity, the percentage of female public officials has steadily increased, from 38.8% in 2006 to 46.0% in 2017 (Ministry of Personnel Management [MPM] 2018).

Nevertheless, women are still substantially underrepresented in managerial positions that have the authority to make important policy-related decisions. As of 2017, the proportion of women in the senior civil service (i.e., Grade 3 or higher) was 6.5% while female public officials constituted 14.8% in Grade 4 or higher and 20.7% in Grade 5 or higher (MPM 2018). These figures were significantly low compared to the overall proportion of female employees in the government, which was 46.0% in 2017 (MPM 2018). They show that the policy has been effective in hiring more female employees in the civil service, but women have not been offered adequate opportunities to become involved in high-level policymaking processes. Plans have been established to expand the appointment of female public officials to managerial and executive positions, setting employment targets of 10% for the senior civil service and 21% for director-level positions at the headquarters (not including affiliated agencies) by 2022 (MPM 2018).

### Policies for Persons with Disabilities

In 1990, a plan was introduced to hire persons with disabilities through the civil service examination for Grade 9, which was later expanded to Grade 7 in 1996. These plans mandate that a certain percentage (approximately 6%) of the total new recruits in Grades 7 and 9 be individuals

with disabilities. In addition, a compulsory employment program for persons with disabilities has been enforced in the central and local governments since 2000. As of 2017, the compulsory employment target was 3.2%. The percentage of public officials with disabilities was 3.47% in the central government and 4.08% in the local governments in 2017, up from 3.20% and 3.78%, respectively, in 2011 (MPM 2018).

However, the majority of public officials with disabilities were employed in lower-level positions, with only 9.3% in Grade 5 or higher in 2017 (MPM 2018). Also, the employment rate of female public officials with disabilities was very low, suggesting the dual challenges posed to disabled women. Among the public officials with disabilities in the central government, 14.7% were female while 85.3% were male (MPM 2018). Since 2015, efforts have been made to provide disabled public employees with assistive devices and work support and to expand public awareness of disability discrimination.

### Policies for Local Talent

To reinforce regional representation in the civil service and promote balanced development across the nation, a hiring target for local talent was introduced for Grade 5 in 2007 and was expanded to Grade 7 in 2015. The targets were set at 20% of new recruits for Grade 5 and 30% for Grade 7. The average hiring rate of local talent was 7.7% for Grade 5 between 2007 and 2017 and 21.4% for Grade 7 between 2015 and 2017, indicating the targets have not been met (MPM 2018).

Another initiative, called the local talent recommendation program, is an internship-based employment plan. This policy was first adopted for Grade 6 in 2005 and was expanded to Grade 7 in 2010 and Grade 9 in 2012. According to this policy, graduates of local high schools and universities can be hired based on school recommendations and appointed for Grade 7 or Grade 9 after completing a certain period of internship (1 year for Grade 7 and 6 months for Grade 9). The number of local talents employed through the recommendation program increased from 80 to 120 for Grade 7 and from 104 to 170 for Grade 9 between 2012 and 2017 (MPM 2018).

### Policies for People with Science and Engineering Backgrounds

A plan for increasing the appointment of public officials with science and engineering backgrounds was introduced in 2004. In 2013, the hiring targets were set at 30% for senior civil servants and 40% for new recruits in Grade 5. The percentage of new employees with science and engineering backgrounds in Grade 5 was 40.6% in 2011 and 33.2% in 2017, and the percentage of senior civil servants with science and engineering backgrounds was 24.7% in 2011 and 20.8% in 2017, which shows a slight decline in the number of public officials with science and engineering backgrounds in high-level government positions (MPM 2018). However, the percentage of female public officials with science and engineering backgrounds has increased from 11.7% to 13.6% in Grade 4 or higher and from 6.3% to 9.8% in the senior civil service between 2015 and 2017 (MPM 2018).

### Other Balanced Public Personnel Policies

Plans have been introduced to recruit talent from low-income groups to alleviate economic and social disparity. An employment program for low-income groups was first established for Grade 9 in 2009. The initial hiring target was 1%, which increased to 2% in 2015. The number of new recruits from low-income groups was 13 in 2011 and 142 in 2017 (MPM 2018). In addition, there has been a growing need for accommodating newly emerging social minorities in the civil service, such as North Korean defectors and multicultural families. Development of recruiting and employment policies for these groups is still in progress. However, it is important to help people from these segments achieve economic independence and become involved in the policymaking process in order to deal with changing demographics, resolve increasing cultural conflicts, and promote social integration.

## Conclusion

Upholding diversity and representation in the civil service is one of the primary principles of public personnel administration in South Korea. The history of balanced public personnel management is relatively short, and the policies and programs

implemented thus far are fragmented and focused on achieving short-term hiring targets. While these policies have played a crucial role in improving overall representation of minority groups in the government, these groups are still underrepresented in high-level managerial and policymaking positions. Also, several social and cultural factors, such as widespread prejudice against minority groups, traditional gender roles, and rigid organizational culture and structure, hamper effective implementation of balanced personnel policies. The South Korean government continues to establish comprehensive and sustainable plans to build a more diverse and inclusive civil service that embraces members from a variety of social groups (MPM 2018).

## Cross-References

▶ Diversity in Organizations
▶ Diversity in the Public Workforce
▶ Representative Bureaucracy

## References

Meier KJ (1993) Latinos and representative bureaucracy: testing the Thompson and Henderson hypotheses. J Public Adm Res Theory 3(4):393–414

Meier KJ, Nigro LG (1976) Representative bureaucracy and policy preferences: a study in the attitudes of federal executives. Public Adm Rev 36(5):458–469

Ministry of Personnel Management (2018) Annual report on diversity in the central government. Ministry of Personnel Management

Mosher F (1968) Democracy and the public service. Oxford University Press, New York

Newland CA (1976) Public personnel administration: legalistic reforms vs. effectiveness, efficiency, and economy. Public Adm Rev 36(5):529–537

# Diversity in Organizations

Katharine Leigh
Ball State University, Muncie, IN, USA

## Synonyms

Difference; Distinctiveness; Diversification; Variety

## Definition

Workforce diversity: is when organizations are composed of individuals with a wide range of characteristics and experiences. Some key characteristics are religious and political beliefs, gender, ethnicity, education, socioeconomic background, sexual orientation, and geographic location.

## Introduction

Organizations are composed of employees with different characteristics. Greater numbers or amounts of differences signify greater diversity. Key characteristics include, but are not limited to: religion, gender, ethnicity, and sexual orientation. These characteristics can impact whether a person is offered a job. They also can impact how a person is viewed in that job, including potential opportunities for advancement. Workforce diversity looks different depending on where in the world an organization is located. Diversity looks different in heterogeneous countries, such as the United States, versus more homogeneous countries, such as South Korea. Diversity also depends on the cultural characteristics of a country, such as political or religious background.

Advocates of workforce diversity promote its benefits for several reasons, including the business case and the social justice case. The business case believes that diversity could bring substantial benefits to the organization, such as better decision-making and improved problem-solving, greater creativity and innovation, and more successful marketing to different types of customers. The social justice case for workforce diversity believes that action is needed to create genuine equality, fairness, and respect among employees.

Workforce diversity is concerned with providing a safe work environment for all employees, combatting discrimination, and guaranteeing equal advancement opportunities. This can be accomplished with governmental legislation, such as affirmative action and equal employment opportunities policies in the United States.

Diversity can also be encouraged by organizational programs designed to create greater inclusion of all employees into informal social groups and formal company programs (Gilbert et al. 1999). Organizations that engage in diversity management are doing so voluntarily, unlike affirmative action policies (which are often mandatory). Diversity management can include: diversity training and sensitivity for managers and other employees, compensation equity, career development, human resource strategic planning, mentoring programs, on-site child care, and programs designed to promote gender equality (Gilbert et al. 1999).

Some diversity management programs focus on antiracism. Blatant racism is not seen often in the workplace anymore, but less overt forms can still be observed. One example of less overt racism would be passing over a qualified minority candidate, not because they are a minority but because they might not be a good "fit" (Hiranandani 2012). The antiracism approach views race and social differences as issue of power and equity, not of culture and ethnic variety. Also, antiracism believes that racism exists in ways that may be difficult for people in the majority to fully understand. As part of the antiracism approach, people with power need to examine their own experiences with unearned privilege. Antiracism initiatives can be uncomfortable to participate in, especially for people in positions of power, but it can be an effective way of building healthy organizations that are concerned with workforce diversity.

The success of diversity management in organizations is tied to leadership. Leaders need to not only provide vision but also enable the diversity managers who are actually implementing their policies (Tatli and Özbilgin 2009). Success of diversity management programs often depends on organizational culture and support from administration, thus making leadership a valuable part of the process. Leaders need to take into consideration that their employees come from many different cultures and characteristics. Managers will need to tailor their management strategies to the needs of both the groups involved and the individual personalities (Ling et al. 2013).

## Global Perspectives on Workforce Diversity

The rise of globalization has impacted workforce diversity. Although much of the professional literature on workforce diversity is written in western countries, in particular the United States, the issue impacts every geographic region. Individuals in other countries sometimes have the option of going to another country for employment. Perhaps there are not enough jobs available in their native country, or a different country might offer a better quality of life. Employers may also benefit from worker migration, since it increases the size of the working population, enriches the talent pool, and brings in new perspectives. Employers can also migrate, seeking more favorable economic conditions, new markets, less regulation, or lower taxes. In addition, multinational companies often have offices all over the world.

Workforce diversity is impacted significantly by the location of the organization. Diversity exists for a reason; not all countries share the same culture, economics, political situation, or religious background. Below are some examples of what workforce diversity looks like in three different parts of the world.

## Canada

Canada is adapting to a changing workforce. Large numbers of women have entered the workforce during the past few decades, increasing gender diversity. The number of residents that speak languages other than English or French has also increased. Severe labor shortages are expected during the next 10 years, due to retirements and low birth rates, which are expected to lower the ratio of workers for each retired person from 5:1 to about 2.5:1 (Hiranandani 2012). Bringing in foreign-born workers is a way for Canada to bolster their labor pool, adding to the Canadian economy, while also providing jobs to people who might have trouble finding work in their home countries.

In order to address the increase in diversity, Canada has adopted a policy of multiculturalism. Canadian multiculturalism stresses the importance of providing services in a variety of

languages, not just English and French, celebrating diversity, and challenging the traditional thoughts about dress code, food habits, accents, and other overt forms of prejudice (Hiranandani 2012). One way the Canadian government has tried to increase diversity is by passing the federal *Employment Equity Act* (*EEA*). The *EEA*, which was passed in 1986, is similar to affirmative action in the United States. It covers both the public sector and the private sector, including all businesses that have contracts with the Canadian government valued at more than $200,000. The *EEA* requires employers to try to reduce disparities in employment and workplace representation between four groups: women, visible minorities, aboriginal (i.e., indigenous) people, and people with disabilities. Visible minorities are defined as "persons, other than aboriginal peoples, who are non-Caucasian in race or non-white in colour." Employers are expected to reduce disparities in recruitment, such as creating job listings that will insure a diverse candidate pool. Employers are also expected to remove barriers, such as making buildings wheelchair accessible.

Despite these efforts by the Canadian government, multiculturalism and the *EEA* have not ended workplace discrimination. The unemployment rate is higher for visible minorities than it is for the rest of the population. Visible minorities are also underrepresented at the higher levels in business. Additionally, government funding for multicultural objectives has been lacking.

## China

China's workforce has undergone major fluctuations in the past 100 years. The government in socialist China controlled the labor market, mostly using geography as the determining factor. If a person lived in a rural area, they were not allowed to go to the city to get a job and vice versa. In the 1980s China opened up their restrictions between rural and urban areas, leading to massive urbanization. During this time many people employed by state-owned and collectively owned enterprises were laid off, due to downsizing in those areas. In response to the issues caused by internal migration, three major employment-related laws were introduced in 2008. The three laws were the *Labour Contract Law*, the *Employment Promotion Law*, and the *Labour Disputes Mediation and Arbitration Law*. These laws contain a number of articles against discrimination on grounds of age, gender, ethnicity, disability, and health status (Cooke 2012).

Diversity in the contemporary Chinese workforce can most often be seen in gender, age, and geographic diversity (i.e., rural versus urban and local versus nonlocal). Each of these types carries their own challenges. Women comprise of 37.6% of the workforce, but they are generally paid less and often receive few benefits (Cooke 2012). Also, women are underrepresented in certain areas, such as construction and government. When women are hired for government positions, they are often given administrative work, rather than positions of true power.

The age of an employee also impacts their position in China's workforce. A preferred age range is sometimes included in job advertisements. Older workers are often laid off first or forced into early retirement. Young workers also have challenges. Educational opportunities have expanded, but jobs have not always followed, leaving young people without experience in a vulnerable position. Many employers require at least 2 years of experience in their job listings.

Residential status is still important for Chinese workers, despite the easing of restrictions. The current system gives greater benefits to urban citizens than rural citizens and preference to local residents over nonlocal residents, with far-reaching effects in education, health care, social security, and employment opportunities (Cooke 2012). The nonlocal rural worker is at the lowest level and is therefore the most vulnerable to exploitation. They tend to work in areas with fewer regulations, like sweatshops, construction, and as domestics. They do not typically have contracts and have limited (or nonexistent) benefits. The government in China has tried to assist this group, but their conditions have not greatly improved.

## European Union

The European Union (EU) is concerned with promoting and protecting diversity. The EU has issued directives, including implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, establishing a general framework for equal treatment in employment and occupation, and on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States. The European Commission (the executive arm of the European Union) issued a renewed commitment to diversity in 2008. The commitment stated that while some Member States have protected people outside the area of employment, protection is still needed against discrimination in the workplace.

Worker migration in the EU has had an impact on workforce diversity. The EU struggles with aging populations, labor shortages, pressures on social security systems, and decreasing competitiveness with foreign markets (Cerna 2013). One way to address these concerns is through finding highly skilled workers that are willing to immigrate. Migration within the EU itself is allowed, but has not been sufficient to solve all of their labor issues. Workers have started to arrive from other countries as well, especially from India and Africa (Barak 2005). When these workers move they inevitably bring their cultures with them, which can lead to tensions with some citizens of their host country.

Not all Member States support free migration within the EU. Free movement of citizens is a basic tenet in the EU. The resulting migration has disproportionately affected some countries, especially Germany and the United Kingdom (due to greater economic opportunities there). Citizens in the United Kingdom, especially England and Wales, were not happy about being forced to take migrants and voted to leave the EU in June 2016 (i.e., Brexit). Other member countries have complained as well, but still currently belong to the EU.

One way the EU has tried to work with Member States is with the Blue Card Directive. The Blue Card Directive was meant to attract highly skilled immigrants to the EU by approving an EU-wide work permit, allowing highly skilled non-EU citizens to work and live in most countries within the EU. This excludes several countries, including Denmark, Ireland, and the United Kingdom, who prefer to focus on their national policies to attract highly skilled immigrants (Cerna 2013). The requirements to earn a Blue Card stipulated that applicants must have a work contract (or binding job offer) with a salary of at least 1.5 times the average gross annual salary paid in the Member State, a valid travel document, and documents proving the relevant higher professional qualification (Cerna 2013). The worker may bring their family, and the permit can be approved for up to 3 years.

The Blue Card Directive has many variations to it, depending on the Member State. Some Member States have not yet adopted it at all, however. One reason for this is timing. The Directive was first proposed shortly before the global economic crisis of the late 2000s through early 2010s (i.e., the Great Recession). Politicians were pressured to protect the jobs of workers already in their countries, especially jobs belonging to residential citizens. The Blue Card does not promise work indefinitely, nor does it address integration and citizenship, but it can provide a foot in the door for highly skilled workers.

## Conclusion

There are many benefits to workforce diversity. Some organizations believe in the social justice aspect, others believe that it is good for business, and many believe that both are valid. The impact of workforce diversity varies from place to place. Some countries choose to recruit workers from other areas, while other countries strive to find the ideal balance for the workers they have. Every country has challenges for encouraging diversity and for addressing issues with minorities in the workplace. No country has "figured out" diversity, much less implemented it. Minorities still suffer discrimination, both in society and in the workplace. Organizations need to instill the good intentions of today into the workplace of tomorrow.

## Cross-References

▶ Culture and Organizations
▶ Diversity and its Management in Organizations

## References

Barak ME (2005) Managing diversity: toward a globally inclusive workforce. Sage, Thousand Oaks
Cerna L (2013) Understanding the diversity of EU migration policy in practice: the implementation of the blue card initiative. Policy Stud 34(2):180–200
Cooke FL (2012) Labour market disparities and inequalities. In: Sheldon P, Kim S, Li Y, Warner M (eds) China's changing workplace. Routledge, London
Gilbert JA, Stead BA, Ivancevich JM (1999) Diversity management: a new organizational paradigm. J Bus Ethics 21:61–76
Hiranandani V (2012) Diversity management in the Canadian workplace: towards an antiracism approach. Urban Stud Res 2012:13
Ling FYY, Dulaimi MF, Chua M (2013) Strategies for managing migrant construction workers from China, India, and the Philippines. J Prof Issues Eng Educ Pract 139(1):19–26
Tatli A, Özbilgin MF (2009) Understanding diversity managers' role in organizational change: towards a conceptual framework. Can J Adm Sci 26(3):244–258

# Diversity in Public Personnel

Marla A. Parker and Ellen Shiau
Department of Political Science, California State University, Los Angeles, CA, USA

## Synonyms

Administrative discretion; Bureaucratic discretion; Cultural competency; Cultural identity; Discretionary power

## Introduction

As societies become increasingly culturally diverse, more revelations emerge about the complexity and nuances of cultural identity – particularly as it relates to how identity informs the formulation, implementation, and impact of policies by public (including quasi-public) organizations. More specifically, cultural identity has been strongly implicated in how the populace interacts with these organizations. Evidence substantiating this claim can be found in how the use, trust, and satisfaction of citizens with public goods and services can vary based on their race, gender, religion, citizenship status, and more. This requires public organizations to go beyond traditional conceptions of diversity typically used in public management for facilitating policy implementation. More public organizations should seek a culturally competent management approach that strategically builds their capabilities, structures, and environments in a way that considers how cultural identity influences organizational efficiency, effectiveness, and subsequent policy implementation (Norman-Major and Gooden 2015; Sabharwal et al. 2016).

The proceeding describes the role and importance of cultural competency in a specific and critical policy implementation tool: administrative (or bureaucratic) discretionary power. Essentially, this practice entails public sector workers engaging in relatively autonomous decision-making when performing mission-related tasks, typically in the context of direct service delivery to citizens seeking goods and services. The writing starts with a brief description detailing the important differences between diversity management and cultural competency. Then, it moves to a more detailed explanation of administrative discretion before describing the intersection of discretion and cultural competency. The writing ends with a discussion of management implications for applying cultural competency to effectively facilitating discretionary power.

## From Diversity Management to Cultural Competency in Public Administration

Diversity and diversity management in public organizations examines the management of heterogeneous workforces with the goal of capitalizing on the benefits diversity brings to an organization. Such benefits can include increased

productivity, organizational effectiveness, and creativity and innovation due to the varied perspectives, cultural knowledge, skills, and styles that a diverse workforce brings. Diversity management particularly examines strategies and practices that public organizations can utilize to support and benefit from a diverse workforce, including but not limited to recruitment and hiring practices, affirmative action, family leave policies, flexible work arrangements, antibias training, career advancement and development, and mentoring (Riccucci 2002); however, the linkages between diversity management practices and administrative discretion and organizational outcomes have not been explored as extensively.

Rather than just promoting tolerance, inclusion, and appreciation for cultural differences or aiming to increase the numbers of diverse public personnel, public agencies adopting cultural competency approaches to management and mission delivery acknowledge and manage for how cultural identity influences an organization's internal operations and subsequent policy implementation. More recently, concepts of cultural competency, which have been more prominent in the public health and social work fields, have been connected and applied to public administration. The concept is distinct from representative bureaucracy, diversity, and diversity management as it focuses on the attitudes, knowledge, and skills necessary to interact cross-culturally where different cultural identities can lead to different beliefs, understandings, practices, and behaviors.

Culturally competent organizations are thought to promote more effective, efficient, and equitable policy decision-making, implementation, and service delivery practices as public administrators adapt to understand and meet the needs of their constituents. Moreover, cultural competency also can apply to internal organizational management practices given that cultural differences can inform workplace dynamics among public administrators, such as work, communication, leadership, and conflict management styles. Thus, knowing how to understand, approach, and work with cultural differences among colleagues also can foster a more productive organizational environment.

## Administrative Discretion in Public Administration

The field of public administration has evolved to recognize the significant discretionary power that public administrators wield in policy decision-making, implementation, and service delivery. At one time, legislative directives were thought to provide clear demarcations regarding the allowable actions of public administrators; however, it is now widely recognized that public administrators often utilize discretion in the interpretation and execution of policies and programs given the variety and complexity of situations faced that often cannot be predicted (Lipsky 1980; Mazmanian and Sabatier 1989). For example, administrative agencies can develop and issue regulations to meet vague legislative mandates, determine when and how to enforce a policy, or settle stakeholder disputes involving public policies. In effect, public administrators exhibit legislative, executive, and judicial powers in operationalizing, implementing, and adjudicating public policies and programs. Given the degree of political power held by public administrators, questions then emerge regarding how to ensure the accountability of public administrators who are not subject to transparency and accountability mechanisms, such as public elections.

For example, following the emergence of the US civil rights movement and subsequent outbreaks of violence in the 1960s, in response to urban poverty and inequality in the delivery of services, greater attention was directed to the role that public administrators play in administrative decision-making and the shortcomings of public administrators in prioritizing social equity considerations in these decisions. In what became known as the Minnowbrook conference convened by public administration scholar Dwight Waldo in 1968, the value of social equity in policy decision-making, implementation, and service delivery was stressed as opposed to traditional emphases on efficiency and effectiveness. New Public Administration, which called for dismantling the systemic exclusion and discrimination of disadvantaged minorities, emerged as a response to the failures of public administrators in confronting social inequities (Frederickson 1971).

Another focus that emerged was on the role of street-level bureaucrats – public administrators, such as police officers, teachers, and welfare workers – who directly deliver public services and interact with the public, thus serving as important representatives of government to the public citizenry (Lipsky 1972, 1980). In the face of resource constraints and uncertainty, street-level bureaucrats who exercise significant discretion regarding policy implementation and service delivery can resort to simplifications to assist in making quick decisions; however, these "shorthand" rules can reflect cultural biases and stereotypes that result in discriminatory practices and damage to public perception of government institutions. Thus, confronting equity concerns in the context of administrative discretion aims to ensure effective and efficient policy decision-making, implementation, and service delivery, while promoting greater accountability among public administrators.

## Enhancing Administrative Discretionary Power with Cultural Competency

In the context of public sector human resource practices, to counter biases influencing administrative discretion, one dominant approach has been to seek a more representative bureaucracy, where the sociodemographic makeup of an organization more closely reflects the constituencies served (Kingsley 1944; Krislov 1974). This representation aims to reduce bias in decision-making while also enhancing public trust; however, a representative bureaucracy still may be insufficient to address bias in policy decision-making, implementation, and service delivery as public administrators still may harbor implicit biases that can vary along multiple dimensions of identity, such as race/ethnicity, gender, sexual orientation, religion, age, ability, or so forth.

Theories of representative bureaucracy also have evolved to focus on links between passive and active representation (Mosher 1968), particularly examining when and how public administrators actively advocate on behalf of a particular group as opposed to merely passively representing a constituency through shared sociodemographic characteristics. Growing recognition exists that public administrators can actively represent constituents in the policy decision-making, implementation, and service delivery regardless of whether public administrators share the sociodemographic identities of their constituents; however, active representation requires the ability of public administrators to foster a keen understanding of the interests and perspectives of that group. Cultural competency essentially facilitates active representation and can thus improve decision-making.

Rice (2007) developed what is essentially a comprehensive check list for public agencies seeking to enhance its cultural competency, which can inform better discretionary practices. First and foremost, street-level bureaucrats can improve their application of discretionary power by identifying their implicit bias, which can impact how they may treat constituents differently based on race, gender, ethnicity, religious status, and the like. Once these biases have been identified, it is imperative to address them by developing cultural knowledge and gaining more diverse experiences. Development of cultural knowledge does not only entail gaining specific information about specific cultural groups, but also understanding how cultural values and norms impact behaviors and perspectives. Moreover, developing cultural competency includes understanding how certain narratives (e.g., stereotypes) about cultural groups emerge that can influence perceptions of who is more or less deserving in terms of policy development and implementation. A good example of this can be seen with the Welfare Queen Experiment study by Gilliam (1999) where participants were found to have different views of how deserving black and white women were of government subsidized welfare.

Key to ensuring that cultural competency is properly integrated in discretionary power is evaluating outcomes from bureaucrat's behaviors, which can inform future decision-making and perhaps even provide checks for how discretionary power is used. Key targets should be the focus of continual evaluations. One evaluation target should be the extent to which discretionary

decisions have resulted in a pattern of disparate outcomes for constituents based on one or multiple cultural or demographic identifiers. Another target is how personnel are moving along a cultural competence continuum (Cross et al. 1989) where movement goes from cultural destructiveness to cultural proficiency. The idea is that as personnel move further towards cultural proficiency (which is enhanced by gaining cultural knowledge), public personnel will exhibit less bias in their decision-making. While examining constituent outcomes and location on the cultural competence continuum are not exhaustive measures, they are certainly significant.

## Conclusion: Managerial Implications for Developing Culturally Competent Discretionary Power

While discretionary decision-making power places more autonomy and authority in the hands of frontline public personnel, it does not comport with a laissez-faire managerial approach. Far from it, effective use of discretion emerges from appropriate managerial action that ensures personnel are effectively equipped and supported in decision-making. Given management's role in ensuring the fulfillment of the organizational mission, their role in guiding the use of discretionary action is even more imperative because such action can significantly influence how the public perceives the effectiveness, legitimacy, and value of a public organization. That being said, what substantive managerial actions should be taken to ensure that cultural competence is inculcated among frontline personnel, resulting in discretionary power that is not oppressive, but rather reflective of important public values of justice, equity, and equality? Furthermore, what barriers and opportunities exist for public managers as they aim to leverage the benefits of discretionary power while promoting cultural competency?

First, management should explicitly include cultural competence as part of the organization's strategic plan. This signals to personnel that this remains a priority for the organization and is critical to its mission, thus it should inform mission delivery. A potential challenge is overcoming resistance by personnel and even lower-level managers. The likelihood of this happening may be particularly high in areas where the public organization appears culturally homogenous or there is a general sentiment of anti-multiculturalism. Thus, managers should aim for buy-in by explaining how cultural competency can enhance effectiveness and ensure compliance with multiple ethical and legal requirements.

Second, focusing on human resource management functions can go a long way in preparing personnel to consistently use cultural competency in exercising discretion. As mentioned earlier in the description of diversity management, strides should be made to extensively train personnel in antibias training. However, cultural competency training goes further by helping personnel understand how cultural identity develops and interpreted in multiple contexts, which can lead to bias. Moreover, cultural competency training emphasizes the important skills of cross-cultural communication and emotional intelligence. Lastly, where possible, this training should build in opportunities for personnel to more substantively understand and connect with the constituents they serve. By emphasizing the role of training, management signals to personnel that cultural competence is a complex, valued skill that can be developed and honed. Structured training coupled with a strategic plan emphasizing cultural competence provides management with opportunities to formally evaluate its development and use by personnel. For example, cultural competency goals can be part of employee performance evaluations and communication channels can be established for use by constituents to report their experiences with personnel. Similar to implementing cultural competency as part of a strategic plan, implementation of training may also meet resistance.

The use of strategic planning, training, evaluations are but a few key mechanisms to promote cultural competency in administrative discretion. Additionally, how to implement these solutions will vary based on the realities the organizations. Nonetheless, success of these solutions at any organization will be strongly predicated on how

much managerial behavior and leadership creates an environment that supports cultural competency as a central organizational tenet. In other words, if public managers and leaders are to overcome the shortcomings of traditional diversity management, cultural competency must be promoted by them as a core value and not an ancillary function.

## Cross-References


- ▶ Administrative Discretion
- ▶ Bureaucracy and Culture
- ▶ Culture and Organizations
- ▶ Diversity and Its Management in Organizations
- ▶ Diversity in Organizations
- ▶ Diversity in the Public Workforce


## References


Cross T, Bazron B, Dennis K, Issacs M (1989) Towards a culturally competent system of care, vol I. Georgetown University Child Development Center, CASSP Technical Assistance Center, Washington, DC

Frederickson HG (1971) Toward a new public administration. In: Marini F (ed) Toward a new public administration: the Minnowbrook perspective. Chandler, Scranton

Gilliam FD Jr (1999) The 'welfare queen' experiment. Nieman Rep 53(2):49

Kingsley JD (1944) Representative bureaucracy. Antioch Press, Yellow Springs

Krislov S (1974) Representative bureaucracy. Prentice Hall, Englewood Cliffs

Lipsky M (1972) Street-level bureaucracy and the analysis of urban reform. In: Frederickson HG (ed) Politics, public administration, and neighborhood control. Chandler, San Francisco

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public service. Russell Sage Foundation, New York

Mazmanian DA, Sabatier PA (1989) Implementation and public policy. University Press of America, Lanham

Mosher FC (1968) Democracy and the public service. Oxford University Press, New York

Norman-Major KA, Gooden ST (2015) Cultural competency for public administrators. Routledge, New York

Riccucci N (2002) Managing diversity in public sector workforces. Westview Press, Boulder

Rice MF (2007) Promoting cultural competency in public administration and public service delivery: utilizing self-assessment tools and performance measures. J Public Aff Educ 13(1):41–57

Sabharwal M, Levine H, D'Agostino M (2016) A conceptual content analysis of 75 years of diversity research in public administration. Rev Public Pers Adm. Published online in October 2016


# Diversity in the Public Workforce

Madinah F. Hamidullah and Farha Z. Northover
School of Public Affairs and Administration, Rutgers University Newark, Newark, NJ, USA

## Synonyms

Inclusion; Strategic planning; Workforce participation

## Definition

Veterans: individuals who served on active duty in the Armed Forces during specified time periods.

Individual with a disability: (defined by the Americans with Disability Act) a person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment.

## Introduction

While diversity is commonly discussed in public administration literature, it is becoming increasingly important that the scope of this discussion expands beyond the usual categories of race, age, and gender. Diversity in employment is not only important in terms of societal representation, but has also been found to impact organizational performance and outcomes (Keiser et al. 2002; Meier et al. 2001; Meier and O'Toole 2002). Additionally, diversity is even more so an issue in continuing to have the best public workforce to serve citizens. The constant challenge of increasing diversity has been described as an ongoing issue

for public managers (Riccucci 2002). This is partly due to the ever-expanding designation of which groups, issues, and individuals are included in diversity issues. What constitutes diversity will expand as our community and country continue to change. In order to be the model employer for all organizations, public agencies must set the tone for diversity in employment (Berry 2010).

This chapter details efforts in enhancing diversity, in disability and veteran's employment, within the federal government. The diversity policies explored focus specifically on policies adopted during President Barak Obama's administration and their impact thereafter.

## Example of Promoting Diversity: Veterans' Preference

The Veterans' Preference Act of 1944 (included in the employment requirements of Title 5 and Title 38) affords veterans', who are disabled or who served on active duty in the Armed Forces during specified time periods, preferences over others in hiring and also in retention during reductions in force (U.S. Office of Personnel Management 2011). This practice dates back to the Civil War and continually resurfaces in society's debate about hiring preferences in the federal government. Veterans' preferences are in place to not only recognize the service of Veterans to the country but to help prevent economic loss when individuals try to enter or reenter federal employment. The general idea is to restore individuals who have served in the military to a competitive employment position and to illustrate the government's obligation to do so.

Diversity in this regard reaches beyond righting the wrongs of past discrimination and leveling the playing field for those that have served the country. It would appear that this was a simple justification to prevent individuals from being penalized for their time in military service and to help compensate them for the economic losses associated with serving the country. But instead it is part of a larger overall policy and long-term goal of creating a federal culture that values veterans' service, skills, and dedication (Berry 2010). The Office of Personnel Management (OPM) has stated that not only is veterans' employment the right thing to do it is a good business practice because of the significant resources given to military personnel during their training and time in service (2010). There is surely work left to be done in this area. The federal government is the nation's leading employer for veterans, but nearly 80% of all veterans are employed in three departments: Homeland Security, Veterans Affairs, and Department of Defense. Even if these departments are more conducive to the skills and services of veterans, if 80% of women or a particular ethnic group were concentrated in three departments, there would be an outcry that this is not meeting the levels of true diversity in the federal government.

The federal government has previously taken the appropriate actions to promote diversity throughout the entire federal workforce. This was the first time there is a strategic OPM plan focused directly on increasing the number of veterans hired throughout the Federal Civil Service (Berry 2010). Within the strategic plan, the commitment of leadership is the first goal. The strategies include creating a governance structure within the federal government to provide leadership and accountability for veteran's employment by creating advocates for veterans' employment within each federal agency (United States Office of Personnel and Management 2010). This strategic goal also includes indicators for progress. Beyond President Obama's executive order, all federal agencies are expected to have Veterans Employment Program Offices along with veteran's employment operational plans by specific dates.

President Obama signed Executive Order (EO) 13518 in November 2009. It sought to enhance the recruitment and promotion of employment opportunities for veterans within the executive branch (Obama 2009). Since the time of signing this order, there has been an increase of 2600 veterans hired over 2010. During this same period, the federal government has hired fewer people overall. Attention to issues involves holding federal agencies accountable to the timeline set forth in the executive order ensuring benchmarks

are reached. Making sure each agency has a written strategic plan and is putting the plan into action is the responsibility of human resource professionals. Many have already answered the question of why it's important to reflect the society that we serve. The Obama administration put the achievement of a more inclusive workforce into action. All agencies were required to submit a hiring plan to OPM by March 8, 2011, and were granted a one-time extension until April 11, 2011. Agencies were also required to designate a senior-level office to be accountable to enhancing employment opportunities for individuals with disabilities (Leonard 2011).

## Example of Promoting Diversity: Individuals with Disabilities

Diversity consideration in human resource management (HRM) moves beyond race, gender, and ethnicity and extends to individuals with disabilities. The Americans with Disability Act (ADA), signed into law by President George H. W. Bush in July 1990, prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA defines an "individual with a disability" as a person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment. Previously, disabled persons were protected in employment under the Rehabilitation Act of 1973 (Nigro and Nigro 2000). EO 13163 signed by President Clinton in 2000 called for an increase of 100,000 individuals with disabilities to be employed in the federal government over 5 years. OPM implemented EO 13173 signed by President Obama in July of 2010 to increase federal employment of individuals with disabilities. The executive orders require different hiring targets and agency requirements for the federal government.

Currently individuals with disabilities represent a little over 5% of the federal workforce, and those with targeted disabilities represent less than 1% (Office of the Press Secretary 2010). When celebrating the 25th anniversary, the Federal Emergency Management Agency (FEMA) administrator made an outstanding diversity case. The administrator stated that until he has a workforce that reflects all the people in the USA that are affected by disasters, he will never have good plans for combating those disasters. When thinking about natural disasters such as flooding, hurricanes, and especially Hurricane Katrina, unless you have people that understand the place and the people affected by the disaster, you truly won't be prepared. Every agency provides services to the American public, and at OPM they have to make sure the workforce can do all of that.

## Importance of Employment

Individuals of all backgrounds enjoy the social benefits of being employed. The American Community Survey reported that about 41.3 million or 15.1% of the civilian non-institutionalized population, 5 years of age and older in the USA, are people who reported a disability (Brault 2008). Only around 20% of adults (individuals over the age of 18) with disabilities are active in the labor force, compared to around 70% of those without disabilities. The disparity is alarming and efforts are being made to close that gap. Lessons in this area include the importance of attention and follow-through of new government initiatives. Executive orders are important, but without the right people in place, the orders will not be turned into action.

Employment is critical to success in an individual's life. Being able to live a self-supporting life provides people with disabilities a feeling of enhanced self-worth and results in tax savings for society at large (Ledvinka 2010). Different individuals may need different accommodations and many public human resource agencies to ensure individuals get what they need. Safeguarding veteran employment rights and disability laws is essential to workplace equality and diversity. The health and safety of veterans and the disabled are beneficial to both work environments and for employee's personal health and their families. Flexible work-life balance helps veterans and

disabled people to sustain their livelihood and financial security – that may require time away from work to address maintaining their health care and health insurance needs.

Being aware of policies that apply to workers is most important in all matters of diversity implementation. These policies could be related to transportation, benefits, education, or training. Increased employment of diverse populations benefits all members of society. Making societal shifts in the perceptions of groups can take place, and employment is an avenue where change can happen. Broadening what diversity encapsulates will be an ongoing ever-changing issue. Both public and private managers will continue to have the need to construct a workforce that mirrors the population in which they serve. As our population changes, our definition of diversity may change. Which groups and individuals will be protected and have policy constructed for them will be a never-ending job. Race, gender, age, class, sexual orientation, disability, and the list of groups and subgroups could be endless. Policies can be constructed in broad terms but be implemented with a focused agenda. It will be necessary to provide the right service, to the right people at the right time. Many people will need many different things in terms of employment and services from government.

## Conclusion

Other areas of diversity research suggest that a critical mass of individuals with certain underrepresented attributes is necessary to produce real change. The critical mass concept, adopted from physics, is often applied to employment. A critical mass (one-third) of women in leadership roles is considered necessary to change views and attitudes toward women as well as build stronger organizations (Zoppo 2010). Ely (1995) found that until critical mass is reached for women in leadership position, neither men or women will change the perception of sex role stereotypes.

Inroads in closing that gap would be changed in this area. Policy and executive orders have been in place to facilitate some change here, but implementation and action have been lacking. Leadership and action need to be in place to see success in this area. Making the federal government a model employer will help make it a more attractive place of employment for the next generation coming into the workforce. Working for government and making a difference are where individuals can make a lasting impact in the communities to which they belong.



## References

Berry J (2010) The government wide veterans' recruitment and employment strategic plan for FY 2010–FY 2012. United States Office of Personnel Management. http://www.fedshirevets.gov/pdf/Vets_Initiative_Strategic_Plan.pdf. Accessed Aug 2016

Brault M (2008) Disability status and the characteristics of people in group quarters: a brief analysis of disability prevalence among the civilian noninstitutionalized and total populations. American Community Survey. http://www.census.gov/hhes/www/disability/GQdisability.pdf. Accessed Dec 2015

Ely R (1995) The power in demography: women's social construction of gender identity at work. Acad Manag J 38:3

Keiser L, Wilkins V, Meier K, Holland C (2002) Lipstick and logarithms: gender, institutional context, and representative bureaucracy. Am Polit Sci Rev 96:3

Ledvinka C (2010) The Americans with disabilities act. In: Condrey SE (ed) Handbook of human resource management in Government. Jossey-Bass, San Francisco, pp 491–513

Leonard B (2011) Federal agencies face disability employment challenge. Society for Human Resource Management Online, Diversity Section. http://www.shrm.org/hrdisciplines/Diversity/Articles/Pages/FederalAgenciesFace.aspx. Accessed Feb 2016

Meier K, O'Toole L Jr (2002) Public management and organizational performance: the impact of managerial quality. J Policy Anal Manage 21(4):629

Meier K, Eller W, Wrinkle R, Polinard J (2001) Zen and art of policy analysis. J Polit 63(2):616

Nigro L, Nigro F (2000) The new public personnel administration, 5th edn. Wadsworth/Thomson Learning, Belmont

Obama B (2009) Presidential documents: employment of veterans in the federal government. Fed Regist 74:218. http://www.fedshirevets.gov/news/eo110909.pdf. Accessed Dec 2010

Office of the Press Secretary (2010) Executive order – increasing federal employment of individuals with disabilities. The White House, Washington, DC. http://www.whitehouse.gov/the-press-office/executive-order-increasing-federal-employment-individuals-with-disabilities. Accessed 20 Dec 2016

Riccucci N (2002) Managing diversity in public sector workforces. Westview Press, Boulder
U.S. Office of Personnel Management (2010) The government wide veterans' recruitment and employment strategic plan for FY 2010-FY 2012. United States Office of Personnel Management. http://www.fedshirevets.gov/pdf/Vets_Initiative_Strategic_Plan.pdf. Accessed Mar 2016
U.S. Office of Personnel Management (VetGuide 2011). http://www.opm.gov/staffingPortal/Vetguide.asp. Accessed Mar 2016
Zoppo G (2010) Reaching critical mass is key. DiversityInc.com. http://diversityinc.com/generaldiversityinformation/reaching-critical-mass-is-key/. Accessed Jan 2012

# Diversity Management and Cultural Competence in the Healthcare Field

Courtney Haun
Department of Political Science, Auburn University, Auburn, AL, USA

## Synonyms

Cross-cultural competence; Cultural diversity; Multicultural management

## Definition

Diversity management includes strategies towards the implementation of diversity and inclusion in the workplace. Within this management type, cultural competence is a set of behaviors, policies, and attitudes that join together to create an organization that fosters effective, cross-cultural outcomes.

## Introduction

Diversity management includes functions such as recruiting, building retention strategies, and developing performance evaluation protocols. All of these functions and more play a foundational role in healthcare organizations. The different management components of diversity encompass an organization's positive (or negative) cultural competence. By looking inward at these fundamental agents of action, an organization has the ability to develop and improve their cultural competence. Thus, through diversity management, one can create a workplace atmosphere where the touch points of an organization's influences all lead into the overall ability for the organization to be culturally competent.

The following paragraphs illuminate how the healthcare sector harbors cultural competence through an understanding of the importance of social and cultural influences on patients' health beliefs and behaviors. Also, within this specific field, multiple levels of the healthcare delivery system and interventions within them must be taken into account to assure cultural competence within the organization's employees and to the consumers being served.

## The Healthcare Domain

Within the domain of healthcare diversity management, there are a plethora of studies evaluating interventions to improve the cultural competence of health professionals. However, in healthcare, the motive of cultural competence is to impact patient satisfaction outcomes, not necessarily employee's satisfaction. Although an employee's cultural competence improves knowledge, attitudes, and skills of health professionals, in most studies, these positive effects are linked back to the patient instead of the employee (Beach et al. 2005). One could assume that these improvements ultimately affect employee satisfaction, nonetheless.

In healthcare, cultural competence comes forth in discussion because of major organizational issues such as patient care quality, racial and ethnic disparity, and high healthcare costs. Moreover, there has been a steady increase in cultural diversity in the USA, and because of this, it makes service delivery to those individuals that much more important. Cultural difference between patients and providers, which result in poor communication, is considered another significant

contributor to poor outcomes (Alizadeh and Chavan 2016).

In order to solve the issues, cultural competence frameworks have been extensively applied in the healthcare setting to evaluate the best approaches to obtain higher level outcomes. In most cases, outcomes are related to patient quality of life, satisfaction, and general health measures. Once again, the field of healthcare focuses on service delivery to the patient and evaluating of patient outcomes from cultural competence training. Healthcare is filled with best practice for service delivery to obtain good patient satisfaction outcomes through cultural awareness, knowledge, skills, encounters, and desires. There is also a focus on performance evaluation of the delivery of services through skills and knowledge measuring tools. However, there is a lack of focus on cultural competence surrounding recruitment and retention strategies for the healthcare workforce, and these are important strategies that need to be encompassed in diversity management efforts.

One study inspected what research has focused on improving cultural competence in healthcare (2005). Out of 34 studies, they found that the outcomes were focused on provider attitude (25), provided knowledge (19), provider skills/behavior (14), and patient satisfaction (3). The cultural competency trainings focused on different types of healthcare professionals including physicians, nurses, mixed groups, and "other" provider types. Performance evaluation was used to look at patient outcomes from the cultural competence trainings. According to the author, "cultural competence training shows promise as a strategy for improving health care professionals' knowledge, attitudes, and skills and patients' ratings of care. We believe that interventions that focus on the avoidance of bias, general concepts of culture, and patient-centeredness are promising strategies that should be prioritized for further study" (Beach et al. 2005).

## Diversity Management in Healthcare

Participating in diversity management is important for healthcare organizational success. An organizational work environment and overall job satisfaction are closely knitted to diversity management. This includes workplace diversity and diversity climate perceptions by employees. When diversity recruitment and retention efforts are not successful, turnover can be a result and become extremely costs for organizations. Loss of productivity, the cost of recruiting a new employee, and negative cultural impacts are just a few of the daunting negative effects from poor retention. Therefore, retention is a component of diversity management that must be deemed as highly important.

Also included in diversity management is performance appraisal. In essence, performance appraisal is built upon two fundamental objectives. The first is to create measures that have the ability to assess employee job performance. Secondly, evaluation systems are created to assess and advance operational processes within organizations (Pay for Performance 1991). Designing and operating performance appraisal systems are met with the unique characteristics of an organization. Hence, cultural aspects of employees should be a prominent feature in this system. In order to effectively appraise individuals within an organization and the organization itself, performance appraisal should include cultural competence. Cultural competency training is another major facet of diversity management with ongoing efforts to improve the quality of diversity awareness within the organization alongside performance appraisals (Dayal 1976).

## Outcomes from the Inclusion of Cultural Competence

By including cultural competence in the healthcare sector, the organization can make legitimate and long-lasting efforts to improve its internal and external goals and objectives. This involves the continuous evaluation of the organization's ability to deliver culturally competent healthcare through understanding of diverse ethnic and cultural groups, their traditions, beliefs, and value system during the provision of services. Healthcare organizations will also proactively

identify, inventory, measure, and evaluate the cumulative knowledge, skills, and abilities of their employees to interact successfully with one another and with diverse populations across health metrics. Diversity managers will engage their employees through trainings, workshops, and other tools to enhance the inclusivity within the organization. As an outcome, the organization will be able to convert the knowledge gained particular groups, employees, and individuals into policies and procedures that result in practices. Ultimately, this will increase the quality of the healthcare services provided yielding better outcomes.

At its core, employee recruitment is attracting the best available talent for the organization. As diversity increases, it is important for the healthcare field to recruit from a diverse and inclusive applicant pool. As a resource, employees are one of the most valuable assets and are necessary to deliver goods and services effectively. They can also be one of the most expensive liabilities a company has if they do not match the market and internal needs. Because of these components, recruitment efforts with diversity management can bring about a workforce that matches the population it is serving.

Knowledge and understanding of cultural makeup is another facet of the inclusion of cultural competence to create a workplace environment that fosters and reflects diversity of employees and the removal of all barriers that are harmful to culture. When a healthcare organization encompasses cultural competence, diversity managers will have the capability to measure impacts of organizational cultural functions through documenting, tracking, and evaluating. Managers can also use self-assessment protocols to evaluate services, structure, and practice. Employee and stakeholder engagement in feedback is of high importance and shapes future advancements for healthcare organizations as well.

## Why Cultural Competence Is Important

An organization can gain a competitive advantage by being able to attract, retain, and motivate people from diverse cultural backgrounds. This can occur through maintaining the highest level of quality human resources. Further capitalizing on the potential benefits of cultural diversity in work groups, organizations may gain a competitive advantage in creativity, problem-solving, and flexible adaptation to change (Cox and Blake 1991). In healthcare organizations, cultural competence is something that does not occur by accident. It requires effective leadership, the ability to monitor competency through reevaluations, and by providing resources necessary to foster cultural competence. At the organizational level, it is an ongoing process that must be maintained through periodic reassessments in order to produce more efficient organizations.

Diversity management efforts through recruiting, retention and development, performance evaluation, service delivery, and more, are all important in the healthcare space for a variety of reasons. By being more culturally competent, the healthcare workforce can help to improve patient care quality, reduce racial and ethnic disparity, and reduce healthcare costs. Cultural competency should be seen as an essential component for this sector of organizations.

## Conclusion

Cultural competence is critical, because it is used in the cultural context in which public encounters occur. It also presents an opportunity to address the often inaccurate public service and programs provided and highlights on best workplace practices. Therefore, through diversity management, cultural competence can increase the relevance of an organization's administration, services provided, and workplace in general. Employees in the workplace will be better equipped to deliver services by being more prepared to do their jobs (Rice 2007).

Although, health administration scholars have devoted less attention to cultural competency as it relates to employees, others have highlighted the importance of various management efforts. Whitman and Valpuesta (2010) note that workforce and staff development efforts including employee

recruitment, retention, and promotion also need to embrace cultural competence in healthcare. Within these multifaceted human resource strategies, some direct practices for cultural competence include internships, marketing early to employee prospects, providing mentoring programs, and training opportunities such as support networks and educational advancement (Whitman and Valpuesta 2010).

Cultural competence, at its core, is the ability to work effectively with culturally diverse people whether they are co-workers, patients, or employees. However, diversity management components towards the concept of cultural competence are complex and multifaceted. Therefore, when thinking about the healthcare landscape of diversity management, many personnel management functions can be applied such as recruitment, retention, evaluation, and training. As an overarching theme, the challenge of cultural competence is being faced by the healthcare sector due to growing cultural diversity during intercultural interactions with patients and employees. Exploring diversity management and reaching cultural competence is essential for organizational success in healthcare and other fields as well.

## References

Alizadeh S, Chavan M (2016) Cultural competence dimensions and outcomes: a systematic review of the literature. Health Soc Care Community 24(6):e117–e130. https://doi.org/10.1111/hsc.12293 (September 9, 2017)

Beach MC et al (2005) Cultural competence: a systematic review of health care provider educational interventions. Med Care 43(4):356–373. http://www.ncbi.nlm.nih.gov/pubmed/15778639 (September 9, 2017)

Cox TH, Blake S (1991) Managing cultural diversity: implications for organizational competitiveness. Executive 5(3):45–56. Retrieved from http://www.jstor.org/stable/4165021(September 9, 2017)

Dayal I (1976) Cultural factors in designing performance appraisal system. https://doi.org/10.1177/0256090919760204. (September 9, 2017)

Pay for Performance (1991) National Academies Press, Washington, DC. http://www.nap.edu/catalog/1751 (September 9, 2017)

Rice M (2007) Promoting cultural competency in public administration and public service delivery: utilizing self-assessment tools and performance measures on JSTOR. J Public Aff Educ 13(1):41–57. Retrieved from https://www.jstor.org/stable/40215768?seq=1#page_scan_tab_contents (September 9, 2017)

Whitman MV, Valpuesta D (2010) Examining human resources' efforts to develop a culturally competent workforce. Health Care Manag 29(2):117–125. https://doi.org/10.1097/HCM.0b013e3181da892d (September 9, 2017)

D

# Diversity Management in Egyptian Public Contexts: When the Heat Yields Cold Reactions

Mohamed Mousa
WSB University, Dabrowa Gornicza, Poland

## Synonyms

Culture; Diversity

## Crisp Definitions of the Key Title Words

- Culture means "the collective programming of the mind that distinguishes the members of one group or category of people from another" (Hofstede and Hofstede 2005, p. 28).
- Diversity refers to the state of being different (Mousa 2019). Moreover, Heuberger, Gerber, and Anderson (2010, p. 107) defined it as "many types of differences, such as racial, ethnic, religious, gender, sexual orientation, and physical ability, among others."

## Diversity Management: History and Trends

The concept of diversity is not new to either academic or professional managerial agenda. The majority of Western countries have a long history of debating, designing, articulating, implementing and also assessing cultural differences and diversity-related policies (Morrison et al. 2006). Moreover, both academics and practitioners in those Western countries have asserted

that the main goal of diversity management and its related policies revolves around ensuring the fair representation of minority-affiliated members in different workplaces and organizational levels (Ashikali and Groeneveld 2015). However, such fair representation of minorities has been developed and sustained after decades of debate about social and workplace discrimination, cultural bias, negative and positive prejudice, social equality, and workplace justice. Morrison et al. (2006) elaborate that early attempts to address diversity management focused on managing differences only in terms of gender and race in different workplace settings.

However, and due to growing clashes, which sometimes escalate even to public unrest on the streets, over differences in age, religion, nationality, sexual orientation, political ideology, and others, the concept of diversity has expanded to include all these differences and conflicts (Mousa 2018). Noticeably, and based on the aforementioned, diversity and diversity management have attracted considerable attention among researchers and practitioners in Western universities. What then is the situation in developing nations? Has diversity management been prioritized in academic institutions and schools of humanities and business? Has diversity been considered a hot topic with the public and media in developing nations?

The answer to this question differs from one developing nation to the next. A country like the United Arab of Emirates established a ministry for cultural diversity in 2018 and even a ministry for happiness in the same year. A country like Saudi Arabia still walks one or two steps behind particularly in terms of gender, religion, ethnicity, and political ideology-related diversity despite amendments this country has initiated in the past 15 months towards the empowerment of women. India claims that it exerts efforts to guarantee the sociocultural rights of its Muslim minority. However, Muslims there confirm that they are forced to live in specific counties, and they feel unwelcome to serve in the Indian public administrative system. By comparison, South Africa has developed and sustained its successful model of inclusion and respecting differences in which white and black people live together in peace. Tunisia has recently established its diversity model through securing women the same social, cultural, and political privileges as men. This may be described as the first and only post-Arab Spring woman-friendly society.

One may ask what should diversity management deliver? What should be achieved from adopting diversity management protocols? What should be the result of a diversity strategy? Apparently, ensuring fair representation for minority-affiliated members is no longer sufficient in today's diversity management. The impetus for the effective management of diversity should revolve around creating and developing an inclusive organizational climate or what management scholars call "organizational inclusion." Such an inclusive climate entails that the uniqueness of minority individuals is acknowledged and valued. Accordingly, ambition, assessment, and organizational membership will not be limited on the basis of religion, age, race, skin color, and so on. Moreover, every employee should be treated as an insider, which can then stimulate his attainment of individual outcomes (job satisfaction, fair assessment, etc.) and organizational outcomes (loyalty, performance, commitment, presenteeism, etc.). Does such organizational inclusion exist in the public organizations of developing nations? Do the employees in these public organizations feel treated as insiders? Do they face any form of workplace discrimination, cultural bias, negative prejudice, or stereotyping because of their affiliation with a particular gender, religious, political, ideological, or sexual orientation? The Egyptian experience may provide an answer to such questions.

## The Egyptian Experience in Diversity Management

According to Hofstede and Hofstede (2005), the Egyptian culture is characterized by the following:

- Power distance, according to which leaders have and exercise unquestionable authority.

- Uncertainty avoidance, according to which Egyptians tend to reject any change and constantly have fears about the unknown.
- Individualism – family in Egyptian culture strongly shapes individual behavior.
- Masculinity – men have a dominant role, and they are the main breadwinners in Egyptian society, while women are in charge of raising children.

In his study, Mousa (2017) asserts that Egyptian society is passing through a divisive stage. In his study, this author confirms that this was implicitly experienced prior to the 2011 Arab Spring and Egyptian revolution. Moreover, this assertion has been upheld and confirmed post-Arab Spring. This justifies why cultural clashes among Egyptians in terms of political ideology, religion, and social class have become more common if not daily practices.

Mousa (2017) addressed female nurses in Egyptian public hospitals through semi-structured interviews and found an explicit workplace conflict based on religious differences. Christian nurses prefer to deal only with Christian colleagues, and Muslims deal also with Muslim ones. It is disappointing that the concepts of majority and minority are widely used in this context. Furthermore, evidence suggests that Christian nurses work hard just to maintain a good image of their religion "Christianity," while Muslim nurses are not required to exert the same level of performance because they are the majority. Such in-out group differentiation is known to everyone there, but the administration of public hospitals prefers not to intervene because the Muslim-Christian relationship is a sensitive political issue and they feel that only the government has the authority and strategic orientation to cool this conflict.

Another disturbing fact is the superiority that male managers exercise over female nurses. Such workplace exclusion is the only element that unifies both Muslim and Christian nurses. All females there regardless of their religion have stated that they feel they are treated as if second-class by their male managers. They are obviously excluded, marginalized, or even discriminated against because of their gender. Such preferential advantage for Egyptian men is easy to identify. Unfortunately, and despite such violations of the principles of justice, the administration of the public hospitals there maintains this status quo. Moreover, managers there do not consider that excluding women in any way reduces their credentials, merit, and work experience, but is instead an adoption of the social norms they wish to transfer from one generation to another. This obstructs any attempt to improve the current situation for women in the workforce in Egypt.

In this regard, a study by Mousa, Massoud, and Ayoubi (2020) asked whether "female physicians perceive diversity management practices more positively than their male colleagues?" or in other words, "do female physicians act responsively with diversity protocols/policies initiated by their organization/workplace?" After focusing on physicians in Egyptian public hospitals, this study discovered that the female physicians positively perceive the diversity management practices of their organization. Moreover, those female physicians seek an inclusive climate in which they feel respected, recognized, fairly treated, and fairly assessed without being limited on the basis of gender. However, it is worth highlighting that the government has set a quota of 25% of parliament members to women after an amendment to the Egyptian constitution in 2018. This step has been perceived as a victory for Egyptian social activists, human rights actors, and young politicians.

Consequently, the question that should be raised here is: "Is there a kind of diversity challenge (e.g., workplace discrimination) in the workplace setting of the organisations in the sample?" Mousa (2018) answered this question through elaborating that organizational cynicism, which is the negative attitudes employees form and maintain towards colleagues, occupations, and the organization, is the main outcome of any failure and/or absence of the sound management of cultural differences. By addressing physicians in Egyptian public hospitals, Mousa (2018) identified a significant positive correlation between diversity challenges (workplace discrimination) and the following three types of organizational

cynicism: first, *cognitive cynicism*, which reflects an employee's belief that his organization lacks integrity, justice, and transparency; second, *affective cynicism*, which reflects employee anger and disgust towards his organization; and lastly, *behavioral cynicism*, which reflects an employee's powerful negative criticism of his organization. According to the same study, organizational cynicism explains much of the negative behavior among employees, such as the high rate of absenteeism, psychological withdrawal, and also physical withdrawal from the organization. Moreover, a high level of employee organizational cynicism entails the indication that his organization lacks a commitment to equality and honesty.

Based on the aforementioned, it has become vital to question why diversity is not listed as a priority in Egyptian public organizations. Why do public organizations in Egypt not effectively manage the diversity of their employees? In other words, what factors inhibit the management of cultural diversity? Alas and Mousa (2016) highlighted that addressing or dealing with diversity-related challenges requires the inclusion of diversity as a major part of the culture of organizations. Unfortunately, this is not the case in Egyptian organizations. The same authors observed, when addressing one business school in Egypt, that both post- and undergraduate students are not provided with any training about how to tackle multiculturalism. Moreover, no courses about organizational inclusion exist. Therefore, business schools in Egypt neglect all the sociocultural, political, and economic changes taking placing in Egyptian society. Furthermore, they focus only on equipping their students with business knowledge and skills. This state of division, which requires culturally responsive curricula to connect in-school learning with out-of-school living, is completely neglected in the context of Egyptian business schools (Alas and Mousa 2016; Mousa 2019). This explains why topics such as the empowerment of women, the rights of ethnic minorities, and even intercultural communication have not been given sufficient space in Egyptian academic research. Apparently, the low level of sociocultural, political, academic, and economic freedom Egyptians currently experience has had a profound impact on shaping their academic and daily practices (Mousa 2019). Therefore, diversity in Egyptian public organizations will not be systematically and effectively managed without the government taking the initiative. Otherwise, it will remain a sensitive topic that Egyptians suffer from but cannot debate or find a solution to.

## Conclusion

This chapter starts by discussing the emergence and development of the concept of diversity. Moving forward by focusing on Egyptian public organizations, the author responds to the following questions: What is needed from diversity management practices? Is there an effective approach to the management of diversity in Egyptian public organizations? How can public organizations in Egypt deal with diversity challenges? And why is diversity not perceived as a priority in the Egyptian context?

## References

Alas R, Mousa M (2016) Cultural diversity and business schools' curricula: a case from Egypt. Probl Perspect Manag 14(2):130–137

Ashikali T, Groeneveld S (2015) Diversity management for all? An empirical analysis of diversity management outcomes across groups. Pers Rev 44(5):775–780

Heuberger B, Gerber D, Anderson R (2010) Strength through cultural diversity: developing and teaching a diversity course. Coll Teach 47(3):107–113

Hofstede G, Hofstede GJ (2005) Cultures and organizations: software of the mind. McGraw Hill, New York

Morrison M, Lumby J, Sood K (2006) Diversity and diversity management: messages from recent research. Educ Manag Adm Leadersh 34(3):227–295

Mousa M (2017) How do nurses perceive their cultural diversity? An exploratory case study. Afr J Bus Manag 11(17):446–455

Mousa M (2018) The effect of cultural diversity challenges on organizational cynicism dimensions: a study from Egypt. J Glob Responsib 9(3):133–155

Mousa M (2019) Organizational inclusion, responsible leadership and physicians' psychological contract: a study from Egypt. Equal Divers Incl 39(2):126–144

Mousa M, Massoud H, Ayoubi RM (2020) Gender, diversity management perceptions, workplace happiness and organizational citizenship behaviour. Empl Relat

# Diversity Management in the Public Sector

Inayah Ali, Subhash Appana and Jashwini Narayan
The University of the South Pacific, Suva, Fiji

## Synonyms

Diversity management – managing diversity; Employee work outcomes – employee performance; Productivity – efficiency; Service delivery – public service

## Definition

Diversity management refers to the manner in which differences are managed among the workforce.

Public Sector Reforms involve changes that have been made to the public sector since the 1980s in order to improve performance.

Heterogeneous workforce is considered here as a workforce that has people with different backgrounds and attributes.

## Introduction

Diversity management (DM) has become one of the critical concerns of public sector reforms in recent times because of demographic and population shifts in society. The notion is that public organizations can achieve their organizational objectives like service delivery more effectively through DM (Ohemeng and McGrandle 2015). According to Klarsfeld, Booysen, Ng, Roper, and Tatli (2014), different countries demonstrate three key characteristics of DM at work: contextuality, relationality, and dynamism. The meaning of diversity and categories of difference that are included in managing diversity frameworks are informed by country-specific historical legacies, labor market conditions, and regulatory environments. International agencies such as International Labor Organization (ILO), United Nations (UN), and regional bodies such as European Union (EU) can also exert influence on DM at work (Klarsfeld et al. 2014). There are competing views on the most effective ways of managing diversity, tackling discrimination, and promoting inclusion and fairness at work. DM is a relational and negotiated process that involves multiple actors with different interests and viewpoints such as state, employers, trade unions, and new actors including nongovernmental organizations (NGOs), professional bodies, community groups, and diversity consultancies. Futhermore, DM is not static but dynamic, changing in line with the political and economic pressures nationally and internationally. Thus the dynamism and implementation of DM differs across countries and their public institutions. This entry provides a historical review of DM in the public sector in key countries around the world.

## United States of America

In the USA, where the term *diversity management* originated, there was a gradual progression over the years from Title VII of the 1964 Civil Rights Act that mandated equal employment opportunity (EEO), to President Lyndon Johnson's 1972 Executive Order 11246 that outlined affirmative action (AA), culminating in DM policies and programs developed in the 1990s and 2000s. In addition, there are other laws such as the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 2008, and Genetic Information Nondiscrimination Act of 2008; all these play a crucial role in understanding employer requirements. The focus of managing diversity in the USA is often attributed to two reports published by Hudson Institute in the late 1890s; *Workforce 2000* and *Civil Service 2000* commissioned by the Office of Personnel Management (OPM) (Naff and Kellough 2003). While both reports highlighted the increasing penetration of the national labor force by women and people of color, the second report by OPM specifically addressed challenges the federal government would face as an employer

over the coming decades (Naff and Kellough 2003). The early "business case" for diversity was made by Thomas (1990) stating that the goal of diversity is to get "the same productivity" from a heterogeneous workforce.

Today the federal workforce in USA is guided by the Government-Wide Diversity and Inclusion Strategic Plan 2011. This plan outlines the implementaion of the President's Executive Order 13583 on Establishing a Coordinated Government-Wide Initiative to Promote Diversity and Inclusion in the Federal Workforce. It directs executive departments and agencies to develop and implement a more comprehensive, integrated, and strategic focus on diversity and inclusion as key components of their human resource strategies. A number of federal agenices and departments such as US Department of Commerce, US Department of Labor, and US Department of Education and the Office of Inspector General have linked their strategic plan on diversity and inclusion to this plan. The goals of this strategic plan are (1) workforce diversity – recruiting diverse, qualified group of potential applicants to secure a high performing workforce drawn from all segements of American society, (2) workplace inclusion – culture that encourages collabration, flexibility, and fariness to enable inviduals to reach their full potential and retention, and (3) sustainability – developing structures and strategies to equip leaders with the ability to manage diversity, be accountable, measure results, refine approaches, and institutionalize a culture of inclusion.

## Canada

The state of Ontario, the second-largest public sector employer in Canada, made the first attempt to enhance workplace diversity through the publication in 1984 of *Equality in Employment: A Royal Commission Report*. This led to substantial changes in public policy aimed at changes in nationwide employment culture and discrimination of minorities in Canada (Ohemeng and McGrandle 2015). These researchers explored the importance of DM in public sector organizations specifically aimed at understanding the challenges faced by public managers in the implementation of diversity initiatives and inclusiveness in the Ontario public service (OPS). In 2008, the government of Ontario launched a Framework for Action (FA). It was the first comprehensive diversity strategy that communicates aspects on diversity, equity, accessibility, and inclusion as fundamentally important to a modern, progressive civil service. The FA called for development of OPS diversity strategy with specific goals of: (1) identifying and removing discriminatory barriers to fair and equitable employment processes and opportunities; (2) increasing the representation of diverse groups at all levels; and (3) changing individual behavior and mindsets. These diversity goals were achieved through various objectives such as OPS leaders to lead by example in their commitment to diversity, ensuring that all the public employees are aware of the existing mechanisms to respond to discriminatory behavior, equal opportunity with support to all employees to progress in their career, and using fair and open merit and recruitment system to reflect at the diverse province (Ohemeng and McGrandle 2015). Through this policy the government's framework for modernization of the civil service was rolled out. This framework is aligned to the OPS Human Resource plan, which is a workforce business plan for the entire public sector so that DM initiatives are fully strengthened and realized.

Prior to FA, there were a series of Acts passed by the government to manage diversity in OPS such as Accessibility for Ontarians with Disabilities Act 2005 and the Employment Standards Acts (Ohemeng and McGrandle 2015). In 2008, the government set up an OPS Diversity Office (OPSDO) and appointed the first ever Chief Diversity Officer. The Diversity Officer is given equal membership to the Deputy Ministers Council as well as membership to the Executive Development Committee and participates in most of the important decisions for the OPS. In addition to these DM strategies, there is the Inclusion Lens initiative, which is a user-friendly online tool that helps OPS public employees to become more knowledgeable about diversity and inclusion (Ohemeng and McGrandle 2015).

In the Canadian public sector at the federal level, the Royal Bank of Canada (RBC) is one of the most prominent organizations in managing diversity. The organization not only attempts to employ more minority group members, but also creates an environment of inclusion where every employee has equal opportunity to reach his or her potential (Rotundo 2012). The RBC's strong commitment to diversity earned them a prestigious award in 2010 – the Catalyst Diversity Award for advancing minorities and women as well as Canada's Best Diversity Employer for its inclusive and diversity programs (Rotundo 2012).

## United Kingdom

The UK labor market constitutes vibrant diversity generated through an influx of migrants, demographic shifts toward feminization of the workforce, and an aging population. The UK has a well-established equality legislation such as the *Equality Act 2010* covering provisions based on the grounds of gender, age, disability, pregnancy and maternity, race and ethnicity, religion or belief, and sexual orientation (Klarsfeld et al. 2014). Textbooks related to diversity and workplace equality suggest that the diversity paradigm has broadened the agenda for trade unions and other organizational actors, particularly in raising awareness and campaigning for mental health, sexuality, and disability at the workplace (Milner 2017). The public sector is bound by the secondary legislation of Equality Scheme (2011) to produce equality schemes and to monitor specific aspects of diversity (Klarsfeld et al. 2014). The emphasis on individualism and volunteerism in the DM approach has attracted criticism in the UK. Despite the emphasis on voluntarism in the DM paradigm, organizational equality and diversity efforts are mainly driven by legal compliance in both the public and private sectors (Klarsfeld et al. 2014). In previous research in the UK, it was pointed out that public organizations implemented equality policies before the private sector.

The business case for diversity supporting workplace diversity developed more slowly in Europe compared to the USA, which started during the late 1980s. However, translating the profit concept of the business case for diversity is over-stretched, and generalizing it from the US business context to the National Health System (NHS), a public funded healthcare system in the UK, is problematic (Powell and Johns 2015). The diversity agenda was started by the government since the enactment of Disabled Persons (Employment) Act in 1944. The Race Relations Act 2000 was supported by positive actions for key government departments where NHS was a good example of legislation-based DM in the UK public sector (Powell and Johns 2015). The NHS complies with the Equality Act 2010 and Public Sector Equality duty to reduce inequalities in employment especially for gender and black and minority ethnic (BME) groups. However, there is less representation and diversity of BME at the senior levels in NHS (Powell and Johns 2015). The NHS consists of 600 NHS trust, health boards, and organizations which make it difficult to maintain consistency in managing diversity.

## Australia

In Australia, diversity has transformed and evolved over many years. Since Federation, the government has shifted its policy from White Australia to an assimilation policy in 1950s and 1960s and an integration policy in later years of 1970s (Chidiac 2018, p. 107). After the 1960s, there were many legislations through industrial relations systems, which brought dynamic changes to Australia's social policy and employment environment. Today, Australia has an extensive array of laws, which forbids employment discrimination on the basis of gender, race, age, ethnicity, and many other characteristics (Klarsfeld et al. 2014). The country has many proactive policies which focus on employment equality for women (in all sectors) and aboriginal people (in the public sector). It is noted that developments in diversity legislations were a result of domestic influences, changing labor market trends, nascent civil rights and women's movements, and international influences such as UN and ILO conventions (Stone 2017, p. 784).

There are a series of major Australian legislative frameworks related to workplace discrimination and promotion of EEO such as *Racial Discrimination Act 1975, Sex Discrimination Act 1984, AA Act 1968, Human Rights and Equal Opportunity Commission Act 1986, Equal Employment Opportunity (Commonwealth Authorities) Act 1987, Human Rights and Equal Opportunity Act 1991, Disability Discrimination Act 1992, Age Discrimination Act 2004, and Workplace Gender Equality Act (WGEA) 2012* (Chidiac 2018, p. 109; Stone 2017, p. 784). The WGEA 2010 recommends that organizations move beyond the concept of "diversity as only a social justice issue to diversity as a competitive business strategy" supporting the premise that managing diversity should reflect equity in the workplace. It should be noted that workplace equity does not mean equality meaning treating all employees the same way. Rather equity recognizes the different needs of people and treats them in a fair and flexible manner (Stone 2017, p. 787).

The Australian Public Service (APS) Diversity Council was established in early 2012, by the Secretaries Board, to reinforce and reinvigorate Australia's commitment to diversity. The Diversity Council has particular focus on improving employment outcomes for Indigenous Australians and people with disability in the APS, in response to unfavorable outcomes for these groups. In addition to passing many Acts dealing with different aspects of DM, the federal government introduced *Public Service Act 1999* to establish the APS employment principles and recognized diversity in the community to foster diversity in the Australian workplace. The Act requires that each federal agency has workplace diversity program to ensure APS employment practices are effectively implemented. The purpose of this Act is to design and sustain human resource policies such as planning, recruitment, selection, performance appraisal, and workplace relations, which reflect at APS's commitment in taking a step further in planning and implementing DM policies and practices in Australian organizations.

## New Zealand

The demographic trends show an increase in workforce diversity in New Zealand. Accelerated migration from the Middle East, India, East Asia, and Africa and significant differences between ethnic groups has changed the workforce composition. It is projected that by 2026, Maori population will increase by an average of 1.3% a year, the Pacific Islands population by 2.4% a year, and Asian population by 3.4% a year (Houkamu and Boxall 2010). The wave of managing diversity started through the enactment of anti-discrimination legislation also known as Human Rights Act, 1993. The act has delegitimized discriminatory organizational policies and practices in New Zealand (Deborah et al. 2000). However, since the early 1990s, only public organizations were required to have EEO policy. In 1991, the EEO Trust was established by the government to educate the private sector about EEO (Deborah et al. 2000) mainly through an espoused business case for diversity (Houkamu and Boxall 2010).

## India

The DM paradigm in India's public sector organizations is significantly different from the UK, Canada, USA, Australia, and New Zealand. Haq's (2012), research compared the attitude of managing diversity between public sector organizations and multinational corporations (MNCs) in India. It found that public sector organizations are regulated by the Indian AA policy of "reservation" and quotas for scheduled castes such as Dalits (a low caste category), scheduled tribes, and other minority classes. For instance, in the recruitment process the public sector has strict guidelines for these groups only with certain percentage of positions per job category allocated in higher education, civil service, and legislative bodies while secondary quota is for persons with disability and women when applicable. The concept of managing diversity in India's public sector mainly complies with AA policy of "reservation" through quotas whereas in MNCs, it is primarily

directed toward accommodating women in the workforce (Haq 2012).

## Other Countries

Likewise, in Kenya the "National Cohesion and Integration Policy" as stated in the new constitution requires one third of elected bodies to be made up of marginalized people such as women, persons with disabilities, ethnic, and other marginalized groups in Parliament. The Public Service Commissions, in collaboration with human resource managers, are promoting this as one third rule for women and minorities when recruiting civil servants at higher positions (Wambui et al. 2013).

Similarly, Brazil relies on AA using a compulsory quota system to eliminate persistent inequalities throughout history. The quota system affirms equality in opportunities, treatment, compensation, or losses caused by discrimination due to racial, ethnic, religion, and gender discrimination (Jabbour et al. 2011). Large businesses have been facing pressure from the Brazilian Government to incorporate a specific quota system for minority groups as a DM practice.

## Conclusion

This entry provides a historical review of DM in the public sector in the USA, Canada, UK, Australia, New Zealand, and India with brief reviews of Kenya and Brazil. The similarities in antidiscrimination policies and differences in the approach to managing diversity as more than a legal compliance are evident across these countries. The business case for diversity was seen in the USA and Canada while it is slowly developing in Australia. Diversity efforts in the UK and New Zealand are driven by legal compliance to EEO. In other countries such as India, Kenya, and Brazil, DM is viewed as a legal compliance to AA policies rather than as a business case. The DM paradigm in each country has been shaped by one or a combination of contextuality, relationality, and dynamism (Klarsfeld et al. 2014). For instance, in the USA, historical legacies of Civil Rights Movements, political influence, and diversity consultants plus other actors have shaped DM at the workplace. In Australia, changing labor market conditions, industrial relations systems, and international agencies have also influenced the DM paradigm. DM, thus differs across countries and is shaped by factors within national contexts amid international pressures.

D

## Cross-References

▶ Affirmative Action as Social Policy
▶ Recruitment, Equal Opportunity, and Law

## References

Chidiac E (2018) Strategic management of diversity in the workplace: a comparative study of the United States, Canada, United Kingdom and Australia. Routledge, New York

Deborah J, Judith P, Shepherd D (2000) "Managing diversity" meets Aotearoa/New Zealand. Pers Rev 29(3):364–380

Haq R (2012) The managing diversity mindset in public versus private organizations in India. Int J Hum Resour Manag 23(5):892–914. https://doi.org/10.1080/09585192.2012.651297

Houkamu C, Boxall P (2010) The incidence and impacts of diversity management: a survey of New Zealand employees. Asia Pac J Hum Resour 49(4):440–460

Jabbour CJ, Gordono FS, Oliveira JH, Martinez JC, Battistelle RA (2011) Diversity management: challenges, benefits, and the role of human resource management in Brazilian organizations. Equal Divers Incl 30(1):58–74

Klarsfeld A, Booysen LA, Ng E, Roper I, Tatli A (2014) International handbook on diversity management at work, country perspectives on diversity and equal treatment, 2nd edn. Edward Elgar, Cheltenham

Milner S (2017) Trade unions, equality and diversity: an inconsistent record of transformative action. Work Employ Soc 31(1):191–196

Naff CK, Kellough JE (2003) Ensuring employment equity: are federal diversity programs making a difference? Int J Public Adm 26(12):1307–1336

Ohemeng F, McGrandle J (2015) The prospects for managing diversity in the public sector: the case of the Ontario Public Service. Public Organ Rev 15:487–507

Powell M, Johns N (2015) Realising the business case for diversity: a realist perspective on the British National Health Service. Soc Policy Soc 14(2):161–173

Rotundo M (2012) In: Hayton J, Brion M, Christiansen LC, Kuvaas B (eds) Global human resource management casebook. Routledge/Taylor & Francis Group, New York
Stone RJ (2017) Human resource management, 9th edn. Wiley, Milton
Thomas RJ (1990) From affirmative action to affirming diversity. Harv Bus Rev 68:107–117. Retrieved from https://hbr.org/1990/03/from-affirmative-action-to-affirming-diversity
Wambui TW, Wangombe JG, Muthura MW, Kamau AW, Jackson SM (2013) Managing workplace diversity: a Kenyan perspective. Int J Bus Soc Sci 4(16):199–218

# Diversity of Capitalism in the New EU Member States

Eric Magnin
LADYSS, Department of Economics,
University of Paris, Paris, France

## Synonyms

Comparative analysis of capitalism; Economic systems; Varieties of capitalism

## Introduction

In the early 1990s, Central and Eastern European Countries (CEECs) embarked on a major transformation of their economic and political systems. The aim was to move away from the Soviet-inspired socialist system toward the West European type of economic system, generally described as a market economy. This was an unprecedented, large-scale phenomenon of economic, social, and political change. The "transition to a market economy" gradually gave way to another process of institutional change, the process of integration into the European Union (EU), which involved reforms aimed at ensuring the conformity of CEEC institutions with EU legislation.

This twofold transformation process has led specialists to question the type of economic model likely to emerge from these successive reforms (Chavance and Magnin 2002). Market economy is indeed a vague and theoretical concept, which does not correspond to the reality of economies in developed countries. There are actually a variety of models of capitalism at the international level, with different economic and social performances. But this diversity becomes only evident at the institutional level. Indeed, at a relatively high level of abstraction, contemporary developed economies appear relatively similar. What they have in common is the existence of a labor market, a market for goods and services, a financial market, a two-tier banking system (central bank/commercial banks), a system of income distribution, and so on. However, on closer examination, national institutional forms are relatively diversified. For example, the French tax regime has nothing in common with its American counterpart. The social protection system is not the same in France as in Great Britain or Japan. These various institutional configurations exhibit a relative coherence that allows them to be grouped into "models" of capitalism.

The "transition to a market economy" has helped to stimulate work in the field of the comparative analysis of capitalism and brought to light several approaches. The CEECs constitute a privileged field of application for this research.

## The Comparative Analysis of Capitalism

Since 1990, many works have contributed to enrich the comparative analysis of capitalism. However, two major approaches, toward which all the others seem to converge, stand out in this profusion: the so-called "varieties of capitalism" (VoC) approach proposed by Hall and Soskice (2001) and the régulationist-inspired approach promoted by Amable (2003), in the path traced by Boyer (1990).

The *varieties of capitalism* approach is focused on the firm as the major actor in the capitalist economy, whose success is based on the development and exploitation of its core competencies or "dynamic capabilities" (Hall and Soskice 2001). It emphasizes the relational dimension of the firm. A firm's success depends largely on the quality of the relationships it has been able to establish with internal (employees) and external

actors (suppliers, customers, shareholders, unions, employers' organizations, the state, etc.). Coordination issues are therefore at the heart of the VoC approach.

Hall and Soskice identify five spheres of activities in which companies will have to solve coordination problems decisive for the exploitation and development of their core competencies: industrial relations, vocational training and education, corporate governance, interfirm relations, and relations with their own employees. There are two major ways of solving these coordination problems, which differentiate the two main types of capitalism in developed economies: coordination based on market mechanisms, typical of liberal market economies (LMEs), and nonmarket coordination or "strategic interaction," characteristic of coordinated market economies (CMEs).

The VoC approach can be considered as a neo-institutionalist approach, as attested by references to North, Williamson, and Aoki (Chavance 2008). Indeed, it gives an important role to formal and informal institutions, to the market-hierarchy dichotomy, with the idea that institutions, whose historical dimension is underlined, facilitate the coordination of interrelations between actors.

Germany is the typical example of a coordinated market economy. Nonmarket coordination prevails in the various spheres of activities. The United States is the textbook case of the liberal market economy, where coordination problems in the different spheres are solved mainly through market relations.

The VoC approach, which is based on a distinction between two types of capitalism, is reminiscent of the division made by M. Albert (1993) between Rhenish capitalism and Anglo-Saxon capitalism. It offers a clear theoretical framework for comparing different national economies, but with one dimension in particular, the firm and its coordination problems, and one separation criterion, the market's role. Consequently, this binary classification does not allow for the integration of all the developed economies, as Hall and Soskice (2001, p. 21) themselves acknowledge by referring to the "more ambiguous positions" of some Southern European countries (France, Italy, Spain, Portugal, Greece).

The other theoretical framework, which falls within the field of the comparative analysis of capitalisms, is the one proposed by Amable (2003) and before him by Boyer (1990), who criticizes the unidimensional vision of VoC and prefers an approach that highlights *the diversity of capitalism* by relying on a typology of five models. This approach is part of an institutionalist theoretical framework in economics, within the tradition of the French school of régulation (Boyer 1990). Régulation theory focuses on the diversity of institutional configurations in time and space, of the modes of régulation which give them their coherence, and of the accumulation regimes which they underlie.

Amable (2003) identifies a number of "key institutional domains" (very close to the canonical forms of the Régulation theory) in which OECD countries show significant differences. These include competition on product markets, wage-labor nexus and labor market institutions, financial intermediation and corporate governance, social welfare, and education systems. Amable's study is based on data analysis, i.e., a principal component analysis associated with an ascending hierarchical classification, applied to 21 OECD countries to reveal the existence of 5 types of capitalism. These are the market-based model or Anglo-Saxon capitalism (the United States, the United Kingdom, Canada, Australia), the social democratic model (Sweden, Finland, Denmark), the continental European model (France, Germany, Austria, Belgium, the Netherlands, Switzerland, Norway), Mediterranean capitalism (Italy, Spain, Portugal, Greece), and Asian capitalism (Japan, South Korea). However, each model of capitalism can be considered as an ideal type, to which no real economy perfectly corresponds. To briefly outline a few features of each model, the market-based model is relatively similar to LMEs, as the role of the market is predominant in the different institutional domains. Social democratic capitalism is characterized by a high level of social protection, supportive industrial relations, and an important role of the state. The continental European model is not that far, with greater employment protection and more conflictual labor relations. The Mediterranean model shows a dual labor

market, weaker social protection, and an education system focusing on the acquisition of general skills. As for Asian capitalism, it is marked by the weight of large conglomerate companies, supportive labor relations, weak social protection, and low level of public spending on education.

Since 1990, the comparative analysis of capitalisms has also been enriched by integrating the concepts of institutional complementarity and hierarchy.

Two institutions can be described as complementary when "the existence or the particular form taken by an institution in one area reinforces the presence, functioning or efficiency of another institution in another area" (Amable 2003, p. 60). The concept of *institutional complementarity* is shared by both the VoC and the diversity of capitalism approaches. The example of complementarity between financial and education systems illustrates the concept (Amable 2003). A financial system dominated by financial markets favors the pursuit of short-term profitability, which results, on the employment side, in a low commitment of the firm to its workers and a high risk of layoffs. Under these conditions, employees will prefer to acquire general rather than firm-specific skills to facilitate their redeployment to other firms. A financial system dominated by banks stimulates long-term investment, which in turn promotes stable compromises between social partners that encourage the acquisition of specific skills. In both cases, each institution reinforces the influence of the other. The abovementioned CMEs and LMEs also exhibit complementary relations between their founding institutions.

The concept of institutional complementarity has a number of implications that are worth emphasizing. First, a model of capitalism is not a collection of institutional forms, randomly brought together, but a particular combination of these forms linked by complementary relations. This results in a relative systemic coherence. Second, it becomes difficult, theoretically and empirically, to correlate an economic performance with a single institution because of this interdependence among institutions. It is a configuration of complementary institutional forms "making a system" that is responsible for the overall performances of the model.

Thirdly, it is therefore not advisable to design an optimal institutional configuration, which would combine institutions from different countries that are considered to be the most "successful" in each area: for example, the US labor market regulations and tax system, the Swedish education system, the Danish employment policy, etc. Importing into one type of capitalism an isolated institutional form from another model could lead to an unsustainable configuration. One can then question, for example, the coherence of the association between labor market flexibility and "generous" social welfare, the famous "flexicurity," as well as the very widespread use of institutional benchmarking practices. On the other hand, different configurations of complementary institutions might produce similar macroeconomic performances. This was the case with the Anglo-Saxon model and the social democratic model in the 1990s (Aiginger 2005). This is also the basic assumption of the VoC approach, at the root of the CME-LME dichotomy.

The concept of *institutional hierarchy*, for its part, is mainly present in the approach of the diversity of capitalism and is part of the more recent régulationist work (Amable 2003). It expresses the idea that an institutional form plays a dominant role in relation to the others at a given point in time, both in the organization of complementary relations and in the dynamic evolution of the institutional architecture. The authors recognize the formation of this hierarchy as an expression of power relations and political compromise. But it is the emergent, unintended result of an unplanned process of confrontation of vested interests at a given point in time. The primacy of the wage-labor nexus, favorable to workers, in the Fordist period (1945–1975) is the outcome of the sociopolitical compromises that emerged in the post-war period in response to the previous dramatic episode. Since the 1980s, this hierarchy has been called into question in favor of other institutional forms: competition conditions for some specialists and finance for others.

The notion of institutional hierarchy also calls for further remarks. Institutional hierarchy and complementarity appear to be distinct but related concepts. Indeed, one of the expressions of the hierarchy lies in the influence, through constraints and incentives, that the dominant institution exerts on the modalities of complementarity within a given institutional configuration. It leads the other institutions to strengthen it, even if it means making them evolve a little. For example, the priority given to workers during the Fordist period has led other institutional forms to be articulated in such a way as to strengthen it. Or else, the predominance of finance in the recent period has led to a change in the wage-labor nexus and social welfare, which have now been challenged by finance.

From a dynamic perspective, one can imagine a shift in the institutional hierarchy according to the evolution of political power relations, which does not necessarily mean a change in the model of capitalism.

## Application to the New EU Member States

While the post-socialist transformation has contributed to the development of work on the diversity of capitalism, the Central and Eastern European countries, which entered the European Union in the mid-2000s, constitute in turn a privileged field of application for the comparative analysis of capitalist models. Many authors have thus tried to apply the two previously presented analyses, the VoC and the régulationist approaches, to transition economies.

In the framework of *the VoC approach*, some specialists argue that Estonia and Slovenia can be considered as very good examples of, respectively, a liberal market economy and a coordinated market economy. Among the different spheres of activities at the center of the VoC approach, Feldmann (2006) focuses more particularly on industrial relations. He shows that the Slovenian model "represents a consensual and coordinated approach to industrial relations and social dialogue, with strong employers' organizations and unions, and also exceptionally high coverage of collective agreements" (Feldmann 2006, p. 841). By contrast, the Estonian industrial relations system exhibits all the characteristics of LMEs with decentralized wage negotiations, limited coverage of collective agreements and weakness of both unions and employers' organizations. Buchen (2007) confirms Feldman's results and extends his analysis of industrial relations to the other VoC activity spheres and to the dynamics of comparative institutional advantages. He shows that both countries exhibit a high degree of institutional complementarity. In Slovenia, the industrial relations system is consistent with a highly protected labor market, while the vocational training system provides specific skills. In Estonia, industrial relations and labor market features are complementary to a vocational training system reorganized toward general education. Trade figures and patterns of foreign direct investment complete the picture and reveal comparative institutional advantages of CME type in Slovenia and LME type in Estonia. As the VoC approach predicts, different clusters of complementary institutions may result in equally good macroeconomic performances. This has been the case for Slovenia and Estonia during the transition process.

For their part, Nölke and Vliegenthart (2009) propose another way of applying the VoC approach to Central Eastern European countries, inspired by King's work (2007). For the latter, these economies (Hungary, Poland, the Czech Republic) can be described as *dependent liberal capitalism*. Referring to the different spheres of activities of the VoC approach, he qualifies them in the following way: liberal industrial relations related to employees' demobilization in the post-socialist world (weak trade unions), an education system that no longer meets the companies' needs, and a corporate governance dominated by foreign banks. The key element of the model is the weight of foreign investors in banks and other companies' capital. Economic performances depend on the strategy of industrial and financial transnational corporations (TNCs), which provide capital, technology, skills, and access to global

markets. King contrasts this model to the post-communist *patrimonial capitalism* (Russia, Ukraine, Romania), marked by the collusion of political and economic elites and the central role of cronyism, which invades all VoC spheres (no corporate governance, neopaternalist industrial relations, etc.). Beyond his reference to the VoC, King considers that the former socialist countries represent two specific models, a little bit far from the LME and CME logic.

More in line with the VoC approach than King, Nölke and Vliegenthart (2009) consider that, at the end of their transition/accession process, CEECs are now constituting a third variety of capitalism on the same level as the CMEs and LMEs, the DMEs or "dependent market economies." The relations between the founding institutions of this new model reflect a strong complementarity. The main characteristic of the DMEs is the weight of foreign direct investment (FDI) in the economy, which creates a real dependence on foreign capital. The dominant coordination mechanism in the economy is then based on intra-firm hierarchies within multinational firms. Industrial relations and labor market hold an intermediate position between LMEs and CMEs, more competitive than in the latter case but less liberal than in the former one, in order to be able to retain the workforce and limit social unrest and the disruption of production chains. Tax revenues are limited by a tax regime favorable to FDI and by tax competition among CEECs, which in turn reduces public spending, especially in the field of education. In any case, most research and development is carried out in countries where TNCs have their headquarters and transferred back into the production processes of subsidiaries. These various elements allow DMEs to develop a comparative advantage in the production and assembly of relatively complex consumer goods, which can then be exported worldwide.

Other authors have applied the régulationist approach of *the diversity of capitalism* and the statistical method used by Amable to Eastern European economies.

For example, Mykhnenko's work (2007) is focused on two countries, Poland and Ukraine, from the mid-1990s to the mid-2000s. Both countries share some institutional characteristics which are designing an original model of "post-communist capitalism" but still "at a formative stage." Their financial system is notably underdeveloped compared to Western European economies. In his article, the author refers to Poland and Ukraine as hybrid forms, "mixed or weakly coordinated market economies" (MMEs). Mykhnenko concludes that the post-communist emerging model in Poland and Ukraine presents a certain degree of institutional complementarity which could (partially) explain the positive socio-economic developments experienced by both countries in the early 2000s.

For her part, Farkas (2011) includes all the new member states (except Croatia) in her study. Her data provide a picture of Central and Eastern Europe around the mid-2000s. She demonstrates that an original model of capitalism is emerging in post-socialist Europe. This "Central and Eastern European model" can be considered as different from other existing models in the "old Europe." Only Slovenia could be related to the Continental model of capitalism. In an attempt to bring this new post-socialist capitalism closer to Amable's typology, it would roughly be somewhere in between the Continental and the Mediterranean models, despite some rare similarities with the Anglo-Saxon model, depending on the institutional area under study. The Central and Eastern European capitalism is the path-dependent outcome of post-socialist transformation trajectories. According to Farkas, the lack of capital, weak civil society, and the influence of international organizations and the EU on structural reforms are the main initial conditions behind that outcome. Therefore, this new model of capitalism cannot be considered as a transient configuration but rather as a permanent one. Unfortunately, the post-socialist capitalism could even be locked in a lesser path of development because of the fundamental asymmetrical position between the old Europe and its periphery in the international division of labor.

Finally, *some specialists have developed their own typologies*, considering that both previous approaches were not adapted to the reality of Central and Eastern European countries.

Drahokoupil and Myant (2011) argue that neither the VoC approach nor Amable's régulationist approach is able to analyze the diversity of capitalism in the region. Indeed, the authors state that the comparative analysis of capitalisms in general has been elaborated on the example of developed countries and that this framework is not suitable for transition economies, because of their specificities (external imbalance, emergent institutional framework, legacy of the socialist system, unstabilized economic relations). In their view, the essential point is integration into the world economy, which is related to the problem of current account deficit financing. They distinguish six forms of "international integration" that can be observed more or less in the different countries during the 2000s. The first one relies on foreign direct investment in high value-added export sectors. It is found mainly in the countries of Central and Eastern Europe. The second is similar to the first one, but without FDI. Slovenia, some Czech companies, and Belarus are involved to some extent. The third depends on subcontracting relations with TNCs and is based on exports of noncomplex manufactured products such as clothing or simple components. It can be observed in the Baltic and Southeastern European countries. The fourth is based on exports of raw materials, especially oil and gas, and concerns mainly the CIS. The fifth depends on current transfers from abroad (remittances, financial aid from international organizations). Finally, the last one refers to growth financialization, where private sector activity and household consumption are fuelled by foreign bank credit. Hungary, Baltic countries, Romania, Ukraine, etc., thus "benefited" from the liquidity abundance in the world in the 2000s. By combining forms of international integration and institutional characteristics (ownership forms, role of the state, etc.), the authors identify then five specific forms of capitalism in transition economies: (second-rank) economies based on FDI (East-Central Europe), peripheral market economies (Baltic states, Southeastern Europe), oligarchic or clientelistic capitalism (Russia and some CIS countries), order states (Belarus, Uzbekistan), and economies based on remittances and international aid (Albania, Moldova, Armenia).

Bohle and Greskovits (2012) also propose a distinct typology, inspired by K. Polanyi's work, to group together the new EU members in the 2000s: the pure neoliberal capitalism, the embedded neoliberal capitalism, and the neocorporatist model. They focus on three important differentiation factors: initial political choices marked by the "perceived" legacy by the actors, the role of uncertainty and crises in the evolution of the pursued strategies, and the influence of transnational actors. The Baltic countries provide a good example of *neoliberal capitalism*. They have radically liberalized their economies: flexible labor market, weak social protection, and tax incentives, all of which satisfy foreign investors. Their exports are based on low value-added branches, which are low-skill labor- and resource-intensive or associated with their activities as TNCs' subcontractors. Their strength is related to their macroeconomic stability, achieved as a result of fiscal and monetary discipline. The Visegrad countries are characterized by *embedded neoliberalism*. Economic liberalization has been less far-reaching than in the previous case, and the welfare state has been partly preserved, thus strengthening social cohesion. A favorable legacy and an incentive policy have fostered foreign capital inflows leading to the development of an export-oriented sector, relatively intensive in skilled labor and technology, in which automobile industry plays a central role. However, macroeconomic stability was not always achieved. Finally, *neo-corporatism* is the privilege of only one country, Slovenia, which combines gradual liberalization, social inclusion (based on social protection and institutionalized bargaining between social partners), and macroeconomic stability.

## Conclusion

The comparative analysis of capitalism has developed substantially since the 1990s, especially in the context of the transition to a market economy in Central and Eastern European countries. Two approaches are currently dominating this field of research: the VoC approach and the régulationist diversity of capitalism. Their application to the

new EU member states has shown their relevance and brought to light new economic models or alternative typologies. Which model seems the most meaningful today to describe the reality of CEEC economies? Dependent capitalism is undoubtedly the one that has generated the most interest and discussion. However, as each model is constantly evolving under the action of both internal and external forces, the Covid-19 crisis will certainly have an impact not only on dependent capitalism but also on other models of capitalism, weakening some or strengthening others.

## Cross-References


- ▶ Dependent Capitalism and Monetary Regimes: The Case of the Balkan Countries
- ▶ Power and Politics in the European Union


## References


Aiginger K (2005) Towards a new European model of a reformed welfare state: an alternative to the United States Model. In: Economic survey of Europe, no 1. United Nations, Geneva, pp 105–114

Albert M (1993) Capitalism against capitalism. Whurr Publishers, London

Amable B (2003) The diversity of modern capitalism. Oxford University Press, Oxford

Bohle D, Greskovits B (2012) Capitalist diversity on Europe's periphery. Cornell University Press, Ithaca

Boyer R (1990) The regulation school: a critical introduction. Columbia University Press, New York

Buchen C (2007) Estonia and Slovenia as antipodes. In: Lane D, Myant M (eds) Varieties of capitalism in post-communist countries. Palgrave Macmillan, Houndmills/New York, pp 65–89

Chavance B (2008) Institutional economics. Routledge frontiers of political economy. Routledge, London

Chavance B, Magnin E (2002) Emergence of path-dependent mixed economies in Central Europe. In: Hodgson G (ed) A modern reader in institutional and evolutionary economics: key concepts. Edward Elgar, Cheltenham, pp 168–200

Drahokoupil J, Myant M (2011) Transition economies: political economy in Russia, Eastern Europe, and Central Asia. Wiley, Hoboken

Farkas B (2011) The Central and Eastern European model of capitalism. Post-Communist Econ 23(1):15–34

Feldmann M (2006) Emerging varieties of capitalism in transition countries. Industrial relations and wage bargaining in Estonia and Slovenia. Comp Pol Stud 39(7):829–854

Hall P, Soskice D (eds) (2001) Varieties of capitalism: the institutional foundations of comparative advantage. Oxford University Press, Oxford

King L (2007) Central European capitalism in comparative perspective. In: Hancké B, Rhodes M, Thatcher M (eds) Beyond varieties of capitalism. Conflict, contradictions and complementarities in the European economy. Oxford University Press, Oxford, pp 307–327

Mykhnenko V (2007) Strengths and weaknesses of 'weak' coordination: economic institutions, revealed comparative advantages, and socio-economic performance of mixed market economies in Poland and Ukraine. In: Hancké B, Rhodes M, Thatcher M (eds) Beyond varieties of capitalism. Conflict, contradictions and complementarities in the European economy. Oxford University Press, Oxford, pp 351–378

Nölke A, Vliegenthart A (2009) Enlarging the variety of capitalism. The emergence of dependent market economies in East Central Europe. World Polit 61(4):670–702


# Diversity, Equity, and Inclusion: Strategic Plans for Start-Ups


Charles Gross[1], Kerri Cissna[2] and Amanda Wickramasinghe[3]

[1]Graduate School of Education and Psychology, Pepperdine University, Malibu, CA, USA

[2]Wake Forest University, Winston-Salem, NC, USA

[3]Brandman University and National University, Irvine, CA, USA


## Introduction

Diversity, equity, and inclusion (DEI) initiatives present entrepreneurs and small business leaders with opportunities to accelerate the progress that has been made while tackling and correcting significant historical challenges. Funding and profitability are no longer the only concerns for start-ups, who also need to focus on creating environments that are optimal for innovation. If sincerely embraced and authentically practiced, DEI can create a mutually beneficial cycle that

empowers high-performing teams and increases productivity. Drawing on the perspectives, experiences, and skill sets of a broad cross section of society will illuminate opportunities and correct oversights that otherwise would go unnoticed by a business.

Founders are often so focused on making profit at the beginning stages of their venture formation that the important work of shaping culture becomes an afterthought. The strategic plan therefore becomes a great touch point for evaluating and then re-evaluating the intention behind culture design. A founder can create incentives to motivate employees, but the only way to maximize the potential of the organization is for the founder(s) to design a culture that is diverse, equitable, and inclusive from its inception and then revisited whenever the strategic plan is re-evaluated.

Regardless of one's stance on social responsibility or the broader movement for diversity equity and inclusion, numerous studies show that DEI initiatives are good for business and organizational growth. In a survey of the global CEOs, 85% of the respondents who led companies with a strategy for diversity and inclusivity credited it with enhancing business performance (PwC CEO Survey 2015). Elsewhere, Deloitte found that being inclusive could make firms two times more likely to beat their financial targets (Bourke and Dillon 2018). More specifically, within a given business, the diversity of its board and management teams can lead to higher revenue. The potential profit from diversity and inclusion may be the motivating factor for some, but the gains are only possible with the sincere and committed pursuit of the initiatives.

Embedding DEI into operations is no longer just a good idea or nice thing for a business to do; it is essential for business success. This chapter seeks to empower entrepreneurs with the tools that are needed to strategically implement diversity equity and inclusion initiatives which can lead to high business performance. Start-up founders should start by developing a diversity consciousness which will then guide the process of understanding what diversity, equity, and inclusion are, their importance, and how to incorporate such initiatives into the strategic planning process of a start-up company.

## Developing a Diversity Consciousness

We often hear about the importance of developing a diverse mindset and being self-aware. With the advancement of globalization and teams collaborating cross-culturally and from different geographical regions, leaders need to develop diversity consciousness. Leaders should ask themselves; how do I develop my diversity consciousness? Why is this important? What is diversity consciousness? According to Bucher (2015), "diversity refers to all of the ways in which people are different. This includes individual group, and cultural differences. Our ability to recognize, understand, and adapt to these differences is a major focus of diversity consciousness" (p. 2).

Being aware, recognizing and understanding differences is an integral part of developing diversity consciousness. It's important to note that in order to understand diversity consciousness, we must understand the cultural experiences that have shaped us. Culture depicts how we communicate, collaborate, and view our surroundings. Bucher (2015) noted that by understanding various types of cultural backgrounds enables us to interact with others with an open mind. Regardless of your professional goals, developing diversity consciousness is necessary for the current and future workforce. More specifically, leaders will be able to work cohesively with cross-cultural teams, through flexible thinking, developed interpersonal skills, and recognizing and appreciating diverse backgrounds.

Bucher noted (2015) that developing diversity consciousness can "expand your horizon and empower you, promote personal growth and strengthen social networks" (p. 97). Organizations and leaders need to recognize their own cultural encapsulation. Cultural encapsulation by definition is "lack of contact with cultures outside of our own, promotes insensitivity to cultural differences" (Bucher 2015, p. 98).

Start-up companies and organizations need to recognize their cultural biases and cultural encapsulation as they go into the strategic planning process. By doing so, they will be able to understand their own biases and recognize that there is much to learn about other cultures and their traditions, which can ultimately impact target markets, stakeholder relationships, and profit margins. Often, when we are limited in our thinking capacity, we inhibit our own personal development and pass judgment easily. When we are open to learning about other cultures and backgrounds, we not only adapt to new settings, but we also expand our thinking and global acumen. Additionally, it can certainly shape how we communicate and target different demographics for profitability.

Communication and culture often intersect. Culture shapes our views of the world and often how to share information. Specifically, we need to be aware of our biases and recognize our biases when communicating cross-culturally. In order to effectively communicate, we need to understand cultural barriers, intercultural communication, and country-specific gestures. Unfortunately, miscommunication transpires when we are not aware of cultural nuances and traditions. Miscommunication can lead to lack of trust and forming of relationships. To avoid miscommunication, we need to develop diversity consciousness and develop our interpersonal communication skills. Intercultural communication refers to how a message is heard in one culture and how another culture will interpret the intent of the message (Bucher 2015). Finally, it is important to communicate inclusively. What constitutes communicating effectively? According to Bucher (2015), there are a variety of characteristics that constitute communicating effectively such as keeping an open mind, active listening, and understanding how one wants to be addressed, and always being respectful.

Several of these characteristics also lead to the development of cultural intelligence (CQ). According to Earley and Mosakowski (2004), cultural intelligence is "an outsider's seemingly natural ability to interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would" (p. 1). There are three characteristics of cultural intelligence. The three characteristics consist of head, body, and heart (Earley and Mosakowski 2004).

The head indicates that you are willing to learn about other cultures and learn about traditions/history. The body indicates that you were willing to adapt and learn about various cultural differences and learn about nuances such as personal space and how to greet in that specific culture. Finally, the heart consists of that willingness to continuously learn about other cultures and understand that setbacks are part of the journey (Bucher 2015). Each of these integral parts contributes to the larger context of diversity consciousness. Leaders and organizations must understand that diversity consciousness is not a skill that can be acquired overnight; rather, it consists of learning, developing, growing, and trial and error. The willingness to continuously learn and propensity to set aside biases and judgment are critical to developing diversity consciousness. Diversity consciousness creates the groundwork for start-up companies who seek to understand and embed DEI into the foundation of organizational culture strategic planning. It allows them to go deeper into understanding what DEI is, why it is important, and how to integrate it into the organization.

## What is DEI?

Diversity concerns the harnessing of decision-processing approaches and problem-solving skills borne out of the unique circumstances and conditions that shape individuals' life experiences and applying them to a collective effort. It is not merely an aggregation of specific demographic, identity, or orientation characteristics. The work of diversity, equity, and inclusion is about more than finding the right combination on the demographic Rubik's Cube. In his book *Good to Great*, Jim Collins talks about getting the right people on the bus and making sure they are in the right seat (Collins 2009). However, founders of start-up companies should take this one step further as they seek to create high-performing teams.

Founders should recruit as much interdisciplinary, diverse talent as possible while making sure there are structures of support and inclusion that will leverage these talents for innovative solutions and outputs.

To hire or promote someone merely for good PR or to employ a certain number of underrepresented persons does a disservice to the business, the candidate, and the spirit of DEI. It further exacerbates all of their challenges. For example, the environment can become toxic as people feel isolated and alone, which causes productivity to suffer and sets back the progress of DEI work. While diversity describes group demographics, the degree to which individuals are empowered to contribute to the group is a measure of inclusion (Miller 1998). It does not matter how diverse organizations appear; they will leave human capacity and potential lying dormant without inclusivity.

Equity is more than just providing open opportunity; it involves mitigating the enduring effects of historic inequity by creating structures and support for all individuals to contribute meaningfully to the collective effort. Equity is concerned with just distribution of resources on a societal level (Lewis et al. 2021). It was identified as foundational for truly inclusive and reciprocal partnerships among schools, families, and communities who cultivate the values of mutual respect, democratic participation, critical consciousness, and sustainability (Teemant et al. 2021). Equity supports a cycle of collaboration among stakeholders that want to leverage problem posing and community organizing to address inequities (Teemant et al. 2021). Equity acknowledges systemic racism and bias and its harmful effects in support of the need for thoughtful, systems-level change to build equity-empowered settings that support optimal development for all (Boone Blanchard et al. 2021).

Inclusion involves embracing the differences in approach, perspective, and style that make people unique, not merely tolerating them. This invites an ever-expanding conception of what it means and looks like to be a part of the collective effort. When diverse individuals have their voices (along with their ways of doing things) valued equally, only then are they truly included. These tenets are captured in the literature. "Inclusion is the combined state of organizational affairs that seeks, welcomes, nurtures, encourages, and sustains a strong sense of belonging and high performances from all employees" (Goosby Smith and Lindsay 2014, p. 13). Inclusive environments welcome and value all stakeholders, which creates a sense of belonging and meaningful work or patronage.

The three elements cannot be separated. Without diversity, there is nothing and no one to include. Moreover, if that inclusion is not equitable, nothing has changed, and the organization has merely created a transparent facade decorated with empty words. Diversity, equity, and inclusion combined can create environments for high-performing teams to innovate at the highest levels, which becomes enticing for start-up companies during the strategic planning process. But founders must first have a commitment that stems from an understanding of why DEI is important.

## Why DEI Matters

**Job equity**. DEI work in start-up companies could counteract across institutions that have long-standing histories of lacking job equity. Despite the progress that has been made in diversifying corporate boards, leadership and senior roles remain an area of inequity that is ripe for DEI efforts. For example, it is often a struggling or troubled business that will hire a woman to be the CEO, finally break through the glass ceiling, and become the chief executive of a Fortune 500. This "glass cliff" provides women with an opportunity that they otherwise would not have received but does not place them in a position to excel (Bruckmuller and Branscombe 2010).

Even a cursory glance at American professional sports reveals a similarly troubling trend. The NBA and NFL player ranks are filled with Black players, and many coaches are former players, yet both leagues have a lack of Black head coaches. When Black head coaches are

hired, it is frequently for underperforming franchisees that persistently struggle. When they manage to survive more than a few seasons and achieve some success, they are replaced a season before the team wins a championship. Even if these coaching replacements were coincidences and just what the respective teams needed, it does not explain the overall absence of Black coaches in leagues where coaches with less experience and multiple firings receive head coaching opportunities every season.

The NFL has taken steps to diversify its head coaching and team decision-maker ranks. The results have been mixed but instructive for others, particularly entrepreneurs. Nearly 70 percent of the NFL players and over a third of the assistant coaches are people of color, yet only one minority was hired in the six head coaching vacancies heading into the 2021 season (Reimer 2021). However, the total number of Black general managers more than doubled as three teams added new executives (Maske and Kilgore 2021).

Despite the guidelines and incentives to encourage diversity in teams' hiring choices, known as the Rooney Rule, the league's challenges persist. Requiring teams to conduct interviews with minority candidates and offering team incentives for hiring minority candidates removes some barriers to diversity present across industries, namely, access to networks and development opportunities. Making a diversity hire just for the incentive will not lead to success in any workforce. Hiring decisions must be based on the belief that the person will add value to the organization. Ultimately, whether its football teams or start-ups, owners have a role in deciding how the discourse on DEI develops.

In a review of the paths taken to head coaching positions in the NBA, a pattern of fewer former players becoming coaches has emerged in recent years (Pelton 2021). It is ostensibly possible for a league with predominantly Black players to have fewer Black head coaches as teams move away from hiring former players as coaches. However, even with the increase in head coaches that are not former players, Black representation continues to lag. The dearth of Black head coaches could stem from Black candidates' preferences as seen in some studies of the pay gap for women (Bolotnyy and Emanuel 2019), or there could be larger DEI problems afoot as seen in other industries. Unlike the NFL, the NBA does not have a Rooney Rule but has a track record and current success on the diversity front. In the modern era of major professional sports, the NBA had the first Black head coach, and The Institute for Diversity and Ethics in Sport awarded the league an A− overall and an A+ on racial hiring on its 2020 Diversity Report card (TIDES 2020). Although Black head coach hiring was down, assistant coach and league office hiring was up for the NBA which potentially points to the acceleration of some job equity within an enterprise that makes DEI work a priority.

**Pay equity**. Just as inequities exist for underrepresented populations with securing some jobs, the pay they receive while in various positions can present another challenge. On average, women earn around 82 cents for every dollar paid to men (National Partnerships 2020). The gap is more significant for women of color working full-time year-round. For example, Latinas only make less than 60 cents, while Black women earn slightly more at 63 cents (Bleiweis 2020).

However, the gender pay gap issue highlights the nuance and subtle complexities of addressing DEI issues. When controlling for other variables like education level, work experience, and job type, people of color, most notably Black women, still earn less than white men (Payscale n.d.). In the right combination, controlling for certain variables can explain the gap entirely (Bolotnyy and Emanuel 2019).

Elsewhere in a study of the earnings gap in an even more controlled unionized setting, the gap was explained entirely by women's schedule preferences (Bolotnyy and Emanuel 2019). When the employer implemented new policies to correct some problems, they further closed the earnings gap. Still, they decreased the women employees' well-being by making the job more constricted when they preferred the flexibility.

There are differences in job type and career track, but creating opportunities, not artificial

outcomes, means putting structures in place to shrink the gap even without controlling for variables. In short, getting more women, particularly women of color, into higher-earning roles can be achieved through DEI initiatives. Everyone, including the businesses, will benefit. The earnings gap is not just a women's issue. Nearly every man is related to a woman affected by the pay gap or is in a position to do something about it.

## A Setting for DEI

The conventional wisdom holds that small business is the driver of economic activity and job growth. The argument's validity notwithstanding, small businesses possess several features that often make them fertile environments for advancing DEI initiatives. Larger, more established institutions may enjoy more staff, customers, and a generally wider audience. However, they can also become ossified by the traditions and norms that emerged over the decades spent establishing that employee base and business reach.

Conversely, small businesses, which often benefit from young entrepreneurs' dynamism, are unburdened by a history they have not yet formed. Working with a smaller workforce, if much of one at all, entrepreneurs have a greater opportunity to act as a change agent and more rapidly challenge the status quo. Being nimble and responding to change creates flexibility on diversity and inclusion issues that otherwise may not exist for a business owner. Such actions may not be as dramatic as shutter stores nationwide for a day to train staff on DEI issues, but it may prevent the need for those drastic measures. While small businesses may not employ as many people as large corporations, they have an invaluable role in setting the broader tone for a societal perception of diversity equity and inclusion.

## How to Incorporate DEI

**Pipelines**. With the myriad of other concerns and uncertainties related to launching or operating a new venture, it would be tempting and understandable to rely on preexisting friends and associates to staff and advise the business. However, taking time to look beyond one's immediate network could establish a new pipeline of diverse candidates to work in and counsel the company. Start-up founders are reliant on teams to launch new ventures, and the investment into DEI pays off as the team becomes high-performing, leveraging diversity to create innovative solutions for complex problems that arise along the way.

**Cohorts**. Start-up companies should create cohort models that allow people to operate in teams that embed inclusion into the DNA of the organizational structure. Google's people analytics team conducted a study in 2012 to quantify the components of a high-performing team, which include psychological safety, dependability, structure and clarity of roles, meaning, and impact (Duhigg 2016). This formula can be used to guide cohorts with the infrastructure for inclusion from the company's inception.

**Interviewing**. Even after establishing new pipelines and networks to filter candidates into the business, the process of selecting the right employees presents another opportunity to incorporate DEI practices. For the entrepreneur, it may seem reasonable to have an unstructured interview with a prospective new hire to determine if he or she will be a good fit for the job, but having other members of the organization participate (current staff or advisors) in the process can be beneficial.

Unstructured interviews are not the best predictor of subsequent job performance. However, in a more structured selection process, a more diverse panel of interviewers or application reviewers may assess specific characteristics that applicants have as they relate to the company's broader DEI goals and objectives. In a hiring situation, this may manifest itself by the blind spots regarding particular attributes like balancing work and life, or a single interviewer's biases discussed during panel deliberations before rendering a decision on an applicant.

**Training**. As with other business areas, there is a role for training in the DEI work of a new

venture. However, it comes with a few caveats. The activities must remain voluntary. Although it might seem like the people who need to be in training will not go if it is not mandatory, it is not a problem. If everyone else in the organization is bringing the skills and attitudes learned from the trainers into the business's day-to-day interactions, the training will eventually reach everyone. The leader must find ways to integrate the concepts learned into the workforce's daily life – perhaps with an organization-wide reminder email about the presentation or some other visual display that reinforces the message in people's minds. Another way to ingrain the DEI initiative is not to rely on perfunctory one-time actions to check on a list.

When training, even if repeated, does occur, it remains prudent to interpret improvement after training with caution. Typically training is sought or recommended after there has been a dip in or sustained poor performance. Improvement could be attributable to something other than a particular seminar or workshop. Therefore, seeking evaluation and feedback from the staff is critical.

**Mentoring**. Valuing a diverse array of lived experiences and the different problem-solving approaches they generate will challenge expectations and norms. To reap the benefits of diversity, some investment hiring or promotion candidates will require mentoring to maximize the impact they can bring to the company. While their experiences have prepared them to perceive solutions and opportunities, others may not; a history of marginalization has left many locked out of the networks and career tracks that shape company policies and industry directions. It would be disingenuous to reduce a recommendation of mentoring as part of DEI initiatives to a debate about qualifications. Instead, it is a call for raising the scope of the standard of what it means to be qualified. It must mean more than attending the right schools or having the proper resume entries.

**Fail better**. The words of a twentieth-century Irish novelist may not immediately spring to mind when discussing diversity equity and inclusion. However, for entrepreneurs, the words from his book Worstward Ho can be quite instructive. Although the lines "Try again. Fail again. Fail better." are usually associated with the need for persistence in technology companies, the words are instructive to all businesses. The book is a bit darker and less motivational than the often-repeated phrase suggests. Similarly, using the disadvantaged resilience and survival strategies honed in bleaker circumstances to change the way firms operate can benefit industry and society. Regardless of how sincere and committed to DEI, the work is never done. There is always more to learn because change is constant. What was acceptable as diversity a decade or two ago may be insufficient today and even less so tomorrow or a year into your start-up. Therefore, it is incumbent upon the entrepreneurs to build into their start-up plans a strategy for continuous development and awareness-raising for leaders, employees (e.g., diversity officers), and advisors.

**Courage**. Although it sounds simple, pursuing diversity equity and inclusion is not easy. It will require a certain degree of introspection and self-examination before pursuing interactions that can be mutually beneficial. Sometimes good intentions will not be sufficient. If leaders are willing to engage in genuine dialogue and support a course that others help set, change may be possible. It is not merely a matter of listening to new ideas and voices. In short, DEI will require the development of comfort with discomfort.

The historically marginalized person in the firm cannot be forced or expected to start the conversation. Those in power must be willing to take the first step, which may not mean implementing a solution but allow others to do so. This change may mean losing a skilled employee or a customer segment that cannot handle change. Those losses would only be temporary, genuinely felt up, ultimately replaced by new growth.

**External**. Although it is more straightforward to make progress by making changes within the workforce and leadership of a business, entrepreneurs should be mindful that DEI efforts can extend beyond hiring and promotions. Just as steps are taken internally to ensure that new people are brought into the business, it is important

for start-up companies to consider DEI when contracting with vendors and suppliers. Founders should look beyond the familiar networks and associations when building DEI into the fabric of the organization's infrastructure.

## DEI and Society

Rather than reflexively resisting DEI initiatives emanating from civil society, the entrepreneur should use it as an opportunity to further social innovation. Whereas the creation of new inventions and products has been the domain of scientific or technological innovation, the development of solutions to complex systemic societal problems has fallen to social innovation. Some issues cannot be resolved with faster processors, increased efficiency, or expanded automatization. Social innovation leverages all three dimensions of society – the public sector, private business, and civil society – to generate new ideas that lead to progress across all boundaries.

It is important to distinguish social innovation from the more popular social entrepreneurship. The zone of activity between any two segments of society creates opportunities for unique social innovations (Nicholls et al. 2015). For example, boundary-spanning between civil society and private business led to social enterprises that are expressly created to solve a social problem. Conversely, social innovation is driven by the exchange of ideas and values. In the latter category, entrepreneurs may develop a new solution to a social problem, but the business was created and exists to meet some other need. Deciding to be a social enterprise or a business that addresses social concerns by acting responsibly is another element of the strategic planning entrepreneurs and small business leaders must consider during their start-up.

Concerns that DEI initiatives will change business are misplaced. Any degree of progress involves Schumpeter's (1942) notion of creative destruction – the birth of a new order through the destruction of the old structure. This continuous process does create value for some and losses for others but the market as a whole benefit just as horse and buggy operators gave way to automobiles or bank tellers to ATMs if innovators in business (i.e., entrepreneurs) incorporate diversity equity and inclusion into their plans so the whole of society can move forward, faster and farther than it has before.

## Conclusion

Today's business environment is often described by using the term VUCA which stands for "volatile, uncertain, complex, and ambiguous." Researchers suggest that VUCA environments present new challenges inherent in strategic planning as organizations face constant change. These VUCA conditions are key to understanding the nature of dramatic changes that leaders face today (Bennett and Lemoine 2014). Understanding and appreciating diversity, equity, and inclusion is a natural extension of preparing start-up companies to thrive in these VUCA situations and changing markets. The more infrastructure an organization has to leverage diverse, interdisciplinary teams that are inclusive, the more innovation, creativity, and agility in the constantly changing environments.

The purpose of DEI work is to foster inclusive environments where all employees can grow and thrive. As start-up companies create strategic plans, they have an opportunity to build inclusive culture into the fabric of the organizational structure in a way that values and encourages diverse perspectives, as well as new ways of thinking about things. A dedication to DEI has to start from the top with a commitment from leadership that permeates throughout the organization. Diversity of thought creates avenues for innovation and creativity, and diverse perspectives can lead to better decisions that make companies more adaptable in an ever-evolving business environment. Start-up companies have an opportunity to change the trajectory of DEI by setting an example as they make diversity and inclusion a top priority through strategic planning and regularly reviewing the internal processes and programs

that ensure a commitment to promoting diversity, equity, and inclusion.

Founders are usually laser-focused on profit during the formation stages of strategic planning. However, if a start-up company fails to integrate DEI into the infrastructure of the organizational DNA, a window of opportunity has been forfeited. The work of DEI cannot become an afterthought, it must drive the organization's success by intentional recruiting and hiring of diverse perspectives in a way that fully values and embraces diversity for innovation and change. Founders who make DEI work a critical company of strategic planning reap the rewards down the road as teams utilize the safety of inclusion to bring the best versions of themselves to work. This creates the benefits of high performance, leading to organizational success.

## Cross-References

► Emerging Female Entrepreneurial Leaders

## References

Bennett N, Lemoine G (2014) What a difference a word makes: understanding threats to performance in a VUCA world. Bus Horiz 57:311–317. https://doi.org/10.1016/j.bushor.2014.01.001

Bleiweis R (2020) Quick facts about the Gender Wage Gap. Center for American Progress. https://www.americanprogress.org/issues/women/reports/2020/03/24/482141/quick-facts-gender-

Bolotnyy V, Emanuel N. (2019). Why do women earn less than men? Evidence from bus and train operators. Working paper. [pdf]. Retrieved from https://scholar.harvard.edu/bolotnyy/publications/why-do-women-earn-less-men-evidence-bus-and-train-operators-job-market-paper

Boone Blanchard S, Ryan Newton J, Didericksen KW, Daniels M, Glosson K (2021) Confronting racism and bias within early intervention: the responsibility of systems and individuals to influence change and advance equity. Top Early Child Spec Educ:0271121421992470

Bourke J, Dillon B (2018) The diversity and inclusion revolution: eight powerful truths. Deloitte Rev 22: 82–95

Bruckmuller S, Branscombe NR (2010) The glass cliff: when and why women are selected as leaders in crisis contexts. Br J Soc Psychol 49(3):433–451

Bucher RD (2015) Diversity consciousness. Pearson

Collins J (2009) Good to great: why some companies make the leap and others don't. Harper Collins, New York, NY

Duhigg C (2016, February 25) What Google learned from its quest to build the perfect Team. Retrieved March 09, 2021, from https://www.nytimes.com/2016/02/28/magazine/what-google-learned-from-its-quest-to-build-the-perfect-team.html?smid=pl-share

Earley PC, Mosakowski E (October 2004) Cultural intelligence. Harv Bus Rev. https://hbr.org/2004/10/cultural-intelligence

Goosby Smith J, Lindsay J (2014) Beyond inclusion: work-life interconnectedness, energy, and resilience in organizations. Palgrave Macmillan, New York

Lewis EOC, MacKenzie D, Kaminsky J (2021) Exploring equity: how equity norms have been applied implicitly and explicitly in transportation research and practice. Transp Res Interdiscip Perspect 9:100332

Maske M, Kilgore A (2021, January 28) The NFL, looking to improve minority hiring, ends cycle with same number of Black coaches. Washington Post. https://www.washingtonpost.com/sports/2021/01/28/nfl-coach-diversity-hiring/

Miller FA (1998) Strategic culture change: the door to achieving high performance and inclusion. Public Pers Manag 27:151–160. https://doi.org/10.1177/009102609802700203

National Partnership for Women & Families (2020) Quantifying America's Gender Wage Gap by Race/Ethnicity [pdf]. nationalpartnership.org

Nicholls A, Simon J, Gabriel M (2015) Dimensions of social innovation. In: Nicholls A, Simon J, Gabriel M (eds) New frontiers in social innovation research. Palgrave Macmillan, New York, pp 1–27

Payscale (n.d.) The racial wage gap persists in 2020. https://www.payscale.com/data/racial-wage-gap

Pelton K (2021, March 8) An NBA double standard is hindering Black head coach candidates. ESPN. https://www.espn.com/nba/story/_/id/31024144/an-nba-double-standard-hindering-black-head-coach-candidates

PwC CEO Survey (2015) 18th annual CEO survey: a marketplace with boundaries [pdf]. Retrieved from https://www.pwc.com/gx/en/ceo-survey/2015/assets/pwc-18th-annual- global-ceo-survey-jan-2015.pdf

Reimer A (2021, January 22) NFL Teams Egregiously Passing on Black head coaches Shows Rooney Rule can't change biases. Forbes. https://www.forbes.com/sites/alexreimer/2021/01/22/nfl-teams-egregiously-passing-on-black-head-coaches-shows-rooney-rule-cant-change-biases/?sh=e20a7f918025

Schumpeter JA (1942) Capitalism, socialism and democracy. Harper and Row, New York

Teemant A, Borgioli Yoder G, Sherman BJ, Santamaría Graff C (2021) An equity framework for family, community, and school partnerships. Theory Pract 60(1): 28–38

TIDES (2020) National Basketball Association racial & gender report card. https://www.tidesport.org/nba

# Doctoral Education Policies in South Korea

Jisun Jung
Faculty of Education, The University of Hong Kong, Hong Kong, Hong Kong SAR

## Synonyms

Graduate education; Knowledge production; PhD; Postgraduate education; Research and development; Research system

## Definitions

Doctoral education is the highest level of education, and its degree is awarded to someone who has strong disciplinary knowledge, creates and disseminates original knowledge in the field, and enables to apply his/her knowledge to practice. Curriculum and requirement for doctoral education and career paths of degree holders vary across the higher education systems.

## Introduction

Doctoral education is a key driver of building a national academic research system and training a highly educated workforce in the knowledge economy. It educates people to conduct original research and brings national innovation across academia and industry. It is important for the government to design and implement powerful and efficient public policies for doctoral education to support the nation in the global knowledge competition (Neumann and Tan 2011). Thus, doctoral education has become a matter of national science policy in terms of research and development, funding schemes, internationalization, and collaboration with industry or overseas universities in most advanced countries. It has also created a need at supranational levels to explore how national systems successfully integrate knowledge and innovation systems and how they organize incentives, regulations, and measures according to the global standard (Bao et al. 2018). This has caused a change in doctoral education by intensifying international competition for research quality and productivity around the world.

It is not difficult to find many achievements of higher education in South Korea (hereafter Korea) during the last six decades. Higher education enrolment was the highest in Korea among OECD countries (98% in 2008) based on high private investment. Most higher education institutions, about 85%, in Korea are private. Individuals were willing to invest their private resources for their higher education as it guaranteed advantages in the labor market after graduation during the growing economy in Korea. The development of higher education was aligned with Korea's industrial structure and the demands of the labor market from the 1970s to the early 2000s. After the 1997 Asian financial crisis, Korea's economic structure was transformed into a knowledge-based economy, and the higher education sector was expected to focus on creating a highly educated workforce (Hur and Bessey 2013). As a result of these new expectations, since the late 1990s, the government has created strong policy initiatives, including research and development (R&D) policies and world-class university (WCU) initiatives. Consequently, knowledge production measured by the number of publications and citations has increased significantly in a short period. Doctoral education has been a major public policy for research system building in Korea. This chapter aims to address the history, development, and future agendas of doctoral education in Korea. How has doctoral education evolved in Korea? What was the context of public policies in doctoral education? What considerations should be taken into account in future public policies?

## A Brief History of Public Policies in Korean Doctoral Education

As in other developing countries, the initial stage of doctoral education in Korea relied heavily on importing advanced knowledge from developed

countries and translating it into a national academic community (Shin and Lee 2015). Knowledge production was partly achieved in public research institutes based on government financial support, while knowledge production at the doctoral level in the higher education sector was very limited. In response to economic development and growing demand for higher education, the Korean government has developed strong public policies for universities to develop their own doctoral education, which has expanded from a small number of research-intensive universities to a larger number of universities. According to the Korean Ministry of Education (2005), about 200 4-year universities in the country are classified as Research University I, Research University II, Teaching and Research University, and Teaching University. This typology was based on the number of publications, number of doctoral students, and the amount of government research funds received. Twelve universities are classified as Research University I; 16 universities are classified as Research University II; and 30 universities are Teaching and Research universities. Doctoral degrees were initially offered only in Research I and II Universities. As higher education developed, some Teaching and Research Universities gradually began to also offer doctoral degrees.

Shin and Lee (2015) divided the evolution of research universities in Korea into three periods – incubating (1960s–1970s), transformative (1980s–1990s), and institutionalization (1999–present) – and described how Korean universities have shifted their main mission from teaching to research. Similarly, Jung (2018) divided the evolution of doctoral education in Korea into three periods: reliance on overseas doctorates (pre-1980s), quality enhancement of national doctoral education (late 1980s to mid-1990s), and global challenges and competition (late 1990s–present). A brief history of the public policies for doctoral education of each period is given as follows.

*Before the 1980s*: After the independence from Japanese colonialism in 1945, Kyungsung Imperial University became Seoul National University (SNU), the first national university. It was the first comprehensive modern Korean university offering undergraduate and graduate degree programs. The first graduate school was opened in 1946 at SNU, although it had master's degree graduates only until 1949. According to UNESCO (1985), the first doctoral course in Korea was opened at SNU in 1959. As the curriculum and the number of qualified teachers for doctoral education were insufficient, most university academics were overseas doctoral graduates, mainly from the USA and Japan (Shin and Lee 2015) during this period. Research was entrusted to a few public research institutes focused on applied research for economic development. As the government did not have enough funds, these institutes had to rely on foreign loans to develop their research agendas and support the national economy. When the government realized the importance of knowledge production, it established the Korea Institute of Science and Technology (KIST) in 1966 and the Korea Advanced Institute of Science (KAIS) in 1977, which became a research-intensive university of science and technology in the 1980s. The government still had to sponsor many talented students to join overseas universities for their doctoral study in the 1980s. After the 1980s, with economic growth and the massification of higher education, the number of doctoral degree recipients increased, and national doctoral education gradually expanded to major private and local public universities (Jung 2018). During this period, the government substantially increased public investment in the national research system and emphasized the role of higher education in knowledge production.

*Late 1980s to Mid-1990s:* Since the late 1980s, the quality of research training system has attracted more attentions of public policymakers. National research capacity building was also supported by industrial development and economic growth in the 1980s. As a result, the government launched diverse public policies, such as the General Objective Basic Research Programme and the Special Objective Basic Research Programme, to support basic and applied research in the higher education sector and public research institutes (Lee and Jung 2018). They also implemented schemes to build research-focused universities in 1986, increased the number of

scholarships for doctoral students, and developed incentives to publish in international journals. Some research universities successfully used these schemes to attract talented students, contributing to the establishment of the national system of doctoral education. The quality of the research system, including at the doctoral level of education, significantly improved during this period.

*Late 1990s to the Present:* After the 1990s, global competition for the research system became important, for example, the global ranking system. Government policymakers paid more attention to the global reputation of Korean universities and their performance, and the principle of "selection and concentration" in the research system became common (Byun et al. 2013), which means that the government selected high-performing institutes for resource allocation. In 2010, public expenditure on education in GDP was 7.6% in Korea, above the OECD's average of 6.3% (Pinheiro and Pillay 2016).

One of the most representative policies in higher education during this period was the Brain Korea 21 (BK 21) launched in 1999. US$1.2 billion was invested over 7 years during the first stage of the project (1999–2005). The policy aimed to enhance research infrastructure and more importantly to upgrade graduate-level training and academic productivity. The policy proceeded to its second stage (2006–2012) with more concrete objectives, which was to place Korea among the top 10 countries in terms of number of publications, knowledge transfer, technology transfer, and support of more than 20,000 graduate students (Hur and Bessey 2013). The third stage of the project (2013–present) is currently underway. Since its implementation, the policy has successfully increased the number of doctoral graduates, especially in science and engineering, by providing financial support in the form of scholarships. It has also supported graduate assistantships and overseas experiences, including participating in research exchange programs and attending international conferences (Lee and Jung 2018).

The government launched other policies that focused on efficiency and the performance of university research projects. The world-class university (WCU) project in 1999 resulted in large-scale recruitment of international academics. For this project, the Korean government invested US$750 million over 5 years until 2008 (Byun et al. 2013). Doctoral students were among the main beneficiaries and were asked to perform better and to be more internationalized (Jung 2018). They improved the overall quality of research system building in Korea and helped academics and doctoral students to be better equipped for research activities and to participate more actively in the international scientific community.

## The Challenges of Doctoral Education Policies in Korea

Doctoral education in Korea has significantly improved in terms of scale and quality thanks to the strong government policies implemented since the late 1990s. However, important challenges must be considered for future development. For example, it is worth asking whether the growth of doctoral education over the last two decades has actually improved the quality of the research system, as public policies have been dominated mainly by quantitative measurements driven by external stakeholders' views. Moreover, due to the rapid increase in the number of doctoral degree holders, there is a mismatch issue between the number of degree holders and their job positions in academia. With regard to the job market for doctoral degree holders, there are also several issues, such as the preference for overseas doctoral graduates. In addition, public policies based on too much emphasis on competition can cause an imbalance in the development of academic disciplines and the reputation and location of universities and neglect local issues. More importantly, public policies in doctoral education need to consider future agendas to prepare for the aging society and the fourth industrial revolution. To do so, doctoral education policies should be discussed in the context of the academic research system as a whole. Key challenges are addressed below.

*Quality enhancement of doctoral education through long-term public policy implementation:* The increase in the number of doctoral degree holders has resulted in the growth of the national

knowledge production system. The Korean research system has been acknowledged over the last three to four decades, from knowledge importer to knowledge producer. It is clear that key public policies have contributed to increasing Korea's research performance and visibility globally over a short period. For example, research outputs from Korean universities after the BK21 program increased by about 150% and more importantly changed the university culture to a performance-driven culture (Shin 2009). However, too much emphasis on research productivity is often criticized for not stimulating high-quality research. How can we maintain the global standard of the doctoral training system to produce high-quality and impactful researchers? How can we accurately assess the quality of research and monitor the quality of doctoral education? Previous major public policies in the research system tended to focus on short-term performance based on global ranking tables, mainly on the number of papers published in English journals, regardless of their value and contribution to the literature (Byun et al. 2013). In terms of topics and budget support, future public policies in doctoral education and the research system in general must consider a long-term vision and the quality and effects of research through policies, such as strong support for basic research fields.

*Overcoming managerialism when implementing public policies*: As the government has implemented diverse public policies to support the research system and doctoral education, these policies are often contractionary, making it difficult to set a priority. For example, as Jang et al. (2016) pointed out, some public policies in science policy, such as the WCU project, require overtly strict regulation of implementation at each stage, which is ironic in the sense that high-quality research results from the autonomy and convergence of researchers. Policymakers expect researchers to produce cutting-edge research outcomes, while requiring a certain number of publications or patents, which are normally incompatible. Future policies need to take into account the factors that motivate and stimulate impactful research and improve flexibility in implementation.

*Internationalization of doctoral education not by completion but by collaboration*: It is undeniable that the knowledge production system is globalized in today's world. The Korean government has implemented several policies to internationalize doctoral education, such as promoting international publication, publishing with international co-authors, and sending doctoral students to international conferences and overseas institutions for internships. These policies have provided meaningful experiences for doctoral students and should be expanded in the future, taking into account the collaborative and innovative effects of learning experiences. For instance, one of the strategies proposed by Zweig et al. (2008) is the diaspora option, a national strategy to encourage brain circulation, which supports collaboration between Korean scientists in Korea and abroad to share the problems of national agendas and collaboration between national and foreign scientists to maximize their diverse resources and strengths.

*Diversifying career paths for doctoral degree holders*: The number of doctoral degree graduates in Korea has exceeded the number of faculty positions since the late 1990s (Lee and Jung 2018), and the academic job market is becoming more and more competitive. With the number of university students decreasing due to a low birth rate and public budget cuts, universities are highly reluctant to hire new tenure-track academics. In contrast, the number of doctoral degree holders from domestic universities and the number of overseas returnees are increasing. These two facts have led to a serious mismatch between doctoral training and the requirements of the academic job market in the higher education sector and have drawn attention to the issue of the high unemployment rate of doctoral graduates in recent years. Most doctoral degree holders take up various jobs outside of academia before taking up academic positions, and many have never held academic positions. This is a global phenomenon, especially in advanced countries, due to the oversupply of doctoral degree holders. As a result, doctoral graduates today are expected to consider diverse career paths, including nonacademic careers (Hancock and Walsh 2016). Santos et al. (2016) pointed out that focusing solely on academic positions for doctoral degree holders in today's market limits their career path

perspectives. Instead, they must look for diverse career paths. Public policies need to support them to work in different industry sectors and encourage them to contribute to the knowledge production system as a whole.

*Objective evaluation and recruitment system for overseas and domestic doctoral degree holders:* There is another policy issue regarding the job market for doctoral degree holders in Korea. Despite the improvement in the quality of the national doctoral education system, the academic job market in Korea, especially in research universities, tends to prefer to hire overseas doctoral graduates. There is a long tradition of reliance on overseas graduates in the Korean higher education system. About 40% of Korean university academics earned their doctoral degree from a foreign university. These overseas doctoral graduates have made a significant contribution to the knowledge production system in the initial stage of building a national research system, at the same time bringing transnational identity capital across borders (Kim 2017). In general, foreign degree holders are highly regarded in Korean academic society and have competitive advantages when entering the labor market (Jung 2018) even if recent studies have shown that domestic doctoral degree holders have also significantly improved their competitiveness in research capacity (Jung 2018). Public policies must consider how to organize an objective evaluation and recruitment system for doctoral degree holders in the job market.

*Balanced investment between institutions and disciplines:* Public policies have significantly improved resource allocation for doctoral education. However, the investment of resources has been largely dominated by a few elite institutions and specific academic disciplines, mainly in STEM fields. Byun et al. (2013) found that the top five universities in Korea (SNU, KAIST, Yonsei University, Korea University, and POSTECH) received about 50% of the research funding for the BK 21 project and the WCU project. Institutions must develop their own mission in doctoral education and redefine the goals of doctoral education considering industrial and local requirements and structures. In addition, there is a regional imbalance of universities in Korea as pointed out in previous studies, such as Byun et al. (2013). A large proportion of financial and human resources are concentrated in large universities located in the capital. Other regional universities have difficulty in research grant competition and in attracting talented graduate students. Public resource support needs to be fairly distributed, especially when small universities in local regions produce significant outcomes.

The imbalance of public investment is more serious in terms of academic disciplines. Most major public policy schemes have concentrated on science and engineering, although the government has launched large-scale public policies, including the Social Science Korea and Humanities Korea schemes, to improve the balance between academic disciplines since 2010. Applied science and engineering, which can improve research performance in a short period, have benefited from the largest public investment. The imbalance between academic disciplines is also reflected in the favorable working conditions of doctoral degree holders in STEM fields. For example, doctoral degree holders in science and engineering tend to occupy more full-time or tenure-track positions than graduates in the humanities and social sciences (Lee and Han 2010). Designing and implementing public policies that balance public investment between academic disciplines is necessary in the future. The excessive emphasis on investment in the internationalization of doctoral education has also led to an unbalanced development between international and local values. For example, publications in local languages may be considered less important than those published in English, regardless of their value and contribution to the literature (Byun et al. 2013). Fostering public policies in doctoral education that can integrate the academic community nationally and globally is needed.

## Policy Recommendation

Despite the considerable progress of the doctoral education system in Korea resulting from a number of successful policy implementations, this chapter pointed out several challenges that the knowledge economy has posed. The chapter concludes with the following policy recommendations.

*Place a research excellence frame in doctoral education policies*: Before arguing about resource investment, the research environment integrates a framework of research excellence. Rigorous academic standards should be created in their doctoral education process, from admission through graduation. The aims of doctoral education should be defined nationally and institutionally as training professionals who are creative, innovative, and risk-taking for the future knowledge economy.

*Align doctoral education policies within a national system for innovation*: Currently, doctoral education policies are planned and implemented by different stakeholders from education and science sectors. Key policies from different government agencies should be reviewed and integrated for effective implementation to support more talented doctoral students with better educational conditions.

*Create better synergy among policy organizations*: Government policies and institutional polices should be aligned and supplement one another. As universities have increased responsibility for doctoral education, diverse institutional practices should be open and best practices shared. More autonomy should be given, as appropriate, when there is an innovative approach to doctoral education.

*Encourage mobile experiences and collaboration at different levels*: Doctoral education policies should encourage collaboration across national boundaries, institutions, sectors, and disciplines. First, international collaboration is a key strategy to enhance the quality of doctoral education and provide diverse research experiences in a global knowledge society. Doctoral education policies should, for example, provide opportunities for international networking, research project collaboration, participation in international conferences, short- and long-term visits to overseas institutions, etc. Second, collaboration with industry should be encouraged, such as sharing research training, funds, research equipment, and knowledge transfer activities. Engaging nonacademics from relevant industries in research projects with doctoral students can be an effective way for them to learn applicable field knowledge and transferrable skills. Third, regional collaboration is essential to help reduce the resource gaps between large regional and small local universities. Fourth, interdisciplinary research collaboration should be more actively encouraged in an open research environment.

*Track recent doctoral graduates' career trajectories*: The number of doctoral degree holders is increasing, but there is a lack of systematic data on how many are produced; they go after the degree completion and how they are employed. Policy stakeholders should follow the career paths of doctoral degree holders to analyze and predict the contribution of knowledge production of highly skilled people in the national research system.

*Make funding distribution more transparent:* The scale of the research and development (R&D) investment must remain steady to maintain the quality of the research system and doctoral education. However, research funding at different levels (institutional, project, research unit, and individual) should be reviewed and effectively distributed in a transparent method to ensure fairness and accountability.

*Maintain consistent quality assurance policies*: Accountability procedures must be established within throughout doctoral education. They must enhance the quality of the research environment and promote accountable procedures in admission, supervision, and graduation requirements. It is also important to consider consistency in the strategic plan of each institution and its evaluation criteria for doctoral education.

Finally, doctoral education policies should be understood within a national research system as a whole. Indeed, a successful academic research system, of which doctoral education is a part, can only be achieved when the research environment, the knowledge function, social change, and national government policies are integrated well.

## Conclusion

This chapter has focused on the evolution of public policies regarding doctoral education in Korea

and the social contexts of policy development. The chapter has concluded with policy recommendations to enhance the doctoral education system. Doctoral education policies in Korea have shown significant progress during the last five decades in terms of recruitment of highly qualified students, providing better quality of training system based on strong government funding supports. However, the system still has areas to improve such as unbalanced investment between institutions and disciplines, strong managerialism culture, lack of international visibility, narrow approach for career path for degree holders, and lack of continuous policy support for quality enhancement. The chapter has provided policy recommendations such as aligning doctoral education policy within a national innovation system, creating more research collaboration beyond national boundaries and sectors, and encouraging more mobile experiences, building transparent funding distribution mechanism, and creating sustainable research culture.

**Acknowledgments** The first part of this paper, "A Brief History of Public Policies in Korean Doctoral Education," is a modified and restructured version of the author's previous paper, "Domestic and overseas doctorates and their academic job entries in South Korea," published in *Asian Education and Development Studies* in 2018.

## References

Bao Y, Kehm BM, Ma Y (2018) From product to process: the reform of doctoral education in Europe and China. Stud High Educ 43(3):524–541

Byun K, Jon J-E, Kim D (2013) Quest for building world-class universities in South Korea: outcomes and consequences. High Educ 65(5):645–659

Hancock S, Walsh E (2016) Beyond knowledge and skills: rethinking the development of professional identity during the STEM doctorate. Stud High Educ 41(1):37–50

Hur J-Y, Bessey D (2013) A comparison of higher education reform in South Korea and Germany. Asian Pac Educ Rev 14(2):113–123

Jang D-H, Ryu K, Yi P, Craig D (2016) The hurdles to being world class: narrative analysis of the world-class university project in Korea. High Educ Pol 29(2):234–253

Jung J (2018) Domestic and overseas doctorates and their academic job entries in South Korea. Asian Educ Dev Stud 7(2):205–222

Kim T (2017) Academic mobility, transnational identity capital, and stratification under conditions of academic capitalism. High Educ 73(6):981–997

Lee JJ, Han DS (2010) New doctorates in STEM fields in Korea: characteristics of the labor market and its implications. Korea Institute of Science & Technology Evaluation and Planning (KISTEP). Issue paper 2010–17. Seoul: Korea (In Korean)

Lee SJ, Jung J (2018) Work experiences and knowledge transfer among Korean academics: focusing on generational differences. Stud High Educ 43(11):2033–2058

Ministry of Education (MOE) (2005) Strategies for mission stratification in higher education institution, Korea. Ministry of Education, South Korea (In Korean)

Neumann R, Tan KK (2011) From PhD to initial employment: the doctorate in a knowledge economy. Stud High Educ 36(5):601–614

Pinheiro R, Pillay P (2016) Higher education and economic development in the OECD: policy lessons for other countries and regions. J High Educ Policy Manag 38(2):150–166

Santos JM, Horta H, Heitor M (2016) Too many PhDs? An invalid argument for countries developing their scientific and academic systems: the case of Portugal. Technol Forecast Soc Chang 113(Part B): 352–362

Shin JC (2009) Building world-class research university: the brain Korea 21 project. High Educ 58(5): 669–668

Shin JC, Lee SJ (2015) Evolution of research universities as a national research system in Korea: accomplishments and challenges. High Educ 70(2):187–202

UNESCO (1985) Equity, quality, and cost in higher education. In: UNESCO principal regional office for Asia and the Pacific. UNESCO, Bangkok

Zweig D, Fung CS, Han D (2008) Redefining the brain drain: China's 'diaspora option'. Sci Technol Soc 13(1):1–33

# Dodd-Frank Act

Wulf A. Kaal
School of Law, Private Investment Funds Institute, University of Saint Thomas, Minneapolis, MN, USA

## Synonyms

Consumer protection; Dodd-Frank Act; Financial industry; Financial regulation; FSOC; Title IV; Volcker Rule

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act") became the law of the land with the President's signature on July 21, 2010 (Dodd-Frank Act, Pub. L. No. 111–203, 124 Stat. 1376, (2010)). The Act is widely considered the most far-reaching legislative change for the financial industry, since the enactment of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Because the Act affects every financial institution in the United States and beyond, the financial industry was required to address the tectonic shift in banking, securities, derivatives, executive compensation, consumer protection, and corporate governance.

The most significant changes mandated by the Dodd-Frank Act affect several core constituents and industries. The Act created a new resolution regime for large financial companies; affected, among other things, the oversight and supervision of financial institutions; and created the consumer financial protection bureau, an agency tasked with the implementation and enforcement of consumer protection laws. The Act also effected substantive changes in the regulation of over-the-counter derivatives, introduced more stringent regulatory capital requirements, implemented changes to executive compensation practices and corporate governance, reformed the regulation of credit rating agencies, incorporated the so-called Volcker Rule, and effected major changes in the securitization market. Most significantly, the Act required registration of advisers to certain private funds in Title IV.

The Act in its respective Titles encapsulates fast changes for the financial industry. The Act under various titles entails:

- Significant systemic risk regulation;
- An orderly liquidation authority;
- The Volcker Rule;
- Swaps pushout rules;
- Bank capital requirements;
- Rules on derivatives;
- Regulations of advisers to hedge funds and others;
- Investor protection and improvements to the regulation of securities;
- The elimination of the OTS;
- Deposit insurance reform;
- Amendments to the regulation of bank and thrift-holding companies and depository institutions;
- Rules on payment, clearing, and settlement;
- A new bureau of consumer financial protection;
- Emergency stabilization and federal reserve governance;
- The Pay It Back Act;
- Substantive rules governing insurance.

The Act's systemic risk regulation focuses on granting a newly created regulatory substantial authority, Financial Stability Oversight Council (FSOC). FSOC serves as an early warning system to improve oversight of the financial system, to identify risks in financial firms and particular market activities, and to coordinate prudential standards among several governmental agencies. The FSOC is tasked with the identification of systemically important nonbank financial companies (SIFIs). SIFI designation would bring a company under regulation by the Federal Reserve and trigger the application of heightened prudential standards.

The Act also introduces the new Office of Financial Research (OFR). The OFR serves as the information-gathering arm of the FSOC and has the authority to collect substantial amounts of information from financial market participants, backed by subpoena power and the Freedom of Information Act.

Another important new element introduced by the Act is its orderly liquidation authority that replaces the Bankruptcy Code and other laws pertaining to the liquidation of financial companies. The new authority is modeled to a significant extent on Sections 11 and 13 of the Federal Deposit Insurance Act. The liquidation authority attempts to balance the objectives of bankruptcy and consumer protection laws with the objectives of public confidence, risk taking, and preserving and restoring financial stability.

The Act also contains the so-called Volcker Rule. The Volcker Rule curtails banking entities' abilities to sponsor or invest in a hedge fund or private equity fund or engage in proprietary trading. The rule also requires SIFIs to carry additional capital.

Under the so-called swaps pushout rule, the Act prohibits certain types of federal assistance to major swap market participants and certain swap dealers. Under the rule, an insured depository institution can be affiliated with a swaps entity and still receive federal assistance, but it prohibits the use of taxpayer funds to prevent receivership of any swap entity resulting from swap activity.

The Act also regulates derivatives transactions via mandatory clearing through centralized clearing organizations, new categories of regulated market participants, and the pushout from banks to bank affiliates of swap activities. Particular rules in this title pertain to swaps, security-based swaps, and mixed swaps.

The Act includes several provisions pertaining to investor protection and improvements to the regulation of securities. This miscellaneous assortment of provisions is intended to strengthen broker-dealer regulation and improve investor protection. For example, the Act disqualifies felons and other bad actors from Regulation D offerings and requires the SEC to compensate whistleblowers, among other whistleblower protections.

Credit-rating agencies and especially nationally recognized statistical rating organizations ("NRSROs") are also targeted by the Act. The Act requires NRSROs to be more transparent in their rating procedures and methodologies, increases internal controls, provides the investing public with a private right of action against NRSROs, and gives the SEC more leeway in enforcement and examination.

Credit retention requirements are another major topic under the Act. Because Congress saw securitization as a major contributing factor to the financial crisis, the Act requires securitizers to retain a portion of the credit risk from asset-backed securities.

Compensation arrangements for executives at financial institutions and public companies are also governed by the Act. While the Act does not impose concrete limits and prohibitions on executive compensation, it does include principles-based provisions on executive compensation. Such provisions include a mandatory non-binding say-on-pay vote and a requirement for listed companies to have independent compensation committees. The Act authorized the SEC to issue rules requiring disclosures of the relationship between executive compensation and financial performance as well as rules requiring companies to disclose the annual total compensation of the chief executive officer (CEO), the median annual total compensation of all employees, except the CEO, and the ratio of the median employee annual total compensation to that of the CEO. Under the Act, the SEC is required to direct-listing exchanges to enforce the implementation of policies relating to clawbacks of compensation packages and disclosure of incentive-based compensation that is based on publicly reported financial information. The trigger for a clawback is a financial reporting restatement.

The Act reforms deposit insurance. The Federal Deposit Insurance Corporation (FDIC) is required to base deposit insurance assessments on the average consolidated total assets minus average tangible equity of insured depository institutions. The Act revises the assessment calculations and shifts the distribution of assessments to the larger banks. The Act permanently increases the maximum deposit insurance amount to $250,000. The increase has retroactive effect for institutions for which the FDIC was appointed receiver or conservator between January 1, 2008 and October 3, 2008.

The Act amends the regulation of bank and thrift-holding companies and depository institutions. The Act requires increased supervision and stricter regulation pertaining to the examination and enforcement powers over depository institution-holding companies and their subsidiaries. However, holding companies of thrifts that function solely in a trust or fiduciary capacity are excluded under the Act.

The Act increases restrictions on loans to company insiders. The insider loan restrictions are heightened in the Act via an expansion of the types of transactions subject to insider lending limits. Such transaction types include securities lending or borrowing transactions, repurchase agreements and reverse repurchase agreements, as well as derivative transactions.

To reduce the risks of contagion among markets and financial firms, the Act also includes provisions on payment, clearing, and settlement. Because financial firms that conduct or support multilateral payments, clearing, or settlement functions can create and concentrate risks to the financial system, the Act includes greater oversight of these entities and their respective activities. Accordingly, the Act designates systemically important financial market utilities as well as payment, clearing and settlement activities.

The Act established the Consumer Financial Protection Bureau (CFPB). The CFPB combines broad powers with a significant budget and exercises most of its consumer protection functions under existing consumer protection laws. While providing certain exemptions, the Act defines covered person rather broadly by including any person engaged in offering or providing a consumer financial product or service.

Most important for this summary, the Act required registration of advisers to certain private funds in Title IV. Prior to the enactment of the Dodd-Frank Act, private fund advisers and promoters designed private funds to operate within the exceptions and exemptions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and, until 2012, the Investment Advisers Act of 1940. For the pre-Dodd-Frank law on advisers, *see* Investment Advisers Act of 1940, Pub. L. No. 76–768, 54 Stat. 789 (current version at 15 U.S.C. § 80b (2012)). These exemptions gave private fund advisers substantial freedom in their investment activities.

Title IV of the Dodd-Frank Act authorized the SEC to promulgate rules requiring registration and enhanced disclosure for private fund advisers (Dodd-Frank Act, Pub. L. No. 111–203, § 401, 124 Stat. 1376, 1570 (2010)). Title IV requires private fund advisers with more than $150 million assets under management (AUM) to register with the SEC as investment advisers. In addition to exempting private fund advisers with less than $150 million AUM from registration, Title IV also exempts advisers with less than $100 million AUM who provide advice to foreign private advisers with fewer than fifteen clients and investors in the United States, advice to clients on investments other than private funds, and venture capital fund advisers.

In addition to mandating private investment fund adviser registration, Title IV requires registered investment advisers to maintain records and any other information that may be necessary and appropriate to evaluate the private fund industry, maintain appropriate oversight, and avoid systemic risk. To attain these objectives, the SEC amended its Form ADV and introduced Form PF (private funds).

The reporting obligations in Form PF increased the level of regulatory oversight of private funds to unprecedented levels. Form PF requires investment managers to disclose information about themselves, about the funds they manage, and about their investors. This includes the products used by the investment adviser, performance and changes in performance of the products, financing information, risk metrics, strategies used, credit exposure, and positions held by the investment adviser, among other categories of information.

Important Form PF disclosure requirements include the five trading counterparties to which the reporting fund has the greatest net counterparty credit exposure, along with the dollar amount owed to each creditor, and a breakdown of the net asset value (NAV) that the investment manager manages, including the percentage of the reporting fund's net asset value that was managed using high-frequency trading strategies. Other important Form PF disclosures include the requirement that the manager identifies changes in market factors and their effect on the long and short components of the portfolio as a percentage of NAV, any information about the counterparties' collateral and other credit support posted to the respective reporting funds, as well as trading and clearing mechanisms subject to liquidity constraints and the duration of those constraints.

The SEC intended Form PF to improve its understanding of reporting funds' liquidity, exposure, and assets. To help the SEC understand reporting funds' liquidity, exposure, and assets, Form PF requires investment advisers to disclose the time increments it would take to liquidate a certain percentage of the reporting funds' portfolio, the dollar value of long and short positions in each asset class, the value of turnover by asset class, the market value of each of the advised funds' borrowings and the types of creditors, and the aggregate value of all derivative positions for each advised fund. Finally, Form PF requires disclosure of the reporting funds' restrictions (if any) on investor withdrawals and redemptions and other information pertaining to investor liquidity, such as the percentage of NAV.

The SEC takes a tiered approach intended to reflect the relative risks of each type of fund. Large hedge fund advisers, those with at least $1.5 billion Regulatory Assets Under Management attributable to hedge funds, are required to update Form PF filings quarterly (*Id*. at 71,140). By contrast, private fund advisers with less than $1.5 billion RAUM attributable to private funds are required to complete and file Form PF annually (*see id*.).

In light of the highly sensitive nature of these required disclosures and the complexity of the reporting requirements, Form PF can create substantial challenges for the hedge fund industry. Some of the most controversial disclosure requirements in Form PF include the reporting of risk metrics, strategies and products used by the investment adviser and its funds, counterparties and credit exposure, performance and changes in performance, financing information, percentage of assets traded using algorithms, and the percentage of fund assets held in equity and debt instruments.

## Conclusion

The Dodd-Frank Act fundamentally reformed the financial services and banking industries in the United States. Significant changes associated with the Dodd-Frank Act are particularly associated with the private fund industry. Despite the tectonic shift in the regulatory framework for the private fund industry, some evidence exist that the private fund industry is coping well with the new post-Dodd-Frank Act regulatory environment.

## Cross-References


- ▶ Accountability
- ▶ Auditing for Financial Reporting
- ▶ Financial Reporting
- ▶ Financial Sustainability
- ▶ Performance Management


D

# Domains of Sustainability

Paul James and Liam Magee
Institute for Culture and Society, Western Sydney University, Penrith, NSW, Australia

## Introduction

One dominant framework sets the terms for almost all thinking today about questions of sustainability. Whether contemporary policy-makers are aware of it or not, this structure is the basis of the way that most practitioners and thinkers across the globe approach sustainability issues. The framework assumes that sustainability should be understood in terms of three domains: the economy, the environment, and the social. These domains are said to relate to each other as three independent spheres of life. They are usually depicted visually as three pillars, as a Venn diagram of three intersecting circles, or as three nested concentric circles with the economy at the center. In each case their combined outcome is one of supposed sustainability.

Today, sustainability is a foundational concept for public administration, policy-making and political governance, and versions of this three-domain framework are everywhere in policy documents. Despite this prevalence, however, the framework is rarely interrogated in either an

intensive or sustained way. By comparison, policy content is regularly examined for its potential impact on sustainability outcomes. Practices of sustainability are routinely evaluated for their consequences. And indicator sets are carefully formulated for assessing sustainability. At the same time, the frame for defining and operationalizing sustainability is usually left as an assumed set of categories: economy, environment (or ecology), and social (or society), with the economy usually striding out in front as the first among "equals." In other words, economic considerations have become the center of almost all decision-making processes, and *the economy* (note the definite article "the" here denoting the singularity of the concept) is treated as central to the human condition, qualifying and providing a measure of comparison for everything else. In the late 1990s, a team of economists even set out to put an economic value on the world's biosphere (Constanza et al. 1987).

When this three-domain structure is modified, there is rarely any reflection on why it is being changed or why the original domain structure is a problem. Hence the modifications usually carry the problems associated with the originating structure. The problems of the dominant three-domain structure vary in their impact and consequence, but a few key summarizing points can be laid out immediately:

1. A particular form of the economic tends to be lifted out as *the* primary orientating limit for sustainability practice. That is, since 1989 and the fall of the Berlin Wall, capitalism as a mode of production from the industrial to post-industrial is usually taken as the only economic regime under consideration. Sustainability practices therefore are limited to the disciplinary task of civilizing a wild and rampant capitalism (Elkington 1997), rather than the more fundamental task of securing a sustainable economic order per se. There are signs, in Brexit, in the US election of Donald Trump, and in the rise of alt-right movements elsewhere, that postindustrial populations are today reacting fiercely against the dominance of global capitalism and are seeking a retreat to national or parochial alternatives. Both, needless to say, have not historically led toward more *sustainable* economies.
2. The economic is itself is usually treated reductively as primarily concerning production and financing, leaving out many other aspects of economic practice such as work and welfare. The one area that has entered into sustainability practice more recently is accounting (Lamberton 2005). However, this has taken the form of accounting *for* sustainability, and it has not led to the inclusion of accounting and regulation as one of the subdomains of economics (as we would argue should happen) – that is, as a subdomain that itself should be assessed (Deegan 2013).
3. The environment is too often defined as outside of human practices, ignoring, for example, the ecology of the human body or the interrelationality of ecological systems, human and nonhuman. This tendency is very apparent in the dominant sustainability ratings for buildings. These rating systems – including most notably Building Research Establishment's Environmental Assessment Method (BREEAM), Sustainable Building Tool (SBTool), and Leadership in Energy and Environmental Design (LEED) – all work as standalone assessments of a building in itself, rather than placing the building in the context of the larger built environment, its ecological setting, and its human use (Castanheira and Braganca 2014). Like the economy, the environment is also frequently understood as a domain that is independent of its social formulation. It is *nature* that stands aside from sociality and must either be utilized by the economy or preserved by and for the society.
4. The social is often relegated to being the vague domain of extra things that do not fit the first two categories. It thus does not have any coherence as a category except to signify the practitioner's interest in more than economic and environmental considerations. This produces an unresolvable paradox: societal matters can be reduced to economic commodities transacted within markets, and at the same time, these matters are defined by their very

exclusion from the economy proper. It is both related negatively and extensionally to the primal category of the economy.

5. Political issues are embedded in the social and/or largely reduced to questions of governance and implementation. Following Point 4 above, it also occupies the social space that is of little interest to markets. Foreshadowing our discussion of Marx and Smith below, the highly politicized conditions of the economy itself are ignored.
6. Cultural issues, except for education and capacity training, and occasionally heritage are too often completely passed over. Again, anticipating our alternative formulation discussed below, we suggest that this passing over ignores the complex and interconnected relations between culture and other political, economic, and ecological practices. Quite aside from questions here of sustaining cultural diversity as an intrinsic aim, interpreting culture as a submerged part of the social forgets that economies themselves – including the global market – are intrinsically also cultural forms, historically developed, but as more or less contingent in their enactment as any other practice. In other words, there is a need for a domain structure which can talk as much about the culture of economics as the economics of culture (and politics and ecology).
7. The three domains are treated as independent spheres of actual activity. For all of the arguments that the three domains need to be brought together in an integrated assessment, they continue to be hypostasized as standalone spheres, pillars, or circles. This is not to suggest that different domains of sustainability should not be given their own integrity with their own means of measurement (and not just financial equivalences). But it does require a way of having it both ways: that is, naming different domains of sustainability in *analytic* terms and recognizing that *in practice* they are dimensions of a whole rather than standalone spheres that need to be brought back together.

Overcoming these problems is the motivating concern of our discussion. It is woven throughout the chapter by implication and through critique. We begin by examining the history of the concept of "sustainability," focusing on the methodology associated with its application to public administration, public policy, and political governance. This will be done in the first instance through a detailed examination of a key classical text, *Our Common Future* (World Commission on Environment Development 1997). The chapter then works to understand the nature of the domain structure that frames thinking on sustainability as it is practiced into the present. Finally, the chapter seeks to describe an alternative framework for understanding domains of sustainability that we argue might avoid some of the present problems.

D

## The Short History of Sustainability

Sustainability is usually defined in terms of being able to carry on, endure, or have a future. This is what can be called *negative sustainability* – not negative in the sense of being bad, but negative in the sense of *just* keeping a system or process going through the absence of harmful action. Reducing pollution. Curbing chronic inequality. Mitigating the excesses of development. Keeping down levels of crime. As we have elaborated elsewhere, negative sustainability describes the process of reducing the bad effects of previous rounds of development or human practice that might qualify our future (James et al. 2015). By comparison, *positive sustainability* can be defined as practices and meanings of human engagement that make for life worlds that project and support ongoing natural and social flourishing. In contrast to negative sustainability, this requires that we define the terms and conditions of what we consider to be positively good. It entails projecting practices for achieving the enduring future of those conditions, a much more demanding prospect. Most troubling in the age in which we live, it requires a thoroughgoing re-acquaintance with our material and social worlds in terms other than as a collection of resources for investment, exploitation, and labor.

One document written 30 years ago, *Our Common Future*, provides a useful point of departure

for beginning that task. The report was the work of the World Commission on Environment Development, established by the United Nations in the mid-1980s. *Our Common Future* is a reference point for almost all thinking today on sustainability. It elaborates a structure for understanding sustainability that has been frequently qualified but remains influential and pervasive since it was first published. Its definition emphasizes our responsibility as a global community to those people who will come after us: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission 1987, p. 41).

This definition still works for many purposes and, despite its anthropocentrism, is almost universally regarded today as normatively positive. This is despite the fact that it is presented as a self-disciplining prepositional phrase: as much as sustainability normatively constrains development, development precedes, defines, and disciplines sustainability. Moreover, in the terms of our definition above, this approach retains all the features of a negative definition of sustainability. To be fair, while the report does not actively set out the conditions for positive sustainability, it does elaborate what it means by "needs" in a minimal way – the human need for livelihoods, food, energy, housing, water supply, sanitation, and health care. And, for the first time, it makes the remarkable claim that "Over the course of this century, the relationship between the human world and the planet that sustains it has undergone a profound change" (p. 26). It thus brilliantly anticipates discussions about the Anthropocene that reach their culmination three decades later.

*Our Common Future* was one of the first major public documents to use the three-domain model, though for the most part this use remains implicit. Resounding throughout the document are enveloping sentences such as the following: "No single blueprint of sustainability will be found, as economic and social systems and ecological conditions differ widely among countries. Each nation will have to work out its own concrete policy implications" (p. 39). The appeal to local specificity here is important. The report, however, anticipates many of the problems that are carried through by subsequent policy and governance writings.

First, many of the orienting arguments of the report separate out the economic from the social. It is not done directly. Rather it is assumed while making claims about other issues. In one example concerning the reach of the report, the report's authors say, "Thus the goals of economic *and* social development must be defined in terms of sustainability in all countries – developed or developing, market-oriented or centrally planned." (p. 41 emphasis added). As in numerous other places in the report, the syntax here – the use of the word "and" – assumes that the economic stands outside the social. And additionally, by implication from the context of that sentence, that social development necessarily follows from economic development.

Second, *Our Common Future* elaborates upon its aim of finding an integrated understanding of sustainability by making a self-contradicting and self-defeating theoretical proposition: the environment, the economy and the social are "all one":

> Until recently, the planet was a large world in which human activities and their effects were neatly compartmentalized within nations, within sectors (energy, agriculture, trade), and within broad areas of concern (environment, economics, social). These compartments have begun to dissolve. This applies in particular to the various global 'crises' that have seized public concern, particularly over the past decade. These are not separate crises: an environmental crisis, a development crisis, an energy crisis. They are all one (p. 14).

Despite its laudable attempt at holism in this claim, the problem is that the means of analytical integration remains rhetorical. Because *Our Common Future* regularly uses these terms throughout the report as standalone analytical concepts (our first point above), the work to bring them back together needs to be much more than a few rhetorical flourishes. And it needs to be more precise about its integrating propositions. For example, the report argues that, "We are now forced to accustom ourselves to an accelerating ecological interdependence among nations. Ecology and economy are *becoming* ever more interwoven locally, regionally, nationally, and globally into a seamless net of causes and effects" (p. 14 emphasis added). However, what this suggests is

that these domains of ecology and economy were once separate – not just as ideas, but in practice – and recent processes of globalization have brought them together. As we will explore below, it turns out that except for one aspect – that is, intensifying processes of globalization have certainly intensified the *global* interrelationship between these domains – the claim is historically and practically wrong. In practice, ecologies, economies, and social relations have *always* been bound up with each other. Even in theory, they have long been integrated. In the Western tradition – to take an example where their dissociation might appear most credible – physiocrats have long argued for the integral relationship between land, nature, and the production of wealth. Even nineteenth-century thinkers, like Adam Smith and Karl Marx, who had begun to argue for the importance of economic relations also stressed their close relationship to political and ideological forms. To make things more perplexing, in the world of ideas, it is only during the period which the report was being written – the mid-to-late twentieth century – that these three domains were just being separated out (having simultaneously just been put together). This double move is a confusion to which *Our Common Future* centrally contributes.

Third, *Our Common Future* assumes a certain kind of economics – one of necessary growth. "Meeting essential needs requires," the authors contend, "not only a new era of economic growth for nations in which the majority are poor, but an assurance that those poor get their fair share of the resources required to sustain that growth" (p. 16). It is the words "not only" here that signal our point, but the authors go much further. In fact they argue for a whole new era of economic growth. They estimate "a five-to-tenfold increase in manufacturing output will be needed just to raise developing world consumption of manufactured goods to industrialized world levels by the time population growth rates level off next century" (p. 21). Aside from implicitly endorsing the idea of "industrialized world levels" constituting a comprehensive and homogenous set of goods that the "developing world" ought, in toto, to pursue, they ignore the many discontents that had by 1987 already long existed precisely due to the very processes of industrialization. Though recent arguments about the existence and desirability of "multiple modernities" might overstate the case, it is clear that paths toward modernization are themselves complex and may involve very different configurations and corresponding quantities of "manufacturing output" to meet the needs of the world.

Fourth, *Our Common Future* treats "species and ecosystems as resources for development" (p. 20). This phrase is the title of Chapter 6. It anticipates the language of ecosystem services, which turns ecological processes and beings into resources that serve the economy. To be sure, the more sophisticated and normatively oriented ecological economists treats the environment as both a means and ends. However, such sophistication continually risks becoming erased when translated to institutional practice, where "bottom-line" accounting cannot help but to reinterpret the environment as a bundle of costs and benefits that input into sustainability statements. As Andy Scerri writes:

> the three-dimensional model tends to coalesce social and economic drivers and, in the case of TBL [Triple Bottom Line] and CSR [Corporate Social Responsibility] 'reporting', for example, subsumes these to pre-determined market-economic efficiency criteria that are adjusted to provide for environmental protection or social justice concerns. (Scerri 2012, p. 3)

For private firms, such risks are especially acute. While it is rare for firms to go broke as a direct consequence of their environment record, legal, political, and other social bottom lines really still resolve to a single bottom line: profit. Public policy approaches to ecological modernization – a term that emerged in the late 1980s at the same time as *Our Common Future* – followed the same pathway. As Peter Christoff puts it:

> the environment is reduced to a series of concerns about resource inputs, waste and pollutant emissions. As cultural needs and non-anthropocentric values (such as are reflected in the Western interest in the preservation of wilderness) cannot be reduced to monetary terms, they tend to be marginalised or excluded from consideration. (Christoff 1996, p. 485.

Fifth, *Our Common Future* draws political concerns into the economy-ecology intersection

without giving politics any separate integrity as a dimension of the social. To take an example that appeared anachronistic in the 1990s and 2000s but which now threatens to emerge once more, the nuclear arms race is drawn into the economy-ecology dyad by emphasizing that its use of economic resources could be otherwise used for economic development. The actual deployment of those resources – nuclear war – is decried for its disastrous ecological circumstances rather than its comprehensive annihilation of life as we know it. The political dimension of these social disasters disappears in the narrative of the crises that the world faces. All sorts of localized variations, from the effects of climate change on Pacific Island peoples to the imbalanced distribution of environmental harms and benefits in urban planning, are similarly obscured by the assumption that economic and environmental goods can be dispassionately evaluated and transacted.

In analyzing a 30-year-old document, it is neither our intention to ignore the monumental shifts in policy and planning discourse that its publication has occasioned nor to undermine its drive toward a recalibrated estimate of the goods and harms processes of modernization, industrialization, and economic development have brought. We have discussed what we, and others, see as its failings at length precisely because *Our Common Future* remains such an influential touchstone for contemporary developments in public policy, administration, and governance. Before we survey some of the current frameworks that bear this influence, we need first to go back a little further into history to explore how, in conceptual understanding, the domains of environment and economics emerged variably. This emergence is much more recent than one would imagine.

## The Longer History of Domains of Sustainability

Sustainability as a concept that applies to the domains of ecology, economics, politics, and culture – or even as applied one of those domains taken separately – is remarkably recent. Even the linking of sustainability with the environment is more novel than one would expect. In 1962 Rachael Carson wrote her bestseller *Silent Spring* (1962). It began a national debate in the United States with extended global impact leading to the banning of DDT. She introduced the paradigm-changing idea of the "ecology of the world within our bodies." However, the book never used the concept of "sustainability." A decade later in 1972, a dispassionately ferocious book called *Limits to Growth* hit the bookstands and despite its reliance upon what was for the time complex computational models, sold 12 million copies. Though deeply concerned about the ecological future of the planet, yet it too never used the word "sustainability" (Meadows et al. 1972). Treating the economy and the environment as domains has a longer history, but it is not as extended as one would have assumed.

### The Domain of the Environment

When Gro Harlem Brundtland took on the task of chairing the World Commission on Environment Development, she was wrestling with the question of domains:

> When the terms of reference of our Commission were originally being discussed in 1982, there were those who wanted its considerations to be limited to 'environmental issues' only. This would have been a grave mistake. The environment does not exist as a sphere separate from human actions, ambitions, and needs, and attempts to defend it in isolation from human concerns have given the very word 'environment' a connotation of naivety in some political circles. (From the Chairman's Forward 1987, pp. 6–7)

As significant as Brundtland's reference to the integration of the environment with "human concerns" might be, this recognition dates from much earlier. While "the environment" only enters common English usage in the twentieth century, in the notion of *nature* that usage is often (though not universally) synonymous with one of the conceptual anchors of Western philosophy and religion. And while analytic distinctions between nature and its various opposites – society, artifice, civilization, God, idealism, and so on – abound within that tradition, these distinctions point equally toward the practical intermingling of human and

natural concerns. Humans till and tender the earth, even as they are subject to its ferocious forces. They enjoy its bounties just as, through sin, technology, or the exercise of will, they alienate themselves from its encompassment.

It might seem, through its near synonym of nature, that the environment is a universal domain. Industrialization marks the transition, however, in practice *and* in recognition, of the relations between humans and nature. Still subject to its demands, humans increasingly exercise control upon it – part of a broader transition that Foucault (2008) describes as *biopower* or *biopolitics*, the regulation of populations through, among other techniques, organized interventions in practices of agriculture, health, and sexual reproduction. As Leo Marx recounts in *Machine in the Garden* (1964), the nineteenth century witnessed an increasing distress among American literary writers about the arrival of machinery: trains interrupting the serenity of the countryside in Hawthorne's "Sleepy Hollow," shipping disturbing the natural order among oceanic species in Melville's *Moby Dick*, and steamboats wreaking violence upon nonmechanical boats on the Mississippi in Twain's *Huckleberry Finn*.

Simultaneously, the founders of sociology searched for terms that could encompass the diversity of nature that support forms of organic life and yet which could be shed of humanistic, animistic, or metaphysical overtones. Borrowing from the emerging systemic language of biology, in *System of Positive Polity* (Comte 1875) Augustus Comte picked upon the term of "environment" to do this work. Echoing in many respects the sentiments of cyberneticians and system theorists – themselves major influences, as we have discussed in relation to the *Limits of Growth*, upon formulations of sustainability – Comte's "Environment" is what surrounds what he terms the "Organism.' This "Organism" is animate, but can be collective: describing vegetative, animal, human, and also social entities such as the family, the country, and, indeed, society as such. The environment is, here, a nature that is external to but which is also subject to modification by and is therefore of *concern* to the organism: "In the first place every living being, though it be limited to a mere vegetative existence, is constantly modifying the environment on which it depends, through the substance which it consumes, and the products which it gives off" (p. 34). Comte lays down no hard limits on where this concern might end, even imagining the modification of the "astronomical condition of the earth," but instead warns pragmatically against extending the "environment" to again encompass all of nature – perhaps too eager, in hindsight, to constrain the human environment he continues: "For these vast changes in the solar system have not the slightest bearing upon our real future" (p. 36).

Comte's warning anticipates our own attempt in the final section of the present essay to distinguish the concept of "ecology" (constrained) from that of "environment" (infinitely extended). In our terms the ecological domain is defined as the practices, discourses, and material expressions that occur across the intersection between the social and the natural realms, including the important dimension of human engagement with and within nature, ranging from the built environment to the "wilderness." This is a far more constrained definition than that of an ever-expanding (and largely unknowable) environment coextensive with the universe of all beings, things, and processes. This means that we both recognize the contradictory place of humans in ecology – biologically constituted and socially abstracted – and we acknowledge the fact that the environment or a natural world that extends far beyond the human.

Comte's definitional work itself registers a profound shift, reorienting ends to encompass "human concerns" for the environment. In his treatment of the environment as a *modifiable* and therefore non-isolatable nature, he acutely anticipates the Brundtland report's (unresolved) injunction to consider it an analytically distinct but practically enmeshed domain. If, in being oriented toward system maintenance rather than perfectibility, current theories and policies of "sustainability" seem as much humbled future-oriented visions of Comtean "Progress," nonetheless they continue to adhere closely to this comparatively recent conceptual turn. Such treatments of

the environment do however find much greater difficulties with its relationship to economic activity.

### The Domain of Economics

The history of the concept of "the economy," where "economy" takes on a definite article as a domain of practice is, too, surprisingly recent. But, important to our critique of the use of the economy as the master domain, it is actually much more contemporary than that of the environment. The concept of "the economy" was really only lifted out into the broad setting of social relations in the early twentieth century, and it was not used with any regularity until as late as the 1940s (use of an n-gram search for the phrase "the economy" reveals almost no examples of the economy as a domain of social life prior to the 1940s: https://books.google.com/ngrams). This point is worth dwelling upon. The concept of "the economy" was only *beginning* to be used with any regularity within lifetimes of people still living today. This realization cuts through any sense of the naturalness of the common contemporary refrain that "it is the economy, stupid."

The writings of Adam Smith, John Hobson, and Karl Marx are no exception. Writing in the eighteenth century, Adam Smith, the father of modern economics, did not use this lexical form at all. Because economic commentators today rarely grapple with his original passions – and because economic history has largely been subsumed into business studies – they fail to recognize that books such as the *Wealth of Nations* (Smith 1776) use very different concepts from "*the* economy." When Smith does use the term "economy," it is rarely with the definite article and never as a domain. Rather, "economy" is always normatively paired as "good economy," in the sense of being economical, frugal, and careful in management, or it is methodologically paired as "political economy" – referring to the science of the systems of commerce and agriculture, as Karl Marx would go on to use the term in a far more cynical vein. For Smith, the addition of "political" to "economy" is what elevates the economic from the habits and predisposition of individuals (of, e.g., "the rich" or "private people") to a system that impacts and is effected by nation-states.

In the transition of the eighteenth century into the nineteenth, the slowly emerging domain of economic practices began to take over the power of sovereigns to set the truth-value of an idea or imaginary. This is what Michel Foucault (2008) describes as a "regime of veridiction." However, this uneven process of abstracting economic practices as a separate domain of activity did not really take hold until the twentieth century. One of the pioneers of computing, Charles Babbage, was able without awkwardness to call his account of the industrial technologies of the time *On the Economy of Machines and Manufactures* (1832), by which he meant principally the physical efficiencies and affordances of mechanical engines – and only secondarily, how these benefits might improve rates of profit. His use of "the economy" owes more to Isaac Newton and James Watt than Adam Smith. John Hobson (1902), writing at the end of the nineteenth century, similarly deploys the phrase "the economy of" in Smith's first sense of the economic nature of a process. Hobson occasionally begins to use the term "economy" a little more abstractly, just as Marx did writing a little before him – for example, in the phrase "the economy of large-scale production." Hobson and Marx, also similar to Smith, tend to use concepts such as "political economy" to name methods and discourses.

It was Marx's writing that signals the beginning of a shift that took more than half a century to be realized. Marx himself never uses the concept of "*the* economy" (*die wirtschaft*) with the definite article to mean a separate domain of practice. He begins instead to use the concept of "economy" in metonymic terms to describe a ruling value system, just as one might use the concept of "the crown" to refer to a monarch, for example, "How long is it since economy discarded the physiocratic illusion, that rents grow out of the soil and not out of society?" (Marx 1867, p. 95). In other words, he gives *the economy* a metaphorically abstracted life as an order of power in order to drag it down to earth. How ironical it is then that the concept of "the economy," once either not available for easy use or used against itself, now

casts such a shadow over the contemporary human condition?

## The Dominant Domain Structure in the Twenty-First Century

If we examine the different policy discourses associated with prominent international organizations, we find the same three-domain structure of sustainability, with "the social" acting as a convenient term to gather up those dimensions of life that belong neither to the economy nor the environment. In this section we survey briefly three global major initiatives that have emerged since *Our Common Future*. Each of these have had consequence for policy, administration, and governance, in many cases becoming directly translated into national and local legislation, organizational structures, funding allocations, reporting practices, and dialogue with constituents.

### Triple Bottom Line

The *Triple Bottom Line* is a conspicuous object of our criticism here, but its emergence and popularization through the work of John Elkington was significant in translating *Our Common Future* to concepts of sustainability with which private industry in particular could acknowledge and work. The framework's development arises in response to a range of earlier efforts to account for negative externalities: that is, by-products or costs that are not reflected in the market price of products and services. These costs are not borne by either parties to a transaction, but by some third party. Such externalities can be social, environmental, or both. For example, pollution generated through the extraction, manufacture, transport, consumption, and disposal of raw and manufactured materials is one obvious environmental externality. Only recently, with the introduction of environmental regulations, emissions-trading schemes, and standards for measuring the material impacts of production cycles, have certain externalities begun to be internalized within the auditing procedures and pricing structures of firms. Within the economics literature, not all externalities are negative. Some are positive, such as the benefits that accrue to existing participants in an information network like the Internet as new consumers purchase connectivity contracts from service providers.

Overwhelmingly, it is the negative externalities that are the focus of discussions of sustainability. The *Triple Bottom Line* defines these externalities under two groupings of third parties: social and environmental. These underpin an important distinction between, respectively, human and non-human actors. At least in its early developments, both these sets of actors are passive recipients of the effects of transactions between firms and their suppliers or customers. More recent developments have begun to acknowledge that social and environmental actors kick back. Recognizing that the malevolent consequences of unfettered markets can lead to consumer boycotts, lawsuits, protests, and reputational damages, amplified in an age of social media, has led, for example, to estimations regarding the social bottom line causing adjusted forecasts for economic returns. Short-term profit is sometimes subsequently sacrificed to preserve social "good will" toward a firm. Similarly, environmental damage to crops and land can reduce long-term yields for agricultural producers and many others involved in primary resource cultivation and extraction.

As we acknowledge below, these calculations have benefits to the actors affected by corporate activity. However, they at best ameliorate the impacts of externalities, precisely by continuing to imagine these impacts under rubrics of costs/benefits that cannot help but to translate them into an underlying "base" economic language and logic. Where private corporations' geographically local entities that were continuously responsible and responsive to state, community, and other social authorities, where other logics are at play, Triple Bottom Line accounting practices might even have binding force. In an era of globalized markets and firms, where disciplined regulatory environments can be sidestepped by relocation, subcontracting, or other mechanisms, instead too often they function more as white- and green-washing tactics.

### Millennium Development Goals

Following the Millennium Summit of the United Nations in 2000, all 189 member states resolved to respond to what became called the Millennium Development Goals. The MDGs grew out of the United Nations *Millennium Declaration* (2000), a document built around the principles of freedom, equality, solidarity, tolerance, respect for nature, and shared responsibility. A year later the UN secretary general set out a *Road Map towards the Implementation of the United Nations Millennium Declaration* (2001). It was organized into the following broad domains of activity: (1) peace, security, and disarmament; (2) development and poverty eradication; (3) protecting our common environment; (4) human rights, democracy, and good governance; and (5) protecting the vulnerable. A demanding set of tasks was established, understood as crosscutting. However, in translating these principles and policy directives into practice something got lost. Economics as the supposedly primary domain of sustainable development took over. The eight development goals included eradication of extreme poverty and hunger, achieving universal primary education, and ensuring environmental sustainability, but these came to be understood in terms of statistical targets directed toward a certain kind of development. Not only did the economy became the dominant framing domain but this domain was understood in terms of a pivotal variable – economic growth – to which other practices contributed. In Heloise Weber's words:

> dominant explanations and understandings of poverty and hunger, social struggles for fundamental entitlements, and ultimately 'development', are construed in ways that are premised on abstractions from actual social and political relations; they are framed as 'independent variables' external to the very policies and strategies of international development. (p. 660).

### Global Reporting Initiative

The Global Reporting Initiative (GRI) is a more recent attempt to bind the evocative rhetoric of the *Triple Bottom Line* into global standards for public as well as private organizations. Like the MDGs, it developed from an arm of the UN, the United Nations Environment Programme (UNEP). More than either the *Triple Bottom Line* or the MDGs, it is an attempt to give concrete guidance to organizations on how to account for and report on economic, social, and environment impacts and encompasses within that guidance treatment of internal and external stakeholders alongside a long list of 2,600 concepts and indicators (www.globalreporting.org/standards). To these three domains, inherited also from the *Triple Bottom Line*, the GRI has added the fourth "pillar" of governance. This in part acknowledges the broadening of sustainability assessment from private to public organizations as well and also acknowledges its significance within corporate management.

However, as recent criticism has pointed out, for the all the specificity of the GRI, it retains an essential ambiguity about what constitutes the "sustainability context" under which reporting takes place. Commenting on the latest GRI standard, the G4, the Center for Sustainable Organizations has claimed this absence "will do nothing but help fill the world with yet another generation of so-called sustainability reports, which although compliant with GRI, amount to nothing of the kind" (www.greenbiz.com/blog/2013/05/22/has-gri-consigned-itself-irrelevance).

While noting, again, the significant work of the GRI in establishing foundational standards for sustainability report and in widening the auspices of those standards to encompass public institutions alongside questions of governance, these criticisms echo those made of other frameworks. Compliance with the GRI, and the selection and application of indicators within its guidelines, is both voluntary and subject to costly auditing procedures that are only undertaken, ultimately, for economic or, in the case of public organizations, often political ends. Like accounting standards, indicators can be applied to the spatial and temporal contexts that best suit an organization's interests. Worse, unlike fiscal accounting standards, social, environmental, and governance accounting lack a common currency for expressing their "profits" and "losses." How, for instance, would an external stakeholder in global corporate firms like Google or Twitter evaluate the

relative losses of the impacts of increased rents on the poor on the streets of San Francisco because they have corporate offices in that city? How would BP cost the long-term damage to avian and marine life in the Gulf of Mexico after the Deepwater Horizon oil spill? And at a certain point, the very idea of external stakeholders descends into meaninglessness. We are all affected, in the present and in the future, in a myriad of both evident and nonevident ways, by the activities of the truly global firm. Just as with the *Triple Bottom Line*, adherence to GRI reporting guidelines does little to convince those outside the globalizing firm that these entities do much to stray beyond the strict pecuniary interests of its financial shareholders, directors, and executives.

Within this dominance of the *Triple Bottom Line* framework, there have been attempts to reconfigure the three-domain structure by judicious redefining of terms. For example, in one exchange outlined in an essay called "Rethinking the Concept of Sustainability," its authors challenge the three pillars framework suggesting that domain is a better metaphor than pillars (and indeed it is because of the static architectonic meaning of pillars):

> Let us briefly elaborate on what is meant by each of these domains, beginning with the 'environment'. By 'environment' we are not referring simply to an 'external ecosystem', but an experienced ecosystem with which we as persons have a conscious and deliberate relationship. The experienced environment is the complex ecosystem which has at its center conscious human life. It is not simply a planet cloaked in gases; it is one in which air quality can be assessed as good or bad. Society consists in the complex web of relations that together constitute our personal and collective lives, which may include a variety of characteristics such as parents, football fans, or members of a political party. The economy refers to all those relationships in which there is an exchange of goods and services usually through the financial system, but it may also be through alternative means, such as barter (Banon Gomes et al., 2011, p. 180).

This definition of the environment recalls the Comtean warning discussed earlier, but instead of suggesting, as we would, decentring humans as inherently, contradictory, both constituted by a complex ecology *and* lifted out of it by self-projection, it problematically centers "conscious human life" as *the* basis of assessing the environmental value. Then, to compound the conceptual problems in this alternative, society is defined as the "complex web of relations" that does not encompass those relationships in which there is an exchange of goods of services. Again the economy stands alone.

D

## Alternative Domain Structures, 1

Against the Triple Bottom Line orientation of most domain systems, there have been a series of attempts to formulate a more adequate framework for understanding sustainability. Usually they take the form of eschewing a domain structure altogether. Here we include the Sustainable Development Goals and the New Urban Agenda.

### Sustainable Development Goals

The Sustainable Development Goals of the United Nations are built around a 17-goal structure that appears to get away from the Triple Bottom Line. However, when examined in detail, this is actually not the case. The framing sensibility remains substantially continuous with the problems of the millennium goals discussed above.

As can be seen in Fig. 1, the Sustainable Development Goals are oriented toward ecological considerations. Nevertheless, the tagline of the agenda for Sustainable Development Goals reveals its continuing overriding emphasis on economics – for example, the United Nations presents its over-bracing rationale as "to end poverty [economics], protect the planet [ecology] and ensure prosperity for all [economics]." It thus continues to define sustainable development, much like *Our Common Future*, in terms of economic outcomes. Of the 17 Sustainable Development Goals, the only relatively unambiguous cultural goal is Goal 4: "Ensure inclusive and quality education for all and promote lifelong learning," and even this goal is characterized by educational technicalities that could be said to be learning for modern *economic* development, much like the Millennium Development Goals.

Goal 5, "achieve gender equality," can also be located in the cultural domain (as we have done in Fig. 1), but read in the context of what the United Nations means by "equality"; it would be equally fitting to locate gender equality either in the political (as involvement in governance) or in the economic domain (as pay equity), rather than the cultural.

More recently, the United Nations appears to have gone in two directions at once. Firstly, its City Prosperity Index reverses the usual process of setting out the domains of sustainable development within which other processes are organized. Instead, it begins with the question of prosperity and sets up a set of independent domains: (1) productivity, (2) infrastructure, (3) quality of life, (4) equity and inclusion, (5) environmental sustainability, and (6) governance and legislation. This is fine as an intrinsically organized set of domains. They could all be argued for as necessary conditions for prosperity. However, by starting from the specific problematic – prosperity – it makes it difficult to map the process against the Sustainable Development Goals, which were set as the overriding policy priority for the United Nations. It also makes it almost impossible to map against the second development, which is intended to provide operational guidance for cities in acting sustainably, namely, the New Urban Agenda.

This second direction was marked by the 2016 Quito Habitat III summit, when UN-Habitat proclaimed the New Urban Agenda as its basis for framing the next 20 years of policy and practice. This 22-page document is not organized structurally at all. It is a manifesto for sustainability that appears, like the Sustainable Development Goals, to eschew domains (Habitat III 2016), at least as textually structuring devices. Laudably, the New Urban Agenda acknowledges the importance of culture and cultural diversity. In fact it seems to acknowledge the importance of everything. However, after reading the hundreds of lines of variable commitments, it is still possible to find at the heart of the document, like *Our Common Future*, a clause that sets out its approach to sustainable development in terms of a three-domain structure that continues to insist upon the separation of the economic from the social and environmental:

> To fully harness the potential of sustainable urban development, we make the following transformative commitments through an urban paradigm shift

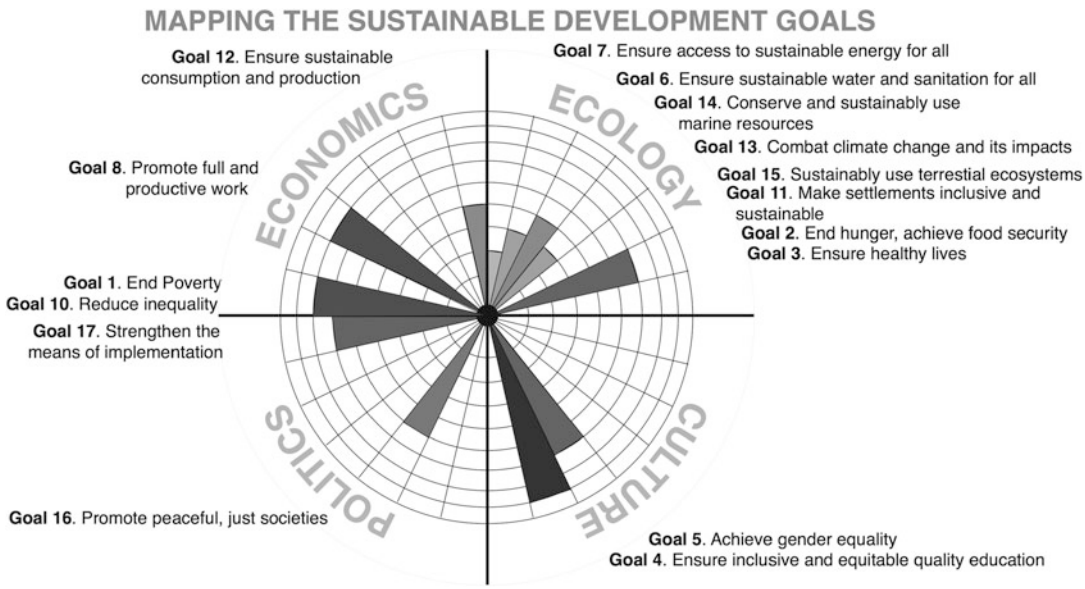


**Domains of Sustainability, Fig. 1.** Using the circles framework (discussed below) to map the Sustainable development goals

> grounded in the integrated and indivisible dimensions of sustainable development: social, economic and environmental. (p. 6)

Notwithstanding the welcome inclusion of the social as the first term, it does not come as a surprise that the "virtuous" concept of "sustainable economic growth" or its equivalent is used at least a dozen times through the brief document.

### Four Streams of Integrated Sustainability

Even fields of activity that are overtly cultural in their emphasis struggle with developing adequate domain structures. The American Institute of Graphic Arts, formed in 1914 and now known by its acronym as AIGA, the professional association for design, works with a method framed by "four streams of integrated sustainability": (1) *environment*, "actions and issues that affect natural systems"; (2) *people*, "actions and issues that affect all aspects of society"; (3) *economy*, "actions and issues that affect how people and organizations meet their basic needs, evolve and define economic success and growth"; and (4) *culture*, "actions and issues that affect how communities manifest identity, preserve and cultivate traditions, and develop belief systems and commonly accepted values" (AIGA 2016). This approach was launched in 2009 and is still active with a scorecard for practitioners and advice for the policy-makers who want to use it.

As first sight it works well, and the principles that are structured into the four-domain structure are an inspiring departure from the usual Triple Bottom Line structure. The definition and description of these four domains has the virtue of giving cultural questions an internally generating integrity that does not depend upon being translated into or legitimated by economic return. However, two problems arise here. First, the category of "people" (which acts like the Triple Bottom Line domain "the social") should by definition include both "economy" and "culture." These are "both actions and issues that affect all aspects of society" – the very definition of the domain called "people." Hence it begs the question: why is economics not an activity in which people engage? Second, the category of "economy" assumes growth as a basic part of its definition. The domain structure was adapted from Adam Werbach's *Strategy for Sustainability: A Business Manifesto* (Werbach 2009), which has the same problems. Echoing Gro Harlem Brundtland from 1987, Werbach writes: "Focusing solely on saving the environment did not suffice – did not save lives, livelihoods or neighbourhoods." Thus, he said, we "needed to fight for a larger kind of sustainability: one that took into account our social, economic and cultural sustainability, as well as our ecological surroundings" (Werbach 2009, p. 3). Unfortunately, for all of the good principles espoused by the "four streams of integrated sustainability" approach, this is one of those apparent breaks from "business as usual" which does not actually break with the problems of the Triple Bottom Line. This time, the problem comes from reducing the domain of economics to questions of profitability. Similarly, for Werbach, the economic means "operating profitably" while supplying basic goods for people (Werbach 2009, p. 9). Economics does of course have profitability as a bottom line, but that does not mean that the domain of economics itself can be defined in terms of such a narrow parameter. Such a move leaves out subdomains highlighted by the *circles of sustainability* such as labor and welfare, wealth, and distribution (see Fig. 2)

## Alternative Domain Structures, 2. Circles of Sustainability

The *circles of sustainability* approach, one that we have been involved with a number of others in developing (www.circlesofsustainability.org), seeks to address what we have here criticized in other frameworks. We acknowledge the important contributions of the *Triple Bottom Line* and subsequent efforts in shifting debates from a myopic focus on economic development and productivity or from an equally self-defeating binary of the economy and the environment. Considering three or four domains implicitly asks, in itself, for a more considered and sophisticated response. However, this does not mean that positing three or four domains as opposed to two necessarily solves any problems. United cities and local

governments have begun to work with a four-domain structure that treats "culture as the fourth pillar of sustainability" (Hawkes 2001), but it leaves unquestioned all the problems that we have already identified. This also accords with our previous discussion of the tendency for apparently dissenting or alternative frameworks to collapse back upon dominant understandings of the economy, leaving undisturbed the underlying assumptions about economic structures that, continuously as well as periodically, reproduce crises of sustainability.

*Circles of sustainability* (see Fig. 2) adopts the now-familiar use of domains represented by a circle divided by four quadrants that reflect each of our four domains. The approach employs the circular form to maximize visual and conceptual recognition for practitioners and researchers in the sustainability field. At the same time, it has taken a more radical approach to understanding how these domains are relational. The most significant step is that the "social" is entirely omitted from the diagram. The social is not treated as a distinct domain, but instead it is understood as the wider field in which different domains of social activity are deployed. In turn, the four domains themselves – economy, ecology, politics, and culture – are not the dimensions of some abstracted concept called "sustainability." Instead they are the segments that we consider most relevant for how we adjudicate our collective efforts to produce more sustainable societies and social life.

This orientation toward sustainability continues an *epistemological* tradition and interest in the ways our knowledge of the social is inseparable from our very embeddedness within social conditions, histories, and systems. To take a deceptively simple example, consensus about environmental "goods" is heavily influenced in Western societies by the modern Judeo-Christian and Romantic privileging of organized and ordered greenery, lushness, and abundance. Both rampant untended growth and barren or polluted wilderness offend this normative ideal. The situatedness of this ideal within a historically influenced social context in no way deflates its power or validity. Indeed, there is no outside the social from which we could derive alternatives. Equally, paradoxically and ironically, our sociality also houses traditions of critique and self-reflexivity that cause us to continually test and manipulate the bounds of the sociality that history has delivered us. Hence, in our own definition of social sustainability, we acknowledge the social determinedness of economic, ecological, political, and cultural practices while also understanding these practices as amenable to redirection.

The same orientation also predisposes the *circles* method to consider the social as the *ontological* ground (here, to be precise, "the social" itself is treated as always in tension with "the natural" as the infinite extension of time/space that carries far beyond human social engagement, including beyond what we are calling the "domain of ecology." Hence we are more comprehensively pointing to a contradictory social/natural grounding, depicted in Fig. 2 through the opening out to a non-bounded space – the infinite natural. Anthropologists talk of the culture/nature contradiction, and this partakes of that conceptual thinking, but it is treated much more broadly) from which other practices, grouped by domains, are analytically derived *and* are given meaning. More than its epistemological considerations, this ground needs to be treated as significant for how we address what are explicitly problematized in earlier models of sustainability. It makes no sense to discuss tensions, for instance, between the economic and the social (as such). The economy is always already social. The economy, dominant though it has become in late modernity, is just one of the ways that social beings enact their sociality. It cannot come into tension with the social, since it is a kind and a form of social life. It can, of course, come into conflict with other forms or practices of social life, and in our interpretation, this is one of ways that the social becomes unsustainability – that is, when certain of its practices curtail the possibility of other practices, or indeed, in apocalyptic scenarios such as nuclear winter, of any meaningful social life at all.

This is an important reorientation. It circumvents, for the reasons just discussed, what we consider to be the category error and ontological emptiness of the *Triple Bottom Line*. If the social,

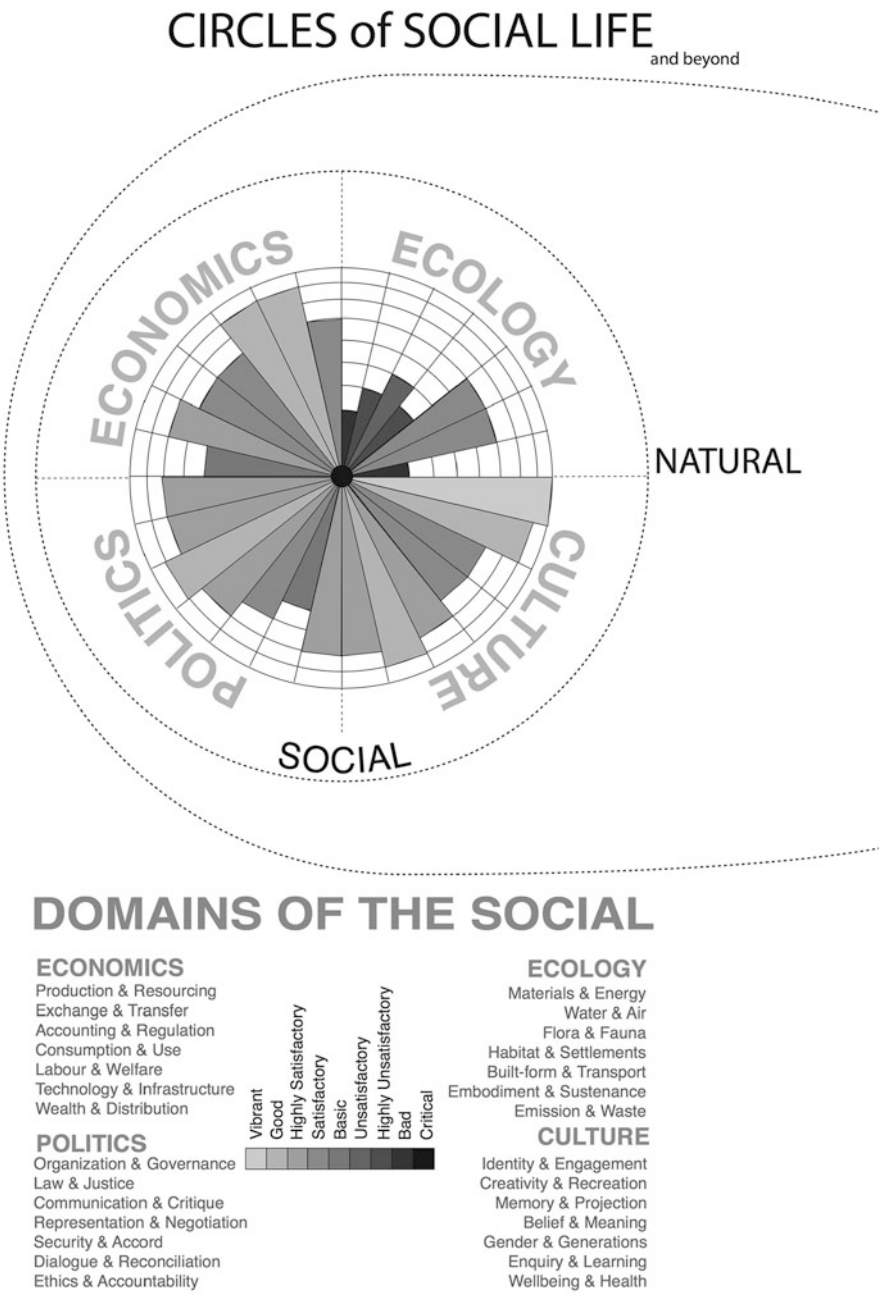


**Domains of Sustainability, Fig. 2.** Circles of sustainability domain and subdomain structure

the economy, and the environment are all domains that are either independent (as its original casting suggests) or perhaps stand in some configuration of dependency (as some corrections to that original casting have tried to argue), then what is the thing that we seek to sustain? Indeed, one of the difficulties with sustainability debates has precisely been the nominalization of what should always be understood in other grammatical as well as practical terms: to sustain, to live sustainably, to create sustainable social conditions, and so on. One merit of the circles approach is to be

unequivocal here: we wish to argue for and to put into practice a sustainable world, layered across various extensions of *social* relations from the local to the global.

Beyond this analytical point, the division into four domains also permits a more flexible articulation of social practices and relations. By "economy" we do not mean simply, as Werbach argues, a system that invests capital and employs labor to produce products and services that generate profit for a limited pool of shareholders. We intend, rather, the broad variety of "practices, discourses, and material expressions" that encompass both capitalism and other forms of "production, use, and management of resources" (James et al. 2015, p. 53). These include barter, gift-giving, gathering, time-sharing, public industries, and distribution of commonly held property. As we have shown at greater length elsewhere (James et al. 2015), similar definitional generosity can be extended to the other domains of ecology, politics, and culture. In the same work, we have also shown how these domains can be meaningfully decomposed into groups of seven subdomains, and that each of these can act as ways for grouping together and relating systems of indicators, including those put forward by the MDG, GRI, and other global indicator standards. We also argue for crosscutting or intersecting themes that work across domains and subdomains, creating transverse connections and relations between what are both discrete and heavily interrelated spheres of activity. Not only necessary to avoid treating social theory as a mere classification exercise, these thematic layers help to coordinate translation of theory into the messy worlds of practice, where what separates culture from ecology or politics from economy is frequently far from clear-cut.

The purpose of this expansiveness is not to make more complex or esoteric the already diverse field and set of practices that have comprised discussions of sustainability since the seminal Brundtland definition nearly 30 years ago. These discussions continue to unfold at levels that span from the global – including forums like the recent Habitat III – to the intensely local, within urban and rural groups that assemble in community centers, street corners, and living rooms. They cannot be merely elaborated within corporate boardrooms, where directors and executives are persuaded, reluctantly and intermittently, to extend their firms' agendas from financial results to social and environment impacts. Aside from the usual criticisms of corporate social responsibility (CSR), this draws us back to a reductive and blinkered understanding of the economy itself: a sphere occupied paradigmatically by the transnational, highly profitable and low-taxed corporation. At the same time, our approach does not hide from the necessity of economic relations. On the contrary, we argue that a sustainable global society depends critically upon reprising old and discovering new ways of marshalling materials, technologies, and labor – that is to say, one of our most urgent tasks is that of innovating and experimenting on the very form, organization, and operation of the economy.

In emphasizing the limits of how other sustainability frameworks have treated the economic domain, we may seem here to repeat the mistakes of those we are criticizing. We certainly do think similar reconsiderations of ecology, politics, and culture are just as urgently needed and have gone some way toward these reconsiderations in our work (James et al. 2015; Magee 2016). However, it is precisely because of how the current global economic system has been, in our view, so systematically misunderstood by both its adherents and critics in the sustainability literature that we have expended some time here in arguing for a more calibrated and differentiated outlook – one that reassembles the economy into a more equilateral set of relations with these other domains at the same time as it fans out an articulation of what the economic comprises. This double step, conceptual but linked to an intimate sociological and anthropological understanding of the complexities of practice, is equally crucial to the development of policies directed toward more sustainable futures.

## Conclusion: The Role of Domains in Policy and Practice

Taking *Our Common Future* (1987) as the pivot, we have sought here to revisit older and more

recent efforts to define and compile what we term "domains" of sustainability. We acknowledge the risk from a practical standpoint that conceptual genealogies can seem a limited, standing in the way of answering the all-important question facing the seven billion inhabitants of the earth today: "What is to be done?" Neither the slow-moving but implacable horrors of an unsustainable world nor the urgency to respond to their threats need repeating here. Yet we view the organization and alignment of domains as fundamental to the coordination of policy development and action. Concepts, particularly as part of unacknowledged conceptual clusters, have a remarkable pull on practice. We have sought to demonstrate that partial and conciliatory efforts to annex environmental and social concerns to triple-domain accounting frameworks are problematic. The emphasis on fiscal policies and economic agendas "reveal" those concerns to be still seen as externalities that at best are costed accordingly. At worst, they are ignored entirely.

New "bottom lines" may have had a persuasive logic for the economy-obsessed 1990s, just as social, cultural, and other capitals that have developed from Bourdieusian sociology have highlighted the noneconomic resources that bear upon social structuration and change. Nor are we arguing for their dismissal entirely. Instead we wish to emphasize that political, cultural, and ecological forms of practice operate within logics and develop normative claims that are irreducible to financial or broader economic terms. Any such reduction implicitly assumes the dominance of economic practice and should be undertaken only when that practice precludes alternatives. For example, compensation for loss due to natural disasters through insurance payments or government contributions are instances where monetary payments are better than no redress.

Positive "accounting for sustainability" cannot begin by economically costing CO2 emissions, democratic representation, or cultural attachment to place. Among its other problems, this perpetuates the widely held perception of sustainability as a punitive, privative, and negative policy agenda. Instead, a common future needs to see economic activity as one among many social goods. Aside from its direct role in promoting specifically political ends, public policy has a crucial role to play in recalibrating social practices around a more balanced and holistic collection of goods. How this might be done differs from place to place and from community to community. Genuinely positive sustainability requires, among other things, openness to negotiation, self-determination, and consensus building about what a given society defines as its norms and goods.

D

## References


AIGA, the Professional Association for Design, website (2016). www.aiga.org/the-living-principles-for-design/ . Last accessed 16 Oct 2016

Banon Gomis LJ, Parra G, Hoffman WM, McNulty RE (2011) Rethinking the concept of sustainability. Bus Soc Rev 116(2):171–191

Carson R (1962) Silent spring. Mariner, Boston

Castanheira G, Braganca L (2014) The evolution of the sustainability assessment tool: from buildings to the built environment. Sci World J 2014., 10 pp. https://doi.org/10.1155/2014/491791

Christoff P (1996) Ecological modernisation, ecological modernities. Environ Pollut 3(3):476–500

Comte A (1875) System of positive polity, vol 2. Longmans, Green and Company, London

Constanza R, d'Arge R, de Groot R et al (1987) The value of the world's ecosystem services and capital. Nature 387(15):253–260

Deegan C (2013) The accountant will have a central role in saving the planet ... really? A reflection on "Green Accounting and Green Eyeshades Twenty Years Later". Crit Perspect Account 24(6):448–458

Elkington J (1997) Cannibals with Forks: the triple bottom line of twenty-first century business. Capstone, Oxford

Foucault M (2008) The birth of biopolitics: lectures at the College de France, 1978–1979. Palgrave McMillan, Basingstoke

Hawkes J (2001) The fourth pillar of sustainability: culture's essential role in public planning. Cultural Development Network, Melbourne

Hobson J (1902) Imperialism: a study. George Allen and Unwin, London

James P, with Magee L., Scerri A., Steger M (2015) Urban sustainability in theory and practice: circles of sustainability. Routledge, London

Lamberton G (2005) Sustainability accounting: a brief history and conceptual framework. Account Forum 29:7–26

Magee L (2016) Interwoven cities. Palgrave McMillan, Basningstoke

Marx K (1867) Capital: volume 1. Dover Publications, Mineola

Meadows DH, Meadows DL, Randers J, Behrens WW (1972) The limits to growth: a report for the Club of Rome's project on the predicament of mankind. Universe Books, New York

Scerri A (2012) Ends in view: the capabilities approach in ecological/sustainability economics. Ecol Econ 77:7–10
Smith A (1776) Wealth of nations. Oxford University Press, Oxford
United Nations (2000) Millennium declaration. United Nations General Assembly, New York
United Nations (2001) Road map towards the implementation of the United Nations millennium declaration: report of the secretary-general. United Nations General Assembly, New York
United Nations Conference on Housing and Sustainable Urban Development (UN-Habitat) (2016) Draft outcome document of the United Nations conference on housing and sustainable urban development. UN-Habitat, Quito
Weber H (2015) Reproducing inequalities through development: the MDGs and the politics of method. Globalizations 12(4):660–676
Werbach A (2009) Strategy for sustainability: a business manifesto. Harvard Business Press, Boston
World Commission on Environment and Development (1997) Our common future. United Nations, New York
www.circlesofsustainability.org. Last accessed 10 Nov 2016
www.globalreporting.org/standards. Last accessed 10 Nov 2016
www.greenbiz.com/blog/2013/05/22/has-gri-consigned-itself-irrelevance. Last accessed 10 Nov 2016

# Domestic Violence

Wendy Mahoney
Mississippi Coalition Against Domestic Violence, Jackson, MS, USA
Jackson State University, Jackson, MS, USA

## Synonyms

Batterer or abuser; Domestic violence or interpersonal violence; Financial and economic abuse

## Definition

Domestic violence is the pattern of coercive behavior within an interpersonal relationship wherein one person in the relationship uses their power to control, manipulate, intimidate, or cause harm to the other person within the relationship. These factors can be exhibited in the following types of abuse such as physical, emotional, sexual, psychological, or financial/economic.

Physical abuse is causing bodily harm in the form of hitting, slapping, pinching, punching, or using an object as a weapon with the intent to injury. Emotional abuse entails the use of words to demean, degrade, or humiliate and, therefore, involves undermining an individual's sense of self-worth and/or self-esteem. This type of abuse tends to hurt a person's feelings. An example of emotional abuse is shouting words such as "You are dumb, stupid, and worthless. You can't do anything right so shut up talking to me." Sexual abuse is forcing or coercing someone to engage in sexual activities against their will. Manipulation and intimidation can also be used when forcing sex against a person's will. Sexual abuse includes, but not limited to, marital rape, attacks on sexual body parts, forcing sex after physical abuse, or threatening one in a sexually demeaning manner. Psychological abuse affects a person's emotional state of being wherein the abuser may play mind games to discredit an individual's overall state of being. This type of abuse may be exhibited by extreme acts of intimidation or forced isolation. Financial/economic abuse is withholding financial resources, denying basic needs, or using finances as a means of abuse. This type of abuse makes an individual financially dependent by maintaining control over financial resources.

Based on the Center for Disease Control, an intimate partner is a person with whom one has a close personal relationship. The relationship can be identified by the following characteristics: emotional connectedness, regular contact, ongoing physical contact, ongoing physical contact and sexual behavior, identity as a couple, and/or familiarity and knowledge about each other's lives. Intimate partners include current or former spouses, boyfriends or girlfriends, dating partners, or sexual partners.

## Introduction

Domestic violence is a global problem which is far reaching throughout society. It is seen by many as an issue facing women. Statistics state that one in four women will face an issue of domestic violence within their lifetime. Facing domestic violence is a serious, harming, and even damaging

problem. The coercive pattern of behavior places an imbalance of power within the relationship. The ultimate desire in any relationship is equality and respect. Within domestic violence respect and equality are greatly skewed. This may cause individuals to suffer in silence due to the complexities of the issues being faced in the relationship.

Domestic violence is not simply two people who physically hurt one another because they cannot control their tempers during an argument. But, the core issue of domestic violence is much more insidious. Battering or abuse is a pattern of behavior that seeks to establish ***POWER*** and ***CONTROL*** over another person through fear, harm, and intimidation. Batterers believe they are entitled to control their victims. They believe that threats and violence are acceptable and will produce the desired results.

## Risk Factors

Domestic violence has no socioeconomic status, ethnicity, racial identity, gender, religious affiliation, age, geographical location, or educational background. These factors have no specific relevance concerning domestic violence. This issue crosses all segments of the population; therefore, its impact can be far reaching and quite devastating to any individual. Due to the nature of the problem, it also intersects with various societal issues. There are intersections with homelessness, LGBTQ, AIDS, incarceration, child abuse, and poverty. The intersectionality of domestic violence that intertwines with other life-altering issues adds more layers to such a harmful situation. Many individuals throughout the world deal with these issues and domestic violence can at times be a precursor to these oppressive problems. Domestic violence occurs in both opposite-sex and same-sex relationships. It can happen to intimate partners who are married, living together, or dating.

## Cycle of Abuse

The cycles of abuse within domestic violence display a pattern of behavior. The cyclical behavior is a tactic of the abuser which can invoke fear in the victim. In a cyclical process there tends to be no end to the situation because it is continuous. The cycle of violence often repeats itself over and over with increasing levels of violence.

Behaviors of victims and offenders show that family violence is usually a continuing, entrapping cycle. First, tension begins to build. Demands are increased, stress escalates, and put-downs are frequent. Tension leads to an explosion, such as hitting, humiliating, and controlling. After the blowup, both the victim and offender lapse into a honeymoon phase during which the problems are denied, love is declared, or promises are made. The victim finds new hope and believes the relationship will change. However, the issues that initially caused the violence were not addressed and still exist.

**The honeymoon**

"Everything is beautiful."

Denial of the problem and some sense of forgiveness.

Forgive and forget; exchanges loving words.

Blames victim for the violence.

**Tension building**

Something is triggering the violence.

Stuffs feelings; justifies spouse being late; "put-downs."

**The explosion**

Unable to diffuse the tension and rage

Slams door; throws magazines; scratches

Wrestles to the ground; holds hair

## Why Do They Stay

Choosing to leave or stay with an abusive partner is an individual and personal decision. The decision can be based on many different issues and factors and therefore should never be taken lightly. A person may stay in an abusive relationship while facing many obstacles and resorting to coping mechanisms when dealing with the difficult situations. One of the most common reasons for staying is love. It is the primary reason for being in a relationship. There may be other reasons to stay such as religious beliefs, societal norms, fear, lack of financial resources, or

children. The thought of a child living without their parent can cause the victim to feel as though they must stay for the sake of their child(ren).

Due to deep-rooted values and culture, many women rather not end their relationship in separation or divorce. There is oftentimes the fear of the consequences of reporting violence and a declaration of an unwillingness to subject themselves to the shame of being identified as battered women. Lack of information about alternatives also forces women to suffer silently within the four walls of their homes. Isolation and lack of resources may be contributing factors because the victim may not have access to resources or supports. Some women may believe that they deserve the beatings because of some wrong action on their part. Other women refrain from speaking about the abuse because they fear that their partner will further harm them in reprisal for revealing family secrets, or they may be ashamed of their situation.

The abuse doesn't transpire on a regular basis making the reasons for staying amplified. The victim gains hope that the abuse will stop. This reason coupled with other reasons makes staying more tolerable at points in time. The glimmer of hope shadows the belief that the relationship may shift to resemble the desired hope.

## Myths Associated with Domestic Violence

There are many myths and misinformation about the causes of domestic violence. Alcohol and drugs do not cause someone to become aggressive. They are, however, used by abusers as an excuse to abuse. It has been stated that domestic violence only happens to poor women and women of color. Domestic violence happens in all kinds of families and relationships. Domestic violence is not affiliated with one specific race, ethnicity, or socioeconomic status.

A major and damaging myth is stated oftentimes referencing that if it were that bad, she would leave. There are many reasons why a woman may not leave. Not leaving does not mean that the victim wants to be abused or is in agreement with the treatment being received. The most dangerous time for a victim is when she tries to leave the relationship.

## Why Abusers Abuse

Abusers may abuse due to learned behavior and an overall societal acceptance of violence. The abuse is more likely to occur if the abuser witnessed violence or was victimized as a child. Battering can be seen or understood as an internalized issue in which an individual has difficulty recognizing or expressing feelings. Battering is not an inability to express feelings or wants, but a method by which an abuser does so (Men Stopping Violence 2013). The method of expressing feelings and communication is used as tactics to abuse. Issues of male privilege and sexist beliefs or practices can also be the source of abuse. Addressing any of these issues of violence perpetuated by abusers must begin with dealing with the source of why an abuser abuses.

## Impact on the Family

Domestic violence can also cause negative effects on children who witness domestic violence. Almost 30 million American children will be exposed to family violence by the time they are 17 years old and one in four American children will experience violence between their parents/caregivers – that's about 20.5 million children (Finkelhor 2008). Children that are exposed to violence are more likely to attempt suicide, abuse drugs and alcohol, run away from home, engage in teenage prostitution, and commit sexual assault crimes. One in four children (26%) was exposed to at least one form of family violence during their lifetimes (Hamby 2011).

There can be lasting effects on the family such as lack of honest communication among family members causing a chaotic household. Families may lack boundaries and respect therefore exhibiting maladaptive social learning regarding violence. Heightened tension, anxiety, and even

emotional enmeshment possibly lead to a defective perception of family relationships and dynamics. All of these could lead to divorce and a breakdown in the family unit.

## Economic Impact of Domestic Violence

The financial impact of domestic violence affects victims and families of domestic violence as well as the entire community. It also affects all systems such as the criminal justice, medical, social service, legal, family, and educational. According to the National Intimate Partner and Sexual Violence Survey (NISVS) 2010 Summary Report, more than one in three women and approximately seven million women are raped and/or physically assaulted by a current or former intimate partner each year. The US Department of Justice has found that women are far more likely to be the victims of violent crimes committed by intimate partners than men, especially when a weapon is involved.

Individuals who are victimized by domestic violence interface with many systems, therefore impacting many systems. A victim can interface with law enforcement, legal, medical, mental health, shelter services, counseling, human services, and other systems as they navigate resources of support.

Based on the 2003 report, "Costs of Intimate Partner Violence Against Women in the United States," the costs of interpersonal violence against women exceed an estimated $5.8 billion. The report also indicates that of these costs, approximately $4.1 billion is the direct cost of medical care and mental health care. The remaining costs are indirect costs which are lost productivity equaling approximately to $1.8 billion.

These costs create an increase in demand for services for victims experiencing the devastating effects of domestic violence. These systems are affected due to the financial obligations and resources utilized in the prevention, support, care, and execution of laws as a result of domestic violence. The overall work force is affected due to the reduced productivity of victims. The reduced productivity could be absenteeism and low work output, affecting both the business and victim.

## National Policies

Congress has made a commitment and significant impact to improve the lives of domestic violence victims. The Family Violence Prevention and Services Act (FVPSA) was enacted in 1984 and foundational to domestic violence victim services. In 1994, the landmark Violence Against Women Act (VAWA) assisted in the paradigm shift of responding to domestic violence, sexual assault, dating violence, and stalking in our country. The federal government has allocated funds to address the increasing public health problem. VAWA saved about $12.6 billion dollars in net averted costs in its first 6 years.

Taking a look at the costs associated with domestic violence is a component for explaining the importance of funding the prevention of this violence. Estimating the economic impact and costs of such violence can assist policy makers and funders in the adequate allocations of resources. Based on the publication, "Making the Case for Domestic Violence Prevention," both policy makers and service providers possess the same goal – to increase the public good. The issue tends to be how this information is communicated. Therefore, it is imperative that the economic costs of domestic violence including estimated annual costs of prevention services, law enforcement, medical care, mental health, and all other costs be analyzed.

> The challenge for violence prevention to address in the years ahead is to systemically establish a solid base of evidence about the costs of interpersonal violence in all societies, and then to feed this evidence into policy making and advocacy where it can complement and strengthen the moral arguments for the prevention of interpersonal violence.
>
> The Economic Dimensions of Interpersonal Violence
>
> Department of Injuries and Violence Prevention, World Health Organization, Geneva, 2004

## Public Health Impact and Prevention

Domestic violence is a serious, preventable health problem affecting more than 30 million Americans annually, yet there seems to be limited resources for prevention of this issue. Prevention of domestic violence on a massive scale will require a commitment from all levels of government. This type of commitment will foster the goal of establishing a consistent, coordinated, and integrated approach for each community (Wolfe and Jaffe 1999). The public health model describes prevention in terms of primary, secondary, and tertiary prevention interventions. In this model, primary prevention costs society far less than secondary and tertiary interventions. Secondary and tertiary interventions are needed when primary prevention efforts are not widespread or powerful enough to stop the violence before it occurs (Transforming Communities Technical Assistance, Training and Resource Center 2006). Primary prevention policies and programs help prevent violent behavior through interventions designed to eliminate the underlying causes and risk factors and strengthen protective factors (World Health Organization 2013).

The ecological model for understanding risk factors and root causes for violence assists in identifying as well as addressing prevention strategies. The model views interpersonal violence based on the outcome of interaction among many factors at four distinct levels: individual, relationship, community, and societal. The individual level is influenced by personal history and biological factors which directly impact behavior and increase the likelihood of becoming a victim or a perpetrator of violence. Examples of these factors are being victims of child maltreatment, psychological or personality disorder, alcohol and/or substance disorder, and a history of severe aggressive behavior or experiencing abuse. The personal relationship level such as family, friends, intimate partners, and peers may influence the risk because of having a violent friend, partner, or peer. The community level including schools, neighborhoods, and workplaces can also influence violence. Level of unemployment, population density, and existence of a local drug or gun trade are examples of factors that influence the community level. The societal level factors influence whether violence is encouraged or inhibited within the community-at-large. Economic and social policies maintain socioeconomic inequalities between people, prevalence of weapons, social and cultural norms, and male dominance. Oftentimes cultural norms within society endorse violence as an acceptable method. These influences greatly impact how interpersonal violence is perpetuating in our communities as a whole.

Domestic violence is systemic – meaning it takes place in a system that allows and even contributes to this violence (Transforming Communities Technical Assistance, Training and Resource Center 2006). Since it encompasses all of these systems, it makes sense to address domestic violence from a systemic approach, therefore, including education, health, government, law enforcement, religion, family, media, criminal justice, human services, and social service systems. This approach would be cross-sectional in nature recognizing the interconnectedness of the root causes of domestic violence. The prevention strategies will be generated on a spectrum of community change. This spectrum would be implemented on various levels of operation and implementation.

Coordinated community response models tend to be the most utilized systemic approach to prevention measures in the domestic violence field. A response model touching various parts of the community and systems in a collaborative manner can prove to yield a greater understanding and awareness of the issue being addressed. The greater the value of a program in the overall effort to prevent domestic violence, the greater its cost-benefit. The key to assessing whether these will attain the outcome desires is the availability of resources to conduct the activities and initiatives (Jenkins and Hutchinson 1996). Addressing prevention and its cost-benefits can be a valuable component to combatting such a serious community-wide issue.

## Conclusion

Domestic violence is a widespread societal problem with consequences reaching far beyond

the family. It is conduct that has devastating effects for individual victims, their children, grandchildren, family members, friends, and their communities. In addition to these immediate effects, there is growing evidence that violence within the family becomes a way of life and is the breeding ground for other social problems, such as substance abuse, juvenile delinquency, and violent crimes of all types. Being able to understand the complexities of domestic violence situations is the first step toward assisting the victims, therefore creating prevention strategies, policies, and programming.

Due to the economic impact in addition to the public policy implications of domestic violence, a systemic approach must be analyzed to address the issues. Congress has made great headway in implementing policies with funding to support victims and survivors. These efforts are admirable; however, the importance of a coordinated community response approach may be the most effective method to dealing with an issue with such vast intersectionality in our society.

## References

Finkelhor D (2008) Childhood victimization: violence, crime, and abuse in the lives of young people. Oxford University Press, New York

Hamby SF (2011) Children's exposure to intimate partner violence and other family violence. Juvenile Justice Bulletin:1–12

Jenkins RG, Hutchinson JG (1996) The public health model for violence prevention: a partnership in medicine and education. J Negro Educ 65:225–266

Men Stopping Violence (2013) Why do men batter. Retrieved 23 May 2016, from http://www.menstoppingviolence.org/articles/whymenbatter.html

National Center for Injury Prevention and Control (2003, March) Costs of intimate partner violence against women in the United States. Retrieved 3 Dec 2015, from Centers of Disease Control and Prevention (CDC): http://www.cdc.org.gov/violenceprevntion/pdf/ipvbook-a.pdf

National Center for Injury Prevention and Control (April 2010) National intimate partner and sexual violence survey. Retrieved 10 Apr 2016, Centers of Disease Control and Prevention (CDC): http://www.cdc.gov/violenceprevention/pdf/nisvs_report2010-a.pdf

Transforming Communities Technical Assistance, Training and Resource Center (2006) Making the case for domestic violence prevention through the lens of cost benefit. Manual for domestic violence prevention practitioners. TC-TAT, San Rafael

Waters H, Hyder A, Rajkotia Y, Basu S, Rehwinkel JA, Butchart A (2004) The economic dimensions of interpersonal violence. Geneva, Department of Injuries and Violence Prevention, World Health Organization

Wolfe DA, Jaffe PG (1999) Emerging strategies in the prevention of domestic violence. Futur Child 9:133–144

World Health Organization (WHO) (2013) Violence against women: intimate partner and sexual violence against women. Retrieved 16 Dec 2015, from World Health Organization: http://www.who.int/mediacentre/factsheets/fs239/en/index.html

D

# Donor Withdrawal and the Implications for Public Governance in Latin America

Susan Appe and Fabian Telch
Binghamton University, Binghamton, NY, USA

## Synonyms

Aid reconfiguration; Aid reduction; Donor shifts; Post-aid conditions

## Introduction: Donor Shifts and Withdrawal in Latin America

Traditional official development assistance (ODA) is channeled by the 29 OECD countries that are part of the Development Aid Committee (DAC). ODA includes economic "flows to countries and territories on the DAC List of ODA Recipients" for the "economic development and welfare of developing countries as its main objective" (http://www.oecd.org/). The DAC aims to coordinate development programs given the economic situations of the donor countries. Most of the funds are designated to projects financed directly by embassies or international cooperation agencies such as the US Agency for International Development (USAID), Swedish International Development Cooperation (SIDA), or Canadian International Development Agency (CIDA).

ODA annual disbursement to developing countries has increased during the 2008–2014

period from 87.114 million US dollars in 2008 to 94.662 million US dollars in 2014 (an increase of 8.66%). During this period, countries such as Morocco, Mozambique, Sudan, Tanzania, Vietnam, Bangladesh, India, Pakistan, Afghanistan, Iraq, and the West Bank and Gaza have received the most ODA disbursements. Even as ODA resources have increased globally, the ODA annual disbursement to Latin American and Caribbean countries has decreased from 7.015 million US dollars in 2008 to 6.503 million US dollars in 2014 (a decrease of 7.87%). In 2014, of the total ODA disbursements to countries and regions (94.662 million US dollars), approximately 7% were directed to Latin America and the Caribbean (6.503 million US dollars). In the region, countries such as Haiti, Guatemala, El Salvador, Mexico, Colombia, Brazil, and Peru have received the most ODA resources from 2008 to 2014 (http://stats.oecd.org/Index.aspx?DataSetCode=TABLE2A). Traditional ODA to Latin America has supported programs related to environmental protection, human rights, indigenous rights, gender, democracy strengthening, health, education, and poverty (Mesa de Articulación 2014).

Many regions in the Global South have entered into a "post-aid" period according to development scholars (Banks et al. 2015) as the aid architecture is changing. Latin America in particular is undergoing shifts related to international assistance, and this has implications for public governance and the provision of public goods and services. There are several examples of shifts and withdrawal by aid agencies in the region. In September 2015 the Danish cooperation (DANIDA) announced its withdrawal from Bolivia due to the reduction of resources and a change of strategy by the Danish government, focusing instead on African and Asian countries. These cooperation resources were part of government-to-government agreements, and Bolivian public entities will be the most affected. In 2014 the Danish government invested 25 million dollars to Bolivia to finance projects against poverty, good governance, and human rights (ANF 2015). The withdrawal of the Danish cooperation assistance in Bolivia follows the 2013 expulsion of the Danish nongovernmental organization, IBIS. This departure was a result, according to the Bolivian government, of IBIS working with social organizations against Bolivian government interests.

In Peru in October 2015, the Belgium government suspended its bilateral cooperation assistance, aiming to explore alternative ways to invest in the country. Belgium was financing programs in Peru aimed to support access to health services and economic sustainable development. Belgium decided to change its strategy by relocating its cooperation resources to countries in war or post-conflict processes. Belgium is also withdrawing its economic cooperation from other countries in the region such as Ecuador and Bolivia (Gestion 2015).

## Contributing Factors to Donor Shifts and Withdrawal

There are several factors that contribute to the shifts in development aid; some of which are suggested by the cases mentioned above. The following presents five economic and political factors which are especially relevant in donor shifts and withdrawal in Latin America.

### Middle-Income Status Designation

Many countries across developing regions have "graduated" to middle-income country status. The World Bank Atlas method identifies middle-income countries (MICs) based on the gross national income (GNI) per capita, and the designation can change eligibility for the receipt of ODA. The benefit of graduating to MIC status can mean more favorable credit terms, yet the graduated countries often experience slowed economic development after graduating; coined as the middle-income trap (Paus 2011). Countries experience rapid development and growth until they reach the middle-income status and then experience slowed growth. After industrialization, often nations do not adopt a strong industrial policy, which leads to inefficiencies in industry and lack of competitiveness in international markets. Industrial economies are not adequately

replaced with technological capabilities including the resources and organizational abilities to develop thriving technology industries (Paus 2011). Using GNI, almost all countries in Latin America are middle income, despite their heterogonous policies, economies, and income stratification. Indeed, MICs show great diversity within and between nations, including variable degrees of democratization, transparency, and effectiveness of justice systems (UNDP-LAC 2011).

The shifting of funds to poorer countries, according to the standards established by multilateral donors (e.g., World Bank, United Nations Development Program, and International Monetary Fund), has presented a new challenge to upper-middle-income economies in particular. The Latin American countries that are considered as upper-middle-income economies are Belize, Brazil, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru, and Suriname (see Table 1).

## The Financial Crisis of 2008

The financial crisis of 2008 spurred a decrease in international funding and investment. The crisis, followed by the default of big corporations in the USA (e.g., Lehman Brothers, American International Group) and the risk of solvency for many stakeholders in the financial system, influenced financial investments in the United States (US) as well as those in emerging markets and other developed countries. The deflation of the housing market in the US and the financial investments linked to this market led to massive losses for homeowners and stockholders. Due to the high interconnection of the financial markets globally, the failures in the household market in the USA were transmitted rapidly to other sectors and countries that make part of the global economy (International Monetary Fund 2009).

As part of this crisis, European and Commonwealth countries were hit hard due to their dependence to external financing, manufacturing, and commodity exports. Asian, African, and Latin American countries suffered the impacts of the crisis as well due to the decreasing value of commodity prices and weak export demands (International Monetary Fund 2009)). In addition, the effects of the crisis have affected European DAC countries which had important roles as donors of international aid for developing countries (e.g., Spain for Latin America). Consequently, donors' policies have changed and influenced the countries' cooperation agendas. In some cases aid has been temporarily cut. Other countries have reorganized their actions focusing on specific sectors such as social programs and infrastructure spending, and other donor countries have redirected their aid to multilateral international initiatives.

## Questioned Effectiveness of ODA

Traditional ODA's effectiveness has been challenged. It has been criticized for perpetuating

**Donor Withdrawal and the Implications for Public Governance in Latin America, Table 1** Latin American countries' income status (World Bank 2016)

| High-income OECD members | High-income economies ($12,736 or more) | Upper-middle-income economies ($4,126–12,735) | Lower-middle-income economies ($1,046–4,125) |
|---|---|---|---|
| Chile | Argentina | Belize | Bolivia |
| | Venezuela | Brazil | El Salvador |
| | Uruguay | Colombia | Guatemala |
| | | Costa Rica | Guyana |
| | | Ecuador | Honduras |
| | | Mexico | Nicaragua |
| | | Panama | |
| | | Paraguay | |
| | | Peru | |
| | | Suriname | |

Source: http://data.worldbank.org/about/country-and-lending-groups#Upper_middle_income

inequities, being overly bureaucratized, unnecessarily duplicating services, and having arbitrary timelines, sometimes 4 or 7 years (Edwards and Hulme 1996; Schulpen et al. 2011). In addition, concerns exist about ODA's large transaction costs for recipients countries, its fragmentation within the provision of aid, and the proliferation of aid actors (Schulpen et al. 2011). Development projects have been accused of converging neoliberal interests with social development objectives. Donors have used financial pressures and contracting authority to push local governments and civil society organizations (CSOs) to act as donor agents, at times favoring recipients with better access to technology and/or with Western-educated staff.

There have been efforts to address these concerns. The Paris Declaration of Aid Effectiveness of 2005, endorsed by countries, international, and CSOs around the world, aimed to establish guidelines to make aid more effective and to commit more resources to development. The declaration seeks to implement accountable measures for donors and stakeholders to monitor the impact of aid resources. The principal aims of the Paris Declaration are to strengthen development strategies and operations in partner countries (e.g., planning, budget, and performance assessment frameworks) and to develop effective partnerships between donors and partners in the field and fight against corruption (OECD 2005). For example, in Bolivia donors have tried to align their priorities to objectives in the country's National Development Plan. These actions have been difficult to implement at national, subnational, regional, and local levels due to difficulties related to the coordination of the several development actors involved. Most of the Bolivian entities have not implemented a model to manage results, and this had made the monitoring and evaluation of actions by the government and donors more difficult to assess (Espinoza and Terrazas 2010).

### Militarization of Aid

Although a universal definition of the militarization of aid does not exist, its implementation is prevalent in Latin America. Development strategies have often been driven by political and security interests of donors. For example, since the 2001 9/11 World Trade Towers' attacks, aid by US government has become an instrumental foreign relations' tool key to fighting terrorism, mixing war strategy with development aid. In Central America, the US militarization of aid in countries such as Mexico and Honduras has been related to the fight against drug trafficking activities that has led to the increase of violent crimes and displacement of people in the region (Main 2014).

The Andean region in Latin America has seen a substantial mix between development aid and military aid through different military and diplomatic activities which seek to combat drug cartels and, in some cases, local guerrillas. For example, the aid designated to Colombia as part of the Plan Colombia influences the quantity of aid in the region, as Plan Colombia by itself represents approximately 40% of the total aid. As such, Colombia is the country that receives the most development aid in the region (Mesa de Articulación 2014). Plan Colombia has been a strategic alliance between the Colombian and the US government to fight against drug trafficking by strengthening governance, security, and social development in the country. Most of these resources (9.637 million US dollars in total from 2000 to 2015) was earmarked for the military and police forces of Colombia to improve their training, equipment, and mobility and increase the number of members (80,000 new police officers and 50,000 new soldiers) (Presidencia de la República de Colombia 2016).

Colombia, however, is not the only Andean country which has experienced the mix of aid with military objectives. Donors in Peru have combined promoting alternatives to drug production and the eradication of the coca leaf with projects seeking to alleviate poverty. In Ecuador the militarization of aid included the US military base in Manta used by US military forces from 1999 to 2009 to fight against drug trafficking in Latin America. After Rafael Correa became the president in Ecuador in 2007, he set out to disrupt international intervention in the country, and closing the base became one of the strategies to advance this goal.

### Geopolitical Shifts in the Region

The lack of clear aid effectiveness as well as the militarization of aid might be related to and contributing factors to a turn to the left, or a "pink tide," in the region. National leadership has shifted to the left in countries of all income levels, in high-income economies such as Argentina's Cristina Fernández de Kirchner (2007–2015), upper-middle-income economies such as Ecuador's Rafael Correa (2007–present) and Brazil's Luiz Inácio Lula da Silva (2005–2010) and Dilma Rousseff (2011–2016), and low-middle-income countries like Bolivia's Evo Morales (2006–present). These shifts have had many implications on the region, including influencing international aid.

Referred to as twenty-first century socialism, several left-leaning governments in Latin American and Caribbean countries have created an 11-country allegiance (Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Grenada, Nicaragua, Saint Vincent and the Grenadines, Saint Lucia, the Federation of Saint Kitts and Nevis, and Venezuela) called the Bolivarian Alliance for the Peoples of Our America (*Alianza Bolivariana para los Pueblos de Nuestra América – ALBA*). ALBA is based on socialist principles and seeks to solidify regional integration for increased social welfare. ALBA has encouraged members to expel international, foreign aid that is directed to CSOs with "political missions." In 2012, ALBA participants announced that each of the nations should expel the US Agency for International Development (USAID). In 2013 President Morales expelled USAID as Morales viewed USAID's support for CSOs, including indigenous groups who opposed Morales' use of indigenous land, as undermining his government (Ellerbeck and Soloway 2015). In 2014, USAID left Ecuador after over 50 years of work and $800 million invested in a variety of development initiatives including economic growth, biodiversity, public health, and civil society (Solano 2014). However, there is some evidence of challenges for left-leaning governments with the death of Hugo Chavez in 2013, who was a prominent voice. This has included protests in countries since 2014 about government policy in countries like Ecuador, Venezuela, and Nicaragua.

## Implications for Public Governance

New challenges for international aid in Latin America are produced by both economic (MIC designation and the financial crisis) and political (questioned effectiveness, militarization, and geopolitical shifts) reasons. As such there are implications for public governance and the provision of public goods and services in the region.

**New aid models and actors**. Given the shifts, the recent years have brought about attempts to establish new ways of cooperation between countries, pulling in more actors into aid relationships. For example, countries with similar development standards or middle-income status countries have experimented with South-South development cooperation (SSDC). SSDC seeks to strengthen ties and establish more equal relations between countries with similar economic and social conditions. It is the exchange of knowledge and resources, often among MICs. Another example is triangular development cooperation (TDC). TDC includes a DAC country and what is considered an emerging economy (e.g., Brazil, South Africa) which is not a member of the DAC (at least not yet), partnering up with a recipient country (e.g., a "developing" economy such as Bolivia).

Models like SSDC and TDC have challenged aid leadership, budgeting, coordination, and accountability frameworks. They include new actors in aid assistance like Brazil and China. In the case of Brazil, the country has developed important alliances and economic blocks such as the BRICS (the acronym for emerging economies: Brazil, Russia, India, China, and South Africa), G-20, Mercosur, and UNASUR to become important actors in South American aid. This role has been garnered by investing in the financial sector and public companies of neighboring countries such as Venezuela, Bolivia, and Ecuador (Hirst 2006). Within this strategy, the Brazilian Development Bank (BNDES) and the oil company (Petróleo Brasileiro SA – Petrobras) have become important actors in the consolidation of Brazil's internationalization strategy (Bartesaghi 2014), even as the Brazilian economy began to weaken in 2015. These new actors and new aid relationships can still be connected to political and

economic interests of the donor country. For example, Chinese businesses (in particular in sectors such as oil, mining, ports, and highways) are involved in aid programs, and some countries in the region (e.g., Ecuador and Peru) have identified conflicts between unions and Chinese enterprises on issues such as labor and environmental rights (Mesa de Articulación 2014).

Still, new aid models might allow for greater autonomy for development actors within international cooperation as they can center on regional integration and abandon reliance on international financial institutions which still remain committed to traditional development frameworks. In Latin America in particular, models like SSDC are thought to be about "dignity, sovereignty, and [regional] integration" (Molina et al. 2011), p. 255).

**Providers of public goods and services challenged, particularly CSOs**. In some contexts in the region, CSOs have been likely providers of public goods and services. CSOs have been known to have the capacity to produce innovative solutions to complex problems. Because of this, CSOs have been major preferred implementors for international donors. In 2011, 14.4% of ODA through DAC members was channeled to and through CSOs, and 20.5% of total bilateral ODA was channeled to or through CSOs (OECD 2013). However, given the reduction and shifts in aid, CSOs have diminished their range of action and reduced their own staffing and presence. Relations with governments are appreciated but do not guarantee the sustainability of CSOs in the provision of public goods and services they provide. Generating new financial resources is a critical issue for many providers of public goods and services in the region.

In addition, transparency is a key factor for these CSOs in order to legitimate their role in public governance. In many countries there are mixed opinions about CSOs, mostly due to a perceived lack of accountability and weak ability to demonstrate results. For example, in Peru there have been strong attacks against CSOs for their inefficiencies and misuse of resources, even if these accusations are a result of the action of a few organizations. In this sense, some CSOs have established accountability processes to present their results to stakeholders and garner new donors, both international and local (Mesa de Articulación 2014). Several networks of CSOs have produced documents of collective accountability reporting to better communicate their value in the provision of goods and services. In Ecuador, since 2011, the now Ecuadorian Confederation of Civil Society Organizations (CEOSC) has released its collective accountability reports of aggregated descriptive data on organized civil society. Three reports of collective accountability have been released in 2011, 2012, and 2015. The collective accountability reporting commits the participating organizations to accountability, defined as "an expression of responsibility" which includes the values of "transparency and ethics." Noteworthy is the most recent report of 2015 which observed that the biggest change in the composition of resources for CSOs in Ecuador was in international cooperation, which fell from 37% in 2013 to 23% in 2014 (Confederación Ecuatoriana de OSC 2015).

One of the most important challenges for CSOs as providers of public goods and services in the future is to garner greater endogenous support. New directions for CSOs have been put forth to explore more endogenous approaches versus exogenous approaches. For example, new organizational considerations among CSOs include collaborations, mergers, and downsizing in addition to increasing networking among organizations. New revenue sources and modes of self-financing (e.g., government funding, commercial activity, private philanthropy, and diasporas and remittances) also have been put further and require greater consideration by CSOs and other development actors (see Appe forthcoming).

## Conclusion

In sum, the factors that influence the changes in aid architecture – i.e., donor shifts, withdrawal, and reductions – are interrelated and economic (financial crisis and MIC designation) and

political (questioned effectiveness, militarization, and geopolitical shifts) in nature. As demonstrated, the shifts in ODA will have implications on public governance and on the provision of public goods and services in the Global South, particularly in Latin America. Implications include new models and actors in international aid, which will provide new opportunities for international cooperation. In addition, CSOs as providers of goods and services will be affected, but funding constraints might offer new opportunities for innovations and the establishment of endogenous leadership in development in the region.

## References


ANF (2015, Sept 29) Retiro de cooperación danesa afectará más al Gobierno que a las ONG, según UNITAS. Retrieved from: http://www.paginasiete.bo/sociedad/2015/9/29/retiro-cooperacion-danesa-afectara-gobierno-ong-segun-unitas-71752.html

Appe S (forthcoming) Civil society organizations in a post-aid world: New trends and observations from the Andean region. Public Administration and Development

Banks N, Hulme D, Edwards M (2015) NGOs, states, and donors revisited: still too close for comfort? World Dev 66:707–718

Bartesaghi I (2014) La estrategia de Brasil como "global player": efectos en el desarrollo de la integración regional. ISANET. Retrieved from: http://web.isanet.org/Web/Conferences/FLACSO-ISA%20BuenosAires%202014/Archive/17102fb6-ffb0-4c6a-a5bc-13379fd05c55.pdf

Confederación Ecuatoriana de OSC (2015) Tercer Informe de Rendición Colectiva de Cuentas 2013–2014. Retrieved from: http://www.confederacionecuatorianaosc.org/confederacion/sites/default/files/Tercer-Informe-Rendicion-Colectiva-de-Cuentas.pdf

Edwards M, Hulme D (1996) Too close for comfort? The impact of official aid on nongovernmental organizations. World Dev 24(6):961–973

Ellerbeck A, Soloway B (2015, May 22) Red tape or repression? NGOs fight for a place in the new Bolivia they helped Evo Morales create. Retrieved 20 Nov 2013 from, http://news.mongabay.com/2015/0522-sri-ellerbeck-soloway-bolivia-morales.html

Espinoza F, Terrazas P (2010) Asistencia Técnica en Bolivia: Resultados y Perspectivas. Ministerio de Planificación del Desarrollo o del Viceministerio de Inversión Pública y Financiamiento Externo. Retrieved from: http://www.congi.org/docs/OTRAS%20NORMAS/EVALUACI%D3N%20NACIONAL%20-%20DECLARACI%D3N%20DE%20PAR%CDS%20-%20ESTUDIO%20COMPLEMENTARIO.pdf

Gestion (2015, Oct 27) Bélgica retira cooperación al desarrollo bilateral al Perú. Retrieved from: http://gestion.pe/economia/belgica-retira-su-cooperacion-economica-al-peru-2146629

Hirst M (2006) Los desafíos de la política sudamericana de Brasil. Nueva Soc 205:131–140. Retrieved from: http://nuso.org/articulo/los-desafios-de-la-politica-sudamericana-de-brasil/

International Monetary Fund (2009) World Economic Outlook, April 2009. IMF. Retrieved from: http://www.imf.org/external/pubs/ft/weo/2009/01/pdf/text.pdf

Main A (2014) The U.S. Re-militarization of Central America and Mexico. Nacla. Retrieved from: https://nacla.org/article/us-re-militarization-central-america-and-mexico

Mesa de Articulación (2014) Evolución de la ayuda al desarrollo y estrategias exitosas de sostenibilidad financiera en la región andina. Mesa de Articulación de Plataformas Nacionales y Redes Regionales de América Latina y el Caribe

Molina C, Celi C, Toro A (2011) Ecuador: between the progress of the Citizen's revolution and the difficulties of civil society. In: Reality of aid, democratic ownership and development effectiveness: civil society perspectives on progress since Paris

OECD (2005) Paris declaration and accra agenda for action. OECD. Retrieved from: http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm

OECD (2013) Aid for CSOs. Retrieved from: http://www.oecd.org/dac/peer-reviews/Aid%20for%20CSOs%20Final%20for%20WEB.pdf

Paus E (2011) Latin America's middle income trap. Am Q 5:71–76

Presidencia de la República de Colombia (2016) 15 años del Plan Colombia. Presidencia de la República. Retrieved from: http://especiales.presidencia.gov.co/Documents/20160204-plan-colombia/quince_anios.html

Schulpen L, Loman B, Kinsbergen S (2011) Worse than expected? A comparative analysis of donor proliferation and aid fragmentation. Public Adm Dev 31(5): 321–339

Solano G (2014) Ecuador won't renew agreements with U.S. Agency for international development. Huffington Latino Voices. Retrieved from: http://www.huffingtonpost.com/2014/05/10/ecuador-usaid-agreements_n_5301713.html

UNDP-LAC (2011) Middle income countries in Latin America and the Caribbean: a renewed opportunity for development partnership. United Nation Development Program's Regional Bureau for Latin America and the Caribbean

World Bank (2016) World bank country and lending groups. Retrieved from: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519#Upper_middle_income


D

# Donors' Expectations: Lessons for Administrators

Kathryn E. Webb Farley and Robert D. Eskridge
Appalachian State University, Boone, NC, USA

## Synonyms

Donations; Hybrid Organizations; Major gifts; Mega gifts; Philanthropy

## Definition

As hybrid organizations, public universities combine public, for-profit and nonprofit entities under institutional umbrellas.

Mega gifts are those donations that are large enough to create transformational change within the institution.

## Philanthropy in Public Higher Education

Some public organizations seek private donations as a way to support initiatives and operations. Appealing to philanthropists may be particularly attractive when state appropriations are lacking. For example, dwindling public resources devoted to state higher education institutions, coupled with political constraints on rising tuition levels, leaves public universities seeking private sources of funding to carry out a range of activities. Public higher education funding today is lower than pre-recession levels when adjusted for inflation, while enrollment levels have grown by four million students since 1989. The result is pressure to educate more students with less public support.

Therefore, public higher education institutions seek out other revenues, such as grants and contracts, earned income through business-like functions, and philanthropic dollars. In 2014, institutions raised more than $38 billion, an all-time high (Mulhere 2015). As state funding dwindles, these large donations represent an important piece of the funding puzzle public university administrator's find themselves assembling each year.

The reliance on philanthropy, along with political and organizational constraints, raises interesting questions about the ability of administrators in public universities to meet donors' expectations. This is a particularly salient topic given the modern notions of philanthropy as an investment for which donors seek a return and are willing to sue if expectations are not met (Thelin and Trollinger 2014). Therefore, it has implications for both philanthropists, who want to create change with donations, and university administrators, who want to attract gifts.

## Fundraising at Universities

Since the 1970s, donations at universities have taken a more central position in an administrator's hiring, expected skill sets, and duties (Thelin and Trollinger 2014). Scholars have argued that rather than building institutions, today's fund raising campaigns are more about stimulating organizational change and transformation (O'Brien 2005).

Perhaps because of the success universities experienced with using donations to build institutions in the United States, this view of philanthropy lacks in its critical assessment of such transformation. Instead, it accepts that donors light the path for a brighter future. Research on the changing nature of philanthropy suggests that from an administrative standpoint, more critical reflection is necessary, however.

## Donor Expectations for Return on Investment

Philanthropic discourse has shifted from an emphasis on giving to a focus on investment, referred to as new or venture philanthropy (Eikenberry and Kluver 2004). This new conceptualization of philanthropy, with its focus on "...issues rather than institutions" (Eikenberry and Kluver 2004, p. 134), raises concerns about whether these new donors are more concerned with addressing individual problems or enhancing

the institution itself. Scholars argue that reliance on such donations can be particularly problematic when gifts are so large as to be capable of creating significant change in focus in the institution, thus giving the donor control. Such donations may work in changing the institution in ways that either change or are incongruent with institutional priorities (Ostrander 2007; Hirsch 1999).

These large mega gifts are usually received by higher education and directed toward a specific purpose rather than general funds (Stephenson et al. 2009). These are gifts of such magnitude that they can be termed "transformational giving" and are donations that have, "...unique capacity to alter the programs, perceptions, and future of an organization" (Grace and Wendroff 2001, p. 15).

If the relationship does not allow or encourage direct donor involvement so that the philanthropist knows the true needs of the organization, however, then the donations may result in changes incongruent with institutional priorities (Ostrander 2007; Hirsch 1999). Some argue that these large wealth holders are "hyper-agents...capable of establishing the institutional framework within which they and others live" (Schervish 2005, p. 60). In part, the choice to donate is dependent on belief in mission of the organization (Costa 2005). Beyond the mission, in studying the nexus between fundraising and financing, Costa argues that key stakeholders, including donors, should be involved in "identifying, prioritizing, and funding its needs" (p. 13).

## Questioning Philanthropy

The implicit question is what defines effective fundraising, the amount of dollars raised or something more? One way to answer this question may be by broadening our understanding of philanthropy to include the implications for institutions. Scholars recognize that we do not have a good understanding of fundraising and its effects on institutions (Pribbenow 2005). Given the increasing focus on fundraising we find in public institutions, including higher education, this becomes a problem as it relates directly to the "publicness" of institutions.

As organizational forms change and institutions have increasing autonomy, management may be faced with more pressure from nonpublic external actors. As administrators are restricted to particular purposes, decisions are politicized, a process we must better understand to ensure appropriate use of resources (Moulton and Wise 2010). If accountability is one measure of publicness, and as the research notes in the new philanthropy paradigm, donors expect accountability of the institutions, then we must examine the effects of these shifts. There is very little empirical research that gives a better understanding of mega gifts and the entities that make them or how organizational management responds to these gifts in terms of overseeing the institution (Stephenson et al. 2009).

To date, most research on philanthropy focuses on donor motivations and characteristics and implementation of successful fundraising programs. A great deal of focus is on questions of giving, exploring why people give to particular things and how can institutions get more (Thelin and Trollinger 2014). The lack of focus on the aftermath of philanthropic donations, particularly those that are of such a magnitude as to be transformational, is problematic.

## Outcomes of Gifts

Evidence from a $100 million gift to the University of Virginia (UVa) and a $10 million donation to Virginia Tech (VT) suggests that public university administrators and donors should be prepared to address management concerns about work, resources, and the built environment. Although very different in size, in both of these cases, the gifts were the largest in school history at the time the donations were made. Each created a new interdisciplinary unity in which the donor hoped to see a change in the educational and research productivity of the recipient university (Webb Farley 2016).

### Institutional Strife

In both cases, donors gave resources hoping to facilitate interdisciplinary engagement that builds

on the strengths of existing faculty while adding faculty to generate new educational and research opportunities. In short, donors in both cases hoped to transform some part of the university. Both cases demonstrated that existing institutional cultures and pressures can constrain the ability of a gift to quickly create substantial change. In short, money does not solve everything, although it is necessary, along with ideas and leaders, as change undertaken by and dependent on the actions and reactions of people (Curti and Nash 1965).

In the case of UVa, there were outward expressions of dissatisfaction and concern. First, there was a failure of the Faculty Senate to publicly support the new school immediately after the gift announcement, largely due to a focus on leadership, a scholarly endeavor questioned by some. Second, shortly after the gift was made public, a visioning committee directly expressed concerns for creating new campus entities that may compete with existing entities for resources.

At VT, while outward support was expressed through planning documents, there has been limited institutional change. Although an undergraduate degree program was established, no interdisciplinary graduate programs have been created although this was an original goal. Second, collaborative research has not been as fruitful as hoped. Third, concerns about resources, particularly new donations but also physical space, have resulted in restructuring the unit's Advisory Board only 5 years after the gift announcement. Lastly, the naming of an outside faculty member as director suggests there was mistrust and dissension among the faculty of the two programs initially envisioned as collaborating.

A gift large enough to ensure that the new entity becomes a central piece of university planning efforts may also help to overcome existing institutional resistance. The UVa gift was so large, the university created a college-level entity that reports to senior administration. The University has made the donor's primary subject of interest, along with the new entity, part of its strategic planning efforts since the gift was made. VT's $10 million donation developed a shared school between two less-prominent programs within large colleges. Although the Colleges at Virginia Tech both noted the need to focus on the new School as part of strategic planning, it has not been prominent in university-wide planning documents and organizational strife has occurred, in part because of control of resources.

### Control of Resources

The struggle for control of the resources is apparent in both cases. In both cases, the gift was made with the idea that faculty from other departments would participate in making the unit successful. This sharing of resources seems to have resulted in a struggle for control of the resources, not uncommon in organizational change in resistance.

The problem was noted by UVa faculty even prior to the creation of the new unit, as confirmed by the suggestion that a confederation would be the best way to implement a collaborative program from across disciplines. A confederation suggests that entities maintain control and work with each other through loose connections, rather than working together through a centralized entity that controls resources, such as a school. After the school was created, interviewees suggested that there was continuing concern and struggle over the new entity's use of current resources, such as space and faculty, and future resources, such as donations.

At VT, the struggle for control is particularly apparent in two ways: resistance to the founding director and struggles over an Industry Board. That the second director needed to be perceived as an "honest broker" and the need for consultants to help facilitate collaboration suggests that the first director was not a unifying force. The struggle over the Industry Board structure and resources suggests that while the intention was to bring together related entities into one structure, the perception of university faculty was that doing so removed resources that would otherwise have been dedicated to pre-existing programs.

These findings support the Stephenson et al. (2009) findings that change wrought by gifts can result in organizational management crisis. Choosing a leader, changing organizational charts, and providing resources for education and research is not enough. System actors may actively or passively work to control resources, thereby decreasing the impact of the gift.

### Physical Space

In addition to people, physical space appears to matter. The importance of campus space has long been recognized by universities. Thelin and Trollinger (2014) one of the concerns of institutionalizing public universities was building campuses that had a unique identity. Both UVa and VT have distinct campuses, with the former's "Central Grounds" adorned with buildings built in the architectural style of its founder, Mr. Jefferson, and the latter giving a nod to both its military history and its regional heritage with gothic building constructed from locally mined "hokie stone."

The symbolic nature of space was noted in both cases. First, in the UVa case, the new Batten School was given a space on the crowded "central grounds," which required the removal of existing institutional actors. This signifies importance of the school by putting it in the center of campus, notable on a campus that has been expanding its borders outward for lack of space, and also by removing people already in their offices. In the VT case, rather than giving them a new building primarily for the new school, the building was constructed for an existing program, with the school being an addition after the building was secured. The new on-campus building was notable for the Building Construction faculty, who had been housed in subpar, off-campus facilities in the years when they feared for the programs survival, but was seen as a barrier for other faculty who were not part of the original building plans.

## Lessons for Administrators

As both of these cases demonstrate, an infusion of multimillion dollar donations will not necessarily result in smoothly overcoming existing organizational boundaries to transform the institution. The difference in the cases, however, is also instructive. The UVa gift was so large that it created an endowment that was largely able to support most of the operational costs of the program and allow it to incentivize faculty from across campus to participate in its education programs and research. VT's gift, however, required ongoing support from the university and two colleges. Therefore, it could be that if donors want to speed, or perhaps ensure, the success of their gift in creating institutional change, they must give a gift that is large enough to be largely self-supporting and to incentivize participation across organizational boundaries. School administration should be concerned about the ability of the gift to create a desired return on investment. Otherwise, stewarding the donor for a future gifts.

Both schools now consider faculty from other departments as part of their faculty, suggesting that change can occur quickly, at least nominally. Moreover, the dual missions of education and research may be served differently. The VT case suggests that students will benefit most from this work rather than research, while the UVa case demonstrates that advances in research can be made with the addition of new faculty. Therefore, both donors and administrators may want to consider the number of new faculty that can be hired, as well as where the tenure lines our housed. While UVa suggested a confederation might be the best structure prior to the gift, the VT evidence suggests that the placement of tenure lines might matter. If tenure lines are placed outside the new entity, it could foster identity with the existing departments rather than the new entity.

These cases suggest that both donors and recipients should consider the physical location of new programs. The placement on campus can have real and perceived barriers that may enhance or impede progress. Moreover, because space is a tangible resource, this may become a focal point of contention, particularly in universities, in which people subunits are only loosely connected and symbolic action is particularly important (Birnbaum 1988). Therefore, the negotiation process should include all key stakeholders, in other words, both faculty, staff, and administration within the university, as well as keeping the donor informed.

## Conclusion

Donors of mega gifts often seek to transform the institution. In the two cases presented, donors sought to create interdisciplinary units that work

to overcome existing organizational barriers. Not surprisingly, transformation has not been easy. The findings suggest that donors and administrators may want to consider if their gift is large enough to create attainable change within the institution. Furthermore, institutions may want to consider ways to encourage faculty to work across boundaries, perhaps starting by including both administrators and faculty in gift negotiations to build support from the outset. Lastly, if education institutions are going to continue relying on fundraising to meet institutional needs in the absence of increased general or nongeneral fund revenues, scholars should engage in research to determine the best practices for gift negotiations and acceptance.

## Cross-References

► Philanthropy and Nonprofit Organizations, Russia

## References

Birnbaum R (1988) How colleges work: the cybernetics of academic organization and leadership. Jossey-Bass, San Francisco

Costa NG (2005) Integrating fundraising into finance. New Dir Philanthr Fundrais 49:13–27

Curti M, Nash R (1965) Philanthropy in the shaping of American higher education. Rutgers University Press, New Brunswick

Eikenberry AM, Kluver JD (2004) The marketization of the nonprofit sector: civil society at risk? Public Adm Rev 64(2):132–140

Grace KS, Wendroff AL (2001) High impact philanthropy: how donors, boards, and nonprofit organizations can transform communities. Wiley, New York

Hirsch WZ (1999) Financing universities through non-traditional revenue sources: opportunities and threats. In: Hirsch WZ, Weber LE (eds) Challenges facing higher education at the millennium. American Council on Education Services on Higher Education/Oryx Press, Phoenix

Moulton S, Wise C (2010) Shifting boundaries between the public and private sectors: implications from the economic crisis. Public Adm Rev 70(3):349–360

Mulhere K (2015) Deep-pocket donors. Inside Higher Ed. https://www.insidehighered.com/news/2015/01/28/2014-record-year-higher-ed-donations

O'Brien CL (2005) Thinking beyond the dollar goal: a campaign as organizational transformation. New Dir Philanthr Fundrais 47:29–42

Ostrander SA (2007) The growth of donor control: revisiting the social relations of philanthropy. Nonprofit Volunt Sect Q 36(2):356–372

Pribbenow P (2005) Public character: philanthropic fundraising and the claims of accountability. New Dir Philanthr Fundrais 47:13–27

Schervish P (2005) Major donors, major motives: the people and purposes behind major gifts. New Dir Philanthr Fundrais 47:59–87

Stephenson MO, Schnitzer M, Arroyave V (2009) Nonprofit governance, management, and organizational learning: exploring the implications of one "mega-gift". Am Rev Public Adm 39(1):43–59

Thelin JR, Trollinger RW (2014) Philanthropy and American higher education. Palgrave Macmillan, New York

Webb Farley KE (2016) Can private donations help public universities build bridges over troubled waters?: practical lessons for administrators and donors. Public Organ Rev. Advance online publication. https://doi.org/10.1007/s11115-016-0365-z

# Downsizing

Saeed Siyal
School of Economics and Management, Beijing University of Chemical Technology, Beijing, People's Republic of China

## Synonyms

Downscaling; Rationalizing; Scale back

## Definition

Downsizing comprises of a set of actions designed to improve the performance, efficiency, productivity, and competitiveness of the organizations. It also represents the strategies that affect the size of work force and work processes of the organization.

## Introduction: What is Downsizing?

Downsizing has been an important and contentious trend within organizations since the beginning of 1980s. The prominent rationale for this trend is that the huge industrial firms are thick which is unnecessary as the required outputs can

also be achieved with the fewer resources (Baumol et al. 2003). It is conceptualized as an attempt to improve the performance by reducing the organizational slack (Cyert and March 1963; Bourgeois 1981). Downsizing is the strategic exclusion of positions within the organizations. Organizational downsizing is defined as a deliberate reduction of its financial and human resources so as to increase the productivity and efficiency (Freeman and Cameron 1993). It seems to be a favorite practice for most of the troubled corporations. It started in the early 1980s with the closures of factories followed by the merging and acquisition mania, and became one of the most inevitable outcomes of living in a global era which requires frequent adjustment of products, services, and labor cost in order to survive and remain competitive. Downsizing has been creating tough scenarios for the human resources by trimming the workforce so as to enhance the creativity, teamwork, and strength by retaining the employees who are most committed and hard-working (Amabile and Conti 1999). Organizations perceive it as a very useful and effective strategy for reducing the cost by cutting down their workforce and enhance performance. This act retains only the committed employees that accept the organizational goals and give their best to achieve them (Siyal 2018; Siyal and Peng 2018).

Later in the late 1980s, almost all of the Fortune 1000 firms started engaging in downsizing, which witnessed its continuity and ensured effectual use. Several improvements in management indicated the worth of downsizing, of which the global benchmarking has been the major contributing factor. Secondly, the increasing trend of comparing the overhead cost domestically and internationally has created a convincing argument of reducing the employees. Besides, the administrative effects of revolutionary transformations in information and communication technologies have also enforced the continuity of downsizing practice within the organizations. Thus, these technological changes have led to the rising fall in the intermediary roles of the middle management. Thirdly, downsizing also balances the cost of errors made by the top management in interpreting the trends of the market (Chaudhry et al. 2015). The practice of downsizing is still in the growing stage; however, it is ubiquitous practice within the American organizations while others are also striving to engage in it. Additionally, a number of other organizations assume downsizing as a way of life in their future (Nelson 1997; Willis 1987).



## Significance of Downsizing

Downsizing is becoming the common practice in organizations due to the increasing global competition which poses the economies to undergo restructuring and vary at certain times. Several major organizations having undergone downsizing have impressed others, which include AT&T, Data General, and ITT. Downsizing has become prevalent for the organizations such that it is being considered as a last digit effort to save the life of falling organizations, such as with Chrysler in the year 1979 (Roop 1987). Later on, the well-known company, IBM also experienced the pressure to reduce its human resources (Verity 1989), although it has been praised in the past for its no-layoff policy. Hence, it indicates that downsizing is a favorable phenomenon for organizations.

Practically, downsizing is specifically important when bearing in mind the white collar and salaried work force being hard-hit and affected by the downsizing practice. Recently, their number has expanded which in turn increases the unemployment. For example, the number of non-production employees which stood 18.6% in 1950, increased to 31.9% in 1987 (Tomasko 1987). Whereas the organizations that laid off their blue-collar workforce in response to the slowdown of economy in 1980s, majority of them did not hard-hit even a single white-collar employee (Thurow 1984). This estimates that rise in the productivity of blue collar was greater than the laid off by the downfall of white collar. In addressing this imbalance, organizations need more knowledge of the consequences when they downsize in terms of white-collar workforce and redesigning to perform more efficiently and effectively. In terms of theoretical perspective, downsizing is essential due to the reason that only few

empirical studies and less theoretical support exist as a supportive explanation of the consequences of intentional downsizing of organizations. This is somewhat because of the former bias within the organizational theory where the development was recognized as not only desirable but also as an undeniable sign of accomplishment and effectiveness (Whetten 1980).

## Salient Issues of Downsizing

Though downsizing is relatively a new and effective practice in the organizational life which started in the early 1980s, it has gotten a huge attention of the research focusing on various issues concerning the subject studies that have led to several significant findings. Downsizing has been practiced by the organizations to get the maximum output from the minimum effective and efficient resources followed by the layoff of employees and shortening of the organization space. The widespread and organized survey of the downsizing practice in corporate side is largely examined in a 4-year study by Cameron et al. (1991, 1993), Freeman and Cameron (1993), and Cameron (1994), which offers a comprehensive framework of downsizing process as well as focusses on the implementation strategies, organizational effects, and best practices. The main finding indicated a negative relation of downsizing via layoffs with organizational effectiveness, which gives rise to issues in the subject matter. The whole study is based on the organizations that point out the effective and efficient management of the systems of human resources management and highlight it as an important factor for successful downsizing. Hence, in order to resolve this inconsistency, it is needed to examine the process of downsizing from the perspective of individual employees.

Unfortunately, most of the preceding literature has followed this line of study (Freeman 1994; Feldman and Leana 1994). The employees when practicing downsizing in corporate offices, organizations, or research arenas are still treated as liabilities despite of being the assets. The emotional experience of individuals in the downsizing process is seen to get a short shrift up to yet which is not favorable for the organizations and their success. It shows the varying nature of the relationships among individuals and organizations as well as warrants further attention. Moreover, it mentions that the organizations cannot be successful when they have demotivated employees and seeks for their consideration in this regard.

## Attributes of Downsizing

There are four main attributes of downsizing that specifically define and identify its uniqueness from other relevant practices and concepts. The attributes include *intent*, *personnel*, *efficiency*, and *work processes* (refer Fig. 1).

Downsizing is not an activity occurring within the organizations, but it is purposively undertaken by the members of the organization. This implies to the first attribute of downsizing that it is an intentional activity taking place in the organizations. It distinguishes downsizing from the loss of market share, revenues, and unwitting loss of work force which are related to the organizational decline or weakening. Downsizing practice is different from the mere infringement by the milieu on performance and resources since it involves organizational action.

Secondly, downsizing often results in reduction in personnel, though it is not merely restricted to such reduction. A number of personnel lessening strategies are linked to it which include transfer, outplacement, retirement inducements, acquisition packages, dismissals, and attrition. All these activities may take place in any one part of the organizations but not in others such as it may occur in production section but not in section of engineering. Downsizing is not always

**Downsizing, Fig. 1** Attributes of downsizing

about the reductions in human resources, sometimes an organization adds certain new products and services, opens new source of generation of revenues, or acquires additional work without hiring a certain number of employees to commensurate. Later, the organization employs few workers as per output unit compared to prior employment level.

The third attribute focuses on enhancing the efficiency of the organizations. Downsizing takes place either proactively or reactively so as to cover the cost and increase revenues, or boost competitiveness. Thus, it highlights that downsizing may occur as a defense response to decline and deterioration, or it may also occur as a proactive strategy in order to raise the performance of organization. In either of the situations, it characterizes a set of actions meant to improve the efficiency of organization.

Fourthly, the downsizing practice brings variations in work progress, intentionally or unintentionally. When the human resources contract, for instance when fewer workers are doing the same piece of work, and that impacts on what work is done and how it is done. Some of the downsizing actions may comprise of restructuring and excluding work such as suspending functions, eradicating hierarchical levels, integrating units, and redesigning of the tasks which certainly lead to some sort of work redesigning.

## Who Is Most Likely to Downsize?

The organizations most likely to undergo downsizing are the ones passing through the hard time, struggle phase, and having more debt. Approximately, 26% of the cash flow occurs in terms of debt payments which was only 9% in the 1974 recession, and 18% goes into the 1982 fall (Dumaine 1991). For example, Marriot Corporation laid off 2,500 positions at the headquarters by eliminating its hotel construction and development unit. Besides, it had to provide services for more than $1 billion in debt, thus debt is considered as a cruel master which forces the organizations to take extreme steps in order to ensure adequate cash flow to overhaul it. Meanwhile, the organizations that are not involved in debt taking, together with foreign competitors, are most probable to gain substantial market share.

## Impact of Downsizing on Organizational Functioning and Productivity

During the downsizing process, the organizations distort and alienated several middle level managers and lower level staff, sell solid businesses, shortchange the research and development, and muddle the transformation of the manufacture floors. Hence, the whole organizational functioning is greatly affected by downsizing. Among the organizations that downsize well, most of them are likely to have following common characteristics:

- Downsizing is commanded by the top management with the endorsements of lower level workforce on the basis of analysis of job and tasks so as to organize the later functioning and production process.
- Both the short-term employees layoff and long-term (redesigning of the organization and systemic variation in culture) approaches are adopted, together with the wide ranging and targeted downsizing.
- Distinct attention is given to both the employees laid off from the jobs (by outplacement, substantial compensation pay, reorientation, and counselling of the family) and the current ones by boosting up the exchange of information and communication between top managers and lower level employees.
- Organizations specifically identify the existence of redundancy, surplus cost, and inefficiency by internal gathering and monitoring of the data. Later they attack on those areas particularly and treat the suppliers and distributors as partners and targets for the process of downsizing.
- Reorganization usually produces small, semiautonomous firms within big and incorporated organizations. Contrary, geographic and

product organizations usually form large and centralized units (such as information processing) within the decentralized parent organizations.
- Downsizing is regarded as a strategy that is specifically designed to increase the competitiveness of the organizations and the end to the targeted areas.

## Why Do Organizations Downsize? Some Important Perspectives of Downsizing

The question why organizations downside has been approached by several studies from several perspectives which range from the economic essentials and constraints of market, approaches on the basis of organizational theories, and ideology-based motivations to the social obligations. Downsizing has also been believed as a cost paid by the organization against maladministration by top management and their strategic errors in understanding the market (Kets de Vries and Balazs 1997; Nelson and Burke 1998). Nelson and Burke (1998) mentioned that market globalization, advancements in technology, and development of service sectors plus international benchmarking with their competitors with respect to overhead prices are the market forces motivating the organizations to undergo downsizing. Besides, there are certain organizational remunerations from practicing downsizing such as increased productivity, improvement in quality of the products and services, increased competitive gain, potential reinforcement of triumph, lower expenditures, less effective bureaucracy, better and effective decision-making, enriched communication, and greater innovativeness. Additionally, following are the broadly classified perspectives and approaches which may be useful to understand why do organizations downsize.

### The Economic Perspective

This perspective relies on the inherent and rational actions of managers and the occurrence of downsizing only for enhancing the future productivity and economic performance of organization (McKinley et al. 2000). Although downsizing reduces the costs, it may be sometimes balanced by the rise in other expenditures resulting from the adverse effects of downsizing. Thus, it is still inconsistence to conclude the rise in financial performance of the organizations that downsize (Krishnan and Park 1998). In the early 80s, the organizations used to downsize in order to reduce the costs and improve their bottom line, but today, the well-known organizations with handsome profits are tending to downsize just to become "lean and mean" (Mishra et al. 1998). Consequently, although the financial imperatives have been initially the intervening stimuli for downsizing, today there are some other nonfinancial factors that may be a motivation for the companies to downsize.

### The Arational Perspective

The attempt to address why economically sustainable and financially strong organizations undergo downsizing proposed a comprehensive framework which explained the striving of organizations toward innovation (Budros 1999). This framework is characterized by two main assumptions that link (1) the social context that may be both organizational and extra-organizational, and (2) the foundation of organizational actions which may be rational or arational. In addition, this framework highlighted four quadrants which in turn characterize four factors that lead to downsizing. The factors include size of the organization, the level of employee compensation, the degree of industrial deregulation and financial troughs and peaks, the centeredness of employees, financial and nonfinancial background of the CEOs of companies, link with the companies which have undergone downsizing, and the ratio of downsized companies treated as the role models. This framework is distinctive in a way that it disrupts the restraining conventions of rationality as well as integrates a broader continuum of perceptions for observing and practicing downsizing.

### The Ideological Perspective

This perspective of downsizing highlights two ideological elements: the ideology of employee self-reliance and the ideology of reducing

bureaucracy (debureaucratization) which proposes a rational framework that increases the validity and acceptability of downsizing practice within organizations (McKinley et al. 1998). The self-reliance ideology focuses on the facts that the employees themselves are responsible for their career growth and development, not their employer organizations. While the ideology of debureaucratization, as indicated by the term endorses, decreases in hierarchies. The organizations that adopt these ideologies are prone to undergo downsizing.

### The Institutional Perspective

The institutional perspective stresses that hunt for legitimacy and ambiguity are more effective motivators for downsizing as compared to monetary efficiency and returns (McKinley et al. 2000). It argues that downsizing has engaged on the prominence of institutionalized norms and imparts acceptability to the organizations that exercise this practice. This perspective has introduced three motivational social forces: constraining, cloning, and learning that tend the organizations to downsize (McKinley et al. 1995). As the main interest of organizations is to get thinner and smaller, the managers are forced to reduce the workforce which is in the interest of organizations and favorable for downsizing. Cloning refers to replicating the competitors and other organizations regardless of the consequences whether they are favorable or not. This act of imitation imparts legitimacy and acceptability to the managers. Finally, the learning forces arise from the educational and professional institutions which reinforce the efficacy of downsizing.

### The Strategic Perspective

The strategic perspective broadens the concept of downsizing by arguing that it is not only about decrease in human resources, but it also covers the fall in nonhuman resources of organization (Dewitt 1998). Hence, choosing downsizing approach in order to reduce workforce, viz. cost-cutting, rationalizing, and downscoping, is based on the firms, industries, and their strategy influences. In differentiating the broad and focused firm strategies, influences at firm-level (such as recent capacity developments, products arrivals and investments) were found to be the only important predictors of broad firms' choice. While the influences at industry level (such as competitors' contemporary capacity developments, products arrivals and investments) were found to be the major predictors of focused firms' choice for downsizing. The strength of strategic approach is that it highlights a comparatively unmapped and untouched aspect of observing downsizing practice as a strategic choice of the organizations in order to respond to the influences at firm and industry levels which is quite different from the ideological and theatrical perspectives.

All the above discussed perspectives (refer Fig. 2) provide alternatives to view downsizing as well as partially answer to the questions of why organizations undergo downsizing despite of inadequate proofs of their economic effectiveness to downsize, continue resorting such practices.

## Strategies for Successful Downsizing

Numerous studies have stated diverse interpretations explaining why downsizing practice in various organizations has not achieved the desired outcomes. One possible reason is the desperately simplified and unclear approach adopted by the organizations where downsizing is associated with cost reduction through headcount decreases (Kets de Vries and Balazs 1997), which will result in decrease of the human resources. Thus, downsizing needs to be part of uninterrupted renewal process of the corporates where the organizations adopt long-lasting perspectives to enhance productivity, lowering the costs, and raising

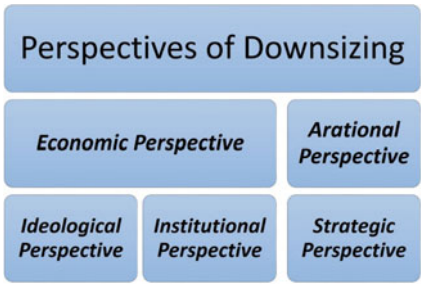


**Downsizing, Fig. 2** Perspectives of downsizing

profitability. Consequently, it implies that the reason of failure in getting the estimated benefits of downsizing is the lack of a premeditated approach of downsizing practice (Labib and Applebaum 1993). Following are some of the common strategies implemented by the organizations which undergo effective downsizing in relation to performance.

- Commands need to be implemented from top management with the recommendation of lower level managers and staff on the basis of analysis of job, tasks, and the way work is being organized.
- Both the short-term (reduction of human resources) and long-term (redesigning of the organization and systematic change in its culture) approaches need to be used along with the wide ranging and targeted downsizing.
- Proper attention should be paid to the needs of both the survivors and the laid off.
- The internal information system should be used to identify the specific points of redundancy and incompetence so as to target those areas.

## Implications for Managers

The current literature witnesses the downsizing of hundreds of organizations since its introduction within the organizational life. It also states several implications for the managers of downsized organizations or the ones having interest in it. Some are summarized as follows:

1. Organizations keep downsizing as long as their overhead cost is noncompetitive with the competitors at domestic and international levels.
2. Firms passing through hard times and high debt are more prone to undergo downsizing and reduce their workforce.
3. The companies that are not ready to downsize, usually begin without any policies for retaining and laying off. Consequently, they become unable to anticipate the subsequently developed problems related to work force.
4. The key indicators such as overhead ratios, revenues, profit on investments to stakeholders, and the prices of stock usually take 6 months to a year or more to develop.
5. The syndrome of survivors is a common outcome; the managers need to be prepared for it. Additionally, try to engage workforces in any planning activities in terms of downsizing efforts.
6. Identify the weakening of job security myth, and rise in the mobility of employees caused by downsizing. Downsizing has basically reformed the psychological contract terms which bind employees to their organization.
7. The operationalization remains unchanged which usually makes the productivity as well as quality to suffer. The same work load is put on the shoulders of the fewer retained employees which slows down the production and affects the quality.
8. In order to undergo effective downsizing, be ready to cope with apparent inconsistencies such as among the practice of top-down authority as well as bottom-top consent, among the interim strategies (reduction in headcount) and long-term strategies (such as redesigning of organizations and changes in their culture).
9. Bringing persistent expansions in production, quality, and efficacy incorporates decreases in headcounts with planned variations in the operationalization.
10. To look at downsizing as a process of persistent improvements and development, as it is not a one-time process of quick-fix solution to boost up competitiveness.

## Conclusion

Downsizing is a recent trend in the organizational life which boosts up performance and efficiency of the organizations by means of reducing the human and nonhuman resources. Despite of several issues caused by downsizing, there are various attributes, perspectives, and implications for managers discussed in this chapter which will be effectual for the organizations downsized earlier or interested to undergo downsizing.

## References


Amabile TM, Conti R (1999) Changes in the work environment for creativity during downsizing. Acad Manag J 42:630–640

Baumol WJ, Blinder AS, Wolff EN (2003) Downsizing in America: reality, causes and consequences. Russell Sage Foundation, New York

Bourgeois LJ (1981) On the measurement of organizational slack. Acad Manag Rev 6:29–39

Budros A (1999) A conceptual framework for analyzing why organizations downsize. Organ Sci 10(1): 69–84

Cameron KS (1994) Strategies for successful organizational downsizing. Hum Resour Manag 33:189–211

Cameron KS, Freeman SJ, Mishra AK (1991) Best practices in white-collar downsizings: managing contradictions. Acad Manag Exec 5:57–73

Cameron KS, Freeman SJ, Mishra AK (1993) Downsizing and redesigning organizations. In: Huber GP, Glick WH (eds) Organizational change and redesign: ideas and insights for improving performance. Oxford University Press, New York, pp 19–65

Chaudhry NI, Shah I, Mahesar HA, Tariq U (2015) Impact of downsizing on employee commitment and turnover intentions in public and private sector: moderating role of social support

Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliffs

Dewitt R (1998) Firm, industry, and strategy influences on choice of downsizing approach. Strateg Manag J 19(1):59–79

Dumaine B (1991) How to manage in a recession. Fortune, 5 November 1990, 58–60, 64, 68, 72. See also All that Lean isn't turning into green, Business Week, November 18, 39–40

Feldman DC, Leana C (1994) Better practices in managing layoffs. Hum Resour Manag 33(2):239–260

Freeman SJ (1994) Organizational downsizing as convergence or reorientation: implications for human resource management. Hum Resour Manag 33(2): 213–238

Freeman SJ, Cameron KS (1993) Organizational downsizing: a convergence and reorientation framework. Organ Sci 4:10–29

Kets de Vries M, Balazs K (1997) The downsizing of downsizing. Hum Relat 50:11–50

Krishnan HA, Park D (1998) Effects of top management team change on performance in downsized US companies. Manag Int Rev 38(4):303–319

Labib N, Applebaum SH (1993) Strategic downsizing: a human resource perspective. Hum Resour Plan 16(4):69–83

McKinley W, Sanchez CM, Schick AG (1995) Organizational downsizing: constraining, cloning, learning. Acad Manag Exec 9(3):32–42

McKinley W, Mone MA, Barker VL (1998) Some ideological foundations of organizational downsizing. J Manag Inq 7(3):198–212

McKinley W, Zhao J, Rust KG (2000) A Sociocognitive interpretation of organizational downsizing. Acad Manag Rev 25(1):227–243

Mishra KE, Spreitzer GM, Mishra AK (1998) Preserving employee morale during downsizing. Sloan Manag Rev 39(2):83–95

Nelson B (1997) The care of the un-downsized. Train Dev 51(4):40–43

Nelson DL, Burke RJ (1998) Lessons Learned. Canadian J Admin Sci 15(4):372–381

Siyal S (2018) Does Leadership lessen turnover of public servants? Available at: http://search.ebscohost.com/login.aspx?direct=true&db=ddu&AN=57FA62180E746CA0&site=ehost-live. Accessed 20 Apr 2020.

Siyal S, Peng X (2018) Does leadership lessen turnover? The moderated mediation effect of leader–member exchange and perspective taking on public servants. J Pub Affairs 18(4):e1830

Roop K (1987) Downsizing strategies. Pers Adm 32(2):61–64

Thurow LC (1984) Revitalizing American industry: managing in a competitive world economy. Calif Manag Rev 27(1):9–41

Tomasko RM (1987) Downsizing: reshaping the corporation for the future. AMACOM, New York

Verity J (1989) A bold move in mainframes. Business weeks, May 27, 72–78

Whetten AD (1980) Organizational decline: a neglected topic in organizational science. Acad Manag Rev 5:577–588

Willis R (1987) What's happening to America's middle managers? Manag Rev 76(1):24–33


D

# Due Process Rights


Amelie C. Simons
Northern Arizona University, Flagstaff, AZ, USA


## Synonyms

Constitutional rights; Fundamental rights; Judicial procedure; Life, liberty, property; Natural rights; Penumbra rights; Unenumerated rights

## Definition

Due process rights: A government guarantee that the fundamental rights of individuals are protected from unlawful infringement or deprivation through procedural safeguards.

Procedural due process rights: The constitutional promise of certain judicial procedures and safeguards to justify government deprivation of an individual's fundamental right to life, liberty, and property.
Substantive due process rights: The deprivation of an individual's fundamental guarantee to life, liberty, or property must be sufficiently justified according to the rights implied in the Fifth and Fourteenth Amendments.
Unenumerated rights: Additional rights that are inferred from explicit rights listed in the Constitution.

## Introduction

In the United States, the right to due process of law is considered to be one of the keystone rights guaranteed by the Constitution and enjoyed by "all persons." Due process rights broadly refer to the constitutional guarantee that individuals in the United States are protected, through legal safeguards, from arbitrary government infringement upon the rights which philosopher John Locke considered to be "natural rights": life, liberty, and property (Tuckness 2016). The right to due process is the only right that appears in the Constitution two times: in the Fifth Amendment and the Due Process Clause of the Fourteenth Amendment. Specifically, the Fifth Amendment protects the individual from *federal* government impingement on fundamental rights without first entering into the required legal procedures, or due process. The Due Process Clause of the Fourteenth Amendment extends due process safeguards to include individual protection from unlawful encroachment by *state* governments. The Due Process Clause also expands the breadth of the fundamental rights of individuals guaranteed by the constitution through the theory of substantive due process, discussed below.

The phrase "due process" indicates a concern with a protective procedure (Strauss 2016) or legal process (Gedicks 2009, p. 584). Formal due process rights, as well as many modern human rights, were first formally recognized in the Magna Carta, a British common law document from the early thirteenth century. The document has been credited as inspiration for many of the rights enshrined within the US Constitution and Declaration of Independence, as well as the 1948 Universal Declaration of Human Rights. The Magna Carta, or "Great Charter," is considered the originator of the normative idea of due process, which serves as a limit on government power for the protection of the individual (Gedicks 2009, pp. 596–598).

During and prior to the early thirteenth century, the monarchy held absolute power over the people (Turner 2014). In a reaction to what noblemen considered unfair taxation by King John, English barons resisted against the tax and, as part of the resistance, created the Magna Carta as a legal charter that declared their rights that were to be protected from infringement on the monarchy (ibid). King John placed his seal on the document in 1215, and in doing so formalized the list of 63 rights and liberties guaranteed to his noble subjects (ibid). One of the standout rights included in the Magna Carta, at least when looking at the relationship between the infamous British document to US laws, is the right to due process, described as the right to the legal procedures accorded in the "law of the land" in the Magna Carta. The phrase "law of the land" is significant in the US context because it provided the foundation for colonial law in British America. The "law of the land" persisted through the Revolutionary War and was adopted in the Constitution of the newly independent United States (Williams 2010, p. 435).

## John Locke: The Political Philosophy of Due Process

While the Magna Carta provided the foundation for the concept of citizen protection from unlawful government action, the idea of natural human rights to life, liberty, and property, as they are understood in the context of US law, comes from seventeenth-century political philosopher John Locke. Thomas Jefferson credited Locke as the inspiration for the rights described in the Declaration of Independence and the Constitution.

Although Locke was not the first philosopher to explore the concept of natural rights, as earlier philosophers like Hobbes and Grotius had written extensively on the subject, Locke's treatment of the right to property has set him apart from his predecessors (Tuckness 2016).

Locke's political works concerned both the concepts of natural law and natural rights; however, in a discussion of due process rights, it is the philosopher's work on natural *rights* that is most relevant. While the concept of natural law focuses on moral duty, natural rights refer to freedoms and privileges to which all people are entitled (ibid). Scholars disagree as to which is primary to Locke's philosophy – natural law or natural rights – yet there is a general consensus that the idea of consent was central to Locke's political philosophy (ibid), which laid the foundation for US due process rights. According to Locke, since humans exist in a state of nature without constraint from government or authority, it is only through consent that politics are created and societies formed (ibid). As such, it follows that since Locke's work is foundational to the Constitution, there would be constitutional safeguards and procedural measures to protect against unlawful government infringement on life, liberty, and property, as well as against the extension of government authority beyond lawful boundaries.

## Procedural Due Process Versus Substantive Due Process

The words of the Fifth Amendment and the Due Process Clause of the Fourteenth Amendments are succinct and abstract in their descriptions of due process rights. For example, the Fifth Amendment states, "No person shall be… deprived of life, liberty, or property without due process of law" (US Const. amend. V). Similarly, the Due Process Clause of the Fourteenth Amendment reads, "… nor shall any state deprive any person of life, liberty, or property, without due process of law" (US Const. amend XIV, sect. 1). Within the two mentions of due process in the Constitution, the term "due process" itself is not defined nor is a certain amount or type of due process specified. As such, it has been up to the Supreme Court to interpret the meaning of these early words and apply them to modern disputes between individuals and the government (O'Conkle 2006, p. 69). Through Supreme Court interpretation, two categories of due process rights have emerged to provide clarity to the topic: procedural due process and substantive due process.

Due process as mentioned in the Constitution lacks specificity and references only the judicial procedures required in the process. In the course of Supreme Court deliberations about due process over time, two types of due process have emerged: procedural due process, or the judicial proceedings that are necessary for the constitutional deprivation of an individual's life, liberty, or property, and substantive due process. Procedural due process, the less contentious of the two topics, asks the "how" question of due process: How does the government perform proper due process (Chemerinsky 1999, p. 1501). Some aspects of procedural due process, such as the right to trial by jury, are explicitly stated in the Bill of Rights, while others have developed as part of the legal process over time.

Substantive due process, on the other hand, is significantly more controversial in that the Supreme Court has never clearly defined the term in any of its decisions or opinions and also because justices in the past and present continue to disagree about whether substantive due process even exists (ibid). Put simply, substantive due process asks the more complex "why" question of due process: Why was the individual deprived of his or her fundamental right, and are the reasons sufficient to warrant the deprivation of a life, liberty, or property? While procedural due process concerns a simple question of procedure, substantive due process asks the more subjective, and understandably more difficult, question of whether or not the government was justified in prohibiting an individual from the full enjoyment of his or her natural rights. In other words, the term substantive requires the government to demonstrate convincing and substantial justification for denying an individual his or her fundamental rights (Chemerinsky, p. 1502). Substantive due process has been the underlying question to many of the most controversial Supreme Court

decisions, such as the right to sexual preference, to privacy, and to abortion.

## The Evolution of Due Process Rights in the United States

Since the ratification of the Constitution 1788, due process rights have evolved and been defined through decisions of the Supreme Court. Substantive due process rights, especially, have been shaped through oftentimes historic and controversial Supreme Court cases. It is the ongoing debate concerning the scope of substantive due process rights, inferred from the words of the Fifth and Fourteenth Amendments, which have truly underscored the continued philosophical, political, and legal debates on this topic. In 1791, when the Fifth Amendment was ratified, the scope of this amendment was generally understood to extend only to procedural due process (Williams 2010, p. 408). In other words, at the time of ratification, the Fifth Amendment simply guaranteed to the citizenry that certain judicial procedures would preempt the deprivation of life, liberty, or property.

Between the time after the ratification of the Fifth Amendment but before the ratification of the Fourteenth Amendment in 1868, the concept of substantive due process had already begun to emerge and was expanded through both state- and federal-level court cases covering due process disputes (ibid). One key case in the development of substantive due process from in the Fifth Amendment was *Zylstra v. Corporation of the City of Charleston* in (1794), in which Justice Thomas Waties's interpretation of the "law of the land" phrase (Williams 2010 p. 447) was broad enough to indicate the existence of substantive rights. Many historical and legal scholars adhere to the traditional view that it is clear in the initial interpretations of the Fifth Amendment during the late eighteenth and early nineteenth centuries that the due process rights prescribed in the Constitution were broad enough to allow the legislature almost unlimited discretion in the continued expansion of these rights (Williams 2010, p. 454).

During the period prior to the ratification of the Fourteenth Amendment, it is important to note slavery was legal in the United States, and the topic of due process was key in both sides of the abolition debate (Williams 2010, p. 408). Likely the most infamous case of due process rights in the context of slavery is *Dred Scott v. Sandford*(1857), in which the Supreme Court determined that the prohibition of slavery in the northern United States was a violation of the Due Process Clause of the Fifth Amendment. Specifically, Justice Taney's majority opinion states that the prohibition of slavery constituted an unlawful deprivation of property without due process of law, as Northern slave owners have not violated any existing laws and thus had been deprived of property without the appropriate judicial procedures. Although the *Dred Scott* decision stands as a remnant of a dark period in US history, it is still used to evidence both sides of the modern substantive due process debate. While critics of substantive due process see the case as representative of the controversial nature of substantive due process that has persisted for over a century, supporters of substantive due process cite the case as a further solidification of the historic existence of substantive due process (Williams 2010, pp. 468–469).

The Fourteenth Amendment was ratified in 1868 as part of the Reconstruction Amendments following the Civil War. By this time, the majority of state courts had issued decisions on due process cases that indicated an acceptance of the expansion of due process beyond simple procedural safeguards to encompass the idea of substantive rights (Williams 2010, pp. 469–470). Following the drafting of the Fourteenth Amendment in 1866 and the subsequent ratification in 1868, the first case in which the Supreme Court was asked to interpret the new amendment's Due Process Clause were the *Slaughter-House Cases* (1873). The decision in the *Slaughter-House Cases* denied the existence of implied substantive due process within the words of the Fourteenth Amendment. However, dissenting opinions in *Slaughter-House* and subsequent cases dealing with the due process rights of the

Fourteenth Amendment suggested that the majority of justices sitting on the Supreme Court did, in fact, support the notion of substantive due process rights in one form or another (Williams 2010, p. 488).

Following the *Slaughter-House Cases* (1873), due process rights in the context of the Fourteenth Amendment continued to be debated in the Supreme Court, and myriad specific rights were extrapolated over time from the Due Process Clause of this Reconstructionist amendment. In *Lochner v. New York* (1905), for example, the Court determined that the Due Process Clause covered the "right to contract." Later, in *Mapp v. Ohio* (1961), the Supreme Court incorporated the right to privacy from the Fourth Amendment to the states through the Due Process Clause. One of the most controversial substantive due process cases – *Griswold V. Connecticut* (1965) – again dealt with the right to privacy, arguably the key substantive due process right, although this time in the context of contraception, and set a key precedent for future due process rights cases in the development of the "penumbra" language.

In his majority decision in *Griswold*, Justice Douglas used the term "penumbra" to describe a protection of fundamental unenumerated rights derived from the Bill of Rights and applied to the states in the Fourteenth Amendment. In the context of the above cases, constitutional due process rights work two ways. First, as part of the *Griswold v. Connecticut* decision, the Court determined that Due Process Clause of the Fourteenth Amendment works to protect all fundamental rights, both those explicitly listed in the Bill of Rights and the unenumerated rights that fall within the penumbra of the Bill of Rights. In *Lawrence v. Texas* (2003), another infamous case covering the right to privacy in the context of sexual privacy, the Court overturned its previous ruling in *Bowers v. Hardwick* (1986) and determined that consensual sexual conduct, specifically homosexual conduct, was protected by substantive due process rights contained within the Fourteenth Amendment. In broadening the list of fundamental rights beyond those delineated in the Bill of Rights to extend to rights of contract, marriage, sexual preference, and others, the Supreme Court thus far has solidified the existence of substantive due process rights. In doing so, the Court extended the scope of due process rights beyond those delineated in the Bill of Rights, thus creating a flexible list of fundamental rights that is capable of adapting to the ever-changing needs of the American citizenry.



## Conclusion

Due process rights, both procedural and substantive, have a rich philosophical history in that began long before the United States was an independent nation. The centuries-old idea of due process requires a painstaking and never-ending process of refining and adaption as society and technology provide a constant stream of new questions for the Supreme Court. English common law from the thirteenth century established a basis for a historic and ongoing debate among philosophers, politicians, lawmakers, and the judicial branch as to the nature and extent of due process rights. Paralleling the academic debate about due process rights is an evolution of these rights in the United States that has broadened the scope of protection from government infringement over time. Whereas early constitutional due process rights were mostly procedural in nature and protected individuals from only the federal government, such rights have evolved, in the context of substantive due process, to extend to a myriad of unenumerated fundamental rights that are protected from unlawful state and federal government infringement. As the Supreme Court has set a precedent of the continued expansion of substantive due process and unenumerated rights, one can reasonably expect that the penumbra of substantive due process rights will continue to expand, while procedural due process rights will be further refined with the ceaseless advancement and globalization of American society and technology.

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Administrative Justice
- ▶ Administrative Law Judges and Politics
- ▶ Administrative Procedure
- ▶ Civil Service Law and Public Personnel Management
- ▶ Complex Interaction of Administration and Law
- ▶ Constitutional Law and Public Administration
- ▶ Execution as Social Policy
- ▶ Foundations of the Administrative Law
- ▶ History of Public Law
- ▶ Judicial Review
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Supreme Court and Public Administration


## References


Bowers v. Hardwick 478 U.S. 186 (1986)

Chemerinsky E (1999) Substantive due process. Touro Law Rev 15:1501–1534

Dred Scott v. Stanford, 60 U.S. 393 (1857)

Gedicks FM (2009) An Originalist defense of substantive due process: Magna Carta, Higher-Law Constitutionalism, and the Fifth Amendment. Emory Law J 58: 585–673

Gitlow v. New York, 268 U.S. 652 (1925)

Griswold v. Connecticut, 382 U.S. 479 (1965)

Lawrence V. Texas, 593 U.S. 558 (2003)

Lochner v. New York 198 U.S. 45 (1905)

Mapp v. Ohio 367 U.S. 643 (1961)

O'Conkle D (2006) Three theories of substantive due process. 85 North Carolina Law Review. Indiana Legal Studies Research Paper No 53 85(1):63–148

Slaughter-House Cases, 83 U.S. 36 (1873)

Strauss P (2016) Due process. Wex Legal Dictionary, Cornell University Legal Information Institute. Available at https://www.law.cornell.edu/wex/due_process. Accessed 29 May 2016

Tuckness A (Spring 2016 Edition) Locke's political philosophy. In: Zalta E (ed) The Stanford encyclopedia of philosophy. Available at http://plato.stanford.edu/archives/spr2016/entries/locke-political/. Accessed 10 June 2016

Turner R (Fall 2014) Magna Carta in the United States. Insights on Law and Society 14. Available at: http://www.americanbar.org/publications/insights_on_law_andsociety/14/fall2014/magna-carta-in-the-united-states.html. Accessed June 5 2016

Williams R (2010) The one and only substantive due process clause. Yale Law J 120(408):408–512

Zylstra v. Corporation of the City of Charelston (1794)


# Dynamic Capabilities in Public Enterprises


Jashwini Narayan[1], Siggi Gudergan[2], Raghuvar Dutt Pathak[3] and Gurmeet Singh[3]

[1]School of Management & Public Administration, Faculty of Business and Economics, The University of the South Pacific (USP), Suva, Fiji

[2]Enterprise Innovation Unit – New Zealand Institute for Business Research, Waikato Management School, The University of Waikato, Hamilton, New Zealand

[3]Graduate School of Business, The University of the South Pacific, Suva, Fiji


## Synonyms

Dynamic capabilities; Fiji; Operational capabilities; Public administration

## Definition

The dynamic capability view involves sensing opportunities and threats, seizing opportunities, and creating and maintaining competitiveness with reconfiguration. DCV helps explain how firms cope with changing environments.

## Introduction

For the past two decades, a key issue affecting both policy makers and analysts is the poor capability of public organizations (Pollitt and Boukaert 2011), thus leading to reforms (Andrews et al. 2016). However, empirical evidence proves that organizations either struggle with implementation or fail to realize any professed benefits (Piening 2011).

In public administration, the issue of organizational performance has become very important (Rainey 2003). While the issue of why some reforming enterprises perform well while others do not, attracts a lot of interest, literature still fails to provide convincing explanations behind this. Hence the importance of understanding this difference in performance and how poor performance can be resolved. It is implementation that is largely treated as the "black box" in existing research (Piening 2011). In addition, public management scholars have also paid little attention to the role and importance of resources (Fernandez and Rainey 2006).

The question guiding this entry is how do dynamic capabilities (DC) of (1) sensing opportunities and threats, (2) seizing of opportunities, and (3) creating and maintaining competitiveness with reconfiguration (operational capabilities (OCs)) improve performance of public sector when reformed and what are the outcomes? Specifically, this entry explores how public organizations develop, manage, and deploy DCs to renew their resource base when responding to the reform-related operational challenges. This entry suggests OC as the DC reconfiguration stage, the other two stages being the sensing and seizing stages described in a later section.

This entry adopted a qualitative comparative case study approach of seven public organizations, including better and poor performers of different industries. The DCV has attracted much attention in management literature (Barreto 2010) and "has become one of the leading frameworks . . . of long-term firm survival and growth" (Wilden et al. 2016, p. 997). Its key strength lies in explaining how firms cope with changing environments (Barreto 2010). This approach, however, "still lacks consensual concepts that allow comparisons of empirical studies and advance the theoretical understanding of dynamic capabilities" (Vogel and Güttel 2013, p. 427). This entry recommends a modified DCV version to investigate reform-related changes in public sector.

Despite conceptual limitations, DCV has the potential in organizing structures and enhances understanding of how organizations change their existing resource portfolios – DCV therefore does deserve further research effort (Peteraf et al. 2013). This entry is one of the very few studies in the public sector using the DCV approach and the first based on a smaller developing pacific island economy. The DCV is consistent with the key aim of this entry as it explores and describes organizational capabilities in changing circumstances. Literature confirms the extensive application of it, in strategic management but scant use in public administration where it also holds much potential. This entry also further addresses the call for research and findings that discuss high as well as low capability (O'Toole and Meier 2015) since this entry includes both better and poor performers. In addition, this entry also responds to calls made for capabilities that lead to better performances in a specific context (Williamson 2016).

The remaining section of this entry is structured as follows. The next section presents literature on DCV research. The following section discusses the methodology. The third section discusses the empirical findings. The entry then closes of with concluding remarks.

## Dynamic Capability View

DCV emerged in the 1990s and advanced considerably since then (Ambrosini and Bowman 2009). It has extended the resource-based view (RBV) argument of creating valuable, rare, preemptive, and imperfectly substitutable resources, refreshing the existing resources in "changing environments" (Ambrosini and Bowman 2009) since "the RBV does not explain how firms sustain competitive advantage in changing and uncertain environments" (Gnizy et al. 2014, p. 6).

Developing dynamic capabilities is no easy feat (Teece 2007), more so for the changing public organizations. Like Fischer et al. (2010) and Gebauer et al. (2012), the authors of this entry are of the view that success in any changing public organizations depends on DCs which "underpin operational capabilities" (Fischer et al. 2010, p. 593). In fact, relationship between capability

and relevant organizational attributes is particularly important to professional bureaucracies of public sector (Harvey et al. 2010).

When deploying DCs, organizations do come up with OC reconfigurations (Wilden et al. 2016). For instance, in their study, Gebauer et al. (2012, p. 329) discussed reconfigurations in terms of corporate culture, human resources (HR), organizational structures, and innovative process. This implies that "dynamic capability development is not simply about renewing one specific type of capability, but rather, it is a meta-capability to learn how to repeatedly renew the firm's overall capability" (Zeng et al. 2016, p. 1).

For this entry thus, the hypotheses are:

1. The sensing DCs enhance the performance of public organizations.
2. The seizing DCs enhance the performance of public organizations.
3. The reconfiguration DCs enhance the performance of public organizations.

The authors of this entry suggest OC as the DC reconfiguration stage. DCs enable organizations to modify their OCs. The following six OCs are identified as an integrated resource reconfiguration package: (1) HR, (2) organizational culture, (3) machines/facilities, (4) structures/routines/processes, (5) R&D – new products/portfolio – and (6) alliances/partnering/network. This is supportive of the argument of Wilden et al. (2016: 1030), which indicates that "the DCV revolves around how dynamic exchange systems integrate different types of resources in order to affect the operational capabilities and ultimately evolutionary fitness." In this entry, the "reconfiguration DC" reflects at the OCs which is in line with Gebauer et al.'s (2012, p. 329) point that reconfiguration continues with subsequent improvements in OCs.

1. ***HR***

   Apart from leadership, HRM is another important topic missing from the DCV research agenda (Vogel and Güttel 2013, p. 441). New capabilities are not only about infrastructure but also include managerial talent and skilled employees who are flexible enough to "adapt to new roles and work environments" (Zeng et al. 2016, p. 23).

2. ***Organizational Culture***

   A supportive organizational culture is required for the configuration of DCs and OCs (Wilden et al. 2016, p. 1036). Thus, "... building a collective learning culture to drive people's desire for change" is critical, but such changes require "a different mind-set'...and emotional connection among the firm's employees" (Zeng et al. 2016, p. 17). While organizational culture does affect corporate and individual behavior (Selznick 1996), little previous research has investigated the DC–organizational culture relationship.

3. ***Machines/Facilities***

   Property, plant, and equipment positively affect performance in terms of better work conditions and environment (Fry et al. 2004). Such hard investments are often required with new directions (Zeng et al. 2016) to keep pace with market developments. This may also mean upgrades to current technology, repairs and maintenance with what works, and divestment of what becomes more costly to maintain and no longer contributes to overall profitability (Zeng et al. 2016, p. 20).

4. ***Structures/Routines/Processes***

   Reevaluation of current strategy and envisaging possible changes become necessary for new strategic directions, but changes require "a different type of interaction between people and machines" for considerable impact on structure, routines, and processes (Zeng et al. 2016, p. 18). Routine then causes desirable changes in current operations (Hsu and Wang 2010, p. 8), and this "in the context of operational and DCs warrants some discussion" (Wilden et al. 2016, p. 1035). According to Ulrich and Lake (1991), the internal structures, processes, and conditions of organizations give rise to opportunities for unique competencies. In a public sector setting, however, structural complexity can either be positive or negative. In any case, "there is precious little evidence on the relationship between internal structural complexity and capability in either public

(or private) organizations" (Andrews et al. 2016, p. 253). Most importantly, structures affect an organization's ability to sense and seize opportunities as well as for OC reconfigurations (Wilden et al. 2016, p. 1036).

5. ***R&D – New Products/Portfolio***

   New capabilities are inclusive of R&D efforts (Zeng et al. 2016) which explain why organizations may differ in DCs when it comes to R&D capability (Helfat 1997). When DC accumulates ongoing R&D activities, there is control of key knowledge using which organizations are able to shape up proprietary research platforms for future success (Hsu and Wang 2010, p. 11).

6. ***Alliances/Partnering/Network***

   There is little discussion thus far on DC development on a system-wide basis (Zeng et al. 2016, p. 32), and while "research has reported at length on how inter-organizational networks can be effectively governed in public service delivery, . . . most research on public networks relies only on secondary data or one-shot surveys" (Berthod et al. 2017, pp. 1,5). The fact is that a well-connected network brings about greater benefits (Zeng et al. 2016) improving the chances of an alliance's success (Rothaermel and Deeds 2006).

The use of an integrated package of OCs as mentioned afore is not only wholesome and comprehensive with an in-depth study of seven cases but also contributes to literature on micro-foundation of capabilities and their evolution in a rapidly changing environment (Ambrosini and Bowman 2009; Teece 2007). To the best of the author's knowledge, these six OCs have not been studied together in DCV research. "Very little is actually known about what organizational attributes, or combinations of attributes, enable or restrict the emergence of high or low capability," and "to date, public management research has not focused on the ways in which capability is shaped by internal organizational contingencies" (Andrews et al. 2016, p. 241). There may be other factors that can be termed as OCs, but the authors of this entry chose to settle for the six above. These six may be easier to replicate in other public sector settings to validate claims of this entry. As per the key questions and in keeping consistency with the literature reviewed, the following conceptual model was developed, illustrating the relationship between the OCs through DCs and the performance of the reforming public sector (Fig. 1).

## Methodology

This entry utilizes an in-depth study, using interpretative multiple-case study approach. For the institutional case studies, qualitative research methods were used. This entry employed convenience and snowballing nonrandom sampling techniques, whereby individuals who were easiest to reach out to were interviewed first (convenience) and these interviewees recommended others who could be interviewed (snowballing).

For the exploratory research, a few interviews were conducted at Fiji's Ministry of Public Enterprises for background information on Government Commercial Companies (GCCs). GCCs are wholly government-owned corporatized enterprises that are required to operate purely on commercial objectives. Out of the 11 GCCs, 1 declined to participate and 3 failed to respond despite follow-ups. "Due to the sensitive nature and depth of the information sought, accessibility also influenced the selection of specific firms" (Zeng et al. 2016, p. 9). The authors of this entry thus ended up with seven case studies. Research was conducted between 2009 and mid-January 2017.

Piening's (2011) research, one of the very few studies using the DCV in a public sector setting, used a multiple-case study design to investigate five German public hospitals. Other DCV researchers like also used this approach to explore how firms deal with disruptions. Fischer et al. (2010) used an interpretative multiple-case study approach across a range of capital goods industries. Gebauer et al. (2012) also made use of an interpretative multiple-case study approach for DCs and operational capabilities in SMEs. Berthod et al. (2017) employed an explorative and interpretative case approach also to investigate into interorganizational networking. This entry thus also employs a multiple case-based

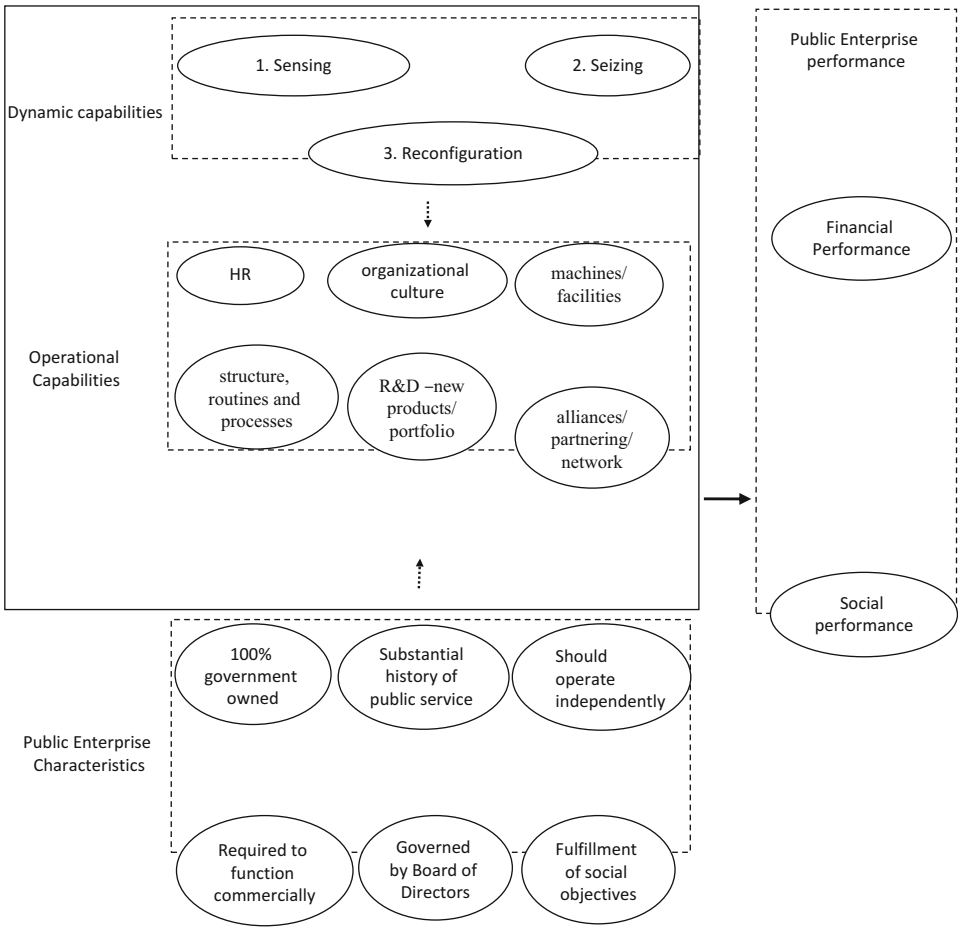


**Dynamic Capabilities in Public Enterprises, Fig. 1** The DCV in the context of the public sector

approach of seven public enterprises belonging to different sectors/industries in a different context – a smaller developing island nation unlike "much of the existing empirical research [that] has focused on investigating DCs at the business unit or corporate level of single-business firms" (Wilden et al. 2016, p. 1027).

"DCs operate over time and across levels, implying the need for multilevel longitudinal approaches to DCs" (Wilden et al. 2016, p. 1040). As such, this entry is based on longitudinal inductive data inquiry of seven companies reflecting better at the cumulativeness of DCs since reform efforts require time to fruition and public sector culture takes time to change (Narayan 2016).

The selection of the seven GCCs (four better performing and three poor performing) was ascertained during the first interview with a ministerial staff. These GCCs belong to different industries/sectors. The selected GCCs are (1) Airports Fiji Limited (AFL) (sector: transport and storage), (2) Post Fiji Limited (PFL) (information and communication), (3) Fiji Ports Corporation Limited (FPCL) (transport and storage), (4) Unit Trust of Fiji (Management) Limited (UTOF) (financial and insurance activities), (5) Food Processors (Fiji) Limited (FPFL) (agriculture), (6) Fiji Hardwood Corporation Limited (FHCL) (forestry and logging), and (7) Rewa Rice Limited (RRL) (agriculture). The authors of this entry selected these companies because they have a substantial history of providing public services and had been declared GCCs. These GCCs significantly differ in their performance

levels, allowing for effective comparisons. These GCCs can be placed into categories of better and poor performers given their ability to generate profits. GCCs that continue to report profits are AFL, FPCL, UTOF (except in 2009), and PFL (except in 2006 and 2010). While FPFL is able to generate profits (except in 2008), its profits are low. The GCCs that continue to report losses are RRL (except in 2008) and FHCL (except in 2010). AFL, FPCL, and UTOF remain better performers. PFL was a better financial performer since its inception, except in 2006. However, between 2010 and 2012, PFL's performance has been disappointing. The poor performing GCCs of FPFL, FHCL, and RRL particularly operate in losses or generate insignificant profits and are not in a position to pay any dividends to the government.

In collecting data, information was gathered from many sources enabling triangulation among different data sources (Eisenhardt 1989). Data was gathered through in-depth face-to-face interviews and relevant document search. The enterprise annual reports, cabinet decisions, legislation and parliamentary reports, and reputable magazines were examined to formulate certain enterprise-specific questions for interviews and to cross-check on interviewee responses.

Semi-structured face-to-face interviews were conducted with mostly senior-level staff as well as a few lower-level staff, similar to Zeng et al.'s (2016, p. 10) study. Senior ministerial staff served as key informants initially for each case study and together with senior managers of each study, facilitated site visits and interviews with key employees.

"Complete anonymity was promised in order to encourage the participants to give candid responses" (Zeng et al. 2016, p. 11). This promise of confidentiality and anonymity does not permit us to describe all data comprehensively or name/describe interviewees. This is also in line with research ethics.

The interview sessions were held for 45 min to 1 h 15 min in length, keeping in mind the respondents' time and concentration. Questions asked were about how GCCs carried out their functions prior reforms, how reforms were instituted, and what specific changes (with examples) were brought about during reforms. The interviewees were requested to detail their experiences related to reforms/changes. The questions in the interview questionnaire acted as guidelines to discourage divergence into irrelevant issues by interviewees. The authors of this entry deduced illustrations of DCs and OCs from data provided.

The collected data was analyzed on the basis of findings from the case studies in forms of responses from the interviewees and relevant documents which helped the authors of this entry document and explain findings. Substantive statements in each interview note and extra details (furnished during the interviews) were highlighted while repetitions, digressions, and irrelevant materials were put aside. Similar statements made by interviewees were noted as similarities and dissimilarities were marked. After going through all interview notes, the authors of this entry went back to these notes the second time to highlight substantive statements that might have been missed out in the first reading. Following this, the authors of this entry went through the collected primary documents to highlight noteworthy information. The authors of this entry then went back to the entire interview notes and documents to note the highlighted statements and categorized these as main events.

For validity and reliability reasons, statements were cross-referenced between interviewees' responses and documents such as company and ministry documents, published interviews in reputable magazines, and newspaper articles. The dissimilar statements were marked as queries, and after an interval of a few days, queries were clarified through quick repeat interviews, emails, or telephone inquiries. The interview data was supplemented by secondary data on background information from the ministry and various reports such as annual reports, corporate plans, and strategic plans in addition to prior scholarly research (theses, journal articles) on the case, as well as articles from reputable business magazines such as the review magazines, etc. Because the focus is on past as well as present achievements, chronological listings were created which were revised after sorting out queries.

Analysis began with a within-case analysis of each GCC to become familiar with each case as a stand-alone entity and to in turn accelerate the

cross-case comparison. The within-case analysis allowed the DCs to emerge before cross-case analysis (Eisenhardt 1989). The authors of this entry utilized a dynamic–comparative case study method for data collection and analysis, where dynamic means investigation of the past as well as contemporary capability-building processes based on actual events (Gebauer et al. 2012), while comparative suggests that a case is analyzed on its own first in terms of its strategic path leading to later cross-case analysis (Eisenhardt 1989). For the cross-case analysis, similarities and differences were noted in terms of the role of OCs and DCs.

## Findings and Discussion

The rich data from seven cases provide detailed information on how GCCs developed further overtime in terms of changes made to their resource base. The findings are presented in two phases: pre-reform and during reform. Because changes continue to be implemented, the authors of this entry cannot meaningfully discuss post reforms. The authors of this entry focus more on the second phase, adding OCs given that major changes were implemented in this phase. Detailed findings are presented in the supplementary materials.

### Airports Fiji Limited (AFL)

AFL was declared a GCC on 3 June 1998 and established as a result of reorganization of the Civil Aviation Authority of Fiji (CAAF). According to a senior long-serving staff:

> Even when CAAF was operating profitably, there were anomalies that are normally inherent in a public enterprise such as the laidback, lax work habits where drinking of 'grog' (national traditional drink made of powdered kava roots mixed in water) was a regular event. There were no proper controls and no accountability. CAAF was not really run like a business but was still generating profits because of its monopoly status.

### Fiji Ports Corporation Limited (FPCL)

FPCL was formally known as Ports Authority of Fiji (PAF). It was quite profitable since its inception until 1992 after which it began to struggle to meet its debt financing requirements following government's refusal to increase tariff (The Review 1993). A senior management staff mentioned:

> FPCL was established upon dual reforms. During the first phase of reforms, PAF was split into two enterprises – Maritime and Ports Authority of Fiji (MPAF) and Ports Terminal Limited (PTL).

However, even after first phase of reform, there were irregularities, leading to the second phase which saw the establishment of FPCL.

### Post Fiji Limited (PFL)

In its early days, Fiji's postal operation was a division of a government department – the Department of Posts and Telecommunications. Later in January 1990, it was corporatized as Fiji Posts and Telecommunications Limited (FPTL). Post Fiji was profitable, earning $680,000 profits in 1993, $691,000 in 1994, and $1.37 million in 1995 (Fiji Business 1996, p. 23).

### Unit Trust of Fiji (Management) Limited (UTOF)

Since its earlier days, UTOF was not doing too well until 2000, which led the government to decide on the closure or privatization of it, as per a top management staff. This staff expressed that:

> At that time UTOF was a small company. The size of its portfolio, amount of dividends and the number of unit holders were considered too low for operations, deemed unviable for the government. Full credit goes to the former GM for the turnaround of UTOF from a $15 million portfolio to about $90 million by 2008 which made the government change its decision. The former GM held parliamentary discussions and made ministerial presentations, explaining that there will be a turnaround and requested that the company not be divested.

### Food Processors (Fiji) Limited (FPFL)

Since 1984, FPFL operated under a joint venture partnership between Burns Philp (South Sea) Company Limited and National Marketing Authority (NMA) (Keith-Reid 1984). NMA was later renamed National Trading Corporation (NATCO). By 1986, FPFL was the biggest canned foods operation in Fiji but since the takeover of the defunct assets of Castle Trading Limited, was plagued with high costs. In 1992, FPFL was made

a subsidiary of NATCO (Appana 2003). In July 2003, it was declared a GCC when NATCO was liquidated. FPFL was reformed because its parent company could no longer sustain itself as its debts increased (Interview with a top management staff).

### Fiji Hardwood Corporation Limited (FHCL)

The Ministry of Forests was responsible for the development and maintenance of the mahogany plantations between the 1960s and 1997 (MPETC 2012). In the 1980s and 1990s, government realized that it was not good in commercial business. It then decided to reform its public enterprises (Interview with ministry staff). Accordingly, in 1996, a study was carried out to ascertain the viability of establishing a hardwood plantation corporation based on the successful transition of the softwood plantations. The study recommended corporatization (Food and Agriculture Organisation (FAO) 2002).

### Rewa Rice Limited (RRL)

RRL was established when the Colonial Sugar Refining Company Limited ceased its operations in the main island of Fiji. In its early days between the 1970s and early 1980s, the rice industry had people, power, and money to invest into infrastructure (Interview with a top management staff). The 1993 deregulation of the industry brought with it problems of competition.

## Reform Initiatives: DCs

1. ***Sensing***

   The worldwide political changes and stakeholder pressures compelled governments including Fiji to relook at their roles and to come up with alternative means for efficiency and effectiveness. As per the Department of Public Enterprises (1998), there was pressure from the late 1980s to reduce the role of the government. Appana (2003) mentions that, after the initial economic improvement post-independence in 1970, Fiji entered a recessionary phase in the 1980s facing weak economic growth, rising unemployment, and low investment levels. At this point, Fiji realized that it could no longer ignore the global trend and began to plan economic reforms and restructuring of the public sector.

2. ***Seizing***

   By 1989, the military in the absence of parliamentary opposition endorsed structural adjustments. The then government's structural adjustment policies centered on private sector led developments between 1996 and May 1999, giving the public sector restructuring much importance. The real breakthrough was the enactment of the Public Enterprises (PE) Act in 1996. Public Enterprises Unit (PEU) was later renamed the Ministry of Public Enterprise, Tourism and Communications (MPETC). As a result of the PE Act (1996), three types of public enterprises were created: Reorganization Enterprises, GCCs, and Commercial Statutory Authorities (CSAs). This entry focuses on GCCs which are more in number and more accessible.

   Hypotheses 1 and 2 are thus confirmed given that the (1) sensing and (2) seizing DCs gave rise to changes in public organizations for better performance.

3. ***Reconfiguration: (OCs)***

   "Data confidentiality does not allow us to describe all options comprehensively; the authors of this entry rather concentrate on the major content" (Gebauer et al. 2012, p. 614) in the following table. For hypothesis 3, some OCs are confirmed for some case studies only as discussed below (Table 1).

The proposed conceptual framework was empirically tested and is supportive of the empirical findings. A comparison of the results helped understand the following. For the public enterprises, the "sensing" and "seizing" DCs are explained collectively since government is the major decider. For instance, in terms of the DCs of sensing and seizing, FPFL and FHCL were in a way forced to or persuaded by the government to carry out reform initiatives given that they did not have any other choice. UTOF itself realized that such changes were needed. PFL and RRL abided by the change initiated by the government but

**Dynamic Capabilities in Public Enterprises, Table 1** DC stage 3: resource reconfiguration – the OCs

| OCs | HR | Organizational culture | Machines/facilities | Structures/routines/ processes | R&D – new products/ portfolio | Alliances/partnering/ network |
|---|---|---|---|---|---|---|
| **AFL** | Individual contracts, regular trainings, company-sponsored study | In early stages, faced staff outrage/resistance, employees had to accept change | Ongoing maintenance, repairs, upgrades, and installation of new systems, equipment purchase | Progressively lowered fuel prices | AFL Aviation Academy (AFLAA) made part of AFL; MOU with the Solomon Islands; new markets; increase in airline partners/new routes | Contracts with ex-staff and external parties like Singapore Airport consortium – Airbiz Limited |
| **PFL** | Better work conditions, regular trainings, company-sponsored study | Culture remains the biggest challenge, some employees improved, while some resist changes | Established new post offices, letter boxes, and postal agencies; improved mail services | Key performance indicators (KPIs); targets; voluntary redundancy scheme; upgrades, streamlining, modernization, automation, technological installations, and upgrades | Introduced products and expanded product range–diversification | Worked/works with DataMail NZ, DHL, Bank South Pacific, Digicel mobile company, Westpac Bank; participates in Asian-Pacific Postal Union (APPU) workshops; associates with student market; sponsors contests/ sporting activities |
| **FPCL** | Staff reapplications, individual contracts, flexibility, ongoing trainings | Culture change is a big problem; slight but slow improvements; some resistance | Purchase of plants and equipment; dredging, reclamation, renovation, upgrades, maintenance, demolition, refurbishment, seismic protection, extension works; new port of entry | Performance management system (PMS); IT projects; property management system; upgrades and computerization of financial and accounting networks; realignment of organizational structure and marine and stevedoring operations; assumed responsibility of all marine operations; shifted headquarters | Reclamation of land for later subdivision | Secretariat of Pacific Countries Ports Association (PCPA) – attends meetings and conferences; member of various committees; internal workshops with stakeholders; worked with ADB for wharf extension; has identified outsourcing of some cargo-handling activities |

| | | | | | | |
|---|---|---|---|---|---|---|
| **UTOF** | Few new positions, no redundancy, ongoing training | Small workforce – no major issues; some resistance/reservations on changes but resolved with clarification | Computerization | Improved awareness; proper management, analysis, and monitoring investments; focus on sales and marketing; reviewed standards and policies in accounting and HR aspects; new marketing plan; adopted Fiji Quality Award (FQA), FAS 39, and International Financial Reporting Standards (IFRS) | Invested across various sectors, engaged in projects; developed and implemented new investment products | Partnered with PFL and Vodafone, failed alliance with Baycorp |
| **FPFL** | Initial failed HR experiment, new appointments later, skill-based formal training, deployment strategy | Employee resistance, employment taken for granted | Old factory, inadequate storage, regular upgrades and technological replacements to machines and equipment, machine breakdowns still affect operations | Set measurable targets; rotation of process workers, implemented job descriptions (JDs), key result areas (KRAs), KPIs; staff training; Hazard Analysis of Critical Control Points (HACCP) plans; accreditation | Continues to develop products; several new products in testing stages – product range increased from 17 to 36 | Relies on local farmers but faces problems of quality, reliability, sustainability of produce and farmers reneging on contracts, expression of interest sought |
| **FHCL** | Same employees, later workforce fluctuations, manager-decided trainings, contracted senior staff | Culture transformation is a tough challenge; politics and landowners make it difficult to be commercial; new setup brought about job insecurity | Commenced with the sawmilling activity but without a proper system | Approved new mahogany policy; enacted Fiji Mahogany Act; established Fiji Mahogany Trust (FMT); new setup to benefit landowners | Extended its role: until 2002, forest grower/ manager; between 2002 and 2004, log supplier; from 2003 and in 2004, processor of sawn timber and semi-processed; and from January 2005, sawmill operator. Products are logs and rough and semi-processed sawn timber | In 1999, sought strategic partnership which made landowners uncomfortable; new proposal of 10% gifted to landowners; search for strategic partners difficult; new setup of new licensing regime allows for licensing partners; strategic partner desired for value-adding and downstream processing |

(continued)

**Dynamic Capabilities in Public Enterprises, Table 1** (continued)

| OCs | HR | Organizational culture | Machines/facilities | Structures/routines/ processes | R&D – new products/ portfolio | Alliances/partnering/ network |
|---|---|---|---|---|---|---|
| **RRL** | Small workforce, no major changes – some laid off then re-employed on needs basis, occasional training | Few staff – no major issues | One mill, construction of new building; in early days, installation of mill machinery and equipment; now regular upgrades; renovated office; got rid of machines not generating income, and considering purchase of tillers, electronic dryer, new trucks | Improved payment procedure; improved accounting processes; reduced utility bills; ensures payment is received from farmers; assistance from the Ministry of Agriculture | Initially offered a range of grocery items to rural areas; core function to purchase and mill paddies but also sells by-product as manure; tried white rice idea but without success; expanded market Fiji-wide; embarked on awareness programs; relooking at packaging and export options, rebranding, rice flour option | Contract with Rice Company of Fiji for use RRL brand – contract expired in 2009 |

were also proactive in their approach on internal changes.

The results of this entry indicate that reforms/changes in public enterprises have not brought about improvements in all of them. To some extent, they have been successful in some resource reconfigurations, while in some cases, they are restrained by financial means. Because they are government owned, they do depend on it for major funding particularly those GCCs that are unable to report profits or report small gains. GCCs such as FPFL and FHCL remain plagued or have even worsened in performance. Their inability to generate profits and being constrained in the areas of investments in capital projects, relevant new technology or upgrades, equipment, and machinery are impeding factors which in turn affect profitability. This is also parallel to the argument of Vogel and Güttel (2013, p. 433) who mentioned that most of the researched materials report "the emerging tension between the building of new and the use of existing capabilities or, in broader terms, between stability and change." Since "technologies have matured in recent years" (Gebauer et al. 2012, p. 328), all GCCs have tried to improve their technological base; however for poor performers like FPFL, their efforts are reduced to continuous repairs and maintenance and small time upgrades unlike some of the radical changes instituted by the better performers. Given resource availability, the authors of this entry suggest that poor performers attempt incremental changes, while better performers embark on radical changes.

Nonetheless, the conducive factor of ongoing training and further education of employees is common across all cases. For example, changes to HR toward commercial orientation with performance-based techniques were a major change in all GCCs. This initiative concurs with the HR modification effort in Gebauer et al.'s (2012) study. However, in two GCCs – AFL and PFL – employees are only sponsored for further education if they take the initiative themselves by pursuing a few courses first. In RRL, training is occasional and at FHCL, decided by managers. In addition, like Gebauer et al.'s (2012) research, the cases in this entry made changes to accounting processes/systems to enhance speed in transactions as well as for generation of meaningful reports.

Notably FPFL, FHCL, and RRL are also dependent on their key resource providers or landowners such as fresh produce suppliers (FPFL), paddy suppliers (RRL), and mahogany landowners (FHCL). For RRL, recent changes such as better paddy price and pickup of paddy from their farms are motivating for farmers. The better performers such as AFL, PFL, FPCL, and UTOF have no such dependence and are, thus, not constrained in this area. In contrast AFL, PFL, FPCL, and UTOF are financially independent; are thus able to diversify and/or expand operations; upgrade or invest into relevant technology, equipment, and machinery; continuously engage in projects; are successful in attracting strategic partnerships; and hence are better performers.

In terms of alliance, partnering, and network, this entry shows that all GCCs joined hands with other companies which have an impact on company operations (PFL, FPCL, AFL, UTOF) or product saleability. This directly impacts performance (PFL, FPFL, RRL), a point similar to Zeng et al. (2016, p. 31) study that argue that "...firms need to compete collectively with their network partners against the networks of other companies." Empirical evidence suggests that certain GCCs like FPCL created learning relationship with other network partners for improvements by regularly attending workshops/conferences of associations it is a member of. This point is akin to Gebauer et al.'s (2012) findings.

What is also true is that in certain cases – as was the case in UTOF's Momi Bay project and AFL's contracting out to ex-staff – if organizations are not careful enough, then partnering can turn into a liability, adversely affecting performance. While partnering can be useful in enhancing operations through better technology and infrastructure, care should be taken on who the partners are. The Fiji Government has planned to further enhance the poor performers operations through strategic partnership. However, while FHCL has stirred up interest given its lucrative resource of mahogany, FPFL and RRL have not attracted much interest thus far. Such strategic

options are difficult for poor performers, which have a history of poor performance and age-old infrastructure. In the case of FHCL, the struggle between the landowners and the government did not allow such a partnership to eventuate for some time. However, it appears that the new approach of licensing may work.

While a common argument explaining the better financial performance of AFL and FPCL can be their monopoly status, what is also true is that their monopoly status could not prevent the drop in profits experienced in certain years, given the global crisis, coups in Fiji, coup-related negative publicity of Fiji overseas, and devaluation of Fiji dollar which increased the repayments of loans are borrowed from overseas. They are regulated monopolies that cannot increase tariffs or charges without government approval. This point on regulated monopolies needs to be further substantiated by future research.

All cases prove that culture appears to be a difficult OC to change. During transformations, commercial orientation was and is continuously promoted. This entry shows that when this new change met with the existing public sector culture in which most workers were instilled in, resistance was common. AFL, PFL, FPCL, FPFL, and FHCL indicated that changing work culture is far from easy and resistance to change is still common.

Culture is no doubt a major challenge. A fundamental realignment of it will take years to translate throughout the organization. Even after years of the change in status to a GCC, public sector work culture remains. The public enterprises spend time, effort, and funds on trainings, seminars, workshops, and further education to inculcate commercial orientation in all employees. Despite much effort, there are employees who have not shown improvements. Some managers expect a quick change, believing that the change in mind-set should or will take just a few years.

An additional factor worth mentioning and one that affects OCs of public enterprises are the incompatible and competing demands, which make unilateral conformity difficult, if not impossible – clash in political/commercial/social objectives expected to be fulfilled by GCCs. For instance, the 13 smaller airstrips on the outer islands are operated under the noncommercial obligation of AFL. AFL loses $3 million because of these loss-making operations annually given lower passenger and aircraft volumes.

Overall, this entry agrees with Hsu and Wang (2010, p. 18) who suggest that DC "be employed as a significant means of resource renewal and restoring capability diversity, as well as avoiding the inertia and simplicity that result from the scarcity of long-term efficient resource deployment within an organizational structure." While the authors of this entry agree with these authors, they further add that in the case of the public sector, the poor performers are vulnerable particularly those that have been reformed and are expected to fund resource reconfigurations on their own.

## Concluding Remarks

By empirically validating a theoretically derived model, this entry advances research in the area of DCV in the under-researched sector of the public sector. The suggested framework helps to better understand the DCV in the context of the public sector. This entry also sheds light on DCs in a smaller developing Pacific Island public sector which has not been given due consideration in many studies. The public sector practitioners, managers, as well as funding (donor) agencies may find this entry particularly meaningful when considering restructure/reform policies and budgetary allocations. A number of managerial implications can be drawn from the findings from the final table on OCs and discussion toward formulation of effective strategies.

However, since this entry is empirically based on just seven case studies and one country, external validity (generalizability) could not be assessed accurately. This entry should not be taken to exemplify the entire scenario of reforming public sectors. Nonetheless, publication of such research can result in replication elsewhere in different contexts, allowing for further research.

## Cross-References


- ▶ Government Reforms and Public Administration Quality
- ▶ New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius
- ▶ Reforms and Governance


## References


Ambrosini V, Bowman C (2009) What are dynamic capabilities and are they a useful construct in strategic management? Int J Manag Rev 11(1):29–49. https://doi.org/10.1111/j.1468-2370.2008.00251

Andrews R, Beynon MJ, McDermott AM (2016) Organizational capability in the public sector: a configurational approach. J Public Adm Theory 26(2):239–258

Appana S (2003) New public management and public enterprise restructuring in Fiji. Fijian Stud J Contemp Fiji 1(1):51–73

Barreto I (2010) Dynamic capabilities: a review of past research and an agenda for the future. J Manag 36(1):256–280. https://doi.org/10.1177/0149206309350776

Berthod O, Grothe-Hammer M, Muller-Setz G, Raabd J, Sydow J (2017) From high-reliability organizations to high-reliability networks: the dynamics of network governance in the face of emergency. J Public Adm Res Theory Adv Access 27(2):352–371

Eisenhardt KM (1989) Building theories from case study research. Acad Manag Rev 14(4):532–550

Fernandez S, Rainey HG (2006) Managing successful organizational change in the public sector. Public Adm Rev 66(2):168–176. https://doi.org/10.1111/j.1540-6210.2006.00570.x

Fiji Business (1996) The separation that has given post a new start. 23–24

Fischer T, Gebauer H, Gregory M, Ren G, Fleisch E (2010) Exploitation or exploration in service business development? J Serv Manag 21(5):591–624

Food and Agriculture Organisation (FAO) (2002) Hardwood programmes in Fiji, Solomon Islands, and Papua New Guinea (Working paper No. 21). Forest resources development service, Forest resources division. FAO, Rome. D. Hammond. Forest plantations (unpublished). http://www.fao.org/docrep/005/Y7207E/y7207e06.htm

Fry FL, Stoner CR, Hattwick RE (2004) Business: an integrative approach. McGraw-Hill, New York

Gebauer H, Paiola M, Edvardsson B (2012) A capability perspective on service business development in small and medium-sized suppliers. Scand J Manag 28: 321–339

Gnizy I, Baker WE, Grinstein A (2014) Proactive learning culture a dynamic capability and key success factor for SMEs entering foreign markets. Int Mark Rev 31(5):477–505

Harvey GC, Spencer E, Jas P, Walshe K (2010) Absorptive capacity in a non-market environment: a knowledge-based approach to analyzing the performance of sector organizations. Public Manag Rev 12(1):77–97

Helfat CE (1997) Know-how and asset complementarity and dynamic capability accumulation: the case of R&D. Strateg Manag J 18:339–360

Hsu L, Wang C (2010) Clarifying the effect of intellectual capital on performance: the mediating role of dynamic capability. Br J Manag 23(2):179–205. https://doi.org/10.1111/j.1467-8551.2010.00718.x

Keith-Reid R (1984) Food processing: putting food in cans. Island Business 52

Ministry of Public Enterprises, Tourism and Communications (MPETC) (2012) Financial data and updated profiles of government commercial companies. MPETC, Fiji

Narayan J (2016) Business economics in a rapidly changing world. Enterprises: the case of government commercial companies in Fiji. On-line Book. Nova Science Publishers, New York. ISBN: 978–1–63485-199-2

O'Toole LJ, Meier KJ (2015) Public management, context, and performance: in quest of a more general theory. J Public Adm Res Theory 25(1):237–256

Peteraf M, Di Stefano G, Verona G (2013) The elephant in the room of dynamic capabilities: bringing two diverging conversations together. Strateg Manag J 34(12): 1389–1410

Piening EP (2011) Insights into the process dynamics of innovation implementation: the case of public hospitals in Germany. Public Manag Rev 13(1):127–157

Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis – new public management, governance, and the neo-weberian state. Oxford University Press, Oxford

Rainey HG (2003) Understanding and managing public organizations. Jossey-Bass, San Francisco

Rothaermel FT, Deeds DL (2006) Alliance type, alliance experience and alliance management capability in high-technology ventures. J Bus Ventur 21:429–460

Selznick P (1996) Institutionalism "old" and "new". Adm Sci Q 41(2):270–277

Teece DJ (2007) Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. Strateg Manag J 28(13):1319–1350

The Department of Public Enterprises (1998) Towards a better Fiji: the public enterprise reform programme. The Network for the Ministry for Commerce/Industry, Cooperatives and Public Enterprises, Suva

The Review (1993) Streamlining for a leaner profile: PAF does an about-turn of policies and plans to launch simple tariffs to pass on benefits. The Review, April: 39–40

Ulrich D, Lake D (1991) Organizational capability: creating competitive advantage. Acad Manag Exec 5:77–92

Vogel R, Güttel WH (2013) The dynamic capability view in strategic. Management: a bibliometric review. Int


D

J Manag Rev 15:426–446. https://doi.org/10.1111/ijmr.12000
Wilden R, Devinney TM, Dowling GR (2016) The architecture of dynamic capability research identifying the building blocks of a configurational approach. Acad Manag Ann 10(1):997–1076. https://doi.org/10.1080/19416520.2016.1161966
Williamson PJ (2016) Building and leveraging dynamic capabilities: insights from accelerated innovation in China. Glob Strateg J 6(3):197–210
Zeng J, Simpson CG, Dang B (2016) A process model of dynamic capability development: evidence from the Chinese manufacturing sector. Manag Organ Rev, ISSN 1740-8776 (In Press)

# Dynamic Relationship Between Sovereign Credit Market and Stock Market

Souhir Amri Amamou
Higher Institute of management of Tunis, Tunis, Tunisia

## Synonyms

Co-movement; Joint sensitivity

## Definition

The dynamic relationship between markets is defined as the joint sensitivity between markets that can explain co-movements, interdependencies, or the realization of a contagion phenomenon.

## Introduction

The investigation of the relations between financial markets is a subject of topicality much approached by researchers. In this regard, we refer to the studies of: Shahzad et al. (2016), (2017), and Fontana and Scheicher (2016).

In this context, previous researches have largely probed the crisis effect on the dynamic relations sensitivity between financial markets. We focus, on the level of this study, on the dynamics of the relationship between the sovereign credit market and the stock market.

In this regard, several studies have used the CDS market as a credit market representative. We quote, as references, the studies of Barath and Shumway (2008), Raunig and Scheicher (2009), Hammoudeh et al. (2013), and Paddrik et al. (2016) which found that the CDS could perfectly present the credit risk on the financial market.

Although several studies focused on the relationship between the CDS market and the stock market (especially bond market), as reported by Shahzad et al. (2016), few studies analyzed the effectiveness of the relationship study between the CDS market and the bond market in explaining the entire stock market developments.

We note that the significance of the relationship between the two markets premiums is a subject that has been discussed by previous studies and whose results show some convergence. Though, that the parity of the two premiums is still a matter to conflicting results.

In this way, some researchers notice that there is no difference between CDS spreads and those of sovereign bonds. In this regard, Duffie (1999) and Hull et al. (2004) considered this relationship a parity between bond spreads and CDS spreads in the absence of arbitrage opportunity.

Despite, other studies such as Longsatff et al. (2005) considered that there are significant differences between these two premiums. In this perspective, several studies essentially Fontana and Scheicher (2016), Carboni (2011), Palladini and Portes (2011), and Arce et al. (2013) analyzed the (CDS-Bond) basis. Moreover, Blanco et al. (2005), Bai and Collin-Dufresne (2013), Nashikkar et al. (2011), and Fontana (2010) used basis change in order to test the credit risk evolution in the financial market.

Fontana and Scheicher (2016) associated the base change outset to the financial crisis (2007–2008). Besides, they reported that this variation rises with the sovereign crisis explaining it by the shift in sensitivity between CDS premiums and bond premiums (in favor of CDS premiums) to the country specificities in terms of credit risk.

Despite the fact that many studies (Zhu (2006), Baba and Inada (2009), and Coudert and Gex (2010)) confirm the advance of the CDS market on the bond market during the crisis period and the non-parity between the spreads. Rare studies seek the impact of the (CDS-Bond) basis deviation of parity on the relationship between the credit market and the other markets such as the stock market.

It is in this spirit that we sought, at the level of this research, to detect the impact of the period of change in the (CDS-Bond) basis on the dynamic relationship between sovereign credit risk and the volatility of the euro area stock market.

## Data Descriptive Statistics

The neglect of developed countries by anterior studies favors the choice of our sample. According to Broto and Pérez Quiros (2015), Delatte et al. (2011) developed countries was neglected by previous researches for the benefit of emerging countries (Pan and Singleton (2008), Longstaff et al. (2011), Remonola et al. (2008)).

Then, this entry uses data for 10 developed Eurozone countries (Germany, Luxembourg, Austria, Finland, Netherlands, France, Belgium, Italy, Ireland, and Portugal) from 2010 to 2017. Given that the objective is to analyze how stock market react to (CDS-Bond) Basis change. Our variables are: (CDS-Bond) Basis and Vstoxx.

The composition of the (CDS-Bond) Basis is proposed in agreement with Fontana and Scheicher (2016) who defined it as the difference between CDS premiums and fixed coupon public bond spreads.

We note the development of a stream of studies focused on the analysis of the dynamic movements of credit spreads via CDS. We refer here to the work of Longsatff et al. (2005), Berndt et al. (2008), Raunig and Scheicher (2009), Zhang et al. (2009), and Hammoudeh et al.(2013). However, the market for sovereign CDS remains neglected in this regard since the analysis of the dynamics of their spreads remains relatively small in terms of the number of studies.

According to Olléon Assouan (2004) and Oehmke and Zawadowski (2015), the basis evolution analysis may well present a credit risk indicator. Generally, it is null considering the theoretical equality of the two premiums except that recent studies have found that it may well deviate from the zero value specifically when following the crisis periods. In line with Fontana and Scheicher (2016), we calculate the basis by using the difference between the CDS spreads and bond spreads. For CDS spreads, they are represented by the Sovereign CDS OTR S & P / ISDA Eurozone Developed Nation Index. Bond spreads are calculated by the difference between Bond yield and the risk-free benchmark (the rate of a 10-year German loan).

For *Vstoxx,* empirically, several previous studies have used stock indexes as an explanatory variable for credit spreads. We cite the example of the S & P 500 index to analyze the American market (Norden and Wagner 2008). In fact, our choice of this variable as euro zone representative fits with the previous studies of Fontana and Scheicher (2016).

Accordingly, data used in the study were collected from the following websites: www.investing.com and www.sandpindices.com. We select the 2010–2017 period because we are interested in assessing (CDS-Bond) Basis change in sovereign crisis period beginning in 2010 and postcrisis.

In order to distinguish the crisis period, we use the structural breaks test to detect regime changes over the studied period. Thus, we apply the Bai-Perron test allowing us to keep two break dates, namely the date of October 16, 2012, and that of August 1, 2016.

As follows, we devise our study period into three subperiods. Firstly, the first period is of significant gap between CDS and bond premiums (from March 22, 2010, to October 15, 2012). It is considered as a crisis period according to literature, which considers that the end of 2010 represented the peak of the sovereign crisis. This period is also characterized by the announcement of the highest public debt levels in the euro area (Boone et al. (2010)) and the positivity (CDS-Bond) Basis (Lahiani et al. (2016)). In the framework of our

study, we note the existence of a credit market imbalance presented by a deep gap between CDS premiums and bond premiums (Fig. 1).

Then, the second period is marked by a downward trend in the gap between the two premiums. It covers the period from October 16, 2012, to July 29, 2016. We choose to consider it a period of return to stability as the basis tends to return to parity. Nevertheless, this period turns out to be a phase of imbalance in the credit market such as its predecessor.

Finally, the third period covers the period from August 1, 2016, to September 29, 2017. It is considered stable as the basis has returned to parity as presented.

Based on the previously described data, we seek to detect the dynamic relationship between the (CDS-Bond) Basis and the variable Vstoxx by applying a ADCC-GJR-Garch (1.1) model. This step is followed by the detection of the dynamic correlation between the two variables. Finally, we seek to analyze the impact of the periodicity introduction on dynamic correlation of unconditional variance volatility (base, Vstoxx) a GJR-Garch (1.1) model.

## Results

Results show that both markets react significantly to internal shocks. At the same time, we note the persistence of shocks in these markets. Thus, both markets find it extremely difficult to get rid of shock effects during the studied period.

Similarly, we find that the symmetrical effects are statistically significant. As for asymmetric effects, they have a statistically significant impact. In addition, we note that the representative stock market variable (Vstoxx) has a significant sensitivity to negative information. This step allows to detect the dynamic correlation between the two variables.

We test at this level the effect of each period introduction on this relationship volatility between the two markets. We find that the volatility of dynamic correlations is significantly affected by internal shocks whatever the tested model is (Table 1).

Concerning the dynamic relationship between the two variables, it is significantly sensitive to internal shocks. In addition, the symmetrical and asymmetrical effects are significant although the symmetrical effect is dominant.

Similarly, we detect that the introduction of the first study period effect into our analysis has a positive as well as a significant impact on the volatility of the dynamic correlations between the basis and the Vstoxx variable.

At this level, we conclude that the introduction of the significant gap period between CDS and bond premiums affects significantly and also positively the volatility of the dynamic relationship between sovereign credit market and stock market. Thus, the crisis effect has a positive and

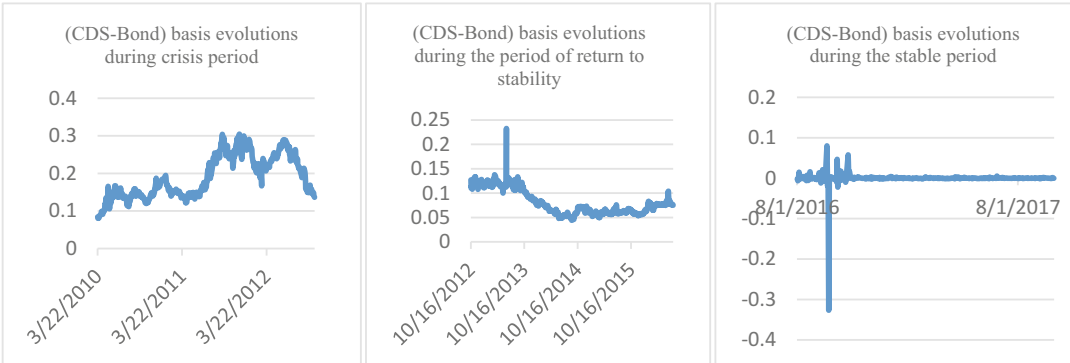


**Dynamic Relationship Between Sovereign Credit Market and Stock Market, Fig. 1** (CDS-Bond) Basis

**Dynamic Relationship Between Sovereign Credit Market and Stock Market, Table 1** Results of unconditional variances of dynamic correlations from the GJR-Garch model (1.1)

| | $\rho^1_{(basis,\ vstoxx)}$ | $\rho^2_{(basis,\ vstoxx)}$ | $\rho^3_{(basis,\ vstoxx)}$ |
|---|---|---|---|
| $\Omega$ | 0.0003*** | 0.0064*** | 0.0003*** |
| $\alpha$ | −0.0162*** | −0.0187*** | −0.0125*** |
| $\gamma$ | 0.0141*** | 0.0146 | 0.0006 |
| $\beta$ | 0.8814*** | 0.0716 | 0.9059*** |
| $\delta^1$ | 0.0001*** | | |
| $\delta^2$ | | −0.0042*** | |
| $\delta^3$ | | | 4.18E-06 |
| Log likelihood | 2925.934 | 2846.237 | 2899.737 |
| $c_1$ | 0.2682*** | 0.2839*** | 0.2800*** |
| $c_2$ | 0.8960*** | 0.9088*** | 0.8994*** |
| Adjusted R-squared | 0.8023 | 0.8022 | 0.8024 |

***: significance for 1%; **: significance for 5%; *: significance for 1% (Source: Author's calculation)

notable impact on the volatility of the joint relationship between the credit market and the stock market.

Furthermore, this result agrees with the results of the previous studies (Ayadi et al. (2006), Broto et Pérez-Quiros(2015)) considering that the crisis effect affects changes in the correlations between markets or financial assets.

Additionally, we find that the dynamic relationship is significantly sensitive to internal shocks. Likewise, we find that the second period introduction effect has a significant and negative impact on the volatility of the joint relationship between the two markets.

Added to that, we conclude that the return to stability substantially affects the volatility of the joint relationship between the credit market and the stock market although this effect is negative. Moreover, we find that the effect of introducing the third period is positive but not significant.

Finally, although the stability phase have a positive impact on joint relationship volatility between the credit market and the stock market, this impact is not significant unlike the two previous phases.

## Conclusions

The majority of previous studies related to the characteristics impact of the study period in the explanation of the dynamic relationship between markets are focusing on analyzing the crisis periods. Nonetheless, the period preceding a crisis can have an explanatory power of developments in dynamic movement between assets or financial markets. Hence, this entry investigates the explanatory power of crisis and postcrisis periods within the analysis of the relationship between credit market and stock market.

While a number of previous studies have considered that the crisis period is the most appropriate phase to examine the dynamic relation between financial markets, this research proposes a novel study focus by empirically testing the postcrisis periods effect.

Consistent results of periodicity impact are detailed on the explication of the dynamic relations between the sovereign credit market and the stock market.

Similarly, this research shows that the imbalance of the sovereign credit market presented by the gap between CDS and bond premiums considerably affects the volatility of the dynamic relationship between the sovereign credit market and the stock market.

Nevertheless, we emphasize that taking into account a structural break date is associated with a change in the study period impact sign on the dynamic relationship between the two markets. Thus, the latter reacts differently to both phases of crisis and return to stability although both of

them have many imbalance phases of public debt market.

However, the return to equilibrium presented by the return to parity condition does not significantly affect the volatility of the dynamic relationship between the two markets.

In short and contrarily to many other researches, we conclude that even if the postcrisis phase does not have the same explanatory power of volatility evolution between the two markets, it nevertheless presents a non-negligible impact, especially if associated with a financial framework. Thus, the analysis of this phase should not be underestimated as to its significant explanatory power.

In other words, these results allow us to confirm the importance of using crisis phase analysis in explaining the changes in dynamic relationships between these two financial markets. Likewise, we note the explanatory power of the other phases neglected by previous studies.

## Cross-References

► Accounting for Public Debt and Deficit
► Corporate Governance Mechanisms and Developing Stock Exchange

## References

Arce O, Mayordomo S, Pena JI (2013) Credit-risk valuation in the sovereign CDS and bond markets: evidence from the euro are crisis. J Int Money Financ 35:124–145

Ayadi M, Boudhina R, Kallouli W, Sandretto R (2006) La contagion de la crise asiatique: dynamiques de court terme et de long terme. Econ Int 105: 113–135

Baba N, Inada M (2009) Price discovery of subordinated credit spreads for Japanese mega-banks: evidence from bond and credit default swap markets. J Int Financ Mark Inst Money 19:616–632

Bai J, Collin-Dufresne P (2013) The CDS bond basis. AFA San Diego Meeting Paper

Barath ST, Shumway T (2008) Forecasting default with the Merton distance to default model. Rev Financ Stud 21(3):1339–1369

Berndt AR, Duglas D, Duffie D, Ferguson M, Schranz D (2008) Measuring default risk premia from default swap rate and EDFs. Working paper, Tepper School of Business

Blanco R, Brennan B, Marsh IW (2005) An empirical analysis of dynamic relation between investment-grade bonds and credit default swaps. J Financ LX (5):2255–2281

Boone L, Fransolet L, Willemann S (2010) Dette publique et interactions avec le marché des dérivés: le cas européen. Banque de France, Revue de la stabilité financière N°14, Produits dérivés, Innovation financière et stabilité, pp 21–29

Broto C, Pérez-Quirós G (2015) Disentangling contagion among sovereign CDS spreads during the European debt crisis. J Empir Financ 32:165–179

Carboni A (2011) The sovereign credit default swap market : price discovery, Volumes and links with banks risk premia. Working paper, Banca d'Italia, n°821

Coudert V, Gex M (2010) Le marché des CDS et marché obligataire: qui dirige l'autre? Banque de France, Revue de la stabilité financière N°14, Produits dérivés, Innovation financière et stabilité, Juillet 2010, pp 183–189

Delatte, A-L., Gex, M., & Lopez-Villavicencio, A., (2011): « Has the CDS market influenced the borrowing cost of European countries during the sovereign crises? », J Int Money Financ, 31, n°3, 481-497

Duffie D (1999) Credit default valuation. Financ Anal J:73–87

Fontana A (2010) The persistent negative CDS-Bond basis during 2007/2008 financial crisis. Working Papers, Department of Economics Ca Foscari University of Venice

Fontana A, Scheicher M (2016) An analysis of euro area sovereign CDS and their relation with government bonds. J Bank Financ 126–140

Hammoudeh S, Noudha M, Yuan Y (2013) Dynamics of CDS spreads of US financial sectors. Appl Econ 45(2):213–223

Hull J, Predescu M, White A (2004) The relationship between credit default swap spreads, bond yields and credit rating announcement. J Bank Financ 2789–2811

Lahiani A, Hammoudeh S, Gupta R (2016) Linkages between financial sector CDS spreads and macroeconomic influence in an nonlinear setting. Int Rev Econ Financ 43:443–456

Longsatff F, Mithal S, Neis E (2005) Corporate yield spreads :default risk on liquidity? New evidence from the credit-default swap markets. J Financ 60:2213–2253

Longstaff FA., Jun Pan, Lasse HP, Singleton KJ (2011) How sovereign is sovereign credit risk?. American Economic Journal: Macroeconomics, 3(2):75–103

Nashikkar A, Subrahmanyam MG, Mahanti S (2011) Liquidity and arbitrage in the market for credit risk. J Financ Quant Anal 46(3):627–656

Norden L, Wagner W (2008) Credit derivatives and loan pricing. J Bank Financ 32:2560–2569

Oehmke M, Zawadowski A (2015) Synthetic or real? The equilibrium effects of credit default swaps on bond markets. Rev Financ Stud 28(12):3303–3337

Olléon-Assouan E (2004) Techniques de marché des dérivés de crédit: les swaps de défaut. Banque de France. Revue de la stabilité financière 4(4):110–114

Paddrik M, Rajan S, Young HP (2016) Contagion in the CDS market. Working paper, Office of financial research

Palladini G, Portes R (2011) Sovereign CDS and bond pricing dynamics in the euro-area. NBER working paper, N°17586
Pan J, Singleton KJ (2008) «Default and Recovery Implicit in the Term Structure of Sovereign CDS Spreads », The journal of finance, Vol. LXIII, No. 5
Raunig B, Scheicher M (2009) Are banks different? Evidence from CDS market. Oesterreichische National Bank working paper N°152
Remonola E, Satigna M, Wu E (2008) The dynamic pricing of sovereign risk in emerging markets: fundamentals and risk aversion. J Fixed Income 17:57–71
Shahzad SJH, Nor SM, Mensi W, Kumar RR (2016) Examining the efficiency and interdependence of U.S. credit and stock markets through MF-DFA and MF-DXA approaches. Phys A 471:351–363
Shahzad SJH, Mensi W, Hammoudeh S, Balcilar M, Shahbaz M (2017) Distribution specific dependence and causality between industry-level U.S. credit and stock markets. J Int Financ Mark Inst Money 52:114–133
Zhang BY, Zhou H, Zhu H (2009) Explaining credit default swap spreads with the equity volatility and jump risks of individual firms. Rev Financ Stud 26(5):1291–1323
Zhu H (2006) An empirical comparison of credit default spreads between bond market and the default credit swap market. J Financ Serv Res 29:211–223

# Dynamics of Managerial Innovation

Christophe Favoreu[1] and David Carassus[2]
[1]Toulouse Business School, Toulouse, France
[2]Université de Pau et des Pays de l'Adour, IAE Pau-Bayonne, CREG, Pau, France

## Synonyms

Change; Improvement; Management innovation; Organizational change; Organizational innovation

## Definition

Managerial innovation may be defined as the adoption of management, organizational and operational methods, and modes that are new to an organization and that aim to improve organizational performance.

This text is a synthesis of an article published in Public Organization Review by the authors.

## Introduction

In the context of today's increasingly complex and constrained financial and budgetary environment, innovation is the primary means for improving the effectiveness and efficiency of public policies and, more generally, of the quality of public services (Favoreu et al. 2015). Following Rogers (2003), Lancer Julnes (2008), and Damanpour and Schneider (2008), innovation can be defined as the generation and adoption by an organization of new ideas and behaviors. Among the different types of innovation, public organizations in their vast majority resort to organizational and managerial innovations bearing on management techniques and modes of internal functioning and organization. If academic research today considers managerial innovation as a specific form of innovation with its own identity, the number of studies devoted to it are few compared to the volume of research on other types of innovation. Managerial innovation is addressed through its different forms and characteristics as well as its determinants.

## Definition and Characteristics of Managerial Innovation

Managerial innovation may be defined as the adoption of management, organizational and operational methods, and modes that are new to an organization and that aim to improve organizational performance. According to the interpretive approach, standards of newness are not absolute (they are not measured against identical referential frameworks) but instead are relative to a particular organization and its usual practices. Managerial innovation covers a wide range of objects that can nevertheless be grouped into two generic categories: innovations to do with organization and structure, and innovations to do with managerial techniques and processes. Managerial innovations can also be differentiated according to their intensity, defined as the impact of the innovation on the organization, on its dominant organizational paradigms, and its competencies. According to their intensity, they lead in varying degrees to a transformation of the organization, of

its resource management, and internal activities. By this criterion, one can distinguish comprehensive managerial innovations, which have a strong organizational impact, from incremental ones, which have relatively limited organizational impact. These two descriptive dimensions allow to distinguish the four forms of managerial innovation (See Table 1).

Managerial innovation as a practice and as an object of research faces a paradoxical situation in the public sector. Indeed, even though it represents an increasing share of public innovation, and despite its positive influence on organizational performance, it has long been considered secondary and remains relatively neglected by academic research. The great majority of research studies have concerned technological innovation related to processes or products, and most models, theories, and hypotheses have been developed on the basis of empirical studies focused on this one type of innovation. In both the public and private sectors, managerial innovations have usually been studied through the lens of technological innovation. However, to assume that theories and models derived from the study of technological innovation can be transposed to managerial innovation is problematic, all the more so in that numerous research studies have pointed out major differences between these two forms of innovation. Indeed, the tacit knowledge characteristic of managerial innovations, their lower transferability due to their identification with individuals, their systemic character (the ramifications of their influence on other organizational elements), and their impact on the organization's social system are all factors that make their diffusion and implementation much more complex than is the case for technological innovations. This is a key distinguishing characteristic of managerial innovations. Indeed, in contrast to technological innovations, where transformations mainly concern the technical system of the organization, managerial innovations go hand-in-hand with changes in internal operating methods and social interactions. By modifying hierarchical relations and decision-making procedures, they inevitably affect actors' zones of power and influence as well as internal balances and social arrangements. Moreover, by throwing into question not only the practices but also the values and representations associated with organizational routines, managerial innovations are liable to upset an organization's system of social norms and rules. This risk of conflict with the internal social system is all the greater in the public sector in that most managerial innovations are derived from the private sector or the principles of New Public Management; as such, they upset the public sector's traditional bureaucratic and hierarchical mode of management and the organizational behaviors and routines (stability, rules-based conformity, etc.) associated with it. Managerial innovations with a mainly private focus induce a transformation of the administrative organization's behaviors and values and of its modes of internal interaction (Bouckaert and Halligan 2008).

## Determinants of Managerial Innovation

Studying the determinants of managerial innovation implies analyzing the factors that influence it during the different phases of its development. Indeed, innovation is generally

**Dynamics of Managerial Innovation, Table 1** Typology of managerial innovations according to their nature and impact

| | | **Nature of the managerial innovation** | |
|---|---|---|---|
| | | Oriented toward structure/mode of organization | Oriented toward process and managerial tools |
| **Extent of change** | Includes all parts of the organization | **Comprehensive structural innovation** | **Comprehensive process innovation** |
| | Limited to specific parts of the organization | **Local structural innovation** | **Local process innovation** |

conceptualized as a multiphase process composed of four main stages: awareness, adoption, implementation, and institutionalization/routinization (Damanpour and Schneider 2006). Innovation can also be understood as a multidimensional phenomenon whose dynamics are influenced by a diversity of factors both internal and external to the organization. Research on antecedents to innovation generally considers three groups of factors: environmental and contextual; organizational; and intrinsic innovation characteristics. In the public sector, most studies have focused on the organizational or environmental determinants. Some studies, for example, have highlighted the positive influence on local governments' innovation decisions of environmental factors such as economic growth, population growth, the tax base, and the size of the community in which the organization is located. These studies draw on contingency theory, which considers innovation to be an adaptation of an organization's structures to changes in the environment. Innovation is thus seen as a response to change in terms of opportunities and constraints on development. Within the category of environmental factors, numerous studies, drawing on new institutional theory have focused on characterizing the influence of institutional pressures and the political context on innovation choices. Mimetic behavior and the quest for legitimacy are said to largely explain the dynamics of innovation in the public sector. A second group of studies focuses on the influence of a variety of organizational characteristics, including size, the nature of the structure (organic or mechanistic), communication, resources, intraorganizational relations, and integration. In this category of determinants, the role and characteristics of managers and political and administrative leaders has been studied in considerable depth, bringing to light the particular influence of each type of actor on the dynamics of innovation in public organizations. A third group of studies, growing in number as researchers become more active in this area, has focused on analyzing the influence of the perceived characteristics of innovation on its process of adoption and diffusion in the public sector. For example, some researches have highlighted the influence on the dynamics of innovation of factors such as the cost of innovation, its complexity, and its impact or relative advantage. The most recent research on the dynamics and processes of innovation address the theme of collaborative innovation and the role of actors and inter- and intraorganizational networks, as well as that of the link between public innovation and governance. Dubouloz and Mattelin Pierrard (2017) confirm the importance of internal factors in the dynamic of innovation and more specifically, the influence of the characteristics and attributes of managerial innovations. Even though these studies, then, individually or collectively, have addressed the main determinants of public innovation, they all suffer from a common weakness, namely, that each type of innovation is studied in isolation and any potential relation between one type and another is ignored (Damanpour and Aravind 2012). Thus, despite their theoretical and empirical contributions to the study of the determinants of public managerial innovation, they pay no attention to the mechanisms whereby innovations may influence each other (Damanpour 2014). Recent research, however, has brought to light the existence of potential relationships and interdependencies between different innovations in the same organization (whether these innovations are the same or different in type) (Battisti and Stoneman 2010). Nevertheless, empirical data and studies on the complementarity of innovations remain rare (Damanpour 2014). This integrative approach or evolutionary perspective (Torugsa and Arundel 2015) is advocated by, among others, Roberts and Amit (2003) and Damanpour (2014). It argues that innovations are neither mutually exclusive nor neutral relative to each other but, on the contrary, are linked by relations of mutual influence and therefore interdependent. The adoption of one type of innovation can facilitate or influence the adoption of other types of innovations (Torugsa and Arundel 2015). Even though these studies do not specifically address public managerial innovations, they nevertheless enable us to postulate two types of links between innovations.

## Dynamics of Managerial Innovation

A principle of reciprocal evolution or joint optimization between the social system (influenced by managerial innovation) and the technical system (determined by product innovation) can be put forward; with the evolution of one triggering a transformation of the other. Indeed, to be both efficient and effective, the development of new products and processes requires organizational change. The literature, on this point, is unanimous: managerial innovations are triggered by the technological innovations that precede them. Indeed, the former can be said to be at the service of the latter, facilitating their enactment and helping to realize their full potential (Damanpour 2014). This dependent relationship (considered by Damanpour to be reciprocal between technological innovations and managerial ones), which suggests a time dimension between the different types of innovation, has given rise to two main categories of temporal model: on one hand, the sequential model (Damanpour et al. 2009) and, on the other hand, the co-evolution model (Roberts and Amit 2003) also known as the synchronous innovation model. If the first model supposes a sequential character and causal relations between the different innovations, it does not put forward any hierarchy or order of subordination between them. Thus, according to Damanpour (2014), technological innovations could as readily be determinants as consequences of organizational innovations. The analysis of innovations at 85 public libraries (from which the sequential model is derived) has shown that changes in the social structure of the organization, changes that resulted from managerial innovations, can subsequently lead to technical and technological innovations. The second category of model (the co-evolution or synchronous innovation model) is, for its part, an expression of the quasi-simultaneous adoption of different types of innovation that are complementary. This complementarity concerns the implementation of innovations as much as it does their performance outcomes. This second type of model is derived from the analysis of technological innovations of the product type in the manufacturing sector. However, some studies show a combined use of technological and administrative innovations. The hypothesis of an indirect link between innovations is based on the notion of innovation capability and, more generally, on the concepts of organizational and dynamic capabilities. From this perspective, innovation promotes, over time, the development of greater innovation capability, defined as the aptitude to develop new ideas, products, and processes (Luo et al. 2005). It contributes to the establishment of new representations and behaviors (creativity, for example, or risk-taking) as well as interactions and learning that promote still greater innovation. Studies show that certain categories of public innovation, based on managerial autonomy, accountability, and results-based evaluation, foster the development of an innovation culture, a culture that in its turn goes on to promote better performance and new innovations. By producing new organizational knowledge and by modifying internal behaviors and representations, innovation positively influences the organization's innovation capability.

## Conclusion

Further research should focus on the characterization and analysis of the innovation learning process, identifying its individual and collective components. Organizational determinants such as the structuring of organizational memory (accumulation of innovative experiences), the weight of internal communication, human factors such as leadership style, and environmental factors such as institutional and mimetic isomorphism in reference to New Institutionalism can enrich the nature of the determinants. Managerial innovation represents both a promising research domain and a vector for improving and modernizing public action.

## Cross-References

► Innovation and the Public Workplace
► Innovations in Administrative Reforms

▶ Leaders and Innovations in Public Organizations
▶ Organizational Innovation

## References

Battisti G, Stoneman P (2010) How innovative are UK firms? Evidence from the fourth UK Community innovation survey on synergies between technological and organizational innovations. Br J Manag 21(1): 187–206
Bouckaert G, Halligan H (2008) Managing performance-international comparisons. Routledge, London
Damanpour F (2014) Footnotes to research on management innovation. Organ Stud 35(9):1265–1285
Damanpour F, Aravind D (2012) Managerial innovation: conceptions, processes, and antecedents. Manag Organ Rev 8(2):423–454
Damanpour F, Schneider M (2006) Phases of the adoption of innovation in organizations: effects of environment, organization and top managers. Br J Manag 17: 215–236
Damanpour F, Schneider M (2008) Characteristics of innovation and innovation adoption in public organizations: assessing the role of managers. J Public Adm Res Theory 19(3):495–522
Damanpour F, Walker RM, Avellaneda CN (2009) Combinative effects of innovation types and organizational performance: a longitudinal study of service organizations. J Manag Stud 46(4):650–675
Dubouloz S, Mattelin Pierrard C (2017) Mieux comprendre le phénomène d'adoption d'une innovation managériale grâce aux caractéristiques et représentation sociale des dirigeants. Le cas de l'entreprise libérée Conférence AIMS 2017 – Lyon du 7 au 9 juin
Favoreu C, Carassus D, Gardey D, Maurel C (2015) Performance management in the local public sector in France: an administrative rather than a political model. Int Review of Ad Sc 81(4):672–693
Lancer De Julnes P (2008) Performance-based management systems- effective implementation and maintenance. Public administration and public policy. CRC Press, Boca Raton
Luo L, Kannan PK, Besharati B, Azarm S (2005) Design of robust new products under variability: marketing meets design. J Prod Innov Manag 22(2): 177–192
Roberts PW, Amit R (2003) The dynamics of innovative activity and competitive advantage: the case of Australian retail banking, 1981 to 1995. Organ Sci 14(2):107–122
Rogers EM (2003) Diffusion of innovations, 5th edn. Free Press, New York
Torugsa N, Arundel A (2015) The nature and incidence of workgroup innovation in the Australian public sector: evidence from the 2011 state of the service survey. Aust J Public Adm 75(2):202–221

# Dynamics of the Social Construction of Reality in Light of Organizational Ethnography in an Iranian Public Organization

Seyed Hosein Kazemi
Department of Public Administration, Tarbiat Modares University, Tehran, Iran

D

## Synonyms

Constructionist approach; Social constructionism

## Definition

Cetina (1994) defined social constructionism as "a doctrine most suited to penetrate into the internal environment of domains that appear unitary and homogeneous – into the constitution of the factual, the real, the authoritative meaning. Constructionism holds reality not to be given but constructed; it sees the aggregate as composite, the uniform as heterogeneous, the smooth and even-surfaced as covering an internal structure."

## Introduction

As a part of a bigger ethnographic fieldwork, this entry shares my observations about a practice of downsizing in an Iranian public organization. Drawing on Schneider and Ingram's (1993) framework, I show how the different groups of the target population attempted to construct and promote contesting social realities to save themselves from the risk of being fired. To do so, firstly I will briefly describe my ethnographic work and the context in which I observed the practice. Then, through analysis of two key events – "managerial changes'' and "debating over deservedness" – I will show how the dynamics of constructing realities were activated by and manifested through discursive practices of the employees. Finally, by discussing the case of Mahdi, I will show how this

whole process of meaning-making led to the dismissal of good employees regardless of their performance.

## Social Constructionism

Social Constructionism (SC) is a well-established paradigm to study the dynamics of local and socially constructed realities of organizations. Like other major organizational paradigms, the implications of SC for organizational studies could be analyzed along with ontological, epistemological, and methodological aspects. From the ontological point of view, SC has moved away from the objectivist stance to a subjectivist one whereby the independent-assumed existence of objects substitutes with the socially constructed realities. As reflected in organizational studies, this linguistic turn has led to the substitution of the universal and "out-there" concept of "organization" to the multiplicity of "in-here" "organizations" and finally to the "organizing" as the processual phenomenon of interest to the field. From the epistemological point of view, SC has argued against intellectualism and representationalism in favor of interpretivism where the subject has not any advantaged remote access to the truth and any access to the reality is mediated by the language we use. Finally, methodologically speaking, contrary to the explanatory and value-free modes of positivistic research, SC has called for understanding and value-laden research where the positivistic separation between researcher and researched substitutes with an interactive and participative joint inquiry of "co-researchers." This methodological turn has paved the way to use of different qualitative methods such as ethnography, grounded theory, hermeneutics, and phenomenology, along with new ways of data gathering and analyzing such as participant observation, shadowing, and thematic analysis, in order to study the practices of organizing.

This way of doing constructionist research is consistent with the methodological field of "praxiography" (Bueger and Gadinger 2018), which is to record, describe, and to reconstruct (−graphy) the practice (praxis) as a phenomenon situated in time and space. Therefore, SC proponents in organizational studies do not aim to find the logic of organizing. Instead, they want to understand the "practices" involved in organizing as the practice is assumed to be the basic unit of analysis of social phenomena (Czarniawska 2014; Tsoukas 2000). In line with this, this entry utilizes a (reflexive) ethnography to understand the dynamics of social construction of organizational realities as manifested by a critical event (i.e., a downsizing). Consistent with the praxiography framework, this entry also does not use ethnography in the traditional sense. Instead, it adopts a broad notion of ethnography as a research process based on fieldwork using qualitative techniques but including engagement in the lives of those being studied over an extended period of time (Davies 2008) where the interest is not in culture but in practice as situated in time and space. Finally, it should be noted that choosing a critical event, i.e., a downsizing, as a specific situation to look at the practice of social construction, is due to the fact that such events can accelerate the practice.

## My Ethnographic Fieldwork

As a lasting pursuit to have a personal explanation for deviance behavior (Malle 2004), I arranged for an ethnographic fieldwork on how the deviance theory (Berger and Luckmann 1991) would be socially constructed in an Iranian public organization (Office, hereafter). It took me a couple of months of formal and informal negotiations until I got permission to do my covert observations. This was done through a personal and confidential agreement between me and JA who was the head of Office, which was an almost independent division of a large public organization (ORG, hereafter) at that time. Composed of four functional divisions, the ORG was responsible for coordinating and monitoring the national policies on the automotive industry.

Office was operating in a newer, well-equipped separate building about 1 km away from ORG's

old building where the other three divisions were located. It also had a partnership agreement with a private-sector entity (EX, hereafter) for financial support and recruitment. These advantages have made Office more powerful than the other divisions so that JA autonomous decisions usually bothered the other division managers. However, JA's control over financial resources and, more importantly, his close relationship with ORG's head (RO, hereafter) has kept him safe from their destructive actions.

Everything looked good when I entered Office in February 2017: performance figures were excellent, many developmental plans were on board, power fights between middle managers have just ended in favor of JA and his allies, and he was hiring more employees through EX, including myself and about ten others, all of whom he had suggested. JA sent me to his closest and powerful middle manager (SA, hereafter); under his supervision I worked as a seemingly normal employee until I left the field. Among Office's employees, who were mostly undergraduates, SA was an exception holding a MBA degree and was responsible for R&D.

## The Unexpected Resignation

About a year after I started my observations, we were all shocked by the unexpected resignation of RO who left the ORG with the intention of joining another public organization. Following his leaving, the lobbying activities and power struggles were ignited between the divisions' managers. Needless to say, lacking RO support, JA was a good target for retaliation. Predictably, other division managers manipulated the new head of ORG (SH, hereafter) against JA. Disappointed to retain his autonomous position, JA finally resigned (about 2 months after RO resignation). Before his resignation, however, and as an important factor that led to his resignation, he was forced by SH to downsize Office. This decision was an obvious measure to reduce autonomy and power of Office, which included a 50% layoff and complete relocation of activities to ORG's building. Who deserved to be fired?

## Typical Social Construction to the Target Employees

Imagine a "falling balloon" whose passengers have to throw out one person to rescue the rest and get high again. Who is the best choice? Maybe the heaviest. Following such a utilitarian reasoning, one might expect JA to dismiss individuals with the lowest performance records. Nonetheless, the reason for downsizing was not performance improvement or financial problems but a political maneuvering. Therefore, the analogy of "debating balloon" would be more insightful, implying passengers or employees should debate over the socially constructed reasons and realities why they should not be fired. In order to analyze these contesting social realities, I use Schneider and Ingram's (1993) framework on social construction of the target population (Table 1).

Office had mixed staff: the managerial minority who were hired by ORG and the non-managerial majority who were employed by EX (about 35 out of 50 employees). Almost all of the former group were middle managers who were hired on a life basis implying that they were more stable than Office's head. As a result, the introduction of a new head, which I observed three of them, was an opportunity for the middle managers to change the internal balance of power, depending on which of them could form a coalition with the new manager. Drawing on leader-member exchange theory (Dockery and Steiner 1990), these struggles would finally shape new "in-group" and "out-group" borders. For a new head of Office the "in-group" was usually composed of the allied middle managers, the internal advisers, and his trusted newcomers who can be classified as the typical advantaged groups of Office.

Once a group of middle managers gained the advantaged position, they strive to change the social construction of their rivals ("out-group"

**Dynamics of the Social Construction of Reality in Light of Organizational Ethnography in an Iranian Public Organization, Table 1** Social construction of Office's target population

| | | Positive | Negative |
|---|---|---|---|
| **Power** | **Strong** | **Advantaged** | **Contenders** |
| | | Trusted newcomers | Opposition middle managers |
| | | Allied middle managers | |
| | | Advisers | |
| | **Weak** | **Dependents** | **Deviants** |
| | | Supervisors | Whistle-blowers |
| | | Women | Imposed employees or managers |
| | | Service employees | |

Adapted from Schneider and Ingram 1993

peers) to deviants who deserve any negative consequences and should be considered responsible for any weakness or failure. However, in spite of being manipulated by the advantaged middle managers, the new head cannot easily dismiss these allegedly deviant constituents. The reason is that they also have their own power resources and connections and he needs their cooperation to run the Office. But whenever he wants to get closer to them, he will be hindered by his advantaged allies. On the other hand, the contenders ("our-group" middle managers) may also want to work with the new head, but they feel like fools as their cooperation would benefit the advantaged managers who take the credit. These reciprocal attempts to misrepresent the other group were reproduced in all organizational practices including the downsizing.

Apart from these two powerful groups of middle managers, other employees who did their job regardless of who the manager is and without taking part in the power struggles can be classified as dependents. This group was composed of low-level employees or managers as well as women and custodians. Ironically, they were accountable for much of the work which was done in Office.

Certainly, the deviants deserved to be fired regardless of the situation. Given this fact, therefore, the minimum requirement to stay in Office was not to be considered a deviant; all you needed were to keep appearances, have a normal (not even good) performance, and not cross the formal and informal redlines.

## Social Construction to Make a Safe Position

Although advantaged and contenders were immune from layoffs, the story was totally different for dependents, which resulted in different reactions on the part of them. The first group to react was some of the advantaged non-managers and dependents who were brought by JA or other ORG's powerful persons to Office. They were well aware that by RO's resignation and imminent resignation of JA they would surely get laid off. As a result, voluntary resignation by those who were able to find another job somewhere else was the first reaction. Metaphorically speaking, they withdrew from the contest. I also resigned voluntarily as I felt, as a researcher, that I had taken the place of a more deserved person. Nonetheless, my resignation was not accepted as SA wanted to keep all of our five subordinates and he succeeded.

Among remaining employees, the advantaged middle managers and contenders were immune but had an important role in determining who should be picked out. Considering this fact, JA held several meetings with his middle managers, either contenders or advantaged, firstly, to gain their support for his final list and secondly, because he knew full well that he could not fire those individuals (almost dependents) these managers wanted to keep. Therefore, he had to keep the balance between advantaged and contenders.

Given the middle managers' key role in determining the final candidates, subordinates

(dependents) concentrated their rhetoric measures to convince them that they should not be fired as there are other groups who deserve more. First, they used their rhetoric to notice that there are too many old people working in Office without any economic reason to work: "They should leave public organizations in favor of young unemployed people. They do not know anything about new organizational know-how or computer skills." In contrast, the elders were trying to leverage their "valuable" experiences and connections but their social construction was not high enough to keep them safe.

Second, rhetoric efforts were targeted at singles and women: "I'm married. I have children to support ... it is not fair. I'm the breadwinner. There are some single men and women here who are younger than us. They could find a job in other places ... even if they couldn't, they could afford their single life costs." Married women were also targeted: "they are not the breadwinner for their family. Their husbands are responsible for that ... firing them has lower ethical and economical costs than us." Successful again, they saved themselves by pushing the single and women peers forward.

The eventually fired employees were mainly from weaker middle managers' units. Advantaged middle managers and contenders had the lowest number of layoffs including our unit with zero candidates on the list. Almost all of the laid-off individuals were the dependents: married women, elders, single women, and single men. The mission was completed thereby the total size of Office reduced from 50 to about 25 persons.

## Conclusion: Mahdi As a Case

Mahdi, a young single man who was in the third decade of life, was unanimously one of the most punctual, hard-worker, and good custodians. Office had six service employees; three drivers, and three for services like security and janitorial who all worked under the supervision of a not so powerful EX-hired manager (AM, hereafter).

AM was and is a close friend of mine. He always admired Mahdi's hard work, politeness, shyness, and his strong religious beliefs. In addition, Mahdi was a versatile employee who was always ready to do AM's orders without any complaining. On the flip side, AM was upset with at least three of his subordinates who believed they were "irresponsible and waiting for an opportunity to escape work." Even he was known of their minor wrongdoings, thus, sometimes called them "thieves" in our personal talks. In contrast, he always used the words of "integrity and honesty" for Mahdi.

Drawing on Clinard and Meier (2011), Mahdi was "different" (even "deviant") from a statistical viewpoint. He was different because he never smoked, he never lied, he never shirk his duties, he never said no to his boss, he never lifted something, he never had "gaze" on women, he never tried to make connections, he never advertised for his works. He was like an innocent child who did not know anything about going bad either in personal or organizational life.

AM, as a middle manager, had not enough power to keep Mahdi and finally he showed the door to him reluctantly; and the never-complaining Mahdi said "as you want" like ever. He was a young single man and his social construction was not so high to be safe from the layoff flood; there were other smoking, shirking, and not good but married and grown (and "normal" by statistical definition) men who deserved to stay!

I can never forget Mahdi. He was different but not deviant. He had positive and different traits that we admire when we find them in a friend, a child, a parent, or a citizen; but Office needed more "clever" men who know how to lie sometimes, how to advertise their deeds, how to keep their mouths shut, how to make connections, how to gain more power, and how to socially construct an image of deservedness and competency.

## Cross-References

▶ Social Construction of Corruption in Developing World

D

## References

Berger PL, Luckmann T (1991) The social construction of reality: a treatise in the sociology of knowledge, vol 10. Penguin, New York

Bueger C, Gadinger F (2018) Doing praxiography: research strategies, methods and techniques. In: International practice theory. Palgrave Macmillan, Cham, pp 131–161

Cetina KK (1994) Primitive classification and postmodernity: towards a sociological notion of fiction. Theory Culture Soc 11(3):1–22

Clinard MB, Meier RF (2011) Sociology of deviant behavior, Wadsworth, Cengage

Czarniawska B (2014) A theory of organizing. Edward Elgar, Cheltenham

Davies CA (2008) Reflexive ethnography: a guide to researching selves and others. Routledge, London

Dockery TM, Steiner DD (1990) The role of the initial interaction in leader-member exchange. Group Organ Stud 15(4):395–413

Malle BF (2004) How the mind explains behavior. In: Folk explanation, meaning and social interaction. MIT-Press

Schneider A, Ingram H (1993) Social construction of target populations: implications for politics and policy. Am Polit Sci Rev 87:334–347

Tsoukas H (2000) New times, fresh challenges: reflections on the past and the future of organization theory. In: The Oxford handbook of organization theory. Oxford University Press, Oxford

# E

## Earned Income Strategies

Mirae Kim[1] and Qiaozhen Liu[2]
[1]Associate Professor, Schar School of Policy and Government, George Mason University, Arlington, VA, USA
[2]Georgia State University, Atlanta, GA, USA

### Synonyms

Business-like practices; Commercial revenue; Commercialization

### Definition

Cause-related marketing: a relationship between a nonprofit and a business that aims to achieve predefined corporate and marketing objectives with financial or other types of benefits going to the nonprofit or a cause.

Licensing agreement: is a contract between a corporation and a nonprofit organization that allows a sponsoring corporation to use a nonprofit's name and logo in order to promote the corporation's products or services.

Sponsorship: a corporate sponsor pays a fee in exchange for the right to display its brand and logo in the nonprofit organization's programs, products, or other means of communications.

### Introduction

The nonprofit sector has become increasingly commercialized and there are multiple factors that explain such change. First and foremost, the demand for nonprofit services has been on rise in many areas, including but not limited to arts and culture, education, human services, and health care, which resulted in the growth of the nonprofit sector. For example, the growing population of older adults has increased the demand for nursing homes, home healthcare, and other types of elderly care services. Similarly, the growth of the female labor force in the second half of the twentieth century led to a greater demand for childcare services. Yet, the growth of the nonprofit sector resulted in greater competition among individual organizations for limited resources; thus, nonprofits started facing pressure to expand their earned income sources.

In the US, the stagnant growth in charitable giving and the decline in government support in the early 1980s also caused nonprofits to experience significant fiscal pressure and seek ways to increase their earned revenues. The expansion of consumer-side subsidies such as vouchers and tax credits, rather than traditional producer-side subsidies for nonprofits, encouraged for-profit companies to enter the field with their more plentiful capital, further complicating the competition for consumers relying on services using subsidies.

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

Earned revenue takes a substantial portion of nonprofit revenue. Indeed, earned revenue account for more than half of revenue in the nonprofit sector in many countries. Moreover, nonprofit organizations are increasingly forming partnerships with corporations through collaborative projects, cause-related marketing, and many other related activities. Below, we describe various ways nonprofits generate earned revenues as part of their effort to be self-sustainable.

## Partnerships

Through nonprofit-corporate partnerships, corporations give resources to nonprofit organizations with the expectation that corporations would receive direct and measurable benefits in return. As the definition entails, a partnership is a quid pro quo agreement that involves the exchange of resources for services. Thus, corporate giving and volunteering, although sometimes loosely referred to as partnerships, do not qualify as partnerships.

Nonprofit-corporate partnerships have become popular over the last few decades and are viewed by more and more scholars and practitioners as a necessary means to address increasingly complex social, economic, and environmental problems. According to the Corporate-NGO Partnerships Barometer survey (2017), the vast majority of UK-based companies and NGOs anticipate that nonprofit-corporate partnerships will become even more important in the future. The same survey also reveals that the need of nonprofits for funding and the desire of corporations for reputation and credibility are the primary motivations for cross-sector partnerships.

To collaborate successfully, partners must be connected through a shared purpose, which requires a high level of interaction between and within partner organizations and strong interpersonal bonds.

Partners should also share a mutual understanding and clarity about the purpose of the collaboration, which can be facilitated by writing collaboration purpose statements. Partners should also be in congruence with the mission, strategy, and values that allow them to establish a shared vision for the collaborative work. Communication between partners is the key for the success of a collaboration. Therefore, partners need to maintain high levels of respect and trust, keep channels of communication open, and provide constructive feedback to each other. Relatedly, partners should have a coordinated external communication strategy that advances the goals of the collaboration and help publicize it. Each partner should continuously learn about how to work effectively with another organization. Thus, learning should be established as an ongoing condition of the collaboration and regularly evaluated through a formal process. Lastly, partners should demonstrate a high level of personal, financial, institutional commitment to the collaboration while maintaining realistic expectations for each other.

### Sponsorships

In a nonprofit-corporate sponsorship, a corporate sponsor pays a fee in exchange for the right to display its brand and logo in the nonprofit organization's programs, products, or other means of communications. Corporate-nonprofit sponsorships can take many forms including facility-based sponsorship or program-based sponsorship. For instance, selling naming rights is a popular way of using facility-based sponsorships. Having business logos appear on theater programs, is one of the typical program-based sponsorships. A recent report (IEG Sponsorship Report 2018) reveals that companies all over the world allocated almost 63 billion to sponsorship in 2017. In the same year, North American companies alone spent $23.1 billion on sponsorships. Of those, sports sponsorships accounted for slightly more than 70%, followed by entertainment (10%), causes (9%), and arts (4%). Although some scholars view sponsorships as a type of strategic philanthropy, others argue that sponsorships are intrinsically motivated by various commercial incentives such as promoting brand names and increasing sales.

### Licensing Agreements

A licensing agreement between a corporation and a nonprofit organization is a contract that allows a

sponsoring corporation to use a nonprofit's name and logo in order to promote the corporation's products or services. In a typical licensing agreement, a corporation intends to gain favorable publicity by associating its products or services with a nonprofit as well as the cause that the nonprofit espouses. For corporations, the ultimate goal is to boost sales by paying for positive images associated with nonprofits. Nonprofits, on the other hand, intend to leverage their brand equities to generate a stream of revenues.

Licensing agreements can sometimes be controversial and may even pose a threat to nonprofit organizations if not done carefully. A classic example is the American Medical Association's (AMA) agreement with Sunbeam Corporation through which Sunbeam Corporation displayed AMA's logo on its medical products. The agreement gave the false impression that AMA endorsed the effectiveness of Sunbeam products. To avoid potential controversies, nonprofits should be cautious about the details of the agreement and be specific about what can be disclosed or cannot be advertised. Nonprofits must also be careful in choosing their licensing partners, especially in terms of overlapping values between corporate products and nonprofit services. From the consumer law perspective, a group of state Attorneys General offer the following advice. First, the compensation terms and agreements for the nonprofit-corporate partnership must make it clear if the nonprofit's name and logo would be used for commercial advertisements. Second, commercial advertisements that use a nonprofit's name and logo must not imply that the product or service is endorsed or tested by the nonprofit unless the organization can provide sufficient evidence to support the claim.

### Cause-Related Marketing

Cause-related marketing (CM), also known as transaction-based promotions, refers to a relationship between a nonprofit and a business that aims to achieve predefined corporate and marketing objectives with financial or other types of benefits going to the nonprofit or a cause. A classic example of CM is the American Express campaign, which was initiated to support the restoration of the Statue of Liberty. American Express pledged to contribute one cent to the Statue of Liberty-Ellis Island Foundation for every card transaction and one dollar for the issuance of every new card during the last quarter of 1983. The campaign resulted in a $1.7 million contribution to the renovation project and a 28% increase in American Express card usage. Today, there are multiple variants of CM. For instance, except for the "donation with purchase" model described above, businesses such as TOMS, Soapbox Soaps, and Smile Squared employ the "buy-one give-one" model, which donates a product of their own for each one sold. Disney's "Give a Day, Get a Disney Day" campaign represents another variation of CM, which aims to promote volunteerism.

A study conducted by Cone Communications in 2010 showed that 88% of the American consumers said that it is acceptable for companies to include a social cause in their marketing. The same study also found that 85% of the respondents reported that the image of a product or a company was improved when they supported a social cause that consumers cared about. When offered comparable products, 80% of the respondents said that they were willing to switch to a company with a social cause; 61% of them were likely to try a new product; and 19% consumers were willing to buy from a more expensive brand with a cause. Another study found that 72% of the respondents across 16 countries were willing to promote a product connected to a social cause.

Compared to traditional corporate philanthropic donations, CM has the advantage of allowing consumers to be directly engaged with a corporation. The same study (Cone Communications 2010) revealed that when individuals were given a choice between two companies with similar products and social causes, 53% of the surveyed respondents preferred the one that linked a purchase to a donation, thereby providing them with a chance to make an impact. Buying is a type of active engagement, and when connected to a social cause, it extends value creation to consumers and establishes a more meaningful consumer-company relationship (Austin and Seitanidi 2012).

## Business Ventures

For a nonprofit, whether to pursue a business venture that generates commercial income is a strategic decision that should be evaluated meticulously, particularly with regard to mission relatedness, operating environment, risks, and feasibility. Nonprofit's mission serves to justify its raison d'etre, determine its priorities, set its ultimate goals, and guide its activities. As such, any nonprofit that would like to initiate a fee-based program must consider how and in what ways the program relates to its mission.

Scholars (Wei-Skillern et al. 2007) suggest that nonprofit managers can use mission alignment and economic contribution to untangle this complex issue of determining whether to keep, nurture, or kill a business venture. Wei-Skillern and her colleagues (2007) divide nonprofit earned income activities into four categories based on how well a program is aligned with the mission and the extent it yields economic returns. The ideal program type is called "integral" which reflects high mission alignment and yields high economic gains. A "supplementary" program is one that has high mission relevance but do not bring significant economic contributions. When a program is not highly aligned with the mission but generates substantial revenue, it is called a "sustaining" program. Managers must look for ways to either improve the financial returns of "supplementary" programs or deliver mission benefits in a more cost-efficient fashion (Wei-Skillern et al. 2007). For "sustaining" programs, however, nonprofit managers should think about if they may distract from the organization's mission in the long run in that they have to weigh the nonalignment cost against the amount of money generated. Finally, nonprofit managers should consider eliminating "disposable" programs that are neither mission relevant nor economically successful. Although creating and nurturing only "integral" programs are desired, given the nature of diverse missions, it is oftentimes unrealistic. A more viable approach would be to have "sustaining" programs cross-subsidize "supplementary" programs to achieve core mission mandates.

Leaders of nonprofit organizations must also consider legal mandates and general norms when starting business ventures. In the USA, there are largely two legal constraints related to running commercial programs. First, organizations should uphold the section 501(c)(3) Internal Revenue Service (IRS) regulations. That is, an "organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual" (IRS n.d.). The word "exclusively" in the statute, however, is interpreted to mean "primarily" rather than "entirely" according to IRS regulations. To put it another way, nonprofits should make sure that their organizations do not focus primarily on commercial activities that are unrelated to their charitable purposes.

Second, nonprofit organizations have to pay Unrelated Business Income Tax (UBIT) on their income if (a) it is from a "trade or business" activity; (b) the activity is "regularly carried on"; and (c) the activity is not "substantially related" to a nonprofit's mission related tax-exempt purpose. UBIT aims to eliminate unfair competition between for-profit ventures and nonprofit ventures. According to the Internal Revenue Code §513, there are certain commercial activities that are exempt from UBIT.

Commercial businesses carried out by mostly volunteers and use donated merchandises are exempt from paying UBIT. Programs and services that are offered for the convenience of their constituents and members are also exempted from paying UBIT. Examples include hospital restaurants or paid parking garages for a youth sports center. Qualified public entertainment activities, trade shows, and convenient activities are other exempted areas. Corporate sponsorship fees, membership dues, federal instrumentalities created in accordance with an act of Congress and certain bingo game revenues are exempt from being subject to UBIT. Leaders of nonprofit organizations located outside of the U.S. should understand relevant local laws and regulations prior to initiating commercial programs.

Leaders of nonprofit organizations need to be also wary of social and individual expectations. The normative environments can differ across

organizations depending on their mission, location, and constituencies. That is, two nonprofit organizations initiating the same commercial business may face different reactions from their own communities. While the same commercial activity is embraced as appropriate in one community, it may be subject to criticism for commercialization in another community.

### Organizational Capacity for Business Ventures

Building a shared sense of mission among leaders, staff, and relevant stakeholders is critical to the success of a venture because a new venture often requires long-term and continuous input of money and time. Sufficient research and planning could take up to a year or even longer for the venture to reach financial sustainability. Yet, even after successfully launching a venture, nonprofit organizations must provide continuous attention and proactive management, responding to changes in the needs and the market conditions.

It is also critical for key staff to possess the adequate knowledge, expertise, and vision of the planned venture. These staff can help the organization make sound decisions on whether to pursue the opportunity based on their understanding of the market condition. Finally, organization's financial condition also plays a pivotal role in deciding whether the organization should launch a business venture. As aforementioned, a business venture is likely to be a long-term commitment that requires continuous financial inputs. Especially at the early stage of the venture, there are a number of fixed costs that organizations must pay such as rent or purchasing equipment. Therefore, it is generally not a good idea to launch a business venture without having spent enough time to plan ahead and certainly not as a way to fix deficits. If a nonprofit organization is already struggling with deficits, it is unlikely that the organization can spend on upfront fixed costs as well as spare the personnel needed for the venture to get started.

### Market Research for Business Ventures

Once a nonprofit organization decides to launch a business venture, it must determine whether there is enough demand for the product or service. Primary research, including surveying potential customers and focus groups, and secondary research, such as reviewing government and industry reports, can inform organizations about potential consumer behavior and demographics as well as the prices of existing goods or services. Based on the market research information and the strengths of a nonprofit, the organization can formulate a targeting strategy.

With the market research, organizations must try to understand various broad market forces and their influence on the proposed venture. Porter (2008) identifies five forces that shape industry competition, which entrepreneurs should be mindful of before entering a business in his article "The Five Competitive Forces That Shape Strategy." Here we define the five forces that are most relevant to nonprofit ventures: barriers to entry, dominant suppliers, powerful buyers, the threat of substitutes, and competitive intensity.

First, as a sector with limited access to capital, any business opportunity that requires large capital investments can deter many likely entrants. Nonprofit entrepreneurs should also consider if incumbents have cost or quality advantages over new entrants. These advantages may derive from the exclusive access that incumbents have to raw materials, established reputations, and unique geographical locations. Second, dominant suppliers that have control over prices can squeeze profits out of industry participants. Therefore, it is critical to ask if these influential suppliers restrain the organization's ability to produce products or deliver services. Third, a few powerful buyers in the market may possess the bargaining power that can force down prices or even drive up costs by requesting higher quality products or services. Fourth, in a market with many substitutes, customers can pay only minimal costs when switching between providers. A typical example is the generic drug market. Such markets often suffer from low-profit potential, and businesses that fail to differentiate themselves from similar products and services will be particularly vulnerable and have limited growth potential. Finally, competition can be more intensified if there are a lot of rivals with similar market shares, market growth is stagnant, and low-

performing organizations remain in the market due to high exit barriers.

## Conclusion

In the face of stagnant growth of government support and charitable giving, many nonprofits started exploring potential commercial opportunities to sustain themselves. This entry introduced two typical types of commercial activities – partnerships and business ventures. Nonprofit-corporate partnerships, in essence, is built based on an exchange. Nonprofits leverage their most precious capital, reputational assets, in exchange for additional revenue. As such, nonprofits interested in forming partnerships with businesses should carefully examine the end purpose of a potential partnership and be mindful of the value congruency between the two parties. A healthy and successful partnership should not only bring the revenue but also offer an additional means to advance the mission through the publicity.

Business venture represents another approach to derive commercial revenue. Compared to partnerships, business ventures require more planning, expertise, and capital. Therefore, it must be handled with extra prudence. First of all, any nonprofit considering to launch a new business venture must make sure it will not risk its legal status, and it conforms to the norms in their community. In addition, the planning team must evaluate the extent to which the organization is committed to the proposed venture in terms of management capacity, availability of funds, and more. Equally important is the market research. The planning team must understand the demand and the competition of the market before launching a new commercial venture. Even after all the planning, success is not guaranteed. Nonprofits should have contingency plans and whether and how they can tolerate unintended negative consequences.

## Cross-References


- ▶ Budgeting for Nonprofit Organizations
- ▶ Cash Management
- ▶ Competition and Nonprofit Organizations
- ▶ Financing Nonprofit Organizations
- ▶ Public Organizations and Nonprofit Organizations


## Reference


Austin JE, Seitanidi MM (2012) Collaborative value creation: a review of partnering between nonprofits and businesses: Part I. Value creation spectrum and collaboration stages. Nonprof Volunt Sec Q 41 (5):726–758

Cone Communications (2010) Cone cause evolution study. Retrieved from: https://www.conecomm.com/research-blog/2010-cause-evolution-study#download-research

IEG (2018) What sponsors want & where dollars will go in 2018. Retrieved from: http://www.sponsorship.com/IEG/files/f3/f3cfac41-2983-49be-8df6-3546345e27de.pdf

IRS (n.d.) Exemption requirements – 501(c)(3) Organizations. Retrieved from: https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-501c3-organizations

Porter (2008) The five competitive forces that shape strategy. Retrieved from: https://hbr.org/2008/01/the-five-competitive-forces-that-shape-strategy

Wei-Skillern J, Austin JE, Leonard H, Stevenson H (2007) Entrepreneurship in the social sector. Sage, Thousand Oaks


# Economic Context of Public Procurement


Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA


## Synonyms

Best possible quality and price; Collusion and price-fixing; Externalities; Keynesianism; Market failure; Privatization

## Definition

The economic context of public procurement involves the interaction of government ideals, laws, and regulations with the private sector and

its market processes, and the consequent opportunities and challenges of this operating environment for achievement of public goals. Questions about equity, costs, and the impact of economic pressures feature in such discussions (Callender and Matthews 2009).

## Introduction

Because outlay of public resources for goods and services by government forms a considerable share of spending in a nation, inefficiency in purchasing operations is concerning for the public sector generally, and specifically for those that work in procurement functions. Inefficiency in the purchase of goods and services for public needs not only undermines short-run savings on purchases but also undercuts the potential for government resources to be used wisely to achieve greater returns for the public (Gori et al. 2017).

Public procurement intersects with economics in a number of important respects. In basic terms, public spending must be controlled and efficiencies increased. At the same time, public purchasing occurs in an environment where favoritism is possible, or where emergencies can force processes to deviate significantly from those prescribed for maximizing benefit and keeping costs low. Both situations might result in suboptimal outcomes and waste of public resources. The "how" of procurement – with decisions like solicitation, contract type, and mode of procurement – can also impact outcomes realized significantly (SIGMA 2016). As public procurement professionals seek optimal outcomes and reduced costs, risks and externalities must be managed. This entry looks at the economic considerations in public procurement, market failure, and price fixing and collusion.

## Economic Considerations in Public Procurement

"In a perfectly competitive market the free choices of buyers and sellers produce an efficient outcome" (Van den Bergh 1994, p. 339). In the public setting, purchasing professionals seek to "buy efficiently and wisely, obtaining by ethical means the best value for every pound spent," and thus maintaining a "correct quality/value balance" (Baily et al. 2018, pp. 4–5). Through contracting out, government brings the potential for acquisition of innovative solutions, high-quality products, and considerable expertise available in the marketplace; private-sector provision of goods and services for public needs can also pose risks. Cumulatively, government spending is big business; in difficult times, government expenditure can make a difference in driving up consumer demand, and encouraging markets toward the road to recovery (*Keynesianism*, see for example Kennedy 2000). Targeted spending for certain groups, like small businesses, has been suggested as a tool for economic growth (Reijonen et al. 2016). There is however a need to balance competing expectations of small business support, transparency, and efficiency, as procurement moves away from purely commercial and regulatory interests (Erridge and McIlroy 2002).

The environment of public procurement is such that government influences, and is influenced by, private-sector markets. As North suggested, "institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction" (1990, p. 3). Institutions "reduce uncertainty by establishing a stable (but not necessarily efficient) structure to human interaction" (North 1990, p. 6). This is the case with public procurement. Deviations from ideal procurement scenarios, already removed from pure-market approaches, produce outcomes that are less efficient and more costly. In public procurement, restrictions and procedures are enacted to assure fairness and prevent abuses, but because the market must respond to specifications and requirements that are different than private-sector purchases, costs can increase. Transaction costs in public systems can be relatively high, due to self-serving actors and considerations beyond the narrow framework of policy (North 1990). An adverse effect of this structure in public procurement is that there may be relatively fewer businesses interested in and

able to response to public solicitations (Stiglitz and Rosengard 2015).

Providing for competition, whether full and open competition or an *adequate* level of competition among vendors, is considered a cornerstone of public procurement, improving efficiency and performance (Nash et al. 2007). Competition aligns with economic theory about reducing externalities and increasing availability of information. "Promoting competition is necessary for protecting the financial interests of the State, ensuring a minimum quality of key public infrastructure and services as well as providing equal economic opportunities to all bidders" (Bhagat 2017, p. 177). At the same time, delays in project schedules can reduce potential positive impact from government spending (Gori et al. 2017), while increasing outlay of resources involved in the procurement function itself.

In public procurement, market analysis is conducted that examines "prices and trends in the competitive marketplace to compare product availability and offered prices with market alternatives and establish the reasonableness of offered prices" (Nash et al. 2007, p. 366). It is reasonable that government would want to rule out any abnormal or unacceptable bids, and choose from among those remaining an offer that provides best value for the client agency or function. Costs should be ordinary, allowable, and consistent with the larger marketplace (Nash et al. 2007).

Pressed by austerity and a need for accountability, governments are increasingly called to "pursue best value" through procurement and "to do so in a transparent and non-discriminatory manner" (Morgan et al. 2017, p. 3140). While it is assumed that public spending supports societal benefits like economic development and socioeconomic improvement, it is not easy to connect the function of public procurement to desired changes in society, to assure causality (Morgan et al. 2017).

## Market Failure and Public Goods

Markets can be effective at dealing with some regulatory issues by themselves, through competition, but there are times when government is compelled to become involved. It has been suggested that markets may perpetuate injustice, necessitating government intervention beyond market forces (Charlesworth and Voruz 1998). In instances of market failure, when the free market has shown itself incapable of achieving efficiency, government may intervene to regulate. Dudley and Brito (2012) suggested four instances where market failure might occur: externalities (where actions by one party cause or increase costs for other parties); public goods (commons); monopolies (one provider of a product/service, with no competition); and asymmetric information (where buyers and sellers have different types or amounts of information, and purchasing activity might be different if the information was the same for all parties).

The potential for achieving positive ends in public procurement is threatened by asymmetric information, as a form of market failure, due to the inefficiency introduced into the market, as well as moral hazard, as suggested by modern economic theory applied to public procurement (Mukhopadhyay 2011). There is at least the potential in public procurement that some information may be shared with certain vendors but not others, giving those vendors with information an advantage. Vendors with better information might increase their revenue (Mandell and Nyström 2013). Certain vendors that have experience with government and its processes may be more successful at winning contracts; outside vendors may be able to provide improved product or a better price, but they might have less of a chance of winning because they lack information needed to succeed. Even complex contract documentation can pose a significant barrier to some vendors, particularly small vendors that have not regularly encountered public procurement processes (Waller et al. 2016). Regulation and restriction may be employed to help resolve or eliminate externalities, but it is difficult in practice to fully address myriad contextual issues.

Centralization of procurement processes may be thought to improve efficiency, especially in situations where rent-seeking is a problem in

lower government levels, even though it means that decisions are possibly made further away from the public ultimately served. However, centralization does not necessarily resolve the potential for unequal gains among stakeholders; further, the decision to centralize or not may not involve much economic analysis (Van den Bergh 1994). Proceeding from a public choice perspective, people are self-serving and intent on maximizing their utility (Mueller 1989), and this can be addressed by constraint in procurement practice; however, this does not mean that people cannot see beyond immediate personal gratification, or work for broader principles, as people have varied wants and needs (Koppl 2018).

## Price Fixing and Collusion

Price fixing refers to "the artificial setting or maintenance of prices at a certain level, contrary to the workings of the free market; an agreement between producers and sellers of a product to set prices at a high level" (Garner 2009, p. 1362). Collusion involves "an agreement to defraud another or to do or obtain something forbidden by law" (Garner 2009, p. 321).

Imperfect competition results in agencies that may buy less or fail to satisfy public wants and needs, because resources have been spent inefficiently on previous contracts (Bhagat 2017). The potential for price fixing and collusion, which results in imperfect competition, exists in public procurement; unchecked, this tendency can result in increased prices, minimally, and cumulatively the loss of substantial public sector resources.

The "gaming" of a public sector solicitation for goods and services by industry may be seen less as a violation of law, and more a matter of gaining competitive advantage by managing an untenable and unnecessarily difficult public procurement system. In a purely competitive public procurement system, what should be *rival* vendors instead reach "consensus on pricing, output, or other terms of trade"; these vendors also detect "deviations from the agreement. . .and [punish] firms that cheat" this agreement (Kovacic 2006, p. 827). Attention thus shifts from serving the public purpose and customer for best cost, to managing a self-serving, public-injuring scheme, that might possibly be only discerned by patterns in bidding over a period of time (Kovacic 2006). Slowness in response by government against such abuses may embolden vendors to further engage in untoward behavior. Even the rules put in place to avoid such abuse, as a result of their inability to bend to specific situations, may reinforce and encourage cartels (Bhagat 2017).

## Conclusion

The economic context of public procurement is challenging, as there are many considerations beyond those seen in private-sector procurement, which speak to ideals of communities and their governments. As Callender and Matthews suggested, public procurement has a role in "balancing the issues of equity and economic responsibility" and bringing the ideals of government into the marketplace, in ways that may reduce operational cost (2009, p. 746). The success or failure of governments' interest in producing value for the public rests to great extent on the effectiveness of public procurement processes and professional staff. Awareness of the economic context of public procurement can assist in addressing potential hazards, as well avoiding choices that result in negative consequences to the government enterprise and ultimately the public.

## Cross-References

► Bureaucracy and Economic Growth
► Economic Development Policy

## References

Baily P, Farmer D, Crocker B, Jessop D, Jones D (2018) Procurement principles and management, 11th edn. Pearson, Uttar Pradesh

Bhagat G (2017) Public procurement: a competition perspective. Ind J Public Adm 63(2):176–186
Callender GC, Matthews D (2009) Economic context of public procurement. In: Thai KV (ed) International handbook of public procurement. Auerbach Publications, Boca Raton, pp 737–748
Charlesworth J, Voruz V (1998) The contract compliance policy: an illustration of the persistence of racism as the failure of modernity. Soc Leg Stud 7(2):193–212
Dudley SE, Brito J (2012) Regulation: a primer, 2nd edn. Mercatus Center, Arlington
Erridge A, McIlroy J (2002) Public procurement and supply management strategies. Public Policy Adm 17(1):52–71
Garner BA (2009) Black's law dictionary, 10th edn. Thomson Reuters/West, St. Paul
Gori GF, Lattarulo P, Mariani M (2017) Understanding the procurement performance of local governments: a duration analysis of public works. Environ Plann C Politics Space 35(5):809–827
Kennedy P (2000) Macroeconomic essentials: understanding economics in the news. MIT Press, Cambridge, MA
Koppl R (2018) Expert failure. Cambridge University Press, Cambridge
Kovacic WE (2006) An integrated competition policy to deter and defeat cartels. Antitrust Bull 51(4): 813–835
Mandell S, Nyström J (2013) Too much balance in unbalanced bidding. Stud Microeconomics 1(1):23–35
Morgan K, Munday M, Roberts A (2017) Local economic development opportunities from NHS spending: evidence from Wales. Urban Stud 54(13): 3138–3156
Mueller DC (1989) Public choice II: a revised edition of public choice. Cambridge University Press, Cambridge
Mukhopadhyay B (2011) Evaluating public procurement. Rev Mark Integr 3(1):21–68
Nash RC Jr, Schooner SL, O'Brien-DeBakey KR, Edwards VJ (2007) The government contracts reference book, 3rd edn. CCH, Riverwoods
North DC (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge
Reijonen H, Tammi T, Saastamoinen J (2016) SMEs and public sector procurement: does entrepreneurial orientation make a difference? Int Small Bus J 34(4):468–486
Stiglitz JE, Rosengard JK (2015) Economics of the public sector, 4th edn. Norton, New York
Support for Improvement in Governance and Management (SIGMA) (2016) Economic issues in public procurement. Public procurement brief 2. Paris, France
Van den Bergh R (1994) The subsidiarity principle in European community law: some insights from law and economics. Maastricht J Eur Comp Law 1(4):337–366
Waller R, Waller J, Happio H, Crag G, Morrisseau S (2016) Cooperation through clarity: designing simplified contracts. J Strateg Contract Negot 2(1–2):48–68

# Economic Cooperation as a Precursor to Political Alignment: Prospects for Latin America

Brian E. Wish[1] and Jorge Munoz[2]
[1]Tarleton State University, Stephenville, TX, USA
[2]Central American Bank of Economic Integration, Tegucigalpa, Honduras

## Synonyms

Latin American Integration

## Definition

History and future propensity of Latin American and Caribbean countries to align economically and politically.

## Introduction

The dream of a united Latin America has fired imaginations in Latin American countries and the Caribbean for centuries. From the beginning of the postcolonial era, military and political leaders dreamed of uniting the newly independent states or at least aligning them politically into loose confederations. Political realities interfered, and the fledgling states were not yet ready for integration. Perhaps now, however, conditions might allow for a more regional integration along the lines of the European Union, where countries with unique national identities, as well as strong traditions of independence and sovereignty, have allied, eliminating borders, communizing currency, and generally synchronizing foreign policy.

### Revolution and the Postcolonial Environment

The aftermath of the split between Latin American colonies from Spain and Portugal was very different than the experience of the colonies which

formed the United States. The American Revolution was a mutual, coordinated decision based on shared principles enshrined in the Declaration of Independence, which laid the seeds of a united nation. Latin American nations, on the other hand, came to their independence along different paths.

**Paths to Independence**. Over roughly 300 years of rule, Spain governed its American colonies through the establishment of a system of viceroyalties, which by the time of the wars of independence included the Viceroyalty of New Spain, Viceroyalty of New Granada, Viceroyalty of Peru, and Viceroyalty of the Rio de la Plata, centered on Mexico City, Bogota, Lima, and Buenos Aires. Each viceroyalty was divided into regions, governed by *audiencias* which combined executive and judicial powers, as well as some limited legislative and ecclesiastical authority. Over the decades of colonization, a somewhat independent tradition had evolved, with local elite gaining power, yet authority continued to be appointed and exercised by Spain. In the late 1700s, the Bourbon Reforms sowed dissatisfaction among the Spanish colonies as the Spanish crown attempted to reassert dominance. Still, widespread independence movements did not coalesce until the crisis of legitimacy caused by abdication of Charles IV, followed shortly by the abdication and imprisonment by Napoleon of Ferdinand VII in 1808. As the Peninsular War raged and the monarchy was powerless, the colonies were left to administer themselves. In Rio de la Plata, royal bonds were perhaps the weakest; a previous viceroy had been deposed by the people, and Santiago de Liniers was installed and later confirmed by Charles IV. Deposed in turn during Ferdinand VII's captivity, the question of independence was settled by 1812.

Turmoil continued in Spain as the regime of Joseph Bonaparte was not unanimously recognized and the Bourbon loyalists established the *Cortes de Cadiz*, a version of a parliament that included representatives from the colonies, regarded in that body as Spanish provinces. The Cortes passed a constitution granting certain autonomy, but as Ferdinand VII was restored in 1814, the move toward devolution and the Cortes' constitution was repealed to reassert royal supremacy. Revolution temporarily reinstated the constitution in 1820, but absolute rule was restored by invasion in 1823. In the Americas, the disappointment over the failed attempt at autonomy grew to spur the desire for full independence. Various royalists and revolutionary factions warred across the continents, often province by province, until the Viceroyalty of Peru ended in 1824. Spain itself was in no position to conduct the war, as it was busy still fending off its invasions by France.

The Viceroyalty of Brazil, a Portuguese colony, followed a different route. John VI of Portugal fled Napoleonic forces and relocated to Rio de Janeiro in 1808 and elevated Portugal to the status of Kingdom in 1815, shortly before his return to Portugal in 1816. In 1821 the Portuguese Cortes demanded Brazil return to the status of colony; Pedro I, John's heir, refused and declared independence in 1822. While Mexico flirted briefly with the idea of maintaining a monarchy, the Empire of Brazil actually endured for another 67 years. With no crisis of legitimacy, Brazil's independence was peaceful in comparison to other Latin American states.

**The Path to Disunity**. The first and only serious attempt at some form of federation among the new states was the Congress of Panama in the summer of 1826. Simon Bolivar, revolutionary hero and at the time president of both Peru and Gran Colombia, issued an initial call at the end of 1824 to Mexico, Rio de la Plata, Gran Colombia, Chile, Peru, and the United Provinces of Central America. Invitations were ultimately extended to every country except reclusive Paraguay, as well as the United States and Great Britain. Chile and Rio de la Plata declined to attend, and Bolivia sent representatives who never reached the conference. Brazil, though heavily courted, initially agreed to attend but never actually sent representatives. One of the two representatives of the United States died in route, and the other missed the initial conference. Attendance ultimately included only Gran Colombia, Peru, the United Provinces of Central America, and Mexico, with Great Britain attending in observer status.

While the initial congress did result in a treaty, the main thrust of the agreement was a mutually

guaranteed sovereignty and independence of the signatories. Even though the treaty did contain some mutual defense obligations and provisions, these were generally weak and were never implemented. Finding Panama inhospitable during the summer, follow-on congresses were moved to Mexico. Ultimately, the treaty was ratified only by Gran Colombia, and the states went their own directions as fully independent nations.

Clearly, the Latin American experience was different from that of the British colonies. This can be ascribed to several factors. First, Britain's American colonies had a tradition of democracy. The Great Britain of George III was a constitutional monarchy. Unlike today, the monarch still retained enormous political power, but nevertheless the parliament enacted laws with the House of Commons as a full partner. This tradition of representative government was reflected in its colonies, where all had established various forms of legislatures at the time of the American Revolution. This tradition of democracy enabled consensus decision-making, and enacting a representative body at the federal level was a somewhat natural progression. Spain, on the other hand, was close to an absolute monarchy; in fact, in the case of Mexico, it was the possibility of liberalization that sparked a royalist revolt and ultimately led to independence. By the late 1820s, political systems ranged from somewhat liberal and democratic to dictatorial or, in the case of Brazil, still monarchical. Autocratic regimes are unlikely to willingly divest personal power to a federation.

Closely related was the nature of the emancipation processes themselves. In the case of the United States, the colonies jointly convened a Continental Congress and ratified the Declaration of Independence. This same body governed during the Revolutionary War. This body, empowered and trusted to govern, produced the Articles of Confederation and ultimately the Constitution. The Congress of Panama, by contrast, was an afterthought. The movement to independence in the Spanish colonies instead germinated viceroyalty by viceroyalty and in some cases province by province. Though revolutions in some area were organized and funded by other newly independent regions, often with Simon Bolivar leading the forces, there was no theater-wide organization coordinating mass revolution. At the time of the Congress of Panama, there was not only no tradition of democratic governance but only a very limited tradition of cooperation and integration during the various wars for independence.

### Post-World War II Era

After the failure of the Congress of Panama, various efforts continued over the next decade to forge a political alliance. Mexico, spurred by military tensions with the United States, pursued occasional efforts to rally Latin American countries. Peru, also prompted by military concerns, hosted conferences in 1847 and 1864 with no lasting results. Fragmentation actually increased during this time period with the breakup of Gran Colombia in 1831 and the late 1830s dissolution of the Federal Republic of Central America into its constituent states. The process was completed with independence of Panama from Colombia in 1903. Throughout the end of the nineteenth century and the beginning of the twentieth century, there remained a strong pro-union undercurrent in Latin American politics and political thought, but little action resulted.

World War II rearranged the power structures of the world and brought about the new United Nations (UN) organization to promote peace and cooperation throughout the world. In 1948, the UN established the Economic Commission for Latin America (ECLA), also known as the *Comisión Económica para América Latina* (CEPAL). In 1984, ECLA became ECLAC with formal addition of the Caribbean to its title, reflecting its actual broader responsibilities, though the CEPAL acronym remained the same. The mandate of this new organization was to promote and facilitate development throughout Latin America by providing planning, strategy, and a venue for economic cooperation. In its early years, the commission focused on import substitution industrialization (ISI) as a strategy to increase local manufacturing in areas where goods were imported at a premium. Eventually, the commission's philosophy evolved to

recognize the limits of ISI and the opportunity presented by lowering trade barriers and forming an economic block, and ideal promoted through a series of conferences in the late 1950s.

To this end, the Latin American Free Trade Association (LAFTA)/*Asociación Latinoamericana de Libre Comercio* (ALALC) was formed in 1960 by the Treaty of Montevideo. Initial signatories included Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay. In addition, Colombia, Ecuador, Venezuela, and Bolivia joined within the decade. LAFTA's primary focus was free trade, accomplished through mutual tariff reductions. However, mechanisms of individual negotiations by commodity proved time-consuming. Plus, member states had varying agendas; weak enforcement and escape clauses allowed member states to protect industries considered essential. Adding to the barriers to implementation was the large number of state-owned industries, which provided especially large disincentives for free trade, and the simple fact that Latin American economies occupied a wide range of development levels. LAFTA member states never met tariff reduction targets, and by 1980 it had collapsed completely, though it was somewhat replaced by the Latin American Integration Association (LAIA)/*Asociación Latinoamericana de Integración* (ALADI) as a forum to coordinate free trade and move to a common market.

During the LAFTA period, subregional organizations arose and provided alternate and somewhat competing paths to economic integration. The Central American Common Market (CACM), including Guatemala, Honduras, El Salvador, and Nicaragua, formed in 1960 and expanded to Costa Rica in 1962. After initial success at tariff reduction in the 1960s, it was eventually torn apart by regional political strife between member states, though it was resurrected in the later 1980s. Another subregional organization, the Andean Community, began as the Andean Pact in 1969. The agreement initially included Bolivia, Chile, Colombia, Ecuador, and Peru, plus Venezuela in 1973. Chile exited in 1976. The community has seen moderate success over the years with both economic and limited political alignment and is today aligned with the *Mercado Común del Sur* (MERCOSUR).

From a political integration perspective, the Organization of American States (OAS), founded in 1948, provides a framework for cooperation among Latin American countries. However, despite some successes, such as creation of the Inter-American Development Bank (IDB), the OAS is not a primary vehicle for driving Latin American integration. Its membership includes non-Latin countries, particularly the United States and Canada. It has best served as a political referee between states and provides a forum for cooperation and dispute resolution, rather than providing strong political guidance and governance.

Lack of regional political cooperation and guidance may be a root cause for lack of economic cooperation during this era. The failure of LAFTA and the subregional economic organizations to make substantial progress on economic integration during this period can generally be attributed to lack of political mandate for successful cooperation. Political instability was routine, for example, the US-backed coup in Chile ultimately led to Pinochet's withdrawal of that country from the Andean Pact. Changing regimes shifted political and economic focus and did not provide an environment focused on economic promotion. While economic integration may ultimately lead to political integration, enduring political commitment appears to be a necessary precursor.

### Modern Era (1980–Present)

The contemporary history of the integration efforts in Latin America is illustrated with the evolution of their institutional integration tools. Starting with the Cartagena Agreement from 1969 that gave rise to the Andean Community of Nations – *Comunidad Andina de Naciones* (CAN) – the changes in the composition and the transformations of the institutions inform about the incentives and obstacles to a stable union. The CAN started as a trade bloc comprising Bolivia, Colombia, Ecuador, Chile, and Peru. One of the main purposes of the bloc was to build a common buffer to the effects of volatility of the commodity markets, particularly in mining industries. Forming such a bloc was a logical step since the founding countries had economies traditionally focused in those areas.

The CAN had its first change with incorporation of Venezuela in 1973. Chile withdrew from the agreement in 1976, citing incompatibilities with the free-market economic policies it wanted to pursue, with the more plan-based policies promoted within the CAN. Peru temporarily suspended its obligations in 1992 due to its liberalization process, leaving only Bolivia, Colombia, Ecuador, and Venezuela to establish a free trade area in 1993. In 1995, the members adopted a custom union and common trade tariffs to be imposed in dealings with nonmember countries. The year 2006 saw the full reincorporation of Peru, but also the withdrawal of Venezuela in protest over the signing of free trade agreements by Colombia and Peru with the United States. Venezuela, in turn, joined another subregional trade block, MERCOSUR, whose membership included Argentina, Brazil, Paraguay, and Uruguay. Thus, currently, CAN membership is as follows: Bolivia, Colombia, Ecuador, and Peru are full members, while Chile, Argentina, Brazil, Paraguay, and Uruguay are associate members. Panama, Mexico, the Sahrawi Democratic Republic, and Spain are observers. The current membership illustrates that CAN is no longer exclusively a trade block of countries with similar economies, but has evolved into a system to support regional policies toward other blocks.

The New Strategic Design of the CAN, adopted in Quito in 1995 and incorporated into the Trujillo Protocol of 1996, defined it as an organizations constituted by different organs and institutions coordinated by the Andean Integration System (AIS). The organizational structure of the AIS has been inspired by the Treaty of Rome that created the European Economic Community, and in addition to the Andean Council of Presidents and the Council of Foreign Ministers, it includes the following institutions:

(i) General Secretariat – The executive body, with a full-time secretary general.
(ii) Andean Parliament – The policy advisory body consisting of five members of parliament from each member country.
(iii) Andean Court of Justice – Judicial body which resolves disputes among member countries.
(iv) Latin American Development Bank (CAF) – With membership beyond CAN, currently includes 19 member countries, two of which (Spain and Portugal) are extra-regional.
(v) Latin American Reserve Fund (FLAR) – A common reserve fund aiming at stability of member; besides the four CAN members, it includes Costa Rica, Uruguay, and Venezuela as its members.
(vi) Simón Bolívar Andean University.

The organs and institutions are divided into three categories: intergovernmental organizations, community organizations, and instances of civil society participation.

In 1999 the CAN and MERCOSUR began negotiating a merger with the purpose of creating a South American Free Trade Area. This was accomplished in December 2004 with the Cuzco Declaration, a cooperation agreement with the intent of integrating all South American States that created the South American Community of Nations. This body was renamed the *Unión de Naciones Suramericanas* (UNASUR) in 2007, also known as the Union of South American Nations (USAN). Nevertheless, the UNASUR agreement does not contemplate the gradual replacement of the existing institutions and structures of CAN and MERCOSUR, therefore potentially indicating the lack of appropriate legal institutions and structures to support the integration efforts.

## Prospects for the Future

The historical obstacles toward the construction of a viable integration within Latin America resided in the weak tradition of political participation of its populace during its colonial times and early development. This, combined with the heterogeneity of its nations and regions, did not allow for a workable integration proposal that assured the satisfaction of all participants. Currently, although there has been significant progress toward participatory democracy and the construction of political institutions, the differences among nations and regions persist.

The rapid evolution and mutation of institutions such as the CAN and the AIS is an indication that long-term goals may not necessarily be the driving force behind the construction of the integrational institution platform; it seems more adapted toward momentary convenience and the allegiances of the moment. This cannot be translated into a workable integration effort that is sustainable through time and contributes toward the goals that are always part of the official discourses: the improvement of living conditions of the citizens of Latin American countries.

## Conclusions

There are still certain factors that can be built upon to ensure a sustainable integratory effort and a real contribution toward enhancing the living conditions in the region. Any integration structure has to have clear goals and a common purpose; this means that regional blocks have to be unified by a cohesion element that resists changes in regimes and even political as well as economic diversions. Small regional blocks with common interests, such as geographical or productive base affinity, can be a start. The next step is to draft a path that is impervious to the politics of the moment, and although this might difficult, it can be provided for with a strong legal institutional framework.

Institutions such as the Inter-American Development Bank (IDB), the Latin American Development Bank (CAF), and the Central American Bank for Economic Integration (CABEI) have been able to navigate the turbulences of conflict within and among their members. All three have been steady sources of funds, especially in times when international lenders have been less than enthusiastic about prospects of projects in the area. This has been largely the result of the strong legal framework of these institutions and the technical base of its operations. These institutions have been able to welcome and retain member states throughout their diverse exercises in social and economic policy.

A more educated and participant population will force their leaders to seek those arrangements that make sense for the country and eschew the agreements and institutions that drain their coffers without any viable prospects. More important, the chances of success of any integration effort hinge upon the solidity of the institutional legal framework and the technical independence with which it can operate. In the case of Latin America, small steps may yield great results in the long run.

## References

Klooster W (2009) Revolutions in the Atlantic World: a comparative history. New York University Press, New York

Odello M, Seatzu F (eds) (2015) Latin American and Caribbean international institutional law. T.M.C. Asser Press by Springer, Heidelberg

Rivera S (2014) Latin American unification: a history of political and economic integration efforts. McFarland & Company, Inc., Publishers, Jefferson

E

# Economic Cost of Crime

Mauricio Olavarría-Gambi
Universidad de Santiago de Chile, Santiago, Chile

## Synonyms

Economic burden of crime

## Definition

Economic consequences for people and society of the actions that try to avoid crime victimization events, of the occurrence of crime, and of the efforts aimed at identifying the perpetrators and assign them penalties through the legal system.

## Section

Latin America and the Caribbean

## Introduction

The negative consequences of crime and violence have a very wide scope, since they affect the

people's prospects of life, the social relations within communities, the countries' institutionality, the political and economic system, the development goals of nations, and their international relations, because recurrently the action of criminal bands goes over States' boundaries, criminal practices are exported, and they are rapidly assumed by local criminals.

Studies of the costs of crime and violence are very useful because together with the indicators of the incidence of victimization, an integrated vision and higher degrees of certitude provide relevant information obtained by rigorous social research methods on the size reached by the problem, the research, expenses, and losses that it generates to citizens, homes, companies, the State, and the economic system. At the same time, the studies of the economic costs of crime and violence provide relevant information to size the resources that the State must invest to face this phenomenon, to clarify the measure of the benefits and the efficiency of the public interventions – one of which would be the cost avoided by the reduction of the criminality and violence indices.

The cost studies are not aimed at establishing accuracy in their estimations, but rather to identify "orders of magnitude" within which the cost of crime and violence falls in a given country or community. The reason for this is that on the one hand crime is an evolving and dynamic phenomenon in its practices, making it difficult to identify the monetary measurement of its consequences. On the other hand, it is necessary to take note that the information needed to estimate the cost of crime is complex and difficult to achieve, and this often leads to making great depuration efforts and applying indirect estimation methods.

Notwithstanding the above, the identification of the "orders of magnitude" within which the cost of crime and violence falls is a highly important information for the political and social actors and the public authorities, because it allows assigning to this problem the corresponding priority in the governmental agendas, in the public policy debate of each country, and in the international forums.

Although little is known, the studies on the cost of crime have had a long development, propelled mainly by practical issues on the fiscal implications of criminal action and by the construction and maintenance of jails. Also, these kinds of studies have been showing great diversification and sophistication over time, and together with this they have been incorporating increasingly novel dimensions into the estimations.

## Conceptual Issues

Crime and violence are social evils with which the States try to deal through public policies aimed at reducing or containing them. The main characteristic of criminality is that it is a social phenomenon, multicausal and multidimensional, that is expressed by means of a behavior that goes against a given social or legal order.

### Crime, Violence, and Costs

According to Grispigni (1928), crime is that disruptive human behavior that seriously endangers coexistence and cooperation among the individuals that constitute a society, and that is described as such in the norms that make up a country's legal system. Consequently, the legal typification of a conduct as crime expresses social disapproval of that conduct, bringing about the imposition of penalties against the responsible person. The idea of a social agreement, expressed in the law, which establishes punishments for conducts considered disruptive, led to understand crime is any activity that is punishable by means of a criminal trial. In agreement with these definitions, committing criminal acts carries liability, and the society has the right to identify those who commit these acts and make exigible the responsibilities derived from them.

Furthermore, the discussion on what is crime has led authors and the legislations of countries to differ between the concepts of crime and misdemeanor. The former identifies those conducts that imply more serious disruptions, while the concept of misdemeanor is normally reserved for those conducts that violate the law in a minor or less serious way. Although both conducts are punishable, the severity of the penalty is associated with the seriousness of the action.

In view of the above, some conducts that can be considered crimes in one country may not be in another, because the legal order is an issue defined in the political realm of societies and varies depending on the country to which one is referring. Therefore, a common typology classifies into crimes against persons and crimes against property, in which economic crimes also fit.

Crimes against persons include murder, injuries, and rape. Murder is defined as death caused deliberately to a person. Injuries refer to a physical attack against a person that results in bodily harm of the attacked person. Rape is understood as a sexual encounter without valid consent. Kidnapping is defined as the "deprivation of the freedom of a person, fully identified, against his will, demanding an economic or other advantage in exchange for his freedom" (OEA 2013). Extorsion is defined in the following terms by the Código Penal Guatemalteco: "Whoever, to get an unlawful gain, to defraud, or demand whatever amount of money with violence or under direct or covert threat, or by a third party and by any means of communication, forces another one to deliver money or goods; and also when with violence forces him to sign, enter into, grant, destroy or deliver some document, enter into an obligation, or condone it or renounce some right" (Guatemala, Congreso 2009).

In turn, theft and robbery regularly configure so-called crimes against property, although a wider view would include so-called economic crimes. Theft is described as removal of property without the owner's consent. Robbery is defined as removal of property, without the consent of the owner, in an act which involves the use or the threat of the unlawful use of force. Economic crimes refer to swindles and frauds, usury, fraudulent use of bank accounts, obtaining credits fraudulently, tax crimes and breaches, crimes against industrial and intellectual property, and similar offenses.

Situations of violence, in turn, appear recurrently associated with criminal events. The main characteristic of violence is that it is a multicausal phenomenon affected by psychological, biological, economic, social, and cultural factors, among others. The phenomena that accompany violent behavior constantly cross the boundaries between individual, family, community, and society. In turn, violence has consequences that encompass the individual, family, communal, and social realms.

According to the OMS (2003: 5), violence consists in "the intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, that either results in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment, or deprivation."

According to this definition, violence assumes the following modes:

- *Self-directed violence*: It refers to violence in which the perpetrator and the victim are the same individual and is subdivided into self-abuse and suicide.
- *Interpersonal violence*: It expresses conducts perpetrated by an individual toward another person, and it results in psychological, emotional, sexual, or property injuries and/or damage. Interpersonal violence includes child maltreatment, domestic violence, elder abuse, sexual violence, violence in the workplace, youth violence, and criminal violence.
- *Collective violence*: It refers to behaviors developed by a group in relation to a person or another group, and it results in psychological, emotional, sexual, or property injuries and/or damage.

In this context, the expression costs of crime and violence refer to one of the consequences of crimes against property (the expression crime against property is expressed here in a broad sense, including economic crimes) and persons, associated with the loss of well-being suffered by the victims and society and that are susceptible of being appraised economically.

Therefore, the estimations of the cost of crime and violence express the monetary valuation of the investments made by persons and organizations to avoid being victims of crimes and violence, to the direct losses and expenses and the income not perceived by the victims as a consequence of a criminal act, and to the expenses made

by the State to approach and control the phenomenon of crime and the violent action of groups that promote it.

### Direct and Indirect Costs

The distinction between direct and indirect costs refers rather to the items that are included in the estimations and not to the way in which they are produced. Direct costs identify those losses or expenses that arise as an immediate consequence of the criminal action, of the public efforts to control it, establish and pursue the responsibilities of the criminals, and/or assign punishments or penalties. The indirect costs express near future consequences and allow seeing the welfare loss that appears in time as a result of the occurrence of criminal acts.

The costs that the studies include recurrently as direct are medical expenses; the cost of the police, courts, and jail system; the price of the robbed goods; and the amounts paid in kidnapping and by extorsions, while the indirect costs include income not received, uncollected taxes, the cost of opportunity, investments to avoid being victims of a crime, and the like.

### Tangible and Intangible Costs

The estimations of recurrent cost distinguish between tangible and intangible costs. The notion of tangible refers to those costs which, when reduced or eliminated, make the resources become available for other uses. These are costs in which persons, organizations, and communities incur to avoid being victims of criminal actions, which appear as the result of the perpetration of crimes – such as robberies and thefts – and those that arise as a result of the efforts to identify those responsible for the crime and assign them a penalty. The intangible costs, on the other hand, are associated with pain, anguish, suffering, and loss of the quality of life and effects on the labor market, personal trauma, and changes in habitual behavior, threat of becoming victimized or subjected to violence, loss of interpersonal trust, and deterioration of social capital or of tranquility and freedom.

Although conceptually it is possible to identify clearly the intangible costs caused by criminal action, they are more difficult to be estimated and reduced to a monetary measure, and they often generate a discussion on the ethical scope of those measurements. That is why rather reiteratively the studies of the cost of crime and violence omit them from the estimations.

## On the Estimation of Costs

### On the Methods

The efforts to estimate the costs of crime and violence are complex. Conceptually, they assume a comparison – sometimes implicit and others explicit – between a situation with crime and/or violence and others without these social evils. The methods most widely used by the studies are those of contingent valuation, hedonic prices, and the accounting of losses, expenses, and expenditures motivated by the criminal action.

The contingent valuation method tries to identify the willingness of a person or community to pay to improve, avoid the worsening of their welfare conditions, or compensate for damage or the not produced improvement. For that purpose the interested parties are asked directly about their willingness to pay in the face of, for example, preventing crime and violence to grow in the sector where they live. Using this method in the case of Argentina, Ronconi (2009) identified that the average willingness of those surveyed to pay to avoid being victimized was US$1028 and US$256 to avoid contact with a criminal.

Although this method is used in studies on the behavior of consumers, its disadvantages require care with the information that is collected and with the estimations that it delivers. One of them is that since they are based on the responses of those surveyed, they can behave strategically if they realize that it will be either them or the State that will pay for the welfare improvements or to avoid damages. Furthermore, several biases that the method has have been identified by the specialized literature, such as the instrumental biases, like that in which the question identifies a certain amount of money, when the surveyed person gives a different answer from that which would have been given to avoid causing discomfort to

the surveyor, when the payment method affects the response, that situation in which the response is conditioned by the information of the surveyee on the probability of executing the project, or the place occupied by the project in the list of alternatives submitted to the surveyee.

The hedonic price method has also been used to estimate the characteristics that determine the market price of a property, particularly in the estimation of prices in the housing market. The method states that the value of a property would correspond to the sum of the values assigned to its characteristics, so the price of a house, for example, would be determined by the characteristics of the house, the neighborhood, the pollution in the zone where it is located, and the social characteristics such as segregation and criminality levels of the neighborhood. Thus, applying this method it would be possible to estimate the differences in the price of housing and consequently to measure the cost of the crime.

The usefulness of the studies based on this method is therefore aimed at identifying the losses that would be caused as a result of reaching high levels of criminality in a given zone – compared to another one without criminality or with low levels of it – or the earnings in the social welfare derived from the reduction of criminal victimization. The great usefulness of this method lies in estimating intangible costs, where the security attribute of homes can be isolated. The difficulty, of this method, however, lies in finding similar comparable quarters or zones, where the difference between them is given by the levels of criminality that they present. So in view of this difficulty, the usefulness of this method is restricted.

The method of accounting losses and expenses has been used extensively, due to its greater simplicity, the lower cost of producing it, and because it makes use of information already produced by the agencies themselves – public and private – related to the efforts for crime control. This method identifies costs as the investments made by people and organizations with the purpose of avoiding becoming victims of crime and violence, the sum of the value of the goods robbed and stolen, the income not received by the victims as a result of a criminal act, the costs of medical help of the victims, and the expenses made by the State in order to dissuade the occurrence of criminal acts, identify those who have perpetrated a crime, prosecute their responsibilities, and apply the penalty determined by the courts of justice. The analysis of crime economics also incorporates the losses derived from the practice of extorsion and the cost of social opportunity of someone being devoted to a crime career instead of opting for allowed activities.

In any case, the latter cost is particularly difficult to estimate. The exercise of estimating the cost of social opportunity that arises when a person carries out criminal activities is particularly complex. Besides the harm caused to the victims and the expense made by the State in the investigation of the crimes in which it may be involved, in the work of the judicial power, and in the jail system, there is a social loss that is equivalent to the licit work which that person would have done if not involved in criminality. This needs full information on the size of the criminal force and on its distribution by age and gender, something that is very hard to obtain.

On the other hand, it is recurrently cited that crime can cause negative effects in the economic growth trends of the countries, by affecting the business climate and increasing the cost of the safety of the operations. Although the conceptual arguments are coherent, there is no clear evidence so far about this assertion.

In spite of this, the "Enterprise Survey" allows approaching the effect generated by a set of crimes in the business climate. The survey include items such as losses of the companies – measured as percentage of their sales – due to theft and vandalism against the company, payment of bribes, and the costs of security.

## Discussions on What Is the Cost of Crime

Varied conceptual discussions have emerged on the estimation of the cost items that have been identified in the previous sections of this entry. A highly important one is the assignment of a monetary value to life, where the objections that arise in the moral plane propose that reducing life to an amount of money is contrary to the universally accepted idea of the superior dignity of

human life. The objection also points out that these kinds of estimations do not take into account the pain, sorrow, or trauma implied by the loss of the father, mother, child, brother, or sister for the rest of the family members, a rape, or the sequels left by victimization.

Although these objections are correct, from the moral viewpoint, it is necessary to remember that the studies of the costs of crime and violence have the purpose of estimating the amount of money that society loses, wastes, invests, or fails to receive as a consequence of the existence of criminal and/or violent events. It is this context and the mentioned purpose, then, which make us want to identify the monetary losses and costs generated by homicides, injuries, sex crimes, and criminal victimization actions on people.

Two methods have been commonly used for these estimations: the demographic method and that of human capital. The former has been used in the estimations of the cost of drug abuse, and it is based on a comparison of the size and structure of a population in which there is consumption of psychoactive substances with the size and structure of a population in which hypothetically there is no consumption. Although this method has its origin in estimations of the cost produced by illicit drug consumption, it can be extended to the calculation of the human cost caused by crime and violence.

The human capital method, on the other hand, identifies the value present in the income not received as a result of victimization. These kinds of estimations make use of the results of the studies of burden of disease established by the healthy life years lost (or disability-adjusted life years, DALYs) by premature death and by disability for every registered pathology and normally use the average salary, average income, or the per capita gross domestic product (GDP) to avoid biases toward some socioeconomic group or gender.

Another discussion that runs around the cost of crime studies is whether what is robbed and stolen should be considered as a social loss. The discussion may even be extended to the amounts taken by the criminals from the execution of acts of kidnapping, extorsion, or so-called economic crimes. The argument that states that it would not be a social loss is based on the fact that there would only be a transfer of ownership between the legitimate owner and that who takes possession of the goods by means of a criminal act, because the goods still remain in the society; they do not disappear. The opposite argument presents variations. On the one hand, there would be a social loss that could get to be equivalent to twice the value of the goods, because both the legitimate owner and the criminal invest up to an equivalent of the price of the goods, either to defend them, the legitimate owner, or to keep them (illegitimally), the criminal. On the other hand, it should be noted that the stolen goods are traded at a much lower value than in illegal markets, that there is a social opportunity cost in the time that the criminal devotes to stealing the goods – instead of occupying it a legitimate activity–, that there is a loss of welfare of the legitimate owner, and that the victims tend to replace the stolen goods, which implies that they have to use part of their income to it instead of using it for buying other goods or services that increase their well-being. This argument, in turn, makes the value established for the stolen goods in the estimations be that assigned by their legitimate owner or the values paid by the insurance companies in these kinds of claims (another valuation method, such as discounting the depreciation of the purchase price, is difficult to implement because the homes very rarely have that information available).

Another kind of discussion that appears in relation to estimations refers to which items should be considered in the cost of crime and violence studies. Sometimes there are estimations based on appreciations of the time that would be devoted by each home daily to close doors and windows to avoid being victimized, on the expense that would be implied in having a dog or some other animal that would frighten away potential criminals and the investment needed to build fences and metal protections on doors and windows in houses, stores, and companies. Although the purpose of protection may be present in all these initiatives, the basic issue is that they also involve other motivations, such as the

desire for privacy, intimacy, and insulation against extreme outside cold or heat by closing doors and windows, the need for company and an expression of affection by having animals, and esthetic and ornamental criteria by placing fences. Furthermore, the lack of accepted or demonstrable standards in each of these items makes the estimations be based on subjective appreciations and therefore having a weak empirical foundation.

Viewed in perspective, the discussion on the items to be included in the estimations, how they are conceptualized, and the assumptions made in the studies are at the base of the variability presented by alternative studies of the costs of crime on the same country or community. Therefore, the efforts for making studies aimed at comparability in time or between countries or communities must first solve these issues.

## The Literature on Costs of Crime and Violence

The first recorded estimations go back to the beginning of the twentieth century, with the work of Smith (1900) on the costs of crime in the United States and, then, three decades later, with the study on the same country of the National Commission on Law Observance and Enforcement (1931). In recent decades there has been a rebirth of interest in studying the phenomenon, and the analyses have been increasingly integrating the economic consequences of the criminal action as well as the violence (for a review of the history of the estimations of the cost of crime, see Czabanski (2008)).

The efforts in the 2000s to estimate the cost of crime based on revealed preferences have largely concentrated on the effect on the price of housing. More recently, the study of Bishop and Timmis (2011), also based on the method of hedonic prices, finds that the willingness to pay to avoid being victimized violently (measured in cases by 100,000 residents) increased 10 cents for every additional incident.

Latin American studies that have applied hedonic models have had different results. Vetter et al. (2013) found that the increase in the percentage of persons who felt safe in the home in a standard deviation (18.7%) (the work of Vetter et al. (2013) also found that the percentage of homes in which all the household members felt safe from being victimized was, on the average, 41.3% for the metropolitan areas of Brazil) would increase by 8.4% the value of the rent of property in the metropolitan areas of Brazil. Ajzenman et al. (2014) found that there was no impact of the wave of violent murders related to drug traffic on the price of the properties in 1465 municipalities of Mexico from January 2008 to December 2010.

The method of contingent valuation has been used to estimate the willingness to pay for a drug treatment program in the community with the purpose of reducing crime; for a gun reduction program; for a program for reducing robbery, mugging, rape, and murder; and for initiatives for the reduction of common mugging, slight injuries, and serious injuries and to estimate public support for proposals of rehabilitation or jailing youngsters having conflicts with justice. In a study on Argentina, Ronconi (2009) concluded that the willingness to pay to avoid being victimized is considerably higher (more than twice) among those who had been victims of a crime, compared to those who had not.

The method of accounting losses and earnings has been used more extensively for the cost of crime and violence estimations. The types of costs included normally in these kinds of studies refer to the investments to avoid victimization, to the valuation of the losses produced by the criminal and violence action, such as the value of what was stolen, the stolen goods, the economic crimes, the costs of health recovery, the income not received because of death and/or injuries, and the expense incurred by the State, private agencies, and citizens with the purpose of identifying and making effective the responsibility of those who have committed the violent and/or criminal acts.

In the context of this approach, Brand and Price (2000) classify the cost according to the opportunity in which it is produced, which would be in anticipation, as a result of, and in response to the crime. The total estimated cost of

crime in England and Wales, according to this study, would be 7% of the GDP in 1999 and 2000. The study of Bowles and Pradiptyo (2005) shows that between 27% and 32% of this cost is attributable to youngsters aged between 18 and 24 years. A 2003/2004 update of the estimations of Brand and Price, for the same countries and with methodological updates, states that the cost of crimes against persons and homes dropped 9% between 1999/2000 and 2003/2004, that serious injuries reduced their cost, that the other injuries increased it, and that the cost of health and the forgone income because of sex crimes also increased (Home Office 2005).

Using the same approach, Rollings (2008) estimated the cost of crime in Australia at 4.1% of the GDP for 2005, which would imply an increase compared to estimations with data from 2001. In turn, Roper and Thompson (2006) estimated the cost of crime in New Zealand at 6.5% of the GDP, 77% of which would correspond to private costs and 23% to costs of the public sector. The categories analyzed in the New Zealand study include crimes against persons, such as violent and sex crimes and robbery; against private property, such as larceny, home robbery, damage to property, and fraud; and other crimes without direct victims, such as crimes related to drugs, traffic, and other similar ones.

Studies in the United States for the 2000s, related to the accounting method, have tended to approach conceptual and methodological aspects and to present estimations of particular items of cost, instead of concentrating on the total cost of crime and violence. Along this line, Lindgreen and Gifford (2000) estimated at US$120 billion the expenses of the State on crime and violence. Cooter and Ulen (2000) calculated at US$65 billion the costs of private prevention, and Witte and Witt (2001) valued at US$46.2 billion the protection and legal advisory services. Other studies of this type have estimated the cost of rape to the victims in health attention, in forgone income, in judicial cost, and in jail costs for the offender, the forgone income for the victim and the offender, short-term medical expenses, and damage to property or material losses. Similarly, a study by Cohen and Piquero (2007) estimated that a typical youngster with high sociodelictual risk during his life generates a cost of US$4.2 to US$72 million, 65% of which would correspond to the costs associated with the criminal career of these youngsters – which include the cost of the crimes committed, the cost of the criminal justice system and imprisonment, and the cost of opportunity of the victimizer – and the rest would be distributed over lost productivity, dropping out of school, and drug abuse.

On the other hand, a study of ten countries in Europe, Oceania, and America on State expenses to fight crime and violence, in the proportion of per thousand of the GDP, concluded that the expense in Australia was 10.53, in Austria 12.60, in Canada 11.25, in Denmark 7.64, in England and Wales 15.07, in France 8.26, in Germany 10.43, in Holland 11.57, in Sweden 10.34, and in the United States 15.64 (Van Dijk and Waard 2000).

The studies of the cost of violence have shown a variety of results. The compilation made by the World Health Organization (WHO 2004) shows that the estimations of the cost of homicides vary from US$15,000 in South Africa, US$602,000 in Australia, US$829,000 in Austria, and more than US$2 million in the United States. The same source points out that in the United States, the cost of child abuse represented 1% of the GDP, the cost of domestic violence reached 0.1% of the GDP, and the added cost of violence was estimated at 3.3% of the GDP. In turn, Pfizer (2001 in WHO 2004) estimated that the joint cost of crime and violence was equivalent to 5% of the GDP of the industrialized countries and 14% of the GDP in low-income countries.

In Latin America the studies in the decade of 2000 have followed two lines: those that have a regional perspective and those that deal with national cases. Among the former there is the work of Londoño et al. (2000), which points out that the cost of violence on goods and persons is equivalent to 14.2% of the Latin American GDP, that the loss in human capital reaches 1.9% of the GDP, that the loss of capital resources is in the order of 4.8% of the GDP, and that the transfers from victims to offenders are 2.1% of the regional GDP. Along the same line, the study of Acevedo

(2008a) estimates that the cost of crime and violence in Central America is 7.7%, including the costs to citizens, the action of the control system, and health care.

The studies of national cases show a wide variety of estimations and cost categories considered. A report by the World Bank (2007) shows that the cost of crime in Trinidad and Tobago was 1.6% of the GDP in 2003, including costs of lost productivity, funerals, and security for the companies; that the cost associated with crime in Jamaica for health care, lost productivity, and public expenses in security amounted to 3.7% of the GDP in 2001; and that if Haiti, the Dominican Republic, Guyana, and Jamaica could reduce the rate of homicides to the level of that of Costa Rica, they would increase their economic growth rates by 5.4%, 1.8%, 1.7%, and 5.4%, respectively. In turn, a study of crime and violence in Central America shows that the sum of the costs – as a proportion of the GDP – incurred in health care, public safety, and the administration of justice expenses, costs of security of homes and companies, and material losses amounted in 2006 to 7.7% in Guatemala, 10.8% in El Salvador, 9.6% in Honduras, 10% in Nicaragua, and 3.6% in Costa Rica (Acevedo 2008a). A study of the United Nations (2007), on the other hand, estimated in 7.3% the cost of crime in Guatemala and 11.5% in El Salvador.

In a comparative study, Londoño and Guerrero (2000) analyzed the costs of health, material losses, losses in productivity, investment, work, and consumption, and transfers, concluding that the costs of crime and violence in relation to the GDP represent 24.9% in El Salvador, 24.7% in Colombia, 11.8% in Venezuela, 10.5% in Brazil, 5.1% in Peru, and 12.3% in México.

In studies of countries, the work of Acevedo (2008b), based on costs of health, institutional, security, and material losses, estimates the cost for El Salvador in 2007, at 10.9% of the GDP, 0.1% higher than his own estimations for 2006 and much lower than those of Londoño and Guerrero for the end of the 1990s. The study of Olavarría (2005) estimates in 2.06% of the GDP the cost of crime in Chile for 2002, based on the analysis of the costs oriented at preventing being victims of a crime, the sum of what is robbed, stolen, and frauds, the cost of domestic violence, and the State's expenses. Ronconi, in turn, based on victimization surveys, estimates at 14.2% of the GDP the cost of crime in Argentina, including lost production, preventive measures, the feeling of insecurity, the value of what is stolen, and physical or mental health. Furthermore, Olavarría (2009) calculates the cost of drugs in Chile in 2006 at 1.03% of the GDP, including the costs of reduction of demand and supply; lost productivity; the costs of hospitals, jails, and funerals; and the size of the drug market in Chile, estimated at US$134 million of that year. Another study by Olavarría (2015), with data for 2010, estimated the cost of crime and violence in terms of the GDP at 2.42% in Chile and Uruguay, 1.95% in Costa Rica, 3.81% in Paraguay, and 4.78% in Honduras. On the other hand, a study on Brazil concludes that if there had been a reduction of 10% in the homicide rate per 100,000 inhabitants, there would have been an additional increase of the GDP between 0.7% and 2.9% (World Bank 2006).

Crime and violence studies tend to concentrate on the identification of tangible costs, in view of the difficulty, lack of data, and assumptions presented by the estimation of intangible costs. On this issue, Dolan et al. (2005) argue that the estimations of intangible costs such as pain, sorrow, and suffering experienced by the victims are not very robust. Using a method based on the estimation of the "disability-adjusted life years" (DALYs) – which they consider more defendable – they conclude that rape is the one that generates the largest losses, followed by other injuries, common assault, serious injuries, murder, robbery, and other sex crimes. The study on England and Wales (Home Office 2005) identifies the DALYs of the violent crimes that were included in the "British Crime Survey" (BCS), to which it then assigned a value that they consider appropriate for that reality. The results of these estimations indicate that the physical and psychological damage of the violent crimes accounted for 50% of the total cost of crimes and violence against persons and households in 2003/2004, which would imply a reduction with respect to the previous calculation made by Brand and

Price (2000). The study of Roper and Thompson (2006), using the same method as the Home Office (2005) study, calculates the intangible costs of crime and violence due to violent crimes (robbery, sex crimes, and similar ones), concluding that the intangible costs were 43.8% of the total crime and violence costs in New Zealand in 2003/2004.

McCollister et al. (2010) take a different view to estimate the intangible costs of crime and violence. Their estimations are concentrated on rape and sex crimes, robbery and serious assault, and murder. The estimation of the cost of pain and suffering for these crimes was based on the judicial compensations awarded to the victims, adding a correction for the murder risk. The calculations show that murder is what generates the highest intangible costs, followed by far, in decreasing order, by sex crimes, serious assault, robbery, arson, home robbery, automobile theft, and other thefts and stealing.

Latin American studies of the 2000s refer mainly to the tangible costs of crime and violence, although some also identify intangible costs. Among them, the study of Londoño and Guerrero (2000), based on surveys in which the willingness to pay for living in a situation of no violence is declared, estimated that the deterioration in the investment and productivity environment represented 1.8% of the GDP and that the deterioration of the consumption and work environment was equivalent to another 5.3% of the Latin American GDP. In turn, the study of Acevedo (2008a) estimated – based on the compensations that the victims would have received if the values used by the Department of the Environment, Transport and Regions (DETR) of the United Kingdom had been applied – that the emotional damage for crime and violence in Central America in 2006 would have been equivalent to 2.2% of the GDP of the subregion (the cost of the emotional damage by country, with respect to the GDP, would be the following: Guatemala 2.3%, El Salvador 3.4%, Honduras 2.4%, Nicaragua 3.1%, Costa Rica 0.9%; Acevedo 2008a: 14). Using the same method, Acevedo (2008b) estimated the emotional damage for 2007 in El Salvador at 2.5% of the GDP. In the case of Argentina, the study of Ronconi (2009), already cited when estimating the willingness to pay among those who had been victimized and those who had not, may presumably be capturing the cost (intangible) caused by the suffering or sorrow of having gone through this situation.

On the other hand, a report of the World Bank on the Caribbean (World Bank 2007), but without assigning money values, identifies other intangible costs of violence, such as the effects on social capital, the routine conducts, and recreational activities outside the home. In the case of Jamaica, the inhabitants of the neighborhoods with greater levels of crime suffer the effects of being stigmatized, which implies greater difficulties to find jobs. In the Dominican Republic, the main intangible costs of crime are expressed in a set of activities that the citizens avoid due to fear of being victimized, such as leaving their house alone, attending recreational activities, going out at night, or visiting friends and relatives. In the case of Haiti, the people avoid going to Port-au-Prince or the nearest large cities, going to the local market, visiting friends or relatives in their city, going to the bank, going to their neighbors, going to work, and going to entertainment locations. The study of Demoscopia (2007) states that the Maras – a form of disruptive social capital – in Costa Rica, Nicaragua, El Salvador, Guatemala, and Honduras – is involved in the traffic of drugs and guns, kidnapping, contract killing, robbery, assaults, extorsion ("tax collection") of neighbors and merchants, threats, and links with organized crime, all of which would inhibit practicing social relations and the strengthening of bonds of trust (A study by Olavarría and Allende 2014 shows that in those neighborhoods of the city of Santiago in Chile where there is more trust among the neighbors, there are lower levels of crimes and violence.), deteriorating sensibly the welfare of the communities.

Recent Latin American studies on the indirect costs of crime and violence have tended to focus on aspects of health, education, and the effects of adolescent penal responsibility on the occurrence of juvenile crimes. The work of Foureaux and

Manacorda (2013) found a negative and significant effect of violence contexts – measured by the rate of murders in the municipal districts of residence of the mothers – on weight at birth, accounted for by premature births, an effect that would concentrate on the first trimester of pregnancy. The study by Ibáñez et al. (2013) shows that after the implementation of Law N° 1.098 of 2006 in Colombia – which increased the age of adolescent penal responsibility from 12 to 14 years, which established that adolescents between 14 and 16 years could only be sent to correctional facilities if they were involved in cases of homicides, abductions, and extortion, and reduced the severity of the penalty to youngsters under 18 years of age – the rate of robberies and thefts had increased, which may be associated with changes in the incentives of the police, that the already mentioned effect would be greater in municipal districts with a larger proportion of youngsters under 14 years, and that school attendance in that group of children had decreased, with greater incidence in homes with less schooling. The research of Guarín et al. (2013), which also considered the effects of Law N° 1.089 of 2006 of Colombia, found that those youngsters who were arrested after the age of 18 years took 300 more days to commit a new crime, compared to those who had been arrested before that age, but those who had been arrested had a lower probability of attending school and had less schooling. The analysis of Agüero (2013) established a strong association between violence against women and the health of the children in Latin America, and in the case of Peru, the presence of emergency centers for women reduces the probability of domestic violence against them.

## Concluding Remarks

What this review shows is that concerns for identifying the costs of crime and violence have been developing for somewhat more than a century, that findings of these studies are useful for designing public policies aimed at reducing or containing criminal activity, and that methods used commonly have been contingent valuation, hedonic prices, and the accounting of losses and expenses, with the latter used most extensively.

The studies have also been showing the magnitude reached by the phenomenon of criminality and violence in each country – by identifying the cost that they generate for the citizens as well as for the State – and in this way they have contributed valuable information to give priority to State's interventions on this matter. Furthermore, the diversity of the amounts of costs that have emerged from the estimations has been showing also the difficulty of making comparisons between countries as well as intertemporal in a given country. This is doubtlessly one of the most important challenges that these kinds of studies must face from now on.

## References

Acevedo C (2008a) Los costos económicos de la violencia en Centroamérica. Presidencia de la República, Consejo Nacional de Seguridad Pública, San Salvador

Acevedo C (2008b) Los costos económicos de la violencia en El Salvador. Am Lat Hoy 50:71–88

Agüero J (2013) Causal estimates of intangible cost of violence against women in Latin America and the Caribbean. IDB Working Paper Series N°IDB-WP 414. IADB, Washington, DC

Ajzenman N, Galiani S, Seira E (2014) On the distributive cost of drug-related homicides, IDB working paper series N° IDB-WP-471. Inter-American Development Bank, Washington, DC

Bishop K, Timmins C (2011) Hedonic prices and implicit markets: estimating marginal willingness to pay for differentiated products without instrumental variables, NBER working paper 17611. NBER, Cambridge, MA

Bowles R, Pradiptyo R (2005) Young adults in criminal justice system: cost and benefits considerations. Centre for Criminal Justice, Economics and Psychology, University of York, York

Brand S, Price R (2000) The economic and social cost of crime, Home Office research study 217. Home Office, London

Cohen M, Piquero A (2007) New evidence on the monetary value of saving a high risk youth. Law and economics working paper 08-07, Vanderbilt University Law School

Cotter R, Ulen T (2000) Law and economics, 3rd edn. Addison-Wesley, Cambridge, MA

Czabanski J (2008) Estimates of cost and crime: history, methodologies, and implications. Springer, Berlín

E

Demoscopía (2007) Maras y pandillas, comunidad y policía en Centroamérica, Documento de Trabajo. Demoscopía S.A, San José. 57 páginas

Dolan P, Loomes G, Peasgood T, Tsuchiya A (2005) Estimating the intangible victim cost of violent crime. Br J Criminol 45(6):958–976

Foureaux Koppensteiner M, Manacorda M (2013) The effect of violence on birth outcomes: evidence from homicides in rural Brazil, IDB working paper series N° IDB-WP-416. Inter-American Development Bank, Washington, DC

Grispigni F (1928) Introduzione alla sociologia criminale. Unione Tipografico-Editrice Torinese, Torino

Guarín A, Medina C, Tamayo J (2013) The effect of punishment of crime in Colombia on deterrence, incapacitation and human capital formation, IDB working paper series N° IDB-WP-420. Inter-American Development Bank, Washington, DC

Guatemala, Congreso de la República (2009) Decreto N° 17-2009, Ley de Fortalecimiento de la Persecución Penal. Palacio Legislativo, 14 de Abril de 2009. Disponible en www.oas.org/.../Codigo%20Penal%20Guatemalteco%20DECRETO%20DEL%20C... Sitio web visitado en Septiembre de 2013

Home Office (2005) The economic and social costs of crime against individuals and households 2003/04. Home Office online report 30/05

Ibañez AM, Rodriguez C, Zarruck D (2013) Crime, punishment and schooling decisions: evidence from Colombian adolescents, IDB working paper series N° IDB-WP-413. Inter-American Development Bank, Washington, DC

Lindgren S, Gifford L (2000) Criminal justice expenditure and employment extracts program. US Department of Justice, Bureau of Justice Statistics, Washington, DC

Londoño JL, Guerrero R (2000) Violencia en América Latina: epidemiología y costos. In: Londoño JL, Gaviria A, Guerrero R (eds) Asalto al Desarrollo: Violencia en América Latina. Banco Interamericano de Desarrollo, Washington, DC, pp 11–57

Londoño JL, Gaviria A, Guerrero R (eds) (2000) Asalto al Desarrollo: Violencia en América Latina. Banco Interamericano de Desarrollo, Washington, DC

McCollister K, French M, Fang H (2010) The cost of crime to society: new crime-specific estimates for policy and program evaluation. Drug Alcohol Depend 108: 98–109

National Commission on Law Observance and Enforcement (1931) Report on the cost of crime and criminal justice in the United States. NCLOE, Washington, DC

Olavarría M (2005) Costos Económico del Crime en Chile. Gobierno de Chile, Ministerio del Interior, División de Seguridad Ciudadana, Santiago

Olavarría M (2009) Costos Humanos, Sociales y Económicos de la Droga en Chile, 2006. Informe Final. CONACE, Santiago

Olavarría M (2015) Cost of crime as calculated using the accounting methodology: a comparative study of Chile, Costa Rica, Honduras, Paraguay and Uruguay. In: Jaitman L (ed) The welfare cost of crime and violence in Latin America and the Caribbean. Inter-Aamerican Development Bank, Washington, DC, pp 35–64

Olavarría M, Allende González C (2014) Crime in neighborhoods: evidence from Santiago, Chile. J Crime Prev Community Saf 16(3):205–226. UK: Palgrave Macmillan

Organización de Estados Américanos (OEA) (2013) Glosario – Indicadores sobre Crimen y Violencia. En: alertamerica.org, El Observatorio Hemisférico de Seguridad de la OEA. http://www.oas.org/dsp/espanol/cpo_observatorio_glosario_crimenyviolencia.asp. Sitio web visitado en Septiembre de 2013

Organización Mundial de la Salud (OMS) (2003) Informe Mundial sobre la Violencia y la Salud, Publicación Científica y Técnica N° 588. OMS, Washington, DC

Rollings K (2008) Counting the cost of crime in Australia: a 2005 update, Research and public policy series N° 91. Australian Institute of Criminology, Canberra

Ronconi L (2009) Los Costos de la Delincuencia en Argentina: Estimación en base a Encuestas de Victimización. Mimeo. Laboratorio de Investigaciones sobre Crimen, Instituciones y Políticas (LICIP)

Roper T, Thompson A (2006) Estimating the cosy of crime in New Zealand in 2003/04, New Zealand Treasury working paper 06/04. The Treasury, Willington

Smith E (1900) The cost of crime. New York Times, November 29

The World Bank (2006) Crime, violence and economic development in Brazil: elements for effective public policy, World Bank report N°36525. The World Bank, Washington, DC

The World Bank (2007) Crime, violence, and development: trends, cost, and policy options in the Caribbean, Report N° 37820. The World Bank, Washington, DC

United Nations, Office against Drug and Crime (2007) Crimen y desarrollo en Centro América: atrapados en un encrucijada. United Nations Publications, Eslovaquia

Van Dijk F, De Waard J (2000) Legal infrastructure of the Netherlands in international perspective. Ministry of Justice, Amsterdam

Vetter D, Beltrao K, Massena RMR (2013) The impact of the sense of security from crime on residential property values in Brazilian metropolitan areas, IDB working paper series N° IDB-WP-415. Inter-American Development Bank, Washington, DC

Witte D, Witt R (2001) What we spend and what we get: public and private provision of crime prevention and criminal justice. NBER Working Paper 8204. NBER, Cambridge, MA

World Health Organization (WHO) (2004) The economic cost of interpersonal violence. Department of Injuries and Violence Prevention. World Health Organization, Geneva

# Economic Crisis and Administrative Adjustments (Reforms) in Ireland and Greece

Konstantinos Kougias
Department of Social Policy, Democritus University of Thrace, Athens, Greece

## Synonyms

Redesigning; Reform; Reorganization; Revision

## Definition

An administrative reform is a conscious, well-considered change that is carried out in a public sector organization or system for the purpose of changing both (a) the structure and procedures of the public bureaucracy, and (b) the attitudes and behavior of the public bureaucrats, in order to promote organization effectiveness and attain national development goals.

## Introduction

The global financial and economic crisis, followed by fiscal crisis, led many European Union's (EU) governments to plan and implement austerity measures in order to cope with the concurrent problems of lower revenues and high public deficit and debt. Some euro area member states received external financial assistance on condition of severe austerity and reform programs. Economic adjustment programs involve three types of conditionality: fiscal measures aimed at reducing public debts and deficits; financial measures to restore the health of the financial sector; and structural reforms to enhance competitiveness.

This entry analyzes the impact of the Eurozone crisis on European bureaucracies, namely Ireland and Greece. The recent scholarly research has explored the crisis effects on public administration but empirical studies are still few in number and are focused on West European countries such as Britain, Germany and the Netherlands (Kickert 2012) or on clusters of European bureaucracies such as the Southern European administrations (Sotiropoulos 2015). However, less attention has been devoted to the interplay among administrative capacities and external forces in explaining the outcomes and evolution of reform patterns within the group of countries that were so severely hit by the crisis that they had to be bailed out.

With the purpose of addressing this gap, the entry carries out explanatory and exploratory research by focusing on the policy mix that has been adopted in response to the crisis and tries to empirically measure its impact on public administration. What is the impact of the reform programs on the performance of public administration, both in quantitative and qualitative terms? And moreover what explains changes and continuities in the Irish and Greek public administrations and government structures after 2010? These questions form one core argument, suggesting that the scale of fiscal crisis and changes in public administration do not necessarily go hand in hand. Fiscal crisis interacts with reform design and in-built restrictions, setting the limits of the administrative change.

The rest of the entry is structured as follows: In the first section the study summarizes the characteristics of the Irish and Greek public bureaucracy, then it is discussed the changes in public administration that had already started to unfold before the onset of the crisis. The second section provides an overview of the measures that were included in the policy programs of the crisis period. It is argued that, despite the fact that the origins of the economic crisis were different in the two cases under study, the responses to the crisis, as far as administrative reform was concerned, namely an intensification of post-NPM reforms, were similar. In the fourth section, the main findings are critically discussed, and certain explanatory variables are suggested. The contribution to the current debate is then outlined.

## Trajectories of Administrative Reform Before the Economic Crisis

The introduction of the Strategic Management Initiative (SMI) in 1994 was a critical juncture in the modern phase of public service reform in Ireland (Boyle 2016a). The SMI promoted public sector reform with an emphasis on the delivery of a quality service to the public, while new practices in respect of financial reporting, human recourses, and customer service were introduced (OECD 2008:77). Although SMI emerged from within the civil service itself and received initial political support, it was never fully embraced by successive governments and its implementation was limited on all the conventional measures. At the end of the Celtic Tiger era, public-sector bodies, staff numbers, and pay in the public service had increased significantly (Boyle 2016a).

On the eve of the crisis, the Irish government was handed the final report of a study on the Irish public service it had commissioned the Organization for Economic Co-operation and Development (OECD) to undertake (OECD 2008). The OECD report, titled *Ireland: Towards an Integrated Public Service*, acknowledged that since the early 1990s, "Ireland has significantly advanced along a 'NPM' continuum" (OECD 2008:18), but also found considerable scope for improvement (OECD 2008). The onset of the financial crisis caught Ireland with an administrative system characterized by organizational fragmentation and complexity and a weaken political authority to control the size and cost of the public service.

In Greece, the current governance model was established in the 1970s following the country's transition to democracy. The transition to democracy lasted until the late-1980s and was characterized by a series of institutional reforms. The purpose of the reforms was to strengthen the rule of law and the Weberian aspects of state operation, serve the values of integrity, and enhance the reliability of the political-administrative system (Spanou and Sotiropoulos 2011:725). In the 1990s the Economic Monetary Union (EMU) and Maastricht criteria shifted the political agenda and created windows of opportunity for economic and managerial reforms. Europeanization pressures and neo-liberal ideas to some extent influenced the "modernization" period 1996–2004, yet economic and managerial reforms were less visible and observed particularly in policy areas related to economic competition, opening up the market, and reducing the size of public sector, thus affecting the scope of state intervention more than the administrative apparatus as such (Spanou and Sotiropoulos 2011). Despite the establishment of agencies and the introduction of management by objectives and performance management during the "modernization" period, the politicization of the public administration, the indifference, and the low prioritization weakened reform momentum. Change was incremental and followed pre-established paths (Spanou and Sotiropoulos 2011).

## The Different Origins of Economic Crisis

When the crisis erupted, the fiscal condition in the two countries was characterized by ongoing deficits, rising government debt, deficits in account balances, and high borrowing. The Irish crisis was a case of a busted property bubble that has created big problems in the banking system. The general government deficit rose to 7.3% in 2008 and climbed to 31.2% in 2010 as a result of bank recapitalization. The state bailed out the busted banks and took on debts it could not sustain (public debt at the start of 2008 was 27.5%, by the end of 2010 it stood at almost 110%). In Greece, structural reforms remained timid during the first decade of the 2000s, while the sovereign debt increased. As a result, Greece had proven unable to manage its soaring public debt (129% of GDP in 2009) and by then almost chronic budget deficit (reaching 14.9% of GDP in 2008).

Both countries soon saw their fiscal situation deteriorating and applied for a bailout agreement. These agreements were officially embedded in Memoranda of Understanding (MoU) and were negotiated between national governments and the "Troika," consisting of the European Commission, the European Central Bank, and the IMF. In April 2010 the Greek authorities, the EFSF and the IMF representatives signed the first MoU for a loan agreement of €110 billion. Shortly

afterwards two other bailout programs were signed in 2012 and 2015 of €130 and €86 billion, respectively, as the situation proved to be economically unsustainable. Ireland implemented a single financial assistance program (titled the "National Recovery Plan") which began in November 2010 (€85 billion) and lasted, till the end of 2013.

MoUs linked policy conditionality with the payout of successive loan tranches. Along with drastic fiscal consolidation, a key element of the MoUs was the urgent reform of public administration and the modernization of its regulatory system (Spanou 2015:32). In stark contrast, the Irish MoU hardly mentioned public administration reform (European Economy 2011). Rather, it focused on macrolevel targets for public service numbers and structural reforms to particular sheltered sectors.

## Similar Policy Mix

The Irish government followed the unilateral way of action in the first round of spending cuts in the public sector in the budgets for 2009 and 2010. However, this pattern has changed after 2010, as in the Croke Park Agreement and its successors (Haddington Road and Lansdowne Road Agreements), the government and the Public Service Union have agreed on a series of pay and productivity measures to be implemented in the Public Service. In Greece, following the example of the other Southern European countries, the government decided unilaterally on major policy issues, such as civil service salary levels and the hiring or dismissal of public employees.

The decision making and implementation processes took place in a top-down manner. In Ireland, the Economic Management Council (EMC) managed reforms related to the troika loan program and provided faster executive decision-making (MacCarthaigh 2017:151), while the creation of the Department of Public Expenditure and Reform (DPER) increased fiscal discipline and strengthened the central control over the bureaucracy. In Greece, the "summit," namely a small circle of decision-makers around the PM, became a strong coordination mechanism because it was itself closely monitored by the Troika (Sotiropoulos, 2015:240). Moreover, in order to assist Greece in the implementation of reforms, the first MoU provided for the creation of a "Task Force for Greece" (TFGR).

The reform policy mix in both countries consisted of measures that are classified in three broad categories covering: organizational structures, procedures, and the civil service.

In relation to the structures and the organizational aspects of public administration, the reform included reorganization of ministries and other public entities, the closing and merging of public bodies, the reduction of units, and the reform of local government. In Ireland, the creation of a new Ministry (DPER) represented a major departure in Irish administrative history (MacCarthaigh 2017:146). Apart from assuming responsibility for public sector reform, industrial relations, and expenditure management, the DPER has been responsible for the development of two public service reform plans. Moreover, a Cabinet subcommittee on public sector reform was created, chaired by the PM, to review progress on the implementation of the reform plan (Boyle 2016a). In Greece, the General Secretariat of Coordination has been created, and together with the General Secretariat of the PM and the General Secretariat of Government it was supposed to achieve better interministerial coordination (Spanou 2015:40).

In both countries, public entities at the central and/or local level were restructured, merged, and/or abolished. At the national sublevel, a notable decrease in the number of municipalities and local authorities has occurred in both countries (MacCarthaigh 2015; Sotiropoulos 2015).

Measures aimed to strengthen the financial management for better monitoring of public expenditure, improve the operational efficiency of the public sector, and re-organize revenue administration were adopted. Both countries increased top-down procedures in budget preparation and introduced a long-term economic and fiscal framework (Spanou 2015; MacCarthaigh 2017). Steps were taken towards the use of Information and Communication Technologies (ICT) tools, E-government, and transparency portals.

Both countries introduced a series of civil service reforms to improve the operational capacity of the administrative apparatus affecting at the same time the status of public sector employees. National governments have made spending cuts the main plank of their fiscal stabilization measures. This has been addressed through seeking to reduce numbers in employment (recruitment embargo on new entrants, as well as incentivized early retirement schemes) and by straightforward cuts to nominal pay rates and to social welfare payments. New procedures have been initiated, regarding the selection of senior officers (Spanou 2015; MacCarthaigh 2015).

In summary, reforms were almost exclusively based on post-NPM ideas. Nevertheless, as the following evidence indicates, the extent to which each country followed the same road differed.

## The Impact of the Reform Programs

Both countries experienced an improvement on the financial indicators of the public sector. Over the period 2010–2018, government expenditure has decreased, revenues have increased, and government borrowing has notably dropped (% GDP).

Between 2010 and 2013, the personnel of the public administration decreased in absolute numbers in both countries. From its peak in 2008, the total number of people employed in the Irish public service dropped from 320,000 to 288,000 in 2013. In 2018, the number of employed people in the public service rose to 323,000 (Boyle 2018). In Greece, between 2010 and 2014, the total number of people employed in the public service dropped from 835,000 to 599,000. In 2018, the number of people employed in the public service was 676,000. Recent increases in both cases have shown a susceptibility to popular pressures. Agency governance followed the path of downsizing and restructuring. As at the end of 2015 in Ireland there were 257 national non-commercial agencies, down from 294 in 2010 (62 agencies were terminated since 2010 [though only 10 ceased to exist altogether] and 25 new agencies created of which 11 are completely new) (Boyle 2016b). At the same period in Greece, 31 public bodies were closed, and 157 legal entities merged (Spanou 2015).

Turning to government capacity and performance, the entry relies on indicators namely the WB Governance Indicators and the Bertelsmann Stiftung Sustainable Governance Indicators (SGI). The selected datasets aim to provide some indication on the development of key administrative variables, not a precise assessment, also taking into account margins of error when making comparisons across countries.

The first set includes three WBG indicators: Government Effectiveness, Regulatory Quality, and Rule of Law. These variables are associated with the capacity of the government to effectively formulate and implement sound policies and are linked with the goals of the adjustment/reform programs, such as effectiveness and better regulation. Ireland scores reasonably well and has improved its performance over the period 2010–2015. Since then, it is observed a downward trend, more acute in the area of rule of law implying that the issues of simplifying the complex stock of legislation and oversight which were identified before the crisis (OECD 2010:14–15) remain. On the other hand, Greece recorded the highest fall in all three areas. Government effectiveness has not really improved, despite technical assistance offered by TFGR (Sotiropoulos 2018). The same pattern is observed in the indicator concerning regulatory quality, while a notable decline took place regarding country's score on rule of law suggesting legal formalism and complexity of legislation.

The different performance is also confirmed in the set of indicators on the executive capacity of the quality of governance (Bertelsmann Stiftung SGI) which explores the extent to which a country's institutional arrangements enhance the public sector's capacity to act. Both countries have improved their performance regarding Implementation although to a different extent, while the Inter-ministerial Coordination which was already high in the case of Ireland has been improved in Greece. This probably relates to the already mentioned tendency of centralization of the co-ordination mechanisms in recent years, which is also reflected in countries' better performance relating to Strategic Planning.

## Discussion

Examining the outcomes of the reform programs several similarities and divergences can be identified. Similarities are more obvious in the cases of cost-saving measures such as rationalization of public sector organizations, improvement of regulatory capacities, shared services, performance budgeting, procurement procedures, and greater mobility of personnel across the public service.

Notable differences exist in the pace, depth, and duration of the initiated reforms. In the Greek case, the impressive list of detailed administrative reforms has not resulted in a paradigm shift for the Greek political-administrative system (Ladi 2014) but rather middle-level policy change (Featherstone 2015). Evaluation reports indicate that the initial goals were not fully achieved and a gap between programmatic statements and actual results remains. Moreover, Greece recorded the larger degree of fiscal adjustment and at the same time the largest deterioration rate in the WBG index, which could imply a reverse relationship between the intensity of the fiscal measures and the quality of governance.

In Ireland, the crisis provided a "window of opportunity" to policy entrepreneurs to address new but also long-standing policy problems related to public service reform (MacCarthaigh 2017:150). Administrative reforms were more intense and fewer deviations and discontinuities between established provisions and achieved results were observed. The 2011–2016 period became one of unprecedented change for the Irish public service (MacCarthaigh 2017:162). Nevertheless significant challenges still remain mainly in the area of delivery of improved outcomes, reform dividend, and openness and accountability (Boyle 2016a:143). In the next section, the entry examines possible explanations and offers a few conclusions.

## Explanatory Factors

Success or failure in the implementation of reforms seems to revolve around the alchemy of a small number of ingredients: fiscal pressures, reform agenda, reform capacity, external constraint, coordination mechanisms, ownership, and internal politics. The next section proceeds by considering each of these ingredients in turn.

### Fiscal Pressures

The austerity policy in Greece affected economic growth more strongly as stricter austerity targets were imposed. The fiscal multiplier, which correlates public demand with economic growth, was higher – and was underestimated by the forecasters (Domnick and Schoenwald 2016:2) – and the program experienced a true collapse in domestic demand. In Ireland the adjustment was based on fairly realistic forecasts (Pisani-Ferry et al. 2013). In this way, the external shocks from the agreement were reduced.

### Reform Agenda

In Greece, the reform agenda was admitted as "ambitious," aiming at a "paradigm change." Carrying out many simultaneous reforms under hasty and pressing conditions is a considerable challenge which raises questions of relevance and lack of prioritization and produces unintended consequences (Spanou 2018).

In Ireland, many of the reform measures stipulated in the program were taken from the already planned Irish National Recovery Plan (NRP), which meant that the government had already planned significant reforms in great detail (Pisani-Ferry et al. 2013). In this way, domestic actors approached reforms in a less formalistic way avoiding the point of hollowing out initial objectives or even accommodating reversal.

### Reform Capacity

The Greek administrative system not only had to cover a great distance but also had to be reformed while in motion and under fiscal stress. Running this reform marathon, the state machine has been deficient in its ability to deliver targeted measures on a set of priorities and according to an agreed schedule (Featherstone 2015). Reform pathologies, which were highly evident before the crisis, have also been present during the adjustment process (Featherstone 2015).

Irish administration worked rather efficiently and implemented the reforms to a great extent as agreed (Pisani-Ferry et al. 2013). The views of public servants on the effects of administrative reforms are revealing. There is a perception that the reforms being put in place are producing benefits with regard to policy effectiveness, policy coherence and coordination, cost and efficiency, external transparency, and openness and ethical behavior (COCOPS 2014:35).

### External Constraint

While the level of detail of conditionality in Ireland remained relatively constant during the program period, for Greece, conditionality became much more detailed and specific during the course of the programs as the Troika realized that implementation of conditionality was not working, in part because of the lack of specific guidance to a dysfunctional public administration (Pissani-Ferry et al. 2013).

### Ownership and the Politics of Cutback Management

The sense of "ownership" has been a key, intervening variable determining outcomes. Greek governments spent their limited political resources to implement required actions and suffered their own loss of legitimacy (Spanou 2018). In this way, the conditionality strategy was de-legitimized (Featherstone 2015).

In Ireland there has been no immediate politicization of budget decisions along left-right partisan lines (Hardiman 2010). The high degree of compliance of the Irish authorities with the agreed MoU was largely due to the fact that structural reforms drew heavily on the Irish NRP.

## Conclusion

The present entry has evaluated administrative reforms that were carried out in Ireland and Greece. Both countries have implemented an impressive fiscal consolidation and have carried out reforms in the size of public employment, the compensation of public employees, financial management systems and budget, and procurement procedures. They proceeded to a "rationalization" of the administrative system's organizational profile, though the way the two countries have embedded this goal to a systemic plan for reforming public administration is differentiated.

The divergences in the countries' reform performance suggested that policy conditionality interplays with program design, in-built constraints, setting the boundaries of the conditionality strategy. These have to do with the circumstances under which the policy mix is implemented; performance and policy targets of the program; the volume of the reform agenda; reform capacity; organizational resources; and the ownership of the program and the politics of cutback management.

The scale of fiscal stress is a necessary but not sufficient condition for substantial administrative changes. There is an interplay between external reform pressure and the endogenous administrative dynamics. In Ireland, the crisis provided the basis for a new equilibrium, while in Greece, despite notable changes occurred, no clear shift to a new pattern, can be discerned which implies that the Eurozone crisis, seems to be highly path-dependent.

## References

Boyle R (2016a) Riding the roller coaster: Ireland's reform of the public service at a time of fiscal crisis. In: Hammerschmid G, Van de Walle S, Andrews R, Bezes P (eds) Public administration reforms in Europe, the view from the top. E. Elgar

Boyle R (2016b) Review of national non-commercial state agencies in Ireland 2010–2015. Institute of Public Administration, Dublin. http://www.ipa.ie/pdf/StateAgencies_Review.pdf

Boyle R (2018) Ireland public sector trends 2018. Institute of Public Administration. https://www.ipa.ie/_fileUpload/Documents/PUBLICSECTORTRENDS2018.pdf

COCOPS (2014) Public sector reform in Ireland: views and experiences from senior executives, Research paper no 13, Institute of Public Administration

Domnick C, Schoenwald S (2016) No pain, no gain? Economic adjustment programmes in Greece and Portugal. KfW Research Focus on Economics. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/

PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-Nr.-146-October-2016-Portugal-and-Greece_EN.pdf
European Economy (2011) The economic adjustment programme for Ireland. Occasional papers 76, Feb DG ECOFIN, European Commission
Featherstone K (2015) External conditionality and the debt crisis: the 'troika' and public administration reform in Greece. J Eur Publ Policy 22(3):295–314. https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123
Hardiman N (2010) Economic crisis and public sector reform: lessons from Ireland, UCD Geary Institute, Discussion Paper Series. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1551932
Kickert, W. (2012). State responses to the fiscal crisis in Britain, Germany and the Netherlands. Public Manag Rev, 14 pp.299–309Administration
Ladi S (2014) Austerity politics and administrative reform: the Eurozone crisis and its impact upon Greek public administration. Comp Eur Politics 12(2):184–208. https://link.springer.com/article/10.1057%2Fcep.2012.46
MacCarthaigh M (2015) Austerity and reform of the Irish public administration. Rev Adm Emprego Público 1(1):143–164. https://pure.qub.ac.uk/en/publications/austerity-and-reform-of-the-irish-public-administration
MacCarthaigh M (2017) Reforming the Irish public service: a multiple streams perspective. Administration 65(2):145–164. https://content.sciendo.com/view/journals/admin/65/2/article-p145.xml
OECD (2008) Ireland: towards an integrated public service. OECD public management reviews. Paris, OECD Publishing
OECD (2010) Better regulation in Europe: Ireland 2010. https://doi.org/10.1787/9789264095090-en
Pisani-Ferry J, Sapir A, Wolff GB (2013) EU-IMF assistance to euro-area countries: an early assessment. Bruegel Blueprint Series, Brussels. http://bruegel.org/wp-content/uploads/imported/publications/1869_Blueprint_XIX_-_web__.pdf
Sotiropoulos D (2015) Southern European governments and public bureaucracies in the context of economic crisis. Eur J Soc Sec 17(2):226–245. https://journals.sagepub.com/doi/10.1177/138826271501700205
Sotiropoulos D (2018) Public administration characteristics and performance in EU28: Greece, European Commission
Spanou C (2015) Administrative reform and policy conditionality in Greece. Rev Adm Emprego Público 1(1):31–54
Spanou C (2018) External influence on structural reform: did policy conditionality strengthen reform capacity in Greece? Pub Policy Adm, 1–23. https://doi.org/10.1177/0952076718772008. https://journals.sagepub.com/doi/abs/10.1177/0952076718772008
Spanou C, Sotiropoulos D (2011) The odyssey of administrative reforms in Greece, 1981–2009: a tale of two reform paths. Public Adm 89(3):723–737. https://doi.org/10.1111/j.1467-9299.2011.01914.x

# Economic Development Policy

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

E

## Synonyms

Attraction/retention/expansion activities; Development incentive programs; Entrepreneurship; Small enterprise development; Tax abatements

## Definition

Economic development: public, and often governmental, intervention in a market to facilitate private-sector investment and encourage job growth.

Incentives: provision of special considerations, including tax abatements, loans, or cash grants, to businesses meeting economic development program employment or investment criteria.

Business attraction: policies and programs designed to bring businesses located elsewhere to an area engaging in such policy measures.

Business expansion: policies and programs designed to grow businesses located in an area.

Business retention: policies and programs designed to keep businesses in an area that may otherwise close or move elsewhere.

## Introduction

Economic development has been defined as "a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base" (IEDC 2016). Economic development as a public policy concern involves the underlying assumption that institutions, and

specifically governments, matter to communities and that their interactions with and interventions in favor of certain public values, such as fuller employment, increased investment, or improved quality of life, are favorable involvements from a policy perspective.

Economic development programs may be instituted as a response to decline, including "undesirable changes, such as job losses accompanied by growing unemployment, social exclusion, physical decay and worsening living conditions" (Lang 2005, quoted in Beekmans et al. 2015, p. 2). As an example, there is a positive association between adoption of development tax credits and high levels of unemployment (Hearn et al. 2014). However, economic development programs may also be instituted to make improvements in areas that are not necessarily experiencing decline but where improvement and additional benefit is nevertheless desired: "growth of jobs, growth of number of companies and growth of property values" (Beekmans et al. 2015, p. 18). For these reasons, tax credits could also act as "reinvigorators of already developed economic, educational, and research environments" and be associated with environments that include research and development activity (Hearn et al. 2014, p. 177). Economic development policies may serve different intended functions, at various times and in distinct contexts.

While economic health of communities is a public good, the manner in which the good is achieved is open to discussion and disagreement. For their part, governments may focus on competitive advantage or instead appeal to partnering concepts and shared views of economic activity as a public good (Meyer 1991). This entry includes discussion on traditional policy approaches to economic development, emerging policy options for economic development, and a critique of economic development policy in theory and practice.

## Traditional Policy Approaches to Economic Development

Typical public policy approaches to economic development have historically included "collaboration between local governments and chambers of commerce, business surveys and calls on individual businesses, streamlined zoning and permitting processes, promotional and marketing materials, infrastructure investment, tax increment finance districts, and tax abatements" (Reese 2014, p. 627). The basic four policy strategies for economic development vary in visibility and distribution and include subsidies like tax incentives (high visibility, targeted), coordination of services (low visibility, targeted), advertising/marketing (dispersed approach, prominent), and the provision of technical assistance to businesses (low visibility, not focused on specific industries) (Feiock and Clingermayer 1992).

Attraction activities are exogenous policy instruments that rely on relocation of an existing firm from one locale to another, thus bringing "new" employment and investment to the prevailing community. These programs can be referred to as first-wave economic development programs and involved "subsidized loans or direct payments to firms for relocation expenses, tax reductions, subsidies applied to the cost of plant facilities or utilities, and competitive and expensive industrial recruitment programs" (Bradshaw and Blakely 1999, p. 230).

Retention and expansion activities, "endogenous development policy instruments" which "focus on promoting the development and expansion of indigenous firms, capitalizing on the strengths and assets of the city, and growing economic activity from within the city rather than through luring mobile capital" (McGuire 2000, p. 279), followed in the early 1980s second wave of policy. These approaches, inclusive of training, capital support to small enterprises, and use of business incubators (Bradshaw and Blakely 1999), are heavily tied to entrepreneurial activity and the support of small enterprises as potential sources of not only employment and investment but of innovation in the marketplace. Though they have been around for several decades, these approaches are arguably still emerging because they involve phenomena that remain poorly understood. Entrepreneurship is regularly taken to be an important facet of development, but more study is needed to better understand exactly how entrepreneurship of various sorts ties to development of communities or what methods of support work best for public policy purposes.

## Emerging Approaches to Economic Development

Toward the end of the 1990s to the present day, the third wave of economic development policy, focusing on community alliances and public-private partnerships, has involved "networks that leverage capital and human resources to increase the global competitiveness of a group of strategically linked firms" (Bradshaw and Blakely 1999, p. 230).

More recently, emerging policy initiatives have had a stronger focus on international development. Enhancing regional or even national-level export potential is a facet of economic development that has received greater notice, including in the developing world (Dadzie 2013). Money spent on local development may be lost to other communities, regions, or nations through leakage, and concern exists about the balance of imports compared with exports and customer spending patterns within and outside communities. Renewed attention has also been given to clusters – groupings of businesses in close proximity that are in similar or supporting trades benefit from reduced input costs and useful sharing of knowledge; this theory is generally related to the concept of agglomeration economies (Wolman and Hincapie 2015) and remains an emerging area as understanding of clustering continues to mature.

This third wave of development has also included a focus on the creative class. Creative class theory focuses on occupations and the skills and needs of creative people in a knowledge economy and eschews the industry/firm focus of traditional economic development (Florida 2014). Economic development policy has shifted to attract creative class members, with new options for that purpose being added to the economic development toolbox: "Festival marketplaces, aquariums, enclosed downtown malls, pedestrian streets, high-technology corridors, artist incubators, river walks, and casinos" (Reese and Ye 2011, p. 221). "Art spaces are involved in neighborhood revitalization and tourism activities, community outreach and arts education, and incubating artistic production" (Grodach 2011); this indicates the relationship that exists between economic development and the social-cultural well-being of communities.

## Criticism of Economic Development Policy

While economic development is normatively associated with positive benefits to communities, there is a need to focus specifically on economic development policy, from a planning and evaluation perspective. The demonstration effect that may lead to policy and the inclusion of certain incentives may be confronted with an evaluation effort; however, evaluation can be complex in practice. The gap between what a business can provide for itself and what it needs from government programs is not always clear, for example; the connection between assistance and business decisions, or resulting employment/investment, can be also difficult to quantify (Hughes 1991).

It has been suggested that economic development practice might be driven by political needs, particularly in the USA. Elsewhere there is some evidence that achievement of rational goals for economic development through technical practice could be associated with a different goal environment, one more focused on carrying out technical requirements and legislative mandates according to plan (Reese 2006). Political considerations are relevant because there is a popular sense of what economic development policy entails, and from a practical and results perspective, this sense may be false. Incentive programs to the motion picture industry, as an example, may not positively affect wages or jobs and may not pass a cost-benefit analysis (Thom 2016), though political demands may result in the offering of such incentives.

It may be that programs in a standard economic development toolbox are thought to be expected by companies, and in not offering the expected mix of incentives, communities are risking their potential to retain and attract businesses, vis-à-vis other communities. These programs are then assumed to be necessary, primarily because they are offered by others; the need for certain initiatives in a program is taken as given without a great deal of scrutiny. Because the program segments

may not readily connect with desired economic development outcomes, performance measurement of programs can be difficult. It is therefore basic that economic development programs work from logic models that connect community needs with inputs, outputs, and expected outcomes; the existence of an incentive approach in another community does not mean necessarily that the same policy will work similarly in all communities. Context matters to the business world as much as it does in government policy choices.

Some conjectures about economic development deserve scrutiny. Increasing the number of businesses in a community does not necessarily indicate a positive outcome: the mix of the businesses should suit the community and respond to its needs. Oversaturation or underrepresentation of businesses should be avoided; citizens might otherwise travel distances to get what they want, or avoid doing business locally, which can adversely impact economic development interests and hamper growth. Consideration of sustainable development is also important, as incentives might be encouraging business behavior that is unsustainable over the long term. For example, when an incentive is no longer in force, a previously attracted business might leave for a location offering a new incentive. Economic development should take equity into consideration (Blair 1995): on a block-to-block level, even within a city with a strong economy, there can be well-entrenched pockets of unemployment that adversely impact certain groups only. Some areas will clearly need more development help than others. Types of jobs created and their salaries are significant factors in economic development decisions (Florida 2014).

While various approaches to economic development are embraced in many communities, such as tax abatement policies, tax increment financing programs, brownfield redevelopment programs, and development authorities, research has openly questioned whether such programs are effective in sustaining or growing the health of an economy (Reese 2014). Specific industrial sites targeted for economic development assistance may not be the locations most in need of such intercession (Beekmans et al. 2015). Entrepreneurial encouragement is a central facet of many economic development efforts, but it is worth considering that an entrepreneurial focus, because of the skills gap it can create, "does not equalize state income distributions"; such approaches thus may not be able to "promote economies of widely shared wealth" (Young 2015, p. 281).

On the related topic of encouraging the creative class as economic development policy, it is not clear that there is a causal connection between the presence of the creative class and economic development, even though there has been more research into the topic of late (Reese 2014).

The first-wave notion of business attraction merits specific attention from a sustainability view, as the attraction of businesses to a place is a net negative to other locales. This may lend growth to one location at the expense of other places; overall growth is on par or possibly negative, depending on the repercussions to cluster businesses that had supported the departing enterprise. Expectation for incentivization may yield a softness in business's ability to withstand challenges while fostering a market of incentivization and an unsustainable bidding war on businesses between locales.

## Conclusion

The takeaway for economic development is that there are policies and programs that can help a community improve its competitiveness, increase employment and investment, and enhance its quality of life. However, economic development programs work best when they are bespoke – tailored to the community for which they are intended, through a process that involves a variety of community stakeholders, in addition to the business and public (government) spheres. Planning is a key factor, for the various levels of government working together for a common purpose and in partnership with the business community. Implementing the plan and adjusting it when it does not serve the community's needs is critical. It is a useful strategy for communities to be aware of where their strengths might lie and make best use of them.

Ideally, it would be most advantageous for government to intervene when there is a market failure where economic development incentives are concerned and where such intervention can support more efficient economies; government intervention might not help in every case (Bartik 1990). Selected programs for development should provide best benefit for cost from among the available range of intervention options. Attention to considerations that can affect economic development prospects, such as increasing educational opportunities, lowering crime rates, and providing high-quality recreational facilities, might provide more benefit than first-wave-style incentives or other methods that are assumed to work best and for all communities (Reese and Ye 2011).

Perhaps the great equalizer for economic development is that there are many considerations that go into where a business locates and numerous factors that inform the success or failure of an enterprise. From a public policy view, providing the best overall deal to a business, to stay in a locale or relocate to a new location, does not follow a simple formula. Such deals are about financial considerations, quality of life, and fit, for lack of a better term, between business and community. The "best deal" is facilitated by greatest understanding not only of targeted businesses but of the community being represented and professionals in economic development actively making the connection between the two for the benefit of all concerned.

## Cross-References


- ▶ Economic Development Strategies in the United States
- ▶ Politics and Public Policy
- ▶ Public-Private Partnership and Governance
- ▶ Small Enterprises and Development
- ▶ Sustainable Development Administration


## References


Bartik TJ (1990) The market failure approach to regional economic development policy. Econ Dev Q 4(4): 361–370

Beekmans J, Ploegmakers H, Martens K, van der Krabben E (2015) Countering decline of industrial sites: do local economic development policies target the neediest places? Urban Stud. https://doi.org/10.1177/0042098015603289

Blair JP (1995) Local economic development: analysis and practice. Sage, Thousand Oaks

Bradshaw TK, Blakely EJ (1999) What are "third-wave" state economic development efforts? From incentives to industrial policy. Econ Dev Q 13(3):229–244

Dadzie RB (2013) Economic development and the developmental state assessing the development experiences of Ghana and Malaysia since independence. J Dev Soc 29(2):123–154

Feiock RC, Clingermayer JC (1992) Development policy choice: four explanations for city implementation of economic development policies. Am Rev Public Adm 22(1):49–63

Florida R (2014) The creative class and economic development. Econ Dev Q 28(3):196–205

Grodach C (2011) Art spaces in community and economic development: connections to neighborhoods, artists, and the cultural economy. J Plan Educ Res 31(1):74–85

Hearn JC, Lacy TA, Warshaw JB (2014) State research and development tax credits: the historical emergence of a distinctive economic policy instrument. Econ Dev Q 28(2):166–181

Hughes JT (1991) Evaluation of local economic development: a challenge for policy research. Urban Stud 28(6):909–918

International Economic Development Council (IEDC) (2016) IEDC at a glance. Retrieved from http://www.iedconline.org/web-pages/inside-iedc/iedc-at-a-glance/

McGuire M (2000) Collaborative policy making and administration: the operational demands of local economic development. Econ Dev Q 14(3):278–291

Meyer PB (1991) Meaning and action in local economic development strategies: a comparison of policies in Britain and the United States. Eviron Plann C Gov Policy 9:383–398

Reese LA (2006) The planning-policy connection in US and Canadian economic development. Eviron Plann C Gov Policy 24:553–573

Reese LA (2014) If all you have is a hammer: finding economic development policies that matter. Am Rev Public Adm 44(6):627–655

Reese LA, Ye M (2011) Policy versus place luck: achieving local economic prosperity. Econ Dev Q 25(3): 221–236

Thom M (2016) Lights, camera, but no action? Tax and economic development lessons from state motion picture incentive programs. Am Rev Public Adm:1–23. https://doi.org/10.1177/0275074016651958

Wolman H, Hincapie D (2015) Clusters and cluster-based development policy. Econ Dev Q 29(2):135–149

Young SL (2015) The impact of economic development strategy on market conditioned income inequality in the American states. State Local Govern Rev 47(4): 271–284


E

# Economic Development Strategies in the United States

Michael Harris[1] and Kenneth Garner[2]
[1]Tennessee State University, Nashville, TN, USA
[2]University of Michigan, Ann Arbor, MI, USA

## Synonyms

Community development; Development strategies; Economic development; Modernization; Strategic planning; Sustainability

## Definition

Economic development strategies refers to those ideas and practices that are developed to promote targeted economic growth at the local, regional, and national level according to the specific goals and values of stakeholders.

## Historical Overview

Economic development strategies in the United States have been profoundly shaped by the gradual shift from the mid-twentieth century period (1945–1975) of high growth to a longer period of overall slower growth (1975–2015) marked by limited periods of significant, but nonrecurring, bursts of acceleration in the high-tech (1990s) and real estate (2000s) markets. As Gordon (2016) demonstrates, the United States faces four significant structural impediments to sustained economic growth in the twenty-first century: rising inequality, a weakening education system, a demographic shift as baby-boomer retirees begin to reach parity with the number of active workers, and the increasing ratio of government debt to GDP. In addition, Gordon asserts both that the impact of technological innovations as economic drivers is slowing and that such innovations as already exist, such as robotics, will progressively lead to the elimination of increasing numbers of middle-class jobs (Gordon 2016; Carr 2015).

Consequently, contemporary American economic strategists have had to reconceptualize both the means and ends of development as the United States moves deep into the twenty-first century. Gone are the days of classic modernization theory (Rostow 1960) of the high-growth era of the 1950s and 1960s when the United States and the nations of Western Europe regarded themselves as the standard-bearers of an industrial modernity that other "less developed" nations were expected to emulate. Dependency theorists and other critics of this Western-centric model of economic development repeatedly underscore how the "global north" exploited the material resources of the "global south" through the imposition of burdensome debt, through the failure of many large-scale modernizing projects to deliver the promised improvements in people's quality of life, and through Western control of the knowledge and the expertise necessary to make these complex, modern systems run (Payer 1975; Scott 1998; Mitchell 2002; Harvey 2006; Escobar 2011; Klancher Merchant 2016).

Yet both modernization theory and dependency theory centers the role that governments play in defining and directing economic development. With the advent in the 1980s of the Reagan and Thatcher governments in the United States and Great Britain, respectively, and the collapse of the Soviet Union in the early 1990s, the state's role in fostering economic development was increasingly questioned and, as a matter of policy, broadly curtailed. Neoliberal critics argued that market forces, rather than government bureaucrats, should determine where economic development was most needed and that private enterprise, freed from excessively burdensome regulations, would generate development due to its ability to respond to consumer demand (Clark 2003; Harvey 2007). This neoliberal shift also reflected, and furthered, the shift from a manufacturing-based economy to one dominated by information technologies and service sector employment (Friedman 2000). The startling growth of Internet-based companies during the "dot.com boom" of the 1990s appeared to justify neoliberalism's laissez-faire approach to economic development, and during this decade the "Washington

Consensus" developmental model was exported to developing nations that promoted market-based policies including deregulation, privatization, financial liberalization, and deficit reduction (Gore 2000).

Yet, as a strategy for long-term economic development, neoliberalism and its "Washington Consensus" proved wanting. The bursting of the dot.com bubble in 2000 due to the chronic underperformance of many start-ups revealed high-tech's inability to do more than temporarily reverse the "long decline," in Robert Brenner's words, of the American economy that began in the mid-1970s with the contraction of manufacturing jobs (Brenner 2003). Following the precedent of the Clinton administration, which had deregulated banks and commodity trading in the late 1990s, the George W. Bush administration upheld the neoliberal doctrine of a market-centered approach to economic development. Yet the increasing data on wealth disparities and calamitous impacts of neoliberal policy on the developing world, including Argentina's currency collapse in 2001, started to challenge neoliberalism's rationale, if not its ideological hold on leading policymakers (Feldstein 2002; Stiglitz 2003; Arestis 2004–2005; Brown 2006). Other policy analysts grew increasingly concerned about neoliberalism's deleterious impact on democratic institutions and practices as well as its effect of attenuating social bonds (Brown 2006; Giroux 2012). Finally, the creation and the bursting of a massive speculative bubble in mortgage-backed securities in the United States in 2007–2008, and the consequent unraveling of the world economy, put paid to the predominance of neoliberalism as the reigning policy for economic development.

Significantly, the economic development strategy pursued by the Obama administration was a revived form of Keynesianism, but one more limited than that pursued by President Roosevelt in the wake of the Great Depression (Krugman 2013). The White House's proposed National Innovation Strategy of 2009, the American Reinvestment and Recovery Act of 2009, the Patient Protection and Affordable Care Act of 2010, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 all represented a greater level of government intervention in, and direction of, economic development than at any time since Reagan's inauguration (National Economic Council 2009). Yet each of these measures has engendered fierce criticism and, in some cases, open defiance. Progressive critics have asserted that they do not go far enough to mitigate the abuses of, and alleviate the sufferings of those victimized by, the rampant financial speculation of the 2000s; conservative and neoliberal critics have seen in these measures a frightening degree of governmental overreach in the economy, and many of the actors affected by the new laws have successfully pushed back on several of their provisions (Pollin 2011; Krugman 2013; House 2015).

## Economic Development Strategy: Where Are We Now?

The United States in the mid-2010s, then, finds itself in a peculiar position regarding economic development strategy: thirty years of neoliberal advocacy has significantly decreased Americans' faith in their government to guide economic development effectively, yet the financial crash of 2007–2008 and the prolonged recession and erosion of middle-class jobs that followed in its wake also discredited neoliberalism itself. The unsettled state of the American polity in the mid-teens demonstrates the broader uncertainty over how the economy is to develop and regain its momentum after a lost decade of stagnant wages, low home valuations, and crippling student debt; to what extent should the government play a role in bringing this about; and what that role should be. For its part, the Obama White House continues to pursue a mixture of policies that have both statist and neoliberal implications. On the one hand, the President's 2016 economic report calls for massive public investment in national infrastructure: "there is a clear role for Federal funding and financing for projects that benefit the country as a whole" (Office of the President 2016, p. 253). On the other, the Administration has aggressively pursued the passage, through a fast-track legislative process, of

multinational trade agreements that would reduce governments' national sovereignty over business activities as a means of promoting economic growth (World Bank 2016).

Yet federal economic strategy is also occurring in a context in which the United States is facing severe structural impediments to its long-term economic development. For example, neoliberal economic policy has led to a massive transfer of wealth upward over a 30-year period and that, along with changes in tax policy, has left significantly fewer tax resources for the federal government to engage in the sort of long-term infrastructural improvements that the Obama administration has proposed (see also Piketty 2014). Moreover, there are broader economic obstacles that will hinder effective economic development policy in the medium-to-long term. Despite their recent economic setbacks, economically emerging nations like Russia and China are increasing their demand for natural resources in order to pursue their own forms of economic modernization (Jacques 2012; Klare 2012). Future technology innovations will likely not be as transformative as those in the twentieth century nor will they be in sectors likely to produce massive job creation (Gordon 2016; Carr 2015). Finally, the long-term overhang of both personal and federal debt, along with the continued transformation of the labor force into low-paid service sector employees, will reduce Americans' disposable income and, consequently, will inhibit overall demand for nonessential goods and services, further slowing economic development (Gordon 2016).

Consequently, we cannot define national economic development strategy in terms of a single dominant ethic, as we could with modernization theory in the 1950s and 1960s or neoliberalism in the 1990s. Rather, given the economic situation that the United States finds itself in, we need to consider multiple *strategies* that policymakers are employing at different levels – from the federal to the local. Moreover, we need to consider the ways in which economic development strategies are being driven by new sets of concerns, including balancing economic development with long-term environmental sustainability. Rather than provide a comprehensive assessment of all economic development strategies, we will utilize key examples to indicate that economic development strategy in the mid-2010s is characterized by multifarious approaches.

## Local and Regional Approaches

While contemporary debates rage around the federal government's role in the nation's economic development, there is much broader consensus on behalf of local and regional governments' role in the same (Liou 2003). Scholars of public administration and public policy have identified five specific reasons for government involvement in economic development: (1) concerns over market failure, (2) desire to reduce poverty and generate increased income distribution, (3) providing access to public goods (e.g., housing, education, etc.), (4) paternalism, and (5) ensuring the rights of future generations to a decent standard of life (Stern 1991). Consequently, local governmental practitioners utilize a multiplicity of different development tools that are packaged together as part of a broader strategy of local/regional economic development. These include tax abatements, tax increment financing, geographically targeted areas of special economic incentives ("Renaissance Zones"), initiatives to attract members of the creative class ("Cool Cities" in Michigan, "Create Denver" in Colorado), and specific grants to promote job creation (Reese 2014; Sands and Reese 2008). Different communities assemble different packages depending upon their region's economic situation and the particular development strategy adopted. Yet, as Reese and others have shown, the real-world results of these development strategies are often ambiguous and inconclusive. For one thing, as Reese points out, the multiplicity of different factors that go into generating economic development make it difficult to ascertain whether any given specific package of tools actually *causes* development or not. In her survey of developmental strategies undertaken by a range of different urban communities in Michigan, she found little correlation between tax abatements, tax increment financing, and

economic development, and only some correlation between Renaissance Zones, grants, and economic development (Reese 2014).

Another problem with local and regional economic development is the often "shotgun" approach that local officials take toward assembling developmental packages (Currid-Halkett and Stolarick 2011). Practitioners are not generally aware of the current scholarship that assesses the effectiveness of particular development strategies. Those who have assessed the economic impact of such "old school" approaches as tax abatements have long been skeptical of their effectiveness (Dewar 1998); in the meantime, localities have offered packages of "old school" incentives and trendier new approaches, such as attracting film production, that betray the lack of an underlying coherent strategy (Christopherson and Rightor 2010). "Practitioners," as two leading scholars assert, "must 'know their place,' which requires having the data, methods, and information that allows them to be aware of what opportunities and constraints are on their horizon" (Currid-Halkett and Stolarick 2011, p. 151).

Yet, as Harvey reminds us, economic development is an inherently uneven process (Harvey 2006). While he refers to the different developmental paths between core regions in the "global north" and peripheral regions in the "global south," it is also helpful to consider this dichotomy in terms of the variegated results of local developmental schemes within the United States itself. On the one hand, the reigning neoliberal orthodoxy of the 1980s and 1990s fostered a wave of deregulation and decentralizing initiatives that would seem to be a boon to localities competing with each other to offer the most attractive development packages to enterprises and other potential stakeholders. On the other, neoliberal deregulation and decentralization also had the effect of increasing disparities between different regions that have adversely affected long-term economic stability (Prudhomme 1995). Indeed, recent investigative journalistic accounts paint a bleak picture of local and regional governments' vulnerability to financial racketeering and consequent bankruptcy, a product of neoliberal deregulation, as they seek out funding for development schemes (Taibbi 2010).

Moreover, the transition away from manufacturing to information technologies and services, which began in the late 1970s, was accompanied by a geographical shift in capital investment from the industrial heartland of the Upper Midwest to the IT (information technology) and financial sectors of the East and West Coasts (Moretti 2013). The success, or failure, of a given locality's economic development strategy is the product of its position within the refigured geographical terrain of neoliberal capitalism as much as of the foresight and competence of the strategy planning and implementation by local leaders. Thus, economic development strategies on the local/regional level reflect the broader ambiguities demonstrated by contrasting strategies at the federal level. On the one hand, neoliberal deregulation and decentralization has enabled, and forced, localities to create economic development packages in order to attract investment and enterprises (and to defeat competition from other localities), but their success in fostering economic development is mixed at best; the efficacy of such developmental schemes is difficult to measure, and these localities' spatial position within the changing neoliberal economic order needs to be taken into greater account.

New strategic paradigms are crucial if strategists are going to manage the increasingly complex – and volatile – forces that influence economic development. There have been two emerging approaches that have attracted scholarly and practitioner interest over the past decade: the "triple helix" and the "community development" approaches. Each of these approaches seeks to broaden both traditional notions of "development" and increase our awareness of the number of actors who play a role in its creation.

## New Paradigm I: The Triple Helix Model

The Triple Helix model emerged in the mid-1990s as a way to assess the interrelationship between universities, industries, and governments in the production and dissemination of new knowledge (Leydesdorff and Etzkowitz 1996). In this model, the presence of knowledge-producing entities

such as universities and research institutes allows for such knowledge to be capitalized for a region's or nation's broader economic development. Knowledge, and especially technological innovation, plays a key role in generating economic value (Viale and Etzkowitz 2010). Indeed, policy analysts have highlighted the important role that universities can play for, specifically, regional economic development by promoting and maintaining cooperative networks and supporting the accumulation of knowledge (Pries and de Castro 1997). Consequently, the Triple Helix model seeks increased coordination between, communication among, and infrastructural development of large-scale entities and privileges these "innovation systems" as the main drivers of contemporary economic development (Strand and Leydesdorff 2013).

This model is clearly designed for an economy like that of the early twenty-first-century United States which has shifted from a manufacturing to a knowledge base. Loet Leydesdorff, the key theorist of the Triple Helix model, identifies three dynamics of the knowledge-based economy: wealth generation, novelty generation, and governance of the interactions between the first two dynamics by managers and policymakers (Leydesdorff n.d.) The Triple Helix model, then, implies that knowledge generation and the activities that surround it (including research, communication, patenting, etc.) are more central to economic development than the old manufacturing paradigm of resource extraction. Yet some have also questioned the extent to which the Triple Helix model really constructs, or identifies, a particularly new configuration in university-industry-government relations or whether there are reliable measures to assess the impact that this triangular relationship has on economic development (Shinn 2002). Even more, relationships between the three agents in this "helix" can range from indifference to adversarial, and compromises are often difficult to achieve (Mesny and Mailhot 2007). Moreover, recent research has suggested that these relationships are at risk of gradual erosion – in other words, Triple Helix partnerships may start strong but peter out, depending upon the national context (Ye et al. 2013). Indeed, the very nature of Triple Helix formations is as much shaped by the national context as it is itself a transformative agent of that very context (Leydesdorff and Fritsch 2006). Consequently, it may be instructive to see the Triple Helix as an "ideal type" to which such partnerships should aim while recognizing that all such relationships exist on a sliding scale from dysfunctional to productive and that there is no "one size fits all" that can be evenly applied to every national or regional context.

Nonetheless, there are strong reasons why the Triple Helix model can serve as an emerging strategic paradigm for economic development. It requires that academic leaders take a more entrepreneurial approach to governance and to serve as partners for regional economic transformation (Harris 2012). Implementing a Triple Helix approach, thus, makes the "knowledge-producing" entity, local industries and government agencies, and the surrounding communities shared stakeholders in economic development planning. In the early 2010s, the Kokomo branch campus of Indiana University, for example, initiated joint activities, constructed a broader regional dialogue, and sought to build stronger frameworks for cooperative actions (Harris 2011). The result was beneficial both to the campus – which witnessed increased enrollments and greater private funding – and to the broader Kokomo economy (Harris 2012).

It should be evident that Triple Helix approaches to economic development are best suited to regions with established universities and other research institutions; consequently, it privileges urban and suburban economic development over that of rural communities where such institutions may be lacking. Moreover, as the recent research suggests, Triple Helix formations require continual maintenance from among the stakeholders to keep from attenuating and their outcomes vary according to specific national and regional contexts. Finally, by privileging knowledge creation as the central economic driver, the Triple Helix model abstracts itself from the material base (metals, electrical generation, human labor) upon which all economic activity is ultimately generated. Consequently, a second

paradigm is needed, one that addresses economic development at the local, neighborhood, and community levels and that brings back in – and even centralizes – the continuing importance of natural resources to the success of economic development strategies.

## New Paradigm II: Sustainability and "Community Development"

While the Triple Helix model emphasizes the centrality of knowledge-producing institutions, and especially the role of technological innovation, for generating economic development, our second paradigm focuses on the roles that environmental sustainability and community-based initiatives have in economic development strategy. Since the 1960s and 1970s, environmentalists and social critics have raised alarms about the deleterious impacts of industrialization on local ecosystems, while historians have compellingly demonstrated the civilizational risks of prolonged environmental degradation (Carson 1962; Schumacher 1973; Redman 1999; Ponting 2007; Diamond 2011). With the increasing incidence of unusual weather activity, including the catastrophic damage left by hurricanes Katrina in 2005 and Sandy in 2012, many American communities are weighing environmental matters more heavily when considering economic development. Since the 1990s, and especially since the 1992 Earth Summit held in Rio de Janeiro, there has been a significant scholarly interest in, and practical efforts to promote, "sustainable cities" in an effort to mitigate the enormous toll that their complex infrastructures have taken on their environments (Barbier 1987; Haughton and Hunter 2003). Yet there has also been skepticism, and even pessimism, about both the imprecision of the concept of "sustainable," especially when attempting to build practical real-world policies around it, and the question of whether such complex entities as cities can ever be truly rendered "sustainable" (Lélé 1999). Nevertheless, many small, medium, and large cities have incorporated sustainability measures into their long-term economic development strategies; the challenge, as one scholar has noted, has been to build effective ways to compare and to measure their results (Portney 2013).

Thus, policymakers are caught between the Scylla of ignoring environmental stability and favoring more immediate economic gains (attracting businesses through lower regulations) which risks their regions' longer-term viability and the Charybdis of pursuing sustainability efforts that lack the necessary metrics to define success or failure and that might hinder more short-term economic gains. Consequently, while practitioner-oriented policy books have come to acknowledge the issue of environmental impacts, their recommendations either would be difficult for any government at any level to achieve – such as switching away from fossil fuels – or are too vague or too symbolic, such as adopting resolutions that recognize the importance of environmental stewardship, to make much of an impact (Leigh and Blakely 2013).

Consequently, within the past decade, alternative approaches to the idea of "economic development" have been proposed by those who are concerned about long-term environmental sustainability. One key innovation has been its reconceptualization as "community development" (Bhattacharyya 2004). Community development generally focuses on local- or neighborhood-level grassroots actions taken to create policies that promote not only environmental sustainability but that also craft a shared vision of the community's future based on the shared values of its participants (Moss and Grunkemeyer 2010). Or, in the words of two other authors, community development is a "planned effort to build assets that increase the capacity of resident to improve their quality of life" (Green and Haines 2016, p. xi). Many community development practitioners have taken an asset-based, rather than a needs-based, approach, focusing on local self-reliance and resource utilization rather than dependence upon outside entities; in this way, community development is seen as a positive response to the attenuation of social bonds that have occurred as a result of neoliberal capitalism (Putnam 2000). Many communities, in fact, have created community development corporations

(CDCs) to foster this sort of local engagement, but as Green and Haines insist, "community development" also, and significantly, takes place outside of the established channels of local, state, and federal governance, involving faith-based organizations, block clubs, and youth groups, among others. Recent assessments have shown that programs of "community visioning," in which multiple types of actors (universities, local policymakers, community members) participate in creating a shared vision of a given community's future, produced intangible improvements in residents' quality of life (French and Gagne 2010). Indeed, by expanding the very definition of "economic development" to the more capacious idea of "community development," these recent scholarly and practical interventions may point the way to reconciling development, however defined, with long-term environmental (and social) stability.

On one level, of course, "community development" is hardly a new idea. Its antecedents stretch back to the Arts and Crafts and Garden Cities movements in Great Britain in the nineteenth century to the writings of William Morris and John Ruskin and in the twentieth century, Randolph Bourne and Lewis Mumford, as well as to the kibbutzim of the settler Jews in the future Israel (Ruskin 1986; Blake 1990; Morris 1993; Near 2008). And it remains to be seen whether efforts at community development can succeed within the context of a hyper-technologized neoliberal capitalism with its growing complexity and intensifying demands for human and natural resources. Indeed, some critics go so far as to argue that such community development and other locally based efforts will succeed only when capitalist modernity has been abandoned entirely or will become themselves the basis of a simpler, more artisanal postcapitalist world (Magnuson 2013; Berman 2015). Yet these local-based approaches *do* fail to consider the ways in which large actors (universities, industries, governments) still profoundly shape economic development at every level from region and state to nation. If Triple Helix analysis ignores the materialist basis of economic development in favor of technological innovation and knowledge creation, then "community development" ideas risk eliding the ways in which complex institutional and technological systems will continue to shape the trajectory of small localities as much as big cities. Small may be beautiful but it can be a bit myopic too.

On a more practical level, however, policymakers have several strategic options when pursuing development in the face of sustainability concerns. Many communities have incorporated sustainability goals into their developmental plans, though these have generally been ancillary to the more economy-centric goals of attracting quality employers and providing traditional packages of incentives (Kitsap 20/20 2007). Indeed, such plans like *Kitsap 20/20* show the difficulties in reconciling planners' conflicting desires for environmental sustainability and localism and for attracting high-tech industries and institutions as well. Other official bodies integrate environmental sustainability targets much more thoroughly into their development plans, especially in regions that are dependent upon specific natural resources (Columbia-Pacific Resource Conservation and Economic Development District et al. 2008). What these and other developmental plans indicate, however, is that, to one extent or another, economic development strategists can no longer afford to ignore environmental concerns when considering their region's long-term viability.

## Conclusion

At every level, from federal to local, the nature of economic development planning is dramatically changing as the United States approaches the third decade of the twenty-first century. Not only have the traditional approaches of government-sponsored development been called into question by laissez-faire critics but their neoliberal solutions have been shown to produce significant disparities in outcomes as well. New challenges, like the environment and the changing position of the United States within the global world order, are forcing strategists to adjust their approaches to accommodate anticipated smaller availability of resources due to interstate competition and

environmental degradation. Like the country itself, economic development strategy and planning is in a state of agitated flux, searching for new approaches to deal with a growingly number of concerns.

## Cross-References

▶ Public Sector Collaboration and Social Policy
▶ Tax Expenditures as Social Policy

## References

Arestis P (2004–2005) Washington consensus and financial liberalization. J Post Keynesian Econ 27(2): 251–271
Barbier EB (1987) The concept of sustainable development. Environ Conserv 14(2):101–110
Berman M (2015) Neurotic beauty: an outsider looks at Japan. Water Street Press, Healdsburg
Bhattacharyya J (2004) Theorizing community development. Community Dev 34(2):5–34
Blake CN (1990) Beloved community: the cultural criticism of Randolph Bourne, Van Wyck Brooks, Waldo Frank, and Lewis Mumford. University of North Carolina, Chapel Hill
Brenner R (2003) The boom and the bubble: the US in the world economy. Verso, New York
Brown W (2006) American nightmare: neoliberalism, neoconservatism, and de-democratization. Pol Theory 34(6):690–714
Carr N (2015) The glass cage: how our computers are changing us. Norton, New York
Carson R (1962) Silent spring. Houghton Mifflin, New York
Christopherson S, Rightor N (2010) The creative economy as 'Big Business': evaluating state strategies to lure filmmakers. J Plan Educ Res 29:336–352
Clark C (2003) Economic development, international. In: Rabin J (ed) Encyclopedia of public administration and public policy. Marcel Dekker, New York, pp 390–395
Columbia-Pacific Resource Conservation and Economic Development District et al (2008) Comprehensive economic development strategy for the Columbia-Pacific Region
Currid-Halkett E, Stolarick K (2011) The great divide: development theory versus practice – a survey of the current landscape. Econ Dev Q 25(2):143–157
Dewar M (1998) Why state and local economic development programs cause so little economic development. Econ Dev Q 12:68–87
Diamond J (2011) Collapse: how societies choose to fail or succeed. Penguin, London
Escobar A (2011) Encountering development: the making and the unmaking of the third world. Princeton University Press, Princeton
Feldstein M (2002) Argentina's fall: lessons from the latest financial crisis. Foreign Affairs 81(2):8–14
French CA, Gagne M (2010) Ten years of community visioning in New Hampshire: the meaning of 'success'. Community Dev 41(2):223–239
Friedman TL (2000) The Lexus and the olive tree: understanding globalization. Random House, New York
Giroux HA (2012) Twilight of the social: resurgent publics in the age of disposability. Routledge, London
Gordon RJ (2016) The rise and fall of American growth: the U.S. standard of living since the civil war. Princeton University Press, Princeton
Gore C (2000) The rise and fall of the Washington consensus as a paradigm for developing countries. World Dev 28(5):789–804
Green GP, Haines A (2016) Asset building and community development, 4th edn. Sage, Thousand Oaks
Harris M (2011) The IU regional campus: a vital partner in economic development. http://www.docfoc.com/michael-harris-iu-kokomo-chancellor-testimony-indiana-legislature-regional
Harris M (2012) Higher education as a catalyst for regional transformation. Public Purpose (Summer 2012)
Harvey D (2006) Spaces of global capitalism: a theory of uneven geographical development. Verso, London
Harvey D (2007) A brief history of neoliberalism. Oxford University Press, Oxford
Haughton G, Hunter C (2003) Sustainable cities. Routledge, London
House JS (2015) Beyond obamacare: life, death, and social policy. Russell Sage, New York
Jacques M (2012) When China rules the world: the end of the Western world and the birth of a new world order. Penguin, London
Kitsap 20/20 (2007) A county-wide vision and action plan for sustainable economic prosperity. Athena Institute. http://kitsapeda.org/wp-content/uploads/2013/05/Kitsap-2020-Report.pdf
Klancher Merchant E (2016) The technopolitics of population control (unpublished paper)
Klare MT (2012) The race for what's left: the global scramble for the world's last resources. Picador, New York
Krugman P (2013) End this depression now! Norton, New York
Leigh NG, Blakely EJ (2013) Planning local economic development: theory and practice, 5th edn. Sage, Thousand Oaks
Lélé SM (1999) Sustainable development: a critical review. World Dev 19(6):607–621
Leydesdorff L (n.d.) The knowledge-based economy and the triple helix model. http://www.leydesdorff.net/arist09/arist09.pdf
Leydesdorff L, Etzkowitz H (1996) Emergence of a triple helix of university-industry-government relations. Sci Public Policy 23:279–286

E

Leydesdorff L, Fritsch M (2006) Measuring the knowledge base of regional innovation systems in Germany in terms of a triple helix dynamics. Res Policy 35(10): 1538–1553
Liou KT (2003) Economic development, governance issues in. In: Rabin J (ed) Encyclopedia of public administration and public policy. Marcel Dekker, New York
Magnuson J (2013) The approaching great transformation: toward a livable post carbon economy. Seven Stories Press, New York
Mesny A, Mailhot C (2007) The difficult search for compromises in a Canadian industry/university research partnership. Can J Sociol 32(2):203–226
Mitchell T (2002) Rule of experts: Egypt, techno-politics, modernity. University of California, Berkeley
Moretti E (2013) The new geography of jobs. Mariner, Boston
Morris W (1993) News from nowhere and other writings. Penguin, London
Moss ML, Grunkemeyer WT (2010) Building shared visions for sustained communities. Community Dev 41(2):240–254
National Economic Council, Office of Science and Technology Policy (2009) A strategy for American innovation: driving toward sustainable growth and quality jobs. Office of the President, Washington, DC. https://www.whitehouse.gov/sites/default/files/microsites/ostp/innovation-whitepaper.pdf
Near H (2008) The kibbutz movement: a history: volume 1: origins and growth, 1909–1939. Littman Library of Jewish Civilization, New York
Office of the President (2016) Economic report of the President of the United States. https://www.whitehouse.gov/sites/default/files/docs/ERP_2016_Book_Complete%20JA.pdf
Payer C (1975) The debt trap: the international monetary fund and the third world. Monthly Review Press, New York
Piketty T (2014) Capital in the twenty-first century. Harvard University Press, Cambridge
Pollin R (2011) Notes on wall street reform: the battle continues. New Labor Forum 20(2):84–87
Ponting C (2007) A new green history of the world: the environment and the collapse of great civilizations. Penguin, London
Portney KE (2013) Taking sustainable cities seriously: economic development, the environment, and quality of life in American cities, 2nd edn. The MIT Press, Cambridge
Pries ADR, de Castro EA (1997) Can a strategic project for a university be strategic to regional economic development? Sci Public Policy 24(1):7–14. special issue on science policy dimension of the Triple Helix
Prudhomme R (1995) The dangers of decentralization. World Bank Res Obs 10(2):201–220
Putnam R (2000) Bowling alone: the collapse and revival of American community. Simon and Schuster, New York
Redman CT (1999) Human impact on ancient environments. University of Arizona Press, Phoenix
Reese LA (2014) The alchemy of local economic development. Econ Dev Q 28(3):206–219
Rostow WW (1960) The stages of economic growth: a non-communist manifesto. Cambridge University Press, Cambridge
Ruskin J (1986) Unto this last and other writings. Penguin, London
Sands G, Reese L (2008) Cultivating the creative class: and what about Nanaimo? Econ Dev Q 22:8–23
Schumacher EF (1973) Small is beautiful: economics as if people mattered. Harper Collins, New York
Scott JC (1998) Seeing like a state: how certain schemes to improve the human condition have failed. Yale University Press, New Haven
Shinn T (2002) The triple helix and new production of knowledge: prepackaged thinking on science and technology. Soc Stud Sci 32(4):599–614
Stern N (1991) Public policy and the economics of development. Eur Econ Rev 35(2/3):241–254
Stiglitz JE (2003) Globalization and its discontents. Norton, New York
Strand Ø, Leydesdorff L (2013) The Swedish system of innovation: regional synergies in a knowledge-based economy. J Am Soc Inf Sci Technol 64(9):1890–1902
Taibbi M (2010) Looting main street. Rolling Stone (31 Mar 2010). http://www.rollingstone.com/politics/news/looting-main-street-20100331
Viale R, Etzkowitz H (2010) The capitalization of knowledge: a triple helix of university-industry-government. Edward Elgar, Cheltenham
World Bank (2016) Potential macroeconomic implications of the trans-pacific partnership. World Bank, Washington, DC. https://www.worldbank.org/content/dam/Worldbank/GEP/GEP2016a/Global-Economic-Prospects-January-2016-Implications-Trans-Pacific-Partnership-Agreement.pdf
Ye FY, Yu SS, Leydesdorff L (2013) The triple helix of university-industry-government relations at the country level, and its dynamic evolution under the pressures of globalization. J Am Soc Inf Sci Technol 64(11): 2317–2325

# Economic Governance

Amir Mohammad Nasrullah
University of Chittagong, Chittagong, Bangladesh

## Introduction

The concept of governance is not new at all. In the literature of development economics, it has been used extensively. Nowadays, governance has

been familiarized as an operative means to connect globalization. But it is not easy to define the concept as it has diverse interrelating features. Governance is a multidimensional concept. However, in order to completely grasp the notion of governance, it is necessary to look at its all other facets, such as political, legal, economic, and corporate governance. In fact, all the diverse dimension's overlap with each other. For example, political governance has common issues with economic governance, while economic governance has inferences on corporate governance (Yilmaz 2007). Better economic governance contributes to investments, job creation, and poverty reduction, hereafter a stronger economy. Hence, the promotion of economic governance is a strategic priority for all the nations around the globe.

The aim of this entry is to conceptualize, critically analyze, and describe the concepts of economic governance in details by reviewing the existing literatures. Economic governance mainly focuses on the processes that support economic activity and economic transactions, which are carried out within institutions both formal and informal. The field of economic governance studies compares the performance of different institutions under different conditions, the development of these institutions, and the transitions from one set of institutions to another (Dixit 2008).

## Conceptualizing Governance, Good Governance, and Economic Governance

The terms governance, good governance, and economic governance are interconnected with one another. The following section tries to conceptualize those terms to recognize the nature of their links.

### Governance

The term governance is extensively used nowadays. It was first used seven centuries ago in two senses. In the first sense it meant action, method of governing; and in the second sense it included action and manner of governing. However, it has been defined in many ways in the existing literature of both the academics and practitioners literature, with varying degrees of state-centricity because of the fast-changing and interdependent global situation. In this age of globalization, no country can afford to continue with a governance system that is outdated, slow, ineffective, expensive, and corrupt in this age of globalization-situation. In this age of globalization, no country can afford to continue with an outdated, slow, ineffective, expensive, and corrupt governance system (Khan 2006).

Harlan Cleveland first used the term governance as an alternative to the term public administration. As of Cleveland, "what the people want is less government and more governance" (Fredrickson 2005). However, the use of the governance concept is not restricted to the discipline of public administration. On the contrary, Van Kerabergen and Van Waarden (2004) (cited in Fenger and Bekkers 2007) have identified nine uses of the governance concept, stemming from a wide variety of disciplines including politics, law, public administration, economics, business administration, sociology, geography, and history. "Good governance," "corporate governance," "multi-level governance," and recently even "government governance" are word pairs that illustrate the disciplinary variety (Mili and Nasrullah 2014).

As of UNDP, governance in broad terms signifies the exercise of political, economic, and administrative authority to manage a nation's affairs comprising the complex range of mechanisms, processes, relationships, and institutions through which citizens and groups articulate their interests, exercise rights and obligations, and mediate differences (UNDP 1997).

IMF (2002) described the term governance, as generally used, encompasses all aspects of the way a country is governed, including its economic policies and regulatory framework. Poor governance offers greater incentives and more scope for corruption. Many of the causes of corruption are economic in nature, and so are its consequences. Poor governance clearly is detrimental to economic activity and welfare (IMF 2002).

World Bank (1989) stated that governance is the traditions and institutions by which authority in a country is exercised for the common good. This includes: the process by which those in authority are selected, monitored, and replaced; the capacity of the government to effectively manage its resources and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them (World Bank 1989).

Moreover, it is the exercise of political power to manage a nation's affair. It is also examined as "the manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank 1992). In the World Bank's definition, "governance" encompasses the form of political regime; the process by which authority is exercised in the management of a country's economic and social resources for development; and the capacity of governments to design, formulate, and implement policies and discharge functions (Khan 2003). The World Bank's focus on governance reflects the worldwide thrust toward political and economic liberalization. Such a governance approach highlights issues of greater state responsiveness and accountability, and the impact of these factors on political stability and economic development (Mili and Nasrullah 2014).

## Indicators of Governance

World Bank (2006) presented the latest version of the worldwide public sector governance indicators. They have covered 212 countries from the period 1996–2008 which has been recognized as an effective measurement tool across the world. These governance indicators focus on the following six dimensions (Kaufmann et al. 2009).

### Voice and Accountability

Voice and accountability is the first important dimension of governance. It focuses on measuring perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

### Political Stability and Absence of Violence

It is the second important dimension of governance. It focuses on measuring perceptions of the likelihood that the government would be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.

### Government Effectiveness

It is the third important dimension of governance. It focuses on measuring perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

### Regulatory Quality

It is the fourth important dimension of governance. It focuses on measuring perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

### Rule of Law

It is the fifth important dimension of governance. It focuses on measuring perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

### Control of Corruption

Finally control of corruption is the sixth important dimension of governance. It focuses on measuring perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

However, governance has different meanings covering different agendas from political systems to corporate governance. They include political democratization, reorganization of police and the military, curing the problems of corruption, collusion, and nepotism, justice reform system, decentralization, financial management, corporate governance, and state-owned enterprise reforms.

Governance can be viewed as the sum of three major components: process, content, and deliverables. The process of governance includes factors such as transparency and accountability, while content includes values such as justice and equity (Kaufmann et al. 2009).

## Good Governance

The term good governance used in development literature implies that public institutions conduct public affairs, manage public resources, and guarantee the realization of human rights. Good governance accomplishes this in a manner essentially free of abuse and corruption, and with due regard for the rule of law (UNESCAP 2009). It means ruling justly, enforcing laws and contracts fairly, respecting human rights and property rights, fighting corruption, and encouraging economic freedom. O'Neill (2002) added, encouraging economic freedom focuses on removing barriers to trade with neighbors and the world, opening the economy to foreign and domestic investment and competition, pursuing sound fiscal and monetary policies, and divesting government from business operations. It also focuses on recognizing the private sector that creates prosperity, not central planning or bureaucracies (O'Neill 2002).

Abdellatif (2003) mentioned that good governance is, among other things, participatory, transparent, and accountable, effective and equitable, and it promotes the rule of law. It ensures that political, social, and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources (Abdellatif 2003).

However, good governance is characterized by an accountable government at the top, an independent judicial system, freedom of thought and expression, and above all, freedom of choice for its citizens. Good governance also implies a democratic structure, human rights, and freedom of media (Mili and Nasrullah 2014).

Within this broad conceptualization of good governance there are two distinct positions. Firstly, as pronounced by the World Bank, good governance is management of the resources, and affairs of a country in a manner that is open, transparent, accountable, equitable, and responsive to people's needs. On the other hand, governance is "good" when it serves not just any public interest but that of the most poor and marginalized people in society. However, over the years, good governance has emerged beyond being a value concept. Increasingly it is understood as a process that when implemented in its totality leads to sustainable development and change (Aminuzzaman 2006).

## Characteristics of Good Governance

The United Nations Development Program's (UNDP) definition of good governance is set out in a 1997 UNDP policy document entitled "Governance for Sustainable Human Development." The document states that governance can be seen as the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. UNDP acknowledges the following as core characteristics of good governance, i.e., participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability, and strategic vision (UNDP 1997).

### Participation

All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as on the capacity to participate constructively.

### Rule of Law

All men and women, institutions, and entities should be accountable to laws. Legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

### Transparency

Transparency is built on the free flow of information. Processes, institutions, and information

should be directly accessible to those concerned, and enough information should be provided to render them understandable and monitorable.

### Responsiveness

Responsiveness means being able to respond as quickly as possible. It mainly focuses that all the institutions and processes should respond, and serve all of their stakeholders within a responsible time frame. It creates trust among the participants.

### Consensus Orientation

Consensus orientation focuses on generally accepted opinion made by a group of people. Good governance should mediate differing interests in order to reach broad consensus on the best interests of the group and, where possible, on policies and procedures.

### Equity

Equity in good governance focuses on the issues of fairness, justice and social equity in a variety of public contexts. All men and women should have equal opportunity to maintain or improve their well-being.

### Effectiveness and Efficiency

Effectiveness and efficiency focuses on the functioning of public sector based on inquiry, and liability. So, processes and institutions should produce results that meet needs while making the best use of resources.

### Accountability

Accountability in good governance focuses on answerability and expectation of account giving. Decision-makers in government, the private sector, and civil society organizations should be accountable to the public as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization.

### Strategic Vision

Leaders and the public should have a broad and long-term perspective on good governance and human development, together with a sense of what is needed for such development. There should also be an understanding of the historical, cultural, and social complexities in which that perspective is grounded.

Nevertheless, good governance ensures the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources. Moreover, the political and socioeconomic priorities are determined based on broad consensus among the three stakeholders: state, private sector, and civil society. All these stakeholders are critical for sustainable human development. The state is to create a conducive political and legal environment; the private sector is to generate jobs and income; and the civil society is to facilitate political and social interaction. With the advent of globalization and the integration of economies, the state's task is also to find a balance between taking advantage of emerging market opportunities and providing a secure and stable socioeconomic domestic environment (UN 2000).

## Economic Governance

Economic governance is the nature and practice of economic management, regulation, and development or the institutional environment that constraints and coordinates economic action (Yilmaz 2007). As of Williamson (2005), economic governance is the study of good order and workable arrangements that include the institutions and organizations which underpin economic transactions by protecting property rights, enforcing contracts, and organizing collective action to provide the infrastructure of rules, regulations, and information that are needed to lend feasibility or workability to the interactions among different economic actors, individual and corporate (Williamson 2005).

Different economies at different times have used different institutions to perform these functions, with different degrees of success. The field of economic governance studies compares these different institutions. It includes theoretical models and empirical case studies of the performance of different institutions under different circumstances, of how they relate to each other, of

how they evolve over time, and of whether and how transitions from one to another occur as the nature and scope of economic activity and change of its institutional requirement.

However, most importantly, economic governance is the subset of governance activities that support and affect economic activity. Much like definitions of governance generally, the definitions of economic governance can vary, having various degrees of state-centricity. Avanish Dixit (2008) defined economic governance as the processes that support economic activity and economic transactions by protecting property rights, enforcing contracts, and taking collective action to provide appropriate organizational infrastructure (Avellaneda 2006).

## Indicators of Economic Governance

Mahani (2003) categorizes the indicators of economic governance as: macroeconomic management, investment, trade regime, financial sector management, private sector participation, and social development. Macroeconomic management indicator includes fiscal management, level of government debt, unemployment, and inflation, while investment indictor includes size and trend of foreign and domestic investments, capital flows, and allocation of resources in an economy. On the other hand, trade regime indicator includes trade orientation, export and import performance, and balance of payment position, and financial sector management indicator includes the banking sector, capital market, and exchange rate regime. Private sector participation as an indicator includes privatization and corporate governance, while social development includes income distribution and level of poverty in a country (Mahani 2003).

## Economic Governance and Growth and Development

The term "governance" has shattered from anonymity to ubiquity in economics since the 1970s. Economic governance refers to the policy and regulatory settings that governments adopt to manage the economy. It encompasses two broad areas of public policy: macroeconomic including aggregate fiscal management and microeconomic management relating to the policies that determine the private sector operating environment. Around the globe, weak economic management and corruption continues to be key constraints to economic development.

Governance as a multifaceted concept, encompasses all aspects of the exercise of authority through both formal and informal institutions in the management of resources. In other words, governance is an exercise of economic power in the management of resource endowment of a country done through mechanisms, processes, and institutions through which citizens and groups can articulate their interest, exercise legal rights, meet their obligations, and mediate their differences (Huther and Shah 1998; Gonzalez and Mendoza 2003; and Mahani 2003).

Economic governance presupposes the existence of well-defined and well-established institutional framework which is competent to undertake the implementation of economic policy laid down by the government. The institutional framework should be capable of making structural adjustment and effectively implement stabilization policies whenever required to do so. In fact, effective economic governance primarily depends on the strength of its institutional framework, the flexibility, maneuverability, and resilience to the changing political, economic, and social environment, and the ability and competence of the persons to take bold, practicable, and rational decisions. Where the institutional framework is fragile and the decision-makers are incompetent or indifferent, even the best economic policies will be worthless (Huther and Shah 1998; Gonzalez and Mendoza 2003; Mahani 2003).

Governance has assumed a more central focus. It has been given key attention not only by the officials from the United Nations Development Program, the World Bank, and the International Monetary Funds, but also from the policymakers in especially developing countries, donors; and regional organizations of economic cooperation as well as academic's community. Since the

beginning of 1990s, there is a strong indication of growing emphasis that "good governance," together with democracy and protection of basic human rights, is indispensable for sustainable economic growth (Mahani 2003).

It is impossible to achieve economic development without ensuring good governance, which is composed of competence and honesty, public accountability, and broader participation in discussion and decision-making on central issues. In addition to traditional view of governance which is on the public governance, there is also a notable increase in the endeavors to grasp the concept of governance in a multidimensional perspective which includes economic governance. The relationship between governance and development is thus studied from diverse angles, especially in the vein of economic transformation, macroeconomic management, and prevention of crisis as well as structural reforms (Mahani 2003).

Economic governance is often studied through its role in the promotion of growth. This is done by setting policies, incentives, and institutions that create an environment conducive to sustained stable growth through efficient management of a country's resources. It means managing a country's resources in a way that is accountable to and representative of the community; transparent, that is, open and predictable; and efficient and equitable in terms of the use and distribution of resources. Hence, good and effective governance requires government policies that encourage and efficiently manage investment and economic growth, support a fair and efficient public sector, strengthen the rule of law, protect human rights, and foster public participation and representation in decision-making (UN 2000).

Good governance provides key institutions and policies for the equitable and efficient allocation of resources, both labor and capital (Brouwer 2003). To put it differently, it allows an economy to yield higher growth rates by using the same amount of factors of production. The strengthened economic governance across a broad spectrum of policy, administrative, and institutional issues is now widely accepted as a key factor in rebuilding domestic and international confidence in an economy. The increase in the confidence in an economy generates more investment, which in turn leads to more production, more employment, and increased welfare (AUSAID 2003).

Good governance is also essential for equitable distribution of income. High growth rates have an impact on poverty reduction by supplying more employment to the economy, but do not have direct effects on the redistribution of income. Indeed, good governance principles are the tools to redistribute income equitably, to produce policies for the provision of public health, infrastructure, education, and other public goods and services either by directly government or by the private sector in a market which is regulated and supervised by the government.

## Relation between Economic Governance, and Growth and Development: What Researchers Say?

Many studies have examined the nexus between economic governance and growth. Huther and Shah (1998) studied the link between governance and growth. They have found that countries that practiced good governance have enjoyed high growth. They developed a governance index featuring four subindices, i.e., citizen participation index (CP), government orientation index (GO), social development index (SD), and economic management index (EM). Each of the subindices has several other components. For the economic management index, its components are outward orientation, central bank interdependence, and debt-to-GDP ratio which were used to assess trade policy, monetary policy, and fiscal policy, respectively (Huther and Shah 1998).

Barro (1999) also studied the concept of growth based on the conditional convergence hypothesis which centers on the speed of economic growth in a country toward its steady-state level. He had empirically identified that more schooling, better health, lower fertility rate, less government consumption relative to GDP, greater adherence to uncorrupted rule of law, improvements in terms of trade changes, and lower inflation all go hand in hand with faster economic growth (Barro 1999).

Furthermore, Barro (1999) identified the interplay between economic, and political development. He mentioned that there is nonlinear relationship between democracy, and growth. According to his findings, in countries with low levels of political freedom, a marginal increase in political freedom is associated with an acceleration in growth. However, at high levels of political freedom, a marginal increase in political freedom is associated with a slowing in growth (Barro 1999).

## Economic Governance Leads to the Implementation of Economic Policy

Economic governance assumes the existence of well-defined and well established institutional framework which is competent to undertake the implementation of economic policy formulated by the Government. The institutional framework should be capable of making structural adjustment and effectively implement maintenance policies whenever required to do so (Mahini 2003). In fact, effective economic governance primarily depends on the strength of its institutional framework, the flexibility, maneuverability and resilience to the changing political, socio-economic environment. It also depends on the ability, and competence of the persons to take bold, practicable and rational decisions. Where the institutional framework is fragile, and the decision makers are incompetent or indifferent, even the best economic policies will be worthless (Huther and Shah 1998; Gonzalez and Mendoza 2003; and Mahani 2003).

## Economic Governance Leads to Equitable Distribution of Income

Economic governance is also essential for equitable distribution of income. High growth rates have an impact on poverty reduction by supplying more employment to the economy, but do not have direct effects on the redistribution of income. Indeed, good economic governance principles are the tools to redistribute income equitably, to produce policies for the provision of public health, infrastructure, education, and other public goods and services either by directly government or by the private sector in a market, which is regulated and supervised by the government (Yilmaz 2007).

## Economic Governance Leads to the Promotion of Growth and Development

Economic governance is often studied through its role in the promotion of growth and development. This is done by setting policies, incentives and institutions that create a conducive environment to sustainable growth through efficient management of resources of a country. It means managing the resources of country in such a way that is accountable and answerable to, and representative of the community; transparent, that is, open and predictable; and efficient and equitable in terms of the use, and distribution of the resources. Henceforth, good and effective governance requires government policies that encourage and efficiently manage investment and economic growth, support a fair and efficient public sector, strengthen the rule of law, protect human rights, and foster public participation and representation in the decision making process (Mahani 2003).

Overall, economic development cannot be achieved without good governance that is composed of competence and honesty, public accountability, and broader participation in discussion and decision making on central issues. In addition to traditional views of governance, which is not on the public governance, there is also a notable increase in the endeavors to grasp the concept of governance in a multidimensional perspective that includes economic governance. The relationship between development and governance is thus studies from different angles, especially in the vein of economic transformation, macroeconomic management, and prevention of crisis as well as structural reforms.

However, from the above discussion, we can summarize that economic governance leads to economic growth and development in a country.

## A Model of Good Economic Governance

Economic governance focuses on the processes that support economic activity and economic transactions to protect property rights, enforce contracts, and take collective action to provide appropriate physical and organizational infrastructure. These processes are carried out within institutions, formal and informal. It ensures performance of private and public sector. But it is important to apply the principles of good governance at the state level. If all the elements of good governance are incorporated in the economic governance system of a state it becomes good economic governance.

Good governance resides on principles such as the rule of law, transparency, accountability, nondiscrimination, and participation. Economic governance is one specific aspect of good governance and refers to all rules constituting the general framework for economic activities. Implementing these rules in a transparent, predictable, and reliable way contributes to a resilient and stable economy that fosters inclusive growth, investment as well as job creation and ultimately helps alleviating poverty.

Good economic governance is crucial for the functioning of both the public and the private sector. Firstly, only well-functioning, transparent economic, financial, and fiscal policies can contribute to economic growth and sustainable development. And only strong, well-governed, and transparent public institutions can deliver their services to the population effectively. Secondly, only a transparent, efficient, and ethical private enterprise will fully merit the trust of its stakeholder and customer.

The objectives of economic governance are to create decent jobs, reduce corruption, and enhance trade and competitiveness, as well as increase per capita and better public service, the ultimate outcome of which is sustainable economic growth and development (Fig. 1).

The proposed economic governance model focuses that economic governance based on good governance principles and supported by a conducive environment can achieve the objectives of economic governance toward sustainable economic growth and development.

Existing literatures show that good governance principles such as the rule of law, transparency, accountability, nondiscrimination, and participation are important for good economic governance. Good economic governance contributes to a stable economy that fosters economic growth.

On the other hand, a conducive environment toward economic growth depends on an accountable political government, strong institutions, transparent public financial sector, and efficient private sector. A conducive environment according to this model would be helpful to achieve the objectives of good economic governance, such as, creating decent jobs, enhancing trade and competitiveness, increasing per capita, reduces corruption and poverty, and enhance better public service. Ultimately, the outcome of which is growth toward sustainable economic development.

Economic governance focuses on the system of institutions and procedures established with a view to achieving the objectives of economic policies to promote socioeconomic progress of a nation. It consists of the entire institutional framework of the government engaged in the formulation and implementation of general economic policies affecting its internal and international economic relations. It would also necessitate evolving on a permanent basis harmonious fiscal, monetary, and trade policies and establishment of a monitoring authority for effective coordination between different economic activities (Mahani 2003).

## Challenges and Problems of Economic Governance and Ways Forward

There are many problems of economic governance identified by the researchers around the globe. Creating a conducive economic environment toward economic growth is one of the major challenges of economic governance before the developing and transitional economies. A conducive economic environment is dependent on creation of employment, income equality, reduction of poverty, development of human capital, and availability of quality jobs. But developing

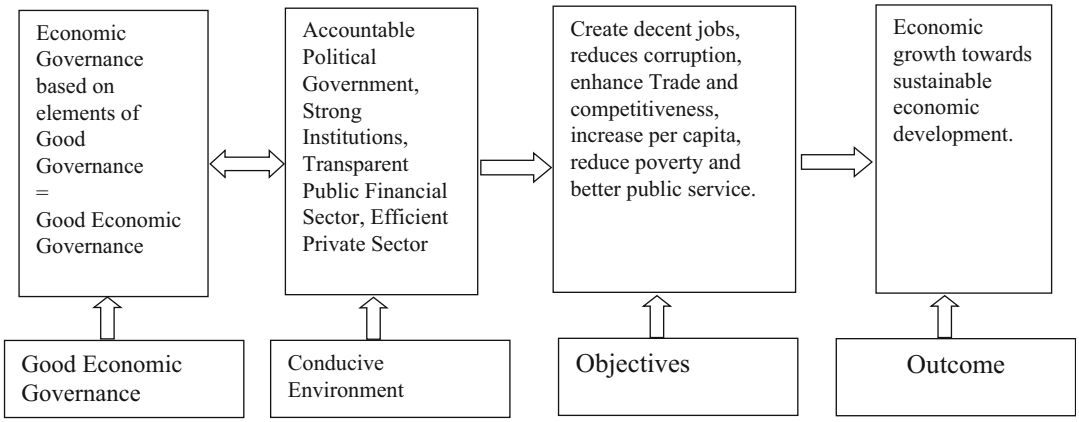


**Economic Governance, Fig. 1** Good economic governance model. (Source: Author)

countries as well transitional economies in the world are facing high rates of unemployment or underemployment, increasing inequality, high rates of poverty, high incidence of corruption, disruption of major economic activities due to the different natural disaster and political turmoil, low productivity due to poor human capital development, and lack of quality jobs and employment opportunities etc (UN 2000).

These problems pose serious threats to economic governance toward sustainable growth and development in many developing and transitional economies. Therefore, each country, to create a conducive economic environment, must ascertain and evaluate its stock of natural, physical, and financial resources and formulate appropriate strategy for economic growth. However, these strategies should be based on the ability for capacity building, resource mobilization, strengthening of the institutional framework, and administrative capability of the respective countries.

Positive steps should be taken to promote private sector development by creating conducive atmosphere for its nurture and healthy growth. Wherever possible, attempts should be made to encourage and foster public-private partnership and establish adequate legal and regulatory framework to provide a level playing field to both public and private sectors of the economy. The above model of economic governance may create a conducive environment to solve the problems toward sustainable economic growth and development.

Presently, the global economic environment has been changing rapidly. In this context, it is important to broaden the scope of the economic policies to include other elements, popularly known as "second generation reforms". Because, they are considered vital for economic growth, and financial stability. It may be possible in a country only if a system of economic governance is ensured. Some important suggestions based on the existing literature are listed below: (Gani 2011; Mahani 2003; UN 2000)

### Increase Spending on Fundamental Needs

Government should increase spending on fundamental needs of the people, such as, primary health and education, and adequate social protection for the poor, the unemployed, and other vulnerable underserved sections of the society. Consequently, governments should reduce extravagant and unproductive government expenditure significantly.

### Promoting Private Sector

The creation of a more level-playing field for the private sector activity is also necessary. To make this happen governments need to increase the openness, stepping up the privatization process, reducing the power of monopolies through appropriate legal and administrative measures, and setting up more transparent, and simpler legal and regulatory systems and frameworks.

### Strengthening Banking Sector

Governments should strengthen the existing banking sector. Because it can protect small savers and other depositors. It also can reduce risks for shareholders, and creditors by enforcing stricter prudential standards, and information disclosure requirements.

### Reforming Tax Structure

Tax system of the country should be reformed to make them more efficient, effective, equitable, and fairly comprehensive. It is also important to ensure greater transparency and accountability in government and corporate affairs.

These elements could be considered to constitute the basic framework of good economic governance. Capacity building for institutions compatible with a transforming economy is also very important for a pluralistic democracy, as well as, decentralization of power and good governance. The critical elements are: right type of institutions for right type of tasks, strengthening institutions to function effectively in delivering assigned tasks, developing capacity to manage institutional transition during socioeconomic transformation, and finally making sure that institutions remain dynamic, not trapped in partnership, mediocracy, and conformity. Growth will be sustainable only if institutions are strong.

## Conclusion

Economic growth is very powerful tool to reduce poverty, increase employment, and overall improve the quality of life in developing countries. In this context, economic governance matters for which political stability and effectiveness of the concerned governments are important. Therefore, it is necessary to build institutions related to economic governance in developing countries. However, institutions governing economic relations differ between nations.

The roots of research on different modes of economic governance can be traced back to the early history of research on comparative capitalism. Classical economic sociology and political economy scholarship established important understandings into the causes of divergent economic models and developments. A consensus is established that economic actions are rooted in cultural and social practices. However, the concept of governance in the context of promoting sustainable economic growth and development comprises of efficient government, effective civil society and successful private sector. Good governance is based on participatory and democratic traditions, promotion of equity and equality, gender balance and promotion of synthesis of diverse perspectives and mobilization of resources for social purposes, and in the final analysis based on the rule of law. Effective economic governance, in this context, would seek to evolve well structures, harmonious and complementary fiscal policy, monetary and trade policies and establishment of monitoring and regulatory authorities for promotion and coordination of different economic activities (Mahani 2003).

The dynamics of the current modern economy makes it necessary for developing countries to act now to improve the dimensions of governance and establish good governance practices that are internally relevant and internationally analogous and dependable (Gani 2011). The financial, fiscal and economic crisis that originated in the early twenty first century showed that financial, fiscal, and macroeconomic imbalances are strictly interrelated, not only within the national boundaries, but also at the global level. Therefore, nations around the globe should focus on ensuring a good economic governance system in order to achieve sustainable economic growth and development.

## References

Abdellatif AM (2003) Good governance and its relationship to democracy and economic development. Global Forum III on Fighting Corruption and Safeguarding Integrity. Seoul. ftp://pogar.org/LocalUser/pogarp/governance/aa/goodgov.pdf

Aminuzzaman SM (ed) (2006) Governance and development: Bangladesh and regional experiences. Sharbon Prokashani, Dhaka

AUSAID (2003) Economic governance and the Asian crisis. Quality Assurance Series. AUSAID

Avellaneda SD (2006) Good governance, institutions and economic development. Found in the internet
Barro R (1999) Determinants of economic growth: a cross-country empirical study. MIT Press, Cambridge, MA
Brouwer G (2003) Macroeconomics and governance. Treasury working paper 2003–04. Australian economic and financial management initiatives, Australian government, Canberra
Dixit, A. K. (2008) "Economic governance", in Steven N. Durlauf and Lawrence E. Blume edited The new Palgrave dictionary of economics, 2. Palgrave London
Fenger M and Bekkers V (2007) The Governance Concept in Public Administration, In Bekkers V, Dijkstra G, Edwards A and Fenger M (eds) Governance and the Democratic Deficit, Assessing the Democratic Legitimacy of Governance Practices, Ashgate, Aldershot, England
Frederickson HG (2005) Whatever happened to public administration? Governance, governance everywhere. In: Ferlie E et al (eds) The Oxford handbook of public management. Oxford University Press, Oxford
Gani A (2011) Governance and Growth in Developing Countries, Journal of Economic Issues, 45(1):19–40, https://doi.org/10.2753/JEI0021-3624450102
Gonzalez ET, Mendoza ML (2003) Governance in Southeast Asia: issues and options. Research paper series no. 2002–06. Philippine Institute for Development Studies, Makati City
Huther J, Shah A (1998) Applying a simple measure of good governance to the debate on fiscal decentralization. Policy research working paper 1894. World Bank Group, Washington DC
IMF (2002) The IMF and good governance. *A Factsheet*, August 31, 2002
Kaufmann D, Kraay A, Mastruzzi M (2009) Governance matters VIII: aggregate and individual governance indicators, 1996–2008. World Bank policy research working paper no. 4978. Available at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1424591
Kersbergen KV, Waarden FV (2004) Governance as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy, European Journal of Political Research, 43, pp 143–171
Khan MM (2002) Good governance: concept and the case of Bangladesh. In: Chowdhury MH (ed) Thirty years of Bangladesh politics: essays in memory of Dr. Mahfuzul Huq. University Press Ltd., Dhaka
Khan MM (2003) State of governance in Bangladesh. The Round Table 370:391–405. Carfax Publishing
Khan MM (2006) Dominant executive and dormant legislature: executive-legislature relations in Bangladesh. UPL, South Asian Publishers, Dhaka, New Delhi
Mahani ZA (2003) Economic governance in Malaysia and its links with the Asian crisis. In: Shimomura Y (ed) The role of governance in Asia, Asian development experience, vol 2. Institute of Southeast Asian Studies for Japan Institute of International Affairs and the ASEAN Foundation, Singapore, pp 316–348
Mili BR, Nasrullah AM (2014) Fundamentals of public administration. Dhaka, BIIT. ISBN 978-984-8471-20-3
UNDP (United Nations Development Programme) (1997) Governance for a sustainable human development. A UNDP policy document. UNDP, New York. Available at http://magnet.undp.org/policy/chapter1.html
UNDP (2002) UNDP and governance: experience and lessons learned. Management Development and Governance Division, United Nations Development Program, New York
UNESCAP (2009) Economic and Social Survey of Asia and the Pacific 2009. UNSCAP, UN, New York
United Nations (2000) Economic governance: guidelines for effective financial management. Department of Economic and Social Affairs, Division for Public Economics and Public Administration, UN, New York
Williamson OE (2005) The economics of governance. Am Econ Rev 95(2):1–18
World Bank (1989) Sub-Saharan Africa: from crisis to sustainable development. World Bank, Washington, DC
World Bank (1992) Governance and development. World Bank, Washington, DC
World Bank (2002) Globalization, growth and poverty: building an inclusive world economy, World Bank, Washington, DC
World Bank (2006) Global Monitoring Report 2006: Strengthening Mutual Accountability: Aid, Trade, and Governance, World Bank, Washington, DC
Yilmaz D (2007) Economic governance - the Turkish case, Opening remarks at the conference on current issues in economic governance, Ankara, found at www.bis.org

E

# Economic Liberalization and Governance

Md Alauddin
Uttara University, Dhaka, Bangladesh

## Synonyms

Corporate governance; Neoliberal governance; Privatization; Privatized governance

## Introduction

Economic liberalization is an idea as well as policy prescriptions inherently related to governance. Governance includes all aspects of the society, whereas economic liberalization transforms the

economic relations and institutions to achieve some desired goals. According to C. M. Chaudhary, economic liberalization is the lessening of government regulations and restrictions in an economy in exchange for greater participation by private entities; the doctrine is associated with classical liberalism. Thus, liberalization in short is "the removal of controls" in order to encourage economic development (Chaudhary 2008). As stated in Reference.com, economic liberalization refers to those government policies which promote economic growth by opening up trade to international markets, extending the use of markets, and lessening the restrictions and regulations placed on business (Reference 2017).

A broader definition is provided by *The Finance Map* stating economic liberalization is one of the most important step in economic reform. Many developed countries around the world have adopted economic liberalization through privatization. The government has allowed to privatize, partially or fully, its properties and assets. Economic liberalization is characterized by low corporate tax rates, less restriction on foreign and domestic capital, and labor market flexibility. In the developing countries, the term economic liberalization focuses more on opening their market to the foreign or national big investors (Map 2015). Considering the definitions articulated above, economic liberalization can be understood as a set of active policies supporting free market and privatization in business operation and thus relinquish government control in every sphere of economic activities and business operations.

Governance on the other hand is defined as the processes of governing undertaken by a government, market or network, or over a family, tribe, formal or informal organization, or territory through laws, norms, power, or language. It also relates to the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions (Bevir 2013).

In order to ensure proper working of economic liberalization, good governance is prior condition. Both the aspects have intrinsic linkage. To implement economic liberalization, it is necessary to mediate the governance of the imposed countries by the international organizations. The first step to liberalize any economy was the transformation of governance which started with the introduction of Washington Consensus in 1989 in the context of Latin America (Williamson 2004). Thus economic liberalization and governance have an organic linkage. It was observed in many cases that economic liberalization with poor governance negatively obstructed many economies. According to Nobel Laureate Economist Joseph Stiglitz, "The most fundamental change that is required to make globalization work is in the way that it should is a change in Governance" (Stiglitz 2003). Economic liberalization must be devoted with the good governance practices. Therefore, economic liberalization and governance work together consisting a dependency relationship to foster privatization and economic growth of an economy.

## The Linkages Between Economic Liberalization and Governance

Economic liberalization is a term that comprehends the idea of unleashing the economy from the direct government control. In other words, it is a task of liberating the economy from direct government control through removing the barriers responsible to disturb the free motion of market to let it operate independently. The central goal of economic liberalization is fostering economic growth, often which is considered as similar to economic development. Nonetheless there are differences between economic growth and economic development. Economic growth is the expansion of aggregate economic activities throughout the economy for which there is a necessity to increase the economic activities to expand growth.

Hence the basic feature of economic liberalization is to reform the social and business structure so that all barriers of business and market operation are removed or made flexible which ultimately boosts the economic growth. Liberalization policies include partial or full privatization of government institutions and assets, greater

labor market flexibility, lower tax rates for businesses, less restriction on both domestic and foreign capital, open markets, and so on. Liberalization is considered as an active measure contrary to the customary form of society which exists in its naturally given form and in a passive order. It is sometimes considered as similar to neoliberalism which has come principally from the Washington Consensus and popularized in the decades of 1970s and 1980s. The advocates of liberalism strongly support extensive economic liberalization policies like privatization, fiscal austerity, deregulation, free trade, and reduction in government spending with the view to enhance the role of private sector in the economy (Dag Einar Thorsen 2009). Emerged in a special situation of developed markets, the Consensus stresses three broad themes of liberalization which has a direct connection with transforming governance. First, it elevates the role of markets in economic governance and in mediating flows of goods and capital. Second, it enhances the role and scope of the private sector and private property. Finally, it promotes a particular notion of sound economic policy including balanced public budgets and flexible labor and trade markets. These policies include reformation in both public and private governance. Advocates contend that these policies represent the only path to economic prosperity in an increasingly interconnected world economy. Those policies help in macroeconomic stability and reduce pressures from the government. If the government is allowed to work beyond business and rather regulate the business then both from the business and the government perspectives, they can walk on their own way to stimulate growth of the economy (Banuri 1991).

We see that the growth of the economy is a function of economic liberalization and governance both work as complementary to each other. In this context, governance has gained overwhelming popularity through the active policy suggestions of World Bank and International Monetary Fund (IMF) starting in 1970s with the view to help functioning the forces to achieve economic development although governance was not a new idea in the sphere of public administration. But, this time governance got a new dimension called normative governance. The argument for ensuring normative governance as "good governance" for higher growth has established governance both as a cause and outcome of economic growth.

Governance has become the key player to ensure economic liberalization. It is undoubted that without looking into the core aspects of governance, the *modus operandi* of economic liberalization and its implementation cannot be achieved. Governance can exist in many forms like the central government of a country, whose sole responsibility and authority is to make binding decisions in a given geopolitical system by establishing new laws. Inside the territory there may exist multiple governance working under the defined laws of the central government. It can take the form of an organization, a sociopolitical group, or another informal group of people. Whatever form the entity takes, its governance is the way the rules, norms, and actions are produced, sustained, regulated, and held accountable. Some common forms of governance are public governance, private governance, global governance, corporate governance, etc. There are also normative concepts of governance like fair governance, good governance, and so on. One of the common assessment indexes of good governance is Worldwide Governance Indicators (WGI) developed by the members of World Bank and World Bank Institute which is based on six dimensions: voice and accountability, political stability and lack of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. This indicator has finally included peace and security, rule of law, human rights and participation, sustainable development, and human development (World Bank 2009). Another related concept, mentioned earlier, is neoliberalism. The term is a thorough version of economic liberalization, which means the extension of market relations and competition throughout society, including the realm of social interactions. It is defined as not an ideology, nor a policy, rather a governmentality for advanced liberal societies, a set of governance practices which, as a political rationality, also endeavor to impart sense to those practices (Larner 2000).

In whatever form it exists, the basic spirit of normative governance lies in its economic and business logic. Primarily the structure of an economy defines its governance apparatus. Further, the governance pattern of the economy also influences its overall performances in different spheres of social and economic life of a society. The indicators for good governance are set in a way that it serves the purpose of economic liberalization. Good governance must be ensured to get the fruits of economic liberalization. Thus economic and financial liberalization has to be combined with the overall transparency of the economic and social system. It is found in study that economic liberalization with poor transparency has a higher probability to fall in economic crisis than that of the economies which are not liberalized (Kaufmann 1999). It is evident that economic liberalization has direct relation with the complete governance of an economy. More specifically, the idea of normative governance is fueled by the transition of business pattern around the globe suggested by the consensus. In 1970s, governance and government got their distinctive meaning with the pace of economic liberalization started with great deal demanding with the drastic transformation in the governance pattern of an economy. Indeed, the success of a liberalized economy is highly dependent on the quality of governance in that economy. Hence the focus on governance or more specifically good governance can be seen as a direct policy outcome of economic liberalization.

## Theoretical Debates

Economic liberalization is based on the idea of active use of freedom: the role of the liberal state is to secure proper conditions for markets to function instead of letting them operate freely as classical liberalism urges. The main elements of liberal governance are support for free movement of goods, people, and capital, redistribution of authority between governmental and non-governmental entities, pro-market regulation, and an emphasis on social innovations that will advance individual freedom and responsibility (Philip and Cerny 2005).

The philosophical basement for liberal governance was emphasized in the arguments of French Economist Frederic Hayek and Milton Friedman. Hayek thought that information is the key instrument of governance but which is not accurately available to the governing forces. He believed that no individual (or group, including the government) could ever understand everything about an economy or a society in order to rationally design the best system of governance. He argued this only got worse as scientific progress increased and the scope of human knowledge grew, leaving individuals increasingly more and more ignorant in their lifetimes. As a result, he believed it was impossible for any person or government to design the perfect systems under which people could be governed. The only solution to this, he believed, was to allow all possible systems to be tried in the real world and to allow the better systems to beat the worse systems through competition. In a liberal society, he believed, the few who used liberty to try out new things would come up with successful adaptations of existing systems or new ways of doing things. These discoveries, once shared and become mainstream, would benefit the whole society, even those who did not directly partake of liberty (Hayek 2006).

In the neoclassical economic theories, government intervention is not welcomed until and unless market cannot operate by its own force, the case sometimes called as market failures. Market failure may be resulted from externalities, dynamic rigidities, market power, market concentration, missing markets, information asymmetry, and so on. Intervention in such a situation is justified when the benefit of intervention is greater than the cost of such failures. As the developed country academicians argued, most of the developing country market cannot operate independently because either the market is not developed or the government control is such that the market cannot develop with its own force (Bertucci 2003). So it is desired that the government will formulate some key rules and regulations based on which the market will operate

while the government itself will not participate in the market.

## Conclusion

Economic liberalization has been imposed as a form of policy reforms and used as a condition for foreign fund and assistance by the international institutions to the developing economies. The idea came into policy through the reformist suggestions in the governance of developing countries. The impact of such imposition was not always free from difficulties rather ensuring good governance measured by efficiency has created more problems than benefits. The historical and cultural setup of a society is not considered in neoliberal governance which sometimes leads to crisis of the system. The Latin America and Southeast Asia's examples of political and financial crisis are good reminders. But it is well established by the experts and policymakers that economic liberalization which has come up with essential governance reforms can accrue the benefit of its development goals. In order to ensure the benefit, governance stands as a key factor. Therefore, good governance is considered a staple condition to get the benefits of economic liberalization. Otherwise, such liberalization without governance is going to contribute anarchy in the society and will give ample advantage to a particular class of people. It has been estimated that economic liberalization without ensuring good governance often creates anarchy in the financial sector through collapsing the economy.

## Cross-References

► Bureaucracy and Capitalism
► Globalization and Organizations

## References

Banuri T (1991) Economic liberalization: no panacea the experiences of Latin America and Asia. Oxford University Press, Oxford, UK

Bertucci GA (2003) Globalization and the role of the state: challenges and perspectives. In: Cheema DR (ed) Reinventing government for the twenty first century: state capacity in a globalizing society. Kumarian Press, Sterling, pp 17–33

Bevir M (2013) Governance: a very short introduction. Oxford University Press, Oxford, UK

Chaudhary CM (2008) India's economic policies. Sublime Publications, New Delhi

Dag Einar Thorsen AL (2009) What is neoliberalism? Retrieved 11 Jan 2017, from University of Oslo. http://folk.uio.no/daget/neoliberalism.pdf

Hayek F (2006) The constitution of liberty. Chapters 1 and 9. Routledge Classics, New York

Kaufmann GM (1999) Transparency, liberalization and financial crisis. The World Bank, Washington, DC

Larner W (2000) Neoliberalism: policy, ideology, governmentality. Stud Polit Econ 63

Map F (2015) Economy reform liberalization. Retrieved from http://finance.mapsofworld.com/economy-reform/elements/liberalization.html

Philip G, Cerny GM (2005) Different road to globalization: neoliberalism, the competition state, and politics in a more open world. In: Philip GM, Cerny G (eds) Internalizing globalization. Palgrave MacMillan, London, pp 1–30

Reference (2017) Economic liberalization. Retrieved 12 Jan 2017, from https://www.reference.com/world-view/economic-liberalization-50dd23881310e849#

Stiglitz J (2003) The way ahead. Retrieved from global policy forum. https://www.globalpolicy.org/globalization/defining-globalization/27901-the-way-ahead.html

Williamson J (2004) A short history of the Washington consensus. In: The Washington consensus towards a new global governance. Fundación CIDOB, Barcelona

World Bank (2009) World governance index 2009 report. World Bank, Washington, DC

# Economic-Administrative Systems for Local Development

Dragos Dinca and Ani Matei
Faculty of Public Administration,
National University of Political Studies and Public Administration (NUPSPA),
Bucharest, Romania

## Synonyms

Integrated homogeneous development; Metropolitan development; Regional development; Urban development

## Definition

Local development relies on the existence of a regulatory-procedural framework, a partnership, a development strategy, and resources so that it involves taking into account the legal framework (external environment), an inventory of the resources, as well as partners/stakeholders who can be mobilized and their aspirations/expectations. All these are ordered in strategic planning documents. Progress is measured based on results assessment.

## Introduction

Local development aims at economic prosperity and social welfare by creating a favorable environment for business, while integrating vulnerable groups into the community, using endogenous resources and the development of the private sector.

This can be understood as a complex process of increasing well-being, by concerted actions of local, regional, national, and European actors (Barca et al. 2004), actions aimed at environmental protection, social development, economy, spatial planning, education and training, science and research (Dinca and Dumitrica 2020), and setting out primarily from the potential of that territory.

The definition of the "local" concept is given not only in connection with the administrative-territorial units, commune, city, municipality, or county, but also at inter-municipal, interregional, and even cross-border level" (Matei 2004).

Under this framework, local development considers the evolution of the capacity of a local or regional economy to stimulate a strong economic and social growth meant to create new jobs and circumstances to capitalize on opportunities for rapid economic, technical, and social change (Matei et al. 2009).

Local development is considered an economic and cultural scope of decentralization, diversifying and enriching activities in a given territory by mobilizing existing resources and energies in the area. The outcome of the efforts of a population means the implementation of a project of economic, social, and cultural development (Xavier 1991).

Therefore, local development is a complex process, dominated by evolutionary aspects of various kinds – economic, technical, social, or administrative.

## Local Development

Local development, as a complex process of increasing well-being with contribution from different stakeholders, is at the same time economic, social, and cultural. Any development project must take into account the traditions, customs, and culture that the locals share. The aim is to create a climate of equity by fighting poverty and promoting individual identity in great diversity. It also envisages the elimination of forms of discrimination, in particular through the focus on disadvantaged groups. In general, we can talk about human development and strengthening individual capacities through education, adherence to ethical values, and social development that take into account social and cultural relations as well as citizens' participation in the decision-making process of public authorities (Matei and Dinca 2002).

Local development is achieved by the joint efforts of the public, private, and civil society sectors. The influence of the government is strong and consists in ensuring macroeconomic stability, regulating the national legal and institutional framework, as well as income distribution.

The local public administration is considered to be the main development agent, playing a decisive role in ensuring the leadership and funding the urban development process. The private sector is another important agent of the process, representing the most important source of jobs, investments, and project financing. Civil society (NGOs, the media, church representatives, and trade unions) plays an important role in identifying problems and participating in setting the strategic directions. Citizens are an important stakeholder in local development. The relationship between local authorities and the citizens they serve is the most important factor in

assessing local democracy. This relationship depends very much on the experience of both parties and their desire to collaborate. Local development is a process of growth and amplification accompanied by a series of qualitative transformations generated by the application of strategies, policies, and development programs.

Local development policy is a set of integrated measures (national, regional, and local) (economic, social, cultural, environmental, transport, and security). The elaboration of development policies aims to improve an existing situation, eliminate dysfunctions, and consolidate development directions.

Local development is a complex phenomenon that affects the entire economic, social, political, and cultural life of the locals and must take into account areas such as:

- Environment protection
- Social development (employment, health, safety, housing, and social protection)
- Local economy
- Government and institutions
- Spatial planning, urbanism, transport infrastructure, and public utilities
- Education, training, science, and research
- Culture, cults, sports and leisure

The preconditions required to start a large process of local development lie in a strong wave of local solidarity, meant to reflect the will of the majority of the local community to capitalize on their own development resources in a local economic system, the main objective of which is to increase revenues, combating unemployment, as well as improving infrastructure.

Thus, the relationship established between the local economy and the ongoing local development process is the kind of part to whole interdependence, the local development cannot exist in the absence of local economic-administrative mechanisms, meant to support local development strategies, and implicitly to ensure practice of all the elements that make up the process of local development.

The specialists' preoccupation with local development and the very complex nature of it prompted over time the use of various expressions such as the one of local development and community economic development, or rather – taking as reference the hybrid phrases such as the concept of "local development body," or the one of "sustainable community development" or the one of "community local and economic development" – to characterize the efforts to capitalize the resources located at local level (Profiroiu et al. 2008).

Local development, being at the same time economic, social and cultural, cannot be conducted in the absence of a cultural dimension, of a project that mobilizes local resources based on capacity, traditions and experiences (Xavier 1991).

## Local Development Differs from Traditional Development Strategies by Emphasizing Endogenous Resources

Local development must be based on the human, financial, material, and informational resources existing in the community, using them as the starting point and keeping in the foreground the human resource and its creative potential, the state and local authorities are directly responsible for creating development mechanisms at local level.

The process of local development (Fig. 1) can be seen as a transition of a community from state A to state B, by the concerted influence of development stakeholders over all areas of development, fitting in all components.

## Concepts and Theories of Local Development

### The Neoclassical Conception

The neoclassical conception focuses on the individuals and the companies, and, respectively, their behavior being used "frequently to analyze the growth schemes observed at regional level" (Borts 1960).

Neoclassical theory starts from the idea of a world in which competition is perfect, factors of

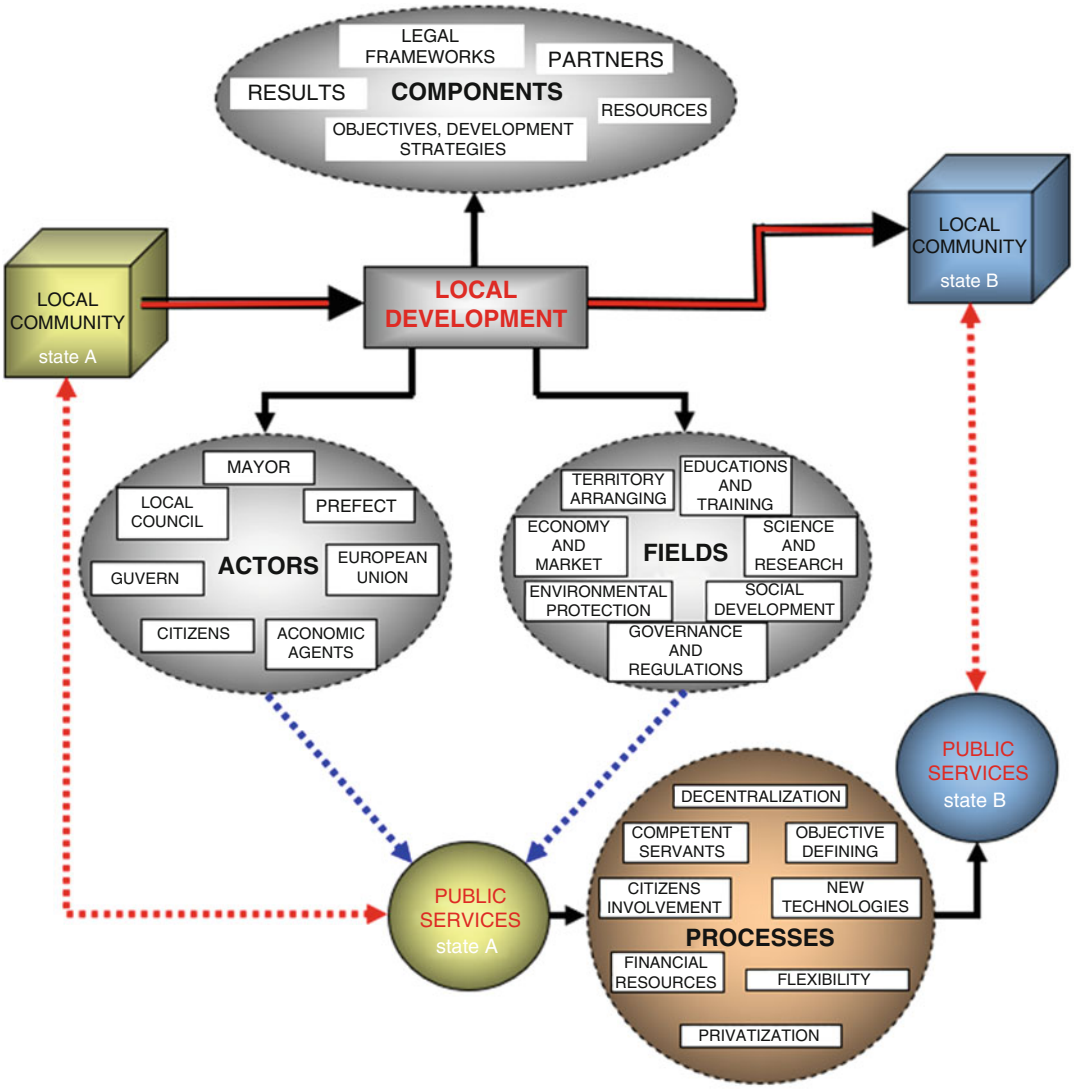


**Economic-Administrative Systems for Local Development, Fig. 1** Components, actors, fields, and processes of local development. (Source: Dinca 2008, p. 169)

production are extremely mobile, and profits and utility are maximized to explain why regional growth is the outcome of different forces. These forces balance out in competing on the regional markets of goods and production factors.

## The Keynesian Conception

Keynes's general theory sought to find practical solutions to alleviate or even remove imbalances and revive the economic system as a whole, based on the reported and in many respects explained dysfunctions in the economy (Raicu 2003). The most important aspects of the new approach to economic phenomena refer, on the one hand, to the quantification of overall economic relations, and on the other hand, to the elaboration of policies on the regulation of balance relations (Prahoveanu and Matei 2004). The Keynesian model of a local economy takes into account the causal relations aimed at ensuring the economic balance on the goods and services market (Matei et al. 2009).

### The Monetarist Conception

The monetarist conception based on Milton Friedman's theories presents new dimensions of economic thinking on the processes of local/regional economic growth. It tackles the relative efficiency of production and the speed or weight with which local, regional economy adapts to change, the ease with which a region can create its own markets (Dinca and Dumitrica 2020).

### The Theory of Unequal Development

The basic idea of development theory as a chronological differentiation was put forth by the Nobel Prize winner for economics Gunar Myrdal. He believes that the growth process is essentially and permanently uneven. Through its amplifying effect, the endogenous increase of incomes creates differences between zones and regions, which lead to the appearance of a process of cumulative and circular causality. This theory brings into question the issue of homogeneity of economic time, development gaps being interpreted as chronological gaps.

### Growth Poles Theory

Economic growth, according to François Perroux, is not homogeneous, while geographically it is concentrated around key companies, manifesting themselves in growth poles that have a variable intensity, spreading through various channels with variable effects on the whole economy.

The notion of polarized space denotes "the set of forces of attraction and repulsion that an economic unit exerts on goods and people in geometric space and the set of forces of attraction and repulsion that are exerted on itself" (Perroux 1954).

### Input-Output Theory

Local development depends on input-output links, goods and services exchanges, as well as labor force that are set both inside and outside a community (Matei 2007) and is based on Leontiev's ideas. This theory has generated two other approaches: the theory of endogenous development and that of exogenous development (Dinca and Dumitrica 2010). The first of these aims to maximize internal factors, and the theory of exogenous development aims to analyze the impact and influence of the external economic and governmental environment on a local development system, aiming to achieve a homogeneous local development focused on the development of an innovative space.

### Minimal Risk Theory

The risk in the process of local development is represented by the failure to achieve the objectives undertaken or the inability to move from virtual to real development. In this context, risk can be defined as representing a "potential adverse deviation from expected results" (Kuritzkes and Schuermann 2007).

Authors such as M. Blaug and F. Knigt suggest that risks can be calculated. Therefore, the theory of minimal risk in the process of local development involves identifying the risk, calculating their probability and impact, and assessing risk tolerance and formulating risk responses. Real local development is, according to this theory, a sum of processes with minimal risk (Dinca and Dumitrica 2015). According to the authors, the stage of virtual development can be affected by a number of elements: political and legislative risks; lack of predictability of government activity; risks generated by late application of strategic planning documents at national/regional level; misunderstanding the usefulness of development planning; lack of continuity in development planning; cumbersome, unclear planning guidelines; planning formalism; inability to collect data; erroneous data; ignoring data/information; not involving groups into planning; lack of representativeness; inadequate local culture of public participation; unprepared human resources; lack of financial resources for planning; limited forecasting capacity; unrealism in planning; reduced innovation capacity; lack of correlation with national/regional/zonal programs; technological risk; and nonexistence of a homogeneous integrated approach.

The actual development or implementation stage of development projects, in turn, can be affected by a number of risks/factors such as: governmental, legislative risks, unforeseen events, labor migration, urban explosion, human

resources, financing, low predictability, image risks, corruption, lack of public support and involvement of groups, technological risks, and inability to implement and monitor development projects.

### The Theory of Local Development Oriented on Production Factors

Local development oriented on production factors relies on the basic economic resources (Matei et al. 2009), such as natural resources and labor force. The development model can be based on an aggregate production function of the Cobb-Douglas type (Douglas and Cobb 1928).

In a variety of papers on the topic (Dinca and Dumitrica 2020) a number of development models such as the Von Thunen model, the Weber model, the Hotelling model – the location interdependence theory, Crristaller's model – central place theory, and Losch's model or Zipf's model are also presented. However, in relation to the many theories and models that seek to highlight the process of local development "one of the most important restrictions is to ensure the data required for parameters estimation" (Matei et al. 2009).

## Systemic Approach to Local Development

Local development is the result of the interaction, at local level, of the economic and administrative fields. Processes related to local development are subsumed or superimposed on adjacent processes aimed at "decentralizing public policies to regional and local administrations, cooperation and networks between different levels of government (local, regional, national, supranational) and between public and private agencies" (Barca et al. 2004). From this perspective, local development is a system, that is, as Lapierre pointed out, "an organized set of processes linked together by a set of interactions, coherent and flexible, which determine a certain degree of autonomy" (Lugan 1996).

The administrative systems characteristics were reviewed by authors such as Mehl (1957–1964); Guţu (1984); Chevalier (1986); and Matei (2002, 2003). Also, economic systems were the subject of careful consideration by Scarlat and Chirită (1997) and Paun (1997).

The systemic perspective of local development can be found in Lemieux (1972) – the systemic study of the relations between politics and administration is being scrutinized by Landry and Lemieux (1978) – with reference to the analysis of local development policies within government policies.

Lemieux (1972) analyzes the relationship (Lemieux 1972, pp. 66–67) between politics and administration, locating political and administrative subsystems within the global social system, reaching a "cyber presentation of governmental phenomena" inspired, in large part, by Mehl (1966). The diagram shown in Fig. 2 highlights the existing connections and relationships.

Lemieux's theory (1972) is developed in a systemic three-level model, (Landry and Lemieux 1978, p. 532): the *selector* (S) will elaborate action norms that will define the own activity of the *transducer* (T), which will ensure an active interface between norms and practices, in a bidirectional connection. The lower level (E) is intended for practices designed to ensure compliance with the rules and regulations set by the selector.

Decleris (1989) deems that public administration is considered "the most important processor of value demands (inputs) in the system of government, demands that vary in relation to social complexity. Such value demands are generated by public problems, and their processing represents a type of quantitative and/or qualitative conversion, achieved through a series of public decisions" (Decleris 1992, p. 150). Based on this finding Decleris proposes a model for public policy development (Matei 2003).

Buckley (1967) proposes a complex model of governmental organizational systems regulation, which requires the connection to the environment, an application with a certain cyclicality, and corrective measures to avoid or mitigate possible errors (Buckley 1967, p. 173) (Table 1).

Based on the three models, the authors draw a series of conclusions regarding the systemic

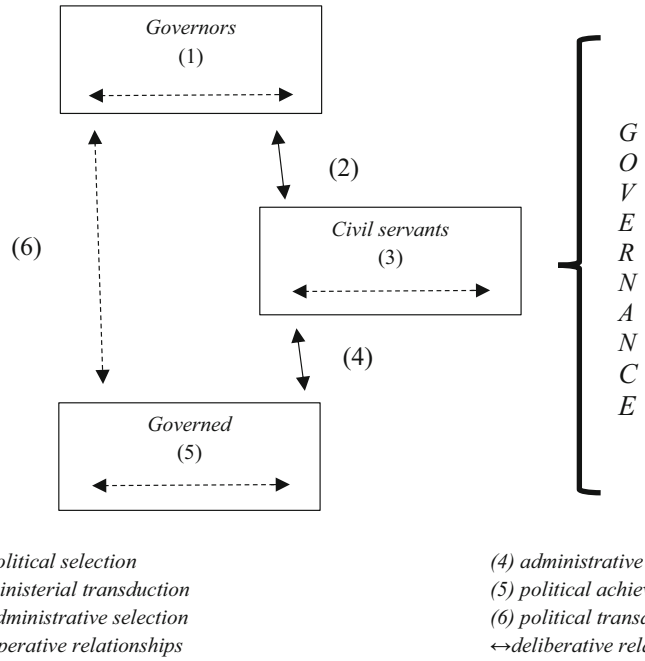


**Economic-Administrative Systems for Local Development, Fig. 2** Lemieux cybernetic scheme of the governmental organization. (Source: Matei et al. 2009, p. 19)

**Economic-Administrative Systems for Local Development, Table 1** A comparison of the systemic characteristics of local development models is proposed by Matei and Matei (2007)

| Level/ model | Level I | Level II | Level III | Feedback |
|---|---|---|---|---|
| Landry-Lemieux | Selector | Transducer | Producer | Performance measuring and comparison |
| Decleris | Policy development | Public processor | Public policies | Filter and control |
| Buckley | Control/decision subsystem | Exits/decisions over development parameters | Selected policy | Output effects and feedback testing |

Source: Matei and Matei (2007)

analysis of local development, which are hypotheses of the systemic, economic-administrative model of local development (SEADL):

- The existence of three levels of systemic organization: *selector*, *transducer,* and *producer*, each of which has the characteristics of a cybernetic subsystem
- In local development the activities corresponding to the first level belong to public institutions or authorities (county, municipal councils, etc.) or to their associative structures and have as object the substantiation of public decisions regarding local development strategies, selection of public development policies, accessing development funds, etc.
- The intermediate level – transducer – includes activities carried out by public employees for the operationalization of public decisions, monitoring the implementation of local development policies, evaluation of their outcomes, and of the social and economic impact

Following two levels are specific to the local public administration and ensure its role as a public processor.

- The basic level – producer – overlaps with the activities of economic agents of local development made up into a network of cybernetic subsystems which, as a whole, also has its own adjustment mechanisms

- The design of a SEADL must take into account the logic of action of local development presented above, a logic that combines the efficiency of economic processes of local development with the public interest of local communities

Therefore, the assumption that SEADL will consist of two main subsystems, administrative and economic, which interact through complex mechanisms arising from the legislative framework, the transfer of resources, and information. Their environment is the same and they make, with each one, specific connections arising from the public interest, the need to increase welfare, etc. The result is the economic-administrative system of local development (SEADL) (Fig. 3).

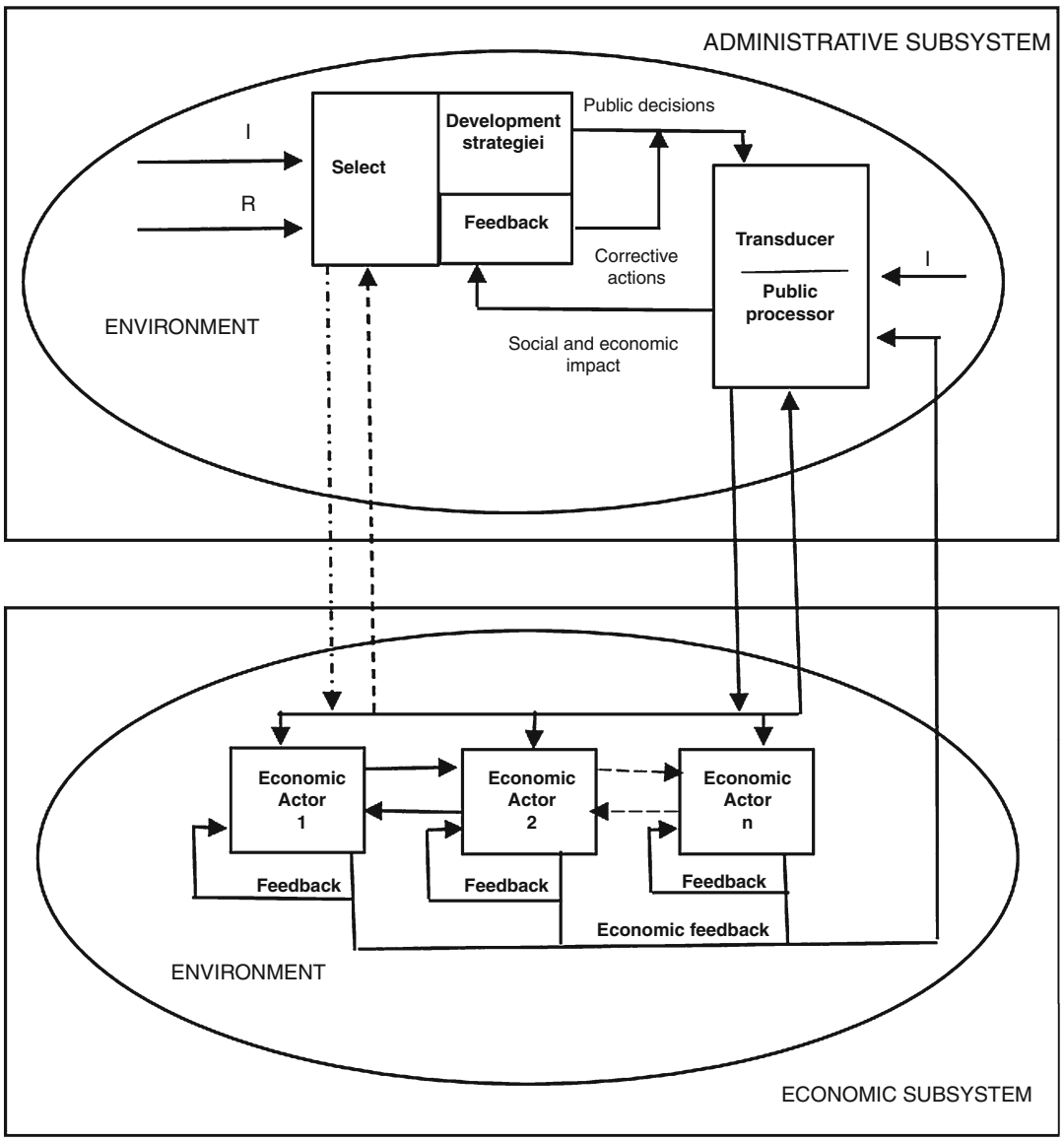


**Economic-Administrative Systems for Local Development, Fig. 3** The architecture of the economic-administrative system of local development (SEADL). (Source: Matei and Matei 2007)

This model actually describes the stages of the planning process development: socioeconomic analysis, identification, formulation, selection, and implementation of appropriate development policies. Moreover, it describes the reciprocal links between development actors and the interdependence between them.

## Conclusion

This paper presents an overview of the theoretical and practical concerns of theorists on local development, a complex process focusing on individual and collective well-being. In the current context in which more than 50% of the world's population and 65% of Europe's population live in cities and the World Bank predicts that by 2050 the number of city dwellers will double, almost 7 out of 10 people worldwide will live in urban areas, therefore the issue of local development is as much as ever a very pressing and relevant issue.

Both the perspective of quantitative and numerical growth, a phenomenon that seems irreversible in the context of the system of values and principles of current civilization, and the qualitative perspective are targeted. The population migrates to large settlements for economic reasons, in search of well-being, individual fulfillment, and happiness.

Although much research on happiness has brought to the forefront the nonfinancial component and the fact that elements such as loyalty, civic involvement or intrinsic motivation are important to people (Bruno and Stutzer 2002), the economic component still seems to override the rest.

The systemic model proposed shows a global, comprehensive picture of the stages and interactions that must be taken into account in the strategic and operational design of local development.

## References


Barca F, Brezzi M, Terribile F, Utili F (2004) Measuring for decision making: soft and hard use of indicators in regional development policies. OECD. http://www.oecd.org/oecdworldforum

Borts GH (1960) The equalization of returns and regional economic growth. Am Econ Rev, 319–347

Buckley W (1967) Sociology and modern systems theory, Prentice-Hall, New Jersey

Chevalier J (1986) Science administrative, Presses Universitaires de France, Paris

Decleris JM (1989) Systems governance. Sakkoulas, Athens

Decleris JM (1992) Systemic theory for public administration: Main problems. Deuxičme école européene de systémique, Strassbourg

Dinca D (2008) Public services and local development. Ed. Lumina Lex, Bucharest

Dinca D, Dumitrica C (2010) Urban development and planning, 1st edn. Ed. Prouniversitaria, Bucharest

Dinca D, Dumitrica C (2015) The theory of minimal risk in local development processes. Glob J Manag Bus Res 15(9):6–14

Dinca D, Dumitrica C (2020) Urban development and planning, 1st edn. Ed. Economică, Bucharest

Douglas P, Cobb R (1928) A theory of production. Am Rev 18. Papers and Proceedings, pp.139–165

Frey Bruno, Alois Stutzer (2002) The Economics of Happiness. World Econ 3(1), January–March 2002

Guțu S (1984) IT systems in administration. Editura Ştiinţifică & Enciclopedică, Bucharest

Kuritzkes A, Schuermann T (2007) What we know, don't know and can't know about bank risk: a view from the trenches. Ed. Princeton University Press

Landry R, Lemieux V (1978) L'analyse cybernétique des politiques gouvernamentale. Can J Polit Sci/Rev Can Sci Polit 11(3)

Lemieux V (1972) Politique et administration selon M.G. Smith. Can J Afr Stud/Rev Can Études Afr 6(1):57–72

Lugan JC (1996) La systémique sociale. Presses Universitaires de France, Paris

Matei A (2002) The Systemic Acquis of Public Administration. Published in The Training of Public Administration on Acquis Communautaires, Editura Economică, Bucharest, Romania pp 45–66

Matei A (2003) Analysis of public administration systems. Editura Economică, Bucharest, Romania

Matei L (2004) Local economic development strategies. Managerial approach. Editura Politeia – SNSPA, Bucharest

Matei A (2007) Empirical approaches about the input-output model for the local economic development: case study in Braila Municipality. Int J Public Adm Cent East Eur 1

Matei L, Dinca D (2002) Citizens' participation in the local decision-making process. RTI, Bucharest

Matei A, Matei L (2007) Systemic models of local development. In: Theoretical and applied economics, vol 1. http://www.ectap.ro

Matei A, Anghelescu S, Savulescu C (2009) Theoretical and empirical models of local development. Ed. Economică, Bucharest

Mehl L (1957–1964) Cybernétique et administration – La Revue Administrative X–XVIII. Paris


E

Mehl L (1966) Pour une Théorie Cybernétique de l'Action Administrativ. In: Aubry JM et al (eds) Traité de Science Administrative. Mouton, Paris
Paun M (1997) Analysis of economic systems. Editura All-Educational S.A, Bucureşti
Perroux F (1954) L'Europe sans rivage. PUF, Paris
Prahoveanu E, Matei A (2004) Economy and economic policies. Editura Economică, Bucharest
Profiroiu A, Racoviceanu S, Taralunga N (2008) Local economic development. Editura Economică, Bucharest
Raicu VC (2003) Keynesianism and neoclassicism in the postwar period. Editura Tipard, Bucharest
Scarlat E, Chirită N (1997) The basics of economic cybernetics. Editura Economică, Bucharest
Xavier F (1991) 'Decentralization', published in Romanian. Editura Humanitas, Bucharest

# Economy and Nonprofit Sector

Joshua O. Odetunde
Walden University, Minneapolis, MN, USA

## Synonyms

Economic development or macroeconomic development; Equitable allocation or equitable distribution

## Definition

*Essential goods and services* refer to those material things needed for individual well-being considered necessary for the average living standard condition within particular economy. *Economic development* refers to all governmental activities for equitable benefit of people in the constituency.

## Introduction

A clear concept of the nonprofit sector is needed in every economy rather than being assumed to be the consequence of market failure for charitable assistance in terms of supply and demand. Nonprofit sector is an economic force phenomenon resulting from social and market activities in the public and private sectors of the economy. It is this economic force of the phenomenon that enables development strategies to have equitable impacts on everyone in any nation. The economic force is less recognized and generally assumed because market and social transactions using money as the medium of exchange within an economy are inextricably interwoven (Gillette 1994). People need the nonprofit, private, and public institutional sectors in every economy. Partnerships with organized nonprofit sector institutions are indispensable for socially just administration of public policies and fair practices in private sector institutions. Not all valuable economic goods and services are being used and provided in terms of straight forward demand and supply.

Nonprofit sector institutions neither have to be private nor government agencies but voluntary and transparent enough to be recognized. However, differentiating institutionalized nonprofit sector from other two institutional sectors is critical because governments normally seek to ensure equitable allocation of goods and services that are essential for individual livelihood. Due to the need for public accountability, however, not all essential needs of every individual person can be met with coercive redistribution of wealth through taxation or even comprehensive rules and regulations in the public sector (Swanson et al. 2014). Some essential needs are systemic economic concerns that may propel innovative organizations as in for-profit business entities. That is, those systemic economic concerns cannot be addressed by public agencies without governments traversing into charitable private social life of people as individuals. Therefore, people need the unique intermediary role of nonprofit organizations to freely and transparently exchange some essential goods and services through market activities for charitable expressions among themselves.

## Economic Development and Social Justice

With the foregoing economic force concept, the focus of market-based activities in the third sector of the economy is to ensure equitable allocation of

essential goods and services by linking public and private economic activities. The linkage is needed as governments around the world are faced with the risk of socioeconomic instability (Swanson et al. 2014). Equitable distribution of essential goods and services for improved living conditions of people is needed for safe, stable, and just social environment. Market-based ideological reforms of public service administration are not based on social diversity or social norms but on the assumption of relatively free market-based activities among individuals and various establishments or institutions within the economy. Money has become the common objective means of exchange in these market-based activities, while prices of goods and services are largely determined by supply and demand (Whelan 2016). While taxes may promote economic efficiency in terms of supply and demand, taxes do not ensure equitable distribution of essential needs for improved living conditions of people. Therefore, the normal link of public and private economic activities in form of nonprofit institutions is still needed even with value-added tax systems, particularly for equitable distribution of essential goods and services.

The democratic processes of governance usually involve formulating public policies adaptable to particular social environment resulting in the uniqueness of the economy of each nation. Thus, in every market economy, governments have to rely on the rule of law due to social diversity and macroeconomic forces of fiscal development strategies including the nonprofit sector for public administrators to evolve public policies based on the assumption of relatively free market activities among individuals (Steiner 2013). The nonprofit sector impacts are taken into account because macroeconomic forces usually result from such market-based activities and various social interactions along with direct enforcement of law and order while goods and services are being allocated among people within the economy. Therefore, improved living conditions of people are inextricably interwoven with various market-based activities and their social interactions with one another.

Also, to ensure social justice, the output of communal efforts and natural resources of the economy have to mutually and equitably benefit people who are individually aspiring for improved living conditions. Therefore, the government of each nation has to ensure those essential products are being equitably distributed through market-based activities among individuals. Public policy intervention is necessary because unlike centralized objective in communal activities, market-based activities largely rely on private individual agents freely exchanging goods and services with desire for personal achievements while competition modify their profit incentives (Steiner 2013; Odetunde 2015). These processes of transforming communal efforts and resources into products for market-based distribution using money as medium of exchange need to be clearly understood for at least two reasons. First, goods and services are being exchanged with money in various forms of market-based activities within any economy not just for their direct consumption utilities but for monetary profits or other personal incentives. Secondly, there are various quantitative functions of money in the financial processes of exchanging good and services in a market economy. Hence, economic transactions in terms of buying and selling distort social interactions. The distorted relationship dynamics increases the complexities of equitable distribution of essential goods and services for improved living conditions.

The common assumption is that taxes take care of equitability issue in the distribution of essential goods and services. While various forms of taxes, public insurance, user fees, sliding scale allocations, and various other rules or regulations are prevalent public policy instruments to ensure equitable market-based allocation of some essential goods and services (Lascoumes and Gales 2007), the nonprofit sector remains indispensable to ensure social justice. Thus, the concern in allocating goods and services in developed economies is less about scarcity as it is about equitability due to the introduction of money into their economic environments. This macroeconomic phenomenon in market-based distribution of essential goods and services actually raised the economic issue of horizontal equity and vertical equity (Berliant and Strauss 1985). Vertical equity issue arises

because besides the communal natural resources, some essential goods and services will always have to be produced through communal efforts. On the other hand, to ensure social justice, some essential goods and services will always have to be allocated to meet individual need for survival or improved living condition as opposed to individual financial means in terms of income distribution among the people of the particular constituency.

The proportional macroeconomic impacts of the nonprofit sector on this vertical equity in market-based distribution of goods and services could differ from one country to another. The differences could be due to the constellation of social forces and the structure of the country's economy giving rise to the sector. However, those impacts are certainly not negligible and cannot be ignored. Since money is only valuable as a medium of exchange, failure to encourage nonprofit sector impacts could result in social injustice of market-based public policies that are enriching only some individuals money-wise. It could also result in wastes or mere growth in money market without equitably improving living conditions of people in various constituencies even in developed economies. This logical reasoning is compounded if confused with political discussions about government spending particularly in the United States that is the most advanced capitalist economy.

Public policy in the housing market in the United States illustrates the foregoing vertical equity issue. In a case study about engaging the nonprofit sector in the local housing market, Odetunde (2015) suggested social entrepreneurship to complement public policy in addressing the vertical equity issue. The community nonprofit real estate management approach is suggested to preserve such vertical equity in the form of home equities for mutual benefits so that low-income households can also invest in their homes in local housing markets. It was pointed out in the dissertation that various subsidy programs to complement public policy in the housing market have led to institutionalizing the ambivalent distinction between market rate and subsidized housing units in the nonprofit sector in the United States. The distinction is ambivalent because landed tenure and bundle of rights determine allocation for investments or leaseholds as opposed to buying and selling of consumable goods in local housing markets. Therefore, low-income households should not be perceived as consumers or beneficiaries of entitlements. It is public policy administration that led to confusing rental subsidies with mortgage assistance programs to leverage homeownership. Low-income households are not benefiting from possible innovative and competitive leasehold arrangements among households in their local housing markets. They are inadvertently excluded as active participants in the mortgage-leveraging feature of the larger context of the housing market.

Furthermore, low-income households are inevitably restricted to rental housing to meet their needs for shelter as opposed to participating in the nonprofit communal effort of leveraging one another in the capital asset market for housing. It is not commonly understood that housing finance system in the United States actually evolved from communal arrangements of leveraging one another. It is not a common knowledge that, historically, the mortgage-leveraging feature of the housing market transforms the communal effort to market-based activities in the United States (Odetunde 2015). The vertical equity impacts of this transformation on the well-being of individual household in America are currently being underestimated by inadvertently excluding low-income households as active participants. It can be reasonably inferred that vertical equity has not been differentiated from horizontal equity (Berliant and Strauss 1985) in market-based activities for housing. Although the informal communal leveraging efforts have been transformed into financial intermediation systems, low-income households are excluded as active participants by being largely restricted to rental housing market and housing subsidy programs as consumers.

In-depth studies of communal efforts in other major economic sectors for essential goods and services could similarly reveal that the nonprofit sector is an indispensable part of the

macroeconomic forces of every nation. Those communal efforts are integral part of the economy necessitating partnerships with nonprofit sector institutions for public policy formulation and implementation. However, the economic forces of the nonprofit sector cannot be clearly differentiated because they are intertwined with for-profit microeconomic activities in the private sector. That is, the boundaries of public, nonprofit, and for-profit private sectors are not clear even in market-based economies. The boundaries could be considered to be shifting and waning (Ben-ner 2001) because it is commonly assumed that for-profit and nonprofit establishments are clearly distinguishable by profit motives. However, in market economies, the need to differentiate is not about profit making but about how to distribute profit (Salamon and Sokolowski 2016). Considering the complexities of today's developed economies and various technological advancements, the nonprofit sector is best described as the sector for production and allocation of essential goods and services in the gray area between private sector and public sector in the economy of each nation.

Attempting to define the gray area, however, could result in artificial distinction between charitable social and economic activities resulting in significant economic forces for individual well-being. At the same time, those resulting economic forces on individual well-being cannot be ignored to ensure social justice. Nonprofit organizations not only play unique intermediary role among citizens but also among various private and public institutions to ensure equitable distribution of resulting essential economic goods and services. Therefore, the nonprofit sector complements public policy as an integral part of the economy of every nation to ensure social justice. Although nonprofit sector institutions serve some common good or public benefits, they remain voluntary private initiatives that should be encouraged to ensure social justice (Salamon and Sokolowski 2016). Public control of nonprofit sector dampens social entrepreneurship needed to ensure social justice in the civil society, while private control could escalate social injustice.

## Nonprofit Sector Institutions

The nonprofit sector comprises of various socio-economic institutions or agents with myriad of market-based activities just like private for-profit business sector. While leadership, human resource capacity, program capacity, accountability, mission efficacy, and adaptability are essential features of a reliable institution, financial sustainability remains the core of every nonprofit institution in market economies. Even purely religious or charitable social gatherings require financial sustainability in a market economy. However, to ensure separation between political-economic activities and purely religious activities as well as other private charitable social activities, there is a tendency to distinguish between public and private nonprofit organizations, particularly in the United States. The distinction tends to compromise the unique intermediary role of the nonprofit sector. The unique nature of the nonprofit sector is compromised because in the bid to rationalize market-based activities, some invaluable social elements of charitable activities such as trust, kindness, fairness, individual liberty, and altruistic voluntary contributions tend to be undermined, even in program activities complementary to public policy (Odetunde 2015). It is therefore self-evident that the nonprofit sector institutions only need empowerment to identify their various unique roles in the social environment for free association based on conscientious charitable trust and goodwill.

Besides, the relationship between the nonprofit sector institutions and public sector institutions could be adversarial or cooperative. Also, private entities could distribute profit or loss among individuals, while nonprofit institutions are either financially sustained, exist only as invaluable social environment, or become extinct. Nonprofit sector does not have to be private or public. When the role of the nonprofit sector institution is compromised with that of the public sector institution, it could result in added costs, unnecessary duplication of efforts, and wastes or economic inefficiency (Gillette 1994). Grassroot efforts to link public sector economic activities with private

economic activities are undermined. On the other hand, charitable social values for improved living conditions among people could be grossly undermined when the role of nonprofit sector institution is compromised with that of private entities or institutions. It is possible to identify economically productive nonprofit sector institutions and prudently sustain them with financial grants. Nonprofit sector institutions can be legitimately funded by both public and private sectors of the economy to ensure social justice.

Nonprofit sector institutions are different from public sector institutions and private sector establishments in market-based allocations of essential goods and services because the goal is to ensure equitability for improved living conditions among people. The goal enhances social value of economic goods and services. This intermediary role is needed as supply and demand for essential goods and services become much more complex. Independent nonprofit institutions are better positioned to channel profits to enhance equitable allocations through market-based social entrepreneurship in some essential economic sectors. The Flint, Michigan, lead-water crisis in the United States illustrates the current lack of clarity about the unique niche of nonprofit as the third sector of the economy. The quasi-public management of water supply based on user fees creates plausible impression of free essential good to which every member of the community is entitled. With the introduction of money into the economic environment, political leaders as well as administrators are therefore caught in the confusing debates and complex processes of determining cost-effective supply of essential safe portable water to people in the community. Similar issues underlie current political debates about affordable health-care costs in the United States because nonprofit institutions are still struggling to identify their unique niches in this major sector of the economy.

## Nonprofit Sector Missions

While profitability may not always distinguish nonprofit institutions from private establishments in market-based activities, their missions do. A substantive nonprofit mission would normally have obvious social value for public goodwill. Although nonprofit institutions, understandably, measure performance in financial metrics, "measuring organizational success must focus primarily on achieving their mission" (Epstein and McFarlan 2011, p. 27). Mission efficacy is the essence of nonprofit institutions not financial profitability as private for-profit entities. The difference between private for-profit institutions and nonprofit or not-for-profit institutions is not profit-making but profit-distribution constraints (Salamon and Sokolowski 2016). Although it is virtually impossible to objectively measure the impacts of social values in monetary terms, those impacts cannot be ignored to ensure social justice in any economy. Some attempts to ensure social justice are usually reflected in the mission of any nonprofit organization.

Overarching the principles governing all operations of any major human institution is social justice. Right to life in a free and just social environment is a universal need. Research has documented the indisputable contributions of nonprofit organizations to economic and political developments together with social capital (Salamon and Sokolowski 2016). Although the concern may be variously stated, the mission goal of every nonprofit organization ultimately aligns with ensuring social justice as public policy to be efficacious. It is plausible to assume that public interactions produce communal efforts for mutual benefits while individuals have the right to internalize the benefits of free productive associations. The operations of public and private institutions in any market economy tend to be based on those implicit assumptions. The missions of nonprofit sector institutions are invariably needed to mediate the impacts of those implicit assumptions on individual well-being to ensure social justice in market-based activities.

If the nonprofit sector did not identify its unique niches, the mission goals of relevant institutions in the sector could be compromised or thriving organizations could become extinct in market-based activities. On the other hand, if the needed roles of nonprofit were ignored, there could be a perpetual problem of stabilizing

market-based activities in those economic sectors of essential needs such as housing, health care, and education as it is being experienced in the United States. For example, despite the perennial problems of home foreclosures and vacant or abandoned residential properties, homelessness and how to make adequate and decent quality housing affordable for low-income American households remain unresolved public policy issue (Odetunde 2015). Thus, in the United States, nonprofit organizations variously continue to grapple with charitable social services for the homeless and assisted housing for low-income households as if those houses could be produced outside the larger context of the housing market (Odetunde 2015). The role of nonprofit sector in the housing market is to complement the mortgage-leveraging feature to mitigate the persistent housing problems of the vulnerable and low-income population. Currently, local housing authorities in the United States commonly mediate market-based activities in terms of supply and demand for housing as shelter. The investment aspect of housing as capital item is ignored. Nonprofit sector institutions have not identified their unique niches or missions in the housing market, particularly in the United States.

Apart from profit-motive differences, the missions of nonprofit institutions usually differ from those of private for-profit establishments. For-profit entities take risks to enter into various markets as suppliers or producers of goods and services. Therefore, private entities normally prepare to internalize some profits or losses. On the other hand, nonprofit institutions, as charitable producers or suppliers of certain essential goods and services, seek to expand the markets hoping to voluntarily recoup losses without internalizing profits. Hence, in the United States, nonprofit institutions are typically tax exempt to encourage those social values interwoven with the goods and services. Whereas competition among for-profit suppliers, using market mechanisms, could result in nebulous improvements in the social value of goods and services, competition among nonprofit institutions should substantively enhance social value of essential goods and services. That is, the social value of output of goods and services could be another way of distinguishing mission goals of nonprofit institutions from the profit motive of private institutions.

Furthermore, the charitable missions of nonprofit institution suppliers or producers are different from those of public institution. While mission goals of nonprofit institutions could be mutually beneficial to the public, invaluable private social benefits to individual members and voluntary donors of those institutions still have to be respected and preserved. This social capital may seem to require differentiating charitable mission goals from promoting particular religious beliefs or political agenda. However, the need for such differentiation may become unnecessary if the nonprofit sector is duly recognized as partners in public policy and administration, as opposed to being involved as public policy implementation contractors (Lane 2013). The mutually beneficial mission goal or social capital remains the focus for encouragement.

Contractual partnerships with nonprofit sector institutions are differentiated from contracting with private sector for-profit entities in order to retain the mission goals or the unique intermediary niches. While public-private partnerships tend to focus on the movement of money in terms of expected outcomes, cost-effectiveness, and accountability (Swanson et al. 2014), nonprofit institutions focus on reaching the intended beneficiaries of outcomes or improving substantive quality of outcomes to ensure social justice. Improving substantive quality of outcomes could be in form of direct charitable social values or direct quality of products. Hence, the missions of nonprofit institutions remain the yardstick for measuring whether they fail or succeed. Nonprofit institutions are consumer-oriented suppliers whose mission goals arise from substantive ecological needs by people or some group of people to ensure social justice, though there could be several derivative mission goals. Since the goal is not profit making for distribution, money serves as true medium of exchange in the nonprofit sector. If profit was made it enhances the mission of the nonprofit institution. The goal is not to supplant profit in competition with private sector institutions. The intermediary role is to give the

appropriate priority to essential goods and services for improved living conditions of the people. Nonprofit institutions cannot make better impacts than private for-profit businesses without taking their mission goals into account in the contractual processes.

While the impacts of various mission goals are being encouraged, they are not to be dictated by the public because social values are subjective. This intermediary role avoids confusing social values with economic impacts. At the same time it encourages social entrepreneurship as nonprofit institutions compete in their mission goals to identify their unique niches to ensure social justice. Society could be self-regulating with social entrepreneurship. Therefore, nonprofit institutions are not just charities mediating between greedy and lazy people or even poor and rich people. Rather, the unique niche of nonprofit institutions in economic rationale is to bridge the gap in the market-based processes of allocating essential goods and services among people for improved living conditions. For this reason, contractual partnership with nonprofit institutions seeks to identify with and encourage positive outcomes relating to essential goods and services, instead of attempting to dictate outcomes or even interfere with the processes.

Although the charitable missions of nonprofit organizations are beneficial to the public, they are not dictated by the public because of the subjective and heterogeneous nature of our social values. Besides, the mission of a nonprofit organization does not have to be public nor private because "they operate free from monitoring that exists either through the electoral checks of politics or the profit-maximizing interests of shareholders" (Gillette 1994, p. 1). The ontological status of the concept of social capital in the private sector remains nebulous, at best, as observed from the experiences of developing economies. Empirical evidence has not shown that social values can be separated from economic values. Therefore, while the social values of mission goals may be largely perceived and not dictated by the public, the positive contributions of those social values to individual well-being cannot be disregarded to ensure social justice. The goodwill of nonprofit organizations or their recognizable social values provide the basis for voluntary and generous support from both public and private sectors of the economy.

## Conclusion

The foregoing conceptual understanding of the economy and nonprofit sector is critical because in public policy and administration, both public and private economic activities have become inextricably interwoven. Nonprofit institutions are needed to ensure equitable allocations of essential goods and services through various markets within every economy to improve living conditions of people. The economic forces of the sector are not to be ignored but channeled for positive social impacts. Since the mission goal is not usually to supplant profit making, nonprofit institution may or may not be making profit. The distinguishing attribute is profit-distribution constraint to enhance the mission goal. This attribute and various missions of nonprofit sector institutions distinguish them from either public or private sector institutions. While the mission goals of nonprofit sector institutions are beneficial to the public, they are not dictated by the public. However, particularly in developed economies, they have to be characteristically voluntary and transparent enough for public goodwill. Then, they are to be encouraged by both public and private sectors of the economy to preserve invaluable social capital and ensure social justice. Nonprofit sector institutions in turn, through social entrepreneurship, identify various intermediary unique roles to ensure equitable distribution of essential goods and services for improved living conditions.

## References

Ben-ner A (2001) The shifting boundaries of the mixed economy and the future of the nonprofit sector. Ann Public Coop Econ 73(1):5–40

Berliant MC, Strauss RP (1985) The horizontal and vertical equity characteristics of the Federal individual income tax. In: David M, Smeeding T (eds) Horizontal equity,

uncertainty, and economic well-being. University of Chicago Press, Chicago, pp 1966–1977
Epstein MJ, McFarlan FW (2011) Measuring the efficiency and effectiveness of nonprofit's performance. Strategic Financ. Retrieved: www.imanet.org
Gillette CP (1994) Public authorities and private firms as providers of public goods. Policy Issue 180. Retrieved from: www.reason.org
Lane J (2013) The principal-agent approach to politics: policy implementation and public policy-making. Open J Polit Sci 3(2):85–89
Lascoumes P, Gales PL (2007) Introduction: understanding public policy through its instruments- From the nature of instruments to the sociology of public policy instrumentation. Governance 20(1):1–21
Odetunde JO (2015) Engaging the nonprofits in Louisville housing market for low-income households. Walden dissertations and doctoral studies. Retrieved from: http://scholarworks.waldenu.edu/
Salamon LM, Sokolowski SW (2016) Beyond nonprofits: re-conceptualizing the third sector. Paper presented at the XVII international academic conference on economic and social development, National Research University Higher School of Economics, Moscow, Russia, 20 April 2016
Steiner H (2013) Invisible hand processes and the theory of money. Rat Mark Mor 4:44–52
Swanson D, Bizikova L, Thrift C, Roy D (2014) Governabilities: the nexus of sustainability, accountability and adaptability: essential tools for successful governance in the 21st century. The International Institute for Sustainable Development, Winnipeg
Whelan K (2016) International money and banking: money as a medium of exchange. School of Economics, UCD. Retrieved: http://www.karlwhelan.com/IMB/part1.pdf

# E-Democracy and Local Public Administrations

Concetta Metallo[1], Rocco Agrifoglio[2], Mauro Romanelli[2] and Paolino Fierro[3]
[1]Department of Sciences and Technology, "Parthenope" University of Naples, Naples, Italy
[2]Department of Management, Accounting and Economics, "Parthenope" University of Naples, Naples, Italy
[3]"Parthenope" University of Naples, Naples, Italy

## Synonyms

Digital democracy; Electronic democracy

## Definition

The e-democracy concerns the participation of citizens in policy and decision-making processes through the use of information and communication technologies (ICTs).

## Introduction

The participation of citizens in local public life is not a new phenomenon. History is full of examples of people engaged in taking part in collective decisions within a government, a public institution, or a civil society organization. Citizen advisory boards, local citizen committees, parliamentary commissions and mediation, class action, etc., are some examples of organizational forms of public participation in the policy and decision-making processes.

The citizen participation is a process in which people take part in public affairs for exerting influence on policy process and on choices that significantly affect the life of their community (André et al. 2012). Although participation has been in the academy's vocabulary for quite some time, a clarification is needed in this instance. Participation refers to different ways to categorize the various kinds of citizen involvement in public life. In this regard, it is useful to distinguish between political and civic participation (Verba et al. 1995). The political participation (or political engagement) occurs when citizens take part in public affairs in order to exert influence on government action. In contrast to political participation, civic participation (or civic engagement) refers to the organized voluntary activity by working for solving problems and helping other people in a community. (Other scholars view the political participation as that part of the wider civic participation that concerns action taken by a citizen to influence the outcome of a political issue (e.g., Zukin et al. 2006).) Thus, public engagement is more than the forms of participation through which citizens seek to influence a decision – political participation – because it also encompasses a set of voluntary actions aimed at improving the civil society organization, civic participation.

The rapid growth of the ICTs offers citizens many opportunities for participation in government decision-making and in the public sphere. Digital technologies help to improve the relationships between citizens and governments in terms of access to government information, effectiveness, and quality of decision-making. The development of stronger relationships between citizens and governments through digital technologies, such as online public engagement tools and wikis, has also generated new forms of government–citizen communication in which citizens are viewed as partners and comakers of policy. Such new forms, well-known as e-democracy, e-participation, and e-voting, allow to enhance the active involvement of citizens in policy- and decision-making processes. Respect than the traditional forms of democracy, citizens can now actively participate in policy and decision-making processes regarding the public affairs through the use of ICTs (e-democracy).

Governmental, regional, and local public administrations around the world have implemented digital technologies for promoting communication with citizens, for disseminating information, and for enabling stakeholders to engage in governance. In particular, research showed that local administrations are characterized by a rising adoption rate of digital technologies for e-democracy initiatives. In these contexts, people are more involved in government's activities because public information provision and service delivery exert influence more directly in citizens' everyday lives. Thus, local governments more and more tend to enhance participatory democracy, and people have high expectations about the impact of public participation on their lives (Van Veenstra et al. 2011).

## Defining E-Democracy

As noted by Coleman and Norris (2005), there is not a single and a generally agreed definition of e-democracy. Backus (2001) defines e-democracy as a set of processes and structures that encompass all forms of electronic interaction between the government and the citizen. Thus, e-democracy serves to increase the participation of citizens through ICT usage in political debate, enhancing citizens' engagement and the collaboration between actors for policy-making (Hacker and van Dijk 2000). Although different conceptualizations exist, it is commonly accepted that e-democracy concerns the use of ICTs for moving citizens from passive information access to active citizen participation in the governing process.

E-democracy as concept that improves the democracy through use of digital media enables the access to information and knowledge about the political process in order to increase the transparency and to support the online participation in democratic processes. Moreover, e-democracy is generally considered as a subdimension of e-government, in terms of ICT usage to achieve a better government as efficient and effective institution by improving quality of services (e-administration) and citizen participation in the policy-making process (e-democracy).

According to OECD (2001), e-democracy consists of three components: (1) information that indicates a one-way relation in which government provides information for use by citizens, (2) consultation that refers at a two-way relation in which citizens provide feedback to government, and (3) active participation based on partnership between citizens and government. In line, Mergel (2013) distinguishes between three adoption tactics for digital technologies used by government: (1) representation, (2) engagement, and (3) networking. Representation as a push strategy tends to emphasize the ICT use as additional channel of communication for formal government information. Thus, the online presence of governments is necessary for publishing information rather than for citizen engagement. Engagement as a pull strategy permits to collect suggestions and contributions from the public as well as to response to some citizen feedback, without necessarily engaging participants in dialogue. Networking refers to a strategy that focuses on dialogue with citizens, emphasizing interactive and bidirectional communication.

## State of Art

Digital technologies have become an integral part not only of people's lives but also of the

interactions between governments and citizens. The use of these applications reinforces the e-democracy issue, supporting citizens to actively participate in the political process. Web 2.0 (Web 2.0 describes online applications that emphasize user-generated content and are characterized by greater user interactivity and collaboration.) applications, and social media in particular, represent the last step in Internet development, providing new and innovative methods for government to communicate with and engage the public. In particular, social media refer to a collection of Internet-based applications for creating, organizing, combining, sharing, commenting, and rating user-generated content. These tools offer services such as blogs, microblogs, media (audio, photo, video, text) sharing, collaborative projects, and social networking, promoting creation and support of social interaction, collaboration, and exchange of information between users.

A significant and growing body of research investigated the use of ICTs and the Web 2.0, in particular, in the field of e-democracy because of the popularity and diffusion of digital technologies into the government. Some frameworks identify different e-participation's objectives and the appropriate ICT tools to attain them (e.g., Breindl and Francq 2008; Phang and Kankanhalli 2008). For example, digital technologies enable citizens to have easy access to an exponential amount of information with political content. Online forum, online chat, e-mail, or official website support information provision and, consequently, the creation of informed participants that thus can activity contribute in the public sphere. Moreover, other applications, like social networks or microblogs, online consultations, opinion polling, or surveys, allow governments to collect opinions, suggestions, and feedback from the public on policy formulation or implementation. However, governments should gather and use the feedback of citizens to improve the decision-making processes – through, for example, online data analysis tools – in order to fully realize an open information paradigm to support the e-democracy. Only in this way, the citizens' participation in the political process aims not only to discussion but also to having an impact on the final decision. This condition is necessary for driving people to directly contribute to government work by coproducing policies and cocreating public value.

Macintosh (2004) identified two main dimensions of e-democracy: e-participation as the use of ICT tools for enabling opportunities for consultation and dialogue between government and citizens and e-voting as the use of ICT tools for enabling formal voting.

ICTs sustain the democratic development of public institutions encouraging citizens to be involved in public debate and actively participate for improving public life. In particular, Päivärinta and Sæbø (2006) showed that technologies could support different models of democracy: deliberative, liberal, partisan, and direct. Several goals and means tend to mainly characterize and define the models of democracy: the main goal of democracy is to contribute to opinion forming or to decision-making; the primary means of democracy refers to the use of elected representatives or to directing voting by people, thereby, considering both the inclusion in decisions, as related to the ability of adults to participate in debates and decision-making processes, and the control of agenda, in terms of who decides and what should be decided. Inclusion in decisions and the control of agenda help to both classify and compare different models of e-democracy identifying who sets the agenda and which is the role and contribution of citizens in decision-making processes. Citizens set the agenda both in partisan and direct democracy. Only in the direct democracy, citizens having an explicit and defined role in decision-making processes set the agenda both for public discussion and decision-making having an explicit and defined role in decision-making processes. Government as politicians and officers set the agenda in liberal and deliberative democracy. Only in a deliberative democracy, citizens tend to play an explicitly defined role in decision-making processes being expected that their voices are heard with regard to a matter initiated by the government, while in both partisan and liberal democracy citizens are mainly and implicitly included in decision-making processes. Citizens set the agenda only for public discussion in a partisan democracy. Different models of

e-democracy imply that ICTs serve and support the actors in a different way. When citizens set the agenda, ICTs permit to obtain visibility for alternative political expressions (partisan democracy) or emerge as a mechanism of coordination between decision-makers and relevant condition for democracy occurring (direct democracy). ICTs contribute to increase the levels of citizens' participation in a quick or direct democracy. When government sets the agenda, ICTs contribute to improve both the amount and quality of information exchange between government and citizens in a liberal democracy in which the decisions occur and citizens are informed before the elections about the political program of candidates. In a deliberative or strong democracy, the development of ICTs helps to increase citizen participation and sustain the involvement of citizens in decision-making processes because the role of citizens is well and explicitly defined even if the government is responsible of setting the agenda (Päivärinta and Sæbø 2006).

According to Trechsel et al. (2003), the e-democracy refers to electronic means of communication enabling citizens to hold politicians accountable in managing res publica, employing different techniques for increasing transparency (e-access), promoting the direct involvement and participation of citizens (e-consultation, e-petition, e-voting), and making available new spaces of information and deliberation for a better quality of opinion formation (e-forums). The Internet usage permits to employ the e-access to improve the availability of official and political information leading to an increasing involvement of citizens; the e-consultations which permit to disseminate to encourage the public, interest groups, and experts to participate in the decision-making process; and the e-petition to enable citizens to invite others to signal support on a public issue. There are two main models of e-voting. E-voting simply replaces traditional ballot by machine or enabling voters from computer Internet connected. It is further possible to distinguish between e-referendum by voting online on a specific public issue and e-election to bridge voters' participation and convenience through the use of the Internet for online registration of voters and ballot transmission (Trechsel et al. 2003).

According to Pratchett (2007), ICTs offer local government new means for reinforcing the relationship between local authorities and citizens. E-democracy devices can be grouped along two dimensions: sustaining the institution of representation or participatory forms citizenship and sustaining the effective communication between citizens and public institutions or enhancing the interaction in terms of facilitating more actors to engage in a dialogue. Online information and e-voting contribute to provide communication and support to representation. E-consultations contribute to support representation by enhancing the interaction. E-petitions and online forums contribute to support the citizenship by strengthening the interaction between citizens and public institutions.

## Future Perspectives

Overall, some main conclusions come out from research on e-democracy. Firstly, the choice of appropriate digital technologies is contingent upon the objectives sought for the e-democracy initiatives. ICTs help to redefine the relationship between citizens and government. Thus, policymakers need to delineate objectives pursuing with an appropriate and formalized digital technology strategies and policies. Secondly, ICTs alone are not a solution to ensure a higher citizen participation in the democratic process because the use of these tools by governments does not automatically guarantee public engagement. Technology is merely a facilitator. Developing a more sophisticated concept of technology in which knowledge, practices, roles, and cultural as well as local contextual factors tends to emerge as a help to deeply understand the e-democracy initiatives. Finally, a key question concerning the evaluation of the effectiveness or success of e-democracy initiatives is whether these tools are really increasing the active participation in policy- and decision-making processes regarding the public affairs. Nowadays, digital technologies tend to be mostly considered as a one-way

communication tool for local governments rather than a way to establish a symmetrical dialogue with citizens.

## References

André P, Martin P, Lanmafankpotin G (2012) Citizen participation. In: Côté L, Savard J-F (eds) Encyclopedic dictionary of public administration. [online] www.dictionnaire.enap.ca

Backus M (2001) E-governance and developing countries – introduction and examples. Research Report No. 3. International Institute for Communication and Development (IICD), The Netherlands

Breindl Y, Francq P (2008) Can Web 2.0 applications save e-democracy? A study of how new Internet applications may enhance citizen participation in the political process online. Int J Electron Democr 1(1):14–31

Coleman S, Norris DF (2005) A new agenda for e-democracy. Int J Electron Gov Res 1(3):69–82

Hacker KL, van Dijk J (2000) Digital democracy: issues of theory and practice. Sage, London

Macintosh A (2004) Characterizing e-participation in policy-making. In: System sciences, 2004. Proceedings of the 37th annual Hawaii international conference on IEEE, pp 10-pp

Mergel I (2013) A framework for interpreting social media interactions in the public sector. Gov Inf Q 30(4): 327–334

OECD (2001) Citizens as partners: information, consultation and public participation in policy-making. OECD Publications Service, France

Päivärinta T, Sæbø Ø (2006) Models of e-democracy. Commun Assoc Inf Syst 17(1):818–840

Phang CW, Kankanhalli A (2008) A framework of ICT exploitation for e-participation initiatives. Commun ACM 51(12):128–132

Pratchett L (2007) Comparing local e-democracy in Europe: a preliminary report. In: DESA, e-participation and e-government: understanding the present and creating the future. UN, New York, pp 128–146

Trechsel AH, Kies R, Mendez R, Schmitter PhC (2003) - Evaluation of the use of new technologies in order to facilitate democracy in Europe, EP, C2D-Research and Documentation Centre on Direct Democracy

Van Veenstra AF, Klievink B, Janssen M (2011) Barriers and impediments to transformational government: insights from literature and practice. Electron Gov Int J 8(2–3):226–241

Verba S, Schlozman KL, Brady HE (1995) Voice and equality: civic voluntarism in American politics. Harvard University Press, Cambridge

Zukin C, Keeter S, Andolina M, Jenkins K, Carpini MXD (2006) A new engagement? Political participation, civic life, and the changing American citizen. Oxford University Press, New York

# Educating for Effective Governance in Latin America

Nadia M. Rubaii
Department of Public Administration, College of Community and Public Affairs, Binghamton University, State University of New York, Binghamton, NY, USA

E

## Synonyms

Educational effectiveness; Education quality; Public affairs education; Public service education; Training and education

## Introduction: A Changing Notion of Governance

Historically, governance was synonymous with government, and effective governance required that public sector officials and organizations accomplish their stated objectives in a means that efficiently utilized public resources and which upheld core social values. In that context, education for effective governance involved preparing individuals to obtain jobs, advance their careers, and effectively execute their responsibilities within government agencies by instilling ethical values and providing specialized knowledge and skills. This remains an important aspect of effective governance, but by no means does it embody the full breadth of the modern definition.

With increasing globalization and the recognized complexity and interdependence of social and economic problems, scholars and public affairs professionals have recognized that governance involves much more than government or public sector actors (Kahler and Lake 2003; Kettl 2000). In the twenty-first century, effective governance requires collaboration across the public, private, and nonprofit or civil society sectors (Keohane and Nye 2000). The government is an important actor, but it is by no means the sole actor in promoting effective governance. As the definition of governance has evolved and

expanded, educational programs have had to adjust to meet the new challenges and demands (Farazmond 2009; Feldman et al. 2006). For the multitude of governance institutions to be collectively effective, each needs to be led and staffed by skilled individuals who are able to navigate the complex network of stakeholder groups to address both entrenched and new wicked problems that defy simple solutions (Cain and Stier 2010; Crosby and Bryson 2005; Kettl 2000).

Effective governance has some elements which are common across all countries, some which are limited to certain types of political systems or geographic regions, and others still which are particular to the unique characteristics of any country. Given that the definition and scope of governance, and societal and global expectations regarding effectiveness have evolved over time, it is not surprising that the processes for educating individuals to engage in effective governance have also changed. The educational system – in terms of institutions, programs, and quality assurance mechanisms – which is designed to prepare individuals to engage in effective governance demonstrates similar levels of congruence and diversity and temporal development as the concept of governance itself.

Among the universal attributes of effective governance are those affiliated with the fundamental values associated with public service and public affairs. Core public service values – including the pillars of effectiveness, efficiency, and equity, along with more recent emphasis placed on accountability, transparency, and sustainability – guide definitions of effective governance in all contexts and throughout time. This is not to suggest that these values are equal or unchanging, but rather that they play a role in defining effective governance albeit with tradeoffs in priority and emphasis relative to one another depending on circumstances of place and time. Although some values are ubiquitous, others apply only in certain political or economic contexts. For example, in democratic political systems, effective governance will include measures of participation by and responsiveness to the electorate. In contrast, more authoritarian systems may place minimal emphasis on procedural rights. Similarly, centralized versus decentralized systems operationalize governance differently. Greater internal diversity – on the basis of race, ethnicity, language, religion, etc. – can complicate the task of governing effectively and demand different skills.

The definitions of effective governance, or at least the expectations for the ability to achieve effective governance, may also vary based on the level of economic development and extent of institutionalization and rule of law within a country. For example, countries with advanced technological infrastructures will likely have different expectations for transparency than those in which large segments of the population lack access to the most basic public services. As a region, Latin America is recognized for its high and persistent levels of poverty, income inequality, and social exclusion (Altimar 1996; Hoffman and Centeno 2003; Lopez-Calva and Lustig 2010). Within Latin America, many countries have a history of corruption and a culture in which public and private sector actors place individual interests above the collective; they face particular obstacles to effectiveness in governance that require attention within the educational programs dedicated to preparing individuals to address such problems.

Within a general framework of effective governance, individual countries must contend with their unique combination of historical, geographic, demographic, economic, social, and political circumstances. Countries confronting economic recession, political instability, civil or guerilla warfare, attacks by terrorists, or other extreme circumstances, for example, clearly have different priorities in defining effectiveness in governance than those in which such challenges are absent. A snapshot at any point in time, for example, in early 2016, provides numerous illustrations of how these forces change expectations about effective governance. As the government of Colombia negotiates with guerrilla groups an end to the armed conflict which has persisted for more than 50 years and prepares for a transition to peace, there is a demand for public, civil society, and private sector actors with a different array of skills than that were required

during the conflict. These forces are important both in absolute and relative terms. The governance challenges faced by any jurisdiction are not only a function of its internal characteristics but also how those characteristics compare to its neighbors and partners, broadly defined. The economic collapse and political turmoil in Venezuela spill over to its neighbors, as do political scandals in Brazil and the devastating effects of earthquakes in Ecuador.

Similarly, the system of public affairs education in a country is influence by internal and external forces. Among the important factors to consider when examining how education is provided to promote effective governance are who provides the education, what is taught, and on the basis of what criteria is quality assessed and assured?

## Two Models of Educational Providers: National Institutes and University Degrees

In discussing education for effective governance, it is important to distinguish between elective or political positions and those that are appointed or administrative in nature, with the emphasis being placed on the latter. Educating for effective governance is not about campaigns, elections, party politics, or legislative deal-making, but rather about the preparing individuals who serve as the advisors, analysts, administrators, street-level bureaucrats, managers, evaluators, and implementers of the policies developed through political processes. People assume positions of authority in governance through a variety of paths and with diverse educational preparation. Even prior to the expanded notion of governance, the path to government careers and civil service positions varied considerably. With the expanded definition, we find even greater diversity in educational paths.

The broader definition of governance corresponds to a broad spectrum of educational programs which can be labeled as public affairs. While one may speak of public affairs as a profession, not unlike medicine, law, or engineering, it differs from its professional counterparts in these fields in that public affairs generally does not require a specific degree or licensure as a precondition for securing employment. This is not to say that public affairs lacks specialized education. There are, in fact, two specialized forms of education for public affairs which have evolved in response to the demand for more competent leaders and managers in public service organizations: national schools or institutes of public administration and university-based public administration and public policy degrees. The locus of education has implications for the form of education provided and for how quality is assured.

Education for effective governance is generally structured in one of two basic forms, or a combination of the two, depending on the country context. It may be based largely in a single national school or institute of public administration, or it may be spread throughout the university system. National schools or institutes of public administration place greater emphasis on training programs, certificates, and professional development workshops, although increasingly they also offer degrees. Universities are more likely to emphasize formal undergraduate and graduate degree programs, although they too cross over to provide certificates or training. Regardless of the setting and format, these programs focus on entry into and/or advancement within careers in professional, administrative, appointive, and civil service positions, rather than elective political office. Another common element is their emphasis on promoting merit and competence as the basis for selection and promotion in lieu of favoritism, nepotism, or spoils.

Many of the national schools or institutes of administration or public administration are modeled after the earliest examples from Europe, including the National School of Administration (*École nationale d'administration* or ENA) in France and the National Institute of Public Administration (*Instituto Nacional de Administración Pública* or INAP) in Spain. ENA was created in 1945 as a graduate school intended to help democratize access to the senior civil service in France. The school is intended to bring rationality and meritocracy to the selection

process for high-level civil service positions. The school uses a competitive examination system both for entry into ENA and for placement upon graduation (http://www.ena.fr/). INAP was established in 1958 as an autonomous arm of the Spanish national government as the leading civil service training school and was later merged with its local government counterpart which had been created even earlier in 1940 (http://www.inap.es/).

Many national schools maintain their distinctive character as training institutes and arms of the national government, while others have transitioned to operate somewhat like universities. Colombia's Higher School of Public Administration (*Escuela Superior de Administración Publica* or ESAP) began in 1958 in the traditional model of a training and professional development institute, but now offers undergraduate and graduate degrees (http://www.esap.edu.co/portal/).

One can find examples of national schools and institutes in all regions of the world, and many come together under the umbrella of the International Institute of Administrative Sciences (IIAS, see http://www.iias-iisa.org/). National schools and institutes may also affiliate with one of IIAS's member sections on an international or regional scale in the form of the International Association of Schools and Institutes of Administration (IASIA, see http://www.iias-iisa.org/iasia/) or, in the case of Latin America, the Latin American Group for Public Administration (LAGPA, see http://iias-iisa.org/lagpa/). These associations bring together government and academic individuals and organizations to address common goals of advancing public administration and thus, by extension, promoting effective governance or at least one component of effective governance.

Throughout the world, with the notable exception of the United States, national schools or institutes of public administration have historically serves as the primary mechanism for training and education of a large-scale civil service. This practice is widespread in Latin America as well. Some national schools stay true to the French model of emphasis on senior civil service, while others provide more general education and training for civil servants at all levels. In some countries, these schools have the authority to award undergraduate or graduate degrees, whereas in others students acquire training and education without formal degrees. These schools vary considerably in their prestige and reputation in their respective countries. These schools remain important, but they are notably limited in that they are premised on the older, no longer fully accurate, model of governance as government.

The other major means by which public affairs education is delivered is through university-based degree programs. As noted above, while there are no specific degrees required for entry into most public service careers, and many civil servants are educated as lawyers, economists, engineers, and any number of other fields, two degrees have been developed explicitly for the purpose of promoting improved governance. The Master of Public Administration (MPA) and the Master of Public Policy (MPP) degrees have grown in number, quality, and geographic dispersion, and they have come to represent the degrees with the most explicit emphasis on effective governance, both traditionally and broadly defined.

To understand the evolution of MPA and MPP degrees in Latin America, one must understand their history in the United States context and then how they have developed in Latin America. As described by Donald Stokes (1996), public service education in the United States has its roots and first wave in the Progressive Era's desire to protect administration from the corrupt influences of politics through a separation or dichotomy of politics and administration as articulated by Woodrow Wilson in his classic 1887 paper. The precursor to the first MPA degree began as a training program in the City of New York's Bureau of Municipal Research; this served as the impetus for the creation of the MPA at the Maxwell School at Syracuse University (Stokes 1996). From this early start and continuing through the 1930s and 1940s, education for effective governance emphasized teaching the skills of planning, organizing, staffing, directing, coordinating, reporting, and budgeting which formed that basis of PODSCORB (Gulick 1936). Public affairs education has since evolved through to acknowledge the need to have trained professionals willing and

able to get involved in the policy process influencing content, implementation, and analysis by "speaking truth to power" (Wildavsky 1987). The more recent curriculum changes have focused on the need for MPA and MPP programs to prepare students for an environment of increasing global interdependencies (Cain and Stier 2010), less hierarchical directives within organizations and more collaborative leadership across networks (Crosby and Bryson 2005; Feldman et al. 2006), and corresponding importance of emotional intelligence (Mastracci et al. 2010).

Public affairs programs in the United States, whether in the form of MPA, MPP, or related degrees, have a variety of institutional homes. They may be housed in stand-alone schools or colleges of public affairs, within departments of political science, within departments of public administration, in schools of management or business, or in a research centers or institutes. While many of these programs began with an emphasis on governance in its traditional sense of government, they have evolved and expanded to prepare students for a wider range of public service careers that can contribute to more effective governance. For example, many MPP programs prepare analysts to work in think tanks informing government policy although not explicitly working in government. Similarly, the most frequently offered and fastest growing specialization within MPA programs in the United States is in nonprofit administration. While MPA and MPP programs in the United States began with an emphasis on preparing graduates for employment in the national government, the 1970s through 1990s saw an increased emphasis on employment in state and local government, and surveys from 2014 illustrate that the employment of MPA and MPP graduates in the nonprofit and private sectors surpasses rates of employment in national, state, or local levels of government (http://www.naspaa.org/DataCenter/index.asp).

Just as the early models of national institutes and schools of public administration have spread from Europe throughout the world, so too has the US model of professional master's degrees in public affairs (Geva-May et al. 2008). MPA and MPP programs are offered at universities throughout the Latin American region in countries as diverse as Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, and Venezuela, among others. Notably, not all programs in Latin America reflect the same expansive definition of governance in their educational programs nor do they have the same emphasis on educating students for the nonprofit sector or work within civil society organizations. Movement in that direction is likely to occur more gradually over time if the practice of following the United States lead persists.

## Content, Curriculum, and Competencies in Educating for Effective Governance

There are notable differences in the curriculum content of public affairs programs between the national institutes and the university-based programs, as well as across countries, and over time. As noted earlier, the national schools and institutes remain focused almost exclusively on the narrower notion of governance in the form of government service. Even so, they play a vital role in advancing professionalism and creating esprit de corps within a country's civil service. In what may be simultaneously a strength and a weakness, the directors of many of these schools are presidential appointees, and their educational and training programs may be heavily influenced by ideological and policy priorities of a particular administration. This close connection to the political world can keep the work of the institute relevant to pressing policy needs, but may also politicize their activities.

University-based programs generally maintain a degree of independence from political pressures of national governments, although the extent of autonomy understandably varies between public and private universities and among countries. Here the development of curriculum has been less driven by politics and more by changes in scholarly thought about the role of public affairs education in promoting effective governance.

Within university-based public affairs programs in the United States, the curriculum has developed from an emphasis on generalist

PODSCORB administrative skills to more specialized knowledge and skills depending on the focus of the program. MPP programs have emphasized advanced quantitative analytical techniques to address policy issues in the areas of health, the environment, education, national security, etc. In response to changing definitions and demands of governance, MPA programs have established specializations in nonprofit management, local government administration, healthcare administration, emergency management, and other areas. The shift has been accompanied by a greater emphasis on demonstrable skills or competencies of graduates rather than simply a list of courses which comprise a program curriculum. The transition from input (curriculum) to outcome (competency) measures, and from generalist to specialist focus, has been reflected in, and in some cases led by, the standards of accreditation which serve as the basis for assuring that public affairs education is of sufficient quality to advance effective governance.

## Quality Assurance in Educating for Effective Governance

The systems and standards for quality assurance provide another window into how effective governance is operationalized and promoted through education. The 1990s mark the beginning of an emphasis on higher education quality assurance and accreditation in Latin America, largely in response to increased demands for higher education, a proliferation of suppliers, and a corresponding heightened concern about disparities in quality (de la Garza Aguilar 2008; Inga and Velasquez Silva 2005; Lopez Segrera 2010; Martin and Stella 2007). Throughout the region, countries have adopted laws and established agencies to assess quality in higher education; however, they differ on a variety of factors. They may focus on institutions and/or programs, apply to public and/or private universities, be mandatory or voluntary, ensure threshold levels of quality or promote excellence, and measure inputs, processes, and/or results, among other factors. While almost all countries in the region have national systems of quality assurance and accreditation, few have established criteria and processes specific to public affairs programs. Instead, the quality of public affairs programs is as part of a broader evaluation of the quality of an institution overall or at the program level but using generic criteria that apply to the full range of disciplines. While this might suggest that there is little within the national accreditation standards which can provide insight into definitions of effective governance, the evidence suggest otherwise. For example, Colombia's National Accreditation Counsel (*Consejo Nacional de Acreditactión* or CNA) updated its accreditation guidelines in 2014 to explicitly state that high-quality institutions will promote social inclusion and peace in the country. Similarly, Ecuador's accreditation guidelines emphasize the values associated with the National Plan of Good Living (*Plan Nacional de Buen Vivir*). While not specific to public affairs programs, these guidelines do influence public affairs education.

In addition to these quality assurance agencies within the national government apparatuses, international nongovernmental accreditors are beginning to influence Latin American notions of how to educate for effective governance. Specialized accreditation of programs with a focus on educating for effective governance is largely in the hands of nongovernmental entities and is voluntary rather than obligatory in nature. Quality assurance in the form of accreditation of public affairs programs is a means by which programs are held accountable to a set of standards intended to reflect the needs of the profession.

Accreditation of public affairs programs began in the United States in 1986 under the auspices of what was then the National Association of Schools of Public Affairs and Administration (NASPAA). NASPAA is the most well-established accreditor of public affairs programs. While it remains based in the United States and continues to use the same acronym, in 2012 NASPAA members voted to change the name to the Network of Schools of Public Policy, Affairs, and Administration reflecting both the explicit inclusion of public policy and NASPAA's status as an international membership association and

global accreditor. With its expanded scope, NASPAA has grown to more than 300 institutional members from 23 countries as of April 2016; among the members are six programs from universities in the Latin America and Caribbean region, including two in Colombia, two in Mexico, and one each in Venezuela and Puerto Rico (http://www.naspaa.org/about_naspaa/members/member_roster.asp).

Through its Commission on Peer Review and Accreditation (COPRA), NASPAA accredits professional master's level degree program in public administration, public policy, and public affairs. NASPAA's accreditation standards reflect an evolution through three distinct phases or generations (Rubaii and Calarusse 2012). In the initial period, from 1986 to 1992, the emphasis was on resources or inputs in the form of sufficient numbers of faculty, infrastructure, library holdings, and demonstrated curriculum content in specified areas. The standards articulated common curriculum requirements in three broad areas: (1) management of public service organizations, (2) application of quantitative and qualitative techniques of analysis, and (3) understanding of the public policy and organizational environment. Across these three areas, more specific components were identified consisting of human resources; budgeting and financial processes; policy and program formulation, implementation, and evaluation; decision-making and problem-solving; political and legal institutions and processes; economic and social institutions and processes; and organization and management concepts and behavior (NASPAA 2008). The second generation of standards, spanning the period of 1992 through 2009, allowed for greater flexibility in accordance with a program's stated mission and began the process of requiring rudimentary program evaluation. Added to the common curriculum requirements in this stage was information management, technology applications, and policy and a requirement that programs demonstrate diversity across the entire curriculum (Rubaii and Calarusse 2012; NASPAA 2008).

The third generation which began in 2009 has maintained the mission-based philosophy and brought in an emphasis on demonstrated evidence of student learning across five universal competency domains: (1) to lead and manage in public governance; (2) to participate in and contribute to the policy process; (3) to analyze, synthesize, think critically, solve problems, and make decisions; (4) to articulate and apply a public service perspective; and (5) to communicate and interact productively with a diverse and changing workforce and citizenry (NASPAA 2014). Because these universal competencies apply to all programs seeking accreditation, the NASPAA standards provide one definition for what education is required to promote effective governance. Programs are required, however, to define each of these universal competency areas within the context of their unique program missions, suggesting considerable flexibility in the definition of effective governance. As of May 2016, 192 programs based in 179 universities located in 40 of the United States, the District of Colombia, Puerto Rico, China, Egypt, and the Republic of Korea have been recognized with NASPAA accreditation (https://naspaaaccreditation.files.wordpress.com/2015/07/annual-roster-of-accredited-programs-updated-09-01-15.pdf). As of 2016, universities in Venezuela, Colombia, and Mexico have indicated interest and plans in securing NASPAA accreditation for their master's programs.

While NASPAA is undoubtedly the most established and experienced accreditor of public affairs programs, it is not the only international body offering such services to programs in Latin America. The newest player on the scene of international public affairs accreditation is IASIA's International Commission on Accreditation of Public Administration Education and Training Programs (ICAPA). ICAPA was established in 2012, and it made its first mark in Latin America shortly thereafter. The first of the two accreditations awarded by ICAPA as of May 2016 was to the public affairs schools of Getulio Vargas Foundation (FGV) located in Sao Paulo and Rio de Janeiro, Brazil (http://www.iias-iisa.org/iasia/first-ciapa-accreditation/).

While NASPAA accreditation is limited to professional master's degrees based on an underlying assuming that this is the level and type of

education tailored to preparing individuals to engage in effective governance, IASIA accreditation is open to a wider range of applicants. IASIA makes accreditation available to degree programs at all levels (undergraduate, masters, and doctorate), entire schools within universities, individual courses or training programs, and national institutes. The criteria used by ICAPA are based upon a set of standards developed by a joint United Nations Department of Economic and Social Affairs (UNDESA)/IASIA Task Force which was initiated by the United Nations in 2005. In contrast to NASPAA's competency-based standards which required demonstrated and measurable achievements, IASIA places greater emphasis on evidence of commitment to continuous improvement. The Standards of Excellence for Public Administration Education and Training address eight core topics: public service commitment; advocacy of public interest values; the combination of scholarship, practice, and community service; the centrality of faculty; prioritizing inclusiveness; having a curriculum that is purposeful and responsive; sufficiency of resources; and balancing collaboration and competition (IASIA/UNDESA 2008). These eight standards are framed more in terms of guiding principles than measurable requirements. In this context, there is considerably greater flexibility in defining what constitutes effective governance and what education is required to promote that goal.

## Conclusion

Scholars and practitioners throughout the world recognize the need to have within government agencies at all levels, and within nonprofit and private sector organizations, individuals who embody high ethical standards, demonstrate a commitment to advancing the public interest, and have the knowledge, skills, and abilities to effectively execute policies. The challenges of effective governance and the need for educational programs dedicated to preparing individuals to contribute to more effective governance are supremely evident throughout Latin America.

A range of educational programs – most notably national schools and institutes of public administration and Master of Public Administration and Master of Public Policy programs – have been developed to prepare individuals to meet these needs. Collectively, they comprise the system which is best able to provide the education needed to improve the effectiveness of governance within and across countries. Educating for effective governance continues to be challenged by the changing nature of governance and the complexity of issues with which governments at all levels, along with their nonprofit and private sector counterparts, must confront.

## Cross-References

► Globalization and US Education Policy
► Public Higher Education as Social Policy

## References

Altimar O (1996) Economic development and social equity: a Latin American perspective. J Interam Stud World Aff 38(2/3):47–71

Cain CG, Stier M (2010) Analysis: internationally oriented executives needed. Government Executive. http://www.govexec.com/oversight/2010/02/analysis-internationally-oriented-executives-needed/30797/

Crosby B, Bryson J (2005) Leadership for the common good: tackling problems in a shared-power world. Jossey-Bass, San Francisco

De la Garza AJ (2008) Evaluación y acreditación de la educación superior en América Latina y el Caribe. In: Tunnermann Berhnheim C (ed) La educación superior en América Latina y el Caribe: Diez años después de la Conferencia Mundial de 1998. Pontificia Universidad Javeriana and IESALC/UNESO, Bogota

Farazmond A (2009) Building administrative capacity for the age of rapid globalization: a modest prescription for the twenty-first century. Public Adm Rev 69: 1007–1020

Feldman MS, Khademian AM, Ingram H, Schneider AS (2006) Ways of knowing and inclusive management practices. Public Adm Rev 66(S1):89–99

Geva-May I, Nasi G, Turrini A, Scott C (2008) MPP programs emerging around the world. J Policy Anal Manage 27(1):187–204

Gulick LH (1936) Notes on the theory of organization. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, New York, pp 3–35

Hoffman K, Centeno MA (2003) The lopsided continent: inequality in Latin America. Annu Rev Sociol 29: 363–390

IASIA/UNDESA Task Force on Standards of Excellence for Public Administration Education and Training (2008) Standards of excellence for public administration excellence and training: final report. United Nations Department of Economic and Social Affairs (UNDESA)/International Association of Schools and Institutes of Administration (INASIA). Available at http://www.iias-iisa.org/iasia/about-iasia/iasia-and-the-un/undesa-iasia-standards-of-excellence/. Accessed 20 Dec 2015

Inga MG, Velasquez Silva D (2005) La evaluación y acreditación de la calidad en las nuevas leyes de educación superior de América Latina. Comisión de Coordinación de Reforma Universitaria, UNMSM

Kahler M, Lake DA (eds) (2003) Governance in a global economy: political authority in transition. Princeton University Press, Princeton

Keohane RO, Nye JS (2000) Introduction. In: Nye JS, Donahue JD (eds) Governance in a globalizing world. Brookings Institution, Washington, DC

Kettl DF (2000) The transformation of governance: globalization, devolution, and the role of government. Public Adm Rev 60(6):488–497

Lopez Segrera F (2010) Trends and innovations in higher education reform: worldwide, Latin American and in the Caribbean. Center for Studies in Higher Education, Research and Occasional Paper Series, University of California Berkeley. Available at http://cshe.berkeley.edu. Accessed 10 Apr 2015

Lopez-Calva LF, Lustig NC (2010) Explaining the decline in inequality in Latin America: technological change, educational upgrading, and democracy. In: Lopez-Calva LF, Lustig NC (eds) Declining inequality in Latin America: a decade of progress? The Brookings Institution, Washington, DC, pp 1–24

Martin M, Stella A (2007) External quality assurance in higher education: making choices. UNESCO International Institute for Educational Planning, Paris

Mastracci S, Newman M, Guy M (2010) Emotional labor: why and how to teach it. J Public Aff Educ 16(2): 123–141

NASPAA (2008) General information and standards for professional masters degree programs, Jan 2008 edn. Commission on Peer Review and Accreditation, National Association of Schools of Public Affairs and Administration. Available at https://naspaaaccreditation.files.wordpress.com/2014/04/old-accreditation-standards.pdf. Accessed 15 Mar 2016

NASPAA (2014) Accreditation standards for master's degree programs (adopted October 16, 2009; amended November 6, 2014). Commission on Peer Review and Accreditation, Network of Schools of Public Policy, Affairs, and Administration. Available at https://naspaaaccreditation.files.wordpress.com/2015/02/naspaa-accreditation-standards.pdf. Accessed 20 Dec 2015

Rubaii N, Calarusse C (2012) Cultural competency as a standard for accreditation. In: Norman-Major KA, Gooden ST (eds) Cultural competency for public administrators. M.E. Sharpe, Armonk

Stokes DE (1996) "Presidential" address: the changing environment of education for public service. J Policy Anal Manage 15(2):158–170

Wildavsky A (1987) Speaking truth to power: the art and craft of policy analysis, 2nd edn. Transaction Publishers, New Brunswick

E

# Education and Training in Crisis Management

John J. Walsh
Vanderbilt University Medical Center, Nashville, TN, USA

## Synonyms

Continuity of operations; Disaster education; Disaster management; Disaster risk reduction; Emergency management; Risk management

## Introduction

The preparation and response to events which cause disruptions to individuals, institutions, organizations, and systems include a broad framework of complex concepts, theories, strategies, and integrated coordination of operational activities. The usage and meaning of terms related to these elements is determined within a set of perspectives dependent on any number of varied factors relative to professional focus, organizational and governance structure, training and education, and geographical reference. Whether the term crisis, disaster, emergency, or other interconnected terms are used, they all revolve around the management of threatening events that require a systemic organizational approach for preparing, responding, and recovering from disruptive situations. Understanding the contextual environments in which the different terminologies are used gives an indication of the

perspective of focus. The interdisciplinary approach for dealing with these types of disruptions further adds to the complexity of clarity. Many of the terms are used somewhat interchangeably in both practice and concept. Whereas the term crisis management reflects a more business organization framework, it is readily used in describing a process for dealing with all types of threats in both public and private environments. Emergency or disaster management consists of many overlapping concepts, theories, and protocols used in crisis management. The terminology is further convoluted as conceptual and theoretical components associated with business continuity, risk management, disaster risk reduction, incident management, and other terms begin to distinguish themselves as separate but compatible elements. The perspective and usage is key to contextual appropriateness. For purposes of this entry, "crisis management" will be used as the generic term used to describe the preparedness, response, and recovery processes used to deal with all types of hazards and threats whether they be natural, man-made, or technological. This generalization of terminology is with full acknowledgement and understanding that within disciplines of professional and academic focus, specificity of definitions, concepts, theories, and practices all have inherent relativity and purpose.

## Education Versus Training: There is a Distinct Difference

As with crisis management terminology, often the distinctions between education and training are lost in their interchanging usage. This confusion is the result of the crossover of educational institutions and organizations focus into other lanes of specialty. It is the evolution of academics and training entities as they adjust to the growing need for expanded knowledge and skill development. Definitions vary; however, the main distinction revolves around a central concept. Education's primary focus is on instilling behavioral change through the imparting of knowledge of concepts, facts, and principles. It is the foundation for learning skills for problem solving. Training, on the other hand, is the acquisition of skills needed to master a particular skill or set of skills. Moore (1998) describes the difference in this manner, "...education enables students to see the forest *and* the trees. It encourages general approaches to problem solving and inculcates ways of thinking that are productive, effective, and rewarding. An education prepares a student to deal with and solve a broad range of problems, and to choose which problems are important and which are not." Moore views training as "...a narrowly focused program that leads to high proficiency in a specific skill. It prepares a student for one particular job or activity but provides neither broad perspective nor flexibility of approach."

The distinction then becomes one of purpose and focus which addresses the specific needs of either the potential recipient or the organization structure it is intended to impact. Individuals who are professionals or aspire to become career professionals within a specific discipline will most likely seek the benefits derived from attending an academic institution which offers a degree program. Conversely, individuals who seek to increase their skill in a particular function or aspect related to crisis management may find that an available training course may adequately provide the necessary skill set to become proficient in the task. Organizations may encourage their employees to attend these courses as part of their job requirements or as part of an employment track associated with professional development. The chosen path for acquiring the knowledge or skill is determined on a set of factors specific to the goals and objectives of the individual or organization. The key is understanding the different elements derived from an education approach versus a training approach and how those fulfil the desired outcome objectives. Both have succinct advantages and benefits for those who undertake and complete either.

## Certificate or Degree

It is not uncommon to find academic institutions offering both education and training within their crisis management portfolios. The establishment

of certificate programs increasingly allows them to enter into the training realm providing them with added exposure to the professional learner as well as to the traditional student. From the training perspective, federal agencies, professional associations, academic institutions, and independent private sector entities are all partnering to deliver crisis education and training in a number of venues and under a variety of working agreements and arrangements. The Occupational Safety and Health Administration (OSHA) is one department that maintains numerous certification and degree program arrangements with affiliated universities, community colleges, education centers, and training institutes.

The Federal Emergency Management Agency (FEMA) offers a complete training course portfolio within its Emergency Management Institute (EMI) for emergency management professionals which covers an expansive list of topic areas specifically tailored to skill proficiency and professional development. From the US perspective, EMI is nationally and internationally recognized as a leading training component in crisis and emergency management. Within FEMA's National Training and Education Division which includes EMI and the Center for Domestic Preparedness (CDP), it offers over 700 courses encompassing ten different disciplines, in ten core capabilities, covering six mission areas (Table 1). The mechanism for delivering these courses, both as independent study and instructor led, involves online/distance learning and resident, mobile/non-direct, and direct modes incorporating a partnership of 12 independent universities, community colleges, consortium, and organizations. All of FEMA's courses follow principles of both adult learning theory and instructional system design (ISD) and conform to nationally recognized standards. Its training undergoes a rigorous validation process and assessment on a continuous basis.

The number of universities, colleges, and community colleges offering degrees in crisis management-related disciplines has grown considerably over the past 35 years. The establishment of FEMA in 1979 and the events of 9/11 and other events helped spur growth and interest in the USA in crisis conceptualization, theoretical understanding, research, and response operations to disruptive situations and occurrences. This same academic focus within crisis and disaster study has occurred worldwide with academic institutions on every continent engaged in some type of academically focused coursework and research in the field. This universal emphasis has allowed both professionals and traditional students the choice of attaining academic degrees offered under a broadening of pedagogical modes both domestically and internationally. Degrees in the crisis management discipline are readily available at the associate, bachelors, masters, and PhD levels. Increasingly today, major mainstream academic institutions are offering online, distance learning and unique instructional

**Education and Training in Crisis Management, Table 1** FEMA national training and education division (areas of concentration)

| Disciplines | Core capabilities | Mission area |
|---|---|---|
| Agriculture (1) | Access control and identity verification (3) | Common (78) |
| Animal emergency services (0) | Community resilience (26) | Mitigation (212) |
| Citizen/community volunteer (15) | Critical transportation (5) | Prevent (65) |
| Education (0) | Cybersecurity (1) | Protect (65) |
| Emergency management (468) | Economic recovery (3) | Recover (259) |
| Emergency medical services (18) | Environmental response/health and safety (8) | Respond (258) |
| Fire service (19) | Fatality management services (0) | |
| Governmental administrative (42) | Fire management and suppression (0) | |
| Hazardous material (0) | Forensics and attribution (0) | |
| Healthcare (5) | Health and social services (4) | |

Source: Federal Emergency Management Agency, National Training and Education Division (2016)

designed formats to accommodate the modern-day adult learner in their need for flexible learning environments.

The establishment and utilization of certificate programs in crisis management is a growing venture in both academic institutions and professional organizations. Career professionals in the field now have opportunities to attain professional certification in a number of associated fields. Certifications can be designated through completion of courses authorized and sanctioned by professional associations and societies, academic institutions, or, in some cases, a private certifier. The key to the veracity of the certification lies in the reputation, authority, and adherence to a set of professional standards. One such accrediting body is the American National Standards Institute (ANSI) which requires the certifying organization to undergo a rigorous assessment of their program and processes. Not all certifying entities go through a certification assessment but still issue a certificate for completion of their program.

## Characteristics of Education and Training Programs in Crisis Management

Program emphasis consists of a broad spectrum of topics depending on the primary focus of the particular school or organization. The use of a program's name may also be indicative of its intended direction; however, the best indicator of the content and objective of any program can be found in its program of instruction (POI) or individual course syllabi.

Many programs in the crisis management field will have similar theme and cover similar topic areas although programs focused in specific disciplines may be more orientated toward a particular practice or professional emphasis. Business-focused programs may emphasize business continuity, protection of business financial operations, or information technology topics, whereas homeland security programs may offer more courses related to terrorism, infrastructure protection, intelligence processes, or criminal financial operations. In general, the overarching theme of crisis management programs maintains basic core courses designed to provide added knowledge and skills for managing a complex array of potential disastrous events occurring over a wide spectrum of disciplines, capabilities, and mission areas. This is further illustrated in Table 2, which breaks down the curriculum offerings of two sample programs.

Major categories within crisis management for both degree and certificate programs cover a wide spectrum of focus. Most incorporate at least one or more areas of interest in their curricula to include, at a minimum, areas related to public policy, communication, schools, crisis prevention, professional development, exercise/training, hazard assessment, and/or risk. The list is comprehensive and includes considerable overlapping of topics and concentrations. From a worldwide perspective, most education and training in crisis management follows along common themes, although the differences can be quite pronounced when comparing US focus with that of the European Union (EU) emphasis and other parts of the world. When crisis management concentrates on hazard-specific preparedness and response, the emphasis for most countries remains very common. The differences come to light when factors such as economics, capabilities and capacities, infrastructure, and governance structures begin to impact operations and operational strategies. Many of the EU education and training programs in crisis management give considerable focus on disaster and sustainable development issues within the framework of developing countries. By contrast, most US programs tend to focus more on processes dealing with US-specific hazards.

Ingrassia et al. (2014) provide a comprehensive analytical study of education and training initiatives for crisis management in the European Union. Many of the EU programs emphasize core topics in management, protection and safety, law and ethics, healthcare, mental health, hazard and vulnerability analysis, logistics and transportation, urban search and rescue, and public health. Similarities and differences in both scope and focus exist when comparing the US education and training approach to crisis management programs.

**Education and Training in Crisis Management, Table 2** Two sample program courses in crisis management

| Institution | Course title | Topic areas |
|---|---|---|
| University A | Crisis management and business continuity | Industry laws, standards, and metrics<br>Supply chain management<br>Cybersecurity and data breaches<br>IT/DR trends – current and future<br>Federal, state, and local response<br>Terrorism threats/response<br>Large and small organization BCP practices<br>Pandemic issues<br>What the news media will do to you<br>Social media strategies<br>Response leadership<br>BC program leadership<br>Crisis event simulation |
| University B | Crisis management | Proactive crisis management<br>Challenge your basic beliefs about the nature of crises<br>Learn to scan your business practices for reputational, political, and regulatory risks<br>Anticipate and prepare for potential crises<br>Developing a crisis management plan<br>Integrate your crisis management approach into your overall business strategy<br>Design reputation management strategies and processes<br>Define roles and responsibilities<br>Managing a crisis<br>Explore techniques for successfully solving crisis situations characterized by complex decision environments, time pressures, high stakes, unanticipated events, and information overload<br>Develop strategies for managing stakeholders, public opinion, media relations, and public officials<br>Approach crisis situations as an opportunity to strengthen the organization's reputation and brand<br>Incorporate reputation-restoring strategies to minimize fallout and spark a successful recovery |

Source: MIT, Professional Education, Short Courses; Northwestern University, Short Course Crisis Management

## Crisis Management Enhanced Through Disaster Education as a Policy Function

Common terminology usage related to disaster education is another example of mixed meaning for multiple terms. It is often described as a learning and training element addressed in crisis management, emergency management, risk management and risk reduction, continuity of operations, and resiliency programs. Although terminology focus may vary depending on the discipline or context it is used in, it is a general-usage term used to identify strategies and programs designed to create behavioral change in response patterns and reduce mortality and morbidity among the population. It is a more general concept that is prevalent in policy and strategy development utilized by world bodies focused on national and international preparedness and response to crisis events (UN Sendai Framework for Disaster Risk Reduction 2015–2030).

Disaster education continues to remain a basic global component for the establishment and enhancement for crisis and resilience strategies. Its inclusion in every major international document representing disaster risk reduction illustrates the importance and weight given to promoting its continued emphasis as a foundational pillar for disaster preparedness, crisis management, sustainable development, and resilience building. Its components are reflective of standard

education and training philosophy designed to input knowledge, guide behavior in an appropriate manner and direction, and instill a sense of preparedness for safely surviving a hazard (Walia 2008).

Disaster education and training are often macro-focused utilizing broad social media and marketing techniques rather than community-based approaches (Glik 2007). This pattern is prevalent in the disaster education and training environment with exception to academic and most certificate programs. Currently in both the USA and EU, the lack of standardization within the crisis and disaster management education and training fields is slowly being addressed. What is required is a more substantive approach encompassing specific quality indicators and measurements directed toward evidence-based outcomes.

As a policy function related to crisis management strategy development impacting broad community preparedness and response efforts, disaster education must be based on learning theory methodology. Eisenman et al. (2009) emphasize the need for using empirically valid methods for improving disaster preparedness, as well as other community-based approaches. Development of education programs that are narrowly focused to include a neighborhood and community perspective with localized input appears to promote hazard adjustments and better preparedness activity (Dufty 2008; Terpstra and Lindell 2009).

As mentioned earlier, schools are another component listed as a crisis management education and training component. Schools can be viewed from a protection aspect related to community infrastructure or as an education tool for imparting knowledge to students within the broader crisis management paradigm. Schools offer a natural environment for establishing and implementing disaster education programs (Finnis et al. 2010). Educating children as part of their school curriculum has a proven track record, and instilling in children the risks involved and the proper protective actions to take during severe weather and tornadic activity is a sound disaster education strategy. Knowledge gained through school education promotion carries over to households and extended family and neighbors.

The actual practice, however, provides a different picture. Disaster-focused curriculum within K–12 education levels is mostly viewed as an extracurricular activity. Minimal time is devoted to disaster preparedness other than cursory attention. Science-based classes may touch on certain aspects of weather-related or hazard threats, but for the most part, they are not included in core curriculum. As the research literature indicates, educating our children about hazard is beneficial, but the follow-through implementation as a course of action and disaster strategy is vastly underutilized, at least from a US perspective.

The impact of disaster education remains mostly an unquantifiable measurement as an effective policy strategy for preparedness and response to crisis events. This lack of substantive information provides a pathway forward for improving and refocusing crisis and disaster education as a major strategy for risk reduction and establishing positive behavioral response to disruptive occurrences. Although the level of scientific knowledge and application of disaster education requires closer scrutiny for establishing it as a fundamental policy strategy within the disaster risk reduction construct, its utilization as an essential element will improve as it undergoes legitimate investigation of its structure, design, benefit, and effective use. The role crisis and disaster education actually attributes to the present preparedness and response system gives insight into its relevancy and challenges for further development and implementation as a key component in crisis management.

## Conclusion

Education and training programs in crisis management are varied, inclusive of private/public involvement, and multidisciplinary in approach and design and cover a broad spectrum of application. Whether from an academic or applied perspective, education and training are core elements of the overall crisis management strategy and play

an important role in the development of safety and security policy. That importance as a policy formulation function is evident in both private sector enterprise and governmental environments. Academic institutions, private and public corporations, and governmental organizations influence the type, quality, and direction in which education and training are presented, developed, and improved relative to crisis management. As formalized standardization is further incorporated into the crisis management regimen, the improvements and benefits will better serve both students and the public at large.

Disaster education is viewed as a principle of crisis management function and disaster reduction strategy. It is a concept broadly defined in traditional terms but is less understood from a learning science perspective. Its usage as a policy strategy must therefore include identified outcomes consisting of quality indicators that are scientifically evidence based. This is not to say that all disaster education programs be rigorously controlled and evaluated, but strategic policy-focused programs should require outcomes based on theoretical framework. Education and training in crisis management must continue to expand as a people-centered focus in both design and development. Community-directed approaches result in better received programs, are more effective, and help to increase community awareness and preparedness levels.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Exercises in Crisis Management Training
- ▶ United Nations and Crisis Management


## References


Dufty N (2008) A new approach to community flood education. Aust J Emerg Manag 23(2):4–8

Eisenman DP, Glik D, Gonzalez L, Maranon R, Zhou Q, Tseng CH, Asch SM (2009) Improving Latino disaster preparedness using social networks. Am J Prev Med 37(6):512–517

Federal Emergency Management Agency, Emergency Management Institute. http://www.training.fema.gov/. Accessed 30 May 2016

Finnis KK, Johnston DM, Ronan KR, White JD (2010) Hazard perceptions and preparedness of Taranaki youth. Disaster Prev Manag 19(2):175–184

Glik DC (2007) Risk communication for public health emergencies. Annu Rev Public Health 28:33–54

Ingrassia PL et al (2014) Education and training initiatives for crisis management in the European Union: a web-based analysis of available programs. Prehosp Disaster Med 29(2):115–126

Moore JW (1998) Education versus training. J Chem Educ 75(2):135. ProQuest P

Terpstra T, Lindell MK (2009) Citizens' perceptions of flood hazard adjustments: an application of the protective action decision model. Hazard Reduction & Recovery Center, Texas A&M University, College Station

United Nations International Strategy for Disaster Reduction (UN/ISDR) (2015) Sendai framework for disaster risk reduction 2015–2030. In: Third UN world conference on disaster risk reduction, 14–18 Mar 2015, Sendai. UN/ISDR, Geneva [Online]. http://www.preventionweb.net/files/43291_sendaiframeworkfordrren.pdf

Walia A (2008) Community based disaster preparedness: need for a standardized training module. Aust J Emerg Manag 23(2):68–73


# Education Corruption: Egypt


Ahmed Alaa Fayed
Department of Middle Eastern Studies, King's College London, London, UK
Centre for Research in the Arts, Social Sciences and Humanities, University of Cambridge, Cambridge, UK


## Synonyms

Breach of trust; Bribery; Crime; Exploitation; Extortion; Fraud; Illegal actions; Nepotism; Public integrity

## Definitions

Corruption is defined by Transparency International (2011) as the "abuse of entrusted power for private gain."

Corruption in education is defined as "the systemic use of public office for private benefit whose impact is significant on access, quality or equity in education" (Hallak and Poisson 2001).

Corruption is a phenomenon that has transcended time and place, as well as political regimes, cultural differences, and societal norms. As such, Robert Klitgaard, a prominent scholar on corruption, argues that corruption is as old as the establishment of government and may even be as old as the establishment of structured social interactions (Klitgaard 1988). He thus associates the emergence of corruption to a degree of sophistication reached by societies. This does not mean that the more developed a society is, the more corrupt it is. Developed societies nowadays are well-established communities that can effectively fight corruption when compared to developing nations.

When looking at corruption, there are certain structural factors that aid its presence and help it to flourish. These can be summarized as weak rule of law (Carothers 1998), lack of transparency (Kolstad and Wiig 2009), official's low income (Van Rijckeghem and Weder 2001), individualism or what can be simply called "greed" (Tanzi 1998), lack of accountability (Bardhan and Mookherjee 2006), size of the informal economy, class inequality and poverty levels (Fayed 2016), and the weakness of the independent anti-corruption agencies. All these factors encourage individuals to be corrupt and thus support the expansion of corruption. Corruption can be committed through a number of forms which are not limited to bribery, embezzlement, theft, fraud, favoritism, and, last, extortion and blackmail (Amundsen 1999). These several types and forms exist worldwide across a multitude of sectors. Regarding corruption in Egypt, it has been cited to be one of the reasons that pushed the masses to rally in January 2011 (Fadel 2011), since then corruption across Egypt has been on the rise (Fayed 2017).

The case at hand, corruption in education in Egypt, is under researched with many of the existing documents tend to be mere opinions that lack scientific analytical foundations (see Badrawy and Yousef 2009). This definitely creates a need to look at this under-researched area and try to fill the existing gap in the literature. Thus, this entry will discuss the plethora of corruption forms that tend to be present within the Egyptian educational sector. These forms that range from nepotism and bribery to fraud and embezzlement negatively affect the educational system through impeding educational reform and decreasing educational equality and quality. However, it is important to highlight that Egyptian educational system encompasses three types of education: state education, religious education, and private education that includes international educational institutions (El Baradei and El Baradei 2004). This system is administered by a number of bureaucratic institutions that are all headed and managed by the Ministry of Education.

The Information and Decision Support Center (IDSC), a government-sponsored thinktank that is part of the Egyptian cabinet, performed a cross-national and cross-sectoral study in 2009 that looked at corruption in Egypt. This study included all the important public sectors across the overstaffed Egyptian bureaucracy; it was conducted through telephone calls on a nationally representative sample. The study revealed that the highest corrupt sectors in Egypt are the sectors of education, health, local councils, and traffic, with the educational sector being the most corrupt (Osman 2013). This raises the simple question of: why is the Egyptian educational sector corrupt?

It can be seen that the long-term presence of several unresolved issues in the Egyptian educational sector has led to its deterioration. To have a better understanding of the most critical ailments of this educational system, it is better to look at it in terms of inputs, process, and outputs. As for the inputs, the schools are overcrowded and poorly funded (Loveluck 2012). Regarding the process, curricula do not stimulate the students which led rote education to be a feature of the process (Sobhy 2012b). Although there is administrative and financial centralization (Loveluck 2012), there is little or even no existence of accountability of the teachers to their seniors,

giving the teacher the discretion to choose what to teach and how to teach it, which leads to inferior and unsatisfactory teaching quality. This helped in the creation and reliance on private tutoring – perceived to be "the way" for students to be able to answer correctly on exams to get good grades. As a result, the outputs are not satisfactory in addition to the fact that the system solidifies educational inequality (Sobhy 2012a). Yet, many state resources are being pumped into this sector with little accountability and transparency efforts. For example, a substantial amount of public funds is being spent on education on yearly basis which makes it the fourth-highest spending avenue among all public services after subsidies, wages, and servicing the debt. Throughout the years of 2005–2008, the average public spending on education was 10.45% of total governmental expenditure (see WB-Data Bank), and in the fiscal year 2012–2013, the spending increased to 13.2% (Loveluck 2012). These issues can explain why the masses in 2011 were calling for increasing the quality of the deteriorating social services, with a focus on education and health.

When the IDSC study looked deeper at the issue of corruption in education, it reached very interesting results. First, corrupt incidents in the educational sector do take place at both the upper and lower echelons of the bureaucracy (Abd El Aleem 2014). Second, respondents identified bribery and favoritism as the two main forms of corruption that are most frequently implemented to commit corrupt actions in the educational sector. Corrupt incidents in the public education sector are many, like parents' forced donations, cheating on exams, selling exams, and physically harassing the students (Sobhy 2012b). Third, respondents identified private tutoring as one of the most vivid and evident forms of corruption in the educational sector, where teachers' intentionally abuse their power over the students and their parents (Osman 2013). Private tutoring in Egypt is a phenomenon that at least 80%, if not much more, of the public general secondary students participate in (Sobhy 2012b). In support of this percentage, in 2009 the aggregate household spending on private tutoring ranged between EGP 12 and 15 billion, while the total budget of the ministry of education in the same year was EGP 10 billion (Sobhy 2012b).

In addition to the IDSC study, my research looked at corruption in education in Egypt (Fayed 2018) and found that just like any other sector in any other country, it has grand and petty corruption cases. These types can be categorized based on their hierarchical level. As we go higher up, there is an increase in the probability of committing grand corruption incidents by governmental officials, and in going down the ladder, the likelihood of committing petty corruption incidents by the governmental officials' increases (Fayed 2018). The following is a generic table that shows corrupt actions associated with each hierarchal level within the educational sector. Unfortunately, the researcher could not find such a table in any of the Egyptian sources, but based on the conducted research and the researcher's knowledge of the Egyptian educational sector, he can support the accuracy and applicability of the contents of this table to the Egyptian case (Table 1).

Based on the table, some corrupt actions can be committed on only one level, while others can be committed in coordination between two or more levels; the latter incidents seem more severe and reveal the systemic problems. Although the above table gives a comprehensive overview of the main types of corrupt actions that can be committed within the educational sector, my research shows that there are some missing types for the table to be truly representative of the Egyptian case. Some examples at the school level could include parents' forced donations (Fayed 2018), the diversion of school meals, and the compensation of teachers and staff with undeserved financial incentives. As for the class level, teachers' selling exams and physically harassing the students are also two corrupt actions commonly witnessed in Egypt but barely included in the literature (Sobhy 2012b).

A very famous example of corruption in education that was well covered by the media and enforces this discussion took place in *Al Sharkeya* governorate where the governor appointed 1387 new teachers in a school that houses a total of 183 students, which resulted in a student to teacher ratio of 1:7, which is unheard of. Most of

**Education Corruption: Egypt, Table 1** Corruption types in the education sector

| Hierarchal level | Corrupt action |
|---|---|
| Ministry (macro level) | Kickback for construction and supply contracts |
| | Favoritism in hiring, appointments, and promotion decisions |
| | Diversion of funds from government accounts |
| | Diversion of funds from international assistance funds |
| | Ghost teachers and employees |
| | Requiring payment for services that should be provided free |
| | Withholding needed approvals and signatures to extort bribes (e.g., gifts, favors, outright payments) |
| | Directing the location of construction and services to locations that offer opportunities for gain by oneself, family, or friends |
| | Requiring the use of materials as a way of creating a market for items on which oneself, family, or friends hold an import or production monopoly |
| Directorate (meso level) | Overlooking school violations on inspector visits in return for bribes or favors |
| | Diversion of school supplies to private market |
| | Favoritism in personnel appointments (e.g., headmasters, teachers) |
| School (microlevel) | Ghost teachers |
| | Diversion of school fees |
| | Inflation of school enrolment data (in countries in which central ministry funds are allocated to school on the basis of enrolment) |
| | Imposition of unauthorized fees |
| | Diversion of central ministry of education funds allocated to schools |
| | Diversion of monies in revolving textbook fund |
| | Diversion of community contributions |
| Class (microlevel) | Siphoning of school supplies and textbooks to local market |
| | Selling test scores and course grades |
| | Selling change of grade |
| | Selling grade-to-grade promotion |
| | Creating the necessity for private tutoring |
| | Teachers' persistent absenteeism to accommodate other income producing work |

Source: (Spector 2005)

these newly appointed teachers were already working abroad. What is even worse is that at no point throughout this process did any of the officials responsible were reported and held accountable. This example shows how the educational bureaucracy as a whole with its divisions participated in committing this clear example of vertical corruption (Hafez 2013).

Another significant example, which was highlighted again by the media, was shown in a report produced by the Central Auditing Authority, which indicated that the Minister of Education's staff spent EGP 222,000 in total for personal meals in a year (Hafez 2014). This case is being investigated by the Administrative Prosecution Authority to produce the relevant punitive measures. However, it is important to note how this case shows how easy it is for high-ranking governmental officials to use state funds at their own discretion. As they knew that no one would dare to report or investigate, they had the free reign to abuse these funds for their personal benefits. A related example is when the Minister of Education gave his advisor unjustified financial bonuses and incentives (Abd El Aleem 2014), never worrying that they would be held accountable for their financial misconduct. When analyzing these incidents, it can be seen the wide extent to which governmental officials have the audacity to do what they please regardless of its legality, as well as the wide scope of the committed corrupt actions.

In conclusion, corruption in education in Egypt takes place, with all its forms, at the higher and lower echelons of the bureaucracy. It is worth mentioning that these corrupt practices are not limited to the educational sector, these practices are present across the Egyptian bureaucracy but with varying levels. To fight corruption in the Egyptian educational sector and beyond, citizens should be active and hold the government accountable through reporting any of the committed corrupt actions. Meanwhile, the genuine political will by the government is required to ensure that the rule of law is enforced on all corrupt individuals.

## Cross-References


- ▶ Accountability
- ▶ Corruption
- ▶ Ethics and Organizational Culture
- ▶ Integrity in the Public Service
- ▶ Transparency


## References


Abd El Aleem W (2014) Administrative prosecution Authority asks the Central Auditing Authority to investigate the bonuses of the minister's advisor. Al Ahram. Retrieved 20 Dec 2014 from http://gate.ahram.org.eg/UI/Front/inner.aspx?NewsContentID=557650&Title=مس-تش-ك-اف-أت-ف-ح-ص-ال-م-ح-اس-ب-ات-من-ت-ط-ل-ب-ال-إداري-ة-ال-ن-ي-اب-ة&SearchText=ال-ت-ع-ل-ي-م-و-ز-ي-ر (in Arabic). http://onaeg.com/?p=2015262

Amundsen I (1999) Political corruption: an introduction to the issues. Working Paper 99:7. Chr. Michelsen Institute, Bergen

Badrawy H, Yousef M (2009) Transparency and fighting corruption in the Egyptian educational sector. Bibliotheca Alexandria. (in Arabic)

Bardhan P, Mookherjee D (2006) Decentralization, corruption, and government accountability. International handbook on the economics of corruption. Edward Elgar Publishing, Massachusetts, USA, pp 161–188

Carothers T (1998) Rule of law revival. Foreign Aff 77:95

El Baradei M, El Baradei L (2004) Needs assessment of the education sector in Egypt. ZEF Bildungsstudie, Cairo

Fadel M (2011) Public corruption and the Egyptian revolution of January 25: can emerging international anti-corruption norms assist Egypt recover misappropriated public funds? Harv Int Law J 52:293–300

Fayed A (2016) Understanding corruption: tackling its multidisciplinary nature. Middle East Rev Public Adm 2(3):1–18

Fayed AA (2017) The current status of corruption in Egypt. Contemp Arab Aff 10(4):510–521

Fayed AA (2018) Corruption in the Egyptian secondary education. PhD dissertation, King's College London. University of London

Hafez A (2013, November 11) The implications of appointing 1387 teachers for 183 students. Al Ahram. Retrieved 25 Sept 2014 http://gate.ahram.org.eg/News/416893.aspx

Hafez A (2014) Ministry of education reply on the spending 222,000 LE on meals. Al Ahram. Retrieved 20 Dec 2014 from http://www.dotmsr.com/news/200/156606/%D9%85%D8%B3%D8%A4%D9%88%D9%84-%D8%A8%D8%A7%D9%84%D9%85%D8%AD%D8%A7%D8%B3%D8%A8%D8%A7%D8%AA-%D9%8A%D8%A4%D9%83%D8%AF-%D8%AA%D8%AC%D8%A7%D9%88%D8%B2%D8%A7%D8%AA-%D9%88%D8%AC%D8%A8%D8%A7%D8%AA-%D9%88%D8%B2%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%AA%D8%B9%D9%84%D9%8A%D9%85

Hallak J, Poisson M (2001) Ethics and corruption in education. Results from the expert workshop held at the International Institute for Education Planning (IIEP). Paris

Klitgaard R (1988) Controlling corruption. University of California Press, Berkeley, p 7

Kolstad I, Wiig A (2009) Is transparency the key to reducing corruption in resource-rich countries? World Dev 37(3):521–532

Loveluck L (2012) Education in Egypt: key challenges. Background paper. Chatham House

Osman M (2013) A perception and exposure local corruption index (PELCI): Egyptian experience. In: Egypt research conference, integrity risks in public–private Interface. Transparency International and Cairo University, Cairo, Egypt

Sobhy H (2012a) The de-facto privatization of secondary education in Egypt: a study of private tutoring in technical and general schools. Compare 42(1):47–67

Sobhy H (2012b) Education and the production of citizenship in the late Mubarak era: privatization, Discipline and the construction of the nation in Egyptian Secondary Schools. PhD dissertation SOAS

Spector BI (ed) (2005) Fighting corruption in developing countries: strategies and analysis. Kumarian Press, Bloomfield, p 70

Tanzi V (1998) Corruption around the world: causes, consequences, scope, and cures. Staff Papers –International Monetary Fund, pp 559–594

Transparency International (2011) Corruption perception index annual report

Van Rijckeghem C, Weder B (2001) Bureaucratic corruption and the rate of temptation: do wages in the civil service affect corruption and by how much? J Dev Econ 65(2):307–331

WB-Data Bank. http://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS/countries/EG?display=graph

# Education Infrastructure and Employment: The Moderating Effect of NGOs

Salisu Ahmed Kabiru[1] and Rozita Arshad[2]
[1]Public Administration Department, Umaru Musa Yar'adua University Katsina, Katsina, Nigeria
[2]School of Government, Universiti Utara Malaysia, Changlun, Kedah, Malaysia

## Synonyms

Education infrastructure; Employment; NGOs; Rural development

## Definition

Education infrastructure is defined as all the necessary resources that facilitate educational programs such as school building, teachers, classroom, water point, electricity, furniture, library, laboratory and workshop, and playing ground (Modupe 2012).Within the context of this entry, education infrastructures stand for basic education.

## Introduction

The issue of unemployment is a global problem that is not peculiar to a country or region. For example, unemployment and underemployment combined stand at 30% in most of the less-income countries, while the rate of unemployment in many of the developed countries stands at 7.5% in 2016 and rose to 7.9% in 2017 (Fields 2019). In Nigeria, the issue of unemployment and underemployment has become a pandemic as figure shows that the rate has rose to 30% in 2016 to 40% in 2017 (NBS 2017).

Similarly, recent figures from the office of statistics have indicated that 24 million mostly youth and women out of the 195 million Nigerian were out of job. Fifty percent of youth within the age of 15 and 24 years are residing in the urban areas, while the number of those in rural areas is around 60%. The reason for the high unemployment rate in Nigeria was due to, poor economic performance, fast population growth, disparity in resource distribution between the elite and the masses, and poor infrastructure which makes it difficult for those seeking employment to ply their trade. The proportion of unemployed was largely represented by illiterate people which account for 50%, while primary school leavers and university graduate account for 12.45% put together (Kabiru and Arshad 2016).

Studies on the relationship between education and employment have proven that education has a significant influence on employment opportunity; the higher the level of education, the more the chances of being employed. It is on this background that this study seeks to empirically examine the moderating effect of NGOs on the relationship between education infrastructure (secondary school) and employment in Katsina State, Nigeria. Within the context of this study, secondary school education is referred to as education infrastructure.

## Relevant Literature

Previous studies on the relationship between education and employment have shown that education has a positive and significant influence on employment, for example, Mirica (2014) examines the role of higher education in curbing unemployment rate in Romania. The result from the analysis further shows that the long-term relationship between higher level of education and employment was significant as an increase in the level of education corresponds to a decrease in unemployment rate in Romania. The study further found that with additional increase in the total number of high school graduates, the unemployment rate decreases.

Similarly, Lavrinovicha et al. (2015) examines the role of education in determining the unemployment rate in Latvia. The result from the analyzed data shows that the relationship between higher level of education and employment rate was significant at 0.01. This signifies that the

higher the level of education, the more the chances of being gainfully employed. The study further found a connection between education and income of household, which was also significant at 0.01, with an increase in the level of education leading to an increase in income level by 26% in 2002 and 70% in 2013.

In a similarly study, Riddell and Song (2011) examines the effects of education on unemployment and re-employment in the USA. Findings from the OLS and descriptive statistics show that education has a significant positive impact on re-employment rate. Additionally, the findings reveal that an increase in secondary school attainment does not translate to changes in unemployment rate and that additional secondary schooling does not influence re-employment of the unemployed.

Relatedly, Elima (2015) examines effect of educational attainment on employment in Kenya. The study adopted a time series approach and sourced its data from the Kenyan Integrated Household Survey. A multinomial logit model was used as its tool of analysis and findings reveals that education is an important element in determining youth employment, especially for those with higher education attainment. Whereas, those with low level of education find it difficult in gaining employment. The findings also reveal that individuals with secondary school and tertiary education were more likely to gain wage employment than those with primary or lower level of education. Similarly, individuals with secondary school education and tertiary education are not likely to engage in self-employment in the agricultural sector than those being unemployed. Based on these findings, this study also hypothesized that:

*NGOs moderate the relationship between education infrastructure and employment.*

From the NGOs' perspective, Ahsan and Routray (2007) conducted a study in Bangladesh on the impact of NGOs on employment generation, and the study found that NGOs have significantly contributed to employment generation of the rural dwellers in the area by 7.3% in jobs that last for 3 months, 47% for jobs that last between 3 and 6 months, 38% for jobs that last between 6 and 9 months, and 98% for jobs that last for less than 3 months. However, the overall contribution of NGOs in job creation was found to be significantly high ($p > 0.000$). Based on these findings, this study also hypothesized that:

*There is significant relationship between education infrastructure and employment.*

E

## Methodology

This study adopted survey approach, and the data for the study was obtained through a questionnaire which was distributed to 434 local government staff respondents selected from 9 local government areas of Katsina State drawn from the senatorial district using multistage sampling techniques. A total of 410 questionnaires were returned accounting for 95% rate of returned, and after data cleaning, 10 questionnaires were deleted due to the issue of missing data and outlier; thus a total of 400 usable questionnaires was used for regression analysis. VanVoorhis (2007) classified sampling size as, thus, 50 as very poor, 100 as poor, and 200 as fair, while 300 are satisfactory. Hence, this study has fulfilled the requirement having 400 as the sample size.

## Data Analysis

The statistical tool adopted for this study is PLS-SEM as it's the most widely used tool of analysis in social and behavioral science disciplines in analyzing relationship between and among complicated variables. Additionally, PLS exhibit strong statistical accuracy and reliability than other statistical tool having the power to run multiple regression analysis simultaneously (Tabri and Elliott 2012).

## Result and Discussion

The result and discussion of the analysis of the relationship between the construct of this study

will be in two segments; the first part will discuss the result of the measurement model analysis, while the second part will discuss the result of the analysis of the structural model.

## Measurement Outer Model

The assessment of the measurement model was done in steps; in the first step, the internal consistency of the items was determined where each item indicates a significant contribution in measuring the variable or construct, and in the second step, the measurement model was verified through construct reliability test (composite reliability, convergent validity, and Cronbach's alpha). It is essential in quantitative research in order to meet the requirement for reliability and validity criteria to carry out construct reliability test (Hair et al. 2014).

## Measurement Validity

For this study to meet the measurement validity requirement, convergent validity was carry out by assessing the loadings, average variance extracted (AVE), and composite reliability (CR) as well. As indicated in Table 1, the loadings were all above

**Education Infrastructure and Employment: The Moderating Effect of NGOs, Table 1** Loadings, CR, and AVE

| Latent variables | Items | Loadings | Cronbach's alpha | Composite reliability | Average variance extracted (AVE) |
|---|---|---|---|---|---|
| Edu | E1 | 0.763 | 0.952 | 0.959 | 0.700 |
| | E10 | 0.868 | | | |
| | E2 | 0.788 | | | |
| | E3 | 0.863 | | | |
| | E4 | 0.887 | | | |
| | E5 | 0.836 | | | |
| | E6 | 0.863 | | | |
| | E7 | 0.802 | | | |
| | E8 | 0.839 | | | |
| | E9 | 0.850 | | | |
| Em | EM10 | 0.739 | 0.828 | 0.874 | 0.537 |
| | EM11 | 0.762 | | | |
| | EM12 | 0.747 | | | |
| | EM13 | 0.781 | | | |
| | EM5 | 0.581 | | | |
| | EM6 | 0.770 | | | |
| NGO | N1 | 0.740 | 0.959 | 0.963 | 0.652 |
| | N10 | 0.868 | | | |
| | N11 | 0.840 | | | |
| | N12 | 0.843 | | | |
| | N13 | 0.783 | | | |
| | N14 | 0.731 | | | |
| | N2 | 0.770 | | | |
| | N3 | 0.707 | | | |
| | N4 | 0.877 | | | |
| | N5 | 0.806 | | | |
| | N6 | 0.904 | | | |
| | N7 | 0.765 | | | |
| | N8 | 0.821 | | | |
| | N9 | 0.820 | | | |

the standard value of 0.4 (Hair et al. 2014). The CR, CA, and rho- were all greater than 0.6; similarly, AVE value was greater than the threshold of 0.5 (Hair et al. 2014) (Fig. 1).

Fornell and Larcker (1981) loading and cross loading techniques were used by this study to assess the discriminant validity of the construct using AVE-SE and hererotrait (HTMT) matric. Table 2 indicates that the construct has achieved the discriminant validity test as the diagonal values of the construct were greater than the horizontal and vertical values.

This study assessed HTMT by adopting a threshold of 0.85 as suggested by Tabri and Elliott (2012), and any value less than the adopted value indicates discriminant validity. As shown in Table 3, this study has achieved discriminant validity as the highest value in the matrix is 0.492 which is less than the adopted threshold of 0.85.

## Testing of Hypotheses

This study analyzed moderating effect of NGOs on education infrastructure and employment as well as direct effect of education infrastructure on employment using bootstrapping, and the result for moderating effect shows that B = 0.159, SE = 0.017, TV = 1.3544, and $P = 0.088$; therefore, the hypothesis which says NGOs moderate the relationship between education infrastructure and employment is not supported, while the direct effect of education infrastructure on poverty shows that there exists positive relationship as, thus, B = −0.197, SE = 0.042, TV = 4.682, and $P = 0.000$; therefore, the first hypothesis which says there is significant relationship between education infrastructure and employment was supported. The result of this analysis is indicated in Table 4 and Fig. 2, respectively.

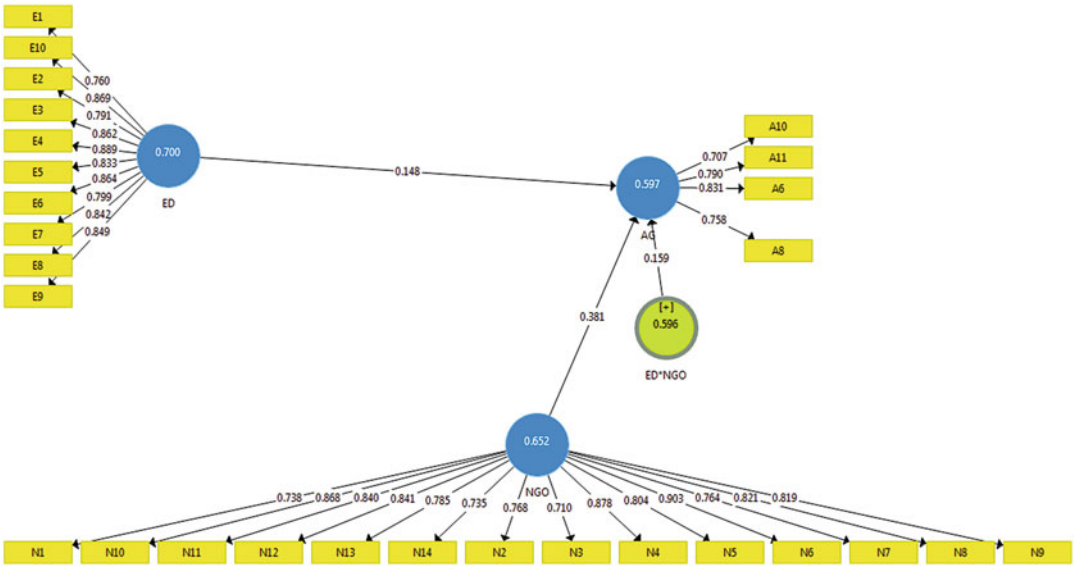


**Education Infrastructure and Employment: The Moderating Effect of NGOs, Fig. 1** Measurement model

**Education Infrastructure and Employment: The Moderating Effect of NGOs, Table 2** Fornnell and Larcker discriminant validity criteria

| Construct | Edu | Employment | NGO |
|---|---|---|---|
| **Edu** | 0.837 | | |
| **Employment** | 0.416 | 0.733 | |
| **NGO** | 0.622 | 0.475 | 0.807 |

**Education Infrastructure and Employment: The Moderating Effect of NGOs, Table 3** Heterotrait-Monotrait (HTMT) Ratio/Inferences

| Construct | Edu | Employment | NGOs |
|---|---|---|---|
| **Edu** | | | |
| **Employment** | 0.449 | | |
| **NGO** | 0.646 | 0.492 | |

**Education Infrastructure and Employment: The Moderating Effect of NGOs, Table 4** Result of the structural model assessment (hypothesis testing)

| Relationship | Beta | Std err | T values | *P* Values |
|---|---|---|---|---|
| **EDU∗NGO → Employment** | 0.159 | 0.117 | 1.354 | 0.088 |
| **Edu → Employment** | 0.197 | 0.042 | 4.682 | 0.000 |
| **NGO → Employment** | 0.353 | 0.046 | 7.617 | 0.000 |

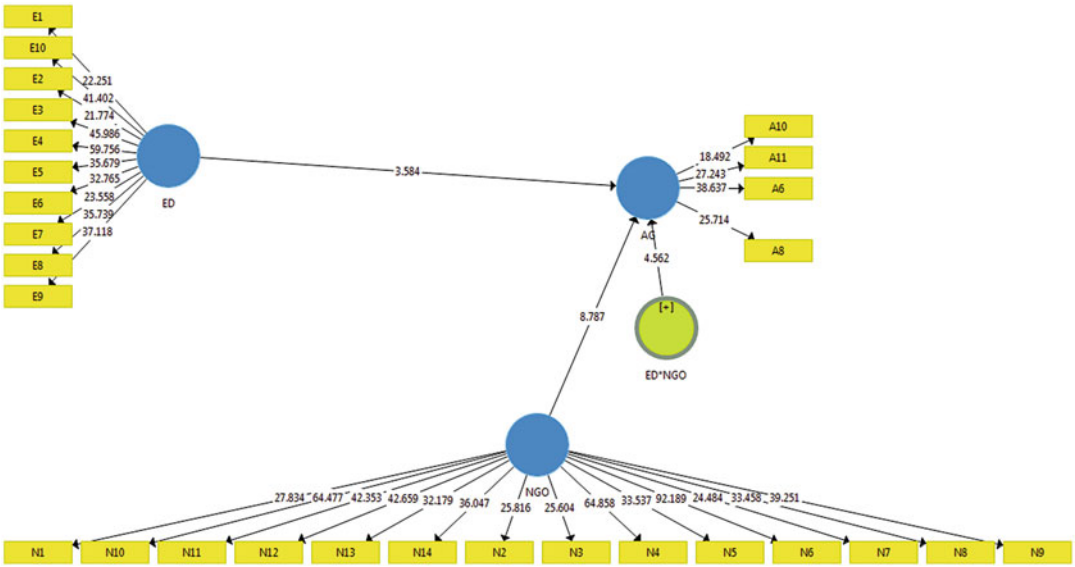


**Education Infrastructure and Employment: The Moderating Effect of NGOs, Fig. 2** Structural model

**Education Infrastructure and Employment: The Moderating Effect of NGOs, Table 5** Predictive ability

| Construct | SSO | SSE | $Q^2$ (=1 − SSE/SSO) |
|---|---|---|---|
| Employment | 2400.000 | 2091.836 | 0.128 |

In order to assess the predictive ability of the model, Q-square analysis was employed, and the result shows that dv has possessed a predictive value of 0.128 as indicated in Table 5.

## Discussion

Using the PLS statistical tool, this study has investigated the direct relationship between education infrastructure and employment and the moderating effect of NGOs on education infrastructure and employment. Firstly, the relationship between education infrastructure and employment was analyzed through bootstrapping, and the result indicated a significant relationship as shown in Table 5 and Fig. 2, respectively. Secondly, the moderating effect was analyzed, and the result reveals that NGOs did not moderate the relationship between education infrastructure and employment.

This result has provided yet another evidence that, education infrastructure is a leeway out of poverty, and this finding is in line with theoretical and empirical findings from other studies (Stampini and Davis 2006; Mirica 2014; Seth and Francois 2014; Elima 2015). On the moderation, the result did not support the hypothesis which says that NGOs moderate the relationship between education infrastructure and employment. This result is consistent with findings from Ahsan and Routray (2007) and Riddell and Song (2011) even though, majority of studies that were conducted were in support of the hypothesis.

The uniqueness of this study and its contribution to knowledge can be seen from the following perspectives. This study has for the first time introduced NGOs as a moderator in development study literature to support the independent variable which has never been done before to the knowledge of the researcher. Additionally, this study has made a breakthrough for upcoming researchers to explore the potentialities of NGOs in supporting development effort in other regions which will invariably add knowledge to development study literature globally. Moreover, for the first time, these two variables were combined in a single model and found their relationship which has hitherto not been done. In addition, the construct of this study and their relationship were majorly investigated in Western and Asian context. Investigating the construct in a different context which is Katsina State, Nigeria, is another uniqueness of this study.

## Implication

One of the major explicit implications for policy maker on employment generation and rural development by extension, as drawn from this study is that education infrastructure (secondary school) has a significant influence on employment which implies that the more people are educated, the higher the chances of being employed. Hence, Government should provide more secondary school in the rural areas to reduce the rate of unemployment among the rural dwellers.

## Limitation and Future Research

One of the limitations of this study was that the 6 items that were used to measure employment by this study were extracted from the researcher's thesis which were 15 items, but due to low loading, some were deleted, remaining only 6 items. Another limitation of this study was that it's correlational in nature which is confined to establishing relationship among and within variables without causal relationship. Future study should consider investigating the causal relationship to overcome this limitation. This is a cross-sectional study which was carried out within a specified period mostly 3–4 years. The future should overcome this limitation by conducting a longitudinal study to compliment the shortcoming of this study.

For the first time, NGOs were used as a moderator in the Nigerian context; future study should be carried out in another context to broaden the understanding of the variables to supplement the findings of this study.



## Conclusion

Conclusively, this study examined the moderating effect of NGOs on the relationship between education infrastructure and employment. The result from the analysis shows that NGOs did not moderate the relationship between education infrastructure and employment. However, the direct relationship between education infrastructure and employment indicates a positive and significant relationship which implies that education infrastructure has the ability for employability of an individual. Findings from this study have proved that in order to facilitate and reduce the rate of unemployment and realize rural development objective, government and other sectors have to come together and work simultaneously to eradicate unemployment and by extension achieve rural development.

## Cross-References

► Education Reform and Governance

## References

Ahsan Ullah AKM, Routray JK (2007) Rural poverty alleviation through NGO interventions in Bangladesh: how far is the achievement? Int J Soc Econ 34(4):237–248

Arndt C, Garcia A, Tarp F, Thurlow J (2012) Poverty reduction and economic structure: a comparative path analysis for Mozambique. Rev Income Wealth 52(2):90–100

Elima KE (2015) The effect of education on employment in Kenya. Master's dissertation submitted to University of Nairobi, School of Economics

Fields GS (2019) Self-employment and poverty in developing countries. IZA World of Labor.Retrieved from https://wol.iza.org/articles/self-employment-and-poverty-in-developing-countries/long
Fornell C, Larcker DF (1981) Evaluating structural equation models with unobservable variables and measurement error. Journal of Marketing Research 2(3):39–50
Hair J Jr, Sarstedt M, Hopkins L, Kuppelwieser VG (2014) Partial least squares structural equation modeling (PLS-SEM) an emerging tool in business research. Eur Bus Rev 26(2):106–121
Kabiru SA, Arshad R (2016) A perspective on the assessment of the impact of education on rural development. Int J Arts Educ Res 5(1):01–09
Lavrinovicha I, Lavrinenko O, Teivans-Treinovskis J (2015) Influence of education on unemployment rate and incomes of residents. Procedia Soc Behav Sci 174:3824–3831
Mirica A (2014) Higher education a solution to unemployment? Case study Romania. Rom Stat Rev 62(3):63–75
Modupe MF (2012) Effect of government expenditure on infrastructure on the growth of the Nigerian economy 1977–2009. Intl J Econ Finance Issues 2(4):513
NBS (2017) Report of the national literacy survey 2015. Abuja: Natl Bur Stat 2(5):45–50
Riddell WC, Song X (2011) The impact of education on unemployment incidence and re-employment success: Evidence from the US labour market. Labour Economics 18(4):453–463
Seth K, Francois JF (2014) Aggregate demand shifts, income distribution, and the Linder hypothesis. Rev Econ Stat 3(8):244–250
Tabri N, Elliott CM (2012) Principles and practice of structural equation modeling. Can Grad J Soc Criminol 1(1):59–60
VanVoorhis CW, Morgan BL (2007) Understanding power and rules of thumb for determining sample sizes. Tutorials in Quantitative Methods for Psychology 3 (2):43–50

# Education Reform and Governance

Amélia Veiga
Faculty of Psychology and Education Sciences, University of Porto, Porto, Portugal
Centre for Research and Intervention in Education (CIIE), Porto, Portugal

## Synonyms

Achievement of policy goals; Implementation and enactment of educational policies; Planned changes for education

## Introduction: Definitions

The idea of reform of social systems is associated with the achievement of desirable policy goals and is future oriented. This is the case of education reforms which are planned changes in the way education systems and institutions develop and deliver education.

Education reforms involve the changing of relationships between the state and the national education systems, and institutions. The shift from the concept of governing to governance is of utmost importance. Governance emerged in the context of corporate governance and was appropriated by both the neo-liberal assumptions (Kjaer 2010b) on the retreat of state control and dissemination of models of "good governance" induced by international organizations (World Bank 1992; OECD 1995; European Commission 2001). The tendency to subsume governing to governance (Rosenau and Czempiel 2000; Salamon 2002; Kjaer 2010b; Osborne 2010) emphasizes the central position governance has assumed since the 1990s, based on the assumption that increasing institutional autonomy enhances the efficiency of decision-making processes and the capacity of institutions to respond more actively and effectively to changes occurring in their organizational environment (Amaral and Magalhães 2001). Presently, government and governance are widely recognized as having different meanings (Rhodes 1996; Pierre and Peters 2000; Hughes 2010). Governing refers to the actions taken by the government to politically steer social systems. It corresponds to the way states used to regulate and control societies, social systems, and institutions. In a broad sense, governance refers to the political process of setting goals and the actions taken for their achievement. But in a narrower sense, it refers to the actions taken for the achievement of policy goals, and one might say that governance increases both the fragmentation of public decision making and the degree of interdependence between state and nonstate actors of civil society.

Since World War II, education reforms have been a permanent concern of governments in Western societies. States broadly adopted modernizing assumptions about the organization of schooling and its relationship with the

modernization of economies. National goals and economic development were at the core of the rationalization of educational systems (Popkewitz 1993).

Until the last quarter of the twentieth century, education reforms were mainly enacted by the national states; however, since the 1980s, economic and political globalization, regionalization, and the prevalence of governance over governing have been impinging on the drivers of education reforms reconfiguring the relationships between the state and the systems, and institutions. International organizations such as OECD, UNESCO, and World Bank have promoted transnational guidelines that have been transferred, borrowed, and appropriated by national governments in an effort of convergence (e.g., Ball 1998; Phillips and Ochs 2003). The European Union has been also promoting drivers for education reforms rescaling national policies (Dale 2007), while education, as a national remit, has been preserved. Notwithstanding, across regions and countries education reforms are sharing "similar assumptions, values and characteristics due to the endless flow of information and harmonization of education policies through increased global educational borrowing and lending" (Sahlberg 2006: 2). The effects of political and economic globalization and governance instruments have been influencing public sector policies, which are interconnected with the education systems. This is visible in the so-called Global Education Reform Movement (GERM) (Sahlberg 2006) and the Global Testing Culture (Smith 2016).

## State of the Art: The Role of Ideas in Reforming Education

The idea of education reform relates to policy assumptions on the basis of what is desirable and feasible to cope with external forces and influences and to the need to deal with internal dynamics of the national systems and their institutions. These assumptions are ideas that shape politics which guide educational changes and develop policies on the basis of these seminal ideas. Examples are the Bologna reforms or the European reform of the qualifications framework which envisag the reconfiguration of education and professional training in Europe.

Reforms are political processes that are far from linear and to analytically cope with their complexity the role of ideas comes to the fore, as underlined by discursive institutionalism (Schmidt 2008). Ideas are translated by actors at the different levels into policy drivers and instruments that configure the scope of the envisaged education reforms. Governmental frameworks and actors play a key role in the production and the dissemination of ideas (Mehta 2011) which provide legitimacy and justification to the political processes and instruments involved in the education reforms.

Ideas stem from public philosophies, or *Zeitgeist*, which drive normative assumptions that shape policies and their instruments. For instance, while classical liberalism viewed education as a private good, social democratic liberalism viewed education as a significant public good provided by the state, and radical classical individualism viewed education as an individual's issue rather than a state matter. Public philosophies are meta-ideas providing "a heuristic that tells political actors what aspects of the issue to emphasize and what side to take" and function "as a kind of changing cultural touchstone to which actors can appeal in their efforts to advocate for a particular policy or symbol" (Mehta 2011: 42). These philosophies act as meta-narratives that are embedded in political action and "operate at a presuppositional level of social science epistemology or beyond our awareness" (Somers and Gibson 1996: 63). This is the case, for instance, of "knowledge society and economy" whose primacy has been shaping politics and education policies.

Education reforms reflect and translate public philosophies into normative and cognitive ideas shaping problem definition and problem solution. In this translation process, education reforms are enacted towards the envisaged educational change. Normative ideas are those that "attach values to political action and serve to legitimate the policies in a program through reference to their appropriateness (see March and Olsen 1989)" (Schmidt 2008: 307), and cognitive ideas "provide the recipes, guidelines, and maps for

political action and serve to justify policies and programs" (Schmidt 2008: 306). While the former uses principles and values to legitimate social compliance to policies and programs (e.g., quality of education), the latter provide taken-for-granted assumptions on political procedures that justify political action (e.g., evaluation of education). Actually, education reforms appear as a value by themselves, thus legitimating political action. In this sense, they are driven by normative ideas associated with what is good and worth pursuing. This is the case, for instance, of the assumed need of education systems and institutions to cope with the demands of the qualification of the labor force for the new labor markets, which is reconfiguring political instruments to govern educational changes with an emphasis on skills and competences, rather than on knowledge per se. It is important to underline that policy tools are not neutral instruments for implementation, rather policy tools have political dimensions on their own, and they shape the nature of the policies themselves.

Ideas act either as *explanans* (the explanation) or as *explanandum* (what is to be explained) (Mehta 2011) in the reform endeavors. For example, the political goal of an education reform to improve performance of the students in sciences and mathematics, as it was the case in USA, in the 1980s, enabled OECD to develop expertise in education indicators (e.g., PISA) (Martens and Wolf 2009). Education reforms are driven by ideas which act as *explanans* in that they underline what causes the need to reform and to justify the particular intervention in the education sector. As *explanans*, ideas assume a normative stance and as *explanandum* they shift into pragmatic and feasible ideas justifying education reforms. The problem is when a *proceduralist* approach to education reforms assumes a problem-solving perspective, hindering the fact that the technical approach might reconfigure the normative dimension of the political goals. The tactical use of instruments and procedures to increase comparable data on education systems justifies political action and take-for-granted assumptions, for example, of quality, of transparency, and of effectiveness as drivers of education reforms.

Since the 1980s, education reforms have been influenced by the New Public Management (NPM) perspectives that focus on the specification of goals to be achieved by effective and efficient performance management instruments. Following from Peters and Pierre, "this managerialist innovation has forced organizations [schools and higher education institutions] to clarify what they are doing and what their goals really are" (Peters and Pierre 2016: 39), underlining the cognitive nature of ideas justifying education reforms.

Additionally, findings about NPM-driven reforms have been underlining that "the focus on program by program management tends to divert attention from broader policy goals" (Peters and Pierre 2016: 49). Goal selection is one of the core functions of governance and it is of the utmost importance for education reforms as they are contingent to national and institutional frameworks (laws and rules, financial resources, and personnel).

In Western Europe, the state plays a central role in setting reform goals, as the interaction between state and society is a central component of governance processes in the public education sector. Actually, institutional actors and external stakeholders "are intimately involved in the process of making and then implementing public policies, and therefore are involved directly in governance" (Peters 2015: 27). The literature (Rosenau and Czempiel 2000; Salamon 2002; Osborne 2010; Kjaer 2010a, b) underlines that governance influences the environment of institutions, while regulations, norms, and cognitions are seen as elements of that environment.

## Future Challenges: Policy Implementation, Policy Enactment, and Policy Enablement

In the 1990s, awareness about the role of micropolitics inside the state in the creation of the 1988 legislation and related policy developments in the United Kingdom was underlined by Bowe et al. 1992. More recently, the analysis of the establishment of the European Higher Education Area has

shown that institutional actors entertained different views on the ways norms and values permeate across European, national, and institutional levels. Actors appeared to interpret Bologna according to their own lens, thus generating variation, if not disagreement and tensions. Clearly, such activity has implications for the ultimate fulfillment of policy objectives that rest on the principle of convergence. Policy actors re-construct policy as they adjust the policy framework to their own agendas while inducing policy enactment. Actually, the impact of those who contest and/or interpret policies by convening normative and cognitive ideas enact "in original and creative ways within institutions and classrooms" (Braun et al. 2010: 549) policies conducive of the fulfillment, or not, of political goals associated with education reforms. This cognitive dimension drives reforms legitimated and justified under a specific reform framework focusing, for instance, on evaluation, on autonomy, on quality, on student outcomes, on learning outcomes, or on competences, to mention only a few.

Future challenges relate to the question of whether policy enactment, rather than policy implementation, reinforces the need to address policy coordination in the contexts and settings in which policies are developed. The concept of political coordination incorporates the processes of selection and attainment of political goals, confronting approaches that neglect the factors interfering with the attribution of meanings to the political goal itself.

The major issues which the education sectors will be confronted with rely on how to promote coordination of fragmented decision-making power and political influence. This is crucial, for instance, in dealing with issues regarding social inclusion from the perspective of recognition of differentiated identities. Social inclusion does not fit into any conventional policy domain and the problems being faced by governments require more coordinated interventions, i.e., meta-governance (Peters 2010).

Additionally, the concept of policy enactment was supplemented by policy enablement, specifying that "In the case of education policy, enablement describes the terms through which teachers enact policy" (Carusi et al. 2017: 10). From the standpoint of governance, the concepts of enablement and enactment open up a new set of questions related to the linkages between state and social actors that may involve "diversion from the presumed goals of governance in favor of more specific goals that are linked to the groups" (Carusi et al. 2017: 51). As governance refers to the actions taken for the achievement of policy goals, its exercise, while addressing larger and more comprehensive goals, requires the development of enablement skills (Salamon 2002). The enablement skills are required to horizontally engage actors in collaborative settings and to bring together stakeholders for a common purpose. These skills are necessary (i) for activating networks of institutional actors, (ii) for orchestrating groups of actors to perform for the harmonious implementation of institutional strategies and objectives, and (iii) for modulating rewards and penalties in order to elicit the cooperative behavior required for the independent players in a complex tool network (Salamon 2002).

Future education reforms and governance are faced with the reconfiguration of the concept of policy formation and implementation at the crossroads of the relationships between policy enactment and policy enablement, thus emphasizing the ideational component of politics and policies and clarifying how politics and policies reforming education turn into instrumental and procedural approaches.

## Cross-References


- ► Institutional Governance
- ► Politics and Public Policy
- ► Public Policy and Governance: Theory and Practice
- ► Reforms and Governance


## References


Amaral A, Magalhães A (2001) On markets, autonomy and regulation the Janus Head revisited. High Educ Pol 14(1):7–20

Ball S (1998) Big policies/small world: an introduction to international perspectives in education policy. Comp Educ 34(2):119–130. https://doi.org/10.1080/03050069828225
Bowe R, Ball S, Gold A (1992) Reforming education and changing schools: case studies in policy sociology. Routledge, London
Braun A, Maguire M, Ball S (2010) Policy enactments in the UK secondary school: examining policy, practice and school positioning. J Educ Policy 25(4):547–560. https://doi.org/10.1080/02680931003698544
Carusi T, Rawlins P, Ashton K (2017) The ontological politics of evidence and policy enablement. J Educ Policy. https://doi.org/10.1080/02680939.2017.1376118
Dale R (2007) Globalization and the rescaling of educational governance: a case of sociological ectopia. In: Torres CA, Teodoro A (eds) Critique and utopia: new developments in the sociology of education in the twenty-first century. Rowman & Littlefield Publishers, Inc., New York, pp 25–42
European Commission (2001) European governance – a white paper. European Commission, Brussels
Hughes O (2010) Does governance exist? In: Osborne S (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London, pp 87–104
Kjaer A (2010a) Governance. Polity, Cambridge
Kjaer P (2010b) Between governing and governance: on the emergence, function and form of Europe's post-national constellation. Hart Publishing, Oxford
March GJ, Olsen JP (1989) Rediscovering Institutions - The organizational basis of politics. New York: The Free Press.
Martens K, Wolf KD (2009) Boomerangs and trojan horses: the unintended consequences of internationalising education policy through EU and the OECD. In Amaral A, Neave G, Musselin C, Maassen P (eds) European integration and the governance of higher education and research. Springer, Dordrecht, pp 133–157
Mehta J (2011) The varied roles of ideas in politics: from "whether" to "how". In: Béland D, Cox RH (eds) Ideas and politics in social science research. Oxford University Press, Oxford, pp 23–46
OECD (1995) Participatory development and good governance. OECD, Paris
Osborne S (2010) The new public governance: emerging perspectives on the theory and practice of public governance. Routledge, London
Peters G (2010) Meta-governance and public management. In: Osborne S (ed) The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance. Routledge, London, pp 87–104
Peters G (2015) Pursuing horizontal management. The politics of public sector coordination. University Press of Kansas, Kansas
Peters G, Pierre P (2016) Comparative governance. Rediscovering the functional Dimension of governance. Cambridge University Press, Cambridge
Phillips D, Ochs K (2003) Processes of policy borrowing in education: some explanatory and analytical devices. Comp Educ 39(4):451–461
Pierre P, Peters G (2000) Governance, politics and the state. St. Martin's Press, New York
Popkewitz T (1993) Changing patterns of power: social regulation and teacher education reform. State University of New York, Albany
Rhodes RAW (1996) The new governance: governing without government. Political Studies XLIV:652–667
Rosenau J, Czempiel E (2000) Governance without government: order and change in world politics. Cambridge University Press, Cambridge
Sahlberg P (2006) Education reform for raising economic competitiveness. J Educ Chang. https://doi.org/10.1007/s10833-005-4884-6
Salamon L (2002) The tools of government: a guide to the new governance. Oxford University Press, Oxford
Schmidt VA (2008) Discursive institutionalism: the explanatory power of ideas and discourse. Annual Review of Political Science 11(1):303–326. https://doi.org/10.1146/annurev.polisci.11.060606.135342
Smith WC (2016) The global testing culture. Oxford Studies in Comparative Education, Oxford
Somers M, Gibson GD (1996) Reclaiming the epistemological "other": narrative and the social construction of identity. In: Calhoun C (ed) Social theory and the politics of identity. Blackwell Publishers, Oxford
World Bank (1992) Governance and development. World Bank, Washington, DC

# Education Smart Room: Designing an Intelligent Environment for Learning

Suwastika Naidu[1], Atishwar Pandaram[2], Anand Chand[2], Maureen Karan[2] and Jone Lako[2]
[1]School of Management and Public Administration, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji
[2]School of Business and Management, University of the South Pacific Private Mail Bag, Suva, Fiji

## Synonyms

Education policy; Education smart rooms; Intelligent learning

## Definition

**Education smart room**: These are rooms developed to offer advanced technology-based teaching and learning activities for children.

**Intelligent learning environment**: These are learning environments that use artificial intelligence–based learning programs.

## Introduction

The concept of smart classrooms is derived from the literature based on the smart environment. According to Maheshwari (2016), the use of technology to deliver education has significantly changed the way education is delivered both in the developed and the developing countries. Frequently, a student may not perform excellently in all the subjects; therefore, it is the role of the education to equip the classroom and instructors with effective tools that can make learning more interesting and effective. A smart environment is a generic concept that can be applied in different settings that include education and business settings.

Improving the quality of educational delivery environment is the responsibility of higher education institutions, teachers, students, policymakers, donor agencies, and the community at large. In a number of countries around the world, the improvement in the quality of educational environment can be attributed to the support from the nongovernment organizations (NGOs). In the context of Fiji, many NGOs, such as *Sangam* and *Arya Prathinidhi Sabha* of Fiji, have always played a significant role in improving the overall educational environment by setting up schools, and providing basic resources for the delivery of education in Fiji (Arya Samaj 2017). The commitment of such institutions in ensuring that youths and youngsters of Fiji get the best education has greatly enhanced the quality of graduates produced by higher education institutions annually.

There are a number of definitions of education smart rooms proposed by a number of researchers. Shi et al. (2003) highlighted that there are three important criteria for setting up education smart rooms. These three are: (1) voice recognition, (2) computer vision, and (3) other technologies to enhance the classroom experience. According to Block et al. (2015), education smart room is not a standard model and the design of a smart room will differ based on the category of students who are going to use the smart room. For instance, the education smart room for undergraduate students will be different from the postgraduate and doctoral students because the needs of these students are different. According to Mostefa, the topic on how the learning environment could be improved is by using education smart rooms that has been rigorously debated in the extant literature. Much of the global debate in the area of smart rooms is focused on technology evaluations. This entry will answer two important research questions. These two research questions are as follows:

1. What is the *status* of classroom design in the higher education institutions in the PICs and what could be done to improve the classroom design in the PICs?
2. What is the best layout of classroom design for higher educational institutions in the PICs?

There are two reasons for conducting this research. First, to date, none of the existing studies have examined how the classroom designs have an impact on the delivery of education in the PICs. A number of factors affect the design of the rooms in the PICs. Some of these factors are availability of financial resources, skill of workers, and construction laws. This study seeks to provide a thorough examination of the *status* of classroom design in the higher education institutions in the PICs and identify what could be done to improve classroom design in the PICs. In order to improve the quality of discussions presented in this study, a comparison will be made between classroom design in the PICs and other countries around the world.

This entry is divided into six subsections. This first section provides the introduction. The second section provides theoretical perspectives and literature review related to the research topic. The third section explains the research methodology

used in this study. The fourth section presents research findings and discussions. The fifth section provides theoretical and practical implications of this entry. The sixth section provides the conclusion.

The next section will present the theoretical perspectives related to the literature on education smart rooms.

## Theoretical Perspectives Related to the Literature on Education Smart Rooms

There are a number of studies conducted on how the "context" affects the delivery of education in higher education institutions in different geographical settings (Thistlethwaite 2012; Kirkwood and Price 2013). These studies have used a number of theories to explain how the context affects the quality of education delivery in the different geographical settings (Kirkwood and Price 2013). This study will use Robert Sternberg's the "Triarchic Theory of Intelligence" to discuss how the context affects the delivery of education in higher education institutions in the PICs. According to this theory, the intelligence of an individual can be divided into three categories. These three categories are: (1) analytical skills, (2) creativity, and (3) practical skills. The pioneering author who had developed this theory was Robert Sternberg (Sternberg 1985). According to Sternberg, many existing studies undertaking tests for intelligence have frequently ignored the creativity and the practical skills component required by students to enhance their performance and productivity (Sternberg et al. 2001). According to Sternberg, being intelligent involves three unique components of higher education delivery. These three components are: (1) ability to plan and make decisions, (2) outline of people's actions while implementing their plans, and (3) the skills required for learning purposes (Figlio et al. 2013; Sternberg et al. 2001). The next paragraph will discuss each of the three components in detail.

Firstly, when a student develops the ability to plan and make decisions, there are a number of contextual factors that affects their ability to do this. Students usually use a number of planning tools to make decisions and in this modern technological era, most of these tools are technology enabled and available on a student's mobile phone (Entwistle and Ramsden 2015; Metzler 2017). Integrating the first component of the Triarchic Theory of Intelligence with technology-enabled learning would imply that smart rooms are equipped with all the available technology to facilitate interactive learning. Secondly, student's actions on the design and implementation of plans are determined by the technology and necessary educational tools available in the education smart rooms. Smart rooms usually have voice recognition systems, display boards, touch screen, use whiteboard markers, projectors, and all other forms of effective computer-enabled technology that helps students to enhance their intelligence (Sung et al. 2016). The third component of the Triarchic Theory of Intelligence is acquiring skills for learning purposes. The classroom and lecture theatre design determines the level of organizing and planning skills that are needed by students for learning purposes (Hwang et al. 2015; Lepp et al. 2015). Figure 1 captures how the three components of the Triarchic Theory of Intelligence affect's the higher education delivery environment.

## Literature Review

The concept of quality education delivery is hotly debated in the academic literature and a number of projects have been conducted globally to identify some of the key attributes of education smart rooms (Mikre 2011). According to Block et al. (2015), education smart rooms are fully technology-enabled rooms that are designed to improve education and learning in different environmental context. There are many studies conducted on education smart rooms in the large developed and developing countries (Dabbagh and Reo 2010; Sultan 2010; Abu-Al-Aish and Love 2013). However, none of the existing studies have examined how the classroom design affects the delivery of education in the higher education institutions in the PICs.

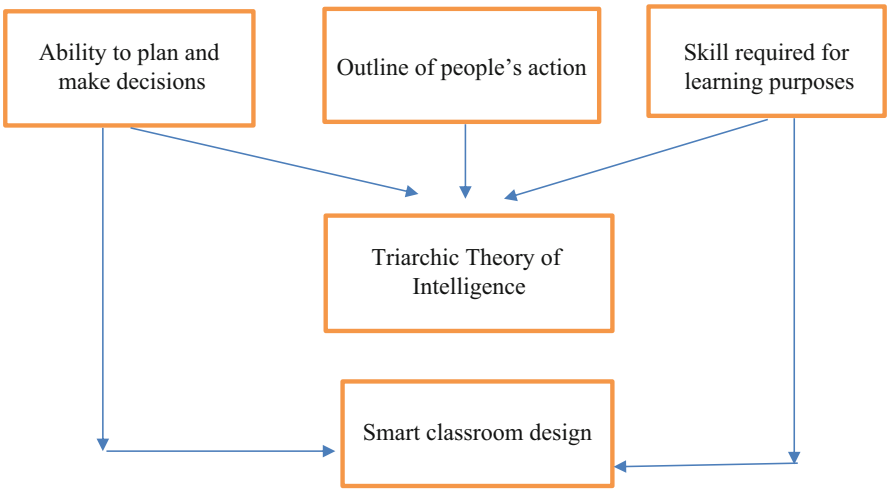


**Education Smart Room: Designing an Intelligent Environment for Learning, Fig. 1** Triarchic Theory of Intelligence and smart room design. Source: Developed by the Authors of this paper, (2017)



## Smart Room and Technology-Enabled Learning

Yau et al. (2003) highlighted that smart classrooms assist in facilitating collaborative learning among students. Technology has enabled and improved the quality of instruction as it improves the interaction between the instructor and students and helps in bringing about group collaboration among students. El-Bishouty et al. (2010) proclaim that a learning environment would support and enhance learning activities for students. Shi et al. (2010) explain that an interactive classroom is one where computer technologies are amalgamated into a normal distance learning environment. This enhances learning for students and incorporates the teachers experience in using latest computer technologies.

Moreover, the study of Brill and Galloway (2007) on the use of technology-enabled learning in classroom settings found that there were many universities trying their best to integrate technology in learning in the classroom setting. They argued that investment of millions of dollars in classroom technology is not an appropriate indicator of the use and adoption of the educational technology by the instructors and students. Interestingly, Brill and Galloway (2007) found that there is a positive influence of technology on teaching and learning in the higher education institutions in the USA. Mostefa et al. (2007) found that integrating multimodal and multisensory corpora with appropriate human activity in the lecture and tutorial classrooms will help to generate communication in a number of lecture sites simultaneously.

Nakashima et al. (2009) found that juxtaposing electronics in the design of lecture and classrooms by effectively setting up a networked system greatly enhances students learning in different classroom settings. Sailor highlighted that teaching delivery is about the relationship between the teacher and student. Technology-enabled classrooms help to improve this relationship between the teacher and student. Ramos et al. (2010) argued that smart rooms are designed and aligned to the needs of the users. If the room is designed for workers, particularly, managers and employees, then there would be an emphasis on entertainment, living aspects, and education. This study highlighted that the rooms are designed to improve the satisfaction from the environment in which employees work.

## Key Feature of an Education Smart Room

Xie et al. (2001) highlighted that smart classrooms are similar to other intelligent environments as it has different types of hardware and software modules like projectors, cameras, sensors, face

recognition module, speech recognition modules as well as eye gaze recognition modules. According to Sultan (2010), cloud computing can be integrated into the education smart rooms because it improves the efficiency, effectiveness, and productivity of the higher education delivery. Cloud computing can be divided into three aspects. These three aspects are infrastructure, platform, and software. Poslad (2011) highlighted that education smart rooms should have educationally associated smart devices. Some of the important education smart devices that make student learning more interactive is wireless network–enabled smart phones, tablets, etc. Gikandi et al. (2011) highlighted that online virtual environments can offer applications and tools that would enable the students and the instructors to surpass the interaction that would be present in a face-to-face classroom. Al-Qirim (2011) conducted a study on the use of interactive whiteboard in a university setting in the United Arab Emirates (UAE). The findings from this study showed that interactive whiteboards are more useful in the delivery of technical courses. Stenvall-Virtanen and Nordell (2014) contend that a smart classroom project's main goal is to use a combination of the latest technological teaching tools that will create an education service environment. Stenvall-Virtanen and Nordell (2014) propose that a smart classroom should have three concepts; these are: smart pedagogy, smart learning space, and the teaching solution.

Smart pedagogy refers to different pedagogical methodologies that will allow for more interaction alternatives in the classroom when compared to the traditional teaching environment. The smart learning space refers to physical and virtual teaching spaces; in simple terms, it is the essential furniture and technical specifications of a typical physical classroom and the most vital features of learning platforms. The writers emphasize that the smart learning space should allow for flexibility in the learning process. Smart teaching solutions refer to the different tools and materials that are needed for the learning process which include learning objects, games, and simulators.

Xie et al. (2001) highlighted that some of the reasons for including technology in the education smart rooms are wider access to education, support for lifelong learning, and the learner's flexibility to access to learning whenever they are free. Another reason that technologies were introduced was to capture data, record data, analyze data, and generate reports (Banerjee et al. 2003). For example, the installation of the automated surveillance system in a hospital smart room where a computer automatically captured data from the sensors every night, recorded in a data file, analyzed the data and generated a report showing the activities taking place in the room at different times. The system was generally capable of detecting and classifying all major movements in the room. This is also used in learning environment such as the lecture capture software. This will allow learners to access the soft copy or recorded version for revision.

Block et al. (2015) researched into two universities education smart classrooms. At the Illinois State University, its DeGarmo Hall Smart Lab facility was created for learning to provide the best resource for the educators and students in the twenty-first-century environment. The model includes mobile smart boards, collaboration stations, drag-and-drop table chairs, 3D scanner and printer, steel case buoy wobble chairs, and other technological gadgets. In addition, at the Illinois Wesleyan University, the smart classroom facility contained various technology implements that promote collaborative learning. The model made provisions for the educators and learners in multiple ways to share knowledge within the classroom and study areas.

## Gaps in the Extant Literature

This is one of the pioneering studies that explores how classroom design influences the delivery of higher education in the PICs. This study fills the gap in the existing literature in two ways. Firstly, it explores the *status* of classroom design in higher education institutions in the PICs. This study will also recommend how classroom design could be improved in the higher education institutions in the PICs. Secondly, it explores and proposes a design that would best suit the context of higher education delivery in the PICs. According to Hofstede (2001), the culture of people in the PICs is different and people are slow to adopt

technology in the PICs. As highlighted by a number of authors, the design of educational technology should be determined by the context in which the education is delivered. This entry will account for such differences in the context and propose a room design that would best suit education delivery for students in the PICs.

## Research Methodology

The main aim of this study was to discuss the status of classroom design, and best layout of classroom design in the PICs. Data for this study was collected by using in-depth interviews conducted with five lecturers at the University of the South Pacific. Two lecturers interviewed had around 10 years of teaching experience, two had 10–15 years of teaching experience while one had around 35 years of teaching experience. Thematic analysis was used to analyze the data for this study. The themes for this study were integrated with the research questions proposed above.

The 2D and 3D dimensions of the classrooms were constructed by using the planner 5D software. The next subsection will outline the research findings and discussions.

## Research Findings and Discussions

### Status of Room Design in the Higher Education Institutions in the PICs

Currently, the rooms in the higher education institutions in the Pacific Island countries are designed to facilitate traditional learning. There are only a few "smart rooms" at the higher education institutions in the South Pacific and they are more of a "quasi smart rooms" rather than a fully fledged rooms. More investment needs to be done to ensure that classrooms are fully equipped with appropriate technology that would encourage interactive learning in regional centers. The classrooms in the higher education institutions in the PICs do have a proper power supply, backed by generators, wall fans, blackboards, whiteboards, and desks and chairs. However, in many institutions, it has been noticed that these desks and chairs have been used for a long period of time. As a result of this, due to wear and tear and lack of investment in maintenance of these resources, most of these classrooms are not in proper working conditions. Once of the lecturers stated that:

> . . .I have had the chance to teach in two higher education institutions from the PICs. My length of stay in the first higher education institution was for a short period of time. One of the main problems that I had faced as an instructor is overcrowding in the classrooms. The carrying capacity of the classrooms is not enough to cater for the students enrolled in the course. Frequently, students would be sitting outside the classrooms or sitting on the floor while the instructors are delivering the tutorials. . .

There are also issues raised related to the cleanliness and hygiene of the classrooms. Occasionally, it is noticed that students would dirty the classrooms by throwing rubbish and spilling food and liquid on the study tables. According to one of the participants:

> . . .I noticed that the lecture rooms are mainly clean, but the tutorial rooms are usually dirty. When we talk about educational smart rooms, one of the key components of the education smart room is the hygiene and ventilation of the learning environment. If cleanliness and hygiene of classrooms are not maintained, this will adversely affect the delivery of lectures and tutorials. Students would not be interested in the class and lecturers would be distracted by the bad smell from the food. . .

There are costs involved in maintaining the equipment in the classrooms and lecture rooms. These costs can be divided into two categories. The first cost is the prevention cost which requires implementing preventative measures in place while the second cost is the appraisal cost that incurs as the firm tries to improve the quality of its services. According to one of the research participants:

> . . .It has been noticed that computers are damaged, parts of the computer hardware are stolen and computers are malfunctioning because students are using USBs that are affected by computer viruses. . . there are a number of ways that damages inside classrooms and lecture rooms could be handled. Security camera should be installed in all the classrooms to monitor student's behavior. Installing these resources may be initially costly but would be very helpful in monitoring students' behavior in the classroom and lecture rooms. . .

### What Could Be Done to Improve the Room Design in the PICs?

There are a number of ways how the design of classrooms could be improved in the PICs. Firstly, cloud computing could be integrated in the design and delivery of regional courses. According to Sultan (2010), cloud computing can be divided into three categories and how these could be integrated in the delivery of regional courses in the PICs is explained in Fig. 2.

According to one of the lecturers teaching at a higher education institution in the PICs:

> . . .I have been teaching at a higher education institution in the PIC for a number of years. I think we should include more interactive technology in the delivery of blended courses. The print mode courses are easier to deliver but blended courses need specialized use of interactive technology that must be built in the room so that delivery could be successfully done. Currently, while delivering the blended mode courses, it is difficult to interact with the students who are present in different geographical regions. It would be a milestone achievement if higher education institutions with the help of the government could facilitate this. . .

Secondly, the security system should be strengthened in the tutorial and lecture rooms to ensure that equipments are safe from vandalism and theft. It has been noticed that only a few classrooms have security cameras in place while other rooms do not have these. According to one of the participants of this study:

> . . .Lack of security camera in the tutorial and lecture rooms is one of the reasons why many resources are damaged and vandalized in these rooms. I have noticed that some tutorial and lecture rooms have security equipment while others do not. I think higher education institutions need to invest heavily in this area. . .

The above points raised in this subsection support the Triarchic Theory of Intelligence in two ways. Firstly, this entry argued that interactive technology is important in the delivery of blended and online courses. With the use of interactive technology, students are easily able to communicate with instructors and clarify their doubts and without the use of interactive technology, students are left to assume certain issues as they are not able to clarify their doubts while the lecturer is delivering the course. Secondly, with the use of camera technology, students know that they are continually monitored in the lecture and tutorial rooms, therefore they would take proper care of the equipments provided in the lecture and tutorial rooms.

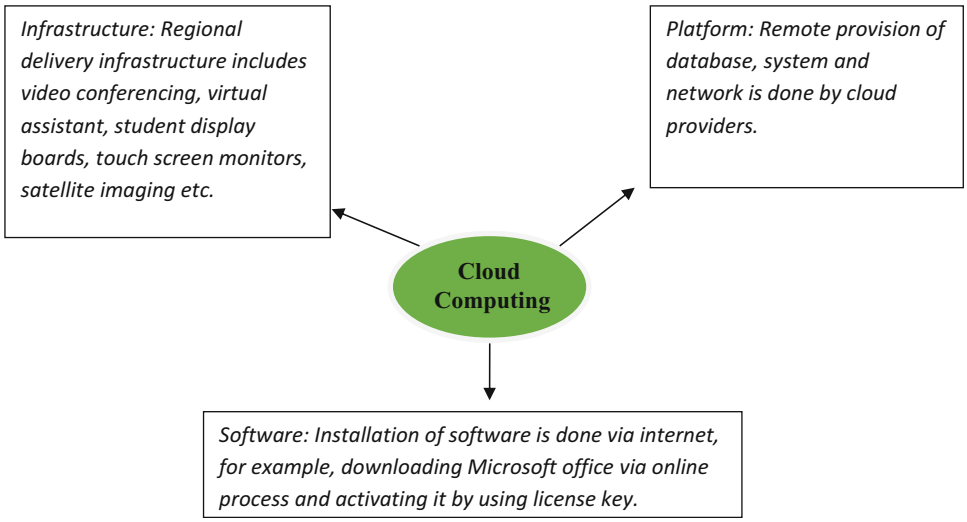


**Education Smart Room: Designing an Intelligent Environment for Learning, Fig. 2** Integration of cloud computing in the delivery of courses in the PICs. Source: Developed by the authors (2017) by using information from Sultan (2010)

**What Is the Best Layout of Classroom Design for Higher Education Institutions in the PICs?** Based on the focus group meetings, the best layout of classrooms in proposed in Fig. 4. In Fig. 3, an outline is proposed for existing tutorial and small lecture rooms and we are proposing a design for education smart classrooms. According to one of the research participants:

> . . .Currently, only a handful of tutorial rooms are equipped with projector, interactive whiteboards, computer technology etc. There is a greater need for using more interactive computer technology. . .

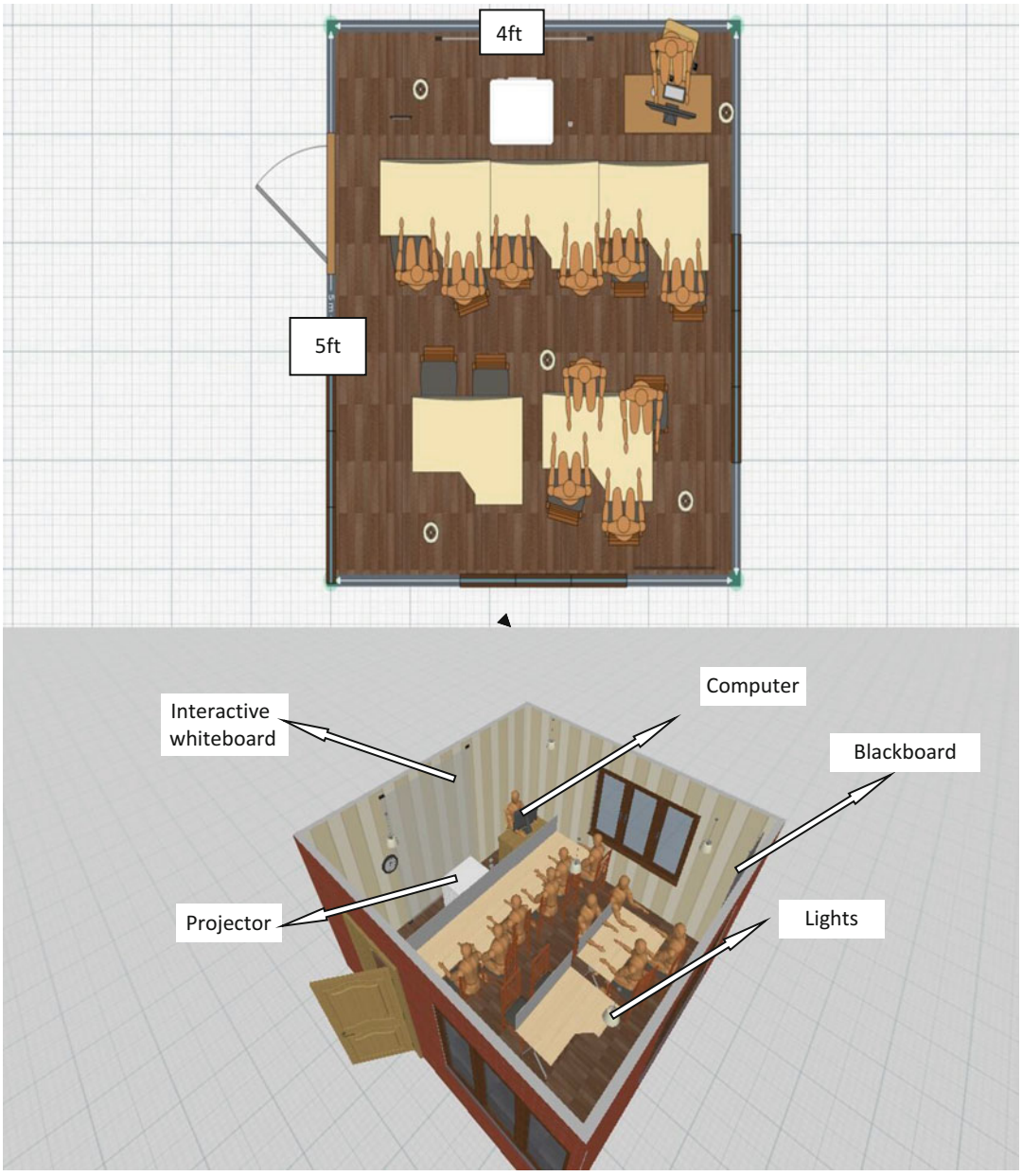


**Education Smart Room: Designing an Intelligent Environment for Learning, Fig. 3** Existing design of classrooms in the higher education institutions in the PICs. Source: Developed by the Authors by using the 5D Planner Software (2017)

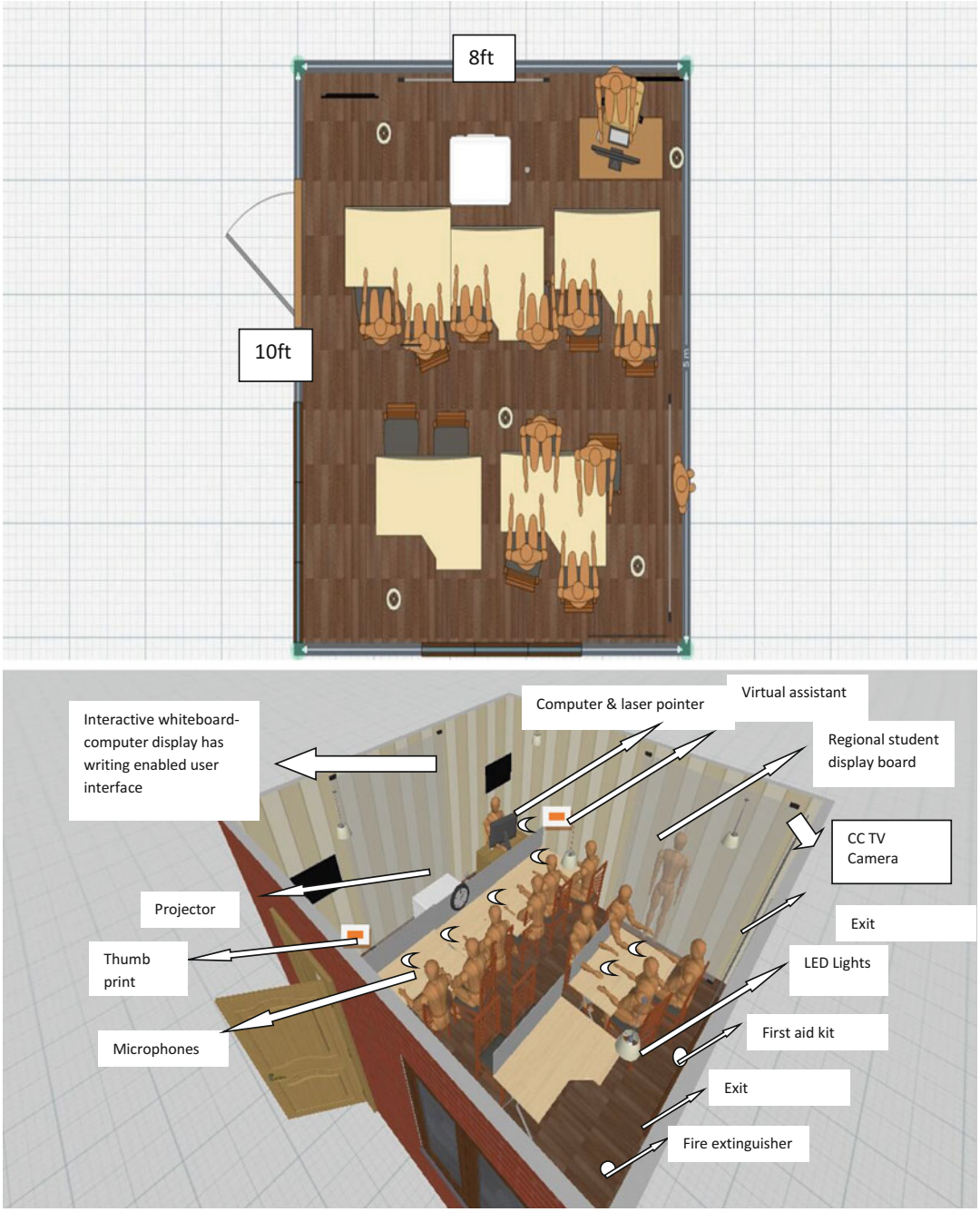


**Education Smart Room: Designing an Intelligent Environment for Learning, Fig. 4** Proposed design of classrooms in the higher education institutions in the PICs. Source: Developed by the Authors by using the 5D Planner Software (2017)

Figure 4 shows the proposed design for the educational smart classrooms – implying that it is a classroom that is equipped with interactive technology that enables students to interact with teachers and instructors without disturbing face-to-face students. Some of the interactive resources that are missing from our existing classrooms are as follows:

- Microphones on each table
- Regional students display board
- Writing-enabled user interface
- Laser pointers
- Virtual assistant
- First aid kit
- Fire extinguisher
- Thumb print attendance recorder

## Theoretical and Practical Implications of this Entry

There are two important theoretical and practical implications of this entry. Firstly, this entry integrates the Triarchic Theory of Intelligence to the smart classroom design in the PICs. According to this theory, the intelligence of an individual can be divided into three categories. These three categories are: (1) analytical skills, (2) creativity, and (3) practical skills. In order to acquire these three skills, the classrooms and lecture rooms should be enabled with the proper technology. Using technology-enabled classrooms will help to foster the growth of analytical, creative, and practical skills of students.

The existing debate on intelligence can be divided into two categories. The first argument is that students are naturally intelligent whereas the second argument emphasizes that the study environment helps them to become more intelligent. This entry uplifts the second argument and emphasizes that we can improve the intelligence level of students by using effective technology. If we are not able to interact with students in remote areas, then this implies that only face-to-face students are benefiting from the lectures whereas remote students are not. This study also supports the Triarchic Theory of Intelligence, as technology-enabled smart rooms enable students to use effective tools to plan and implement plans that they have designed for themselves.

## Conclusion

In conclusion, the main aim of this study was to answer two important research questions. These two research questions are as follows:

1. What is the status of classroom design in the higher education institutions in the PICs? What could be done to improve the classroom design in the PICs?
2. What is the best layout of classroom design for higher education institutions in the PICs?

The findings from this study show that the higher education institutions in the PICs have made significant progress toward improving the design of classrooms and lecture rooms. The participants in this study highlighted that some of the problems faced by the lecturers/instructors in the higher education institutions in the PICs are overcrowding, issues related to cleanliness and hygiene and lack of maintenance of resources in the lecture and class rooms. The participants in this study also suggested that there are a number of ways how the delivery of education can be improved in the PICs. Some of these ways are improving the application of technology in the learning environment and provision of right technology to the students.

This study also suggests that the proposed education smart rooms should be designed to incorporate microphones on each table particularly, in the lecture rooms; regional students need to have access to display boards, and writing-enabled user interfaces, laser pointers, and virtual assistant.

One of the limitations of this study is that it is based on small sample size. Future studies should be based on a large sample size.

## Cross-References

► Administration and Discretion
► Learning Bureaucracy

## References

Abu-Al-Aish A, Love S (2013) Factors influencing students' acceptance of m-learning: an investigation in higher education. Int Rev Res Open Dist Learn 14(5)

Al-Qirim N (2011) Determinants of interactive white board success in teaching in higher education institutions. Comput Educ 56(3):827–838

Arya Samaj (2017) Arya Pratinidhi Sabha of Fiji. Retrieved from http://www.aryasamaj.org.fj/

Banerjee S, Steenkeste F, Couturier P, Debray M, Franco A (2003) Telesurveillance of elderly patients by use of passive infra-red sensors in a 'smart' room. J Telemed Telecare 9(1):23–29. https://doi.org/10.1258/135763303321159657
Block G, Cleary J, Fairfield M, Henderson A, Kuk J, Perschall Z, Ramalingam K (2015) Smart classroom technology. Retrieved from https://www.unit5.org/cms/lib/IL01905100/Centricity/Domain/51/SmartClassroomTechnology-CAC-ResearchTopic2015.pdf
Brill JM, Galloway C (2007) Perils and promises: University instructors' integration of technology in classroom-based practices. Br J Educ Technol 38(1):95–105
Dabbagh N, Reo R (2010) Impact of Web 2.0 on higher education. In: Technology integration in higher education: social and organizational aspects, pp 174–187
El-Bishouty M, Ogata H, Rahman S, Yano Y (2010) Social awareness map for computer supported ubiquitous learning environment. Educ Technol Soc 13(14):27–37
Entwistle N, Ramsden P (2015) Understanding student learning (Routledge revivals). UK: Routledge
Figlio D, Rush M, Yin L (2013) Is it live or is it internet? Experimental estimates of the effects of online instruction on student learning. J Labor Econ 31(4):763–784
Gikandi JW, Morrow D, Davis NE (2011) Online formative assessment in higher education: a review of the literature. Comput Educ 57(4):2333–2351
Hofstede G (2001) Culture's consequences: comparing values, behaviors, institutions, and organizations across nations, 2nd edn. Sage Publications, Thousand Oaks
Hwang GJ, Chiu LY, Chen CH (2015) A contextual game-based learning approach to improving students' inquiry-based learning performance in social studies courses. Comput Educ 81:13–25
Kirkwood A, Price L (2013) Examining some assumptions and limitations of research on the effects of emerging technologies for teaching and learning in higher education. Br J Educ Technol 44(4):536–543
Lepp A, Barkley JE, Karpinski AC (2015) The relationship between cell phone use and academic performance in a sample of US college students. SAGE Open 5(1): 2158244015573169
Maheshwari VK (2016) The concept of smart classroom. http://www.vkmaheshwari.com/WP/?p=2352
Metzler M (2017) Instructional models in physical education. UK: Taylor & Francis
Mikre F (2011) The roles of information communication technologies in education: review article with emphasis to the computer and internet. Ethiopian J Educ Sci 6(2): 109–126
Mostefa D, Moreau N, Choukri K, Potamianos G, Chu SM, Tyagi A ... Pnevmatikakis A (2007) The CHIL audio-visual corpus for lecture and meeting analysis inside smart rooms. Lang Resour Eval 41(3–4):389–407
Nakashima H, Aghajan H, Augusto JC (eds) (2009) Handbook of ambient intelligence and smart environments. Switzerland: Springer Science & Business Media
Poslad S (2011) Ubiquitous computing: smart devices, environments and interactions. USA: Wiley
Ramos C, Marreiros G, Santos R, Freitas CF (2010) Smart offices and intelligent decision rooms. In: Handbook of ambient intelligence and smart environments, UK, pp 851–880
Shi Y, Xie W, Xu G, Shi R, Chen E, Mao Y, Liu F (2003) The smart classroom: merging technologies for seamless tele-education. IEEE Pervasive Comput 2(2): 47–55
Shi Y, Qin W, Suo Y, Xiao X (2010) Smart classroom: Bringing pervasive computing into distance learning. In: Handbook of ambient intelligence and smart environments. USA: Springer, pp 881–910
Stenvall-Virtanen S, Nordell K (2014) Smart environments: technology, protocols and applications. Finland, Tech Rep, University of Turku
Sternberg RJ (1985) Beyond IQ: a Triarchic theory of intelligence. Cambridge University Press, Cambridge
Sternberg RJ, Nokes C, Geissler PW, Prince R, Okatcha F, Bundy DA, Grigorenko EL (2001) The relationship between academic and practical intelligence: a case study in Kenya. Intelligence 29(5):401–418
Sultan N (2010) Cloud computing for education: a new dawn? Int J Inf Manag 30(2):109–116
Sung YT, Chang KE, Liu TC (2016) The effects of integrating mobile devices with teaching and learning on students' learning performance: a meta-analysis and research synthesis. Comput Educ 94:252–275
Thistlethwaite J (2012) Interprofessional education: a review of context, learning and the research agenda. Med Educ 46(1):58–70
Xie W, Shi Y, Xu G, Xie D (2001) Smart classroom – an intelligent environment for tele-education. In: Shum H-Y, Liao M, Chang S-F (eds) Advances in multimedia information processing – PCM 2001: second IEEE Pacific Rim conference on multimedia Beijing, China, October 24–26, 2001 Proceedings. Springer, Berlin/Heidelberg, pp 662–668
Yau SS, Gupta SK, Karim F, Ahamed SI, Wang Y, Wang B (2003) Smart classroom: enhancing collaborative learning using pervasive computing technology. In: ASEE 2003 annual conference and exposition, pp 13633–13642

## Education System in Russia: Sociocultural Reforms

Alexander G. Asmolov
Faculty of Psychology, Lomonosov Moscow State University, Moscow, Russia

The stock theme of this work is the development of conceptualization of a mission and nature of education as a leading social activity participating

in generation of such systematic social and mental effects of the public life as formation of civil, ethno-cultural, and panhuman identity; the dynamics of social differentiation and stratification of the society; adoption of various traditions, values, norms, and behavioral components of attitude for large and minor social groups; acquisition of a repertoire of personal, social, and professional competencies supporting individualization, socialization, and professionalization of a person within the system of individuals and professions; and development of human potential as the most important condition of national competitive performance.

## Definition

Herein we attempt to provide the grounds for the strategy of sociocultural modernization of education as a socialization institution playing a key role in focused development of value systems, norms, mindsets, and behavioral stereotypes of the population of Russia. We reveal the role education plays in modeling of such phenomena of social development as social consolidation of the society, civil identity of representatives of various social groups and national cultures of the local population, social confidence, successful socialization of the oncoming generations, and social stratification of the population of Russia. We also cover the issues of the necessity to consider the effects of sociocultural modernization of education as a growth factor for competitive strength of the individual, the society, and the state in the further design of long-term programs of social and economic development of Russia, including the federal education development program.

## Theoretical Background

The view of education as one of the leading social activities shaping historical and evolutionary process together with the other socialization institutions (family, mass media, religion) originates in the ideas of scientific school of cultural activity psychology by L. Vygotsky, A. Leontiev, and A. Luria and to social constructionism, a congenial postmodern approach in methodology.

Reliance on ideas of nonclassical methodology of cultural activity psychology and on methodology of social modeling of the reality made it possible for us in the period between 1988 and 2008 to propose and develop a set of ideological constructs, which had certain influence on development of national education system:

- "Practical psychology of education" as an attitude toward understanding and support of each student's individual growth as something valuable
- "Diverse education" as an attitude toward design of education which would provide adequate choice of individual education paths for each person (A. Asmolov, Kul'turno-istoricheskaja psihologija i konstruirovanie mirov [Cultural and historical psychology and construction of the realms]. Moscow–Voronezh, 1996, p. 768)
- "Tolerance" as a civilization standard providing sustainable development of an individual as well as social groups within the world of diversity (A. Asmolov, Psihologija lichnosti: kul'turno-istoricheskoe ponimanie razvitija cheloveka [Psychology of personality: cultural and historical understanding of human development]. Moscow: Smysl 2007, p. 528)

As far as their genre is concerned, these ideological constructs refer to specific mindsets called "generative hypotheses" by philosopher A. Losev and historian M. Gefter (Gefter M. A. Tam, gde soznaniju uzko i bol'no [Were the conscious lacks room and feels pain]. Moscow: KDU, 2004, p. 160).

## Renovation of Education: From Structural and Economical to Sociocultural

Let us look at the events of the contemporary history of Russian education from the perspective

of a hypothesis of the necessity for sociocultural modernization (Rol' obrazovanija v konsolidacii i razvitii Rossii. Itogovyj otchet [Role of education in consolidation and development of Russia]. The closing report of NTF No. ERP/F1.1.2.3-C/78/EAC/093-06, 2006) of education and related range of ideas represented in the Public Chamber report "Obrazovanie i obshhestvo: gotova li Rossija investirovat' v svoe budushchee?" (Education and Society: Whether Russia Is Ready to Invest in Its Future), 2007.

When we recall the events of this period in our autobiographical memory, it becomes obvious that Russian education together with the entire country turned into a theater of changes affecting almost every resident of Russia during the last decades. The vector of creating organizational and economic projects in development of education sector has been and still remains a basic vector for the modernization period chronologically dated from 1997. (A. Asmolov, M. Dmitriev, T. Klyachko, Ya. Kuzminov, A. Tikhonov, Koncepcija organizacionno-ekonomicheskoj reformy sistemy obrazovanija Rossii [The concept of institutional and economic reform of the Russian education system]. Poisk No. 38, 1997).

Along with that, even a brief analysis of the contemporary history of education reforms makes it possible to conclude that systemic social and mental effects, generated under influence of education, usually fall beyond the reach of various scenarios of education development:

- Creating personal identity within a polyethnic, polyconfessional, and polycultural state
- Social and spiritual consolidation of the society
- Supporting of social mobility of an individual, equality, and availability of education being the reduction factors for the risks of social stratification of the society
- Construction of social norms of tolerance and mutual confidence among representatives of various social groups, religions, and national cultures
- Successful socialization of the oncoming generation
- Improvement of competitive ability of a person, of the society, and of the state

For the further search of paths of sociocultural transformation of education system, we need to define the field of problems concerning the nature of social and mental effects of education. Further we try to formulate these problems as the following questions:

1. *What kind of risks do politicians and executive officials face when performing education reformation without due regard to social and mental effects of education?*
2. *How does the education influence the following demonstrations of social differentiation and stratification of the society*:
   *"Social elevator" (upward socioeconomic mobility within the system of social ranking of the society)*
   *"Social shaker" (interfusion of various social strata of the society)*
   *"Social well" (downward socioeconomic mobility within the system of social ranking of the society)?*
3. *Which social activities and programs are to be performed in order to switch from declaration of the priority of education as a social value to achievement of actual priority of education as a national policy objective?*
4. *What is the role of a people as a nationhood of Russian society in development of an individual's civil identity as well as in understanding of historical "common destiny?"*
5. *Can education as an institution of individual's socialization be competitive against other institutions for socialization of oncoming generations: family, religion, and mass media?*
6. *How can one turn education management into an actual resource for reduction of various risks and social and interpersonal conflicts, including conflicts arising due to xenophobia, ethnophobia, migrantophobia, social aggression, and intolerance?*
7. *How to map out a course to construction of tolerance norms, social confidence, and mutual understanding within the Russian society through the education, including education system management by means of education standards?*

The complete range of issues mentioned above makes it possible to define the subject matter of sociocultural modernization of education.

In order to outline the ways to justify the very necessity and promptness of similar issues, we refer to analysis of barriers of the collective consciousness preventing construction of ideological attitude toward sociocultural renovation of education.

## Barriers of Collective Consciousness Preventing Modernization of Education

Changes occurring in the society's way of life resulted in outlining of the society's transfer from a relatively stable stage to a dynamic stage of development, from the "closed" society to the "open" society, from the industrial society to the postindustrial information society, and from the totalitarian society to the civil society.

Social, mental, and economic differentiation of the society peculiar to such transfer together with appearance of different forms of ownership became a prerequisite of coexistence of public, private, and domestic education and thus an inevitable social transformation of the entire education system as a whole.

Behind the occurring social changes of the Russian education, there are not only attempts of its targeted reformation performed by governmental authorities, but also numerous poorly controlled and spontaneous processes: some of those processes are particularly related to initiatives of various social groups and others to passive reaction of the education system to various budgetary restrictions. As a result one shall consider the fact that education reformation attempts, including a recent attempt of structural and economic development of education, have been performed against the background of negative social expectations regarding any social reform, peculiar to various population strata and many representatives of education community. There are serious causes for such expectations and disillusions.

- *Disregard of population's motivation during execution of social reforms*

  One of the main faults of social policy of post-Soviet Russia was complete disregard of the population mindset, the psychology of mass consciousness which may crash any social reforms, even those thoroughly calculated but still ignoring motives of people and concealing the meaning of reforms for certain groups of population. Poor efficiency of various state reforms and programs was related to an attempt to perform *administration of complex social systems without motivation or ideology*. In fact we can define the ideology in the context of methodology of social constructionism as *an enterprise of motivation of social behavior, design of motivation for large and minor social groups*.

  Reformers often disregard the fact that **motivational mechanisms of social reforms are as important for their execution as economic ground of various programs of social reformation.** Consequentially, such reforms face severe opposition of mass psychology of the local population as well as in certain cases creation of protest motivation of social behavior performed by various oppositional political groups.

- *Negative experience of preceding reforms in the field of social policy*

  Various attempts to reform education mainly had the following three common characteristics:
  - Predominating interests of professional pedagogical community ("education reformation from the inside")
  - "Reforming from economy" (economical management determinism in designing education development programs)
  - Lack of analysis of political, social, and psychological risks at execution of education reforms related to expectations and motivation regarding the education among different social strata of local population

As a result, first the "market" myths and later the "labor market" myth implicitly turned into a goal of education reforms in itself, and the quality of life and reproduction of human and brain

capital assets were usually confined to "facilities," services, and instruments of market economy.

- *Narrowing down the national policy of education reformation to programs of reformation of education as an independent branch*

In the methodology of design of various education programs (P. Schedrovitskiy, Essays on the philosophy of education, Moscow, 1993), one can detain three target areas on which various education development programs are potentially oriented:

– Educational environment
– Educational sphere
– Educational space (Yu. Gromyko, Design and programming of education development, Moscow, 1996)

In the context of such classification of target objectives, one should from the very beginning realize what is the target of the education development program. When the program is oriented on the **educational space** as on a *target area of program application*, it also comprises such various socialization institutions as the family, the mass media, the religion, the culture traditions and innovations, and so on, which define social development together with the education being a leading social activity.

When the program is oriented on the **educational sphere**, the focus of force application has to be put on *management of education as a specific field* of social and economic development of a state, similar to healthcare service, agricultural and industrial sector, and so on.

And finally, when the program is oriented on the **educational environment**, the program efforts are focused on basic and professional education of an individual within a certain educational institution (kindergarten, school, training college, institution of higher education, etc.)

When the *target area* of the program is the **educational space**, we deal with the genre of designing national educational program (or so-called presidential program). The mission of this education development program is implementation of nationwide ideology and policy which allows achieving such systematic social and mental effects as harmonization of the society, social stratification, improvement of national competitive ability, and formation of a civil identity as a basis for the development of democratic society. In the context of such program, *education acts as a leading social activity generating civil identity and forming people's mentality, values, and social behavioral norms of independent individuals and large and minor social groups*. In such program education standard acts as a social contract, while the improvement of quality, availability, and mobility of education acts as an instrument of securing the education mission. We can characterize a similar national program of education development as a program of *sociocultural renovation of education*. It has the following features:

– Open "subdepartmental" nature
– A forward-looking strategy of social development as an opposition to reactive strategy (education causes social development including creation of labor markets)
– Excessiveness of education as a leading social activity against up-to-the minute market needs
– Innovative management

If the target area of an education development program is the **educational sphere** as one of the social and economic *branches of national development*, we can consider design of federal or regional education development program focused on tasks and technologies of supporting this branch. As a rule such program is characterized by:

– Closed "departmental" nature
– The tendency to narrow program objectives and technologies down to the objectives and technologies of supporting a separate sphere, first of all, to structural and economic tasks of management in educational sphere
– Reactive development strategy as a result of education being governed by the current market requests
– Deideologized nature
– Emergency management

*The programs of education development as a separate branch* are frequently confined to the following two program types: *the compensatory programs and the operational programs*.

*The compensatory programs* are mostly aimed to compensate the lack of funding during the current branch funding process and to develop material and technical instrumentation infrastructure of the education sphere. They frequently degenerate into certain "patch-the-holes" programs in actions of a certain education management system, either federal, or regional, or municipal.

The operational programs are programs aimed at the support of the survival regime and improvement of the already existing education system performed my means of restructuring. These programs have an implicit goal to maintain (or survive) but not to develop.

In education-oriented target programs, innovations are mostly confined to renovation of such regulatory and economic mechanisms of education management as education standardization, improvement of education quality, availability and efficiency, and education mobility being performed by means of *structural and economic reformation in educational sphere*.

We emphasize that various federal and regional programs oriented on development and support of the educational sphere can also increase efficiency of the education, its adaptive capacity within national socioeconomic development.

## From the Premise of Education Priority as a Social Myth to Achievement of the Education Priority as a Task of National Innovation Policy

One of the obvious issues covers analysis of a problem why the thesis *of education priority* as well as *importance of education* (it concerns science as well) is greatly different from the actual state and usually stays among myths, declarations, and good assurances.

In order to prove it, we shall also mention that *the competitive ability of countries of postindustrial development stage is defined by the level of availability and quality of education system*.

It is obvious that Russia has to make education a top priority and that it is a strategic imperative of the nation's state policy, which also has an ideological aspect – to ensure that education becomes a true value in the Russian mentality. Only providing successful solution of the said problem *education can appear as a true resource for increasing the competitive ability of an individual, the society, and the state*.

The Soviet ideology explicitly or implicitly used education, the mass media, and culture to shape the national identity of what came to be known as "a Soviet citizen." The lyrics of a once popular song come to mind, "My address has no block number, and no street – my address is the USSR."

Identity crisis following the collapse of USSR, the Soviet Atlantis sinking to the very bottom of the historical ocean, made the mass consciousness of people of various nationalities, confessions, and regions turn into "homeless consciousness," as shown in various social studies of the national consciousness and identity. (Grazhdanskie, etnicheskie i religioznye identichnosti v sovremennoj Rossii [Civil, ethnic and religious identities in Russia today]/Editor-in-chief V. Magun – Moscow: The publishing house of the Sociology Institute of RAS, 2006, p. 327. Rossijskaja identichnost' [The Russian identity]. The analytical report of the Sociology Institute of RAS. Moscow, 2007, p. 140.) In this situation a proactive ideology specifically designed to shape a new national identity can provide the social "glue" to strengthen the weakened links in Russia's social networks.

In order to meet the goal, it would be a great success to use the education being a socialization institution in order to design norms for the new generation, promoting recovery from the civil identity crisis and formation of a civil society as a society of increasing life opportunities. (R. Darendorf Sovremennyj social'nyj konflikt. Ocherk politiki svobody [The contemporary social conflict. The liberty policy essay]. Moscow, 2002).

Essentially, it is the social design of the identity of an individual as a globally minded person and a nationally minded citizen, which acts as a mission of sociocultural modernization of education and thereby of progress, which Russia makes toward the civil society.

In order to perform this mission, one should also estimate the congruence between education structure and the strategic objectives of Russia's development and form national standards such as conventional norms, which, by means of a social contract, actualize social obligations and requirements of the individual, the family, the society, and the state for education being the institution of anticipatory socialization instead of requirements and ambitions of external observers, where school is an eternal "scapegoat" in charge of all the education faults.

## Risk of Underestimating Social and Mental Effects of Education in Public Policy

The risks of underestimating social and mental effects of education system reflect social attitude toward education and, respectively, toward the results of education as a social activity.

These are some examples of the risks revealed in the process of socialization of the oncoming generation in the contemporary society:

- Lack of distinct strategy of youth policy and support of public associations for children, teenagers, and young people, oriented on solving the problems of individual's identity and youth identity formation
- Crisis of the family as a socialization institution expressed in *maladaptation of the parent family (single-parent family, conflict family, antisocial family)*, family destabilization, and family ineffective performance of its function of socialization and individualization of child's personality
- Rise in social orphanhood
- Phenomenon of child *beggarism*
- Phenomenon of early *commercialization* of teenagers promoting increase of disturbances of moral and ethic development of teenagers and possibility of interaction with criminal social classes
- *Risk of increase of teenagers' aggressive and violent behavior* (destructive actions violating personal and physical security of people and maintenance of material and spiritual values, antisocial sexual behavior, early drug abuse, and antisocial and illegal acts performed in this regard)
- *Rise in infant and juvenile delinquency*
- *Increase in the number of children victims of violence*
- Decrease of age limit for early alcoholism, proliferation of drug addiction, and toxicomania
- Personal immaturity, including moral immaturity
- Inadequate strategies for teenagers' and young people's coping with life obstacles

These are enough to make a conclusion about uncooperation of various social institutions in performing actions aimed at solving problems of preventive treatment of specific defects which we define as *socialization defects* (the family, the mass media, the culture, the pedagogic teams, the law enforcement agencies, the youth organizations, etc.) and arrive at the following conclusions.

**First**, socialization of children, teenagers, and young people generation suffers major changes under the era of mass communications, the Internet, cyberspace, shift of values during the transition stage being undergone in Russia, and so on. Sociological surveys confirm social inhomogeneity of this generation, its multidimensionality, tendencies for breaking of "link of times," and so on. Moreover, Russia as well as foreign countries is *still at the opening stage as far as systematic research programs of the growing generation social profile and role of identity in social development are concerned*.

This is followed by the conclusion that in *education reforms of the preceding periods, various strategies of education advancement have been developed based on quite vague social portrait of the future generation. No need to give detailed*

*reasons for the fact that education reforming against such "generation obscurity" leads to one of the highest risks of any social reforms performed in the present-day world*.

**Second**, even a random sample of the cited examples proves that such traditional socialization institution as the family experiences a profound crisis. Moreover, the family institution fails competition with other socialization institutions, namely, the religion, the mass media, and the Internet. *That is why the system pattern of socialization of the growing generation cannot be regarded without study of interaction of the education institution with such social institutions as the family, the religion institution, and mass communication institution*, which to a large extent define the "zone of proximal development" *of the growing generation* as it can be called after L. Vygotsky, the classic of world psychology. Also, due to many reasons, including departmental barriers, these "cooks" actually spoil the "broth" of the growing generation. No wonder that this generation can spring most sudden surprises for the Russian society.

**Third**, due to the fact that *the social institution of education is the most nationally manageable socialization institution*, it has been and is now burdened with compensation of social defects of other more spontaneous and less manageable socialization institutions, which first of all comprise of the family and the mass media. As a result *the education undergoing though a crisis itself has been and will be anchored with social expectations and political tasks related to compensation of family socialization defects, let alone the defects of powerful non-formal education performed* via *the mass media and the Internet*.

**Fourth**, all the above-mentioned general characteristics of the socialization process of growing generations shall also be considered with due regard to the specific nature of socialization during the historical transition period which Russia undergoes (Otcy i deti: pokolencheskij analiz sovremennoj Rossii [The fathers and the sons: generation analysis of contemporary Russia]/ Authors Yu. Levada, T. Shanin/Moscow: New literature review, 2005, p. 328). The sententia "May you live in interesting times!" can be fully referred to the growing generations' socialization process happening in Russia. The "youth crisis" also known as the "storm and stress age," as the psychologists call it, is traditional for social and age cohort of teenagers. This crisis is escalated by social crisis of transition period and by its ambiguity and shift of values. The *phenomenon of "negative identity"* emerges and strengthens in the situation of value shift; people create associations based on the opposition "friend or foe" and "us-them." (L. Gudkov, Negativnaja identichnost' [Negative identity], Moscow, 2004). The increase of negative identity is expressed in actualization of various xenophobic and nationalistic attitudes as well as in organization of various extremist youth groups. The phenomenon of "negative identity" is especially important for understanding the specific nature of identity formation as a process of teenagers' identification with a certain social group.

If we examine the pattern of socialization process described above more thoroughly, and look at various socialization institutions ensuring this process, that is, the family, the education, the religion, and the mass media, **the *paradox* of education reformation strategy ignoring both education social phenomena and education being the national priority for social impact will become even more evident**.

Without understanding of the systematic nature of the abovementioned social and mental phenomena of education, we turn a deaf ear to design of *education as an institution of successful personal and professional socialization*, providing growth of socioeconomic national resources and promoting growth of national capital by means of human capital accumulation.

We shall also mention that underestimation of a *stratum-forming function of education* as a "social elevator" providing social, professional, and academic mobility of an individual often results in growth of residential segregation and of social and social-psychological inequality of people in education transforming into a kind of a "social well."

Various social effects of education are particularly apparent in preschool education, basic formal education, extended education for children and teenagers, and special education for

physically and mentally low-functioning children. Consequentially, *the society claims education to be responsible not only and not so much for its impact in teaching children but for the negative effects* caused by the defects of all socialization institutions.

All the above-mentioned social effects support existing historical social expectations for pedagogical profession, particularly profession of a teacher, being a social value, and *unconscious belief that education will balance social defects of socialization emerging in the family due to the influence of the mass media and other socialization institutions*.

In case these effects are ignored, federal and regional education programs are confined to the education sphere, and the education is limited to the sector of services, the education shall render being one of the branches of national economy. As a result social and role relations between the society and the education start to be organized in a manner of relations between the clients and education service suppliers. If the state and the society directly or indirectly take up social positions of a consumer and a client toward education, then interaction between them and the education is settled on the principle of pragmatic exchange ("ka me, ka thee"). Consequently, the opposition ("us-them") is being established which obstructs the relations of social partnership between the education, the business, the family, the society, and the state. Within the present social and historical situation, we face the increased risks of formation of the "negative identity" society, being represented by the "no-background" generation.

## Education Standard as a Conventional Norm Reflecting Requirements for Education Results Made by the State, the Society, the Family, and the School

In order to reduce the social risks of social development described above, one needs a conceptually different approach to design basic education standards; (Standart obshhego obrazovanija: na puti k obshhestvennomu dogovoru [The basic education standard: on a way to social contract]. Moscow: Prosveschenie, 2006, p. 39. Standart obshhego obrazovanija: koncepcija gosudarstvennogo standarta obshhego obrazovanija [The basic education standard: the concept of national basic education standard]/under the general editorship of A. Kodakov, A. Kuznetsov. Moscow: Prosveshchenie, 2006, p. 31) the professional pedagogic community has been occupied in search of said approach for many years.

In our opinion one of such approaches to design basic education standards complying with the strategy of sociocultural renovation of education is the systemic activity approach developed within methodology of cultural activity psychology. The systemic activity approach integrates the structural units of a competency building approach and an approach based on behavioral methodology of developing expertise, knowledge, and skills (A. Asmolov, G. Burmenskaya, I. Volodarskaya, O. Karabanova, N. Salmina, Kul'turno-istoricheskaja sistemno-dejatel'nostnaja paradigma proektirovanija standartov shkol'nogo obrazovanija [The cultural and historical systematic and operational paradigm for school education standards design]/The psychology matters No. 4, 2007, pp. 16–23). These approaches were previously used for development of education standards.

There are two integral characteristics in the context of systemic activity approach: *standardization* of education and *variability* of education.

The evolutionary significance of standardization lies in providing stable transmission of cognitive patterns characteristic to a specific civilization development level. In our opinion one shall define three aspects of standardization:

- Standardization as a prerequisite for *adaptation* of oncoming generations to solving a wide range of typical life challenges
- Standardization as an instrument of knowledge management within social, economic, ethnic, and psychological diversity of various social systems
- Standardization as a condition for ensuring the unity of education environment which we define as the "unity of diversity"

The evolutionary significance of variability lies in *development of creative potential* of oncoming generations.

- Variability acts as a prerequisite for *enhancement of personality development* at overcoming life challenges within the diversity growth.
- Variability ensures *administration of alterations* performed in educational systems at federal, regional, municipal, and school levels.

Education *standardization* acts as a tendency characterizing the system of restrictions imposed on the education variability subsequent to the necessity of securing students' equal opportunities *within the education space being the space of the* "unity of diversity."

Education *variability* is regarded as a tendency characterizing, first, the ability of education to correspond with the motives and opportunities of various groups of students and individual features of students and, second, a possibility to manage alterations and innovations within the common education space being the space of diversity.

At large *standardization* and *variability* of education promote both *socialization* and *individualization* of each individual of an oncoming generation *and administration of operations and alterations within the system of education* performed at federal, regional, municipal, and school levels.

There are several main guiding points of designing educational standards defined within the systemic activity approach:

- *Motivation for education and formation of "ability to renew competences"* (Ya. Kuzminov, Obrazovanie v Rossii. Chto my mozhem sdelat'? [Education in Russia. What we can do?]/Voprosy obrazovanija [Educational Studies], Moscow No. 1, 2004, pp. 5–30), defined as the main goal of education in Information Age
- Accent on value systems reflecting requirements and guarantees of the family, the society, and the state toward the conditions ensuring the socially expected quality of education
- Understanding basic education standards as *conventional social norms* ensuring availability, quality, and efficiency of education on the part of the state, the society, the family, and the school and establishing requirements for *education results, set of education spheres, and load scope* at various levels and stages of education, *training terms, structure of sample education programs, and procedures of control* over students' learning achievements on different age stages of individual development of schoolchildren's personality
- Design of versatile psychological and pedagogical technologies of formation of *universal cognitive actions* ensuring solution of training tasks and construction of a worldview on different education stages (Strategija razvitija variativnogo obrazovanija: mify i real'nost' [The variative education development strategy: myths and reality]/A. Asmolov, Kul'turno-istoricheskaja psihologija i konstruirovanie mirov [Cultural and historical psychology and systems' construction], Moscow–Voronezh, 1996, pp. 600–611)

We shall emphasize the fact that within the abovementioned frame of references of education standards, design axiological goal set is a mindset of formation of the worldview of a personality and of motivation for education being the main motivation of individual's development. According to this mindset, the emphasis in designing school standards is, first of all, switched to ensuring a *personal result* obtained in course of education and upbringing. Development of an individual's identity, which is essential for achieving personal self-sufficiency, acts as one of such personal results of education.

## Personal Identity Formation as the Objective of School Education

We have already mentioned above that axiological guidelines of methodology of sociocultural development of education as a major societal activity allow us to set the problem of *forming civil identity, ethno-cultural identity, and panhuman identity* and, as a condition of solving this problem, develop three different types of

model programs consistent with these identity hypostases:

- The complex of model programs to form ***civil identity*** directed at creating a person's identity as a citizen of his/her land, nurturing civil patriotism and love for the Motherland: Russian as the official language, history of the Motherland, native literature, social science, civic studies, and so on
- The complex of model programs to form ***ethno-cultural and regional identity*** (unification with a "minor Motherland" – village, town, region) directed at national enculturation, knowledge of the home region history, and so on: national language as native, regional study, national history, national literature, and so on
- The complex of model programs to form ***pan-human identity***, directed at enculturation with the cultural products of the world at large and the overall history of mankind, panhuman values, and science and technology achievements, making a person akin with all the mankind: mathematics as a universal language for communication, informatics, physics, elementary science, world history, world literature, world arts culture, economics, and so on

The proposed classification of the programs based on "identity," to our mind, provides the opportunity to avoid a mechanical administrative and territorial system of classifying components of the educational standards into federal, regional, and school standard components and to reveal genuine value objectives of education, which should be the aim of the model educational programs.

The described complex of programs for creating the civil identity, ethno-cultural identity, and panhuman identity acts as the condition of adopting normative value characteristics of a personality as a special "ideal type," a representative of civil society (M. Veber, Selected works. M.: Progress, 1990. C. 705–706):

- Self-perception as a Russian society member respecting the history of the Motherland and responsible for its destiny in the modern world and citizen's patriotism
- Positive attitude to adopting the major values of one's own national culture, culture of home area
- Readiness to have a dialogue and cooperation with people of different opinions, national cultures, and creeds; tolerance to opposite view, divergent positions, and different view of the world; and generosity
- Awareness of personal involvement in the destiny of the whole mankind
- Positive attitude to possessing universal ways of knowing the world

In case of a successful overcoming the identity crisis in the context of education as a leading societal activity, there is an increased probability of achieving the following systematic social effects:

- Self-perception of the oncoming generation representatives as the citizens of Russia and the world
- Civil society development
- Growth of the Russian society competiveness in the modern world
- Reducing the risk of the land's disintegration into separate territories by ethnical, confessional, and/or regional parameters and the risk of various social conflicts (ethnical, confessional, interregional, etc.)

The last-named effect directly concerns the identity crisis in our land. That's why we focus on the analysis of this particular social effect of education.

## Education as an Institute of Achieving Social Trust, Tolerance, and Prevention of Xenophobia

In circumstances of growing social diversity in the country, its education system faces more and more prominent tasks of reaching social and psychological harmonization of various social strata, decreasing social strain between members of various confessions and national cultures.

To develop the education as a social institute securing formation of tolerance and prevention of extremism, the following factors of social strain in the society should be taken into account:

- *Growing societal diversity* of social life and complexity of the civil identification process: taking decision about a place of a person (a social group) in the system of civil, social, professional, national, religious, and political relations
- *Uncertainty of values and social objectives* at the level of personality and social group, which emerged as a result of rapid changes in political, economical, and national state systems of the country
- *Growing hypermobility of the population* determined by the dynamics of ethogeographical society structure in the circumstances of turbulent nonregulated migration processes, leading to alteration of social divisions between various ethnical, confessional, generational, and social strata of the society and thus to a greater social strain;
- *Emergence of societal stereotypes of perceiving acts of cruelty*, *xenophobia, ethnophobia, and migrantophobia as a common social norm* and, hence, expressed or implied approval of using negative examples of aggression in actions of certain personalities and social groups, including the ones broadcasted via mass media
- *Active distribution of manipulative technologies of forming a "friend-foe" attitude*, setting up the specter of an enemy, using hate speech in mass media, creating radical "sites of hate" on the Internet, taking aim at the teenagers and the population strata who feel themselves socially deprived

The social monitoring results demonstrate that mass media and family life sphere factually compete against each other in manifestations of intolerance. It is worth mentioning that, by the polling data, *the education sphere is considered as the one where intolerance is least manifested* (G. Soldatova, E. Filileeva, Tolerantnost', social'noe doverie i ksenofobija: opredeljajushhie faktory i gruppy riska [Tolerance, social trust and xenophoby: determination factors and risk groups]. Booklets of the International University in Moscow #6, 2006, C. 154–176). Thus, we can conclude that the society expectations of the education as a socialization institute being able to compensate the defects of the socialization in the family, mass media, and streetwise have a real ground.

Besides these data, there are also noteworthy investigations of social stereotypes formed by mass media and of the value attitudes of teenagers, eyewitnesses, and participants of various traumatic situations, proving that stereotypes of perceiving acts of cruelty, xenophobia, ethnophobia, and migrantophobia *as a social norm* are emerging in modern Russian society.

The abovementioned phenomena most evidently manifest in such social groups as teenagers, migrants, and national minorities. Thus, in the process of monitoring the state of tolerance in teenager subculture (2003), the teenagers while answering the question on what is the widespread attitude in modern Russia toward national, ethnic, religious, and linguistic minority put aggressive nationalism on the first place (18.6%), then racism (17.1%), discrimination (16.4%), violence (14.7%), intolerance (14.4%), and terrorism (13.4%). Only about 2% of the teenagers consider that none of the listed phenomena is common in relation to the abovementioned minorities (Problemy tolerantnosti v podrostkovoj subkul'ture. Trudy po sociologii obrazovanija pod redakciej V. S. Sobkina [Problems of tolerance in teenagers' subculture. Works in education sociology under the editorship of V. Sobkin]. Volume VIII. Issue XIII. M.: Education sociology center at Russian Academy of Education, 2003, C. 391).

Also, the percentage of schoolchildren being indifferent to this problem is revealingly high (28.2%). *Moreover, the alerting fact is that more than a third of respondent teenagers are indifferent to any informal youth groups, including skinheads*.

It should be emphasized that the indifference of a substantial part of teenagers to socially dangerous acts of violence and extremism as a social norm is a strong proof of the necessity to

mandatory enliven the state policy of using the opportunities of education as the institute of creating civil identity, social harmony, and tolerance in Russian society.

These facts testify that the education is able to act as one of the leading factors in creating tolerance and prevention of xenophobic attitudes. At the same time, *the capabilities of general education as a resource of forming tolerance among kids and teenagers are used with extremely low effectiveness*. Moreover, the results of a humanitarian expertise show that school textbooks where the history of mankind development is presented as a history of violence and wars in many ways lead to forming the attitude to settle conflicts by violence as a *social norm*. Considering that, design of the textbooks should necessarily include factual material demonstrating the role of collaboration, cooperation, mutual understanding, latitude in religion, peacefulness, and dialogue in developing various cultures.

On the whole, in the context of developing the sociocultural education remodeling strategy with the purpose of reducing social strain and overcoming the negative social attitudes among teenagers and young people, determined in the process of monitoring, we propose the enhancement of study programs within the education system, which reveals complementary values of various religions, national cultures in the history of civilizations, and multinational modern society. Thus, tolerance by no means acts as the absence of one's own position or indifference to various forms of religious and national intolerance. On the contrary, only a person with his own world outlook and creed is capable to show generosity, to respect the outlook and creed of another person, and to possess the harmony of civil, ethno-cultural, and panhuman identity.

## Certain Tasks of the Sociocultural Modernization of Education

The analysis discussed above allows pinpointing the major tasks of the sociocultural modernization of education. Completing them is, to our mind, essential; otherwise social risks will only grow in the process of societal development of the country.

*The first task of the sociocultural modernization of education is to work out the projects uncovering the essence of education as a leading social activity of the society and implementing these projects in state programs of different levels*. The focus of these target programs is *the educational space as a social network* including the education along with other socialization institutes/family, mass media, religion, and socioeconomical institutes and determining social effects of education interacting with these institutes in the life of a person, society, and state. We have to state that despite the vector of movement toward knowledge-based society lined out in the state policy currently, the connection of education with social effects of societal development and Russian population mentality is very poorly presented in mass consciousness. Hence, the public understanding of the strategy of sociocultural modernization of education and ways of its implementation can become one of the factors motivating the change of the population social attitudes in favor of education.

*The second task of the sociocultural* modernization of education *is related to goal-oriented formation of civil identity as a precondition of strengthening* the society as a "unity of diversity" and solidarity in the sphere of social and interpersonal relations of Russian citizens.

*The third task of sociocultural* modernization of education – *the task of designing programs, in the first place, preschool and school education programs providing development of social tolerance norms and trust as a condition for dialogue of cultures in the multinational Russian society* – is directly connected with solving the task of forming civil identity.

*The fourth task of sociocultural* modernization of education *is the task of compensation for potential risks of the oncoming generations' socialization emerging in other socialization institutes*. We talk about the ways to search social partnership with the institutes of mass media, religion, and family with the purpose of successful socialization of children, teenagers, and young people and

*use of social networks* between these institutes to reduce the risk of social conflicts and strain.

*The fifth task of sociocultural* modernization of education *is increasing the mobility, quality, and accessibility of education as a resource for growth of personal social status in the modern society, achieving professional and personal success, which wakens belief in oneself and the future of homeland. The solution of this problem is directly connected with the strata-forming function of education* will also allow to reduce the risks of social segregation, which to a great extent is a result of a low social mobility and low accessibility of a high-quality education for the population of the country.

*The sixth task of sociocultural* modernization of education *is developing the "competence in replenishment of competences" as the value objective in designing education programs of different levels*, which allows the representatives of oncoming generations to cope with manifold professional and life challenges in the circumstances of steep growth of information flows and tempo of social changes.

And finally, *the seventh task of sociocultural* modernization of education *is developing the general education standards as conventional social norms securing the balance of interests of the family, society, state, and school with regard to reaching the quality education and allowing realization of the life aspirations of the youth*.

These are the priority tasks of sociocultural modernization of education in a most general outline. To allow the sociocultural modernization of education strategy succeed in performing the function of a hypothesis generating mindset and new socioculturally oriented education development programs, it is necessary to do the critical work, which, by the words of Michel Foucault, "...also implies belief in the Enlightenment and... always calls for the necessity to work on our practices, i.e. patient labor shaping the impatience of freedom" (Michel Foucault, Intellectuals and power. Selected political articles. M.: Praxis, 2002, C. 358).

As the examples of the implementation of the strategy of sociocultural modernization of education, below we discuss such projects as "Nasha Novaya Shkola" (Our New School) and "Obrazovanie kak institut socializacii detej s ogranichennymi vozmozhnostjami razvitija v sovremennom obshchestve" (Education as the institute of socializing the children with limited development abilities in the modern society) prepared by the working group of the Ministry of Education and Science of Russian Federation under the direction of V. V. Miklushevskiy (see Appendices 1 and 2).

E

## Cross-References


- ▶ Constitution of the Russian Federation, The
- ▶ Professionalism and Professionalization in Russia
- ▶ Russian Political System, The


## Appendix 1

### "Our New School": Social Project to Develop the Personality, Society, and State

"Our New School" educational initiative was formulated in the message of the President of the Russian Federation D. Medvedev to the Federal Assembly. Behind this initiative there is understanding of education as a system creating personality and the mode of life of the people, transferring the national values to new generations, and supporting motivation of a personality toward acquiring knowledge and innovations. Such ideological view of education gives a historical chance to realize creative potential of leading national scientific schools of psychology and pedagogy, considering education as a major social activity and the condition of sociocultural modernization of Russian society. Rewording the well-known utterance of L. Vygotsky, as applied to society development, that the education leads to development, the mission of "Our New School" initiative can be defined by the words: "Our new school is a school leading to the society development."

Thus, to achieve the goal set by the President, it is appropriate to consider "Our New School" initiative a *social* project of developing the

personality, society, and state, which affects the interests of widest Russian society strata.

### General Features and Major Tasks of "Our New School" Project as a Scientific Support of the President of the Russian Federation Initiative Within the System of Russian Academy of Education

***"Our New School" project mission*:** implementation of the nationwide ideology and policy, directed at successful socialization of the oncoming generation (including optimal integration of the children with problems in studying and behavior into the society); achieving such system effects as society harmonization and social stratification; forming civil identity; and developing the national innovation system as the key factor of increasing competitiveness of the country.

***"Our New School" project task***: designing education as a leading societal activity of the society, which forms the mentality, values, and norms of behavior in social groups (including children and teenagers in the groups of social risk) and provides a set of social and professional personal competences.

***"Our New School" target area:*** educational space as a *social network* which includes preschool, general education, additional education of children and teenagers, and education of children of social risk along with other socialization institutes/family, mass media, religion, and socioeconomical institutes and determines the social effects of interacting between the education and these institutes in the life of a person, society, and state.

#### Content Development

**Task 1. Developing the methodology of interdisciplinary analysis and evaluation of risks in the socialization of the oncoming generation as the ground for designing a modern school:**

1. Developing the methodology of forecasting the development of education as the institute of personality socialization
2. Determining the priority directions of interdisciplinary investigations of general education as a socialization institute considering modern trends of science development in the sphere of human social development (development biology, development physiology, psychogenetics, neuropsychology, anthropology and ethnography of childhood, child social psychology, sociology, demography, education economics, etc.)
3. Monitoring of the oncoming generation portrait in the modern society including monitoring of aspirations and professional orientations of teenagers and young people in the modern social development situation and also sociocultural and ethno-regional peculiarities of the educational system development
4. Complex project of investigating the role of general education in forming civil, ethnic, sociocultural, and religious personal identity in modern Russia
5. Developing the strategy of additional education of children and teenagers, providing the motivation to acquire knowledge and creativity
6. Designing modern school as a resource of establishing tolerance, trust, and psychological comfort and a condition for reducing the risk of interdenominational and ethnic conflicts
7. Development and approbation of methods of diagnostics and support of study motivation of schoolchildren as a condition of mastering versatile educational programs
8. Development of a set of innovational programs in the sphere of additional education of children which enables developing study motivation and social orientation for various professions among schoolchildren
9. Creation of a branched system of identification and support of gifted children and follow-up during the whole period of personality development
10. Development of the norms of organizational behavior in educational institutions as the condition of overcoming crises of personality development in the system of general education
11. Development of psychological and pedagogical programs in forming social competence

of children on the stages of the elementary and basic general education
12. Development of technologies of diagnostics, avoiding and preventing social risks in Russian multicultural education space
13. Development and approbation of innovational tutorial game complexes in forming the key competences of the children of preschool and junior school age in the system of additional education

**Task 2. Development of innovative content and technologies of preschool, general, and additional education as the ground for socialization of the oncoming generation, building a civil society and economics of knowledge:**

1. Development of the strategy of complex modernization of content of preschool education
2. Monitoring of psychological well-being and personal development of preschool children and elementary school students as a condition of designing an evolutive educational environment
3. Development and approbation of the criteria system for evaluating the engagement of preschool education into innovational processes based on the flexibility and variability of forms for providing services, support, and a better fulfillment of family potential as an informal education institution
4. Implementation of a new generation of general education standards, including the standards of the system of special education for children with limited health abilities, which include the requirements to the results of acquisition, structure, and conditions of implementing basic educational programs enabling successful socialization of students
5. Development of methodology of evaluating individual achievements of students as a basis for transition to the next educational level
6. Development and approbation of programs of universal actions directed at developing competences of students in making decisions in a wide range of problem situations, including the situations of uncertainty

**Task 3. Development of a strategy of forming a healthy and safe way of life and individual approach to each student, minimizing the children health risks in the learning process in modern school:**

1. Development of the requirements to educational institutions considering preventive care activities and requirements to the results of acquisition of major educational programs from the perspective of developing health and safety culture along with corresponding behavioral patterns among students
2. Development and approbation of programs for students aiming at the formation of foundations of personal safety and prevention of deviating activities among children

**Task 4. Formation of a system of training and support of certified experts engaged in external evaluation of educational institutions within the framework of accreditation:**

Development of a model and normative methodological support of advanced training of certified experts engaged in external evaluation of educational institutions within the framework of accreditation

Infrastructure

**Task 1. Development of the national system for diagnostics and psychological and pedagogical support of cultivation of individual abilities of children at various stages of their life journey:**

1. Development of a system of consultative and methodological support and providing versatile field-specific education, among other things using individual educational programs for students and network interaction of educational institutions
2. Creation of a system of psychological and pedagogical expertise of game products, including computer games, with the purpose of developing study motivation among children of preschool and elementary school age and minimizing risks of disadaptation of preschool children and elementary school students

3. Creation of an evolutive informational Internet resource of game complexes to provide the possibilities of efficient involvement of the children and teenagers in learning intellectual and evolutive games, formation of basic principles of personal and social safety, and arrangement of useful and constructive leisure time
4. Optimization of children's additional education institutions in the directions developing the children's creative interest to media and information technologies and engineering and designing activity
5. Development of infrastructure of the educational institutions for children, requiring psychological, pedagogical, medical, and social assistance, including equipment for psychological and pedagogical diagnostics, correction, and rehabilitation of minors based on modern health-saving technologies using computer technology
6. Creation of a system of crisis support for the children in risk group, which would deal with psychological, pedagogical, and legal support and rehabilitation, aiming at network interaction with educational institutions and providing the monitoring of social successfulness/unsuccessfulness of children with problems of development, learning, and behavior

Human Resources

**Task 1. Creating the system of training and additional training for pedagogical staff of modern school, directed at their professional and personal development:**

1. Monitoring of scientific schools, directions, and collectives providing innovational development of professional training for pedagogical staff of modern school
2. Development of methodology of designing requirements to the content and level of the additional professional training based on social partnership of the state, scientific associations, educational institutions, and the subjects of professional training
3. Developing a program to form social and professional competence of various categories of pedagogical staff of modern school
4. Creating a system of network interaction providing methodological support for the personnel within the system of preschool, general, and additional education
5. Developing a system of upgrading professional competences for executives of institutions of the additional education and for increasing competences in the issues of the additional education of children among directors of general education institutions

**Task 2. Improving the system of personnel training in the area of education quality management:**

1. Improving the system of personnel training to control the quality of education
2. Development, approbation, and implementation of the program of advanced training related to the issues of arrangement and ensuring performance of authorities delegated by the Russian Federation in the field of education
3. Development and approbation of the contents and technologies of conducting qualification tests for specialists dealing with control and supervision in the field of education
4. Development and approbation of additional professional training programs for specialists carrying out control and supervision in the field of education

Economics and Mechanisms of Management and Control

**Task 1. Modernization of organizational, financial, and economic mechanisms of activity of the general education institutions providing optimal investments in human capital:**

1. Development of new mechanisms of organization and funding of the system of the professional training for pedagogical staff and further training, including development of consulting services, methodology support, and qualifications accreditation
2. Improvement of the financial and economical mechanisms of functioning of general education institutions, institutions for the children who need psychological, pedagogical, medical, and social assistance, securing

implementation of the federal state educational standards and increasing efficiency of the budget expenses

**Task 2. Development and implementation of procedures of evaluation of education quality:**

1. Organizational management in conducting the external education quality evaluation with the purpose of developing the basic requirements to the contents and procedures of quality evaluation
2. Evaluation of the state of regional educational systems from the position of priority of regional systems of evaluation of education quality
3. Development of technology and tools of education quality evaluation in elementary school
4. Development of technology and tools for basic general education quality evaluation. Development of technology and tools for the general secondary (complete) education quality evaluation
5. Development of technology and tools for evaluation of quality of actions which general education institutions perform in the questions of personality socialization
6. Creating a system of education quality evaluation and developing basic parameters of the education quality
7. Developing major approaches to forming legal support of the general education quality control system at the federal and regional levels

Informational Support

**Task 1. Organizing a campaign in mass media with the purpose of securing the efficiency of planned actions, coverage of innovational processes in general education system, and also timely detection and setoff against socioeconomic and other risks:**

1. Forming attitudes promoting the enhancement of prestige of general education in modern society using federal and regional mass media
2. Planning and implementation of the project called "Innovations in Modern School and Russian Mass Media: Informational Support and Discussion of Risks"
3. Organization and implementation of measures in covering innovation processes directed at determination of value orientations reflecting the demands and guaranties of the family, society, and state toward conditions, providing for socially expectable general education quality in mass media and the Internet
4. Development of information technologies for rendering legal, psychological, and pedagogical assistance to minors in building healthy way of life and prevention of asocial behavior in the educational environment

E

## Appendix 2

### "Education as an Institute of Socialization of Persons with Health Limitations in Modern Society"

***The mission of the strategic direction***: integration of persons with health limitations into modern society.

***The strategic direction task***: designing education as a resource of social and psychological integration of persons with health limitations into modern society, which provides compensation of various physical and psychological limitations of this category of individuals and also promotes tolerant attitude to them in society.

***Target area*** of the strategic direction: **educational space as** a social network which includes education along with other socialization institutes (family, mass media, religion, social institutes) and determines social effects which interaction between education and these institutes has for personality, society, and state.

Content Development

**Increasing the Accessibility of Education for Persons with Health Limitations**

Improvement of the system of early detection of deviations in physical and/or psychological development and rendering psychological, medical, and pedagogical assistance to persons with health limitations.

Development of innovational models of arranging the education environment providing accessibility of high-quality education for persons with health limitations in the conditions of a

complex modernization of education sphere, which can be differentiated based on the level and direction of education programs (preschool, general, professional education) and variants of receiving the education (in special educational institutions, in the common type educational institutions, at home).

Development of integrated education for persons with health limitations: creation of adaptive environment providing a full-scale integration and personal self-fulfillment of individuals with health limitations in an educational institution of common type (including development of sanitary and epidemiological requirements, federal requirements to educational institutions to minimal infrastructure of the study process and equipment of the classrooms according to the educational needs of individuals with health limitations; development of the system of remote education for persons with health limitations).

Improvement of the tracking and accounting system to ensure that the rights for education of persons with health limitations are respected.

**Improving the Quality of Education for Persons with Health Limitations**

Improvement of the contents and technologies of education for persons with health limitations (including the development of teaching and methodical complexes, electronic educational resources for use in the educational process for the studies of various categories of persons with health limitations, scientific methodological support of the system of maintaining individual educational trajectories of the children in conditions of inclusive education).

Development and implementation of a model of psychological and pedagogical support of the students with health limitations in general and professional educational institutions.

Improvement of the system of rendering psychological and pedagogical support to families nurturing children with health limitations, including education for the parents (other legal representatives) considering methods and technologies of correction and rehabilitation work with the children with developmental disorders.

Infrastructure

**Optimization of the Existing Network of Special Educational Institutions; Development of Teaching and Methodical Centers Providing Consultancy and Methodology Support to Pedagogical Staff of General Educational Institutions and Consultative, Psychological, and Pedagogical Assistance to Persons with Learning Difficulties and to Their Families**

Enhancement of the study processes for the persons with health limitations (building the infrastructure for development and support of innovational activity of educational institutions implementing the programs of general and professional training of persons with health limitations; modernization of the educational information environment for acquiring education by persons with health limitations, including usage of remote educational technologies; creation of regional resource centers for teaching children with health limitations; implementation of new models of occupational guidance and professional training of persons with health limitations).

Human Resources

**Arranging Systematic Psychological and Pedagogical Training, Additional Training, and Advanced Training of Employees of Education Administration, Educational Institutions, and Other Authorities and Entities Dealing with the Issues of Education for Persons with Health Limitations**

Advanced training of the specialists of the executive branch of the subjects of Russian Federation who carry out control in the sphere of education, and managers, specialists of educational institutions dealing with the questions of organization of the studies for persons with health limitations.

Improving the personnel training for educational institutions implementing the professional education programs for persons with health limitations.

Economics and Mechanisms of Management and Control

**Improving Management Efficiency in the Education System and Support of the Programs for**

**Socialization of Persons with Health Limitations**
Elaboration and approbation of the model of introducing normative funding per capita in implementation of the state guaranties of civil right to receive public and free general education in special (corrective) education institutions for students with health limitations.

Implementation of higher standards of funding the education of persons with health limitations in educational institutions of all levels.

Informational Support
**Creating Tolerant Attitudes to Persons with Health Limitations in the Society and Popularization of Ideas of Assisting Them in Receiving Education and Social Integration**
Development of informational and methodological support of the processes of forming tolerant attitude to the students with health limitations and physically challenged persons and popularization of ideas of securing their equal rights to education and social integration.

Monitoring mass media within the investigation of specific features of adaptation and integration of persons with reduced developmental abilities and forming the norms of tolerant attitude to this category of students.

Development of the informational Internet platform on an existing youth resource for persons with health limitations aiming at their adaptation and integration in the peers' environment.

# Educational Inequity in America's Urban Communities

Felix Kumah-Abiwu
Center for African Studies, Department of Pan-African Studies, Kent State University, Kent, OH, USA

## Synonyms

Discrimination; Disparity; Inequality; Inequity

## Definition

Inequity is broadly defined as unfairness, injustice, or inequality regarding a particular situation. Educational inequity is unfairness, injustice, or unequal access to educational opportunities (Welner and Farley 2010).

## Introduction

The power of education to transform personal lives and societies is not only accepted universally, but scholars and policymakers also share the view that access and equity in educational opportunities are critically essential in improving the human condition. This transformative power of education is a good reminder of Nelson Mandela's famous quotation on the value and power of education. According to late President Mandela, "education is the most powerful weapon which you can use to change the world" (Nelson Mandela Foundation 2020). This powerful weapon of education connects well with the mission of the United Nations Educational Scientific and Cultural Organization (UNESCO) which underscores education as a human rights issue.

Given the value and human rights perspectives of education, especially public education in advanced societies such as the USA with vast economic resources as compared to other countries, one would have expected less contentious debates on public education. The preceding statement is quite the opposite when it comes to the debates on equal access to education in the USA, especially in urban communities. In other words, USA is largely characterized by educational injustice with unequal opportunities between urban and suburban school districts to the dismay of many scholars and other observers.

To explore these issues, this entry provides an overview of USA's educational inequity with focus on urban communities. While the words inequity and inequality are closely connected to the broader issues of unfairness and injustice, these two words are also different in many ways. This entry not only acknowledges the differences in meaning of the two words, but also underscores

their interconnections to the broader issues of unfairness and injustice. The entry focuses on public school districts in urban communities, especially African American communities in the USA. The discussion is organized into two parts. The first part examines the conceptualization of educational inequity and the theoretical categories of urban communities with reference to urban public schools. The second part explores the evolutionary phases of educational inequity in the USA. The entry concludes with a reflection on policy ideas/suggestions for policy change.

## Conceptualizing Educational Inequity

As noted, educational inequity is broadly conceptualized as unequal access to educational opportunities, differences in educational resources, quality of instruction, and student outcomes (Welner and Farley 2010). Alternatively, we can also understand inequity through the lens of what equity/equality means. According to Atchison et al. (2017), educational equality is the opportunity provided for all students to receive equal access to the same educational pathways. While policy efforts toward the attainment of equality can be a worthy goal in leveling the unequal educational field, Atchison et al. (2017) have also argued that equality might not necessarily be enough in leveling unequal educational field. Instead, equity in education should be the most important aspect of public education where all students can be offered a unique support for academic success. Notably, the unique support idea of equity takes into account the fundamental consideration that diverse students have unique needs based on their different experiences, cultural backgrounds, and social identifiers such as race, ethnicity, gender, socioeconomic status, and disability which often shape their educational outcomes (Atchison et al. 2017; Klees and Qargha 2014).

Pedro Noguera shares a similar thought on the equity idea. According to Noguera (2019), the reality of the current public school system in the USA is largely characterized by several decades of systemic inequalities where students from privileged backgrounds come into the public school space with an edge or advantage. In this case, as Noguera (2019) has argued, privileged students tend to have an edge due to their access to well-resourced school system with effective teachers, private tutors, advanced course works, and other opportunities that foster predictable educational outcomes. On the contrary, students from under-resourced urban communities have less than stronger educational outcomes due to fewer parental resources and the existence of structural inequalities. To this end, an educational system where students have access to the *exact same* opportunities regardless of their backgrounds constitutes what Noguera (2019) describes as equality.

For some, the equality reasoning seems reasonable within the context of good intentions, but the reality of USA's history of educational injustice raises further questions on the equality argument. To put it differently, as Noguera (2019) has articulated, the centrality of the discourse regarding USA's public education should be about equity, not equality, given the fact that it would be difficult to access equal opportunities for desirable outcomes when a segment of the population, especially African Americans and their communities, is far behind. It thus becomes difficult for urban communities that are far behind due to historically driven structural inequalities to compete on the same playing field with suburban communities. Using a metaphor regarding the ability to "see beyond a fence," Noguera (2019) notes that educational equality practice provides *exact same* opportunities to those with advantage and those without, making those with advantage able to easily "see beyond the fence" on the basis of their already elevated position along the fence. Equity, on the other hand, provides a *unique opportunity* for every student on the basis of their needs, especially those from disadvantaged backgrounds to also "see beyond the fence." Simply put, equity in educational policy and practice should be about the commitment to provide or meet the unique needs of students in the public school system, especially those from marginalized urban public schools to be as successful as those from well-resourced public schools (Noguera 2019).

Another aspect of educational inequity that needs to be underscored is what Paolo Freire referred to as a "decolonized" view of education in his work on the pedagogy of oppressed people. Advancing Freire's ideas, McLaren (1997) argues that the reform of schools toward equity should not only be based on social patterns of representation, but reform programs also need to address what Paolo Freire describes as socioeconomic injustice that is often linked to political and social structures of society with the dominance of European-centered norms and ideas. In other words, a Freirean pedagogy of liberation should underscore the "decolonized" view of education (Freire 1970; McLaren 1997). Similarly, Patel's (2015) work which examines the importance of equitable access to resources and efforts to decolonize formal education and research adds another significant layer to the broader discourse on USA's public education landscape.

With respect to urban public education, this entry draws on the conceptual ideas of Milner (2012) in conceptualizing urban public education. Milner (2012) categorized urban school districts into three typologies. The first typology is *urban intensive*, which describes public school districts that are concentrated in large and metropolitan cities in places such as New York, Chicago, and Los Angeles with more than one million people. These school districts are often faced with huge problems and challenges of limited resources. The second typology is *urban emergent*. This refers to public school districts located in large cities, but these cities have less than one million people. These schools may also experience problems of limited resources as *urban intensive* schools. Cities such as Nashville, Tennessee, Columbus, Ohio, and Charlotte, North Carolina, are a few examples. The third typology is *urban characteristic*, which refers to school districts that are not located in or near large cities, but in suburban or rural communities with some of the challenges often associated with urban schools such as growing number of immigrant population and English language learners with varied socioeconomic backgrounds (Milner 2012; Kumah-Abiwu 2019). With reference to this entry's discussion on educational inequity in USA's urban communities, *urban intensive* and *urban emergent* serve as useful conceptual tools for the broader discussion on the structural inequalities in USA's urban public school districts.

The next section explores the evolutionary phases of educational inequity in the USA. The important questions of interest worth considering are: What explains the inequalities in USA's public school system? In other words, as Fischer et al. (1996) have noted, why do some Americans, for that matter public schools, have a lot more than others? Is inequality caused by a systemic design?

## USA's Educational Inequity: A Historical Perspective

As previously stated, the USA is not only the leading country in the world in terms of the size of its economy, but also leads the world in technological advancement, military capabilities, political/diplomatic power and influence, and home to one of the best institutions of higher learning in the world. With such a status as the leading economic powerhouse coupled with vast resources, one wonders why so much inequality exists in the American society, especially in the public education system (e.g., K-12). Welner and Farley (2010) echoed similar sentiments on the educational system when they argued that the public school system is facing growing and alarming inequities that need urgent national attention. To these scholars, the current public school system could best be described as a dualistic system when it comes to educational opportunities. In this case, as Welner and Farley (2010) have noted, public schools have some children who are doing very well and among the best in the world, while many other children are cast off into unsafe, unsupportive, under-resourced, and unchallenging school environments. Students from large, small, rural, and urban schools, especially those from marginalized urban communities such as low-income households and students of color, specifically African Americans, are left behind with limited chances of academic success (Welner and Farley 2010). What explains these troubling disparities?

For many scholars and other critical observers of the American educational landscape, the interconnections of race/ethnicity, wealth, and education are some of the explanatory factors that have sustained the country's educational inequity for centuries. While recognizing the importance of these factors, this entry focuses on race/ethnicity with emphasis on urban public education for the discussion. Two reasons informed the decision to focus on race/ethnicity. First, the experiences of African Americans with respect to the systemic inequalities they have suffered and continued to suffer seem unparalleled to other marginalized groups. The centuries of racial oppression during slavery, the Jim Crow era of segregation, and the present era of pervasive antiblackness are a few cases in point. Second, the focus on race/ethnicity is also shaped by the entry's scope/expectation of brevity of the subject matter. Notwithstanding the focus on African Americans, some references are made in the entry to other marginalized groups such as Native or Indigenous Americans and Chinese Americans in the discussion.

With respect to the evolutionary phases of USA's educational inequity, this entry draws on scholarly works from the field of public education, especially the work of Noltemeyer et al. (2012) which has captured very well the debates on USA's educational inequity. Like other scholars, Noltemeyer et al. (2012) have examined what is described in the literature as a social justice perspective to education where fairness, respect, and dignity for individuals and groups are underscored. The fundamental question worth asking is: To what extent does the social justice idea of fairness, respect, and dignity for individuals and groups manifest in the American educational terrain? Noltemeyer et al. (2012) have argued otherwise when it comes to the social justice idea and the reality of America's public education. To these scholars, the history of race and ethnicity is not only inextricably linked, but these factors have shaped and continued to shape USA's systemic inequalities.

Starting with the unpleasant experiences of Native Americans, for example, Noltemeyer et al. (2012) have noted that Native Americans were not only subjected to severe forms of oppression by European settlers/colonizers, but boarding schools were established in the 1800s where children of Native Americans were educated through the lens of Euro-centric ethos and values (Noltemeyer et al. 2012; Loring 2009). The forced and unequal system of education was not only limited to Native Americans, but Chinese American children were also educated in segregated schools in California in the 1800s and Latino students in the Southwest region were excluded from the mainstream public school system as well (Noltemeyer et al. 2012). In addition to the instances of racial discrimination/exclusion of Native Americans, Chinese Americans, and Latino Americans, the centuries of systemic oppression and other discriminatory practices against African Americans in USA's educational system, among many other sectors of the society, embodied the country's painful history of race/ethnicity and educational inequities.

## African Americans and Educational Inequity

For many observers, the agonizing odyssey of enslaved Africans who were forcefully taken from Africa to the shores of the so-called New World not only marked a painful chapter in human history, but their arrival to America in 1619 also marked the start of what Noltemeyer et al. (2012) have described as the start of the centuries of their unjust treatments. In addition to the widespread cruelty and mistreatment of enslaved Africans, they were also prohibited from education, except in instances where religious education was allowed to instill fear and psychological control over them. Nevertheless, the strong desire for knowledge and education never escaped the imagination of freed and enslaved Africans (Colon 2003; Kumah-Abiwu 2016).

As generally known, the learning activities of enslaved Africans were mostly held in secret, while some well-meaning Americans, especially the Quakers, helped in the provision of their religious education. Oberlin College in Ohio was the first institution of higher learning to admit free African American students in 1835 (Noltemeyer

et al. 2012). Three historically black institutions of higher learning that were established from the 1830s to the late 1850s also served the higher educational needs of free blacks in the antebellum or pre-Civil War period. These institutions include: Institute for Colored Youth, later renamed Cheyney University of Pennsylvania, was established in 1837. Ashmun Institute, which became Lincoln University in Pennsylvania, was established in 1854. Wilberforce University in Ohio, which was established in 1856, also served the higher educational needs of free blacks (Redd 1998).

Enslaved Africans gained their full freedom from the brutal institution of slavery following the Emancipation Proclamation, end of the American Civil War, and the passage of the 13th Amendment to the US Constitution which abolished slavery in 1865 (Noltemeyer et al. 2012). There is no doubt that African Americans embraced and cherished their new freedom from slavery with respect to legal, civil, and political rights, especially during the Reconstruction era (1865–1877). Unfortunately, the freedom of many African Americans was interrupted with new forms of racial discrimination, especially in the educational system (Noltemeyer et al. 2012). To understand the evolutionary phases of the new forms of racial injustice against African Americans in the educational system, the entry recategorizes and examines the new forms and practices from two historical phases. Phase one explores the period from the end of the Reconstruction era in 1877 to the 1954 *Brown v. Board of Education* landmark decision by the US Supreme Court. Phase two examines the post-1954 (*Brown v. Board of Education*) period to the present era.

## Phase I (1877–1954)

For many, the postslavery era also known as the Reconstruction period was expected to represent an era of rebirth, hope, and promise of citizenship for African Americans, but this hopeful era was short-lived as the unresolved race problem, as Hanchard (2018) describes it, emerged once again within the American society. According to Hanchard (2018), as other scholars have argued, the unresolved race problem that has continued to manifest in discriminatory practices is pervasive within the fabric of the American society. This was exactly the case in the late 1880s when new forms of racial discriminatory practices were introduced to deny the opportunities for upward mobility and rightful citizenship to African Americans. Butchart (2010) captures the preceding assertion very well by stating that the root of USA's educational inequity and discrimination started when African Americans began to demand access to educational opportunities after the end of slavery. White southerners, as Butchart (2010) has argued, responded to the demand by African Americans for education with a crushing force of violence that ranges from intimidation to physical violence against African Americans living in the South. The white resistance took forms such as social shaming, insults, various forms of intimidation, and the refusal to sell lands for the building of schools for African Americans (Butchart 2010).

Besides the violence, intimidation, and other methods of resistance to the educational needs of African Americans, legal means were also introduced during the period under review (*Phase I*) to deny African Americans access to education (Butchart 2010). The Jim Crow or segregated laws that were introduced in the American South from the late 1880s marked a rather destructive era of USA's democratic rule where legal means were used to support inequities, especially in public education. As Johnson and Howard (2009) have suggested, the cherished notion by Americans that education serves as a tool for liberation, empowerment, enlightenment, and economic mobility seems to disappear from the national discourse as a segment of the population was thrown in the orbital space and status as second-class citizens. As the literature has revealed, racial segregation laws in public places in many parts of the South were based on the so-called "separate-but-equal" doctrine (Noltemeyer et al. 2012). One of the most outrageous aspects of the period, it could be argued, was the 1896 decision by the US Supreme Court that upheld the "separate-but-equal"

doctrine in the *Plessy v. Ferguson* case. Simply put, as this entry observes, the US Supreme Court which is expected to protect and uphold the legal rights of citizens failed other fellow Americans by their endorsement of state-sponsored segregation laws against African Americans.

The effects of the "separate-but-equal" ruling were devastating for African Americans as social inequities were perpetuated in two fundamental ways. First, the ruling fortified the practice of the segregated laws, especially in education. Second, the era also marked a significant period in the history of USA's public education where the legal system was used to not only deny good educational opportunities to American citizens, but discrimination and social inequalities were sanctioned and tolerated (Ficker 1999; Noltemeyer et al. 2012). One of the main manifestations of the "separate-but-equal" practice was the establishment of a racially based public school system with benefits for white public schools and burdens for African American public schools. For example, African Americans were not only restricted to segregated and dilapidated public schools, but these schools were under-resourced with limited funding. On the other hand, white public schools were well-resourced and funded (Noltemeyer et al. 2012). The major outcome of the racially segregated public school system was the creation of what Ficker (1999) describes as a second-class education for African Americans as compared to European Americans until the 1954 ruling by the US Supreme Court which banned racial segregation of public schools.

It is clear as the preceding discussions have revealed that America's educational inequity does not appear to be accidental, but the inequity was the product of systematic efforts to deny African Americans the opportunity for good public education. The systematic effort argument is quite consistent with what Fischer et al. (1996) have described as inequality by design which has been shaped by national policies, actions, and inactions to maintain the inequality. The next phase explores the post-1954 era with focus on the trends in USA's educational inequity.

## Phase II (1954 to Present)

The legal collapse of the "separate-but-equal" principle in 1954 marked another important layer of success for equality and justice for African Americans. To explore the trends in America's educational inequity in the post-1954 era, the entry draws on Reardon and Owens (2014) and other scholarly works for the discussion. The discussion is divided into two periods – from 1954 to the 1970s as the first period and from 1980s to the present as the second period.

As the literature has revealed, the expected integration of the public schools after the 1954 *Brown v. Board of Education* decision by the US Supreme Court against the "separate-but-equal" doctrine was a slow process. In the American South, for example, many attempts were made to use other means and strategies to preserve the racial segregation of schools despite the 1954 ruling by the US Supreme Court which banned racial segregation of public schools. One initiative that was introduced was the freedom of choice desegregation plan. The plan shifted the desegregation responsibility to African American families to take the necessary steps in enrolling their children in white public schools. Unfortunately, this option did not appeal very well to African Americans given the hostility of many whites toward the integration of the public schools (Reardon and Owens 2014). In fact, Reardon and Owens (2014) echoed Clotfelter's (2004) point on how public schools achieved little progress on racial desegregation of the schools from 1954 to the mid-1960s. For instance, 81% of African American students in the South still attended majority black schools. Further efforts were made to desegregate the public schools in the late 1960s throughout the 1970s, thanks to the 1968 *Green v. County School Board of New Kent County* decision by the US Supreme Court which mandated schools to initiate further plans toward the integration of the public schools (Reardon and Owens 2014).

The second era (1980s–present era) of the post-1954 phase witnessed what some scholars have described as a gradual process toward the resegregation of America's public schools on the

basis of class (income and socioeconomic) status. Watson (2009) as well as Reardon and Owens (2014) have, for example, observed this trend in their respective works when they noted that the post-1954 phase marked the start of residential income resegregation in the USA as African Americans moved from the rural South to urban areas in the North. The movement of African Americans in large numbers, which is also known as the Great Migration from the South to the North, started from the early 1900s to the 1970s (Tolnay 2003). As African Africans moved into the cities, white families started to move away from the cities to establish suburban communities (Tolnay 2003).

The suburbanization process, as Massey and Tannen (2017) have captured it, not only marked the "American Dream" of home ownership with good public schools in these suburban areas, but the benefits of living in these suburban communities during the suburbanization era were reserved for whites. African Americans were systematically excluded from buying homes and/or living in these suburban communities because of individual and institutional discriminatory practices from real estates and other financial institutions (Massey and Tannen 2017). While the 1968 Fair Housing Act prohibited racial discrimination in housing as the case with the 1974 Equal Credit Opportunity Act which also outlawed racial discrimination in mortgage lending, the enforcement of these laws was not effective to check the discriminatory practices against African Americans (Massey and Tannen 2017).

With decades of policy practices that have supported public school funding from state and local sources with almost half of the funding from local taxes, the implications have been profound and devastating for urban public schools. For example, many urban neighborhoods have continued to suffer from decades of declining property taxes due to disinvestment in these areas, fewer home ownership, and the low market value for homes resulting in less property taxes for public schools in these communities as compared to suburban areas (Obidah and Howard 2005). Ironically, as Obidah and Howard (2005) have noted, many of the urban communities with lower property tax revenue base are areas where a number of tax-free institutions such as universities, hospitals, and art museums are also located.

In addition to the policy issues and structural challenges that are hampering the academic success of many students in urban school communities, other challenges and problems facing most urban public schools also rest on the shoulders of stakeholders such as school administrators, teachers, parents, and students (Obidah and Howard 2005). Issues of racial, cultural differences between teachers and students, classroom management, and the challenges of parental supervision, among others, have been identified as some of the factors creating the achievement gap between urban and suburban schools (Obidah and Howard 2005; Kumah-Abiwu 2019). Notwithstanding, it could still be argued that the unfairness in public school funding is the single most important reason for the educational inequity and huge achievement gap between rich suburban and poor urban school districts (Obidah and Howard 2005). In fact, Meatto (2019) captures this troubling trend by noting that racial segregation in public schools has been outlawed for more than 60 years in the USA, but most public schools remain largely separate and unequal on racial and socioeconomic lines with negative consequences on educational achievements in urban school districts. This point was underscored in a recent report issued by the nonprofit EdBuild. The report, as Mervosh (2019) has observed, reveals that USA's urban public schools that serve students of color received $23 billion less in school funding than white public schools in 2016, although these school districts serve the same number of students.

## Conclusion

The debates on the transformative power of education and questions on the inability to achieve educational equity, especially in the USA have continued to attract attention from scholars and policymakers. This entry has provided an overview of the discourse on America's educational inequity (Welner and Farley 2010; Noguera 2019)

in urban communities with a focus on African Americans. Drawing on the theoretical categories of urban public schools, the entry examined the evolutionary phases of educational inequity across America. The entry explored the educational inequity landscape within the context of two phases. Phase one examined the end of the Reconstruction era to the 1954 (*Brown v. Board of Education*) decision of the US Supreme Court. Phase two explored the post-1954 to the present era.

One of the main obstacles to achieving equity/equality in America's educational landscape, as revealed in the overall discussion of this entry, centers around the calculus of funding public schools, which is based on state and local revenue sources with almost half of the revenue from local property taxes. To achieve the goal of educational equity in USA's public schools, and to follow the core principle of what a *public education* constitutes and should actually look like in terms of *a public good*, policy change needs to occur with an emphasis on an *equitable allocation of funding* from the federal, state, and local governments with less focus on property taxes to fund public schools, regardless of whether these schools are located in urban or suburban communities.

## References


Atchison B, Diffey L, Rafa A, Sarubbi M (2017) Equity in education: key questions to consider. Education Commission of the States, Denver

Butchart ER (2010) Black hope, white power: emancipation, reconstruction and the legacy of unequal schooling in the U.S. South, 1861–1880. Paedagog Hist 46(1/2):33–50

Clotfelter TC (2004) After Brown: the rise and retreat of school desegregation. Princeton University Press, Princeton

Colon A (2003) Black studies: historical background, modern origins and development priorities for the early twenty first century. West J Black Stud 27:145–156

Ficker JD (1999) From Roberts to Plessy: educational segregation and the separate but equal doctrine. J Negro Hist 84:301–314

Fischer C, Hout M, Jankowski M, Lucas S, Swidler A, Voss K (1996) Inequality by design: cracking the bell curve myth. Princeton University Press, Princeton

Freire P (1970) The pedagogy of the oppressed. Continuum International Publishing Group, New York

Hanchard M (2018) The spectre of race: how discrimination haunts western democracy. Princeton University Press, Princeton

Johnson E, Howard TC (2009) Issues of difference contributing to U.S. education inequality. In: Holsinger DB, James Jacob W (eds) Inequality in education: comparative and international perspectives. Comparative Education Research Centre, Hong Kong, pp 444–460

Klees JS, Qargha O (2014) Equity in education: the case of UNICEF and the need for participative debate. Prospects 44:321–333

Kumah-Abiwu F (2016) Beyond intellectual construct to policy ideas: the case of the Afrocentric paradigm. Africol: J Pan Afr Stud 9:23–43

Kumah-Abiwu F (2019) Urban education and academic success: the case of higher achieving black males. Urban Education. Published online on 6 March. https://doi.org/10.1177/0042085919835284

Loring D (2009) The dark ages of education and a new hope. N Engl J Higher Educ 24:16–17

Massey DS, Tannen J (2017) Suburbanization and segregation in the United States: 1970–2010. Ethn Racial Stud 86:1–18

McLaren P (1997) Paulo Friere's legacy of hope and struggle. Theory Cult Soc 14(4):147–153

Meatto K (2019) Still separate, still unequal: teaching about school segregation and educational inequality. New York Times, May 2. Retrieved June 20, 2020, from https://www.nytimes.com/2019/05/02/learning/lesson-plans/still-separate-still-unequal-teaching-about-school-segregation-and-educational-inequality.html

Mervosh S (2019) How much wealthier are white school districts than nonwhite ones? $23 Billion, report says. New York Times, February 27. Retrieved June 20, 2020, from https://www.nytimes.com/2019/02/27/education/school-districts-funding-white-minorities.html

Milner R (2012) But what is urban education? Urban Educ 47:556–561

Nelson Mandela Foundation (2020) Retrieved June 15, 2020, from https://www.nelsonmandela.org/content/page/nm100-education

Noguera P (2019) Equity isn't just a slogan: it should transform the way we educate kids. Insight. The Holdsworth Center. Retrieved June 16, 2020, from https://holdsworthcenter.org/blog/equity-isnt-just-a-slogan/

Noltemeyer LA, Mujic J, McLoughlin SC (2012) The history of inequity in education. In: Noltemeyer AL, McLoughlin CS (eds) Disproportionality in education and special education. Charles C. Thomas Publisher, Springfield, pp 3–22

Obidah EJ, Howard CT (2005) Preparing teachers for "Monday morning" in the urban school classroom:

reflecting on our pedagogies and practices as effective teacher educators. J Teach Educ 56:248–255
Patel L (2015) Decolonizing educational research: from ownership to answerability. Routledge, New York
Reardon FS, Owens A (2014) 60 years after Brown: trends and consequences of school segregation. Annu Rev Sociol 40:199–218
Redd EK (1998) Historically black colleges and universities: making a comeback. N Dir High Educ 102:33–43
Tolnay ES (2003) The African American 'great migration' and beyond. Annu Rev Sociol 29:209–232
Watson T (2009) Inequality and the measurement of residential segregation by income in American neighborhoods. Rev Income Wealth 55:820–844
Welner K, Farley A (2010) Confronting systemic inequity in education: high impact strategies for philanthropy. National Committee for Responsive Philanthropy. Retrieved June 20, 2020, from https://www.issuelab.org/resources/5611/5611.pdf

# Educational Leadership

Wenfan Yan[1] and Yumei Han[2]
[1]Department of Leadership in Education, College of Education and Human Development, University of Massachusetts Boston, Boston, MA, USA
[2]University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Educational administration; Educational management; School leadership

## Definition

Educational leadership is defined as the quality and competence of exerting leading influence on educational organization members, teachers and faculty, students, and diverse stakeholders within and beyond certain educational organizations and settings toward the achievement of educational visions and goals. According to organizational levels, educational leadership can be classified as personal leadership, classroom-level leadership, school-level leadership (including preschools, K-12 schools, and higher institutes), and system-level leadership. According to performance style and rationale, educational leadership can be classified as instructional leadership, transformational leadership, distributed leadership, and teacher leadership. Leaders are tending to perform a complexity of diverse leadership styles. The term "educational leadership" also indicates graduate programs in higher education institutions in the field of education.

E

## Introduction

Successful leadership is typically regarded as key organizational property and asset that determines the operation effectiveness of an educational organization as well as the well-being and improvement of the organizational members and students. Especially for turnaround schools, leadership matters significantly.

Leadership is easily mixed with the concept of management. Four criteria were set up by researchers to define the distinction between the two, specifically: management is about the status quo, while leadership is about change; management focuses on the short term, while leadership focuses on the longer term; management is about keeping "the ship" running smoothly, while leadership is about disrupting the status quo; management is about doing things right, while leadership is about doing the right things (Leithwood 2012).

To understand what is educational leadership, it is helpful to learn about educational leadership theories, core domains of educational leadership practice, characteristics of successful educational leaders, and how educational leadership functions to promote student learning.

## Educational Leadership Theories

Current mainstream educational leadership theories include instructional leadership, transformational leadership, distributed leadership, and teacher leadership. In the educational context, these leadership theories indicate distinguished styles and features of different educational leaders.

## Instructional Leadership

Instructional leadership generally indicates educational leaders' trait of excellent mastery and management of curriculum and instruction. Educational leaders with such trait are prone to focus their influence on building educational goals and missions centering around curriculum and instruction, initiating and promoting programs to reform curriculum and enhance professional teachers' instructional skills, and creating positive school learning climate for both teachers and students (Hallinger 2003).

## Transformational Leadership

Educational leaders who possess quality of transformational leadership are more distinguished in diagnosing institutional issues, aligning with system-level educational reform and policy trends, identifying needed changes, appreciating inspirations and innovation, and initiating transformative reforms toward educational goals through execution of systematic changes based on diligent weighing of collective intelligence.

## Distributed Leadership

In contrast to defining styles and characteristics of individual leaders, distributed leadership is a conceptual approach of defining leadership as a situated process of being dynamically distributed among committed members in the educational organizations in specified situations. In different task-based/program-based situations, official positioned educational leaders, teachers/faculty, staff, or even parents can be dynamic role players of empowered leaders, taking actions to influence other members and the organization operation toward specific objectives and the common educational goals.

## Teacher Leadership

Teacher leadership defines the capacities of teacher leaders in the K-12 school settings. Teacher leaders are teachers not only taking charge of classroom instruction but also take on administrative roles beyond the classroom settings in the school system. Teacher leaders' responsibilities include setting up role models among peer teachers in terms of managing classroom and instruction, mentoring new teachers or teachers in need of instructional help, managing teaching and learning, and promoting positive communications and collaborations among teachers toward the goal of enhancing professional development and student learning. Teacher leaders are empowered to make decisions and take on direct influence on teaching and learning on the school level.

## Domains of Educational Leadership Practice

Educational leaders play multitasking roles and exercise leadership qualities through certain patterns of practices in the process of improving organizational development. According to Kenneth Leithwood, on the school level, these practices could be classified into five core leadership practice (CLP) (Leithwood 2012; Leithwood et al. 2006), as follows.

## Setting Directions and Goals

The primary role that educational leaders play is setting explicit, appropriate, and achievable school development directions and goals according to national and provincial policies, local community aspirations and expectations, and the school's collective educational ideals. Formulating a commonly shared vision of the organization's future is regarded as key part of the task, and it functions as significant motivation for the collective efforts to be made for. Educational leaders are also responsible for setting more specific and explicit short-term goals that strategically guide the organization move toward the future visions step by step. Effective educational leaders have expertise in identifying such goals through using data, engaging stakeholders' collective intelligence, encompassing individual

teacher's professional development goals and students' learning goals, and conducting periodical review, evaluation, and upgrading.

## Building Relationships and Developing People

Teachers are the primary capacity and asset of educational organizations. One core practice of educational leaders is building harmonious relationships with the teachers as well as with students, parents, and other stakeholders engaged in the educational organization development. Educational leaders should continuously identify teachers' and students' needs, difficulties, and progress; provide respect, support, and care for individual teachers, staff, and students; create democratic and trusting climate to encourage individual's opposing and innovative ideas; and facilitate opportunities and resources for them to achieve development. Effective leaders set up role models for the organizational members through their personal morale, values, and practice aligning with the organization's visions, and this significantly enhances relationship between such leaders and his followers.

## Developing the Organization to Support Desired Practices

The educational organization is where educational leaders enact their leadership practice. The infrastructure condition of the educational organization constrains the extent to which educational leaders can exert their leadership and meanwhile provides opportunities for them to fully challenge their leadership potentials toward their desired practice and aspirations. Effective educational leaders have faith and belief in making difference of the organization toward their goals and ideals. They make best use of the people's capacity and motivation by restructuring the organization and reallocating resources through distributed leadership strategies in a collaborative culture internally within the school and externally with communities and families beyond the organization.

## Improving the Instructional Program

It is widely proved that teacher quality is the most critical factor influencing student achievement and school development. To staff the instructional programs with good quality teachers is vital practice that educational leaders exercise. Effective leaders have expertise in identifying and recruiting best teachers available and maintaining them from mobility. Effective leaders focus their practice in designing appropriate curriculum and instructional programs aligning with the organization's educational visions and goals, providing instructional support and professional development support to teachers, empowering teachers by distributing leadership, and facilitating supportive resources and opportunities to enhance instruction and student learning. Educational leaders should also have expertise in monitoring quality of the instructional programs through evaluation and assessment of teacher performance and student progress.

## Securing Accountability

Educational leaders are the ones being held most accountable for student achievement and school development. Internally, educational leaders are accountable for teacher force building, and meanwhile, leaders distribute the sense of accountability and commitment into teachers and staff members and keep them accountable for student learning through connection of student achievement evidence with teachers' merit and other teacher evaluation strategies. Externally, educational leaders secure accountability through strengthening bond with all stakeholders including education ministry, school board, families, and local community, create open climate, and establish public reporting mechanism to engage in stakeholders' opinions, feedback, and supervision.

## Characteristics of Successful Educational Leaders

Educational leaders are those who possess and exercise the quality of educational leadership.

The head of preschools, school principals, superintendents, chairs, college deans, university president, directors of educational departments, or even classroom teachers are all regarded as educational leaders in different settings and contexts. Large body of evidence from research literature shows that, no matter on which level or in which context, successful educational leaders share common characteristics and virtues, which consist of the following aspects.

First, in the cognitive perspective, successful educational leaders have distinguished expertise in problem-solving and decision-making processes when faced with challenges and conflicts in the educational settings. Effective leaders have competence and visions in prediction, identification, and judgment of problems and challenges in the organization development process, and they have expertise in allocating resources and increasing the organization's capacity to respond intelligently to the many and complex challenges it faces. Besides, successful leaders also have expertise knowledge about school and classroom conditions with direct effects on student learning. To improve student achievement and facilitate teacher and school improvement, advance educational quality and equity are the common basic goals of educational organizations. Successful educational leaders have shared competency of knowing what and how impacts should be made to advance these goals.

Second, in the social perspective, successful educational leaders share common commitment to the advancement of educational quality and equity. They have sense of mission and responsibility of promoting educational quality and equity in the organizational settings and beyond, and they have broader visions and compassion/sensitivity about social equity. Effective leaders tend to create democratic organizational culture, encourage and appreciate collective thinking, foster open communication among different stakeholders and respect different values, provide greater opportunities for collective learning and teacher development, and welcome innovative ideas and reforms. Successful educational leaders are good at perceiving emotions, managing emotions, and behaving in emotionally appropriate ways.

Third, in the psychological perspective, successful educational leaders share similar personality in terms of being optimistic and positive toward their missions, toward the organizational development, toward the teachers and students, and toward difficulties, challenges, and reforms. They positively take initiatives in situations of complexity and difficulties toward problem solving and decision-making. Their personal optimism usually fosters positive and trusty school climate and enhances morale and job performance of the teachers and faculty. Successful leaders have expertise in weighing priorities and have high efficiency in taking actions. They usually hold high self-efficacy and confidence, and resilience is the highly regarded quality commonly possessed by such group of people. Besides, successful educational leaders are always courageous and rigorous in initiating or welcoming reforms, which is regarded as their motivation of making progress toward the educational goals within the organization, and making difference to the educational quality and equity in broader context.

Educational leaders have formal positional authority and power, and keeping balance between appropriately utilizing the authority and building a democratic, trusty, positive, and progressive organizational environment with all the stakeholders engaged in the mission of promoting educational development is the core of the role. One point to summarize the characteristics of such group of successful educational leaders could be getting the right balance right (Leithwood 2012).

## Functioning Mechanism of Educational Leadership

Knowing about roles and characteristics of educational leadership helps understand how the influence generated by successful leadership practices actually works its way through the school organization eventually and results in more learning for students.

Five core practices show that although educational leaders set up primary goals of promoting student learning as the key for the organization development, their leadership functions more directly on the organization structure and

conditions as well as on teachers and other organization members rather than students. In other words, educational leadership influences student learning through "a backward mapping logic" (Leithwood et al. 2006). To put it simple, students obtain immediate influence from teaching and instruction of teachers in classroom, and teachers obtain direct influence from both students and the educational leaders' leadership style, the organizational conditions and resources which are also impacted by educational leadership, and the wider society. In such logic, teachers stay in the center of the influence process. From the teachers' perspective, since they have dominant authority in private classrooms, how and to what extent they could be influenced depends on the functioning of two types of mechanisms summarized by Lord and Maher (1993): resemblance to individual leader prototypes (recognition-based attributions) and direct experiences with the potential leader (inference-based attributions). The first mechanism works in scenarios unfamiliar and superficial relationship between leaders and the followers, while the second mechanism can be well exampled by scenarios of distributed leadership approach. From the leaders' perspective, they enact direct influence on followers through different types of tactics, such as rational persuasion, consultation, collaboration, and inspirational appeal, as summarized by Yukl and Chavez (2002).

## Conclusion

Educational leadership has contingent nature in that the leaders' own skills and performance change over time; the internal dynamics of their staff change over time, requiring them to adapt in response; their interpersonal relationships with staff change over time; building trust with staff requires significant amounts of time; and much of their influence depends not just on what they do but when they do it (Leithwood 2012). Therefore, educational leaders should have strong contextual sensibility, and keep upgrading, adapting their attributions accordingly.

Educational leadership is partially a born talent, and almost everyone has certain traits and potentials, which could be trained to its full capacity. Aspiring educational leaders can be trained to develop their potentials through educational leadership programs, workshops, and most importantly and efficiently, through practice and experience.

## Cross-References


- ▶ Leadership Development
- ▶ Leadership in Organizations
- ▶ Organizational Identity Leadership


## References


Hallinger P (2003) Leading educational change: reflections on the practice of instructional and transformational leadership. Camb J Educ 33(3):329–351

Leithwood K (2012) The Ontario leadership framework 2012. A report by the Ontario Institute for Education Leadership

Leithwood K et al (2006) Successful school leadership: what it is and how it influences pupil learning. National College for School Leadership, Research report RR800

Lord RG, Maher KJ (1993) Leadership and information processing. Routledge, London

Yukl G, Chavez C (2002) Influence tactics and leader effectiveness. In: Neider LL, Schriesheim C (eds) Leadership. Information Age Publishing, Greenwich


# Effective Communication and Persuasion


Mathew L. Sheep
Illinois State University, Normal, IL, USA


## Synonyms

Leadership communication; Organizational communication; Persuasion; Rhetorical theory

## Definition

Effective communication: communication that succeeds in accomplishing what it was intended to accomplish.

## Introduction

Definitions of "communication" abound, but they are remarkably similar in basic components. One such definition is "the process of sending and receiving symbols with attached meanings" (Uhl-Bien et al. 2014, p. 236). Of first importance, communication is not a "thing" but instead a *process* – one that involves the sending and receiving of messages. Messages may utilize words and other symbolic devices (such as pictures or sounds) or nonverbal ways of signifying meaning (such as facial expressions or body language). However, we have long known that conveying an intended meaning is not as straightforward as we might imagine. Much can "go right" or "go wrong" as an attempt is made to send messages between a sender and a receiver.

Notwithstanding its challenges, communication is fundamental to the human condition and can take on many forms – written, oral, nonverbal, visual, formal, informal, and virtual. Messages can be communicated through different types of media with varying levels of "richness" of information – memo, e-mail, text, videoconferencing, face-to-face conversations, and so on. Thus, communication can be one-way or interactive. It can be intrapersonal (e.g., talking with oneself), interpersonal (social), intergroup, or interorganizational. It can be targeted toward specific stakeholders of an organization or a mass audience. With such a vast array of modes and means of communication, how can one begin to understand what makes it "effective"?

The purpose of this article is to address that question and to unpack some of the factors that impact how communication "works" – i.e., how it might accomplish (or not) what it was intended to do. How can communication be more effective, particularly in an organizational context?

It could be argued that all communication is to some extent strategic, whether consciously so or not. We speak words, write text, or communicate nonverbally (e.g., through facial expressions or body language) in order to accomplish something – a *purpose*. Communication can be initiated for many purposes – e.g., to persuade, inform, command, sell, acquiesce, negotiate, and so on. Identities ("who am I?" and "who are we?") are constructed and changed through interactive communication. Communication also produces widely varying *effects* that are cognitive, emotional, and/or behavioral. It can alarm or comfort. It can *increase* or *decrease* uncertainty, conflict, love, hate, belongingness, distance, optimism, fear, rationality, hope, confidence, resilience, and so on.

Thus, before one can have any basis to evaluate whether communication is *effective*, one must ask, "What is this communicative 'event' or interaction intended to accomplish?" What is its purpose? How can it best accomplish that purpose? How can *unintended consequences* of the communication be minimized, particularly if they are detrimental to that purpose? How can one more systematically approach, understand, and plan communication such that it is more likely to be "effective" – to accomplish what one intended it to do?

## Effective Communication Is a Process

The process model (or "sender-receiver" model) of communication can account for some of the problems involved in accurately sending and/or interpreting messages sent by other persons or groups. Most organizational behavior or communication textbooks include a chapter that features some version of this model (e.g., Uhl-Bien et al. 2014, p. 236). While simplistic, the model does aid understanding of some difficulties in conveying meaning and having it understood by the receiver as intended.

As message senders "encode" their messages (choose how to express them), selections of certain words and symbols are made. However, those same words and symbols must be "decoded" (interpreted) by the receiver of the message, and that is where distortions can interfere with the "pure" transmission of meaning. That is, all sorts of perceptual biases (mental frameworks and shortcuts that we use to interpret "reality" or external stimuli) may erroneously filter or reshape the intended meaning. Cultural differences may assign different meanings to both verbal and

nonverbal cues in communication. More generally, any kind of distortions of the intended meaning or distractions of attention away from a message are referred to as "noise" in the communication process – most of which are unintentional. Such noise can result from communication barriers that are interpersonal, physical, semantic, or cultural.

To mitigate such distortion, effective communication in this process must incorporate a "feedback" loop through some means. For example, a receiver can repeat a message as he or she heard it or ask the sender for clarification. "I hear you saying that you believe that our team is not developing as it should. Is that accurate?" "Please be more specific about what you mean when you say that this report is 'riddled' with ambiguity." Asking for or giving feedback is one way to reduce "noise" or perceptual/cultural biases and to ensure that the intended meaning sent was the actual meaning received. Clarifying feedback can be valuable regardless of the communication medium – written or oral.

## Effective Communication Is Persuasive

However, it is often *not* enough for communication merely to be *understood* correctly – unless it is purely to inform. More often, communication is strategically written or uttered to *persuade* individuals or groups that the message is true, logically sound, valuable (it was worth saying or writing), and therefore worthy of acceptance. The issues raised in the communication process may be small or great – e.g., whether to order sushi or pizza for lunch or whether to develop a new line of products or to seek acquisition of another company that already makes them. Either way, the sender typically wants the receiver to agree with or endorse the message – or at least to maximize his or her own "claim or warrant to be heard" (Potter and Wetherell 1987, p. 108). The *purpose* of such communication is to assert a particular "version" of reality in hopes that it might be validated and legitimated by the receiver(s). Of course, messages can be contested and resisted (as they often should be) rather than blindly validated and so enters the need for the subtle (or sometimes blatant) art of persuasion and influence.

For communication to be persuasive, it must be goal directed, and it must assert *and support* a position on some matter of debate that is open to multiple interpretations or perspectives. Persuasion requires a change of mind (and/or heart) toward a certain issue or choice, and it therefore requires at least some receivers that are of a different opinion or perspective than the sender. Otherwise, there is no "movement" from position A to position B (if everyone already agrees, no persuasion is necessary), and thus no persuasion has taken place. What does it take communicatively to "move" (influence) individuals or groups to change their minds and hearts (to be persuaded)?

## Effective Persuasion Involves Rhetorical Skills: *Logos*, *Pathos*, and *Ethos*

Effective communication, in order to be persuasive, must be logical, moving, and believable. Therefore, it must be cognitively, emotionally, and ethically appealing. Our understanding of the art of persuasion goes back at least as far as Aristotle's three-volume work, *The Rhetoric* (c. 350 B.C.). The Greek philosopher Aristotle (384–322 B.C.) believed that the purpose of public speech was to discover and capitalize on "the means of persuasion" (Book II of *The Rhetoric*). Its efficacy is still studied today by "neo-Aristotelian" rhetoricians. Aristotle argued that the persuasive effects of any speech (or, we could also say, goal-directed communication) depended on the extent to which it was imbued with three qualities that he called "artistic proofs" (referring to the "art" of persuasion). To label these "proofs," he chose three Greek words: *logos*, *pathos*, and *ethos*.

Since many English words derive from Greek root words, the meanings of these terms are intuitive. From *logos* comes the English word "logic." Indeed, *logos* indicates the persuasiveness of words – or more specifically, solid logical arguments. From *pathos* comes "passion" and the persuasive power of emotional appeals – or, as

Aristotle put it, "putting the audience in the right frame of mind" or emotional state to fit the issue at hand (Herrick 2001). *Ethos* easily becomes recognizable as the source of the word "ethics," and it refers to the credibility and integrity established by the speaker in the course of his or her speech. Of the three, Aristotle maintained that *ethos* was most crucial for effective persuasion (Herrick 2001), since it would be difficult to be persuaded by someone whose word could not be trusted – no matter how brilliant the *logos* or *pathos*.

Determining what might be the most effective "means of persuasion" (logical/rational arguments, emotional appeals, and credibility-building devices for any given audience) is therefore the essence of persuasion as Aristotle understood it. Much of that view is still seen as valuable today.

For example, much thought has gone into how one might achieve greater *ethos* (perceived credibility) in communication. Deborah Barrett (2014, p. 11), in her book *Leadership Communication*, has suggested that *ethos* is cultivated by an ability "to see ourselves completely honestly" or as other people perceive us. Since individuals tend to overestimate their credibility as perceived by others, obtaining honest feedback from others is crucial.

Fairhurst and Sarr (1996), in their book *The Art of Framing*, devote an entire chapter to "establishing credibility." *Framing* is a skill that is "required to manage meaning." Meaning involves making sense of a subject and to "judge its character and significance." More importantly, in the process of framing, one set of meanings is chosen and asserted, while other meanings are diminished or rejected. The purpose of communication in framing is then to share the chosen "frame" (meanings) with others with the intent that this interpretation (or perspective) might be "taken as real" while others are not (Fairhurst and Sarr 1996, p. 3; Fairhurst 2011).

In order for framing to be effective, it is vital that the speaker or writer establish credibility. Two essential components that establish a speaker's credibility are *competence* (based on perceived experience, intelligence, knowledge, and so on) and *trust* (based on perceived honesty, open-mindedness, fairness, and so on). The frame that one is attempting to influence others to accept in persuasive communication is dependent on the speaker's believability (or *ethos*) (Fairhurst and Sarr 1996, p. 171).

## Effective Communication Involves Understanding the "Rhetorical Situation"

Lloyd Bitzer (1992, p. 4) is credited with introducing and defining the *rhetorical situation* as "a natural context of persons, events, objects, relations, and an exigence which strongly invites utterance." Bitzer (1992, p. 6) defined *exigence* as "an imperfection marked by urgency; a defect, an obstacle, something waiting to be done." Importantly, unless a communicator can articulate an urgent sense of a need or problem to be remedied (exigence), persuasion falls flat. Indeed, there is no perceived need for it.

A second consideration of the rhetorical situation is an understanding of the *audience* – "those persons who are capable of being influenced by discourse and of being mediators of change" (Bitzer 1992, p. 7). Without a clear idea of whom they are addressing, communicators are simply speaking into the air.

What do communicators need to understand about their audiences? Perelman and Olbrechts-Tyteca (1969) believed that understanding audiences is central to rhetorical persuasion. "Rhetoric inseparably intertwines the concepts of audience and argumentation." Arguments "depend on the astuteness and skill of the audience it succeeds in persuading," as well as their "opinions and values."

Thus, effective communication must be tailored to "be heard" by certain audiences in ways that will be most likely to be understood and accepted by them. Such notions are prescient toward ideas that would later become known as *emotional intelligence* (Goleman 2000, p. 80) – defined as "the ability to manage ourselves and our relationships effectively." Emotional

intelligence consists of self-awareness, self-management, social awareness, and social skill. Akin to that idea is a leadership competence called *perspective taking* (Mumford et al. 2000). Similar to *social intelligence*, it is the ability to understand and address problems from others' perspectives, not simply our own.

In any rhetorical situation, there may be multiple audiences (e.g., different organizational stakeholders such as employees, shareholders, customers, community, society, and so on). Therefore, for messages to be persuasive to a given stakeholder group, messages must be adapted to address differing perspectives, interests, needs, and levels of understanding.

The third element of the rhetorical situation, according to Bitzer (1992, p. 8), is that of *constraints* – "persons, events, objects, and relations that are parts of the situation because they have the power to constrain decision and action needed to modify the exigence." In other words, specific contexts matter, but they differ. Contextual considerations that impinge on any matter at hand need to be taken into account in order to persuade others. Communication that is overly generic, context-free, or too abstract simply will not resonate with hearers "where they live." People must be able to perceive a certain realism and relevance to the communication – that the communicator "understands" and is taking into account (not oblivious to) the context at hand.

Bitzer believed that persuasive communication is a "fitting response" to the rhetorical situation. He viewed the world in *objectivist* terms (that objective realities with clear meanings exist that invite a rhetorical response). However, more contemporary views understand the purpose of communication as *creating* or constructing the rhetorical situation rather than simply responding to it. These theories view situations/organizations as *constituted* by communication (cf. Boden 1994; Vatz 1973). That is, situations/organizations are in a continual state of "becoming," shaped and formed by discourse (Fairhurst and Putnam 2004). It is a matter of two different philosophical views of reality – i.e., objective realism and social construction (Berger and Luckmann 1966). Put simply, does the situation determine communication, or does communication determine the situation?

One could take a "both-and" approach and understand that the arrow goes in both directions between communication and the situation. They can mutually produce, enable, and constrain one another (see Giddens' (1984) theory of "structuration" for a more thorough explanation).

E

## Effective Communication Requires Developing Practical Skills

Leadership books that prescribe effective communication skills are plentiful. Some of the more "trending" communication skills are actually useful ones. Three of these are storytelling, negotiation, and feedback skills.

First, regarding storytelling (narrative), Stephen Denning (2011, p. xiii) observed in his book *The Springboard*: "Time after time, when faced with the task of persuading a group of managers or front-line staff in a large organization to get enthusiastic about a major change, I found that storytelling was the only thing that worked." The efficacy of storytelling is a topic that pervades much of the popular literature on communication, change, and leadership. One may also read about increasing efforts to discover credible evidence behind its effectiveness (e.g., Gottschall 2012).

In literature and public speaking, stories have been employed throughout history to communicate certain principles – from Aesop's fables to Biblical parables. Stories make otherwise complex or abstract ideas more accessible, emotionally moving, and/or actionable. As Denning (2011, p. xv) put it, "Stories can enhance or change perceptions…. They bypass normal defense mechanisms and engage our feelings."

Second, in successful *negotiations*, effective communication skills are crucial – whether one is negotiating a salary or a multibillion dollar contract. *Negotiation* is defined as "the process of making joint decisions when the parties

involved have different preferences," and we know they are effective when substantive differences can be resolved while simultaneously maintaining high-quality relationships between parties (Uhl-Bien et al. 2014, p. 224). Fisher et al. (2011) show how substantive problems and good working relationships are not necessarily conflicting goals if the relationship is based on "mutually understood perceptions, clear two-way communication, expressing emotions without blame, and a forward-looking, purposive outlook."

Third, clear and constructive, supportive *feedback* is crucial to effective communication. It serves multiple purposes, among which are clarifying meaning, praising or blaming, and providing a path to improved performance. Marshall Goldsmith (2007) suggests *feedforward* as overcoming some of the obstacles of negative feedback by focusing on *future improvement* rather than *past performance*. The purpose of feedforward is to provide an opportunity to learn from another person how one can improve in a given kind of competence, like becoming a better listener or a more compassionate leader.

## Conclusion

Effective communication is an interactive process in which meaning is conveyed so that it accomplishes what it was intended to do (e.g., inform, persuade). To persuade effectively, communicators must understand the importance of logical, emotional, and credible appeals. The context, or "rhetorical situation," must also be taken into account and incorporated to craft and deliver the message. Practical skills such as effective storytelling, negotiation, and feedback/feedforward are specific communication competencies that can be developed. In organizing and organizations, beneficial outcomes are not planned or implemented before people communicate. Therefore, organizational members should become the most effective communicators they can be if effective organizing and organizations are the goal.

## Cross-References


- ▶ Communication in Public Administration and Governance, Trinidad and Tobago
- ▶ Communication Within the Nonprofit
- ▶ Organizational Communications
- ▶ Political Communication
- ▶ Public Value and Bureaucratic Rhetoric


## References


Barrett D (2014) Leadership communication. McGraw-Hill Education, New York

Berger PL, Luckmann T (1966) The social construction of reality: a treatise in the sociology of knowledge. Doubleday, Garden City

Bitzer LF (1992[1968]) The rhetorical situation. Philos Rhetor 25:1–14

Boden D (1994) The business of talk: organizations in action. Polity Press, Cambridge, MA

Denning S (2011) The springboard: how storytelling ignites action in knowledge-era organizations. Routledge, New York

Fairhurst GT (2011) The power of framing: creating the language of leadership. Jossey-Bass, San Francisco

Fairhurst GT, Putnam LL (2004) Organizations as discursive constructions. Commun Theory 14:5–26

Fairhurst GT, Sarr R (1996) The art of framing: managing the language of leadership. Jossey-Bass, San Francisco

Fisher R, Ury WL, Patton B (2011) Getting to yes: negotiating agreement without giving in. Penguin, New York

Giddens A (1984) The constitution of society: introduction of the theory of structuration. University of California Press, Berkeley

Goldsmith M (2007) What got you here won't get you there: how successful people become even more successful. Hyperion, New York

Goleman D (2000) Leadership that gets results. Har Bus Rev 78(2):78–90

Gottschall J (2012) The storytelling animal: how stories make us human. Houghton Mifflin Harcourt Publishing, New York

Herrick J (2001) The history and theory of rhetoric. Allyn & Bacon, Boston

Mumford MD, Zaccaro SJ, Harding FD, Jacobs TO, Fleishman EA (2000) Leadership skills for a changing world: solving complex problems. Leadersh Q 11:11–35

Perelman C, Olbrechts-Tyteca L (1969) The new rhetoric: a treatise on argumentation. University of Notre Dame Press, Notre Dame

Potter J, Wetherell M (1987) Discourse and social psychology: beyond attitudes and behavior. Sage, Beverly Hills

Uhl-Bien M, Schermerhorn JR, Osborn RN (2014) Organizational behavior. Wiley, Hoboken

Vatz RE (1973) The myth of the rhetorical situation. Philos Rhetor 6:154–161

# Effective Leadership of Government Contracting

Rubén Berríos
Lock Haven University, Lock Haven, PA, USA

## Synonyms

Competitive contracting; Competitive contracts; Contracting officers; Effective leadership; Federal acquisitions; Federal government contracts; Government procurement; Market efficiency; Oversight and accountability; Performance-based; Procurement process

## Definition

Good leadership and management in government contracting are required to generate efficiency and prevent poor performance or abuse. Leadership involves setting goals and developing strategies to achieve those goals, aligning people on the mission, and evaluating results. Management executes strategies, establishes organizational structures, monitors compliance and quality, and rewards performance.

## Introduction

Contracting has been used primarily as a way to reduce government costs and improve governmental efficiency. There is ample evidence that contracting can offer tangible benefits to the government. In a competitive environment, the government can obtain better performance at lower costs from contractors. However, at times, contracting arrangements might offer drawbacks. For instance, adverse events might occur if the wrong firm is chosen to perform a task. There might be moral hazard if the provider fails to perform as desired. Lastly, lapses in accountability might lead to abuse or opportunistic behavior.

Federal agencies contract for all sort of goods and services. Currently, the federal government spends about half a trillion dollars in contracting. That means the federal government has huge buying power. Making effective use of that power requires qualified contracting officers (CO), who are the contract managers. They are prudent government officials who use contract managing tools to ensure successful contractor performance. But each government agency has unique needs and its own special policies and processes for products and services. The policies are not always uniform. In the defense sector, contractors tend to be the largest and most well-established firms, since that is where much of the procurement funding is allocated.

Doing business with the government involves a vast market full of possibilities. The federal market for contracting is for both competitive and sole-source types. The process can be complex, so it is essential to know how to navigate it in order to earn those procurement dollars. The federal government has 15 departments and 68 independent agencies. Government requirements are detailed, and the procurement process consists of several steps. Competing for government contracts requires contractors to follow a step-by-step procedure to meet each agency's needs and to comply with the set of regulations in the FAR that guides government procurement. This is done in large part to safeguard the government from impropriety.

## Effective Leadership in Contracting

Effective leadership refers to the ability to solve or facilitate the solution to specific problems. Effective leaders seek to achieve an objective by using an effective strategy that leads to successful acquisition, execution, and completion.

Kotter (1990) makes the distinction between leadership and management. They differ in their primary function. Leaders articulate their vision, develop a strategy, and enlist the support of a team to produce useful change. Managers keep the system operating through planning, budgeting, staffing, and problem-solving. Management is about procedures and requirements for program success.

Three important areas where leadership will make a difference in government contracting are (1) awarding the contract, (2) dealing with problems that come up, and (3) providing the service. From the contractor's side, building relationships and being strategic to win bids with the government are critical. Establishing a relationship with the government buyer even before the request for proposals (RFP) has been released gives a contractor an edge. Sometimes it pays to find the right partner with credentials to compete for an opportunity to win a bid. Thorough knowledge of federal rules and regulations is necessary.

Successful contractors develop technical competence, good negotiating skills, and a realistic plan of action. They create the conditions needed to succeed in winning contracts and successfully completing them. The process of acquiring a contract starts with identifying well-defined objectives to ensure that the plan will be executed effectively, to set the direction of the negotiations, and to succeed in being awarded the contract.

A successful contractor is one that has technical competence as a team unit, a strong management culture, and people with good negotiating ability. Technical skills are a significant part of the requirement. To be a well-led organization that communicates well, the contracting firm has to have highly competent technical personnel who are team builders, who can solve production and service problems and who are easily adaptable to challenging new situations.

Effective leadership generates effective networking with entities the organization needs to work with to succeed in its mission. Leadership is about creating teamwork, cohesion, and collaboration. The organization must also maintain a favorable reputation by displaying cooperation and a good relationship with the federal government, which is a lifeline to the organization.

Areas of market opportunity where contractors with high win ratios have become more innovative in their approach include emerging markets such as cybersecurity. Leading contractors in these markets tend to assess the opportunity early, use color team reviews, and have developed a capture team.

A reputable and reliable contractor seeks to deliver quality in providing products or services. Quality is often rewarded in future considerations. A successful contractor fosters innovation and change. It encourages creativity and inspires its technical personnel to excel. A successful contractor might have in place a reward or incentive system for excellent performance. These firms have a clear strategy, problem-solving expertise, clear knowledge of past experience, and the ability to inspire their people to lift their game.

In terms of contract preparation, the contractor must be clear about what the government agency needs, its goals, and the amount of risk it can take. The initial process requires research, planning, and preparation prior to negotiation. Once negotiations have been established and requirements have been met, revisions and amendments may be made. Once a contract has been awarded, this is a legal document. The contractor must abide by the stipulations of the contract and comply with the client's needs. Some projects might carry uncertainties.

In terms of contract management, regular audits ensure that obligations are met. When a contract is properly managed, a relationship of trust is established with the government agency. Proper management also can minimize risk and compliance issues. Contract management involves overseeing what has been agreed upon. This requires effective oversight to ensure compliance and to ensure that a cost-effective approach is being taken in managing the contract. Effective contract management requires that the process be implemented correctly, on time, and on budget.

There are numerous statutes and regulations that cover ethics in contracting. The contractor must abide by rules of procurement integrity. Improper conduct that violates ethics rules can result in the government canceling or rescinding the contract. The contractor must disclose pertinent information during the procurement process. Violators making false claims can result, in extreme cases, in disbarment (Curry 2016). With some exceptions, the contracting process is designed to ensure market competition. However, sometimes political connections and the

"revolving door" phenomenon give rise to favoritism, and a particular contractor may receive preferential treatment (Cerrillo-i-Martinez 2017).

A major ingredient in a competitive procurement program is the quality of leadership. A strong leadership team can help the contractor avoid mistakes and missteps in the process of negotiation. Leadership is shown when there are frequent and informative meetings with employees involved in the competition. Consistent leadership instills the importance of a competitive spirit in the team. An effective leader is one who prepares in advance a compelling proposal that has a high probability of winning.

Teaming between companies to win a large contract has become increasingly common. Partnering with others increases the probability of winning large contracts (Smotrova-Taylor 2012). An established government contractor can benefit from small businesses that can form a joint venture partnership, or it can even hire them as subcontractors. The government often prefers to award contracts to proven entities that have performed well and completed other government contracts successfully. Having no past performance with the government might put the potential contractor at a disadvantage.

Since the government is the lifeline for many firms, an established for-profit contractor might have a long list of products or services it can offer it. A proactive contractor can see who buys what, how much, and how frequently. Timing is usually important to compete, sometimes even before the RFP has been issued. Marketing to various agencies is important. The contractor can determine what its capabilities are and how they align with the agency's need. It can also compare its capabilities to those of its competitors. Often the contractor has established key government contacts and built a relationship. Many of today's firms are using social media as a marketing technique and have a website to promote their services (Mlinarchik 2014).

Often there is adequate competition in the bidding process, but in some cases there is market concentration or limited competition, particularly in defense, that can affect cost savings. The procurement process requires technical knowledge, expectations of outcome, and monitoring of performance (Shick 2015). Competition is evident when there are multiple vendors. Competition is less clear when the market is concentrated. The strongest five defense contractors have the lion's share of the market. Long-term contractors can also undermine competition. Situations with limited and imperfect information can lead to higher transaction costs.



## The Government's Role

Government contractual success depends on continuous surveillance and monitoring of the explicit requirements posted, from initiation to closeout. The various agencies of government have well-trained procurement personnel who have to exercise considerable judgment and possess great expertise. For years the federal procurement system has undergone reform to make it more efficient. The acquisition process goes through several steps. There are the critical decisions on planning and articulating the solicitation, evaluating the proposals, negotiating, and awarding the contract. Then comes the contract administration phase, which includes monitoring, evaluating, and maintaining effective oversight. The last phase includes contractor performance and closeout. The most commonly used contracts are (1) fixed priced, (2) cost reimbursement, and (3) sole source. Cost reimbursement is the most commonly used type of contract for intangibles. These types of contracts usually put greater responsibility on the agency to maintain surveillance and monitoring.

Leadership and management in a governmental institution are different. An essential element of the procurement process, leadership at the agency heads goes beyond managerial or administrative duty. For instance, large contracts with DOD would require the intervention of agency top doers. For a successful process to occur, adequate planning in identifying prospective contractors and approaches to solicit their participation is essential. The agency must also have a strong management approach and maintain

comprehensive communication with all stakeholders. It must ensure contracts are properly executed. Much of the responsibility for this lies with the "frontline" supervisors, i.e., contracting officers and contracting officer technical representatives, rather than with managers.

The standard assumption is that public agencies have low-powered efficiency, while private agencies have high-powered efficiency because they compete in the market place (Kelman 2009). But for years there has been an effort to increase performance measurements, and the emphasis has been on achieving greater efficiency by taking a more business, or market-based, approach to management. However, efforts to downsize government over the years have left some agencies more vulnerable to difficulties in holding contractors accountable for cost overruns and lackluster performance.

A current concern is that many technical procurement personnel are due to retire at a time when more contracts are being awarded. This will certainly require more effective leadership to fill the void. Much of the work has fallen to the more seasoned contract managers to negotiate, to follow up on contracts, and to achieve better outcomes. Contracting is a collaborative effort that requires effective coordination of several steps in the process. Leadership will be needed in recruiting, retaining, and training personnel. Contracting officers are required to be diligent and meticulous because of the high stakes. Many COs are motivated by task, mission, and public service (Warren 2014). Government agencies have embraced change and have tried to show more competence in negotiations, but it is a long, tedious process. From the government's standpoint, the aim is to get results and to obtain value (Curry 2016).

Effective leadership in both public and private sectors requires developing competence in negotiations. Good leadership fosters pride in the organization, a strong spirit of cooperation, and teamwork. Effective leadership shows decisiveness, the ability to act in a competent manner, and the ability to make informed decisions, to execute and deliver, and to adapt to changes and innovation (Kotter 1990).

Leadership in government procurement can best be displayed by ensuring that acquisition professionals are adequately trained, empowered, and capable of handling the challenges presented. Contracting, when properly managed, can improve service delivery. The federal procurement system has undergone change, but still needs to better understand leverage spending. Imposing curbs on cost overruns and using more advanced and commercial contracts have helped. Insufficient staffing can result in poor acquisition planning, lax monitoring, and opportunistic behavior on the part of some contractors (Berrios and McKinney 2017; Curry 2016).

Government contracting officers seek to properly manage costs to procure better value for the government, even though proposals are often heavily considered for their technical merit over the cost. GAO (2009) has advised contracting officers to give greater consideration to past performance reports in their decisions on contract awards. On the whole, the contracting process is highly regulated and competitive. However, in dealing with oligopolistic markets and sole-source contracts, the government sometimes does not know the real cost. The government, to the best of its ability, oversees and surveils contractors to make sure they comply with the regulations.

Government contract requirements are extensive. This includes disclosure of cost data. But to ensure good outcomes while minimizing risk, the government has to have a well-established framework and a contract planning team to consider prospective contractors. This is intended to ensure that the government reaps the benefits of competition. A transparent and efficient contract management system enhances the agency's reputation, elevates employee morale, and strengthens government services.

The contracting process requires not only managerial competence but also the ability to inspire the agency's procurement team to aspire to excellence. Contracting cannot be seen simply as a mechanical contract management process. Instead, the government becomes a "smart buyer" that uses strategic management. Its executives take on the challenge to inspire quality and cultivate a motivated workforce that can deliver

(Kelman 2002). To be clear, the government is not just a buyer but also a provider. As such, its technical personnel are using a more businesslike approach to improve operational efficiency. In this approach, performance measurements enable all parties to be held accountable (Curry 2016; Shick 2015; Smotrova-Taylor 2012).

## Concluding Remarks

The federal procurement system is designed to lead the government to decisions that are in the best interest of the taxpayer. The system is highly regulated, but it is, for the most part, competitive. It relies on acquisition professionals to direct all aspects of contract execution. Contracting requires striking a delicate balance between the government's needs and those of a private sector that is willing and able to offer goods and services. The government has to ensure that it can properly manage and use adequate safeguards so that private contractors are motivated to provide the best value and to stay on schedule. Good government management results when, at the executive level, the aim is to set strategy and goals, inspire staff, and instill enthusiasm and public purpose.

The federal procurement system is designed to represent the public interest in dealing with private businesses. Government contracting requires strong procurement and program management; business management skills, giving officials greater discretion to meet goals; and a continuous effort to develop a strong acquisition workforce.

The contracting business provides a public-business relationship. Procurement budgets, particularly for defense, have grown, and contractors have offered a greater array of services, from intelligence to security to border patrol and others. While private contractors are motivated by profit, the government's priority is to obtain best value. For the government, there are undeniable advantages to relying on the private sector, because government provision of many of these services would be more costly and ineffective. However, the large-scale shift to more government contracting has raised new challenges under a leaner government.

## References

Berríos R, McKinney J (2017) Contracting and accountability under leaner government. Publ Integr 17(2):559–575

Cerrillo-i-Martinez A (2017) Beyond revolving doors: the prevention of conflicts of interests through regulation. Publ Integr 19(4):357–373

Curry WS (2016) Government contracting: promises and peril. Routledge, New York

GAO (2009) Federal contractors: better performance information needed to support agency contract award decisions. Government Accountability Office, GAO-09-375, Washington, DC

Kelman SJ (2002) Achieving contracting goals and recognizing public law concerns: a contracting management perspective. In: Freedman J, Minow M (eds) Government by contract: outsourcing and American democracy. Harvard University Press, Cambridge, MA

Kotter JP (1990) A force for change: how leadership differs from management. Free Press, New York

Mlinarchik C (2014) Secrets of superstar contracting professionals. Contract Manag 54(5):5–10

Shick RA (2015) Government contracting: a public solutions handbook. Routledge, New York

Smotrova-Taylor O (2012) How to get government contracts. West Academic Publishing Apress, St. Paul

Warren PL (2014) Contracting officer workload, incomplete contracting, and contractual terms. Rand J Econ 45(2):395–421

E

# Effective Leadership of Intergovernmental Relations

Paolo Colasante
Institute for the Study of Regionalism, Federalism and Self-Government of the National Research Council of Italy, Rome, Italy

## Synonyms

Multilevel government; Intergovernmentalism; Local and national government policy coordination and conflict

## Definition

Intergovernmental relations (IGRs) are conventionally defined as important interactions between

intergovernmental units of all types and levels. Intergovernmental relations are also defined as an interacting network of institutions at national, provincial, and local levels, created and refined to enable the various parts of government to cohere in a manner more or less appropriate to the institutional arrangements.

It is an evolving system of institutional cooperation that seeks to address the relations of equality and interdependence as defined by the Constitution.

## Introduction

Deil S. Wright (1974), one of the most famous scholars of the IGR, first of all attempted to define the IGR and identified some of their fundamental features. Indeed, it is to him and William Andersen that the first studies for intergovernmental relations are due.

According to Wright, on one side, "several distinctive features of intergovernmental relations set it apart from the more commonplace term, federalism" and on the other hand "IGR encompasses more than is usually conveyed by the concept of federalism," in which attention is focused on the relations between the federation and the member states and not on the interstate relations, which are instead included in the concept of IGRs.

According to Wright, "in short, IGR includes as proper objects of study all the permutations and combinations of relations among the units of government in the American system," but – we could say with William Andersen (1960) – that by now the notion of IGR has spread in systems also different from the USA and now affects other systems.

Also according to Andersen – defined by Wright himself as intellectual parents of the intergovernmental relations – another fundamental element of the IGR is that this concept "necessarily has to be formulated largely in terms of human relations and human behavior."

That means that the IGRs are not institutionalized relationships, but rather "strictly speaking, then, there are no intergovernmental relations, there are only relations among officials in different governing units. Individual interactions among public officials is at the core of IGR. In this sense it could be argued that IGR treats its physiology" (Wright 1974).

From what has been noted so far, it is clear that there are no mandatory elements in the development of the IGRs, but everything is based on a principle of loyal unencoded collaboration that guides the conduct of public officials.

Another element that distinguishes the IGR is that these relations are not one-time, occasional occurrences, formally ratified in agreements or rigidly fixed by statutes or court decisions. Rather, "IGR is the continuous, day-to-day pattern of contacts, knowledge and evaluations of government officials" (Wright 1974).

From this point of view, the model of intergovernmental relations is the keystone of current complex systems, since it is within them that conflict is prevented or avoided.

Hence the conclusion that the leadership of public officials develops within the IGR, as the best place for the implementation of public policies and for conflict management (rectius: avoidance).

## The Reasons for the Development of IGRs: From Powers to Policies

Already at the beginning of the concept of intergovernmental relations, it was observed that a fundamental component of the IGR was the political one, in this distinguishing itself from the classic (legal and institutionalized) tools of federalism (Wright 1988).

In fact, "federalism has, to a large extent, translated questions of policy into questions of law and relied upon the courts for their resolution. Economic and political complexities, combined with rapid rates of social and technological change, have greatly reduced the capacity of courts – and legislatures – to deal with continuous pressures for policy change."

In particular, the transition from "regulatory" policies to "redistributive" policies has led to the emergence of new needs and new power relations, "to which the term federalism could be applied

only with awkward and ambiguous modifiers, such as direct, private, functional, economic."

This is linked to the weakening of the concept of competence in favor of the strengthening of the concept of public services and policies and the creation of new ways of managing public tasks, other than those inspired by a rigid separation of roles and permeated by the loyal collaboration between levels of government.

Literature has not failed to point out that "even when a public policy and a subject can be identified with the same name (*nomen*), that doesn't mean that the two categories coincide. On the contrary, logic leads us to consider that they indicate different legislative and administrative areas" (Mangiameli 2014).

It could even be added that, if the federal terminology is well suited to the concept of competence (on a subject), intergovernmental relations develop instead from the (necessarily cooperative) perspective of public policies.

To understand what has just been said, the literature (Mangiameli 2014) has used the example of "tourism" in the Italian legal system, in which one can speak of both the "tourism" as a subject matter and the "tourism" as a public policy.

The first, which would fall within the exclusive competences of the regions (Art. 117, fourth paragraph, It. Const.), is essentially expressed in the surveillance of the hotel industry and in a limited number of information services and tourism promotion services.

The second, tourism policy, in principle embraces a complex of objects, from the point of view of the division of powers, relating to different subjects, for instance, agriculture, craftsmanship, ports, airports, transport and traffic, cultural and environmental heritage, hunting and fishing, thermal waters, food, land management, sporting organization, professions, and all range of subjects included in the exclusive power of the state, starting from the civil law, the protection of competition, international relations, etc.

Even in the most accredited American literature (Shafritz et al. 2016, p. 136), the complicated nature of intergovernmental relations was underlined: "it's not simply a question of dividing the work between the levels, of assigning local issues to local government, and national issues to federal government. *The majority of issues have national, regional and local implications*."

That's the reason for which the popular image of the federal system as a layer cake, with each layer of government neatly on top of the other, is deceptive. The reality is more like a marble cake. This metaphor holds that the cooperative relations among the varying levels of government result in an intermingling of activities; this is in contrast to the more traditional view of layer-cake federalism, which holds that the three levels of government are totally or almost totally separate.

The literature (Shafritz et al. 2016) recalls the origins of this expression, which is associated with the name of Morton Grodzins (1966), who made the famous example of the rural county health officials called "sanitarians": they acted according to the standards issued by the federation, were paid with funds both of the federation and the member state, and had offices and equipment supplied by the county.

Therefore, in this regard, Grodzins stated that "it is impossible from moment to moment to tell under which government the sanitarians operates."

And this example could be repeated for many other public policies in different legal orders, coming to the conclusion that intergovernmental relations are the main tool to manage public policies and the working method for an effective leadership in the exercise of shared competences in an optics of cooperative federalism (Agranoff 2001).

## The Working Method of the IGR

When it comes to those public policies in which the method just described is adopted, the methods and techniques for managing IGR are very similar all over the world (Trench 2014).

The common pattern includes extensive, more or less routinized coordination involving not just regular ministerial meetings, but extensive liaison by officials, through meetings, individual telephone calls and group conference calls, and email.

But in all systems, such coordination is both a fact of life while lacking in any formal constitutional requirement to take place. It happens because it is necessary, in political or practical terms or both, to make the country work.

These conclusions were already reached in 1955 by the Commission on Intergovernmental Relations (better known as the Kestnbaum Commission, Conlan 2006), providing the political and intellectual basis for the development of federal relations in a cooperative sense.

The birth of IGRs in the Italian system and, in particular, in the context of relations between the state and the regions is more recent but is nevertheless the result of the de facto development of relations between levels of government for the coordinated exercise of powers in the various subject matters.

In fact, the Italian intergovernmental method revolves around the parameter of loyal collaboration (Mangiameli 2008) between levels of government, which is essentially invoked in so-called conference system (state-region conference, state-city conference, unified conference), spontaneously born and in practice, following a parliamentary fact-finding investigation which, in 1980, had underlined the need for the identification of a "seat for a permanent relationship with the central organs of the State and for the participation of the Regions in the elaboration of the general policy lines of the entire State-organization."

Only later, this method of work was enshrined in a decree by the Prime Minister (DPCM October 12, 1983), while it will be necessary to wait another 5 years before the essential discipline of the conferences is inserted into a law and exactly into that which regulates the activity of the government and the legal order of the Presidency of the Council of Ministers (Law August 23, 1988, No. 400, Article 12).

All this shows that the intergovernmental relations in the Italian regional and autonomist system have arisen as a request, not of the regions or of the local autonomies, but of the central state.

In fact, the government of the time considered it important to involve the regions "in relation to the general policy guidelines that could affect regional matters, excluding the guidelines relating to foreign policy, defense, national security and justice."

This also shows that, regardless of the existence of a competence in a certain sector, the levels of government feel the need to coordinate and relate to the other levels involved in some way to achieve an effective exercise of leadership in public policies.

## Conflict Avoidance

Conflict avoidance is a method of reacting to conflict, which attempts to avoid directly confronting the issue at hand.

It is quite evident that if a method is followed inspired by the participation of the different levels of government, the risk of a conflict between levels of government is greatly diminished.

This applies to every system in which the IGRs are developed, but from this point of view, the Italian system offers a rather interesting starting point for reflection, if one considers that there is the so-called bargaining between the state and the regions to prevent the disputes between the state and the regions before the Constitutional Court, according to a model experimented also in the Spanish legal system (Sanjaume-Calvet and Grau Creus, 2017).

In particular, according to Articles 127 and 134 of the Italian Constitution, both the state and the regions can challenge a law of the other level of government (and also an act without legislative nature) to protect their powers, when they consider that they have been invaded thereby.

The term for action is very short, being only 60 days, so both the state and the regions meanwhile propose legal action against the deed deemed harmful, but very often a dialogue is established between the two, which leads them (rather, which often leads the region) to the amendment of the contested law, determining the end of the dispute.

As the following picture shows, the percentage of cases in which negotiations lead to the resolution of the dispute are very significant and, in fact, fill a vacuum, given that the Italian Constitution entrusts the resolution of conflicts of jurisdiction

only to the court, without providing any "political" venue for their resolution.

Also in the context of conflict avoidance, we can find a case of effective cooperative leadership, if we think that the "political" rather than jurisdictional management of the conflict favors a view of sharing the powers inspired by the agreement between levels of government, which benefits the implementation of public policies.

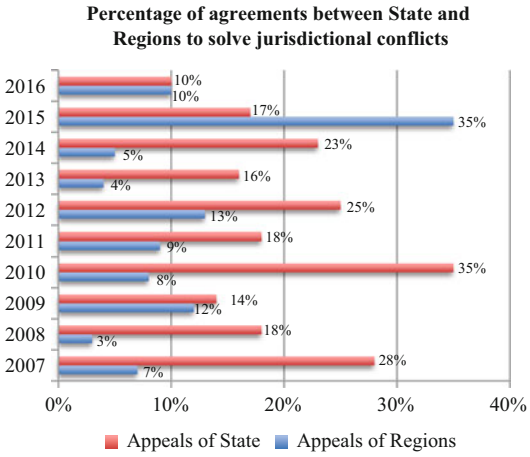


## Conclusion

This short analysis shows that the model of intergovernmental relations has common characteristics in the various legal orders in which they are practiced, which can be summarized in some fundamental points:

1. The IGRs are the consequence of the complexity of the current legal systems and of the large number and the great variety of tasks that they must exercise, for the implementation of which it is often not possible to divide the attributions between levels of government.
2. The IGRs are developed in parallel to the federal relations, which we could define as institutionalized, and are based on cooperative modules not previously identified and entrusted to the awareness of public officials.
3. The federal relations envisaged by the Constitution essentially concern the relationship between the federation and the member states or between the central state and the regions, while the IGRs also include the other levels of government (cities, provinces, and regions) and develop both horizontally and vertically.
4. IGRs are conducted according to informal models (Phillimore 2013).
5. IGRs arise from real administrative needs and generally receive only afterward a regulation.
6. The IGR method is functional to prevent and avoid conflicts, as the prior ex ante participation of other levels of government reduces ex post risks and, in any case, can lead to the spontaneous resolution of the disputes that have already arisen.

## Cross-References


- ▶ Comparative Federalism and Law
- ▶ Constitutional Federalism and Public Administration
- ▶ Federalism and Public Administration
- ▶ Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making
- ▶ Intergovernmental Relations in the European Union
- ▶ Power and politics in the European Union


## References


Agranoff R (2001) Managing within the matrix: do collaborative intergovernmental relations exist. Publius 31(2):31

Andersen W (1960) Intergovernmental relations in review. University of Minnesota Press, Minneapolis

Conlan T (2006) From Cooperative to Opportunistic Federalism: Reflections on the Half-Century Anniversary of the Commission on Intergovernmental Relations. In Public Administration Review, vol 66, Number 5, September–October 2006, pp 663–676

Grodzins M (1966) In: Elazar DJ (ed) The American system. Rand McNally, Chicago

Mangiameli S (2008) Il principio cooperativo nell'esperienza italiana del primo e del secondo regionalismo. Aracne, Roma

Mangiameli S (2014) Il governo delle politiche pubbliche: un banco di prova per il regionalismo. In: Mangiameli (ed) Il Regionalismo italiano tra giurisprudenza

costituzionale e involuzioni legislative dopo la revisione del Titolo V. Giuffré, Milano, p 41
Phillimore J (2013) Understanding intergovernmental relations: key features and trends. Aust J Public Admin 72(3):228–238
Sanjaume-Calvet M, Grau Creus M (2017) Intergovernmental relations in Spain: the case of bilateral negotiations. https://www.absp.be/wp-content/uploads/2016/11/Paper_ABSP_GrauSanjaume.pdf
Shafritz JM, Russell EW, Borick CP, Hyde AC (2016) Introducing public administration. Routledge, London
Trench A (2014) Intergovernmental Relations and Better Devolution. In Cardiff University Press. http://sites.cardiff.ac.uk/wgc/files/2014/12/INTERGOVERNMENTAL-RELATIONS-AND-BETTER-DEVOLUTION-FINAL-Dec-2014.pdf
Wright DS (1974) Intergovernmental relations: an analytical overview. Ann Am Acad Pol Soc Sci 416(1):1–16
Wright DS (1988) Understanding intergovernmental relations. Brooks/Cole, Belmont

# Effectiveness of Local Government, The

Alexander Demin
South Ural State University, Chelyabinsk, Russia

## Synonyms

Effectiveness in the public sector; Efficiency of town or municipal government; Positive public perception to the overall local government structure and services

## Definition

The effectiveness of local government – the efficiency of service delivery performed by local authorities.

## Introduction

The modern economy exists in the environment where demands definitely exceed the resources needed for their satisfaction. In the public sector, the problem is complicated by the issue of budget expenditure allocation. Monitoring of indexes of effectiveness in the public sector facilitates solutions to the problems related to budget adoption and interbudget relations. Management science by effectiveness means the ratio of management performance expressed in the change in state of the object of management to the costs incurred to generate this change. The process of local public goods' production becomes the main object of management.

## The Essence of the "Effectiveness" Concept

Effectiveness is a relative indicator which is determined by dividing the effect amount on the cost of resources required for its achievement. The concepts of "effect" and "results" are not absolute synonyms. In most cases, the result of activities shall mean the amount of work performed and services provided, while the real indicator of the effect will be not the product but the change in state of the object of management. For example, the number of patients diagnosed with ASD (autism spectrum disorder), who were treated in a rehabilitation center, is the example of work of health institutions, and the percentage of discharged children, who managed to improve their adaptive behavior level according to the Vineland scale (Vineland Adaptive Behavior Scale), is the effect of activities of the institution.

## Initial Data for Effectiveness Evaluation

It is necessary to have data of several types to evaluate effectiveness of providing public goods:

1. The amount of resources allocated to implement the program or to finance individual tasks.
2. The output. The output is the amount of work completed, for example, kilometers of roads built or repaired or the number of outpatient visits.
3. The outcome. The outcomes are the strategic direction of improvements (citizens' life

quality improvement), for example, length of roads in a city with topping having retained their original properties over a year.

## Evaluation of Municipal Educational System Effectiveness

On a practical level, indexes of effectiveness included in the reporting of local government bodies in Russia do not allow to evaluate the quality of public goods. For example, the evaluation of the municipal educational system is carried out upon two indicators: the proportion of preschool children who are registered for the distribution to a kindergarten and the proportion of school graduates who have got marks higher than minimal threshold in the Unified State Exam (USE) in Russian language and mathematics, i.e., Russian language with 36 or more points out of a hundred, mathematics with 27 points. In the expanded list of monitoring indicators, such indicators are included as the proportion of educational institutions satisfying the modern requirements to education, budget expenditure per one pupil, and the proportion of children receiving additional education. It is obvious that these indicators do not allow to evaluate the effectiveness of educational services and record only the availability of educational system in a city and the amount of resources spent on the area.

Opportunities of educational environment form an essential factor of a city competitiveness: for attraction of ingenious specialists into the city, improvement of the educational services quality for their children can play a crucial part. Today there are independent private organizations which systematize information about quality of educational services by compiling the rankings of institutions. The Moscow Center for Continuous Mathematical Education (http://www.mccme.ru) annually generates lists of top 500 best schools of Russia and top 200 rural schools and the ranking of Russian municipal kindergartens; school rankings are formed on the USE results and success of participation in academic competition. Information provided by the Russian schools project (http://russianschools.ru) contains data not only on the results of the USE but also about the average salary of school employees, the proportion of teachers with higher education, and computer endowment; website data allow to assess the ratio of the amount of learning outcomes and school budget per one pupil. Data analysis performed shows that success of pupils in the exams is not connected with the amount of school budget and the average salary of teachers: there are schools with low exam grades and a high level of funding. The quality of educational services is such a complex concept that representative assessment can only be performed taking into account results of the survey of services receivers' satisfaction; such surveys are held but they are optional (https://docs.google.com/forms/d/e/1FAIpQLSe6DLGHgGR6y3unSZRcNE-9dLHrWwr_QwyDaMXFm4Ufl_C6Dg/viewform).

## Evaluation of Provision of Urban Amenity Effectiveness

A significant part of local public goods compound urban amenities, and evaluation of the effectiveness of these goods should be the obligatory element of monitoring of local government; however, in Russia this area is assessed by such indicators as the proportion of privately owned public utilities and the proportion of blocks of flats located on the land which was under the state cadastral registration. These indicators are of indirect relevance to evaluation of the effectiveness of housing and public services, while modern IT technologies allow to carry out such an assessment in the comfort of their home. By going on a virtual tour, you can evaluate different options of city life such as urban amenities, quality of public places maintenance, and the state of road topping as the main roads of a city and residential roads. However, there is still a significant number of factors which cannot show even the most detailed video cards: environmental characteristics of outdoor air, security of presence in the city, and qualitative indicators of social welfare institutions. Nowadays official reports of public bodies do not include indicators of state of outdoor air, although, as the factor of the place of residence competitiveness, ecology of an area often becomes

crucial. This omission is compensated by organizations which compile the environmental rankings of Russian regions; in particular, the all-Russian nongovernmental organization "green patrol" has been doing this type of work since 2008 (http://greenpatrol.ru/ru/stranica-dlya-obshchego-reytinga/ekologicheskiy-reyting-subektov-rf?tid=288). While compiling, the ranking publications of social networks and mass media are used; this example points to the importance of this indicator as the reputation in the formation of the city competitiveness, for example, Chelyabinsk region is widely known for its depressing situation with the environment, even more than for the meteoric impact. News opportunities related to the environment form the basis for a large part of publications about Chelyabinsk in social networks, as well as in the mass media. The activity of public interest groups, in particular, related to the petitions creation, is also used as a database for compilation of the environmental ranking of the "green patrol"; it is possible that this criterion has played a part to include Moscow region in the top ten most hostile regions of Russia. Thus, the competitiveness of places of residence is penetrated by marketing information technologies similar to those used in consumer goods promotion, but in this case, information cloud is often negative. Gathering information through a survey of residents on their satisfaction by urban amenities has a higher degree of representativeness than the media materials. Materials of http://www.domofond.ru website can be considered as the example of such a survey; the ranking includes 300 largest cities in Russia (http://www.domofond.ru/city-ratings?utm_source=newsletter&utm_medium=email&utm_content=city_ratings_user_emails_feature_link&utm_campaign=city_ratings_domofond_101016). This survey was conducted using identification of respondents via accounts on the most popular website of free advertisements.

## Municipal Economic Development Control

Despite the fact that the market and the public sector are formally separated in Russia, reports on the effectiveness of local government contain such an indicator as the number of small- and medium-sized business entities. This indicator correlates with the quality of work of local government bodies as the interaction with public sector institutions for an entrepreneur forms an essential part of the expenses for business organization and operation. More accurate description of the current business environment could be provided by the indicator showing, for example, the value of transaction costs of a new business creation. As the similar indicator, it is possible to offer time evaluation in days needed for paperwork to open a business; the number of negotiation contacts required for business creation will be a more complex indicator but deeply showing the situation. Global complexity of the assessment of this indicator is in specific character of the operation of nonformal institutions in Russia; first of all, even in an anonymous survey, businessmen will not disclose all the information, and secondly, to put the value of existing informal contacts into quantification is often impossible. In addition to this aspect of limited informative value of the quantitative indicator, there is a problem of lack of indicators of differentiation by types of municipal units; the situation with the development of business initiatives in towns and cities with a population of about a million people is very different, first of all, in motivation to expand economic and business activities. As a general rule, the outstanding personalities, who have entrepreneurial abilities and proactive attitude, tend to move to a big city at the stage of entering the university, and after graduation very few of them return to their hometown. In consequence of that, for small towns, the quantitative indicator of individual enterprises can to some extent characterize economic situation in a municipal unit partly with regard to the performance of local government bodies. However, for big cities, the indicator of a number of small and medium enterprises per 10,000 people is not informative, particularly with regard to evaluating the performance of local government bodies. To a greater extent this indicator characterizes work of the government body of antimonopoly control in the territory, since several enterprises of a large business can

be created in order to optimize taxation and even in some cases to gain control over the market. In addition to the number of small- and medium-sized businesses, the effectiveness of local government in economic development of a city is also evaluated by analyzing the proportion of employment in small and medium business, the investment volume in fixed assets, and the proportion of land plots which owners pay land-value tax. These indicators indirectly allow us to evaluate the economic development of the city, however, poorly informed about the performance of local government bodies.

## Effectiveness of Local Public Goods' Delivery

Delivery of local public goods such as local roads and transport connection in Russia is evaluated by calculating the following indicators: the proportion of roads which do not meet regulatory requirements and the proportion of the population who do not have regular transport connection with an administrative center of a municipality. Inclusion of indicators of absence of certain goods into monitoring instead of performance indicators corresponds to the Russian mentality; instead of road reconditioning, the budget is directed to the installation of the road sign "rough road."

The strategic objective of work of local government bodies is the improvement of the population quality of life; consequently, evaluation of these bodies' activities should show the extent of achievement of this objective. The monitoring of local government includes such indicators of life quality as residential accommodation area per capita, electricity and heat energy consumption per capita, consumption of hot and cold water, and natural gas per capita. The indicator of the average number of residential square meters per capita is quite specific from the perspective of evaluation not only of local government effectiveness but also of life quality in general; its similarity to the "mean temperature in a hospital" indicator is obvious. However, if we consider the dynamics of this indicator, some conclusions can be drawn. Variation of the indicator clearly has direct dependence on economic situation in the country as a whole, as well as in a particular municipal unit. The clearest dependence is shown by the additional indicator of housing in the city expressed as the number of square meters per capita brought into force in the reporting year. The pace of housing construction is a multiple parameter; among factors of general economic growth or recession in the country, the amount of real wages, rates on mortgage loans, and financial situation in the city-forming enterprises can be mentioned. The degree of local government bodies influence on this parameter is limited, within the competence of the administration is parcelling out of land for development purposes. Since 2005, according to the federal legislation, assignment of land for housing construction is carried out at auctions. Thus, local government bodies formally affect only the decision to conduct an auction for land, but the administration is not able to influence the selection of the auction winner. The activity of residential housing development of the city in addition to other factors is affected by the availability of informal institutional links between state and municipal government bodies and heads of developers. If the city is the capital of the subject of the Russian Federation, the most significant influence has a nonformal institution of interaction between the top official of the region and market-leading developers; local government bodies in such cities often play a subordinate role. The conductivity of the nonformal institution has an impact on the real estate per square meter price in this city and, consequently, the competitiveness of the city for its residents. Thus, the analysis of dynamics of the housing provision index allows to draw conclusions about competitiveness of the city; however, to assess the effectiveness of local government bodies upon this indicator is not possible.

The extended list of indicators of the local government bodies' effectiveness in Russia (Decree of the Government of the Russian Federation from December 17, 2012 № 1317) includes such an indicator as local budget expenditures for the allowance of employees of local government bodies per capita. The value of this indicator can be used to evaluate effectiveness only in any part

of the denominator of an indicator as it shows the resources spent, but absolutely does not show the results of employees' work.

## Satisfaction of the Population with Work of Local Government Bodies

Implementation of quantitative evaluation of management effectiveness has a number of difficulties, specifically: the results of work performed are often delayed, and direct executives of work are beyond the control of the structures of local government bodies, so the impact on the quality of services is indirect. For example, the Department of Education aims to improve teaching effectiveness; however, local government bodies do not have direct influence on employee motivation; local governments do not have. In Russia, the system is that a teacher should perform tasks which are divided between several specialists in the developed countries; in addition to implementation of educational activities, the teacher conducts correctional work with children with special needs such as attention deficit and hyperactivity disorder, the teacher monitors the payments of parents for children's meals and inform them in case of payment necessity, and the teacher conducts explanatory work with parents, urging them to make regular contributions to the economic needs of the institution. It is possible to identify such problems in the educational system only through a representative survey of services receivers. Since 2014 in accordance with the Decree of the President of Russia from May 7, 2012N 601 "about the main directions of improving public administration system," the index of satisfaction of the population with local government bodies in Russia is calculated. In fact, this is the only indicator from the list of indicators which is directly relevant to the evaluation of local government bodies' effectiveness. Data for the indicator is gathered through opinion polls, procedure of which is developed by state government bodies in regions, i.e., the method of data collection varies in regions, and polls are mainly conducted with the use of IT technologies.

Independence of such surveys and their representativeness cannot but cause doubts; for example, on the website with the survey of satisfaction of the population in Belgorod region http://ocenka.belregion.ru, one can get a report for a certain period of time broken down by municipal units and areas of evaluation; among the latter, there are such areas that have provision of urban amenities and housing and community amenities, road facilities, health care, culture, local government, education, public order and security, production and trade, labor, employment, tourism, physical culture, and sports.

The report data are surprising: most evaluates range within 90–100%, i.e., according to the survey, the residents of Belgorod region are extremely satisfied with performance of all areas of local government; moreover, some municipal units managed to obtain evaluates of the respondents, the number of which exceeds the population of the municipal unit; for example, in 2015 in Starooskolsky urban district, 312,791 answers of respondents were received, while the population numbered 257,948 people; a similar situation was in Gubkinsky urban district where the number of respondents interviewed exceeds the population by more than two times. The explanation of the situation is very simple because each Internet user can participate in the poll on Belgorod website, and there is no identification of the respondents.

Survey procedure development is in its formative stage in Russia. Currently the Decree of the Government of the Russian Federation from December 17, 2012N 1317 states that the criteria for satisfaction of the population with activities of heads of local government bodies' evaluation are based on satisfaction of the population under the following three sections: organization of transport services, the quality of roads, and the quality of housing and utility services, in particular, heat, water, electricity, and gas supply. It remains unclear why such areas of municipal activities such as education, health, and culture were not included in the evaluation criteria. Some municipal unities extend the list of criteria on their own initiative and conduct surveys on self-developed questionnaire; lack of respondent's identification

system reduces the representativeness of survey results; however, the presence of these questionnaires on a website of a municipal unit indicates an increase in information transparency of government authorities in Russia.

For a substantial part of the population, the straight question – are you satisfied with the activities of the local government bodies? – is much more complicated than a question in comparative form, for example, has the situation with city management improved or worsened due to shift of the head of the city, in case of the elective head? the answer to this question could be reelection of the head for a new term; however, today direct elections of the head of the city are abolished in many municipal units of Russia. Rugion company has launched a questionnaire on the most popular website in Chelyabinsk "Chelyabinsk in 12 chapters: who is better?" (http://chelyabinsk.ru/text/280_years/20657161 9725312.html). In addition to an opportunity to vote, the questionnaire offers to see pictures of city managers, their background, and their merits to the city. Representativeness of this survey is higher than the direct polling on satisfaction with activities of local government bodies as it allows to evaluate the work result of the head of the city after a long period of time.

In addition to the complexity of perception of the question about satisfaction with local government, there is a problem of public awareness of the area of accountability of local government bodies; most people tend to blame any level of government in their personal problems like their wages or prices of food and gasoline.

## Conclusion

In order to evaluate the effectiveness of local government, it is necessary to determine the key development direction of the city such as competitiveness enhancement of the city for its residents and investors. Direct evaluation of the competitiveness of cities is possible by compiling rankings based on population surveys and objective data of official statistics.

# Efficiency of New Zealand District Health Boards

Antony Andrews
School of Economics, Auckland University of Technology, Auckland, New Zealand

## Synonyms

District Health Boards; Healthcare efficiency; New Zealand public health; Public funds; Technical efficiency

## Definition

*Technical efficiency* refers to the performance of each healthcare provider relative to the efficient production frontier. The frontier is based on "best-observed practices," where inefficient healthcare providers are found to be operating below the efficiency frontier. *Technical efficiency* in this entry computes the measure of how far below healthcare providers are operating from the efficient production frontier for a given level of inputs.

## Introduction

In the past 50 years, New Zealand has experienced a considerable increase in public healthcare expenditure. The real cost spent by New Zealand government has risen from $583 in 1950 to $2987 per capita in 2011 (2011 New Zealand dollars), which, as a share of GDP equates to an increase from 3.1% in 1950 to 6.9% in 2011 (The Treasury 2013). The same Treasury report also projects healthcare expenditure as a share of GDP to rise to 12% by 2060. The persistent increase in the public healthcare expenditure presents an unavoidable challenge to the New Zealand government, who must now look into ways to manage healthcare resources more efficiently.

A crucial part of the New Zealand public healthcare system is 20 District Health Boards (DHBs) that are entrusted with a substantial

portion of the public healthcare budget to provide hospital services in their regions. In the year 2017/2018, approximately 75.6% of the total public healthcare budget of 12.7 billion was distributed to DHBs to meet the regional healthcare demand, including hospital services (The Treasury 2017). However, public healthcare audit reports show that DHBs have failed to manage public funds efficiently and have posted consistent deficits over the past few years (Controller and Auditor-General 2018).

This entry aims to contribute to the New Zealand healthcare literature by providing a conceptual measure of DHBs efficiency and link to the factors that may explain variability in levels of technical efficiency.

## New Zealand District Health Boards

The New Zealand Public Health and Disability Act 2000 gave DHBs the sole responsibility of managing resources to provide for the health and disability needs of communities in their regions. Under the act, DHBs own public hospitals as their provider arms and are solely responsible for providing public hospital services. A population-based funding formula (PBFF) is used to determine the amount of funding DHBs receive every year. The PBFF aims to allocate resources between DHBs according to the relative needs of their populations. Therefore, DHBs form the nucleus of the current public health system in New Zealand in providing hospital services to the public. Currently, there are 20 DHBs in New Zealand that vary considerably in size, with Waitemata DHB being the largest serving about 560,000 people and West Coast DHB being the smallest with about 31,000 under its jurisdiction. Table 1 displays the list of 20 DHBs along with their various characteristics.

**Efficiency of New Zealand District Health Boards, Table 1** New Zealand DHBs

| DHB | Population deprivation level | Population |
|---|---|---|
| Auckland | Low | 460,000 |
| Bay of Plenty | High | 220,000 |
| Canterbury | Low | 501,425 |
| Capital and Coast | Low | 300,000 |
| Counties Manukau | High | 512,130 |
| Hawke's Bay | High | 165,000 |
| Hutt Valley | High | 140,000 |
| Lakes | High | 108,000 |
| Mid Central | High | 160,000 |
| Nelson Marlborough | Low | 134,500 |
| Northland | High | 175,000 |
| South Canterbury | Low | 55,000 |
| Southern | Low | 315,000 |
| Tairawhiti | High | 46,000 |
| Taranaki | High | 110,000 |
| Waikato | High | 360,000 |
| Wairarapa | High | 40,000 |
| Waitemata | Low | 560,000 |
| West Coast | High | 31,000 |
| Whanganui | High | 60,120 |

## Data Envelopment Analysis and Beta Regression

DEA is a non-parametric technique based on a linear programming tool developed by Charnes et al. (1978). A DEA model for $n$ decision-making units (DMUs) with each using $i$ inputs to produce $j$ outputs, the output-oriented technical efficiency of $DMU\ r_0$ can be evaluated by solving the following linear program:

$$\widehat{\theta}_{r_0} = \max \ \lambda \tag{1}$$

subject to:

$$\sum_r X_{ir}\gamma_r - X_{ir_0} \leq 0 \quad i = 1, \ldots, I$$

$$\sum_r Y_{jr}\gamma_r - \lambda Y_{jr_0} \geq 0 \quad i = 1, \ldots, J.$$

$$\gamma_r \geq 0, \ r = 1, \ldots, R$$

where $Y_{jr}$ is the amount of the $j$th output observed for the $r$th DMU, $X_{ir}$ is the amount of the $i$th input consumed by $r$th DMU, and $\lambda$ is a scalar value that seeks to expand all outputs proportionally given the input quantities.

This entry also uses beta regression to model a dependent variable ($y$) that is measured continually on the standard unit interval, i.e., $0 < y < 1$. The beta regression allows dependent variables that fail the normality assumption to be modelled with a very flexible alternative. The beta regression assumes the dependent variable is beta distributed denoted by $\mathcal{B}(\mu, \phi)$ that take varying shapes depending on the values of $\mu$ and $\phi$ and can easily incorporate asymmetry.

## Data Description and Descriptive Statistics

The efficiency analysis of healthcare units requires the selection of appropriate outputs and inputs to derive the efficiency frontier using DEA. This entry uses case-weighted inpatient discharges and price-weighted outpatient visits as outputs. In New Zealand, each inpatient visit is first assigned into an AR-DRG (Australian Refined Diagnostic Related Groups) based on clinical condition and then weighed according to Weighted Inlier Equivalent Separation (WIES) weight to derive case-weighted inpatient discharges. On the other hand, outpatient visits are price-weighted by multiplying outpatient volumes by the price of respective purchase units and then dividing by national case-weight price. The weighted outputs offer a consistent way of accounting different healthcare outputs for their relative complexity and resource consumption.

With respect to inputs, this entry uses Full-Time Equivalent (FTE) counts of medical, nursing, allied, support and management staff of each DHB as a measure of labor consumption. To increase the discriminatory power of DEA, the FTE counts of nursing, allied, support, and management are combined to form a new weighted measure -*Non-med staff,* based on their proportion of total labor expenditure. However, it is worth noting that many clinicians in larger DHBs also offer contractual services to neighboring smaller DHBs, which may not be adequately reflected in FTE calculations. Second, for capital inputs, the end-of-quarter capital asset values of hospital buildings, clinical and non-clinical equipment, information technology and motor vehicles reported by DHBs are used as a proxy for capital input.

The MoH, under the Official Information Act 1982, has provided quarterly balanced panel hospital data from month ending September 2010 to June 2018 for all 20 New Zealand DHBs. In Appendix A1, the variables and their definitions are provided, while Table 2 presents basic descriptive statistics by year.

E

**Efficiency of New Zealand District Health Boards, Table 2** Descriptive statistics

| Variables | Statistics | Values |
|---|---|---|
| Medical staff | Mean | 1,264 |
| | Std. Dev. | 1,219 |
| | Min | 97 |
| | Max | 5,230 |
| Non-Med staff | Mean | 7,795 |
| | Std. Dev | 6,110 |
| | Min | 1,078 |
| | Max | 24,068 |
| **Costs and values**[a] | | |
| Outsourced clinical costs | Mean | 5,026 |
| | Std. Dev | 5,232 |
| | Min | 0 |
| | Max | 31,167 |
| Clinical supplies costs | Mean | 15,611 |
| | Std. Dev | 14,092 |
| | Min | 1,078 |
| | Max | 66,263 |
| Capital assets | Mean | 610,800 |
| | Std. Dev | 504,212 |
| | Min | 39,441 |
| | Max | 1,990,000 |
| **Outputs** | | |
| Case-weighted inpatient discharges | Mean | 10,334 |
| | Std. Dev | 8,794 |
| | Min | 797 |
| Max | 36,574 | |
| Price-weighted outpatient visits | Mean | 3,379 |
| | Std. Dev. | 2,171 |
| | Min | 610 |
| | Max | 8,370 |

(continued)

**Efficiency of New Zealand District Health Boards, Table 2** (continued)

| Variables | Statistics | Values |
|---|---|---|
| **Environmental variables** | | |
| Proportion of surgical inpatient discharges | Mean | 0.51 |
| | Std. Dev. | 0.05 |
| | Min | 0.37 |
| | Max | 0.70 |
| Proportion of Acute inpatient discharges | Mean | 0.58 |
| | Std. Dev | 0.05 |
| | Min | 0.22 |
| | Max | 0.67 |
| Proportion of Māori and Pacific inpatient discharges | Mean | 0.22 |
| | Std. Dev | 0.12 |
| | Min | 0.04 |
| | Max | 0.54 |
| Average length of stay | Mean | 2.67 |
| | Std. Dev | 0.27 |
| | Min | 2.12 |
| | Max | 4.39 |
| Capital labor ratio | Mean | 0.04 |
| | Std. Dev | 0.03 |
| | Min | 0.005 |
| | Max | 0.17 |

[a]The values are deflated using the price index for various goods and services

## Results

A distinct feature of this entry is the availability of the panel data on DHBs. This gives an opportunity to take into consideration the dynamic structure of data, which, if ignored, penalizes DHBs that consume relatively high resources that are intended to produce future benefits. Therefore, this entry intends uses an intertemporal approach where a single production frontier which spans the whole period is defined. This approach adopts the idea that there is no significant change in technology over the entire period under analysis, i.e., the production frontier is fixed. In this framework, a multi-period comparison can be carried out as in each particular period, one DHB's performance is compared to its own performance in other periods and with other DHBs (Cullinane et al. 2004). This virtue of intertemporal analysis enables to evaluate efficiency scores that include a DHB's ability to make efficient use of available technology, in particular for DHBs that are characterized by low investment in capital and technology, whether or not increase in the capital per labor raises their overall efficiency levels.

The results show that the performance of New Zealand DHBs has not changed from 2011 to 2018 and in fact, the technical efficiency dropped from 0.89 in 2011 and to 0.87 in 2015. The overall grand average technical efficiency is 0.89, which indicates, that, on average, New Zealand DHBs have not made any improvements since 2011 and could have increased their hospital services by approx. 12% if they have not only followed the sector's best practice but had also kept abreast of technological innovations in the New Zealand healthcare industry.

The weakest performers that experienced decreasing efficiency performances from 2011 to 2018 are Northland (−12%), Mid Central (−4%), Nelson Marlborough (−17%), Hawke's Bay (−7%), Taranaki (−10%), and Whanganui (−3%). It is noticeable that all these DHBs except Nelson Marlborough operate in areas with high deprivation. This indicates that DHBs operating in the area of high deprivation suffer from deteriorating efficiency performance.

However, bucking the deteriorating trend is West Coast, which showed a commendable improvement of 32% from the efficiency score of 0.69 in 2011 to 0.92 in 2018. The top performers with stable trends in the sample are Auckland and lakes, both showing an overall average efficiency rating of 0.95 and 0.94, respectively, followed by Counties Manukau, Bay of Plenty, Canterbury, Waikato, all posting a score of 0.93. Other top performers include Southern, Capital & Coast, Hutt Valley, Wairarapa, South Canterbury, and Waitemata posting average efficiency rating between 0.89 and 0.92.

The results of the beta regression model are displayed in the form of average marginal effects in Table 3. The marginal effects in Table 3 show the impact of patient structure and other related factors on technical efficiency levels when

**Efficiency of New Zealand District Health Boards, Table 3** Average marginal effect on DHBs technical efficiency scores

| Independent variable | Dependent variable (DEA score) Average marginal effects |
|---|---|
| Quarter 1 dummy | 0.006*** (0.001) |
| Quarter 2 dummy | −0.009 (0.001) |
| Quarter 3 dummy | −0.007*** (0.001) |
| Year 2011 dummy | 0.005*** (0.001) |
| Year 2012 dummy | 0.006** (0.001) |
| Year 2013 dummy | 0.013*** (0.001) |
| Year 2014 dummy | 0.001 (0.001) |
| Year 2015 dummy | −0.003 (0.001) |
| Year 2016 dummy | 0.001 (0.001) |
| Year 2017 dummy | 0.002 (0.001) |
| Proportion of surgical inpatient discharges | 0.0924*** (0.041) |
| Proportion of acute inpatient discharges | 0.1802*** (0.056) |
| Proportion of Māori and Pacific inpatient discharges | 0.0847*** (0.011) |
| Average length of stay | −0.1421*** (0.031) |
| Capital per labor | −0.0461*** (0.011) |
| High deprivation DHB dummy | 0.4136*** (0.089) |
| High deprivation DHB dummy * Proportion of surgical inpatient discharges | −0.2202*** (0.041) |
| High deprivation DHB dummy * Proportion of acute inpatient discharges | −0.0528 (0.056) |
| High deprivation DHB dummy * Proportion of Māori and Pacific inpatient discharges | −0.0780*** (0.011) |
| High deprivation DHB dummy * Average length of stay | −0.1616*** (0.045) |
| High deprivation DHB dummy * Capital per labor | 0.0510*** (0.009) |
| Observations | 640 |
| Wald $\chi^2$ | 341.75 |
| Prob. $\chi^2$ | 0.000 |
| AIC | −2,142.195 |
| BIC | −2,039.014 |
| Log pseudo-likelihood | 1,094.3525 |

Note: Figures in parentheses are Heteroscedasticity-consistent standard errors
***, **, * indicate significance at the 1%, 5% and 10% statistical levels, respectively
Maximum likelihood estimation in Stata 15 using *betareg* function

controlled for level of deprivation, seasonality, and year-specific effects. In the results, a negative sign is associated with decreasing effect on technical efficiency, whereas positive implies an increasing impact on technical efficiency levels. The 1% statistically significant positive sign of the marginal effects for DHB operating in highly deprivation area suggest that these DHBs experience better levels of technical efficiency. This appears to be contradictory to the results found in the previous sector, where these DHBs posted some of the lowest and deteriorating level of efficiency. This is expected as DHBs in highly deprived areas often experience a high number of patients in their public hospitals due to a large section of the population's inability to afford access to primary health care providers who as an alternative choose public hospitals (Cann 2016; Edmunds 2016). As a result, DHBs operating in highly deprived areas experience a relatively high demand for hospital services leading to higher service to resource ratio than DHBs in areas of low deprivation.

Nonetheless, this positive effect on DHBs that have highly deprived population reduces and become negative with an increasing proportion of Māori and Pacific inpatient discharges at a

statistically significant level of 1%. This negative effect of Māori and Pacific inpatient can be explained by the high resource consumption associated with the Māori and Pacific population living in highly deprived areas, who are generally less healthy, and experience high levels of poor health outcomes compared to other ethnicities.

Similarly, in isolation, the marginal effect shows that DHBs with a higher proportion of surgical inpatients experience higher levels of efficiency. However, when controlled for DHB deprivation, this effect reverses and become negative. This suggests that significant mismanagement of resources exist with the scheduling, and allocation of staff and equipment for surgeries. Inefficient management of surgical units has resulted in a high rate of surgery cancellations and long waiting lists for patients waiting for elective surgeries in New Zealand. Likewise, the result shows the existence of the negative effect of a higher proportion of acute inpatients that operate in a highly deprived area, but this effect is found to be insignificant. The effect of the average length of stay in hospitals, as expected, high length of stay impacts technical efficiency negatively and therefore reducing them can assist in improving technical efficiency to some extent. This effect holds true whether a DHB operates in a highly deprived area or not.

In isolation, the effect shows that increasing capital per labor decreases efficiency level, but for DHBs operating in the area of high deprivation experience a higher level of efficiency with raising capital investment. Capacity constraints relative to demand lead to low asset utilization leading to inefficient use of hospital space, whereas ageing information technology leads to substantial duplication of administration practices. A report by Auditor General pointed towards deferred maintenance, underinvestment in buildings and capital equipment as a major hurdle for the majority of DHBs in reducing cost and maximizing efficiency (Controller and Auditor-General 2016).

## Conclusions

The findings of this entry can be presented as follows:

(i) The average technical efficiency levels of New Zealand DHBs in providing hospital services over the period 2011–2018 stands at 0.89.
(ii) The average yearly levels of technical efficiency among the DHBs show that no improvement in technical efficiency levels has occurred between 2011 and 2018; instead, efficiency dropped from 2011 to 2015.
(iii) There is also some evidence that DHBs providing hospital services to the population with low socioeconomic status are associated with low levels of efficiencies as the bottom six DHBs operate in the area of high deprivation.
(iv) The DHBs operating in highly deprived areas with a higher proportion of Māori and Pacific inpatients, surgical or acute discharges experience a decreasing level of technical efficiency compared to DHBs that operate in the area of low deprivation.

## References

Cann G (2016) Half a million Kiwis not receiving healthcare because of cost. Retrieved from https://www.stuff.co.nz/national/health/86049359/half-a-million-kiwis-not-receiving-healthcare-because-of-cost

Charnes A, Cooper WW, Rhodes E (1978) Measuring the efficiency of decision making units. Eur J Oper Res 2(6):429–444. https://doi.org/10.1016/0377-2217(78)90138-8

Controller and Auditor-General (2016) District health boards' response to asset management requirements since 2009. Retrieved from https://www.oag.govt.nz/2016/dhbs-assets/docs/dhbs-assets.pdf

Controller and Auditor-General (2018) Health sector: results of the 2016/17 audits. Retrieved from https://www.oag.govt.nz/2018/health-sector-audits

Cullinane K, Song D-W, Ji P, Wang T-F (2004) An application of DEA windows analysis to container port production efficiency. Rev Netw Econ 3

Edmunds S (2016) Cost of doctor's visit varies widely depending on where you are. Retrieved from https://www.stuff.co.nz/business/money/86904891/cost-of-doctors-visit-varies-widely-depending-on-where-you-are

The Treasury (2013) Health projections and policy options for the 2013 long-term fiscal statement. Retrieved from https://treasury.govt.nz/sites/default/files/2013-07/ltfs-13-bg-lhppo.pdf

The Treasury (2017) Vote health – health sector – estimates 2017/2018. Retrieved from https://treasury.govt.nz/publications/vote-health-health-sector-estimates-2017-2018-html

# E-Governance and Ethical Leadership

Amita Singh
Centre for the Study of Law and Governance, Jawaharlal Nehru University, New Delhi, India

## Synonyms

Ethical code; Moral principles; Principals; Professional ethics; Value-system; Virtue

## Introduction

The coming of e-governance transformed the way one would look at the ethics of leadership. The new technology was ready to take over most of the routine jobs of an executive, who would thereafter need more learning and knowledge to coordinate the emerging new networks of agencies, signing contracts for collaborations, partnerships, and outsourcing services. The administrative offices would now be occupied with non-government consultants, firms, and service providers and every transaction would demand from administrators much more transparency, accountability, efficiency, and speed. The new priorities of ethical leadership which substitute the conventional principles of Weber's hierarchy, written rules, impersonality, and neutrality are transparency, accountability, efficiency, speed, and rule of law. Since the new technology is capital intensive and it also deals with online transactions, investments, and cash transfers from banks, government agencies, and finance companies, regulators would coexist with the administrator, and this relationship would also be a new challenge to ethical leadership. How did this change arrive and what would be the new priority areas for the ethics of leadership is the concern of this paper.

## Imperatives of e-Governance on the Ethics of New Leadership

e-governance is imperative to public administration today. Most services are online and most offices which were earlier spread around the whole city are now working from small cells and call centers. Banks have reduced their physical presence and tax collection windows are now rarely visible. The administrators are getting the pulse of their policies through WhatsApp, Twitter, and other social media groups, and most services have become self-steering in a manner that the time and cost of service delivery has relatively much reduced as compared to the past. The conventional framework of ethics in Weber's bureaucratic theory reflected a protestant ethic of an advancing capitalist state but the new technology transforms ethics to a new direction. The online portals of administrative departments deliver many services such as registration for admission; interviews and shortlisting for educational and professional institutions; online result declaration and management of selection and training processes; conducting examinations; registration for services; procurements, tendering, and transactions of payments for utility services; money transfer; e-passports and visa; online commerce; online deposit and submission of tax returns; e-banking; citizen verification and identity cards; e-complaint; e-FIR at police stations. This overload of online responsibilities is intimidating and also vulnerable. To manage such a challenge would need an integrated and synergistic e-technology which is linked to many other devices and is also fully secure.

Studies on a critical and comparative impact of this new change have been rare, marginalized, (Suggested reading is Wescott (2001). And subsequent unpublished papers on the same theme for the Asian Development Bank 2010 and NAPSIPAG 2012, Reddick (2010), Singh (2013) and Tolbert and Mossberger (2006), Rahman (2016).) and mostly confined to e-government leadership. The technology grew without leadership in its initial years. In the Asian region, developments towards e-governance started in the decade of 1970s when National Information Centres were established in most of the countries. Gradually in the next decade most countries including India launched a satellite-based computer network (NICNET in India 1987). The satellite connectivity was quick to set up ambitious district level information centers, computerization of all offices which soon after got tele and internet

connectivity to launch e-governance initiatives at various levels of government (Fig. 1).

Ethical leadership in present times indicates "*five key dimensions*"

- **Controlling Corruption**: e-governance is the strongest strategy to prevent corruption as established in the Global Corruption Report survey in 2003. (p. 11, "E-government offers a partial solution to the multifaceted problem of corruption. It reduces discretion, thereby curbing some opportunities for arbitrary action. It increases chances of exposure by maintaining detailed data on transactions, making it possible to track and link the corrupt with their wrongful acts. By making rules simpler and more transparent, e-government emboldens citizens and businesses to question unreasonable procedures and their arbitrary application.") Many authors (Carr and Jago 2014; Iqbal and Seo 2008; Charoensukmongkol and Moqbel 2012; Sturges 2004) have established empirically by comparing the corruption and e-government indexes that the advance of e-governance has reduced corruption and arbitrary discretions of bureaucracy in many regions. To achieve Sustainable Development Goals for ending poverty by 2030 and achieve the targets set for Financing for Development it is incumbent upon leaders to stop the flow of USD 1.5 trillion in bribes every year (World Bank 2017) which hijacks opportunities from the lives of the poor. To prevent this pathetic situation, innovations such as e-office, in-house training to personnel at every level of the hierarchy, on-desk support mechanism, regular meetings with staff to motivate them and also provide incentives to help them adopt e-governance would add up to the responsibilities of a leader. The World Bank (2017) sets a requirement for leadership in creating international transparency standards (Global Initiative on Financial Transparency, Open Contracting Standard, Asset Disclosure Standards) and support for implementing open government.
- **Removes Regional Disparities**: By deepening internet penetration to the farthest corner of the country most regional disparities start fading (see Kim et al. 2005). This refers to achieving "access," "affordability," and "speed" in a "last mile delivery." It also indicated that government programs should adopt complete

**E-Governance and Ethical Leadership, Fig. 1** Essentials of ethical leadership and e-governance. (Source: Author)

e-technology rather than in segments as it is counterproductive to the objectives of e-governance.

- **e-Governance Bridges the "digital divide"** among communities, regions, and nations and focuses upon technology systems which respective requirements of gender, disability, caste, class, religion, race, language, or geography. A report (This information is taken from "Digital in 2017" report compiled by Hootsuite, social media management platform, and We Are Social, a social media agency. See link http://www.hindustantimes.com/opinion/locating-gender-in-the-digital-divide/story-zt10VjNAwnOqcChjkYCLfN.html. Accessed on 23.8.2017.) demonstrates that India's internet penetration rate is only 35% in comparison to 50% of global internet penetration rate. Of the total Indian Facebook users of 191 million, only 24% are women. Economic and cultural norms dominate perceptions on the use of internet by women. Andreea Stoiciu (2011) highlighted in the UN Chronicle that there is need to increase the level and depth of all stakeholders' participation in decision making and in implementing e-governance to bridge the great gap between knowledge-based and rudimentary societies which continues to be one biggest impediment towards bridging the digital divide.
- **Facilitates Learning of Processes**: Inculcation of knowledge prevents techno-centrism or techno-determinism which give rise to monocultures in the pedagogies of development. This development is likely to bypass alternate designs which sustain civilizations and histories. This learning helps administrators to scientifically approach and improve indices of e-governance which move towards holistic and inclusive development through scientifically established targets (see Singh 2013). The most commonly followed indices are those from the United Nations such as Human Development Index (HDI) such as the e-Governance Index (EGI), e-Readiness Index (ERI), Networked Readiness Index (NRI), and Web Measure Index (WMI). By setting indices the problem of biases which is so common in qualitative assessments is addressed to logically. This helps benchmarking of results and practices relatively more authentic for research.
- **Ensures Data Security**: Government and people expect their data to remain secure if they were to use e-services, and these are; cash, medical records, bank accounts, agreements, official communication, emails, decisions, citizens' identity information, intellectual property, etc. Hacking of the most protected government websites has taken place and data stolen and misused. (On 26th June 2017 some websites of the US Government were hacked by the pro-Islamic group. On 13th February, India's most protected website of the Home Ministry was hacked and in 2016 also several such cases including the websites of Indian Missions abroad were hacked.) The ATM, debit and credit cards are protected through a password yet those who have lost cash are still growing. This has also thwarted many states from being proactive on uploading information on e-governance portals especially payments to the retired personnel such as e-pensions which had to be tested in many security trials before opening to people. A large number of software ensure safety of our bank accounts, property information, family data, creative and intellectual data.

A very interesting argument made by Singh (2013, p. 6) highlights an intriguing predicament for a practitioner "whether the precedence of 'e' in governance makes any substantive change in the nature of governance or it's the nature of governance itself which defines the applications of 'e' in governance." This line of thought has a key role to play in an emerging design for ethical leadership which is likely to face many dominating strands of politics and business companies. A liberal state governed by new institutional economics would get iconic market-friendly leaders as e-governance technology advances with the willing support of varieties of modern world messiahs like the media baron Keith Rupert Murdoch, (He is an American Australian business tycoon who shot into popularity due to his rapid strides in controlling the digital media and expanding it into

a monopoly business through "News Corporation" owning over 800 companies in more than 50 countries with a net worth of over $5 billion.) world visionary saints like the late Steven P. Jobs, (The iconic co-founder of the Fortune 500 Apple Company which not only ushered in an era of personal computers and touch screens but also a cultural transformation of all entertainment business in music, movies, IPhones and social networking sites on digital media. He recently died on 5th October 2011.) and strategic genies such as Bill Gates, (The American software genius and business leader in computers, founder of Microsoft Company which is constantly innovating with software for personal computers and for long remained uncontested in the market.) Bob Young, and Marc Ewing (Bob Young and Mark Ewing are two founders of the Open Software movement called the Red Hat movement in 1993, which since then has broken the Microsoft's expensive monopoly of software. Red Hat has decontrolled ownership of these software for the benefit of smaller businesses, firms, and public sector applications. Red Hat Movement can be referred to as a digital grassroots movement serving the interests of the underprivileged in electronic industry.) (Singh 2013, pp. 5–6).

## Ethical Leadership: The Great Transformation

This chapter attempts to find out if ethical leadership has undergone a transformation with the coming of e-governance. It is accepted that the concept of leadership entails many difficult ethical questions which lie beneath the processes of organizational management and the leader's drive towards the achievement of common good rather than personal interests. Ethical leaders are provided much visibility through e-governance through which the structures and the processes of authority, compliance, and supervision standards are maintained with responsibility, transparency, and accountability. e-governance ensures a stamp of ethical forbearance and maturity to the decision-making processes. It is also transforming the traditional ethical leadership of compliance to moral codes of hard work, right behavior, and observance to norms of spiritualized ethics to a new knowledge-based wired mechanism which ensures collective moral responsibility to an impersonal and detached self-steering mechanical system. Different authors have shared a variety of perceptions on traits of an ethical leader of today. While John W. Gardner (1990) could agree on "wisdom" as a key trait for a leader, Zhang (2013) suggested that leader should be able to create an open environment in which one could express and criticize or could even be a whistleblower. For the purpose of clarifying the connection of ethical leadership to e-governance, Starratt (2004) explains it as a commitment based on three essential virtues, i.e., proactive *responsibility*; personal and professional *authenticity*; and an affirming, critical, and enabling *presence* to the workers and the work involved in teaching and learning. Notwithstanding an attached warning to ethical leadership alongside the above discussion on its traits is about its ability to understand the limitations of what this leadership can achieve as followers may not always follow everything that the leader would expect from them (p. 145). e-governance has speed which many users may not have the capacity to match with.

The transformation is phenomenal but there is a common agreement to three fundamental requirements in ethical leadership as given below in Fig. 2. The subsequent section of this chapter would explain how ethical leadership gets supported through e-governance in undertaking proactive responsibility, remaining present for his supporters and followers, and also making his authenticity visible to the organization.

## Traditional Versus Modern Concepts of Ethical Leadership

e-governance has transformed the concepts of ethical leadership by transforming the manner in which government works. It is not simply a breakdown of bureaucratic boundaries but also a leveling down of the traditional concept of hierarchy. The most substantive change comes in the dimensions of trust, legitimacy, and patterns of morality

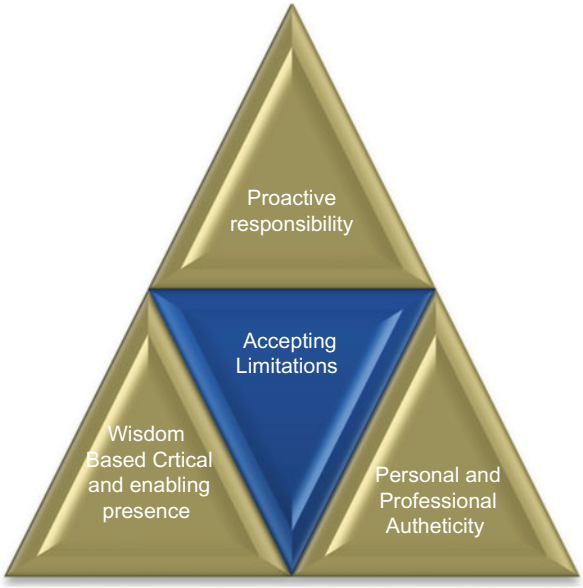


**E-Governance and Ethical Leadership, Fig. 2** Substantive role of ethical leadership



due to which citizens participate in the processes of governance. This could be understood only when one is familiar with what form of ethical leadership has traditionally preexisted this change.

Traditional concepts of ethical leadership have emerged from the first recorded histories of kingdoms as relationships between the rulers and the ruled rather than from the origin of mankind as biological records of "homo sapiens." The earliest records dating back to the Indian manuscripts of *Yajurveda* 1500–3000 BC (Chendrayan 2009) and Kautilya's *Arthashastra* (see Kazanas 2010, where the 3000 BCE produced Indian manuscripts of *Ramayana* and *Mahabharata* have been acknowledged as the most ancient world texts for governance and ethical leadership.) of 321 BC, Chinese manuscripts of Taoist philosopher Sun Tzu's *The Art of War* (Bryman et al. 2011) (600–421 BC) have described relationship of the rulers and the ruled in civil and military organizations, tactical dispositions of a leader, and statecraft. Interestingly, ethics (There could be no better holistic description of ethics as given by Kautilya, "The root of happiness is *Dharma* (ethics and righteousness), the root of *Dharma* is *Artha* (economy, polity), the root of *Artha* is right governance, the root of right governance is victorious inner-restraint, the root of victorious inner-restraint is humility, the root of humility is serving the aged" (Kautilya's Book *Chanakya Sutra* 1–6) quoted in Rajput (2012).) occupies the core of every activity of the king, i.e., law making, administration, and citizen services. Ethical leadership safeguards the delivery of services from cradle to grave and common good becomes the key of governance. (Kautilya's Arthashastra Book two, *Duties of Government Superintendents*.) It justifies its existence by providing the right environment and freedom for citizens to advance. This perception dominated administrative theory during the postcolonial narratives of developmental administration and continued till the radical current of public choice and new institutional economics exposed the intentions of the state which provided and obtained ethical leadership (Buchanan and Tullock 1962; Olsen 1965; Meador and Skerratt 2017). The former concept of a leader with characteristics of being humane, interactive, and participative undergoes transformation with the coming of e-governance. The new era leaders could be skilled in technology and may manufacture their leadership through the use of e-campaigns and publicity over the net and social media which have a global reach at the click of a button. The new scenario suggests that even an invisible and absentee leader can be seen to provide ethical leadership. This is clearly reflecting

the nature of the new techno-deterministic state as Singh (2015) suggests that the state has become neocorporatist and acts more in self-interest rather than as Weber's rational-legal entity. At this juncture when the world seems changing its ethical discourse and the greatest epitome of ethical leadership "the state" itself came under the sharpest attack, traditional trust in the leader also broke down (see Chakrabarty's 2016). The deepening impact of new institutionalism over state institutions was exacerbated with the coming of the faceless system of government called e-governance which was large enough to hide a snoring administrator. The deadlines for achieving targets set by the Millennium Development Goals (MDG) required both online and onground tracking for evaluating progress on implementation, of administrative capacities, and about community resilience building. These few years preceding the MDG deadline of 2015 could highlight the fact that sustainable ethical leadership is predominantly a ground-based leadership which is sensitive and proactive to people's problems rather than a mere skilled-based cyber world campaigner, which could have elevated some to leadership status by default.

## Ethical Leadership Is About Strengthening Equitable Development with Efficiency and Speed

The fourth report "Ethics in Governance" of the Second Administrative Reforms Commission in India (2007) had emphasized that the tools of modern technology such as Information and Communication Technology (ICT) should be used to transform the relationship of government with its constituents, citizens, businesses, and also its own agencies. This form of governance is called SMART (Simple, Moral, Accountable, Responsive, and Transparent) governance. (Paragraph 83, Report of the Working Group on Convergence and E-Governance for the Tenth Five Year Plan (2002–2007), Planning Commission November, 2001.) The year 2005 brought out some scholarly work in understanding leadership in relation to the trials of governments before the new technology. The overlapping domains of technology, ethics, integrity, and leadership challenges of 2005 found a place in some US-based publications by George Fredrickson and Richard K. Ghere's *Ethics in Public Management* and Carol W. Lewis and Stuart C. Gilman's *The Ethics Challenge in Public Service*. A few years later in 2008 an edited volume *Ethics and Integrity of Governance: Perspectives Across Frontiers* brought together the whole ongoing discourse on the subject.

The new environment of e-governance during its starting years seemed more like a confused chicken and egg controversy (The scores of access to the ordinary masses have been so low that despite huge investments ranging from almost INR 40,000 crore in India (NeGP budget), TK 2.81b and TK 10.97b. spent in Bangladesh (BanglaGovnet), and PKR 2.6 b. (ITS Notification, 19.10.2002) already exhausted in Pakistan (TRE survey) for the development of ICT infrastructure and procurement proposals, the percentage population outreach efforts have not shown any significant change (Singh 2013, p. 9).) and was ready to become a recipe for disaster. The policies of e-governance did not and could not be brought in a single package like other policies and above that, the internal and external networking of the department further aggravated unresolved challenges for an erstwhile steel frame bureaucracy. Therefore, e-governance recasts bureaucracy (West 2005) and can redistribute power and functional responsibilities across all agencies with the critical intention not to accept status quo and to promote emancipation (Hirschheim and Klein 1994). It triggers many questions on the kind of "leadership ethics" needed for changing times (Van Wart 2013). This change finds it important to bring together critical management studies, critical information systems, and critical theory approach to technology (Stahl et al. 2014). This transforming ethical leadership would no more be localized, communitarian, or confined to specific geographical regions but is expected to spread wider and deeper in a manner known only to the state and the big multinational service providers (see Singh 2013). These new e-governance systems running state administration would need leadership which is highly

knowledgeable, exposed to global politics, ICT Control systems, internet governance, and the specialist groups within the ecosystem of ICT. The new ethical leadership in e-governance is a legal person governed by Information and Technology laws which nevertheless greatly influence the regular constitutional laws and requirements of civil and criminal Penal Codes.

The e-governance era has proven record that an efficient, sensitive and hardworking leadership owns the largest number of best practices. This section would highlight the facts from some case studies in India. In 2005 the Department of Administrative Reforms and Public Grievances (DARPG) in India embarked upon an evaluation process of its identified best practices in e-governance. More than 200 practices were evaluated with the funding made available by DFID and the World Bank to India. Interestingly, evaluation highlighted the need for ethical leadership as an indispensable tool for success in performance. Two states, i.e., Gujarat and Andhra Pradesh, provided a committed leadership for their initiatives in e-governance through their chief ministers Narendra Modi and Chandra Babu Naidu, respectively. **The success of their leadership is attributed to the following reasons**:

1. **Indigenization**: Time-based, home grown skill development program. This was home grown through the use of local language, local relevance, and local markets. It was also locally managed as the government had hired retired personnel from the same office. The state encouraged their own sons of the soil from foreign countries and absorbed them in a mission-driven assignment for the benefit of their countrymen. The software and programs were simplified so that people do not feel obstructions in accessing services. As electricity load shedding was common, the state governments were held accountable for undeclared and arbitrary load shedding which affected the delivery of services. Training was imparted in several areas, i.e., uploading information, increasing access, simplifying administrative file jargon, signing partnership contracts, and diffusion of technology. Some of the richest states like Haryana and Punjab in India demonstrated the worst records in ethical leadership in e-governance, while some of the poorest regions of the country like Bundelkhand in the state of Madhya Pradesh and Goghumba in the state of Gujarat had greater success stories due to the availability of ethical leadership. (Governance Knowledge Centre created by the Department of Administrative Reforms and Public Grievances, at the Centre for the Study of Law and Governance, evaluated more than 200 e-governance practices across the country which were subsequently submitted to the government in 2009.These practices from Gogumbha and Bundelkhand (TARA-Haat) are published in Singh's *Enlarging Entrepreneurial Networks of Local Citizens in backward Regions of India*, 2005.)
2. **Proactive Bureaucracy**: Bureaucracy made accountable to people through IVRS, SWAN, and Video Conferencing systems. Regulating the regulator and generating legislative responsibility for implementation was difficult, yet decentralized pathways due to the presence of answerable bureaucracy were not porous enough to create islands of corruption. The middle men disappeared and local people made the citizens' service centers functional. The meticulously prepared 15 Reports of the Second Administrative Reforms Commission in India completed between 2007 and 2010 have yet to be opened up, read, and implemented by the executive bodies. The 4th report is exclusively on Ethics and Integrity.
3. **Interactive Websites**: Reworking government websites to disseminate and deliver information. The Web Measurement Index suggests the nature of a particular government department as it rates the degree of openness being practiced by it. They were prepared in a manner that substantive information would be difficult access, downloading impossible, or search engine to an accountable administrator would be fuzzy. The websites should have quick access, relevant information, transparency about the department officials, simple contact processes, budgetary information, regular updating, and fast downloading.

Therefore ethical leadership becomes a quid pro quo of e-governance. Given below is a simple figure to show why one e-governance practice which progressed incrementally in relationship to citizens' needs could be successful but the other which implanted arbitrary e-systems could not.

Figure 3a, b bring out the facts that to enable ethical leadership in e-governance, a complete e-system application and integration has to be completed through computer-mediated communication with mobile telephony. The mobile telephony is also an integrated service mechanism which connects to land-based cellular networks as well as to satellites. Both networks are connected to the public switched telephone network (PSTN) which allows connectivity to any phone in the world.

## Does e-Governance Help in Installing Ethical Leadership?

Ethical leadership as believed by the critical theorists removes hurdles to the progress of workers in an organization. Ideology is one such hurdle which critical theorists dismiss as skewed perceptions of reality which disadvantage some and advantage others (Freeden 2003; Hawkes 2003; McLellan 1995). e-governance may also be driven by a particular ideology (Gramsci 1971). It also relates to the rise of new technologies which have a hegemonic purpose often leading to reification which renders a potentially contested social agreement as a natural fact. It further leads to commodification which fails to question the purposive rationality and generates perpetuation of ideologies.

Conventional public administration suggests that individual perspectives on power, authority, and leadership may influence the ethics of leadership in an organization. However, the coming of e-governance has largely diluted and depersonalized issues in a way that they can now be dealt with more rationally and participatively (Likert 1961). The humanists in organizational theory such as Chris Argyris, Rensis Likert, and F. J. Roethlisberger have emphasized the development of human potential rather than just routine performance of jobs. Computer-mediated communication (CMC) coupled with various software, apps, and web applications has reduced or deepened routine management workload by transferring them to self-regulatory automated systems and made more valuable time available to an administrator (Derks and Bakker 2010). These e-governance systems inadvertently contribute to ethical leadership in another valuable way. They assist in tracking performance and by doing that they are able to solve a long-standing bureaucratic puzzle of why rabbits loose and tortoise wins. Robert Jackall (1983) comments through an interpretative sociological analysis in an organization which is not tracking the work of its employees, "What if, however, men and women in the big corporation no longer see success as necessarily connected to hard work? What becomes of the social morality of the corporation—I mean the everyday rules in use that people play by—when there is thought to be no 'objective' standard of excellence to explain how and why winners are separated from also-rans, how and why some people succeed and others fail?" Such ethical problems have always consumed work ethics within an organization and over the period has greatly diminished the impact of the Weberian Protestant ethics (see Weber 1958, p. 172) in the functioning of the organizational bureaucracy. The economic rise in the Asia-Pacific region drastically reinvented its work ethics (The bureaucratic ethics undergoes a drastic turnaround in a modern world in which success, patronage and wealth defines hard work and commitment to ethics. 'In short, bureaucracy structures for managers an intricate series of moral mazes. Even the inviting paths out of the puzzle often turn out to be invitations to jeopardy.'(Jackall 1983)) into ostentatious production plans and conspicuous consumption replacing the colonial critique of expensive bureaucracy and sensitivity towards the rights of the underprivileged. If at any point ethics has been compromised, it is because the CMCs have not been tracked, monitored, and acted upon with diligence and commitment (Fig. 4).

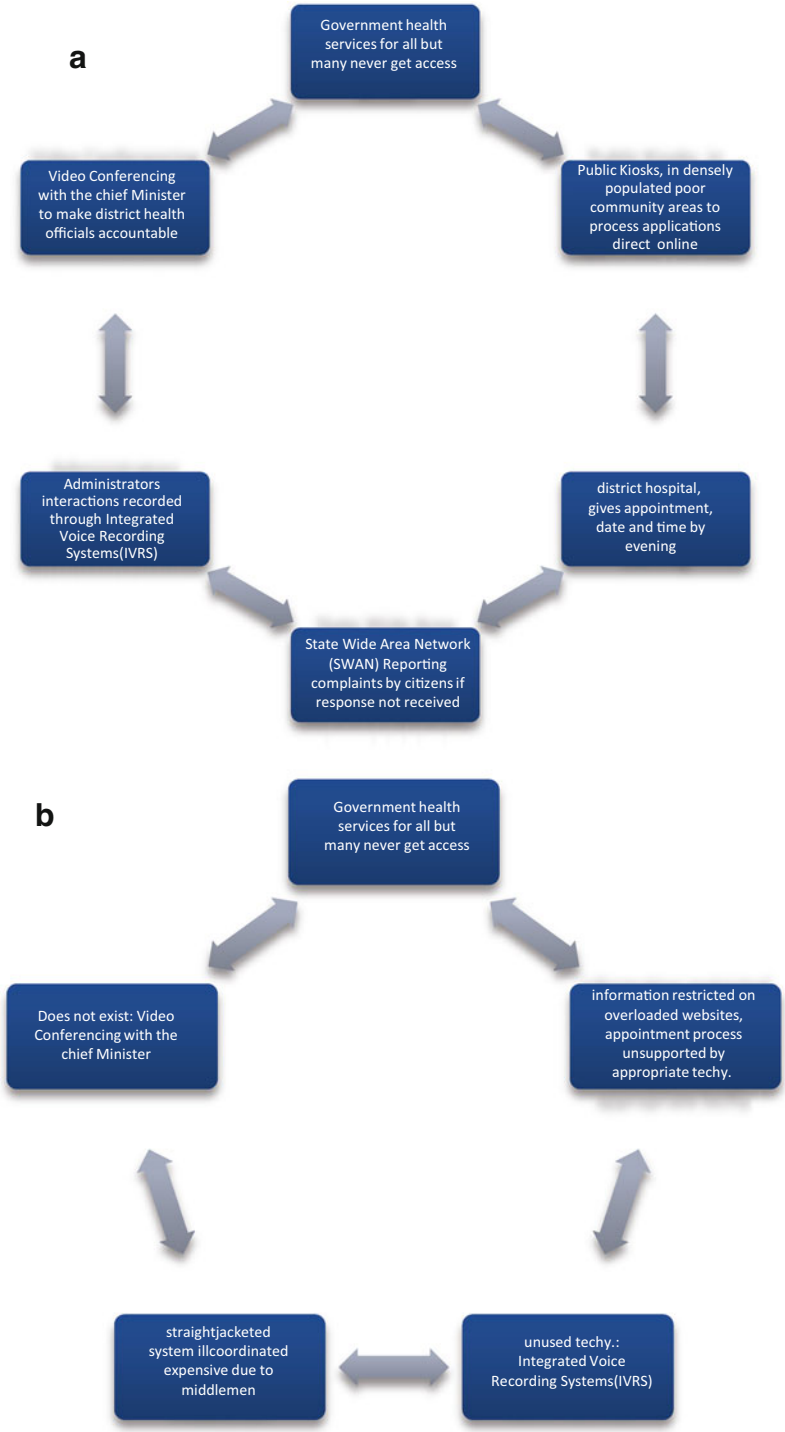


**E-Governance and Ethical Leadership, Fig. 3** (**a**) Successful e-governance practice. (**b**) Failed e-governance practice

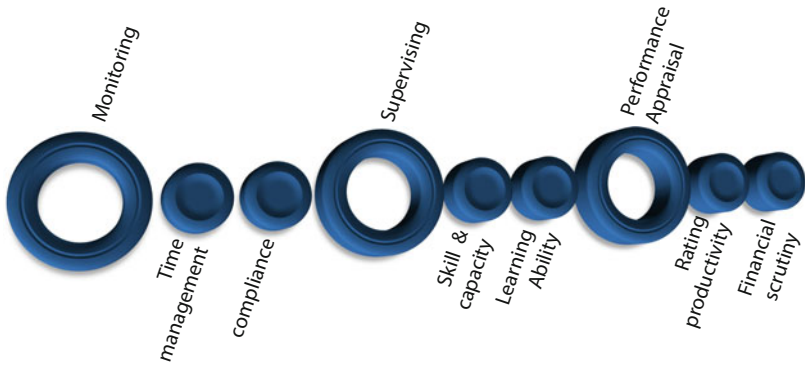


**E-Governance and Ethical Leadership, Fig. 4** Regular/ritual functions which can be brought under e-office activities of governance releasing time for substantive ethical leadership

## Conclusion

e-governance requires a multidimensional ethical governance in contrast to the conventional personalized leadership ethics of the past. The democratic state is inherently driven by the rational choice or hedonistic policies which strengthens its own survival in the form of discretionary and biased decisions, excluding participation of the opponents, marketing unsustainable short-term policies, and making information on grants and finances inaccessible on e-governance. All this is highly unethical therefore as organizations open themselves to the external world, its ethical dimensions become one of self-rationalization but through work and not through positions as in the past. The nature of administration and the state also influences ethics of leadership in e-governance. The paper has established through case studies how ethical leadership can steer through manifold challenges of e-governance. Under this tremendous lack of trust in the organizational leaders, e-based governance came as a mechanical, apolitical, and impassive tool to protect the permeable developmental grants from misuse. This remains till today a most desirable reality of public governance (see the 2016, September, Tallinn, Estonia Meeting of OECD on 'Leading Digital Transformation. . .').

## Cross-References


- ▶ Administrative Ethics
- ▶ Ethical Frameworks
- ▶ Ethics Training
- ▶ Professional Norms in Public Sector HRM
- ▶ Public Service Motivation


## References


Argyris C (1957) Personality and organization: the conflict between system and the individual. Harper, New York

Bryman A, Collinson D, Grint K, Jackson B, Uhl-Bien M (eds) (2011) The SAGE handbook of leadership. Sage, Thousand Oaks

Buchanan JM, Tullock G (1962/1965) The calculus of consent. Logical foundations of constitutional democracy. University of Michigan Press, Ann Arbor

Carr I, Jago R (2014) Petty corruption, development and information technology as an antidote. Round Table Commonw J Int Aff 103(5):465–482

Chakrabarty's B (2016) Ethics in governance in India. Routledge, New Delhi

Charoensukmongkol P, Moqbel M (2012) Does investment in ICT curb or create more corruption? A cross-country analysis. Public Organ Rev 14(1):51–63

Chendrayan C (2009) Leadership qualities from the Indian management thought: the Yajur Veda. SSRN Electron J. https://doi.org/10.2139/ssrn.1399544

Derks D, Bakker A (2010) The impact of E-mail communication on organizational life. Cyberpsychol J Psychosoc Res Cyberspace 4(1):article 4. https://cyberpsychology.eu/article/view?path=. Retrieved from https://cyberpsychology.eu/article/view/4233/3277

Fredrickson HG, Ghere RK (2005) Ethics in public management. M.E. Sharpe, Armonk

Freeden M (2003) Ideology: a very short introduction. Very short introductions. Oxford University Press, Oxford

Gardner JW (1990) On leadership. Free Press, New York

Gramsci A (1971) Selections from the prison notebooks of Antonio Gramsci. International Publishers, New York

Hawkes D (2003) Ideology. The new critical idiom, 2nd edn. Routledge, London

Hirschheim R, Klein HK (1994) Realizing emancipatory principles in information systems development: the case for ETHICS. Manag Inf Syst Q 18(1):83–109
Iqbal MS, Seo J-W (2008) e-governance as an anti corruption tool: Korean cases. J Korean Assoc Reg Inf Soc 11: 51–78. http://www.karis21.or.kr/karis21admin/adaction/down/03Iqbal_Seo.pdf
Jackall R (1983) Moral mazes: bureaucracy and managerial work. Harv Bus Rev. Retrieved from https://hbr.org/1983/09/moral-mazes-bureaucracy-and-managerial-work
Kazanas N (2010) In: Singh BR (ed) Origin of Indian civilization. Center for Indic Studies, Dartmouth
Kim PS, Halligan J, Cho N, Oh CH, Eikenberry AM (2005) Toward participatory and transparent governance: report on the sixth global forum on reinventing government. Public Adm Rev 65(6):646–654
Lewis CW, Gilman SC (2005a) The ethics challenge in public service. Jossey Bass Wiley, San Francisco
Lewis CW, Gilman SC (2005b) The ethics challenge in public service: a problem solving guide. Jossey Bass, San Francisco
Likert R (1961) New patterns of management. McGraw-Hill, New York
McLellan (1995) Ideology. Oxford University Press, Oxford
Meador JE, Skerratt S (2017) On a unified theory of development: new institutional economics and the charismatic leader. J Rural Stud 53:144–155. https://doi.org/10.1016/j.jrurstud.2017.05.007. Elsevier
Olsen M (1965) The logic of collective action. Harvard University Press, Cambridge, MA
Rahman ML (2016) e-governance and Bangladesh. Newspaper The Daily Star, Dhaka, 1 Feb, 12:00am
Rajput JS (2012) Seven social sins: the contemporary relevance. Allied, New Delhi, pp 28–29
Reddick C (ed) (2010) Comparative E-government. Springer, Oxon
Roethlisberger FJ, Dickson WJ (1939) Management and the worker. Harvard University Press, Cambridge, MA
Second Administrative Reforms Commission (2007) Ethics in governance, fourth report. Government of India, New Delhi
Singh A (2005) Enlarging entrepreneurial networks in the backward regions of India. NAPSIPAG-ADB Publications, Beijing, pp 511–512
Singh A (2013) A critical impulse to e-governance in the Asia Pacific. Springer, New Delhi
Singh (2015) Grazing public goods: pressure groups in liberal democracy. Indian J Public Adm, Sage Publications, No. 4. July–September 61(3):357–363
Stahl BC, Doherty NF, Shaw M, Janicke H (2014) Critical theory as an approach to the ethics of information security. Sci Eng Ethics 20:675–699. https://doi.org/10.1007/s11948-013-9496-6
Starratt RJ (2004) Ethical leadership. Jossey-Boss, A Wiley Imprint, San Francisco
Stoiciu A (2011) The role of e-governance in bridging the digital divide. UN Chron XLVIII(3). https://unchronicle.un.org/article/role-e-governance-bridging-digital-divide
Sturges P (2004) Corruption, transparency and a role for ICT? Int J Inf Ethics 2:1–9
The Organization of OECD E-Leaders Meeting (2016) Leading digital transformation: a data-driven public sector for sustainable and inclusive governance. In: Raising public awareness about the information society, Sept, Tallinn
Tolbert CJ, Mossberger K (2006) The effects of E-government on trust and confidence in government. Public Adm Rev 66:354–369. https://doi.org/10.1111/j.1540-6210.2006.00594.x
Van Wart M (2013) Lessons from leadership theory and the contemporary challenges of leaders. Public Adm Rev 73(4):553–565. https://doi.org/10.1111/puar.12069. The American Society for Public Administration
Weber M (1958) The Protestant ethic and the spirit of capitalism (trans: Parsons T). Charles Scribner's Sons, New York
Wescott C (2001) E-government in the Asia pacific region. https://www.adb.org/sites/default/files/publication/28986/egovernment-asia-pacific.pdf. Accessed 9 Aug 2017
Wescott CG (2002) E-government in the Asia Pacific region. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan002261.pdf
West DM (2005) Digital government, technology and public sector performance. Princeton University Press, Princeton
World Bank (2017) Combating corruption, 11 May. The World Bank, Washington, DC. http://www.worldbank.org/en/topic/governance/brief/anti-corruption
Zhang B, Xiuiuan Zhang B, Aryee W, Xiong S, Zhen Chen D, Fred O (2013) Ethical leadership, employee citizenship and work withdrawal behaviors: examining mediating and moderating processes. Leadersh Q 24: 284–297

E

# E-Governance in Bangladesh

Abdur Rahman
Department of Public Administration, Stamford University Bangladesh, Dhaka, Bangladesh

## Synonyms

Cyber governance; Digital administration; Digital governance

## Definition

**E-governance** is a process which helps to provide government service to the citizen as earlier as

possible through technology by dint of which people won't have to go to government office. And by using this system government activities will speed up dramatically.

## Introduction

To keep pace with globalized world, Bangladesh government took an initiative of digitalization in 2001 so that government service can reach at the citizen's doors and decentralization of government for ensuring good governance. Good governance has some important criteria to help government to become accountable and dedicated to the citizen's welfare. Those criteria are accountability, transparency in all sectors, security sector reform, people's participation in decision-making, improve service delivery, decentralization, cavil and political right, efficiency and effectiveness of governmental activities, role of law, sound democracy, easy access to information, equity and last not least eco-friendly development (Gisselquist 2012). According to the Corruption Perception Index (CPI), Bangladesh has scored only 25 out of 100, which makes it as the 13th most corrupted country in the world, and the country's position is unchanged till date (Transparency International 2015). Corruption situation of Bangladesh is the worst even in South Asia and the Country's score is lowest in comparison to other South Asian countries. Within the periphery of South Asia, India holds first position with an aggregate score of 38, Sri Lanka is in the second position (37), and Pakistan, Nepal, and Bangladesh stands in the 3rd, 4th, and 5th position, respectively (Transparency International 2015). In this backdrop, the real scenario of e-governance is also in dire state. The implementation process is neither satisfactory nor visible. Still, a few sectors are not fully operated in digitalized system. It is very difficult to find out a single government organization which is fully operated through digital system. As a result, the status of e-governance of Bangladesh is so poor both from the global as well as regional context. The position of Bangladesh is fifth out of eight countries in south Asia. Sri-Lanka holds the first position, Maldives is in second position, and India and Bhutan stands in third and fourth position, respectively (Table 1).

We have to consider that how many people are going to be involved in decision-making process. At the same time how quickly government is able to implement that decision so that they can solve citizen's problems. A peaceful environment has to be made so that as many people as possible can participate in decision-making and citizen can raise their voice against all kind of odds. Each and every single citizen of the country will be able to get citizen service from the government through digital devices and websites. These are: all kind of government forms, institutions related news, need-based news, and information will be available through a single device, mobile phone, internet, website, and any kind of electronics device available throughout the year. The most important fact is that the whole process will be served automatically without any physical presence of citizen, and this automated process will lead to e-governance system. E-governance can contribute towards promotion of "good

**E-Governance in Bangladesh, Table 1** Adopted from Rahman M. Lutfar

| Name of country | Ranking among country | Ranking out of 193 (global) | EGDI |
|---|---|---|---|
| Sri Lanka | 1st | 74 | 0.5418 |
| Maldives | 2nd | 94 | 0.4813 |
| India | 3rd | 118 | 0.3834 |
| Bhutan | 4th | 143 | 0.2829 |
| Bangladesh | 5th | 148 | 0.2757 |
| Pakistan | 6th | 158 | 0.2580 |
| Nepal | 7th | 165 | 0.2344 |
| Afghanistan | 8th | 173 | 0.1900 |

governance" by way of ensuring greater civic involvements in the government decision-making process, because ultimate objective of e-governance is to ensure good governance which represents citizen satisfaction of providing service of the government official.

## E- Government and Its Conceptual Linkage

"E-Government refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizen, business, and other arms of government. These technologies can serve a variety of different ends: better delivery of government service to citizen, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions" (World Bank 2001). UNESCO defines e-governance as the exercise of political, economic, and administrative authority in the management of a country's affairs, including citizens, articulation of their interests, and excise of their legal rights and obligations. E-Governance may be understood as the performance of this governance via the electronic medium in order to facilitate an efficient, speedy, and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities. Thus, e-governance is a process which helps to provide government service to the citizen as earlier as possible through technology by dint of which people won't have to go to government office. And by using this system government activities will speed up dramatically.

The service delivery of e-governance can be divided into different categories:

1. G2C (Government to Citizen): Where different required forms and government information can be downloaded from different website.
2. G2B (Government to Business): Different number of business institution needs different types of information to continue their business and starting their business. For example making trade license through online, paying corporate tax, e-tendering, e-commerce, and electronics money transaction, etc.
3. G2G (Government to Government): Interaction that occurred when government and its different organization and different authorities interacts each other.
4. G2E (Government to Employee): Government has to maintain communication with his employment. Traditionally this communication has established through manually like letter or face to face meeting but digitally this communication has established through digital way like e-mailing, video conference, etc.

Stages of e-governance: Layne and Lee (2001) have identified four stages of e-government in their article named Developing Fully Functional E-Government.

1. Stage I- Cataloging: At this stage, government takes an initiative to make website so that citizen can get some required information through website although information is static not dynamic.
2. Stage II- Transaction: At this stage, citizen can get different types of services (tax payment, different type's service bills and fees payment) through digitally or online without any physical presence in the office.
3. Stage III- Vertical integration: At this stage, online service become more extensive and wide and more emphasis has given on transformation on government services. As a result, citizen expectation level will increase. At the same time, communication among local, state, and central government have occurred via online.
4. Stage IV-Horizontal integration: This is the highest and sophisticated level of e-government where everyone is connected via information technology. All information are available in Internet, and citizens get all data form Internet. Government has to maintain a

database of citizen so that any required information can gather in a single click. It is very difficult to reach in this stage for any government. A mega database management system is more complicated to maintain and ensuring its data security.

## Existing Institutional Capacity of E-Governance in Bangladesh

### Ministry of Science and Communication Technology

Ministry of science and technology is promoting technological knowledge for positive change in the society. It is also working for balancing socioeconomic development and sustainable use of environment. This institution has been functioning consecutively to ensure peace and prosperity of the country through maximum utilization of apposite technology. Under the Bangladesh Telecommunication Act 2001, Bangladesh Telecommunication Regulatory Commission (BTRC), an independent, statutory, Regulatory Commission, was established 31st January 2002. According to the Telecommunication act, the Commission has to perform with various tasks. Out of those, establishing, operating, regulating, maintaining telecommunication establishments, and providing various telecom services in the country are the major ones. Besides, fixing charges on the subscribers, ensuring the services for the subscribers, and to ensure people's right are also tasks of BTRC. Finally, for facilitating a quick and stable socioeconomic development and to provide a dependable telecommunication services, Bangladesh Telecommunication Regulatory Commission (BTRC) was formed on 31st January of 2002, under the Bangladesh Telecommunication Regulatory Act 2001. However, the Telecommunication Act (Corrected) bill again has been passed in 2010.

### Bangladesh Computer Council (BCC)

Bangladesh computer council (BCC), established in 1990, has the topmost power body of the government of Bangladesh for assisting and advising the government regarding use of information technology. This institution has been successfully implemented by the ICT in the Prime Minister's Office and other government ministries and departments (BD & UNDP report 2005). BCC can contribute identifying how IT system in concerned office is able to connect, integrate, and exchange data with each other. Even under the project "Development of Infrastructure for IT Applications," BCC has already been able to set up a central database and infrastructure for sustainable application development for E-government. BCC has been consecutively working for securing central database, introducing Cyber law and data security service providing different technological support like cloud service, ensuring uninterruptible network connectivity to different organizations outside of city that cloud-hosted applications are accessible without any interruptions. At the same time, BCC has been providing different training to thousands of government, public, private, and NGO officers directly and most importantly 800 node videoconferencing networks those are maintained by the BCC providing training facilities remotely. Especially some government officer has received training facilities from Bangladesh, Singapore, and India.

### Bangladesh Computer Samity (BCS)

The information and communication technology association of Bangladesh and nongovernmental organization, popularly known as Bangladesh computer samity, established in 1987 (BCS) has been working for last three decades. BCS is not only popularized in Bangladesh but also all over the world. This renowned institution also represents the global and regional different forms like the world information technology and service alliance (WITSA), ASOCIO, and AFACT. The achievement of this institution is massive. Since 1987, this institution has been helping to withdraw duties, tax and VAT from computer and its related product. For the first time, for introducing computer education, syllabus was outlined in SSC (Secondary School Certificate) and HSC (Higher Secondary Certificate) in 1998. BCI also assisted to formulate National ICT policy and is organizing ICT exhibition on regular basis in the

capital city of Dhaka and other mega cities of Bangladesh.

In Bangladesh, various measures have been taken by different government to establish digital governance to ensuring efficiency and ensuring delivery of service to the citizen. For establishing e-governance, Bangladesh government has some strength and capacity. Using these types of strength and capacity, government can easily be transformed into next stage. The core objectives are encourage the orderly development of Telecommunication System that enhance and strengthens the social and economic welfare of Bangladesh and ensure in keeping with the prevalent Social and economic realities of Bangladesh, access to reliable, reasonably price and modern Telecommunication services and internet. At the same time Services for the greatest number of people as far as practicable and ensure the efficiency of the national Telecommunication System and it capability to complete in both the national and international spheres.

**ICT Policy** Although the ICT policy was approved in 2002 but this policy was not implemented during that regime in 2002–2006. National ICT policy review committee was formed in 2008 and The National ICT policy 2009 is the outcome of this committee. The present government felt the necessity of ICT and it is reflecting in the government activities like tax waiver from import of computer and computer accessories and broad band internet connection.

**ICT Training Facilities** Bangladesh computer council, is implementing a project named LICT (leveraging information and communication technology) under the ministry of posts, telecommunication and information technology. This project has launched in January 2013 to develop a vibrant and healthy information technology, to train human resources, to enable services industries efficient and effective by identifying strategies, programs and investment needed for the country. They are trying to make 3,40,000 skilled manpower's for IT and ITES sectors and to expose local IT and ITES capabilities in the international IT market. 2000 government officials have already received training facilities from reputed institution under this project and another 500 government official has been prepared for receiving training. This project is funded by Bangladesh government and World Bank jointly and total worth amount is 572.48 crore BDT.

## Mobile Coverage and Number of Users

Third Generation (3G) mobile network has covered almost whole Bangladesh and mobile operator are providing calling facilities and high speed internet service all over the Bangladesh. It is very easy to spread internet service among the peoples and using mobile internet is very easy while every people can use internet according to their need. A large number of Bangladeshi workers are living in abroad due to meeting their need. If they want to communicate to their family, they have to pay a large amount of money. At the same time, there is no chance to see in live. But now a day it is very easy to communicate their family, video chat with them very chip way. They just manage a 2 multimedia set one for him or her and another for their family. Then they bye internet data and they can talk, massing and video chat with their family as much time as they want. There are around 63.290 million internet subscribers in Bangladesh which number is increasing day by day. This is one of the good sides to achieve digitalization of governance. At the same time government are trying to reduce broadband internet price by cutting vat or surcharge on using internet and internet related device which are imported from foreign countries so that internet user can get internet connection in low rate (Table 2).

There are 131.376 million subscribers in Bangladesh which is covered majority of the population of the country. This is one of the good

**E-Governance in Bangladesh, Table 2** Bangladesh Telecommunication Regulatory Commission, 2016

| Number | Name of operator | Number of internet subscribers (in millions) |
|---|---|---|
| 1 | Mobile internet | 59.658 |
| 2 | Wimax | 0.112 |
| 3 | ISP+ PSTN | 3.520 |
| 4 | Total | 63.290 |

sides to achieve digitalized governance. The number is increasing gradually. All of the operator have already gotten license of 3G so that client can get best quality service of video calling, video conference, live TV facilities, multimedia downloading, and last but not least high speed mobile broadband internet. Grameen phone has already covered whole Bangladesh on 3g network and rests of them are on track. At the same time government are thinking to make auction of 4g network so that they can increase their service (Tables 3 and 4).

## Problems of Implementing Digital Governance in Bangladesh

It is not clear that whether government is opting to find out an appropriate way for solving governance problems of this country. If government can accelerate the e-governance it will ameliorate the economic growth and people's satisfaction as well.

**E-Governance in Bangladesh, Table 3** Bangladesh Telecommunication Regulatory Commission, 2016

| Number | Name of operator | Number of Cell Phone subscribers (in millions) |
|---|---|---|
| 1 | Grammen phone Ltd. (GP) | 56.909 |
| 2 | Banglalink digital communication limited | 31.941 |
| 3 | Robi (Robi) | 27.442 |
| 4 | Airtel Bangladesh limited (Airtel) | 9.892 |
| 5 | Pacific Bangladesh telecom limited(City Cell) | 0.702 |
| 6 | Teletalk Bangladesh ltd | 4.490 |
| | total | 131.376 |

**E-Governance in Bangladesh, Table 4** Bangladesh Telecommunication Regulatory Commission, 2015

| Number | Name of operator (PATN subscriber) | Number of subscribers (in millions) |
|---|---|---|
| 1. | BTCL | 0.7500 |
| 2 | Ranks Telecom Ltd | 0.0592 |
| 3 | BanglaPhone | 0.0002 |
| 4 | Total | 0.8095 |

### Cyber Crime

World has rapidly been advancing due to technological advancement and intellectual advancement as well. Technological advancement brings multifunctional facilities for human being. At the same time human beings are losing their valuable data, highly specific secret documents which worth multi billions of dollars due to technological malfunctioning. And technological malfunctioning is being occurred by some wide spread international and national criminal. Actually we are not talking about general criminal. But discussing about a specialized IT unethical expert those are widely known are cyber criminal (Ahmed 2016). These types of cyber criminal are more lethal than that of ordinary criminal. in some cases, A cyber criminal can be deadly because he or she can be able to hack any kind of electronics device those device have a small computer. They could hack nuclear bomb career (air craft), power plant, dame, oil and gas pipe line, large industries and air traffic control system, financial and non financial institutions even a small private auto mobile etc. This cyber criminal activity is not a recent issue. It was started during the 2nd world war when axis power and allied power, both tried to hack their radio wave each other so that they could control their air defense system, submarine communication.

Bangladesh has significantly changed in the e-governance system in the last decade both in public and private sectors. Now a day's almost all ministries are under fiber optic cable which provides high speed internet connection within the office. Internet service has been spreading up all over the country. Each and every mobile operator has already gotten 3G license and providing high speed internet facilities all over the country. It is easy to get any information for rural people to urban even all over the world. Government has taken initiative to easy access so that people can easily get facilities from it. But recently, Bangladesh one of the most vulnerable situations in the e-banking system at present time, has faced

in serious cyber attack in different public and private bank specially, in the central bank which named is Bangladesh bank. Cybercriminal break into Bangladesh bank payment system and they attempted to steal money by sending some fake payment request to New York based Federal Reserve which worth was almost billion dollars in Federal Reserve (FR) and they have not only successfully transferred million of dollars from the Bangladesh reserves to Sri-Lanka and the Philippine but also erased some traces of their activity so that Low enforcement agency could not trace them in future (Paul 2018).

The current scenario of cybercrimes in Bangladesh can be summarized as follow:

- Over 250 cybercrime cases are under investigation
- About 400 cybercrime cases are under trial at the tribunal
- About 35% of cybercrime cases have been settled through trial
- 1417 cases filed under cyber security Act from 2012 to June 2017
- CID has a forensic lab to help detect or investigate cybercrimes
- And CID received more than 1400 complainants during 2013- July 2017.
- According to police headquarter, 1417 cases were filed under the cyber security act from 2006 to 2012 to June 2017 (Rabbi 2017)

One of the worst case in Bangladesh is, In March, Bangladesh bank, faced one of the biggest banking robberies in world banking history, was attacked by some international cyber criminal who had fraudulent ordered 35 ordered worth 951 million dollar made via swift system, but finally has successfully robbed five order worth 101 million dollar via Pan Asia banking corporation and the rest of the money was sent to Philippines. Using fraudulent order, the money was sent to account at manila based commercial bank crop and finally this money abruptly disappeared into different casino in the Philippines while only $15 million has been retrieved by Bangladesh Bank nearly 2 years later (December 2017). The consequence would have been more dangerous if Bangladesh bank had failed to halt robbing 850 million dollars.

Couple of years back, some cyber criminal, who are known as hacker, hacked some public organization and low enforcement agency's web site specially RAB web site. Most importantly, hacker has hacked the verdict of the war crime tribunal those was published in the national daily newspaper (Haque 2016). Bangladesh, now a day belongs to 134 out of 156 countries on the bases of e-governance system while others south Asian countries like India, Bhutan and Nepal (134, 143 and 142 respectively) are infringement of Bangladesh. However, anonymous are consecutively trying to annihilate the entire cyber security system so that they could be able to accommodate the cyber power and make chaotic situation among mass people. Women are victimized of cyber crime. More than 17,000 complaints were submitted to the ICT division cyber help desk in the 2 years that it was open (Rabbi 2017). Some culprit usually makes hidden video so that they could be able to do blackmail and make demand huge amount of money from victim family. At the same time, some rapist rape and take video to harass the female and consecutively threaten them to upload in the internet if their family take any help from police. After many years of scandal, people are hardly known that veracity.

### Lack of Uninterruptable and High Speed Internet Connection and Costly Data Plan

One of the major problems is uninterruptable connection. Bangladesh is connected to (SE-me-we four) information super highway which is connected fiber optic cable. In our connection inside the country, fiber optic cable is hanging in electric pillar and foot over bridge. Sometimes city corporation worker cut the all kinds of illegal cable those are hanging above the road and electric pillar. As a result, internet users lose their internet connection for 1 or 2 days in some cases for long time. Another major problem is high cost of internet connection and monthly line rate as well. Till internet cost is too high to consider affordable for the commoners. Users need to pay a big amount of money for getting a broad band internet connection and so do monthly line rate (Table 5).

**E-Governance in Bangladesh, Table 5** Developed by the authors and data has been collected from Gp, Banglalink, Airtel, Robi, Teletalk

| Name of company | Data amount | User fee |
|---|---|---|
| Gp | 1.5 gb | 275 tk + 15% vat (1$ = 80 Tk) |
| Banglalink | 1gb | 210 + 15% vat |
| Airtel | 1gb | 199 + 15% vat |
| Robi | 2gb | 264.55 (316) + 16% |
| Teletalk | 1gb | 275 + 15% vat |

At the same time, it is very difficult to select an internet package within so many internet packages such as, Social package, smart package, daily face book package, day package, night package, mega plan, mid plan and heavy package and so on. As a result, internet users fall into a deep dilemma which package is suitable for him/her.

### Lack of Availability of Computer Accessories, Electricity and Training Facilities

Alam (2012) states that computer accessories scenario has found in different government office. In the ministry and division level PC and employee ratio is 0.22 while department and corporation level is 0.065 which comparatively very poor then ministry and division. 30.64% officer are using PCs at the ministry and division level while 32.64 staff use PCs which is a little bit higher than that of officer. Although majority of the ministries, divisions, departments, corporation academic institutions, are connected with internet. But internet speed is not in satisfactory level while a small number of government institutions are connected with high speed broadband internet connection (Chowdhury and Sattar 2012). Another one of the major issues is lack of uninterruptable power supply. Electricity is the key factor to implement the digital government. Although electricity production is increasing dramatically but still we are facing load shedding in different time in a day. Now our electricity generation capacity is increased to 12,725 while BPDB are actually producing around 8271–8300 MW while actual demand is around 8800 MG (Ministry of Power 2016). In the other training facilities is not up to the marl. At the ministry level, only 28% officers are trained while number of staff is little higher. 23% officers are trained at the department/ corporation while trained staffs are very poor (Chowdhury and Sattar 2012).

## Conclusion

Bangladesh has duly endeavored for renovation of public service delivery as it is evident from United Nations commissioned e-Government survey in 2012 pointing out that many countries including Bangladesh have already put in place e-government initiatives and information and communication technologies for the people to further enhance public sector efficiencies and streamline governance systems to support sustainable development. But the position of Bangladesh in south Asia in the sector of e-governance is quite insignificant. However, a lot has to be done to see tangible benefits in the times to come. Meanwhile, Bangladesh present government is trying to catch up the track. If government fail to toke apposite measure, good governance will not be established let alone digital Bangladesh. Although government is going ahead slowly but for ensuring e-governance, arrange computer related training facilities for official and make sure availability of computer and other computer related device. ICT structure has to be built through step by step process. For interconnecting all government organizations IOS (Inter Organizational Systems) has to be built EDI (Electronic Data Interchange) software has to be used. Decentralized or localized database has to be established to ensure autonomy as well as reduces traffic loads in network communication. Make easier and customer oriented of internet connection process and reduced monthly line rate of internet connection. At the same time, make sure uninterruptable internet connection in the office and everywhere.

## References

Ahmed F (2016) Bangladesh banking sector under threat of cyber attack. Dilly Observer, March 9. Retrieved May 2018. http://www.observerbd.com/2016/03/09/140508.php

Alam MJ (2012) E-Governance in Bangladesh: Present Problems and Possible Suggestions for Future Development. International Journal of Applied Information

Systems. Foundation of Computer Science, New York, 4(8), 22. 620,621,6225
Chowdhury MMH, Satter AKMZ (2012) The Role of E-Governance in Creating Digital Bangladesh. International Journal of Advances in Science and Technology 4(6). http://research.daffodilvarsity.edu.bd/wp-content/uploads/2014/04/Paper-3_Vol.-4-No.6-2012-Special-Issue.pdf
Gisselquist RM (2012) Good governance as a concept, and why this matters for development policy. United Nations University. http://www19.iadb.org/intal/intalcdi/PE/2012/11046.pdf
Haque MMR (2016) Cyber crime and cyber law I Bangladesh. The New Nations. http://thedailynewnation.com/news/100355/cyber-crime-and-cyber-law-in-bangladesh.html
Layne K, Lee J (2001) Developing fully functional E-government: A four stage model. Elsevier. 18, 122–136. http://www.egov.ee/media/1310/developing-fully-functional-egovernment_a-four-stage-model.pdf
Maximum Power Generation (2016) Ministry of Power, Energy and Mineral Resources. http://www.bpdb.gov.bd/bpdb/index.php?option=com_content&view=article&id=126&Itemid=17 . Accessed on 20 Jan 2016.
Paul R (2018) Bangladesh to sue Manila bank over $81-million heist. Reuters, February 7. Retrieved May 2018. https://www.reuters.com
Rahman ML (2016) E-Governance and Bangladesh. The Daily Star, February 2, 2016, http://www.thedailystar.net/25th-anniversary-special-part-1/e-governance and bangladesh-210577. Retrieved May 2018 http://www.dhakatribune.com
Rabbi AR (2017) Women biggest victims of rising Cyber Crimes, Dhaka Tribune, September21, 2017, https://www.dhakatribune.com/bangladesh/crime/2017/09/21/women-biggest-victims-rising-cyber-crimes, Retrieved May 2018
Transparency international the global coalition against corruption (2015) Corruption Index 2015. http://www.transparency.org/cpi2015
World Bank (2001) Issue Note: E-Government and the World Bank, November 5, 2001

# E-Government and Corruption

AbdelRahman Ahmed AbdelRahman
Department of International Relations, University of Sharjah, Sharjah, UAE

## Synonyms

Bribes; Bureaucratic corruption; Corruption: E-government; Kickbacks; Online Public Services; Transactional E-government; Web-enabled Provision of Public Servicers

## Definitions

E-Government and corruption:

(a) E-government: This refers to Web-enabled provision of government services and information at the municipal, sub-national, and central or national levels of government. Citizens use government portals at these three levels of government to obtain information and/or to undertake transactions for government services that can be provided online. Such services may include obtaining licenses, filing for taxes, vehicle registration, payments for utility bills, etc.
(b) Corruption: This is generally defined to refer to the use of public office or authority for personal or private gain. Common examples of corruption associated with bureaucratic provision of services to the general public include, inter alia, bribes and kickbacks.

## Introduction

Observers continue to debate the impact of e-government not only on organizational or administrative values (e.g., efficiency, economy, effectiveness, service quality) and on political values (public accountability, democratic responsiveness, equity, transparency), but also on the public bureaucracy itself. The potential for e-government to transform the public bureaucracy has prompted some to claim that information technology has engendered a paradigm shift in the practice of public administration, particularly at the municipal level of government.

Considerable interest in the relationship between e-government and corruption has of late arisen. E-government is found to reduce bureaucratic corruption (Andersen 2009; Elbahnasawy and Revier 2012; Kim 2014). This has now become a stylized fact or an empirical generalization. This has an important policy implication in that e-government may be an effective instrument that contributes to enhancing good governance.

A type of criminal behavior, corruption is hard to observe or measure empirically. In the empirical investigation of the relationship between

e-government and corruption, researchers invariably used cross-national measures of corruption. Those measures are based on surveys of people perceptions of corruption. They are thus indirect measures of the phenomenon.

## How Does E-Government Reduce Corruption?

The use of government portals by members of the public to obtain public services does not require any physical interaction with public officials, thereby precluding opportunities for corrupt acts (e.g., taking bribes and kickbacks). This implies that the more developed and extensive e-government is, the less will be opportunities for corruption and the less will be corruption itself. This is related to the rent-seeking hypothesis which, in the context of government regulation, posits that discretionary authority provides public officials with the opportunity to solicit or extract rents (i.e., bribes/kickbacks) in exchange for desired government services. In other words, e-government, like deregulation, reduces corruption by eliminating the physical contact between members of the general public and public bureaucrats.

In sum, in the provision of public services by public bureaucrats, the physical interface between those bureaucrats and members of the public who seek such services provides opportunities for those bureaucrats to ask for bribes/kickback in return for the services they provide. Transactional e-government (i.e., the use of government portals by members of the public to conduct transactions for public services) eliminates those opportunities for bureaucratic corruption. This happens because e-government removes the physical interface between public bureaucrats and members of the public who must otherwise physically contact those bureaucrats to obtain public services. This is how transactional e-government is conceived to reduce or curb bureaucratic corruption.

Anecdotal evidence from various countries that have transactional e-government in place points to this association between transactional e-government and reduction in bureaucratic corruption. Indeed, several reports from various countries indicate that transactional e-government reduces bureaucratic corruption. Several of such cases are documented and available from annual global corruption reports and from the World Bank. The most notable case is probably Seoul's anticorruption project (known as the OPEN system) which, under the strong leadership and commitment of Seoul's Mayor, successfully introduced and used transactional e-government to combat corruption in Seoul's Municipality.

Plausible though it is to expect the elimination of the physical interaction between public bureaucrats and members of the public to reduce bureaucratic corruption, the phenomenon is determined by a multitude of factors that make it empirically hard to pinpoint its root causes and what influences it. Corruption is likely to be rooted in the cultural, legal, social, political, and economic fabric of society. Nonetheless, a growing body of investigative studies into the causes of corruption corroborates the observation that transactional e-government reduces or curbs bureaucratic corruption. In other words, a growing body of systematic evidence underscores this relationship.

## E-Government and Other Factors Affecting Corruption

E-government is not likely to be the only factor that affects the level of corruption. Indeed, a host of economic, cultural, political, etc. factors exert their influence on corruption both independently of e-government and in interaction with it. For policy makers and researchers, it is important to recognize those factors which may mitigate or altogether neutralize the effect of e-government on bureaucratic corruption. This is likely to be the case in developing countries where computer penetration in society and e-government development is likely to be very limited. Recognizing those factors is important in planning for launching anticorruption e-government initiatives, and may as well be of interest to students and researchers interested in investigating the causes of corruption or in combating it. A brief discussion of some of key factors in this regard is in order.

### Economic Freedom

An important factor that rivals e-government in reducing corruption is economic freedom. In general, previous research has demonstrated that, given the level of economic development and wealth, economic freedom curbs corruption (Paldam 2002; Graeff and Mehlkop 2003; Pieroni and d'Agostino 2013). This is related to the aforementioned rent-seeking hypothesis in that economic freedom, in so far it leads to deregulation, deprives officials of the opportunity to engage in rent seeking.

A multidimensional phenomenon, economic freedom, encompasses components that preclude opportunities for corrupt practices. In general, this is the case with those corrupt practices that arise from the physical interface between those who seek public services and public officials who deliver those services. A case in point is bribes and kickbacks. A key economic freedom component which obviates the need for such interface is deregulation. Cross-country measures of economic freedom are, as to be expected, multinational in nature. They usually encompass, inter alia, freedom from corruption, property rights, fiscal freedom, financial freedom, investment freedom, trade freedom, labor freedom, government spending, etc.

### Inflation

Inflation is an important factor that is found to increase bureaucratic corruption. It may lead public bureaucrats to engage in corruption. High inflation reduces real incomes if nominal incomes (e.g., salaries of public officials) do not increase as inflation increases. Faced with diminishing real incomes during high inflation, public officials may resort to corrupt practices to supplement their incomes. Thus, the effects on corruption of transactional e-government and that of inflation pull in opposite directions, leading to their cancelling out. In poor developing countries with very limited computer and Internet penetration in society, e-government, if any, is highly unlikely to have any effect on corruption during periods of high inflation.

### Level of Society's Wealth

Wealthy countries are more likely to have the infrastructural requirements for e-government. Thus, a country's wealth is expected to positively affect the likelihood of adopting Web-enabled transactions for public services (AbdelRahman 2014). In other words, the wealthier a country is, the more likely that it will have developed e-government. In addition, members of the public in countries with high per capita incomes are likely to have greater access to computers and the Internet than those in countries with low per capita incomes. The implication here is that wealth in society interacts positively with e-government to reduce corruption. Perhaps this is why wealthy countries have highly developed e-government systems and also low level of bureaucratic corruption.

### Political Instability

Political Instability or conflict appears frequently in the empirical literature as a factor leading to corruption (Treisman 2000; Shim and Eom 2008; Pellegrini and Gerlagh 2008). Underpinning the relationship between political instability and corruption is the argument that the former creates conditions of lawlessness that is conducive to corruption. However, the reverse argument has also been made; corruption may also cause political instability (Treisman 2007; Elbahnasawy 2014). This causal relationship appears to be buttressed by a 2015 study on peace and corruption conducted by the Institute of Economics and Peace. The study concludes that increases in police and judicial corruption directly undermine the rule of law, thereby increasing domestic violence and conflict (Institute of Economics and Peace Study, 2015:2). However, limiting corruption in government to only two state institutions (i.e., the judicial system and police) may not capture the full extent of corruption in a country, including those aspects of corruption that may be affected by political instability. For instance, one study has found that political instability motivated officials to embezzle public funds (Campante et al. 2008). Moreover, and rather ironically, the study of the Institute of Economics and Peace has found that out of 16 indicators of domestic peace/violence, political instability is the only indicator that has a statistically significant effect on corruption, though at 0.1 level of significance.

## Impediments to the Effectiveness of E-Government in Reducing Corruption

As an anticorruption tool, e-government faces some potential impediments or challenges, particularly in the context of developing countries. A principal challenge is that Internet penetration in society in those countries is extremely limited. For instance, Internet penetration rates in Africa and Asia are, respectively, 28.3% and 42.2%. These are well below the world penetration rate of 49.7% (Table 1). Ironically, most of these countries have the highest corruption levels in the world. For instance, of the 13 countries that score the lowest (18 or less) on the 2016 Corruption Perceptions Index, only 1 (Venezuela) is not in Africa or Asia. By the same token, of the 94 countries scoring 39 or less on this index, only 26 countries are not in Africa or Asia. Under those conditions, one would not expect Web-enabled government information and services to have but an insignificant impact on the level of corruption. Moreover, access to and use of e-government is likely to benefit urban residents to the exclusion of rural dwellers. This raises the digital divide issue in the societies of those countries, and thereby underscores asymmetry and concomitant inequity in Web-enabled access to government information and services.

Another impediment to the effectiveness of e-government in combating corruption is that its online services are limited, as they do not cover the whole gamut of government services. For instance, online services do not cover street-level public bureaucrats (e.g., police and traffic officers) or bureaucrats in services that require physical interface between service providers and members of the public (e.g., teaching, nursing, geriatrics, etc.). In some developing countries, those bureaucrats are reported to have the highest levels of corruption. Thus, according to the 2013 Global Corruption Barometer (GCB), most people surveyed in 36 countries saw the police as the most corrupt institution. Fifty-three percent of the people surveyed in those countries reported having paid a bribe to the police. Similarly, the 2015 GCB reported that most people surveyed across Africa saw the police as the most corrupt government institution (GCB 2015: 10). Obviously, this is potentially detrimental to the rule of law and law enforcement which is crucial for the fight against corruption.

In view of the potential limitations of e-government to provide government information and online services to most people in developing countries, it is not suggested here that e-government is not useful in the fight against corruption. However, given those limitations, traditional media (e.g., TV, radio, the press, phones, etc.) have the potential to be more effective in providing government information and services to the general public. The use of such media is likely to fill in the gap associated with using Web-based media, which are characterized by limited societal penetration in those countries. Thus, in view of their greater outreach capability,

**E-Government and Corruption, Table 1** World Internet usage and population statistics (March 31, 2017)

| World region | Population (2017) | Internet users(as of March 31, 2017) | Penetration rate(% of population) |
|---|---|---|---|
| Africa | 1,246,504,865 | 353,121,578 | 28.3 |
| Asia | 4,148,177,672 | 1,874,136,654 | 45.2 |
| Europe | 822,710,362 | 636,971,824 | 77.4 |
| Latin America/ Caribbean | 647,604,645 | 385,919,382 | 59.6 |
| Middle East | 250,327,574 | 141,931,765 | 56.7 |
| North America | 363,224,006 | 320,068,243 | 88.1 |
| Oceania/Australia | 40,479,846 | 27,549,054 | 68.1 |
| World total | 7,519,028,970 | 3,739,698,500 | 49.7 |

Source: Internet World Stats: http://www.internetworldstats.com/stats.htm. Accessed on August 7, 2017

traditional media may be more effective tools for making government transparent, accountable, and hence less corrupt.

In passing, it is worth noting that social media (e.g., blogs, Twitter, YouTube, Text messaging, Wikis, Facebook, etc.) have of late been highlighted as tools for e-transparency, civic engagement, and public accountability. This type of Web-based media is likely to be effective as e-transparency tools in developed countries in Europe and North America, on account of the high computer and Internet penetration found in these countries (Table 1). However, this is highly unlikely to be the case in developing countries where computer and Internet penetration rates are very low. It is worth noting that even in developed countries like the United States such media have accessibility and inclusion challenges.

A third impediment to the effectiveness of e-government in reducing corruption is the propensity of public bureaucrats to resist the introduction of Web-enabled provision of public services or even to bring about the failure of e-government projects once they start (Aladwani 2016). There are at least three reasons why public bureaucrats resist the introduction of Web-enabled provision of public services. First, online provision of public services removes or at least reduces administrative discretion. Street-level bureaucrats, armed with consequential administrative discretion, have no place in today's IT-based public management, as street-level bureaucracy is being replaced by screen-level bureaucracy. According to Bovens and Zouridis (2002), screen-level bureaucracy is a decision-making process where public officials, when they are in direct contact with members of the public at all, communicate with them through computer screen. However, screen-level of bureaucracy itself is withering away in favor of system-level bureaucracies which transfer administrative discretion to system designers and other officials engaged in data processing. This transformation removes face-to-face interactions between members of the public and administrators (other than those bureaucrats who merely interface between the public and systems such as help-desk workers) and, concomitantly, raises the possibility of the withering away of public bureaucrats exercising administrative discretion.

E-government may also lead to job losses in the public bureaucracy. The new term for this effect is organizational disintermediation, where Internet-based systems enhance efficiency by decreasing layers of middle management (Swiss 2003).

Finally, e-government may also lead to loss of incomes from bureaucratic corruption associated with the physical interface between the public and public officials. More specifically, by eliminating such interface, online transactions for public services remove the opportunity for bureaucratic corruption. As previously noted, reports from various countries indicate that e-government, specifically transactional e-government, reduces bureaucratic corruption. However, while e-government may detect and remove corruption, it may also have no impact on corruption and may even just "upskill" it (Heeks 1999).

## Conclusion

A general conclusion that can be drawn from the relationship between e-government and corruption is that e-government, in combination with other factors, reduces bureaucratic corruption. However, e-government is not the only factor having this effect. To be sure, other factors, particularly economic freedom interacting with the level of economic development, also has this salutary effect. Nevertheless, e-government, in its own right, appears to be at least responsible for some of this effect insofar as it eliminates the physical interaction between economic agents (i.e., individuals and business firms) and public officials. The absence of such an interface forestalls any opportunities for a key component of corruption; namely, bribes and kickbacks.

This salutary effect is the function of transactional e-government or online provision of government services which does not require any physical interface between members of the public and public officials. The policy implication of this effect is fairly obvious; an anti-corruption strategy should embrace a strengthened role for e-government. More specifically, the scope of

online services should be widened to include more services. At present, online services are mainly provided for such things as application for car registration, driver licenses, filing tax forms, business licenses, etc. Widening C2G and B2G to incorporate a wider range of web-enabled government services could contribute to promoting efficiency, effectiveness, and responsiveness in government service provision.

An expanded scope for online government services could be a catalyst for expanding the scope of economic freedom. A wider range of online services could provide the impetus for some measure of deregulation which is a key component of economic freedom. E-government could be an effective conduit for good governance insofar as it contributes to curbing corruption in government and facilitating economic freedom which also has the effect of curbing corruption. In other words, e-government could promote good governance directly through reducing corruption and indirectly through facilitating economic freedom which, in turn, also reduces corruption.

Investigation into the relationship between e-government and corruption reveals that as society achieves a high level of economic growth and development, three factors converge to reduce or curb corruption in public service: GDP per capita, economic freedom, and e-government development. These forces are mutually reinforcing. A high level of economic growth and development enables countries to have more developed e-government infrastructure and services. A developed e-government facilitates deregulation which is an important component of economic freedom. In turn, economic freedom may boost investment as economic agents are free from the shackles of government regulation.

The observation that these factors come together to curb corruption suggests that there may be synergies associated with them that generate this effect on corruption. The implication here is that more research may be needed to explore such synergies. Case or country-specific studies may provide insight into synergism among these factors in curbing corruption. Such a case is the OPEN System in South Korea. As previously noted, this system drastically reduced corruption in Seoul Municipal Government. The system involved the introduction of transactional e-government and limiting the discretion of public bureaucrats. In addition, the system was implemented when South Korea was a country with a relatively high GDP per capita.

## Cross-References


- ▶ Corruption
- ▶ E-Government, Accountability, and Performance
- ▶ Street-Level Bureaucrats and the Exercise of Discretion


## References


AbdelRahman A (2014) An empirical model of the adoption of web-enabled governmental services. Int J Bus Res Dev 3(1):8–17

Aladwani AM (2016) Corruption as a source of E-government projects failure in developing countries: a theoretical exposition. Int J Inf Manag 36(1):105–112

Andersen TB (2009) E-government as an anti-corruption strategy. Inf Econ Policy 21:201–210

Bovens M, Zouridis S (2002) From street-level to system-level bureaucracies: how information and communication technology is transforming administrative discretion and constitutional control. Public Adm Rev 62(2):174–184

Campante F et al (2008) Instability and the incentives for corruption. Econ Polit 21(1):42–92

Elbahnasawy NG (2014) E-government, internet adoption, and corruption: an empirical investigation. World Dev 57:114–126

Elbahnasawy NG, Revier C (2012) The determinants of corruption: cross-country-panel-data analysis. J Dev Econ 50(4):311–333

Graeff P, Mehlkop G (2003) The impact of economic freedom on corruption: different patterns for rich and poor countries. Eur J Polit Econ 19:605–620

Kim CK (2014) Anti-Corruption Initiatives and E-Government: A Cross-national Study. Public Organ Rev 14(3):385–396

Paldam M (2002) The cross-country pattern of corruption: economics, culture and the seesaw dynamics. Eur J Polit Econ 18:215–240

Pellegrini L, Gerlagh R (2008) Causes of corruption: a survey of cross-country analyses and extended results. Econ Gov 9(3):245–263

Pieroni L, d'Agostino G (2013) Corruption and the effects of economic freedom. Eur J Polit Econ 29:54–72

Pring, C. (2015). People and Corruption: Africa Survey 2015. In file:///C:/Users/SABB/Downloads/2015_

GCB_SubSaharanAfrica_EN%20(1).pdf. Accessed August 11, 2017
Heeks R (1999) Information technology and the Management of Corruption. Dev Pract 9(1 &2):184–189
Shim DC, Eom TH (2008) E-government and anti-corruption: empirical analysis of international data. Int J Public Admin 31(3):298–316
Swiss JE (2003) Information technology as a facilitator of results-based Management in Government. In: Garson GD (ed) Public Information Technology: Policy and Management Issues. Idea Group Publishing, London
Treisman D (2000) The causes of corruption: a cross-national study. Journal of Public Economics 76(2000):399–457
Treisman D (2007) What have we learned about the causes of corruption from the ten years of cross-national research? Ann Rev Polit Sci 10:211–244

# E-Government and Public Administration

Isaac Kofi Mensah
School of Economics and Management, Jiangxi University of Science and Technology, Ganzhou, Jiangxi, People's Republic of China

## Synonyms

Electronic government; Information and communication technology; Public sector

## Definitions

E-government: Electronic government (e-government) is the use of appropriate information and communication technologies (ICTs) in government public administration systems to improve the delivery and access to public services and to enhance the interaction between government agencies and citizens.

Public Administration: Public administration has to do with the structure and organizational workings of government agencies responsible for the management and administration of government functions.

ICT: Information and communications technology (ICT) refers to technologies that provide access to information through telecommunications such as the Internet, wireless networks, cell phones, and other communication mediums.

## Introduction

Public administration and public management systems all over the world ranging from developed to developing countries to less developed countries have seen dramatic and dynamic changes since the concept of e-government was introduced into the sphere of public administration. E-government is the use of appropriate information and communication technologies by government to enhance its delivery of public services to its constituents such as citizens, businesses, and the general public. ICTs are therefore the major components integrating and supporting the development and growth of e-government initiatives (Joseph and Kitlan 2008). The digitization of public administration and its related services and information is termed as e-government. The use of the Internet and its associated technologies to improve government responsiveness and empower citizens is known as e-government (Rodriguez Bolivar et al. 2007). The application of these advance technologies according to Rodriguez Bolivar et al. (2007) has transformed and continues to change how public sector organizations and public administration systems interact with the public. Public administration can be seen as the products and procedures that the government implements to actively interact with citizens, businesses, employees, and other government agencies. E-government, therefore, is a catalyst to implement products, procedures, and services to the government's stakeholders such as businesses, citizens, employers, and government agencies.

The purpose of this chapter is to dissect, discuss, and highlight the vital changes and impacts that the concept of e-government has had and continue to bring to public administration. The rest of this chapter is organized as follows: the discussion of the background of e-government along with its challenges, examining the major impact of e-government on public administration, and finally, the discussion and conclusion of this chapter.

## E-Government

Electronic government (e-government) is considered as the process of creating public value through the integration of ICTs such as the Internet by government to interact with citizens and the general public (Joseph and Kitlan 2008). Broadly, e-government is the situation in which administrative, legislative, and judicial agencies both at the central and local government level digitize their internal and external operations and utilize networked systems efficiently to achieve better quality in the provision of public services (Palvia and Sharma 2007). It is also seen as the continuous optimization of service delivery, constituency participation, and governance by transforming internal and external relationships through technology, the Internet and new media (Palvia and Sharma 2007). Ultimately, the integration of ICT in government public administration systems would contribute to the promotion of efficient and effective government, greater facilitation of access to government services and information and thus empowering citizens and the general public to hold government accountable. The common underlining theme that encompasses e-government has to do with the use of information technology such as the Internet, to improve the delivery of public services to citizens, businesses, and other government agencies (Palvia and Sharma 2007).

The nature and kind of e-government are dependent on the extent of the interaction that occurs with government. These interactions are Government-to-Government interactions (G2G), Government-to-Citizen interaction (G2C), Government-to-Business interactions (G2B), and Government-to-Employees interactions (G2E). The Citizen-to-Government interaction (C2G) has to do with the communications and interactions between government and citizens and vice versa. This form of interaction seeks great a customer-centric approach toward the delivery of government public services to citizens. The Government-to-Government forms of e-government has to do with the interaction that occurs between governments be it central and local government, municipal and central government, regional and district interaction for the payment of local and central government taxes, and transfer of documents and information. The transfer of information from a lower level of government to a higher level of government is known as the vertical integration in e-government development (Joseph and Kitlan 2008). The G2G interaction can also happen horizontally where a department interacts with another same level as a government department (Joseph and Kitlan 2008). In addition, the Government-to-Business (G2B) form of interaction is the kind of communication and flow of information and services from government bodies and agencies to business sector industries. The Government-to-Employee (G2E) form of interaction in e-government is based on the human resources management component of the relationship between the government sector and employees. The G2E forms of e-government lead to improve strategic planning, cost reduction, and service improvement between management and employees (Joseph and Kitlan 2008).

The broader view of e-government that has to do with the entire range of government roles and activities influenced by the use of information and communication technologies can be grouped into four domains into which governance and public administration can be classified (Brown 2005). The first domain of e-government is concerned with the jurisdiction of the state and its roles and relationship within the economy and society (Brown 2005). Based on e-government, government takes appropriate measures to promote enterprise creation and innovation in the knowledge-based economy through regulatory and program activity and development of national technology infrastructure (Brown 2005). The economy concerns within the first domain of e-government lead government to some social policy concerns through a knowledge economy that necessitates possession of new skills and human capital investment (Brown 2005). This domain of e-government is designed to eliminate barriers and building capacity to empower sections of society that are disadvantage and marginalized by the workings of the knowledge economy (Brown 2005).

The second domain of e-government has to do with the legitimacy of the state and its relationship with its citizens and the rule of law which evolves into e-democracy and e-governance (Brown 2005). A major concern of this domain is democratic decision-making using electronic technologies such as e-voting and electronic channels for public consultation on government decisions and actions (Brown 2005). This domain thus builds new mechanisms and vehicles for delivery of services to the public, emphasizing self-service and citizen empowerment (Brown 2005). Due to the huge amount of personal information generated at this stage, government is under obligation to pass the needed legislation to promote privacy and protection of personal and transaction information (Brown 2005). E-government thus necessitates the development of new laws to deal with matters about electronic crimes, ranging from hacking to identify theft and fraud and the protection of intellectual property (Brown 2005).

The third domain of e-government concerns the operations of state institutions and opening up issues of electronic public administration. Within this domain, the concern is the effect of ICTs on government operations from creating a networked internal working environment to demand new skills in the civil service and new administrative processes (Brown 2005). And lastly, the fourth domain of e-government is concerned with the state in the international arena in terms of its relationship, interaction with a state institution, international institutions, and international private and nongovernmental bodies (Brown 2005). The nature of these relationships is influenced by ICTs within the electronic environment where government has access not only to each other, but at all levels of administration and without having to abide by the formalities of interstate interactions/relations but also to their respective citizens as well (Brown 2005).

### Challenges of Implementing E-Government

The development and implementation of e-government are herald with many challenges. Notable among them are infrastructure development, law and public policy, digital divide, e-literacy, accessibility, trust, privacy, security, transparency, interoperability, records management, education and marketing, public/private sector competition/collaboration, workforce issues, cost structures, and benchmarking (Almarabeh and AbuAli 2010). The summarized e-government challenges alongside their recommendations are shown in Table 1.

## Effect of E-Government on Public Administration

E-government development presents many benefits in public administration. Some of these benefits are lower administrative costs to the government sector; provide more efficient government operations, stronger, and closer relationships between citizens and government; and improved service delivery to citizens (Joseph and Kitlan 2008). Others are to ensure greater access to decision-making, empowerment of citizens, and more transparency in government. There are three advantages when it comes to e-government in public administration such as reduced paper usage, transaction efficiency, and improved governance (Joseph and Kitlan 2008). A broader understanding of the impact of e-government on the public administration can be interrogated in these directions: citizen-centered services, information as a public resource, new skills and relationships, and impact on accountability and management models (Brown 2005).

### Citizen-Centered Services

One of the major reasons for the introduction of e-government in the public administration system is to provide public services that meet citizens' requirements and demand for quality of public services from public sector agencies and government. According to Brown 2005, the most important and powerful concept inherent in e-government is client-centered service delivery. It ensures that government public services are developed and designed from the view of meeting citizens' demands and thus encouraging citizens to perform/meet their civic obligation (Brown 2005). E-government can facilitate the provision of citizen-centered service in public

**E-Government and Public Administration, Table 1** E-government challenges and recommendations (Almarabeh and AbuAli 2010)

| E-government challenge | Recommendation solutions |
|---|---|
| **Infrastructure development**<br>All countries implementing e-government have struggled to develop a basic infrastructure to take advantage of new technologies and communications tools. Many developing countries, even if possessing the will, do not have the infrastructure necessary to immediately deploy e-government services throughout their territory | Develop projects that are compatible with the nation's telecom infrastructure<br>Use public access kiosks and mobile centers if telecommunication density is low<br>Introduce telecom competition and lift regulations on wireless and other digital technologies to accelerate their deployment<br>Build on the microenterprise model to bring connectivity to underserved areas and ensure sustainability<br>Consider the government's current use of technology and learn from past successes and failures<br>Establish an action framework at the beginning of the process to allow for a rational and coordinated investment effort down the road |
| **Law and public policy**<br>The application of information technology and communication (ICT) to government may encounter legal or policy barriers. Legislatures must ensure that laws are updated to recognize electronic documents and transactions. Policymakers implementing e-government must consider the impact of law and public policy | Consult with stakeholders to assess how existing laws may impede the desired results<br>Give legal status to online publication of government information<br>Clarify laws and regulations to allow electronic filings with government agencies<br>Reform processes by simplifying regulations and procedures |
| **Digital divide**<br>The digital divide is the gap between people who have access to the Internet and those who do not. Those without access cannot learn essential computer skills, cannot access information that can provide economic opportunities, and cannot share in the benefits of e-government | Provide communal access through village computer centers or kiosks<br>Combine access with training<br>Provide incentives to the private sector to donate equipment and training<br>Emphasize local language and content tailored to different communities<br>Use for-profit entrepreneurs to build and sustain access points in small communities |
| **E-literacy**<br>E-literacy refers to marginalized groups who are unable to make use of information and communication technologies because they are not computer literate. With the digital revolution, there is a very real danger that the world will be divided into the "information rich" and the "information poor." E-government has the potential of either equalizing access to government and its services or increasing the barriers to participation | Ensure that content is in local languages and that interfaces are easy to use<br>Develop applications that use speech or pictures in addition to, or instead of, written text<br>Include an educational component in e-government projects<br>Provide aides at access points who can train citizens in basic computer skills<br>Create programs that include traditional media, like radio programs or newspaper columns, where citizens can learn about e-government |
| **Accessibility**<br>Governments must serve all members of society irrespective of their physical capabilities (disabled people: those who are blind, deaf, or otherwise handicapped). Online services will have to be designed with appropriate interfaces | From the outset, design applications that accommodate the disabled, such as an audio option for the blind<br>Establish as a legal requirement that the government must adopt technology to assist the disabled |
| **Trust**<br>To be successful, e-government projects must build trust within agencies, between agencies, across governments, and with businesses, NGOs, and citizens | Map key internal and external partners and build a strategy to keep open lines of communication<br>Start with short-term projects that yield early results. This helps build trust and could help point to areas for larger-scale ventures<br>Strong leadership can help build confidence in programs |

(continued)

**E-Government and Public Administration, Table 1** (continued)

| E-government challenge | Recommendation solutions |
|---|---|
| **Privacy**<br>Governments must be responsible custodians of the enormous amounts of personal information they hold. Governments collect vast quantities of data on their citizens through everyday transactions. Protecting the privacy of citizens' personal information stored on these databases, while making effective use of the information contained in them is a vitally important issue | Educate and train government officials on the importance of privacy<br>Design applications that integrate privacy protections<br>Follow "fair information practices" Minimize the collection and retention of personal information<br>Limit access to personally identifiable information – do not automatically allow employees to tap into databases of personally identifiable information |
| **Security**<br>Security is costly, but must be addressed in the design phase, as security breaches can shatter public trust in e-government. Trust is a vitally important component of e-government projects. Without trust, citizens who may already be leery of using technology may avoid and even shun the use of online services that ask for detailed personal information | Designate a senior official responsible for computer security<br>Continually assess systems to make sure that security precautions are being implemented<br>Backup information regularly and store backups in a separate location<br>When it comes to personal information, keep information collection to a minimum, and do not disclose personal information without express prior consent<br>Evaluate performance of system managers in adhering to sound security practices |
| **Transparency**<br>Citizens too rarely understand how government decisions are made. This lack of transparency prevents the public from actively participating in government and from raising questions or protesting unfair or ill-advised decisions. A lack of transparency can conceal official graft or favoritism | Post online rules, regulations, and requirements for government services (such as requirements for obtaining a license) to minimize subjective actions by officials<br>Highly placed public officials can expedite transparency and accountability efforts by making their offices positive examples of openness<br>When putting services online, give citizens the ability to track the status of their applications<br>Train civil servants and provide incentives to reform<br>Integrate transparency and process reform to simplify regulations and procedures |
| **Interoperability**<br>Putting incompatible record formats online neither simplifies nor reduces the workload imposed on people and government officials. Reliable e-government requires a comprehensive overhaul of legacy systems | Map and assess existing record systems<br>Identify and reform regulatory schemes that make interaction with the government onerous<br>Use common standards throughout the government to shorten development time and ensure compatibility<br>Adopt a common IT infrastructure for the government |
| **Records management**<br>Better information management can help officials identify barriers to more efficient government. An information management framework is necessary to make sense of available data. Without this framework, policymakers could not derive useful analysis quickly enough to react to social and economic developments | Encourage data sharing and cooperation between government departments<br>Streamline offline record-keeping processes to make the transformation to online publication easier<br>Creation and standardization of metadata are critical for conducting successful data searches across institutions and networks |
| **Education and marketing**<br>E-government services are only useful if people know about them. Education and outreach programs will be needed | Develop publicity and training campaigns that will engage the public about e-government initiatives<br>Conduct research to ensure that online services respond to actual needs and that the implementation suits the target audience |
| **Public/private competition/collaboration**<br>Answering the question of where government controls end and the private sector takes over in e-government efforts | Forge multi-sector partnerships<br>Review and reassess laws and policies that impede public/private cooperation<br>Ensure that agreements with contractors and partners are equitable and can be reviewed and revised over time<br>Seek assistance and involvement from organizations that |

(continued)

E

**E-Government and Public Administration, Table 1** (continued)

| E-government challenge | Recommendation solutions |
|---|---|
| | already have experience in providing services and information using the same or similar technologies |
| **Workforce issues**<br>Human resources must be structured and managed with e-government goals in mind. A well-trained and motivated workforce is critical to e-government success | Articulate a timeline for implementation in a step-by-step manner, so the reforms will not seem overwhelming to the bureaucracy<br>Hold regular meetings between e-government policy leaders and the affected workforce, so employees are active participants in the process<br>Create incentives by rewarding individuals and agencies that apply the reforms rapidly |
| **Cost structures**<br>While planning and budgeting in a changing climate is difficult, governments should seek to invest in sustainable programs that can produce savings | Avoid advertising-based or fee-based services. They have generally not been sustainable<br>Articulate functionalities clearly and try not to add details that will push budgets into deficit<br>Develop projects that are achievable with resources available<br>Consider the government's current use of technology, and study past successes and failures<br>Designate an officer or organizing body that will oversee cost |
| **Benchmarking**<br>Governments must regularly evaluate the progress and effectiveness of their e-government investments to determine whether stated goals and objectives are being met on schedule | Designate an office to oversee e-government implementation<br>Make sure the office is sufficiently funded and is recognized by all relevant agencies and departments<br>Conduct regular audits to ensure progress is being made to achieve stated goals<br>Review benchmarks regularly to ensure that accurate measures are appropriate for rapidly changing technology<br>Create a data collection system to support program operations and "before and after" surveys of knowledge, skills, and applications among participating organizations to assess program impact<br>A common IT infrastructure and architecture standard is key to ensuring that ongoing development takes place in a coherent and integrated way<br>Advanced planning of common IT infrastructure standards results in shortened development time and system compatibility<br>Governments must regularly evaluate the progress and effectiveness of their e-government investments to determine whether stated goals and objectives are being met on schedule<br>Quantitative measures can be as beneficial as qualitative ones |

administration systems through the simplification of processes involved in the access and delivery of services. Citizen-centered services place much emphasis on the transformation of service delivery by using concepts of business process and reengineering (Brown 2005). One important component of the citizen-centered model of service is self-service which enables the provision of services to citizens 24/7.

## Information as Public Resource

Another impact of e-government on public administration is the strengthening of the public sector administration systems to be able to store, process, and manage a large amount of information and data. Information in this context is regarded as a key resource of government which enables the government to enact the right legislation, policies, and institutions (Brown 2005) to manage and

process such information. E-government thus has changed and transformed the traditional records management and documentation of government information and data through digitization. This digitization of the traditional record management and documentation in public administration ensures that proper collection and production of government information when it comes to its usage, storage, retrieval, dissemination, protection, and disposal (Brown 2005).

### New Skills and Relationships

E-government in public administration demands the development of new skills and building of strategic relationships both for the public sector works and the government itself. E-government provides the needed technology that can shape the environment in which public administration operates and the knowledge and skills required by public service managers and works (Brown 2005). E-government has enabled the use of new working methodologies and processes that emphasize on group collaboration and information sharing across the vertical division of labor (Brown 2005). Public sector works thus are forced to embrace and develop new skills to be able to acquire the needed capacity to manage the integration of e-government into the public administration system. This integration enables the creation of an interdependent relationship between government and policymakers, program administrators, and technical specialists. One critical strategic relationship that government builds as a result of e-government is the relationship with the private sector (Brown 2005). This is an important relationship since government cannot be self-sufficient in the adoption, development, and use of electronic technologies and thus imperative to collaborate with the private sector to build the needed e-government infrastructure (Brown 2005). This strategic relationship with the private sector empowers the government to tape into consultants for policy and technical advice for the implementation of new information systems and technology-enabled programs and services (Brown 2005). The government can, therefore, depend on the skills and capabilities of the private sector to augment the unavailable or lacked skills and technological know-how in the public sector. The underlying challenges in the public sector empower government to seek to delivery public services by building new working relationship with private sector organizations (Bertot et al. 2016; Klievink et al. 2016; Scupola and Zanfei 2016).

### Impact on Accountability and Management Models

Another major impact of e-government on public administration is on its ability to improve the accountability and management models of government and other sector agencies. A major concern over the years in public administration is the lack of proper accountability of public sector managers and government due to the nondisclosure of crucial information and data to the public. The client service concept in e-government deepens and changes the relationship between the public, the civil service, and elected representatives (Brown 2005). E-government can foster better accountability in public administration systems and bureaucracies by promoting greater financial accountability, openness, and transparency measures as a tool to control government by citizens who are the taxpayers (Pina et al. 2007). E-government can also contribute to improving the transparency in the decision-making processes by making information and data easily accessible through publishing of government debates and minutes, budgets and expenditure statements, and outcomes and rationales for key decisions and permitting online tracking of services and applications. Also, e-government administrative components like computerized treasury, integrated financial management information systems, and human resource management systems contribute to greater efficiency in public administration.

## Discussion and Conclusion

E-government development and integration into public administration have reshaped the traditional concept of public administration. E-government has demonstrated that it is a permanent and dynamic agent of reform in public administration in the public sector. The impacts continue to be visible in all parts of public sector administration systems in reforming and redesigning the functions of governmental organizations from local to central government agencies. The integration of

technology into improving the fundamentals of public administration has come to stay, and thus it is imperative that government address the challenges that front e-government in public administration. Tackling the challenges will ensure that the intended purpose of e-government in public administration and the public sector can be sustainably achieved. To sustain the positive impact of e-government on the public administration system, key stakeholders such as citizens, employees, and businesses including the private sector and government agencies must continue to collaborate and cooperate maximally in terms of the development of e-government initiatives in public administration and the public sector.

## Cross-References


- ▶ Development of E-Government in South Africa
- ▶ E-Government Policy and Legislation: A Chronological Timeline
- ▶ e-Government Procurement (e-GP)
- ▶ E-Government to Smart E-Governance: Korean Experience and Challenges
- ▶ E-Government, Accountability, and Performance
- ▶ E-Government, Bureaucracy, and Institutional Reform
- ▶ E-Government: Informatization of Government and Politics


## References


Almarabeh T, AbuAli A (2010) A general framework for e-government: definition maturity challenges, opportunities, and success. Eur J Sci Res 39(1):29–42

Bertot J, Estevez E, Janowski T (2016) Universal and contextualized public services: digital public service innovation framework. Gov Inform Q 33:211–222

Brown D (2005) Electronic government and public administration. Int Rev Adm Sci 71(2):241–254

Joseph RC, Kitlan DP (2008) Key issues in E-government and Public Administration. In: Handbook of research on public information technology. IGI Global, USA, pp. 1–11

Klievink B, Bharosa N, Tan Y-H (2016) The collaborative realization of public values and business goals: governance and infrastructure of public–private information platforms. Gov Inf Q 33(1):67–79

Palvia SCJ, Sharma SS (2007) E-government and e-governance: definitions/domain framework and status around the world. ICEG 5th international conference on E-governance 2007, Hyderabad, Andhra Pradesh, India

Pina V, Torres L, Acerete B (2007) Are ICTs promoting government accountability?: a comparative analysis of e-governance developments in 19 OECD countries. Crit Perspect Account 18(5):583–602

Rodriguez Bolivar MP, Caba Perez C, Lopez Hernandez AM (2007) E-government and public financial reporting: the case of Spanish regional governments. Am Rev Public Adm 37(2):142–177

Scupola A, Zanfei A (2016) Governance and innovation in public sector services: the case of the digital library. Gov Inf Q 33(2):237–249


# E-Government Policy and Legislation: A Chronological Timeline


Sean Mossey and Aroon Manoharan
Department of Public Policy and Public Affairs
John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA


## Synonyms

Accountability; Efficiency; E-government; Federal laws; Government agency; Information technology (IT); IT concepts; IT laws; IT skills; Legislation; Privacy; Security; Transparency

## Introduction

Federal E-government legislation has continued to evolve over the last two decades as the proliferation of the use of information technology (IT) in both public and private sector has continued. While many have examined specific e-government legislation and its relation to various concepts of public administration, a comprehensive timeline of all related federal e-government legislation has not been conducted. This chapter presents a comprehensive timeline of these federal laws and analyzes each for their purpose and focus. These laws are

also contextualized within the past three presidential administrations in order to analyze their specific priorities, as well as the evolving nature of their technology needs. Such reference is highly valuable as a source for students and researchers to understand the progression of federal e-government legislation.

## Phases of Federal E-government

"E-government" was historically a limited concept, but many federal initiatives addressed the guidelines for its effective implementation and subsequently led to its widespread inclusion in the United States. Through different administrations, e-government efforts evolved toward greater levels of use of information and communication technology (ICT). Tables 1, 2, 3, and 4 provide a comprehensive timeline of e-government precursors, efforts, and goals.

### The Early Years (Before 1992)

Prior to 1992, computing technology was in its infancy compared to the years following the High Performance Computing Act of 1991. With the Cold War dominating policies and with surveillance efforts on the minds of many congressional and presidential bodies, the primary goal became the limiting of potential security breaches in e-government. Therefore, technology-related federal legislation concentrated on privacy protections with government surveillance. The Foreign Intelligence Surveillance Act, Comprehensive Crime Control Act, Computer Fraud and Abuse Act of 1986, and Computer Security Act all show shifts toward legislation that protects both government and computer systems from sabotage both foreign and domestic.

Still, during this time there were also efforts to protect consumers of technology and the privacy and security of users in regard to the government's authority over their personal information. The Privacy Act and Freedom of Information Act (FOIA) for the first time set national standards for personal protections and privacy/transparency in government record acquisition. Although computing technology and the Internet were in very early stages, these laws were fundamental for future IT legislations. Table 1 highlights security technology implementations and preliminary security/privacy standards.

The first steps toward increased accountability and transparency in government records are discussed below. The Paperwork Reduction Act of 1980 promoted IT for enhancing efficiency, cost savings, and performance management. Later versions of this law expanded computing capabilities in federal government. Similarly, the High Performance and Computing Act of 1991 strongly supported IT development. Congressional/executive dialogue included accountability, efficiency, cost savings, and the need for technological superiority (i.e., the "information superhighway"). There were several IT "booms," and future congressional legislation emphasized greater IT integration. Specifically, the High Performance and Computing Act can be seen as the law that sets the new precedent for e-government, characterizing a paradigm shift toward a government more encapsulated by computing services.

### The Clinton Administration (1992–2000)

The Clinton administration fully embraced the IT "booms" that were touted by the High Performance and Computing Act, and it shifted attention from house surveillance/protections to effective governance as outlined in Table 2. The goal of many of the bills passed during the Clinton administration became the effective use of e-government to enhance management within government or increase the effectiveness of government services. The Government Performance and Results Act began this initiative as it promoted increased effectiveness with technology taking a central role in processes that needed improvement. Other bills saw the inclusion of technology, among critical goals of the bill.

Limitation of waste also became a central concern and The Paperwork Reduction Act was an amendment to highlight IT benefits in government (e.g., cost savings, efficiency, and performance), as well as expanded government transparency, improved access to information, and accountability of computing services. Later, the bill was expanded upon again to increase process efficiency through

**E-Government Policy and Legislation: A Chronological Timeline, Table 1** Early stages E-government laws

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| **Freedom of Information Act (United States)** | 1966 | 89th | 89-554 | • Ensure that government records are now subject to disclosure<br>• Ensure full or partial disclosure of previously unreleased information and documents<br>• Create greater government transparency | • Transparency<br>• Access to information |
| **Privacy Act** | 1974 | 93rd | 93-579 | • Establish Code of Fair Information Practices for the collection, maintenance, use, and dissemination of personally identifiable information maintained in federal records systems<br>• Require that federal agencies give the public notice of their systems of records by publishing them to the Federal Register<br>• Prohibit the disclosure of information from a system without written consent from an individual, pursuant to 1 of 12 exceptions outlined in the law<br>• Allow individuals to seek access to and amend their records<br>• Set forth agency record keeping requirements | • Transparency<br>• Privacy<br>• Accountability |
| **Foreign Intelligence Surveillance Act** | 1978 | 95th | 95-511 | • Outline procedures for physical and electronic surveillance of "foreign powers" and "agents of foreign powers"<br>• This may include American citizens and permanent residents suspected of terrorism | • Security |
| **Paperwork Reduction Act** | 1980 | 96th | 96-511 | • Minimize the total burden of paperwork imposed by the federal government on private businesses and citizens<br>• Establish the Office of Information and Regulatory Affairs (OIRA) which is within the Office of Management and Budget (OMB) to oversee collection of information<br>• Improve the dissemination of public information | • Efficiency<br>• Cost saving<br>• Accountability<br>• Transparency<br>• Access to information |
| **Comprehensive Crime Control Act** | 1984 | 98th | 98-473 | • Extend the United States Secret Service's jurisdiction over credit card fraud and computer fraud | • Security |
| **Computer Fraud and Abuse Act of 1986** | 1986 | 99th | 99-612 | • Amendment to the Comprehensive Crime Control Act of 1984<br>• Limit federal jurisdiction to those computers that had a "compelling federal interest" (defined as protected computers) which included computers of the federal government or certain financial entities who are suspected of involvement | • Privacy<br>• Security |

(continued)

**E-Government Policy and Legislation: A Chronological Timeline, Table 1** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Criminalize additional computer-related acts such as accessing or defrauding government computers<br>• Address distribution of malicious code<br>• Criminalize trafficking of passwords | |
| **Electronic Communications Privacy Act (ECPA)** | 1986 | 99th | 99-508 | • Extend government restrictions on wiretaps to include electronic data transmitted by computer<br>• Prohibit access to stored electronic communications<br>• Prevent unauthorized government access to private electronic communications | • Privacy<br>• Security |
| **Computer Security Act** | 1987 | 100th | 100-235 | • Improve security and privacy of sensitive information in federal computer systems<br>• Establish minimum security practices under the National Institute of Standards and Technology (NIST)<br>• Mandate security training for federal employees who use these systems | • Privacy<br>• Security<br>• Accountability |
| **Computer Matching and Privacy Protection Act** | 1988 | 100th | 100-503 | • Amend the Privacy Act of 1974<br>• Add protections for privacy of subjects used in automated computer matching programs<br>• Protect individuals from adverse treatments and ensures due process related to computer matching without verification of data by the agency<br>• Establish a data integrity board at each agency to oversee implementation of the Act | • Privacy<br>• Security |
| **High Performance Computing Act** | 1991 | 102nd | 102-194 | • Build efforts toward a national networking infrastructure "information superhighway"<br>• Emphasize high performance computing and technological development including the mosaic web browser software, which acted as a springboard to the Internet and high speed fiber optic computing network<br>• Touted as responsible for tech boom of the 1990s<br>• Lead to National Information Infrastructure<br>• Lead to founding of the National Research and Education Network (NREN) | • Accountability<br>• Efficiency<br>• Technological superiority<br>• Cost savings |

the Government Paperwork Elimination Act. Consumer protection also took on a heavier role and amendments to the FOIA in 1996 included broader protections and access to information.

Still, perhaps the most technology centric bills to emerge during this time were the Telecommunication Act and Clinger-Cohen Act. Each emphasized technological superiority, while the

**E-Government Policy and Legislation: A Chronological Timeline, Table 2** Clinton era E-government laws

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| **The Government Performance and Results Act** | 1993 | 103rd | 103-62 | • Establish goals for government agencies in performance management<br>• Aid congressional committees in their capabilities to amend, suspend, or bring about programs based performance management standards<br>• Improve the performance, efficiency, and effectiveness of all federal agencies<br>• Develop and improve operational processes, skills, technology, human, capital information, and other resources needed in agencies | • Accountability<br>• Efficiency<br>• Performance management |
| **Government Management Reform Act** | 1993 | 103rd | 103-356 | • Provide for a more effective, efficient, and responsive government<br>• Calls for a government-wide financial statement that includes all results of governmental operation, accounts, and associated activities | • Efficiency<br>• Transparency<br>• Accountability<br>• Access to information |
| **Paperwork Reduction Act** | 1995 | 104th | 104-13 | • Amendment to Paperwork Reduction Act of 1980<br>• Confirmed that the OIRA's (Office of Information and Regulatory Affairs) authority extended to agency orders that provide information the government, and also to the public<br>• Minimize paperwork burden "for individuals, small businesses, educational and nonprofit institutions, federal contractors, state, local and tribal governments, and other persons resulting from the collection of information by or for the federal government"<br>• Ensure the greatest public benefit from information "created, collected, maintained, used, shared and disseminated by or for the federal government" and that such standards conform to the laws regarding (1) privacy and confidentiality, (2) security of information, (3) access to information | • Cost savings<br>• Transparency<br>• Efficiency<br>• Performance<br>• Privacy<br>• Security<br>• Accountability<br>• Public access to technology<br>• Access to information |

(continued)

**E-Government Policy and Legislation: A Chronological Timeline, Table 2** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Increase timeliness of information to the public and increase accountability of agencies to congress<br>• Strengthen decision making, accountability, and openness of government and society and improve productivity, efficiency, and effectiveness of government programs through reduction of information collection burdens and improved service delivery<br>• Ensure integrity and quality of federal statistical system<br>• Ensure that information technology is acquired, used, and managed to improve performance of agency missions, including the reduction of information collection burdens on the public | |
| **The Clinger-Cohen ACT (Formerly the Information Technology Management Reform Act)** | 1996 | 104th | 104-106 | • Improve federal governments' means to acquire, use, and utilize information technology (IT)<br>• Maximize benefits of IT in government<br>• Provide a comprehensive approach for federal agencies to acquire and use information technologies by (1) focusing these resources toward strategic planning, (2) implementing capital planning and investment processes around IT integration and execution, (3) managing work processes and restructuring before investing in such resources | • Information superiority<br>• Efficiency<br>• Cost savings |
| **Telecommunications Act** | 1996 | 104th | 104-104 | • Amend Communication Act of 1934<br>• First inclusion of the Internet in the broadcasting spectrum allotment<br>• Deregulate the telecommunications industry by letting anyone enter any communications business and compete in the market<br>• Regulate indecency and pornographic material on the Internet | • Transparency<br>• Technological superiority<br>• Regulation of material<br>• Public access to technology |

(continued)

E

**E-Government Policy and Legislation: A Chronological Timeline, Table 2** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Lay out a plan for schools, libraries, and hospitals to have Internet access by 2000 for learning purposes | |
| **Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)** | 1996 | 104th | 104-193 | • Provide a mandate for social services to test e-government applications in the field for laws purposes | • Technological superiority<br>• Efficiency |
| **Electronic Freedom of Information Act Amendments** | 1996 | 104th | 104-231 | • Amendment to the Freedom of Information Act of 1966<br>• Ensure that agencies make all information stated in previous laws available by computer telecommunication or by other means electronically<br>• Ensure that agencies provide electronic reading rooms for citizens who do not have access electronically | • Transparency<br>• Public access to technology<br>• Access to information |
| **Government Paperwork Elimination Act** | 1998 | 105th | 105-277 | • Amendment to the Government Paperwork Elimination Act of 1980 and 1995<br>• Ensure agencies use electronic forms, electronic filing, and electronic signatures to conduct official business by 2003<br>• Allow individuals access to and interaction in line with previous tenets of the law electronically<br>• Ensure that all electronic records are not denied legal effect, validity, or enforceability due to their electronic form | • Cost savings<br>• Efficiency<br>• Privacy<br>• Transparency<br>• Access to information |

Telecommunications Act was the first attempt at the government's regulation of certain content on the Internet. The Clinger-Cohen Act also focused on integration of government services with IT and strategic planning goals that set the process in motion to maximize benefits of IT in government. The legislation was also characterized by forward thinking in regard to e-government integration and implementation.

## The Bush Administration (2000–2008)

The noticeable lack of security and privacy legislation during the Clinton years is addressed largely during the Bush years as the events of 9/11 along with an increased recognition of the vulnerabilities of newly integrated technological systems were starting to be more fully understood. As Table 3 shows, during the Bush administration, the USA PATRIOT Act and Homeland Security Act outlined limitations of privacy protections in national security and defense. The latter Act also established the Department of Homeland Security (DHS), with the agency having an active umbrella of cyber security as one of its main goals.

The emphasis extended as well to interagency and international cooperatives as lone wolf and

**E-Government Policy and Legislation: A Chronological Timeline, Table 3** Bush era E-government laws

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| **Electronic Signatures in Global and National Commerce Act (ESIGN)** | 2000 | 106th | 106-229 | • Facilitate the use of electronic records and signatures in interstate and foreign commerce by extending the legal apparatus for their validity as equally enforceable as evidence in their electronic form | • Efficiency<br>• Cost savings |
| **Government Information Security Reform Act** | 2001 | 106th | 106-398 | • Include annual IT security reviews as a requirement within federal agencies<br>• Implement a program for planning, assessment, and protection of information security<br>• Include a requirement for IGs (Inspector Generals) to perform an annual evaluation of information security programs and practices, and report these results to OMB<br>• Include a requirement for OMB to report to congress about information security progress and provide guidance and performance measurements for agencies moving forward | • Security<br>• Accountability |
| **U.S. Patriot Act** | 2001 | 107th | 107-56 | • Amend Foreign Intelligence Surveillance Act of 1978 to include terrorism on behalf of groups not backed by foreign governments<br>• Enhance surveillance to detect and prosecute various activities associated with terrorism<br>• Facilitate information sharing and cooperation among government agencies<br>• Address new technologies and new threats to combat terrorism and threats in the digital age | • Security<br>• Privacy<br>• IT Collaboration<br>• Technological superiority |
| **Homeland Security Act** | 2002 | 107th | 107-296 | • Establish the Department of Homeland Security<br>• Establish organizations that held powers under the Patriot Act | • Security |
| **E-Government Act** | 2002 | 107th | 107-347 | • Promote the use of IT with a focus on the Internet to provide more government services electronically and provide greater opportunity for citizens<br>• Further strengthened information security among agencies and integrate IT in | • Technological superiority<br>• Increased service delivery<br>• Security<br>• Privacy<br>• Access to information |

(continued)

E

**E-Government Policy and Legislation: A Chronological Timeline, Table 3** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | tandem with existing laws regarding protection of privacy, national security, record retention, and disability access<br>• Promote interagency collaboration via IT technology to improve services and achieve agency missions<br>• Reduce costs and burdens for government entities and increase transparency and accountability<br>• Allow for greater decision making capability through the promotion of IT<br>• Utilize best practices from the public and private sector in e-government<br>• Outline procedures for managing IT human capital requirements within the federal agencies<br>• Establish the Office of Electronic Government with OMB to further provide direction and leadership to the implementation of e-government | • IT Collaboration<br>• Efficiency<br>• Performance management<br>• Cost savings |
| **Federal Information Security Management Act (FISMA)** | 2002 | 107th | 107-347 | • Embedded within the e-government security ACT as Title III<br>• Designate the National Institute of Technology (NSIT) and OMB as agencies responsible for strengthening security systems<br>• Cost effective reduction of information security risks to acceptable levels<br>• Outline that information security means the protection of information systems from unauthorized access, use disclosure, disruption, modification, or destruction<br>• Ensure that federal agencies develop, document, and carry out information security protocols that support the agencies' goals | • Security<br>• Cost saving<br>• Collaboration |
| **Cyber Security Research and Development Act** | 2002 | 107th | 107-355 | • Amendment to the National Institute of Standards and Technology Act | • Collaboration<br>• Security |

(continued)

**E-Government Policy and Legislation: A Chronological Timeline, Table 3** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Authorize National Science Foundation (NSF) and the Secretary of Commerce for the National Institute of Standards and Technology (NIST) to establish new programs and create funding opportunities for computer and network security research and development | |
| **Controlling the Assault of Non-Solicited Pornography and Marketing (CANSPAM)** | 2003 | 108th | 108-187 | • Require those who send unsolicited emails to follow certain requirements by banning false and misleading header information or deceptive subject lines<br>• Require unsolicited emails to be identified as advertised and provide receipts<br>• Establish rules for the labeling of sexually explicit material in email<br>• Establish the FTC as enforcement | • Security<br>• Regulation of material |

State sponsored cyber aggressions became a more prevalent occurrence. The Federal Information Security Management Act (FISMA) and Cyber Security Research and Development Act promoted collaboration for developing cybersecurity measures and enhancing IT capabilities.

Still, the focus did not shift away from technological integration but instead expanded upon Clinton Era efforts, with an increased focus on security and privacy. The E-Government Act of 2002 was perhaps the most highly influential law for federal e-government management. It promoted technological superiority and proliferation via tenets of successful e-governance (e.g., privacy, security, efficiency, performance management, and cost savings). It promoted IT and interagency collaboration that would enhance IT efforts in a horizontal fashion, with departments collaborating to bring about more effective e-government services.

The Bush era is represented by an expansion on Clinton era efforts to improve processes through e-government, but with an increased emphasis on the security of such systems and limiting vulnerabilities presented by the new technologies. This dialogue dominated legislation during the era as the nation recoiled from both a major physical terrorist attack in the form of 9/11, but also increased cyber aggression that lawmakers began to see as vulnerabilities to ever increasing e-government systems.

## Obama Administration Focus (2008–2016)

During the Obama administration, the focus continued on IT security as systems capabilities continued to grow and with them vulnerabilities, as shown in Table 4. Congress and the Obama administration also emphasized national/IT security and promoted cooperation/technological development to minimize cyber threats. Privacy in regard to IT was somewhat impacted as the Patriot Sunsets Extension Act contained many surveillance provisions from the USA Patriot Act passed during the previous Bush administration. However, the USA Freedom Act was an amended version of the expired Patriot Act and limited surveillance to specific threats, in order to increase privacy and limit the authority of the

**E-Government Policy and Legislation: A Chronological Timeline, Table 4** Obama era E-government laws

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| **Foreign Intelligence Surveillance Act of 1978 Amendments Act of 2008** | 2008 | 110th | 110-261 | • Amend Foreign Intelligence Surveillance Act of 1978<br>• Institute major provisions against unwarranted electronic surveillance<br>• Make it illegal to engage in surveillance under appearance of an official act<br>• Make it illegal to disclose or use information obtained by electronic surveillance that was not authorized by a statute | • Security<br>• Privacy |
| **PATRIOT Sunsets Extension Act** | 2011 | 112th | 112-14 | • Extend three key provisions of the Patriot Act of 2002: Roving wiretaps, searches of business records, and surveillance of "lone wolves" terrorists | • Security<br>• Privacy |
| **Promoting and Enhancing Cybersecurity and Information Sharing Effectiveness Act (PRECISE Act)** | 2011 | 112th | 112-592 | • Amend the Homeland Security Act of 2002<br>• Make improvements to laws relating to cybersecurity<br>• Include a requirement for the Secretary of Homeland Security to conduct risk assessments, foster and develop information security technologies, limit and mitigate information technology supply chain vulnerabilities, and support nationwide outreach to educate the public in cyber security risks, and carry out activities and simulations that support and evaluate the national cyber incident response plan | • Security<br>• Performance management |
| **Cybersecurity Enhancement Act** | 2014 | 113th | 113-274 | • Provide for ongoing public-private partnerships to improve cyber security and strengthen cyber security research and development, workforce development, and education<br>• Include provisions to increase public awareness and preparedness, in regard to cyber security | • Security<br>• Collaboration |
| **National Cybersecurity Protection Act** | 2014 | 113th | 113-282 | • Amend the Homeland Security Act of 2002 | |

(continued)

**E-Government Policy and Legislation: A Chronological Timeline, Table 4** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Codify DHS existing cybersecurity and communications center, the National Cybersecurity and Communications Integration Center (NCCIC) to execute cyber security mission more effectively<br>• Include tribal governments, information sharing and analysis centers, and private entities as nonfederal representatives<br>• Expand sharing of information and facilitate participation exercises for defensive measures to include civilians, global cyber security partners, state and major urban areas, critical infrastructure providers, and small and medium enterprises<br>• Ensure that Congress is notified of any violations of information retention and disclosure policies | • Security<br>• Collaboration<br>• Accountability |
| **Federal Information Security Modernization Act** | 2014 | 113th | 113-283 | • Update Federal Information Security Act of 2002<br>• Strengthen security of federal computer networks<br>• Clarify the roles of OMB and DHS to reflect each agency's expertise and resources, and their current functions<br>• Improve security by transitioning away from paperwork requirements toward more automated ones<br>• Strengthen transparency and accountability by improving the process in which federal data breaches are dealt with, managed, and reported to Congress and the public | • Security<br>• Efficiency<br>• Accountability<br>• Cost savings<br>• Transparency |
| **USA Freedom Act** | 2015 | 114th | 114-23 | • Restore and modify provisions of the Patriot Act<br>• Impose further limits on the bulk collection of data on US citizens by intelligence agencies | • Privacy<br>• Security |

(continued)

E

**E-Government Policy and Legislation: A Chronological Timeline, Table 4** (continued)

| IT law | Year | Congress number | Law number | Purpose | Focus |
|---|---|---|---|---|---|
| | | | | • Continue extensions for roving wiretaps and tracking lone wolf terrorists | |
| **FOIA Improvement Act** | 2016 | 114th | 114-185 | • Further extend and clarify access of the public to government records<br>• Ensure requesters do not need to show need or reason to request such information<br>• Ensure that records requested 3 or more times must be made available for public record | • Access to information<br>• Transparency |
| **The Federal Cybersecurity Workforce Assessment Act (Act contained in the Consolidated Appropriations Act)** | 2016 | 114th | 114-123 | • Continue to improve workforce development in cyber security efforts<br>• Increase certification in cyber security training among agency staff and addressing gaps that aren't addressed in such training<br>• Identify critical areas of need in the cyber related civilian workforce | • Security<br>• Collaboration |
| **American Innovation and Competitiveness Act** | 2016 | 114th | 114-389 | • Primarily invest in innovation through research and development in order to improve the competitiveness of the United States<br>• Reduce administrative burdens for researchers<br>• Advance public private partnerships<br>• Enhance agency oversight<br>• Promote science, technology, engineering, and math (STEM) education | • Technology superiority<br>• Collaboration<br>• Accountability |
| **United States-Israel Advanced Research Partnership Act** | 2016 | 114th | 114-827 | • Allow the USA and Israel to cooperate on cybersecurity technologies research and development | • Security |

government to only certain instances in its surveillance efforts.

Further, the National Cybersecurity Protection Act of 2014 aimed to combat cyber threats/terrorism by amending the Homeland Security Act and encourage interagency collaboration and ensure the DHS to conduct regular audits that address cyber security vulnerabilities. The law continued to promote public-private partnerships/collaborative efforts that commenced in the Bush administration. The Consolidated Appropriations Act of 2016 contained the Federal Cybersecurity Workforce Assessment Act of 2015. The latter act was also codified into training procedures and accountability measures for cyber threats among government employees.

Collaboration took on a central role as already mentioned, as legislators saw increased cyber aggression as a major threat to existing e-government systems. Furthermore, interagency collaboration addressed these threats and also addressed shortcomings in processes associated with e-government systems. The American Innovation and Competitiveness Act (AICA) was enacted during the end of Obama's term, and it increased nationwide collaboration and IT development efforts. The law's goal was to bring the USA to the forefront in technological development, particularly via investments in research and IT. Furthermore, the FOIA continued to increase transparency by expanding citizens' access to government records. The goal then became technological dominance through public-private partnerships, with an emphasis on privacy and security.

## Conclusion

E-government efforts continued to evolve over decades and began to become more sophisticated with each administration. The early years were highlighted by a focus on surveillance and security, as well as increased efficiency in processes made possible by new technologies. The Clinton administration in 1992 first realized the transformative aspect of e-government and its potential in making citizens more informed and technology more accessible. However, the priorities shifted during the Bush years as increased security needs and vulnerabilities of existing cyber security systems began to dominate discussions. The Obama administration continued the efforts of the Bush administration, while also focusing on effectively increasing e-government efforts through public and private collaborations.

Each era was dominated by a specific law that outlined the purpose of the administration; however, they were also not exclusive in their e-government focus. The Clinton administration's focus on technology centric processes was juxtaposed with efforts to increase access for the public to information and improve internal government processes. The Bush administration's passage of the E-Government Act represented sweeping legislation in enhancing e-government use throughout the nation. The Obama administration prioritized interagency collaboration and innovation, as well as increased transparency and open government. With technology continuing to take on an enhanced role and e-government increasing at the federal, state, and local levels, the need for legislations that address various tenets of e-government including security, transparency, privacy, interagency collaboration, accountability, and overall effectiveness continues to be necessary. This entry presents a timeline of important federal level IT legislation and their purpose and focus and discusses their significance in guiding the implementation and use of e-government and emerging technologies.

E

# E-Government Procurement (e-GP)

Rajesh K. Shakya
The World Bank, Washington, DC, USA

## Synonyms

Digital procurement; e-Bidding; e-Procurement; e-Public Procurement; e-Tendering; G2B; Online procurement; Public e-Procurement

## Definition

An e-Government Procurement (e-GP) is the collaborative use of information and communications technologies by government agencies, bidding community, regulatory and oversight agencies, other supporting service providers, and civil society in conducting ethical procurement activities of the government procurement process cycle for the procurement of goods, works, and services, and management of contracts ensuring good governance and value for money in public procurement, and contributing to the socioeconomic development of country (Shakya 2015, p. 141).

## Introduction

e-Procurement concept is not entirely new. In fact during the 1990s, a new trend of limited automation within the organizational processes as well as the communications with the suppliers in relation to purchase requests and supplies started using Electronic Data Interchange (EDI) systems. As the Internet became accessible within both public and private sectors, there followed a gradual development and use of online tools for the automation of business processes, which also led to the appearance of a number of web-based Business-to-Business (B2B) e-commerce sites and platforms. Inadequate Internet bandwidth available at the time and concerns around the security of ecommerce were the key challenges for these early solutions.

Internet bandwidth is not a challenge anymore, but the cost of bandwidth varies significantly country to country. Today the situation is significantly improved, web-based technologies are matured, choices of state-of-the art-data and network securities are available, and this digital environment is facilitating easy implementation and uptake of electronic services. Digital technologies can be fully leveraged for enhancing public services including, among other public services, public procurement through the implementation of a comprehensive e-Government Procurement system and can deliver tangible benefits to the government, private sector, and citizens.

## What Is e-Government Procurement (e-GP)?

According to the World Bank (2003), e-GP is defined as "the use of information technology (especially the internet) by governments in conducting their procurement relationships with suppliers for the procurement of works, goods, and consultancy services required by the public sector."

The European Union (EU) offers a similar definition, specifically distinguishing procurement by "government institutions and other public sector organizations" (European Commission 2004).

Shakya (2015) has given a comprehensive definition of e-Government Procurement that covers the modern spirit of implementing e-GP:

> An e-Government Procurement (e-GP) is the collaborative use of information and communications technologies by government agencies, bidding community, regulatory and oversight agencies, other supporting service providers, and civil society in conducting ethical procurement activities of the government procurement process cycle for the procurement of goods, works and services, and management of contracts ensuring good governance and value-for-money in public procurement, and contributing to the socioeconomic development of country (p. 141).

The handling of all procurement processes cycle, fully electronic and integrated, is called an end-to-end e-procurement. Implementation of a full-fledged e-GP system is a transformational initiative that cuts across the entire government agencies, supplier community, regulatory and oversight agencies, other supporting service providers, and civil society. Making the shift from manual environment of public procurement to electronic environment requires a well-planned and sustained effort. Government officials and suppliers will have varying levels of maturity when it comes to using IT systems; training is therefore necessary so they can become adept in using e-GP systems. Legislative facilitation has to be made to enable e-GP. Computers and Internet connectivity in government agencies have to be made available and helpdesks have to be established to support users of e-GP. In short, solutions have to be designed to address business, functional, technological, and administrative challenges associated with e-GP implementation.

## International Best Practices in the Implementation of e-Government Procurement

More than 100 countries already implemented e-GP systems and a few countries have yet to take even the initial steps. Existing e-GP systems

implemented in different countries are at various levels of maturity. International best practices entail the following key significance key significance for the successful implementation of the e-Procurement platform:

- The e-Procurement platform is implemented as unitary centralized system, but the Procuring Entities (PEs) carry out their procurement transactions in decentralized way and independently on the platform following prevalent law and regulations and circulars.
- The e-GP System is configured with the provisions available in acts and regulations to make most of those requirements automatically compliant while carrying out the e-GP transactions.
- The e-Procurement system provides a single collaboration platform among the legislative, regulatory and oversight agencies, public procurement entities, bidders, and civil society to carry out all kinds of procurement related transactions and execute their given mandates under the authority and role-based workflow enhancing accountability across the process through automated notification and time-stamped audit trails.
- All stakeholders must get registered into the e-GP system as users with different roles, and each of users get their private workspace or dashboard to carry out procurement transactions under the defined workflow of each of the organizations based on the authority given and configured in the system for them.
- Non-PKI-based authentication is preferred alternative to PKI-based authentication because of the complexity of PKI-based authentication management for national and international bidders.
- E-GP systems are compliant to the Multilateral Development Banks (MDB) e-Procurement Guidelines. Development banks also use the e-Procurement system as user to monitor the project progress and carry out review process through the system.
- Open contracting Data Standard (OCDS) and Geotagging are built in the e-Procurement System.

Early implementations of e-Procurement were mostly limited to few functions and processes. Based on the experience and lessons learned from the success and failure in different countries, end-to-end system implementations are preferred. Some countries have implemented advanced, fully integrated end-to-end e-GP systems, others e-Procurement systems with limited functionalities and processes. Countries such as South Korea, Bangladesh, Georgia, Zambia, and a handful of other countries have implemented full-fledged end-to-end e-GP. e-Procurement systems cover end-to-end procurement cycle (see Fig. 1) for all the public organizations to goods, works, and services using all procurement processes, and practices through all procurement methods (quotation, direct, open competitive, restrictive, single and multistage, framework agreement and auctions) from national and international proposers leveraging the innovative functions and tools to address all aspects of good governance (i.e., transparency, accountability, efficiency and effectiveness, corruption control, equity and ethics, rule of law and predictability, and civil society awareness) through electronic environment.

An end-to-end e-GP system generally covers the following functions and tools in addition to other supporting features:

(a) e-GP portal and module for the information publication based on open contracting data standards (OCDS) and geotagging
(b) Registration for bidders and PDE users
(c) User-specific administrative dashboards
(d) e-Bidding (covering procurement and disposal methods supported by public procurement law and regulations; from Annual Procurement Plan to signing of contract)
(e) e-Auction
(f) Contract management with contractor performance appraisal and management
(g) Framework agreements and their management
(h) e-Payments and guarantees
(i) Administrative reviews (Complaints management)
(j) e-Catalog

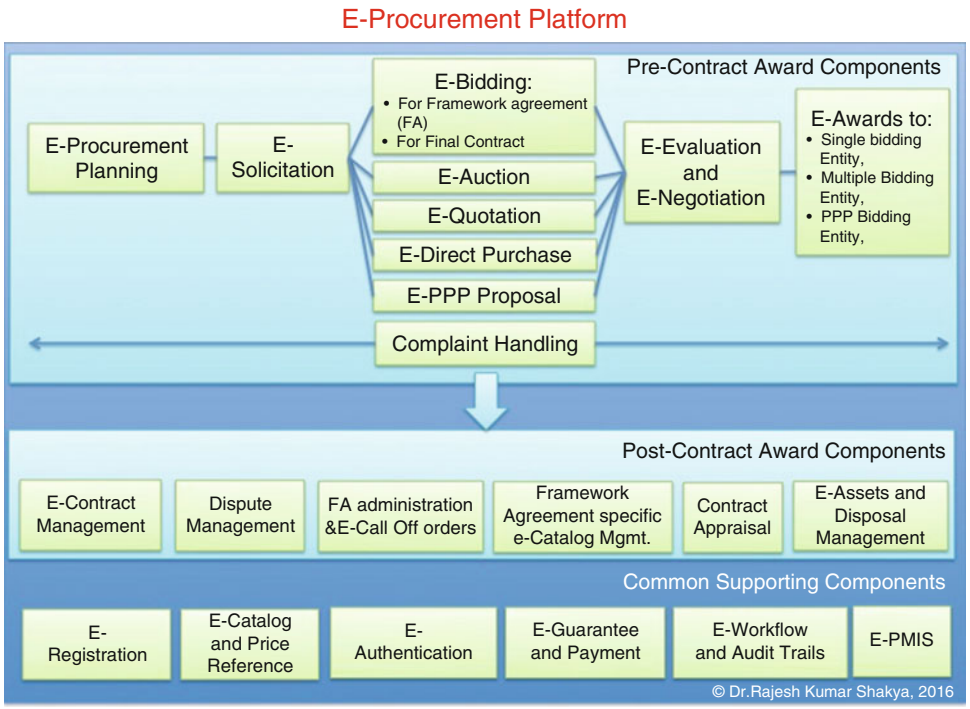


**E-Government Procurement (e-GP), Fig. 1** e-Procurement platform (Copyright 2016b by R. K. Shakya)

(k) e-Authentication and authorization functionality
(l) Workflow management and audit trails
(m) Risk-aware indicator based e-Procurement Management Information System (e-PMIS)
(n) Interface to Financial Management Information System (FMIS), business registration systems, and e-Tax
(o) Online help and video tutorials

Countries, such as Canada, USA, Chile, Indonesia, Malaysia, Mexico, the Philippines, and Portugal, have applied e-GP systems for more than a decade, and they are now used extensively by a large number of procurement entities, with scope for further enhancements.

## Strategic Objectives of e-Government Procurement

In terms of e-commerce, e-procurement is usually the e-Government Procurement (e-GP), or e-procurement, is more than just a government website on the Internet to publish information about the procurement opportunities and other related information. The strategic objectives of the e-Procurement (see Fig. 2) are enhancing good governance, achieving value-for-money, and contributing to socio-economic development leveraging information and communication technologies in the country (Shakya 2015). The e-procurement supports and simplifies the public procurement processes for all stakeholders involved in public procurement: public/procuring entities, suppliers from business, oversight and regulatory authorities, and citizens. The use of the e-procurement system can connect all stakeholders and support processes for online procurement transactions and other related activities. In other words, e-GP supports and stimulates good governance. Therefore, the objectives of e-procurement run parallel to the objectives of good governance in public procurement. Implementation of e-procurement system for the good governance can be seen as an exercise of

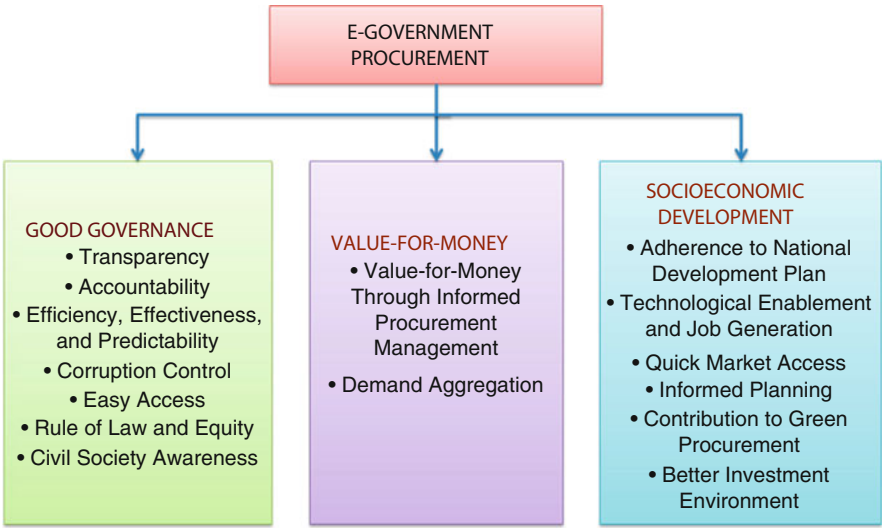


**E-Government Procurement (e-GP), Fig. 2** Objectives of e-Government procurement (Copyright 2015 by R. K. Shakya)

economic, political, and administrative authority to better manage the public procurement sector in the electronic environment.

The strategic importance of procurement has been reiterated frequently. The level of coordinated incorporation, integration of public procurement, and different dimensions of good governance in process and practices of the e-procurement system development and implementation influence the role of e-procurement in enhancing good governance. However, having all the best practices and dimensions of good governance in a single system may require considerable understanding of the principles of good governance in public procurement.

According to Arrowsmith et al. (n.d.), the last decade of the twentieth century witnessed the start of a global revolution in the regulation of public procurement. Actually, challenges in procurement reforms are beyond procurement regulations to include procurement process, methods, procurement organizational structure, and workforce. According to Thai (2001), procurement reforms occur constantly in all countries, developed as well as developing countries. The purpose and scope of reforms may vary from country to country depending on the problems in the country, but fundamental principles of procurement are in general same either that is in the developing country or in the developed country. The evolution of procurement is ongoing, from bureaucratic, manual process, green procurement to e-procurement systems. Therefore, the efforts have been made for the reform activities for the good governance in key sectors.

## Challenges in Traditional Procurement Environment

Government procures goods, works, and services to meet the policy outcomes as well as carry out operational activities. In some cases, it is obvious that a particular procurement is directly associated with the development policies, but in other cases the procurements may facilitate indirectly. Whether the procurement is strategic for policy outcome or it facilitates regular operational activities, government procuring organizations must adhere to government procurement policy, spirit of acts, and regulation through a fair and transparent procurement process, adhering to the principles of procurement good governance and value for money on spending public funds (Shakya 2016a).

In traditional paper-based procurement environment or ad hoc technology-based procurement

systems, ensuring the adherence to the government policy, procurement acts, regulations, guidelines, and principles of good governance by all of its government procuring organizations consistently and due diligently is not easy, and monitoring their compliance and procurement performance are not realistically possible. Traditional procurement environments are challenged by processes with loopholes, officials given authorities to sanction procurements and contracts without having effective system of accountability, and undocumented practices. It is not easy to establish structures, processes, and monitoring system ensuring the desired practices because of paper-based work culture, fragmented processes, scattered authorities and inconsistent standards in procurement documents and practices, and enforcement complexities. Traditional procurement environment are prone to numerous compromises with the legislative, procedural, operational, and ethical behavioral requirements, which spans the whole life cycle, from the identification of the need to procurement, through supplier selection and contracting, to the delivery of the required goods or services and (where relevant) the underlying policy outcome through to the disposal of the asset(s) or service closure or recompetition exercise.

The implementation of e-procurement has been considered one of the most promising and feasible options for addressing challenges faced in the traditional procurement environment, and facilitates the governments in rendering enhanced governance in the acquisition of goods, works, and services for the public sector.

## e-Procurement as an Ideal Environment for Public Procurement

There are different forms of e-Procurement implementations around the world that ranges from simple email-based bidding document sharing and bid submission to selected process automation to comprehensive end-to-end e-Procurement systems covering complete processes of procurement life cycle. Very few of the e-Procurement systems can be found implemented with full fundamental functionalities, and considering all the aspects of the good governance principles of public procurement. Fragmented and ad hoc implementation of e-GP system only engenders inefficiencies, complexities in workplace, and frustrations to users and policy makers, as well as providing new options of corruptive practices and creates challenges in accountability chain. The e-procurement system implementation covering only partial or fragmented set of procurement functions may be inefficient and ineffective. This approach is not favorable for achieving desired objectives of public procurement (Shakya 2016a).

According to Matthews (2005), vulnerability discovered from the traditional procurement system has led to the development of e-Procurement in the governments. The issue about public accountability of conventional procurement process also becomes an ethical issue. Whereas the procurement of goods and services is the most significant activity of the government, not only in terms of the amount of activity but also the funds allocated (Moon 2005).

Most of the governments around the world are implementing the e-GP systems as a tool for public procurement reform for better governance in this sector. e-Procurement as an innovative tool for reform in public procurement sector is required to be adopted by its stakeholders, mainly by the procuring agencies, bidders, and regulatory/oversight agencies. The introduction of the e-GP system is expected to enhance the good governance, achieve better value for money in the public procurement sector, and support the socioeconomic development of the country. e-Procurement has proven itself to be one of the more effective and efficient tools for bringing good governance to the procurement process in many countries (Shakya 2012).

Also as a result, the implementation of the e-GP system is expected to improve transparency in the procurement process; ensure accountability, rule of law, equity, and competitiveness; improve corruption control; and increase civil society awareness in regard to the public procurement. Success of the e-GP implementation depends on numerous interdependent factors and processes,

which are sometimes ignored or not considered by the implementers during its planning and implementation process. If properly designed and implemented with strong determination of the leadership for the public procurement reform, e-Procurement environment can be significantly a better platform for public procurement, which can strictly implement and enhance all the aspects of the procurement good governance principles and the environment set by the legislative framework without any compromise on ethics and accountability and with enhanced transparency, efficiency, and effectiveness collaborating with all of its stakeholders including the tax payer citizens.

## Benefits of e-Government Procurement

e-GP has a range of potential benefits, and the procurement of goods, works, and services through e-procurement is emerging worldwide with the potential to reform processes, improve market access, and promote governance in public procurement. However, rather than a technical solution, e-procurement should be considered as a mainstream platform for the public procurement in general. Perceived benefits of implementing e-GP System are:

- Improved overall procurement efficiency
- Streamlined procurement processes
- Shorter procurement processing time
- Simplified and transparent procurement processes
- Faster procurement cycle times
- Ensured accountability
- Corruption control
- Increased competition from bidders
- Equal opportunity for small to large bidders help to level the playing field
- Enhanced public awareness on the expenditure of public fund
- Lower procurement prices
- Reduced order times
- Improved compliance with procurement legislation and rules
- Improved contract management
- Improved information management and procurement analytics
- Significant administrative savings
- Easy implementation of decentralized procurement and performance monitoring
- Informed procurements and policy decisions

It is clear that the business case for e-GP should include a range of qualitative and quantitative aspects (see Table 1).

The above discussion establishes the benefits of a well-conceived, competently implemented e-GP strategy. Benefits have been described in qualitative and quantitative terms. The qualitative benefits are not readily measurable; however the reported quantitative results include savings ranging between 5% and 20%. With public procurement accounting for between 15% and 20% of the national economy, this level of savings potential is substantial and the benefit/cost ratio should be overwhelming even without considering the qualitative benefits.

Malpractice, a flawed strategy, or poor management in the development and implementation of e-GP can show negative impact.

## Conclusion

This entry has provided an overview about e-Government Procurement (e-GP), and the role that it plays in enhancing public procurement sector. It began with a discussion of e-GP background and evolution of definitions. The author presents a comprehensive definition of e-Government Procurement (e-GP) covering the core principles of public procurement, good governance, and modern spirit of implementing e-GP. Implementation of e-GP continues to advance across the world. Next, the entry provides a discussion on the international best practices in implementing e-GP and its coverage.

This entry also discussed strategic objectives of the e-Procurement, challenges in the traditional procurement environment, and discusses how e-Procurement can resolve those challenges. Finally, the entry discusses the benefits of e-GP and factors of e-GP impact assessment.

**E-Government Procurement (e-GP), Table 1** Factors for e-Procurement impact assessment

| No. | Factor | e-Procurement impact | Direct stakeholders |
|---|---|---|---|
| 1 | Prices | Reduced 5–8% in competitive markets | Ministry of finance, departments |
| 2 | Transactional efficiency | Reduced 65% for simple procurement | Suppliers, departments |
| 3 | Procurement cycle times | Reduced 25–75% for complex procurement<br>Reduced 80–95% for simple procurement | Departments, communities |
| 4 | Compliance | As for maverick buying 30% | Departments, public procurement authority |
| 5 | Delegation control/ decentralization | Up to 100% simple procurement | Departments, civil society |
| 6 | Transparency/illicit practices | Substantial reduction reported | Public procurement authority, attorney general, departments |
| 7 | Spend coordination X maverick buying | Increased 30% | Budgets, departments |
| 8 | Audit capacity | 100% for parts of procurement cycle | Attorney general, public procurement authority |
| 9 | SME/business development | Online business enablement 25% | Business development, suppliers |
| 10 | Inventory value | Reduced 70% | Budgets, centralized procurements, centralized medical stores, departments |
| 11 | Training requirements | Reduced for common functions | All stakeholders |

## Cross-References


- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Global Governance
- ▶ New Public Financial Management
- ▶ Transparency


## References


Arrowsmith S, Treumer S, Fejø J, Jiang L (n.d.) Public procurement regulation: an introduction. Retrieved from http://www.nottingham.ac.uk/pprg/documentsarchive/asialinkmaterials/publicprocurementregulationintroduction.pdf

European Commission (2004) Action plan for the implementation of the legal framework for electronic public procurement. Communication from the commission to the council, the European parliament, the European economic and social committee and the committee of the regions

Matthews D (2005) Strategic procurement in the public sector: a mask for financial and administrative policy. J Public Procure 5(3):388–399

Moon MJ (2005) E-procurement management in state governments: diffusion of e-procurement. J Public Procure 5(1):54–72

Shakya RK (2012) Procurement governance framework: success to e-government procurement (E-GP) system implementation. Retrieved from http://woppaa.org/wp-content/uploads/2012/09/PAPER-II.16-PROCUREMENT-GOVERNANCE-FRAMEWORK.pdf

Shakya RK (2015) Good governance in public procurement: an evaluation of the role of an e-procurement system (Doctoral Thesis). Retrieved from ProQuest dissertations and theses database. (UMI No. 3714138)

Shakya RK (2016a) E-Procurement: paradigm shift from the traditional public procurement. In: McCue C, Doglas A (eds) Procurement and contract management for the curious: why study procurement and contract management? (A decision-making guide to college majors, research for students, educators, and parents). Curious Academic Publishing, Sydney

Shakya RK (2016b) Digital governance and e-government principles applied to public procurement. IGI-Global, Hearsey

Thai KV (2001) Public procurement re-examined. J Public Procure 1(1):9–50. Retrieved from http://ippa.org/jopp/download/vol1/Thai.pdf

World Bank (2003) Draft e-Procurement strategy. The World Bank, Washington, DC

# E-Government to Smart E-Governance: Korean Experience and Challenges

Seunghwan Myeong
Department of Public Administration, Inha University, Incheon, Republic of Korea

## Synonyms

Convergence governance; E-government: Digital government; Intelligent government; Network governance; Online government; Smart E-governance: Connected governance

## Definitions

| | |
|---|---|
| Smart | The term "smart" originally comes from the acronym "Self-Monitoring, Analysis, and Reporting Technology" but smart technology goes beyond just the normal sending and receiving of information and the traditional turning things on and off. Instead, it offers the people much more interaction and control, which is always connected, through the use of the Internet, smart phones, smart cars, Internet of Things (IoT), and other smart devices. It implies both the device and network connectivity. |
| Smart E-governance | A highly intelligent governance system that redesigns existing administrative practices and procedures based on the smart technologies and social networks, and enables government and businesses, citizens, and local communities to share knowledge and information. It is also a governance system that aims to serve as a cooperative partner by providing a platform for public relations that helps social actors to generate productive and democratic added value through mutual transactions among the community people. |

## Introduction

The current smart society suggests the beginning of a post-information society which is beyond the technology-driven and system building initiatives during the information society. Government-driven ICTs policies could not pull out individuals' creative ideas and thoughts in the stage of agenda setting and decision-making cycles. A smart society more focuses on the deliberation process of agreement among governments, citizen, and private sector organizations through the advanced ICTs and social media.

The government now should carefully listen to the people's opinion and quickly respond to the demand of various stakeholders. The government in a smart society must have the capability of multi players like politician, public officials, and mediator of the social conflict agendas under the cross-checking mechanisms enabling people's use of smart technologies. Information asymmetry between government policy initiatives and policy implementations cannot be allowed in this hyper-connected society in which people get information more quickly through a variety of information resource channels then the blocked government built in the period of e-government building which has worked somewhat efficiently enough in a silo and centralized data management environments. Unfortunately, many governments including Korean government mistakenly believe that e-government services will work again in a smart society and eventually have failed to transform their e-government into e-governance and smart e-governance.

The purpose of this chapter is to discuss the paradigm of e-government by introducing a smart e-governance perspective. Firstly, it looks at the

history and success factors of e-government building in Korea. Secondly, it discusses a paradigm shift from e-government to smart e-governance based on a contingency theory. And finally, a new perspective based on smart e-governance is introduced which entails both consensus processes and effective implementation of balancing democracy and efficiency in the fourth industrial revolution.

## Brief History and Success Factors of E-Government in Korea

Korea has strategically planned and implemented policies for building ICT infrastructure and e-government systems from the 1980s. Korea has become as one of the world's best countries for ICT and e-government, ranking it at the top of the United Nations E-Government survey done in 2010, 2012, and 2014.

The Table 1 shows the government-driven e-government initiatives and ICT policies which have seldom been found in other competing nations. Particularly, the 11 e-government initiatives of Kim Dae-Jung's government (1998–2002) was a citizen-centered e-government by which citizens can access to online applications for government services without redundant processes and documentations. The Roh Moo-Hyeon's government (2003–2007) has more focused on integration of government portals and citizen participation by carrying out 31 roadmap projects for E-government as well as laying the groundwork for linking and integrating multiple government departments and agencies.

**E-Government to Smart E-Governance: Korean Experience and Challenges, Table 1** Development stages of E-government in Korea

| Stages | Major Actions |
|---|---|
| Inception (mid 1980s~mid 1990s) | Building five National Basic Information Systems (NBIS)<br>Act on Computer Network Expansion and Usage Promotion (1987) |
| Foundation (mid 1990s~2000) | Building foundation for high-speed information and communications and promoting the Internet<br>Enacting the Framework Act on Informatization Promotion (1995) |
| Launch (2001~2002) | Carrying out 11 major initiatives for e-government<br>Enacting the Act on E-Government (2001) |
| Diffusion (2003~2007) | Carrying out 31 roadmap projects for E-government<br>Laying the groundwork for linking and integrating multiple government departments and agencies |
| Convergence (2008~present) | Establishing Master Plan for National Informatization (2008)<br>Carrying out tasks (12) for e-Government based on the principles of openness, sharing, and cooperation |
| Smart Government (2011~present) | Initiating the future e-Government blueprint, Smart Government (2011~2015) |

Note: Source: MOSPA (2013a: 6)

The success factors in Korean e-government building are analyzed as a strong government leadership, aggressive investment based on clear goal-setting, effective informatization governance framework and structure (MOSPA 2013b: 16–17). Firstly, the Korean government established a supervising and coordinating body in the area of informatization policies under the strong president's leadership to oversee and manage the process. For example, "Invest first, settle later method" supported by laws including the Act on Computer Network Expansion and Usage Promotion (1987), the Information Infrastructure Protection Act (2001), Informatization Promotion Framework Act (1995), and the Electronic Government Act (2001) is an example of presidential leadership. Secondly, the government strategy of "choice and focus" was successfully been applied for the construction of the Korean broadband network, the aggressive investments in e-government projects which resulted in the improvement administrative efficiency and quality of citizens' life. Thirdly, an informatization governance framework was established for mutual benefit and cooperation between the public and private sectors. Experts in the private sector played important roles in overseeing, coordinating,

reviewing, and advising organizations on informatization policy and e-government projects.

## Contingency Model of E-Government

Contingency approaches provide more flexible perspectives to IT management and e-government studies. This is especially useful for the study of ICT management in government organizations because there is greater interdependency within and between departments or higher levels of governments, more accountability to the public. For example, "reinforcement politics" theory (Kraemer 1990, p. 530) argues that decision-making power over the ICT use varies from setting to dominance of particular groups contingent on the local political system and its specific configuration of dominant of values, interests, and actors.

Contingency model of e-government is shown in Fig. 1. The vertical axis (e-government for what) indicates the objective values for building e-government, which include efficiency or productivity, transparency, and power. The horizontal axis (e-government for whom) indicates the target of e-government systems and services whether it is citizen-oriented or designed for the sake of government itself. The contingency model of e-government shows how the e-government changes according to the shifting social paradigm and political environments, which can be classified by six types of e-government based on the conceptual model of e-government.

## Industrial Society-Based E-Government (Type I, II) – "Technocratic E-Government and Information Management-Centered E-Government" (Type I, II)

### Technocratic E-Government (Type I)

E-government is in a stage where it has little direct connection with civil society in which citizens participate in the policy decision-making process and is still very exclusive to the external groups of stakeholders while the information is shared among a small number of people in the government. The type of e-government at this stage, then, can be defined as "Technocratic E-government."

| Values \ Target | | E-Government for Whom? | |
|---|---|---|---|
| | | Government/Nation | Citizen |
| E-Gov For What? | Efficiency Productivity | Type I Industrial Society based E-Gov *Technocratic Gov.* | Type II Industrial Society based E-Gov *Info. Management-centered Gov.* |
| | Transparency | Type III Monitoring Gov. | Type IV Information Society E-Gov *Transparent Gov.* |
| | Power | Type V Big Brother Gov. | Type VI Next Generation E-government *Democratic Gov.* |

**E-Government to Smart E-Governance: Korean Experience and Challenges, Fig. 1** Contingency model of e-government. (Note: Source (Myeong 2018: 106))

### Information Management-Centered E-Government (Type II)

E-government in this stage where the level of social pluralism is still fairly low, and the civil society still rather passive should be classified as e-government centered on information disclosure. E-government is applied, in other words, to disclose government-held information to civil society and thereby honor citizens' right to know. The type of e-government also focuses on building information systems based upon the provider-oriented design and structure, then, can be classified as "Information Management-centered E-government."

## Information Society E-Government – "Transparent and Participatory E-Government" (Type IV)

E-government in this stage, where there is an active civil society and considerable progress has been made toward a more pluralistic society, in which citizens find out access channels and begin to express their opinions in government portals. In this stage, the scope of application of e-democracy is extended so that the government takes part in the government's decision-making process but it is still limited to the provider-driven portals. In other words, there is a two-way exchange between the government and citizens. The e-government model in this stage can, then, called "Transparent and Participatory E-government."

## Next Generation E-Government – "Democratic and Governance-Type E-Government" (Type VI)

In this stage of social development, society is highly pluralistic and civil society, which has a capacity of self-governance, is highly active enough to decide the agenda in a local community. E-government in this stage is, therefore, pluralistic e-democracy enabling active e-voting not only between different sections of the government but also between the government and the various sectors of society. An optimal level of democracy and transparency is reached in the government's decision-making process, and the views are exchanged by people from all walks of life through a far and wide-reaching network and platforms. In this stage, e-government systems will finally assume a model adapted for the next-generation society and may be defined as "Democratic and Governance-type E-government." The role of government is now shifting from the role of a "decision-maker" to that of a "coordinator" who gathers the opinions of people from everyday life, serving as a mediator to reconcile differences between interest groups and stakeholders. Meanwhile, the fourth industrial revolution, accompanying the shift in the government's role, is causing a shift also in the service paradigm in the public sector. Convergence of ICT, such as the Internet of things (IoT), artificial intelligence (AI), Big Data, and blockchain sweeping across society has not only assigned a new role to the government, but is also transforming government services, and improving accessibility as well as the overall technology environment and shown in Table 2. It compares the successive models of e-government in Korea in terms of services, accessibility, and technology environment and proposes future strategies. E-government is more system-oriented and has built-in government initiatives in the earlier stages of e-government building in the industrial and information society. E-governance is more about communication-oriented and integrating various stand-alone systems and services between government-to-citizen (G2C), government-to-government (G2G), government-to-employees (G2E), as well as back-office processes and interactions within the entire government framework (Saugata and Masud 2007). Through e-governance, government services are made available to citizens in a more convenient, efficient, and transparent manner. The three main target groups are government, citizens, and businesses/interest groups. In e-governance, there are no distinct boundaries (Garson 2006).

## Next Generation E-Governance: Smart and Platform E-Governance

A smart society focuses on the process of mutual communication and the incorporation of each

**E-Government to Smart E-Governance: Korean Experience and Challenges, Table 2** Evolution and elements of e-government model

| | | Industrial-society e-government | Information-society e-government | Next generation e-government |
|---|---|---|---|---|
| E-government generation | | E-government | E-governance | Smart E-governance |
| Services | | One way service<br>Digitalization of services<br>Limited amounts of information is closed<br>Services subject to temporal and spatial constraints | Intersection of government and private-sector services<br>Creation of new values through new services<br>Two-way information exchange<br>Extended range of information disclosure<br>Mobile services | Personalized and customizable services<br>Proactive, intelligent services<br>Interactive information exchange<br>Real-time information disclosure<br>Uninterrupted supply of services |
| Accessibility | | Government-centered<br>First-stop-shop<br>Single portals | Citizen-centered<br>One-stop-shop<br>Service integration | Individual-centered<br>My Gov<br>Personalized government service portals |
| Technological environment | Channels | Fixed Internet | Fixed and wireless Internet | Integration between fixed-wireless Internet and mobile devices (channel integration) |
| | Process Integration | Processing of unit tasks | Process integration (public/private sector collaboration) | Service integration |
| | Enabling technology | Browser, web storage | Broadband, rich link/content models | Semantic technology, sensor networks |

Note: Source: Kim (2011: 106)

individual's thoughts into some social agreement. With the rise of smart society, "smart e-governance," as a new model for e-government, is a system where the government strengthens the cooperative partnership with people and the private sector. Figure 2 shows the change of e-government from e-government to smart e-governance from the perspective of governance including the role of each actor, the goal of e-government services, and the environmental changes to ICT and demand. In the era of smart e-governance, the Internet, and SNS have already established their influence in the most powerful information-sharing media in history, playing immeasurable roles in globalization, in the spread of democracy around the planet, in economic growth, and in education. Democratic and governance-type e-government, based on smart e-governance, constitute the phase in which the main progress consists in enabling active participation by citizens in the affairs of the government and their open communications with it. These systems are expected to upgrade gradually to platform-based systems, espousing the new e-government paradigm for the next-generation smart society.

As ICT develops, e-government evolves and evolves into a form of public information that maximizes accessibility through people-oriented public information, public-private-public cooperation, and information convergence. The future e-government will be transformed into a new government role paradigm, not traditional government intervention, while strengthening the link between government and enterprise. It is possible to define the function of the government that can change the state of the future government as the platform function. We can define the type of future government as follows (Myeong 2011, pp. 77–79).

Firstly, based on the interconnection function of the platform, it *is a cooperative government* as a future platform government functioning centering on the strengthening factors of government-

| | (E-government) | (E-governance) | (Smart E-governance) |
|---|---|---|---|
| **Goal of E-Gov.** | Efficiency of System | Info. Sharing & Connectivity | Open Big Data<br>Individual-oriented Service |
| **E-Gov. Services** | Internal & Info. Provide | Gov. Reform & Single Portal | Platform Based My Gov. Services |
| **Ecology of ICT** | Gov. Driven & Outsourcing | Gov. Driven & Outsourcing | Gov.-Private-Citizen Partnership, Deregulation |
| **Role of CIO** | System Management | BPR, Intergovernmental Project | Initiator of Reform<br>Communicator |
| **Decision Making Initiatives** | Political Elites & Gov. CEO | Gov., Professional, Public Officials | Individuals, Citizen, NGOs |
| **Demand & Method for Decision Making** | Political Needs | Policy Needs | Participation & Communication based on Big Data |
| **Role of Central Government** | Initiator | Contractor | Mediator |
| **Role of Local Government** | Dependent upon Matching Funds<br>System Building | Matching Funds<br>Constructing Local Gov. Portals | Local/Community Demand-based Personalized Services |
| **Role of Entrepreneur** | System Provider | New Tech. & System Application Develop | Convergent Services<br>Creating New Services |
| **Role of Citizen** | Info. Service User | Partly Participation | Active Participation & Voting |
| **Decision Maker** | Top Down Budget Allocation | Policy/Budget Control based on Performance Evaluation | Focusing on Problem Solving<br>Data Analysis & Vision |
| **Demands by Paradigm Shift** | Gov./National Informatization | Gov. Reform<br>Local Autonomy | Cooperative Partnership & E-Governance |

**E-Government to Smart E-Governance: Korean Experience and Challenges, Fig. 2** E-governance perspectives and changes toward smart e-governance. (Note: Source: (Myeong 2018: 224))

citizen-private cooperation. Cooperative governments have the potential to increase the value added of the government to various resources that are generated when citizens and companies access the platform and re-enter the platform mechanism for the re-service and increase social added value. The origin of cooperative governments is correlated with changes in the economic system. The social value has been added to the public sector. Therefore, we create value through mutual cooperation with other private sector entities. In the existing public sector, the government has led many policies to resolve social conflicts and regional balances. However, the private recruitment of the local community and the strengthening of the civil society in the public domain require a partnership relationship with the government.

Secondly, it is *an intelligent government* as a future government functioning to strengthen the more controlled and data-driven administrative services for the people's demands based on the ability to connect and strengthen the existing ones. The intelligent government provides services by constructing an active service system to visit individual citizens and customize the service to accommodate the diversity of the people. The ability to have such a function of activeness, acceptance of diversity, and conflict resolution is possible because the provider and the consumer simultaneously approach the platform.

And thirdly, as a future platform, government functioning centering on cross-checked communication, participation among each individual, and trust based on the value added through the platform, it can be said as a transparent government. *A transparent government* platform provides the basis for transparent mutual transactions through the disclosure and sharing of information, and monitors violators who break this order with

other surveillance systems (individuals, communities, civic groups, international communities, etc.). In other words, the government does not maintain control over the collective information of the people but maintains the government system by providing transparent transaction base and faithfully monitoring. It will be a mediator for a fair game and a referee for securing transparency.

## Conclusion

E-government initiatives in Korea in the period of information society have been quite successful under the paradigm of the New Public Management (NPM). The Korean government introduced a broad range of public sector reforms through e-government initiatives which aimed to provide more customer-oriented services based upon automated administration system and data networks. In the earlier stage of information society, information management-oriented e-government may prevail when the level of social pluralism is still fairly low while the bureaucratic government and system operate more efficiently under the provider-oriented mechanism. When society is highly pluralistic and civil society is highly active, active electronic transactions occur in this stage among various sectors of society and people want to get timely information for engaging with the deliberation focused more on the interests of the general public rather than those of the bureaucratic elite.

In that regard, a new perspective based upon the critical analysis of the fundamental and instrumental means of e-government is necessary to go beyond NPM or post-NPM, which relies heavily on economic and management theories (De Vries and Kim 2011). As Wachhaus (2011) pointed out, an anarchist orientation may adjust the way we look at society. A network is organic rather than mechanical. E-government is already an organic and thus e-government study should not fall in the dichotomy between "science" and "art." Advocates of e-government in the future should take both consensus processes and effective implementation for balancing democracy and efficiency. A new perspective based on a smart e-governance is now required to seriously look at a new position in the fourth industrial revolution, which is a decentralized self-service model in a tightly engaged network and platform.

## References

De Vries M, Kim PS (2011) Value and virtue in public administration. Palgrave Macmillan, Hampshire

Garson DG (2006) Public information technology and e-governance. Jones and Bartlett Publishers, Sudbury

Kim ST (2011) The future strategy of Korea for building a smart society. Beommunsa, Seoul

Kraemer KL (1990) Managing information systems. In: Perry JL (ed) Handbook of public administration. Jossey-Bass Publishers, San Francisco, pp 527–544

Ministry of Security and Public Administration (2013a) E-government of Korea: Best practices

Ministry of Security and Public Administration (2013b) Digital society development of Korea

Myeong S (2011) Concept and vision for government 3.0. A report funded by the National Information Agency

Myeong S (2018) Smart electronic government, 3rd edn. Yulgok Book Press, Seoul

Saugata B, Masud RR (2007) Implementing e-governance using OECD model (modified) and Gartner model (modified) upon agriculture of Bangladesh. IEEE. 1-4244-1551-9/07

Wachhaus TA (2011) Anarchy as a model for network governance. Public Adm Rev 72(1):33–42

**Seunghwan Myeong** is a professor in the Department of Public Administration, Inha University (Incheon, Korea). He received his Ph.D. from Syracuse University in 1996. His research interests are in electronic government and e-governance, information management in public organizations, and information and communication policy. He served as a President of the Korean Association for Policy Analysis and Evaluation (KAPAE) in 2016 and the Korea Association for Policy Studies (KAPS) in 2018. His publications include Electronic Government (2006), Smart E-Governance 2015), Which Type of Social Capital Matters for Building Trust in Government? (2016). A Study on Determinant Factors in Smart City Development (2018). His work appeared in the Administration and Society, Korean Journal of Information Policy, Government Information Quarterly, Sustainability, and others.

# E-Government, Accountability, and Performance

Rebecca L. Orelli
Department of Management, University of Bologna, Bologna, Italy

## Synonyms

Accounting; Electronic government; Measurement; Responsibility

## Definition

Definition of e-government: the use of information and communication technologies (ICT) and particularly the Internet, as a tool to achieve better government

## Introduction

Over the past decades, there has been a significant evolution of e-government, an overwhelming evolution of information systems and information technology inspired by different strategies of implementation issued by the different countries over time. While international bodies (United Nations, European Union, OECD, World Bank) have defined strategies and goals which are valid for every member, each country has the freedom to adapt them to its particular social, administrative, and economic context. Therefore, differences arise in terms of span of services provided via e-government, quality of introduction of new information technology tools in governments, and level of e-government achieved, in terms of e-participation, e-democracy, overcoming of the digital divide, and e-inclusion.

Authors have identified different inner elements of e-government. Among others the most important elements can be identified in the accountability and performance. Research has delved into the factors (historical, institutional, legal, organizational, functional, policy, and theoretical background) that inhibit or promote the adoption of ITs systems and e-government in the public sector (Garson 2006). Accountability and performance still remain the scope of any public management reform through the western world (Bouckaert and Pollitt 2005); thus, this must also be the ultimate goal of any e-government initiative.

Many studies have focused on the description of the introduction of e-government under different perspectives (Dunleavy et al. 2006; Hood and Margetts 2007). Then studies have changed focus to clarify extent and direction to which e-government influences accountability and performance.

The extent to which e-government systems influence accountability and performance in the public sector can be judged by considering the achieved results of different countries. This analysis will clarify the influence of e-government as intended by established national strategies on accountability and performance.

## Combining E-Government, Accountability, and Performance

The present section combines the areas of e-government, accountability, and performance in the public sector and examines how closely and critically intertwined they are.

Programs of government do not work by themselves (Miller and Rose 1990); they require "technologies" if they are to be made operable. Technologies are devices for intervening, and they include notation, computation and calculation, procedures of examination and assessment, etc. Today they can be identified also with information technologies. Using the brief discussion above as a starting point, there is a strong case that can be made that e-government should be viewed within the context of an accountability and performance framework in the public sector.

E-government represents the first form of extensive usage of ICT in the public sector, and since mid-1990s it has represented a major concern of public innovation for governments

involved in the implementation of new public management-style reforms (Orelli et al. 2010). The e-government project is defined as "the use of information and communication technologies, and particularly the Internet, as a tool to achieve better government" (OECD 2003, p. 11), and it brings together a set of ideas about using information and a set of instruments for making these operable (Lapsley and Miller 2010).

States have been implementing public sector policies by restructuring government institutions and public organizations, modernizing budgeting processes and rationalizing financial policy and its implementation, and renewing/reviewing public service delivery and public private partnership by using ICT tools with the aim of improving managerial processes and communication with citizens.

As well as any other innovation, e-government requires designers and implementers, and the United Nations, European Union, OECD, and World Bank represent the main actor in achieving the so-called Information Society for All, designed to help governments meet demands for the services they provide to citizens and businesses.

Three dimensions seem to be important when e-government is studied with reference to accountability and performance. The first dimension is the *nature of the accountability relationship* deploying an e-government. In other words, the source of the "account giving" in an IT system may be, according to Romzek and Dubnick (1987), political, legal, bureaucratic, or professional. Each of these sources will have different criteria and sets of data and information they expect from such a system and places different demands on the IT system.

The second dimension is the *level of government and types of external stakeholders* involved. For example, a government website may be developed with the input of a citizen advisory committee. Or different levels of government, for example, local and state governments, may interact with the federal or central government to shape government system deployment. In other words, actors that shape the concept of performance that has to be provided by e-government (Heeks 2006).

The *types of performance* for which e-government is intended to accomplish represent the third dimension. E-government offers different services or information to citizens, other governments, contractors, or internal managers via the IT system. Each group will of course bring their own demands of output on the system (Poister 2003). Website or e-government information could include items such as how the government is structured, how laws are passed, and other basic government information. Overall, e-government implementation strategies may be focused more on efficiency gains (producing the same outputs at lower total cost, producing more outputs at the same total cost, or producing the same outputs at the same total cost in less time) and effectiveness gains (producing the same outputs at the same total cost in the same time, but to a higher-quality standard, or producing new outputs) (Hammers Specht and Hoff 2005; Reddick and Frank 2007).

All three of these dimensions described can be used to categorize the strategies adapted in to link e-government, accountability, and performance.

## Linkage Among E-Government, Accountability, and Performance

According to present e-government main policy strategies (United Nations E-Government Survey 2014), e-government requires new connections with accountability and performance as a prerequisite for development and in order to match declared strategies.

The Information Society Project was set in motion in the early 1990s inspired by two factors. First, the US National Information Infrastructure Initiative (NIII), introduced in the early 1990s, had a direct impact on many countries and international organizations (United Nations 2002, 2014). The guiding principles of the NIII provided a model for subsequent initiatives expressed in such documents as the Bangemann report and e-Europe (European Commission 1994). Another factor was the assumed potential of new information and communication technologies. By 1993 the US and EU were ready to construct a new

agenda and meet the challenge of the emerging information age. At present the initiatives in the field of e-government are embedded in national or supranational strategy for growth.

There are strong linkages between e-government, accountability, and performance. The United Nations General Assembly in its resolution "The Future We Want" reaffirmed the need to achieve sustainable development by promoting sustained, inclusive, and equitable economic growth. It stressed that all levels of government and legislative bodies play an important role in promoting sustainability. Overall, "sustainable development emphasizes a holistic, equitable and far-sighted approach in decision-making at all levels. It rests on integration and a balanced consideration of social, economic and environmental goals and objectives in both public and private decision-making. It emphasizes intragenerational and intergenerational equity" (E/2013/69, para. 6).

It is clear that all governments are faced with a set of complex, multifaceted, and interdependent challenges. Effective collaboration among government at all levels is essential, as it is with nongovernmental actors, to ensure good and collaborative governance.

E-government and innovation can provide significant opportunities to transform public administration into an instrument of accountability. E-government is "the use of ICT and its application by the government for the provision of information and public services to the people" (UN Global E-government Readiness Report 2005). More broadly, e-government can be referred to as the use and application of information technologies in public administration to integrate workflows and processes and enable performance measurement, to effectively manage and measure data and information, to enhance public service delivery, as well as to expand engagement of people under a holistic and multistakeholder approach.

Through e-government, public administrations around the world can be more efficient, provide better services, and respond to demands for accountability and performance within and among countries.

## Analysis

In 2001 the United Nations assessed for the first time the global e-government development through the "Benchmarking E-government: Assessing the United Nations Member States." Since then, there has been increasing evidence through public policy formulation and implementation that e-government has played an effective enabling role in advancing national development.

At present the main tool to monitor the development of e-government, based on specific indicators, is represented by the United Nations E-Government Survey (2014). The biennial edition of the survey aims to exemplify successful e-government strategies, pioneering practices with a view toward administrative reform, and sustainable development.

The conceptual framework of the E-Government Development Index (EGDI) remains unchanged since its inception in 2001. The EGDI is a composite measure of three important dimensions of e-government, namely, provision of online services, telecommunication connectivity, and human capacity.

Twenty-five countries have a "very-high EGDI" with index values in the range of 0.75–1.00 (see Fig. 1). The regional representation mirrors a majority of 64% (16 countries) from Europe, 20% (5 countries) from Asia, 8% (2 countries) from Americas, and 8% (2 countries) from Oceania. All top 25 are high-income nations, as defined by the 2012 World Bank country classification. The Republic of Korea has retained the top spot in 2014 with its continued leadership and focus on e-government innovation. Australia (2nd) and Singapore (3rd) have both improved their rankings considerably over their 2012 performance.

One of the primary factors contributing to a high level of e-government development is concurrent past and present investment in telecommunication, human capital, and provision of online services.

Figure 2 shows the breakdown of countries grouped by EGDI. While there are only 25 countries (13%) ranked as very-high EGDI, the majority falls in the middle range, with 62 countries (32%) ranked as high EGDI and 74 countries

| Country | Region | 2014 EGDI | 2014 Rank | 2012 Rank | Change in Rank (2012–2014) |
|---|---|---|---|---|---|
| Republic of Korea | Asia | 0.9462 | 1 | 1 | - |
| Australia | Oceania | 0.9103 | 2 | 12 | ↑ 10 |
| Singapore | Asia | 0.9076 | 3 | 10 | ↑ 7 |
| France | Europe | 0.8938 | 4 | 6 | ↑ 2 |
| Netherlands | Europe | 0.8897 | 5 | 2 | ↓ 3 |
| Japan | Asia | 0.8874 | 6 | 18 | ↑ 12 |
| United States of America | Americas | 0.8748 | 7 | 5 | ↓ 2 |
| United Kingdom | Europe | 0.8695 | 8 | 3 | ↓ 5 |
| New Zealand | Oceania | 0.8644 | 9 | 13 | ↑ 4 |
| Finland | Europe | 0.8449 | 10 | 9 | ↓ 1 |
| Canada | Americas | 0.8418 | 11 | 11 | - |
| Spain | Europe | 0.8410 | 12 | 23 | ↑ 11 |
| Norway | Europe | 0.8357 | 13 | 8 | ↓ 5 |
| Sweden | Europe | 0.8225 | 14 | 7 | ↓ 7 |
| Estonia | Europe | 0.8180 | 15 | 20 | ↑ 5 |
| Denmark | Europe | 0.8162 | 16 | 4 | ↓ 12 |
| Israel | Asia | 0.8162 | 17 | 16 | ↓ 1 |
| Bahrain | Asia | 0.8089 | 18 | 36 | ↑ 18 |
| Iceland | Europe | 0.7970 | 19 | 22 | ↑ 3 |
| Austria | Europe | 0.7912 | 20 | 21 | ↑ 1 |
| Germany | Europe | 0.7864 | 21 | 17 | ↓ 4 |
| Ireland | Europe | 0.7810 | 22 | 34 | ↑ 12 |
| Italy | Europe | 0.7593 | 23 | 32 | ↑ 9 |
| Luxembourg | Europe | 0.7591 | 24 | 19 | ↓ 5 |
| Belgium | Europe | 0.7564 | 25 | 24 | ↓ 1 |
| Very High EGDI Average | | 0.8368 | | | |
| World Average | | 0.4712 | | | |

**E-Government, Accountability, and Performance, Fig. 1** World e-government leaders (very-high EGDI) in 2014. (Source: E-Government Global Survey 2014, p. 15)

(38%) ranked as middle EGDI. The lowest performing group, ranked as low EGDI, consists of 32 countries (17%).

## Conclusion

The United Nations E-Government 2014 Survey highlights that effective e-government development depends on strong political will, collaborative leadership, and new governance frameworks to support and manage a citizen-centric service delivery model, including a national ICT policy and e-government strategy, as well as strengthening institutions and building the capacities of public servants. Commitments to collaboration, openness, transparency, accountability, and participation in national public governance, backed by robust ICT

| *Very High EGDI (More than 0.75)* | *High EGDI (Between 0.50 and 0.75)* | | *Middle EGDI (Between 0.25 and 0.50)* | | *Low EGDI (Less than 0.25)* |
|---|---|---|---|---|---|
| Australia | Albania | Malaysia | Algeria | Marshall Islands | Afghanistan |
| Austria | Andorra | Malta | Angola | Micronesia | Benin |
| Bahrain | Antigua and Barbuda | Mauritius | Bahamas | Namibia | Burkina Faso |
| Belgium | Argentina | Mexico | Bangladesh | Nauru | Burundi |
| Canada | Armenia | Monaco | Belize | Nicaragua | Central African Republic |
| Denmark | Azerbaijan | Mongolia | Bhutan | Nigeria | Chad |
| Estonia | Barbados | Montenegro | Bolivia | Pakistan | Comoros |
| Finland | Belarus | Morocco | Bosnia and Herzegovina | Palau | Côte d'Ivoire |
| France | Brazil | Oman | Botswana | Paraguay | Congo |
| Germany | Brunei | Panama | Cambodia | Philippines | Djibouti |
| Iceland | Bulgaria | Peru | Cameroon | Rwanda | Equatorial Guinea |
| Ireland | Chile | Poland | Cape Verde | Saint Kitts and Nevis | Eritrea |
| Israel | China | Portugal | Congo | Saint Lucia | Gambia |
| Italy | Colombia | Qatar | Cuba | St Vincent and the Grenadines | Guinea |
| Japan | Costa Rica | Moldova | DPR of Korea | Samoa | Guinea-Bissau |
| Luxembourg | Croatia | Romania | Dominica | Senegal | Haiti |
| Netherlands | Cyprus | Russian Federation | Dominican Republic | South Africa | Liberia |
| New Zealand | Czech Republic | San Marino | El Salvador | Sudan | Malawi |
| Norway | Ecuador | Saudi Arabia | Ethiopia | Suriname | Mali |
| Republic of Korea | Egypt | Serbia | Gabon | Swaziland | Mauritania |
| Singapore | Fiji | Seychelles | Ghana | Syria | Mozambique |
| Spain | Georgia | Slovakia | Guatemala | Tajikistan | Myanmar |
| Sweden | Greece | Slovenia | Guyana | Thailand | Nepal |
| United Kingdom | Grenada | Sri Lanka | Honduras | TFYR of Macedonia | Niger |
| United States of America | Hungary | Switzerland | India | Timor-Leste | Papua New Guinea |
| | Jordan | Tunisia | Indonesia | Tonga | Sao Tome and Principe |
| | Kazakhstan | Turkey | Iran | Trinidad and Tobago | Sierra Leone |
| | Kuwait | Ukraine | Iraq | Turkmenistan | Solomon Islands |
| | Latvia | United Arab Emirates | Jamaica | Tuvalu | Somalia |
| | Liechtenstein | Uruguay | Kenya | Uganda | South Sudan |
| | Lithuania | Venezuela | Kiribati | Tanzania | Togo |
| | | | Kyrgyzstan | Uzbekistan | Zambia |
| | | | Laos | Vanuatu | |
| | | | Lebanon | Viet Nam | |
| | | | Lesotho | Yemen | |
| | | | Libya | Zimbabwe | |
| | | | Madagascar | | |
| | | | Maldives | | |

**E-Government, Accountability, and Performance, Fig. 2** Countries grouped by EGDI in alphabetical order. (Source: E-Government Global Survey 2014, p. 17)

infrastructure, adequate human capital, and online service delivery, are also of critical importance to the development of effective e-government for a sustainable and desirable future.

Focusing on the key findings of the survey, we can draw the main conclusions from the latest assessment of e-government and its relevance in terms of improving accountability and performance

in the public sector. There is a strong need to improve transparency to build accountability and trust, as well as to better perform in terms of efficiency and effectiveness, thanks to the investment in telecommunication, human capital, and provision of online services. In order to close the gap, there is the opportunity to promote and adopt the open government approach: by opening their data, their processes, and their services, governments can provide better, more attractive services at less cost, create jobs and growth opportunities, and increase accountability and trust. It also allows citizens to participate in the design, creation, and delivery of digital public services.

## Cross-References


- ▶ Accounting Principles
- ▶ Administrative Reform
- ▶ Leading Governmental Reform
- ▶ Management Strategies and Budgetary Politics
- ▶ Transparency


## References


Bouckaert G, Pollitt C (2005) Public management reform: a comparative analysis. Oxford University Press, Oxford

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) Digital era governance: IT corporations, the state, and e-government. Oxford University Press, New York

European Commission (1994) Europe and the global information society: recommendations to the european council (also known as the Bangemann report). ISPO, Brussels, Belgium

Garson GD (2006) Public information technology and e-governance: managing the virtual state. Jones and Bartlett, Sudbury

Hammers Specht P, Hoff G (2005) Information technology investment and organizational performance in the public sector. In: Garson GD (ed) Handbook of public information systems. CRC Press, New York/London, pp 127–142

Heeks R (2006) Implementing and managing egovernment. Sage, London

Hood C, Margetts H (2007) The tools of government in the digital age. Palgrave Macmillan, New York

Lapsley I, Miller P (2010) The e-government project. Financ Acc Manag 26(1):1–2

Miller P, Rose N (1990) Governing economic life. Econ Soc 19(1):1–31

OECD (2003) The e-government imperative. OECD, Paris

Orelli RL, Padovani E, Scorsone E (2010) E-government, accountability, and performance: best-in-class governments in European Union Countries. In: Reddick CG (ed) Comparative e-government. Springer, New York/London, pp 561–586

Poister TH (2003) Measuring performance in public and nonprofit organizations. Jossey-Bass, San Francisco

Reddick CG, Frank HA (2007) E-Government and its Influence on managerial effectiveness: a survey of Florida and Texas City managers. Financ Acc Manag 23(1): 1–26

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47(3):227–238

UN Global E-government Readiness Report (2005) From e-government to E-inclusion, UNPAN/2005/14. United Nations publication, United Nations

United Nations (2002) Benchmarking e-government: a global perspective. UN Publishing Section, New York

United Nations (2014) E-Government global survey. UN publishing Section


# E-Government, Bureaucracy, and Institutional Reform


Isaac Kofi Mensah
School of Economics and Management, Jiangxi University of Science and Technology, Ganzhou, Jiangxi, People's Republic of China


## Synonyms

Public administration; Electronic governance; Public sector reforms

## Definitions

*E-government* The application of information and communication technologies (ICTs) by government agencies in the public administration processes in order to improve the delivery of public services and enhance the interaction between citizens and public sector organizations.

| | |
|---|---|
| *Bureaucracy* | A system of administration which is performed by professionals on a continuous basis. |
| *Institutional reform* | A systematic approach in dealing with change, both from the perspective of an organization and on the individual level. |
| *Public administration reform* | It is considered as the search for administrative (public services) structures and processes that are more responsive to the needs of citizens and the delivery of better public services. |

## Introduction

Governments are tapping into the opportunities presented by information and communication technologies (ICTs) to modernize and solve challenges faced by public administration systems. The use of these information and communication technologies in the public administration system is known as e-government. E-government is defined as the use by the government and public sector agencies of information and communication technologies (such as wide area networks, the Internet, and mobile computing) that have the ability to transform relations/interaction with citizens, business, and other sections of government (Worldbank 2015). According to the World Bank, these technologies can ensure better delivery of government information and services to citizens, improved interactions with businesses and industry, citizen empowerment through access to information, and efficient government management system (Worldbank 2015). E-government is also considered as the use of Internet technologies to automate the delivery of online of government information and services, provide opportunities to increase citizens' access to government information and services, reduce government bureaucracy, increase citizen participation in democracy, and improve agency responsiveness to citizens needs/requirement (Chhabra 2018; Pagani and Pasinetti 2008).

E-government through ICTs can be a transformative tool to change the traditional mechanisms of delivery of public services and reshape the public administration sector and build a relationship between citizens and government (Panzardi et al. 2002). It presents a better option for governments to use the new technologies to provide citizens with more convenient access to government information and services, to improve the equality of the public services delivered, and to offer greater opportunities to citizens to participate in the democratic process (Osborne and Gaebler 1992). Greater openness and transparency in government public administration can be achieved through e-government programs. Through e-government portals, government agencies can provide information about the money allocated to their programs and how these funds allocated were administered (Panzardi et al. 2002). Disclosure of information to ensure public administration transparency includes information such as execution of budgets, purchase orders and public contracts, payment orders submitted to and issued by national treasury and other sectors of the public sector, financial and employment data about permanent and contracted staffs, accounts of public debt, inventory of plant and equipment and financial investments (Panzardi et al. 2002). These forms of information disclosure can increase transparency and accountability in every process of governance and development (Turnip et al. 2018). Building good reporting system and performance of government agencies, improving public access to information on the performance of government agencies, implementation of e-government to support modern bureaucratic management, and increased application of open government in all sectors of government (Turnip et al. 2018) are critical measures to ensure greater government transparency and accountability.

In addition, e-government core activities include the following: first, develop and deliver high-quality, seamless, and integrated public services; secondly, enable effective constituent relationship management; and thirdly, support the economic and social development goals of citizens, businesses, and civil society organizations

(Grant and Chau 2006). It can also reduce government bureaucracy by increasing efficiency and effectiveness in services and products and change in organizational structure and management (Turnip et al. 2018). Government bureaucratic system of management has often been criticized for its ineffectiveness and inefficiency in the delivery of good system of governance in the public sector. Public sector bureaucratic organizations are considered uncoordinated, unfriendly, unfair, not transparent, and complicated and have undue long processes of providing service as a result of the unpleasant experiences citizens have encountered in their interaction with government agencies (Turnip et al. 2018). Another issue in public administration of government agencies is undertaking strategic retooling/reengineering of government in the form of institutional reforms. Institutional reforms are the strategic decisions to improve the effectiveness and functionality of government and its public sector agencies. Public sector institutional reforms focus on enhancing the efficiency and effectiveness of public sector operations and management and instituting a modern information and communication infrastructure (Alberti and Sayed 2007). Driving and achieving public sector reforms is one of the cardinal tools and important steps to obtain transparency and accountability in public administration of government operations (Alberti and Sayed 2007).

The objective of this chapter is to discuss e-government as the fundamental and appropriate medium to achieve efficiency and effectiveness in government bureaucracy and institutional reforms in public administration. Government public sector reforms and bureaucracy are attached to the application of information technology through e-government. E-government can provide the needed institutional reforms/capacity to increase government transparency, efficiency, and citizens' confidence in government institutions (Evans and Yen 2006). E-government has been related to reform measures in the USA such as reinventing government, accountability measures like performance management and greater transparency, and improved communication with citizens (Fountain 2008; Tolbert et al. 2008).

This chapter is organized as follows: detailed literature on e-government, bureaucracy and institutional reforms, discussion, and conclusion.

## E-Government

The United Nations has indicated that the e-government phenomenon provides golden opportunities to transform public administration into an instrument of sustainable development (Nations 2014). E-government leverages the transformative nature of information and communication technology to transform the relationship between governments and their related agencies and citizens and the general public. It is considered as the interaction of government with citizens and public and private sector (businesses) through the powerful means of information technology to deliver services which are effective and efficient (Lee 2010; Rorissa et al. 2011). Based on the nature of interaction and communication (citizens, businesses, government employees, and government agencies) that occurs within the e-government platform, there are different forms of e-government interactions. These forms of interaction which are based on the kind of services delivered on e-government platform are government to citizens (G2C), government to businesses (G2B), government to employees (G2E), and government to government (G2G). E-government makes the existing interaction to be convenient, transparent, less expensive, and effective for the parties involved.

The government-to-citizen (G2C) form of e-government provides facilitation to the dissemination of public information services and general services such as citizen filling of taxes; renewals of licenses; applying for birth, death, and marriage certificate; and also getting services on education, healthcare, hospital information systems, access to public libraries, etc. The government-to-business nature of e-government ensures that the interaction between government and business sector is streamlined and enhanced. Some of the services which can be provided through the G2B e-government platforms are the dissemination of government policies and regulations; getting

business information; downloading application forms; renewing of licenses, business registration, and permits; and the payment of tax returns. The G2B forms of e-government can also include e-procurement and e-bidding of government goods and services. The government-to-employee form of e-government has to do with the provision of services that relates to the government sector employees, and it borders on, for instance, the dissemination of information on pay systems to employees and human resource training and development. In addition, the government-to-government (G2G) form of e-government services has to do with the interaction between central and local government agencies, businesses, and among different departments. It ensures the provision of electronic sharing of data/information systems between and among government agencies and departments and improves communication and access to data between government agencies.

## E-Government Development Model

Since the emergence of e-government as a field of research, many scholars have attempted to provide a model which describes the various forms or stages that the development of e-government has to go through. The most popular among the models is the Layne and Lee's model which proposed a four-stage development of e-government. The four stages are the catalogue, transaction, vertical integration, and horizontal integration (Layne and Lee 2001). Other scholars have extended the model proposed by Layne and Lee (2001) through the integration of different themes, but these extensions are similar to the basic concept of e-government development stages (Andersen and Henriksen 2006; Coursey and Norris 2008; Gil-Garcia and Martinez-Moyano 2007; Hiller and Bélanger 2001; Wescott 2001).

## Layne and Lee's Four-Stage Model of E-Government Development

Cataloguing, transactions, vertical integration, and horizontal integration are the four stages of growth model for the development of e-government recommended by Layne and Lee (2001). The different states of e-government development were proposed in order to offer a broader understanding of public administers of traditional organizations to reflect about e-government and their organizations (Layne and Lee 2001). According to Layne and Lee (2001), the four stages of e-government prescribe the transformation structure of government as it makes efforts in achieving electronically enabled government and how the Internet-infused government models become integrated with the traditional concept of public administration. This four-stage model is depicted in Fig. 1 and briefly explained in the next paragraphs.

### Catalogue Stage

The catalogue stage is considered the first most important stage in the development of e-government where governments try to show their presence online due to the call and demand from ordinary citizens, policy makers, and the general public for the government to make information available online. At this stage, the government reacts by creating government and local government websites because of the mounting pressure from the media, technology-literature employees, citizens, and other key stakeholders for government to provide information online (Layne and Lee 2001). Governments at this stage make an effort to make non-transactional information available to citizens and other stakeholders for use. Hence this stage is just informational period to fill the void in the information between the government and its stakeholders.

The access of information from the government is driven by the fact that citizens can request and access information and services from the private sector from the internet (web) (Layne and Lee 2001). While the web presence of government online at this stage benefits citizens, government agencies and staff also equally benefit since dealing with basic questions about government information and services can be done online hence reducing the workloads of employees (Layne and Lee 2001). The simple web presence of government at this stage is enough to empower citizens as to where to locate government services and seek post-service support when needed.

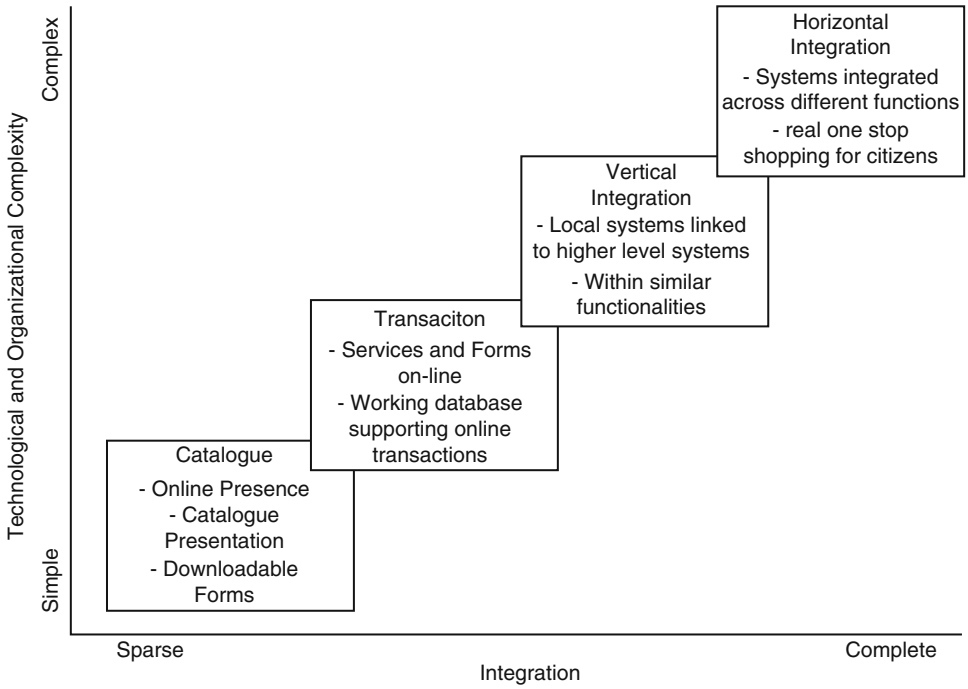


**E-Government, Bureaucracy, and Institutional Reform, Fig. 1** Stages of e-government development (Layne and Lee 2001)

### Transaction Stage

The second stage (transaction) is driven by citizens' expectation and demand for government and its agencies to offer full services online. The transaction state according to Layne and Lee (2001) provides a better opportunity for improved efficiency for both citizens and government agencies as compared to the cataloguing stage which simply provides information (Layne and Lee 2001). This stage is considered the starting point of e-government as a revolutionary tool to transform the interaction between citizens and government (Layne and Lee 2001). The transaction stage serves as an empowerment tool to empower citizens to better interact with government agencies online, anytime, thus reducing hours of paper work, the inconvenience of traveling to government offices, and time spent waiting in queues (Layne and Lee 2001). The transaction stage, therefore, enables active two-way communication between the government and citizens.

### Vertical Integration Stage

According to Layne and Lee (2001), the vertical stage has to do with government efforts toward achieving the transformation of government services than just automating and digitizing of existing systems. This stage must ensure that e-government initiatives are associated with or lead to the reconceptualization of the government service itself, and thence full benefits of e-government will be achieved only when organizational changes accompany technology changes (Layne and Lee 2001). The transaction stage ensures the vertical integration of separate databases that are not connected to other governmental agencies at the same level or similar levels.

### Horizontal Integration

The horizontal integration stage is considered the integration of government services across different functional walls (Layne and Lee 2001). This stage offers opportunities for governments to provide one-stop public services centers through

e-government platforms. It ensures that databases across different functional areas are able to communicate with each other to share information so that information gathered or obtained by one agency can easily be accessed by other government functions (Layne and Lee 2001). According to Layne and Lee (2001), horizontal integration is e-government system integration across different functions in that transaction in one department or agency can lead to automatic checks or authentication against data in other functional departments or agencies.

### Synthesis of Other E-Government Development Models

A qualitative meta-synthesis was used to compare and contrast twelve different e-government stage models in order to develop a common frame of reference for e-government development (Lee 2010). The proposed frame of reference based on the 12 models was made up of 5 metaphorical stages such as presenting, assimilation, reforming, morphing, and e-governance (Lee 2010). This reframed reference was later decomposed into two themes, that is, citizen/service and operation/technology, with other nine basic concepts such as information, interaction, integration, transactions, streamlining, participation, transformation, involvement, and process management (Lee 2010). The common reference of e-government development model proposed by Lee (2010) was based on other models of e-government development model identified in the literature (Andersen and Henriksen 2006; Hiller and Bélanger 2001; Layne and Lee 2001; Moon 2002; Wescott 2001; West 2004). These 12 models in the literature are shown in Table 1.

Based on these reviews of the 12 models in the literature, 5 metaphors and 2 stages or concepts were developed. These metaphors along with their definition and concepts are shown in Table 2 and graphically in Fig. 2.

### The Common Frame of Reference for E-Government Stage Models

The common frame of reference for e-government stage models developed by Lee (2010) is illustrated in Fig. 3.

#### Presenting Stage Metaphor

The presenting stage metaphor is the first step in the common reference for e-government models developed by Lee (2010)). This stage has to do with the presentation of basic government information online by cataloguing, publishing, scattered information, and billboard periods (Lee 2010). Citizens and businesses can have access to informational e-government services at this period of the e-government development process. This section (presenting metaphor) is similar to the first-stage cataloguing in the Layne and Lee four-stage model of e-government development.

#### Assimilation Stage Metaphor

The assimilating stage metaphor has to do with the interaction and integration of e-government functions across sectors (Lee 2010). It is the assimilation of basic computing ability, i.e., process and services with real-world issues (Lee 2010). At this stage, there is the emergence of interacted public services which allow the citizens to download and upload documents, seek guidance and assistance, and enhance two-way communications between them and agency officials. It must also be stated that the assimilating state metaphor proposed by Lee (2010) is the same or similar to the integration stage proposed by Layne and Lee (2001).

#### Reformation Stage Metaphor

The reforming stage metaphor is made up of the transaction and streamlining of e-government services (Lee 2010). The reforming period has to do with the transformation and reformation of business processes of government through streamlining to properly use information technology to better serve its citizens. According to Lee (Lee 2010), at this stage, the political and administrative process and services are reformed to provide enhanced public services to businesses and citizens. The ultimate goal at this reformation stage of the e-government development process is to attain greater efficiency in the public delivery system.

#### Morphing Stage Metaphor

According to Lee (Lee 2010), morphing has to do with the changes that occur in the shape and scope

**E-Government, Bureaucracy, and Institutional Reform, Table 1** Comparison of stages in e-government developmental models (Lee 2010)

| Authors | Garner Group (mode l 1) | Deloitte Research (mode l 2) | Layne and Lee (model 3) | Hiller and Belanger (model 4) | Scott (model 5) | United Nations (model 6) | World Bank (model 7) | Netchaeva (model 8) | Accenture (model 9) | West (mo del 10) | Siau and long (model 11) | Anderson and Herriken (model 12) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2000 | 2000 | 2001 | 2001 | 2001 | 2001–2008 | 2002 | 2002 | 2003 | 2004 | 2005 | 2006 |
| # of stages | 4 | 6 | 4 | 5 | 6 | 4 | 3 | 5 | 5 | 4 | 5 | 4 |
| 1 | | | | | Email system and internal network | | | | | | | Cultivation and extension |
| 2 | Web presence | Info publishing and dissemination | Catalogue | Info dissemination and catalogue | Inter-organizational and public access to information | Emerging presence and enhance presence | Publish | Scattered information | Online presence | Billboard stage | Web presence | |
| 3 | Interaction | Official two-way transaction | – | Two-way communication | Two-way communication | Interactive presence | Interact | Ask questions and take part in forms and opinion polls | | | Interaction | |
| 4 | Transaction | | Transaction | Service and financial transaction | Allowing exchange of value | Transactional presence | Transact | Some service online | Basic capability and service availability | Partial-service delivery stage | Transaction | Maturity |
| 5 | | Multipurpose portal and portal personalization | | | | | | e-government portals | Mature delivery | Portal stage | | |
| 6 | | | | | | | | | | | | |
| 7 | | Clustering of common services | Vertical integration | Vertical and horizontal integration | Joined-up government | Seamless presence and networked presence | | | | | | Revaluation |
| 8 | | Full integration and enterprise transaction | Horizontal integration | | | | | | | | | |
| 9 | Transformation | | | | | | | | Service transformation | | Transformation | |
| 10 | | | | Political participation | Digital democracy | e-Participation | | Possible democracy | | Interactive democracy | e-Democracy | |

**E-Government, Bureaucracy, and Institutional Reform, Table 2** Metaphors: definitions, related stages, and themes

| Metaphors | Descriptions | Stages/concepts | |
|---|---|---|---|
| | | Citizen and service | Operation technology |
| Presenting | Present information in the information space | Information | |
| Assimilating | Assimilates (or replicates) processes and services in the information space with the eons in the real world | Interaction | Integration |
| Reforming | Reform the processes and services in the real world to match the information space requirements, fitting for efficiency | Transaction | Streamlining |
| Morphing | Change the shape and scope of process and services in the information space as well as the one in the real world, fitting for effectiveness | Participation | Transformation |
| E-governance | Process and service in both worlds are synchronously managed, reflecting citizen-involved changes with reconfigurable processes and services | Involvement | Process management |

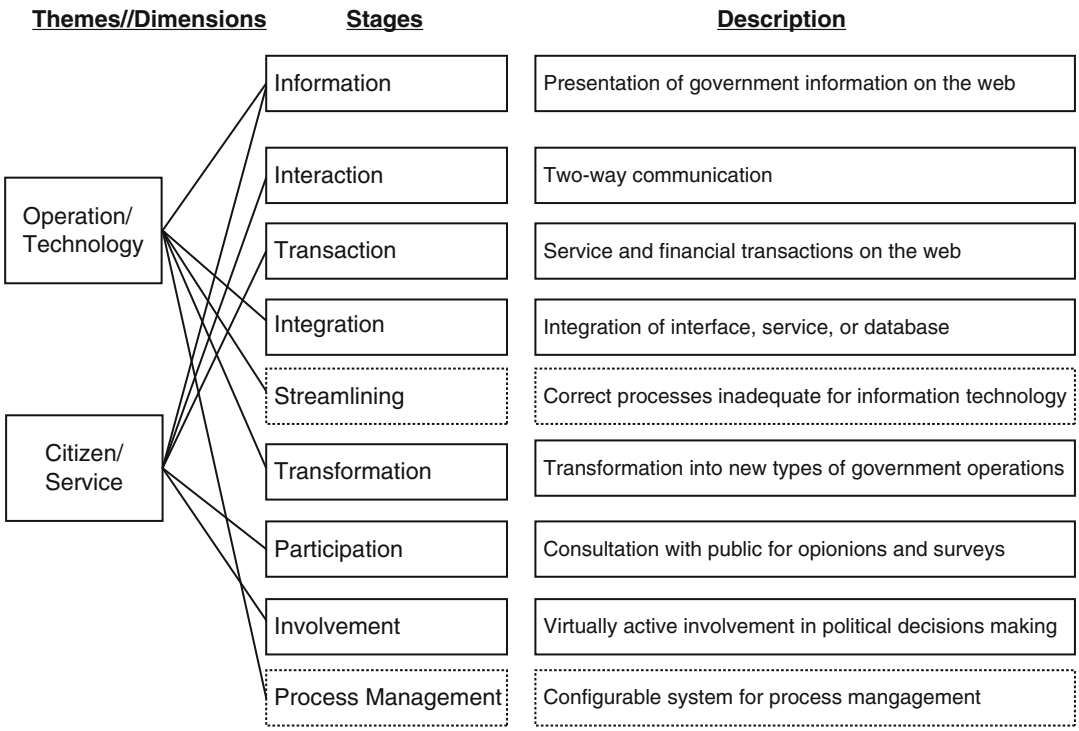


**E-Government, Bureaucracy, and Institutional Reform, Fig. 2** The relationship between themes and stages (Lee 2010)

of processes and services of the e-government development process for effectiveness. The morphing stage is integrated with the previous stage the reformation stage in order to achieve a complete change in the business operations of government and its agencies (Lee 2010). The morphing stage is considered the in-depth and complete transformation of government businesses which encourages the government to develop new services to meet the demands of

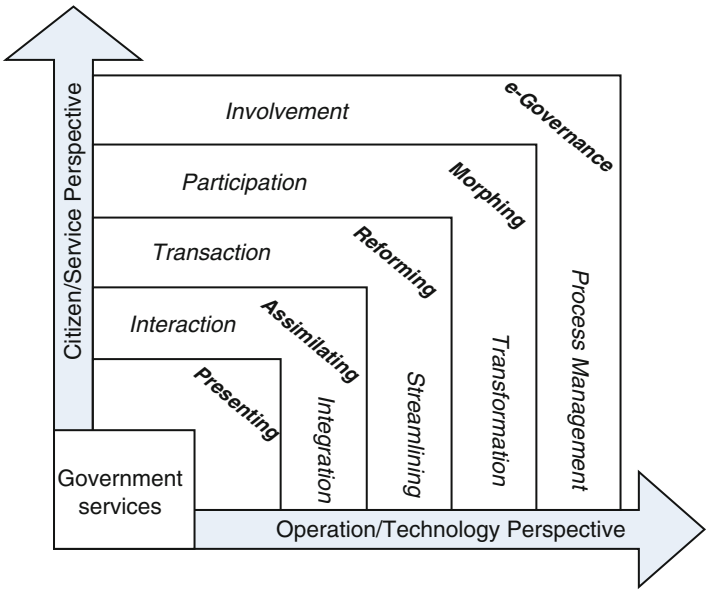


**E-Government, Bureaucracy, and Institutional Reform, Fig. 3** A common frame of reference for e-government stage models (Lee 2010)

citizens (Lee 2010). This complete transformation of government through morphing is an important step which makes citizens active participants and toward the effectiveness of e-government services than just the efficiency of governing processes and services in the reforming stage (Lee 2010).

### E-Governance Stage Metaphor

E-governance is the metaphor for the last stage of e-government development developed by (Lee 2010) after attaining the period of the morphing of services and operations. The morphing stage presented the foundation for the change in the norms of government and governance processes. At this stage of the e-government development process, citizens can play an active part in the political and administrative decision-making (Lee 2010). The e-governance stage is the stage where the business process of administrative and political services reconfigured or altered based on inputs and actual participation of citizens in the decision-making of the government through the mediated powerful channel of information and communication technologies (Lee 2010).

#### Key Relationships in E-Government

E-government has the capacity to reshape the existing relationship between government, administrators, and citizens. The three core nature of relations that e-government transforms is depicted in Fig. 4. These three key e-government relationships are e-democracy, e-services, and e-administration (Wihlborg 2005). The e-democracy form of e-government relationship has to do with the interaction between citizens and their elected political authorities (Wihlborg 2005). The e-services form of e-government relationship is about the interaction between the government public administrators and citizens, and the e-administration has to do with the internal application of information technology in government agencies to provide assistance for policy decision-making (Wihlborg 2005).

E-administration can be used as a tool to bring about the needed radical restructuring of the government administration processes thereby facilitating and building new relationships in bureaucracy (Bernhard 2013).

## Bureaucracy

### The Concept of Bureaucracy

The concept of bureaucracy is hard to conceptualize as a single definition as the term "bureaucracy" means different things to different scholars with regard to the field they espouse. Different academic fields such as comparative government,

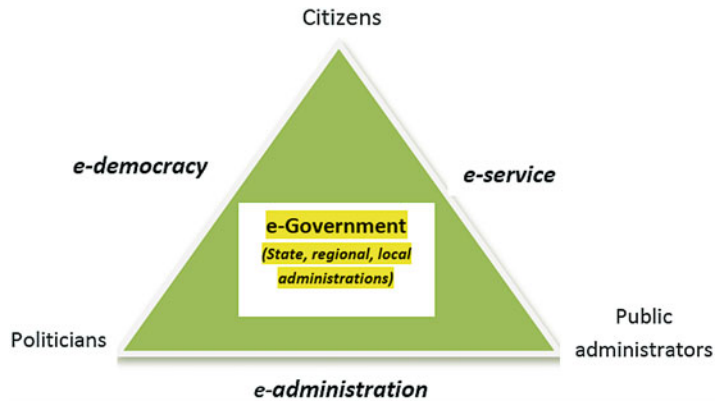


**E-Government, Bureaucracy, and Institutional Reform, Fig. 4** Three key e-government relationships (Wihlborg 2005)

the sociology of organizations, public administration, and political economy all perceive and conceptualize bureaucracy from their perspectives. These different conceptualizations of bureaucracy are the major reason for the inability of scholars to provide an apt and all fitting definition of what bureaucracy is about. Bureaucracy application in the context of comparative government means a kind of political system which is literally termed "rule by the bureau" (Altay 1999). In this context, bureaucracy was compared to the system of representative government where the elected authorities are deemed accountable to their representative parliament (Altay 1999). The sociology of organization usage of bureaucracy originated from the work of Max Weber who illustrated that bureaucracy should not be considered as a type of government but rather a system of administration which is performed by professionals on a continuous manner. In addition, the political economy understanding of bureaucracy has to do with a nonmarket organization financed by the government and other state agencies (Altay 1999). The last usage of bureaucracy is obtained from the field of public administration. Bureaucracy in the field of public administration stands for public administration which is in contrast to administration in the private sector (Altay 1999).

## Definition of Bureaucracy

While scholars have attempted to define bureaucracy, they end up not really providing a concrete definition of bureaucracy but rather characteristics or factors that describe what is or not about bureaucracy. Bureaucracy has to do with a system of government controlled by limited government officials of whom their powers threaten the liberties of the ordinary citizen. Also, it has been indicated that bureaucracy is characterized by a hierarchical administration structure in which state officials performs as a component of a complex system (Charlesworth 1968). In attempts to provide a comprehensive definition of bureaucracy it was categorized into seven aspects such as bureaucracy as rational organization, bureaucracy as organization efficiency, bureaucracy as ruled by officials, bureaucracy as public administration, bureaucracy as administration by officials, bureaucracy as the organization, and bureaucracy as modern society (Albrow 1970). In addition, bureaucracy has been described as the system of offices, hierarchy, appointment, prestige, and social stratification (Weber 2013). Also, Max Weber's idea/concept of bureaucracy has to do with the legitimacy of authority.

## Max Weber's Concept of Bureaucracy

Max Weber is one of the most referred to scholars when it comes to the concept of bureaucracy in public administration. Max Weber was a German sociologist who lived from 1864 to 1920, and he is considered to be one of the first scholars to have studied the concept of bureaucracy (Singh 2000). Max Weber considered bureaucracy to be rational, efficient, and honest since it is an improvement over the disorganized system of administration and governance that existed during his time. Weber provided six principles about the modern

system of officialdom such as fixed and official jurisdictional areas, hierarchy, and level of graded authority, where lower officers are supervised by the higher levels, management is based on official documents, officials have thorough and expert training that require the full-time work of the officials, and management abide by the rules (Singh 2000).

In addition, Weber considered bureaucracy as a form of organization with some essential elements such as separation office and its incumbent, selection by merits, the office is subject to discipline and control, hierarchy of offices, allocation of authority required to discharge activities, strict adherence to rules, and fixing of remuneration officials (Johari 1980). Also, authority is essential parts needed for the proper functioning of bureaucratic systems. In light of this, Weber distinguished between three pure forms of authority which are a traditional, charismatic, and legal authority. For him the concept of bureaucracy is linked to the legitimacy of authority and that legal authority is preferred than the other two forms of authority (traditional and charismatic). The charismatic authority has to do with the personal qualities that the individual leader possesses. It is defined as the quality of an individual personality by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman with exceptional powers or qualities (Weber 2009). Charismatic authority is, therefore, a form of rule in which individuals submit due to their belief in the magical powers, revelations, and heroism of the individual leader (Fry and Raadschelders 2013). The charismatic form of authority is criticized for being constrained by the leader's personal judgments and not governed by any formal system of adjudication (Fry and Raadschelders 2013; Weber 2009). Often the relationship between the charismatic leaders and his followers is an unstable one since the authority is not obtained willingly from the followers (Fry and Raadschelders 2013) but involuntary. According to Weber, administration in the context of this form of authority is loose and unstable since the leader's disciples do have a regular occupation and they reject the methodical and rational pursuit of monetary rewards as undignified. Under the charismatic leadership, there is no laid down procedure for appointment, promotion, and dismissal and that there is no continued system of hierarchy which leaves the leader to intervene in the performance of every task (Fry and Raadschelders 2013). Particularly, the charismatics system of leadership has no clearly defined line of authority to protest against the arbitrary use of power and unavailability of formal rules to ensure that people are treated equally with due process (Weber 2009).

Another form of authority described by Weber is the traditional form of authority. The traditional form of authority is based on the belief in the sanctity of immemorial traditions and signifies the legitimacy of those exercising the power of authority over those who do not have (Bertram 1964; Gross 1964). In the traditional system of authority, people are succumbed to obey or follow the line because of the belief in traditional customs, conventions, and belief system. People have authority due to their inherited status from the traditional system, and their followers or subjects undertake command based on loyalty to the ruler and his long existence. In the context of the traditional system, the legitimacy of the system can be retained as long as the traditions and customs are adhered and respected by people within the organization or society. Weber is of the view that the system of administration under the traditional authority is best considered irrational because in this system, there is no properly trained staff with formal or technical training and that things are done based on the personal allegiance to the traditional authority (Fry and Raadschelders 2013). The traditional system of authority can also suffer arbitrary use of powers and that the use of justice is a combination of personal discretion (Gerth and Mills 2014; Weber 2009).

The last form of authority espoused by Weber is the legal form of authority which he considers as the best form of authority for bureaucratic systems to properly function/work in the modern era. He considered legal authority not only as of the most rational form of authority but in addition as the most efficient form of authority. The legal form of authority is hinged on the belief in reason and laws that are promulgated based on proper

systems and that persons exercising such authorities are acting in accordance with the rules and regulations prescribed (Fry and Raadschelders 2013; Raadschelders and Stillman 2007). The application of the laws and regulations under the legal authority is applicable to all within the organization without favors or personal feelings. It is strictly by the laws which guide the actions and inactions of personnel and officialdom. The legal system or authorities are people empowered to exercise such authority by either elected or appointed legal procedures. The adherence or obedience to the authority in a legal system is based on the following:

- An establishment of a legal system which can demand compliance and obedience from members of the organization
- That the law is a system of abstract rule which are applied to particular issues or cases and that they are implemented within the limits of the laws
- That the person in charge of exercising such authority or powers is also enjoined to comply and obey the law as well
- That the compliance to the laws is not subject to the person holding the authority but rather the impersonal nature of the laws that gave him the position in the first place

### Characteristics of Bureaucracy

In addition to expatiating that authority is the best form to describe what bureaucracy is, Weber outline some important features of bureaucracy. Some of these features of bureaucracy are first that the administrative classes who are in charge of maintenance and coordinating programs within the organization. The administrative classes are paid as full-time employees, and they are remunerated based on their positions within the organization. Importantly, the tenure of the administrative classes is governed by the rules and regulations pertaining to the organization. Secondly, hierarchy is another aspect of the feature of bureaucracy which is considered the basic characteristics of a bureaucratic organization. The hierarchy within the organization is arranged from descending from the top to the bottom and based on seniority where lower officers are monitored and supervised within the organization. The basic underlying concept of hierarchy in a bureaucratic organization is to ensure that there a firm system of control.

The third feature of bureaucracy is the division of work and labor within the organization. The work within the organization is divided into several specializations based on the competence of employees. The main purpose of the division of labor within the organization is to ensure clearly defined areas of skill and competence which empowers the individual employees to know where to operate and his limits as well. In addition, the activities within bureaucratic organizations are governed by laws, rule, and regulations (administrative regulations). The rules and regulations ensure stability, continuity, and predictability within the organization.

Another important aspect of bureaucracy is the impersonal nature of relationships with regard to the rules and regulations. The interaction among individuals within the organization is based on the rules and regulations, and it's devoid of personal attachment, emotions, and sentiments. Lastly, bureaucratic organizations are characterized by proper official record-keeping. These records are kept in order to guide the present and future endeavors of the organization.

### Public and Private Bureaucracy

Bureaucracy can be put into public or private depending on whether it is taking place within the government or private sector organizations. The form of bureaucracy which occurs at the government sector agencies or offices and public enterprises is termed as public bureaucracy. In contrast, private bureaucracy occurs in organizations that are private in nature where the government has no role in the operations of these private organizations. The main distinctions of public bureaucracy from the private bureaucracy are as follows:

- Public bureaucracy is politically controlled and influenced, less businesslike, and market-based which is different from the private bureaucracy.

- Public bureaucracy has more red tapes then the private bureaucracy.
- Public bureaucracy is considered to be rigid and controlled by strict rules and regulations which hinder freedom of action, while in the private bureaucracy, there is flexibility in its operations.
- A clear distinction is that while public bureaucracy is service-oriented, private bureaucracy is rather profited-oriented.
- Public bureaucracy activities and programs are constitutionally driven through either statutory or executive authority, while in private bureaucracy there is much freedom of behaviors.
- Public bureaucracy is often not able to adapt quickly to the changing environment due to the cumbersome nature of the factors of change, while in the private bureaucracy change is quicker and faster, and it is able to adapt to the changing times.
- As compared to private bureaucracy, public bureaucracy is more concern with ethics, social equity, justice, and fairness.

### E-Government and Bureaucracy

The inefficiency and challenges associated with bureaucracy such as the large size of government, corruption, slow pace to adapt to new trends, and inability to conform to the market competition have called for refining of bureaucratic systems to a system known as an e-bureaucratic system. The e-bureaucratic system is considered as an e-government form of enhanced transformation of the bureaucratic systems (Collins 2007). The e-bureaucratic system through e-government seeks to leverage on the benefits of the information and communication technology (ICT) as the foundation for effective coordination and the implementation of the values of equality and impartiality bureaucratic systems (Collins 2007). The ICT through e-government thus becomes an important ingredient and gasoline to reforming bureaucracy structures into an e-bureaucracy. In addition to ICT through e-government providing a basis for the transfiguration of bureaucratic systems into market-oriented organizations, it also enables and encourages bureaucratic administrative functions (Collins 2007). The bureaucratic administrative system thus becomes highly efficient and effective. E-government provides the impetus for bureaucracies according to Osborne and Plastrik (Osborne and Plastrik 1997) to reinvent itself by accepting and fostering change to bring about effectiveness, efficiency, adaptability, and capacity to continually innovate. The digitization of bureaucracy through e-government enables bureaucracies to adopt ICT tools such as office automation software, database management systems, management information systems, decision support systems, and integrated informational systems over the internet (Collins 2007). Bureaucratic government or systems which considered an old system infused with hard and fast, inflexible rules and regulations and less use of ICT are replaced by e-government which is seen as a faster, more effective, professional, accountable, transparent, and reliable (Bashar et al. 2011). This enabling environment provided by ICT through e-government to bureaucratic government according to Bashar et al. (Bashar et al. 2011) has shown and proved over time that e-bureaucracy is far better than the traditional bureaucratic system.

## Institutional Reform

Institutional reforms have been a major concern for public policy makers and practitioners within the larger context of public administration reforms. Institutional reform has often been linked to or considered as public administration reforms. Public administration reform or institutional reform is considered as the comprehensive changes in the institutional or administration systems such as organizational structures, decentralization, personnel management, public finance, result-based management, and regular reforms (UNDP 2004). Institutional reform/PAR goes just beyond modernizing state institutions and cutting or reducing civil service expenditure and costs but rather to improve the quality of service delivery and social responsibilities and to promote broader citizen participation in the decision-making and feedback on public service output or performance (UNDP 2004). Institutional reform can bring about greater efficiency in public administration, increased transparency and

limiting or preventing corruption and respond swiftly to the needs of citizens. It can further ensure active participation and transparency in decision-making through the creation of a good environment for the engagement of stakeholders. Institutional reform can also ensure greater accountably of major actors in the public administration system.

Institutional reforms can be categorized into civil service reforms, efficiency and responsiveness of the policy-making system, and reforming the machinery of government and the public sector revenue and expenditure management system (UNDP 2004). The civil reform covers the operational capacity of the civil service to deliver on its goals and visions (mandate). The capacity building for the civil service includes the creation of a government workforce with the right skill set, motivation, and professional ethos and accountability and is client-orientated. Improving the policy-making system has to do with putting in mechanisms for the horizontal coordination in policy initiatives and implementation, developing a process for setting the policy-making agenda and designing a system that ensures that policies initiated are hinged on correct analysis. It also has to do with ensuring that systems are in place to disseminate policy initiatives and decision and the monitoring of the implementation process (UNDP 2004). The restructuring of the machinery of government has to do with the allocation and reallocation of functions between departments and sometimes may lead to the privatization of government bodies and agencies. The emergence of new tools such as information and communication technologies according to UNDP (2004)) has created greater opportunities for better coordinating the different branches of government and promoting efficient interaction between citizens and government.

### E-Government and Institutional Reform

The implementation of right information and communication technologies (ICTs) through e-government is fundamental and instrumental in achieving greater public sector institutional reforms/public administration reforms. E-government has become a powerful tool that can be deployed to address and provide innovative solutions to the challenges or defects in public administration systems. It can provide greater transformation and reorganization of functions across sector agencies by facilitating better user-friendly service delivery, improved interaction with businesses and ensure more efficient and rigorous management of government business (UNDP 2004). Implementing e-government has the capacity to enhance the institutional internal working administration system which is one of the major concerns for institutional reform. For instance, according to UNDP ( 2004), the introduction of management information systems within government agencies can ensure improved personnel management, cost reductions, improvements in service delivery and government procurement, and increased revenue gathering.

## Discussion and Conclusion

The reforming of public bureaucracy along with its institutions has been a long call for many centuries now, and many public sector organizations are responding positively to these calls for reforms. These reforms can be comprehensive and may cover areas such as decentralization, personnel management, public finance, results-based management, regulatory reforms, and organizational structures. E-government is seen as the catalyst and a propelling force to fully realize the major objectives and goals of public sector institutional reforms and its bureaucratic systems. Meaningful outcomes can be recorded when policy makers and government agencies fully embrace e-government as the basis for achieving greater transformative public sector reforms along with its bureaucratic systems. It can drive and ensure well-performing public institutions and good governance for development. Importantly, promoting institutional reforms and bureaucratic systems through e-government can bring about a higher degree of efficiency, effectiveness, accountability and openness, and collaboration and interaction between citizens, businesses, and government agencies.

## Cross-References


- ▶ Bureaucracy and Public Opinion
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucracy and Service Delivery
- ▶ Bureaucracy and the New Public Management
- ▶ Bureaucracy Responsiveness
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy


## References


Alberti A, Sayed F (2007) Challenges and priorities in reforming governance and public administration in the Middle East, Northern Africa, and Western Balkans. Paper presented at the Special Workshop on Public Administration in Arab-Mediterranean Countries. INAP, Madrid

Albrow M (1970) Bureaucracy, Macmillan international higher education. Macmillan, London

Altay A (1999) The efficiency of bureaucracy on the public sector

Andersen KV, Henriksen HZ (2006) E-government maturity models: extension of the Layne and Lee model. Gov Inf Q 23(2):236–248

Bashar MR, Razael KM, Grout V (2011) E-government vs. ordinary bureaucratic government: a comparative study

Bernhard I (2013) E-government and E-governance: Swedish case studies with focus on the local level. KTH Royal Institute of Technology, Stockholm

Bertram M (1964) The managing of organizations: the administrative struggle. The Free Press, New York

Charlesworth JC (1968) Theory and practice of public administration

Chhabra S (2018) Framework for enhancing organizational performance: Haryana Government Departments, India Handbook of Research on Civic Engagement and Social Change in Contemporary Society. IGI Global, Hershey, pp 169–182

Collins T (2007) Only a third of government projects succeed, says CIO. Comput Wkly 22:4

Coursey D, Norris DF (2008) Models of e-government: are they correct? An empirical assessment. Public Adm Rev 68(3):523–536

Evans D, Yen DC (2006) E-government: evolving relationship of citizens and government, domestic, and international development. Gov Inf Q 23(2):207–235

Fountain JE (2008) Bureaucratic reform and e-government in the United States: an institutional perspective. In: Routledge handbook of internet politics. Routledge, London, pp 115–129

Fry BR, Raadschelders JC (2013) Mastering public administration: from Max Weber to Dwight Waldo. CQ Press, Washington, DC

Gerth HH, Mills CW (2014) From Max Weber: essays in sociology. Routledge, London

Gil-Garcia JR, Martinez-Moyano IJ (2007) Understanding the evolution of e-government: the influence of systems of rules on public sector dynamics. Gov Inf Q 24(2):266–290

Grant G, Chau D (2006) Developing a generic framework for e-government, chapter 4. In: Hunter G, Tan F (eds) Advanced topics in global information management, vol 5. Idea Group, London, pp 72–101

Gross BM (1964) The managing of organizations: the administrative struggle, vol 2. Free Press of Glencoe, New York

Hiller JS, Bélanger F (2001) Privacy strategies for electronic government. E-Government 200:162–198

Johari J (1980) Comparative politics. Sterling Publishers Private Limited, New Delhi

Layne K, Lee J (2001) Developing fully functional E-government: a four stage model. Gov Inf Q 18(2):122–136

Lee J (2010) 10 year retrospect on stage models of e-government: a qualitative meta-synthesis. Gov Inf Q 27(3):220–230

Moon MJ (2002) The evolution of e-government among municipalities: rhetoric or reality? Public Adm Rev 62(4):424–433

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial Spirit is transforming the public sector from schoolhouse to statehouse. In: City hall to pentagon. Addison-Wesley, Reading

Osborne D, Plastrik P (1997) Banishing bureaucracy: the five strategies for reinventing government: ERIC. Addison-Wesley, Reading

Pagani M, Pasinetti C (2008) Accessibility, usability, and functionality in T-government services. In: Encyclopedia of multimedia technology and networking, vol 3

Panzardi R, Calcopietro C, Ivanovic EF (2002) New-economy sector study electronic government and governance: lessons for Argentina. Retrieved from http://documents.worldbank.org/curated/en/527061468769894044/pdf/266390WP0E1Gov1gentina1Final1Report.pdf

Raadschelders JC, Stillman RJ (2007) Towards a new conceptual framework for studying administrative authority. Adm Theory Praxis 29(1):4–40

Rorissa A, Demissie D, Pardo T (2011) Benchmarking e-government: a comparison of frameworks for computing e-government index and ranking. Gov Inf Q 28(3):354–362

Singh J (2000) Effectiveness of bureaucracy. Indian J Public Adm 46(2):159–168

Tolbert CJ, Mossberger K, McNeal R (2008) Institutions, policy innovation, and e-government in the American states. Public Adm Rev 68(3):549–563

Turnip K, Lubis AH, Lubis MS (2018) A review of ict in government bureaucracy: psychological and technology skill perspectives. Technology 9(9): 1309–1319


E

UNDP (2004) Public administration reform. United National Development Program, New York, USA, pp 1–31
United Nations (2014) United Nations E-government survey 2014: E-government for the future we want. United Nations Department of Economic and Social Affairs, New York
Weber M (2009) The theory of social and economic organization. Simon and Schuster, USA
Weber M (2013) From max Weber: essays in sociology. Routledge, USA
Wescott CG (2001) E-government in the Asia-pacific region. Asian J Polit Sci 9(2):1–24
West DM (2004) E-government and the transformation of service delivery and citizen attitudes. Public Adm Rev 64(1):15–27
Wihlborg E (2005) Offentliga e-tjänster i medborgarens tjänst: Finansdepartementet, Delegationen för Tjugofyratimmarsmyndigheten
Worldbank (2015) E-government. Retrieved 24 Aug 2017, from http://www.worldbank.org/en/topic/ict/brief/e-government

# E-Government, Japan

Tetsukazu Okamoto
Kansai University, Osaka, Japan

## Synonyms

Digital government; e-governance; e-public administration; Informatization of government

## Definition

A governmental form actively employing information and communication technologies (ICTs) for the purpose of making governmental operation more efficient, improving the quality of public service delivery, and enhancing citizen access to government information.

## Usage of the Term "e-Government" in Japan

There is no universally accepted definition of "e-government" (Yidiz 2007: 650). The United Nations Department of Economic and Social Affairs, for example, defined e-government as a new kind of rationalization that has been introduced in the public sector by the use of modern information and communication technologies (ICTs) to provide citizen services, improve transparency and accountability in government functions, and allow for cost savings in government administration (UN DESA 2008: 2). As another example, a public administration scholar argued that e-government has become the label and guiding vision for the intensive use of ICT applications in the fulfillment of functions of politics and public administration (Snellen 2005: 399).

Generally, the term "e-government," or "digital government," can be broadly defined as follows: the utilization of ICTs by the government for fulfilling its various functions, such as service delivery or disseminating government information to its citizens. The Japanese government has employed various terms to describe the development of ICT use in public sectors, such as "informatization of public administration," "digital government," "e-public administration," and "e-government" ("denshi seihu" in Japanese). It was in *The Basic Plan for Promoting Informatization in Public Administration* (revised edition, 1997) that the term "e-government" appeared for the first time in the official documents of the Japanese government. In this document, e-government was defined as a highly informatized administration managing information electronically, and a goal of fully developing e-government by the beginning of the twenty-first century was declared by the government.

Currently, the government is more likely to employ the term "electronic (or "e-") public administration" ("denshi gyosei" in Japanese) rather than to employ "e-government." Examples of this can be found in *The Declaration to be the World's Most Advanced IT Nation,* established by the government in 2013 and amended in 2016, the purpose of which was to "drive the resurgence of Japan by becoming the world's most advanced model for IT use." The official document stated that realizing more innovative and transparent "e-public administration" was the goal of the government.

Both "e-public administration" and "e-government" have been so far employed in much the same sense, both referring to the utilization of ICTs by the government, although Kamimura (2010) pointed out that e-public administration tends to be more broadly defined than e-government to embrace informatization in both the national government and local governments (p. 34).

## The Purposes of e-Government in the Japanese Government

Since the 1990s, many politicians and policy makers have perceived ICTs as a means to realize and further implement the notions of administrative reform and new public management (Homburg 2008: 88). By the same token, the Japanese government has perceived e-government, or "the informatization of public administration," as a way to promote administrative reform. An example of such an idea was found in the report submitted by the Second Provisional Commission for Administrative Reform established by the Japanese government. This commission served as an influential deliberation council. Some of its main accomplishments were the privatization of the Nippon Telegraph and Telephone Public Corporation in 1985 and that of the Japanese National Railway (JNR) in 1987. In the report, the Second Provisional Commission for Administrative Reform recommended that the government should recognize the streamlining of government operations while coping with the impact of informatization on society as an urgent task for the government, and it regarded promoting an office automation (OA) system as an integral part of achieving the task.

The trend of administrative reform in the 1980s and 1990s led to *The Basic Plan for Promoting Informatization in Public Administration* (hereafter "the Basic Plan") in 1994, which was the first master plan to further overall informatization of the government in a planned way. The 1997 revised version of the Basic Plan definitely positioned the informatization of public administration as an essential tool for promoting administration reform effectively.

Since the Basic Plan, many guidelines or rules regarding the promotion of e-government have posited the informatization of public administration as a measure to drive administrative reform. The Basic Act on the Formation of an Advanced Information and Telecommunications Network Society of 2000 (hereafter "the IT Basic Law") is the most important among the rules for the government information and telecommunication policy. It is called "the Constitutional Law for Information policy" at times and has a provision stating that the necessary action should be taken to actively promote informatization of public administration, such as increased use of the Internet and other advanced information and telecommunications networks in the administrative affairs of the national government and local governments, to streamline governmental operations and increase efficiency.

Given that ICT use by the government has improved the efficiency of government operations to some extent, recently, the government has precipitated a shift in the purpose of developing e-government from just reducing cost and improving efficiency to promoting effective use of data using digital technologies for the purpose of building an affluent society. In *The Declaration to be the World's Most Advanced IT Nation and the Basic Plan for Promoting Interchangeable Data Use Between the Public and Private Sectors,* established by the government in 2017, for instance, on the assumption that connecting data from various sources closely could produce added values for society, the government should plan to ensure that data generated by both the national or local governments and the private sector will be made available openly.

## The Institutional Framework for Making e-Government Policy in Japan

A governmental body playing a leading role in the making of information policy, including a policy concerning the development of e-government, is the Strategic Headquarters for the Promotion of an

Advanced Information and Telecommunications Network Society (hereafter "IT Strategic Headquarters"), which was established within the Cabinet on the basis of the IT Basic Law of 2001. The Prime Minister is selected as the Director-General of the IT Strategic Headquarters. The Vice Director-General is appointed from among the Ministers of States (Minister of IT Policy; Chief Cabinet Secretary; Minister of Internal Affairs and Communications; and Minister of Economy, Trade, and Industry have all been appointed as the Vice Director-General as of 2017). In addition to these members, all Ministers of State, other than the Director-General and the Vice Director-General, and those who are knowledgeable about "an advanced information and telecommunication network society" are appointed as IT Strategic Headquarters members by the Prime Minister.

The IT Strategic Headquarters engages in the preparation and facilitation of a priority policy program to form an advanced information and telecommunications network society (Article 26, IT Basic Law). As for promoting e-government, the main function of the IT Strategic Headquarters is to produce the overall guidelines for the government as a whole. Each ministry and agency, based on the guidelines, formulates and implements their ICT-related programs.

The position of Chief Information Officer (the Ministry CIO) was established at the ministries in 2002. It is a common practice that the Deputy Vice Minister, or the equivalent, plays the role of Ministry CIO. While the Deputy Vice Minister's position is high enough to oversee their own ministry's ICT programs, they are not necessarily knowledgeable about ICTs and must perform many tasks other than ICT-related ones. For that reason, an expert on IT management, most of the time recruited from outside the government, is appointed as a Deputy Ministry CIO, who assists the Ministry CIO in formulating information policy.

Government information systems of Japan have been developed by each ministry independently. Due to this decentralized manner, some problems have arisen such as functional duplication or a lack of cooperation among government information systems. A more centralized institutional framework is required to address these problems, one that includes an authoritative body established nearly at the center of the government to oversee and coordinate each ministry's IT policy.

With expectations to assume this responsibility, the government set up the Deputy Chief Cabinet Secretary for Information Technology Policy (hereafter "Government CIO") at the Cabinet Secretariat in 2013. The IT Basic Law and the partial amendment of the Cabinet Law provide a legal basis on which the status of the Government CIO is established. One of the main duties of the Government CIO is to supervise the government's ICT-related programs for increasing convenience of public service to the citizens and for improving administrative functioning.

The Government CIO is appointed as a member of the IT Strategic Headquarters and advises the Director-General, i.e., the Prime Minister, on how to implement important programs concerning the building of an advanced information and telecommunications network society. The leadership by the Government CIO is expected to enhance IT governance within the government.

## Future Prospects of e-Government in Japan

The United Nations e-Government Survey 2016, which ranks countries by measuring their use of ICTs to deliver public services, found that Japan was ranked 11th among 91 countries, down from 6th in 2014. The Japanese government clearly stated in *The Declaration to be the World's Most Advanced IT Nation and the Basic Plan for Promoting Interchangeable Data Use Between the Public and Private Sectors* of 2017 that it is necessary to implement measures or programs selectively in order to be ranked the highest among countries being ranked on the ICT use by the government.

The adoption of a national identification number system, with one specific number assigned individually to every citizen, is an effective measure to improve the value of public service with the use of ICTs and to be ranked higher in the ICT use ranking. The identification number system could provide for public services online through one-stop platforms, making it easier for people to interact with public administration (UN DESA 2016: 2). The world's leading IT countries like South Korea and Estonia, to name a few, have adopted the system from an earlier period. In Japan too, a national identification number system, commonly known as "My Number System" (pronounced "Mai Nanbaa" in Japanese), was adopted in 2015, with a 12-digit number assigned to every person possessing a resident record.

Unlike the US Social Security Number (SSN), which is not only used by official bodies but by private businesses for commercial purposes, the availability of a My Number is limited to the national and local governments. On the other hand, My Number System is dissimilar to a German-style identification number system, in which a different number is employed by each public service system. The Japanese government intends a My Number to be a unitary number commonly used among various public services. The administrative use of a My Number, however, is restricted only for social security and tax-related purposes (as of September 2017) due to privacy protection concerns. The Japanese government is planning to expand the use of a My Number to other purposes, such as healthcare or passport issuing.

In conjunction with the adoption of the "My Number System," the government has launched the issue of a card containing public certification service for individuals, which is nicknamed "My Number Card." In cases where residents conduct administrative procedures, such as the submission of an application or a notification via the Internet, an identification process can be carried out more conveniently with the use of the My Number Card, by which identity theft or data falsification can effectively be prevented. The government has perceived the popularization of the My Number Card among the citizens as a priority for enhancing the IT infrastructure. To increase the penetration rate, the government is encouraging the use of the My Number Card as an identification card, starting from public sector employees to those in the private sector.

According to the research by the Ministry of Internal Affairs and Communications, however, the national penetration rate of the My Number Card was just about 11% as of July 2018. A part of the reason is that the My Number Card is issued only to applicants who go through the procedure on a voluntary basis (as of July 2017).

## Conclusion

It has been said that many of the Japanese hold negative feelings toward being assigned an individual number because of the fear of being kept under surveillance by public authorities. Eliminating this anxiety, for example, by strengthening privacy protection, is necessary for developing the Japanese e-government rapidly.

## References

Homburg V (2008) Understanding e-government: information systems in public administration. Routledge, London

Kamimura S (2010) Denshi Seihu No Teigi to Paradaimu Shifuto (On the definitions of the e-government in Japan and the Paradigm Shift around the e-government). Kikan Gyousei Kanri Kenkyu (Public Adm Rev Q) 131:29–42

Snellen I (2005) E-government: a challenge for public management. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, pp 398–421

United Nations Department of Economic and Social Affairs (2008) United Nations e-government survey 2008: from e-government to connected governance. United Nations, New York

United Nations Department of Economic and Social Affairs (2016) United Nations e-government survey 2016. http://workspace.unpan.org/sites/Internet/Documents/UNPAN97453.pdf. Accessed on 25 Jul 2017

Yildiz M (2007) E-government research: reviewing the literature, limitations, and ways forward. Gov Inf Q 24(3):646–665

# E-Government: Informatization of Government and Politics

Mete Yildiz
Hacettepe University, Ankara, Turkey

## Synonyms

Digital government; E-government; Electronic government

## Definition

E-government is defined as the relationships between governments, their customers (businesses, other government units/types, and citizens), and their suppliers (again, businesses, other government units/types, and citizens) by the use of electronic means.

## Introduction: Government and Technology

Early students of technology regarded technological issues in government as a peripheral concern rather than as a core management function. The concept of technology is used rather loosely here. In addition to the meaning of "machines and sophisticated devices," technology also generically means the study of techniques or tasks (Perrow 1967, p. 162). The main objectives of technology use in government were enhancing the managerial effectiveness of public administrators while increasing government productivity. Taylor's scientific management movement is a perfect example to this orientation (Waldo 1955, pp. 18–19). Technology was seen as a means to manage the limitations of bounded rationality and provide the infrastructure for better decision-making (Simon 1976, p. 286). Perrow (1967) argued that technology is an important determinant of the structure and the strategy of the organizations that use it. Until the introduction of the Internet and widespread use of personal computers, technology was a peripheral governmental concern. Until then, the main use of technology in government organizations was the automation of mass transactions such as financial transactions using mainframe computers (Schelin 2003, p. 121). Thus, technology was buffered from the core in order to manage the uncertainty. This was necessary since technology and environments are the two basic sources of uncertainty that challenge rationality in organizational decision-making (Thompson 1967, p. 1). In addition, since information technology (IT) was used for the automation of backroom operations and improvement of the efficiency of clerical activities (Zuboff 1988), government IT professionals were isolated from functional and executive oversight (Holden 2003, p. 56).

The diffusion of personal computers in the 1980s provided each public administrator with a personal information technology system and thus opened a new period of IT use in government. At this point, technology management began to be decentralized in government agencies. Along with decentralization came the realization that IT issues should be integrated to the core functions in government. Three important events marked the movement toward the integration of technology and technology-related issues in public administration. The first is the Urban Information Systems (URBIS) project, which was conducted from 1973 to 1978 at the University of California, Irvine, by a multidisciplinary team. This was the "first large, systematic, empirical study to focus specifically on policy and outcomes related to computer use in complex service organizations" (King 2004, p. 97). It uncovered the "continuing social and political processes in which the technology is constrained – somewhat controlled and shaped – by its environment" (Danziger et al. 1982, p. 7). These researchers adopted an open

This encyclopedia entry is a revised and updated version of a section of the following PhD dissertation: Yildiz, Mete. 2004. "Peeking into the Black Box of E-government Policy-Making: The Case of Turkey." Unpublished Ph.D. dissertation, Public Affairs Program, Indiana University Bloomington, pp. 7–19.

systems theory perspective of technology and its environment and emphasized the continuous interaction between government organizations and their internal and external environments (Danziger et al. 1982, p. 8). They argued that, "computing will reinforce the power and influence of those actors and groups who already have the most resources and power in the organization" (1982, p. 18). Second, in 1985, a National Association of Schools of Public Affairs and Administration (NASPAA) committee recommended that computing should be a main skill taught in MPA programs (Northrop 2003, p. 2). Third, Bozeman and Bretschneider (1986) wrote a seminal article in the Public Administration Review, in which they argued that technology is transforming the government, and more academic attention should be given to this area. Still, one had to wait for the widespread use of the Internet and the Web for the emergence of a full-fledged e-government concept. Before this, IT use in government was primarily internal and managerial (Ho 2002).

Together with the introduction of the World Wide Web, the 1990s also witnessed the incorporation of IT to government reform with the National Performance Review Report in 1993 and the resulting "reinventing government" movement. The enactment of some very important legislation during this decade supported the reform movement and the use of IT in government (Schelin 2003, pp. 122–123). The 1995 amendment of the 1980 Paperwork Reduction Act (PRA) provided guidelines for government IT investments and encouraged more cross-agency information sharing. The 1996 Electronic Freedom of Information Act (EFOIA) clarified the rules for issuing of and public access to the government electronic records. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) mandated the social services agencies to test the promise of e-government applications on the field at intergovernmental levels. The 1996 Clinger-Cohen Act created the position of chief information officers in every agency and encouraged the integration of IT into the strategic planning process. All of these legislative efforts culminated in the enactment of the 2001 E-Government Act, which provided both the organizational and financial infrastructure of widespread e-government applications (Schelin 2003, p. 124). The tragic events of September 11, 2001 and the terrorist acts throughput the world since then caused the utilization of technology in massive proportions ranging from the centralization and consolidation of government databases to the use of emerging technologies such as biometrics in efforts against terrorism.



## Definition of E-Government

Information and communication technologies (ICTs) increasingly diffuse into every aspect of our lives and nearly every academic discipline. From the standpoint of public administration, the Internet stands out among these new technologies because of its numerous uses (Web browsing, e-mail, electronic file transfer, electronic discussion groups, etc.). More importantly, ICTs were recognized to have tremendous administrative "potential." For example, ICTs could help create a networked structure for interconnectivity, service delivery, efficiency and effectiveness, interactivity, decentralization, transparency, and accountability. Electronic government, or e-government, has emerged as a popular catch phrase in public administration to cover all of these functions.

E-government is defined as "utilizing the Internet and the World Wide Web for delivering government information and services to citizens" (ASPA and UN 2002, p. 1). It may also include using other ICTs in addition to the Internet and the Web, such as "database, networking, discussion support, multimedia, automation, tracking and tracing, and personal identification technologies" (Jaeger 2003, p. 323). Fountain (2001, p. 4) prefers to call this phenomenon "digital government" or "virtual state" instead of e-government.

> Digital government . . . is a government that is organized increasingly in terms of virtual agencies, cross-agency and public-private networks whose structure and capacity depend on the Internet and web. . . . The virtual agency, following the web portal model used in the economy, is organized by client.

Brown and Brudney (2001, p. 1) define e-government as the use of technology, especially Web-based applications, to enhance access to and efficiently deliver government information and services. They categorize e-government efforts into three broad categories of Government-to-Government (G2G), Government-to-Citizen (G2C), and Government-to-Business (G2B). One may include two additional categories in this list: Government-to-Civil Societal Organizations (G2CS) and Citizen-to-Citizen (C2C), if the interaction among citizens is related to the other three categories of e-government.

## Models of E-Government Development

E-Government development is studied by building models of its stages. The first model, presented by Layne and Lee (2001, p. 124), argues that e-government projects evolve through four stages of development as their integration and technological and organizational complexity increase. The first stage is cataloging, providing government information by creating government agency Websites. At this stage, only one-way communication between the government and the governed is possible. The second stage is transaction. Agencies at this stage can provide online transactions with government agencies. This makes two-way communications possible. The cataloging and transaction stages focus on creating an electronic interface for government information and services. The third stage is the integration of government operations within functional areas in government. Agencies working in the same functional area integrate their online operations, for example, database sharing by the FBI, CIA, and NSA. The final stage is horizontal integration. Different functional areas are integrated within the same electronic system and put to use through a central portal. The last two stages focus on the integration of the provision of e-government activities within the existing governmental structure.

The second model of e-government development was introduced in a study conducted by the American Society for Public Administration (ASPA) and the United Nations (2002, p. 2). It proposed a five-stage model of development. The first stage is the "emerging" stage, in which an official online government presence is established. Second, a number of government sites increase in number and become more dynamic in this "enhanced" stage. The third "interactive" stage enables the users to download forms and interact with officials through the Web. In the fourth "transactional" stage, users have the ability to make online payments for transactions. The final "seamless" stage makes the integration of electronic services across government agencies possible.

The ASPA-UN model is very similar to that of Layne and Lee (2001, p. 124). The ASPA-UN "emerging" and "enhanced" stages roughly correspond to Layne and Lee's cataloging stage. The "interactive" and "transactional" stages are comparable to "transaction" stage of Layne and Lee. The "seamless" stage covers both vertical and horizontal integration. Recognizing the overlap, Schelin (2003, p. 129) organized a typology of e-government by using both models (see Table 1 below).

Both Layne and Lee (2001) and the ASPA-UN (2002) models, as well as the Schelin (2003) typology, are oversimplifications. Stages of e-government development do not necessarily follow each other neatly in a chronological or linear order. Moreover, such models may not be applicable to e-government development in developing countries, as those countries have a chance to learn from the e-government successes and failures of developed countries. Thus, developing countries have a much faster learning curve; they can perform the requirements of all the stages almost simultaneously.

### Technology Enactment View of E-Government

Fountain (2001, pp. 10–14) introduced the technology enactment framework in her book "Building the Digital State." This framework has three main elements (see Fig. 1 below). First, application of IT to an organization changes the objective form of that technology due to its adjustment to the organizational form. Second, there is a two-way interaction between the existing institutional

**E-Government: Informatization of Government and Politics, Table 1** E-government typology

| Stage | Orientation | Services | Technology | Citizens |
|---|---|---|---|---|
| Stage one: emerging Web presence | Administrative | Few, if any | Only Web | Going it alone |
| Stage two: enhanced Web presence | Administrative, information | Few forms, no transactions | Web, e-mail | Links to local agencies |
| Stage three: interactive Web presence | Information, users, administrative | Number of forms, online submissions | Web, e-mail, portal | Some links to state and federal sites |
| Stage four: transactional Web presence | Information, users | Many forms and transactions | Web, e-mail, digital signatures, PKI, portals, SSL | Some links to state and federal sites |
| Stage five: seamless Web presence | Users | Mirror all services provided in person, by mail and by telephone | Web, e-mail, PKI, digital signatures, portal, SSL; other available technologies | Crosses departments and layers of government |

Source: Schelin (2003), p. 129; adapted from ASPA and UN (2002) and Ho (2002)



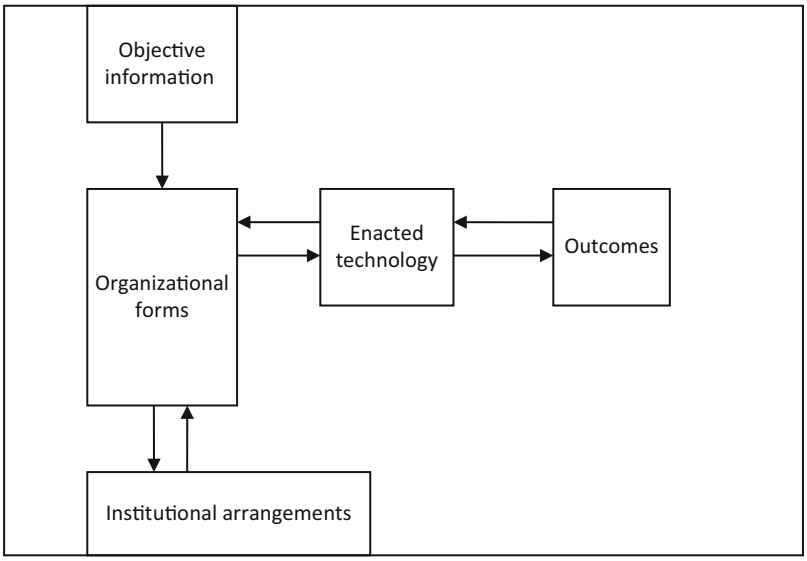


**E-Government: Informatization of Government and Politics, Fig. 1** Technology enactment framework. (Source: Fountain 2001, p. 11)

arrangements and organizational forms. Third, the first two elements, that is, adoption and implementation processes, transform the objective form of technology to its enacted form (Bretschneider 2003, p. 738). In other words, technology is customized to the needs and the environment of a specific organization through the process of enacting.

Fountain's technology enactment framework is criticized for three reasons. First, Bretschneider (2003) argues that the framework is so abstract and generalized that it is difficult to use it for prediction. He also emphasizes the lack of numerous testable hypotheses in Fountain's work. Norris (2003) agrees with this argument and asserts that the cases do not present enough evidence to test the enactment theory. For example, both scholars think that Fountain exaggerates her case for inter-organizational alternatives to bureaucracies (Bretschneider 2003, p. 741; Norris 2003, p. 422). Norris even argues that the book is not about IT and institutional change but about

organizational politics (2003, pp. 421–422). Garson (2003, p. 430) reevaluates Fountain's leading case and presents evidence that the case evolved much differently than its presentation in the book. Yang contends that Fountain's use of neoinstitutionalist theory fails to explain how agents overcome institutional barriers (2003, p. 432). Danziger (2004, p. 109), on the other hand, defends the technology enactment framework. He argues that the separation of objective and embedded technology, the richer examination of social networks, and a more nuanced discussion of institutional theory are useful.

A second criticism is that Fountain's research agenda are not well linked to the previous literature in both public administration and IT (Bretschneider 2003, p. 741; Norris 2003, p. 418). Norris argues that e-government is not that different from the uses of other technologies in government. Thus, previous lessons apply to e-government (2003, p. 738). Grafton agrees with Bretschneider that the bulk of Fountain's work is "useful reformulation of conventional ideas" (2003, p. 412). He also disagrees with Fountain's claims about the originality of her framework.

The third criticism is Fountain's limited focus, as the book uses examples only from the US federal government. While Bretschneider (2003, p. 741) sees this as a problem, Grafton disagrees by stating that the discussion is applicable to state and local governments in the United States and elsewhere in the developed world (2003, p. 411).

## Limitations of the E-Government Concept

The first limitation of e-government is that there is still no standard definition of the concept. In other words, it is difficult to define what exactly e-government is. This difficulty stems from a couple of reasons:

First, e-government is a concept defined by the objective of the activity (transfer of government information and services among governments, their customers, and suppliers), rather than by the specific technology used, provider of the service/information, or clear-cut activities of the related actors. Hence, many definitions of e-government are rather loose and gloss over the multiple meanings e-government might have depending on the specific context, regulatory environment, dominance of a group of actors in a given situation, etc. (Yildiz 2007).

Second, e-government is one of those concepts that mean a lot of different things to a lot of different groups. For instance, Perri 6 (2001, p. 7) identifies different parts of e-government as e-service delivery, e-democracy, and e-governance. Rapid technological changes also make it difficult to "fully grasp the meaning, opportunities, and limits of the concept" (Prins 2001, p. 1). Therefore, there are many alternative definitions that each emphasizes a particular subsection of these relationships, such as those pertaining to issues of accountability, transparency, interactivity, participation, cost-effectiveness, etc.

Third, as if it is not enough for the real substance of the concept to be ambiguous, poorly defined and/or context dependent, e-government contains much hype and promotional efforts/literature as well, similar to the concepts of "knowledge management" or "management by objectives." Hype is often accused of raising expectations above realistic levels, preventing people from seeing what is going wrong in an area, and thus delaying corrective action. Hype is not always dysfunctional, though; it can be functional if it mobilizes interest and gives people a shared (although sometimes a quite distorted) vision to act upon.

Finally, one might ask how substantial a change is required to meet the criteria for a government technology project to be titled as an e-government project. For example, are static Websites or e-mail addresses of public managers enough or is some level of interaction required? Layne and Lee (2001) answer this question with their stages of e-government growth model. Projects at any of these steps could be defined as e-government projects.

A critically important question for this study is to explain how the theory and practice of e-government fits into the larger context of public administration. The most obvious theoretical connections between the public administration and

e-government literatures are in (1) the administrative reform, reinventing government, and new public management literature, (2) network theory and especially its variant/subset of "policy issue networks", and (3) institutional theory of organizations. It is beneficial to briefly review these literatures here and point out their connections with e-government theory and practice.

## Conclusion: Future of E-Government Studies

Over the years, service expectations of the users of e-government information and services have changed. In addition, e-government service standards have also evolved from government agency Websites to government portals that centralize and customize electronic service delivery by government. Today, the questions of "what is next?" or "what is the next big thing in e-government studies?" increasingly come to mind. There are several answers to this question about the future of e-government:

First, e-government service standards evolved over time from government agency Websites to central government portals, and simultaneously from Websites to mobile applications, and finally from mobile applications to now social media platforms. Today, the increasing use of social media platforms for providing government information and services online is an important trend in e-government studies.

Secondly, big questions of e-government are proposed by some researchers in order to take stock of e-government studies so far, to encourage thinking "out of the box," and to determine potential venues for further contributions. These big questions for e-government research are listed as follows: (1) How can e-government studies be better connected to and grounded in the mainstream public administration research? (2) How can e-government studies be more multidisciplinary and comparative? (3) How to better measure and evaluate e-government performance and results? and (4) How to produce novel and more usable concepts, models, and theories in e-government research? (Yildiz 2012)

A third direction for future e-government studies is the application of some new technological developments to e-government applications. Some of these new technological developments and applications can be listed as big and open data, Internet of things, and data visualization

A fourth and final topic is how to deal with the implementation problems of e-government projects. Some of such challenging problems of e-government implementation can be listed as the issue of digital divide, government surveillance, and the resulting need for the protection of the privacy of personal information within the context of e-government applications.

## Cross-References

► E-Democracy and Local Public Administrations

## References

6, Perri (2001) E-governance: do digital aids make a difference in policy making. In: Prins JEJ (ed) Designing e-government: on the crossroads of technological innovation and institutional change. Kluwer Law International, The Hague, pp 7–27

American Society for Public Administration (ASPA) & United Nations (2002) Benchmarking e-government: a global perspective. U.N. Publications, New York

Bozeman B, Bretschneider S (1986) Public management information systems: theory and prescription. Public Adm Rev 46:475–487

Bretschneider S (2003) Information technology, e-government and institutional change. Public Adm Rev 63(6):738–741

Brown, MM, Brudney JL (2001) Achieving advanced electronic government services: an examination of obstacles and implications from an international perspective. Paper presented at the National Public Management Research Conference, Bloomington

Danziger JN (2004) Innovation in innovation: the technology enactment framework. Soc Sci Comput Rev 22(1): 100–110

Danziger JN, Dutton WH, Kling R, Kraemer KL (1982) Computers and politics: high technology in American local governments. Columbia University Press, New York

Fountain JE (2001) Building the virtual state: information technology and institutional change. Brookings Institution Press, Washington, DC

Garson GD (2003) Technological teleology and the theory of technology enactment. Soc Sci Comput Rev 21(4): 425–431
Grafton C (2003) 'Shadow theories' in Fountain's theory of technology enactment. Soc Sci Comput Rev 21(4): 411–416
Ho AT (2002) Reinventing local governments and the e-government initiative. Public Adm Rev 62(4): 434–441
Holden SH (2003) The evolution of information technology management at the federal level: implications for public administration. In: Garson GD (ed) Public information technology: policy and management issues. Idea Group Publishing, Hershey, pp 53–73
Jaeger PT (2003) The endless wire: e-government as a global phenomenon. Gov Inf Q 20(4):323–331
King JL (2004) Rob Kling and the Irvine school. Inf Soc 20:97–99
Layne K, Lee J (2001) Developing fully functional e-government: a four stage model. Gov Inf Q 18: 122–136
Norris DF (2003) Building the virtual state. . .or not: a critical appraisal. Soc Sci Comput Rev 21(4):417–424
Northrop A (2003) Information technology and public administration: the view from the profession. In: Garson GD (ed) Public information technology: policy and management issues. Idea Group Publishing, Hershey, pp 1–19
Perrow C (1967) A framework for the comparative analysis of organizations. Am Sociol Rev 32:194–208
Prins C (2001) Electronic government: variations of a concept. In: Prins JEJ (ed) Designing e-government: on the crossroads of technological innovation and institutional change. Kluwer Law International, The Hague, pp 1–5
Schelin SH (2003) E-government: an overview. In: Garson GD (ed) Public information technology: policy and management issues. Idea Group Publishing, Hershey, pp 120–137
Simon HA (1976) Administrative behavior, 3rd edn. The Free Press, New York
Thompson JD (1967) Organizations in action: social science bases of administrative theory. McGraw Hill, New York
Waldo D (1955) The study of public administration. Random House, New York
Yang K (2003) Neoinstitutionalism and e-government: beyond Jane Fountain. Soc Sci Comput Rev 21(4): 432–442
Yildiz M (2004) Peeking into the black box of e-government policy-making: the case of Turkey. Unpublished PhD dissertation, Public Affairs Program, Indiana University, Bloomington
Yildiz M (2007) E-government research: reviewing the literature, limitations and ways forward. Gov Inf Q 24(3):646–665
Yildiz M (2012) Big questions of e-government research. Inf Polity 17(3–4):343–355
Zuboff S (1988) In the age of the smart machine: the future of work and power. Basic Books, New York

# Election Technologies and Voting Behavior

Samuel Adams and William Asante
School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

## Synonyms

Election identification technology; Election verification device; Voter registration technology; Voters biodata storage technology

## Definition

Biometric election technology generally refers to an automated device that is used to verify or recognize the identity of a voter based on physiological or behavioral characteristics. Some of these characteristics include fingerprints, facial images, and iris and voice recognition. In the Ghanaian case, the technology was used for voter registration and verification. The voter registration phase captured the biographical data, fingerprints, and photograph of each voter; and then the verification is followed during the Election Day when voters were verified before being allowed to vote.

## Introduction

Elections are an indispensable and foundational feature of modern democracy. Democratic elections require a state that is able, on the basis of preexisting records or through an ad hoc procedure, to compile a reliable voters' list. This important process often eludes developing countries as they demonstrate persistent difficulties in registering voters and establishing their identities. These difficulties emanate from the fact that no trustworthy system of national identification exists (Akpan and Adagba 2018).

In Ghana, election reform is not a recent phenomenon but has been part of the electoral process

since the commencement of the Fourth Republic in 1992. Ghana's election management body (EMB) known as the Electoral Commission (EC) has initiated steps to build confidence in the electorate after the faulty 1992 elections that resulted in the boycott of the parliamentary elections by the opposition parties. Prior to the 2000 and 2004 elections, photo ID cards had been issued; but the unique feature in 2004 was that aside from the provision of a photo ID card, voters had their photographs embossed against their biographical details on the main register. This helped to reduce impersonation and double voting and was continued in subsequent elections, though not without controversy, until 2012 when the biometric system for voter registration and verification (BVRV) was introduced. Measures were however introduced to make the biometric reform operational, leading to the replacement of the existing Public Elections Regulations otherwise referred to as Constitutional Instrument (CI) 15 which had governed public elections since 1996. The new law CI75 gave legal effect to the introduction of the biometric system, resulting in the popular mantra by the EC "No Verification No Voting" (NVNV). Despite the promising nature of the BVRV in Ghana's elections, one key challenge has been the EC officers' lack of consistency in applying the NVNV law which led the major opposition party, the New Patriotic Party (NPP) to contest the outcome of the 2012 elections in court.

The introduction of biometric technology (BT) for identification and verification in Ghana's elections has also received attention in the extant literature but not much on the experiences of voters with BT in the 2012 and 2016 elections. This reason provides a basis for this entry to identify whether the introduction of the BVRV influenced the voting decision and trust in the EC. In the sections that follow, the entry looks at the connections between election technology and election management and election technology and voter turnout. This is followed by the BVRV technology and voter experience and turnout, then the perceptions of trust in the EC and election outcome, and then finally a conclusion is drawn.

## Election Technologies and Election Management

For many countries around the world, the application of technology is part of an attempt to redress electoral anomalies such as fraud, rigging, and impersonation. The International Institute for Democracy and Electoral Assistance (IDEA) observed that in 2014, 38 low- and middle-income countries used biometrics to register voters, and the number continues to rise. Specifically, different kinds of biometric infrastructure have been used in Zambia, Nigeria, Uganda, Mongolia, Fiji, Bangladesh, Ghana, Mali, Kenya, Cameroon, Sierra Leone, Mozambique, Zambia, Malawi, Rwanda, Senegal, and Mauritania (IDEA 2017).

Effah and Debrah (2018) in a study of Ghana report that for BVRV to be effective in delivering credible elections, it should not depend solely on the technology but also on how registration centers are able to connect with the electronic national register. Similarly, Dorpenyo (2016) reported the challenges of BT in Ghana's 2012 elections with respect to technical communication, and Boateng and Akaba (2015) conducted a postmortem to identify BVRV's benefits and drawbacks. This entry contributes to existing knowledge by considering the implementation of BVRV in the 2012 and 2016 elections from the perspective of voters. A clear distinction exists between voter registration and verification regarding BT adoption in Ghana. Voter registration was phase one of the BVRV which began with identity checks, followed by the capture of biographical data, fingerprints, and photograph of each voter. Verification followed on Election Day when voters were verified before being allowed to vote.

## Election Technologies and Voter Turnout

Generally, voters turn out to vote when they know that their vote might decide the elections and also because of a feeling of civic responsibility. A study by Knack (1994) tested the assumption that unpleasant weather conditions (rain) on Election Day reduces turnout; however, the result

showed that rain does not significantly reduce the probability of voting. Farber (2009) sought to investigate whether making Election Day a national holiday increases voter turnout; the findings however revealed that an election holiday on its own does not necessarily increase voter turnout. Other studies on voter turnout consider the relationship between the closeness of elections and voter turnout (Shachar and Nalebuff 1999). However, the effect of election technologies on voter turnout is an area that has not received much attention in the literature. Mugica (2015) observes that in automated elections, voters from all age groups consistently report that it is easier to vote electronically than with pen and paper. In addition, touchscreens facilitate voter turnout for the people with disability and the illiterate who can simply touch the picture of their candidate's face or the color of their party with a finger.

## BVRV Technology and Voter Experience and Turnout

This section of the entry discusses the experiences of voters with the BVRV technology and whether it encouraged them to turnout to vote. An interaction with a section of the voters in Ghana revealed that the BVRV's introduction in the 2012 election encouraged them to vote because it was a new technology and they wanted to experience how it works. On the other hand, in 2016, the biometric technology did not serve as a motivator. People went to vote because they felt it was their civic responsibility to do so. Furthermore, some of the electorates pointed out that in 2012 when the biometric technology was initially introduced, challenges such as false acceptance that is allowing an unauthorized voter permission to vote, false rejection that is incorrectly rejecting an authorized voter, and then the failure to enroll or recognize voters due to machine error were encountered during voting (Magnet 2011), although the process was smooth and time spent was minimal. These experiences suggest that though biometric technology has not always performed optimally, it has been crucial in minimizing double voting, impersonation, fraud, and rigging in election management. It is important to highlight that it was not all voters that experienced difficulties; there were many of them that did not have problems at all, particularly the educated urban dwellers. Again, further interaction with a section of voters suggested that majority had confidence in the introduction of the biometric technology in the 2012 election and thought it will produce one of the most credible elections, but the end of that, election had to be debated in court, for the court to give a verdict before the dust settled. This supports the argument that no single biometrics is expected to meet the requirement of completely eliminating fraud and manipulation, cementing the argument that the occurrence of errors with biometric election technology is likely.

Some voters recount how in 2016 the biometric technology encouraged them to vote because a lot of education went on and people were better informed. This gave them a higher confidence in the elections that it will be free, fair, and transparent. The experiences and observations of the electorates clearly indicate that while some of them were encouraged to go and exercise their civic responsibility because of the introduction of the BVRV technology, and the assurance it gave them as ensuring a free, fair, and transparent elections, others, particularly the uneducated, felt disadvantaged and needed assistance. A high percentage of the Ghanaian population are found in the rural areas, and this is where most of the illiterate population also reside. With very little education by the EC in those areas, majority of the populace in those bracket (uneducated and rural) had difficulty exercising their civic responsibility of voting.

## Perceptions of Trust in the EC and Election Outcome

The issue of whether the introduction of the biometric election technology has affected voter trust in the EC and election outcomes needs to be assessed in terms of the general trend of trust in the EC from 2002 to 2014, based on Afrobarometer data (see Afrobarometer 2016). Two trust trends were identified. The first trend shows that from 2002, 41% of respondents had little or no trust in the EC, but this fell in 2005 to

21% with about 75% trusting the EC, which could be attributed to the innovations introduced such as embossing the photographs of voters against their biographical details in the main register in the 2004 elections. In 2014, however, the results show this figure reduced to about 40%, due to the inefficiencies in conducting the 2012 elections. A section of Ghanaian voters revealed that even with the introduction of the BVRV, there were incidents of electoral fraud, making some voters infer that the EC was being politically influenced. Other voters in Ghana also argued that the excessive delay by the EC in the final declaration of the results (referring to election 2016) even after all the media houses had collated about 95% of the results from the 275 constituencies made them suspicious about the independence of the election management body. Electorates read various meanings into this conduct of the EC; however, the mere delay of declaration of election results does not give enough grounds to conclude about the EC's lack of independence. A lot more robust evidence needs to be unearthed to arrive at such conclusions.

Again, a general observation of the 2016 presidential and parliamentary elections in Ghana indicated that many of the electorates agree to have some trust in the EC. This is because major stakeholders agreed on the outcome of the elections, with both domestic and international election observers describing it as free and fair – unlike the contested election results in 2012. In addition, some voters clearly pointed out that they have trust in the EC to conduct credible elections because political parties' representatives and the media are given the opportunity to enter the EC's strong room (where the elections are collated) to monitor the results of the elections. Finally, although many Ghanaians as a result of the introduction of the BVRV have their trust increased in the EC and election outcome, it is important to suggest that there is still greater room for improvement.

## Conclusion

This entry examined the experiences of voters with election technologies such as the biometric system for voter registration and verification (BVRV), as well as whether such technology affected both turnout and trust in Ghana's 2012 and 2016 elections. The discussion so far has shown that the introduction of BVRV influenced the turnout for both the educated and the uneducated. While most of the former were eager to experience this novel approach, the same could not be said of the latter. Additionally, there was no appreciable change in the perception in the trust for the operations of the EC. Finally, the entry again reveals that the new technology did not take into consideration population diversity, assuming that citizens have the same capability, resulting in the marginalization and neglect of a large section of the populace.

The issues highlighted in the entry leads to some recommendations for policy makers, researchers, and students of elections. First, there is the need for educational campaigns on the new technology to improve adoption and trust in the EC. Second, population diversity has to be taken into consideration in the implementation of the new technology to enhance voting behavior. Finally, the EC and other stakeholders need to encourage wider consultations and broader community participation when new technologies are introduced for effective election management. The diverse population, inequalities, and different capabilities should be factored into implementing new and existing election technologies in order for the electorate to take ownership of the election process.

## Cross-References

► Data-Driven Management

## References

Afrobarometer (2016) Trust and corruption in public institutions: Ghanaian opinions. Retrieved from www.afrobarometer.org. Accessed 11 Dec 2019

Akpan NE, Adagba SO (2018) Information technology: a contemporary tool to combat electoral fraud in Nigeria. Int J Soc Sci Humanit Rev 8(1):78–87

Boateng KA, Akaba M (2015) Computerizing the voting process: on the difficulties and benefits of biometric verification elections. Lect Notes Softw Eng 3(1): 67–72

Dorpenyo IK (2016) Unblackboxing technology through the rhetoric of technical communication: biometric technology and Ghana's 2012 elections. PhD dissertation. Michigan Technological University, Michigan
Effah J, Debrah E (2018) Biometric technology for voter identification: the experience in Ghana. Inf Soc 34(2): 104–113. https://doi.org/10.1080/01972243.2017.1414720
Farber SH (2009) Increasing voter turnout: is democracy day the answer?. CEPS working paper, 181, pp 1–19
IDEA (2017) Introducing biometric technology in elections. International Institute for Democracy and Electoral Assistance, Stockholm
Knack S (1994) Does rain help the Republicans? Theory and evidence on turnout and the vote. Public Choice 79:187–209
Magnet S (2011) When biometrics fail: gender, race, and the technology of identity. Duke University Press, Durham
Mugica A (2015) The case for election technology. European View 14:111–119
Shachar R, Nalebuff B (1999) Follow the leader: theory and evidence on political participation. American Economic Review 89:525–547

## Electoral Governance

Mahbubur Rahman
Department of Political Science and Sociology, North South University, Dhaka, Bangladesh

### Synonyms

Electoral integrity; Electoral management bodies (EMB); Electoral process

### Definition

Electoral governance refers to the set of institutions and activities that determine and regulate the rules, management, and adjudication of electoral processes.

### Introduction

Elections are common phenomena in many countries, but electoral governance is not so widely understood. The meaning of electoral governance is often equated with electoral administration (Torres and Diaz 2014). However, this process entails more than what is commonly known as election administration. The core functions of election administration, for example, are (a) determining who is eligible to vote, (b) receiving and validating the nominations of electoral participants (for elections, political parties and/or candidates), (c) conducting polling, (d) counting the votes cast so that the election result reflects the will of the voters, (e) tabulating the votes in accordance with the electoral system so that the winners can be identified, and (f) running a credible organization so that the legitimacy of the election is not compromised by the actions of those conducting the election (Catt et al. 2014). Electoral governance, on the other hand, refers to a wider set of activities that creates and maintains the broad institutional framework in which voting and electoral competition take place (Mozaffar and Schedler 2002). It involves election law, election procedures, district boundaries, voter registration, registration process for political parties and candidates, media coverage, campaign finance, procedures in the election day, procedures after closure of polls, announcement of results, and performance of election officials (Tarouco 2014). All these aspects are handled by the institutions of electoral governance, what Mozaffar and Schedler call *rule making*, *rule application*, *and rule adjudication* (Mozaffar and Schedler 2002; Hartlyn et al. 2008).

Research on electoral governance is recent. The subject first gained importance during the *Third Wave* of democracy (Huntington 1993) when there was a growing concern about the credibility of the electoral results of new democracies. The pioneers of this subject rightly pointed out that electoral governance – construed as a set of rules and institutions that frame the electoral contest – shouldn't be overlooked as a variable in studies of democratic transition and consolidation (Elklit and Reynolds 2000; Mozaffar and Schedler 2002). For only high-quality elections can lead to democratization (Bogaards 2013).

The purpose of this chapter is to provide a concise overview of the role that electoral

governance plays to ensure quality elections. It begins with a discussion of theoretical perspectives that inform our understanding of electoral governance as a complex process that involves a wide range of actors, norms, and authorities. It then turns to an overview of the cycle that encompasses the whole gamut of electoral process. Finally, it concludes with an exposition of how electoral governance affects the quality of election.

## Theoretical Perspectives

The concept of electoral governance has been usefully defined by Hartlyn et al. (2008) as "the interaction of constitutional, legal, and institutional rules and organizational practices that determine the basic rules for election procedures and electoral competition; organize campaigns, voter registration, and election-day tallies; and resolve disputes and certify results" (Hartlyn et al. 2008).

Sarah Birch (2011) has suggested that good electoral governance is necessary (if not sufficient) conditions for free, fair, and meaningful elections for three reasons: First, electoral administrative bodies have enabling function, as they establish the practical framework in which a credible election can take place. Second, they have a supervisory function, in that they monitor the activities of other actors in the electoral process and identify malpractice. Third, they have an education and communication function through which they inform the citizenry as to how the electoral system in the state operates and seeks to build confidence in the conduct of elections. Where any of these functions is comprised by partisan's manipulation, she says, "the quality of electoral administration plummets" (Sarah Birch 2011).

Indicating the daunting nature of electoral governance, Pippa Norris (2015) has pointed out that "electoral governance involves a complex set of constitutional provisions, legal statutes, and administrative procedures established to regulate many specific dimensions of competition throughout the electoral cycle, including the demarcation of constituency boundaries; the rules governing political finance and party funding; the legal status, funding, and registration of candidates and political parties; the regulation of the news media, political advertising, and campaign broadcasts; the provision of gender quotas and special arrangements for minority representation; and the process of dealing with election complaints and dispute adjudication" (Norris 2015).

A comprehensive electoral legal framework is indeed critical as a foundation on which electoral management bodies (EMBs) are established and determines the scope and nature of the work of such entities. The framework has multiple functions: it authorizes an EMB to administer elections in accordance with detailed guidelines. It is essential that this framework is structured so as "to be unambiguous, understandable and transparent, and should address all components of an electoral system necessary to ensure democratic elections" (International IDEA 2002). It should also ensure a level playing field for political parties and candidates, as well as transparency and accountability throughout the electoral process.

It is important to mention that *constitutional or legal arrangements*, which provide the broadest context for electoral integrity, do not alone determine the character of electoral governance. For "electoral governance is also shaped by the role of the core administrative agencies exercising authority directly over the implementation of electoral laws and procedures, commonly known today as *electoral management bodies* (EMB), as well as a wide range of administrative agencies responsible for regulating specific dimensions, such as boundary delimitation, political finance, and campaign communications, all of which are embedded within the broader constitutional arrangements" (Norris 2015). One of the key questions arising from this distinction, according to Norris, is whether EMBs can be designed to be effective in strengthening the quality of elections, even in autocracies that have unfavorable constitutional conditions (Norris 2015).

According to Mozaffar and Schedler (2002), electoral Governance operates at three levels: (a) rule making, (b) rule application, and (c) rule adjudication. Rule making involves designing the

basic rules of the game; rule application involves implementing these rules to organize the electoral game, and rule adjudication involves resolving disputes arising within the game" (Mozaffar and Schedler 2002).

While detailing the three levels of electoral governance, Mozaffar and Schedler (2002) have noted that at the level of *rule making*, "electoral governance involves the design of institutions that define the basic framework of democratic elections. Rules of electoral competition and rules of electoral organization configure this framework." At the level of *rule implementation*, "electoral governance coordinates the tasks of diverse personnel and organizes the execution of a complex array of interdependent activities to establish the stable institutional basis for voting and electoral competition." And at the level of *rule adjudication*, electoral governance involves mediation and settlement of disputes arising out of the process and the results of voting and electoral competition. Settling disputes over election results is a vital function of electoral governance. Rule adjudication prominently involves the authoritative resolution of disputes that arise from ambiguities in complex election rules and operational problems in their implementation (Mozaffar and Schedler 2002) (For details, see Table 1).

It's worth noting that in established democracies, electoral administration is not usually seen in dispute (though exceptions are there, as it happened with Florida vote count dispute in the USA in 2000), but governments in fledgling democracies more often attempt to manipulate elections through various means including the designs of electoral management bodies (EMB). Pastor (1999) proposes five ways to classify electoral bodies: (a) an electoral office with government supervision, (b) an electoral office supervised by a judicial body, (c) an electoral office accountable to parliament, (d) a multiparty electoral office, and (e) an independent electoral office. For safeguarding internal governance, countries in democratic transition therefore prefer independent bodies to oversee proper electoral conduct. These bodies are responsible for ensuring the integrity of the electoral process during three major stages: pre-election period, election days, and post-election period.

**Electoral Governance, Table 1** The three levels of electoral governance

| Levels | Elements |
|---|---|
| 1. *Rule making* | |
| Choosing and defining the basic rules of the electoral game | - Formula |
| | - District magnitude |
| (a) Rules of electoral competition | - District boundaries |
| | - Assembly size |
| | - Electoral timetable |
| | - Franchise |
| (b) Rules of electoral governance | - Voter registration |
| | - Party and candidate registration |
| | - Campaign financing and regulation |
| | - Election observation |
| | - Ballot design |
| | - Polling stations |
| | - Voting, counting, and tabulating |
| | - Election management bodies |
| | - Dispute settlement authorities |
| 2. *Rule application* | - Registration of voters, candidates, parties |
| Organizing the electoral game | - Registration of election observers |
| | - Voter education |
| | - Electoral organization |
| | - Voting, counting, and reporting |
| 3. *Rule adjudication* | - Admission of complaints |
| Certifying election results and resolving disputes | - Processing of cases |
| | - Publication and implementation of rulings |

Source: Mozaffar and Schedler (2002)

## Aspects of Electoral Cycle

Pippa Norris (2015) has pointed out that the idea of an "electoral cycle" has become the "gold standard" for the international community seeking to strengthen the capacity of election management

bodies and to invest in long-term sustainable development (Norris 2015). Indeed, the breakdown of an election into its constituent parts has proved useful not only for election administrators who must match human, financial, and logistical resources to each part of an election but also to election observers who can develop checklists to evaluate the conduct of each element. Although some categorizations may vary, a list of key areas to be taken into consideration in this evaluation could include:

- Legal framework for elections
- The electoral system and boundary delimitation
- Election management
- The media
- Parties, candidates, and campaigns
- Political finance
- Gender equality
- Equality of minorities, persons with disabilities, and marginalized groups
- Voter education
- Voter registration
- Voting procedures
- Vote counting and aggregation of results
- Electoral dispute resolution

To operationalize the core notion, the electoral cycle is deconstructed into a series of 11 sequential steps by Pippa Norris (2015) (see Fig. 1). This approach acknowledges that flaws can arise at any stage of the process.



## Electoral Governance and the Quality of Elections

Elections may occur with greater or lesser degree of fairness and transparency. In recent times, there has been considerable attention by scholars and practitioners to the question of how electoral governance affects the quality of elections, especially as defined in terms of confidence in the electoral process and outcomes (Elklit 1999; Elklit and Reynolds 2002; Mozaffar 2002; Mozaffar and Schedler 2002). Election quality has been described as "the extent to which

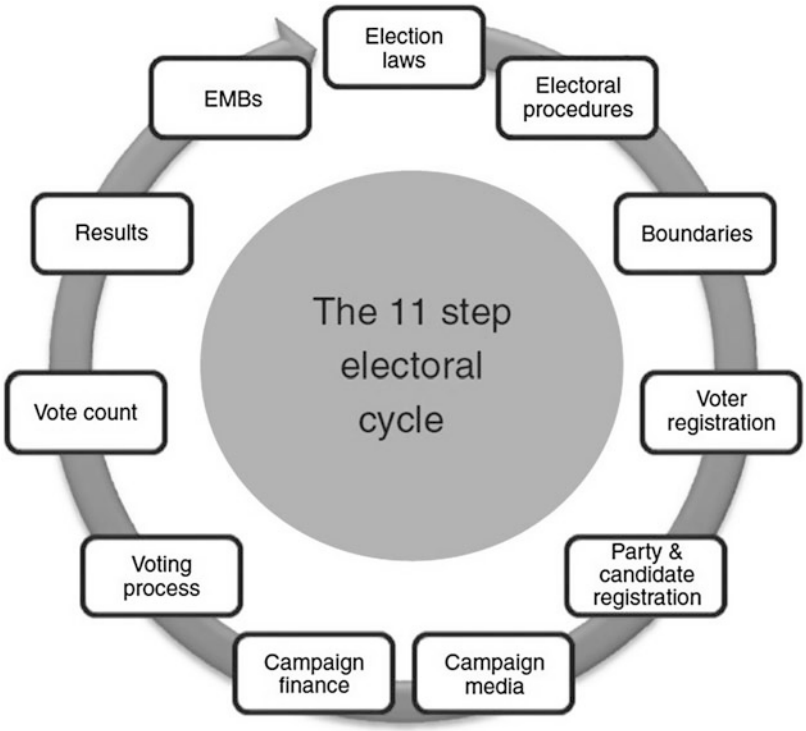


**Electoral Governance, Fig. 1** Steps in the electoral cycle. (Source: Norris 2015)

political actors see the entire political process as legitimate and binding" (Elklit and Reynolds 2002). It is often used interchangeably with electoral integrity.

There are several factors that impact on the quality and integrity of elections. Those are the (a) legal framework, (b) electoral system, (c) technical efficiency of electoral management authority, (d) relative autonomy of the electoral agency from interference by other organs of the government and the ruling party, and (e) degree to which electoral processes, decisions, participation, and outcomes are insulated from manipulation, corruption, and violence (Alemika 2007). Sakuntala Kadirgamar-Rajasingham (2005) has pointed out that "to determine that a given election is free and fair, calls for scrutinizing not just the laws that provide for elections and the election event, but the run-up to the elections as well. The scrutiny of a process inevitably calls for more than a documentation of the chronology of events leading up to the elections – it calls for a scrutiny of the actions – the behavior of all actors involved in the electoral process and a review of the outcomes" (Kadirgamar-Rajasingham 2005). She also notes that "the scrutiny of the legal framework governing elections should address whether the provisions they make for registration, pre and post election activities, complaint procedures, voter information and education, election preparation are fair, open and transparent. The scrutiny of the legal framework governing elections must also look at the provisions it makes for the election itself - i.e. the ability to campaign freely, the polling procedures and arrangements, the vote count and the settlement of disputes as these are all a part of the electoral process" (Sakuntala Kadirgamar-Rajasingham 2005).

Sakuntala Kadirgamar-Rajasingham further maintains that the government of the day – the political parties, armed forces, police, election adjudicating bodies, civil society, and organized and unorganized groups – must accept and support the process and not undermine it through violence, intimidation, or any other unlawful means. There is no denying that elections can be undermined by state actors as well as by non-state actors, and therefore we need to take all of them under considerations while trying to ensure free and fair elections.

It is worth mentioning that for a credible election, it is mandatory to create an autonomous, professional, and competent election management body. An independent election management body has numerous responsibilities including determining voter eligibility and registering eligible voters, polling, tabulating votes, regulating campaigns, educating voters, and resolving electoral disputes. A legitimate and credible election management body is especially important in countries with a recent history of social division and political violence (IDEA 2012).

As the demand for credible elections increases, scholars are focusing more on autonomous or independent election commissions (Pastor 1999; Elklit 1999: Elklit and Reynolds 2002; Gazibo 2006; Hartlyn et al. 2008; Birch 2008; López-Pintor 2000; Makulilo 2011). Elklit and Reynolds (2002) have argued that legal independence of electoral management bodies (EMB) does not always translate into substantive independence and that the challenge in designing electoral governance is to find a means of guaranteeing that those in charge of administering elections are in fact independent-minded and are sheltered from inappropriate pressures and inducements. From this perspective, it can be said that minimum two factors are extremely important for ensuring effective electoral governance. First, incumbent has to demonstrate all along their commitment to the principle of noninterference in the electoral process. Second, the officials associated with electoral management bodies should be independent-minded, professionally competent, and committed to the fundamental guiding principles of a neutral administration (Rahman 2017).

As for determining the quality of elections, the scholars are still debating on issues related to the "quality of election" and how to "measure" this quality. According to Omotola (2009), three issues that are central to determining the democratic quality of elections are competition, participation, and legitimacy. These indicators are further operationalized to clarify relevant measures that go into identifying free, fair, competitive, and credible elections (Lijphart 1997;

Lindberg 2004). The types of problems that can compromise the quality of election include manipulation of rules, discretion in voter registration, repression and intimidation of competitors, the biased distribution of resources, the exclusion of groups of citizens, fraud in the vote count, and even operational mistakes due to inefficiency or negligence (Tarouco 2016).

Pippa Norris therefore suggests that "electoral assistance and monitoring should not be focused purely upon election day, or even on the short-term period of the official campaign. Instead, each election should be understood as a cyclical process involving a long series of sequential steps" (Norris 2015).

Elklit and Reynolds (2005) have proposed a very comprehensive model to the measurement of election quality. Their measurement model includes legal framework, electoral management, constituency demarcation, voter education, voter registration, access to and design of ballot paper, party registration and candidate nomination, campaign regulation, polling, counting and tabulation of votes, resolving election-related complaints, verification and certification of final results, and post-election dispute resolution procedures. It is implied that the integrity or quality of election can be affected by decisions at each of these phases in the electoral process.

Gary Bland, Andrew Green, and Toby Moore have suggested another model, namely, "Election Administration Systems Index" (EASI) which, they claim, is a practical, transparent, and sustainable tool for measuring the quality of elections in the developing world (Bland et al. 2013). The proponents of EASI point out that "for any electoral system to be effective, three facets – (1) open participation, (2) fair competition, and (3) adherence to process – have to be maintained not only on voting day, but also in the pre-election and post-election environments" (RTI International 2011). Accordingly, the index provides for the examination of elections across three periods of the electoral cycle: before, during, and after the vote. The pre-election period includes the registering of voters, for example. The act of voting includes election-day administration, among other aspects, while the post-election period includes considerations such as procedures for the resolution of election disputes" (Bland et al. 2013).

EASI, as its proponents explain, generates scores at three levels. The first are the nine sub-indices slotted into a three-by-three matrix, and these allow for assessments across dimensions and time. The second set of six scores is the average of the scores for each dimension and period of time. Third, EASI also produces a single country's score (for identifying electoral strengths and weaknesses which may also serve for comparative assessments) (Bland et al. 2013). EASI could be applied worldwide as effective tool for a nuanced evaluation of the electoral governance.

## Conclusions

There are six dimensions of electoral governance that can improve the trust in the fairness of electoral processes and thereby increase the quality of elections: *first*, independence from executive branch keeps the government away from the electoral management, reducing concerns about manipulation against opposition competitors; *second*, centralization of management of all electoral processes in only one institution keeps away the local bosses from the electoral management, reducing concerns about favoring local elites; *third*, bureaucratization brings professionalization to electoral institutions and gives transparency, certainty, and predictability to the electoral processes, allowing the development of expertise and impersonality; *fourth*, delegation of electoral management to nonpartisan actors keeps away the political parties from the electoral governance, reducing concerns of manipulations favoring major parties; *fifth*, specialization of different institutions in electoral management and electoral dispute resolution split powers and allows horizontal accountability; and *sixth*, regulation of electoral governance in the Constitution, beyond the ordinary laws, reduces discretion, avoiding ad hoc decisions (Tarouco 2016).

To conclude, electoral governance is a complex and gigantic exercise, which depends on a multiplicity of actors/stakeholders (such as

political parties, candidates, voters, election management bodies, law enforcement bodies, the media, adjudication bodies, etc.). Among them, the role of the election commission is certainly critical and substantial, since it influences the quality of elections significantly. Indeed, the conduct of election commission directly bears on the quality of the electoral process from the efficiency and accessibility of voter registration to the accuracy of the final vote tally. The neutral and efficient role of the election commission is therefore extremely critical. It is almost a consensus among the scholars and practitioners that an *independent* election commission is necessary for high-quality elections, which, by implications, builds trust and helps improve the chances for legitimacy, systemic stability, and democratization. For effective electoral governance, both the formation and functioning of the election commission have to be transparent and trustworthy, and all the key stakeholders have to remain responsible for their respective roles.

## References


Alemika E (2007) Quality of elections, satisfaction with democracy and political trust in Arica. Working paper no. 84

Birch S (2008) Electoral institutions and popular confidence in electoral processes: A cross-national analysis. Electoral Studies 27:305–320

Birch S (2011) Electoral Malpractice. Oxford University Press, Oxford

Bland G et al (2013) Measuring the quality of election administration. Democratization 20(2):358–377

Bogaards M (2013) Reexamining African elections. J Democr 24:151–160

Catt H et al (2014) Electoral management design. International Institute for Democracy and Electoral Assistance, Stockholm, Stockholm

Elklit J (1999) Electoral institutional change and democratization: you can lead a horse to water, but you can't make it drink. Democratization 6(4):28–51

Elklit J, Reynolds A (2000) The impact of election administration on the legitimacy of emerging democracies: a new research agenda. 96th annual meeting of the American Political Science Association (APSA), Washington, DC

Elklit J, Reynolds A (2002) The impact of election administration on the legitimacy of emerging democracies: a new comparative politics research agenda. Commonwealth Comparat Polit 40(2):86–119

Gazibo M (2006) The forging of institutional autonomy: a comparative study of electoral management commission in Africa. Can J Polit Sci 39:611–633

Hartlyn J, McCoy J, Mustillo T (2008) Electoral governance matters: explaining the quality of elections in contemporary Latin America. Comp Pol Stud 41(1):73–97

Huntington SP (1993) The third wave: democratization in the late twentieth century. University of Oklahoma Press, Norman

IDEA (2002) International electoral standards : Guidelines for reviewing the legal framework for elections

IDEA (2012) Deepening democracy: A strategy for improving the integrity of elections worldwide. Report of the Global Commission on elections, democracy and security, IDEA/The Kofi Annan Foundation

Kadirgamar-Rajasingham S (2005) Essentials of free and fair elections. Paper presented at the Regional Dialogue on Free, Fair and Credible Elections, Islamabad, Pakistan, Organized by PILDAT: 29–30 June 2005

Lijphart A (1997) Unequal participation: Democracy's unresolved dilemma. Am Polit Sci Rev 23(2):103–122

Lindberg S (2004) The democratic qualities of competitive elections: participation, competition and legitimacy in Africa. Commonwealth Comparat Polit 42(1):61–105

López-Pintor R (2000) Electoral management bodies as institutions of governance. Bureau for Development Policy, United Nations Development Programme

Makulilo AB (2011) The Zanzibar electoral commission and its feckless independence. J Third World Studies 28:263–283

Mozaffar S, Schedler A (2002) The comparative study of electoral governance. Int Polit Sci Rev 23(1):5–27

Mozaffar S (2002) Patterns of electoral governance in Africa's emerging democracies. Int Polit Sci Rev 23(1):85–101

Norris P (2015) Why elections fail. Cambridge University Press, New York

Omotola S (2009) Electoral administration and democratic consolidation in Africa: Ghana and Nigeria in comparative perspective. Paper presented at the 4th Global South Workshop, the Graduate Institute of International and Development Studies, Geneva, Switzerland, 18–23 October

Pastor R (1999) The role of electoral administration in democratic transitions: Implications for policy and research. Democratization 6(4):1–27

Rahman M (2017) Towards effective electoral governance in Bangladesh. In: Rahman M et al (eds) Democracy and governance: contemporary issues in Bangladesh. Public Policy & Governance Program, North South University, Dhaka

Tarouco G (2014) The role of political parties in electoral governance: delegation and the quality of elections in Latin America. SSRN electronic journal. September 2014. www.researchgate.net/publication/267028521

Tarouco GDS (2016) The role of political parties in electoral governance. Election Law J 15(1):83–95

Torres L, Diaz E (2014) Electoral governance: more than just electoral administration. Mexican Law Rev 8(1):33–46

# 1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy

Etsuhiro Nakamura
Faculty of Policy Studies, Aichi Gakuin University, Nisshin, Aichi, Japan

## Synonyms

Electoral reform; Factional politics; Party-centered election; Personal vote

## Definition

The causes and processes of Japan's 1994 electoral system reform and its consequences.

## Introduction

In Japan, four bills concerning electoral reform were passed in 1994, which finally changed the Japanese political landscape dramatically. In this section, the background of this reform, the process of the enactment of the laws, and the impact of the reform on governance and public policy will be discussed.

In the first part of the section, outline of the features of Japanese politics before the electoral reform is presented. Japan has adopted the single nontransferable vote multimember district (SNTV-MMD) system with moderate district magnitudes since 1925. SNTV-MMD, *Chusenkyoku* in Japanese, is the system where typically three to six seats were assigned to a district. Voters cast their vote by handwriting the name of one candidate. The candidates were ranked by the votes they got and elected if their ranks were within the number of seats assigned to the district. It is expounded upon why this system gives the Liberal Democratic Party (LDP) politicians the incentive to cultivate the personal vote and develop factions within the party.

In the second part, the process of the electoral reform is described. The triggering event was the Recruit money-for-influence scandal occurred in 1988. It is explained how this event finally resulted in electoral reform.

In the final part, the impact of the electoral reform on governance and public policies is described. The reform significantly strengthened the power of party leaders and the prime minister. In addition, public policy also changed to reflect the preference of urban voters because electoral reform partially resolved malapportionment. Simultaneously, reform of administrative institutions occurred such as decentralization and municipal mergers, which were the basis of the traditional distributive politics.

E

## Electoral Politics Under the SNTV-MMD

SNTV-MMD had been used for the elections for the Japanese House of Representatives since 1925 until 1993 except for just one election in 1946. The introduction of the SNTV-MMD was said to be the compromise among the national parties at 1925. Since then, SNTV-MMD has strongly affected the development of Japanese politics and postwar LDP dominance. Under this system, parties that intended to have the majority of seats need to endorse several candidates in a district. In addition, the vote was not transferable, which means candidates from the same party fought each other for votes. The vote share for assuring the win is much smaller than the first pass the post-single member district (SMD).

This electoral institution had several effects on the strategy of candidates and parties. In this chapter, two points will be explained: SNTV-MMD encouraged so-called personal vote backed up by *Koenkai* and decentralized structure of LDP which internally have several factions. (For the more detailed comparison of the Koenkai and decentralized Factional politics before and after the electoral reform, see Krauss and Pekkanen 2010.)

First, under the SNTV-MMD, the electoral value of the party endorsement was not so high because there are usually several LDP candidates

within the same districts. For the compensation for this weakness of the party label, candidates' personal support organization, *Koenkai*, has been developed. Activities of *Koenkai* were said to become first prominent in the late 1950s, just after a few years since LDP was formed in 1955 (Kitaoka 2008). LDP originally utilized personal networks in rural agricultural areas as a major campaign instrument. However, the ties among people got weaker as the area economically developed and urbanization progressed. Therefore, LDP candidates began to develop *Koenkai* in suburban of metropolitan areas during the high-growth period in the 1960s because LDP candidates tried to compensate now weakening local ties by making their own personal support groups. Another type of *Koenkai* was created by economic purposes, whose members were small business owners and board members of companies and basically had economic purposes, aiming to join the distributive projects. Using survey research, the Associations for Promoting Fair Elections estimated the rate of persons who are the member of *Koenkai* (The number includes the Koenkais of both national and local politicians.). As shown in Fig. 1, the rate especially rose up during the 1970s when LDP's popularity declined due to the oil shock and scandals.

*Koenkai* provided several services for its members. Firstly, it provided recreational activities such as bus tours for sight-seeing. This type of recreational activities bonded the ties among members and important activities even now. Secondly, candidates tried to respond petitions for private matters, such as the job hunting for members' family. Thirdly, the most important activities were the responses for petitions for local economic matters, such as the social infrastructure development, subsidies for local business and agriculture, and government approvals and licenses for local business activities.

Huge cost of maintaining *Koenkai* had been the source of money scandals. Under the SNTV-MMD era, it was said that maintaining one large *Koenkai* required a hundred million yen per year and senior legislators had several *Koenkai* (Ishikawa and Hirose 1989. For the overview of the history of money politics in Japan, see Carlson and Reed 2018). The money for maintaining them was legally and/or illegally provided by private companies in reward with the help for their business.

From a larger viewpoint, Ramseyer and Rosenbluth (1993) pointed out that this *Koenkai* strategy related to the coordination problem. In order to efficiently maximize the seat share under the SNTV, LDP should nominate an appropriate number of candidates and divide votes evenly to them. However, LDP could not have the party organization strong enough to tell its supporters which candidate they should vote for. Therefore, candidates had to divide their votes with a decentralized manner. One answer to this coordination problem was *Koenkai* and specialization on specific policy areas. LDP politicians usually have their own expertise such as agriculture and road construction. These policy areas are the territories of LDP legislators, and *Koenaki* were formed with the help of these sectoral associations of their expertise. By assuring their own territories, LDP

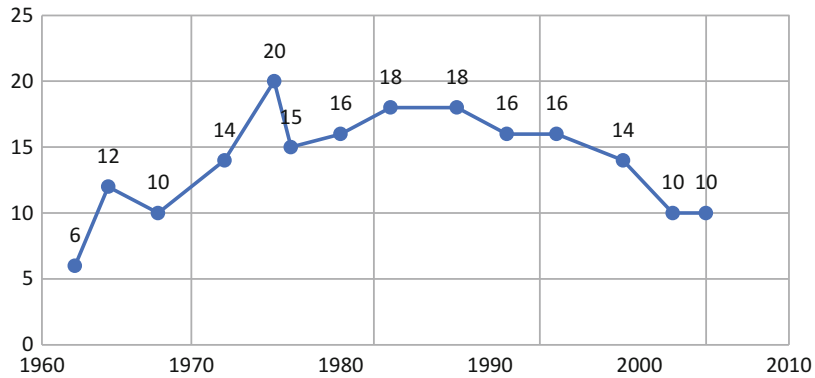


**1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy, Fig. 1** Estimated rate of Koenkai Members. (Source: General election survey by the Association for Promoting Fair Elections)

politicians secured a portion of votes, which helped the equalization of vote share among LPD candidates.

In addition to the distributive politics through *Koenkai*, another conspicuous effect of SNTV-MMD is the rise of factional politics and the decentralized power structure in the governing party. It is said that factional politics, which existed as early as the LDP formed, has been boosted under the SNTV-MMD and rapid economic development after war.

Factions in LDP were the group of legislators whose aim was to get the leader to be the prime minister. There are at least two reasons why most legislators participated in a faction. The first reason is electoral. Under the SNTV-MMD, the formal organization of LDP could not focus on a specific candidate to help her election. Thus, factions played an important role in electoral politics recruiting potential candidates, instructing them how to prepare elections and so on. Factions also provided financial supports for young candidates and campaign assistance such as the public speech of senior factional members. They also encouraged the LDP election headquarter to endorse the candidates and helped them even if they could not have the endorsement.

In addition to the help in elections, factions also assured the carrier of their members. Typical carrier path of LDP legislators during the SNTV era began with an ordinary member of a division of a policy research council in LDP. Then they experienced several important posts, such as a director of a division of a policy research council of LDP and a vice minister, and finally they became a minister after they got reelected fourth or five times. To follow the path, they needed supports by other legislators as well as the knowledge of their expertise. Factions assured the carrier by backing up the members, especially when a member of a faction was behind the promotion race.

The development of factional politics curbed the powers of prime ministers. Officially prime minister of Japan has full authority to appoint ministers. The authority was limited in fact, because prime ministers could not neglect the recommendation list from each faction. Therefore, ministers' loyalty and policy congruency to prime minister were also limited. Ministers are loyal to the head of their faction instead. In addition, bills should have been approved by the policy research council and the general council of LDP prior to the introduction to Diet. This custom was confirmed in as early as 1962 and still basically in effect since then. Therefore, it was sometimes referred as "strong party, weak government" phenomena. Although prime minister was powerful, the leaders of factions were so powerful as him that the LDP organizations were not amenable to them.

## Process of the Electoral System Change

In this section, I shortly describe the process of the electoral system change (see Ohtake 1997, Curtis 2000 for more detailed explanation). Electoral reforms in 1994 originated from the Recruit money-for-influence scandal that occurred in 1988. The scandal involved many LDP politicians, as well as some opposition party politicians. Ezoe, the chairman of Recruit Co., gifted the stock of the Recruit Cosmos, which was the affiliated company of Recruit, for increasing his influence on politicians. The scandal involved Prime Minister Noboru Takeshita, ex-prime minister Yasuhiro Nakasone, and other politicians who are/were at the center of power.

The Recruit scandal encouraged younger LDP politicians to recover the popularity of LDP by emphasizing the reform of the money politics. Especially these young politicians, including Yukio Hatoyama, considered the SNTV-MMD was the cause of the money politics, forcing them to engage distributive politics in their home districts. Thus, in 1999, the Political Reform Committee of LDP, *Gotoda committee* named after the committee chairman Gotoda Masaharu, proposed the reform of the electoral institution. The original idea was to introduce the SMD combined with the proportional representation. In Japan, severe restrictions of the campaign period and finance do not allow candidates to use extensive media campaign such as broadcasting huge amount of TV CF. Instead, candidates use

traditional "rally" as the major tool to campaign themselves. Therefore, the size of a district directly affects the amount of campaign funds. Thus, it is natural to introduce the single member district to set up lower-budget elections. However, the proposal of the idealists of such young politicians was not smoothly accepted in LDP. Although the electoral reform bills were proposed in the Diet, they were not enacted (see Table 1 for reference).

Ichiro Ozawa utilized the opportunity and set the agenda of the electoral reform too. Ozawa created a new faction and put forward the political reform after he failed to succeed to the largest faction in LDP. This strategy of Ozawa created conflict among LDP politicians, and Ozawa blamed some factions as anti-reformists.

Another key factor was the emergence of the Japan New Party. The Japan New Party was built by Hosokawa Morihiro, the former governor of Kumamoto prefecture, and did not have strong intention to reform electoral institutions originally. However, in order to keep the reformist image, they set the political reform as an important political goal. Politicians joined to the Japan New Party were not laymen in politics in fact, but they did not have strong district-level organizations. It was the advantage to reform electoral institution because the local district-level organization did not strongly resist to the redistriction.

**1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy, Table 1** Timeline to the 1994 Electoral Reform. (Source: Otake (1997) and Asahi Shinbun Newspaper)

| | | |
|---|---|---|
| 1988 | 27-Dec | LDP established the Political Reform Committee (Gotoda Committee) |
| 1989 | 23-May | LDP confirmed the Outline for Political Reform, which included the reform of the electoral institution |
| | 20-Jun | LDP established the Headquarter of Political Reform (Chairman Masayoshi Ito) |
| | 10-Aug | Kaifu administration started |
| 1990 | 18-Feb | 39th General Election |
| | 26-Apr | 8th Electoral System Council (advisory board to prime minister) reported to introduce a new electoral system. 300 SMD seats and 200 PR seats with 11 blocks |
| 1991 | 9-Jul | General Council of LDP confirmed the party-line vote for the three bills concerning the electoral system reform |
| | 7-Oct | Kaifu cabinet approved the three bills concerning the electoral system reform |
| | 5-Aug | Kaifu cabinet proposed the bills to Diet |
| | 30-Sep | The Special Committee on the Political Reform at the House of Representatives turned down the bills |
| | 4-Oct | Parties agreed to make a council on political reform of parties |
| | 5-Nov | Miyazawa administration started |
| 1992 | 22-May | Hosokawa build Japan New Party |
| | 26-Jul | 16th Election of House of Councilors |
| | 28-Oct | Ozawa built a new faction |
| 1993 | 2-Apr | LDP submitted bills that proposed SMD only system |
| | 8-Apr | Japan Socialist Party/ Clean Government Party submitted bills that proposed 200 SMD seats and 300 PR seats |
| | 28-May | The Special Committee on the Political Reform at the House of Representatives agreed to introduce a new electoral institution, which paid regard to LDP bills and JSP/CGP bills |
| | 16-Jun | Passage of the no confidence motion against Miyazawa Cabinet |
| | 21-Jun | Sakigake formed |
| | 18-Jul | 40th General Election |
| | 9-Aug | Hosokawa administration started |
| | 17-Sep | Hosokawa submitted bills that proposed 250 SMD seats and 250 PR seats |
| | 5-Oct | LDP submitted bills that proposed 300 SMD seats and 171 PR seats |
| 1994 | 28-Jan | Hosokawa and Kono, the president of LDP, agreed the compromise |

After Miyazawa cabinet failed to enact the political reform bills in 1993, Ozawa and his faction split the LDP and formed a new party, Japan Renewal Party, and approved no-confidence motion against Miyazawa cabinet. As the result of the 1993 election, neither LDP nor opposition parties had the majority of the House of Representatives. *Sakigake*, which was formed by the younger idealists of ex-LDP legislators and the Japan New Party, thus had the casting vote for making a new cabinet. In order to keep the reformist image, they cooperated with other opposition parties and build Hosokawa cabinet. The logic of the cooperation was the reform of money politics, blaming LDP was reluctant to reform its money politics. Although Prime Minister Hosokawa said he would resign the job if the political reform laws were not passed in 1993, difficult negotiation among parties continued, and the laws were finally passed in March 1994.

As for the electoral system reform, the basic framework for the reform was the same as the Gotoda committee has submitted to LDP and been rejected under the Kaifu government. The proposed electoral system was the mixed electoral system of SMD and party-list proportional representatives (PR). It is also called parallel voting system because voters have two ballots for two separate elections, SMD and PR, held simultaneously. Reformists did not intend to introduce PR only system. Party-centered politics, which was the original goal of the reformists, should have been attained if the closed list PR was introduced. However, the system was not popular when the House of Councilors used it (1983–1998) because candidates did not work seriously for parties during the campaign periods.

The ratio of the SMD and PR was the most difficult point to agree with because it affects the big impact on the seat share of elections. Therefore, LDP insisted that the ratio of PR should be small and the PR district should be 47 prefectures. On the other hands, small parties tried to enlarge the ratio of PR seats and insisted PR district be an entire country. After the difficult negotiation, the PR system with 11 geographically divided blocks was introduced.

Finally, in 1994, the discussion was ended with the compromise that 300 SMD seats and 200 PR seats with 11 PR districts. Redistricting could be the cause of great conflicts but was not determined then, and the law requested to make a special committee for the redistriction later. As of Dec 2017, the total number of seats is 465 as the results of several reforms of the law. The geographical distribution of 11 blocks and the number of seats for each block and prefecture as of Dec 2017 are depicted in Fig. 2.

On the other hand, reforms on political funds did not cause a serious conflict among major parties. According to the new law, political funds from private companies, labor unions, and other groups were more strictly restricted while public funds was newly introduced. The Japan Communist Party was at that time rich in funds and only one party which strongly resisted the introduction of public funds. The law said 250 yen per citizen, about total 3.2 billion yen, was distributed to parties according to their seat share in the Diet and vote share in national elections. Originally, the amount of the public funds was limited up to two thirds of the revenue of the previous year. This limitation was severe so that it was abolished next year.

## Effects of Electoral Institutional Reform

Because of the electoral institutional reform, Japanese election became more party-centered and policy-oriented. However, it was not clear during the 1990s and early 2000s. From the current perspective, voter-party relationship at that time was extremely unstable. After 1993, parties merged and dispatched frequently. The percentage of independents among voters tremendously rose as shown in Fig. 3.

However, election in Japan got increasingly party-centered since then. Figure 4 shows the ratio of voters who weight the party more than the candidate. As shown in the figure, the ratio increased especially in the 2000s. Contrary, the ratio of voters who weight the candidate more has been decreasing. (For more systematic analysis of party-centered election, see Maeda 2008.)

Adopting the concept of manifesto was one reason for the party-centered election too. After

**1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy,**

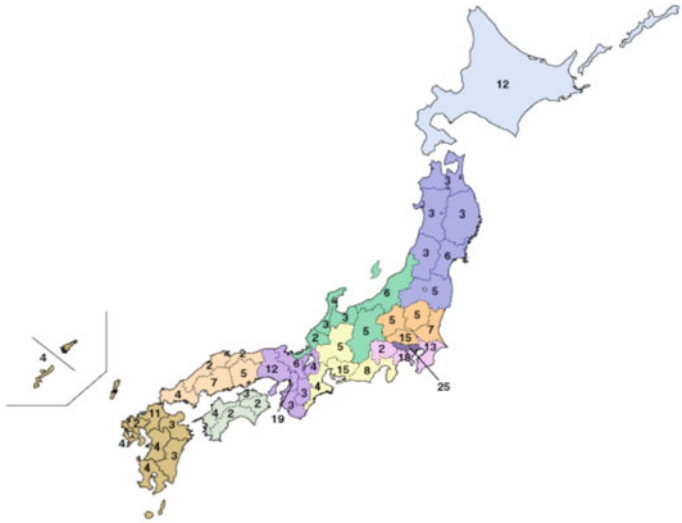

**Fig. 2** Geographical distribution of the seats as of Dec 2017. (The figure is adopted from the website of the Ministry of Internal Affairs and Communications. http://www.soumu.go.jp/senkyo/senkyo_s/naruhodo/naruhodo03.html)

| Color | Name of Block | Prefectures | Number of Seats |
|---|---|---|---|
| | Hokkaido | Hokkaido | 8 |
| | Tohoku | Aomori,Iwate,Miyagi,Akita, Yamagata,Fukushima | 13 |
| | Kitakanto | Ibaragi,Tochigi,Gunma,Saitama | 19 |
| | Minamikanto | Chiba,Kanagawa,Yamanashi | 22 |
| | Tokyo | Tokyo | 17 |
| | Hokushinetsu | Niigata,Toyama,Ishikawa,Fukui, Nagano | 11 |
| | Tokai | Gifu,Shizuoka,Aichi,Mie | 21 |
| | Kinki | Shiga,Kyoto,Osaka,Hyogo,Nara, Wakayama | 28 |
| | Chugoku | Tottori,Shimane,Okayama,Hir oshima,Yamaguchi | 11 |
| | Shikoku | Tokushima,Kagawa,Ehime,Kochi | 6 |
| | Kyushu | Fukuoka,Saga,Nagasaki,Kuma moto,Ohita,Miyazaki,Kagoshima, Okinawa | 20 |

the electoral reform, political movement occurred that insisted manifesto should be introduced emulating the United Kingdom. However, under the Public Office Election Law at that time, manifesto could not be distributed in the form of brochures. In 2003, the law was revised to allow candidates to distribute brochures, and the DPJ started the campaign that the voters should choose the party by comparing manifestos. Other parties followed the move of DPJ.

It is also notable that the electoral influence of *Koenkai* got weaker. As shown in Fig. 1, the estimated rate of membership gradually dropped after the 1990s. Partly the reason was economical: because of the longtime depression after the babble economy and companies saved membership fee. In addition, the national government reduced the amount of public works, which reduced the attractiveness of joining a *Koenkai* too. From the candidate viewpoint, it is also true that the role of *Koenkai* was less important in determining the electoral outcome than that under the SNTV-MMD era. The number of newly elected legislators was 77 in 2009 and 93 in 2012, which were

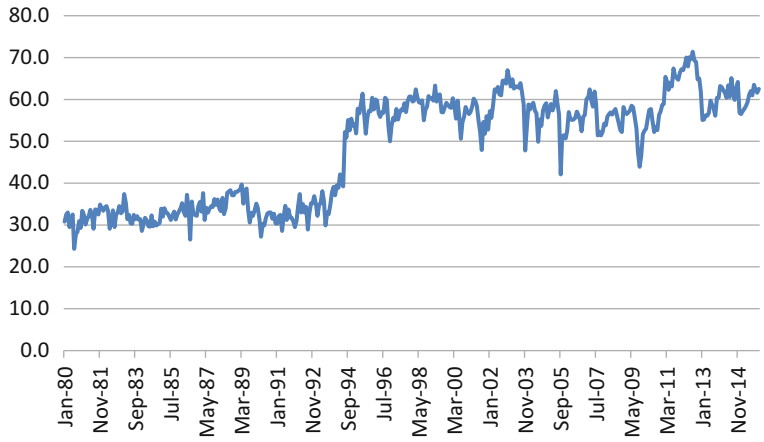


**1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy, Fig. 3** Ratio of independent voters. (Source: Monthly Opinion Poll by Jiji Press)

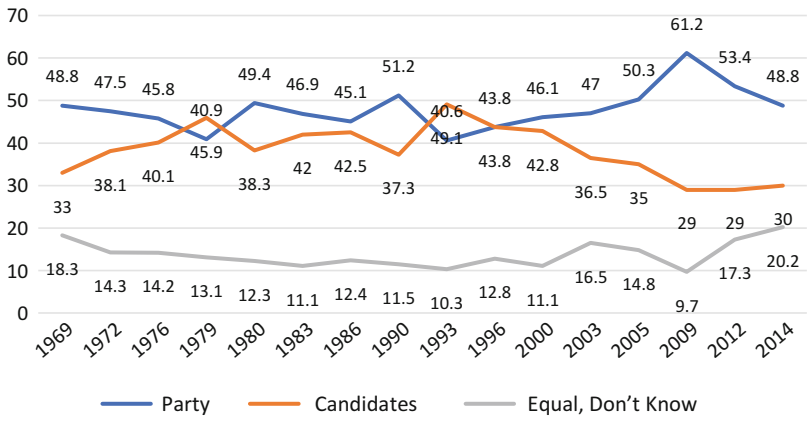


**1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy, Fig. 4** Which weight more, Party or Candidate? (Source: General Election Survey by the Association for Promoting Fair Elections)

much larger number than before. In both elections, the main theme of the elections was whether voters would approve the current governing party or not. In such elections, candidates who only have weak local personal organizations can collect floating votes by the name of their party. Although still candidates need *Koenkai* for their campaign purpose because the formal organization of LDP (and some other opposition parties) is weak, the era of *Koenkai-based* personal vote has ended, and the presidentialization of electoral politics started.

The premise of manifesto election is the centralization within LDP and government. In Japan, traditionally the leadership of prime minister had been limited. Instead, public policies were strongly influenced by the LDP expert legislators, *Zoku* giin in Japanese. *Zoku* giin, meaning the tribe legislator in Japanese, has deep knowledge and influence in particular policy areas. For example, the post and telecommunication tribe is the group of LDP legislators who experienced several important positions concerning the post and telecommunication policies in government and LDP. However, during the administrative reform occurred in the late 1990s, several reforms on administrative structure have been made to strengthen the prime minister's policy leadership. For example, staff organizations as well as the number of staffs directly reported to prime minister were strengthened. These reforms allowed prime minister to deprive the policy leadership from the LDP expert legislators.

Koizumi government utilized these new administrative structures. Prime minister Koizumi used the Council on Economic and Fiscal Policy, newly established staff organization for determining the fundamental policies for government, and set the fiscal framework first. Koizumi also neglected factions' recommendation lists for

ministers and virtually abolished the custom so that newly appointed ministers and other cabinet members were loyal to him. Using these strategies, Koizumi could decrease the distributive projects and advanced the reform of the fiscal decentralization and privatization of post office (see Kamikawa 2010 and Maclachlan 2012 for the leadership of Koizumi and privatization of post office).

The 2005 House of Representatives election revealed the power of the president of the LDP under the new electoral system. Koizumi proposed the privatization of post office. However, some LDP legislators strongly opposed the proposition because postmasters of small commissioned post offices had long supported LDP. The General Council of LDP, which has the authority to decide party-line votes for a bill, adopts the unanimous rule. Because some legislators strongly opposed to the bill, the General Council exceptionally made the decision by a majority for the privatization. In the Diet, the bill was rejected because 37 LDP legislators voted against the bill in the House of Representatives and 22 legislators did it in the House of Councilors. Although the 37 legislators included ex-ministers and leaders of factions, Koizumi called the election and did not endorse them. Moreover, he sends new and potent candidates against them. As the result, LDP gained a big victory in 2005 election, and almost half of revelers were not reelected.

This political event revealed two facts. First, the president of LDP did have a strong policy leadership now and it was difficult to resist it even if revelers contributed to the LDP a lot until then. Under the SNTV-MMD, they could run an election as independents, and their factions could help them during/after the election. However, now factions could not help the revelers. Second, voters really understood the fact that, under the SMD, the landslide victory occurred, and they could use the election to choose the next prime minister. Thus, in 2009 and 2012 elections, they strongly punished the governing party in turn.

The electoral institutional reforms encouraged the centralization of power to LDP president. With the administrative reforms occurred in the early 2000s, now prime minister does have a stronger power and policy leadership. Still, the policy council of LDP has strong influence on each policy area, and the LDP decision-making is basically a bottom-up style. However, Koizumi government showed that top-down decision-making was possible if a prime minister was willing to do so. In addition, the result of the election changed power structure of LDP itself. Koizumi did not have a strong factional support and thus had difficulties to penetrate his leadership in the first half of his government. However, after the election in 2005, his power became strongest, and nobody could challenge him (Kamikawa 2010). Now LDP legislators understood the power of the president of LDP although still only Koizumi and Abe showed strong policy leadership (Krauss and Pekkanen 2015).

Traditional distributive policy of LDP changed too. First, because electoral reform partially resolved malapportionment, LDP got more sensitive to the preference of urban voters. During the 1990s, the LDP government provided large amounts of public works in order to recover the depression after the bubble economy. However, it was very unpopular especially among urban voters. Therefore, from the 2000s, the amounts of public works have quickly reduced under the Koizumi government. Currently, even LDP cannot neglect urban voters, where the popularity and votes of LDP are especially volatile.

Institutions that traditionally supported LDP's clientelistic politics have been changed too. For example, the number of local politicians is dramatically reduced due to the municipal mergers. Once, local politicians were considered an important campaign resource for LDP. However, it was so costly maintaining large number of municipalities and politicians that the national government encouraged municipal mergers and the number of municipalities reduced to about half. Decentralization has also been progressing. Traditionally, the important role of LDP legislator was to bring the pork projects into their home district utilizing the large fiscal transfer (Scheiner 2005). However, decentralization weakened the local-central fiscal ties and reduced the clientelistic relationship. These phenomena occurred, from a larger perspective, because the SNTV-MMD was abolished and incentive structure has changed.

## Conclusion

In this chapter, the 1994 Electoral Reform in Japan is explained, focusing on the background, its process, and electoral, administrative, and policy impacts. The 1994 electoral reform had big effects on Japanese politics. However, still party system is volatile. In addition, although 20 years have already passed since the mixed electoral system was introduced, still electoral reform is ongoing. Especially, in this chapter, the disparity of values of votes between constituencies is not mentioned, which is a cause of ongoing electoral system reforms. These problems should be targets of future scholarly research.

## Cross-References


- ▶ Comparative Political Elites
- ▶ Diet and the Legislative Process, Japan
- ▶ Electoral Systems in Japan: How the National and Local Governments Are Elected
- ▶ Political Leadership
- ▶ Politico-Administrative Relationships in Japanese Context
- ▶ Politics and Administration


## References


Carlson MM, Reed SR (2018) Political corruption and scandals in Japan. Cornel University Press, Ithaca

Curtis GL (2000) The logic of Japanese politics: leaders, institutions, and the limits of change. Columbia University Press, New York

Ishikawa M, Hirose S (1989) Jimintou Choki Shihai no Kouzou (The structure of the LDP long-term dominance). Iwanamishoten, Tokyo (in Japanese)

Kamikawa R (2010) Koizumi Kaikaku no Seiji Gaku (Politics of Koizumi reform). Yuhikaku, Tokyo (in Japanese)

Kitaoka S (2008) Jimintou Seiken Seitou no 38 Nen (38 years of LDP government). Chuoukouronshinsha, Tokyo (in Japanese)

Krauss ES, Pekkanen RJ (2010) The rise and fall of Japan's LDP: political party organizations as historical institutions. Cornell University Press, Ithaca

Krauss ES, Pekkanen R (2015) The partial Presidentialization of parties in Japan. In: Krauss PG (ed) The presidentialization of political parties: organizations, institutions and leaders. Springer, Basingstoke

Maclachlan PL (2012) The people's post office: the history and politics of the Japanese postal system, 1871–2010. Harvard University Asia Center, Harvard University Press, Cambridge

Maeda K (2008) Has the electoral system reform made Japanese elections party-centered? In: Reed SR, Shimizu K, Mcelwain K-M (eds) Political change in Japan: electoral behavior, party realignment, and the Koizumi reforms. The Walter H. Shorenstein Asia-Pacific Research Center, Stanford

Ohtake H (ed) (1997) Seikai Saihen no Kenkyu (a study of realignment of Japanese political parties). Yuhikaku, Tokyo (in Japanese)

Ramseyer JM, Rosenbluth FMC (1993) Japan's political marketplace. Harvard University Press, Cambridge

Scheiner E (2005) Democracy without competition in Japan: opposition failure in a one-party dominant state. Cambridge University Press, Cambridge


E

# Electoral Systems in Japan: How the National and Local Governments Are Elected


Yuriko Takahashi
Waseda University, Tokyo, Japan


## Synonyms

Elections; Electoral rules; Political parties

## Definitions

| | |
|---|---|
| Single-member district (SMD) | This refers to an electoral system with which in each district, only one candidate, who obtains the largest number of vote, is elected to gain a seat. |
| Proportional representation (PR) | This refers to an electoral system with which the number of legislative seats allocated for political parties are determined in proportion to the total number of votes gained by those parties. |
| Singe-non-transferable vote (SNTV) | This is an electoral system which is used in multimember districts. Voter casts a vote for candidates, and those who win a larger number of votes win the seats. |

## Introduction: The "Hybrid" Electoral Systems

The Japanese political institutions are characterized as being "hybrid" (Kono 2012). The electoral systems are not an exception. They create a unique structure of governments across the national and local levels: the national and local elections are conducted under different electoral rules, which juxtapose the national-level parliamentarism with the local-level presidentialism. For the national government, the House of Representatives (the lower house of parliament) is elected by the electoral system combining single-member district (SMD) plurality system and proportional representation (PR), whereas the House of Councilors (the upper house of parliament) is elected by the electoral system combining a single non-transferable vote (SNTV) and proportional representation, the half of which are elected every 3 years. Prime minister as a chief executive is elected from a majority party or a coalition of parties comprising a majority status at the lower chamber.

On the other hand, different combination of electoral rules is adopted to elect local governments. Prefectural governors and mayors are elected by plurality rule, under which voters directly elect their local chief executives. Local legislators are elected by plurality rule based on different-sized districts. In other words, chief executives and legislators are elected separately for local elections. It means that the structure of local governments is based on a so-called dual representative system, which is functionally equivalent to presidentialism. In other words, parliamentarism at the national level and presidentialism at the local levels coexist in Japanese political system. This is a product of a unique combination of different electoral systems between different levels of governments.

The following sections first explains how the national and local governments are elected, then low electoral turnouts in both elections, and finally the peril of representation particularly under the local-level presidentialism focusing on the problems stemming from the dual representation system, the declining significance of partisanship, and the prevalence of independent candidates in the local electoral arena. Basic descriptions on Japanese electoral systems below largely draw on the most recent official information at the time of writing, which is published by of the Ministry of Internal Affairs and Commutations and available on the website http://www.soumu.go.jp/senkyo/senkyo_s/naruhodo/naruhodo03.html (accessed on August 6, 2017).

## Japanese Electoral Systems: National Elections

After the 1994 electoral reform, elections for the national legislators are elected by the following systems. Japan has adopted a bicameralism which is composed of the House of Representatives and the House of Councilors. As mentioned above, the House of Representatives is elected every 4 years, except for the case of being dissolved as a result of the passage of vote of no-confidence against the cabinet. Among 475 seats, 295 were elected by a SMD plurality system, whereas 180 seats are elected by PR as of September 2017. On May 2016, however, an electoral reform was passed to change the number of those seats. For the next general elections, the total number of seats will be reduced to 265 (minus 6 for SMD, minus 4 for PR). Voters cast one ballot for their chosen candidate running for the single-member district, and cast another ballot for their favorite party running for the 11 PR regional blocks. The allocation of districts is reconsidered every 10 years according to the population census.

On the other hand, the term for the House of Councilors is 6 years, and the half of the members are elected every 3 years. The elections for the House of Councilors are conducted by a combination of SNTV and PR. Among 242 seats, 146 seats are elected by SNTV, whereas 96 are elected by PR. For the SNTV race, each prefecture consists of one district, except for small prefectures. More specifically, two pairs of prefectures – Tottori and Shimane, and Tokushima and Kochi – compose one district respectively. In fact, due to population decline, a district magnitude is one in small prefectures. In this sense, the House of Councilors elections are a mix of SNTV in densely populated urban prefectures and SMD in non-urban ones.

For the PR competition, there is only one nationwide PR district. Voters cast one ballot for

their favorite candidate competing in the SNTV district, and cast another vote for their chosen party or candidate for the national PR race. In contrast to the elections for the House of Representatives, which use a closed-list PR, the PR to elect the House of Councilors uses an open-list, in which candidates from the same parties must compete with each other in order to maximize the number of votes to win the seat. In short, the number of seats for each party are determined by the total votes cast for the parties and candidates, and who win the seats among the parties are decided by his or her own personal vote share.

For both elections, voters who are unable to cast a ballot on the election day at the designated polling station are entitled to vote by absentee voting, early voting, postal voting, overseas voting, and on-the-sea voting.

## Japanese Electoral Systems: Local Elections

Japan is a unitary state comprising the national (or central) and local governments. Those local governments have two tiers: 47 prefectures and cities/towns/villages/a special district (only Tokyo). For each tier of local governments, elections for the chief executives and local legislatures are conducted following different electoral rules. On the one hand, the chief executives (prefectural governors and mayors) are elected every 4 years. Those elections are scheduled at the completion of the term of office, a dismissal as a result of residents' direct request for recall of the chief executives, the end of the term of office following the passage of a vote of no-confidence against the chief executives, death, the loss of eligibility for election, etc. On the other hand, elections for local legislatures are scheduled every 4 years. The elections are held for other special occasions: local legislators lose their status when local legislatures are dissolved.

According to the abovementioned official source of information by the Ministry of Internal Affairs and Communications, the nationwide local elections (*toitsu chiho senkyo*), in which local elections for the chief executives and legislatures are concurrent, have been scheduled since 1947. This was aimed at making voters more aware of local elections and improving efficiency in electoral management. However, there have been many cases in which the nationwide local elections were not conducted. This is primarily because municipal mergers restructured and created new local governments, which was followed by new legislative elections. Repeated municipal mergers made it more and more difficult for the electoral calendars of the chief executives and local legislatures concurrent.

For local elections, voters are not allowed to cast an overseas ballot and on-the-sea ballot. Only postal voting, absentee voting, and early voting can be an option for voters who are unable to cast a ballot on local election days at a designated polling site.

## Electoral Participation in National and Local Elections

Two trends are observed in terms of electoral participation in Japan. First, turnouts in national elections are generally higher than those of local elections. Comparison of turnouts in the most recent elections corroborates this general trend as follows (Ministry of Internal Affairs and Communications 2017: 4–5, 23). The voter turnout in the national elections was 52.66% for the House of Representatives election in 2016, 54.70% for the House of Councilors election in 2016. On the other hand, in the nationwide local elections in 2015, the voter turnout was 47.14% for the elections of prefectural governors, 45.06% for the elections of prefectural legislatures, 50.02% for the elections of mayors, and 47.33% for city councils' elections. It should be mentioned that this comparison is based on the average levels of turnouts for national and local elections. It is also emphasized that voter turnouts are generally higher in urban areas than those in rural areas.

Second, historically, the voter turnouts steadily declined for both national and local elections (ibid.). For the House of Representatives elections, the highest turnout was 76.99% in 1958, whereas the lowest was 52.66% in the last election in 2014. As for the House of Councilors elections, the

highest record was 74.54% in 1980, and the lowest was 44.52% in 1995. Turning to the local elections, the voter turnout reached a peak at the nationwide local elections in 1951. The turnouts were 82.58%, in the elections of chief executives of prefectures, 82.99% in the elections of prefectural legislatures, 91.02% in the mayoral elections, and 90.14% in the elections of city councils (ibid.).

Additionally, the following trends deserve special attention regarding electoral participation in special voting procedures. First, the percentage of voters who used early voting relative to the total eligible voters increased in the recent elections of the Houses of Representatives (SMD) and Councilors (SNTV). For the former, the percentage was 20.44% in 2012 but increased to 24.98% in the election of 2014. As for the latter, the percentage was 21.07% in 2010 and increased to 24.57% in the 2013 election (ibid.: 16). Second, in contrast to early voting, the percentage of voters who did absentee voting decreased in both elections. Third, postal voting gradually increased with temporal decline in the elections for both Houses (SMD for the House of Representatives, SNTV for the House of Councilors.). The most recent figure shows that the percentage of voters who used postal voting relative to the certificate holders was 67.41% for the House of Representatives election in 2014 and 70.60% for the House of Councilors election in 2016 (ibid.: 17). Finally, the voter turnout for overseas voting has been decreasing for the elections for both houses. More specifically, while the number of eligible voters and voters who actually cast overseas ballots have been increased, the latter has not increased in the same proportion to the former (ibid.).

## Problems of Representation in Local Elections

The unique combination of electoral systems both in national and local elections creates equally unique combination of systems of democratic representation: the national-level parliamentarism and the local-level presidentialism. Particularly, scholarly attention has been paid to the peril of democratic representation at the local electoral arena: the declining significance of partisanship and the presence of independent chief executives.

There has been a non-negligible number of local chief executives who are supported by competing political parties (*ainori*) and local legislators who are not willing to ally with any political parties represented at the national legislature (Hijino 2013; Sunahara 2011). Under the local-level presidentialism, the chief executives and legislature are elected by different elections, which means that the executives and legislators have different mandates from constituencies, and accordingly shape different policy preferences (Machidori and Soga 2007). For instance, there are cases in which the chief executives are elected with support from political parties competing at the national legislature or independently elected without support of any political parties. In these cases, it is more likely that those elected executives do not have a support base at the local legislature (Sunahara 2011: 32–38). As a consequence, rather than partisan competition, competition between the executive and legislature has become more salient at the local political arena (ibid.: 10). Thus, the local-level presidentialism creates different dynamics of political competition between the national and local levels in Japan.

From the standpoint of voters, the declining significance of parties prevents their interests from being properly presented at the local political arena. Voters can obtain information necessary for their vote choice through party labels (Aldrich 1995). Thus, voters have to pay higher costs in order to collect information about independent candidates at the local elections (Hijino 2013: 65). Furthermore, if a candidate for the chief executive is supported by competing political parties, the mandate of the candidate is not clear for voters.

## References

Aldrich JH (1995) Why parties? The origin and transformation of party politics in America. University of Chicago Press, Chicago

Hijino KVL (2013) Liabilities of partisan labels: independents in Japanese local elections. Soc Sci Jpn J 16(1):63–85

Kono M (2012) Rethinking Japan's democracy: origins of 'hybrid institutions' and their political consequences. Contemp Jpn 24(1):95–112

Machidori S, Soga K (2007) Nihon no Chiho Seiji: Nigen Daihyosei Seihu no Seisaku Sentaku (Japan's local politics: continuity and change in the presidential system). The University of Nagoya Press, Nagoya. In Japanese

Ministry of Internal Affairs and Communications (2017) Me-de-miru Tohyoritsu (Observing election turnout). http://www.soumu.go.jp/main_content/000365958.pdf. Accessed 31 July 2017

Sunahara Y (2011) Chino Seihu no Minshushugi: Zaisei Shigen no Seiyaku to Chiho Seihu no Seisaku Sentaku (Democracy in Japanese local governance: an analysis on the dynamics of governance and representation in the presidential system). Yuhikaku, Tokyo. In Japanese

## Electricity Market Scheduling Applications in Russia

Mikhail R. Davidson[1] and Gleb V. Labutin[2]
[1]Faculty of Computational Mathematics and Cybernetics, Moscow State University, Moscow, Russia
[2]Markets Development Department, JSC System Operator of United Power System, Moscow, Russia

### Synonyms

Energy management system; Energy market operations planning; Locational marginal prices; Software products for the power energy market

### Definitions

| | |
|---|---|
| Electricity market | A mechanism through which electric energy is bought and sold |
| Market applications | Key software products used to compute market schedules and prices |

### Introduction

Reform of the power energy sector in Russia in the beginning of the 2000s led to development of a competitive electricity market and emergence of a number of independent generation and distribution companies. An overview of the market model and overall reform process is given in Davidson et al. (2004) and Letova, Yao, Davidson, and Afanasyeva (2018).

Most part of the energy system of Russia is interconnected and operates at a single frequency. The system is highly constrained and is characteristic for significant power transfers over high-voltage backbone grid. Simplified linearized models widely used in many energy markets might lead to critical scheduling errors and non-transparent deviations. A new short-term scheduling market-based technology that uses explicitly nonlinear power flow equations in accordance with alternating current model (AC model) was developed. The AC model yields the required accuracy in modeling losses and power flows to correctly account for the constraints set up by the system operator. As a result market-based schedules and pricing signals stand closer to real dispatch, and their economic value for the market participants is greater.

Since 2006–2007 the technology is exploited by the commercial market operator (Administrator of the Trading System – ATS) that runs the day-ahead market and the system operator (SO) that runs the balancing market. The aim of the latter is to reflect the most recent system conditions and to trade deviations from the day-ahead market. Balancing market schedule is computed every 1 h ahead of real time, and the resulting generation station schedules have a status of dispatch instructions.

The network model used in the market applications has around 9000 buses and 15,000 lines. The time horizon is broke down into hourly intervals for which intertemporal constraints are present: ramp rate constraints and energy volume constraints (especially for hydro-generators). Hence the resulting optimization problem is a large-scale nonlinear and nonconvex program. Due to the size and nonlinearity, the issues of timing and convergence reliability emerge that make developing solution algorithm a challenging problem.

Solution methods for the optimal power flow problem have been developed since the 1960s; see

a comprehensive survey by Frank, Steponavice, and Rebennack (2012). Among those are methods employing sequential linear programming (SLP), sequential quadratic programming (SQP), and more recent techniques based on interior point methods and semidefinite programming. However direct application of those methods failed to fit into timing and reliability requirements for the market applications on the Russian energy market.

The original contribution described in this entry is development of a numerical algorithm based on parallel processing and heavily relying on the structural properties of the model considered that allows an order of magnitude dimension reduction of the resulting optimization problem so that application of a standard optimization solver at each iteration becomes efficient. The algorithm is constructed within the SQP framework. SQP methods proved to be efficient in application to general nonlinear problems (Gould and Toint 2000) and optimal power flow as well (Burchett et al. 1982; Contaxis et al. 1986). In particular, successful application of SNOPT (Gill et al. 2005) to power flow optimization is reported in Castillo and O'Neill (2013).

The algorithm proposed is not only efficient in numerical data processing at each iteration, but it also demonstrates a high convergence rate. The number of iterations to reach the stopping criterion is normally within 10–20. More than 10-year experience of exploitation of the method in both day-ahead and balancing energy markets in Russia proves that the method became an adequate and reliable market technology.

In this entry the focus is on the model setup for the balancing market for which the key difference with the day-ahead is that the load forecast is provided by the system operator while at the day-ahead consumer bids are used.

This entry-chapter is organized as follows: section "Model Setup and Problem Formulation" details the problem setup used in the market; section "The Algorithm" provides description of the algorithm. Final remarks and open problems are summarized in Conclusions.

## Model Setup and Problem Formulation

A detailed description of the optimal power flow model and pricing mechanism can be found in Schweppe, Caramanis, Tabors, and Bohn (1984). In this section a formulation of this problem, constraint types, and control variables used in the Russian energy market are specified. The model includes both intertemporal and hourly constraints. The latter are referred to by the index $\tau = 1, \ldots, T$, where T is the number of hourly intervals in the session. Also a subset of variables relating to hour $\tau$ is denoted by the corresponding index. The following constraint types are present in the model:

### Power Flow Constraints

Alternating current power flow model includes both active and reactive power balance equations at each bus of the network model. However, only active power is subject to trading in the Russian energy market. The values of controls such as transformer taps and generator voltage set points and other devices that essentially impact the reactive power balance are accepted as inputs to the problem and not varied. While reactive power balance equations are explicitly present in the problem formulation, optimization of reactive power is not performed in order to avoid potentially negative effects of using active power controls to enforce voltage and reactive power constraints and vice versa (Stott and Alsac 2012).

At the same time, regulation of reactive power by generation sources is modeled through switching "generator" and "load" bus types depending on the maximum and minimum reactive power capacity of a source and required reactive power consumption/generation at the corresponding bus. The maximum and minimum reactive power capacity is assumed constant not depending on the active power output of a generator. In other words accounting for reactive power is similar to the load flow model.

The active power controls that are subject to optimization at the balancing market are the volume bids submitted by the generators. The load forecast is provided by the system operator. Thus, the power flow equations connect the state

variables $y_\tau$ (bus voltage magnitudes and angles), the active power volume bids $x_\tau$, and the fixed net bus injections $d_\tau$ representing the demand:

$$[\lambda_\tau] F_\tau(y_\tau) + Bx_\tau = d_\tau, \quad (1)$$

(here the quantity in square brackets denotes the corresponding Lagrange multipliers), $B$ is the buses – bids incidence matrix. The number of equations in (1) is twice the number of buses (excluding swing bus) reflecting active and reactive nodal power balance. A separate notation for the swing bus balance equation is used:

$$[\lambda_0] F_{0\tau}(y_\tau) = 0. \quad (2)$$

This is an additional equation to compensate for imbalance of the nodal power injections in a load flow model which can be written as follows:

$$e^T(d_\tau - x_\tau) + L(y_\tau) = 0$$

where $L(y_\tau)$ is the loss function (sum of losses over lines).

Since there is no optimization for reactive power controls, the reactive power swing bus equation is slack and (2) represents only active power balance.

### Power Transfer Constraints

Power transfer constraints represent a set of most likely contingency scenarios under given operating conditions modeled and precomputed by the system operator. For every such constraint, SO defines a power transfer limit that guarantees system security after any single contingency, and these are the inputs to the model:

$$[\sigma_\tau]\ G_\tau(y_\tau) \le \overline{f}_\tau. \quad (3)$$

### Intertemporal Constraints

These include ramp rate and fuel generator constraints. The latter model the daily water supply of hydro-generators to be optimally allocated among hourly intervals. Both ramp rate and fuel constraints are linear and link only volume variables. We denote these constraints by a single inequality (including upper and lower bounds):

$$ITx \le b_{IT} \quad (4)$$

where $x = (x_1, \ldots, x_T)^T$.

### Bounds for Variables

For generation volumes $x_\tau$, there are upper and lower bounds submitted by the generators in their bids

$$lb_\tau \le x_\tau \le ub_\tau. \quad (5)$$

We don't apply bounds on voltage magnitudes since as said above the controls affecting reactive power and voltage magnitudes are not optimized.

### Problem Formulation

The objective function used at the RF balancing market is minimum of the cost of energy produced by the generators according to their price bids. Thus, the problem formulation is

$$\sum_\tau c_\tau^T x_\tau \to \min \quad (6)$$

subject to constraints (1) and (5). This is a nonlinear, nonconvex, and large-scale optimization problem. The size of the problem is of order 5e+5 variables and constraints. Modeling "generator" and "load" bus types switching brings a discrete discontinuous nature to the problem.

## The Algorithm

Here a variant of SQP algorithm used in the Russian energy market is presented.

For a given pair $(y, x)$ and the corresponding vector of Lagrange multipliers $(\lambda, \sigma)$, generic form SQP subproblem as applied to (5) appears as follows:

$$\sum_\tau \left(c_\tau^T \Delta x_\tau + 1/2 \Delta y_\tau^T H_\tau(\lambda_\tau,\ \sigma_\tau,\ y_\tau) \Delta y_\tau\right) \to \min \quad (7)$$

subject to

$$DF_\tau(y_\tau)\Delta y_\tau + B\Delta x_\tau = r_\tau^F \quad (8)$$

$$DF_{0\tau}(y_\tau)\Delta y_\tau = r_\tau^{0\tau} \quad (9)$$

$$DG_\tau(y_\tau)\Delta y_\tau \le r_\tau^G \quad (10)$$

$$IT\Delta x \le r^{IT} \quad (11)$$

$$lb_\tau \le x_\tau + \Delta x_\tau \le ub_\tau \quad (12)$$

where (8), (9) and (10) are linearization of constraints (1), (2) and (3) around $y$ and $H_\tau(\lambda_\tau, \sigma_\tau, y_\tau) = \sum_i \left(\lambda_\tau^i \nabla_{yy}^2 F_{\tau i}(y_\tau)\right) + \sum_j \left(\sigma_\tau^j \nabla_{yy}^2 G_{\tau j}(y_\tau)\right)$ is the element of the Hessian of the Lagrange function of (6) corresponding to hour $\tau$. Only Hessians of constraints (1), (2) and (3) enter the formula for $H_\tau$ as the rest of the constraints are linear (let the first sum contain Hessian terms of both equations (1) and (2)).

## Problem Reduction

The structure of the model lends a natural partition of variables as state variables $y$ and controls $x$. According to the implicit function theorem, as long as equations (1) are solvable with respect to the state variables $y$, the Jacobian $DF_\tau(y_\tau)$ is nonsingular, and $y$ could be seen as implicit functions of controls $x$, and the state increments could be expressed via the control increments:

$$\Delta y_\tau = DF_\tau^{-1}(y_\tau) r_\tau^F - DF_\tau^{-1}(y_\tau) B_\tau \Delta x_\tau. \quad (13)$$

Since the controls (degrees of freedom) are the generator bids by the model sense, their number is much smaller than the number of buses. Moreover for the vast majority of large-scale electric grids, their connectivity structure is sparse, and hence sparse is the structure of the Jacobian of the power flow equations $DF_\tau(y_\tau)$. Therefore sparse matrix factorization could be used to efficiently compute the reduced gradients of swing bus equations $F_{0\tau}$ and power transfer constraints $G_\tau$ with respect to the nodal power injections. Although the reduced gradients do not keep sparse structure, the size of the corresponding matrices is generally small. Dimension of $F_{0\tau}$ is the number of swing buses (islands) in the system. Most part of the system operates as a single whole; however, temporarily a part may operate separately due to grid maintenance. In practice the number of islands does not exceed three.

Power transfer constraints (3) are managed using an extended active set strategy: inequality (10) contains linearized constraints (3) binding at the current iterate $y_\tau$ or at any of the previous iterates. At a cost of slightly expanding the active set, the oscillations in the course of the method are avoided, and the convergence is stabilized. In the authors experience, the number of the elements in the extended active set rarely exceeds 20 per hourly interval. Hence computation of the reduced gradients for (2) and (3) is cheap.

Additional computational savings could be achieved by employing the fact that the structure of the Jacobian does not change from iteration to iteration: the symbolic analysis of the matrix structure required for the sparse LU can be performed only once. However, this holds only until there is "generator"-"load" bus type switching.

Computation of the reduced Hessian is the most time-consuming. The reduced Hessian has the form

$$\widetilde{H}_\tau(\lambda_\tau, \sigma_\tau, y_\tau) = B_\tau^T \left(DF_\tau^{-1}\right)^T H_\tau DF_\tau^{-1} B_\tau.$$

The L, U factors of $DF_\tau$ are not sparse and so is $\widetilde{H}_\tau$. While dimension of $\widetilde{H}_\tau$ is much smaller than that of $H_\tau$, the algorithm takes into account in addition that the columns of $B_\tau$ are identical for generators located at the same bus. For computing the reduced Hessian, it is sufficient to keep only one column per bus which reduces the time for computing $\widetilde{H}_\tau$ up to three times.

In order that the solution to the SQP subproblem be well-defined, $\widetilde{H}_\tau$ has to be positive semidefinite. In general this does not hold. In the algorithm a positive semidefinite approximation to the reduced Hessian denoted by $\widetilde{H}_\tau^+$ is used.

In reduced form the SQP subproblem (7) will appear as follows:

$$\sum_\tau \left(\widetilde{c}_\tau^T \Delta x_\tau + 1/2 \Delta x_\tau^T \widetilde{H}_\tau^+ \Delta x_\tau\right) \to \min \quad (14)$$

subject to constraints

$$L_{0\tau}B\Delta x_\tau = r_\tau^L \tag{15}$$

$$S_\tau B\Delta x_\tau \le r_\tau^S \tag{16}$$

and (11) and (12) that remain unchanged. Here $L_{0\tau}$ and $S_\tau$ are the reduced gradients of $F_{0\tau}$ and $G_\tau$, respectively:

$$L_{0\tau} = -DF_{0\tau}DF_\tau^{-1}, S_\tau = -DG_\tau DF_\tau^{-1}$$

$\widetilde{c}_\tau$ is the combination of $c_\tau$ and terms that appear after substitution (13):

$$\widetilde{c}_\tau = c_\tau - \left(r_\tau^F\right)^T \left(DF_\tau^{-1}\right)^T H_\tau DF_\tau^{-1}. \tag{17}$$

The reduced problem (14) has the dimensions of at least an order of magnitude less than the original problem and can be efficiently solved by standard QP solvers.

### Use of Parallel Processing

Most of the computational effort of the algorithm at each iteration is to build the reduced problem (14). However the computations required to evaluate the constraints and the reduced gradients and the Hessian matrix are independent for each time interval. This allows constructing constraint matrices in (15) and (16) and the Hessian matrix $\widetilde{H}_\tau$ in parallel for every time interval. Upon completion of each parallel thread, the block-diagonal Hessian and constraint matrices are assembled, and intertemporal constraints (11) and (12) are added, and the resulting reduced problem (14) is passed to the solver. Parallelization together with problem size reduction provides substantial time savings that make the problem solvable in a time frame required for time-critical market applications.

### Stopping criterion and market equilibrium prices.

The stopping criterion is defined as follows:

(i) The current iterate is feasible for (6) to a given feasibility tolerance.

(ii) The norm of $\widetilde{H}_\tau^+ \Delta x_\tau$ is within the optimality tolerance.

If the method reaches a point at which (i) and (ii) are satisfied, then Lagrange first-order optimality conditions hold for problem (6), and based on Lagrange multipliers, one can define locational marginal prices that are the market equilibrium prices.

Indeed, the first-order Lagrange optimality conditions for (6) imply

$$\lambda_\tau^T DF_\tau(y_\tau) + \lambda_{0\tau}^T DF_{0\tau}(y_\tau) + \sigma_\tau^T DG_\tau(y_\tau) = 0 \tag{18}$$

$$c_\tau^T + \lambda_\tau^T B + \pi_\tau^T = 0$$

where $\pi_\tau$ denotes the aggregate dual term related to constraints (4) and (5) and has a sense of "shadow price on capacity" using the terminology of Schweppe et al. (1984). By multiplying (19) by $DF_\tau^{-1}$, one derives representation for the locational marginal prices (LMPs) $\lambda_\tau$ that are the market equilibrium prices (Schweppe et al. (1984)):

The reduced subproblem (14) is convex, and the solution is characterized by the Karush-Kuhn-Tucker conditions from which one has

$$\widetilde{c}_\tau^T + \Delta x_\tau^T \widetilde{H}_\tau^+ + \lambda_{0\tau}^T L_{0\tau} B + \sigma_\tau^T S_{0\tau}^T B + \pi_\tau^T = 0 \tag{19}$$

Since from (i) the state is feasible up to a given feasibility tolerance, the residual $r_\tau^F$ of (8) is small and then from (17) $\widetilde{c}_\tau$ is close to $c_\tau$. From (ii) the second term in (19) is less than optimality tolerance, and hence (19) is close to

$$c_\tau^T + \pi_\tau^T = \lambda_{0\tau}^T L_{0\tau} B + \sigma_\tau^T S_{0\tau}^T B. \tag{20}$$

The expression on the right-hand side of (20) is equilibrium prices at generation unit buses. Hence the stopping criteria (i) and (ii) yield the equilibrium condition for the computed schedule of every unit at locational marginal price. As energy pricing in the Russian energy market is based on LMPs, this makes the resulting schedule and prices clear, transparent, and justifiable for the market participants.

Conditions (19) have dimension of national currency units per MWh. Hence the choice of

the optimality tolerance could be linked to the minimum fraction of the currency unit (e.g., one hundredth) up to which the price is stated for accounting purposes.

## Conclusions

For the period of operation, the model proved to be an adequate short-term scheduling market technology. The locational marginal pricing mechanism provides economic signals to participants that are concordant with the dispatch. The accuracy of the model could be illustrated by the amount of dispatch instructions issued beyond the computed schedule. According to the report on operation of the United Power System in 2016 (2017), this is within 1% of the scheduled amounts.

The technology has also proved to be reliable. However, since the scheduling is time critical, a possibility for the dispatch personnel to analyze the resulting electrical regimes (especially in the case of problems or convergence breakdowns) is limited. Further research and work are aimed at developing algorithms for identification of weak locations in the energy system that may be a cause of divergence and providing the corresponding information to operation personnel.

## References

Burchett R, Happ H, Wirgau K (1982) Large scale optimal power flow. IEEE Trans Power Syst 101: 3722–3732

Castillo A, O'Neill RP (2013) Computational performance of solution techniques applied to the ACOPF. [Federal Energy Regulatory Commission Staff Technical paper]. Retrieved from https://www.ferc.gov/industries/electric/indus-act/market-planning/opf-papers/acopf-5-computational-testing.pdf

Contaxis G, Delkis C, Korres G (1986) Decoupled optimal load flow using linear or quadratic programming. IEEE Trans Power Syst 1:1–7

Davidson MR, Dogadushkina YV, Kreines EM, Novikova NM, Udaltsov YA, Shiryaeva LV (2004) Mathematical model of the competitive wholesale power market in Russia. J Comput Syst Sci Int 43:72–83

Frank S, Steponavice I, Rebennack S (2012) Optimal power flow: a bibliographic survey I formulations and deterministic methods. Energy Syst 3:221–258

Gill PE, Murray W, Saunders MA (2005) SNOPT: an SQP algorithm for large-scale constrained optimization. SIAM Rev 47:99–131

Gould NIM, Toint PHL (2000) SQP methods for large-scale nonlinear programming. In Powell MJD, Scholtes S (eds) System modelling and optimization. Cambridge. Kluwer Academic, Boston, pp 149–178

Letova K, Yao R, Davidson MR, Afanasyeva E (2018) A review of electricity markets and reforms in Russia. Util Policy 53:84–93

Schweppe FC, Caramanis MC, Tabors RD, Bohn RE (1984) Spot pricing of electricity. Kluwer Academic Publishers, Norwell, 1988

Stott B, Alsac O (2012) Optimal power flow – basic requirements for real-life problems and their solutions. [White Paper]. Retrieved from https://pdfs.semanticscholar.org/673e/416fa38c04611e90b12cbdb1a74ca08367db.pdf

System Operator of the United Power System (2017) Report on operation of the United Power System in 2016. Retrieved from http://so-ups.ru/fileadmin/files/company/reports/disclosure/2017/ups_rep2016.pdf. [In Russian]

# Electronic Voting Systems and Elections in Africa

Isaac Kofi Mensah
School of Economics and Management, Jiangxi University of Science and Technology, Ganzhou, People's Republic of China

## Synonyms

Democracy; Election management; Elections; Electronic voting; ICT; Manual voting

## Definitions

| | |
|---|---|
| Elections | The legitimate process of deciding who represents the people. |
| Manual voting | The absence of technology in the voting process. |
| Electronic voting system | The use of information technology to manage the electoral process particularly the voting process. |
| Africa | A continent with 54 countries. |
| ICT | Information and communication technology. |

## Introduction

Elections are means by which political parties are mandated by the electorate and citizens to manage the affairs of State on behalf of the citizenry. Elections permit the people to select their preventative and expression of their choices as to how they want to be governed (Kohno et al. 2004). However, elections and election management in Africa are peculiar because of the various challenges associated with elections across countries on the continent. One of the major challenges associated with elections in Africa is the manual election management process which includes the manual voting system. That is the lack of the use of information and communication technology to improve the election management process and especially during the voting period is a major setback in achieving credible elections that is acceptable by all. As indicated by International Peace Institute (Institute 2011), free and fair elections are a vital component of creating a healthy democratic society and that robust civil society, independent media, a sound public administration system, and independent media contribute to managing the major tensions and grievances that arise after elections are conducted.

The manual election management in Africa has often time degenerated into electoral violence due to the lack of trust and confidence in the outcomes of election results declaring winners and losing candidates. Some measures have been proposed to deal with electoral violence (Institute 2011):

(a) A national early-warning mechanism should be integrated into election cycles so that chances to handle electoral violence are available before it gets out of control.
(b) Well-trained and competent security forces that respect the public's civil and political rights and do not discriminate based on ethnicity, race, religion, or gender thereby prevent tension from deteriorating into violence.
(c) A credible and timely complaint process will empower citizens who feel that their rights have been violated to report their concerns and actions taken accordingly to address it.

While these recommendations can contribute to reducing election-related violence, however, the introduction of information and communication technologies in the election management processes could be instrumental in preventing this electoral violence. The adoption of appropriate information and communication technology in the election management processes has the potential to eliminate the phenomena of manual voting processes. The use of information technology in the voting process is termed as electronic voting (e-voting). Electronic voting is considered a tool for making the electoral process more efficient and for increasing trust in the electoral management body (Wolf et al. 2011). It can increase the security of the ballot, speed up the processing of results, and ensure vote casting is easier (Wolf et al. 2011). The shift to electronic voting enhances voter convenience and increases voter confidence and voter turnout (Bungale and Sridhar 2003).

This entry attempts to examine the election management and voting process in Africa vis-à-vis the adoption of an electronic voting system. E-voting technology is seen as a promising instrument to overcome the numerous challenges that most countries in Africa are faced with when the annual electioneering processes are undertaken. Hence the familiarization of both government agencies and election management bodies with the technological implications of the adoption and implementation of e-voting systems is important not only to the voters but also in ensuring sustainable peace and development. This is because the absence of credible elections can lead to political unrest and thus affecting the political stability, peace, and tranquility within countries.

The entry is organized as follows: elections in Africa, electronic voting system, challenges of e-voting in Africa, discussion, and conclusion.

## Elections in Africa

Countries that have conducted their elections in 2019 are shown in Table 1. Some of these elections were postponed due to varying factors (Fig. 1).

**Electronic Voting Systems and Elections in Africa, Table 1** Overview of Africa's 2019 Elections (Joseph 2019)

| Country | Type of Election | Date |
|---|---|---|
| Nigeria | General | February 23 |
| Senegal | Presidential | February 24 |
| Guinea-Bissau | Legislative | March 10 |
| Burkina-Faso | Referendum | March 24 (postponed) |
| Comoros | Presidential | March 24 |
| Algeria | Presidential | April 18 (postponed) |
| Benin | Legislative | April 28 |
| South Africa | General | May 8 |
| Malawi | General | May 21 |
| Madagascar | Legislative | May 27 |
| Chad | Legislative and Local | May (postponed) |
| Mali | Legislative | June (postponed) |
| Mauritania | Presidential | June 22 |
| Tunisia | Presidential | September 15 |
| Tunisia | Legislative | October 6 |
| Mozambique | General | October 15 |
| Botswana | General | October 31 |
| Cameroon | Legislative | October |
| Namibia | General | November 27 |
| Guinea-Bissau | Presidential | November 24 |

## Electronic Voting System

An electronic voting system is the use of technology to improve the voting and records of votes account. An electronic voting system or machine is described as a basic electronic machine that is used to store the votes instead of ballot papers and boxes which is often used in the traditional voting system (Hapsara et al. 2016). The goal of electronic voting technology is to provide plain, simple, and secret voting processes, speed up the counting of ballots, reduce the cost of paying staff to count votes manually, and provide improved accessibility for physically challenged voters (Jones 2003). Electronic voting is the use of a computer-based system in the electoral processes such as registration, vote cast, counting, and result-notification (Hapsara et al. 2016). Also, electronic voting systems are meant to reduce errors and to speed up the counting process (Hapsara et al. 2016). Some of the advantages of the electronic voting system over the traditional paper ballot/box system are:

(i) It removes the possibility of invalid and uncertain votes which, in many cases, are the root causes of dispute and election appeal.
(ii) It makes the procedure of counting the votes much faster than the traditional system.
(iii) It decreases to a great expanse the quantity of paper used so saving a large number of trees making the process eco-friendly.
(iv) It minimized the cost of printing to almost zero.

An electronic voting system can be categorized into two types such as poll-site where is a fixed computer for voters to vote and remotely at places or homes for voters to access through their computers or phones (Mensah 2016). The on-site poll system is described as direct recording electronic devices (DREDs) and it is usually managed and supervised by a representative of the election management body (EMB) with an electronic voting machine at the polling station. But in terms of remote voting, the e-voting process is not physically supervised and voting can take place from a computer device via the Internet, mobile phones, etc. (Mensah 2016). An electronic voting system has six main components such as voter registration, authentication, voting, voter management, vote counting, and auditing (Jegede et al. 2012).

**Electronic Voting Systems and Elections in Africa, Fig. 1** Overview of elections in Africa (Joseph 2019)

## Challenges of E-voting in Africa

The adoption of e-voting technologies to deepen the democratic practices of countries particularly in Africa has numerous advantages and benefits such as reduced logical arrangements, accessibility, an increase in turnout, and minimization of cost. First, the reduced challenges in the logistical arrangements as a result of the e-voting system can ensure that the ballots logistic printing and distribution are done with an easy and efficient manager. The e-voting system encourages the proper configuration and preparation arrangements for the technology and right storage and security for the election periods (Goldsmith and Ruthrauff 2011). Another important benefit of the e-voting system is the remote electronic voting and thus encourages increased accessibility to the electoral systems. Hence people who are at a disadvantage due to their location or disabilities can take part in the election process.

Furthermore, the e-voting system can encourage high turn-out during Election Day in terms of voting and speeding counting processes. This can influence the level of trust of citizens toward the e-voting system. Also, the e-voting system can eliminate or reduce the cost in terms of the expenditure for ballot printing, distribution, and storage (Goldsmith and Ruthrauff 2011).

Despite these advantages and benefits, e-voting is confronted with many challenges such as technological challenges, lack of transparency, Audit results, voter education, and security. It has been indicated that the greatest obstacle for the implementation of the e-voting system is not the issue of technology but instead the concept of change management (Gupta 2011). The matter of change management is critical not only in terms of cultural changes but especially in terms of changing operations and processes that come with the e-voting technology system (Achieng and Ruhode 2013). The e-voting

challenges identified in Nigeria (Ahmad et al. 2015) which applies to the majority of African countries are:

- Absence of a legal framework
- Ineffective means of national identification
- Inadequate database of voters
- Inadequate requisite ICT infrastructure including electric power supply
- Lack of participatory policy process
- Inadequate trial of the technology in non-public election
- Apprehension by electorates over the motives behind proposed e-voting systems
- Loss of trust and confidence in the electoral officials.
- Digital divides
- Low level of computer literacy and technology phobia among the electorates
- Inadequate technical and managerial capacity to handle sophisticated technology
- Security and reliability of the technology
- Lack of adequate information on the procedure involved in the e-voting system
- Capital intensive nature of e-voting projects as against cost-effectiveness/value for money

### Technological Challenges

The major challenge of many of the new technology is the issue of technical challenges such as the lack of poor infrastructure which hampers the smooth implementation of these technologies, especially in the context of e-voting due to the absence of adequate technological infrastructure which presents challenges of good connectivity in remote places. The technology challenge for the implementation of e-voting is seriously challenged due to the lack of financial capacity of most countries in Africa to spearhead the successful deployment of these technologies. The result of a study has revealed that for instance in Nigeria, a country in West Africa, poor ICT infrastructure posed a serious challenge for the transition to e-voting in that country (Ahmad et al. 2015). Furthermore, there are pre-adoption challenges of e-voting systems such as inadequate funding, lack of IT specialists, erratic electricity supply, growing level of cybercrime, and gender variance to accessing ICT (Onyekwelu 2010).

### Lack of Transparency

Another major challenge in the implementation of -e-voting is the lack of trust and transparency of citizens toward its deployment by the government and the election management body. Trust and transparency have been indicated to be the basic fundamental ingredient for building and maintaining stakeholders' trust in the electioneering management process (Goldsmith and Ruthrauff 2011). The voters have to have an unqualified trust toward the use of e-voting systems for voting casting, ballot counting, and declaration of results. The system must demonstrate beyond any reasonable doubt that the results declared by the e-voting system will truly represent their decisions and choices made at the polls.

### Audit of Results

Auditing the result outcomes during and after the election process is a great challenge and critical to the success of e-voting systems. Acceptance of e-voting system must provide a better if not better verification or auditing of the results as pertains to the manual voting system in terms of challenges results that can be recounted for greater accuracy of results (Achieng and Ruhode 2013). It has been elaborated that the potential of an e-voting system to demonstrate higher levels of audit and check is instrumental in building trust and thus unconditioned acceptance of results of an election (Goldsmith and Ruthrauff 2011).

### Voter Education

Even under the manual system of voting, the issue of voter education among the citizens was always a challenge and so a new technology such as e-voting system adoption must be herald by extensive voter education. Importantly, adequate preparation is required to condition the minds of the voters to accept the shift from an e-voting system (Achieng and Ruhode 2013; Goldsmith and Ruthrauff 2011). In Africa where the level of literacy is very high, a lot of voter education is required to ensure greater awareness and acceptance of the use of e-voting systems among the people, particularly in the deprived and rural areas.

### Security

Security is of most importance to any new technology system such as an e-voting system. The nature of security challenges inherent in the

e-voting system is higher as compared to the paper balloting methods (Achieng and Ruhode 2013; Goldsmith and Ruthrauff 2011). The electronic transmission of results for tabulation for instance may present possible security challenges such as the hacking and declaring of false results. This, therefore, calls for stringent measures to ensure the protection and verification of result data during the voting and counting processes of e-voting (Goldsmith and Ruthrauff 2011).

## Discussion and Conclusion

Countries in Africa cannot be left out of the use of new information technology systems to deepen the democratic processes in their respective countries particularly when it comes to the expression of the voice of the people through the ballot box. The adoption of the right technology in elections in Africa will lead to the design of a well-functioning e-voting system that helps reduce the challenges associated with the manual system of voting. The adoption of e-voting systems will contribute drastically to reducing problems of manual voting such as the cost of physical ballot papers, distance to polling stations, long queues on election day, electoral delays, distribution of electoral materials, lack of confidence in the electoral process, etc. (Achieng and Ruhode 2013). Also, the manual system of voting is tedious, nonsecure, and time-consuming (Achieng and Ruhode 2013).

## Cross-References


- ▶ 1994 Electoral Reform in Japan: Background, Process, and Impact on Governance and Public Policy
- ▶ Biometric Voter Registration, Zimbabwe
- ▶ E-Democracy and Local Public Administrations
- ▶ Evolution of Kenya's Political System and Challenges to Democracy


## References


Achieng M, Ruhode E (2013) The adoption and challenges of electronic voting technologies within the South African context. International Journal of Managing Information Technology 5(4)

Ahmad S, Abdullah S, Arshad RB (2015) Issues and challenges of transition to e-voting technology in Nigeria. Public Policy Admin Res 5(4):95–102

Bungale PP, Sridhar S (2003).A framework for receipt issuing, Contendable remote poll-site voting. Departamento de Ciencias de la Computación. The Johns Hopkins University, Baltimore, MD 21218, U. S. A.

Goldsmith B, Ruthrauff H (2011) Electronic voting & counting technologies: a guide to conducting feasibility studies. International Foundation for Electoral Systems, Washington, DC

Gupta V (2011) E-voting move to intelligent suffrage. SETLabs Brief 9(2):3–9

Hapsara M, Imran A, Turner T (2016) E-voting in developing countries. Paper presented at the international joint conference on electronic voting

Institute IP (2011) Elections in Africa: challenges and opportunities. Paper presented at the meeting note

Jegede A, Aimufua G, Akosu N (2012) Electronic voting: a panacea for electoral irregularities in developing countries. Int J Sci Know 1(1):17–37

Jones DW (2003) A brief illustrated history of voting. University of Iowa Department of Computer Science. Available at http://www.cs.uiowa.edu/~jones/voting/pictures/. Revised

Joseph S (2019) An overview of Africa's 2019 elections. Retrieved August 2, 2020, 2020, from https://africacenter.org/spotlight/an-overview-of-africas-2019-elections/

Kohno T, Stubblefield A, Rubin AD, Wallach DS (2004) Analysis of an electronic voting system. Paper presented at the IEEE symposium on security and privacy, 2004 Proceedings 2004

Mensah IK (2016) Citizens readiness to adopt and use electronic voting system in Ghana. Int J Soc Behavior Educ Econ Bus Ind Eng 10:795–801

Onyekwelu B (2010) Enhancing people's awareness in the electoral process in Nigeria using information technology. A paper presented at the 23rd National Conference, Orchid Hotel, Asaba, Delta State, Nigeria. July 26th to July 30th, 2010

Wolf P, Nackerdien R, Tuccinardi D (2011) Introducing electronic voting: essential considerations. International Institute for Democracy and Electoral Assistance, Stockholm


# Elite Panic, Japan


Tatsuya Nogami
Japan Fire and Crisis Management Association, Tokyo, Japan


## Synonyms

Disaster myth; Mass flight; Misconception about disaster behavior; Panic; Stampede

## Definitions

| | |
|---|---|
| Disaster myths: | Common misconceptions about disasters and disaster behavior |
| Panic: | Irrational emotional and/or behavioral responses triggered by sudden strong feelings of fear and/or anxiety |
| Elite panic: | Inappropriate disaster response by persons and/or organizations in positions of authority who panic about the possibility of panic among the general public |

## Introduction

People have several misconceptions about human behavior in a disaster. Such misconceptions have been known as *disaster myths* among disaster researchers. One of the commonest disaster myths is *panic* among the general public. Although empirical evidence has indicated repeatedly that panic is rare in emergency situations, many people still hold a firm belief that panic is likely to occur, particularly in a crowd of people, when a major disaster strikes (Nogami 2016).

## Human Behavior in the Wake of a Disaster

Despite empirical evidence that panic is rare in a disaster, it is not rare to find media reports on disasters using the term panic. Such media accounts, as well as popular culture including novels and movies, often portray disaster victims screaming and running away during a disaster. In fact, people occasionally scream and/or flee from danger, when a major disaster suddenly strikes (e.g., an earthquake). However, in many cases such behaviors are functional and reasonable in disaster situations from the disaster victim's perspective.

More important, flight behavior, which is strongly associated with the term panic, rarely results in a massive stampede killing others (Quarantelli 2001). Even when panic occurs, only a few persons locally engage in flight behavior for a short duration of time. Contrary to the panic myth, one of the major problems in emergency situations is to make people evacuate rather than mass flight. Also, the majority of people generally show prosociality and altruism immediately after a disaster occurs (e.g., rescuing other victims). In other words, the term panic, generally defined as irrational emotional and/or behavioral responses triggered by sudden strong feelings of fear and/or anxiety, is in many cases not an appropriate word to describe disaster victims' initial responses to a disaster.

Past disasters in Japan also indicates that the majority of people did not engage in mass flight or irrational collective behavior even immediately after a major disaster suddenly struck. For example, when a huge volcanic eruption occurred in Izu Oshima in 1986, more than 10,000 residents and tourists had to evacuate from the island within a day. Despite a short time frame for evacuation, the majority of the local residents were reported to have evacuated without major confusion. When the Great Hanshin-Awaji Earthquake struck in the early morning of January 17, 1995, numerous people suddenly got trapped in collapsed houses while sleeping. Rather than disaster response professionals, many of the trapped victims were actually rescued by other local residents, who had managed to get out of their collapsed houses on their own. These residents did not flee from the affected areas right after the initial earthquake but decided to stay in the affected neighborhoods performing life-saving activities in the face of aftershocks, fire, and the possibility of building collapse.

Even immediately after the Great East Japan Earthquake on 11 March 2011, most residents living along the coastline in the three most affected prefectures, Iwate, Miyagi, and Fukushima, engaged in rational and reasonable behaviors. Their initial responses to the disaster consisted of evacuating to safer places, returning home, and trying to find/pick up one's family members. There is no doubt that some individuals did engage in flight and/or irrational behavior in this particular disaster, as well as in other disasters. However, at least mass flight or any form of irrational collective behavior was not reported to have occurred even in Japan's largest earthquake.

The existence of the panic myth was confirmed at least by the 1950s. Since then, the myth has been found in several different cultures, including North America, Europe, and East Asia. The panic myth

has been found not only among lay people but also among emergency management personnel, policy makers, and media personnel. Because emergency management personnel and policy makers, as well as anybody in a position of authority, can exercise more powerful influence on society and organizational action than lay people, their fear of panic in a disaster could result in inappropriate disaster responses in emergency situations, which is called *elite panic* (Clarke and Chess 2008). If elites, those in positions of authority, panic about the possibility of panic among the public during a disaster, they could take inappropriate decisions and actions, possibly exposing the public to more realistic dangers than panic itself (e.g., withholding an evacuation warning in fear of potential mass flight among the general public). Therefore, the panic myth cannot be dismissed as a mere misconception about disaster behavior.

In fact, Japanese government officials caused elite panic during the 2011 Great East Japan Earthquake. After hydrogen explosions occurred at the Fukushima Daiichi Nuclear Power Plant on 12 March 2011, the central government decided not to disclose some of the critical information about the potential consequences of the explosions to the public (forecasts of how radiation would spread from the broken plant). More than a month after the explosions, the government officially announced the information and apologized to the public by stating that they had refrained from disclosing the information to the public in order to avoid panic in society. The government officials obviously held the belief that panic among the general public would potentially be more dangerous to society than radiation leaking from the broken plant would be to the public.

Even immediately after the explosions took place on 12 March 2011, no visible mass flight was reported to have occurred among the general public in Fukushima or in other parts of Japan, such as massive stampedes at public transportation facilities and traffic congestions on roadways rushing out of Fukushima or the country. Local residents living around the broken plant in Fukushima also did not engage in mass flight, but they were forced to leave their homes before the meltdown announcement due to their neighborhoods being designated as no-go areas. Even after the government officially announced that the meltdown had actually taken place at the Fukushima Daiichi Nuclear Power Plant, the majority of the Japanese did not become panicky performing irrational behavior in crowds. Only a minority of people living outside the no-go areas actually decided to voluntarily leave the eastern part of Japan for the western part to protect their families and themselves from radiation leaks. However, such evacuation behavior was not reported to have caused any serious problem in Japanese society.

Fortunately, the government's forecasts of radiation diffusion patterns were not accurate enough. Consequently, local residents who had been in the forecast areas were not as radiation-affected as initially predicted. However, if the forecasts had been sufficiently accurate, these locals could have received excessive amounts of radiation leaking from the broken plant. The post-disaster situation could have become much worse because of the inappropriate disaster response by the central government. The disaster response professionals, who are responsible for the safety of the general public in a disaster, could have victimized the public due to their misconception about disaster behavior.

Even during nondisaster periods, the panic myth held by emergency management professionals and policy makers can affect society and the general public. For instance, some country has official emergency guidance documents representing panic as an unreasonable emotional and behavioral reaction to which crowds of people are susceptible in an emergency situation. Furthermore, one Japanese municipal organization published an emergency booklet for its residents in order to make them aware of the predicted disaster in their region. The booklet has several paragraphs mentioning the possibility of panic in the disaster, implying that panic is something detrimental to their evacuation behavior. Depictions of panic in these kinds of publications can only reinforce the misconception that panic is likely to occur in a disaster.

In Japan, public servants, particularly those in charge of disaster risk reduction and/or crisis management, are responsible for ensuring the safety of local residents whenever a disaster takes place. They provide disaster information, evacuation

center, and emergency necessities for affected local residents in postdisaster situations. These professionals generally have disaster response training programs at work, and some of them have had direct experience in dealing with disasters. In fact, an emergency management personnel is generally more insightful into how people behave in a disaster than lay people. However, these professionals are still found susceptible, more or less, to the panic myth despite their extensive knowledge and experience.

Elite panic, as well as the panic myth, is not only unique to Japan or Japanese disaster response professionals. Nonetheless, since Japan is one of the most disaster-prone countries in the world, the probability that Japanese elites cause elite panic should be higher than in other less disaster-prone countries. Considering negative consequences that elite panic can possibly produce, every professional in charge of disaster risk reduction and/or crisis management needs to deepen their understanding of what panic in a disaster really is and how the misconception about panic could potentially affect their disaster response.

It is still unknown why people, including emergency management personnel and policy makers, tend to overestimate the possibility of panic in a disaster. However, according to previous research on disaster myths, the mass media and popular culture have been thought to be responsible for disseminating distorted images of disaster behavior. In fact, exaggeration and sensationalism in media reports on disaster behavior can easily be found, once a disaster strikes (e.g., "a large earthquake triggers panic in city center"). Popular culture, particularly movies, has also been infamous for exaggerating and distorting human behavior during disasters. Although influences of the mass media and popular culture on the creation of disaster myths are still inconclusive, it seems evident that the media and popular culture contribute, to a certain extent, to creating erroneous images of human disaster behavior including panic.

Another potential source of disaster myths may stem from the tendency of human perception. It has been well known in psychology that people tend to estimate the frequency or probability of an event based on how easily similar events can be brought to mind, which is called the availability heuristic. Because of this tendency, it is possible that panic, whatever the term may indicate, may come to people's mind more readily than other common disaster behavior, such as reluctance to evacuate and altruism, through a one-shot striking depiction of apparently panic-like behavior (e.g., running away from a building). Although more research is obviously required, this tendency, as well as other perceptional tendencies that humans have, is likely to play a role in creating the long-standing misconception about panic in a disaster.

## Conclusion

It is not that panic, whether mass flight or any form of irrational collective behavior, never occurs in a disaster situation. Nonetheless, there have been very few cases found in more than half a century of research on panic in a disaster in which panic actually took place making disaster situations worse (e.g., people lost their lives because of a stampede for an exit in a fire). On the one hand, from a crisis management perspective, emergency management personnel and policy makers can never ignore the possibility of panic in a disaster even if the phenomenon is very rare to occur. On the other hand, it is very risky decision-making if these professionals fail to handle probable emergency events in an appropriate way as a result of paying too much attention to very rare emergency events. This is what elite panic is all about.

## References

Clarke L, Chess C (2008) Elites and panic: more to fear than fear itself. Soc Forces 87(2):993–1014. https://doi.org/10.1353/sof.0.0155

Nogami T (2016) Who panics and when: a commonly accepted image of disaster panic in Japan. Int Perspect Psychol: Res Pract Consult 5(4):245–255. https://doi.org/10.1037/ipp0000050

Quarantelli EL (2001) The sociology of panic. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social and behavioral sciences. Elsevier Science Ltd., Oxford, pp 11020–11023

# Emergency Governance, Bangladesh

Marzina Mst Begum and Nurul Md Momen
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonym

Bangladesh; Human rights; Power; States of emergency

## Definition

A state of emergency means the proclamation of the government made in response to an extraordinary condition which is considered as a threat to the life of the nation.

Emergency declaration allows the government to limit or suspend fully some civil liberties and fundamental rights and alert individuals to change their normal behavioral pattern.

## Introduction

Emergency governance has received a lot of scholarly attention in academia. The democratic countries in the world maintain a detailed provision with respect to the declaration of emergency to tide over an actual or imminent threat to the nation due to varieties of reasons, including war, external aggression, armed conflict, internal disturbance, natural disaster, and severe economic crisis (Bari 2014, p. 578). It is noteworthy that adopting the power to declare an emergency in a state, which is considered as a last measure to the government. Hence, declaration of a state of emergency is considered as a last resort to any government.

It is often heard about the proclamation of states of emergency across the world. Immediately after the proclamation, the government generally limits or suspends all or some of the fundamental human rights for the enforcement in the judicial system. Adopting the emergency measures of suspension is justified on the basis that civil liberties and fundamental rights of the citizens must not create any obstacles to the government for taking swift and extraordinary measures necessary for resolving emergency situation which helps to maintain the integrity of the state (Bari 2014, p. 579). Given the circumstances, it is argued that if the state sustains, fundamental rights of the citizens will also be protected. Alternatively, in negative sense, if the state does not sustain, individual's rights must not be protected either.

Constitutionally, right to freedom of association, expression, and peaceful assembly are enjoyed in an unrestrained manner, but at the time of an emergency (Fitzpatrick 1994, p. 37) these rights are curtailed on the ground that they might confront with the efforts of the government to overcome the challenges posed to the nation for the purpose of restoring peace and security. It is important to note that emergency situations are, in general, characterized not only by limiting or suspending the abovementioned civil liberties and fundamental rights (Meron 1986, p. 86), but also expand the special power of the executive.

However, the proclamation of emergency and the derogation of human rights and its measures are found in the Article 4 of the International Covenant on Civil and Political Rights (ICCPR), Article 15 of the European Convention on Human Rights (ECHR), and Article 27 of the American Convention on Human Rights (ACHR). Member states who have ratified to these instruments may take some measures derogating from their obligations under the instruments at the time of states of emergency (Tessema 2005, p. 7). ICCPR in 1966 was signed by 167 member states, which is still considered as the most important universal legal instrument on civil liberties and human rights (Meron no date, p. 83). ICCPR attempts to make a balance between protection of national interests, on the one side, and safeguard of individual rights, on the other side, during the state of emergency. ICCPR empowers member states as parties to derogate from their obligation to enforce the fundamental rights of the citizens mentioned it in the ICCPR during an emergency (see International Covenant on Civil and Political Rights (ICCPR). It is worthy to note that in the Article 40 of

the ICCPR, the Human Rights Committee (HRC) is responsible to verify the extent of compliance with fundamental human rights through reviewing periodic reports received from member states as parties (Ibid). Many member states have often refrained from submitting reports under the provision of the Article 40, and/or requested a suspension of the requirement of submitting periodic reports with respect to the measures taken of the human rights mentioned in the ICCPR at the time of emergency (McGoldrick 2004, p. 391).

However, the first part of the paper shortly discusses justification, components, and principles, and in the second part, the author attempts to examine states of emergency whether there are any provisions and measures taken at the time of emergency within the Constitution of Bangladesh and any mechanisms for preventing subsequent abuse of the executive powers with respect to proclamation of emergency.

## Justification of State of Emergency

The question is why do states need to declare emergency situation? Replying to it, it may arise due to varieties of reasons, such as armed conflict which pose threat to the state, any forms of devastating natural disaster, political upheavals, a widespread occurrence of an infectious disease, a sudden economic crisis, or a general strike. No doubt, states of emergency are common in dictatorial regimes, and this condition may continue as long as the regimes last. On the other hand, in some situations, martial law is declared by the military which provides them a special power and authority to act in the process of governance. However, there are other forms of emergency conditions, which include "state of exception," "state of alarm," and "state of siege" (Geneva Centre for the Democratic Control of Armed Forces 2005, p. 1).

## Components and Special Power of a State of Emergency

States of emergency are of two components, such as legal framework and operational framework (Geneva Centre for the Democratic Control of Armed Forces 2005, p. 1). Firstly, legal framework comprises of the constitutional and legislative framework and it illustrates how they deal with emergency situation, while operational framework consists of the organizational structure and strategic plans on how to deal at the state of emergency. It is noteworthy that these two components must be compatible with each other; for instance, it has been pointed out that the legal framework must take into account operational structure and requirements, while the operational requirement must respect the constitutional and legal framework (Geneva Centre for the Democratic Control of Armed Forces 2005, p. 1).

However, the constitution or legislative framework of a country generally highlights the ground that can provide the justification of a state of emergency. The framework normally identifies the emergency procedures to be followed and explains the limits on the emergency powers that may be invoked or the rights that can be suspended (Geneva Centre for the Democratic Control of Armed Forces 2005, pp. 2–3). Each country has its own framework that can provide useful guidance with respect to a state of emergency. However, there are two important international treaties, such as the European Convention of Human Rights (ECHR) and the International Covenant on Civil and Political Rights (ICCPR), which specify that states are to follow some guidelines for a state of emergency; for instance, it needs to provide a well-considered justification of the present or imminent nature of crisis for the declaration of a state of emergency. This declaration must be announced publicly, which may reduce the possibility of a de facto state of emergency (Ibid), and state of emergency must respect the limits provided by the relevant binding instruments of international and national law. It is also important to note that fundamental rights from which there can be no derogation for human rights and relevant measures taken with respect to state of emergency must be made available to the relevant treaty-monitoring bodies; for example, if a state somehow derogates from its obligation mentioned under the ECHR or ICCPR, then, as a requirement, it must report to the secretary general

of, respectively, the Council of Europe or the UN of its derogation for human rights (Geneva Centre for the Democratic Control of Armed Forces 2005, pp. 2–3).

In times of national crisis, special emergency powers are provided to the government through the constitution or other legal measures. However, it is important to note that emergency measures are taken through various ways, such as restriction of freedom of press based on content or fully and prohibition to hold public meetings; domestic military deployment; safe evacuation of people from affected areas to safe place during natural calamities; searching homes and other places without a search warrant; arresting people without any charges; and special legislation to punish those for noncomplying with respect to the regulations of emergency provisions (Geneva Centre for the Democratic Control of Armed Forces 2005, pp. 2–3). However, the main challenges at the time of emergency is to prevent abuses of human rights and to limit absolute power of the government, which may provide a safeguard against allowing the use of special emergency powers to become "the new normal" (Cornell and Salminen 2018, p. 220).

## Provisions Concerning States of Emergency in Bangladesh

Many countries in the world have constitutional measures in dealing with the declaration of a state of emergency. Typically, the executive promulgates a state of emergency; however, there are the three most common approaches found, for example, firstly, as in the case of the USA, the executive may declare the state of emergency and due to procedural requirement it must place to the parliament within a specified period of time. Secondly, adopting more democratic approach as in Germany, the executive may declare the state of emergency, but it must require prior ratification by the parliament before proceeding with emergency measures. Finally, parliament itself may proclaim the state of emergency, for example, Hungary adopts this procedure (Geneva Centre for the Democratic Control of Armed Forces 2005, p. 4).

The question is about how constitutional framework in Bangladesh deal with an emergency situation. The Constitution of Bangladesh, which was in effect from 16 December 1972, at the beginning, did not have any provisions with respect to the declaration of emergency under any circumstances. In exploring the fact, it discouraged the framers of the 1972 Constitution from including the emergency provision because of the continuous abuse of powers during the emergency situation declared by the Governments of Pakistan who ruled from 1947 to 1971 when Bangladesh was a part of Pakistan (Bari 2014, p. 581).

Quite interestingly, new incorporation of emergency provision was observed in the Constitution of Bangladesh within just 9 months and 7 days. It is to be noted that on 22 September 1973, the Constitution (Second Amendment) Act was passed, which introduced a new Part IXA titled "Emergency Provisions" which explains everything regarding the preconditions for the declaration and its continuation of emergency and suspension of enforcement of the civil liberties and fundamental rights during the period of emergency. Due to the failure of the government bodies to manage the swift deterioration or poor performance in the context of economy and law and order situation, given the circumstances, special emergency power could be considered necessary to control the situation (Ahmed 1984, p. 149).

Having reviewed the literature, there are four common types of emergency situation, such as war, subversion, economic crisis, and natural disaster; however, the president of Bangladesh, unlike the presidents of India and Pakistan,[1] has been given the special power and authority through Article 141A of the Constitution to proclaim only two types of emergency, including the emergency of war/external aggression and the emergency of internal disturbances (Bari 2014, p. 582). The question is when the president may declare a state of emergency, the basis of it

[1] Both India and Pakistan through the constitution empower their respective heads of the states to proclaim three types of emergency, such as emergency of war, emergency of subversion, and financial/economic emergency.

consider a situation as a "*grave emergency exists in which the security or economic life of Bangladesh, or any part thereof, is threatened by war or external aggression or internal disturbance*" (Constitution of Bangladesh, Article 141A (1). But clause 3 of Article 141A has empowered the president to declare an emergency, even before the possible threat of external aggression or internal disturbance, but the condition prevails that if he "*is satisfied that there is imminent danger thereof*", which is basically borrowed the concept and wording from Article 352 (3) of the 1949 Indian Constitution (Bari 2014, p. 582).

However, the Constitution of Bangladesh does not have precise expression to limit the power for declaring a state of emergency is declared, if the country experiences a special circumstance that pose threat to the fundamental rights to life and cause serious harms the life of the nation. Furthermore, the Constitution used a very implicit meaning with respect to the notion *internal disturbance*, which basically traces back to colonial legal framework as the ground for declaring emergency. The question may further arise regarding the provision of internal disturbance as a basis for declaring state of emergency; however, in this regard, personal assessment or judgment of the individual authority concerned might play a role for proclamation of emergency, when it comes to internal disturbance in a particular case. It can be pointed out that the Constitution of Bangladesh has not designed any reliable system of checks and balances to inhibit capricious actions for declaring states of emergency, although the Constitution procedurally requires the declaration of emergency to be countersigned by the prime minister (see Constitution of Bangladesh, Article 141A (2).

The Constitution of Bangladesh, which was, later on, amended through the Constitution (Second Amendment) Act, 1973, does not make any attempt to balance between protecting the security of the state and respecting individual's fundamental rights at the time of emergency. The Constitution through the Article 141C (1) has given a special unfettered power to the president during a state of emergency to limit or suspend the enforcement of all or some of the 18 fundamental rights guaranteed by Part 3 of the Constitution.

However, since the incorporation of the Article 48 (3) in the Constitution, the president, who is the nominal head of the state, performs all of his duties and responsibilities based on the advice of the prime minister. It is commonly perceived that the procedural requirement of the countersignature of the prime minister for securing the validity benchmark of the emergency cannot protect from preventing violation of human rights. Given the circumstances, it can be said this kind of countersignature measures can just be said as a "procedural formality" (Bari 2014, p. 583).

The Constitution of Bangladesh also illustrated that there is need for procedural requirement to be approved by the parliament if states of emergency would be continued beyond 120 days (Constitution (15th Amendment) Act, 2011, Section 41(b). It is also worthy to note that if the parliament is not in session when proclamation is issued, then the declaration of emergency could continue till the expiration of 30 days from the date on which parliament first met "after its reconstitution, unless before that expiration of the said period of thirty days a resolution approving the Proclamation" had been passed by the parliament (Constitution of Bangladesh, former proviso to Article 141A (2) (c).

It is noteworthy that the requirement of parliamentary approval for the continuation of an emergency beyond 120 days was taken away by the Constitution through the 15th Amendment Act, 2011. Under the new provision, the president can declare an emergency for 120 days (Ibid., Article 141 A (1), as amended by Sect. 41 (a) of the Constitution through the 15th Amendment Act, 2011) and the parliament has power to allow the continuation of an emergency beyond 120 days (Ibid., proviso to Article 141(2) (c), as amended by Sect. 41(c) of the Constitution through the 15th Amendment Act, 2011). It is stressed that the Amendment Act of 2011 does not incorporate any mechanism in the Constitution for continuation of emergency, which makes convenient for the president to secure continuation of emergency without any difficulty, as it has the support from the majority of lawmakers in the parliament (Bari 2014, p 584).

## Emergency Powers in Bangladesh and Their Impact on Fundamental Rights

During the states of emergency, there is the likelihood of violation of human rights; hence it requires greater safeguard measures in constitutional and legislative framework. For instance, if a country faces with armed conflict or with a sudden natural disaster, states can be easily impoverished to adopt some harsh operational measures to counter internal disturbances or external aggression on the ground that the end justifies the means. Authoritarian regime always attempts to justify the proclamation of emergency on the basis that it avoids threat to the life of the nation which ultimately fulfills the interest of the general well-being. But it is found in authoritarian regime or after assuming power by the military that they basically limit freedoms for their political gain and use it to oppress and repress opposition views and activities, which is considered dangerous for fundamental human rights and goes against public interest (Tessema 2005, p. 13).

Since the incorporation of the arrangement with respect to emergency into the Constitution of Bangladesh on 22 September 1973, emergencies have been declared on five occasions. For the first time, on 28 December 1974, Sheikh Mujibur Rahman declared emergency to safeguard his dictatorial powers and to systematically abolish all kinds of opposition against his regime (Ziring 1992, p. 86). After the armed rebellion that assassinated the head of the state, Ziaur Rahman, on 31 May 1981 a nationwide emergency was declared in order to control the internal disturbances. On 27 November 1987, states of emergency were proclaimed to protect the survival of President Hossain Muhammad Ershad, an autocratic regime. On 27 November 1990, the same regime declared emergency in an attempt to avoid the threats posed to the then dictatorial rule. For the last time, it was declared on 11 January 2007, to allow an unprecedented crackdown on the leadership of the two major political parties, on the basis of maintaining internal disturbances.

Given the circumstances, these declaration of emergencies in Bangladesh have either observed the limited or suspension of civil liberties and fundamental rights in a large extent; for instance, 12 out of 18 fundamental rights, as envisaged by the constitution, during four periods were curtailed and again the country witnessed a full suspension of all the 18 fundamental rights during the last period (2007–2008). It is worthy of note that all the states of emergency proclamation (except the declaration on 31 May 1981) were unjustified; however, from the past experience, the governments always misused the arrangement regarding states of emergency and suspension of fundamental rights as the most effective means for oppressing and repressing any opposition to its rule (Bari 2014, p 584). Last but not least, although Bangladesh ratified to the ICCPR on 6 September 2000, unfortunately the Constitution has not been amended yet to incorporate the seven nonderogable rights which is specified in the ICCPR (Bari 2014, p. 583).

## Conclusion

A state of emergency has received significant concern in governance, which poses threat to possible violation of human rights. In the past, Bangladesh proclaimed states of emergency four times due to mainly political upheavals; however, when it comes into practice, it is found that the objective of the proclamation of states of emergency is not to protect the life of the nation or safeguard human rights, rather it is focused on to protect the authoritarian regime and to discriminate opposition views and their activities.

## Cross-References

► Constitutional Rights of Public Employees

## References

Ahmed M (1984) Bangladesh: era of sheikh Mujibur Rahman. University Press Ltd, Dhaka, p 149

Bari ME (2014) The unjust exercise of emergency powers in Bangladesh and their consequent impact on the fundamental rights: a critical appraisal. Jurisprudence 21(1):578–598

Cornell AJ, Salminen J (2018) Emergency laws in comparative constitutional law-the case of Sweden and Finland. Ger Law J 19(02):219–249
Fitzpatrick J (1994) Human rights in crisis: the international system for protecting rights during states of emergency. University of Pennsylvania Press, Pennsylvania, p 37
Geneva Centre for the Democratic Control of Armed Forces (October 2005) Security sector governance and reform. DCAG backgrounder series, Geneva, pp 1–4
McGoldrick D (2004) The Interface between public emergency powers and international law. Int J of Const Law 2(2):391
Meron T (1986) Human rights law making in the United Nations: a critique of instruments and process. Clarendon Press, Oxford, p 86
Meron T, Human rights law making in the United Nations: a critique of instruments and process, p 83; United Nations Treaty Collection, Chapter IV: Human Rights, Retrieved from https://treaties.un.org/Pages/ViewDetails.aspx?mtdsg_no=IV-4&chapter=4&lang=en
Tessema BF (2005) A critical analysis of NON-DEROGABLE rights in a state of emergency under the African system: the case of Ethiopia and Mozambique. Submitted in partial fulfillment of the requirements of the degree LLM (Human Rights and Democratisation in Africa), Faculty of Law, Universidade Eduardo Mondalane Maputo, Mozambique, 31 Oct 2005, pp 1–48
Ziring L (1992) Bangladesh: from Mujib to Ershad: an interpretive study. Dhaka: University Press Ltd, p 86

# Emergency Management, Safety, and Security

Frances L. Edwards and Daniel C. Goodrich
Mineta Transportation Institute, San Jose, CA, USA

## Synonyms

Business continuity; Crisis management; Defense; Prevention; Protection; Safe keeping

## Definitions

Emergency management – the application of public resources to prevent or lessen the impact of a crisis or disaster on an organization or community.

Safety – protection from accidental harm caused by nonhuman forces.

Security – protection from intentional harm planned and executed by human individuals or groups.

## Introduction

The terms emergency management, safety, and security are often used interchangeably. In some languages safety and security are the same word. In some cultures, emergency management is not a government function, but rather a societal or community responsibility. However, all three functions have to be performed by individuals, communities, and societies for protection against unwanted outcomes, such as theft, attack, destruction, and death. Each element has its unique attributes, resource requirements, and strategies, but when they work in harmony that can create a more defended environment in which humans can conduct the business of life unharmed. They will be discussed in their historical order.

## Security

Security is the oldest of the three domains. Earliest humans had to protect their food from animals and other humans to keep their society alive. Their security was organized to defend their group against intentional strategies developed by other intelligent beings to deprive them of their valuable goods, including human and animal members of the group. They developed skills in protecting their valuables through hiding them or defending them with organized force (Edwards and Goodrich 2012).

Today security is still important to every society. Protection is provided to valuable cargo, to a business enterprise, and to people with special value to society. These people may be wealthy and targets for kidnapping for ransom. They may have special scientific skills, making them targets of business espionage. They may have insider knowledge of business practices or government information, making them targets of both traditional and cyber espionage.

**Emergency Management, Safety, and Security, Fig. 1** Four steps to security

Modern security consists of four elements: deter, detect, delay, and defend, as shown in Fig. 1. Individuals and organizations begin to develop security by structuring their facilities, possessions, and movements to deter would-be attackers. This may consist of creating fences around properties, placing sturdy locks on entrances, and using steel bars across windows. Would-be attackers will conduct surveillance and discover that the target has been "hardened," and divert their attention to a facility that would be easier to access. Likewise, for cybercrime, complex passwords and encryption of data will slow the progress of would-be hackers, causing them to turn their attention to undefended sites, in many cases (Edwards and Goodrich 2012).

Detection is the second element of security. Sensors and security cameras are placed at the perimeter of the area of concern, while laser beams, motion detectors, smoke detectors, and hazardous materials detectors are placed inside the area. When triggered, these systems may set off an alarm that notifies the residents, a security company, or guards that someone is trying to access the area of concern. The notification triggers a response from the security company or from local law enforcement. The sounds and lights typically associated with such systems may drive off the intruders because they realize that they have been detected. However, in some cases the delay between the notification of the attempted breach and the actual response may be long enough to permit the intruders to carry out their plan and escape, taking with them valuable possessions, or even a victim. Computer systems likewise need detection devices to notify security staff that an intruder is trying to gain access to the computer's sensitive information. Software can be created to notify information technology security personnel of attempts at entering the system by unauthorized individuals or groups. This may track their IPO addresses, or just note numerous attempts to enter the system with the wrong user name and password combinations. This information can be used to stop the hack, and possibly to investigate the perpetrators (Edwards and Goodrich 2012).

Delay is the third element of security. Safes, multiple layers of barriers, and complex locking systems may slow the intruders down enough to allow outside defenders to arrive and interdict their activity before they are successful in reaching their goal. Time is the primary security element, giving the defenders time to react to the threat, and to devise successful countermeasures and protective actions (Edwards and Goodrich 2012).

When the first three elements fail, defense is the final element. Individuals may employ armed body guards, or use their personal weapons to repel invaders. Businesses will use armed security guards. Government installations may use Federal Protective Services or military personnel. Barbed wire and electrified fencing can make entrance painful or life-threatening. Intruders may be arrested and convicted of a crime, resulting in jail time and at least a temporary end to their security breaching efforts (Edwards and Goodrich 2012).

The US military services defend the nation from enemies, foreign and domestic. The Central Intelligence Agency and the US Department of Homeland Security defend American interests and citizens at home and abroad from terrorist groups. Their work and related regulations are codified in the Code of Federal Regulations. Sheriff and police departments protect communities against crime, based on state laws and local ordinances. Private security firms focus on the protection of businesses and individuals and their valuable possessions, with their actions governed by state and local laws about the use of force and fire arms.

Security is designed to discourage or defeat an intelligent adversary with a plan to access valuable items, data that do not belong to them, or to deprive people of their property, liberty, and perhaps lives. Likewise, computer-based resources may be targeted for financial gain, either directly through acquisition and use of information, or indirectly as ransomware.

## Safety

Safety is the second oldest domain. Safe operations have always been important from the earliest use of tools. People developed both hunting tools and protective clothing to protect themselves from injury when using the tools. Gloves, gauntlets, and armor are examples of early safety equipment that protected the wearer from serious injury. Later, as machinery was introduced and became more sophisticated, safety precautions had to be developed to guide the use of technology to lessen the likelihood of injury to the skilled craftsman.

The modern workplace includes a wide variety of elements that can cause accidental harm to the users. Industrial equipment, vehicles, and business equipment all have the potential to injure the users. To prevent such injuries, businesses have safety rules regarding the personal protective equipment that is required, the type and length of training required, the licensing required, and safe workplace behavior required of equipment operators. All workplaces must have a healthy and safety plan to protect workers from harm by industrial and business applications of equipment and technology. Industries that use hazardous materials have more detailed safety rules regarding the storage, handling, and use of such chemicals to protect the workers and public. These steps have led to a "culture of safety," where employees are aware of the regulations, and look out for each other's safety.

Businesses and government agencies have safety officers whose job is to ensure that activities are conducted in ways that lessen the chance for injury to workers, and procedures for the use of inherently dangerous equipment are developed to protect the operators. Protective clothing is designed to prevent people from being hurt by the machines. The Occupational Safety and Health Administration (OSHA) is the federal-level oversight agency for workplace safety in general. Professions often have unique safety oversight organizations. For example, public transit using heavy rail has safety regulations created by the Federal Railroad Administration. Many states also have state occupational safety and health regulations and oversight organizations, which may have stricter rules than the federal OSHA, or may address areas of concern for safety not addressed nationally.

## Emergency Management

The newest domain is emergency management. When people lived self-sufficient lives with little infrastructure, there was no need for emergency management by the government. Individuals maintained their own emergency supplies, and self-reliance was their way of life. Communities assisted their members with repairing and replacing structures and goods lost to natural disasters. Barn raisings and church charity were common in rural American communities. The advent of urban living, dependence on public infrastructure for essential services like drinking water, sewage disposal, electricity, and transportation, created the demand for community-level emergency management (Edwards and Goodrich 2012).

Civil defense during World War II developed into a community-wide system of sirens and fallout shelters during the Cold War. In 1979, after the confused communication surrounding the Three Mile Island nuclear power plant accident, President Jimmy Carter created the Federal Emergency Management Agency (FEMA), a merger of agencies and programs from the Department of Defense, the Department of Commerce, the Department of Housing and Urban Development, and the Office of the President. The Robert T. Stafford Act was passed in 1988 to define federal financial assistance to states experiencing natural disasters. The following year, the Federal Emergency Response Plan was created, to define

the assistance available from federal agencies for communities whose resources were exhausted by disaster response. The plan was built around 15 Emergency Support Functions (ESFs), with a lead agency and supporting agencies for each. For example, ESF 1 is Transportation, with the US Department of Transportation in the lead, and eight supporting organizations, such as the Department of Defense and Department of Agriculture.

Emergency management agencies exist at all levels of government. It is FEMA's perspective that all disasters are local. Individual communities should conduct a Threat and Hazard Inventory and Risk Assessment (THIRA) to determine what natural, technological, or human-caused events are most likely to occur in the community. The assessment allows the community to plan for the four phases of emergency management. The municipality may recognize that its resources are likely to be limited in a major event, and it can declare a local emergency and request assistance from other levels of government. The county would be the next level of government to assist. If its resources, including budgets, are constrained, the request for support goes to the state, where the governor may declare a state of emergency, and open the state resources to the impacted areas. If the state's resources are also overwhelmed by the event, the governor or the legislature may request a presidential state of emergency for specific limited resources, or a presidential declaration of major disaster, which opens financial public assistance and individual assistance programs to communities and residents.

FEMA defines four phases of emergency management, which occur as an overlapping cycle, as shown in Fig. 2. These are mitigation/prevention, preparedness/planning, response, and recovery. The first two should be occurring all the time, while the last two are triggered by natural, technological, or human-caused disasters.

During the mitigation/prevention phase, emergency management leaders use the THIRA to consider what steps can be taken to lessen the impact of an event on the residents and infrastructure, or in some cases, even prevent the event from

**Emergency Management, Safety, and Security, Fig. 2** Four phases of emergency management (FEMA 2006)

occurring. Examples of mitigation would include the creation of building codes and code enforcement to ensure that the built environment is capable of withstanding the impact of an anticipated disaster event. For example, buildings and freeways in California are built to withstand the estimated level of shaking from a scenario earthquake. Proof of the success of such regulations can be found in the relatively low loss of life experienced in California earthquakes, where building codes are strictly enforced, as compared with similar events in nations without such codes, as shown in Table 1.

Federal mitigation funding may also be available to buy out properties that are subject to repeated losses, such as from flooding, allowing residents to move to a safer location, and leaving the flood-prone areas to be used for parks. Disease mitigation may be achieved by vaccination programs, and financial mitigation can be developed by encouraging residents to purchase flood insurance for their properties in flood-prone areas.

Prevention may be more effective against human-caused events, where early intervention may stop an attack while it is being planned. Prevention includes surveillance of at-risk facilities, developing intelligence about criminal and

**Emergency Management, Safety, and Security, Table 1** Comparative earthquake deaths and injuries

| Year | Magnitude | Event | Location | Deaths | Injuries |
|---|---|---|---|---|---|
| 1988 | 6.8 MM | Armenian Earthquake | Northern Armenia, USSR | 4202 (49% of population) | 1244 (14% of population) |
| 1989 | 6.9 MM | Loma Prieta Earthquake | San Francisco Bay Area, California | 63 | 3757 (0.0004% of the population) |
| 1994 | 6.7 MM | Northridge Earthquake | Los Angeles County, California | 57 | 9000 (0.0007% of the population) |
| 2003 | 6.6 MM | Bam Earthquake | Iran | 40,000+ (35% of population) | 20,000 (14% of population) |

terrorist groups who might plan community harm, and sharing intelligence through regional fusion centers that include law enforcement, fire service, emergency medical service, public health specialists, and medical care providers. A well-known example of successful terrorism prevention is the attempted bombing of the Los Angeles Airport in 1999, known as the Millennium Plot. The terrorists attempted to import explosive materials, crossing the US border from Canada. The perpetrator was a disaffected Algerian refugee who took terrorism training in Afghanistan. He filled the wheel well of his rented car with homemade explosives and took the ferry from Vancouver to Seattle. The US Customs and Border Patrol officer became suspicious of his answers, and ordered a routine search of his car trunk, where the explosives were found.

Planning is the element that allows local officials to evaluate the THIRA events, and determine the likelihood of the events occurring, based on science, history, and observation. They then determine the vulnerabilities of the community's build environment and residents, and create plans for all four phases of emergency management to lessen harm, protect the population, and speed community recovery. Such plans include a community emergency response plan, a continuity of operation plan, a continuity of government plan, and a community recovery plan. A mitigation plan is then created to invest in actions that will result in lowered vulnerability for the natural and built environments.

Preparation involves all elements of the community. The local government, in conjunction with nongovernmental organizations (NGOs), will generally lead a community outreach and education program to inform the residents and business community about the THIRA, the vulnerabilities and consequences of the identified threats, and encourage action on the part of the community members. Classes may be offered in home and personal preparedness, business emergency planning and preparedness, and school planning and preparedness. Residents and businesses are encouraged to participate in the Community Emergency Response Team (CERT) training to provide neighborhood-based emergency response. Activities include preparing the home to be disaster resistant through bolting foundations, strapping large furniture, and stockpiling essential goods.

Response is generally managed by the fire service, emergency medical service, law enforcement, emergency services, planning/building, and public works departments. Tasks include rescuing and treating victims, traffic management, protection from looting, debris removal, damage assessment, and establishment of the emergency operations center using the emergency operations plan. Care and sheltering is provided by the parks department and local NGOs. Mutual aid from other jurisdictions augments police and fire services. After appropriate local and state declarations, and a presidential declaration, assistance will also be provided by the federal government, using the ESFs discussed previously.

Recovery is a collaboration between the public and private sectors. Residents, businesses, and the local government are expected to carry insurance policies against the known (from THIRA) perils, including flood insurance, wind insurance, earthquake insurance, worker's compensation insurance, and liability insurance. These form

the financial base for recovery from the disaster, augmented by federal public assistance and individual and household assistance programs. Local recovery plans should include rapid permitting processes for repair and reconstruction of existing buildings and infrastructure. State agencies may be responsible for road reconstruction. Federal funds will support disaster unemployment payments, psychological counseling, and child care costs during recovery. Recovery is the time to "build back better," as FEMA said after Hurricane Katrina. New zooming taking into account the revealed perils in the community may help to prevent a recurrence of the same losses. This leads into mitigation, where new initiative can be taken with federal funding support to make the community less disaster prone in the future.

Thus, emergency management takes the whole community through the four-part cycle, creating a safer and more resilient future.

## Conclusion

While the terms emergency management, safety, and security may be used interchangeably in many societies, there are distinct differences among them. Emergency management is a public management process to prevent or lessen the impact on a community of unwanted events that cannot be adequately foreseen, or prevented from occurring, to lessen the harm done. Safety is a managerial activity that anticipates harm to individuals or groups from unintentional accidents, often related to technology, and provides administrative actions and regulations to lessen the harm. Security considers purposeful acts by humans that are intended to steal, harm, damage, or destroy goods, facilities, or lives, and designs mechanisms and systems to make these events less likely to occur.

## Cross-References


- ▶ Community Resilience and Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Evolution of Crisis Management


## References


Edwards FL, Goodrich DC (2012) Introduction to transportation security. CRC Press, Boca Raton

FEMA (2006) Principles of emergency management: independent study. https://training.fema.gov/emiweb/downloads/is230.pdf


E

# Emergency Operations Plan


Lucien G. Canton
CEM, San Francisco, CA, USA


## Synonyms

Disaster operations plan; Disaster plan; Disaster preparedness plan; Emergency management plan; Emergency plan; Emergency preparedness plan; Emergency response plan

## Definition

Emergency operations plans are plans that define the scope of preparedness and emergency management activities necessary for an organization to respond to an emergency or disaster. The term is most frequently used to describe an operational level plan that coordinates the response activities of multiple agencies and departments within a jurisdiction.

## Origin and Underlying Principles

The emergency operations plan is intended to address the two types of needs or demands generated by disasters. The first type consists of agent-generated needs, those needs that are created by the specific nature of the disaster itself. For example, the demands created by a flood differ from those generated by an earthquake. The second

category consists of response-generated needs, those that are created by the jurisdiction's actions in response to the disaster. Where agent-generated needs will vary by disaster, response-generated needs tend to remain constant. While floods and earthquakes may create different problems, both require similar response activities, such as sheltering, medical assistance, and evacuation (Dynes et al. 1981). Emergency operations plans represent an attempt to identify and standardize strategies to meet response-generated needs while identifying the unique differences among hazards that create agent-generated needs. Understanding the two types of needs present in a disaster is the key to understanding the concept of all-hazards planning that forms the basis of the emergency operations plan. "All-hazards" does not mean having a plan for every possible hazard faced by a community. Rather it makes use of the concept of response-generated needs to develop strategies for addressing those common needs present in all disasters. This results in a plan that has applicability to all disasters and can provide a starting point to responding to unexpected events. This also simplifies planning for specific hazards; planners are able to focus on the unique needs generated by the hazard without having to construct a plan that addresses all the needs of the specific disaster.

The concept of the emergency operations plan evolved from military war planning. During the Cold War era, the federal government provided funding for nuclear war planning positions at local and state levels. These positions were typically filled by retired military officers with experience in planning. These officers applied the concepts and formats with which they were familiar: a basic plan supplemented by annexes which are in turn supplemented by appendices and tabs. As time passed, these war planning positions were increasingly used for natural hazards planning under the dual-use doctrine, and these plans eventually evolved into the all-hazards model used today. By this time, the military planning model was firmly entrenched as the format for emergency operations planning and codified in federal guidance documents beginning with *CPG 1–8 Guide for The Development of State and Local Emergency Operations Plans* (FEMA 1990) and culminating in the current guidance in *CPG 101 Developing and Maintaining Emergency Operations Plans* (FEMA 2010).

The typical emergency plan consists of three elements:

1. *The basic plan*, which provides the overall concept of the jurisdiction's approach to response. This element assigns responsibility for specific operational tasks to departments and agencies, describes overall coordination processes and legislative authorities, and establishes administrative procedures for maintaining the plan.
2. *Functional annexes*, which provide details on the performance of specific operational functions. These functional annexes are sometimes subdivided into emergency support functions which deal with operational functions such as sheltering and evacuation and support functions which provide support to the overall response, such as logistics and finance. Functional annexes are not plans in themselves. Rather, they provide the concepts and information needed to develop supporting plans. They identify lead and supporting agencies, operational goals, available resources, funding, and other related information that have been coordinated during the planning process.
3. *Hazard-specific annexes*, which address the unique needs generated by specific hazards. Where the basic plan and functional annexes address response-generated needs, the hazard-specific annexes focus on agent-generated needs unique to a specific type of hazard. For example, an annex for flooding might include pre-identified evacuation routes and specific assignments to departments and agencies for supporting evacuation. By their nature, hazard specific annexes tend to include more detailed planning than functional annexes.

## Concepts and Planning Methodologies

To develop an effective emergency plan, one first needs to understand the context within which the

plan is used. The emergency plan is not an end in itself and is not intended to be the sole determinant of response activities. In each crisis there are three levels of operation (Canton 2007):

1. *Tactical* – the responders who are providing direct services to the affected population. Tactical responders need detailed, specific plans and procedures that focus on their assigned mission. Their event horizon is extremely short term, often measured in minutes.
2. *Operational* – the people who are coordinating and supporting tactical operations. This coordination typically occurs at an emergency operations center using a multiagency team. This team attempts to anticipate the needs of the responders and to "jump ahead" of the disaster. The event horizon here is measured in hours and days, with emphasis on information collection and analysis and on resource management.
3. *Strategic* – senior officials tasked with determining the long-range impact of the event and anticipating recovery issues. The event horizon for strategic planning tends to be long range, typically measured in months and years.

The emergency operations plan is intended to provide structure to the operational level. It is informed by the overall community strategy for disaster response. Such a strategy is based on factors such as the overall risk tolerance of the community, its vulnerability to hazards, and the resources and capabilities available for response. Those resources and capabilities are applied to response through the tactical level plans for each department and agency. The emergency operations plan is the mechanism used to synchronize those various plans in order to support a coordinated response.

Emergency operations plans are also reliant on other community plans. For example, continuity of government plans are intended to maintain essential government functions during a crisis. Supporting this mission are the continuity of operations plans that ensure the continuance of essential functions within each department or agency. Since most emergency operations plans assume that essential government functions will continue during a crisis, the success of the emergency operations plan hinges on the success of the continuity of government and continuity of operations plans. The purpose of the community emergency management program is to ensure that these various plans are synchronized.

Effective emergency operations plans are risk based. This begins with an understanding of the various hazards faced by the community. However, the mere existence of a specific hazard does not mean that that hazard poses a significant risk to the community. Risk is determined not only by the type and severity of the hazards facing a community but is ultimately a function of the community's vulnerability to a specific impact. That vulnerability can be reduced through mitigation efforts, for example. Ultimately, risk is a balancing act involving multiple variables. Rather than representing an absolute, it is instead an estimate based on the best available information.

As risk analysis is an imperfect science, emergency plans are based on assumptions. Some of these assumptions are identified in the plan itself, but many are unspoken assumptions, such as the assumed survival of key facilities and personnel or the continuance of essential government functions. It is important when developing an emergency operations plan to consider what assumptions are being made. Changing an assumption could have a major impact on the effectiveness of the plan.

Emergency operations plans are most effective when planning includes the participation of agencies and organizations that can provide a wide range of skills and perspectives (Kartez and Lindell 1987). Consequently, these plans are typically developed by interagency teams representing various stakeholders involved in plan implementation. This team not only includes government departments and agencies but may also include voluntary agencies, such as the Red Cross and Salvation Army, community groups such as Community Emergency Response Teams (CERT) and radio amateur clubs, and utilities and major corporations.

Emergency operations plans are generally developed using one of three methodologies:

1. *Functional planning* – This is by far the most common approach to emergency planning. In this methodology, planners identify the particular functions that will be needed to respond to a disaster. These functions are then assigned to one or more lead agencies who have responsibility for developing supporting plans and overseeing implementation of those plans during an actual event. *CPG 101* provides a sample list of some 26 separate functions that might be performed in a response operation, each of which would require a separate plan annex. The federal government has evolved a more focused system used in the *National Response Framework* that identifies a series of 15 emergency support functions. These emergency support functions are supplemented by nine support functions. The functions identified in both systems are geared toward response-generated needs. Agent-generated needs are addressed in separate hazard, threat, or incident specific annexes.
2. *Capability-based planning* – This type of planning is similar in some ways to functional planning in that it attempts to identify the capabilities that will be needed in a disaster. However, where functional planning considers broad categories, capability-based planning looks at a desired outcome and focuses on what will be needed to achieve that outcome. For example, functional planning may assign responsibility for hazardous material response to the fire department. Capability-based planning considers the desired outcome of a successful hazardous material response based on an analysis of a number of potential scenarios and identifies the specific resources need to achieve that outcome.
3. *Scenario-based planning* – The methodology of scenario-based planning shifts the emphasis away from response-generated needs to agent-generated needs. In this type of planning, planners base plans on one or more specific scenarios and then determine what will be needed to respond to those specific events.

It is a common mistake to commit to a single planning methodology for all planning. This was the mistake made by the federal government following September 11 when it committed to capability-based planning as the national planning model at all levels of government. The result was an overcommitment to tactical planning at the expense of coordinated operational planning.

Each planning methodology has its strength and weaknesses, and these must be matched to the needs of the type of planning taking place. Functional planning is extremely effective in formulating the emergency operations plan because it considers broad functions, assigns responsibilities, and lays out specific goals for response operations. It does not, however, address tactical issues well, as it is not specific enough. This is where capability-based planning is more effective, as it provides the level of specificity called for in tactical operations. Scenario-based planning is most effective in developing hazard-specific annexes where a detailed scenario can be used to identify unique resource requirements for a hazard.

## Common Problems with Emergency Operations Plans

As has been mentioned, the emergency operations plan evolved from military war planning. However, the military planning model did not translate well to the civilian system and carried biases that are still present in planning today. Russel Dynes (1994) identified six consequences of the adoption of the military planning system:

1. An assumption that disasters will produce social chaos
2. An assumption that the coping capacity of individuals and the social order will be reduced
3. The creation of artificial social structures to deal with reduced coping capacity
4. Lack of confidence in the decision-making capabilities of people and social structures
5. Top-down decision-making
6. Creation of a closed system intended to overcome perceive weaknesses in the social structure

This was compounded by a lack of understanding of the context of military planning. The type of plans developed by military planners assumes a homogeneity among those executing the plans. Consequently, they do not contain basic information that was assumed to already be part of each soldier's basic training. More importantly, military war plans were, in essence, contingency plans. They were never intended to be operational plans and so are cumbersome, making specific information difficult to find. Nevertheless, the military planning model has been reinforced by use over time and now forms the basis for most emergency operations plans in the United States.

## Conclusion

The federal guidance for emergency operations plans has reinforced the use of the military planning model and encouraged the creation of large, cumbersome plans that include considerable information. However, this top-down approach means that emergency operations plans are written to meet needs other than those of the end users. While *CPG 101* specifically allows modification of the plan templates it provides, the use of these templates as measurements of conformance in activities such as the National Plan Review has made these sample templates a de facto standard, and the assumption is that all elements in *CPG 101* must be included in the emergency operations plan. The result is a plan written to meet a standard rather than one designed for ease of use. As a consequence, emergency operations plans tend to be bulky, to contain material irrelevant to the end user, and to make information needed by the end user difficult to find.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Coordination between Municipalities in Crisis Management
- ▶ Disaster Response Management
- ▶ Uncertainty in Crisis Management


## References


Canton L (2007) Emergency management: concepts and strategies for effective programs. Wiley, Hoboken

Dynes RR (1994) Community emergency planning: false assumptions and inappropriate analogies. Int J Mass Emerg Disasters 12(2):141–158

Dynes RR, Quarentelli E, Kreps GA (1981) A perspective on disaster planning, 3rd edn. University of Delaware Disaster Research Center, Newark

FEMA (1990) Civil preparedness guide (CPG) 1–8 guide for the development of state and local emergency operations plans. Federal Emergency Management Agency, Washington, DC

FEMA (2010) Comprehensive preparedness guide (CPG) 101 developing and maintaining emergency operations plans V. 2.0. Federal Emergency Management Agency, Washington, DC

Kartez J, Lindell M (1987) Planning for uncertainty: the case of local disaster planning. Am Plann Assoc J 53: 487–498


E

# Emerging and Reemerging Infectious Diseases and Crisis Management


Bruce Binder
Global Vision Consortium, Inc., Rochester, WA, USA


## Definition

Infectious diseases are caused by pathogenic microorganisms, such as bacteria, viruses, parasites, or fungi. The diseases can be spread, directly or indirectly, from one person to another. Zoonotic diseases are infectious diseases of animals that can cause disease when transmitted to humans. Emerging infectious diseases are ones that have not been seen in a particular community before. Reemerging means it has reappear after absence for some time.

## Introduction

Emergency management and crisis management (Crisis, disaster, catastrophe in English, translation and definition "crisis, disaster, catastrophe", Dictionary English-English online) are sometime used

to identify a process of preparedness, response, recovery, and mitigation. While emergency management is usually associated with governmental actions, crisis management is usually associated to what individual organizations and companies do. Crisis management includes activities and processes which help organizations to analyze and understand events which might lead to crisis and uncertainty in the organization. Crisis management enables the managers and employees to respond effectively to changes in the organization culture. It consists of effective coordination among the departments to overcome emergency situations.

In this presentation, the author looks at what is meant by infectious diseases, how and from where they emerge, what is crisis management, and what are the concept and principles used in responding to an outbreak of an infectious disease.

## Infectious Diseases Have Been Part of Human Existence in Pre-history Times: Millions of People Have Died. No Portion of the World Has Escaped

What was the earliest infectious diseases to impact humans is unclear. A human skull dating to 2000 B.C. (Robins et al. 2009) has been found in India showing signs of leprosy. Leprosy is contagious through contact with fluids between people (Bushak 2015).

According to the World Health Organization (WHO): "Infectious diseases are caused by pathogenic microorganisms, such as bacteria, viruses, parasites or fungi; the diseases can be spread, directly or indirectly, from one person to another. Zoonotic diseases are infectious diseases of animals that can cause disease when transmitted to humans." (World Health Organization definition of infectious Disease per WHO on-line website.) Throughout recorded history, certain infectious diseases have altered the history of human. A short list includes smallpox, syphilis, HIV, AIDS, influenza, bubonic plague, cholera, malaria, and yellow fever (Shulman 2008).

History records the most deadly infectious disease outbreaks (The Five Deadliest Outbreaks and Pandemics in History, RWJF Public Health blog, Published Dec 16, 2013) as:

(1) Bubonic plague struck China, India, and Hong Kong in 860. Over 12 million people died from this outbreak of plague.
(2) Bubonic plague reemerged in China in the early 1300s and died down in Europe in 1351. It is estimated that between 75 million and 200 million people died.
(3) Smallpox epidemic in Mesoamerica began in 1519. Brought by the Europeans, the native population had no immunity to smallpox and other European diseases. There are not quality records, but it is believe that out of the 25 million people who lived in Mesoamerica in 1519, less than 2 million inhabited that area in 1620.
(4) Smallpox reached Massachusetts in 1633. It is estimated that smallpox and other European infectious diseases killed an estimated 20 million Native Americans.
(5) H1N1 flu pandemic happened between 1918 and 1921. As many as 30 and 50 million died worldwide.
(6) HIV/AIDS was identified in 1981; it is believed to have been in the human population for at least several decades before it was recognized. As of 2011 over 25 million people have died and at least 60 million infected. While it can now be managed as a chronic condition, many parts of the world do not have the medical infrastructure to do so. In 2017 in sub-Saharan Africa, it was estimated that one in five adults was infected.
(7) Cholera was first identified in Calcutta, India, in 1817; it has and continues to kill millions. While it can be treated with proper public health measures and medical intervention, the World Health Organization (WHO) estimates that 5 million new cases of cholera occur each year.

## How Do Infectious Emerge into the Population? Why After Burning Out, Why Do They Reemerge?

### Jump from Species to Species

Infectious diseases can emerge by moving from one species into another. Examples include smallpox, diphtheria, dengue fever, yellow fever, influenza (flu), and Ebola.

### Viruses

For purpose of explaining how viruses jump from one species to another, we will look at how influenza emerges into a population. Peasants in China and other Asian societies live close to their livestock. This closeness allows for influenza (flu) viruses that are common in chickens or pigs to mutate their genetic makeup enough to infect the person living close to them. When the original host is a bird, the resulting flu is referred to as avian flu. If the original host was a pig, the flu is referred to as a swine flu. Once a person is infected, the virus may continue to mutate, allowing it to more easily pass to other people near the person infected. This ring of exposed people expands over time. The sick person comes in contact with other people, exposing these new people and over time infects geometrically more people. Only after the virus has mutated so that it can be passed easily from human to human does the virus pose a major threat to human populations. With modern transportation, an infection that starts in one part of the world can reach the entire world in a matter of days, weeks, or months. After the flu infects much of the community, heard immunity means that the virus has trouble finding new people to infect. Thus the outbreak burns out but remains in the population for many years.

Over the past several years, a variant of the H1N1 virus has circulated worldwide. It is similar, but not the same strain that caused the 1918 pandemic. In 1918–1921 the H1N1 killed young adults in numbers not seen since. The current variant of H1N1 continues to make people of all ages ill. However most deaths related to H1N1 occur in primarily the very young and the elderly.

H3N2 is a swine flu virus. It was the cause of the Hong Kong flu pandemic of 1968 (Influenza A (H3N2) Variant Virus https://www.cdc.gov/flu/swineflu/h3n2v-cases.htm). Sporadic infections of H3N2 have continued to be detected since that time. H3N2 mutated again in the Southern Hemisphere in 2017 (Australia's flu season has U.S. health officials bracing for a bad winter – and wishing for a new vaccine, published 1.8.18. http://www.latimes.com/science/sciencenow/la-sci-sn-flu-season-h3n2-story.html). In 2016/2017, the flu vaccine used worldwide was 34% effective against H3N2. Based on the experience in Australia in 2017/2018, the 2017/2018 vaccine (similar to last year's vaccine) is now expected to be only 10% effective (Morley 2017). The severity of associated illness and the death rates related to this virus is expected to be significantly higher in a normal flu season.

H7N9 is a newer strain identified in China in 2013. It has been seen in 2017 in the Southern Hemisphere. So far, there is a high death rate associated with this stain. In China, 88% people who were infected with H7N9 virus later developed pneumonia, and 41% died (Walsh 2017). While H7N9 is currently highly lethal, many times when an infectious disease is passed through a population it loses some of its strength. It is hoped that as H7N9 moves through more people, it will mutate to become less lethal.

Seasonal flu can originate anywhere in the world. Usually seasonal flu is caused by a virus that originated in Asia. The flu virus usually moves from Asia to the Southern Hemisphere communities before traveling to the Northern Hemisphere (Kenah et al. 2011). This usually provides time for public health officials to predict what strain of flu should be part of any vaccine. Deterring what should be in a flu vaccine is an imprecise art. Sometimes the flu strain that hits the Northern Hemisphere has muted again, making the vaccine less effective, or the Northern Hemisphere is hit by a different virus that was included in the vaccine. While this has been the pattern in the past, international air travel, linking Asia to countries in the Northern Hemisphere continues to get more active. It is possible that in the future, the Northern Hemisphere will be impacted by a virus that comes directly from Asia.

### Ebola

It was first discovered in 1976 near the Ebola River in what is now the Democratic Republic of the Congo. It sickened 600 people. Nearly 20 years later, in 2005, researchers found five strains of Ebola hidden in three species of fruit bats in Gabon and the Republic of the Congo. Four of the five strains can be spread to humans. The fifth strain can be spread to other non-human primates (About Ebola Virus Disease Information webpage: Centers for Disease Control and

Prevention, National Center for Emerging and Zoonotic Infectious Diseases (NCEZID), Division of High-Consequence Pathogens and Pathology (DHCPP), updated February 18, 2016 ).

On August 24, 2014, the Democratic Republic of the Congo (DRC) Ministry of Health notified the World Health Organization (WHO) of an outbreak of Ebola virus disease (EVD) in Equateur Province. The index case was a pregnant woman from Ikanamongo Village who butchered a bush animal. She became ill with symptoms of EVD, reported to a private clinic in Isaka Village, and died on August 11, 2014. Local customs and rituals associated with death meant that several health-care workers were exposed to Ebola virus. A total of 66 cases, including 38 laboratory confirmed cases, and a total of 49 deaths were reported. Without international cooperation, this emerging and deadly infectious disease would have sped throughout Africa and eventually worldwide.

People get the Ebola virus through direct contact (through broken skin or mucous membranes in, e.g., the eyes, nose, or mouth) with blood or body fluids (including but not limited to urine, saliva, sweat, feces, vomit, breast milk, and semen) of a person who is sick with or has died from Ebola. They get it by coming in direct contact with:

- Objects (like needles and syringes) that have been contaminated with body fluids from a person who is sick with Ebola or the body of a person who has died from Ebola
- Infected fruit bats or primates (apes and monkeys)
- Contact with semen from a man who has recovered from Ebola (e.g., by having oral, vaginal, or anal sex).

### Hiding Is an Unrelated Population

Infectious diseases can emerge after being isolated in a population. The historical example of the deadly impact of a number of infectious diseases on Native Americans when exposed to people from Europe demonstrates this vehicle of transmission. A second example is the introduction of cholera to Haiti by disaster responders from Europe after the 2010 Haitian earthquake. Today cholera is endemic in Haiti.

Bubonic plague first devastated China in the 800s. After it burnt out, it remained in the population of China. In the 1300s, carried by the merchants and rats on the spice road to Europe, bubonic plague move to a new population of people on the steps of Asia. Records of that time record major outbreaks of illness and death along the route. By the mid-1300s, sailors who were part of the commercial trade from Asia brought the illness to Italy. From Italy, bubonic plague spread throughout Europe. Europeans of the 1300s had no immunity to bubonic plague. It is estimated that between 1/3 and 1/2 of the population of Europe died from this disease between 1347 and 1351 ("The Black Death, 1348," Eye Witness to History, www.eyewitnesstohistory.com (2001)).

### Other Common Factors

In addition to the two vehicles of spread discussed above, there are several common factors that appear most often when an infectious disease reemerges.

- Climate change has brought higher temperatures to higher latitudes, thus providing more opportunity for tropical and sub-tropical diseases to move to new territory. Examples include the Zika virus and dengue fever. Harsher winters mean more people congregate in indoor spaces, encouraging passing of the virus by coughs, sneezes, or hand-to-hand contact.
- "Overuse" worldwide of antimicrobial agents and pesticides. The reemergence of drug-resistant illnesses such as tuberculosis is directly attributable to the high misuse of antibiotics. Many pesticides have become ineffective in keeping malaria-carrying mosquito under control.
- Poor community health: close physical crowding, lack of proper sanitation, poor hygiene, and lack of effective vaccination lead to the occurrence of highly lethal infectious diseases.

### Fighting Back

Over the last 125 years, significant improvements have made many public infrastructure systems. Potable water systems in many nations are safe to drink. Changes in food safety and sanitary sewer systems have also reduced the spread of diseases. Around the world, where government funds have been spent to improve water, waste, and food infrastructure, the health of the public has been improved. Outbreaks of dysentery, cholera, severe repertory viruses, Ebola virus, etc. continue when communities have not invested in their public water, waste, and food infrastructure.

#### Antimicrobial Agents

Beginning in the late 1930s and early 1940s, the development of antibacterial agents has kept many bacterial infectious diseases under control. Diseases like tuberculosis were no longer the major killer that they had been in the past. Unfortunately, throughout the world, the overuse of antimicrobial agents have resulted in the reemergence of many infectious diseases. Diseases that were no longer the killer of millions have become resistant to antimicrobial agents. We are on the edge of a "post-antibacterial" age. The reemergence of malaria, tuberculosis, and other killers are again becoming the major threat to people's health and lives. One study (Tabish 2009) found that 53% of emerging infectious diseases (bacterial or rickettsia) were drug-resistant microbes. Unless a new approach is discovered, we are likely to be headed into a post-antibiotic world. Vanished killer infectious diseases will reemerge and once again take millions of lives.

#### Vaccinations

No major pharmaceutical discovery has impacted viruses like the discovery of antibiotics has tamed bacterial infections. Instead, viruses have been attacked by the development of focused vaccinations. Many viruses that killed millions of children in the 1900s have almost been eliminated or almost eliminated. Some have begun to reemerge as populations forget how deadly these diseases were before vaccines were developed. People die when not enough people have immunity provided them by vaccination.

## Crisis Management, Organizing the Fight

There are several public health concepts used to keep outbreaks of infectious diseases under control or fighting it when it occurs. They are early detection and isolation, vaccination/antimicrobial agents, repairing the public systems that deliver potable water, safe editable food, and sanitary waste disposal. Two-way communication with the communities impacted or potentially impacted is always necessary to getting information from the people and allaying their fears. All of these are ways that governments or societies prepare for and respond to an outbreak of an infectious disease.

The World Health Organization, the US Centers for Disease Control and Prevention (CDC), and the similar organizations (Major International Health Organizations, International Medical Volunteer Organization; http://www.imva.org/Pages/orgfrm.htm) operate to promote the health of populations work together to identify emerging and reemerging infectious diseases. Two WHO definitions help understand crisis management relating to infectious diseases. WHO defines a health risk or threat as "event, incident, condition or agent, which by its presence has the potential to rapidly harm, directly or indirectly, an exposed population, sufficient to lead to a crisis." A public health crisis is "a sequence of events following a public health threat, where the limited time available for deciding and the large degree of uncertainty leads to overburdening of the normal response capacity and undermining of authority." Using crisis management in response to emerging infectious diseases includes (1) identifying the cause of the outbreak, (2) mitigating the impact of the outbreak on the organization, its employees, and customers, (3) working with government agencies to provide factual information to the community, (4) implementing a plan to continue critical operations (COOP), and

(5) communicating with officials, employees, customers, and other stakeholders. This is true when the infectious disease is Ebola in Africa or seasonal Avian flu in the United States.

Partnering with WHO, the national public health agencies of the several impacted African countries (1) identified the cause of the outbreak, (2) Using classic epidemiological techniques to determine which communities and individuals had been impacted, (3) provided supportive care for those suffering from Ebola while trying to isolate them from those who did not yet have the disease, (4) searched for new cases, (5) isolated those new cases, and (6) educated the communities about why the disease had impacted their community and what they could do to limit their risk. Through this effort, the outbreak was contained to a limited geographic area of Africa, with the exception of several responders who carried the disease back to their home country. These responders were placed in medical isolation. Ebola did not take root in their home country.

These tasks require local citizen willingness to talk to public health officials. This is not always easy where community and government do not trust each other. Stopping contagious and deadly diseases, in countries that do not have well-developed and funded public health programs, requires a willingness on the part of the country to accept international assistance. The international community must be willing to provide both professionals and funding. Without that partnership, the disease can spread beyond local containment and potentially impact the entire world.

Viruses can and do mutate anywhere in the world. The 1918 H1N1 flu may have jumped species in the central United States. "The name of Spanish Flu came from the early affliction and large mortalities in Spain where it allegedly killed 8 million. However, a first wave of influenza appeared early in the spring of 1918 in Kansas and in "US military camps." At any time viruses of different strains are impacting different parts of the world. Combatting the flu relies on the same principles of crisis management discussed above. First, companies and organizations must identify how the crisis is likely to impact the organization, employees, and clients. Second: what role can they play in stopping the spread of the illness. Second, how can they support the government effort, their employees, and clients? Third, implement their internal continuity of operations plans. Fourth, support efforts to provide factual information to people impacted as well as their employees, clients, and stakeholders.

## Conclusions

Infectious diseases have been part of human history since prehistory. Infectious diseases (1) jump from one species (birds, swine bats, fleas, monkeys, etc.) to humans, (2) emerge from a community that has already been exposed and now comes in contact with people who have not been exposed to the disease, (3) have become resistant to antimicrobial pharmaceuticals, (4) expanded their home territory due to climate change, and (5) take advantage in poor community health (close physical crowding, lack of proper sanitation, poor hygiene, and lack of vaccination).

Government efforts are defined by the principles of emergency management and public health. These principles rely on the help of the population and include (1) identifying the cause of the outbreak, (2) using classic epidemiological techniques to determine which communities had been impacted, (3) providing supportive care for those suffering from the illness while trying to isolate them from those who did not yet have the disease, (4) searching for new cases, (5) isolating those new cases, and (6) educating the communities about the outbreak and what they could do to limit their risk.

Crisis management principles are the core of how private organizations worldwide response to these emerging or re-emerging infectious diseases. In many ways, the success of the overall effort to contain these emerging diseases are dependent on the success of the response to get people who have had the disease, have the disease on both the public efforts (emergency management) and private and organizations efforts (crisis management). Both must work together to contain and defeat these deadly diseases.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Crisis Management and Governance
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Emerging Infectious Diseases and Emergency Management
- ▶ Ethics and Crisis Management
- ▶ Fatality Management in Crises
- ▶ Global Agenda for Crisis Management
- ▶ Governance in Crisis Management
- ▶ Local Governments and Crisis Management
- ▶ Uncertainty in Crisis Management


## References


Bushak L (2015) A history of Leprosy, the debilitating disease of separation, Published 13 May 2015, Newsweek Media Group

Kenah E et al (2011) The global transmission and control of influenza. PLoS One 6(5):e19515. https://doi.org/10.1371/journal.pone.0019515. Published 6 May 2011

Morley N (2017) Killer 'Aussie flu' H3N2 is heading to the UK, Published 26 Sept 2017. http://metro.co.uk/2017/09/26/killer-aussie-flu-h3n2-is-heading-to-the-uk-6955857/?

Robins G, Tripathy VM et al. (2009) Ancient skeletal evidence of Leprosy in India (2,000 B.C.). Published 27 May 2009. https://doi.org/10.1371/journal.pome.0005669

Shulman M (2008) 12 diseases that altered history, Published 3 Jan 2008, US News and World Report

Tabish SA (2009) Recent trends in emerging infectious diseases. Int J Health Sci 3(2):V–VIII. Published July 2009

Walsh B (2017) The world is not ready for the next pandemic, Published 15 May 2017 Time


# Emerging Female Entrepreneurial Leaders


Pamela D. Andrews
Amela Consulting, LLC, North Las Vegas, NV, USA


## Synonyms

Emerging leadership; Entrepreneurial leadership; Entrepreneurial learning; Female enterprises; Microenterprises; Social networking; Women-owned small business

## Definitions

- *Women small business owners (WSBO).* Female entrepreneurs who own 51% and manage the day-to-day operations and core service offerings of their venture
- *Microenterprise (ME).* For this study small, business owners with ten or less employees
- *Emerging leadership.* Activities that increase capacity for growth and goal achievement through organizational transformation, which affects the broader environment: (1) agent of distribution or change or (2) close alignment to group norms and ideals
- *Socially constructed network.* Self-directed, self-learning networks which require trust, autonomy, confidentiality, and the building of relationships which allow for honest and processed discussion and feedback on business problems and opportunities
- *Social network analysis.* Examination of the relationships created that allows us to question not just the type of network, but the outcomes from participation in said networks

## Introduction

Female small business owners are no stranger to adversity and obstacles. Women-owned enterprises continue to rise despite the barriers and numerous challenges to their intelligence, capabilities, and leadership in almost all business sectors, including government, technology, retail, entertainment, healthcare and social services, communication, and education. Women are stepping forward to not only meet the needs of their communities, but they are contributing to the larger global economy. Female small business owners remain the fastest growing small business demographic. According to a study conducted by the National Women's Business Council, minority small business owners cite work-life balance, lack of better choices, seizing an opportunity, and job creation as key reasons for starting a business

(NWBC 2016a). African American female entrepreneurs comprised over 1.5 million business owners in 2012, which was an increase of 178.1% from 2002 to 2012. Furthermore, global studies highlight female firms are contributing to economic growth and reducing the rate of poverty around the world by creating jobs for themselves and enriching their communities, employees, suppliers, and stakeholders within their network.

Entrepreneurs have considerable hurdles to stay open and competitive, but small business owners may find it even more challenging to create a growing business in the year filled with tremendous uncertainty. As we move into 2021 and begin a new decade, female entrepreneurs have the potential to emerge as leaders – entrepreneurial leaders inspiring innovation, creating new cultural norms, enriching the economic landscape for more women and minority communities, and garnering the social influence for significant positive change. The global marketplace dealt with increasing ambiguity and numerous disruptions in 2020. Small business operations include managing complexity, networking effectively, making daily decisions, and leading everyday operations. Leadership is critical to understanding how to sustain operations until solutions are uncovered and some assurances that the macro-economy will resurge. Seizing new and current opportunities as the economy rebounds takes innovative leadership and networks with resources that enable actionable steps toward recovery and potential growth. Business owners unable to emerge as leaders during this turbulent time may ultimately find operations impossible to sustain, grow their business, or adapt to the new business environment.

Additional research on women-owned small businesses may uncover how significant and impactful COVID-19 was in female enterprises and what strategies they used to overcome and sustain their businesses during the pandemic. Preliminary studies suggest that the resulting economic crisis is disproportionately affecting women entrepreneurs (Manolova et al. 2020). The largest proportion of female business sectors rely on direct customer services. The 2020 mandated closures significantly impacted travel and leisure, retail, hospitality, food services, and personal care services such as salons. Women business owners express more vulnerability and a more significant impact from COVID-related closures and shutdowns.

Women have historically attested to the difficulty of being recognized as leaders in both the public and private sectors despite qualifications and accomplishments. Even when they are actively serving in leadership roles, female firm owners still receive challenges to their leadership. Yet, women are moving beyond those obstacles and discovering new leadership roles through entrepreneurship. Female entrepreneurs are learning to lead by acquiring knowledge, developing a leadership identity, and emerging as leaders that serve their clients, communities, and network (Higgins and Aspinall 2011).

This chapter adds to the literature by exploring constructive processes and behaviors used by female small enterprise leaders to develop their leadership skills and overcome challenges in their environment. The findings offer women small business owners a better understanding of the types of social networks and behaviors within small business communities of practice positively impacting their entrepreneurial leadership development. Furthermore, capturing and categorizing female entrepreneurial behaviors allow women small business owners (WSBO) to explore strategies and *create* plans to build relationships to support operational and professional development. This chapter is limited to (a) the business aspects of female small business enterprises and their social networks and (b) the social networking behaviors and strategies utilized to overcome business challenges. Experienced female entrepreneurial leaders have found creating and socially constructed supportive networks are crucial to sustaining operations during economic downturn. Network relationships and informal connections often provide access to information and resources. Future research studies may explore how valuable a small business owner's network was in helping them cope with the pandemic crisis and other critical events of 2020.

## Small Business Environments

Entrepreneurs remain vital to supporting and expanding the global marketplace. According to a 2017 GEM report, more than two-thirds of the adult population across 62 economies believe entrepreneurs are well-regarded and enjoy high status within their societies (Herrington and Kew 2017). Entrepreneurs are regarded as individuals who seize opportunities, identify gaps, and create new markets that can disrupt the current state of business (Cogliser and Brigham 2004; Stuart and Sorenson 2005). The landscape of small business ownership is continually evolving and expanding the possibilities for new operations and improved services.

In the last decade, women small business owners around the globe have seen improvements in male and female self-employment rates (Organisation of Economic Co-operation and Development [OECD] 2016). Small business ownership is proving to be a means for addressing gender inequalities. Women-owned small businesses (WOSB) became the fastest growing demographic of business ownership; however, minority, women-owned small businesses (MWOSB) still lag behind nonminority women. Significant differences remain between gender and race for income generation along with access to crucial business components such as capital, resources, networks, and influence. Although female business ownership has increased four times that of their male counterpart from 2007 to 2012, minority and female firms have not experienced significant increases in revenue (NWBC 2016a; OECD 2016). Yet, women persist and continue to see business ownership as an opportunity for creative change, economic empowerment, and personal fulfillment. New programming is needed to address the imbalance and provide tools for women to overcome systemic barriers and unforeseen challenges to advance female entrepreneurial financial and professional ambition and goals.

The life of an entrepreneur can be all-consuming in the early or nascent stages of business development. The nature of small business ownership necessitates a combination of managing uncertainty and an openness to encountering change as part of daily operations. Current literature proposes the maintenance, and growth of a small business requires two essential tasks: the identification of opportunities and the utilization of resources to act on those opportunities (Stuart and Sorenson 2005). For the pre-start-up or nascent entrepreneur, networks represent the interdependencies typical at the early stage of entrepreneurship: family, friends, colleagues, teams, partners, and community-based organizations. But for novice and mature entrepreneurs, networks add a key dimension to the business. The owner's professional development and network of associates, friends, and family help the owner build relationship to address changes in the environment, respond to manifesting opportunities, and create new shared realities. The Global Entrepreneurs Monitor 2015 report also indicates each stage of the entrepreneurial journey requires resources from the prior step and relies on entrepreneurial capabilities and other relationships to assist firms with transiting to the next phase (Kelley et al. 2015). Experienced small business owners (SBO) with quality, socially connected networks are able to position themselves for the leadership opportunities in an economy going through transformation.

The day-to-day operation of a small business requires flexible and adaptable processes to manage the dynamic nature of today's marketplace (Brett et al. 2012). Under normal economic conditions, entrepreneurs struggle to manage the ambiguity and complexity in the marketplace and find it difficult to remain sustainable past 3 years or expand their business from a sole proprietor to at least one employee (Higgins and Aspinall 2011; Rae and Carswell 2001). During the COVID-19 pandemic, small business owners quickly learned the importance of flexibility in a small enterprise, and having the ability to pivot operations meant the life or death of a business. Business scholars offer larger organizations a variety of tools to use in the change process that may take a considerable amount of time to implement and become effective. Small business operations run at accelerated rates of change compared to larger organizations, and many of the

traditional change processes do not translate in small business environments.

## Entrepreneurial Learning

The entrepreneurial learning process is inherently contextual and shaped by various leadership enactments and observations present in their business environment. The term entrepreneurial learning means learning to recognize and act on opportunities and interacting socially to initiate, organize, and manage ventures. Making sense of the changing small business environment requires owners to explore and seek new meaning through uncertain and complex periods. Entrepreneurial learning becomes a continuous process of sensemaking to analyze the new and changing reality and requires action, contribution, negotiation, and change from an internal and external perspective. Socially constructed networks built on trust, autonomy, confidentiality, and strong relationships allow for honest and progressive discussion, feedback, as well as assistance on issues and managing the complexities in the small business environment (Brett et al. 2012).

The lifecycle of a small business encompasses the lived experiences of entrepreneurship inclusive of the cognitive processes and social constructivist behaviors demonstrated in the many stages of small business development, maintenance, and growth. The entrepreneurial development stages in the chapter are adopted from the four stages of business in entrepreneurship: pre-start-up, nascent, novice, and mature (Rae and Carswell 2001). Entrepreneurial thinking, behaviors, and actions are all part of the entrepreneur's experience and are represented differently at each stage. The early stage forces the entrepreneurs to learn through experiential learning, experimentation, observations, and reflective practices.

Entrepreneurial learning at the novice and mature stages requires critical incident management and social constructivism to address higher levels of participation, leadership, financing, resources, and collaboration. Female small business owners may stay in the novice stage for an extended period or even close the business without the necessary connections to find resources to assist them with overcoming business challenges, personal barriers, and societal stereotypes. Creating and socially constructing supportive yet challenging environments become crucial for female small business owners. Despite these and other environmental challenges, women are finding positive networking strategies to create and maintain ventures.

Continuous learning is a crucial and integral part of entrepreneurial social and behavioral activities. Researchers have only begun to take a closer look at entrepreneurial learning and behaviors of novice and mature small business ventures in the last few decades. Several conceptual models are available to describe not only entrepreneurs but the environments in which they operate (Cope 2005; Rae and Carswell 2001). Recent studies have begun to examine internal and external small business processes and strategies that promote or inhibit personal and organizational learning. When entrepreneurial learning strategies are placed in the context of social constructivism and action learning, small business owner will discover behavioral and social activities align with both entrepreneurship and adult-learning theories (Brett et al. 2012; Rae and Carswell 2001).

The professional development needs of small business owners are diverse and complex. Traditional forms of large organizational development and leadership development practices do not address the localized or specific needs of small business owners (Gibb 1997; Mendenhall et al. 2013). Scholars from various traditions understand that entrepreneurial learning is experiential in nature (Cope 2005; Rae and Carswell 2001). Educators are beginning to examine the leadership experiences of small business owners and to understand how to develop learning models that afford small business owner meaningful learning experiences at every stage of the entrepreneur's journey, additionally, expanding on the need to recognize the creation of new opportunities at every stage with the goal of moving the owner forward to their next level.

**Social Constructivism.** Social constructivism provides an educational methodology for

entrepreneurs to understand the contextual nature of shared experiences and entrepreneurial behaviors. In inherently complex entrepreneurial environments, social constructivism allows entrepreneurs a framework (1) to uncover opportunities, create and build new methods of support, and form new leadership perspectives as part of their leadership strategy; (2) to discover processes and behaviors other female small businesses owners opt for in learning to lead; and (3) to engage with others within their communities of practice and business circles (Aubrey and Riley 2016; Brett et al. 2012; Lave and Wenger 2003; Rae and Carswell 2001). Social construction thus supports the entrepreneur's journey through their emergence into leadership and their individual leadership identity and recognized role in their community of practice.

Entrepreneurs observe behaviors and take actions to categorize past and current best practices within their social network as a major part of their entrepreneurial learning (Cope and Watts 2000; Rae 2004, 2005). If small businesses are to be successful, small business leaders must be able to construct learning experiences that are relevant and meaningful (Brett et al. 2012), relevance found through engagement and identifying and exhibiting leadership through increasing social influence within their network to be perceived as leader within your community of practice.

Open communications and interaction with personally developed and trusted networks are one of the preferred learning styles of small business owners (Gibb 2009; Brett et al. 2012). Informal learning provides a means for owners to improve their ability to learn (Higgins and Aspinall 2011; Rae and Carswell 2001). The act of experimentation as a reliable methodology and means toward learning includes practice, inquiry, and reflective thinking to understand and define experiences, in which owners are active participants (Brett et al. 2012; Higgins and Aspinall 2011).

## Entrepreneurial Leadership

Leadership development warrants taking a multidimensional, systemic perspective of the whole environment to integrate all aspects of an organization, including the owner's personal network. Leadership is a continuous process of adjustments to match the complexity involved in entrepreneurial operations (Aubrey and Riley 2016; Brett et al. 2012; Rae and Carswell 2001). Entrepreneurial leadership requires knowledge and skills to think more global, be technically literate, and understand the culture and social norms to stay competitive. Many leadership styles are needed to manage the multiple aspects of people, roles, and time. If the small business owner does not have an environment that affords them the time to explore options, make critical decisions, and practice behaviors, they may find it difficult to cognitively and behaviorally transition into a leadership role to exploit new opportunities or grow their business.

Entrepreneurial leadership is necessary to construct networks that can provide influential leadership and informal social relationships to augment existing network connections, family, partnership and co-founders, and clients to assist with introductions, advice, leadership opportunities, and resources. Building these relationships may enhance leadership behavior, leadership identity, and social influence and create increasing value to leadership over time. As women begin to grow their businesses, social networks may help female business owners hone their leadership skills and expand their realm of influence as network connections turn into trusted, influential relationships over time.

Critical to the entrepreneurial leadership development process is socializing with fellow entrepreneurs and practitioners who have successfully transitioned into socially identified leadership roles. Access to people with knowledge and experiences and encouragement provides value on the leadership development journey. Women small business owners suggest impactful networks provide (1) client referrals, (2) opportunities to collaborate, (3) opportunities for learning, and (4) info on new opportunities (Andrews 2020). Female entrepreneurs also suggest participation in impactful social networks the owner with access to knowledge and information that helped to grow their businesses and establish

relationships and connections. Furthermore, women small business owners identified being part of a social network was necessary to stay connected and informed about issues impacting their business and their industry. During the various stages of the lifecycle of the female small business owner's journey, network connections helped to educate these women on how to maintain and grow their ventures into maturity (Kelley et al. 2015, Rae and Carswell 2001). Their social networks contributed to the sustainability and growth by providing avenues for information flow and exchange, which is vital to the entrepreneurial growth process (Stuart and Sorenson 2005).

**Social Networks**. Social networking in a broader context is aligned with connections and relationships (Prell 2012; Scott 2012; Scott and Carrington 2014). Entrepreneurial networks provide a spectrum of choices for business strategies to incorporate social media, face-to-face interactions, email communication, and virtual experiences, discovering new communities of practice. Each stage of the entrepreneurial journey requires resources and support. Early-stage entrepreneurs may receive support from a familial network to address initial start-up questions and issues, but as a firm evolves, these networks give way to communities and practices to assist with more complexity and greater ambiguity as the business expands and matures (Stuart and Sorenson 2005).

The various conceptual models defining social networking (Aubrey and Riley 2016; Brett et al. 2012; White et al. 2016) provides some insight into positive strategies female small business owners are incorporating. Women are more likely to have a family member, friend, or acquaintances as advisors and may be limited by the entrepreneurial experience in their network (NWBC 2016a). By questioning network types and choices, outcomes from participation in those connections become a tool of measurement on value. Networking begins to add significant value when women learn from experiences in both informal and formal social situations. By expanding their social network, women small business owners learn to nurture new and existing relationships and share in the ideas and purposes of the larger community (NWBC 2016b; White et al. 2016). Additionally, social capital is generated through experiences allowing women to build strong connections that create networks with atmospheres of trust and confidence, affording females the opportunity to emerge as leaders (White et al. 2016).

Social networks play a significant part in entrepreneurial activities through information on new opportunities, resources availability, perceived power, social influence, and referrals to financial capital (NWBC 2016b; Stuart and Sorenson 2005). Entrepreneurs in operations for more than 3 years continue to strive to generate leads and to seek out the most beneficial relationships, regardless of gender, to meet their current and future business goals (Stuart and Sorenson 2005; White et al. 2016). Small business environments continuously evolve, and key components to business sustainability are social networks and access to resources.

Connections often provide access to information and resources that larger firms hire consultants to find and in less time. Various types of information and capital flow through strong and weak connections (Stuart and Sorenson 2005) and social networks contribute to the entrepreneurial processes through strategic relationships. Effective entrepreneurial leaders understand how to leverage and alter social network connections to create transformative possibilities through shared and learned experiences. Very few small businesses operate successfully without using networks to support leadership development in addition to growing their operations.

Established and experienced female entrepreneurs state that their social networks also had a significant impact on their self-efficacy and overall business success and were necessary to stay connected to industry and information that may impact their business. Women small business owners also participated in social networking to gain access to knowledge and information that helped to grow their businesses and establish relationships and connections that resulted in valuable support through collaborative, partnership, and employee resources (Andrews 2020; White et al. 2016). A strategic analysis of the quantity and

quality of an individual's entrepreneurial community increases the probability of firm success.

Sullivan and Weerawardena (2006) describe networking as two functions. The first step requires small business owners to build their network initially and start with the fundamental concept to grow your network as your business grows. The second step functions to renew and extend the network over time to achieve the business vision and purpose. Entrepreneurial growth implies that opportunities are available and discoverable. Social networks provide channels of opportunities and connections, whether strong or weak, serving as bridges into these channels. Socializing with fellow entrepreneurs and other practitioners who have transformed their businesses and identifying themselves as leaders is critical for positive individual and collective change.

**Social Network Analysis.** Social network analysis deconstructs and explores the "who," "what," "why," "how," and "when" of network connections to determine the impact of social networking over time. The social networking construct referenced in this chapter encourages entrepreneurial leaders to analyze their networks and the outcomes from participation in each community. Additional analysis should be undertaken to determine the individual entrepreneur's stage of maturity (Prell 2012; Scott 2012; White et al. 2016). Social network analysis also examines the type of relationships, networks, and the context that leads to outcomes and by looking at patterns of relations (Prell 2012; Scott 2012; Scott and Carrington 2014). Mature entrepreneurs rely on their own capabilities and other networked relationships to assist with transitioning the business as well as their own identity and influence to the next phase (Kelley et al. 2015; White et al. 2016).

Deconstructing one's social network is essential to understanding entrepreneurial leadership that includes industry experience, entrepreneurial learning, educational background, and strong and weak ties (Lemoine et al. 2016; Stuart and Sorenson 2005). Social network analysis also examines the structure and patterns apparent in relationships and how those connections influence outcomes (Stuart and Sorenson 2005). Female entrepreneurs do not necessarily need to network more, but network better seeking out the most beneficial relationships, regardless of gender (NWBC 2016b).

Social network analysis applied to women business owners could open up pathways for women to access capital, information, and resources to construct their enterprises strategically and socially (NWBC 2016b; Stuart and Sorenson 2005). Networks providing opportunities for collective and shared leadership roles can help female entrepreneurs transition through the start-up period to the growth period by assisting them to recognize and act upon business and leadership opportunities. Social network deconstruction aids in understanding the benefits of a connection, such as an opportuntiy to engage, to define best use of time and resources, and to assess conditions for leaderhsip opportunities should be part of the social networking and leadership strategy.

## Emerging Female Entrepreneurial Leaders

In a recent study, women small business owners agreed that having a leadership role in a network gave them greater influence and added increasing value to their leadership over time. Additional correlations contained values with strong positive linear relationships between observing other entrepreneurial leaders and developing entrepreneurial leadership skills which delivered an $r$ score of 0.678 (Andrews 2020). As leaders within their socially constructed networks, female business owners are creating new leadership pathways through entrepreneurial learning and learning to lead by developing a leadership identity and actionable leadership behaviors (Higgins and Aspinall 2011). Female small business owners have gained an awareness that leadership development strategies and practices are important aspects of networks characteristics.

Kolb's theory for experiential learning aids in the identification of strategies shared by owners at various stages in the small business life cycle. Experiential learning as defined by Kolb evaluates

learning through four categories: concrete experiences, reflective experiences, abstract conceptualization, and active experimentation. Entrepreneurial learning incorporates these experiences under slightly different terms: experiential learning, reflection, critical incident management, and social constructivism. As adult learners, small business owners appreciate that learning is social in nature, includes first-hand experiences, and requires participation and engagement, and also them to construct networks with new opportunities to explore. Table 1 stages an interpretive view of entrepreneurial learning based on Kolb's theory and is aligned with the individual quantitative survey questions and qualitative responses on female small business leadership. The leadership development strategies provide a model or template for women small business owners to utilize when assessing their strategy for leadership development.

Opportunities that combine experiential learning and leadership experiences help develop transferable skills for entrepreneurs to emerge as leaders (Cope 2005; Rae and Carswell 2001). Engagement and participation contribute to the formation of new mental models to help entrepreneurs garner new tools to identify and construct new opportunities (Andrews 2020). Social networks provide learning environments for female business owners to connect their business goals with their professional development goals by affording them lived experiences and connections to form new relationships and collectively shape their environments. Entrepreneurial learning occurs collaboratively with others, and as emerging entrepreneurial leaders, they have greater social influence to contribute their leadership to local and global communities. Believing you are a leader can have a positive effect on leadership identity and leadership behaviors, and for entrepreneurs, beliefs become transformational.

Entrepreneurship and leadership are fundamentally socially constructed behaviors operating by bringing together information, people, and technology to fill a need or create new and innovative solutions. Mature female entrepreneurs understand the complexity of managing ambiguity, networking effectively, making daily decisions, and providing leadership development for themself and their team. A key leadership development service that social networks offer women small business owners is an environment where they can hone their leadership skills and begin to identify themselves as influential leaders. Female entrepreneurs are changing the traditional ideas around leadership development by removing the large corporate view of leadership and embracing entrepreneurial leadership, leadership

**Emerging Female Entrepreneurial Leaders, Table 1** Entrepreneurial learning aligned with leadership development strategies

| Entrepreneurial learning | Self-assessment questions | Leadership development practices |
|---|---|---|
| Experiential learning | I have a leadership role in my social network | Getting involved and sharing<br>Presenting at conferences/ events |
| Reflective practices | My network provides me with opportunities to observe entrepreneurial leadership behaviors | Observing, meeting others who have done it<br>Accepting feedback<br>Finding a mentor/seeking out others<br>Balancing time and networking |
| Critical incident management | My network helps me develop entrepreneurial leadership skills | Reading, YouTube<br>Attending conferences/events<br>Finding true cohesive relationships |
| Social constructivism | I consider myself an entrepreneurial leader | Expanding into new channels<br>Participating/leading and become the face of the business |

continuously managing complexity and ambiguity in today's increasingly dynamic marketplace. Novice and mature entrepreneurs were surveyed to ascertain the biggest benefit their social network provided to their leadership development, and the benefit of "honing my skills" was over three times more prevalent than any other type of networking benefit (Andrews 2020).

Women business owners are stepping forward into leadership roles and honing their leadership identity and leadership behaviors through strong and weak connections within their own network. They are also serving as bridge and resources to additional information, people, and resources. The growing number of female business owners are altering the marketplace by harnessing their collective leadership to support local communities and leading enterprises actively supporting another emerging, novice, and mature female entrepreneurs. Women business owners employed social networks to hone their leadership skills. Established female entrepreneurs already fully recognize their leadership identity, model leadership behaviors to advance their leadership capabilities, and emerge with influence and resources to contribute and collaborate with other business and community leaders (Andrews 2020).

Women-owned small businesses already have a leadership mindset, with 73% of the female business owners' survey responses showing strongly agree (42%) to somewhat agreement (29%) with the entrepreneurial leadership role. Andrews (2020) conducted interviews to corroborate the leadership mindset of female small business owners, with 81.5% positively affirming their role as an entrepreneurial leader. Female entrepreneurial leaders are networking to maintain or develop trusted relationships, hone their leadership skills, gain champions to help market, and create visibility and branding for their company. Many of the women were already serving in their communities as part of the collective leadership, not as a strategy but as personal connections or affiliation to organizations they aligned with, such as youth groups, educational programs, and larger nonprofit advocacy organizations. Established small business owners chose to direct their leadership toward their communities through service-oriented or nonprofit programming aligned to their own interests, thus expanding their level of social influence and collective leadership in these communities while working to improve others' lives.

Informal networks serve as safe spaces and as bridges for professional development and contribute to business growth through individual participation and engagement (Aubrey and Riley 2016; Lave and Wenger 2003). Educational programming for female entrepreneurs should utilize a social constructivist framework to social networking and entrepreneurial learning concepts into their curriculum. Leadership education for female entrepreneurs should also encourage global partnerships, member collaborations, and shared leadership opportunities resulting in expanding the possibility for women entrepreneurial leaders. As more and more minority women small business owners emerge contributing to economic growth in their communities, higher levels of participation and engagement from all women become possible and may lead to women and minorities in leadership as the norm (Lemoine et al. 2016).

With over 90% of the businesses categorized as microenterprises in the United States, guidance, focused education, and empirical research are needed to help these businesses grow and create jobs to expand the economy. The first step for female business owners to grow their business should be to effectively assess their network and connections for opportunities and resources. Microenterprises should feel empowered in understanding how their relationships positively contribute to their business, their professional growth, and their financial returns. Female microenterprise owners should look for and examine leadership roles in their community of practice and learn to collectively hone their skills by partnering with other microenterprises and leverage their individual networks to pursue new opportunities and new ways to collaborate.

Experienced microenterprise owners are referring and leveraging each owner's connections to achieve greater access to information. They are seeking out new opportunities, opportunities to learn, opportunities to collaborate, and

opportunities to connect with new markets for potential clients. Female firm owners are encouraged to analyzing group members, tasks, and outcomes to make sense of the criteria used to establish leadership. Since leadership tends to have influence, women business owners should seek the opportunity to lead if possible. White et al. (2016) hypothesize that advice-giving can have a positive correlation to leadership emergence and leadership influence. They conclude that informal instrumental networks give advice that enables individuals to share and reach out with potential resources. Social networks creating opportunities and offering these types of support services are invaluable to women small business owners. One female small business owner shared the practice of assessing your network annually to determine whether opportunities to lead were available or whether your active participation contributes to the group's vision and influence. If these criteria were not met within a specified timeframe, the recommendation was to seek another open and collaborative channels and connections.

Building stronger relationships over time could yield circumstances offering new collaborations. A collective group network analysis affords the group the ability to leverage all known connections for opportunities to learn from other small business owners, create new strategies, and respond to larger opportunities by combining resources and capabilities. Female microenterprises could begin to see how to collectively lead and emerge as leaders with more power and influence in the two merged networks. Individual entrepreneurial leadership combined with other entrepreneurial leaders can collectively shape, influence, and create positive change in the newly constructed community of practice.

## Conclusion

This chapter offers some guidance into the networking behaviors and practices of female enterprises in regard to emerging leadership. The assessment of network connections can empower microenterprises to move along the path of becoming entrepreneurial leaders. Female microenterprises are leveraging their individual network connections to achieve greater access to information by analyzing from which community information, learning, and opportunities stem. Highly interactive and diverse networks afford women the ability to emerge as leaders and gain more and more social capital (Lemoine et al. 2016).

Emerging as a leader requires participation in social groups, patterns of interactions, and the establishment of expected community behaviors. Leadership is considered to emerge when followers construct their experiences as having a leadership-followership dimension. As the social context of female leadership becomes more prevalent in the global marketplace, new group norms develop to allow for open collaboration, and equal access to new opportunities (Lemoine et al. 2016). The expansion of social networking and leadership development programming for women small business owners would allow female entrepreneurial leaders to model leadership behaviors in formal and informal networks regardless of gender, ethnicity, or socioeconomic status. Over time this positive change and the growth of female enterprises will significantly impact the awareness, practice, and education of female small business leaders to transform them into powerful and influential leaders globally. Confidence in your growth and development as a leader with your network leads to confidence in your business as you represent your company. These emerging female entrepreneurial leaders can define entrepreneurial leadership in new and unique ways as women begin to discover their own leadership, extract the value out of their network, mentor other female owners, and contribute back to their communities with more knowledge, power, and collective influence as future female entrepreneurial leaders.

## Cross-References


- ▶ Diversity, Equity, and Inclusion: Strategic Plans for Start-Ups
- ▶ Entrepreneurial Mind, The
- ▶ Preparing for Succession, Head and Heart

## References


Andrews PD (2020) Women-owned small businesses: the impact of social networks on small business growth and leadership development in a global marketplace (Order no. 27832688). Available from Dissertations & Theses @ Pepperdine university – SCELC; ProQuest Dissertations & Theses Global. (2392944568). Retrieved from https://lib.pepperdine.edu/login?url=https://www-proquest-com.lib.pepperdine.edu/dissertations-theses/women-owned-small-businesses-impact-social/docview/2392944568/se-2?accountid=13159

Aubrey K, Riley A (2016) Understanding & using educational theories. Sage Publications, Los Angeles, CA

Brett V, Mullally M, O'Gorman B, Fuller-Love N (2012) The role of action research in the development of learning networks for entrepreneurs. Action Learn Res Pract 9(2):125–143. https://doi.org/10.1080/14767333.2012.685699

Cogliser CC, Brigham KH (2004) The intersection of leadership and entrepreneurship: mutual lesson to be learned. Leadersh Q 15(6):771–799. https://doi.org/10.1016/j.leaqua.2004.09.004

Cope J (2005) Toward a dynamic learning perspective of entrepreneurship. Entrep Theory Pract 29(4):373. https://doi-org.lib.pepperdine.edu/10.1111/j.1540-6520.2005.00090.x

Cope J, Watts G (2000) Learning by doing – an exploration of experience, critical incidents, and reflection in entrepreneurial learning. Int J Entrep Behav Res 6(3): 104–124. https://doi.org/10.1108/13552550010346208

Gibb A (1997) Small firms' training and competitiveness: building upon the small business as a learning organization. Int Small Bus J 15(3) https://doi.org/10.1177/0266242697153001

Gibb A (2009) Meeting the development needs of owner managed small enterprise: a discussion of the centrality of action learning. Action Learning: Research and Practice 6(3):209–227. https://doi.org/10.1080/14767330903299415

Herrington M, Kew P (2017) Global report 2016/2017. Retrieved from https://gemconsortium.org/report/gem-2016-2017-global-report

Higgins D, Aspinall C (2011) Learning to learn: a case for developing small firm owner/managers. J Small Bus Enterp Dev 18(1):43–57. https://doi.org/10.1108/14626001111106424

Kelley D, Brush C, Greene P, Herrington M, Ali A, Kew P (2015) GEM special report: women entrepreneurs. Retrieved from http://gemconsortium.org/report/49281

Kolb DA (1984) Experiential learning: Experience as the source of learning and development. Englewood Cliffs, Prentice-Hall, NJ

Lave J, Wenger E (2003) Situated learning: legitimate peripheral participation (Kindle edition, Loc. 1251). Cambridge University Press, Cambridge, England

Lemoine GJ, Aggarwal I, Bujold Steed L (2016) When women emerge as leaders: effects of extraversion and gender composition in groups. Leadersh Q 27(3):470–486. Retrieved from https://doi.org/10.1016/j.leaqua.2015.12.008

Manolova TS, Brush CG, Edelman LF, Elam A (2020) Pivoting to stay the course: how women entrepreneurs take advantage of opportunities created by the COVID-19 pandemic. Int Small Bus J 38(6):481–491. https://doi.org/10.1177/0266242620949136

Mendenhall ME, Osland J, Bird A, Oddou GR, Maznevski ML, Stevens M, Stahl GK (2013) Global leadership 2e: research, practice, and development. Taylor and Francis, Hoboken, NJ

National Women's Business Council (2016a) Black women entrepreneurs: past and present conditions of black women's business ownership (Report SBAHQ-16-M-0001). Retrieved from https://www.nwbc.gov/research/research-black-women-entrepreneurs-past-and-present-conditions-black-womens-business

National Women's Business Council (2016b) Research on women entrepreneurs' social networks (Report SBAHQ-14-M-0123). Premier Quantitative Consulting, Inc., Orlando, FL

Organisation of Economic Co-operation and Development (2016) Entrepreneurship at a glance. OECD Publishing, Paris, France. https://doi.org/10.1787/entrepreneur_aag-2016-en

Prell C (2012) Social network analysis: history, theory, and methodology. SAGE, Thousand Oaks, CA

Rae D (2004) Practical theories from entrepreneurs' stories: discursive approaches to entrepreneurial learning. J Small Bus Enterp Dev 11(2):195–202. https://doi.org/10.1108/14626000410537137

Rae D (2005) Entrepreneurial learning: a narrative based conceptual model. J Small Bus Enterp Dev 12(3): 323–335. https://doi.org/10.1108/14626000510612259

Rae D, Carswell M (2001) Towards a conceptual understanding of entrepreneurial learning. J Small Bus Enterp Dev 8(2):150–158 https://doi.org/10.1108/EUM0000000006816

Scott J (2012) Social network analysis. Sage, London, England

Scott J, Carrington PJ (2014) The SAGE handbook of social network analysis. Sage Publications Ltd, London, England. https://doi.org/10.4135/9781446294413

Stuart T, Sorenson O (2005) Social networks and entrepreneurship. In: Alvarez S, Agarwal R, Sorenson O (eds) Handbook of entrepreneurship research. Springer, New York, pp 233–252. https://doi.org/10.1007/0-387-23622-8_11

Sullivan G, Weerawardena MJ (2006) Networking capability and international entrepreneurship. Int Market Rev 23(5):549–572. https://doi.org/10.1108/02651330610703445

White L, Currie G, Lockett A (2016) Pluralized leadership in complex organizations: Exploring the cross-network effects between formal and informal leadership relations. Leadersh Q 27:280–297. https://doi.org/10.1016/j.leaqua.2016.01.004


E

# Emerging Infectious Diseases and Emergency Management

Bruce Binder
Global Vision Consortium, Inc., Rochester, WA, USA

## Synonyms

Disease outbreak; Pandemic management; Public heath emergencies

## Definition

Role of emergency management in responding to new and novel illnesses that impact populations.

## Introduction

Infectious diseases occur in populations everyday. People get sick and usually, with rest and care, get better. Increasingly, there are "new or reemerging infectious diseases" appearing that have high morbidity and mortality rates.

- What are the causes of these diseases?
- What world conditions have led to new outbreaks or the resurgence of outbreaks?
- What is changing in healthcare that makes these outbreaks more deadly?
- If disease control is the job of the health community, what is the relationship to infectious diseases in the context of emergency management?

Both bacteria and viruses are simple organisms. Like all life they live, require food, reproduce, sense their surroundings, and interact with other life forms. The life of a single bacterium or virus is measured in hours to days. They reproduce rapidly, producing numerous generations within days or weeks. This rapid life cycle encourages mutations that allows them to adapt to changing conditions.

Historically, isolation provided by large geographic distances provided a physical barrier to transmission of these organisms to new populations. Bacteria and viruses live and survive in all parts of the world. Populations that live in a particular region gain immunity to the effects of these local bacteria and viruses. Human immune systems recognize are able to combat the invading bacteria to virus, which allows people to only have a mild illness. When enough people in the community develop this "herd" immunity, it becomes hard for the bacteria or virus to infect enough new hosts to sustain the community outbreak, and the outbreak dies off.

**The Zika virus as a recent example**: A current example of an emerging infectious disease is the Zika virus. Zika was first identified in 1947 in Uganda where it identified in mosquitos. The World Health Organization (WHO) first identified Zika in humans in 1952. At that time Zika was restricted to Uganda and the United Republic of Tanzania. By the early 1980s limited outbreaks have been reported in the warm latitudes throughout the world. In 2007, the first large outbreak of Zika occurred on the island of Yap, the Federation of Micronesia. In 2015 clinicians were seeing an association between the Zika virus and Guillain Barre Syndrome. By late 2015 Brazilian public health officials reported an association between mothers who had been exposed to Zika while pregnancy and microcephaly. Since then, the Zika virus has been identified in the warmer climates. (WHO Zika Fact Sheet, Sept 2016) Most recent outbreaks include Papua New Guinea (2016), Peru (2016) Chile (2016) and Saint Lucia (2016) and Southern and Southwest United States (2016). In the first three months of 2017 outbreaks have been reported in the United State, Mexico, CuraÃ§ao, Trinidad and Tobago. Zika is still emerging and evolving. It is an example of an emerging infectious disease that relies on interspecies jump, Hygiene (standing water) and travel to expand. Since Zika is a virus, use or overuse of antibiotics has played no role in this emerging disease. Overall, the global risk assessment has not changed. ZIKV continues to spread geographically to areas where competent vectors are present. Although a decline in cases of Zika virus

infection has been reported in some countries, or in some parts of countries, vigilance needs to remain high. (WHO Zika Situation Report March 2017). Control of this disease is an example of public health and emergency management professionals working together throughout the world to reduce the impact of this disease.

Emerging or reemerging infectious diseases emerge as community illnesses because they enter the community through one or more ways.

**Interspecies jump**: One of the most common examples of interspecies jump is the transfer of new (to humans) flu viruses from animals. For example, medical personnel label the two major flu variants as "swine" or "avian," meaning that they originated in pigs or birds. Swine and most birds live with viruses that do not make them ill. For the virus to impact people, two things must be true. First, the virus must mutate in a way that, when exposed to humans, the human immunity system does not recognize it as new and mobilize the natural defenses against this new strain. Second, humans must be in close contact with the birds or swine to allow for the jump of the virus from one species to another. New variants of human flus commonly emerge from parts of Asia when farmers live close to their livestock. Another recent example is Ebola, which emerged in the human populations in Western Africa in 2013. Long known to affect primates and bats in the area, it had not been a danger to humans. Case Zero has been described as a young child who may have been exposed to a fruit bat that had the disease. Once in the human population, it easily spread from human to human, as these populations had no immunity to the virus.

**Travel**: Travel has long been a major contributor to the emergence or reemergence of infectious diseases. Three classic examples help demonstrate the link and why emerging infectious diseases require the partnership of other public health managers and emergency managers.

As early as 1340, the bubonic plague ravaged China, India, Persia, Syria, and Egypt. The numbers of humans killed by *Yersinia pestis*, the Black Death, in these communities are not well documented. Historians note that this pattern is consistent with the disease moving with trade on the major east-west trading routes. *Yersinia pestis* arrived in Messina, Italy, in1347 when 12 Genoese trading ships arrived from the Black Sea. During 1346–1353 the bubonic plague killed 60% of the population in Europe. Estimates are that as many as 75 million died in this infectious disease outbreak.

A more modern example of how travel interacts with emerging infectious disease is the outbreak of HIV and AIDS. It is widely believed to be the result of an interaction with a chimpanzee and a human in the Democratic Republic of the Congo, Africa, in the 1920s. Sporadic cases were reported until the late 1970s when, with the aid of modern air travel, cases were identified in North America, South America, Europe, Australia, and Africa. It is strongly believed that without modern air travel, HIV and AIDS would have taken significantly longer to become endemic throughout the world.

Finally, there is a classic example that combines all three of the elements that are embedded in the first two examples: The 1918 worldwide pandemic flu (H1N1). It was first identified at Fort Riley, Kansas, among new army recruits preparing to go overseas as part of World War I. There is evidence that it originated in China and traveled to the United States with the 96,000 Chinese laborers imported to the United States to prepare for the US participation in the war. It spread throughout the world, first by service personnel and then by people who had contact with these people. In the end, this variant of the H1N1 virus killed up to 50 million people before it ran its course.

**Poor hygiene**: Most infectious diseases can be spread either directly or indirectly by poor hygiene and handwashing. Bacterial or virus infections are spread by poor hygiene and therefore limited by good hygiene. This vector for spreading infectious disease remains one of the most common methods. Infectious disease specialists will tell you to follow the advice of your mother:

1. Wash your hands.
2. Cover your mouth when coughing.

3. Stay away from someone who is sick, or, if you cannot do that, wear appropriate personal protective gear to provide a barrier between you and the person who is ill.

**Overuse of current antibiotics**: The development of antibiotics began in the 1930s with the use of sulfa drugs. In the 1940s penicillin was discovered. Drugs classified as antibiotics are clinical killers of bacteria. Unfortunately, bacteria have adapted and continue to adapt. In the 1940s a standard effective dose of penicillin was 20,000 units. Today, effective doses are measured in the millions of units and even that dose may not be effective, as bacteria are rapidly mutating to become resistant to the antibiotics. The ability to create new drugs that can kill the bacterial infection continues. Scientists have created four generations of antibiotics. Each generation of antibiotics works for a while until the bacteria adapt. In 2017 there is indication that some bacteria are beginning to be resistant to the latest generation of drugs. This race between bacteria becoming resistant to antibiotics and the ability to find new antibiotics continues. If the mutating bacteria win this struggle, by 2050, up to 50 million people will die of illnesses that today are cured by antibiotics.

## Connection of Emerging and Reemerging Infectious Diseases to Emergency Management

Infectious diseases are endemic in human populations. Improvements in public health, sanitation, and medical care have transformed what used to be an unbridled major killer of people into manageable outbreaks, most of the time. Beginning in the late 1800s and with rapid advances in the 1900s, the role of fighting infectious diseases has been turned over to the public health and medical communities. Several things have changed. Outbreaks of infectious diseases range from an inconvenience to threatening the life of the community.

Responding to a major outbreak requires more resources than most public health organizations can mobilize. An effective response requires a coordinated effort beyond the public health and medical communities, including case finding, setup, and operation of vaccination or pharmaceutical distribution centers, and operating treatment centers, ensuring that identified populations remain quarantined in their homes, and other emergency response activities might be identified. An emergency management response effort refers to all the coordinated governmental and non-governmental efforts that work together during a natural or man-made emergency. Emergency managers are good at coordinating diverse groups that may or may not work together on a daily bases. They know how to rapidity facilitate groups working together and minimize duplication and wide gaps in assistance.

Using Incident Command System (ICS) and Unified Command (UC) structures is essential to manage a major infectious disease outbreak. While smaller outbreaks can be managed through a single Public Health Departmental Operations Center (PH DOC), an emergency operations center (EOC) or multiple agency center (MAC) brings together more organizations and resources. In either case a physical location, where intelligence can be coordinated, strategies and resources can be coordinated, and a single coordinated message can be developed and agreed to by all, is essential to ensure ensuring that the different organizations that interact with the public during this public health emergency speak with one voice and provides a well coordinated response. The Unified Command needs to include all of the senior decision makers such as members of public health, emergency medical services, fire, law enforcement, and the emergency manager. Other groups represented in the Unified Command may include specific non-governmental organizations (NGOs) and other organizations deemed critical to decision-making and resources. Other organizations should fit well within the command and staff structure of ICS.

## What Types of Strategies Need to be Coordinated?

**Information collection**: Key to any successful response is to know what has happened, what is

happening, and what is likely to happen. While knowing that the exact infectious disease is critical, there are strategies that can be employed despite not knowing. Many organizations may have a piece of the puzzle. Bringing them together to share information and feel part of the team is a critical first step.

**Containment**: Containment of an emerging infectious disease occurs when you can isolate those exposed and those who closely interact with them away from those not exposed. However, the resources to do this can be beyond the resources of even the largest public health organization. One of the strategies employed in communities within the United States during the 1918 Flu Pandemic was self-isolation. Public health officials would ask people with family members who had the flu to stay in their homes until all were well. This was done voluntarily and did not need law enforcement to ensure compliance. It is doubtful that there would be high voluntary compliance today. One of the major tools used to stop the spread of Ebola was quarantining households and villages. Public health officials needed the community emergency management network and organization to accomplish this.

**Communications with the populations**: Most people will work with governmental agencies when provided understandable information, reasonable direction, and they feel safe. The larger the outbreak, the more likely some people will not willingly follow public health-provided direction. Developing a single coordinated message on what has happened, what is happening, what is being planned, and what people should do and not do is important. Unclear messages or messages that suggest different actions only lead to frustration, chaos, and noncompliance by the public. Bringing together communicators from different responding organizations to craft and deliver a message that the public can understand and follow is a major key to successful public support of the actions necessary to respond to a major outbreak.

**Coordinated plans for providing relief and medical care**: Using the intelligence developed, clinical expertise, and available resources, a plan can be developed to identify people who have been exposed, care for those who need care, isolate those who have been exposed, and provide for the needs of both. Emergency managers have the tools to be part of and support the organized response to a major outbreak.

## Conclusion

Public health agencies throughout the world are on the lookout for emerging and reemerging infectious diseases. When communities experience a major infectious disease outbreak, the combined efforts of the public health and medical and emergency management communities are necessary to contain the illness and treat those impacted. When faced with a large community-wide disaster, many members of the emergency management team will need to support the community effort, and the organization developed for other disasters will be useful in meeting the needs of the public.

## Cross-References


- ▶ Community Crisis Management: The Case of Broward County's HIV/AIDS Collaboration Without Hierarchy
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Coordination Between Municipalities in Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Evolution of Crisis Management
- ▶ Globalization and Public Health


## References


American Nurses, National Institutes of Health (US) (2016) Emerging infectious diseases. Biological Sciences Curriculum Study. NIH Curriculum Supplement Series

CDC Office of Infectious Diseases website. www.cdc.gov/oid

Gannon JC, Noah D, Fidas G (2000) The global infectious disease threat and its implications for the United States. National Intelligence Estimate 99-17D

National Institute of Allergies and Infectious Diseases (2010) Emerging infectious diseases/pathogens introduction and goals
Shrivastava SR, Shruvastava PS, Ramasamy J (2013) Emerging and re-emerging infectious diseases: public health perspective. Int J Prev Med 4(6):736–737
Veenema T, Toke J (January 31, 2006) Early detection and surveillance of biopreparedness and emerging infectious diseases. Online Journal of Issues in Nursing 11(1), Manuscript 2
World Health Organization. www.who/topics/emerging_diseases/en
WHO World Health Organization (WHO) on-line ZIKA Fact Sheet, updated 6, September 2016. http://www.who.int/mediacentre/factsheets/zika/en/
WHO Zika Situation Report, March 2017. http://www.who.int/emergencies/zika-virus/situation-report/10-march-2017/en/

# Emerging Use of User-Generated Ratings to Supplement Healthcare Quality Reports

Edward Alan Miller, Jennifer Gaudet Hefele and Pamela Nadash
Department of Gerontology, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Consumer assessment; Online reviews; Public reports; Social media; Social networking

## The Rise of Social Media

Increasingly, people who use healthcare see themselves as consumers in a healthcare market. As such, they expect to have access to meaningful information that enables them to make choices among healthcare providers; they also expect to have a public forum for airing grievances or sharing positive experiences. Everyday use of websites such as Amazon or Yelp has made it routine for consumers to incorporate user-generated data (that is, online ratings and reviews) into their decision-making process and to report on their purchases. Why, then, should this trend exclude healthcare services and providers? This section examines the emergence of user-generated information on social media in the healthcare context.

Social media is where communities of people gather online to generate, share, receive, and comment on information, knowledge, and opinions (Moorhead et al. 2013). The term "social media" is broad: it includes social networking sites such as Facebook and LinkedIn; blogging platforms such as Wordpress, microblogs such as Twitter; picture- and video-sharing websites such as Instagram and YouTube; and online review sites such as Yelp and TripAdvisor. Today, approximately two-thirds (69%) of American adults belong to at least one social networking site, up from just 5% in 2005 (Pew Research Center 2017).

All kinds of for-profit, non-profit, and government organizations are active in social media (Barnes et al. 2015; Barnes 2014; Smith 2016). Although healthcare has been comparatively slow to adopt social media, it is catching up. In 2014, most US hospitals had a Facebook page (94.1%) and Yelp page (99.1%) and about half (50.8%) a Twitter account (Griffis et al. 2014). Healthcare professionals are using social media more, as well. A 2011 study, for example, found 87% of 4000 physicians surveyed used social media for professional reasons (Modahl et al. 2011). This growth has prompted provider associations – such as the American Hospital Association, American Medical Association, and American Nurses Association – to develop guidelines outlining professional and ethical standards for using social media responsibly, along with major healthcare organizations such as the Mayo Clinic.

The public has increasingly turned to the web for health-related information and support. About two thirds of US adults (59%) and three-quarters of adult internet users (72%) report searching for health information on the internet, most frequently concerning particular diseases and treatments (Fox 2013a). Online activities include finding others with similar health concerns,

reading or watching commentary about health or medical issues, posting and answering health-related questions, and communicating with other consumers or providers. It also includes reading and contributing their own experiences and opinions as healthcare patients and consumers.

## User-Generated Ratings and Reviews and Social Media

Social media has become progressively more important when people shop. While in 2004 only 25% of internet users reviewed or rated a product, service, or person online (Hitlin and Rainie 2004), by 2016, more than half of all Americans posted online ratings or reviews of products (61%), services (60%), or restaurants (51%) (Smith and Anderson 2016). Most Americans (82%) rely on customer ratings or reviews when shopping, including 40% who "always or almost always" read this information when buying an item for the first time. At 66%, consumer opinions posted online was the third most trusted source of product review among potential consumers globally, behind family and friends (83%) and brand-managed websites (70%) (Nielsen 2016).

Although less common than in other sectors of the economy (Hanauer et al. 2014), user-generated ratings and reviews are increasingly being consulted in healthcare. One survey found that, in 2012, 17%, 14%, and 18% of adult internet users consulted online rankings or reviews of doctors/other providers, hospitals/medical facilities, and drugs/medical treatments, respectively (Fox 2013c). Few adult internet users, however, posted a review online about healthcare providers or products (3–4%), although caregivers and people with chronic conditions were more likely to do so than other internet users (Fox 2013a, b). Other studies suggest 25–59% of patients had visited physician-rating websites while 5–11% had posted ratings and/or reviews (Hanauer et al. 2014; Trehan and Daluiski 2016).

The emergence of user-generated content is consistent with the industry-wide focus on person-centered care, which "sees the people using health and social services as equal partners in planning, developing, and monitoring care to make sure it meets their needs" (Health Innovation Network n.d.). Social media websites that permit people to rate and review the quality, safety, and acceptability of healthcare providers perform a useful function in centralizing and aggregating the perspectives of large numbers of individuals. Moreover, they expand the scope of information available to inform patient decisions (Rozenblum and Bates 2013) beyond the traditional parameters informing choice: geographic location, word-of-mouth (family, friends), their own experience, provider reputation, and physician referral.

## The Range of User-Generated Rating and Review Websites

Many types of websites report consumer ratings and reviews in the health sector. Some, such as Yelp and AngiesList, include healthcare among many other types of consumer products and services. Others focus specifically on healthcare. Websites such as Vitals, ZocDoc, and RateMDs focus exclusively on physician ratings, whereas websites such as HealthGrades focus on multiple provider types (e.g., physicians, hospitals, dentists). Still other online review platforms are integrated into social network websites (Facebook) and microblogs (Twitter). Some of these only ask patients to rate providers on a simple scale; others also ask for ratings on specific dimensions of the patient experience (e.g., scheduling, office environment, wait times); while yet others allow users to post written comments or reviews. One site, ZocDoc, combines patient reviews and appointment scheduling. Online rating and review websites may be consumer-driven, provider-driven, or third party-driven.

Consumer-driven review websites enable people to rate and share their experiences with other consumers. The paradigmatic example is Yelp, which crowdsources its content from "large groups of anonymous volunteers rather than paid employees" (Luca 2016). Since it was founded in 2004, Yelp's more than 157 million monthly visitors have posted 127 million reviews.

Approximately 6% of Yelp's reviews were health- or medical-related, including a broad range of health professionals and services but most notably hospitals, nursing homes, dialysis clinics, and physicians. Reviewers must register to rate their experiences on a 5-star scale and contribute comments. Users can see the average rating, how it has changed monthly, and the distribution of reviews across 1, 2, 3, 4, and 5 stars. Yelp highlights reviews by specially designated "elite reviewers" – those who submit frequent, well-written reviews. Any business owner or consumer can add a business to Yelp, but they cannot influence the ratings or reviews posted.

Provider-driven review websites enable hospitals, nursing homes, and other providers to receive feedback from consumers. Some providers allow users to leave ratings and reviews on their own websites, including health systems such as the Cleveland Clinic, Piedmont Healthcare, University of Utah Health Care, Duke, and Stanford. To varying degrees, these groups post patient satisfaction survey, open-response comment, and other data online. Other providers encourage consumers to rate them on other websites, such as Facebook, which allows customers to rate the provider – giving them 1–5 stars – and post reviews, which they can share with their friends or the public. Individual ratings are averaged into the provider's overall score, which is visible to the public. Facebook rules constrain posting: reviewers must follow Facebook Community Standards, focus on the product or service, and post only about their personal experience. Page owners (the providers) cannot delete or approve individual ratings and reviews, but can decide to turn on/off the rating and reviews feature; they may also ask Facebook to remove material that violates Community Standards.

Third-party driven websites acquire profile information on providers and allow consumers to leave ratings and reviews. Providers have no control over the ratings and reviews posted. Like Yelp, however, providers can "claim" a profile in order to update their profile information and, like Facebook, providers can request that falsified reviews be removed. Healthgrades, founded in 1998, is among the most widely used provider review websites, containing over three million provider profiles, including 750,000 physicians. The site receives 30 million visitors monthly, 12 million to its physician profiles. Consumers must register and are asked to provide an overall 5-star rating, write a review of their experience, and complete an 8-item questionnaire addressing the office environment, scheduling, staff friendliness, trustworthiness, explanation(s) provided, listens/answers questions, time spent, and wait time. Optional demographic information – gender, age, and number of office visits – can be reported as well. Provider profiles, in turn, display the average overall rating, number of surveys completed, patient reviews, and results for the eight-item questionnaire. They also report basic information such as physician specialties, board certifications, insurances taken, and awards/recognition.

## Contrast with Other Methods of Collecting Patient Experience

Another approach to obtaining patient perspectives is through patient satisfaction and experience surveys, which are increasingly being used to assess the care provided in healthcare organizations. In contrast to the user-generated ratings/reviews discussed previously, such data are collected systemically through carefully designed surveys typically administered at periodic intervals (e.g., annually) to a randomly selected group of patients who received care from a given provider. The rationale for such surveys is consistent with that of user-generated data: they provide important information about users' experiences, enabling people to make a better choice of provider. Results are sometimes posted on publicly available websites that typically offer other data – on clinical quality of care, for example.

All hospitals are required to conduct the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey, which collects systematic data on patient experiences with hospital care. The federal government posts results from the HCAHPS alongside clinical information on hospital performance

(e.g., complications, readmissions, and deaths) on Hospital Compare, the federal website providing consumers information on the quality of hospital care, nationally. This is required by some other providers types as well, including home health providers, dialysis centers, and physician group practices. This practice, however, is by no means universal: for example, the federal government's report card for nursing homes, Nursing Home Compare, does not include patient experience data. Although a few states do report such data on their state-based nursing home report cards (six at last count) (Castle et al. 2011), prospective nursing home consumers generally lack information on the experiences and satisfaction levels of current residents.

Consumers find government-sponsored websites such as Hospital Compare and Nursing Home Compare hard to navigate and interpret, lacking information on items important to them, and potentially untrustworthy due to concerns pertaining to the source and accuracy of the data reported (Miller et al. 2017). This is in contrast to widespread familiarity and comfort with social media websites such as Yelp and Facebook and the relative simplicity and comprehensibility of the information posted on those websites. Moreover, no American government- or foundation-sponsored public reporting website permits consumers to leave ratings and reviews. This stands in contrast to the UK National Health Service Choices website, which, since 2007, has allowed consumers to rate and review providers.

User-generated ratings and reviews hold several advantages relative to systematic patient experience surveys such as the HCAHPs. Surveys tend to focus exclusively on patients, are costly to administer, suffer from low response rates, and often have substantial time lags – from several months to several years – between when patients experienced care, when they completed the survey, and when the results are reported. In contrast, patient ratings and testimonials posted online are essentially cost-free to the healthcare system. Social media websites such as Yelp and Facebook enable all patients to share their experiences, not just the limited sample that receives a survey. Family members and friends – not just patients themselves – can also comment on these sites, potentially providing additional useful information (Bardach et al. 2016). Social media websites also allow immediate reporting, thereby eliminating the considerable delays that occur with traditional survey methods. Online ratings and review websites thus make continually updated information on opinions about quality from potentially large number of consumers readily available, both to inform decision making on the part of prospective patients and their families, and to facilitate real-time surveillance and administrative adjustments (Hawkins et al. 2016; Kilaru et al. 2016).

Importantly, user-generated reviews address a broader array of topics pertinent to the patient experience than conventional surveys. Structured questionnaires such as HCAHPS limit patient feedback to predetermined domains, including nursing and physician communication, staff responsiveness, pain control, hospital cleanliness, and discharge information. While reviews on Yelp and other sites also address such domains, they frequently mention others, including out-of-pocket costs, insurance/billing, ancillary testing, amenities, scheduling, compassion, caring, comforting, safety, and particular services (e.g., surgery/procedure, labor/delivery) (Bardach et al. 2016; Ranard et al. 2016). Thus, the ability to comment in their own words on their overall care experiences allows consumers to provide information on important aspects of care not captured by structured survey instruments.

The usefulness of user-generated reviews on consumer choice derives, in part, from the power of narratives in supporting and clarifying decision-making (Lagu et al. 2010; Schlesinger et al. 2015). This power is particularly important when people make complex decisions, such as about healthcare providers or treatments. Narratives help in several ways. First, they increase the emotional accessibility of the information reported. This is, in part, because narratives "introduce a public voice for previously anonymous opinions constrained by surveys" (Kilaru et al. 2016). It is also, because "humans respond to personal stories and recommendations, especially from those who we judge to share common

experiences and concerns" (Greaves et al. 2014b). Moreover, narratives are effective because they add nuance and context not captured by surveys, thereby increasing the meaningfulness and usefulness of the information reported for consumers with varying experiences and decision-making styles (Schlesinger et al. 2015). It also provides actionable insights on patient experiences by detailing the mechanisms enhancing or impeding provider performance. Surveys ratings report on general categories (e.g., communicating poorly with physicians) but offer insufficient detail on why consumers assigned a particular rating, or what, specifically, providers need to do to improve performance. In contrast, patient narratives often identify the specific reasons consumers feel the way that they do (e.g., particular interactions that resulted in perceptions of poor communication) and thus the actions providers need to take to address the issues.

## Concerns About User-Generated Ratings and Reviews

Because people connect and respond strongly to the greater emotional accessibility of narratives, there is concern that the growth in provider review websites may lead consumers to neglect more rigorous quality performance metrics (Schlesinger et al. 2015). This includes patient experience survey instruments like HCAHPs, which were adopted after years of careful design and development, and then fielded and interpreted systematically using a representative sampling frame. The rigor of such instruments contrasts with user-generated ratings and reviews, which develop organically and are largely unstructured and unregulated (Ranard et al. 2016). Unlike systematically administered surveys, it is not possible to know who exactly is providing ratings and comments on provider review websites. Thus, it is often unclear if those reviewing a particular provider are recent patients, or even received care from that provider at all (Schlesinger et al. 2015). That rating and review websites allow anyone to submit a review, say, about a hospital – patient or family member, outpatient or inpatient discharge – complicates interpretation of the information provided compared to conventional surveys, which carefully matches respondents to the survey instruments used (Kilaru et al. 2016).

In addition, individuals posting online ratings and reviews may not be representative of the broader population of patients who received care, potentially biasing the results. This bias may affect both those posting and those receiving reviews. Not all providers use or engage in social media, thereby limiting opportunities for clients to post about their experiences. Extant evidence, for example, indicates that social media usage tends to be higher among larger, urban, private non-profit, teaching hospitals (Griffis et al. 2014; Ranard et al. 2016). It also indicates that non-chain affiliated nursing homes with fewer publicly funded residents located in higher income counties and more competitive markets are more likely to have a Facebook page while for-profit nursing homes are less likely to have one (Hefele et al. 2017).

Not all consumers leave ratings and reviews. Those motivated to post a rating or review may skew toward particular personality traits and technical capabilities with, for example, those who shop online being much more likely to consult online reviews than those who do not (49% vs. 6%) (Smith and Anderson 2016). Posters may also skew toward individuals with certain demographic characteristics: despite growth in social media use among all population segments over the last 15 years, disparities persist (Pew Research Center 2017). In particular, older, less well-educated, African Americans with low incomes living in rural areas are less likely to use social media than younger, better educated, white and Hispanic Americans with higher incomes residing in urban and suburban communities (Pew Research Center 2017). Similarly, those least likely to use health-related online rankings and reviews are the least well-educated and lowest income adult internet users residing in rural areas aged 65 years or older, whereas those most likely to do so are the best educated and highest income users residing in suburban areas aged 30–49 years (Fox 2013a).

Too few contributors and their distribution across the growing number of sites further exacerbate the unrepresentativeness of the posting population (Lagu and Lindenauer 2010). One review found that although the average number of ratings per physician ranges from 0.63 to 3.2 across US-based physician rating and review websites, the distribution of reviews is highly skewed: most physicians were unrated, while those who were rated received many ratings (Emmert et al. 2013). Most hospitals (69%) do not have a Yelp review; of those that do, half (51%) have four or fewer reviews (Ranard et al. 2016). The small number of reviews compromises the reliability and validity of the information reported. When there are few ratings, overly negative or positive assessments can disproportionately impact the overall score, and the entries are less likely to reflect the views or experience of the broader patient population. One solution would be to impose a minimum threshold of contributors, say, 5–10, before reporting the ratings or comments for a particular provider (Greaves et al. 2014b).

Another major concern is the bias in tone that may result when reviews fall at the extreme positive and negative poles. This possibility is reflected in Ranard et al. (2016) analysis of 16,862 Yelp hospital reviews, which revealed a bimodal distribution with 31% and 33% of the rating being one and five stars, respectively. Although some evidence suggests that people posting online about healthcare providers may have more negative views than those posting about other businesses (Ranard et al. 2016), most health-related online assessments skew positive. Kadry et al.'s (2011) analysis of 4999 reviews posted on the 10 most visited physician rating websites found average ratings of 77 out of 100 for sites using a 100-point scale; 3.84 out of 5 (77%) for sites using a 5-point scale; and 3.1 out of 4 (78%) for sites using 4-point scale (Kadry et al. 2011). Similarly, Ellimoottil et al. (2013) analysis of reviews of 500 urologists across 10 physician rating websites found that most (86%) received positive ratings and that the majority of written reviews (53%) were positive, followed by neutral (22%) and negative (25%) assessments. Other studies indicate that 62–88% of comments reported about providers were positive (Black et al. 2009; Lagu et al. 2010; Lagu et al. 2013; Greaves et al. 2014a; Lopez et al. 2012).

Although providers have expressed concerns about the threats posed to their reputations (Menon 2017), most reviews, as noted, are positive, suggesting that, if anything, there may be underrepresentation of negative encounters and experiences among those posting ratings and comments online (Schlesinger et al. 2015). Provider trepidation, however, is not without merit. Users still post negative reviews, which may prove disproportionately influential depending on content and the presence or absence of other reviews that balance them out. The structure and policies of many online rating and review websites exacerbate provider concerns in this regard by not establishing mechanisms for providers to challenge or respond to the comments posted, or to have inflammatory or abusive comments removed (Lagu and Lindenauer 2010). On a more fundamental level, some providers remain skeptical of online ratings/reviews because of their lack of scientific rigor, the anecdotal character of the comments, the potential for misleading or fake reviews, and the perceived inability of consumers to evaluate the technical aspects of the treatment/services received (Luca and Vats 2013; Merchant et al. 2016; Schlesinger et al. 2015). Thus, the "sudden broad distribution of performance data can trigger defensiveness and exacerbates problems with physician morale and well-being" (Lee 2017).

To address provider concerns, some hospitals allow patients to review doctors directly on the hospital's website, claiming, for example, that this enables them to confirm that reviews come from genuine patients (Ranard et al. 2016). Critics point out that hospitals lack the requisite impartiality to decide which reviews to post. The UK has, in part, sought to increase provider comfort by instituting strict moderation standards (limiting abusive language and defamation) and granting providers a "right to reply" to the comments posted publicly on National Health Service Choices (Greaves et al. 2014b). Permitting provider responses, in

particular, has the added benefit of enabling consumers to identify which providers are most responsive to their concerns and experiences (Schlesinger et al. 2015), and fostering dialog between hospitals and patients about quality – a benefit absent in conventional patient experience surveys (Griffis et al. 2014).

Concerns about the truthfulness of reviews posted online are a major issue potentially impeding the use of online ratings and reviews. Americans are divided on this front, with one half believing that online reviews accurately represent the true quality of a product (51%) and the other half (48%) believing that it is difficult to determine whether or not online reviews are unbiased and truthful (Smith and Anderson 2016). One fear is that providers will seek to game the system by, for example, posting fraudulent reviews on their own, a colleague's, or a competitor's page, encouraging favorably inclined patients to post reviews, or disproportionately treating patients who are more likely to post positive ratings (Rozenblum and Bates 2013; Trehan and Daluiski 2016).

## Impact of User-Generated Reviews

Online rating and review websites serve in part to increase consumer confidence and comfort with their purchasing decisions. Indeed, approximately half of Americans believe that online reviews help "a lot" in ensuring products and services are safe (41%), make consumers feel confident in what they are buying (46%), and hold companies accountable to their consumers (45%) (Smith and Anderson 2016). User-generated reviews also serve in part to empower consumers by providing them with the information necessary to make informed choices and, in so doing, create incentives for improvements in quality by steering market share towards better performing providers. Because user-generated reviews offer providers opportunities to benchmark their performance and to incorporate consumer feedback into their quality improvement efforts, they may contribute to improvements in quality through provider monitoring and responsiveness to the information as well. The question, then, is: Do in fact online rating and review websites inform consumers' healthcare purchasing decisions; and does the information posted correspond with objective measures of provider quality and performance?

Some evidence indicates that online ratings and reviews may help shape consumer attitudes towards providers. Nearly 60% of respondents to a 2014 nationally representative survey reported that physician-rating websites were "somewhat important" (40%) or "very important" (19%) when choosing a physician (Hanauer et al. 2014). Moreover, 35% reported selecting a physician based on good ratings and 37% reported avoiding a physician based on bad ratings. That Americans report that extremely negative reviews are more likely to have an influence on their purchasing decisions than extremely positive reviews suggests that impact on consumer attitudes can vary with the tone of the information posted (Smith and Anderson 2016).

Direct evidence about the effects of user-generated ratings and reviews on consumer choice and provider behavior is lacking, though available evidence suggests that it may have an impact. Cosmetic surgeons surveyed in one study reported altering how they practice in light of user-generated reviews (Menon 2017). Another study found a half-star increase on ZocDoc's five-star rating scale associated with a 10% increase in the likelihood that a doctor would fill an open appointment, and that the likelihood of filling an appointment was higher among physicians with higher numbers of reviews (Luca and Vats 2013). Several studies outside the health sector suggest a relationship between user-generated ratings and business performance as well. Luca (2016) found that each one-star increase in a restaurant's average Yelp rating results in a 5–9% increase in revenue. Kim et al. (2016) found that viewing negative online reviews reduced consumer spending by about 12%. Anderson and Magruder (2012) found that each half-star increase in Yelp ratings leads restaurants to sell out available bookings 19% points more often (30% vs. 49%), with Yelp ratings having a greater impact when alternate sources of information is more scarce.

The usefulness of social media ratings and reviews are predicated on the assumption that they steer healthcare consumers toward higher quality providers. As Schlesinger et al. (2015) observe, "weak or non-existent relationships between user-generated ratings and reviews and objective measures of quality is thus problematic to the extent that they lead consumers to select providers who, in fact, delivery lower quality of care." A growing number of studies has examined the relationship between online ratings and reviews and more systematically collected measures of provider performance, including patient experience surveys and clinical quality indicators. Methods vary greatly, with studies looking at different provider types (hospitals, physicians, nursing homes), quality measures, and social media platforms, including consumer-driven (Yelp), provider-driven (Facebook), and third-party driven (National Health Service Choices) websites. Most studies demonstrate weak to moderately strong associations between provider ratings and reviews posted on social media and conventional measures of quality, including patient experience surveys, hospital readmissions, and mortality rates (Bardach et al. 2013; Glover et al. 2015; Greaves et al. 2013; Howard and Feyman 2017; Ranard et al. 2016; Timian et al. 2013). Other studies, however, examining the relationship between Facebook and Twitter content and conventional patient experience and quality indicators show no or only weak associations between user-generated ratings and reviews and provider quality (Greaves et al. 2014a; Hawkins et al. 2016; Hefele et al. 2017).

## The Future of User-Generated Ratings and Reviews

The proliferation of online rating and review websites to inform decisions in all areas of life, including healthcare, promises that user-generated ratings and reviews will increasingly drive consumer behavior. Indeed, the user-friendly nature and common knowledge of social media websites suggests that they are likely to continue building users in healthcare much faster than government and foundation-supported websites intended to support consumer decisions. Thus, it is possible that consumer feedback provided on online rating and review websites may have a stronger impact than public report cards in informing consumer behavior and in making information available to help monitor and benchmark provider performance.

The real-time availability of subjective information on provider performance reflected in widely accessed online rating and reviews websites can serve as a useful complement to the systematic but less timely measures made available on less frequently traveled government/foundation report cards. Indeed, the future of consumer decision-making aides in both spheres may lie in the integration of these two sources of information. With the help of ProPublica, an independent non-profit news organization, Yelp is pulling in data from the federal government and other sources on 4600 hospitals (emergency room wait times, communication quality, noise levels), 15,000 nursing homes (fines, payment suspensions), and 6300 dialysis centers (death rates, treatment-related hospital readmissions) (Sun 2015).

Alternatively, government and foundation report cards could incorporate user-generated ratings and reviews posted on social media sites such as Yelp or Facebook. Or, public reports cards could incorporate features that better engage consumers, including permitting them to leave their own ratings and comments about their experiences with particular providers. As noted, the National Health Services Choices website has successfully enabled consumers to post star ratings and narrative reviews on hospitals, primary care, dental and optician practices, pharmacies, and care homes since 2007 (Greaves et al. 2014b). During Choices' first 6 years, consumers left 177,854 comments and 845,363 numeric ratings, largely of hospitals and primary care practices. Permitting consumers in the USA to post ratings and reviews on US public reporting sites would similarly increase opportunities for consumers to share feedback and experiences.

The collection of user-generated reviews can be made more systematic. Options include asking

a random sample of patients to submit narrative ratings and reviews after hospital discharge (Ranard et al. 2016), and requiring a minimum number of ratings before information on particular providers are posted (Greaves et al. 2014b). Still another option would be to more fully "harness the cloud of patient experience online" (Wallace et al. 2014) by using natural language processing and data mining programs to systematically analyze review narratives for content (e.g., adverse events) and tone (e.g., positive or negative opinions/emotion). This information would benefit providers seeking to use consumer reports to identify and take action to address quality, safety, and efficacy concerns and, thereby, protect their reputations, build market share, and improve customer satisfaction and outcomes (Adams et al. 2017). It would also prove useful to government officials looking to discover incidences and patterns in consumer narratives that suggest adverse events or poor clinical performance, thus bolstering traditional quality surveillance and assurance efforts (van de Belt et al. 2015).

## Cross-References


- ▶ Accountability
- ▶ Accountability Mechanisms
- ▶ Health-Care Policy in America
- ▶ Performance Measurement


## References


Adams DZ, Gruss R, Abrahams AS (2017) Automated discovery of safety and efficacy concerns for joint & muscle pain relief treatments from online reviews. Int J Med Inform 100:108–120

Anderson M, Magruder J (2012) Learning from the crows: regression discontinuity estimates of the effects on an online reviewer database. Econ J 122:957–989

Bardach NS, Asteria-Peñaloza R, Boscardin WJ, Dudley RA (2013) The relationship between commercial website ratings and traditional hospital performance measures in the USA. BMJ Qual Saf 22(2):194–202

Bardach NS, Lyndon A, Asteria-Peñaloza R, Goldman LE, Lin GA, Dudley RA (2016) From the closest observers of patient care: a thematic analysis of online narrative reviews of hospitals. BMJ Qual Saf 25(11):889–897

Barnes NG (2014) Picture this: top charities master visual and social media. UMass, Darthmouth. Retrieved from http://www.umassd.edu/cmr/socialmediaresearch/charitiessocialmedia/

Barnes NG, Lescault AM, Holmes G (2015) The 2015 fortune 500 and social media: Instagram gains, blogs lose. UMass, Darthmouth. Retrieved from http://www.umassd.edu/cmr/socialmediaresearch/2015fortune500/

Black EW, Thompson L, Saliba H, Dawson K, Black NMP (2009) An analysis of healthcare providers' online ratings. Inform Prim Care 17:249–253

Castle N, Diesel J, Ferguson-Rome JC (2011) The evolution of nursing home report cards. J Appl Gerontol 30(6):744–778

Ellimoottil C, Hart A, Greco K, Quek ML, Farooq A (2013) Online reviews of 500 urologists. J Urol 189(6):2269–2273

Emmert M, Sander U, Pisch F (2013) Eight questions about physician-rating websites: a systematic review. J Med Internet Res 15(2):e24

Fox S (2013a, January 15) Health online 2013. Pew Research Center. Retrieved from http://www.pewinternet.org/files/old-media//Files/Reports/PIP_HealthOnline.pdf

Fox S (2013b, June 20) Family caregivers are wired for health. Pew Research Center. Retrieved from http://www.pewinternet.org/files/old-media//Files/Reports/2013/PewResearch_Family Caregivers.pdf

Fox S (2013c, November 26) The diagnosis difference: a portrait of the 45% of U.S. adults living with chronic conditions. Pew Research Center. Retrieved from http://www.pewinternet.org/files/old-media//Files/Reports/2013/PewResearch_DiagnosisDifference.pdf

Glover M, Khalilzadeh O, Choy G, Prabhakar AM, Pandharipande PV, Gazelle GS (2015) Hospital evaluations by social media: a comparative analysis of Facebook ratings among performance outliers. J Gen Intern Med 30(10):1440–1446

Greaves F, Ramirez-Cano D, Millett C, Darzi A, Donaldson L (2013) Harnessing the cloud of patient experience: using social media to detect poor quality healthcare. BMJ Qual Saf 22:251–255

Greaves F, Laverty AA, Cano DR, Moilanen K, Pulman S, Darzi A, Millett C (2014a) Tweets about hospital quality: a mixed methods study. BMJ Qual Saf 23:838–846

Greaves F, Millett C, Nuki P (2014b) England's experience incorporating "anecdotal" reports from consumers into their national reporting system: lesson for the United States of what to do or what not to do? Med Care Res Rev 71(5):65S–80S

Griffis HM, Kilaru AS, Werner RM, Asch DA, Hershey JC, Hill S, Ha YP, Sellers A, Mahoney K, Merchant RM (2014) Use of social media across US hospitals: descriptive analysis of adoption and utilization. J Med Internet Res 16(11):264–264

Hanauer DA, Zheng K, Singer DC, Gebremariam A, Davis MM (2014) Public awareness, perception, and use of online physician rating sites. J Am Med Assoc 311(7):734–735

Hawkins JB, Brownstein JS, Tuli G, Runels T, Broecker K, Nsoesie EO, McIver DJ, Rozenblum R, Wright A, Bourgeois FT, Greaves F (2016) Measuring patient-perceived quality of care in US hospitals using twitter. BMJ Qual Saf 25(6):404–413

Health Innovation Network-South London (n.d.) What is person-centred care and why is it important? Retrieved from http://www.hin-southlondon.org/system/ckeditor_assets/attachments/41/what_is_personcentred_care_and_why_is_it_important.pdf

Hefele JG et al (2017) Nursing home Facebook reviews: who has them, and how do they relate to other measures of quality and experience? Manuscript submitted for publication

Hitlin P, Rainie L (2004, October) 33 million American internet users have reviewed or rated something as part of an online rating system. Pew Research Center. Retrieved from http://www.pewinternet.org/files/old-media//Files/Reports/2004/PIP_Datamemo_Reputation.pdf

Howard P, Feyman Y (2017, April) Yelp for health: using the wisdom of crowds to find high-quality hospitals. Retrieved from https://www.manhattan-institute.org/sites/default/files/R-PHYF-0417.pdf

Kadry B, Chu LF, Kadry B, Gammas D, Macario A (2011) Analysis of 4999 online physician ratings indicates that most patients give physicians a favorable rating. J Med Internet Res 13(4):e95

Kilaru AS, Meisel ZF, Paciotti B, Ha YP, Smith RJ, Ranard BL, Merchant RM (2016) What do patients say about emergency departments in online reviews? A qualitative study. BMJ Qual Saf 25(1):14–24

Kim SJ, Wang RJ-H, Maslowska E, Malthouse EC (2016) Understanding a fury in your words: the effects of posting and viewing electronic negative word-of-mouth on purchase behaviors. Comput Hum Behav 54:511–521

Lagu T, Lindenauer PK (2010) Putting the public back in public reporting of health care quality. J Am Med Assoc 304:1711–1712

Lagu T, Hannon NS, Rothberg MB, Lindenauer PK (2010) Patients' evaluations of health care providers in the era of social networking: an analysis of physician-rating websites. J Gen Intern Med 25(9): 942–946

Lagu T, Goff SL, Hannon NS, Shatz A, Lindenauer PK (2013) A mixed-methods analysis of patient reviews of hospital care in England: implications for public reporting of health care quality data in the United States. Jt Comm J Qual Patient Saf 39(1):7–15

Lee V (2017) Transparency and trust – online patient reviews of physicians. N Engl J Med 376(3):197–199

Lopez A, Detz A, Ratanawongsa N, Sakar U (2012) What patients say about their doctors online: a qualitative content analysis. J Med Internet Res 27(6):685–692

Luca M (2016) Reviews, reputation, and revenue: the case of Yelp.com. Harvard Business School, Harvard Business School Working Paper No.12-016; 2011. http://www.hbs.edu/research/pdf/12-016.pdf. Accessed 4 Dec 2016

Luca M, Vats S (2013, October 21) Digitizing doctor demand: the impact of online reviews on doctor choice. Retrieved from https://www.aeaweb.org/conference/2014/retrieve.php?pdfid=55

Menon AV (2017) Do online reviews diminish physician authority? The case of cosmetic surgery in the US. Soc Sci Med 181:1–8

Merchant RM, Volpp KG, Asch DA (2016) Learning by listening-improving health Care in the era of yelp. JAMA 316(23):2483–2484

Miller EA, Gidmark, GE, Rudolph J, Intrator O (2017) Staff perceptions of key factors guiding nursing home search and selection within the Veterans health administration. The Gerontologist. Epub Ahead of Print

Modahl M, Tompsett L, Moorhead T (2011, September) Doctors, patients & social media. QuantiaMD Care Continuum Alliance. Retrieved from http://www.quantiamd.com/q-qcp/social_media.pdf

Moorhead SA, Hazlett DE, Harrison L, Carroll JK, Irwin A, Hoving C (2013) A new dimension of health care: systematic review of the uses, benefits, and limitations of social media for health communication. J Med Internet Res 15(4):e85

Nielsen (2016, September) Global trust in advertising: winning strategies for an evolving media landscape. Retrieved from https://www.nielsen.com/content/dam/nielsenglobal/apac/docs/reports/2015/nielsen-global-trust-in-advertising-report-september-2015.pdf

Pew Research Center (2017, January 12) Social media fact sheet. Retrieved from http://www.pewinternet.org/fact-sheet/social-media/

Ranard BL, Werner RM, Antanavicius T, Schwartz HA, Smith RJ, Meisel ZF, Asch DA, Ungar LH, Merchant RM (2016) Yelp reviews of hospital care can supplement and inform traditional surveys of the patient experience of care. Health Aff 35(4):697–705

Rozenblum R, Bates DW (2013) Patient-centered healthcare, social media and the internet: the perfect storm. BMJ Qual Saf 22(3):183–186

Schlesinger M, Grob R, Shaller D, Martino SC, Parker AM, Finucane ML, Cerully JL, Rybowksi L (2015) Taking patients' narratives about clinicians from anecdote to science. N Engl J Med 373(7):675–679

Smith J (2016, November 11) Which U.S. government agency is most active on social media? Spreadfast. Retrieved from https://www.spredfast.com/social-marketing-blog/which-us-government-agency-most-active-social-media

Smith A, Anderson M (2016, December 19) Online shopping and E-commerce. Pew Research Center. Retrieved from http://assets.pewresearch.org/wp-content/uploads/sites/14/2016/12/16113209/PI_2016.12.19_Online-Shopping_FINAL.pdf

Sun L (2015, August 5) You can now look up ER wait times, hospital noise levels, and nursing home fines on Yelp. The Washington Post. Retrieved from https://www.washingtonpost.com/news/to-your-health/wp/2015/08/05/coming-to-yelp-a-bigger-dose-of-data-on-health-care-facilities/?utm_term=.14aa3b4d7f73

E

Timian A, Rupcic S, Kachnowski S, Luisi P (2013) Do patients "like" good care? Measuring hospital quality via Facebook. Am J Med Qual 28(5):374–382

Trehan SK, Daluiski A (2016) Online patient ratings: why they matter and what they mean. J Hand Surg [Am] 41(2):316–319

van de Belt TH, Engelen LJLPG, Verhoef LM, van der Weide MJA, Schoonhoven L, Kool RB (2015) Using patient experiences on Dutch social media to supervise health are services: exploratory study. J Med Internet Res 17(1):e7

Wallace BC, Paul MJ, Sarkar U, Trikalinos TA (2014) A large-scale quantitative analysis of latent factors and sentiment in online doctor reviews. J Am Med Inform Assoc 21(6):1098–1103

# Emotional Intelligence and Organizational Leadership Effectiveness in South Africa

Mokgata Matjie
Department of Industrial and Organizational Psychology, University of South Africa (UNISA), Pretoria, South Africa

## Synonyms

Effective leadership; Emotional competence; Emotional intelligence; Transformational leadership

## Definitions

*Organizational leadership effectiveness* represents the ability of a leader "to mobilize and influence followers."

*Emotional intelligence* is the ability to of use information from one's own and other's emotions to inform one's actions and thoughts.

*Emotional competence* is the ability to manage one's own emotions and manage relationships with others successfully.

*Ubuntu* is African-centered leadership, embodying the values and morals of traditional communities, but with an emphasis on transforming authoritarian systems.

## Introduction

South Africa is a developing country with only 23 years into democracy. In the past, the country was in the hands of white-minority who suppressed mostly the black South Africans. Post 1994, the first democratic elections which ushered Nelson Mandela as the first black president in the first democratically elected government, South African government aimed to transform its workforce to make it more representative and diverse to include all people from all races and genders.

In order to succeed in this transformation effort, leaders or managers in all spheres of employment needed to be emotionally competent to faces, direct and control the diverse workforce, thus effective transformational leaders. Scholars found that emotional intelligence contributes to effective organizational leadership, which subsequently culminates into overall effectiveness and efficiency of all leaders and managers. Despite that, research studies have found that emotional intelligence and effective organizational leadership is a major challenge for South Africa.

## Emotional Intelligence

Defined as "an array of non-cognitive capabilities, competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures" (Salovey and Mayer 1990). Emotional intelligence as a skill is referred to as emotional competence and it has two crucial clusters for leaders, namely, as emotional expression and emotion regulation. The ability to express own feelings and verbalize own emotions represents emotional expression. The ability to stay calm and focused, thus emotionally grounded in the face of any provoking challenge or situation represents emotional regulation. Therefore, being emotionally competent implies being able to self-regulate emotions and consider and manage others' emotions, while being able to assertively express one's own feelings or emotions (Mayer and Salovey 1997). Emotions are fundamentally driving forces that arouse, direct, and sustain

leadership activity, and a as result, emotional health have some impact on the presence or absence of leadership ability on leaders.

## Organizational Leadership Effectiveness

Leadership effectiveness represents the ability of a leader "to mobilize/transform and influence followers" and is crucial in that it drives the proclivity of the workforce towards the attainment of shared goals. Leadership effectiveness is a broad concept, which embraces not only humanity but also the creation of the conditions for institutional engagement.

Leadership effectiveness also implies that the effective leaders should not only be emotionally intelligent but also be culturally well informed or possess culture intelligence. Cultural intelligence is "an individual's capability to adapt effectively to situations of cultural diversity." Leaders effective in cross-cultural leadership possess "relationship competence" in the sense that they are able to emotionally connect with diverse individuals and establish mutually attractive relationships. Cultural differences are accordingly a central situational influence in leadership effectiveness.

The point is that South African leaders, in the adoption and display of leadership styles, need to be informed by the cultural predilections of their subordinates. This is especially relevant given the extent to which the workforce is now multicultural in nature (Ng et al. 2012).

The leader's task is to structure the place and experience of such engagement to move the culture towards shared ownership. South African has major challenge culturally in the workplace because of diverse (Caucasians, Africans, Indians, Colored, and Chinese) workforce, which makes an effective leadership crucial for this context. Two leadership styles that are able to integrate transformation, inspire followers enhance humanity, and respects and follow culture are transformational and Ubuntu leadership styles.

### Transformational Leadership

Transformational leaders, in contrast to transactional and laissez-faire leaders, are seen as agents of social and organizational change and regarded as effective. They are able to inspire a new and stimulating vision in their followers. In doing so, they elevate morale, inspire followers, and motivate them toward greater achievements (Bass 1985). Research studies indicate a relationship between transformational leadership of leaders and the performance of their subordinates and between transformational leadership and the efficacy of organizations. Due to transformation taking place in the country, transformational leaders will be able to lead and transform all sectors of employment. As such, leadership effectiveness is crucial for South Africa if the needs of the nations are to be adequately served amidst transformation. And indeed South Africa needs effective leaders and managers if it has to reach its vision and mission of "together moving forward" and "a better life for all."

### Ubuntu Leadership

Relevant to South African context is the Ubuntu leadership style. U*buntu* leadership is a leadership that embodied in the two African political leaders, Dr Nelson Mandela of South Africa and Sir Seretse Khama of Botswana. *Ubuntu* leadership, like servant leadership, initiates change through people, meeting their needs to build a collective community through a shared vision. *Ubuntu* is African-centered leadership, embodying the values and morals of traditional communities, but with an emphasis on transforming authoritarian systems. *Ubuntu* values creative cooperation, empathetic communication, and team work, which could have a positive impact on dysfunctional schools that are prevalent in emerging contexts, but *ubuntu* leadership is not without its challenges (Msila 2014). *Ubuntu* requires that leaders prepare their teams to be change agents, and secondly, since some team members value their autonomy, they could consider *ubuntu* leadership intrusive. However, the application of emotional intelligence has the potential to overcome obstacles such as these.

OECD (2001) writes that effective leadership is an important and crucial variable that leads to enhanced management capacity, as well as organizational performance. OECD (2001) notes that

developing an elite leadership cadre has many advantages for any country; countries are looking to the strengthening of leadership as the solution to national public challenges, and any successful leadership strategy involves culture change. South Africa aims to develop sustainable elite leadership to face the national challenges of transformation, which will evolve in a culture of change, while embracing the various cultures in the country with 11 official languages.

For South Africa, transformational leader is like an Ubuntu leadership, because both leadership styles focus on transformation, moving away from authoritarian systems while serving the community, initiating changes, and meeting the needs of the public in general.

## Links Between Emotional Intelligence and Organizational Leadership Effectiveness

Emotional intelligence has an important role to play in the leadership effectiveness. Goleman (1998) concludes that leadership is more like an art than a science and "the most effective leaders are alike in one crucial way: they all have a high degree of what has come to be known as emotional intelligence." Goleman (2000) writes and concludes that high levels of emotional intelligence have a lead to leadership effectiveness. Emotional competence is an important element in the exercise of effective leadership.

Recent South African studies concludes that there is a link between being emotionally intelligent/competent and being an effective leader, that there is a relationship between EQ and leadership, and that *emotional intelligence and leadership styles do relate to one another.*

Along with transformational leadership behaviors, certain competencies such as interpersonal skills, empathy, and emotional intelligence are prerequisites for the success of the leader or manager (Goleman 2000). Riggio (2010: 3) writes that "that the potential a leader has to influence the emotional climate in an organization should not be underestimated."

Research indicates that leaders of private schools in South Africa are predominantly transformational in their leadership style and display spiritual characteristics (*Ubuntu)*, thus implying that these principals' emotional competence is a contributing factor to their success because private schools in South Africa perform highly. Both transformation and Ubuntu leadership lead to high-performance organizational cultures that endorse employee satisfaction. In addition, subordinates who think their leaders are effective say so because they think their leaders are transformational, transactional, empowering, and ethical leadership.

Leaders' behavior is a fundamental determinant of overall organizational effectiveness. As such, South Africa's performance will be influenced by how well leaders manage their own and their subordinates' emotions for high performance in the private sector and increased service delivery in the public sector (Goleman et al. 2002).

## The Current State of Emotional Intelligence Among Leaders in South Africa

To transform the workplaces in order to build a diverse but productive workforce, South African leaders and manager are faced with a mammoth task, which needs extraordinary leadership skills. As highlighted earlier, emotional competence enhances effective transformational and *Ubuntu* leadership practices.

Currently, South African leaders or managers lack emotional intelligence to become effective transformational leaders who will contribute immensely to the growth of the South African public sector. The public service should have leadership practices that are driven by emotional awareness and vision rather than by self-interest, which are refreshed from time to time by necessary interventions such as training programs. In addition, their performance is monitored and where people lack skills, they should be supported through training.

Currently also, the South African private sector, more especially the banking sector, experiences situations where there are crisis and transitions and need to manage paradoxes and cope with complexities, while remaining focused to sustain business success. This is a situation whereby a change in leadership or rather an effective leadership will go some way towards restoring equilibrium. Emotional intelligence is seen as a key factor for inclusion of transformational leader during this transformation and as the core rebuilding and re-establishing the social fabric and psychological climate of any organization or a country. Emotional intelligence provides a psychological climate in which people felt comfortable about questioning practices, admitting mistakes, and voicing dissonance would be a vital contributor to the effectiveness of leadership. The petrochemical sector in South Africa is affected by globalization in terms of how it conducts its business to stay abreast in terms of business strategies, management systems, and changes in technology. As such emotionally intelligent, transformational leaders are also a necessity to embrace these changes.

In the South African (SA) educational context, the current leadership does not meet the demands of a new world. Only emotional intelligence can provide a useful theoretical approach to effective leadership in an emerging South African context. South African leaders could benefit from the practice of emotional intelligence because they are under pressure to deal with a myriad of issues simultaneously.

Senior managers in Government and Private sector have an important task of transforming the strategic vision, goals, and objectives of government into effective service delivery. Unfortunately, the South African public sector is reeling from the barrage of new initiatives with respect to the government's transformation agenda and from a plethora of targets that need to be achieved in the public sector. The leadership styles and emotional intelligence of all senior managers in the public sector and private sectors' leaders will contribute to a sense of shared vision of providing a qualitative service to the public and ensuring the citizens and providing a highly competitive country in the international standards and boosting economy in the process.

## Conclusion

South Africa 23-years later is still in the transformation amid changes in leadership. Leadership changes took place but the same political party with same ideologies on leadership remains at the helm, hence blacks and women in South Africa are still marginalized. Crime is at the highest, unemployment is at the highest, poverty levels are high, HIV//AIDS infections are resurging, and many people are still dependent on government for social services such as free health, education, houses, and social grants. The successful integration of leadership's emotional intelligence in South African leaders may enable them to optimize their potential and their organizations to flourish and ultimately the country will flourish as well.

## Cross-References


- ▶ Authentic Leadership
- ▶ Governance and Leadership
- ▶ Leadership Across Hierarchical Levels
- ▶ Managing Diversity in the Caribbean
- ▶ Transactional Leadership
- ▶ Transformational Leadership


## References


Bass BM (1985) Leadership: good, better, best. Organ Dyn 13(3):26–40. https://doi.org/10.1016/0090-2616(85)90028-2

Goleman D (1998) Working with emotional intelligence. Bantam, New York

Goleman D (2000) Leadership that gets results. Harv Bus Rev March–April:78–91

Goleman D, Boyatzis R, McKee A (2002) Primal leadership: realizing the power of emotional intelligence. Harvard Business School Press, Boston

Mayer JD, Salovey P (1997) What is emotional intelligence? In: Salovey P, Sluyter DJ (eds) Emotional development and emotional intelligence. Basic Books, New York, pp 3–31

Msila V (2014) African leadership models in education: leading institutions through Ubuntu. Anthropologist 18(3):1105–1114. Available at http://www.krepublishers.com/02-Journals/T-Anth/Anth-18-0-000-14-Web/Anth-18-3-000-14-Abst-PDF/T-ANTH-18-3-1105-14-961-Msila-V/T-ANTH-18-3-1105-14-961-Msila-V-Tx[47].pdf. Accessed 12 Nov 2017

Ng K, Van Dyne L, Ang S (2012) Cultural intelligence: a review, reflections, and recommendations for future research. In: Ryan AM, Leong FTL, Oswald FL (eds) Conducting multinational research: applying organizational psychology in the workplace. American Psychological Association, Washington, DC, pp 29–58

OCED (Organisation for Economic Co-operation and Development) (2001) Public sector leadership for the 21st century. OECD Publishing, Paris

Riggio R (2010) Emotional and other intelligences. In: Couto RA (ed) Political and civic leadership: a reference handbook, vol 2. Sage, Thousand Oaks

Salovey P, Mayer JD (1990) Emotional intelligence. Imagin Cogn Pers 9:185–211

# Emotional Intelligence as an Antecedent of Leader Emotion Contrasting Behaviors

Anthony Silard
Public Administration, California State University San Bernardino, San Bernardino, CA, USA

## Synonyms

Asymmetrical outcomes; Emotion contrasting behaviors; Emotion regulation; Emotional labor; Symmetrical outcomes

## Definition

Leader emotion contrasting behaviors are agentic actions leaders can undertake to embrace and manage seemingly conflicting emotion-related demands.

## Introduction

There has been a robust organizational literature on emotion and leadership over the past 35 years (for a review, see Gooty et al. 2010). This surge in emotion research in organizations stems from a more general "affective revolution" in which both scholars and managers have taken issue with prior theories that discount emotion and have adopted theoretical perspectives that account for the affective experiences of organizational actors (Barsade and Gibson 2007).

This revolution – which starkly contradicts earlier views that employees and leaders should leave their emotions at the door before entering the office – was in many ways ignited by earlier studies by the human relations school that perceived employees as part of a social system rather than mere instruments toward organizational output. For example, a landmark study at Western Electric's Hawthorne plant found that the primary drivers of employee performance were not rationally designed mechanisms (e.g., productivity goals or the lighting of the factory floor) but the emotions and quality of interpersonal relationships experienced by team members while on the job and the resultant social processes (Roethlisberger and Dickson 1939).

Regrettably, this affective revolution has for the most part bypassed research dealing with the "asymmetrical effects" on followers generated by leader emotions. Asymmetrical effects are concerned with beneficial follower outcomes generated by negative leader emotions and detrimental follower outcomes generated by positive leader emotions.

## Symmetrical Outcomes of Leader Emotions

Before assessing the asymmetrical outcomes associated with leader positive and negative affects, I will examine the symmetrical (and more intuitive) effects of leader emotions: in other words, positive (negative) leader emotions generating beneficial (detrimental) follower and organizational outcomes. In general, emotion research in organizations supports the symmetrical outcomes of leader affect (Barsade and Gibson 2007).

According to a recent review of the emotion and leadership literature, "The dominant

theoretical theme and empirical finding . . . is that leader positive moods engender favorable outcomes for all parties, whereas leader negative moods seem to be detrimental" (Gooty et al. 2010, p. 983). Leader positive emotions have been linked to many beneficial organizational outcomes, such as follower attributions of leader charisma. In addition, leaders that express positive affect tend to receive the highest ratings from followers. These ratings are reactions to both verbal and nonverbal displays of emotion, and leaders whose nonverbal cues betray their verbal expression are penalized and rated even more poorly than those that openly express negative affect, as followers feel manipulated and have trouble trusting such "affectively incongruent" leaders (Newcombe and Ashkanasy 2002).

Most of the benefits of leader positive affect on followers are attributable to changes in follower cognition. According to the broaden-and-build model (Fredrickson 1998), positive emotions broaden follower's cognitive and attentional abilities and expand their scope of action. Individuals who experience positive emotions tend to adopt a broad-minded coping style through which they become able to view their current challenges from multiple angles.

Additionally, research by Isen (2001) has consistently found that positive emotions lead to more creative, flexible, and efficient (e.g., more likely to find a solution earlier) decision-making, including thinking that integrates more careful, systematic, precise, and thorough processing. An individual in a positive mood is also less likely to anchor on an incorrect hypothesis while exploring cognitive options. The general consensus is that positive affect is associated with more analytical decision-making that more comprehensively and efficiently integrates information and situational contingencies (see Lyubomirsky et al. 2005 for a meta-analysis).

This positive affect-induced change in cognition is particularly useful as an antecedent of follower creativity. There is strong theoretical and empirical consensus that the expanded cognitive span stimulated by positive affect enables individuals to view a larger, more diverse amount of information and access a more comprehensive set of related memories. Additionally, once the more expansive range of information is gathered, individuals experiencing positive affect process it with more flexibility and complex thinking, which allows a broader selection of elements to coalesce into a new idea, facilitating creativity (Barsade and Gibson 2007; Fredrickson 1998) – an effect that can last up to 2 days.

In sum, leader positive affect can be instrumental in generating positive cognitive follower outcomes, such as enhanced creativity, problem solving, and decision-making. When leaders express negative affect, on the other hand, they tend to induce negative emotions in followers such as fear, worry, and anxiety through emotion contagion (Hatfield et al. 1994), a two-stage process in which an individual first unintentionally mimics the displayed emotion of another person. Subsequent to mimicking the emotion displayed by the alter, the referent receives afferent feedback from the imitated vocal, facial, or postural cues that generate an affective response correspondent to the other's emotion (Hatfield et al. 1994). In other words, the follower's *display* of the emotion (while unintentionally mimicking the leader) generates internal nerve impulses and other bodily processes that induce the follower's *experience* of the emotion. This process results in the emotion being "transferred" from the leader to the follower.

These emotions are likely to lead to tense arousal and, if repeated frequently over the long term, stress. Tense arousal has been conceptualized as a state of convergence of two major components of affect, energy, and tension. This form of arousal or activation is considered an intrapersonal adaptive response to negative, unanticipated events that can lead an individual to over-focus on the negative events and even to engage in fight, flight, or freeze behaviors (Quinn et al. 2012).

Arousal, or activation, can be energetic and positive or tense and negative (Quinn et al. 2012). Arousal was initially subdivided into energetic arousal and tense arousal. Energetic arousal refers to the subjective experience that accompanies the activation of the body's subsystem in a manner that generates feelings of excitement, enthusiasm, and vitality. Energetic arousal is highly correlated with positive activation and orthogonal to tense arousal or negative activation,

which describes a feeling of anxiety or tension that renders the body similar to a coiled spring perpetually preparing for action.

Given that both energetic and tense arousals are contagious, especially when transmitted from a leader to followers, leaders must be especially sensitive in their display of negative emotions. Negative affect-imbued interpersonal antecedents such as verbal aggression, mistreatment, and conflict, in fact, are the most pernicious causes of stress and result in higher cortisol responses and feelings of distress than other stressors.

In addition to these detrimental cognitive follower outcomes of leader affect, leader negative affect engenders other negative performance outcomes. For example, an experimental study on how leaders deliver failure feedback found that negative leader affect is generative of lower leader effectiveness ratings and group performance (Gaddis et al. 2004).

## Asymmetrical Outcomes of Leader Emotions

While previous research is overwhelmingly positive about positive leader emotions (hence, "symmetrical"), some recent studies have called into question the unmitigated benefits of unhindered leader positive emotion display. A recent survey study of a large health insurance organization, for instance, found that the unbridled expression of positive emotion by leaders can degrade into a "dysfunctional strategic persistence" (Owens et al. 2015, p. 3). While it is true that a leader's expression of one specific positive emotion, recognition or praise, is one of the strongest antecedents of positive affect in followers, it is also true that these emotions can cease to generate positive affect if followers construe them as excessive or gratuitous.

Corroborating these studies, a recent qualitative study found that followers perceive leaders that display excessive positive emotion to be "glazing over what we thought were big issues" or "glossing over the truth" (Silard 2015). One informant in this study claims that their leader "tries to show very positive emotions about how things are going while on the other hand not really listening to his employees' complaints . . . he's in a different world. He doesn't know what's happening to us. He doesn't want to hear about problems. It's just like, 'Please be as positive as I am'" (p. 14).

In parallel, leader negative emotions can be generative of beneficial follower outcomes in certain situations. In general, leader negative affect possesses utility as a means to activate followers to focus their attentional energies on specific goals or issues germane to the leader's objectives. While positive emotions can generate a broadened attentional span conducive to creativity and feelings of "autonomic reactivity" and contentment in followers, the events in which negative emotions are encoded tend to be more easily and vividly accessed and recalled. Leader negative affect tends to signal to followers that a specific work outcome is important to the leader and that follower performance has been suboptimal. Consequently, leader negative affect can lead to increased follower effort expenditure and improved performance.

Much of the activation effects of leader negative emotions on followers are attributable to followers' increase in arousal, an important emotion dimension. To better understand how the dimensions of valence and arousal interact to form discrete emotions, consider the circumplex model of affect (Larsen and Diener 1992). In this widely accepted emotion model, each emotion is comprised of the two dimensions of valence and arousal. Valence ranges from pleasant to unpleasant while arousal extends from low to high intensity. Low- (vs. high-) intensity positive emotions, for example, are relaxed and serene (vs. enthusiastic and excited). Low- (vs. high-) intensity negative emotions include lethargic and fatigued (vs. tense and nervous). The four emotion poles associated with valence and arousal conjointly capture the full range of emotions (Bartel and Saavedra 2000).

The primary challenge with the usage of negative emotions by leaders to activate followers is that the tense arousal it produces is associated with stress and burnout. Not only does an individual's body feel like a coiled spring when it

experiences tense arousal, but this type of arousal narrows attentional resources and is an inefficient use of physiological and potential energy, consuming it through constant intentionality, preparation, and effort. For these reasons, tense follower arousal is strongly linked to stress. In order for the body to be able to wind down and relax, tense arousal must be transformed into energetic arousal (Fredrickson 1998).

A practical implication of this research for organizational leaders is that, following substandard follower performance or behavior the leader deems inappropriate, if the leader desires to fully engage followers and turnaround such performance or behavior, they can elect to display self-directed, low-arousal negative emotions such as concern, frustration, anxiety, or disappointment. These "light" negative emotions, if expressed with authenticity, in a situationally appropriate way, and within the context of a high-quality leader-follower relationship, can stimulate the beneficial attention-focusing effects on follower cognition without also producing the tense arousal that accelerates follower stress and burnout. (More on real-world, practical strategies for organizational leaders that involve emotion contrasting behaviors in the final section.)

## The Roles of Emotional Intelligence, Emotional Labor, and Emotion Regulation in Leader Emotion Contrasting Behaviors

Building on recent research on the asymmetrical effects of leader emotion-related behaviors (Silard and Lee 2016), leader emotion contrasting behaviors are agentic actions leaders can undertake to embrace and manage seemingly conflicting emotion-related demands. Given that both leader positive and negative affect can engender both symmetrical and asymmetrical effects in followers, an operative question to understand how leaders contrast their emotion-related behaviors is: *How can leaders express the right amount of positive and negative emotions to optimally engender positive follower and organizational outcomes*?

Emotional intelligence (EI) may play an important role as an antecedent generative of effective leader emotion contrasting behaviors. Salovey and Mayer (1990, p. 189) defined emotional intelligence (EI) as "the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions." More recently, EI has been parsimoniously broken down into two abilities: the ability to reason about emotion and the ability to use emotions (and knowledge about emotions) to enhance thought.

The four branches of EI have been theorized to represent a set of stable mental abilities or traits (Kilduff et al. 2010) rather than behaviors. In addition, these four abilities have been argued to be cumulative such that each ability (e.g., managing one's emotions) includes the preceding abilities (e.g., perceiving, using, and understanding one's emotions), conjointly forming the meta-ability of EI (Barsade and Gibson 2007).

EI may be an important antecedent of leader emotion contrasting behaviors, as high-EI leaders have been theorized to be more adept than low-EI leaders at influencing the emotional states of others, disallowing others to influence their emotional state, and appearing unflappable even when experiencing a negative emotion (Kilduff et al. 2010).

In addition, emotion regulation – which is concerned with "the processes by which individuals influence which emotions they have, when they have them, and how they experience and express these emotions" (Gross 1998, p. 275) – is an important component of both EI and leader emotion contrasting behaviors.

Emotional labor is another important construct in the emotion literature that directly relates to emotion regulation and EI. Emotional labor is concerned with the use of emotion regulation in organizational settings to meet display requirements (Ashforth and Humphrey 1993) or an organizational form of emotion regulation. Emotional labor is also an element of both EI when practiced in the workplace and leader emotion contrasting behaviors.

To further illustrate the role of EI in enabling leaders to enact emotion contrasting behaviors, let's consider the meaning of these two concepts in practical terms. Leader emotional intelligence is a stable set of mental abilities associated with perceiving, using, understanding, and managing one's emotions and is characterized by the statement *"I understand my emotions and the emotions of others and use this understanding to guide my emotion expression."*

The statement "*Through managing the competing tensions created by low- and high-arousal positive and negative emotions*, *I balance and contrast the emotions I choose to express and help my followers to express to facilitate the achievement of organizational goals*," on the other hand, characterizes leader emotion contrasting behaviors. From these definitions, it seems likely that leader emotion contrasting behaviors will be more often selected by high-EI leaders.

## Practical Implications and Conclusion

A practical implication of this chapter is that leaders that display unmitigated positive emotions or that abstain as much as possible from expressing negative emotions are likely to be much less effective than leaders that are able to calibrate their expression of both positive and negative affect to meet organizational goals. Organizational leaders should express positive emotions when warranted (e.g., when followers expend considerable effort on a project) and remain more neutral at other times rather than appear disingenuous through the display of inauthentic positive emotions their nonverbal cues are likely to betray.

In addition, organizational leaders might increase their comfort level with the expression of "light," more self-directed negative emotions such as disappointment, anxiety, or concern when followers perform significantly below their expectations. Such emotions do not evoke the stress and burnout of more caustic, other-directed emotions such as high-level anger, rage, contempt, or disgust. When leaders express such emotions, followers are more likely to focus on their troubled relationship with the leader rather than how remiss they are in their work.

Leaders attempting to find the right balance in their expression of negative emotions might take heed of the words of an early master of emotion contrasting behaviors, Aristotle, who wrote that "It is easy to get angry – anyone can do that. . .but to feel or act toward the right person to the right extent at the right time for the right reason in the right way – that is not easy, and it is not everyone that can do it" (Aristotle, 340 BC (2009), p. 48).

## References


Aristotle (2009) The Nicomachean ethics (ed: Ross D). Oxford University Press, Oxford

Ashforth BE, Humphrey RH (1993) Emotional labor in service roles: the influence of identity. Acad Manag Rev 18(1):88–115

Barsade SG, Gibson DE (2007) Why does affect matter in organizations? Acad Manag Perspect 21(1):36–59

Bartel CA, Saavedra R (2000) The collective construction of work group moods. Adm Sci Q 45(2):197–231

Fredrickson BL (1998) What good are positive emotions? Rev Gen Psychol 2(3):300–319

Gaddis B, Connelly S, Mumford MD (2004) Failure feedback as an affective event: influences of leader affect on subordinate attitudes and performance. Leadersh Q 15(5):663–686

Gooty J, Connelly S, Griffith J, Gupta A (2010) Leadership, affect and emotions: a state of the science review. Leadersh Q 21(6):979–1004

Gross J (1998) The emerging field of emotion regulation: an integrative review. Rev Gen Psychol 2(3):271–299

Hatfield E, Cacioppo J, Rapson R (1994) Emotional contagion. Cambridge University Press, Paris

Isen AM (2001) An influence of positive affect on decision making in complex situations: theoretical issues with practical implications. J Consum Psychol 11(2):75–85

Kilduff M, Chiaburu DS, Menges JI (2010) Strategic use of emotional intelligence in organizational settings: exploring the dark side. Res Organ Behav 30:129–152

Larsen R, Diener E (1992) Promises and problems with the circumplex model of emotion. In: Clark MS (ed) Review of personality and social psychology: emotion and social behavior, vol 114. Sage, Newbury Park, pp 25–59

Lyubomirsky S, King L, Diener E (2005) The benefits of frequent positive affect: does happiness lead to success? Psychol Bull 131(6):803–855

Newcombe MJ, Ashkanasy NM (2002) The role of affect and affective congruence in perceptions of leaders: an experimental study. Leadersh Q 13(5):601–614

Owens BP, Walker AS, Waldman DA (2015) Leader narcissism and follower outcomes: the counterbalancing effect of leader humility. J Appl Psychol 100(4):1–11
Quinn RW, Spreitzer GM, Lam CF (2012) Building a sustainable model of human energy in organizations: exploring the critical role of resources. Acad Manag Ann 6(November):337–396
Roethlisberger FJ, Dickson WJ (1939) Management and the worker: an account of a research program conducted by the Western Electric Company, Hawthorne Works, Chicago. Harvard University Press, Cambridge, MA
Salovey P, Mayer J (1990) Emotional intelligence. Imag Cogn Pers 9(3):185–211
Silard A (2015) Fire on ice: how emotion juxtaposition generates leadership effectiveness. In: Conference proceedings of the Academy of Management. Academy of Management, Vancouver
Silard A, Lee Y (2016) The differential temporal effects of leader emotion display on follower engagement. In: Conference proceedings of the Academy of Management. Academy of Management, Anaheim

# Emotional Labor

Christa L. Remington
Florida International University, Miami, FL, USA

## Synonyms

Display rules; Emotion management

## Definition

The regulation of personal emotions to reflect organizational expectations through either the display of appropriate emotions or the suppression of inappropriate ones during interpersonal transactions at work.

## Introduction

Emotional labor (EL) is the process of regulating personal emotions to reflect organizational expectations through either the display of appropriate emotions or the suppression of inappropriate ones during interpersonal transactions at work. Analogous to manual labor, emotional labor is a required part of the job and is performed in public for a wage. While manual labor involves the performance of physical work, emotional labor requires emotive work through the management and regulation of emotions. Although the concept of emotional labor originated in the field of sociology, it has recently gained recognition in the field of nonprofit management for increasing operational productivity and client satisfaction, reducing turnover, and increasing employee satisfaction. When done effectively, emotional labor makes constructive use of emotions in public service transactions in the nonprofit context. Although central to public service, EL is routinely marginalized, frequently ignored, and seldom considered as a factor in hiring, training, or determining compensation.

## Background

The term "emotional labor" was originally coined by Arlie Russell Hochschild, a professor of sociology at the University of California, Berkeley (Hochschild 1983). Hochschild noticed that flight attendants were required to practice an intentional management of their emotive displays in order to fulfill airline employee standards. At varying intervals, these flight attendants were required to express positive emotions and suppress negative ones, no matter their personal feelings, as they dealt with passengers and their needs. This led Hochschild to further research the nature of emotion work and to help define and codify an important set of skills already in widespread use.

In her book *The Managed Heart: Commercialization of Human Feeling* (1983), Hochschild described emotional labor as work that requires the regulation of experienced emotions to match organizational display rules during interpersonal transactions at work. Emotional display rules are a set of norms that regulate when, where, and how emotions may be expressed during a service transaction at work. These display rules can be explicit or implied and cross a variety of contexts, sectors, and sociocultural norms. Whether they are recognized or remain unnoticed, display rules are a

powerful shaping force that impact job performance, job satisfaction, client satisfaction, and organizational culture.

In both nonprofit and for profit organizations and in fields as diverse as construction and nursing, organizational members are tasked with performing emotional labor when dealing with clients, coworkers, and beneficiaries. In some situations, emotive work may be an overt component of job performance, while in others EL expectations are subtly embedded within organizational culture. Over the past 30 years, the emotional labor literature has developed and expanded, exploring the need for EL in fields such as health care, law enforcement, hospitality, transportation, public affairs, and intelligence (Larson and Yao 2005; van Gelderen et al. 2007; Scott and Barnes 2011). Its widespread applicability to a multiplicity of fields and contexts has awakened a need for a greater understanding of emotional labor and its parameters, exigencies, and nuances. In the nonprofit sector, where organizational members are often tasked with assisting beneficiaries that have been marginalized or have faced severe challenge or tragedy, the application of EL principles carries particular significance.

Yet for more than 20 years, the emotional labor construct had little association with the field of public administration or any overt application in the nonprofit sector. In 2004 Guy and Newman made the connection to public service for the first time in their article entitled "Women's Jobs, Men's Jobs: Sex Segregation and Emotional Labor." Since then, the existing literature on emotional labor in public administration has centered on its connection to public service motivation, its invisibility or marginalization in the public sector, and the benefits and consequences of its performance on both client and employees, including its place in the nonprofit world.

Emotional labor is multilayered and can be expressed through one of two processes: *surface acting* emotional labor and *deep acting*. Surface acting requires the workers to manage their external display of emotions (facial, body, tone of voice), without changing the true inner emotions that they actually experience. Deep acting goes one step further, requiring the worker to attempt modify these inner emotions in order to better serve the specific needs of the client (Hochschild 1983; Grandey 2000). Also known as "faking in good faith," deep acting is performed in order to express authenticity and to encourage empathy, whereas surface acting only alters the visible emotive displays. The difference between these two forms of emotional labor is important and impacts everything from employer expectations to worker health and overall organizational efficacy.

While both deep and surface acting are performed in order to meet organizational goals or standards, they have profoundly different consequences across multiple levels. Deep acting emotional labor has been shown to enhance client satisfaction in both direct and indirect ways. Clients on the receiving end of deep acting EL tend to be happier with their service experience overall, are more content with how any problems were handled, and are even more likely to make purchases from or other transactions with an organization whose employees practice deep acting over surface.

Additionally, deep acting emotional labor can also have both a positive influence on the actor performing it and on the organization as a whole. Organizations where deep acting is intentionally practiced report an increase in organizational productivity and a marked reduction in employee turnover. Deep acting is also linked to employee job satisfaction and pride in work (Hsieh and Guy 2009). The "emotional contagion" of deep acting creates a beneficial relationship between the actor and the client, with deep acting increasing client happiness and client happiness reinforcing the actor's sense of empathy, self-confidence, and successful emotive display.

In contrast to these numerous benefits of deep acting, surface acting can negatively impact a public servant's well-being. Research suggests that the sustained performance of surface acting may cause a disconnect between the emotions an employee feels and the emotions they display at work. This may occur when a negative emotion is being experienced, but a positive emotion is shown. An employee may even feel nothing when a certain emotional display is required. Therefore, the emotional labor performed is not the suppression of

emotion, but the expression of one not felt. This discrepancy, referred to as *emotional dissonance*, has been argued to be a source of mental and emotional strain that threatens employee well-being and leads to burnout, high turnover, and low job productivity (Grandey 2000; Hochschild 1983; Morris and Feldman 1997; Hsieh et al. 2012). Actors experiencing emotional dissonance may feel hypocritical, embarrassed, distant from their own emotions, and emotionally exhausted. Those engaging in deep acting, however, fare far better, experiencing less emotional dissonance and therefore less negative consequences of their emotive work.

But the negative consequences of surface acting are not limited to the actors alone. Research indicates that surface acting can have negative results for clients and beneficiaries and therefore broader repercussions on the larger organization. Clients on the receiving end of surface acting have been shown to be less satisfied, less cooperative, and less likely to engage with the organization in the future. In nonprofit organizations, the ramifications can be systemic, impacting everything from client satisfaction to donor retention. While negative emotions may be fairly easy to suppress, research suggests that positive emotions are harder to feign. This may be because disingenuous emotional displays can send subtle cues of insincerity to the client that belie expressed intention resulting in decreased trust and satisfaction on the part of the client (Zapf 2002). Just as deep acting EL can trigger a beneficial cycle between actor and client, surface acting can trigger a negative cycle that leads to greater distress for both parties and carries implications for entire organizations and public service as a whole.

## Emotional Labor Versus Emotion Work and Emotional Intelligence

The terms "emotion work" and "emotional intelligence" are often confused with emotional labor. Emotion work, which also requires the management of emotions, occurs outside of work in the private sphere, and not for a wage. The concept of emotional intelligence, while similar in result, differs from emotional labor in its intent. Before the late nineteenth century, the concepts of emotional labor and emotional intelligence and their impact on workplace performance were relatively unknown and unresearched. But by the mid-twentieth century, researchers began to recognize that emotions, and their expression or suppression, have a profound and complex effect on a person's workplace performance. As with physical labor, emotional labor can be both draining and energizing and can be honed to various levels of skill.

Although the terms emotional intelligence and emotional labor are often used interchangeably, they are not synonymous. Emotional intelligence refers to the abilities needed to recognize and manage emotion in oneself and in others with whom one is interacting (Goleman 1998). This capacity for understanding and regulating personal emotions differs from the "skill" known as emotional labor. Unlike emotional intelligence, which utilizes genuine emotions, emotional labor involves the production or acting of emotions that the worker does not genuinely feel or the conquest of emotions that are not appropriate for a specific setting (Hochschild 1983). Therefore, it is an individual's level of emotional intelligence that enables them to perform emotional labor; the higher the emotional intelligence, the higher the ability to perform emotional labor. Unlike emotional intelligence, emotional labor as a skill can be developed over time, included in employee training, and assessed in performance evaluations. While such codification of emotional work is still rare within public service organizations, the recognition of its importance is increasing.

## Emotional Labor in Public Administration

Researchers from diverse fields have studied emotional labor, and it has come to be recognized as central to all health and human service professions which require direct contact with clients (Guy and Newman 2004, 289). Emotional labor also plays a critical role in the effective delivery of public service during face-to-face or voice-to-voice exchanges between workers and citizens. During

these interactions, public servants must assess the affective state of the citizens and adjust their own emotive behaviors to meet organizational expectations.

Although emotional labor is central to public service, it is routinely marginalized and often completely ignored in the workplace. Public sector job descriptions frequently only include measurable skills and experience, while performance evaluations also neglect to recognize emotive skills, often treating them solely as ancillary, soft skills that are taken for granted (Steinberg 1999). With few exceptions, compensation determination rarely includes the effort and stress required to perform emotional labor nor compensates for the time, effort, and experience required to develop high-level emotional skills. This lack of compensation or recognition of strenuous effort, skill, and experience can lead to employee frustration, exhaustion, anxiety, and stress.

According to Guy and Newman (2004), although often unrecognized, emotion work is central to most public sector jobs and can actually increase organizational productivity and client satisfaction. They identify four steps involved in the performance of emotional labor by a public servant: first, *emotive sensing* which detects the citizens' affective state and uses that information to array one's own alternative responses; next, *analyzing* one's own affective state and comparing it to that of the citizens; third, *judging* how alternative responses will affect the citizens and selecting the best one; and, finally, *behaving* to suppress or express an emotion in order to elicit desired citizen responses. These four steps, involved in deep acting, help the public servant better consider the perspective of the client and act in the best interest of the public in a more humane and compassionate manner.

Emotional labor not only benefits the public but also has profound implications for the public servant. Those engaging in deep acting have been shown to have higher job satisfaction and pride in the work they do. This may be, in part, because they are connecting with the public they serve in a meaningful and effective way. This job satisfaction translates into a reduced turnover rate among employees. When satisfied employees strive for excellence, it has a beneficial impact on public trust by giving the client the expectation of quality as well as confidence in the positive intentions of the administrator.

## Emotional Labor in Disaster Response and Recovery

While emotional labor is a critical component of all public service, during times of post-disaster response and recovery, the need for it is particularly high. For aid workers, who bear continual responsibility for those who have been the victims of disaster, the stakes are even higher. The success or failure of their emotional labor can have grave personal, emotional, and physical consequences. Furthermore, response and recovery workers must manage the emotions of those impacted by the disaster all while carefully managing their own emotive displays. Such high-intensity EL is also seen among nurses, emergency room doctors, firefighters, and first responders. The sustained exertion required to perform emotional labor in often complex situations is gaining increased recognition in the disaster response and recovery world as a vital job requirement.

The current body of literature shows that emotional labor skills, such as the ability to show appropriate emotions (hope, empathy, calm) while suppressing inappropriate emotions (e.g., anger, anxiety, powerlessness, sadness, stress), are necessary as part of a relief worker's professional skill set (Mann 1997). Aid workers engaging in deep acting have been shown to have higher job satisfaction and pride in their work, as they connect with victims in significant ways (Hsieh and Guy 2009). In contrast, aid workers who continually practice surface acting emotional labor are more prone to burnout and have far higher turnover rates than those who practice deep acting.

Response and recovery workers are not immune to the consequences of sustained emotional labor. Previous emotional labor studies and psychological and anthropological research on emergency responders suggest that, in the quest to meet the needs of the victims of disasters, oftentimes the aid workers suffer intensely. By frequently undergoing a high degree of sustained emotional labor, aid workers become susceptible

to emotional exhaustion, compassion fatigue, burnout, and long-term physical and mental and physical health consequences (Adelmann 1995; Grandey 2003).

## Emotional Labor and Public Service Motivation

Research also links the successful performance of emotional labor to public service motivation, which is an individual's predisposition to be motivated to perform meaningful public service. Public servants who rate higher in public service motivation perform more deep acting emotional labor, which improves client satisfaction. Perry (1996) suggested that two of the four dimensions of public service motivation, attraction to policymaking and compassion, are linked to deep and surface acting and to self-sacrifice. An attraction to policymaking is positively linked with surface acting, while compassion is negatively associated with surface acting but positively associated with deep acting (Perry 1996).

Compassion, which is a sense of caring and connectedness, helps the public servant, including the nonprofit worker, to step into the citizen's shoes and perform emotional labor. It is a key component of the empathy necessary to alter one's feelings and emotional display in trying situations. Deep acting draws upon empathy and allows the public servant to see the situation through the eyes of the client, mirroring client emotions and affective displays. Because of this, during deep acting, the worker does not find it necessary to fake emotions and therefore experiences less emotional dissonance and less emotional distress when performing emotional labor at work.

## Conclusion

For decades, public administration scholars have argued that compassion and benevolence should be important administrative values, both as agents of rectitude and in order to increase public trust. In fact, proponents of the new public service paradigm suggest that the job of public servants and nonprofit workers is not just to make their work more efficient, but to make it more humane and caring. Effective utilization of emotional labor processes encourages authenticity, empathy, and humaneness on the part of the actor and is an antecedent of client trust and satisfaction. These, in turn, encourage both organizational health and program efficacy. Because of this, emotional labor, and deep acting in particular, is an important tool of public service.

Moreover, more than 30 years of research have shown that emotional labor is a definable skill and that it can be documented, encouraged, analyzed, and taught. EL plays a critical role in the operation of the nonprofit sector and is increasingly being sought during hiring and including in public service training. Because of this, many of the scholars participating in the emotional labor literature argue that EL should be formally recognized for its contribution to nonprofit sector job performance, that it should be justly compensated for, and that it should be intentionally incorporated into the public administration curriculum (Mastracci et al. 2010).

## Cross-References

► Emotional Intelligence as an Antecedent of Leader Emotion Contrasting Behaviors
► Emotional Management

## References

Adelmann PK (1995) Emotional labor as a potential source of job stress. In: Sauter S, Murphy L (eds) Organizational risk factors for job stress. American Psychological Association, Washington, DC

Goleman D (1998) Working with emotional intelligence, New York

Grandey AA (2000) Emotion regulation in the workplace: a new way to conceptualize emotional labor. J Occup Health Psychol 5:95–110

Grandey AA (2003) When "the show must go on": surface acting and deep acting as determinants of emotional exhaustion and peer-rated service delivery. Acad Manag J 46:86–96

Guy M, Newman M (2004) Women's and men's jobs: sex segregation and emotional labor. Public Adm Rev 64(3):2

Hochschild A (1983) The managed heart: the commercialization of human feeling. University of California Press, Berkeley

Hsieh CW, Guy ME (2009) The relationship between managing the "heart" and managing client satisfaction. Rev Public Pers Adm 29(1):41–57
Hsieh C-W, Yang K, Fu K-J (2012) Motivational bases and emotional labor: assessing the impact of public service motivation. Public Adm Rev 72(2):241–251
Larson E, Yao L (2005) Clinical empathy as emotional labor in the patient – physician relationship. J Am Med Assoc 293(9):1100–1106
Mann S (1997) Emotional labour in organizations. Leadersh Org Dev J 18(1):4
Mastracci S, Newman MA, Guy ME (2010) Emotional labor: why and how to teach it. J Public Aff Educ 16(2):123–141
Morris JA, Feldman DC (1997) Managing emotions in the workplace. J Manag Issues 9:257–274
Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–23
Scott BA, Barnes CM (2011) A multilevel field investigation of emotional labor, affect, work withdrawal, and gender. Acad Manag J 54(1):116–136
Steinberg RJ (1999) Emotional labor in job evaluation: redesigning compensation practices. Ann Am Acad Pol Soc Sci 561(1):143–157
Van Gelderen B, Heuven E, Van Veldhoven M, Zeelenberg M, Croon M (2007) Psychological strain and emotional labor among police-officers: a diary study. J Vocat Behav 71(3):446–459
Zapf D (2002) Emotion work and psychological well-being a review of the literature and some conceptual considerations. Hum Resour Manag Rev 12(2002):237–268

# Emotional Labor and Emotional Intelligence on Job Performance: Comparison of Public and Private Organizations in China

Shaozhuang Ma[1], Maria Gabriela Silva[1], Virginia Trigo[1] and Victor J. Callan[2]
[1]Instituto Universitário de Lisboa (ISCTE-IUL), Business Research Unit (BRU-IUL), Lisboa, Portugal
[2]Business School, University of Queensland, Brisbane, Australia

## Synonyms

Emotional labor; Emotional intelligence; Job performance; Public and private organizations in China

## Definitions

Emotional labor is the process of regulating emotional expressions for organizational goals. Emotional intelligence involves the ability to perceive, understand, appraise, and express emotion, coupled with the ability to generate and regulate feelings.

## Introduction

Emotional labor involves the management of feelings to create publicly observable expressions that are in accordance with the display rules established by organizations (Hochschild 1983). The display rules that shape the expression of such emotional labor are associated with occupational norms and organizational contexts (Grandey and Melloy 2017). Thus, due to the difference in management approaches, culture, and norms, emotional labor may differ in public and private organizations. Accordingly, emotional labor may impact upon job performance in public and private organizations, but this relationship is subject to emotional intelligence available (Newton et al. 2016). Specifically, this paper discusses differences in emotional labor among managers and professionals working in Chinese public organizations (CPOs), foreign-invested enterprises (FIEs), and Chinese privately owned enterprises (POEs), as well as differences in the relationships among emotional labor, emotional intelligence, and job performance.

## Different Emotional Labor across Organizations of Different Ownership Type in China

Different work environments impact upon the level of emotional demands prescribed by work situations. Two theoretical approaches offer a useful lens for understanding how environmental factors influence the organizational requirements for emotional expression (Lawler and Thye 1999; Lively and Powell 2006): the cultural-normative approach and the structural-relational approach.

The cultural-normative approach highlights the role of emotional norms and display rules in a social context, while a structural-relational approach emphasizes the impact of social positions (e.g., power and status) on the emotions that people are likely to feel. The cultural-normative perspective implies that, while emotional norms shape emotional expressions or displays, they vary across social or organizational contexts. Morris and Feldman (1996) propose that, at the organizational level, the explicitness of display rules, routineness of task, form of interaction, and job autonomy are associated with emotional labor behavior. Additionally, the requirements for emotional labor are associated with features of organizational cultures (e.g., Gardner et al. 2009). The structural-relational approach proposes that positional differences lead to divergent felt emotions, which in turn have important effects on exchange relations and networks (Lawler and Thye 1999). Specifically, for instance, low status employees are more likely to experience negative emotions and are more apt to conceal them from group members, thus engaging in emotional labor.

With regards to expressions of emotional labor, it is particularly interesting to look at countries like China that are transitioning from predominantly state-owned enterprises (SOEs) to a multiple ownership system. This structural system includes public organizations represented by SOEs and other public organizations funded by the government. There is also a growing private sector represented by foreign-invested enterprises (FIEs) and domestic privately owned enterprises (POEs) (Ma et al. 2016). A major issue to keep in mind with these transitions is that Chinese public organizations (CPOs) are constrained by their historical heritage, hierarchical structures and systems, and some governmental control, while private enterprises have greater flexibility and autonomy to run their business.

Although organization's HR practices influence emotional labor (Gabriel et al. 2016), studies in China also reveal differences in HRM practices according to different ownership forms (Ma et al. 2016). Foreign-owned enterprises use more formalized and transparent bonus systems through the transfer of high-performance human resource systems of their home country. Employees are motivated through transparent, open and fair remuneration practices and approaches that promote employee development, as well as a warm and friendly climate (Jaussaud and Liu 2011). Compared to the HRM practices of FIEs, the systems of Chinese owned firms are much less transparent, with supervisors having stronger levels of personal influence. For example, the HRM systems of Chinese privately owned enterprises are generally pragmatic, non-systematic, and informal.

The different clusters of firms that characterize the three ownership types also lead to different organizational cultures. Tsui et al. (2006) note that both foreign and domestic private firms have highly integrative cultures that emphasize internal integration and external adaptation, while public organizations have a hierarchical culture. Thus, differences in HRM approaches and organizational cultures in these three types of organizations may influence emotional labor in different ways.

The current study of Chinese managers aimed to fill the gap in the limited knowledge about the effect of the contextual factors of organizational ownership type on emotional labor. Specifically, this study reported a significant difference in emotional labor demands between Chinese public organizations and private sectors. Professionals working in POEs and FIEs showed significantly higher levels of emotional labor than those working in CPOs. Two explanations are offered. First, most private organizations are market-driven and pursue the philosophy that "the customer is king." Employees working in private sectors experience more emotional labor when interacting with external customers (see Bolton 2002). Moreover, private sectors stress the achievement of performance and economic goals more than the public sector, which could be an important impetus for emotional labor. On the other hand, public organizations are less performance-driven and employees may have less pressure to engage in emotional labor for in-role performance. The data from this study do reveal that job performance in

the public sector was significantly lower than in the private sector.

In addition, employees working in the public sector in China are more likely to enjoy greater power and status, and thus face less pressure to meet the needs of their external customers. People working in the public sector in China enjoy a high status and less emotional labor when working with their external customers due to the high-power distance culture in China. High-status people are thought to enjoy more freedom in their emotional expression and hence may put less effort into their emotional management (Lively 2000). As others state (Brotheridge and Grandey 2002), occupational types contribute to the reported levels of emotional labor. In addition, the study's findings suggest that ownership type is a potentially new antecedent of emotional labor.

## Association Between Emotional Labor and Job Performance

The literature tends to support the idea that emotional labor is positively related to work performance (Goodwin et al. 2011). The current study also reveals that overall those individuals who are skilled at managing and displaying emotions are likely to have better job performance. However, when examining the managerial samples of private and public sectors separately, emotional labor was a valid predictor of job performance only in CPOs and not in FIEs or POEs. These different results for the association of emotional labor with job performance further illustrate that organizational environments in the public and private sectors in China shape employee emotional labor behaviors in different ways. First, though employees in both FIEs and POEs report higher levels of emotional labor than their counterparts in CPOs, their job performance is not affected by their emotional labor. This is interesting because it suggests that organizational HRM practices, culture, and norms that are associated with ownership types might be the more critical factors that impact upon the role of emotional labor upon job performance.

Emotional labor is subject to bureaucratic forms of control such as the nature of supervision from superiors, as illustrated by the CPOs in this study, which are characterized by a more hierarchical structure, bureaucratic culture, and significant status differences (i.e., power distance). Therefore, on the one hand in public organizations, "getting-the-job-done" on a daily basis depends very much on "guanxi" (relationships) with colleagues and particularly with supervisors, as job autonomy is much more constrained in the public sector. On the other hand, performance appraisal in Chinese public organizations is subject to the supervisor's personal judgment and favoritism as objective performance criteria are absent or vague. Therefore, developing and maintaining good "guanxi" with the supervisor and colleagues are critical in achieving positive performance evaluation for job performance, and such high-quality relationships involve efforts around emotional exchange.

Given the hierarchical differences in social status and the vague display rules in such Chinese organizations, employees in CPOs need to engage in emotional labor to develop personal relationships with colleagues and particularly with their supervisors. Moreover, the traditional influence of collectivistic cultural values around harmony and cooperation within a group is more prominent in CPOs than in FIEs and POEs. On the contrary, as considered earlier, in private enterprises, job performance is more merit-based with more explicit and objective criteria and less influenced by the personal influence of supervisors. Therefore, despite employees in private organizations performing more emotional labor with external customers, the overall influence of emotional labor on job performance is constrained.

Moreover, the study's finding that emotional labor has no relationship on job performance in the private sector is similar to previous studies conducted in the West (e.g., Mesmer-Magnus et al. 2012). This finding may imply that employees working in FIEs and POEs may experience demands around emotional labor in their organizations that are identical to their counterparts in Western countries, suggesting that HRM practices in the POEs are converging toward those practices of FIEs in their country of origin (see Ma et al. 2016).

## Moderating Effect of Emotional Intelligence on the Relationship Between Emotional Labor and Job Performance

Emotional intelligence involves the ability to perceive, understand, appraise, and express emotion, coupled with the ability to generate and regulate feelings (Mayer and Salovey 1997). Emotional intelligence is especially important as a factor in the relationship between emotional labor and job performance. A moderator role of emotional intelligence is theoretically supported by the conservation of resources (COR) theory (Hobfoll 1989), which postulates that personal resources (e.g., emotional intelligence) may mitigate efforts to display appropriate emotions. Researchers contend that high emotionally intelligent employees perform better than low emotionally intelligent employees at jobs that demand emotional labor (e.g., Joseph and Newman 2010).

Among these public and private organizations investigated in China, the moderating effect of emotional intelligence on the relationship between emotional labor and job performance only exists in public organizations and is not present in private organizations. In Chinese public organizations, emotional labor is more strongly related to job performance in the case of high emotionally intelligent employees rather than in low emotionally intelligent employees. In explaining these different results in public and private organizations, one interpretation lies in the differences in emotional norms, display rules, and social positions in the two types of organizations. The explicitness of rules (e.g., objective performance indicators) and the highly integrative cultures in private organizations, encourage their employees to rely less on leveraging on emotional intelligence to perform emotional labor to achieve job performance. However, the greater ambiguity of display rules, more hierarchical cultures, higher levels of position power, and significant personal influence on job performance from supervisors in public organizations encourage employees to leverage on their emotional intelligence to engage in displays of emotional labor with insiders that best allow them to gain desirable job performance. In other words, in the bureaucratic public sector, subordinates are evaluated more by the superior's personal judgment, and their personal and political fortunes are determined by how their superiors judge their performance. Therefore, it is natural to expect those working in Chinese public organizations to leverage on emotional intelligence to "please" supervisors for favorable judgments of job performance.

## Implications for Practice

These findings highlight that organizations need to be aware of the association between emotional labor and the organizational context created and supported by their existing HRM and other practices. For example, more explicit display rules and autonomy-supportive policies may promote employees to engage in emotion regulation in a more positive way. In this regard, public organizations are encouraged to benchmark the management approach adopted by private organizations by developing more transparent HRM practices and by creating more positive work climates for their workforce. This recommendation is in line with the New Public Management (NPM) rhetoric and transference of management practices from the private to the public sector.

In addition, while many studies on emotional labor highlight the importance of person-job fit, this study identifies the importance of person-organization fit. For example, given the significant roles of emotional labor and emotional intelligence in public organizations, these organizations may need to consider assessing the emotional intelligence of candidates in the recruitment of employees. Moreover, given the significant levels of emotional labor reported by the samples of managers and professionals, organizations should consider, and weigh up the costs of emotional labor on their employees. In addition to the provision of emotional management training, the employment of more humanistic practices to replace emotional display rules might be one beneficial strategy.

## Conclusion

The public and private sectors in China exhibit significant differences in their emotional labor

demands, revealing ownership type as a new antecedent of emotional labor. Second, emotional labor has a significant effect on in-role performance, and emotional intelligence moderates the link between emotional labor and job performance in public organizations, but not in private organizations.

## Cross-References

► Professional Norms in Public Sector HRM
► Social Psychology of Organizations

## References

Bolton SC (2002) Consumer as king in the NHS. Int J Public Sect Manag 15(2):129–139
Brotheridge CM, Grandey AA (2002) Emotional labor and burnout: comparing two perspectives of "people work". J Vocat Behav 60(1):17–39
Gabriel AS, Cheshin A, Moran CM, van Kleef GA (2016) Enhancing emotional performance and customer service through human resources practices: a systems perspective. Hum Resour Manag Rev 26(1):14–24
Gardner WL, Fischer D, Hunt JG (2009) Emotional labor and leadership: a threat to authenticity? Leadership Quart 20(3):466–482
Goodwin RE, Groth M, Frenkel SJ (2011) Relationships between emotional labor, job performance, and turnover. J Vocat Behav 79(2):538–548
Grandey AA, Melloy RC (2017) The state of the heart: emotional work as emotion regulation reviewed and revised. J Occup Health Psychol 22(3):407
Hobfoll SE (1989) Conservation of resources: a new attempt at conceptualizing stress. Am Psychol 44(3):513–524
Hochschild AR (1983) The managed heart: commercialization of human feeling. University of California Press, Berkeley
Jaussaud J, Liu X (2011) When in China . . .the HRM practices of Chinese and foreign-owned enterprises during a global crisis. Asia Pacific Bus Rev 17(4):473–491
Joseph DL, Newman DA (2010) Emotional intelligence: an integrative meta-analysis and cascading model. J Appl Psychol 95(1):54–78
Lawler EJ, Thye SR (1999) Bringing emotions into social exchange theory. Annu Rev Sociol 25:217–244
Lively KJ (2000) Reciprocal emotion management – working together to maintain stratification in private law firms. Work Occup 27(1):32–63
Lively KJ, Powell B (2006) Emotional expression at work and at home: domain, status, or individual characteristics? Soc Psychol Q 69(1):17–38
Ma S, Silva G, Callan VJ, Trigo V (2016) Control and commitment HR practices, job satisfaction and turnover intentions: a comparison between local and multinational firms in China. Int J Hum Resour Manag 27(9):974–990
Mayer JD, Salovey P (1997) What is emotional intelligence? In: Salovey P, Sluyter DJ (eds) Emotional development and emotional intelligence. Basic Books, New York, pp 3–31
Mesmer-Magnus JR, DeChurch LA, Wax A (2012) Moving emotional labor beyond surface and deep acting: a discordance-congruence perspective. Organ Psychol Rev 2(1):6–53
Morris J, Feldman DC (1996) The dimensions, antecedents and consequences of emotional labor. Acad Manag Rev 21(4):986–1010
Newton C, Teo ST, Pick D, Ho M, Thomas D (2016) Emotional intelligence as a buffer of occupational stress. Pers Rev 45(5):1010–1028
Tsui AS, Wang H, Xin KR (2006) Organizational culture in China: an analysis of culture dimensions and culture types. Manag Organ Rev 2(3):345–376

# Emotional Management

Michael W. Kramer
University of Oklahoma, Norman, OK, USA

## Synonyms

Emotional control; Emotional display; Emotional expression

## Definition

Emotion management describes the process by which individuals in organizations maintain a balance between the competing goals of expressing their felt emotions and displaying the emotions that are consistent with the social and cultural norms of the organization.

## Introduction

Participation in organizations results in various emotional experiences, both positive and negative ones. For example, if two employees applied for a

promotion in a nonprofit organization, the employee who received the promotion likely feels a level of positive exuberance, while the employee who did not receive the promotion likely has a negative reaction and perhaps even feels angry. The free expression of positive and negative emotions in organizational setting is often viewed as an unacceptable violation of either job expectations or social norms. As a result, individuals are expected to manage or control their emotions to varying degrees. The employee who received the promotion in the previous scenario would be criticized for behaving inappropriately if expressing the positive emotion involved running around the office hugging everyone and shouting, "I got it; I got it." Similarly, the employee who did not receive the promotion would be criticized for constantly expressing a negative attitude toward the nonprofit in general and the person who received the promotion in particular. Emotion management involves the process of maintaining a balance between the emotions individuals feel and the emotions that they are expected to express according to social norms and organizational expectations. To understand emotion management in organizational settings, it is important to understand (a) the nature of emotions in organizational experiences, (b) the different types of emotions that are frequently studied in organizations, (c) the social norms that influence the management of the expression of emotions in organizations, (d) the way those social norms or expectations are learned, and (e) the impact of emotion management on individuals.

## The Nature of Emotions in Organizations

Emotions are a complex mixture of both physiological and cognitive factors. In other words, the feeling of emotion is the result of both physical and mental responses to experiences. For example, if a volunteer or employee of a nonprofit organization is treated rudely by a customer or community member, the volunteer likely will have an increased heart rate while mentally evaluating that individual's behavior as undeserved and inappropriate. Researchers have disagreed on whether the physical or cognitive response comes first. It is likely that the order varies according to the situation and the individual and that in many instances the physical and cognitive responses occur almost simultaneously, making the distinction in order unimportant.

Many scholars agree that emotions in organizational settings are triggered by discrepancies or differences between individuals' expectations for a given situation and their actual experiences. Individuals bring a wide range of expectations to their organizational experiences. They expect that they will demonstrate competence, commitment, and integrity in completing their work assignments; develop and maintain positive relationships with coworkers, supervisors, and other people like customers or clients; and establish and maintain appropriate boundaries between their professional work and their personal lives (Carver and Scheier 1990). When those expectations for work, relationships, and work-life balance are not met, it results in an emotional response. When the expectations are hindered or interrupted, the results are unmet expectations and negative emotions. When the expectations are achieved more easily, quickly, or successfully than anticipated, the results are overmet expectation and positive emotions. Extending the earlier scenario, if the employee of the nonprofit expected to get a promotion after 3 years, but received it after just 1 year, the overmet expectations would result in a strong positive emotion. If the other employee of the nonprofit expected to get a promotion this year and was denied it, then the unmet expectations would result in strong negative emotions. Similarly, employee and volunteer expectations for developing positive relationship with others at work and for being able to maintain work-life balance can be overmet or unmet resulting in similar positive or negative emotions.

A number of scholars have tried to classify the different emotions that individuals experience in organizational settings as positive or negative. In one of the more comprehensive analyses of different emotions, through statistical analyses, Shaver et al. (1987) identified six primary

emotions for classifying most emotions. The three positive emotions likely to occur from met or overmet expectations included love (e.g., liking, fondness), joy (e.g., enthusiasm, happiness, pride), and surprise (e.g., amazement, astonishment). The three negative emotions likely to result from unmet expectations include anger (e.g., irritation, disgust, jealousy), sadness (e.g., hurt, dismay, isolation), and fear (e.g., alarm, shock, anxiety).

## The Types of Emotions in Organizations

Scholars have studied emotions in organizations from a variety of perspectives that go beyond simply identifying the nature of the emotion. In a comprehensive examination of these perspectives, Miller et al. (2007) identified five general types of emotions that are examined in organizational settings.

The first type of emotion studied is *emotional labor* (see Emotional Labor entry for further elaboration). Hochschild (1983) first identified emotional labor in her study of flight attendants. She found that flight attendants were trained to express positive emotions to customers regardless of their actual feelings. So, for example, flight attendants were expected to smile and be polite no matter how rude customers might be, and they were to act calm and collected regardless of their personal feelings in the case of heavy turbulence or an emergency. Hochschild went on to differentiate between *surface acting* when the attendants knew that they were being inauthentic and *deep level acting*, when the flight attendants lost touch with their own feelings while expressing the organizationally prescribed emotions. Emotional labor, then, occurs when individuals express inauthentic emotions as part of their work for the benefit of organizational goals. Emotional labor is a common practice in customer service activities, which for a nonprofit organization could include providing community services or disaster relief. Emotional labor does not always involve expressing positive emotions. Individuals involved in occupations such as corrections or bill collection perform emotional labor by learning to express the correct amount of negative emotion to encourage compliance with their requests to individuals who are often unwilling to fulfill the request. Employees or volunteers may need to learn to express negative emotions to discourage individuals or clients who seem to be taking advantage of the services that the nonprofit organization provides.

The second type of emotion studied is *emotion work*. Emotion work involves a genuine emotional response to the emotions of others, usually customers or clients, as part of a job. Emotion work is particularly common in human service activities that involve providing assistance to others through close personal interaction. For example, hospice volunteers frequently speak of feeling like they are friends and family members of their patients due to the emotional attachment they develop with them (Gilstrap and White 2013). These emotional attachments are authentic, felt emotions that result from working closely with their patients. Emotion work is common for employees and volunteers in social work, health care, and educational and religious organizations among others.

The third type of emotion that has been studied is *emotion with work* which refers to reactions to interactions with peers, supervisors, and other organizational members rather than with customers or clients. Emotion with work is related to the expectation of achieving positive work and relational goals. Employees and volunteers experience positive emotions when they receive positive feedback on making progress in mastering or completing a new job or when they develop a close relationship with their supervisors or peers; they experience negative emotions when they have trouble maintaining a good relation with their supervisor or their peers or receive negative feedback on their work efforts (Carver and Scheier 1990). Regardless of whether they are employees or volunteers, positive or negative relationships with supervisors or coworkers (possibly other volunteers) contribute to emotion with work.

A fourth type of emotion studied has been labeled *emotion at work*. Emotion at work is not related to what occurs in the work setting.

Emotion at work occurs when employees or volunteers have experiences away from their work that interfere with the individuals' ability to concentrate and be effective in their work at the nonprofit organization. Emotion at work is caused by a general work-life balance conflict where the overlap between activities and roles outside an organization interferes with work within the organization. Common causes for emotion at work are problems with child raising, such as an illness, or needing to provide assistance for elderly parents. Not all emotion at work is related to personal relationships. Emotion at work could be the result of car problems, financial concerns, or the stress of trying to complete routine activities like grocery shopping or yard work. In addition, events in the community, the nation, or the world could cause emotion at work. Stress in other areas of an individual's life create conflict for individuals as they try to maintain their employee or volunteer role in a nonprofit organization.

*Emotion toward work* is a more general affective reaction to the work in the nonprofit than emotion with work. As such, emotion toward work is closely related to job satisfaction. Employees and volunteers have generally positive attitudes toward their work in a nonprofit when it exceeds their expectations and negative ones when it fails to meet those expectations. For example, volunteers for Habitat for Humanity respond positively when the workday is organized, and they feel that they are making significant contributions, but respond negatively when they seem to be wasting their time waiting for something to do (Hale and James 2013). There are literally thousands of studies exploring how emotion toward work impacts employee turnover, but not many for volunteers. However, the findings are not as strong as might be expected. Employees who have a negative emotion toward work often stay in jobs when they feel that the alternatives are even less desirable, such as being unemployed or working for an even less desirable organization. As a result, job dissatisfaction is only a moderately strong predictor of turnover. However, since volunteers turnover at a much higher rate than employees, the impact of emotion toward work may be much greater, because when individuals have trouble managing between work, family, and volunteer roles, they most likely reduce their volunteer roles.

## The Social Norms of Emotion Management

The previous section identified some of types of emotional experiences that are commonly studied in organizational settings. It focused on the emotions individuals feel, that is, their positive or negative *felt emotions*. In organizational settings, individuals are often discouraged from expressing their felt emotions and instead are asked to manage the *display of emotions* in socially appropriate ways. The social norm for the display of emotions is most obvious in settings involving emotional labor. In emotional labor, individuals are taught to suppress their felt emotions and present the appropriate display of emotions. For example, for employees or volunteers of nonprofits, emotion management includes displaying the positive expressions of customer service representatives or the negative expressions of concern and criticism of individuals misusing the services of the organization.

In some organizational roles, emotion management involves the expectation for a neutral or unemotional control of the display of emotions. For example, 911 operators are expected to be calm and unemotional no matter how chaotic the situation or how emotional the caller may be (Shuler and Sypher 2000). Interestingly, many of the 911 operators in the study enjoyed managing their emotions in those situations because it showed their competence in their jobs. For many of them, managing their emotions provided the challenge and excitement for a job that was frequently routine and uneventful. So unlike emotional labor which may force individuals to display inauthentic emotions prescribed by the organization, the 911 operators in the study actually sought out opportunities to manage their emotions and display a calm or neutral demeanor as a demonstration of their competence. Volunteers or employees working on other hotlines likely experience similar emotions as they respond to callers.

Public servants, such as employee or volunteer first responders, are also often expected to maintain a neutral unemotional demeanor regardless of the situation. For example, firefighters often feel strong negative emotions, especially when there is the loss of life of a small child, but act unaffected by personal emotions and maintain a neutral display of emotions as they interact with the public or family members of the victims; they only express their felt emotions when they are back at their fire station out of view from the public (Scott and Myers 2005). Maintaining the neutral demeanor in these sorts of situation seems comparable to emotional labor in that it involves the display of organizationally prescribed emotions. This situation is different in that the emotion management serves the victims and their families rather than the organization.

Whereas the previous examples of emotion management all involve dealing with people outside of the organization like customers or the public, emotion management is also involved in internal interactions within organizations. Organizational members need to maintain positive relationships with their subordinates, coworkers, supervisors, and other organizational members. If employees and volunteers expressed their positive and negative emotions in the workplace without any filtering, it often would be difficult to maintain relationships. Research by Kramer and his colleagues suggest that people are expected to display a "professional" demeanor in their interactions with each other in organizational settings (Kramer and Hess 2002). The participants never clearly define professionalism, but they seemed to generally agree that the expectations are clear. In most situations, organizational members are expected to maintain a neutral to moderately positive display of emotions regardless of their felt emotions. For example, although an individual may be excited about getting a positive evaluation or a promotion and raise, examples of emotion with work, a professional display of emotions will be only moderately positive so as not to upset those who got less positive news. Similarly, an individual who is experiencing marital problems, an example of emotion at work, is expected to be professional and display a neutral or positive emotion to avoid letting the activities away from the organization to influence the work environment in a negative way for the individual or other employees or volunteers.

The discussion of emotion management norms so far may suggest that individuals always have a choice to suppress their felt emotions when they are inappropriate and can choose to display the socially or organizationally appropriate emotion. While the ability to management emotions is common in organizational settings, situational factors may affect an individual's ability to manage their emotions in socially appropriate ways. For example, when the catalyst for the emotion is particularly intense or occurs repeatedly, individuals may lose their ability to manage their emotions. For example, a customer who is excessively rude and swears repeatedly at a customer service representative may exceed that individual's tolerance level such that the person becomes rude and negative in return despite training on the appropriate display of positive emotions. Similarly, a coworker who repeatedly prevents someone else from achieving their goals may receive an unprofessional response at some point.

By contrast to situations when they are unable to control their negative emotions as prescribed by the organization, an employee or volunteer may decide to display positive emotions despite organizational sanctions against doing so because it seems more appropriate to do so. For example, Onyx (2013) found that one nonprofit organization discouraged volunteers from spending too much time with clients and encouraged them to avoid expressing feelings by touching or hugging them. Participants in the study reported deliberately breaking those expectations because they wanted to develop more positive relationships with the clients they visited and wanted to express their felt emotions to them.

## Learning Emotion Management Norms

The discussion so far has described the norms or expectations for emotion management without addressing the issue of how individuals learn the

emotion management expectations. In organizations in which employees participate in emotional labor, organizations follow a three-step process for developing employees who will manage emotions so as to display the appropriate emotions. First, during the recruitment process, the organizational recruiters look for individuals whose personalities are consistent with the emotion display expectations of the organization. Second, during orientation and training, new employees or volunteers are taught to display the correct emotions. Third, while they are on the job, they are rewarded for managing their emotions appropriately. This three-step process results in employees and volunteers who manage their emotions according to the organizational expectations.

A popular amusement park provides a clear example of how these three steps work for employees according to research by Van Maanen and Kunda (1989). During the selection process, the recruiters look for individuals with outgoing and pleasant personalities. During training, the new employees are explicitly taught the emotion display expectations. This includes understanding that onstage, defined as anywhere that customers may see the employees, the employees are expected to display positive emotions whether they are a ticket taker, ride operator, or simply a street cleaner. Calling the employees "cast members" reinforces the notion that they are to perform surface acting by displaying certain emotions regardless of their felt emotions. It is only backstage, in tunnels or other places where customers do not have access, that employees do not need to display proper emotions. Finally, supervisors monitor employees to try to catch them out of character—that is not displaying the appropriate positive emotions. Those who fail to display the appropriate positive emotions receive negative evaluations, can be demoted to less public jobs or less desirable jobs, and may even be dismissed for repeated violations of the emotion display expectations. Interestingly, the employees sometimes develop covert forms of resistance such as enacting what appears to be an inadvertent seatbelt slap of customers who are uncooperative or rude. In this way, the selection, training, and evaluation process reinforces the appropriate emotion management behaviors, but some employees secretly resist the norms.

For many other occupations, the expectations for "professional" display of emotions are never explicitly taught (Kramer and Hess 2002). The employees learn the emotion display norms implicitly through their education and their previous experiences as employees or volunteers and by observing other organizational members. Employees who enter a career similar to their parents are at an advantage since they learn many of the occupational expectations through family interactions. Others must learn the emotion management expectations after they join the organization. The lack of explicit training on emotion management may be problematic employees or volunteers who do not have parents or other mentors to help them learn the appropriate emotion display norms for their activities in a nonprofit organization.

## Impact of Emotion Management

The amusement park example in the previous section indicates that following the correct emotion management norms has career implications for its employees. The conditions at the amusement park may seem extreme and related to a particular occupation; however, evidence suggests that similar practices explicitly and implicitly exist in other organizations and that emotion management influences the careers of many employees. For example, Van Maanen and Kunda (1989) found similar patterns of hiring, training, and reinforcing of emotion management expectations in a high-tech company where employees were expected to display the correct attitude. Success in the organization is related to following the emotion management norms by expressing enthusiasm and a positive attitude toward the organization's culture. Employees and volunteers in nonprofit organizations similarly need to adapt to the organizational norms for emotion management in order to achieve their goals for participating in the organization.

Other research suggests that emotion management expectations impact many organizational

roles. For example, individuals who display positive affect through their nonverbal communication during initial job interviews are more likely to receive second interviews which lead to job offers across a range of occupations. Professional emotion management also seems to affect career success in general. Expressing more positive emotions is associated with higher supervisor evaluations, larger pay raises, and more support from peers and coworkers. A recent study found that new volunteers were reluctant to develop relationships with older volunteers when the experienced peers held what were perceived as gripe sessions instead of expressing positive attitudes toward their nonprofit organization (Kramer and Danielson 2016). Overall, these findings suggest that emotion management is associated with achieving various career and relational goals for volunteers and employees in nonprofit organizations as well.

## Conclusion

Emotions are a common experience in organizational settings including nonprofit organizations. Emotions occur when employees and volunteers experience discrepancies between their expectations and their experiences in organizational settings. These interruptions of expectations lead to positive felt emotions when they exceed expectations and lead to goal achievement or negative felt emotions when they are less than expected or hinder goal achievement. The felt emotions may be related to emotional labor, emotion work, emotion with work, emotion at work, or emotion toward work. Employees and volunteers may choose between expressing their felt emotions and managing their behaviors to display emotions consistent with organizational or professional norms of behavior. These norms are learned through a process of hiring, training, and reinforcing the desired norms. Research suggests that following the appropriate emotion management expectations has positive outcomes for individuals' participation in organizations as employees or volunteers.

## Cross-References


- ▶ Burnout in Nonprofit Organizations
- ▶ Communication Within the Nonprofit
- ▶ Emotional Labor
- ▶ Life Cycles of Nonprofit Organizations


## References


Carver CS, Scheier MF (1990) Origins and functions of positive and negative affect: a control-process view. Psychol Rev 97:19–35. https://doi.org/10.1037/0033-295X.97.1.19

Gilstrap CM, White ZM (2013) "Like nothing else I've ever experienced": examining the metaphors of residential hospice volunteers. In: Kramer MW, Lewis LK, Gossett LM (eds) Volunteering and communication: studies in multiple contexts. Peter Lang, New York, pp 149–168

Hale CL, James AC (2013) The sisterhood of the hammer: women organizing for community and self. In: Kramer MW, Lewis LK, Gossett LM (eds) Volunteering and communication: studies from multiple contexts. Peter Lang, New York, pp 131–148

Hochschild AR (1983) The managed heart. University of California Press, Berkeley

Kramer MW, Danielson MA (2016) Developing and re-developing volunteer roles: the case of ongoing assimilation of docent zoo volunteers. Manag Commun Q 30:103–120. https://doi.org/10.1177/0893318915612551

Kramer MW, Hess JA (2002) Communication rules for the display of emotions in organizational settings. Manag Commun Q 16:66–80. https://doi.org/10.1177/0893318902161003

Miller KI, Considine J, Garner J (2007) "Let me tell you about my job": exploring the terrain of emotion in the workplace. Manag Commun Q 20:231–260. https://doi.org/10.1177/0893318906293589

Onyx J (2013) Breaking the rules: the secret to successful volunteering in a caring role. In: Kramer MW, Lewis LK, Gossett LM (eds) Volunteering and communication: studies in multiple contexts. Peter Lang, New York, pp 343–364

Scott C, Myers KK (2005) The socialization of emotion: learning emotion management at the fire station. J Appl Commun Res 33:67–92. https://doi.org/10.1080/0090988042000318521

Shaver P, Schwartz J, Kirson D, O'connor C (1987) Emotion knowledge: further exploration of a prototype approach. J Pers Soc Psychol 52:1061–1086

Shuler S, Sypher BD (2000) Seeking emotional labor: when managing the heart enhances the work experience. Manag Commun Q 14:50–89. https://doi.org/10.1177/0893318900141003

Van Maanen J, Kunda G (1989) "Real feelings": emotional expression and organizational culture. Res Organ Behav 11:43–103

# Empirical Legitimacy and Normative Compliance with the Law

Jonathan Jackson[1], Jenna Milani[2] and Ben Bradford[3]
[1]Department of Methodology, London School of Economics, London, UK
[2]Centre for Criminology, Oxford University, Oxford, UK
[3]Department of Security and Crime Science, UCL, London, UK

## Introduction

This entry considers the role that empirical legitimacy plays in motivating people to comply with the law. The first section differentiates between normative and empirical concepts of institutional legitimacy. The second section discusses the criteria that citizens use to judge the rightfulness of court and police power. The third section reviews the motivational influence of legal legitimacy in the context of (a) the sanction independent and content-independent qualities of legitimacy and (b) some ways to broaden the motivational scope of the concept.

## Empirical and Normative Concepts of Legitimacy

When debating the ethical use of political power, philosophers often employ legitimacy as a normatively laden term to describe whether states and state institutions meet certain desirable standards (Hinsch 2008). Whether those who abide by a power structure recognize the moral validity of that power structure is peripheral to the *normative concept of legitimacy*:

> To say that an institutional arrangement is legitimate in the normative sense is not simply to say something about the subjective state of mind of particular individuals. It is to say that the arrangement meets certain substantive requirements – say, standards of justice and rationality expressed in a normative conception of legitimacy – irrespective of whether people believe that they are met or not. (Hinsch 2010: 41–42)

The external observer applies the inherently value-based set of criteria regarding how states and state institutions ought to be arranged for the power to be rightfully held. The external observer also defines those criteria. Consider – for instance – a standard Western democratic conception of the normative legitimacy of justice institutions. On this account, legal authorities would be judged according to principles of independence, transparency, consistency, respect for the rule of law, and so forth. Criminal court systems would need to have effective systems of due process, standards of accountability, oversight over sentencing, anticorruption safeguards, etc.

By contrast, social scientists often employ legitimacy as an empirically laden concept to describe whether – *as a matter of fact* – those that are subject to authority confer legitimacy on that authority (Tyler 2006a, b; Caldeira and Gibson 1995; Gibson et al. 2003; Justice and Meares 2014; Meares 2017). The *empirical concept of legitimacy* (Hinsch 2008) shifts the spotlight to the normative appropriateness of an institution in the eyes of citizens. In this entry we focus on the empirical legitimacy of the courts, police and law, and social scientists typically define the popular normativity of legal authorities along two connected lines (for lively debate, see Hawdon 2008; Jackson et al. 2011; Bottoms and Tankebe 2012: Tankebe 2013; Tyler and Jackson 2013, 2014; Jackson and Gau 2015; Tankebe et al. 2016; Hamm et al. 2017). The first is the right to rule – do citizens believe that a justice institution is moral, just, and proper? The second is the authority to govern – do citizens believe that a legal authority is entitled to dictate appropriate behavior?

The empirical legitimacy of justice institutions is, in short, a matter of measurable public opinion. To quantify the empirical legitimacy of the criminal courts, Tyler and Sevier (2013) fielded in a national public opinion a series of survey questions about normative appropriateness (using survey indicators like "judges generally have the same sense of right and wrong that you do" and "when judges make decisions they almost always

E

behave according to the law") and the entitlement of the courts to make decisions and expect obedience (using survey indicators like "you should support the decisions made by judges even when you disagree with them" and "the courts in your community are legitimate authorities and you should obey them"). On this account, for the criminal courts to be empirically legitimate, citizens need to (a) recognize the normative appropriateness of the institution (the first aspect of empirical legitimacy) and (b) believe that its orders, decisions, and rules should be obeyed because of the *source* rather than the *content* (the second aspect of empirical legitimacy). In a study of Supreme Court legitimacy, Gibson and Nelson (2017) measured *diffuse support* and *due deference* using survey indicators like "if the U.S. Supreme Court started making a lot of decisions that most people disagree with, it might be better to do away with the Court altogether" and "Justices on the U.S. Supreme Court who consistently make decisions at odds with what the majority wants should be removed from their positions."

## Preconditions of Empirical Legitimacy

Who decides what must be present before an institution is deemed to have the right to power? In the *normative concept* it is the external observer who dictates terms. Imagine a group of outside experts, coming together with the goal of deciding what high-level institutional structures and arrangements need to be in place before criminal court systems across the world should be recognized as having moral standing. In the *empirical concept* it is those who are subject to – and beneficiaries of – power who specify how institutions need to act: citizens (a) specify the normative content of legitimation and (b) assess the match between *ought* and *is*. In Tyler and Sevier's (2013) study, research participants were asked whether they believed that courts act in procedurally fair, distributively fair and effective ways (e.g., "how often do the courts treat people with dignity and respect?", "how often do the courts make fair and impartial decisions in the cases they deal with?", and "how often do the courts make mistakes and convict innocent people?"). Tyler & Sevier concluded that people judged court legitimacy in large part on whether court officials follow fair and objective procedures. Fairness was more important than effectiveness, and with regard to fairness, *processes* were at least as important as *outcomes* – that is, people paid particular attention to the presence or absence of fair procedures, to the quality of treatment people receive from court officials, as measured by respect, understanding, and/or helpfulness; and (b) the quality of authorities' decision-making, as measured by voice, neutrality, and transparency (Blader and Tyler 2003).

Whether a justice institution is seen to be legitimate and what constitutes the preconditions of popular legitimacy are both empirical questions. Do people agree on the normative criteria of legitimacy? Residents of deprived communities that have relatively high levels of crime might privilege the effectiveness of the police to deter crime and catch criminals over the extent to which officers wield their authority according to principles of procedural (process) and/or distributive (outcome equality) justice. Equally, members of affluent communities that have relatively lower levels of crime might be more concerned about the fairness of the procedures that the police follow when exercising their authority, since crime is not particularly present in their daily lives. Yet, procedural justice has been shown to be a reliably consistent predictor of police legitimacy across diverse social groups (although see Sargeant et al. 2014; Madon et al. 2016; Murphy 2017). In New York City, Tyler (2005) showed that process-based judgments were stronger predictors of trust and confidence in police than effectiveness and distributive justice for both majority and minority ethnic groups. In a southeastern US city, Wolfe et al. (2016) showed the statistical effect of procedural justice on police legitimacy to be largely invariant across various demographic categories, prior experience of crime and perceived neighborhood conditions. In London, Jackson et al. (2012a) found invariance across a similar set of characteristics, not only in the predictors of legitimacy (procedural justice was again central)

but also in the degree to which legitimacy explained variability in people's willingness to cooperate with the police.

Overall, this work supports the idea that procedural justice is a widespread societal value determining how authority should be wielded, at least within certain contexts (Trinkner and Tyler 2016). But do the sources of empirical legitimacy vary from one country to another? In contexts that (a) have high levels of crime and (b) have legal institutions that have not yet shown their ability to secure a basic level of security, police effectiveness may be a stronger antecedent of court legitimacy than procedural justice. In line with this expectation, some studies have found that effectiveness is at least as important as procedural justice in terms of predicting police legitimacy (in Ghana, see Tankebe 2009; in South Africa, see Bradford et al. 2014; in Pakistan, see Jackson et al. 2014; and in Japan, see Tsushima and Hamai 2015). But, generally speaking, procedural justice is a relatively consistent predictor of police legitimacy in countries across the world (Kochel et al. 2013; Jonathan-Zamir and Weisburd 2013; Hough et al. 2013a, b; Cheng 2015, 2016; Murphy et al. 2016; Sun et al. 2017; Brouwer et al. 2017). It seems, looking across the available evidence, that process matters when police power is exercised – that underpinning the normative justification of police power is the importance of treating those they protect and regulate with dignity and respect, behaving in neutral, unbiased ways, showing trustworthiness and a willingness to help citizens, and allowing citizens voice and agency in interactions (Trinkner and Tyler 2016; Trinkner et al. 2017).

## The Motivational Qualities of Empirical Legitimacy

The law is the single most powerful general purpose tool available to government for regulating the behavior of diverse individuals with diverse values and interests. Deterrence and legitimacy are the two key mechanisms through which the law regulates behavior. Consider stealing. While most people probably view stealing as wrong, one could quite easily imagine a subset of individuals who believe that stealing is morally permissible, or at least morally ambiguous, in certain circumstances. If deterrence motivates the latter group's behavior, those individuals would nevertheless refrain from stealing – irrespective of their views on the rights and wrongs of stealing – so long as they judge that the risks and costs outweigh the benefits of the act of stealing. If legitimacy is a motivator, they would refrain from stealing because they have internalized the overarching moral value that one should obey the law *because it's the law*. The overarching moral value "kicks in" even when more specific views on the rights and wrongs of stealing fail. In both cases, deterrence and legitimacy hope to provide a *content-independent safety-net* of social regulation.

When considering legitimacy as a reason to act, it is useful to position legitimacy within Bottoms's (2002) four categories for the explanation of compliance with authority in general, and with the criminal law in particular:

1. Prudential or self-interested calculations about the potential costs and benefits of breaking the law, taking into account the risks and costs of punishment
2. The impact of obstructive strategies, such as locking up offenders to prevent their reoffending, and locking up the targets of criminal attention, literally or metaphorically
3. Normative considerations about the "rights and wrongs" of noncompliance
4. Habit

Legitimacy forms part of people's normative considerations about the "rights and wrongs" of noncompliance, stepping in when moral values, social norms, and habit do not apply. Importantly, legitimacy provides a motive to obey the law rather than a motive to act consistently with the law. Acting consistently with the law means conforming with the law for reasons independent of the law – it means "…engaging in the same behavior we would have engaged in even if no laws regulating it existed" (Schauer 2015: 6). That there are laws against stealing – that one could face punishment if one were caught and

prosecuted – is tangential to law-consistent behavior (as indeed are obstructive strategies). Each time you do not steal something because (a) you think stealing is wrong, and/or (b) you think others will disapprove, and/or (c) you are not in the habit of stealing – which as McAdams (2015) argues is a proximate reason that ultimately requires further explanation back in time – then this is law-consistent rather than law-abiding behavior (Schauer 2015). By contrast, legitimacy means treating an order or rule as "superseding and replacing one's own judgement" (Bottoms and Tankebe 2012: 135). People internalize a general moral obligation to obey the law through the associate obligations, positional duties, and affective bonds that legitimate power structures generate and maintain.

To empirically isolate the content-independent motivational force of legal legitimacy, criminological studies tend to adjust for key predictors of legal compliance and offending behavior in their statistical analysis. A UK study found that duty to obey the law predicted legal compliance, adjusting for the morality of the criminal acts and normative alignment with the police (Jackson et al. 2012b). An Australian panel study into tax fraud showed a link between legitimacy and offending behavior, adjusting for perceived risk and personal morality (Murphy et al. 2016). A study of "active offenders" as part of the Chicago Gun Project found that individuals with social networks that were saturated with gang members tended to have more negative views toward the law and legal authorities, and that legitimacy was a significant negative predictor of carrying a gun (but not of fighting), adjusting for an index of deterrence (Papachristos et al. 2012).

There is, however, a complication. Duty to obey emanates from a recognition of institutional normativity, yet the moral force of the law obviously has value content. The normativity of the law may be evident in people's belief that the laws that are generally enforced in one's community align with one's sense of right and wrong and that members of one's community should obey the law to help maintain a mutually beneficial scheme of social cooperation (cf. Rawls 1964). In a national US study, Trinkner et al. (2017) found that duty to obey was a significant negative predictor of past criminal behavior (e.g., buying something that might be stolen, taking something from a store without paying for it, and illegally disposing of rubbish or litter), even after adjusting for normative alignment with the law (as well the judgments about the risk of sanction and the morality of buying stolen goods, shoplifting, dumping rubbish, and so forth). This increased these authors' confidence that duty to obey was playing a content-independent role in explaining variation in compliance with the law, precisely because they could disentangle duty to obey from normative alignment.

On the topic of obligation, the duty to obey component of the legitimacy concept is generally seen to be "truly free consent," i.e., a kind of obligation grounded in the active and positive recognition of an authority's right to govern (Tyler and Jackson 2013). In the context of the police, however, there is some debate about whether obligation should be equated with legitimacy (Bottoms and Tankebe 2012; Tyler and Jackson 2013; Tankebe 2013; Johnson et al. 2014; Jackson et al. 2016 cf. Kelman and Hamilton 1989). The issue is largely methodological. Do standard legitimacy indicators "pin down" a normatively grounded form of obligation to obey the police? Could people respond positively to attitudinal statements like "*you should accept the decisions made by police, even if you think they are wrong*" and "*to what extent is it your duty to do what the police tell you even if you don't understand or agree with the reasons?*" not because they feel a normatively grounded moral duty to obey, but because they feel powerlessness to do otherwise? One way to assess whether legitimacy indicators are really capturing "truly free consent" is to assess their correlations with other theoretically relevant constructs. Indicators like "*I feel a moral obligation to obey the police*" and "*I feel a moral duty to support the decisions of police officers, even if I disagree with them*" have been shown to be negatively correlated with more instrumental and/or strategic forms of obligation, and strongly and positively correlated with procedural justice, normative appropriateness, and identification with the role of "law-abiding

citizen" (e.g., Jackson et al. 2016). While this suggests that it is reasonable to include duty to obey within the legitimacy concept, more work is needed on other forms of obligation, as well as strategies to distance oneself from (or resist) demands from legal authorities (see, e.g., Braithwaite et al. 2007; Murphy et al. 2009; Etienne 2011; Murphy 2016). In addition, the idea of legal estrangement (Bell 2017) may be an interesting way to frame future research and debate.

## Widening the Scope of "Motivation"

An interesting feature of the legal legitimacy literature is its disconnect from work into the expressive function of law despite some points of potential overlap. In a recent essay on two jurisprudence books (Schauer 2015; McAdams 2015), Nadler (2017) provides an engaging account of the idea that "the law influences attitudes and behaviour through what is expresses" (p. 63) and the notion that information and coordination are key to the expressive function of the law. McAdams (2015) describes how the content of law signals to citizens what authorities and other citizens deem to be counter-normative (information) and by shaping expectations about how others will behave (e.g., whether they will engage in disapproving or censuring behavior), the content of law helps to coordinate behavior. As Nadler (2017) illustrates, a "no-smoking" sign not only expresses widespread social disapproval for the act, it also empowers others to intervene if one is smoking, and a potential smoker might take this into account when deciding whether to light up.

Although pure speculation at present, it is possible that judgments of the normative appropriateness of the law (i.e., the belief that the laws in a community generally align with citizens' sense of right and wrong and that enforcing those laws helps to provide a mutually beneficial scheme of social cooperation) trigger or strengthen existing information and coordination mechanisms. People who believe that collective obedience with the law maintains the moral consensus that helps a community to function may be more open and responsive to information and coordination signals, assigning not only greater importance to cooperative norms, and other people's views and actions regarding the normativity of compliance. A concerted effort to tighten up the enforcement of laws proscribing the downloading of content that infringes copyright (combined, say, with a communication campaign) might help shift people's values regarding illegal downloading, especially when they are normatively aligned with the law. If one is generally committed to the idea that legal compliance and law enforcement helps to build and maintain moral consensus, one may be more open and responsive to cooperative norms and counter-normative signals.

Normative alignment may play a similar triggering role in the context of the police. For instance, a recent study found that the stronger the experience of procedural justice (in a recent road traffic stop), the higher the levels of normative alignment with the police, the stronger the agreement with the idea that drive-drinking is immoral, and the greater the willingness to comply with traffic laws in the future (Jackson 2015). On this account, a positive encounter with police – one that affirms a sense of shared values and appropriate standards of behavior – may signal the appropriateness of police authority, the appropriateness of policing this sphere of action, and the appropriateness of the particular law that officers are enforcing at that moment. The officer uses her power and authority in morally appropriate ways; she treats the citizen with respect and dignity; she underlines the importance of road safety; and this helps to persuade citizens of the morality of these particular traffic laws.

This chimes more broadly with social-psychological literature regarding social/descriptive norms and consensus information. When facing doubt, uncertainty, or periods of strain (such as involvement in the criminal justice system), individuals may consult others, particularly those in positions of authority (like police), to validate and reaffirm beliefs and values. Discussion, observation, or events such as traffic stops and arrests can elicit periods of social "stocktaking" that convey feedback information

about prevailing cultural attitudes toward certain types of behavior (i.e., illegal downloads, speeding, drink-driving, and so forth). Shared uniformities (or divergences) in attitudes provide referent information to individuals as to their position within a certain group and the "rightness" of their beliefs relative to other group members (Turner 1984). As individuals consult these descriptive norms, or those social norms which indicate how most – or at least, *valued* – others might behave in a given situation, they can use "majority" behavior as an adaptive or prescriptive heuristic to guide conduct (Duguid and Thomas-Hunt 2014). Discovering that similar others (whether similarity is experienced cognitively, or normatively) appear to validate one's beliefs and attitudes – that there is an apparent "consensus" behind these values – provides positive feedback information (that the law is "right") and coordination (that others agree).

To close, as with Trinkner et al.' (2017) work regarding illegal internet downloading (as well as some of our own research pertaining to the police's ability to, in many ways and for many groups, dictate the bounds of legitimate police authority, see Bradford et al. 2017; Huq et al. 2017), legitimacy may be a more fluid concept than often approached. There may be multiple motivational qualities underpinning why people shift their views about the normativity of law and legal institutions. But at its core, legitimacy revolves around norms and values, and a consensual normativity between individual and power-holder. It is a sense of shared norms that both constitutes legitimacy and provides its central motivating power.

## References


Bell MC (2017) Police reform and the dismantling of legal estrangement. Yale Law J 126:2054–2222

Blader S, Tyler TR (2003) What constitutes fairness in work settings? A four-component model of procedural justice. Hum Resour Manag Rev 13:107–126

Bottoms A (2002) Compliance and community penalties. In: Bottoms A, Gelsthorpe L, Rex S (eds) Community penalties: change and challenges. Willan, Cullompton, pp 87–116

Bottoms A, Tankebe J (2012) Beyond procedural justice: a dialogic approach to legitimacy in criminal justice. J Crim Law Criminol 102:119–170

Bradford B, Huq A, Jackson J, Roberts B (2014) What price fairness when security is at stake? Police legitimacy in South Africa. Regul Gov 8(2):246–268

Bradford B, Milani J, Jackson J (2017) Identity, legitimacy and "making sense" of police use of force. Policing Int J Police Strateg Manag 40(3):614–627

Braithwaite V, Murphy K, Reinhart M (2007) Taxation threat, motivational postures, and responsive regulation. Law Policy 29(1):137–158

Brouwer J, Van Der Woude M, Van Der Leun J (2017) Border policing, procedural justice and belonging: the legitimacy of (cr) immigration controls in border areas. Br J Criminol. https://doi.org/10.1093/bjc/azx050

Caldeira GA, Gibson JL (1995) The legitimacy of the court of justice in the European Union: models of institutional support. Am Polit Sci Rev 89(2):356–376

Cheng KKY (2015) Prosecutorial procedural justice and public legitimacy in Hong Kong. Br J Criminol 57(1): 94–111

Cheng KKY (2016) Legitimacy in a postcolonial legal system: public perception of procedural justice and moral alignment toward the courts in Hong Kong. Law Soc Inq. https://doi.org/10.1111/lsi.12253

Duguid MM, Thomas-Hunt MC (2014) Condoning stereotyping?: how awareness of stereotyping prevalence impacts expression of stereotypes. J Appl Psychol 100(2):343–359

Etienne J (2011) Compliance theory: a goal framing approach. Law Policy 33(3):305–333

Gibson JL, Nelson MJ (2017) Reconsidering positivity theory: what roles do politicization, ideological disagreement, and legal realism play in shaping US supreme court legitimacy? J Empir Leg Stud 14(3): 592–617

Gibson JL, Caldeira GA, Spence LK (2003) Measuring attitudes toward the United States supreme court. Am J Polit Sci 47(2):354–367

Hamm JA, Trinkner R, Carr JD (2017) Fair process, trust, and cooperation: moving toward an integrated framework of police legitimacy. Crim Justice Behav. https://doi.org/10.1177/0093854817710058

Hawdon J (2008) Legitimacy, trust, social capital, and policing styles: a theoretical statement. Police Q 11(2):182–201

Hinsch W (2008) Legitimacy and justice. In: Kuhnelt J (ed) Political legitimation without morality? Springer, London

Hinsch W (2010) Justice, legitimacy, and constitutional rights. Crit Rev Int Soc Pol Phil 13:39–54

Hough M, Jackson J, Bradford B (2013a) The governance of criminal justice, legitimacy and trust. In: Body-Gendrot S, Lévy R, Hough M, Snacken S, Kerezsi K (eds) The Routledge handbook of European criminology. Routledge, Oxon, pp 243–265

Hough M, Jackson J, Bradford B (2013b) Legitimacy, trust and compliance: an empirical test of procedural justice

theory using the European social survey. In: Tankebe J, Liebling A (eds) Legitimacy and criminal justice: an international exploration. Oxford University Press, Oxford, pp 326–352

Huq A, Jackson J, Trinkner R (2017) Legitimating practices: revisiting the predicates of police legitimacy. Br J Criminol 57(5):1101–1122

Jackson J (2015) On the dual motivational force of legitimate authority. In: Bornstein B, Tomkins A (eds) Motivating cooperation and compliance with authority. Springer International Publishing, Cham, pp 145–166

Jackson J, Gau J (2015) Carving up concepts? Differentiating between trust and legitimacy in public attitudes towards legal authority. In: Shockley E, Neal TMS, PytlikZillig L, Bornstein B (eds) Interdisciplinary perspectives on trust: towards theoretical and methodological integration. Springer, New York, pp 49–69

Jackson J, Bradford B, Hough M, Kuha J, Stares SR, Widdop S, Fitzgerald R, Yordanova M, Galev T (2011) Developing European indicators of trust in justice. Eur J Criminol 8(4):267–285

Jackson J, Bradford B, Stanko EA, Hohl K (2012a) Just authority? Public trust and police legitimacy. Routledge, Oxford

Jackson J, Bradford B, Hough M, Myhill A, Quinton P, Tyler TR (2012b) Why do people comply with the law? Legitimacy and the influence of legal institutions. Br J Criminol 52(6):1051–1071

Jackson J, Asif M, Bradford B, Zakar MZ (2014) Corruption and police legitimacy in Lahore. Pakistan Br J Criminol 54(6):1067–1088. https://doi.org/10.1093/bjc/azu069

Jackson J, Bradford B, MacQueen S, Hough M (2016) Truly free consent? Clarifying the nature of police legitimacy. Available via SSRN. https://ssrn.com/abstract=2620274, https://doi.org/10.2139/ssrn.2620274

Johnson D, Maguire ER, Kuhns JB (2014) Public perceptions of the legitimacy of the law and legal authorities: evidence from the Caribbean. Law Soc Rev 48(4): 947–978

Jonathan-Zamir T, Weisburd D (2013) The effects of security threats on antecedents of police legitimacy: findings from a quasi-experiment in Israel. J Res Crime Delinq 50(1):3–32

Justice B, Meares TL (2014) How the criminal justice system educates citizens. Ann Am Acad Pol Soc Sci 651(1):159–177

Kelman HC, Hamilton VL (1989) Crimes of obedience: toward a social psychology of authority and responsibility. Yale University Press, New Haven

Kochel TR, Parks R, Mastrofski SD (2013) Examining police effectiveness as a precursor to legitimacy and cooperation with police. Justice Q 30(5):895–925

Madon NS, Murphy K, Cherney A (2016) Promoting community collaboration in counterterrorism: do social identities and perceptions of legitimacy mediate reactions to procedural justice policing? Br J Criminol. https://doi.org/10.1093/bjc/azw053

McAdams RH (2015) The expressive powers of law: theories and limits. Harvard University Press, Cambridge, MA

Meares T (2017) Policing and procedural justice: shaping citizens' identities to increase democratic participation. Northwest Univ Law Rev 111(6):1525–1536

Murphy K (2016) Turning defiance into compliance with procedural justice: understanding reactions to regulatory encounters through motivational posturing. Regul Gov 10(1):93–109

Murphy T (2017) Challenging the 'invariance' thesis: procedural justice policing and the moderating influence of trust on citizens' obligation to obey police. J Exp Criminol 13:429–437. https://doi.org/10.1007/s11292-017-9298-y

Murphy K, Tyler TR, Curtis A (2009) Nurturing regulatory compliance: is procedural justice effective when people question the legitimacy of the law? Regul Gov 3(1): 1–26

Murphy K, Bradford B, Jackson J (2016) Motivating compliance behavior among offenders: procedural justice or deterrence? Crim Justice Behav 43(1):102–118

Nadler J (2017) Expressive law, social norms, and social groups. Law Soc Inq 42(1):60–75

Papachristos AV, Meares TL, Fagan J (2012) Why do criminals obey the law? The influence of legitimacy and social networks on active gun offenders. J Crim Law Criminol 102:397–440

Rawls J (1964) Legal obligation and the duty of fair play. In: Hook S (ed) Law and philosophy. New York University Press, New York, pp 3–18

Sargeant E, Murphy K, Cherney A (2014) Ethnicity, trust and cooperation with police: testing the dominance of the process-based model. Eur J Criminol 11(4): 500–524

Schauer F (2015) The force of law. Harvard University Press, Cambridge, MA

Sun IY, Wu Y, Hu R, Farmer AK (2017) Procedural justice, legitimacy, and public cooperation with police: does Western wisdom hold in China? J Res Crime Delinq 54(4):454–478

Tankebe J (2009) Public cooperation with the police in Ghana: does procedural fairness matter? Criminology 47(4):1265–1293

Tankebe J (2013) Viewing things differently: the dimensions of public perceptions of police legitimacy. Criminology 51(1):103–135

Tankebe J, Reisig MD, Wang X (2016) A multidimensional model of police legitimacy: a cross-cultural assessment. Law Hum Behav 40(1):11–22

Trinkner R, Tyler TR (2016) Legal socialization: coercion versus consent in an era of mistrust. Ann Rev Law Soc Sci 12:417–439

Trinkner R, Jackson J, Tyler T (2017) Expanding 'appropriate' police behavior beyond procedural justice: bounded authority and legal legitimation. osf.io/preprints/socarxiv/nezm6

Tsushima M, Hamai K (2015) Public cooperation with the police in Japan: testing the legitimacy model. J Contemp Crim Justice 31(2):212–228

Turner JC (1984) Social identification and psychological group formation. In: Tajfel HJ (ed) The social dimension: European developments in social psychology. Cambridge University Press, Cambridge, pp 518–536
Tyler TR (2005) Policing in black and white: ethnic group differences in trust and confidence in the police. Police Q 8(3):322–342
Tyler TR (2006a) Psychological perspectives on legitimacy and legitimation. Annu Rev Psychol 57:375–400
Tyler TR (2006b) Why people obey the law, 2nd edn. Princeton University Press, Princeton
Tyler TR, Jackson J (2013) Future challenges in the study of legitimacy and criminal justice. In: Tankebe J, Liebling A (eds) Legitimacy and criminal justice: an international exploration. Oxford University Press, Oxford, pp 83–104
Tyler TR, Jackson J (2014) Popular legitimacy and the exercise of legal authority: motivating compliance, cooperation and engagement. Psychol Public Policy Law 20(1):78–95. https://doi.org/10.1037/a0034514
Tyler TR, Sevier J (2013) How do the courts create popular legitimacy – the role of establishing the truth, punishing justly, and/or acting through just procedures. Albany Law Rev 77:1095
Wolfe SE, Nix J, Kaminski R, Rojek J (2016) Is the effect of procedural justice on police legitimacy invariant? Testing the generality of procedural justice and competing antecedents of legitimacy. J Quant Criminol 32(2):253–282

# Employee (Labor Management) Relations

Bill W. K. Taylor
Department of Public Policy, City University of Hong Kong, Kowloon, Hong Kong

## Synonyms

Critical labor studies; Employment relations; Human resource management; Industrial relations; Industrial sociology; Labor and employment relations; Labor problem; Labor relations

## Introduction

Employee relations or labor management relations introduce three areas: definition of the term, the subset of public sector issues, and the country case of China.

## Definition

Defining the subject has proved very tricky with official definitions, such as from the International Labour Organization (ILO) or governments, often creating as much confusion as clarification. Definitions have often become descriptions with several sentences, ambiguities, exceptions, and clarifications. The problem of definition stems from the political or ideological color which each attempt to define the subject is laden. Defining labor management relations in terms of whether an employment contract exists between two parties, for example, establishes whether a labor management relationship exists and clarifies some formal terms of that relation. Thus, if the parties were to recourse to a legal dispute with one another, the nature of the relation could be established. Moreover, this allows a distinction to be made between a contract for services (employment contract) and an independent contractor (contract the service). However, such a definition ignores a whole host of elements which go into the relationship between labor and the employers, the organizations which are involved, and the timeline from preemployment to retirement which develops between them. Thus, a useful definition seeks to embed legal (a contract) or economic (wage labor exchange) relations in the broader and deeper social context.

Labor management relations are concerned with the relationship between an individual who is employed and the employer and/or the managers who direct an individual's labor. The relationship carries two interrelated elements: an individual relationship between a worker and his or her boss and a collective relationship which stems from the collective or, at least, interdependent nature of work (Burawoy 1979). An individual worker interacts with other workers necessarily as part of their work whether directly or through machines, but also their identities and expectations as workers are shaped by the community in which they live, family relations, and wider networks.

The context to the employment relationship is usually considered in three broad overlapping areas: economic, political, and social.

Economically, the price of labor or wage/salary and the expectations thereof the employer and employee are shaped by the cost of living, cost of employment, inflation, and so on. Politically, ongoing relations between employers and employees are inherently political, with discernible power dynamics, but also more formally, policies, laws, and political institutions have an impact in shaping these power relations. Socially, gender, race, sexual orientation, age, and a host of other factors shape the perceptions of self and the other party to the relationship, and the views on these at a psychological and material level are largely shaped socially.

Given this complexity, academics have often used an institutionalist approach to researching and teaching the subject (e.g., Dunlop 1958). Such institutions include companies, labor unions, third-party intermediaries, governments, and increasingly nongovernment organizations (NGOs). Using a systems approach, these institutions interact through established procedures and activities. Thus, there may be an established legal right for trade union members not to be intimidated by an employer simply because they belong to the union. The institution of the government grants or protects by the procedure of passing a law to grant rights to institution of a labor union which restrict the activities of the institution of employer with regard to their employees. For example, discriminatory wage differentials based on gender are not the product of laws or economic factors but the lack of social urgency to force this into the political agenda to be resolved. This compares to slavery, which appears as prevalent as ever in human history, but is tucked away from global north sensibilities. A similar social peculiarity exists in the way public violence is aggressively suppressed, but probably equally prevalent domestic violence is protected and largely ignored. Thus, the social context is crucial to understanding relations generally (Hyman 1975).

All this takes place within a context of competing ideologies. Ideas of liberalism, conservativism, and radicalism shape how individuals think the relations between labor and management should be, and many conflicts can arise from such normative influences (Fox 1974). Even the idea of the employee is an ideological loaded term: a worker, a proletariat, and an individual who works can be described as carrying out their duties, laboring, doing their job, and bearing the yoke.

## Public Sector

The public or government-controlled sector has often been in the forefront of managing employment issues and has justifiably been identified as taking the lead in establishing practice (whether best or worst) for the private sector to follow. In the area of labor management relations, public sectors often had awkward conditions, as some of the rules or assumptions in the subject do not seem to apply. For example, the employer's ability to pay is not directly based on either the productivity of labor or its success in providing its product or service to others, so there are no guidelines to set wages and salaries or other terms and conditions of employment. Some governments, such as that in Hong Kong, attempt to create pay parity where public sector occupations are benchmarked against similar ones in the private sector. However, several occupations are unique to the public sector (police, cartographers), or the number employed is proportionally so high (veterinarians, schoolteachers), and the state dominates demand for labor groups, resulting in effectively monopolistically setting the price of labor for all. From a narrow viewpoint, the wage the government eventually settles on appears artificial with the forces previously described, political, social, economic, and ideological, as well as the institutions of labor unions, employer organizations, political parties, and so on; all interact such that the price of labor (wages and salaries) is set and the mechanisms by which it is set (procedure) are managed within this complex context (Kochan and Katz 1988). For example, until the 1960s police pay in Hong Kong matched average local salaries for similarly semi to low skill jobs. Some police employees engaged in corruption and extortion to supplement their pay, and as part of a settlement when a clampdown on such practices occurred, police salaries became markedly higher.

Market forces which are traditionally seen to impact the price of labor are here substituted for a different set of considerations which nevertheless include an economic dimension, as well as the political, social, and ideological factors.

Although there are varying degrees of relative employment size and range of occupations comprising the public and private sectors, across different countries and historically within each, some groups are more often associated with the public sector. Military, judiciary, and police are usually but not always public sector employees. Education, health, and social service within Europe and Japan were also public sector areas from the 1930s to 1980s. In communist periods in countries such as Russia and China, almost all employment was public sector. Public sector employment has been associated not only with protections, such as secure employment and often less arbitrariness than private sector employers, but also restrictions in some places and periods. In the United States some government jobs even at the local level are decided politically, either through election or appointment by political parties or elections. More commonly certain occupational groups are prohibited from withdrawing their labor during disputes with the employer (going on strike) or even from joining a trade union. For example, it is almost universal that the military and judiciary (certainly judges) are so restricted. In the UK the police cannot strike and rather than join the union their employer recognizes a "professional" association. In Japan, the US occupiers in 1948 prohibited public sector workers from going on a strike, a restriction that persists today, but in practice the public sector in Japan has taken the lead in both union growth and industrial action.

To understand public sector employment relations or labor management relations, it is usually necessary to consider the power that various parties hold. In the private sector, it is common to see that in the long run economic power is of primary importance: the employer's ability to pay and the workers' ability to control their labor. If the employer cannot easily move their operations to another location or country, or they make large profits that can be retained within the firm (i.e., not siphoned off by the owners), and if ideologically predisposed, they will probably be willing to have comparatively higher pay or terms of employment for their employees. If workers are able to organize a union strong enough to restrict access to the labor market or have unique skills in high demand, they may similarly pressure employer to give higher pay or terms of employment (Braverman 1974). In the public sector, political and social forms of power are more important, as the examples above have shown. Comparing the employment of casual or short-term contract workers in China and Hong Kong's public sector provides a useful illustration. China has embraced the so-called mixed economy of public and private sector employment with significant areas of manufacturing and resource extraction remaining in public ownership, in contrast to Hong Kong, where public sector employment is restricted to certain service areas. As part of the neoliberal ideology that spread since the 1980s, Hong Kong, in line with many governments internationally, has tried to reduce costs by employing casual, temporary, and subcontracted labor to undertake clerical jobs. However, local public sector unions and staff associations have insured that skilled occupations have not been contracted out and temporary labor is usually monitored by full-time employees. By contrast, in China, there are instances where complete factories have been emptied of their full-time workers and short-term contract workers drafted in. As China has no labor unions, existing workers have little power. There is, however, another layer to this illustration; in China, by using the rhetoric of its socialist past, national level advocates for social stability were able to pass legislation to restrict the use and equalize terms and conditions of employment of such casual labor to reduce their cost advantage over full-time employment. In contrast in Hong Kong, backed by the same interest groups as in China and a strong neoliberalist ideology, vulnerable sectors of the working population have few legal protections and the differences remain.

Thus, employment relations in the public sector both impact and occasionally shape practices in the private sector, but the basis of relations is quite different because the economic link between work and pay (broadly defined) is less important

than the political context which itself is more heavily influenced by ideological considerations. In the twentieth century, there were successive attempts to professionalize management in the public sector, but since the 1980s, there has been a spread of an ideology based on the pretence that various sections of the public sector can be managed as if they were private sector business units. An extreme form of this neoliberal project is privatization of former public sector activities, although governments have often attempted to artificially create markets using their monopoly power to achieve this. Invariably, the result has been increasingly adversarial employment relations in the public and former public sectors.

## China

Employment relations in China developed rapidly from the 1980s and has so attracted a substantial amount of interest both internationally and increasingly among domestic scholars and practitioners. For political reasons domestic scholars usually claim the Chinese system has unique characteristics, which reflect the pretence at socialism with the real market economy. This refers to China being a socialist market economy, in which workers are supposed to retain an important, if not dominant, role within society, but at the same time, capitalist market forces are encouraged. In practice, this is an oxymoron as markets necessarily create tensions between employers and employed, and moreover China has perhaps the most rapidly expanding and certainly volatile capital financial markets in the world, which have enabled rapid growth of capitalists, both domestic and, to a lesser extent, foreign.

China has been a totalitarian state throughout its history, with a party claiming communist credentials taking control in 1945 (Perry 1993). All government appointments to the local level are controlled by a corresponding party committee established at the corresponding level, which also supervises the actions and behaviors of officeholders. Although this tight control appears unitary, a number of factors create a degree of pluralism within the party and government: regional differences, levels in the hierarchy, and functional responsibilities create a limited degree of diversity and flexibility. The Ministry of Human Resources and Social Security (MHRSS), like labor ministry's elsewhere, is primarily responsible for employment matters. However, in China, instead of labor unions, the state operates a bureaucratic organization which claims to act in employees' interests, called the All-China Federation of Trade Unions (ACFTU) (Taylor et al. 2003). In practice as a party-state organization, its functions often overlap that of the MHRSS, resulting in conflicts, and it functions as a government organ completely detached from workers.

There are three types of employers presently in China: private enterprises formed by citizens which increasingly incorporate their firms and domestic sometimes foreign stock exchanges, foreign enterprises, which were initially restricted to being joint ventures and often retain co-ownership with domestic capital, can state-owned enterprises which may be owned nationally, provincially, or locally. During the period since the early 1980s, the differences between these three types of employers have become less obvious, but it has taken time for state-owned enterprises to rid themselves of the socialist era obligations toward their workers. Prior to the 1980s, managers were promoted often for their technical expertise and especially their party credentials, and although party membership remains important for career progression in many large organizations, a new cohort of more professional managers is developing, sometimes with international experience. Nevertheless, employment relations and human resources have generally lagged behind other areas of management sophistication and education in China.

In the 1980s and 1990s, workers in state-owned enterprises were seen as a vanguard in many senses. First, they formed the skilled labor force of the reform period, disciplined, with technical and tacit knowledge, and competent in industrial work. Second, their identities drew on their elevated status during the communist period, and they were reluctant to accept the subordinated status that came with capitalism (Walder 1986).

After 30 years of reform, such workers, who had known guaranteed wages, housing, welfare, and other rights, have gone. Their position was eroded quickly by the introduction of a secondary labor market employing former agricultural workers flooded into industrial and coastal areas by the millions (and later, by privatization). A strict registration system ensured the new workers were not entitled to the same benefits as former state-employed workers enjoyed, becoming a discriminated underclass in cities (Gallagher 2005). These migrant workers created a flexible labor pool for the growing export-oriented economy, especially near Beijing, in Shanghai, and the Pearl River Delta.

The development of the migrant labor system may be divided into three stages. The first wave were young men and mostly women who went to factories and coastal cities to find employment for the period between leaving school and getting married or having a child. They saw their industrial jobs as temporary, to provide money to family members and to start their life back in their home village. These workers tended to avoid conflict with employers and usually skipped between jobs quickly, resulting in very high labor turnover rates and an extreme fluid labor market. Employers organized work around such volatility and generally made little effort to develop relationships with their employees (Pun 2005). These practices are similar to those in the early developing economies elsewhere, especially in Asia. A second generation of migrants were usually the sons or daughters of first-generation migrants or had contact with such migrants, but these workers were less willing to return to a peasant life. While this second generation returns to the villages when there were no jobs and might even marry someone from the village, they kept on working in the coastal areas and might even keep their child with them, banding together with other migrant parents to provide some sort of schooling as their children were denied access to urban schools. These workers began to push employers and the local state to improve employment conditions and in the face of employer resistance found it was easy to pressure local government officials to force employers to meet their demands. Initially the local governments responded with brutality, but as the number of petitions, strikes, and public demonstrations mushroomed (Chan 2010), many city and provincial governments sought a more conciliatory approach. Often this involved arresting ringleaders while at the same time forcing employers to comply with worker demands (Chan 2011). Currently there is debatably a third generation of migrants evolving, who, born in the city and still holding subordinate registration, have become urbanites and are in fact unable to make a livelihood back in the villages where their registration remains but they may never have visited. These workers, emerging in the last 5–10 years, are literate, sophisticated, and tech savvy; they appear to have a strong sense of social justice for which their registration is anachronistic.

In summary, employment relations in China has three core features. First, the totalitarian regime has attempted to establish a framework of laws and regulations to manage employment relations, which on the surface appear to create a mature basis for the conduct of conflict avoidance and timely conflict resolution. However, in practice, the system is designed to ensure challenges to the single-party state are suppressed, and inadvertently this has created a situation where workers in the first instance rely on the state to resolve employment conflicts rather than bothering with their employers. Second, contingent upon this has been the suppression of any organization which represents workers, be it trade union or NGO, and as workers' demands escalate, the ACFTU has shown to be quite useless. In its place local government officials, the police, the judiciary, and local MHRSS officials attempt to resolve conflicts as they arise and instruct the ACFTU local officials when necessary. Third, the simple employment relations at the workplace usually have little institutional framework to resolve problems, and the level of the employer-employee conflict is both high and ever escalating. The result of which is increasing wages such that China's low-cost economic development model is being challenged.

## Conclusion

The inherent power relations which underpin employment or industrial relations may be understood with respect to the specific institutions and process (formal and informal) through which they are conducted (Nichols and Beynon 1977). The intricacies of the government in the public sector are both the employer and the regulator of employment. China, as a country example, shows how, even within a totalitarian regime, the economic, social, and political relations between employers and the employed mediate and counter the power of even the most highly oppressive governments.

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Corporate Social Responsibility
- ▶ Dictatorships and Nonprofit Organizations
- ▶ Ethics and Organizational Culture
- ▶ Human Resource Management in Russia
- ▶ Human Rights Organizations
- ▶ Inequality in Organizations
- ▶ Marxist Theory of Organizations
- ▶ Max Weber and Organizational Theory
- ▶ New Public Management
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizational Justice
- ▶ Productivity and Management in Public Sector
- ▶ Scientific Management Theory of Organizations
- ▶ Social Class and Governance
- ▶ Social Psychology of Organizations


## References


### ER

Braverman H (1974) Labor and monopoly capital. Monthly Review Press, New York

Burawoy M (1979) Manufacturing consent. University of Chicago Press, Chicago

Dunlop J (1958) Industrial relations systems. Holt, New York

Fox A (1974) Beyond contract: work, power, and trust relations. Allen & Unwin, London

Hyman R (1975) Industrial relations: a Marxist introduction. Macmillan, London

Kochan T, Katz H (1988) Collective bargaining and industrial relations, 2nd edn. Irwin, Homewood

Nichols T, Beynon H (1977) Living with capitalism. Routledge & Kegan Paul, London

### China ER

Chan C (2010) The challenges of labour in China. Routledge, Abingdon

Chan A (ed) (2011) Walmart in China. Cornell University Press, Ithaca

Gallagher M (2005) Contagious capitalism: globalization and the politics of labor in China. Princeton University Press, Princeton

Perry E (1993) Shanghai on strike. Stanford University Press, Stanford

Pun N (2005) Made in China: women factory workers in a global workplace. Duke University Press, Durham

Taylor B, Chang K, Li Q (2003) Industrial relations in China. Edward Elgar, Cheltenham

Walder A (1986) Communist neo-traditionalism: work and authority in Chinese industry. University of California Press, Berkeley


E

# Employee Benefits


Saeed Siyal[1] and Thomas Garavan[2]

[1]School of Economics and Management, Beijing University of Chemical Technology, Beijing, China

[2]Business School, National College of Ireland, Dublin, Ireland


## Synonyms

Allowances; Compensation packages; Fringe benefits; Perks; Rewards

## Definition

Employee benefits are typically the part of aggregate compensation set, other than salary offered to the employees once or in parts at different times. These are the additional rewards and

compensations besides their pay, which are not necessarily in the form of cash but they may include insurances (such as group, health, family, accident), benefits after retirement, sick leaves, vacation, or education funds.

## Introduction

Employee benefits are basically any forms of compensations that are offered by the employer organizations in addition to wages and salaries which may be paid once or in parts. These benefits might be paid to the employees together with their salaries or separately at once or sometimes in parts. Employee benefits may be offered to employees on the basis of their performance, demands, and needs, or overall performance, efficiency, and economic growth and sustainability of the organization which in turn is dependent on the profitability and income of the organizations. Performance-based benefits are only offered to the employees who perform better as compared to others. Some organizations increase employee benefits when their financial position rises; they give bonuses and incentives to their employees who are the real performers behind their success and growth. As per the Herberg's two-factor theory of motivation and hygiene, the employee benefit programs are essential and adequate conditions for smooth working, the hygiene aspect affects the work motivation of employees which in turn affects their performance and productivity (Hong et al. 1995). Hence, the employee benefit programs become crucial for the organizations aspiring to maintain employee satisfaction and increase their commitment with the organizations. Besides the mandatory benefits, the employers need to provide some fringe benefits which motivate the employees. The examples of employee benefits are diverse which include (but are not limited to) retirement plans, employee child and elder care, programs of hospitalization, social security, vacation, as well as paid holidays (Christoph 1996).

Employee benefit programs have largely sought the attention of management due to the yearly escalating cost which resist the efforts of cost control (Dreher et al. 1988). To control these costs, some organizations deducted cash contributions related to certain benefit plans and probed employees to adjust from their salaries (McCaffery 1988). For instance, in 1990s, the organizations raised the deductible as well as monthly contribution of the employees on their health insurance for covering medical costs. As a result, it put more burden on the employees to pay larger part of the benefits offered to them by their employer organizations. As a result, the employees felt difficulty in supporting their families. This in turn resulted in the dissatisfaction which led to the adverse feelings of the employees and made them to bargain with their leaders, which in turn reduced their interest and performance at the workplace (Reuter 1990; Mullahy 1989). In this situation, the response and support of their leaders will be useful to lower their dissatisfaction level and boost up their performance, weaken their intentions to switch their jobs (Siyal and Peng 2018; Siyal 2018). The supportive leaders are always seen to strive for the benefits of their employees. This support of the leaders helps them to build good social relations with their employees and subordinates.

Studies pertaining to employee benefits are getting importance by the researchers due to several reasons such as: they influence the organizational commitment (Christoph 1996), motivation and productivity (Hong et al. 1995). Researchers from economics, psychology, and sociology fields illuminate and broaden the understanding about the way employers design employee benefits which motivate them to increase and speed up their performance in the form of productivity in diverse settings of tasks and assignments (Gerhart and Rynes 2003). The employee benefit strategies and their long-lasting implementation often rely on the motivation of employees towards specific benefits of their choice and demand. For instance, the employees mostly endeavor to boost up their performance and be well at workplaces which offer pension plans, as it is very helpful for them in the time when they are not able to work and earn living for survival (Day 1996). The coming trends in terms of employee benefit programs

influence the attitudes of employees which seek the attention of employers to address the varying needs and desires of the employees by revising the current benefit plans. In doing so, the organizations need to follow more effective and employee-driven approaches which may be useful in revising employee benefit plans. This may require scrutiny of the existing benefit systems and their potential to motivate employees and cope with the variations in their needs and desires (CAHRS 2006). Hence, the employers are seen to take extensive endeavors in redesigning their employee benefit plans to meet the needs and demands of their employees so as to sustain and positively influence their performance.

## Types of Employee Benefits: Do They Really Matter for Employees?

The employee benefit plans greatly matter for the employees; they act as motivators and influence their performance and commitment with the organization. The current literature highlights two conditions for employee benefits; first, the benefits are major part of overall compensation being offered to the employees. Second, employee benefits have been less studied by the researchers and are one of the ignored areas with a very few empirical evidences found in the extant literature. The first argument shows the importance and practical implications of the employee benefits, while the latter specifies the scope as well as complexity of conducting research in the area of employee benefits. It is due to the reason that studies in the employee benefits have not been forthcoming which indicates that the employee benefits need to be studied in diverse ways. Employee benefits differ from employer to employer ranging from medical and related assistances, retirement and saving plans, being paid for the time employees did not work, life insurance and benefits to family after death of the employee, and various miscellaneous benefits. The miscellaneous benefits include but are not limited to family-friendly, for instance, maternal leave, sick leave, for self or dependents, financial support for the dependents (which maybe children, parents, or younger siblings), flexible scheduling, and work timings. Hence, all of the employee benefits have been categorized into four main types on the basis of Maslow's hierarchy theory (see Fig. 1).

Based on the Maslow's hierarchy theory (Anastasiadou and Zirinoglou 2015), there are main 27 employee benefit plans that are classified into four major forms or welfare demands which include physical demands, security demands, social demands, and self-actualization demands (including personal or self-demands). Firstly, the category of physical-demand benefits comprise loans, surpluses and dividends, bonuses by the year end, subsidies of savings, subsidies for emergencies, annual leaves, national holidays, leave with pay, benefits of dormitories for single and housing for family, equipment for food/drink and subsidies for meal, and the facilities of hairdressing and laundry. All these benefits mostly fulfill the physical demands and needs of the employees, their dependents and family. Secondly, security-demand benefits cover day care services, group insurance of dependents (including both life and medical), pensions, compensation for occupational diseases, benefits for the education of children, supply of goods on discount, medical equipment and subsidies, free availability of traveling vehicles, and subsidies for commuter. All of these benefits are sufficient to meet the security needs of employees along with their families. Thirdly, the category of social-demand benefits mainly covers equipment for entertainment and activities (including clubs and foreign travels), equipment for education and activities (including lectures, drawing, and calligraphy), subsidies for traveling abroad, measures for counseling, and maternity as well as paternity leave. Fourthly, the self-actualization-demand category of employee benefits (including self-esteem) consists of openings along with the subsidies for further advanced education/ training as well as flexible work hours. This category of benefits helps the employees to avail the opportunities for further education and trainings useful to effectively and efficiently perform their duties and assigned tasks at their workplaces. The

**Employee Benefits, Fig. 1** Types of employee benefits

opportunities may be within or outside of their country which will add to their skills, expertise, and experience to learn more advanced, efficient, and innovative ways of working.

## Foreword to the Problem: How Employee Benefits Evolved

The evolution of employees' benefits is best described by the deprivation theory perspective (Grosby 1976). This theory was developed for explaining civil conflicts which occur when elongated times of prosperity and affluence offer relaxation to the miserable economic situations. The theory contends that people expect high due to the prolonged history of prosperity and become hopeful of its continuity. And when it does not happen so, an inconsistence situation develops in which they keep finding themselves. Further, it postulates that the sharp fall in the prosperity violates the employee expectations which make people feel deprived and dissatisfied which leads to add discontent (Martin 1981). People feel deprived, resented, and grieved mostly in two situations. First, when they observe discrepancy among actual and expected outcomes, second, when they experience incongruity in between the outcomes and benefits they get and the outcomes and benefits they deserve.

In the perspective of employees, the employee benefits evolved with a close resemblance to the concepts of theory of deprivation perspective, such as in case of United States, employee benefits evolved in a way same as the J-curve of this theory which shows steady growth in the offered benefits and their cost in past decades, while recently the cost of these benefits have been observed to decrease and decline in several cases. A certain part of these benefits is accredited to the federal regulation which made it mandatory for organizations to offer several benefits which include compensation, social security, etc. Ultimately, the voluntarily offered employee benefits started increasing and employers began thinking that these benefits may be useful in attracting and

retaining the productive and efficient human resources (Siyal and Peng 2018; Siyal 2018). Hence, the employers started offering more benefits due to the exemption or discount in buying the group benefits for their human resources such as health insurance, plan for retirement, and leave with pay. In providing health insurance for the families of their workforce, the employers had to pay extra for their families and at the times in 1970s and 1980s when the prices for health insurance were increased. In addition, the workforce in past was homogenous, having male as the head of the family which caused the similarity in demands of employee benefits plans. However, the today's workforce is heterogeneous, reflecting diverse needs and demands for the benefit plans as compared to the ones in past. These benefit plans are much more elaborate and expensive which are required to meet the demands and satisfaction of the today's workforce.

## Do Benefits Matter for Employees?

Over the last couple of decades, lot of countries are experiencing the issues in terms of dissatisfaction of employee benefits which may or may not result in the rise in turnover or fall in their performance. Most of the younger employees often switch their jobs and move to the ones offering increased salaries and more benefits but the older employees are more likely to end up their services and take early retirement. For instance, in 1960s, more than 80% of the employees ending up their services were between the age group of 55–64 years in the United States which reduced to 68% in the mid of 1985 due to the reason that organizations keep on revising employee benefits as per their demands (U.S. Department of Labor 1988). This number kept on decreasing day by day, as today's retirement rate is approximately four employees per each retiree and this number is supposed to decrease to 2.5 by 2030. To reduce this number to least, the organizations are working to identify the interests of their employees so as to make changes in employee benefits plans and packages which meet the needs of their employees individually and as a whole. As stated above, the increasing heterogeneity in the human resources of different organizations makes it complex and varying due to the differences in the needs of male and female employees working in the organizations on different positions including the managerial and labor. The male employees may have different demands in the form of employee benefits offered by the employers and females have different. Consequently, it can be said that the employee benefits do matter for employees of all the levels (including managerial and labor).

## Consequences of Reduction in Employee Benefits

In the recent times, the fall in employee benefits and the shift in their cost from employers to employees has been a serious concern which is caused mainly due to the economic concerns. The employers usually lower the labor costs by lessening the small portion of their wages and devote that to the benefits they offer to them. Whereas the strategy of reducing the employee benefits by reducing labor cost may be useful to some extent but it may lead to the adverse outcomes for the organizations in several ways. A very few studies have discussed the consequences of reducing the employee benefits and to what extent it might be deteriorative to the organizations. Regardless of increase in the cost of employee benefits, the research in terms of its influence on the attitude and behavior of employees is very scarce in the current literature (Gerhart and Milkovich (1992). However, the current findings have suggested the adverse consequences which may arise as a result of reduction in the employee benefits. The occurring consequences depend on the extent of reduction in the benefits of employees, and the adverse outcomes may range from the slight dissatisfaction to severe consequences which include disgrace, resentment, and anger linked to the ruining of psychological contract, fall in trust, loyalty, performance, and organizational commitment, besides it also adversely affects the relationship of employers to their employees.

## Strategies to Prevent the Adverse Consequence

The employers always seek to enhance their competitiveness by following their strategies which usually require to reduce the cost of benefits and labor. Though it advises a need of reducing the benefits and shifting the costs, it also argues that most of these practices have the possibility to adversely affect the attitudes and behaviors of employees. Hence, it recommends to investigate and identify the alternative approaches for replacing the reduction in benefits and cost shifting. Currently, the main challenge of the employers and organizations is to recognize and develop strategies of reducing the cost of benefit plans without the risk of possible adverse outcomes in general and specifically the one which violate the psychological contract. The changes in the attitudes and behaviors of employees are adverse for the organizations and affect their proficiency and performance. Keeping in view these challenges, there are some recommended approaches which fill this gap between the expected benefits by employees and the offered benefits by employers. These recommended approaches are classified into main three categories which include: first, those emphasizing on the expectations of employees in terms of their benefits; second, those focusing to satisfy the needs of employees; and third, those who involve their employees in designing and administrating their own benefit plans.

## Conclusion

Employee benefits are very important for the employees regardless of the type of organization they work for. This chapter discusses four main categories of employee benefits based on the Maslow's hierarchy theory; the types of benefits include physical demands, security demands, social demands, and self-actualizing demands. In addition, the consequences of reduction in employee benefits and shift in the cost of benefits, and the strategies to avoid such consequences are also discussed.

## References


Anastasiadou SD, Zirinoglou PA (2015) EFQM dimensions in Greek primary education system. Procedia Econ Financ 33:411–431

CAHRS (2006) CAHRS Top ten list, July 2006. Center for Advanced Human Resource Management Research. www.cahrs.org

Christoph LL (1996) The effects of fringe benefits on organizational commitment with the hotel/motel industry. Doctor of Philosophy Dissertation, Graduate School of Clemson University

Day J (1996) Population projections of the United States by age, sex, race, and hispanic origin: 1995 to 2050. Current population reports. U.S. Bureau of the Census, Washington, DC, pp P25–P1130

Dreher GF, Ash RA, Bretz RD (1988) Benefit coverage and employee cost: critical factors in explaining compensation satisfaction. Pers Psychol 41:237–254

Gerhart BA, Milkovich GT (1992) Employee compensation: research and practice. In: Dunnette MD, Hough LM (eds) Handbook of industrial and employer psychology, 2nd edn. Consulting Psychologists Press, Palo Alto

Gerhart B, Rynes SL (2003) Compensation: theory, evidence, and strategic implications. Sage, Thousand Oaks

Gosby F (1976) A model of egoistical relative deprivation. Psychol Rev 83:85–113

Hong JC, Yang SD, Wang LJ, Chiou EF, Su FY (1995) Impact of employee benefits on work motivation and productivity. Int J Career Manag 7(6):10–14

Martin J (1981) Relative deprivation: a theory of distributive injustice of an era of shrinking resources. In: Cummings LL, Staw BM (eds) Reseurch in organizational behavior, ml. 3. JAI Press, Greenwich, p 5S107

McCaffery RM (1988) Employee benefit programs: a total compensation perspective. PWS-Kent, Boston

Mullahy CM (1989) Cutting healthcare costs with case management. Personnel 66(9):50–51

Reuter CD (1990) The real cost of managing managed healthcare. Compens Benefits Rev 22(3):14–17

Siyal S (2018) Does leadership lessen turnover of public servants? Available at: http://search.ebscohost.com/login.aspx?direct=true&db=ddu&AN=57FA62180E746CA0&site=ehost-live. Accessed 20 Apr 2020

Siyal S, Peng X (2018) Does leadership lessen turnover? The moderated mediation effect of leader–member exchange and perspective taking on public servants. J Public Aff 18(4):e1830

U.S. Department of Labor, Bureau of Labor Statistics (1988) Labor force statistics derived from the current population survey, 1948–87 [bulletin 2307]. U.S. Government Printing Office, Washington, DC

# Employee Engagement in Public Administration

Francesco Arcidiacono, Carmela Di Mauro and Alessandro Ancarani
Department of Civil Engineering and Architecture, University of Catania, Catania, Italy

## Synonyms

Personal engagement; Work engagement

## Definition

Employee engagement is a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption (Schaufeli et al. 2002).

## Introduction

The concept of engagement became popular in the Organizational Behavior literature in the early 1990s. Kahn (1990) defined personal engagement as "the harnessing of organization members' selves to their role [by which they] employ and express themselves physically, cognitively and emotionally during role performances" (p. 694). This definition stresses the nature of engagement as a positive psychological state and pinpoints its multidimensionality. Schaufeli et al. (2002) enriched the construct of work engagement by framing it as a "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption." Vigor is characterized by high levels of energy and mental resilience on the workplace and by the readiness to invest efforts in one's work and persevere also in demanding conditions. Dedication involves experiencing feelings of significance, enthusiasm, inspiration, pride, and challenge. Absorption implies being so concentrated and engrossed that time spent working is pleasant and passes quickly, and that it is difficult to detach from work. Although, "employee engagement" and "work engagement" are used interchangeably in literature, in this contribution the former label is preferred in light of its broader meaning. In fact, work engagement refers to the relationship of the employee with his or her work, while employee engagement may also include the relationship with the organization.

## Outcomes of Employee Engagement in Public Administration

In analyses of the public sector workplace, the concept of employee engagement has consistently been associated with relevant, positive outcomes both at individual and organizational level (Fig. 1). From an individual perspective, in fact, engaged public employees have been found to experience higher levels of job and life satisfaction and to show good mental health (De Simone et al. 2016; Simbula 2010). Additionally, as far as perceptions of work environment are concerned, employee engagement reduces reported levels of red tape (Torenvlied and Akkerman 2012).

In terms of job performance, high levels of employee engagement have been linked to increased efficiency, proficiency in performing tasks and organizational commitment (Eldor 2017a; Hakanen et al. 2006). Embracing an organizational-level perspective, employee engagement enhances knowledge sharing and transfer of training (Nazli and Khairudin 2018; Tamta and Rao 2017).

## Antecedents of Employee Engagement in Public Administration

By virtue of its beneficial outcomes, research has endeavored to investigate the determinants of employee engagement in the public sector. In this respect, the job demands-resources (JD-R) theory (Demerouti et al. 2001) has provided a valuable interpretative framework. According to the JD-R theory, every work environment can be characterized in terms of job demands and job resources. Job demands refer to those physical, social, and organizational aspects of the work context that are associated with physical or

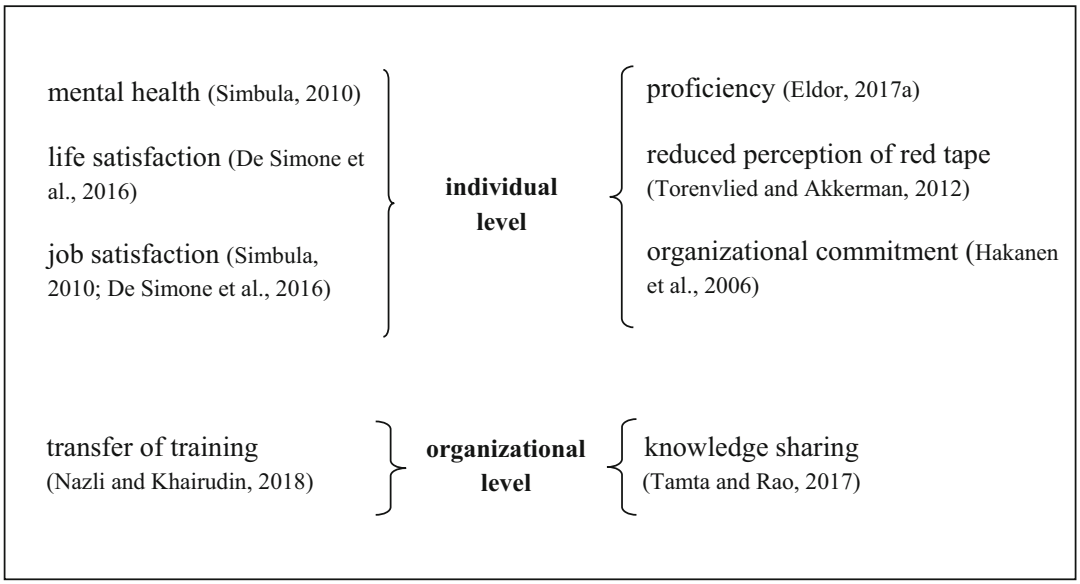


**Employee Engagement in Public Administration, Fig. 1** Literature review: summary of positive outcomes tied to employee engagement

psychological costs for employees. On the other hand, job resources indicate physical, social, and organizational elements of the work environment that are critical to the achievement of work-related goals, reduce the physical and psychological costs caused by job demands, are functional in stimulating employees' growth, learning, and professional development. As a result, while job resources trigger a motivational process that fosters employee engagement, job demands induce a health impairment process, which depletes employees' mental and physical resources, leading to burnout and, eventually, to ill health.

Job resources in the public sector can be organized into four categories, namely, positive social interactions, positive job characteristics, positive features of organizations, and leadership (Fig. 2). Positive social exchanges can be both horizontal – TMX, or team-member exchange – and vertical – LMX, or leader-member exchange (Ancarani et al. 2017) – and are therefore embodied by supportive colleagues (Guidetti et al. 2018; Tadić et al. 2014) and supervisors who provide support (Guidetti et al. 2018; Hakanen et al. 2006), performance feedback (Tadić et al. 2014), and compassion (Eldor 2017b). Furthermore, specifically in the health-care sector, beneficial social interactions stemming from positive physician/patient relations have been documented (Hakanen et al. 2005).

Another stream of research has focused on positive job characteristics, and has shed light on fundamental factors that should be considered and incorporated during the process of job design, in order to stimulate employee engagement among public employees. Well-designed jobs, in fact, should guarantee civil servants autonomy (Hakanen et al. 2005; Breevaart et al. 2013) and job control (Hakanen et al. 2006), and require skill variety (Hakanen et al. 2005). With respect to characteristics of public organizations, it appears that it is possible to operate along two dimensions in order to promote employee engagement among civil servants, namely, enhancing perceptions of organizational support (Gillet et al. 2013) and shaping appropriate organizational culture and climate. In particular, organizations should show their support by guaranteeing access to information (Hakanen et al. 2006) and providing opportunities for personal and professional development (Tadić et al. 2014), which could take the shape of an organizational climate that promotes learning (Eldor 2017a). Additionally, perceptions of fair treatment, transparency, and sanctionability in

| | | |
|---|---|---|
| TMX (Ancarani et al., 2017)<br>LMX (Ancarani et al., 2017)<br>supervisor support (Guidetti et al., 2018; Hakanen et al., 2006)<br>co-workers' support (Guidetti et al., 2018; Tadìc et al., 2014)<br>compassionate supervisor (Eldor, 2017b) | **positive social interactions** | social support (Breevaart et al., 2013)<br>peer contact (Hakanen et al., 2005)<br>positive patient contact (Hakanen et al., 2005)<br>social climate (Hakanen et al., 2006)<br>performance feedback (Tadìc et al., 2014) |
| skill utilization (Van den Broeck et al., 2017)<br>autonomy (Van den Broeck et al., 2017; Hakanen et al., 2005; Breevaart et al., 2013) | **positive job characteristics** | job control (Hakanen et al., 2006)<br>skill variety (Hakanen et al., 2005) |
| organizational justice (Tamta and Rao, 2017)<br>organizational support (Gillet et al., 2013)<br>learning climate (Eldor, 2017a)<br>opportunities for development (Tadìc et al., 2014) | **positive characteristics of organizations** | innovativeness (Hakanen et al., 2005; Hakanen et al., 2006)<br>access to information (Hakanen et al., 2006)<br>human resources climate (Ancarani et al., 2019) |
| ethical leadership (Lu and Guy, 2014)<br>transformational leadership (Breevaart et al., 2013) | **leadership** | contingent reward (Breevaart et al., 2013) |

**Employee Engagement in Public Administration, Fig. 2** Summary of job resources in Public Administrations

case of unethical behavior have been linked to organizational trust and justice (Tamta and Rao 2017), two factors that positively influence employee engagement in the public sector. Furthermore, a research conducted on a sample of Italian public hospitals (Ancarani et al. 2019) has demonstrated that an organizational climate focusing on internal human resource development and offering them empowerment is conducive to engaged workers. Interestingly, contributions highlighting the beneficial impact of an innovative climate on employee engagement among teachers and public dentists (Hakanen et al. 2005, 2006) may hint that, especially in some areas of the public sector, employees could be inclined to give their support for the organization change-oriented efforts. Finally, a few studies have focused on the contribution of leadership styles over engagement in the public context, and have proposed that ethical and transformational leadership, in addition to contingent reward, are antecedents of employee engagement (Lu and Guy 2014; Breevaart et al. 2013).

As far as job demands in the Public Administration are concerned, it is possible to trace back their origins to four sources (Fig. 3). First, fear of changes: studies have shown that anxiety caused by uncertainty connected to imminent changes negatively impacts on public employees engagement (Guidetti et al. 2018; Hakanen et al. 2005). From this result, the importance of expanding the use of change management practices in public organizations emerges as a central recommendation. Second, stress determined by work environment and arising from excessive bureaucracy, hassles, role conflict, and adverse physical work environment have been found to be

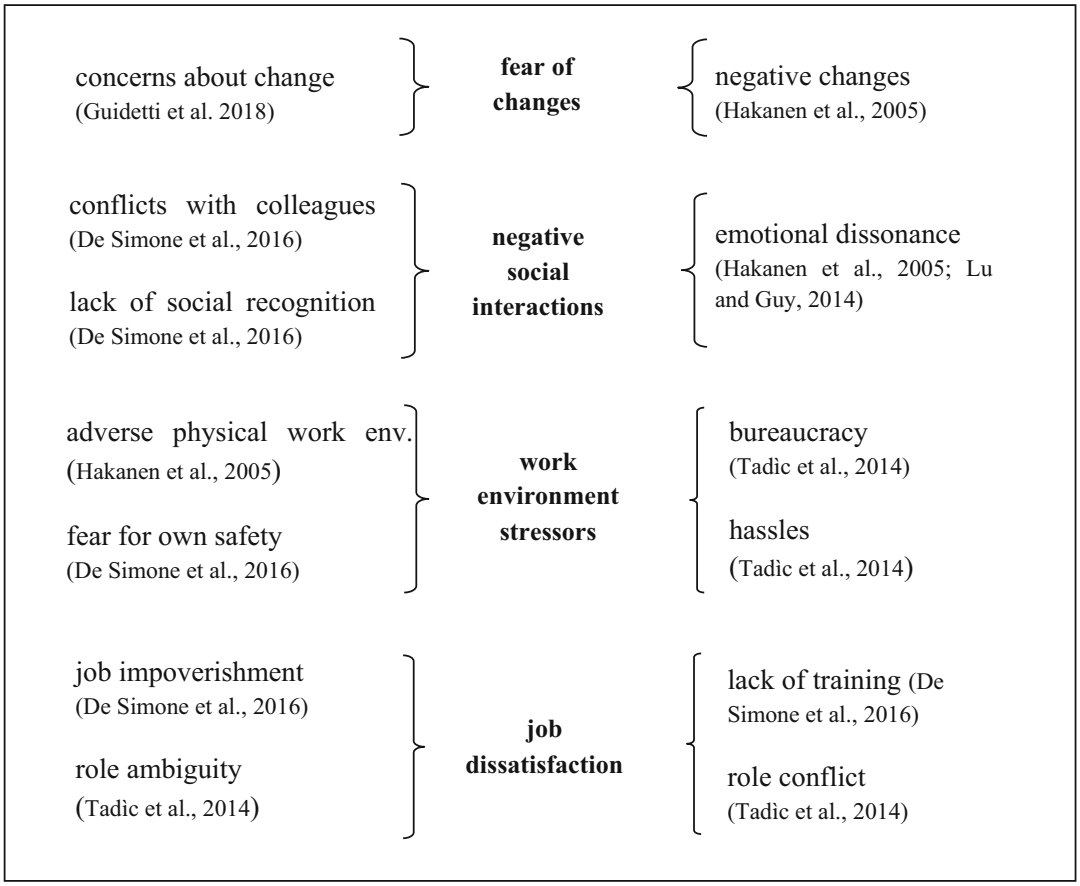


**Employee Engagement in Public Administration, Fig. 3** Summary of job demands in the public sector

negatively related to employee engagement (Tadić et al. 2014; Hakanen et al. 2005). Next, job dissatisfaction, a term including job impoverishment, lack of training, role ambiguity and which, to a certain extent, can be considered the negative *alter ego* of that class of job resources named "positive job characteristics" (De Simone et al. 2016; Tadić et al. 2014). The fourth and final category contains negative social interactions that drain civil servants' energies and hence have a detrimental effect on their work engagement. In particular, conflict with colleagues, emotional dissonance, and lack of social recognition have been found to weaken the relationship between resources and employee engagement (De Simone et al. 2016; Hakanen et al. 2005; Lu and Guy 2014).

To conclude, it is worth discussing the complex network of relationships linking employee engagement to a key construct in Public Administration studies, namely, Public Service Motivation (PSM). PSM captures "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions or organizations" (Perry and Wise 1990). Bakker (2015) proposes that high daily levels of vigor, dedication, and absorption positively influence PSM, as engaged employees believe that their work is meaningful and has a positive impact on society. At the same time, PSM reinforces the link between job resources and engagement and the relationship connecting engagement and performance. In fact, civil servants guided by prosocial motivation are inclined to fully exploit job resources, which, in turn, foster employee engagement. Additionally, PSM drives engaged employees to direct all their energies toward the common good, hence influencing their outcomes. As a result, employee engagement and PSM play a concurrent role in determining civil servants' performance.

## Conclusion

Today the public sector is called to increase its efficiency and improve quality of services provided, while cuts in public expenditure call for an optimized use of resources. In this demanding context, the importance of fostering work engagement among civil servants has emerged, especially in light of its beneficial impact at both individual and organizational level. As a result, public organizations and managers should be aware of the determinants of work engagement in the public sector to develop intervention plans aimed at fostering it among civil servants.

## Cross-References


- ▶ Motivation Theory and Practice in Public Employment
- ▶ Public Employees as a Strategic Resource


## References


Ancarani A, Di Mauro C, Giammanco MD, Giammanco G (2017) Work engagement in public hospitals: a social exchange approach. Int Rev Public Adm 23(1):1–19

Ancarani A, Mauro CD, Giammanco MD (2019) Linking organizational climate to work engagement: a study in the healthcare sector. Int J Public Adm 42(7):547–557

Bakker AB (2015) A job demands–resources approach to public service motivation. Public Adm Rev 75(5): 723–732

Breevaart K, Bakker A, Hetland J, Demerouti E, Olsen OK, Espevik R (2013) Daily transactional and transformational leadership and daily employee engagement. J Occup Organ Psychol 87(1):138–157

De Simone S, Cicotto G, Pinna R, Giustiniano L (2016) Engaging public servants. Manag Decis 54(7): 1569–1594

Demerouti E, Bakker AB, Nachreiner F, Schaufeli WB (2001) The job demands-resources model of burnout. J Appl Psychol 86(3):499–512

Eldor L (2017a) The relationship between perceptions of learning climate and employee innovative behavior and proficiency. Pers Rev 46(8):1454–1474

Eldor L (2017b) Public service sector: the compassionate workplace – the effect of compassion and stress on employee engagement, burnout, and performance. J Public Adm Res Theory 28(1):86–103

Gillet N, Huart I, Colombat P, Fouquereau E (2013) Perceived organizational support, motivation, and engagement among police officers. Prof Psychol Res Pract 44(1):46–55

Guidetti G, Converso D, Loera B, Viotti S (2018) Concerns about change and employee wellbeing: the moderating role of social support. J Work Learn 30(3):216–228

Hakanen JJ, Bakker AB, Demerouti E (2005) How dentists cope with their job demands and stay engaged: the moderating role of job resources. Eur J Oral Sci 113(6):479–487

Hakanen JJ, Bakker AB, Schaufeli WB (2006) Burnout and work engagement among teachers. J Sch Psychol 43:495–513
Kahn WA (1990) Psychological conditions of personal engagement and disengagement at work. Acad Manag J 33(4):692–724
Lu X, Guy ME (2014) How emotional labor and ethical leadership affect job engagement for Chinese public servants. Public Pers Manag 43(1):3–24
Nazli NNNN, Khairudin SSMH (2018) The factors that influence transfer of training and its effect on organizational citizenship behaviour. J Work Learn 30(2):121–146
Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373
Schaufeli WB, Salanova M, González-Romá V, Bakker AB (2002) The measurement of engagement and burnout: a two sample confirmatory factor analytic approach. J Happiness Stud 3(1):71–92
Simbula S (2010) Daily fluctuations in teachers' well-being: a diary study using the job demands–resources model. Anxiety Stress Coping 23(5):563–584
Tadić M, Bakker AB, Oerlemans WGM (2014) Challenge versus hindrance job demands and well-being: a diary study on the moderating role of job resources. J Occup Organ Psychol 88(4):702–725
Tamta V, Rao MK (2017) The effect of organizational justice on knowledge sharing behaviour in public sector banks in India: mediating role of work engagement. Int J Bus Excell 12(1):1
Torenvlied R, Akkerman A (2012) Effects of managers' work motivation and networking activity on their reported levels of external red tape. J Public Adm Res Theory 22(3):445–471

# Employee Rights in the Public Sector

Paul Douglas Foote
Department of Political Science and Sociology, Murray State University, Murray, KY, USA

## Synonyms

Civil service; Public employees; Public servant; Public service

## Introduction

This entry will provide a comprehensive survey of the rights of public employees in the United States through an interpretation of US Court rulings. During the twentieth century, the US Judiciary dramatically shaped the balance between supervisory and employee rights. Each case analysis will evaluate whether the Court's majority expanded or restricted the scope of employee rights in the public sector. The entry will not only provide a chronological evolution of landmark court cases over the past 125 years but an analysis of the legal rationale of each decision in several key areas of employment law. Such areas as due process, First Amendment rights of free speech and expression, privacy rights, equal protection, Civil Rights Act of 1964, and Fourth Amendment search and seizure law. Within each legal issue area, the prevailing legal doctrine or standard will be summarized and then explained further through the Courts development of the case law.

The entry proceeds as follows. The first section briefly summarizes the development of the rights-privilege concept of public employment law. The next section discusses the substantive and procedural due process rights for hearings. The third section analyzes the extent of free speech rights in the public sector. The fourth section exclusively covers the privacy rights of public employees. The fifth section evaluates the effectiveness of antidiscrimination case law. The sixth section looks at the extent of liability, immunity, and remedies for public employees. The seventh section analyzes the decisions that have determined the extent of Fourth Amendment rights of public employees in the workplace. Finally, the concluding section summarizes the effects of the rulings on the current state of employee rights in the public sector.

## The Development of Public Employee Case Law

In *McAuliffee v. Mayor of New Bedford*, 155 Mass. 216, 29 N.E. 517 (1892), Justice Holmes ruled that public employees do not have any "right" to the benefit or employment but only a "privilege" that can be granted, withheld, or conditioned as the government chooses (Robinson et al. 1993, p. 626). Holmes stated that every person "may have a right to

talk politics" but he "has no constitutional right to be a policeman." An employee could not complain of such restrictions "as he takes his employment on the terms which are offered him" (Robinson et al. 1993, p. 626). The US Supreme Court upheld Holmes' reasoning that "the right to exclude all right to use necessarily includes the authority to determine under what circumstances such use may be availed of, as the greater power contains the lesser" (*Davis v. Commonwealth*, 167 U.S. 43, 48 (1897)).

The right-privilege concept was repeatedly repudiated in the 1950s and 1960s, especially in the context of restraints on the exercise of personal liberties such as free speech. The landmark decision of the US Supreme Court in *Pickering v. Board of Education*, 391 U.S. 563 (1968) drastically altered the right-privilege doctrine. Justice Marshall held that "absent proof of false statements knowingly or recklessly made by him," a public school teacher's exercise of speaking on an issue of public concern may not justify the basis for his dismissal from public employment (Robinson et al. 1993, p. 634). Following *Pickering*, in *U.S. Civil Service Comm'n v. Letter Carriers*, 413 U.S. 548 (1973); the Court majority agreed that Congress could limit the political activities of federal employees as long as they do not restrict a particular party, view point, or group of individuals in order to operate efficiently by minimizing political influence within the government. Moreover, in *Broadrick v. Oklahoma*, 413 U.S. 601 (1973), the Court upheld an Oklahoma statute which prohibited state employees from engaging in partisan political activities. *Broadrick* is often cited for a facial overbreadth test challenge that "the overbreadth of a statute must not only be real, but substantial as well, judged in relation to the statute's plainly legitimate sweep" (Robinson et al. 1993, p. 638).

In the seminal case *Elrod v.* Burns, 427 U.S. 347, (1976), a divided Court held that a nonpolicymaking public employee could not be dismissed solely on the basis of political affiliation. Elrod was the beginning of the eventual evisceration of the patronage system of nearly 200 years of American political tradition (Robinson et al. 1993, p. 643). Furthermore, in *Branti v. Finkel*, 445 U.S. 507 (1980) the US Supreme Court held that a public employee cannot be terminated solely based upon their political beliefs. A political party affiliation termination would undermine the effective performance of an assistant public defender's office to make their job security based upon their allegiance to the predominant political party rather than to their merit. The next landmark case was *Rutan v. Republican Party of Illinois*, 497 U.S. 62 (1990) in which the US Supreme Court ruled that the principle of *Elrod v. Burns* and *Branti v. Finkel*, involving public employee dismissals for patronage reasons, applies also to promotion, transfer, recall, and hiring decisions involving low-level public employees.

## Defining Due Process Rights for Public Employees

The current doctrine that the US Courts applies for determining whether a pretermination hearing process is sufficient or not is the *Matthews test*. The *Matthews v. Eldridge*, 424 U.S. 319 (1976) decision established three factors that are pivotal in determining what process is constitutionally required: (1) the importance of the private interest at stake to the individual; (2) the extent to which additional procedures are likely to result in a more reliable determination; and (3) the burdens additional protections would inflict on the government (Szypszak 2011, p. 56). The U.S Supreme Court also ruled that fairness does not always require an evidentiary hearing. The most important outcome of the case is that administrative agencies will have deference in determining the extent of due process.

A public employee's property right in employment does not derive directly from the US Constitution, but from state law. An employee may have a protected property right to continued public employment as a result of state academic tenure statutes. In *Slochower v. Board of Higher Education*, 350 U.S. 551 (1956), the US Supreme Court overturned a municipal law that required termination of employment for city employees who sought to invoke their privilege against self-incrimination in order to eschew responding to questions relating to their official duties. The Court concluded that had the law been forced, it

would have violated their right to due process because invoking the Fifth Amendment is not tantamount to admission of guilt.

The two seminal property interest cases was *Board of Regents v. Roth*, 408 U.S. 564 (1972) and *Perry v. Sindermann*, 408 U.S. 593 (1972). In the first case, the Court held that *Roth* had no property right interest in continued employment and therefore was not considered Fourteenth Amendment protection. *Roth* brought suit against the Wisconsin State University-Oshkosh asserting that the real reason for his nonretention was his criticism of the university administration violating his right to free speech protected by the Fourteenth Amendment; and the university's failure to inform him of the reason for its decision violated his right to procedural due process. Unlike Roth, Robert Sindermann taught for four successive years in the state college system of the State of Texas. When Sindermann's employment contract was terminated with no opportunity for a hearing to challenge the basis of the nonrenewal, he brought action in a federal district court alleging that the college administration infringed on his right to criticize the Board of Regents as freedom of speech and the Fourteenth Amendment's guarantee of procedural due process. The US Supreme Court ruled that while Odessa College did not have a formal tenure system, the possibility that the college having an "unwritten common law in practice" that would bestow "the equivalent of tenure" (*Perry v. Sindermann*, 408 U.S. 593 (1972)). Therefore, Sindermann was entitled to a hearing before the Board of Regents as well. The next case was significant for establishing a balancing test for ascertaining whether procedural due process has been satisfied or not prior to termination of Social Security disability benefit payments.

In *Codd v. Velger*, 424 U.S. 624 (1977), the US Supreme Court delineated the requirements for a hearing for a nontenured employee whom claims to be stigmatized in the course of a decision to terminate his employment. Velger sued the City Police Department for wrongful dismissal, arguing that he was improperly dismissed without a hearing or statement of reasons. He pursued a 42 U.S.C. Section 1983 reinstatement and damages for resulting injury to his reputation and future employment opportunities. The Court held for a hearing to be required there must be some factual dispute "which has some significant bearing on the employee's reputation." Velger never claimed that the attempted suicide report was false. The Court concluded there was not defamation since the allegation was not in the record and the facts were not in dispute.

In *Cleveland Board of Education v. Loudermill*, 470 U.S. 532 (1985), the US Supreme Court endorsed a constitutional due process requirement for statutory entitlements. The statute clearly demonstrated that respondents possessed property rights in continued employment. The Court found that a public employee dismissed only for cause was entitled to a very limited hearing prior to termination, to be followed by a more comprehensive post termination hearing. In other words, the employee must be given notice and an opportunity for hearing that is appropriate to the circumstances before deprivation of the property interest.

Twelve years after the *Loudermill* decision, the US Supreme Court unanimously ruled in *Gilbert* et al. *v. Homar*, 520 U.S. 924 (1997) that a presuspension hearing is not necessary to protect the rights of a tenured employee who is suspended without pay. This was the first time the Court considered whether the protections of Due Process extended to the discipline of tenured public employees short of termination. The *Matthews* test was applied in *Gilbert*. Unlike the *Loudermill* case, the respondent was confronted with only a temporary suspension without compensation. As long as the suspended employee receives a sufficiently prompt postsuspension hearing, the court held that the "lost income is relatively insubstantial" (*Gilbert* et al. *v. Homar*, 520 U.S. 924 (1997)). The majority opinion written by Justice Scalia balanced three factors significant to constitutional due process: first, the weight of the private interest of the accused; second, the probability of wrongfully depriving the private interest; third, the weight of the government's interest.

The *Matthews* analysis was also applied in *Walters v. National Association of Radiation Survivors*, 473 U.S. 305 (1985). The National Association of Radiation Survivors, a veterans group challenged the attorneys' fees provision, claiming

that it denied them the opportunity to acquire legal representation. The US Supreme Court held that the appellees neglected to demonstrate how the difference in success rates in adjudicating appeals before the Veterans Administration with counsel and the existence of complexity on some cases was sufficient to conclude that the right to retain and compensate an attorney was a necessary element of procedural fairness under the Constitution.

## Free Speech Rights of Public Employees

The current doctrine that the Courts apply when determining whether a public employee has a right to speak as a citizen on an issue of public concern is the *Pickering-Connick* balancing test. When a public employee speaks on an issue of public concern that is not associated with their official public duties, the Courts are inclined to rule on behalf of the employee. The public issue may be a fiscal issue that could cause the public some harm.

The first case that considered whether public employees have free speech rights was *McAuliffe v. Mayor of New Bedford* (155 Mass. 216, [1892]). The court interpreted the denial of a job due to political expression legally distinct from the direct denial of a right of expression. Many years later, the U.S. Supreme Court adopted a new prospective of the relationship between adverse employment action and off-duty conduct. In *Shelton v. Tucker* (364 U.S. 479 [1960]), the Court overturned an Arkansas law requiring as a condition of employment that schoolteachers submit an annual accounting of any organizations that they had belonged to or contributed to in the preceding 5 years. In a 5–4 decision, Justice Potter Stewart stated that the Arkansas law violated freedom of association under the First Amendment, which had been applied to the states through the due process clause of the Fourteenth Amendment.

A few years later, the Court established a precedent that is still applied currently regarding off-duty expression by public employees. In *Pickering v. Board of Education* (391 U.S. 563 [1968]), the US Supreme Court overturned the dismissal of a public school teacher who had written a letter to the editor of a local newspaper that was critical of the school board and school district administration.

In contrast to the *Pickering* ruling, in 1977, the US Supreme Court activity in *Mt. Healthy City Board of Education v. Doyle* (429 U.S. 274 [1977]) decided whether a school board could resist a First Amendment retaliation claim by proving that it would have made the same employment decision in the absence of a teacher's allegedly protected free speech. Justice William Rehnquist applied the *Pickering* test but found that the school board may have had legitimate reasons to terminate Doyle, regardless of his politically charged comments to a local radio station.

The case that demonstrated that even though speech may be a public concern, it may still not be fully protected under the First Amendment is *Connick v. Myers* (461 U.S. 138 [1983]). Although this opinion dealt with expression in the workplace, the precedent set in the case has been applied to controversies involving off-duty conduct. In a closely divided opinion, Justice Bryon White found when applying the *Pickering* test that Myers in general was not speaking about matters of public concern, because her questionnaire focused on internal office workings. Furthermore, White noted that Myers' questionnaire had the potential to hinder the efficient operation of the district attorney's office by questioning her superior's authority. Moreover, because Myers circulated the survey as a reaction to receiving an adverse assignment, White found that Connick had legitimate reasons to fire her. Since this ruling, most public employee free speech cases are now considered under the so-called *Pickering-Connick* test (*Waters v. Churchill* (511 U.S. 661 [1994])). This involves determining whether the employee was speaking on a matter of public concern, and whether free speech interests outweigh the interests in avoiding disruption in the delivery of public services.

In *Waters v. Churchill* (1994), a plurality of four Justices held that government workers cannot be dismissed or otherwise punished for their words unless the employer has a reasonable basis for believing that the speech was either

disruptive or that it involved a matter of purely private concern, outside the scope of the First Amendment's protection. Justice Sandra Day O'Connor stated in her plurality opinion that while a government agency or institution need not conduct a full-scale investigation, it must have some reasonable, factual basis for its punitive action.

In practice, the opinion's effect may be limited because many public employees work under contracts or Civil Service rules that give procedural protection against dismissal or discipline. Nevertheless, the *Churchill* case was probably the Court's most important ruling in more than a decade on the constitutional rights of government workers. Nonetheless, the US Supreme Court altered the direction of law in *Garcetti v. Ceballos*, 547 U.S. 410 (2006) and ruled that a public employee's right to privacy may be curtailed when it is a component of their official public duties.

The US Supreme Court ruled in a similar manner in *Lane v. Franks*, 134 S.Ct. 2369 (2014). Edward Lane sued Steve Franks under 42 U.S.-C. Section 1983, alleging that Franks had violated the First Amendment by firing Lane in retaliation for his testimony against Suzanna Schmitz. The US Supreme Court ruled that Lane's sworn testimony in a judicial proceeding was considered speech as a matter of public concern because it involved corruption in a public program and the misuse of state funds. Under the *Pickering* balancing test, the government employer failed to demonstrate any evidence that Lane's testimony was false or erroneous or that Lane needlessly disclosed any sensitive, confidential, or privileged information while testifying (*Lane v. Franks* 573 U.S. 13 [2014], p. 13).

## Restriction of Internet Access by Public Employees

In *Urofsky v. Gilomore*, 216 F.3d 401 (4th Cir. 2000), six faculty members in Virginia filed suit challenging the constitutionality of a Virginia statute that banned state employees from accessing lascivious, sexually explicit material on state computers unless authorized by a state agency (Va. Code Ann. 2.1–805). The plaintiffs claimed that the statute denied them the freedom to determine for themselves the topics about which they teach and engage in research. The Fourth Circuit held that the Virginia statute was neither unconstitutionally vague nor overbroad and thus did not infringe on the academic rights of faculty members. In addition, the Court utilized the *Pickering* test to find that *Urofsky* involved the speech of public employees in their workplaces rather than as private citizens concerning matters of public concern (Cloud 2010). Therefore, the Commonwealth of Virginia officials could determine the manner in which the faculty carried out their official duties.

The second claim of the faculty was that their academic freedom was a constitutional right as well as a professional norm. The Court cited the American Association of University Professors' (AAUP) definition of academic freedom as a right claimed by the accredited educator to interpret his findings and to communicate his conclusions without being subjected to any interference, molestation, or penalization because the conclusions are unacceptable to some constituted authority within or beyond the institution (*Urofsky v. Gilmore*, 216 F.3d 40, (4th Cir. 2000) p. 411). Nevertheless, the Court interpreted the AAUP's academic freedom concept as a professional norm to further the search for truth rather than a legal expression within the First Amendment. While dismissing the challenge to the statute, the Fourth Circuit concluded that academic freedom rights derive from universities and not from faculty members and students. *Urofsky* marked the beginning of a discourse on the freedom of speech and academic rights of faculty members in the Digital Age.

## Right of Privacy for Public Employees

The relevant doctrine that the US Courts utilizes when ascertaining the privacy rights of employees in the public sector is the reasonable suspicion standard. Reasonable suspicion is satisfied when two conditions exist: (1) the search is justified at

its inception, meaning that there are reasonable grounds for suspecting that the search will reveal evidence that the public employee has violated or is violating the law, and (2) the search is reasonably related in scope to the circumstances that justified the search, meaning that the measures used to conduct the search are reasonably related to the objectives of the search and that the search is not excessively intrusive in light of the person's age and sex and the nature of the offense (*New Jersey v. T.LO.*, 469 U.S. 325, (1985)). Although the legal standard for reasonable suspicion is straightforward, the application of it in different contexts is not always clear and coherent. The Court has even noted that "articulating precisely what reasonable suspicion means . . . is not possible. Reasonable suspicion is a commonsense, nontechnical conception that deals with the factual and practical considerations of everyday life on which reasonable and prudent men, not legal technicians, act" (*Ornelas v. United States*, 517 U.S. 690 (1996) p. 695).

In *Kelley v. Johnson*, 425 U.S. 238 (1976) the US Supreme Court ruled that the New York's Suffolk County Police Department regulation limiting the length of county policemen's hair did not violate the First or Fourteenth Amendments. The police department argued that uniformity of appearance contributed to officer safety and promoted the department's *esprit de corps*. Nevertheless, the respondent claimed that the police guidelines violated his right to free expression under the First Amendment and his substantive due process rights under the Fourteenth Amendment. The majority opinion held that state and federal employers could impose considerable restrictions on their employees that could not be imposed on private citizens. The respondent failed to demonstrate that the regulation was irrational enough to be considered arbitrary and unconstitutional. As a result, the Court now applies a balancing test to determine whether the government's conditions on public employment conflict with an individual's privacy rights.

The US Supreme Court next considered the question whether the right to privacy precludes the government from implementing a mandatory drug screening program for public employees? In *National Treasury Employees Union v. Von Raab*, 489 U.S. 656 (1989), the Court ruled that mandatory drug testing of federal customs employees is permissible, even in the absence of reasonable suspicion. The government's interest in curtailing rising drug abuse by implementing drug-free programs that ensure that government officials were mentally and physically fit weighed greater than their privacy rights. Moreover, the drug testing program had a close and substantial relation to the government's goal and that the regulation clearly informed the employee of the rationale and scope of the test. Since the duties of the Customs Service agents were typically hazardous and risky, officers were often the target of blackmail or bribery.

## The Fourth Amendment Search and Seizures of Public Employees

The prevailing legal doctrine in Fourth Amendment administrative searches is the special needs doctrine. This standard is based upon the concept that "special needs beyond the typical need for law enforcement, makes the warrant and probable cause requirements impractical" (*Griffin v. Wisconsin*, 483 U.S. 868 (1987), p. 873). On the one hand, if the objective of the search is not law enforcement purposes but for other reasons such as public safety or ensuring the integrity of sensitive government positions, then the doctrine will apply. However, if the "primary purpose" or "immediate objective" was "to generate evidence for law enforcement purposes," then application of the special needs doctrine is not appropriate, and the government must adhere to general Fourth Amendment principles (*Ferguson v. City of Charleston*, 532 U.S. 67 (2001), p. 83).

There has been a greater recognition of the claims of employers in the area of search and seizures. The federal Employee Polygraph Protection Act passed in 1998 permits polygraph tests to be used in connection with jobs in security and handling drugs or in investigating a specific crime. The Act only affects commercial businesses. Before being required to take a polygraph test as part of an investigation of an employment-related crime, one must be given a written notice,

at least 48 h prior to the test, stating that the person is a suspect. In addition, there must be a provable, reasonable suspicion that the person was involved in the specific crime or other conduct triggering the investigation. The statute does not cover federal, state, and local government agencies. Exceptions to the law are public water supply facilities and public transportation.

Although the balancing test have generated a tendency to weigh rulings in favor of supervisors, there is a nagging lack of predictability from case to case. This tendency first became apparent in the ruling of the Court in *O'Connor v. Ortega*, 480 U.S. 709 (1987). Hospital officials of Napa State Hospital had reasonable cause to enter and search an employee's private office for evidence of sexual harassment. The Court's majority stated that it was unreasonable to require an employer to obtain a warrant whenever the employer desired to enter an employee's office, desk, or file cabinets for a work-related purpose would gravely disrupt the routine conduct of business and would be "unduly burdensome" (Cooper 2005, p. 164). An administrative warrant can be granted if there is a showing that reasonable legislative or administrative standards for conducting an inspection are satisfied. While conducting a balancing test, the Court found that the public sector employee's privacy concerns are much less than those in their homes or other contexts. Therefore, public employers must be given the authority to enter employee offices for work-related, non-investigatory purposes.

The Court ruled differently in *Chandler v. Miller*, 520 U.S. 305 (1997) in which the State of Georgia enacted a statute in 1990 that mandated "each candidate seeking to qualify for nomination or election to a state office shall as a condition of such qualification be required to certify that such candidate has tested negative for illegal drugs" (Houser et al. 2008). The statute permitted candidates to present a certificate to the Secretary of States providing the results of a drug test taken within the previous 30 days. The Court's majority focused on the question whether the suspicion less searches were reasonable or not. To be considered reasonable under the Fourth Amendment, a search typically must be based on individualized suspicion of wrongdoing. But certain exceptions are permitted based on "special needs" concerns when the Court conducts a context-specific analysis to determine the competing claims purposed by the parties in the case. Since the State of Georgia provided no evidence of a drug problem among the state's elected officials and because they usually do not perform high-risk, safety-sensitive duties in which certification would enhance the interdiction effort, the Court's majority ruled for Chandler. Writing for the majority, Justice Ginsburg stated: "however, well-intentioned the candidate drug test diminishes personal privacy for a symbolic state commitment to defeat drug abuse in government" (Cooper 2005, p. 175).

## Antidiscrimination Case Law

In an equal protection analysis, the level of scrutiny review is dependent upon whether the US Courts determine the class to be suspect. The highest level of scrutiny is called strict scrutiny and is applied to government action that affects groups that are considered suspect classification. A class is considered suspect by the US Supreme Court if they meet the following criteria: First, the group has historically been discriminated against or have been subject to prejudice, hostility, or stigma, partially due to stereotypes. Second, the group possesses an immutable or highly visible trait. Third, they are powerless to protect themselves through the political process. Fourth, the group is a discrete and insular minority. Fifth, the group's distinguishing characteristic does inhibit it from contributing meaningfully to society. Furthermore, strict scrutiny requires that the suspect classification be narrowly tailored to accomplish a compelling governmental interest. When Courts interpret statutes under the standard of strict scrutiny, governments' typically fail to meet the rigorous standard of review. Strict scrutiny applies to racial classifications by local, state, and federal government. Strict scrutiny has also been applied to distinctions based on alienage, citizenship, and ethnicity. Although the US Supreme Court do not consider gender or sexual orientation as suspect

classifications for the purposes of strict scrutiny review, there are several state supreme courts that have been deemed them to be suspect classifications and subject to strict scrutiny.

Both Title VII of the Civil Rights Act of 1964 and Administrative Procedures Act (APA) prohibits discrimination in employment decisions. One of the earliest US Supreme Court decisions that sought to clearly delineate the standards for proving discrimination was in *Washington v. Davis*, 426 U.S. 229 (1976). While not irrelevant, the Court majority's found that disproportionate impact alone does not trigger the rule that racial classifications are subject to the strict scrutiny standard of review. The law enforcement's efforts to recruit black police officers are evidence that the police department did not intentionally discriminate on the basis of race. The standardized test was rationally related to the legitimate government purpose of confirming that police officers have acquired a particular level of verbal and reading skills. According to the *Davis* decision, whenever a court considers a law with a disproportionate effect on a racial minority, it must first determine if the law is race specific or not before proceeding with a particular standard of review.

The US Supreme Court established a sexual harassment in the workplace standard for the responsibilities of employers in damages and those litigants who seek a redress of their grievances in *Faragher v. City of Boca Raton*, 524 U.S. 775 (1998). Beth Ann Faragher, a lifeguard for the City of Boca Raton, quit her job and filed a lawsuit for violations of Title VII of the Civil Rights Act of 1964 and sought damages from the city for her supervisors "uninvited and offensive touching," lewd language, and sexist comments (Cooper 2005, p. 184). The Court held that the city was vicariously liable under Title VII for actionable discrimination caused by the supervisor. Moreover, the liability in question is subject to an "affirmative defense" when scrutinizing the reasonableness of the employer's conduct as well as the plaintiff. The District Court found that the "City had entirely failed to disseminate its sexual harassment policy among the beach employees and that its officials made no attempt to keep track of the conduct of supervisors, and the record makes clear that the City's policy did not include any harassing supervisors assurance that could be bypassed in registering complaints." As a result, the US Supreme Court ruled that the City could not be found to have exercised "reasonable care to prevent the supervisors' harassing conduct" (*Faragher v. City of Boca Raton*, 524 U.S. 775 (1998), p. 4). The Court indicated that affirmative defenses have two elements: (1) employers must have exercised reasonable care to prevent and promptly correct any sexually harassing behavior, and (2) victimized employees unreasonably failed to take advantage of any preventive or corrective opportunities provided by the employer (Dagley 2008). These affirmative defenses are unavailable when the harassment ends in tangible, adverse job-related actions, including demotions and discharges (Dagley 2008).

## Liability, Immunity, and Remedies for Public Sector Employees

The predominant legal standard in immunity law is the sovereign immunity doctrine. Sovereign immunity is a Court imposed doctrine that prevents the government or its political subdivisions, departments, and agencies from being sued without its consent. The doctrine derives from the English principle that the monarch can do no wrong. Sovereign immunity applies to liability for monetary damages to be paid from public funds. Public officials also may be protected from personal tort liability on the basis of the doctrine of a public duty. The doctrine was established in common law to protect local governments and their employees from liability for failure to provide police protection based on the unreasonableness of expecting law enforcement to prevent all harms. Qualified immunity is designed to protect public officials from actions that unknowingly violated clearly established statutory or constitutional rights. Typically, courts apply sovereign immunity to suits against public officials personally for their discretionary acts. However, this immunity does not apply to ministerial acts that involve no discretion. Government

waives its immunity from liability when it authorizes a damage claim. In order to bring about uniformity, Congress codified the conditions under which immunity would be waived when it enacted the first major tort claim authorization with the Federal Tort Claims Act (FTCA) of 1946.

Since the *DeShaney v. Winnebago County Department of Social Services*, 489 U.S. 189 (1989) decision, the US Supreme Court have made it more difficult for people injured by the negligence of state agencies to litigate against the government through the due process clause. Moreover, the *Castle Rock v. Gonzales*, 545 U.S. 748 (2005) ruling made it extremely difficult for a citizen to file a law suit for any infringement of property rights when the government acts adversely to their interests. Both cases lead inescapably to the conclusion that under current law, government agencies have less tort liability than private individuals, corporations, or other non-governmental actors (Harrington and Carter 2015, pp. 382–383).

Since 2000, the US Supreme Court have demonstrated a tendency toward federalism to defer to the rights of states to develop their own laws and policies regarding limits to public employees who have suffered discrimination from accessing federal law to redress their claims. In *Kimel v. Florida*, 528 U.S. 62 (2000) a divided Court ruled that the sovereign immunity of the states prevents Congress from mandating that states pay damages for violations of the Age Discrimination in Employment Act. The majority stated that the monetary damages awarded were not proportional to the alleged claim. Furthermore, the Court suggested that "age" is not a suspect category like race, and therefore may only be subject to the rational basis test. Which permits states to put forth a rational argument for age discrimination, they cannot be held liable under federal laws.

The next year, the Court used the same analysis in *Board of Trustees of the University of Alabama v. Garrett*, 531 U.S. 356 (2001) to the extent of states' liability in cases of discrimination on the basis of disability. Garrett had a disability according to the Americans with Disability Act (ADA) and sought monetary damages from the University of Alabama for violation of Section I of the ADA. The University of Alabama asserted that the Eleventh Amendment prevented Congress from imposing monetary damages on states. In a closely divided opinion, the Court's majority held that there must be an unambiguous pattern of state discrimination against disabled people in order to promulgate monetary damages under the ADA. Moreover, the Court claimed that the remedies sought must be proportional with the specific violation. Chief Justice Rehnquist cited the *Kimel* precedent to assert that certain practices of discrimination by states against the disabled should be subjected to a rational relationship test.

As a result of the ruling in *Nevada Department of Human Resources v. Hibbs*, 538 U.S. 721 (2003), state employees may recover monetary damages in federal court when a State fails to comply with the Family Medical Leave Act's (FMLA) family-care provisions. The Court's majority reasoned that Congress may revoke the States' Eleventh Amendment immunity from suit in federal court if it unambiguously intents to in the statute and acts according to Section 5 of the Fourteenth Amendment. When Congress enacted the FMLA, there had been evidence of an extensive history of sex discrimination regarding leave benefits by the States, which was significant enough to justify Section 5 legislation. The *Hibbs* ruling have allowed 4.8 million state employees to legal remedies nearly equal to those of their private sector counterparts (Tibben 2004, p. 600).

## Conclusion

The US Courts have been instrumental in providing administrative remedies to both supervisors and employees in the public sector. In regards to patronage employment decisions, the US Supreme Court have protected nonpolicymaking public employees from dismissal solely on the basis of partisanship. In later cases, this principle was extended to promotion, transfer, recall, and hiring decisions involving nondiscretionary positions. In other areas of public employment law, procedural due process safeguards have been clearly enunciated by the Courts to ensure fairness when administrating adverse employment procedures. Nevertheless, the US Courts have been somewhat inconsistent and incoherent in the

demarcation of the rights of employees in the public system. The extent of free speech rights for public employees has been determined in most cases by the *Pickering-Connick* balancing test. If a public employee serves in law enforcement capacity, the Courts have tended to rule on behalf of the police agencies' need for an *esprit de corps* that produces an efficient delivery of public services. Alternatively, when a public employee speaks on an issue of public concern that is not associated with their official public duties, the Courts are inclined to rule on behalf of the employee.

The US Courts have had a profound affect in promulgating Title VII of the Civil Rights Act of 1964 prohibition of discrimination in employment and workplace. The US Supreme Court have ruled against state immunity concerns in favor of public employee monetary damages in both sexual harassment and FMLA cases. In contrast, the US Supreme Court in several cases have decided in favor of the states' sovereign immunity from lawsuits filed by state employees. In regards to the Fourth Amendment, the US Supreme Court ruled that employers have the authority to enter employee offices for work-related, non--investigatory purposes. The US Courts have decided that faculty employed in public colleges and universities do not have a constitutional right to Internet access for academic purposes. In regards to sovereign immunity, the US Supreme Court have protected states' but not necessarily the federal government employees from monetary damage lawsuits. The US Supreme Court have also been helpful to both litigants and governmental agencies with the establishment of an affirmative defense standard to guide judges in sexual harassment cases. Since US Courts make common law decisions on a case-by-case basis within a society that is under constant change due to scientific and technological advancements, there may never be consistent and precise boundaries to public employee rights.

## Cross-References

► Administrative Discretion
► Administrative Hearing
► Privacy Rights and Public Employment
► Sexual Harassment Law and Policy

## References

Cloud RC (2010) Urofsky v. Gilmore. In: Russo CJ (ed) Encyclopedia of law and higher education. Sage, Thousand Oaks

Cooper PJ (2005) Cases on public law and public administration. Wadsworth, Thomason Learning, Inc., Belmont

Dagley DL (2008) In: Russo CJ (ed) Faragher v. City of Boca Raton. Encyclopedia of education law. Sage, Thousand Oaks

Harrington C, Carter LH (2015) Administrative law and politics, 5th edn. CQ Press, Thousand Oaks

Houser M, Kohn LS, Crisci GS (2008) Individual rights in public sector employment. American Bar Association. https://www.americanbar.org/content/dam/aba/administrative/labor_law/meetings/2008/ac2008/143.authcheckdam.pdf

Robinson GO, Gellhorn E, Bruff H (1993) The administrative process, 4th edn. West Publishing Co., St. Paul

Szypszak C (2011) Understanding law for public administration. Jones and Bartlett Publishers, Sudbury

Tibben JL (2004) Family leave policies Trump states rights: Nevada Department of Human Resources v. Hibbs and its impact of sovereign immunity jurisprudence. John Marshall. Law Rev 37(2):599–627

# Employee Work Motivation

Chung-An Chen
School of Humanities and Social Sciences, Nanyang Technological University, Singapore, Singapore

## Synonyms

Employee work morale; Employee work motives; Employee work motivators; Incentives for employees

## Introduction

The purpose of this chapter is to introduce basic definitions, measurements, theories, and related concepts of work motivation. As readers of this

book are mainly those who plan to map a career in the public sector, this chapter also includes themes particularly related to public administration such as public sector motivation, public service motivation, and motivation crowding effect.

## What Is Work Motivation?

As Rainey (2009) indicates, everyone has an intuitive grasp of motivation, but it remains a concept that is often poorly defined. Over 140 definitions have been offered in the last couple of decades (Landy and Becker 1987). For example, work motivation can refer to "a person's desire to work hard and work well" (Rainey 2009, p. 248). It can also mean "psychological forces within a person that determine the direction of the person's behavior in an organization, effort level, and persistence in the face of obstacles" (George and Jones 2012, p. 183). The two definitions have different foci: the first definition concerns the **overall levels of desire** to work hard, whereas the second one emphasizes **psychological forces** that lead to a hardworking behavior. Various theories and measurement instruments have been developed based on different meanings and definitions of work motivation.

### Work Motivation as a Person's Desire to Work Hard

Researchers are often baffled when they try to capture the desire to work hard: Is the desire to work hard the same as a hardworking behavior? Should we consider one's propensity, attitude, or real behavior? In fact, when measuring work motivation, scholars often include all these factors. For example, Patchen et al. (1965) ask "On most days on your job, how often does time seem to drag for you?", which questions the respondent's attitude, and "How often do you do extra work for your job that isn't really required of you?", which questions the respondent's real behavior. Others employ affirmative statements like "I put my best effort to get the job done regardless of the difficulties" and "I am willing to start work early or stay late to finish a job" to measure various aspects of work motivation (Chen and Bozeman 2013; Wright 2004).

Although scholars claim that the constructs are valid, it is very likely that respondents overestimate their work effort and the willingness to work hard. Few may want to admit that they are indolent workers, so in general the ratings are inflated. In this, scholars suggest the use of "observations about coworkers' motivation" (Landy and Guion 1970). This may effectively rectify the problem of self-reporting, but data collection will be a long and inefficient process. That may explain why thus far this method is underemployed.

Perhaps due to measurement difficulty, scholars use several proxy concepts to capture whether employees are well motivated. The most commonly used motivation-related concepts are job involvement, job satisfaction, and organizational commitment (Moynihan and Pandey 2007a). While these attitudinal variables are convenient to measure, they may not fully reflect how much one is motivated. For example, it is likely that a public servant is very satisfied with his job condition and loyal to his agency, but still be unwilling to work extra hours. Scholars are urged to be cautious when they apply these concepts in motivation research.

### Work Motivation as Psychological Forces That Lead to a Hardworking Behavior

Psychological forces reside in persons. There are basically two types of psychological forces: **intrinsic and extrinsic**. Behavior derived from intrinsic motivation is performed for its own sake, and people who perform the behavior often enjoy it, experience a sense of achievement, and consider that they have done something meaningful. Behavior driven by extrinsic motivation is performed for purposes external to individuals such as obtaining monetary rewards and praises, or avoiding penalties. The intrinsic-extrinsic dichotomy is a popular motivational typology in the research of organizational behavior (OB), perhaps because of its simplicity. For example:

- In Herzberg's (1966) two-factor theory, all hygiene factors are extrinsic (e.g., salary,

working conditions, etc.), whereas motivators are in general intrinsic (e.g., growth, the work itself, etc.) in nature.

- Lawler (1971) uses "extrinsic rewards" to refer to job situations given by others and "intrinsic rewards" to stand for higher-level need satisfaction in Maslow's (1954) hierarchy of needs such as self-esteem and self-actualization.

Readers are reminded that intrinsic motivation and extrinsic motivation do not have to be mutually exclusive. Sometimes people can be motivated both intrinsically and extrinsically at the same time. While the intrinsic-extrinsic dichotomy provides a convenient means of classifying motivation factors and analyzing their impact on behavior, it oversimplifies the complex structure of motivation. For example, pursuing promotion and avoiding supervisor's blame are both extrinsic motivators at work, but we usually expect that pursuing promotion accompanies more work effort and higher performance. The motivational typology in **self-determination theory (SDT)** (Ryan and Deci 2000), which goes beyond intrinsic-extrinsic dichotomy, offers researchers a more comprehensive view of human motivation.

## Four Types of Work Motivation in Self-Determination Theory (SDT)

The most distinctive feature of SDT is its careful analysis of extrinsic motivation. There are three types of extrinsic motivation, as shown in Fig. 1. On the very left of the spectrum is external regulation, the first type of extrinsic motivation. *External regulation* means that people behave to satisfy an external demand such as avoiding physical punishment or obtaining an external reward contingency (Vallerand and Ratelle 2004). For example, a student studies math because his teacher punishes him when he fails to do well or because his parents give him money when he gets a good grade. Regarding work motivation, it refers to when one works to obtain financial reward and job security, or to avoid criticism (Gagné et al. 2015; Tremblay et al. 2009).

Next to external regulation is *introjected regulation*. People who fall into this category perform an action not to avoid physical penalty, but instead, intangible and self-created pressure such as anxiety and shame. For example, without external punishment or reward, a student may still choose to make a serious effort to study math because he feels ashamed and anxious if he performs worse than his classmates. Regarding work motivation, it concerns whether "I don't want to lose" or "I want to prove I can" propels workers to make efforts (Hwang et al. 2002). Both external regulation and introjected regulation are typical **controlled motivations** as individuals fail to perceive a sense of autonomy when they act. When people are regulated in these two cases, their self-determination is weak, and they do not believe that they have full control over their behavioral consequences; that is, the locus of control concerning that behavior is external to them.

Not all extrinsic motivators create a sense of being controlled. *Identified regulation*, the one next to introjected regulation, means that

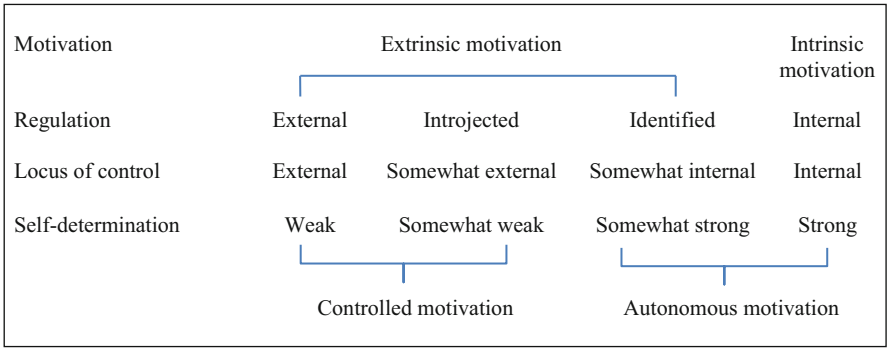


**Employee Work Motivation, Fig. 1** Motivational typology in self-determination theory (SDT)

individuals choose to be regulated for a positive identified value. For example, a student studies math hard because math, in his mind, is a valuable and useful subject as he plans to map his career in engineering. As becoming an engineer is identified as an extrinsic but valuable goal, the student may not feel controlled when he studies math. In other words, his action is not forced; it is produced by an intrinsic desire to achieve an extrinsic goal. At work, identified regulation concerns whether one accepts a job due to the chances for advancement, career development, and higher social status (Gagné et al. 2010).

The last type of motivation is intrinsic motivation, which signifies *internal regulation* when one performs an action. An intrinsically motivated worker feels excited and happy whenever she works, and working is in itself a reward to her. People who are intrinsically motivated also demonstrate a strong internal locus of control (Spector 1988), meaning that they are not only an active causal maker but are also in full control over their behavioral consequences. Identified regulation and intrinsic motivation are thus considered as **autonomous motivations**.

Although the coexistence of autonomous motivation and controlled motivation is not entirely impossible, theoretically speaking, the increase of controlled motivation often accompanies the decrease of autonomous motivation. In addition, human motivation evolves over time, depending on whether employees perceive that their three most important psychological needs are met. When needs are met, internalization happens, meaning that autonomous motivation gradually exceeds controlled motivation. The three needs are autonomy, competence, and relatedness (Broeck et al. 2010):

- Autonomy: Individuals experience a sense of choice and psychological freedom when they perform an activity. For example, employees feel free from rigid rules and other people's commands.
- Competence: Individuals feel that they are able to handle problems in their job. For example, employees perceive that they have enough knowledge and skills to do their job well.
- Relatedness: Individuals feel that they are psychologically connected to important others. For example, employees feel that they are not alone and are well respected in their everyday job.

## Work Motivation and Public Administration

### Poorer Overall Work Motivation in the Public Sector

Public administration scholars have conducted several public-private comparison studies and concluded that public and private organizations indeed differ in environments and employee work attitudes (Boyne 2002; Rainey and Bozeman 2000). Public organizations are confronted with a greater measure of red tape, political interference, hierarchical control, and goal ambiguity. These features can destroy employees' overall work motivation and compromise their sense of job involvement, job satisfaction, and organizational commitment (Buchanan 1975; Chen 2012).

### The Concept of "Public Sector Motivation"

The unique environment of public organizations does not only affect employees' overall levels of work morale and attitudes; it also influences various autonomous and controlled work motivations. For example, the presence of merit protection along with a high level of job security in the public sector attracts those who long for a stable career. A lack of monetary reward such as performance bonus may deter those who covet high pay from accepting a public service job. Public sector employees' special "wants" or "needs" are referred to as **public sector motivation** (Gabris and Simo 1995).

A huge volume of empirical studies have been done to discover public sector motivation (Buelens and Van den Broeck 2007; Jurkiewicz et al. 1998; Khojasteh 1993; Lyons et al. 2006; Wittmer 1991). The approach taken to conduct such research is simple: listing multiple items of human needs (e.g., security, benefits, salary, advancement, helping, growth, prestige,

interesting work, etc.), asking both public and private employees to place a value/rank on each item, and comparing public-private differences. In general, scholars reach the following conclusions:

- In both the public and private sectors, the Top 5 needs are very similar, although the ranking of these needs differ slightly in the two respective sectors. The Top 5 needs are security, pay, advancement, achievement, and work content.
- Compared to enterprise workers, public employees have less desire for prestige, money, and advancement.
- Compared to enterprise workers, public employees show a greater need for security, a stable career, and fringe benefits. They also care more about challenging and intellectually stimulating work content.
- Finally, compared to enterprise workers, public employees demonstrate a stronger desire to benefit the society. Scholars further develop this feature and create a new concept called **public service motivation (PSM)**. Readers are reminded here that PSM does not refer to public sector motivation.

### The Concept of "Public Service Motivation" (PSM)

As mentioned, the research of PSM starts with public-private comparison on employee motivation. The simple finding that "public employees are more likely than their business peers to be motivated by prosocial factors" was expanded both conceptually and empirically by Perry and Wise (1990). They define PSM as "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" and argue that PSM has three distinctive categories: rational, norm based, and affective. Following this pioneer study, Perry (1996) developed the first PSM measurement instrument which consists of the following four dimensions: attraction to policy making, commitment to the public interest, compassion, and self-sacrifice. The plethora of PSM research in recent decades is mainly grounded in these two early studies. According to a recent review article (Perry et al. 2010) and most recent evidence, scholars have obtained the following findings:

- PSM determines one's sector selection. The greater an individual's PSM, the more likely the individual seeks jobs in public organizations.
- PSM is positively related to individual performance, especially in the public sector. PSM is negatively correlated with a desire for money, so public organizations that attract many high-PSM people are less dependent upon monetary incentives.
- PSM is unlikely to be a type of controlled motivation. It should be autonomous in nature (Vandenabeele 2007).
- PSM is not entirely good. It is a double-edged sword. High-PSM people are more likely than low-PSM people to be frustrated by unfriendly public sector features such as red tape and hierarchical control (Steen and Rutgers 2011).

The rapid increase of PSM research is accompanied by a few challenges (Bozeman and Su 2015). First, although PSM was initially defined as motives grounded "uniquely in public organizations," it is hard to deny that nonpublic servants (e.g., nonprofit employees) can be high-PSM individuals, if PSM refers to compassion and self-sacrifice. Therefore, scholars have broadened the scope of PSM by making it a general prosocial or altruistic motivation, but this makes PSM a less distinctive concept. In addition, motivation is the reason that individuals choose to perform a certain action. However, PSM exists without a clear public service behavior, making PSM more like attitudes or values, not motivation. For example, a low-level public servant may be eager to serve people in her daily work, but "attraction to policy making" is unlikely to be a major motivator. Despite these theoretical challenges, PSM remains one of the scholars' favorite topics.

### PSM and Motivation Crowding Effect

Research on PSM is inseparable from motivation crowding theory. Motivation crowding effect (Frey and Jegen 2001) refers to a situation where one's intrinsic motivation, or autonomous motivation, can be affected after one experiences

external inducements. For example, a student loves math and she thinks that math is valuable for her future. One day, the teacher creates a new policy: monetary reward of $500 when her score exceeds 90, but punishment when her score is lower than 70. Eventually, this student may forget the value of math and lose the happiness in studying the subject and instead perceive that she is controlled by external forces (monetary incentive or avoidance of punishment). The phenomenon that autonomous motivation decreases (and controlled motivation increases) after the introduction of external inducements is called **motivation crowding-out effect**.

Scholars argue that the increase of external interventions such as red tape and hierarchical control can undermine PSM (Moynihan and Pandey 2007b). Monetary rewards such as performance-based pay, in many cases, can crowd out PSM as well (Langbein 2010). However, it should be noted that money and PSM are not always incompatible. **Motivation crowding-in effect** can appear when individuals perceive monetary reward as a type of support instead of control. For example, an entry-level public employee needs a substantial sum of money to support his ailing mother's medical expenses. When he receives a huge performance bonus, he does not need to worry about paying for the expenses. Monetary reward in this case may not reduce his PSM. Instead, it increases his public servant identity and fosters his PSM.

Both motivation internalization in SDT and motivation crowding effect remind scholars and managers that motivations are not static. Autonomous motivation overpowers controlled motivation today, but controlled motivation can prevail over autonomous motivation tomorrow. One can be fully motivated today, but can entirely lose motivation the next day. Therefore, understanding the process of motivation is as important as understanding the types of motivation.

## Process Perspectives of Work Motivation

Process perspectives concern how the motivational process works. Process perspectives reviewed in this section include expectancy theory, equity theory, goal setting, and job design.

### Expectancy Theory

Expectancy theory (Vroom 1964) addresses two questions. Firstly, do individuals believe that their work effort will result in a given level of performance (expectancy)? Secondly, do individuals believe that their performance will lead to the attainment of desired outcomes such as pay, security, and a feeling of accomplishment (instrumentality)? Individuals will not be motivated until they answer "yes" to the two questions. In addition, valence must be high enough to motivate people. The magnitude of valence is measured by how desirable an outcome is for employees. For example, everyone needs a paycheck, but magnitude of valence is much higher for those who have a pressing need for money. Nonetheless, research limitation exists. It is never easy to list all possible outcomes important to people and to measure the valence.

### Equity Theory

This theory was first proposed by Adams (1965). Equity theory is well grounded in the concept of social comparison (Festinger 1954). Social comparison theory assumes that humans have a basic drive to evaluate their opinions and abilities. In the absence of objective, nonsocial means, people evaluate their opinions and abilities by comparing themselves with others. At work, individuals often compare the outcome/input (especially pay/effort) ratio with others. After making comparison, feelings of inequity may appear. In the case of underpayment, individuals may take the following measures to restore equity (Adams 1963):

- They try to change the inputs (reducing effort) or outcomes (asking for raise).
- They try to change referents' inputs or outcomes (complaining to the supervisor).
- They change their perceptions of inputs and outcomes (hypnotizing themselves that their job is more difficult than that of the referents).
- They change referents or leave the organization (quitting comparison).

Compared to their private sector peers, public employees in general perceive a lower level of pay equity. Internally, when public employees compare themselves with colleagues in the same agency, they face ambiguous organization goals and vague indicators for performance measurement. Employees are very likely to feel that their hard work is not commensurate with salary. Moreover, the lack of performance bonus in the public sector may compound feelings of inequity, especially when compared to the business sector.

### Goal Setting

Two kinds of goals are especially motivating: specific goals and difficult goals (Locke and Latham 1990). Why so? Scholars contend that these goals (i) direct employees' attention and action toward goal-relevant activities, (ii) cause employees to put forth more effort, (iii) cause employees to create an action plan to achieve the goals, and (iv) cause employees to be persistent when facing obstacles (George and Jones 2012).

However, difficult goals can be detrimental if there is no clear communication between goal designers (managers) and employees. It is not hard to imagine that difficult goals without constant instruction and feedback can discourage employees. In addition, difficult goals are more suitable for employees with high self-efficacy, which is the belief that individuals can successfully perform a behavior. Difficult goals are, however, unsuitable for employees who lack adequate skills/knowledge and who need full attention for learning.

One last important point is that goal setting can be incompatible with work that requires a high level of creativity. Goals come with performance measurement, but creativity can hardly be measured with quantifiable indicators. A typical example is scientific research: once researchers are required to produce a certain number of publications within a short period of time, they usually sacrifice the novelty of research and choose topics that can be replicated easily or topics that require minor incremental improvement.

### Job Design

Scientific management assumes that job simplification and job specification (e.g., subway workers) can maximize productivity, but job monotony can demotivate people. More recent perspectives that remedy the problem presented by scientific management are job enlargement and job enrichment. *Job enlargement* involves increasing the number of tasks, but keeping tasks at the same level of difficulty. *Job enrichment* involves designing jobs that facilitate employees' self-improvement and growth. For example, managers can allow employees to decide their own work schedules, decide how to get job done, and learn new skills (George and Jones 2012).

The job characteristics model further endorses the concept of job enlargement and enrichment. There are five dimensions in this model (Hackman and Oldham 1975): skill variety, task identity, task significance, autonomy, and feedback. If we use self-determination theory to understand this model, we may find that the first three dimensions can improve a person's perceived competence, and feedback fosters one's perceived relatedness. Therefore, these characteristics can eventually enhance employees' intrinsic motivation.

## Research Tips for Young Public Administration Scholars

Work motivation has long been one of the most important topics in public administration research. Empirical findings show that public employees, compared to their business sector counterparts, have a lower level of work morale. In addition, factors that motivate public and private sector employees are not entirely identical. Among all differences, the chance to serve the public interest attracts the greatest attention. Grounded in these findings, some directions are offered to young public administration scholars for future research.

Self-determination theory (SDT), despite its maturity, has not appeared frequently in the public administration literature. More prevalent use of SDT should be encouraged. Scholars may first consider integrating SDT with PSM.

Contemporary public administration literature assumes that PSM is autonomous in nature and it should be altruistic. However, a public service behavior does not have to be always motivated by purely altruistic reasons, and individuals may not feel autonomous when they serve people. For example, a high-level public official works very hard to make public policies, yet it is not because he loves it or thinks it is valuable, but because he is afraid that media may come after him and the agency. It is also possible that he does not want to look inferior (like a loser) when he faces his private sector friends. The "selfish" motivations for public service are left underexplored in contemporary PSM research, but SDT can well capture these introjected and external regulatory styles.

Following this line of research, scholars can even incorporate the three most important needs in SDT, autonomy, relatedness, and competence, into analysis. Regarding autonomy, scholars can investigate whether red tape, hierarchical control, political interference, and performance pay increase employees' controlled motivation for public service. They can also explore whether mentoring, formal training, and job rotation enhance employees' perceived competence and accordingly promote their autonomous motivation for public service. Finally, regarding relatedness, it will be interesting to study the impact of oral praise on work motivation and have it compared with the effect of instrumental incentives such as money and advancement. Relatedness can also refer to the relationship between public servants and citizens. Testing whether cynicism undermines public servants' work motivation can be an interesting topic.

## Cross-References


- ▶ Human Resource Management in Russia
- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Organizational Citizenship Behavior
- ▶ Public Service Motivation


## References


Adams JS (1963) Towards an understanding of inequity. J Abnorm Soc Psychol 67(5):422

Adams JS (1965) Inequity in social exchange. In: Berkowitz L (ed) Advances in experimental social psychology, vol 2. Academic, Orlando, pp 267–299

Boyne GA (2002) Public and private management: what's the difference? J Manag Stud 39(1):97–122

Bozeman B, Su X (2015) Public service motivation concepts and theory: a critique. Public Adm Rev 75(5): 700–710

Broeck A, Vansteenkiste M, Witte H, Soenens B, Lens W (2010) Capturing autonomy, competence, and relatedness at work: construction and initial validation of the work-related Basic Need Satisfaction scale. J Occup Organ Psychol 83(4):981–1002

Buchanan B (1975) Red-tape and the service ethic. Adm Soc 6(4):423–444

Buelens M, Van den Broeck H (2007) An analysis of differences in work motivation between public and private sector organizations. Public Adm Rev 67(1): 65–74

Chen C-A (2012) Explaining the difference of work attitudes between public and nonprofit managers: the views of rule constraints and motivation styles. Am Rev Public Adm 42(4):437–460

Chen C-A, Bozeman B (2013) Understanding public and nonprofit managers' motivation through the lens of self-determination theory. Public Manag Rev 15(4): 584–607

Festinger L (1954) A theory of social comparison processes. Hum Relat 7(2):117–140

Frey BS, Jegen R (2001) Motivation crowding theory. J Econ Surv 15(5):589–611

Gabris GT, Simo G (1995) Public sector motivation as an independent variable affecting career decisions. Public Pers Manag 24(1):33–51

Gagné M, Forest J, Gilbert M-HH, Aubé C, Morin E, Malorni A (2010) The motivation at work scale: validation evidence in two languages. Educ Psychol Meas 70(4):628–646

Gagné M, Forest J, Vansteenkiste M, Crevier-Braud L, Van den Broeck A, Aspeli AK, Güntert ST (2015) The multidimensional work motivation scale: validation evidence in seven languages and nine countries. Eur J Work Organ Psychol 24(2):178–196

George JM, Jones GR (2012) Understanding and managing organizational behavior. Pearson, Singapore

Hackman JR, Oldham GR (1975) Development of the job diagnostic survey. J Appl Psychol 60(2):159–170

Herzberg F (1966) Work and the nature of man. World Publishing, Cleveland

Hwang A, Ang S, Francesco AM (2002) The silent Chinese: the influence of face and kiasuism on student feedback-seeking behaviors. J Manag Educ 26(1): 70–98

Jurkiewicz CL, Massey TK Jr, Brown RG (1998) Motivation in public and private organizations: a comparative study. Public Prod Manag Rev 21(3):230–250
Khojasteh M (1993) Motivating the private vs. public sector managers. Public Pers Manag 22(3):391–401
Landy FJ, Becker WS (1987) Motivation theory reconsidered. In: Staw BM, Cummings LL (eds) Research in organizational behavior. JAI Press, Greenwich, pp 1–38
Landy FJ, Guion RM (1970) Development of scales for the measurement of work motivation. Organ Behav Hum Perform 5:93–103
Langbein L (2010) Economics, public service motivation, and pay for performance: complements or substitutes? Int Public Manag J 13(1):9–23
Lawler EE (1971) Pay and organizational effectiveness: a psychological view. McGraw-Hill, New York
Locke EA, Latham GP (1990) A theory of goal setting and task performance. Prentice-Hall Inc., Englewood Cliffs
Lyons ST, Duxbury LE, Higgins CA (2006) A comparison of the values and commitment of private sector, public sector, and parapublic sector employees. Public Adm Rev 66(4):605–618
Maslow A (1954) Motivation and personality. Harper & Row, New York
Moynihan DP, Pandey SK (2007a) Finding workable levers over work motivation comparing job satisfaction, job involvement, and organizational commitment. Adm Soc 39(7):803–832
Moynihan DP, Pandey SK (2007b) The role of organizations in fostering public service motivation. Public Adm Rev 67(1):40–53
Patchen M, Pelz D, Allen C (1965) Some questionnaire measures of employee motivation and morale. Survey Research Center, Institute for Social Research, University of Michigan, Ann Arbor
Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22
Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373
Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690
Rainey HG (2009) Understanding and managing public organizations. Jossey-Bass, San Francisco
Rainey HG, Bozeman B (2000) Comparing public and private organizations: empirical research and the power of the A priori. J Public Adm Res Theory 10(2):447–470
Ryan RM, Deci EL (2000) Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. Am Psychol 55(1):68–78
Spector PE (1988) Development of the work locus of control scale. J Occup Psychol 61(4):335–340
Steen TPS, Rutgers MR (2011) The double-edged sword: public service motivation, the oath of office and the backlash of an instrumental approach. Public Manag Rev 13(3):343–361
Tremblay MA, Blanchard CM, Taylor S, Pelletier LG, Villeneuve M (2009) Work extrinsic and intrinsic motivation scale: its value for organizational psychology research. Can J Behav Sci 41(4):213–226
Vallerand RJ, Ratelle CE (2004) Intrinsic and extrinsic motivation: a hierarchical model. In: Deci EL, Ryan RM (eds) Handbook of self-determination research. University of Rochester Press, Rochester, pp 37–63
Vandenabeele W (2007) Toward a public administration theory of public service motivation: an institutional approach. Public Manag Rev 9(4):545–556
Vroom VH (1964) Work and motivation. Wiley, New York
Wittmer D (1991) Serving the people or serving for pay: reward preferences among government, hybrid sector, and business managers. Public Prod Manag Rev 14(4): 369–383
Wright BE (2004) The role of work context in work motivation: a public sector application of goal and social cognitive theories. J Public Adm Res Theory 14(1): 59–78

E

# Employee-Friendly Practices: Fashionable, Flexible, and Fickle

Lina Vyas
The Education University of Hong Kong, Hong Kong Institute of Education, Hong Kong, China

## Synonyms

Employee-friendly policies; Family-friendly arrangements; Family-friendly employment practices; Family-friendly policies; Flexible working practices

## Definition

Employee-friendly practices refer to formal or informal terms and conditions that exceed the statutory minimum, designed to enable an employee to combine caring responsibilities with paid employment.

## Introduction

The world is aging rapidly. According to the United Nations Population Fund, people aged 60 and older make up 12.3% of the global population, and by 2050, that number is expected to rise to about 22%. Demographic aging as a global phenomenon is posing social and economic challenges to the global economy and the working population worldwide. To mitigate the impacts of aging on the labor force, some jurisdictions such as the United States, the United Kingdom, and Japan have been boosting the labor force participation rate by getting more individuals to join the workforce, including homemakers. Sometimes, it is achieved through offering financial incentives to married women or their families such as tax schedules favorable to dual-earner couples or nonfinancial ones such as family leave and subsidized day care service.

Not only are women more likely to work in the labor force because of the aging population, but they are also earning much more than men are, compared to the employment situation 40 years ago. With women's higher education levels, employment opportunities, and earnings, the social landscape and gender role expectations are changing. Women's contributions to family income are so essential that in nearly four in ten families, married women are primary breadwinners, making as much or more than their spouse or doing it all by themselves. Recent reports as the ones published by the Center for American Progress and the Pew Research Center have consistently found that a record 40% of all families with children under the age of 18 are composed of mothers who are either the sole or main source of income for the family, whereas the share was merely 11% in 1960. Such findings indicate that women are being increasingly relied on for their economic well-being, and their contribution to family income particularly in married-couple families has served to boost family income. An increase in women's earning capacity, nevertheless, has fueled significant tension among working parents in demand for resources from two competing domains, resulting in work-family conflict. In some findings, almost half of the men and women have reported that their jobs have affected their family life so much that their task performance and job dissatisfaction have declined, resulting in less discretionary behavior benefitting the organization and the supervisor. Work-family conflict refers to simultaneous pressures from the work and family domains which are mutually incompatible in some respect, such that meeting the demands of one role (e.g., family care) makes it difficult to meet the demands of the other (e.g., career) (Greenhaus and Singh 2003). One of the reasons attributing to increasing work-family conflict is, in spite of the fact that many families now have dual-income earners, the majority of household responsibilities including caregiving and housework still fall on women. Previous research has found that married women, particularly those working long hours, are more likely to experience work-family conflict than their male counterparts do and that women tend to experience more work-to-family depletion and less segmentation between work and family concerns.

## Employee-Friendly Policies and Practices

Considering the growing number of women in the labor market and intensifying work-family conflict, some family-friendly policies and practices have been widely practiced in developed countries such as the United States, Canada, and Australia for both workers and the economy to address the dual demands of caring for family members while working to meet basic needs: alternative work arrangements that offer variations from the standard workday, workweek, and/or work location; flexible work schedules or flexitime or reduced schedules (part-time) that allow workers to choose their starting and finishing times daily, provided they complete a stipulated number of hours; compressed workweeks that offer employees the flexibility to work the equivalent of a full-time week in fewer than 5 days; partial work years that allow workers to work less than 12-month calendar year; and telecommuting that lets employees work at home

or at a local telework center 1 or more days per week using communication tools including phone, fax, Internet teleconferencing, or e-mail to perform work duties from a remote location. They are all areas in which policies can be expanded to bolster employees' ability to control the timing of their workdays, their workweeks, and their workplaces, hence reducing the conflict between work and family, particularly for single parents. Many empirical studies including the survey conducted by the United Nations among its Secretariat staff in 2009 has confirmed that greater access to employee-friendly policies has been proven to be associated with better mental health and resilience, higher productivity and effectiveness, greater levels of job satisfaction, stronger job commitment, greater employee engagement (an emotional and intellectual connection that employees have for their jobs and organizations, which in turn influences them to apply additional discretionary effort to their work, as in Gibbons (2006)), lower turnover intention, lower levels of work-family interference, and better work-life reconciliation.

## Supervisor Support

When formal support from an organization is low, employees who experience the most work-family conflict (thus, who have the greatest need for family support from supervisors) are more likely to notice, appreciate, and favor the family support provided by their supervisors. As a matter of fact, supervisors serve as effective mediators and primary implementers of work and family policies initiated by various organizations. Given the prominence of work-family issues among employees today, having a supportive supervisor is a characteristic of effective employee-friendly workplaces. The current literature has highlighted that employee-friendly arrangements and workplace interventions (such as alternative work arrangements and perceived workplace flexibility) should be implemented alongside supervisor support to achieve the desired results because alternative work arrangements do not provide a buffering impact on the association between demands and strain. In addition, supervisors have position power over their employees; hence, their support will be more effective in reducing stressors and improving outcomes for employees. A number of empirical studies such as the ones conducted by Marcelissen et al. (1988) and Ng and Sorensen (2008) have documented evidence that supervisor support is effective in reducing stressors such as role overload, role ambiguity, role conflict, and job uncertainty for employees, particularly manual laborers who more likely need supervisory instructions to perform their jobs successfully, and enhancing supervisor support can mitigate the degree of work-family conflict that employees experience and the consequences of such conflicts.

Many researchers have categorized supervisor support into two: emotional support (e.g., expressing concern in helping employees get the job done, informing employees about corporate policies such as alternative work arrangements and personal leave days) and instrumental support (e.g., offering tangible assistance to employees to support them through work-life challenges or ease stressors). Supportive supervisor behaviors include making it easier for employees to balance work and nonwork obligations by allowing schedules to be rearranged and flexible work arrangements to be used, responding positively to discussing and accommodating employees' family obligations, being flexible by allowing them to leave work early at the time of family-related challenges, being open to hearing their family-related issues, modeling a sense of work-life balance in their own lives, and not penalizing those who value work-life balance. In gist, supervisor support means supervisor flexibility and supervisor sensitivity.

## Situations in the United States, Germany, and Hong Kong

In this section, we are to examine the situations in the United States and Germany, where family-friendly policies are protected by law, and then in Hong Kong where introduction of family-friendly policies is not a legal requirement.

In the United States, women make up half of all workers in the country, while women were one-third of the workers in the nation, and only over a quarter were breadwinners or co-breadwinners in their families back in the late 1960s. Like the married women in other jurisdictions, American wives in husband primary-earner families contributed 24% of family income, while wives in wife primary-earner families contributed 67% of family income, according to a research conducted in 2010 and 2013 by the Carsey School of Public Policy of the University of New Hampshire (Smith 2015) on married and single women's contributions to family income. Despite the greater reliance on women's earnings among American families, industries that typically employ women such as the service, health, and education sectors are offering wages and benefits that are too low to support a family. However, unlike many European countries, the United States has few federal policies for working parents. One is the Family and Medical Leave Act of 1993 which offers employees at businesses of a certain size with 12 weeks of unpaid leave. In view of the increasing importance of married women's contribution to the economy, the US Congress has engaged in proposing other employee-friendly reforms including introducing legislation on workplace flexibility, with various states such as San Francisco, Washington, D.C., New Jersey, and Rhode Island enacting paid family leave through employee payroll taxes. Nevertheless, an appetite remains among the Americans for the federal government, the businesses, and the media to address the social changes. A poll commissioned by the Center for American Progress (Boushey and O'Leary 2010) has found that overwhelming majorities of the interviewees agreed the federal government and businesses should adapt the changes by providing flexible work schedules, better childcare, and paid family and medical leave.

In Germany where the birth rate is one of the lowest in the world, family-friendly policies are made a statutory requirement. The maternity protection laws were enacted to protect the mother and her child before and after birth and to provide financial security. The law encompasses job protection, protection of the pregnant woman at the workplace, prohibition to work immediately before and after birth, and financial compensation for reduced employment. Another law was enacted to grant both mothers and fathers the legal right to take parental leave for up to 3 years so that they can look after and spend more time with their children and reduce their working hours. The time of parental leave can be split between mothers and fathers. From the time when parental leave was claimed until its end, parents are protected against dismissals. Aside from laws and regulations, parents are paid child benefits until a child reaches the age of 18, an income that allows parents to support themselves but not the subsistence level of their children and housing allowance if their income lies within certain predefined boundaries, child-raising allowance for parents working less than 30 h per week to raise their children, and tax allowance for children, depending on family income and the number of children.

In the context of Hong Kong, employee-friendly policies are uncommon in most workplaces. A study commissioned by the Equal Opportunities Commission of Hong Kong has found that only 10% of the employers have in place formal policies or guidance for creating an employee-friendly workplace. Even for those where employee-friendly practices are available, the utilization rate is very low. A household survey conducted with 1,005 employees aged 25 and above face-to-face in 2014 revealed that among nearly half of the married interviewees, about 54% said they were not allowed to take family leave such as paternity leave, parental leave, marriage leave, and compassionate leave. The figure rose to 76% when it came to paternity leave. While 452 of those interviewed said there was a family-leave policy at work, only 15% said they had used it in the past year. The low utilization rate of employee-friendly policies is possibly attributable to the low level of supervisor support. According to the interviewees, only one-third of their supervisors understood the family responsibilities of their staff, and 25% and 16% of the supervisors hardly or never ever did so. Statistically, the utilization of employee-

friendly policies was as low as 40% in 2014. One of the reasons accounting for their lack of supervisor support in Hong Kong is that local businesses tend not to associate supervisor support with staff performance. It is the city's workplace culture not to show support for employee-friendly practices because employers generally expect their employees to prioritize work over family; otherwise, they will be more vulnerable to being laid off. As a matter of fact, Hong Kong has long been characterized by long working hours. According to a 2010 survey from a local nongovernmental organization, the people in the city work an average of 48.7 h per week, which is 22% higher than the recommended 40-h workweek of the International Labor Organization. Another survey indicated that the quality of living is more related to the extent of family-work conflict but less to the amount of pay. The survey was conducted by Oxfam Hong Kong and Policy 21 in 2011 to study the impacts of the introduction of the Minimum Wage Ordinance on the lives of low-income workers and families. It was found that after the introduction of the Ordinance since July 2010, 59.5% of the respondents expressed that their overall family life had not improved, while 28.3% said it had slightly improved and only 4.3% said it had greatly improved. The survey results indicate that the underprivileged will not be better off in terms of their quality of living if work-family conflict is not properly addressed.

## Conclusion

Creating an employee-friendly environment is crucial for retaining talent and building a strong leadership pipeline. Some women may be forced to choose between their career and their family if employee-friendly policies are not in place, which will in turn lead to a drain of female talent. However, work-family balance is not solely a woman's issue; men in general are also facing difficulties in balancing work and family. At the root, men find themselves gradually displaced due to stereotypes. Most of them still build their self-identity on being the breadwinner and protector of the family. At the same time, they also face larger demands on their contribution as a father. Owing to the stereotype that family matters are performed by women, there is a lack of institutional support for men to take up family duties in the workplace, so many of them may hesitate to ask for leave, time off, or flexible work arrangements for fear of being regarded as a slacker by other employees. In countries where employee-friendly policies are still an option, actions are being called for making employee-friendly workplace policies mandatory to initiate a change in the business culture. However, some have warned about the potential for several unintended consequences. Businesses may decide it is easier and cheaper to discriminate against women of childbearing age when hiring, which is happening in Chile and Spain, and the cost to business of paid parental leave may be recovered through slower wage growth, resulting in broadening wage differentials between men and women. After all, continued efforts have to be made to increase the awareness and acceptance of employer-friendly corporate policies and to cultivate trust between employees and employers. In the federal aspect, gender-neutral policies may be devised to help working families. One of the examples is the parental leave policies implemented in Sweden and Quebec to encourage both men and women to take time off for newborn babies.

## Cross-References

▶ Gendering the Workplace Injustice: Cliff or Prison

## References

Boushey H, O'Leary A (2010) Our working nation – how working women are reshaping America's families and economy and what it means for policymakers. Center for American Congress, USA

Gibbons J (2006) Employee engagement: a review of current research and its implications. The Conference Board, New York

Greenhaus J, Singh R (2003) Work-family linkages, a sloan work and family encyclopedia entry. Boston College, Chestnut Hill

Marcelissen FHG, Winnubst JAM, Buunk B, DeWolff CJ (1988) Social support and occupationl stress; A causal analysis. Soc Sci Med 26(3):365–373

E

Ng TWH, Sorensen KL (2008) Toward a further understanding of the relationships between perceptions of support and work attitudes – a meta-analysis. Group Org Manag 33:243–268

Smith K (2015) Women as economic providers dual-earner families thrive as women's earnings rise. University of New Hampshire. Carsey School of Public Policy, USA

# Employment Creation for Youth in Urban Areas of Developing Economies: The Ethiopian Experience

Dejene Mamo Bekana
Department of Social and Political Sciences, University of Milan, Milan, Italy

## Synonyms

Ethiopia; Labour market; Unemployment; Urban youth

## Definition

This paper finds out that there are various policies and strategies put into practice by the government for employment generations targeting the youth. These policies and strategies were relevant to the improvement of the demand and the supply sides of the labour market. Those policies and strategies on the demand side of the labour market include the special incentives and supports provided for private sector development, promotion of the development of micro and small enterprises, and the public employment generation system. On the supply side of the labour market, there has been significant effort to improve labor productivity through education and training. The paper concludes that these interventions have proved to significantly impact employment but have been embarrassed by the weak labour market information system, the low demand for labor due to structural weakness of the economy, and shortage of government budget.

## Introduction

Creation of adequate employment opportunities remains one of the greatest challenges for Ethiopian policy makers for a long period of time and definitely in many other countries of the developing world. The 2012 Report by the International Labour Organization, estimated, for example, that the world unemployment rate would remain stuck around the current 6% up to 2016. The Report further points out that the number of unemployed labor force around the world in 2012 was 200 million and will rise to 206 million by 2016. Globally, the youth are the most hurt due to unemployment. In 2011, 74.8 million youth aged 15–24 were unemployed in the global labour market. The global youth unemployment rate in 2012 is at 12.7% showing the chance of young people to remain unemployed nearly three times as likely as adults to be unemployed. That means the youth-adult unemployment ratio is about 3.00. According to the Report, the rate of unemployment in sub-Saharan Africa eased marginally with the youth bearing a relatively large burden of the unemployment. Employment remains the main concern of youth in the sub-Saharan Africa, and country variations are important to note. For example, youth unemployment rates in Malawi and Rwanda are under 5%, whereas rates reach above 20% in Ghana, Zambia, and Zimbabwe and above 30% in Mauritius, Botswana, Lesotho, Namibia, Swaziland, and South Africa.

The scenario is similar for Ethiopia where the employment challenge has been pervasive with the youth being the main casualties (Broussard and Gebrekidan 2012). That is, the youth labour market is of particular concern for Ethiopian policy makers as a result of high proportion of youth in the demographic profile of the population size. There is concern that more youth bulge in the demographic structure creates difficult pressures on the labour market and a growing youth population can have important long-run implications on youth unemployment. In 2007, Ethiopia's total population was estimated to be about 73 million people; this represented a 38% increase from the 1994 census result. The total youth population is around 20 million, representing 28% of the

population. By 2014, the Ethiopian population is estimated to be over 90 million with the youth making up around 30 million of that aggregate.

Millions of Ethiopians especially the youth and women are unemployed, underemployed, or in the swelling ranks of the working poor (Genene Bizuneh et al. 2001). According to the 2010 Urban Employment Survey by the Ethiopian Central Statistical Agency, 4,790,958 million out of the 5,907,470 million labor force were reported as employed with the remaining 1,116,512 million people being openly unemployed. That is, the urban population unemployment rate is 18.9%. The corresponding female unemployment rate is reported to be 27.4%, while the male unemployment rate is 11%.

In the Ethiopian national demographic profile, the youth are those within the 15–29 years of age. The aggregate youth unemployment rate for those within 15–29 years in urban areas is found to be 23.3% in the year 2011. Statistical evidence shows that in this category younger females are more affected by the incidence of unemployment compared with their male counterparts. The May 2010 Urban Unemployment Survey result revealed that young females' unemployment was as high as 31.6% compared with the 16.6% for young males. However, the March 2012 survey result reveals that the overall urban unemployment rate is 17.5% and the corresponding male and female unemployment rates are 11.4% and 24.2%, respectively. Although urban aggregate unemployment and youth unemployment have shown a decline in recent periods, the differentials of unemployment by sex show that female unemployment is more than two times as compared to that of males.

The government of Ethiopia has been implementing various policies to address the challenge of poverty and unemployment especially youth unemployment (Woldehanna et al. 2008). The various government policy implementations over the past two decades started to yield positive results for youth employment. In 1991, with the downfall of the Marxist era of the command economic system, the Ethiopian government identified poverty and unemployment as the twin challenges facing the country. The government identified that poverty is the number one enemy of the country, and the agenda of the government is eradication of poverty through pro-poor growth policies. More than 20 years later, and despite numerous policy efforts, poverty and unemployment continues to challenge the lives of many Ethiopians.

A number of policy interventions have been formulated and variously executed to address the challenges posed because of unemployment in Ethiopia. Key among these policies is the growth-oriented development strategy augmented with the widening opportunities for the disadvantaged group especially women and the youth. The government also undertook to engage in direct employment creation, regulate wages, and improve labour market information systems and re-orientation of education and training systems to skill development-based vocational and technical training areas as a means of promoting employment creation.

Starting from the middle of the 1990s, government employment interventions targeted enhancing the acquisition and promotion of efficient use of labour market information, reliance on market forces to mobilize resources for sustained growth, provision of public infrastructure, enhancement of private sector investment, and participation in the economy. More recently, the government of Ethiopia realized the development of micro and small-scale enterprises and promotion of industrial harmony and productivity to curb the urban employment problem. In spite of all these interventions, creation of adequate, productive, and sustainable employment continues to be among the major challenges in Ethiopia.

Urban areas in Ethiopia like in many developing economies are characterized by very high rate of youth unemployment. Urban youth represents more than one fourth of the urban population in Ethiopia. Even though the unemployment rate for this segment of the demographic structure has been declining from as high as 31.5% in 2004 to 17.4% in 2014, still it is high. The literature on urban youth employment in sub-Saharan African economies provide strong evidence that unemployment and underemployment among the youth are often higher than among adults

(Gibb and George 1990); the youth are more likely than adults to be in the informal sector, and less likely to be wage employed or self-employed; and the youth are more likely to work longer hours under intermittent and insecure work arrangements, characterized by low productivity and meager earnings.

Most studies attribute the challenges of urban unemployment to various interrelated and interdependent factors which include a higher rate of urban population growth, failure of the informal sector, cuts in government expenditure, the effect of the structural adjustment programs, rising capital intensity in the production and distribution of goods and services in the modern private sector, low quality of education, and a mismatch between the skill demand of the labour market and the skill supply of the learning institutions (Berhanu et al. 2005). It is also widely recognized that youth unemployment is posing various undesired socio-political and economic costs. Youth unemployment is usually the basis for social crisis, political instability, and prevalence of crime and robbery which are detrimental to economic growth and development (Woldegebriel 2011). The fact that the youth are large in the demographic structure more importantly implies that youth unemployment compels most of the productive labor force segment of the society to remain economically inactive adversely affecting economic growth and development. Thus, this article reviews the challenges and prospects of urban youth (un)employment and government intervention policies in lieu of the following research questions:

- What is the nature and what are the causes of urban youth unemployment in the context of Ethiopia?
- What is the nature and what are the types of government interventions to address the issues of unemployment and elaborate successes, failures, and lessons learned?

## Literature Review and Conceptual Framework

In defining unemployment, different researchers viewed it differently. For instance, Adebayo (1999) defined unemployment as a state in which people who can work are without jobs and are seeking for pay or profit. This definition gives rise to the problem of measurement, especially when we are interested in knowing the average rate of unemployment in the economy over a period of time. Falae (1971) argues that such a definition is too broad because some categories of people who are without work should not really be regarded as unemployed in any meaningful sense because anyone who is unable to work is not counted as unemployed, even though he or she would love to work. Unemployment literally applies to all persons without work and actively looking for work (Encyclopedia Americana 1995). But for Englama (2001), unemployment rate in an economy is the number of people unemployed expressed as a percentage of the total labor force. The total labor force is defined as the number of people employed plus the number of people unemployed within the age bracket of 18–60 years.

Urban youth unemployment stands for the conglomerate of youths with diverse background, willing and able to work in urban areas (Onah 2001). This results in pressures of supply of labor over the demand for labor, thus causing joblessness. Given the lack of sufficient employment opportunities in the formal sector, young people are compelled to engage in casual work and other unorthodox livelihood sources, often of a criminal nature (Gibb and George 1990). According to Todaro (1992), the high rate of urban unemployment is a result of continuous transfer of economic activities and youths from rural to urban areas.

Economic theory attributes the problem of youth unemployment to the problems with supply side of the labour market, the demand side of the labour market, and the labour market information system. According to Birhanu et al. (2005), supply-side factors such as demographic structure, education, and training policies affect the labour market outcomes in an economy. Demand-side issues including aggregate demand of the economy and the absorptive capacity of the economy for labor through development of enterprises and job creation are also key factors that affect unemployment (ibid.). Moreover, the

labour market information system and the institutional and labour market policies can play an intermediary role in the interaction of the supply and the demand sides of the labour market (Mangozho 2002). Worldwide and in Africa as well, the ratio of the youth-to-adult unemployment rate equals 3, which clearly points out the substantial difficulties of youth participation in the labour market. Yet, the youth employment elasticity to GDP growth is low and only a fifth of that observed for all workers (Kapsos 2005).

For Nzinga H. Broussard et al. (2012), the structural strength of the economy and the economic growth rate are important demand-side determinants of youth unemployment, while human capital formation through education and training is a key supply-side determinant of youth unemployment besides the intermediation role of the labour markets information system. For Okojie (2003), supply-side factors such as rapid population growth and poor quality education and demand-side factors mainly explained by poor economic performance and a weak and small-sized private sector are responsible for unemployment.

A study by Tegegn Gebeyaw and Tesfaye Chofana (2012) using cross-sectional data on urban youth unemployment in Ethiopia identified that tanning and education attendance are basic determinants of urban youth unemployment. Youth unemployment in urban Ethiopia is very high mainly because of rapidly increasing labor supply which is not compatible with macroeconomic conditions in general and the performance of the industrial sector in particular (Getinet 2003). A World Bank study in 2007 on challenges and prospects of the urban labour market in Ethiopia found that despite overall growth in the economy, the urban sector has not yet become a dynamic engine for growth, employment creation, and poverty reduction as a result of the segmentation of the labour markets into three broad segments: the relatively privileged public sector; the private formal, and the large informal economy, which is mainly characterized by small scale and more "survival" than entrepreneurial.

The presence of relatively large youth cohorts is a factor that generally can be argued to reduce the opportunity cost of young persons (Collier 2000; Machunovich 2000). Specifically, social or economic marginalization might prevent the accumulation of human capital and wealth and increase competition for employment, thereby reducing the "alternative cost" to engaging in violence (Collier 2000; Collier and Hoeffler 2004). Large youth cohorts have been argued to be particularly likely to face unemployment, expansions in higher education with limited employment opportunities, lack of political openness, and crowding in urban centers (Braungart 1984; Huntington 1996; Cincotta et al. 2003). Hence, youth engage in violence as a means to redress economic, political, or social inequalities and perceived grievances.

Economic activity is an important variable in determining youth unemployment. When the economic activity is healthy and developing, employment as well as youth employment will be better. The economic downturns and crises can affect employment as well as youth employment negatively. Youth unemployment also depends partly on economic activities, demographic conditions, and individual characteristics of youth themselves (Freeman and Wise 1981). After the global crises, the number of unemployed young people has increased from 73.5 million in 2007 to 77.7 million in 2010. The business cycle has an important effect on general employment as well as youth unemployment. But generally in the economic recession, the rate of youth unemployment increases more than adult unemployment. For Borowski (1984), when the excessive supply of labor occurs in the recession, employers prefer mature workers rather than unpracticed youth workers.

Policy makers around the world consider different intervention policies to counter the adverse social, political, and economic consequences of urban youth unemployment. The common intervention mechanisms usually target the failure of the demand and supply sides of the labour market. To address the challenges of the demand side of the labour market, governments use promotion of economic growth through public and private sector investments and development of skills through education and tanning to address the failures in the supply side of the labour market while improving the intermediation role of the labour

market information system. According to Tomas Stenstrom et al. (2006), globally in developing economies there is a growing interest in the need to link job creation to infrastructure investments such as housing, transport, urban redevelopment, and municipal service delivery to urban and local development policies. Based on the reviews and discussions in the preceding section the, the conceptual framework of this paper is developed. The schematic design of the conceptual framework, therefore, is as follows (Fig. 1).

## Urban Youth Employment in Ethiopian Context

The problem of unemployment basically arises from two essential dimensions of the labour market – the demand and supply sides of the market (Okojie 2003). The demand-side dimension of the labour market is associated with the capability of the economy to generate employment opportunity for various skill categories as per the requirement of the economy (Broussard and Gebrekidan 2012). The supply-side dimension of the labour market deals with whether the skill levels of available labor force match with the type of skills that the economy demands. In addition to the labour market dimensions, labour market institutions such as the governance of labour market-industrial relations and labour market services play a significant role in employment promotion (Mangozho 2002). This implies that ill-governance of labour market institutions could lead to unemployment problem.

### The Demand Side of the Labour Market

Unemployment and particularly youth unemployment is closely linked to the state of the economy (Broussard and Gebrekidan 2012). The capacity of the economy to generate new job opportunities directly affects the state of urban youth unemployment. Therefore, it is important to analyze the structure as well as the performance of the Ethiopian economy to look at its implication on the urban youth unemployment problem. The agricultural sector is the dominant sector in the Ethiopian economy with over 41% to Gross Domestic Product (GDP), 60% of exports, and employing approximately 83.5% of the country's population. The agricultural sector in Ethiopia employees the rural segment of the population and job

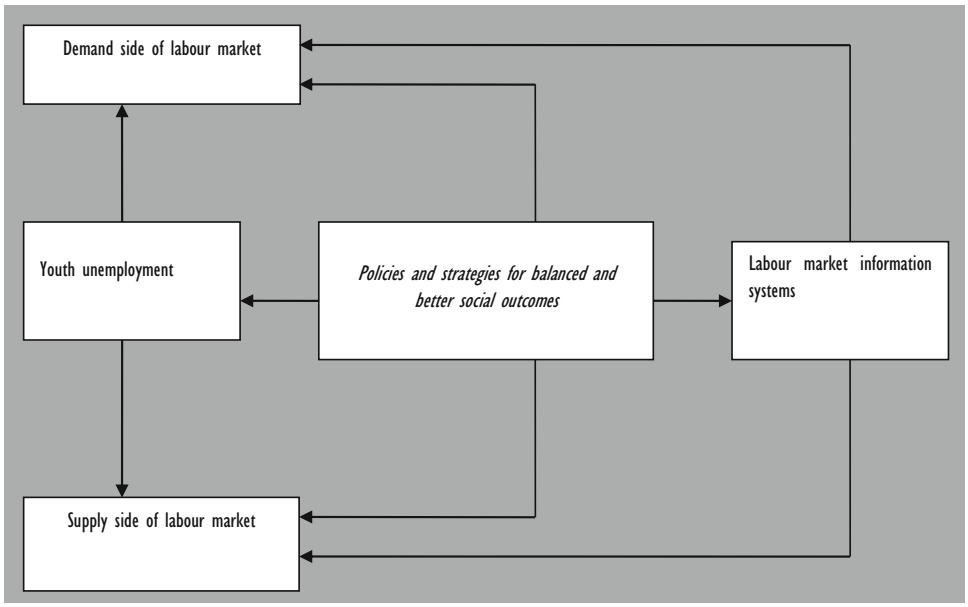


**Employment Creation for Youth in Urban Areas of Developing Economies: The Ethiopian Experience, Fig. 1** Schematic design of the conceptual framework. (Source: Author's construction)

opportunity for urban youth in this sector is out of reach. The second largest contribution to the national GDP of Ethiopia comes from the service sector. Recent reports revealed that the contribution of the service sector to Ethiopian gross domestic product is about 46%. The service sector of the economy has not only shown flamboyant performance with regard to its contribution to the GDP in recent years but also generated significant employment opportunity. However, recent evidence reveals that the industrial sector is getting into momentum in generating employment although the industrial sector's contribution to GDP is very minimal with about 13% comparative to the two dominant sectors in Ethiopian economy. This indicates significant structural weakness of the economy (see Fig. 2). Employment opportunity for urban youth is directly related to the development of the industrial sector of the economy. The low level of development in the industrial sector of the economy therefore is one of the major issues that explain urban youth unemployment problem.

Ethiopia terminated the structural adjustment program in 2002/2003 and since then has achieved a remarkable economic growth for which she received complementary report from the World Bank and International Monetary Fund (Woldehanna et al. 2008). The remarkable economic growth rate performance of double digit



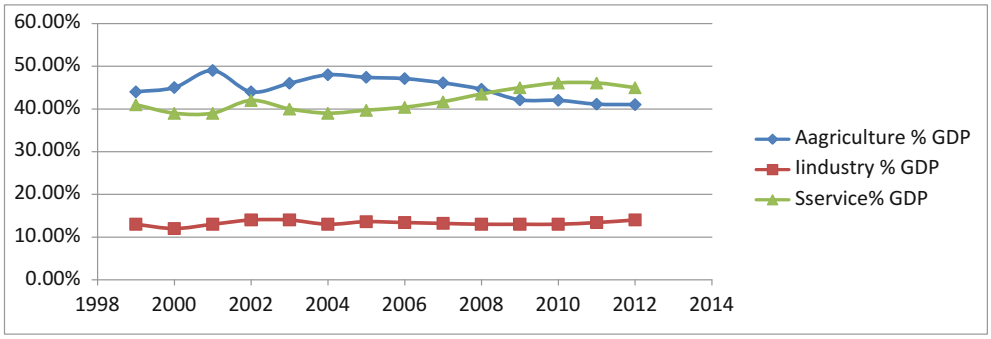


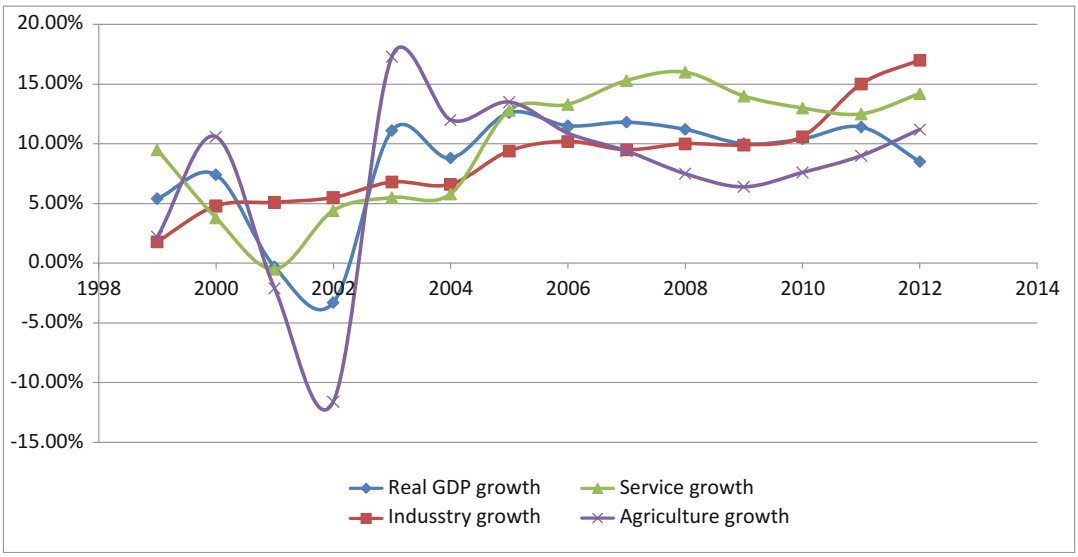


**Employment Creation for Youth in Urban Areas of Developing Economies: The Ethiopian Experience, Fig. 2** Sectoral Gross Domestic Product (GDP) composition and Sectoral Gross Domestic Product (GDP) growth rate. (Source: National Bank of Ethiopia, 2014)

in recent years is because of the implementation of pro-poor growth policies leading to significant reduction in poverty level. The average economic growth rate between 2003/2004 and 2012 is about 10%, a figure well above the planned target of growth. The economic growth record is attributable to congenial pro-poor growth policies. In recent years, the government has adopted a robust growth and poverty reduction strategy, focusing on infrastructure development, commercialization of agriculture, improvements in access to basic services, as well as private sector development, including the creation of appropriate regulatory and institutional frameworks to support private business.

It is understandable that growth is central to employment creation. According to the 2007/2008 Population and Housing Census, employment grew by a mere 2.2% between 1995 and 2008, while unemployment grew by 4.4% over the same period. This suggests that growth has not generated adequate employment opportunities. A more recent urban employment and unemployment survey, however, shows that the urban unemployment rate declined from 26.2% in 2007/2008 to 18% in 2010/2011. The expansion in employment opportunities in major urban areas is attributed to, among others, the boom in construction activities and expansion in public sector employment. Growth has certainly helped generate employment, but not sufficiently. Despite its remarkable growth performance, the country faces major challenges in terms of providing adequate employment opportunities for the growing labor force in general and for young people in particular. According to the 2007/2008 census, youth, defined as those between 15 and 24 years of age, accounted for 20.5% of the total population. Youth activity rate was 64% in 2007/2008, yet young people accounted for only 27% of the total employed population (ibid.). From the total employed youth population, a significant proportion were in the agricultural sector, distantly followed by wholesale and retail trade, suggesting that young people are mainly engaged in sectors with low productivity and, hence, low incomes.

Figure 2 above using data from the National Bank of Ethiopia depicts the annual growth rates of GDP and for each sector. Since about 2005, the service and the industrial sector since 2007 have outgrown the agricultural sector constantly. Yet while most of the country's growth potential appears to come from the industry and services sectors, the government has chosen to emphasize the agricultural sector in pursuing economic growth under the agricultural development-led industrialization policy umbrella. Between 2004 and 2013, the service sector exhibited remarkable performance (far more than planned); however, the industrial sector under-performed and even failed to hit its base case scenario in the Five-Year Plan target. This is one more clear fact to evidence the existence of substantial structural weakness in the economy as success in the industrial sector is believed to be the key for sustainable employment and growth of the economy. The demand-side problems of the labour market in African economies is attributable to the structural weakness of the economies, saturated public services, and small private sector bases that are unable to employ large numbers of people.

### The Supply Side of the Labour Market

The supply side of the labour market is concerned with whether or not the skill levels of available work force match with the type of skill that the economy requires. Primarily, it is concerned with enhancing and increasing labor productivity, which can be achieved mainly through education and training. For Martha Kibru (2012), access to relevant and quality education plays a substantial role in explaining the incidence of unemployment. According to, the literacy status of the surveyed urban population of the country aged 10 years and above was found to be that 80.2% and 19.8% are illiterate. The proportion of literates among the males (89.4%) is higher than that of the females (72.0%). The lowest proportion of illiterate has been observed for males (10.6%) against (28.0%) females. However, the unemployment rate among the urban areas for the four recent survey periods shows that the unemployment rate of literate persons is higher than illiterate persons. Nonetheless, the level of unemployment for young people with technical and vocational training (TVET) is very low, which indicates that the expansion of technical and

vocational education and training (TVET) is central to reducing youth unemployment. Furthermore, the result illustrates that the unemployment rate of literate and illiterate persons declined during the four survey periods. Among the literate group, the highest rate of unemployment is found for those who did not complete secondary, secondary completed and preparatory education level. The lowest unemployment rate is reported those who had degree and above about 7.3%. Of the total employed youth population, a significant proportion were in the agricultural sector, distantly followed by wholesale and retail trade, suggesting that young people are mainly engaged in sectors with low productivity and, hence, low incomes.

The surprising result in this analysis is that unemployment is adversely affecting more the literate relative to the illiterate. This implies that there is mismatch between the skills developed by education curriculum and the skill that the economy demands. This is attributable to the theory orientation of the general education system of the country in the 1980s and early 1990s. Theory-oriented education system ignores the development of skills which are essential to be effective at the workplace and is neither good at development of entrepreneurial and innovative capabilities. The theory orientation of the education system in Ethiopia without due emphasis on vocational and technical trainings failed to improve the cognitive skills of students and their aspiration for success. Hence, the analysis in this paper culminates with the conclusion that the fundamental problem with the supply side of youth unemployment lies with mismatch between the skill that the training and education institutions entrust in their students and the skill that the labour marker requires. Mismatch between educational systems and the skills needed in the labour market is one of the fundamental and noticeable causes of youth unemployment in sub-Saharan African economies.

## The Labour Market Information System

Labour-market information system refers to the manner in which information in the supply side of the labour interacts with the demand side of the labour market. Labour market information system can be defined as a set of institutional arrangements, procedures, and mechanisms that are designed to coordinate the collection, processing, storage, retrieval, and dissemination of labour market information (Sparraboom 1999). It is the system with which job seekers and employers get access about the labour market performance. That means institutional mechanism should be in place to collect, analyze, and report the performance of the labour market to job seekers and potential employers. Lack of labour market information system is one of the major impediments to the desired matching between the supply side and the demand side of the labour market. That means employment services are very important to properly align both sides of the labour market. Such services include but are not limited to registration of job seekers into a database system, counseling and guidance services, job matching, and labor exchange referral to active labour market programs.

Employment services managers need general information on vacancies, job seekers, changes in skill and occupational requirements, career prospects in various industries and occupations, and education and training programs in planning for employment services delivery. Employment services placement staff need rather specific information on both job vacancies and job seekers to be able to successfully match vacancies with job seekers. As far as job vacancies are concerned, they need to know the location, title, description, skill and experience requirements, remuneration levels, and working conditions associated with each vacancy. In the case of job seekers, placement staff requires specific information on each individual's education, training, and work experience. This information allows the staff to select the appropriate occupational codes for each vacancy and each job seeker so that matching can take place. Vocational guidance and career counselors need occupational outlook information that provides them with a sound understanding of changes taking place in the occupation and skill requirements of the labour market. In addition, they need access to information on the location, timing, entrance requirements, and

availability of education and training programs. This type of information can provide guidance and counseling staff with insights and information that allow them to help clients make and pursue realistic career choices.

Ethiopia has documented an employment policy, and the Ministry of Labour and Social Affairs is in charge of the collection, analysis, documentation, and distribution of the labour market information at the country level. Congruously, the Ministry of Labour and Social Affairs has been publishing the Labour Market Information Bulletin meant for dissemination of the labour market information to stakeholders on an annual basis. The publication incorporates varieties of information collected and analyzed from such sources as census repots, labor force survey, employment survey, and educational statistics of the federal ministry of education.

Although labour market information is useful in matching the demand and supply side of the labour market as well as in supplementing the design and execution of labour market intervention policies, the scenario in Ethiopia shows that the labour market information system is weak even to provide the basic employment services (Kibru 2012). A labour market study by the World Bank proved that both the private sector brokers and the public sector labour market information providers are weak to serve the market function properly (World Bank 2007). This fact leads to failure of employers to attract the most qualified. In a similar fashion, qualified job seekers cannot find sufficient jobs and revert to personal networks to get employed. That means lack of the informal networks would lead to unemployment causality for qualified urban youth. Currently, the labour market information system in Ethiopia is insufficiently developed to provide information for both job seekers and employers. Moreover, the available information on labour market developments in the country is often fragmented and limited in scope or out-of-date. The relevant labour market institutions which are causes of youth unemployment in Africa include labour demand barriers, such as observed discrimination by employers toward young people on the grounds of lack of experience; information gaps between job seekers and potential employers. Hence, strengthening the labour-market information system is therefore very important so that it can play its intermediation role between the supply side and the demand side of the labour market.

## Government Intervention Policies and Practices

It is the nature of holistic employment creation policy to address the problems of the demand side and the supply side of the labour markets. The Ethiopian government has been implementing programs which provide unskilled young people with short-term employment that can serve as work experience in fields such as road construction, maintenance, irrigation infrastructure, reforestation, soil conservation, and urban sanitation programs. The Ethiopian government development policy has been based on the use of labor-intensive technologies owing to the labor force endowment of the country. The government has maintained significant intervention in the key economic sectors such as the sugar industry, the telecom services, cement production, banking services, and energy generation and distribution which are employment intensive. The government of Ethiopia has been investing a significant portion of its budget to infrastructure development and poverty-targeted programs specifically the social sector development and economic development programs. In its investment to infrastructure development, the government deliberately pursued labor-intensive approach with the view to create job opportunity for thousands of unemployed youth. However, the employment gain in Ethiopia from public infrastructure investments is limited (Kibru 2012). Nonetheless the contribution of the construction industry has been enormous to the employment creation efforts of the government. This sector is foreseen to continue to generate significant level of jobs as stipulated in the *Growth and Transformation Plan* crafted for 5 years from 2010 to 2014. According to the Growth and Transformation Plan, the basic infrastructure development construction could generate 1,264,598 employment opportunities over the

plan period, the target beneficiaries being the youth.

Private sector development is instrumental and a major employer in a civilized society with capitalist economic system. The recent development in Ethiopia also follows this pattern. In transition economies like Ethiopian economy, the development of the private sector requires support from the government. Policies conducive to enhancement of the productivity of the private sector are important for this purpose. Equally important is the improvement of the linkage between the formal and informal sectors of the economy. The prevalence of informal economic activities is natural in Ethiopia as it is in transition economies. That means improving the complementarities between the informal and formal sectors of the economy can enlarge the business activities making more job opportunity.

The policy environment of the pre-1991 Ethiopia significantly restricted private sector investment if not considered totally banned under the Marxist-Leninist social policies of that regime. In that regime, the maximum capital investment allowable for private owners was limited to Br 250,000. With the complete demise of the socialist era in 1991, there have been significant economic reform measures undertaken to make the business environment congenial to entrepreneurship and private sector investment. The government implemented extensive deregulation and liberalization policies with proper proactive actions. The aim being the creation of cordial business environment for the promotion of private sector investment, the government has been providing supports of diverse form to entrepreneurs and industrialists that yielded significant and progressive record development in promotion of private investment both domestic and foreign investments.

Cognizant of the social and political consequences of youth unemployment, the government has designed and implemented programs which targeted job creation for the youth over the last decade (Serneels 2004). The most noticeable policy actions were the introduction of *Micro and Small Businesses Development Strategy and Industrial Development Strategy* with the purpose of promotion of private sector development so that it plays a significant role as engine of economic growth and development. Since the *Micro and Small Enterprises Development Strategy was crafted in 2004*, the youth has been encouraged to enter into micro and small enterprises in an organized way with special support rendered from the government. The support includes provision of entrepreneurship and business management training, mutual guarantee credit services through micro-finance institutions, market linkage services, relevant technology research, business development services, and basic infrastructure deemed necessary for their operation. The government has shown its commitment to continue supporting the development of micro and small enterprises in an institutional and coordinated approach by the established Federal Micro and Small Enterprises Development Agency, and state governments stepped in by establishing similar agencies at regional levels. Ethiopia's policy of generating employment for the youth through enhanced skill development in the economically active population is similar to what is in practice in its counterparts of sub-Saharan African economies (UNECA 2011). As part of the efforts to boost job opportunities for young people, countries such as South Africa, Kenya, Tanzania, and Tunisia have developed young entrepreneurship programs and business start-up schemes supported by Small Business Development organizations, which provide technical skills for new businesses. Another strategy used by other African economies not introduced by Ethiopian policy makers so far is provision of incentives to firms for the hiring of young people. Such efforts have yielded some positive results; for example, 1.27 million jobs were created in Tanzania over the last 3 years as a result of these programs according to the evidence from the 2011 fact sheet of the United Nations Economic Commission for Africa.

The implementation of Micro and Small Businesses Development Strategy and Industrial Development Strategy has recorded enormous achievements in the creation of employment opportunity for the youth in urban areas. It has benefited

millions of youth in Ethiopian urban areas since its inception. Statistical evidence from the Federal Micro and Small Enterprises Development Agency revealed that the sector created employment opportunity for more than 1,150,000 unemployed youth in 2011 in Ethiopian urban areas. The Micro and Small Enterprises Development Agency has managed to achieve encouraging results in supporting the development of enterprises that are employment intensive so far. There are large numbers of micro and small-scale enterprises graduated from their original level and transformed to medium-scale industries. This could be proving for the successful support rendered from the government to the development of the sector on the one hand and the capacity of the sector in employment generation and poverty reduction on the other hand. However, critics argue that the micro enterprise operators are developing dependency syndrome being locked into the market linkage established by the government. Although the sector has shown its contribution to economic growth and development, there are a number of constraining factors that hinder its growth. The basic constraining factors are associated with inadequacy of the provision of working premises, prototype development trainings, and infrastructure and credit facilities (Kibru 2012). These constraining factors explain the challenges of youth employment in sub-Sharan African economies. Biers to the creation and development of business opportunities, particularly in gaining access to financial, physical, and social capital, are basic problems for job creation for the youth (UNECA 2011). This implies that periodic evaluation of the working policies and strategies with the aim of innovative amendment is vital to exploit the contribution of the private sector development to employment creation and poverty reduction.

To supplement the demand side of the labour market, the government of Ethiopia introduced specific and youth-targeted programs. One of such programs is the cobblestone project in urban Ethiopia which was initiated by the Engineering Capacity Building Program supported by the German Development Cooperative (GTZ). Since 2007, the Engineering Capacity Building Program has been training the youth in traditional crafting of cobblestone paving with the dual objective of creating jobs for youth and creating clean, attractive pavement roads in Ethiopian towns. It is based on the principle of local resource utilization in a labor-intensive manner to pave roads and public spaces using environmentally amicable approach adopted from the German experiences. The project created jobs for the youth organized to operate micro and small enterprises. This means construction of pavements in towns and cities enabled creation of new micro and small enterprises thereby boosting housing investment. Available evidence shows that the project has resulted in the creation of more than 2,240 micro and small enterprises and employed more than 489,000 (40% of the beneficiaries are women) youth in urban areas of Ethiopia by the end of 2013.

Also the integration of the employment strategy to Urban Housing Development Policy has contributed to employment creation, most of the beneficiaries of which are unemployed urban youth. The integrated urban hosing development program ultimately targets the unemployed poor particularly the unemployed youth, in that the micro and small enterprises in the construction sector tend to be labor intensive and employ low-skilled workers. The participating micro and small enterprises are usually established by youth who either graduated from a TVET or have had certain experience in the construction sector. The federal as well as the regional housing development offices provide different forms of assistance to the firms participating in the program. The program commissioned in 2004 set up an ambitious goal of constructing 400,000 low-cost condominium houses, creating job opportunities for 200,000 people, and promoting more than 10,000 micro and small enterprises all over the country between 2005 and 2010 (Un-Habitat 2011). By 2013, the program had constructed about 280,000 houses, created 500,000 new jobs, boosted the technical capacity of the construction sector, and enhanced the number and capacity of micro and small enterprises.

As discussed earlier in the supply-side problems of the labour market, the youth are challenged due to unemployment because of the mismatch between their skills and the skill

the economy requires. The most noticeable reaction from the government to this problem was the policy reform introduced to the education system of the country to transform the century-long theory-oriented education into practice orientation and skill development. Up to the middle of the 1990s, the orientation of the education system of Ethiopia was on theory rather than development of skills essential for effective practical exercise and entrepreneurial innovation. Comprehensive education system reform was introduced in 1994 with due consideration of the deficiency in the previous education system. The phases of education cycle classification in the previous system were as follows: grades 1–6 are primary school, grades 7–8 junior secondary school, and grades 9–12 secondary or high schools. At the end of the 12th grade, students were given Ethiopian school leaving certificate examination to qualify for tertiary education. But a few of the examinees go for university study owing to the limited number of higher learning education institutions leaving the rest without opportunity for higher-level skill development. According to an urban employment survey by the Central Statistical Agency in March 2012, those with general education are substantially victims of unemployment.

Amid the education sector reform, Ethiopia has recorded remarkable development in access to primary education and literacy. There has also been evidence for significant improvement in access to primary education and literacy across Africa in the last decade (UN 2010). According to the United Nations 2010 Millennium Development Goals Report, However, the increase in primary education enrolment rates has not necessarily been followed by an equivalent increase in secondary and tertiary education rates, especially for young women and girls. The 2011 *African Youth Report* confirmed that when it comes to tertiary education among youth populations, the increase in primary education enrolment has not been accompanied by an equivalent rise in secondary and tertiary education enrolment. The participation of women and young girls is significantly lower at the tertiary level compared with the participations in primary education. Increased provision of post-primary education could provide the youth with the hard and soft skills that will enable them to compete effectively in the labour market both domestic and global. This education deficit particularly affects socially excluded youth people especially young women. Ethiopia like many African countries has achieved gender parity at the primary education level. However, disparity remains significant, especially at the tertiary education level.

The new education system introduced in Ethiopia after the reform classified the phases of the education cycles in the following manner: grades 1–8 are primary schools, and grades 9–10 are the first cycle of the secondary school. The policy stipulates that these levels provide general academic education that prepares the students for further education and skill development. Grades 11–12 are second cycle secondary schools or preparatory schools for college and university educations. Only those who scored qualifying results on the national exam offered at the end of the 10th grade would be promoted to the preparatory schools. Those who do not achieve the necessary results for admission to the preparatory schools are provided with the opportunity to pursue formal education thorough Technical and Vocational Education and Training (TVET) which ranges from 1 to 5 years based on the level of competency the trainees want and the nature of the field of study chosen. For this purpose, a great number of polytechnics and technical training institutes were established to provide technical training in different trades and at various levels in a bid to strengthen the employability of the youth. This is the landmark departure of the current education system from the previous education system of the country in which most of the secondary school complete remain helpless for further skill development. The positive impact of the Technical and Vocational Education and Training programs in enhancing employability of the youth in Ethiopia has been documented in various studies although comprehensive evaluation of the impact of the policy reform is yet to come. The impact of participating in training programs increases the probability of being employed by 25% in urban areas of Ethiopia and by about 13% in rural areas (Guarcello and Rosati 2007).

In a bid to improve the employability of the youth, the government has been investing substantial portion of the public budget to the expansion of universities that accept qualified candidates from the preparatory schools. There have been enormous achievements with this respect, and the number of universities just like the polytechnics and technical training institutes has been considerably increased from as low as 2 in 1991 to 31 in 2012. Moreover, the government devised modes of linkage between higher education institutions and the industry and initiated curricula reforms to ensure relevance of higher education to Ethiopian economy. In spite of all these efforts, the fact that the economy could not absorb the graduates and unemployment started to challenge the literate is evident (Kibru 2012). This is partly attributable to the lower quality of education and of course to the mismatch in skills desired by the economy and skills embedded in the graduates. The lower quality of education is because of the capacity constraint of the poor government of a poor country to equally pursue expansion of access to education and assurance of the quality of education. However, the government has shown its commitment to ensure the quality of education in an institutionalized approach and established Higher Education Relevance and Quality Agency (HERQA) affiliated with the Ministry of Education so as to enforce quality standards of higher education to remedy the quality problems.

## Conclusions and Policy Implications

The principal reasons for Ethiopia's youth unemployment rates are a mismatch between educational systems and the skills needed in the labour market and small private sector bases that are unable to employ large numbers of people coupled with the structural weakness of the economy that is dominated by the agricultural and service sectors with the contribution of the industrial sector limited to about 13% in the gross domestic product.

The finding of the study implies that current efforts have gone into building young Ethiopian's knowledge and skills through the provision of basic levels of education and vocational training. However, in the new global economy, young people need to acquire more than just basic education, and curricula should be influenced by the current rate of globalization and regional integration. Investing in education and skills development for young people should therefore go beyond increasing basic literacy rates to assure dynamic, multifaceted knowledge building at higher and tertiary levels. This will go a long way in preparing young people for the evolving labour market. Investment into education has to be focused on the development of skills and innovative powers of the youth so that they can effectively compete in the labour market. For this reason, it is commendable to strengthen the technical and vocational education and training (TVET) and polytechnics that entrust practical skills into graduates thereby improving the employability of the youth.

Demand-driven investment into human capital through education and skills development for young people remains of paramount importance to Ethiopia because of the return on education and the contribution to poverty reduction. To this end, it is important to ensure the participation of the industry operators in the design and implementation of educational curricula. Employers have an important role to play in improving the profile of vocational education for young people. Unemployment, underemployment, decent work, and integration into the mainstream of development remain priority concerns for young Ethiopians.

In establishing policies for youth employment, emphasis has to be given to the demand side of the labour market specifically concentrating on promoting economic growth and job creation. With this regard, the recent double-digit economic growth that Ethiopia witnessed has obviously created job opportunity for many young Ethiopians. However, it neither created sufficient job opportunity nor changed the structural weakness of the economy so far. This implies there is a need to pursue growth policies and strategies that are labor intensive. That is, government investment into infrastructure development has to maintain its momentum, and private sector development in the industrial sector has to be encouraged. Entrepreneurship has to be promoted making it easier to start and run enterprises in order to

provide more and better jobs for young people, and employment creation has to be enhanced placing job creation at the center of the macroeconomic policy. Central to the promotion of economic growth and development is promotion of investment to the real sector of the economy. For this purpose, it is essential to periodically evaluate and revise the incentives provided for investment to redirect the allocation of the available capital to industrial development. The development of micro and small enterprises has to be strengthened, encouraged, and facilitated by the government offices in charge of this responsibility because the sector practically proved to be one of the fundamental solutions to urban youth unemployment in Ethiopia.

Enhancing the labour market information system through investments to improve information resources for youth is essential to avoid the mismatch between skills that educators entrust to their graduates and the skill that the economy requires. In a poorly developed labour market information system, many young people inevitably stumble in their initial career steps due to poor information about the world of work, leading to poor choices about education and careers. High-quality labour market information and career guidance can help youth make better informed decisions about their future including the selection of academic/vocational programs, a decision to complete high school, and an optimal combination of education and work. Thus, it is important to enhance the capacity of the labour market institutions.

## References


Adebayo A (1999) Youth unemployment and National Directorate of Employment and self-employment programmes. Niger J Econ Soc Stud 41(1):81–102

Berhanu et al. (2005) Employment Strategy Papers: Characteristics and Determinants of Youth Unemployment, Underemployment and Inadequate Employment in Ethiopia. Employment Policies Unit, Employment Strategy Department, International Labor Office, Geneva

Borowski A (1984) A comparison of youth unemployment in Australia and the United States. Mon Labour Rev 107:30–36

Braungart RG (1984) Historical and generational patterns of youth movements: a global perspective. Comp Soc Res 7(1):3–62

Broussard NH, Gebrekidan T (2012) Youth unemployment: Ethiopia country study. International Growth Centre working paper 12/0592. London School of Economics and Political Science, London: United Kingdom

Cincotta RP, Engelman R, Anastasion D (2003) The security demographic: population and civil conflict after the cold war. Population Action International, Washington, DC

Collier (2000) Doing Well Out of War: An Economic Perspective. In: Mats Berdal, David M (eds). Greed and grievance: economic agendas in civil wars, Boulder, Colo (pages: 91–111), Lynne Rienner Publishers

Collier P, Hoeffler A (2004) Greed and grievance in civil war. Oxf Econ Pap 56:563–595

Englama A (2001) Unemployment: concepts and issues. Bullion Publication Central Bank of Niger 25(4):1–6

Falae SO (1971) Unemployment in Nigeria. Niger J Econ Soc Stud 13(1):65–80

Freeman RB, Wise DA (1981) The youth labour market problem: its nature, causes, and consequences. University of Chicago Press, Chicago

Gebeyaw T, Chofana T (2012) Youth unemployment trend and its association with education and training in urban Ethiopia evidence using pooled cross sectional data from urban employment-unemployment surveys. J Afr Dev Stud 5(1):31–58

Genene Bizuneh et al. (2001) work status and unemployment in urban Ethiopia: in depth studies from the 1994 population and housing census in Ethiopia, Italian multi –bi research project ETH/92/P01. Central Statistical Authority, Addis Ababa, Ethiopia

Getinet (2003) The incidence of youth unemployment in urban Ethiopia. Conference paper presented at the 2nd EAF conference, Addis Ababa, Ethiopia

Gibb AA, George M (1990) The design of extension and related support services for small scale enterprise development. Int Small Bus Dev J 8(3):10–12

Grolier Incorporated (1995) Encyclopedia Americana International. Danbury, Connecticut (United States): Grolier, 30:316–327

Guarcello L, Rosati F (2007) Child labor and youth employment: Ethiopia country study. SP discussion paper no.0704. The World Bank, Washington DC, Unites States

Huntington SP (1996) The clash of civilizations and the remaking of world order. Simon & Schuster, New York

Kapsos S (2005) The employment intensity of growth: trends and macroeconomic determinants. Employment strategy papers. International Labour Office, Geneva

Kibru M (2012) Employment challenges in Ethiopia. Addis Ababa University, Ethiopia

Machunovich DJ (2000) Relative cohort size: source of a unifying theory of global fertility transition? Popul Dev Rev 26(2):235–261

Mangozho N (2002) Current practices in labour market information systems development for human resources development planning in developed, developing and transition economies. International Labour Office, Geneva

Okojie CEE (2003) Employment creation for the youths in Africa. Int J Adolesc Youth 1(131):1–13

Onah FO (2001) Urban unemployment situation in Nigeria. In: Ezeani EO, Elekwa NN (eds) Issues in Urbanization and Urban Administration in Nigeria: Enugu: Jamo Enterprises. pp. 154–167
Sparraboom (1999) Unemployment and underemployment in southern Africa. INTER-STAT, 20:7–34
Serneels P (2004) The Nature of Unemployment in Ethiopia. CSAE WPS/2004-01
Todaro M (1992) Economics for a Developing World. 2nd Ed. England: Longman Group, U.K. Limited
Tomas Stenstrom et al. (2006) Job creation in municipal service delivery – experience from Ghana, South Africa and Tanzania Youth Employment and Urban Development Knowledge Sharing Workshop on Employment Creation in Municipal Services Delivery Improving Living Conditions and Providing Jobs for the Poor
UN (2010) Millennium Development Goals report. http://www.un.org/millenniumgoals/pdf/MDG%20Report%202010%20En%20r15%20low%20res%2020100615%20-.pdf
UNECA (2011) Africa Youth Report: Addressing the Youth Education and Employment Nexus in the New Global Economy
Un-Habitat (2011) Condominium Housing in Ethiopia: The Integrated Housing Development Programme. Housing practices series United Nations Human Settlements Programme: Nairobi, Kenya
Woldegebriel (2011) Factors Influencing Affected Group Participation in Urban Redevelopment in Addis Ababa: The Case of Senga Tera-Fird Bet I Project. International Institute of Urban Management, Erasmus University of Rotterdam
Woldehanna T, Hoddinott J, Dercon S (2008) Poverty and inequality in Ethiopia: 1995/96–2004/05. Soc Sci Res Netw. http://doi.org/10.2139/ssrn.1259341
World Bank (2007) Ethiopia: Urban Labour Markets in Ethiopian: Challenges and Prospects. Synthesis Report. Vol I & II

# Empowerment and National Fisheries Policy Implementation in Uganda

Joshua Mugambwa, Isaac Nkote Nabeta, Mohamed Ngoma, Nichodemus Rudaheranwa, Will Kaberuka and Chrisostom Munene
Makerere University Business School, Kampala, Uganda

## Synonyms

Enabling policy action; Policy decisions; Policy practice

## Definitions

| | |
|---|---|
| National Fisheries Policy implementation | It refers to putting policy objectives into effect. |
| Structural empowerment | It relates to practices, aimed in obtaining access to structures in the work environment through support, information, and resources, which offer workers opportunities to share in the decision-making processes, increase decision-making authority, and improve execution of policy implementation tasks. |
| Public policy | It is whatever a government chooses to do or even not to do. |
| Policy implementation | It is putting policy decisions into effect. |
| Power | It is the ability to influence others through the possession of knowledge or skills that are useful to others. |

## Background

The National Fisheries Policy (NFP) was adopted in 2004 in Uganda to transform, develop the fishing industry, and ensure sustainable exploitation of the fisheries resources; the NFP implementation is aimed at improving livelihoods and alleviating poverty in fishing communities through sustainable fisheries management. However, the rural areas where fishing takes place constitute 89.3% of national poverty. The NFP implementation is faced with challenges that include increasing encroachment and overfishing leading to declining fish stocks, with resultant poverty among the fishing community, food and nutritional insecurity, job insecurity, and conflicts evident on all major Ugandan lakes. The NFP implementation was decentralized to local governments through Beach Management Units (BMUs). BMUs are legally institutionalized as community institutions with a co-management function to develop, conserve, and sustain the fisheries resources. However, the little impact of

BMUs is evidenced by the fish stock reductions (Kayiso 2009).

The declining fish stocks raise concerns about the incomprehensiveness in the implementation of the National Fisheries Policy in Uganda. Some fish processing factories closed due to lack of fish. Coercion, dominance, and authoritarian power have had marginal contributions. In the process of controlling illegal fishing, people have lost lives. Consequently, this situation has escalated poverty, single mothers, and uneducated children who desperately use illegal means while fishing for survival. It's evident that if power continues to be practiced as authority, coercion, and oppression, the National Fisheries Policy may not achieve its goal of ensuring sustainability of fisheries in Uganda (Mugambwa et al. 2017). The inability to tackle these challenges threatens the sustainability of fisheries given that some communities entirely depend on the fisheries resources for their livelihood. The concern here is how the different forms of empowerment influence the fisheries policy implementation in Uganda. "Kantian empowerment" which includes power, support, and information can facilitate fisheries policy implementation. Technical officers must be trained, informed, and supported. Structural empowerment theory offers an integrative lens through which a better understanding of how empowerment in fisheries can be achieved and used to inform fisheries management that is ecologically and socially sustainable.

The ineffective and incomprehensive implementation of the National Fisheries Policy can be attributed to deficient empowerment. The purpose of this entry is to examine the relevance of structural empowerment in NFP implementation. This entry is built on studies of Neiland (2005) and Bene et al. (2010) who deliberated on the significance of power in the fisheries sector through local co-management in sub-Saharan Africa. However, the previous studies leave a gap of being unelaborate in prescribing the forms of empowerment necessary for fisheries policy implementation. In agreement with Bene et al. (2010), this entry observes that outcomes of decentralized co-management reforms have not been systematically positive. In some developments, local actors advance theirs agendas and promote illegal fishing.

The rest of the entry proceeds as follows; the subsequent section deals with structural empowerment and policy implementation. The entry ends with a conclusion.

## Structural Empowerment and National Fisheries Policy Implementation

Structural empowerment involves the opportunity to do challenging work, the chance to gain new skills and knowledge. Effective structural empowerment includes collective involvement and a supportive environment, which creates a sense of local bonding. Structural empowerment improves institutional decision-making, involvement, and functioning in policy implementation. Structural empowerment therefore facilitates professional practice and explains the direction of policy implementation. Previous studies have concentrated on empowerment in organizations, and little work is on public policy implementation. Education and income are empowering factors. Co-management involves BMU's worked with fisheries officers and local leaders in the management of fisheries. In view of structural empowerment, the technical officers are involved in the NFP implementation through collection of fisheries information, participation in licensing processes, and the development and enforcement of bylaws. This demands having appropriate skills, abilities, and resources to fulfill the obligations (Nunan 2006). Fisheries officers' capacity is built through education and payment, training to strengthen supervision, and advisory support. The fisheries officers with BMU's share information engage in sensitization, supervision, recording catch statistics, and confiscating illegal fishing gear (Onyango 2009).

Fish stocks are considered a common property, which should be exploited exclusively. This has led to unwillingness of fishers to strictly follow rules of engagement causing rampant illegal fishing and fish overexploitation (Onyango 2000). Fisheries co-management in Uganda under the Beach Management Units was weakened by misuse of coercive power and selective application of the law by the regulatory officers including failure to reprimand and prosecute high-level illegality

(Nadiope 2010). The conflictual relations between the coercive law enforcement officers and fishing community have claimed many lives on the water. The local government fisheries management system is characterized by inadequate support, power, information, and resources which have led to laxity and ineffective monitoring of the lake (Muzige 2009). Scholarly works note that empowerment enhances fisheries policy implementation. They have, however, concentrated on BMUs and neglected the local government bureaucrats who are the technical officers that implement policy at the grassroot level.

Studies such as May et al. (2016) give a partial account by disregarding empowerment mechanisms. Other studies are from the developed world. The approach of coercion and authoritarianism toward policy implementation in some of the developing world has had mixed results. The authoritarian approach sometimes backlashes causing loss of lives and fish depletion.

Kanter's structural empowerment theory (SET) (Kanter 1993) informs policy implementation. The SET states that power, support, resources, opportunity, and information are critical structural conditions for empowerment and must be available to employees for success and effectiveness. Power is developed from structural conditions, not from personal characteristics or from socialization effects. However, structural empowerment theory has been used sparingly in policy implementation literature, in spite of its relevance and applicability. The key empowerment factors that influence fisheries policy implementation in Uganda are information, power, support, and resources. These factors are discussed in the following section.

## Information Enables Fisheries Policy Implementation

Information regarding policy implementation target and strategy facilitates and focuses activities that are useful in mobilization of participation. Information relates to knowledge on fisheries policy, decisions, goals, and data. It offers a sense of meaning and purpose and increases the ability of the worker to make decisions and judgments (Laschinger et al. 2014). Information guides policy implementation decisions and clarifies issues such as purpose of the fisheries policy to the destination community. Information further includes knowledge of job roles and responsibilities, policy objectives, and citizen perceptions on policy. Information can be obtained from observation, analyzing events, on media, consultation, and cooperation with key actors. Shared information on policy implementation procedures ensures efficiency and effectiveness. Regular feedback clarifies and improves policy implementation.

Information strengthens understanding and capacity such as fish quality inspection and monitoring, prosecution process, and management. Relevant and timely information is helpful for decision-making. The use of mobile telephones is very significant on the lake since nearly every one owns a mobile phone set. In line with this entry, Onyango (2000) noted that even in the most resource-constrained environments, reliable information to stakeholders guides decision-making and critical to successful implementation. Reliable information may be obtained from expert advice, where a knowledge need is identified and advice obtained. However, many people may claim expertise but without sufficient knowledge of the scientific literature.

## The Role of Power in Fisheries Policy Implementation

Power is described as legal, coercive, remunerative, normative, and expert power. Power is necessary to influence a group or individuals. Power is manifested by policy implementers' control in three domains: control over the content of practice, control over context of practice, and control over competence in fisheries policy implementation practice. Control over content enables policy implementers to practice more professional autonomously. Power is informal and formal. Formal is derived from job activities and allows discretion. Informal power obtained from alliances and external contacts. Formal and informal power systems facilitate empowerment of structures (Nadiope 2010). The fisheries officers are expected to have a professional degree qualification and play a significant role in court cases. Nunan (2006) noted that professionals are most times able to use their professional training that focuses on autonomous practice and independent decision-making.

Control over the context of policy implementation involves participatory decision-making. This creates an empowering environment in view of collegial relationships and ability to influence decisions at the work place. Technocrats have to understand the fishers and their environment to have their opinions taken. So, coping with the fishing environment generates support useful in policy implementation. Power over competence is maintained through knowledge development, which is acquired through education and expertise. Expertise and experience are different, and both needed for success in policy implementation work. They can be obtained from workshops and advice from professionals and experts, which helps to improve understanding. The utilization of expert advice, experience, and retraining enables fisheries officers to deliver in policy implementation work (Onyango 2004). Education preparation provides this form of power.

Coercive power has its constraints. Coercive power arises out of Under the Fish Act which authorizes officers to seize and destroy any vessel and prosecute offenders. Sometimes this power is misused by extortion, destroying boats, and beating culprits without producing them to courts. Coercion leads to death of suspects. The landing sites are intentionally torched to chase away residents. Using coercion, the army that replaced BMUs after abolishing them in 2005 has been able to improve the fish quantity at the expense of people losing lives. While recent reports credit the army for increasing fish variety and quantity, complaints exist concerning the brutal manner in which the operations are carried out (Mutaizibwa 2018).

### Support and Fisheries Policy Implementation

Structural empowerment entails providing support for making and acting on policy decisions. Support enables experimentation with and adoption of new approaches and practices to better meet policy needs and to make important decisions. Support from donor agencies helps to improve landing sites to prepare fish for preservation and export. Similarly, previous studies noted that when actors get supported, they get capacity to implement policy (Kanter 1993). Support in terms of technology, education, and other forms is helpful in adding value, creation of jobs, quality control and marketing, and livelihood sustenance.

## Conclusion

The National Fisheries Policy implementation is characterized by a number of challenges that risk fish extinction in Uganda. This entry concludes that Kanter's structural empowerment is essential to guide policy implementation. Particularly information, support, and power play significant roles in ensuring continuity and putting into effect the fisheries policy in Uganda. Aspects of power such as the control over competence, context, and content can be obtained from relations with actors and institutions. Therefore policy implementers have to be empowered and meaningfully involved in implementation by visiting the landing sites and surveillance of the waters for illegality to gain control over the context (Kanter 1993). Educational preparation and training, payment, visiting of work venues, landing sites, recognition for excellence, expert advice, retraining, and support with modern technology should be done in view of increasing structural empowerment to facilitate policy implementation. The use of force and coercion is destructive in some situations.

## Cross-References

► Ethics of Sustainability
► New Public Management

## References

Bene C, Bjørn H, Edward A (2010) Not by rentalone: analysing the pro-poor functions of small scale fisheries in developing countries. Dev Policy Rev 28(3):325–358

Kanter MR (1993) Men and women of the corporation, 2nd edn. Basic Books, New York

Kayiso F (2009) Globalisation of the Nile perch: assessing the socio-cultural implications of the Lake Victoria fishery in Uganda. Afr J Polit Sci Int Relat 3(10):433–442

Laschinger HK, Finegan JE, Shamian J, Wilk P (2014) A longitudinal analysis of the impact of workplace empowerment on work satisfaction. J Organ Behav 25:527–545

May CR, Johnson M, Finch AT (2016) Implementation, context and complexity. Implement Sci 11:141
Mugambwa J, Nabeta IN, Kaberuka W, Munene JC, Rudaheranwa N (2017) Theorizing policy implementation: making sense of the fish stock restoration story. Int J Policy Stud 8(2):45–65
Mutaizibwa E (2018) Terror on the lake: fishermen accuse army of brutality. Daily Monitor, 22 Jan 2018
Muzige I (2009) The management of the fisheries sector in Uganda: a case of BMC at Masese Beach in Jinja District. MA (Public Administration and Management), Makerere University, Kampala
Nadiope E (2010) Analysis of the implementation and enforcement of the Fish Act, Cap. 197 (2000) on Lake Victoria in Uganda. Master of Science (Environment and Natural Resources Management), Makerere University, Kampala
Neiland A (2005) Implementation of fisheries management plan for lake victoria development of a proposal for funding the uganda fisheries authority. Consultancy report No. 15, IFMP, MRAG consortium, MRAG Ltd, UK
Nunan F (2006) Empowerment and institutions: managing fisheries in Uganda. World Dev 34(7):1316–1332
Onyango PO (2000) Ownership: the management foundation of a sustainable fisheries of Lake Victoria. Paper presented at the state of the fisheries resources of Lake Victoria and their management; concerns, challenges and opportunities, EAC and LVFO
Onyango P (2004) Reforming fisheries management: a case study of co-management in Lake Victoria, Tanzania. M.Sc. Thesis Norwegian College of Fisheries Science, Tromso: University of Tromso
Onyango P (2009) Re-configuring poverty: The wickedness perspective. Afr J of Trop Hydrobiol, 12, 9–18

# ENDSARS Protest and Centralized Police System in Nigeria

Raphael Abumchukwu Ekwunife[1], Ononiwu Anosike Oparah[2], Rosemary Effiong Akpan[2] and Humble Sunday Thomas[2]
[1]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Nigeria
[2]Department of History and International Studies, Evangel University Akaeze, Ebonyi State, Nigeria

## Synonyms

Centralized police system; Government response; People's demand; Sound governance; The media

## Definitions

SARS: Special Anti-Robbery Squad – one of Nigeria Police Force' units created in 1992 to tackle and prevent criminal-related offences such as highway robbery, kidnapping, and armed robbery, among others.

ENDSARS: a sweeping campaign led by Nigerian youths in October 2020, agitating against the operations of the special anti-robbery squad. Allegorically, ENDSARS is a metaphor to end bad governance/leadership in Nigeria.

Social media: these are strong technological platforms of unconventional media such as Facebook, WhatsApp, Instagram, and YouTube, among others, used to advance and give weight to the ENDSARS campaign in Nigeria.

Centralized police system: a system of policing in Nigeria whereby the Nigeria Police Force (NPF) remains the only police authority in the Federal Republic of Nigeria.

Sound governance: this refers to a more comprehensive governance. It has all the quality characteristics of governance that is superior to good governance and is sound technically, professionally, organizationally, managerially, politically, democratically, and economically. Sound governance is also sound in terms of capacity and anticipatory behavior; it is democratic in character, responsive, and competent; and its cultural values are embedded in societal values and structures (Farazmand 2017).

## Introduction

The Nigeria Police Force (NPF) remains the only police authority in the Federal Republic of Nigeria, since the first decade of the nation's independence in 1960. For emphasis sake, this had not always been the case. For example, from 1943 to 1966, there were local police forces in the three regions of the federation, controlled and maintained by respective regional administrations under the Native Authority Ordinance of 1943 (Shyllon 2008). Note that the constitutional conference of 1954 paved the way for a quasi-federal

system of government in Nigeria. At this conference, it was agreed that the Nigeria Police Force should be the only police authority and that the existing local and native police forces should be dissolved or absorbed, if possible, into the Nigeria Police Force (Shyllon 2008). Nevertheless, the dissolution was never carried out in spite of coming into operation of the 1954 Constitution. It was not until 1966 when the first coup d'état took place that the then government of Aguiyi-Ironsi decreed that all local police forces and native authority police forces should be placed under the overall command of the Inspector-General of Police (Tamuno 1970).

Be that as it may, the complete absorption of the local police forces into the NPF was finally completed between 1967 and 1969 (Jemibewon 1978), maybe as a result of the Nigerian Civil War (1967–1970). At this juncture, the long journey into a centralized police system in Nigeria commenced amidst the presence of federal structure, at least on paper. One of the Nigeria Police Force' units, Special Anti-Robbery Squad (SARS), created in 1992 to tackle and prevent criminal-related offences ranging from highway robbery, kidnapping, armed robbery, etc. recently became notorious in her conduct of operation. The SARS' unruly behavior to Nigerian citizens reached its crescendo in the year 2020. It was their assault, extrajudicial killings, extortion, unlawful arrest, and detention of innocent citizens that resulted to the ENDSARS protest of October 2020.

## Origins

The Special Anti-Robbery Squad (SARS) was a branch of the Nigeria Police Force under the State Criminal Investigation and Intelligence Department (SCIID). It was founded in late 1992 as 1 of the 14 units in the Force Criminal Investigation and Intelligence Department, which was established to detain, investigate, and prosecute people involved in crimes like armed robbery, kidnapping, and other violent crimes (Paquette 2020). The squad was created as a masked police unit to perform undercover operations against violent crimes like armed robbery, car snatching, kidnapping, cattle rustling, and the bearing and use of illegal firearms (Projectstore 2020).

The Nigeria police's Special Anti-Robbery Squad (SARS) has been accused of unlawful arrests, the invasion of youth's privacy by searching phones and laptops, "kidnapping," rape, humiliation, extortion, and extrajudicial killings of their victims. To validate the above viewpoint, Kelechi Madu, Canada's first black Minister of Justice and Solicitor-General at Government of Alberta, recently gave a detailed account on how the Nigerian police allegedly murdered his cousin – Chrisantus Nwabueze Korie – in 2013 (Ikeji 2020). He went on to reveal how the police did everything to obstruct the investigation into the murder incident. Aside this gut-wrenching incident, so many painful experiences encountered by so many Nigerians in the hands of SARS were shared on various news outlets, particularly the social media platforms which are quite efficient in disseminating news contents with speed and heightening tension (Ekwunife et al. 2020). Nevertheless, the Nigerian government paid a deaf ear and did absolutely nothing to stop this. This resulted in a violent protest in Nigeria in October 2020 which led to the banning of SARS on the 11th day of October, after days of protest.

Amnesty International has accused the SARS officials of regularly detaining young male Nigerians illegally and extorting money from their relatives. In 2016, a human rights activist, Segun Awosanya popularly known as *Segalink*, started ENDSARS campaign on Twitter prompting police authority to announce reform of the police unit, but nothing tangible was achieved at the time. In 2018, Nigerian rapper Michael Ugochukwu Stephens professionally known Ruggedman joined the campaign to end police brutality by releasing a single titled *Is Police Your Friend?* In 2017, a petition signed by 10,195 people was submitted to Nigeria's National Assembly calling for a total disbandment of SARS (Ibrahim 2017). Not minding that a few senators backed the call for total disbandment of the unit (Busari 2017), consideration was given to reforming the force, rather than full disbandment due to the number of cases falling (Salaudeen 2017a, b).

The campaigners moved from social media using the #ENDSARS# hashtag to organize peaceful protest in Abuja, Lagos, Ibadan, Osun, Benin, Ughelli, Warri, Ilorin, Ogbomosho, Owerri, Jos, Kaduna, Calabar (Bellanaija 2017), and other Nigerian cities and states, threatening to continue if the federal government refused to disband the force (BBC Pidgin 2017; Wayback Machine 2020b). Not only were there campaigners in Nigeria utilizing the hashtag and having protest, but they were also done in London and some parts of America recognizing this situation as a global event. In response to the campaign, Nigeria Police Force Public Relations Officer Jimoh Moshood apparently accused the campaigners of being "criminals" (Erunke 2018). Despite this, Inspector General of Nigeria Police Force, Ibrahim K. Idris, ordered the reform and reorganization of SARS (Adewole 2018).

On Saturday, October 3, 2020, a video showing a SARS police officer shooting a young Nigerian in front of Wetland Hotel, Ughelli, in Delta State trended on the Internet. It was alleged that the police officers took away the young man's vehicle – a brand of Lexus sports utility vehicle (SUV) (Aljazeera Media Network 2020). The trending video caused public outcry on social media, especially on Twitter, with the #ENDSARS# hashtag trending (Okon 2020). Just as the ENDSARS trend began on Twitter, on Monday, October 5, 2020, another report surfaced of SARS officers killing a 20-year-old upcoming musician named Daniel Chibuike, popularly called Sleek in his neighborhood (Lambo 2020). Sleek was said to be sitting in front of a hotel with a friend when the SARS officers approached them, prompting them to flee. According to an eyewitness, the SARS men pursued the pair, shouting "thief," before shooting Sleek as they ran through a supermarket. His friend was arrested and detained as well (Punch Newspaper 2020a).

On Thursday, October 8, 2020, a nationwide protest on ENDSARS gained momentum after weeks of outrage and anger with videos and pictures showing police brutality, harassment, and extortion in Nigeria. The protest was led predominantly by young Nigerians in different cities alongside many activists and celebrities (Busari et al. 2020a, b). As usual, Nigeria Police Force disrupted the protest in some cities, throwing teargas, using water cannons, and shooting at unarmed peaceful protesters as seen in Abuja and Osun (BBC News 2020a, b, c). For instance, this led to the death of Jimoh Isiaq in Ogbomoso, Oyo State (Reuters 2020; BBC News 2020a, b, c). Eleven days after, by Wednesday, October 14, 2020, precisely, the ENDSARS protest was still ongoing with young people in different parts of Nigeria intensifying their calls for reforms and accountability in police operations (Aljazeera 2020a, b).

## The People's Demands

The protesters had refused to back down from their protest, insisting on some demands, and until they were met, they would continue with their protest. Below are some of the demands listed for the Nigerian government to actualize:

(a) Justice for all deceased victims of police brutality and compensation to their families
(b) The immediate release of all arrested protesters in Nigeria
(c) Setting up an independent panel of inquiry within 10 days that would oversee the investigation and prosecution of all reports of police misconduct in Nigeria
(d) In line with the Police Act, the need for psychological evaluation and retraining of all disbanded SARS officers before they are reassigned to other units
(e) And finally, adequately increasing their wages (Vanguard News 2020a).

ENDSARS is a decentralized social movement and a series of mass protest against police brutality in Nigeria. The slogan calls for the disbanding of the Special Anti-Robbery Squad (SARS), a "notorious" unit of the Nigerian Police with a long record of abuses (Vanguard Newspaper 2018). The protest which takes its name from the slogan started in 2017 as a Twitter campaign using the hashtag #ENDSARS# to demand the disbanding of the unit by the Nigerian

government (Salaudeen 2017a, b; Thisday Newspaper 2017). After experiencing a revitalization in October 2020 following more revelations of the abuses of the unit, mass demonstrations occurred throughout the major cities of Nigeria, accompanied by vociferous outrage on social media platforms. Also, solidarity protest and demonstrations by Nigerians in diaspora and sympathizers occurred in many major cities of the world. The protest is notable for its patronage by a demography that is made of entirely young Nigerian populace (Busari 2020). The movement has since expanded to include demands for sound governance, transparent accountability, and genuine representation from the present government. Sound governance as demanded by Nigerians is in tandem with the idea of Farazmand (2017); hence, "a more comprehensive governance that includes the normative as well as technical and rational features of good governance presents a balanced view of governance that is less biased and takes into consideration the genuine features of indigenous governance systems that may be at odd or conflict with the globally dominant neocolonialist power structures. It has all the quality characteristics of governance that is superior to good governance and is sound technically, professionally, organizationally, managerially, politically, democratically, and economically. Sound governance is also sound in terms of capacity and anticipatory behavior; it is democratic in character, responsive, and competent; and its cultural values are embedded in societal values and structures."

Within few days of renewed protest, on October 11, 2020, the Nigerian Police Force announced that it was dissolving the unit with immediate effect. The move was widely received as a triumph of the demonstrations (Aljazeera 2020a, b). However, it was noted in many quarters that similar announcements had been made in recent years to pacify the public without the unit actually being disbanded and that the government had merely planned to reassign and review SARS officers to medical centers rather than disband the unit entirely (Ademoroti 2020). Protests have continued accordingly, and the Nigerian government has maintained a pattern of violent repression including the killing of demonstrators (Premium Times 2020). There have been international demonstrations in solidarity with those happenings in the country, and the movement has also grown increasingly critical of President Muhammadu Buhari's led government response to the protest (Makinde 2020).

Contrary to the fiat setting up its modus operandi, SARS officers have been alleged to profile young Nigerians, mostly males, based on fashion choices, wearing tattoos on their body, and putting on hairstyles that may not appear conventional for male folks, especially young boys. They were also known to mount illegal road blocks, conduct unwarranted stop-and-search, arrest and detain without warrant or trial, rape women, and extort young male Nigerians for driving exotic vehicles and using laptops and expensive phones such as iPhones (Kazeem 2020). Nigerians have shared both stories and video evidence of how officers of SARS engaged in extrajudicial murder, theft, rape, torture, unlawful arrests, humiliation, unlawful detention and extortion of Nigerian citizens, and sexual harassment of women and brutalizing of young male Nigerians. The human rights abuses were documented in trending videos on social media (Ujene and Orji-Egwu 2018). Regrettably, a large section of the victims of the abuses of SARS has been young male Nigerians (Wayback Machine 2020a). In some instances, the SARS operatives of the Nigerian Police Force have been accused of kidnapping too.

A 2016 report by Amnesty International indicted SARS by maintaining that the squad was responsible for human rights abuses, cruelty, degrading treatment of Nigerians in their custody, and other widespread torture. Some of the human rights abuses by SARS include the shooting of their detainees in the leg, mock executions and threats of execution, hanging, and physical assault (Salaudeen 2018). In 2017, Nigerian activists, youth, and celebrities across the nation took to the streets in a peaceful protest to spread awareness of SARS brutality and extortions and to demand its disbanding. The protest also moved to social media using the hashtag #ENDSARS (Ogundipe 2017a, b; Adebayo 2020).

## Government Response to the ENDSARS Protest

In response to the public outcry on police brutality, the Inspector-General of Nigeria Police made an official announcement by restraining the SARS, Special Tactical Squad (STS), Intelligence Response Team (IRT), Anti-Cultism Squad, and other tactical units from mounting of roadblocks, checkpoints, stop-and-search, and other routines and patrol operations. Similar actions taken against their operatives had been announced multiple times over the previous 4 years, causing citizens of Nigeria to question whether the order would actually be upheld. There were further reports of SARS officers involved in killings across the country (Ifeoluwa et al. 2020). As this was the fourth time that the Nigerian government had announced a similar measure on SARS illegal activity (Kazeem 2020), protesters insisted that the notorious police unit be entirely disbanded and wide-ranging reform of the force to follow suit (Punch Newspaper 2020a).

## Imposition of Curfew and Deployment of Security Agents

On the 20th day of October 2020, the "Lekki Tollgate Massacre" occurred. Following violent escalations which included attacks by agitators against both protesters and police, the Governor of Lagos State, Babajide Sanwo-Olu, declared a state-wide 24-h curfew, effective from 4:00 PM WAT on October 20. During this time, images of some persons alleged to be working with the Lagos State Government and the Lekki Concession Company (LCC) removing cameras (later confirmed by the Lagos State Government to be laser cameras and not CCTV cameras as earlier publicized on social media) (Vanguard 2020b) at the tollgate circulated on ENDSARS on Twitter, and street lights at the tollgate vicinity were turned off. A few hours later, it was reported that armed men of the Nigerian Army arrived at the scene of the protest and opened fire on peaceful and unarmed protesters, thereby resulting in a disputed number of deaths. A clip of the shooting videoed by a brave Nigerian youth, DJ Switch, trended on the Internet showing how live rounds of bullets were being shot at innocent protesters who crouched on the ground, holding hands together and singing the Nigerian national anthem. There were also reports that at least 50 other people were injured. However, the Lagos State Government later reported that the shooting resulted in up to 25 injured and only 2 dead (Premium Times 2020). Despite the fact that the curfew was extended till 9:00 PM, soldiers of the Nigerian Army started shooting before 7:00 PM (The African Media 2020; Amnesty Organisation 2020).

Following the killings on October 20, video evidence showed that more shootings were still being carried out by the Nigerian Army and the Nigerian Police on the unarmed protesters. Some people also attacked and burned buildings, vehicles, and TV stations and raided the Oba of Lagos' palace (BBC News 2020a). The Governor of Lagos had said that there were no casualties from the incident of the previous day but later tweeted that there had been reports of one casualty which negated the report sent in by various citizen journalists who had live recordings of the killings on Twitter and Instagram. While the protesters gathered again at the Lekki tollgate where the shooting took place on Tuesday, October 20, they were forced out by police (BBC News 2020a). As the protesters defied curfew imposed by the Governor of Lagos State, hoodlums burned about 30 government buses at a bus station. Also burned was Television Continental Station (TVC) whose ownership was linked to a former governor of the state, Bola Ahmed Tinubu, who is a national leader of the ruling All Progressives Congress (APC) (Aljazeera 2020b). About seven people were reportedly killed within 24 h since soldiers opened fire at protesters in Lagos. Authorities did not deny carrying out a crackdown but refused to accept the number of deaths (casualties) as at October 21, 2020. Brutality by the police forces made the protesters angrier on intensifying the scale of the protest (The Guardian Newswpaper 2020).

On Thursday, October 22, it was reported that armed men began shooting at protesters at Oyigbo

(Obigbo) in Port Harcourt. The attackers began breaking into homes, murdering the occupants, and afterward, torching down property. It has been rumored the shooters were Fulani herdsmen contracted by the government to disrupt the protest, but there is no clear verification for this claim yet.

## Central Bank of Nigeria and ENDSARS Protesters' Bank Accounts

On Tuesday, October 20, 2020, the Central Bank of Nigeria obtained an ex parte motion to freeze the accounts of notable participants in the ENDSARS protest. In an exclusive report by Peoples Gazette, court documents showed that the Central Bank of Nigeria failed to give any justification for the freezing order. Twenty protesters banking with Access Bank plc, Fidelity Bank Nigeria, First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa, and Zenith Bank had all accounts linked to them placed under "post no debit" (Punch Newspaper 2020b).

## International Dimension of the Protest

International protests were organized by the Nigerian diaspora in Europe, the Americas, Oceania, and elsewhere in Africa (Pulse Nigeria October 12 2020). Many Nigerians and Nigerian diaspora celebrities gave supportive statements on social media and took part in protest, while demonstrators pledged to continue until the demands were met (Goal.com 2020).

### Social Media

On the 9th of October 2020, the #ENDSARS# hashtag trended globally on social media. ENDSARS protest, which started on the 8th of October 2020, was still ongoing in major cities across the country and has attracted international mainstream media attention. The campaign has witnessed reactions on social media from international celebrities such as Cardi B, Rihanna, Trey Songz, Big Sean, Jidenna, John Boyega, Kanye West, Drake, Diddy, and Lewis Hamilton, among others, including footballers Marcus Rashford, Odion Ighalo, and Mesut Ozil (BET 2020). Upon hearing the news that SARS had been disbanded, Nigerians took it with a grain of salt and carried on with pressing their demands for total disengagement of the unit and for wide-ranging reform of the force. The hashtag on social media changed from #ENDSARS to #SARSMustEnd! With the announcement of a new unit styled Special Weapons and Tactics Team (SWAT) by the Nigerian Police to replace SARS, the hashtag for the protest quickly changed to #EndSWAT on Twitter (Channels Television 2020), and this #EndSWAT also trended on social media (Trends24 2020). On Thursday the 15th of October 2020, Google Africa made a statement on its Twitter handle in support of the ENDSARS protest going on in Nigeria by condemning police intimidation, oppression, and brutality while urging the government to speedily intervene and resolve the crisis as soon as practicable (Nwosu 2020).

## Celebrity Actions

Many celebrities and Black Lives Matter activists have now written and signed letters directed to President Buhari by demanding justice over the treatment of Nigerian people during the protest, in regards to police brutality. In the letter, they urged President Buhari to free detained protesters, and this letter was organized by the Black Lives Matter cofounder Opal Tometi. The letter was signed by the likes of Alicia Keys, Donald Glover, Mark Ruffalo, Kerry Washington (notable celebrities), and writers such as Reni Eddo-Lodge, Naomi Klein, and Afua Hirsch. It was also signed by a notable activist called Greta Thunberg.

## ENDSARS Protest: Success or Failure?

The ENDSARS movement began back in 2017. But in a matter of a few weeks, the hashtag #ENDSARS has been spread worldwide in October 2020 by both the mainstream and the social media, and this attracted the attentions of

international and local celebrities such as Beyoncé, Rihanna, Lil Nas X, and Nigerian superstar Burna Boy. But the hashtag's origins and widespread use actually date back to 2017. The Special Anti-Robbery Squad itself has existed since 1992 with the intention of combatting violent crimes. In the ensuing decades, many accusations of police brutality have been levied against its officers, who have faced minimal repercussions.

According to *The New York Times* (October 14 2020), the catalyst for the October 2020 protest was the death of a young man during "a stop-and-search operation," which the cops have said didn't involve SARS officers. The protest escalated and turned violent in October 2020. Citizen protest started toward the beginning of October, with *Al Jazeera* (October 9 2020) revealing that "thousands of people took to the streets" on October 13. As the protest continued, the national governments responded by calling in riot police, while the Lagos State Governor instituted an assumed harsh 24-h curfew.

October 11 saw the announcement of SARS being disbanded and replaced with a new force trained by the International Committee of the Red Cross (ICRC), but protest has continued as the public demands more meaningful reform to the nation's police and expresses skepticism that what has been promised will actually create a safer environment for Nigerians, if implemented. As the protest stretched on, the police and government's responses have turned increasingly violent against the peaceful protesters. On October 20, reports said that soldiers began shooting at protesters in Lagos, and though the numbers are unconfirmed, it was reported that people were wounded and killed. For instance, an anonymous officer speaking to *The New York Times* (October 7 2020) said the death toll was 11.

An investigation by Amnesty International (October 14, 2020), which has been following the #ENDSARS protest closely since October 8, led the organization to declare that "the Nigerian army and police killed at least 12 peaceful protesters in October 20 at two locations in Lagos." The report also said that thousands were peacefully protesting when the shooting began, that there was no warning before they began firing, and that CCTV cameras "were removed by government officials." #ENDSARS demonstrations in Nigeria took a violent turn today when authorities opened fire on peaceful protesters in Lagos after the city's governor imposed a curfew to quell ongoing demonstrations. The Amnesty International condemned these violent acts against peaceful protesters and stood in solidarity with the people of Nigeria.

The protest may have been unsuccessful, this is because the Nigerian government has promised reform, but many are skeptical due to its history of inaction and policy inconsistency on police reform. Though the SARS unit was ended on October 11, many are skeptical that President Muhammadu Buhari and his administration will take meaningful steps toward reform and holding former SARS officers accountable to their deed while active in the unit.

According to *Al Jazeera* (October 9 2020), a new unit – Special Weapons and Tactics (SWAT) – has already been formed with the intention of replacing SARS, leading some to believe it will carry out same actions under a different name. This is seen as consistent with the Nigerian government's actions they have reportedly claimed in the past to be reforming SARS but ended up with little or no concrete improvement to show for it.

Agencies such as Amnesty International Nigeria on October 14 2020 have laid out the reform steps that must be taken by the government and police force. For example:

> The Nigerian authorities must go beyond lip service to ensure there is real reform within the Nigeria Police Force with an emphasis on SARS. These reforms must translate into holding police officers suspected of torture to account, ending torture, unlawful detention, extortion, extrajudicial execution and other human rights violations that SARS officers have been known for across Nigeria

## Argument for or Against the ENDSARS Protest

Many Nigerians are in support of the protest because the NPF needs to be restructured for obvious reasons (Egbunike 2020). The voice of Nigerians is of the view that the entire NPF needs

to be reformed entirely, seeing this as the only way to eradicate the rot in the system and institute sound governance, not only in the SARS unit. It goes beyond the latter. Allegorically, the ENDSARS protest is an agitation against bad government in Nigeria. In some quarters, SARS was interpreted to mean "Senators And Reps Salaries," hence calling on the federal government to stop the huge salaries of Nigerian senators and members of House of Representatives which are acclaimed to be the highest in the world. Nigerians need the right people at the realm of powers – activists, celebrities, and the international community to get involved – for this reform to become a long-lasting reality. Thus, the protesters and the government should have a round table discussion and begin to iron out these demands and also place stringent laws against police brutality which should be enacted into law as this will forestall future occurrence.

## Conclusion

This entry contends that the highly centralized Nigeria Police Force was a major problem that gave rise and backing to the unruly behavior of its operative unit – SARS, hence the need for immediate decentralization of the police force in Nigeria. With this, the federating units should be able to establish its police system that would be answerable to the governors and the federating unit. Also, the unprofessional conduct of its unit, SARS operatives, would be properly monitored and restricted to a minimal level. The ENDSARS protest could not be said to be a failure (unsuccessful) at the end. For instance, it took just a few days for the Nigerian youths to organize food, legal aid line, and alternative charging points for phones and laptops. In addition, a lady with a single limb amputation got a prosthetic leg worth 1.6 million naira in less than 24 h and a helpline for protesters. One can imagine what will happen if the right people take up the mantle of leadership in Nigeria. Indeed, nations fail because of bad leadership.

Indeed, what the world witnessed was the anguish experienced by most Nigerians but rather suppressed due to fear of harassment, imprisonment, intimidation, and marginalization, among others, from the government of the federation who has the sole control of the entire police force in Nigeria. However, there is a paradigm shift from the old era filled with fear to a new era of fearless Nigerians: Nigerians that speak out against bad governance, injustice, police brutality, and oppression and call out for a just system that will tackle crimes and criminalities in the society within the ambits of law while at the same time treat everyone with respect and dignity.

To sum it up, the ENDSARS protest could be likened to an uprising that failed to materialize into a revolution at the end. This is because the government at the center is in full control of the entire police force in Nigeria, hence, in a position to give the first and last order at will. Be that as it may, for the first time in many decades, Nigerians spoke!

## Cross-References


- ▶ Accountability
- ▶ Crisis Management and Governance
- ▶ Democratic Governance in Developing Nations


## References


Adebayo B (2020) How a social media movement against police brutality prompted Nigerian government to act. Retrieved at https://edition.cnn.com. 4/4/2021. 03:15pm

Ademoroti N (2020) What it means when the police say they are dissolving SARS. Retrieved at htttps://www.bellnaija.com. 21/04/2021. 03:19pm

Adewole K (2018) SARS reform is the best alternative to #ENDSARS. Nigeria: The Cable. Retrieved at https://www.thecable.ng. 16/4/2021. 09:12am

Al Jazeera (2020, October 11) #ENDSARS: Nigeria says Special Anti-Robbery Squad dissolved. http://www.aljazeera.com. 02:20pm

Aljazeera (2020a, October 14) We need to live': Young Nigerians on why they are protesting. Retrieved at http://www.aljazeera.com. 05:19pm

Aljazeera (2020b, October 21) SARS: Lagos protesters break curfew amid gunfire, chaos. Retrieved at http://www.aljazeera.com. 01:11pm

Aljazeera Media Network (2020, October 9) #ENDSARS: Nigerians protest against police brutality. Retrieved at http://www.aljazeera.com. 03:20pm

Amnesty Organization (2020, October 20) Killing of protesters by the military must be investigated. Retrieved at https://wwwamnesty.org

BBC News (2020a, October 20) End Sars protest: People shot dead' in Lagos, Nigeria. Retrieved at https://www.bbc.com. 22/4/2021. 8:09pm

BBC News (2020b, October 12) Sars ban: Two dead in Nigeria police brutality protest. Retrieved at https://www.bbc.co.uk. 5/4/2021. 05:05pm.

BBC News (2020c, October 9) Nigerian police fire tear gas at #ENDSARS protest against brutality. Retrieved at https://www.bbc.com. 15/4/2021. 11:05am.

BBC Pidgin (2017, December 3) End SARS or we go protest for January 2018 – Nigerian youths. Retrieved at https://www.bbc.com. 14/03/2021.03:19pm

Bella, Naija (2017) #ENDSARS: Nigerians take to the Streets in Protest. Retrieved at https://www.bellanaija.com. 8/04/2021. 07:08am

BET (2020, October 14) Burna Boy, Jidenna, Diddy and more show solidarity for #ENDSARS movement. Retrieved at http://www.bet.com. 1/2/2021. 10:05pm.

Busari K (2017) Senator backs calls for police SARS scrapping. Retrieved at https://www.premiumtimesng.com. 10/02/2021. 12/3/2021. 05:05pm.

Busari S (2020) Nigeria's youth finds its voice with the ENDSARS protest, movement. Retrieved at https://www.cnn.com. 5/3/2021. 07:05pm.

Busari S, Sunday O and Salaudeen A (2020a) Nigerians take to the streets in protest against Controversial Police unit accused of Brutality. https://edition.cnn.com. 5/4/2021. 05:05pm.

Busari S, Sunday O and Salaudeen A (2020b) Nigerians take to the streets in protest against controversial police unit accused of brutality. Retrieved at https://edition.cnn.com. 5/4/2021. 06:05pm.

Channels Television (2020, October 14) Protest continue, Nigerians demand #EndSWAT. 5/4/2021. 05:05pm

Egbunike N (2020, December 24) Twitter page accessed. 01/03/2021. 08:10pm.

Ekwunife R et al (2020) Citizen journalism and crisis management: Nigeria and South Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4119-1

Erunke J (2018) #ENDSARS: We won't scrap SARS, Police reply anti-SARS campaigners. Retrieved at https://www.vanguardngr.com. 13/4/2021. 05:00pm

Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50

Goal.com (2020, October 9) #ENDSARS: Nigeria captain Musa, Balogun and Ogu join youths in protest against police brutality. Retrieved at https://www.goal.com. 16/4/2021. 09:16pm

Ibrahim M (2017) Trending: Nigerians say 'enough is enough', it is time to #ENDSARS. Retrieved at https://www.thecable.ng. 06/04/2021. 06:08pm

Ifeoluwa, Adediran, Ayitogo and Nasir (2020) Lagos #EndARS panel…. Retrieved https://www.premiumtimesng.com

Jemibewon D (1978) A combatant in government. HEBN, Ibadan

Kazeem Y (2020) Young Nigerians are leading protest yet again to disband a rogue police unit. https://qz.com. 5/1/2021. 08:25pm

Lambo D (2020) Angry youths protest as cop shoots Rivers musician dead. Retrieved at https://punchng.com. 5/3/2021. 03:018pm.

Makinde T (2020) #ENDSARS protest in Nigeria show that the youth wants change, now. Retrieved at galdem. 11/03/2021. 13:07am

Nwosu A (2020) End SARS: Google drops statement on campaign. Retrieved at https://dailypost.ng. 10/02/2021. 15:22.am

Ogundipe S (2017a) #ENDSARS: Police mum as Nigerians recount atrocities of Special Anti-Robbery Squad. Retrieved at https://www.premiumtimesng.com. 11/03/2021. 13:07am

Ogundipe S (2017b) #ENDSARS: Nigeria police threaten Leader of campaign against notorious anti-robbery squad. Retrieved at https://wwwpremiumtimesng.com. 11/03/2021. 22:09am

Okon D (2020) Nigerians insist on disbandment of SARS as IGP bans killer police unit for third time. Retrieved at https://businessday.ng. 1/03/2021. 1:17am

Paquette D (2020) Nigeria abolishes special police squad after Nationwide Protest. Washington Post. Retrieved at https://wwww.washingtonpost.com. 11/03/2021. 13:50am

Premium Times (2020, October 24) #ENDSARS: Sanwo-Olu confirms two deaths from Lekki shooting. Retrieved at https://www.premiumtimesng.com. 12/03/2021. 11:17pm

Premium Times Nigeria (2020, October 12) Another #ENDSARS protester shot dead. Retrieved at https://premiumtimesng.com. 12/04/2021. 9:07pm

Projectstore (2020, October 15) Brief History of how ENDSARS Campaign started in Nigeria. Retrieved at http://projectstore.com.ng. 10/02/2021. 12:00pm

Punch Newspaper (2020a) Protesters insist on #ENDSARS as Lagos deputy gov pleads for reform. Retrieved at https://punchng.com. 8/04/2021. 08:07pm

Punch Newspaper (2020b, November 6) CBN obtains order to freeze #ENDSARS promoters' accounts till January. Retrieved at https://punchng.com. 17/03/2021. 2:0opm

Reuters (2020, October 10) Police fire teargas at Nigerians protesting at alleged brutality, witnesses say. Retrieved at https://uk.reuters.com. 08/01/2021. 1:09am

Salaudeen A (2017a) Nigerians want Police's SARS Force scrapped. Retrieved at http://www.aljazeera.com. 19/09/2021. 7:07pm

Salaudeen A (2017b) Nigerians want police's SARS force scrapped. Retrieved at http://www.aljazeera.com. 1/01/2021. 2:07am

Salaudeen A (2018) Nigerians want police's SARS force scrapped. Retrieved at http://www.aljazeera.com. 08/03/2021. 08:08pm

Shyllon F (2008) The problem of a single police force in a federal system. In: Udoma U (ed) History and the law of the constitution of Nigeria. Malthouse Press, Lagos
Tamuno T (1970) The police in modern Nigeria, 1861–1965: origins, development and role. Ibadan University Press, Ibadan
The African Media (2020, October 20) Nigeria unrest: #ENDSARS protest turns fire and blood. Retrieved at https://www.the africanmedia.com. 1/04/2021. 06: 00pm
The Guardian (2020, October 21) Police brutality is just tip of the iceberg for protesters in Nigeria. Retrieved at https://www.theguardian.com. 3/04/2021. 6:09am
Thisday Newspapers Limited (2017, December 17) End SARS as a mob project. Retrieved at https://www.thisdaylive.com. 16/04/2021. 03:04am
Trends24 (2020, October 4) Nigeria twitter trending hashtag and topics today trends24.in. Retrieved at https://trends24. 16/03/2021. 7:07pm
Ujene GI, Orji-Egwu A (2018) Information communication technology as a tool for social control: a study of Nigeria's #ENDSARS. J Hum Cap Dev (JHCD) 11(2): 1–16
Vanguard News (2020a, October 12) Five demands from #ENDSARS protesters. Retrieved at https:www.vanguardngr.com. 16/03/2021. 13:12pm
Vanguard News (2020b, October 22) Laser cameras, not CCTV, removed at Lekki Tollgate — Sanwo-Olu. Retrieved at https://vanguargngr.com. 17/04/2021. 11: 24pm
Vanguard Newspaper (2018, January 31) Kingsley, Omonobi and Joseph Erunke Anti-SARS campaign: IG orders investigation of anti-robbery squad. Retrieved at https:www.vanguardngr.com. 15/04/2021. 1:00pm
Wayback Machine (2020a) ENDSARS. Retrieved at https: www.wayback machine.com. 17/04/2021. 11:30pm
Wayback Machine (2020b, October 16) ENDSARS protesters ground activities in Jos. Retrieved at www.thisdaylive.com. 18/03/2021. 23:00am

# Enhance Public Value to Rescue Civilization

Ken Coghill
Swinburne University of Technology, Hawthorn, VIC, Australia

## Synonyms

Civilization; Commoning; Commons; Constitution; Court; Fiduciary duty; Humanity; Public officer; Public official; Public trust doctrine; Public trust principle; Social value; Systems approach

## Definition

Public value creation is essential to address the existential threat to civilization posed by climate change. Its creation relies on a systems approach that increasingly incorporates constitutional principles including the entrusted responsibilities of elected and appointed public officers.

## Introduction

This entry examines the remediation of public value to address the threat posed by climate change. The threat requires society to recognize anthropogenic factors forcing the change and to take mitigating and adaptive actions. Such actions are manifestations of "the development and implementation of public policy," which creates public value (Brown et al. 2019), either at local or larger scale.

Those actions are subject to principles that are important to define and understand public value, public officers, fiduciary duty, the commons, as now explained.

Public value, popularized by Mark Moore, is described by ANZSOG by:

> . . . who consumes it, and how. Public value is consumed collectively by the citizenry rather than individually by clients or customers. It includes things that economists call 'public goods' which are 'jointly consumed', 'non-rivalrous', and 'non-excludable'. This means that one person can consume them without reducing their availability to another person, and also that nobody is excluded from consuming them – like public parks, clean air, and national defence.
>
> But it also includes remedies to market failure – that is, to situations where market mechanisms don't maximise citizens' individual welfare, such as negative externalities, natural monopolies, or imperfect information. At the same time, the institutional arrangements that enable markets to operate and society to function in an orderly way can also be seen as publicly valuable. Most basic is the rule of law, which not only provides security to citizens but also underpins the market, by enforcing property rights and contracts through the police, courts and prisons (ANZSOG 2017).

Public value is a public good, corresponding with the polity's shared interests. In the context of climate change, public value includes public policies that are effective in the maintenance of an environment in which humanity can at least survive, if not thrive. Public value arises through a strategic triangle comprising: (1) the authorizing environment that provides legitimacy and support; (2) productive capabilities (both internal and external); and (3) value (both public and private) (ANZSOG 2017). It is created through the mobilization of resources managed by public officers or resources, external to the entity, which it recruits, contracts or otherwise engages in the task (Koolma and van Dreven 2019). These may include the exercise of corporate social responsibility (CSR) by non-state actors (Fisher and Grant 2012).

## Systems Approach

Coffey's much more holistic approach to public value is consistent with the complex evolving systems understanding of the policy environment within which public value exists. While in democracies the state sector has a monopoly on the legitimate exercise of coercive and regulatory powers, the social system's outcomes are subject to interdependence and interactions between state, market and civil society actors.

More broadly, the social system is a subsystem of the Earth's larger ecological system. However, a "focus on integration rather than balance" (Coffey cited in Brown et al. 2019) can be challenged as a somewhat misleading dichotomy. What is the balance between survival and death, in this case of the social system?

Public officers are individuals authorized to exercise public powers by appointment to an "office of trust concerning the public . . . by whomever and in whatsoever way the officer is appointed" (R v Bembridge 1783). This includes "the obligations and duties of those elected or appointed to public office – that is, members of parliament, officials and others who discharge public duties" (Solomon 2018).

Fiduciary duties are "standards of conduct properly to be expected of persons occupying fiduciary positions, i.e. persons who, by virtue of position, responsibility or function, were expected to act in another's interests and not in their own interests" (Finn 2012, p. 31).

Public officers have a fiduciary duty to act in the best interests of the people affected. In a parliamentary system, this derives from members of parliament having "a fiduciary relation towards the public" (R v Boston 1923). This relationship extends to members of the Executive who are parliamentarians and to a person appointed to public office as falling under the responsibility of a member of the Executive.

The public trust principle (public trust doctrine in USA) is a key legitimacy and support component of the authorizing environment. It provides that a public officer "undertakes and has imposed upon him a public duty and a public trust" (R v Boston 1923), that is, public officers are entrusted with responsibility to act in the common good of the entire polity.

In this discussion, the atmosphere is a fundamental component of the public trust and, it is argued, public officers as trustees have a common law, normative obligation to protect it in the interest of humanity, in all polities.

The commons perspective treats the public trust as a commons:

> the commons is . . . a natural or manmade resource that can be shared as a common-pool resource. However, its definition is more complex depending on the resource and associated sharing system. More importantly, is to think of the commons as a process—of negotiating relations and physical resources—that is composed of (a) the common-pool resource and (b) the act of commoning (Newcomb 2016; Inter-national Association for the Study of the Commons (IASC)).

Here, public value is the commons – a manmade common pool resource – and the creation of public value is the act of commoning.

The things that are treated as a commons vary between polities. Craig has drawn attention to the variations between the 19 western states of USA. Focusing on water resources, she identifies

> . . . four factors (that) have been most important in the evolution of state public trust doctrines: (1) the severing of water rights from real property ownership and the riparian rights doctrine; (2) subsequent state declarations of public ownership of fresh water; (3) clear and explicit perceptions of shortages of water, submerged lands, and environmental amenities; and (4) a willingness to raise water and other environmental issues to constitutional status and/or to incorporate broad public trust mandates into statutes.

She notes the "expansion of public trust concepts into ecological public trust doctrines that are increasingly protecting species, ecosystems and the public values that they provide" (Craig 2010). This is highly relevant to addressing climate change.

Currently, however, there are major differences between jurisdictions as to the manner and extent to which public officers can be held to account for the discharge of their fiduciary duty and their entrusted responsibilities under the public trust principle. These differences are in turn relevant to the approaches of public officers to public value and are becoming increasingly acute as the existential threats posed by climate change become starker.

It is starkly obvious that humanity's economic model is forcing damaging change to the Earth's ecological system, which paradoxically is posing an existential threat to civilization (United Nations 2019). The social system is not sustainably integrated into the ecological system upon which humanity is dependent. The requisite public value is not being created by humanity's poorly integrated authorizing environment.

## Redirecting

The creation of public value must be re-orientated to a fully integrated focus, privileging environmental outcomes concurrently with economic and social reforms.

Pressures to extend the public value commons through interpretations of the ecological public trust are being observed at global, international, national and subnational levels of governance and jurisprudence. Exemplars are now discussed.

### Global

International developments indicate an emerging global commons, consistent with argument advocated by Edenhofer et al. (2012). The Paris Agreement on Climate Change was a recognition by virtually all national leaders that, as public officers, they had a duty to commit to the Agreement in the best interests of their polities.

Although the Agreement is inadequate to keep global warming below the 1.5 °C threshold, it does provide mechanisms – commoning – for periodic reports and negotiated changes.

Many multinational agreements aim to create public value but the focus of public value is most often the national and sub-national public sector. Selected cases are reflective of the complexity of the adaptive systems that typify contemporary nation states, including tensions in the dynamic relationships between the Executive and Judicial branches. Each nation state has unique constitutional structures, institutions and governmental practices and learns from each other and adapts their domestic policies and practices.

## Country Cases

Atmospheric trust litigation (ATL) in USA directly aims to establish the public trust doctrine for protection of the atmosphere (Wood 2012). Litigation by young people in every state of USA and Federal courts argued (1) that as a consequence of actions of government agencies (e.g., approval and/or permitting gas extraction) emissions are causing harms and/or (2) the public trust doctrine imposes an obligation on government (i.e., public officers) to act to maintain a safe environment (i.e., curb climate change).

The US Ninth Circuit Court of Appeals ruled that the case should not go to full trial by the Court. The majority's reluctance to allow the case and the powerfully argued dissent from the majority by one of the Court's panels may indicate the potential for a majority of different judges to come to support such a case.

There have been remarkable successes in some US state courts, for example, a Massachusetts

Supreme Judicial Court decision led the Governor to issue an Executive Order requiring:

> . . . the Secretary of Energy and Environmental Affairs to prepare and implement a "comprehensive energy plan" within two years and the Department of Environmental Protection to promulgate regulations establishing annual reduction in Massachusetts' greenhouse gas emissions no later than August 11, 2017. (Our Children's Trust 2020)

A Netherlands Supreme court decision (2018) was much stronger. It required the government to implement its own official policy and its treaty obligations "to slash greenhouse gases by at least 25 percent by 2020" (Kemp 2018). The judgement was based on the UN Climate Convention (i.e., United Nations Framework Convention on Climate Change (UNFCCC)) and on the Dutch State's legal duties to protect the life and well-being of citizens in the Netherlands. Public officers have responsibilities to uphold the public trust. No nation could escape acting because of its small contribution to global warming (Netherlands Supreme Court 2020).

The French case has some parallels with the Netherlands case. In November 2020, France's Conseil d'Etat (Council of State) imposed an obligation on the French State to implement concrete and effective measures to achieve its climate action goals (Dikov 2019; France24 2019). A preliminary judgement, in which "the government (was) given three months to demonstrate that sufficient action is being taken to achieve (France's Paris Agreement) climate goals" was confirmed by a later decision (Conseil d'Etat 2020; Reuters Staff (2021).

Iceland demonstrated a different form of accountability for responsibility entrusted to a public officer. Iceland's **landsdóm** court found the Prime Minister negligent in his failure to keep his Government Cabinet informed in responding to the tumult in financial markets as that instability afflicted Iceland's management of its economy (Werdigier 2012). That guilty finding demonstrated the potential for a most senior public officer to be prosecuted successfully for breaching an entrusted responsibility.

An Australian State of New South Wales Court refused an appeal against a 2017 decision by the responsible State Government Minister (in the conservative coalition ministry; a public officer). He had refused approval of a proposed mine for coal exports. In upholding the Minister's refusal, the judge stated:

> In short, an open cut coal mine in this part of the Gloucester valley would be in the wrong place at the wrong time.
>
> . . .
>
> Wrong time because the greenhouse gas emissions (GHG) of the coal mine and its product will increase global total concentrations of GHGs at a time when what is now urgently needed, in order to meet generally agreed climate targets, is a rapid and deep decrease in GHG emissions (Preston 2019).

The NSW Court decision recognized that the atmosphere is a commons. Furthermore, it referred to the "generally agreed climate targets," that is, 2015 Paris Agreement.

The case highlights the potential for conflict within a federation between national and sub-national authorizing environments. The conservative coalition state government actively pursued enhancement of public value relevant to climate policy. However, the national government, comprised of the same coalition of conservative political parties, has demonstrably resisted such development of public value.

## Barriers to Creating Public Value

What is to be learnt from the features and limitations observed in these instances of public value? The barriers we identify are largely the weakness or absence of institutions or processes which enable the creation of public value are shown in Table 1.

These illustrative cases occurred in countries with strong rule of law custom and practice. They relied on acceptance by public officers that they owe a fiduciary duty and that they are responsible for a public trust. This exposes the fragility of the Paris Agreement – predicated on voluntary targets and compliance. Consequently, measures to impose compliance on recalcitrant states are emerging, for example, carbon border adjustment taxes (European Commission 2020; Mitchell 2020).

**Enhance Public Value to Rescue Civilization, Table 1** Public value enablers and barriers

| | Court empowered to "discover" grounds to enforce creation/ enhancement of public value | Creation/ enhancement of public value enforced by peer mechanism | Creation/ enhancement of public value by compliance with voluntary targets | Barriers to creation/ enhancement of public value |
|---|---|---|---|---|
| Global (Paris Agreement) | No | No | ✓ | Public officers remain in control of creation/ enhancement of public value |
| Multinational (Open Government Partnership) | No | ✓ | | Public officers remain in control of creation/ enhancement of public value |
| USA (Federal; States) | Pending; varies | No | | Policies of President and members of Congress until the Biden-Harris presidency |
| France | ✓ | No | | Resistance by public protestors |
| Netherlands | ✓ | No | | Court limited to enforcement of declared policy |
| Iceland | ✓ | No | | Court's limited view of responsibilities of public officer |
| NSW, Australia | ✓ | No | | Public officers may use legislative powers to override |

Three major problems with the creation of public value have been identified by Fukumoto and Bozeman (2018), namely, the identification problem, the motivation problem and the instrument problem. Barriers to action on climate change illustrate each problem.

The identification problem is readily addressed. As discussed above, international law and in some nations domestic law obliges public officers to sustain a healthy environment, but challenges to scientific knowledge by vociferous minorities remain a barrier that inhibits the creation of effective public value. In this case, the public interest and public value are informed and formed by political, scientific and civil society processes ranging from research and debate to public demonstrations.

The motivation problem is starkly illustrated by climate change public value. The authorizing environment is dominated by public officers variously motivated by (1) addressing immediate preferences or needs, (2) short-medium term perspectives (until the next election), or (3) looking at least a generation ahead. These motivation-related barriers to public value relate to distortions in power relations such that public value is diverted away from equitable outcomes. They can only be reconciled by peaceful, equitable democratic processes, particularly within the authorizing environment.

The instrument problem concerns the means of achieving public value. A common feature of the instances examined is the rule of law. Each relied upon submitting to and accepting the decision made according to law by a legal forum, as a fundamental arm of a democratic system of government. Economic factors are potential barriers, for example the loss of export income and associated employment if a coal mine is closed or potential for foregoing the same if approval is refused for

a new mine. Overcoming such barriers to public value requires instruments and norms through which public value can be sustained and enhanced.

A democratic political system, associated with the rule of law and supported by social and relational factors including norms of stewardship, trusteeship and fiduciary duty, is necessary to ensure the better creation of public value.

## Conclusion: Creating Public Value to Avert Existential Threat

Addressing the emergent existential threat of climate change requires the creation and enhancement of public value in the form of a sustaining and sustainable physical environment. However, as the above cases have demonstrated, there may be barriers to the creation and sustenance of adequate public value.

Four interactive, principal factors may facilitate barriers towards more effective public value creation to resolve the existential threat. These are: (1) rule of law; (2) judicial recognition of the public trust principle; (3) prosecution of breaches of the public trust principle; and (4) normative acceptance that every country shares responsibility notwithstanding limited emissions.

### Rule of Law

In each case, the creation of public value, or resistance to that, was unquestionably subject to subservience to a set of rules – laws – as to how public value is created and interpreted. The rule of law is generally accepted as a prerequisite for the effective creation and maintenance of public value.

The Netherlands case rested heavily on law arising from treaties into which the Dutch state had entered. Rule of law obliged the Netherlands Executive to apply the treaties' provisions domestically.

The French case has been resolved on domestic constitutional provisions and on law arising from treaties.

Iceland's Prime Minister was found to have broken domestic law, as discussed below.

### Public Trust Principle

Until 2021, resistance to the application of public trust doctrine to the atmosphere is clearly a major barrier to the creation of public value in the USA at the national level. ATL has been vigorously opposed. However, the Dutch case demonstrates that resistance by the Executive can be held to breach the principle and can be reversed by the Judicial Branch. The French litigation is based on a similar premise.

### Prosecution of Executive Branch Public Officers

The subsequent prosecution and conviction of the Icelandic Prime Minister for failure to uphold the public trust while in office broke with long-standing custom and practice that such behavior was beyond the reach of the law. Although convicted, the token penalty imposed by the landsdóm reflected the reluctance of prosecutors to pursue such cases.

However, it may be argued that the existence of an active landsdóm would strengthen systems orientated to the creation of public value. The absence of such courts outside Iceland leaves members of their Executives with remarkably little accountability for the public value that they create, fail to create or actively resist creating.

Accountability of members of Executives to their parliaments continues to be criticized due to the dominance of the Executive over the Legislature in many parliamentary systems. In the absence of a court with the remit of a landsdóm, prosecution is rarely possible.

### Normative Factors

Normative factors are unquestionably major influences over the nature and extent of public value created.

As can be seen from the above discussion, none of these factors operates in isolation but rather each forms part of a complex, adaptive system that constitutes the authorizing environment, allocates the productive capabilities and creates public value. Where an element such as a landsdóm is absent, the capacity to create effective public value is diminished; if present, it stimulates observance of the rule of law, respect for the

public trust principle and norms supportive of integrity. If the functioning of say, the rule of law, is effectively absent, the creation of public value is severely compromised, or impossible.

How then are these factors stimulating the creation of existential public value to be advanced? The answer lies in part at least with public administration scholars. We are better placed than most – indeed have a responsibility – to advise and urge those in the authorizing environment to apply the many lessons of public value to ameliorate the emergent existential risks that we all face.

## References


ANZSOG (2017) What is public value? Public admin explainer. ANZSOG, Melbourne. Retrieved from https://www.anzsog.edu.au/resource-library/research/what-is-public-value

Brown P, Cherney L, Warner S (2019) 'Why this workshop?' In: Brown P, Cherney L, Warner S, Abazie UC, Ball S, Cunningham LE, Luu DDL, Reeves LS, Worsoe H (eds) Understanding public value workshop: report on proceedings. Retrieved from https://polsis.uq.edu.au/files/19846/understanding%20public%20value%20workshop%20report.pdf

Conseil d'Etat (2020) Greenhouse gas emissions: The Government must justify within 3 months that the reduction path to 2030 can be achieved Retrieved from https://www.conseil-etat.fr/Pages-internationales/english/news/greenhouse-gas-emissions-the-government-must-justify-within-3-months-that-the-reduction-path-to-2030-can-be-achieved

Craig RK (2010) A comparative guide to the Western States' public trust doctrines: public values, private rights, and the evolution toward an ecological public trust (March 8, 2010). FSU College of Law, Public Law research paper no. 369. Ecol Law Q 37(1):53–197, March 2010; FSU College of Law, Public Law Research Paper No. 369. Retrieved from SSRN: https://ssrn.com/abstract=1405822

Dikov I (2019) France gets sued by own citizens for failing to fight climate change, European Views. https://www.european-views.com/2019/03/france-gets-sued-by-own-citizens-for-failing-to-fight-climate-change/

Edenhofer O, Flachsland C, Lorentz B (2012) The atmosphere as a global commons. In D. Bollier & S. Helfrich (Eds.), The wealth of the commons. A world beyond market & state. The Commons Strategy Group

European Commission (2020) Commission launches public consultations on energy taxation and a carbon border adjustment mechanism. Retrieved from https://ec.europa.eu/taxation_customs/news/commission-launches-public-consultations-energy-taxation-and-carbon-border-adjustment-mechanism_en

Finn P (2012) Public trusts and fiduciary relations. In: Coghill K, Sampford C, Smith T (eds) Fiduciary duty and the atmospheric trust. Ashgate, pp 31–41

Fisher J, Grant B (2012) Beyond corporate social responsibility: Public value and the business of politics. International Journal of Business and Management 7(7):2–14. https://doi.org/10.5539/ijbm.v7n7p2

France24 (2019) French state faces landmark lawsuit over climate inaction 14th March. Retrieved from https://www.france24.com/en/20190314-french-state-lawsuit-climate-change-environment

Fukumoto E, Bozeman B (2018) Public Values Theory: What Is Missing? American Review of Public Administration: 1–14. https://doi.org/10.1177/0275074018814244

Kemp D (2018) Dutch court tells government to slash greenhouse gas. Retrieved 4 July 2019 from https://au.news.yahoo.com/dutch-court-tells-government-slash-greenhouse-gas-143718774%2D%2Dspt.html?guccounter=1&guce_referrer=aHR0cHM 6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAGd0iFocFqtMzwACVMkY23QX2OMSN0TjDe9ULpTwtQF2FI3kshNFv_iV2dG7Vb3fOMsZl347pVsB2MZzt_6EMIhuEA-h_ZEftSzELK52l1gsTIdtTa5c9wF7bAyWKF71jl4al0AbqAl_9EVjNQg4jskoR2Rvpkc-n0tUzp5v3a1w

Koolma HM, van Dreven CF (2019) The change from the creation to the destruction of public value in social and institutional contexts – A case study of CEO peer and policy networks within the Dutch social housing sector. Public Integrity 21(6):595–612. https://doi.org/10.1080/10999922.2019.1667690

Mitchell A (2020) A Biden win would change our climate policy. Australian Financial Review. Retrieved from https://www.afr.com/policy/energy-and-climate/a-biden-win-would-change-our-climate-policy-20200712-p55b95

Newcomb S (2016) Coopelluvia facilitating urban water commoning. Thesis submitted in partial fulfilment of the MSArch in Drylands Design, Woodbury University School of Architecture, p 8. Retrieved from https://aridlands.org/sites/default/files/uploads/Stephanie%20Newcomb_MSArch%202016_Final_Digital_Report%20copy.pdf

Our Children's Trust (2020) Massachusetts. Retrieved from https://www.ourchildrenstrust.org/massachusetts

Preston B (2019) Gloucester Resources Limited v Minister for Planning [2019] NSWLEC 7 paragraph 699. Retrieved 3 July 2019 from https://www.caselaw.nsw.gov.au/decision/5c59012ce4b02a5a800be47f

Reuters Staff (2021) French court rules France not doing enough on climate change. Reuters. Retrieved from https://www.reuters.com/article/climate-change-france-court/update-1-french-court-rules-france-not-doing-enough-on-climate-change-idUSL1N2K91EE

Solomon (2018) Public office as/is a public trust. Paper presented at the ASPG 2018 annual conference, Brisbane

United Nations (2019) Climate action and trends Based on national reports submitted to the UNFCCC secretariat


E

under the current reporting framework. https://unfccc.int/sites/default/files/resource/Climate_Action_Support_Trends_2019.pdf

Werdigier, Julia (2012) Ex-Prime Minister of Iceland Convicted on Charge Related to Financial Crisis. New York Times. Retrieved 3 July 2019 from https://dealbook.nytimes.com/2012/04/23/icelands-ex-prime-minister-convicted-of-one-charge-related-to-financial-crisis/

Wood M (2012) Atmospheric trust litigation across the world. In K. Coghill, C. Sampford, & T. Smith (Eds.), Fiduciary duty and the atmospheric trust. Ashgate. 99–163

# Entrepreneurial Bureaucracy

Amir Forouharfar
Department of Public Administration, University of Sistan and Baluchestan, Zahedan, Iran

## Synonyms

Bureaucratic entrepreneurship; Economic-developer bureaucracy; Entrepreneurial administration; Entrepreneurial governance; Entrepreneurial public management; High-tech supporter bureaucracy; Industry-developer bureaucracy; Innovative bureaucracy; Public entrepreneurship; Start-up facilitator bureaucracy

## Definition

Entrepreneurial bureaucracy is granting not only the possibility of a bureaucracy to be entrepreneurial in its spirit but also the attainability of a bureaucracy that fundamentally fosters and promotes intrastate entrepreneurship and innovation in both the public and state administration.

## Introduction

Entrepreneurial view to bureaucracy is looking at the bright side of the state machinery, which has led to quantum leaps for humankind. It is breaking the overused cliché that bureaucracy could not be entrepreneurial. The creation of Silicon Valley, state-supported space travels and researches, foundation and administration of stupendous state organizations such as NASA, states' investment on nanotechnologies, new defense technologies and equipment, and government-funded think tanks for innovative policies and analyses of emerging public issues are a few examples which were not possible without putting into practice the entrepreneurial potentials in some bureaucracies. Yet, despite its significance, entrepreneurial bureaucracy remains an undertheorized concept in public administration literature. Hence, the entry broadly presents the general and prevailing characteristics of entrepreneurial bureaucracy as an emerging millennial phenomenon.

In the public mind, bureaucracy has a negative connotation. It is generally believed that it could hardly be innovative and entrepreneurial. The belief partly could be traced back to Marxism that views bureaucracy as a means of exploitation or on Liebich's (1982) words as a "new class" and "ruling class." Once everything is defined with the ideology of class confrontation, bureaucracy as a bourgeois capitalistic class to Marxists and one of the pivotal entities of any state could not be excluded too. Marx proposed his views on bureaucracy based on his study of historical Western states' idiosyncratic moods of "times" that inevitably implies *Hegel's Zeitgeist*. The spirit of the time (Zeitgeist) necessitated such a mentality toward bureaucracy, which shows its preliminary growth in Marx's *Critique of Hegel's "Philosophy of Right."* However, is the *Zeitgeist* still the Marx's one or we could see modern governments with new bureaucratic spirits in the West and the East? Isn't it a time to redefine our views toward the ripen and benevolent fruits of bureaucracy for human civilization? Such views to bureaucracy do not neglect the devastating potential of this state machinery in the hands of totalitarian regimes or the shabby outdated systems of administration in mismanaged states. Hence, it suggests the old metaphor of double-edged sword. Bureaucracy is a neutral administrative system that the state's political spirit defines it how and for what goals to be used, i.e., for the nation's benevolence or malevolence, to lead to utopia or dystopia. Nevertheless, the giant leap of some Eastern states

such as China, Singapore, Japan, Taiwan, and Hong Kong in the mid-twentieth century toward an entrepreneurial economy, besides the top of the list Western states in recent *Global Innovation Index* rankings (2018) such as Switzerland, the Netherlands, Sweden, the UK, the USA, Finland, Denmark, Germany, and Ireland, brings to mind if these states are administered with old definitions of bureaucracy or with a third millennium one, which brought about superseding entrepreneurial spirit in their style of state administration. Although to the readers the phrase "entrepreneurial bureaucracy" mostly evokes a bureaucracy with economic idée fixe (i.e., a dominant and fixed idea in one's mind) for the promotion of entrepreneurism within states, it also refers more broadly but less precisely to descriptions of the political leadership and appointees who work in a team to promote economic development (Cho and Kim 1993). Since entrepreneurship is initially an economic concept, the preceding signals of an entrepreneurial bureaucracy should be logically received from a state's economy and its administration. Economic policies of governments tremendously could affect entrepreneurial aspects of each economy. These policies should be implemented via the bureaucratic machinery of governments. Obviously, each state has its own idiosyncratic economic advantages and disadvantages. Additionally, it would be extremely hard – or sometimes based on the state's capabilities arduous– to change all the economic dimensions for the better. Therefore, what remains is to rely on those economic aspects that each nation based on its historical background, potentials, resources, geographical, and geopolitical advantages, and human resources could change and innovate, i.e., reliance on "the competitive advantage of nations" (Porter 1990). Some economic variables could act as leverage for the economic improvement of different states (e.g., financial system (Levine 1997), fiscal policy and structure (Easterly and Rebelo 1993), fiscal decentralization (Oates 1993), energy use (Stern 1993), social and public factors (Dreze and Sen 1999), agricultural productivity (Matsuyama 1992), exports (Feder 1983), etc.); in other words, in practice a minor change in some administrative economic or noneconomic variables could lead to a major shift to an entrepreneurial administration of a state.

Additionally, the nature of public administration stands for *systems thinking*, i.e., if a state is eager to pursue innovation and entrepreneurship via its bureaucracy, it should have a holistic ecosystemic view, rather than an individual one, to all aspects of public life dynamism. For instance, true innovative outcomes in each economy are culturally bound to the human resources (HRs) who are one of the constituents of that economic system. HRs' "innovative culture" facilitates economic innovation (Knight and Cavusgil 2004: 124). Generally, national culture (e.g., presumably how much human endeavor is needed for the implementation of innovation policies and whether they supersede the cultural tolerances of the nation for work efficiency) also stimulates or stifles innovation and entrepreneurship. If an economic innovation demands studiousness and effective and efficient goal-oriented hard work, obviously it will not be applicable and implementable by a lazy nation accompanied by a fat bureaucracy (in contrast to a *Lean Bureaucracy* as an efficient bureaucracy operating with the least waste and excess). Furthermore, *systems thinking* should provoke the consideration of some other demographic issues within the innovation ecosystem such as a nation's level of education, labor force, health, and population (Gillis et al. 1992) for inspiring national entrepreneurial spirit via bureaucracy. In sum, the entry intends to answer the following question:

## What Is an Entrepreneurial Bureaucracy?

One of the first usages of the phrase "entrepreneurial bureaucracy" is in *Ronald G. Corwin's* 1983 book *The Entrepreneurial Bureaucracy: Biographies of Two Federal Programs in Education*. From the 1980s onward, numerous researches on the connection between bureaucratic contexts and entrepreneurship have been carried out under several topics such as *public entrepreneurship* (Lewis 1980), *bureaucratic entrepreneurship* (Baez and Abolafia 2002), *institutional entrepreneurship* (Zucker 1991), the

relationship between the "techno-bureaucratic elite" and "entrepreneurial state" (Duvall and Freeman 1983), "entrepreneurial governance and public management" (Du Gay 1996), study of "bureaucratic work environments and individual rates of entrepreneurship" (Sørensen 2007: 378), and policy entrepreneurs (Teodoro 2009). The interesting bottom line among all the abovementioned topics is roughly the acceptance of the possibility of partial or overall entrepreneurial orientation within certain bureaucracies. These studies seek a bureaucratic reinvention. Although *David Osborne's* (1993b: 349) echoing "reinventing government" phrase is really reinventing the US, federal, and local bureaucracies and pushing them toward more efficiency and agility and "providing more services with fewer dollars" to relief what he calls "fiscal pain," it could broadly read as the ultimate goal of entrepreneurial bureaucracies as well. Based on a survey study in 1993, Osborne mentions the respondents call for "a complete rebuilding" and "fundamental changes" in the federal government (Ibid.). The public demand for government rebuilding and change did not stagnate in 1993, but it is still a controversial and burning issue which is reflected in the books by Johnson and Walzer (2000), Mani (2002), Fan et al. (2008), Borins (2009), Borins (2014), Altshuler and Behn (2010), Block and Keller (2015), Lewis et al. (2016), Nishihara et al. (2017), and Molnar (2018). Each of these authors the same as a prism disperses and reflects separate dimensions of entrepreneurial governments and their bureaucracies, but they do not discuss a bureaucracy that is holistically entrepreneurial and innovative. Substantially the improbability and oxymoronic condition of a holistically entrepreneurial bureaucracy is due to the acceptance of the myth that all entrepreneurs are reluctant to work for the governments. But Weiss (2014) of Harvard University believes the opposite and names some entrepreneurs as "government entrepreneurs"; he claims that "'government entrepreneur' is not an oxymoron" and provides plenty civic-tech originated by them. However, two decades ago and before the coinage of "government entrepreneurs," they were identified as "entrepreneurial bureaucrats." These types of bureaucrats have the following characteristics: (1) innovative; (2) change oriented; (3) task oriented; (4) optimistic in their perspective toward the future; (5) breaking out of the routines and taking risks by going beyond the routines; (6) motivated for achievements; and (7) seeking higher values (Cho and Kim 1993). *Policy entrepreneurs* and *political entrepreneurs* are two familiar examples of entrepreneurial bureaucrats. The role of *policy entrepreneurs*, who "recognize latent demand for new policies and then expend resources to promote them," (Teodoro 2009: 175) should not be neglected as a pivotal role in shifting bureaucracies toward entrepreneurship. Furthermore, entrepreneurial bureaucracies could not be independent of *political entrepreneurs* who are "distinct description of people who come up with new ways to solve political problems in terms of political philosophy, political technology, political campaigns, and governance" (Carpio 2017). Karlsson et al. (2016) "define a political entrepreneur as a politician, bureaucrat or officer within the publicly funded sector who encourages entrepreneurship for growth and employment using innovative approaches." Moreover, political entrepreneurs are using new small-scale initiatives via AI (Artificial Intelligence), IoT (Internet of Things), and Big Data (large data sets) to disrupt politics arena and influencing the public. However, entrepreneurial bureaucrats, plausibly in respect to their political post, would also influence large-scale arenas such as establishing state's foreign policies or turning state's politics. Political entrepreneurs could play innovative roles in shaping foreign policy. In addition, entrepreneurial bureaucrats contribute the governments to be entrepreneurial, i.e., to be "(1) catalytic; (2) community-owned; (3) competitive; (4) mission-driven; (5) results-oriented; (6) customer-driven; (7) decentralized and (8) market-driven" governments (Osborne 1993a: 1).

On the other hand, entrepreneurial bureaucracies have certain features. Comparing entrepreneurial and traditional bureaucracies Cho and Kim (1993) present the following distinguishing features by careful review of the literature:

(1) traits; (2) motivation; (3) behavior; (4) role; (5) leadership; (6) time; (7) perspective; (8) program; and (9) change attitude (Table 1).

Entrepreneurial bureaucracies could also act in the extra-bureaucratic fields and facilitate state entrepreneurship by the following measures (Kattel and Karo 2016):

1. Public investment into technology, innovation, and science (e.g., *iPhone's* development of 13 technologies with public money)
2. Public procurement of innovations (e.g., government's clear assertion of demands on certain technologies)
3. Economic institutional innovation (e.g., invention of new financial institutions)
4. Political institutional innovation (e.g., participatory budgeting)
5. Public service innovations (e.g., *iLabs*)
6. Public sector organizational innovation

**Entrepreneurial Bureaucracy, Table 1** Distinguishing features between entrepreneurial and traditional bureaucracies

| Distinguishing features | Type of bureaucracy | |
|---|---|---|
| | Entrepreneurial | Traditional |
| Traits | Innovative<br>Beyond routine | Routine<br>Observer |
| Motivation | Task oriented | Status oriented |
| Behavior | Risk-taking<br>Change making | Risk avoiding<br>Change-resisting |
| Role | Assimilating<br>Production-oriented | Dissimilating<br>Consumption-oriented |
| Leadership | Role setting embodying<br>Members' desire in organizational roles<br>Achievement oriented | Law and order oriented |
| Time perspective | Future oriented | Past and present oriented |
| Program | Comprehensive<br>Forecasting<br>Inventive | Ad hoc<br>Contingent<br>Linear |
| Change attitude | Positive<br>Proactive | Negative<br>Reactive |

Source: Cho and Kim (1993: 512)

These bureaucracies accomplish the abovementioned measures by setting the stage for "public-private partnerships." Such partnership had been influential in the personal computer emergence in the USA (Mazzucato 2013). Especially by implementing the first measure, i.e., channeling public investments toward R & D and publically benefiting products.

In case of the USA, social and bureaucratic conditions and necessities played important roles in shifting toward such bureaucracies. Teske and Schneider (1994: 331) introduce some of the major changes in the 1990s that set the stage for the innovation of city administration bureaucracies because of "reductions in intergovernmental aid, citizen demands for new services and low taxes, . . . the value of growth, and the increasing costs of basic service delivery." They believe "some entrepreneurial leaders in government have begun to introduce and implement new policy ideas, improving the efficiency of existing programs and redirect bureaucratic behavior to meet these challenges." A recent example of the shift to entrepreneurial bureaucracies in the USA is the *Internal Revenue Service* (IRS). The reasons for its success according to Power (2013) were "a strong mandate for change (the US IRS Reform and Restructuring Act of 1998); and an outstanding, senior executive from the private sector. . .." The reorganization and technology and process improvement have had major roles in this entrepreneurial shift. More recently, the USA has announced the establishment of *The US Space Force* that is the fruit of an entrepreneurial bureaucracy in the military aspect as "a sixth military service, to be equal with the Army, Navy, Marine Corps, and Air Force" (Cancian 2018). To sum up, these examples and many familiar cases prove the capability of some bureaucracies to be entrepreneurial at least partially and in some specific fields to be able to respond to the emerging millennial necessities.

Bureaucracy is one of the constituents of the prevalent social system, which affects a state. Farazmand (2009a: 5) believes: ". . . A key feature of all bureaucracies – no matter what meaning we apply – . . . is the fact that all bureaucracies are parts of the constitutive elements of the broader

social systems – the society, the government, and the organization of economy and culture or religion." Therefore, if we intend any mega-innovation in a state, at first it should be considered in the overall and systemic dynamism of national missions, visions, strategies, and policies for innovation. All of these innovation seeking entities in entrepreneurial states could not be implemented without an innovative bureaucracy. Bureaucracy is an upstream cause, and public life is a downstream effect (Fig. 1).

Moreover, if we see any trends in a state's economy toward innovation, we should search for the causes in effective and innovation-oriented public policies and reforms, since "administrative reforms, if genuine and implemented seriously, can have significant impacts on the management of economy and society. . ." (Farazmand 2009b: 48). On the other hand, economic condition affects public budgeting (see Campbell and Sachs 1967). Therefore, any innovation in economy, which could be the result of entrepreneurship, should be interpreted as a positive signal toward more efficient public policies in economy. According to Global Competitiveness Report (2008–2009), weak bureaucracies gave birth to weak national economies. The above lines should not be read as the excessive intervention of governments in economy, but they accentuate the significance of large-scale public policies and strategies for the economy. On the other hand, transition from a classical bureaucracy to an entrepreneurial one is a great harbinger of national economic innovations and entrepreneurship. Entrepreneurial bureaucracy pushes forward and stimulates public entrepreneurship that according to Esman (1991: 41) activates "unutilized resources" and inspires "non-routine behavior[s]." Public enterprises which are "any government-owned or government-controlled unit that produces or sells goods to the public" (Kurtz et al. 2001: 980) could also flourish tremendously under entrepreneurial bureaucracies or vice versa. The double-edged quality of bureaucracy can have two contradictory aspects either motivates the entrepreneurs or, in contrary, escapes them. Capital and economic investment are extremely timid creatures, which are so vulnerable to the governmental policies. Moreover, innovation in public enterprises could be partially traced back to innovation-oriented entrepreneurial bureaucracies. Logically, entrepreneurial bureaucratic policies must have more impact on public enterprises than any other active enterprises within a country. The intensity of such an impact could differ based on the degree of economic intervention by the government and the size of public economy (e.g., Rodrik 1998). Additionally, any inconsistency in economic policies would "discourage entrepreneurial behavior" (Kurtz et al. 2001: 749). Such inconsistent economic policies had been usually seen in developing countries (Economist 1985). On the other hand, entrepreneurial bureaucracy could lead to economic prosperity and innovation for a nation. China as a superb example of entrepreneurial bureaucracy in action could be benchmarked and its bureaucratic entrepreneurial policies simultaneously customized and localized by other countries with similar geopolitical and

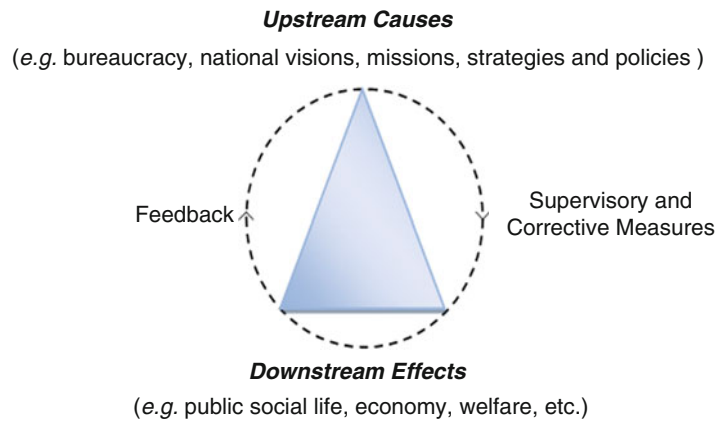


**Entrepreneurial Bureaucracy, Fig. 1** National policy-making cycle and the place of governmental bureaucracy. (Source: Author's own work)

socioeconomic contexts. The entrepreneurial bureaucracy in the PRC is the result of a large-scale bureaucratic transformation from 1979 with the intention of mobilizing great bulks of financial resources for introducing new public programs and providing public services (Koehn 2009).

Decentralized bureaucracy is a necessity for an entrepreneurial bureaucracy. Entrepreneurship in any form and shape needs flexibility; i.e., rigid and frozen governmental frameworks, which are usually accompanied by over-formalization, are fatal poisons to the nourishment and growth of entrepreneurial seeds within a country. Bureaucracies should act as accelerators or at least as the facilitators of state entrepreneurship not as barriers; i.e., entrepreneurial bureaucracies act as catalysts for public entrepreneurship and public enterprises.

## Generic Characteristics of Entrepreneurial Bureaucracies

Bureaucracy could act as a large-scale incubator for entrepreneurship. Each entrepreneurial bureaucracy potentially consists of three broad concepts (Fig. 2):

1. *Brainware* is the innovative decision-making governmental bodies or top entrepreneurial bureaucrats in the governmental hierarchy that have the authority and power of public strategy and policy settings.
2. *Hardware* is the governmental facilities and equipment, as well as national resources that a government can rely on them in the promotion, regulation, and facilitation of public and private entrepreneurship.
3. *Software* is the commitment to entrepreneurial and innovation-oriented managerial philosophy for public management.

Although there are negative views to the capability of "intra-bureaucratic entrepreneurship" (e.g., Sørensen 2004), bureaucracy as a governmental machinery could go entrepreneurial (e.g., Santana 2017), however in a slow process. Osborne (2007) discussing on "rewriting the genetic code" of public institutions – hence the *Brainware* – believe that public systems and public institutions are metaphorically resemble live organisms that grow or change over time. However, this change evolves very slowly. Osborne also believes "We need to change the

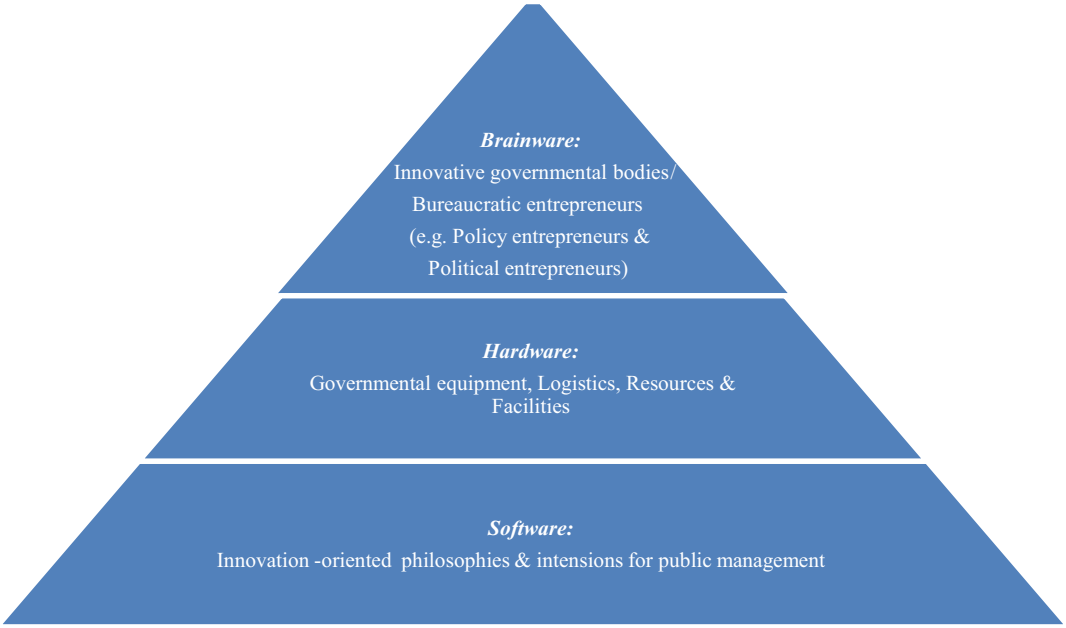


**Entrepreneurial Bureaucracy, Fig. 2** Constituents of entrepreneurial bureaucracy. (Source: Author's own work)

DNA of the bureaucracy and create more entrepreneurial, innovative organizations" (Center for Public Impact 2018). Therefore, a shift to an entrepreneurial bureaucracy – as one of the constituents of the public and simultaneously social system – happens persistently but slowly. The mega-structure of governmental *Leviathan* (Thomas Hobbes' (1588–1679) biblical metaphor for legitimate government; hence, legitimate bureaucracy) cannot be entrepreneurial overnight. First it happens in the organizational DNA, the *Brainware*, which sets the public strategies and policies, in other words, metaphorically in the genetic codes which the line (opposite to "staff"; top) bureaucrats set to be translated by the application of governmental equipment, facilities, logistics, and backup (*Hardware*), in a bureaucracy which has felt the need and has been committed to be innovation-oriented and entrepreneurial not only in economic matters but also holistically in all public affairs and administration (*Software*).

The two bureaucratic phenomena of *policy entrepreneurship* and *political entrepreneurship* inherently could be seen from the same group of intra-bureaucratic entrepreneurs or from different groups of the so-called entrepreneurs. However, logically as innovative policy-makers, they should occupy and be offered influential positions in the decision-, policy-, and strategy-makings of the state, i.e., they act as the *Brainware* of an entrepreneurial state. The governmental body could not be entrepreneurial, unless the line bureaucrats (i.e., "minds") are entrepreneurial. The body orders by the mind. Non-entrepreneurial bureaucracies are fixed and frozen since the *Brainware* or the mind of the monstrous *Leviathan* is rigid, and so they go extinct as dinosaurs' metaphor of Osborne (1993a: 2) for the public institutions in the industrial era with large and centralized bureaucracies, with elaborate and massive hierarchical chains of command and rules. "But in today's world of economic flux, fierce global competition, and sophisticated information and communications technologies, such institutions are dinosaurs. To be effective in these times, institutions (public or private) must be flexible, adaptable, and innovative. They must search constantly for new ways to improve services and heighten productivity."

In essence, based on the generic characteristics of entrepreneurial bureaucracies, they could be one, some, or all of the following bureaucracies:

1. A *Catalytic* bureaucracy that applies private sector potentials and actions as leverage to tackle public problems.
2. A *Community-owned* bureaucracy that empowers communities and families to solve their public problems by themselves.
3. A *Competitive* bureaucracy that does not apply "traditional monopolistic models", i.e., does not use outdated classical methods and models of governance.
4. A *Mission-driven* bureaucracy that in the entrepreneurial sense prioritizes in one hand incentives and regulations that promote national entrepreneurship and on the other hand sets entrepreneurship facilitation and development within the country as one of its bureaucratic missions; accordingly, it will define its budgeting methods and other bureaucratic requisites based on such an entrepreneurship-oriented mission.
5. A *Results-oriented* bureaucracy that pays attention to the outcomes which are achieved through empowered entrepreneurial enterprises, public or private accompanied by more effectiveness and efficiency than mere attention to the administration of routine public needs.
6. A *Customer-driven* bureaucracy that respects the expectations and needs of the majority of nation, i.e., assumes nation as its customer that must fulfill its needs and expectations. Such a bureaucracy also promotes its democratic reputation, public legitimacy, and accountability via selecting this approach. In addition, according to Osborne (1993a: 1) such a bureaucracy puts "resources directly into the hands of the intended recipients of the service (e.g. job training or child care) so that they can make choices based on quality and price."
7. A *Decentralized* bureaucracy that paves the way (e.g., via telecommunication facilities)

for the participation of experts, academia, and intelligentsia all over the country in the state decision-making process.

8. A *Market-driven* bureaucracy, as defined by Osborne (1993a: 1), that restructures "the marketplace when necessary to fulfill public purposes."

In short, an entrepreneurial bureaucracy is an emancipator not a restrictor of public sector's innovative ideas. Moreover, its bureaucratic structure is more agile and flexible than a classical bureaucracy. Therefore, entrepreneurial bureaucracy should decrease its formality and regulations in one hand – for more flexibility – and its hierarchical levels on the other, for more agility (Fig. 3).

## Conclusion

There are negative connotations to bureaucracy in the public mind that is due to the Marxist zeitgeist of the nineteenth and twentieth centuries, the spirit of the twenty-first century, and the third millennium with the advent of competitively innovative governments in the West and the East demands the bureaucracies to be entrepreneurial and innovative. Furthermore, the emergence of issues such as "public entrepreneurship," "bureaucratic entrepreneurship," "entrepreneurial state," "policy entrepreneurs," and "political entrepreneurs" which were broadly described under the entry, although shows entrepreneurship in different aspects of public life, proves the existence and possibility of partial or overall entrepreneurial orientation within some bureaucracies. Bureaucracy as one of the constituents of the prevalent social system inevitably affects public life. Therefore, entrepreneurial bureaucracies could find innovative solutions and service provisions that impact the public life more efficiently. This type of bureaucracies actively seek "governmental reinvention" by the contribution of entrepreneurial bureaucrats who are change oriented, innovative, task oriented, optimistic in their perspective toward the future, breaking out of the confines of routine and taking risks by going beyond the routine, and seeking higher values and are motivated for achievements. The result of their work leads to an entrepreneurial government, which is catalytic, community-owned, competitive, mission-driven, results-oriented, customer-driven, decentralized, and market-driven. Moreover, the distinguishing bureaucratic features of doing public tasks innovatively and out of the routines are being task oriented, risk-taker, and production oriented,

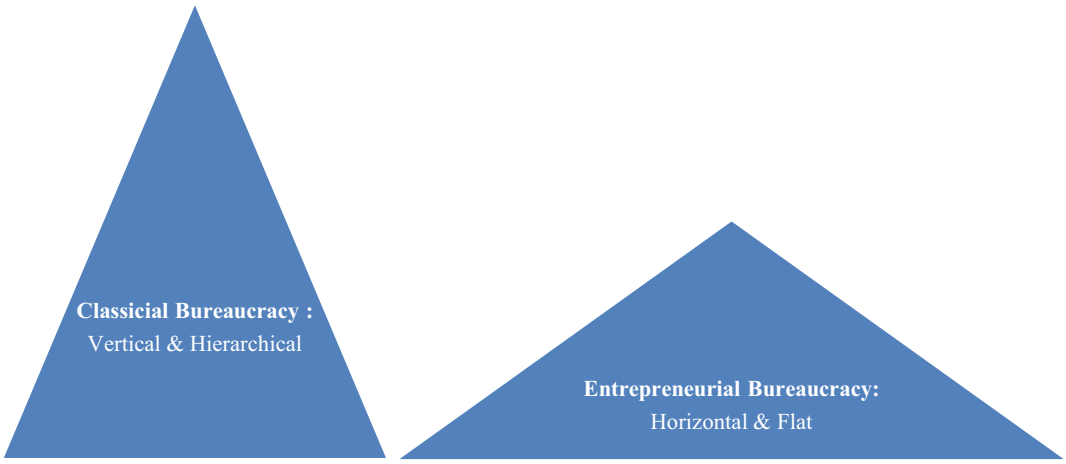


**Entrepreneurial Bureaucracy, Fig. 3** The schematic differences of classical bureaucracy and entrepreneurial bureaucracy. (Source: Author's own work)

especially toward innovative products and facilities which lead to public welfare (i.e., these bureaucracies channel public investments toward R & D and publically benefiting products), as well as having a leadership based on achievement (i.e., result-oriented), being proactive and future-oriented. Eventually, these bureaucracies are having positive attitude toward change when the public calls for it. They also actively support public investment into technology, innovation, science, and public procurement of innovations, and whenever it is necessary, they risk economic institutional innovations or political institutional innovation (e.g., participatory budgeting). These bureaucracies facilitate public service innovations.

Additionally, entrepreneurial governments are tripartite (*Brainware*, *Hardware*, and *Software*). *Brainware* or DNA – which embraces entrepreneurial governmental bodies, policy entrepreneurs, and political entrepreneurs and other line bureaucrats in charge of public strategy or policy setting – plays pivotal roles in the propensity of the government to be entrepreneurial. They constitute the organizational DNA, the *Brainware*, that sets the public strategies and policies to apply governmental equipment, facilities, logistics, and backup (*Hardware*), in a bureaucracy which has felt the need and has been committed to be innovation-oriented and entrepreneurial not only in economic matters but also holistically in all public affairs and administration (*Software*). Transitional process to such a bureaucracy would take place either through bottom-up direction, i.e., when the subsystems that constitute the bureaucracy ecosystem become entrepreneurial, whole the bureaucratic system automatically acts entrepreneurially or by top-down direction, i.e., when the bureaucracy itself shows entrepreneurial propensities, the subsystems will also do the same. Furthermore, an effective state of *Rule of Law* guarantees the complete and correct implementation of entrepreneurial incentives in the public sector, which leads to a superb state in the supervisory, controlling, and law enforcement capabilities to wake up the bureaucratic *Leviathan* as a requisite for the innovative governments of the third millennium.

## Cross-References

▶ Entrepreneurial Bureaucrat, The

## References

Altshuler A, Behn RD (2010) Innovation in American government: challenges, opportunities, and dilemmas. Brookings Institution Press, Washington, DC

Baez B, Abolafia MY (2002) Bureaucratic entrepreneurship and institutional change: a sense-making approach. J Public Adm Res Theory 12(4): 525–552

Block FL, Keller MR (2015) State of innovation: the US government's role in technology development. Routledge, Abingdon

Borins SF (ed) (2009) Innovations in government: research, recognition, and replication. Brookings Institution Press, Washington, DC

Borins SF (2014) The persistence of innovation in government, vol 8. Brookings Institution Press with Ash Center for Democratic Governance and Innovation, Boston

Campbell A, Sachs S (1967) Metropolitan area: fiscal patterns and governmental systems. Free Press, New York

Cancian M (2018) Space: the final frontier for bureaucracy. Forbes, 10 August. https://www.forbes.com/sites/markcancian/2018/08/10/space-the-final-frontier-for-bureaucracy/#d078bbfd99c7

Carpio A (2017) The rise of the political entrepreneur and why we need more of them. World Economic Forum website. https://www.weforum.org/agenda/2017/11/the-rise-of-the-political-entrepreneur-and-why-we-need-more-of-them/

Center for Public Impact (2018). https://www.centreforpublicimpact.org/government-still-needs-reinventing/

Cho YH, Kim YS (1993) The cultural roots of entrepreneurial bureaucracy: the case of Korea. Public Adm Q 16:509–524

Dreze J, Sen A (1999) India: economic development and social opportunity. Oxford University Press, ISBN 0198295286

Du Gay P (1996) Organizing identity: entrepreneurial governance and public management. In: Questions of cultural identity. Sage, London, pp 151–169

Duvall RD, Freeman JR (1983) The techno-bureaucratic elite and the entrepreneurial state in dependent industrialization. Am Polit Sci Rev 77(3):569–587

Easterly W, Rebelo S (1993) Fiscal policy and economic growth. J Monet Econ 32(3):417–458

Economist (1985) Privatization: everybody's doing it differently – world survey of the selling of state assets. Economist 297(Dec. 21):71–86

Esman MJ (1991) Management dimensions of development: perspectives and strategies. Kumarian Press, Hartford

Fan Q, Zeng DZ, Kouqing L, Dong Y, Runzhong P (eds) (2008) Innovation for development and the role of government: a perspective from the East Asia and Pacific region. The World Bank, Washington, DC
Farazmand A (2009a) Bureaucracy, administration, and politics: an introduction. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Florida, pp 1–18
Farazmand A (2009b) Bureaucracy and the administrative system of ancient world-state Persian Empire: implications of modern administration. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Florida, pp 19–52
Feder G (1983) On exports and economic growth. J Dev Econ 12(1–2):59–73
Gillis M, Perkins DH, Roemer M, Snodgrass DR (1992) Economics of development, 3rd edn. WW Norton & Company, New York
Johnson RA, Walzer N (eds) (2000) Local government innovation: issues and trends in privatization and managed competition. Greenwood Publishing Group, USA
Karlsson C, Silander C, Silander D (2016) Political entrepreneurship: regional growth and entrepreneurial diversity in Sweden. Edward Elgar Publishing, Cheltenham
Kattel R, Karo E (2016) Start-up governments or can bureaucracies innovate? The Institute for New Economic Thinking. https://www.ineteconomics.org/perspectives/blog/start-up-governments-or-can-bureaucracies-innovate
Knight GA, Cavusgil ST (2004) Innovation, organizational capabilities, and the born-global firm. J Int Bus Stud 35(2):124–141. https://doi.org/10.1057/palgrave.jibs.8400071. Accessed 1 Dec 2017
Koehn PH (2009) Globalization, decentralization, and public entrepreneurship: reorienting bureaucracy in the people's republic of China. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Florida, pp 409–432
Kurtz W, Cunningham RB, Adwan YM (2001) Challenges to privatization in developing countries. In: Farazmand A (ed) Handbook of comparative and development public administration, 2nd edn. Marcel Dekker, New York, pp 977–988
Levine R (1997) Financial development and economic growth: views and agenda. J Econ Lit 35(2):688–726
Lewis E (1980) Public entrepreneurship: toward a theory of bureaucratic political power: the organizational lives of Hyman Rickover, J. Edgar Hoover, and Robert Moses. Indiana University Press, Bloomington
Lewis JM, Ricard LM, Klijn EH, Figueras TY (2016) Innovation in city governments: structures, networks, and leadership. Routledge, London
Liebich A (1982) On the origins of a Marxist theory of bureaucracy in the critique of Hegel's "Philosophy of Right". Political Theory 10(1):77–93
Mani S (2002) Government, innovation and technology policy: an international comparative analysis. Edward Elgar, Cheltenham
Matsuyama K (1992) Agricultural productivity, comparative advantage, and economic growth. J Econ Theory 58(2):317–334
Mazzucato M (2013) The entrepreneurial state: debunking public vs. private sector myths, vol 1. Anthem Press, UK
Molnar A (ed) (2018) Strategic management and innovative applications of e-government. IGI Global, Hershey
Nishihara AH, Matsunaga M, Nonaka I, Yokomichi K (eds) (2017) Knowledge creation in public administrations: innovative government in Southeast Asia and Japan. Springer, Cham
Oates WE (1993) Fiscal decentralization and economic development. Natl Tax J 46(2):237–243
Osborne DT (1993a) Reinventing government. Leadersh Abstr published at the Office of the League for Innovation in the Community College 6(1):1–3
Osborne DT (1993b) Reinventing government. Public Product Manag Rev 16:349–356
Osborne DT (2007) Reinventing government: what a difference a strategy makes. 7th global forum on reinventing government: building trust in government, 26–29 June 2007, Vienna, Austria
Porter H (1990) The competitive advantage of nations. Harv Bus Rev 68(2):73–93
Power B (2013) Innovating around a bureaucracy. Harvard Business Review, 8 March. https://hbr.org/2013/03/innovating-around-a-bureaucrac
Rodrik D (1998) Why do more open economies have bigger governments? J Polit Econ 106(5):997–1032
Santana MD (2017) Promoting entrepreneurship: a growing instrument of soft-diplomacy in the MENA region. IEMD. Mediterranean Yearbook. Strategic Sectors: Economy & Territory, pp 251–254
Sørensen JB (2004) Bureaucracy and entrepreneurship. Draft – November 2004 at: https://www8.gsb.columbia.edu/rtfiles/management/B%26E.pdf. Accessed 1 Dec 2017
Sørensen JB (2007) Bureaucracy and entrepreneurship: workplace effects on entrepreneurial entry. Adm Sci Q 52(3):387–412
Stern DI (1993) Energy and economic growth in the USA: a multivariate approach. Energy Econ 15(2):137–150
Teodoro MP (2009) Bureaucratic job mobility and the diffusion of innovations. Am J Polit Sci 53(1):175–189
Teske P, Schneider M (1994) The bureaucratic entrepreneur: the case of city managers. Public Adm Rev 54:331–340
The Global Competitiveness Report (2008–2009). World Economic Forum, Geneva, Switzerland. ISBN-13: 978-92-95044-11-1
The Global Innovation Index (2018) Energizing the world with innovation. https://www.globalinnovationindex.org/gii-2018-report
Weiss M (2014) Government Entrepreneur" is not an oxymoron. Harvard Business Review. https://hbr.org/2014/03/government-entrepreneur-is-not-an-oxymoron
Zucker LG (1991) The role of institutionalization in cultural persistence. In: Powell W, DiMaggio PJ (eds) The new institutionalism in organizational theory. University of Chicago Press, Chicago

# Entrepreneurial Bureaucrat, The

Frank L. K. Ohemeng
Department of Public Administration, College of Law, Commerce and Public Affairs, Incheon National University, Incheon, South Korea

## Synonyms

Administrator; Agent; Industrialist; Innovator; Manager

## Definition

Actors who help to propel dynamic policy change in the community. Like other entrepreneurs, they engage in the act of creative discovery by creating or exploiting new opportunities to push forward their ideas.

An individual who undertakes purposeful activity to initiate, maintain, or aggrandize one or more public sector organization.

## Introduction

The new public management and the call for new and innovative ways of delivering public services have given birth to the idea that public administrators should behave as if they are private sector entrepreneurs, even as the debate continues on whether that is possible. Some consider the phrase "bureaucratic entrepreneur" an oxymoron inasmuch as bureaucrats are not trained in the same skills as their private sector counterparts.

Others have forcefully argued for the existence of bureaucratic entrepreneurs in the public sector, although the different contexts mean they do things differently; they face different constraints in their attempt to change institutions. The success or failure of such entrepreneurs depends on the state, and whether it shows an active or a passive interest in what is happening. According to Weiss (2014), the idea of a bureaucratic (government) entrepreneur is perfectly sensible, as was assumed under the new public management. He or she may be seen as a "person who contributes to building a public organization or increasing its ability to deliver services and create value" (Bernier and Hafsi 2007: 489), rather than concentrating on the bottom line.

The bureaucratic entrepreneur aims to improve lives by inventing entirely new ways of serving the public using the scarce resources at his or her disposal. He "identifies market opportunities within the political landscape, optimizes the performance-enhancing potential of innovation for the public sector organization, and carries stakeholders in a way that both permits risk and recognizes the stewardship of public sector resources" (Currie et al. 2008: 987). Currie et al. (2008) further argue that such "entrepreneurs expand the goals, mandates, functions and power of their organizations in ways not foreseen by their political masters. They build coalitions that knit together public and private interests to take advantage of opportunities for entrepreneurship" (989). Moore (1995) says that one of the fundamental assignments of this new entrepreneur is advocacy. He maintains that entrepreneurial advocacy "focuses on what a pubic manager needs to do to maximize the chance that his or her preferred policy will be authoritatively adopted and solidly backed" (151).

## Characteristics of Bureaucratic Entrepreneurs

Bureaucratic entrepreneurs exhibit certain characteristics quite different from those of the private ones. First is change agency. The concept of the change agent has been variously defined. Simply, it means a professional equipped with the skills and knowledge to improve the organizational performance of a system (Ottaway 1983). In the case of the bureaucratic entrepreneur, that system is a public organization, improvement of which has been necessitated by the changing view of how the state should operate. The bureaucratic entrepreneur in this case may thus be seen as the main source for government success in developing and

implementing its program. Bureaucratic entrepreneurs want to make a difference in their community's policies. With their expertise, and given the domains in which they operate, they engage in an act of "creative discovery" (Teske and Schneider 1994: 331) by exploiting new policy and management opportunities that will advance their ideas.

The objective of a change agent is to pursue certain interests and act strategically. They do this by reconfiguring "an organisation's roles, responsibilities, structures, outputs, processes, systems, technology or other resources" (Buchanan and Badham 1999: 610). The agent is interested in institutional structures and who commands resources, information that can be applied to influence institutionalized rules, either by committing those resources to the support of existing institutions or by using them to create new institutions. The agent therefore seeks to work towards changing structures and institutional norms by engaging in forward-looking projective agency, while at the same time providing the legitimacy to support the creation of institutions that will be found appropriate and aligned with their interests for better delivery of public services. From this perspective, the priority of the agent is about altering the structures and the course of institutions through a dynamic process to enhance their performance, by destroying one institution and establishing another.

The bureaucratic entrepreneur change agent is able to mobilize the necessary exogenous and endogenous resources both by acquiring power and by motivating others to join them through what Fligstein (2001) calls social skills. According to Fligstein (2001), "the ability to engage others in a collective action is a social skill that proves pivotal to the construction and reproducing of local social order" (105–106). Without power the bureaucratic entrepreneur cannot effect the desired changes in the institutional setting and cannot shape the character of institutions and institutional change. Their position helps them to develop their strategies. The acquisition of sufficient resources, then, enables bureaucratic entrepreneurs to create new institutions that will promote their particular interests.

Bureaucratic entrepreneurs are also innovative leaders. In an era in which innovation has been a key pursuit in the public sector, such entrepreneurs perceive opportunities for changing policy by advocating new and innovative ideas to meet the needs of both political masters and citizens. They can transform static bureaucratic institutions into more flexible ones. Their ability to innovate leads them to "disrupt the status quo by offering policy solutions to extant but hitherto neglected policy problems or by pursuing new policy initiatives" (Catney and Henneberry 2016: 1326). Teske and Schneider (1993) have unsurprisingly described such entrepreneurs as engaging in the creative destruction of old policies and political paradigms.

It is not, however, easy for them. Teske (2011) pointed out that in trying to exercise innovative leadership entrepreneurial bureaucrats have to work in two worlds: an internal world defined by the demands of managing the local bureaucracy, and a complex external world defined by the political, legal, and economic milieu of cities. Internal issues relate largely to the ability of managers to motivate public sector employees to perform more efficiently and comply with organizational goals. Every government manager faces such problems, but for entrepreneurial managers seeking change, the need to motivate workers to better productivity and to conform to new styles of service delivery is even greater. Their second problem is from the external environment. External issues involve the constraints and opportunities of managers' interaction with local politicians, interest groups, actors in higher levels of government, and the media to the purpose of creating coalitions supporting new policies. The goals and strategies of and constraints on such entrepreneurs differ across these two domains (149). In all, they endure enormous pressure from above and below, as well as around, and must be able to navigate through this labyrinth to get things done.

Bureaucratic entrepreneurs are also socially embedded in the sense that they now have to build and use political, policy, and social networks to achieve their objectives and perform the necessary public functions. Networks have been

described as "structures of interdependence involving multiple organizations or parts thereof, where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement, and involves the functions of building support, negotiating with others in an agency's external environment, contributing to the management of multi-organizational efforts, exploiting opportunities, protecting the core organization from challenges or threats, and sometimes helping move a set of organizations toward an objective" (O'Toole 2014: 361). Using a network or collaborating with others to achieve policy objectives is a natural consequence of the fact that it has become "harder to govern a pluralist society than to manage a homogeneous one, but that is the challenge that public servants face" (Denhardt 1999: 284). Public problems are now being resolved through other, nonpublic, means, bringing many players into the public policy domain. Bureaucratic entrepreneurs are expected to build coalitions, develop cooperative arrangements, and organize market agreements among themselves, as well as with their political sponsors and with their clients and their representative organizations. Concisely, the bureaucratic entrepreneur has to find alternative, but efficient and effective, ways of engaging these other players to deal with public problems using a variety of skills, not only to find solutions, but sometimes to deal with conflicts that arise within a particular network or networks. They are then able to empower others, be they organizational members or clients or other interested stakeholders, to participate in developing policies and programs and managing results.

Bureaucratic entrepreneurs are economic actors. Catney and Henneberry (2016) are of the view that as such they "engage in forms of institutional bricolage, drawing together resources from diverse sources to produce unexpected results. They may seek to mobilize collaborative action around their policy, which may help to resolve collective action problems" (1327). In spite of this some have argued that resource mobilization, and particularly revenue mobilization, leads such entrepreneurs to exhibit behaviors associated with maximizing the notion of the bureaucrat. Siffin (1981), however, disagrees. To him, revenue gains only indirectly benefit bureaucratic entrepreneurs personally, for under public ownership they do not have independent economic interests. Hence, "bureaucratic entrepreneurs seek to maintain their mandates and protect the budgets of their agencies" (306–307).

## How Bureaucratic Entrepreneurs Get Things Done

Bureaucratic entrepreneurs adopt a number of strategies to get things done in what can be described as a maze of an environment. They first serve as sensemakers and, at the same time, sensegivers, both within and outside the organizations in which they operate. They use the processes of sensemaking and sensegiving to make and give meaning, through cognitive construction and schema, to effect the needed changes. Weick (1995) defines sensemaking as the attempt to make sense of a situation through meaning making or socially constructing an idea for a clear understanding of a phenomenon. Sensegiving, on the other hand, is the process of disseminating new understandings to audiences to influence their "sensemaking-for-self" (Gioia and Chittipeddi 1991: 444). The entrepreneur is thus able to be the person who makes sense of a given situation, especially in the face of continuous environmental changes, resolving any ambiguities the environment may present to or impose on organizational members, and constructing meanings out of them as they pertain to change. In the organizational change process, therefore, these entrepreneurs are the sensemakers to the extent that they identify and pursue opportunities to improve their organizations. Through sensemaking and sensegiving they create and impact meaning, especially the change and the change process, for their intended targets.

Another means bureaucratic entrepreneurs employ is turning themselves into storymakers and storytellers, and using humor to develop and implement change. Storymakers are individuals who use cognitive initiatives to construct plots using the values of the organization that will enhance members' perception of the organization,

while storytellers use their skills to make these members aware of such stories, most often through humor. Stories are "a powerful means of communicating values, ideas, and norms" (Morgan and Dennehy 1997: 495). Bureaucratic entrepreneurs thus use projective stories to help address the challenges of setting future expectations that are comprehensible and plausible both to organizational members and the citizenry.

## Conclusion

Society is rapidly changing. How things are done and the attitude of those with power therefore also have to change. One area where change continues to be advocated is the state bureaucracy. In the early 1990s, it became one of the most criticized institutions of the state. It was described as archaic and having outlived its usefulness. Furthermore, bureaucrats were called out of control and self-serving. Inevitably, some called for abolishing the bureaucracy, but it became apparent that the state cannot function without it. This realization led to the call for a change in the attitude of bureaucrats, for an entrepreneurial bureaucracy in which bureaucrats should behave like private sector entrepreneurs. Since then the idea of the bureaucratic entrepreneur has become one of the hymns of public administration reformers.

Consequently, this entry examined that notion, its characteristics, and how such entrepreneurs get things done. We saw bureaucratic entrepreneurs as not like entrepreneurs in the private sector, but as individual public organization members whose interest is in using public institutions to improve the lives of the people by inventing entirely new ways of serving the public using the scarce resources at their disposal. Such individuals use every means and seize every opportunity to pursue innovative ideas for public sector organizations to be able to better address society's myriad needs.

They adopt and adapt methods. Bureaucratic entrepreneurship has, then, become the modern way of managing and getting things done in the public sector. This entry debunks the notion that there are no bureaucratic entrepreneurs in the public sector and shows that they are able to serve their society better by combining state and private sector ideas.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Innovation and the Public Workplace
- ▶ Leading Organizational Change
- ▶ Organizational Identity Leadership
- ▶ Social Entrepreneurship


E

## References


Bernier L, Hafsi T (2007) The changing nature of public entrepreneurship. Public Adm Rev 67(3):488–503

Buchanan D, Badham R (1999) Politics and organisational change: the lived experience. Hum Relat 52(5): 609–629

Catney P, Henneberry JM (2016) Public entrepreneurship and the politics of regeneration in multi-level governance. Environ Plann C Gov Policy 34(7):1324–1134

Currie G, Humphreys M, Ucbasaran D, McManus S (2008) Entrepreneurial leadership in the English public sector: paradox or possibility? Public Adm 86(4):987–1008

Denhardt RB (1999) The future of public administration. Public Adm Manag 4(2):279–292

Fligstein N (2001) Social skill and the theory of fields. Sociol Theory 19(2):105–125

Gioia DA, Chittipeddi K (1991) Sensemaking and sensegiving in strategic change initiation. Strateg Manag J 12(6):433–448

Moore MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA

Morgan S, Dennehy RF (1997) The power of organizational storytelling: a management development perspective. J Manag Dev 16(7):494–501

O'Toole LJ Jr (2014) Networks and networking: the public administrative agendas. Public Adm Rev 75(3): 361–371

Ottaway RN (1983) The change agent: a taxonomy in relation to the change process. Hum Relat 36(4): 361–392

Siffin WJ (1981) Bureaucracy, entrepreneurship and natural resources: witless policy and the barrier islands. Cato J 1(1):293–311

Teske P (2011) Bureaucratic entrepreneurs: the case of city managers. In: Schneider M, Teske P, Mintrom M (eds) Public entrepreneurs: agents for change in American government. Princeton University Press, Princeton

Teske P, Schneider M (1994) The bureaucratic entrepreneur: the case of city managers. Public Adm Rev 54(4): 331–340

Weick KE (1995) Sensemaking in organizations. Sage, Thousand Oaks
Weiss M (2014) "Government entrepreneur" is not an oxymoron. Harv Bus Rev. https://hbr.org/2014/03/government-entrepreneur-is-not-an-oxymoron/

# Entrepreneurial Competence Among Students

Pragya Singh
Department of Management Studies, IIIT Allahabad, Prayagraj, India

## Introduction

The word "entrepreneur" originated from the French word "entreprendre," which means "to undertake" and generally translated as adventurer or undertaker. And in this twenty-first century, the word entrepreneurship is linked with innovating, risk-taking, adventurism, thrill-seeking, wealth creation, etc. According to Hole (1959), "Entrepreneurship is the focused action of a group or an individual, undertaken to initiate, maintain or exaggerate profit by production or distribution of economic goods & services." Ricado explained Entrepreneurship entails bearing the risk of buying at a certain price and selling at an uncertain price. In academics, this topic accommodates different schools of thought and these scholars tend to focus on what traits, skills, and competencies the entrepreneur has. A competency can be defined as something very good in someone's personality. That is a talent that makes our work run properly. Lathi summarizes competence as a set of knowledge, capabilities, characteristics, and attitudes related to or necessary for good performance. Stoof et al. also concluded that competence can be interpreted as a successful behavior in a work in which knowledge, capabilities, and attitudes work together to accomplish this behavior. Components that form a person's competence consist of wanting, being, capable, and knowledge essential for competent behavior. Each element will be briefly discussed, particularly in relation to entrepreneurship (Driessen and Zwart 1999).

Also, several studies focused on the factors that determine the success of entrepreneurship, especially from the field of psychology and business studies. According to Driessen (2005), ten essential competencies must be owned by an entrepreneur. Those competencies consist of the need for achievement, autonomy, power, social orientation, self-efficacy, endurance, and a risk-taking propensity. Skill components include market awareness, creativity, and flexibility. To be a successful entrepreneur, one needs to know the characteristics and skills of self to perform self-reflection about the potential entrepreneurial competence. Especially if we see the definition of entrepreneurship according to Timmons (in the Driessen and Zwart 1999) that "The ability to make a 'founding team effort' that can contribute in complementing the skills and talents that we have." This information is helpful to assess the strength, characteristics, and capability of skills when deciding to start a business or not. It is also necessary to determine the founding business team, which has complementary characteristics and abilities.

Apart from this, to start any business, one needs to be motivated. Motivation can be generated internally or externally. Thus, in context to this, motivation is divided into external driving factors (pushing factors) and internal driving factors (pulling factors). There are three internal driving factors or motivations to start a business. There is a need for autonomy, the need for achievement, and the need for power. On average, a successful entrepreneur has higher scores for these characteristics than those who own their own business and are unsuccessful. So to start any venture, an individual must have knowledge or education to start the business. Entrepreneurship education (EE) is a term emerging among entrepreneurs, which mainly focuses on to start a business; it consists of the preparation to become small business owners. This study focuses on the practical aspects related to specific phases of starting a company, such as how to obtain financing, legal regulations, taxation, and so on. The dynamics of entrepreneurship education seeks to improve the dynamics of entrepreneurial behaviors after taking the step to start a business. The

goal is to increase the intention of being an entrepreneur and develop dynamic behavior when the company has been operating. So this entry focuses on how education, stimulation, and incubation encourage student entrepreneurship with the help of Information Technology.

## Literature Review

Considerable work has been done to identify these individuals' sociological and psychological characteristics (McClelland 1987). The evidence suggests that there are different types of entrepreneurs that entrepreneurs are not necessarily born or genetically predisposed to entrepreneurship, and that some entrepreneurial potential resides in most individuals. The environment within which the entrepreneur operates includes macro-forces that both facilitate (e.g., well-developed infrastructure, availability of venture capital, and bankruptcy protection) and constrain (e.g., monopolistic conditions, high inflation and interest rates, onerous regulation, and taxation) entrepreneurial behavior in general. It provides what Baumol refers to as the "rules of the game" that determine how the entrepreneurial impulse of individuals is channeled. The environment also provides the specific set of conditions that create the opportunity for a particular entrepreneurial concept.

Over the last two decades, the value of entrepreneurship education has increased for economic growth (Van stel et al. 2005; Braunerhjelm 2010). It was also suggested by Frany that entrepreneurship helps enlighten people and encourage their personal growth. The Entrepreneurial competencies consist of characteristics and skills to become a successful entrepreneur (Driessen 2005). The ten dimensions of entrepreneurial competencies are described follows (by Oosterbeek et al. 2008):

- Need of achievement: A successful entrepreneur has high scores on achievement to pursue appropriate and competitive performance. If necessary, they build their company with professional goals in mind. They set a high target level and strive hard to achieve it.
- Need of autonomy: The need for autonomy is often a subconscious reason for someone to choose entrepreneurship. Successful entrepreneurs with high scores on these competencies reflect independence in decision-making, the ability to overcome their problems, and bringing all the activities to the successful ending with their own efforts.
- Need of power: The need for power is necessary to control another person to influence their behavior. A successful entrepreneur with a high score on this competency indicates that they know what they want and how to influence others to achieve their goals.
- Social orientation: Social orientation reflects an understanding (about successful entrepreneurs) that connection with other people is needed to realize their ideas. They make these connections with ease and are driven by professional considerations in their social activities. They define social needs are set side by side and focus on their business.
- Self-efficacy: Self-efficacy reflects the confidence in the ability of self, such as self-confidence. Successful entrepreneurship is usually ensured that the person can bring any activity towards a successful ending. Also, they feel that they can control their own success, which does not depend on others.
- Endurance: Successful entrepreneurs have a high level of durability. It requires the ability to continue expressly; there are setbacks or rejection conditions.
- Risk-taking propensity: The tendency of taking a risk reflects the ability to deal with uncertainty and willingness to take risks for being losers. This is an essential competence for a successful entrepreneur.
- Market awareness: Market awareness can sympathize with clients' needs (potential) and connect them with its business. Entrepreneurs who recognize the specific needs of particular groups of target customers, anticipate the market changes, and are aware of competitor activity succeed.
- Creativity: Creativity is the ability to adopt a view from a different perspective then see and try new opening possibilities based on the

observation toward environmental changes. Furthermore, creativity reflects the ability to turn problems into new opportunities. Therefore, it is an essential material for successful entrepreneurship.

- Flexibility: Flexibility is based on a measurement of the ability to adapt. Entrepreneurs who successfully react to observed changes in their environment, such as the new needs of clients or new competitors in their market, are flexible.

There are many schools of thought on this topic. Smith and Miner distinguish "craftsmen entrepreneurs" from "opportunists," with the latter being more adaptive and growth-oriented. Miner later empirically identified four types of entrepreneurs, including those who focus on bold moves and are achievement motivated, those who build ventures around salesmanship and networking, those who focus on invention and innovation, and those who are power-motivated and have a desire to lead. Mitchell et al. (2002) define entrepreneurial cognition as the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth. In other words, entrepreneurial cognition is about understanding how entrepreneurs use simplifying mental models to piece together previously unconnected information that helps them identify and invent new products or services and assemble the necessary resources to start and grow businesses.

DeTienne et al. (2008) built on an escalation of commitment theory and the motivation literature to explain variance in entrepreneurs' decision policies for persisting with a poorly performing firm. Other examples included: attitudes toward the different errors arising from making decisions in environments of high uncertainty, as informed by regret theory (Zeelenberg 1999) and/or norm theory; the level of positive affect, negative affect, and the combination of the two, as informed by the psychology literature on emotion and cognition; the intrinsic motivation to act, as informed by self-determination theory (Deci and Ryan 2000; Ryan and Deci 2000); the level of prior knowledge, as informed by the Austrian economics (Shane 2000), opportunity recognition (Baron and Ensley 2006), or entrepreneurial action (McMullen and Shepherd 2006) literatures (Fig. 1).

## Understanding the Dynamics of Entrepreneurship Through Framework Approaches

A theory of entrepreneurship is a verifiable and logically coherent formulation of relationships, or underlying principles, which either explains entrepreneurship, predicts entrepreneurial activity, or provides normative guidance (Figs. 2 and 3).

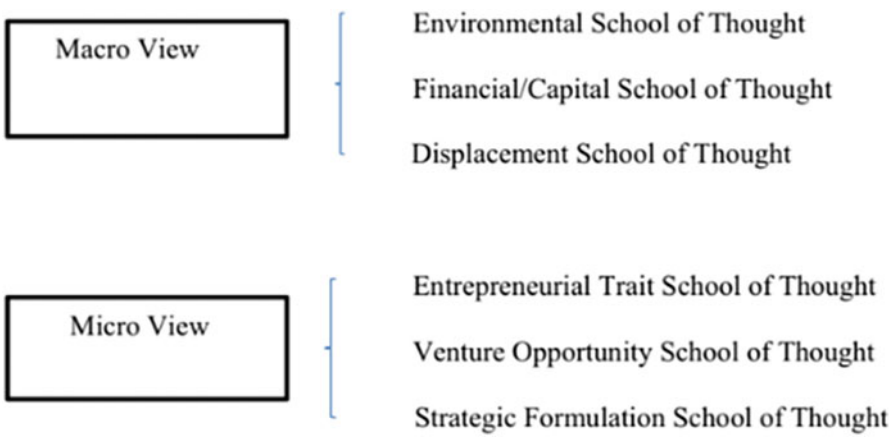


**Entrepreneurial Competence Among Students, Fig. 1** Entrepreneurial schools of thought framework

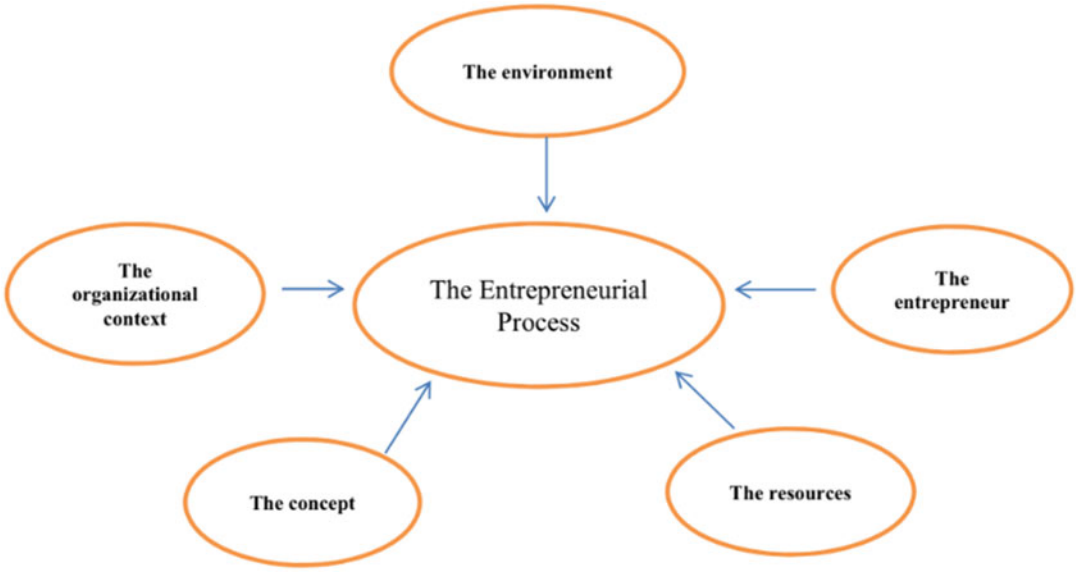


**Entrepreneurial Competence Among Students, Fig. 2** Integrative framework

## Venture Creation Programs: Bridging Entrepreneurship Education and Technology Transfer

Researchers point at potential synergies, such as using university inventions in-class projects, using students as resources in technology evaluation, and increasing awareness of technology transfer opportunities among students (Nelson and Byers 2005).

Interdisciplinarity can connect disciplines, reach across organizational and cultural boundaries within the university, and connect students and faculty from different domains (Table 1).

Engaging entrepreneurially driven students in the venture creation process is a critical contribution that venture creation programs (VCPs) can provide to technology transfer. In return, entrepreneurial education receives access (through the TTOs and incubators) to projects and human capital resources that are "real" and can create an incorporated venture.

Students reach a "tipping point", through contractual and emotional ownership of a real-life venture, treating the venture as "theirs." The literature outlines the potential benefits of ownership perception, such as increased creativity, emotional involvement and commitment, motivation, and responsibility (Cotton 1991).

## The Emergence of the Knowledge Spillover Theory of Entrepreneurship

These thoughts, i.e., the view of entrepreneurship as the channel to commercialize knowledge spillovers outside the source of knowledge creation, complement a long-lasting scholarly tradition having recognized the role of knowledge as the primary source of technological and commercial opportunities and ultimately of economic growth (e.g., among others) where knowledge is created and not fully commercialized for purposes of economic gains, and variables shaping that knowledge spill over to other economic agents – namely, entrepreneurs.

## Serial Entrepreneurs

The dynamic nature of entrepreneurship arises due to a combination of environmental developments and individual characteristics. Serial entrepreneurs are defined in this entry as those entrepreneurs who exit one venture before entering into a subsequent one. Dynamic market conditions may heighten the need to be constantly alert for opportunities for new resource deployment. In these stages, entrepreneurial activity may involve both innovation and restructuring, but

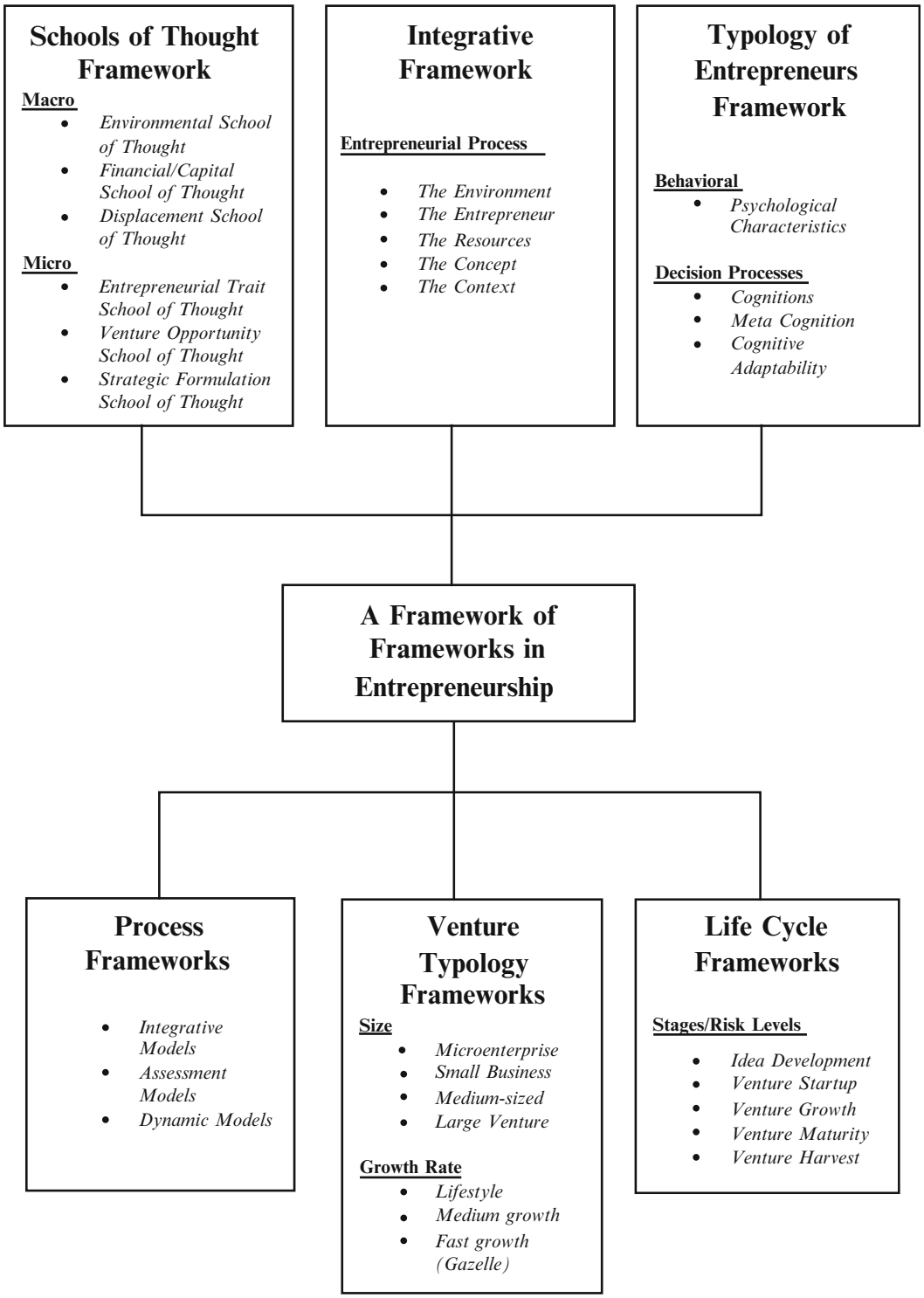


**Entrepreneurial Competence Among Students, Fig. 3** Framework of frameworks approach

**Entrepreneurial Competence Among Students, Table 1** Theoretical framework for data collection

| Five design principles for venture creation at the university (van Burg et al. 2008) | Ten themes of a VCP | Ten themes in short | References (in addition to van Burg et al. 2008) | Five resulting design principles for VCP8 |
|---|---|---|---|---|
| Create university-wide awareness through programs targeted at students and academic staff | Marketing to and selection of students | Marketing/ screening | | Targeting and selecting the students |
| Create and support start-up teams by providing skills matching, training and coaching | Establishing start up teams in a creative environment | Teams | | Creating the start-up teams |
| | Establishing fair and motivating rules | Rules/ motivation | Cope and Watts (2000) | |
| Create a network of investors, managers and advisors | Securing collaborative network | Network | | Collaborating with external actors |
| | Linking to external outreach activities | Outreach | Mwasalwiba (2010) | |
| Set clear and supportive rules and procedures that regulate the start-up process | Maintaining good academic entrepreneurship environment | Faculty | Gibb (2005) | Designing the learning environment |
| | Supplying relevant theory content with the right mix | Content | Mwasalwiba (2010) | |
| | Delivering a well balanced mix of pedagogical methods used | Pedagogy | Mwasalwiba (2010) | |
| | Actual business start-up process (core process) | Start up process | Gibb (1998) | |
| Shape a culture that motivates entrepreneurial behaviour | Influencing students' attitudes towards entrepreneurship | Attitudes | Barr et al. (2009) and Gibb (2002) | Developing entrepreneurial attitudes |

there may be lengthy periods of routine coordination in-between. Corporate entrepreneurship involves managers creating new combinations of resources in existing firms. It may be categorized as having three dimensions: the creation of new businesses within existing organizations; renewal and transformation of organizations in some degree of "crisis" through refocusing, major changes in marketing and distribution, reshaping operations, etc.; and Schumpeterian corporate entrepreneurship where the firms' innovations are so significant as to change the rules of competition in the industry (Stopford and Baden-Fuller 1994). In terms of motivations, it is generally thought that entrepreneurs differ from the general population. Still, it is also recognized that there is considerable motivational diversity among entrepreneurs as a group (Woo et al. 1991).

## Self-Regulated Learning, Team Learning, and Project Performance in Entrepreneurship Education: Learning in a Lean Startup Environment

As research recognized the importance of technology-based entrepreneurship as the driver of dynamic capitalism (Kirchhoff 1994) and the force behind dynamic developments, for example, in nanotechnology or pharmaceuticals (Walsh 2014), EE for technology entrepreneurship becomes even more relevant. The challenge is to prepare future

leaders in entrepreneurship, innovation, and technology management with a set of knowledge, skills, and attitudes that enable them to address global challenges (Groen and Walsh 2013).

Lean startup (henceforth: LS) is a collection of tools and techniques employed by entrepreneurs to build their ventures faster and at a lower cost. It is based on the idea that entrepreneurs should make their implicit assumptions about how their venture works and how the market works explicitly. These explicit assumptions can be put to empirical tests in the "real world." More precisely, it is an example of experiential learning that entrepreneurs learn while experimenting in a real-life setting. In new venture teams, LS becomes an example of group-based experiential learning.

Innovation and technology management scholars may know the lean startup approach under the names of "disciplined entrepreneurship", "lean startup", "hypothesis-driven entrepreneurship", and "probe and learn". In essence, these approaches emphasize early customer contact, reflected experimentation, and speed of learning in a technological context. This extends the applicability of lean startup from new ventures to mature companies, such as reducing fuzziness at the front end of innovations.

A phase model of SRL illustrates its elements: First, learners assess their strengths and weaknesses concerning a specific learning task. Second, learners execute strategic planning and goal setting about mainly self-chosen learning goals. Third, learners implement their learning strategy and continuously monitor its effectiveness. Finally, learners compare the actual final learning outcome with the intended learning outcome. Such a model reminds business scholars of a strategic management process (Kaplan and Norton 1996), with its widely discussed performance effects based on, among others, the motivational results of goal setting and relevant feedback.

## Research Methodology

As institutes focus on creating new inventions and knowledge, they serve as an actual output of knowledge and innovation, which can be exploited by new ventures (Shane 2004). Etzkowitz calls it the second academic revolution: the first academic revolution added research as a mandate next to the education of students, now entrepreneurship has become the third mandate of universities. Therefore, academic entrepreneurship has become a priority for policymakers from inside the universities and local governments everywhere. The study focuses on the entrepreneurial education program for MIT, IIIT, and Utrecht University. Participants are PG students, Ph.D. students, and faculty members of the universities. The program is conducted in two phases of 14 days in February and March. The data collection is done with the help of quizzes, the questions on quizzes which are mainly focused on the skills that entrepreneurs need to possess.

The research aims to focus on how education, stimulation, and incubation encourage student entrepreneurship. Therefore, the quizzes included during the program mainly focus on variable entrepreneurship education variable, which has Awareness, Basic Knowledge, Technical Knowledge, Financial Knowledge, and the entrepreneurship skills as independent variables and entrepreneurial intention as a dependent variable.

**Independent variable** – Entrepreneurial knowledge (Awareness, Basic Knowledge, Technical Knowledge, Financial Knowledge, and entrepreneurship skills).

**Dependent variable** – Entrepreneurial intention.

### Hypothesis

**H1: There is a positive association between entrepreneurial knowledge and entrepreneurial intention.**

**H2: There is a positive effect of entrepreneurial knowledge on entrepreneurial intention.**

The quizzes are divided into six parts in which. Part 1 focuses on awareness toward entrepreneurship, which contains 14 questions, Part 2 focuses on basic knowledge about entrepreneurship that includes 10 questions, Part 3 has 15 questions that focus on technical knowledge, Part 4 contains 10 questions focuses on financial ability, Part 5 includes 10 questions focuses on entrepreneurial

**Entrepreneurial Competence Among Students, Fig. 4**

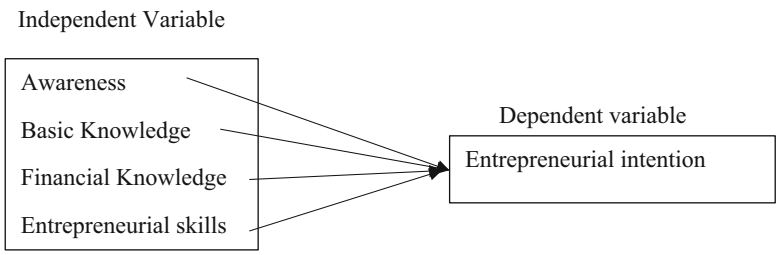


skills, and Part 6 conatins10 questions on entrepreneurial intention.

## Data Analysis

### Demographic Analysis

There are 116 participants from the states of India.

| State | People |
|---|---|
| Telangana | 3 |
| Uttar Pradesh | 18 |
| Tripura | 1 |
| Tamil Nadu | 5 |
| Madhya Pradesh | 3 |
| Jharkhand | 1 |
| Maharashtra | 4 |
| Uttarakhand | 2 |
| Karnataka | 70 |
| Kerala | 1 |
| Himachal Pradesh | 2 |
| Chhattisgarh | 4 |
| Odisha | 1 |
| Rajasthan | 1 |
| Rajasthan | 1 |
| **Gender** | **People** |
| Female | 45 |
| Male | 72 |
| **Occupation** | |
| Research Scholar | 14 |
| Student | 77 |
| Faculty Members/Professors | 26 |
| **Age group** | |
| 26 and below | 65 |
| Between 26 and 36 | 29 |
| 36 and above | 23 |
| **Education** | |
| Ph.D. | 17 |
| MBA | 45 |
| Bachelors/Masters in Technology | 38 |
| Ph.D. and higher | 17 |

### Analysis for the "Awareness About Entrepreneurship"

### Analysis for the "Basic Knowledge about Entrepreneurship"

The first part of the questionnaire contains eight questions on Basic knowledge about Entrepreneurship. For the First question, "Entrepreneurship is an understanding to which 59.1% of the respondents chose an option which is "practice" and 36.4% of the respondents chose "development of a new product," and 0.5% of the respondents chose option "takeover of a competitor" and none of them chose "issuing shares" as an option. For the question, "Active Experimentation on Entrepreneurship is conducted in. . .," 70.5% of the respondents chose "Kakinada District," 13.6% chose "Coimbatore District," 9.1% chose "Biswanath District," and the rest chose "Guntur District." For the question "David C. McClelland's conclusion was the presence of Entrepreneurial. . .," 22.7% of the respondents chose Discipline, 56.8% of respondents chose "Sprit," 9.1% of respondents chose "Team," and 11.4% chose "Value" as an answer. For the question "Edward D. Buno said. . .," 29.5% of respondents chose "Humor is by far the most significant activity of the human brain." Additionally, 29.5% of respondents chose "Don't tell people your plans Show them your results," while 40.9% chose "Entrepreneurs can be made." None of the respondents chose "You can totally do this." For the question "Apart from Entrepreneurial skill what is the most important component that needs focus. . .," 59.1% of the respondents opted "Mindset," 22.7% for Discipline, 13.6% chose "Team/Group," and the rest

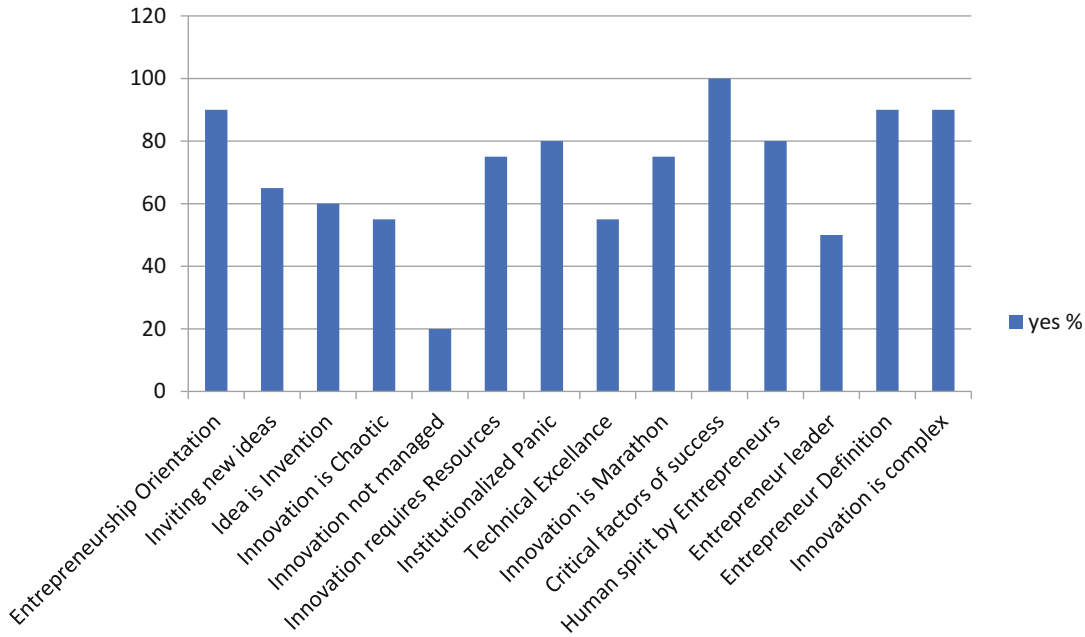


**Entrepreneurial Competence Among Students, Fig. 5**

opted for "Money" as an option. For the question "The three model of entrepreneurship development. . ., . . . and . . .," among all the respondents, 52.3% chose "Stimulatory, Support, and Sustenance" 34.1% chose "Social, Institutional and Support" 9.1% opted "Cultural, Ethnic and Institutional," and rest opted for "Social, Support and Showoff." For the next question, "The three pillars of Entrepreneurship Development," 22.7% of the respondents chose "Social, Economic Sustainability and Environmental Sustainability," 50% of respondents chose "Motivation, Capacity, and Ability," 27.3% chose "Discipline, Time, and Patience," and none of the respondents opted "Money, Team and Capacity" option. For the question "The four values of an Entrepreneur. . .," 72.7% chose "Innovation, Independence/ownership, Outstanding performance, Respect for work," while11.4% chose "Willing to modify the invention, Independence/ownership, Outstanding performance." Additionally, 11.4% opted for "tolerance of others, Willing to modify the invention, Independence," and the rest opted for the option "Motivational, Independence/ownership, instructiveness."

## Analysis for the "Financial Knowledge for Entrepreneurship"

This part is to assess the Financial Knowledge for any entrepreneur to start a business. The first question is "Financial decisions are concerned with which of the following?" and the options for the questions are "Making investment decisions that optimize economic value." "Making asset management decisions that optimize economic wealth," "Raising capital that is needed for growth," and "All of the above" among all 100% of the respondents chose "All of the above." For the question ". . . of a firm refers to the composition of its long-term funds and its capital structure," among all, 90% of the respondents opted for "Capitalisation," 0% chose "Over-capitalisation," 0% chose "Under-capitalisation," and 10% choose "Market capitalization." For the question "When . . . is greater than zero, the project should be accepted," 10% of the respondents chose the "Internal rate of return," 10% prefer the "Profitability index," 70% chose "Net present value," and 10% chose "Modified internal rate of return." For the question ". . .is defined as the

length of time required to recover the initial cash outlay," 50% of the respondents opted "Payback-period," 10% chose "Inventory conversion period," 0% opted "Discounted payback-period" but 40% prefer "Budget period." For the question "Corporate wealth maximization is the value maximization for. . .," among all 80% of respondents chose "Equity shareholders," 10% prefer "Stakeholders," 0% chose "Employees," and 10% chose "Debt capital owners." For the question "A capital investment is one that," 70% of the respondents chose "Has the prospect of long-term benefit," 0% chose "Has the prospect of short-term benefit," 10% chose "Is only undertaken by large corporations," and 20% chose "Applies only to investment in fixed assets." For the question "A project whose acceptance does not prevent or require the acceptance of one or more alternative projects is referred to as. . .," 20% of the respondents chose "a mutually exclusive project," 80% chose "an independent project," 0% chose "a dependent project," and 0% chose "a contingent project." For the question "Finance Function comprises," 0% of the respondents opted "Safe custody of funds only," 0% opted "Expenditure of funds only," 40% chose "Procurement of finance only," and 60% chose "Procurement & effective use of funds." For the question "Which of the following is the activity in which finance people are involved?," 70% of respondents chose "Investing decisions," 0% chose "Marketing decisions," 0% chose "Promotion decisions," and 30% chose "None of Above" option. For the question "Financing decision determines," 0% of respondents chose "Current asset," 0% chose "Fixed asset," 20% chose "Equity Mix of finance" option.

## Analysis for the "Entrepreneurship Skill"

The questionnaire contains 35 Entrepreneurial skills questions for assessment among students. For the question "When faced with a problem, I always find a new way of overcoming it," 95.8% of the respondents marked "Yes," and 4.2% marked "No." For the question "When a decision has to be made, I can make it easy even though I am not sure of the outcome," 79.2% of the respondents marked "No" but 20.8% marked "No." For the question "I have a strong need for social interaction," 95.8% of the respondents marked "Yes" and 4.2% marked "No." For the question "After learning how to do something right the first time, I don't change my approach," 62.5% of the respondents marked "Yes," and 37.5% marked "No." For the question "I have a plan of where I want to be financially 10 years from now," 75% of the respondents marked "Yes" and 25% marked "No." For the question "When I am placed in a new situation at work, I quickly sort out what needs to be done," 87.5% of the respondents marked "Yes," and 12.5% marked "No." For the question "I see potential problems as challenges," 95.8% of the respondents marked "Yes," and 4.2% marked "No." For the question "Constantly having to deal with problems wears me down," 66.7% of the respondents marked "Yes," and 33.3% marked "No." For the question "I revise my goals from time to time in the light of changing situations," 83.3% of the respondents marked "Yes," and 16.7% marked "No." For the question "It is important for me to know that I have a Dependable income," 66.7% of the respondents marked "Yes," and 33.3% marked "No." For the question "When I am dealing with a problem, I tend to get stuck easily," 70.8% of the respondents marked "Yes," and 29.2% marked "No." For the question "If I were laid off, I know I could find some other source of income," 95.8% of the respondents marked "Yes," and 4.2% marked "No." For the question "I thrive on the challenge of solving different problems," 87.5% of the respondents marked "Yes," and 12.5% marked "No." For the question "I don't enjoy being directed by others," 58.3% of the respondents marked "Yes," and 41.7% marked "No." For the question "I take courses on how to improve that I do," 91.7% of the respondents marked "Yes" and 8.3% marked "No." For the question "Once I've met a challenge, I am usually satisfied and don't need to look for another project," 50% of the respondents marked "No" and 50% of the marked "No." For the question "I normally start off my day with a list of things to do," 91.7% of the respondents marked "Yes," and 8.3% marked "No." For the question "I don't

enjoy working alone," 37.5% of the respondents marked "Yes," and 62.5% marked "No." For the question "The fear of losing my job causes me great apprehension," 25% of the respondents marked "Yes" and 75% marked "No." For the question "I am not good at dealing with a multitude of problems at the same time," 41.7% of the respondents marked "Yes," and 58.3% marked "No." For the question "I consider myself to be very resourceful in tight situations," 83.3% of the respondents marked "Yes," and 16.7% marked "No." For the question "I usually have a plan of action before starting a project," 95.8% of the respondents marked "Yes," and 4.2% marked "No." For the question "I am good at finding creative ways of solving problems," 91.7% of the respondents marked "Yes," and 8.3% marked "No." For the question "The idea of being my own boss appeals to me," 91.7% of the respondents marked "Yes," and 8.3% marked "No." For the question "At times, I don't feel completely comfortable with myself," 25% of the respondents marked "Yes" and 75% marked "No." For the question "I worry about what will happen if my plans to do the workout," 58.3% of the respondents marked "Yes," and 41.2% marked "No." For the question "When I came up against unexpected obstacles, I prefer not to continue," 25% of the respondents marked "Yes" and 75% marked "No." For the question "I have a strong desire to improve myself in everything I do," 100% of the respondents market "No" but 0% of the market "No." For the question "I read books on how to achieve success," 62.5% of the respondents marked "Yes," and 37.5% marked "No." For the question "I need to keep taking on challenges and feeling myself," 100% of the respondents marked "Yes" and 0% marked "No." For the question "I think of a glass or being half-empty rather than half full," 41.7% of the respondents marked "Yes," and 58.3% marked "No." For the question "I get disappointed when things do not go my way," 54.2% of the respondents marked "Yes," and 45.8% marked "No." For the question "I believe in the saying "If anything can go wrong, it will," 41.7% of the respondents marked "Yes," and 58.3% marked "No." For the question "My friends would call me an optimist," 70.8% of the respondents marked "Yes," and 29.2% marked "No." For the question "I always look at the bright side of life." 95.8% of the respondents marked "Yes," and 4.2% marked "No."

## Results

The results show that the level of education rising with a consistent graph aids the students to be more entrepreneurial in approach. The incubation and ideation of the entrepreneurial journey of the students are highly influenced by the right kind of stimulation and education.

Moreover, the students' familiarity with the ever-expanding Technological advancements creates a sense of resourcefulness in them, thus making them reach the desired results with minimum effort, time, and money investment.

## References

Baron RA, Ensley MD (2006) Opportunity recognition as the detection of meaningful patterns: evidence from comparisons of novice and experienced entrepreneurs. Manag Sci 52(9):1331–1344

Braunerhjelm P (2010) Entrepreneurship, innovation and economic growth – past experience, current knowledge and policy implications. Curr Dir Psychol Sci 11(6): 212–216

Cotton K (1991) Teaching thinking skills. Northwest Regional Educational Laboratory, School Improvement Program

Deci EL, Ryan RM (2000) The "what" and "why" of goal pursuits: human needs and the self-determination of behavior. Psychol Inq 11(4):227–268

DeTienne DR, Shepherd DA, De Castro JO (2008) The fallacy of "only the strong survive": the effects of extrinsic motivation on the persistence decisions for under-performing firms. J Bus Ventur 23(5):528–546

Driessen J (2005) Is default event risk priced in corporate bonds? Rev Financ Stud 18(1):165–195

Driessen MP, Zwart PS (1999, June) The role of the entrepreneur in small business success: the Entrepreneurship Scan. In: 44th ICSB wold conference proceedings innovation and economic development: the role of entreprenuership and SMEs, Nápoles, pp 20–23

Groen AJ, Walsh ST (2013) Introduction to the field of emerging technology management. Creat Innov Manag 22(1):1–5

Kaplan RS, Norton DP (1996) Using the balanced scorecard as a strategic management system. Harv Bus Rev 74(1):75–85

Kirchhoff BA (1994) Entrepreneurship and dynamic capitalism: the economics of business firm formation and growth. ABC-CLIO, Santa Barbara

McClelland DC (1987) Characteristics of successful entrepreneurs. J Creat Behav 21(3):219–233
McMullen JS, Shepherd DA (2006) Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. Acad Manag Rev 31(1):132–152
Mitchell RK, Busenitz L, Lant T, McDougall PP, Morse EA, Smith JB (2002) Toward a theory of entrepreneurial cognition: rethinking the people side of entrepreneurship research. Entrep Theory Pract 27(2): 93–104
Nelson A, Byers T (2005) Organizational modularity and intra-university relationships between entrepreneurship education and technology transfer. In: University entrepreneurship and technology transfer. Emerald Group Publishing Limited, Stamford
Oosterbeek H, van Praag M, IJsselstein A (2008) The impact of entrepreneurship education on entrepreneurship competencies and intentions: an evaluation of the Junior Achievement Student Mini-Company Program
Ryan RM, Deci EL (2000) Intrinsic and extrinsic motivations: classic definitions and new directions. Contemp Educ Psychol 25(1):54–67
Shane S (2000) Prior knowledge and the discovery of entrepreneurial opportunities. Organ Sci 11(4): 448–469
Shane SA (2004) Academic entrepreneurship: university spinoffs and wealth creation. Edward Elgar Publishing, Northampton
Stopford JM, Baden-Fuller CW (1994) Creating corporate entrepreneurship. Strateg Manag J 15(7):521–536
Van Stel A, Carree M, Thurik R (2005) The effect of entrepreneurial activity on national economic growth. Small Bus Econ 24(3):311–321
Walsh G (2014) Biopharmaceutical benchmarks 2014. Nat Biotechnol 32(10):992–1000
Woo CY, Cooper AC, Dunkelberg WC (1991) The development and interpretation of entrepreneurial typologies. J Bus Ventur 6(2):93–114
Zeelenberg M (1999) Anticipated regret, expected feedback and behavioral decision making. J Behav Decis Mak 12(2):93–106

# Entrepreneurial Governance and Civil Service Reforms in Africa

Oluwagbemiga Oluwaseun Ajayi
Department of Sociology, Osun State University, Osogbo, Osun State, Nigeria

## Synonyms

Authority; Bureaucracy; Leadership; Reorganization; Transformation

## Definition

| | |
|---|---|
| Civil Service | Machinery of government which is part of the executive branch of government whose role is to execute government policies, involving bureaucrats and technocrats of the state apart from political or judicial office holders. |
| Reforms | Efforts to bring changes to administrative structure and operational machinery of the civil service, with the view to improving organizational effectiveness and efficiency |
| Governance | The social and political context within which people interact, and by which activities are coordinated |
| Entrepreneurial Governance | Innovative activities by the major stakeholders of a group, which creates new mechanisms for collective action. |

## Introduction

According to Peter Drucker, "institutions, systems, and policies eventually outlive themselves, as do products, processes, and services. They do it when they accomplish their objectives and they do it when they fail to accomplish their objectives" (Drucker 1985). This in effect means that all things that are of human origin eventually become obsolete. This remains true no matter the level of care and attention is devoted to creating and preserving anything. What differs ultimately, when different things are compared, is the pace of the deterioration. And of course, Peter Drucker is not the only one to realize this. However, even though the idea is widely recognized, it is not widely followed. Humans generally do not act as if what they are doing will eventually become outdated. Instead, ideas, products, and inventions are stubbornly adhered to even when they no longer serve their original purpose, or even any useful purpose.

But sometimes, it is recognized that systems and processes need updating or replacing in order

to keep them useful and beneficial. In such cases, the need for change is driven by the desire to keep the organization relevant and effective. It is almost trite, in contemporary times, to say that the world is changing. This then means that organizations that would continue to be relevant and needed must anticipate the direction of change where possible and take appropriate action, or at least identify the change that is taking place and respond to it accordingly. This is the thinking behind civil service reforms. It is against this background that this entry considers governance and civil service reforms. It considers why reforms are needed in the civil service and argues that entrepreneurial governance is best suited to carry out appropriate and long-lasting reforms.

Civil service reforms are about intentionally introducing changes within public services, agencies, and institutions in order to make them more efficient and effective. Change is not introduced for its own sake, nor as a cosmetic or public relations procedure. Instead, the systems, processes, and procedures of the civil service are altered or replaced in order to make the service better as a whole. The idea is introducing change for better performance.

## Definition and Role of the Civil Service

The civil service is the organization made up of government officials tasked with running the public service of a country. These are career officers whose jobs and functions remain constant irrespective of political changes. They provide the services necessary for the effectiveness of government. Omoruyi (1991) describes the civil service as a wide organization that is controlled and funded by the government, it involves bureaucrats and technocrats of the state not of political or judicial office holders employed in civil capacity with their remunerations paid wholly from money voted in the parliament. World Book Encyclopedia (2004) views the civil service as consisting of people employed by the state to run the public institutions of a country. The civil service is therefore part of the executive branch of government whose role is to execute government policies. It is thus the machinery of government.

## Civil Service Reforms

Reforms are needed in the civil service because what has been useful in the past has ceased to be so. Secondly, the drive to make the service perform its responsibility better calls for new ways of organizing and performing within the civil service. Another reason is in response to the society and the government. Governments do develop new policies and these new policies can sometimes call for new actions in order for the goals of the policy to be realized. For example, in 1962 the American president J.F. Kennedy set an ambitious goal of putting a man on the moon within the decade. The vision was grand, ambitious, and compelling. NASA, the US agency in charge of the program, had to be reorganized in order to make it capable of meeting the government's grand objective. Reforms in the civil service are therefore efforts to reconstruct the administrative structure and revamp operational machinery and techniques with a view to improving organizational effectiveness and efficiency (Olaleye 2001).

## Instruments of Reform

There are various methods which have been used to execute reforms across the world. These methods include: employment reducing methods (such as censuses and freezing of employment, forced retirement and lowering of retirement age, early retirement schemes, retrenchments, and assistance to departing staff), reduction of wage bills (restraining growth of real wages per employee, wage freezes, limit automatic increments, consolidating nonwage benefits into salaries, reducing salary differentials with the private sector, matching promotions and pay to performance), improving management (training managers and other senior staff, enhancing staff skills, improving accountability, staff audits, updating of legal framework, and use of modern technology).

## Objectives of Reforms

What makes change necessary within the civil service? Or alternatively, why are reforms needed in the civil service? The overall reason is to make the civil service more efficient in the use of its resources, and more effective in the performance of its duties. To make the service more efficient, the resources of the civil service include money, equipment, and humans. All of these three need to be maximized. Available funds must be judiciously spent, equipment must be used properly and keep functional, while the best people must be attracted and retained within the service. To make the service effective, the objectives of the service must be known and understood by the workers, especially senior staff.

Proponents of the need for reforms in the civil service usually cite the following reasons as justification for such need:

- Making savings (economies) in public expenditure
- Improving service quality
- Making government operations more efficient
- Increasing the likelihood that the chosen policies will be effective
- Give politicians more control over the bureaucracy
- Reducing the hold of bureaucratic restraints on public officials
- Improving government's accountability
- Improving management and accountability
- Downsizing the service to optimum levels
- Restructuring renumeration
- Improvement of service delivery
- Improving interdepartmental cooperation and communication
- Provision of motivation and needed resources to staff for better performance
- Improvement of management and accountability across board

There are no uniform objectives for civil service reforms all over the world. The purpose of any specific reform program depends on the changes needed within that particular civil service. Just as different organizations may have different problems hindering their growth and profitability, so also is this true for the civil service all over the world. Reform programs are tailored to local needs and purposes. In a nutshell, the objectives of reform can be turned around and viewed as the reasons why reforms are needed.

Inherent in these objectives is the idea of making improvements to a deficient organization. This means to look at the past in order to get ready for the future. Perhaps this is being done due to the amount of certainty that such efforts bring. When people respond to the past, they are highly certain of their efforts. There is certainty about what has caused a desire for change and what is to be avoided. This is missing the mark of what true reforms should be about.

What is needed, rather, is more evasive and illusory. Yet it is very real. Reforms are needed to prepare for and create the future rather than correcting or moving away from the past. In other words, responding to the past is not exactly what is needed. The true purpose of reforms is to create and anticipate the future. What is really needed is embedded in the statement by Peter Drucker as quoted in the opening paragraph. The idea being advocated here by him is inherent impermanence. This means that all things that are of human origin have an expiry date attached to them. Anything human will ultimately outlive its usefulness. When this is properly understood, then adequate preparation is made for the future. There ceases to be an undue attachment to the past, rather, there is an anticipation of a future where today's necessities become burdens which we must discard. A proper recognition of this will have important implications for how public organizations are run and how reforms are carried out. On one hand, accepting inherent impermanence will help administrators to let go of what does never worked at all, on the other hand, it will also help them to let go of what has ceased to work.

More importantly, accepting inherent impermanence calls for a different type of civil service administration. Usually, the leadership of the civil service is made up of career bureaucrats at the zenith of their professions. These have learnt, through their long experience in the civil service,

how to play it safe and be totally bureaucratic, while at the same time showing evidence of promoting reforms, restructuring, and modernization. The type of governance needed in the civil service is that which can chart a bold course into the future, communicate same effectively to all parties, while confidently implementing the changes needed. To be sure, this is the kind of leadership found at the top of successful entrepreneurial businesses. So, this can is referred to as entrepreneurial governance. But before a discussion of what entrepreneurial governance is, the next section presents the concept of governance.

## Government and Governance

Government and governance are two closely related concepts that have been used interchangeably. However, they do not mean the same thing. Governance is about how power and authority is exercised, while government refers to the body or group of people exercising that power. Governance is what is being done while government refers to who is doing it.

As suggested by Ysa et al. (2014), governance is an ancient concept. The etymology of the word is found in "kybernan," a Greek word that means to steer a ship. A related concept is found in the word "gubernare," a Latin word meaning to direct. Over the passage of time, the meaning of the word now broadly includes the interaction between the major actors within the state by which policies are formed and implemented. These major actors include trans-national and sub-national authorities as well as private organizations. In effect any group that can influence policy decisions and implementation is included in the governance structure. Two major forces which have influenced this decentralization of power are globalization and the internalization of problems (Ysa et al. 2014). As a result of this, authorities beyond the nation states, such as the UN, have very real roles to play in the organization of the planet. Concurrently, smaller actors, such as private firms, also play important roles within their local contexts.

Governance goes beyond government. "In its widest sense, it refers to the various ways in which social life is coordinated" (Heywood 1997). This point of view makes government one of the institutions in governance. The term also includes civil-society actors who are important players in the society (Mette Kjaer 2004). Therefore, governance is not limited to the existence of government. In fact, governance is possible where there is no government. Governance is thus the social and political context within which people interact and participate in the society. Also, these two concepts can be separated by associating government with "control and domination," and governance with "decentralization and relational management" (Tamayao 2014). In this sense, government is a centralized political authority exercising power over citizens, while governance is about decentralization of power. Government holds on to power and uses it for the purposes it deems fit, while governance spreads authority among various state actors and recognizes a broader participation in civic life.

Consequently, the following distinctions can be made: "governance as a structure referring to the formal and informal set of institutions involved; governance as a process referring to the dynamics and leading functions that take place in the process of policy making; governance as a mechanism referring to the institutional procedures of decision-making, as well as compliance and control; and governance as a strategy referring to the manipulation of the institutional and mechanical design with the aim of influencing choices and preferences" (Levi-Faur 2011; Ysa et al. 2014).

It is thus difficult to find one predominant definition of governance or even an agreement on what the definition should include. Therefore, the term is used according to the context within which the word is employed. Grande (2012) identified five key elements in governance concepts: "(1) new nonhierarchical structure and mechanisms; (2) governing and the criticism of hierarchy as steering principle; (3) emergence of new actors, either private or nonprofit; (4) increasing complexity of political actions, and (5) increasing cooperation and collaboration among stakeholders."

Following are some definitions of government:

> the process of governing through which decisions are made that are intended to affect societal outcomes, including economic, social, environmental and other important outcomes. (Wolman et al. 2011.

> the formulation and execution of collective action at the local level. Thus, it encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action. (Broadway and Shah 2009)

"The office, authority or function of governing. Governing: having control or rule over oneself." (Fasenfest 2010).

On the other hand, governance has been defined as:

> structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation. Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive. (Hewitt de Alcántara 1998)

> power relationships, formal and informal processes of 'formulating policies and allocating resources,' 'processes of decision-making' and 'mechanisms for holding governments accountable.' (2009 Global Monitoring Report)

> A set of decisions and processes made to reflect social expectations through the management or leadership of the government. (Fasenfest 2010)

> Governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered. Governance is how society or groups within it, organize to make decisions. (Institute on Governance 2006)

> refers to how any organization, including a nation, is run. It includes all the processes, systems, and controls that are used to safeguard and grow assets. (UNDP 1997a)

> Involves the interactions among structures, processes and traditions that determine how power is exercised, how decisions are taken, and how citizens or other stakeholders have their say. (Plumptre and Graham 1999)

There is need for governance anytime a group of people come together to achieve a particular objective. Once there is a goal to be achieved, and the process of goal achievement calls for collaborative efforts among some people, then there is need for a governance structure which will oversee the activities of the group.

## Entrepreneurial Governance

In effect, governance is about leadership. Just as leadership can be dynamic or conservative, so also can governance be dynamic or conservative. Dynamic leadership actively creates what is needed. It sets the pace. Conservative leadership is reactionary. It manages to respond to changes forced upon the organization. Just as leadership sets the pace, tone, and direction for the group, so also is the nature of the governance structure reflected in the entire system.

In addition, if reforms are needed in order to make the civil service more effective in its service delivery, then the leadership must be able to identify the right services to deliver and how best to deliver them. In short, the leadership of the civil service must be focused on the public, on how best to serve the public interests in the most cost-effective and frictionless manner. This calls for a different type of governance at the top of the civil service system. Specifically, this calls for entrepreneurial governance.

To be sure, entrepreneurship is not a word that is commonly used along with governance. Entrepreneurship is generally perceived as the act of starting new firms. The popular perception of entrepreneurs is those who spot new economic opportunities and go ahead to innovatively exploit these opportunities. This narrow view of entrepreneurship is now changing. Entrepreneurship is now being recognized as the act of recognizing or creating new opportunities and exploiting those opportunities. This is what Westlund (2011) refers to as multidimensional entrepreneurship. This new way of describing entrepreneurship sees it not just as activity oriented towards making financial gain, but as a way of making things better in any aspect of society.

The concept of entrepreneurial governance thus lies at the crossroads of two older disciplines:

entrepreneurship/business administration and political science. Shane and Venkataraman (2000) describe three stages of the entrepreneurial process: (1) identifying and evaluating opportunities, (2) collecting and mobilizing resources, and (3) exploiting the opportunities (for private or collective utility). This establishes the part of the concept rooted in the discipline of entrepreneurship. The political science part is seen in Schneider and Teske (1992), which sees political entrepreneurship as "a speculative act of creative recombination that, when successful, transforms the institutional boundaries of authority"; as well as Olsson, Westlund, and Larsson (2020), which sees entrepreneurial governance as "activities aimed at being productive or developmental. . .that create new institutions for collective action or learning within a municipal governance framework."

Accordingly, initiatives by the existing governance structure to make innovative changes and develop better ways of meeting the group objectives is seen as entrepreneurial governance. Within the civil service, Entrepreneurial governance sees the civil service not as state centered, but as society centered; not as government centered, but as governance centered. It brings and keeps the focus of the activities of the civil service on the society. It therefore serves the interests of the society in the best way possible. This clearly is still an ideal in all countries, to a greater or lesser degree. What is seen in most is that the civil service works to mindlessly implement rules and procedures and follow the directives of the government of the day. The civil service does not make its own rules, the rules are often made by the government. The civil service is meant to assist government with governance. Reforms, however, give the civil service opportunity to orient itself towards service delivery for the public. To make it clearer, entrepreneurial governance within the civil service knows whom it serves, and continuously looks for better ways to deliver this service.

## Conclusion: Entrepreneurial Governance and Civil Service Effectiveness

Theories of entrepreneurship have been developed to show how innovative persons create and take advantage of economic opportunities. This is still the dominant view of entrepreneurship. But as shown above, the concept of entrepreneurship has spread to other aspects of society. It is possible and quite normal to wonder whether this is justifiable. Olsonn et al. () think it is. They note a fundamental difference between firms and politically governed bodies. Firms actively compete in search of profits; politically governed bodies act to redistribute some of these profits. This means that while firms are concerned with beating competitors in order to make more and more profits, other bodies, such as the civil service, are concerned with proper redistribution of some of these profits for the public good. Consequently, Olsonn et al. () argue that "even if the ultimate aims of entrepreneurship differ between the private and public sector (profit vs. public services) . . . entrepreneurial behavior can be classified within the same conceptual framework, i.e., to identify and evaluate opportunities, to collect and mobilize resources, and to exploit opportunities."

Since the purpose of the civil service is to aid government in the execution of its policies, then this calls for a service that is focused on government objectives and the public it is meant to serve. And as it has been argued earlier, this will require entrepreneurial governance for the civil service. The relationship between entrepreneurial governance and civil service effectiveness may and may not be directly linked. It might be difficult in many cases to prove a simple cause and effect relationship. A more iterative relationship between the two could be discovered. For example, as governance improves, this would make the civil service more effective. Also, a more effective civil service would demand for – even provoke – a better governance structure. And as is common in all things social, there would also be nonlinear relationships which could include intervening variables such as the government of the day. Whatever the case may be, that the form of governance would impact effectiveness is an irrefutable fact.

The same applies to the relationship between governance and reforms within the civil service. Reforms are about change. As the cliché goes, people are resistant to change. As reforms are intended to make the civil service better, governance would include identifying innovative ways

to introduce the changes needed. Sometimes such innovation may not be direct. On the other hand, the impact of reform initiatives may require quite some time coupled with continuous implementation in order to be seen. At the very least it can be expected that entrepreneurial governance will be strong and innovative enough to introduce and implement needed reforms in the civil service. The end of this will be the creation of a strong future for both the civil service and the society that it serves.

## Cross-References


- ▶ Civil Service Reforms and Governance Challenges in Nigeria
- ▶ Comparative Civil Service Reforms in Sub-Saharan Africa
- ▶ Decentralization and Governance
- ▶ From Governance to Government


## References


Broadway R, Shah A (2009) Fiscal Federalism: Principles and Practice of Multilevel Governance. Cambridge. Cambridge University Press

Drucker PF (1985) Innovation and entrepreneurship. New York: HarperCollins Publishers

Fasenfest D (2010) Government, governing, and governance. Crit Sociol 36:771–774. https://doi.org/10.1177/0896920510378192

Grande E (2012) Governance-Forschung in der Governance-Falle? – Eine kritische Bestandsaufnahme. PolitischeVierteljahresschrift 53(4):565–592. (*PDF*) What is governance. Available from: https://www.researchgate.net/publication/269107473_What_is_governance [accessed March 2021]

Hewitt de Alcántara C (1998) Uses and abuses of the concept of governance. Int Soc Sci J 50(155):105–113

Heywood P (1997) Political corruption: problems and perspectives. Polit Stud 45(3):417–435

Institute on Governance (2006) Defining Governance. Retrieved from https://iog.ca/what-is-governance/ on 5 Dec 2020

Levi-Faur D (2011) Regulation and regulatory governance. Handbook on the Politics of Regulation 1(1):1–25

Mette Kjaer A (2004) Governance. Polity Press, Cambridge

Olaleye AO (2001) The public service and development in Nigeria. In: Ola R, Agagu A (eds) Development agenda of the Nigerian state. Flag (Nigeria) Publishers, Ibadan

Olsson AR, Westlund H, Larsson JP (2020) Entrepreneurial governance and local growth. Sustainability 12 (9):3857

Omoruyi SE (1991) The financial sector in Africa; overview and reforms in economics adjustment programmes. CBN Economic and Financial Review 29(2):110–124

Plumptre TW, Graham J (1999) Governance and good governance: international and aboriginal perspectives

Schneider M, Teske P (1992) Toward a theory of the political entrepreneur: evidence from local government. Am Polit Sci Rev 86:737–747

Shane S, Venkataraman S (2000) The promise of entrepreneurship as a field of research. Acad Manag Rev 25: 217–221

Tamayao MJ (2014) "What is Governance?" retrieved from https://tamayaosbc.wordpress.com/2014/08/21/what-is-governance/

United Nations Development Programme (1997a) Reconceptualizing governance. Discussion Paper 2. Management Development and Governance Division, Bureau of Policy and Programme Support, UNDP, New York

Westlund H (2011) Multidimensional entrepreneurship: theoretical considerations and Swedish empirics. Reg Sci Policy Pract 3:199–218

Wolman H, Levy A, Hincapie D (2011) Government, governance, and regional economic growth. George Washington Institute of Public Policy

World Book Encyclopedia (2004) World Book, Inc., Chicago

Ysa T, Albareda Sanz A, Forberger S (2014) What is governance. In: Bühringer G, Anderson P, Colom J (eds) Reframing addictions: Policies, processes and pressures, (pp. 8–16). Addiction and Lifestyles in Contemporary Europe Reframing Addictions Project (ALICE RAP)


# Entrepreneurial Governance in Succession


Md. Shariful Islam
Institute of Business Administration, University of Rajshahi, Rajshahi, Bangladesh


## Synonyms

Entrepreneur: Founder, Incumbent, Leader, Owner-manager, Present owner; Family-owned firms: Family business, Firms under family ownership

## Introduction

In every business succession is a common phenomenon and it is considered as the most critical

issue in those firms (Ibrahim et al. 2001). Therefore, a proper succession process is important in the sense that it affords the firms to select the most appropriate leaders to carry on the business successfully over years.

While succession planning is considered as exit strategy for entrepreneurs, it has been observed from studies that it helps in successful succession (Ibrahim et al. 2001; Lambrecht 2005). Despite of importance, many firms lack succession plan, which might be caused by resistance of the entrepreneurs or incumbents. Lansberg (1999) shows that these incumbents are reluctant to empower their successors in the businesses in fear of losing control. This nature of the incumbents adversely affects entrepreneurial governance in the business and that may lead to failure of the firms in many instances.

Therefore, it is important to understand factors that are responsible for resistances of the incumbents in making a sound succession plan that is needed for successful succession in the business. This paper reviews literatures to summarize incumbent-related factors that affect succession planning. The following section furnishes modes of succession, phases involved in succession, succession models, incumbents' resistances in succession, succession plan and its importance, and incumbents' internal and external factors that affect succession planning in businesses.

## Modes of Succession

Steier (2001) distinguishes among unplanned and/or sudden, rushed, natural immersion, and planned succession. In case of unplanned and/or sudden succession, the successor suddenly takes over operational responsibilities of the business because of departure of the incumbent caused by death and/or other unanticipated events. Proper transfer of information and experience to next generation cannot occur in such situations. In contrast, in a situation of rushed succession, critical information can be communicated to the younger generation. Thirdly, in natural immersion, successors are steadily integrated in the firm, and as a consequence, successors can adjust to structures and relationships of network of the firm. In planned succession, which has been defined by Steier (2001) as the most ideal mode for passing on social capital, current generation prepares for handing over the property to next generation.

## Phases Involved in Succession

In relation to the individual factors related to incumbent, the generalized succession process is usually categorized into three phases such as (i) pre-business involvement phase for successor, (ii) development phase for the successor, and (iii) transfer of power and authority phase.

(i) **Pre-business Involvement Phase for Successor**

During this phase, the incumbents are with all the decision-making powers. This is the phase when potential successors in an educated society are completing their basic education. At this stage, subconscious leadership development of potential successors starts. They observe the incumbents in the business and learn to act and behave as a leader for the future business. It is noteworthy that incumbents' role as leader continues throughout the succession process. However, nature of this leadership changes in different phases of succession.

(ii) **Development Phase for the Successor**

During this phase, the successor usually has completed higher education and is provided with a responsible role and position in the firm. Here the role of incumbents changes. The incumbents have to delegate authority so that the decision-making capabilities of the successors can be developed. Successors are trained through different departments, and they learn how to conduct the business and get to know the culture of their own organization. During this phase, they are encouraged to develop experience by working on different managerial positions either within the organization or outside the organization.

(iii) **Transfer of Power and Authority Phase**

This is usually the last phase of succession process. During this phase, the decision-making power is delegated to the successors to a larger extent. This is the most crucial phase of business succession, because at this stage, the incumbents have to decide about their future role in the organization. Sometimes, they have to decide to let go the organization once they created or owned. If they are able to find new opportunities for themselves through new venture creation or simply by retirement, the succession process will see success. If not, they can reflect and find a role for themselves in the organization by acting for the organization in different ways. They can become member of board of directors or they can act as an advisor for the firm.

## Succession Models

Different succession models have been developed over a period of time (Lambrecht 2005). The following section analyzes three popular succession models: (i) life cycle model, (ii) mutual role adjustment model, and (iii) six stepping-stones to the transfer of family business.

(i) **Life Cycle Model**

Churchill and Hatten (1997) have developed a life cycle approach to describe the succession process between father and son. They distinguish four stages: (1) a stage of owner management, (2) a stage of training and development, (3) a partnership stage between father and son, and (4) a stage of power transfer.

The owner management is the stage where the business is controlled single-handedly by the owner or incumbent while the successor is not directly involved in the business. Second stage, training and development, is the stage where the offspring gets opportunity to learn the business by visiting the business and taking part in the business. But the successor does not get any significant responsibility yet from the incumbent. In the third stage, partnership develops among the incumbent and successor. In the last stage, actual power transfer takes place where responsibilities shift to the successor.

(ii) **Mutual Role Adjustment Model**

The mutual role adjustment model was presented by Handler (1989). The fundamental conjecture of this model is that the incumbent and successor both should have the ability to adjust to the changing nature of their role in the business. The longer the time they will take to adjust to the newer role, the delayed would be the succession process. Failure to adjust role may lead the incumbent to move the succession to the level where he/she does not leave the business until forced out or dies and the successor will only be able to work as a helper. In this case, the individual factor of health conditions of the founder will decide for the next move of the successor. If the founder is not in good health, then the successor will be able to take over position of the founder cum present owner of the business.

(iii) **Six Stepping-Stones to the Transfer of Family Business**

This model was developed by Lambrecht (2005) on the basis of empirical research where firms under family ownership were taken into consideration. The first stepping-stone is "entrepreneurship." During this step, the transfer of professional knowledge, management values, leadership characteristics, and the soul of the family business are passed to the following generations. Lambrecht (2005) distinguished three life stages of the child that influence transfer of professional knowledge. In the first stage, the business is like a playground for the child. In the second stage, possible successors perform light activities in the business, and in the third stage, he/she performs work that was more serious in the business. In this way, potential successors at a young age learn the secrets of products and tricks of trades.

Second stepping-stone for the successful transfer of business is "studies." It is argued by Lambrecht (2005) that before taking a full-time entry in the business most of the successors are encouraged to earn an advanced academic degree. In a number of cases, successors and the families prefer studies that may help them in the business. In other cases, potential successors are free to choose a discipline that may or may not fit in the business directly or indirectly.

Larger family-owned firms sometimes provide "formal internal education" for family members at a young age. This has been mentioned as the third stepping-stone for succession. During this stage, successors learn about the major contacts and dealings and also get proper understanding about the business. Incumbents also judge the capabilities of the potential successors during this stage.

The fourth stepping-stone is the acquisition of "external experience" or outside work experience that a successor gets from working in other companies. This provides the potential successors with knowledge and worldly wisdom. This helps them in achieving self-confidence that ultimately helps them in successfully running the business in later part of their life.

The fifth stepping-stone is the "official start of the successor in the business." Before the successor gets a management position, he/she generally passes through various departments in the business. This helps successors to gain necessary confidence of employees and other stakeholders. This also helps successors to discover the business, the sector, and customers.

The sixth stepping-stone relates to the "written planning and agreements." This helps achieving successful succession in the family-owned firms. However, written plans are not an absolute guarantee for a successful transfer because it may be accompanied by poor planning and wrong selection of successors that could prove costly for the business and the family.

## Incumbents' Resistances in Succession

A few studies link the failure of the succession with the role of the incumbents in the same. It has been mentioned earlier that many of the incumbents are reluctant to empower their successors in the businesses in fear of losing control (Lansberg 1999). In a study, Sonnenfeld (1991) presents various types of retirement styles of founders where two of those lead to failed succession and the other two help in successful succession. Furthermore, many founders select inadequate successors who inevitably result into failure. Levinson (1974) in a study uses the terms loyal servant, watchful waiter, and false prophet to describe three types of inadequate successors chosen by an incumbent. The first type is a reliable helper but lacks the leadership abilities. As a result, he/she remains as a loyal servant and always seeks help of a leader. The second is a star performer from outside the firm. But he/she has to wait for a longer period of time and sometimes indefinitely, for the top position and power in the firm. The false prophet, the third type of inadequate successor, is a person whose area of competence is not related to the role required and therefore is an unrealistic choice as a successor for the firm. Therefore, it is evident that incumbents often do not want a successful succession in the firm.

## Succession Plan and Its Importance

Succession is arguably the most important and critical issue in businesses. A proper succession planning process provides the firms with opportunity to select effective leaders who are able to take the business to a new level. A study shows that when the business is a family business, tension and conflict typically plague those family-owned firms due to the absence of proper succession planning (Ibrahim et al. 2001). Barry and Jacobs (2006) define succession planning as a process through which companies plan for the future transfer of ownership. Firms and succession have a close relationship, and planning can be the magic formula for successful succession.

## Incumbents' Internal Factors Affecting Succession Planning

There is an agreement found among most researchers that succession is more of a process

than an event (Churchill and Hatten 1997). Succession is not simply a single step in time and space which takes place at once; it is a multi-stage process that exists over a longer time, beginning before heirs even enter the business. Furthermore, the effectiveness of succession is not limited to whether a successor has been chosen, but the entire process of succession also depends on the individual nature of the incumbent and successor as well. The role of incumbent is of utmost importance during succession process. The incumbent is the one who is the center of power and authority in the organization during succession. Therefore, succession planning is one of the key activities in any business where governance has to be ensured for a successful succession in the business. The following section of the chapter discusses incumbent-related factors that have been studied by previous researchers that affect succession planning behavior of the incumbents.

### Founders' Link to Reality

Factor which may hinder successful succession in business is that the business may become the founders' link to reality and the way of dealing with conflicts that he learnt during his childhood. Levinson (1971) identifies three important ways the firm gives the founders of meaning about reality. First, in some cases, successors have some unresolved issues with their predecessors that motivate the successors to start their own business to escape from the authority of the predecessors. Second, because the new business is their brain child and it represents "baby" to the founders, they consider people including successors working in the business as nothing more than tools for shaping the company as per their dream. Third, the business represents an extension of them. In these ways, founders mix up succession with their own personal concern about their position after succession. As a result, if the incumbent is involved in the business and there is no new opportunity for him outside the business, the incumbent may hinder entrance of the successor in the business.

On the other hand, according to Handler (1989), if the leaders are able to find new opportunities to reflect themselves, then the succession process would be successful, otherwise the incumbent will be able to move the succession to the level of "monarch" from the stage of sole operator, and the successor will be only able to work as a helper. The term "monarch" has been discussed in later part of this chapter. Similarly, Churchill and Hatten (1997) argue that the ability to look for new opportunities for incumbent's own life is really helpful for smooth process of succession.

**Factors Identified**

(i) Incumbent's capacity of self-reflection
(ii) Incumbent's opportunity of new life

### Homosocial Reproduction

A type of failed succession occurs as a result of "homosocial reproduction" where the incumbent often tries to reproduce the organization's future leader in his or her own image (Kanter 1977). The incumbent wants that the successor will follow the incumbent's original fashion in the operation of the business. Different approaches have been discussed in literature for the incumbent to overcome such a problem and help leading to successful succession such as "helping" the entrepreneur to become more self-aware and/or "encouraging" the entrepreneur in shifting himself from the current business by starting a new venture (Zaleznik and Kets de Vries 1985). This can be explained as ability of the incumbent to disassociate him/her from the existing business.

Similar arguments have been presented by Sonnenfeld (1991) who shows that leaders who plan to stay in the business forever, lead the business to problematic succession. He argues that things become more complex at later stages as time and retirement pressures are felt in the firm. Often this results into loss of their status and power. In other words, incumbents find it difficult for them to disassociate from their original business that lead to failure in achieving successful succession in the business. Similarly, Handler (1989) shows that if the leaders are able to disassociate themselves from the business, then the succession process would be successful.

**Factor Identified**

(i) Incumbent's ability to disassociate from the business

### Delegation of Power and Authority

A few studies relate failure of the succession with desire of the incumbents for authority. Sonnenfeld (1991) presents four types of retirement styles of founders. According to this researcher, "Monarchs" do not leave until they are forced out or die. "Generals" leave office only when forced out, but they plan a return to power often to rescue the company from an inadequate successor. "Ambassadors" plan a succession, and they leave the firm willingly and act as advisors to the firm. "Governors" rule for a term and then they move on to pursue other ventures. "Monarchs" and "Generals" are responsible for problematic succession, while "Ambassadors" and "Governors" help in successful succession, where they let the firm to go to successors. Therefore, for a successful succession, timely delegation of power and authority is essential. Lambrecht (2005) shows that incumbents' ability of letting go the role that is played by them in the business to the successors significantly increases the chance of a successful transfer. But it has been mentioned earlier that many incumbents are reluctant to empower their successors in fear of losing control over the business that ultimately makes the succession planning difficult (Lansberg 1999).

**Factor Identified**

(i) Incumbents' ability to delegate power and authority

### Leadership Ability

Incumbent's behavior as a leader in the succession process is a complex issue as it is not only multifaceted but also dependent on the overall system in which leaders operate. A good way to study the underlying dynamics of leader behavior is by focusing on leader personality.

The effectiveness of leadership in a business is crucial, especially during the succession process. In relation to the individual factors related to the incumbents, if they have got better leadership qualities, they will be able to make the succession process successful (Handler 1989). The incumbent must judge the successor on the basis of appropriate values, skills, and motivations. Incumbents with strong leadership ability help the successors in developing the effectiveness of the later for the business. In this case, the role of the incumbent is more of a mentor. To increase effectiveness of the succession process, an incumbent with strong leadership ability ensures open communication between him and the successor about the current operations and future state of the business (Lansberg 1999). The incumbent plays a vital role in introducing the successor to the environment. Cadieux (2007) shows that incumbents' involvement in this respect is quite remarkable. According to this study, incumbents create grounds with employees so that the joining of the successors becomes easy. During transfer of specific responsibilities to successors, the incumbents systematically direct employees to the successor for all issues relating to that responsibility. That helps others to understand that the incumbents are gradually handing over the reins to their successors. As far as the external environment is concerned, it is also found that incumbents gradually introduce their successors to customers, suppliers, and other players with whom they maintain special contacts as part of a process that varies in terms of its formality. Furthermore, succession can be more effective when the two generations have respect for and understanding with each other. High trust and mutual support characterize a high-quality work relationship between owner-manager and successor.

**Factor Identified**

(i) Incumbents' leadership ability

## External Factors Affecting Succession Planning

A number of studies reveal that the incumbents are influenced by external factors that guide them toward a particular type of behavior in the succession process. Cadieux (2007) shows that incumbents create grounds with employees so that the joining of the successors becomes easy. As far as

the external environment is concerned, it is also found that incumbents gradually introduce their successors to customers, suppliers, and other players with whom they maintained special contacts as part of a process that varies in terms of its formality. This shows that the incumbents are concerned about the acceptance of the successors to external stakeholders.

In other studies, researchers have identified a number of external factors that influence behavior of the incumbents during succession. Lambrecht (2005) shows that wife has influence on respective incumbents and that affects success or failure of succession. Massis et al. (2008) show that, along with other factors, incumbents' unforeseen remarriage, divorce, or birth of new children and relationships of the incumbents with family and nonfamily members involved in the business affect succession of the business. According to this study, major relational factors include conflicts/rivalries/competition in parent-child relationship, conflicts/rivalries/competition among family members (e.g., sibling rivalries), perils related to high "consensus sensitiveness" of the business, lack of trust in the potential successors, lack of commitment to the potential successors, conflicts between incumbent and/or potential successors, lack of acceptance of the potential successors, lack of trust in the potential successors, and lack of commitment to the potential successors. Sharma and Rao (2000) show that Indian owners compared to Canadian firm owners rate family relationships higher. In other words, Indian incumbents are concerned more about the likes and dislikes of the family members. Researchers propose four related variables such as respect of actively involved family members, respect of non-involved family members, trust of family members, and ability to get along with family members which are highly important factors that influence the incumbents in succession planning.

**Factors Identified**

(i) Concern for acceptance of the successors
(ii) Incumbent's wife, remarriage, divorce, birth to new child, etc.
(iii) Relationship of the incumbent with family or nonfamily members
(iv) Conflicts, rivalries, competition, etc.
(v) Like or dislike of the family members.

## Conclusion

This chapter has presented a number of internal and external factors that affect incumbents of firms in succession planning. As this chapter is based on literature review, it does not test the factors in any particular market place. One of the major causes of business failure is human behavior. But as human behavior may be influenced by cultural and socioeconomic variables, research works are suggested to test validity of both internal and external factors in different market places. That may help in achieving a clear understanding about incumbent related factors affecting succession planning behavior of the same in specific market places which may ultimately be helpful in establishing good entrepreneurial governance.

## Cross-References

▶ Constructivist Theories of Leadership
▶ Governance and Leadership
▶ Leadership Across Generations
▶ Leadership in Organizations
▶ Organizational Justice
▶ Small Enterprises and Development

## References

Barry I, Jacobs G (2006) Business succession planning: a review of the evidence. J Small Bus Enterp Dev 13(3): 326–350

Cadieux L (2007) Succession in small and medium-sized family businesses: toward a typology of predecessor roles during and after instatement of the successor. Fam Bus Rev 20(2):95–109

Churchill NC, Hatten KJ (1997) Non-market-based transfers of wealth and power: a research framework for family businesses. Fam Bus Rev 10(1):53–67

Handler WC (1989) Managing the family firm succession process; the next-generation family member's experience. PhD thesis, School of Management, Boston University

Ibrahim AB, Soufani K, Lam J (2001) A study of succession in a family firm. Fam Bus Rev 16(3):245–258

Kanter RM (1977) Men and women of the corporation. Basic Books, New York
Lambrecht J (2005) Multigenerational transition in family businesses: a new explanatory model. Fam Bus Rev 18(4):267–282
Lansberg I (1999) Succeeding generations: realizing the dream of families in business. Harvard Business School Press, Boston
Levinson H (1971) Conflicts that plague the family business. Harv Bus Rev 49(2):90–98
Levinson H (1974) Don't choose your own successor. Harv Bus Rev 52(6):53–62
Massis AD, Chua JH, Chrisman JJ (2008) Factors preventing intra-family succession. Fam Bus Rev 21(2): 183–199
Sharma P, Rao AS (2000) Successor attributes in indian and Canadian family firms: a comparative study. Fam Bus Rev 13(4):313–330
Sonnenfeld J (1991) When the old gods won't let go. In: Aronoff CA, Ward JL (eds) Family business sourcebook. Omnigraphics Inc., Detroit
Steier L (2001) Next-generation entrepreneurs and succession: an exploratory study of modes and means of managing social capital. Fam Bus Rev 14(3):259–276
Zaleznik A, Kets de Vries MFR (1985) Power and the corporate mind. Bonus, Chicago

# Entrepreneurial Mind, The

Francesca Flood
Hope Verdad, LLC, Lake Frederick, VA, USA

## Definitions

**Bootstrap**: Get (oneself or something) into or out of a situation using existing resources.

**Offshoot industries**: Markets, products, and services that have developed from the study and promotion of entrepreneurship.

**Entrepreneurial spirit**: A mindset that embraces curiosity through continuous and critical questioning and seeks innovation by product, service, or operational improvement with a willingness to accept risks.

**Personality constellation**: A set of ideas, conditions, symptoms, or traits that fall into or appear to fall into a pattern affecting personality and behavior.

**Locus of control**: A psychological concept that refers to how strongly people believe they have or lack control over the situations and experiences that affect their lives.

**Emotional Intelligence**: The ability to understand, use, and manage one's own emotions in positive ways to relieve stress, communicate effectively, empathize with others, overcome challenges, and defuse conflict.

**Neuroticism**: Propensity toward anxiety, depression, self-doubt, and other negative feelings. One of the Big-5 macrotraits on personality testing.

## Introduction

The subject of entrepreneurs and entrepreneurship has created much examination, debate, and many unresolved questions. Are entrepreneurs born with a certain "gene," that fosters this spirit, or are entrepreneurs made from an amalgamation of life experiences? Does being self-employed or a business owner mean the person is an entrepreneur? The topic of the entrepreneurial mind also raises many questions. What personality traits do entrepreneurs possess? Are these personality traits required to become an entrepreneur? Can a person be successful without them? Are entrepreneurs risk takers, happy, anxious, resilient, and so forth? Indeed, research on entrepreneurial personality traits is replete in the literature and emphasized as a contributing factor. Yet beyond personality traits, the entrepreneurial mind requires further examination. Gender, relationship with family, leadership skills, circumstance, and other contextual factors play a role and can influence the entrepreneurial mind. While this entry will discuss some of the personality traits associated with entrepreneurs, it will also expose and explore other influencing facets. What defines an entrepreneur is not a tidy subject with one, definitive, and universally agreed upon understanding. Misconceptions on the subject persist and entrepreneurship have darker challenges that are not as vastly explored as personality traits. In this entry, the reader will be exposed to an array of variables that influence and shape entrepreneurs and their experiences with an aim to provoke thought for current entrepreneurs and those who dream of becoming one.

## Background

Which comes first, the chicken or the egg? This age-old question is a causality dilemma that suggests it is impossible to decide which of two things caused the other one. A similar question holds true for entrepreneurs. Are they born or are they made? It is a subject that industry specialist, psychologists, academicians, thought leaders, capitalists, and a whole host of others debate. The answer to this question will depend on who you are asking, and there will be no clear-cut answer. Depending on one's theory, some believe nature, some nurture, and others believe it may be both that contribute to an entrepreneur's creation. Yet whether a person is born an entrepreneur or becomes one through life experiences, there is a general consensus that they possess certain personality constellations or traits that enable and foster an entrepreneurial spirit.

Personality traits are the single most unique thing about an individual. According to Allport (1937), traits are organized into a three-level hierarchy. Cardinal traits are rare because few people have personalities dominated by one trait. These traits are pervasive characteristics that strongly determine one's behavior and become the individual's identity (e.g., Scrooge was greedy. Hitler was ruthless. Mother Teresa was compassionate). Central traits influence but do not determine an individual's behavior. They are general characteristics that form basic personality foundations present in varying degrees in all individuals such as "moody," "warm," or "intelligent." Secondary traits are strongly dependent upon immediate context and can influence but do not determine an individual's behavior (a person who is usually confident gets stage fright). Regarded as dynamic forces, traits combine and interact with each other and the environment forming a personality that is unique to each person (Allport 1937).

## Personality Traits in Entrepreneurs

Personality tests are in abundance. When we test personalities, we are attempting the best way to inventory, summarize, and understand an individual. Though there seems to be countless personality variables, five traits appear to distinguish themselves in terms of explaining someone's answers to personality questions. These five traits, or the "Big-5," are macrotraits including openness, conscientiousness, extraversion, agreeableness, and neuroticism. The Big-5 personality traits are the best accepted and most used model of personality in academic psychology and have been found to affect career choice and work performance (Personality Traits and Entrepreneurs 2020). When examining for entrepreneurial intent or orientation, several additional traits have been merged with the Big-5 including self-efficacy, innovativeness, locus of control, and risk attitudes (Kerr et al. 2018).

Though the study of entrepreneurs' personality traits has been extensive in the last several decades, few would claim it is an unambiguous topic or precise science. There are many reasons for the individual's choice to become an entrepreneur. While there is a heavy emphasis on risk-taking or risk tolerance, when two entrepreneurs are compared, one must consider their back story. One entrepreneur may have zero risk aversion because he/she comes from wealth, while another has financially bootstrapped him/herself taking major risks. Which of the two entrepreneurs would be defined as truly a risk taker? As a heterogenous group, there many confounding socio-demographic variables such as stage of life, culture, and geographic location to name a few that can influence entrepreneurial personality and behavior. Gartner (1988) warned against testing for the ideal traits as they do not exist. "Research on the entrepreneur should focus on what the entrepreneur does and not who the entrepreneur is" (p. 21). Many do not share this view and would argue that being an entrepreneur is all about personality traits. It is these noncognitive skills, such as personality traits that predict entrepreneurial behavior in creating and managing a business venture (Sorgner 2015).

Beyond the "Big-5," when it comes to discussion about an entrepreneur's personality traits, there is no shortage of descriptive terms. Researchers, bloggers, academics, and entrepreneurs themselves have ascribed a multitude of

traits to the entrepreneur. Following is a cursory description of some of these traits.

1. **Achievement Motivation** is an individual's need to meet goals, receive feedback, and experience a sense of accomplishment. It usually refers to a level of an individual's motivation to engage in behaviors with the expectancy of success and its commensurate reward (Stewart and Roth 2007). This need for achievement is causally related to entrepreneurial persistence (Wu et al. 2007).
2. **Locus of Control** (Internal and External). According to Mirowsky (1995), the sense of control has two loci, internal and external. Those who possess an external locus of control tend to believe that having good luck plays a role for the good things that happen in life. They feel little control over their lives because external influences such as chance, fate, or environmental elements are at work. Those with an internal locus of control such as entrepreneurs believe they are in control of outcomes and that they are responsible for their own successes and failures. Their future is determined by their choices. They view that their decisions alone control their fate. Serendipity or luck is influenceable by their actions (Dew 2009).
3. **Resilience**. The three dimensions of resilience are hardiness, resourcefulness, and optimism, and resilience could be a key factor in the explanation of entrepreneurial success (Ayala and Manzano 2014). Based on the number of businesses that fail in the first five years, it is a small wonder how many entrepreneurs will begin again and start another venture. Successful entrepreneurs have endurance. Despite the number of rejections from banks or investors, they will figure out a workaround, problem solving through resourcefulness while maintaining optimism in their idea.
4. **Risk Taker.** Risk taking has become synonymous with entrepreneurship and that one must not be risk adverse, or immune to uncertainty to become an entrepreneur. Most entrepreneurs spend their own capital, forego paychecks, place their reputation on the line, and invest an abundance of time to make their dream happen, or not. All risks are not equal. Some are ambiguous risks with knowns and unknowns. Some risks are fraught only unknowns. Risk taking is often misconstrued as blind faith when in fact, most entrepreneurs attempt to minimize their risk through careful analysis. They examine the downside versus reward and whether the risk is merited. The ability to calculate risk is a valuable tool for both success and lessons learned from failures. Given that humans are inherently risk adverse, risk taking can differentiate the entrepreneur from others unwilling to take the risk. However, according to Cheng (2019), while personality traits do influence one's ability to take risk, the propensity for risk taking does not always translate to business success.
5. **Creativity** has increasingly been recognized as a driver of competitiveness, innovation, and major contributor to economic development. Artistic creativity is associated with imagination, idea generation, and an ability to see and interpret things differently (Del Monte and Pennacchio 2020). An entrepreneur's mind revolves around innovation, generating ideas, seeing patterns, developing novel approaches, and recognizing when a niche market opportunity is present. Entrepreneurs create things, are doers, and like the challenge of discovering new solutions. In entrepreneurship, creativity refers to the source of inventiveness, developing new products, services, and new operational ways.
6. **Curiosity** is "defined as a cognitive process of self-stimulation by divergent or contrarian thinking, in the absence of any external cues like a market need—is both necessary and sufficient to motivate entrepreneurs to begin the creation process" (Berlyne 1960). Curiosity drives innovation by thoughtful exploration, solution seeking, and thinking outside predefined parameters. It enables entrepreneurs to be engaged in the world, observing how things work, how they might be improved, and possessing an openness to new possibilities. Such openness does not approach possibilities with preconceived assumptions,

historical references, bias, or prejudice. It emulates the perfect state of a child's mind exuding inquisitiveness.

7. **Self-Awareness** is our conscious knowledge of our strengths, weaknesses, feelings, motivations, desires, and character. In a longitudinal study, Eurich (2020) queried thousands of people over several years about self-awareness. While 95 percent believed they were self-aware, Eurich posited that only 10–15 percent are. Self-awareness involves the ability to communicate effectively, to influence, to possess emotional intelligence, and to foster collaboration. When one is in possession of self-awareness, it will contribute significantly to an entrepreneurial endeavor. A self-aware leader is willing to share recognition, listens to perceptions of others, and is open to change (Jastzabski 2020). Entrepreneurs who understand their own strengths and limitations are better equipped to leverage this knowledge. They apply what they know and delegate work that requires the skills they lack. When one is self-aware, he/she is in a better position to give feedback, open to receive it, and have meaningful communication.

There are many other descriptors used for an entrepreneur's personality traits. Such words include dreamer, visionary, decisiveness, doers, tenacity, determination, passion, dedication, daring, bold, devotion, discipline, flexibility, empathetic, open-mindedness, communicative, confident, self-motivated, process oriented, and charismatic, among others. Entrepreneurship requires overconfidence, believing one is better than everyone else (Wharton University of Pennsylvania 2015). There is some confusion that introversion connotes a lack of confidence and many assume that entrepreneurs must be extroverted to be successful. This is inaccurate. Introversion and extroversion are not absolute values of either one or the other, but a matter of degree on a continuum. There have been many self-proclaimed introverted entrepreneurs such as Bill Gates, Warren Buffet, Elon Musk, and Mark Zuckerberg who have exercised the much-needed skills of problem solving and confident decision making (Castrillon 2019).

When an entrepreneur builds a business, it is typically "their baby" and will acquire many of the values and characteristics of the builder. As the business evolves, the entrepreneur's personality traits may shift as well. For example, during the start-up phase, the individual may be more of a risk-taker believing he/she has nothing to lose. As the business matures and the entrepreneur ages, he/she may become more risk averse knowing there is something (financial, reputation, etc.) that can be lost. As entrepreneurs scale their business, these changes will require them to adapt to a changing environment. Personalities, priorities, and values may shift through new social interactions, experiences, and rethinking operations (Ekinci et al. 2020).

## Personality Traits and Gender Differences

The number of female entrepreneurs has steadily increased worldwide, but women are still behind men as entrepreneurs (Business News Daily 2020). With women almost equal in number to men globally, the question of why there are fewer women entrepreneurs needs exploration (United Nations, Department of Economic and Social Affairs, Population Division 2019). There is a sense that many women may be disinclined to becoming entrepreneurs because of its ultra-masculine image (Personality Traits and Entrepreneurs 2020). Liquidity constraints, access to starting capital, and/or gender gap in risk aversion may also play an adverse role in female entrepreneurship (Sauer and Wilson 2016). According to Mollick (2015), gender is a strong predictor of whether one will choose to become an entrepreneur and women are less likely than men. As the number of women entrepreneurs grow, understanding the key differences between men and women and how those differences influence entry and approach to entrepreneurship will become increasingly important as a research subject.

When thinking about entrepreneurial personality traits, Mollick (2015) describes the "male hubris, female humility effect" which presents

across all cultures and ages. This effect posits that women have lower levels of hubris than men and men are more likely to be overconfident. Armed with this overconfidence, men are more likely to make a fundamental attribution error which ascribes ownership of success to their genius and failures to bad luck or some other outside forces.

Females demonstrate a higher level of optimism and internal locus of control than their male counterpart, but attitudinally shy away from debt (Vieira et al. 2020). While women tend to shy away from debt, men are more likely to borrow and get into more financial trouble. This may tie into Mollick's statement about male overconfidence. Men tend to display more individualistic tendencies while women rate considerably higher on interpersonal relationships. It should be recognized that these gender differences have long been assumed as social norms and they may exacerbate this perception (Personality Trait and Entrepreneurs 2020).

When compared to men, women have a considerably higher "communal tendency." This orientation might offer a route into entrepreneurship which radically differs from the conventional masculine approach founded on individuality. In emerging markets, this communal tendency is demonstrated with women reinvesting 90 percent of every additional dollar of income into the education, health, and nutrition of their families, whereas men contribute between 30 percent and 40 percent. Such contribution drives the wellbeing of family, community, and country and perhaps because of this, women entrepreneurs tend to be more successful because of their trusted status in the community (VanderBrug 2013).

In 2014, Bank of America studied (Business News Daily 2020) male and female entrepreneurs asking them to rate their strengths. Multitasking was listed by 58 percent of the women and 40 percent of the men. Women were 10 percent more likely to list creativity and 5 percent more likely to list empathy as key character traits for their employees. Men (30%) listed confidence as their strongest trait, while women (24%) listed it as such. According to Ayala and Manzano (2014), a key factor in predicting whether an entrepreneur will be successful depends on his or her resourcefulness. The ability to predict this success of those who have resilience and optimism differed between men and women. Optimism plays a much greater role on the success of their business for women than for men.

The entrepreneurial mind uses a dynamic mental model to assimilate environmental factors and opportunities to create new products, services, and business models. Confidence, intuitiveness, knowledge, and a dose of subjectivity will influence the process and the decisions made. Men and women are lured into entrepreneurship with ambitions of wealth, financial freedoms, control over one's life and career choice, and creating a legacy through achievement. There are differences between the genders. Yet research reveals that regardless of gender, traits such as ambition and a propensity for risk are inherent characteristics (Cheng 2019).

## The Entrepreneur and Family

There is a wealth of information on the history of families and entrepreneurship. Families and entrepreneurial processes have existed in antiquity playing an essential role as building blocks that have developed, maintained, and sustained societies (Danes and Zachary 2021). Many families have endeavored to create entrepreneurial enterprises achieving enduring success and creating generations of children who subsequently become entrepreneurs.

Entrepreneurial families have created iconic giants such as Walmart, Anheuser-Busch, Disney, and Roche. Research on how entrepreneurial families interact, function, build, and create succession plans has received an abundance of attention. Entrepreneurial family relationships have an impact on the business and its performance. The extent of the impact is dependent on the type of familial relationship. The entrepreneur–child relationship is the dominant dyad familial relationship in entrepreneurship (Adjei et al. 2019).

Perhaps a less explored topic is the entrepreneur's relationship to his or her family when they are not involved in the "family" business and how family members respond, adapt, and cope in being

along for the journey. When the entrepreneur is effectively operating the entrepreneurial endeavor as an individual, are there implications for the family of the entrepreneur? According to Business News Daily (2020), when entrepreneurs were questioned about how being an entrepreneur might affect their family, women respondents reported they were more likely to sacrifice time for themselves and their social lives for the sake of the business. Men reported that they were more likely to sacrifice time with the spouse/partner and children. Women were more likely to find work for their children and hire them within the company. Men thought it best that their children did not work at the company. A common lament from both men and women was that they did not spend enough time with their loved ones, and this was recognized as the top regret. Participants took solace in knowing they oversaw their career, were passionate about their work, and were producing a livelihood to support their families. Yet despite how entrepreneurs feel about their relationship (or lack thereof) with their family, those in the orbit of the entrepreneur (whether spouse, partner, parent, or child), who are not directly involved in the day-to-day operations, are still part of the entrepreneurial journey and have their own thoughts and feelings.

Later in this entry, there is mention of impression management, where to the outside world, the entrepreneur smiles and radiates a sense that all is right with the world because he/she is winning. Yet behind what is sometimes a mask, all is not all right, and the entrepreneur is suffering through personal struggles. Though he/she might try to conceal this underbelly from his/her family, the reality is that the family is intimately aware of the chaos, fear, and rollercoaster ride that is entrepreneurship (Hirshberg 2012). Without being in the *business of entrepreneurship*, families are still affected. The uncertainty of finances, emotional lability, highest highs, and lowest lows trickle down through family members. The entrepreneur turns the engine, and the family is along for the ride. Sometimes they are providing insight, comfort, and reassurance, and often serving as cheerleader. They can become mutual dream chasers or dream destroyers.

When homes are mortgaged, credit lines taken to their limits, and the victory dance seems a far-off reality, many marriages fail. Divorce lawyers estimate that entrepreneur divorce rate is five or ten percent higher than nonentrepreneurs (Smith 2017). If the only passion an entrepreneur has is for his/her business, then that business may get in the way of marriage. Many spouses or partners who join the entrepreneur for the adventure do not appreciate what they signed on to, nor do their children have any choice. For each billion-dollar entrepreneurial success story, there are millions of endeavors that have failed. Without care, the entrepreneur's ambitions become the central character of the story, perhaps sidelining the hopes and dreams of other family members. From the family member's perspective, the despair, stress, anxiety, emotional neglect, and anger make it incomprehensible to understand the entrepreneur's optimism that success is on the way (Hirshberg 2012).

There are many cautionary tales that advise those who undertake the entrepreneurial lifestyle to create a plan with their family. This means including family as a priority in the plan. Making time that cannot be broken or rescheduled, ensure communication is open, honest, and real. To assuage financial upheaval and uncertainty, place money for family goals such as education, vacation, or other priorities that cannot be accessed no matter how dire the company's needs. Being an entrepreneur may not be for the faint of heart. Being part of his/her family may not be for the timid as well.

## Leaders, Managers, and Entrepreneurs

When we hear or read about successful entrepreneurial startups, often people think that the entrepreneur is young, single, or perhaps dropped out of college. The founders of such companies as Microsoft (Bill Gates, 23), Facebook (Mark Zuckerberg, 19), and Apple (Steve Jobs, 21) met this description. Some might deem these founders as outliers and indeed, their accomplishments given their age and experience level make them exceptional. Their stories are daring and bold, perpetuating the misperception model of *true* entrepreneurs. The reality

is that most founders garner work experience before starting their own company. According to Azoulay et al. (2018), the average age for high growth start-ups was 45 years old. Through previous employment, entrepreneurs learn many skills that will be useful when they launch their own company. In addition to entrepreneur, they will serve as leader, manager, and supervisor. Without this prior experience, it is challenging to learn these skills as they go. Possessing business talent, the practical intelligence, and street savvy, one earns in the trenches of employment can discern successful entrepreneurs from those who fail. While intelligence is an important component, sometimes it is not enough to learn vital skills on the fly (Sharma 2019).

Many entrepreneurs possess personality traits such as openness, conscientiousness, vision, extraversion, and agreeableness that are necessary qualities for leadership. Yet translating these skills into actionable people management may be fraught with challenges. Having a vision and creating a business does not necessarily ensure the entrepreneur will be a good manager of people, know how to run the business, or instinctively be a great leader. Good managers not only oversee their own responsibilities, but can set clear priorities, communicate, and delegate tasks efficiently to their team. In many start-ups, entrepreneurs wear many hats and do many jobs. Their hands-on experience, fast paced mind, and knowing how to "get it done" drive many entrepreneurs to do it themselves rather than delegate. There is a degree of frustration in an employee's learning curve and inability to perform at the desired level of satisfaction. Entrepreneurs have a higher achievement motivation than managers and this can influence their annoyance with employees (Stewart and Roth 2007). Because the entrepreneur is willing to do whatever it takes, he/she may overestimate the quantity of work expected from employees and how many hours they must commit.

Being an entrepreneur is not necessarily synonymous with inspirational leadership or natural born leader. Without the appropriate people, social, and communication skills, the best visionary cannot convert an idea into reality unless he/she intends to do it alone. Many successful entrepreneurs learn these soft skills through trial-and-error lessons while employed elsewhere. When they are ready to launch their own business, managing people skills will shorten the learning curving, lift the burden of doing all the jobs, and perhaps increase opportunity for success. Good managers delegate and get out of the way.

Possessing passion and vision, many entrepreneurs think each employee must be imbued with the same beliefs about the company. Believing in their brilliant idea, entrepreneurs may think employees will follow them. They confuse their mind-set and motivations with that of an employee. Employees may not have the same aspirations. It is after all, not "their baby." If employees are not quite as enamored, entrepreneurs may misinterpret this lack of enthusiasm for disloyalty or incompetence. Rather than use matched enthusiasm as the litmus test for employment, leaders are better served to communicate goals, explain how they fit into the larger picture, and recognize an employee's contribution when it occurs.

Unlike employment where coworkers were friends and peers, founders are now the boss with no one to vent to and are often alone. Getting a company off the ground has many moving parts and many emotions. Chief among them is fear. Fear of failure, of being perceived incompetent, of losing credibility and authority (Jalali 2015). When leaders manage from a place of fear, it usually results in a self-fulfilling prophecy of failure.

Perhaps one of the greatest challenges confronted by entrepreneurs is finding qualified talent to help get the company off the ground. Without adequate capital to attract and pay experienced staff, entrepreneurs may bootstrap their staffing by hiring less skilled employees. Often, entrepreneurs will bring in family members, friends, school mates, and others to fill in positions for which they are not qualified. As the company grows and is better positioned to hire talent, the entrepreneur tends to fear losing friends and upset family ultimately avoiding the tough decisions to change out roles and fill the jobs with qualified candidates. Additionally, if the entrepreneur is not self-assured, he/she may be threatened by candidates who are smarter or possess different skills and avoid hiring top talent.

## The Darker Side of Entrepreneurship

The word entrepreneur conjures images of wealth, success, and self-confidence. Indeed, some synonyms include magnate, mogul, and tycoon. We admire or idolize figures such as Bezos, Zuckerberg, Musk, Branson, Ellison, Cuban, Gates, Jobs, Orpah, and others as iconic heroes who as entrepreneurs seemingly became billionaires overnight. Their stories are inspirational, prompting many to enter the entrepreneurial fray. These giants make it look easy. But nothing could be further from the truth. Without doubt, each of these figures has put in countless hours, endured challenges, made sacrifices, and perhaps experienced emotional turmoil. It is the side to entrepreneurship to which we turn a blind eye and perhaps, an unwillingness to accept that our heroes have vulnerabilities. It is the underbelly of entrepreneurship we tend to gloss over.

Despite the positivity associated with entrepreneurship and entrepreneurs, it is equally important to examine and understand their cognitive, affective, and behavioral vulnerabilities. In a 2015 study, Freeman, Johnson, Staudemmajer, and Zisser reported interesting, yet alarming statistics. Of the entrepreneur participants, 72 percent self-reported mental health concerns. "...entrepreneurs were significantly more likely to report a lifetime history of depression (30%), ADHD (29%), substance use conditions (12%) and bipolar diagnosis (11%) than were comparison participants" (Freeman et al. 2015, p. 3). Societies do an extraordinary marketing job in promoting entrepreneurship. There is a perception that being an entrepreneur is an exciting, fast-paced, adrenaline pumping profession, and rewarding. Still, many do not consider the darker mental and emotional toll this pressure can take. As exciting and glamorous as entrepreneurship sounds, there are reasons why many who might consider becoming an entrepreneur, do not. According to Gustafson (2020), the failure rate for small business is frightening.

Given these statistics and the associated stress, why would anyone want to adventure into entrepreneurship? Generally, entrepreneurs overall have lower long-term earnings, increased stress, and psychosomatic health issues. Their lifestyle is dictated by the needs of their company working longer hours, holidays, and weekends. There is chronic stress and uncertainty in addition to a greater investment of psychological, emotional, and physical resources (Freeman et al. 2015). For many there is no turning off the company when the entrepreneur turns off the lights. Work follows the individual home, dines with him or her, invades dreams, sits at children's sporting events, and needles its way into nearly every facet of the person's life because in many ways it is the entrepreneur's life.

Most of us take pride in our work, careers, and the jobs we do. Many of us derive our sense of worth and/or identity from our jobs and subsequently our titles. However, when our name is not on the building or associated with the creation of the company, if things go badly, we may take comfort that we are an employee, not the founder. For many entrepreneurs, their company is their identity and if it fails, it is personal. Yes, resiliency is one of the personality traits that distinguishes entrepreneurs, but they are not superhuman or bullet proof. When companies falter, payrolls cannot be met, dreams crumble, reputations are shattered, or there is responsibility for others to lose their livelihood, it takes an emotional toll. Trying to maintain a dynamic growth trajectory for one's company may become untenable, causing the entrepreneur to feel trapped. It is in these circumstances when some may feel there is no alternative but to commit suicide (Gourguechon 2018).

There is a paucity of data on the suicide rate of entrepreneurs. The deaths of famous entrepreneurs such as Anthony Bourdain, Angad Paul, Kate Spade, VG Siddhartha, Ilya Zhitomirskiy, Lucky Gupta Agarwal, and Aaron Swartz put a face on the phenomenon and begin to shed a light on the struggles even successful people have with depression, anxiety, and an inability to live up to unreal or self-imposed expectations. Few can live under a constant state of stress, uncertainty, and a rollercoaster of emotions without fissures surfacing. According to Gourguechon (2018), entrepreneurs are at greater risk given their convergence with traits associated with heightened suicide. These traits include impulsivity, depression, social isolation, and humiliation, rejection, and failure.

Behind the façade of confidence and success may be someone suffering in quiet despair hoping their world, their work does not disintegrate. The maxim, "Fake it until you make," perpetuates impression management, how we control or influence other's perceptions of us. Many entrepreneurs will attempt to look successful by driving a luxury car, wearing designer apparel, and/or picking up the bill for meals, all of which are beyond their financial means. The perception of success does not equal reality and maintaining the impression of success increases the stress. "...common sense says that the high-stress life, enormous uncertainty, exhaustion and risk of humiliation that every entrepreneur endures makes a case for increased caution" (Gourguechon 2018). The business endeavor and its creator are inextricable linked and perhaps psychologically one and the same. If we experience failure as an employee, though disappointing it may not be felt at the same personal level of loss as an entrepreneur. Hard work is often required to succeed, but it does not assure success, and entrepreneurship is no exception. Rarely do entrepreneurs publicly discuss what is known as "entrepreneurial terror, an all-encompassing dread that comes from nowhere and throws its coils around you like a python ready to feed" (Rao 2013). While there are numerous benefits to entrepreneurship, we are also best served to be mindful to its downside.

## Exploring Facets of Entrepreneurship

In about 1800, French economist Jean Baptiste Say coined the term Entrepreneur – which literally means adventurer (Beattie 2019). According to Hayes (2020), entrepreneurs are people who create new businesses, bear the brunt of risk, and enjoy the rewards. These individuals are commonly seen as innovators, who develop new ideas for products or services for the market or introduce new operational procedures. However, when we try to define who is, and who is not an entrepreneur, answers become subjective. Some will say that being an entrepreneur is not an occupation. Still, others would state that being an entrepreneur should be considered a profession just like lawyers, doctors, and accountants (Caan 2014). The definition of what constitutes an entrepreneur is at times quite murky and is often confused with self-employment (Martinez et al. 2007). There are a variety of individuals such as medical professionals, contractors, consultants who establish a new business, take risks, are self-employed but would not be considered entrepreneurs. Many practicing law, medicine, dental, or architecture establish practices based on historical stability, and short of malpractice, have minimal downside risks. Gartner (1988), "... disapproved of the varying definitions being used for entrepreneurship, preferring to focus on a definition that emphasized the functional creation of new organizations." What defines a "new organization" may be up for debate. Organizations vary from offering to revenue to number of employees. Moreover, some begin a company without intention to grow into a larger organization or chain. For example, a local florist or baker. Their founder would however meet many of the criteria for entrepreneur.

Entrepreneurs may be born from opportunities, or from necessity as is evidence in many parts of the world. Despite all the coverage about entrepreneurs and their optimism, most fail. Still, many are willing to join the ranks (Sharma 2019). Perhaps the study of entrepreneurship becomes less about the traits of the individual and more focused on the how he/she built a lasting organization (Gartner 1988). A nascent body of research is emerging that suggests more affluence is positively correlated with entrepreneurship because if affords greater accessibility to capital and liquidity. This is not to suggest that only family wealth or inheritance will fuel entrepreneurs. Many save funds in preparation for his/her entrepreneurial endeavors (Sauer and Wilson 2016).

## Franchising and Entrepreneurship

After a series of diverse jobs, Ray Kroc joined McDonald's as a franchise agent. Under his leadership and vision, he built McDonald's into one of the most iconic, successful fast-food operations in

the world. Kroc is recognized for making many innovative changes in the food-service franchise model. Few would argue that Mr. Kroc was indeed an entrepreneur in every sense of the word. Today, for a minimum of $500,000, one can purchase a McDonald's franchise (McDonalds.com 2020). Some would argue that the franchisee is an entrepreneur while others would state he/she is a business owner. After all, aren't entrepreneurs the ones to have the idea or innovation around which they build their business and take all the risks to succeed? This question demonstrates the ambiguity in the definition.

## Disruptive Innovation

Entrepreneurs see openings in the market that are often overlooked or discarded as nonviable. Spaces where they plant their ideas and the roots of business take hold. According to Si and Chen (2020), the disruptive innovation theory introduced by Christensen twenty years ago and has since been applied to many incorrect scenarios. "... there is inconsistency between the theory and the real business practice" (p. 1). Without careful application and understanding of this theory, it is a terminology that can quickly become a buzz word. In its original explanation, "disruptive technology" mainly referred to types of technology that while inferior to the main features consumers valued, alternatively offered some overlooked elements. Over time, these new technologies eroded market share to surpass the dominant technologies in specific markets. "Disruptive Innovation describes a process by which a product or service initially takes root in simple applications at the bottom of a market—typically by being less expensive and more accessible—and then relentlessly moves upmarket, eventually displacing established competitors" (Christensen Institute 2020). Examples of disruptive companies include TurboTax, Airbnb, Netflix, and Amazon. These entrepreneurs saw an entry point at the low end of the market, serving customers that might otherwise have been deemed nonprofitable by their respective industry, and over time dominated the market.

## Industry Improvement

In 2013, purchasing a medallion for a yellow taxicab cost upwards of one million dollars. Some might consider these cab drivers entrepreneurial taking on the risks of self-employment and debt to make the purchase. Others would say there was little risk associated with the iconic yellow cabs of New York. In 2019, these same taxi medallions could be purchased between $120,000 and $150,000 (Parra 2019). What happened? In 2009, Uber founders, Kalanick, and Camp built a platform that matched empty seats in cars with customers going in the same direction. The company evolved into dedicated drivers taking customers to their desired destination becoming a large contributor to the gig economy of contract workers. At face value, many would think Uber was a disruptive innovation and many medallion owners would agree. However, Uber does not meet the criteria. They did not enter the market at a lower price but targeted the same customers of the yellow cabs. Their business model is about sustaining innovation, incrementally improving an existing industry.

Disruptive or not, these entrepreneurs saw opportunity. Malcom Gladwell (2002) posits that the successful entrepreneur carefully assesses the situation, sees an opportunity that most others do not see, and seizes upon it. If we focus on innovation as a requirement, does setting up a hotdog stand, qualify the vendor as an entrepreneur, or is he/she a business owner? Few would argue that Jon Carder, who as a child set up a hotdog stand, continued with a series of ideas, and became a millionaire by 27 years old is an entrepreneur (Cremades 2019). The line of distinction between business owner and entrepreneur can at times become blurred. Are food truck owners or franchisees any less of an entrepreneur than a brick-and-mortar restaurant owner?

## Offshoot Industries

Those who teach entrepreneurship, coach entrepreneurs, and/or write books, blogs, and academic articles about them may very well be

entrepreneurs themselves. Recognizing the opportunity, analyzing its potential, and seizing upon it, many have created offshoot businesses based on entrepreneurship. Various universities teach about entrepreneurship, provide tutorials on how to become one, and guide budding entrepreneurs through experiential programs. It is big business to encourage and educate would-be entrepreneurs. An entire industry of books, magazines, blogs, and countless articles have been written on the subject. Innovative entrepreneurs have created software tools, coaching sites, and constructed new personality tests to gauge whether one has what it takes to be an entrepreneur.

## Conclusion

To understand the entrepreneurial mind, we must recognize that the subject encompasses more than personality traits and should be examined from a multifaceted approach. Gender, culture, socio-demographics, and other elements contribute to how entrepreneurs think about themselves, others, the definition of entrepreneurship, and how they set out to create business from an idea. Along with the highs of success, there is a darker side that is not discussed as frequently. There is no clear synthesis on the subject because no two minds are exactly alike. Longstanding debates on whether entrepreneurs are born or made or whether business owners are entrepreneurs will continue. Perhaps entrepreneurship is like art and as such, has a degree of subjectivity and opinion. Though this entry covered a broad variety of elements that might influence the entrepreneurial mind, it will not resolve many of the outstanding debates on the subject. Instead, perhaps it will stimulate more thought for the entrepreneurial mind.

## References


Adjei EK, Eriksson RH, Lindgren U, Holm E (2019) Familial relationships and firm performance: the impact of entrepreneurial family relationships. Entrep Reg Dev 31(5/6):357–377

Allport GW (1937) Personality. Holt, New York

Ayala JC, Manzano G (2014) The resilience of the entrepreneur. Influence on the success of the business. A longitudinal analysis. J Econ Psychol 42:126–135

Azoulay P, Jones BF, Kim JD, Miranda J (2018) Research: the average age of a successful startup founder is 45. Harv Bus Rev, July 11. https://hbr.org/2018/07/research-the-average-age-of-a-successful-startup-founder-is-45

Beattie A (2019) Who coined the term "Entrepreneur"? Investopedia.com, October 26. https://www.investopedia.com/ask/answers/08/origin-of-entrepreneur.asp#:~:text=Entrepreneur%20is%20a%20French%20word,businessmen%20was%20a%20serious%20flaw

Berlyne DE (1960) Conflict, arousal, and curiosity. McGraw-Hill, New York

Business News Daily (2020) Male vs. female entrepreneurs: How are they different? March 9. https://www.businessnewsdaily.com/6762-male-female-entrepreneurs.html

Caan J (2014) Can we please recognize entrepreneurship as a profession already? Entrepreneur, October 27. https://www.entrepreneur.com/article/238949

Castrillon C (2019) How introverts can thrive as entrepreneurs. Forbes.com, January 23. https://www.forbes.com/sites/carolinecastrillon/2019/01/23/how-introverts-can-thrive-as-entrepreneurs/?sh=1bb67a805cac

Cheng CS (2019) The study of relationship for personality traits, perception risk, motivation, business strategies environment factors and business performance to entrepreneurs. Int J Organ Innov 12(2):360–371

Christensen Institute (2020) Disruptive innovations. https://www.christenseninstitute.org/disruptive-innovations/

Cremades A (2019) How this entrepreneur went from running a hot dog stand to becoming a millionaire at age 27. Forbes.com, February 10. https://www.forbes.com/sites/alejandrocremades/2019/02/10/how-this-entrepreneur-went-from-running-a-hot-dog-stand-to-becoming-a-millionaire-at-age-27/?sh=3902967b24be

Danes SM, Zachary RK (forthcoming, 2021) Families and entrepreneurship. In: Flood F, Klausner M (eds) Global encyclopedia of public administration: section small business enterprise management and public administration. New York: Springer International Publishing.

Del Monte A, Pennacchio L (2020) Historical roots of regional entrepreneurship: the role of knowledge and creativity. Small Bus Econ 55(1):1–22

Dew N (2009) Serendipity in entrepreneurship. Organ Stud 30(7):735–753

Ekinci Y, Gordon-Wilson S, Slade A (2020) An exploration of entrepreneurs' identities and business growth. Bus Horiz 63:391–401

Eurich T (2020) Building future ready leaders. TashaEurich.com

Freeman MA, Johnson SL, Staudemmajer PJ, Zisser M (2015) Are entrepreneurs touched with fire? michaelafreemanmd.com, April 17. https://michaelafreemanmd.com/Research_files/Are%20Entrepreneurs%20Touched%20with%20Fire%20(pre-pub%20n)%204-17-15.pdf

Gartner WB (1988) Who is an entrepreneur? Is the wrong question. Am J Small Bus 12(4):11–32
Gladwell M (2002) The tipping point: How little things can make a big difference. Little Brown Publishing, Boston
Gourguechon P (2018) Entrepreneurs and suicide risk: a new perspective on entrapment provides hope. Forbes.com, August 23. https://www.forbes.com/sites/prudygourguechon/2018/08/23/entrepreneurs-and-suicide-a-new-perspective-on-entrapment-gives-hope/?sh=30de76165385
Gustafson K (2020) What percentage of businesses fail and how to improve your chances of success? Lending Tree, August 7. https://www.lendingtree.com/business/small/failure-rate/
Hayes A (2020) What is an entrepreneur? Investopedia.com, July 1. https://www.investopedia.com/terms/e/entrepreneur.asp
Hirshberg MC (2012) For better or for work: a survival guide for entrepreneurs and their families. Greenleaf Books, Austin
Jalali I (2015) Why some CEOS and entrepreneurs make horrible leaders. Entrepreneur.com, January 22. https://www.entrepreneur.com/article/241939
Jastzabski C (2020) Be a leader others want to follow: 4 ways to develop greater self-awareness. Personal Excellence 25(7):11–13
Kerr SP, Kerr WR, Xu T (2018) Personality traits of entrepreneurs: a review of recent literature. Found Trends Entrepreneurship 14(3):279–356
Martinez D, Mora J, Vila LE (2007) Entrepreneurs, the self-employed and employees amongst young european higher education graduates. Eur J Educ 42(1):99–117
McDonald's Restaurant (2020) Buying a Franchise. McDonald's. https://www.mcdonalds.com/us/en-us/about-us/franchising/acquiring-franchising.html
Mirowsky J (1995) Age and the sense of control. Social Psychol Q 58(1):31–43. https://doi.org/10.2307/2787141
Mollick E (2015) Why are there more male entrepreneurs than female ones? Wharton University of Pennsylvania, Philadelphia
Parra D (2019) Need to know: Taxi medallions in New York. City Limits.com, November 30. https://citylimits.org/2019/11/30/need-to-know-taxi-medallions-in-new-york/
Personality traits and entrepreneurs: does gender make a difference? (2020) Dev Learn Organ Int J 34(3): 43–45.
Rao S (2013) The fearsome nightmare entrepreneurs never talk about this dread affliction is very common, but no one wants to discuss it. Inc.com, September 11. https://www.inc.com/srikumar-rao/the-fearsome-nightmare-entrepreneurs-never-talk-about.html
Sauer RM, Wilson T (2016) The rise of female entrepreneurs: new evidence on gender differences in liquidity constraints. Eur Econ Rev 86:73–86
Sharma T (2019) Why most entrepreneurs fail. Thrive Global.com, April 11. https://thriveglobal.com/stories/why-most-entrepreneurs-fail/
Si S, Chen H (2020) A literature review of disruptive innovation: What it is, how it works and where it goes. J Eng Technol Manag 56:1–21
Smith S (2017) Should entrepreneur divorce rate scare you. Marriage.com, September 12. https://www.marriage.com/advice/divorce/should-entrepreneur-divorce-rate-scare-you/
Sorgner A (2015) Non-cognitive skills, occupational choices, and entrepreneurship: an empirical analysis of entrepreneurs' career choices. Int J Entrepren Small Bus 25(2):208–230
Stewart WH, Roth PL (2007) A meta-analysis of achievement motivation differences between entrepreneurs and managers. J Small Bus Manag 45(4): 401–421
United Nations, Department of Economic and Social Affairs, Population Division (2019) Are there more men than women in the world? INED. https://www.ined.fr/en/everything_about_population/demographic-facts-sheets/faq/more-men-or-women-in-the-world/
VanderBrug J (2013) The global rise of female entrepreneurs. Harvard Business Review.com. https://hbr.org/2013/09/global-rise-of-female-entrepreneurs
Vieira KM, Valcanover VM, Potrich ACG, Cavalheiro EA (2020) My business and I: entrepreneur personality traits and capital structure choice. Revista de Administração Mackenzie 21(6):1–33. https://doi.org/10.1590/1678-6971/eRAMD200300
Wharton University of Pennsylvania (2015). https://knowledge.wharton.upenn.edu/article/why-are-there-more-male-entrepreneurs-than-female-ones/
Wu S, Matthews L, Dagher GK (2007) Need for achievement, business goals, and entrepreneurial persistence. Manag Res News 30(12):928–941

E

## Entrepreneurial Mindset Among the Youth in Sub-Saharan Africa

Joseph Mpeera Ntayi[1], Beatrice Nyakeshiki[2], Nantongo Nabiira[2] and Musa Mbago[2]
[1]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda
[2]Department of Procurement and Supply Chain Management, Makerere University Business School, Kampala, Uganda

### Synonyms

Frame of the mind; Mental attitude; Mental processes; Mental set; Mentality; Outlook; Psyche; State of mind

## Definitions of Terms

Mindset is a habitual or typical mental attitude that determines how people will construe and react to situations.

Learning environment refers to the diverse physical locations, contexts, and cultures in which the youth learn.

Scaffolding refers to the process in which a person is assisted to achieve a task by performing it on his or her own.

Cognitive Heuristics: Heuristics are mental shortcuts that allow individuals to make decisions, pass judgments, or solve problems quickly and with minimal mental effort.

## Introduction

In 2019, Africa was the world's youngest continent with almost 60% of the population under the age of 25 (Ibrahim Forum Report 2019). More than a third of Africa's population is aged between 15 and 34. If the population continues to grow at the same rate, Africa's youth population is estimated to be equivalent to twice Europe's entire population by 2100. A youth is defined as any individual in the 15- to 24-year-age bracket (The International Labor Organization [ILO] 2014). Between 2013 and 2017, 50% of the countries in sub-Saharan Africa registered a worsening education outcome and a widening mismatch between education and employers' needs (Ibrahim Index of African Governance 2018). Many sub-Saharan African countries have restructured their education system downgrading vocational education in favor of university education. For example, in 2017, only 1.1% of 15- to 24-year-old in sub-Saharan Africa participated in a vocational education program. The failure for sub-Saharan African countries to develop programs that prepare the youth for smooth transition from school to work may have significant implications for the existing youth entrepreneurial mindset which we attempt to discuss in this paper.

Across the continent, African governments continue to ignore the increasing unemployment rate among the youth with advanced level education, thereby delaying the associated governance challenges for the host communities. The Ibrahim Forum Report (2019, p. 33) states that "Due to a lack of formal jobs and social safety nets, many young Africans have to find an alternative in the informal sector in order to get by; getting trapped in a precarious employment status which contributes to a delayed transition to adulthood ('waithood')." Unfortunately, the advent of the Corona virus disease (COVID 19) pandemic in 2019, a worldwide public health emergency, affected the informal sector negatively, leaving the youth with minimal and/or no alternatives for survival. The increased economic and social pressures during the full/partial lockdown measures to prevent the spread of COVID-19 have put a number of African youths under intense mental distress, contemplation of suicide, risk of contracting sexually transmitted infections, and unwanted pregnancy resulting from forced or pressured sex and sexual exploitation. The effects of COVID 19 on the economies of sub-Saharan African countries require a serious reexamination and discourse of the youth entrepreneurial mindset.

This paper adopts a definition of the ILO to abstract and attempt to explain the youth entrepreneurial mindsets in sub-Saharan Africa. The focus on the youth is based on the fact that: (a) they largely constitute a big percentage of the rapidly growing African population; (b) the high prevalence of the youth unemployment rate in Africa is estimated to range from 60% to 88%; (c) the youth are getting better educated through higher access to primary and secondary education, thereby creating a stronger attention on job creation; (d) the possibilities for African countries to utilize the existing resources to harness and tap the potential in the youth population in the economic transformation of the country; (e) the presence of the entrepreneurial spirit among the youth, with the majority aspiring to start their own businesses, rather than pursue careers in law, teaching, medicine, or engineering; and (f) African youth lack trust and integrity. Despite their growing entrepreneurial ambitions, the African youth generally exhibit low scores for integrity and do not seem to associate hard work and success with

education. For example, the Uganda Youth Survey Report (2016, p. 2) states:

> 56 percent of the youth believe that it doesn't matter how one makes money as long as one does not end up in jail; 55 percent admire those who make money through hook or crook, (including hustling); 33 percent believe corruption is profitable; 73 percent are afraid to stand up for what is right for fear of retribution; 40 percent of the youth would readily take or give a bribe. Only 27 percent strongly believe that it is important to pay taxes.When asked what they value most, 79 percent valued faith first, 47.5 percent valued work first, 39.6 percent valued family first and 37.6 percent valued wealth first, and 25.7 percent valued freedom first. Only 5.6 percent valued integrity first.

The youth in Africa possesses a creative mindset, is highly motivated to succeed, yet open to risk and failure. They exhibit high, fascinating ambitions, values, identity, and behavioral orientations which shape the perspectives through which they perceive, interpret, and construct reality. This personal construction of reality explains the formed youth mindset which derives from the predominant views that reside in the minds of the African youth suggesting the character of the next-generation Africans. In this paper, we conjecture that the explanations of the youth cognitive structure are associated with personal constructs associated with their experiences, the learning environment (supported by kinship ties, friendship ties, incomes, education, social structures and system and rural–urban divide, and COVID 19), cognitive heuristics, instructional support, reflexive entrepreneurial framing, and career decision-making self-efficacy. Anecdotal evidence suggests that the youth entrepreneurial challenge is rooted in the education system, which heavily focuses on the hard skills and memorizing the curriculum, thereby disadvantaging the youth from being problem-solvers, creative and critical thinkers, and independent and self-driven.

The cognitive constructions exhibited by the African youth and their resulting actions are a reflex for survival. This has resulted in search of meaningful work in terms of seeking employment or creating business ventures. When faced with complex situations, the youth tend to alter their previous beliefs, thoughts, or habits to address new situations. As such they develop the mental ability to embrace challenges, finding lessons and inspiration in the success of others. It is these success stories with the associated persuasive endorsements, value affirmations, and social resources that provide the learning environment and inspiration for making decisions regarding their careers. This is an important task for young people in determining their life and career trajectories. The career decision process of the youth begins to occur early in life when they are attending their primary and/or secondary school education. However, it is possible to find some youth who develop their career interests later in life with major life span events. It is these life span events that help the youth to face new and unexpected conditions in their environment, and confers the ability to see new patterns and new solutions to life challenges. This is a common observable phenomenon among the Ugandan youth who are committed to career paths involving long periods of education and training with diminutive chance of employment success. As a result, the confidence the African youths have in their capacity to explore, select, and pursue their lifetime career-related dreams and creative mindset is diminished (Solberg et al. 1994).

Literature has tended to attribute the youth employment and entrepreneurial challenges to their mindset and the "mismatch between university graduates' skills and the needs of potential employers" (Barber et al. 2013, p. 78). Despite these observations, research on youth entrepreneurial mindset is largely anecdotal, speculative, and sparse, yet cases of growth entrepreneurial mindset have started to emerge as illustrated by the case of Patrick Ngowi – the young entrepreneur who built a multimillion-dollar business from solar energy (source: Adapted from http://www.smallstarter.com/get-inspired/patrick-ngowi/).

At just age 15, and still a student in secondary school, Patrick Ngowi ventured into the mobile phone business selling call cards (recharge vouchers) which he noticed were scarce in the area. By the time he turned 18, he was fully into the mobile phone trade selling cheap handsets which he bought from Hong Kong. This business, which he started with a $1,800 loan from his mom

and a free air travel ticket from a close friend, turned out to be very profitable. By targeting the mass market of poor rural people who could only afford basic and cheap phones, Patrick sold more than 5,000 handsets (at an average price of $20) in 1 year alone! During his short stint in the mobile phone business, Patrick noticed that many of his customers did not have access to electricity and getting their phone batteries charged was a serious problem. This problem provided the inspiration that opened his eyes to the huge potentials of solar power and the lucrative opportunities it holds in Africa's future. Patrick quickly changed his thinking about business and reconstructed his frame of reference to find solutions to the challenges faced by his customers. He devised a new strategy and started developing his entrepreneurial abilities to grow this new business which later defined his career life trajectory. Patrick strongly believed that he was in charge of his career trajectory and had control over his business outcomes through determination, hard work, and persistence. To prepare himself for this future, Patrick went ahead to seek knowledge and finely tuned skills that were built around a solid knowledge base of solar energy that he continually updated in order to build the solid technical knowledge he needed to succeed in the solar power business he would soon start.

At age 19, Patrick Ngowi had saved enough money to enroll in Dezhou University, China, where he studied renewable and alternative energy (with particular emphasis on solar power). During his studies, Patrick met supportive peers and mentors who were passionate in delivering knowledge and life skills. The university curriculum was interactive and experiential often characterized by practice. Patrick recounts his experience: "At Dezhou University we actively participated and supported each other in learning." We had constant workshops, field trips and industry visits, role plays and theater group work and discussions, story design and storytelling, and community service projects. Learning was both serious and fun. Patrick narrates that Dezhou University offered a conducive learning environment that provided reference materials for the solar business, career information on renewable and alternative energy. The university setting, workshops, and theatres were characterized by free discussions, highly encouraging and confidence-building tutor–student interactive encounters, and problem-solving and constructive feedback. It is these life experiences that changed Patrick's capacity to explore, adapt to changes in the energy market, select and pursue life career dreams, accept constructive feedback, understand and manage his emotions, improve his creative thinking skills, and engage in lifelong learning remain open to new career experiences.

Patrick E. Ngowi returned to Tanzania, where he created Helvetic Solar Contractor, a company that has now installed more than 6,000 small rooftop solar systems in his country and four other East African countries – Kenya, Uganda, Rwanda, and Burundi. Many of these systems are installed in the same communities he sold his mobile phones (which had no access to the electric power grid). The company started with photovoltaic equipment sales in the field to administrations and companies. Then, partnerships with international institution such as the UN allowed the start-up to extend to the whole country. It now offers a wide range of products on an e-commerce platform. Helvetic Solar Contractor also offers a quality maintenance service of the commercialized equipment. It is now part of a Helvetic Group, which has other subsidiaries in the wind energy and waste processing sectors. The company boasts of a strong revenue base which now exceeds $7 million. This astounding success has also attracted a lot of media attention Patrick's way. In early 2013, he was featured by Forbes as one of the 10 Young African millionaires to watch. His company was also ranked at the top of KPMG's East Africa's Survey of Top 100 Mid-Sized Companies in Tanzania in 2012. Although renewable energy (like solar) makes up about 1% of Tanzania's electricity sources, Patrick's company already boasts of high-profile clients like the United Nations, the Tanzanian government, World Vision, and the Tanzanian Army.

To date, Helvetic Solar Contractors has installed more than 2,000 solar water heating systems in government institutions and several UN projects including schools, hospitals, and hotels.

This is in addition to several solar power contracts the company is executing in other East African countries such as Kenya, Uganda, and Rwanda. Patrick currently works with and promotes the brands of leading manufacturers of solar panels and equipment in the USA, Europe, and China. The product range he offers includes: solar water heaters, solar batteries, solar mini-generators, street lights, gadgets, power back-up systems, accessories, solar fridges and freezers, charge controllers, and other renewable energy alternatives. His company has also branched into other alternative energy services including handling, supply, installation, and maintenance of hydro turbines and thermal systems throughout East Africa. Apart from his remarkable entrepreneurial achievements, Patrick is a passionate environmentalist and a passionate philanthropist. Through his "Light for Light (L4L) Foundation," his company offers Helvetic Solar kits that provide rural households with basic lighting and power to charge mobile phone batteries – a project he partly funds from his personal salary. According to a recent interview with the African Business Journal, Patrick considers his greatest achievement to be his ability to reconfigure his mindset to provide much needed employment for his fellow citizens, and at the same time, light up some rural parts of Tanzania with solar power – as well as contributing towards Tanzania's advance in renewable energy.

This paper attempts to abstract an impressive story of Patrick Ngowi's reality and provide a theoretical explanation using Vygotsky (1978), zone of proximal development. The zone of proximal development (ZPD) is defined as "the distance between the actual development level as determined by independent problem solving and the level of potential development as determined through problem solving under adult guidance or in collaboration with more capable peers" (Vygotsky 1978, p. 86). The difference between the knowledge and problem-solving abilities displayed by Patrick when he was working independently compared with the decisions taken while he was in the company of supportive, passionate mentors after enrolling in Dezhou University, China, demonstrates the applicability of the theory of "zone of proximal development." The immense innovative, creative, entrepreneurial, problem-solving skills gained through free discussions, in the presence of highly encouraging and confidence-building tutor–student interactive encounters, changed Patrick's capacity to explore, adapt to changes in the energy market, and remain open to new career experiences. The learning experienced by Patrick patterns Vygotsky's conceptualization of the zone of proximal development. Vygotsky saw development as a decreasing gap between mental structures/functions of individual's actions and norms (cultural mediation for Vygotsky) as defined within their respective particular society (Matusov and Hayes 2000). This zone of proximal development is further replicated by Patrick's entrepreneurial growth mindset, from a simple electronics outlet to a multimillion-dollar photovoltaic business through the creation and management of wealth value creating venture. Patrick identified an opportunity from the energy problem that his clients exhibited by fixing his country's nagging electricity problem.

The theory of ZPD rests on the presence of mediation, scaffolding, and internalization which we observe in Patrick's story. Patrick's mindset and cognitive development is supported by the immense role played by the mentors and peers at Dezhou University. The instructional support provided by the university represents the "instructional scalloping." The instructional activities undertaken during training provided a conducive and interactive social environment, confidence, and resources to turn to for assistance. The supportive peers and tutors during training narrowed the gap between mentors and mentees giving Patrick the confidence to overcome fears regarding engagement in entrepreneurship. Mentees were assisted with any problem that arose in regards to photovoltaic energy business–related decisions. He deeply looked at himself and reflected at his future ability to make positive career decisions. Patrick was quick at internalizing photovoltaic energy business career through the process of problem-solving activities in the company of mentors; however, later, he tends to perform the tasks independently. It is worth noting that,

despite the importance of the ZPD in explaining the above situation, Patrick's unfettered decision to pursue the photovoltaic energy business and continue to grow largely remains unexplained.

The career decision-making self-efficacy tends to explain Patrick's decision to desist the temptations of the traditional career path of anachronism and undertake, revere, and cultivate his skills in entrepreneurship. Patrick learnt early in life that a career in solar energy business called for self-appraisal, gathering occupational information, goal selection, making plans for the future, and problem-solving. The career decision-making self-efficacy construct provides significant insights in explaining Patrick's career-related beliefs and career development (Betz 2004; Lent and Brown 2006). Patrick continued to develop his interdisciplinary skills through experiential learning that led to the development of an entrepreneurial mindset. His decision to enroll for a solar energy training program in china is goal directed and reflects a greater awareness of Patrick's strengths and weaknesses in pursuing his career dream. The solar energy degree program was instrumental in promoting Patrick's goal-directed career decision-making self-efficacy through the acquisition of photovoltaic energy-related information and reaffirming his career goals. Patrick gained confidence in his career decision, fine-tuned his career goals, and identified quickly pathways to his career. His refined career plan was broken down into manageable steps moving from electronics to solar energy projects. Patrick's decision to go for further training lends credence to the continuous self-appraisal which resulted into the development of hard and soft skills required to achieve career goals.

Patrick made his career decision early in life. He was always not only thinking about his entrepreneurial vision but also putting his entrepreneurial vision into motion, thereby displaying an entrepreneurial growth mindset. Noticing that many of his customers had no electricity to charge their phone batteries, Patrick saw the goldmine in solar energy. This means that Patrick had the ability to turn problems into opportunities, marshal resources, and create value. This is further supported by his decision to shift from supplying mobile call credit to local vendors in his community to becoming an importer and dealer in cheap mobile phones which he mostly sold to rural people. Patrick further displays his career readiness and persistence through maximizing his educational experiences. The confidence exhibited in his abilities to be an entrepreneur made Patrick to commit to lifelong career choices and become successful. Patrick's determination to grow and succeed at any cost prompted him to save money for his studies and choose a Chinese university that offered supportive training and other targeted learning opportunities.

Despite paucity of theory-driven empirical research explaining the youth entrepreneurial mindset, current efforts supporting youth mindset change in Africa has started to emerge. For example, SNV mounted the Uganda's youth employability through Enterprise and Skills Development (YES) project aimed at changing the mindset of youth in the West Nile region of Uganda. Previous studies on mindset have tended to be general taking a social construction perspective, placing knowledge neither within individual minds nor outside them, but between people. Current thinking does not discount these initiatives and the associated findings but simply builds on them to include personal construct theory and Vygosty scalloping perspective. Scaffolding provides a supportive and conducive learning environment to the youth to learn new content and solve problems. In a scaffolding learning environment, students are not only free to ask questions, provide feedback, support their peers in learning new material, and make themselves more responsible and accountable towards their duties but equally make them to move beyond their current skills and knowledge levels. Against this background, the paper takes the inextricably intertwined perspective of the personal and the social dimensions of human experience in anticipating and explaining the youth mindsets and actions. The paper attempts to combine the endogenic and exogenic epistemologies which emphasize the role of the individual mind and external reality respectively in the construction of the meaning of the youth entrepreneurial mindset.

This is consistent with Kelly (1955, p. 50) who postulated that "a person's processes are psychologically channelized by the ways in which he anticipates events."

The description that has been leveled against the African youths is that they are mostly unproductive (IYF 2011; OECD 2012; African Development Bank, Development Center of the Organization, for Economic Cooperation and Development, United Nations Development Program 2014), yet the increasing youth unemployment rate is a reflection of framing. Anecdotal evidences reveal a mass exodus of the youth from the rural areas to the urban areas in search of employment and survival based on factors that include kinship ties and friendship ties, rural incomes, role of rural education, and the rural social system. In this paper we contend that the learning environment, cognitive heuristics, instructional scaffolding, career decision-making self-efficacy, and reflective entrepreneurial framing affect and explain the entrepreneurial mindset of the youth in sub-Saharan Africa as presented in Fig. 1 and discussed under the subheadings below.

## Learning Environment

The learning environment in Patrick's case is positively associated with the youth entrepreneurial mindset. This suggests that training institutions, teachers, peer mentors, and parents that create learning environments that are both challenging and supportive to the youth make the youth to move to higher levels of cognitive, behavioral, and emotional engagement, thereby creating an intellectual and psychological entrepreneurial growth mindset. The youth with a growth mindset are free to ask questions, provide feedback, support their peers in learning new material, and make themselves more responsible and accountable towards learning. This makes them to move beyond their current skills and knowledge levels. The cognitively engaged youths enjoy learning and keep on discovering new knowledge. They get in touch with the lifelong realities, are flexible, and develop a mechanism for coping with failure. One of the most challenging areas for the youth in most African countries is the absence of a learning environment that motivates them to be physically ready and willing to learn, thereby impacting on the development of the youth entrepreneurial mindset. The learning environment equally determines the nature of the relationships developed between the youth and their facilitators, classmates, and the school and determines their abilities to make career-related decisions. This partly explains the absence of a serious youth entrepreneurial growth mindset. Additionally, many African countries have remained small open

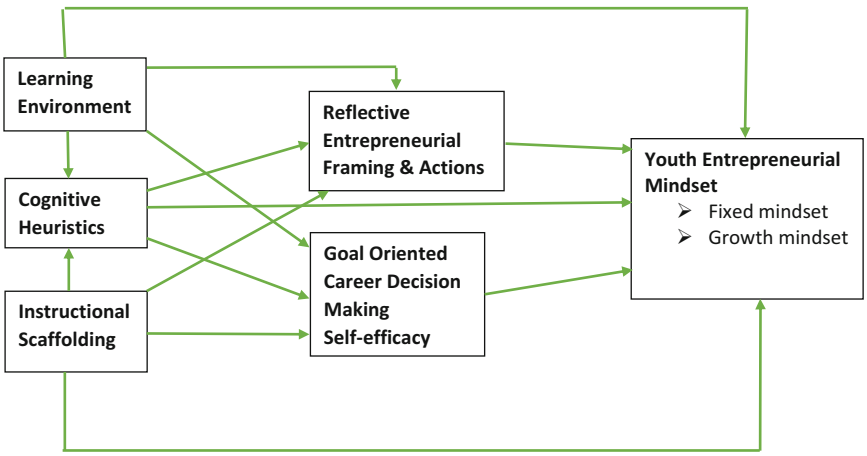


**Entrepreneurial Mindset Among the Youth in Sub-Saharan Africa, Fig. 1** Promoting a Growth Entrepreneurial Mindset in sub-Saharan Africa

economies, with small businesses only able to access small credit (microfinance) to produce non-tradable products for low-income groups, thereby forcing everyone (bankers, insurers, service providers, etc.) to target small markets. As a result of this, the youth have since developed a micro mindset due to the prevailing learning environments which are predominantly agrarian and largely subsistence. Many youths grow up in a natural rural setting, surviving on gifts of nature. As a result, many youths grow up in relatively easy lives, freer and less affected by the vicissitudes of the capitalist economy. Subsistence peasants are associated with a fixed mindset not worrying about food prices, interest rates, inflation, or generally bills of any kind. Researchers have established "path determinations" that link today's youth mindsets to the past colonial economic distortions. The youth are socialized to think we can only cultivate a few crops, sell them to Europeans who possess the brains to transform them into finished products.

## Cognitive Heuristics

The association between cognitive heuristics and youth entrepreneurial mindsets means that the more the youth display a growth mindset the more they generally tend to use heuristics as mental shortcuts or rules of thumb designed to reduce the effort of performing an entrepreneurial task, basically by considering less information in the process. This may mean that the youth have considerable information which is considered difficult to comprehend and irrelevant for survival in a rapidly changing environment prompting them to use shortcuts. This has implications for training institutions that have been blamed to unleash curriculum that is considered abstract. The abstract curriculum tends to be associated with the youth fixed mindset. The youth who tend to ignore part of the information considered difficult to comprehend, with the goal of making entrepreneurial decisions quickly, frugally tend to exhibit a growth mindset. Those youth who have access to information considered useful tend to make well-guided entrepreneurial decisions which result into a growth mindset. However, the entrepreneurial decisions which are made without objective assessment are often inconclusive. The heuristic behavior of the youth leads to perceive low risk (Simon et al. 2000). This is especially true in environments which are resource starved. The youth entrepreneurial perceptions are made under uncertainty using their mental capacity to construe meaning and simplify to effect actions. However, Patrick's case reveals that mindset heuristics with a clear business goal is much more important than formal business plans which are recommended to constitute the basic starting point. The cognitive mechanisms of the youth help them to cultivate entrepreneurial mindsets. Patrick improved his perceptive ability during his studies in China. His creativity and critical thinking skills to discover opportunities over time were developed.

## Instructional Scaffolding

Patrick's case tends to reveal the fact that the youth entrepreneurial growth mindset is attained, when the youth work with peers or mentors who have a range of skills and knowledge. The highly skilled and knowledgeable peers or mentors are the "instructional scaffolds" who help the youth in accomplishing new tasks and developing their creative ideas they cannot typically achieve on their own. The mentors and/or peers improve the youth mindset horizons by creating confidence among the youth mentee and encouraging them to embrace challenges and persisting in the face of setbacks. This encourages the youth to learn new skills, scan the environment in order to find lessons and inspiration in the success of others, thereby discovering a world of opportunities. The "instructional scaffolds" provide learning support to the youth by helping them to connect entrepreneurship knowledge with real-life situations through hands on. Role models are able to create a sense of self-awareness, thereby promoting an entrepreneurial creative and growth mindset mentality of the youth. The youth are provided with authentic problems to solve. These authentic problems could utilize

noncontrolling language, provide meaningful cognitive choice, and help the youth direct their own learning. The use of threatening language during training should be avoided because it kills interest, hinders the development of interest and self-regulation of learning. Explanatory rationales should be used to help mentees see why doing the target action will benefit them (Reeve 2009; Su and Reeve 2011). This observation is consistent with Parsons and Ward (2011); Willems and Gonzalez-DeHass (2012) who assert that solving authentic problems is a key function in modern life and in most careers. The support provided to the youth largely depends on the beliefs that parents, guardians, and teachers hold about them – these can have a striking impact on students' achievement. The youths with the growth entrepreneurial mindset believe that their entrepreneurial abilities could be developed over time. They are determined to succeed however discouraging the circumstances are, focus on learning, and exhibit varying levels of resilience in the face of hindrances. Youth start their enterprises when their parents and trainers believe that entrepreneurship is not fixed, but can be developed over time. Teaching youth that entrepreneurship can be "grown" is especially powerful for the youth who belong to typically stereotyped groups. Having a growth mindset is especially important for the youth who are laboring under a negative stereotype about their abilities amidst unemployment, institutional, financial, and infrastructural constraints. Apparently, the youths in sub-Saharan Africa believe that schools make judgment on who potential entrepreneurs are or are not, and yet schools should be a place where people help the brains of the youth to grow new connections. These observations are consistent with Dweck and Leggett (1988) who aver that individuals with a growth mindset welcome challenges, viewing them as learning opportunities, and displaying a mastery-oriented response (Dweck 2015). Additionally, individuals with growth views seek out challenges and adopt learning goals without fear of making mistakes. These observations have employment implications for the youth in sub-Saharan Africa. This is mainly because, the informal and private sectors have the potential to absorb many unemployed youths, including those that live in the undeserved communities of sub-Saharan Africa because one of the biggest hindrances for the youth to start viable business ventures is lack of required skill sets to run viable business ventures. The youth need to learn how to figure out things on their own. There is need to mentor the youth to adapt to the prevailing tough economic environment by being more frugal and shrewder in enterprises. Through solving authentic problems the youth gain practical solutions that help equip them with the skills to create, manage, and engage in viable business opportunities. This would lead to wealth creation and youth empowerment through employment.

## Career Decision-Making Self-Efficacy

Patrick's story brings out a significant connection between career decision-making self -efficacy and the youth growth entrepreneurial mindsets. This suggests that the youth who have confidence in making decisions based upon their self-concept, goals, and career options will tend to achieve future career-related outcomes. Career outcomes and occupational goals result into creative and growth entrepreneurial mindsets. Making career-related decisions is a sign of career readiness or maturity focusing on the individuals' mental representation of the future. Future-oriented individuals like Patrick tend to be thrift, persevere and regulate behavior, establish goals and expectations, and motivate and monitor performance. They are driven and oriented towards future reward. This contrasts with a number of sub-Saharan African youths who prefer fulfilling the obligations of their social network. They display unexplained behaviors and feelings of determination, stability, money spending, and the enjoyment of life, thinking that the future will take care of itself. Infact there is a general tendency of trying to hide a disability in order to save face instead of dealing with this weakness. The biggest problem making the African youths not to achieve much might be their short-term-oriented nature. As demonstrated by Patrick, the youth career choices are a function of expected benefits in a

varyingly distant future, such as being able to access a desired occupation, earn an income, achieve independence, and improve one's competencies. This is consistent with the works of Patel et al. (2009) who found peer support to predict career decision-making self-efficacy, suggesting that peers might play a large role in the development of confidence in completing career-related tasks and growth mindset. Similarly, our discussions seem to suggest that the growth mindset is associated with career path. The planning exhibited by Patrick could be a result of reflexive templates/actions he held resulting from the people he interacted with as he developed from infancy to adulthood. Although empirical literature is sparse, the more the mother or the maid is educated depending on who spends more time with the child's transition to youthful stage, the more the youth will take on long-term orientation while the reverse is true. Short-term orientation tends to be associated with low education levels of children being socialized to exert lower effort. Mothers who are less educated tend to stay at home or go to gardens or markets where they are engaged in petty trade and socializing children into values that are associated with these conditions. This has significant implications for the parenting styles adopted.

## Reflective Entrepreneurial Framing and Actions

Patrick's story suggests a link between reflective entrepreneurial framing and actions and growth entrepreneurial mindsets. Reflection is "a process that entails endeavors to construct or reconstructexperience, problems, existing knowledge or insights" (Korthagen et al. 2001, p. 58). Patrick is a reflective youth who defined the energy challenge from practice, related it to the previous experience and tried to adjust his actions to the community needs (context). He experimented, tested, reflected on the experience, retested, and revised his hypotheses about reality and schemas or frames. The story suggests that the way the entrepreneurship concept and reality is presented to the youth audience determines the way the information is processed and the entrepreneurial perceptions constructed. According to personal construct psychology (Kelly 1955), frames are templates, organizing ideas or themes, structures, and abstractions that work to link together stories historically, building up a narrative over time and across one's life-changing situations. Entrepreneurial schemas or frames are developed in the minds of the youth during their life trajectory which make them concentrate, develop, and focus on achieving lifelong goals. The learning environment presents a learning context which influences the development of frames and schemas that permit new learning through making connections with what was previously determined to be valid under specific conditions and contexts. The schemas created by the learning environments are positively associated with learning engagement by more frequently interacting with trainers, engaging in diversity-related activities, and having classes that emphasize higher-order thinking skills. The youth tend to interpret what is going on around their world of careers through their natural and social framework. Whereas the natural frameworks identify events as physical occurrences taking literally and not attributing any social forces to the causation of events, social frameworks view events as socially driven occurrences, due to the whims, goals, and manipulations on the part of other social players (people). The ensuing discussion suggests that the youth with entrepreneurial growth mindset will show cognitive reflective frames and actions tuning to goal decision-relevant versus goal implementation–relevant information.

## Lessons Learnt

1. A combination of Vygotsky (1978) theory of the "zone of proximal development," the theory of personal construct psychology, and the career development theory explain Patrick's growth entrepreneurial mindset. The zone of proximal development provides the constructs of scaffolding, internalization, and learning environment which partially explain Patrick's growth mindset. These constructs are

augmented by Patrick's cognitive development, cognitive heuristics in decision-making, and the reflective entrepreneurial framing and actions. These are a result of the support given by trainers, mentors, and peers at Dezhou University. The reflective entrepreneurial framing and actions and cognitive heuristics constructs come from the theory of personal construct psychology while the goal-directed career decision-making self-efficacy comes from the career development theory. The concepts and/or constructs derived from the three theories are combined to form a model presented in Fig. 1. This model has implications for governments in sub-Saharan Africa, training institutions, parents, and youths. Scholars may wish to empirically test out the relationships in this model and interrogate the assumptions that underlie the arrows to verify whether this model is generalizable in Africa and other developing countries.

2. Unlike Patrick, the entrepreneurial mindset among the youth in sub-Saharan Africa is constituted either by "fixed mindset" (or entity theory) and the "growth mindset" (incremental theory). Patrick's case demonstrates the growth entrepreneurial mindset which determines how he construes and reacts to situations. Mindset possesses the supremacy to direct the attitudes of the youth and control their behavior and character. It has authoritative undertones when considering creativity, innovation, and resourcefulness. However, interventions can be undertaken to change the youth fixed mindset to enhance the development of the growth mindset so as to yield positive learning outcomes. These interventions are likely to reduces life dissatisfaction and enhance willpower, creativity, and well-being of the youth.
3. African governments need to rethink and improve the learning environment. The physical learning environment in sub-Saharan Africa is not conducive for learning, skill development, and transfer. For example, the physical learning environment in South Africa in 2017 had more than 11 million learners who received education in overcrowded classrooms (Matshipi et al. 2017). Many other countries in east, west, central, and northern Africa face similar physical learning challenges. The presence of overcrowded schools, colleges, and universities has attendant content delivery and evaluation problems which teachers experience when teaching. Teachers in overcrowded classes stick to "chalk and talk" instructional method delivering lessons with their backs pressed up against the blackboard making it impossible to use higher-order questioning and active learning approaches. The overcrowding is later offloaded to the industry which receive many undergraduates' students looking for internship training. There is little participation in learning activities. Disruptive behavior characterizes these classes. Students needs and weaknesses are difficult to address in large classes. Large classes are quite often characterized by very hot and noisy environment, demotivating learners to participate and making learners to feel tired. It is very hard to develop a social environment in large classes where knowledge from teachers, mentors, and peers is shared. As a result of large numbers and limited infrastructure and facilities, the youth end up learning knowledge outside of school locations in outdoor environments, informal settings including social groups, and social media among others, thereby affecting mindsets either positively or negatively. Infrastructure in training institutions need to be improved so that teaching focuses on encouraging risk taking, team-driven experimentation around real-life challenges that are relevant to the specific competencies and skills being developed. Such settings make students enjoy learning and take responsibility for their learning in an environment that resembles the realities of life after school (Ashari et al. 2019). In conclusion, learning environments have both a direct and indirect influence on mindset of student learning, including their engagement in what is being taught, their motivation to learn, and their sense of well-being, belonging, and personal safety.
4. Developing a youth growth mindset may require African governments, schools, colleges,

universities, and national councils of higher education and teachers to come together and promote goal-oriented career decision-making self-efficacy. The current career education and guidance offered by training institutions focusses on helping students with their academic achievement and not helping students plan and prepare for their future work roles. This requires the development of career decision-making skills of learners as compared to other possible skills. Individual learning inspiration and their achievement is affected by the mindset that students hold about their own abilities and intelligence (Paunesku 2013; Paunesku et al. 2015). Training institutions should help the youth to develop short-term and long-term career goals and the associated career decisions as they navigate through their academic and career trajectory. This is especially important because youth who have a growth mindset see challenges as a way to grow their abilities while those with a fixed mindset view challenges as a sign that lacks inborn ability.

5. The process in which African youth are assisted to achieve tasks through performance (scaffolding) may promote a growth entrepreneurial mindset. However, this may require training institutions revisiting a variety of instructional techniques, tools, strategies, and guides used to move students progressively toward stronger understanding and, ultimately, greater independence in the learning process. The tools may be used by parents, teachers, and peers to enable learners to reflect on their knowledge and demonstrate their competence independently. Scaffolding can be motivational or cognitive. With motivational scaffolding, trainers build rapport with students by demonstrating that they care. The trainers can encourage youth by praising their successes with positive feedback and verbal rewards. Cognitive scaffolding on the other hand occurs when trainers promote thinking of the youth. For example, trainers can present several alternatives to the youth for choosing. Demonstration relies on showing youth how to combine moves that they had already performed in new ways. One-to-one scaffolding may be encouraged where one trainer working one-on-one with one youth to dynamically assess the youth's current level provides just the right amount of support for the youth to perform and gain skill at the target task, and customizes the support as needed until the scaffolding can be entirely removed and the youth can take ownership. Peer scaffolding is another possible alternative where peers provide support, leveraging the strength in numbers of peers in classrooms (Sabet et al. 2013). This may also involve older youths providing scaffolding support to the younger youths.
6. Another lesson to be learnt in Patrick's case is that reflective entrepreneurship framing and actions promotes a growth entrepreneurial mindset. Infact, the decision to engage in any kind of behavior is greatly influenced by the youths' frames of a businessachievability and utility. Exposure to practice, information, resourceful, and helpful networks shape the youths' risk perception and ultimately on the decision to engage in business. This paper suggests that governments through their respective ministries for the youth and training institutions should promote reflection among the youth using metaphors, critical events, stories of successful youths, conceptual maps, and repertory grids. This could to be carried out in a cooperative endeavor that promotes reflexive dialogue. The way the youth structure the world (reality), the way in which they see themselves in that world, and the way in which they act in that world (Bannister and Fransella 1986) are associated with their mindsets.

## Cross-References

▶ Contextualizing Indigenous Entrepreneurship in the United Arab Emirates
▶ Entrepreneurship and Serendipity

**Acknowledgments** We are grateful to the NORAD for funding the project. This paper is part of the the project "The Youth Entrepreneurial Mindset" funded by NORAD.

## References


African Development Bank, Development Centre of the Organisation, for Economic Co-Operation and Development, United Nations Development Programme (2014) Global value chains and Africa's industrialization. African Economic Outlook. https://doi.org/10.1787/aeo-2014-en. ISBN 978-92-64-20940-4 (print). ISBN 978-92-64-20941-1 (PDF)

Ashari ZHM, Azman N, Rasul MS (2019) Factors predicting career choice among Malaysian students in skills-based training institutions. Int J Educ Vocat Guid 19:19–39. https://doi.org/10.1007/s10775-018-9366-5

Bannister D, Fransella F (1986) Inquiring man, 3rd edn. Croom Helm, London, UK

Barber JP, Muran JC, McCarthy KS, Keefe RJ (2013) Research on psychodynamic therapies. In: Lambert MJ (ed) Bergin and Garfield's handbook of psychotherapy and behavior change, 6th edn. Wiley, New-York, pp 443–494

Betz NE (2004) Contributions of self-efficacy theory to career counseling: a personal perspective. Career Dev Q 52(4):340–353

Dweck CS (2015) Carol Dweck Revisits the 'Growth Mindset'. Education Week. Retrieved from: http://www.edweek.org/ew/articles/2015/09/23/carol-dweck-revisits-the-growth-mindset.html?cmp=cpc-goog-ew-growth+mindset&ccid=growth+mindset&ccag=growth+mindset&cckw=%2Bgrowth%20%2Bmindset&cccv=content+ad&gclid=Cj0KEQiAnvfDBRCXrabLl6-6t-0BEiQAW4SRUM7nekFnoTxc675qBMSJycFgwERohguZWVmNDcSUg5gaAk3I8P8HAQ

Dweck CS, Leggett EL (1988) A social-cognitive approach to motivation and personality. Psychol Rev 95(2):256–273. https://doi.org/10.1037/0033-295X.95.2.256

Ibrahim Forum Report (2019) Africa's first challenge: the youth bulge stuck in 'waithood'. MO Ibrahim Foundation, pp 26–39. https://mo.ibrahim.foundation/forum/downloads. Retrieved 18 Sept 2020

Ibrahim Index of African Governance (2018) Index report. MO Ibrahim Foundation. https://mo.ibrahim.foundation/iiag/downloads. Retrieved 18 Sept 2020

International Labour Organization (2014) Boosting employment through public works: an ILO what works in youth employment knowledge sharing event report. ILO, Addis Ababa

IYF (2011) Youth map Uganda, navigating challenges, charting hope. A cross-sector situation analysis on youth in Uganda as quoted in AAU, DRT, UNNGOF (2012), Lost opportunity? Gaps in youth policy and programming in Uganda

Kelly GA (1955/1991). The psychology of personal constructs, vols 1 and 2. Routledge, London

Korthagen FAJ, Kessels J, Koster B, Lagerwerf B (2001) Linking practice and theory: the pedagogy of realistic teacher education. Lawrence Erlbaum, Mahwah

Lent RW, Brown SD (2006) On conceptualizing and assessing social cognitive constructs in career research: a measurement guide. J Career Assess 14(1):12–35. https://doi.org/10.1177/1069072705281364

Matshipi MG, Mulaudzi NO, Mashau TS (2017) Causes of overcrowded classes in rural primary schools. J Soc Sci 51(1-3):109–114. https://doi.org/10.1080/09718923.2017.1305568

Matusov E, Hayes R (2000) Sociocultural critique of Piaget and Vygotsky. New Ideas Psychol 18(2): 215–239. https://doi.org/10.1016/S0732-118X(00)00009-X

OECD (2012) African economic outlook 2012: promoting youth employment. OECD Publishing. https://doi.org/10.1787/aeo-2012-en

Parsons SA, Ward AE (2011) The case for authentic tasks in content literacy. Read Teach 64:462–465

Patel SG, Salahuddin NM, O'Brien KM (2009) Career decision-making self-efficacy of vietnamese adolescents: the role of acculturation, social support, socioeconomic status, and racism. J Career Dev 34(3): 218–240. https://doi.org/10.1177/0894845307308488

Paunesku D (2013) Scaled-up social psychology: Intervening wisely and broadly in education. Doctoral dissertation, Stanford University, Stanford

Paunesku D, Walton GM, Romero C, Smith EN, Yeager DS, Dweck CS (2015) Mind-set interventions are a scalable treatment for academic underachievement. Psychol Sci. https://doi.org/10.1177/0956797615571017

Reeve J (2009) Why teachers adopt a controlling motivating style toward students and how they can become more autonomy supportive. Educ Psychol 44:159–175. https://doi.org/10.1080/00461520903028990

Sabet MK, Tahriri A, Pasand PG (2013) The impact of Peer scaffolding through process approach on EFL learners' academic writing fluency. Theory Pract Lang Stud 3(10):1893–1901. https://doi.org/10.4304/tpls.3.10.1893-1901. © 2013 Academy Publisher Manufactured in Finland. ISSN 1799-2591

Solberg VS, Good GE, Nord D (1994) Career search self-efficacy: ripe for applications and intervention programming. J Career Dev 21:63–72. https://doi.org/10.1007/BF02107104

Su Y-L, Reeve J (2011) A meta-analysis of the effectiveness of intervention programs designed to support autonomy. Educ Psychol Rev 23:159–188. https://doi.org/10.1007/s10648-010-9142-7

Vygotsky LS (1978) Mind and society: the development of higher mental processes. Harvard University Press, Cambridge

Willems PP, Gonzalez-DeHass AR (2012) School–community partnerships: using authentic contexts to academically motivate students. Sch Community J 22(2): 9–30

Simon M, Houghton SM, Aquino K (2000) Cognitive biases, risk perception, and venture formation: How individuals decide to start companies. J Bus Venturing 15:113–134


E

# Entrepreneurship and Serendipity

Nicholas Dew
Naval Postgraduate School, Monterey, CA, USA

## Definitions

Serendipity: Events that happen by chance in a happy or beneficial way.
Sagacity: Having keen mental discernment and good judgment.
Murphy's Law: Anything that can go wrong will go wrong.

## Introduction

Traditional philosophical approaches to serendipity view it as a special kind of luck that is not influenceable. However, many entrepreneurs do not subscribe to this view of serendipity. These entrepreneurs believe serendipity to be open to influence IF effort is applied in the right ways. They want to know how they can get serendipity to happen for them, or happen for them more often. This entry catalogs the main levers available to entrepreneurs who want to improve the chances of something serendipitous happening for them, as well as explaining why philosophers and entrepreneurs diverge in their perspectives on serendipity. In the end we can put philosophy and entrepreneurship back together again by noticing that, while entrepreneurs vary widely in their characteristics, research shows there are also a few key characteristics they frequently share. Given these characteristics, it makes perfect sense that some entrepreneurs believe serendipity is something that they can influence because, by believing they can, they can.

The views and opinions expressed in this article are those of the author and do not necessarily reflect the official policy or position of any agency of the U.S. government or its institutions.

### Background

Serendipity is an ambiguous word of soaring popularity (Alcock 2010). It is typically taken to mean events that happen "by chance in a happy or beneficial way" (Oxford English Dictionary 2020). *The* classic example of serendipity in science is Flemming's discovery of penicillin and – partly because of widespread fascination with serendipity – literally hundreds of examples of serendipity in science are known today; some claim that up to half of all scientific discoveries have some serendipitous aspect. In one career development study, 60% of older adults said their career had been impacted at some point by serendipitous events (Betsworth and Hansen 1996). We prefer entrepreneurial examples – and there are also many – such as the founding of Metier Digital. Metier started after its founder, Nana Parry, had his passport confiscated at Casablanca Airport in Morocco in 2017 (Coleman 2019). He was led away by a passport control officer to a room where, a few minutes later, another man showed up in the same predicament. They started talking, their chance interaction led to another meeting in London a few months later, and boom! Metier Digital was born.

A classic philosophical account of Metier's founding would stress what the Oxford English Dictionary stresses: the chance element of this story. It would further highlight that Nana Perry was receptive to the possibilities emerging from the chance encounter at Casablanca Airport and prepared to move on them. As Louis Pasteur put it: chance *only* favors the prepared mind. The "only" is an important word in Pasteur's statement, one that is often omitted and, when it is omitted, significantly changes what Pasteur meant about serendipity.

However, there is an important distinction between the established philosophical account of serendipity (Merton and Barber 2004) and what entrepreneurs believe about serendipity or, at least, would like to believe about it. What entrepreneurs believe is something more akin to the idea that chance opportunities *vary* according to how receptive and prepared for the unexpected the entrepreneur is. Mostly the emphasis is shifted to variation in the two controllable elements – the nature of the quest and preparedness for what one

may meet – and away from the accent on chance. Hence, front and center in the entrepreneurial account of serendipity are the aspects of serendipity that entrepreneurs can do something about (Napier and Vuong 2013). For entrepreneurs the attraction of serendipity – what makes it so much more desirable than just pure luck – is precisely the fact that it is comprised of some influenceable elements. For while plain old luck may befall the lazy, serendipity also necessitates a prepared mind and an industrious pursuit (Denrell et al. 2003). Because these elements are to some extent manipulatable, entrepreneurs' thinking about serendipity naturally turns to questions about how they can get some – or more – of it to happen for them.

However, one of the things we hope to show in this entry is there is another very important factor at work as well: entrepreneurial beliefs about serendipity. Entrepreneurs are predisposed to higher optimism and openness than the general population and these predispositions alone make them more likely to perceive ambiguous events as lucky accidents. Hence one would expect them to be more at risk of experiencing serendipity. In which case serendipity may be just the right concept for entrepreneurs partly because their predispositions about it are central to shaping their experiences of it.

In the following pages we will explain what we know from research about the two main levers available to entrepreneurs who want to improve the chances of something serendipitous happening for them. Later we will shift to explaining beliefs about serendipity based on predispositions toward optimism and openness. It is largely the psychology of serendipity that explains why entrepreneurs' beliefs about serendipity diverge from the time-tested way philosophers talk about it. Before getting to those things, let us start by looking at the traditional philosophical approach to serendipity and the two levers every entrepreneur can pull in order to improve their chances of being subject to serendipity.

## Philosophical Perspectives on Serendipity: The Two Levers

The modern use of serendipity can be traced to eighteenth-century England, and in turn to an earlier book recounting the adventures of *The Three Princes of Serendip*, published in Venice in 1557 (Campa 2008). The three princes, "were always making discoveries, by accident and sagacity, of things which they were not in quest of" (Walpole 1754). There are three vital ideas here. First, the princes are already on a quest for something. Second, unexpected, accidental things happen on the journey. And third, they have the sagacity to make discoveries. This last element – sagacity – is the least well-known; it adds a touch of perceptiveness and insightfulness to the mix.

While there is a weak usage of the term serendipity in which it tends to be equated with plain luck, the more precise meaning of the term involves a tight arrangement in which the quest, the unexpected accident and sagacity *intersect* (Dew 2009; Merton and Barber 2004). In the rest of this chapter we will use serendipity in this more precise sense since fidelity to the original idea is useful in order to understand how it might be possible for some entrepreneurs to become subject to more serendipity than others. Nonetheless, it is important to bear in mind that the three elements cannot be separated and that the concept of serendipity depends on all of them being present, even though unexpected accidents tend to anchor the idea in our minds.

The first element of serendipity is that it occurs during a *quest* one is already undertaking. This is one reason the term has leaned itself so well to scientific discoveries, which often result from some kind of deviation from the path a scientist was already taking in a quest for something different. Hence scientists find things they were searching for – and things they were not searching for – on the same journey. The analogy in entrepreneurship is exploring for, or working on creating, a product only to unexpectedly find or develop something quite different. For example, the lean start-up method (Reis 2011) involves a search for information that signals the entrepreneur's idea may work, where the barriers to implementation are, what the market reception is likely to be, and what price points make sense. All these are examples of a deliberate search process that nonetheless may get re-routed by an unexpected accident along the way. Some accounts of

serendipity tend to skip over this element of the phenomenon, in some cases putting emphasis on the effort the entrepreneur must undertake to exploit a serendipitous event. Nevertheless, in a moment we will see that the effort the entrepreneur puts into the quest and how the quest is undertaken are both important for manipulating one's chances of something serendipitous happening.

The second element of serendipity is *sagacity*, or what Pasteur referred to as having a "prepared mind." The important point here is that perceptiveness and insight tend to derive from already having certain kinds of information and knowledge to hand. These are required in order to recognize what you have accidentally stumbled upon (Shane 2000; Kirzner 1997). Put another way, one needs to have the capacity to absorb the implications of the accidental, when it happens (Cohen and Levinthal 1990). When Fleming famously discovered penicillin he was already known as a brilliant researcher who knew a lot about bacteria. Hence, to reiterate, Pasteur pointed out that chance *only* favors the prepared mind, which is to say a mind that already comes equipped to know that one is seeing something. Some accounts of serendipity relax this element somewhat to incorporate the idea that having an open, curious, alert mind contributes to sagacity, which suggests something more than specific information and knowledge may be involved. We shall see later that openness may indeed have a role in serendipity, for this and other reasons.

The third element of serendipity is unexpected accidents, usually of the fortunate kind, although even Murphy's Law may eventually yield good fortunate on occasion. To be by their nature unexpected these events tend to be longshots, that is, unlikely in a probabilistic sense. They also tend to be things that easily might have happened differently, a property known as modal luck.

Practicing entrepreneurs will probably agree that unexpected events are an inevitable aspect of their endeavors, and potentially a desirable aspect of them. However, they might be excused for not initially recognizing this philosophical view of serendipity since it adds elements that make serendipity more complicated than just a lucky accident. However, this framework yields something important: both the quest and sagacity are influenceable. Each element is subject to entrepreneur manipulation – thus representing a lever that can be pulled – to rest some control away from lady luck, in favor of putting it into the hands of entrepreneurs. In the next two sections we will take a peek at what pulling these levers looks like.

### The Quest: Increasing Search Efforts

Probably the most straightforward way for entrepreneurs to potentially influence serendipity is to – metaphorically – go on more quests. It may seem trite to point out, but it remains a fact that if you are not going anywhere or doing anything, you are not likely to find something unexpected in the process (Drucker 1985). Assuming accidents are random, entrepreneurs who are proactive, who put more effort and resources into deliberate search and exploration, are likely to have more unexpected (lucky) accidents along the way. These activities are analogs to the three princes going on more adventures. In general, entrepreneurs' optimism, openness, and "can-do" attitude (which researchers refer to as self-efficacy) all support investing more in meeting people and doing things.

Past research has identified three themes in going on a quest that may make a difference in the occurrence of serendipity. The first is about people and networks. There are a good number of sources that identify conferences, incubators, open offices, new customers, new employees etc. as triggers for serendipity. For example, 3 M is famous for the serendipitous development of Post-It Notes. The company says:

> Innovation has thrived at 3M because people talk. They strike up lively conversations in hallways, cafeterias and labs. They talk across departments and divisions. They meet to share ideas in brainstorming sessions and forums. While more traditional organizations have kept researchers and engineers within their own areas or divisions, where their loyalties were strongest, 3M has instead fostered a strong sense of attachment to the company as a whole. (3M, 2002, p. 33; quoted in Garud et al. 2018).

Fundamentally, this is about exposure to variety, to which the unexpected is assumed to be

correlated. Talking to people you do not already know about things you are not completely familiar with may be more likely to reveal new information and ideas than talking to people you do already know (Granovetter 1973). This increase in variety in people and places therefore brings with it an increased potential for lucky, unexpected, things (Wiseman 2004).

A second theme from research is the proactive search for variance – and with it the unexpected – by fooling around. The late Jim March (1982), who had a gift for juxtaposing ideas, referred to the benefits of what he called the "technology of foolishness." Entrepreneurs may be more likely to discover unlikely things by sometimes deliberately fooling around. For example, in a study about accidental innovation, Austin et al. (2012) found that designers do things to deliberately inject randomness into the design process. In one memorable example, a pottery artist in their study would form beautiful clay pots and then whack them with a piece of one-by-two while they were still soft. By causing an accident, the artist would sometimes discover something unexpectedly good. The general principle at work here is anytime entrepreneurs go to the effort of putting themselves squarely in the path of variability they are increasing the likelihood that they may be subject to something unexpected. The more technology of foolishness they employ, the more likely they are to set up connect-the-dots moments (Busch 2020).

A third theme from research involves going on journeys that everyone else has not already been on. This is a difficult principle to carry out since it is difficult to know what (metaphorical) journeys others have already executed. However, the general idea is that some paths have already been traveled a lot, and everything unexpected that can happen has already happened on them, and therefore it makes sense to explore some less well-traveled routes (Denrell et al. 2003). Practically speaking, this probably means that entrepreneurs should let what is idiosyncratic about themselves – who they are, what they know, and who they know (Sarasvathy 2009) – orient their search activities. This may increase the chance that they accidentally discover something that others have not already discovered.

### Sagacity: Improving the Prepared Mind

The other influenceable aspect of serendipity is sagacity, which means having keen mental discernment and good judgment (Oxford English Dictionary 2020). Louis Pasteur's point was that to reap benefits from a lucky event means having a mind that is *already prepared* to be discerning and use good judgment when a potentially serendipitous moment strikes. Fundamentally, improving the prepared mind means learning of several different kinds. We can break down the learning challenges into two major categories.

First, a stock of information and knowledge is necessary to develop good judgment and discernment (Ronstadt 1988; Venkataraman 1997). Expert knowledge of bacteria was Fleming's edge in discerning what the contents of a petri dish really meant. In the economics profession this a human capital investment issue, and that Fleming's discovery was a product of his investments in human capital. Being sagacious necessitates investing more in accumulating a stock of information and knowledge that might prove valuable when the unexpected happens. But what kinds of investments? A distinction is frequently made between specialization, which involves deepening one's pool of information and knowledge, and generalization, which instead involves cultivating a broader base. Each direction has its merits. The late economist Eddie Lazear was one champion of the popular view that entrepreneurs are successful when they are a jack-of-all-trades and there is some evidence that this is indeed the case (Lazear 2004; Åstebro and Thompson 2011). The skill of the generalist is in being able to connect-the-dots across different domains, therefore having the good judgment to see how an unexpected event may be connected to other things (Epstein 2019). The specialist has deep knowledge about a particular domain, which makes them more likely to see the deeper patterns in the unexpected, its connections to profound issues in the domain, and to judge these connections very rapidly (Klein 2011). In part, the importance of these different knowledge bases lies in the assorted ways that they direct attention and shape what information entrepreneurs experience as relevant in any given, unexpected incident (McMullen and Shepherd 2006).

Second, there is also an attitudinal and process component to discerning and judging. An entrepreneur's skills in these areas may be improved by a heightened focus on the relevant attitudes and learning about processes that simulate or enhance discerning and judging. For example, there is a long history in entrepreneurship of emphasizing the role that alertness plays in the entrepreneur's skillset (Kirzner 1973; Gaglio and Katz 2001). In part alertness is supported by having a curious attitude about events and people, which may be grounded in openness to new information and experiences. Recent research by Phil Tetlock on the attitudes and skills involved in good forecasting provide a potential roadmap for thinking further about these issues (Tetlock and Gardner 2016). Forecasting is a difficult problem that requires highly refined judgment capabilities. Tetlock found that good forecasters are more intelligent and open than average. They are alert, gathering as much information as they can find from lots of different sources. They are curious and often shifted mental gears. However, Tetlock found their most important characteristic was their commitment to self-improvement. What good forecasters shared was their willingness to see when they were doing poorly and adjust. They were self-critical and changed their minds often based on feedback. With these findings Tetlock's study provides some of the best pointers we have to learnable processes that may enhance effective discerning and judging in real-world settings. This pulls back the curtain on some of the processes that support improvements in sagacity and with it the odds that an entrepreneur might be subject to serendipity.

## Two Factors Shaping Entrepreneur Perceptions of Chance Events

In the previous two sections we have seen that the incidence of serendipity may be influenced by increased effort (by going on more quests) and skill improvements (sharpening the prepared mind in particular ways). But what of entrepreneur attitudes about chance itself? Might these also play a role in the extent to which entrepreneurs experience serendipity?

Research on psychology holds the keys to unlocking the answer to this question. To complete our picture about what entrepreneurs believe about serendipity we need know how they perceive chance events in the first place. Indeed, from a psychological perspective serendipity is fundamentally influenced by subjective perceptions about chance.

In this section we will endeavor to shed some light on this issue by pulling together research from two different domains that together may help provide some insights. The first domain covers some common characteristics of entrepreneurs; researchers who study entrepreneurship have amassed evidence about these characteristics. The second domain is what we know about how some individual characteristics are related to perceptions of luck among the general population. When these two bodies of evidence are put together, we can reasonably speculate that entrepreneurs are likely to be believers in serendipity because of their predispositions. It is important to note that, without systematic research that specifically studies entrepreneurs, we cannot expect a conclusive answer. But the results of research that have already accumulated are certainly suggestive.

Starting with the entrepreneurs, while entrepreneurs differ enormously on just about every human dimension, many studies show that they also share a few important commonalties. The list here is small, but two crisp findings are that entrepreneurs tend to be predisposed to higher levels of optimism and openness than the general population. Not incidentally, both these characteristics are positively connected with personal well-being. Yet less noticed is that they are also connected with general perceptions of luck (of which serendipity is a particular case).

### Optimism

Studies show that entrepreneurs are more optimistic than average; in some they are off-the-charts optimists (Hmieleski and Baron 2009). Healthcare studies typically argue that there is an appropriate level of optimism bias, since optimism tends to correlate with healthy human

functioning, that is, with psychological health and overall well-being. Earlier we noted that higher optimism may motivate entrepreneurs to put more effort into search activities, which is already one point of leverage in increasing the likelihood of being subject to serendipity.

How else might optimism be related to serendipity? When we look at studies of the general population, we find that optimism is related to perceptions of luck, that is, more optimistic people perceive chance events that happen to them in a positive light (Hales and Johnson 2018). While this research does not pinpoint serendipity in particular, it would certainly be one example of the kinds of chance events studied. To illustrate, one study presented subjects with a variety of ambiguous events and found that more optimistic subjects were more likely to interpret the events as being lucky, whereas more pessimistic subjects were more likely to interpret the same events as unlucky. For example, optimists tend to interpret a near-miss (e.g., narrowly avoiding an accident) as lucky ("Phew, I'm so lucky I survived that"), whereas pessimists interpret the same event as unlucky ("Bad things always happening to me; I could have been killed") (Darke and Freedman 1997a).

Another study supported these results by finding that global self-assessments of optimism correlated strongly with luck beliefs (Maltby et al. 2008). In general, optimists tend to perceive chance events as breaking in their favor; they *expect* good things to happen to them (Day and Maltby 2005). Since entrepreneurs tend to be more optimistic than people in general, we can reasonably speculate that they are more at risk of perceiving events as serendipitous, that is, when chance events occur, they tend to "see" them in a positive light.

### Openness

Openness is a core personality trait. In the five-factor model of personality, openness to experience is the extent to which someone expresses an interest in new ideas, perspectives, and circumstances. We know from many studies that entrepreneurs tend to be more open than the general population (Zhao and Seibert 2006). As we have already discussed, openness is clearly related the sagacity aspect of serendipity, that is, having a prepared mind and using it.

But studies indicate that openness is also systematically related to the extent to which individuals believe themselves to be lucky people (Maltby et al. 2008). The fact that individuals view people, rather than events, as lucky is one of the key findings from research on beliefs about good luck (Pritchard and Smith 2004). Individuals have highly stable beliefs about luck (Jiang et al. 2009), with most viewing themselves to some degree as "lucky people who are favored by consistent good luck" while a smaller number of people view luck as random, and a very few consider themselves consistently unlucky (Darke and Freedman 1997b). In one study of blackjack players almost 80% of those interviewed viewed luck as a concept that refers to a person rather than events (Keren and Wagenaar 1985).

So, while we have no studies that directly examine entrepreneur beliefs about luck, we can put two and two together: openness is related to perceptions of good luck in the general population, and entrepreneurs are higher on openness than average; therefore we can reasonably speculate that entrepreneurs are, on average, likely to view themselves as lucky people. As with optimism, this puts them more at risk of perceiving chance events as serendipitous, that is, they are predisposed to view ambiguous events as happy accidents.

We may be able to extend this shortlist of serendipity-related entrepreneur characteristics to include other factors: for example, entrepreneurs' can-do attitudes (self-efficacy) are very likely implicated in their perceptions of serendipity as well (Chen et al. 1998; Zhao et al. 2005). However, this would take us into an even more complex analysis of the antecedents of serendipity, more than is necessary for our purposes here. Entrepreneur predispositions toward optimism and openness are enough to make the general point, which is that entrepreneurial beliefs about serendipity may be partly based on global perceptions of themselves as lucky people to which

fortunate accidents happen. They are more likely to perceive an event as a fortunate accident because of their higher optimism and openness, and therefore more likely to perceive that something serendipitous happened to them. This is less about whether chance events happen – things are happening all the time and ambiguous events may be randomly distributed among entrepreneurs. It is more about how entrepreneurs view events when they happen. At the same time, we have already seen that entrepreneurs' beliefs about serendipity are also based partly on their convictions that they can control the effort and skill they apply in order to yield more potentially lucky events and do more with them when they happen. This combination is potent.

In sum, for entrepreneurs serendipity is less a narrative about pure chance, and more one about perception and control. It is a combination of being a lucky person (where luck is in the eye of the beholder) combined with the application of effort and skill (that are infinitely controllable). This turns serendipity from a phenomenon centered on chance into something that many entrepreneurs believe to be an influenceable – and therefore not-altogether-chancy – phenomenon in a universe of unexpectedness.

## Conclusion: Living with a Tension

Entrepreneurs' everyday reality is their beliefs about serendipity rather than the philosophical niceties of the topic. In this entry we have seen that those beliefs – encapsulated in the adage that, "The harder I work, the luckier I seem to get" – probably do have some truth to them. Effort and preparation probably do influence the occurrence of serendipity in an entrepreneur's career. The predispositions of entrepreneurs likely also make a difference by shaping the way entrepreneurs perceive chance events, and therefore the likelihood of serendipity being recognized. Addressing luck more generally, Stephen Brown (2005, p. 1231) sums-up this style of thinking as follows:

> Richard Wiseman's (2004) experimental studies of "lucky" and "unlucky" individuals – and, interestingly, organisations – reveal that there is an element of self-fulfilment about good fortune. Good luck reproduces itself, bad luck is bedevilled by inbreeding. *Those who believe they are lucky and act on that belief frequently find that their luck increases*, whereas those who consider themselves unlucky and assume that the worst is going to happen, often find that it does (Kanter, 2004). Accordingly, Wiseman (2004) encourages his clients to expect good fortune, exploit the luck factor and "learn to be lucky." (Brown 2005, p. 1231, italics added)

Such accounts add to our collective sense that a narrative positing serendipity as being a somewhat shapeable phenomenon is justified (Busch 2020). If so, then entrepreneurs largely have had things right by believing different things about serendipity than philosophical accounts have traditionally emphasized. In this entry we have seen that it is not difficult to understand why these entrepreneurial beliefs exist, and why they make sense to entrepreneurs.

More than just making sense, serendipity is simply a more *desirable* idea than luck. Some of this may be thought of as being a matter of taste: serendipity is not as clumsy and random as "mere" luck. But by being open to skill and effort – as well as chance – serendipity is infinitely more expedient to entrepreneurs than luck. For while there is no credit to take for pure luck, one can take at least some credit for serendipity. Fundamentally serendipity is perceived as being more controllable, and therefore more motivating, than pure luck. People strongly prefer having some control over things, and serendipity grants at least some of that to those who believe in shepherding it. Hence for motivational reasons it makes perfect sense for entrepreneurs to prefer the blessings of serendipity over those of random luck. In sum, a central difference between entrepreneurial and philosophical perspectives on serendipity is that the former takes account of the psychological issues of perceived control and motivation that are irrelevant to traditional philosophical accounts of the phenomenon.

Is this departing too much from the traditional meaning of serendipity? Once the three elements of serendipity have been rendered subjective and manipulatable hasn't the meaning of serendipity been undone? In the traditional philosophical account of serendipity each of the three elements

are objectively discernable and fixed at the moment when serendipity strikes: the protagonist is on a given journey somewhere, with a given knowledge set (the "prepared mind" is populated with specific things), when a patently objective accident happens. One is *lucky* to have been on a specific, relevant journey instead of any one of infinite possible others; *doubly lucky* to have inherited from one's ancestors the predisposition to perceive a potential for good fortune in whatever fluke the journey might bring forth; and *triple lucky* to possess a mind ideally prepared with the exact information and knowledge needed to recognize the opportunity in the chance occurrence (Fleming, of course, is the example par excellence). Thus, in the traditional narrative everything depends on chance; there is nothing individuals do to shape the occurrence of serendipity. There is no control or choice in the matter, it happens to you. Luck wraps around everything.

The tension between the philosophical and entrepreneurial accounts is clear enough. Moreover, the dictionary definition and intuitive meaning of serendipity both align with the philosophical approach by putting chance in the center of the topic. We may gain a neat talking point by casting serendipity as a matter of "planned luck" (Busch and Barkema 2020) but we also buy ourselves some troubles addressing the extent to which we are still describing serendipity. Hence the pragmatic entrepreneurial belief that serendipity is somewhat shapable lives in tension with the equally pragmatic expectation that the essence of the idea remains it being a highly chancy spectacle. Notions floated by academics about the possibility of planning for, and routinely harvesting, serendipity using serendipity capabilities (De Rond 2014; Napier and Hoang Vuong 2013) raise suspicions about whether they are still talking about the same idea. Push the shaping and harvesting narrative too far and we may end up with an oxymoron.

In conclusion, careful readers will have already noticed that throughout this entry we have emphasized entrepreneurs may be able to increase their odds of being *subject* to serendipity but eschewed the notion that they can somehow *make* serendipity happen. This distinction is important. There is a big difference between believing that entrepreneurs may have some ad hoc influence over their odds of having an unexpected accident and believing that a planned and programmatic approach to harvesting serendipity is justified (Winter 2003). However, at least we have seen in this entry that the philosophical and entrepreneurial views of serendipity can exist in harmony with one another if we get the framework of analysis right. Entrepreneurial beliefs about having a hand in laying the groundwork and setting the conditions that bring serendipity to their door reflect entrepreneurs increasing their efforts towards search and preparedness, as well as being predisposed toward favorable perceptions of chance events. By understanding the variability in these three elements we enrich the concept of serendipity and better appreciate why serendipity may ultimately turn out to be a more powerful and popular concept in entrepreneurial circles than pure luck. And we can reconcile the philosophical approach that dominates explanations of serendipity in scientific discovery with entrepreneurial beliefs about serendipity as something they may be able to influence. Because, by believing they can, they can.

## References

Alcock SE (2010) The stratigraphy of serendipity. In: Alcock SE (ed) Serendipity: fortune and the prepared mind, vol 22. Cambridge University Press, Cambridge, UK

Åstebro T, Thompson P (2011) Entrepreneurs, jacks of all trades or hobos? Res Policy 40(5):637–649

Austin RD, Devin L, Sullivan EE (2012) Accidental innovation: Supporting valuable unpredictability in the creative process. Organization Science 23(5): 1505–1522

Betsworth DG, Hansen JIC (1996) The categorization of serendipitous career development events. J Career Assess 4(1):91–98

Brown S (2005) Science, serendipity and the contemporary marketing condition. Eur J Mark 39:1229

Busch C (2020) The serendipity Mindset: the art and science of creating good luck. Riverhead Books, New York

Busch, C., & Barkema, H. 2020. Planned luck: how incubators can facilitate serendipity for nascent entrepreneurs through fostering network Embeddedness. Entrepreneurship theory and practice. Online edition

Campa R (2008) Making science by serendipity: a review of Robert K. Merton and Elinor Barber's The travels and adventures of serendipity. Journal of Evolution and Technology 17(1)
Chen CC, Greene PG, Crick A (1998) Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? J Bus Ventur 13(4):295–316
Cohen WM, Levinthal DA (1990) Absorptive capacity: a new perspective on learning and innovation. Adm Sci Q 35:128–152
Coleman A. (2019) Four serendipitous but successful business meetings that happened in the unlikeliest of places. Forbes online. https://www.forbes.com/sites/alisoncoleman/2019/05/30/four-serendipi...meetings-that-happened-in-the-unlikeliest-of-places/?sh=459fb3d1670a
Darke PR, Freedman JL (1997a) Lucky events and beliefs in luck: paradoxical effects on confidence and risk-taking. Personal Soc Psychol Bull 23:378–388
Darke PR, Freedman JL (1997b) The belief in good luck scale. J Res Pers 31(4):486–511
Day L, Maltby J (2005) "With good luck": belief in good luck and cognitive planning. Personal Individ Differ 39(7):1217–1226
De Rond M (2014) The structure of serendipity. Cult Organ 20(5):342–358
Denrell J, Fang C, Winter SG (2003) The economics of strategic opportunity. Strateg Manag J 24(10): 977–990
Dew N (2009) Serendipity in entrepreneurship. Organ Stud 30(7):735–753
Drucker P (1985) Innovation and entrepreneurship. Routledge, Abingdon, UK
Epstein D (2019) Range: why generalists triumph in a specialized world. Penguin, New York, NY
Gaglio CM, Katz JA (2001) The psychological basis of opportunity identification: entrepreneurial alertness. Small Bus Econ 16(2):95–111
Garud R, Gehman J, Giuliani AP (2018) Serendipity arrangements for exapting science-based innovations. Acad Manag Perspect 32(1):125–140
Granovetter MS (1973) The strength of weak ties. American Journal of Sociology 78(6):1360–1380
Hales SD, Johnson JA (2018) Dispositional optimism and luck attributions: implications for philosophical theories of luck. Philos Psychol 31(7):1027–1045
Hmieleski KM, Baron RA (2009) Entrepreneurs' optimism and new venture performance: A social cognitive perspective. Academy of Management Journal 52(3):473–488
Jiang Y, Cho A, Adaval R (2009) The unique consequences of feeling lucky: implications for consumer behavior. J Consum Psychol 19(2):171–184
Keren G, Wagenaar WA (1985) On the psychology of playing blackjack: normative and descriptive considerations with implications for decision theory. J Exp Psychol Gen 114:133–158
Kirzner IM (1973) Competition and entrepreneurship. University of Chicago Press, Chicago
Kirzner IM (1997) Entrepreneurial discovery and the competitive market process: An Austrian approach. Journal of Economic Literature 35(1):60–85
Klein GA (2011) Streetlights and shadows: searching for the keys to adaptive decision making. MIT Press, Cambridge, MA
Lazear EP (2004) Balanced skills and entrepreneurship. Am Econ Rev 94(2):208–211
Maltby J, Day L, Gill P, Colley A, Wood AM (2008) Beliefs around luck: confirming the empirical conceptualization of beliefs around luck and the development of the Darke and Freedman beliefs around luck scale. Personal Individ Differ 45(7): 655–660
March JG (1982) The technology of foolishness. In: March JG, Olsen JP (eds) Ambiguity and choice in organizations. Universitetsforlaget, Bergen, pp 69–81
McMullen JS, Shepherd DA (2006) Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. Acad Manag Rev 31(1):132–152
Merton RK, Barber E (2004) The travels and adventures of serendipity: a study in sociological semantics and the sociology of science. Princeton University Press, Princeton, NJ
Napier NK, Hoang Vuong Q (2013) Serendipity as a strategic advantage? Boise State University. Unpublished paper
Oxford English Dictionary (2020) https://www.lexico.com
Pritchard D, Smith M (2004) The psychology and philosophy of luck. New Ideas Psychol 22(1):1–28
Reis E (2011) The lean startup. Crown Business, New York, p 27
Ronstadt R (1988) The corridor principle. J Bus Ventur 3(1):31–40
Sarasvathy SD (2009) Effectuation: elements of entrepreneurial expertise. Edward Elgar Publishing, Cheltenham, UK
Shane S (2000) Prior knowledge and the discovery of entrepreneurial opportunities. Organization Science 11(4):448–469
Tetlock PE, Gardner D (2016) Superforecasting: the art and science of prediction. Random House, New York, NY
Venkataraman S (1997) The distinctive domain of entrepreneurship research. In: Seminal ideas for the next twenty-five years of advances. Emerald Publishing Limited, Bingley, UK
Walpole H (1754) Letter to Horace Mann, January 28. 1754.
Winter SG (2003) Understanding dynamic capabilities. Strateg Manag J 24(10):991–995
Wiseman R (2004) The luck factor: the scientific study of the lucky mind. Arrow, London
Zhao H, Seibert SE (2006) The big five personality dimensions and entrepreneurial status: a meta-analytical review. J Appl Psychol 91(2):259
Zhao H, Seibert SE, Hills GE (2005) The mediating role of self-efficacy in the development of entrepreneurial intentions. J Appl Psychol 90(6):1265

# Environmental Challenges to Public Procurement

Christy De Friest Smith
Henry C. Lee College of Criminal Justice and Forensic Sciences, University of New Haven, West Haven, CT, USA

## Synonyms

Environmental procurement; Organizational environment; Sustainable procurement

Procurement is a critical component of public organizations, facilitating the acquisition of goods and services that are imperative for organizational operations and success. The procurement process is typically comprised of many steps that at a minimum include conducting a needs assessment, researching alternatives, providing a bidding process, evaluating and scoring bids, awarding a contract, and ultimately evaluating performance. While the process itself is straightforward, there are many challenges to effective and efficient public procurement. Some of these challenges are related to the organizational environment, while others are attributable to the natural environment. The challenges relevant to both the organizational and natural environments will be discussed herein.

## The Organizational Environment

Challenges inherent in the organizational environment are many and can vary according to factors such as size and structure, professionalism, and organizational investment in technology. Within each of these categories, there are aspects that can either enhance or hinder the procurement functions of the organization.

### Size and Structure

Organizational size warrants consideration because the procurement difficulties experienced by smaller organizations are typically very different from those suffered by larger organizations. For example, larger organizations can take advantage of economies of scale in their acquisition of goods while smaller organizations are typically unable to take advantage of the preferred pricing reserved for large-volume sales. While smaller organizations can combine their purchasing power with similar sized organizations in order to access this reduced pricing, this option is not always available and relies on other factors such as mutual need and timing. Large organizations, alternatively, have challenges related to managing the purchasing functions for multiple and often varied departments and/or units. For perspective, consider the procurement activities of a mid-sized city with those of the Department of Defense: both organizations will procure similar goods in terms of equipment for staff, but the Department of Defense must coordinate the purchase of these goods for a much larger workforce that may be geographically dispersed. This leads to the role of structure in either enhancing procurement activities or hindering them.

The aspect of structure that can present a particular challenge to procurement is the extent to which purchasing functions are centralized or decentralized. Cities have used centralized purchasing since the 1900s (Thai 2001) and have benefited from tight controls that guide procurement decisions, reduce risks, and achieve efficiency in routine procurements (Schapper et al. 2006). However, this rigidity and lack of flexibility can be less effective for large organizations with diverse locations or functions that require a level of autonomy. A decentralized structure can facilitate innovation and creativity, but transparency and accountability may be reduced. One approach to address these challenges is to centralize some of the functions and allow greater flexibility when and where warranted, but it is clear that size and structure can complicate procurement activities.

### Professionalism

Another challenge of the organizational environment is the disparity in how public procurement is perceived. Arguably, public procurement may or may not be viewed as a profession, which in turn

can limit the role that purchasing is able to play in a public organization. Organizations recognizing procurement as a profession likely also embrace procurement as a strategic tool for achieving organizational goals. One reason for the lack of consensus about public procurement as a profession is because certification is not a standard requirement for public procurement professionals. Prier et al. (2010) suggest that requiring certification could be an effective barrier-to-entry that could elevate public procurement to the status of a profession.

While certification is not a panacea for preventing inappropriate or bad procurements, it can provide a minimum standard of ethical and practical training for public procurement professionals. A complication, however, is that there is no single certification or certifying body; national organizations such as the Universal Public Purchasing Certification Council (UPPCC), the National Institute of Governmental Purchasing (NIGP), the National Association of Purchasing Management (NAPM), and the National Contract Management Association (NCMA) all offer varying certification programs (Callender and Matthews 2000), so there is no single, commonly accepted certification. This challenge related to professionalism may seem trivial, but it can directly impact the next challenge of the organizational environment: organizational investment in procurement technology.

### Technology

The final challenge of the organizational environment to be mentioned is that of technology, which can greatly enhance public procurement activities. It is increasingly important that purchasing offices adopt technology that will not only ease their processes but create efficiencies and cost savings. P-cards and e-procurement systems are two technological innovations that are designed to promote timeliness and efficiency in the purchasing process, and one factor influencing a public organization's adoption of such technologies is professionalism (Klay et al. 2010). Organizations that do not view purchasing personnel as professionals are less likely to invest in costly technology, such as e-procurement systems, or assume the risks that are associated with p-cards. By not investing in procurement technology, public organizations may also be missing out on opportunities to identify or prevent fraudulent activity.

## The Natural Environment

Similar to the organizational environment, the natural environment creates challenges to the public procurement activities of organizations. Environmental challenges include negative environmental impacts over the life of traditional products, price, and quality concerns of environmentally preferable alternatives, and stakeholder commitment to environmentally preferable purchasing. Further complicating the situation is the differences in definition of what sustainability means, how it can be achieved, and how it can be measured. Likewise, a great deal of time and effort is required to educate procurement personnel as to how to evaluate and compare traditional and environmental products or why it is even necessary to do so. While many public organizations have been exploring environmentally friendly purchasing practices and mechanisms for reducing the negative impacts of consumption, these challenges persist and must be addressed in order to successfully implement and maintain a sustainable and environmentally conscience procurement system.

### Product Life Cycle Costs

Public awareness of the negative environmental impacts of consumption is forcing public and private organizations alike to contemplate environmental consequences in the manufacture, use, and disposal of products. Traditionally, economic factors alone were used to make purchasing decisions; however, noneconomic factors are becoming more common in the evaluation and selection of goods (Drumwright 1994) and procurement professionals are considering the environmental costs during the extraction of raw materials, manufacture of goods, and disposal of that good (Emmett and Wright 2011). Life cycle analysis factors in the financial and environmental costs of producing a good, including energy consumption, water consumption, and final disposal of the

product. Calculating the total cost of a traditional, or brown, product is challenging in terms of time and availability of information, but this "full picture" perspective is desirable to the public and has become common practice if not best practice. Because traditional manufacturing processes score poorly on these environmentally conscious criteria, the challenge now becomes finding suitable alternatives with minimal environmental degradation over the course of the product's life cycle.

### Cost and Quality of Green Alternatives

While the desire to procure environmentally preferable, or green, products has grown, the actual practice of procuring green products or adopting green procurement policies is lagging (Smith and Terman 2016; Prier et al. 2016). Green procurement is defined as "selecting products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose" (EPA 2000); the National Association of State Procurement Officers (NASPO) defines green procurement similarly as "purchasing a product that has a lesser or reduced negative effect **or increased positive effect** on human health and the environment when compared with competing products that serve the same purpose" (NASPO 2016). Two of the most common reasons for this disconnect between the intent to buy green and actually buying green are the cost of green alternatives and the perceived quality of these environmentally preferable products. Green products are still perceived to cost more (Shen et al. 2017), and the benefits of engaging in green procurement are difficult to quantify because they are largely intangible and not easily translated to stakeholders: similar to crimes that are prevented, it can be difficult to measure environmental degradation avoided. This makes a higher priced green product more difficult to justify to an organization with scarce resources.

Another obstacle to institutionalizing green procurement practices is the perceived quality issue of green products. Many organizations ventured into green procurement through janitorial supplies and contracts, and many of the original green cleaning products did not perform as well as traditional bleach products or those containing similar harsh chemicals. There were also fewer green alternatives from which to choose, so many organizations continued to use the traditional products that performed well but harmed the environment. Another issue with green products was the "greenwashing" of the labels, where products were falsely labeled as green products when they were actually brown products that were just priced higher to capitalize on the green label. While there are now more high-performing green alternatives than there have ever been, the market power of governments has not yet been harnessed and directed at spurring the development of more and better green products at brown product prices.

### Stakeholder Commitment to Sustainable Procurement

Because of these cost and quality challenges, many procurement offices have been unable to fully commit to a green procurement policy or sustainable procurement program. These programs were found to range from mandatory requirements to buy green regardless of cost to milder suggestions and flexible guidelines to buy green products "when possible" or "when not cost prohibitive" (Smith and Terman 2016). In order to adopt a meaningful sustainable procurement policy, stakeholders at all levels have to prioritize sustainability and agree to the costs this entails. A commitment of this magnitude goes beyond financial costs to potentially include political costs for leaders who have not been effective in garnering support for a likely expensive endeavor with no short-term pay-off.

However, some public organizations have been successful in establishing sustainability offices with strict protocols and requirements for environmentally preferable purchasing programs. Factors that may facilitate this commitment to green public procurement include personnel with policy expertise in sustainability, membership in climate networks, and the presence of advocacy groups (Terman and Smith 2018); additionally, there may be a relationship between sustainable procurement practices and various facets of leadership as well as stakeholder expectations (Roman 2017).

## Conclusion

Public procurement is subject to challenges within the organizational environment as well as in the natural environment. Additionally, the organizational challenges can exacerbate those of the natural environment: the challenges of small organizations can make the obstacles to green procurement even more arduous to overcome. Despite the many challenges of adopting and implementing environmentally preferable purchasing strategies or policies, individual procurement professionals can have a positive impact on introducing and institutionalizing green purchasing practices. This can be achieved through embracing the standards and best practices of public purchasing organizations like NIGP and NASPO.

## Cross-References


- ▶ Green Procurement Awareness
- ▶ Organizational Environment
- ▶ Sustainable Procurement


## References


Callender G, Matthews D (2000) Government purchasing: an evolving profession? J Public Budg Account Financ Manag 12(2):272–290

Drumwright M (1994) Socially responsible organizational buying: environmental concern as a noneconomic buying criterion. J Mark 58(3):1–19

Emmett S, Wright P (2011) Excellence in public sector procurement: how to control costs and add value. Cambridge Academic Press, Cambridge

Klay WE, Yagmurcu A, McCreary S (2010) The importance of professionalism: a quantitative and qualitative look at why some U.S. counties do more on the web than others. Int J Public Adm 33(3):129–139

National Association of State Procurement Officers (2016) NASPO green purchasing guide. Retrieved from http://www.naspo.org/green/index.html#top on January 28, 2017

Prier E, McCue C, Behara R (2010) The value of certification in public procurement: the birth of a profession? J Public Procure 10(4):512–540

Prier E, Schwerin E, McCue C (2016) The implementation of sustainable public procurement practices and policies: a sorting framework. J Public Procure 16(3):312–346

Roman AV (2017) Institutionalizing sustainability: a structural equation model of sustainable procurement in US public agencies. J Clean Prod 143:1048–1059

Schapper PR, Veiga Malta JN, Gilbert DL (2006) An analytical framework for the management and reform of public procurement. J Public Procure 6(1&3):1–26

Shen L, Zhang Z, Long Z (2017) Significant barriers to green procurement in real estate development. Resour Conserv Recycl 116:160–168

Smith C, Terman J (2016) Overcoming the barriers to green procurement in the county: interest groups and administrative professionalism. J Public Procure 16(3):259–285

Terman J, Smith C (2018) Putting your money where your mouth is: green procurement as a form of sustainability. J Public Procure 18(3):202–216

Thai KV (2001) Public procurement re-examined. J Public Procure 1(1):9–50

U.S. Environmental Protection Agency (2000) Environmentally preferable purchasing. [On-line]. Available at: http://www.epa.gov. Retrieved October 25, 2008


# Environmental Governance


Mahfuzul Haque
Department of Development Studies, University of Dhaka, Dhaka, Bangladesh


## Synonyms

**Environmental**: Conservational; Ecofriendly; Ecological; Green
**Environmental Governance**: Management of the environment
**Governance**: Ascendency; Authority; Control; Domination; Power; Supremacy

## Definition

Environment: Environment includes water, air, soil, and physical properties and the interrelationship which exists among and between them and human beings, other living creatures, plants, and microorganism. Environment is the sum of all external conditions affecting the life, development, and survival of an organism (any form of animal or plant).

Environmental Governance: Environmental governance comprises of rules, practices, policies, and institutions that shape how humans interact with the environment. It is a process that links and harmonizes policies, institutions, procedures,

tools, and information to allow participants (public and private sector, NGOs, local communities) to manage conflicts, seek points of consensus, make fundamental decisions, and be accountable for their actions.

## Introduction

Governing the planet's rich and diverse natural resources is an increasingly complex challenge. In our globalized world of interconnected nations, economies, and people, managing environmental threats, particularly those that cross political borders such as air pollution and biodiversity loss, will require new global, regional, national, and local responses involving a wide range of stakeholders. Effective environmental governance at all levels is critical for finding solutions to these challenges. Environmental governance therefore comprises rules, practices, policies, and institutions that shape how humans interact with the environment.

Environmental governance has been defined in several ways. Environmental governance is the whole range of rules, practices, and institutions related to management of the environment in its different forms (conservation, protection, exploitation of natural resources, etc.). All the processes and institutions, both formal and informal, that encompass the standards, values, behavior, and organizing mechanisms used by citizens, organizations, and social movements as well as the different interest groups are part of environmental governance in terms of accessing and using natural resources. Good environmental governance takes into account the role of all actors that impact the environment.

From governments to NGOs, the private sector, and civil society, cooperation is critical to achieving effective governance that can help us move towards a more sustainable future. Environmental governance is the concept in political ecology and environmental policy which advocates sustainable development as the highest consideration for managing human activities. It assumes a desirable future state for human societies in which living conditions and resources meet human needs without undermining the sustainability of natural systems and the environment, so that future generations may also meet their needs. It boils down to the concept of "Sustainable Development."

## Global Environmental Governance

At the international level, global environmental governance is the sum of organizations, policy instruments, financing mechanisms, rules, procedures, and norms that regulate the processes of global environmental protection. United Nations Conference on the Human Environment (UNCHE) held at Stockholm, Sweden, in 1972 was a watershed in the emergence of sustainable development. It adopted Action Plan on Human Development, which looked at the term "pollution of poverty" meaning environmental concerns of the poor, such as lack of clean water or sanitation. The major institutional decision coming out of the United Nations Conference on the Human Environment held at Stockholm in 1972 was the establishment of the United Nations Environment Program (UNEP), which was created to play the lead role in global environmental governance (GEG) by coordinating environmental activities within the UN agencies and acting as a catalyst for new initiatives. Since then, the world has seen hectic activity in global environmental policy (and, more recently, in sustainable development policy) and a host of treaties, organizations, and mechanisms have emerged. Global environmental governance is understood as the sum of organizations, policy instruments, financing mechanisms, rules, procedures, and norms that regulates the processes of global environmental protection. Since environmental issues entered the international agenda in the early 1970s, global environment today reflects both the successes and failures of this development. There is great awareness of environmental threats, and numerous efforts have emerged to address them globally. At the same time – and partly because of the rather spectacular growth in awareness and initiatives – the GEG system has outgrown its original design and intent. The system's high maintenance needs, its internal redundancies, and its inherent inefficiencies have

combined to have the perverse effect of distracting from the most important GEG goal of all-improved environmental performance. Even though the GEG system has achieved much in the way of new treaties, more money and a more participatory and active system than anyone might have imagined three decades ago, environmental degradation continues. Indeed, because we know so much more about environmental conditions and environmental processes, we also know more about what is not going well with the global environment.

### UN Development Decades

A series of UN Development Decades were undertaken by the United Nations in the 1960s, 1970s, 1980s, and 1990s in order to raise awareness among the global community targeting development. The First UN Development Decade in the 1960s prioritized economic growth and application of modern scientific and technical knowledge as route to prosperity in the underdeveloped world and development was expected to be "More like the West." The Second UN Development Decade in 1970s followed the previous policy. Development was not shared equally among the populations of these nations. It was thought underdevelopment was the direct outcome of development elsewhere. In 1980s, the Third UN Development Decade criticized overemphasizing of the economic dimensions of development. Development needed to be sustainable. "Development" in contrast was seen as a multidimensional. It was expected that development should encompass not only economic and social activities but also development of the habitat and the environment. The Fourth UN Development Decade in the 1990s aimed at developing a process that is responsive to social needs, sought a significant reduction in extreme poverty, promoted the development and utilization of human resources and skills. It put emphasis on economic growth in the developing countries, especially in the LDCs. UN Development Decades set the tone of a holistic development addressing all six aspects of a multidisciplinary development: economic, social, ecological, political, cultural, and spiritual.

### Sustainable Development

The Brundtland Commission, in its report, *Our Common Future* 1987, warned of the growing threat to Earth from pervasive world of poverty, environmental degradation, diseases, and pollution. The Commission led by Gro Harlem Brundtland, the then Prime Minister of Norway, defined "sustainable development" as the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987). It contains with two key concepts: a) the concept of "needs" in particular the essential needs of the world's poor, to which overriding priority should be given; and b) the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs (Haque 2013). At a minimum, sustainable development must not endanger the natural systems that support life on the Earth: the atmosphere, the waters, the soils, and living beings.

Development needed to be sustainable. It must encompass not only economic and social activities but also those related to population, the use of natural resources, and the resulting impacts on the environment. Resources are thought to be infinite, in fact they are not. Pollution and environmental degradation are considered the inevitable consequences of industrial development. Development and conservation are incompatible; challenges are how to develop minimizing adverse impacts on the environment (Asefa 2005). The idea of sustainable development represents an attempt to link economic growth to wider ecological and social issues. "The reconciliation of society's developmental goals with the planet's environmental limits over the long term is the foundation of an idea known as sustainable development" (US National Research Council 1999). FAO's code of responsible fisheries practice says that "Sustainable development is the management and conservation of the natural resource base and the orientation of technological and institutional change in such a manner as to ensure the attainment and continued satisfaction of human needs for present and future generations". Such sustainable development (in the agriculture,

forestry and fisheries sectors) conserves land, water, plant and animal genetic resources, is environmentally non-degrading, technically appropriate, economically viable and socially acceptable (FAO 1997).

By "sustainable governance," we understand a governance, which takes care of environmental conservation, natural resource management in particular and "greening" of plans and policies and projects in general. It brings forth the issue of "green politics" and "green constituencies." If such a constituency is established, government would be sustainable. The environmental degradation we observe may be the result of unsustainable governance as much as of unsustainable development. The symptoms of unsustainable governance – perverse subsidies, open-access resources, and countervailing risk – are widespread and serious sources of environmental hazard. Narrow focus on sustainable development to the neglect of sustainable governance may leave problems unsolved. If it is to succeed, then, "sustainable development" must go arm-in-arm with sustainable governance. Sustainable development is holistic development. It accounts for the six dimensions of human welfare, namely, social, economic, ecological, political, cultural, and spiritual, without letting any dimension unduly dominate the others.

The environmental injuries arising from weak governance are well known. These include worldwide practice of government subsidies for environmentally damaging activities, such as logging, grazing, farming, mining, water use, dam construction, and fuel use. A second and more general form of weak governance occurs when the state does not or cannot protect security in property rights. The basic inability of the state to underpin market activity not only inhibits economic development in general but is often a prime contributor to environmental degradation.

## Earth Summit

Two decades have passed, since the world leaders assembled at Rio de Janeiro, Brazil, at the "Earth Summit" held in 1992 to chart a course of actions for this only habitable planet, called the Earth. The summit marked an important milestone in awakening the world to the need for a development process that does not jeopardize future generations. The Rio Conference achieved consensus in more than one area: first, it secured a set of agreements between governments which marks a significant advance in international cooperation on environment and development. Second, it marshaled political commitment to these arrangements at the highest level and placed the issue of sustainable development at the heart of international agenda. Third, it opened new paths for communication and cooperation between officials and nonofficial organizations working towards development and environmental goals. Fourth, it led to an enormous increase in public awareness leading to adoption of policies and allocation of additional resources to achieve the desired results.

The Earth Summit offered a unique opportunity to establish the basis for the major shift required to put this planet on the path towards a more secure and sustainable future. At the core of this shift, there is a felt need for fundamental change. Change to our economic life, a more careful and more caring use of the Earth's resources and greater cooperation and equity in sharing the benefits as well as the risks of our technological civilization. Of particular importance is the need to integrate the ecological dimension into education and culture as well as in economics. The summit adopted the United Nations Framework Convention on Climate Change (UNFCCC) aiming at stabilizing climate change; the UN Convention on Biological Diversity (CBD) aiming at conservation of biodiversity; the Earth Charter; the Forestry Principles; and the Agenda 21, which is a nonbinding *blue*-print for nations, a development pathway for the twenty-first century.

Targeting global environmental governance, the World Summit on Sustainable Development (WSSD) was held in Johannesburg, South Africa, in 2002. The summit took stock of developments since the Earth Summit 1992 held 10 years ago and implementation status of Agenda 21. Outcome of the summit was "Johannesburg Plan of Implementation." The declaration titled, "*The Future We Want*" was rather a weak document. It called for green development; green growth; and

green economy. It was agreed to enable the countries to undertake nationally driven greener development. Throughout the process leading up to the 2002 World Summit, the international community endorsed the need to integrate better three dimensions of sustainable development: the environmental, social, and economic dimensions of development.

### Multilateral Environment Agreements

There had been a series of conferences of parties of various multilateral environment agreements (MEAs) related to climate change, biodiversity conservation, ozone layer depletion, combatting desertification, and so on. Intentions of such a global environmental governance were to bring this planet Earth back to a habitable situation not only for this generation but also for the future generations. UN Framework Convention on Climate Change (UNFCCC) for example, at its 21st Conference of the Parties (COP-21) held at Paris, France, in 2015 adopted the "Paris Agreement" which made it mandatory for all countries to reduce carbon emission to 350 ppm, to keep the global average temperature well below 2 °C above preindustrial levels and to limit it to 1.5 °C. The country-parties signing the Paris Agreement are obliged to undertake country-specific policies and projects to meet their commitments. Similarly, conference of parties of other conventions also made substantial progress in biodiversity conservation, halting depletion of ozone layer, combatting desertification, withdrawing persistent organic pollutants, etc. Around 500 multilateral environmental agreements and a plethora of international organizations, doing the best they can to respond to environmental challenges that range from climate change to persistent organic pollutants.

MEAs have an important role to play in shaping global environmental governance. Increasingly, the countries of the world are signing and ratifying various conventions of global environmental interests and becoming parties to these conventions. Following ratification of these conventions, they are obliged to examine their national plans, policies, legislation, and projects and revise and redraft them in line with the commitments they made to the global community by becoming parties to these conventions. Often the Convention secretariats set up "Implementation Committees" in order to help the developing countries and the LDCs in particular to redraft their local legislation and undertake training programs for the officials. Implementation Committees of the UNFCCC and Montreal Protocol played an important role in implementing various provisions of the convention at a local level.

### United Nations Environmental Program

United Nations Environmental Program (UNEP) established in 1972 is a watchdog body to ensure that the MEAs are implemented by the signatory countries in their respective localities. UNEP has been playing a leading role as a global environmental authority. From delivering expert scientific assessments to providing international platform for negotiations and decision making, UNEP has been fulfilling this mandate since 1972. The country-parties (signatory states) of the MEAs are expected to implement these conventions, treaties, and protocols at national level by redrafting their national plans and policies and enactment of legislation in line with the MEAs. Conference of Parties (COP) being the supreme body of these conventions meet periodically (e.g., Conference of Parties of UNFCCC are held annually). Although UNEP with its headquarters in Nairobi, Kenya, does not hold much influence these days over the implementation processes of various MEAs because of establishment of independent secretariats (e.g., UNFCCC secretariat in Bonn, Germany; CBD secretariat in Montreal, Canada), the organization was the pioneer UN agency in upholding the cause of environmental governance globally.

### From MDGs to SDGs

Building on the UN Development Decades in the 1960s, 1970s, 1980s, and 1990s, the UN Millennium Development Goals (MDGs) adopted in 2000 marked a strong commitment to development; peace and stability; gender equality; eradication of many dimensions of poverty; and sustainable human development. Building on the UN global conferences of the 1990s, the MDGs

over the years made substantial progress in reducing poverty and hunger; improving education, healthcare, and water sanitation; and ensuring environmental conservation. MDGs were expected to be achieved by 2015, although poverty, hunger, illiteracy, maternal deaths, stunting growth of children, mortality, and morbidity continue to engulf many parts of the planet. Millennium development goals were followed by Sustainable Development Goals (SDGs) with the theme, *Transforming Our World: the 2030 Agenda for Sustainable Development* adopted in 2015 with 17 goals and 169 targets to be achieved by 2030. MDGs focused on both human development and environmental goals, while SDGs covered all three dimensions of sustainable development – the economic, social, and environmental and its interdependence. Another important aspect of SDGs is that it promoted peace and justice (SDG 16). "There can be no sustainable development without peace, and no peace without sustainable development." SDGs are bold and ambitious and instead of halving poverty, SDGs aimed at ending poverty. Governments were entrusted with the responsibility to implement them at a national level. There are various indicators established by the UN which would help the global community to evaluate their performance. Many developed, developing, and least developed countries could change their lot to a great extent by maintaining targeted developments with year-wise progress.

Both MDGs and SDGs adopted by the UN and signed by the global community were important milestones in ensuring environmental governance at a national and global level. In order to implement the second World Development Agenda goes by the name Agenda 2030 or Sustainable Development Agenda (2016–2030), popularly known as the Sustainable Development Goals (SDGs), many countries undertook mapping exercises with various ministries by targets in the implementation of SDGs aligning with their existing short- and long-term plans. It is understood that the development approach underlying the existing plans would be in consistent with the global agenda for higher growth with appropriate measures for protection of the environment. Special significance of this mapping exercise was the consultative process involving the NGOs, civil society, and the development partners.

## Environmental Governance: Institutions

At a national level, the parliament enacts legislation on environment. Parliament also approves annual budget on various development projects, including that on the conservation of environment and natural resources management. There is a dedicated "Parliamentary Committee on Environment" composed of members of the parliament, entrusted with the responsibility to monitor progress of implementation of environmental plans, policies, and projects of the government. Various ministries and departments of the government are responsible for running environmental governance. The cabinet of ministers headed by the head of the government is primary responsible in providing overall guidance and ensuring implementation of various plans, policies, and enforcement of laws on environment. In some countries, there is a National Economic Council (NEC) and Executive Committee of the National Economic Council (ECNEC) headed by the Head of the Government approving and monitoring various development projects including that on environment and forests. In some countries, there is a "National Environment Council" – headed by the Head of Government overseeing implementation of plans, policies, and projects on environment and also coordination of intersectoral issues. The decisions taken by the committee are executed by an Executive Committee of National Environment Council – headed by the Minister of Environment and Forests.

Generally, there is a dedicated ministry named the Ministry of Environment and Forests, headed by a minister, who looks into issues related to conservation of the environment and forests. All plans and policies are implemented by a group of professional executives and bureaucrats at the ministry. The Department of Environment (DOE) headed by a Director General looks into day to day enforcement of laws. DOE is the

technical arm of the ministry, providing technical advices to the ministry and enforcement of laws. In some countries, there is a separate ministry dedicated for environmental conservation. There is also a "Department of Forests" headed by the Chief Conservator of Forests, tagged with the Ministry of Environment and Forests looking into biodiversity and forest conservation.

Environment being a cross-sectoral issue, a number of sectoral ministries and departments are engaged in addressing issues related to environment. The Ministry of Fisheries and Livestock and its subordinate organ, the Department of Fisheries, are for the conservation of fisheries biodiversity and enforcement of laws halting depletion of fisheries. Similarly, the Ministry of Water Resources headed by a minister is responsible for sustainable water management, the Ministry of Industry is responsible for promoting pollution-free industries, and so on. Other organizations engaged in guiding the government in environmental governance are the media (both print and electronic), civil society bodies, academia, advocacy groups, and right-based groups. They are the watchdog groups in putting pressure on the government for ensuring good environmental governance.

## Environmental Governance: Processes

Environmental governance could be both centralized and decentralized. In a centralized, "top-down" approach, the policies and plans are adopted and decisions are taken by the government following a centralized way of consultations among the technocrats and bureaucrats of different government ministries and departments. On the other hand, "decentralized environmental governance" ensures that decisions are taken; plans and policies are adopted through grassroots consultation. It is also known as "participatory environmental governance" following a "bottom" process. In other words, development planning follows a Multi-stakeholder Integrated Sustainability Planning (MISP) model. The innovative concept of MISP is a departure from conventional development planning. It is an integrated approach of planning in pursuit of sustainable development, involving various sectors and components of the ecosystem, meaning the stakeholders. MISP is multidisciplinary. It integrates economic, social, ecological, political, cultural, and spiritual concerns towards a holistic and sustainable development. For effective running of environmental governance, participatory planning involving the grassroots people is necessary, which would ensure "ownership" of the affected people, project victims – the stakeholders in the planning process. Such a participatory planning process would ensure that views and concerns of the grassroots people on environmental degradation, depletion of biodiversity, industrial pollution are reflected through governance of a country.

## Environmental Governance: Challenges

Some of the obstacles and challenges facing the environmental governance are: (a) how to implement the multilateral environmental agreements at the national, regional, and global levels, as numerous such agreements were signed by the global community since Stockholm Conference held in 1972; (b) how to develop the national plans, policies, and enactment of environmental legislations in line with the MEAs for natural resource management; (c) how to resolve conflict of interests among some of the MEAs (e.g., Article 27.3 (b) of Trade Related Intellectual Property Rights (TRIPs) goes against the principles of Articles 8 and 15 of the UN Convention of Biological Diversity); (d) how to ensure long-term budget allocation by the respective national governments for halting environmental degradation, biodiversity conservation, and disaster risk reduction; (e) how to ensure effective coordination and collaboration between the government, various sectors of the government, nongovernment organizations, private sector, and the civil society bodies in arresting environmental pollution and environmental conservation; (f) how to prioritize environment over other sectors of development, like agriculture, health, education, and security;

(g) how to ensure continued political commitment and consensus in the parliament on natural resource management irrespective of changes of the government; and (h) how to raise environmental awareness among members of public and develop a "green constituency," who would speak against pollution, degradation, and encroachment.

## How to Overcome the Challenges

In order to overcome these challenges, the role and responsibilities of the government; parliament; judiciary; civil society bodies; academia; media (both print and electronic); and social network (e-mail, Facebook, Twitter, WhatsApp) are noteworthy to mention. Their involvement in overcoming the challenges is narrated below:

(a) **Government**: Macro and microlevel sectoral plans and policies are developed, updated, and implemented by respective government ministries and departments depending on priorities and commitments of the central government. Implementation of MEAs by respective government ministries/departments also depends on the commitment of the government. As a signatory to various multilateral environmental agreements, government has to translate them in national plans, policies, projects, and laws. Political commitment irrespective of changes of the government is necessary for implementation of long-term plans like Five Year Plan, Strategic Plan, Perspective Plan, sectoral Master Plans and policies, allocation of budget, etc. In this regard, establishment of a "green constituency" is necessary, which would play a pivotal role in electing political parties speaking for the environmental conservation.

(b) **Parliament**: Finalization of plans and policies without legislation is like a "toothless tiger." Laws are enacted in the national parliament and the parliamentary committee on environment is entrusted with the responsibilities to oversee enforcement of environmental projects and laws. Members of the Parliament (MPs) play an important role in enacting laws in line with natural resource management and constraints. Awareness and training of the MPs are noteworthy to mention.

(c) **Judiciary**: Judiciary, another organ of the state, plays a significant role in environmental governance. It is often seen that the judges are issuing *suo motu* rules on the government for halting environmental degradations like river pollution, air pollution, land grabbing, encroachment of forest lands, etc. Establishment of "Environmental Courts" by the government and proper awareness raising and training of the judiciary could help effective enforcement of environmental laws.

(d) **Civil Society and Media**: Civil society bodies and print and electronic media continue to play an important role in natural resource conservation in general and halting pollution, encroachment, and land grabbing in particular. They help the government in ensuring proper environmental governance. They are to be allowed to perform their responsibilities without any censorship, hindrance, and obstacle. Awareness and training of media persons are necessary in this regard.

(e) **Social Network**: These days, social media like Facebook, LinkedIn, and WhatsApp have become very popular among the general mass in general and young people in particular. Social network so far has been able to halt many environmental degradations through mass campaign, procession, and advocacy. Uninterrupted social media without interference is necessary for the safeguard of the environment.

## Conclusion

Environmental governance continues to face many challenges locally, nationally, and globally. Although the global community endorsed the view that global warming is taking place and gave emphasis on promotion of renewable energy discarding fossil-fuel based energies, many

developed countries continue to use fossil fuels in a big way for their energy use. Group interests, regional interests take priority over global interests. Unanimous support to "Paris Agreement" at Paris in 2015 faces new challenges with the change of government (e.g., recent change in US government). Petty local interests getting priority over national and global interests. At a national level, new regime refuses to honor global commitments made by the past regimes, some governments are found to be serving the interests of some coterie groups and putting more emphasis on fossil fuels, like coal and petroleum at the cost of environment-friendly renewable energy. Some global leaders are taking benefit of scientific disagreements and continue to harness natural resources to a point of no return.

The crises caused by accelerated and probably irrevocable impact of human activities on the nature, society, and economy calls for collective responses by international institutions, governments, and citizens. Governance, considered as the pluralist management of policies and social and environmental actors, has to meet this crisis by pooling the experience and knowledge of each of the social agents and institutions concerned. Through continuous and concerted efforts with strong political will and commitment, one could overcome such crises. Public awareness through media advocacy and education can help develop a strong constituency in order to establish the desired political will for a change.

## References

Asefa S (2005) The concept of sustainable development: an introduction. Upjohn Institute for Employment Research, Kalamazoo

FAO (1997) Code of responsible fisheries practice. FAO, Rome

Haque M (2013) Environmental governance: emerging challenges for Bangladesh. AH Development Publishing House, Dhaka

The World Commission on Environment and Development (1987) Our common future. Oxford University Press, Oxford/New York

US National Research Council (1999) Our common journey: a transition towards sustainability. National Academy Press, Washington, DC

# Environmental Injustice in Urban Settings

Paul D. Reynolds and Janiece Upshaw
UNT-Dallas, Dallas, TX, USA

## Synonyms

Green criminology; Environmental issues in urban areas; Urban planning and sustainability.

## Definitions

***Environmental justice*** – *Fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.*

***Urban areas*** – *Locations with a population that exceeds 5000 and population density greater than 400 individuals per square kilometer.*

## Introduction

There are more than one thousand reported incidents of environmental injustice that occur daily around the world which are cited in the Environmental Justice Atlas website (https://ejatlas.org). The topic of environmental justice captures the public's attention because of its infamy and egregiousness. There is no doubt ecological additions and withdrawals, pollution, and overconsumption continue to shape our world (Lynch et al. 2017). Actions taken by corporate and governmental entities hinder the quality of life and harm individuals who have limited economic and political influence, and lack influence to mobilize. More disheartening is the fact that the consequences of these criminal and harmful actions are disproportionality distributed among minority groups, causing significant hardship for many of the world's most vulnerable groups. While there is no shortage of environmental injustices around

the world in both urban and rural settings, this entry explores the concept of environmental injustice in urban settings. First, we will discuss what is meant by environmental justice. Next, we will discuss the main factors linked to environmental injustice. In the final sections, we will describe how the critical issues concerning environmental justice in urban settings relate to policy design. This entry focuses on urban settings for two important and practical reasons. First, the large majority of people in the United States live in urban and suburban areas. Next, the extant research and case studies are majorly oriented toward urban areas.

## What Is Environmental Injustice?

In the United States, geographic areas are classified as urban based on a population greater than 5000 and a population density greater than 400 individuals per square kilometer (about 0.39 square mile). For example, New York has a population density of over 26,000 people per square mile. Urban areas provide many beneficial opportunities for individuals, including better access to medical facilities, institutions of higher learning, entertainment and cultural activities, and increased employment opportunities. Unfortunately, high population density also creates increased environmental issues and concerns including, but not limited to the overexploitation and consumption of natural resources, problems with managing solid waste, limited open space and green areas, air pollution, water pollution, noise pollution, and waste management issues to name a few. Of importance to the topic of environmental justice in urban areas is the overwhelming evidence from academic disciplines that poor and minority individuals often suffer disproportionately from environmental-related harms and illnesses.

Approximately 80% of the population in the United States live in urban areas. Decades of research in the USA and abroad reveal that a disproportionate amount of industrial hazards and waste are located in poor and ethnic minority neighborhoods. International data supports that over 90% pollution related deaths occur in middle and lower socio-economic countries with diseases and adverse health conditions tied to pollution more prevalent among minorities. Furthermore, these same groups often have less access to green spaces or natural settings. Across the globe, researchers continue to see an increase in environmentally induced diseases and other health concerns due to a lack of regulations and safety measures by government and corporate entities. For this reason, understanding the issue of environmental injustice in urban settings is critical for policy design and spatial equity, because the environment in which people live often determines their health and economic opportunities.

According to the US Environmental Protection Agency, "Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies (2018, n.p.)." Conversely, environmental disparities caused by human actions or inactions that create disparities based on race, ethnicity, social class, or income are often referred to as environmental injustice (Lester 2018). Thus, environmental injustice occurs when institutional rules, regulations, policies, and decisions of government or corporate actors create an environmental hazard or burden upon a particular group or hinder their access to nature or healthy living environments. Race/ethnicity, income, and political mobilization are the three primary factors linked to environmental injustice (Lester 2018). For example, asthma and other respiratory issues disproportionately impact low-income and minorities in urban areas due to disparities in the quality of housing and higher rates of exposure to toxic, and access to health care (Brown 2007).

While this entry focuses primarily on environmental injustice in urban areas, varying types of environmental abuses occur in and suburbs across the United States. From mountaintop mining in the Appalachian Region, to environmental illness in the State of Louisiana caused by the petrochemical industry – nicknamed "Cancer Alley," to lack

of access to clean water in Flint, Michigan and Sandbranch, Texas.

- In 2008, over a billion gallons of coal fly ash slurry was spilled from the Tennessee Valley Authority's Kingston Fossil Plant polluting nearby water, flooding acres, and causing substantial damage to local residence and businesses.
- Cancer Alley is an area along the Mississippi River between the cities of Baton Rouge and New Orleans in Louisiana that holds over 200 petrochemical facilities resulting in toxic air pollution that has substantially increased the rates of individuals living in that area of developing cancer and other illnesses.

  In 2013, many of the residents of Flint, Michigan, suffered negative health effects due to improperly treated water and the lead leakage from old pipes when the city reduced costs by switching from the Detroit water supply to the heavily polluted Flint River
- A water treatment plant in Dallas, TX, built on the edge of the unincorporated freedmen community, founded following the Civil War, in Sand Branch, Texas, is believed to have contaminated the local well water that had been their primary water source since its founding, thereby causing the residents to lose complete access to fresh drinking water.

## Historical Overview of Environmental Injustice in the United States

One of the earliest and most well-known cases that brought national attention to disparities in environmental decisions and was viewed as the primary spark that ignited the environmental justice movements involved a conflict over the placement of a soil dump contaminated with Polychlorinated Biphenyls (PCBs) in Afton, NC. Afton is located in Warren County and is not only among the poorest counties but also has one of the highest population percentage of blacks in the state. Although the denizens of Warren County were unsuccessful in stopping the landfill, the national media attention and grass roots efforts led to an environmental justice summit to be convened in Washington, D.C., in 1991. This summit led to delegates adopting 17 defining principles of environmental justice and the creation of the Office of Environmental Justice by the U.-S. Environmental Protection Agency in 1992 (Bullard 2000). In 1994, President Clinton signed Executive Order 12898 *"Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations"* which sought to:

- Protect the environment and health in overburdened communities.
- Empower communities to take action to improve their health and environment.
- Establish partnerships with local, state, tribal, and federal governments and organizations to achieve healthy and sustainable communities. For more information go to (https://nepis.epa.gov/Exe/ZyPDF.cgi/P100DFCQ.PDF?Dockey=P100DFCQ.PDF).

While some progress has been made, issues of environmental justice continue to be prevalent today.

### Empirical Support for Environmental Injustice

Over the last 30 years, copious studies support the link between race, ethnicity, social class, and income with environmental risks and benefits originating from early genres of study including environmental racism and environmental inequity (Bullard 2000; Lester 2018). Furthermore, emerging research has continued to support earlier findings that varying types of pollutants and ecological additions are associated with adverse medical and health related issues (Bullard 2000; Lester 2018; Lynch et al. 2017). Robert Bullard, who is often described as the "father of environmental justice" for his early research on spatial inequality, provided evidence that black neighborhoods in Houston, Texas, were bearing the larger share of pollution. Even though black residents made up only a quarter of the population, over 80% of the garbage in the preceding 40 years was dumped in neighborhoods with a majority of black residents (Bullard 2000).

Extant research examining the socio-spatial distributions of varying types of hazardous industries provides substantial empirical evidence supporting the disproportionate presence of toxic industries, water treatment plants, and waste dump sites in minority and impoverished communities in the USA (Bullard 2000; Lester 2018).

These disparities are more salient in the South, arguably deriving from racial historical institutional practices that restricted minorities from living in certain areas or even acquiring property. However, research has also found some exceptions and abnormalities to the spatial distribution of industry and race. For instance, in some cities the industrial sections are located in predominantly white neighborhoods resulting from historical policies that prevented blacks from living near factories or in certain neighborhoods. In many circumstances, decisions may be more reflective of where whites geographically reside compared to minority communities (i.e., white privilege; Pulido 2000; Simon 2000).

Still, others argue that many of the events viewed as environmental injustice are merely a result of economic prudence rather than racial bias touting the association between the placement of hazardous facilities including land prices, zoning ordinances and policies, and the lack of social capital (Lester 2018). From this perspective, hazardous facilities are often located in low socio-economical areas because they often have less zoning restrictions and cheaper property. Thus, disparities are more correlated to poverty rather than race. However, studies still find overwhelming evidence of environmental injustice, particularly against communities of color, even when controlling for income (Bullard 2000).

## Environmental Concerns in Urban Settings

Environmental health problems (sometimes referred to as environmental induced diseases) can be described as "... the health effects caused by toxic substances in people's immediate or proximate surroundings (soil, air, water, household goods)" (Brown 2007, p.1). While people are becoming more informed about the effects of genetic factors and lifestyle choices on different types of diseases, data from public polling supports that many people also hold strong beliefs that environmental factors play a major role in many types of illnesses such as sinus and allergy problems, colds and flus, asthma in children, cancer in children and birth defects (Brown 2007; Olsson et al. 2017). These beliefs may be warranted, if not justified, given our growing understanding of the link between the environment and personal health. According to the Lancet Commission on Pollution and Health report, pollution is the leading environmental cause for disease and premature death (Landrigan et al. 2018). The authors posit that "(d)iseases caused by pollution were responsible for an estimated 9 million premature deaths in 2015 - 16% of all deaths worldwide - three times more deaths than from AIDS, tuberculosis, and malaria combined and 15 times more than from all wars and other forms of violence" (Landrigan et al. 2018, p.1) .

There is no shortage of environmental hazards that can impact the quality of life of individuals. Some of the biggest environmental issues affecting urban areas include air pollution, water pollution, lead poisoning, mercury poisoning, industrial, and manufacturing sites, and the lack of green spaces. Many of these environmental hazards are linked to health problems and concerns such as increased cancer, heart disease, and respiratory risks. Beyond direct health concerns to a community, diseases linked to environmental hazards can hinder productivity in terms of sick days and illnesses and can substantially increase health costs.

### Air Pollution

Air pollution remains a serious problem around the world in many urban areas due to increased pollutants released into the environment through manufacturing and transportation. The over exposure to pollution and hazards such as nitrous oxides and carbon monoxide can lead to asthma, cancer, neurodevelopmental disorders, and even birth defects in children. According to the EPA, more communities of color live in counties that are in violation of federal air pollution standards, as compared to communities with predominantly white residents (Bullard 2000).

Furthermore, research supports that children, in poor or minority neighborhoods, are the most impacted by air pollution. For example, a study by Chakraborty and Zandbergen (2007) in Orange County, Florida, showed a statistically significant disparity in the racial proportionality to the exposure to different types of air pollution among black and Hispanic children compared to white children. Findings also showed that children, regardless of race, were more often exposed to harmful pollutants at school than when home as schools are often located adjacent to heavily traveled roadways.

Currently, the Environmental Protection Agency (EPA) in the United States tracks 187 hazardous air pollutants including acrolein, benzene, chromium VI, ethylene oxide, and formaldehyde, which can create health risks due to inhalation exposures. On a positive note, air quality in the United States has improved since 1990 according to the 2014 National Emissions Inventory (NEI) data published by the (EPA) in terms of Carbon Monoxide (CO), Lead (Pb), Nitrogen Dioxide ($NO_2$), and Sulfur Dioxide ($SO_2$).

### Water Pollution

The degradation and pollution of waterways is a major issue in many urban areas. Runoff from roads can carry oil, rubber, and other contaminants, in addition to nutrient and bacterial sources of contamination including pet wastes, pesticides and fertilizers. Leaking landfills, untreated or poorly treated sewage, and waste water can create pollution that results in the degradation of aquatic ecosystems. Furthermore, construction can limit the amount of water that percolates into the ground reducing the amount of water in the underground water table while simultaneously reducing the overall quality of surface water. Water pollution is the leading worldwide cause of death and disease (e.g., cholera, amoebiasis, dysentery).

### Lead Poisoning

One of the most common and preventable health concerns today is lead poisoning with children under the age of six being especially vulnerable. In the United States alone, there are more than 200,000 cases per year. Lead poisoning is caused by the inhalation or absorption of large amounts of lead into the body by breathing in or swallowing substances that contain lead. Lead poisoning can severely harm mental and physical development. The most common sources are from lead-based paint, lead water pipes, and contaminated dust in older buildings. Although lead-based paints were banned in the United States in1978, traces of lead can still be found in many older homes.

### Mercury Poisoning

Exposure to mercury often occurs when products break or when metallic mercury is spilled. Based on its chemical form (elemental, inorganic or organic), mercury can cause a myriad of adverse health conditions. Methylmercury can result when high levels of mercury are absorbed in the body. The most common cause of mercury poisoning in the United States is when individuals consume fish or shellfish that contain high levels of methylmercury in their tissue (see Minamata disease). Mercury can be found in contaminated soil and several types of manufactured products (e.g., compact fluorescent lights, batteries). High exposure levels to mercury can result in permanent nervous system or kidney damage, hair loss, vision issues, and behavioral changes in adults. Exposure to mercury by fetuses and infants can lead to intellectual delays, cerebral palsy, and other medical problems. Additionally, children exposed to mercury can develop acrodynia in which skin begins to turn a pinkish color and peel.

### Industrial and Manufacturing Hazards

There is little doubt that industrial and manufacturing sites have a direct influence on the surrounding ecosystems fostering increased global warming, water pollution, air pollution, and soil pollution. Harmful chemicals are constantly being released by industrial and manufacturing processes exposing individuals to environmental hazards. Even though many urban areas in the United States still contain industrial or manufacturing areas, sites have steadily been decreasing as manufacturing plants have closed or corporations have moved operations overseas to reduce costs.

Since the early 1980s, the United States shifted from heavy manufacturing to light manufacturing and specialty production, which resulted in many factories, mills, and machine shops to close, creating abandoned areas referred to as "*brownfields*." These buildings often have containment pollution and continue to pollute the area as the buildings decay. However, there is renewed effort in many cities to repurpose these buildings under urban redevelopment plans in an effort to reduce their environmental impact and potentially create new jobs and commerce.

### Illegal Dumpsites

Illegal dumping can be described as the disposal of domestic, commercial, or industrial waste by unlawful means or in unauthorized areas. Illegal dumping can occur for a myriad of reasons including the lack of environmental enforcement, avoidance of disposal fees, people disposing their garbage improperly, or lack of available trash or disposal services. These sites can be a serious problem for many communities that lack the political influence or resources to have regulations enforced or do not receive services to have litter and discarded items removed. They can create environmental hazards along with devaluing property and reducing tourism. Furthermore, illegal dumpsites can create large clean-up costs to local governments that fail to implement prevention and environmental enforcement programs. Regardless of the cause, illegal dumping can adversely affect the environment due to harmful chemicals released in the air, soil, and water.

### Lack of Green Space

A growing body of research has linked green spaces to health and well-being. Green spaces can include greenway trails, parks, golf course, athletic fields, vegetation biomass, or other green open spaces. These recreational areas allow people to exercise, relax, or have social gatherings. Green spaces increase the beauty of communities while simultaneously improving air quality and decreasing greenhouse gases. Studies provide evidence that people with higher income and education tend to have greater access to green spaces along with a higher distribution of vegetation and trees on their streets and in their yards. Individuals living in urban areas have less access to green spaces than individuals living in suburbs or rural areas. Furthermore, members of the lower socioeconomic class often lack the financial ability or opportunity to utilize green spaces located elsewhere such as national or state parks. However, recent projects in many dense urban areas to develop city-wide greenway trails and parks across the city have provided greater access green spaces (Wolch et al. 2014).

While the aforementioned issues continue to be major points of concern across the country, some urban areas have created programs and green initiatives to address these problems and promote more ecological and sustainable environments. As population increases, urban planners will need to find innovative ways to balance growth and environment sustainability. These activities can be in the form of developing greenways for recreational activities to requiring residents to have green roofs. Moving toward an "ecocity" framework can help address many of these issues at a local level.

## Conclusion

The intersection between ecological hazards and social equality is well documented. Environmental issues in urban areas include, but are not limited to, air pollution, water pollution, lead positioning, mercury poisoning, industrial sites, illegal dumpsites, and the lack of green spaces (Bullard 2000; Lynch et al. 2017). Minority communities and low-income neighbors are often disproportionately burdened with environmental concerns and hazards creating issues of environmental injustice. Unfortunately, children are most adversely affected by environmental injustice in urban areas (Chakraborty and Zandbergen 2007). Children living in communities of color or lower-income neighborhoods lack green spaces and are often over exposed to environmental harms. These factors can lead to increased rates of asthma, cancer, neurodevelopmental disorders, and even birth defects (Wolch et al. 2014).

Communities confronted with environmental inequalities must find ways to organize, hold public protests, create petitions, voice concerns to political leaders, and interact directly with organizations that are harming the environment. The necessity for citizen action is imperative to calling attention to occurrences of environmental injustice and finding ways to solve these types of problems through social movements and political activism from the local to the international level (Bullard 2000). For example, residents of Union Hill, VA, were able to stop a gas-fired compressor station from being built in 2020 in their community through political activism. One of the biggest issues today that still hinders many communities of color from safeguarding themselves is the lack of political mobilization due to limited advocates, lobbyists, political influence, financial resources, and access to information (Bullard 2000). For this reason, it is crucial that political leaders work with environmentalist and urban planners to create new programs and policies that promote sustainability and decrease environmental injustice.

## Recommended Further Readings

Smith, Z. A. (2017). *The environmental policy paradox*. Routledge.

## References

Brown P (2007) Toxic exposures: contested illnesses and the environmental health movement. Columbia University Press, New York

Bullard RD (2000) Dumping in Dixie: race, class, and environmental quality, 3rd edn. Westview Press, London

Chakraborty J, Zandbergen PA (2007) Children at risk: measuring racial/ethnic disparities in potential exposure to air pollution at school and home. J Epidemiol Community Health 61(12):1074–1079

Landrigan PJ, Fuller R, Acosta NJ, Adeyi O, Arnold R, Baldé AB et al (2018) The lancet commission on pollution and health. Lancet 391(10119):462–512

Lester J (2018) Environmental injustice in the US: myths and realities. Routledge, New York

Lynch MJ, Long MA, Stretesky PB, Barrett KL (2017) Green criminology: crime, justice, and the environment. University of California Press, Oakland

Olsson T, Barcellos LF, Alfredsson L (2017) Interactions between genetic, lifestyle and environmental risk factors for multiple sclerosis. Nat Rev Neurol 13(1):25

Pulido L (2000) Rethinking environmental racism: white privilege and urban development in Southern California. Ann Assoc Am Geogr 90:12–40

Simon DR (2000) Corporate environmental crimes and social inequality. Am Behav Sci 43:633–645

Wolch JR, Byrne J, Newell JP (2014) Urban green space, public health, and environmental justice: The challenge of making cities 'just green enough'. Landsc Urban Plan 125:234–244. https://doi.org/10.1016/jlalndurbplan.2014.01.017

# Environmental Issues in Kazakhstan

Kristopher D. White
College of Social Sciences, KIMEP University, Almaty, Kazakhstan

## Introduction

Kazakhstan, once a republic of the USSR, gained independence in 1991. Comparatively large in land area (ninth largest in the world) with a modest population of 17 million, Kazakhstan is among the world's most sparsely populated countries. Kazakhstan, located in Central Asia landlocked and distant from the open oceans, shares borders with Russia to the north; China to the east; Kyrgyzstan, Uzbekistan, and Turkmenistan to the south; and the Caspian Sea to the west. Most of its territory consists of flat, semiarid steppe grasslands though major mountain systems ring the southeast, east, and northeast and desert prevails in the southwest. Kazakhstan's economy is largely based on its vast natural resource wealth, particularly petroleum.

Kazakhstan became a full-fledged Soviet republic in 1936. Governance largely emanated from distant Moscow, and Kazakhstan became a location for exiled political prisoners, a forced settlement of nomadic populations, the center for Soviet space launches, the major nuclear testing site, and biological weapons production and testing. Today Kazakhstan can be classified as a

unitary authoritarian state with political power concentrated with the president. From the late Soviet period to 2019, Kazakhstan was led by Nursultan Nazarbayev. In March of 2019, Nazarbayev, aged 79, resigned from the position of president and named Kassym-Jomart Tokayev as the next interim leader. Nazarbayev retains popularity and a certain cult of personality: he was once appointed to the lifelong position of "Leader of the Nation" and on his surprise resignation Kazakhstan witnessed the quick renaming of the country's capital, Astana, to Nur-sultan. In June 2019, Tokaev became president amid crackdowns on protesters following an internationally-criticized election.

During Kazakhstan's first 25 years of independence, political development (including state and nation-building) and economic concerns have understandably taken priority. Kazakhstan has been the site of many instances of Soviet-era mismanagement with respect to environmental resources. Specific environmental issues examined here are the Aral Sea crisis, ramifications from nuclear testing, and threatened wildlife species. For these issues, good environmental governance is crucial for Kazakhstan's sustainable development moving forward.

## The Aral Sea

### Introduction

The story of the Aral Sea, unfolding over the past five decades, is one of the world's worst human induced environmental catastrophes. The Aral, despite its name, was a large, slightly saline inland lake – the fourth largest lake in the world after the Caspian Sea, Lake Superior, and Lake Victoria. Today, what remains of the Aral is scattered across western portions of the Kazakhstan-Uzbekistan border, about 15% the size in area and volume that it once was. Rusting ships abandoned in the desert have become iconic images associated with the shrinking, disappearing Aral Sea. They have also symbolized the environmental destruction and socioeconomic misery resulting from the Aral Sea crisis.

The cause of the Aral Sea disaster was the unsustainable and ultimately catastrophic mismanagement of freshwater resources in the Aral Sea basin. During the mid-twentieth century, the USSR viewed the major river systems of the *Amudarya* and *Syrdarya* as sources of irrigation, allowing the production and harvest of cotton and other agricultural products in this arid region of Central Asia. Originally conceived as part of what has been termed the "Stalin plan to remodel nature," massive networks of dams and irrigation canals, and related hydrologic infrastructure were constructed to siphon water from the rivers. A showcase among these is the Karakum Canal, the world's longest irrigation canal, begun in 1955 and today continuing to divert Amudarya water across the entirety of the desert republic of Turkmenistan. In line with the Soviet ideology of human conquest over nature, the primary economic impact of this intervention was a drastic increase in arable land and the cultivation and harvest of cotton. In one sense, these efforts might be viewed as successful as the Soviet Union became a world leader in the production of cotton. For the Aral Sea, however, as well as many of the region's inhabitants and ecosystems, crisis ensued.

By the late 1980s the shrinking lake had split into two sections, a much smaller northern part (Northern or Small Aral) in Kazakhstan and a much larger Southern Aral partly in Kazakhstan but mostly in the Karakalpakistan autonomous region of Uzbekistan. Desertification and crisis conditions have prevailed throughout the Aral Sea region to the present. Environmental impacts of this crisis have included the rise in lake salinity levels, approaching three times those of the open ocean. Fish no longer could survive the loss of lake habitat and high salt levels. Wetland habitat was also lost, leading to a sharp decrease in migratory bird populations. Infamous dust storms have also plagued the region, with salt and agricultural chemicals (applied heavily during the Soviet period) poisoning the air. Human populations have suffered greatly here. The region's fishing industry collapsed, leading to unemployment and poverty. Poor nutrition and a host of poverty-related diseases remain. Salt and agricultural

chemicals in the ecosystem and food chain assault populations from the air they breathe and the food they eat. Rates of respiratory diseases, cancers, and infant mortality rates remain high.

### Current Situation

By the start of the twenty-first century, the Aral continued its retreat and desert replacing the lake, a number of attempts were made to erect dams across Berg's strait and to stabilize the Northern Aral Sea (NAS). Though ultimately unsuccessful, these paved the way for what has resulted in much needed regional optimism. The 2005 completion of the Kok-Aral dam and 13 km dike complex has stabilized the NAS at a height of 42 m ASL, a 2 m rise from the pre-dam level. This joint $86 million project between the World Bank and the Kazakhstan government has been successful, leading to modest improvements in the ecological health and socioeconomic wellbeing in this part of Kazakhstan. The project's design height for the NAS was reached in a matter of months as fresh water inflow from the Syrdarya has been retained. The NAS has been stabilized, salinity levels have decreased to precrisis levels, and wetland habitats have been restored. With this, aquatic species and migratory birds have made a recovery. Perhaps most importantly for the regional economy, fish have also returned to the NAS. Total fish harvests have increased more than six times since 2005. This has meant regional stimulus with respect to employment and income in the harvesting, processing, retail, and transport sectors.

Despite popular press accounts heralding the "return" of the Aral Sea, since the dam's completion the NAS has increased a rather modest 18% in area and volume, still a fraction of its size in 1960. Fish harvests today on the NAS are approximately 25% of what this part of the lake yielded in the late 1950s. While modest success and improvements can be seen in Kazakhstan's NAS region, the southern Aral in Uzbekistan continues to be mired in crisis. The eastern basin of the southern Aral completely disappeared in 2014 for the first time in history. The western basin, which will continue to survive given its depth, has very high salinity levels and is devoid of fish and all life.

## Nuclear Testing

### History

The Soviet Union's major nuclear testing site, active between 1949 and 1989, was located in northeastern Kazakhstan near the city of Semipalatinsk (now Semey). The world's largest such site at more than 18,000 km$^2$, USSR officials selected this location for its proximity to river and rail transport and relative proximity to the existing nuclear industry in Russia's southern Ural region. Perhaps most important was Kazakhstan's sparse population and expansive open spaces. Over the course of its existence, the Semipalatinsk Nuclear Testing Site (often referred to simply as The Polygon) witnessed more than 450 nuclear explosions. The first of these, on August 29, 1949 and code-named "First Lightning" was a hydrogen bomb with an explosive force over three times greater than the bomb dropped on Hiroshima by the USA in 1945. A shift in weather patterns pushed nuclear fallout over nearby villages. A Soviet expedition to the region to investigate possible public health effects of testing in 1954 reported human impacts (i.e., hair loss and skin lesions) akin to Japanese survivors at Hiroshima.

Atmospheric and above ground surface testing continued here until ratification of the Partial Nuclear Test Ban Treaty in 1963. Between 1949 and 1963, more than 100 above ground explosions exposed between 500,000 and 1,000,000 people to elevated doses of radiation. Post-treaty tests were conducted underground, though leaks often released radiation above ground and into the atmosphere. One prominent location for underground testing within the Polygon was Degelen Mountain, which remains highly radioactive today. By the late 1980s, public anit-testing pressure began to mount. Led by Kazakh poet Olzhas Suleimenov, the Nevada-Semipalatinsk anti-nuclear organization gave rise to a large and powerful grassroots movement. By August of 1991, Kazakh SSR leader Nursultan Nazarbayev called for the closure of the Semipalatinsk Nuclear Testing Site, and the USSR Defense ministry capitulated.

### The Issue

Human exposure to radiation in Kazakhstan's Polygon region continues today. While direct exposure from nuclear blasts diminished greatly following the above-ground test ban and tests stopped entirely here in 1989, radioactive isotopes remain within the ecosystem. External exposure emanates from still-contaminated ground surface areas, and residents also face internal exposure through ingestion of contaminated food and water. Environmental impacts of four decades of nuclear testing include contaminated soil and groundwater, elevated radiation levels in vegetation, and overall radioactive particles persisting in the region's ecosystem. Adverse health effects and overall human suffering have also been apparent here. Elevated instances of various cancers continue to plague the region. Chief among these are cancers of the liver, lung, esophagus, skin, eye, breast, and leukemia. Genetic mutations have been passed on through generations, having led to birth defects and mental retardation. Weak immune systems, thyroid disease, and advanced aging have only added to the overall psychological stress for the region's populous. High rates of suicide have also been documented.

## Threatened Wildlife

### Snow Leopard

#### Introduction

The Snow Leopard (*Panthera uncia* or *Uncia uncia*) is a majestic large cat inhabiting high altitude alpine environments of central Eurasia. The animal's elusiveness and harsh inaccessible habitat is thought to have contributed to its continued survival in the wild and inexact range of population estimates. Between 4,000 and 7,000 snow leopards survive in the wild today across 12 range states (Russian, Mongolia, China, Bhutan, Nepal, India, Pakistan, Afghanistan, Tajikistan, Uzbekistan, Kyrgyzstan, and Kazakhstan). As few as 100 individuals inhabit the northeastern, eastern, and southeastern mountains of Kazakhstan. Despite a low population total (exceeding only Russia and Uzbekistan) Kazakhstan's snow leopards and habitat provide a vital spatial and genetic link between populations to the north and south. The snow leopard is also a ubiquitous cultural symbol in Kazakhstan.

#### The Issue

In 2017, the International Union for the Conservation of Nature (IUCN) changed the status of snow leopards globally from "endangered" to "vulnerable." This so-called delisting might give the impression that snow leopards are somehow less threatened in the wild, though in reality the rate of population decline for the specie has simply decreased somewhat. Numerous threats from humans continue to plague snow leopards. The primary threat is the continued killing of these animals, most commonly by herders in retaliation for livestock losses. Others are occasionally poached for their fur or internal organs in demand for traditional Chinese medicine. As snow leopard prey species (e.g., ibex and blue sheep) have been over hunted, livestock become an increasingly attractive food source, increasing the likelihood of retaliatory killings. Other threats include future habitat loss stemming from climate change and encroachment of human settlements.

### Caspian Seal

#### Introduction

The Caspian Seal (*Pusa caspica* or *Phoca caspica*) is the only mammal living in the Caspian Sea, the world's largest inland water body bordered by Russia, Azerbaijan, Iran, Turkmenistan, and Kazakhstan. This wildlife species is endemic to this ecosystem, meaning it exists in the Caspian and nowhere else on Earth. In 2008, the IUCN's Red List of threatened species officially labeled the Caspian Seal as "Endangered." Today, total population numbers of this animal are estimated at around 100,000 individuals. This is a dramatic decline from the as many as 1.5 million Caspian Seals alive in 1900. As these animals tend to migrate across the Caspian, estimating population numbers living in Kazakhstan's territorial waters

is difficult and unwarranted. Kazakhstan's Caspian waters are, however, vital for the continued survival of this specie. By early autumn, seals migrate north for the annual breeding and birthing process. The northern waters of Kazakhstan (and to a lesser extent Russia) are less saline than those of the south and provide January and February ice cover for the birth of newborn Caspian Seal pups.

### The Issue

The Caspian seal's endangered status and drastic population decline (as high as 90%) over the course of the past century is largely the result of direct human activity. For many decades the seal was actively hunted and harvested commercially for its blubber and, in the case of young seal pups, fur. By the late 1990s, commercial harvesting ceased, though continues today in Russia. Contravening the IUCN's guidelines for endangered species, Russia currently issues a limited number of commercial harvesting permits allowing hunting seal pups for their fur. While commercial harvest has been nearly eradicated across the Caspian, poaching (illegal hunting) of seal pups remains a threat, particularly in the northern breeding and birthing territories of Russia and Kazakhstan. Caspian seals are also killed by nets used to catch (illegally as these are also protected) sturgeon. Underwater netting large enough to snare sturgeon do the same for seals. Ultimately the entangled seals are unable to return to the surface and eventually drown.

Relatively high concentrations of pollution in the Caspian Sea represent perhaps the most important threat to these seals today. One source is industrial and agricultural chemicals draining into the Caspian from its feeder rivers (like the Volga or Ural). Pesticides (DDT) have been detected in Caspian seal blubber and cause lower fertility rates. Another source of pollution is contaminants from oil spills and leaks from offshore drilling sites. This pollution is likely to increase in the future as Kazakhstan's giant Kashagan field under the Caspian moves into production.

Kazakhstan's Caspian coastline has been the scene of a number of recent catastrophic events. In 2000, for example, more than 10,000 Caspain seals were estimated to have died here in what wildlife biologists term a "mass mortality event." In 2007, nearly 1,000 dead seals washed ashore in Kazakhstan. Smaller groupings (between 20 and 50) of dead seals have also littered Kazakhstan's shoreline in 2011 and 2012. The mass mortality event of 2000, representing nearly 10% of the total Caspian seal population, is thought to have been caused by a virus (canine distemper virus). Others speculate that pollution may have made the seals especially vulnerable to viral infections.

## Saiga Antelope

### Introduction

The Saiga antelope (*Saiga tatarica*) is a rather odd-looking ungulate naturally occurring in herds in the semiarid environs of Central Eurasia. Its distinctive over-sized nose warms inhaled air during frigid steppe winters and filters air during hot, dusty summers. The animal's historical range was once the entire Eurasian steppe, from Europe across China. Today, Saiga is limited globally to five distinct population clusters: one in Russia, one in Mongolia, and three in Kazakhstan. Some of these animals in Kazakhstan migrate into Turkmenistan and Uzbekistan during the winter months. The global population of Saiga antelope is estimated to be just under 300,000 individuals. The IUCN lists this specie as "Critically Endangered" a category one step shy of extinction in the wild. Kazakhstan can effectively be considered the last bastion of Saiga populations, heightening its importance for conservation and governance. It is estimated that up to 85% of global population of Saiga lives in Kazakhstan. The three distinct Saiga populations in Kazakhstan are the Ustyurt in western Kazakhstan, near the Ural river in the country's northwest, and the Betpak Dala population in Central Kazakhstan.

### The Issue

The primary threat to Saiga antelope today is hunting by humans. These animals are poached throughout their range, though particularly so in Kazakhstan. An important impetus for killing male saiga is the spiral, amber horns that are

highly sought after (worth at least $1,000 per kilogram) in traditional Chinese medicine (TCM). In 2013 4,500 horns, with an estimated value of $22 million, were seized by custom officials at the Chinese border with Kyrgyzstan. A slightly larger seizure occurred in the Almaty oblast in 2012. Saigas are also killed in Kazakhstan as a source of meat, a particular problem in relatively poorer rural areas. The opening up of the Chinese border added additional economic pressure on the beleaguered Saiga. After a decade of independence, Saiga populations had nearly been eradicated (decrease by up to 95%). Other threats to these animals include habitat fragmentation, as well as fencing, roads, and rail lines that interrupt migration routes. Poor management and a perceived overall lack of law enforcement threaten Kazakhstan's Saiga as well. Illustrating the inherent danger in the latter, in 2019 Yerlan Nurgaliev, a state conservation ranger, was killed by a group of poachers in the remote Kazakh steppe.

In 2015, a mass mortality event took place in Kazakhstan that garnered international media attention. More than 200,000 Saiga antelope dropped dead in a matter of days. These deaths represented more than half the global population, and nearly wiped out (just 15% survived) the Betpak Dala population in central Kazakhstan. Scientific research revealed the likely cause to be a commonly occurring bacteria *Pasteurella multocida* type B. Under normal circumstances this organism in the nose cavity of Saiga are not harmful, though a climatic anomaly of excessive heat and humidity proved catastrophic. Such climate change effects may appear more frequently moving forward into the future.

## Governance

The environmental issues in Kazakhstan described above have been targeted with a variety of governance efforts, with most necessitating some form of international cooperation. Since the late 1980s, the Aral Sea and its detrimental environmental and socioeconomic impacts have increasingly received global attention from mass media outlets, scholars, NGOs, international development agencies, and local and international governing bodies. Following the collapse of the USSR, Central Asian states immediately recognized the importance of joint management of the region's river basins including the Aral Sea. An offshoot of this was the formation of the International Fund for Saving the Aral Sea (IFAS) in 1993 by the presidents of the newly independent Central Asian states. The primary focus of this organization has been cooperative water management and ultimately the improvement of environmental and socioeconomic conditions in the Aral Sea region. The political will on the part of the Kazakhstan government was instrumental for the completion of the 2005 dam project. Officially termed the Syr Darya Control and Northern Aral Sea project, joint funding and implementation by Kazakhstan and the World Bank have resulted in stabilization of the Northern Aral Sea in Kazakhstan and resultant improvements in ecological and socioeconomic conditions.

As with the Northern Aral Sea case, policy responses to the nuclear testing legacy in Kazakhstan have been crucial. In 1992, the newly independent Kazakhstan government passed the law "on social protection of citizens suffered from nuclear tests in the Semipalatinsk nuclear test Polygon." Under this law nearly 1.1 million residents have been issued "radiation passports" that entitle them to monetary compensation and higher pensions. For children, free medical treatment is available, as are increased maternity leave times for mothers. Closing the Semipalatinsk nuclear test site and removing all nuclear weapons from the territory of Kazakhstan has been considered a major policy and geopolitical success. This achievement has raised Nursultan Nazarbayev to a prominent position as global leader in denuclearization. This and nuclear nonproliferation have been key components to Kazakhstan's foreign policy throughout its quarter century of independence.

Threatened wildlife species in Kazakhstan have also been targeted by a variety of governing initiatives. For the Snow Leopard, much of its habitat, blanketing mountain peaks, crosses

international political boundaries. The animals are very much a trans-boundary resource and as such effective management requires international cooperation and governance. Recognizing this, the first World Snow Leopard Forum was held in Bishkek, Kyrgyzstan, in 2013. This was the first ever gathering of state officials from the 12 snow leopard range states. In addition to high ranking government officials, this meeting also brought together representatives from World Bank, United Nations, conservation organizations, NGOs, academics, and journalists. Protection and conservation of the snow leopard was the focus of this gathering. One tangible result was the establishment of October 23 as International Snow Leopard Day.

Caspian Seal habitat also crosses international boundaries of the Caspian Sea, with management of its trans-boundary resources necessitating international governance. To this end, high-ranking officials from each bounding state met in 2018 and signed the Environment Impact Assessment Protocol under the Tehran Convention. With an overall goal of protecting Caspian natural resources, this treaty is the first environmental agreement of its kind in the region to date. Specifically dealing with the plight of the Caspian seal, Kazakhstan and other littoral governments in 2007 signed the Caspian Seal Conservation Action Plan (CSCAP). In 2010, the government of Kazakhstan agreed to pioneer efforts to develop Special Seal Protected Areas (SSPA) within its Caspian waters. To date, no such protected areas exist in the Caspian Sea.

For the Saiga Antelope, populations were managed sustainably, with numbers stable at around one million animals during the Soviet period. Following the 1991 collapse of the USSR, weak institutions plagued each of the Soviet successor states. In Kazakhstan, particularly in poverty-stricken rural areas, in a seminal multi-state agreement, the Saiga range states gathered in Almaty, Kazakhstan, in 2006 and signed a Memorandum of Understanding on the Conservation and Management of the Saiga Antelope. This and subsequent agreements have been organized by the United Nations Environment Program Convention on Migratory Species (CMS).

## Conclusion

A number of environmental issues, with varying degrees of global notoriety, continue to impact Kazakhstan today. Some of these issues are a legacy of the Soviet era and its unsustainable management practices and ideologically driven environmental abuse. The Aral Sea crisis and nuclear testing legacy are clear examples of this, while the situation with threatened wildlife seems more a product of post-independence governance challenges. As a newly independent state, governing priority in Kazakhstan has been nation and state-building, as well as economic and political stability. Kazakhstan and former president Nazarbayev can rightfully count as successful ending nuclear testing, closing the Semipalatinsk Nuclear Test Site, and subsequent disarmament and nuclear nonproliferation efforts. While stabilizing the Northern Aral Sea might be considered a modest success, this has engendered a strong sense of hope and optimism, emotions much needed in this region long under assault from environmental and socioeconomic crisis. International cooperation has been an important component of Kazakhstan's efforts to address its environmental issues, as has the assistance of global governance institutions like the World Bank and United Nations. As the Republic of Kazakhstan and its governance structures mature, sustainable development success may require a somewhat higher priority given to environmental concerns.

## Cross-References

► Environmental Governance
► Politics and the Environment

## References

Carlsen TM, Peterson LE, Ulsh BA, Werner CA, Purvis KL, Sharber AC (2001) Radionuclide contamination at Kazakhstan's Semipalatinsk test site: implications on human and ecological health. Hum Ecol Risk Assess 7(4):943–955

Feshbach M, Friendly A Jr (1992) Ecocide in the USSR: health and nature under siege. Basic Books, New York

Grigoryev AA (1952) Soviet plans for irrigation and power: a geographical assessment. Geogr J 118(2):168–179
Harkonen T, Harding KC, Wilson S, Baimukhanov M, Dmitrieva L, Svensson CJ, Goodman SJ (2012) Collapse of a marine mammal species driven by human impacts. PLoS One 7(9):1–9
Kock RA, Orynbayev M, Robinson S, Zuther S, Singh NJ, Beauvais W, Morgan ER, Kerimbayev A, Khomenko S, Martineau HM, Rystaeva R, Omarova Z, Wolfs S, Hawotte F, Radoux J, Milner-Gulland EJ (2018) Saigas on the brink: multidisciplinary analysis of the factors influencing mass mortality events. Sci Adv 4:eaao2314
Kühl A, Mysterud A, Grachev IA, Bekenov AB, Ubushaev BS, Lushchekina AA, Milner-Gulland EJ (2009) Monitoring population productivity in the saiga antelope. Anim Conserv 12:355–363
McCarthy TM, Mallon D (eds) (2016) Snow leopards, biodiversity of the world: conservation from genes to landscapes. Academic, London
Micklin P, Aladin NV, Plotnikov I (2014) The Aral Sea: the devastation and partial rehabilitation of a great lake. Springer, Berlin
Vakulchuk R, Gjerde K, Belikhina T, Apsalikov K (2014) Semipalatinsk nuclear testing: the humanitarian consequences. Norwegian Institute of International Affairs, Oslo. Accessed via http://large.stanford.edu/courses/2014/ph241/powell2/docs/vakulchuk.pdf

# Environmental Nonprofit Organizations

Rachel Emas
School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

## Synonyms

Environmental nongovernmental organizations (environmental NGOs); Environmental organizations

## Definition

Environmental nonprofit organizations are groups outside of government and the commercial sector whose objectives and actions are rooted in and motivated by environmental, sustainability, wildlife, wilderness, nature, and biodiversity management, lobbying, research, advocacy, conservation and/or preservation efforts and aims.

## Introduction

Environmental nonprofit organizations (environmental NPOs), which are most often referred to as environmental nongovernmental organizations (environmental NGOs), are groups operating outside of government and the private sector whose objectives and actions are rooted in and driven by various environmental aims such as sustainability, wildlife and wilderness conservation, biodiversity management, research, lobbying and advocacy, natural resource preservation, and recreation.

Governmental institutions are traditionally organized into sectoral agencies and departments. This works reasonably well until the system encounters a challenge that is multifaceted, complex, and comprehensive, such as the major environmental and natural resource problems. Environmental nonprofit organizations, acting outside of formal state and governmental processes, are positioned to drive awareness and leverage change across sectors, levels of governments, geographies, nations, and groups of people in order to address these difficult dilemmas. Environmental NPOs play an increasingly vital role in advocacy, lobbying, negotiating, and monitoring environmental policies and agreements. Thus, it is important to evaluate these types of nonprofit organizations. This entry will first review the common characteristics, activities, and roles of environmental NPOs. Then, the history and evolution of these organizations will be considered. Finally, the entry ends with a discussion on the current state of environmental nonprofit organizations in the world today.

## Characteristics of and Characterizing Environmental Nonprofit Organizations

Environmental nonprofit organizations can be characterized in several ways. For example,

environmental NPOs can be identified according to the issue to be addressed, organizational features, and the level at which they function. One common mechanism used is to delineate these environmental nonprofit groups by the environmental issue which they seek to address, such as animal rights, resource conservation, deep ecology, environmental health, resource preservation, wildlife management, or environmental justice, to name a few. Then, environmental NPOs can be further considered according to their focus with respect to a particular environmental issue such as specific geographical area, natural resource, species, habitat, or population group.

These environmental nonprofit groups may be characterized with respect to their formal (legal) organizational structures, which influence resource acquisition and distribution, governance, and stakeholder composition. ENPOs are frequently financed by some combination of individual donations, bequests or endowments, government grants or contracts, corporate sponsorships, fees for goods or services, foundation grants, or other institutional sources of capital. As with all such nonprofit organizations, the amount and range of funding sources varies considerably for environmental groups.

The management and governance of an environmental nonprofit organization, like other NPOs, is highly dependent on the organization's legal status and the composition of its stakeholders. The nation of origin of each ENGO establishes the legal structure, status, and constraints that govern the actions and activities of the organization. Depending on these conditions and contexts, environmental organizations may be composed of volunteers, professional staff, executive director, director general, boards of directors or trustees, etc., or a combination thereof.

As with other nonprofit organizations, many environmental NPOs choose to rely on a mixture of paid professional staff and volunteers. In the governance model common to nonprofit organizations in the United States, the staff are responsible for the delivery of goods and/or services to the target population. These staff members are managed by the executive director, who is employed directly by the board of directors. The executive director is tasked with staff management, program development, daily operations, and communication with the board. Composed of unpaid individuals, the board of directors is responsible for establishing the organizational mission, policies, and oversight, and maintaining connections with the community.

One type of organizational structure commonly employed by environmental nonprofits is by forming a national level organization that serves as an umbrella organization for local chapters. The local affiliated groups each work separately in their jurisdiction towards the same goal, with the national organization establishing mission-related priorities, coordinating efforts, mobilizing resources, and communicating between groups as needed. Increasingly, environmental NPOs engage in collaborative efforts to effect mission. Thus, organizational structures often include those mechanisms that facilitate collaborations and networks of several major environmental organizations with similar objectives. As with individual organizations, these coalitions may differ in their degree of formality, timetable, and structure. These environmental networks are created in order to pool and leverage resources and political influence for greater impact on the specific policy issues they have in common. Finally, environmental nonprofit organizations may select a simpler organizational structure without the use of a network, coalition, or collaboration if this aligns with the goals of the group.

Environmental organizations may also be grouped by the level at which the organization participates, operates, and engages in activities, such as the local, state, national, regional, multinational, and international levels. At the international level, the extensive list of environmental NPOs includes the Environmental Defense Fund, an environmental advocacy group which works on issues such as climate change and energy, marine and ocean ecosystems, and land use. Other international environmental NPO include the Forest Stewardship Council, which establishes standards, certifications, and labels for forest products, and the World Resources Institute, whose work is focused on sustainable management of natural resources. Examples of

environmental nonprofits that operate and address concerns at the regional level include the Environmental Foundation for Africa, European Wildlife, among others.

At the international, national, and local levels, there are tens of thousands of environmental organizations throughout the world, serving a variety of objectives but often undertaking similar actions, which are addressed in the following segment. The next section outlines the common tasks, activities, and roles of these nonprofit organizations in the sphere of environmental governance.

## Activities and Roles of Environmental Nonprofit Organizations

Environmental nonprofit organizational monitor the state of environmental conditions, issues, and public policy. Environmental nonprofit organizations are highly visible in the public sphere, shaping public awareness and decision making at all levels of government and across the globe. Through direct or indirect actions, environmental NPOs have helped to bring to the public's attention environmental challenges and dilemmas to be addressed, such as the conservation of endangered species, global warming, and climate change.

Key activities performed by environmental NPOs include their participation in the traditional policymaking phases of issue identification and agenda setting through the organizations' support for and promotion of public awareness on environmental issues. Activities to promote increased awareness are oftentimes coupled with the organizations' advocacy for specific environment-related policies, as well as their support for environmental justice and equity more generally. This section will further discuss key activities undertaken by environmental NPOs and explain the role served by these groups.

Towards issue identification and agenda setting, environmental nonprofit organizations undertake stakeholder engagement, advocacy, negotiation, and consensus building throughout the policy process. In doing so, environmental NPOs perform activities central to all stages of policymaking, including policy formation, development, implementation, assessment, and revision. Due to the expertise of these environmental nonprofit groups and their nonpartisan, nongovernmental status, environmental NPOs often take part in the evaluation of environmental conditions, monitoring of enforcement and compliance efforts, and the collection, analysis, and dissemination of data, information, and research.

One of the most important contributions of environmental nonprofit organizations is to raise and strengthen public awareness and acknowledgement of environmental and natural resource concerns. The grassroots nature of many environmental organizations lends itself to local efforts to alter behavior. Therefore, government agencies and environmental NPOs frequently collaborate in the management of environmental activities, projects, and programs. For instance, several agencies of the US federal government worked closely with the organization Nature Conservancy during the development of plans for habitat conservation for the Endangered Species Act. This collaboration allowed the federal government to address difficult matters despite formal organizational constraints, while providing the Nature Conservancy heightened influence and legitimacy in the environmental governance stage.

Environmental nonprofit organizations help to democratize decision-making efforts as a result of their engagement with citizens and stakeholders, especially population groups that are often underrepresented in the policy process. Education and advocacy efforts by environmental NPOs have the potential to engage citizens and place important environmental concerns on the public agenda. A few examples of how they accomplish these goals are through the creation and dissemination of environmental impact statements, organizing town halls or informational forums, and serving as an outlet for information and communication regarding important environmental issues. The goal is for stakeholders and citizens to become more knowledgeable about and engaged in critical decision-making endeavors related to the environment.

Environmental NPOs also confront environmental justice issues as a result of environmental

hazards and natural resource challenges, which disproportionately impact marginalized groups. Within the realm of environmental organizations, there is a subfield of environmental justice groups that address the fair treatment and meaningful participation of all stakeholders in policy development, implementation, and enforcement. Environmental justice organizations seek to provide equal access to the decision-making processes to promote a healthy environment for all, especially those populations often left out of or underrepresented in these measures. In doing so, they offer a platform and participation vehicle for groups who are vulnerable to environmental hazards or resource challenges. Cultivating engagement of marginalized peoples may also serve to encourage more sustained, broad-based public participation by citizens in other policy areas.

Another significant role of environmental NPOs is in addressing the transboundary, interdependent, and complex nature of many modern global environmental challenges, like sustainable development and climate change. One way environmental NPOs help is by monitoring and assessing the implementation of international commitments, serving as an impartial and nonpartisan watchdog and source of scientific information. These nonprofit groups can also provide expertise and advice on highly technical matters of environmental policy to government officials and key decision makers. The complexity of international environmental agreements between many sovereign nations presents environmental NPOs with the opportunity to aid research and the flow of information between a diverse set of policy actors. For instance, the United Nations Commission on Sustainable Development has implemented innovative formats for organizational collaboration, such as multi-stakeholder dialogue sessions, a partnership fair, and a series of sessions specifically for major groups like nonprofit environmental organizations (United Nations Non-Governmental Liaison Service 2007). These interactive and cooperative mechanisms offer unique opportunities for nonprofit organizations to disseminate information and facilitate cooperation across governmental levels and boundaries.

Environmental NPOs undertake many activities that influence the decision-making processes at all levels even though they lack formal public policymaking authority. Environmental nonprofit organizations continue to play an increasingly important role through their efforts to increase public awareness, engage citizens, enhance transparency, negotiate and monitor intergovernmental agreements, and provide scientific expertise on complex topics.

The following section reviews how these activities of environmental NPOs have initiated, supported, and leveraged environmental movements over time in order to increase awareness and influence policies and decisions.

## Evolution of the Role of Environmental Nonprofit Organizations

There is a long history of groups dedicated to protecting and conserving the environment and natural resources in nations and neighborhoods around the world. Critical moments for and intensification of many national environmental movements are often the result of decades of effort by these organizations, consistently working at the grassroots level to increase awareness about specific environmental issues. This section presents examples of organizations in several countries whose work prompted the passage of national or international environmental protection and conservation policies.

The Commons, Open Spaces, and Footpaths Preservation Society of Great Britain was founded in 1865 and is one of the earliest environmental NPOs in Europe. This group was followed by the founding of four other NPOs in the United Kingdom over the next 20 years, all of which addressed the protection of birds and clean air. In 1891, one of these four groups, now known as the Royal Society for the Protection of Birds was established to protest the use of plumage in the making of clothing and accessories. British middle-class women joined the movement in large numbers, and, only 15 years after its formation, the society achieved its first success with the passage of the Prohibition of the Importation of Plumage in

1921. The efforts of this environmental NPO built on the work of earlier preservation groups and encourage public policies on the protection of the environment by demonstrating the necessity of government intervention in preserving and conserving natural resources and wildlife (McCormick 1989).

The Natal Game Protection Society was founded in South Africa in August of 1883 as the nation's first wildlife conservation body amidst the rising popularity of hunting and resultant diminishing natural resources in the wake of European settlement. The Society pressed for the formal establishment of protected game reserves. Four game reserve areas were established by the government in 1897 partly in response to the Society's efforts (Hurrell and Kingsbury 1992).

Sri Lanka was similarly suffering from the declining game populations and, thus, the Ceylon Game Protection Society was established in May 1894. At the second meeting of the organization that now called the Wildlife and Nature Protection Society of Sri Lanka, the group required all members to ensure that the provisions of the local gaming ordinances were enforced in their districts. This early environmental NPO was directly involved in the monitoring and enforcement of local gaming, hunting, and poaching policies (McCormick 1989).

In the United States, the roots of the environmental preservation movement can be traced to the early work of activists and organizations that began in the late nineteenth century in an effort to promote efficient use of natural resources. With this rise in environmental awareness, the Sierra Club was founded in 1892 and Audubon Society in 1905. These organizations were created in response to a specific environmental challenge or crisis. For instance, the Audubon Society was formed in reaction to the slaughter of millions of birds for commercial trade (Hurrell and Kingsbury 1992).

Generally, environmental organizations operated diligently with small membership numbers until the rise of the modern environmental movement of the mid- to late-twentieth century. Coinciding with the broader civil rights movement, concern in the US over nuclear energy, pollution, and diminishing natural resources, strengthened the memberships, financial support, and influence of environmental groups. For instance, the Sierra Club had about 7,000 members in 1950, but this grew to 10,000 by 1956 and 15,000 in 1960 (Cohen 1988). Growing public awareness of environmental issues was also due in large part to the decades of continuous and consistent work of dedicated environmental nonprofit groups focused on drawing attention to critical environmental concerns (Hurrell and Kingsbury 1992).

The modern environmental movement came to the fore in the 1960s and 1970s, placing environmental issues on national agendas. In 1970, the first Earth Day, now a global event that began in the United States, was celebrated by 20 million Americans, bringing together a wide swath of groups and individuals in a rare political alignment. By the end of that year, the United States had created the Environmental Protection Agency. Environmental NPOs were key stakeholders in the rise of environmentalism onto the main stage of national and international politics and policy in the mid-twentieth century.

At the international level, the United Nations Economic and Social Council established the Committee on Non-Governmental Organizations (called the NGO Committee) in 1946 to acknowledge the importance of these groups and include them in discussions and debates at the international level. In 1972, the United Nations hosted the first Conference on Environment and Development in Stockholm, which led to the creation of the United Nations Environment Program (UNEP). The creation of the UNEP further legitimized the work of environmental organizations and helped to formalize their role in environmental policymaking. In the 1992 UN Earth Summit, which is also called the Rio Conference as it was held in Rio de Janeiro, Brazil, over 9000 governmental, private, and nonprofit organizations from 171 nations came together to debate and discuss environmental progress and problems (United Nations Economic and Social Council 1997).

The UNEP global forum produced Agenda 21 and the Rio Declaration, which called on all stakeholders to take action towards more balanced and sustainable development at all levels of

government and across all sectors and geographies. Principle 10 of the Rio Declaration calls upon governments to work with citizens and organizations to improve and increase public participation, access to information, and access to justice in environmental matters. Agenda 21 is particularly significant for its endorsement of the role of environmental NPOs in shaping environmental policy. Section three of Agenda 21, Principle 27 addresses strengthening the role of nongovernmental organizations and acknowledges the critical role of NGOs in the shaping and implementation of participatory democracy. A specific objective of Agenda 21 is the development of mechanisms that support and enable environmental NPOs to effectively engage citizens in public debate, policy development, and implementation processes.

At the 1992 Rio Conference, tens of thousands of nonprofit organizations also called for the creation of an official open-ended NGO working group. Four years later, the United Nations established just that, and outlined specific principles for consultative relationships with these organizations. In these consultative relationships with the United Nations, organizations may propose items for meeting agendas, attend and present at meetings, offer written statements on specific items, and perform special studies on scientific issues. Previously reserved for member states, the authorization of these important activities enhances the value of these organizations in the various stages of decision making.

Since the establishment of these more formalized relationships with the United Nations, environmental NPOs have been increasingly active in major environmental conferences, summits, headings, negotiations, and dialogues at the international level. Some international commissions have gone even further to recognize and respect NPOs as formal stakeholders in these events, such as the NGO Representatives on the Major Groups Facilitating Committee of the United Nations Environment Program.

As the world has become increasingly globalized over the past several decades, the size and scale of environmental nonprofit organizations has also grown. The swift development of the field of environmental organizations is partly a reflection of the growing awareness of the depth, breadth, scale, and scope of environmental problems, and the limited capacity of traditional governmental institutions to address these challenges alone. The following section will detail contemporary developments in the field of environmental NPOs.

## Twenty-First Century Challenges and Environmental Nonprofit Organizations

The evolution of environmental nonprofit organizations has progressed rapidly in the last century, and environmental NPOs are increasingly influential in today's diverse and globalized world. Technological advancements have made science and data a prominent driver for policymaking and analysis and elevated the role of expert-based environmental NPOs. Much of the expertise, empirical research, and scientific knowledge of environmental issues is generated by the work of these nonprofit organizations.

Modern environmental challenges are often complex, interconnected, and transboundary. The issue of climate change, for instance, has already created widespread impacts for individuals, groups, and nations throughout the world with regard to water, energy, transportation, agriculture, ecosystems, healthcare, and national security. These environmental problems are not constrained by political, geographical, or other manmade boundaries. Thus, the independent actions of sovereign governments may not be sufficient to adequately address these issues. This concept that organizations can overcome some of the constraints faced by national governments has found increasing acceptance in the international community, especially regarding specific environmental challenges like climate change and sustainable development.

Environmental NPOs' expertise in environmental matters is especially critical in addressing complicated matters that require consultation. The expert knowledge of ENPOs can be a valuable resource in the development, implementation, and monitoring of environmental policy. The emphasis on data-driven decision making is an effort to confront dynamic, comprehensive,

and complex challenges of the environment, and environmental nonprofit organizations are often sought out as resources for scientific expertise. Following Agenda 21, for instance, the United Kingdom developed the following three bodies for broader consultation: (1) the British Government Panel on Sustainable Development, which is composed of environmental experts and scientists, (2) the United Kingdom Round Table on Sustainable Development, which includes nonprofit organization representatives and academics (3). the Citizen's Environment Initiative, whose members are experts in the environmental and political arenas (Eden 1996).

In the face of complex global natural resource and ecological dilemmas, environmental NPOs have helped to monitor stakeholder commitments; enable communication and collaboration between government, businesses, and citizens; and provide knowledge and expertise to government officials and key decision makers. With the growth in complexity of the environmental challenges of the modern world, these environmental nonprofit groups acknowledge and appreciate the need to collaborate and work together to achieve progress on today's most pressing problems. Environmental nonprofit organizations are poised to play an ever-important role in confronting these difficult problems. However, to be effective partners the role of these groups must be acknowledged and respected by formal state actors and policymakers. Both organizations and nations must recognize that they need to work together in order to tackle the complex environmental problems of the twenty-first century.

## Conclusion: Importance of Environmental NPOs in Shaping Policy

Environmental NPOs play a significant role in shaping policy through research, public awareness and education, monitoring environmental conditions, and advocacy. As environmental NPOs are not formal public agencies, these groups have flexibility in their methods used to increase awareness and advocate for issues of importance. The grassroots nature of many of these organizations also lends itself to increased effectiveness with local populations and improved citizen engagement. Those environmental organizations which rely on voluntary memberships are especially well-suited to influence the local citizenry with whom they have a history of trust, legitimacy, and respect (Rosenbaum 2017).

Many modern environmental concerns are transboundary and highly complex. Thus, environmental nonprofit organizations serve an increasingly vital role in the negotiation and monitoring of international agreements to combat these intricate challenges. Environmental nonprofit organizations help to promote public awareness, monitor public and private sector activities, research program and policy impacts, disseminate information, and advocate for environmental causes. Environmental NPOs are invaluable to society, serving as mediating bodies that make the complex structure of relationships among stakeholders more interconnected and adaptable to changes in the broader environment.

As environmental challenges continue to grow in significance, scope, and scale, environmental nonprofit organizations will increasingly be called upon to perform. Environmental nonprofit work to galvanize public awareness and support, advocate for equity and justice, evaluate and assess environmental threats, and collaborate with other stakeholders to produce positive change.

This entry first reviewed the common typologies and categorizations of these groups. Second, it outlined the activities and roles of environmental nonprofit organizations. Then, the history and evolution of these organizations was presented. Finally, the entry ended with a discussion on the current state of environmental NPOs in the world today. From this discussion, it is evident that environmental nonprofit organizations have played a crucial role in the formulation and governance of environmental policy. Environmental NPOs will continue to play a significant part in aspects of environmental decision making, implementation, and governance.

## Cross-References

► Cause-Related Marketing
► Community-Based Organizations

▶ Citizen Participation and Nonprofit Organizations
▶ Disaster Management and Nonprofits Organizations
▶ Governing and Managing International and Global Nonprofit Organizations
▶ Government and Nonprofit Relationships
▶ Public Organizations and Nonprofit Organizations
▶ Stakeholder Perspective in Nonprofit Organizations
▶ Structure of Nonprofit Organizations

## References

Cohen MP (1988) The history of the Sierra Club: 1892–1970. Sierra Club Books, San Francisco
Eden S (1996) Public participation in environmental policy: considering scientific, counter-scientific and non-scientific contributions. Public Underst Sci 5: 183–204
Hurrell A, Kingsbury B (1992) The international politics of the environment. Oxford Press, New York City
McCormick J (1989) Reclaiming paradise: the global environmental movement. Indiana University Press, Bloomington
Rosenbaum WA (2017) Environmental politics and policy. CQ Press, Thousand Oaks
United Nations Economic and Social Council (1997) Official records, 1996: supplement no. 1. Resolutions and decisions of the economic and social council. United Nations, New York
United Nations Non-Governmental Liaison Service (2007) Intergovernmental negotiations and decision making at the United Nations: a guide. United Nations, New York/Geneva

# Environmental Policy in Latin America

Raul ORyan[1,2] and Cecilia Ibarra[2]
[1]Universidad Adolfo Ibáñez, Engineering and Sciences Faculty, Santiago, Chile
[2]Center for Climate and Resilience Research (CR)2, Universidad de Chile, Santiago, Chile

## Synonyms

Environmental governance; Government instruments

## Definition

Environmental public policy is a government action to guide and regulate a sector or a region, regarding the use of natural resources and the quality of the environment.

## Introduction

Environmental policy in Latin America has been evolving to include the region's diversity and better cope with the different and more complex problems faced. Most countries are highly urbanized – Brazil, Argentina, and Uruguay exceed 90% of urban population – and almost all countries are above the world average of 52%. A common characteristic of Latin American countries is their natural resource abundance as well as their economic dependence upon primary exports. The region has an important part of the world's tropical forest, freshwater, and cultivable land as well as mineral resource reserves. Consequently, there are two main areas of environmental policy concern: environmental quality, in particular air and water pollution relating to urbanization and mining, and resource management of renewable and nonrenewable resources.

Environmental concerns however cannot be separated from contextual factors. Policy themes such as development, poverty, and inequality have been strongly related to environmental issues. Despite the "blessing" of significant natural resources, the benefits of its exploitation do not reach most inhabitants. Currently income per capita in the region varies from USD 1720 in Haiti to USD 19,300 and USD 21,030 in Panama and Chile, respectively. Poverty as percentage of total population ranges from 11.1% in Brazil to 61.9% in Honduras, and in most nations of the region is well over 25%. High inequality as measured by the Gini index is prevalent in the region. Political instability and swings from nationalization to privatization are prevalent in the region. In this context, the process to develop environmental policies has included both the need to generate enabling conditions for these policies and the development of specific policy instruments.

To better understand environmental policy development in Latin America, this article is organized loosely around three different epochs: pre-1990, the 1990s, and the 2000s. The following three sections give an account of each policy stage by discussing main policies' focus, most common environmental problems subject to policy action, and preferred policy instruments. Discussion is illustrated with examples from different countries. The final section concludes and presents some important challenges for the near future in the region.

## Before the 1990s: Technocratic Fixing and Command and Control Instruments

Although there are examples of environmental regulation in Latin America in the early twentieth century – i.e., norms for the quality of drinking water dating from the 1930s and for industrial drains disposal – most countries of the region begin applying norms and standards in the 1960s. Up to 1990, what can be found are diverse and disconnected regulations, aimed basically at protecting public health from potential hazards (e.g., source-specific emission limits, product specifications, and waste disposal regulations) and the use of common pool resources, such as water, coastal zones, fishery zones, and forests.

Discussion on environmental policy in Latin America was mainly referred to economic development and dependency theory. In the political arena, between the end of the 1950s and beginning of the 1980s, nationalization of various natural resources such as oil and copper as well as reforming land tenure programs spread through many Latin American countries (Mexico, Peru, Chile, Brazil, Argentina), following more general antiforeign sentiments (Chua 1995, p. 239). Ideas about development and environment were controversial, crossed by tension on understanding the relationship between the so-called "first" and "third" worlds where the industrialized countries' call for stopping an environmental crisis could limit developing possibilities for unindustrialized countries (Estenssoro 2014). Most studies relating to natural resources availability were static and partial; they did not look at the ecosystems from a dynamic and interrelated perspective which could help in understanding its interactions with anthropic activities (Sunkel 1981). ECLAC developed an environmental program promoting development paths which could be particular to each country's reality and could harmonize social, economic, and environmental dimensions (Sunkel 1981).

However, in the 1980s a common feature in many Latin American countries was the presence of authoritarian regimes and the installation of market-driven models of development where economic growth was put center stage. In this context environmental concerns were considered issues that should not limit growth and that could be fixed after they occurred. As a result, many of these concerns were channeled basically through fringe nongovernmental organizations (NGOs), usually financed by international foundations. In most countries a new privatization cycle initiated in this period resulted in many of the natural resources moving back, at least partially, into private hands, for example, oil in Mexico, mining and oil in Peru, and mining in Chile.

Environmental quality problems were understood as relatively simple requiring technical or management solutions. When a problem was evident, following a technocratic approach, public authorities identified the "problem" and sought expert advice to propose the "solution." Environmental concerns were basically an issue of state concern if they imposed a large risk, and action was undertaken reactively as problems appeared. There was no specific environmental institutionality, and environmental problems were dealt with by the affected sector, for example, the Health Ministry, setting water or air quality standards.

In line with this approach, in the initial stages of environmental policy making, the most common policy measures were direct regulations, also called command and control instruments, such as prohibitions, technology mandates, and performance standards. Reliance on command and control instruments assumed that the regulator had the capacity required to design and to apply the instrument. Environmental problems where experience

from other more developed countries could be easily transferred and/or where solutions were relatively straightforward were amenable to such an approach.

## The 1990s: Global Drivers, Increasing Complexity, and Economic Instruments

During the 1990s, increasing state involvement, important international pressures, and a more proactive approach to environmental policy making are observed. Most Latin American countries moved from dictatorial regimes to democracies and had to deal with their legacy: market-oriented restructuring of productive sectors, a weak state, social relations affected by the strengthening of elites, and greater presence of transnational companies (Castro et al. 2015). Democracy brought with it the need to develop their own paths and respond to more complex systemic environmental concerns such as land and forest degradation, atmospheric pollution, and urban and industrial waste, which affected large populations and diverse interests. Biodiversity and freshwater access were identified as increasingly important issues (UNEP 1997). This increased both the breadth and depth of required environmental policies.

Most Latin American countries had opened their economies and increased their international trade. Some opted in this period for intensifying their global market orientation by subscribing international trade agreements, for example, the North American Free Trade Agreement (NAFTA), which included environmental restrictions from developed partners that feared a "race to the bottom," i.e., that developing countries would compete unfairly through more relaxed environmental standards. These agreements thus became drivers for policy design and implementation.

The 1992 United Nations Conference on Environment and Development in Rio de Janeiro, Brazil, also known as the Earth Summit or Rio Conference promoted the importance of advancing in developing environmental policy and institutions, as well as fostered awareness on new topics such as climate change (supported also by the IPCC 1990 Report) and biodiversity loss.

Whereas in the past, more state involvement was seen with skepticism by firms, many of these changes – especially clear rules – were supported by export-oriented sectors that recognized that external markets were now requiring better environmental stewardship, including both products and production processes.

Consequently in the 1990s, the internal democratic context and the external driving forces coming from international trade and global environmental treaties called for a new approach to environmental policy in Latin America. There was a transformation from a disparity of norms into bodies of policy issued by dedicated environmental institutions (UNEP 1997). For example, in 1992 Chile issued its Law for the Environment (Ley de Bases del Medio Ambiente), which collected all norms and regulations from different sectors into a body of law under a policy directed at fulfilling international commitments and organizing what was already in place; Honduras promulgated in 1993 the General Law of the Environment, which established a State Secretariat in the Department of Environment. Most countries in Latin America implemented regulations on air, water, and emission standards and required environmental impact assessments of large investment projects (UNEP 1997).

Environmental institutions were developed and political positioning of the issue gained prominence. The new generation of state bodies included the Secretariat of Environment, Natural Resources and Fisheries (SEMARNAP) in Mexico, the Ministry of Sustainable Development and Environment in Bolivia, the Secretariat of Natural Resources and Human Environment (SERNAH) in Argentina, and the National Commissions for the Environment (CONAMA) in Chile and Guatemala (UNEP 1997). Efforts and resources from international institutions such as the World Bank, United Nations, and Regional Banks supported this trend (UNEP 1997).

New approaches to conservation and biodiversity protection were developed, for example, in Costa Rica a scheme to promote forest conservations by compensating forest owners for the

environmental services their forests provide to society (UNEP 2002). Other initiatives included land-use planning and establishment of protected areas, such as the Program to Conserve the Brazilian Rainforest with funding from the G-7 nations (UNEP 2002). Specific programs and regulations on biodiversity protection included Brazil's National Program on Biological Diversity (PROBIO) that started in 1994, together with identification of priority conservation areas and actions; Peruvian law on biodiversity conservation and sustainable use entered into force in 1997 (UNEP 2002).

New institutions, better policy frameworks, and specific preemptive instruments aimed at avoiding environmental degradation signal a switch toward a more proactive – instead of reactive – environmental policy. This required increasing the array of policy instruments adding to the more traditional command and control instruments. Following the more general political trend of maintaining private sector initiative and control imposed in the 1980s, economic or market-based approaches were pushed strongly, again in many cases by international development banks and organizations. These policy instruments use financial means, monetary and near-monetary rewards, to guide polluters' behavior toward reducing risks posed by their economic activities (NCEE 2001). The most popular market-based instruments are pollution charges (fees or taxes) and tradable permits; there are also positive schemes such as subsidies and tax exemptions.

These instruments were seen as flexible and well fit to improve economic efficiency and corresponded to an international trend resulting from strong critiques to the simplistic policy practices of command and control. It was argued that economic instruments had advantages over direct regulations for achieving results at lower cost, being more effective at controlling large numbers of small sources, and fostering technological innovation. By the 2000s many Latin American countries had experimented with these instruments. For example, Acquatella (2001, 2009) and Acquatella and Barcena (2005) report, based on a survey of 13 countries, that up to 2002, 55 instruments had been implemented: 7 subsidies, 11 tax credits, 4 preferential financing, 2 fiscal transfers, 21 charges, 3 tradable permit schemes, 3 deposit refund systems, and 4 certification schemes. Specific examples are:

- Brazilian taxes on merchandise services, where part of tax collection is allocated to the local government to cover for environmental expenses
- Use of Environmental Services Payment in Costa Rica to compensate for opportunity costs of forest conservation and provision of hydrological and other services and benefits
- Colombia tax benefit for environmental management and investment, tax exception, and deduction, for Rio Negro water management
- In Chile two tradable permit schemes: tradable fishing quotas and a compensation system for fixed source particulate matter in the capital city of Santiago

An important disadvantage of economic instruments relates to the technical difficulties in their implementation and acceptability. According to Acquatella (2009), implementation difficulties are a major obstacle for the use of market-based instruments in Latin America due to the difficulty to integrate environmental policy into the different levels of the state administration (municipalities, regional and national governments) and to harmonize with other tax and funding mechanisms. In fact, of the 55 instruments discussed above, only 32 were operating, and of these many not as expected. Most were positive schemes, i.e., required government support or outlays.

## The 2000s: Complex Governance Including Information, Conflicts, and Participation

In the 2000s, new instruments and issues emerged. Direct regulation has kept its place for dealing with well-defined problems where there is wide consensus on the need for regulation and enough information. Economic instruments have

been gaining ground as a tool for policy makers. For example, as the world moves to mitigating greenhouse gas emissions, taxes, compensation mechanisms, and tradable permits are being implemented, in Mexico, Chile, and Colombia. However, the increased depth and breadth of environmental policy in Latin America that includes both environmental quality concerns and natural resource management, at the global, regional, and local scales, has resulted in the need to develop enabling conditions and new instruments to support policy and institutional frameworks.

Table 1 presents some case studies that underscore critical factors for improved environmental governance. Reliable and timely information and the benefits of incorporating indigenous/local knowledge are important. Environmental information requires easily understood, policy relevant, and participatively designed indicators. This is key to improve both the definition of instruments as well as monitoring and enforcement. Environmental education is required to increase awareness and give people a greater sense of responsibility. Citizen participation in environmental legislation and project appraisals, though used since the 1990s, is weak and continues to be a challenge.

Economic valuation – putting a value on environmental externalities – has also become a more important tool. In some cases, allowing weighing costs and benefits of environmental protection as in the case of Chile where a manual with specific methodologies to put values on economic and social impacts of improved air quality – particularly in health – has been developed for practitioners (Guía Metodológica Para la Elaboración de un Análisis General de Impacto Económico y Social (AGIES) para Instrumentos de Gestión de Calidad del Aire). In other cases, establishing the payments for certain environmental services or values so that their loss can be weighed against the benefits of developing a given project has also been developed.

In this period, it has become clear that there is a need for firms, working together with the state, to go beyond what is required by formal regulations, because in the near future regulations will be required and this will help their development or because markets are demanding this. These voluntary approaches by firms include:

1. Unilateral commitments such as environmental management schemes with certifications or corporate social responsibility, for example, product labeling informing energy efficiency of domestic electronic is used in Chile, with the aim of guiding consumers' choices to reducing energy consumption
2. Public voluntary schemes where participating firms agree on standards developed with regulatory agencies, for example, cleaner production Programs in Chile and Mexico
3. Incentives for clean production, through contests that improve the reputation of firms with better performance or voluntary environmental information disclosure

The state must play an important role supporting the development of these initiatives.

Finally, an important development in this period is that large investment projects are increasingly being contested by civil society articulated against their socio-environmental costs. The Environmental Justice Atlas reported 20 environmentally related conflicts between 1980 and 1990, a figure that more than doubled in the following decade with 58 disputes. The number of cases increased dramatically during the first 10 years of this millennium to 207, most after 2005 (EJOLT 2015), particularly those regarding policy making in environmental domains, such as the use of the territory, access to water, and installation of productive enterprises in communal territories which may see their way of life affected by intruders (Castro et al. 2015). These conflicts arise relating to competing uses of a specific resource, the unequal distribution of the costs and benefits of projects, in particular local communities receiving the costs and not seeing the benefits of projects located in their lands, and differences in values between project proponents and affected communities. Increased corporate social responsibility, better public participation, and cosmetic changes to projects are not enough to resolve disputes over investment projects. The need for a better understanding of the complexity of issues involved and

**Environmental Policy in Latin America, Table 1** Environmental governance case studies

| | | |
|---|---|---|
| Generating environmental Information and Improving the science-policy Interface | | |
| (a) | **Monitoring and evaluation**<br>Central America | The Regional Biodiversity Monitoring and Evaluation Programme (PROMEBIO) has been formulated as a regional programmatic instrument to generate information that enables the management of biodiversity and natural resources, helps the various key stakeholders and decision makers at both regional and national levels to incorporate the issue into their strategic agendas and decisions, and makes a significant contribution to the process of environmental integration in Central America (CCAD-UNDP / GEF 2005) |
| (b) | **Importance of local knowledge in managing marine protected areas**<br>Belize | Bird Caye National Park and Gladden Spit Marine Reserve are co-managed by Friends of Nature, a local nongovernmental organization, through agreements with the government authority – the Forestry and Fisheries Department. Friends of Nature manages the areas, enforcing fishing rules and regulations, which enhances policy effectiveness through local legitimacy and reduces tension between local fishers and federal authorities. Links to fishing communities and international research organizations facilitate the combination of scientific and local knowledge for improved understanding of local environmental conditions (Gray 2008) |
| **Education and environmental culture** | | |
| (c) | **Formal environmental education**<br>Mexico | In the Mexican state of Morelos, a new system of formal environmental education has been developed focused on the particularities and features of the natural environment surrounding the public schools. This program has proved to be of interest to educators, environmental activists, and international organizations worldwide (Hurtado Badlola 2008) |
| (d) | **E-government web**<br>Panama | In 2005, the National Environmental Authority (ANAM) Implemented an e-government web-based platform that allows public access to proposed regulations, environmental studies, scientific reports, and other key documents including administrative fines and complaints. This is fostering active interaction with nongovernmental organizations, the media, and the general public (ANAM 2009) |
| **Improving public participation** | | |
| (e) | **Comanagement in a mangrove ecosystem**<br>Saint Lucia | Comanagement of resources is aptly demonstrated in the Mankòtè Mangrove in Saint Lucla, where participatory and collaborative approaches and methods have been used for reconciling economic and other human activities with conservation ìmperatives (Brown and Renard 2000) |
| (f) | **Latin America partnership for water funds**<br>Brazil, Colombia, Ecuador, Mexico, Peru | These are private-public, long-term financial partnerships to protect critical watersheds, attracting voluntary contributors from large downstream water users who benefit from upstream water preservation activities including reforestation, ecotourism, and water-flow monitoring. They also support green economic opportunities with a positive impact on local communities, such as sustainable farming (Calvache et al. 2011) |
| **Environmental economics and market mechanisms** | | |
| (g) | **System of Environmental-Economic Accounting (SEEA)**<br>Mexico | This system adjusts national accounts to reflect environmental damage and the depletion of natural resources, such as water and minerals, which cost Mexico nearly US$90 billion annually, or 8% of the country's gross domestic product (GDP) from 2005 to 2009 (INEGI 2011). This is attributed to the globalization of markets, weak and poorly implemented policies, and failure to enforce existing laws |

(continued)

E

**Environmental Policy in Latin America, Table 1** (continued)

| | | |
|---|---|---|
| **Collaboration and coordination** | | |
| (h) | **The Caribbean Sea Commission**<br>Wlder Caribbean | The Caribbean Sea Commission, established by the Association of Caribbean States (ACS), in 2006, was set to help advance work on the Caribbean Sea Initiative. This body has the potential to bring greater coherence to the policies and other governance structures associated with the Caribbean Sea (Mahon et al. 2011) |
| **Improving environmental justice** | | |
| (I) | **A manual for fighting environmental crimes**<br>Peru | In Peru, the Manual for Investigating Environmental Crimes has been developed as a tool for obligatory use by environmental prosecutors. It is intended to guide investigation and punishment of environmental crimes in the Peruvian Amazon and other key ecosystems, as well as to bring greater coherence to approaches aimed at environmental crime prevention (Avina 2011) |
| (J) | **Environmental justice in practice: the** *Mendoza Case*<br>Argentina | Positive steps were made in resolving a decades-old pollution problem in the Rlachuelo watershed of Buenos Aires with the ruling adopted by the Supreme Court of Argentina in the Mendoza case. Residents sued the federal government for damage to their health, resulting in a ruling that held the City of Buenos Aires and the federal government responsible for the damage to and reparation of the watershed, and the setting up of an authority to address the environmental health issues. This authority has embarked on a range of clean-up and restoration efforts (Staveland-Saeter 2011; di Filippo 2000) |

Ref: (UNEP 2012, Table 12.1)

the needs of stakeholders is key. Full stakeholder participation in decisions is required, including networking and negotiation between key actors to design and implement sustainable development plans. For example, co-management of protected areas and watersheds by local communities and even the private sector has been adopted in biodiversity conservation and forest management. Much progress is also required in environmental justice, i.e., the fair treatment and meaningful involvement of all people in the development, implementation, and enforcement of environmental laws and policies.

## Conclusions and Challenges

Environmental policy in Latin America has been steadily evolving in the last 40 years. Before the 1990s it can be characterized as basically reactive to problems, i.e., technical solutions proposed by experts were applied as problems became evident, basically relating to water quality and also air pollution. Academic circles discussed about the need to ensure that natural resources be used for development purposes, but authoritarian governments imposed privatization of most resources, and the need to ensure that environmental concerns did not hamper economic growth. The state was the basic actor in this stage establishing standards only when required and ensuring that the private sector could exploit resources without major contestation. Most Latin American countries had isolated norms and regulations for services related to natural resources and productive use of common pools, as well as other regulations aimed at avoiding acute environmental risks. Those policy instruments – developed sectorally – were directed to structured problems and had the logic of command and control.

During the 1990s, this dispersed regulatory approach was slowly reviewed and reorganized into more comprehensive policy frameworks. Pushed by increasing concerns relating to air and water pollution, democratic reforms that required responding to environmental concerns, and the fact that several countries in the region subscribed trade agreements that included environmental

provisions, a more comprehensive and proactive approach to environmental quality concerns is observed. Loss of biodiversity and land degradation gain prominence after the Rio Earth Summit in 1992. Preventive instruments – most importantly environmental impact assessments of large projects – and comprehensive laws are introduced, and environmental institutions developed, giving place to proper environmental policies. Though many regulatory instruments are still in command and control, there is a push to introduce economic instruments to allow flexibility and reduce compliance costs. Additionally, some foreign markets begin to react to environmental concerns and start to require that Latin American exporting firms improve processes and products, even if this is not required by state-mandated regulations.

In the 2000s social concerns creep back into environmental policy making. This completes a new playing field where firms are required to respond to stricter state regulations, market values, and community interests. Market-based instruments are being used to complement standards. Regulators are becoming more sophisticated including in an increasing number of cases the need to put a monetary value on the lost benefits associated to a particular project or policy. External markets are requiring better environmental stewardship by firms, and voluntary schemes are being implemented to advance pollution control. The installation of an investment project in a given territory is seen many times as a threat, rather than an opportunity. Increasing number of conflicts and opposition to new projects have been observed for many different reasons. Usual mitigation and compensation measures are not enough to make projects acceptable to affected communities. Firms and regulators are thus having to change their approach to the development of projects and consider how to better manage the different motivations to oppose investment projects: trade-offs between sectors, NIMBY, and values. This is particularly true for mining projects; however energy projects and others have also been affected.

The increasing complexity of environmental policy making is not a fad, but can be expected to grow. The need to reduce global warming and loss of biodiversity, concerns by more and better informed consumers about social and environmental impacts of their decisions, and increased stakeholder involvement and information, strengthened by better connectivity, will all push in this direction. Greener growth and sustainable development, low carbon and resilient cities, mitigation of greenhouse gases, and adaptation to climate change, among other drivers, will require moving from the discussion of specific instruments toward the development of adequate environmental governance structures. This is a challenge but also an important opportunity for Latin American countries.

**Acknowledgments** The authors acknowledge the support by the FONDAP Program 15110009/CR2 and iUAI EARTH Center.

## References

Acquatella J (2001) Aplicación de instrumentos económicos en la gestión ambiental en américa latina y el caribe: Desafíos y factores condicionantes. CEPAL-PNUD, Santiago de Chile

Acquatella J (2009) Market–based environmental policy in Latin-America: Theory and reality. Tufts University, Boston

Acquatella J, Bárcena A (eds) (2005) Política fiscal y medio ambiente. Bases para una agenda común, vol 85. Comisión Económica para América Latina y el Caribe, Santiago de Chile

Avina (2011) Latin America's Environmental Prosecutors Network produces a manual in Peru. In: Avina Foundation annual report. http://www.informeavina2010.org/english/amazonico.shtml. Accessed 30 Nov 2011

Calvache A, Benítez S, Ramos A (2011) Fondos de Agua, Conservando la infraestructura Verde. Guía de Diseño, Creación y Operación. Alianza Latinoamericana de Fondos de Agua, The Nature Conservancy, Fundación Femsa y Banco Interamericano de Desarrollo, Bogotá

Castro F, Hogenboom B, Baud M (2015) Gobernanza ambiental en América Latina en la encrucijada. Moviéndose entre múltiples imágenes, interacciones e instituciones. In: De Castro F, Hogenboom B, Baud M (eds) Gobernanza ambiental en américa latina. CLACSO; ENGOV, Ciudad Autónoma de Buenos Aires

CCAD-UNDP/GEF (2005) Regional Project to Establish a Program for the Consolidation of the Mesoamerican Biological Corridor (PCCBM). Central American Commission for Development and the Environment (CCAD), United Nations Development Programme/ Global Environment Facility

Chua A (1995) The privatization-nationalization cycle: the link between markets and ethnicity in developing countries. Columbia Law Rev 95(2):223–303

Di Filippo P (2000) The mists of Riachuelo. The Argentina Independent, 11 April 2000. http://www.argentinaindependent.com/socialissues/environment/the-mists-of-riachuelo-/. Accessed 9 Dec 2011

Environmental Justice Organizations, Justice and Trade (EJOLT) (2015) Maps. Retrieved February 2015, from Environmental Justice Atlas: http://www.ejolt.org

Estenssoro F (2014) Historia del debate ambiental en la política mundial. 1945–1992. La perspectiva latinoamericana. IDEA, Universidad de Santiago, Santiago de Chile

INEGI (2011) Sistema de Cuentas Económicas y Ecológicas. Instituto Nacional de Estadística, Geografía e Informática, Mexico. http://www.inegi.org.mx/est/contenidos/proyectos/scn/c_anuales/c_econecol/scee_46.aspx. Accessed 9 Dec 2011

IPCC-I (1990) Climate change: The IPCC scientific assessment. Cambridge University Press, Cambridge, MA

Mahon R, Fanning L, McConney P (2011) Wider Caribbean Region Ocean Governance lessons. In: Conference on sustainable oceans and the eradication of poverty in the context of the green economy, principality of Monaco, 28–30 Nov 2011

NCEE National Centre for Environmental Economics (2001) The united states experience with economic incentives for protecting the environment (No. EPA-240-R-01-001). Office of Policy, Economics, and Innovation Office of the Administrator U.S. Environmental Protection Agency, Washington, DC

Staveland-Sæter KI (2011) Litigating the right to a healthy environment: assessing the policy impact of "The Mendoza Case". Chr. Michelsen Institute (CMI) Report, Bergen. http://www.cmi.no/publications/file/4258-litigating-the-right-to-a-healthy-environment.pdf. Accessed 28 Nov 2011

Sunkel O (1981) La dimensión ambiental en los estilos de desarrollo de américa latina. Naciones Unidas - Comisión Económica para América Latina, Santiago de Chile

United Nations Environment Programme UNEP (1997) Global environment outlook-1. Global state of the environment report 1997. UNEP, Nairobi

United Nations Environment Programme UNEP (2002) Global environment outlook 3. Past, present and future perspectives. Earthscan Publications Ltd., London

United Nations Environment Programme UNEP (2012) Global environment outlook, GEO 5. Environment for the future we want. UNEP, Nairobi

# Environmental Policy, Japan

Yuki Oda
Keio University, Tokyo, Japan

## Pollution Problems Before and During the Period of High Economic Growth

Compared to other policy areas such as economics and finance, environmental policy is relatively new. Wide-ranging, the field of environmental policy spans from local garbage disposal to environmental protection on a global level. The Environment Agency was established within the Japanese government for matters concerning environmental policy after the country began to face significant pollution problems during the period of high economic growth (1955–1973).

Due to rapid modernization and the promotion of industry following the Meiji Restoration, pollution problems had existed even before World War II. One such example is the famous Ashio copper mine pollution incident. However, before the war, national policies heavily emphasized the expansion of manufacturing and military performance rather than environmental protection and environmental policy, which only helped ameliorate severe pollution damage after the fact and often at the cost of the people (Kawakami 2012: 153).

In 1945, at the end World War II, Japan served as the General Headquarters (GHQ) of the Allied Powers and subsequently regained independence in 1952. After the war, in line with the policy before the war and even throughout the restoration age, economic activities were emphasized over the preservation of nature. During the period of high economic growth (1955–1973), environmental destruction accelerated as the economy flourished. In addition to air pollution and the contamination of rivers, environmental pollution befell the entire nation.

In the mid-1950s, local institutes started reporting cases of Itai-Itai disease and mass media from all over the country started addressing the topic (Japan Environmental Management Association for Industry [JEMAI] 2002: 31). In

1956, Minamata disease was officially discovered. In 1960, residents of Yokkaichi complained of asthma symptoms and the issue of Yokkaichi asthma began to be recognized. In 1964, residents of Niigata Prefecture started complaining of symptoms related to organic mercury intoxication, which included symptoms similar to Minamata disease. Subsequently, people began referring to the disease as Niigata Minamata disease or the second Minamata disease. The diseases appearing sequentially after the mid-1950s – Itai-Itai disease, Minamata disease, Yokkaichi asthma, and Niigata Minamata disease – were known as the Four Major Pollution Diseases and are recognized as one of the most serious environmental pollution disasters in history.

Local governments took the first action in response to deteriorating living conditions. In 1949, the Tokyo Metropolitan Government enacted the "Factory Pollution Prevention Ordinances," an action which influenced nearly all of the prefectures in their establishment of pollution prevention ordinances by the mid-1960s (JEMAI 2002: 44). However, most of the ordinances did not stipulate quantitative standards regarding discharge, which means they were not sufficiently effective to prevent environmental degradation (JEMAI 2002: 44; Kawakami 2012: 156).

Policies at a national level were also considered after the mid-1950s, but their progress was prevented by proponents of economic growth. In 1955, the Ministry of Welfare (currently the Ministry of Health, Labour and Welfare) submitted a draft outlining a living environment antipollution standard, and 2 years later, they presented a draft amendment to the relevant government offices; however, too many opposing voices forced them to abandon the draft (JEMAI 2002: 44–45; Kurasaka 2014: 23). Later, in 1958, the "Laws about Water Quality Conservation in Public Waters" and the "Laws about Industrial Effluent Regulations" were established, and the "Laws about the Regulation of Soot Discharge" took effect in 1962. However, these governmental countermeasures against pollution were "follow-up" regulations that addressed the matters after the fact and were thus not very effective (Kawakami 2012: 157; Kurasaka 2014: 24, 28).

## Changes in Public Opinion and the Pollution Diet

By the 1960s, high levels of economic growth caused damage by spreading and intensifying pollution throughout the nation. Pollution policies from the end of the 1950s to the beginning of the 1960s may be summarized as follows: a pre-existing law that regulated pollution sources in each specific area (JEMAI 2002: 57), a method to regulate each individual source from various angles, and a follow-up regulatory measure that was a temporary expedient and lacked a unified connection (Kurasaka 2014: 28). After much introspection, in 1967, the Basic Law for Environmental Pollution Control was issued and the system of laws related to pollution was revised. The definition of pollution was set by the Basic Law for Environmental Pollution Control and aid for victims and laws related to pollution were discussed. Facing disagreements on pollution regulation from the ministries within the central government, the administration acted without waiting for political support (Mori 2013: 32); however, pollution problems just kept escalating (Kawakami 2012: 158; Kurasaka 2014: 30).

In 1967, starting with Niigata Minamata disease, lawsuits were brought concerning the four major pollution-related illnesses and the mass media began broadcasting the damage caused by pollution (Mori 2013: 57). In 1970, a series of new cases of urban public pollution developed and the media was reporting on pollution problems every day, stimulating public interest (JEMAI 2002: 67).

Looking at the trends revealed through public opinion surveys, we can see a change in public opinion towards environmental problems from the late 1960s to establishment of the Pollution Diet in the 1970s. (For the results of the survey, refer to the Prime Minister's Office 1966, "Public Opinion Survey on Pollution." (http://survey.gov-online.go.jp/s41/S41-08-41-16.html, accessed January 16, 2017).) In the "Public Opinion Survey on Pollution" conducted by the government in 1966, the following question was asked: "Do you agree with the idea that causing pollution during manufacturing is unavoidable, but as long as there is adequate protection, it is fine?" The

responses were as follows: 27.4% of respondents said "No, never permit it," 37.7% said "It depends on the damage," and 29.3% said "Yes, it is inevitable." This survey shows that almost 30% of respondents thought pollution was unavoidable regarding the trade-off between economic growth and pollution. On the other hand, according to the "Public Opinion Survey on Environmental Problems" (For the results of the survey, refer to the Prime Minister's Office 1971, "Public Opinion Survey on Environmental Problems." (http://survey.gov-online.go.jp/s46/S46-11-46-14.html, accessed January 16, 2017)) conducted by the government 5 years later in 1971, 51.2% of people answered, "Environmental protection is more important," when asked about the trade-off between economic growth and environmental protection. Additionally, regarding the question, "Do you agree that there should be environmental protections policies even if it increases the national economic burden?" 42.1% of people answered, "Yes, it is necessary even with the increase." Similarly, regarding the question, "Do you agree that to establish pollution prevention policy, there will be an increase in the price of manufactured products?" 40.9% of people answered, "Yes, pollution prevention policy is necessary." Over these 5 years, the trend of public opinion shifted greatly. As Mori (2013) pointed out, ever since the lawsuits concerning the four major pollution-related illnesses, the mass media reported on pollution more frequently and that put pollution problems on the public agenda.

Thanks to this increase in public concern, the Liberal Democratic Party and the government began to recognize the necessity of solving pollution problems (Mori 2013: 32). At the 64th extraordinary Diet session, known as the "Pollution Diet," the Basic Law for Environmental Pollution Control along with 14 bills related to pollution were passed, and in 1971, the following year, the Environment Agency was established. Four new departments were founded under the Environment Agency: the Planning and Coordination Bureau, the Air Quality Bureau, the Water Quality Bureau, and the Nature Conservation Bureau. There were two main issues with the establishment of the Environment Agency: the comprehensive regulation function for pollution administration and how much authority would be shifted from other ministries in order to implement programs. The ministries marked for authority-transfer strongly resisted, and only the former Ministry of Welfare transferred its National Park Service (Imamura 1976: 55).

## New Environmental Problems and Stagnation of Environmental Policy

Japan's environmental policy took a great leap forward from the Pollution Diet to the establishment of the Environment Agency; however, due to the deterioration of the economy as a result of the oil crisis, Japan went through a period of stagnation. After the mid-1970s, the environmental administration took a step backwards by postponing harsher automobile emission regulations and easing up on environmental standards for nitrogen dioxide (Kurasaka 2014: 38). The representative example of the environmental policy stagnation at the time was legislation on environmental impact assessments. From 1976 to 1981, the Environment Agency tried to legislate environmental impact assessments six times, but they failed repeatedly (Mori 2001: 142). This was because public concern shifted from environmental preservation to economic growth, which made it difficult to garner support for promotion of the policy (Kubo 1998: 436).

Additionally, after the 1970s, environmental issues became global issues. In 1980, Japan took part in international conventions such as the Washington Convention and Ramsar Convention, required Japan to address global environmental problems. In the late 1980s, protecting the ozone layer and dealing with global warming emerged as critical issues. (Kubo (2012) is one example of a study conducted on countermeasures against global warming after the 1980s.) In 1992, the United Nations Conference on Environment and Development was held in Rio de Janeiro, Brazil, which raised the mass media's awareness of environmental problems (Kurasaka 2014: 45). In addition to these new global environmental problems, countermeasures against vehicle emissions and

urban/lifestyle-related pollution resulting from domestic sewage began to be recognized, which generated the need for new policies such as those targeted at reducing waste and promoting recycling (As for research on the administration of waste at the time, Kubo (1998) and Yorimoto (1998) studied the legislative process of the Containers and Packaging Recycling Law of 1995) (Ibid: 45, 47).

After the establishment of the Environment Agency, the environmental administration proceeded to concentrate its work within two fields: pollution and nature conservation. However, issues arose which could not be easily classified into these categories, such as global environmental problems, waste problems. Other emerging problems could not be addressed by conventional regulations such as urban and lifestyle-related pollution, which led to the creation of the Basic Environmental Law in 1993 (Ibid: 47–48). The creation of the Basic Environmental Law combined the Basic Law for Environmental Pollution Control and the Natural Environment Conservation Law into one fundamental law. From this new perspective, the Basic Environmental Law aimed to contribute to the welfare of human beings and to move policies forward in a planned manner, and the law began addressing new environmental problems and global environmental problems that the preexisting regulations did not address (Ibid: 96–97).

## Establishment of the Ministry of the Environment and the Environmental Policy of the Twenty-first Century

The Environmental Agency was promoted to become the Ministry of the Environment by central government reforms in 2001, even as other ministries and agencies of the national government were restructured, reduced on a large scale, and consolidated from 22 ministries and agencies to 12. With the promotion to the status of a ministry, the Administration of Waste Treatment was transferred from the former Ministry of Welfare to the Ministry of the Environment, and the Waste and Recycle Countermeasures Department was established in the Minister's Secretariat. Each ministry department was also reformed. For example, the former Planning and Coordination Bureau developed into the Environmental Policy Bureau and the former Nature Environment Bureau developed into the Nature Conservation Bureau. The former Air Quality Bureau and former Water Quality Bureau, which were primarily in charge of pollution problems, were integrated into the Environmental Management Bureau and the former Global Environment Department, which was only a "department" was promoted to the Global Environment Bureau. (For more information on the change of the organization during the restructuring of the ministries, refer to Kamoshida and Tanaka (2001).)

The number of employees, which was 501 at the establishment of Environment Agency, doubled over the next 30 years, eventually reaching 1131. In Japan's central government, in order to prevent the expansion of administrative organizations, "The Principle of Scrap and Build" (In principle, when establishing new bureaus, departments, or sections, those of equivalent status that exist at the time are to be abolished) and "The Total Staff Number Law," which set forth a fixed number of employees for administrative organs, were promulgated, and compared with other developed countries, the number of public service workers in the central government was kept very small. Under such circumstances, it can be said that the promotion of the Environment Agency to the Ministry of the Environment and the increase in the number of long-term employees were exceptional cases. This also proves the rise of the administrative need to address environmental problems.

Environmental policies enacted after the turn of the century envisioned three idealized societies: the "low-carbon society," the "recycling society," and the "society of harmonized contacts between people and nature." Measures promoting these idealized societies (Kurasaka 2014: 50) re-enforced movement towards a "low-carbon society." The Kyoto Protocol adopted at the 3rd Conference of the Parties of the United Nations Framework Convention on Climate Change (COP3) took effect in 2005, pushing forward

global warming policies and energy policies for greenhouse gas reductions. As for the "recycling society," the Basic Law for Establishing a Recycling-based Society was promulgated in 2000 and countermeasures for waste and recycling were expanded. Finally, for the "society of harmonized contacts between people and nature," the Basic Act on Biodiversity was passed in 2008. As the national strategy for biodiversity became legally defined, local governments were obligated to draft local strategies for biodiversity. In 2010, the 10th Conference of the Parties to the Convention on Biological Diversity (COP10) was held in Aichi Prefecture, and since then, interest in biodiversity conservation has been increasing.

## Conclusion

We can summarize the changes in Japan's environmental policy from the end of World War II through the present as follows: between the early postwar period and the period of high economic growth, the strategy was to address pollution problems and the destruction of nature after the fact. Subsequently, triggered by the Pollution Diet in 1970, the Environment Agency was established and the regulatory administration was reinforced. Japan underwent a period of stagnation after the oil crisis, and after the legislation of the Basic Environmental Law, comprehensive and systematic administration was the goal of environmental preservation. It can be said that Japan's environmental policy has developed from a regulatory administration to a comprehensive environmental administration that includes a planning administration.

## References

Imamura T (1976) Soshiki no Bunka to Kousou (Separation and conflict of organizations), chapter 2. In: Kiyoaki T (ed) Gyouseigaku Kouza 4 Gyousei to Soshiki (Public administration course: four administrations and organizations). University of Tokyo Press, Tokyo, pp 37–82

Japan Environmental Management Association for Industry (JEMAI) (2002) 20Seiki no Nihon Kankyoushi (Environmental history of 20th century Japan). Japan Environmental Management Association for Industry, Tokyo

Kamoshida K, Tanaka Y (2001) Kanzen Shin Kanchou Hand Book 11 Kankyoushou (Completely new government agency handbook 11, Ministry of the Environment). Intermedia Shuppan, Tokyo

Kawakami T (2012) History of environmental policy in Japan. Global Environ Stud 7:151–222

Kubo H (1998) The structure of environmental administration: the case in the field of waste policy. Hongo Housei Kiyou (Hongo J Law Polit) 7:427–473

Kubo H (2012) Chikyu Kankyou Seisaku -Ondanka Taisaku no Henyou to Seikai Saihen, Shochou Saihen- (Global environmental policy: shifts in countermeasures against global warming and reformation of the political world and ministries and other agencies), chapter 5. In: Morita A, Kanai T (eds) Seisaku Henyou to Seido Sekkei (Policy transformation and institutional design). Minervashobo, Kyoto, pp 133–178

Kurasaka H (2014) Kankyou Seisaku Ron (Dai 3 Han) Kankyou Seisaku no Rekishi oyobi Gensoku to Shuhou (Environmental policy theory (third edition) history, principles, and approaches of environmental policy). Shinzansha, Tokyo

Mori M (2001) Political change over the environment in Japan. Seisaku Kagaku (Policy Sci) 8(2):139–150

Mori M (2013) A sketch of the 'Pollution diet.' Ritsumeikan Daigaku Jinbun Kagaku Kenkyusho Kiyou (Ritsumeikan University, Institute of Humanities, Human and Social Sciences Report). No.101, pp 27–63

Prime Minister's Office (1966) Kougai ni kansuru Yoron Chousa (Public opinion survey on pollution). http://survey.gov-online.go.jp/s41/S41-08-41-16.html. Accessed 16 Jan 2017

Prime Minister's Office (1971) Kankyou Mondai ni kansuru Yoron Chousa (Public opinion survey on environmental problems). http://survey.gov-online.go.jp/s46/S46-11-46-14.html. Accessed 16 Jan 2017

Yorimoto K (1998) Seisaku no Keisei to Shimin (Citizens and the formation of policies). Yuhikaku Publishing, Tokyo

# Epistemology

Habibul Haque Khondker
Humanities and Social Sciences, Zayed University, Abu Dhabi, United Arab Emirates

## Definition, Sources, and Evolution of the Concept

The root word of epistemology is episteme, which in ancient Greek meant knowledge; hence, it can be defined as the philosophical basis of knowledge. The foundational question of epistemology

is how we know what we know. Epistemology is a branch of philosophy that goes to the roots of our knowledge by asking not just the methods of acquiring knowledge but also to examine the conditions and the context of knowledge generation. Epistemological questions, in simple terms, are meta-methodological questions. That is one has to go beyond the issues of methodology and ask questions such as the presuppositions of the methods and the methodological choices. As one may ask how we know what we know, one can also ask: Why do we prefer quantitative methodology and not qualitative methodology while studying a given subject? Is it because the intrinsic characteristics of the subject matter demand quantitative or that it corresponds with the qualitative method, or are there other reasons for choosing that methodology? Is there a presumed fit between the methodological assumptions of the chosen method and the subject of study that one chooses?

Epistemology is one of the branches of philosophy alongside ontology, ethics, and metaphysics. Ontology and epistemology are often mentioned as a pair. The former is the study of being, the latter of knowledge. Epistemology over time has also become discipline specific. In sociology, there is a branch of knowledge that is called the sociology of sociology (Friedrichs 1970), which critically examines various assumptions of the discipline of sociology, its knowledge criteria, and its methodologies.

Epistemology provides an important intellectual tool of evaluation for judging the quality of knowledge by questioning the underlying assumptions of knowledge generation. This does not mean that epistemological rules and standards are fixed, unified, or immutable. Both the Lockean method of knowledge generation through the sensory perception and the Cartesian method of knowledge gain through intuition are both valid. Epistemology as a referee would adjudicate whether within the empirical framework knowledge is valid if it professes to be an empirical study. Yet the rules, assumptions, methods, and epistemological principles may change over time. Although the classical Indian or Greek philosophical traditions dealt with the questions of knowledge, it is only from the time of John Locke (1634–1704) and David Hume (1711–1776) that the question of epistemology has been manifest. In *An Essay Concerning Human Understanding*, published in 1689, John Locke stated that his purpose was "to enquire into the origin, certainty, and extent of human knowledge." For Locke, knowledge is sense perception. John Locke was the first modern philosopher who defended empiricism. For Locke the human mind is an empty slate on which knowledge is inscribed. Hume in *An Enquiry Concerning Human Understanding*, published in 1748, underscored the importance of experience and observation as the bases of knowledge advancing the cause of empirical knowledge. There is a consensus in philosophical circles that there are multiple sources and methods of gaining knowledge of which empiricism is one. The idea that knowledge can be gained from intuition and logical deduction can be attributed to Rene Descartes (1596–1650). Descartes, who is regarded as the first modern philosopher, initiated the template for the discussion of epistemology among other philosophical concepts.

Positivism is the epistemological basis of empiricism. The central idea of positivism is to view the world as guided by scientific laws that are understandable and amenable to scientific methods. Science is universal and unified. The methods of social sciences are indistinguishable from those in the natural sciences. Auguste Comte (1798–1857) founder of sociology championed this view. Later, Emile Durkheim (1858–1917) advanced the positivistic view of social sciences to establish sociology on a firmer scientific foundation. Karl Marx implicitly accepted the primacy of science, and one of the prominent interpreters of Marx, Louis Althusser, averred that there was an "epistemological break" in Marx as the scientific-minded Marx grew out of his youthful contributions where he was concerned with issues of alienation and other philosophical matters.

The critique of the positivistic view of social science was embedded in the philosophical circles, for example, in the writings of Wilhelm Dilthey (1833–1911) who contrasted between explanation and understanding and posited that natural sciences seek to explain the world out there, while social (and historical) sciences seek to understand the inner meaning of human conduct; this view influenced Max Weber

(1864–1920) as reflected in his famous *Verstehen* (interpretation) method. Weber followed this tradition of hermeneutics to develop "fact" "value" distinction in social sciences. Weber presented both a nuanced and balanced view of the need for an empirical understanding of the social reality without neglecting the valuational and interpretative dimensions. Hans-Georg Gadamer (1900–2002) advanced hermeneutics in the twentieth century and influenced Jurgen Habermas (1929–) and Gianni Vattimo (1936–). The weaknesses of the positivistic epistemology in social science were diagnosed by various theoretical perspectives in sociology such as ethnomethodology, interpretative sociology, or thick description (Geertz 1973) who sought to explain by understanding the subject and wanted to bring in the subject's point of view. Both quantitative studies and abstract theory buildings came under attack from assorted perspectives in social sciences. Epistemology itself came under attack by the ideas of the non-foundational basis of knowledge (Rorty 1980), which paved the way for the rise of what came to be known as the postmodernist critique of conventional knowledge. The epistemological position of critical realism of Roy Bhaskar (1975, 1989) sought to strike a balance between taking a hard realist position of accepting reality as concrete, the undifferentiated thing in itself to the subjectivist, constructivist position underwritten by hermeneutics that reality exists in our consciousness and not out there. Critical realism is premised on the ontology of social reality, differentiated and nuanced, still a reality, nevertheless. The critical reality position is not naïve and harmonious with common sense.

Below we explore some of the important critiques of epistemology.

## Critique of Epistemology

In the wake of a variety of social movements and protests that began globally in the 1960s, new ideas such as alternative epistemology, feminist epistemology, indigenous knowledge, African epistemology, and local knowledge gained ground.

Feminist epistemology needs to be viewed in the context of larger feminist movements against patriarchy and the injustices of capitalism. "Feminist epistemology is about the ways gender influences what we take to be knowledge" (Anderson 1995, p. 50). Feminist epistemology questions whether the dominant male-dominated epistemology can address the gender-sensitive ways of knowing from the women's point of view. "The term 'feminist epistemology' calls upon us to replace a male-centered epistemology with a female/feministcentred one" (Halberg 2011).

Sandra Harding (1993) criticized science as male-dominated and called for a female-centered science. Feminist epistemology criticizes science to be biased against women and argues that the world of women is different from the men's world that the epistemology of the men's world may not apply to the studies concerning the world of women. This claim deserves serious consideration as this is similar to the demands for indigenous knowledge. These two positions can be subsumed under alternative knowledge claims.

The claim that the world of women is different to the extent that an alternative approach to knowledge is necessary stands on the principle of difference. Indeed there are issues concerning women that are different from the concerns of men, and a more sensitive approach or methodological strategies may be more suitable to capture those unique issues. But certain demands of knowledge generation such as evidence-based knowledge and standards of science cannot be relaxed. Such relaxation will harm the development of knowledge.

Some writers have suggested that there is a unique African epistemology that can be viewed as a way the African conceptualizes, interprets, and apprehends reality within the context of African cultural or collective experience (Anyanwu 1983, p. 60). The first question is: What is meant by Africa? The entire continent of Africa, or specific geographical regions, or specific countries?

According to Amaechi Udefi: "The idea of African epistemology is based on their (its advocates) acceptance that such concepts as knowledge, truth, rationality, etc., can be interpreted using African categories and concepts as provided

by the African cultural experience without recourse to the Western or alien conceptual framework. Thus this epistemology is abstracted from the collective world-view of Africans and leaning essentially on such materials as myths, folklore, proverbs, folk wisdom, etc." (Udefi 2014, p. 108). Udefi cites Senghor who denied Africans the capacity for rational discourse and reduced African knowledge-seeking through sensuality and emotion. Such an idea of African epistemology "unwittingly justifies... Levy-Bruhl's ascription of the child-like and pre-logical mental frame to the Africans" (Udefi 2014, p. 110).

The rebuttal to the claim of a distinctive African epistemology comes from African philosophers. "Epistemology, wherever it is practiced, is the same, and just as one does not find a distinctively Chinese or American or African mathematics, so, too there is no such thing as a distinctively African epistemology" (Kaphagawani and Malherbe 1998, p. 206).

Here two problems come to the fore. One is the problem of relativism, and the other is the problem of subjectivity. Subjectivity is an intrinsic part of what we do, and knowledge generation is not excluded. Subjectivity incorporates our lived experiences, our cultural and social presuppositions, our traditions, and our social and intellectual milieu.

In the case of women, many of the differences are related to their subjective experiences, similar to the experiences of minority groups or people who feel they have been marginalized such as the African Americans in the USA or Muslims in India, etc. It is reasonable to suggest that one has to see things from the point of view of the marginal groups. In these cases, subjectivity is an important and valid issue. This is also consistent with the holistic view in social sciences that a researcher needs to see the object of study from multiple points of view so as not to be blindsided.

The problem with relativism is that it results in different standards. For example, when one says, "Chinua Achebe is a great writer," it is different in connotation from stating that "Chinua Achebe is a great African or Nigerian writer." The former, a more appropriate characterization, is diminished by the relativism of the latter statement. Relativism in knowledge may serve some old-fashioned nationalistic purpose, but by failing to be a part of the universalistic knowledge fails to contribute to the universal repository of knowledge and thus denies the humanity from the benefit of that knowledge. At the same time by being insular, it becomes self-serving and entitled. A position of relativism creates an echo-chamber and not critical knowledge.

Some writers raised the issue of captive mind (Alatas 1974), Orientalism (Said 1978), and intellectual colonialism (Goonatilake 1982), perspectives that share a common concern of western dominance or hegemony of knowledge. Some of the protagonists of these perspectives have issued calls for indigenous knowledge or the development of alternative perspectives. These challenges do not constitute an attack on epistemology; rather, these are useful whistleblowing exercises that point out biases of certain perspectives or paradigms. For example, the critique of the dominant epistemological perspective, positivism came from within the so-called western academia. And subsequently the critique was shared by scholars outside of the western sphere. The division of the world of knowledge between western and non-western is not helpful and ironically vitiates the critical works themselves. The critique of binarism is retained in the critiques.

Whether one takes the subjects' or subaltern's points of view, the result should be to enrich the universal fund of knowledge, not relativist or partial knowledge. The Subaltern Studies group of historians (Guha 1981) contributed to the creation of a new paradigm in history-making the voices of the subalterns and marginals heard, but they did not want to create a sub-field of history. They posed, rightly, a challenge to mainstream history and contributed towards making history more inclusive. The contribution of subaltern studies enriched universal history, not a particularistic history.

## Epistemology, Paradigm, and Meta-Theory

Thomas Kuhn's (1970) study of the scientific revolution introduced the concept of paradigm.

A paradigm is an umbrella for theories. Scientific activities are puzzle-solving activities. In normal science, theories are drawn from a dominant paradigm. When the puzzle-solving is hindered by the inadequacies of the theories, new paradigms are created. Sociology of knowledge has explored various paradigms in various fields. Paradigm is a centralizing principle as it is also a guiding principle for generating knowledge within a certain field. In physics, the Newtonian paradigm dominated for nearly two centuries after which new knowledge about the natural world raised questions about the mechanistic view of knowledge that the Newtonian world view presupposed. As the existing paradigms failed to explain the new conditions and the embedded knowledge in these phenomena, new paradigms emerged. For example, in physics, the mechanistic view of the world has been replaced by a relativistic view that originated from the contributions of Albert Einstein, Danish physicist Niels Bohr, and Werner Heisenberg. Einstein in his theory of special relativity posited that space and time are relative to each other. Heisenberg's uncertainty principle postulated that the position and velocity of a (sub-atomic) particle cannot be measured at the same time.

Ilya Prigogine and Isabelle Stengers' *Order Out of Chaos* (1984) and Ilya Prigogine's *The End of Certainty* (1997) questioned many of the commonly held assumptions of science and introduced concepts such as "dissipative structure," indeterminism, nonlinear systems, and uncertainty as intrinsic features of scientific understanding of nature. These ideas not only revolutionized the conceptualization of the world of science and helped create a new cosmology, but it also impacted thinking of history and social sciences. Nonlinearity and disruptions became part of the social science language. The application of quantum theory and the discovery of string theory led to a paradigm shift in physics which also influenced social sciences; Immanuel Wallerstein's anti-systemic movement as an intrinsic part of the world system is an example of Prigogine's influence. A growing awareness of the paradigmatic and meta-theoretical basis of theories became routine in the discussion of social scientific theories.

## Epistemology in Public Policy: Limits to Alternative Epistemology

Many of the branches of social sciences, public policy and public affairs included, are often premised on shallow foundations of knowledge that fail to distinguish these branches of knowledge from information and common-sense understanding of the issues. International studies, for example, fail to go beyond the accumulation of information available in the public domain. Public policy professionals and analysts have to a large extent ignored the issues of epistemology unlike in sociology. Sociology since Max Weber's famous fact-value distinction has been embroiled in the questions of methodology and thus epistemology.

The discussion of epistemology is no longer confined to the philosophers. One of the benefits of holistic social scientific knowledge has been to integrate various branches of knowledge into a single whole to both broaden and deepen social scientific knowledge. It is important to reflect and then integrate epistemological discussion at the heart of social science, beyond the level of methodological discussions. Roy Heidelberg (2018) saw epistemology as a process of "legitimizing public administration as an academic exercise with application to the government." Public administration as a branch of social science deals with practical issues of people in society. It deals with facts and data in an objective, neutral manner to serve the interests of the public collectively. This premise is solidly crouched in the epistemological position of logical positivism and promotes quantitative data-driven methodology. This position is compatible with the culture of "big data" and the growing use of matrices. While the hermeneutic-oriented epistemology and the so-called constructivism may have limited purchase, the appropriate epistemological basis may be drawn from Roy Bhaskar's critical realism (Bhaskar 1975, 1989). The idea of evidence-based knowledge which is the very minimum norm of science becomes meaningless if we fail to accept the social reality.

## Conclusions

In the second decade of the twenty-first century, one of the problems the world is beset with is the circulation of both verified and unverified information; the latter led to the characterization of the society as a "post-truth society." This is a phenomenon that impacts not just public policy implementation but also the very science of public administration. As a field of inquiry, public administration plays an important role in safeguarding and advancing the public interest. In playing that role effectively and judiciously, a great deal of attention is needed to separate facts from fiction, truth from lies, for which a solid grounding in epistemological discussions is both a precondition and an obligation.

## Cross-References

► Ethics and Philosophy

## References

Alatas SH (1974) The captive mind and creative development. Int Soc Sci J 26(4):691–700
Anderson E (1995) Feminist epistemology: an interpretation and a defense. Hypatia 10(3):5–84
Anyanwu KC (1983) The African experience in the American market place a scaring indictment of western scholars and their distortion of African culture. Exposition Press, New York
Bhaskar R (1975) A realist theory of science. Routledge, London
Bhaskar R (1989, 2010) Reclaiming reality. Routledge, London
Friedrichs RW (1970) A sociology of sociology. Free Press, New York
Geertz C (1973) Thick description: toward an interpretative theory of culture. In: The interpretation of cultures. Basic Books, New York
Goonatilake S (1982) Crippled minds: an exploration into colonial culture. Vikas, New Delhi
Guha R (ed) (1981) Subaltern studies 1. Oxford University Press, New Delhi
Halberg M (2011) Feminist epistemology: an impossible project? Radic Philos Q 1:53
Harding S (1993) The science question in feminism. Cornell University Press, Ithaca
Heidelberg RL (2018) Getting it right: public administration undergoing epistemology. Adm Theory Praxis 40(1):23–42
Kaphagawani DN, Malherbe JG (1998) African epistemology. In: Coetzee PH, Roux APJ (eds) The African philosophy reader. Routledge, London
Kuhn T (1970) The structure of scientific revolutions. University of Chicago Press, Chicago
Prigogine I (1997) End of certainty. Heinemann, London
Prigogine I, Stengers I (1984) Order out of chaos. Heinemann, London
Rorty R (1980) Philosophy and the mirror of nature. Basil Blackwell, Oxford, UK
Said E (1978) Orientalism. Pantheon, New York
Udefi A (2014) The rationale for an African epistemology: a critical examination of the Igbo views on knowledge, belief, and justification. Can Soc Sci 10(3):108–117. https://doi.org/10.3968/4445. Available from: http://www.cscanada.net/index.php/css/article/view/4445

E

# E-Public Transportation, Quantitative Analysis in Fiji

Jashwini Narayan[1], Samantha Naidu[2] and Tuma Greig[3]
[1]School of Management & Public Administration, Faculty of Business and Economics, The University of the South Pacific (USP), Suva, Fiji
[2]School of Management & Public Administration, The University of the South Pacific, Suva, Fiji
[3]The University of the South Pacific, Suva, Fiji

## Synonyms

Customer behavior; Developing; E-transport; Fiji

## Brief Definitions

Unified theory of acceptance and use of technology (UTAUT) – a combination of eight models that helps to understand user intentions as well as acceptance and the actual use of given technology.

Performance expectance – the user's belief that the use of the given technology can provide every day benefits.

Effort expectance – the given technology is easy and convenient for the user.

Social influence – the extent to which a user percieves that significant others believe that the user should use the given technology.

Facilitating conditions – the extent to which a user believes that organizational as well as technical infrastructure is available to support the use of the given technology.

Sacrifice – can be monetary and nonmonetary and includes time, search, and psychological cost the user bears to obtain a good or service.

## Introduction

Undoubtedly, information and communication technology (ICT) has changed the way industries and services operate. Public services, such as the public transport system, are no exception. The smart-card technology is no new phenomenon – "invented more than 30 years ago" (Blythe 2004, p. 47). Evidently, "electronic ticketing in public transportation based on smart cards is gaining momentum worldwide" (Welde 2012, p. 134) since 1990.

The perusal of international literature reveals a dearth of objective evaluations of such systems in developing country contexts. While various scholars have discussed several benefits for users of e-transportation systems for bus services, only a few researched on smart card but in a relatively developing context. Scholars have suggested extensive research on other countries aside the ones already studied to better understand e-transportation.

Above all, there are few empirical studies in transportation industries except for in airline industry with only a few published ones focusing on factors influencing e-ticket usage behavior which explains why still little is known about user motivations for using or not using e-ticketing schemes (Puhe 2014), the more the reason for more empirical research on social dynamics and contexts linked to e-ticketing usage (Puhe 2014).

This entry contributes to these gaps. It will examine the implementation of e-transportation in Fiji, a South Pacific developing economy, exemplified by an empirical research of regular commuters of tertiary students of a regional university – The University of the South Pacific (USP). To the best of the researchers' knowledge, there has not been any study on developing countries in the context of Pacific Island countries (PICs). Furthermore, Fiji's case is unique since it is the only PIC that has implemented e-transportation. In particular, this entry focuses on factors influencing the use of e-transportation card of tertiary students as bus commuters. In addition, unlike earlier research that have used 8 or 20 questions questionnaire, this entry has used a total of 37 questions to make this research more comprehensive. In addition, the SPSS v25 software program was used for descriptive statistical methods while SPSS AMOS v26 was used for structural equation model and further analysis. However, researching into the views of other stakeholders is beyond the scope of this study. Nonetheless, the study can prove valuable and be applied to other PICs' planning such transportation systems.

## Literature Review

The concept of sustainable mobility (Puhe 2014) and growing cashless services have driven countries like Australia, New Zealand, Nigeria, Canada, USA, China, Japan, Hong Kong, Malaysia, Europe, and Fiji to invest in e-transportation systems for bus services. It is the smart card tool that enables e-transportation to function. Smart cards are used for a number of different transportation applications, among which ticketing is the most widespread (Puhe 2014). Smart cards have unique names such as Melbourne's Myki (Transport Ticketing Authority 2009), Adelaide's Metrocard (Pratibha 2017), Canberra's MyWay Transport card (Pratibha 2017), South Korea's T-money (Korea4expats 2015), Hong Kong's Octopus card London's Oyster card (Transport for London 2019), and Fiji's e-transport card (Pratibha 2017). The last 15 years has seen a growing number of smart card schemes being launched, many of which are a result of the success of large-scale e-ticketing schemes in Asia (Blythe 2004). This has led to increased interest

in investigations into the benefits and costs of smart card ticketing for public transportation. Various scholars like Booz and Hamilton (2001), Diab et al. (2015), Iseki et al. (2008), and Welde (2012) have discussed several benefits for users of e-transportation systems for bus services such as ease of use (time and cost savings), reliability, increased travel convenience, flexible ticketing, lesser need to carry cash, and card balance protection (durability). Still, as per Diab et al. (2015, p. 6), "it is rare to find empirical studies in the literature investigating the value of time savings that come as a result of service improvements." Blythe (2004) claims that smart cards provide market data and research on when and where consumers use cards. Thus services could be reengineered to more readily meet a traveller's needs. E-transportation results in reduced need for cash (Welde 2012) which not only promotes a cashless economy but also fosters safety for passengers. Yet, Welde (2012, p. 134) argues that, while "it is widely recognized that smart cards can deliver benefits . . .," the benefits of e-transport systems have been overly optimistic (Welde 2012). Iseki et al. (2008) adds that benefits of such systems are also often vague and unclear on whether benefits outweigh costs. Habits, attitudes, and preferences play a decisive role in transport behavior which depend heavily on individual contexts such as the end user trip purposes (commuting, leisure, business travel), frequencies (daily, regular, occasional), travel distance, and destinations (rural or urban). While a lot of research has been carried out to understand e-transport systems, there are still gaps in literature that need attention which this research attempts to address. Apparently, the benefits of a cashless transportation system are manifold, especially in developing countries (Mondato 2019). While there are studies on developing country e-transport systems like Kenya, Philippines, and Rwanda, some scholars describe "public transport in developing countries as unreliable, expensive, and unsafe in a macroscopic way." Such studies are thus incomplete since they fail to investigate "the deficiencies of public transport payment preference from the perspective of the passengers". A few scholars did "research on smart card" but "with a relatively developing context such as Metro Manila". Furthermore, in addition to "the imitations of previous studies and the lack of general methodologies. . ." (Welde 2012, p. 137), empirical studies in transportation industries have been scant except for in airline industry (Sumaedi et al. 2012; Wen et al. 2005). Given that e-ticketing is complex, involving many actors who need to readjust (Welde 2012, p. 144), better understanding of user intention and adoption is still required and important (Sumaedi et al. 2012) especially when only a few published studies focus on factors influencing e-ticket usage behavior. In the recent 5 years, the mobile-payment mode has attracted much more interest than smart-card ticketing adoption. Hence, only little is known about user motivations for using or not using e-ticketing schemes (Puhe 2014). Empirical research is also needed on the social dynamics and contexts linked to e-ticketing usage of potential users (Puhe 2014). Scholars like Iseki et al. (2008) and Welde (2012) mention that benefits also appear overly optimistic and vague. Also, while some research cast little doubt on smart card benefits, the benefits accrued to each stakeholder may vary (Iseki et al. 2008). The present study thus contributes to the abovementioned gaps by investigating the behavioral intentions of using e-transportation card in bus transport in a developing PIC. The users are of particular importance since it is their decision of using the e-ticketing system that makes the scheme successful (Puhe 2014). Also, extensive research on other countries aside the ones studied, "seems essential to improve the understanding of the state of different field" (Sumaedi et al. 2012, p. 84) since a one-size-fit-all product may not fully address user needs. Therefore, solutions should not be globally dictated but rather locally informed (Blythe 2004; Mondato 2019). In filling the gaps in literature, the study also highlights how Fiji adopted the characteristics of the global e-transport system and custom-made it to suit its developing economy and its end user needs. The key objectives of this study are: (1) to examine what influences behavioral intention in using e-transportation card in buses; (2) to modify the UTAUT model by incorporating an

additional element and removing a moderator to make it suitable to the context being studied; and (3) to assess the effectiveness of the modified model empirically. The remainder of this entry is organized as follows. The next section reviews the theoretical underpinnings, stating hypotheses using the modified UTAUT model. The following section describes the quantitative research methodology. The subsequent section presents and discusses the empirical results. The final section highlights limitations and implications, and makes suggestions for future research.

## Theoretical Underpinnings: UTAUT

Among the various competing and complementary models on IT acceptance and adoption, one of the most popular models namely, the technology acceptance model (TAM) has evolved over the years into the unified theory of acceptance and use of technology (UTAUT). This is now one of the latest developments in general technology acceptance models. UTAUT has been used to understand the users' intentions and acceptance of technology. It is a combination of eight models (Venkatesh et al. 2003; Venkatesh et al. 2013) which are: Theory of Reasoned Action (TRA) (Davis 1989), Technology Acceptance Model (TAM) (Davis 1989), Theory of Planned Behavior (TPB) (Taylor and Todd 1995), combined TAM and TPB (Taylor and Todd 1995), Motivation Model (MM) (Vallerand 1997), the Model of PC Utilization (MPCU) (Thompson et al. 1991), the Social Cognitive Theory (SCT) (Compeau and Higgins 1995), and the Diffusion of Innovation Theory (DOI) (Rogers 2003). This combination makes UTAUT more complete, enhancing its explanatory power in user intentions furthering the usage behavior as well as acceptance and the actual use of technologies, leading to its extensive use in applied research. The resulting UTAUT model comprises of four main elements and four moderators. The four main elements are: (1) performance expectance, (2) effort expectance, (3) social influence, and (4) facilitation conditions. The four moderators are: (1) gender, (2) age, (3) experience, and (4) voluntariness (Venkatesh et al. 2003). The UTAUT model has been used to explicate behavioral intention of users' in various fields of study such as e-government services, mobile banking (Zhou et al. 2010), technology adoption – initial use and post-adoptive use and transportation systems (Madigan et al. 2016; Wu et al. 2012). For example, in Taiwan's Kaohsiung MRT system, the UTAUT model was used to investigate the adoption technology of the transit fare payment system of iPass transit smartcard. The results showed that most of the elements of the UTAUT model had a positive influence on the behavioral intention of the commuters. However, because UTAUT's explanatory capability on individuals' technology acceptance appears doubtful, the original UTAUT model has been modified with additional variables (Chao 2019). Similarly, this present study has modified the subject model, adding sacrifice as the fifth element and removed the forth moderator to make the model more suitable to the context being studied.

## The Four Elements of UTAUT Model

### Performance Expectance (PE)

Venkatesh et al. (2003) explains that a user's intention to adopt technology is based on how they perceive usefulness of technology. Thus, performance expectance is considered a vital element affecting a person's behavioral intention of usage. Studies by Madigan et al. (2016), and support this argument. In the present study, PE is described as the commuter's belief that using the e-transport card can provide every day benefits and has an added advantage over the traditional ticketing system (Venkatesh et al. 2003). Naturally, if e-transportation is more advantageous than the traditional cash system, passengers will find it useful in their daily life and value it. Some researchers have incorporated perceived value as a determinant of UTAUT construct. This present study likens performance expectance to perceived value since high transportation service quality will not eventuate without improvement in passengers' perceptions of value (Sumaedi et al. 2012). Prior studies have investigated the role of perceived value to gauge public transit passenger intention behavior.

Hence, ***Hypothesis 1***: Performance expectance has a positive and significant effect on the intention of commuters to use e-transport card.

### Effort Expectance (EE)

According to Venkatesh et al. (2003), effort expectance is the level of ease and comfort users feel when using technological systems. Introducing a new fare medium may be a burden as well as have associated learning costs for end users (Puhe 2014). Various research undertaken by Madigan et al. (2016), Venkatesh et al. (2003), and Wu et al. (2012) highlight that effort expectancy has a direct and significant effect on user behavioral intentions. In this study, EE is described as e-transport card being easy and convenient for the commuter, causing no apparent struggle when using the card. Convenience can be associated with a time-saving product or service – one that is easy to use, not complicated, and where users face no hurdles. E-transport card does reduce the need for carrying cash (Welde 2012) as well reduces the time spent on boarding and paying when compared to the cash system (Mondato 2019; Welde 2012) since users do not have to take the card out of their wallet to pay their bus fare and "do not have to worry about having enough money or exact change" (Iseki et al. 2008, p. 12). According to PFIP (2017), a Fijian commuter was not only excited with the e-card tapping experience but also relieved of carrying coins and change haggling hassle. Overall, research is indicative of time savings being the major benefit of e-transportation (see Welde 2012). Although this may be a small time saving for the individual, it is important to note that the individual passenger will save time at every stop and for every foregoing passenger who previously would have paid by cash.

Therefore, ***Hypothesis 2***: Effort expectance has a positive and significant effect on the intention of commuters to use e-transport card.

### Social Influence (SI)

Venkatesh et al. (2003, p. 451) explains that "social influence is the degree to which an individual perceives that important others believe that he or she should use the new system." The work of various researchers like Gupta et al. (2018) proved that SI is a paramount element in understanding user behavior intentions in adopting a new technology interface. Likewise, Wu et al. (2012) reported positive and significant impact of SI on user behavioral intentions for iPass smartcard adoption. Current research defines SI as the stress caused by family and known associates who influence the intent to use. The present study includes political agents as those exerting SI in Fiji. Notably, the e-ticketing system was a compulsory implementation by the Fijian government (Fiji Commerce Commission 2014). Thus, the Fijian public had no choice but to transit from cash to digital given the government's directive to digitize the bus public transit (PFIP 2017).

Hence, ***Hypothesis 3***: Social influence has a positive and significant effect on the intention of commuters to use e-transport card.

### Facilitating Conditions (FC)

According to Venkatesh et al. (2003, p. 430), FC are "the degree to which an individual believes that an organizational and technical infrastructure exists to support the use of the system." FC may include training programs on how to use new technology interface and helpdesk assistance to positively influence the user intention and rate of adoption. The present study describes FC as easy card registration, replacement of lost or stolen cards, various top-up locations, and the sale of disposable cards to support commuters' adoption of e-transport cards. Wu et al.'s (2012) study proved that FC affect commuter intention to use new technology.

Thus, ***Hypothesis 4***: Facilitating conditions have a positive and significant effect on the intention of commuters to use e-transport card.

### Sacrifice (S)

Researchers such as Maillet et al. (2015) suggested additional external variables to the UTAUT model to help better understand user ability in accepting IT changes. According to various authors such as Wen et al. (2005), sacrifice is perceived as the monetary and nonmonetary aspects including time, search, and psychological cost one bears to obtain a good or service. Wen

et al.'s (2005) study reported perceived sacrifice as statistically significant with a direct negative effect on perceived value. The willingness to use any technology is inversely related to risk – the higher the risk, the lower the willingness to use. The present study describes sacrifice as one's time and effort to top-up e-transport card, the need to find a kiosk or vendor close to the commuter, the psychological cost of not having enough credit on the card, and the feel of embarrassment when told that the card balance is low, leading to the commuter disembarking the bus.

Hence, ***Hypothesis 5***: Sacrifice has a positive and significant effect on the intention of commuters to use e-transport card.

### Moderating Factors

The UTAUT model includes gender, age, experience, and voluntariness of use as moderators. A number of studies that utilized the UTAUT model did not suggest the use of moderating factors (Williams et al. 2015) and those that did, focused on moderating factors of gender only, or gender and age (Yu 2012), or gender, age, and experience. Past studies have also used sociodemographic factors of age, income, education, and so forth to help with better explanation in analysis. Such sociodemographic factors help identify personal characteristics of bus commuters. In this study, the three moderating factors of gender, age, and experience will be used. The forth factor, voluntariness will not be used as the e-transport card is deemed mandatory if intending to travel by bus. These three moderating factors will help test the strength of association between the five independent variables and the commuters' behavioral intentions to use e-transport card. There is sufficient evidence to suggest that the moderating factor of *gender* has a significant effect on the behavioral intention to use new technology (Magsamen et al. 2015; Wang and Shih 2009). In a study conducted by Chiemeke and Evwiekpaefe (2011), women appeared more motivated to use technology because of the ease of use, while men are motivated to use technology because of its usefulness. In another study conducted by Wang and Shih (2009) on the use of information kiosk, women were more inclined to be influenced by their significant others than man. *Age* is also a significant predictor of behavior intention (Lu et al. 2009; Venkatesh et al. 2003), and according to Magsamen et al. (2015), age is seen as an integral element of behavior intentions. The study found that the older a person is, the more likely he or she will not intent to adopt a new technology. The older generation are more likely to use the new system if it is user-friendly (Wang and Shih 2009). Another study by Yu (2012) showed that the facilitating conditions were higher among the mobile banking users below the age of 30 and over 50, in terms of the use of mobile banking. *Experience* is also a significant predictor according to Chiemeke and Evwiekpaefe (2011).

## Proposed Research Model

The objective of this study is to identify factors influencing the bus commuter intentions to use e-transport cards in Fiji. The research model of the study is presented in Fig. 1. Various researchers have cited behavioral intentions as having positive and direct influence on usage behavior (Venkatesh et al. 2003). The behavioral intentions of student's use of e-transport card will be analyzed using Venkatesh et al.'s (2003) model of UTAUT with some modification of the added element of sacrifice drawn from the work of Prayoonphan and Xu. In social influence, the present study has added political influencers – no other study has looked at this contributing item in the *social influence* factor of the UTAUT model which makes the model unique and suitable to the context being studied. The elements of *PE* questions were sourced and modified from Venkatesh et al. (2003). The elements of *EE* questions were sourced and modified from: Iseki et al. (2008), Madigan et al. (2016), Welde (2012), Wu et al. (2012), and Venkatesh et al. (2003). The elements of *SI* questions were sourced and modified from Prayoonphan and Xu, Venkatesh et al. (2003), and Wu et al. (2012). The elements of *FC* questions were sourced and modified from and Venkatesh et al. (2003). The elements of *S* questions were sourced and modified from Wen et al. (2005). All five element questions were also integrated with the authors own perspective of questions relevant

to the research. This entry has used a total of 37 questions to identity areas that are related to the South Pacific perspective and has used more questions compared to various articles that have used the UTAUT model in relation to transportation systems, which makes this research more comprehensive. Authors such as Madigan et al. (2016) have used 8 questions in total, while Prayoonphan and Xu used 20 questions in total with other added elements. Figure 1 below presents the research model.

### Fiji's E-Transportation System

This study attempts to investigate into the factors affecting commuters' intention to use the e-transportation card for bus transportation, exemplified by an empirical research of tertiary students', in Fiji. Fiji, a parliamentary democracy in the South Pacific ocean is located about 2000 km northeast of New Zealand with an approximate population of 900,000 with two main islands of Viti Levu and Vanua Levu (COP23 2017–2018). Its road transport is serviced by private cars, taxis, rental and hire cars, heavy goods vehicles, buses, tractors, and motor cycles. Approximately 210,000 school and university students as well as more than 50,000 senior citizens depend on public transport (PFIP 2017). "Due to this heavy reliance on bus services, the bus industry is of national interest" (Consumer Council of Fiji 2017a: 1). Fiji has joined 71 other countries in cashless travel (Pratibha 2017). The primary purpose of introducing the e-transport card in Fiji was to eliminate cash handling and pilferage – an ongoing issue for years (Consumer Council of Fiji 2017b). Given the issue of pilferage, government announced compulsory implementation of an e-ticketing system on first October 2017 (Fiji Commerce Commission 2014; Consumer Council of Fiji 2017a). Such a system was first implemented in February 2013, however, marred with issues like charging of incorrect fares, poor availability of disposable cards in buses, lack of card top-up centers, and lack of proper training of bus drivers (Consumer Council of Fiji 2017a). Nonetheless, even developed countries like Singapore and Hong Kong faced teething problems. Therefore, Fiji being a developing country and the first PIC in the South Pacific to implement an e-transport system given resource constraints is a milestone in itself. In late December 2008, the Land Transport Authority (LTA) and Ministry of Works and Transport in conjunction with the FBOA engaged the UK-based Orion Consulting Associates to carry out a comprehensive review of the bus industry. The 2009 Orion report strongly

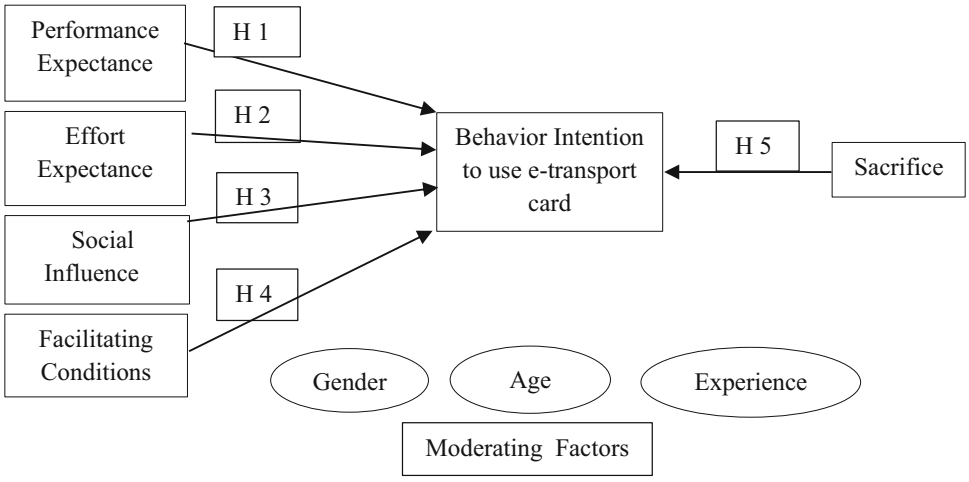


Source: *Venkatesh et al. (2003) and Prayoonphan & Xu (2019)*

**E-Public Transportation, Quantitative Analysis in Fiji, Fig. 1** Research model: modified UTAUT model. Source: Venkatesh et al. (2003)

recommended prepaid tickets by installing ticket machines or e-ticketing. Every month, around $9.5 million is spent by the bus travelling public with bus companys' annual revenue of approximately $114 million (Pratibha 2018). Before the introduction of e-ticketing, a third of this amount was pilfered and not accounted for, resulting in unpaid taxes. In Fiji, the public had no choice but to transit from cash to digital given the government's decision to digitize the bus public transit (PFIP 2017). E-transportation is still a new service, initially test launched in 2013. When the system failed to function well back then due to poor self-regulation, government stepped into regulate e-ticketing by amending the Land Transport Regulations and invited various telecommunications agents to assist in the process. Commuters can either pay bus fares by using their e-transport cards or buy a disposable card for as little as $2 FJD from the driver. In Fiji, e-transportation benefits are twofold, direct and indirect. The direct benefit is fair assessment of bus fares based on reliable data. Indirect benefit for the consumers is – their taxes will no longer subside the bus industry because of poor financial performance of bus companies due to fraud. The Pacific Financial Inclusion Programme (PFIP) stated that advantages for end users include: greater transparency and control over targeting, coverage and distribution of the transport assistance/subsidy to the students, the pensioners, the senior citizens and the disabled citizens/residents; no cash or change requirement for passengers or drivers, resulting in speedy transactions; and the reduction in handling of cash and associated efforts and risks (PFIP 2017). In addition, the e-ticketing system provides the government and its stakeholders with the essential consumer data to help re-align or add resources to better meet the needs of the travelling public (Pratibha 2017). These user benefits are consistent with global studies (Blythe 2004; Welde 2012).

## Methodology

This study began with a thorough review of e-transportation literature the world across as well as reviewed relevant documents on the subject matter in Fiji. Upon sufficient secondary sources, questionnaires were distributed for bus commuters' responses for primary research. While a cross-sectional and self-reported data through a convenient sample has its limitations, this study used convenience sampling technique as like Sumaedi et al. (2012). The study was conducted in line with all ethical considerations. Tertiary students participated in the study voluntarily and were told that they could refuse to participate if felt uncomfortable. They were also informed that their participation will not affect their grades in the respective courses.

### Participants of the Survey

The researchers conducted the questionnaire survey, face-to-face targeting second and third year university student passengers during tutorials through convenience sampling. These are the students of the School of Management and Public Administration in Faculty of Business and Economics, the largest school in the University of the South Pacific (USP). USP was established in 1968 and "... is one of the [only] two regional universities in the world..." (p. 87). It is a regional university that is co-owned by 12 Pacific Island Countries – Fiji, Cook Islands, Nauru, Kiribati, Marshall Islands, Samoa, Niue, Tuvalu, Solomon Islands, Tonga, Tokelau, and Vanuatu. The reason behind selecting these commuters is their regular use of e-transportation cards. This selection makes sense since e-transport systems mostly benefit those who use public transport regularly (Puhe 2014). E-ticketing interests those who use public transport regularly, since it means time (and sometimes cost) savings (Puhe 2014). The authors of this entry are involved in teaching 200 and 300 level courses in the same school and have an easy reach of participants. Participants spent about 10 min to complete the questionnaire. The questionnaires were filled out between 8 and 18 October 2019. The questionnaire, based on previous studies then modified to conform to the context of this study and to better understand tertiary student commuters' in Fiji, was designed with a five-point Likert scale

ranging from strongly disagree (1) and strongly agree (5). The variables were developed after a thorough review of research related to the UTAUT model and e-transportation research. The Cohen's rule suggests a sample size of at least 10 times the number of the hypotheses for robustness. Hence, our modified model's hypotheses required a sample size of at least 90 participants – this was achieved for the study. Total sample collected were 202 of which 198 were considered valid for use in the study.

### Analysis of Data

Data was analyzed using SPSS v25 software program. To evaluate the data, descriptive statistical methods (number, percentage, mean, standard deviation) were used. SPSS AMOS v26 was used to carry out Structural Equation Modeling (SEM), path analysis, confirmatory factor analysis, exploratory factor analysis, covariance analysis, correlations, and multiple regression to perform hypotheses testing in order to support the research and theory. SEM is widely used by researchers in marketing and consumer research (Hershberger 2003). The use of SEM also helps researchers to be more precise in the specification of hypotheses and operationalization of constructs (Bagozzi and Yi 2012). It also takes into account reliability of measures in tests of hypotheses in ways going beyond the averaging of multi-measures of constructs. To the best of the researchers' knowledge, there has not been any e-transportation study that has used AMOS.

## Results and Discussion

### Descriptive Analysis

Of the 198 respondents, 33.30% were male (n = 66) and 66.70% were female (n = 132). Of the total respondents, 83.80% (n = 166) were full-time and 16.20% (n = 32) were part-time students. 5.10% of the respondents were less than 20 years old, 86.90% were between 21 and 30 years old, 6.10% were between 31 and 40 years old, 1.50% were between 41 and 50 years old, and the remaining 0.50% represented age groups older than 50. Frequencies obtained for a 198 sample size are consistent with USP's overall student-related statistics. In terms of gender, there are more females (11,085.5) than males (8,537.5) enrolled at the university (USP 2018). There are more full-time students (12,679.6) than part-time students (6,943.5) (USP 2018). Students were asked about the number of times they use the e-transport card. Forty-nine participants used e-transport card once (25.40%), 34 used it twice (17.60%), 21 used it thrice (10.90%), and 89 used it more than four times (46.10%). Majority students who responded to the questionnaire were between 20 and 30 years of age. This is because majority of students enrolled at USP are high-school leavers and youths. The survey indicates that of the five factors, performance expectancy matters most to passengers since the introduction of e-ticketing system for bus services in Fiji has brought about benefits for passengers. Performance expectancy variables in line with the perceived benefits include: usefulness of e-transport card compared to the traditional ticketing system, requires carrying of less cash, is reliable for passengers, makes it easy to track the use of cash spent on bus travel and budget, offers flexibility in terms of top-ups, is an efficient way to pay for travel, and allows for reduced boarding time.

From all the age groups, it is the 20–30 year olds that is more readier in adopting e-transformation scenarios. This maybe because they are the e-generation and are thus more tech-savvy and more technologically comfortable when compared to the other age groups. The other noticeable age group is the above 51 years' age group. Comparatively, their adoption rate of e-transport card is much lower and they largely prefer cash payments for public transportation. This maybe because of the old mindset of how public transportation has been used, comfort and convenience in using cash than card, and small bus fare budgets compared to pre-top ups of amounts greater than $2 FJD. This concurs with the study by Magsamen et al. (2015) who argued that the older a person, the more likely he or she will not intent to adopt a new technology.

## SEM and Hypotheses Testing

### Exploratory Factor Analysis (EFA)

The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and the Bartlett's test of sphericity are the key assumptions of EFA. According to Pallant (2013), the KMO statistic ought to be greater than 0.50 and Bartlett's test of sphericity should be statistically significant ($p < 0.05$).

KMO and Bartlett's test in Table 1 showed that KMO statistic was $0.873 > 0.50$ and Bartlett's test of sphericity was significant ($p = 0.000 < 0.05$), and thus, the assumption for the confirmatory factor analysis (CFA) has been met. CFA was conducted, using the most used method of principal component analysis (PCA). Rotation was carried out using Varimax rotation method. Table 2 below shows communalities that measure the level of correlation between an item with all the items combined, the results of which should be a high common variance (>0.40).

Since the results in Table 2 show that none of the communalities were less than 0.40 thus, all the communalities were important for an efficient factor extraction. According to Pallant (2013), Kaiser criterion should be used to determine the number of components that would be extracted in EFA. This criterion only considers components with eigen value of 1.00 or above (Pallant 2013). The scree plot below is also used to show the number of components that would be extracted in EFA. Figure 2 below illustrates the scree plot showing the number of components that would be extracted in EFA.

The scree plot shows five screes above the eigen values. This evidences that there are five factors in this study.

**E-Public Transportation, Quantitative Analysis in Fiji, Table 1** Exploratory factor analysis: KMO and Bartlett's test

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin measure of sampling adequacy | | 0.873 |
| Bartlett's test of sphericity | Approx. Chi-square | 3355.458 |
| | Df | 496 |
| | Sig. | 0.000 |

## Reliability and Validity Testing

The components extracted from PCA need to be validated before it is applied in SEM. Cronbach's alpha coefficient was used to determine the reliability and internal validity of components extracted from PCA. Reliability analysis was used to determine the internal validity and reliability of components. Tabachnick and Fidell (2007) argues that the generally acceptable threshold for the acceptance of alpha is 0.60. Table 3 below presents the results.

Results show that scale Performance expectance has good internal validity and reliability

**E-Public Transportation, Quantitative Analysis in Fiji, Table 2** Communalities

| | Initial | Extraction |
|---|---|---|
| PE_useful | 1.000 | 0.701 |
| PE_lesscash | 1.000 | 0.474 |
| PE_reliable | 1.000 | 0.669 |
| PE_track | 1.000 | 0.554 |
| PE_flexible | 1.000 | 0.729 |
| PE_efficient | 1.000 | 0.694 |
| PE_fast | 1.000 | 0.588 |
| EE_easy | 1.000 | 0.653 |
| EE_convenient | 1.000 | 0.701 |
| EE_operate | 1.000 | 0.720 |
| EE_understand | 1.000 | 0.834 |
| EE_assistance | 1.000 | 0.788 |
| EE_comfortable | 1.000 | 0.700 |
| SI_family | 1.000 | 0.790 |
| SI_friends | 1.000 | 0.751 |
| SI_govt. | 1.000 | 0.651 |
| SI_family/friend | 1.000 | 0.578 |
| SI_mandatory law | 1.000 | 0.730 |
| SI_not a law | 1.000 | 0.571 |
| FC_register | 1.000 | 0.607 |
| FC_queries | 1.000 | 0.799 |
| FC_resolved | 1.000 | 0.741 |
| FC_replacement | 1.000 | 0.604 |
| FC_top-up | 1.000 | 0.633 |
| FC_kiosk | 1.000 | 0.570 |
| FC_top-up location | 1.000 | 0.642 |
| FC_disposable card | 1.000 | 0.492 |
| S_effort | 1.000 | 0.576 |
| S_time | 1.000 | 0.575 |
| S_time | 1.000 | 0.672 |
| S_embarrassment | 1.000 | 0.699 |
| S_wrong fare | 1.000 | 0.597 |

Extraction method: principal component analysis.

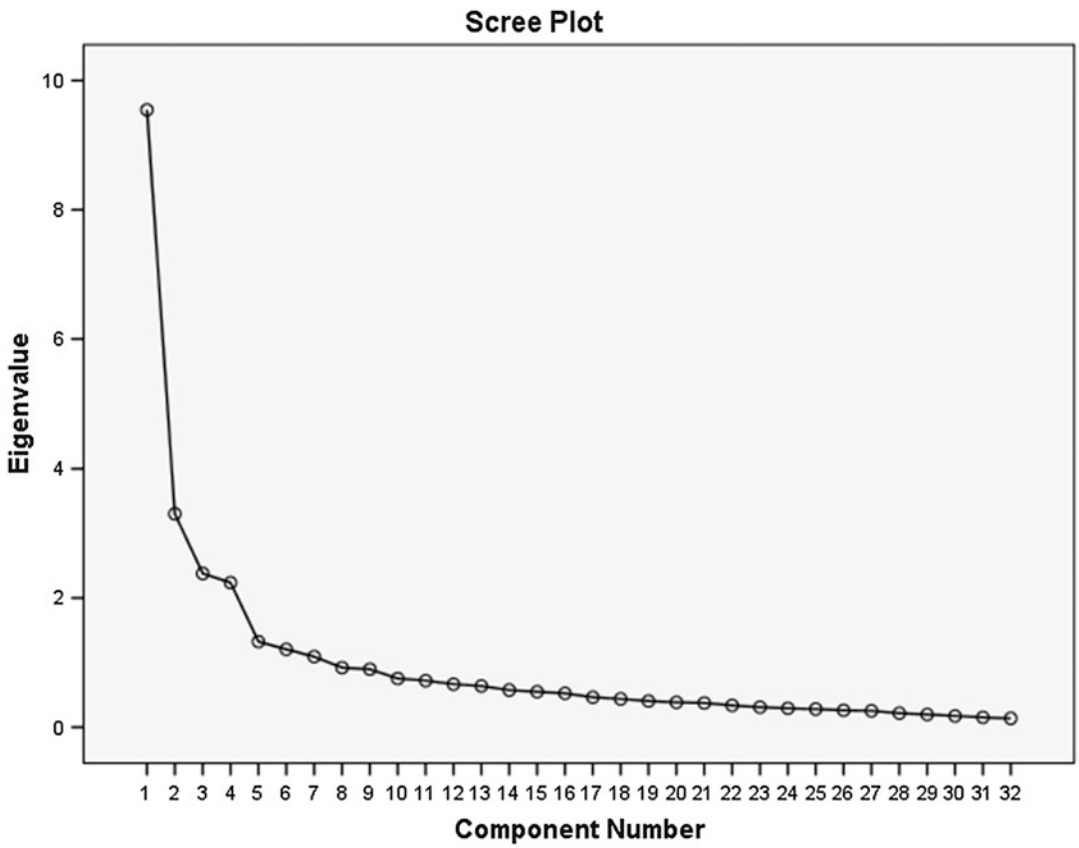


**E-Public Transportation, Quantitative Analysis in Fiji, Fig. 2** Scree plot: number of components extracted in EFA

**E-Public Transportation, Quantitative Analysis in Fiji, Table 3** Reliability analysis: Cronbach's alpha coefficient, mean, and standard deviation

| Variable | Cronbach's alpha | Number of items | M; SD |
|---|---|---|---|
| Performance expectance | 0.873 | 7 | 3.72; 0.93 |
| Effort expectance | 0.874 | 6 | 3.80; 1.01 |
| Social influence | 0.639 | 6 | 3.63; 1.03 |
| Facilitating conditions | 0.879 | 8 | 3.49; 1.03 |
| Sacrifices | 0.745 | 5 | 3.73; 1.23 |

(alpha = 0.873). The average value of Performance expectance is 3.72 (M = 3.72; SD = 0.93). The results showed that scale Effort expectance has a good internal validity and reliability (alpha = 0.874). The average value of Effort expectance is 3.80 (M = 3.80; SD = 0.1.01). Results showed that scale Social influence has a good internal validity and reliability (alpha = 0.639). The average value of Social influence is 3.63 (M = 3.63; SD = 1.03). Results showed that scale Facilitating conditions has a good internal validity and reliability (alpha = 0.879). The average value of Facilitating conditions is 3.49 (M = 3.49; SD = 1.03). The results showed that scale Sacrifices has a good internal validity and reliability (alpha = 0.745). The average value of Sacrifices is 3.73 (M = 3.73; SD = 1.23).

### Confirmatory Factor Analysis (CFA) (Fig. 3 and Table 4)

Table 5 shows the results of moderation analysis. The moderating effect of gender, experience, and age were examined using AMOS.

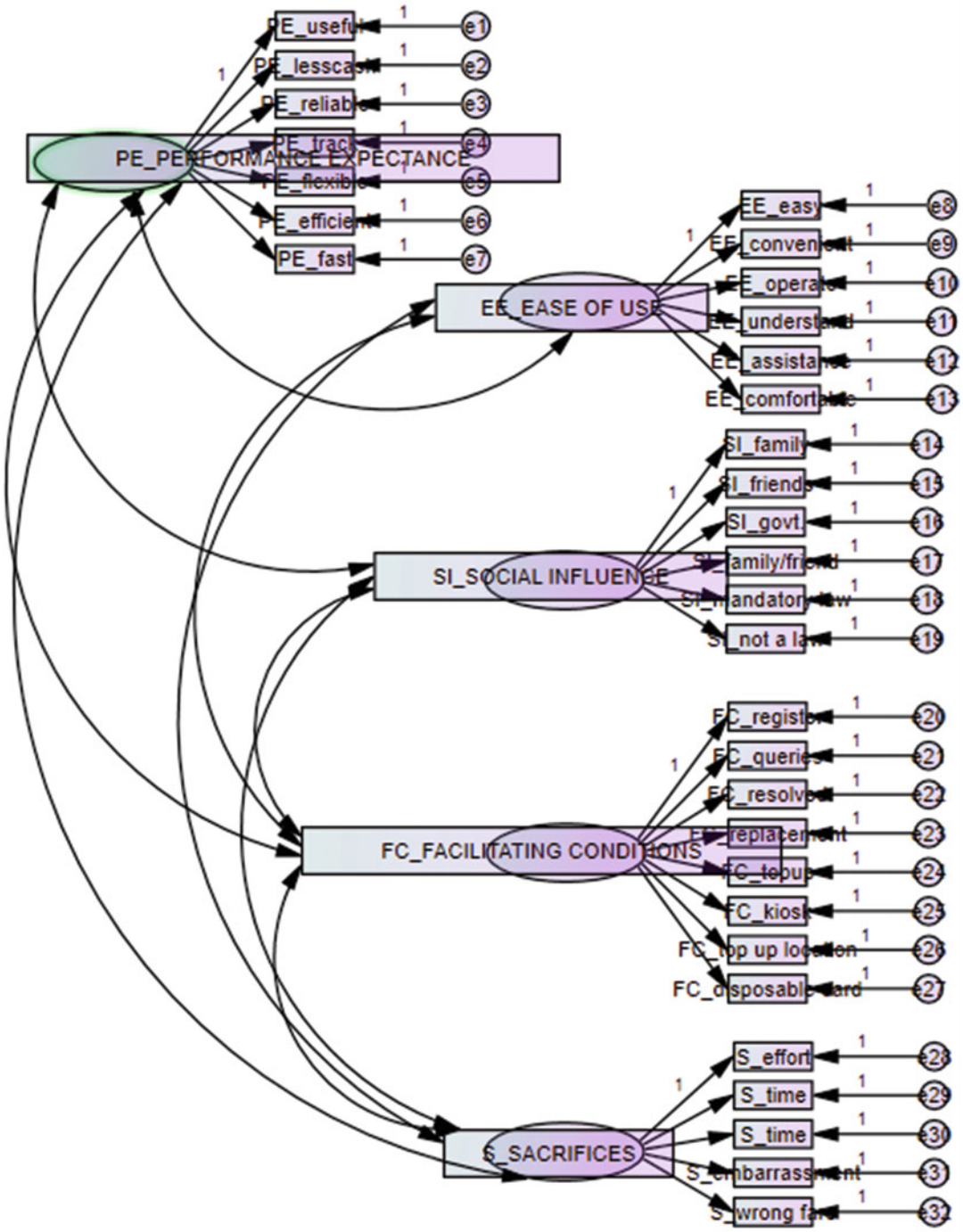


**E-Public Transportation, Quantitative Analysis in Fiji, Fig. 3** SEM: confirmatory factor analysis

**E-Public Transportation, Quantitative Analysis in Fiji, Table 4** Confirmatory factor analysis

| Variables | | | Estimates |
|---|---|---|---|
| PE_01_useful | ← | PE_08_BENEFITS | 0.535 |
| PE_02_lesscash | ← | PE_08_BENEFITS | 0.397 |
| PE_03_reliable | ← | PE_08_BENEFITS | 0.502 |
| PE_04_track | ← | PE_08_BENEFITS | 0.439 |
| PE_05_flexible | ← | PE_08_BENEFITS | 0.451 |
| PE_06_efficient | ← | PE_08_BENEFITS | 0.512 |
| PE_07_fast | ← | PE_08_BENEFITS | 0.477 |
| EE_09_easy | ← | EE_15_EASEOFUSE | 0.563 |
| EE_10_convenient | ← | EE_15_EASEOFUSE | 0.677 |
| EE_11_operate | ← | EE_15_EASEOFUSE | 0.506 |
| EE_12_understand | ← | EE_15_EASEOFUSE | 0.465 |
| EE_13_assistance | ← | EE_15_EASEOFUSE | 0.439 |
| EE_14_comfortable | ← | EE_15_EASEOFUSE | 0.751 |
| SI_16_family | ← | SI_22_SOCIALINFLUENCE | 0.347 |
| SI_17_friends | ← | SI_22_SOCIALINFLUENCE | 0.316 |
| SI_18_govt | ← | SI_22_SOCIALINFLUENCE | 0.233 |
| SI_19_ff | ← | SI_22_SOCIALINFLUENCE | 0.453 |
| SI_20_law | ← | SI_22_SOCIALINFLUENCE | 0.264 |
| SI_21_notlaw | ← | SI_22_SOCIALINFLUENCE | 0.232 |
| FC_23_register | ← | FC_31_FACILITATINGCONDITIONS | 0.422 |
| FC_24_queries | ← | FC_31_FACILITATINGCONDITIONS | 0.474 |
| FC_25_resolved | ← | FC_31_FACILITATINGCONDITIONS | 0.494 |
| FC_26_replacement | ← | FC_31_FACILITATINGCONDITIONS | 0.436 |
| FC_27_top-up | ← | FC_31_FACILITATINGCONDITIONS | 0.526 |
| FC_28_kiosk | ← | FC_31_FACILITATINGCONDITIONS | 0.400 |
| FC_29_top-uplocation | ← | FC_31_FACILITATINGCONDITIONS | 0.543 |
| S_32_effort | ← | S_37_SACRIFICES | 0.153 |
| S_33_time | ← | S_37_SACRIFICES | 0.022 |
| S_34_forget | ← | S_37_SACRIFICES | 0.178 |
| S_35_embarrassed | ← | S_37_SACRIFICES | 0.175 |
| S_36_wrongfare | ← | S_37_SACRIFICES | 0.284 |

**E-Public Transportation, Quantitative Analysis in Fiji, Table 5** Results of moderation analysis

| | | | Estimate |
|---|---|---|---|
| BehaviorIntention | ← | PE_08_BENEFITS | 0.022* |
| BehaviorIntention | ← | EE_15_EASEOFUSE | 0.002 |
| BehaviorIntention | ← | SI_22_SOCIALINFLUENCE | −0.009* |
| BehaviorIntention | ← | FC_31_FACILITATINGCONDITIONS | −0.020* |
| BehaviorIntention | ← | S_37_SACRIFICES | 0.000 |
| BehaviorIntention | ← | GenderxPE | 0.018* |
| BehaviorIntention | ← | GenderxEE | 0.002 |
| BehaviorIntention | ← | GenderxSI | −0.023* |
| BehaviorIntention | ← | ExperiencexPE | −0.998* |
| BehaviorIntention | ← | ExperiencexSI | 0.039* |
| BehaviorIntention | ← | ExperiencexFC | 0.033* |
| BehaviorIntention | ← | AGExPE | −0.001 |
| BehaviorIntention | ← | AGExEE | −0.003 |
| BehaviorIntention | ← | AGExSI | 0.005* |
| BehaviorIntention | ← | AGExFC | 0.001 |

*the relations are strong amongst variables, and hypothesis are likely to be true

E

The results of moderation analysis showed that gender has moderation effect between behavior intention and performance experience, and between behavior intention and social influence. The results showed that experience has moderation effect between behavior intention and performance experience, between behavior intention and social influence, and between behavior intention and facilitating conditions. The results also showed that age has moderation effect between behavior intention and social influence. In past studies by Magsamen et al. (2015) and Wang and Shih (2009), gender was reported to have a significant effect on the behavioral intention to use new technology. Studies by Lu et al. (2009), Magsamen et al. (2015), and Venkatesh et al. (2003) proved that age is a significant predictor of behavior intention and serves as an integral element of behavior intentions and the study by Chiemeke and Evwiekpaefe (2011) showed the importance of experience. The results also showed significant positive impact of performance expectance on behavior intention.

Therefore, Hypothesis 1: Performance expectance has a positive and significant effect on the intention of commuters to use e-transport card, is confirmed. This is in agreement with studies by Madigan et al. (2016), who argued that performance expectance is a vital element affecting a person's behavioral intention of usage. The results showed that there is positive but not a significant effect of effort expectation on behavior intention. Therefore, Hypothesis 2: Effort expectance has a positive and significant effect on the intention of commuters to use e-transport card, can be partially confirmed. Effort expectancy included variables such as passenger ease of use, convenient traveling, operability of e-transport card with/without assistance, and comfort in using card instead of cash for bus fare. This thus, only partially concurs with the findings of Madigan et al. (2016), Venkatesh et al. (2003), and Wu et al. (2012). This may be because tertiary students are still getting used to the e-transportation system which is still relatively new after the not so successful launch in 2013 when compared to better developed nations where locals have more experience with smart cards. At this point, it can be assumed that after some years and given more experience with e-transportation, this result may differ. The results showed significant but negative impact of social influence on behavior intention. Therefore, Hypothesis 3: Social influence has a positive and significant on the intention of commuters to use e-transport card, is partially confirmed. Here again, the result only partially agrees with the findings of Gupta et al. (2018) who claim that social influence is paramount in understanding user behavior intentions in adopting a new technology. Likewise, the result also only partially concurs with Wu et al. (2012) who reported positive and significant impact of social influence on user behavioral intentions for iPass smartcard adoption. In Fiji's case, it is worth noting that the public had no choice but to go digital given the government's directive, leaving little room for any other's (family/friends) significant influence (PFIP 2017). It was more of a coercive effort from the government. This is an unusual interesting finding specific to Fiji's situation. The results showed significant negative effect of facilitating conditions on behavior intention. Therefore, Hypothesis 4: Facilitating conditions has a positive and significant effect on the intention of commuters to use e-transport card, is partially confirmed, since the results showed significant, but negative effect of facilitating conditions on behavior intention. Once again, the result only partially agrees with Wu et al. (2012) whose studies proved that facilitating conditions affect commuter intention to use new technology. Fiji is still relatively new and not that well equipped with the needed facilitating conditions/infrastructure which can make e-transportation convenient. The results showed that there is no statistically significant effect of sacrifice on behavior intention. Therefore, Hypothesis 5: Sacrifice has a positive and significant effect on the intention of commuters to use e-transport card, must be rejected. This is in contrast to past studies like Wen et al. (2005) who reported perceived sacrifice as statistically significant with a direct negative effect on perceived value. This maybe because in Fiji, the sample commuters may not feel that: they are making significant sacrifices in terms of one's

time and effort in topping-up e-transport card, in finding a kiosk or vendor close to them, the psychological cost of not having enough credit on the card, and the feel of embarrassment when told that the card balance is low. The respondents have to top-up anyway to recharge mobile phones, the vendors are located close to USP and the study sample is tertiary students so it is assumed that this sample is not that psychologically affected than the sensitive senior citizens. For this group, not having enough credit or lower card balance may not be a big deal or common among them.

### Model Test for Fitness

CMIN/DF was used for the absolute fit indices. Table 6 depicts CMIN/DF results.

The results show that CMIN/DF = 0.476 < 3.00, confirming absolute fit. Table 7 below shows RMSEA results.

Root Mean Square Error of Approximation (RMSEA) was used for the non-centrality-based fit indices. The maximum threshold is 0.05. The values of 0.05 or lower indicate good model fit, while 0.06–0.08 indicate acceptable model fit. Since the RMSEA value is 0.000 < 0.05, results indicate a good model fit. The results (Tables 6 and 7) show that goodness of fit was not violated, thus confirming that model findings are valid. Also, there is enough evidence, except for H5 to support the claims that there is an association between the use of e-transport card and the respective variables of interest used in the questionnaire.

## Conclusion and Recommendations

This research attempted to contribute towards better understanding of user intention and adoption, a topic that is still deemed important as per scholars like Sumaedi et al. (2012) especially when only a few published studies focus on factors influencing e-ticket usage behavior. All in all, our research only confirmed H1 (Performance expectance has a positive and significant effect on the intention of commuters to use e-transport card). It only partially confirmed H2, H3, and H4 (Effort expectance, Social influence and Facilitating conditions have positive and significant effect on the intention of commuters to use e-transport card). It rejects H5 which was – Sacrifice has a positive and significant effect on the intention of commuters to use e-transport card. These results may be generalizable to other smaller PICs but may not be generalizable to other larger and better developed countries since the study is just premised in one small developing PIC and just based on the segment of tertiary students of one university. Also, studies using the same research model and questionnaire in other countries may bring about different findings. The self-reported questionnaire as the research tool is also a common limitation since interviewees may rush through, not express true opinions, select responses that may please the interviewer, all of which could lead to errors in the results. The research was also conducted within a short period. As Chao (2019) mentions, customer perception can change over time with new knowledge and accumulated experiences.

**E-Public Transportation, Quantitative Analysis in Fiji, Table 6** Absolute fit indice: CMIN/DF results

| Model | NPAR | CMIN | DF | P | CMIN/DF |
|---|---|---|---|---|---|
| Default model | 11 | 1.429 | 3 | 0.699 | 0.476 |
| Saturated model | 14 | 0.000 | 0 | | |
| Independence model | 4 | 5.196 | 10 | 0.878 | 0.520 |

**E-Public Transportation, Quantitative Analysis in Fiji, Table 7** Non-centrality-based fit indice: RMSEA results

| Model | RMSEA | LO 90 | HI 90 | PCLOSE |
|---|---|---|---|---|
| Default model | 0.000 | 0.000 | 0.089 | 0.828 |
| Independence model | 0.000 | 0.000 | 0.038 | 0.974 |

Nonetheless, findings from the present study can help better understand user issues of regular commuters, which can better inform the policy makers, bus service providers/operators, and the assisting mobile phone companies for improvement in the current system. For transportation scholars, the study suggests research on other segments and larger samples and, like Chao (2019), suggests longitudinal studies for updated findings. Furthermore, "...other key factors beyond the scope of this study could be incorporated to improve the explanatory power of the endogenous variables". For the industry and the economy, after sometime as the public becomes comfortable and readier towards card systems, recommendations are to use e-cards for other purposes aside bus transport like in some Asian cities. Integrated e-tickets could even be extended to tourism and leisure activities (Puhe 2014). E-transportation card can be applied to other modes of public transportation too like mini buses and taxis. Fiji may also look into integrated use of the card so that it can be linked to other services like parking meter payments as well as other retail purchases (Iseki et al. 2008).

Overall, the study advanced the research work in the area of e-transportation and in developing nations. It also modified the model to better understand user behavior intention in the bus industry. This paves the way for development of even more effective models. Our study, however, should not be taken to exemplify the entire e-transportation adoption scenario. Nevertheless, it is envisaged that this study will inspire scholars to further scrutinize the subject matter with larger scale studies, more comprehensive questionnaires, longitudinal studies, comparative studies, and use of other variables. Also, a one-size-fit-all product may not fully address user needs. Overall, this entry agrees with Blythe (2004) and Mondato (2019) who argue that solutions should not be globally dictated but rather locally informed.

## Cross-References


- ▶ Citizen Participation in Public Management
- ▶ Citizen Satisfaction with Government Services in Japan
- ▶ Digital Social Innovators
- ▶ Digital Transformation, Brazil


## References


Bagozzi RP, Yi Y (2012) Specification, evaluation, and interpretation of structural equation models. J Acad Mark Sci 40(1):8–34

Blythe P (2004) Improving public transport ticketing through smart cards. Munic Eng 157(1):47–54

Chiemeke CS, Evwiekpaefe EA (2011) A conceptual framework of a modified unified theory of acceptance and use of technology (UTAUT) Model with Nigerian facarances during election campaigns. Educ Res 2 (12):1719–1726

Compeau DR, Higgins CA (1995) Computer self-efficacy: development of a measure and initial test. MIS Q 19:189–211

Consumer Council of Fiji (2017a) E-ticketing system. Suva, s.n

Consumer Council of Fiji (2017b) Part 2 – response to Mr Narube's article on the E-ticketing system. [Online] Available at: http://www.consumersfiji.org/media/feature-articles/feature-articles-2017/part-2-response-to-mr-narubes-article-on-the-e-ticketing-system

COP23 (2017–2018) About Fiji. Bonn, COP23

Davis FD (1989) Perceived usefulness, perceived ease of use, and user acceptance of information technology. MIS Q 13:319

Diab EI, Badami MG, El-Geneidy AM (2015) Bus transit service reliability andimprovement strategies: integratingthe perspectives of passengers andtransit agencies in North America. Transp Rev 35:292–328

Fiji Commerce Commission (2014) Authorization (amended) on interoperability fees for E-ticketing services. Fiji Commerce Commission, Suva

Gupta A, Dogra N, George B (2018) What determines tourist adoption of smartphone apps?: an analysis based on the UTAUT-2 framework. J Hosp Tour Technol 9:48–62

Hershberger SL (2003) The growth of structural equation modeling: 1994–2001. Struct Equ Model 10(1):35–46

Iseki H, Demisch A, Taylor BD, Yoh AC (2008) Evaluating the costs and benefits of transit smart cards. Berkeley: California Partners for Advanced Transit and Highways. California PATH Research Report. California Path Program Institute of Transportation Studies University of California, Berkeley. ISSN 1055-1425 https://www.transitwiki.org/TransitWiki/images/7/78/Evaluating_Smart_Cards.pdf

Korea4expats (2015) T-money – transit smart card. [Online] Available at: https://www.korea4expats.com/article-tmoney-seoul-transit-smart-card.html

Lu J, Yu CS, Liu C (2009) Mobile data service demographics in urban China. J Comput Inf Syst 50(2):117–126

Madigan R et al (2016) Acceptance of automated road transport systems (ARTS): an adaptation of the UTAUT model. Transp Res Procedia 14:2217–2226

Magsamen S, Joa CY, Dowd J (2015) Bridging the divide: using UTAUT to predict multigenerational tablet adoption practices. Comput Hum Behav 50:186–196
Maillet É, Mathieu L, Sicotte C (2015) Modeling factors explaining the acceptance, actual use and satisfaction of nurses using an electronic patient record in acute care settings: an extension of the UTAUT. Int J Med Inf 36–47:84
Mondato (2019) Cashless transportation: Kenya and Rwanda as case studies. [Online] Available at: https://blog.mondato.com/cashless-transportation-kenya-rwanda/
Pallant J (2013) SPSS survival manual. A step by step guide to data analysis using SPSS, 4th edn. Allen & Unwin, Crows Nest, NSW
PFIP (2017) Smart electronic ticketing for public transport in Fiji. [Online] Available at: http://www.pfip.org/newsroom/blog/smart-electronic-ticketing-public-transport/
Pratibha J (2017) Card to the future. [Online] Available at: https://fijisun.com.fj/2017/10/05/card-to-the-future/
Pratibha J (2018) E-ticketing system convenient to thousands who travel on buses. [Online] Available at: https://fijisun.com.fj/2018/03/12/e-ticketing-system-convenient-to-thousands-who-travel-on-buses/
Puhe M (2014) Integrated urban e-ticketing schemes – conflicting objectives of corresponding stakeholders. Elsevier B.V., Karlsruhe, pp 494–504
Rogers E (2003) Dilusion of innovations, 5th edn. Free Press, Detroit
Sumaedi S, Bakti I, Yarmen M (2012) The empirical study of public transport passengers' behavioral intentions: the roles of service quality, perceived sacrifice, perceived value, and satisfaction (case study: paratransit passengers in Jakarta, Indonesia). Int J Traffic Transp Eng 2:83–97
Tabachnick BG, Fidell LS (2007) Using multivariate statistics. University of Chicago Press, Chicago
Taylor S, Todd PA (1995) Assessing IT usage: the role of prior experience. MIS Q 19(2):561–570
Thompson RL, Higgins CA, Howell JM (1991) Personal computing: toward a conceptual model of utilization. MIS Q 15:125–143
Transport for London (2019) Oyster pay as you go. [Online] Available at: https://tfl.gov.uk/fares/how-to-pay-and-where-to-buy-tickets-and-oyster/pay-as-you-go/oyster-pay-as-you-go
Transport Ticketing Authority (2009) Myki devices being installed in Melbourne. [Online] Available at: https://web.archive.org/web/20091015024904, http://www.myki.com.au/XStandardWebServices/myki%20devices%20being%20installed%20in%20Melbourne.pdf
USP (2018) 2018 annual report, The University of the South Pacific, Suva, Fiji
Vallerand RJ (1997) Toward a hierarchical model of intrinsic and extrinsic motivation. In: Zanna MP (ed) Advances in experimental social psychology. Academic Press, San Diego
Venkatesh V, Morris M, Davis G, Davis F (2003) User acceptance of information technology: toward a unified view. MIS Q 27:425–478
Venkatesh V, Thong J, Xu X (2013) Consumer acceptance and use of information technology: Extending the nified theory of acceptance and use of technology. MIS Q 36:157–178
Wang Y-S, Shih Y-W (2009) Why do people use information kiosks? Validation of the unified theory of acceptance and use of technology. Gov Inf Q 26(1):158–165
Welde M (2012) Are smart card ticketing systems profitable? Evidence from the City of Trondheim. J Public Transp 15(1):133–148
Wen C-H, Lan L, Cheng H-L (2005) Structural equation modeling to determine passenger loyalty toward intercity bus services. Transp Res Rec J Transp Res Board 1927:294–255
Williams MD, Rana N, Dwivedi Y (2015) The unified theory of acceptance and use of technology (UTAUT): a literature review. J Enterp Inf Manag 28(3):443–488
Wu M-Y, Yu P-Y, Weng Y-C (2012) A study on user behavior for i pass by UTAUT: using Taiwan's MRT as an example. Asia Pac Manag Rev 17:91–111
Yu C (2012) Factors affecting individuals to adopt mobile banking: empirical evidence from the UTAUT model. J Electron Commer Res 13:104–121
Zhou T, Lu Y, Wang B (2010) Integrating TTF and UTAUT to explain mobile banking user adoption. Comput Hum Behav 26:760–767

E

# Equity Theory of Organizations

Elaine Hatfield[1], Jeanette Purvis[1] and Richard L. Rapson[2]
[1]Department of Psychology, University of Hawaii, Honolulu, HI, USA
[2]Department of History, University of Hawaii, Honolulu, HI, USA

## Synonyms

Fairness; Justice; Justifications; Social exchange

## Definition

Equity: How fair a relationship is perceived to be.
Inputs: What a person contributes to a relationship.
Outcomes: What a person gets out of a relationship.
Profit: A person's outcomes minus inputs.

## Introduction

In the eleventh century, St. Anselm of Canterbury (1998) argued that the will possesses two competing affinities: an affection for what is to a person's own selfish advantage *and* an affection for justice. The first inclination may be stronger, but the second matters, too. Equity theory, too, posits that in personal, social, and societal relationships, two concerns stand out. Firstly, how much reward does a person reap from a given social relationship? Secondly, how fair and equitable is that relationship? According to Equity theory, people feel most comfortable when their relationships are maximally profitable and they are giving and getting exactly what they deserve from their relationships – no more and certainly no less.

## Early Social Exchange Theorists

The first modern-day scholars to propose models of social exchange in organizations (in the late 1950s and early 1960s) were sociologists George C. Homans (1958) and Peter Blau (1964) and social psychologists John Thibaut and Harold Kelley (1959). They viewed all social life as involving the exchange of goods, such as approval, esteem, and material goods. All people, they contended, are seeking maximum reward at minimum cost. As a consequence, there tends to be a balance in exchanges. Morton Deutsch (1974) pointed out that in different societies, "justice" has been viewed as consisting in the treatment of all people:

1. As equals
2. So that they have equal opportunity to compete without external favoritism or discrimination
3. According to their ability
4. According to their efforts
5. According to their accomplishments
6. According to their needs
7. According to the supply and demand of the marketplace
8. According to the requirements of the common good
9. According to the principle of reciprocity (p. 21)

Relying on the economic and behavioristic theories of the day, these scholars attempted to describe the factors that mediate the creation, maintenance, and breakdown of exchange relationships. J. Stacy Adams (1966), an industrial-organizational psychologist, argued that management and labor attempt to maintain equity between the inputs (Is) they contribute to their work (such things as time, effort, and sacrifice) and the outcomes (Os) they receive from their work life (such things as security, salary, fringe benefits, etc.) compared to the Is and Os of their supervisors, peers, and employees. Relational satisfaction was assumed to depend on how fair (or unfair) were distributions of rewards.

Later, Elaine Hatfield and her colleagues (1978) proposed a model designed to integrate all these diverse insights: Equity theory.

### Equity Theory

Equity theory is a straightforward theory. It consists of four propositions:

Proposition I: Men and women are "hardwired" to try to maximize pleasure and minimize pain.

Proposition II: Society, however, has a vested interest in persuading people to behave fairly and equitably. Groups will generally reward members who treat others equitably and punish those who treat others inequitably.

Proposition III: Given societal pressures, people are most comfortable when they perceive that they are profiting from a relationship *and* are getting roughly what they deserve from that relationship. If people feel over-benefited, they may experience pity, guilt, and shame; if under-benefited, they may experience anger, sadness, and resentment.

Proposition IV: People in inequitable relationships will attempt to reduce their distress through a variety of techniques – by restoring psychological equity and actual equity or abandoning the relationship (Hatfield et al. 1978, p. 6)

#### Assessing Equity

Technically, Equity is defined by a complex formula. Respondents' perceptions of the

equitableness of their relationships are computed by entering their estimates of Inputs and Outcomes of Persons A and B ($I_A$, $I_B$, $O_A$, and $O_B$) into the Equity formula. (The Equity formulas used by previous researchers, from Aristotle to Stacy Adams, only yield meaningful results if A and B's Inputs and Outcomes are entirely positive or entirely negative. In mixed cases the formulas yield extremely peculiar results. This is simply a formula designed to transcend these limitations. See Walster (1975) for a discussion of the problems and the mathematical solutions. The superscript k simply "scales" equity problems (by multiplying all inputs and outcomes by a positive constant) such that the minimum of $II_A$ I and I $I_B$ I is greater than or equal to 1).

$$\frac{(O_A - I_A)}{(|I_A|)^{KA}} = \frac{(O_B - I_B)}{(|I_B|)^{KB}}$$

People are asked what they contribute to an organization (Inputs), (compared to their supervisors, peers, or workers) and how much profit they reap (Outcomes minus Inputs) (Young and Hatfield 2011; Walster 1975). A variety of factors shape people's perceptions as to how fairly treated they are in an organization. Probably all agree that intelligence, education, skill, training, seniority, experience, the possession of appropriate tools, effort, health, and so on "count." In special circumstances, some might also agree that such inputs as sex, ethnic background, social status, personal appearance, family responsibilities, the characteristics of one's spouse, and so on are important. Both employers and employees can probably agree that salary and such fringe benefits as health insurance, a retirement program, and "perks" (such as the right to park your car in a privileged location) are valuable outcomes. They can also probably agree that dangerous working conditions, job insecurity, and monotony are negative outcomes.

The complex formula is all well and good. However, scholars have discovered that a relationship's fairness and equity can be reliably and validly assessed with the use of a simple, one-item measure. Specifically, participants in a social exchange are asked: Considering what you put into your organization, compared to what you get out of it … and what your _____ (supervisor, fellow workers, etc.) put in (compared to they get out of it), how does your relationship "stack up?"

Respondents are given the following response options:

+3: I am getting a much better deal than _____.
+2: I am getting a somewhat better deal.
+1: I am getting a slightly better deal.
0: We are both getting an equally good, or bad, deal.
−1: My _____ is getting a slightly better deal.
−2: My _____ is getting a somewhat better deal.
−3: My _____ is getting a much better deal than I am.

On the basis of their answers, persons can be classified as over-benefited (receiving more rewards from the organization and suffering fewer costs than they deserve), equitably treated, or under-benefited (receiving less and sacrificing more than they deserve). It turns out that the "official" measure is highly correlated with this simple measure, which turns out to be a reliable and valid measure of perceived fairness and equity (Young and Hatfield 2011).

## Classic Equity Theory Research

In the 1960s and 1970s, Equity researchers conducted a plethora of studies designed to test Equity theory in organizational and business settings (see Hatfield et al. 1978). At the time Equity theorists began their work; the prevailing assumption was that businessmen and employees were economic beings who delighted in profit, the bigger the better. It is not surprising then that in attempting to apply Equity theory in organizational settings, researchers focused on two major themes: (1) How important are perceptions of justice in organizational settings? Do *employers* really care whether or not their workers are fairly treated? (Or in capitalism, is profit king?) Do *employees* really care whether or not they are fairly treated? (Or are overpaid workers perfectly content with their lot? Is it only underpaid workers who long for justice?) (2) How concerned are

managers/workers with setting inequities right – either by restoring actual equity, justifying the inequity, or punishing wrongdoers? Let us consider some of the voluminous research industrial psychologists conducted in their attempt to answer these questions.

## Do People Really Care About Equity?

Social scientists provide compelling evidence that men and women feel most comfortable when their relationships are both profitable and equitable. When people are profiting from their work and know they are receiving just what they deserve in status, money, and services, they feel "content" and "happy." When receiving considerably more than they deserve, they feel "shame," "guilt," and "unease" (Peters et al. 2008). When receiving far less than they deserve, people feel "angry" and "resentful" (see Hatfield et al. 1978 for a compendium of this research).

## Do Employers Care About Equity?

Leventhal (1976) attempted to find out *why* employers are motivated to behave in a fair and equitable way. In other words, he was interested in exploring why they feel most comfortable when they are treating their employees fairly. His argument went as follows: Probably few businessmen follow equity rules because they are committed to an abstract ideal of equity and justice. They follow equity rules because there is a payoff for doing so, both for themselves and their company. Leventhal investigated several "payoffs" that employers reap from equitable behavior. These include: Conforming to business world norms, attracting superior workers to the company and weeding out inferior ones, motivating workers to produce, and avoiding conflict.

Anytime a manager sets himself up as a judge of other men's worth, he can expect to encounter trouble. The task is hard enough when his decisions are fair; woe to the manager whose decisions are unfair. One reason, then, that employers treat employees fairly is their desire to maximize harmony and minimize dissention. But how to do this? Yuchtman (1973) observed that personnel managers and workers often disagree as to what is fair. For example, Yuchtman found that managers in small factories preferred pay systems based on merit, while their workers preferred a more equal division of resources. Leventhal et al. (1972) found that the more employers valued harmony, the more likely they were to switch from an equitable allocation of resources to one that they thought would satisfy the men – namely, to divide resources equally.

## Do Employees Care About Justice?

By far the most provocative (and voluminous) research in the industrial area has dealt with the other half of the coin: the *employees'* reactions to equity and inequity.

One of the earliest industrial psychologists to observe that perceived injustice provokes dissatisfaction was Jaques (1961). In a study of British factory workers, Jaques found that underpaid workers showed "an active sense of grievance, complaints, or the desire to complain, and . . . an active desire to change jobs." But more interestingly, he found that overpaid workers were distressed too; they showed "a strong sense of preferential treatment . . . with underlying feelings of unease."

Subsequent experiments supported Jaques' observations. One especially impressive study was conducted by Pritchard et al. (1972). The authors recruited 253 Minnesota men to work for their temp firm, "manpower." The men were hired men to work as clerks for 1 week at an equitable salary ($12.20 in today's dollars). After the men had begun to work, their dismayed employer ruefully revealed that the recruitment flyers had been in error, that he could (could not) remedy this, and that as a consequence they would be overpaid, equitably paid, or underpaid. Later, men were asked to express their feelings on the *Minnesota Satisfaction Questionnaire* (MSQ) and the *Job Description Index* (JDI). The *MSQ* measures men's satisfaction with their pay, their recognition, their general working conditions, and the

extent to which their job uses their abilities. The *JDI* measures men's satisfaction with work, supervision, pay, and promotions. The results were clear (see Fig. 1). Equitably treated men workers were more satisfied with their working conditions than were either overpaid or underpaid men. Additional evidence that equitably paid workers are more satisfied than their peers comes from a variety of sources (Hatfield et al. 1978).

## There Are Many Kinds of Justice

Surprisingly, whether people are generally more concerned about justice or profit in work settings is still up for debate. (For a meta-analysis of perceptions of justice in business settings, see Skitka et al. 2003. They found that in work settings, outcome favorability is generally considered to be less important than outcome fairness!).

## Restoring Equity

Once the fact that employers and employees care about equity was established, organizational psychologists proceeded to tackle their second question: How do inequitably paid workers handle their feelings? According to Equity theory, the three strategies available to them are the restoration of actual equity, the restoration of psychological equity, and leaving the field. An impressive body of literature indicates that inequitably paid workers seem to do all three.

## Restoring Actual Equity

In the 1960s, Adams and his colleagues, in a series of elegantly simple studies, excited a revolution in organizational research. Adams proposed the unthinkable: that capitalistic American workers care about equity and that the desire for a fair wage will affect their work. Adams and Rosenbaum (1962) pointed out that according to Equity theory, (1) employees who realize they are being overpaid or underpaid should feel distress; (2) such workers can restore actual equity by altering either the quantity or the quality of their work. Then, the authors made an ingenious prediction; employees who are paid on a salary or hourly basis versus a piece-rate basis can restore actual equity in very different ways. The overpaid worker who is paid on a salary or on an hourly basis can restore equity by increasing his inputs; he can produce more work and higher-quality work. An underpaid worker can restore equity by doing the opposite; he can produce less and lower-quality work. The worker who is paid on a piece-rate basis, however, must follow a very different strategy if he is to set things right. An

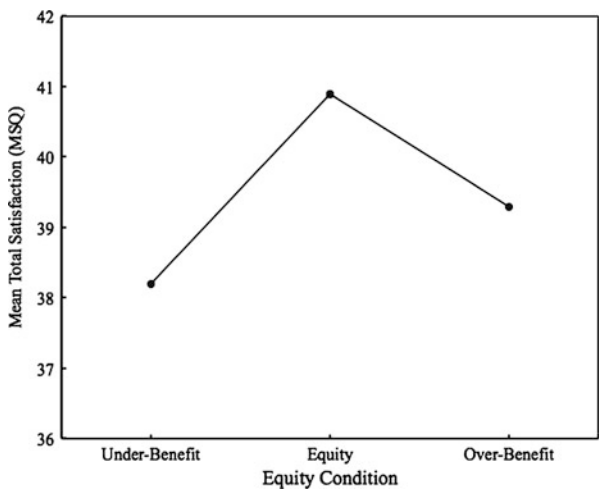


**Equity Theory of Organizations, Fig. 1** Satisfaction with the workplace and equitable treatment. (From Pritchard et al. (1972))

overpaid piece-rate worker can only restore equity if he produces less work of a higher quality. An underpaid piece-rate worker can restore equity by doing just the opposite; he can produce more work of a lower quality.

In a number of studies, authors hired men for an interviewing job. They made some men feel overpaid, others equitably paid, and others feel underpaid by commenting on their qualifications. The results of these studies were exactly as Adams and Rosenbaum (1962) had predicted (see Adams and Rosenbaum 1962; Lawler and O'Gara 1967 for more information).

## Observers' Reactions

Many studies have found that observers are willing to suffer significant costs to administer punishments to third parties who behave selfishly on group tasks (Gintis et al. 2003; Price et al. 2002). In summarizing one study, for example, Wilson (1993) observed:

> . . . our sense of justice . . . involves a desire to punish wrongdoers, even when we are not the victims, and that sense is a "spontaneous" and "natural" sentiment. (p. 40)

People don't always try to set things right, however. In life, we see people perfectly happy with the fact that they make more than they should. Rich people sometimes assume they must be smarter than their "loser" peers. They may also believe that the poor are just lazy or welfare moochers who are looking for a handout. A great deal of fascinating research has demonstrated that it is easier to convince oneself that this is a fair and just world – especially if you are the beneficiary of the world's largesse.

## Justifying Injustice

All people may be concerned about fairness in the workplace, but culturally and historically societies have had very different visions as to what constitutes "social justice," "equity," and "fairness" in social and business relationships. In a telling example, the Assembly in New England in the 1640s passed a series of resolutions on the Indian question:

1. The Earth is the Lord's and the fullness thereof. Voted.
2. The Lord may give the Earth or any part of it to his chosen people. Voted.
3. We are his chosen people. Voted. (Reported in Mason 1971, p. 242).

Probably all of us are inclined to define "justice" and "fairness" in a self-serving way. There is considerable evidence that harmdoers tend to deny responsibility for their cruel acts ("My boss made me do it,"), minimize the victim's suffering ("He'll soon find another job"), and to blame the victim ("He probably deserved it") (Brock and Buss 1962; Sykes and Matza 1957).

In an experiment by Davis and Jones (1960), researchers found that people who were recruited to insult other people (as part of a research project) generally ended up convincing themselves that the victim deserved to be ridiculed. Sykes and Matza (1957) found that juvenile delinquents often defend their victimization of others by arguing that their victims are really homosexuals, bums, or possess other terrible traits that make them deserving of punishment. In injuring others, then, the delinquent can claim to be the restorers of justice rather than harmdoers.

The same sort of process has been found to operate in corporations. In the Adams study, described earlier, when temporary workers *first* discovered they were being over or underpaid, they felt concerned and would set out to remedy things. But what would happen if the inequity were to continue? With time, the overpaid workers would surely begin to wonder why, if he was so unqualified, his employer didn't fire him and hire a better worker. With time, the underpaid worker would be forced to ask himself why, if he was really so underpaid, didn't he quit and go elsewhere. The question of how overpaid/equitably paid/underpaid workers react over time is a fascinating one. Luckily, it is a question that has been addressed. Scholars find that although workers' immediate reaction is generally to try to set things right, over time workers tend to

justify the status quo (Gergen et al. 1974). This means that eventually, workers will accept and rationalize inequality they have caused or experienced, which thus causes inequality to continue without further resistance.

## Leaving the Field

In the preceding cases, job applicants had already reported to their jobs or were busily engaged in working on their jobs when they discovered they would be equitably/inequitably paid. In life, however, both employers and employees have additional options. They must continually decide whether they want to continue working or to sever their relationship. The employer can keep an employee on or he can transfer him or fire him. The employee can accept his working conditions or he can withdraw psychologically (coming in to work late, or not at all), request a transfer, or simply quit outright. Not surprisingly, when inequities loom large, people often voluntarily withdraw from the situation. Interestingly, researchers have found that workers often engage in actions that seem "seriously irrational" from an economic point of view. For example, in a study by Schmitt and Marwell (1972), participants were offered a choice between a job offering low pay, where they worked alone, and a job with a far higher wage where their coworkers would make significantly more money than them. Interestingly, participants often chose the low-paying (but equitable) job over the higher-wage (but inequitable) job! For a compendium of the voluminous evidence in support of these propositions, see Hatfield et al. (1978).

Today, scholars have begun to compare and contrast people's concern with various forms of justice: equity, distributive justice, procedural justice, interactional justice, restorative justice, and retributive justice (Witvliet et al. 2008). Researchers find, for example, that academics consider procedural justice (the procedures that are used to distribute rewards) to be extremely important – more important than the actual amount of pay they receive (Skitka et al. 2003; Terpstra and Honoree 2003). This research must wait for another paper, however.

## Recent Research

### What Is the Source of Humankind's Concern with Justice?

In recent years, scholars have begun to focus on the question: "Why are people in almost all known cultures concerned with social justice and with fairness?" All religions consider the Golden Rule ("Do unto others . . .") to be the bedrock of faith. In the Abrahamic religions – Christianity, Judaism, and Islam, for example, true believers are told that God created the world and decreed that people must be just in their dealings with others (Webley 1993). In their scriptures, all three religions argue that in commercial transactions, true believers must abjure fraud and cheating, abstain from bribery, and avoid discrimination (Quddus et al. 2009). Of course, people don't always live up to these ideals.

What is the genesis of the conviction that people must behave fairly and equitably in their social and business relationships? In the 1960s and 1970s, social psychologists focused mainly on socialization, social reinforcements, and market considerations (profit and loss) in attempting to explain why people come to care about equity (Hatfield et al. 1978; Krebs 2008; Skitka and Crosby 2003).

Recently, however, scholars have discovered that the desire for justice may well have far more ancient roots than they once supposed: (1) cultural researchers point out that in different societies – although people often possess somewhat different notions as to what is fair and equitable – all share the belief that others should be treated equitably; (2) evolutionary psychologists and primatologists argue that a concern for justice arose early in humankind's evolutionary history because such concerns had survival value. They also contend that this ancient cognitive "wiring" shapes modern-day definitions of what is fair and just; (3) neuroscientists study the cognitive reactions to perceived fairness and equity and find that a concern with fairness and justice may be hardwired in the brain. It is clear from this more recent research that culture, our evolutionary heritage, one's own experience, and our biological wiring all impact

people's perceptions of fairness and equity and how they choose to deal with perceived social, procedural, and distributive justice or injustice.

## Equity: A Cultural Perspective

Cultural theorists contend that culture exerts a profound impact on the ways in which people conceptualize the world around them, the meaning they ascribe to common life events, and the manner in which they react to those events (see Markus and Kitayama 1991; Nisbett 2003; Schwartz 2004; Stephan and Stephan 2003). Not surprisingly then, cultural researchers have asked: "Is Equity theory applicable to all people in all cultures and in all historical eras?" (Amir and Sharon 1987; Murphy-Berman and Berman 2002).

Many would answer: "No." Triandis and his colleagues (1990), for example, argued that in individualistic cultures (such as the United States, Britain, Australia, Canada, and the countries of northern and western Europe), people tend to focus on personal goals. No surprise, then, that in such societies, people are deeply concerned with how rewarding (or punishing) their commercial relationships are and how fairly (unfairly) they are treated. Collectivist cultures (such as China, many African and Latin American nations, Greece, southern Italy, and the Pacific Islands), on the other hand, insist that people must subordinate personal goals to those of the group: the family, the clan, or the tribe. It is tradition, duty, and deference to elders that matters.

There is considerable evidence that culture shapes people's concern with profit, harmony, need, merit, fairness, equality, and equity in the allocation of resources (Chhokar et al. 2001; Mintu-Wimsatt 2005). In spite of these differences, in all cultures, people are concerned (at least to some extent) with both the profit and the fairness of their social and business relationships (Westerman et al. 2007).

The most comprehensive work done on cultural differences in perceptions of fairness, equity, and various forms of justice comes from Powell (2005) and his colleagues. Powell studied people's cognitive maps when thinking about fairness in more than 40 types of social groupings (such as gender, age, class, and occupation) and in more than 20 cultures (such as India, South Africa, Jamaica, and the like). He asked:

1. What do individuals and collectivities think is just and why?
2. How do ideas of justice shape determination of actual situations?
3. What is the magnitude of the perceived injustice associated with given departures from perfect justice?
4. What are the behavioral and social consequences of perceived injustice? (p. 15). (See also Jasso 2005.)

As you might expect, Powell found that in different cultures, people possess very different ideas as to what is fair and equitable in social and business relationships. These findings suggest that equity will consist of different criteria based upon the culture within which it operates.

### Equity: The Evolution of a Cultural Universal

In the past 25 years or so, evolutionary psychologists have become interested in the underpinnings of morality (Krebs 2008), focusing primarily on humankinds' desire for social justice and fairness and equity in social exchange. Cosmides and Tooby (1992), for example, observed:

> It is likely that our ancestors have engaged in social exchange for at least several million years. . . Social exchange behavior is both universal and highly elaborated across all human cultures – including hunter-gatherer cultures . . . as would be expected if it were an ancient and central part of human life. (p. 164)

They argue that notions of fairness and equity came to be writ in the mind's "architecture" because a concern with social justice possessed survival value (Tooby and Cosmides 1996). Further, a concern with social justice, in all its forms, is alive and well today because fairness in social and commercial relations remains a wise and profitable strategy. People are good at identifying those who behave fairly in commercial exchanges versus those who do not. Selfish individuals are often shunned and ostracized – a potentially lethal punishment within a social species. (For a further

discussion of these points, see Hatfield et al. 1978; Jost and Major 2001; Krebs 2008).

Today, paleoanthropological evidence supports the view that notions of social justice and equity are extremely ancient. Ravens, for example, have been observed to attack those who violate social norms. Dogs get jealous if their playmates get treats and they do not. Wolves who don't "play fair" are often ostracized – a penalty that may well to lead to the wolf's death (Bekoff 2004; Brosnan 2006).

Primatologists have amassed considerable evidence that primates and other animals do care about fairness. In a study with brown capuchin (*Cebus apella*) monkeys, Brosnan and de Waal (2003) found that female monkeys who were denied the rewards they deserved became furious. They refused to continue to work for reward (refused to exchange tokens for cucumbers) and disdained to eat their "prize" – holding out for the grapes they knew they deserved. If severely provoked (the other monkey did nothing and still got the highly prized grapes), capuchins grew so angry that they began to scream, beat their breasts, and hurl food and feces at the experimenter. Interestingly, in a later study, the authors found that chimpanzees *(Pan troglodytes)* were most upset by injustice in casual relationships. In chimps' close, intimate relationships, injustice caused barely a ripple. Often, chimps would simply hide their grapes and pass them out to intimates who were more deserving when they left the experimental setting (Brosnan et al. 2005). In nature, family members often try to "set things right" in subsequent interactions. We see, then, that different species, in different settings, may respond differently to injustice in a work setting.

Potentially, this fascinating animal research may provide some insights into three questions that have intrigued equity researchers: (1) when, in primates' long prehistory, did animals begin to feel "guilty" about receiving "too much," as well as feeling outraged when they are "ripped off?"; (2) are animals more (or less) concerned about fairness in despotic, hierarchical societies than in those that are in relatively equalitarian communities?; (3) are primates and other animals more (or less) concerned about inequities in close kin relationships than in more distant encounters? (Brosnan 2006).

### Equity: A Neuroscience Perspective

Recently neuroscientists have begun to explore people's sensitivity to moral issues in commercial settings, using a compendium of state-of-the-art fMRI, EEG, and chemical assays (Borg et al. 2006; Raine and Yang 2006; Robertson et al. 2007; Tabibnia et al. 2008). Tabibnia and his colleagues (2008), for example, used fMRI techniques to study how people react when faced with a conflict between financial interests and fairness. The authors examined self-reported happiness and neural responses to fair and unfair offers while controlling for monetary payoff. Compared with unfair offers of equal monetary value, fair offers led to higher happiness ratings and activation in several reward regions of the brain. The tendency to accept unfair proposals was associated with increased activity in the right *ventrolateral prefrontal cortex* (a region involved in emotional regulation) and decreased activity in the *anterior insula* (which has been implicated in negative affect). This suggests that on a neurological level, individuals who are coping with unfairness show increased emotional regulation in efforts to control negative emotions that have been brought about by injustice. This corroborates the argument that there may be biological wiring that encourages us to behave in fair and just ways.

## Conclusion

Work on Equity theory has come full circle. In the 1950s, Equity theory began by attempting to predict the productivity of supervisors and workers in organizational settings. Then scholars became interested in predicting how men and women's romantic relationships would be initiated, maintained, and terminated as a consequence of their equity or inequity. Now things have come full circle. Equity theorists have returned to an interest in organizational settings.

In this paper we reviewed classic Equity theory, the new research documenting that observers, employers, and employees do indeed care about

injustice, and the attempts people make to restore actual equity, psychological equity, or if all else fail to leave the field. We also reviewed research investigating why humankind is concerned with justice and the impact of culture on perceptions of equity.

## Cross-References

▶ Culture and Organizations
▶ Managing Conflict in Organizations

## References

Adams JS (1966) Inequity in social exchange. Adv Exp Soc Psychol 2:267–299

Adams JS, Rosenbaum WB (1962) The relationship of worker productivity to cognitive dissonance about wage inequities. J Appl Psychol 46:161–164

Amir Y, Sharon I (1987) Are social psychological laws cross-culturally valid? J Cross-Cult Psychol 18: 383–470

Anselm of Canterbury (1998) Opera omnia. In: Davies B, Evans G (eds) Anselem of Canterbury: the major works. Oxford University Press, New York. (Original work 1070 A.D.–1109 A. D)

Bekoff M (2004) Wild justice, cooperation, and fair play: minding manners, being nice, and feeling good. In: Sussman R, Chapman A (eds) The origins and nature of sociality. Aldine, Chicago, pp 53–79

Blau P (1964) Exchange and power in social life. Wiley, New York

Borg JS, Hynes C, Horn JV, Grafton S, Sinnott-Armstrong W (2006) Consequences, action, and intention as factors in moral judgments: an fMRI investigation. J Cogn Neurosci 18:803–817

Brock TC, Buss AH (1962) Dissonance, aggression, and evaluation of pain. J Abnorm Soc Psychol 65:197–202

Brosnan SF (2006) At a crossroads of disciplines. J Soc Justice 19:218–227

Brosnan SF, de Waal FBM (2003) Monkeys reject unequal pay. Nature 425:297–299

Brosnan SF, Schiff HC, de Waal FBM (2005) Tolerance for inequity may increase with social closeness in chimpanzees. Proc R Soc Lond B Biol Sci 272(1560): 253–258

Chhokar JS, Zhuplev A, Fok LY, Hartman SJ (2001) The impact of culture on equity sensitivity perceptions and organizational citizenship behavior: a five country study. Int J Value Based Manag 14:79–98

Cosmides L, Tooby J (1992) Cognitive adaptations for social exchange. In: Barkow JH, Cosmides L, Tooby J (eds) The adapted mind. Oxford University Press, New York, pp 161–228

Davis KE, Jones EE (1960) Changes in interpersonal perception as a means of reducing cognitive dissonance. J Abnorm Soc Psychol 61:402–410

Deutsch M (1974) Awakening the sense of injustice. In: The quest for justice: myth, reality, ideal: proceedings of a conference held at the University of Waterloo, May, 1972. Holt, Rinehart, and Winston, New York, pp 19–42

Gergen KJ, Morse SJ, Bode K (1974) Overpaid or overworked. Cognitive and behavioral reactions to inequitable rewards. J Appl Soc Psychol 4:259–274

Gintis H, Bowles S, Boyd R, Fehr E (2003) Explaining altruistic behavior in humans. Evol Hum Behav 24: 153–172

Hatfield E, Walster GW, Berscheid E (1978) Equity: theory and research. Allyn and Bacon, Boston. ISBN 0-205-05929-5

Homans GC (1958) Social behavior as exchange. Am J Sociol 63:97–606

Jaques E (1961) Measurement of responsibility. Tavistock, London

Jasso G (2005) Culture and the sense of justice: a comprehensive framework for analysis. J Cross-Cult Psychol 36:14–47

Jost JT, Major B (2001) The psychology of legitimacy: emerging perspectives on ideology, justice, and intergroup relations. Cambridge University Press, New York

Krebs DL (2008) Morality: an evolutionary account. Perspect Psychol Sci 3:149–172

Lawler EE, O'Gara PW (1967) The effects of inequity produced by underpayment on work output, work quality, and attitudes toward the work. J Appl Psychol 51: 403–410

Leventhal GS (1976) The distribution of rewards and resources in groups and organizations. Adv Exp Soc Psychol 9:91–131

Leventhal GS, Michaels JW, Sanford C (1972) Inequity and interpersonal conflict: reward allocation and secrecy about reward as methods of preventing conflict. J Pers Soc Psychol 23:88–102

Markus HR, Kitayama S (1991) Culture and self: implications for cognition, emotion, and motivation. Psychol Rev 98:224–253

Mason P (1971) Patterns of dominance. Oxford University Press, New York

Mintu-Wimsatt A (2005) Equity sensitivity and negotiation behaviors: a look at Mexican exporters. Acad Mark Sci Rev. http://www.amsreview.org/articles/wimsatt01-2005.pdf

Murphy-Berman V, Berman J (2002) Cross-cultural differences in perceptions of distributive justice. J Cross-Cult Psychol 33:157–170

Nisbett R (2003) The geography of thought: how Asians and Westerners think differently ... why. The Free Press, Chicago

Peters SL, van den Bos K, Karremans JC (2008) On the psychology of the advantaged: how people react to being overpaid. Soc Justice Res 21: 179–191

Powell LA (2005) Cross-cultural variations in distributive justice perception (special issue). J Cross-Cult Psychol 36:1–16
Price ME, Cosmides L, Tooby J (2002) Punitive sentiment as an anti-free rider psychological device. Evol Hum Behav 23:203–231
Pritchard RD, Dunnette MD, Jorgenson DO (1972) Effects of perceptions of equity and inequity on worker performance and satisfaction. J Appl Psychol Monogr 56: 75–94
Quddus M, Bailey H III, White LR (2009) Business ethics: perspectives from Judaic, Christian, and Islamic scriptures. J Manag Spiritual Relig 6:323–334
Raine A, Yang Y (2006) Neural foundations to moral reasoning and antisocial behavior. Soc Cogn Affect Neurosci 1:203–213
Robertson D, Snarey J, Ousley O, Harenski K, Bowman FD, Gilkey R, Kilts C (2007) The neural processing of moral sensitivity to issues of justice and care. Neuropsychologia 45:755–766
Schmitt R, Marwell G (1972) Withdrawal and reward allocation as responses to inequity. J Exp Soc Psychol 8:207–221
Schwartz SH (2004) Mapping and interpreting cultural differences around the world. In: Vinken H, Soeters J, Ester P (eds) Comparing cultures: dimensions of culture in a comparative perspective. Brill, Leiden, pp 43–77
Skitka L, Crosby J (2003) Trends in the social psychological study of justice. Personal Soc Psychol Rev 7(4): 282–285
Skitka LJ, Winquist J, Hutchinson S (2003) Are outcome fairness and outcome favorability distinguishable psychological constructs? A meta-analytic review. Soc Justice Res 16:309–303
Stephan CW, Stephan WG (2003) Cognition and affect in cross-cultural relations. In: Gudykunst WB, Mody B (eds) Handbook of international and intercultural communication, 2nd edn. Sage, Thousand Oaks, pp 127–142
Sykes GM, Matza D (1957) Techniques of neutralization: a theory of delinquency. Am Sociol Rev 22:664–670
Tabibnia G, Satpute AB, Lieberman MD (2008) The sunny side of fairness: preference for fairness activates reward circuitry (and disregarding unfairness activates self-control circuitry). Psychol Sci 19:339–341
Terpstra DE, Honoree AL (2003) The relative importance of external, internal, individual and procedural equity to pay satisfaction. Compens Benefits Rev 35:67–74
Thibaut JW, Kelley HH (1959) The social psychology of groups. Wiley, New York
Tooby J, Cosmides L (1996) Friendship and the Banker's paradox: other pathways to the evolution of adaptations for altruism. Proc Br Acad 88:119–143
Triandis HC, McCusker C, Hui CH (1990) Multimethod probes of individualism and collectivism. J Pers Soc Psychol 59:1006–1020
Walster GW (1975) The Walster, et al. (1973) equity formula: a correction. Represent Res Soc Psychol 6: 65–67
Webley S (1993) An interfaith declaration: a code of ethics on international business for Christians, Muslims, and Jews. http://www.astro.temple.edu/~dialogue/Codes/cmj_codes.html
Westerman CYK, Park HS, Lee HE (2007) A test of equity theory in multidimensional friendships: a comparison of the United States and Korea. J Commun 57:576–598
Wilson JQ (1993) The moral sense. The Free Press, New York
Witvliet VO, Worthington EL, Root LM, Sato AF, Ludwig TE, Exline JJ (2008) Retributive justice, restorative justice, and forgiveness: an experimental physiology analysis. J Exp Soc Psychol 44:10–25
Young D, Hatfield E (2011) Measuring equity in close relationships. In: Fisher TD, Davis CM, Yaber WL, Davis SL (eds) Handbook of sexuality related measures: a compendium, 3rd edn. Taylor & Francis, Thousand Oaks, pp 216–219
Yuchtman E (1973) Reward structure, the quality of work environment, and social accounting. In: Dierkes M, Bauer RA (eds) Corporate social accounting. Praeger, New York, pp 183–190

E

# Era-Based Budgeting System: Lessons from Budgetary Policy Failure in Iran

Ali Asghar Pourezzat[1], Ali Eshraghi[2], Ghazaleh Taheriattar[1] and Mahdieh Fallah-Heravi[1]
[1]Faculty of Management, University of Tehran, Tehran, Iran
[2]Business School, The University of Edinburgh, Edinburgh, UK

## Introduction

The budget management process in each country shows how and which activities are performed by the government and this administrative financial document is set up to guarantee a set of preferred goals can be achieved during a fiscal year. This document also contains budget macro-information about various governmental sectors. The budget document, in the form of law, must have the characteristics which could actualize the economic policies developed by the state. In other words, governmental policies should be reflected in the budget so that their implementation leads to

the attainment of desired goals. The budgeting management in Iran has been traditionally developed based on a cost-oriented framework which generates a number of challenges like dysfunctional stability. In addition, the budgeting in Iran suffers from a couple of other issues such as (a) the imbalanced reliance of the budget on oil revenues, (b) lack of interest for long-term investments, and (c) the involvement of the actors who have inadequate technical expertise and contextual knowledge about the nature and process of budgeting.

In the classical approach to budgeting, an important controlling subsystem, called settlement of the budget, is considered to assure the performance of the totality of the budget (Carroll et al. 2012). In relation to this subsystem, one major challenge in Iran in the development of a proposal for the settlement of funds is that the budgeting process is weak in terms of revenue forecast and estimating costs. Consequently, the budget bill settlements are not prepared in time to be submitted to the State Audit Court and then the Islamic Consultative Assembly. Hence, in accordance with Article 55 of the Constitution of the Islamic Republic, it brings about lack of effective regulatory oversight by the legislature over the executive (Nikoukar et al. 2016).

It has been discussed that the relationship between responsiveness and performance is full of tension, ambiguities, and contradictions and greater responsibility for performance do not necessarily lead to more accountability for the performance (Christensen and Laegreid 2015, 10). Therefore, this entry attempts to develop a pathological view by which these specific challenges in the Iranian budgeting era. Also, this entry seeks to provide an operational platform on which a special administrative instruction is developed to modify budgeting practice in Iran based on its own specific contextual variables.

## The Development Trajectory of Budgeting in Iran

One of the core activities of any government is to prepare and plan for its income and expenditures, i.e., budgeting, and the Iranian government is not an exception. However, it seems that this task has been remained in its basic forms and hence produces critical challenges on the practical level. Historically, Iranians have had expertise in statecraft and forming bureaucratic offices and getting ransom, tribute, duties, and implementing fiscal discipline. While many nations have learned bureaucratic stages of affairs from the Iranian, there is almost no systematic investigation and research on the actual processes of the ancient economy and financial system of Iran (Olmstead 1959; Durant and Durant 1993; Briant 2002). There is a historical and evolutionary path in which the budgeting practice in Iran has been exercised and developed: In primitive societies, including ancient times and the feudal states, there were almost no specific models for budgeting. Instead, personal authorities' opinions used to determine both the structure and content of the budget. Over time, this chaos gradually transformed into the form of a compiled plan which was maintained and reorganized under the King's Counsel. The integrated plan, however, was somehow unstable but the form and amount of taxes and government expending in the form of the treasury had set up in.

One of the most significant developments in Iranian budgeting system happened during the Persian Constitutional Revolution (1905–1911). As the result of that political transformation, a new method of budgeting was organized following conventional views on the practice budgeting at its own time. Those classic methods were the reflection of the government's income and expenditure figures. Practically, the budget was produced in relation to two critical dimensions; first, organizational units and second their estimated cost. Because of the nature of this method, members of the public had no idea of the exact spending and income of the government and hence the lack of effective monitoring and control.

The next major development in Iranian budgeting systems happened when international expertise was utilized. Not surprisingly, the role of external forces such as international advisers and policies developed by International Monetary Fund has structurally changed the process of financial affairs, including budgeting, in developing countries.

In line with early developments in Iranian budgeting system, William Morgan Shuster, an American lawyer, came to Iran as the first official external expert. The underlying intention was to reorganize the whole financial situation of the Iranian government in 1911. However, due to political crises and the Russian government ultimatum, Morgan was forced to leave the country just after 8 months. After a decade, in 1922, Dr Arthur Chester Millspaugh, who was a former adviser at the US State Department's Office of the Foreign Trade, traveled to Iran with a similar mission that of Schuster. He and his team defined and implemented a chain of executive actions to design a working new budgeting system for the country. The legacy of his efforts in changing Iranian budgeting system has been seen as a closure to the traditional budgeting in the country. The most crucial aspect of the Millspaugh-initiated system was making a separation between agricultural and rural revenues. In fact, this changed the whole structure of the budgeting system.

The period from 1925 to 1941 is considered as the formation of a new system for Iranian budgeting. At that time, the role of oil revenues was not minimal in the government budget and was mainly used for ancillary costs. The Iranian budgeting system evolved in around 1939 and 1940. For the first time, the budgetary information was released with exact details, i.e., 70 different columns. Following this evolution, a new chapter began in the budgeting system since 1953. In fact, the budgeting system extended in response to new sources of incomes: first, the loans and grants offered by the US and UK government and second, the increasing role of oil revenues in the budget. On the other hand, dozens of new developmental programs were started. Such events provided the budget with an improved perceived importance and ultimately in 1966 a major structural political reorganization shaped: the Ministry of Assets had no longer a direct responsibility for proposing the Iranian budget and instead this task became an added responsibility for the prime minister. As the result, the Budget Office was established in the Planning Organization in fulfilling this new responsibility. Since 1973, the preparation of the National Budget became the responsibility of Planning Budget Organization and all financial and treasury matters centralized at the Ministry of Finance.

In 1965, the Iranian budgeting system took another step forward to get closer to a modern budgeting system. With the help of United Nation, the common budget became program budget in which the government's programs and operations were fully reflected and this provided people and their representatives with improved monitoring. However, over the course of almost three decades, the program-oriented budgeting system was unable to respond novel challenges triggered by changes in all aspects of the economic, social, and political sphere. In 2002, a new idea developed in response to these growing challenges. A new system, called as operational budgeting, was adopted to allow effective planning and economic management. Yet, for various practical and political reasons, this new system proved to be unsuccessful in practice.

E

## Challenges and Shortcomings of Budgeting System in Iran

In the last almost 70 years, the Iranian budget has been prepared and implemented based on the financial-legal frameworks which are common to most parliamentary-oriented countries. However, the budgeting process and the final budget appear as one of most annoying challenges in the domain of public administration. There are different lenses through which we could study and analyze this issue, from political to economic and cultural sources of the challenge. From the practical point of view, however, the challenge has its roots in the budgetary structure as well as the administrative organization of the state, especially when it comes to fiscal stability. In this regard, the most important issues and problems in the current Iranian budgeting systems can be briefly classified as follows:

- Currently, the whole spirit of the administrative system of the country is to maintain its own organizational entity. As a result, the budget is not prepared to respond to designed objectives and actual responsibilities. Accordingly, the current and development credits take the form of a closed and uncontrollable package and this prevents the optimal allocation of the credits.

- The second issue is related to the imbalanced role of the capital (i.e., Tehran) and other larger cities in the public administration. Such focus limits the scope of creativity and kills confidence among local officials.
- There are at least two immediate challenges in relation to the fact that Iran is an oil-producing country: First, there is a limited motivation to establish and maintain a meaningful linkage between governmental revenues and infrastructural capacity to produce goods and services. Second, since the oil is an exogenous factor in the budget, the final budget of the country takes a shape which the government has almost no control on it.
- The excessive expansion of the government and the complexities associated with big government do not allow an effective and proportional distribution of the resources among various sectors.
- According to the law, developmental projects funds must be ratified in the form of executive programs. However, in practice, due to the lack of such programs, the credits for executive agencies are ratified in the mixed subsections of current and fixed investments. Moreover, there is an unresolved confusion over the exact definition of developmental projects and how such projects should be designed and evaluated.
- The budget control is currently done largely by the Court of Auditors and just at the discretion of the authenticity of documents. Also, there is not a regular reporting system in place. In overall, the budget control mechanism in Iran is not an alive and dynamic one and this contributes to the gap between designed and implemented activities.
- Lack of fiscal discipline is another problem in Iranian budgeting system. That is the budgeting system follows a kind of top-down logic; the budget of each sector is to large extend determined on the basis of its perceived political importance, bargaining power and the quality of its senior executive's portfolio. Such factors play a great role in the process of developing the final budget and hence this leaves a limited space for the relevant expert opinions in the budgeting system. The fiscal instability and disorder are reinforced in the absence of knowledge-based allocations.
- In the current system of budgeting, there is almost no consideration and practical guidelines to connect the organizational and financial efficiency to the allocating credits.
- There is a portfolio of practical problems which together leads to an increasing dependency on oil revenues in the budget. For instance, the lack of coordination among resources of the budget on one hand and the increasing demand for budgetary resources which enable the state to perform its growing duties in social, economic, and power sectors on the other hand. Also, the existence of a wide range of tax exemptions is not supportive to liberate the budget from the oil.

## The Need for Change in Iranian Budgeting System

Since the actual problems of each developing countries are locally shaped and highly context-specific (Sako and Ogiogio 2002; Szirma 2005), the generic models and guidelines might not be useful to understand and resolve their challenges. These problems and challenges are context-specific and hence when it comes to resolve them, any country should be considered as a specific case. Then, its own unique social, economic, technological, and geographical context will find a better role in discovering, analyzing, and resolving the problem (c.f. Kia 2008). The realization of the importance of the contextual factors and local knowledge has informed a new form of practical tool: adopting a pathological approach towards specific challenges in the Iranian budgeting system and attempting to develop a special administrative instruction for the policymakers and practitioners. In short, this research is inspired by the empirical observations of the everyday fiscal problems.

The Iranian budget process has been traditionally carried out in the following phases: (a) preparation, arrangement, and proposition of the budget (i.e., the proposal phase), (b) getting the approval for the proposed budget (i.e., the approval phase), (c) implementation of the approved budget (i.e., the allocation phase), and

(d) monitoring and controlling of the implementing budget (the settlement phase).

At the core of the abovementioned process is a kind of information-oriented framework: in this method of budget policy relevant pieces of information are received from different units. Then, based on results from bargaining between the representative and the Representative of Office of Budget they are prioritized. Finally, a detailed list of income and expenditure is complied. Thus, the existing budgeting system can be seen as a simple information system in which the received information are straightforwardly processed, classified, and recorded. The major shortcoming of such approach is that when the budget is formulated there would not be a functional obligation to its implementation, excluding those cases in which a high-rank official with considerable administrative power is determined to see the progress and outcome of a specific program.

The lack of commitment to the implementation of the budget results in the policy failure and desired outcomes will not be achieved (c.f. Howlett et al. 2015; McConnell 2015; Kay and Boxall 2015; OECD 2000). Under such circumstances, the budget does not meet its objectives and large parts of that remains as incomplete. This means the managerial failure and inadequacy in the programs associated with the budget. Hence, with continuous support from oil-related financial resources, the incomplete programs are extended with additional funds. Such out-of-the-plan activities create an arena of time and financial debt in the structure of the budget, and the budget is locked to maintain its status quo. This adhesion in the sediments in budgeting process makes the budget system always in debt and unnecessarily dependent on the past (unsuccessful) performance (Fig. 1).

The undesirable outcome of such adhesion is the limited quality of the implemented developmental and current programs and hence the members of public (final users of the planned services) develop a sense of mistrust and ill-productivity. In the similar vein, from the providers' point of view, the continuation of unsuccessful budgets strongly influences their self-confidence and understanding of the notion of success.

The practical observation and the analysis of speeches suggest that there is very limited role of the performance and accomplishment in defining and perceiving "success" and this notion has been politicized to some extent. In the absence of a functioning administrative system, "being a successful manager" is largely associated with sustaining the existing organizational hierarchies and relations. In short, the intention to reform and modification disappears and is replaced by the motivation to dysfunctional stability. The analysis of this challenge and the reasons behind that has been a constant concern of many practitioners and policymakers. Using various sources of empirical data

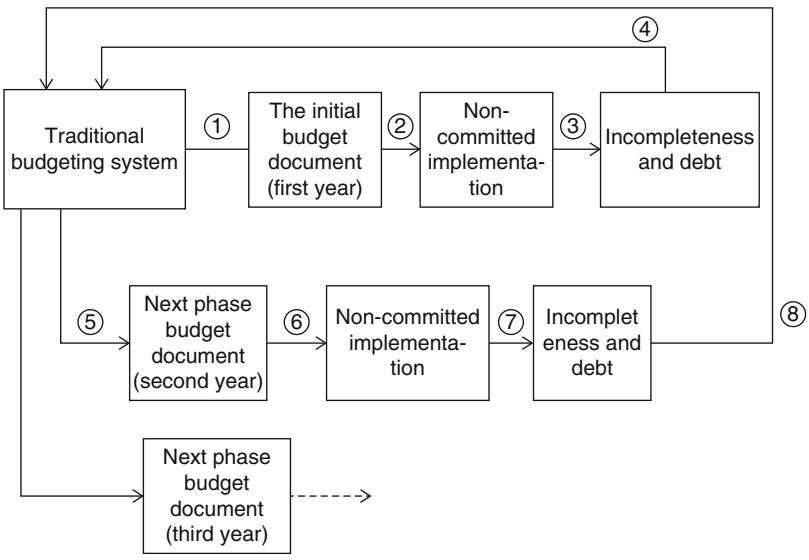


**Era-Based Budgeting System: Lessons from Budgetary Policy Failure in Iran, Fig. 1** The existing budgeting vicious cycle in Iran

such as exploratory seminars, focus groups, and organizational newsletters, we hear a number of repeating concluding ideas: (a) there is a problem in the current administrative system, (b) the absence of experts and relevant merits in the shaping of the existing system, and (c) the fact that such problems are constantly regenerated as the result of wider historical cultural dysfunctionality in the domain of public administration. While useful at the level of discovery, these thematic conclusions offer limited practical insights since they are excessively general and hard to be operationalized. In addition, they somehow discourage innovation and make it inclined to accept the existing situation. The result of this vicious cycle of "pain and poor treatment" has been traditionally to internalize the dysfunctional stability and the increasing spirit of undesirable reality which should be only accepted and played out.

The budgeting system is supposed to follow a firm and well-designed rationale which in turn could make a functional platform for improved financial decisions. The appropriate allocation of the resources enables any administrative system in achieving its objectives and hence an enhanced motivation among different units. The Iranian budgeting system, however, seems to be challenging and dysfunctional in a sense it is not supportive to the totality and quality of the services provided by the government. Hence, there is a growing interest among academics and policymakers for making a transformation in the current budgeting system.

As mentioned earlier, one critical deficiency is the lack of meaningful connection between the allocation of the funds and the performance. Hence, it has been argued that the development and elaboration of such critical connection should be at the core of the transformational change in the existing system. That is, the allocation of the funds should be in relation to the performance. Having this in mind and considering the financial constraints of a developing economy, the continuity of the funding is merely made possible when the performance of the last step is evaluated and approved. Such step-by-step approach makes the budgeting framework sensitive to the decisions and activities that might result in its failure in accomplishing the objectives. To define and apply a working step-by-step approach towards the budgeting framework, there is a need for novel methods in which the allocation is more flexible and also there is a recognizable consideration for unpredictable events. In the next section, we propose a scenario-based thinking would be a useful way to transform the existing traditional budgeting system in Iran.

## Scenario-Based Approach on the Budgeting

Learning from the challenges associated with the Iranian budgeting system, we propose a model, called ear-based cellular planning (ECP), in which the budgeting process is rearranged based on a set of scenarios in different eras. Each era is conceptualized as a specific period of time in which similar concerns, terminologies, and conditions are recognizable. In this line of thinking, each scenario is an independent part of a complex and extensive budgeting system. Thus, the final budget document includes a number of related or unrelated substantial scenarios.

To use a practical managerial lens, there are two fundamental bases on which the "related scenarios" (i.e., a package) can be classified: first, simultaneous and second sequential packages. As for the horizontal or simultaneous packages, there are those related scenarios which need to be performed at the same time. As for the vertical or sequential packages, they highlight those related scenarios which must run on a sequential order (i.e., they are consecutively performed one after another). In this specific line of reasoning, the implementation of the scenarios needs considerations that constitute a basis for embedding a monitoring (watch-up) subsystem.

To be better elaborate the proposed scenario-based thinking, it might be useful to reassign the modification of the budgeting system in the light of a metaphorical comparison. We think budgeting as missiles systems and hence our proposed budgeting system is more like Phoenix rather than Tow missiles. Phoenix missiles can automatically follow the objective to reach it whereas Tow missiles, when launched, need the direct and constant human intervention to reach

their target. As similar to Phoenix missiles, the idea is to maintain a kind of "budgeting support system" within which flexibility and commitment to the objectives are combined and balanced. The core affordance of this analogy is to underline the necessity for developing vertical packages in the scenario-based planning model: while there is an initial ordering (serious commitment to the goal), potential obstacles require temporal and occasional modification in the designed sequence.

In short, the proposed era-based cellular planning system empowers planners and executives to manage an extensive number of scenarios, the scenarios which are associated with different ears (i.e., ages) when are performed in the specific sequential order. Moreover, the constant temporal revisions are made possible through the development and adoption of a dynamic monitoring subsystem. In the next section we elaborate the significance and functionality of this dynamic system.

### The Crucial Role of Dynamic Monitoring

Environment is paradoxically the source of challenge and energy for organizational entities. The key question is then how to effectively interact with the (ever-changing) environment. The literature on management and organization reveals that the existence of a platform for continuous mobilization of the organizational resources is crucial to such effective interaction. Furthermore, there are at least five subsystems that are necessarily constitutive to this platform, its creation, and maintenance:

- First, the subsystem of the "problem-finding" and observing the environment. The design of this subsystem enables planning and executing agents for the continuous environmental observation and the discovery of potential problems. The point is that such problems and issues cannot be simply taken as stable but they constantly change in form and quality. To be more specific, these issues are always subject to increasing complexity and diversity. In the real world, fresh issues are added to the existing ones. This typically happens in two ways: first, the existing problems find new dimensions and hence become more complex and widespread; and second new categories of the problem emerge and consequently reshape the dynamics of the plan. As the result, this specific subsystem needs to be designed in a way that could capture, analyze, and prioritize the developing challenging signs associated with the organizational environment.
- Second, the "policymaking" subsystem. This subsystem is a kind of responsive mechanism to the problems discovered and ordered in the previous stage. To deal with the emerging challenges, this subsystem is utilized for adopting and formulating appropriate policies. The classic practice is to develop one specific policy against each identified problem. However, in dynamic policy-oriented frameworks, in which era-based model is a proposed example, knowledge management systems are used and embedded to generate a set of potential and alternative policies. This knowledge-oriented flexible approach enables policymakers to adopt the policy based on contextual analysis. To use ear-based planning vocabulary, a number of alternative scenarios are generated and maintained. Which scenario to be activated is defined in the collaboration with the watch-up subsystem which will be explained next.
- Third, the "watch-up" subsystem. The core task of this subsystem is to observe and analyze the implementation context of the selected policies and make sure the most appropriate combination (i.e., scenarios) is performed. The application of this subsystem closes the gap between practical and theoretical outcomes of the policies identified and selected in the last stage. This subsystem is initially based on the already-generated policies; however, it can also call for more fundamental changes such as reconfiguring the current policies portfolio or calling for novel scenario-oriented policies.
- Fourth, the "administrative" subsystem. In this subsystem, we become closer to the level of practice and implementation. While this subsystem is closely connected to the watch-up subsystem, it concentrates on the day-to-day life of the implementing policies. In the classical approaches, there is almost no chance to change the selected policies over their course of implementation when relevant practical

guidelines are adopted. However, in more dynamic approaches, revising the policy-in-progress is seen as a resourceful opportunity. As explained earlier, since such novel approaches are based on knowledge management systems thinking (and the fact that knowledge is ever-developing), they are open to revise and replace those policies that are not appropriately selected and implemented;

- Fifth, the "evaluation" subsystem. This subsystem communicates with the performance of the system. Its main task is to make sure the final result of the system meets its defined goals. Traditionally, this is conducted when the implementation phase reaches to its end. However, in more dynamic, flexible approaches, the assessment is continuously performed in parallel and coordination with the implementation and watch-up subsystems. As it becomes clear, such subsystems are more like different layers of the same practice and do not follow the one-by-one logic.

From the practical point of view, in the dynamic approaches such as ear-based cellular planning model, an openness is encouraged and developed to terminate and replace an inappropriate policy-in-progress. In fact, even the majority of policy is conducted and it is very close to its defined end-point, the implementation would be terminated to prevent the completion of an inexact project. The vital consequences of this openness show the importance of well-functioning watch-up and evaluation subsystems. They have to be designed in a way to be sufficiently sensitive to both macro and micro events and to responsibly monitor the operation and progress of the implementing policy. They guarantee the coherence of the selected policies and associated programs and their actual capacity for achieving the designed goals.

To conclude, the most innovative transformation in this dynamic approach is a move from a liner process of policymaking to a kind of cellular one. While in the traditional thinking, four steps of environmental monitoring, policy making, implementation, and evaluation are conducted in a sequential order, the new proposed ear-based planning model, firstly, adds the watch-up subsystem as an important practice and, secondly, reorients the focus from the sequentiality of the steps to their internal coordination and simultaneous multilayered-ness (Pourezzat et al. 2012b).

## Era-Based Cellular Planning: Characteristics and Rationale

We propose and develop the era-based cellular planning model as a response to the challenges associated with the unplanned future events. Hence, this model has become plastic and flexible in its nature. This flexibility has its sources in the cell-based structure of the planning model. Its cellular design and its reliance on the completing knowledge allow the revision in the implementing policies and selected future programs and even it enables the management of the unintended consequences of the past programs. As mentioned earlier, this planning system follows and traces recent developments in science and technology to increase the knowledgebase on which it operates.

The cellular structure of this system creates conditions under which the so-called future becomes less dependent and is less affected by the existing and past programs and plans. In this model, the aim is to lessen the sequentially ordered chains of problems and failures. Thus, the long-term objectives and plans are divided into the micro programs, i.e., one specific cell of the ear-based cellular planning system.

This model rethinks an enduring, fragile idea of "integrated programs." That is, if the programs related to specific policies are designed as integrated packages, then this will make the systems of planning and implementation fragile and challenge since planners are somehow forced to terminate all running programs in case of any major environmental truculence. This brings a chaos and makes some of the implemented programs as useless; hence the resources are not utilized effectively. While such integrated planning is straightforward and cost effective, it shapes a challenging connection between the future and the past and the success of prospective plans will be made dependent to the running ones.

In short, we do not reject that the simplicity and affordability of the classic integrated planning, but we emphasize that this type of planning cannot assure an effective goal achievement of the system within diverse environments.

Comparing the classic integrated planning with the cellular model, we might say that there is a trade-off between economical simplicity and functional plasticity. In the integrated planning, coordination is mainly required at the domain of implementation. In contrast, the cellular model demands an extended coordination among different domains of design, selection, implementation, and evaluation. While this brings more complexity and increases the cost of policymaking, the cellular model enables the reassignment and reconstruction of the programs (cells) are yet implemented. In other words, in the traditional model of integrated planning, various components of the plan is based on the "strong ties" and hence any problem for one component (i.e., tie) will be extended to and affect the entire system. However, in the proposed cellular model, the relations among ties are made flexible and weak, and this generates a kind of functional plasticity for the system. One immediate outcome of these "weak ties" is an improved space for learning; novel pieces of information fluidly spread in the system.

Moreover, using this updated information and novel learnings, the emerging challenges and unseen needs are translated into a number of networks of cellular scenarios. This constitutes a comprehensive network by which one can define and communicate about the needs, in the current and future terms. During the development and operation of such cellular network scenarios, a cellular planning system takes its own shape. The full elaboration of how ECP model works in practice is beyond the scope of this entry. However, in the following paragraphs, we describe some of the key characteristics of this model.

In this cellular system, every cell of the plan implies a scenario (i.e., a plan at a specific period of one era). In the following figure, this comprehensive network is illustrated. Each letter stands for a specific era whereas each index represents a scenario. A set of (micro) programs which are strongly linked together constitutes a family plan. The first element of each index symbolizes such family plans. For instance, $E_{59}$ means the ninth program in the fifth "family plan" of the E era (Pourezzat et al. 2012b). As mentioned earlier, there is a considerable effort to design and maintain the ties between programs and plans flexible and weak. However, this does not suggest that all of these ties and connections are flexible. Sometimes, based on a perceived need for a local and temporal integrity, budget planners develop a selected number of strong ties to increase the process consistency. The notion of "family plan" as well as the idea of "mostly-weak-and-occasionally-strong" ties highlights this fact that a special consideration on the nature and function of ties is required in the application of the ECP model (Fig. 2).

As discussed earlier, the design of ECP allows sustained revision of the decisions and related policies. This generates accountability and care about the consequences of the decisions and pushes both the planners and executers to be sensitive about the quality and chain of what is being implemented.

This idea of the "chain of consequences" is better understood (and applied) in relation to the systematic connections among the cells. Each cell-based program alongside with other cells collectively shapes a plan. Cells can contain self-standing programs or they can hold one part of a distributed-linked plan. Moreover, some of the cell-based programs may be implemented at one era while there are programs which extend toward other eras. Thus, a plan (i.e., program package) may include the programs of one era or more. Based on this, we label two types of program package. First, the "horizontal packages" which capture those cell-based program packages that are totally implemented in a single era. Second, the "vertical packages" which stand for those program packages that go beyond the scope of one specific era, consecutively or intermittently (Pourezzat et al. 2012a; Pourezzat and Sadabadi 2013). The point is that the management of the horizontal packages seems to be easier and more straightforward. Although knowledge-based intelligence is an inseparable part of the ECP model, the organization of the vertical packages requires the higher level of intelligence and expertise. To remember our lessons from the field of futurology, since the implementation of these packages happens in longer terms, there would be an increased complexity and ambiguity (Pourezzat 2010; Pourezzat et al. 2010, 2011).

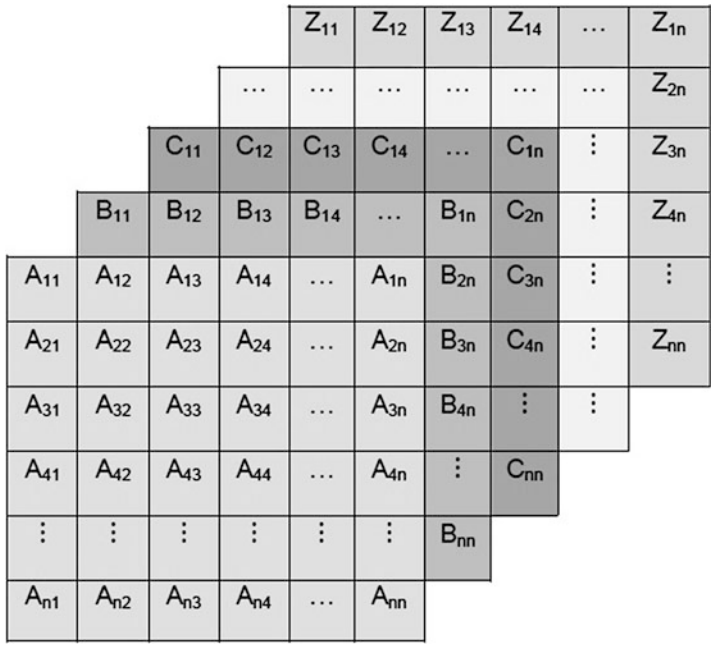


**Era-Based Budgeting System: Lessons from Budgetary Policy Failure in Iran, Fig. 2** Era-based cellular planning systems from age A to Z (Pourezzat 2010)

To conclude, in the ECP-based network of scenarios and plans, there are numerous cell-based programs which extend in the countless eras (as symbolically shown as A to Z). This design highlights the developmental progress of the planning system. In such progress, the system is incrementally and openly designed and this embeds constructed, reconstructed, and deconstructed processes through which the system is evolved. Hence, the form and quality of this system are reshaped by taking into consideration the emerging future.

## Era-Based Budgeting

In this section, we reapply the ECP model in the specific context of budgeting to generate a cellular-kind approach towards budgeting process as an alternative to the existing Iranian budgeting system.

A budget document is a quantitative expression of the plans. Or, it might be said that the purposes of the plans can be interpreted with budget figures. In short, we may call budgeting as the art and knowledge of allocating scarce resources to the unlimited needs. The process of budgeting involves different activities such as determining the objectives, arranging the operations, and forecasting the resources. To capture the essence of budgeting, we might say that it is a tool for economic development, economic and social justice and distribution (production of goods and welfare services) through a careful consideration of the needs of the society (Ebrahimi and Farajvand 2013, 184–185). To summarize its agential capacity, we can say that the budget document plays three roles:

- Managerial role: this is played out to provide public goods and services.
- Social role: this is played out to establish social justice and exclusion.
- Economic role: this is played out to assure economic growth and progress.

These roles are completely realized through the implementation of the budget policies set out by the state each year. The implementation of these annual policies should be in line with the macro and general policies developed for the country. That demands a close coordination and adjustment between the legislative and executive bodies of the state.

Considering budgeting as a financial planning system, in this entry, it is proposed that all of the ECP's characteristics are applicable in the context and process of budgeting and through such application, the final budget document is reconsidered

as an era-based plan in which one specific era is finalized and performed every year.

The flexible and plastic agency of ECP-empowered budgeting enables policymakers to rethink the designed policies in relation to recent events and completing knowledge. They can not only manage the undesirable consequences of the plans but also terminate one plan and replace that with a novel one. The cellular structure of the ECP-based budgeting generates conditions under which the future actions and policies become less related to the previous one, while in the traditional "integrated" planning approach on budgeting one failure in the past largely affects the chain of future actions. That is, it provides an opportunity to break path dependencies.

In an Era-based Cellular Planning Budgeting system (ECBP), the needs of people and society (or an organizational entity like a manufacturing company) are defined and programmed in the form of independent cells or scenarios. Then, an extensive matrix is created to represent the variety and diversity of the recognized needs for each era. For each period, a number of scenarios are selected to be implemented. Those scenarios which remain uncompleted will be extended to the next phase (era). Since each era has its own unique vocabularies and concerns, there should be a systematic, linguistic relationship among the needs recognized in the original era and the eras in which those needs are still being completed. This linguistic adjustment minimizes the "planning waste" and allows the seamless fulfillment of the ever-changing needs.

## Conclusion

The existing Iranian budgeting system is traditional, centralized, inefficient, nontransparent, cost-oriented, and heavily relies on oil revenues. In the 2016 budget bill, more than 60% of the total budget is allocated to the costs of governmental companies and agencies. Also, the average share of current expenditure in the total budget has been above 70% in the last few years. This means limited attention towards long-term, developmental plans. In this entry, we have shown the majority of these problems are associated with the old-fashion, static structure of existing Iranian budgeting system. The dysfunctional structure of budgeting system has resulted in the greater intervention of the government in the economy which itself has generated additional undesirable outcomes. For example, there is a lack of appropriate information about the results of final costs and allocated credits and the efficacy and effectiveness of the programs. That is, it is hard to evaluate and monitor how resources are used.

The practical and theoretical challenges associated with the existing model of budgeting alongside with the financial constraints and the increasing demand for improving public service provision altogether call for a new method for developing and implementing budget plans. In response to this perceived need, a dynamic method called era-based cellular planning (ECP) model is introduced and elaborated in this entry as a potential solution to some of the existing problems.

We argue that the application of the ECP model for the development of flexible budgeting system will generate new capabilities for the financing programs in the country to be more flexible and operational, especially in the face of unpredicted incidents. Moreover, this model increases optimum utilization of secret budgets, especially if watch-up subsystem is designed in a way that it can manage a group of confidential programs' cells in each era of operation.

One challenge remains as central in this proposed style of planning and that is how the budget is being controlled. It is clear that the greater complexity of the planning system will make controlling difficult since the "law of necessity of variety" (Ashby 1960) suggests that controller system must have sufficient diversity to be able in controlling the system which is meant to control. In addition to the diversity issue, "the law of complexity of the requirement" (Uhl-Bien et al. 2007) reminds us that the controller system must have sufficient complexity to control the system under its control. We proposed the watch-up subsystem as working solution to this functional challenge.

In short, we endorse that an increased complexity and diversity in the budgeting require more complex subsystems to control and monitor the implementing budget. The point is that under these circumstances a watch-up subsystem would be useful. Hence, to produce well-grounded

budgets, this watch-up subsystem should benefit from various relevant technical expertise. Having a package of expertise brings a capability in meeting the exceeding diversity of era-based budgeting system. The system should hold strong human (soft) and technical (hard) backdrop to monitor and control multiple scenarios and their changing relationship with the original scenario (i.e., in the previous period) and scenarios that result from each one (i.e., in the next eras). Thus, this proposed model should act and enforce other relevant variables to act in such a way that none of the cells in the budget (i.e., different scenarios of a plan) remains uncontrolled. Moreover, a strategy is needed to monitor and control the process of successful implementation of a plan.

It has also been said that the behavior of budget management system in era-based budgeting system resembles the Phoenix missile systems. To use this metaphorical analogy, budget executers watch up and track all the stages through which a target is reached as in the case of sophisticated radars; when necessary, they can cancel certain actions or cells and alternatively put in place new recalculated prioritization for the remaining path of the implementation process.

To conclude, this entry is an attempt to ever-changing economic, societal, and technological needs of the country. The constant evolution of the perceived needs requires dynamic systems within which budgeting activities are well developed and carried out. This entry proposes that cellular thinking is might be a useful approach in this regard.

## References


Ashby WR (1960) Design for a brain: the origin of adaptive behaviour, 2nd edn. Wiley, New York

Briant P (2002) From Cyrus to Alexander: a history of the Persian Empire. Eisenbraun, Winona Lake

Carroll JM, Furman BT, Tettelbach ST, Peterson BJ (2012) Balancing the edge effects budget: bay scallop settlement and loss along with a seagrass edge. Ecology 93(7):1637–1647

Christensen T, Laegreid P (2015) Performance and accountability—a theoretical discussion and an empirical assessment. Public Organ Rev, New York, United States 15(2):207–225

Durant W, Durant A (1993) The story of civilization, 11 volume set. MJF Books

Ebrahimi NM, Farajvand E (2013) Principles of preparation and budget control, 13th edn. SAMT Publications, (in Persian), Tehran

Howlett M, Ramesh M, Wu X (2015) Understanding the persistence of policy failures: the role of politics, governance and uncertainty. Public Policy Adm 30(3–4):209–220

Kay A, Boxall A-M (2015) Success and failure in public policy: twin imposters or avenues for reform? Selected evidence from 40 years of health-care reform in Australia. Aust J Public Adm 74(1):33–41

Kia A (2008) Fiscal sustainability in emerging countries: evidence from Iran and Turkey. J Policy Model 30(6): 957–972

McConnell A (2015) What is policy failure? A primer to help navigate the maze. Public Policy Adm 30(3–4):221–242

Nikoukar GH, Jalali F, Fallah Heravi M, Mashayekhi B (2016) Identifying developing problems Bill settlement of funds. Public Administration, (in Persian), (in press), Tehran

OECD (2000) Reducing the risk of policy failure: challenges for regulatory compliance. Organisation for Economic Co-operation and Development

Olmstead AT (1959) History of the Persian Empire. The University of Chicago Press (Feb), Chicago

Pourezzat AA (2010) Era-based strategic management, the future approach to grant the public interest. The University of Imam Sadeq (AS), (in Persian), Tehran

Pourezzat AA, Sadabadi AA (2013) The future of science policy in Iran; application of era-based cellular planning for knowledge development in the light of collage metaphor (Case Study: Administration). In: The 5th international conference in economics and administration ICEA – FAA, Bucharest, 7–8 June 2013

Pourezzat AA, Nejati M, Taheriattar G, Sharifmousavi SM (2010) Scenario planning and futurology of the Persian Gulf post-oil economy. Foresight 13(6):18–33

Pourezzat AA, Taheriattar G, Sharifmousavi SM (2011) Application of era-based cellular planning for development of E-government in developing countries. Int J Innov Digit Econ 2(2):24–43

Pourezzat AA, Sharifmousavi SM, Attar GT, Sodagar H, Naji M (2012a) Toward E-participation on the basis of era based cellular planning system. Int J Innov Digit Econ 3(4):53–63

Pourezzat AA, Taheriattar G, Sodagar H (2012b) The application of ECP for science policy-making at national level (the case study of commerce and business)", international conference on public policy and governance 2012 (PPG 2012), Indian Institute of Science, 4–6 Sep 2012, Bangalore

Sako S, Ogiogio G (2002) Major development challenges and their capacity building dimensions. The African Capacity Building Foundation, Harare

Szirma A (2005) The dynamics of socio-economic development: an introduction. Cambridge University Press, Cambridge, UK

Uhl-Bien M, Marion R, McKelvey B (2007) Complexity leadership theory: shifting leadership from the industrial age to the knowledge era. Leadersh Q 18:298–318

# Ethical Competence

Donald C. Menzel
Northern Illinois University, DeKalb, IL, USA

## Synonyms

Ability; Expertise; Fitness; Moral sense; Proficiency; Sense of right and wrong; Skill; Suitability

## Definition

Ethical competence is the quest for knowledge and action that defines right and wrong behavior.

## Introduction

What does it mean to be ethically competent? Why is ethical competence so important? How is it achieved? The answers to these questions are in demand within and across academic disciplines and applied professions – medical, engineering, law, psychology, social work, public administration, and more. At its root, ethical competence resides in the human quest for knowledge and action that defines right and wrong behavior, the touchstone of ethics. Thus, an ethically competent person is one who through innate or learned behavior can distinguish between right and wrong and act accordingly.

One view is that humans have an innate ability to discern right from wrong and, therefore, can choose through free will to act (un)ethically. This view lends itself to an "either or" interpretation. That is, one is either ethical or not; there is no middle ground. While a careful reading of classical philosophers such as Aristotle (384–322 BCE) and Immanuel Kant (1724–1804) does not lend itself to this view, their philosophies are often interpreted as such. Both Kantian ethical principles and Aristotelian virtues have an "either/or" quality, one possesses them or does not. This arguable deterministic view is even more suspect in the age of life and work in complex modern organizations, the diminished grip of religious beliefs, lifestyles unbounded by family custom and social mores, and the explosive growth of professions in possession of expertise that can help or harm humankind or nature or both.

## What Is an Ethically Competent Person?

The ethically competent person must be capable of knowing the boundaries of his knowledge and expertise in order to do, as is often put in the medical profession, no harm. This fundamental necessity applies across occupations and professions, including public policy and administration. But is there not a significant difference between a doctor or a lawyer whose client is an individual/corporate entity and a public administrator whose client is a community or elected body? While it might seem straightforward to know how to do no harm to a patient facing surgery or an individual seeking justice, there is little straightforward about knowing how to do no harm to a community or a collection of elected bosses. But, none in the medical, legal, or public management professions live and ply their trade in such a simplified world. All are challenged to aspire to and practice ethical competence.

Ethical competence, particularly in the practice of public administration, is composed of discreet yet interrelated competencies – knowledge of ethics codes and laws, the ability to engage in ethical reasoning, identification of public ethics and values, commitment to high ethical standards, and advocacy of ethical practices and behaviors in organizations (Cooper and Menzel 2013). These competencies, as depicted in Fig. 1, stand in a dynamic relationship to one another.

*Ethical Reasoning*. Knowledge of ethics codes and laws is a necessary but not sufficient for achieving competence. The ethically competent individual must be able to reason through difficult perhaps complex ethical dilemmas that typically require more than invoking a principle (treat others with dignity) or possessing a virtue (always be honest). She must be able to assess the situation by gathering relevant information,

**Ethical Competence, Fig. 1** Dynamics of ethical competence. (Adapted from Menzel 2010)

realistically imagining choices and outcomes, and arriving at a decision that results in a resolution or dissolution of the dilemma. This reasoning process involves clarity of mind, creativity, and deliberation.

*Identify and Act on Public Ethics and Values*. Ethics and values defined solely in terms of the individual are important but so too are ethics and values ascribed to societal norms. Ethically competent public administrators must be able to accept and act on democratic and humanitarian values reflected in the community at large. For example, freedom of speech, assembly, and association are hallmark values in a democracy that public administrators must honor and respect.

*Promote Ethical Practices and Behaviors in Organizations*. This competency demands that public administrators do more than serve as ethical exemplars. They must be proactive advocates of ethical practices in their organizational environment. As leaders, public administrators must ensure that followers understand the importance of ethics in practice, not just in principle. In this sense, public managers and employees are guardians of public trust in democratic institutions.

*Commitment to High Ethical Standards*. This competency would seem self-evident but it is not always so, especially if one succumbs to moral muteness. The organizational imperative to get the job done can lead to a form of moral or ethical self-censorship. A commitment to high ethical standards is an antidote to moral muteness.

## Becoming Ethically Competent

But what are the pathways to ethical competence? The start point, as already suggested, is the individual whose ethical worldview is typically formed long before he begins the often arduous journey to becoming a professional. Parents, schools, churches, communities, and even friends leave ethical imprints. Finding one's ethical place within a profession, however, demands more. It requires knowledge of the ethical ways and mores of the profession secured from educational institutions, organizational employers, professional associations, and colleagues.

Ethical competence is a career-long endeavor often confronted by missed opportunities, blind alleys, and sometimes blind spots and other hazards. That being said, there are several pathways to becoming ethically competent: education, common sense, and experience.

*Education*. Competency-based learning is not a new enterprise, having deep roots in vocational education wherein skills are emphasized and tested. One can learn, for example, various

welding techniques with instruction and practice, but eventually one must demonstrate competence to a teacher or potential employer that she can apply effective and durable welds. Knowledge, of course, is a presumed quantity in this process, while ability is an essential ingredient. Nonetheless, out of this past arrived what is now widespread in many professional fields, not just vocational work – knowledge, skills, and abilities – commonly referred to as KSAs. The acquisition of KSAs in public administration is in vogue. The knowledge component relevant to ethical competence is the domain of formal educational programs at many universities and institutions. Training workshops and seminars offered by professional associations also enhance knowledge of codes, standards, and laws. The skills component for achieving ethical competence involves learning how to recognize an ethical issue and, if needed, take preventive action.

*Common Sense and Experience*. Educational institutions and professional associations are common paths to ethical competence, but they do not have a monopoly. There are other paths, including common sense and experience. Both are effective teachers that can impart knowledge and wisdom. Still, as the sage Confucius advises: "By three methods we may learn wisdom: First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest." Experience, for all it offers, can be a risky and unforgiving teacher.

## Conclusion

There are many promising pathways to ethical competence. Nonetheless, even the most determined traveler may discover there is no single pathway that will get her to the desired destination. Why? Because there is no bright line that lets the traveler know when she has arrived. Rather, the pursuit of ethical competence is like running on a treadmill that does not have an off switch. One knows he is in motion but the destination is obscured by the absence of an off switch. This is not to suggest there is no destination but is to suggest that the destination can be a moving target always near but still just a reach away. All too often, however, one only knows when he has failed to achieve ethical competence by an unforgiving ethical moment when reality makes abundantly clear that ethical competence remains a cherished but elusive destination.

## Cross-References

► Ethical Values

## References

Bowman JS, West JP, Beck MA (2010) Achieving competencies in public service: the professional edge, 2nd edn. M.E. Sharpe, Armonk

Cooper TL, Menzel DC (eds) (2013) Achieving ethical competence for public service leadership. M.E. Sharpe, New York

De Schrijver A, Maesschalck J (2013) A new definition and conceptualization of ethical competence. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 29–50

Kavathatzopoulos I (2002) Ethical competence training for individuals and organizations. In: Von Weltzien H (ed) Moral leadership in action: building and sustaining moral competence in European organizations. Edward Elgar, Cheltenham, pp 293–303

Menzel DC (2010) Ethics moments in government: cases and controversies. CRC Press, Boca Raton

Menzel DC (2017) Ethics management for public and nonprofit managers: leading and building organizations of integrity. Routledge, New York

# Ethical Concerns and Migrants

Jean-Claude Garcia-Zamor and Kira Haensel
Florida International University, Miami, FL, USA

## Synonyms

Duty ethics; Migration; Refugees; Utilitarianism; Virtue ethics

## Introduction

This entry reviews how three prominent ethical theories can be used to guide the actions of policy makers who have to decide on the fate of those who are seeking asylum. The analysis is being done using the current situation of the migrants who are trying to find refuge in Europe. The massive number of migrants from countries at war who are arriving in European countries poses an unprecedented burdensome problem that is creating some ethical and moral dilemmas for European policy makers.

One of the main questions concerning the conflict in Syria is who or which countries are going to take the many people fleeing the war in and offer them a secure place to live. Opinions on whether the European Union and its Member States are obligated to take the refugees in are deeply divided. While German chancellor Angela Merkel thinks that "coping with war refugees is a European-wide obligation," Hungarian Prime Minister Viktor Orban who does not understand the resolution of the refugee crisis as one of his government's concerns disagrees (Deutsche Welle 2015). The ongoing dispute between the leaders of the EU countries shows that there are many ways to look at the migration problem and the question whether it is a country's obligation to take in refugees or whether it is ethical to refuse access to refugees. In the end, the question is one of moral nature, which doesn't make it easier to find an answer yet provides "lenses" to look at it and to discuss different standpoints and their application to immigration.

The three most prominent ethical theories chosen as such "lenses" are utilitarianism, duty ethics, and virtue ethics. Subsequently, a brief introduction to these theories and the main ideas behind them are given, followed by an analysis addressing the question: what insights the theories offer in terms of decision-making in the refugee question?

## Migration and Utilitarianism

Eighteenth- and nineteenth-century philosophers Jeremy Bentham and John Stuart Mill account for the founding fathers of utilitarianism. While the two defined utilitarianism in slightly different ways, they agreed that what produces the greatest amount of happiness is what should be done. But what exactly is happiness, and what is the relationship between happiness and morality? These questions are the main questions utilitarianism deals with.

The "principle of utility" as defined by Jeremy Bentham refers to "the principle that approves or disapproves of every action according to the tendency it appears to have to increase or lessen—i.e. to promote or oppose—the happiness of the person or group whose interest is in question" (Bentham 1948, p. 7). Thus, whether an act is considered "good" or "bad" depends on whether the consequence of this act increases or decreases the total amount of happiness for the persons affected by the act. Especially for the purpose of this reading's topic, it is important to note that "every action" refers to actions conducted by an individual, as well as to actions conducted by a government.

Happiness as defined by classical utilitarianism is "what makes a person's life better in itself for him" (Bykvist 2010, p. 17). Thus, happiness is a "subjective state," meaning that every person has her own set of values that increase or decrease her well-being. That said, it is impossible to generally say what happiness is and therewith what we specifically ought to do, but every person has to answer that question for herself, and answers may vary. On doing so, it is insignificant who this person is (e.g., origin, age, race, etc.); the only thing that counts is the person's well-being or happiness. Even though every person individually defines what happiness is for her, happiness is not an egocentric "thing," since "the individual's happiness will be found in doing what is morally right" (Crisp 1998, p. 5) and that is to maximize overall happiness (Crisp 1998). But essentially, utilitarianism, like other moral theories, is concerned with the question what makes an action right and what makes it wrong. In this context, it should also be noted that utilitarianism does not deal with the world as it is, but as it should be. This means that advocates of utilitarianism do not claim that people in fact choose to do

whatever produces the greatest amount of happiness but that this is what they ought to do (Crisp 1998).

Bentham's model applied to the case of the European refugee crisis would imply to sum up all pleasure and pain caused by an act as, for example, the acceptance or rejection of refugees by a country. In the course of this, it could be acceptable to compromise some pain if in the end the total value for pleasure outweighs the total value for pain (the greater the difference, the better). With reference to the question whether a country is ought to accept war refugees, one would have to consider the consequences of acceptance and rejection for everybody affected by that act, such as the refugees themselves, the population of the receiver, as well as the population of the sender country.

To provide some examples, consequences could be:

(a) If rejected, refugees remained in a life-threatening environment, a war zone, which could cause pain for them and their families, since the consequences of war are death, injuries, devastation, etc.
(b) If rejected, refugees could be protected from having to live in a discriminatory environment.
(c) If accepted, refugees could live in a safe place which could result in pleasure.
(d) The acceptance of refugees could challenge the economy of the receiving country and therewith lower the quality of life in the country.
(e) The rejection of war refugees could prevent economic migrants from entering a country, taking jobs away from the receiving country's population.

These and all other possible consequences would have to be summed up and ranked against each other measured by the value of pleasure and pain. The ethical thing to do according to utilitarianism now depends on the result of the calculation and which of the two acts (rejection versus acceptance) increases happiness for the groups of people in question.

What becomes clear is that one of the major issues with this practice, which by the way is not meant to be "strictly pursued before every moral judgment or every legislative or judicial operation, [but which] can be always kept in view" (Bentham 1948, p. 23), is the unpredictability of the consequences an act has; no one can tell what exactly the consequences of accepting or rejecting refugees are.

Another question that should be addressed when discussing migration policy making from a moral perspective is whether it is ethical to differentiate between refugees and people who migrate for economic reasons. According to the UN Convention on the Rights of Migrants, "The term 'migrant' in article 1.1 (a) should be understood as covering all cases where the decision to migrate is taken freely by the individual concerned, for reasons of 'personal convenience' and without intervention of an external compelling factor" (UNESCO 2016). A refugee in contrast is a person who did not freely choose to leave her country but was forced to flee due to war, violence, or similar reasons. Signatories to the Geneva Convention undertook to protect refugees, to allow such persons to enter their countries, and to grant temporary or permanent resident status to them.

According to utilitarianism, this differentiation between refugees and people who want to immigrate for economic reasons would be neither ethical nor unethical, since the theory doesn't differentiate between people based on features such as origin, race, age, gender, etc. The theory solely focuses on the amount of well-being produced, regardless of who the person is. "Everyone is to count for one, no one for more than one" – Bentham (Bykvist 2010, p. 18).

In terms of the European refugee crisis and the question if there is such thing as a moral obligation to accept war refugees, this means that according to utilitarianism there is none. Since the only thing that matters is the total sum of happiness caused by accepting refugees compared to the happiness caused by any alternative action and the motives and intentions remain irrelevant, one, thinking as a utilitarian, cannot speak of the existence of moral obligation to do something, but only of the obligation to do whatever increases the

total amount of the group whose interest is in question. This stands in total contrast to the theory of virtue ethics.

## Migration and Virtue Ethics

The youngest and at the same time oldest of the three normative ethical theories is virtue ethics. Based on the ancient Greek approach of virtue ethics, the theory was not recognized as such next to deontology and utilitarianism for the longest time. Within the last 40 years, however, virtue ethics has "acquired full status, recognized as a rival to deontological and utilitarian approaches, as interestingly and challenging different from either as they are from each other" (Hursthouse 1999). Plato and Aristotle were the first to discuss motives and moral character in human behavior which the theory of virtue ethics is based on. Whereas utilitarianism concentrates on the outcome and the consequences of actions and deontology on duties and rules, virtue ethics emphasize (as the name already discloses) virtues, motives, and moral character. Accordingly, "the role of emotions in our moral life" (Hursthouse, On Virtue Ethics 1999), meaning thoughts regarding what kind of person one should be and how one should live, was taken into account for the first time.

The main thought behind virtue ethics is that "an action is right for an agent if and only if the agent would do it from a virtuous motive (or the most virtuous motive available to the agent)" (Bykvist 2010, p. 29). It becomes clear that in contrast to duty ethics, virtue ethics focus on what we ought to be rather than what we ought to do.

Thus, there are no duties, obligations, and laws that tell one what is moral to do in virtue ethics, but moral obligation is understood as an "empty concept" that has no validity (at least in the most extreme version of virtue ethics). While the other two ethical theories addressed here refer to "what we legally ought to do or what would best contribute to our welfare" (Statman 1997, p. 4), virtue ethics refer to what we ought to be, and that is a virtuous person. Yet, it is not a certain kind of behavior that needs to be good or right in order to confirm virtue, but a character trait of the actor. This means that an actor executes an act not because the act itself is good or contributes to people's welfare, but because of her (virtuous) character. More moderate versions of virtue ethics however do accept the idea of obligation and rightness of action as long as it is clear that these two derive from aretaic ethics, meaning the virtues of character (Statman 1997).

Thus the question, what is a virtuous person or what makes a person a virtuous one? Naturally, a virtuous person is one who has internalized all the virtues. Virtues in this context are "some kind of relatively fixed character trait, involving dispositions to think, feel, and act in certain ways" (Bykvist 2010, p. 28). This means that a person with perfect moral virtues is one "with morally right desires but with no commitment to seeing to it that they remain right and (typically) with no conception of them as right" (Baron 1985).

Consequently, an act becomes virtuous if it makes a human life flourish, meaning that through the act, the actor's life becomes a better human life. Extreme version of virtue ethics argues that moral virtue is closely connected to intellectual virtue, which implies that in order to be a character of moral virtue, one has to have character of intellectual virtue. This in turn means that virtuous character, intellectually as well as morally, shall remain reserved to the elite (Rorty 1996).

The role of culture in the development of virtues has been addressed by intellectuals, such as British philosopher John Cottingham, who described "good life" as a "structured pattern of living. . .whose fundamentals have to be rooted in a civic culture, a culture in which the right pathways of emotion and action have been laid down in infancy and fostered by long habits of training and upbringing" (Cottingham 1994, p. 177). Cottingham adds that it is yet not impossible for a person who grew up in a culture that did not lay down the "right pathways of emotion and action" to become a virtuous person. However, this would require a "radical self-remarking will" (ibid.) that only small elite would have. This relates to Rorty's argument mentioned earlier, in which she explains the connection between intellectual and moral virtue (cf. p. 12).

In reference to the European refugee crisis and the question whether there exists a moral obligation for a country to accept refugees, advocates of the most extreme version of virtue ethics would negate this question, since moral obligation is understood as an "empty concept" that has no foundation because principles such as moral obligations have failed as a guide for the solution of practical dilemmas. Thus, practical dilemmas are too complex as that they could be solved through the application of a principle that in most cases cannot offer a solution to conflicting considerations which are inherent in practical dilemmas. More moderate versions of virtue ethics however would argue that there could be a moral obligation, as long as it derived from a virtuous character or mind.

It becomes clear that the definition of "virtue" is not universal but rather subjective. This opens to the door more than one possible "right" act in one situation. In other words, one practical dilemma can have more than one "right" way to act upon, depending on the virtues at stake. Applied to the present case of the European refugee crisis, two virtuous persons could be asked the same question, for example, whether they would vote in favor or against a refugee quota that determines how many refugees each member country of the European Union has to receive. Important in this connection is that both persons are facing the same situation under the same circumstances. Virtuous person one could say that out of solidarity to the refugees she thinks that a refugee quota is a good idea, since it would provide people with a place to go (which they otherwise might not be offered). Virtuous person two however could say that she thinks out of respect for the refugees' freedom to choose for themselves which country they want to live in that the refugee quota is not a good idea. This means that "two virtuous agents, faced with the same choice in the same circumstances, may act differently', and, nevertheless, both be right" (Hursthouse, Slote on Self-Sufficiency 1993).

What has to be mentioned however is that in order for the explained example to be valid, one must accept that "right" and "wrong" are not necessarily contraries and that an act can possibly be right and wrong at the same time. This means that one can act in favor of one virtue and at the same time, through the same act, contrary to another. Virtues would be conflicting in this situation due to the fact that there is more than one "right" solution (Statman 1997). Another potential for conflict is the definition of virtues. Definitions could vary from person to person and culture to culture and as a consequence reduces the generalizability or universality of the theory.

In terms of the European refugee crisis, "culture" is an especially sensitive matter. One fear is that the cultural differences between refugees and the population in receiving countries will be insurmountable. Differences in culture and their connected virtues have been portrayed as especially strong between the occident and the orient by critical voices. Others however praise multiculturalism and interpret the crisis as an opportunity to develop a more open-minded, tolerant, and diverse culture in Europe. The question for virtue ethics in this context would be what should and what should not be considered a "virtue," who decides on that, how much leeway should be given to definitions, and where is the fine line between virtue and the contrary?

In contrast to utilitarianism, according to virtue ethics, it would be ethical to act in a certain way, even if this way was not the most beneficial in terms of overall happiness. A justification for such an act could, for example, be the fact that someone wishes or decides to be a certain type of person. Applied to the European refugee crisis and the question whether countries are ought to accept or reject refugees, this would mean that according to virtue ethics, it could be ethically acceptable to receive refugees even if it was confirmed that the negative consequences outweigh the positive ones, just because it is a virtue to the actor to be charitable, kind, and willing to be helpful (Swanton 1997).

In terms of the earlier question regarding if there was a moral obligation according to moderate virtue ethics for a country to accept refugees, it can be said that there could be one, as long as this obligation derives from a virtuous character or mind. Considering the situation of refugees fleeing a war that put their lives in danger and maybe

destroyed their goods and chattels, in other words considering there is a person in need, one could argue that a virtuous person whose character traits include, for example, kindness, would want to help the person in need. Yet not because someone else made it obligatory to her, but because she herself recognizes that she is obliged to help, because it is a virtuous thing and she is a virtuous person with respective character traits.

## Migration and Deontology/Duty Ethics

Eighteenth-century philosopher Immanuel Kant accounts for the founding father of duty ethics and the concept of the categorical imperative. As the name "duty ethics" already implies, according to this theory, an action is moral if it is done from duty. In this context, something is done from duty if it is done because it is the right thing to do (Stratton-Lake 2000). In order to understand the thought behind Kant's concept of duty, a closer look at what is understood by "duty" is necessary.

The word "duty" for some people might have a negative connotation; soldiers supposedly kill out of duty (to their country or to their fellows), and judicial officers out of duty (to the law) could make a family homeless, because the family was unable to pay the rent even though the reason for their illiquidity could be that the father fell ill with cancer. In other words, doing something "out of duty" in common usage is not necessarily something that is understood as morally "right," but rather morally questionable. The way the word "duty" is used in duty ethics is different from what was described before. Thus, for Kant, "duty" refers "solely to the respect we owe to humanity in ourselves and others and to the various forms of moral self-constraint that we must exercise, when necessary, in order to be rationally self-governing beings" (Wood 2008, p. 159). Accordingly, Kant differentiates between "juridical duties," meaning a duty that is externally coerced, and "inner or self-constraint duties."

"Inner or self-constraint duties" are duties that one herself decides to act upon from free will and not because an external party tells her to do so. In other words, "'Duty' refers to the act of freely making yourself desire something and do it because you appreciate the objective moral reasons there are for doing it" (Wood 2008, p. 159). What needs to be clarified now is what would account for "moral reasons" as motive of duty. Put differently, what makes us desire a certain action? Kant, besides from objective reasons, also mentions feelings (*The Metaphysics of Morals*). He divides them up into four categories, which are (1) moral feelings ("feelings of approval or disapproval directed at actions"), (2) conscience ("moral feelings directed to oneself, in view of some action performed or contemplated"), (3) love of human beings ("e.g. any form of benevolent caring or concern for the welfare of another as a person who is an end in itself"), and (4) respect ("for the dignity of a person, or for the moral law as the basis of our own rational self-government") (Wood 2008, p. 160).

Kant furthermore defined the "moral principle" or the "supreme principle of morality" through what he calls "the concept of a categorical imperative." The "moral principle" strictly speaking consists of three "formulas": (1) the formula of universal law ("Act only in accordance with that maxim through which you can at the same time will that it become a universal law"), (2) the formula of humanity as an end in itself ("So act that you use humanity, as much in your own person as in the person of every other, always at the same time as an end and never merely as a mean"), and (3) the formula of autonomy ("the idea of the will of every rational being as a will giving universal law") (Wood 2008, p. 66). These "formulas" in turn are based on the concept of the "categorical imperative." This concept presumes that every action consists of an end and the required means to the end. Thus, one sets and ends (something one wants to do or achieve) and performs the required means (whatever it takes to achieve the end). This is what Kant calls a "hypothetical imperative." A "categorical imperative" in contrast is "not conditional on some prior end", which means it is valid in any case, without exceptions. It furthermore demands one to do act in a certain way, regardless of what one might "want" to do (Wood 2008).

In terms of the European refugee crisis and the question whether countries should accept refugees, this would mean that according to Kant, one would have to ask himself if one could consistently and rationally want that everyone thinks it's ok to refuse access to refugees. Keeping the first and the second "formulas" of the moral principle, which refer to "the will that one's act becomes universal law" and "humanity as an and in itself" in mind, one would come to the conclusion that refusing to admit refugees and therewith refusing help to people in need would disrespect formula one and two and can thus not be a morally right act in accordance with duty ethics.

Kant further differentiates between "rights" and "ethics," which both entail their own "systems" of duties. "Right is a system of rational moral norms whose function is to guarantee the treatment of humanity as an end in itself by protecting the external freedom of persons according to universal laws" (Wood 2008, p. 162). Right underlies juridical duties that are enforced or coerced by external powers such as civil or criminal courts. Yet, Kant emphasizes that (unfortunately) not all juridical duties can be coerced (e.g., in international rights). Ethical duties in contrast "must never be coercively enforced" (Wood 2008, p. 162). "Ethics" refer to what was mentioned earlier concerning "inner or self-constraint duties."

Applied to the case of the European refugee crisis this would mean that a country that would act in a morally correct way, according to duty ethics, would be a country that out of duty, for instance, motivated by the concern for the welfare and well-being of the people fleeing a war (love of human beings), decides to admit refugees. A country could also act morally by taking refugees in with the motive to comply with the Geneva Convention from 1951, whose signatories agreed to protect refugees, which includes allowing them to enter their countries and granting them some form of legal status (e.g., permanent or temporary residency).

One of the debatable aspects of Kant's theory of duty ethics is whether two duties can be conflicting. Conflicting conflicts could lead to a moral dilemma, meaning that whichever decision the agent makes, the act cannot be solely "right." An example would be a promise that one cannot keep or, with reference to the European refugee crisis, the question whether helping the refugees (duty one) and protecting the country's society (duty 2) are conflicting. Kant states that two duties cannot conflict in way that would make it impossible to do "right." More specifically, his argument consists in the following:

A conflict of duties would be a relation between them in which one of them would cancel the other (wholly or in part). – But since duty and obligation are concepts that express objective practical necessity of certain actions and two rules opposed to each other cannot be necessary at the same time, if it is a duty to act in accordance with the opposite rule is not a duty but even contrary to duty; so a collision of duties and obligations is inconceivable. However, a subject may have, in a rule he prescribes to himself, two obligating grounds, one or the other of which is not sufficient to put him under duty. When two such grounds conflict with each other, practical philosophy says not that the stronger obligation takes precedence but that the stronger obligating ground prevails (Kant 1996, p. 16).

The abovementioned example would account for what Kant calls "two obligating grounds." Thus, there would be two different obligating reasons: one would be to help people in need (the refugees) and the other would be to protect the country's society. The first point offers a reason why there is a strict duty for a country to accept refugees, while the second one provides a reason why there is a duty not to do so. According to Kant, the "stronger obligating ground prevails," meaning the stronger reason (in our example either to protect the country's society or to help the refugees) "wins." But how does one decide which reason is stronger? While he defines different categories of duties, such as imperfect and perfect duties for which a guideline addressing which duty is "stronger" is given, Kant does not specifically offer an answer to this question that would satisfy each and every case (Wood 2008).

Another issue with Kant's theory is similar to the difficulties with the subjective definition of

virtues in virtue ethics. Thus, the definition of absolute morals is not generalizable; different people living in different cultures could use different definitions.

## Summing Up

It is quite complicated for EU policy makers to address the issue of the refugees with an ethical and moral approach. This entry illustrates how complicated an ethical and moral policy would be for any individual country. The process becomes even more complex when any national policy might require a consensus between the 28 autonomous governments of the European Union. The entry also discusses how ethical policies might affect both the negative and the positive consequences of migration. It emphasizes how difficult it is to adopt ethical policy initiatives that could solve or at least control the present chaos, disorder, and uncertainty created by the arrival of this massive number of refugees. Many of the policies being contemplated might create an unsustainable economic and political challenge to the European countries.

## References

Baron M (1985) Varieties of ethics of virtue. In: American philosophical quarterly. University of Illinois Press, Champaign, pp 47–53

Bentham J (1948) An introduction to the principles of morals and legislation. Harper, New York (Original work published 1838)

Bykvist K (2010) Utilitarianism – a guide for the perplexed. Continuum International Publishing Group, New York

Cottingham J (1994) Religion, virtue and ethical culture. In: Philosophy, vol 69. University of Illinois Press, Champaign, pp 163–180

Crisp R (1998) J.S. Mill Utilitarianism. Oxford University Press, New York

Deutsche Welle (2015) Deutsche Welle. Retrieved from http://www.dw.com/en/chancellor-angela-merkel-defends-germanys-refugee-policy-as-moral-and-legal/a-18692184

Hursthouse R (1993) Slote on self-sufficiency. J Soc Philos 24(2):57–67

Hursthouse R (1999) On virtue ethics. Oxford University Press Inc., New York

Kant I (1996) The metaphysics of morals. Cambridge University Press, Cambridge/New York

Rorty A (1996) From exasperating virtues to civic virtues. In: American philosophical quarterly. University of Illinois Press, Champaign, pp 303–314

Statman D (1997) Introduction to virtue ethics. In: Statman D (ed) Virtue ethics. Edinburgh University Press, Edinburgh, pp 1–42

Stratton-Lake P (2000) Kant, duty and moral worth. Routledge, London

Swanton C (1997) Virtue ethics and satisficing rationality. In: Statman D (ed) Virtue ethics. Edinburgh University Press, Edinburgh, pp 99–117

UNESCO (2016). Retrieved from unesco.org: http://www.unesco.org/most/migration/mwc_part1.htm

Wood AW (2008) Kantian ethics. Cambridge University Press, New York

# Ethical Culture, Tanzania

Wilfred U. Lameck
School of Public Administration and Management, Mzumbe University, Morogoro, Tanzania

## Synonyms

Ethical behavior; Ethical conduct; Ethical reforms; Role model behavior

## Definition

Ethical culture in Tanzania is regulated by code of ethics and conduct of public servants of 2005 and code of ethics for public leadership Act of 1995.

## Introduction

As a response to the crises of public services delivery in Tanzania which surfaced in the 1980s, the Tanzania government took some measures to reforms its public service from the early 1990s. The goal of the reform was to increase

efficiency and effectiveness in the delivery of public services. As an endeavor to make the reforms successful, in 1995, the government enacted public leadership code of ethics act, and in 2005, the government endorsed another code of ethics and conduct for public service. The general assumption was that creating legal framework would be an important instrument to instill ethical culture in the public service which is an important means to aid the success of the reforms. Nevertheless, despite the introduction of the legal framework, the important virtues for building ethical culture were not clearly linked with the reforms. In nut shell, this entry portrays the practice of these virtues in Tanzanian public service.

Meanwhile, in order to be more enlightening, the discussion in this entry is informed by ethical virtues model developed by Kaptein (2008). The virtues were first developed by Kaptein (1998) and validated in 2008. These virtues represent organizational conditions for ethical conducts based on normative criteria. The first is clarity which represents the extent to which organizational expectation of employee moral conduct are accurate, concrete and complete. The second is role model behavior which implies the extent to which the relationship between the supervisors and subordinate reflect ethical expectations. Third is consistency/congruence which means the extent to which the behavior of the employees is consistent or inconsistent to that of the organization. Fourth is feasibility and achievability which imply the extent to which employees have sufficient time, equipments, budget, information, or authority to fulfill their responsibility. Fifth is supportability which implies the extent to which employees are motivated with work and the trust to organization. Sixth is transparency which measures the extent to which ethical issues are observable and the possibility of getting caught in case of violation. Seventh is discussability which measures the extent to which it is permissible to discuss and share issues of unethical behavior in organization and the eighth is sanctionability which measures the extent to which unethical behavior is sanctioned in organization.

In turn, to understand the status of ethical culture in Tanzania public service, these virtues are framed into one research question which forms the structure of this entry. The question is *how has ethical culture in Tanzania public service evolved overtime? And how do the existing ethical legal framework and the actual practice reflect the organizational ethical virtues model?*

In the first section of the entry, the antecedents of ethical culture and the legal framework (leadership code of ethics and code of ethics for public service in Tanzania are discussed). Section two is dedicated to the concept of ethical culture and general literature about its measurement and organizational ethical virtues model. Section three focuses on the experiences of ethical culture in Tanzanian public service based on the opinions and views of the public servants involved in the delivery of public service at the central government level (the Ministry of Agriculture and Home Affairs), local government authorities, and other government institutions.

## Antecedents of Ethical Culture and its Legal Framework in Tanzania

The trend for the development of ethical culture in Tanzania like other African countries is associated with colonial legacy which led to the development of extractive institutions. The development of extractive institutions accelerated the concentration of power and opportunities in the hands of few colonial administrators. The concentration of power in the hands of few people led to the divided public service which forms two publics: the primordial public which believed on the private interest as a prime motive for work and the civic public which believe on the public interest as a prime motive for work (Ekeh 1975, Ekeh 1998; Acemoglu 2012).

Given this trend, after independence, the public servants in Tanzania adopted the idea of the primordial public in which they believe on private interest as opposed to public interest. As a result, the public servants equated their positions in the public service with wealth (Tenga 2010). Apart

from that, the laws inherited from the colonial government to deal with the issues of unethical behavior were inadequate. Following that, the government established a new institution titled the Permanent Commission for Enquiry to replace the colonial law of prevention of corruption which was established by colonial administration – Ordinance Cap 400 of 1958.

Contrary to the expectation, the commission was not able to eliminate the problem of corruption. Consequently, in 1967, the government inaugurated Arusha declaration as a breakthrough to fight corruption and revive the ethics of public leadership. The declaration specifically developed the code of ethics for ruling party leaders which was by then Tanganyika African National Union (TANU) (Tenga 2010).

Nevertheless, there was no one code of ethics to regulate the behavior of public servants. The existing code of ethics was still fragmented into different laws and regulations. This fragmentation makes it difficult for public servants to understand what is expected of them in terms of ethics. To address this problem, in 1995, the government enacted one code of ethics for public leadership. The code defines what is expected of public leaders in terms of ethical conduct. In nutshell, it instructs the public leaders to declare their properties and to avoid conflict of interest by avoiding personal interest to conflicts with their leadership responsibility (URT 1995).

Apart from the leadership code of ethics, the code of ethics for the public servants was established in 2005 to regulate the behavior of other public servants. This defines all types of unethical acts and conduct which are not allowed in the public service. These ethical conducts includes among other things, respecting all human rights. This means avoiding discriminating others on the ground of sex, tribe, nationality, ethnicity, or marital status and avoiding sexual harassment at work place. Second, it instructs public servant to perform their duties diligently and in a discipline manner through obedience to law. Third, it instructs public servants to perform their duties efficiently and to observe punctuality. This includes observing dressing code, team work, and pursuing excellence in service. Fourth, it instructs public servants to exercise their responsibility and good stewardship through acting within their boundaries of a given authority. Finally, it instructs public servants to observe transparency and accountability and the principle of meritocracy and integrity in discharging their functions (URT 2005).

Nevertheless, despite this new development, unethical conduct is still omnipresent in the public service. The legal mechanisms to regulate unethical behavior have been established, but they are not enforced properly by the existing authorities. One of the reasons is that public servants are assigned the tasks which do not match the resources given and the capacity to carry them out. This problem is compounded by little pay which they receive as salaries/wages. As a consequence, for example, gift and bribes are widespread when apply for public utilities and licenses while for procurement public officials often favor well-connected companies and individuals when awarding contracts (URT 2016).

## The Concept of Ethical Culture and Its Measurement

Over the years, the concept of ethical culture has experienced a drift which is attributed by varied definition from different authors. Some authors like Grint (2007) consider it as moral virtues that could be instilled in individuals through practices and learning while others such as Fox and Meyer (1995) see it as rules and principles that determine the right and wrong and others like Van der Wal et al. (2006) see it as adherence, or non adherence, to moral values and norms. This entry follows the definition by Treviño and Weaver, (2003) who perceive it as the representation of a subset of the overall organizational culture combining informal and formal system that work together to guide employees thought and actions. Formal cultural system includes organizational policies, leadership, and rewards system and informally it includes coworker attitudes, behavior, and ethical norms. These together establish what is considered as an ethical culture which guide employee's

behavior toward ethical behavior in organization. Thus, ethical culture includes those aspects of the perceived organizational contexts that impede unethical behavior or the aspects in organization which stimulate ethical conduct.

Therefore, realization of organizational goal depends on the existing ethical culture in organization because the ethical culture influences the behavior of official's directly through formal and informal control system and finally produces the workforce which is highly committed to organizational values and willing to contribute to the realization of organization goals (Trevino et al. 1998; Trevino and Young blood 1990).

## Measuring Ethical Culture

The numbers of dimensions for measuring ethical culture have been developed. The legendary framework for measuring ethical culture was first developed by Kaptain in 1998 who developed the number of ethical culture dimensions and validated them in 2008. These dimensions were further developed into ethical virtues model which represent the organizational conditions for ethical culture. These conditions includes clarity which means the degree to which organization expectation of employee moral conduct are accurate, concrete, and complete; second is role model behavior which measures the ethical relationship between supervisors and their subordinates; third is consistency which measures the consistency between the behavior of employees and that of the organization; fourth is feasibility which measures the amount of time, equipments, budget, information or authority given to employees to fulfill their responsibility; fifth is supportability which measures the motivation and commitment to ethical policies of the organization; sixth is transparency which measures the observation of ethical values; seventh is discussability which measures the extent of sharing of information about ethical behavior; and finally is sanction ability which measures the extent to which unethical behavior is sanctioned within an organization.

## The Practice of Ethical Culture in Tanzania

This section is dedicated to the practice of ethical culture in Tanzania. The section begins with review of government reports concerning unethical conduct of government officials. The review focused on the list of government reports which includes: Tanzania corruption reports of 2016, Controller and Auditor General reports of the past 3 years 2014 /2016, and Public Finance International report of 2017. Together, these reports suggest that unethical behavior is still rampant in the public service in Tanzania. For example, Tanzanian corruption report of 2016 suggest that gift and bribes are widespread when apply for public utilities and licenses. Regarding procurement, public officials often favor well-connected companies and individuals when awarding contracts. The state of corruption is also proved by the Public Finance Internal report which shows that the current audit report of civil servants indicated that 1538 academic records of civil servants were being used by more than one official and 11,596 staff had incomplete records.

Apart from that, the Controller and Auditor General reports indicated that municipal directors, councilors and tender boards formed by civil servants violate financial regulations in decision-making for personal interest. This includes fraudulent payments of subsistence and extra duty allowance, settlement of creditors who were not identified, missing payment vouchers, and transfer of funds without approval of the finance committee (URT 2014) The review also include the *Tanzania Ethics secretariat communication strategy of 2015–2017* which indicate that the secretariat is weak and does not perform its functions effectively because it does not adequately involve all stakeholders and does not have sufficient resources such as zonal staff and finances to carry out its functions. But also it lacks power to sanction those who do not abide by code. To get in-depth information concerning the widespread of unethical behavior, the in-depth interview with 30 officials from different levels of central government and local government was conducted based on the framework of measuring ethical culture.

## The Clarity of the Code of Ethics in Tanzania

With respect to clarity issue, the research shows that public servants are required to abide to code of ethics when making decision. The public servants believe that the code guide them to make ethical decision. In addition, the interviews shows that the human resources officers from the ministry and local government organize frequent meetings to discuss and remind the civil servants in different sectors about the importance of the code. An example is the recent meeting of human resources officers and the health staff of Temeke municipality. The meeting had an objective of reminding the staff about the importance of the code of ethics and what is expected of them in terms of ethical behavior. Nevertheless, the violations of the code still exist, and some complaints have been reported by citizens. Second, concerning *the supervisor* vs *subordinates* ethical relationship, the research shows that it is mandatory for public servants to learn and follow the guidance from their supervisors. The instruction and learning is through meetings and specific instruction gives to subordinates by supervisors. Nevertheless, the instruction is not often successful. The Ministry of Agriculture serve as an example where senior officials have been accused for having a sexual relationship with their subordinates and hence destructing their working relationship. Third, concerning consistency, the interviews shows that officials goals are highly compatible with organization goal. In every day work, they strive to achieve their departmental goal and their supervisors make sure that they work towards organization goals. Nevertheless, in some cases, the employees were found to engage in the behavior which is not consistent with that of organization. Fourth, concerning supportability, the research found that in some cases, the organization such as a ministry assigns some task to employees without providing the necessary resources. An example is the Ministry of Agriculture where employees were assigned to audit the staff certificates, and in some cases, they were supposed to travel to some centers where the exercise was carried out but their allowances were not paid on time. Alternatively, the staff had to use their own means to travel to those areas. Another example is in local government authorities where staff were assigned to organize and conduct meetings concerning the awareness of the code of ethics but the cost for the meetings and their allowances were not paid on time.

Fifth, concerning feasibility, the interviews show that in these organizations the bosses are given authority to exercise their responsibilities and they use their authority well but to the larger extent they do not have sufficient equipments and budgets to carry out their daily duties. The budget allocated by government to carry out these functions is limited. Temeke Municipality serves as an example where civil servants particularly the field workers in agriculture sector and health professionals are given the task to fulfill without enough budget and working equipments. Fifth is supportability in which the research shows that public officials are not motivated with their work The low motivation is all government levels is caused by low payment and the reduction of different types of allowances which were paid before the current phase of government. This also includes the delay of allowances. Sixth is transparency in which the research shows that transparency is still a problem, some of important decision like decision concerning employees training program are not transparent and the decision concerning short course training does not follow the procedures. Concerning discussability, some employees for example in the public service commission show that they could not discuss some complaints with their bosses because of fear to lose their job and alternatively they discuss them during public meetings with the director. Concerning sanctioning of unethical behavior, the research shows that the officials, for example, in Temeke Municipality have the authority and special program to remind the public servants to refrain from unethical behavior. This includes instructing them to make follow-up of complaints from citizens and punishing all unethical behavior in organization. Another example is the ministry of agriculture in which some officials of the department of

procurement were suspected to demonstrating unethical behavior and in response to that these officials were called upon and warned by human resources officer.

## Conclusion

The trend of ethical culture in Tanzania has been transformed in different phases. This transformation varies from the time of independence until recently. Through out the history, the government has taken different measures to invoke ethical culture in the public service. Some of these measures which have been quite successful are the establishment of the code of ethics and ethics secretariat to ensure its implementation. Nevertheless, some important elements for establishing ethical culture have received little attention in the reforms process. For example, the issue of discussability and transparency concerning the code of ethics at work place is still a challenge. The employees especially of the lower cadres are not free enough to discuss the issues related to ethics especially if the issue concerns their supervisors. Another is the issue of supportability. The organization support to employees is still insufficient. The employees in the public service are assigned task without enough resources to fulfill these tasks. This kind of situation motivates the civil servants to engage on unethical behavior. Finally, the supervisor as a role model has not received due consideration. As the research shows, some supervisors demonstrate unethical behavior because their role of communicating ethical expectation has not been emphasized in their organization.

Therefore, for ethical reforms to be successful, these flaws must be addressed. The establishment of the formal code of ethics and ethics secretariat should not be seen as end in itself but as a means to end. The government should strengthen informal system through rewarding ethical behavior, providing ethical training and modeling ethical behavior. Finally, for the ethical reforms to be effective, the government must be explicit about the strategy for increasing transparency and discussion of the code at workplace and must make sure that the civil servants are assigned the task which corresponds with the available resources.

## Cross-References


- ▶ Conflicts of Interest in the Public Sector
- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Leadership
- ▶ Organizations as Moral Agents
- ▶ Public Leadership Meta-skills


E

## References


Acemoglu D (2012) Why nations fail: the origins of power, prosperity and poverty. Profile; Crown Publishers, London/New York

Ekeh PP (1975) Colonialism and the two publics in Africa: A theoretical statement. Comparative Studies in Society and History 17(1):91–112

Ekeh P (1998) Colonialism and the two publics in Africa: a theoretical statement. In: Lewis P (ed) Africa: dilemmas of development and change. Westview Press, Boulder

Fox W, Meyer I (1995) Public administration dictionary. Juta, Kenywn

Grint K (2007) Learning to Lead: Can Aristotle Help Us Find the Road to Wisdom? Leadership 3(2):231–46

Kaptein M (1998) Ethics management: auditing and developing the ethical content of organizations. Springer, Dordrecht

Kaptein M (2008) Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. Journal of Organizational Behavior, 26

Tenga, T (2010) The legal framework for the regulation of public ethics in Tanzania-a review (Ethics Commission's MP workshop, Morogoro)

Treviño LK, Weaver GR, Gibson DG, Toffler BL (1999) Managing ethics and legal compliance: what hurts and what works. Calif Manag Rev 41:131–151

Treviño LK, Youngblood SA (1990) Bad apples in bad barrels: a causal analysis of ethical decision-making behavior. J Appl Psychol 75:378–385

Trevino LK, Butterfied KD, McCabe DL (1998) The ethical context in organization: influences on employees attitudes and behavior. Bus Ethics Q 8:447–476

Treviño LK, Weaver GR (2003) Managing ethics in business organizations: social scientific perspectives. Stanford University Press, Stanford

URT (1995) The public leadership code of ethics act no 13 of 1995. Government printer, Dar es Salaam

URT (2005) Code of ethics and conduct for public servants

URT (2014) National Audit Office Annual General Report of The Controller And Auditor General. On the

Financial Statements of Local Government Authorities for the Financial Year Ended 30th June, 2014
URT (2016) Tanzania corruption report, CAN Business PORTAL
Van der Wal Z, Huberts LWJC, van den Heuvel JHJ, Kolthoff EW (2006) Central values of government and business: Differences, similarities and conflicts. Public Administration Quarterly 30(3):314–364

# Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges

David E. Freel
Fisher College of Business, The Ohio State University, Columbus, OH, USA

## Synonyms

Decision-making; Ethics; Process; Stakeholders; Values

## Introduction

Dependent upon public authority, innumerable citizens can be positively affected or dramatically harmed, taxpayer dollars can be efficiently managed or incalculable in loss, and public agencies can be perceived as problem solvers or simply agents of ineffectiveness and obsolescence by the public they serve. Employing a process to affect lasting positive outcomes in the public interest through ethical decision-making is rife with hurdles and one might therefore assert is not, nor should it normally be, easy (Sessions 1950).

Few situations could be more instructive in dissecting *what went wrong* in ethical decision-making than exposés beginning in 2016 that tracked the tragic lead poisoning of the municipal water system of the City of Flint, Michigan. Public management decisions at state, local, and federal levels directly affecting the economically ravaged city *caused* irreparable harm to Flint's children and citizens (Events 2016; Gupta et al. 2016).

Whether represented by an initial cost-cutting decision to switch water supplied from Lake Huron to that coming from the Flint River without treating river water to protect against lead pipe corrosion in Flint at a reportedly available $150/day cost, or what The Detroit News editorialized as the "negligent and mind-bogglingly bureaucratic response to resident complaints about the water," or the time taken to ultimately hold accountable those public servants who were aware and yet failed in their fundamental ethical duties and oversight to citizens, the resulting debacle has manifested tragic and long-term unethical consequences (Assigning Blame 2016; Poisoned Water 2017). The Flint, Michigan lead water scandal presents a historical case study in the failure of ethical decision-making at multiple public levels, with but a few courageous public servants willing to ethically voice what should have been a superseding public interest in decision-making (Gupta et al. 2016; Taillefer 2016).

The mistakes impacting Flint remind that considerations and decisions of public administrators *should* remain under continuing objective and transparent public scrutiny. And yet at the same time, the process of decision-making for public administrators has never been as severely challenged by stakeholders who retain polarized partisan, personal, and/or business, labor, and community conflicts of interest throughout stages of issue identification and consideration for public authorities, perhaps through endless appeal.

How then is one to proceed through the minefield of challenging ethical decisions in an applied fashion?

The author's purpose in this Chapter is to provide a general, yet dynamically capable, applied structure for deciding long-term ethical choices across varied public administrators in their duty to the public.

Proposing an applied framework, the author cautions that the field of ethical decision-making is diverse and steeped in the academic literature, including that presented in this Encyclopedia. The analysis and research of others, some of which is cited here, is not intended to be supplanted and if unfamiliar to the reader is worthwhile for further

exploration and critical examination as a public administrator and decision maker (Bazerman 1994; Craft 2013; Gentile 2017a; Newell et al. 2014; Paine 2006; O'Fallon and Butterfield 2005; Sandel 2017; Shapiro and Stefhovich 2001).

Guiding those who find themselves required to make ethical choices for the public across varied administrative authority, this work is designed to provide a cognitive outline founded upon six practical, decision-making steps (Fig. 1). This decisional framework embeds core ethical values with probing questions to remind decision makers not only of a full consideration of external circumstances but also foster awareness of social and psychological hurdles that can derail ethical intent and outcomes in long-term public administration decision-making.

Suggesting an applied process of cognitive decision-making to augment value-laden approaches to instilling or encouraging ethical action, the author is constantly reminded of the insight of ethicist Michael Josephson, "We judge ourselves by our intent, but we are judged by our last worst act." (Josephson 2017)

## Stakeholders

While perhaps a bit more familiar in sectors other than public administration, the concept of **stakeholders** and considering the input and potential consequences of decisions as they impact stakeholders *prior to action* is key to this recommended framework of ethical decision-making.

Simply put, "**stakeholders**" are those actors who can affect, or are affected by, a decision (Freeman 1984; Univ Kansas 2017). Various categories of stakeholders are described in the literature and may be categorically itemized as required sources of input to individual decision-making roles because of their roles (Bader et al. 2011; UK NHS 2017; Univ Kansas 2017; World Bank 2017).

Employing the saga of Flint, Michigan and the lasting impact of its lead water poisoning as a poignant example, stakeholders can be varied, numerous, and shift required priority of their consideration depending upon the issue to be decided. In that debacle for example, citizens directly affected by contaminated water should have been prioritized above other stakeholders as decisions were made; particularly children and the elderly who were impacted more severely by the negative, long-term health consequences of lead contamination (ATSDR 2007).

Stakeholders in public administration decisions in addition to the public at large are at times particularly thorny to identify (Bader et al. 2011). While traditional political parties continue to influence pubic decision-making and leaders, their impact has become diluted by organized and informal groups of partisan, issue-specific, personal, union-based, and business-driven individuals and organizations (Hayes 2016). Globalization and increased electronic transparency have also amplified stakeholder awareness and increased stakeholder contribution to decisional processes (Friedman 2005).

## "Instinct," "Sensibility," and Our So-Called "Gut"

Before walking through a general applied framework for ethical decision-making, it is incumbent to mention the role emotions (and later, irrationality) have upon making the correct moral choice (Haidt 2001). If fact, some fundamental moral choice proponents have suggested that linear and cognitive strategies may obstruct ethical decision-making, deterring what the decision maker inherently knows to be the ethical choice or fostering rationalizations for acting (Hauser 2007; Lerner et al. 2015; Zhong 2017).

Yet relying on emotions, instinct or "gut" alone has been challenged by both analysts and academics for ongoing decisional failures (Hertz 2013; Paine 2007).

## Six-Step Applied Structure of Ethical Decision-Making

The author recommends a six-step, applied process of Ethical Decision-Making for public

1. ***Facts****;* Critically "discern" facts:
    - **First, "Stop and Think"**… before acting
    - A**ctively listen**; **aggressively push to realize *all* pertinent facts**
        - Bad "Facts" do not age well with time.
    - Stakeholders may hold **conflicting interests** or appeal to our **biases**
        - **Express expectation to** *stakeholders to fully disclose facts*
    - **Prepare analytical, objective and probing Q's** to challenge bias
2. ***Issues****;*
    - Identify Stakeholders - Those affecting, or are affected by, a decision
    - What are the Ethical Issues? - ***3 questions*** *assist identification*:
        a. Who is making the decision?
        b. Whatis or should be our role in the decision making process?
        c. Who is likely affected by the decision? In what manner?
3. ***Ethical Standards****;* L*ook long-term* with **5 fundamental challenges**:
    - What is our **Duty**? – Overriding duty "best interests of the public"
        - Laws, codes of conduct & organizational values applicable?
    - What are the **Rights of Stakeholders** we need to acknowledge & observe?
    - What is **Best Practice** in our authority or public charge?
    - What are our **Core Values** and **do they align** with our Organization?
    - How **are competitive** duties, rights, best practice and values weighed?
4. ***Input****;* Seek information from a diversity of stakeholders
    - Is there need for others' experience, independence, or expertise?
5. ***Impartiality*** *and* ***Transparency****,* and;
    - We are **all** self-interested Which perspective, including ours, is objectively most supported by the Facts, and which less?
    - Were diverse stakeholder input and creative, yet ethical, alternatives sufficiently explored and acknowledged? Are there multiple choices?
    - How would a contemplated action look prominently displayed in social media or the front page of the newspaper?
    - Would this action be "right" if everyone did the same? How would I feel if done to me?
    - How do I want to be remembered by those who care about me?
    - How transparent have decisional processes and outcomes been?
6. ***Reflection***
    - What factually happened?
    - Did expected outcomes occur? What was not expected?
    - What should have been done? Why wasn't it?
    - What should not have been done? Why was it?
    - Cover-ups often result in worse outcomes than initial mistakes

**Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges, Fig. 1** Six-Step Applied Structure for Ethical Decision Making (Hartman et al. 2014; Kidder 1995; Paine 2007)

administrators and those facing ethical challenges, value-based and enabled by a stakeholder analysis, while dynamic in elements to be thoroughly considered. This process was created by the author but is highly informed by and draws or adapts certain elements from the research and analyses of many others (Gentile 2017a; Hartman et al. 2014; Kidder 1995; Paine 2007). It is outlined simply for introduction below as:

1. Determining **Facts**
2. Recognizing Ethical **Issues**
3. Identifying Applicable **Ethical Standards**
4. Seeking Required **Input/Expertise**
5. Maintaining Decisional **Impartiality** and **Transparency**
6. **Reflecting** on Outcomes (Fully described in Fig. 1).

### Determining Facts

In the *Parable of the Sadhu*, businessman and writer Bowen McCoy relates his team's dramatic encounter with a Nepalese holy man (the "Sadhu") who literally falls deathly ill into the planned climbing route of McCoy's team summiting the peaks of the Himalayas. Adding to McCoy's immediate dilemma of the Sadhu's fate are reminders of his own experience in a prior, yet failed, Everest climb where the unplanned intervention of others saved his life. Relating the struggle of making the decision *how* to respond to the unexpected ethical challenge whether to save the Sadhu or move forward through a narrow window of weather availability in his dangerous trek and goal of reaching the summit this time around, McCoy uses his story to reflect upon a number of individual and organizational challenges to ethical decision-making (McCoy 2007).

Among his observations, McCoy describes ethical decision-making as "making a tough call within a *muddle of ambiguity*." This statement is critically instructive to ethical decision-making. While ethical decisions require identifying objective "Facts," facts often remain uncertain, ill-defined, and not easily ascertainable. Some have analogized this factual decisional uncertainty to that experienced in combat and described as the "fog of war":

> War is the realm of uncertainty; three quarters of the factors on which action in war is based are wrapped in a fog of greater or lesser uncertainty. **A sensitive and discriminating judgment is called for; a skilled intelligence to scent out the truth** (emphasis added) (Von Clausewitz 1897).

"Facts" however remain things certain, known to exist or having existed. Even in light of contemporary political discourse regarding the uncertainty of scientific judgment, facts are discernable. While often described simply as "Facts," the first challenge in ethical decision-making lay as McCoy recognized in objectively "discerning" what they are (Lord et al. 1979).

Complicating the accurate assessment of facts and the process of decision-making, anxiety, stress, and fear in facing potential conflict with others due to ethical challenges can distort decisional process (Hertz 2013). Stress can subject a decision maker to tunnel vision, while anxiety can push one to more risk-averse behavior and deference to authority. However, studies suggest that mindfully acknowledging these feelings serves as an "emotional thermostat" to help recalibrate objective decision-making (Hertz 2013).

Facts that support hope in stressful moments also provide a dopamine-like rush and pleasantly deceptive reliability to decision makers. Knowing we tend to adjust our thinking if data is supportive, but tend to ignore information that contracts our pre-conceptions or outlook, is crucial to objectively recognizing critical facts (Hertz 2013). As Professor Hertz and others have concluded, while emotion and "instinct" are not to be simply ignored, cognitively framing decision-making can be invaluable to ethical outcomes.

To "discern" Facts though we must do at least **four things** critically and well:

(a) **First, "Stop and Think"**... *because before deciding* we often do not, but instead tend to rely solely upon our emotions when facing an ethical challenge
(b) **Actively listen** for "Facts," **aggressively pushing to realize pertinent information** informing our decision; **hearing what we need** to hear. *Paraphrasing many others, "bad" facts do not age well over time.*

(c) **Appreciate** those on our team or those reporting or seeking to inform us may hold **conflicting interests**, or appeal to our known or **perceived biases**. To offset potential hurdles, we must **voice an expectation to these stakeholders** that the full nature of facts (both information perceived as positive or supportive of our views and information that may challenge our predilections) underpins *ethical* decision-making.

(d) **Prepare to ask all providing information**, including those tapped for their expertise, **analytical, objective and probing questions** to both help neutralize bias and fully and factually inform the decision process.

### Identifying the Ethical Issues

Ethical issues can obstruct our predetermined objectives and unachieved goals (the figurative "Sadhu" obstructing our otherwise planned pathway or goal – (McCoy 2007)) long before we clearly understand the "Facts" surrounding an ethical challenge. While listed as the second procedural step, ethical issues often initially confront decision makers before the operative facts are known. These procedural steps may therefore be used interchangeably.

Stakeholder analysis begins to provide import to identifying ethical issues when we ask at least ***three questions***:

- Who is making the decision?
- What is or *should be* our role in the decision-making process?
- Who is affected by the decision, and in what manner?

The events in Flint, Michigan, again provide illustrative insight. If limited to a decisional perspective of taxpayer cost-savings alone in securing cheaper water resources, the decision maker's process risks narrowly and incorrectly identifying those significantly impacted as a consequence of the decision. This focus effectively circumscribes an economic decision from the broader ethical context of the disastrous impact upon affected stakeholders of the deadly quality of a publicly consumed resource.

### Appreciating Applicable Ethical Standards

If we are to apply standards and make decisions, what do we mean by "ethics"? (Paine 2007) With due respect to aged, extensive, and often divergent ethics philosophy theories, researchers, and authors (Ethics 2017), in the applied process used, "ethics" is generally defined as values across the organization (Beshers and Gino 2015; Gentile 2017b). While specific values vary, many believe there is a broad and fair consistency in their identification and presence, even across cultures (Gentile 2017b).

To outline and effectively implement values within ethical standards in a decision-making context, we must *look long-term* and **ask five fundamental inquiries** (Paine 2007).

- What is our **Duty**?
- What are the **Rights of Stakeholders** to be acknowledged and observed?
- What is **Best Practice** within our authority or public charge?
- What **Core Values** do we hold and **do they align** with the values of our Organization?
- How **are competitive** ethical duties, rights, best practice and institutional values and those we hold to be weighed and reconciled?

#### Duty

While it can be stated much more simply than uniformly applied, **the fundamental ethical duty of those in public service is to the "best interests" of the public** (Bozeman 2007). At least theoretically, this means where required, the self-interest of decision makers, the interests of others to whom they report and those of remaining stakeholders who may seek to influence decision-making, must all be subordinated to the best interest of the public. This is neither easily done nor consistently realized as Ethical Standards to be applied are analyzed.

**"Duty" is best described as an obligation to act or not to act in a certain manner** (Bozeman 2007; Paine 2007). (This analysis and question fundamentally presents a deontological perspective of ethical accountability.) Some would go so far as to say this obligation of "duty" in public service is that of a "fiduciary" duty to the public

that is it is *our sole responsibility* to decide and do what is in the best interests of the public (Ponet et al. 2013). In public administration, our duty means upholding the best interests of those to whom the greatest obligation is owed as we explore and weigh the interests and ethical alternatives of all stakeholders.

Duty (and Rights) may be dictated within law, codes of conduct, and regulation. Decision makers then need be familiar with and understand both their letter and intended spirit or seek the input of others who do. If not, decision makers risk the consequences of failing those dictates. In weighing competitive obligations, certain compliance provisions may effectively mandate an ethical duty above what appears to be the best interest of the public (Dist. of Columbia 2008). Informatively disregarding such a directed duty should not be lightly entertained and requires a deliberative weighing process as described further below.

### Rights

In application to stakeholders, **a "right" is the obligation decision makers must observe towards that specific stakeholder**. (While describing a deontological accountability, this analysis and question also invites an ethical social justice perspective of responsibility and fairness to the expectations of others.) Often competitive rights and duties are at the core of ethical decision-making in public administration.

As an example, applying competitive rights and duties in Flint's case of providing public water, the right of water users to clean and safe water may compete with the right of taxpayers collectively to decide the limits on what they pay for that resource or challenge the duty of regulators to certify water safety under governing standards.

Rights of the public to transparently participate in decisions through open public meetings and records are often specified in law or rules of process and directly impact decision-making.

### Best Practice

If duties and rights involve obligations, best practice in public administration is informed by and modeled to **standards and principles of excellence across similar organizations and the professionals** within them (ACM 1993; ASPA 2014). Best practice outlines conduct that is worthwhile but not necessarily subject to objective measures of action – some describe as "shoulds" or aspirational goals. Best practice often exemplifies aspirational excellence. (Best practice draws upon ethical concepts of "virtue" that exemplify character in the decision maker or outcome.)

The ASPA Code of Ethics provides a classic example of a code of ethical conduct and guidance for ethical action that lists aspirational goals and best practice for those in public administration (ASPA 2014).

### Core Values

Most organizations, either formally or as a matter of organizational culture, aspire to a set of values. Most individuals, across cultures and demographics, have core values upon which they act (Gentile 2017b; Paine 2007). These values can drive ethical decision-making (These are often seen as "commitments" made in the social contract of interaction with others (Paine 2007).). For example, if an organization states a commitment that all decisions within the organization must be made in public, transparency serves as a predetermined value in outcomes and may drive decisional procedure. If no duty or right dictates, or observation of best practice suggests, transparency, a public manager's core value of openness as an agency leader serves to promote transparency as a core value in agency decision-making.

Harvard professors have compiled a list of eight ethical Principles (so-called CODEX) commonly found in law, codes of ethics, and traditions across sectors that outline fundamental ethical norms and are derived from duty, rights, best practice, and values examination (Paine 2007). Those eight principles are: the Fiduciary, Property, Reliability, Transparency, Dignity, Fairness, Citizenship, and Responsiveness Principles. One or a combination of these values may serve as an anchor for decision-making in a public agency.

As with a conflict among duties, rights, and best practice, the values of the organization may not align with the core values of decision makers

within the organization and further require careful weighing of alternatives in ethical deliberations by decision makers (Redman 2014; Yates 2017).

### Weighing Process

The third step in process is to assess what duties, rights, best practice, and core values are applicable to each stakeholder and then *prioritize them*. As an over-arching ethical principle, while the "best interests" of the public may be a general and at times even an aspirational standard, maintaining such an ethical duty as a controlling "Purpose" or "Shared Value" in ethical decision-making and can guide weighing competitive ethical components (Gentile 2017c).

Decision makers must be both prepared and equipped to appreciate contemplated alternatives and their short-term and long-term impacts in order to identify who will likely seek to affect those alternatives in outcomes that are positive to the public interest as well those reflective of self-interest. While classification of stakeholders may be directed by existing procedure or best practice in varied public roles, decision makers must focus upon those directly affected by decisions and at the same time, not under-appreciate potential actors significantly affected by or who can affect the decision. The debacle of leadership failures in the recognition and priority of young boys as prioritized stakeholders in an educational institutional decision-making involving former assistant football coach Jerry Sandusky is instructive in this regard (Freeh and Sullivan 2012).

Weighing conflicting duties, rights, best practice, and core values from stakeholders in decision processes naturally contemplates available human and resource capital and other factors, such as public administration authority and the multiple complexities of implementation and execution. These can generate independent constraints upon decision-making. And there may in fact be multiple ethical choices from which the decision maker may be required to choose (Kidder 1995). If the focus is upon "ethical" decision-making with an overriding duty to the best interests of citizens however, the challenge of decision makers is not to ignore unethical outcomes or to promise ethical outcomes that are unlikely to be executable, but to use decision-making to best determine what action is the ethical outcome under applicable limitations exist or when the decision maker must attempt to overcome that limitations.

The process of outlining individual stakeholders and prioritizing aligned or competitive duties, rights, best practice, and values takes thorough and objective consideration and time. This is particularly apparent in the midst of "muddled" circumstances. While challenging, as the Flint circumstances outline, graphic examples of the failure to do so demonstrate worst-case public service failures.

## Securing Required Input and Needed Expertise

One challenge to leadership in ethical decision-making is knowing when to not only draw upon the needed input of stakeholders potentially impacted by a decision but also the specialized expertise of those smarter or more experienced within the subject matter central to the decision. Decision makers in Flint failed to do so (Gupta et al. 2016; Taillefer 2016; The Virginia Tech 2017).

As described immediately below, due to our own self-interest and innumerable cognitive biases, seeking the aid of an impartial but respected third party can help process difficult ethical challenges. To the extent allowed by conflicting duties and rights (for example, legal restrictions on confidential information), consultation with expertise should be implemented by offering those consulted the full complement of "Facts" of which the organization is aware or can determine.

Caution should be exercised to appreciate here that where consultation with an independent third party can occur, the decision maker should not expect to transfer the ethical duty to decide the ethical issue. The purpose of seeking insight is guidance and advice, not removal of accountability by the decision maker to ultimately make the decision. Taking the time to weigh alternatives and stakeholder responsibilities beforehand also equips the decision maker to enable an objective third party to recognize perspectives that are limited, ill informed, or potentially biased.

### Maintaining Impartiality and Transparency in Making a Decision

All processes and cognitive strategies are subject to assumptions and individual prejudices.

Research suggests that "inappropriate" self-interest may be unconsciously obscured in the decision maker, as a legacy survival instinct to protect ourselves from harm (Finkelstein et al. 2009). This creates an inherent challenge to decision maker objectivity; it is difficult enough to counteract recognized biases, let alone those for which we are unaware and may vehemently deny if others challenge. Perceptions of successes in past experience may in fact be self-interested or inaccurate (Barkan et al. 2012; Soyer and Hogarth 2015).

Cognitive biases in our decision-making and rationalizations of our actions are innumerable (Lee and Lebowitz 2015; Prentice 2004). For limited examples, "Moral myopia" may stymie initial recognition that ethical issues are even present in circumstances requiring a decision (Drumwright and Murphy 2004). Once the moral issue is recognized, "Cognitive dissonance" suggests that a decision maker may proceed to correctly identify core values and what should be done, but then choose not to act ethically, instead substituting rationalizations for why (Prentice 2004). Groupthink and obedience to authority can critically derail ethical outcomes when ethical choices are abandoned (Janis 1971; Prentice 2004). Continually expending resources on a failed choice can result in a refusal to explore ethical alternatives – the so-called sunk costs failure in decision-making (Prentice 2004).

To compound the difficulty in proposing a cognitive strategic process to decide ethical questions, researchers in behavioral psychology and neuroscience initiatives suggest that decisions are often irrational and that solely using process without appreciating this irrationality to decide critical issues can be shortsighted (Ariely 2010, 2016; Kahneman 2011).

While impartiality and objectivity are cornerstones of attempting to choose an ethical path, deciding what to do and implementing that choice in an open and transparent fashion is a foundation of stakeholder support. The absence of transparency can quickly lead to an appearance of ethical impropriety, what is often described in terms of the "optics" or "appearances," regardless of outcomes. As most experienced in public decision-making are aware, appearances should not be dismissed and can themselves be damning to the public servant and to the action of a public agency.

Occasionally, ethical decisions require voicing core values and the courage to challenge the alternative inclinations of team, peers, supervisors, or significant stakeholders, or in rare cases, the dictated standard of applicable rules or law. While appreciating the hurdles and rationalizations in doing so, appealing to over-riding norms (such as the "best interests of the public") may help define this challenge and implement ethical decision-making in these circumstances. The refusal of direct command or the decision to ethically choose a course against superiors can be extremely difficult (Yates 2017).

It must be noted here that no choice, or a choice *not* to act, *is a decision*. While alternatives may ethically demand further input, or ultimate choices by those with superior or alternative authority, a failure to decide a recognized ethical need (whether by inaction, process inattention, or the failure to prioritize), all constitute decisions, and may themselves result signify ethical failure (Yates 2017). The decision maker should be aware, however, that even the best ethical choice may not have positive outcomes for either the decision maker or all stakeholders.

To offer to maintain our directional "true North" in the compass of decision-making, many practical tests have been suggested to confront these concerns (Paine 2007). **Five are noted for decision makers in public service**:

- Reminding ourselves that we all are self-interested and need question how our initial assessment fundamentally conflicts with those stakeholders directly affected in light of the best interest of the public. Which perspective is objectively most supported by the Facts and which less supported, *acknowledging our self-interest*?

E

- How would a contemplated action look to others if prominently displayed in social media, for example, on my Facebook page or the prominent story of a major news outlet? – *so-called newspaper or Visibility test*.
- Would this action be "right" if everyone did the same? How would I feel if done to me? – *so-called Generality test*.
- How do I want to remembered in my leadership by those who care about me? – *so-called Legacy test*.
- Have diverse stakeholders and creative, yet ethical alternatives been sufficiently explored? Is there a third or fourth option, other than simply "yes" or "no"? (Kidder 1995). *A broad and open recognition of stakeholders may* identify ethical options *not* envisioned by the decision maker.
- How transparent have decision processes and decisions been?

### Reflection Upon the Decision and Its Outcomes

Within public administration, time is not only a threat to considered ethical deliberation but to the opportunity to reflect upon decisions made in order to critically measure outcomes and discover neglected alternatives. Contrasts to this failure to 'look back and learn' readily exist and occur in many decision-making situations. Ethical decision-making and choice are also heavily influenced by past experience, but the failure to objectively examine or to accurately remember what transpired other than in a manner most favorable to the decision maker, can derail a future ethical course relying on that faulty memory (Ariely 2010, 2016; Kahneman 2011).

**Six** inquiries can again help us to review and reflect upon our actions:

- What took place factually?
- Did expected outcomes occur? What outcomes *were not* expected?
- What should have been done? Why wasn't it?
- What should *not* have been done?
- In either of these last two, not recognizing unethical decisions *and* deciding to hide what occurred (the so-called cover-up) is *neither* a viable *nor* an ethical option. – *The choice to cover-up misconduct often ends badly.*

## Conclusion

No decisional methodology will inoculate against unethical decisions or guarantee ethical outcomes. Recognizing that ethical challenges are not usually solved by an ease of choice frees decision makers to appreciate that cognitive process steps may not only aid making the correct choice but may help protect against misinformed or self-interested stakeholders who would otherwise challenge the fairness or transparency of decisions. Assuring core values align with those of the organization in a process of stakeholder consideration can reaffirm core ethical principles. It also increases the likelihood of diverse and creative ethical alternatives that may not otherwise be envisioned or explored from narrowed decisional process perspectives.

While ethical decision-making is not easy, the failure to fully explore ethical alternatives and the consequences to stakeholders of outcomes can be devastating to the public, as well as to those found to be short-sighted in decision-making – just ask those stakeholders in many public ethics scandals – the Flint, Michigan lead-tainted water debacle – but just graphic example

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Administrative Discretion
- ▶ Administrative Ethics
- ▶ Authentic Leadership
- ▶ Budgeting and Decision-Making
- ▶ Bureaucracy and Professionalism
- ▶ Bureaucracy and Public Opinion
- ▶ Citizen Participation in Public Management
- ▶ Code of Ethics
- ▶ Comprehensive Model of Decision-Making
- ▶ Conflicts of Interest in the Public Sector
- ▶ Data-Driven Management
- ▶ Due Process Rights

▶ E-Governance and Ethical Leadership
▶ Ethical Competence
▶ Ethical Frameworks
▶ Ethical Leaders
▶ Ethical Leadership
▶ Ethical Values
▶ Ethics and Crisis Management
▶ Ethics and Good Governance
▶ Ethics and the Public Interest
▶ Ethics and Well-Being
▶ Ethics of Military Leadership, The
▶ Groupthink Processes and Problems
▶ Integrity Management
▶ Law Constraints on Public Administration
▶ Leadership and Bureaucracy
▶ Leadership Challenges in Civic Engagement
▶ Leadership, Ethics, and Decision-Making
▶ Leading the Ethical Organization
▶ Legal Versus Ethical
▶ Mixed Scanning Model of Decision-Making in Organizations
▶ Motivating Ethical Behavior
▶ Noble Cause Corruption and Task-Related Rule-Breaking Behavior
▶ Organizational Cheating
▶ Organizational Excellence
▶ Organizational Justice
▶ Positive Leadership Behavior
▶ Power and Ethics
▶ Principles of Good Governance, The
▶ Professional Ethics

## References

"Ethics", Stanford encyclopedia of philosophy (2017). http://plato.stanford.edu/search/searcher.py?query=ethics. Accessed 31 May 2017

ACM Code of Ethics in Decision Making. Commun ACM 36(2) (1993). https://www.acm.org/about/p98-anderson.pdf. Accessed 22 May 2016

Ariely D (2010) Predictably irrational: the hidden forces that shape our decisions. Harper Collins, New York

Ariely D. http://danariely.com/. Accessed 22 May 2016

ASPA Code of Ethics (2014). http://www.aspanet.org/ASPA/About-ASPA/Code-of-Ethics/ASPA/Code-of-Ethics/Code-of-Ethics.aspx?hkey=fefba3e2-a9dc-4fc8-a686-3446513a4533. Accessed 22 May 2016

Assigning blame in flint, The Detroit News Editorial (2016). http://www.detroitnews.com/story/opinion/editorials/2016/01/23/editorial-assigning-blame-flint/79251256/. Accessed 22 Mar 2016

ATSDR Agency for toxic substance and disease registration, lead toxicity – what are the physiologic effects of lead exposure? (2007). http://www.atsdr.cdc.gov/csem/csem.asp?csem=7&po=10. Accessed 31 May 2017

Bader B, Nwoakobia F, Pacek L, Perez M (2011) Stakeholder relations – an administrative function, Texas State University. http://www.academia.edu/3481274/Stakeholder_Relations-An_Administrative_Function. Accessed 31 May 2017

Barkan R, Ayal S, Gino F, Ariely D (2012) The pot calling the kettle black: distancing response to ethical dissonance. J Exp Psychol Gen 141(4):757–773

Bazerman M (1994) Judgment in managerial decision making, 3rd edn. Wiley, Chichester

Beshers J, Gino F (2015) Leaders as decision architects. Harvard Business Review, Boston, pp 52–62

Bozeman B (2007) Public values and public interest. Georgetown University Press, Washington, DC

Craft J (2013) A review of the empirical ethical decision-making literature: 2004–2011. J Bus Ethics 117(2): 221–259

District of Columbia, et al. vs. Heller, 554 U.S. 570 (2008). https://www.supremecourt.gov/opinions/boundvolumes/554bv.pdf. Accessed 2 June 2017. https://www.law.cornell.edu/supct/html/07-290.ZS.html. Accessed 2 June 2017 – Proactive protection of the public against gun violence vs. the Constitutional right to possess a firearm

Drumwright M, Murphy P (2004) How advertising practitioners view ethics: moral muteness, moral myopia, and moral imagination. J Adv 33(2):7–24

Events that led to Flint's water crisis timeline. New York Times, 21 Jan 2016. https://www.nytimes.com/interactive/2016/01/21/us/flint-lead-water-timeline.html?_r=0. Accessed 22 Mar 2016

Finkelstein S, Whitehead J, Campbell A (2009) Inappropriate self-interest: a beguiling and unconscious influence on decision making. In: Think again: why good leaders make bad decisions and how to keep it from happening to you. Harvard Publishing, 2008. (Harvard Business Review, Boston, MA)

Freeh Sporkie, Sullivan LLP (2012) Freeh report into Penn State University. https://archive.org/details/396518-freeh-report-into-penn-state-university. Accessed 2 June 2017

Freeman RE (1984) Stakeholder theory: the state of the art. Cambridge University Press, Cambridge

Friedman T (2005) The world is flat, (Farrar, Straus and Giroux); It's a flat world, after all. New York Times, 3 April 2005. http://www.nytimes.com/2005/04/03/magazine/its-a-flat-world-after-all.html?_r=0. Accessed 31 May 2017

Gentile M (2017a) Giving voice to values http://www.darden.virginia.edu/ibis/initiatives/giving-voice-to-values/. Accessed 31 May 2017

Gentile M (2017b) Ways of thinking about our values. http://store.darden.virginia.edu/Syllabus%20Copy/Ways-of-Thinking-About-Our-Values.pdf. Accessed 1 June 2017

E

Gentile M (2017c) Action framework. http://store.darden.virginia.edu/an-action-framework-for-giving-voice-to-values-the-to-do-list. Accessed 3 June 2017

Gupta S, Tinker B, Hume T 'Our mouths were ajar': doctor's fight to expose Flint's water crisis. CNN, 26 Jan 2016. http://www.cnn.com/2016/01/21/health/flint-water-mona-hanna-attish/. Accessed 22 Mar 2016

Haidt J (2001) The emotional dog and its rational tail: A social intuitionist approach to moral judgment. Psychol Rev 108(4):814–834

Hartman L, DesJardinis J, MacDonald C (2014) Business ethics decision-making for personal integrity & social responsibility, 47th edn. McGraw Hill, New York

Hauser M (2007) Moral minds: how nature designed our universal sense of right and wrong. Harper Collins, New York

Hayes S A new era in conservative politics: the tea party's lasting influence. Heritage Foundation, 19 Feb 2016. http://www.heritage.org/research/reports/2016/02/a-new-era-in-conservative-politics-the-tea-partys-lasting-influence. Accessed 31 May 2017

Hertz N (2013) Eyes wide open: how to make smart decisions in a confusing world. William Collins, London

Janis IL (1971) Groupthink. Psychol Today 5(6):43–46, 74–76

Josephson M (2017) Obstacles to ethical decision making: rationalizations. Josephson Institute. http://josephsoninstitute.org/med-5rationalizations/. Accessed 31 May 2017

Kahneman D (2011) Thinking, fast and slow. Farrar, Straus and Giroux, New York

Kidder R (1995) How good people make tough choices: resolving the dilemmas of ethical living. Harper Collins, New York

Lee S, Lebowitz S 20 cognitive biases that screw up your decision making. Business Insider, 26 Apr 2015. http://www.businessinsider.com/cognitive-biases-that-affect-decisions-2015-8. Accessed 22 May 2016

Lerner JS, Li Y, Valdesolo P, Kassam K (2015) Emotion and decision making. Ann Rev Psychol 66:799–823

Lord C, Ross L, Lepper M (1979) Biased assimilation and attitude polarization: the effects of prior theories on subsequently considered evidence. J Pers Soc Psychol 37(11):2098–2109. https://www.unc.edu/~fbaum/teaching/articles/jpsp-1979-Lord-Ross-Lepper.pdf. Accessed 31 May 2017

McCoy B (2007) Parable of the Sadhu. HBS Publishing. https://hbr.org/1997/05/the-parable-of-the-sadhu. Accessed 22 Mar 2016; To relieve reader suspense, and likely also the reason for authoring the "Parable," McCoy decides to abandon the Sadhu and continue his pre-planned climb

Newell B, Lagnado D, Shanks D (2014) Straight choices: the psychology of decision making. Psychology Press

O'Fallon MJ, Butterfield KD (2005) A review of the empirical ethical decision-making literature: 1996–2003. J Bus Ethics 59:375

Paine LS (2007) Ethics: a basic framework. Harvard Business Publishing, Boston. (9-307-059)

Poisoned Water, NOVA (31 May 2017). http://www.pbs.org/wgbh/nova/body/poisoned-water.html. Accessed 1 June 2017

Ponet D, Leib E, Serota M (2013) Translating fiduciary principles into public law. Harvard L R Forum 91–126

Prentice R (2004) Teaching ethics heuristics, and bias. JBEE 1(1):57–74

Redman B (2014) Snowden and institutional corruption: what have we learned? Harvard University Safra Center for Ethics Blog, 23 Oct 2014. https://ethics.harvard.edu/blog/snowden-and-institutional-corruption-what-have-we-learned. Accessed 2 June 2017

Sandel M. www.justiceharvard.org. Accessed 31 May 2017. Various YouTube videos in addition

Sessions R How a difficult composer gets that way: harpsichordist (quoting Albert Einstein). New York Times, 8 Jan 1950. http://www.nytimes.com/1950/01/08/archives/how-a-difficult-composer-gets-that-way-harpsichordist.html. Accessed 3 June 2017

Shapiro J, Stefhovich J (2001) Ethical leadership and decision making in education. Rotledge, New York

Soyer E, Hogarth R (2015) Fooled by experience. Harv Bus Rev

Taillefer G, Devoir L (Canadian newspaper), Editorial cartoon on Flint government decision making 25 Feb 2016. http://watchingamerica.com/WA/2016/02/25/flint-water-that-kills/. Accessed 22 Mar 2016

The Virginia Tech Research Team (2017). http://flintwaterstudy.org/about-page/about-us/. Accessed 4 June 2017 – Experts at Virginia Tech became expert stakeholders in challenging the actions of public administrators in Flint, Michigan

UK NHS Stakeholder examination. http://webarchive.nationalarchives.gov.uk/20121108103627/ and http://www.institute.nhs.uk/quality_and_service_improvement_tools/quality_and_service_improvement_tools/stakeholder_analysis.html. Accessed 31 May 2017

University of Kansas Community Tool Box, Stakeholder analysis. http://ctb.ku.edu/en/table-of-contents/participation/encouraging-involvement/identify-stakeholders/main. Accessed 31 May 2017

von Clausewitz C (1897) On war (trans: Von Kriege), Book 1, Chap 3. https://en.wikipedia.org/wiki/Fog_of_war. Accessed 31 May 2016

World Bank Stakeholder analysis. http://www1.worldbank.org/publicsector/anticorrupt/PoliticalEconomy/PDFVersion.pdf. Accessed 31 May 2017

Yates S (2017) Harvard Law School Commencement Address. https://www.c-span.org/video/?428209-1/sally-yates-delivers-harvard-law-school-class-day-address. Accessed 3 June 2017, and http://time.com/4793996/sally-yates-harvard-law-school-2017-graduation-speech/. Accessed 3 June 2017

Zhong C-B The downside of deliberation. https://www.rotman.utoronto.ca/Connect/Rotman%20MAG/Idea%20Exchange/Chen-Bo%20Zhong.aspx. Accessed 31 May 2017

# Ethical Dilemmas in International Development Nongovernmental Organizations

Richard K. Ghere
University of Dayton, Dayton, OH, USA

## Synonyms

Moral decision making in international development

## Introduction

On a global scale, the population of international development NGOs attending to missional priorities such as reducing poverty, improving quality of life, and advocating for human rights has expanded exponentially since the end of the Cold War. This in turn has heightened competition for scarce donor resources and empowered donors to demand that NGOs cultivate professional practices relating to governance structure, reporting procedures, and performance documentation. Although a few development organizations are relatively large and well funded (e.g., Oxfam and CARE International), many more are small (50 and fewer employees) and under-resourced. Thus, NGO leaders find themselves caught between a constitutive legitimacy of service for their beneficiaries and a representational obligation to meet donors' expectations (see Peruzzotti 1997).

First used by the United Nations in 1949, the term *nongovernmental organization* resists tight definition as it has been applied to a broad spectrum of organizations (Fernando and Hilhorst 2006, p. 10). Delineating those organizations that function specifically as *development* NGOs, distinct from *humanitarian* organizations, is vexing as well. The traditional distinction between "humanitarian" relief as a short-term, politically neutral undertaking and "development" as a more sustained, politically entangled effort has become clouded as humanitarian organizations have reacted to the charge of attending to the "well-fed dead" in conflict settings (see Barnett 2005, p. 728); in other words, many humanitarian agencies have taken on longer-term (development) initiatives to improve security or living conditions beyond their initial relief efforts.

Given these definitional problems, the term "development NGO" as used herein refers to a nongovernment organization that implements programs of significant duration to improve human conditions in the (so-called) developing world. That organization may be based outside of the assisted society – i.e., in the "developed world" – or, alternatively, within that society as a "local" NGO.

The international development literature offers benchmarks that delineate the ethical terrain on which NGO professionals function to the extent it identifies key value-based dilemmas they confront on a frequent basis. Thus, the focus here is on moral decision making at the executive level rather than upon matters of personal conduct in agency operations. The next five sections address the following ethically grounded leadership dilemmas (1) interpreting/managing "meanings" of ideas about "development," (2) reconciling "formal" and "informal" organizations, (3) deciding whether to contract with governments or corporations, (4) documenting "quality-of-life" improvements amid donor demands for hard data, and (5) investing in personnel management at the expense of resourcing core mission initiatives.

## Interpreting/Managing "Meanings" of Ideas About "Development"

Words, terms, and discourses matter strategically in framing (or shaping) what "development" means in particular settings and what ought to be "taken for granted" about problems and priorities. Terms that convey policy ideas like "empowerment" and "poverty reduction" are seldom if ever neutral but instead implicitly advocate particular understandings and courses of action. In essence, these words "succeed" when they achieve a "taken-for-granted"

status or consensus within a range of diverse perspectives. In her analysis of development discourse, Cornwall refers to terms having achieved such status as *buzzwords* that "get their buzz" from being in vogue, which serve as passwords to funding and influence (2007, pp. 471–472).

As do most organizations, development NGOs can exploit selected definitions of buzzwords (such as "poverty" and "empowerment") internally in order to animate organization cultures and ideologies. That "word power" can in turn affect key decisions in a number of sensitive areas such as hiring, promotion, selectivity in rule enforcement, and interpersonal relations. In rhetorical terms, development NGOs (to the extent of their resource capabilities) may opt to extend their "knowledge," that is, propagate meaning among peer organizations (Broad 2007).

Yet most NGOs find themselves on the receiving end of knowledge-management efforts to embed particular meanings of buzzwords into the institutional vocabulary of the pertinent development sector. At minimum, organizational leaders need to be aware that the ambiguous nature of the development "enterprise" presents political opportunities to control narratives in ways that advantage particular actors. Moreover, these leaders would be well-advised to cultivate interpretive skills among staff members to enable them to deliberate competently in fora where institutional meanings take shape.

Presumably, the core ethical problem surrounding the management of meanings within international development sectors is that of a power asymmetry whereby well-funded organizations have the wherewithal to define norms, "problems," and remedies for others to "take for granted." As suggested above, leaders of NGOs on the receiving end of meaning dissemination bear the ethical responsibility of promoting interpretive competence among professionals in their organizations.

## Reconciling "Formal" and "Informal" Organizations

As Smillie and Hailey conclude in *Managing Change* (2002), leaders steer development NGOs through the crosswinds of formality and informality at various organizational life stages. How NGO leaders balance external pressures for *governance* and accountability structures with the internal workflow of the organization is critical in determining the organization's effectiveness in serving beneficiaries. Increasing emphases on NGO governance since the 1980s appears somewhat paradoxical. On the one hand, northern neoliberal institutions (i.e., those advocating free-market policies) have looked upon NGOs as autonomous agents equipped to democratize not-so-democratic regimes. But on the other hand, it is precisely that autonomy that raises the eyebrows of donor institutions calling for more rigorous governance and accountability controls.

Appeals for strong governance measures prompt leaders to institutionalize formal, or at least well-established, accountability mechanisms within NGOs. But to what extent should day-to-day organizational work, in the interest of "responsible governance," be formalized or structured at the cost of disrupting the synergies of team-oriented work? Elaborating on the balance between formal governance mechanisms and the informal work culture, Smillie and Hailey question whether organizations are managed more effectively through formal systems and controls or left to consensual processes that motivate staff and facilitate collective learning (2002, p. 166).

In their study of particular South Asian NGOs, Smillie and Hailey suggest that leaders support informal processes to the extent they buffer the staff from information demands placed on them. Although information is vital for staff learning, demands for excessive documentation, case study reports, and fieldworker diary entries can crowd out collaborative efforts that support interactive strategy formation. One leader rejected demands for documentation, claiming, "We are implementers, not researchers – I don't have the funds or time for process documentation." Another NGO founder echoes the sentiments of the first, maintaining, "If we get in the documentation business, it consumes a lot of time, at least 30% of the time we could spend in four or five villages" (2002, p. 86). Thus, leaders can opt to balance the formal and informal as gatekeepers who minimize the external reporting demands that warrant the attention of staff.

On the other hand, NGO leaders may opt for structure in governing development work with the hope that donors will reward "disciplined" accountability with subsequent program contracts. Such motives conform to a rational, "businesslike" logic that program success in one global setting can be replicated (or "scaled up") in others. Here the leader sacrifices autonomy for fiscal sustainability. Yet those who value bottom-up local participation in development settings disparage such structured approaches.

At first glance, leadership dilemmas involving whether to buffer the day-to-day operations of development work from donor scrutiny (and to what extent) might be cast as an ethical problem that pits a moral imperative (i.e., tell the truth to donors) against the consequences of straightjacketing the development professional – or alternatively, the virtue of empowering people through maximum participation. But an ethical justification for buffering staff development activities from formalistic scrutiny by no means preempts possible donor repercussions. It therefore might be prudent for NGO officials to take proactive steps to apprise donors (as well as other stakeholders at a distance from the development setting) as to the intricacies of work in progress half-a-world away with hope that they might "buy into" the organization's work strategies.

## Deciding Whether to Contract with Governments or Corporations

Some international development NGOs opt to enter into contractual partnerships with governments or corporate entities, thereby risking their autonomy to act on behalf of their beneficiaries. In the case of government partnerships, the NGO's role as service provider in the civil society is sometimes referred to as "gap filling," suggesting that they "let governments off the hook" by assuming responsibilities for costly and challenging public functions (Whaites 1998). Thus, the contracting dilemma lies at the crux of the conflict between *constitutive* and *representational* legitimacies.

The contracting recourse can offer distinct opportunities for development organizations in particular contexts. For example, a program director of Save the Children in Pakistan and Afghanistan reports on how his area-based NGO assists multinational athletic equipment conglomerates by monitoring the child labor practices of local subcontractors stitching soccer balls (Husselbee 2000). In addition, it would be prudent for NGO leaders to partner (or network) with other NGOs – particularly grass roots – and indigenous organizations not highly dependent on international aid. But as a general proposition, it could be said that an NGO's decision to contract with a governmental funder significantly limits its options to advocate for the rights of beneficiaries and maintain the integrity of development or humanitarian missions.

There appear to be few if any generalizations to be drawn regarding the ethics of development organizations' initiatives to contract with government as a major funding source. Any such judgment would need to examine the particular context to determine whether (and how much) autonomy and mission integrity are traded-off for how much material support – and for what public (or state) purpose. The vantage point of those casting ethical judgments – whether from a nationalistic commitment to regime values or an advocacy for a universal ideal – seems pertinent to this ethics quandary.

## Documenting "Quality-of-Life" Improvements Amid Donor Demands for "Hard" Data

The further one moves from quantifiable NGO outputs – wells built, credit provided, trees planted, people trained, buildings constructed, and so on – to impacts on people's lives, the more significant intangible factors (such as socioeconomic divisions, power relationships, human motivation, individual and collective behavior, cultural values, and local organizational capacity). In other words, where it matters most, at the end of the international aid chain, human development results from a complex mix of nonlinear processes which are largely determined by external factors; in other words, it is an open system. By contrast, performance measurement closes the system by

positioning the user (or evaluator) *outside* of that under scrutiny.

"Results, of course!" is what donors expect of development organizations. Yet those donors could find it difficult to clarify exactly what they mean: what kinds of results, based on whose definitions of goals, how significant those results are and on what scale, and so on. In development NGOs, the logical framework (or logframe) typically embodies the deductive nexus between programming and planning and subsequently offers the evaluative criteria for monitoring project success. For example, a project to improve children's health in a rural (poor) local village might link various development objectives (e.g., "Children or estate laborers in X district enjoy better health than earlier."), indicators (e.g., "frequency of treatment of relevant diseases, health personnel's statements, mothers' statements"), and indicators for evaluation (e.g., "height, weight/age, frequency of diarrhea") (Dale 2003, p. 63). Thus, it appears that stakeholders, such as donors, furthest removed from grassroots development work highly value the logframe methodology, while those closest to development work generally discredit it.

Development professionals can navigate, and in some cases preempt, this "quality of life/demand for hard results" dilemma by pursuing either of two leadership strategies or drawing from both. First, they could opt to improvise or customize the generic logical framework planning blueprint to adapt to unique or changing circumstances encountered during program implementation; in addition, such improvisation might enlist local participation into "logframe" planning activities such as establishing goals and objectives or endorsing planning assumptions built into the document. Beyond this, donors and agencies can move beyond measuring outputs to assessing longer-term impacts, both intended and unintended, of quality-of-life initiatives.

Second, NGO leaders can strive to reconfigure the agency's/program's funding base in ways that reduce dependence on one particular corporate donor or funding source. Both strategies essentially call for NGO leaders to manage the accountability expectations of donors. Development NGOs that pursue quality-of-life improvements often depend upon educational and self-awareness program components that defy predictable outcomes. Such agencies may fare better if the fund portfolio is "diversified," consisting of several smaller donors rather than one or two major funders. Additionally, NGO leaders might be well-advised to seek out the equivalent of "venture capital" revenue sources from foundations that encourage development innovations and experimentation in human capability-building and are therefore willing to offer recipients some flexibility in how they document outcomes.

At first glance, some observers might opine that development administrators would be ethically obliged to follow a *third option* (not discussed above) – strictly complying in reporting "results" to donors in reference to outputs stipulated in the logframe planning document. Such a viewpoint would look to categorical imperatives such as "do not lie" or "tell the truth" as the overriding moral standard applicable to this dilemma. Yet complex situations may call for multi-perspectival analysis whereby a categorical (deontological) interpretation might be balanced against virtue- and consequentialist-based logics. In that this matter affects multiple stakeholders, it seems that that the standards of virtue and consequence (particularly in terms of improved quality of life) warrant strong consideration.

## Investing in Personnel Management at the Expense of Resourcing Core Mission Initiatives

For a variety of reasons, humanitarian and development organizations typically confront "people problems" that in some cases compromise capabilities to implement programs. But unfortunately, many NGOs find it difficult to support a viable human resources operation. According to organization development trainer Vijay Padaki, the human resources management *orientation* of rights-based and humanitarian organizations should be distinctly developmental or focused on

capacity building, in contrast to the regulatory purposes of HR in public organizations. He argues that if the HR function is truly developmental, then its management cannot simply consist of a "bag of [control] tools" but must instead emerge from "a sound body of theory and methodology" related to how HR management builds NGO capacity (2007, p. 66).

Yet as Padaki asserts, human resources development is sometimes perceived more as a liability than an asset within humanitarian organizations because of its costs in relation to scarce resources and the burdens it places on operational managers (Henry 2004, pp. 57–58). For Padaki, the availability of personal counseling emerges as especially important for development workers given common occurrences of role stress in the forms of alienation, emotional load, responsibility load, and work–living imbalances during assignments (Padaki 2007, pp. 71–72). But, as he suggests, the accompanying costs of staff well-being pose an ethical dilemma for humanitarian agencies "*spending on themselves* . . . made possible by *spending somebody else's money*" donated to assist distressed people outside the organization (2007, p. 71; italics his). Advocates of vibrant human resources programs regard the pervasive attitude associating NGO efficiency with minimal administrative (e.g., under 5% of total) costs as simplistic.

Padaki's argument that NGOs should opt to invest in human resources for *developmental*, rather for *organization control*, purposes speaks to the complexities of the labor market from which these agencies draw. In a nutshell, development agencies cope with chronically high turnover, since many serve on a temporary basis as volunteers, interns, or professionals (such as physicians) on "service leave" from their regular careers. Moreover, other employee distinctions – such as between ex-patriate and in-country workers – spawn inequities in the workforce that lead to burnout, perceptions of inequality, and poor morale. These problematic contexts temper Padaki's subsequent assertion that decisions to invest in human resources amount to agencies opting to spend money on themselves rather than programs benefitting clients.

As with the previous dilemma, ethical consideration of the complex trade-offs surrounding small NGO decisions to investment in human resources raises questions of priority among obligations to stakeholders. It is understandable that the intensely problematic nature of the NGO labor market (short-term stints, more applicants willing than able, wide variations among employee types, and so forth) accounts for consequentialist motives for attending to personnel matters. Still, a virtue ethic calls NGO leaders not to sacrifice direct investments in core missions to cover the costs of additional staffers. But in this case, the categorical imperative of "doing no harm" stands out as especially salient. Workers (particularly women) who serve in remote development settings deserve some measure of physical safety as well as psychological support to counteract burnout and senses of isolation. Interns who undertake tasks comparable to those of full-salaried workers need some form of nonmonetary benefits that recognize their work initiatives. Although parity is virtually unattainable in these turbulent environments, development agencies should demonstrate tangible concerns for the dignity and well-being of those who labor to achieve development objectives.

## Conclusion

International development NGOs most often act *independently of government* in the absence of sovereign power or authority within themselves. In promoting and facilitating "development" (however defined), these NGOs usually function as agents of change, sometimes in conflict with regime interests to maintain the political and social status quos. Yet NGOs must rely on donors (different than taxpayers who are theoretically service recipients) who are distant and perhaps unfamiliar with the specific conditions "on the ground" that affect development efforts. Thus, as Peruzzotti asserts (1997, pp. 46–55), the NGOs' ethical terrain is characterized by a *constitutive* (rather than by a *representative*) legitimacy that supports advocacy for particular constituencies.

## References

Barnett M (2005) Humanitarianism transformed. Perspect Polit 3:723–734
Broad R (2007) 'Knowledge Management': a case study of the World Bank's research department. Dev Pract 17: 700–708
Cornwall A (2007) Buzzwords and fuzzwords: deconstructing development discourse. Dev Pract 17: 471–484
Dale R (2003) The logical framework: an easy escape, a straitjacket, or a useful planning tool? Dev Pract 13: 57–70
Fernando U, Hilhorst D (2006) Everyday practices of humanitarian aid: tsunami response in Sri Lanka. Dev Pract 16:292–302
Henry JV (2004) Understanding HR in the humanitarian sector. People in Aid, London
Husselbee D (2000) NGOs as development partners to the corporates: child football stitchers in Pakistan. Dev Pract 10:377–389
Padaki V (2007) The human organization: challenges in NGOs and development programmes. Dev Pract 17: 65–77
Peruzzotti E (1997) Civil society, representation, and accountability: restating current debates on representativeness and accountability in civic associations. In: Jordan L, van Tujil P (eds) NGO accountability: politics, principles and innovation. Earthscan, London, pp 43–60
Smillie I, Hailey J (2002) Managing for change: leadership, strategy, and management in Asian NGOs. Earthscan, London
Whaites A (1998) NGOs, civil society and the state: avoiding theoretical extremes in real world issues. Dev Pract 8:343–349

# Ethical Frameworks

Nathan Myers[1] and Carole Jurkiewicz[2]
[1]Department of Political Science, MPA Program, The Center for Genomic Advocacy, Indiana State University, Terre Haute, IN, USA
[2]McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Administrative ethics; Communitarianism; Ethical decision making; Ethical theories; Public health ethics

## Introduction

This entry will examine three different frameworks for ethical decision making in public administration: democratic systems theory, application of constitutional principles to individuals, groups, and the larger community, and communitarianism. These frameworks will be examined using examples from the public health field, as this is an area of public administration where many different levels of ethical decisions must be made on a regular basis. Specifically, this entry will examine ethical frameworks in the context of public health emergencies and research using genetic information from newborn screening.

Most recently public health agencies have been tasked with preparing the U.S. for a threat posed by the Zika virus, but this is only the latest such threat. Different emergencies have forced the U.S. to confront different ethical considerations. H1N1 forced the U.S. to consider how a limited supply of vaccines, ventilators and other medical countermeasures could be fairly distributed. Ebola forced the U.S. to consider the appropriate conditions under which to keep U.S. citizens in quarantine and restrict travel to and from the country. The threat of the Zika virus has caused some countries to call upon women to delay pregnancy, and in the U.S. those who have travelled to Zika-affected countries are being asked to abstain from unprotected sexual activity for a prescribed period of time.

Such actions by the government, which involve abdication of liberty on the part of the citizen, must be made with ethical standards in mind. A 2015 report by the Presidential Commission on the Study of Bioethical Issues described ethical decision making in the midst of a public health emergency as the mark of a nation "committed to national and global health" (p. 3). Ethical considerations that must be taken into account include the harm principle, the principle of least infringement, beneficence and non-maleficence, and reciprocity (Presidential Commission for the Study of Bioethical Issues 2015). Such reports look back retrospectively at public health responses to help us learn from the past. They

should also serve as reminders that we must always be improving our governance systems to prepare for the next emergency.

Another highly salient issue involving bioethics is protecting genetic privacy and the question of ownership over genetic material. The use of blood collected for the purposes of screening newborns for heritable disorders in secondary genetic research has recently sparked legal controversies in several U.S. states. One recent example where the issues of property and privacy rights associated with genetic material came into play is the case of *Bearder, et al. v. State of Minnesota, et al*. This case began in 2009 when 10 sets of parents filed suit against the Minnesota Department of Health (MDH) over what they saw as a misuse of blood samples collected as part of the newborn screening process. The department was storing the blood and providing the samples to other research institutions, including the Mayo Clinic, without getting informed consent from the parents (Drabiak-Syed 2011).

After rulings at the district and appellate levels that were favorable to the department of health, the state's Supreme Court found that the department was not legislatively empowered to store the samples or share them with other research institutions without informed parental consent. The justices also found that the blood samples met the criteria for genetic information under the Genetic Privacy Act (Pribek 2011).

The Minnesota Supreme Court's ruling required the destruction of infant blood samples being stored by the department of health (Featherly 2012). The ruling also resulted in passage of new legislation aimed at providing parents with more information about the newborn screening process prior to a child's birth as well as making them more aware of how blood samples will be used. Any storage or use of the blood beyond the initial screening required parental consent, and the law specified that parents can opt of the testing and revoke consent even after the blood has been drawn (Thornton 2012). The bill was signed into law by Minnesota Governor Mark Dayton on May 10th, 2012 (Snowbeck 2012). A later bill passed in the state does permit the Minnesota Department of Health to store blood samples indefinitely unless parents complete a form specifically requesting to opt out (Tsai 2014). According to the web site for the Citizens' Council for Health Freedom, Minnesota is one of seven states with the opt-out provision, along with Michigan, Missouri, New York, South Carolina, Texas, and Washington (Citizens' Council for Health Freedom n.d.). Other states request that parents complete forms opting in to the research.

The question of whether state departments of health should be permitted to retain and disseminate the genetic information of newborns highlights a social rift in the United States regarding genetic research and genetic rights. Parents like those involved in the Minnesota law suit seek more control over what becomes of their child's information after screening is completed, whereas researchers see only minimal risk involved in the use of newborn screening material for genetic research with the potential for great reward from new breakthroughs.

At the heart of both the public health emergency response and newborn screening research issues is citizens' demand for accountability from government. If the government is going to require that any citizen relinquish personal liberty, make personal information available for research, or take any other action placing the needs of the community above their personal rights, citizens want to know that the government has given appropriate consideration to the ramifications and has adequate safeguards in place to protect people or information from abuse. The ethical frameworks discussed throughout the rest of this entry help to provide guidance for these ethical deliberations by highlighting safeguards built into the democratic system and emphasizing the need to consider decisions' effects on individuals, groups, and the community at large. The interests of the community at large are particularly at issue in the communitarian framework, which argues that citizens' responsibility to society must sometimes outweigh their personal rights. It is clear that ethical behavior precludes government trampling on the rights of citizens. At the same time, government must encourage ethical behavior among citizens when it comes to acting in the best interests of all.

Ethical behavior is expected of all public servants. The manner in which we define ethics can vary depending upon whether you are consulting an academic, a practitioner or a citizen. Henry David Aiken notes that ethics involves conceptions of the good, the right, and the ought. However, he adds that in the course of normal practice ethical considerations are given different levels of serious and systematic reflection. Aiken writes that people first react to new situations on an emotional level, but eventually progress into a consideration of moral rules and ethical analysis. Moral rules are defined as the axioms that people try to abide by in daily life. These are often acquired through socialization, either through friends, family or co-workers. While Aiken notes that many problems can be resolved at the level of moral rules, these decisions tend to be ad-hoc and lack systematic analysis. While this might allow day-to-day office issues to be resolved using moral rules, they are likely inadequate to deal with larger issues (Aiken 1962).

Such situations are likely to require what Aiken calls ethical analysis which involves the application of a principle that links a value with a mode of action. For example, in trying to decide what people should have priority access to a vaccine or drug during an emergency, we could start with the principle of fairness: all citizens should have an equal opportunity to access the medicine, regardless of means. An action that could be taken subsequently would be to grant priority access to individuals with the most severe symptoms or at the most severe risk, regardless of socioeconomic standing or other factors. After considering the problem at this level and arriving at a solution, one may have to consider it at the post-ethical level, which calls for people to think about why they should act in an ethical manner. Thinking at this level may come about after a person receives criticism for the solution they arrived at during ethical analysis. At this level, a person may need to rely on their own personal philosophical or religious worldview to stay true to their ethical decision making (Aiken 1962).

Aiken's views are equally applicable to the issue of informed consent requirements for the use of newborn screening information in research. Public health officials and researchers may at first object to parental requests for informed consent and more control over the use of their child's genetic information. However, at the level of a moral rule, such officials may concede that as employees of the government, they have a responsibility to safeguard patient privacy and address the concerns of the public to make sure that the research using newborn screening information is viewed as legitimate. They may then couple that value with efforts to better educate parents about the use of newborn screening information in research and creating stronger policies to make sure that parents are not only given an opportunity to consent, but fully understand what they are consenting to. Public officials may receive criticisms for such policies, so in post-ethical analysis they will justify their actions to themselves and others using their own ethical perspective. Such officials may argue that even though these steps may create barriers to research to some degree, government has a duty to protect the rights of citizens and to make sure that initiatives promoted by government, such as research, are conducted in an ethical manner.

As noted by Terry Cooper (2006), the consideration of ethics in public administration can be complicated by the postmodern approach to the field, which has called into question commonly understood foundations for structuring and administering public organizations, as well as establishing ethical norms within them. One outcome from the postmodern view of public administration, according to Charles J. Fox and Hugh T. Miller, is a focus on decentralization as opposed to centralization in government (Fox and Miller 1996).

During the early twenty first century, public health agencies at the local, state, and federal level have experienced a reduction in financial and personnel resources, making it difficult for them to perform some of their core functions. In this environment, ethics, while an important consideration in the broader sense, may not be given explicit consideration at the daily operational level. This can be observed in public health emergency planning, as officials can become so busy with the organizational, logistical, and

bureaucratic work associated with these efforts, as well as other responsibilities, that they must share them with private or non-profit partners. Meanwhile, advances in the field of genomic research are opening up new avenues for finding more effective treatments for prevalent and devastating diseases. At the same time, the federal government, as well as state governments, is providing increased incentives for biotechnology firms and other research institutions to take full advantage of these new methods. With a great deal of emphasis placed on the medical and economic benefits of new discoveries, questions of ethics can be deemphasized in the policy discussion.

This has important implications for many aspects of public health. On one hand, decentralization can allow for quicker, more decisive action and more flexibility in how government can respond to a new situation. On the other hand, government must be cognizant of the loss of direct control and make a concerted effort to monitor partners to make sure they are behaving equitably, efficiently, and ethically.

Government may take the approach of trying to instill tenets of public ethical practices in non-governmental partners. Terry Cooper (2006) describes the working ethic as determining how a person behaves ethically in their position over time, leaving one with a predisposition to behave in a certain manner. Cooper argues that externally imposed codes of ethics will prove ineffective unless one has a well-developed working ethic. There is significant value in public health agencies forming broad collaborations with community partners in the public, private, and non-profit sector, but these partners may have their own views on ethics, further complicating ethical norms.

The rest of this entry will look at three ethical frameworks that may be used by government officials to guide decision making in complex public health scenarios, such as managing access to limited resources during an emergency response or striking the appropriate balance between protecting personal privacy and promoting research as it relates to genetic information. These frameworks focus on how to respond to policy imperatives while taking into account the unique rights and responsibilities of individuals, groups, and communities in a constitutional system.

## Ethical Frameworks

One way that ethics can be conceptualized and operationalized under complex circumstances is through the adoption of ethical frameworks. Such frameworks can be based upon the values and norms of a democratic society, consideration of the different constitutional protections accorded to individuals, groups, and society, or the adoption of a communitarian ethical approach. One thing that these frameworks have in common is what Terry Cooper would call objective responsibility. This concept involves the joining of accountability and obligation. In regard to government officials, they are responsible to the public for performing certain tasks (Cooper 2006). Looking specifically at public health officials, they are responsible for enforcing rules and taking actions to protect the public from contagions and contamination. As we will discuss later, certain ethical frameworks, such as communitarianism, place a certain degree of accountability and obligation on the citizenry as well.

## Democratic System Principles

Under the framework involving democratic system principles, elements that must be present include protection of freedoms, a hierarchy of control, the opportunity for decisions to be reversed, and decision making by elected officials through which the will of the people can be heard. These concepts are in line with other ethical frameworks in public administration, including Paul Appleby's idea of "democratic morality" (Appleby 1952). Lawrence Gostin is an authority in the field of public health ethics and has written extensively on the need for government to carefully balance the need to take decisive action to halt an outbreak and the individual rights of citizens not to have their personal freedom infringed upon (Gostin 2010). Deontological ethics holds that an ethical person will remain true to values

such as justice and equity regardless of the consequences. This branch of ethics also holds that people should never be used as a means to an end (Masserly 1995). This is an important consideration in regard to genetic research, as using individuals' genetic information without their informed consent could be viewed as a violation of deontological principles.

While one of the primary goals of government must be to protect citizens' lives, ethicists argue that this must be done within a system that is just and equitable for all citizens. Lawrence Gostin and Benjamin Berkman (2007) write that government can compel individuals to participate in a public health intervention, but they must first draw a clear link between the intervention and mitigating the existing threat. Rights theory also applies, as citizens have the right not to have their freedom of association taken away through the imposition of quarantine or isolation without due process and a clear public policy interest.

Protection of freedom, particularly personal privacy, is a concern in regard to the use of newborn screening information in genetic research. Parents express concern that their children's genetic information being included in research databases could place them at risk of being discriminated against later in life based on an existing disorder. Researchers counter that identifying information is removed from the samples and that there are already federal and state laws banning the use of genetic discrimination. However, research has shown that it is possible match an apparently anonymous sample back to the individual it was collected from (Gymrek et al. 2013) and it is possible that laws could be changed in the future. Regardless of whether the use of newborn screening information represents a true risk to the child or not, informed consent has for decades been a bedrock principle of human subject research. Children are supposed to enjoy special protection because of their inability to offer mature consent. Therefore, making sure that parents are given the opportunity to approve or disapprove of the use of their infants' information is a reasonable safeguard to allow parents to protect their child's rights.

Another aspect of the U.S. democratic system that is intended to preclude implementation of unethical or illegal policy is the presence of a hierarchy of control. Policy is made and reviewed at the local, state, and federal level, and under the federalist system these levels of government should act as a check on each other. In some situations, higher levels of government can require lower levels of government to implement policy. However, if a lower level of government considers requirements placed upon it by higher levels of government to be unconstitutional or unreasonable, they can challenge the policy directive through judicial action or other approaches. Public administration scholars often refer to the principal-agent theory, in which objective responsibility for policy-making can be determined by identifying those with the primary right to exercise authority (principals) and those with the responsibility to carry out directives (agents). The federal government claims considerable power to make policy in the area of public health from the Necessary and Proper Clause in the U.S. Constitution, as well as its constitutionally granted spending authority. Much federal policy, including in the area of public health, is implemented by agents of state and local governments. While this gives the federal government a certain degree of power over the states, it also gives the state and local governments the opportunity to influence policy through the implementation process.

It is important in a democratic system to understand the extent and limitations of authority for different government institutions. James G. Hodge writes that the U.S. does not have a centralized public health system, blurring the boundaries between local, state, and federal authority (Hodge 2002). For example, in the case of public health administration, the Centers for Disease Control and Prevention cannot go into a state and unilaterally command action. Rather, they must be invited by the state and local government. Therefore, any directives handed down by the CDC represent guidance, not orders. A significant Supreme Court case, *Jacobson v. Massachusetts*, decided in 1905, found that state power supersedes federal power in the area

of public health. On the other hand, under extreme circumstances, the federal government can take action like restricting travel to and from the United States, or even within the United States. During the recent Ebola outbreak, a number of states enacted mandatory 21-day quarantines for travelers returning from Ebola-affected countries, with some of those affected challenging the policy in federal court and winning. While most policy is the result of power-sharing throughout the federal system, state and local actions contradicting the U.S. Constitution or federal law can ultimately be overturned at the federal level. Federal emergency laws also exist, giving the U.S. government sweeping powers in an extreme emergency. While this federal power must be exercised judiciously, it serves as a check on abuses at the state and local level, with the judicial branch serving as a check on all. If functioning properly, this multi-tiered system should promote responsible and ethical decision making.

Regarding the issue of genetic privacy as it relates to newborn screening information, several states had, for decades, engaged in a policy of conducting research using remaining blood samples without parental consent. When parents became aware of this situation, they took the public health departments and research institutions in question to court in attempt to reassert control over that genetic information. This was due in part to the lack of an overarching federal policy on how newborn screening samples should be handled and whether informed consent was necessary. While the federal government has instituted some policies to promote genetic privacy interests, such the Genetic Information Nondiscrimination Act, they had not addressed this particular question. The passage of the Newborn Screening Saves Lives Reauthorization Act of 2014 helped to fill this gap by requiring that parental consent be obtained before using newborn data for research in the future pending revisions to the Common Rule governing human subject research (CRS 2014). It did not explicitly address how to deal with samples already collected.

Going along with this notion of accountability is the principle that ethical decision making in a democratic system should originate with elected leaders. One aspect of responses to events like public health emergencies that may create apprehension in the public is the appearance that policy is being made by unelected officials in public health agencies, rather than elected leaders. Gostin (2010) writes that a decision to engage in a significant public health intervention should result from a deliberative process within the government that protects democratic principles such as due process of laws, equal protection under the law, and an appropriate balancing of public and private interests. Public health scholars such as James F. Childress have noted the importance of government answering certain key questions before exercising police powers during a public health emergency. These questions involve the types of responses justified, the limits on the government's ability to coerce citizens into cooperating, and whether or not adequate steps have been taken to protect vulnerable populations (Childress et al. 2002). Government should also be as transparent as possible regarding the necessity of action. Terry Cooper notes that in a pluralistic society, public accountability involves the requirement of a reasoned application of ethical principles and the need to be prepared to explain and justify conduct when the public demands it. Decisions made at the level of ethical analysis tend to be the easiest to justify to citizens and political officials (Cooper 2006).

The demand for accountability is why many state governors took a very public role in the implementation of policy responding to Ebola, in comparison to the federal face of the response tending to be representatives of the CDC or National Institutes of Health. While actions taken may ultimately be the same, citizens may more readily accept limitations on their freedom if the policies originate with an elected official who can be held directly accountable. It is important to note, however, that such restrictions on freedom should be in the framework of a larger legal and operational response to an emergency. This principle can be seen when comparing the Ebola responses in the U.S. states of Connecticut and New Jersey. In Connecticut, Governor Dannell Malloy introduced a mandatory quarantine policy

early in the emergency, but placed it within a larger strategic framework to better equip the state to respond to the current emergency and prepare for emergencies in the future. After declaring the emergency, Malloy assembled an interagency team to oversee the conducting of hospital preparedness drills, see that hospitals completed preparedness checklists, and implement secondary screening procedures for international flights (Benson 2014, October 16). New Jersey's policy, alternatively, drew more criticism because it was not presented as part of a larger strategy, but rather a response to the federal government's refusal to enact a mandatory quarantine or a travel ban. Even New York governor Andrew Cuomo, who announced a mandatory quarantine policy alongside Governor Chris Christie, noted that quarantines must be part of a comprehensive strategy (Bidgood and Zernike 2014, October 30). Decisions on such issues are best made within the democratic context because it makes it clear that elected officials who can be held accountable at the ballot box are responsible.

In the area of genetic privacy, government officials were once heavily engaged in creating and overseeing policy to protect the public from potential negative externalities arising from genetic research. However, over time Congress' orientation toward genetic research shifted from one of protection through regulation of potential harms to one of promotion to reap the economic development benefits of the science (Sheingate 2006). Now there is evidence from the passage of legislation like the 21st Century Cures Act (H.R. 6 2015) and the creation of the President's Precision Medicine Initiative (Precision Medicine Initiative n.d.) that elected officials have become more engaged in promoting research and its subsequent products than regulating the development or use of these products. Therefore federal legislators are reluctant to create requirements like those mandating parental consent for newborn screening, but do so in the face of a situation where lawsuits are destabilizing research efforts around the country, resulting in the destruction of millions of genetic samples. It should be noted, however, that recent policies, such as the 21st Century Cures Act passed in the U.S. House of Representatives and a proposal to change the Common Rule governing human subject research (Hudson and Collins 2015), have actually moved toward reduction of informed consent protections, raising new ethical concerns.

Accountability also means that a mechanism is in place to reverse decisions that are found to be unethical or illegal. As noted previously, in a democratic system that mechanism is the judiciary. Scholars like Norman Daniels have argued that accountability should not only be in place to retroactively address an incorrect action, but should be a part of the original decision making process. Daniels proposed a system which he calls "accountability for reasonableness." Under this system, he prescribes transparency regarding the grounds on which decisions are made, appeals to commonly accepted rationales, as well as opportunities to revisit decisions in light of new evidence (Daniels 2000). Sofia Gruskin and Norman Daniels note that not only can transparency in decision making lead to greater acceptance of the eventual policy, but it can also help to increase broader social learning about the importance of public health (Gruskin and Daniels 2008).

Such a model is seen as particularly useful when making decisions in situations like public health emergency responses when there is an absence of adequate resources. Organizations like CDC have long acknowledged that in the event of a severe and widespread public health emergency, there may be an inadequate supply of ventilators, medical countermeasures, and other resources. An ethics subcommittee of the CDC has developed ethical guidelines for use by medical professionals in such emergencies (Ethics Subcommittee 2007). Decisions about giving certain groups access to medical resources at the expense of others is certain to be controversial, but Daniels holds that if different sides can find common ground, if the reasoning behind the decisions is clear, and if there is an opportunity to revisit decisions in light of changing circumstances, these decisions can be made without paralyzing response efforts.

On the topic of protection of newborn screening information, some attempts have been made to institute processes similar to those prescribed by

"accountability for reasonableness." Newborn screening advisory committees at the state and national level have advocated for educational processes that give parents a better understanding of how newborn screening information is used in research and the methods used to protect it, with the hope that such processes will create a shared understanding of the nature and value of such research. The decision concerning which type of informed consent process to use, whether requiring parents to explicitly opt-in to allowing genetic information to be used or opt-out to prevent the use of the information, should also be clearly explained to parents and other stakeholders. Experience has already shown that parents and others are more than willing to go to court to demand the reversal of newborn screening policy with which they disagree. However, if more communication occurs from the beginning and the informed consent process is more transparent, it will hopefully reduce the burden on the court system.

## Constitutional Perspectives on the Rights of Individuals, Groups, and the Community

As noted above, one approach to maintaining ethical decision making in the face of emergencies is the accountability inherent in democratic system principles: protection of freedom, hierarchy of control, the context of democracy, and the opportunity for reversal. In the U.S. system, our democracy is founded upon the U.S. Constitution, which serves both as a blueprint for our government and an enumeration of rights. Lawrence Gostin notes that the U.S. Constitution grants national and state governments powers with which to protect public health, while at the same time curbing the means by which they can legally do so. Gostin advances criteria such as necessity, reasonable means, proportionality, harm avoidance and fairness to evaluate the constitutionality of public health actions (Gostin 2010). The courts act to interpret to what degree interventions infringe on the rights of individuals, groups, and the community at large. This application of the Bill of Rights to different units of society represents another ethical framework. We can see an example of differing attitudes toward the treatment of different units in society in the debate over travel restrictions during the recent Ebola pandemic. In regard to individuals, some leaders at the national level proposed that any U.S. citizen returning from an Ebola-infected country should be placed in mandatory quarantine. Some of the same legislators called for a complete stop to all travel to and from Ebola-infected countries. While not enacted at the federal level, some restrictive policies were enacted at the state level. Such restrictions directed against individuals and groups, while viewed by some as unconstitutional and violating ethical principles, were proposed with the rationale that they would serve to better protect the larger community.

As noted above, individual privacy rights and the right to ownership of genetic material are at the core of controversies over the use of newborn screening information. Such controversies have shifted over time from a focus on property interests associated with biological samples to a focus on the need to protect individual privacy relating to the information that can be produced from genetic testing. Both formulations of the issue raise important questions and potential obstacles for scientific research. The formulation of the body as property envisions the person as separate from the body and thus able to distribute different portions for different purposes, whereas the privacy formulation sees the person and the body as inextricably linked, making any use of a person's biological material without authorization an invasion of personal privacy (Rao 2007). Rao (2007) states that privacy rights can be claimed in situations where individuals' personal health information could be subjected to public scrutiny, but not in cases where the issue is commercialization of genetic information. She argues that privacy policies associated with informed consent offer inadequate protections because they allow one to decide whether or not to provide material for research purposes, but do not allow one to exert any control over how the material is used.

Research involving newborn screening information is even more complicated from an ethical perspective, because parents are called upon to

make a decision on behalf of the child that could potentially affect the child later in life. There are questions regarding whether children should have the right to withdraw their samples once they reach adulthood. Some argue that all people who contribute genetic material to research should be empowered to make decisions on how it will be used. Whether or not genetic information collected for research could ever be used against an individual, if our genetics are the foundation of our identity there is a strong ethical argument that we should have some say in how that information is used.

Groups that require particular attention when it comes to ethical considerations in public health policy are vulnerable and at-risk populations. It is widely agreed that the needs of such individuals must be taken into account during any planning for a public health emergency response (Gruskin and Daniels 2008). However, this group holds little economic or political power and may be less visible and less able to actively access resources during an emergency. Therefore, in the event that there is a shortage of resources their needs may be at greatest risk of being overlooked. This highlights the importance of not only designing policy with an eye toward different units within the community, but making sure that meeting the needs of those who are less accessible is required in the operationalization of that policy. Lack of equitable treatment and access to services under the law can raise serious overall concerns about public health policy.

Similar concerns have been raised by genetic researchers who have been accused of not treating certain groups with appropriate respect. One often-cited example of this was the treatment of members of the Havasupai tribe by genetic researchers who collected genetic information for diabetes research but then used that data for other research without getting consent from members of the tribe. Members of minority groups such as Native Americans can take greater offense from this type of treatment because of past discrimination. Therefore it has been recommended by Native American researchers and others that those seeking to study members of these groups put in the work to develop relationships before the study begins and also have a clear understanding of the history of the groups as it relates to the research. For groups like the Havasupai that have had their property and cultural identity infringed upon in the past, taking genetic information and using it for research without consent is viewed by many as a significant violation. However, it is argued that this can be overcome with education and collaboration (Eveleth 2015).

While there is now more institutional focus on at-risk populations, there was once a heavy emphasis on utilitarianism when it came to balancing the needs and rights of individuals as opposed to the larger community. Those actions were deemed ethical that created the greatest good for the greatest number. Utilitarianism, for example, would consider placing hundreds of people in quarantine against their wishes if there was even a 1% chance they were infected with a virus to be ethical if it served to protect the lives of thousands. Teleological ethics, which is often associated with utilitarianism, involves evaluating the ethics of an action based on the end produced and the potential consequences to society (Childress et al. 2002). The counterpoint to this is deontological ethics, which argues that duty to certain principles, such as fairness and equity, should be upheld regardless of the actions. In this ethical perspective, people should never be used as a means to an end, whether in the context of a public health emergency intervention or attempting to advance genetic research.

This perspective would take a dimmer view toward quarantining those with a statistically small chance of infection, because it would mean a serious infringement on their individual rights in return for a minor boost to public safety. There is more of a question when it comes to newborn screening research, since evidence suggests that the potential benefits for medical research usually significantly outweigh the risks. Terry Cooper (2006) notes that in the practice of public administration it is often difficult to separate duty and consequences. The duty to take action to protect the public health cannot be separated from the consequences if one fails to act. Alternatively, the duty to obtain informed consent from parents for the use of newborn screening

data cannot be separated from the consequences of lost data due to people opting not to give consent. On the other hand, if a researcher uses data without consent because of a sense of duty to the research, that action cannot be separated from the consequences of subsequent legal actions. This approach to ethics can be seen in the ethics guidance documents of organizations like the CDC, who, as part of their planning, must promote policy guided by ethical principles while still being mindful that in an emergency serious resource constraints are likely to exist and restrictive actions may need to be taken to protect the larger public (Ethics Subcommittee 2007). Similarly, government-funded organizations like the National Human Genome Research Institute provide guidance on their web site regarding the importance of informed consent and how to best design informed consent documents ("Informed Consent for Genomics Research" n.d.).

James F. Childress and other public health scholars argue that government action during a public health emergency must infringe upon individual liberty to the least extent possible (Childress et al. 2002). John Rawls advocated for a system of government in which personal liberty is given priority over the arrangement of social and economic inequalities. Rawls writes that at a certain point it becomes irrational to sacrifice a degree of personal liberty for marginal gains in general social and economic welfare (Rawls 1971). Rawls believed that such a system would still result in moral behavior because "a moral person is a subject with ends he has chosen, and his fundamental preference is for conditions that enable him to frame a mode of life that expresses his nature as a free and equal rational being as fully as circumstances permit" (Rawls 1971, 561). This system would, for example, allow parents to freely make choices about whether or not to have certain vaccinations administered to their children if they perceived a potential threat, without prioritizing the larger societal immunity created by cumulative vaccinations. It would also give license to people to make decisions about whether or not to share genetic information with researchers, regardless of the potential benefit to the community. Any problems created by such policy could be addressed, in Rawls' view, by people entering into voluntary social unions based on their interests and taking a more active role, either through direct participation or representative government, in the making of laws.

Michael Sandel critiqued these ideas as leading to a procedural republic, which he saw as a threat to civic engagement and recognition of civic responsibility. Sandel noted that individuals derive much of their personal identity from their membership in a community. He also saw dangers in the concept of the procedural republic, including making people fearful of the notion of majority will and shifting more decision making responsibility to non-elected arms of government like the bureaucracy and the courts (Sandel 1984). In regard to an issue like vaccination, Sandel might argue that, although there is some degree of risk and loss of personal liberty involved, for society to maintain a high level of overall health and institutions to continue to remain strong, individuals must be willing to accept them. Similarly, Sandel might argue that individual citizens should engage in active dialogues on issues like genetic research in order to make the best ethical choice in terms of weighing personal risk against society gain.

The use of democratic system principles as an ethical safeguard hinges upon government's accountability to its citizens. In the case of different constitutional perspectives toward the relationship between individuals, groups, and the community at large, government accountability is certainly important. Government should always be prepared to explain its rationale for limiting the freedoms of some in the name of the greater good. Ethicists like Sandel (1984), however, suggest that individuals also must be accountable to society as society creates the institutions through which they can achieve full self-actualization. With this in mind, citizens should weigh the value of the exercise of their individual prerogatives against the potential effects that exercise will have on society. In this view, individuals and groups should always be protected by the Constitution against the tyranny of the majority. However, citizens and groups can be discriminating in

regard to when and how they choose to exercise those rights. This is particularly true if individuals and groups have the capacity to help the larger community without any significant risk of harm to themselves.

## Communitarianism

This brings us to another ethical framework relevant to public health policy, communitarianism. Amitai Etzioni, director of George Washington University's Institute of Communitarian Studies, has noted that there are two types of communitarians. Authoritarian communitarians evaluate an individual's worth based on their contribution to society, viewing citizens largely as an appendage of society. Responsive communitarians take the position that ethical decisions should emerge from efforts to find a proper balance between the common good and individual rights. While authoritarian communitarianism is viewed as incompatible with a democratic society, responsive communitarianism has gained some significant support in the U.S. Responsive communitarianism calls upon policy makers and citizens to consider not only rights in their decision making, but also responsibilities (Etzioni 2011a).

In regard to public health response, Etzioni believes that coercive efforts by the state are likely to prompt resistance among the citizenry, and alternatively calls for public health officials to make appeals to commonly accepted societal values, based on education, persuasion, and social norms (Etzioni 2011b). In Etzioni's view strong responsibilities are a necessary counterpart to the exercise of strong rights. However, the government can be most effective by creating a space in which citizens can exercise those responsibilities. This is in line with the view that education, relationship building, and collaboration can aid people in minority populations that have experienced mistreatment in the past to see the value of participating in genetic research (Bonham et al. 2009).

Looking at a previous example of a parent choosing whether or not to have their child vaccinated, in a number of states parents have the right to claim an exemption. However, communitarians would argue that when making such a decision, parents should not only consider their concern for their child and their right as a parent, but also the implications of their decision for society as a whole. A communitarian might acknowledge that vaccination presents a certain degree of risk, but it is their responsibility as a citizen to assume a reasonable level of risk in order to protect the larger community. Many in American society may feel uncomfortable with the idea of advocating that citizens make sacrifices for the "greater good," given America's long-standing suspicion toward collectivism. However, if ethicists like Sandel are correct in noting that individuals need society to achieve their full potential, then making such sacrifices is not entirely a selfless act (Dionne 2012).

Similar arguments could be used in regard to parents opting in to allow their child's genetic material to be used in research. While it is recognized that this may present some risk to the child, it could save or improve the lives of many other children. Whether making decisions for themselves or their children, citizens must think critically about the level of harm they are assuming as opposed to the benefits that could be derived by others and the magnitude of that benefit.

E.J. Dionne, in his book *The Divided Political Heart*, quotes William Galston, a Communitarian philosopher who noted that liberal societies depend upon stable families and stable families depend on virtues like fidelity. At the same time, to effectively raise children to adulthood requires adults to go far beyond their own self-interest. In Galston's view, if we want a society that values freedoms like those provided for in the First Amendment, we must encourage all adults to exercise personal responsibility. That responsibility applies not only to their actions in their personal and family life, but to the need to exercise a concern for all children. Therefore, when making decisions on issues such as vaccination or participation in genetic research, one ought to take into account not only the well-being of one's own child, but the well-being of other children as well (Dionne 2012). Government could help in this regard, according to scholars such as James F. Childress and P. Edward French, by promoting

policy through building community, as opposed to issuing mandates in the name of community (Childress et al. 2002; French 2011). This can be done by better incorporating citizens in public health preparedness efforts or creating opportunities to more actively involve parents in the planning of genetic research.

Communitarianism could be seen as linked to the idea of virtue ethics. According to this ethical perspective virtuous people behave virtuously because of their disdain for unvirtuous behavior, possess practical wisdom (understanding of the consequences of their actions), and eudaimon (happiness that comes from living a virtuous life) ("Virtue Ethics," 2012). According to virtue ethics, decisions related to balancing individual rights and community well-being may be based on the fact that one sees certain actions as irresponsible, perceive potentially serious consequences from such actions, and derive pleasure from doing what they perceive to be the right thing. This again points to people taking ethical actions for self-interested, as opposed to selfless, reasons. Regardless of the motivation, many people have a desire to do good for others, but may be hesitant because of concern for their own safety or concern for the safety of a loved one. Making people feel like they are a part of a process, whether in a public health intervention or research, can help to alleviate this obstacle.

## Conclusion

Accountability is at the core of all the ethical frameworks discussed above. Large-scale public health responses are becoming an increasingly visible aspect of government services. Over the last decade, we have seen responses to the H1N1 virus, Ebola, and now the Zika virus, not to mention other smaller scale but still serious threats. As citizens, we expect the government to address such emergencies with effectiveness and efficiency, but also in an ethical manner. The same holds true for genetic research. We want to see steady progress in finding treatments for diseases. However, most citizens would agree that this progress should not come at the expense of the safety of patients and research participants. Government must demonstrate that it has taken adequate steps to protect lives, property, and privacy. In short, government must behave ethically. With that in mind, it is important for citizens to consider how to evaluate ethical behaviors under such conditions.

In regard to the democratic system ethics framework, government must be accountable to the people in explaining why any infringement upon freedom is necessary. Different levels of government should hold each other accountable and controversial decisions should involve elected officials that are directly accountable to the people. Opportunities should also exist to overturn actions later found to be inappropriate.

In regard to different perspectives on how to balance the rights of individuals, groups, and the larger community under the U.S. Constitution, government must be held accountable for making every effort to explore alternatives before choosing a path that takes freedoms away from particular groups or individuals. Decisions to do so should be based on a rational analysis of available evidence, and not just on uncertainty. The needs of groups considered to be particularly vulnerable or at-risk should be given particular consideration to make sure that their needs are met during the implementation of response efforts, even as they receive increasing attention during planning efforts.

The previous two frameworks also call indirectly for accountability on the part of citizens to be informed and to participate in policy debates when possible. Communitarianism calls for more accountability on the part of citizens to weigh their personal choices and freedoms against what is best for the larger community. The ability of government to provide more efficient and accountable responses would be improved if more citizens would focus as much on their responsibilities as they do on their rights.

Each new public health emergency, or any type of disaster response, will spur new conversations about ethics in government. We are fortunate that there are some systemic safeguards in place to prevent government officials from crossing certain ethical boundaries, and that our judiciary can

provide relief when those boundaries are crossed. Nevertheless, we as citizens should be continuously reevaluating our role in and contribution to these efforts. Increasingly complex problems may require more advanced citizenship, and ethical requirements do not just extend from the government to the citizens, but from citizen to citizen as well. It is notable that the report of the Presidential Commission, media coverage of the Ebola response, and scholarly work by French (2011) all indicate that higher levels of citizen engagement in preparation for a future emergency could lead to more effective responses.

The same holds true for the field of genetic research as well. Most Americans clamor for the day when scientists will defeat devastating diseases such as Alzheimer's. However, the process for achieving such feats may not allow us to be simply passive observers. At minimum citizens should educate themselves on the use of genetic information and separate fact from unsubstantiated fiction. Citizens can also work to educate others and look for opportunities to get involved with advocacy groups promoting responsible research. Some citizens may be called upon to participate on advisory boards, or even to contribute genetic material for research, either their own material or their child's. When such opportunities arise, citizens will hopefully have the knowledge to evaluate the level of risk and make an ethical determination on the best course of action.

As noted previously, with the threat of birth defects posed by the Zika virus, a number of countries, including the United States, have asked their citizens to make adjustments to their personal behavior in order to help slow the spread of the virus. In testimony before the U.S. House Committee on Oversight and Government Reform in February 2016, Dr. John Armstrong, Florida's Secretary of Health, noted that they are asking residents in the state who travel to countries with mosquito-borne cases of Zika to abstain from unprotected sexual activities for at least a month after their return to Florida. They are also calling upon Florida's citizens to take active measures to prevent infection, such as eliminating standing water, using mosquito repellant, and wearing protective clothing (Armstrong 2016). Such proactive measures indicate that if we are to avoid situations where the most difficult ethical choices must be made, citizens should accept some ethical responsibility to assist the government in managing the situation in early its stages.

Some nations, such as Estonia, already operate a national biobank that contains genetic information from approximately a quarter of its citizens (Schwab 2015). Efforts to expand biobanks are ongoing here in the United States, particularly in relationship to a concerted federal government effort to find a cure for cancer (National Institutes of Health n.d.). The concept of biobanks can be unsettling for some, as it raises questions and concerns about how the government will use that information. Given past government abuses, such concerns are not without merit. At the same time, citizens should not simply rely on default prejudices when making decisions about supporting such efforts. Rather, citizens should gather as much information on a particular project as possible and make their own decisions about its merits.

The challenges of the future in regard to public health, medicine, and science in general may require the active participation of millions in the U.S. and around the world. This participation should not be based on citizens abandoning their ethical judgment to the judgment of others, but rather citizens and government appealing to appropriate ethical frameworks to maintain democratic processes, protect the rights of individuals and groups, and act in the best interests of communities. This will ensure that government remains accountable to the people, and citizens are accountable to each other.

## Cross-References


- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Risk Management
- ▶ Ethics and Crisis Management
- ▶ Ethics and Duty
- ▶ Ethics and Equality
- ▶ Ethics and Public Policy
- ▶ Leadership and Emergency Management

## References


Aiken HD (1962) Reason and conduct. Knopf, New York

Appleby PH (1952) Morality and administration in democratic government. Louisiana State University Press, Baton Rouge

Armstrong JH (2016, February 24) Testimony to committee on government oversight and reform. Accessed from https://oversight.house.gov/wp-content/uploads/2016/02/2016-02-24-FDOH-Dr.-Armstrong-Testimony.pdf on 18 Mar 2016

Benson J (2014, October 16) Malloy orders Ebola drills at all hospitals in Connecticut. The Day. Accessed from http://www.theday.com/article/20141016/NWS12/141019846 on 17 Mar 2016

Bidgood J, Zernike K (2014, October 30) From governors, a mix of hard-line acts and conciliation on Ebola. The New York Times. Accessed from http://www.nytimes.com/2014/10/31/us/kaci-hickox-nurse-under-ebola-quarantine-takes-bike-ride-defying-maine-officials.html?_r=0 on 9 Apr 2016

Bonham VL, Citrin T, Modell SM, Franklin TH, Bleicher EWB, Fleck LM (2009) Community-based dialogue: engaging communities of color in the United States' genetics policy conversation. J Health Polit Policy Law 34:325–359

Childress JF, Faden RR, Gaare RD, Gostin LO, Kahn J, Bonnie RJ, … Nieburg P (2002) Public health ethics: mapping the terrain. J Law Med Ethics 30(2): 170–178. https://doi.org/10.1111/j.1748-720x.2002.tb00384.x

Citizens' Council for Health Freedom (n.d.). At http://www.cchfreedom.org/. Last visited on 25 Mar 2015

Congressional Research Service (2014) Summaries for the newborn screening saves lives reauthorization act of 2014. Library of Congress. Accessed from https://www.govtrack.us/congress/bills/113/hr1281/summary on 9 June 2016

Cooper T (2006) The responsible administrator: an approach to ethics for the administrative role. Jossey-Bass, San Francisco

Daniels N (2000) Accountability for reasonableness: establishing a fair process for priority setting is easier than agreeing on principles. BMJ 321(7272):1300

Dionne EJ Jr (2012) Our divided political heart: the battle for the American idea in an age of discontent. Bloomsbury, New York

Drabiak-Syed K (2011) Legal regulation of banking newborn blood spots for research: how Bearder and Beleno resolved the question of consent. Houst J Health Law Policy 11:29–34

Ethics Subcommittee of the Advisory Committee to the Director (2007) Stockpiling antiviral drugs for pandemic influenza: the key ethical principles. Centers for Disease Control and Prevention, Atlanta. Retrieved from http://www.cdc.gov/od/science/integrity/phethics/Ethical_principles_6-13-08.doc

Etzioni A (2011a) Authoritarian versus responsive communitarian bioethics. J Med Ethics 37(1):17–23

Etzioni A (2011b) On a communitarian approach to bioethics. Theor Med Bioeth 32:363–374. https://doi.org/10.1007/s11017-011-9187-8

Eveleth R (2015, January 26) Genetic testing and tribal identity. The Atlantic. Accessed from http://www.theatlantic.com/technology/archive/2015/01/the-cultural-limitations-of-genetic-testing/384740/ on 8 June 2016

Featherly K (2012, February 8) Minnesota Department of Health destroys infant blood samples. The Legal Ledger. www.lexisnexis.com. Last visited on 25 Mar 2015

Fox CJ, Miller HT (1996) Postmodern public administration. Sage, Thousand Oaks

French PE (2011) Enhancing the legitimacy of local government pandemic influenza planning through transparency and public engagement. Public Adm Rev 71(2):253–264. https://doi.org/10.1111/j.1540-6210.2011.02336.x

Gostin LO (2010) Public health law and ethics: a reader, 2nd edn. University of California Press, Berkeley

Gostin LO, Berkman BE (2007) Pandemic influenza: ethics, law, and the public's health. Adm Law Rev 59(1):121–176

Gruskin S, Daniels N (2008) Justice and human rights: priority setting and fair deliberative process. Am J Public Health 98(9):1573–1577

Gymrek M, McGuire AL, Golan D, Halperin E, Erlich Y (2013) Identifying personal genomes by surname inference. Science 339(8):321–324

Hodge JG Jr (2002) Bioterrorism law and policy: critical choices in public health. J Law Med Ethics 42:254–261

Hudson KL, Collins FS (2015) Bringing the common rule into the 21st century. N Engl J Med 373:2293–2296

Informed Consent for Genomics Research (n.d.) National human genome research institute. Accessed from https://www.genome.gov/27026588/informed-consent-for-genomics-research/ on 9 June 2015

Masserly JG (1995) An introduction to ethical theories. University Press of American, New York

National Institutes of Health (n.d.) National cancer moonshot initiative. Accessed from http://www.cancer.gov/research/key-initiatives/moonshot-cancer-initiative on 9 June 2016

No Author (2012) Virtue ethics. Stanf Encycl Philos. Accessed from http://plato.stanford.edu/entries/ethics-virtue/ on 17 Mar 2016

No Author (2015) H.R. 6-The 21st century cures act. Accessed from https://www.congress.gov/bill/114th-congress/house-bill/6 on 26 May 2016

No Author (n.d.) The precision medicine initiative. Accessed from https://www.whitehouse.gov/precision-medicine on 9 June 2016

Presidential Commission for the Study of Bioethical Issues (2015) Ethics and Ebola: public health planning and response. Retrieved from http://bioethics.gov/sites/default/files/Ethics-and-Ebola_PCSBI_508.pdf

Pribek JF (2011, November 18) Minnesota Supreme Court reins in use of newborn blood screens. The Minnesota Lawyer. Accessed from www.lexisnexis.com on 25 Mar 2015

Rao R (2007) Genes and spleens: property, contract, or privacy rights in the human body? J Law Med Ethics 35:371–382 at 379–380
Rawls J (1971) A theory of justice. Harvard University Press, Cambridge, MA
Sandel MJ (1984) The procedural republic and the unencumbered self. Polit Theory 12(1):81–96
Schwab K (2015, October 8) Estonia wants to collect the DNA of all its citizens. The Atlantic. Accessed from http://www.theatlantic.com/health/archive/2015/10/is-a-biobank-system-the-future-of-personalized-medicine/409558/ on 8 June 2016
Sheingate AD (2006) Promotion vs. precaution: the evolution of biotechnology policy in the United States. Br J Polit Sci 36(2):243–268
Snowbeck C (2012, May 9) Dayton signs bill on newborn screening, retention of blood samples. Pioneer-Press, St. Paul. Accessed from www.lexisnexis.com on 25 Mar 2015
Thornton P (2012, May 11). Law advises parents in Minnesota about blood collection. The Minnesota Lawyer. Accessed from www.lexisnexis.com on 25 Mar 2015
Tsai R (2014, June 10). Minnesota passes newborn blood sample bill. ThermoFisher Scientific. Accessed from http://acceleratingscience.com/biobanking/minnesota-passes-newborn-blood-sample-bill on 25 Mar 2015

# Ethical Impact Theory: How Unethical Behavior at Work Affects Individual Well-Being

Robert A. Giacalone[1], Mark Promislo[2] and Carole L. Jurkiewicz[3]
[1]Daniels College of Business, University of Denver, Denver, CO, USA
[2]College of Business Administration, Rider University, Lawrenceville, NJ, USA
[3]McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Consequences of unethical work behavior; Effects of immoral actions at work; Health outcomes of work behaviors

## Definition

Ethical impact theory (EIT) is a theoretical framework that delineates the effects of unethical work behavior on individual well-being.

## Introduction

Multiple streams of research have demonstrated that ethics is related to job-related outcomes (e.g., job satisfaction, organizational commitment). Studies show that ethical work climate, leadership support for ethics, ethics codes, ethics training, and perceived corporate social responsibility are all linked with positive effects in the workplace (such as lower turnover) (e.g., Mulki et al. 2008). The perception of corporate ethical values is even positively related to group creativity.

In contrast, ethical impact theory (EIT) (Promislo et al. 2013) focuses on the individual, nonfinancial effects of unethical work behavior on employee well-being. EIT adopts a human-centered approach to workplace ethics advocated by Giacalone and Thompson (2006). The theory posits that unethical behaviors can lead to diminished well-being (psychological and/or physical), either directly or indirectly. Further, EIT asserts that the impact of unethical behavior is mediated by three mechanisms – stress, trauma, and poor health behaviors. Various factors may function to moderate the impact of unethical work behavior; in other words, not all immoral actions lead to diminished well-being in people (or to the same extent). Lastly, EIT expands the range of people affected by unethical work behavior; as will be discussed, it is not only the direct victims of immoral acts who are impacted negatively.

## What Kinds of Unethical Behavior Cause Decreases in Well-Being?

EIT proposes that all types of unethical behavior, from minor deviance to large impactful decisions (such as those made at companies like Enron), can impact individual well-being. EIT is largely derived from an extensive assessment of research in three areas of study, namely, discrimination, bullying, and injustice.

The literature on discrimination as an unethical act links it to detrimental effects on both psychological and physical well-being, including cardiovascular issues, sleep problems, anxiety, and mental health troubles (e.g., Klonoff et al. 1999). In effect, being victimized by workplace

discrimination can lead people to experience serious mental and physical problems.

Even more robust are research findings on the harmful effects of bullying by peers and by supervisors (which can include actions such as public humiliation, verbal abuse, isolation of workers, and physical intimidation). Bullying is linked to depression and low self-esteem, anxiety, job-induced stress, insomnia, and even suicide (e.g., Zapf et al. 1996). Thus, there is clear evidence that those who are bullied at work suffer a range of negative, even sometimes fatal, outcomes.

Third, research on organizational injustice link this form of unethical behavior to increased morbidity and mortality, coronary heart disease, sleep disorders, and absenteeism (e.g., Kivimäki et al. 2005). It appears that being treated unfairly at work puts people at risk not only of suffering from a range of ill effects, but actually dying early.

In summary, the above three types of unethical work behaviors have consistently been found to negatively affect employees' well-being, both psychologically and physically. Obviously, this is a non-exhaustive list; other forms of unethical behavior can also lead to diminished well-being in people. Moreover, even these troubling results regarding the victims of unethical work behavior do not paint the whole picture of the toll taken by such actions. For a more complete view, we must look at an expanded range of the people involved.

## Whose Well-Being Is Damaged?

Generally, researchers have focused on the direct victims of unethical behavior (Giacalone and Promislo 2010). Certainly the victims of unethical acts are the easiest to identify and the first set of people we tend to think about in these cases. But a concentration on victims alone ignores the other potential people harmed by unethical actions. Indeed, EIT suggests that unethical behavior leads to diminished well-being for three other categories of people: the perpetrators, witnesses to the act, and others indirectly involved (e.g., coworkers, family, and friends) that are termed "associated persons."

Interestingly, those perpetrating unethical acts can be harmed by the very behaviors they have engaged in. They may behave unethically but still feel incredibly uncomfortable doing so, too weak to resist the pressures they face but cognitively distressed by their own behaviors (Evans et al. 2007). Then, stressed by guilt and the fear of being caught or the shame they may face, they experience harm to their well-being, either psychologically or physically.

Individual witnesses of unethical acts may also have their well-being undermined. Whether it is a function of the shock of witnessing the act or via vicarious harm from attachment to others, witnesses to unethical workplace behavior can be harmed in one of three ways: their empathy for the victim impacts their well-being (Pearlman 1999), viewing the act creates a fear of being similarly victimized, or witnessing the unethical behavior shatters their worldview, their conception of their organization, or the character of society itself (Janoff-Bulman 1992).

Unethical behavior can impact well-being for those who simply hear about a disturbing incident and do not necessarily witness it firsthand. Knowledge of societal harms or family victimizations, even without directly witnessing these acts, can harm the knower's well-being, as much as working in a group with a high level of sexual harassment can create distress, even without being directly subjected to the harassment (Glomb et al. 1997).

Finally, the well-being impact of an "associated person" is a function of that individual's strong connection with the perpetrator, victim, or witness. This creates an emotional connection to the distress of the other person. Considerable evidence supports the negative impact of unethical behavior on associated persons; for example, the children of parents who are victims of violence report higher levels of distress symptoms (Dulmus and Wodarski 2000).

## How Does Unethical Work Behavior Diminish Well-Being?

Generally there are three primary mechanisms linking unethical behavior to reductions in well-being: stress, trauma, and poor health behaviors.

The stress mechanism creates cognitive, emotional, and motivational changes (Jackson et al. 2006) for the perpetrator, victim, witness, or associated person. The emotional reaction to unethical behavior largely depends on which "role" a person plays in the situation: perpetrators may feel guilt and victims can become angry, while witnesses may be outraged or perplexed. Meanwhile, associated persons can experience a range of different emotional responses, including shame for a connection with the perpetrator or empathy for those impacted. Individuals also can be stressed by violations of their guiding ethical standards, feelings of vulnerability, and repeated exposure to harmful events (e.g., Hobfoll 1988).

The trauma mechanism provides another way individuals can suffer diminished well-being from unethical behavior. Because ethical violations can destroy critical assumptions about the world and how it functions (Koltko-Rivera 2004) and erode trust in people or institutions that we depend upon, decreases in well-being are possible. Findings on post-traumatic stress disorder show that victims of PTSD have experienced decreased well-being as a result not only of natural disasters and violent acts but also through workplace events such as corporate downsizing (Moore et al. 2004).

Research shows that individuals who are traumatized can suffer serious psychological and physical effects, resulting in increased morbidity and mortality (Schnurr et al. 2002). Further, people can experience secondary (or vicarious) trauma, which is "the transfer of trauma symptoms from those who have been traumatized to those who have close and extended contact with trauma victims" (Motta and Kefer 1999, p. 997). Those who experience such secondary trauma, whether by witnessing or hearing about a traumatic event, can suffer from long-term stress, and the effects can be very similar to those experienced by direct victims.

Finally, in the health behavior mechanism, increases in unhealthy habits and activities or decreases in beneficial health habits (e.g., exercise) occur as a result of unethical work behaviors. Unhealthy habits include excessive alcohol consumption, poor diet, smoking, disturbed sleep patterns, and poor compliance with medical regimes. Research has shown that people exposed to trauma exhibit such poor health behaviors and unhealthy habits and that these behaviors are associated with a range of adverse physical outcomes (Walker et al. 1999).

It is important to note that the above three mechanisms are not mutually exclusive; in other words, an unethical act can result in activation of one or more of these paths toward diminished well-being. For example, a victim of sexual harassment at work becomes traumatized which directly leads to negative effects on her health; meanwhile, she may engage in unhealthy behaviors such as drinking in response to the trauma. Subsequently, the drinking itself leads to diminished well-being.

## What Factors Can Moderate the Decline in Well-Being?

EIT asserts that the relationship between unethical behavior and well-being can be moderated by several factors – that is, not all who engage in, are victimized by, witness, or are associated with unethical behavior suffer diminished well-being or to the same extent. The moderators that determine whether people suffer diminished well-being can be categorized into three groups: perceptual variables, sociodemographic variables, and coping behaviors. That is, how people view unethical behavior, their demographic characteristics, and how they attempt to cope with immoral actions all play a part in how the behavior ultimately affects them.

Perceptual variables can include such factors as personality, perceived magnitude of harm, and centrality to one's worldview or identity (e.g., March 1993). Meanwhile, some of the most important sociodemographic variables include gender, race, and socioeconomic status. Lastly, coping behaviors can provide resources (e.g., problem-solving skills, social networks, and financial and physical assets) to help people respond to unethical behavior in the workplace (Folkman 1984).

## What Aspects of Well-Being Are Affected by Unethical Behavior?

The literature shows that a wide range of well-being outcomes, assessed via both self-reports and objective sources (e.g., medical records), are related to unethical behavior. These outcomes can be placed into three broad categories of well-being. Psychological disorders are the most frequently studied impact of unethical actions, including measures such as anxiety, depression, burnout, and PTSD (Elovainio et al. 2002).

Physical health measures reflect a mix of self-reported health measures and more objective clinical diagnoses and have been implicated in a host of unethical behaviors such as bullying, injustice, criminal victimization, workplace harassment, and discrimination (e.g., Pavalko et al. 2003). Finally, physiological measures are least commonly found in the literature but provide assessments that are not subject to self-report biases. Many of these studies explore cardiovascular health, such as increases in blood pressure. Other research has focused on body mass indices (BMI) and the birth weight of infants of mothers exposed to unethical events.

## Conclusion

In summary, ethical impact theory provides a framework to better appreciate the human consequences of unethical behavior in the workplace. By focusing squarely on individual well-being, the theory proposes that immoral actions at work take a heavy toll on people's lives, both psychologically and physically. Importantly, these effects are seen not only in the direct victims of unethical behavior but also in a wider range of people who are not typically considered. It is only by studying the effects of unethical work behavior in a more holistic way that our ability to respond effectively to this phenomenon will grow.

Although EIT focuses on individual-level outcomes, it is likely that the effects on well-being extend to the group, organizational, and societal levels as well. External stakeholders such as investors, customers, and local communities are all negatively affected by unethical workplace behavior. These broader effects should be studied in future research, since EIT has public health implications.

## Cross-References


- ▶ Abusive Leadership
- ▶ Ethics and Well-Being
- ▶ Leadership, Ethics, and Decision-Making


E

## References


Dulmus CN, Wodarski JS (2000) Trauma-related symptomatology among children of parents victimized by urban community violence. Am J Orthopsychiatry 70(2):272–277

Elovainio M, Kivimaki M, Vahtera J (2002) Organizational justice: evidence of a new psychosocial predictor of health. Am J Public Health 92(1):105–108

Evans C, Ehlers A, Mezey G, Clark DM (2007) Intrusive memories in perpetrators of violent crime: emotions and cognitions. J Consult Clin Psychol 75(1):134–144

Folkman S (1984) Personal control and stress and coping processes: a theoretical analysis. J Pers Soc Psychol 46: 839–852

Giacalone RA, Promislo MD (2010) Unethical and unwell: decrements in well-being and unethical activity at work. J Bus Ethics 2:275–297

Giacalone RA, Thompson KR (2006) Business ethics and social responsibility education: shifting the worldview. Acad Manag Learn Educ 5(3):266–277

Glomb TM, Richman WL, Hulin CL, Drasgow F, Schneider KT et al (1997) Ambient sexual harassment: an integrated model of antecedents and consequences. Organ Behav Hum Decis Process 71(3):309–328

Hobfoll SE (1988) The ecology of stress. Hemisphere Pub Corp, New York

Jackson B, Kubzansky LD, Wright RJ (2006) Linking perceived unfairness to physical health: the perceived unfairness model. Rev Gen Psychol 10(1):21–40

Janoff-Bulman R (1992) Shattered assumptions: towards a new psychology of trauma. Free Press, New York

Kivimäki M, Ferrie JE, Brunner E, Head J, Shipley MJ et al (2005) Justice at work and reduced risk of coronary heart disease among employees: the Whitehall II study. Arch Intern Med 165(19):2245–2251

Klonoff EA, Landrine H, Ullman JB (1999) Racial discrimination and psychiatric symptoms among blacks. Cult Divers Ethn Minor Psychol 5(4):329–339

Koltko-Rivera ME (2004) The psychology of worldviews. Rev Gen Psychol 8(1):3–58

March JS (1993) What constitutes a stressor? The "Criterion A" issue. In: Davidson JRT, Foa EB (eds)

Posttraumatic stress disorder: DSM-IV and beyond. American Psychiatric Press, Washington, DC, pp 37–54
Moore S, Grunberg L, Greenberg E (2004) Repeated downsizing contact: the effects of similar and dissimilar layoff experiences on work and well-being outcomes. J Occup Health Psychol 9(3):247–257
Motta RW, Kefer JM (1999) Initial evaluation of the secondary trauma questionnaire. Psychol Rep 85(3): 997–1002
Mulki J, Jaramillo J, Locander W (2008) Effect of ethical climate on turnover intention: linking attitudinal- and stress theory. J Bus Ethics 78(4):559–574
Pavalko EK, Mossakowski KN, Hamilton VJ (2003) Does perceived discrimination affect health? Longitudinal relationships between work discrimination and women's physical and emotional health. J Health Soc Behav 1:18–33
Pearlman LA (1999) Notes from the field: what is vicarious traumatization? In: Stamm B (ed) Secondary traumatic stress: self care issues for clinicians, researchers and educators, 2nd edn. Sidran Press, Baltimore, p xlvii
Promislo MD, Giacalone RA, Jurkiewicz CL (2013) Ethical Impact Theory [EIT]: unethical work behavior and well-being. In: Giacalone RA, Promislo MD (eds) Handbook of unethical work behavior: implications for individual well-being. M.E. Sharpe, Armonk, pp 3–20
Schnurr PP, Friedman MJ, Bernardy NC (2002) Research on posttraumatic stress disorder: epidemiology, pathophysiology, and assessment. J Clin Psychol 58(8): 877–889
Walker EA, Gelfand A, Katon WJ, Koss MP, Von Korff M et al (1999) Adult health status of women with histories of childhood abuse and neglect. Am J Med 107(4):332–339
Zapf D, Knorz C, Kulla M (1996) On the relationship between mobbing factors, and job content, social work environment, and health outcomes. Eur J Work Org Psychol 5(2):215–237

# Ethical Issues in Nonprofit Organizations

Christine Gibbs Springer
University of Nevada, Las Vegas, NV, USA

## Synonyms

Argument; Contention non-profit – charitable; Controversy; Ethical – honest; Honorable; Humane; Philanthropic; Principled issue – concern; Problem

## Definition

Ethical means morally correct and honorable (DK 1998).

Issue is a point in question and a subject of debate.

Nonprofit means an organization not involved in making a profit.

## Introduction

Ethical issues in nonprofits are difficult to define and also to resolve. A 2008 Brookings Institution survey found that about one third of Americans reported having "not too much" or no confidence in charitable organizations and 70% felt that charitable organizations waste "a great deal" or a "fair amount" of money. Only 10% thought charitable organizations did a "very good job" spending money wisely; only 17% thought that charities did a "very good job" of being fair in decisions; and only one quarter thought charities did a "very good job" of helping people (Light 2008). Similarly, a 2006 Harris Poll found that only one in ten Americans strongly believed that charities are honest and ethical in their use of donated funds. Nearly one in three believed that nonprofits have "pretty seriously gotten off in the wrong direction." In a 2015 Harris Poll, attitudes toward giving were most often characterized as an option not a responsibility for individuals, and only 21% saw charitable contributions as a personal responsibility (Birth and The Harris Poll 2015). These public perceptions are particularly troubling for nonprofit organizations that depend on continuing financial contributions. It is important to remember the following:

- Nonprofits operate with public support and they need to grow and maintain the public's trust.
- Nonprofits do not pay income tax on revenues; thus they are indirectly supported by all taxpayers.
- Nonprofits seek financial support from the government and private foundations in the form of grants, and they ask community members and corporations for donations.

- Nonprofits must maintain high standards of transparency and integrity if they hope to maintain the support of the community and donors.

To address these issues successfully, nonprofits should have clearly articulated missions and value statements that are enforced organizationally. They should not get involved in situations with gifts that would lead them to compromise their stated values. They should develop a code of ethics that all staff are required to sign as part of their contract with the organization. And the leaders of the organization (executive director, president, board of directors) should uphold the shared values of the organization and set the cultural tone. A strong organizational culture that supports high ethical standards will have tremendous influence both in the community and on employee behavior.

## Ethical Issues

Recent books have discussed ethical issues involved in social workers treating immigrants and refugees as well as the management of human behavior in public and nonprofit organizations when thinking, behaving, and managing conflicts are critical to ethical behavior (Chang-Muy and Congress 2016). These issues are similar to those identified by the Stanford Social Innovation Review in 2009 (Denhardt et al. 2016). The first is **compensation**. Nonprofit organizations sometimes find themselves walking a thin line when it comes to compensating their employees. The sector may be nonprofit, but it's by no means noncompetitive. Organizations looking to hire the best and the brightest in their fields must offer attractive salary and benefit plans. If, however, a salary package is deemed in excess of reasonable compensation, the IRS may impose intermediate sanctions on both the individual receiving that salary and the organizational managers who approved it. Salaries that are modest by business standards can cause outrage in the nonprofit sector. For fundraising professionals often spend a lot of their time on percentage-based compensation which can result in their profiting from donations to their organization. Making a personal profit should not be what motivates a fundraiser to elicit donations.

The second area is **conflict of interest**, which arises frequently in the nonprofit sector because of the very nature of the sector's composition. Nonprofit boards are generally made up of community members, many of whom are private business people. This leads to the potential of a number of ethical questions. Should board members obtain contracts for their company? Are the board member's disclosure and abstention from a vote enough? Should a major donor receive special privileges? Detailed, clear conflict-of-interest policies can answer these questions and help the organization maintain public trust. Giving preferential treatment or lucrative contracts to major donors creates conflicts of interest in a large number of nonprofit organizations. A lack of transparency is also common in the nonprofit industry, allowing organizations to easily cover up contacts and services provided to those with personal relationships held by officers of the nonprofit, their employees, and family members.

The third area identified by the Stanford Social Innovation Review is **publications and solicitation**. Nonprofits must be clear and transparent in all publications and in all solicitation for funds about the percentage of funds spent on administrative costs. If an organization maintains that every dollar donated will go directly to the people served, they must be able to demonstrate the truth of that statement. Most organizations cover administrative costs with some unrestricted donor dollars and will need to educate donors about that reality. Transparency and accountability are crucial. Organizations cannot afford to raise funds on the basis of misguided assumptions or to violate public expectations in the use of resources.

The fourth area is **financial integrity**. Nonprofit organizations also face ethical dilemmas in deciding whether to accept donations that have any questionable associations or conditions. While some organizations restrict who they will take funds from – e.g., Mothers Against Drunk Driving won't take funds from alcohol companies

and the American Cancer Society won't take money from tobacco companies – many other groups don't make such distinctions. Should an organization that works with people affected by cancer take money from a tobacco company? Should a women's study program take money from Playboy? A vast number of nonprofits lack effective strategic plans regarding the use of funding. As a result, programs are not as successful as they could be if the organization applied more diligence to its budgeting practices and spent money raised for a specific purpose on that program. Each organization must reach their own decisions on how to address these questions; however, appearances matter, and it sometimes makes sense to avoid affiliations where questions may arise or when the intentions of the donor are less than philanthropic. There is no money that is inherently bad, but each nonprofit needs to decide for itself what qualifies as tainted money relative to its mission.

The final area is **investment policies**. Advocates of socially responsible investing argue that nonprofit organizations should ensure that their financial portfolio is consistent with their values. This ranges from investing in ventures that further an organization's mission to divestment from companies whose activities undermine that mission. Nonprofits commonly lack the budget to bring in an outside auditor to review their funds on a regular basis, which creates a lack of oversight to catch financial fraud and abuse of funds. When the board or in-house accounting department is in charge of auditing the books with no outside assistance, it is easy to overlook or fraudulently change numbers to support the ongoing negligence or outright theft of public funds. Of course many organizations are not in the position of having an investment portfolio! Regardless, the point is that all decisions made by a nonprofit organization should be tested against the mission and the organization's set of values.

## Perspectives and Solutions

Increasingly, there has been a trend to turn nonprofit management into a recognized profession with credentialing available for fundraising executives, association managers, and nonprofit organization managers. This is because nonprofits generate much of their revenue through nonmarket mechanisms such as seeking donations and many of the ethics-related principles that differentiate nonprofit organizations from their government and private sector counterparts focus on having and complying with a code of ethics. The first code was developed by the National Charities Information Bureau (NCIB) in 1992, and the second was developed by the Council of Better Business Bureau's Standards for Charitable Solicitations in 1974. Both focused on fundraising, set standards, and were not enforceable by law but served as a guide to both donors and those who run charities. Those standards were grouped in nine areas:

1. Board governance
2. Purpose
3. Programs
4. Information
5. Financial support and related activities
6. Use of funds
7. Annual reporting
8. Accountability
9. Budget

In 2001, NCIB merged with the Foundation of the Better Business Bureau and its Philanthropic Advisory Service (PAS). In 2007, it was rebranded into a "Start With Charity" campaign. Charities that meet its 20 standards are now referred to as "BBB Accredited Charities," and its ethics code can be found at http://www.bbb.org/us/charity. Among the controversial aspects of their code is the provision that calls on charities to allocate at least 65% of their donations for program expenses, spending no more than 35% of the related contributions on fundraising. This is a higher standard that either the NCIB or the BBB Philanthropic Advisory Service had enforced prior to the merger. Other standards in this code provide for regular assessment of the CEO's performance, establishment of a conflict-of-interest policy, completion of a written assessment of the charity's performance at least every 2 years, and

standards protecting donor privacy. The new standard discourages accumulating unrestricted net assets available for use that exceed either three times the amount of the past year's expenses or three times the current budget, whichever is higher. In 2016, when the Wise Giving Alliance celebrated 15 years of success, its president, Art Taylor, indicated that some issues continue to exist when verifying charity trustworthiness. Those issues include: (1) Bad Actors Won't Disappear – In a recent settlement with the Federal Trade Commission, all 50 states and the District of Columbia were involved in dissolving two cancer charities accused of fraudulent behavior. (2) Transparency Will Grow in Importance – There has been continued growth in the availability of charity information as the IRS Form 990 has become more accessible and charities will be prompted to be even more transparent about their activities, goals, results, impact, and achievements. (3) Information Manipulation – As charity financial information has become more accessible, it has become more challenging to identify the accuracy and consistency of shared data because some nonprofits follow generally accepted accounting principles (GAAP) in summarizing financial data and others don't. Increasingly, data differences will extend to other areas and confuse users seeking to make informed giving decisions (Rhode and Pakel 2009).

The national professional association of fundraisers also has a code of ethics which was first adopted in 1991 when the organization was known as the National Society of Fundraising Executives (NSFRE), and then in 2007, the code was amended and expanded to include 25 principles by the new organization, the Association of Fundraising Professionals (AFP). The new code consists of a set of general ethical principles, introduced by a preamble that recognizes the stewardship of fundraisers and the rights of donors to have their funds used for the intent they expect. One year after adoption, Standards of Professional Practice was incorporated into the code (https://www.afpnet.org). The code notes that violations "may subject the member to disciplinary sanctions, including expulsion, as provided by the AFP Ethics Enforcement Procedures." Some of the standards are perfunctory (e.g., members shall comply with all applicable local, state, provincial, federal, civil, and criminal laws), and others are general and broad (e.g., members shall not exploit any relationship with a donor, prospect, volunteer, or employee to the benefit of the member of the member's organization). Another issue raised in the standards that is currently of interest is that "members shall not accept compensation that is based on the percentage of charitable donations." While some states have expressly prohibited lobbyists from signing contingency fee contracts in which they are paid only when they are successful in getting a bill or amendment passed by the legislature, contingency fees are routine for attorneys in civil cases and it is not unusual for professional fundraisers to be paid a percentage of the amount that they raise. While many in nonprofits find that this practice promotes unethical solicitations and the AFP opposes compensation based on the amount a fundraiser raises, many feel that there is nothing inherently unethical about basing compensation on "performance."

Such standards and codes of ethics are important in addressing ethical issues in nonprofits; however, they are difficult to enforce. Another approach that is more effective is to rate nonprofits based upon criteria used in the codes and to make the information widely available on websites like guidestar.org, give.org, charitywatch.org, and givewell.org. By doing so, these organizations make the nonprofits more accountable for their actions and to their donors. Guidestar.org, as an example, rates nonprofits by total income, amount of public support, percentage spent on programs, and salary for the highest paid employee which is usually the CEO. Give.org rates nonprofits by board oversight, board size, frequency of board meetings, board compensation, conflict-of-interest enforcement, effectiveness policy, expense breakdown, audit reports, website disclosure, and treatment of complaints. Both of these organizations list as their top picks in 2015 – Goodwill, Catholic Charities, United Way, Red Cross, Salvation Army, and Habitat for Humanity and Boys & Girls Clubs of America. Charitywatch.org, as an example, rates nonprofits

positively if they spend 75% or more on program delivery, have government funding, spend $25 or less to raise $100, and enforce financial management. Charitywatch.org rates the Red Cross A – on their list due to, in part, their spending 90% of revenue on programs.

Another effective approach to resolving ethical issues is for the chief executive officer of the nonprofit to set the moral tone for the organization (Taylor 2016). CEOs are the ones that make their ethical priorities evident in multiple ways, including through policy, the criteria for hiring, promotion, and compensation and the fairness and respect with which they treat their employees. Of course, people vary in their capacity for moral judgment – in their ability to recognize and analyze moral issues, in their capacity for moral behavior and in the priority that they place on moral values. People care deeply about "organizational justice" and perform better when they believe that their workplace is treating them with dignity and is rewarding ethical conduct. What can CEOs do to create an ethical culture? Although there are no guarantees, CEOs can take several steps to create a strong ethical organizational culture:

1. Become a visible role model. Employees take their cues about appropriate behavior from those at the top.
2. Communicate ethical expectations. Organizations can create a "code of ethics." It should state the organization's primary values and the ethical rules that employees are expected to follow. If widely accepted and enforced, codes can also reinforce core values, deter misconduct, promote trust, and reduce the organization's risks of conflicting interests and legal liability.
3. Promote effective financial management. Use resources in a socially responsible way and strive to be cost-effective without sacrificing long-term institutional capacity. Ensure that the organization is using generally accepted accounting practices and is transparent with donors and grantors regarding the use of money.
4. Provide ethical training for employees, and use these training sessions to reinforce the organization's standards of conduct, to clarify what practices are and are not permissible, and to address possible ethical dilemmas.
5. Institutionalize an ethical culture by measuring employee performance and organizational performance against the code of ethics, and make sure the organization pays as much attention to what employees are doing as it does to final deliverables.
6. Provide protective mechanisms. The organization needs to provide formal mechanisms so that employees can discuss ethical dilemmas and report unethical behavior without fear of reprimand. This might include creation of an ethical officer, counselor, or ombudsman position in the organization whose job is to address and resolve those dilemmas effectively.

## Conclusion

A truly ethical organization requires staff involvement and a commitment to put in place policies and procedures that institutionalize ethical expectations and practice. Having a code of ethics is a good place to start. Training the executive director, top managers, and the board of directors so that they better understand how the code reinforces organizational values and what the language in the code means as well as discussing hypothetical and actual situations that others have faced sets the stage for actual ethical behavior to occur. A truly ethical nonprofit can only exist when its leaders embrace ethical decision making and recognize the importance of values other than the bottom line. Nonprofits are guided by a number of principles: first and foremost – *no one individual is to profit from the organization* (VanBuren 2015). Losing sight of this as a principle has led to many scandals. It is also important for the nonprofit to make sure that the principles of honesty, transparency, managing conflicts of interest, privacy, fundraising issues, and treating employees, volunteers, and clients with respect are operational (Svara 2007).

Honesty: Being honest and transparent is important to a nonprofit, and when not followed, it most quickly damages the organization's reputation. In theory, honesty is easy and in practice it is difficult. As an example, is it honest to present a rosy picture on a grant application when the organization does have problems? Being scrupulously honest can lose the organization's some much-needed funding, but being less than honest can be even more costly in the long run. All nonprofits need to consider the truthfulness of their statements, avoid exaggerations and statements that are not true, and recognize that omitting a statement can be the same as telling a lie.

Transparency: Nonprofits can only maintain the public trust by being open about their operations. By law, they must make their Form 990 available to the public, but they can and should do more to let the public know about their organization. Their website and fundraising appeals should clearly articulate the nonprofit's mission, values, scope of activities, and uses of revenue. They should release audited financial statements and an annual report as well as providing information about their goals and accomplishments to rating websites and to guidestar.org. Reports to the public and to rating agencies by the nonprofit's CEO or executive director should be scrupulously honest, consistent, and accurate.

Conflicts of Interest: The first step in addressing a conflict of interest is for the organization to recognize that it exists. As an example, board members are often chosen because of their professional abilities to provide a service to the nonprofit. Those same board members are also likely to be involved with several boards in the same community. Volunteers, employees, and even clients can also face conflicts of interest. In some states, like New York, it is illegal for nonprofit officers and directors to accept loans from the nonprofit. In other situations, the conflict is not directly addressed such as when a board member provides a service for less cost than the nonprofit could obtain otherwise. Some argue that it is important to keep the interests separate in all instances, while others say that it is acceptable to provide such services, so long as the conflict is fully disclosed and the conflicted person does not vote on where he or she should provide such services. At the very least, situations like this call for full disclosure and a disinterested vote.

Privacy: Nonprofit medical organizations and libraries protect patient and patron information. Many nonprofits rent or sell their donor lists without asking the contributor's permission even as codes of ethics increasingly forbid doing so without at least giving the donor the ability to remove themselves from the list. All nonprofits should consider protecting client and customer privacy even when their use of services is less sensitive because sharing donor information without at least giving the donor the ability to remove his or her information from the list raises ethical questions. The Internet adds another layer to the discussion because as the donor addresses credit card numbers and other personal information are provided to potentially unscrupulous people, the organization's code of ethics is clearly violated.

Fundraising: Nonprofits need to address whether it is ever ethical to pay a fundraiser a percentage of the money he or she raises. The Association of Fundraising Professionals (AFP) forbids this practice among its members because they believe that donors who contribute to a nonprofit deserve to see those funds go directly to the organization. Complaints about this practice make up the largest number of complaints that the AFP handles each year (Schmidt 2004). There are also other concerns in this regard. Not only should fundraising materials and solicitations be honest but the nonprofit should use the funds for the purpose specified before the donation was made. This can sometimes be difficult to do because situations change but the donor should, if at all possible, agree to the change. Sometimes, donors make unreasonable demands on the nonprofit such as asking for benefits to not be provided to other donors or for funding to be focused on a purpose not aligned with the nonprofit's mission or to forgo funding from a different source. Questions like these should be considered by the

nonprofit before they actually arise as part of the organization's overall awareness and should be addressed through the practice of their code of ethics and principles of ethical decision making.

Treating Employees, Volunteers, and Clients with Respect

To have an ethically functioning organization, employees and volunteers and clients need to be treated with respect and never discriminated against or harassed. When treated with respect, employees, volunteers, and clients will be motivated to respect the nonprofit and to raise questions when an ethical issue raises its head. Employees and volunteers should also be committed to the organization's code of ethics and to concentrate on its mission and its purpose and to being honest about what is right and what is wrong and how to complete the good works that the nonprofit has been set up to do.

## References

Birth A, The Harris Poll #71 (2015, November 17) Ever heard of giving Tuesday? 87% of Americans haven't. www.TheHarrisPoll.com/business/Ever-Heard-of-Giving-Tuesday.html

Chang-Muy F, Congress EP (2016) Social work with immigrants and refugees. Springer, New York

Denhardt R, Denhardt J, Aristigueta M (2016) Managing human behavior in public and nonprofit organizations. Sage, Los Angeles

DK (1998) DK illustrated Oxford dictionary. Oxford University Press, New York

Light P (2008) How Americans view charities: a report on charitable confidence. Issues in governance, vol 15. Brookings Institution, Washington, DC

Rhode DL, Pakel AK (2009) Ethics and nonprofits. Stanf Soc Innov Rev 7(3):28–35

Schmidt E (2004, November) How ethical is your nonprofit organization? Guidestar.org. https://www.guidestar.org/articles

Svara J (2007) Ethics primer for public administrators in government and nonprofit organizations. Jones and Bartlett Publishers, Sudbury. ISBN 978-1-4496-1901-5

Taylor H, Art (2016, April 6) Wise giving Wednesday: a look at the future of charity accountability. http://www.give.org/news/2016/o4/wise-giving-wednesday-a-look-at-the-future-of-charity-accountability/#sthash.o5wXhwsm.dpuf

VanBuren JA (2015) Ethical leadership factsheet. University of Vermont. https://www.uvm.edu/extension

# Ethical Issues in Regulating Reproductive Technologies

Bonnie Stabile
Schar School of Policy and Government, George Mason University, Arlington, VA, USA

## Synonyms

Assisted reproduction; In vitro fertilization

## Introduction

Reproductive technologies available in the early twenty-first century include a complex array of tools and procedures that enable many people to have children who would otherwise have been unable to reproduce just a little over a generation ago. An expansive definition of reproductive technology might also include capabilities that enable the creation or selection of the traits of children resulting from its use, or even the ability to avoid having children altogether. As with all new technologies, no matter how beneficial, their application can raise ethical questions not previously encountered and precipitate calls for regulation or policy interventions. Bioethics, the "study of moral issues in the fields of medical treatment and research" (Caplan and McGee 2016), can be usefully applied in examining the issues that arise in regard to reproductive technologies. The field of bioethics can be seen as comprising two broad, yet "distinct sub-categories: 1) safety and efficacy, which might also be called 'basic bioethics', and 2) social values, which includes more complex and wide-ranging philosophical, moral and legal considerations" (Stabile 2006, p. 14). These categories cover the predominant ethical considerations brought to the fore when regulation of reproductive technologies is raised.

Though reproductive technologies include some relatively low-tech procedures, such as artificial insemination, the heyday of high-tech assisted reproduction can be traced to the advent of in vitro fertilization (IVF), which was first

accomplished in England in 1978, and in the United States (USA) in 1981 (Sullivan 1981). IVF involves taking eggs from a woman's ovaries and fertilizing them with sperm in a petri dish. The resulting embryos are transferred to a woman's uterus, where it is hoped at least one will implant, leading to the successful birth of a baby (Kincaid 2015a). According to the CDC, the procedure results in a live birth about 30% of the time and accounts for 1.5% of babies born in the USA (Kincaid 2015a).

While originally conceived of as a means of overcoming a common form of infertility, in which a woman's fallopian tubes are unable to transport a mature egg cell from the ovaries to the uterus for fertilization to occur naturally, IVF has made possible a spate of ethically contentious capabilities. These include the use of donor gametes – egg, sperm, or both – for implantation in an intended mother; the use of a surrogate mother to carry a baby to term for other intended parents; and the selection or manipulation of embryos before implantation, to screen for particular traits. This chapter will examine assisted reproductive technologies (ARTs) and practices including IVF, surrogacy, egg donation, pre-implantation genetic diagnosis and gene manipulation, and the principle ethical issues regarding their regulation.

## In Vitro Fertilization

The safety of IVF does not seem to have been seriously in question in the public mind since before the birth of Louise Brown, the world's first "test tube" baby, who entered the world as a healthy baby girl, and not the monster some had feared before the procedure was tested and proven (Marantz Henig 2010). And though some, such as the Catholic Church, find IVF morally problematic due to its manipulation of human embryos, it has gained mainstream acceptance and resulted in the birth of more than five million babies worldwide in the first 35 years of its use (Rochman 2013). The USA, in particular, has regulated IVF only lightly, leading to its characterization as the "Wild West of the fertility industry" (Ollove 2015). The *Fertility Clinic Success Rate and Certification Act of 1992* requires the reporting of some statistics to the Centers for Disease Control and Prevention (CDC), making them available to the public, but the industry is governed primarily through self-regulation (Kincaid 2015b).

One concern is that the number of embryos implanted per IVF cycle evidently exceeds the limits recommended by the American Society for Reproductive Medicine to its physician members, as the number of multiple births has soared, with the rate of twin births alone climbing by 70% since 1980 (Tarkan 2008). Multiple pregnancies are associated with a higher incidence of premature births, which are costlier and lead to more adverse health complications than singles. Nonetheless, market demand for IVF has not abated, as individuals desperate for children of their own seem to willingly take on the considerable costs, about $12,000 per cycle, of the procedure and the increased risks it entails.

According to the principles of biomedical ethics outlined by Beauchamp and Childress (2013), individuals ought to have the right to make choices about what therapies they avail themselves of (autonomy), assuming that the medical community has fulfilled its obligation to ensure that its practices "do no harm" (nonmaleficence), and patients are fully informed of any reasonable risks. Society, according to these principles, ought to "take positive steps to help others" (beneficence) (Beauchamp and Childress 2013, p. 202) and to ensure fair and equitable treatment of all citizens (justice).

To the extent that IVF is a beneficial therapy that allows tens of thousands of infertile people to have children annually (65,000 in the US in 2012 alone) (Ollove 2015) and thereby fulfill what many consider to be an integral aspect of human flourishing, the principles of beneficence and justice suggest that government might take a role in enabling citizens to have broader access to this benefit. Fifteen states in the USA have adopted laws that require insurance providers to cover either infertility diagnosis or treatment. A dozen of these cover IVF, the most expensive infertility treatment, along with less costly procedures like insemination and hormone therapy. These

infertility insurance mandates reflect social values in the states of their passage in the form of a number of restrictions. Six states have exemptions from providing coverage for religious employers, four require that those receiving benefits be married, and three require some version of Hawaii's code, which stipulates that "the patient's oocytes" must be "fertilized with the patient's spouse's sperm" (Stabile 2010). Despite these restrictions, such policies demonstrate that regulation can serve to expand access to desired benefits.

## Surrogacy

The practice of gestational surrogacy is made possible by IVF technology, which enables a woman to bear a child to whom she has no genetic relationship through the creation of embryos outside of the womb. Regulations regarding surrogacy seem less concerned with its safety and efficacy than with its social values implications. While surrogacy has achieved a degree of acceptance in the USA and produced some 2000 babies in 2014 alone, there is no national consensus or federal law guiding its use (Lewin 2014). Seventeen states expressly permit the practice, 21 states have no laws or court decisions to guide it, and five states consider all surrogacy contracts to be "void and unenforceable" (Lewin 2014). The USA is one of the few developed countries where paid surrogacy is legal at all, as it is prohibited in Canada and most of Europe (Goldbert 2016).

Where surrogacy is permitted, the principle of autonomy is upheld, as both the surrogate and the intended parents are able to exercise "procreative liberty," defined as "the freedom to decide whether or not to have offspring and to control the use of one's reproductive capacity" (Robertson 1994, p. 16). Opponents, however, argue that true autonomy is not possible in the case of surrogacy, since they doubt that "a woman's agreement to have a baby and give it up for money" could be fully informed and fear that her initial consent might be unduly influenced by the need for money (Sandel 2009, p. 92). Though many women claim to be motivated primarily by altruistic intent in carrying a child for another individual or couple, the economic incentive is another undeniable component of most such arrangements. This is evident in the USA, where some 20% of surrogate babies are born of military wives, who can earn between $30,000 and $50,000 for carrying a baby, which is well above the average enlisted soldier's annual salary (Howard 2015). The potential for undue economic inducement is even more evident in transnational surrogacy arrangements, where, in countries such as India, which has an extensive surrogacy industry, many women describe surrogacy as their only option for making a living (Bengali 2016). Reliance upon relative disadvantage to instrumentalize the reproductive capacity of some for the benefit of others can be seen as ethically problematic as a matter of justice.

Dorothy Roberts has noted that "procreation's special status stems as much from its role in social structure and political relations as from its meaning to individuals" (quoted in Darnovsky 2010, p. 111) which implies that ethical and legal matters arising from surrogacy have implications beyond individual liberty and autonomy. In *The Moral Limits of Markets*, Michael Sandel says that "sometimes market values create nonmarket norms worth caring about" (2013, p. 113), suggesting that the commodification of reproduction and its precious products may corrupt their value and meaning in society. Similarly, some worry that practices such as surrogacy and egg donation might perpetuate valuing women as mere bodies, breeders, or baby machines (Satz 2011).

## Egg Donation

The medical literature suggests that egg donation, which involves ovarian stimulation and oocyte retrieval, is no more risky than standard IVF, carrying a less than one percent chance of serious complications, like ovarian hyperstimulation syndrome, abdominal bleeding, and infection (Woodriff et al. 2014). Yet, because those donating eggs do not directly benefit from the procedure, the process for informed consent ought to be

held to a higher standard than for patients undergoing egg retrieval for their own IVF procedures, thus benefiting themselves (Skillern et al. 2014). Ethical obligations to protect vulnerable populations are especially important, and it is debated to what extent young women of college age – those most often targeted for egg donation – are, in fact, vulnerable. Egg donation is legal in the USA and regulated only to the extent that the Food and Drug Administration (FDA) requires donors to be tested for some sexually transmitted infections and HIV and that stored eggs, sperm, and embryos be labeled (Kincaid 2015b). The American Society for Reproductive Medicine's guidelines stating that fees over $10,000 are "inappropriate" could be seen as a way to limit undue inducement, but are often not heeded by practitioners, and have been challenged in court as a form of price fixing (Lewin 2015). Egg donation, though the phrase implies a freely given gift, most often involves the payment of a fee to the "donor." This is ethically problematic for some, like Sandel, who are concerned with the consequences of commodifying human reproduction and others who might see it as akin to selling body parts.

Paternalistic policies, which limit some freedoms for the purpose of protecting individuals or populations who might otherwise be harmed, are sometimes sought to rein in egg donation and IVF. Since known short-term risks to health and safety are limited in both cases, arguments for more regulation may rest on concern with social values, or unknown long-term consequences. Some religious and social conservatives object to the use of assisted reproductive technologies (ARTs) in part because they enable reproduction that subverts traditional paradigms, allowing homosexuals or single women to found families. Others assert that, though current scientific evidence is unable to substantiate the existence of harms resulting from IVF or egg donation, adherence to the precautionary principle is warranted to prevent future harms, of which we might not yet be aware due to the fact that ARTs have only been in use for 30 years or so. This latter principle is more widely embraced in Europe, where it serves as the basis for regulation of genetically modified organisms in the food supply and likely underpins restrictions on ARTs as well.

## Pre-implantation Genetic Diagnosis and Gene Editing

The manipulation of embryos involved in IVF not only enables some otherwise infertile individuals to have their own biological children; it also makes it possible to screen those embryos for favored traits, such as freedom from genetic diseases, or a preferred gender, and potentially other attributes. Pre-implantation genetic diagnosis (PGD) tests IVF embryos for the presence of genetic or chromosomal abnormalities so that families with these inheritable conditions can avoid passing them on by selecting to implant only embryos free of these conditions. In the UK, the Human Fertilisation and Embryology Authority (HFEA) deliberates over the disposition of all embryos and publishes a long list of conditions for which it is allowable to use PGD, such as cystic fibrosis and Down's syndrome. In the USA, there is no such regulatory entity overseeing fertility clinics and embryo research, so PGD can be used even for sex selection, which is prohibited in the UK.

Avoiding inheritable disease is generally agreed to be a morally defensible use of reproductive technology, but some, like Marcy of the Center for Genetics and Society, fear that selecting embryos on the basis of their genetic traits is a form of "high-tech eugenics" (Sidhu 2012). Groups representing people with disabilities worry that if conditions such as deafness or Down's syndrome become less common, the people who have them will be even further marginalized. And Darnovsky asserts that choosing embryos on the basis of sex encourages gender stereotyping that is potentially damaging to women and girls (Sidhu 2012). Sex selection has been demonstrated to have damaging effects when practiced widely in populations, such as India and China, which now face seriously skewed sex ratios, millions of unmarriageable men and a spike in trafficking of women (Hvistendahl 2011). Sex selection using PGD

occurs in wealthier populations such as the USA, where it sought to achieve "family balance," often by those seeking girls (Sidhu 2012). In the developing world, where boys are favored for their status and breadwinning capacity, cheaper, lower-tech options for sex selection are favored, like ultrasound, followed by abortion if a female fetus is detected.

Fears about PGD's potential for use in the creation of "designer babies" have been largely unfounded, as the current state of reproductive technology does not allow for the selection of embryos based on desired traits like height or musical or athletic ability. Nonetheless, similar concerns have been raised about gene editing since the HFEA decided to allow the gene editing technology known as CRISPR/Cas9 in embryo research in February 2016. The stated intent of the research is to study early-stage human development, but the capability of CRISPR/Cas9 is that of a scalpel-like tool that has been used to cut out gene mutations leading to conditions such as HIV. Should the hopes of some and the fears of others be realized, this technology could eventually lead to the editing of embryos to eliminate certain conditions and traits deemed undesirable not only in individuals, but in the germ line, with unknown unintended consequences for future generations.

## Conclusion

Reproductive technologies have led to millions of births, easing the heartache of many who might otherwise have suffered from infertility, or the burden of passing on devastating diseases. Once determined to have low risk of harm and significant potential for relieving human suffering, it seems appropriate to permit, and even promote, as a matter of beneficence, such medical therapies and practices as IVF, surrogacy, egg donation, and pre-implantation genetic diagnosis. Yet each of these ARTs raises ethical challenges that arguably warrant some kind of regulation. Those undergoing IVF, and acting as surrogates and egg donors, must be fully informed of the known risks and consequences of their participation in order to be able to make truly autonomous decisions. And though care should be taken to ensure procreative liberty, account should be taken, too, of the long-term and society-wide consequences of the use of reproductive technologies. If such beneficial technologies are available only to the well-off and are made possible by the service of donors or surrogates compelled by economic need, already prevalent injustices might be perpetuated. This division could be exacerbated with the further development of genetic engineering.

Health risks of current practice, to women, and to children born as a result of reproductive technologies, merit ongoing attention. Self-regulation guidelines have often gone unheeded, leading to a discernable increase in multiple pregnancies and premature births. The medical community and governmental authorities have a duty to protect public health and avoid harms as a matter of nonmaleficence. Paternalistic policies justifiably protect the rights of children to know their genetic origins when donors or surrogates are involved. And precautionary policies may be appropriate to temper the advance of reproductive technologies that may pose consequential risks to humanity.

## Cross-References

► Health Policy: Innovative
► Healthcare Ethics

## References

Beauchamp TL, Childress JF (2013) Principles of biomedical ethics, 7th edn. Oxford University Press, Oxford

Bengali S (2016) India scales back 'rent-a-womb' services. Los Angeles Times, January 25. Available at http://www.latimes.com/world/asia/la-fg-india-surrogacy-20160125-story.html

Caplan AL, McGee G (2016) Scopes of the field and a brief history of bioethics. An introduction to bioethics. Available at http://www.bioethics.net/bioethics-resources/bioethics-glossary/introduction/

Darnovsky M (2010) Moral questions of an altogether different kind: progressive politics in the biotech age. Harv Law Policy Rev 4:99–119

Goldbert M (2016) Is a surrogate a mother? Slate February 15. Available at http://www.slate.com/articles/double_x/doublex/2016/02/custody_case_over_triplets_in_california_raises_questions_about_surrogacy.html

Howard S (2015) US Army wives: the most sought after Surrogates in the world. The Telegraph, May 7. http://www.telegraph.co.uk/women/mother-tongue/11583541/US-army-wives-the-most-sought-after-surrogates-in-the-world.html
Hvistendahl M (2011) Unnatural selection: choosing boys over girls and the consequences of a world full of men. Public Affairs, New York
Kincaid E (2015a) The success rates of "test tube babies" are nowhere near what people think. Business Insider, May 28. Available at http://www.businessinsider.com/in-vitro-fertilization-ivf-success-rates-2015a-5
Kincaid E (2015b) A booming medical industry in the US is almost totally unregulated. Business Insider, July 7. Available at http://www.businessinsider.com/assisted-reproduction-ivf-industry-regulation-2015b-6
Lewin T (2014) Surrogates and couples face a maze of laws, state by state. The New York Times, September 17. Available at http://www.nytimes.com/2014/09/18/us/surrogates-and-couples-face-a-maze-of-laws-state-by-state.html
Lewin T (2015) Egg donors challenge pay rates, saying they shortchange women. The New York Times, October 16. Available at http://www.nytimes.com/2015/10/17/us/egg-donors-challenge-pay-rates-saying-they-shortchange-women.html?_r=0
Marantz Henig R (2010) In vitro revelation. The New York Times, October 5. http://www.nytimes.com/2010/10/05/opinion/05Henig.html?_r=0
Ollove M (2015) Lightly regulated in vitro fertilization yields thousands of babies annually. The Washington Post, April 13. Available at https://www.washingtonpost.com/national/health-science/lightly-regulated-in-vitro-fertilization-yields-thousands-of-babies-annually/2015/04/13/f1f3fa36-d8a2-11e4-8103-fa84725dbf9d_story.html
Robertson JA (1994) Children of choice: freedom and the new reproductive technologies. Princeton University Press, Princeton
Rochman B (2013) Five million babies born through IVF in past 35 years, researchers say. NBC News, October 14. Available at http://www.nbcnews.com/health/5-million-babies-born-through-ivf-past-35-years-researchers-8C11390532
Sandel MJ (2009) Justice: what's the right thing to do? Farrar, Straus and Giroux, New York
Sandel MJ (2013) What money can't buy: the moral limits of markets. Farrar, Straus and Giroux, New York
Satz D (2011) Feminist perspectives on reproduction and the family. In: Zalta EN (ed) The Stanford encyclopedia of philosophy (Summer 2011 edn). Retrieved from http://plato.stanford.edu/archives/sum2011/entries/feminism-family
Sidhu J (2012) How to buy a daughter; Choosing the sex of your baby has become a multi-million dollar industry. Slate, September 14. Available at http://www.slate.com/articles/health_and_science/medical_examiner/2012/09/sex_selection_in_babies_through_pgd_americans_are_paying_to_have_daughters_rather_than_sons_.html
Skillern AA, Cedars MI, Huddleston HG (2014) Oocyte donors' comprehension as assessed by the EDICT (Egg donor informed consent tool). Fertil Steril 101(1):248–251
Stabile B (2006) Balancing morality and economy: the case of state human cloning policies. Doctoral dissertation, George Mason University
Stabile B (2010) State infertility insurance law indicators. World Med Health Policy 2(3): Article 2. Available at http://www.psocommons.org/wmhp/vol2/iss3/art2
Sullivan W (1981) First 'test-tube' baby born in the US, joining successes around the world. The New York Times, December 29. Available at http://www.nytimes.com/1981/12/29/science/test-tube-baby-born-in-us-joining-successes-around-the.html
Tarkan L (2008) Lowering odds of multiple births. The New York Times, February 19. Available at http://www.nytimes.com/2008/02/19/health/19mult.html
Woodriff M, Sauer MV, Klitzman R (2014) Advocating for longitudinal follow-up of the health and welfare of egg donors. Fertil Steril 102(3):662–666

E

## Ethical Issues in Research

Juwel Rana[1,2,3], Segufta Dilshad[1] and Md. Ali Ahsan[4]
[1]Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh
[2]Department of Biostatistics and Epidemiology, School of Health and Health Sciences, University of Massachusetts Amherst, Amherst, MA, USA
[3]Department of Research and Innovation, South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh
[4]Space and Environment Research Center (SERC), Rajshahi, Bangladesh

> The most important human endeavor is the striving for morality in our actions. Our inner balance and even our very existence depend on it. Only morality in our actions can give beauty and dignity to life – *Albert Einstein.*

### Synonyms

Ethics; Methodology; Mixed-method research; Observation; Qualitative research; Quantitative research; Research; Research design; Research ethics

## Definition

| | |
|---|---|
| Ethics | Ethics is a set of standards, a code, or value system, worked out from human reason and experience, by which free human actions are determined as ultimately right or wrong, good, or evil. If acting agrees with these standards, it is ethical, otherwise unethical. |
| Research | Scientific research refers to a persistent exercise towards producing new knowledge to unveil a new stream of ideas in academia for humankind. |
| Research Ethics | Research ethics refer to some of the genres that researchers follow to protect the rights in developing research strategies and building a trusted relationship between the study participants and investigator. |

## Introduction

Ethics or moral philosophy is a branch of philosophy with standards or codes or value systems and involves defending, systematizing, recommending concepts of right, and minimizing wrong conduct. Ethical issues in research are some of the genres that researchers follow to protect the rights in developing research strategies and building a trusted relationship between the study participants and investigator. In a scientific study, research ethics plays a crucial role, and it refers to a persistent experience towards producing new knowledge for the sake of unveiling a new stream of ideas in academia. Ethical considerations in research have always been challenging, including ethical concerns vis-a-vis time, funding, accessibility, and proper implementation of these concerns. These considerations need to apply throughout the study rather than at any specific time of the process. The current chapter will briefly cover basic research ethics principles and their implementation in research strategies.

## Basic Principles of Research Ethics

**Research ethics** guide researchers conducting any research, educate, and monitor scientists to ensure a high ethical standard in research. Major ethical requirements of scientific study include five fundamental ethical principles, which needs to be considered at the research planning and designing phases: first, minimizing the risk of harm to the participants; second, securing informed consent from the identified research participants; third, protecting the anonymity and confidentiality of the participants; fourth, avoiding deceptive practices; and finally, offering participants the right to withdraw from the research at will (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988).

Two major concepts are in consideration here: (a) the researcher should focus on the participants' welfare as a goal of any research study, which is known as *beneficence*, and (b) the researcher must avoid harming and maintain confidentiality, which is known as non-malfeasance (Principles of research ethics). Based on country or institution, ethical requirements in research may differ. While reviewing the approval process, the ethics committee of the concerned institution might find inadequacy of ethical requirements in the proposal and may reject any study that fails to meet the basic ethical standards.

## Minimizing the Risk of Harm

No research is supposed to do any harm to participants. Even then, participants could be subjected to several types of harm, such as physical harm, psychological distress, social humiliation, financial loss, and invasion into privacy by breaking the anonymity rule. Strong justifications are crucial if there are any possibilities that participants could be harmed or feel discomfort. Additional strategies and planning mentioning the harm or discomfort reduction strategy, including detailed debriefing, may contain the situation. Therefore, it is important to minimize the risk of harm by

ensuring, inter alia, informed consent, protection of anonymity and confidentiality, and nonuse of any deceptive practices, including options for participants to withdraw from the research at any time (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988; Fisher and Anushko 2008).

## Obtaining Informed Consent

"Informed consent" is known as the cornerstone of ethical research. The informed consent process is also known as a contract between the researcher and the participants. The term consists of two important elements, and each requires careful consideration: "informed" and "consent." The required information in the consent form should include the purpose of the research, what will be asked to them, the methods being used, how the data will be used, the possible outcomes of the research, and associated inconveniences and risks/consequences (if any) that the participants might face. The participants must provide explicit, signed consent to participate in the research, including understanding their rights to access their information and the right to withdraw anytime at will. It is also a standard practice to mention in the consent form that the participant is volunteering and his/her participation in the study is without being coerced and deceived. There are situations where informed consent may not be possible to collect from participants; in that situation, the researcher must thoroughly explain the case before approaching the actual research activity with the participant(s) and ethics committee (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988; Fisher and Anushko 2008).

## Protecting Anonymity and Confidentiality

If the participants are willing to volunteer to share private or sensitive information, the researchers must ensure extra efforts to keep the information confidential. Insensitive data collection methods might hurt the research participants' privacy. It is likely to face a greater risk of data breach after collection if data is not stored and treated sensibly, including even during the publication process. However, some research may not be mandatory to keep the information of the research participants confidential or anonymous. If the investigator needs to disclose confidential information of the research participants, an entirely understandable "informed consent" has to be taken from the participants (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988; Fisher and Anushko 2008).

## Avoiding Deceptive Practices

The deception of subjects may occasionally be a requirement in research studies, known as covert research. This is typically needed to promote scientific validity, where subjects are given false or incomplete information about the research to obtain unbiased data with respect to their attitudes and behavior. This is generally used when complete or truthful disclosure is expected to produce biased results. For example, the research study team may inform subjects that they will be engaged in a cooperative task with other subjects, but in reality, subjects will be interacting with study personnel, of course unknowingly (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988; Fisher and Anushko 2008). Few things must be remembered in such a situation:

- The potential scientific value to the research should justify deception, not otherwise.
- Deception should only be used when there are no reasonably effective, alternative methods available to achieve the research study's goals.
- Deception is only used with study components having potential risks.
- In the interest of full disclosure, researchers must debrief subjects about the deception to the extent possible.

## Providing the Right to Withdraw

Most ethics committees for research, which review research protocols, generally emphasize reserve unconditional or absolute "right" of withdrawal of participants at any time and without giving any reason. The right to withdraw, by design, is to protect research participants from an inherent uncertainty, information imbalance, inability to hedge, and untoward bodily invasion. This is important because it strengthens public trust in the research institution and the research domain. Research participants must have the right to withdraw anytime at will from the research process, except for covert observations. The research team must ensure that when a participant considers withdrawing from the research process, there should not be any way to stop them from withdrawing (Principles of research ethics; Homan 1991; Israel and Hay 2006; Kimmel 1988; Fisher and Anushko 2008).

## Brief Historical Background of Research Ethics

Individuals, communities, and social values govern scientific research work as human activities. Research ethics involve protecting subjects' dignity required in daily works and the publication of the information in research. Ethical concerns and dilemmas are part of the everyday practice of conducting all types of research. Ethical issues are not confined to qualitative research or studies involving human subjects and equally pertinent in clinical trials that involve animals. Moreover, ethical issues are also equally important for non-empirical research that has remarkable direct and indirect impacts and research investigating humans or documents related to people. The traditional starting point and focus for ethical issues were mainly in quantitative biomedical research. However, social scientists have started discussing ethical issues in qualitative social research since 1960s (Homan 1991; Bulmer 1982; Robley 1995).

Experiment on humans was conducted even before the eighteenth century. However, ethical issues in research drawn society's interest only after the 1940s because of human exploitation in several research. Thus, professional codes and laws were introduced to prevent abuses of human lives in the name of research. The Nazi experiments led to the Nuremberg Code (1947), which is the leading code for all subsequent codes to protect human rights in research. Voluntary informed consent, liberty of withdrawal from research, protection from physical and mental harm, or suffering and death were the main focus of this code. This code also emphasizes the balance between risk and benefit of involving humans in research. This code's key limitation was the self-regulation of the research that could be abused. All declarations followed prohibited nontherapeutic research, but Helsinki's declaration in 1964 urges the necessity of nontherapeutic research. Helsinki's declaration emphasized the protection of human subjects and strongly proclaimed that individuals' wellbeing should be prioritized over scientific and social interests (Homan 1991; Kimmel 1988; Orb et al. 2001).

## Research Strategy and Research Ethics

It is important to understand how research strategy affects research ethics. Any research strategy introduces a research study or project's main components, such as research perspective, research area, focus, research method, and research design, including sampling and data analysis techniques. It means how researchers propose answering their research questions and implementing the methodological aspects. All these components have inherent ethical implications for the research study. Therefore, when a research strategy is undertaken, it is supposed to guide the study and determine the research approach, leading to research ethics (Homan 1991).

## Ethical Issues in Research Designs

Each type of research design comes with unique ethical challenges. There are three types of

research designs: quantitative, qualitative, and mixed-method designs.

### Quantitative Research Design

Quantitative research design is more structured and well-defined, allowing researchers to plan most of the research process in clear terms ahead of time. There tends to be relatively little deviation from these design specifics even during the research implementation phase. Clarification about the quantitative design and associated process makes it easier to understand potential ethical challenges during the research phase. Accordingly, the researchers can plan to address these possible ethical challenges, including an appropriate ethics proposal (Kimmel 1988).

In nonexperimental research, the researcher only needs to convince the supervisor that potential ethical challenges were covered instead of submitting an ethics proposal to an ethics committee. In experimental research, especially involving human subjects, the researcher needs to submit an appropriate ethics proposal, although that process can slow down the research process (Hill and Wright 2001).

### Qualitative Research Design

The primary way of conducting qualitative research is to use structured, semi-structured, and unstructured interviews. Researchers can get rich and in-depth information using interview techniques. However, extensive planning to develop the structure; decide whom to interview and how, individual or group interviews; and record and analysis is mandatory. Interviewees should have multiple skill sets of conducting qualitative interviews, including rapport building, social skills, communication, and good listening skills. All these are prone to problems of uncertainty associated with individual behavior, thereby generating possible biases, leading to ethical challenges (Robley 1995; Orb et al. 2001; Wiles et al. 2006).

A research project may have several stages. Qualitative research design and data obtained during implementation may affect selecting research methods in the following phase(s) of a research project. Therefore, potential ethical issues, therefore, may arise in the next stage of a research project only become apparent after completing a certain preceding stage(s). This raises difficulty in understanding possible ethical challenges that may evolve in the process of qualitative research. Furthermore, subsequent planning should be at the outset of the research process to write an ethical proposal and overcome these ethical challenges. The ethical approval process may even get more complicated if the research involves deceptive practices (like covert observation) or sensitive segments of human subjects like children or marginalized people. Thus, the inclusion of a qualitative component, with its uncertainty, makes the ethics approval process more challenging (Robley 1995; Orb et al. 2001).

### Mixed-Method Research Design

Researchers should consider the potential ethical challenges inherent in quantitative and qualitative research, including possible synergy to apply mixed-methods research design. Often, this forces a greater burden on the researcher to clarify the overall design process and slow down the research process. This is particularly prominent if the researcher needs to finish the qualitative phase (e.g., interviews) before settling on the appropriate quantitative technique (e.g., experimental or nonexperimental) (Fisher and Anushko 2008).

## Ethical Issues in Research Methods

Potential ethical issues may be raised from research methods (e.g., surveys, in-depth interviews) to be used. The ethical issues may also be different due to how a method is used (e.g., covert versus overt observation).

### Surveys and Structured Interviews

Surveys and structured interviews usually employ closed-ended questions, and respondents choose answers from the predefined options, which should be designed before starting research. Thus, it becomes easier for respondents to understand predefined questionnaires and for researchers to get informed consent. However, researchers should clearly explain the structured

questionnaires, options, ethical issues, and rights for the respondents, which help researchers get informed consent and ease the research participant's mind, minimizing potentials for distress (Israel and Hay 2006; Kimmel 1988).

### Observation: Overt and Covert

Compared to surveys and structured interviews, overt or covert observation methods warrant higher ethical scrutiny. In covert observation, participants do not know which research method is applied that can raise significant ethical concerns. It is reassuring to note that most research that uses observation as a research methodology generally tends to use an overt method, where the participants are aware that the researchers are making them subjects. It is relatively easier to obtain informed consent from those participants who undergo overt observations. On the other hand, covert observation is a form of deceptive practice and problematic in terms of ethical aspects. The participants' absence of informed consent and the researcher's willful attempt to keep the observation covert can give rise to ethical concerns. It could be considered contentious to use covert observation and deceptive practices, especially when used intentionally (Kimmel 1988; Bulmer 1982).

### Informal and In-Depth Interviews

Informal and in-depth interviews can lead to greater exposure to ethical standards. Potential ethical issues may arise from the types and quality of data that needs to be obtained, the procedure of storing the data, and how to inform the participants that their data will be used (Orb et al. 2001; Wiles et al. 2006).

## Ethical Issues in Sampling Strategies

Sampling that the researcher may choose to investigate can also raise several ethical issues that need a clear understanding and appropriate attention to be resolved.

### Sampling Techniques

During the sampling process, the researcher needs to decide on sampling units (e.g., people, organizations) – criteria to include as a sample and exclude from the included samples –sampling techniques (probabilistic and non-probabilistic) help in selecting such units. The researcher selects units for the sample from an existing population list with specific confidentiality and data protection issues in the probability sampling technique. Until the researcher gets permission to access the population list and its details, it is unethical to use it for research purposes. This warrants the researcher to obtain the right to have access to the list he/she intends to use. For non-probability sampling, the researcher may include or exclude units for theoretical or practical reasons. For example, in purposive sampling, the choice of units to be included and excluded is entirely driven by theoretical elements, raising few ethical concerns. On the other hand, if units are included or excluded for practical reasons like ease of access or personal preferences (e.g., convenience sampling), there exists the risk that some units may be excluded unnecessarily, which also raises ethical issues (Principles of research ethics; Butler 2002).

### Sample Size

Sample size depends on sampling techniques, whether probabilistic or non-probabilistic aspects of it. Ethical issues might appear in determining sample size for two reasons: (a) an oversized sample, more people or organizations in the sample than necessary to achieve the research goals, is an ethical issue because it would expose more people (or other units) than it is necessary for the study; and (b) an undersized sample limits the researcher to achieve the goals of the study, due to insufficient units of the sample. The ethical issue is that the researcher fails to correctly answer the research questions, not because of the lack of answer; instead, it is due to the small sample size for such an answer to be explored, derived, or interpreted (Principles of research ethics; Butler 2002).

## Ethical Issues in Data Analysis

The participants' confidentiality and data privacy issues often face challenges during the data

analysis and reporting phases. Ethical challenges are different for quantitative and qualitative data analysis, which requires particular attention. Quantitative data analysis techniques (e.g., data aggregation and data summarization) have built-in protection mechanisms towards respondents' anonymity with some exceptions (Hill and Wright 2001). On the other hand, both presentation style and the depth of qualitative data quality often create potential ethical challenges, mainly due to researchers' style of reporting qualitative data in all its richness, increasing the risks of identifying research participants (Wiles et al. 2006).

## Conclusion

Research ethics are important moral signposts for researchers to avoid deception when conducting and reporting research outcomes. Research ethics also protect against any possible harm to the study participants. This further helps validate any research. Following ethical standards in research also ensures credibility and public trust. Ethical issues in research should be prioritized in the study design phase. Therefore, tackling ethical issues and challenges aligns with the research strategy to get maximum impact.

## Cross-References


- ▶ Code of Ethics
- ▶ Ethics and Philosophy
- ▶ Quantitative Methods


## References


Bulmer M (1982) Social Research Ethics: An Examination of the Merits of Covert Participant Observation. Holmes & Meier Publishers

Butler I (2002) A Code of Ethics for Social Work and Social Care Research. Br J Soc Work [Internet]. 32 (2):239–48. Available from: https://doi.org/10.1093/bjsw/32.2.239

Fisher CB, Anushko AE (2008) The SAGE Handbook of Social Research Methods [Internet]. London: SAGE Publications Ltd; p. 95–109. Available from: https://methods.sagepub.com/book/the-sage-handbook-of-socialresearch-methods

Hill J, Wright LT (2001) A qualitative research agenda for small to medium-sized enterprises. Mark Intell Plan 19(6):432–443

Homan R (1991) The ethics of social research. Addison-Wesley Longman Limited

Israel M, Hay I (2006) Research ethics for social scientists. Sage

Kimmel AJ (1988) Ethics and values in applied social research. 1st ed. SAGE Publications Inc

Orb A, Eisenhauer L, Wynaden D (2001) Ethics in qualitative research. J Nurs Scholarsh 33(1):93–96

Principles of research ethics [Internet]. Lund Research Ltd. 2012 [cited 2020 Dec 15]. Available from: https://dissertation.laerd.com/principles-of-research-ethics.php

Robley LR (1995) The ethics of qualitative nursing research. J Prof Nurs 11(1):45–48

Wiles R, Charles V, Crow G, Heath S (2006) Researching researchers: lessons for research ethics. Qual Res. 6 (3):283–99


# Ethical Leaders


Ranesh Sivnarain
Forensic Services, University of KwaZulu-Natal, Durban, South Africa


## Synonyms

Honorable; Leaders with integrity; Principled; Virtuous

## Definition

Ethical leaders conform to accepted standards of conduct.

## Introduction

The prevention of fraud has become an integral component of conducting business throughout the world. With the advent of evolving business practices, organizations conducting business across geographical and political borders, and the sophistication of computer technology, fraudsters have

adapted their *modi operandi* to perpetrate fraud in the twenty-first century. In order to prevent fraud, governments have enacted legislation, while leaders of organizations in general have implemented or amended fraud prevention policies and procedures. There is a thrust to inculcate an ethical ethos within organizations. This chapter elaborates on the relevance of ethical leaders within organizations.

## The Conduct of Unethical Leaders

Unethical conduct in the form of fraud and corruption is becoming ubiquitous. A poor ethical culture set by leaders is a catalyst for employees to commit fraud against their organizations. Therefore, organizations should advocate integrity and sound ethical values (COSO 2017). Management and the board of directors should set a sound ethical tone at the top (lead by example), design and implement a code of conduct, and monitor and measure compliance with this code during employee performance reviews.

The circumvention of internal controls by Management is a form of unethical conduct within an organization. Internal controls are circumvented by fraudsters to commit fraud. Circumvent is defined as "to get around something in a clever and sometimes dishonest way" (Merriam-Webster Dictionary 2017a). Organizations should take into consideration the risk of employees circumventing internal controls to commit fraud. They should design and implement fraud prevention controls by enhancing management oversight over operations.

Management also overrides internal controls in order to commit fraud. Strong internal controls can minimize risks that an organization is exposed to, but it cannot obviate risks linked to the overriding of internal controls. Override is "to stop an action that is done automatically by using a special command" (Merriam-Webster Dictionary 2017b). The override of internal controls by management could lead to the failure of the internal control environment (COSO 2017). Management, as the leader of an organization, is responsible for designing, implementing, and monitoring internal controls. Organizations are susceptible to the override of internal controls by management, who are tasked with preserving the internal control environment. In such a scenario, organizations should rely on an independent audit and risk committee to maintain oversight over the internal control environment to prevent the override of internal controls by management.

The trend of 62% of management and senior management committing fraud has not significantly changed over recent years (PwC 2014). Management has a fiduciary duty to protect public funds entrusted to them from fraud and abuse. In this regard, it is the responsibility of management to design and implement strong fraud prevention internal controls. The fraud prevention strategy of organizations should consider this risk by implementing strong mitigating internal controls and other relevant antifraud interventions.

## The Negative Impact of Unethical Leaders

The perpetration of employee fraud is pervasive despite the existence of internal controls which are intended to prevent fraud from taking place. Approximately, 58% of organizations globally, which were victims of fraud, were not able to recover any of the losses from the fraudster (ACFE 2016). With an escalation of the number of incidents of fraud and corruption, the cost of the loss to the victim organization can be expected to escalate. Organizations lose approximately 5% of their income to fraud every year (ACFE 2016). Of concern to organizations should be the phenomena that approximately 66% of employees who committed fraud held management and senior management positions (KPMG 2016). Losses due to employee fraud need to be prevented, as the cost of the loss is not limited to the amount that has been defrauded. The loss does not include the cost to have the matter investigated, disciplinary action, dismissal arbitration, civil litigation, and criminal prosecution.

## Internal Controls

A sound ethical culture, coupled with effective internal controls, is essential to prevent fraud that is committed by employees. The challenge for organizations is determining how to tighten their internal controls to prevent fraud from occurring and also detect and investigate fraud that has already occurred. A significant increase in cases where deficient internal controls were exploited by the fraudsters escalated in 2013 from 54% to 61% during 2016 (KPMG 2016). Internal controls are an essential intervention in preventing fraud, but may not be the only intervention required. It is the responsibility of management to adequately design and implement internal controls to mitigate fraud risks.

It is essential for organizations to espouse integrity and high ethical values. This principle is premised on four essential elements. Firstly, the board and all levels of management should set a sound ethical tone and lead by example. Secondly, standards of conduct serve as a reminder to employees and stakeholders to act ethically. Thirdly, adherence to the standards of conduct is evaluated during performance reviews. Lastly, deviations from the standards of conduct are identified and appropriately addressed.

The board should also exercise adequate oversight and exhibit its independence from management and ensure that internal controls are developed and remain effective and adequate. Leaders should be held accountable for their internal control responsibilities.

## Fraud Prevention Initiatives by Ethical Leaders

Ethical leaders set a strong ethical tone at the top, which their employees follow. This initiative is supported by the implementation of a code of conduct followed by awareness training for all employees about the tone at the top and the code of conduct. The code is the standard of ethical conduct expected of all employees. It is essential for organizations to create and implement a fraud prevention policy and response plan. The policy should stipulate preventative measures as well as the action that will be taken once fraud is detected or suspected. The policy should guide the process of evidence gathering to ensure admissibility in courts of law. The policy should emphasize the commitment of the organization to high standards of legal, moral, and ethical conduct as well as spell out the consequences for employees who do not adhere to these standards (CIMA 2008). An anti-fraud policy is essential for management, in which a strong ethical culture among all employees within the organization is highlighted.

In enhancing sound governance, the practice of whistleblowing has proved to be useful in detecting fraud. At least 47% of employee fraud had been detected globally by means of a tip-off (ACFE 2016). This result emphasizes the benefit to organizations in having a whistleblowing facility together with a relevant policy to address fraud. The Sarbanes-Oxley Act of 2002 in the United States of America (USA) compelled organizations to implement a whistleblowing program in order to receive and respond to reports about fraudulent activities. Subsequently, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 compelled the U.S. Securities and Exchange Commission (SEC) to reward whistleblowers for reporting transgressions of federal securities legislation in USA. According to the website of the U.S. SEC (2017), the Commission is authorized to provide "monetary awards to eligible individuals who come forward with high-quality original information that leads to a Commission enforcement action in which over $1 000 000 in sanctions is ordered. The range for awards is between 10% and 30% of the money collected."

Organizations need to inculcate a culture of ethical conduct among all its employees, from its leadership to the most junior employee. Employees should emulate their leadership and management and act ethically. Management should not adopt double standards and act unethically, yet expect their subordinates to behave otherwise (CIMA 2008). Continuous fraud awareness training should be provided to

employees to empower them to understand what fraud and unethical conduct is and how to report these when they encounter it. Employees who are trained to identify fraud schemes will be valuable in reporting fraud when they encounter it. Organizations should consider offering a cash incentive to employees for providing information about fraudulent activities. The cost of the reward payment could be justified by the decrease in fraudulent activities.

## Governance by Ethical Leaders

In order to ensure ethical leadership (and ultimately sound governance), emphasis should be placed on two aspects. These are board or audit committee oversight as well as senior management oversight. Firstly, directors of a board or members of a council occupy an essential role in overseeing the implementation of internal controls intended to mitigate fraud risks. In certain instances, such an oversight role is delegated to the audit committee by the board. Directors should ensure that internal controls are adequate and effective. Setting the tone for ethical behavior in an organization is the joint responsibility of the board and management. Secondly, senior management should be responsible for oversight of the fraud risk management interventions that are implemented. Their oversight should not be primarily on prevention, but detection and response to fraud should not be overlooked. The chief executive officer is best placed to set an appropriate ethical culture within the organization. S/he is able to lead by example and direct the effort with assistance of the senior management team. The chief executive officer should hold members of the senior management team accountable for noncompliance with policies and procedures. This message should permeate the organization and serve to consolidate an ethical culture within.

The code of conduct should apply to clients, suppliers, and stakeholders. Such a code sets a strong tone within the organization about the commitment of management to a sound ethical culture. In order for this tone from the top to permeate throughout the organization, it requires that employees are made aware of the code and the commitment of management to a culture of integrity. A code of conduct is essential to ensure that all employees commit to a single standard of high ethical culture within an organization, without any double standards and selective application.

One of the key principles of the King IV Report on Corporate Governance for South Africa (2016) is that the governing body should lead ethically and effectively. Firstly, this principle requires that the governing body display integrity, competence, fairness, accountability, responsibility, and transparency in all its dealings. Secondly, it should ensure that the organization achieves its objectives. Lastly, the governing body should disclose how they are being held to account for their leadership.

## Conclusion

The need for an effective ethical culture within an organization has been emphasized. In the quest to inculcate a sound ethical culture, it is essential for an organization to design, implement, and communicate a code of conduct based on ethics among all employees, clients, suppliers, and other stakeholders. The leadership of the organization should be responsible for setting the required standards for ethical behavior and leading by example. The board should take note of the concerning phenomenon, namely, fraud committed by management and implement focused oversight over the conduct of management. In this regard, the board should task its committees, such as the audit and risk committee as well as the finance committee, to improve and enhance their oversight over the performance of management. Management should be dealt with appropriately should they be found to have overridden or circumvented internal controls to commit fraud. Such measures should include instituting disciplinary, criminal, and civil action against them. Internal auditors and forensic investigators should be cognizant of this phenomenon when they scrutinize the

internal control environment because unscrupulous members of management could intentionally design and implement weak internal controls with the objective of exploiting the deficiency to commit fraud. The board should inculcate an ethical culture within the organization by obliging its leadership to lead by example and taking stringent action against management who engage in dishonest and/or unethical behavior. Whistleblowing mechanisms are recognized globally as an essential fraud prevention initiative to detect unethical leaders. Although whistleblowing is reactive by its nature, it also serves as a deterrent (threat) to potential fraudsters that they could be reported for suspicion of committing fraud.

## References


Association of Certified Fraud Examiners (ACFE) (2016) Report to the nations on occupational fraud and abuse. Retrieved April 13, 2017 at http://www.acfe.com/rttn2016.aspx

Chartered Institute of Management Accountants (CIMA) (2008) Fraud risk management: a guide to good practice. Retrieved January 23, 2017 at http://www.cimaglobal.com/documents/importeddocuments/cid_techguide_fraud_risk_management_feb09.pdf.pdf

Committee of Sponsoring Organisations of the Treadway Commission (COSO) (2017) Internal control – integrated framework. Retrieved February 4, 2017 at http://www.coso.org/documents/990025P_Executive_Summary_final_may20_e.pdf

Institute of Directors in Southern Africa (King IV) (2016) King code of governance for South Africa. Retrieved January 15, 2017 at https://c.ymcdn.com/sites/iodsa.site-ym.com/resource/collection/684B68A7-B768-465C-8214-E3A007F15A5A/IoDSA_King_IV_Report_-_WebVersion.pdf

KPMG (2016) Global profiles of the fraudster. Retrieved February 25, 2017 at https://assets.kpmg.com/content/dam/kpmg/pdf/2016/05/profiles-of-the-fraudster.pdf

Merriam-Webster (2017a) Retrieved February 25, 2017 at http://www.merriam-webster.com/dictionary/circumvent

Merriam-Webster (2017b) Retrieved February 25, 2017 at http://www.merriam-webster.com/dictionary/override

Price Waterhouse Coopers (PwC) (2014) Global economic crime survey. Retrieved March 30, 2017 at https://www.pwc.co.za/en/assets/pdf/global-economic-crime-survey-2014.pdf

U.S. Securities and Exchange Commission (2017) Office of the whistleblower. Retrieved March 11, 2017 at http://www.sec.gov/whistleblower


# Ethical Leadership


Werner Webb
University of South Africa, Pretoria, South Africa


## Synonyms

Deontology and study of duty; Ethical and morally correct; Utilitarianism and greatest happiness to the greatest number; Virtues and moral excellence

## Definition

Ethical leadership is the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making.

## Introduction

In this entry, the theories and conceptual models of ethical leadership will be described. Perhaps, it is necessary to first reflect on why ethical leadership is considered so important. The importance of strong leadership and role models impacts directly on the organizational climate and the way people behave within an institution (Kaptein et al. 2005: 299–311). According to Lawton and Paez (2014), the decisions by leaders may be far reaching, non-routine, and complex, with high stakes, and require the exercise of judgment, and not the application of rules. Whereas subordinates follow policy prescription and emulate the behavior of their leaders, leaders are often confronted with a much greater area of decision-making discretion and consequently have to make a choice between conflicting values. It could also be argued that ethical leaders are more effective too. According to Lawton et al. (2013: 166), ethical leaders often inspire employees to be more optimistic and take more initiative which leads to them to experience their work as more meaningful.

## Complexity of Public Service Leadership

According to Heres (2014: 61–66), this ethical leadership context is determined by three variables including public service motivation (PSM), the nature of organizational tasks, and the influence of stakeholders. Public service motivation reflects a person's desire to serve the public interest, one's loyalty to government, and to strive for social equity. Managers in public service institutions may expect subordinates to be intrinsically motivated to serve the greater good and could consider communication on ethics to be unnecessary. Such individuals are often less dependent on monetary and other extrinsic motivations. Secondly, where private institutions are required to maximize profit, public institutions are required to enforce the law and policy, serve the public interest, and provide services that are unavailable in the marketplace. It can be assumed that the nature of dilemmas in the public space would be more pronounced as compared to those in the private sector. Finally, the demand by stakeholders in the public sector could exceed those applied in the private sector. Public institutions are subject to political dynamics and external oversight that could serve to inhibit the decision-making discretion of public service managers.

Heres and Lasthuizen (2012: 441–466) investigated the differences between ethical leadership in public, hybrid, and private sector organizations. The authors preferred a qualitative research design and used semi-structured interviews to collect data. They found significant differences between ethical leadership in public, private, and hybrid institutions such as a greater outward focus of leaders in public and hybrid institutions and the preference of leaders in the private sector to use more implicit mechanisms to communicate ethics and integrity.

## Ethical Leadership in Context

Heres (2014: 38) defines ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making. Heres, however, is explicit in describing ethical behavior to be context specific. Normatively appropriate conduct depends on inter alia the institution's own moral norms and values, its primary and secondary values, and the society at large (Heres 2014: 36). Expectations of ethical leadership depend on other variables too, e.g., structural characteristics of the work environment, level of formalization, and work context. The work context may require a leader to demonstrate more task-orientated behavior or more people-oriented behavior (Heres 2014: 56).

Jurkiewicz (2006: 245–256) used Toni Morrison's novels to explore the meaning of ethical leadership: *Sula*, *Beloved*, and *Paradise*. At the outset, she emphasized the importance of the informal organization and the exercise of ethical leadership through the use of power rather than authority. In her view, leaders should demonstrate character of high morality and allow subordinates evolution of increased ethicality. To Jurkiewicz, ethical leadership in the public sector is much more important than in the private sector simply because of the high standards expected in terms of human rights, independence, freedom, and prosperity. In her analysis of the three novels, ethical leadership should be associated with decisiveness, independence, and assertiveness combined with a concern for the common good; the imperative to focus on the future rather than to be concerned with past mistakes; and finally, the importance of questioning current beliefs and not protect the status quo from outside influences.

## Ethical Leadership Defined

If it is accepted that ethical leadership is important, then what constitutes such behavior? According to Lawton and Paez (2014), behavioral integrity refers to the alignment between an actor's words and deeds and consistency between a person's beliefs and the way they act. To become an ethical competent leader is not a once-off affair; it is a lifelong endeavor (Menzel 2015: 317). Ethical leaders should be consistent,

coherent, and constant in their decision-making, but also honest, fair, respectful, approachable, loyal, and open toward followers (Heres 2014: 45; cf. Lawton and Paez 2014). Ethical leaders should reflect on the moral implications of their decisions and actions, the end goals they set, and the means they use to achieve these goals (Heres 2014: 45). According to Menzel (2015: 317), ethical leaders should consider the utilitarian trap, calculating the best outcome for most employees. Menzel cites the example of rewarding all employees with the same pay increase: those who work hard as well as those who do not. Although this may make most employees happy, it may not be the right thing to do.

As acknowledged above the impact of ethical leaders is wide. Such leaders are not ethical for the sake of earning some form of spiritual recognition. Ethical leadership is the layer between the ethical culture imbedded in its policies and programs on the one hand and its ethical climate, employee ethical reasoning, and behavior on the other hand (Lawton et al. 2013: 167). Furthermore, ethical leadership requires not only self-motivation but also the ability to motivate others. In terms of social identity theory, followers identify themselves with their leaders when the leaders are fair, just, and caring. Followers emulate the leaders' ethical behavior (Heres 2014: 45).

## Attributes of Ethical Leadership

In shaping our understanding of how ethical leadership works, we could reflect on the attributes of this phenomenon. Edwards' (2010: 93–109) ethical leadership constitutes the following roles: to place institutional interest above personal interest, to create formal mechanisms to enforce ethical conduct, to establish an ethical culture, to act as role models to establish a positive ethical climate, to promote ethical decision-making, to create living conversations about ethics and values among subordinates, to create mechanisms of dissent, and to create a system of shared values within the institution. Edwards provided a to-do list for ethical leadership which includes various dimensions including bringing about inter alia ethical alignment, ethical enforcement, and ethical impetus. Ethical alignment is achieved by promoting ethical decision-making in all day-to-day activities, whereas ethical enforcement aligning is brought about by enforcing policies, rules, and codes of conduct. Ethical impetus refers to leading ethical initiatives and rewarding ethical behavior. Her take on servant leadership also seems relevant to the discussion on ethical leadership. Servant leaders – in her view – promote moral reasoning and moral actions and value institutional interests over self-interest.

Kaptein et al. (2005: 299–311) also reflect on the attributes of ethical leadership. When managers are perceived as positive role models, set reasonable performance standards, and are committed to upholding the institution's standards of conduct, it could have a positive impact on the organizational climate and the way employees behave. Furthermore, when employees feel comfortable to report observed cases of malfeasance to their managers, positive perceptions of the quality of ethical leadership are promoted.

## Ethical Leadership Styles

In the study by Huberts et al. (2007: 587–607), the impact of different ethical leadership styles on integrity violations by police officers was investigated. The authors distinguish between three qualities of ethical leaders inter alia: as a role model, strictness of the manager, and openness of the manager. Whereas role modeling and openness are regarded as part of the value-based approach, strictness is regarded as a compliance-based approach.

The authors developed four separate hypotheses. In the first three hypotheses, the authors propose that the display of integrity in managers' behavior (role modeling), more strict enforcement of ethical norms and the punishment of wrongdoers, and greater openness by managers when discussing ethical dilemmas would lead to integrity violations. All three hypotheses were confirmed. While role modeling has the widest impact on the measured integrity violations, the strictness and openness have an impact on 75% of

the integrity violations. Role modeling appears to be the most important means to ensure a reduced level of integrity violation. In the final hypothesis, the authors propose that integrity-based leadership styles would contribute more than compliance-based leadership styles to reduced levels of integrity violations. The findings of this study refuted the hypothesis and suggested that strictness – as a compliance-based approach – is significantly underestimated (Huberts et al. 2007: 587–607).

## Ethical Leadership and Virtues

Different leadership roles may require the application of different virtues. When leaders create vision and purpose, the virtues of courage and imagination are important; ethical decision-making requires judgment, competence, and prudence, and inspiring others may require the virtues of honesty, transparency, and moral exemplar (Lawton and Paez 2014).

Bai and Morris (2014: 173–186) compare the influence of the Daoist model on ethical leadership to that of many Western philosophers. These philosophers distinguish between deontology, utilitarianism, and virtue ethics as the main schools of thought in public ethics. The Daoist model in essence suggests a contingency leadership theory. The Daoist module holds – similar to Western virtue ethics – that leaders should intuitively know how to deal with complex phenomenon. Every life cycle stage of an organization requires a different leadership style and the virtue ethics that fit in with that particular context. For example, when organizations are in the maturing stage, the critical virtue for leaders is faithfulness. Daoism remains a main source of belief, culture, and wisdom for the majority of Chinese.

Multidimensional measures of ethical leadership culture enable a more detailed assessment of how such leadership is enacted in practice. Different leadership characteristics and behaviors could curb different types of unethical behaviors (Heres 2014: 41).

## Moral Person and Moral Manager

Another such multidimensional conceptualization of ethical leadership is provided by Heres and Lasthuizen (2012: 441–466) where they describe the attributes of the moral person versus the moral manager. The authors investigated the differences between ethical leadership in public, hybrid, and private sector organizations. Their literature review pointed to the existence of two main dimensions of ethical leadership: the moral person and the moral manager. Ethical leadership of the moral person relates to the individual's moral character as well as the moral nature of the individual's own decision-making and behavior. Integrity, trustworthiness, and responsibility are the main moral traits of ethical leaders. Ethical leaders make decisions that are consistent, coherent, and constant and treat followers justly and fairly.

The moral manager dimension of ethical leadership relates to four subdimensions. *Role modeling* refers to the extent that the leader's behavior and decision-making are visible and salient, and negative and conflicting signals are not sent out. *Reinforcement* concerns the use of formal and informal measures to reward and punish virtuous or malicious behavior. *Communication* refers to the extent that leaders communicate the extent to moral implications of decisions and having open discussion of individual and organizational values. The last dimension of the moral manager refers to the *empowerment* of followers. Ethical leaders empower their followers to participate in decision-making and allow them to voice their own concerns and perspectives. Leadership should be strong in respect of both the moral person and the moral manager dimension (Lawton et al. 2013: 167).

However, Heres and Lasthuizen (2012: 441–466) are critical of their own conclusions and note that the ethical leadership measures provide little information on the traits and behaviors that they entail. For example, the communication of ethics by ethical leaders could be understood differently. In their study one respondent could score an ethical leader preferring more explicit

communication, while another respondent could score the same person expecting more implicit forms of communication.

## Moral Manager and Empowerment

Various authors have noted the positive impact of ethical leadership on employee moral judgment and the prevalence of integrity violations (Huberts, Six, van Tankeren, van Montfort & Paanakker, chapter 8: 7–8). As described above, ethical leadership constitutes two dimensions: the moral person and the moral manager. Heres (2014: 77–78) notes that empowerment – one of the key variables of the moral manager dimension of ethical leadership – requires ethical leaders to stimulate followers to think for themselves about what is, and what is not, acceptable behavior. Rather than communicate the rules, ethical leaders should emphasize the underlying principles applicable in a specific situation. By emphasizing principles rather than rules, ethical leaders leave space for interpretation and allow different interpretations of appropriate behavior.

## Measuring Ethics

Kaptein et al. (2005: 299–311) emphasized the value of surveys as an instrument to measure ethics and its potential in generating valuable information for the leadership of an institution. The information that surveys provide are even more beneficial when it is possible to track an institution's performance over time or draw comparisons between similar institutions. The authors emphasized that it is not only important to know whether institutions have ethics policy documents in place but also whether these documents have implemented these documents. For example, to what extent are employees informed of their ethical responsibilities or to what extent did employees receive ethics training? Surveys could also be used to determine the frequency and types of misconduct, as well as the presence of ethical leadership within an institution.

## Conclusion

Ethical leadership can be defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making. Ethical leadership is context specific and determined by a number of variables including public service motivation, the nature of organizational tasks, and the influence of stakeholders. Ethical leadership in the public service should reflect the attributes of serving the public interest, enforcing the law, and being subject to external oversight. Although multiple theories on ethical leadership exist, Heres and Lasthuizen describe ethical leadership as a multidimensional concept. According to the authors, ethical leadership consists of two main dimensions: the moral person and the moral manager. Ethical leadership of the moral person relates to the individual's moral character as well as the moral nature of the individual's own decision-making and behavior. The moral manager dimension of ethical leadership relates to four subdimensions including role modeling, reinforcement, communication, and empowerment.

Role modeling refers to the extent that the leader's behavior and decision-making are visible and salient, and negative and conflicting signals are not sent out. Reinforcement concerns the use of formal and informal measures to reward and punish virtuous or malicious behavior. Communication refers to the extent that leaders communicate the extent to moral implications of decisions and having open discussion of individual and organizational values. The last dimension of the moral manager refers ethical leaders that empower their followers to participate in decision-making and allow them to voice their own concerns and perspectives.

## Cross-References

▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges

E

▶ Kantian Ethics
▶ Leadership, Ethics, and Decision-Making
▶ Utilitarianism

## References

Bai X, Morris N (2014) Leadership and virtue ethics: a Daoist approach. Public Integr 16(2):173–186
Edwards T (2010) A content and contextual comparison of contemporary leadership approaches with specific reference to ethical and servant leadership: an imperative for service delivery and good governance. Tydskrif vir Christelike Wetenskap. Eerste en Tweede Kwartaal 46: 93–109
Heres L (2014) One style fits all? The content, origins, and effect of follower expectations of ethical leadership. Ipskamp Drukkers, Amsterdam
Heres L, Lasthuizen K (2012) What's the difference? Ethical leadership in public, hybrid, and private sector organizations. J Chang Manag 12(4):441–466
Huberts LWJC, Kaptein M, Lasthuizen K (2007) A study of the impact of three leadership styles on integrity violations committed by police officers. Int J Police Strat Manag 3(4)
Jurkiewicz CL (2006) Soul food: Morrison and the transformative power of ethical leadership in the public sector. Public Integr 8(3):245–256
Kaptein M, Huberts L, Avelino S, Lasthuizen K (2005) Demonstrating ethical leadership by measuring ethics. Public Integr 7(4):299–311
Lawton A, Paez I (2014) Developing a framework for ethical leadership. J Bus Ethics 130(3):639–649
Lawton A, Rayner J, Lasthuizen K (2013) Ethics and management in the public sector. Routledge, New York
Menzel D (2015) Guest editorial: leadership in public administration: creative and/or ethical? Public Integr 17(4):315–318

# Ethical Mentoring

Belle Liang[1], Jean Rhodes[2] and Renée Spencer[3]
[1]Boston College, Chestnut Hill, MA, USA
[2]University of Masschusetts-Boston, Boston, MA, USA
[3]Boston University, Boston, MA, USA

## Synonyms

Ethical practice; Youth mentoring

## Definition

Ethical mentoring is based on a set of ethical principles to guide volunteer mentors and the program staff who advise them as they strive to build meaningful and growth-promoting relationships with their protégés.

## Introduction

Mentoring programs have, in many ways, come of age. Youth mentoring programs, large and small, have proliferated through the U.S., and it is estimated that there are now millions of young people who have participated in formal youth mentoring programs. While significant attention has been paid to establishing evidenced-based practices for mentoring (Elements of Effective Practice 2015), less attended to are issues of ethics. Yet, the safety and efficacy of mentoring relationships in many ways depend on adult mentors carrying out their responsibilities in an ethical fashion. This entry summarizes a set of ethical principles established to guide volunteer mentors and the program staff who advise them (Rhodes et al. 2009). Derived from a consideration of ethical guidelines established for other forms of practice, including the American Psychological Association's (APA) Ethical Principles of Psychologists and Code of Conduct (2002) established for practicing psychologists and ethical guidelines established for youth workers in Great Britain and Australia, five general principles are identified and applied to youth mentoring (a) promote the welfare and safety of the young person, (b) be trustworthy and responsible, (c) act with integrity, (d) promote justice for young people, and (e) respect the young person's rights and dignity. Each defined below, with the general principle from the APA Code of Ethics (2002) on which it is based notes in parentheses, these guidelines are relevant to the wide range of youth mentoring relationships (e.g., face-to-face, online, and group mentoring) and, potentially, to other voluntary adult-youth relationships. Also offered are examples, drawn from research and practice in

youth mentoring, that illuminate the application of the principles.

## Ethical Principles for Youth Mentoring Relationships

### Promote the Welfare and Safety of the Young Person (Beneficence and Nonmaleficence)

Predicated on the foundational principle of "do no harm," mentors should foremost work to benefit their protégés. The concept of beneficence encompasses behavior that benefits the good of another and that seeks to avoid causing harm. Thus, a mentor's primary responsibility is to take morally positive action to promote the welfare of the young person. Unfortunately, what is morally positive is not always clear, as there may be times when there are competing ideas about what is best for a young person, each rooted in differing values, culture, and worldview. For example, a parent might do something (e.g., discourage participation in a competitive summer math camp so that the teen can work in the family store) that, from the mentor's perspective, may not seem to be in the best interest of the youth and raise questions for the mentor about how to act in response. It may, however, make perfect sense when considered within the broader social ecology of the family. Promoting the welfare of a young person will, in many cases, require that mentors build rapport not only with protégés, but also with the protégés' primary caregivers to develop an understanding of the family's circumstances, belief systems, and expectations for the child.

The imperative to "do no harm" can also raise complex issues. Fortunately, the indidence of the most egregious forms of harmful behavior, such as abuse, is low (Saul and Audage 2007), even well-meaning volunteers need skills, knowledge, and sound judgment to avoid more subtle forms of harm that can arise from the misuse of power (e.g., exploitation, heavy-handed persuasion) and inappropriate boundaries (e.g., breaching confidentiality, improper disclosures).

*Misuse of Power.* A mentor's power (i.e., position, knowledge, experience, interpersonal connections, and other material and human resources, etc.) can serve as a form of social capital that can be deployed to the advantage of protégés. Mentors may use their connections, personal and professional experience, and other resources to help protégés gain desired information, status, position, influence, and various achievements. At the same time, while mentors may intend to support and "empower" youth, they can inadvertently misuse their power when they are unaware of power differentials in mentoring relationships that can be further widened with differences in class and cultural backgrounds. For example, mentors may express beliefs that are at odds with those of their protégés, creating conflict for the young person. Mentors should thus strive to refrain from religious or political proselytizing, raise their own awareness of power dynamics, culture- and class-based privileges, and overall cultural sensitivity, while seeking consultation to negotiate these differentials.

*Inappropriate Boundaries.* Appropriate boundaries, considered to be a hallmark of successful helping relationships, protect mentors and protégés from exploitation and are thus vital to the health of mentoring relationships. Mentors fill a niche that lies somewhere between professional and kin and are thus afforded greater latitude in what constitutes appropriate boundaries. So, whereas some guidelines for professional helping relationships are easily translated to the mentoring context, such as prohibitions against sexual relationships, additional guidelines for boundaries in mentoring relationships must be carefully considered. Negotiating boundaries in these relationships often require consideration of the specific context of mentoring. For example, although there is nothing inappropriate in a mentor holding hands with his 6-year-old protégé as they cross the street, other instances of physical contact or seemingly benign behaviors can be interpreted differently.

Mentors should also be aware of the potential harmful effects of certain types of multiple roles on their relationship with protégés. They should avoid entering into professional, financial, or other relationships with their protégés (and family members) if such a relationship might interfere

with their ability to work effectively as a mentor or might harm or exploit the protégé. For example, although parents might naturally gravitate toward their child's college-aged mentor when looking for a paid math tutor, the volunteer may better serve the parents by connecting the family with other resources. In other instances, mentors may find themselves encroaching on the territory of professionals in the child's life (e.g., tutors, juvenile probation officers). Mentors should be mindful of situations in which protégés make disclosures that would be better handled by a parent or professional and suggest that the child take his or her concerns up with them.

### Be Trustworthy and Responsible (Fidelity and Responsibility)

This principle is rooted in the ethical notion of fidelity, or behaving in a trustworthy manner. For volunteer mentors, this involves fulfilling one's responsibilities as stipulated by the mentoring program, such as meeting frequency and match duration. This type of consistency and reliability – which has been associated with more positive outcomes for youth participants – serves as a basis for trust in the relationship. Indeed, protégés have reported that honesty, keeping promises, and relationship longevity underlie trust.

Avoiding premature terminations and engaging in a positive closure process when a match does need to end are also important aspects of trustworthiness. Volunteer mentors may not be aware of the negative impact early endings may have on some youth and may also not understand the importance of ending a relationship well, especially if they feel uncertain about how meaningful the mentoring relationship has been for the youth. Pre-match training that includes an emphasis on helping mentors understand the importance of avoiding early and unplanned terminations can help support mentors in adhering to this ethical standard. Such training can also address two potential causes of early terminations. First, mentors may hold idealized notions at the start of a mentoring experience that may cause them to become discouraged if they interpret a child's lack of engagement as deliberate, rather than stemming, for example, from a history of disappointment or abuse. Others might feel shame at their failure to connect with a child or fulfill their commitment, and chose to avoid rather than honestly confront the situation. Programs can inform mentors of common challenges and phases in mentoring relationships and offer training and supervision to assist mentors in navigating these in a trustworthy and responsible way.

### Act with Integrity (Integrity)

Related to the principle of fidelity and responsibility is mentors' obligation to be thoughtful and forthright about the commitments (i.e., time, financial) to the relationship and to avoid setting up false expectations. A mentoring relationship, like any other interpersonal relationship, holds the potential for communication breakdowns, which can have negative consequences for both parties. Families can fail to return a call or follow through on an appointed meeting time. Moreover, mentors may hold unrealistic expectations regarding the nature of communication they expect to receive or may fail to return calls promptly. Mentors should be expected to bear the greater responsibility for finding ways to effectively communicate with their protégés, to honor commitments, and to seek guidance from mentoring program staff should they find that they are unable to do so.

Mentors should also conduct themselves with integrity in their protégés' schools, homes, and communities by being respectful of customs and regularities. Finally, although there are always exceptions, mentors should be wary of entering into financial arrangements with protégés or their families. Although it might seem harmless for a mentor to cover 1 month's electricity bill, particularly when rationalized in terms of helping the protégé, this may have the unintended consequence of establishing expectations of further (and perhaps greater) assistance. Nonetheless, there are ways in which a volunteer can express generosity without complicating the relationship. A volunteer's desire to fund a child's summer camp could, for example, be brokered by the mentoring program through an "anonymous" scholarship donation.

### Promote Justice for Young People (Justice)

Volunteers must take care to be aware of cultural biases and to avoid making assumptions about mentees' that are based on, or insensitive to, the latter's social class, gender, or abilities. For example, mentors volunteering for programs serving children with incarcerated parents should check any assumptions and biases they might have about the prison population that might compromise their judgment and ability to treat protégés and their families with fairness and respect. Mentoring programs must provide training in cultural competence and gender sensitivity so as to raise volunteers' awareness of their own biases and blind spots.

From a positive perspective, mentors' close personal connections with diverse youth afford them the opportunity to develop a firsthand understanding of the challenges faced by young people today, which can inspire them to work for greater justice through advocating for policies that could improve the health and well-being of all youth living in these kinds of circumstances.

### Respect the Young Person's Rights and Dignity (Respect for People's Rights and Dignity)

This ethical principle is partially rooted in the moral principle of self-determination and involves respecting a young person's (and his or her family's) choices. Except in extreme situations (e.g., abuse, neglect, endangerment), volunteers should seek to understand and respect the decisions and lifestyle of a young person and his or her family (Beauchamp and Childress 2008). Respect for self-determination involves behaving in ways that enable protégés' and their families' ability to exercise their own reasoning and moral judgment. Mentors should seek to understand the youth's own personal goals, desires, and values. Attending to the protégé's right to privacy and confidentiality is another way mentors can respect and support their rights and dignity. Youth and parents often disclose deeply personal information to volunteers, sometimes with specific injunctions against sharing it with the other. For example, parents have disclosed to volunteer mentors highly sensitive information about themselves (e.g., HIV infection, paternal incarceration), which has not been shared with the protégé. Complex issues can also arise around the flow of information among mentors, teachers, and parents. Mentors sometimes share private information about their protégés and their protégés' families to schools or share with parents information that has been provided to them by school staff.

Similarly, protégés often make disclosures (e.g., regarding substance abuse, sexual behaviors, or orientation) and ask mentors to keep information from their parents. Having a place to share private thoughts and feelings is an aspect of mentor relationships that youth find especially important (Spencer et al. 2004). Nonparent adults can serve as important sounding boards for youth, particularly in adolescence when youth are exploring their identities and may experience new forms of conflicts in their relationships with their parents (Allen et al. 1998).

Serving as a confidante to young people can, however, involve difficult decisions about what information should be kept confidential and what needs to be disclosed. Mentors should inform their protégés of their obligation to break confidence should the protégé disclose intentions to be harmful to themselves or others. Similarly, mentors are obliged to report to the mentoring program any suspicions that their protégé has been subject to abuse or neglect.

In less extreme cases, a mentor's desire to build trust can complicate decisions about whether and when to violate confidentiality. A parent might feel betrayed by a volunteer mentor's decision to keep information about their child's transgressions in confidence. Yet the volunteer might fear that breaking the protégé's confidence would compromise the relationship. Training around issues of confidentiality should be provided, and decisions regarding such matters should be made in consultation with mentoring program staff.

## Conclusion

The ethical principles delineated here are purposely broad. Although youth mentoring shares many of the conventions of more professionalized

helping relationships, the informal and voluntary nature of this endeavor releases it from some of the more rigid proscriptions that govern such ties. A more detailed set of guidelines would be difficult to apply to the many different types of mentoring relationships. Further, more prescriptive guidelines would likely limit mentoring relationships in ways that could inhibit the open and natural qualities that make them special relationships in the lives of youth. At the same time, mentors often enter into the lives of children in very personal ways and, as such, should be held accountable for protecting their rights and welfare. The principles are thus presented as aspirational goals (Fisher 2003), intended to raise ethical awareness and to encourage more studied reflection on the complex situations that inevitably arise when caring adults enter the lives unrelated youth. Programs have an obligation to sensitize volunteer mentors to the ethical issues that can arise when working with unrelated youth, to offer guidelines on how to support and nurture the positive development of children, and to clearly communicate these expectations through training and ongoing support. Comprehensive pre-match and ongoing training, which takes developmental, gender, and cultural issues into account, could ensure more effective relationship development, helping mentors to better understand and relate to protégés of diverse backgrounds, avoid ethical violations, and create more positive outcomes.

## References


Allen JP, Moore C, Kuperminc G (1998) Attachment and adolescent psychosocial functioning. Child Dev 69: 1406–1419

American Psychological Association (2002) Ethical principles of psychologists and code of conduct. Author, Washington, DC

Beauchamp TL, Childress JF (2008) Principles of biomedical ethics, 6th edn. Oxford University, New York

Constantine MG (2002) Predictors of satisfaction with counseling: racial and ethnic minority clients' attitudes toward counseling and ratings of their counselors' general and multicultural counseling competence. J Couns Psychol 49(2):255–263

Fawcett SB (1991) Some values guiding community research and action. J Appl Behav Anal 24:621–636

Fisher CB (1997) A relational perspective on ethics-in-science decision making for research with vulnerable populations. IRB Rev Hum Subject Res 19:1–4

Fisher CB (2003) Decoding the ethics code: a practical guide for psychologists. Sage Publications, Thousand Oaks

Fisher CB, Younggren JN (1997) The value and utility of the 1992 ethics code. Prof Psychol Res Pract 28: 582–592

Fisher CB, Hoagwood K, Jensen PS (1996) Casebook on ethical issues in research with children and adolescent with mental disorders. In: Hoagwood K, Jensen PS, Fisher CB (eds) Ethical issues in mental health research with children and adolescents. Erlbaum, Hillsdale, pp 135–266

Grossman JB, Rhodes JE (2002) The test of time: predictors and effects of duration in youth mentoring programs. Am J Community Psychol 30:199–219

Heller K (1989) Ethical dilemmas in community intervention. Am J Community Psychol 17:367–378

Kalbfleisch PJ (1997) Appeasing the mentor. Aggress Behav 23:389–403

Liang B, Grossman JM (2007) Diversity and youth mentoring relationships. In: Alllen TD, Eby LT (eds) Handbook of mentoring: a multiple perspectives approach. Blackwell Publishing, Malden, pp 239–258

Liang B, Spencer R, Brogan D, Corral M (2008) Mentoring relationships from early adolescence through emerging adulthood: a qualitative analysis. J Vocat Behav 72: 168–182

MENTOR/National Mentoring Partnership (2006) Mentoring in america 2005: a snapshot of the current state of mentoring. Author, Alexandria

Pettifor JL (1998) The Canadian code of ethics for psychologists: a moral context for ethical decision-making in emerging areas of practice. Can Psychol 39:231–238

Rhodes JE, DuBois DL (2006) Understanding and facilitating the youth mentoring movement. Soc Policy Rep 20(3):3–19

Rhodes JE, Liang B, Spencer R (2009) "First, do no harm": a call for ethical guidelines in youth mentoring. Prof Psychol Res Pract 40(5):452–458

Saul J, Audage NC (2007) Preventing child sexual abuse within youth-serving organizations: getting started on policies and procedures. Centers for Disease Control and Prevention; National Center for Injury Prevention and Control, Altanta

Serrano-Garcia I (1994) The ethics of the powerful and the power of ethics. Am J Community Psychol 22:1–20

Sipe CL (1996) Mentoring: a synthesis of the P/PV's research: 1988–1995. Public/Private Ventures, Philadelphia

Spencer R (2007) It's not what I expected: a qualitative study of youth mentoring relationship failures. J Adolesc Res 22:331–354

Spencer R, Jordan JV, Sazama J (2004) Growth-promoting relationships between youth and adults: a focus group study. Fam Soc 85:354–362

Strom-Gottfried K (2008) The ethics of practice with minors: high stakes, hard choices. Lyceum Books, Chicago
Sue DW, Sue D (2003) Counseling the culturally diverse: theory and practice, 4th edn. Wiley, New York
The National Youth Agency (2004) Ethical conduct in youth work: a statement of values and principles from The National Youth Agency. Author, Leicester. Retrieved 31 July 2006, from http://www.nya.org.uk/shared_asp_files/GFSR.asp?NodeID=106790
Youth Affairs Council of Western Australia (2003) A code of ethics for youth work. Author, West Leederville. Retrieved 31 July 2006, from http://www.yacwa.org.au/

# Ethical Probity in Public Service

Alain Hoekstra[1] and Leonie Heres[2]
[1]Erasmus University Rotterdam, Rotterdam, The Netherlands
[2]Utrecht School of Governance, Utrecht, The Netherlands

## Synonyms

Ethics; Integrity; Integrity management; Integrity violations

## Introduction

The car industry, sports associations, and financial institutions are just a few examples of sectors that recently have been discredited by serious ethical transgressions. The impact is enormous. In addition to economical damage, such integrity violations often hinder fair competition, can lead to environmental and public health risks, and deeply affect the personal lives and well-being of citizens. This also applies to the public sector where such improbities unfortunately occur as well.

Although public sector organizations pay more and more attention to ethics and integrity nowadays, ethical probity has always been important to the public sector. As the fourteenth century frescoes of "Good and Bad Government" (Meoni 2005) demonstrate, the concern for ethical probity and, more precisely, public integrity has a much longer tradition. These frescos in Siena's Palazzo Pubblico (its former city hall) were intended to remind public office holders to act with integrity. The wall paintings served as an early code of conduct, based on Aristotelian virtues like courage, justice, prudence, and temperance, and provided ethical guidance to the city's governors and administrators. The tantalizing images illustrate that good (ethical) governance leads to a well-maintained, safe, and prosperous city, whereas bad (unethical) governance results in poverty, injustice, and ultimately total chaos. Indeed, public integrity is as old as government itself (Bowman and Williams 1997).

This entry provides an overview of the key elements of ethical probity in the public sector: what is it, where does it go wrong, and how can it be managed? To this end, the first section describes the general importance of public integrity. The concept of public integrity is explored and defined more in detail in the second section. To give more substance to the concept of public integrity, typical integrity violations and their effects are reflected upon in section three, followed by a discussion of their underlying causes (section four). The fifth and final section centers on integrity management. More specifically, an extended integrity management approach, which distinguishes between hard, soft, and general instruments, is presented. This trichotomy is both more practical and precise than the traditional compliance-integrity classification (Paine 1994), which tends to neglect the organizational and institutional aspect of integrity management.

## The Importance of Public Integrity

The importance of integrity is generally formulated in terms of the reinforcement of the constitutional state (Cowell et al. 2011), the enhancement of public trust (Lewis and Gilman 2005), and the improvement of economic growth, social stability, and quality service delivery (Bossaert and Demmke 2005) and as the

cornerstone of good governance (Huberts et al. 2008). Table 1 summarizes some arguments frequently used in the literature. As the table indicates, one can distinguish between (external) societal and (internal) organizational arguments for fostering public integrity. While societal arguments tend to be primarily normative in nature, organizational arguments are generally supported by empirical research as well. Moreover, arguments on the importance of public integrity are often framed both as satisfiers and as dissatisfiers (Kaptein 2005). Hence, the value of public integrity lies not merely in its positive effect on behavior and performance but also in the negative effects that a lack of public integrity implies.

**Ethical Probity in Public Service, Table 1** External and internal arguments for ethics and integrity

| Societal arguments | Organizational arguments |
|---|---|
| The government is extremely powerful, is authorized to use violence, and holds a monopoly on, for instance, issuing passports, subsidies, benefits, permits, and licenses. This creates a lot of dependency | An unethical organizational culture leads to feelings of fear, uncertainty, and psychological insecurity. Employees are aggravated by unethical behavior of their coworkers |
| The government is funded by taxes. Taxpayers have the right that their money is spend on behalf of the general interest, instead of on the private interests of government officials | Organizational integrity contributes to employees' general well-being, work satisfaction, work motivation, organizational trust, and commitment; it leads to better work relations and performance and to more prosocial employee attitudes and reduces work stress, emotional exhaustion, and sick leave |
| To be able to function effectively and efficiently, the government requires legitimacy. Ethics and integrity are a prerequisite for attaining and maintaining public support | Organizations with a good reputation and which are known for their high ethical standards are more attractive. For such organizations it is easier to employ high-quality personnel |
| The government has to lead by example if it wants the citizens to abide to the law and public morale. Ethical role modeling is thus of utmost importance | Integrity violations cost a lot of money, damage the organizational reputation, and hamper the due functioning and service delivery of the organization |

## Integrity and Ethics: Definitions

More than a century ago, the German philosopher Friedrich Nietzsche argued that integrity is a recent virtue: it is not yet mature, is often misunderstood, and is something in the becoming (Wurzer 1975). To this day, however, integrity remains a term that is not yet fixated and lacks a broadly accepted meaning. The inherently dynamic nature of the concept means it is highly sensitive to changes over time, situation, and place, which contributes to its complexity. Thus, while integrity is a strongly upcoming theme in public administration research (Menzel 2015) and notwithstanding the many efforts to bring together different views, integrity remains an essentially contested concept (cf. De Graaf 2003).

To further complicate matters, the terms ethics and integrity are often used as synonyms. Some conceptual clarity is needed, however. According to Huberts (2014), integrity refers to acting in accordance with relevant moral values and norms. The adjective "moral" is important here since it underlines that integrity pertains to values and norms that are strongly vested in, and connected with, shared societal opinions and judgments about what is considered right and wrong. Integrity is thus about doing the right thing, in the right way (Heywood and Rose 2015), within a specific context. More specifically, whether someone can be said to have acted with integrity is judged not only in relation to the organization's own moral norms and values but also to the collection of norms and values held by its primary and secondary stakeholders, e.g., citizens, the various (private) organizations affected by public policy, and, ultimately, the (international) society at large (cf. Six et al. 2007). It follows that integrity is a dynamic construct, for which the moral standards may vary over time and even per public organization (Hunter 2012) as standards are defined by varying sets of primary and secondary stakeholders.

Ethics on the other hand is a much broader concept and often refers to the policy content and outcomes, which is much more related to moral-political choices. Typical examples of policy ethics include whether a country should go to war, whether drugs should be legalized, how we feel about euthanasia, medical care, nuclear energy, biodiversity, and similar strong issues. Nevertheless, in both public and business administration literature, ethics is often used as a synonym for integrity. But as long as the context is clear and we are able to understand whether we are concerned with (internal) organizational processes, procedures, policies and behavior (integrity), or the broader moral-political issues (ethics), this is not particularly problematic. Following this line of reasoning, and in line with common practice in this field of research, the concepts integrity and ethics are thus used interchangeably throughout this paper.

## Ethical Improbity: Examples and Effects

To give more substance to the concept of integrity, it helps to give some examples of integrity violations that actually occur in the public sector and of the effects such violations may incur. Without having the ambition to be exhaustive nor to describe the whole possible array of integrity violations in detail, a rough distinction can be made between material and social integrity violations.

Material integrity violations involve financial or other benefits for private gain, such as corruption, fraud, theft of company resources, accepting gifts, the misuse of information, and conflicts of interest. Social integrity violations on the other hand are linked to all kinds of inappropriate work floor behavior. This refers to unethical conduct between colleagues, between management and their employees, and between civil servants and citizens. Examples include discrimination, intimidation, sexual harassment, bullying, and the misuse of power but also the misconduct of civil servants in private time which compromises their formal position and the reputation of their organization.

Integrity violations are closely related to other forms of employee deviance, rule breaking, and counterproductive behavior (Lasthuizen et al. 2011). As such, the boundaries between unprofessional behavior and integrity violations often remain unclear in practice. Moreover, within the public sector especially, there are signs of increasing *integritism*: integrity judgments are made without sufficient grounding, either because the norms and values in question are exaggerated and not of fundamental moral importance or because judgments about aspects of behavior are generalized to persons or organizations as a whole (Huberts 2014).

As noted above, integrity violations have important negative effects on both the internal and the external organization. More specifically, four characteristic consequences of integrity violations can be distinguished: snowballing, contamination, revelation, and radiation (see Table 2). These effects illustrate that integrity violations, even the smallest ones, should be taken seriously and call for immediate action.

## Drivers for Ethical Improbity

In recent years, public scrutiny seems to have intensified and "watchdogs" like the media, NGOs, courts of audit, scholars, and citizens certainly have become more focused on the misuse of public resources and power. It could even be argued that integrity programs and training – that to some extent have been implemented within most public organizations – have made management and employees more aware and sensitive about possible wrongdoing, leading to more internal reporting and investigations. This makes it difficult to determine whether there are more integrity violations than before or whether they are merely uncovered more often, a phenomenon that Huberts (2014) also refers to as the "integrity paradox."

Whether it is merely increased sensitivity or an actual increase in violations, every integrity violation is one too many since public trust is at stake. Understanding the causes of integrity violations is thus crucial: it makes us more aware of integrity risks, and it enables us to redress them. Among the causes are many "likely suspects."

**Ethical Probity in Public Service, Table 2** Four effects of integrity violations. (Adapted from Niessen 2004)

| Effects | Description |
|---|---|
| *Snowballing* | Small incidents of unethical behavior tend to grow out to bigger ones. Not addressing unethical behavior in time, and turning a blind eye, signals out that it is okay. This enhances the risk that trespassers will engage more frequently, and on a larger scale, in integrity violations |
| *Contamination* | Unethical behavior of an employee tends to infect other colleagues. Violations that are ignored, or not dealt with properly by the organization, could be interpreted as being acceptable. This enhances the risk that others in the organization feel justified or encouraged to do the same |
| *Revelation* | Transparency is an important public sector value. Civil servants operate in a fishbowl, constantly watched from all directions and examined under the magnifying glass. Integrity violations are thus likely to be discovered and revealed by the media, often leading to public outrage and diminishing public trust |
| *Radiation* | Unethical behavior within a certain part of the civil service is damaging for the reputation of the entire civil service. Citizens and the media generally do not make a distinction between the different parts of public administration. Hence, integrity violations are attributed to the whole public system and thereby undermine its credibility |

Often mentioned causes at the individual level are, for instance, having financial problems, addictions, and wrong friends. In addition, susceptibility for social and material standing, group pressure, and the lack of self-confidence are mentioned in psychological assessments as possible predictors for unethical behavior, as are high scores on character traits like pride, greed, and vanity.

However, many integrity violations are committed not by employees who were initially planning to act unethically ("bad apples") but rather by employees who were infected (contaminated) by an "unhealthy" organization ("bad barrel"). Unrealistic targets, unethical leadership, unclear or contradictory rules, failing internal procedures and control systems, group pressure, too much autonomy, underpayment, and too many seductions are frequently mentioned as drivers for unethical behavior (Kaptein 1998). Similarly, the ethical climate in the organization and the extent to which ethics codes are in place and enforced help to create a social environment in which individuals are more or less likely to engage in ethical behavior (Kish-Gephart et al. 2010). To quote the French writer Victor Hugo (1862): "If the soul is left in darkness, sins will be committed. The guilty one is not he who commits the sin, but the one who causes the darkness." Hence, in case of integrity violations, it is not enough just to detect and remove the "bad apple": attention should also be paid to flaws in the organizational structure and culture that infect the "apples."

Likewise, societal developments and trends at the macro level also interact with causes at the meso- and microlevel to produce unethical outcomes. To illustrate, the recent financial crisis has led to austerity measures and budget cuts across the public sector. Growing job insecurity (postponed promotions, not-extended contracts, layoffs) raises stress, frustration, and feelings of unfairness on the work floor. This is a source for vindictiveness against the employer (Hoekstra 2016). It makes employees more likely to flirt with impropriety and can thus result in the abuse of company assets, theft, and other integrity violations (Treviño and Nelson 2004). At the same time, organizational changes such as restructuring and budget cuts negatively affect the time, resources, and attention organizations (can) spend on ethics programs (Treviño and Weaver 2003). Combined, both trends (higher risks and less resources for ethics and integrity management) provide the ingredients of a rather poisonous cocktail.

To conclude, then, unethical behavior is seldom explained by one or two dominant causes (Kish-Gephart et al. 2010). Instead, integrity violations are the result of a complex array of interacting and often mutually reinforcing factors across individual, organizational, and societal levels.

## Safeguarding Ethical Probity

Given the complex, multi-determined nature of integrity violations, there is no *one size fits all* solution to safeguarding ethical probity. Most academic research, however, focuses on remedies and policies at the organizational level. These, after all, are within the direct control of the organization and are therefore considered the most viable and realistic measures for public managers to implement. Moreover, they address the organizational obligation to be a good employer: given their direct influence on the moral behavior of employees, organizations have an implied responsibility for supporting their employees and protecting them from "un-ethicalities" through the implementation of comprehensive integrity policies.

To manage the complexity of organizational integrity, a wide range of initiatives and instruments is needed. Most studies, in both public and business administration, refer to the seminal work of Paine (1994), in which she distinguishes between two types of strategies. The "compliance" strategy is a strongly rules-based and top-down approach intended to prevent noncompliant behavior. The "integrity" strategy is a values-based and bottom-up approach intended to increase the moral competence of employees. Instead of preventing wrongdoing, the second strategy aims to support employees in making the "right" decisions. Depending on the specific situation of an organization, a combination of both strategies is generally considered to be the most effective way (Lawton et al. 2013).

The abstract, conceptual distinction between these two strategies is problematic, however, for three reasons. First, the term "integrity" strategy is confusing in itself since both strategies can (and should) be used to foster integrity. Secondly, instruments can belong to both strategies. Training sessions belong, for instance, to the compliance strategy, when they are focused on educating and communicating integrity rules, but when they are aimed at raising moral awareness and competence, then they match with the integrity strategy. The same applies to the code of conduct. When it is essentially rule-driven and centrally imposed, it should be labeled as a compliance instrument, but when it is value-driven and the result of a company-wide (bottom-up) approach, then it seems to fit the integrity approach. Third, features that pertain to the institutional aspects of integrity management have an unclear position within this dichotomy. Most scholars (seemingly intuitively) attribute these aspects to the compliance approach. Yet setting up ethics structures and procedures and conducting risk analysis but also formalizing, monitoring, evaluating, and adjusting policies are fundamental requirements for the success of both the compliance and the integrity strategy. For instance, efforts to improve the ethical climate of an organization (integrity strategy) should also be designed, documented, planned, and monitored and require a coordinating role for an integrity officer.

For reasons of clarity and to do more justice to the foundational role of the institutional aspects of integrity management, a trichotomy seems more accurate and practical. Following Paanakker and Heres (2015), a division between the "hardware" and "software" of integrity management is proposed. In line with their used computer metaphor, and to emphasize the overall importance of the institutional dimension for both the hard- and the software, the "operating system" could be added as the third dimension of an integrity approach (Hoekstra et al. 2016). Table 3 describes the resulting trichotomy of integrity management.

The trichotomy of integrity management highlights the different dimensions of an integrity management approach. The first two entail content-related elements and instruments, whereas the third one is of a more procedural nature that pinpoints the organizational (systemic) efforts focused on the institutionalization of integrity. It refers to the process of advancing its sustainability, since care for integrity should be a continuous effort rather than an incidental action. Inspired by Transparency International's Greek temple as a metaphor for the constituting parts of a National Integrity System, the three dimensions are visualized in Fig. 1.

**Ethical Probity in Public Service, Table 3** Dimensions of an organizational integrity approach

| Integrity management | |
|---|---|
| Software | This dimension concerns measures aimed at positively influencing the ethical culture within the organization through employees' internalization of (public) values. Ideally, the measures aim at creating a culture marked by openness, safety, mutual respect, and trust. Managers play a particularly important role in this. Examples of the "software" include introductory courses, ethical leadership, dilemma training courses, and the oath of office |
| Hardware | This dimension concerns the supervision, control, and enforcement of rules, procedures, and guidelines needed to support and reinforce the ethical culture of the organization. Finance, legal, audit, and HR departments play an important role in this. Examples of the "hardware" include procedures for procurement, contracting, and side jobs, as well as reporting and investigation procedures |
| Operating system | This dimension concerns measures intended to institutionalize and sustainably embed integrity policies in a systemic manner. To this end, a clear and shared vision is formulated that connects software and hardware measures and ensures their internal consistency and reinforcement. Integrity or compliance officers play an important role in organizing and coordinating integrity within organizations. Examples of the "operating system" include monitoring the number and nature of integrity violations, evaluation of policies, and risk analyses |

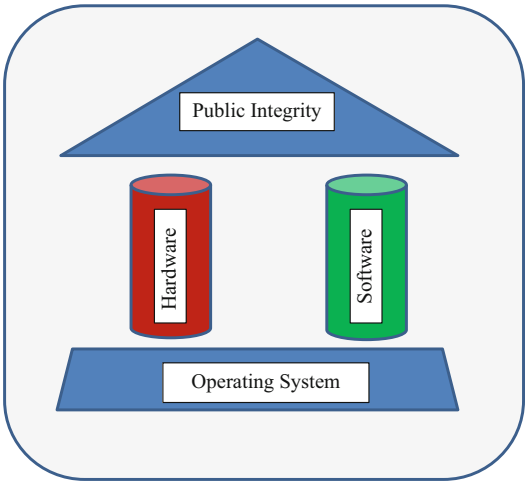


**Ethical Probity in Public Service, Fig. 1** Model for upholding public integrity

## Conclusion

Ethical probity is a necessary requirement for public sector organizations. In most literature the term integrity is used as a hallmark for ethical probity. Integrity is, however, an essentially contested concept since it is time, place, and context dependent. Integrity is also a very broad concept, considering the wide array of integrity violations. Such violations have serious consequences for government agencies and should be addressed adequately. It is more effective, however, to take preventative actions to avoid integrity violations and to guide public officials how they can do "the right thing." Recognizing that "one size fits all solutions" and blue prints do not exist; this article described some agreed-upon approaches how organizational integrity can be managed and how ethical probity can be fostered. Moreover, it argues that it is time to expand the existing compliance-integrity dichotomy and to include the procedural, institutional aspects of integrity management more explicitly. This organizational dimension, dubbed as the operating system, should be acknowledged more specifically. It provides a sustainable, systematic basis for ethical probity that unites the integrity hard- and software.

## References

Bossaert D, Demmke C (2005) Main challenges in the field of ethics and integrity in the EU member states. European Institute of Public Administration, Maastricht

Bowman JB, Williams RL (1997) Ethics in Government. From a winter of despair to a spring of hope. Public Adm Rev 57(6):517–526

Cowell R, Downe J, Morgan K (2011) The ethical framework for local government in England. Is it having any effect and why? Public Manag Rev 13(3):433–457

De Graaf G (2003) Tractable morality. Customer discourses of bankers, veterinarians and charity workers. Erasmus Institute of Management, Rotterdam

Heywood PM, Rose J (2015) Curbing corruption or promoting integrity? Probing the hidden conceptual challenge. In: Hardi P, Paul MH, Torsello D (eds) Debates of corruption and integrity. Perspectives from Europe and the US. Palgrave Macmillan, Houndsmills, pp 102–119
Hoekstra A (2016) Institutionalizing integrity management: challenges and solutions in times of financial crises and austerity measures. In: Lawton A, van der Wal Z, Huberts LWJC (eds) Ethics in public policy and management. A global research companion. Routledge, Abingdon
Hoekstra A, Huberts LWJC, Gaisbauer I (2016) Integrity and integrity management in the Netherlands. Describing the scene, definitions, strategies and developments. In: Huberts LWJC, Hoekstra A (eds) Integrity management in the public sector. The Dutch approach. BIOS, The Hague
Huberts LWJC (2014) The integrity of governance: what it is, what we know, what is done and where to go. Palgrave Macmillan, Houndmills
Huberts LWJC, Jurkiewicz CL, Maesschalck J (2008) Global perspectives on good governance policies and research. In: Huberts LWJC, Jurkiewicz CL, Maesschalck J (eds) Ethics and integrity of governance: perspectives across Frontiers. Edward Elgar, Cheltenham, pp 239–264
Hugo V (1862) Messieurs lacroix. Verboeckhoven et Cie, Brussels
Hunter S (2012) (un)ethical leadership and identity: what did we learn and where do we go from here? J Bus Ethics 107(1):79–87
Kaptein M (1998) Ethics management. Auditing and developing the ethical content of organizations. Kluwer, Dordrecht
Kaptein M (2005) The 6 principles of managing with integrity. A practical guide for leaders. Spiro Press, London
Kish-Gephart JJ, Harrison DA, Treviño LK (2010) Bad apples, bad cases and bad barrels: meta-analytic evidence about sources of unethical; decision at work. J Appl Psychol 95(1):1–31
Lasthuizen K, Huberts LWJC, Heres L (2011) How to measure integrity violations. Towards a validated typology of unethical behavior. Public Manag Rev 13(3):383–408
Lawton A, Rayner J, Lasthuizen K (2013) Ethics and management in public sector. Routledge, Oxon
Lewis CW, Gilman SC (2005) The ethics challenge in public service: a problem solving guide, 2nd edn. Jossey-Bass, San Francisco
Menzel DC (2015) Research on ethics and integrity in public administration: moving forward, looking back. Public Integr 17:343–370
Meoni ML (2005) Utopia and reality in Ambroggio Lorenzetti's good government. Formal example in the representation of human activity. An anthropological analysis. Edizioni IFI, Firenze
Niessen R (2004) Professional integrity in the Dutch civil service. In: van Aartsen P, van het Kaar R, Lanting L, Niessen R, Verhulp E (eds) The Dutch civil service. Ministry of the Interior and Kingdom Relations, The Hague, pp 49–61
Paanakker HL, Heres L (2015) Ethics management. In: Encyclopedia of public administration and public policy, 3rd edn. Taylor and Francis, New York, pp 1–4
Paine LS (1994) Managing for organisational integrity. Harv Bus Rev 72(2):106–117
Six FE, Bakker FGA, Huberts LWJC (2007) Judging a corporate leader's integrity: an illustrated three-component model. Eur Manag J 25(3):185–194
Treviño L, Nelson KA (2004) Managing business ethics: straight talk about how to do it right, 3rd edn. Wiley, New York
Treviño L, Weaver G (2003) Managing ethics in business organizations. Stanford University Press, Stanford
Wurzer WS (1975) Nietzsche's dialectic of intellectual integrity. South J Philos 13(2):235–245

E

# Ethical Risk Management

Ronald D. Francis
College of Law and Justice, Victoria University, Melbourne, VIC, Australia

## Synonyms

Ethical; Ethics; Management; Managing; Risk

## Definition

TBA

## Introduction

This article argues that ethical risk is one of several risks that need to be accommodated. It is further argued that ethical risks are just as potent in consequences as are other risks, such as financial and reputational. Managing ethical risk is, essentially, about following a code and of not being corrupt: for that reason corruption figures prominently in such discussions. In particular there is a concern that an organizational code of ethics or a company code of conduct may be at odds with a professional code (medicine or

engineering, say). In such cases it is argued that the professional code is prime. Presumably a person is employed as an engineer or a medical practitioner and thus their subscription to appropriate professional standards is paramount. Any ethical charge therefore needs to express a particular breach in terms of at least one section of the professional code, rather than the organizational code.

### Ethics-Morals Distinction

In universities, it is common to teach ethics as moral philosophy and to use the terms rather freely. To this end it might be useful to make a distinction. Morals may be regarded as community standards, and not formally expressed (except in laws which exemplify them), and are applicable to the whole community.

Ethics, on the other hand, is a written code consisting of two parts: one is the code of ethics (the principles which underlie ethical decisions). The second is that of how to behave in particular situations (e.g., accepting gifts). In the case of ethics such principles are applicable to a particular category of persons (e.g., legal ethics, medical ethics, engineering ethics). If one is not a member of that fraternity, then one is not bound by that code. Further, ethical codes do not apply to those who are not members of a particular group.

The value of ethical judgments is that they are made in the light of a code rather than being a diffuse and inchoate expression.

### The Advantages of Being Ethical

One might say that there are significant advantages in being ethical. First is that acting according to agreed values puts stability of decision-making at the forefront; second, the expression of ethical values means that more considerate standards are enjoined. To this one might add that the consequences are that the trust engendered is likely to lead, in the case of agencies to satisfaction with the service, in the case of business to repeat patronage without further advertising costs. It is, in other words, a long-term beneficial strategy. One notes that con-persons rest their practice on a totally different assumption – that of not seeing their victims again. Among the significant reasons for being ethical is that it may act as a substantial defense in cases where there is an alleged breach of principles.

It may seem that ethics is so value-laden as to defy any attempts to quantify. That is not so since some basic scaling techniques are available. One such is the basic "Which would you do: spit on the national flag or severely punish your child for a minor infraction?" It is thus that a direct comparison may be made. Another technique is to put money values on an issue: for example, "how much would it take for you to betray your country? Hurt someone who done you no harm? Administer corporal punishment to an innocent child?" One may rate, rank, or use pair comparisons in order to quantify (see Francis and Murfey 2015).

### Managing Risk

The prime target in ethical risk management is that of correctly identifying it. Among recent developments attention was drawn to the complexity of managing such risks as they are a compound of a variety of other factors, such as background, managerial philosophy, personality, decision theory, and reinforcement. Their article reviewed the literature to that date. Their conclusions were that managers engage with such issues as espousing ethics, ethical training, developing screening mechanisms, creating ethical units, and giving appropriate reinforcement (Stead et al. 1990).

Yet more recently Neef, writing in 2005, advocated managing corporate risk through better knowledge management. In this he is correct, although the topic does not mention managing ethical risk in the title, the main article does. To this, in the same year, there was a valuable meta-study. O'Fallon and Butterfield (2005) provided an overview of the 174 articles published in the period 1996–2003. Their review summarizes the findings by the dependent variable, using such issues as awareness, judgment, intent, and behavior. The conclusions that they drew involved finding that education and/or work experience is positively related to ethical decision-making, as is religion, and of having an ethical code. Age, on the other hand, does not appear to be related to

ethical behavior. What is clear is that rewarding unethical behavior enhances it.

Since that time risk management perception has changed, from being an aspect of governance to being at its core. Power (2008) argued that it has coincided with the rise of control and auditing processes. One must conclude here that, in addition to the advantages of being ethical, there is a protective mechanism at work that fears legal intervention that is made on good grounds. The legalities of increasing bureaucracy have generated the need for increasing protection in the face of reputational risks and of legitimacy.

## Corruption

Corruption is really the converse side of being ethical. It may take any one of many forms: the most obvious being such issues as bribery, the concealment of vested interest, and the misuse of public office for private gain. There can be no doubt that power corrupts and that absolute power corrupts absolutely. That is why it is incumbent on political systems to ensure that no one is in charge for an unlimited time or that no one person has unchecked power. One of the essences of democracy is that power is cut up between authorities; thus one must separate the legislature from the executive and that from the judiciary.

Corruption may be defined as "the misuse of public office for private gain, and involving elements of deceit, improper force, and of hypocrisy." Among the forms that corruption takes, Fig. 1 gives essential elements.

It is held that corruption is not an entity but, rather, a dimension. A clear example is a government official being paid a corrupt payment to approve a building project that would not otherwise be approved. At the other end of the spectrum is a political decision to charge full fees for a university education. That is not corruption but is a policy decision. However much one may disagree (if you think education is expensive, try the cost of ignorance) it is a matter of policy and outlook. If one were to put a marker at one end of the spectrum, a corrupt bribe, and policy decisions at the other, one could have a seven-point scale (for example):

Deceit
- Money laundering
- Forgery
- Abrogation of human rights
- Undeclared and unaffected conflict of interest

Loyalty, treachery, and betrayal
- Deciding on one's primary loyalty
- Betrayal of that loyalty

Political abuse of power
- Usurpation
- Suppression of a group (eg. women, religions)

Hypocrisy
- Stating one value of behaviour and acting another
- Holding inconsistent values

Physical abuse of power
- Torture
- Enslavement
- Restrictions on movement
- People trafficking

Secrecy
- Bribery
- Extortion
- Blackmail
- Theft

**Ethical Risk Management, Fig. 1** Elements of corruption

### Total Corruption 2 3 4 5 6 Policy Decisions

Political decisions may be corrupt or based on sound economic argument. The latter may reflect a value position that is not universally held. A bribe to allow a building that would otherwise be illegal, and as a result of a secret payment, would occupy position 1 on the scale above. Policy decisions would occupy position 7. For example, the notion of having students pay their share of costs for their degrees is a policy matter. It is just a policy decision, and there is nothing at all corrupt about it. At one extreme is the American version wherein gaining a degree is a costly experience. By way of contrast, Germany has made university education free. One can debate the merits of how a well-educated population should be costed.

In all of this one notes the general outlook of *Transparency International* that corruption flourished in secrecy, for which the antidote is transparency. One can imagine particular cases

for exemption: personal privacy of nonpublic relevance and the preservation of intellectual property, for example, but they would express exemptions rather than the norm. Where ethical values prevail there must be a concern. One of the classic definitions of corruption is where an official position of office is used for personal gain.

Given that transparency is the default mode, with specified exemptions, then particular merit accrues to whistleblowers. There is a need for prospective whistleblowers to ask themselves specific questions: provided they are satisfied in conscience that blowing the whistle is appropriate then they are to be admired (see Whistleblower's guide in references).

## Personality and Cultural Differences

There can be little doubt that the absence or presence of corruption is as normally distributed as any other personality quality: saints and looters are ever-present. What one needs to do is systemically foster ethical stances with use of systems such as cultivating an ethical culture, having a clear code, provide training, and rewarding ethical instances. Consistent with this is the ways in which some cultures are far more tolerant of corruption than are others.

The issues of how decisions are made are given in Ferrell et al. (2014). What is most instructive in their analysis is its comprehensive nature; what is less instructive is the distinctly Western orientation. One does need to be aware of are the varying values in other ways of doing business – a point more readily accommodated in Francis and Murfey (2015). As there are cultural differences, there is concern that such differences might make it difficult to agree on a common code. Taking a fairly simple decision, in the West it is common to allow interest to be charged: Under Shari'ah law, there is an expectation that profits and risks will be shared. These seemingly conflicting views need to be accommodated in any agreed code.

Here a case might be made for a commonly agreed set of standards, and one of universal application, being equally applicable to personal life, to business, and to politics and its agencies. Among such would be the eminence of transparency, of the eschewing of hypocrisy and deceit, the improper use of force, suppression, and any abrogation of the UN principles of human rights.

## Illustrative Case

Imagine a pharmaceutical company board considering donating out-of-date medicines to Third World countries and being motivated by genuine goodwill. The first question is the dating of the medications; for this, a technical question is in order, are the medications still of value despite their date? For this a skilled biochemist needs to answer that they are or are not the medications "do not use after" or "best used by . . ."

Suppose that they are still of value and the date is a "recommend use by. . ." then one goes on to the next question, "What if they are not administered by skilled staff?" One would need to ensure that it is a condition of use. A third question concerns corruption "What if they are illegally sold rather than being a free help?" together with the question "What would happen if it became known that shabby motives were attributed to us?" For this a solution would be to donate the medications to a respected organization, such as the *Red Cross* or *Medicin Sans Frontieres*, who would agree to the conditions imposed by the pharmaceutical donors.

Yet another issue is the ethical one of "They are not good enough for us, but alright for those others less fortunate." Here there is a real ethical dilemma. Imagine after a lively discussion at board level with the prevailing view that one gives in good faith so long as the predicted outcome is an improvement. There is no obligation to be perfect, but there is an obligation to leave the situation improved over what it would have been had there been no donation.

From all of this a consensual view emerges that the first risk is effectiveness, the second is control of conditions, the third is reputational, and the fourth is the principle of improvement. It will be seen from this illustration that ethical risk is a part of other risks, and the wish to do good may rebound unfavorably if they are not controlled.

In all of this, attitudes of board members are critical: They must see various types of risks as being interconnected and act accordingly.

## Conclusions

It is concluded that ethical risk is to be seen as part of overall risk management. That conclusion has the material benefit of enhancing reputations, bringing repeat satisfaction, acting as a defense in cases of false accusation, and being of benefit to the wider community. In politics, as in business, one might expect the primacy of ethical stances.

Managing ethical risk is seen as an important aspect of managing risk in general. Political risk is as much a part of its function as is direct decision-making on policy. It is, rightly, an offense to lie in the legislature but not an offense to lie to those who elected them, as political promises may be readily broken legislatures need to set a good example rather than castigate business for breaching the bounds of good ethics. As Bernard Shaw aptly remarked, children are in more need of good examples rather than they are of critics.

It is plain that the concern for values has benefits beyond the obvious: Values are not a superficial application but, rather, are at the core of a successful business. The concern for people is more than a simply practical issue – it is the core of being human: Labor is not just another commodity but is a fundamental issue.

## Cross-References


- ▶ Administrative Theory of Ethics
- ▶ Code of Ethics
- ▶ Costs of Ethics
- ▶ Ethics and Crisis Management
- ▶ Ethics Exemplars


## References


Ferrell OC, Fraedrich J, Ferrell L (2014) Business ethics: ethical decision making and cases. Cengage, Stamford

Francis RD, Murfey G (2015) Global business ethics. Kogan Page, London

Neef D (2005) Managing corporate risk through better knowledge management. Learn Organ 12(2):112–124

O'Fallon MJ, Butterfield KD (2005) A review of the empirical ethical decision-making literature: 1996–2003. J Bus Ethics 59(4):375–413

Power M (2008) Organized uncertainty: designing a world of risk management. OUP, Oxford

Stead WE, Worrell DL, Stead JG (1990) An integrative model for understanding and managing ethical behavior in business organizations. J Bus Ethics 9:233–242

Whistleblower's guide. http://www.huffingtonpost.com/adam-resnick/a-10-step-guide-to-whistl_b_4810485.html?ir=Australia


E

# Ethical Values


George Reed
School of Public Affairs, University of Colorado, Colorado Springs, CO, USA


## Synonyms

Ethical code; Moral principles; Principals; Professional ethics; Value-system; Virtue

The field of ethics is a branch of moral philosophy that attempts to develop concepts, rules, principles, and standards of right conduct. The subset of ethics known as professional ethics seeks to discern a well-reasoned approach for practitioners who are charged with carrying out functions of professional activity as honorably and forthrightly as possible (Cook 2008). Public administrators are not necessarily trained as ethicists, but they are confronted on a daily basis with decisions that have significant implications for the communities they serve. Values are an important concept when discussing right and wrong, and this is especially so in public administration due to the myriad conflicts and dilemmas inherent in the public sector. As an example, it is good to protect the rights of individual property owners, and it is also good to ensure access to land for expansion of infrastructure projects such as roads and airports that benefit the public. Most will recognize the conflict and tension associated with decisions surrounding the imposition of imminent domain whereby the

state can take private property for public use. Competing goods and trade-offs of policy implications in terms of those who benefit and those who pay are part and parcel of the study and practice of public policy and administration. How such conflicting interests are resolved can depend on the degree to which one value is prioritized more or less than another.

> Bozeman (2007, p. 117) provides a nuanced and useful definition of value.
>
> A value is a complex and broad-based assessment of an object or set of objects (where the objects may be concrete, psychological, socially constructed, or a combination of all three) characterized by both cognitive and emotive elements, arrived at after some deliberation, and, because a value is part of the individual's definition of self, it is not easily changed and has the potential to elicit action.

Bozeman's definition serves to highlight some important aspects of values. Values extend beyond objective economic determination and include a subjective emotional component. The value of a family heirloom can far exceed the auction price because the item evokes memories of ancestors key to a sense of identity and belonging. Values are key to a deliberative process by which alternatives can be evaluated. There is a sense of thoughtfulness associated with determining value. The establishment of value requires deliberation. Values tend to change slowly, if at all, and therefore have a sense of endurance and consistency. Perhaps most importantly, values are a precursor to action. If the values of an individual or collective body can be discerned, it is possible to predict how they will respond to a given course of action. Those who hold strongly to certain values can be depended on to act in predictable and possibly beneficial ways.

Professions frequently seek to inculcate specific sets of values as a means of promulgating behavior that best serves their clients. Professions are granted jurisdiction to practice by society to the extent that they are perceived as beneficial and responsive to societal needs (Abbott 1988). Those professions viewed as using their specialized knowledge in a way that meets expectations tend to be granted additional jurisdiction. In other words, when they are trusted, professionals are given latitude to apply their specialized knowledge without interference. When professions fail to meet expectations, society responds by limiting or removing their jurisdiction to practice. Since the maintenance of freedom to practice is a key motivation for professionals, stewards of professions tend to emphasize statements of professional values intended to encourage behavior designed to increase public faith and confidence. Values are typically passed to members through oaths, creeds, and codes of conduct with the intention that they become part of an organizational culture or fundamental belief system. Adoption of a professional ethos is beneficial since it leads to a desire to behave in a way that exceeds the mere stipulation of laws, rules, and procedures. Socialized members of a profession will act in a specific way simply because that is how professionals are expected to act. The drive to be perceived as a professional along with an internalized sense of how professionals act in a given situation motivates behavior beyond that which can be achieved through job descriptions and supervisory oversight.

From the ideals of the enlightenment and its emphasis on the preservation of natural rights rather than obedience to the state emerged an American belief system that influenced the subsequent form and style of public management (Gawthrop 2009). Legitimate governance and administration were derived from the consent of the people, not from a sovereign designated by a higher power. The common good of the people was to be the overarching objective of government. To that end good management, public accountability, and adherence to the rule of law and democratic principles have served as foundational values for public officials and administrators. Some of these foundational values can be seen in the literature of public administration and have been codified in a variety of ways.

Public Administration scholar Dwight Waldo identified 12 ethical obligations of a public servant:

> The Constitution
> Law
> Nation or country
> Democracy

Organizational/bureaucratic norms
Profession and Professionalism
Family and friends
Self
Middle range collectives
Public interest/general welfare
Humanity or the world
Religion or God. (Waldo 1988, pp. 103–106)

Various perspectives combine to influence administrators' moral decision-making including individual's own sense of ethics, professional ethics, organizational norms, legal codes, and public interest values (Van Wart 1998). Conflict between virtues or values represented on such lists is evident with even a cursory examination. As an example, some degree of self-interest is necessary, rational, and virtuous, but public servants are expected to put the needs of the nation ahead of their own interests. Primacy of self-interest is a recipe for self-aggrandizement and corruption. Managing the tension requires some sense of order or hierarchy of values. Listed alone, any positive adjective is appealing, but some may be more effective or appropriate for establishing public legitimacy in a given situation than others.

Federal employees swear an as oath stipulated in public law 5 U.S.C. §3331:

I, [name], do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

The oath taken by Federal civil servants serves as a promise to support the form of government established in the Constitution and the values contained therein. Individuals have a right to life, liberty, and the pursuit of justice, and the role of the government is to establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty. The oath establishes organizational norms that are codified in public law (OPM 2015).

The American Society of Public Administration established a list of principles in 1981 that have evolved into a code of ethics. Within this code are a series of value statements that echo Waldo's obligations as well as earlier enlightenment ideals:

ASPA CODE OF ETHICS

The American Society for Public Administration (ASPA) advances the science, art, and practice of public administration. The Society affirms its responsibility to develop the spirit of responsible professionalism within its membership and to increase awareness and commitment to ethical principles and standards among all those who work in public service in all sectors. To this end, we, the members of the Society, commit ourselves to uphold the following principles:

1. **Advance the Public Interest**. Promote the interests of the public and put service to the public above service to oneself.
2. **Uphold the Constitution and the Law**. Respect and support government constitutions and laws, while seeking to improve laws and policies to promote the public good.
3. **Promote democratic participation**. Inform the public and encourage active engagement in governance. Be open, transparent and responsive, and respect and assist all persons in their dealings with public organizations.
4. **Strengthen social equity**. Treat all persons with fairness, justice, and equality and respect individual differences, rights, and freedoms. Promote affirmative action and other initiatives to reduce unfairness, injustice, and inequality in society.
5. **Fully Inform and Advise**. Provide accurate, honest, comprehensive, and timely information and advice to elected and appointed officials and governing board members, and to staff members in your organization.
6. **Demonstrate personal integrity**. Adhere to the highest standards of conduct to inspire public confidence and trust in public service.
7. **Promote Ethical Organizations**: Strive to attain the highest standards of ethics, stewardship, and public service in organizations that serve the public.
8. **Advance Professional Excellence**: Strengthen personal capabilities to act competently and ethically and encourage the professional development of others. (ASPA 2013)

The National Association of Schools of Public Affairs and Administration established accreditation standards promoting public service values. A focus on public service values in the academy, including measurement of the degree to which

students internalize them (NAASPA 2009), serves as a means of establishing and reinforcing beneficial attitudes, behaviors, and skills. The ASPA Code of Ethics represents an effort to establish professional and organizational norms that encourage members to advance the interests of the public. Values espoused by an organization or profession can differ from those in practice (Schein 2010). Beyond the lofty statements of codes of ethics are realities that shape the thinking and values of those who must face daily situational realities.

It is important to note that public service takes place in a bureaucratic structure with all of its attendant benefits and dysfunctions (Rohr 1989). Bureaucracies, with their clear lines of authority and emphasis on thorough documentation, tend to value standardization, predictability, and accountability in the provision of public services. Bureaucrats are public officials hired, retained, and promoted through a merit system. Bureaucrats, unlike elected officials, are assumed to be on a career status and with good behavior retain their positions independent of the election cycle. The establishment of a professional civil service was an effort to temper the partisan nature of political appointments of the time (Fredrickson 1972). Administrators were expected to remain subordinate to elected officials, but they were also expected to operate in a scientific and businesslike approach to administration independent of the more sordid aspects of partisan politics. Clear lines of authority and responsibility contribute to public accountability. No matter how large and complex the agency, someone at the top of the pyramid can be brought before elected officials to account for the actions of the organization.

Over time the dichotomy between politics and administration has largely been discarded by public administration scholars in favor of a perspective that acknowledges the pervasive nature of politics as inherent to the practice of public administration. An understanding of power and political systems are requisite for the effective implementation of public policy. Today public administrators are instead encouraged to appreciate the political nature of their work while avoiding overt partisanship. The values of rationality, respect for democratic processes, and meritorious service remain evident in contemporary public administration.

Our understanding of bureaucratic forms of organization has also evolved with the recognition that they can be prone to devolution into unresponsive, rule-bound institutions that are self-serving and protective of unproductive work. At its best, a professional ethos that puts the public good and general welfare over organizational and individual interests serves as a defense against some of the more pernicious aspects of bureaucracies. Public administration cannot escape the bureaucratic structure in which it practices, but public administrators can promote a professional worldview that prioritizes the interests of its client (society) as a counter to bureaucratic tendencies. Public administrators are expected to prioritize interests of the public over interests of the organization.

The notion of public service motivation suggests that some individuals may hold values that draw them to the public sector where their desire to serve and positively impact society can be fulfilled. The theory holds that employees will seek employment in organizations consistent with their own values. Public service provides an opportunity to make a broad and profound impact in a way that can be motivating for altruistic people (Wright 2001).

From a public policy standpoint appeals to widely shared values serve as a means of garnering support. In this sense, values are tools to be harnessed in an effort to organize and derive influence. Advocacy groups wrap favored solutions in the rhetoric of values such as freedom, equality, opportunity, security, and justice. Attempts to mobilize public sympathy and grass roots support are heightened with passionate appeals to values that have broad appeal. Much of the agenda-setting phase of the policy process is characterized by battles between competing advocacy groups to control the narrative and frame problems in ways that support favored solutions. As an example, groups advocating legal abortion describe themselves as "pro-choice," while those who oppose abortion describe their efforts as the "right to life" movement. Both are designed to produce

passionate moral reactions. Those who support additional gun regulation cite an "epidemic of gun violence" that begs a policy solution, while opponents of gun regulation appeal to the constitutional "right to bear arms." Value expressions evoke emotional responses and mobilize supporters who can often be identified based on the rhetoric they use. Shared values provide a pool of common interest around which people identify and distinguish themselves from others. Sometimes those groups organize into powerful constituencies that seek to influence public opinion and capture the support of decision makers.

At the heart of responsible public service is a shared sense of proper conduct based on underlying values that help motivate ethical behavior (Garofalo and Gueras 2007). Public administrators do operate within considerable legal constraints including a system of accountability to elected officials, yet they also exercise discretion in the execution of their duties in ways that have a positive or negative impact on society. The explication of key values such as the primacy of the public interest over private gain, lawfulness, and a sophisticated sense of obligation helps to establish expectations that public administrators can be held to and guideposts for honorable service for those who strive to act honorably in the execution of their appointed tasks.

## Cross-References


- ▶ Administrative Ethics
- ▶ Ethical Frameworks
- ▶ Ethics Training
- ▶ Professional Norms in Public Sector HRM
- ▶ Public Service Motivation


## References


Abbott A (1988) The system of professions: an essay on the division of expert labor. The University of Chicago Press, Chicago

American Society for Public Administration (ASPA) (2013) ASPA code of ethics. http://www.aspanet.org/public/ASPA/About_ASPA/Code_of_Ethics/ASPA/Resources/Code_of_Ethics/Code_of_Ethics1.aspx?hkey=222cd7a5-3997-425a-8a12-5284f81046a8. Accessed 22 Dec 2015

Bozeman B (2007) Public values and public interest: counterbalancing economic individualism. Georgetown University Press, Washington, DC 38(13)

Cook M (2008) Revolt of the generals: a case study in professional ethics. Parameters 4–14

Fredrickson HG (1972) Toward a new public administration. In: Scranton FM (ed) Toward a new public administration. Chandler Publications, New York, pp 309–331

Garofalo C, Geuras D (2007) Ethics in the public service; the moral mind at work. Georgetown University Press, Washington, DC

Gawthrop LC (2009) Public service, ethics, and democracy. Foundations of public administration: public service, ethics and democracy. Public Administration Review. http://www.aspanet.org/public/ASPADocs/PAR/FPA/FPA-Ethics-Article.pdf. Accessed 22 Dec 2015

Molina DA, McKeown CL (2002) The heart of the profession: understanding public service values. J Public Aff Edu 18(2):375–396

National Association of Schools of Public Affairs and Administration (NASPAA) (2009) Accreditation standards for Master's degree programs. https://naspaaaccreditation.files.wordpress.com/2015/02/naspaa-accreditation-standards.pdf. Accessed 22 Dec 2015

Rohr J (1989) Ethics for bureaucrats: an essay on law and values, 2nd edn. Marcel Dekker, New York

Schein E (2010) Organizational culture and leadership, 4th edn. Jossey-Bass, San Francisco

U.S. Office of Personnel Management (OPM) Constitution Initiative. http://archive.opm.gov/constitution_initiative/oath.asp. Accessed 23 Dec 2015

Van Wart M (1998) Changing public sector values. Garland, New York

Waldo D (1988) The enterprise of public administration. Chandler and Sharp, Novato

Wright BE (2001) Public-sector work motivation: a review of the current literature and a revised conceptual model. J Public Adm Res Theory 11(4):559–586


# Ethical Values and Personal Integrity


James L. Cook
US Air Force Academy, Colorado Springs, CO, USA


## Synonyms

Integrity: character; Value: belief, principle

## Definition

Ethical values are beliefs that provide guidelines for acting rightly in specific roles or for living morally in general. Personal integrity is consistently sound moral character.

## Introduction

In addition to defining key terms, an account of ethical values and personal integrity must explain where ethical values can exist and where they originate; question whether values are ephemeral or enduring, and explain why some values endure while others do not; examine whether there is one greatest ethical value or if there are many values of equal importance; suggest how to resolve conflicts among ethical values; inquire whether values are relative or universal; clarify the relationship between ethical values and personal integrity; and point out obstacles to developing ethical values and personal integrity. This article sketches ways to approach each of these tasks by appealing to ancient and modern philosophy and moral psychology. The result is a general account applicable to the practice of public administration and policy making.

## Ethical Values: Definition and Kinds

Values are beliefs that provide guidelines for acting or living. Values help individuals or groups perform specific roles such as jobs to their satisfaction or live their lives in ways they find meaningful. Values may be variously expressed: as goals one should strive to achieve and sustain in various aspects of life, as principles that help choose and prioritize alternatives, or as rules that offer specific guidance for particular situations.

Not all values are ethical. Some, such as the Mafia's principle of *omertà*, often called the code of silence, facilitate criminal acts. By many standards *omertà* is an *un*ethical value, though a mafioso might disagree. Other values seem more practical or aesthetic than ethical. For example, a carpenter may value a well-organized workshop, a musician may strive for energy and precision while performing, an Olympic athlete may prize concentration and dedication to training, and a famous chef may value the attractive presentation of prepared food on the plate and table.

But some values are clearly ethical. They express what people strive to do and be in every aspect of life, professional and personal, not because of a payoff such as pleasure or fame but rather because of an obligation that is self-evidently moral. The musician, the athlete, the lawyer, and the stay-at-home parent all value honesty, for example, even though in each of these occupations it is often hard to tell the truth or shun an opportunity to cheat. The honest person recognizes no moral holiday in which the duty to tell the truth and play fairly is suspended; honesty as an ethical value is binding everywhere and all the time, no matter whether one is at home playing with the kids or in the office working with colleagues or at the supermarket shopping for groceries.

The division between ethical values and values that are practical or aesthetic is not absolute. A medical doctor must know her craft well not just as a matter of personal pride or workplace convention but more importantly because the business of preserving and restoring health is an ethical undertaking. So technical competence in medicine is both an ethical and practical value. "Neither a borrower nor a lender be," says Shakespeare's Lord Polonius to his son Laertes in the course of a mini-lecture on values (*Hamlet* 1.3.). The admonition serves as both a practical and an ethical value in a culture that believes it is morally necessary to live within one's means and to encourage others to do the same. In 1735 Benjamin Franklin advised his fellow Philadelphians that ". . .an Ounce of Prevention is worth a Pound of Cure. . ." when handling hot coals that could set their houses on fire. Foresight and initiative are certainly practical values, but they are also ethical values in so far as they help people avoid homelessness and the suffering it causes.

So much for defining ethical values and differentiating kinds of values; what remains unclear is their source and location.

## Who or What Can Have Ethical Values, and Where Do Values Come From?

Individual persons and collectives such as cultures, nations, churches, and service organizations have ethical values. Environment is their most obvious source (Wilson 2000). A person adopts the values of the people and institutions surrounding her, often without questioning why the values exist and whether they are worth the effort it takes to live up to them. For most people, socialization starts with family and friends who impart their own values in the course of everyday life. The process continues in the earliest years of schooling. Robert Fulghum's bestselling book *All I Really Need to Know I Learned in Kindergarten* (1986) celebrates ethical values introduced in early childhood. By Fulghum's homespun account, these earliest lessons exercise lifelong power. An individual person's particular culture, often associated with nationality, contributes further values. The United States' Declaration of Independence holds up "life, liberty, and the pursuit of happiness" as ethical values (though it calls them "Rights"). Subcultures such as religious confession and institutions likewise offer ethical values. San Francisco's GLIDE Memorial United Methodist Church values being "Radically Inclusive…We welcome everyone." Later in a person's life the work place introduces values of its own. For example, Bob MacDonald, a past CEO of the US corporation Procter and Gamble, proudly listed the corporation's values as leadership, ownership, integrity, passion for winning, and trust (MacDonald 2008). Similarly, each of the military services in the United States has core values. The three core values of the US Air Force, for example, are: "Integrity first. Service before self. Excellence in all we do."

Although it is relatively easy to identify possible sources of values, how they are adopted into individual and collective lives is somewhat mysterious. Similarly, it is difficult to say why some individual and collective values fall by the wayside while other values seem to last a lifetime in individuals and persist in perpetuity as group values. For instance, Judaism and its values have endured for about 4000 years and counting. What explains why some values, individual and collective, are stable while others are not?

## How Stable Are Values, and What Makes Them Stick?

As discussed above, most people encounter and adopt ethical values as they grow up. The process is osmotic: Human sources such as parents and cultural influences such as religion impart values, sometimes explicitly and sometimes more subtly, but rarely ask the recipient to understand completely the reasoning behind the values. Sometimes interrogation of values is even actively discouraged, as when an exhausted parent may answer the persistent "Why?" with "Because I said so" or a religion urges adherents "to trust and obey," as an old Christian hymn has it.

But at some point in their lives many people begin to interrogate some or all of their values. "For the human being, the unexamined life is not worth living" (Plato 1966, *Apology* 38a). So said Plato, urging his young followers to question the values they had inherited from their parents, religion, the city-state of Athens, and other sources. Scrutinizing life can be difficult and disorienting. After discarding values found to be wanting, a person may feel untethered and directionless. This is small wonder, because gaining a deep new understanding of long-held values may oblige one to do uncomfortable things. Mark Twain's Huck Finn exemplifies this sort of disorientation and discomfort after pondering the ubiquitous racist values of his society. Adrift on the Mississippi River, Huck struggles to decide whether he should go with the flow and turn in runaway slave Jim for a monetary reward and social approbation. Or should he discard those old values and instead help Jim achieve freedom? Doing the right thing will cost Huck dearly even if it also has its benefits. For Huck and everyone else, values still standing after facing an ethical quandary and those values newly forged in response to the moral challenge will impact life more powerfully than values that are simply inherited and accepted unthinkingly.

## One Value or Many?

The Boy Scout Law lists twelve values, including trustworthiness and loyalty, and exemplifies the multiplicity of ethical values that individuals and collectives may choose to embrace. Organizations such as Procter and Gamble and the US military services likewise set a number of standards for their members to meet. At the same time, however, institutions often tend to identify one big thing that they hope to achieve. Procter and Gamble's five values serve the corporation's overall stated purpose: "to improve the lives of the world's consumers" (MacDonald 2008). The US Air Force's three core values serve its single mission: "To fly, fight, and win in air, space, and cyberspace." A centuries-old tradition holds that the Old Testament contains 613 commands, including many recognizable as ethical values – e.g., "Thou shalt not kill." But the story goes that when a pagan challenged him to stand on one foot and explain everything a Jew is obliged to do, Rabbi Hillel replied "What is hateful to you, do not to your neighbor. That is the whole Torah [the entirety of the law]; the rest is commentary. Go and study."

These examples may prompt the inquisitive to ask: Is there one ethical value, or are there many? Is there one value that is good in itself, so that all other values are instrumental to reaching it? Aristotle describes numerous virtues that might also be called values, among them the so-called cardinal virtues of wisdom, justice, courage, and temperance. Yet he also insists that "the Good is That at which all things aim" (Aristotle 1934, *Nicomachaean Ethics*, 1094a). For Aristotle, the one good thing for the individual turns out to be a flourishing spirit, and analogous well-being is the single greatest good for the city-state.

The problem of whether there are many values or just one may not be soluble, or it may be that a linguistic approach is needed. Perhaps the term "value" is used in different ways such that it makes perfect sense to call Procter and Gamble's five aspirational guidelines "values" in one sense and its overall aim a "value" in a different sense. The five values are *instrumental*, while the single value believed to be most important is *ultimate*. This distinction is not just academic; it is helpful in reacting when values collide.

## Resolving Conflict Among Values

Perhaps there is just one ultimate value in human life, but people tend to speak of multiple values. This sets the stage for values to come into conflict with one another in certain situations. For instance, imagine a patient admitted to the hospital because of poor blood flow. Doctors might consider performing an invasive procedure to restore health – to remove a blockage in an artery by inserting a balloon catheter, say, or implanting stents. However, before beginning the doctors will ask themselves if there are any possible downsides to these procedures. Perhaps the patient is old and frail enough that statistically speaking he probably would not survive any operation. Or maybe the patient had not previously consulted a physician, meaning the doctors can try several noninvasive therapies such as administering oral blood thinners before considering resort to surgery. These noninvasive measures might improve the patient's quality of life even if they fail to get at the root problem of clogged or weak-walled arteries.

In this situation two longstanding values of the medical profession are in tension. On the one hand, there is the value summarized by the old saying "First, do no harm" (often given by the Latin *Primum non nocere*). This rule expresses what ethicists sometimes call the principle or value of nonmaleficence, that is, of not doing harm. On the other hand, doctors prefer to solve problems rather than just treat symptoms; they hope to restore optimal health whenever possible. In the case of the patient described, however, it makes no sense to seek optimal health if doing so would likely kill him. Some ethicists generalize from situations like this and say that *prima facie* – at first appearance – the duty of nonmaleficence trumps the duty of benevolence (Ross 1930). In other words, absent overriding reasons to solve a medical problem directly and completely when doing so would likely harm the patient, the doctor will choose to do no harm and seek other means of

alleviating symptoms. Sometimes there are overriding reasons to risk harm – e.g., when a living will expresses a patient's desire not to live dependent on life-support equipment.

But how does one decide which value trumps which in case they conflict? The most obvious way to decide is by using the distinction made in the previous section between instrumental and ultimate values. The first step is to examine each of the conflicting values. What is each supposed to do? Is it an end in itself or does it serve some higher good, that is, the ultimate value (whatever that might be)? It appears that at least for a practicing physician, neither the value of beneficence nor the value of nonmaleficence is ultimate; each serves the higher goal of the patient's well-being. The rule "First do no harm," a special instance of the broader principle of nonmaleficence, expressed the conviction of medical doctors that the ultimate goal of the patient's well-being, the value both the two competing principles of beneficence and nonmaleficence serve, is best achieved by first doing no harm.

While much more would need to be said before one had anything like a foolproof decision algorithm, this example points to one way conflicts between competing values might be resolved. However, there is no guarantee that it will always be clear which of two competing values would best serve the ultimate value in any particular context. Isaiah Berlin perceives the ethical values of liberty and equality as being in perpetual conflict. He labors not to show how the conflict can be resolved but rather to explain why the conflict is unresolvable (Berlin 1958). Even if Berlin is right, at least some serious conflicts can be resolved when one is clear about the distinction between instrumental and ultimate values. The example of the heart patient, above, demonstrates that fact at the level of the individual person. At a political level, Dame Stella Rimington, author and former Director General of MI5, the British internal security service, assures her audience that although democracy and security are two important political values that can conflict, shrewd leadership can ensure both aspirations are met (Rimington 1994).

Whether Rimington is right or not, Berlin makes it easy to imagine cases where instrumental values conflict and where there is no simple way to decide which value trumps based on appeal to an ultimate value. In such instances, people of high integrity might fail to live up to one or more of their values simply because they are unsure what to do; they transgress while trying to comprehend their duty. But at other times people know what their ethical values demand of them and yet still fail to meet the standard. The obvious question is, Why? Moral psychologists are increasingly interested in this question, and their research reveals that environmental factors can overwhelm even strongly held ethical values (Ariely 2010; Doris 2005; Haidt 2012). When under time pressure, for example, habitually kind people who would otherwise take time to help a stranger may rush by even the neediest of their fellow human beings.

## Are Values Objective or Relative?

It is fair to characterize a value as a belief that someone holds strongly. But beliefs may be true or false, and individual people have different, sometimes conflicting beliefs. Is it possible to know who is right when beliefs differ? A related question: Can values be objectively good or bad, that is, good or bad for all people, all the time? These questions get at a more general doctrine that ethicists sometimes call *relativism*. There are different kinds of relativism, but a common form holds that no value is objectively right or wrong because there is no universal standard that could serve as arbitrator. This contention seems most palatable when applied to norms, personal or cultural, that do not involve physical harm. For instance, one person may believe strongly that it is morally corrosive to see nudity in public – at topless beaches, say – while another person believes just as strongly that so-called body taboos are nothing but culturally instilled prejudices. The ethical issues at stake here are not unimportant, but they pale in comparison with other differences in intercultural practice. An example is the female genital mutilation widely practiced in parts of Africa and the Middle East. A thoroughgoing cultural relativist would say

such mutilation is neither right nor wrong in any objective sense, and in fact the very term mutilation expresses no universal moral truth but rather just one among many possible perspectives. Others would find this attitude appalling and argue that gratuitously injuring a child is always wrong. This example helps make clear why the question above – Can a value be universally true? – matters so much.

Knowing what ethical values are and how they function in the lives of individuals and groups provides a good basis for understanding the second concept in this entry's title, namely, personal integrity.

## Personal Integrity: Definition

Integrity manifests itself in consistently good action. The Latin *integritas*, the root of the word integrity, means among other things wholeness, consistency, and uniformity; similarly, in math the word integer means a whole number. But often integrity is used to mean not just wholeness or consistency, which a person could demonstrate by being wholly or consistently bad, but complete and constant good character. When integrity is understood in this way, the phrase "has integrity" is just another way of saying, "is a good person." Even in Latin, that which has *integritas* is often not just whole but also sound.

Here one may be tempted to question how strong the link between wholeness and soundness – moral soundness, that is – must be. Suppose there is someone who acts in a way that is consistent with his or her values, yet moral intuition suggests this person is unethical? Perhaps it is possible for good and bad people to be equally consistent, that is, have equivalent integrity in the sense of wholeness.

To make this possibility concrete, suppose Heinrich is an SS officer who, though not foolhardy, rushes into the hottest spots of every battle where angels would fear to tread. Does Heinrich therefore have the cardinal virtue of courage? To answer, it may help to imagine Joe, a lieutenant in the US Army a few hundred yards on the other side of the front lines from Heinrich. Joe acts courageously too, though he serves a very different cause.

Is Joe's courage of a different sort than Heinrich's? Or are both men equally courageous? Here moral intuition may bog down in paradox and fail to give a satisfactory answer or even any answer at all. Taking this case to its logical extreme would yield not just a continental divide of values in a single person, with good values at home and horrific values at work, but a wholly bad person – a person of integrity (wholeness), yet the very worst kind of person. This is worth exploration.

## Can a Bad Person Have Integrity?

Since at least the fourth century BC courage has been considered one of the four cardinal virtues, along with wisdom, justice, and temperance. So if one decides Heinrich and Joe are equally courageous, then it follows that Heinrich, bad actor though he is in every other aspect of life, has at least one virtue. His values are not totally corrupt. And yet Heinrich would do less harm if he were *not* courageous, so we have a paradox that courage, a virtue, facilitates wickedness. Does this make sense? Does it make sense that having a virtue, or one could also say the right ethical value in an aspect of life, can actually be a bad thing? Is there a way out of the apparent paradox?

One way out would be to argue that in fact Heinrich is not courageous; he only appears to be so. How could that be? Since at least the fourth century BC the West has entertained the possibility that virtues have a cognitive component: to have the virtue of courage, for example, means to *know* something about the aspects of life where courage is at stake. Not that all virtues are primarily acquired by learning. Aristotle thought only some were; others, including courage, were gained largely by practice. Yet even these practice-heavy virtues required particular knowledge. Plato, Aristotle's teacher, has Socrates and interlocutors agreeing that courage is knowing what one should fear and what one should not fear (Plato 1969, *Republic* IV 442c). So, for example, a foot soldier defending one end of a bridge

realizes that unless she flees from the advancing enemy, she will be killed. On the other hand, she knows that if she fails to delay the enemy, her homeland will be overrun and her family and friends killed and enslaved. Which outcome should one fear – guilt-ridden survival in a world without family and friends or one's own death? Following Plato, it appears the courageous person knows that of the two alternatives, death is not the frightening one.

Arguably all the virtues similarly require knowledge. For example, one must know what it means to live moderately before one can do so. How much fat is too much and how little is too little in a daily diet? What about carbohydrates, and does it matter whether they are simple or complex? Humans are not born knowing the answers to these questions. Shelves and shelves of nutritional studies and how-to diet books attempt to provide answers. One must have an inkling of these answers in order to live temperately, that is, with the right ethical value of moderation. The same is true of the cardinal virtue justice. In the US over the last few years, the Supreme Court's nine members have often split five to four on the most important legal issues. Deep knowledge is necessary to discover and do the just thing.

Stipulating for the moment that all virtues require extensive knowledge, how much overlap is there among the respective kinds of knowledge that each virtue presupposes? For example, how much overlap is there in the kind of knowledge one must have in order to be temperate with the kind of knowledge one must have to be just? Presumably the overlap could be substantial. Consider the question of whether the US government may require a citizen to purchase health insurance if she earns sufficient money to do so. This amounts to a question not just of justice but as well of moderation: How much should a government interfere with personal decisions on what to buy? Is requiring the purchase of health insurance too intrusive, or would the government be negligent if it did not insist that citizens who earn enough buy health insurance? In 2014, the US Supreme Court found for the Obama administration in a challenge to the Affordable Care Act, *King v. Burwell*.

Perhaps the epistemic overlap is significant enough that anyone having one virtue will have them all. Perhaps Heinrich's supposed courage amounts to mere recklessness. As a committed Nazi he serves an unjust cause, after all, and so apparently does not know what is worth fearing and what is not. Lacking that knowledge, he necessarily also lacks courage. How could someone not fear a thousand-year Reich in which Jews, Roma, Sinti, gays, lesbians, and others had been systematically eliminated? And yet that is the end state that Heinrich's courage serves.

But does Heinrich have personal integrity? He is, after all, a thoroughly committed Nazi; he is consistent in his beliefs and actions. One can reasonably answer yes or no. Yes, Heinrich exemplifies integrity-as-personal-consistency, but no, he fails to demonstrate integrity as having the whole set of ethical values that make for the life most worth living.

## Developing Ethical Values and Personal Integrity

It is perhaps most natural to think that to remedy a dearth of ethical values and personal integrity in any walk of life, including public administration and public policy making, those who teach aspiring practitioners ethics must optimize their methods. But before asking *how*, exactly, one could improve the teaching of ethics, it makes sense to ask *whether* ethics can be taught at all. Once again, ancient Greek philosophy recognized the problem. Plato's dialogue *Meno* begins with a challenge to Socrates: "Can you tell me, Socrates, whether virtue can be taught, or is acquired by practice, not teaching? Or if neither by practice nor by learning, whether it comes to mankind by nature or in some other way?" (Plato 1967, *Meno* 70a). Arguably these questions are never answered once and for all either in the dialogue or even in all of Western philosophy since. But *Meno*'s questions are critical to the issue of how to ensure tomorrow's public administrators and policy makers have the right ethical values and personal integrity.

Arguably, ethics training has placed too much emphasis on developing the individual leader's character and too little on training leaders to seek out, build, and maintain ethically healthy environments. Moral psychologists are amassing increasing empirical evidence that character, no matter how ethical, can ward off environmental temptations to err for only so long and to only a limited degree (Ariely 2010; Doris 2005; Haidt 2012, 2014). To overstate this thesis a bit: put a saint in a scofflaw motorcycle gang, and before long he will be just another biker. There might be some rare individuals whose character is truly impervious to the seductions of perverse environments. But most people are not that morally tough. Most can act consistently well only when they are in environments that help them do so. Although moral psychology is now contributing more evidence of this, the basic insight is quite old. "Be careful to choose the right friends and associates": that is venerable advice that is based on the same sense of human frailty. Good people can go wrong if they are in the wrong company, or more broadly, the wrong moral environment.

So of course we should try to gird each future public administrator or policy maker with the best possible character, but that is not sufficient. Just as important is to teach a preventive mindset that will encourage the individual to shun corrupt environments, including associates, and instead choose salutary ones. The corresponding obligation on the part of leaders in public administration and policy making is to create and maintain healthy ethical climates, ones where otherwise good people are not tempted to transgress beyond their powers of moral resistance. As universities and on-the-job training teach young people the nuts and bolts of administration and governance, it is crucial that another lesson be imparted as well – leaders of communities and organizations must be moral architects who build and maintain environments conducive to ethical behavior.

## Conclusion

Scholars of ethical values and personal integrity differ on important questions. Monists argue with pluralists over the question of how many values there are. Moral relativists and absolutists wrestle over the question of whether there can be universally valid ethical values. And on and on the scholarly disagreements go. Even the general approach taken in this entry – of developing a general theoretical account of values and integrity for application to specific practical issues – would strike some as questionable (Capaldi 1996). But none of these disputes undercuts an important point of consensus: In the day-to-day practice of public administration and policy making, ethical values and personal integrity are critical cornerstones. Neither individuals nor organizations can achieve long-term success without them.

## Cross-References

► Ethical Leaders
► Ethical Values

## References

Ariely D (2010) Predictably irrational, revised and expanded edition: the hidden forces that shape our decisions. Harper Perennial, New York

Aristotle (1934) Nicomachean ethics. Aristotle in 23 volumes, vol 19 (trans: Rackham H). Harvard University Press/William Heinemann Ltd, Cambridge, MA/London. Reproduced by the Perseus Project. http://www.perseus.tufts.edu/hopper/text?doc=Perseus:text:1999.01.0054

Berlin I (1958) Two concepts of liberty, inaugural lecture. University of Oxford. Reproduced in Berlin, Isaiah, Liberty, 2nd edn. Oxford University Press, Oxford, 2002

Capaldi N (1996) What philosophy can and cannot contribute to business ethics. J Priv Enterp 22(2):68–86

Doris J (2005) Lack of character: personality and moral behavior. Cambridge University Press, Cambridge

Haidt J (2012) The righteous mind: why good people are divided by politics and religion. Pantheon Books, New York

Haidt J (2014, January 13) Can you teach businessmen to be ethical? The Washington Post. https://www.washingtonpost.com/news/on-leadership/wp/2014/01/13/can-you-teach-businessmen-to-be-ethical/

MacDonald B (2008/2009) Values-based leadership. Speech transcript. https://www.pg.com/en_US/downloads/company/purpose_people/values_based_leadership.pdf. See also "Values-Based Leadership".

Video presentation. http://www.pg.com/en_US/company/purpose_people/executive_team/values_based_leadership.shtml
Plato (1966) The apology. Plato in twelve volumes, vol 1 (trans: Fowler HN; Introduction: Lamb WRM). Harvard University Press/William Heinemann Ltd., Cambridge, MA/London. Reproduced at http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A1999.01.0170%3Atext%3DApol.%3Asection%3D38a
Plato (1967) Meno. Plato in twelve volumes, vol 3 (trans: Lamb WRM). Harvard University Press/William Heinemann Ltd., Cambridge, MA/London. Reproduced by the Perseus Project. http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A1999.01.0178%3Atext%3DMeno
Plato (1969) Republic. Plato. Plato in twelve volumes, vols 5 and 6 (trans: Shorey P). Harvard University Press/William Heinemann Ltd., Cambridge, MA/London. Reproduced by the Perseus Project. http://www.perseus.tufts.edu/hopper/text?doc=Perseus:text:1999.01.0168
Rimington S (1994) Security and democracy: is there a conflict? Richard Dimble by Lecture. https://www.mi5.gov.uk/news/security-and-democracy-is-there-a-conflict
Ross WD (1930) The right and the good. British moral philosophers series. Clarendon Press, Gloucestershire 2003. Part II, "What makes right acts right?" Reproduced at http://www.ditext.com/ross/right2.html
Wilson EO (2000) Sociobiology. Twenty-fifth Anniversary Edition. Belknap Press, Cambridge, MA

# Ethics and Accountability

Saeed Siyal
School of Economics and Management, Beijing University of Chemical Technology, Beijing, People's Republic of China

## Synonyms

Beliefs and answerability; Morals and responsibility

## Definition

Ethics refer to the principles, standards, or codes which govern the behavior of individuals. Those failing to comply with such standards are held accountable for their acts and behaviors.

Accountability refers to the assurance of evaluating an individual or organization based on the performance and behavior in terms of their responsibilities.

## Ethics

Ethics is an essence of professionalism as well as efficiency at the workplace. They represent the character and standards that lead to behaviors and activities of individuals. According to Davis (1990), ethics are the morally accepted standards of behaviors and actions desired by every member of a group or organization in other fellows. It is also defined as a just or right moral of the behaviors among parties (Runes 1964), something constituting good or bad conduct of the individuals (Barry 1979), as a criterion to differentiate between good and bad, right and wrong and something that aware us about what we should do and should not do (Beauchamp and Bowie 1983). It may also be referred as a sound culture which is based on a set of values including efficacy, professional discipline, self-esteem, fairness, and gentility in performing the duties. Ethics has always influence on the individuals, organization, as well as society, and relate to the codes of conduct which are regarded as right and virtuous. They have impact on the ethical judgments made by the individuals having the legal and moral acceptance by the community (Jones 1991). Hence, the societal ethics can be observed in a form which controls the behaviors and actions of members of the society (Bauman 1993).

In the literature of business and management, ethics is commonly studied by the use of normative theories emphasizing on what the individuals should behave and not. These theories determine the nature of action or behavior whether it is right or wrong and its impact on others (Tsalikis and Fritsche 1989). Moreover, ethics claims a legitimacy which is quite powerful and limits the behaviors and actions of individuals and holds them accountable for their doings (O'Reilly et al. 2009, 246). Corporate codes for ethics have been

proliferated and proved expedient for notifying the individual employees regarding the organization's legal requirements, addressing concerns, as well as serving as a guideline for the accepted practices within organizations. Any organization is held ethical by the people who owe, manage, and work in it (DeGeorge 1999). Hence, the excellence of the organizations may not be identical to their ethical morality but it is always encouraged by it. Thus, the understanding of dynamics regarding the ethical decision making can be useful for the organizations in creating ethical work environment by selecting certain tools and training for their leaders and employees. Without the ethical standards, the leaders may behave harshly with their subordinates and leave adverse impression on employees and subordinates which in turn may lead them to switch the organization (Siyal 2018; Siyal and Peng 2018). This may affect the organizational performance and lead them towards hard times and prone to the downsizing as well (Siyal 2020).

Ethics is stranded on wide-ranging doctrines of integrity and fairness which focus on the matters of core stakeholders like the quality of products, benefit of workers, and satisfaction of customers and ecological responsibilities of the local community. In the contemporary past, organizations have raised accountability in terms of ethics which make employees follow the highest caliber regarding ethics. Professionals are known for their competence along ethical standards, without which their competence is of no use. Failure in ethics may lose the trust of employees and public. This results from the rising pressure on organizations for being trustworthy as well as accountable which leads to embrace and include the code of ethics in organizational decision making. Accountability is an effective mechanism to control the conduct and behaviors of individuals and employees within societies and organizations respectively (Siyal and Xin 2020). This connects the business ethics and accountability to determine the way individuals react to the dilemmas of ethics. Ethics appear in diverse classifications, out of which the most common classification is normative which comes in main three forms. Brief description of each form is given below.

### Utilitarian Ethics

The best approach of understanding this form of ethics is by identifying the situation being addressed which commonly relates to criminal justice and penalties based on retribution. Retribution or payback is determinedly rooted in the human emotions, which often led to the desire of punishment and penalty (Hooker 1996). This was later recommended by Jeremy Bentham to keep aside the emotional or religious perspective and consider the social perspective while justifying and addressing any situation. After this, the policies were eventually designed to raise the welfare of the society and organizations overall. Hence, the criminal acts within the society or organizations were meant to discourage the crime, and not prone the doers suffer hard. In fact, the pain or agony of the criminals counts contrary to the punishment or penalty and should be balanced by the greater evil or bad which is probable to occur if left unpunished or scot-free. The ethical philosophy underlying this approach is utilitarianism that supports the idea of trying for good for greater number without any disruption due to retribution.

### Deontological Ethics

The term deontology has a literal meaning as a science of duty, whereas in terms of ethics it bears a meaning which is more specific and comprehensive. It represents the idea of existence of good and bad in the intentions of individuals, not in the consequences of their acts because the actions are the reflection of intentions of any individual. An individual often acts in accordance with the intentions. The deontological perspective of the good intentions is not always colloquial, for instance, a manager or leader intending to visit his team working at the site or field, but he never does what he has been intending. This person can be regarded as the one having good intentions, but in the ethical sense he did not intend to visit his team working at the site because if he really intended, he would have visited them. In the ethical concept, intending any act infers to do it, unless it has been thwarted or failed.

The deontological investigation and exploration of what transforms the intentions into good is

actually the Kantian analysis proposed by the Immanuel Kant (1788, 1969). He starts with the proposition that an individual always acts for a specific reason behind it. There must be some reasons for that act or behavior. For example, if an employee quits a job, he must have some reasons for doing this. May be his boss is not fair with him, maybe he is not being promoted for a long time or the other employer is offering him better position with better salary and benefits. Or if a boss is strict with any specific employee or subordinate of his team, there may also be several reasons behind it. The employee may not be performing well, or he may not be punctual, active, or team player, etc.

### Aristotelian Ethics

This form of ethics has a tendency of being misunderstood or sometimes precluded by the descendants of western culture due to lacking the moral obligation. Aristotle's ethics illustrates the way to live a good life regardless of its place whether it is an organization or a society. In his point of view, the goodness or badness of a human life is same as the tools are good or bad. He further explained that a good tool usually functions in a good manner and it is sharp, balanced, durable, and safe in handling. Consistently, a good individual is that who performs well in all aspects including the ethics in any organization or society.

All the three forms of ethics are the fundamental classifications which describe all the aspects of ethics no matter they are related to any organization or society or as an individual. These are believed to be the complete codes of ethics which have been designed decades ago but are still valid and operational in all fields, societies, and cultures at all levels. Employees or individuals failing to act or behave in accordance with the set principles and morals are held accountable for their behaviors and decisions; this proves a close relationship of ethics and accountability.

## Accountability

The relative aspect of ethics suggests the effect of accountability on it. Accountability represents the perception to defend and justify the conduct and behavior to the audience (employees or individuals) having rewards and sanctioning of the authorities, which are subject to the evaluation by the employees and individuals (Buckley et al. 2001; Tetlock 1992; Beu and Buckley 2001). Thus, leaders and individuals are accountable for their act and behavior at the workplace or society, as the schools, organizations, and institutions jointly form social systems having communal expectations and ethics and held the members accountable for their acts and behaviors (Frink and Klimoski 1998). Hence, accountability is based on certain rules and regulations (Mitchell and Scott 1990), the way of evaluation of their acts and behaviors (Mitchell 1993), approaches of control in the social setups, and the expectations predefined (Ferris and Judge 1991). The rules, regulations, and mechanisms of accountability may differ from organization to organization and society to society but the evaluations are almost same at the organizational and society level.

Accountability refers to the human behavior which is a multifaceted phenomenon and not all the individuals behave alike when held accountable for the same situations. Accountability has been well described from the lens of agency theory which supports the concept of accountability and argues that the utility and effectiveness of individuals depend on the level of essential enacted restrictions that hold them accountable (Jensen and Meckling 1976). The individuals and employees who have certain constraints which stop them from the actions and behaviors having the possibility of making them accountable are less liable to get involved in such behaviors and actions against ethics. While the individuals and employees who are not bound with such restrictions may get involved in such behaviors and acts which might be against the ethics of any society or organization. Moreover, organizational control theory illustrates that the employees and individuals get rewards and authorization by comparing their performance to the set standards (Ferris et al. 1995). The organization rewards and promotes its employees by their accountability and comparison of performance.

Employees performing in line with the established morals of the organization easily get rewards and sanctions to some extent at the time of accountability and performance evaluation.

The mechanism of accountability varies in different situations based on the behaviors of individuals. A common and widely used framework is recommended by Tetlock and his colleagues which discusses three different situations (Lerner and Tetlock 1999; Tetlock et al. 1989). The first situation states that when the views of individuals are acknowledged before making opinion, it becomes easier to form the strategy to cope with the actual situation. Evidently, the idea of getting opinion from the employees and individuals shifts the focus of decision makers from the prospective effectiveness of consequences to the justifiability. When the decision makers are aware of the opinions of employees at workplaces or individuals in society, it helps them to give a decision regarding the situation. The second situation refers to the state of being unaware of the views of individuals before figuring out their opinion. In this situation, the individuals usually get involved in anticipatory self-criticism. They often perceive in a more self-critical and interactively multifaceted means and consider diverse viewpoints regarding the issues and endeavor for anticipating the possible raised doubts and objections against their positions and authorities. Though, this is not the situation in which the individuals may possibly guess the opinions of their audience. The third situation relates to the people who are irreversibly devoted to the decisions and learning the prerequisite for justifying their actions after the process of decision making. Hence, this situation is also known as the post-decisional accountability. Hence, it provokes the cognitive endeavors focusing on self-justification rather than the self-criticism. It is considered as defensive strengthening which tends people to emphasize intellectual energy on justifying their past actions and behaviors. Thus, it is specifically true in the situations when the individuals are held accountable for the outcomes of decisions. This is an effective framework for accountability which covers all the three main situations in which the individuals and employees are likely to be held accountable. It is useful for the decision makers to take effective decisions by following this framework.

However, ethics and accountability are interconnected which makes it necessary to put them in a correlated perspective in order to increase the understanding of both. Additionally, both are the fulcrums of this chapter. Any variation in one leads towards another. If an employee performs beyond the established ethics, he is liable to be held accountable for that. Accountability is delineated into several forms on the basis of three main dimensions. The first refers to the main reason for these dimension and highlights the difference between links of accountability source (i.e., principal, manager, or accountability holder) which may be internal or external and the individual who is being held accountable under any situation (Gormley and Balla 2004). Secondly, the degree of control exercised by the principals or managers over the power holders. This dimension indicates the extent to which the accountable individuals are held and face pressure of their principal or seniors for their acts and behaviors against a certain established set of ethics. The third and critical dimension of accountability is regarding the directions of relations of accountability which may be upward, downward, or vertical and horizontal. For example, when the shareholders hold the business executives accountable for the performance of company, this falls under the upward-vertical dimension. When the bureaucrats and their leaders are held accountable by the politicians to get their decisions implemented, this relationship falls vertically downward. Furthermore, these three dimensions categorize the accountability into main 12 forms (Lindberg 2013).

1. Business accountability, in which the shareholders hold executives accountable in terms of profits and other financial concerns occurring in the business.
2. Bureaucratic accountability where the accountability proceeds from top to bottom internally. The top principals hold their juniors accountable for their actions and behaviors.
3. Audit accountability, in which an internal or sometimes external principal holds other

offices or office holders of the same organization accountable usually in terms of financial matters and prudence.

4. Client-patron accountability, where a client holds patron accountable for delivering the previously promised benefits.
5. Patron-client accountability, in this form of accountability, the patrons hold their clients accountable for the variety of benefits given that what can be offered to the clients is importantly adequate. It may be in the form of material benefits such as rewards or nonmaterial as safety, career opportunities, and status, etc.
6. Peer accountability, in which executives (formally or informally) hold other executives of the same level accountable. This occurs horizontally at the same level among the colleagues.
7. Representational accountability occurs when the citizens hold their elected politicians accountable for several concerns which were promised before the time of elections.
8. Fiscal accountability, where the external principal or executive holds several ministries and departments as well as agencies accountable concerning the financial matters.
9. Legal accountability, this form resembles with the fiscal accountability in terms of action. In the legal accountability, the judicial institutions and judiciaries as an external principal hold citizens, businesses, as well as politicians accountable for unlawful acts and behavior. When the citizens, institutions, or politicians are held accountable, they are likely to face the hearings in constitutional or supreme courts.
10. Societal accountability, which refers to the actions of civil society and media in order to force the decision makers of politics, bureaucracy, business, and legal areas for providing information and justification for their decisions and actions. The main focus of this form of accountability is to get information and justifications against the decisions made by politicians, bureaucrats, business persons, and legal experts.
11. Political accountability, in which the politicians are held accountable by the public for their political representiveness, credibility, and competence.
12. Reputational accountability is observed horizontally between the peers and peer organizations which are peripheral to the agent. In this form of accountability, the reputation of agents is damaged while acting contrary to the already established standards and processes.



## Conclusion

Ethics and accountability are the essence of any organization and society which control the behavior and acts of employees and individuals. The main forms of ethics and accountability have been discussed in detail which are commonly used to address all the issues in ethics and accountability.

## References

Barry V (1979) Moral issues in business. Wadsworth Publishing, New York

Bauman Z (1993) Postmodern ethics. Basil Blackwell Publishers, Oxford

Beauchamp TL, Bowie NE (1983) Ethical theory and business. Prentice Hall, Englewood Cliffs

Beu D, Buckley MR (2001) The hypothesized relationship between accountability and ethical behavior. J Bus Ethics 34(1):57–73

Buckley MR, Beu DS, Frink DD, Howard JL, Berkson H, Mobbs TA, Ferris GR (2001) Ethical issues in human resources systems. Hum Resour Manage R 11(1–2):11–29

Davis M (1990) Who can teach workplace ethics?. Teach Philos 13(1):21–38

DeGeorge RT (1999) Business ethics. Prentice-Hall, Upper Saddle River

Ferris GR, Judge TA (1991) Personnel/human resource management: a political influence perspective. J Manage 17:447–488

Ferris GR, Mitchell TR, Canavan PJ, Frink DD, Hopper H (1995) Accountability in human resources systems. In: Ferris GR, Rosen SD, Barnum DT (eds) Handbook of Human Resource Management. Blackwell Publishers, Oxford, pp 175–196

Frink DD, Klimoski RJ (1998) Toward a theory of accountability in organizations and human resource management. Res Pers Hum Resour Manag 16:1–51

Gormley WT Jr, Balla SJ (2004) Bureaucracy and democracy: accountability and performance. CQ Press, Washington, DC

Hooker JN (1996) Kant and cultural relativism, GSIA, Carnegie Mellon University. Available on http://www.gsia.cmu.edu/afs/andrew/gsia/jh38/jnh.html
Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3:305–360
Jones TM (1991) Ethical decision making by individuals in organizations: an issue-contingent model. Acad Manag Rev 16(2):366–395
Kant I (1788) Critique of practical reason, transl. by Lewis White Beck, Bobbs-Merrill, Indianapolis, 1956. Originally published as Kritik der Praktischen Vernunft
Kant I (1969) Foundations of the metaphysics of morals: text and critical essays, ed by Robert Paul Wol and transl. by Lewis White Beck, Bobbs-Merrill, Indianapolis. Originally published as Grund legung zur Metaphysik der Sitten (1786)
Lerner JS, Tetlock PE (1999) Accounting for the effects of accountability. Psychol Bull 125(2):255–275
Lindberg SI (2013) Mapping accountability: core concept and subtypes. Int Rev Adm Sci 79(2):202–226
Mitchell TR (1993) Leadership, values and accountability. In: Chemers MM, Ayman R (eds) Leadership theory and research: perspectives and directions. Academic Press, San Diego, pp 109–136
Mitchell TR, Scott WG (1990) America's problems and needed reforms: confronting the ethic of personal advantage. Acad Manag Exec 4:23–35
O'Reilly M, Dixon-Woods M, Angell E, Ashcroft R, Bryman A (2009) Doing accountability: a discourse analysis of research ethics committee letters. Sociol Health Illness 31(2):246–261
Runes DD (1964) Dictionary of philosophy. Littlefields, Adams and Co., Patterson
Siyal S (2018) Does Leadership lessen turnover of public servants? Available at: http://search.ebscohost.com/login.aspx?direct=true&db=ddu&AN=57FA62180E746CA0&site=ehost-live. Accessed 30 Apr 2020
Siyal S (2020) Downsizing. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Siyal S, Peng X (2018) Does leadership lessen turnover? The moderated mediation effect of leader–member exchange and perspective taking on public servants. J Public Aff 18(4):e1830
Siyal S, Xin C (2020) Public procurement. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Tetlock PE (1992) The impact of accountability on judgment and choice: toward a social contingency model. In: Zanna MP (ed) Advances in experimental social psychology, vol 25. Academic Press, New York, pp 331–377
Tetlock PE, Skitka L, Boettger R (1989) Social and cognitive strategies for coping with accountability: conformity, complexity, and bolstering. J Pers Soc Psychol 57(4):632–340
Tsalikis J, Fritsche DJ (1989) Business ethics: a literature review with a focus on marketing ethics. J Bus Ethics 8:695–743

# Ethics and Accountability Crises in Nigeria Public Administration

Ogbewere Bankole Ijewereme
Department of Political Science and Public Admin., Faculty of Business and Social Sciences, Adeleke University, Ede, Nigeria

## Synonyms

Answerability; Bureaucracy; Civil service; Government; Integrity; Public service

## Definitions

**Public administration crisis**: The term refers to unethical practices, lack of accountability, and corruption that severely impair the capability to formulate and implement a state's policies.

## Introduction

The commitment of any nation to development aspiration is often determined by the extent of adherence to the principle of ethics and accountability in service delivery. Ethics means moral codes of conduct, while accountability implies answerability or responsibility and being liable for one's conduct/action or inaction. Ethics, accountability, transparency, and trust among others are interrelated values that inform the nomenclature for public administration (Lyrio et al. 2018). These values serve as solid foundation of governmental activities, including prescriptions for high standards of behavior in formulating and implementing sound policies. In Nigeria, the institutional mechanisms for controlling public administration crisis are either weak or disregarded, and nepotism often overrules institutional laws, etc.

For some of the Nigeria, notwithstanding robust knowledge on public administration issues, many of the less visible causes of public

administration crisis are often lost in the explanation dominated by bribery. Thus far, there is a dearth of theoretical and empirical analysis of the causes of public administration crisis on the African continent (Cucciniello et al. 2017), especially in Nigeria. To bridge this gap, this entry explores the causes of ethics and accountability crises in Federal Public Administration of Nigeria.

## The Crises of Public Administration in Nigeria

Since Nigeria independence, the Nigeria public administration such as the Civil Service, Parastatals, and Agencies also known as: Ministries, Departments and Agencies (MDAs) which constitutes the machinery through which the government implements its policies and programs has witnessed worrisome ethics and accountability crises with little or no concrete efforts to transform public bureaucracy. The Allison Ayida Civil Service Review Panel of 1994 itemized the key crises of the service as:

(i) Lack of financial accountability and probity
(ii) Complete institutionalization of corruption at every section of the service
(iii) Disregard for rules and regulations
(iv) Loss of direction
(v) A general deterioration of effectiveness and efficiency

In a bid to provide solution to these ills, President Olusegun Obasanjo in 1999 unveiled his vision of an ideal public administration among the following elements:

(i) A knowledgeable, expert, development-oriented, public-spirited and customer-friendly, accountable, and ethically transparent public administration capable of responding effectively and efficiently to the welfares of the society.
(ii) A civil service where impartiality, integrity, loyalty are core values and whose operations are guided by equity, where things are done in the right way based on extant rules and regulations but with room for discretion, which should be exercised in the public interest.
(iii) A public service with an appropriate environment where civil servants are assured of protection and job security in the faithful discharge of their responsibilities, etc.

The unfolded ideal public service inspired President Obasanjo's administration to undertake far-reaching reorganizations in the areas of downsizing, privatization, deregulation, and outsourcing public service. Obasanjo likewise introduced the Due Process Office in 1999 and consolidated it with the legislation of the Bureau of Public Service Reforms in 2003 to promote the values of competitive open contract bidding and accountability.

Besides, President Obasanjo signed the enabling laws establishing the anti-corruption agencies' bills which comprises Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and other related offenses Commission (ICPC) among others to address the issue of corruption. In spite of these measures and initiatives, Nigeria has consistently featured among the most corrupt countries in the world by successive years of corruption perception index of the transparency international.

Among the mindboggling revelation is the claim of Soludo (2015) that N30 trillion of Nigerian money was either stolen, misappropriated, embezzled, or unaccounted for during the 4 years of Goodluck Jonathan's government. Soludo further claims that the amount did not include the estimated N40.9 billion at parallel market exchange rate or nearly 2 years' Federal Government budget which the African Union's (AU) report claims to be stolen from Nigeria yearly under Jonathan administration. In contributing to the debate of corruption and lack of accountability, the former minister of finance, Okonjo-Iweala in 2018 reveals that the Jonathan government bribed the federal legislators with N17bn to pass 2015 budget (Okojo-Iweala 2018).

Furthermore, biometric audit' report in the era of Goodluck Jonathan exposes unprecedented

subsidy scam, looting in the Nigerian National Petroleum Corporation (NNPC), and 45,000 ghost staff in federal service who earned N100bn yearly (Ojoye 2016). More importantly, the inclusion of Police force into the "Integrated Payroll and Personnel Information System" reveals that 80,115 representing over 22% of the entire Nigeria Police Force were ghosts (Udo 2018). Nigeria federal government and ten states were said to loss over N538bn to thousands of ghost employees between 2013 and 2015 (Ojoye 2016). In addition, billions of Naira are lost monthly to salary fraudsters in many states and local governments who are yet to embrace employee biometric audit' policy. Payroll scam often go un-investigated unless there is a huge scandal that brings it to light.

An eminent social activist, Falana in contributing to public administration crises in current President Mohammadu Buhari administration stressed that the former NNPC Group Managing Director (GMD), Maikanti Baru, singlehandedly award of contracts within the amount of $25 billion and employments of crucial staff in the NNPC without the authorization of the Board of Directors was a violation of due process and NNPC Act. Not just did Baru fail to take cognizance of the provision of Sect. 6 (c) of the NNPC Act, which empowered only the Board of the NNPC with the absolute power to employ main employees – or venture into contracts – or collaborations with any firm – or people (Onanuga 2017), but also the presidency could not punish Baru or cancel the contracts and the unauthorized employments. Similarly, the provocative reinstatement and upgrade of a civil servant, Abdulrasheed Maina, who was declared wanted by EFCC for defrauding pension fund in the tune of billions of naira, represents nothing other than an unprecedented unethical practices by the Buhari administration who later dismissed him from the appointment after media bashing.

## Theories of Causes of Public Administration Crises in Nigeria

### Theory of Resource Curse

The theory presupposes that natural resource-rich countries tend to have lower economic growth, underperform in several development indicators because oil wealth as a free gift of nature predisposes oil-rich states' leaders to obsession for oil proceeds, oil-induced bribery, greediness, higher political violence, and poor governance with likelihood of despotism than non-resource rich nations (Ross 2014). Ross argues that since the 1960s, countries without mineral resources have outperformed and grown better than those with numerous mineral resources.

Since 2001, numerous studies have interrogated "political resource curse," as a contradiction that appears to be blessing but in reality has a high propensity to harm, dislocate, and retrogress governance system of oil-rich states (Ross, 2014). Ross claims that petroleum resource has a propensity to induce high greediness, bribing, and embezzlement in tyrannical regimes that help to trigger violent conflict in middle- and low-income countries as is being experienced in Nigeria.

Therefore, the study seeks to answer the research question seeking explanation for the very high prevalence of public administration crisis in Nigeria.

### Low Risk–High Benefit Theory

The theory is credited to Larry Diamond. Diamond stresses that the essense of punishment in any society is to bring about deterrence, but in a situation where the alternate is the case, a deteriorated ethos of impunity becomes ubiquitous. According to Ijewereme (2015), unethical practices in public administration grows best in an area where the peoples are of the belief that the risk of getting cut in corrupt act is low or practically not in existence or the punishment can be avoided or insignificant.

Ijewereme (2015) is of the opinion that the theory presupposes that "people who think of involving in unethical practices first consider the benefit and the danger." It is when they see the benefit outweighs the danger that they participate in unethical practices.

In Nigeria, most bureaucrats and political officeholders who corruptly acquired public fund can pay to secure the protection of courts, investigative panels and law enforcement officers, and even in the event of being sentenced they often

enter plea bargaining to be served with a very light punishment. However, the question to investigate empirically is: Does high benefits and low risk of involving in corruption contribute to administrative crisis in Nigerian public administration?

### Anomie Theory

Merton is one of the proponents of this theory. Merton argues that the social pressures which society exerts on some of its members particularly public servants is the cause of unethical behavior in the public sector (Ijewereme, 2015). This is because those members under the societal pressure are conditioned to enact deviant behaviors among which are unethical practices and lack of accountability.

In Nigeria, the society does not accept any reason as good enough for an employed graduate not living in affluence. Political officeholders, bureaucratic leaders, etc. have no acceptable reason to the society for not donating much money at launches, etc.

Therefore, the study set to find an answer to the research question which says: Does societal pressure on public servants contribute to the federal public administration crisis of Nigeria?

### Methodology

Primary and secondary data were utilized in the study. Primary data were collected by means of questionnaire administration. The researcher asked four thought provoking questions within the context of Nigeria that are considered parts of causes of public administration crisis, such as: Is Bribery/embezzlement one of the causes of unethical practices and lack of accountability in Nigeria public administration? Does greediness play a significant role in the federal public administration crises? Does societal financial pressure on public servants contribute to unethical behaviors and corrupt practices in federal public administration? Do you believe high benefits and low risk dimension of involving in corruption contributes to federal public administration crisis?

Purposive sampling technique was utilized to select four Federal ministries, namely: Ministries of Agriculture, Information and Orientation, Education, and Labour and Productivity in Federal Civil Service of Nigeria. The total study population consisted of Agriculture (350), Information and Orientation (252), Education (650), Labour and Productivity (270), totaling 2,422 respondents in all. Four hundred and eighty-four (484) senior staff (respondents) were selected using simple random sampling technique for questionnaire administration within sample fraction of 20. Out of the 484 questionnaires administered, 164 were retrieved from grades level 07–12 and 13–17. Secondary data were sourced through academic journals, relevant textbooks, newspapers, and internet source.

Questionnaire were administered on senior staff from grade level 07–16 in selected ministries in FCS of Nigeria. The researcher deplored his personal networks to negotiate access to the respondents. Data collected from the primary source were analyzed using descriptive statistics such as frequency distribution and simple percentages.

### Data Presentation and Analysis

This segment conveys a statistical analysis of the data described in the section on methodology with a view to diagnosing the causal factors to public administration crises across the selected ministries. Four variables were used to capture the factors responsible for public administration crises such as bribery and embezzlement, greediness, societal pressure on public servants, high benefits and low risk of involving in corruption.

In the case of bribery and embezzlement: 95 people representing 63.5% strongly agreed, 22 (14.8%) agreed, 27 (18.1%) and 4 (2.7%) disagreed and strongly disagreed, respectively, that bribery and embezzlement serve as one of the factors contributing to unethical practices and lack of accountability in Federal Public Administration of Nigeria. Greediness is another important variable tested. The result showed that 118 people representing 78.1% strongly agreed, 19 (12.6%) agreed, 13 (8.6%) and 1 (0.6%) disagreed and strongly disagreed, respectively, that greed is one of the causes of public sector crisis.

The respondents response on societal pressure as one of the variables responsible for administrative crisis indicated that 123 (81.5%) strongly agreed, 24 (15.9%) agreed, 3 (2.0%) and

1 (0.7%) disagreed and strongly disagreed, respectively.

In a similar vein, high benefit and low risk as causal factors for corruption and crisis of public administration showed that 125 respondents representing 83.9% strongly agreed, 5 respondents representing 1.4% agreed, 7 respondents representing 3.5% disagreed, and 2 representing 1.3% of the total numbers of respondents strongly disagreed (Table 1).

## Discussion

This section discusses federal public administration crisis within the context of its causative factors in Nigeria. From a critical evaluation of causal factors to public administration crises, the study discovers that there is a crisis of public administration in Nigeria partly because of bribery and embezzlement. This result corroborates the assumption of "resource curse theory," which stresses that natural resource-rich nations like Nigeria are stuck in resource curse emanating from bribery and embezzlement of oil proceeds by the political and bureaucratic leaders (Ross 2014).

Besides, the finding also demonstrates that there is public administration crisis in Nigeria mainly because Nigerian citizens believe that there is high-benefit and low-risk of involving in corruption. Not only is the finding validates low risk-high benefit theory on the believe by most citizens that the risk of being caught in corruption is low or almost nonexistence or the penalty is little or can even be avoided, it also account for why there is always no outrage against corruption in Nigeria.

Finding similarly indicates that one of the causes of public administration crisis is societal pressure on public/civil servants. This finding corroborates the assumption of anomie theory which argues that society exerts social pressures on some of its members (public servants) and this triggers public administration crises. The study likewise reveals that greediness remains a major factor responsible for public administration crisis, and this corroborates the assumption of resource curse theory.

## Concluding Remarks

The analysis demonstrates the preeminence of perceptions of the causal factors to public administration crises in Nigeria. Although, corruption-induced public administration crisis is a global phenomenon, it has immense implications not only in Nigeria but also has a spillover effects on foreign countries through migration and, therefore, its root causes deserve to be alleviated. The keys to accomplishing these are perhaps among others to empower institutions established to control public accountability crisis with suitable legislations as well as federal government being responsive to the social welfares and economic rights that narrow inequality among social strata of the people.

More importantly, the entry recommends social-citizen demand-side accountability. This implies organized civil society groups should encourage grassroots movements to play a greater role in shaping the corruption discourses, and also mobilize the masses on peaceful protest of civil

**Ethics and Accountability Crises in Nigeria Public Administration, Table 1** Causes of unethical practices and lack of accountability in the Federal Public Administration of Nigeria

| | | Strongly disagree | | Disagree | | Agree | | Strongly agree | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| S/N | Variable | F | % | F | % | F | % | F | % | F | % |
| 1 | Bribery and embezzlement | 4 | 2.7 | 27 | 18.1 | 22 | 14.8 | 95 | 63.8 | 149 | 100.0 |
| 2 | Greediness | 1 | 0.6 | 13 | 8.6 | 19 | 12.6 | 118 | 78.1 | 151 | 100.0 |
| 3 | Societal pressure on public servants | 1 | 0.7 | 3 | 2.0 | 24 | 15.9 | 123 | 81.5 | 151 | 100.0 |
| 4 | High benefits and low risk of involving in corruption | 2 | 1.3 | 5 | 3.4 | 17 | 11.4 | 125 | 83.9 | 149 | 100.0 |

Source: Author's fieldwork, 2017

disobedience to demand resignation and prosecution of any government official that involves in an act of corruption. This will surely prove a difficult task. Nevertheless, it is a task and action worth embarking on, which must continue until the masses achieve their demands.

To ensure accountable and sound public administration, there is a need to have a severe punishment for all forms of unethical practices, including putting more emphasis on patriotism or pan-Nigerian nationalism over and above micro-nationalism in combating unethical practices, lack of accountability, and corruption in Nigeria. The virtue of patriotism is a thing of the mind. There is no country in the wider world where there is low level of unethical practices with no corresponding high level of patriotism. When a public servant or a political office holder defrauds the federal government and spends the loot on his family, home, community, or the church, he is portraying that he loves these entities more than the state.

Moreover, a compulsory system of open debate among aspirants or candidates for all elective positions should be instituted for public scrutiny. The agenda and conduct of the debate will be set and implemented by credible media, and civil society groups into good governance and transparency issues. While Code of Conduct Bureau (CCB) and the Code of Conduct Tribunal (CCT) should wake up from their slumber and hold all political officeholders who have completed their tenures or out of government to account. Where CCB and CCT fail to do their jobs of prosecuting inaccuracy of assets declaration of public officeholders, organized individuals/civil society group or member of the public should obtain *writ of mandamus* from a competent court, commanding CCB and CCT to act on abuse of offices by former political officeholders. Also, citizens seeking employment in the Federal Civil Service of Nigeria must be subjected to rigorous background check by Federal Civil Service Commission (FCSC) before employment.

In addition to the above recommendations, the following concrete steps should be taken to sanitize individuals in the Nigeria public administration: (1.) The National Assembly should enact a law for the removal of "Executive Immunity Clause" from the Nigeria Constitution, so that serving President, Vice President, Governors, and Deputy Governors can be prosecuted while in office. (2) The National Assembly should enact Whistle Blower Protection Act, to protect the lives and jobs of those who link information of abuses of public offices to the anti-graft agencies. In other word, those who give evidences of corrupt practices against public officers in courts should be protected by the Act. (3) The National Assembly should enact Public Declaration of Assets by all federal elective, appointive public officeholders, and top bureaucrats such as the executive president/vice president, executive governor/deputy governors, legislators, judges, ministers, permanent secretaries, departmental heads, and directors/managers of public agencies. This declaration should be published on National Newspapers or federal government website for public scrutiny. (4) The National Assembly should pass a law that will increase the independence of the Economic and Financial Crimes Commission (EFCC) through greater security of tenure of the EFCC chairman to enable the agency pursues robust and independent investigations of high-level corruption. (5) The presidency should deploy technology such as Closed-Circuit Television (CCTV) in every upper level of the Nigerian governance structure and its environs to monitor and track public service activities. (6) National Assembly should pass a law for compulsory publication of breakdown budget of the three arms of government as well as publication of activities of Ministry, Department and Agencies of government on their websites and national newspapers. (7) Distinguished Nigerians with proven integrity should come together and form "Nigerian Agency of the Just." The Agency should comprise a network of anti-corruption activists, lawyers, bankers, prosecutors, and leaders of law enforcement agencies. The body should be saddled with the responsibility of checking and ensuring all institutions of government and nongovernmental institutions comply with best practice, including transparency, in a bid to avoid corruption. Any institution that does not meet the agency compliance standard would be unlikely to get access to public contracts, aid, or loans.

## Cross-References

▶ Corruption

## References

Cucciniello M, Porumbescu GA, Grimmelikhuijsen S (2017) 25 years of transparency research: evidence and future directions. Public Adm Rev xx(xx):xx–xx. https://doi.org/10.1111/puar.12685

Ijewereme OB (2015) Anatomy of corruption in the Nigerian public sector: theoretical perspectives and some empirical explanations. In: Sage open. Sage, pp 1–16. https://doi.org/10.1177/2158244015581188

Lyrio MVL, Lunkes RJ, Taliani ETC (2018) Thirty years of studies on transparency, accountability, and corruption in the public sector: the state of the art and opportunities for future research. Public Integr. https://doi.org/10.1080/10999922.2017.1416537

Ojoye T (2016, June 25) FG, states spent N538bn on ghost workers in five years. Punch. http://punchng.com/fg-10-states-spend-n538bn-157877-ghost-workers/

Okojo-Iweala N (2018, May 26) We gave lawmakers N17bn to pass the 2015 budget. The Nation. thenationonlineng.net/we-gave-lawmakers-n17bn-to-pass-2015-budget-okojo-iweala/

Onanuga A (2017, October 12) Award of $25 billion contracts: Baru violated the NNPC act, says Falana. The Nation. Retrieved from http://thenationonlineng.net/award-25-billion-contracts-baru-violated-nnpc-act-says-falana/.

Ross ML (2014) What have we learned about the resource curse? Ann Rev Polit Sci 18:239–259

Soludu CC (2015, February 5). Ngozi Okonjo-Iweala and the missing trillion (3). The Sun

Udo B (2018, March 26) Over 80,000 'ghost officers' uncovered in Nigerian police. Premium Time

# Ethics and Crisis Management

Carole L. Jurkiewicz
McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Crisis response; Emergency response; Ethics under duress; Unexpected events

## Definition

The ethical implications in responding swiftly and effectively to an unexpected and disruptive event, which can occur both internal to an organization (e.g., scandal), or external (e.g., hurricane).

## Introduction

Crises spark a resultant set of behaviors focused on self-preservation and safety, whether the crises are inflicted by external occurrences such as environmental disasters, economic upheavals, or political mayhem, or internal to an organization as a consequence of scandal. These behaviors are the determining factors in whether an organization will successfully survive the attack. Without preplanning and a clear set of policies and practices outlining what steps should be taken in a crisis and by whom, employees tend to react in idiosyncratic patterns meant to address their personal priorities and concerns. Individualized responses can create havoc and undermine both the organization's functionality and its ability to respond to the needs of the community in which it operates. Specifically, crisis situations present unique and prime opportunities for unethical behavior to occur, both opportunistic unethicality or that perceived as justifiable given the situation. Having a crisis plan in place and ensuring everyone's familiarity with and access to it allows organizations to anticipate some unethical behaviors, and to detail oversight processes as part of the crisis planning effort. Advance planning can prevent harms to both resources and reputations in the organization and society, beyond that caused by the crisis situation itself.

## Overview

When stability is replaced with upheaval, when people face unexpected crises and the concomitant and urgent need to protect and survive, ethics often takes a backseat to more tangible concerns. As a plethora of news reports document, it is during crises when individuals feel unconstrained

by ethical considerations and instead act to maximize their personal advantage and in doing so rationalize actions they would, under everyday conditions, denounce as immoral. This self-serving focus is consistent across all socioeconomic classes, although the types of unethical behaviors usually seen vary considerably. Ethics in practice appears to be a superfluity to which people attend after their basic needs are satisfied.

Nine of ten Americans live in areas at risk for flooding, hurricanes, earthquakes, tornadoes, and other disasters, underscoring the importance of understanding the ethical dimensions of crises. Maslow (1998) well-known hierarchy of motivation offers a rubric for understanding that during times of crisis, individuals seek to satisfy the basic requirements of food and shelter through any means necessary. Situational behaviors such as these are generally understood to be exceptional and extreme actions resultant of duress, and as such are not necessarily indicative of an individual's ethical framework as a whole. This lenient view of ethical digression has been articulated by a number of ethicists and is a linchpin of Kohlberg's (1981) stratified model of ethical reasoning.

Conversely, applying Hume's (2009) view of humanity, all individuals could be viewed as having the same drive toward unethical behavior and are simply taking advantage of situation to advance their ability to do so. According to Payne (1996), behavioral norms are rooted in one's socialization through socioeconomic status (SES), and such norms can predict behavior. This monograph asserts that this predictability can be transferable to crisis situations, as detailed in Table 1. As crises free individuals from the restraints of ethical frameworks and socialized norms can predict behavior, one can postulate what the nature of such unethical acts may be in such extreme circumstances. Indeed, media reports in the wake of crises provide ample evidence to support this hypothesis. The primary interests of organizations during crises are continued viability, organizational culture, costs, reputation, social responsibility, and legal liability. Being alert to the processes that can impede these goals help an organization plan for and forestall the possible negative impacts.

## Predicting Unethicality by SES

The framework detailed in Table 1 provides a tool to understanding ethics in crises and can be helpful in tailoring organizational plans and interventions in order to staunch chaos, bring assurance to employees and citizens, and begin mitigation and rebuilding efforts. Distribution of materials in advance of and immediately following the impact, targeted to the specific needs and concerns of individuals in each SES should include an acknowledgment of their particular needs, offer positive and specific solutions on how to address their concerns, and outline the consequences of engaging in unethical behavior to satisfy their needs outside acceptable societal and legal mandates. Given that communications are usually severely restricted in the immediate aftermath of a crisis, precrisis citizen and organizational contact, along with that of emergency workers, have the potential to significantly reduce the ethical crises that worsens the negative consequences of many disasters.

Table 1 illustrates the framework for understanding these SES-related behaviors and their implications for potential unethical actions following a crisis. Individuals at lower SES levels are likely to have faced financial, health, personal, and criminal crises on a regular basis. Crises, then, are more so a common facet of life rather than an anomaly, as it is likely to be for middle and upper SES individuals. Individuals at lower SES levels are typically also accustomed to receiving government assistance of some type at some point in their lives, and to the long waiting periods and paperwork that are integral to working with large bureaucracies. Given that, individuals in this economic class grow accustomed to authority figures overseeing their life choices and protecting them and their interests. These factors explain why lower SES individuals directly impacted by crises usually seek government help, await rescue, and follow directives to public shelters. Middle and upper

**Ethics and Crisis Management, Table 1** Priorities following crises by SES group

| |
|---|
| Lower SES |
| Locate friends and family |
| Seek immediate gains from situation before it stabilizes |
| Seek external assistance to fulfill basic needs |
| Embrace opportunities to plead plight, proclaim victim status, preferably through immediate news outlets such as television, print, and electronic media |
| Seek solace in religious communities |
| View circumstances as freedom from rules/laws/restrictions to which they are normally unduly subjected, an opportunity to celebrate; extreme expressions of this unbounded freedom from a system seen as oppressive system can lead to increased looting, murders, rapes, and thefts |
| Middle SES |
| Seek to repair property, access insurance agents, rally neighbors for social gatherings |
| Seek to get lives back to normal as soon as possible including grocery store openings, gas station access, utilities restoration, banks opening, movies, restaurants |
| Get schools back in working order |
| Return to work as soon as possible |
| Contribute time/resources to nonprofit organizations |
| Ensure autos are operable |
| Strategize on how to earn money through entrepreneurial activities, can lead to scams and price-gouging with those in need targeted as victims |
| Desire to be seen and recognized for pulling self up by boot-straps, helping themselves, viewed as heroes |
| Seek print and electronic media outlets, television to report their achievements, portrayed as beating the odds, vanquishing disaster |
| Communicate how hard they are working, how little sleep they are getting, embracing martyrdom |
| Stress of trying to replace and restore as quickly as possible and be seen as superhuman in this regard can lead to increased incidence of domestic violence and child abuse |
| Higher SES |
| Determine long-term opportunities offered by situation for investments, rezoning property acquisition, mergers |
| Assess impact of crises on assets/investments |
| Seek potential for political change and gain |
| Using power of pocketbook and influence to target enemies |
| Seek to enact plans that rules/circumstances prior to storm had prevented, to use crisis as entre impetus to achieve strategic plan |
| Reach out to important networks to assess opportunities, seek to expand scope of influence |
| Avoid media and prefer behind the scenes exercise of influence/power |
| Concern with national and global view of situation and impact on their resources/circumstances |
| Presume and exercise influence to be first to restore utilities to their businesses, homes |
| Appearing unruffled by circumstances, untouched and untouchable |
| Seek opportunities to create legacies through exercising influence following crisis |
| Strategically assess opportunities for potential future impact |
| Focus on opportunism may lead to business-focused social reconstruction, insider trading, monopolies, mergers, and eliminating competition |

Adapted from Payne (1996)

SESs have behavioral norms that, while differing between the two groups, facilitate self-sufficiency, develop methods of organizational influence, and provide individual resources to mitigate the impact of crises; it is from this basis that their ethical violations follow in crisis situations. Individuals within a class more easily rationalize their ethical transgressions as part of the culture and mode of behavior, while between classes such consideration is replaced by incredulity and harsh judgments.

Based on the motivating factors and behaviors listed in Table 1, it is possible to speculate what type of ethical violations each SES group could be most likely to engage in, if they were so inclined. As suggested earlier, individuals of lower SESs who perpetrate ethical violations following a crisis are more likely to seek prospects that provide for immediate satisfaction of needs and desires. The ethical violations of Middle SESs following crises could be expected to file inflated insurance claims, obscure damage to property in order to realize maximum resale value, diminish inhibitions regarding the use of firearms to protect their property, seek profits through price gouging, create opportunistic product/service enterprises marketed as crisis alleviation, create false non-profits online connected to the disaster, and offer inferior products for high prices. Upper SESs who engage in ethical violations following a crisis could be expected to take a longer-term approach, engaging in acts usually termed white collar crimes. These include embezzlement, using false documents to enhance position, financial schemes, exercising undue influence, seeking rezoning of affected areas to purchase at the lowest possible prices, using insider information to eliminate their competition, and exerting political pressure to get favorable and prioritized services, removing unfriendly politicians from office, and other such crimes.

## Conclusion

The ethical culture of some societies intrinsically restrains dangerous behavior under duress, while others are more in need of behavioral interventions during crisis in order to effectively minimize illegal and unethical behaviors. Class differences can also be expected to impact the efficacy of any outreach efforts. Given that low SES individuals are seen as having a short-term time frame through which they view behaviors and their consequences, they could be expected to react most positively to immediate pre- and postcrisis interventions. Middle SESs would, in turn, be less likely than lower SESs, but more likely than higher SESs, to be persuaded by such outreach programs, as these groups take relatively broader assessments of actions and their consequences. Strategic interventions to reduce or prevent illegal or unethical behavior following crises entails differing methods of communication based upon SES, each directed to contact points citizens would customarily have in the course of their lives. For instance, lower SES individuals can usually be contacted through religious venues, stores whose customers are primarily lower income, and where they normally intersect with public service resources, such as food stamp distribution sites. Middle SESs can be generally be reached through schools, places of employment, and religious organizations. Higher SESs can be contacted through business luncheon venues, business publications, business associations, and financial institutions. Effective and thorough crisis preparedness should include not only organizational concerns, but those of their employees and customers as well. Anticipating unethical violations can reduce and possibly prevent exacerbation of the crisis that may overshadow the direct costs of the disaster itself.

## Cross-References


- ► Leadership, Ethics, and Decision-Making
- ► Leadership Effectiveness
- ► Motivating Ethical Behavior
- ► Power and Leadership


## References


Giacalone RA, Jurkiewicz CL, Svedin L (eds) (2011) Ethics in crisis management. Information Age Publishing, Greenwich

Hume D (2009) A treatise on human nature: being an attempt to introduce the experimental method of reasoning into moral subjects and dialogues concerning natural religion, vol 2. Cambridge University Press, Cambridge. [1882]

Jurkiewicz CL (2008) Class and crisis: Socioeconomic status and the ethics of individual experience. Public Manag 38(3)

Jurkiewicz CL (2009) Political leadership, cultural ethics and recovery: Louisiana post-Katrina. Public Organ Rev 9:353–366

Jurkiewicz CL (2010a) Ethics and spirituality in crisis. In: Giacalone RA, Jurkiewicz CL (eds) The handbook of workplace spirituality and organizational performance, 2nd edn. M.E. Sharpe, Armonk
Jurkiewicz CL (2010b) Ethics in crisis management. In: Farazmand A (ed) Crisis and emergency management. Taylor Francis, New York
Jurkiewicz CL (2016) USA: Hurricane Katrina and the crisis of emergency management. Hurricane Katrina and the Crisis of Emergency Management. In: Farazmand A (ed) Global cases in best and worst practice in crisis. Springer Publishing, London, pp 109–122
Kohlberg L (1981) The philosophy of moral development: moral stages and the idea of justice; essays on moral development, vol 1. Harper & Row, San Francisco
Maslow AH (1998) Toward a psychology of being, 3rd edn. Wiley, New York
Payne RK (1996) A framework for understanding poverty. Aha! Process, Inc., Highlands

# Ethics and Duty

Gavin Woods
Public Service Commission of South Africa, Western Cape, South Africa
Professor Emeritus, Stellenbosch University, Western Cape, South Africa

## Introduction

Notwithstanding the mutually inclusive relationship between the issues of duty and ethics, insofar as these relate to employees in any organization, it is useful to offer some explanation of their respective yet related meaning.

A literal understanding of what **duties** are is what an employee has to do because it is morally or legally necessary. It can be said that an employee within an organization has a duty to work competently, to be accountable, to be transparent, and to work with integrity. Duties can be more specific in that these would, for example, require the employee to strive toward achieving the organization performance objectives – which could involve profit targets, product or service quality levels, or particular efficiency standards.

**Ethics** for its part is a more intellectually contemplated subject. It is a considered branch of philosophy and is an established normative science as it deals with the norms of human behavior. However in that the subject has fundamental behavioral and social dimensions, the persuasions of certainty of the humanities and social sciences such as psychology, anthropology and sociology are useful to our understanding of ethics and its role in the modern organization.

Ethics has also been described by Eduard (2016) in a Wikipedia entry on Public Sector Ethics as the entirety of rules of proper moral conduct corresponding to the ideology of a particular organization or society (Fox 2010). It is in short a system of moral principles and rules of conduct which flow from the philosophical study of the nature of good, virtue, right and other orally relevant terms (Fox 2010).

The issue of morally motivated actions is therefore the basis for both the duties and the ethical behavior of employees in the organization and is hence what allows us to incorporate both in a single discussion. It is important to note however that while duty-related obligations within the organization are fairly universal, in the case of ethics, there can be some variation due to the particular society and its cultural norms.

### The Public Sector Emphasis

Matters such as ethical practices and the fulfillment of duties by employees are of interest to all organizational constructs across both the private and public sector divide. Public sector organizations however differ from those in the private sector, not so much in the objective of optimally using the resources at their disposal, but rather in the interests they respectively serve.

In the case of the **private sector organization**, the duties of employees and the ethical dimension thereof are in the interests of the owners (shareholders) who expect the efficient and effective endeavor of their employees in the overall pursuit of financial gain. The employees accordingly are duty bound to serve their employers with dedication, and ideally the organization as a whole is expected to conduct its affairs in the commercial market place with fairness, integrity, and a social conscience.

However, in the case of **public sector organizations** and the officials who administer these organizations, there is less of an obligation to serving and being loyal to the interests of an identifiable owner and more of an obligation towards serving the elected government and the public in general. It therefore takes a somewhat different motive to that of the profit imperative in realizing their public servant role and purpose toward that of the broader public interest. Idealistically it is required that public officials see themselves as less individualistic and rather having more of a selfless attitude of working actively and passively in the service of the society and its members.

The specifics of what public sector duties are and what their ethical application is, both actively and reactively, cover a wide range of considerations. In addition to the duty toward meeting their actual job-related responsibilities and possessing the competency to do so, the public officials' more inherent duties would essentially include a constant striving toward meeting service standards, being compliant with relevant laws and regulations, optimizing the use of public resources, and being transparent and accountable with regard to the public they serve.

As with these duties, the ethical prerequisites of the public official address the fundamental premise of their being a steward of the public interest. This concerns the moral justification and consideration for decisions and actions made during the completion of daily duties when working in the interests of the public. This is guided by a constant and essential sense of honesty, fairness, and probity. The list of desirable qualities can be extensively added to as demonstrated by Cody and Lynn (1992).

Of relevance are the observations of the great sociologist Max Weber which led him to suggest that "an official must exercise his judgement and his skills, but his duty is to place these at the service of a higher authority; ultimately he is responsible only for the impartial execution of assigned tasks and must sacrifice his personal judgement if it runs counter to his official duties" (1921: 650).

### The "Organizational Culture" Issue

There have been and there still are governments around the world where a collective attitude which adheres to a duty and ethics related conduct is in evidence. This, as an organizational culture, is where a public sector organization in an encompassing way strives to serve the public in an efficient, fair, and honest manner. Regrettably there are all a number of examples of where this is not the case.

The culture should in ideal terms be imbued with qualities which are fundamental to the organization such as its vision, values, attitudes, beliefs, and its work philosophy.

As with all organizations, it begins with the individual official and him or her subscribing to a shared set of organizational qualities. It concerns how in an organization the personnel behave toward each other and how through their engagement with their work responsibilities they behave toward their external stakeholders. The "public service" character of public sector organization understandably leads to a somewhat different organizational culture to that found among private sector organizations.

Arnold Heidenheimer, a commentator on the subject of organizational culture, as cited by Gildenhuis (1989: 13) when making makes reference to the **moral-theoretical culture**. He points out that all public officials should recognize their role as trustees of public good and should understand this as the basis of the kind of moral behavior the public should expect from them as public servants. An acceptance of and commitment to such an understanding by the officials themselves are important for the moral-ethical culture to exist in each government organization.

This all relates to what is known as the **public sector ethos** which has been widely written about, albeit in fairly idealistic terms, and which, as noted by Vandenabeele and Horton (2008: 17), has been increasingly challenged in the modern era. This is due to a tendency toward public officials becoming advisors for the formulation of policy, to the introduction of market values, to the shift from a compliance to a performance emphasis, and to the politicization of the civil service and its greater loyalty to politicians.

These developments appear to detract from the "servants of the people" mind-set which had prevailed in many developed countries around the world.

### Ethics and Public Accountability

Established principles and agreed-to-ethical practices also provide an accountability standard against which the public can scrutinize the work undertaken by officials. It should be observed if or not decisions taken within these organizations are based on these established practices and principles – which are what society would generally regard as being right and proper of their government.

Public sector ethics can therefore also be viewed as an attempt to create a more open and transparent state of affairs within government operations so as to allow the public to know what to oversee and what to hold public officials accountable against. This is all of course dependent on the public themselves having sufficient interest in matters of government and its upholding of sound ethical principles and standards.

### Codes of Conduct

Codes of conduct, which are sometimes referred to as codes of ethics, are meant to promote the ethical principles that the public would have the public administration subscribe to – in that the Code serves to remind all officials within the organization of the conduct that is expected of them. The substance of these Codes have in many public sector organizations across the world converged to reflect the evolution of a more universal code representing an international consensus as to what constitutes the essential ethical compliance issues.

The Code should not be regarded as an end to itself in the promotion of good conduct. It should more importantly be an effective instrument for the practical application of good rules of conduct and as such is most important to the achievement of desired standards of ethical behavior.

To be more specific, the Code, which is usually documented and actively promoted within the organization, is based on values, principles, and practices that should be pursued and on the other hand stipulates practices which should be avoided. Key behaviors for officials to abide by would include loyalty to the organization, a commitment to its aims and performance objectives, the promotion of service to the public, the rejection of improper personal gain, the avoidance of conflict of interest situations, the preclusion of nepotism, the rejection of the receipt of bribes, and adherence to the principle of fairness in their interactions with members of the public.

### Earlier Thinking on Public Sector Ethics

Even though the subject matter concerning the duties and ethics of civil servants has become increasingly highlighted in recent times, it has nonetheless been topical among certain opinion makers for over 200 years.

In particular **duty-based ethics**, also known as **deontological ethics,** has long been a particular school of thought and was in fact first argued for by the eighteenth century philosopher Immanuel Kant. This advocacy, in the context of a community or society, recognized the interrelationship of the ethics and duty of the individual citizen in his or her daily interaction with others (Sevenpillars undated). The school of duty-based ethics, which was also promoted among government structures, is however controversial in that its concern with what people do and not with the possible consequences of their actions is seen to be unrealistically narrow. In other words, absolute principles should be obeyed, regardless of the outcomes these might produce (BBC 2014). An example of an absolute principle would be unfettered openness and honesty in every situation.

Opposed to the deontologists are the **utilitarians** who believe that the end which is sought justifies the means to that end (Moreland 2009). In other words, if an ethical solution is more costly, for example, a utilitarian will argue from a standpoint of efficiency and effectiveness to justify a less ethical solution.

The definition of these two behavioral models is not necessarily exclusive. It is possible for a person to make a decision based on a utilitarian stance and then follow a deontological stance for a separate decision. This is because the concept of ethics can be ambiguous and is ultimately based

on principles and values, which can differ among situations and people.

Today with the hindsight of much observed experience, the internationally accepted model would appear to be more, one which while premised on established principles and practices allows for a degree of flexibility where this is necessary to avoid poor management decisions.

### The Democratic Context

The development and spread of democratic forms of government across the world have long been synonymous with an ever-growing recognition of the importance of ethically managed government institutions. It can be said that the promotion and upholding of democratic values and practices are in a significant way dependent on how the administrative arm of government goes about fulfilling its duties.

A democratically elected government, which was described by Abraham Lincoln as "government of the people, by the people and for the people (Lincoln 1863)," is so chosen by the people to serve their needs and those of the country as a whole. This in turn requires a particular guiding ethos of the administrative structures and of the elected representatives of the people who manage and oversee those structures.

Currently the constitutions of almost all democratically run countries are quite specific in establishing structures and institutions of government to serve the public and thereafter in instructing government officials to strive to become entrusted servants of the people. To this end, the constitutions also spell out the values and principles which government should adhere to in the implementation of laws and policies which underpin the democracy and to do so in a way which promotes public accountability and transparency. Government officials are thus prompted to function in a particular reality which accentuates their duty to the public and the ethical dimensions thereof.

### The NPM Context

As eluded to by Lewis and Gilman (2017:27) the New Public Management (NPM) approach to public administration has, since the late 1990s, added greater substance to what the duties of government organizations are and how these should in a practical sense be carried out by public officials.

NPM which is essentially an adaption and adoption of proven private sector approaches to management seeks to modernize and professionalize the public sector in a way that brings about a more efficient and effective use of the resources at its disposal – in order to improve the delivery of public goods and services. To make this possible, it has been necessary to encourage the emergence of a more modern type manager in state organizations and to grant these managers greater planning and decision-making authority so as to allow them to do what is required to achieve raised levels of performance. This has also meant making the management environment less rule bound which understandably has led to a discernible shift of emphasis away from compliance and toward performance.

Potentially this held implications for ethical standards in the organization as did the increased focus on pursuing new value-for-money type goals as this might well encourage management decisions which skirt around matters of ethics and in so doing create situations in which corruption is more possible.

Further, this has tended to make the noble notion of government employees as individuals who have responded to a calling of public service as being somewhat outdated. It has been seen to lead toward a more individualistic and careerist type official whose personal work goals are directed toward optimizing outputs and outcomes.

NPM reforms have produced differing results in different locations. While there are countries where governments have made very significant performance gains particularly where management has been vigilant and sufficiently disciplined to not allow a lowering of ethical standards, in other countries with governance and financial management failings, the opposite has been true.

### The Governance Perspective

In response to NPM reforms and the possibilities of distracting public sector management from its ethical responsibilities, many governments have

moved decisively toward introducing improved corporate governance regimes.

As with the NPM reforms, the heightened governance arrangements have by and large been adopted from the private sector. It was in the commercial environment that lessons were learnt as to how increased pressures for performance needed to be balanced by measures which could effectively discourage conduct which undermined the sought-after ethical culture of the organization.

To protect the integrity of the organization and to counter behavior which might otherwise come from a less dutiful and ethics-focused official, initiatives such as an expanded external audit scope, internal audit structures, risk management, corruption prevention plans, and other effective internal controls have been implemented. Best practice rules including a range of checks and balances, separation of duties and clear delegation, and accountability arrangements have also been introduced.

At a time when it is generally speculated that public servants no longer have quite as strong as reputation for being the trusted custodian of public funds, it is essential that these internationally established best governance practices are made mandatory.

## The Modern Financial Management Context

It must also be observed that central to the NPM-related reforms has been the introduction of an extensive range of financial management reforms. Beginning in the mid-1990s and growing steadily since then, these reforms have produced a significant coming together of international thinking as to what a best practice public sector financial management model should be. Such a model has evolved and has now achieved wide agreement and support across both developed and developing countries.

What motivated this system-based model was the almost universal demand for a level of financial management that would make possible the quantity and quality of information necessary for good operational planning and for an effective performance system.

The basis of this approach came from the recognized need for fully planned and fully costed budgets, which are aligned with predetermined performance objectives and goals.

All in all, these financial management reforms produced an organizational environment in which, by being given realistic performance targets to achieve, officials had a measurable basis against which they could be held accountable for their meeting of their allocated duties and in which the ethical use of state resources was more enforceable. Also, through the ongoing monitoring of results against the carefully considered performance standards, management was in a position to establish where officials were failing to meet their responsibilities and where money might be being wasted or subjected to corruption.

## Ethical Dilemmas for Public Officials

Despite the reforms of recent decades, public sector organizations, being the large and complex arrangements that they usually are, remain a challenge for public officials when trying to honor their duties and maintain a high level of ethical standards. From time to time, there will inevitably be situations which arise that test the ethical resolve of employees from within the ranks of the public administration.

Such situations, as also referred to by Callaghan (2014), can be described as ethical dilemmas within the public sector work place. The more common of these would include where officials face the following:

Questions of fairness which call on the official to deal with everyone in a fair and objective manner. This would include how members of the public are treated as well as how officials within the government organization itself are treated.

Questions around conflicts of interest which ask that the official always ensures that decisions and choices made are never influenced by what might directly or even indirectly personally benefit that official.

Questions concerning the fulfillment of the official's responsibilities, particularly where this

concerns the quality of service being given to members of the public.

Questions of putting integrity at the forefront of every action and every decision taken by the official and of always being above reproach in any given situations.

Questions around transparency and accountability concerning all that the official is involved in and that formal disclosure of all relevant actions and performance is made public.

### The Dilemma of Corruption in Government

Officials have to morally transcend any workplace temptations or tendencies to not give of their best and to exploit opportunities for personal gain. This becomes more difficult in a world where individualism and self-interest are increasingly promoted across society mostly through a very influential advertising industry which at every turn tries to convince individuals to aspire to greater materialism and consumption.

The challenge is for public officials to disassociate themselves from this reality – which besides the moral resolve of the individual official requires a strong and ongoing campaign by government leaders and by civil society to more deeply imbue the public servant with relevant ethical values and a sense of duty toward the people that they are meant to serve.

By almost every account, public sector corruption has risen steadily in almost all countries, with a number of developing countries experiencing endemic levels of wrongdoing. Bribery of public officials has caused many countries to introduce specific anti-bribery laws through which to discourage members of the public from transacting dishonestly with public officials – be this to escape a traffic fine or to secure a government tender.

Given such developments, the promotion of a sense of duty and high ethical standards becomes all more important within the public administration. In the modern world, achieving a new paradigm in which public officials generally resist an otherwise deterioration of the desired qualities of ethics and duty has to be pursued.

Codes of conduct must become living guidelines, senior managers must lead by example, and the new governance and financial management practices would seem to be the best combination of initiatives toward combating the scourge of public sector corruption.

In addition, a greater understanding of regulatory ethics must be sought, as this is a body of law and practical political philosophy that can govern the conduct of civil servants and their relationship with the businesses and industries they regulate and transact with, as well as address concerns about transparency, freedom of information, and conflicts of interest.



## Conclusion

It is apparent that ethics and duty are thematic to the cause of good governance. While more topical and more earnestly contemplated in some countries than in others, this subject matter is inherently pivotal to how all government institutions regard their role and in particular how they prioritize their serving of a country's people.

The established and the maturing democracies of the world appear to be responding to the demands of the electorate that they manage public resources in an ever more effective and efficient way. This translates to a growing demand for officials to not only raise the quality of the public goods and services they dispense but to do so without forsaking the traditional sense of probity which should pertain to those involved in the public sector. This presents its own set of challenges but none of which would seem to be so great as to detract from a fulfillment of the duties and ethical behavior that is required.

## Cross-References


- ▶ Administrative Ethics
- ▶ Bureaucracy and Democracy
- ▶ Code of Ethics
- ▶ Corruption
- ▶ Ethical Probity in Public Service

▶ Ethical Values
▶ Ethics and Organizational Culture
▶ Ethics in Public Administration and Government
▶ Integrity and Corruption
▶ Max Weber and Organizational Theory
▶ New Public Management
▶ Weber, Max, and the Civil Servant

## References

Callaghan H (2014) Unavoidable ethical dilemmas for Public Officials. Makkula, Santa Clara
Cody WJM, Lynn RR (1992) Honest government. An ethics guide for all public service. Praeger Publishers, Westport
Eduard (2016) Public sector ethics. Wikipedia
Fox W (2010) A guide to public ethics. Juta, Cape Town
Gildenhuys JSH (1989) Ethics and the public sector – a selection of papers. Juta, Cape Town
Heidenheimer AJ, Johnston M (2001) Concepts and contexts, 3rd edn. Transaction Publishers, New Brunswick
http://www.bbc.co.uk/introduction/duty_I.shtm
http://sevenpillarsinstitute.org-101/Kantian Duty Based (Deontological) Ethics
Lewis CW, Gilman SC (2012) The ethics challenge in public service. A problem solving guide, 3rd edn. Jossey-Bass, San Francisco
Lincoln A (1863) Gettysburg Address. Retrieved from www.Historynet.com/Gettysburg-address-text
Moreland JP (2009) Ethics theories: utilitarianism vs. deontological ethics. CRI, Charlotte
Vandenabeele W, Horton S (2008) The evolution of the British public service ethos: a historical institutional approach to explaining continuity and change. In: Huberts LWJC (ed) Ethics and integrity of governance: perspectives across frontiers. Edward Elgar, Cheltenham
Weber M (1921) As referenced from *Wirtschaft und Gesellschaft*. J.C.B Mohr and Siebeck, Tubingen

# Ethics and Equality

Dan Krejci
Department of Political Science and Public Administration, Jacksonville State University, Jacksonville, AL, USA

## Synonyms

Ethics: Beliefs; Conscience; Ethos; Ideas; Moral; Moral character or traits; Moral code or principles; Moral compass; Tenets; Values

Equality: Egalitarianism; Equal opportunity; Equivalence; Fairness; Impartiality; Sameness; Similarity; Social equity

## Definition

Ethics: A standard of right and wrong that is freely accepted by members of a group, organization, profession, or society.
Equality: The concept that members of the society have a right to be afforded the same opportunities, rights, and status as other members of the society. In public administration, the concept of equality is closely associated with social equity. Equality focuses on ensuring that people in a society are treated the same and that all people receive an equal measure of the benefits of government in order to have a decent quality of life. Closely associated with equality, as it regards public administration, is the concept of social equity, which focuses on ensuring that government provides to the people the things they need in order to have a decent quality of life. Equity is based on needs of the citizens, whereas equality is ensuring that all receive an equal measure of the benefits of government.

## Introduction

The Minnowbrook Conference established the New Public Administration movement, and the focus of the undertaking was to move the discipline of public administration away from administrative orthodoxy toward something more comprehensive, something that looked beyond the hierarchy, efficiency, and effectiveness of government organizations, as well as the separation of politics and administration. New Public Administration emphasized the addition of social equity – providing public services with a sense of equality – to the equation along with maintaining efficiency and effectiveness. Yet, the discipline of public administration also notes that another vital element of the profession is ethics. To understand the elements of New Public Administration, definitions of the terms follow.

Efficiency refers to how well an organization performs its mission, and effectiveness is the impact the organization has when it performs its mission. Equality is the belief that members of a society have *a right to be afforded the same opportunities*, *rights*, *and status as other members of the society.* Within the discipline of public administration, equality is associated with the concept of social equity. Social equity, in the context of public administration, means that public administrators are engaged in activities to ensure all constituents have *ample access to political and economic power* that is provided by the public organization and within the public arena and the focus is to improve the quality of life of all citizens.

In order to promote efficiency, effectiveness, and equality (social equity), a fourth element is discussed at some length in the discipline, and this element is used to ensure the achievement of the other three – this element is ethics. In the profession, ethics is recognized as an important component. The adoption and promotion of ethics and ethical conduct are considered a necessary condition for promoting efficiency, effectiveness, and equality/social equity. However, ethics is not a sufficient condition to ensure efficiency, effectiveness, and equality (social equity). In the sections that follow, the various types of ethics that are commonly discussed within the profession are briefly described, followed by a discussion of equality, and finally a discourse on the relationship between ethics and equality. In particular, ethics in this context is referred to as administrative ethics. Administrative ethics is concerned with how public administrators apply moral principles to the functions and activities of the organization.

### Ethics

In a general course on administrative ethics, several types of ethics are usually included in the discourse. In the sections that follow are brief descriptions of the various types of ethics, followed by a discussion of equality and the various concepts of equality, followed by a section that relates the methods of ethical decision-making in the public administration arena to the concept of equality – particularly equality of opportunity, equality of condition, and equality of result or outcome.

### Types of Ethics

A comprehensive understanding of administrative ethics is achieved by breaking the term down into its two components – administrative and ethics. In the public administration discipline, the term *administrative* relates to the duties and responsibilities necessary of the day-to-day operation of government as well as nonprofit organizations. This would include administrators who are in positions of authority as well as the *street-level bureaucrat* (the person who has direct contact with the public in the performance of the person's duties). Continuing in the public sector vernacular, ethics is not only the study of moral choices and the various ways a person makes these moral choices in the context of providing government and nonprofit sectors, but it is also a field of study within academia. Even though the literature within the public administration discipline could never be covered in its entirety within a book or article, what follows is a brief discussion of the major classifications or approaches to ethical reasoning: teleology, virtue ethics, and deontology.

## Teleology

Teleological ethics can be classified into two perspectives – utilitarianism, based on the works of Jeremy Bentham and John Stuart Mill, and egoism, derived from works by Niccolò Machiavelli and Max Weber. Utilitarianism calls for action that is based on the premise of the greatest good for the greatest number, as noted by Bentham. This perspective calls for balancing good against evil based on the needs of society as a whole. Bentham and Mill go so far as to define the concepts of good and evil as pain and pleasure. Egoism, with regard to ethics, promotes the concept that people will act in ways that promote their own interests over the interests of others, which is not to be taken in the light that the people are focused entirely on themselves – they may be motivated to promote their own interests through the promotion of the interests of others. In other words, ethical egoists in the public sector may believe

that in order to achieve success in their careers, it is best to appear as if they hold the interests of others before their own, but in reality they are promoting their interests through the appearance of supporting others.

### Utilitarianism

According to William K. Frankena, a moral philosopher who taught at the University of Michigan for over 40 years, the utilitarian approach can be classified into three distinct categories. In the first edition of his work entitled *Ethics* (1963), he classified utilitarianism into only two categories – *act* and *rule utilitarianism*. A public administrator operating from the *act utilitarianism* perspective would pursue a course of action that he or she considers proper by making decisions based on the principle of utility – the greatest good for the greatest number by balancing good over evil. A public administrator who made decisions using rules – like telling the truth – rather than asking what course of action would produce the greatest good would be operating from the perspective of *rule utilitarianism*. Rule utilitarianism focuses not on what action produces the greatest good, but rather on what rule produces the greatest good.

In his second edition of the work *Ethics* (1973), Frankena added a third category – *general utilitarianism*. General utilitarianism basically assumes that if something is right for an individual to do in a particular situation, then it is the right thing to do for another person in a similar situation. Under this premise, the question that needs to be asked is not about what one person would do in a particular situation, but rather "What would everyone do?" The three categories of utilitarianism, in some fashion, are still viewing decision-making from a similar perspective of the greater good.

### Consequences

Regardless, the teleological approach to ethics focuses on consequences. In other words, when using the teleological ethics approach at some point in the decision-making process, the administrator engaged in performing his or her duties makes a calculated assumption at the consequences of the actions chosen in any given situation. The process is not synoptic, but more along the lines of Simon's (1957) theory of bounded rationality. Bounded rationality assumes that knowledge is limited; therefore, policy choices are restricted to a narrow range that policymakers are satisfied with – referred to by Simon as *satisficing*. As such, public administrators, using the teleological approach to ethical decision-making, make decisions based on the information that is available as to what the possible outcomes (consequences) will be.

## Virtue Ethics

James Madison, writing in *The Federalist* No. 51, noted that if angels ruled, then there would be no need for government. However, since angels do not rule, the difficulty of governing is twofold. The first difficulty is getting government to control the governed, and the second difficulty is getting the government to control itself. When it comes to making decisions to act or not to act, there are several known facts: governments exist, people run governments, and, from the democratic perspective, governments that have the goals of accountability (being answerable to those who are governed) and transparency (government decision-making takes place that are made apparent to those who are governed), methods must be and are adopted to ensure the achievement of these goals and to do so ethically.

Granted laws or policies can be created, to govern a society, but these laws can be unethical. There are several examples of laws that were adopted that were morally reprehensible even if they were *legal* within a system of government, and two are presented here. A prime example of this was the adoption by Nazi Germany of laws and racial policies that were an extension of the regime's Lebensraum policy. In addition, the issue of owning slaves, which many countries have at one time or another adopted as a policy, falls within this category of an act that was legal on the surface, but immoral in principle. In addition to laws, ethics has been a centerpiece of the discussion as to how governments and nonprofit

organizations should deliver their services. Virtue ethics is one of the types or approaches that is tied to public administration, yet unlike teleological ethics, virtue ethics is not governed by rules of conduct.

Virtue ethics is easily defined by breaking the term down into it two components. Virtue is behavior of an individual that demonstrates high moral standards and a behavior that is considered a desirable trait – the trait or character of the virtuous person. Since virtue is focused on the individual, then virtue ethics is focused, on inculcating in the individual (in this case the public administrator) the desire to cultivate moral habits that drive the individual's administrative conduct and other factors (rules, laws, or polices) take on less importance. To reiterate, virtue ethics focuses on character not rules.

Aristotle, in *Nicomachean Ethics*, has been most influential in positing virtue ethics. As previously mentioned, virtue ethics does not look to rules for the governing of a person's conduct or character. Virtue ethics do not view actions as right or wrong in and of themselves, rather the acts are right based on what a person of virtue would do. The person who would be considered a virtuous person would then serve as a role model that provides the example of the way people should conduct themselves. Whereas in other ethical approaches, rules or principles are important, yet when it comes to making administrative decisions – based on virtue ethics – emotions, experience, and maturity are important.

A virtuous person relies on emotions since emotions allow a person to see what is relevant in any given situation and emotions allow for empathy to be part of the decision-making process in order to help a person to determine what the right course of action is as well as to motivate the person to take the right course of action. When it comes to emotions, the emphasis is on emotional maturity, which could be characterized as a person who has fully developed his or her sense of empathy. A person who is not empathetic would not be able to determine the right thing to do or operate from the virtuous perspective because empathy derives from emotions and when it comes to being a virtuous person, emotion is an essential element of the virtuous character. Yet emotion alone will not make a person virtuous.

To become a virtuous person requires education – an education that is focused on how a virtuous person develops a virtuous character. In addition, a person needs to have experience taking actions that are based on what a virtuous person would do in a given situation. The example that is usually given of a person who is virtuous focuses on the issue of courage. A virtuous person who is courageous is one who knows what dangers are involved in a situation, has the ability to control those emotions that would hamper courage (fear, particularly fear of death), realizes that the action is based on empathy (wanting to save the lives of a person), and takes the courageous course of action. A good example of an administrator who is virtuous and is faced with committing an action that demonstrates courage is demonstrated when the virtuous administrator is faced with corruption and the only recourse to the corruption is to engage in whistle-blowing activity.

An administrator, who is courageous and is operating from a virtuous point of view, when faced with corruption can make an internal complaint, yet if this does not resolve the issue, the administrator may have to take his or her complaint to an agency or entity outside of the organization – this is known as whistle-blowing. The virtuous administrator in this situation would take this action if the administrator thought this would be the actions of a virtuous person or persons. The administrator would control his or her fears (losing a job or ruining his or her career) and pursue the course of action in order to resolve the issue of corruption because that is what a virtuous person would do in a similar situation. An administrator who studies and practices virtue ethics will not be persuaded by an argument to change his or her approach to dealing with the public simply on an argument "Everybody in the organization does it this way, why not you?" In other words, organizational culture may permit a more relaxed attitude toward ethics, but the administrator who adheres to virtue ethics will take action based on what the administrator thinks a virtuous person would do.

## Deontology

Ethical conduct that is based on duty or principle is known as deontological ethics. There is within the deontological person an innate desire to perform his or her duty based on a higher set of principles, particularly universal principles, and these principles take on the form of a formal obligation, which takes precedence over methods of ethical decision-making, particularly the teleological approach to ethical decision-making. The important question is: How do we establish higher-order principles that are universal and adaptable to ethical decision-making in the public sector? There are several approaches to deontological ethics: Kantianism, ethical and cultural realism, and agapism. However, when it comes to ethical decision-making, two *schools of thought* seem to dominate the administrative ethics discourse – *Kantianism* and John Rawls' *A Theory of Justice*.

### Kantianism

Immanuel Kant, in *Grounding for the Metaphysics of Morals* (1981), clearly notes the existence of a supreme or higher-order principle of morality. In addition, he further notes that all imperatives can be classified as hypothetical or categorical. A hypothetical imperative is an action that is aimed at getting what a person wants or may want. A categorical imperative is any action that is necessary in and of itself without considering any other end.

An imperative is simply an order – "Stop yelling at me." Hypothetical imperatives, as noted above, are commands that focus on a necessary action that is based on a desire (I want to be an engineer; I must become competent in math). However, if a person does not want to be engineer, then the hypothetical imperative does not apply. Categorical imperatives command unconditionally, regardless of any personal desire. If an administrator adheres to Kantianism, then a categorical imperative would command the administrator to pursue a course of action that is not based on his or her desire, rather the action would be based on the fact that the decision to act is necessary in and of itself. An example of a categorical imperative is "Do not take bribes."

Therefore, from the perspective of Kantianism, a public administrator's actions will be based on a sense of ethics or morality that is determined by the categorical imperative because that morality (or ethics based on this idea) is commanding the person to take a particular action and has no option but to obey. In other words, the public official could not claim he or she has an option not to obey or that in this situation this does not apply. The command is obeyed simply because the action is necessary in itself and that is all.

### Theory of Justice

The second school of thought regarding deontological ethics in the public administration discourse is posited by John Rawls (1971) in *A Theory of Justice*. Rawls (1971) starts with the assumption that parties involved in decision-making are operating from a *veil of ignorance*. This *veil of ignorance* does not allow the decision-maker to be aware of his or her alternatives. In this assumption, the *veil of ignorance* covers all aspect of the person's life (place in society including social status, natural abilities, economic and political standing in the community, or any particulars of the society). The only thing that can be assumed that is known is that the parties involved know that whatever decision is made, that decision is subject to justice and the implications that justice entail.

Rawls posits two principles of justice for institutions and two priorities. The first principle notes that all members of society are entitled to equal rights to basic liberties. The second principle posits that any form of inequality (social or economic) must be situated so they are a benefit of the least advantaged. The first priority, known as the priority of liberty, is that the principles of justice are arranged in such order that liberty can be limited only on the basis of liberty. The second priority (priority of justice over efficiency and welfare) notes that if an inequality of opportunity exists, then this inequality must improve the opportunities of people with lesser opportunity. In addition, whoever bears the burden of any hardship of a decision, something must be done to lessen that burden. Rawls noted that the principles and priorities are incomplete; however, it is

an attempt to provide a more structured approach to ethics, justice, and equality.

### Equality

Equality is the concept that members of the society have a right to be afforded the same opportunities, rights, and status as other members of the society. In public administration the concept of equality is closely associated with social equity. Equality focuses on ensuring that people in a society are treated the same and that all people receive an equal measure of the benefits of government in order to have a decent quality of life. As mentioned previously, closely associated with equality, as regards public administration, is the concept of social equity. Social quality focuses on ensuring that government provides to the people the things they need in order to have a decent quality of life. Equity is based on needs of the citizens, whereas equality is ensuring that all receive an equal measure of the benefits of government.

From a democratic viewpoint, equality can be classified in several ways, but generally there are three major classifications of equality: equality of opportunity, equality of condition, and equality of result or outcome. What follows is a discussion of these three classifications of equality, followed by section in which the approaches to ethical decision-making are related to the concept of equality and social equity. Equality of opportunity is listed first, followed by equality of condition, and equality of result or outcome is listed third. These classifications of equality are *ranked* in order based on the degree of more equality for the citizenry. In other words, equality of condition is a higher standard of equality when compared to equality of opportunity; equality of result or outcome is a higher standard of equality in a society than either equality of opportunity or equality of condition.

## Equality of Opportunity

This concept of equality calls for people in a society to be treated in a similar fashion. That every person should not be hampered by barriers, either real or artificial, or any form of partiality except in such situations that may warrant this difference in treatment. Equality of opportunity also applies to how government treats members of society with regard to the way citizens are allowed to participate, not only economically, but also politically.

A couple of examples that demonstrate situations in which people in a society are treated differently are based in public finance administration, particularly in the area of taxation. The first is *horizontal equity*, and this is when government charges the same amount to different taxpayers when the taxpayers' abilities to pay are the same (taxpayers who fall into the same tax bracket and make the same amount). The second is *vertical equity*, and this is when taxpayers who are different are treated differently. In the fairest form of the concept of *vertical equity*, a person in a higher tax bracket should pay more, while another person who is in a lower tax bracket will pay less tax. However, this is conditional upon the deductions that they are allowed. Yet, the allowing of deductions is another example of a situation that warrants the difference in treatment.

## Equality of Condition

Equality of condition goes beyond the boundary where equality to opportunity ends. Equality of condition promotes government policies that are aimed at eliminating the effects of past discrimination, which is a higher standard of equality when compared to equality of opportunity. Policies based on equality of condition would focus on issues that are economic as well as political. Under this concept of equality, government resources that were not previously available to a group – due to discrimination – would become readily available in order to overcome the past acts of discrimination. These policies would be redistributive involving not only income, but also may include other government resources.

## Equality of Result or Outcome

This standard of equality would go beyond the conditions established by equality of opportunity

and equality of condition. Equality of result or outcome promotes policies like affirmative action and comparable worth, which allows citizens previously disenfranchised to be afforded "equal footing" with other members of society. In addition, equality of result or condition can promote the concept of a state in which all people live under very similar economic and political conditions.

## The Marathon Race

One of the best examples for demonstrating these three concepts of equality is a foot race, particularly a marathon race. A marathon is a road race of 42.195 km (26 miles and 365 yards). Equality of opportunity would promote the idea that all people would be allowed to participate. Equality of condition would ensure that all runners are equally equipped, even if that meant redistributing some of the equipment that each person initially brought to the race for their personal use – those who had more would wind up having less and those with less would end up with more until a balance was struck between those with more and those with less. Equality of result or condition ensures that runners who were not able to complete the race would be provided assistance in order that all participants would finish. The next section applies the methods of ethical decision-making to equality.

### Ethics and Equality

Public administrators have the responsibility for the day-to-day operations of government. Street-level bureaucrats are generally the representatives of government that most people will deal with during their lives. Therefore, it is imperative that decision-making, particularly ethical decision-making in a democratic form of government, be focused in such a way that government and its agencies efficiently and effectively accomplish the goals of being accountable and transparent, promoting the general welfare, accomplishing the respective missions of its agencies, and doing so in an ethical manner that promotes not only equality but social equity as well. As such, the methods that a democratic form of government uses when making decisions need to be grounded in ethical conduct that accomplishes all of the aforementioned goals. What follows is a brief discussion of how the various methods of ethical reasoning benefit or hinder public administrators' ethical decision-making.

## Teleological Ethics and Equality

In a democratic form of government, the concept of "rule of the majority" is an accepted principle. According to May's theorem (1952), using a simple majority vote (50% plus one) is the fairest way to make decisions between two political alternatives due to the nature of its autonomy and neutrality. Based on this concept, it appears that teleological ethics would the approach to use for this situation because the concept of the greatest good for the greatest number (utilitarianism/consequences) would correlate well with majority rule. However, when you apply the concept of majority rule to the concepts of equality (equality of opportunity, equality of condition, and equality of result or outcome) or the concept of social equity, then teleological ethics (great good for the greatest number) does not seem to fare well because the statement of the greatest good for the greatest number implies that some will not reap the benefits.

However, there are advantages to using teleological ethics when making decision in the public arena. Rules can be rigid and some cases may warrant that some people be treated differently in society from others. A good example of this is how veterans are treated. People who serve their country are provided with certain entitlements for their service. People who are not veterans do not receive these entitlements, and this is looked upon as fair treatment of veterans for their service. If the government operated using equality of opportunity, then everybody would be allowed to participate in the military and qualify for veteran entitlements; however, due to the nature of the work the military does, not everyone is going to qualify to participate. In this situation a teleological approach to ethics would be advantageous to

the decision-making process because it addresses the issues of the consequences of allowing every person to participate, even if they were not medically qualified to perform the duties that would be required by military service.

## Virtue Ethics and Equality

The public administrator who makes decisions based on virtue ethics is not operating from a set of rules or higher principles so much as he or she is making decisions based on character, particularly the character of a virtuous person. In other words, the administrator will not ask what the rule is, but rather will ask the question, "What would a virtuous person do in this situation?" and will not easily be persuaded to consider a lesser standard of ethics.

As such, this person will be prone to support the concept of equality that he or she thinks a virtuous person would support. If the administrator thought that most virtuous people would at least support equality of opportunity, then that is the basic concept of equality that the administrator would support. The downside to virtue ethics is the administrator's ability to apply his or her desire to be virtuous with his or ability to be virtuous. This is where education, practice, and maturity are important.

There may come a time when conflict between the administrator's sense of virtue and the policy, procedures, standing operating procedures (SOP), the law, and even other virtues may put a constraint on making decisions based solely on virtue ethics. An example of when one virtue conflicts with another is when the administrator must decide between two programs, and regardless of the policy choice, some group will not reap the benefits of the policy and another group will.

## Deontological Ethics and Equality

As previously mentioned, there is within the deontological person an innate desire to perform his or her duty based on a higher set of principles, particularly universal principles, and these principles take on the form of a formal obligation, which takes precedence over methods of ethical decision-making, particularly the teleological approach to ethical decision-making. The important question is: How do we establish higher-order principles that are universal and adaptable to ethical decision-making in the public sector? A person operating from this perspective of deontological ethics would be supportive of the high-ordered principles of equality – equality of condition and equality of result or outcome – since these concepts of equality are higher-ordered principles of equality.

The disadvantage of using the deontological approach has to do with the higher-order principles and what determines their validity. Particularly, the issue of what higher principle to use when one does not exist for the situation would call for the development and adoption of a higher principle, and, due to the situation, there may not be time to develop this new principle. In addition, using deontological ethics calls for the administrator to be fully aware of most, if not all, of the higher principles the administrator would need in making decisions.

## Combined Approach to Ethics to Promote Equality

Based on the discussion of each of the approaches to ethics and relating them to the concept of equality, it is noted that each has advantages and disadvantages. In order to overcome the disadvantages of each and allow the administrator more flexibility when making ethical decisions, particularly when applied to equality, James Svara (2015) developed a model that combines all of the methods of ethical decision-making (teleology, virtue, and deontological approaches to ethics) with the concept of duty in order to promote a more comprehensive approach to ethical decision-making.

Svara, in his text entitled *The Ethics Primer for Public Administrators in Government and Nonprofit Organizations* (2015), posits the use of the *ethics triangle* in decision-making activities. The advantage to using this model over the other

approaches is the *ethics triangle* incorporates the advantages of teleology (consequences – the greatest good), virtue/intuition (focusing on character of a virtuous person), and deontology (principle, which promotes justice, fairness, and equity), with the concept of duty (serving the public interest). This combined approach is more comprehensive in nature and acknowledges that decision-making in the public sector is multidimensional and, as such, needs an ethical approach that is multifaceted.

## Conclusion

The concept of New Public Administration called for moving public administration beyond its focus not only on efficiency and effectiveness, but also on social equity. In order to move forward, another element must be added to the model of efficiency, effectiveness, and social equity, and that element is ethics. The approaches to ethics used in public administration need to be more closely tied to the concept of equality.

The approaches to ethics that dominate the literature focus mainly on teleology, virtue ethics, and deontology. Equality in a democratic form of government can take on several forms, including equality of opportunity, equality of condition, and equality of result or condition. In addition, the concept of equality is closely related to the concept of social equity as posited by the New Public Administration movement.

When relating the various approaches to ethics (teleology, virtue ethics, and deontology), it is clear that each of these approaches lend themselves, to ethical decision-making, but they also have disadvantages. Based on the nature of public administration and the notion that the discipline is dedicated to serving the public interest, a more comprehensive approach to ethical decision-making is needed in the public sector. James Svara (2015) posited a comprehensive model of ethical decision-making, *the ethics triangle*, which combines all three approaches to ethical decision-making while keeping at the heart of the decision-making process the concept of duty – serving the public interest.

## Cross-References


- ▶ Administrative Ethics
- ▶ Code of Ethics
- ▶ Ethics and Duty
- ▶ Ethics and Organizational Culture
- ▶ Governmental Accountability
- ▶ Kantian Ethics
- ▶ Teaching Ethics in Public Administration
- ▶ Transparency
- ▶ Utilitarianism


## References


Aristotle (1992) Ethica nicomachea (nicomachean ethics) (complete). In: McKeon R (ed) Introduction to Aristotle. Modern Library, New York, pp 327–579

Bentham J (1987) From an introduction to the principles of morals and legislation. In: Ryan A (ed) John Stuart Mill and Jeremy Bentham: utilitarianism and other essay. Penguin Books, New York, pp 65–112

Bentham J (2017) Of the principle of utility. In: Shafritz JM, Hyde AC (eds) Classics of public administration, 8th edn. Cengage Learning, Boston, pp 29–310

Chandler RC (2000) Deontological dimensions of administrative ethics revisited. In: Cooper TL (ed) The handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 179–193

Frankena WK (1963) Ethics. Prentice-Hall, Englewood Cliffs

Frankena WK (1973) Ethics, 2nd edn. Prentice-Hall, Englewood Cliffs

Frederickson HG (1980) A new public administration. The University of Alabama Press, Tuscaloosa

Hamilton A, Madison J, Jay J (2003) The federalist papers. Signet Classic, New York

Kant I (1981) Grounding for the metaphysics of morals, 3rd edn (trans: Ellington JW). Hackett Publishing, Indianapolis

Machiavelli N (1999) The prince. Barnes & Noble Books, New York

May KO (1952) A set of independent necessary and sufficient conditions for simple majority decision. Econometrica 20:680–684

Mill JS (1987) Utilitarianism. In: Ryan A (ed) John Stuart Mill and Jeremy Bentham: utilitarianism and other essays. Penguin Books, New York, pp 272–338

Pops GM (2000) A teleological approach to administrative ethics. In: Cooper TL (ed) The handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 195–206

Rawls J (1971) A theory of justice. Harvard University Press, Cambridge, MA

Shafer-Landau R (2015) The fundamentals of ethics. Oxford University Press, New York

Simon HA (1957) Administrative behavior: a study of decision-making process in administrative organizations, 2nd edn. Free Press, New York
Svara J (2015) The ethics primer, 2nd edn. Jones & Bartlett Learning, Burlington
Weber M (2017) Bureaucracy. In: Shafritz JM, Hyde AC (eds) Classics of public administration, 8th edn. Cengage Learning, Boston, pp 63–67

# Ethics and Good Governance

Cassandra R. Henson
College of Health Professions, Interprofessional Health Studies Department, Towson University, Towson, MD, USA

## Synonyms

Administrative ethics; Effectiveness and efficiency; Ethical behavior; Ethical decision making; Ethics education; Fraud; Good governance; Integrity; Public administration; Transparency

## Introduction

In most sectors today, public, private, and nonprofit, the phenomenon of "good governance" has become an important goal as strategic plans and policy actions are put in to place. Ethics and ethics education are major factors in the achievement of that goal. In the field of public administration, the good governance concept includes the operational aspects of public agencies as well as the care and engagement of our citizens, all performed ethically and with good stewardship. This article suggests several options for reaching the intersection of good governance and ethics, as well as the existing issues which may prevent or delay getting there. The major questions to be explored by this research become: (1) what exactly is good governance and (2) how does the concept of ethics and the associated ethics education influence it?

## What Is Good Governance? A Working Definition

Good governance in public administration is the process of making the best possible decisions while using public resources. The concept is applied at all levels of government and across all facets of public administration, although the interpretation and method of application vary a great deal. There are several operational aspects included in the process of good governance, with accountability, transparency, effectiveness and efficiency, and ethical behavior, among the most noted items. Accepted norms within each society will determine the level of importance of these key factors, as well as the composition of them, but all of these items are sure to impact the public's assessment of accomplishing the goal of good governance.

*Accountability.* Public administration professionals must be accountable for his or her own actions and decisions in the workplace. Ideally, accountability is present at all levels of an agency, but it should be present with certainty in leadership roles. This could include the implementation of processes, selection of contractors, successful completion of tasks and assignments, as well as the shortcomings of getting the job done. Varying levels of internal and external controls are the key to addressing concerns of accountability. Internal controls include agency policies, procedures, and other governing documents. External controls include items such as audits and legislation, external items which lend themselves to public value.

*Transparency.* Transparency is the openness of operating transactions, with the intention of building and maintaining credibility and public trust. The key here is for the general public (or other stakeholders) to understand the choices and decisions made by public administrators and the inputs considered when making them. Avoiding conflicts of interest helps with this, but administrators must consider public perceptions of their actions.

*Effectiveness and Efficiency.* Government has to work, and in a perfect world, it should be done with maximum benefit to the citizenry. Effectiveness assesses the agency's achievement of its

mission and goals and the steps taken to achieve them. Efficiency is the provision of goods and services at the best prices, with the least possible cost of production.

*Ethical Behavior*. Ethics is the practiced behavior of right and wrong as well as the conscious decisions made concerning which path should be followed (Daft 2010). The current state of public administration and ethical behavior has been influenced by many facets of the public administration arena. As with the evolution of any process, there are reasons, causes, and effects that have molded the situation we see today. Several factors or phenomenon are now hitting the front pages of media, making ethics education a necessity instead of traditional optional course.

## Ethical Issues in Public Administration: Items that Affect Good Governance

As public administrators are required to conduct themselves ethically, the foundation upon which ethical conduct is enacted must first be present. No matter the profession, ethical practice requires adhering to an identified set of rules, regulations, or expectations, accepted as the standard or at the very least acknowledged by those in a given field, a commitment to do what is right. Various "codes of ethics" have been implemented by agencies nationwide, often introduced upon hire and subsequent annual follow-up. Let us discuss the issues that have created the need for such codes.

*Unethical Behavior and Occurrences*. The age-old reality of unethical occurrences in government has been an unfortunate truth for as long as organized government has existed – from the spoils system to Watergate and to modern-day conspiracy theories. History does seem to repeat itself, at least when it comes to the instances of fraud, waste, and abuse in government. Public sector ethics and a dedicated leadership team are the foundational elements in the ongoing charge of creating a more open and transparent government, to correct what has gone awry. Moving in the right direction requires public administration professionals to be "proactive" instead of "reactive," in the fight to eliminate corruption and unethical behavior and improve overall public image. Bowman and Knox expand upon the ethics challenges in today's local government agencies, as they discuss results of their 2007 public administrator's questionnaire. They state that 97% of respondents experience ethical dilemmas in the workplace (Bowman and Knox 2008). They continue by saying these respondents also believed that sound ethics can be enabling in agencies. Sure, some public agencies have established the "cookie-cutter" workplace ethics programs, but more is needed.

*Decision-Making, Improved Internal Controls, and Efficiencies*. As the need for accountability grows and as the public increasingly demands it, government agencies must improve upon operating efficiencies and accuracy. These improvements also require increased communication and transparency. Numerous cases and reports from national and international investigative bodies confirm that unethical acts are indeed a serious issue, with faulty internal processes being the gateway. Ineffective internal controls or a complete lack thereof in some cases can increase the opportunities for unethical behavior within an agency and cause incidents to go undetected until too late. According to the Association of Certified Fraud Examiners (ACFE), management reviews, reporting hotlines, and employee support programs are the most successful controls used in deterring fraudulent activity (Warren 2012). The National Performance Management Advisory Commission (NPMAC) states that governments must practice performance management to achieve results and improve public confidence. Their framework suggests management, evaluation, planning, and budgeting as key to the performance management cycle, with these items dependent upon sound internal controls to be both effective and efficient (NPMAC 2010). The Commission further supports the concept of accountability and controls by stating that (1) officials must be held accountable internally as well as to the public and (2) policies, strategies, and services by being effectively aligned (viii).

*Ever-Changing Public Service Environment*. Public administration has often been compared

to the private business environment, with many calling for a more stringent "business-like" approach to management. The role of the public administrator continues to change, as well as the types of agencies providing the actual services. The rise in public-private partnerships (PPPs) has in some cases blurred organizational boundaries, accountability, and responsibilities (Bovaird 2004), but is just one example of the changes to public service delivery. In this scenario, government agencies actually outsource the delivery of services to private entities, due to factors such as cost, capabilities, technology, and even location constraints for the coverage of citizens in outlying/rural areas.

## Ethics Education: Where Are We Now?

Moving forward to improved good governance models will take quite an effort on the part of local government entities. Grassroots changes to ethical foundations and leadership structures will be needed to have "doing the right thing" become embedded in the fabric of public administration. What will it take?

*Current State of Ethics Education*. Although NASPAA and other accrediting bodies do not mandate specific ethics course content for MPA programs, the regulations they set forth do however incorporate ethics and ethical decision-making into its mission, focus, and processes. At the core of the standards are public service values and accountability, as stated:

> The mission, governance, and curriculum of eligible programs shall demonstrably emphasize public service values. Public service values are important and enduring beliefs, ideals and principles shared by members of a community about what is good and desirable and what is not. They include pursuing the public interest with accountability and transparency; serving professionally with competence, efficiency, and objectivity; acting ethically so as to uphold the public trust; and demonstrating respect, equity, and fairness in dealings with citizens and fellow public servants. (NASPAA 2009)

Now clearly "acting ethically" leaves much open to interpretation, which is why conduct must be defined early on in the education process, before students become practitioners. The expectations are surely out there and are easily found, but it is the decisions we make that define acceptable or unacceptable ethical behavior. We know what the rules are, but whether or not we choose to follow them is a completely different issue. Bowman suggests we begin with the basic textbook, as he discusses the ethics content currently contained in the 12 public administration texts examined in his 2001 study. He states that the texts all include at least some, albeit minimal, combination of his four pillars of ethics: (1) value awareness, (2) reasoning skills, (3) the role of the law, and (4) strategy implementation (Bowman et al. 2001). We go to Cooper and Menzel's framework for ethical competence (Cooper and Menzel 2013), which suggests that educators should follow four steps to begin this process: (1) select a textbook with sufficient ethical content; (2) have students write provisional ethics statements; (3) educate students in all schools of ethical thought, even those that conflict; and (4) have students actually critique a code of ethics for the field of public administration.

Professional associations are also stepping up to lead the charge, by requiring the acknowledgment and adherence to its ethical standards mandatory for membership. The American Society for Public Administration (ASPA), for example, has adopted a code of ethics consisting of eight principles (revised in 2013), which expressly states expectations for ethics and integrity, as well as practices for implementation of these principles (items six through eight quoted here):

Demonstrate personal integrity. Adhere to the highest standards of conduct to inspire public confidence and trust in public service.

Promote Ethical Organizations: Strive to attain the highest standards of ethics, stewardship, and public service in organizations that serve the public.

Advance Professional Excellence: Strengthen personal capabilities to act competently and ethically and encourage the professional development of others

(ASPA 2013)

E

The International City/County Management Association (ICMA) is another such organization, which has set forth twelve tenets for members to uphold. Members are expected to be:

> Committed to equity, transparency, integrity, stewardship of public resources, political neutrality, and respect for the rights and responsibility of elected officials and residents strengthens democratic local governance. (ICMA 2013)

Many agencies have a standard ethics training module or program, administered by the human resources department. Some actually have a separate ethics committee that sits within individual departments, to directly address ethics-related issues. The goal here is to have rules and regulations that reflect the best ethical conduct, leaving no lines blurred internally. Public service agencies at least in theory strive for productivity and efficiency, but does a productive end justify unethical means? Absolutely not! Just because you are reaching for a noble cause, does not mean you can get there unjustly. To address this, organizations often define their idea of ethical behavior as well as the path to be followed to achieve it. Are these programs successful? Future studies will surely determine, but they would undoubtedly be more successful if ethics were the foundation at the academic level.

## Ethics Education: Moving Forward

The public sector landscape has also transformed due to new ideologies in public management theory, the "reinvention" of government, such as new public management (NPM). NPM is designed to reduce government costs by privatizing and competing public services (Kolthoff 2007) and is guided by two principles: managerialism and market orientation (14). These two identify a variety of areas for potential change or improvement, including leadership responsibilities, productivity as a foundational element, quality control, information systems, contracts, and market analysis as well as appropriate performance management (14). Kolthoff goes on to define ethics as the standards of human conduct that are often considered separately from an organization's daily operations (37–38), but our current state surely shows that these must be intertwined moving forward, infusing ethics into every stage of the governing and service delivery process.

Ethical standards must indeed be established, but the "moral compass" of the individual must also be vigilant. It all begins with the educational program. What is needed is more definitive suggestions on how it can be stopped before happening at all – moving from detection and mitigation to prevention strategies. Why not change this dynamic by making ethics training the foundation of public service and business education programs? An answer to this question would require educators in schools of public and business administration to be proactive by eliminating the sources of unethical conduct and corruption by developing the students' character. While company-required ethics education programs can provide the foundation for appropriate workplace conduct, behavior, and outcomes, the kind of permanent change envisioned here may require a deliberate and robust addition of ethics into academic coursework. It can be argued that in-depth ethics instruction, sound decision-making skills for internal controls, documented and enforceable guidelines, as well as concerted effort can make ethics and ethical decision-making the foundation for leaders in the public sector.

Preparing future public administrators requires education and training early on in the academic process and ideally, prior to the influences of work environment. Many schools and programs of public administration offer basic ethics courses but much more needs to be accomplished, as many of these courses still remain elective instead of required for program completion (Menzel 1997). Scenarios specific to public administration leadership should be introduced, but the pedagogy should also incorporate basic ethical principles that apply to both the public and private sectors.

*Leadership and Decision-Making Preparation*. Thompson believes that ethics should be instilled in and taught to all officials at all levels of government, which is crucial to their role in American democracy (Thompson 1992).

Furthermore, he states that three main paradoxes make this quite the arduous task, hindering the process of ongoing ethics education: (1) the perceived importance of government ethics, (2) the difference between one's personal ethics and public ethics, and (3) the appearance and reality of right and wrong (255–258). As an industry we must arm future public servants with the tools of ethics before their tenure begins, instilling such values from the beginning and not depending on the on the job training. It must be second nature, alongside the daily business tasks, infused in the decision-making process for public administrators. The ethical tone for an agency is often set by the leadership, so they must possess the necessary skills.

*More Complex Ethics Pedagogy.* With no specific ethics course mandates guiding public administration programs, we must be sure that future offerings on the subject of ethics include all facets of the topic (where possible) and establish the solid foundation and system infusion of the ethical processes. We must move from basic ethics education to a model of what Jurkiewicz identifies as "ethical competence." To educate ethical future public administrators in ethical competence, she suggests the following framework as the basis for course content: (1) an understanding of moral arguments and moral philosophies, (2) the ability to separate true management issues from ethical issues, (3) the ability for logical reasoning, (4) the ability to separate personal ethics from professional ethics, and (5) the ability to perform ethically under pressure (Jurkiewicz 2013). These items definitely provide a solid methodological approach to ethics education, going beyond the traditional basic definitions.

Cooper and Menzel suggest several outcomes for ethics coursework, in line with Jurkiewicz's suggestions, that could possibly be incorporated into all programs of study. Their concept suggests five categories of ethics knowledge necessary for a deeper understanding of ethical behavior: (1) the commitment to higher standards behavior, both personal and professional; (2) the knowledge and understanding of ethics laws and codes; (3) the ability for ethical reasoning and decision-making; (4) the acknowledgment of public service values and ethics; and (5) the ability to promote ethical behavior and ethical practices in public agencies (2013). All disciplines that train public servants would benefit from such an in-depth look at ethical behavior, making it a part of standard operations instead of a topic to review when things go wrong.

E

## Summary

What is now required is a collaborative effort between citizens and administrators for the future of the participation process. As noted previously within this discussion, the area that lies between public services provided by local government and those provided by private business is quite gray, as service delivery methods and customer base are overlapped. The needs of the citizen must surely be the focus, along with the efficient use of resources to meet those needs. This fine balance must be accomplished to achieve both the policy agenda and the social agenda, which will be no easy feat. Public trust and ethics structure that provides its foundation (either positively or negatively) must be improved and nurtured by participation and transparency.

All organizations strive to achieve long-term success and sustainability, especially public organizations dependent on perceived effectiveness and public value. This begins with the well-laid plans of meaningful activities that support a sound and insightful organizational mission. The key to orchestrating such a scenario is the knowledgeable and well-equipped leadership team. They must demonstrate the necessary personal and professional skill sets to interpret the organization's needs, create objective plans of action, and effectively communicate the information to others, for effective and successful implementation.

The ultimate goal of public agencies is to maintain viability while ensuring longevity and realizing the office's future vision. They must continue to create significant and lasting public value – the

society's vision of success (Bryson 2011). Anchored by sound ethics, an established and communicated mission, and well-educated and trained public administrators, successful public agencies must fully integrate the core concepts of good governance into the everyday operations and internal processes.

## References

American Society for Public Administration (2013) ASPA's code of ethics. Retrieved from http://www.aspanet.org/scriptcontent/index_codeofethics.cfm

Bovaird T (2004) Public–private partnerships: from contested concepts to prevalent practice. Int Rev Adm Sci 70(2):200–215

Bowman J, Knox C (2008) Ethics in government: no matter how long and dark the night. Public Adm Rev 2008:627–639, Wiley-Blackwell

Bowman J, Berman E, West J (2001) The profession of public administration: an ethics edge in introductory textbooks? Public Adm Rev 61(2), Wiley-Blackwell

Bryson J (2011) Strategic planning for public and non-profit organizations. Jossey-Bass, San Francisco

Cooper T, Menzel D (2013) Achieving ethical competence for public service leadership. M.E. Sharp, New York

Daft RL (2010) Organization theory and design. South Western Cengage Learning, Cincinnati

International City/County Management Association (2013) ICMA code of ethics. Retrieved from http://icma.org/en/icma/ethics/code_of_ethics

Jurkiewicz C (2013) Advancing ethical competence through pedagogy. In: Cooper T, Menzel D (eds) Achieving ethical competence for public service leadership. M.E. Sharp, New York

Kolthoff E (2007) Ethics and new public management: empirical research into the effects of

Menzel D (1997) Teaching ethics in public administration: are we making a difference? Public Adm Rev 57(3): 224–230

Network of Schools of Public Policy, Affairs and Administration (2009) Official standards and policies. Retrieved from http://accreditation.naspaa.org/resources/official-standards-policies/

NPMAC (2010) A performance management framework for state and local government: from measurement and reporting to management and improving. National Performance Management Advisory Commission, Chicago

Thompson D (1992) Paradoxes of government ethics. Public Adm Rev 52(3):254–259, Wiley-Blackwell

Warren J (2012) The most effective controls in limiting fraud losses. ACFE Insights. http://www.acfe.com. ACFE

# Ethics and Mental Health Policy

Ramona Denby-Brinson[1] and Hanna Haran[2]
[1]College of Public Service and Community Solutions, Arizona State University, Phoenix, AZ, USA
[2]School of Public Affairs, Arizona State University, Phoenix, AZ, USA

## Synonyms

Accessing mental health services; Ethics; Mental health equity; Mental Health Parity and Addiction Equity Act; Mental health policy; Patient Protection and Affordable Care Act

## Definition

Ethics and Mental Health Policy: Duties, principles, and obligations directing the actions or guidelines of government or public entities pertaining to and prescribing how a person, organization, or other official party should respond to an individual based on that individual's cognitive, behavioral, and emotional condition or well-being.

## Introduction

Safeguarding the rights and ensuring privacy and protection for individuals experiencing mental illness are responsibilities that public officials and governing entities encounter routinely. Public officials are challenged to establish procedures and processes for responding to those with mental health disorders because the decisions they make are complicated by the need to weigh the interests of competing groups and constituencies, the reality of insufficient resources, and the absence of defined structures and policy. Still, paramount to any policy action to respond to those suffering

mental illness is the need for ethical and principled decision-making and standards. Such standards must effectively balance protections for the public and the individuals who are suffering mental illness while simultaneously adhering to professional practices and standards of care that some believe are in need of redress.

Fundamental to any discussion of mental health policy ethics is a review of those issues that create professional dilemmas, namely, our view of those with mental health conditions, issues of parity, health inequities, and the ambiguous and conflicting nature of some laws and regulations. Herein, we explore the challenges associated with mental health policy ethics and provide guidance for students, practitioners, administrators, and those policy-makers who have the responsibility of articulating or implementing approaches, policy, or governance structures in the context of public systems.

## Defining Mental Illness

### Prevalence and Classifications

Mental illness is the leading cause of disease burden in the United States and one of the top contributors to premature death among adults (Kaiser Family Foundation 2017). Mental illness or a mental disorder refers to a health condition that affects an individual's emotional or psychological well-being and causes challenges in daily functioning. In 2016, about 44 million adults over the age of 18 had a mental illness – about 18% of the US population (SAMHSA 2017). The most common mental illnesses among adults are anxiety disorders, major depression, and post-traumatic stress disorder (PTSD) (National Institute of Mental Health [NIMH] 2017). Mental illness prevalence rates among adolescents are also a concern, with 13–20% living with a diagnosable mental disorder (Kaiser Family Foundation 2017). Among adolescents, attention deficit hyperactivity disorder (ADHD) is the most common disorder (Kaiser Family Foundation 2017). A more vexing classification of mental illness is serious mental illness (SMI). SMI applies to adults 18 years and older who have a diagnosable mental or emotional disorder that causes substantial impairments in engaging in daily functioning (NIMH 2017). In 2016, 4.2% of US adults had SMI (SAMHSA 2017). The most common SMIs are severe mood disorders such as bipolar disorder and psychotic disorders such as schizophrenia.

### Special Populations

Many theories of mental health treatment have focused on addressing biological, social, or environmental factors separately, but new approaches often focus on the complex biopsychosocial nature of mental health. People with multiple mental disorders or co-occurring disorders – having both a mental illness and a substance use disorder – present a unique challenge to adequate diagnosis and treatment. Slightly more than 3% of adults meet the criteria for having a co-occurring disorder (SAMHSA 2017).

Although mental illness is common, it disproportionately affects certain populations. Veterans, people who are incarcerated, homeless individuals, and racial and ethnic minorities experience higher rates of mental illness than the national average. American Indian/Alaskan Natives have the highest prevalence of adults experiencing mental illness at 22%, followed by Whites, Hispanic/Latinos, and then African Americans (NIMH 2017). Veterans are at an increased risk of developing a mental illness. Veterans who serve in combat are substantially more likely to be diagnosed with PTSD and experience lifelong symptoms. Veterans who have served in Iraq or Afghanistan have a higher rate of PTSD than the civilian average, with rates between 11% and 20% (U.S. Department of Veterans Affairs 2016). Of all incarcerated individuals at the local, state, and federal level, between 44% and 65% are living with a mental illness (Kaiser Family Foundation 2017). Mental illness rates among the homeless are particularly high, with 25% of the population living with a SMI, and almost 50% have either a mental illness or a substance use disorder (Kaiser Family Foundation 2017).

## Mental Health Parity

### False Distinctions: Differentiating Mental and Physical Health

Historically, our views of mental health and how we treat people who are mentally ill have not been on par with our approach to physical illness. Physical health disorders have been perceived as conditions suffered by an individual that are beyond his or her control. In contrast, mental disorders (particularly behavioral and emotional conditions), from the untrained perspective, were long viewed as issues that an individual has agency over and are within his or her ability to arrest. Complicating matters is the long-standing debate concerning the social construction of mental illness and a disregard for seeing it as a disease. Additionally, unlike those experiencing physical health conditions, individuals who are mentally ill are seen less sympathetically; we fear the potential actions and behaviors associated with the individual's condition. Our lack of understanding of mental illness is very much a factor in the reality that mental health rights and protection laws and the legalization of health parity have been slow to come.

**Mental health laws and legislation**. In general, mental health laws are intended to protect the rights of those who are experiencing a mental health condition, or they govern the practice, response, and conduct of those individuals and professionals who treat or interface with those who are mentally ill. In the United States, mental health laws vary state to state, but at the national level, there are rules and regulations that provide funding and/or give guidance about rights, protections, and care. They include the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Rehabilitation Services Act, Patient Protection and Affordable Care Act of 2010, Americans with Disabilities Act, Individuals with Disabilities Education Act (IDEA), Children's Health Act of 2000, Fair Housing Act, Garrett Lee Smith Memorial Act, Mental Health Parity and Addiction Equity Act of 2008, Tribal Law and Order Act, and the 21st Century Cures Act of 2016 (including provisions of the Helping Families in Mental Health Crisis Act that was introduced in the 114th Congress). For a review of federal laws and regulations pertaining to mental health, see the Substance Abuse and Mental Health Services Administration (SAMHSA) website (https://www.samhsa.gov/about-us/who-we-are/laws-regulations).

### The Ethics and Legality of Disparate Care

**Parity**. The road to establishing parity in how employers, health-care insurers, and health-care providers respond to and treat physical and mental health is interwoven with our history on mental health policy ethics. The heart of the matter concerns a fundamental question: Is it ethical to provide care, coverage, and treatment for physical health at a level not commensurate with what is provided for mental health? Prior to the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA), which was strengthened by the 2010 Patient Protection and Affordable Care Act (Obamacare), insurers could limit mental health care, providing less benefits and coverage as compared to medical and surgical care. Arguably, such a practice of inequity in care is not ethical and now as a result of the law is no longer legal.

**Disparities**. Another aspect of care that relates to the ethics of mental health policy concerns the disparities associated with access and treatment. Again, the fundamental argument is whether unequal access to care and treatment is ethical. Ethnic minorities in the United States faced with the same needs do not receive the same access, level of care, and quality of care as their nonethnic counterparts (McGuire and Miranda 2008). Efforts to close the gap in care, reduce disparities, and improve care outcomes are reflected in the current public agenda.

## The Current State of Mental Health Policy Ethics and Research

### Access to Care and Service Delivery Provisions

Accessing adequate mental health services is an integral part of managing and treating mental illness. People with mental illness are uninsured at higher rates and often do not have all their mental health needs met. In 2016 fewer than half

of adults with any mental illness (AMI), 43%, received mental health services (SAMHSA 2017). This rate was higher for individuals with SMI, with 65% receiving treatment (SAMHSA 2017). These statistics have stayed mostly stagnant over the past decade with only 41% of adults with AMI receiving services in 2008 (SAMHSA 2017). Of people who utilized mental health services, 20% reported not all of their mental health needs were met (Mental Health America 2018). Among individuals with a co-occurring disorder, almost half did not receive either comprehensive mental health care or substance use services (SAMHSA 2017). Youth are also at an increased risk of not receiving adequate mental health services – almost 65% of adolescents with major depression did not receive care in 2014 (Mental Health America 2018). The most common services received by patients were prescription medication and outpatient services (SAMHSA 2017). Most outpatient centers provide crisis response, individual and group therapy, and prescription medication. Inpatient service utilization is less common and largely used by people with an SMI who have bipolar disorder or schizophrenia or who are experiencing a major depressive episode.

### Adequacy and Affordability of Care

Again, the Patient Protection and Affordable Care Act and the Mental Health Parity and Addiction Equity Act (MHPAEA) require health insurers to cover mental health and substance abuse treatment at the same level as other medical services. It also extends this requirement to health insurance purchased on the marketplace and to Medicaid users. However, even with these two critical laws, inability to pay is still cited as the number one reason people do not receive treatment (Kaiser Family Foundation 2017). A quarter of individuals report lack of affordability or that services were not covered by insurance as the main barriers prohibiting them from obtaining mental health care (Kaiser Family Foundation 2017). Almost 90% of all mental health centers accept major health insurances, including Medicaid, but 17% of adults with AMI lack health insurance (SAMHSA 2016a; Mental Health America 2018).

Higher rates of being uninsured also affect children with mental illness. Eight percent (8%) of youth do not have health insurance that covers mental health services (Mental Health America 2018). Likewise, readmission rates are important in understanding the effectiveness of care received. Out of patients who were discharged from the hospital because of a mental health episode, 13% were readmitted within 30 days (Kaiser Family Foundation 2017). This rate is higher among individuals with severe mental illness, with 22% being readmitted within the same time frame (Kaiser Family Foundation 2017).

## Expanding Bioethics: Mental Health Policy Ethics

### Bioethics

The practice frameworks, values, moral principles (autonomy, nonmaleficence, beneficence, justice, fidelity, veracity), and the professional code of ethics of psychologists, psychiatrists, social workers, and other behavioral and mental healthcare professionals help them to tackle ethical issues. However, given the trends in today's service delivery systems, particularly an emphasis on integrated care (primary and mental health care), the diligence to safeguard privacy, and the need for treatment equity, bioethicists would be wise to consider a new focus. Williams (2016) urges bioethicists to expand their long-standing base of inquiry to consider the right to treatment and access to quality care. Indeed, one of the modern challenges facing public administrators and others entrusted with the responsibility of implementing public policy and administering public mental health funding is the ethical dilemmas posed by the lack of access and quality of care. Likewise, today's bioethicists working with public administrators and others trusted with safeguarding the public's interests must confront ethical dilemmas that strike at the core of the issue, namely, the need to distinguish between mental health, mental illness, and severe mental illness and to plan accordingly a dilemma that contextualizes modern ethical challenges.

## Decision-Making and the Intersection of Mental Health Law, Public Policy, and Ethics

### Looming Ethical Challenges

Ethical mental health policy practice today directs our attention to several critical issues, including the following.

**Prioritization of the needs of the seriously mentally ill**. Ethicists, policy-makers, mental health practitioners, patients, families, public administrators, and other stakeholders must determine the proper level of investment in three competing categories of care: mental health, mental illness, and severe mental illness. Although it is important that there be a level of care and response for all, the prevailing disagreement concerns the lack of urgency and prioritization of the needs of the seriously mentally ill.

**Financing, resource allocations, and access to care**. There is a need for more investment in hospital care, housing, monitored medication assistance, rehabilitation, and case management for those with serious mental illness. Many people question the ethics and injustice of our current system in which the seriously mentally ill do not receive proactive intervention in care settings but instead cycle through jails, prisons, diversion, emergency rooms, and various conditions of homelessness. Ethical care is targeted care, when policies and programs broaden access to care and support, including Medicaid coverage for inpatient care, housing, supported activities, and medication.

**Treatment approaches**. Mental health stakeholders disagree about the type of treatment that should be used to support people suffering mental illnesses. Ethicists are challenged to mediate the prevailing beliefs that a "recovery model" should be the approach versus those who believe that the model is misguided because it ignores the disease nature of mental illness. Rigorous debate about the lack of evidence in recovery models abounds. How one frames the causes and nature of mental illness addresses the core issue of the type of intervention that is viewed as appropriate. Those who subscribe to the disease model view such approaches as assisted outpatient treatment (AOT) as viable, given that there is evidence showing that AOT leads to a reduction in hospitalization and the collateral damage of homelessness, arrest, and incarceration.

**Politicization of mental illness**. Another competing stakeholder interest currently being debated concerns whether there is a need for more stringent gun control policies versus greater identification and control of those who are suffering mental illness as a response to mass violence and shootings. Although individuals who have a mental illness are more likely to be victims of violence than they are to victimize, the prevailing rhetoric is seemingly pitting gun rights against the framing of mental illness. Mental health policy practitioners and ethicists must stay engaged in the dialogue to keep the needs of the mentally ill from becoming politicized.

**Laws and court involvement in treatment**. The therapeutic nature of mental health courts, the training of law enforcement to distinguish between criminal and psychotic behavior, and responsive commitment laws (the effective balancing of public safety, an individual's need for treatment, and personal liberties) are measures and practices that policy-makers and administrators can endorse, as they strive for ethical decision-making. The battle cry that is often heard is "mental health reform." Effective policy reform requires alignment of multiple stakeholders' efforts, collaboration, and coordinated articulation of goals that are driven by mental health ethics.

## Conclusion

Mental health practitioners can look to a myriad of ethical decision-making models to guide their work, but macro-practitioners, including policy analysts, public administrators, public officials, and other decision-makers, may not have tools and guideposts that are readily available. Complicating matters for the macro-practitioner is the need to balance the interest of multiple and competing stakeholder groups. Mental health policy ethics is even further challenging because of the fundamental disagreement about the nature of the

disease itself (including whether it is indeed a disease), scapegoating and politicization of the needs of those who are mentally ill, and issues surrounding the management of and competition for resources. Likewise, treatment access and quality of care are issues made even more daunting by the fact that nationwide, there is a shortage in nearly every mental health occupation, and education and training programs are not producing the number of graduates needed to replace an aging and retiring workforce.

Moreover, technology-based mental health care and monitoring and the electronic sharing and management of health information and records, intended to broaden care and ease administrative burden, usher in an entirely new set of ethical challenges. Ultimately, macro-practitioners will do well to consider ethical decision-making models that are informed by a value of shared and participatory processes. Finally, mental health policy ethics should be guided using analyses that respond to resource scarcity and economic trade-offs by considering treatment efficiency and effectiveness, prioritization of the needs of those who are sickest, and the need to address entrenched and prevailing disparities.

## Glossary

**Adequacy** Adequacy refers to the quality of care people are receiving to treat their mental health disorder. Of people who accessed treatment, 20% reported that not all of their mental health needs were met or that treatment did not adequately address all their needs (Mental Health America 2018). Barriers to receiving adequate care include lack of insurance, not enough mental health-care providers – especially in rural areas – and gaps in care such as not receiving comprehensive outpatient services (Mental Health America 2018).

**Anxiety disorder** Anxiety disorder symptoms are characterized by intense distress and prolonged feelings of being overwhelmed, worried, or fearful of a non-threatening situation (NAMI 2017a). "Anxiety disorders exist when anxiety symptoms reach the point of frequency and intensity that they cause significant impairment" (USDHHS 2005, p. 26).

**Assisted outpatient treatment** "Assisted outpatient treatment (AOT) is the practice of delivering outpatient treatment under court order to adults with severe mental illness who are found by a judge, in consideration of prior history, to be unlikely to adhere to prescribed treatment on a voluntary basis. AOT is a form of civil commitment intended for those who suffer from anosognosia (lack of insight) in addition to severe mental illness, and have been repeatedly hospitalized or arrested as a consequence of treatment nonadherence" (SAMHSA National Registry of Evidenced Based Programs and Practices 2015, p. 1). Most often, it is the frequent users of services who are targeted to receive AOT. Studies have shown that individuals experience positive outcomes including improvements in treatment engagement and reduction in hospital stays (Munetz et al. 2014; Van Dorn et al. 2010).

**Attention deficit hyperactivity disorder (ADHD)** This is the most common diagnosed mental illness among adolescents (Kaiser Family Foundation 2017). ADHD is defined as "A persistent pattern of inattention and/or hyperactivity-impulsivity that interferes with functioning or development" (DSM-V 2013, p. 1). Individuals with ADHD often exhibit behavior characterized by the inability to focus on one task, trouble listening, and difficulty following directions (DSM-V 2013). People with ADHD are often easily distracted and may avoid engaging in mentally challenging tasks (DSM-V 2013).

**Bioethics** A field of study and a set of activities intersecting medicine, policy, science, politics, and law concerning questions and challenges addressing how we act, view, recognize, or respond to a host of human health issues. In the Encyclopedia of Ethics, bioethics is framed as the "broad terrain of the moral problems of the life sciences, ordinarily taken to encompass medicine, biology, and some important aspects of the environmental, population, and social

sciences. The traditional domain of medical ethics would be included within this array, accompanied now by many other topics and problems" (Reich 1995, p. 250).

**Bipolar disorder** "A person with bipolar disorder cycles between episodes of mania and depression. These [manic] episodes are characterized by a distinct period of abnormally elevated, expansive, or irritable mood" (USDHHS 2005, p. 26). Symptoms of bipolar disorder include racing thoughts, not sleeping for prolonged periods of time, engaging in risky behaviors, and excessive drinking (USDHHS 2005).

**Co-occurring disorder** A co-occurring disorder is diagnosed when a person has a mental health disorder and a substance use disorder (SAMHSA 2016b). Persons with a mental illness are at an increased risk of misusing substances (SAMHSA 2016b). Treating individuals with a co-occurring disorder is challenging as individuals experience multiple symptoms and differences in severity of each disorder (SAMHSA 2016b). Homeless individuals, people who have been incarcerated, and veterans are at an increased risk of developing a co-occurring disorder (SAMHSA 2016b).

**Disparate** Referring to differences in care or treatment. "Mental health care disparities, defined as unfair differences in access to or quality of care according to race and ethnicity, are quite common in mental health" (McGuire and Miranda 2008, p. 1). Ethnic minorities are more likely to receive poor or inadequate care compared to nonethnic minorities (McGuire and Miranda 2008). Disparities can develop from lack of health insurance, poor treatment, or bias and discrimination on behalf of the health-care provider (McGuire and Miranda 2008).

**Major depressive disorder** Depression is one of the most commonly diagnosed mental disorders (NIMH 2017). It is characterized by prolonged feelings of sadness or hopelessness. "Instead of just feeling 'down,' the client might not be able to work or function at home, might feel suicidal, lose his or her appetite, and feel very tired or fatigued. Other symptoms can include loss of interest, weight changes, changes in sleep and appetite, feelings of worthlessness, loss of concentration, and recurrent thoughts of death" (USDHHS 2005, pp. 25–26).

**Mental health disorder prevalence** The prevalence of mental health disorders refers to how many people have a diagnosed mental disorder within a given population. The United States has a mental health disorder prevalence rate of around 18% for adults (SAMHSA 2017). However, certain racial/ethnic minorities, homeless individuals, veterans, people who are incarcerated, and other special populations experience higher prevalence rates of mental illness (SAMHSA 2017).

**Parity** Referring to fairness or equality between mental health services and medical health services. The Mental Health Parity and Addiction Equity Act [MHPAEA] was passed in 2008. Under MHPAEA, health insurance groups are required to provide the same financial assistance and coverage for treating mental health and substance use disorders that they provide for treating medical and surgical health conditions (CMS n.d.).

**Post-traumatic stress disorder (PTSD)** Commonly diagnosed in people who have experienced a traumatic life event, such as assault, combat, a natural disaster, or other life-threatening situations. Common symptoms include sleep disturbances, re-experiencing the trauma, and developing a mood disorder (NAMI 2017b). PTSD has a higher prevalence rate among the veteran population (U.S. Department of Veterans Affairs 2016).

**Readmission** Readmission refers to how often people with a mental illness return to a service facility to receive treatment after being released from care. Out of patients who were discharged from the hospital due to a mental health episode, 13% were readmitted within 30 days (Kaiser Family Foundation 2017). This rate is higher among individuals with severe mental illness, with 22% being readmitted within the same time frame (Kaiser Family Foundation 2017).

**Recovery model** A treatment philosophy pronounced during President George H. Bush's

New Freedom Commission on Mental Health era where the prevailing belief was that with supportive services and treatment, those suffering mental illness can assume an independent life. Patients' rights proponents embrace the recovery model. Some define the recovery model as an approach to treatment that enables the individual to maintain control and personal agency, not adhering to the often unattainable goal of premorbid functioning. The complete eradication of symptoms is not the goal in the recovery approach, and such is believed to be unnecessary for adequate functioning (Jacob 2015).

**Schizophrenia** "This is one of the most common psychotic disorders and one of the most destructive in terms of the effect it has on a person's life" (USDHHS 2005, p. 25). Common symptoms include hallucinations, the inability to manage emotions, delusions, and disorganized speech (USDHSS 2005). Treating schizophrenia often requires a multitude of treatment approaches, including medication, inpatient services, and therapy (NAMI 2017c).

## Resource Sites

**Federal and State Roles in Protecting Those with Mental Illness** (http://www.mentalhealthamerica.net/issues/federal-and-state-role-mental-health)

This website provides a summary of federal legislation and regulations, federal protections, federal role in funding services, federal role in research, and states' roles in mental health.

**Guide to VA Mental Health Services for Veterans & Families** (https://www.mentalhealth.va.gov/docs/MHG_English.pdf)

This guide is from the Department of Veterans Affairs. It is a comprehensive guide for military veterans and their families on how to access mental health services.

**Olmstead Act** (http://www.mentalhealthamerica.net/positions/community-inclusion-after-olmstead)

This site reviews content related to the Olmstead Act and efforts to protect and expand community inclusion for those with mental disorders.

**Mental Health Disparities**

The National Institute of Mental Health (NIMH) has a minority health and mental health disparities program. Also, for more information about the topic, see the 2012 National Disparities Health Care Report (https://archive.ahrq.gov/research/findings/nhqrdr/nhdr12/index.html). See the National Partnership for Action (http://www.npa-rhec.org/home) for a review of federal data sources pertaining to healthcare disparities.

**Mental Health Parity and Addiction Equity Act (MHPAEA)** (https://www.cms.gov/cciio/programs-and-initiatives/other-insurance-protections/mhpaea_factsheet.html)

The Centers for Medicare and Medicaid Services through its Center for Consumer Information and Insurance Oversight provides a summary of the regulations, protections, and exceptions resulting from the Mental Health Parity law.

**Mental Health Resource Guide for Individuals and Families** (http://www.mentalhealthministries.net/resources/resource_guides/Hope_Resource_Guide.pdf)

The report provides a description of common mental illnesses and how to utilize mental health services.

**Navigating a Mental Health Crisis: A NAMI Resource Guide for Those Experiencing a Mental Health Emergency** (https://www.nami.org/About-NAMI/Publications-Reports/Guides/Navigating-a-Mental-Health-Crisis)

Produced by the National Alliance on Mental Illness, the report discusses how to assist oneself and others who are experiencing a mental health emergency.

**Regulations.gov** (https://www.regulations.gov/)

Public-facing website that enables tracking of federal regulations and laws

**21st Century Cures Act** (https://docs.house.gov/billsthisweek/20161128/CPRT-114-HPRT-RU00-SAHR34.pdf)

This law (signed on December 15, 2016, by President Obama) was expedited by bipartisan support. The law ushers in major changes related to mental health, biomedical research, brain research, and regulation of drugs and medical devices.

## References


Centers for Medicare & Medicaid Services (CMS) (n.d.) The Mental Health Parity and Addiction Equity Act (MHPAEA). Retrieved from https://www.cms.gov/cciio/programs-and-initiatives/other-insurance-protections/mhpaea_factsheet.html

Diagnostic and Statistical Manual Fifth Edition (DSM-V) (2013) Attention-deficit/hyperactivity disorder. Retrieved from https://images.pearsonclinical.com/images/assets/basc-3/basc3resources/DSM5_DiagnosticCriteria_ADHD.pdf

Jacob KS (2015) Recovery model of mental illness: a complementary approach to psychiatric care. Indian J Psychol Med 37(2):117–119. https://doi.org/10.4103/0253-7176.155605

Kaiser Family Foundation (2017) What are the current costs and outcomes related to mental health and substance abuse disorders? Retrieved from https://www.healthsystemtracker.org/chart-collection/current-costs-outcomes-related-mental-health-substance-abuse-disorders/#item-start

McGuire TG, Miranda J (2008) Racial and ethnic disparities in mental health care: evidence and policy implications. Health Aff (Project Hope) 27(2):393–403. https://doi.org/10.1377/hlthaff.27.2.393

Mental Health America (2018) Mental health in America 2018. Retrieved from http://www.mentalhealthamerica.net/sites/default/files/2018%20The%20State%20of%20MH%20in%20America%20-%20FINAL.pdf

Munetz MR, Ritter C, Teller JLS, Bonfine N (2014) Mental health court and assisted outpatient treatment: perceived coercion, procedural justice, and program impact. Psychiatr Serv 65(3):352–358

National Alliance on Mental Illness (NAMI) (2017a) Anxiety disorders. Retrieved from https://www.nami.org/Learn-More/Mental-Health-Conditions/Anxiety-Disorders

National Alliance on Mental Illness (NAMI) (2017b) Posttraumatic stress disorder. Retrieved from https://www.nami.org/Learn-More/Mental-Health-Conditions/Posttraumatic-Stress-Disorder

National Alliance on Mental Illness (NAMI) (2017c) Schizophrenia. Retrieved from https://www.nami.org/Learn-More/Mental-Health-Conditions/Schizophrenia

National Institute of Mental Health (NIMH) (2017) Transforming the understanding and treatment of mental illnesses. Retrieved from https://www.nimh.nih.gov/health/statistics/mental-illness.shtml#part_154785

Reich WT (1995) Encyclopedia of bioethics. Macmillan, New York

SAMHSA National Registry of Evidenced Based Programs and Practices (2015) Assisted outpatient treatment. Available at https://www.nrepp.samhsa.gov/Legacy/ViewIntervention.aspx?id=401

SAMHSA (Substance Abuse and Mental Health Services Administration) (2016a) National Mental Health Services Survey (N-MHSS): 2016 data on mental health treatment facilities. Retrieved from https://www.samhsa.gov/data/sites/default/files/2016_National_Me ntal_Health_Services_Survey.pdf

SAMHSA (Substance Abuse and Mental Health Services Administration) (2016b) Co-occurring disorders. Retrieved from https://www.samhsa.gov/disorders/co-occurring

SAMHSA (Substance Abuse and Mental Health Services Administration) (2017) Receipt of services for substance use and mental health issues among adults: results from the 2016 National Survey on Drug Use and Health. Retrieved from https://www.samhsa.gov/data/sites/default/files/NSDUH-DR-FFR2-2016/NSDUH-DR-FFR2-2016.htm

U.S. Department of Health and Human Services (USDHHS) (2005) Substance abuse treatment for persons with co-occurring disorders: a treatment improvement protocol. Retrieved from https://www.ncbi.nlm.nih.gov/books/NBK64197/pdf/Bookshelf_NBK64197.pdf

U.S. Department of Veterans Affairs (2016) PTSD: National Center for PTSD. Retrieved from https://www.ptsd.va.gov/public/ptsd-overview/basics/how-common-is-ptsd.asp

Van Dorn RA, Swanson JW, Swartz MS et al (2010) Continuing medication and hospitalization outcomes after assisted outpatient treatment in New York. Psychiatr Serv 61:982–987

Williams AR (2016) Opportunities in reform: bioethics and mental health ethics. Bioethics 30(4):221–226. https://doi.org/10.1111/bioe.12210


# Ethics and Organizational Culture


Michelle R. Mey[1] and Hendrik R. Lloyd[2]

[1]School of Industrial Psychology and Human Resource Management, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa

[2]School of Economics, Development and Tourism, Faculty of Business and Economic Sciences, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa


## Synonyms

Corporate governance; Organizational ethical environment

## Introduction

Considerable media attention has been paid to the consequences of unethical business practices and decision-making over the past two decades. Since 2004 until 2013, approximately US$7.8 trillion has exited emerging economies unlawfully through unethical actions and practices (Global Financial Integrity 2015). Illegal activities, such as smuggling and money laundering, are excluded from this amount, which implies that the total is much higher. This figure also fails to consider the costs associated with losses incurred in terms of employer reputation and brand and those sustained as a result of reduced output and productivity linked to lowered levels of employee morale, engagement, and motivation. In addition, the negative consequences of a systematic culture of unethical behavior can be severe and include customer boycotts, fines, lawsuits, and government regulation of an organization's practices (Robbins and Judge 2013).

Maintaining ethical standards while maximizing stakeholder value is critical for organizations. Identifying and eliminating the sources of unethical conduct and practices may be challenging. Although unethical behavior is, at times, attributed to the workings of a few "bad apples" in the organization, mounting evidence alludes to the complexity of the concept of ethics and ethical conduct. The role played by the individual personal value system needs to be balanced against the influence of organizational culture and other environmental considerations (Mayer 2011).

Organizational culture plays a significant role in the promotion of ethical conduct. Consideration should therefore be given to how this context is created and maintained. To establish an organizational culture that promotes ethical conduct, it is important to ensure that policies and procedures, which outline acceptable behavior and standards, are set in place. It is important that ethical expectations beyond those outlined in the organization's policies are communicated. Thereafter the considerations of Mayer (2011) become important. The author identifies three interconnected aspects of an ethical environment that are aimed at promoting ethical behavior. These aspects are ethical leadership, ethical practices, and ethical climate.

**Ethical leaders** influence their followers to do the right thing rather than doing things right. These leaders model the ethical behaviors expected from employees and ensure that decisions are fair and in the best interest of the employer and other organizational stakeholders (Lloyd et al. 2014).

Aligned with ethical leadership is the importance of engaging in **ethical practices**. Research indicates that there are six critical organizational practices relating to ethics: recruitment and selection, orientation and training, policies and codes, reward and punishment systems, accountability and responsibility, and decision-making (Mayer 2011). Lastly, the **ethical climate** can be described as the general perception employees have regarding the ethicality of an organization.

Maintaining an ethical organization offers multiple benefits. It is generally believed that ethical organizations perform better in terms of market value over time. Additional benefits include higher productivity and profitability, improved investor confidence, attracting and retaining talent, and contributing to an organization's competitive advantage. These benefits emphasize the need to create and sustain an ethical culture and being recognized as an ethical organization. This chapter will investigate the concepts of organizational culture and ethics and will recommend practical steps to develop, encourage, and uphold an ethical organizational culture.

## Concepts Defined

**Organizational culture** may be referred to as "a pattern of shared basic assumptions that the group learnt as it solved its problems of external adaptation and internal interaction that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Schein 2004). Elements of organizational culture include (Bibb 2010):

- Commonly held stated and unstated values
- Implicit and explicit expectations about the behavior of its employees
- Customs, stories, and rituals
- The history of the organization and its members
- Commonly used language
- The physical space
- Metaphors and symbols that are an intrinsic part of the organization and how it works

Organizational culture can serve as an informal regulator of behavior (Bibb 2010). It provides employees with a sense of identity, increases their commitment, reinforces the values of the organization, and shapes the behavior of employees.

Many definitions have been proposed for **ethics** in an organizational context. It concerns doing what is right, even if unethical behavior is legally acceptable. It entails ensuring that decision-makers consider all stakeholders when taking decisions. According to Schoeman (2012), an ethical organizational culture implies that employees make decisions by considering all stakeholders, organizational values, laws, and rules. Creating and sustaining an ethical organizational culture requires a common understanding among employees of ethics and its implications.

For the purpose of this chapter, an ethical organizational culture can be described as shared behavior, norms, rules, and values that are inherently honest among employees in an organization. The main aim of establishing an ethical organizational culture is to improve performance, achieve common goals, and establish relationships with all stakeholders.

## Changing the Ethical Environment

When developing an ethical organizational culture, it is insufficient to merely establish and implement a code of ethics. Practical interventions are required to improve the ethical culture of an organization. These interventions include top management and supervisors acting as ethical role models to employees, ethics training for employees and managers, the appointment of an ethics officer, the implementation of a whistleblower policy, and implementing a reward system for engaging in ethical behavior. A systematic approach should be adopted in developing or reinforcing ethical organizational culture. This chapter will take a practical approach to the exploration of this topic and will attempt to develop a "real-world" system for developing an ethical organizational culture. The four phases discussed below outline the major steps in implementing or creating an ethical culture through the introduction of the aforementioned interventions.

## Phase 1: Formulate Ethical Strategic Values

Organizations are comprised of people with diverse backgrounds, educational levels, and value systems. Due to these differences, it cannot be assumed that all individuals will act and react in the same manner and be virtuous in all circumstances. High ethical standards among an organization's members will be evoked by an organizational culture which is high in risk tolerance, low to moderate in aggressiveness, and focused on means as well as outcomes (Robbins and Judge 2013). It is therefore critical to provide employees with guidance in terms of the desired ethical behavior. It is also important to have a common set of organizational values which underpin the ethos of an ethical organization which pervade all aspects of organizational culture (Lloyd et al. 2014). Organizational values provide the basis for how employees are expected to behave and the manner in which tasks should be completed in an organization (Schein 2004).

According to Robbins and Judge (2013), the following cultural characteristics are used by organizations to express their organizational values:

*Innovation and risk taking*: The degree to which employees are encouraged to take risks and be innovative

*Attention to detail*: The degree to which employees are expected to exhibit precision, analysis, and attention to detail

*Outcome orientation*: The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those outcomes

*People orientation*: The degree to which management decisions take into consideration the effect of outcomes on people within the organization

*Team orientation*: The degree to which work activities are organized around teams rather than individuals

*Aggressiveness*: The degree to which people are aggressive and competitive rather than easygoing

*Stability*: The degree to which organizational activities emphasize maintaining the status quo rather than growth

An organizational culture exhibiting the aforementioned characteristics has a long-term perspective and focuses on balancing the rights of multiple stakeholders, including employees, shareholders, and the community (Robbins and Judge 2013). The following section will examine the creation of vision through leadership and the role of leadership in developing an ethical organizational culture.

## Phase 2: Creating a Vision Through Leaders

As previously mentioned, organizational leaders play a key role in setting the climate of the organization. Ethical leadership promotes ethical conduct by not only practicing, but managing ethics and holding employees accountable for their actions. Furthermore, leaders must add to and prompt the formulation of organizational ethical policies, communicate organizational ethical codes of conduct, and lead by example. Leaders thus play a critical role in creating, establishing, and maintaining an organizational culture (Werner 2016).

Top management commitment is critical in institutionalizing ethical behavior. It is not only the actions of senior management that need to reflect this commitment, but also all communication between leadership and employees.

Management teams need to display a value-based leadership style. Value-based leadership involves a practice aimed at instilling and developing "sound values by considering the personal interests and degrees of power held by people within an organization" (Prilleltensky 2000). Leadership is based on the assumption that vested interests and social power influence the promotion of certain values. Taking this into consideration, leaders should be cognizant of the organization's mission statement and ensure that the values articulated therein are examined in view of the subjective, interpersonal, and political processes which promote or inhibit the realization of an organization's vision (Prilleltensky 2000). Managers should be guided to focus not only on *what* the goals are that need to be achieved, but also *how* they arrive at them. The implementation and maintenance of an ethical organizational culture requires leaders who portray, through both their verbal and nonverbal actions, the principles of ethical management.

Organizations that have successfully implemented an ethical organizational culture have leaders who demonstrate involvement and commitment to the field of business ethics and are "visibly ethical." Therefore, the leader's role is to create the ethos of the organization and set the standards. If leaders are unsuccessful in the implementation of ethical systems, various challenges may arise.

## Phase 3: Implementation Interventions

There are a number of interventions which can be implemented in the workplace to promote, support, and maintain an ethical organizational culture. For an ethical environment to prevail, the Ethics Resource Centre (ERC) has adopted several specific elements based on the Federal Sentencing Guidelines for Organizations (Lloyd et al. 2014). These are written ethical workplace conduct standards, ethics standards training and orientation, advice about workplace ethics, telephone lines, email addresses or websites, opportunities to confidentially or anonymously report violations of ethics standards for all

employees, regular performance appraisals that incorporate ethical conduct evaluations, the disciplining of employees who violate ethics standards, and a set of stated values or principles to help guide employee behavior. It is proposed that the following interventions are considered when attempting to improve the ethical culture of the organization.

*Socializing employees*: Socialization into an organization can impact on a new employee's work productivity, commitment to the organization's objectives, and retention (Lloyd et al. 2014). Organizational socialization is defined by Robbins and Judge (2013) as "a process that adapts employees to the organization's culture." The process comprises three stages: pre-arrival, encounter, and metamorphosis.

The **pre-arrival stage** recognizes that the new employee enters with his/her own pre-existing set of values, attitudes, and expectations, both about the job and the organization. The new member then advances to the **encounter stage** where expectations about the job, co-workers, boss, and the organization are either confirmed or rejected. To reconcile differences in terms of expectations and the reality discovered during the encounter stage, new members must thereafter adapt by passing through the **metamorphosis stage** to fit into the organization (Robbins and Judge 2013). This process of cultural integration is when the new employee accepts and adopts the new (organizational) culture, values, attitudes, manners, and customs.

*Conduct an ethical climate assessment*: Focus groups and surveys are commonly used by organizations to determine employees' views of management, the organization, ethical dilemmas, and the possible causes of unethical practices.

*Compiling a code of ethics*: Increasing awareness of the consequences of violating legal or ethical standards has led to the implementation of codes of ethics that prescribe standards of behavior that are expected from employees. A code of ethics is a document that outlines the values, principles, and behavior that management wishes to both encourage and prevent in its business activities. A written code of ethics provides a solid framework for building a moral and ethical organizational culture. With this framework organizations attempt to guide employee behavior through the establishment of formal value statements, mission statements, credos, policies, and codes of ethics. Fostering an ethical environment, discouraging unethical behavior and providing support in dealing with ethical problems are made easier by having a well-developed code of ethics in place. It is also important to ensure that the code is enforced fairly and without exception throughout the organization to avoid a loss of legitimacy and the code being perceived as being "for show" (Werner 2016).

*Ongoing communication*: Ethical behavior is not guaranteed simply by the existence of a code of ethics. Transparency and consultation among all stakeholders are crucial in the development and communication of an ethical code. All members of the organization must receive the values and ethics messages communicated by the organization. Meetings and functions should be used by managers and supervisors as opportunities to talk about ethical dilemmas and issues as well as to celebrate successes. This ensures that employees are aware of the important link between ethics and organizational success.

*Whistle-blowing*: A critical aspect of enforcing desired values and behavior is providing a suitable outlet for employees to report unethical behavior. Whistle-blowing is defined as the act of exposing information about employees or managers who commit acts that are illegal or unethical, provide poor value for money, or endanger the health and safety of employees or other stakeholders. Retaliation or victimization for their disclosure is a common fear among whistle-blowers. These fears can be reduced by affording protection to whistle-blowers via the organization's code of ethics and making use of an ethics officer to ensure confidentiality.

*Provide ethics training*: Ethics training provides an opportunity for employees to discuss and exchange views on the importance of ethics in daily work issues. Implementing or reforming an ethical culture is not possible without some form of ethical learning and training. Without implementation of ethical training, attempts to promote business ethics in organizations will

undoubtedly fail. Organizations need to consider the type of training and the timing and methodology thereof (Robbins and Judge 2013). All employees should be provided with baseline training as well as ongoing ethics education and training programs. Ethics training should commence as part of formal orientation training for all new employees and maintained through continuous interventions. This will ensure that the expected ethical standards and behavioral actions of employees are known and understood by all stakeholders.

However, ethics training, as with other interventions, cannot function in isolation. It needs to be integrated with organizational values, policies, orientation, and training and development programs. However if an individual's value system is in opposition with the organization's values, individuals cannot be trained to be ethical. A high degree of overlap and uniformity of values between the individual and the organization is necessary for ethics training to be successful.

During these training programs, opportunities to discuss relevant ethical dilemmas in a non-threatening and supportive environment should be provided. Various resources should be available to assist and guide employees when exposed to unethical practices. The ability of employees to make ethical decisions is vital. Various models on ethical decision-making have been developed including Rest's (1986) four stages of ethical decision-making, the issue-contingent model by Jones (1991), the issue-risk-judgment model by Tan (2002), Crossan et al.'s virtue-based orientation (VBO) model (2013), the Woiceshyn model, and the sensemaking model of Thiel et al. (2012). These models will be briefly explained, including their contribution to training individuals to make ethical decisions.

### Rest's Four Stages of Ethical Decision-Making

Rest (1986) identifies four chronological stages of ethical decision-making. These stages commence with the moral agent recognizing that he/she is dealing with a moral issue (Stage 1). Thereafter the agent is required to make a moral judgment on the issue (Stage 2). Once judgment has been made, the agent must establish the moral intent in regard to the issue (Stage 3). Lastly, the agent must act on their intent (Stage 4) (Tan 2002).

### The Issue-Contingent Model: Jones

Building on Rest's (1986) four-stage model, Jones (1991) introduces the issue-contingent model. This model proposes that ethical decisions made by the moral agent largely depend on the characteristics of the issue at hand. Moral intensity is understood as the unique features of the moral issue being addressed. The issue-contingent model states that moral intensity will vary according to the issue presented, and this variance will be influential at every stage in the process of ethical decision-making. Jones (1991) suggests that moral intensity influences moral intent and, by extension, how moral agents behave.

### Issue-Risk-Judgment Model: Tan

Jones' (1991) issue-contingent model was further built upon by Tan (2002) to produce the issue--risk-judgment model. This model focuses on contextual factors surrounding the moral issue, without considering the role of the decision-maker (Jones 1991). The issue-risk-judgment model emphasizes the importance of the decision-maker in examining the perceived risk and moral judgment of individual decision-making.

### The VBO Model: Crossan, Mazutis, and Seijts

The virtue-based orientation (VBO) model of ethical decision-making includes three primary components. First is the virtuous mean, in which individuals' decisions are an attempt to "be at their very best." Second, VBO proposes the ability of the individual to deepen character strengths through self-reflection. The VBO model adopts a circular sequence in taking into account the continual learning that takes place when individuals reflect on ethical or unethical conduct. Lastly, the VBO model introduces the notion of a buffering role in proposing that individual character does not play an overriding role in employee decision-making, because "good" individuals are sometimes willing to commit "bad" acts under specific circumstances (Crossan et al. 2013). This suggests that character strengths cannot be understood as

fixed, but may be dependent on the demands of a particular situation.

### The Woiceshyn Model

This model identifies two levels of processing and interaction which take place between the conscious and subconscious levels during the decision-making process (Woiceshyn 2011). Processing refers to a rational level of decision-making, where the ethical issue is identified. Interaction then guides the individual with prescribed steps to take. These steps include the following: Suitable moral principles must be identified and applied to the issue by searching through the decision-makers' subconscious mind for relevant information on principles relevant to the issue they are facing. If the relevant information is provided, these principles are applied to the issue faced by the individual, both in thought and in action. The interaction guides the individual against acting on emotion and prescribes a series of steps to be taken. This information is filed in the subconscious memory; ready to be recalled when a new dilemma is encountered by the individual (Woiceshyn 2011).

### Sensemaking: Thiel, Bagdasarov, Harkrider, Johnson, and Mumford (2012)

Sensemaking is a high-level cognitive process that individuals engage in when faced with complex and high-risk situations. Navigating ethical dilemmas requires identifying and recalling multiple pieces of information as well as the application of intuitive judgment in evaluating the potential outcomes (Thiel et al. 2012). Ethical events are multifaceted and go beyond purely rational models to those that address intuitive and interpersonal components as well.

An understanding of the value that each model provides can contribute to the development of skills and tools to respond to various ethical situations and assist employees in resisting the temptation to behave unethically.

*Appoint an ethics officer*: Organizations often appoint an older and respected manager to take on the role of counseling younger employees in regard to career problems, organizational difficulties, and ethical issues. The ethics officer may also assume this role in addition to his/her normal job. An ethics officer is able to identify ethical issues and create platforms where these issues can be confronted and discussed; this can be achieved by holding meetings and creating "chat rooms" on the organization's intranet. Resources linked to the appointment of an ethics officer include a centralized hotline where employees can anonymously seek advice on ethical matters and lodge ethical complaints. A hotline is considered a key organizational tool in maintaining and putting into effect ethical standards and providing clarity on any ambiguities that employees may face.

*Assessment of interventions*: The efficiency and effectiveness of ethics initiatives, training programs, and other infrastructural support needs to be constantly evaluated. This can be achieved through surveys, focus groups, and interviews with managers.

The following section will discuss the reinforcement of ethical organizational cultural behaviors and examine how behavior is shaped and rewarded.

## Phase 4: Reinforcement of Ethical Organizational Cultural Behaviors

Reinforcement theory proposes that individuals engage in behaviors producing positive outcomes and avoid behavior which produces a negative outcome. The reinforcement theory acts as a useful managerial tool by reinforcing positive behavior which produces better performance from employees (Werner 2016).

To create, promote, and reinforce an ethical organizational culture, it may be regarded as appropriate to reward laudable instances of ethical behavior. At the same time, it is essential that unethical behavior is investigated and appropriate sanctions applied. In terms of reinforcing the need for an ethical organizational culture, it is critical to send out the message that ethical behavior is essential to the optimal functioning of the organization.

Rewards for ethical and punishment for unethical behavior need to be consistently applied to all employees at all levels of the organization.

The reward system is of vital importance in instilling and maintaining an ethical culture as it contributes to the alignment or misalignment of individual behavior with cultural systems and values (Werner 2016).

An ethics-focused reward system may be described as a formalized system to promote, measure, and reward ethical behavior. Reward systems provide guidance on expected behavior and reflect the values of the organization. It is therefore critical that organizations reward the right behavior to ensure alignment between the reward system and aspects of ethical culture. It has been found that employees will behave in the way they are incentivized to; thus it is crucial that reward systems are examined by managers to ensure that desired behavior is reinforced. Generally ethical behavior is expected and accepted; and therefore rewarding it could be complex. However, in the long term, ethical behavior can be rewarded by promoting and compensating employees who perform well, as well as those who have develop a reputation of integrity among customers, peers, subordinates, and managers.

Employees can be held accountable for their ethical conduct by incorporating ethics as a measurable standard in performance management systems, thereby making evaluation of ethical compliance an explicit part of decisions regarding compensation and promotion. For individuals to advance in the organization, they must remain focused on both the organization's bottom line and on ethical performance.

## Conclusion

Through examination of the phases of creating an ethical culture outlined in the chapter, a better understanding of how organizations can improve their ethical standards is provided.

Phase 1 revealed that it is critical to provide employees with guidance regarding the desired ethical behavior in formulating ethical values. Phase 2 emphasized the importance of organizational leaders in changing culture to be more ethical through their commitment, behavior, and allocation of resources. Phase 3 highlighted that it is essential to expose employees to strategies to improve their decision-making skills. Phase 4 focused on the importance of instilling and maintaining an ethical culture by reinforcing ethical behavior.

The value orientation of the organization influences organizational performance, effectiveness, and ethical functioning. Values such as product and service quality, financial results, and strong brand reputation are central to improving organizational effectiveness and performance.

There are a number of managerial implications regarding ethical organizational cultures. Improving the ethical functioning of an organization requires that management show visible support thereof. This support is indicated by the leader's personal commitment to the process through facilitating the implementation of the aforementioned interventions, allocating resources for the various interventions, and acting as an ethical role model.

Training is imperative to assist employees in identifying ethical dilemmas and making ethical decisions. Therefore, resources need to be allocated by organizations to these programs.

There are multiple advantages to being seen as an ethical organization such as improved brand and business awareness and recognition; easier access to capital, lower cost of capital, and new sources of finance from ethical investors; enhanced employee commitment and customer loyalty; and the recruitment of top talent (Schoeman 2012). However, potential disadvantages include higher costs associated with utilizing "ethical" supply chain partners and higher overheads incurred in the training, communication, and monitoring of ethical policy. Despite this, creating and maintaining an ethical organizational culture is in the best long-term interests of an organization and is clearly the only way forward in terms of sustainable business practices.

## References

Bibb S (2010) The right thing: an everyday guide to ethics in business. Willey, Chichester

Crossan M, Mazutis D, Seijts G (2013) In search of virtue: the role of virtues, values and character strengths in ethical decision making. J Bus Ethics 113(4):567–581

Global Financial Integrity (2015) Washington, DC. Retrieved from Government Gazette http://www.gfintegrity.org/
Jones TM (1991) Ethical decision making by individuals in organisation: an issue-contingent model. Acad Manag Rev 16(2):366–395
Lloyd HR, Mey MR, Ramalingum K (2014) Ethical business practices in the Eastern Cape automotive industry. S Afr J Econ Manag Sci 17(5):569–583
Mayer DM (2011) How can we create ethical organizations? Retrieved 9 Oct 2012 from http://www.centreforpos.org/2011/07/how-can-we-create-ethical-organizations/
Prilleltensky I (2000) Value-based leadership in organizations: balancing values, interests, and power among citizens, workers, and leaders. Ethics Behav 10(2): 139–158
Rest J (1986) Moral development. Advances in research and theory. Praeger, New York
Robbins S, Judge T (2013) Organisational behaviour, 15th edn. Pearson, Upper Saddle River
Schein EH (2004) Organizational culture and leadership. Leadership 7:437
Schoeman C (2012) Good ethics makes good business sense. HR future, May 2012, p 38. Retrieved from http://www.ethicsmonitor.co.za/articles/goodethics.pdf
Tan B (2002) Understanding consumer ethical decision making with respect to purchase of pirated software. J Consum Mark 19(2):96–111
Thiel C, Bagdasarov Z, Harkrider L, Johnson JF, Mumford M (2012) Leader ethical decision-making in organizations: strategies for sensemaking. J Bus Ethics 107(1): 49–64
Werner A (2016) Organisational behaviour: a contemporary South African perspective, 4th edn. Van Schaik Publishers, Pretoria
Woiceshyn J (2011) A model for ethical decision making in business: reasoning, intuition, and rational moral principles. J Bus Ethics 104(3):311–323

# Ethics and Organizational Performance

Betsy P. Goulet
College of Public Affairs and Administration, University of Illinois, Springfield, IL, USA

## Synonyms

Leadership; Norms; Organizational culture; Transparency; Values

> Errors are produced by inconsistencies in governing values that underlie the strategies of action that human beings use to actualize their values. The key to understanding human action is through these designs or theories of action. If humans repeatedly act differently from their stated goals, it is important to re-examine the underlying values for a possible mismatch or error. (Agryis 1994)

## Introduction

In recent years, there have been numerous national organizational scandals that have called into question organizational integrity, ethics, and accountability. Though daily news reports contain a discouragingly high number of examples of local agency malfeasance, on the national stage, the fall from grace of three venerable institutions captured the public's attention for a considerable length of time: Penn State, the Catholic Church, and the Boy Scouts all involved egregious lapses of judgment that exposed serious organizational malfunctions. From the public's perception these organizations were worthy of respect, held in high esteem, and, until the very public scrutiny of their administrative failures, had been valued for their contributions to society.

In the quote above, Chris Agryis (1994) suggests that organizational failures can be the result of employees' inability to align their values and actions – and in retrospective examination, this disconnection can easily be observed when scholars and researchers contemplate how it is possible for organizations to lose their moral compasses and jeopardize losing the public's trust. The public is dismayed and shocked when these failures occur, often vowing to sever their support and demanding some form of apology or organizational reform. The ethical failures at Penn State and the Catholic Church have been explored from a number of viewpoints, including the perception that both institutions were prone to function in a "top-down" culture, where those below "walk on eggshells" and avoid challenging the status quo for fear of recrimination or backlash (Barth 2012, p. 635) Powerful administrators set the tone for these top-down organizations, often making it clear that their decisions, sacred traditions, or

cultural norms are not to be challenged. These organizations are also characterized by their ability to minimize threats, circling the wagons in an effort to protect their own. As part of their quest to better understand this phenomenon, researchers acknowledge the obvious benefits realized if organizations were more interested in prevention strategies, shining a light on potential weaknesses and attempting to recognize ethical failures before damage is inflicted. Absent the crystal ball, organizations must rely on more traditional safeguards – increased oversight, the application of codes of ethics, processes for reporting or "whistle-blowing," and intentional efforts to insure transparency. These traditional safeguards are not guaranteed to prevent the kind of ethical pitfalls witnessed in the public and nonprofit sectors, but they do indicate some awareness of the threat and a willingness to align values with action.

## The Risks and the Remedies

The art of "doing ethics" is having the ability to think more systematically "about the values and principles that are embedded in our choices than we do when we make choices on practical or political grounds alone" (Cooper 2012, p. 3) "Doing ethics" is often characterized as a very simple mindset, suggesting it only requires a touchstone like the Golden Rule learned in kindergarten. We are cautioned by Hart (2001) to set aside that notion and appreciate that "ethics is a most demanding discipline" that requires serious contemplation. The definition of "administrative ethics" provided by Svara (2007) seems simple to digest but between the lines is assuredly more complex to implement, assess, and monitor:

> Ethics refers to well-based standards of right and wrong that prescribe what humans ought to do, usually in terms of duties, principles, specific virtues, or benefits to society. (p. 10)

## Performance, Pride, and Peace of Mind

### Does an Organization's Ethicality Have Any Impact on Performance Measures?

One attempt to answer the question might be found in this analysis of one agency's efforts to address its ethical culture and make the necessary changes needed to impact performance. A statewide child welfare agency had reached a tipping point in terms of job satisfaction, turnover, and dysfunctional relationships. Utilizing the Low and High-road compliance strategies (Bowman and West 2015) the agency serves as an illustration of the contrast between the two strategies and highlights a few of the more common consequences endured by employees working in ethically compromised agencies. For years the agency, like so many others in the country, had been plagued by turnover, low morale, and a revolving door of administrators, including those in the very top positions. Additionally, fiscal resources were unevenly distributed and opportunities for training and personal development were scarce. Frontline workers, tasked with some of the most complex decision-making in public service, suffered from the twin burdens of high caseloads and mountainous layers of paperwork. The unrealistic demands of excessive caseloads and bureaucratic processes propelled a steady stream of defectors, moving out of the field and into work considered far less stressful. This perfect storm for agency malfunction created scapegoats of the frontline workers who were constantly looking over their shoulders, fearing culpability in the aftermath of a tragedy, in spite of the agency's accountability in perpetuating such a toxic environment.

Historically, this agency had engaged in the double standard (Bowman and West 2015) described as the individual blame (bad apple) against the institutional innocence (the barrel) (Trevino and Youngblood 1990). This low-road compliance strategy emphasized blame and punishment and an overriding emphasis on the avoidance of external scrutiny and litigation. Outside of their offices, employees talked to one another about their efforts to manage their caseloads and work with at-risk families under the increasingly stressful circumstances. At this level of organizational dysfunction, researchers have identified a number of conditions that manifest within the workforce, many of which were described by the Department's frontline staff: anxiety, diminishing self-esteem, insomnia, and PTSD (post-traumatic

stress disorder) (Jurkiewicz and Giacalone 2016). Adding to the internal elements causing stress and anxiety for workers are the more common external pressures associated with child welfare work – the expectations that workers will not make errors in judgment about children's safety and risk public ridicule and scorn. Child Welfare agencies are routinely taken to task in the news media, and their reputations negatively impacted. This adversely affects the already embattled workforce, with some research suggesting that the reaction to such excessive exposure to stress is an increase in unethical behavior within the agency (Greve et al. 2010). In Child Welfare agencies, unethical behavior can surface as workers taking shortcuts – an effort to function within mandatory timeframes with a focus on two of the three elements of the "Holy Trilogy" – efficiency and effectiveness (Menzel 2007, p. 10). These shortcuts carry considerable risk yet many in Child Welfare lament that the pressures are extreme and expectations too high, creating an environment and a culture that is way too vulnerable to mistakes and dysfunction.

As many professionals in other organizations looked on with mounting concerns for the department and its personnel, the governor appointed a new director – someone with considerable experience in Child Welfare. Slowly, under new leadership, the department began to address its cultural issues, including the propensity to place blame at the feet of the very individuals who were quite literally making life and death decisions against the backdrop of a punitive and distant administration. With enough time at the helm to sort out many of the agency's organizational missteps and malfunctions, the director made a commitment to the workers that seemed to embrace the concepts of a high-road strategy focusing on reform and improvement rather than fear and sanctions. Speaking to a large gathering of staff, and streaming live to many others, he declared a new day in the department where the administration would "have your back" if workers followed procedures and were ethical in word and action. This signaled the beginning of the end of an era of throwing workers under the bus and exculpating the organization. Though too early to know if this significant shift in ethical culture will produce the desired effects, i.e., less turnover, stability, and an increased trust between front line workers and administration, initial response has indicated a growing appreciation for the administration's recognition of the complexities of child welfare roles and responsibilities. To put this in organizational culture terms, the desired response for this Child Welfare Agency, or any other facing similar issues, would be increased performance outcomes that are fostered by a heightened sense of integrity and ethical behavior at all levels in the institution and an organizational culture that is built on mutual trust and support.

Organizational culture has been examined throughout the evolution of Public Administration, with perhaps too great an emphasis on the rogue employee rather than the influence of an unethical culture. Borrowing from the business field, Frederick (1988) aimed his lens on culture early on as a significant source of an agency's dysfunction and questionable ethics, characterizing a company's culture as the "seedbed of misbehavior" (p. 49) Frederick's perception of ethical climates also considered what can occur in the absence of personal morality, social responsibility, and even something as simple as a "caring attitude" (p. 49). Without encouraging these qualities as factors in decision-making, agencies are more likely to engage in behaviors that the public would consider objectionable. Burke and Black (1990) also considered the disproportionate emphasis in agencies on the Holy Trilogy to the exclusion of a second set of E values – evaluation, empathy, and ethics – considered vital ingredients to enhancing human factors and strengthening the organizational environment and increasing productivity (p. 122). Burke and Black's discussion of this second set of E values offers an interesting perspective on what employees constitute as ethical concerns in their organizations. In their survey of Rotary members in California and Texas, the respondents overwhelmingly ranked honesty/integrity as the most pressing ethical concern, suggesting, according to the researchers, that this might be a place to focus when considering how ethics can be utilized to improve performance (p. 130).

The link between ethics and performance has been substantiated in other public service

agencies, most notably in Menzel's surveys of city and county managers in Florida and Texas (1992, 1993, 1995). Asking the question "Do ethical climates of public organizations reinforce or detract from organizational values such as efficiency, effectiveness, excellence, quality and teamwork?" Menzel sought to learn how these managers perceived their ethical climates, focusing on the "perceptions, attitudes, and cultural forms concerned with right and wrongdoing behaviors (1995, p. 250). Looking at the results of the surveys, Menzel posits that municipal organizations that prioritize ethical environments are in a better position to successfully serve their communities than those agencies who neglect this element of their organization (p. 257). Both Menzel (1995) and Burke and Black (1990) echo Bowman's (1983, 1984) contention that organizations where ethical behavior is taken seriously are more likely to develop environments that are conducive to building trust. In addition, these factors also mitigate against the emergence of unethical behavior: "Organizations that provide men and woman with the opportunity to work in an environment which values and nurtures a reputation for integrity are the surest ways to deal with miscontent, increase productivity and safeguard against corruption" (Bowman 1984, p. 48).

## Conclusion

Returning to the question at the beginning of this section, it seems fair to suggest that a concerted effort to minimize if not eradicate organizational dysfunction can result in a more productive, healthy, and motivated workforce. The development of an ethical infrastructure goes beyond the previously stated traditional safeguards to include Bowman and West's (2015) building blocks in ethics management: organizational structure, values statements, psychological contracts, oaths and codes, managing institutional ethics, and creating ethical competency (p. 147). These building blocks are strategies that organizations can implement not only in an effort to increase performance but to address other organizational challenges such as turnover, morale, and mission adherence. Discussing the link between ethics and performance, Geuras and Garofalo (2011) recommend that ethics initiatives must be part of a comprehensive strategy to address the major issues facing contemporary organizations (p. 324). Further, the authors suggest that there is no confirmation that the field has answered the question "What difference do organizational ethics make?" but the normative and logical case could be made that "well-conceived, well-organized ethics initiatives, with follow-through, can make a real difference in organizational, professional, and personal performance" (p. 327).

To do nothing would be tantamount to leaving a can of gasoline next to matches – neglecting ethics opens the door for deception and dysfunction. As Bowman and West (2015) caution, "Although an effective system will not produce perfect people, an inadequate system will produce wrongdoers" (p. 147). Too many institutions have paid the price for neglecting the development of an ethical culture – and the public may not always be forgiving.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Evil
- ▶ Code of Ethics
- ▶ Compliance Versus Ethical Capacity
- ▶ Ethical Competence
- ▶ Ethical Leadership
- ▶ Ethical Risk Management
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics and Duty
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Public Policy
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Motivating Ethical Behavior
- ▶ Organizational Excellence
- ▶ Organizations as Moral Agents


## References


Agryis C (1994) Initiating change that perseveres. J Public Adm Res Theory 4:343–355

Barth T (2012) Losing sight: a view from the top. Public Adm Rev 72:5

Bowman JS (1983) Ethics issues for the public manager. In: Eddy W (ed) Handbook of organization management. Marcel Dekker, New York, pp 69–104
Bowman JS (1984) Altering the fabric of work: beyond the behavioral sciences. Bus Horiz 27:42–48
Bowman JS, West J (2015) Public service ethics: individual and institutional responsibilities. Sage Publications, Los Angeles
Burke F, Black A (1990) Improving organizational productivity: add ethics. Public Prod Manag Rev 14:2
Cooper T (2012) The responsible administrator: an approach to ethics for the administrative role. Jossey-Bass, San Francisco
Frederick WC (1988) The culprit is culture. Manag Rev 77(8):48–55
Geuras D, Garofalo C (2011) Practical ethics in public administration, 3rd edn. Management Concepts, Vienna
Greve HR, Palmer D, Pozner J (2010) Organizations gone wild: the causes, processes, and consequences of organizational misconduct. Acad Manag Ann 4:1
Hart D (2001) Administration and the ethics of virtue: in all things, choose first for good character and then for technical expertise. In: Cooper T (ed) Handbook of administrative ethics. Marcel Dekker, New York
Jurkiewicz C, Giacalone R (2016) Organizational determinants of ethical dysfunctionality. J Bus Ethics 136:1
Menzel D (1992) Ethics attitudes and behaviors in local governments: an empirical analysis. State Local Gov Rev 24(3):94–102
Menzel D (1993) The ethics factor in local government: an empirical analysis. In: Frederickson HG (ed) Ethics and public administration. M.E. Sharpe, Armonk
Menzel D (1995) The ethical environment of local government managers. Am Rev Public Adm 25:3
Menzel D (2007) Ethics management for public administrators: building organizations of integrity. M.E. Sharpe, Armonk
Svara J (2007) Ethics primer for public administrators in government and nonprofit organizations. Jones and Bartlett Publishers, Sudbury
Trevino LK, Youngblood SA (1990) Bad apples in bad barrels: a causal analysis of ethical decision-making behavior. J Appl Psychol 75:378–385

# Ethics and Philosophy

Jennifer L. Eagan
California State University, East Bay, Hayward, CA, USA

## Synonyms

Epistemology; Ethics; Governance; Metaphysics; Morality; Philosophy; Political theory; Theory

## Definition

Ethics and Philosophy are humanistic fields of inquiry that ask questions about right action and the nature of truth, reality, and meaning.

## Introduction

This entry reviews the intersections of ethics and philosophy with public administration, public policy, and governance including philosophical and ethical questions that arise in political theory and practice. The first section poses ethical questions as they apply to policy and the political, reviews normative theories of ethics and their application to administration and governance, and explores two key issues (administrative evil and whistle-blowing) in detail. The following section explicates the interdisciplinary intersection of philosophy and political practice, including a review of influential schools of philosophical thought. The entry concludes with a reflection on the importance for ethics and philosophy for creating and evaluating sound and democratic political practices.

## Ethics and Governance

As interdisciplinary fields of inquiry, public administration, public policy, and governance certainly engage with and draw from multiple areas of inquiry and academic disciplines. The fields of political science, sociology, and management are perhaps the most obviously relevant. However, there is a strong theoretical and philosophical component to public administration, public policy, and governance which informs the practices of creating and administering policy. For example, some philosophical questions that arise from the practice of governing are as follows: How do we define "good" policy? What is the nature of power? Who should have power, and how should it be distributed? How can policy be legitimate? What constitutes "good" government? What is justice? What defines a legitimate democracy? Who is subject to the law, and which laws are they subject to? What sort of entities are human

beings? How can they work in concert? What should be the aims of humans working in concert? Should government be representative, and if so, how should it be? What constitutes "the people"? How can we discern what the will of the people is? Should public officials always enact the will of the people? Should public administrators always follow the will of legislators in implementing the law? Should public administrators follow their consciences or another set of principles in performing their work?

In addition to these questions of governance, there are more specific questions surrounding policy of an ethical nature, or what policy should do and what aims it should have. What role should government play in the lives of citizens? What is the ethics of taxation? Should business be regulated by government, and if so, how much and when? What is the duty of policy makers and administrators to the environment, to future generations? Is it the role of government, if any, to create social equity and gender equity? Eradicate racism? Equalize the economic classes?

Ethics, in the philosophical sense, or normative ethics, can be thought of as the study of the possible theories and principles that should guide right action, ways of thinking about and determining right action. The philosopher Immanuel Kant considered ethics to be the branch of philosophy that answers the question, "what should I do?" Ethics within the frame of policy and governance can be thought of answering the question of what we should do collectively. Metaethics, or the study of and defining of ethical terms, such as the "good," the "right," and the "just," is also necessarily entwined with normative ethics. There are metaethical questions surrounding issues of governance such as what those metaethical terms, "good," "right," and "just," mean when applied to the structures of government, policies, or governing practices. Applied ethics involve the specific application of these theories and ways of thinking to issues within specific areas of inquiry, such as business, administrative, biomedical, or environmental ethics.

Ethics is distinct from codes of professional ethics and standards. The study of ethics considers multiple perspectives on what constitutes right action, and the study of ethics would also necessarily entail the critical questioning of codes of ethics, even if they are mandated.

## Normative Approaches to Ethics

### Virtue Ethics

Generally attributed to Plato and Aristotle, virtue ethics associates right action with a state of the soul and the intellect, indicating that good actions are indicative of attempts to develop processes (thinking and behavior) that emanate from one's character and guide one to right action. Plato thought that the proper ordering of the soul and its orientation toward eternal truths rather than the material or temporal would guide one to right action. In the *Republic*, Plato indicates that the state of soul, its tripartite nature containing reason, spirit, and appetite, determines whether or not someone acts in a just manner. Unifying the different aspects of the soul and pointing the soul in the right direction is what produces good character and, therefore, right action.

In Aristotle's version of virtue ethics, articulated in the *Nicomachean Ethics*, the aim of all human behavior is happiness. Aristotle claimed that habit, a deliberate repetition of actions that direct one to a mean between extremes, constituted right action. For example, bravery is the mean between cowardice (the deficit of bravery) and foolhardiness (the excess of bravery). For Aristotle, that mean of right action is relative to the individual; with respect to bravery, what is virtuous action for a firefighter is not the same as virtuous action for a child.

Applying virtue ethics to public policy and governance is difficult, since the measure of virtue ethics is interior, about one's thinking and the comportment of one's soul. That's difficult to discern in public space. However, often, through policy, government officials encourage citizens to act temperately, for example, to not litter or to not drink and drive, and in doing so appealing to their sense of personal integrity and discipline. However, as an individual form of ethics, virtue ethics can be applied to individual public actors who act according to their own measure of virtue. So, does it matter to the practice of governance, creating or administering policy, whether or not the practitioners are virtuous or that they enact the will of

the people, creating good results through their actions, and being technically proficient? Is virtuous character a necessary precondition for the good actions and results of public officials? Citizens often claim to want public officials with character, but are skeptical about the character and motives of public officials.

### Utilitarian Ethics

Right action, according to any utilitarian ethics, should secure the greatest good of the greatest number of stakeholders or those affected by the action. Utilitarian theorists can differ with respect to what they consider the "good" that we are securing for the most involved to be. John Stuart Mill considered it to be happiness, as defined by the presence of pleasure and the absence of pain. The thinking involved in utilitarianism is individual, but aimed toward the collective. One stakeholder's happiness is considered to be equal to every other's. Utilitarian ethics requires us to consider others' interests as at least equal to our own in any decision-making process.

In contrast to virtue ethics, utilitarianism has a collective component and is more easily applicable to public affairs, so it is frequently appealed to in making policy and administrative decisions. If a policy can secure the good for the most number of people, then it is the right policy. This seems obvious as the object of policy and government should be to create the good for the collective of citizens. However, this rather simple formula may leave out important considerations, such as more universal ethical principles, constitutional restrictions, and minority rights.

However, despite its collective focus and relative ease of application, utilitarianism has some serious liabilities. First, how do we determine the universe of stakeholders? We know in the past that the experience of women and people of color has explicitly not been considered in discussions of the public good. This may lead to the question of who are we excluding now, trans people, nonhuman animals, future people who do not yet exist? These populations may be included in future versions of utilitarian calculus in making policy decisions and arguably should be included now. The universe of whose experience counts and is included or excluded is not obvious and can change over time. Second, do certain principles have general utility or do we only consider the utility individual acts? Bentham would claim that principles should be secondary to the consideration of whether or not individual actions create the greater good for the greater number. John Stuart Mill would claim that certain principles, such as freedom of expression, secure the greatest good in the long run even though in the short term the effects may seem harmful. Even though certain political speech can seem dangerous, freedom of speech supports freedom of conscience and the competition of ideas in public spaces, which has greater overarching utility for humankind than suppression of such speech. Thirdly, some version of the good that relates only to the experience of the entities affected by a decision may not take into account important principles or values that those entities also consider important.

### Deontological Ethics

The root of deontological ethics refers to the Greek word "deon" or "duty." Unlike virtue ethics or utilitarianism, the aim of action is not happiness or flourishing, but rather acting according to a universal principle that should hold true in every case. The most prominent deontological ethicist is Immanuel Kant. He claimed that right action should be determined according to a universal ethical principle that is generated by an individual use of reason that we would hold universally. By applying the categorical imperative as the founding ethical principle, we ask ourselves how we would act if acting only according to principles that we could will universally, not only in this instance and not only for ourselves but in all cases and for all rational actors. In other words, we act according to a universal principle that we generate through our own use of reason. It is the following of the universal moral law that constitutes right action, not securing good ends or results. Actions inspired by a desire for happiness, favorable results, or anything besides respect for the universal law itself are not properly speaking ethical action.

Deontological ethics' strengths are that it requires us to act according to reason rather than

our prejudices and preferences for certain people. If we dispassionately apply a universal law, we may be able to avoid our preference for people who we know personally or people who are like us (like people of our same race). Also, through the application of universal principle, we may avoid rationalizing our actions by appealing to the ends or results created as a justification for unjust means. One of the problems with deontological ethics is that it is difficult to find genuine universal principles that we would will to apply in every case. For example, the principle of always protecting human life sounds rational and universalizable; however, in real-life application, we tend to make certain exceptions for when we act in self-defense or when we exclude certain kinds of human lives from the principle, such as certain felons or enemy combatants. Further, deontological theories of ethics require us to exclusively use reason and abandon our human ethical sensibilities and emotional impulses, such as empathy, which may positively inform our actions. Deontological ethics also asks us to ignore our concern for positive results from our actions, for ourselves, and for other people, in favor of a fidelity to reason.

Deontological ethics is based on individual thinking and conscience, so it is difficult to apply to public actions. However, clearly many principles that we apply to governance appeal to universal values that everyone should hold, and public officials often appeal to these values when their decisions do not seem to appeal to the will of the people (like when asserting the civil rights of an unpopular minority) or create good results (like when waging war). The governing perspective of constitutionalism clearly takes a deontological perspective, asserting constitutional principles as inherently rational universal principles that must be applied evenly in every case and that constitutional principles take precedence over democratic will and what might be favorable for society. The clearest application of a deontological ethics to a theory of government is the work of John Rawls, in *A Theory of Justice* (1971), where we must separate ourselves from our own interests in order to think properly about how to establish a just society by donning a "veil of ignorance" and considering how we would construct a just society if we could not know our place in it.

### Existentialist Ethics

Existentialist ethics begins with the presumption that all human beings are free to create themselves through their actions. This ethics stems from the claim of a fundamental human freedom, not only that human beings should be free in the social and political sense but that human beings are fundamentally free by virtue of their ontology, the sort of beings that they are. This freedom means that human beings are free from the bounds of human nature and any eternal authority, whether God or reason. Any values or principles adopted by an individual are their own and justified solely by their choice. Existentialist ethics is not nihilism, the claim that there are no values and therefore no possible systems of ethics, but rather a claim that ethical values are generated by human beings and have no other source or justification.

Clearly, existential ethics is deeply individualistic and not easy to apply to any collective form of ethics of action, including governance. However, if one thinks that the character or motive of public officials leads to good action, one might want such officials to connect themselves, who they are, to the actions that they conduct on behalf of the public. Arguably, such a perspective could assist in avoiding pitfalls of unethical behaviors in public life, such as administrative evil (discussed below). The existentialist insight that values, including public values, are generated by human beings means that they can also change and are contingent on human beings upholding them.

One problem with applying these Western philosophical traditions to matters of public policy is that they all focus on how an individual should approach the question of right action rather than on how individuals could act collectively to secure right action and a good society. Often, applying these perspectives to group action rather than individual action is complicated and can be a poor fit. For example, how could a government or public agency become what it chooses to be through its actions? Generally, we don't think of countries or public institutions as having agency in the same sense as an individual. Or, what

happens when a group of decision-makers cannot agree on who are the parties affected by a decision and therefore cannot agree on the application of utilitarian ethics because there is fundamental disagreement on whose happiness counts in the calculus? We may be able to see how a public agency can act according to principles that it has laid out for itself in a constitution, set of bylaws, or mission statement, but not how such an agency develops those principles collectively in the first place. As shown in the examples above, it is often incumbent on the theorist applying the ethical approach to modify it in order to apply it to collective action.

Obviously, there are many religious-based codes and systems of ethics, and the debate of whether and how these traditions should be included in the practice of governance is alive and well in the USA. The scope of this article will only cover ethics in the philosophical sense.

## Two Key Ethical Issues

### Administrative Evil

Beginning with the work of Hannah Arendt in *Eichmann in Jerusalem* (1963) and influenced by the social psychology of Stanley Milgram and Philip Zimbardo, the study of evil in institutional and administrative settings has been an actively studied ethical issue. Administrative evil is the act of harming others within the context of an organization which supports that wrongdoing, both creating the conditions where the evil can take place and providing the sense that individual responsibility can be avoided. Given the many historical and contemporary instances of atrocities being instigated by public officials within their professional roles and carried out by administrators just following orders, this issue is clearly an important and contested one.

Though the Holocaust is often studied as the most dramatic instance of administrative evil, there are several contemporary examples deserving study. Often atrocities, such as genocide or war crimes, are legal or at least supported by policy decisions. The narrative that a "few bad apples" of poor character instigate bad actions within political organizations flies in the face of both legally sanctioned atrocities (such as the Holocaust) as well as institutional settings and hierarchical authority (as seen in the prison tortures of Abu Ghraib) that social psychologists have shown tend to produce evil acts. According to Adams and Balfour (2004), the emphasis in public administration on technical rationality and proficiency coupled with the value of professionalism, carrying out one's job duties as specified, sets the stage for individual responsibility to be eclipsed. Administrative evil is often justified after the fact by moral inversion or the claim that horrible acts are justified due to a perceived necessity or a claim to a greater good.

### Whistle-Blowing

Whistle-blowing is the practice of public officials disclosing information about wrongdoing in the agencies where they work. Arguably, this is an ethical practice, but not an uncomplicated one. Often, members of the public praise officials who expose corruption and illegal wrongdoing of elected officials or other people in positions of power. Without the whistle-blower, the public would not be aware of the illegal activity. Public interest laws shield whistle-blowers from retaliation by their employers while investigations are ongoing and afterward.

One important question with respect to whistle-blowing is whether or not technically legal, but deeply morally questionable, activities should be subject to whistle-blowing and whistle-blowing protection. One high-profile example of whistle-blowing in recent history is the case of NSA contractor Edward Snowden. He leaked classified documents about how the NSA was conducting surveillance on US citizens to the *Guardian* and is still wanted and in exile. Though Snowden claims to be a whistle-blower deserving of legal protection, he was a contractor rather than a federal employee. The government's position is that Snowden is not a whistle-blower because the actions of the NSA were legal under the Patriot Act and that he leaked classified material that would put US service members at risk. Though Snowden claims to be following his conscience and protecting the principles in the Constitution, his status as a whistle-blower is in dispute.

The ethical issue of whistle-blowing is relevant to the politics-administration dichotomy established by President Woodrow Wilson and legal scholar Frank Goodnow. If Wilson and Goodnow are correct, public administrators should strictly carry out policy without intervention or comment; otherwise, they are engaging in politics. However, if there is no venue for public officials to report wrongdoing without harm to themselves, then public officials engaged in illegal (or perhaps unethical) behavior will be shielded from exposure. The issue of whistle-blowing has not been settled and continues to change as government becomes more complex and the security apparatuses of modern states are more technologically sophisticated.

## The Intersection of Philosophy and Public Affairs

Philosophy, broadly construed, is the search or pursuit of wisdom, though this definition opens the question as to what wisdom is. Philosophy asks the big questions – questions that reach beyond the bounds of empirical science.

The intersection of public administration, public policy, and governance with philosophy most commonly falls along the two branches of the discipline, ethics and political philosophy. In addition to the ethical questions and perspectives above, political philosophy obviously intersects with questions of governance. In public administration, the intersection with questions of political theory is clear. What are the most effective forms of government, economy, and society? What is human nature, and how might human nature affect the structure of the political and public realms? How can we secure justice? What should the government provide for citizens and stakeholders?

However, in order to explore these more practical problems of individual and collective action in ethics and political philosophy, other philosophical questions hang in the background. Metaphysical questions, ones that point to the essence, nature, or proper definitions of things, are involved when one talks about human nature, the distinction between the public and private spheres, and the nature of government and public administration. Epistemological questions also come into play when political theorists ask questions about the truth of policy and administrative efficacy. Ontological questions of how citizen-subjects come into being and change over time and the relationship of humans to nonhuman animals and the environment are also entailed in many discussions regarding democratic practices, social equity, and environmental issues.

One key metaphysical question for public administration is the nature of public administration itself. Is it a science or an art or some combination of both? Herbert Simon (1976) claimed that administration should be guided exclusively by empirical scientific inquiry. Dwight Waldo (1984) claimed that administration should be concerned with social equity and other democratic values and that knowledge of the field should emerge from the reflective practices of both theorists and practitioners. Beginning with Woodrow Wilson, the establishment of the public administration as a technical field that should avoid entanglement with politics, the notion of administration as a technique or science, has been prominent. The aim of administration as a science is limited to efficiency and effectiveness, but perhaps does not interrogate the original aim of policy. Administration as an art prizes individual expertise and experience, as well as the human element in enacting policy.

Another question related to the nature of public administration is what sort of method or epistemic approach is appropriate for the field and whether there is one best method or many to determine the best way to implement policy (see Riccucci 2010). The answer may differ depending on whether or not one considers governing and administration primarily as a science, an art, or a social science. If public administration is a science, quantitative methods are the most legitimate for establishing claims. If an art, then theory and qualitative methods, like narrative analysis, that get at the experience of public servants and stakeholders are the path to the truth. If a social science, a combination of those methods is likely the most appropriate.

Debates and discussions on these philosophical questions are featured primarily in three academic journals: *Administrative Theory & Praxis* (*ATP*), *Journal of Public Administration Research and Theory* (*JPART*), and *Public Administration Review* (*PAR*). People interested in the intersection of philosophy and public administration, governance, and policy will find perspectives on these debates and work influenced by the schools of philosophical thought below.

## Influential Schools of Thought

### Positivism/Scientism

Positivism is primarily an early twentieth-century philosophical movement that advocates that all knowledge comes through the application of scientific method. Prominent figures of philosophical positivism include A. J. Ayer, Rudolf Carnap, and W. V. O. Quine, among others. As an epistemology (theory of knowledge), positivism claims that all knowledge comes from logic or the empiricism of the scientific method. All other kinds of human endeavor are effectively excluded from the field of knowledge, including metaphysics which deals with concepts beyond the scope of scientific inquiry, like the existence of God or the nature of reality. The aim of positivism was to stop philosophy's constant churning on unanswerable questions that had characterized Western philosophy and to recreate philosophical inquiry as a science.

The effects of positivism (or scientism) have influenced the fields of public policy and administration by applying scientific method to the practices of governing. Embodied most clearly in the works of Simon, the aim of administration is efficiency, and the scientific study of how government organizations should be arranged, how human beings should operate in government, and how to create workable policies should serve this end (Simon 1976). In so far as human beings are necessary to form organizations, the study of human psychology as a science should come into play in positivist administrative theory. The object of scientism is not necessarily to purge politics from administration but to ensure that the practice of administration is informed by sound empirical research.

### Pragmatism

Pragmatism is a uniquely American philosophy that claims that what is true is what works, what is useful, and what can further human flourishing. According to pragmatism, a theory should be a tool that assists us in solving real world problems, and the value of any philosophical claim lies in what it does, not what it states. The ethics and politics of this basic epistemology fit with the goal of human flourishing and progress; theories and truth claims are only true in so far as they further the ends of humans, both individually and collectively. The key theorists in this school of thought are Charles S. Peirce, William James, John Dewey, as well as the political figure Jane Addams. Particularly in the political thought of Dewey and Addams, pragmatism saw participatory democracy and what they called "a community of inquiry" as key to finding solutions to political problems where stakeholders would participate.

Pragmatism is a natural fit for policy making and public administration because it is applied, practical, and fits with democratic aims. Governance theorists have used it as a model to break free from traditional practices, to try new modes of governing that are more participatory, and to assess public programs. Particularly Dewey's notions of what constitutes a genuine democracy in terms of education, participation, and furthering the ends of humanity into the future have been particularly influential in public administration theory and policy making. Some criticize pragmatism's influence on policy and governance because it has furthered a scientific approach to administration and demands a particular accounting of outcomes that may exclude other important principles besides what works.

### Postmodernism/Poststructuralism/Anti-foundationalism

The interrelated sets of philosophies developed in the late twentieth century of postmodernism, poststructuralism, and anti-foundationalism have been influential in political and public administration

theory and have certain claims in common. First, reality is not identical to how we experience it, and one foundational set of truths about reality may not exist or at least may not be available to human observers. Second, the subject or human self is not a unified whole, and our selves are not transparently known to us. Third, meaning, including the meaning of common political ideas, is always a contested and contestable ground, and these meanings change over time. There is no foundational truth about reality, ourselves, or the meanings of things available to us as we develop policy and make collective decisions together (Farmer 2010, pp. 89–114).

These claims may seem unsettling to some; however, they also can expose the ways in which we presume foundations that are not really there. If we use such questionable and contested foundations to develop knowledge and practices for policy and government, we limit our options to only those that rest on this uncertain foundation. For example, in democratic governance, public officials often see "the people" or "the will of the people" as the ultimate justification for what they do. However, a poststructural analysis of the concept of "the people" may expose that who or what constitutes the people is unclear and changes depending on application (Catlaw 2007). When we ask ourselves the question of how to define "the people," the answer may not be clear. Opening up the dialogue beyond such presumed foundations can also allow theorists to propose radically new visions for the potential policy and implementation that can create more profound social change.

### Critical Theory

Critical theory is a perspective that stems from the work of the Frankfurt School philosophers and sociologists, such as Max Horkheimer, Theodor Adorno, Herbert Marcuse, and Jürgen Habermas, among others. These theorists created a post-Marxist set analyses to challenge the inequities of power and wealth in liberal democracies. The aim of critical theory is to conceptually dismantle the dominant ideology which frames certain realities as normal and to create alternative views of society and the economy which would be more socially just.

The use of these theories by public administrationists challenges the notion of a neutral civil service and the notion that politics can be driven out of matters of governance (Box 2005). Not only can politics or a particular perspective be driven out of the creation and administration of policy but public officials can and should develop a critical consciousness and serve the function of providing stakeholders with critical perspectives and become agents of change themselves. Without this intervention on behalf of officials, the unquestioned dominant ideology continues to hold sway unchallenged and social change is stunted.

### Feminism

Feminist theory is itself an interdisciplinary pursuit, heavily influenced by philosophy. Feminist philosophy has explored the nature of the subject as gendered, how gender operates in the formation of the self and structuring our thinking and behavior, as well as addressing social, political, and economic inequalities faced by women and strategies for how to overcome them. Feminism touches on all branches of philosophy: ethics, political philosophy, ontology, metaphysics, and epistemology. Feminist theory has been influential in the women's liberation movement of the 1970s and in public debates on women's issues, such as reproductive rights, equal pay for equal work, women in the military, and others.

As applied to matters of governance, feminism explores the exclusion of women from governance through formal and informal means. Feminist theories explore not simply the notion of equality between the sexes as an aim but the nature of power and its redistribution in society more broadly. Feminist theorists have explored how to make democracies inclusive by critiquing how people are excluded from decision-making on the basis of gender and sexuality, how claims of being gender-neutral mask these exclusionary practices, and how by looking through the lens of gender, new ideas, forms of organization, and schemes for participation and deliberation can be developed that are more genuinely inclusive of women and sexual and racial minorities. A key contribution in feminist theory and public

administration comes from Camila Stivers in *Bureau Men, Settlement Women: Constructing Public Administration in the Progressive Era* (2000), which explores the gendered nature of administrative work, the different roles of men and women have played in public service, and how our narratives about gender have constructed our views of public service.

### Phenomenology

Phenomenology is a method developed by German philosophers Franz Brentano, Edmund Husserl, and George Dilthey that seeks to isolate the structure of human experience so that it can be examined objectively by the experiencer. The aim of phenomenology is to get to the truth about human existence through these structures of the permanent features of human experience, such as language, intersubjectivity, and death. Such analysis can get us to the truth of human experience and provide insights about our "life-world" (the world as we experience it) that is different from the way we experience it in the unreflective "natural attitude" (our usual way of living in the world without examining it). Phenomenology deeply influenced French existentialism and existentialist ethics (discussed above).

Through this sort of qualitative research of description of experience, it could be possible to see more clearly the structure of organizations as the human experience within those organizations is interrogated. It provides an opportunity for reflection on and comparisons of the experience of people in public organizations to get beyond the formal structure (like the organizational chart) to the organization as it is experienced (Jun 1994). Phenomenology draws from the experience of public officials and citizens engaged in public work as a resource for developing insights.

## Conclusion

The focus of both ethics and philosophy is asking questions and exploring different perspectives on reality and human action. Perhaps, if governance and public administration is simply a matter of applying technically sound procedures, then ethics and philosophy may not have much to contribute to these interdisciplinary fields.

However, if human decision-making, perspective, values, and even biases come into play in governance, then developing an ethical and philosophical consciousness around the development of policy and practices of public administration is critical. Self-reflective practitioners may be more aware of the implications of their work, possible biases embedded within their agencies, and undemocratic practices that fuel inequities and undermine the communities that they serve. Awareness of ethical and philosophical questions in the art of government may allow public servants to be more responsive to their constituents, to reduce inequities where they exist, and to protect sound, democratic practices.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Theory of Ethics
- ▶ Ethical Frameworks
- ▶ Ethical Values
- ▶ Ethics and Good Governance
- ▶ Ethics and Public Policy
- ▶ Ethics in Public Administration and Government
- ▶ Governance and Democracy
- ▶ Kantian Ethics
- ▶ Moral Responsibility
- ▶ Organizational Evil
- ▶ Philosophical Ethics
- ▶ Politics and Ethics
- ▶ Power and Ethics
- ▶ Public Administration Theory
- ▶ Theories of Ethics
- ▶ Utilitarianism
- ▶ Whistleblowing


## References


Adams GB, Balfour DL (2004) Unmasking administrative evil. M.E. Sharpe, Armonk

Box RC (2005) Critical social theory in public administration. M.E. Sharpe, Armonk

Catlaw TJ (2007) Fabricating the people: politics and administration in the biopolitical state. University of Alabama Press, Tuscaloosa
Farmer DJ (2010) Public administration in perspective: theory and practice through multiple lenses. M.E. Sharpe, Armonk
Jun JS (1994) Philosophy of administration. Daeyoung Moonhwa International, Seoul
Riccucci NR (2010) Public administration: traditions of inquiry and philosophies of knowledge. Georgetown University Press, Washington, DC
Simon HA (1976) Administrative behavior: a study of decision-making process in administrative organization. Free Press, New York
Stivers C (2000) Bureau men, settlement women: constructing public administration in the progressive era. University of Kansas, Lawrence
Waldo D (1984) The administrative state: a study of the political theory of American public administration. Holmes & Meier Publishers, New York

# Ethics and Policing

Kim M. Loyens
Utrecht School of Governance, Utrecht University, Utrecht, The Netherlands
Leuven Institute of Criminology, Leuven University, Leuven, Belgium

## Introduction

Police have the authority to legitimately use physical force. It is therefore essential that legal rules and procedures are installed that regulate police practice. However, such formal instruments cannot avoid police officers behaving unethically. Rule bending and excessive use of force have predominantly been explained by referring to a specific culture in police agencies. A central question in police culture literature is why police officers bend or break legal rules and keep quiet when colleagues commit integrity violations. High levels of internal loyalty and cynicism to society are said to be important factors that explain such unethical behavior. This focus on rule-breaking and cover-up practices in the classic police culture literature has led to a rather negative approach in police ethics research that resulted in an extended body of literature on the prevalence of police corruption and how to avoid it. Alongside the implementation of new policing models, police researchers shifted attention to gaining understanding of what good policing is and which ethical dilemmas police officers are faced with in practice. Inspired by the compliance- versus values-based approach in ethics management, the conclusion is drawn that police research has too long been out of balance as a result of excessive attention to either the compliance- or the values-based side of the continuum. An integrated research approach that combines both is necessary to avoid undesired side effects of a one-sided approach.

## Police Culture Leading to Noble Cause Corruption, Rule Bending, and Cover-Up

Cultural aspects in policing have been studied extensively since the important anthropological work in the 1960s and 1970s. These studies often explicitly relate police culture to police ethics. In general, the police culture literature describes typical job characteristics in police organizations, explains how these characteristics lead to a typical police culture, and then elaborates on ethical risks thereof. The classic police culture model has received much justified criticism, and serious efforts have been made to address the critiques. Nevertheless, no appropriate alternative framework has been developed in this tradition to study cultural aspects within the police. The classic model is therefore still an important source of inspiration to study ethics within police organization. This part will give a brief overview of the most important insights of the police culture literature, and how these have been criticized.

Important characteristics of the police job are, among others, a high degree of discretion, the frequent encounter with lawbreakers, and the constant threat. Each of these characteristics can increase the risk of integrity violations. First, police officers are typical street-level bureaucrats (Lipsky 1980) who have the autonomy to make personal judgments on how to deal with the citizens they interact with. They also have the

freedom (albeit not always supported by legislation) to decide how they apply the legal rules and procedures they are subjected to in their daily practice. Such autonomy implies the risk that police officers break rules or abuse their authority without their supervisor being able to detect such integrity violation. This risk increases dramatically if in the organizations rumors exist of high-ranking officers being engaged in "ethical lapses, double standards, abuses of office and unprofessional conduct while preaching ethics and integrity to front-line personnel" (van Buuren and den Boer 2009, p. 8). Second, working in an environment where you are constantly confronted with the "dark side" of society might cultivate a cynical attitude. The frequent encounter with lawbreakers is said to result in "moral cynicism" referring to a view of the world as a jungle where crime, corruption, and brutality are considered normal aspects of the everyday reality (see, e.g., Westley 1970). Goldstein describes it as follows:

> The average officer — especially in large cities — sees the worst side of humanity. He is exposed to a steady diet of wrongdoing. He becomes intimately familiar with the ways people prey on one another. In the course of this intensive exposure he discovers that dishonesty and corruption are not restricted to those the community sees as criminal. He sees many individuals of good reputation engaging in practices equally dishonest and corrupt [. . .]. It is not unusual for him to develop a cynical attitude in which he views corruption as a game in which every person is out to get his share. (Goldstein 1975, p. 25)

This attitude might encourage "noble cause corruption," which is a type of rule bending aimed at stopping lawbreaking. In other words, police officers then use illegal means to obtain legal goals. This is, according to the traditional police culture model, considered acceptable by fellow police officers, because they label themselves as the "good guys" fighting the "bad guys" with any means necessary (Loyens and Maesschalck 2014). A classic example is threatening or misleading a suspect to induce a confession so he will be convicted. The third risk of unethical behavior is the constant threat of danger. Although police work is often dull and unexciting (e.g., waiting in patrol cars until something happens and doing administrative work), it can sometimes be extremely dangerous. Reiner (1992: 110) states:

> The police officer faces, behind every corner he turns or door-bell he rings, some danger, if not of firearms at least of fists.

Therefore, police officers are said to have developed a general attitude of constant distrust toward society that isolates them from citizens, but simultaneously increases the need of being able to trust upon colleagues. In other words, in the face of danger, counting on fellow officers is essential. Police researchers have indeed found a deep-rooted solidarity in police organizations in which rules of thumb like "don't give up another cop" (Reuss-Ianni 1983) and "cover yourself and don't rat on others" (Chan 1996) are vital. Solidarity implies that "snitching" is considered an act of betrayal. Hence, it has been argued that police officers tend to cover up each other's mistakes, which is conceptualized as the "blue code/wall/veil of silence" (Chan 1996).

In addition to these three central characteristics of police work, other aspects of police culture have been linked to unethical behavior in police agencies. Research has uncovered patterns of gender and racial discrimination, both within police organizations as in police-citizen interaction (Chan 1996; Reiner 1992). Although recently there is still evidence of both types of discrimination, as shown, for example, in the public indignation about racial profiling incidents, a number of successful policy initiatives aimed at decreasing discrimination on the basis of gender or race cast doubt on the validity of the traditional police culture literature nowadays. Obviously, these developments have not completely exterminated sexism and racism within the police or by the police, but they do give ground to doubt the validity of the police culture model in the twenty-first century. This shift has been partly confirmed in empirical research (Loftus 2009; McLaughlin 2007). The core criticism that has been raised against this model is thus its false assumption of police culture being monolithic, cohesive,

homogeneous, and unchanging (Paoline 2003). Furthermore, the classic conception of police culture does not even allow looking for variation in how police officers experience their work in different teams and regions or over time, although variation (albeit sometimes subtle) has been found in non-Anglo-Saxon studies (for a brief overview, see Loyens and Maesschalck 2014). During the past few decades, some interesting alternatives to the classic model have been suggested, such as the "two cultures" approach distinguishing "management cops culture" and "street cops culture" (Reuss-Ianni 1983), the identification of "police operational styles" (e.g., Wilson 1968), the "tool kit" approach of police culture (Herbert 1998), and Chan's (1996) application of Bourdieu's model of the interplay between field and habitus, referring to structural dispositions and cultural dispositions, to policing. These alternatives have, however, not been broadly adopted by scholars studying culture or ethics within the police. Hence, the classic model of police culture has for a long time been a dominant perspective to understand police culture, as well as police misconduct. This has not only hampered empirical and theoretical development within the research domain, it has also shown police work in a bad light. The link between police work and risks for unethical behavior in the police culture literature might indeed give the impression that such behavior is widespread within police agencies, while no reliable data of its prevalence are available.

In the same line and even more problematic is the limited attention to positive elements of police culture. Despite a few attempts to emphasize the value of socialization in police agencies to learn the "craft" of policing (Van Maanen 1974) and the explicit acknowledgment that presumably negative aspects of police culture can be highly functional (e.g., cynicism as the "Janus face of commitment," Reiner 2000, p. 90), emphasis in police studies has long been on the violation of rules or procedures and the cover-up of ethics violations. This one-sided negative view of police culture asks for a shift to a more positive approach which is built around the question of what good police work is.

## Compliance- or Values-Based Police Research

The risks of one-sided police ethics research can be mitigated by framing such research within the compliance- versus values-based approach of ethics management (Paine 1994; Maesschalck and Bertok 2008). This framework, which is in fact a continuum, has been used as a normative model to develop ethics management policies, but can also broaden the scope of police ethics research. The compliance-based approach in ethics management is based on the underlying assumption that people will break the rules if they are given the opportunity to do so. Applied to policing, this pessimistic view of humanity implies that police officers will take the opportunity to abuse the autonomy they have been granted by disregarding or breaking rules and procedures in occasions where the risk of detection is low. Policy instruments that are suggested in this tradition to avoid rule-breaking aim at enforcing strict compliance of prevailing standards and rules or measures to reduce opportunities to break such rules. This is done by means of legal rules, clear procedures, and control mechanisms (OECD 2000). The values-based approach is, on the other hand, based on an optimistic view of humanity in which police officers are willing to do good and to behave in an ethical way, but do not always know what is ethical in a specific situation and how to apply rules in an acceptable way. For this, police officers need support or advice from the organization, their supervisor, or their colleagues. Policy instruments in this tradition are built around central values that are shared within the organization and support mechanisms, such as the installation of an ethics committee or a network of confidential advisors and training sessions in which police officers can discuss ethical dilemmas they encounter with colleagues. Hence, police officers' discretion should not simply be reduced or regulated as suggested in the compliance-based approach. Rather, police officers should be given tools that help them deal with their discretion in an acceptable way (Maesschalck 2012). The main argument underlying this continuum is that ethics management can only be successful when

combining a compliance- and a values-based approach.

The same principle can be applied to police ethics research. Research that fits the compliance-based approach focuses on the prevalence of integrity violations in police agencies (Huberts et al. 2007). Research that fits the values-based approach aims to understand what good police work is and how ethical issues are experienced in practice. Most scholarly work on police ethics has focused on the compliance side of the continuum. Studies using the Police Integrity Survey, developed by Klockars et al. (2000) are well-known examples of such type of research. This survey instrument uses vignettes to study the perceived seriousness of different types of integrity violations in 11 (later extended to 17) hypothetical situations and police officers' willingness to report them if these violations are observed (Klockars et al. 2006). The Police Integrity Survey has been replicated in many studies in different countries (Huberts et al. 2003; Rothwell and Baldwin 2007; Lim and Sloan 2016). In the same tradition, Huberts (1998) developed a survey instrument to measure the frequency and acceptability of nine types of integrity violations in police agencies, such as illegal use of organizational power for personal gain, police fraud and theft, dubious promises and gifts, questionable sideline activities and jobs ("moonlighting"), etc. The respondents were particularly asked how often they had observed these violations and how acceptable they consider them (Lasthuizen et al. 2011). This instrument was further developed and extended to be applicable in all public sector organizations (Lasthuizen 2008) and later validated by using empirical data of about 64 manifestations of integrity violations among Dutch police officers (Lasthuizen et al. 2011).

On the other side of the continuum, scholars can be found who emphasize the importance of values-based policing. This line of research has been developed alongside the introduction of new policing models, such as community-oriented policing and reassurance policing (Innes 2004). While these models were aimed at altering the way in which police officers approach citizens and (re-)establish public trust (Reiner 2000; Chan 1996), they have also at least partly led to a mind shift among police researchers. Instead of emphasizing the negative side of policing and risks of integrity violations, researchers were encouraged to focus on the value of policing for society. While previous scholarly work seems to have narrowed police ethics research to analyzing what goes wrong in police agencies, the values-based approach in police research studies what is good and legitimate policing (Bradford et al. 2013), but simultaneously acknowledges that police work involves constantly making tough decisions in situations with conflicting values and interests. The latter has, for example, inspired research on ethical decision-making by police officers (Loyens 2012), storytelling in the police canteen (Waddington 1999; Van Hulst 2013), and sensemaking in police work (Landman 2015). Based on qualitative, often ethnographic, research, these studies focus on how police officers experience their work, which dilemmas (often including moral issues) they face in their everyday work, and how they give meaning to their daily practices.

Although the values-based approach in police research provides a useful alternative for the one-sided compliance-oriented studies, it also entails an important risk. The pursuit of intrinsically good values, such as public trust, might also encourage undesirable behavior like favoritism. Moreover, the optimistic view of humanity can be considered naïve. A combination of the values- and compliance-based approach is thus needed to enable studying complex, interacting processes within police organizations that might lead to both misconduct and desirable behavior or result in tough ethical dilemmas. Some scholars have already applied the compliance- and values-based approach to police ethics (Huberts et al. 2007; Maesschalck 2012), but more empirical research is needed to further develop this integrated perspective in police research.

## Conclusion

Research on police ethics has its roots in ethnographic studies on police culture. While this

tradition has led to important insights, it has been criticized for considering police culture as universal and homogenous and for using a one-sided negative approach. This has inspired scholars to study police work from a compliance-oriented perspective, focusing on the frequency and acceptability of integrity violations and the willingness to report them. Recently, attention has shifted to values-based research aimed at studying good policing and everyday dilemmas in police work. Both approaches have resulted in useful insights, but provide an incomplete picture. Furthermore, if used in isolation, the risk exists that the complexities of police ethics are overlooked, which in turn might result in the formulation of oversimplified conclusions and solutions. These approaches should thus be considered complementary and combined in police ethics research. Despite a few valuable attempts to analyze police behavior by means of the compliance- and values-based continuum, more empirical research is needed to further unravel the complexities of police ethics.

## References


Bradford B, Jackson J, Hough M (2013) Police futures and legitimacy: redefining 'good policing'. In: Brown J (ed) Future of policing. Routledge, Oxon

Chan J (1996) Changing police culture. Br J Criminol 36(1):109–134

Goldstein H (1975) Police corruption: a perspective on its nature and control. Police Foundation, Washington, DC

Herbert S (1998) Police culture reconsidered. Criminology 36(2):343–369

Huberts L (1998) Blinde Vlekken in de Politiepraktijk en de Politiewetenschap [Blind spots in police practice and police science]. Gouda Quint, Deventer

Huberts L, Lamboo T, Punch M (2003) Police integrity in the Netherlands and the United States: awareness and alertness. Police Pract Res 4(3):217–232

Huberts L, Kaptein M, Lasthuizen K (2007) A study of the impact of three leadership styles on integrity violations committed by police officers. Policing: Int J Police Strat Manage 30(4):587–607

Innes M (2004) Reinventing tradition? Reassurance, neighbourhood security and policing. Criminal Justice 4(2):151–171

Klockars CB, Kutnjak Ivkovich S, Harver WE, Haberfeld MR (2000) The measurement of police integrity. Research in brief. National Institute of Justice, Washington, DC

Klockars CB, Ivkovich SK, Haberfeld MR (2006) Enhancing police integrity. Springer, Dordrecht

Landman W (2015) Blauwe patronen. Betekenisgeving in politiewerk [Blue patterns. Sense-making in police work]. Doctoral dissertation, Boom Lemma, Amsterdam

Lasthuizen K (2008) Leading to integrity: empirical research into the effects of leadership on ethics and integrity. Ipskamp, Deventer

Lasthuizen K, Huberts L, Heres L (2011) How to measure integrity violations. Towards a validated typology of unethical behavior. Public. Manag Rev 13(3): 383–408

Lim H, Sloan JJ (2016) Police officer integrity: a partial replication and extension. Policing: Int J Police Strat Manage 39(2):284–301. https://doi.org/10.1108/PIJPSM-10-2015-0127

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage, New York

Loftus B (2009) Police culture in a changing world. Oxford University Press, Oxford

Loyens K (2012) Integrity secured. Understanding ethical decision making among street-level bureaucrats in the Belgian Labor Inspection and Federal Police. Doctoral dissertation, KU Leuven, Leuven

Loyens K, Maesschalck J (2014) Police-public interactions: a grid-group cultural theory perspective. Policing: Int J Police Strat Manage 37(1):144–158

Maesschalck J (2012) Kan een integriteitsbeleid in de politie werkelijk een verschil maken op de werkvloer? Cahiers Politiestudies 24:111–129

Maesschalck J, Bertok J (2008) Towards a sound integrity framework: instruments, processes, structures and conditions for implementation. Report GOV/PGC(2008) 21 drafted for the OECD

McLaughlin E (2007) The new policing. Sage, London

OECD (2000) Trust in government: ethics measures in OECD countries. OECD, Paris

Paine LS (1994) Managing for organizational integrity. Harv Bus Rev 72:107–117

Paoline EAI (2003) Taking stock: toward a richer understanding of police culture. J Crim Just 31(3):199–214

Reiner R (1992) The politics of the police. St. Martins' Press, New York

Reiner R (2000) Cop culture. In: The politics of the police. Oxford University Press, Oxford, pp 85–107

Reuss-Ianni E (1983) Two cultures of policing: street cops and management cops. New Brunswick Transaction, New Brunswick/London

Rothwell G, Baldwin N (2007) Ethical climate theory, whistle-blowing, and the code of silence in police agencies in the state of Georgia. J Bus Ethics 70: 341–361

van Buuren J, den Boer M (2009) State-of-the-Art Literature Review on the Ethics Research and Knowledge Among Security Professionals, Deliverable submitted May 2009 (M14) in fulfillment of requirements of the FP7 Project, Converging and Conflicting Ethical Values in the International Security Continuum in

Europe, Inex Project EU, International Peace Research Institute, Oslo.
Van Maanen J (1974) Working the street: a developmental view of police behavior. In: Jacob H (ed) The potential for reform of criminal justice. Sage, Beverly Hills, pp 83–130
Waddington PAJ (1999) Police (canteen) sub-culture: an appreciation. Br J Criminol 39:287–309
Westley WA (1970) Violence and the police: a sociological study of law, custom, and morality. MIT Press, Cambridge
Wilson JQ (1968) Varieties of police behavior. The management of law and order in eight communities. Harvard University Press, Cambridge

## Ethics and Politics

Henry T. Edmondson III
Georgia College, Milledgeville, GA, USA

### Synonyms

Administrative ethics; Moral philosophy; Public ethics

### Introduction and General Overview

This article addresses ethics in a democratic republic. It does not attempt a consideration of this topic in nondemocratic regimes, nor does it explore the topic of public ethics, except incidentally, outside of the United States, though comparative political ethics is a productive and important field. This essay also addresses the ethics of nonelected pubic officials, not elected officials, although, once again, the concerns are not entirely separable. Scholarship and issues surrounding the ethics of elected officials would require a separate essay.

The term "ethics" and the phrase "moral philosophy" are, for the most part, used interchangeably, although "moral philosophy" is the more traditional phrase and "ethics" seems to be the term of choice in contemporary discourse. "Moral philosophy" as a college/university course was taught as the inception of the American college, sometimes by the institution's president himself, indicating its importance (Adamson 1922; Adams 1850; Conant 1962; Honeywell 1931; Marion 1986; Walton and Preinkart 1932; Miller 1984).

A consideration of public ethics should also begin with a consideration of the rich Western tradition of moral philosophy. Although a precise list of the classic texts on moral philosophy is difficult, such a survey must include among others *The Republic* (Plato 1991); *The Laws* (Plato 1988); *The Apology* (Plato 1981); *The Euthyphro* (Plato 1981); *Nicomachean Ethics* (1984a); *The Politics* (Aristotle 1984b); "Treatise on Happiness" (Aquinas 1984); "Treatise on Law" (Aquinas 2000); *The Prince* (Machiavelli 1998); *Leviathan* (Hobbes 1967); "The Second Treatise of Government" (Locke 1960); *Critique of Practical Reason* (Kant 2002); "On Liberty," "Utilitarianism," and "On The Subjection of Women" John Stuart Mill (2002); *Beyond Good and Evil* (Nietzsche 1977); *Thus Spoke Zarathustra* (Nietzsche 1977); *Beyond Good and Evil* (Nietzsche 1977); and *Fear and Trembling* (Kierkegaard 1986). Principle academic journals concerned at least in part with ethics in the public realm include, though are not limited to, the *Public Integrity*, *American Public Administration Review*, *Journal of Public Affairs Education*, *Philosophy and Public Affairs*, *Political Science Quarterly*, *The American Political Science Review*, *Perspectives on Politics*, *PS: Political Science and Politics*, *Public Personnel Management*, *American Review of Public Administration*, and *Administration and Society*.

A useful distinction, though not widely used, is between "macro" ethics and "micro" ethics, the former referring to broad questions of the moral dimensions of public policy and the latter to the ethical behavior of individuals in public offices, even if these two are not always separable. The two terms are not always separable, practically or theoretically, since the integrity of those directing the elements of a certain policy are not insulated from the moral questions arising from the policy they are promoting and/or implementing (Jurkiewicz 2012). These distinctions sometimes lead to questions of public and private morality;

that is, whether the two spheres may or should be kept separate, a possibility which is generally rejected by scholars (Thompson 1985; Hampshire 1978; Dobel 1999; Edmondson 2001; Malatesta and Carboni 2015).

Most agree that public administration as an American profession originated in the early twentieth century, during the Progressive Era, with urban reformers advocating the application of scientific and business practices to rehabilitate corrupt city governments (Bowman 1980). That approach transformed governance in the United States but also guaranteed recurrent debate over the proper role of public administrators, who must balance the often contradictory demands of efficiency and their constitutional obligations. Cooper has argued that administrative ethics as a significant field of study is only about 30 years old, dating from the mid-1970s, and largely instigated by the work of the "New Public Administration." This position, however, seems to discount the broad and rich academic heritage of public administration, and to overweight the importance of the New Public Administration contributions.

## Friedrich-Finer Debate

A productive and long-standing debate is between the comparative efficacy of "internal" controls and "externals" controls guiding managerial behavior. This distinction received attention in the iconic Friedrich-Finer debate in the early 1940s which concerned the most effective way to ensure accountability of public officials in a democratic system. This debate asked whether professional external controls or whether an individual informed and cultivated conscience is the better guarantee for ethical public managers.

Friedrich (1940) asserts that public officials can deal with administrative problems most ethically through internal checks. These checks are cultivated by various means including internalized professional standards and technical knowledge. Friedrich's view suggests that the complexity of public administration requires professionals to deal with ethical decisions because they are the only ones who have the knowledge to enclose the proper understanding of how to deal with ethical issues – no one else can properly do so. Thus, professionalism is the appropriate framework to guide administrative ethics because its combination of high standard technical knowledge and subjective ethical standards ensures the highest standard of ethic behavior and provides the best assurance of accountability.

Finer (1941), though, argues that external control by elected legislators is the proper way to enforce the ethical excellence of officials in public affairs. Finer deems public professionals insufficiently trustworthy to privately – or at least subjectively – determine the appropriate action that ensures the public good, arguing that public servants are to be closely responsive and directly responsible to the public's elected representatives, and by extension, the public. Finer insists that a reliance on internal checks and controls, such as Friedrich describes, leaves public officials more susceptible to corruption of one kind or the other in public management.

## Rationalism and the Science of Administration

Early in the modern history of public ethics, Woodrow Wilson argued that politics and administration should be separate in concept and practice; indeed, arguments for a scientific administrative profession discouraged any consideration of ethics for several decades (Wilson 1887, 2011). Early writers in the field of public administration "emphasized the power of reason to order human affairs" to the exclusion of less rational views of public management. (Spicer 1995) notes that the early influential scholars in the field, for example, Max Weber and Frederick Taylor, promoted a rational view of administration, in which subjectivity and values, as well as politics, need not enter into the administrative and management process.

Simon's (1946) seminal article, "The Proverbs of Administration," reinforced the scientific, rational view of administration by arguing that most of the values and ethical principles

that were being promoted as guidance for public managers were little more than platitudes or proverbs. Accordingly, he urged a rational and scientific paradigm for the pubic service, one that is divorced from politics and normative concerns.

Drawing on both his academic career and bureaucratic experience, Dwight Waldo (1980) challenged the logical positivist idea that facts and values can be clearly and cleanly distinguished. Because much of the scientific study of politics and political institutions was then being built on a logical positivist assumption, this was a considerable challenge to what was, at that time, becoming the dominant perspective in political science. Accordingly, in 1952, Waldo and Herbert A. Simon, author of the highly influential 1947 book *Administrative Behavior*, famously clashed over scientific administration's insistence on separating values from facts (Simon 1997). The exchange was highlighted in the *American Political Science Review* in 1952. The two did agree on the problem of naïve and facile confidence in scientism, but their more fundamental disagreements have proven to be useful in identifying many of the basic debates in public administration in general and public ethics in particular: these include the extent to which values may be excluded from public management, the degree to which the Constitution restricts administrative behavior, and the meaning of "responsible" administration (Harmon 1989).

Waldo's view, exercised in part by his book *The Administrative State*, first published in 1948, has predominated over time. He consistently holds with the basic assertion that the scientific method fails to reconcile administration with democratic values. Orthodox thought held that public managers should strive for a European ideal of detached, "scientific" administration, in which policies are to be implemented, individual reflection being unnecessary and inappropriate. Waldo argues that public servants should become active, informed, politically alert agents of change, whose mission is to improve the human condition and strengthen democracy. Among other things, Waldo's work provides an ongoing caution about disconnecting public administration from political science. At the same time, he anticipates the debate over just how active an agent of change public managers may be given the US Constitution (Waldo 1980).

## Watergate and Corruption

Werner (1983) reiterates that prior to the Watergate episode, the study of ethics was neglected, in part because of the "scientific origin of public administration" and also because of Wilson's influential insistence on the separation of administration and politics. The Watergate scandal (1972–1974), however, culminating in the resignation of President Richard Nixon, was the watershed event that forced a significant change in thinking about public ethics, even if such a shift would have inevitably occurred anyway over time. Sundquist (1974) argues that the impact of the Watergate scandal was made decidedly worse because it followed on the heels of the Vietnam War, another "breakdown," even though assessments of the nature and causes of that breakdown will differ. Accordingly, a "crisis of confidence in the entire system" emerged. He further argues that these episodes exposed a failure of both political and administrative checks and balances. In the wake of Watergate, several important legislative initiatives transpired, for example, The Ethics in Government Act of 1978 and the Inspector General Act of 1978 (Dempsey 1985).

In recent decades and especially with the catalyst of the Watergate scandal, courses in professional ethics are a staple of most curricula, whether the profession be medicine, architecture, or public service, for example, most MPA programs now require a course in Administrative (or Public) Ethics. Since then, scholarly work on administrative ethics and its application to practice have expanded with considerable speed and diversity. The number of journal articles, books, courses, conferences, and training exercises has proliferated, and public ethics has demonstrated its sustainability and its centrality to the field. Zimmerman (1982) suggests that corruption has four main components: "opportunity, incentive,

risk, and personal honestly." The first three are "controllable" by public authority; the last is not, hence, the need for scholarly interest.

Consideration of administrative corruption took a new turn with Adams and Balfour (2009) who argue that the prevailing cultural context, with its emphasis on technical rationality, has fostered a new and dangerous form of "evil." Adams and Balfour discuss the overlooked relationship between evil and public administration, as well as other fields and professions in public life. The authors argue that the tendency toward administrative evil, as manifested in acts of dehumanization and genocide, is deeply woven into the identity of public administration, as well as other fields and professions in public life. The common characteristic of administrative evil is that ordinary people within their normal professional and administrative roles may engage in acts of evil without being aware that they are or they are indifferent to the wrong that they do. The subjectivism element in such an approach reveals itself in choosing just what is evil and what is not. Some offenses are undoubtedly self-evident, but other possible malfeasances may not be. Jurkiewicz (2012) further develops this topic by expanding on the concept of organizational evil as she distinguishes between the "microlevel" of administrative evil – that is committed by discrete individuals – and the "macrolevel" of evil that occurs on the policy and cultural levels of the organization.

Giacalone and Jurkiewicz (2003) provide a welcome perspective on ethics by taking a network sample of employees from across the United States to assess the relationship between individual spirituality and perceptions of unethical business activities. Analyses indicate that degree of individual spirituality influences whether an individual perceives a questionable business practice as ethical or unethical; that is, religion may heighten ethical awareness. Such a finding should not be surprising given the century-old normative dimension of spirituality. Ramifications of these findings regarding the role of spirituality in enhancing workplace ethicality, as well as directions for future research, are included in their conclusions.

## Democracy, Citizenship, and Regime Values

Mosher (1968) was an early voice in noting the inevitable tension between professionalization in public service and accountability in a democracy; accordingly, he expressed concern over a "marginalization of the public interest." John Rohr (1986, 2002) has been the leading voice advocating that public servants accept the Constitution as their key ethical guide. Rosenbloom (1992) has similarly argued that the Constitution is the ethical map for public managers.

According to Rohr and others, although Wilson and his fellow civil service reformers exerted considerable influence on the development of the American administrative institutions, they were inadequately appreciative of the constitutional framework in which they operated. As a result, we find ourselves living today in artificially isolated administrative state seemingly bereft of legitimating principles grounded in the political thought of the framers of the Constitution. Rohr and others are concerned to justify the administrative state within the American constitutional tradition, a concern perhaps inadequately appreciated in the Progressive Era, in, for example, the writing of Woodrow Wilson and Frank Goodnow (Pestritto and Atto 2008).

In establishing "regime values" to guide administrators, Rohr draws on three significant founding sources from which to draw legitimacy: (1) the founding of the republic, 1787–1795; (2) the founding of public administration, 1883–1899; and (3) the founding of the administrative state, 1933–1941. Additionally, he looks to the US Supreme Court jurisprudence as a legitimizing source. Thus, public administration finds its ultimate authority in the US Constitution which provides structural safeguards to protect the integrity of administrative decision-making while also holding it accountable (see also Spicer 1995).

Brown (1983) argues that the leader should see a professional obligation for ethical behavior not only to himself but also to the organization as a whole. The consideration of the two spheres of behavior is inseparable (Brown 1983). (Frederickson and Hart 1985) call for a

"patriotism of benevolence," a concept which they suggest has its roots in the Scottish Enlightenment and is reinforced by Alexis de Tocqueville's thought (Tocqueville 2003). Gawthrop believes that, given the growing complexity of governance and the intensifying nature of the administrator's role, a renewed meaning of civic character is necessary (Bruce 2008; Gawthrop 1984). Cooper (1991) and Chandler (1984), among others, argue that the touchstone of public ethics should be the concept of the public manager's dual identity as manager and a citizen, so that the public manager most closely identifies with those he or she serves. At least theoretically, this would help close the gap between the citizen and the administrative apparatus that serves the citizenry (Frederickson 1982; Frederickson and Chandler 1984).

Likewise, Ventriss (2012) notes that a focus on managerial approaches, technical competency, and adherence to procedural rules is unlikely to provide the normative framework necessary to connect citizens with their government. For that reason, he follows Frederickson in calling for a renewed emphasis on bureaucratic citizenship to reconnect the citizenry to its government so as to better understand and manage the normative interrelationships between political and economic issues. In doing so, public administration might better assume a leading role in public life, and the normative dominance of capitalism and individualism might be tempered.

## Professionalism and Codes of Ethics

An important consideration is that ethics should primarily be guided by some conception of professionalism (Jones 1982; Kearney and Sinha 1988). In this argument, one may find echoes of the classic Friedrich-Finer debate; according to Kyarimpa and Garcia-Zamor (2006), those who rely on a conception of professionalism to determine the framework of administrative ethics may rest this expectation on the premise that formal fixed codes that are built on technical knowledge will guide the public manager. Thus, to ensure the efficacy and ethics of public administration, officials should follow goals, mission statements, rules, and regulations. There does, however, arise a question of whether professionalism constitutes external restraints and guidance or whether it is something internalized and individualistic.

Bowman (1981) and Zimmerman (1982) provide extensive surveys of Codes of Ethics. The road to construct a Code of Ethics for the American Society for Public Administration (ASPA) has been a long and at times difficult one, with several twists and turns. In an early essay, Moneypenny (1953) discussed the limited effectiveness of a Code of Ethics that it might consist of little more than superficial piety if such principles are not internalized by the individual. He concluded, however, that on balance, such a code is useful, especially if it is tailored to the particular professional context in which it is to be applied. Other questions had to do with, among other things, whether a Code of Ethics was even appropriate. Chandler weighs the arguments for and against a code and concludes in the affirmative (Chandler 1982, 1983).

ASPA adopted a loose set of ethical principles in 1981, and, in 1984, ASPA approved a formal Code of Ethics which was expanded the next year to include implementation guidelines.

In 1993, ASPA's leadership further revised the ASPA Code of Ethics (Van Wart 1996). More generally, Mentzel calls for more and better research on the role that Codes of Ethics play in encouraging ethical behavior (2015).

## Whistle-Blowing and Statutory Approaches to Ethics Enforcement

Bowman (1980) supplies a comprehensive overview of the phenomenon and importance of whistle-blowing noting that such activity involves two important values – on the one hand, the necessity of accountability to the public for institutional behavior and, on the other hand, due process protections for those willing to expose governmental wrongdoing. He explains, however, that greater attention is needed regarding the protection of the whistle-blower. Whistle-blowing has received increasing support over the years,

even to the extent that cash awards may be provided to whistle-blowers; such statutes, however, can only offer so much protection, especially in the months and even years after a whistle-blowing incident.

In a related consideration and employing case studies, offers a fresh perspective by arguing the importance of workplace dissent and presents strategies for ways public servants can ethically engage in "guerilla activity" in the interest of making the workplace more accountable and the ways managers can tap into the potentially insightful and creative ideas of dissenters. To the extent, there is an agreement that campaign finance morally compromises those in the public service; most major legislative efforts to regulate campaign finance have often foundered on interpretations of the First Amendment. Mentzel (2015) notes that statutory approaches to ethics often do little more than discourage unethical behavior rather than encourage ethical behavior. Kyarimpa and Garcia-Zamor (2006) state that although rules and regulations are instrumental in the education and training of public servants, they often fall short of guiding those same individuals when they are faced with personal conflicts of interests and other difficult discretionary challenges.

## Virtue-Based Ethics

MacIntyre (1981) sounded an early – and now classic – warning that the traditional concept of virtue was in danger of extinction. In administrative ethics, Lilla (1981), in a forceful criticism of a rational analysis approach to ethical decision-making, advocated the cultivation of a character profile suitable for those in the public service, and Sommers argues that ethics without formation in virtue might be as detrimental as beneficial since it may only teach moral cleverness (Vetterli and Bryner 1987). For those reasons and more, virtue-based ethics are now given considerable attention, although scholars may vary in the extent to which they draw upon classical conceptions of virtue or if they are more innovative in their construction of the profile of the virtuous administrator. Dobel (1999, 2001, 2010), for example, emphasizes the Aristotelian virtue of "prudence," while Bailey (1964) argues, with echoes of the Aristotelian division of moral and intellectual virtue, that the source of ethics for the public servant is an innovative combination of individual moral qualities and mental attitudes. The former are "courage, optimism, and fairness"; the latter are "a recognition of the moral ambiguity of all persons, the importance of context in determining moral priorities, and an understanding of the paradox of procedures." Bailey's construct might be understood as an update on the Aristotelian-Thomistic arrangement of intellectual virtue and moral virtue, although it is not clear if that is his intention (also see Lilla 1981).

Chapman (1993) asserts that the personal values of public officials are the most important element in administrative ethics. He criticizes the reliance on professional code of ethics alone because they may not help public administrators to deal meaningfully with "real" situations. Hart (1984) suggests that the necessary traits of character for public servants are "superior prudence, moral heroism, caring or love for humanity, trust in the citizenry, and a continuing quest for moral improvement." Cooper and Wright (1992) argue that to the extent that character is important, it can often be best taught or encouraged by studying the lives of public leaders known for their strength of character. Pincoffs (1986) has concluded that a virtue-based ethics means that public administrators should be in the business of "judging" the character of their colleagues and prospective characters. On the one hand, being a "good judge of character" may be little more than common sense; on the other hand, Pincoffs seems to elevate the act of judging character to a kind of skill or even a virtue.

## Social Equity and Sexual Harassment

The "New Public Administration" followed the "Minnowbrook" conference at Syracuse University in 1968. It was organized by Dwight Waldo, prompted by complaints that public administration as a discipline had become irrelevant (Marini

1971). The ideas of the New Public Administration have drawn considerable attention, which may have had as much to do with a dearth of new ideas in public administration as with the substance of New Public Administration itself, which is largely aspirational and politically (well) left of center – a product of the 1960s. These endeavors have drawn not only attention but criticism as well (Golembiewski 1977; also Nigro 2014).

Frederickson, a participant at the Minnowbrook conference, more recently has organized a "Minnowbrook II" and "Minnowbrook III." In 1968, Frederickson called for a theory of social equity as a "pillar" of public administration. Frederickson was concerned that those in public administration were making the mistake of assuming that all citizens are equally situated, ignoring their varied social and economic conditions (Frederickson 1990). Such an argument, however, does not adequately address the way in which an *administrative*, as opposed to a political, call for equity would legitimately operate in a republic.

The "Blacksburg Manifesto," composed in 1983, expresses concerns that are similar to those at the Minnowbrook but at the same time tries to ground those aspirations in the Constitution and defend them as legitimate concerns of public managers. The Manifesto also emphasizes the importance of the values of equity and equality given the often-dominant influence of a market-driven economy (Wamsley et al. 1990). Hart (1974, 1984) has further endeavored to integrate a concern for social equity within the mainstream of public administration.

More recently, and with similar concerns about equity and equality, scholars have begun to address sexual harassment and related problems. Gooden (2015) examines the social equity scholarship published in the *Public Administration Review* (*PAR*) from 1940 to 2013 and concludes that less than 5% of all articles published in the journal since its inception focus on social equity. She argues that scholars and professionals need to more thoroughly examine issues of procedural and structural inequities. Box (2008) argues that public administrators and managers play a central role in determining which American values are "progressive" and which are "regressive," calling upon officials and scholars to promote the former; though, she may not adequately acknowledge the complications of individual subjectivism and political partisanship.

## The Problem of "Dirty Hands" and "Many Hands"

Walzer (1973) argues that "a particular act of government may be exactly the right thing to do in utilitarian terms and yet leave the man who does it guilty of a moral wrong." In Walzer's view, the problem creates a paradox: the politician must do "wrong to do right."

Walzer and others suggest that the key question is how to punish or hold the dirty-handed official accountable even if the leader who gets his hands dirty does so in the name of citizens and with their implicit approval. If his decision is not democratically legitimate, the problem is an abuse of power, not a moral dilemma. Some argue that neither Walzer nor his philosophical critics recognize that the problem takes a different form in democratic politics (Thompson 1987).

Political ethics assumes that individuals can, in fact, be held responsible for the actions for which they are judged, but the structure of public office may threaten this assumption because many different individuals in an organization contribute in many ways to decisions and policies. Consequently, it is sometimes difficult, even theoretically, to identify who is responsible for what a concern described as "the problem of many hands" (Thompson 1980).

## Ethics Education

As noted, at the founding of the American Republic, moral philosophy was almost without exception of a "core" course for those at the university – and thus, those expected to assume roles of public leadership. In the twentieth and twenty-first centuries, the broad consensus seems to be that ethics can and should be taught (Bruce 2001), and she

also points out that ethics education in public administration was not addressed systematically until 1976 following Watergate. Although Watergate may have precipitated the contemporary emphasis on ethics education, Rohr (1976) warns that it might send educators in the wrong direction since, among other things, (1) the offenders in Watergate were almost all elected or politically appointed rather than career administrators and (2) ethical problems in government are not systemic, accordingly, and education should be directed toward higher-level ethical challenges.

A broader difficulty, suggested already in this essay, is that scholars are not agreed on *what* ethics is; for that reason, consensus on *how* ethics should be taught is hard to achieve. As noted above, in an influential essay, Lilla (1981) argues that the dominance of rational analysis in political science, public administration, and public policy has left educators bereft of the capacity for genuine instruction in moral formation (also see Mayer and Harmon 1982; Hejka-Ekins 1988). Over the past several decades then, several administrative textbooks, or books that may serve as textbooks (as opposed to supplementary texts), have appeared, among which are Geuras and Garofalo (2010), Cooper (2000, 2004, 2012), Bowman and Menzel (1998), Bowman and West (2014) and Denhardt (1988) who more narrowly focus on case studies, or ethical dilemmas, as the pedagogical tool of choice.

An area of abiding interest is in the use of literature to encourage moral formation, a pedagogy that Herbel (2015) argues to employ a kind of literary "case study" that in many instances is richer than conventional case studies and does more to invoke the imagination and thus potentially strengthen individual character. Richardson and Adkins (1997) likewise suggest that the use of literature may be the best means of ethics education; Sommers (1993) argues that the moral dilemma approach should be reserved until later in ethics education after students have received more substance in their education; otherwise, they may only learn casuistry. Holzer et al. (1979) note the rich array of ways in which literature might enrich ethics education. Dobel demonstrates the usefulness of Homer (2006) and Dobel (2015) to illuminate questions of ethical character and performance. Marini (1992) employs Greek tragedy, and Dobel (2015), Edmondson (2006, 2015), Herbel (2015), and Uhr (2015) argue for the utility of the plays of Shakespeare in shaping moral character. Jurkiewicz (2006) demonstrates the relevance and importance of Toni Morrison's fiction in promoting ethical leadership, and Donaldson (2006) explains the significance of the American author Wendy Wasserstein's play "An American Daughter." For a more general study of the political and moral dimensions of Shakespeare, see, e.g., Bloom and Jaffa (1964).

## Ethical (and Unethical) Organizations

William H. Whyte, in 1956, called attention to the baleful effects of the organization on the individual. An important contemporary concern is whether organizations themselves can be ethical or unethical. Cooper (1982) addresses the moral dimensions of the organizational context, and Denhardt (1988) further explores this issue. Cooper argues that the single most salient organizational issue is one concerning organizational hierarchy and culture, both of which frustrate ethical behavior. Mentzel (2015) notes the significance of ongoing research into "ethical systems" and "high-performing organizations." Verhezen (2008) argues that "integrity" is neither the sole possession of the individual nor a discreet quality of an organization; rather, it is a quality produced by a dynamic interchange of values between the individual and the organization. Van Wart and Denhardt explain that improved ethics may require organizational structure change, though such change may bring unintended adverse results (2001).

## Conclusion

It may be that the best approaches to public ethics are comprehensive: Waldo (2000) provides a "map" of sorts that frames the relationship between public administration and ethics. Based on this map, public administrators should have

strong obligations to self, democracy, general welfare, and humanity and, at the same time, embrace strong obligations to the Constitution, laws, organizational-bureaucratic norms, and professionalism. Willbern (1984) suggests that six types, or levels, of morality for public officials exist, involving increasing degrees of complexity and subtlety. Cooper (2012) calls for more systematic collaborative investigation of salient topics in administrative ethics among which he suggests are organizational structure and ethics, social equity, and American ethical concerns considered in a global context.

Mentzel (2015) reviews research on ethics and integrity in public administration in the United States published in the journals *Public Administration Review* and *Public Integrity* between 2005 and 2014 and calls for greater cross-fertilization of ideas and research strategies combining public ethics with various fields including psychology, education, and business. Additionally, he emphasizes the need for such research to be more grounded in methodological rigor. He notes several "research gaps": notably, the effectiveness of ethical training, the new ethical issues raised by technology and information systems, and the growing phenomenon of public and private partnerships (Mentzel 2015).

In conclusion, it may be that for administrative ethics scholarship to proceed productively at least three considerations might be helpful: First, scholars might display a greater awareness of the constitutional limitations of the administrative role; otherwise, some scholarly activity may be largely irrelevant, notwithstanding shifting interpretations of the Constitution produced by changing personalities on federal courts and, to a lesser degree, state courts. Secondly, scholars should recognize when the assumptions behind their work are not just political but partisan. This does not mean that such partisan-inspired efforts are invalid, but it should not be presumed that the reader shares such assumptions. For example, as fundamental as John Rawls work has proven to be, his scholarship is by no means politically neutral; accordingly, any proposals for public ethics that rest upon his work are likewise colored by his political orientation (Rawls 1971). Finally, since ethics is an important and ancient field of study, contemporary efforts might do more to incorporate the moral philosophical tradition. At times, scholarly products, while theoretically interesting, appear to be insufficiently philosophically rooted and for that reason less compelling than they might be. There seems to be ample room for scholars to draw more deeply on classical moral philosophy such as has been demonstrated, for example, by Bok (1989, 1999, also see Fox 2001).

## References


Adams J (1850) The life and works of John Adams, 2nd Presidend ot the US: with a life of the author, notes and illustrations by his grandson Charles Francis Adams, vol IX. Little Brown and Co., Boston, pp 228–229

Adams GB, Balfour DL (2009) Unmasking administrative evil, 3rd edn. Routledge, Florence

Adamson JW (ed) (1922) The educational writings of John Locke. At The University Press, Cambridge

Aquinas T (1984) Treatise on happiness (trans: Oesterle JA). Notre Dame Press, Indianapolis

Aquinas T (2000) Treatise on law (trans: Regan SJ, Richard J). Hackett

Aristotle (1984a) The nicomachean ethics (trans: Ross D). Oxford University Press, Oxford, UK

Aristotle (1984b) The politics (trans: Lord C). The University of Chicago Press, Chicago

Bailey SK (1964) Public Adm Rev 24(4):234–243

Bloom A, Jaffa H (1964) Shakespeare's politics. Basic Books, New York

Bok S (1989) Secrets, reissue edn. Vintage, New York

Bok S (1999) Lying: moral choice in public and private life. Vintage, New York

Bowman JS (1980) Whistleblowing in the public service: an overview of the issues. Rev Public Pers Adm 1(1): 15–27

Bowman JS (1981) The management of ethics: codes of conduct in organizations. Public Pers Manag 20(1): 59–70

Bowman JS, Menzel DC (1998) Teaching ethics and values in public administration programs: innovations, strategies, and issues. State University of New York Press, Albany

Bowman JS, West JP (2014) Public service ethics: individual and institutional responsibilities. CQ Press, Washington, DC

Box RC (2008) Making a difference: progressive values in public administration. Routledge, Abingdon-on-Thames

Brann ETH (1979) Paradoxes of education in a Republic. The University of Chicago Press, Chicago

Brown DS (1983) The managerial ethics and productivity improvement. Public Prod Manage Rev 7(3)
Bruce W (2001) Classic of administrative ethics. In: Bruce W (ed) Westview Press, Boulder
Bruce W (2008) Classics of administrative ethics. Westview Press, New York
Chandler RC (1982) The problem of moral illiteracy in professional discourse: the case of the statement of principles of the American Society for Public Administration. Am Rev Public Adm 16(4):2–14
Chandler RC (1983) The problem of moral reasoning in public administration: the case for a code of ethics. Public Adm Rev 43(1):32–39
Chandler RC (1984) Conclusions: the public administrator as representative citizen: a new role for the new century. Public Adm Rev 44(Special Issue):196–206
Chapman RA (1993) Introduction 1.6. In: Chapman RA (ed) Ethics in public service. McGill-Queen's University Press, p 2
Conant JB (1962) Thomas Jefferson and the development of American public education. University of California Press, Berkeley
Cooper TL (1982) The responsible administrator port Washington. Kennikat Press, New York
Cooper T (1991) An ethic of citizenship for public administration. Prentice Hall, Upper Saddle River
Cooper T (ed) (2000) Handbook of administrative ethics (public administration & public policy), 2nd edn. CRC Press, Boca Raton
Cooper T (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 64(4):395–407
Cooper T (2012) The responsible administrator, 6th edn. Jossey-Bass, Hoboken
Cooper TL, Wright ND (eds) (1992) Exemplary public administrators: character and leadership in Government. Jossey-Bass, San Francisco
de Tocqueville A (2003) Democracy in America. Penguin, London
Dempsey CL (1985) The inspector general concept: where it's been, where it's going. Public Budg Finance 5(2): 39–51
Denhardt KG (1988) The ethics of public service: resolving moral dilemmas in public organizations. Praeger, Westport Connecticut
Dobel PJ (1999) Political prudence and the ethics of leadership. Public Adm Rev 58(1):74–81
Dobel PJ (2001) Public integrity. Johns Hopkins University Press, Baltimore
Dobel PJ (2006) Mortal leadership in Homer's Odyssey. Public Integrity 8(3):215–231
Dobel PJ (2010) Prudence and presidential ethics: the decisions on Iraq of the two presidents Bush. Pres Stud Q 40(1):57–75
Dobel PJ (2015) The fragility of public service: a leadership study of Richard II and measure for public integrity 17(3):291–307
Donaldson S (2006) Outside, looking in: female leadership in Wendy Wasserstein's an American daughter. Public Integrity 8(3):207–214
Edmondson HT III (2001) Symposium on public and private morality, introduction. Public Integrity 3(2): 109–111
Edmondson HT III (2006) Rethinking the values of war: Shakespeare's *Troilus and Cressida*. Public Integrity 8(3):233–243
Edmondson HT III (2015) Why Hotspur can't take a Joke: temperament and leadership in Shakespeare's Henry IV, Part 1. Public Integrity 17(3):247–263
Finer H (1941) Administrative responsibility in democratic Government. Public Adm Rev 1(4):335–350
Fox CJ (2001) The use of philosophy in administrative ethics. In: Cooper T (ed) Handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 105–130
Frederickson HG (1982) The recovery of civism in public administration. Public Adm Rev 42(6):501–508
Frederickson HG (1990) Public administration and social equity. Public Adm Rev 50(20):228–237
Frederickson HG, Chandler RC (1984) Citizenship and public administration. Public Adm Rev 44(Special Issue)
Frederickson HG, Hart DK (1985) The public service and the patriotism of benevolence. Public Adm Rev 45: 547–553
Friedrich CJ (1940) Public policy and the nature of administrative responsibility. In: Friedrich J (ed) Public policy. Harvard University Press, Cambridge
Gawthrop L (1984) Civis, civitas, and civilitas: a new focus for the year 2000. Public Adm Rev 44:101–111
Geuras D, Garofalo C (2010) Practical ethics in public administration. Management Concepts Press, London
Giacalone RA, Jurkiewicz CL (2003) Right from wrong: the influence of spirituality on perceptions of unethical business activities. J Bus Ethics 46(1):85–97
Golembiewski R (1977) Public administration as a developing discipline. CRC Press, New York, pp 118–246
Gooden S (2015) PAR's Social equity footprint. Public Adm Rev 75(3):372–381
Hampshire S (ed) (1978) Public and private morality. Cambridge University Press, Cambridge
Harmon MM (1989) The Simon/Waldo Debate: a review and update. Public Adm Q 12(4):437–451
Hart DK (1974) Social equity and organizational man: motivation and organizational democracy. Public Adm Rev 34(Special Issue):11–18
Hart DK (1984) The virtuous citizen, the Honorable Bureaucrat, and 'Public' administration. Public Adm Rev 44(Special Issue: "Citizenship and Public Administration"):111–120
Hejka-Ekins A (1988) Teaching ethics in public administration. Public Adm Rev 48(5):885–891
Herbel J (2015) Public integrity, Shakespeare's Machiavellian moment: discovering ethics and forming a leadership. Narrat Henry 17(3):265–278
Herbel J, Edmondson HT III (2015) Introduction: symposium on Shakespeare and Governance. Public Integrity 17(3):243–246
Hobbes T (1967) The Leviathan. Oxford at the Clarendon Press, Oxford

Holzer M, Morris K, Ludwin W (eds) (1979) Literature in bureaucracy: readings in administrative fiction. Avery Publishing Group, Wayne
Honeywell RJ (1931) The education views of Thomas Jefferson. Harvard University Press, Cambridge
Jones GN (1982) Rise and fall of a professional ideal: particulars concerning public administration. Am Rev Public Adm 16(4):305–319
Jurkiewicz CL (2006) Soul food: Morrison and the transformative power of ethical leadership in the public sector. Public Integrity 8(3):245–256
Jurkiewicz CL (2012) The foundations of administrative evil. Routledge, Abingdon-on-Thames
Kant I (2002) Critique of practical reason (trans: Pluhar WS). Hackett Publishing Company, Indianapolis
Kearney RC, Sinha C (1988) Professionalism and bureaucratic responsiveness: conflict or compatibility? Public Adm Rev 48(1):571–579
Kennedy SS, Malatesta D (2010) Safeguarding the public trust: can administrative ethics be taught? J Public Affairs Educ 16(2):161–180
Kierkegaard S (1986) Fear and trembling (Penguin classics). Westminster, London
Kyarimpa GE, Garcia-Zamor J-C (2006) The quest for public service ethics: individual conscience and organizational constraints. Public Money Manage 26(1): 31–38
Lilla MT (1981) Ethos, 'ethics,' and public service. Public Interest, Oxford, UK
Locke J (1960) Two treatises of Government. Cambridge University Press, Cambridge, UK
Machiavelli N (1998) The prince (trans: Mansfield HC), 2nd edn. University of Chicago Press, Chicago
MacIntyre A (1981) After virtue. Notre Dame University Press, Notre Dame
Malatesta D, Carboni J (2015) The public-private distinction: insights for public administration from the state action doctrine. Public Adm Rev 75(1):63–74
Marini F (ed) (1971) Toward a new public administration: the minnowbrook perspective. Chandler, New York
Marini F (1992) The uses of literature in the exploration of public administration ethics: the example of antigone. Public Adm Rev 52(5):420–426
Marion DE (1986) The constitution and the study of public administration: drawing guidance from the founding. Teach Polit Sci Politics Perspect 13(4):160–167
Mayer RT, Harmon MM (1982) Teaching moral education in public administration. South Rev Public Adm 6(2): 217–226
Mentzel DC (2015) Research on ethics and integrity in public administration: moving forward, looking back. Public Integrity 17(4):343–370
Mill JS (2002) The basic writings of John Stuart mill: on liberty, the subjection of women and utilitarianism, modern library classics. Modern Library, New York
Miller EF (1984) On the founders' defense of a liberal education in a republic. Rev Politics 46(1):78–79
Moneypenny P (1953) A code of ethics as a means of controlling administrative conduct. Public Adm Rev 13(3):185–201
Mosher FC (1968) Democracy and the public service, 2nd edn. Oxford University Press, New York
Nietzsche F (1977) The portable Nietzsche (portable library) (trans: Kaufmann W). Penguin Books, Westminster/London
Nigro L (2014) New public personnel administration. Cengage Learning, Boston
O'Leary R (2013) The ethics of dissent: managing Guerilla government, 2nd edn. CQ Press, Washington, DC
Pestritto RJ, Atto WJ (2008) American progressivism: a reader. Lexington Books, Lanham
Pincoffs EL (1986) Quandaries and virtues: against reductivism in ethics. University Press of Kansas, Lawrence
Plato (1981) Five dialogues: euthyphro, apology, crito, meno, phaedo (trans: Grube GMA). Hackett
Plato (1988) The laws (trans: Pangle TL). University Of Chicago Press
Plato (1991) The republic (trans:Bloom A), 2 sub edn. Basic Books
Rawls J (1971) A theory of justice. Belknap Press of Harvard University, Cambridge, MA
Richardson WD, Adkins SR (1997) Understanding ethics through literature: character, honor and the corruption of body and soul in king rat. Adm Soc 29(2): 201–221
Rohr J (1976) The study of ethics in the P.A. curriculum. Public Adm Rev 36(4):398–406
Rohr JA (1986) To run a constitution: the legitimacy of the administrative state. University Press of Kansas, Lawrence
Rohr JA (2002) Civil servants and their constitutions. University Press of Kentucky, Lexington
Rosenbloom DH (1992) The constitution as a basis for public administrative ethics. In: Madsen PM, Shafritz JM (eds) Essentials of government ethics. Viking Penguin, New York
Simon H (1946) The proverbs of administration. Public Adm Rev 6(1):53–67
Simon HA (1997) Administrative behavior, 4th edn. Free Press, New York
Sommers CH (1993) Teaching the virtues. National Affairs 111:3–13
Spicer MW (1995) The founders, the constitution, and public administration: a conflict in World views. Georgetown University Press, Washington, DC
Sundquist JL (1974) Reflections on watergate: lessons for public administration. Public Adm Rev 34:453–461
Thompson D (1980) Moral responsibility of public officials: the problem of many hands. Am Sci Rev 74(4): 905–916
Thompson D (1985) The possibility of administrative ethics. Public Adm Rev 45(5):555–561
Thompson DF (1987) Political ethics and public office. Harvard University Press, Cambridge, MA
Uhr J (2015) Investigating public integrity in Macbeth. Public Integrity 17(3):279–290
Van Wart M (1996) The sources of ethical decision making for individuals in the public sector. Public Adm Rev 56(6):525

Van Wart M, Denhardt KG (2001) Organizational structure: a reflection of society's values and a context for individual ethics. In: Cooper TL (ed) Handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 227–241
Ventriss C (2012) Democratic citizenship and public ethics. Public Integrity 14(3):283–297
Verhezen P (2008) The (Ir)relevance of integrity in organizations. Public Integrity 10(2):135–152
Vetterli R, Bryner G (1987) In search of the republic: public virtue and the roots of American government. Rowman and Littlefield, Totowa
Waldo D (1980) The administrative state: a study of the political theory of American public administration, 2nd edn. Holmes & Meier Publishers, New York
Waldo D (2000) The relationship between ethics and public administration: the concept of competing ethical obligation. In: Stillman RJ (ed) Public administration: concepts and cases. Houghton Mifflin Company, Boston, pp 498–512
Walton JC, Preinkart AH (1932) The educational views of George Washington, based on his letters, diaries, and addresses, from the history of the George Washington bicentennial celebration, vol I. U.S. George Washington Bicentennial Commission, Washington, DC
Walzer M (1973) Political action: the problem of Dirty Hands. Philos Public Aff 2(2):160–180
Wamsley GL et al (1990) Refounding public administration. Sage, Newbury Park
Werner SB (1983) New directions in the study of administrative corruption. Public Adm Rev 43(2):146–154
Willbern Y (1984) Types and levels of public morality. Public Adm Rev 44(2):102–108
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wilson W (2011) Constitutional government in the United States. First Published C08, Kindle Edition. Quid Pro Books, New Orleans
Zimmerman JF (1982) Ethics in the public service. State Local Gov Rev 14(3):98–106

# Ethics and Public Administration

Ola G. El-Taliawi and Isha Dayal
Lee Kuan Yew School of Public Policy,
National University of Singapore,
Singapore, Singapore

## Synonyms

Bureaucratic ethics; Moral responsibility; Regime values

## Definition

Values bureaucrats should normatively possess for effective and moral administration of public service.

## Introduction

The questions of what values public servants should possess to be able to perform their duties, and what moral standards should inform their decisions, lie at the heart of public administration and management debate. This debate can be traced back to the 1800s, with Purinton's seminal work on the Ethics of the State (1897). The study of ethics has been highly interdisciplinary – borrowing concepts, theories, and applications from diverse fields, such as business administration, sociology, theology, psychology, philosophy, and law.

While there is general agreement on the necessity of public servants to undertake government functions in a fair and impartial manner, it has been more challenging for scholars and practitioners to agree on a standard conceptualization of what may be ethical, as well as a mechanism for ensuring ethical conduct in the public service. Therefore, this entry will shed light on this debate as existing in the literature.

## The Importance of an "Ethical State"

The specific importance of discussing ethics in public administration lies in the sheer "power of the government," i.e., its ability to execute orders, generate revenues, penalize offenders, and perform many other critical functions on behalf of the society (Dobel 2005). Since the government carries out these functions through its public servants, the need for ethics and values as a guarantee against possible abuse of power becomes all the more important. Additionally, being the regime's "implementation arm," the executive branch derives its legitimacy from the regime, but its actions also overshadow it. Therefore, any corrupt, partial, or unfair activity would necessarily have ramifications on the governing

regime's legitimacy and trust in the eyes of the people. Therefore, an array of mechanisms has been adopted by governments worldwide, including ethical guidelines and codes of conduct, stressing the importance of bureaucrats undertaking their tasks in a fair and impartial manner (Kernaghan 2003; Van Der Wal 2017). Such ethical behavior on the part of the public administration is said to be important for good and effective governance.

## Bureaucratic Ethics Defined

It is pertinent before embarking on a discussion of public administration ethics to provide an understanding of what these are. Lynch et al. (2007) highlight the existence of three perspectives for conceptualizing bureaucratic ethics:

1. The "virtue ethics" perspective, wherein public servants are expected to apply the traits of a "moral and virtuous" character to their daily administrative functions
2. The "deontological" perspective, wherein public servants should asses their behavior in terms of a dichotomous "right" or "wrong"
3. The "consequential ethics" perspective, wherein a public servant's action is regarded as ethical based on whether it results in the intended outcome – of increasing the utility, satisfaction, and happiness of the citizenry

While "ethics" entail philosophical views on righteousness, morals, and values, for bureaucrats, such prudence is entwined with administrative requirements of efficiency and economy in public service delivery (Frederickson and Walling 2000). In practice, such conduct, deemed acceptable of bureaucrats, is institutionalized as the "codes of ethics" in the public administration.

## The Evolving Debate on Ethics in Public Administration

The debate on ethics in public administration reflects to a great extent the evolution and reform this field has seen over the past decades (Christensen and Lægreid 2011; Maesschalck 2004). According to the classical view, which developed in the liberal democratic regimes in the nineteenth century, what was ethical and moral of public servants was to adhere to the law and implement policies as handed down by elected officials (Dobel 2005). The oath of office, in this case, was seen as the ultimate guarantee of ethical conduct and consequent adherence to the law and the democratic process (Rohr 1979). According to Dobel (2005), this view still holds considerable weight among some public managers, as they see it as a good mechanism for transcending personal affiliations (ethnic, religious, or gender-based) and ensuring impartial service to all citizens.

With the emergence of new public management (NPM) as a school of thought, efficiency became seen as the ultimate driver that should guide public servants' actions in order to maximize public value out of limited resources. Focus on outcomes and oversight, thus, became increasingly important. Contracts were believed to be the solution to enhancing accountability and transparency in government operations (Christensen and Lægreid 2011).

Further down the road, post-NPM advocates called for the inclusion of more equitable and democratic processes in public administration, emphasizing citizen participation and representative bureaucracy as paramount for ensuring an "ethical" public administration (Christensen and Lægreid 2011). As a reflection of this evolution, many ethics guidelines around the world now emphasize democratic values such as responsiveness, representativeness, and openness as hallmarks of good governance (Kernaghan 2003).

## The Paradox of Ethics for Bureaucrats

While ethical conduct in public administration continues to be deemed important, the design and adoption of an ethics framework for public servants have presented more of a challenge to scholars and practitioners alike. Such challenges arise from the difficulty of reconciling paradoxical issues, such as public servants' use of discretion and their differing philosophical paradigms.

### The Dilemma of Bureaucratic Discretion

While adherence to law is seen as important to reduce the threat of immoral conduct and potential infringement by the administration on liberal democratic values, laws are often vague and conflicting in nature. Therefore, public servants usually make discretionary judgments to be able to balance and implement laws, especially at the level of "street bureaucrats" (Lipsky 1980). However, some theorists, especially those who share the classic view, consider this as a problem, since it necessitates the use of one's own cognitive assessment. It also means that public servants have "moral responsibility" over outcomes and process and might guide their judgments according to their "own" set of values. This is considered a potential threat to the supremacy of the law, accountability lines, and liberal democratic values (Dobel 2005).

### The Dilemma of Contrasting Frameworks

In the gray area where laws are confusing or nonexistent, public officers, as discussed, would have to use their discretionary judgment in undertaking the state's administrative functions. Therefore, an additional dilemma for the design of a standard ethics framework originates from public servants' innately different (1) philosophical frameworks, (2) views on public service, and (3) notions of organizational roles.

According to Lewis (1992), a person's philosophical framework determines their decision-making approach in complex situations, whereby they adopt either a "duty/principle approach" by judging situations based on principle or due process or a "results-based approach" by judging situations based on results and outcomes. Additionally, Lewis (1992) argues that individuals have different views of "public service," where some believe that public interests should override private interests, while others prioritize self-interest, rationality, and utility maximization. Moreover, individuals have contrasting notions of organizational roles, where some consider their public service appointment as a position of "trusteeship," where they should act in the public's best interests, whereas others consider their role as that of a "delegate," who should faithfully represent the will of the people (Lewis 1992). Hence, discretionary judgments would diverge greatly between one public servant and another, each according to their own views, values, and philosophical paradigms.

## Examples and Issues of Implementation

Some examples of practices and mechanisms adopted by governments to mainstream ethics guidelines in public organizations include ethical codes of conduct, ethics audits, whistle-blowing programs, ombudsman offices, and anti-corruption agencies. Performance measurements are also sometimes tied with ethical behavior to incentivize public servants to adhere to ethical conduct (Whitton 2001). However, the heterogeneity of public organizations, in terms of roles, size, structure, and functions, makes standardization and implementation of ethical guidelines for public servants a highly complex task (Christensen and Lægreid 2011). In many cases, codes of conduct merely outline the core values expected of a public servant, such as integrity, accountability, and trustworthiness, but do not equip civil servants with the necessary technical ability to recognize and manage an ethical dilemma (Whitton 2001). Therefore, despite efforts to make the bureaucracy more "ethical," there continue to be instances of violations, even in the most transparent and open governments.

## Conclusion

While adherence to ethical conduct on the part of public servants is generally viewed as a pathway to good governance, it has been more challenging for scholars and practitioners to agree on a standard conceptualization of what is "ethical." Notions of ethical bureaucratic behavior have evolved with the evolving public administration discipline. The "ethical" public organization and how to achieve it continue to be the "holy grail" of governments seeking to increase citizens' trust. Some mechanisms adopted to hinder corrupt practices include the adoption of ethical guidelines

and codes of conduct, whistle-blowing protection programs, and ombudsman offices. However, the heterogeneity of public agencies, the reliance on use of discretion by bureaucrats, and the different personal frameworks that guide individual public servants make the application and success of such mechanisms a highly complex and challenging task.

## Cross-References


- ▶ Accountability and Ethics
- ▶ Administrative Ethics
- ▶ Conflicts of Interest in the Public Sector
- ▶ Ethics and Good Governance


## References


Christensen T, Lægreid P (2011) Ethics and administrative reforms. Public Manage Rev 13(3):459–477

Dobel PJ (2005) Public management as ethics. In: Ferlie E, Lynn L Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Frederickson HG, Walling JD (2000) Research and knowledge in administrative ethics. In: Cooper T (ed) Handbook of administrative ethics. CRC Press, Boca Raton

Kernaghan K (2003) Integrating values into public service: the values statement as centerpiece. Public Adm Rev 63(6):711–719

Lewis CW (1992) The ethics challenge in public service. In: Shafritz JM, Hyde AC (eds) Public Administration: Classic Readings, 7th edition 2012. Wadsworth Cengage Learning, Baltimore

Lipsky M (1980) Street-level bureaucracy: the critical role of street-level bureaucrats. In: Shafritz JM, Hyde AC (eds) Public Administration: Classic Readings, 7th edition 2012. Wadsworth Cengage Learning, Baltimore

Lynch TD, Lynch CE, Cruise PL (2007) Global ethics in the 21st century: an alternative approach. In: Farazmand A, Pinkowski J (eds) Handbook of globalization, governance, and public administration. Taylor & Francis, Boca Raton

Maesschalck J (2004) The impact of new public management reforms on public servants' ethics: towards a theory. Public Adm 82(2):465–489

Purinton DB (1897) Ethics of the state. Am J Theol 1(4):965–997

Rohr JA (1979) Ethics for bureaucrats: an essay on law and values. In: Shafritz JM, Hyde AC (eds) Public Administration: Classic Readings, 7th edition 2012. Wadsworth Cengage Learning, Baltimore

Van der Wal Z (2017) The 21st century public manager. Macmillan International Higher Education. p.232

Whitton H (2001) Implementing effective ethics standards in government and the civil service. Accessed on 19 July 2018 at https://www.oecd.org/mena/governance/35521740.pdf


# Ethics and Public Administration in Latin America


Cristian Pliscoff
Institute of Public Affairs, University of Chile, Santiago, Chile


## Synonyms

Corruption; Ethics of civil servants

## Definition

Ethics and public administration in Latin America is the manner in which the ethical dimension of public employees unfolds, in terms of group behaviors, organizational and cultural traits, and individual actions, particularly, related to the presence or lack of corruption and/or integrity.

## Section

Latin America and the Caribbean

## Introduction

The topic of ethics and public administration in Latin America can be analyzed from many points of views. Without any doubt, it is, or it should be, one of the key issues in the public administration domain in the region. The fact that in the last 3 years several presidents of the region have been involved in cases of corruption, and a few of them even have been prosecuted because of the

role they played in the allocation of public resources, is a clear expression of how difficult to address yet crucially important this topic is to the region. However, a lack of ethics is not only an issue in the high levels of leadership in the public administration structure; it is also a matter of how citizens experience this problem on a daily basis, as unfortunately, in many countries of the region, offering bribes, *mordidas*, *coimas*, or *cutras*, and other types of gifts is part of the daily routines that most citizens must carry out in order to either access services in a faster fashion or receive any form of benefit at all. This is a multidimensional problem with psychological, political, normative, sociological, and many other factors that are required to understand the problem.

But the problem of corruption in Latin America is not the only expression as to how "ethics and public administration" takes place. The other dimension refers to the tension public employees have to face in those gray areas where personal, institutional, and national principles are at stake. It is the "ethical dilemmas" domain (Cooper 1998), where public employees face a tension among values on a regular basis in the areas where they work. Public employees have to decide whether to benefit or help one group instead of another in a context of limited resources, to choose one value such as fairness over the other such as justice or equality, or to design a policy that might affect the well-being of a region over the benefit that could yield to the rest. The usual approach to "solve" these ethical dilemmas is to abide by the law and, therefore, to do what the law prescribes. In some cases, this solution can be appropriate from a legalistic point of view, but not from an ethical standpoint.

As one can see from both perspectives, the issue at hand has several dimensions that have to be included when dealing with this topic. The following entry will be developed in three sections. The first section will analyze the issue from a historical perspective. The second section will deal with ethics and corruption. Finally, the third section will provide an analysis of how researchers are addressing this topic in Latin America. Three important journals were studied to know how this topic has been investigated in the region in the last 20 years. These three topics can provide a broad perspective as to how "ethics and public administration" can be manifested in the region.

## Ethics and Public Administration in Latin America: The Context and Its Evolution

In Latin America, since the early days of its independence, the discussion regarding the ethical dimension of public officials' behavior has been linked to the legal aspect of our institutional structure. The traditional framework of the public administration in Latin America is intertwined to law and regulations, because it is in the legal structure of the state where principles and values are expressed. The region belongs to the "civil law" tradition, because of the legacy of the Hispanic influence of the region (Merryman and Pérez-Perdomo 2007). In broad terms, the ethical discussion in public administration has been linked to a legal discussion, regardless of how pertinent or appropriate those norms were.

The conformation of the state, and, particularly, the creation of an institutionalized public administration, was grounded on the notion that public officials should follow the norms and regulations, because they were the expression of the public interest. Using Thompson's approaches regarding the possibility of public officials as ethical actors, the dominant approach toward this topic was the notion of "the ethic of neutrality." According to the author aforementioned, "on this view, administrators are ethically neutral in the sense that they do not exercise independent moral judgment" (Thompson 1985: 556). At the moment they sign the contract with the institution, public officials accept they have to abide by the law, and particularly they have to follow the decisions made by those in the higher echelons of the hierarchy. "The ethic of neutrality portrays the administrator as a completely reliable instrument of the goals of the organization, never injecting personal values into the process of furthering these goals" (Thompson 1985: 556).

The ethic of neutrality in Latin America follows the same rationale with the idea of the

"law-abiding bureaucrat," a dominant concept in this part of the world. Public officials have to abide by the law despite their personal values, principles, or even political perspectives. A public official should follow the norms and regulations, because they are created by the democratic process. In theory, the institutional structure of our public administrations should follow this path.

Unfortunately, in Latin America, we have experienced the extreme expression of the "rule- or law-abiding bureaucrat." There are many cases where public administrators follow the orders of their superiors, being technical and highly neutral in their behaviors, to commit the most terrible horrors against their fellow citizens, such as torture, repression, and other expressions of what is called as "administrative evil" (Adams and Balfour 2005, 2014). For instance, after the end of the dictatorships that took place during the 1970s and 1980s in the region, several public employees were taken to trials because of the terrible acts they committed while in office. Their justifications to do those things were that they were "following orders"; in other words, they were not guilty of what they had done, because they simply did what their superiors asked them to do or because they have to follow the procedures. There are several cases in Chile and Argentina where "administrative evil" can be found in its clearest and most terrifying expression.

After the consolidation of the independence, these newly created states required a modern civil service to avoid the vices and bad practices when political patronage influences public administration. It is the tension that Bowman and West (2008) named as the "political exchange versus civic culture." The political exchange is the expression of the well-known "spoils system" that Wilson (1887) thought as a negative paradigm to follow due to the social costs it engendered. The political exchange "is premised on contracts, favors and jobs in exchange for political support; it is susceptible to corruption because it feeds an environment of cronyism, sycophancy, favoritism and waste" (Bowman and West 2008: 181). On the contrary, the civic culture perspective rests on the idea that public officials should follow the public interest and avoid practices that should benefit a few instead of the majority. The consolidation of the civic culture approach is consistent with the consolidation of the "modern civil service," similar to the one developed in England in the late eighteenth century. "Modern civil service were a unified service, open competition for entry and promotion based on merit; a career service; and separation of private and public life" (Vandenabeele and Horton 2008: 10). The ethical standards of those working for the state are clear and should be followed when facing ethical dilemmas.

In Latin America the dichotomy in terms of political exchange and civic culture is not fully applicable. The reason refers to the fact that the evolution of the state in the region has been quite different among the countries that form this area of the continent but also because the region has a particular manner in which the institutions of the state, particularly its public administration, have been implemented. First, the diversity in terms of consolidation of the institutional dimensions of the state stems from the early independence of our countries. According to Oszlak (1978), the formation and consolidation of the state in the region depended on the level of economic development, the existence of a nation, and the capacity for social control. When those factors were present, the likelihood of having a strong and consolidated state was higher. The difference in terms of time for having a consolidated state had an impact in the consolidation of an institutional structure where public employees could perform. As a matter of fact, it is difficult to assert that any country in the region has reached, at some point of its evolution, a level of "civic culture" that could allow the total separation of politics and administration. On the other hand, cronyism, clientelism, and other ill-defined expressions of a lack of civic culture have been present in different degrees in the region.

The problem is that in a vast part of the late nineteenth century and almost the whole twentieth century, Latin American states have tried to implement the "civic culture" paradigm, rooted in a Weberian bureaucratic model of public administration. As a matter of time, Cortázar

Velarde et al. (2014) showed that in the region there is, in theory, a Weberian state. One could say we live in an "apparent state" and we have rules for hiring public employees on a basis of merit, but it is well known that an important number of those processes are already *arreglados* (predetermined). Procurement mechanisms exist, but by the power of those in charge, only a few providers are allowed to offer the goods or services being required. The "apparent state" is an expression of knowing that hiring someone without a merit-based process is against the formal principles of the system, but it does not mean that the person in charge can jeopardize the possibility to hire someone from "our group," political party, or similar.

In some sense, the political elite requires the "apparent state" to show citizens that there are rules, values, and principles for the public administration to work, but in reality, they use the state for their own benefit. This is why the problem is extremely difficult to address, because it is not a matter of lacking of laws and regulations, it is a matter of lacking a "civic culture." When studying this topic with a comparative approach, one can be astonished by the creativity of law dodging and rule bending in the region and, in particular, by the use of a particular lingo to refer to these practices. Only three examples can be useful to show this phenomenon. In Colombia, the expression *mermelada* (jam or marmalade) refers to the ability of governments to "spread" public resources to benefit those supporting the government. In Argentina, the expression *ñoqui* refers to a public employee that is hired in a public institution without having a specific task or duty to fulfill, usually, because she supports a political party or leader in particular. In many countries of the region, there are different expressions for hiring someone without the merit or the skills required for the position, such as *pituto o cuña* (Chile), *cuello* (Guatemala), or *botella* (Dominican Republic). These examples show that the same rules that can be used for good purposes can be adapted to ill-defined intentions.

In the late 1980s and early 1990s, the discussion regarding ethics and public administration changed. The main reason for that is the implementation of the new public management (NPM) style reforms in the public sector (Hood 1991). The region faced similar trajectories (Pollitt and Bouckaert 2004) to those implemented in Europe, the USA, and other parts of the planet (Oszlak 2015). Deregulation, privatization, decentralization, and public–private partnerships among other new administrative doctrines were implemented in the region with different results and outcomes. Overall, this process produced new problems in the ethical domain because it created new, and very lucrative, areas where public employees had to negotiate with private companies. But also, the motto "let the managers manage" meant that deregulation was a fashion that many countries had to follow, with all the risks of using public funds without proper controls. Ramio (2001) showed that this process had different outcomes according to the dominant administrative culture public administration had at the moment of implementing these new doctrines. In spite of the different consequences of the implementation of NPM in the region, it is possible to say that these new doctrines have had an impact in the ethical dimension of public administrations. For the Chilean case, Pliscoff (2017) showed how new administrative doctrines have an impact in specific cases.

After the arrival of a new century, in the context of governance and open government movements (Kooiman 2003; Lathrop and Ruma 2010; Pierre and Peters 2005), public administrators in Latin America are facing a new model regarding how ethics should be understood. Transparency, participation, and collaboration are reshaping how public administrators should behave. The ethical standards are higher, because the society is more aware as to how and why public employees make decisions. A major thrust for this new environment has been the freedom of information (FOI) regulations that have "opened" the state allowing citizens to see how the state is functioning. The creation of the Instituto Federal de Acceso a la Información (Federal Institute for Access to Public Information) in Mexico in 2002 with the enactment of the Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental (Federal Law for Transparency and Access to Public Information) is a milestone

in terms of easing access to the state and therefore to public employees. These types of regulations, along with a more active press and civil society, can control the actions of civil servants making it more difficult for them to hide and to remain untouched when committing corruption, but also, they create a new environment for decision-making in the ethical domain.

New ethical dilemmas also arise with the tendency to use citizen participation in the public domain. It is well supported in the literature that in the last 20 years, several forms of citizen participation have been implemented in public institutions (Fung 2006). These new modes of relationships between citizens and public officials create a new set of gray areas where ethical dilemmas can happen. Unfortunately, the idea of a citizen-centered public administration (Cooper et al. 2006) is still embryonic in this part of the world, due to a civil society with limited resources and lacking the capacity of other parts of the world. Usually, when a participatory device is installed, the participation is limited to those with more capability to participate and/or with more resources. In this context, public officials could benefit those more active vis-à-vis those without the capacity to participate. Are they acting ethically if they make decisions benefitting only a group of the society instead of the majority?

## Ethics and Public Administration in Latin America: The Problem of Corruption

In spite of the dominant models regarding how to understand the ethical dimension of public administration in Latin America, it is impossible to discuss about this issue without thinking about the problem of corruption in our region. The simple action of checking the newspaper in any of the countries of the region will show, with more or less intensity, how relevant the issue of corruption is in this part of the world. Yet, this analysis could lead us to simplify a very complex phenomenon and to misunderstand the causes and consequences of this problem. In terms of definition, corruption will be understood as "behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains" (Nye 1967: 419). It is far from the purpose of this entry to fully analyze the phenomenon of corruption; therefore, a couple of elements will be presented to show how this problem unveils in the Latin America.

There are different sources to have a clear picture of the phenomenon in the region. As a starting point, the Corruption Perceptions Index developed by Transparency International shows that the problem of corruption in the region lacks a unified expression. Table 1 shows the positions of the countries in Latin America in the 2017 ranking. The higher the position of a country in the ranking, the worse it is in terms of corruption. There is an important difference between those in the top three places of the region and the rest. There are at least three groups of countries: Uruguay, Chile, and Costa Rica in the top 40 of the ranking; Argentina, Brazil, Colombia, Panama, and Peru around the position 100; and the rest below that position.

Yet, this diversity in terms of the perception of the problem should be complemented with two pieces of information that provide interesting elements regarding the problem of corruption in the region. The Latinobarómetro, a poll applied in the region regarding different issues, includes a couple of questions that are useful to grasp the real characteristics of the phenomenon in the region. In particular, the results of these two questions portray a certain dichotomy regarding the problem in terms of the difference between perception and reality. The following table is the result by country of the answer to the question: "How many of public employees you think are involved in corruption, or you do not have enough information to provide an opinion?" (¿Cuántos de los empleados públicos piensa Ud. que están involucrados en actos de corrupción, o no tiene suficiente información para opinar?) The results are consistent in terms of the idea that "some" or "almost all" are corrupt. There is a general perception that public employees are corrupt (Table 2).

But the previous table when combined with the following raises questions as to how perception and reality sometimes do not match. When asked "In the last 12 months, have you ever tried to get

**Ethics and Public Administration in Latin America, Table 1** Ranking in the Corruption Perceptions Index 2017

| Country | Position in the ranking 2017 |
|---|---|
| Uruguay | 23 |
| Chile | 26 |
| Costa Rica | 38 |
| Argentina | 85 |
| Brazil | 96 |
| Colombia | 96 |
| Panama | 96 |
| Peru | 96 |
| Bolivia | 112 |
| El Salvador | 112 |
| Ecuador | 117 |
| Honduras | 135 |
| Mexico | 135 |
| Paraguay | 135 |
| Guatemala | 143 |
| Nicaragua | 151 |
| Venezuela | 169 |

Source: Transparency International 2018



**Ethics and Public Administration in Latin America, Table 2** Opinion regarding the number of public employees involved in corruption in the Latinobarómetro poll 2016

| | None | Some | Almost all | Everyone | Do not answer | Do not know | (*N*) |
|---|---|---|---|---|---|---|---|
| Argentina | 6.1 | 58.5 | 22.4 | 5.2 | 0.4 | 7.5 | **1200** |
| Bolivia | 4.8 | 41.2 | 22.8 | 17.4 | 3.7 | 10.1 | **1200** |
| Brazil | 7.7 | 54.8 | 18.1 | 5.5 | 2.3 | 11.5 | **1204** |
| Chile | 2.8 | 49.9 | 24.4 | 14.3 | 2.7 | 5.9 | **1200** |
| Colombia | 5.6 | 50.2 | 21.1 | 15.4 | 1.6 | 6.1 | **1200** |
| Costa Rica | 6.6 | 56.8 | 17.9 | 10.3 | 1.7 | 6.7 | **1000** |
| Dominican Rep. | 13.9 | 50.2 | 18.7 | 8.6 | 0.8 | 7.8 | **1000** |
| Ecuador | 6.5 | 51.1 | 22.2 | 11.9 | 1.6 | 6.7 | **1200** |
| El Salvador | 6.4 | 41.9 | 17.2 | 13.5 | 4.1 | 17 | **1000** |
| Guatemala | 9.3 | 42.6 | 17.9 | 13.9 | 0.5 | 15.8 | **1000** |
| Honduras | 7.7 | 43.2 | 21.6 | 16.4 | 0.4 | 10.5 | **1000** |
| Mexico | 3.1 | 32.6 | 28.6 | 27.1 | 2.3 | 6.3 | **1200** |
| Nicaragua | 9.2 | 49.9 | 15.3 | 11.2 | 1.3 | 13 | **1000** |
| Panama | 7.5 | 55.1 | 17.7 | 11.1 | 1.4 | 7.2 | **1000** |
| Paraguay | 1.5 | 42.5 | 38.7 | 14.5 | 1.2 | 1.7 | **1200** |
| Peru | 2.9 | 37.2 | 26.6 | 25.7 | 1.8 | 5.8 | **1200** |
| Uruguay | 7.4 | 61.3 | 14 | 4.9 | 1.4 | 10.9 | **1200** |
| Venezuela | 3.4 | 32.8 | 35.4 | 21.2 | 3.1 | 4 | **1200** |
| Average | 6.1 | 47.2 | 22.6 | 13.9 | 1.8 | 8.4 | **20,204** |

Source: Latinobarómetro 2016 (http://www.latinobarometro.org)

an identity card, a birth certificate, a driver's license, a passport, a voting license, or a state permit? How often have you ever paid a bribe, provide a gift, or make a favor to a public employee to obtain what you were looking for?" (En los últimos 12 meses, ¿Ha intentado Ud. obtener un documento de identidad, como un certificado de nacimiento, licencia de conducir, pasaporte, tarjeta de votante o un permiso del Estado?. ¿Y cuán a menudo ha tenido que pagar

un soborno, dar un regalo o hacer un favor al empleado público para obtener el documento que necesita, o no lo ha hecho nunca?) Table 3 provides the results, which are interesting as they do not show a regular experience paying for getting public services.

Only Mexico and the Dominican Republic have a percentage higher than 10% of the people saying they have had to bribe a public official one or two times in order to get an official document. Further research is required to understand the gap between experience and perception in this area in Latin America.

In some countries of the region, it has been said that there is room for what is called "systemic corruption." This is a higher level of corruption where almost every single institution in the public administration structure is "touched" by corruption. According to Arellano Gault et al. (2015: 78), systemic corruption is "when in almost every public organization someone can access the corruption network or even there is the normalized expectation to acquire an informal benefit from users and members of public organizations." Unfortunately, in many countries of the region, particularly those in the lower levels of the Corruption Perceptions Index, systemic corruption is the rule.

## How to Curb Corruption in Latin America?

The problem of corruption in the region remains to be one of the key problems for the citizens of the region. As previously stated, the perception of corruption is high, even though the experience of corruption is low. Yet, how governments in the region are dealing with the problem of corruption is another element to bear in mind when addressing the issue of "ethics and public administration in Latin America."

There are two approaches the government take regarding the strategies to address this issue. The first approach refers to reaction to corruption scandals. Usually, after a corruption scandal is unveiled, the government and the political elite tend to react and to propose changes to address or overcome the situation regardless of how

**Ethics and Public Administration in Latin America, Table 3** Results regarding how often a person has to bribe in order to get an official document in the Latinobarómetro poll 2016

| | Never | Once or twice | A few times | Often | Do not have contact | Do not know, do not answer | (*N*) |
|---|---|---|---|---|---|---|---|
| Argentina | 39.2 | 3 | 0.3 | 0.5 | 55.3 | 1.7 | **1200** |
| Bolivia | 33.3 | 6.8 | 1.7 | 0.1 | 56.2 | 1.8 | **1200** |
| Brazil | 29 | 1.7 | 0.4 | 0.2 | 68.4 | 0.3 | **1204** |
| Chile | 53.5 | 4.2 | 1.7 | 0.3 | 39.9 | 0.3 | **1200** |
| Colombia | 32.7 | 4.9 | 1.6 | 0.5 | 59.6 | 0.7 | **1200** |
| Costa Rica | 39.6 | 3.6 | 3.1 | 1 | 52.6 | 0.1 | **1000** |
| Dominican Rep. | 56.8 | 13 | 5.1 | 3.1 | 21.7 | 0.3 | **1000** |
| Ecuador | 36.9 | 4.7 | 1.2 | 1.2 | 54.4 | 1.6 | **1200** |
| El Salvador | 33.5 | 6.3 | 1.8 | 0.7 | 57.3 | 0.4 | **1000** |
| Guatemala | 28.5 | 4.4 | 1.3 | 0.7 | 64.6 | 0.4 | **1000** |
| Honduras | 35.7 | 6.7 | 3 | 2.2 | 52 | 0.4 | **1000** |
| Mexico | 33.9 | 14.2 | 7 | 1.2 | 39.8 | 3.9 | **1200** |
| Nicaragua | 57 | 4.3 | 1.2 | 0.5 | 33.4 | 3.7 | **1000** |
| Panama | 42.8 | 5.9 | 2.5 | 0.9 | 47 | 0.9 | **1000** |
| Paraguay | 38.5 | 8.1 | 1.1 | 0.2 | 50.7 | 1.4 | **1200** |
| Peru | 35.5 | 7.8 | 1.1 | 0.5 | 53.9 | 1.2 | **1200** |
| Uruguay | 47.8 | 6.2 | 1.1 | 0.2 | 44.6 | 0.2 | **1200** |
| Venezuela | 22.1 | 6.2 | 3.2 | 2 | 65.9 | 0.5 | **1200** |
| | 38.5 | 6.2 | 2.1 | 0.8 | 51.2 | 1.1 | **20,204** |

Source: Latinobarómetro 2016 (http://www.latinobarometro.org)

involved are political actors in the situation (Balán 2011). The role of scandals in public policy has been highly studied in the public policy literature (Kingdon and Thurber 1984; Maesschalck 2002). Therefore, taking corruption as a policy field, the outcome of the strategy should not be different from other areas such as education, public works, or health.

The cases of the National Commission Against Corruption created in Peru in 2018 after the "Lava Jato" case and the Presidential Commission Against Conflict of interests, Influence Peddling, and Corruption (also known as the Comisión Engel) in Chile in 2015 are examples of actions government took to improve the legal framework against corruption along with other administrative measures. It is not always the case that these commissions have a real impact in changing the situation regarding corruption. Sometime these initiatives are seen as a scapegoat to show interest in changing a situation, but not having a clear commitment with the issue.

A second strategy that can be pointed out as a road to address the topic of corruption is to create administrative devices, such as secretaries, ministries, autonomous bodies, or other similar entities, to curb corruption using different approaches. In some cases, these entities are the outcome of commissions such as the ones mentioned in the previous paragraph. In other cases are the initiatives of a government in office interested in tackling the problem. The creation of the National Anti-Corruption System in Mexico in 2016 is an example of a new approach the government has taken to address the issue of corruption.

Regardless of the strategy to curb corruption, it is crucial for the region to develop a multidimensional approach regarding the topic. The traditional "low road" of changing regulations or creating organizations and using a "compliance approach" to address the issue of corruption should be changed to an "integrity approach" or "high road" (Rohr 1989). The second type of strategy creates better in-depth interventions to change individuals to an ethic behavior, not because they could or might be punished but because they ought to behave ethically. "An integrity approach is based on the concept of self-governance of employees in accordance with a set of guiding principles within the organization and their environment" (Lawton et al. 2013: 118). But also, having isolated actions and measures cannot be a fruitful path to address such a complex phenomenon. Improving regulatory agencies, providing autonomy to judges and comptrollers, and fostering ethical commitment among civil servants, among a long list of other actions, are required to break with the problem of corruption. Governments, the political elite, civil society, academia, and the private sector should all be working together to reach agreements for having an environment where corruption should not be tolerated anymore, not only because of the economic and social costs but also because it is a concrete threat for the democratic state in Latin America (Rehren 2009). This broad consensus is required for addressing such a complex societal challenge.

## How Are We Studying Ethics in Public Administration in the Region?

This final section is intended to show how scholars and researchers in Latin America are studying the issue of this entry. It is clear that this issue can be addressed in different outlets. Journalist, politicians, practitioners, and others write about how ethics unfolds in real life. In this section, the focus of analysis will be the work of scholars and researchers published in three of the most important academic journals of our domain. The journals are *Reforma y Democracia*, *Revista de Administração Pública*, and *Gestión y Política Pública*. These journals are included in the most important scientific databases but also have the highest prestige in the region.

The method to address the question at hand was to analyze the publications of these three journals in the last 20 years to see the level of interest in the topic and to show how the topic has been studied. All of these journals have been published on a regular basis for that period of time. In the case of *Reforma y Democracia*, the journal publishes three issues per year with a total of five to seven articles per issue. *Revista de Administração Pública* publishes six issues per

year with a total number per edition of more than eight articles, up to ten in some cases. Finally, *Gestión y Política Pública* publishes three issues per year, with an average of six to seven articles per issue. Each issue was analyzed to assess whether or not it deals with a topic linked with ethics and public administration. The categories developed by Menzel (2015) were used to arrange the articles and to assess whether or not the articles fit in those categories. The only modified category was "globalization," because in this case it was not relevant for the analysis. Due to the particularities of the publications in our regions, a new category called "normative" was included which encompasses articles studying ethics in public administration from a normative and even philosophical purview.

In 20 years of publications, a total of 62 articles deal with ethics in our academic domain. The distribution of articles among the journals is the following: 16 were published in *Gestión y Política Pública*, 26 in *Reforma y Democracia*, and 20 in *Revista de Administração Pública*. Graph 1 shows the results of the articles in each of the three journals being analyzed.

The distribution of those articles per year is presented on Graph 2. The reason for the unusual number of articles in 2001 is that one of the journals published a special issue in ethics and corruption. For the rest of the years, the tendency is similar ranging from one to five articles.

Yet, what have researchers published about in the last 20 years? To show the different types of articles, the categories proposed by Menzel (2015) are used. After an initial classification of the articles, small changes had to be made. There were a group of articles that did not fit any of the categories presented by the author. Therefore, a new category called "normative" was included to encompass all the articles that provide a normative approach regarding this issue, without using any type of empirical data to support their argument. Graph 3 presents the number of articles per category.

The distribution of articles provides an interesting picture regarding what are the most developed topics in the region regarding ethics and public administration. By far, the category "ethics law and regulatory agencies" that includes articles dealing with corruption and regulations is the most important of all types of categories, with a total of 27 articles. The second group is "ethical environment" with 13 articles dealing with transparency and accountability. The third group of articles is the one dealing with normative aspects of ethics in the public sector. It includes a total of nine articles presenting global discussions regarding the issue and philosophical debates about the sources and implications of ethics in the public administration domain. The fourth category "policy integrity" includes seven articles that focus their attention on the ethical implications

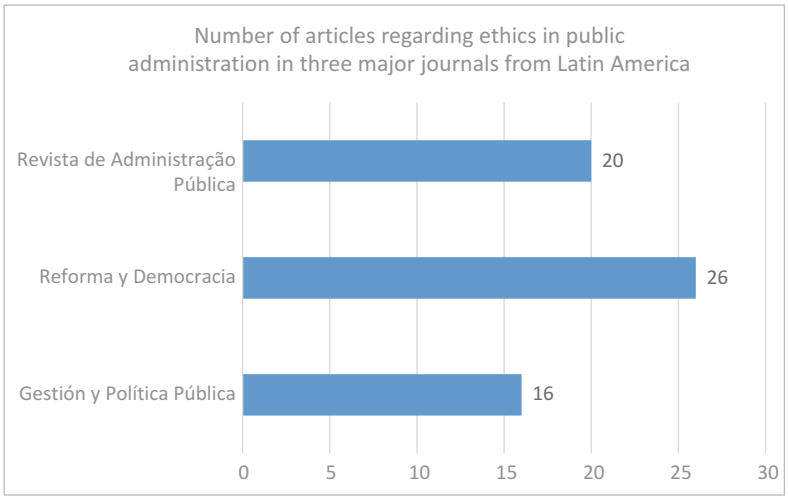


**Ethics and Public Administration in Latin America, Graph 1** Number of articles regarding ethics in public administration in three major journals from Latin America

**Ethics and Public Administration in Latin America, Graph 2** Number of articles per year

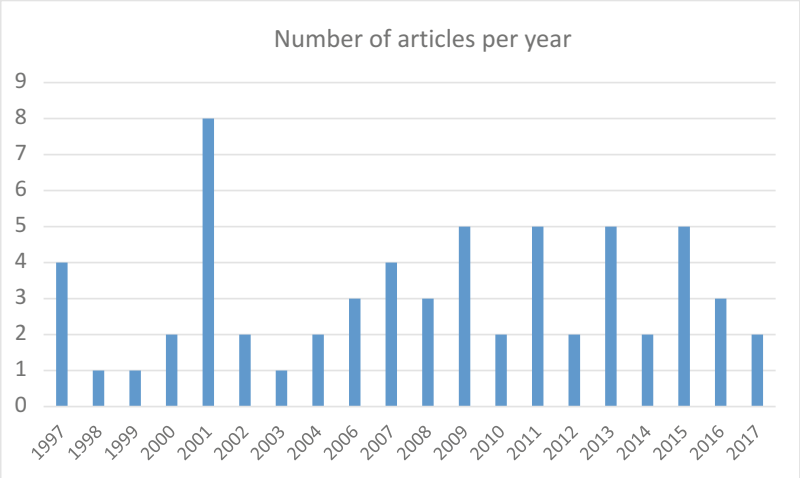


**Ethics and Public Administration in Latin America, Graph 3** Number of articles per category

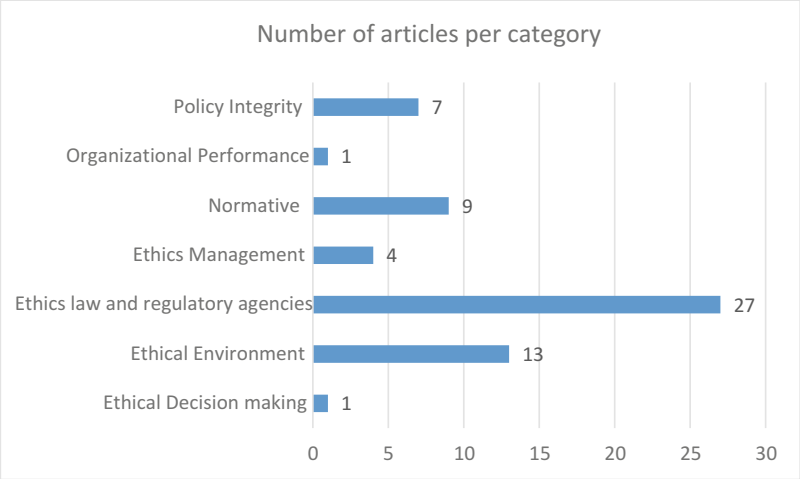


of public policies, using case studies to address the topic. Four articles study the "ethics and management" category dealing with topics such as public values, climate, and organizational culture. Finally, only one article addresses the issue of "ethical decision-making," which applies the Stewart Sprinthall Management Survey (Stewart et al. 1997) to the Chilean case, and another article falls under the category of "organizational performance," but without providing an empirical approach regarding the issue.

The fact that the category "ethics law and regulatory agencies" is the most important in the region can be explained by the relevance the topic of corruption has in this part of the world. As the previous section showed, corruption is a key problem in our societies; therefore, researchers address the issue in order to explain and understand the phenomenon. If one compares this reality with the one presented in the USA, by the work presented by Menzel (2015), the number of articles per category is quite different (Graph 4).

Further analysis is required to have a better understanding of these differences in terms of academic work regarding ethics and public administration. However, it is interesting to show the relevance the "compliance approach" has in terms of academic work in Latin America, showing how important this dimension is in the discussion about ethics and public administration.

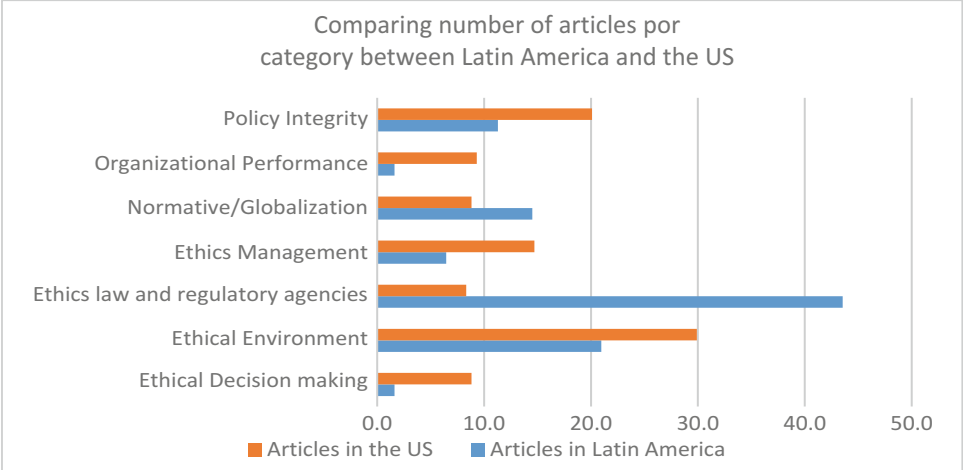


**Ethics and Public Administration in Latin America, Graph 4** Comparing number of articles per category between Latin America and USA

## Conclusions

As it was shown in this entry, the topic of ethics and public administration has several implications in the region. It has evolved since the early days of the independence of the region, when public administration institutions were formed, to the current open government environment. Public officials have faced ethical dilemmas all the time, and not always the environment has been the appropriate for values and principles to justify their behaviors. The traditional "compliance approach" has placed too much attention on controlling the misbehavior of public officials, leaving less time for strengthening their values and the so-called public sector ethos (Norris 2003). Corruption is still a problem in the region; therefore, new strategies should be put in place in order to tackle it and create a new environment where ethical standards are not the exception but the norm among public employees. Critical among those strategies is strengthening the state, with strong institutions. This means a transparent and professional public administration, with well-paid, or at least adequately paid, public employees, with the social recognition they deserve and with organizations working for citizens, instead of doing it for a group of the society. This will not be enough, if politicians and other actors do not agree on the need for a better state. Moving to an "integrity approach" is required for encompassing all the nuances a problem like this has.

But the academia has to play a role in this debate as well. More research is required to understand the phenomenon but also to suggest the best options for improving ethics and curtail corruption. Limited research has been undertaken so far in Latin America, and more is required to understand whether or not the decisions made in the region have been appropriate or not. It is particularly relevant to be suspicious about the fads and fashions that every now and then arise as "the" solution to curb corruption or other objectives. Scholars should help in fighting isomorphism (DiMaggio and Powell 1983), particularly, the one that adopts an organizational measure, without adapting to a particular environment. Practitioners and scholars should work hand in hand to foster public integrity, based on the particularities of Latin America.

## Cross-References


- ▶ Administrative Discretion
- ▶ Administrative Ethics
- ▶ Comparative Public Administration and Globalization

▶ Corruption
▶ Ethics and Public Administration
▶ Ethics in Public Service
▶ Ethics in Public Service: A Historical Perspective
▶ Ethics in the Public Sector
▶ Governance and Good Government in Latin America
▶ Government and Corruption in Context of Growth
▶ Integrity in the Public Service
▶ Latin American Governance
▶ Politics and Administration
▶ Politics and Ethics
▶ Public Corruption

## References

Adams GB, Balfour DL (2005) Public service ethics and administrative evil: prospects and problems. In: Ethics in public management. M.E. Sharpe, Armonk, pp 114–137

Adams G, Balfour D (2014) Unmasking administrative evil. Routledge, New York

Arellano Gault D, Hernández Galicia JF, Lepore W (2015) Corrupción sistémica: límites y desafíos de las agencias anticorrupción. El caso de la Oficina Anticorrupción de Argentina. Rev Del CLAD Reforma Democracia 61:75

Balán M (2011) Competition by denunciation: the political dynamics of corruption scandals in Argentina and Chile. Comp Polit 43(4):459–478

Bowman JS, West JP (2008) Removing employee protections: a 'see no evil' approach to civil service reform. In: Huberts WJC, Maesschalck J, Jurkiewicz C (eds) Ethics and integrity of governance: perspectives across frontiers. Edward Elgar, Cheltenham, p 181

Cooper T (1998) The responsible administrator: an approach to ethics for the administrative role. Jossey Bass nonprofit & public management series. Jossey-Bass, San Francisco. http://www.amazon.ca/exec/obidos/redirect?tag=citeulike09-20&

Cooper TL, Bryer TA, Meek JW (2006) Citizen-centered collaborative public management. Public Adm Rev 66:76–89. http://proquest.umi.com/pqdweb?did=1174438131&Fmt=7&clientId=5239&RQT=309&VName=PQD

Cortázar Velarde JC, Lafuente M, Sanginés M, Schuster C, Echebarría K, Longo F, . . ., Iacoviello M (2014) Al servicio del ciudadano: una década de reformas del servicio civil en América Latina (2004–13). Inter-American Development Bank, Washington, DC

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147. https://doi.org/10.2307/2095101

Fung A (2006) Varieties of participation in complex governance. Public Adm Rev 66:66–75

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19. https://doi.org/10.1111/j.1467-9299.1991.tb00779.x

Kingdon JW, Thurber JA (1984) Agendas, alternatives, and public policies, vol 45. Little, Brown, Boston

Kooiman J (2003) Governing as governance. Sage, London. http://www.amazon.ca/exec/obidos/redirect?tag=citeulike09-20&

Lathrop D, Ruma L (2010) Open government: collaboration, transparency, and participation in practice. O'Reilly Media, Sebastopol

Lawton A, Rayner J, Lasthuizen K (2013) Ethics and management in the public sector. Routledge, London

Maesschalck J (2002) When do scandals have an impact on policy making? A case study of the police reform following the Dutroux scandal in Belgium. Int Public Manag J 5(2):169–193

Menzel DC (2015) Research on ethics and integrity in public administration: moving forward, looking back. Public Integrity 17(4):343–370. https://doi.org/10.1080/10999922.2015.1060824

Merryman JH, Pérez-Perdomo R (2007) The civil law tradition: an introduction to the legal systems of Europe and Latin America. Stanford University Press, Stanford

Norris P (2003) Is there still a public service ethos? Work values, experience, and job satisfaction among government workers. In: Donahue JD, Nye JSJ (eds) For the people – can we fix public service? Brookings Institution Press, Washington, DC, pp 72–89

Nye JS (1967) Corruption and political development: a cost–benefit analysis. Am Polit Sci Rev 61(2):417–427

Oszlak O (1978) Formación histórica del Estado en América Latina: elementos teórico-metodológicos para su estudio. Estud CEDES I(3):115

Oszlak O (2015) La gestión pública post-NGP en América Latina: balance y desafíos pendientes. In: Pliscoff C (ed) Aprendizaje. RIL Editores, Santiago de Chile

Pierre J, Peters G (2005) Governing complex societies: trajectories and scenarios. Palgrave Macmillan, New York. http://www.amazon.ca/exec/obidos/redirect?tag=citeulike09-20&

Pliscoff C (2017) Implementando la nueva gestión pública: problemas y desafíos a la ética pública. El caso chileno. Convergencia 24(73):141–164

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, Oxford

Ramio C (2001) Los problemas de la implementación de la nueva gestión pública en las administraciones públicas latinas: modelo de Estado y cultura institucional. Reforma Democracia CLAD 21:16

Rehren A (2009) The crisis of the democratic state. In: Blake C, Morris S (eds) Corruption and democracy in Latin America. University of Pittsburgh Press, Pittsburgh, pp 46–60

E

Rohr JA (1989) Ethics for bureaucrats: an essay on law and virtue, 2nd edn. Marcel Dekker, New York
Stewart D, Sprinthall N, Siemienska R (1997) Ethical reasoning in a time of revolution: a study of local officials in Poland. Public Adm Rev 57(5):445–453. http://www.jstor.org/stable/3109991
Thompson D (1985) The possibility of administrative ethics. Public Adm Rev 45(5):555–561. http://www.jstor.org/stable/3109930
Vandenabeele W, Horton S (2008) The evolution of the British public service ethos: a historical institutional approach to explaining continuity and change. In: Huberts LWJC, Maesschalck J, Jurkiewicz CJ (eds) Ethics and integrity of governance: perspectives across frontiers. Edward Elgar, Cheltenham, pp 7–24
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222. http://www.jstor.org/stable/2139277

### Web Pages

https://www.transparency.org/news/feature/corruption_perceptions_index_2017

## Ethics and Public Policy

Saundra J. Ribando
Augusta University, Augusta, GA, USA

### Synonyms

Ethical codes; Kantianism; Morality; Professionalism; Public decision-making; Utilitarianism; Values

### Definition

*Public policy* may be defined simply as the formal and informal courses of action or procedures that governments undertake or intentionally choose not to undertake. While there are many more sophisticated definitions available, this one focuses attention on government actions or government choices to take no action and avoids discussions of government officials' or politicians' claims about future plans.

*Ethics* can be defined as standards of right and wrong that specify what individuals should do. Such standards are typically derived from (1) principles that form the basis for behavior, (2) a consideration of the benefits (or harms) that come from taking action, and (3) qualities that define a "good" person. In public administration, a fourth source is also often used, duty or the behaviors expected of an individual as a result of his or her role.

### Introduction

The most common approach to public policy is to view it as an exercise in problem-solving. Specifically, elected officials, assisted by public administrators, develop approaches to address public problems and then put them into effect. This simplistic view ignores the political processes involved in identifying and defining problems, proposing solutions, and then putting them into action. Worse, this view assumes that public problems can be neatly defined, solutions are readily available, the impact of those solutions on humans is known, the process is rational, and political agreement along with the will to execute policy choices exists. Most significantly, the problem-solving approach ignores the myriad of ethical questions and dilemmas that face those individuals participating in the policy process.

Is a given public policy ethical? From the standpoint of ethics, public policies are typically evaluated either in terms of their conformity with principles or the consequences of the policy. If one adopts the principles-based (also known as deontological) approach, a policy can be evaluated based on whether it meets a society's generally accepted principles of right and wrong, such as equal treatment before the law. Alternatively, one can evaluate a policy based on the results (also known as consequentialism) or consequences it actually achieves.

However, it is also possible to examine a given public policy at three different levels. First, one can focus at the broadest level and look at the *policy* itself. Second, attention could be placed on the *process* used to make the decision to enact a particular policy. Finally, one could examine the ethical issues that arise as part of the *implementation* of the policy. The remainder of

this article will be organized following this pattern. To assist the reader, examples will be used from a current, at the time of this publication, public policy/ethics controversy – the Flint, Michigan, water crisis – to illustrate the deontological and consequentialist approaches to ethics at each of the three levels.

## Flint, Michigan, Water Crisis

In 2011, the governor of Michigan appointed an emergency manager to take over the city in response to its fiscal crisis. Decades of shrinking population and industries moving out resulted in a much smaller, poorer city dealing with financial obligations made when the city was larger and more prosperous. As part of cost-cutting measures, in June 2013, the city council and the emergency manager chose to take the city off the Detroit water system and draw water directly from the Flint River.

Residents began complaining about the taste, smell, and appearance of the Flint River water almost immediately after the switch. But Michigan's Department of Environmental Quality (MDEQ) and Flint water officials repeatedly claimed there was nothing wrong with the water. A medical study done by Dr. Hanna-Attisha confirmed that levels of lead in the blood of children had almost doubled after the switch in water source. In September, a research team from Virginia Tech led by Dr. Marc Edwards confirmed that the corrosive nature of the water from the Flint River was leaching lead from the inside of water pipes, causing the higher levels of lead in residents' blood. Throughout, MDEQ and Flint water officials denied there was a problem, challenged research results, and even submitted false test results. A whistle-blower inside the regional Environmental Protection Agency (EPA) office, Miguel Del Toral, pushed the EPA to take action but was largely marginalized. Once results from the Virginia Tech study became public, MDEQ and Flint water officials finally admitted there was a problem with water quality, corrective action began. Readers who want to learn more detail about the Flint River water crisis should go to http://flintwaterstudy.org/.

## Is the Policy Ethical?

All public policies have ethical implications. This is so because a public policy embodies the value preferences of its proponents. Moreover, because it is "public," once enacted, a public policy impacts human beings in some way, positively or negatively, directly or indirectly (Gawthrop 1998). A straightforward example is the Nazi policy of exterminating the Jewish population during WWII known as "the final solution." This policy reflected the value preferences of the Nazi elite (specifically, their belief in Aryan supremacy and the inferiority of all others, especially Jews) and led directly to the deaths of six million Jews. Taking a principles-based approach, the final solution clearly violates the widely accepted value that human life should not be taken except in limited circumstances (such as self-defense). From a consequentialist viewpoint, the policy's deadly impact on the Jewish community in Europe makes it clearly unethical. However, analyses of most public policies typically do not yield such clear-cut results.

To begin with, public policy is the result of some political process. All political processes involve both conflict and compromise. Compromises can, and often do, produce public policy that is vague or even contradictory in an attempt to satisfy the parties involved. In such cases, it can be quite challenging to examine a policy's ethical implications prior to implementation.

Moreover, public policy often yields mixed results making an examination of the consequences frustrating. As noted earlier, the problem-solving approach to public policy means government often attempts to "solve" a social problem by trying to influence or induce change in human behavior. However, human behavior is quite complex and highly adaptive; social scientists cannot with any level of certainty predict in advance how individuals or social groups will respond to any particular policy initiative. Thus, a given policy may lead to an improvement for some individuals or groups while having neutral or negative impacts on others. And any or all of those consequences may be unanticipated.

In the Michigan case, public law (PA 436) provides for a state-appointed emergency manager to take over a city or school district when a financial emergency exists. A declaration of financial emergency is made only after a lengthy review process, and the entity's elected representatives decide whether or not to accept a state-appointed emergency manager or pursue one of three other options. From a principles-based approach to ethics, such a law satisfies citizen expectations that the government behaves responsibly and prudently with public money. From a consequentialist-based approach, the majority of citizens in Michigan benefit as they are protected from being forced to pay more taxes to cover the costs of (potentially) profligate elected officials or irresponsible administrators in other jurisdictions. However, it is also clear that a minority of citizens (the residents of Flint) suffered from choices elected leaders and public administrators made as part of implementation.

Like a Russian matryoshka (nesting) doll, a policy can be seen as a series of interlocking decisions that begin with the political process and end with implementation. Thus, to evaluate a public policy from the standpoint of ethics, one should not focus exclusively on the policy. Rather, it is essential to consider the decisions made throughout the policy process, including the political process used to make the choice to pursue a particular policy option and how the policy was actually executed or implemented.

## The Political Process

The decision to pursue a particular policy option is a political decision. All regimes, whether authoritarian or democratic, seek legitimacy. That is, all political regimes want their citizens to voluntarily accept them. Regimes seek legitimacy as a way to reduce the costs of policing the population and increase the odds the ruling class (elected or otherwise) will be able to enjoy the privileges that come with ruling. Thus, regimes typically seek ways to ensure their policy choices are viewed as legitimate.

Many factors affect the perceived legitimacy of a government, and there is not enough space here to examine them all. But one way in which legitimacy is linked to ethics is through basic perceptions about the "morality" of the regime and its decisions. If the regime is viewed as legitimate, citizens will believe it is morally correct (ethical) to accept and obey the regime's decisions. It is in this way that a connection can be made between legitimacy and ethics.

In looking at a public policy decision process, two considerations seem paramount for the ultimate decision to be seen as legitimate and therefore ethical. The first consideration concerns affected citizens' ability to participate and actual participation in the process. The second consideration deals with the openness or transparency of the decision process. Specifically, affected citizens need access to the information necessary to make an informed choice about the policy and be able to effectively participate.

Citizens and outside observers can have quite different perceptions about the legitimacy of a policy. From the citizens' standpoint, their *perceptions* determine whether they choose to regard a policy as legitimate. Do those affected by the decision believe they can in some way influence the outcome? To the extent they believe they can, they are liable to accept the policy as legitimate and, therefore, will see obedience as the morally correct response. Similarly, if the citizens believe the decision process was open or fair, they will probably accept the policy as legitimate.

Outside observers, however, who are interested in evaluating a policy should look carefully for more information. Specifically, they should seek data concerning the *actual* decision process, including the ability of those affected by the policy to *meaningfully participate* in the process of choosing and the access of those individuals to *all* information needed to make an informed decision. Simply because a democracy exists does not guarantee that these two considerations will be met.

A wide range of factors can limit meaningful participation in policy decisions and, therefore, raise questions about the legitimacy of the decision. In the context of US politics, the involvement of special interest groups and the wealthy in political processes often raises questions about the ability of ordinary citizens to meaningfully

participate in the policy process. Many nations have an identifiable minority group (religious, racial, ethnic origin, language, culture) that is excluded from meaningful participation in politics. Restrictions on news media, a tendency to classify information as "state secrets," or a population that lacks access to communication systems can all inhibit the ability of individuals or groups to get the information essential to participate in the public policy process.

For example, in the case of Flint, Michigan, the decision to take the city off of Detroit water was made by the elected city council by a 7-1 vote, a decision approved by the city's emergency manager. Since the city council voted on the decision, and members of that council were chosen by the citizens of Flint through the electoral process, one could conclude that the people affected (the citizens of Flint) had participated through their representatives in the decision to use Flint River water. However, city council members apparently were not fully informed about the potential health risks, nor were they advised that the MDEQ had told Flint water officials it was not necessary to use corrosion control techniques (to keep lead out of the water) for a year. Simply put, the city council which represented the people most affected by the decision does not appear to have had access to all the information needed to make a truly informed decision. This lack of transparency, coupled with the real and potential health impact of the decision, left the citizens of Flint feeling not only angry but as though their own government had betrayed them.

According to Svara (2015), public administrators have eight basic responsibilities. One of those is a duty to provide elected officials with all the information needed to make informed decisions, including information that may not support the known preferences of those elected officials. Looking at the decision process in the Flint case from a principles-based approach, one can conclude that administrators in MDEQ and the Flint water utility failed to provide elected officials with the information necessary to make the best decisions, a primary duty of public administrators. From a consequentialist approach, the result of not providing accurate, timely information to the Flint City Council was a bad decision that may have long-lasting, negative impacts on the health of citizens.

## Implementation

When public policy involves taking action to address an identified problem, implementation emerges as a central concern in any discussion of public policy and ethics. The responsibility for implementation of public policy rests with those public administrators who create and man the organization that will carry out the policy, develop the instructions that will guide its day-to-day operation, and interact with the citizens who will (hopefully) benefit from the policy.

Modern government has adopted the bureaucratic model first described by Max Weber (1973) as the most efficient and effective form of organizing large numbers of people to undertake government work. In the bureaucratic model, emphasis is placed on specialization, consistency, compliance with rules, and efficiency. But while bureaucracy has many benefits, it also has a number of flaws that can lead to unethical behavior at either the individual or the group level.

### Individual-Level Concerns

For example, bureaucracy's emphasis on rules compliance creates two problems. Robert Merton (1957) noted that the emphasis bureaucracies place on compliance with rules leads public administrators to elevate obedience to primary importance, even above helping the citizens their agency is supposed to serve. This can lead to administrators carrying out policies that are harmful to individuals or groups or denying help to those who may need it in the name of "following the rules."

This emphasis on compliance and obedience leads to a second problem. Cooper (1998) argues that public administrators are accountable to supervisors, the elected officials who oversee the agency's work, and the citizens they serve. Administrators, however, are likely to focus attention on their accountability to the supervisors they encounter on a daily basis and pay much less

attention to more distant elected officials and the citizenry who have only the most limited ability to hold administrators accountable for their decisions. Thus, they are likely to do what they are told to do by their supervisor, even if that may be harmful to the citizens they are supposed to serve.

Beyond the problems caused by a compliance mentality, the modern bureaucracy is characterized by what Adams and Balfour (2009) refer to as a scientific-analytic mind-set. In this mind-set, individuals approach their work focusing on the technical aspects rather than the real or potential human impact, increasing their propensity to make unethical choices. Thus, an administrator might place their attention on the proper interpretation of a regulation rather than how the various interpretations would affect individual lives.

This mind-set is buttressed by the specialization, diffusion of responsibility, and compartmentalization typical of government agencies. Specialization, diffusion, and compartmentalization create an environment where it is difficult to determine who is responsible for any given decision or outcome, making it much easier for unethical individuals to hide their misbehavior. But even well-meaning administrators can suffer from this structure. Ultimately, modern bureaucracy separates decisions from consequences in a way that allows individuals to make choices that may seem rational and appropriate but can have devastating impacts on others and their communities (Jurkiewicz 2012).

In the case of the water crisis in Flint, it seems clear that the primary mission of MDEQ and the Flint water utility is to protect individual citizens from the health risks associated with bad water. However, individuals working in MDEQ and the Flint water utility clearly were focused on the technical aspects of their work – and compliance with what they believed were the requirements of environmental law – not on prevention of lead poisoning. The subsequent arguments, carried out via e-mail and exposed in the press, over who was responsible for the water crisis illustrate how challenging it can be to establish accountability and responsibility in a modern bureaucracy.

Svara (2015) lists as the first responsibility of public administrators the obligation to put the public interest above the interests of the individual administrator or his or her agency. Thus, from a principles-based approach, administrators in MDEQ and the Flint water utility violated the primary duty of any public administrator to put the public first. Instead, administrators were focused on the technicalities of legal compliance and the need to cut costs. From a consequentialist standpoint, the result of that focus was a bad decision that put the health of thousands of people, including children, at risk.

### Group-Level Concerns

At the group level, two concerns about bureaucracy can be clearly linked to ethics. The first is known as bureaucratic autonomy. The second deals with organizational culture, specifically the possibility of an organizational culture that fosters and/or encourages unethical behavior.

Bureaucracies have missions, and the administrators who staff them typically believe in that mission. The result is the tendency for administrators to become very loyal to the agency they serve – and very defensive of its prerogatives, privileges, and actions ("turf battle" or "turf war"). Unfortunately, many problems governments face require multiple agencies or levels of government to work together to carry out a solution – and its associated public policy. In the case of the water crisis in Flint, Michigan, this phenomenon can be seen in MDEQ's public attacks criticizing the work of outside researchers documenting the health hazard to citizens and Flint water officials submitting false test results to EPA as part of efforts to defend their agencies. The "turf battle" problem is illustrated in the memorandums and e-mails going back and forth between the MDEQ and its federal counterpart, EPA, arguing over what should be done, by whom, and how in response to outside reports confirming the existence of a health hazard from the use of Flint River water.

But bureaucracies also have organizational cultures – cultures that can foster or even encourage unethical behavior. In its ultimate form, organizational evil, the organizational culture may have a set of principles that actually has as its purpose harming others, with no regard for any consequences beyond the benefits the organization and its members may receive from the unethical behavior (Jurkiewicz 2012). In the case of the Flint water crisis, there does not seem to be

an ethic of evil. But clearly, there was a culture that felt it was appropriate to falsify test results and attack the work of concerned researchers to protect the organization.

## Cross-References


- ▶ Accountability
- ▶ Administrative Ethics
- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Public Opinion
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Organizational Performance
- ▶ Ethics and Politics
- ▶ Moral Responsibility
- ▶ Principal-Agent Theory of Organizations
- ▶ Whistleblowing


## References


Adams GB, Balfour DL (2009) Unmasking administrative evil, 3rd edn. M. E. Sharpe, Armonk

Cooper T (1998) The responsible administrator, 4th edn. Jossey-Bass Publishers, San Francisco

Gawthrop L (1998) Public service and democracy: ethical imperatives for the 21st century. Chatham House Publishers, New York

Jurkiewicz C (2012) Foundations of organizational evil. M. E. Sharpe, Armonk

Merton R (1957) Social theory and social structure. The Free Press, New York

Svara J (2015) The ethics primer, 2nd edn. Jones & Bartlett Learning, Burlington

Weber M (1973) From Max Weber: essays in sociology (trans: Gerth H, Mills CW). Oxford University Press, New York


# Ethics and Religion


Richard M. Jacobs
Department of Public Administration, Villanova University, Villanova, PA, USA


## Synonyms

Public Administration Ethics; Religion and Ethics; Religion and Morality in Public Administration

## Introduction

For the past century, scholarly discourse concerning public administration has reflected an ethos suffused with an array of ideals enabling public administrators not only to make sense of but also to commit themselves to that ethos. Where those ideals are normative – a professional ethos, for example – they motivate or mandate conduct on the part of those whose desire is to participate in or to shape their lives according to those ideals (Reynolds 1993). This decision, when made by public administrators motivated by normative ideals – in particular, ethical principles and religious morals – triggers this discussion concerning ethics and religion in public administration (Brewer et al. 2000; Crewson 1997; Houston 2000, 2006; Jurkiewicz et al. 1998; Perry and Wise 1990; van Loon et al. 2015; Wright 2001).

This survey discusses first, ethics and public administration, and second, religion and public administration. Three critical matters arising from these discussions will then be considered if scholars are to become more inclusive by not contemptuously dismissing ethics and/or religion from their inquiries or by pitting either or both against science, but instead, to consider how ethics and religion might inform and expand the study of public administration, as social scientists once did (Tönnies 1964; Weber 1968, 1992).

## Ethics and Public Administration

Similar to an ocean's tide, scholarly interest in ethics and public administration during the past century has ebbed and flowed. The tide rose in the 1940s with the Friedrich and Finer debates (Stewart 1985) and then ebbed, although Leys (1943), Appleby (1952), and Bailey (1964) made contributions. The tide rose again in the early 1970s, only to ebb yet rise again in the mid-1980s and early 1990s as the number of national conferences, course offerings, and literature devoted to the topic increased (Adams 1994, p. 292; Bowman et al. 2001, p. 194). The *Handbook of Administrative Ethics* explicates seven

areas of scholarly interest across those decades: administrative ethics as a field of study; philosophical perspectives in administrative ethics; contexts of administrative ethics; maintaining ethical conduct (external and internal controls); administrative ethics in American society; and, administrative ethics in other cultures (Cooper 2000).

From the beginning, one force influencing this tide was the assumption that adding a "fourth 'e' – ethics – to the holy trilogy of efficiency, economy, and effectiveness" (Menzel 2007, p. 10) would reform government and restore public trust in it (Thomas 1998; Vigoda 2000; Vigoda-Gadot 2007). To this end, the literature highlighted ethical values, ethical leadership, teaching ethics, and standards associated with professional ethics.

### Ethical Values

A number of values shape a public service ethos and are believed to motivate public administrators to conduct themselves ethically (Kalu 2003), including among others: accountability, collegiality, integrity, impartiality, loyalty, equality, and dedication to a public rather than private interest or self-interest (Brereton and Temple 1999; O'Toole 1993; Paine 1994; Rayner et al. 2011).

Others have argued that lofty ideals – like the "common good" – motivate public administrators to conduct themselves ethically. Yet others have maintained that professional codes provide the motive. O'Toole (2006) observed how, over the past several decades, the management skills and business-like methods associated with the New Public Management (NPM) supplanted lofty ideals. The result is "the ideal of public service and public service ethos inspired by it. . .have ceased to play an important part in public life" (p. 100).

Questioning all of this, Perry et al. (2010) wonder whether personal, subjective values predispose individuals to dedicate themselves to public administration and, once employed, to conduct themselves in ways reflecting public sector values.

### Ethical Leadership

Ethical leadership is generally defined as "the demonstration of normatively appropriate conduct through two-way communication, reinforcement, and decision making" (Brown et al. 2005, p. 120).

Surprisingly, little mention has been made of its ethical dimensions (Treviño et al. 2003). Ciulla's (2004) review of 1,800 abstracts from seven disciplines confirms this finding. That said, Bowman et al. (2001) identify four "pillars" of public administration ethics: (1) value awareness; (2) ethical reasoning skills; (3) the role of law; and, (4) organizational implementation (p. 195). To construct professional practice upon such pillars, Cooper (2012) offers a dynamic ethical decision-making process whereby public administrators gather and analyze facts given their roles, responsibilities, and ethical principles. In addition, this process sensitizes public administrators to the indicators of ethical dilemmas and challenges them as well to design scenarios, project probable consequences, and defend their decisions. Jacobs (2013) adds that Cooper's process also prepares public administrators to build more ethical organizations and communities, what Raile (2013) recently called "building ethical capital" in public organizations. Rooney and McKenna (2008) suggest developing a "sociology of wise practice" – an aesthetics-based approach to developing organizational wisdom – that would enable public administrators to create the conditions for wise practice within themselves as they understand the social relational structures and processes that build and sustain practical wisdom in organizations.

Positive ethical climate has also figured prominently. A number of scholars suggest, for example, that ethical leaders apply a social learning perspective to exert a positive influence upon the ethical climate of their organizations (Berman et al. 1994; Brown et al. 2005; Cooper and Wright 1992; Moore and Sparrow 1990). Public administrators provide this leadership by incorporating ethical concern into personnel systems (from selection through training to evaluation), adopting an ethics code, and requiring compliance with pertinent laws (Brumback 1991; Menzel and Carson 1999). As role models, they also make ethical decisions, conduct themselves ethically, set standards for appropriate conduct, and provide

formal ethics training (Beeri et al. 2012; Cohen 1993; Frisque and Kolb 2008; Treviño 1990; Treviño et al. 2008; Valentine and Fleischman 2004; West and Berman 2004). Additionally, they collaborate by forming "covenantal relationships" with followers (Barnett and Schubert 2002).

Summarizing this literature, Heres and Lasthuizen note that ethical leaders are moral, build positive leader-follower relationships, and manage morally. What they minimally achieve is to minimize conduct that is detrimental to the leader, group, or organization. More maximally, their efforts improve their followers' overall performance (2013, pp. 51–70).

Continuing education programs aimed at improving the organization's ethical climate appear to be important and, in particular, programs emphasizing values, adhering to legal standards, and avoiding wrongdoing as well as practicing value-centered, decision-making processes (including scenarios, role-plays, and group activities that provide in-depth information about cases and simulate the workplace). Critical in this regard is directing participants to focus upon concrete ethical practices not abstractions (Stewart and Sprinthall 1993). Workshops stressing greater accountability and trustworthiness also appear to improve ethical climate. Moreover, workshops providing opportunities for participants to interact with ethics officials increase their positive feelings about the knowledge gained as well as increase the participants' willingness to seek advice from those officials (Raile 2013, p. 259).

While ethical leadership is said to correlate with a more positive ethical climate (Berman et al. 1998), Menzel (1995) is cautious, as a positive ethical climate may actually lessen managers' perceptions of wrongdoing in their organizations. Menzel (1996a) also found a mismatch between individual beliefs and perceptions concerning prevailing ethical norms – generating "ethical stress" – that can decrease job satisfaction as well as increase perceptions that employee turnover is a problem.

Scholars have also considered the opposite scenario: Leaders who beget negative perceptions of ethical climate. While ethics regulations and laws contribute to a positive ethical climate, they require compliance, thus encouraging lower ethicality, not the kind of commitment that builds a positive ethical climate (Menzel 1999). Moreover, although public employees may view the implementation of codes of ethics as effective (Bowman and Knox 2008), doing so has produced mixed results (Ashkanasy et al. 2000; James 2000). Additionally, emphasizing ethical rules "can be viewed as condescension or hypocrisy, particularly if employees believe that supervisors act unethically" (Raile 2013, p. 255). Not only that, while codes specify what members of an organization should aspire to, the existence of those codes provides no guarantee that followers will embody the content of those codes in their conduct (Brown 2007). Furthermore, investing in systems of ethics regulations emphasizing various dimensions of good governance are oftentimes met with resistance, as followers may envision structural change as a mechanism for increasing managerial control which, in turn, generates resistance (Cowell et al. 2014). Commensurate with Maclagan's (1998) discussion, Baserman and Tenbrunsel (2011) identified how compliance initiatives can promote unethical conduct. Lastly, organizational politics can negatively influence perceptions of an organization's ethical climate (Vashdi et al. 2012). To correct negative perceptions, Brey (2000) has suggested that leaders subject the tools and practices of ethics rules and regulations to critical analysis using three values: democracy, freedom, and privacy.

Summarizing this body of literature, Heres and Lasthuizen observe that "[e]thical leadership is, to an important extent, in the eye of the beholder." Ethical leaders deliberately build a more positive ethical climate in their organizations and, due to this, have "a reputation for being ethically competent" (2013, pp. 52–53). It might be added, and vice-versa.

## Teaching Ethics

Only relatively recently has ethics education has been added to graduate public administration programs. Similar to the tide ebbing and flowing with respect to scholarly interest in ethics and public

administration, interest in teaching ethics has grown since the 1960s for a number of reasons, most oftentimes spurred by scandal, the desire for greater social equity, and demands by professional associations and organization to include ethics in the curriculum (Plant 2013).

Empirical studies have identified effective approaches to teaching ethics (Bruce 1998; Menzel 1997). Even though these studies cut across disciplines, similar pedagogical goals are evident. These include: ethical awareness and sensitivity; ethical reasoning; knowledge of ethical thought; and, practice/experience that often involves immersion in cases that approximate reality (Cooper and Menzel 2013, p. 91). Focusing upon traditional classrooms, Shareef (2008) offers a "values/public failure decision-making model" for ethics educators to introduce to graduate students. Jacobs (2013) offers an "integrated pedagogical model" for intentionally cultivating a classroom culture wherein students learn to appreciate the normative foundations of ethical thought that will prove relevant for public administration practice (pp. 95–130). Svara's (2015) "ethics primer" introduces the fundamentals of administrative responsibility and ethics, linking these ideas to the nature of the administrative process and the work of professional administrators.

Recent discourse concerning "ethical competence" (Cooper and Menzel 2013) implies the existence of a body of knowledge, skills, attitudes, and abilities – ethical "competencies" (Bowman et al. 2004a, b; Reamer 2013; Svara 2009) – specifying the content of ethical leadership. Of this content, Jurkiewicz states "Ethical competence can be defined, taught, and measured" and draws upon Kohlberg's stages of moral development to identify five factors of ethical competence for ethics educators to inculcate in students (2013, pp. 131–153). Assuming that Jurkiewicz is correct, traditional public administration training programs or continuing education programs, like the workshops mentioned above, provide venues where this content can be taught, practiced, and inculcated.

Concerning textbooks, Bowman et al. reported in 2001 that "the sheer quantity of ethics discussion can only be described as modest." Furthermore, excellence in ethics and technical ability are "curiously unrelated in this literature." In addition, the "set of personal, professional, organizational, and societal values and the conflicting demands that inevitably arise among them" is not delineated, making it difficult grasp the larger environment of ethical concerns for public administrators. Lastly, "the rich diversity of conceptual schema, provocative commentaries, controversial case studies, and empirical data (as noted) seems underrepresented." More significantly, the texts "do not directly explain the 'e' word." And lastly, "[i]f ethics is action (a common implication of ethics definitions), then a discussion in greater depth than typically provided is needed" (2001, p. 201).

Subsequently, textbooks have been authored that integrate ethical theory with practice for students to learn and apply the knowledge, skills, abilities, and attitudes associated with ethical leadership (Cooper 2012; Geuras and Garofalo 2010; Jordan and Gray 2011; Martinez 2009; Menzel 2012; Svara 2015).

Where ethics education exists, Heres and Lasthuizen (2013) ask: Do public administration ethics educators develop those values and competencies in students so they embody it in their professional practice?

O'Fallon and Butterfield's (2005) review of research published between 1996 and 2003 revealed positive correlations between moral development/ethical judgment and ethical intentions/conduct. Three studies noted positive correlations on measures of moral judgment and behavioral outcomes (Blasi 1980; Thoma 1994; Thoma et al. 1986). Integrity test measures administered after ethics education validly predict overall job performance (Schmidt and Hunter 1998). Empirical evidence also indicates positive correlations between ethics and performance (Berman et al. 1994; Bruce 1998; Burke and Black 1990; Menzel 1992, 1993, 1995, 1996a, b, 1997). Concerning the standard of assessment used to determine whether ethics education positively impacts workplaces, it has been argued that success evidences itself as public administrators indirectly improve perceptions of ethical climate in their organizations (LeClair and Ferrell 2000; Valentine and Fleischman 2004).

In contrast, traditional ethics programs do not appear to impact ethical decision making in the workplace because, as people confront ethical dilemmas, the basic psychology of decision making generates blind spots – ethical fading, for example – eradicating ethical considerations from the decision-making process (Bazerman and Tenbrunsel 2011). Then, too, as ethical standards shift, people neglect to notice and act on the unethical behavior of others. Jacobs (2015) has argued that ethics education as it is described in much of the literature falls short because the decision-making processes taught are rooted in science and/or art but do not develop insight in students. Brady (2003) points to the moral complexity of a public administrator's daily life as limiting the potential for ethics education to impact workplaces positively. Moral complexity derives for the most part "from the contest between ethical universals and particulars as having claims on the public servant's professional life." Responding to this contest, public administrators apply those universals to the particulars. As a result, public policy oftentimes is not implemented as analysts wish, but is "hammered out in compromises among the clash of special interests, as though the special interests are what prevent truly ethical public policy from being adopted" (p. 532).

Of the 460 articles published between 2004 and 2015 in the *Journal of Public Affairs Education* – which seeks to advance teaching and learning as well as the enterprise of public affairs education through focused, high-quality research – ethics did not rank among the top five topics covered (Network of Schools of Public Policy and Affairs 2016). Similarly, of the 201 articles published by the *Journal of Public Affairs Education* between 2009 and 2015, only two discussed teaching ethics and one treated of ethics in passing.

## Standards Associated with Professional Ethics

Professional associations have figured prominently in accrediting programs as well as the training and credentialing public administrators. These associations also assist in socializing public administrators to conduct themselves ethically (Pandey and Stazyk 2008). They do so by promoting ethical values (Eikenberry 2009; Rainey and Ryu 2004).

In 2001, Bowman et al. observed that no formal standards identifying the scope and content of ethics in public administration exist (p. 195). Eight years later, the Network of Schools of Public Policy, Affairs, and Administration adopted accreditation standards requiring programs – the mission, governance, and curriculum – to "demonstrably emphasize public service values." Defining those values as "important and enduring beliefs, ideals and principles shared by members of a community about what is good and desirable and what is not," NASPAA also specifies their contents – "competencies" – but allows programs to "identify the boundaries of the public service values it emphasizes, be they procedural or substantive, as the basis for distinguishing itself from other professional degree programs." However, NASPAA does not require that an ethics course be included in the curriculum or of students (2014, p. 2).

The International City/County Management Association (ICMA) promulgated its Code of Ethics in 1924, revising it in 2015. In 1972, the ICMA Executive Board adopted "Guidelines," also revised in 2015 (ICMA n.d.). The Code's 12 tenets represent aspirational principles intended to guide ICMA members' deliberative process, while the guidelines identify conduct applying those principles. In 2014, ICMA adopted a set of revised rules of procedure for enforcement of its Code.

The American Society for Public Administration (ASPA) adopted its first Code of Ethics in 1984, revising it in 1994 and again in 2013 to include 8 principles and 37 practices (ASPA 2013). In 2015, ASPA adopted a procedure for reviewing complaints regarding ASPA members who are alleged to have conducted themselves in ways that do not reflect its Code (ASPA 2015). Plant (2000) and Svara (2014) both have pointed to ASPA's role in promoting ethical standards.

Plant believes the significance of professional codes of ethics is how "they can lift individual public servants above the 'do's and don't's' of

ordinary organizational life to give meaning and reality to the highest values of a democratic society" (2000, p. 328). As a survey of ASPA members found, codes might promote the perception that this is the single most important activity a professional organization, like ASPA, performs (Bowman 1990, p. 352). While this statement may be accurate, the data are dated. For his part, Adams (2001) argues that "the association of ethics and professionalism is oxymoronic" (p. 291).

### Summary

Situating this body of literature in the historical context of public service ethics, Adams (1994) has argued that despite many advances, technical rationality has rendered professionalism in public administration morally vacuous, anti-democratic, and holding the profession of public administration in bondage to modernity. Further investigation is required to determine what this implies for practitioners who are imbued with a public service ideals, what a code of ethics implies for their organizations, and what all of this requires of ethics educators.

Scholars also do not agree about how public administration ethics should be conceptualized. With little empirical evidence demonstrating the positive impact of ethics upon the quality of service delivery (Stensöta 2010), more research is required not only to determine what that impact may or may not be, but also to provide ethics educators feedback about enhancements they may need to make to programs, courses, and workshops.

Furthermore, the language of the literature is changing. As the concept of *public service values* is supplanting that of *public ethics*, this "creates a quandary for public administration ethicists," Plant observes. He then asks: "Do the new standards narrow the definition of ethical competence, or do they require ethicists to provide the range of competencies related to public values?" (2013, p. 198). Further inquiry into the issue of language, its meaning, and what all of this implies for teaching public administration as well as its practice is also needed.

## Religion and Public Administration

Concerning the topic of religion and public administration, the literature is scant (Farmer 2005; King 2007), indicating that the moral values of the world's religious traditions have generally been excluded from the discourse (Lowery 2005). Of the literature that does include religion, most considers the contributions of religious traditions – primarily Judaism, Christianity, and Islam – and some has examined the contributions of more than one religious tradition (Shah et al. 2007).

Shah et al. divided this body of literature among three categories (2007, p. 5), placing into the first category authors who only indirectly address religion and public administration by referencing moral values that may or may not be influenced by religious considerations. The majority of this literature focuses upon Western nations, although some more recent literature focuses upon developing nations. Of the contents of this first category, Shah et al. conclude: "The mainstream public administration/management literature has not directly addressed the issue of religion in public management" (p. 5).

Into the second category are placed authors who address religion as part of a broader discussion concerning the influence and relevance of Western culture and context to public administration and public sector reform. Again, some works examine developing nations. Of the contents of this category, Shah et al. conclude: "In the context of developing countries, a number of works have acknowledged the importance of institutions and cultural context, although they do not address the cultural or religious specificities of countries" (p. 6).

Into the third category are placed authors who examined faith/religion and public administration from a comparative perspective (across religious traditions) as well as from the perspective of individual traditions. Shah et al. do not comment directly about these studies, few in number.

Widening their focus, Shah et al. present some "nearly relevant" studies discussing religion and politics (but not religion and public administration), cultural/social factors impacting public

administration reforms (usually not including religion), and religious models and experiences of public administration (often studied by adherents of a particular faith, Islamics in particular). Summarizing this body of literature, Shah et al. observe:

> . . .much is at the level of advocacy of an ideological perspective rather than critical academic writing. Much tends to defend a perspective and set of values that are taken to underlie public management rather than being based on empirical research. Authors often defend the faith base of forms of public administration or management that are little different from "western" forms. (p. 18)

### Substantive Definitions

While this division of the literature assists in situating its contents, the judgments concerning each division may be faulty, as they assume what Griel calls a "substantive definition" of religion (2009, p. 143) which differentiates between "wrongdoing" and "immorality" (or "evil") conduct. This conduct evidences itself on the part of public administrators, for example, as they engage in administrative evil (Adams and Balfour 2015).

One study examined the sex abuse scandal perpetrated by administrators of the U.S. Roman Catholic Church (Barth 2010). Inappropriate organizational culture, bureaucracy, technicism, and goal displacement blinded some administrators from adopting best practices based upon well-established administrative theory. The lessons for public administrators? When an administrative evil arises, what is "good" – a moral value – requires immediately sharing harsh truths with the public, accepting the stark realities of higher "public" expectations, establishing appropriate accountability systems, and fostering trust by building close community relationships. Describing these best practices, Lee (2002) invoked moral language calling public reporting in public administration a "duty" (or, moral obligation).

As substantive definitions of religion have influenced this literature, they typically translate the precepts and morals of the world's major religions into ideals. For example, deHaven-Smith (2003) discussed what Jesus would say to public administrators. Farmer (2005) would have public administration studied within the context of religion and, although numerous difficulties present themselves, offers 10 suggestions for inquiring into public administration in the context of religion (pp. 182–183).

In this way, substantive definitions of religion can assist public administrators in "making sense of the senseless" (Adams et al. 2006, p. 688). That said, these definitions are "exclusive," as other similar phenomena that are not substantively religious are not considered (Griel 2009, p. 143). Furthermore, they are normative in nature, resistant to objective testing, as they require belief in the premise to demonstrate their validity.

### Functional Definitions

"Functional definitions" of religion – rooted in experience and more inclusive in scope – consider "activities, ideologies, and structures that seem to share features in common with religion even though they are not always designated as such" (p. 143). Thus, although the literature is scant when using substantive definitions of religion, a number of articles in recent years have considered matters that are functional to religion, for example, mission (Goodsell 2006), spirituality (Anderson 2000; Fallot 1998; Giacalone and Jurkiewicz 2010; Houston and Cartwright 2007; King 2007; Willa and Novinson 1999), spiritual wisdom (Lynch and Lynch 1999), as well as moral values and precepts (Caiden 2007; Clerkin and Grønbjerg 2007; Farmer 2005; Garcia-Zamor 2003; Houston and Cartwright 2007; Houston et al. 2008; King 2007; Lowery 2005). For his part, Mosher directed attention to the moral value of professionalism (1982, p. 12), noting the significance of this value in shaping the conduct of public service professionals. Importantly, Mosher argues that professional elites and professional organizations – similar to a religion's hierarchy – as well as their institutions and faculties – similar to seminaries – determine what constitutes orthodoxy – morality – and heterodoxy – immorality – for public administration practice (p. 142).

For their part, Bertelli and Lynn identified a moral precept, "managerial responsibility," which subsumes the interrelated traditional public

administration values of judgment, accountability, balance, and rationality. This precept, they assert, "solves a major theoretical problem of American public administration by defining a role for administrative officers…" (2003, p. 259). Moral precepts like managerial responsibility, although not substantively religious, frame the decision-making process for public administrators in their role of moral agency in much the same way they do for adherents of the world's religions. Moreover, these precepts persist (Lynn 2001), similar to dogmas associated with religious myths.

Functional definitions also expand beyond precepts to include moral values that shape the ethos of public administration. For example, Bevir et al. (2003) discussed how traditional public administration is rooted in the Weberian bureaucratic model and manifests traditions, beliefs, and narratives emphasizing moral reforms to public administration and policy. To this end, public administrators must be personally committed to the public interest, bureaucratic organizational structure, and an ethos characterized by a system of moral values, including: efficiency, professionalism, duty, neutrality, impersonalism, fairness, and equity (du Gay 2000; Felts and Jos 2000). As Weber noted, the public administrator's duty and honor – a moral precept – is to carry out those procedures to demonstrate that "sense of duty stands above…personal preference" (quoted in Felts and Jos 2000, p. 4). Those moral values – what Gooden and McCreary (2001) call "that old time religion" – continue even today to influence public administration, albeit as the moral values of efficiency, benchmarking, and productivity.

By the mid-1960s and through the 1980s, Weber's model came under attack for not delivering on its promise. With Waldo's new public administration (NPM), a new moral system emerged (Batley and Larbi 2004, p. 39). NPM not only promised to make sense of but also to support a different ethos (Frederickson 1980; Salamon 2002). Moral reforms to public administration and policy would render both less "generic" and more "public," less "descriptive" and more "prescriptive," less "institution-oriented" and more "client-oriented," as well as less "neutral" and more "normative," but no less "scientific" (Nigro 2014, p. 320). To these ends, NPM accorded priority to management over policy, competition over monopoly, results oriented over procedures, and self-management over hierarchical control. NPM's primary moral values? Flexibility, responsiveness, and transparency (Bevir et al. 2003; Felts and Jos 2000). In NPM, virtue – what Macaulay and Lawton call "age-old moral concerns" – has been and continues to be integral to managerial competency (2006, p. 208).

Denhardt and Denhardt (2003) then unveiled the New Public Service (NPS), a set of ideals and related practices emphasizing democratic norms and citizen engagement in the conduct of public administration. Designed to give voice to the traditional and significant democratic perspectives that NPM was overshadowing with its rhetorical claims of improving government by running it like a business, NPS emphasized four moral values (the nature of public service, the role of administration in governance, and the value tensions arising from five competing challenges, namely, bureaucracy, efficiency, equity, responsiveness, and accountability). In NPS, the public administrator is a critical actor within a larger system of governance, assuring that the public interest predominates (p. 81). These values would evidence themselves as public administrators implement NPS to assist citizens articulate and meet their shared interests rather than functioning as the lone arbiter of the public interest by attempting to control or steer society.

Moreover, as public administrators integrate bureaucratic moral values (efficiency, expertise, efficacy, and loyalty) with democratic moral values (citizenship, democracy, and social equity), they will forge a professional ethos that would not be "purely objective but rather recognizes that judgments about values and how they should be balanced, advocated, and reconciled are necessary and should be guided both by personal values and the values and ethics of the profession as a whole" (Denhardt and Denhardt 2015, p. 670).

Unusual as this interpretation of this body of literature may appear, religious analogies possess the power to expand discourse concerning the public administration. Moreover, normative

moral values – Weberian public administration, NPM, and NPS, for example – have influenced the discourse concerning public administration during the twentieth century and first decades of the twenty-first century, suggesting that public administration has undergone a number of Reformations and Counter-Reformations.

### The "Vocation" of Public Administration

Stout's (2013) synthesis of the discourse concerning this topic indicates that the "literature's common reference to a professional ethos that guides role conception is captured in the notion of *vocation*, in the sense of calling." Defining vocations as "professions that are imbued with a particular ethos," Stout maintains, "this widely shared sense of the importance of vocation in public administration" provides the impetus "to operationalize vocation as public service motivation. . ." (p. 15). But, she adds: "Related literature about vocation or calling also explores the motivation to enter the public service, *assuming a role conception of moral purpose*" (p. 16, italics added).

During the 1960s, that sense of public morality envisioned the vocation to public service as characterized by the moral values of human relationships, cooperation, and collective action. These values coalesced into an ethos that gradually gave way to another ethos, one valuing market exchange principles and emphasizing professionalism (McSwite 2002).

Scholarly interest in "vocation" – described as "public service motivation" (PSM) – exemplifies this transformation, as PSM strips the vocation of its religious and moral connotations, replacing normative moral values with descriptive behaviors. The goal: For researchers to identify how PSM causes people to devote themselves to public service (Alonso and Lewis 2001).

Even so, moral values continued to influence discussion concerning PSM. For example, Perry and Wise (1990) defined PSM as "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (p. 368). But, discussing how three theoretical bases – rational, norm-based, and affective – motivate individuals, they note how those norm-based motives – the desire to serve the public interest (and no matter how this term is defined) – are particularly powerful. Using a functional definition of religion, these norm-based motives – patriotism, duty, and loyalty to the government – function as moral values to guide professional practice.

Several years later, Perry (1997) identified PSM's five antecedents, one of which is "religious socialization." Brewer et al. (2000) followed up by identifying four conceptions of PSM. Of particular salience are the Samaritans – suggestive of the "Good Samaritan" of the Christian scriptures (Luke 10: 25–37) – who are highly motivated to assist others. However, these individuals' motives are not wholly altruistic, balancing concern for the underprivileged with their own needs and interests (p. 259). Brewer (2003) as well as Houston and Cartwright (2007) also found that the attitudes of public administrators are more humanitarian and spiritual than other citizens.

Inquiring further into PSM's antecedents, Perry et al. (2008) found that religious activity – rooted in religion, spirituality, or a higher power – is one of the strongest PSM predictors of moral commitment. Although the sample included morally committed volunteers, for the most part it did not include public administrators. But, Perry et al. do raise the question regarding whether religious activity – especially when linked to self-perceptions of a need for personal integrity or wholeness in one's life as well as to personal understandings of the importance of community – is what attracts people to and to persist in public administration (pp. 454–454).

Evaluating the increase over the past decade of interest in PSM, Bozeman and Su believe the concept is "woefully underdeveloped as a dependent variable," addressing "universals" – normative moral values – that need to be subjected to more rigorous empirical testing. Developing a causal map for PSM, they argue, will be "a challenging task. . .because a great many factors likely interact (e.g., individual psychological makeup, organizational effects, systemic effects, peer interaction)" (2015, p. 7).

Recognizing the power this secularized ethos has exerted upon the topic of religion and public

administration in the decades following the 1960s, Staats (1988) described public service not only as "a concept, an attitude, a sense of duty" but also "yes, a sense of public morality." For their part, Denhardt and Denhardt asserted the need to "rediscover our desire to serve our fellow citizens and to think about our public service work in a way that celebrates its 'soul' and meaning" (2003, p. 173). Lastly, Frederickson (1996) pointed to the "spirit of public administration" and its moral values which are of fundamental importance to the quality not only of a democratic republic but also its administration.

Exploring the diversity of ways during the nineteenth and twentieth centuries that many of the characteristics of modern, secular government came to reflect the Church's organization, Raadschelders (2002) maintains this history is instructive as it identifies many of the good reasons for secularizing the state and subordinating organized religion to individual conscience. However, what about a state that is immune to critique by the wisdom of religion? Might it not exhibit some of the same excesses the Church exhibited when it dominated the State (for example, intolerance and persecution of dissenting voices, cronyism and nepotism, using office for personal gain)? More importantly, this history is instructive concerning present-day decisions that public administrators must navigate when the Church-State relationship is contested by various factions, for example, when the accommodation of religious interests and government support of religious practices, symbols, and services is called into question (pp. 275–295).

Freeman and Houston (2010) assert that if religion is to be re-introduced into the discourse, a more convincing case must be made. Because public administrators appear to be more active in and committed to their religious communities than is the general public, there are five ways religion and public administration interact which can provide a foundation for that case (p. 698).

In contrast, empiricists oppose any introduction of religion into public administration. So do atheists, like Richard Dawkins, and antitheists, like Christopher Hitchens.

Dawkins (1998a) asserts the superiority of atheism which, he asserts, evidences a critical and independent mind, one that derives conclusions based solely upon evidence (pp. 1–2). In contrast, he argues, religion has been and continues to be a source of conflict and, more importantly, is used to justify belief absent evidence (1998b, pp. 3–4). Faith – defined as belief not based upon evidence – represents "one of the world's great evils" because he views it to be a delusion (2006). Similarly with science which, Dawkins (1997) believes, is only superior to religion in that its zealots and bigots do not kill those who disagree with them. Like religion, is science problematic?

Similar to Dawkins, Hitchens (2007) asserts that belief in a God or a Supreme Being – especially of the Abrahamic religions – subjects people to a totalitarian regime. Unlike Dawkins, Hitchens is more optimistic concerning science, stating that the "pursuit of unfettered scientific inquiry, and the availability of new findings to masses of people by electronic means, will revolutionise our concepts of research and development." This will only happen, Hitchens maintains, ". . .on the sole condition that we banish all religions from the discourse. And all this and more is, for the first time in our history, within the reach if not the grasp of everyone" (p. 283).

From a constitutional perspective, Bisesi and Lidman (2009) believe the involvement of faith-based organizations in public administration during the first decade of the twenty-first century – although motived by compassion, a desire for political power, or some other purpose – "has considerable potential for controversy and, under certain circumstances, can have an adverse impact on a pluralistic democracy" (p. 4). In addition, even though faith-based organizations are relatively small in number, they might cause an imbalance between Church and State (Smith and Sosin 2001, pp. 665–666).

## Summary

During the twentieth century, much of the literature concerning the topic of religion and public administration indicates that moral values were

stripped of their religious denotations. As Wilson's (1887) "science of administration" and its progeny endeavored to validate secular versions of religious moral values, a new ethos purged most of the language of religion from public administration (Houston et al. 2008, p. 429).

As this discussion indicates, functional definitions of religion make it possible to examine the literature from a wider, more inclusive perspective indicating that religion figured a bit more prominently in the discoures, albeit implicitly. However, those functional definitions may be problematic. As Griel observes, they "may have the effect of so broadening the concept of religion that it becomes meaningless" (2009, p. 143).

In light of opposition on the part of empiricists, atheists, and antitheists, perhaps the topic of religion and public administration remains what Fruchter (2014) recently called "the unexpected elephant in the room." Addressing that issue would be helpful, that is, if scholars are to liberate public administration from the technical rationality that Adams (1994) believes has rendered professionalism in public administration morally vacuous, anti-democratic, and holding the profession of public administration in bondage to modernity. The point is: Reason and faith – science and religion – do not have to stand in opposition in an intellectual war for supremacy in the pursuit of truth. Each can offer the other helpful guidance and critique purifying knowledge in that pursuit (Benedict 2006; John Paul 1998).

## Conclusion

This survey of the literature illuminates three critical issues. The first two are highly contentious; the third calls for conceptual clarity and greater consistency in the discourse.

Arguably, the most critical issue – and likely the most contentious – is what may be the systemic exclusion of religion (to a great extent) and philosophy (to a lesser extent) from the discourse. A number of reasons implied in this literature provide an explanation: the post-Enlightenment demarcation separating the dictates of reason from the normative claims of theology and philosophy; the rise of empiricism, scientism, and technical rationality; and, the evermore "strict wall of separation" demarcating Church from State.

While this exclusion of religion and philosophy has not impeded the knowledge base of public administration theory and practice from expanding, it has immunized the knowledge base from robust theological and philosophical critique. In turn, this immunization may have served to retard public administration from developing even more fully as an area of scholarly inquiry. Might it be time for scholars to liberate themselves from the ideological shackles constraining their inquiry, in much the same way their Enlightenment forebears successfully liberated themselves from the ideological shackles constraining their inquiry?

Paradigmatic of a more robust approach is Weber's (1968) examination of the 1,300-year-old Chinese mandarin tradition of public administration exemplified in those scholar-officials across thirteen centuries who, in addition to performing their duties as public administrators, studied poetry, literature, and Confucian thought. Of particular importance for the present discussion is the latter, as this tradition integrated philosophy, religion, and public administration. For example, those scholar-officials functioned as tax collectors, police officials, judges, and public works supervisors. In addition, and similar to how religious leaders function in general, these local scholar-officials were viewed as paragons of virtue and morality. They taught in schools, preached Confucian ethics and morality, and even conducted Confucian ceremonies. That is, until Mao's cultural revolution.

This more robust approach also figured prominently Tyack and Hansot's (1986) analysis of the emergence of public schools in Massachusetts and beyond during the early- to mid- 1800s. Noting how most school principals and district superintendents were Protestant ministers, they viewed their mission as one of infusing a pan-Protestant ideology into the public schools for the purpose of

"Americanizing" the children of immigrants. For the purposes of this discussion, a religious "vocation" motivated these public administrators, offering insight into the religious dimensions of public service motivation that oftentimes – but not always – have been excluded from scholarly discourse. As the research indicates, religion and moral values are influential in the lives of many public administrators and, as the literature associated with public service motivation indicates, that influence should not be neglected.

Also not to be neglected is Barnard's "moral factor" of leadership. In *The Functions of the Executive*, Barnard (1968) peppered his discussion of administration with religious connotations, assigning significance to moral purpose, purposive action, faith, and morale as fundamental to what Weber – quoting Martin Luther – called (1992) "one's duty in a calling" and its work as a "vocation." Barnard's administrators challenge subordinates to identify how their individual moral codes provide more "valuable" means so their organizations will not just survive but also thrive. Furthermore, as subordinates give expression to their diverse moral codes and offer various means to achieve shared goals, administrators enhance the decision-making process as a qualitative, value-driven, moral endeavor.

Barnard also introduced philosophy into his discussion, specifically the theory of subsidiarity. Reminding administrators to be wary of hubris because they are neither the organization nor its primary decision makers, Barnard highlighted the essential nature of administration as devolving authority and responsibility to subordinates for the purpose of begetting greater cooperation and, hence, organizational effectiveness. Similar to von Bertalanffy (1969) – who described the ontology, epistemology, and axiology of systems – as well as Parsons (1967) and Luhmann (2013a) – who also discussed a systems theory of religion (2013b) – Barnard argued that "effective cooperation. . .means that the ability of the group exceeds the ability of an individual" (p. 27). Engendering this spirit of cooperation requires administrators who provide the "moral factor" of administration that enables subordinates to collaborate in the meaningful work of constructing something more valuable and enduring than any one of them, namely, an organization that fulfills its substantive purpose.

A second contentious but less critical issue is the U.S. Supreme Court's restrictive interpretation of the establishment clause in *Everson v. Board of Education* (Hamburger 2004). In the ensuing decades, that wall grew increasingly "strict" in the sense that Church and State were not to become entangled even though the Supreme Court has noted that "sanitized separation. . .has never been thought either possible or desirable" (*Committee for Public Education and Religious Liberty v. Nyquist*, 413 U.S. 756, 760 (1973)). Mirroring the culture, that wall has grown increasingly strict in public administration theory and practice (Bruce 2000).

Does this decades-old tradition require scholars to refrain from studying the topic of religion and public administration to determine what role, in any, the former may have in informing the latter?

The third issue concerns imprecise language.

Any reviewer of this body of literature will find the terms "ethics" and "religion," "principles" and "morals," "virtues" and "values," as well as "public administration" and "public service" used interchangeably. The title of Bowman and Menzel's 1998 book, *Teaching Ethics and Values in Public Administration Programs*, as well as Chapman's statement, "*Ethics* in government refers to *moral standards* in the *public service*" (1993, p. 1, italics added) exemplify this tendency.

Recognizing this problem, Kernaghan (2003) classified public service values into five categories. While this classification is helpful for identifying different types of public service values, the category "ethical values" would be more properly categorized as "ethical virtues" in that Kernaghan identifies traits of character evidenced in habitual conduct (Aristotle 1958).

Ethics is a branch of philosophy and religion is a branch of theology. Each possesses its distinctive language system. Clarifying concepts would demarcate the ethical (philosophy) from the religious (theology) and administration (science) from service (religion), making the discourse more uniform across the body of public

administration literature that discusses the topic of ethics and religion. This clarification would also make it possible to consider how public administrators are ethical agents who can be ethical exemplars as well as moral agents who can be moral exemplars (Garofalo and Geuras 2006). Moreover, clarifying these concepts provides a framework to identify the challenges public administrators confront when ethics and morality conflict, opening the door to consider and evaluate ethical and moral lapses and failures in public administration practice (Van Wart 2007). Lastly, clarifying these concepts fosters discussion concerning how both ethics and religion might inform public administration.

Addressing these three matters would certainly keep scholars who are interested in the topic of ethics and religion in public administration very busy. However, doing so would also contribute to more robust discourse having the effect of broadening inquiry into public administration and its practice.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Theory of Ethics
- ▶ Code of Ethics
- ▶ Compliance Versus Ethical Capacity
- ▶ Ethical Competence
- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Frameworks
- ▶ Ethical Impact Theory: How Unethical Behavior at Work Affects Individual Well-Being
- ▶ Ethical Leaders
- ▶ Ethical Probity in Public Service
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics and Duty
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Organizational Performance
- ▶ Ethics and Philosophy
- ▶ Ethics Exemplars
- ▶ Ethics in Public Administration and Government
- ▶ Ethics Training
- ▶ Integrity in the Public Service
- ▶ Integrity Management
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Moral Responsibility
- ▶ Organizational Evil
- ▶ Organizational Values
- ▶ Philosophical Ethics
- ▶ Teaching Ethics in Public Administration
- ▶ Theories of Ethics
- ▶ Transparency
- ▶ Workplace Spirituality




## References


Adams GB (1994) Enthralled with modernity: the historical context of knowledge and theory development. In: White JD, Adams GB (eds) Research in public administration: reflections on theory and practice. Sage, Newbury Park, pp 25–41

Adams GB (2001) Administrative ethics and the chimera of professionalism. In: Cooper TL (ed) Handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 291–309

Adams GB, Balfour DL (2015) Unmasking administrative evil, 4th edn. M. E. Sharpe, Armonk

Adams GB, Balfour DL, Reed GL (2006) Abu Ghraib, administrative evil, and moral inversion: the value of "putting cruelty first". Public Adm Rev 66(5): 680–693

Alonso P, Lewis GB (2001) Public service motivation and job performance: evidence from the federal sector. Am Rev Public Adm 31(4):363–380

American Society for Public Administration (2013) Code of ethics. Retrieved from http://www.aspanet.org/public/ASPA/Code%20of%20Ethics/ASPA/Resources/Code_of_Ethics/Code_of_Ethics1.aspx?hkey=7d5473b7-b98a-48a4-b409-3efb4ceaa006

American Society for Public Administration (2015) Practices to promote the ASPA code of ethics. Retrieved from http://www.aspanet.org/PUBLIC/ASPADocs/ASPA%20Code%20of%20Ethics-2013%20with%20Practices.pdf

Anderson P (2000) This place hurts my spirit! J Qual Particip 23(4):16–17

Appleby P (1952) Morality and administration in democratic government. Louisiana State University, Baton Rouge

Aristotle (1958) The Nicomachean ethics (trans: Ross WD). In: Kaplan JD (ed) The pocket Aristotle. Simon & Schuster, New York, pp 158–274

Ashkanasy NM, Falkus S, Callan VJ (2000) Predictors of ethical code use and ethical tolerance in the public sector. J Bus Ethics 25(3):237–253

Bailey SK (1964) Ethics and the public service. Public Adm Rev 24(4):234–243

Barnard CI (1968) The functions of the executive. Harvard University Press, Cambridge, MA
Barnett T, Schubert E (2002) Perceptions of the ethical work climate and covenantal relationships. J Bus Ethics 36(3):279–290
Barth T (2010) Crisis management in the Catholic Church: lessons for public administrators. Public Adm Rev 70(5):780–791
Batley R, Larbi G (2004) The changing role of government: the reform of public services in developing countries. Macmillan, New York
Bazerman MH, Tenbrunsel AE (2011) Blind spots: why we fail to do what's right and what to do about it. Princeton University Press, Princeton
Beeri I, Dayan R, Vigoda-Gadot E, Werner SB (2012) Advancing ethics in public organizations: the impact of an ethics program on employees' perceptions and behaviors in a regional council. J Bus Ethics. https://doi.org/10.1007/s10551-012-1232-7
Benedict XVI (2006) Faith, reason and the university: memories and reflections. http://w2.vatican.va/content/benedict-xvi/en/speeches/2006/september/documents/hf_ben-xvi_spe_20060912_university-regensburg.html. Accessed 13 Jan 2015
Berman E, West J, Cava A (1994) Ethics management in municipal governments and large firms: exploring similarities and differences. Adm Soc 26(2):185–203
Berman EM, West JP, Bonczek SJ (eds) (1998) The ethics edge. International City/County Management Association, Washington, DC
Bertelli AM, Lynn LE Jr (2003) Managerial responsibility. Public Adm Rev 63(3):259–268
Bevir M, Rhodes RAW, Weller P (2003) Traditions of governance: interpreting the changing role of the public sector. Public Adm 81(1):1–17
Bisesi M, Lidman R (2009) Compassion and power: religion, spirituality, and public administration. Int J Public Adm 32:4–23
Blasi AA (1980) Bridging moral cognition and moral action: a critical review of literature. Psychol Bull 88(1):1–45
Bowman JS (1990) Ethics in government: a national survey of public administrators. Public Adm Rev 50(3): 345–353
Bowman JS, Knox CC (2008) Ethics in government: no matter how long and dark the night. Public Adm Rev 68(4):627–639
Bowman JS, Menzel DC (eds) (1998) Teaching ethics and values in public administration programs. SUNY Press, Albany
Bowman JS, Berman EM, West JP (2001) The profession of public administration: an ethics edge in introductory textbooks? Public Adm Rev 61(2):194–205
Bowman JS, West JP, Beck MA (2004a) Achieving competencies in public service: the professional edge, 2nd edn. M.C. Sharpe, Armonk
Bowman JS, West JP, Berman EM, Van Wart M (2004b) The professional edge: competencies in public service. M.C. Sharpe, Armonk
Bozeman B, Su X (2015) Public service motivation concepts and theory: a critique. Public Adm Rev 75(5): 700–710
Brady FN (2003) "Publics" administration and the ethics of particularity. Public Adm Rev 63(5):525–534
Brereton M, Temple M (1999) The new public *service* ethos: an ethical environment for governance. Public Adm 77(3):455–474
Brewer GA (2003) Building social capital: civic attitudes and behavior of public servants. J Public Adm Res Theory 13:5–26
Brewer GA, Selden SC, Facer II (2000) Individual conceptions of public service motivation. Public Adm Rev 60(3):254–264
Brey P (2000) Disclosive computer ethics. Comput Soc 30(4):10–16
Brown ME (2007) Misconceptions of ethical leadership: how to avoid potential pitfalls. Organ Dyn 36(2): 140–155
Brown ME, Treviño LK, Harrison DA (2005) Ethical leadership: a social learning perspective for construct development and testing. Organ Behav Hum Decis Process 97(2):117–134
Bruce W (1998) Ethics education in municipal government: it does make a difference. In: Bowman JS, Menzel DC (eds) Teaching ethical values in public administration programs. SUNY Press, Albany, pp 231–249
Bruce W (2000) Public administrator attitudes about spirituality: an exploratory study. Am Rev Public Adm 30(4):460–472
Brumback GB (1991) Institutionalizing ethics in government. Public Pers Manag 20(3):353–364
Burke F, Black A (1990) Improving organizational productivity: add ethics. Public Prod Manag Rev 14(2): 121–133
Caiden N (2007) Faith and government. Public Adm Rev 67(2):355–363
Chapman R (1993) Introduction. In: Chapman R (ed) Ethics in public service. Edinburgh University Press, Edinburgh, pp 1–6
Ciulla JB (2004) Leadership ethics: mapping the territory. In: Ciulla JB (ed) Ethics, the heart of leadership, 2nd edn. Praeger, Westport, pp 3–26
Clerkin RM, Grønbjerg KA (2007) The capacities and challenges of faith-based human service organizations. Public Adm Rev 67(1):115–126
Cohen DV (1993) Creating and maintaining ethical work climates: anomie in the workplace and implications for managing change. Bus Ethics Q 3(4):343–358
Committee for Public Education & Religious Liberty v. Nyquist, 413 U.S. 756, 760 (1973). http://supreme.justia.com/us/413/756/case.html. Accessed 2 Dec 2015
Cooper TL (ed) (2000) Handbook of administrative ethics, 2nd edn. Taylor & Francis, New York
Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role, 6th edn. Wiley, San Francisco

Cooper TL, Menzel DC (eds) (2013) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk
Cooper TL, Wright ND (eds) (1992) Exemplary public administrators: character and leadership in government. Jossey-Bass, San Francisco
Cowell R, Downe J, Morgan K (2014) Managing politics? Ethics regulation and conflicting conceptions of "good conduct". Public Adm Rev 74(1):29–38
Crewson PE (1997) Public-service motivation: building empirical evidence of incidence and effect. J Public Adm Res Theory 7(4):499–518
Dawkins R (1997) Is science a religion? The Humanist, January/February, 26–29. https://web.archive.org/web/20121030144700/http:/www.thehumanist.org/humanist/articles/dawkins.html. Accessed 27 Dec 2015
Dawkins R (1998a) The emptiness of theology. Free Inquiry 18(2). https://web.archive.org/web/20080419125549/http:/www.secularhumanism.org/library/fi/dawkins_18_2.html. Accessed 27 Dec 2015
Dawkins R (1998b) When religion steps on science's turf. Free Inquiry 18(2). https://web.archive.org/web/20080419125549/http:/www.secularhumanism.org/library/fi/dawkins_18_2.html. Accessed 27 Dec 2015
Dawkins R (2006) The God delusion. Transworld Publishers, London
deHaven-Smith L (2003) What Jesus says to public administration. Int J Organ Theory Behav 1(6):90–118
Denhardt JV, Denhardt RB (2003) The new public service: serving, not steering. M.E. Sharpe, Aramonk
Denhardt RB, Denhardt JV (2015) The New Public Service Revisited. Public Adm Rev 75(5):664–672
du Gay P (2000) In praise of bureaucracy. Sage Publications, Thousand Oaks
Eikenberry AM (2009) The present and (normative) future of public administration and implications for ASPA. Public Adm Rev 69(6):1060–1067
Fallot RD (1998) The place of spirituality and religion in mental health services. New Dir Ment Health Serv 80: 3–12
Farmer DJ (2005) Talking about religion. Adm Theory Prax 27(1):182–195
Felts AA, Jos PH (2000) Time and space: the origins and implications of the new public management. Adm Theory Pract 22(3):519–533
Frederickson HG (1980) New public administration. University of Alabama Press, Tuscaloosa
Frederickson HG (1996) The spirit of public administration. Jossey-Bass, San Francisco
Freeman PK, Houston DJ (2010) Belonging, believing, behaving: the religious character of public servants. Adm Soc 42(6):694–719
Frisque DA, Kolb JA (2008) The effects of an ethics training program on attitude, knowledge, and transfer of training of office professionals: a treatment- and control-group design. Hum Resour Dev Q 19(1):35–53
Fruchter D (2014) In the study of leadership, spirituality is the unexpected elephant in the room. Public Adm Rev 75(1):171–174
Garcia-Zamor J-C (2003) Workplace spirituality and organizational performance. Public Adm Rev 63(3): 355–363
Garofalo C, Geuras D (2006) Common ground, common future: moral agency in public administration, professions, and citizenship. Taylor and Francis, Boca Raton
Geuras D, Garofalo C (2010) Practical ethics in public administration, 3rd edn. Management Concepts, Tysons Corner
Giacalone RA, Jurkiewicz CL (eds) (2010) Handbook of workplace spirituality and organizational performance. M.E. Sharpe, Armonk
Gooden ST, McCreary SM (2001) That old-time religion: efficiency, benchmarking, and productivity. Public Adm Rev 61(1):116–120
Goodsell CT (2006) A new vision for public administration. Public Adm Rev 66(4):623–635
Griel AL (2009) Defining religion. In: Clark P, Beyer P (eds) The world's religions: continuities and transformations. Routledge, New York, pp 135–149
Hamburger P (2004) Separation of church and state. Harvard University Press, Cambridge, MA, pp 287–334, 342. https://books.google.com/books?id=q6Axd76IE1UC&dq. Accessed 3 Dec 2015
Heres L, Lasthuizen K (2013) From ethical competence to ethical leadership. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 51–70
Hitchens C (2007) God is not great: how religion poisons everything. Twelve Books, New York
Houston DJ (2000) Public-service motivation: a multivariate test. J Public Adm Res Theory 10(4):713–728
Houston DJ (2006) "Walking the walk" of public service motivation: public employees and charitable gifts of time, blood, and money. J Public Adm Res Theory 16(1):67–86
Houston DJ, Cartwright KE (2007) Spirituality and public service. Public Adm Rev 67(1):88–102
Houston DJ, Freeman PK, Feldman DL (2008) How naked is the public square? Religion, public service, and implications for public administration. Public Adm Rev 68(3):428–444
International City/Council Management Association (n.d.) ICMA code of ethics. http://icma.org/en/icma/ethics/code_of_ethics. Accessed 17 Dec 2015
Jacobs RM (2013) Developing ethical competence: an integrated pedagogical method. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 95–130
Jacobs RM (2015) Developing insight in aspiring researchers: challenges confronting public administration teachers and scholars. Teach Public Adm 33(4): 1–28. https://doi.org/0144739415615664
James HS Jr (2000) Reinforcing ethical decision making through organizational structure. J Bus Ethics 28(1): 43–58
John Paul II (1998) Encyclical letter: Fides et ratio. http://w2.vatican.va/content/john-paul-ii/en/encyclicals/

E

documents/hf_jp-ii_enc_14091998_fides-et-ratio.html. Accessed 15 Jan 2016
Jordan S, Gray P (2011) The ethics of public administration: the challenges of global governance. Baylor University Press, Waco
Jurkewicz CL (2013) Advancing ethical competence through pedagogy. In: Cooper TL, Menzel D (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 131–153
Jurkiewicz CL, Massey TK Jr, Brown RG (1998) Motivation in public and private organizations: a comparative study. Public Prod Manag Rev 21(3):230–250
Kalu KN (2003) Of citizenship, virtue, and the administrative imperative: deconstructing Aristotelian civic republicanism. Public Adm Rev 63(4):418–427
Kernaghan K (2003) Integrating values into public service: the values statement as centerpiece. Public Adm Rev 63(6):711–719
King SM (2007) Religion, spirituality, and the workplace: challenges for public administration. Public Adm Rev 67(1):103–114
LeClair DT, Ferrell L (2000) Innovation in experiential business ethics training. J Bus Ethics 23(3):313–322
Lee M (2002) Intersectoral differences in public affairs: the duty of public reporting in public administration. J Public Aff 2:33–43
Leys WAR (1943) Ethics and administrative discretion. Public Adm Rev 3(Winter):10–23
Lowery D (2005) Self-reflexivity: a place for religion and spirituality in public administration. Public Adm Rev 65(3):324–334
Luhmann N (2013a) Introduction to systems theory (trans: Gilgen P). Polity Press, Malden
Luhmann N (2013b) A systems theory of religion (trans: Brenner DA). Stanford University Press, Stanford
Lynch TD, Lynch CE (1999) Spiritual wisdom and public administration. Int J Org Theory Behav 2(3&4):273–302
Lynn LE Jr (2001) The myth of the bureaucratic paradigm: what traditional public administration really stood for. Public Adm Rev 61(2):144–160
Macaulay M, Lawton A (2006) From virtue to competence: changing the principles of public service. Public Adm Rev 66(5):702–710
Maclagan P (1998) Management & morality. Sage Press, Thousand Oaks
Martinez JM (2009) Public administration ethics for the 21st century. Praeger, Santa Barbara
McSwite OC (2002) Invitation to public administration. Taylor & Francis, New York
Menzel DC (1992) Ethics attitudes and behaviors in local governments: an empirical analysis. State Local Gov Rev 24(Fall):94–102
Menzel DC (1993) The ethics factor in local government: an empirical analysis. In: Frederickson HG (ed) Ethics and public administration. M.E. Sharpe, Armonk, pp 191–204
Menzel DC (1995) The ethical environment of local government managers. Am Rev Public Adm 25(3): 247–261
Menzel DC (1996a) Ethics stress in public organizations. Public Prod Manag Rev 20(1):70–83
Menzel DC (1996b) Ethics complaint making and trustworthy government. In: Public integrity annual. Council of State Governments, Lexington, pp 73–82
Menzel DC (1997) Teaching ethics and values in public administration: are we making a difference? Public Adm Rev 57(3):224–230
Menzel DC (1999) Rediscovering the lost world of public service ethics: do we need new ethics for public administrators? Public Adm Rev 59(5):443–447
Menzel DC (2007) Ethics management for public administrators: building organizations of integrity. M.E. Sharpe, Armonk
Menzel DC (2012) Ethics management for public administrators: leading and building organizations of integrity, 2nd edn. M.E. Sharpe, Aramonk
Menzel DC, Carson K (1999) A review and assessment of empirical research on public administration ethics: implications for scholars and managers. Public Integrity 1(Summer):239–264
Moore MH, Sparrow MK (1990) The moral challenge of public leadership. Prentice Hall, New York
Mosher F (1982) Democracy and the public service, 2nd edn. Oxford University Press, New York
Network of Schools of Public Policy, Affairs, and Administration (2014) NASPAA standards. NASPAA, Washington, DC. https://naspaaaccreditation.files.wordpress.com/2015/02/naspaa-accreditation-standards.pdf. Accessed 15 Dec 2015
Network of Schools of Public Policy, Affairs, and Administration (2016) NASPAA news: a salute to the *Journal of Public Affairs Education*. http://campaign.r20.constantcontact.com/render?ca=84b5b4a5-ade8-4a97-9a90-e547178cf3fd&c=5c584bb0-7e0a-11e3-a461-d4ae5292b9a6&ch=5d927960-7e0a-11e3-a4d2-d4ae5292b9a6. Accessed 15 Dec 2015
Nigro L (2014) New public personnel administration. Cengage Learning, Boston
O'Fallon MJ, Butterfield KD (2005) A review of the empirical ethical decision-making literature: 1996–2003. J Bus Ethics 59(4):375–413
O'Toole BJ (1993) The loss of purity: the corruption of public service in Britain. Public Policy Adm 8(2):1–6
O'Toole BJ (2006) The ideal of public service: reflections on the higher civil service in Britain. Routledge, New York
Paine LS (1994) Managing for organizational integrity. Harv Bus Rev 72(2):106–117
Pandey SK, Stazyk EC (2008) Antecedents and correlates of public service motivation. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of Public Service. Oxford University Press, Oxford, pp 101–116
Parsons T (1967) The structure of social action, vol 1 & 2. Free Press, New York
Perry JL (1997) Antecedents of public service motivation. J Public Adm Res Theory 7(2):181–197
Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Perry JL, Brudney JL, Coursey D, Littlepage L (2008) What drives morally committed citizens? A study of the antecedents of public service motivation. Public Adm Rev 68(3):445–458

Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690

Plant JF (2000) Codes of ethics. In: Cooper TL (ed) Handbook of administrative ethics, 2nd edn. Taylor & Francis, New York, pp 309–334

Plant JF (2013) Ethical competence/professionalism in public administration. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 189–217

Raadschelders JCN (ed) (2002) State and church in Western Europe in an administrative-history perspective (19th/20th centuries): yearbook of European Administrative History, vol 14. Nomos Verlagsgesellschaft, Baden-Baden

Raile ED (2013) Building ethical capital: perceptions of ethical climate in the public sector. Public Adm Rev 73(2):253–262

Rainey HG, Ryu J (2004) Framing high performance and innovativeness in government: a review and assessment of research. In: Ingraham PW, Lynn LE Jr (eds) The art of governance: analyzing management and administration. Georgetown University Press, Washington, DC, pp 20–45

Rayner J, Williams HM, Lawton A, Allison CW (2011) Public service ethos: developing a generic measure. J Public Adm Res Theory 21(1):27–51

Reamer FG (2013) Ethical competence in social work. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 163–188

Reynolds N (1993) Ethos as location: new sites for understanding discursive authority. Rhetor Rev 11(2): 325–338

Rooney D, McKenna B (2008) Wisdom in public administration: looking for a sociology of wise practice. Public Adm Rev 68(4):709–721

Salamon LM (2002) The tools of government: a guide to the new governance. Oxford University Press, New York

Schmidt FL, Hunter JE (1998) The validity and utility of selections methods in personnel psychology: practical and theoretical implications of 84 years of research findings. Psychol Bull 124(2):262–274

Shah R, Larbi G, Batley R (2007) Religion and public management literature review (working paper 1). International Development Department, University of Birmingham

Shareef R (2008) Teaching public sector ethics to graduate students: the public values/public failure decision-making model. J Public Aff Educ 14(3):285–295

Smith SR, Sosin MR (2001) The varieties of faith-related agencies. Public Adm Rev 61(6):651–670

Staats EB (1988) Public service and the public interest. Public Adm Rev 48(2):601–605

Stensöta HO (2010) The conditions of care: reframing the debate about public sector ethics. Public Adm Rev 70(2):295–303

Stewart DW (1985) Professionalism vs. democracy: Friedrich vs. Finer revisited. Public Adm Q 9(1):13–25

Stewart DW, Sprinthall NA (1993) The impact of demographic, professional, and organizational variables and domains on the moral reasoning of public administration. In: Frederickson HG (ed) Ethics and public administration. M.E. Sharpe, Armonk, pp 205–219

Stout M (2013) Logics of legitimacy: three traditions of public administration practice. CRC Press, Boca Raton

Svara JH (2009) The elements of administrative ethics. Paper presented at the NASPAA annual conference, Crystal City

Svara JH (2014) Who are the keepers of the code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74(5):561–569

Svara JH (2015) The ethics primer for public administrators in government and nonprofit organizations, 2nd edn. Jones & Bartlett, Sudbury

Thoma SJ (1994) Moral judgments and moral action. In: Rest JR, Narvaez DF (eds) Moral development in the professions. L. Erlbaum, Hillsdale, pp 199–212

Thoma SJ, Rest JR, Barnett R (1986) Moral judgment, behavior, decision making, and attitudes. In: Rest JR (ed) Moral development: advances in theory and research. Praeger, New York, pp 133–175

Thomas CW (1998) Maintaining and restoring public trust in government agencies and their employees. Adm Soc 30(2):166–193

Tönnies F (1964) Community and society (Gemeinschaft und Gesellschaft, 2nd edn, trans: Loomis CP). The Michigan State University Press, East Lansing

Treviño LK (1990) A cultural perspective on changing and developing organizational ethics. In: Pasmore WA, Woodman RW (eds) Research in organizational change and development, vol 4. JAI Press, Greenwich, pp 195–230

Treviño LK, Brown ME, Hartman LP (2003) A qualitative investigation of perceived executive ethical leadership: perceptions from inside and outside the executive suite. Hum Relat 56(1):5–37

Treviño LK, Weaver GR, Brown ME (2008) It's lovely at the top: hierarchical levels, identities, and perceptions of organizational ethics. Bus Ethics Q 18(2):233–252

Tyack D, Hansot E (1986) Managers of virtue: public school leadership in America, 1820–1980. Basic Books, New York

Valentine S, Fleischman G (2004) Ethics training and businesspersons' perceptions of organizational ethics. J Bus Ethics 52(4):381–390

van Loon NM, Vandenabeele W, Leisink P (2015) Clarifying the relationship between public service motivation and in-role and extra-role behaviors: the relative contributions of person-job and person-organization fit. Am Rev Public Adm. https://doi.org/10.1177/0275074015617547

Van Wart M (2007) Do public administrators tend to be morally superior? Public Adm Rev 67(1):168–171

E

Vashdi DR, Vigoda-Gadot E, Shlomi D (2012) Assessing performance: the impact of organizational climates and politics on public schools' performance. Public Adm. https://doi.org/10.1111/j.1467-9299.2011.01968.x
Vigoda E (2000) Are you being served? The responsiveness of public administration to citizens' demands: an empirical examination in Israel. Public Adm 78(1):165–191
Vigoda-Gadot E (2007) Citizens' perceptions of politics and ethics in public administration: a five-year national study of their relationship to satisfaction with services, trust in governance, and voice orientations. J Public Adm Res Theory 17(2):285–305
von Bertalanffy L (1969) General systems theory: foundations, development, applications. George Braziller, New York
Weber M (1968) The religion of China (ed: Gerth HH). The Free Press, New York
Weber M (1992) The Protestant ethic and the spirit of capitalism (trans: Giddens A). Routledge, New York
West JP, Berman EM (2004) Ethics training in U.S. cities: content, pedagogy, and impact. Public Integrity 6(3): 189–206
Willa B, Novinson J (1999) Spirituality in public service: a dialogue. Public Adm Rev 59(2):163–169
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wright BE (2001) Public-sector work motivation: a review of the current literature and a revised conceptual model. J Public Adm Res Theory 11(4):559–586

## Ethics and Social Policy

Anthony Bibus III[1] and Mary S. Carlsen[2]
[1]Social Work Department, Augsburg College, Minneapolis, MN, USA
[2]St. Olaf College, Northfield, MN, USA

### Synonyms

Applied Ethics; Citizenship; Codes of Ethics; Duties; Ethical Decision Making; Frameworks for Analysis; Moral Philosophy; Morality; Policy Practice; Principles; Professional Ethics; Public Administration; Public Interests; Responsibilities; Rights; Standards; Values; Virtues

### Definition

Administrative ethics: "…well-based standards of right and wrong that prescribe what public administrators ought to do in terms of duty to public service, principles, virtues, and benefits to society" (Svara 2015, p. 195).

Advocacy: Work to influence social policies on behalf of individuals, families, groups, community, or general public.

Anti-oppressive: Focused on counteracting or resisting forces that limit freedom, equity, and well-being of certain groups.

Agency: The organization for which the public administrator works.

Autonomy: "The freedom to choose and act morally" (Garofalo and Geuras 1999, p. 149).

Beneficence: A virtue or value demonstrated by taking action that benefits others without necessarily being primarily motivated by caring for them.

Benevolence: A virtue or value demonstrated by acting "in a manner that promotes good and avoids harm for citizens" (Molina and McKeown 2012, p. 380); connotes being primarily motivated by caring for others.

Child welfare: Financial assistance or social services for children in need and their families.

Clinical: Related to professional practice helping individuals, families, or groups directly, especially addressing mental health difficulties.

Citizens: "…all residents who are members of the community that interact with government" (Svara 2015, p. 5).

Civic virtues: Duties and responsibilities that accompany the rights of citizenship and the habitual strengths of character that are required to carry them out.

Civil disobedience: Deliberately refusing to abide by a legal requirement that the public administrator believes is unjust.

Codes of ethics: Formal statements of moral principles and standards for what are considered proper aspirations and right or wrong conduct in the professional practice of public administration.

Competencies: The knowledge, skills, attitudes, and abilities needed to practice public administration.

Culture: The integrated, identifying pattern of knowledge, values, beliefs, communication, meanings, art, traditions, behaviors, etc., that distinguishes a societal group or community and

lives on from one generation to the next (NASW 2015, p. 12).
Deontological: Focused on considering absolute, universal, ideal moral rules, and principles, rather than consequences, in determining that acts are inherently right or wrong (for basic explanation, see Boss 2014).
Dilemma: A difficult forced choice, e.g., between two good or two bad alternatives.
Dispositions: Tendencies to act or think in certain ways; habits.
Documentation: Recording on paper or electronically facts, actions, decisions, dates, who did what when, and to what end result.
Documents: Legal papers authorizing individuals to reside or travel in a country, e.g., one's passport, passbook, visa, citizenship certificate, license, identification, etc.
Duties: A public administrator's obligations or responsibilities in a real situation having to act in accordance with certain ethical principles.
Environmental: Involving the interconnected physical context that surrounds all life, e.g., air, water, soil, space, climate, buildings, populations, etc.
Ethical competence: ". . .the cluster of knowledge, skills, and attitudes and abilities as an underlying characteristic of employees that is causally related to ethical performance in a job" (De Schrijver and Maesschalck 2013, p. 36).
Ethics: A set of norms drawn from values and used to address moral questions.
Ethics audit: Systematic, comprehensive, or formal appraisal of an agency's or organization's operations intending to show where there is adequate compliance with standards of right and wrong and where there may be missing or problematic areas or procedures needing development or correction.
Ethics forum: A gathering of members of a community (e.g., neighbors or employees) to discuss issues of right and wrong in public administration.
Ethics committee: An official advisory group (such as in an agency or hospital) charged with providing guidance to the public administrator and staff regarding issues of right and wrong and behaviors of staff reported to have violated standards.
Ethics of care: Focused on the value of relationships and connections between people.
Empowerment: Taking advantage of opportunities, both as a process and as an outcome.
Feminist: Focused on gender and on human rights and oppression resulting from patriarchy.
Governance: "The exercise of public authority" (Denhardt and Denhardt 2011, p. 86).
Grant: Money given for a specified purpose and use over a period of time.
Human dignity: Every person's right to be considered worthy of recognition, respect, and having needs met.
Integrity: Virtue or strength of character manifesting a stable and trustworthy moral center.
Interests: An individual's or group's goals, needs, or rights, what would be good for them, usually but not always from their own point of view.
Justice: Virtue or state of being that is right: e.g., all people are treated equally, needs met, and given equal opportunity.
*Law* (*legal*): Statutes, regulations, or court rulings.
License: Professional credential or certificate legally authorizing practice.
Macro: The largest, widest, most complex, and inclusive level of systems.
Maleficence: Doing a wrong or harmful act.
Malfeasance: Taking an action that is forbidden by law or ethical standards.
Mezzo: Middle or group level of systems between macro- and microlevels, larger than micro but smaller than macro.
Micro: Smallest, most local, immediate, individual, or simple level of systems.
Motivation: Will, desire, goal, purpose, or intention.
Moral philosophy: Systematic thinking about right and wrong and about how to make ethical decisions, be a good person, and live a good, meaningful life.
Moral intuition: The individual's innate sense of right and wrong; conscience.
Nonfeasance: Failing to take actions required by laws, ethical standards, or duties.
Policy: A plan, principle, or course of action adopted or proposed by a government, party, business, or individual; can be public (governmental)

or private (corporate or voluntary); public policies are intended to guide society.
Policy process: The technical and political steps to formulate, legislate, implement, and evaluate a policy.
Policy practice: Prof. Bruce Jansson (2014) created this term for professional efforts to create and improve policies or advocate for or against policies.
Practical wisdom: Virtue of prudence – careful, disciplined, informed judgment of the best course of action given the reality of the situation, marshaling other pertinent virtues as appropriate.
Practice: "...an activity organized to achieve certain standards of excellence" (Svara 2015, p. 62, Footnote #4).
Principles: General statements about what it takes to carry out or sustain values.
Profession: Educated and trained group of expert, paid practitioners of a particular recognized discipline or occupation that is deemed valuable to society, with its own distinct identity, set of competencies, shared values, and ethical code.
Professional association: Incorporated group of practitioners who voluntarily organize in the interests of their work and their discipline.
Public administration: Plant (2013, pp. 189–190) provides a contemporary and cogent definition – "Public administration is a vast field of enterprise encompassing the work of government at all levels, nonprofit organizations, and, increasingly, a plethora of organizations and contractors doing the public's business through third-party administration of programs, public-private partnerships, and collaborative networks."
Public administrators: Appointed, not elected by popular vote, under direction of government officials or nonprofit boards.
Public interest: What is good for most people (general public) rather than a select few, in the long term as well as short range, balancing competing interests with as much information as possible (see Svara 2015, p. 56, and Denhardt and Denhardt 2011, pp. 67–82, who on p. 80 explain that "public interest is best thought of as a process of community dialogue and engagement").
Recuse: Withdraw oneself from performing a role that under normal circumstances would be a required duty and entail oversight, evaluation, or judgment.
Regime: National government or political administration currently in charge.
Rights: Powers or goods justly held by or owed to each person.
Sector: Subdivision or delineated part of a larger whole.
Social equity: "...the active commitment to fairness, justice, and equality in the formulation of public policy, distribution of public services, implementation of public policy, and management of all institutions serving the public directly or by contract" (Johnson and Svara 2011, p. 282).
Social insurance: Programs like social security intended to provide a guaranteed basic level of income and other benefits, such as health care, to all people or to people in a particular category, such as those who are of a certain age or who have a debilitating condition.
Social policy: A subcategory of public policy that usually refers to governmental plans and guidelines whose primary purpose or focus is meeting the needs of people in society. Examples include social security, social insurance, welfare, public assistance, education, health care, housing, and public safety. Also, "the formal and consistent ordering of human affairs" (Karger and Stoesz 2014, p. 4).
Social services: Aid or support for life in the community, provided by or facilitated by professional practitioners or administrative staff.
Standards: Fairly specific statements of what behavior, practice, or conduct is considered ethical, i.e., carrying out moral principles and values.
System: A whole made up of parts that interact for a shared goal; changes in any one part affect all the other parts.
Utilitarian: Focused on how useful actions are toward the end of benefiting human beings, thus judging whether acts are morally right or wrong based on their consequences (for basic explanation, see Boss 2014).
Universal: Applicable to all people no matter the situation.
Values: Beliefs about what is good or worthy.
Virtue: Dependable, stable, habitual strengths of character, developing over a lifetime – "Virtues

are traits of character that are not innate, but acquired through reflection and conduct" (Cooper and Wright 1992, p. 6).
Virtue ethics: Focused on determining right or wrong based on what a person of excellent character and highest motivation would do under similar circumstances.
Welfare: Aid or help (often basic, financial, tangible, or concrete) for people in need that improves their lives.
Welfare policy: "The decision of governmental, voluntary, or corporate institutions that are concerned with allocating goods, services and opportunities to enhance social functioning" (Karger and Stoesz 2014, p. 4).
Well-being: Condition of human needs being met.
Whistle-blowing: Reporting, usually to external sources, one's agency's failures to follow policies and laws or other misdeeds.

## Introduction

This chapter considers the intersection of social policy and ethics, examining ethical issues that arise as public administrators work daily with social policies. Its purpose is to guide administrative practice and further study at the micro and mezzo levels. Social policies are formal plans for meeting people's needs, and while ethical considerations provide the foundation for the formulation and legislation of policies, the public administrator is primarily the actor at the level of implementation. At the heart of social policies are values that reflect society's interests and priorities. For public administrators, serving public interests is central for ethical practice. Therefore, the chapter presents a framework for public administration practice and policy analysis that is shaped with public interests in mind and informed by moral philosophy. This problem-solving framework supports a systematic process for thinking through ethical dilemmas and making ethical decisions. The chapter offers two tools for public administrators to use in this process as demonstrated in analysis of a case example: Strom-Gottfried's six-question model (2015, pp. 38–83) and Svara's ethics triangle (Svara 2015, p. 82).

Opening the chapter, an overview of professional ethics, codes of ethics, and a rational process for analysis and decision-making highlights the fundamental role that values play in professional ethics and social policy. At each stage in social policy development from initial needs assessment, design, and formulation through implementation to evaluation, analysis, and improvements, public administrators can identify potential conflicts in values and interests, ethical challenges, and difficult dilemmas. The American Society for Public Administration's (ASPA) Code of Ethics suggests eight areas of policy practice, such as in the fourth ethical principle to "strengthen social equity" by promoting "...affirmative action and other initiatives to reduce unfairness, injustice, and inequality in society" (Svara 2015, Appendix 3, pp. 205–210; see the other appendices for more examples of standards and codes of ethics in public administration). Following analysis and discussion of the case example, the chapter briefly presents other ethical issues and dilemmas that public administrators may face related to each of the ethical principles in ASPA's code. Resources for further study are referenced throughout, and the chapter concludes with recommendations for building competencies in ethical administrative practice.

## Professional Ethics and Codes

In this chapter, the term *professional ethics* refers to a set of norms that are drawn from values shared by public administrators worldwide and that can be used to address moral questions, issues, or problems, such as whether a particular administrative action, an individual administrator's conduct, or a selected social policy is right or wrong. In general, professional ethics are well established but have also evolved and vary in some details across time, settings, disciplines, and cultural traditions.

Application of ethics in relation to work with social policies has also evolved. In the first half of the twentieth century in the USA, public administrators mainly focused on implementing policies while leaving the development and authorization

of policies up to elected political officials or superiors. There was a "distinction between politics (or policy) and administration. . .." (Denhardt and Denhardt 2011, p. 6). More recently, however, professional ethics call for public administrators to be involved appropriately in all aspects of social policy from development through implementation and evaluation. For example, the American Society for Public Administration's Code of Ethics (ASPA 2013) stipulates that its members are committed to upholding the US Constitution and the law (Principle #2) and in their practice should "develop proposals for sound laws and policies and for improving or eliminating laws and policies that are unethical, counterproductive, or obsolete" (Practice #2.c, Svara 2015, p. 207). This provision seeks to guide administrators in finding a balance between respecting the authority and rule of elected officials and engaging in *policy practice* (Jansson 2014), i.e., efforts to create and improve policies or advocate for or against proposed new policies.

Because social policies reflect important values and priorities of society, they naturally give rise to ethical issues. They are plans and guidelines whose primary purpose or focus is meeting people's needs. Examples include policies governing social insurance, welfare, public assistance, education, health care, housing, public safety, and the environment. Social policy can also be described as "social action sanctioned by society," a formal and consistent ordering of human affairs (Karger and Stoesz 2014, p. 4, citing Epstein 2000, personal correspondence). Critically for ethics, social policies direct the distribution of resources, often scarce and limited. When analyzing and working with social policies, public administrators deal with the meaning of being human as well as with human rights. They make decisions about the role of society's collective responsibility and individuals' personal responsibility to meet needs. Hence, while primarily focusing on micro and mezzo levels of policy (e.g., affecting individuals, families, groups, neighborhoods, or communities), public administrators should be aware of ethical implications at the macro level (e.g., national policy strategies emphasizing governmental interventions instead of relying on private market forces or vice versa).

Professional ethics are expressed in formally adopted codes of ethics, i.e., published statements of principles and standards of practice that have been agreed upon by professional associations, such as the ASPA. They may also be incorporated into or referenced in licensing statutes, in which case the ethical standards apply not only to voluntary association members' practice but also to all licensees in the profession being regulated whether or not they are members of the professional association.

One of the more comprehensive examples of a professional code of ethics is the Code of Ethics of the National Association of Social Workers (NASW 2008). This code lists six core values, each of which undergirds a general ethical principle; the Code is subsequently organized into a set of 155 more specific standards for carrying out these values and principles in practice (Reamer 2013a, p. 57, 2013b, p. 171). Thus, the core value of "service" leads to the ethical principle stating that "social workers' primary goal is to help people in need and address social problems"; and then one of the standards for administrative practice is #3.07(a): "Social workers should advocate within and outside their agencies for adequate resources to meet clients' needs" (NASW 2008).

Members of each profession hold themselves accountable to the standards established by their professional associations; some professional standards are encoded as well in licensing statutes or other regulations so that there is public accountability and some protection for those using licensees' services. As Svara (2015, p. 101) asserts, "if used properly and if supported by reflection on the part of members, codes of ethics can alert professionals (and political superiors) to ethical aspects of their work, the limits of acceptable behavior, and the expectations of ethical leadership."

One limitation of codes of professional ethics is that in their need to apply widely across diverse and differing occupations and settings, they entail mostly general and abstract provisions. Statements of basic values, virtues, and aspirations such as promoting social equity are more common

than specific prescriptive expectations or prohibitions such as avoiding dishonesty, fraud, or deception. Moreover, some professional standards may focus more on serving the profession's interests than public interests. "Many codes are created by voluntary professional associations whose principal purpose is to promote the profession, along with serving the public" (Reamer 2013b, p. 169). Codes of ethics periodically also undergo revisions due to experience with ethical challenges or confusions, new discoveries and knowledge, changing societal roles, technological advances, or fresh insights. And although codes of ethics play an important role in holding public administrators accountable to ethical standards (especially if they are connected to procedures for reporting, enforcement, and discipline), consensus about whether an administrative action or social policy is ethical may be clearer in some situations than in others.

Furthermore, ethics are complex, and while principles and standards are interconnected, some may conflict with others in a given circumstance; judgments of whether an action or policy is ethical may not be forthcoming simply by referring to a code of ethics or licensing provision. Public administrators may face a difficult dilemma trying to balance one ethical principle or standard against another. One ethical standard can call for action that seems to contradict or curtail compliance with another. For example, most professional codes of ethics require both telling the truth and respecting confidentiality. In order for ASPA members to abide by Principle #7 *promote ethical organizations*, for instance, they may have to take action "to correct incidences of wrongdoing or report them to superiors" (Practice 7d, Svara 2015, pp. 208–209); in that process they have to override Practice #2d: "Respect and safeguard protected and confidential information" (Svara, p. 207). On the other hand, a public administrator who withholds information in order to protect privacy rights could be upholding a standard promoting human dignity while seeming to violate another standard requiring full disclosure and transparency.

A public administrator's personal values may also present tensions with professional ethics. A child welfare administrator who believes that hitting children is abusive, for example, may have an ethical duty professionally to implement policies that support parents' right to discipline their children as they see fit. Or, in another example, public administrators in family planning offices may find that their duty to enforce or implement a particular law or regulation sanctioning access to chemical birth control would require them to act in contradiction to their own religious belief that such forms of family planning are immoral. These examples raise the possibility that public administrators may consider engaging in acts of civil disobedience, which will be discussed later in this chapter.

Public administrators thus must make judgments regarding which ethical principles or standards take precedence over others using as their guide the spirit of their professional code's ethical statements. Svara reminds public administrators dealing with social policies that "it is not appropriate to pick out a single principle and use it to justify an action that may be questionable in light of other principles" (2015, p. 92). Recognizing this, ASPA's code (like others) states: "The Code and these practices are intended to be used as a whole and in conjunction with one another. An ethical public servant will consider the full range of standards and values that are relevant to handling a specific matter and be committed to upholding both the spirit and the letter of this code" (Svara 2015, p. 206).

## Ethical Decision-Making Process Using a Problem-Solving Framework

Given the dilemmas and tensions above, public administrators should use an ethical process in making their decisions and taking actions. Using a systematic, step-by-step process is more likely to result in ethical practice than acting impulsively. While the actual outcomes may not turn out as expected or hoped, a sound process, modified as necessary to fit the circumstances, can still be judged ethical and may also provide a defense against charges of ethical breaches.

A problem-solving framework for analysis of ethical issues and dilemmas in social policies can

guide this process (e.g., Barsky 2010, p. 246; Congress 1999; Plant 2013, p. 214; Reamer 2013a, p. 78; and Svara's model, 2015, p. 135); see also Wittmer's chapter on ethical decision-making (2001), Garofalo and Geuras' questions (1999, pp. 149–150), and Banks's discussion of decision-making models and "ethics work" (2012, pp. 203–205). Frameworks vary, but most have four basic steps: define the ethical issue, generate options, decide and act, and evaluate and document. The various stages of policy practice from design and proposal to implementation and improvement should also be considered throughout the process in so far as they are relevant to the ethical dilemma or issue:

1. *Define the ethical problem*: When facing a policy situation with potential ethical implications, the public administrator should first identify the values and issues involved and whether ethical dilemmas are present; i.e., are there tough decisions to make that may require acting in accordance with one ethical principle or standard over another or in favor of one set of interests over another? Formal analysis of the social policy should also begin at this point.
2. *Identify resources and generate options*: After describing the ethical problem as it is manifested in the social policy and possibly also in collaboration with others (superiors, consultants, colleagues, citizens), the public administrator should generate ideas for alternative actions, policy changes, or responses along with resources needed for each and expected intended and unintended effects for each.
3. *Decide and take action*: Now the public administrator is ready to decide and take action related to the ethical and social policy dilemma or issue.
4. *Evaluate outcomes*, *reflect on learning*, *and document results*: Finally, it is critical to evaluate results and reflect on what was learned both for accountability to public interests and for professional growth in ethical competence. Documenting actions taken, their rationale, and results along the way and upon final evaluation is vital.

## Strom-Gottfried's Model of Ethical Decision-Making

Many models for ethical decision-making have been published. Two are woven into the problem-solving process here as tools in decision-making. First is the model of six straightforward questions developed by ethics scholar Kim Strom-Gottfried (2015, pp. 38–83). These questions are useful in each of the stages of problem solving. They are not intended to be used in rank order of priority or in any order for action. In addition, Strom-Gottfried assumes practitioners will implement the decision and document it as appropriate to the setting, so those steps are not included. Here are the six questions (in quotation marks: see Strom-Gottfried 2015, Fig. 2.2 on p. 39):

### Who?

"Who will be helpful?" Even experienced professionals should not make decisions in a vacuum; it is crucial to consult with others. Those consulted should have knowledge about the setting or issues involved and confidentiality should be maintained. They may include colleagues, superiors or supervisors, ethics committees, academic or practicing ethicists, licensing boards, and attorneys. Such consultation can assist the public administrator in considering options for action.

### What?

"What are my choices" and how will they affect people involved? Here it is important to brainstorm all possible options for action, without regard to cost, feasibility, or even reason. Recognize that nonaction is a choice. Once these possibilities are generated, consider the consequences involved (harmful and helpful, short and long term) for everyone who is involved; this is a challenging step!

### When?

"When have I faced a similar dilemma?" This is a time to consider previous experience with similar situations – would I do the same now? How are the situations similar? How are they different? What have I learned already that might apply to the contemporary situation?

**Where?**
"Where do ethical and clinical guidelines lead me?" Values, principles (ethics), regulations, policies, statutes (law), practice knowledge, skills, and standards – all can influence in the decision. Here ethical theories or approaches from moral philosophy explicated later in this chapter may be applied using Svara's ethics triangle (2015).

**Why?**
"Why am I selecting a particular course of action?" Has it passed tests that help the public administrators critically examine their thinking and motives, such as how would their action be judged if it appeared on the front page of the local newspaper read by their mother? Sometimes personal beliefs, biases and preferences, and self-serving motivations can cloud thinking. Strom-Gottfried lists nine potential errors (p. 68), such as "Am I following the crowd?" "Am I acting in self-interest?"

**How?**
"How should I enact my decision?" As Strom-Gottfried observes, "a process that is poorly handled can turn a good decision into a poor one" (p. 71). Think carefully about the conversations, written memos or emails, online posts, speeches, etc. that will inform the parties of the decision.

## Svara's Ethics Triangle

Svara's ethics triangle provides a possible tool for analysis of ethical issues or dilemmas that applies three perspectives from moral philosophy (2015, Fig. 4-1, p. 82). (Other perspectives and theories from moral philosophy in addition to these three can also be relevant and helpful for public administration and social policy analysis, including ethics of care, feminist, anti-oppressive, and environmental theories.)

At the ethics triangle's peak is the deontological perspective that derives rules for moral behavior from universal, ideal, absolute principles such as justice, fairness, and equity. At one corner is the utilitarian perspective that calculates the moral goodness of actions based on their consequences: which actions have the best outcomes? At the third corner is the perspective of virtue ethics focusing on the character of the actor; tapping a constellation of virtues (habits and strengths of character such as courage, integrity, practical wisdom, compassion, humility, and openness to others), the public administrator may be more likely to make and carry out an ethical decision wholeheartedly. Svara also includes moral intuition, i.e., the public administrator's innate conscience, in this corner since it is a critical element of character. Although conclusions drawn from one perspective may conflict with those drawn from another, all three perspectives tend to complement each other or help balance the limitations of each. And at the center of the triangle, guiding the public administrator's judgment in the final analysis is the primary duty of public administrators to uphold the public interest. "The ethics triangle conveys the idea that administrators should act on their duty to promote the public interest by seeking a balance of virtue, principle, and good consequences" (Svara 2015, p. 82).

The following discussion of a hypothetical dilemma elaborates on how these perspectives help address ethical issues using the six-question model and ethics triangle in a four-step problem-solving decision-making process.

## Applying the Ethical Decision-Making Process to a Policy Example

Although this case scenario is hypothetical, it presents ethical dilemmas and issues that are typical for public administrators dealing with social policies:

You are a city administrator in a country where English is the dominant language. Your city has just been awarded a government grant to develop services for newcomers to the community who speak languages other than English. Funding for this grant is authorized in a national social policy that uses revenue from taxes. The policy's purpose is to support successful integration of migrants, refugees, or immigrants into the country. The grant requires

a portion of the funding be used to develop leaders from the group of newcomers so they can take part in community decision-making. Small honorariums may be paid to newcomers who agree to take part in leadership development training. As in many social policies, these benefits are reserved only for those who are in the country legally, but it is not clear how strictly this restriction is to be enforced or whether exceptions can be made; participants are not asked to show documents such as passports or visas proving they are in the country legally.

After the first two training meetings, about six months into the program, you find out that one of the most engaged community leaders with highest potential has entered your country without legal permission. What do you do? Do you pay her the honorarium? Do you allow her to continue in the program? Do you notify law enforcement regarding the newcomer's illegal status? Do you send her to an attorney or other advocate?

The following discussion and questions illustrates how to apply the problem-solving process described above in addressing the dilemmas presented in this case example:

### Define the Ethical Problem

A number of ethical issues arise in this case example. Ethical public administration centers on serving the public interest. The social policy in this example would certainly be in the general public's interest if it contributes to successful inclusion of newcomers into the city's life, especially if it does so by involving newcomers themselves along with other community members in implementing the policy. Yet, its provision allowing payment of honorariums only to those who have legal documents approving their residence in the country excludes the woman in the case example, which may be neither in her interests or the public's interests since it could jeopardize the livelihood and well-being of newcomers without documents. On the other hand, enforcing this exclusion provision could be in the public's interest by rewarding legal migration and bolstering public trust in the operations of the grant program. In addition, the reputation of the city manager's office as law abiding could be enhanced, increasing support for future similar programs and funding.

Hence, one difficult dilemma here is having to choose between respectfully treating the newcomer as a person with dignity who should be paid for her work and dutifully obeying the provisions in the policy that would prohibit paying her and might also require reporting her illegal status. Analyzing the policy itself will help flesh out the ethical issues and prepare the way for thinking them through. Karger and Stoesz's model for social policy analysis is one of several that can guide this process (2014, pp. 29–32) as follows:

Begin by recalling the *historical background of the policy*. Has it always been true that benefits can only be paid to people with legal permission to reside in the country? Is there interaction between local and global perspectives or interests? Have national policies always, or just sometimes, required proof of legal status to participate in programs? Perhaps in this case, your community has not been involved before in this policy nor received similar grants in the past. The community may be relatively homogeneous and unchanged in recent years, or it may have more experience with out-migration than in-migration. Alternatively, the community may have had a long record of welcoming and integrating successive waves of newcomers over the years from various parts of the globe, and city staff may have had a hand in developing similar grant programs.

Next, *identify the problems that necessitated the policy*; in this case perhaps an increasing number of newcomers who speak languages other than English have been arriving and need assistance integrating into neighborhoods, employment settings, and schools. Then, the public administrator should examine the social policy's details, explicating its purpose, goals, and objectives, noting its governmental auspices (e.g., who has oversight responsibility), locating any criteria for funding decisions (such as the exact wording and meaning of the provision regarding newcomers' legal status), and identifying operational and evaluative

mechanisms (e.g., what are key indicators of the policy's success).

Finally, *assess the values underlying the policy and its political and financial feasibility.* This will reveal sources of congruence or conflict with professional, personal, and community values. Karger and Stoesz suggest addressing several questions to assess the values at stake, among them:

*How are the people whom the policy intends to benefit viewed*? Perhaps they are seen as primarily economic immigrants with limited rights who should be employed only if they are legal residents and then only in positions in which current legal residents are not interested.

*Who are the major beneficiaries*? The policy as currently written benefits newcomers who are legal residents, for whom there will be more grant funding if newcomers without documents are not eligible.

*Is the policy designed to foster real social change or to placate a potentially insurgent group*? If many newcomers do get the training and become leaders, perhaps they would be less likely to cause public disturbances, rocking the political boat, even if undocumented people do not have the same opportunities. Conversely, they may advocate for changes in the policy to benefit others.

## Identify Resources and Generate Options

Strom-Gottfried's six-question model can be a useful tool for generating a range of possible responses and identifying resources needed for an ethical choice.

### Who Will Be Helpful?

It is important here to consider with whom to consult. Might other city administrators have faced a similar dilemma? How have they surveyed the views of the city's elected officials? How about contacting an immigration attorney? Because the local banker or accountant who manages the grant might not want or need to know that money will go to someone who is without papers, you could bypass consulting with local staff and instead confer with a financial expert in another city. Perhaps you want to talk with the director of an organization who works with undocumented people in the area. Trusted colleagues from your professional association, a mentor, other government officers, or elected political leaders who developed or are familiar with the national policy could all be resources for consultation. Scholars and researchers in the area of immigration as well as journal articles, reliable Internet sources, or books on the subject may also be available. Maintaining confidentiality as you consult is critical, and you should exercise discretion in choosing sources and revealing only the information necessary. Also, remember that this process of consultation is valuable at every stage of the process including getting feedback about the options you have generated and about the results of your final decision.

### What Are My Choices and How Will They Affect People Involved?

First, think about all your options for action or inaction, without consideration of their effects. You could:

- Ignore the fact that this person is undocumented and pay her in cash that cannot be traced.
- Seek an exception to the requirement for legal resident documentation in this case or find an alternative source for paying her the honorarium.
- Tell her that without documents she must end the training and cannot be a leader.
- Call the nation's immigration law enforcement agency (in the USA, the Immigration and Customs Enforcement (ICE) agency) and report her.
- Refer her to an immigration attorney in order to seek legal status.
- Send her a check for the honorarium and let her figure out what to do with it.
- Take more time before deciding.
- Begin the process of advocating for changes in the social policy that would clarify its provisions regarding residents' legal status or be more explicitly inclusive.

Other options or combinations of options may emerge in the process of addressing this dilemma, including gathering more information or consulting further. Now, for each option, consider who might be affected by your action, both in the short and long term. For instance, if you ignore the fact that the newcomer leader is undocumented and authorities find out later that you knew, the government could pull the grant money and end the program. This could affect your reputation, the city's opportunity to get another grant, and the other newcomers who now do not have the opportunity to engage with a program to integrate them into the community. You should always keep in mind the predictable effects of each choice on all involved, including the newcomers, city residents, and yourself, knowing you could be mistaken and few outcomes can be guaranteed. Strom-Gottfried also reminds practitioners to establish tentative timing of actions to be taken with each option and to compare their urgency. In this case, legal repercussions may dictate selecting one course of action over another.

### When Have I Faced a Similar Situation?

Have you faced something like this before, or is this the first time you have worked directly with the issue of undocumented people? Who was helpful last time? What have you learned from previous experiences? How is this situation different from past ones? Have policies or public opinion changed? Perhaps the city has procedures now in place for handling ethical dilemmas that you will need to follow. Jurkiewicz (2015) notes that municipal governments in Europe and Africa are currently active in implementing innovative governance structures, and yours may have focused on cultivating ethical administrative climates and increased transparency.

### Where Do Ethical and Clinical Guidelines Lead Me?

Svara's ethics triangle can help you consider which values, principles, regulations, policies, laws, practice knowledge, skills, and standards might affect this decision. First, ground yourself in the center of the triangle with your primary duty to the guiding principle of what is in the interests of the public at large, subordinating your personal or professional interests and those solely of other interest groups. Principle #4 in the International City/County Management Association (ICMA 2008) Code of Ethics reads: "Recognize that the chief function of local government at all times is to serve the best interests of all of the people" (Svara 2015, p. 213).

Then, at the top of the triangle, check out sources for statements of other universal principles, ideals, or moral imperatives that may also guide your decision. Key sources will be professional codes of ethics and regulatory statutes, including the social policy funding the program. Remember to include relevant international conventions, especially the United Nations *Universal Declaration of Human Rights* (1948), as well as the nation's constitution for provisions that embody ethical principles. In this case, many articles of the declaration highlight rights to be considered, such as the rights to equal protection without discrimination (Article 7), to access to public service (Article 21), and possibly to asylum from persecution (Article 14). In the ICMA Code of Ethics, Principle #9 reminds you "to seek to improve the quality and image of public service" (Svara 2015, p. 214), and Principle #10 calls for handling problems professionally, justly, and without discrimination (p. 215).

Even as these statements of principle may lead to rules requiring some actions or prohibiting others (such as "foster equity and "do not discriminate"), still they are abstract ideals, difficult to apply concretely in specific situations, and could lead to different and even contradictory decisions. For example, paying the honorarium could be seen as abiding by the ASPA standard to "advance the good of the public as a whole, taking into account current and long-term interests of the society" (#1a) by enhancing the integration of newcomers, but it could also be seen as jeopardizing the good of the public as a whole by encouraging illegality, violating the ASPA standard requiring public administrators to uphold the law (#2).

Another universal principle, beneficence – providing money to the woman in this case does good to her and treats her as an end in herself, a person with dignity and worth – could lead to a decision

to ignore this leader's immigration status. But this could cause harm to more people than it would help; that is, she might get the money, but then her status without papers might later be revealed, she could be deported, and the program could be cancelled, with many other newcomers not served and the city ineligible for further grants.

Potential consequences such as these can be weighed using a utilitarian approach. At that point in the ethics triangle, your focus is on outcomes for each party that could result from various options. You should consider potential current and future effects for the general public, the city or its administration, the newcomers generally and the woman without papers in particular, and yourself. Consequences, harms, or benefits for each are likely to vary. Versions of utilitarian thinking differ as to whether short-term or long-term effects are paramount and as to whether what is best for one or a few people would outweigh benefits for a majority. You may need to balance doing less harm to the public's interest against causing more harm to the individual woman in this case; that is, you may need to trade off one set of outcomes for another. It is also germane to question whether a good end result justifies the use of harmful methods or means to accomplish it. Finally, some utilitarian approaches focus on the predicted effects of specific acts, while others argue for considering the nature of the precedent or rule for the future that you are setting with your actions. In this case example, the act of ignoring legal status could inadvertently undermine the rule of law more generally.

As with general moral principles that might not give specific direction in this case, utilitarian calculations based on predicted outcomes often fail to provide enough clarity for ethical analysis and decision-making by themselves and can be used to support conflicting decisions. You are still faced with a tough decision. The last corner of the ethics triangle turns the focus on you, the decision-maker and actor.

Virtue ethics considers qualities of character associated with leading a meaningful moral life, i.e., the habits and strengths that one develops over a lifetime in relationship with others and with which one flourishes as a human being. In his concise summary of virtue ethics perspectives, their history, and their contemporary relevance in public administration, Cooper defines virtues as "traits of character that are not innate, but acquired through reflection and conduct" (Cooper and Wright 1992, p. 6) (For more on virtue ethics, see Annas 2006; Cooper 2001; Hursthouse 2012; MacIntyre 1985, 1999).

For the dilemma faced in this case example, tapping an appropriate combination of virtues such as courage, practical wisdom (prudence), integrity, fairness, compassion, and humility can help in analysis, decision-making, and ethical action. APSA's standards call for public administrators to demonstrate personal integrity in order to "inspire public confidence and trust" and "to exercise integrity, courage, compassion, benevolence, and optimism" (#6 a) – these five virtues are listed explicitly in both the 1994 and 2013 codes (Svara 2014, p. 565 – Table 1).

With its holistic approach, taking into account emotional intelligence as well as other habits of mind and the important role of relationships with others, the perspective of virtue ethics can consolidate your decision-making process. Certainly, having courage to act in accordance with your duty to serve the public will be required. This point on the ethics triangle provides an opportunity to reflect on your existing strengths of character and where you will need to build strengths to carry out your duty. The example of public administrators whom you consider virtuous and of those featured in the literature (e.g., Cooper and Wright 1992; Dobel 1999; Flescher 2003) can serve as models for you. Approaches from the perspective of virtue ethics are especially adept at elucidating motivations: what actions would a virtuous public administrator take in this situation and how do they compare to what you want to do (at your best)? Maybe you say to yourself that you are too honest to ignore the truth about the newcomer's legal status, so removing her from the program is the honest (virtuous) action to take. Indeed, virtues of integrity, judgment, and practical wisdom "form the bedrock of public morality" (Dobel 1999, p. xii; Banks 2010). Moreover, you may need to cultivate virtues such as cultural humility and openness to others as you evaluate

**Ethics and Social Policy, Table 1** ASPA principles

| Standard | Description | Social policy questions |
|---|---|---|
| 1. Advance the public interest | Promote the interests of the public and put service to the public above service to oneself | *Who is the public when social policies focus on special interests*? |
| 2. Uphold the Constitution and the law | Respect and support government constitutions and laws while seeking to improve laws and policies to promote the public good | *Can I engage in protest or civil disobedience*? *Can I ever refuse to implement social policies with which I disagree*? |
| 3. Promote democratic participation | Inform the public and encourage active engagement in governance. Be open, transparent and responsive, and respect and assist all persons in their dealings with public organizations | *How can I make government responsive and encourage engagement in developing or implementing social policies*? |
| 4. Strengthen social equity | Treat all persons with fairness, justice, and equality; and respect individual differences, rights, and freedoms. Promote affirmative action and other initiatives to reduce unfairness, injustice, and inequality in society | *How can I make personnel and budget decisions fairly and justly when implementing social policies*? |
| 5. Fully inform and advise | Provide accurate, honest, comprehensive, and timely information and advice to elected and appointed officials and governing board members and to staff members in your organization | *How can I assure staff that no surprises or changes in social policy are looming*? |
| 6. Demonstrate personal integrity | Adhere to the highest standards of conduct to inspire public confidence and trust in public service | *How can I behave responsibly to inspire trust in the government's social policies*? |
| 7. Promote ethical organizations | Strive to attain the highest standards of ethics, stewardship, and public service in organizations that serve the public | *How can I create and maintain a culture of ethics in policy practice*? |
| 8. Advance professional excellence | Strengthen personal capabilities to act competently and ethically and encourage the professional development of others | *How can I be a virtuous role model for others in designing, proposing, influencing, implementing, or evaluating social policies*? |

how you might be wrong, as will be discussed under the "Why Am I Selecting a Particular Course of Action?" question below (Fowers and Davidov 2005).

When you are ready to choose an option and take actions to carry it out (see "How Should I Enact My Decision?" below), you should be wholeheartedly committed to your decision as the best under these circumstances and then assess whether efforts and results in fact meet standards of excellence; if they fall short, as is human, there will be opportunities for learning and doing better. After all, public administrators should be willing to strive for self-awareness and be committed to continually building ethical competence (Plant 2013).

### Why Am I Selecting a Particular Course of Action?

This question provides a chance to reexamine your motives and rationale. Moving back to the center of the ethics triangle will help counteract the tendency of virtue ethics to drift into self-serving biases, such as the circular thinking entailed in judging an action as virtuous because a virtuous person is doing it. If your primary duty in light of all possible courses of action is to uphold the public interest, can you say your choice of action passes that test? Would other administrators agree with removing this woman from the program or with calling immigration authorities? Would you be comfortable with your mentor in the field of public administration reading about your decision in professional publications? Is your motivation clear and without undue bias, self-interest, conflicts of interest, or fear?

As noted above, the virtue of humility could be critical in examining your motivations and in coming across as a public administrator who authentically recognizes your strengths and limitations. As defined by Peterson and Seligman in

their 2004 comprehensive classification of character strengths and virtues, "…humility involves a nondefensive willingness to see the self accurately…." (p. 464). Its key features include "accurate (not underestimated)" self-assessment; acknowledgement of limits or mistakes; openness to criticism, advice, and new ideas; and a balanced perspective without obsessive focus on one's self (p. 462, citing Tangney 2000, 2002).

A humble public administrator will come across as both modest and assured, open and welcoming, and secure and confident, seeking partnership and information rather than approval or vindication. Like other virtues, humility may be recognized by contrasting it with opposites, in this case defensive reactions to threats, disrespect for the views of residents or others who oppose your views, or self-centered grandstanding. Thinking that one has special expertise or a unique vantage point so that the customary rules do not apply is a danger sign that warns of unethical waters ahead. Rather, public administrators exercise humility by steadily and firmly steering a middle course between extremes of arrogant self-aggrandizement (pride) and self-abasement.

In this case example, an application of humility with cultural competence is pertinent. Called "cultural humility" (NASW 2015), this virtue combines examining one's personal and professional culture (including strengths, vulnerabilities, and biases) with reaching out to others whose cultures may share commonalities but also may be different in important aspects (Fowers and Davidov 2005). Public administrators should be keenly aware of the power differences inherent in their positions compared to others and be ready to reach across those differences. As with all virtues, cultivating cultural humility is a lifelong work. A public administrator dealing with policies involving newcomers in the community expresses cultural humility first by reflecting on one's own culture and on the city's dominant culture (especially inherent prejudices or presumptions about other cultures), second by gaining understanding of newcomers' cultural backgrounds without jumping to conclusions about how strongly an individual newcomer might identify with a particular cultural group (this requires careful study and listening), and third by recognizing that mistakes are likely. You could be wrong. And you still will have a duty to decide and act.

### How Should I Enact My Decision?

Strom-Gottfried asserts that "process matters!" (p. 70) and reminds practitioners to consider ultimate objectives. You may decide to involve other city staff or employees or the newcomer leaders in carrying out the option you choose or you may delegate portions of the plan to others. How will you inform those affected by your decision? If you ignore the woman's legal status, would you let your bookkeeper know, in case the bank raises questions? Would you let your boss (the city council?) know of the issue? Remember to set up procedures for carefully documenting your plans, actions, and their impacts. Where would you keep notes on your decision and consultation process, in the event anyone raised questions later?

## Decide and Take Action

Garofalo and Geuras (1999) argue for integrating three perspectives featured in the ethics triangle (deontological, utilitarian, and virtue ethics) plus the perspective of moral intuition (i.e., the individual public administrator's faculty as a human being to discern right from wrong) so that they form a unified framework. They suggest four questions (pp. 149–150) that can serve to summarize and consolidate the analysis conducted here thus far.

First, *what are the key moral principles relevant for the social policy at issue in this case*? Principles of justice, fairness (especially due process), human dignity, benevolence, beneficence, equity, nondiscrimination, and keeping the public administrator's promise to uphold the law and the public interest are key. Another universal ideal, often considered a primary principle (e.g., in medicine), is non-maleficence: that is, first do no harm! While it seems that you have a duty to take some action in the public interest (rather than do nothing and risk harm to all involved when the newcomer's lack of legal resident status

comes to light), there are potential risks associated with each action that could be taken.

The public administrator should work to minimize those risks by addressing the second question Garofalo and Geuras recommend: *What are the likely consequences of actions taken to achieve the purpose of both the public administrator and the policy in this case*? Assuming your purpose is to support successful integration of newcomers into your city, you will want to take actions that abide by the intent of the policy as it conforms with human rights; that foster a broad welcome to newcomers in the community; that do not provoke an angry, hateful, or fearful backlash; and that create a climate for inclusion and participation of all residents, including the newcomers.

The *third and fourth questions* in Garofalo and Geuras' unifying framework turn the public administrator's focus inward: first to *review character traits or virtues* such as courage, compassion, integrity, and practical wisdom that will be needed and finally then to where one's gut feelings point (using *moral intuition*). Actions will need to be doable or successfully delegated. Acting with integrity would rule out any of the options that involve dishonesty or nontransparent strategies such as pretending not to know about the newcomer's lack of papers or hiding behind the policy's ambiguity. Practical wisdom could dictate taking more time to consult and check on the policy requirements and possible exceptions; the city attorney could be a critical resource. It would take courage and compassion to try to go beyond simply enforcing a legal residence rule dismissing the woman in question from the program. Dobel (1999) points out: "As situations grow complicated, difficult, and lengthy, virtues provide the stability of judgment and the emotional endurance to make it possible for individuals to pursue moral commitments over time and across obstacles" (p. 196).

Certainly getting more clarity with regard to the policy's requirements regarding citizenship status is essential. A sensible next step could be to meet with the woman in question and alert her to the issues that have arisen in the program regarding participants' official residence status, offering to secure legal advocacy for her as needed. If possible without violating confidentiality, involving the newcomers in addressing the dilemma could generate other solutions that you have not yet considered. Involving other citizens could also be fruitful. Denhardt and Denhardt (2011, p. 96) list nine reasons for involving citizens in the process of policy work including potentially improving the quality of the policy, helping to implement it, and increasing trust; they write that "citizen involvement that achieves extensive participation from persons affected by a decision promotes understanding of the issues involved, grounds the decision in citizen preferences, and builds support for the principle of citizen engagement" (pp. 172–173).

This could be an opportunity to teach the responsibilities as well as rights of citizenship and to model civic virtues. Mobilizing the newcomers and allies to influence improvements in this and other related social policies affecting the lives of newcomers, their potential contribution to society, and their integration into the community could be an effective strategy though there could also be political risks. You should gauge how much support you would have from superiors, elected officials, and others in the city administration; how much power and discretion you have; and where strongest opposition may arise. Finally, this example highlights how important it is to have a global perspective in developing social policy. Public administrators must not only be aware of the economic, political, environmental, and health pressures that affect the movement of people internationally and will have an impact on their local policies but also be ready to learn from the experience of public administrators worldwide.

When you are ready to take decisive action, you should have some confidence that it is right and that you are not taking a half-hearted course. As Denhardt and Denhardt (2011) write, you ". . .. must share power and lead with passion, commitment, and integrity in a manner that respects and empowers citizenship" (p. 155).

## Evaluate Outcomes, Reflect on Learning, and Document Results

This step is sometimes left-off frameworks for ethical decision-making, but it is the most

important for fostering the moral development of the public administrator as well as for substantiating that an ethical process has been followed. Accurate and clear documentation can be essential in managing responses to lawsuits, audits, or ethics complaints. Your records may also constitute evidence for what is working in the social policy and where improvements are needed. If the city does not have a procedure in place for addressing ethical issues and documenting the process and its outcomes, it is wise to create one and ensure that staff are aware of it and use it.

Other examples such as the above involving social policy decisions that raise ethical dilemmas or issues are virtually unlimited. The following examination of the ASPA Code of Ethics illuminates eight specific areas of particular concern to public administrators.

## Other Ethical Issues Related to Social Policy

The ASPA Code of Ethics includes eight principles that guide the policy practice and policy analysis performed by public administrators. Table 1 delineates these standards with illustrative questions followed in the text by examples of ethical issues common in public administration:

To *advance the public interest* is to work to always promote the interests of the public one serves. This also entails putting service to the public above service to oneself. It implies the broadest definition of the "public one serves." One might face a conflict of interest or need to recuse oneself because of a conflict presented in proposing a social policy. Perhaps you face a decision about spending funds to print government documents in two more languages spoken by local residents and to hire an interpreter part-time versus upgrading equipment and furniture in your office after years of deferred maintenance. Such dilemmas involving rationing and allocating limited or curtailed resources are common in implementing social policies and in navigating conflicting or special interests.

Public administrators are called to respect and *uphold the Constitution and the law* while seeking at the same time to improve laws and policies to promote the public good. These two tasks raise potentially conflicting duties that might bring the administrator to consider civil disobedience. A recent example is the government employee in the USA who refused to issue a marriage license to gay couples due to her personal religious opposition to gay marriage, which had just been judged a new legal right throughout the country. If you are her supervisor, do you support her right to refuse, or do you terminate her employment? This is an example of a conflict between duty to uphold the law and duty to respect autonomy. In this, as in most cases of civil disobedience, the burden is on the public administrator who refuses to implement the law to show how most ordinary, reasonable, prudent, and ethical public administrators would act with disobedience under similar circumstances.

To *promote democratic participation*, an administrator must assure the public that all have opportunity for active participation in governance and access to information about government. Residents need government that is open, transparent, and responsive, and governmental staff should respect and assist everyone in their dealings with public organizations. One example related to electoral policies (which help make social policies legitimate) is establishing a new polling location; e.g., should you locate a polling place on a college campus, where most students tend to vote as liberals, often lack knowledge about local issues, and vote primarily in years when there is a national presidential election? Locating a new polling place, you need to assure the public that you consider all facts and ramifications of its location.

The administrator who treats all persons with fairness, justice, and equality while respecting individual differences, rights, and freedoms is able to *strengthen social equity.* This can involve promoting affirmative action and other social policies to reduce unfairness, injustice, and inequality in society. However, dilemmas can still emerge. For instance, you are the mayor of a small town and have the power to appoint people to local boards and commissions. Many in the community have asked you to consider a person of color and a person under age 30 for the human rights or

community services commissions that carry out or advise on social policies. But two of the people in your book group who are not persons of color or under 30 have wanted for years to serve, and you know they would do a good job in advocating for meeting the needs of youth of color.

Public officials who provide accurate, honest, comprehensive, and timely information and advice to constituents of their offices follow the principle to *fully inform and advise*. This means that elected and appointed officials and governing board members, in addition to staff members in your organization, should not be surprised by policies you have knowledge about. For example, you become aware that in six months the law will be changed to make it legal for people to carry handguns in visible holsters. While you may not support this decision, you must let businesses and other organizations in your community know the expected implementation date so they can fully prepare.

Public administrators must *demonstrate personal integrity*. Virtue ethics calls on public administrators to adhere to the highest standards of conduct to inspire public confidence and trust in public service. In some countries and contexts, bribery and other corrupting influences may tempt public administrators. Codes of ethics for public officials in the USA regulate acceptance of gifts or other favors and prohibit conflicts of interest such as use of position or expertise to secure private gains, advantages, or employment (see, e.g., Minnesota Statute 43A.38 Code of Ethics for Employees in the Executive Branch.). Resisting pressures from superiors or others in administration to cut corners or subvert social policy goals requires some courage as well as practical wisdom (prudence). So too does protecting whistle-blowers from retaliation or blowing the whistle oneself if efforts to remedy the problem internally do not lead to ethical changes. Affirming that whistle-blowing can be "an ethical requirement," Svara (2015, p. 147) warns of the severe retaliatory techniques that organizations use to punish whistle-blowers. He also suggests constructive strategies for public administrators to consider in calling attention to administrative, organizational, or governmental misconduct, malfeasance, fraud, or other corruption and unethical actions (pp. 149–157). Importantly, citing Dobel (1999, p. 111), he also discusses addressing the difficult issues related to resigning in protest; see Dobel's chapter on "Getting out: The ethics of resigning from office" (pp. 109–129). (For more on research and practice guidance related to whistle-blowing and legally protecting whistle-blowers, see also Miceli et al. 2008).

Honesty, authenticity, and humility among other virtues help ensure that when you get into trouble, you handle yourself responsibly and ethically. Trouble may come in many ways, and there are at least three explanations of a public administrator's wrong behavior (Svara 2015, p. 106): "(1) explanations that focus on bad people, (2) explanations that apply to decent administrators who make unethical choices, and (3) explanations that stress circumstances." Public administrators can also err by making a mistake and not owning it or taking responsibility for it. Reamer (2013a, p. 182) explains that unethical actions tend to fall into two broad categories: "malfeasance," i.e., committing acts that violate professional ethical standards, or "nonfeasance," i.e., failing to perform an ethical duty. Moreover, acts can be technically legal but not ethical (such as enforcing a provision of a social policy that has disproportionate impact on a poor neighborhood) or possibly ethical but not legal (such as engaging in civil disobedience). Fortunately, since most laws in democracies tend to reflect accepted moral norms and priorities, in many situations legal and ethical standards align fairly closely.

In another example, your government may not have a specific policy against bribes in housing services, but that does not make taking a bribe to award a government contract ethical. Similarly, offensive behavior toward a colleague may not be illegal, but if you accidently mutter an expletive about your opponent on a policy issue into a microphone or call the opponent by a derogatory name on social media, take responsibility and issue an apology.

Leadership from public administrators can be illustrated in efforts to *promote ethical organizations*. Staff who serve the public, including those in private organizations under contract with government, should be trained and rewarded for

working to attain the highest standards of ethics, stewardship, and public service. Conducting an ethics audit can be an effective means to assess strengths and weaknesses in an organization's general work climate or to establish procedures related to ethical social policies and practice (Reamer 2001). Public administrators can encourage and influence the ethical conduct of others inside and outside their own organizations indirectly through exemplifying virtuous processes and directly by taking ethical stands. For example, a city manager might need to advocate for a policy that requires any housing development corporation seeking tax breaks to commit to including in its business outcomes more affordable housing and a park open to use by all in the community.

Administrators should *advance professional excellence*, their own and others'. To strengthen personal capabilities to act competently and ethically and encourage the professional development of others, administrators can engage in continuing education and make staff development a budget priority. For example, perhaps you know that several city council members go out to lunch after every meeting. They do invite the only woman on the council to join them, but she does not feel welcome. While going out to lunch does not violate the open meeting law in your country, the perception among some community members is that council members should not do it. You invite them to participate in training on open meeting laws and transparency, gently but clearly suggesting they stop this decades-long lunch routine.

In addition to texts cited in this chapter and other sources in the reference list below, Cooper's second edition of the *Handbook for Administrative Ethics* (2001) and Thompson and Leidlein's *Ethics in City Hall* (2009) are good resources for continuing education and further study of ethical administration of public policies; the latter includes an annotated bibliography and a selected list of films (pp. 153–168).

## Conclusion

This chapter presents a problem-solving framework for analysis of ethical issues and dilemmas involving social policies. While systematically considering moral implications in designing, implementing, or evaluating a social policy, public administrators must cultivate competencies required for policy practice. The intersection of social policy and ethics is complex and can be overwhelming when considered in addition to the full range of knowledge, skills, and virtues an effective administrator must possess. Even seasoned professionals are challenged by the sheer volume of theories, frameworks, and principles that comprise the ethics and social policy whole.

Indeed, research by Rest et al. (1999) indicates that gaining ethical competencies takes gradually moving from lower to higher, more mature levels of thinking. In the process of professional moral development, the ethical administrator focuses on the following competencies to guide practice and pursue further study (Cooper and Wright 1992, pp. 338–339). First, being able to assess one's character is fundamental. Then, to become ethically competent to work with social policies, public administrators should work on recognizing ethical issues and potential conflicts of interest inherent in work with a given social policy. They should learn to sort through competing values that often underlie social policies. They should apply perspectives from moral philosophy, and they should share their moral reasoning with others. Throughout their lives, they should cultivate virtues such as the courage, integrity, and practical wisdom needed to carry out ethical decisions and reflect on what was learned in the process. They should always refuse to partake in any unethical actions or policies. Ultimately, involving staff and citizens, they should help create and strengthen an ethical work climate in their organizations (Cooper and Menzel 2013). In addition to modeling fairness, equity, and other moral practices and processes, public administrators nurture ethical organizational climates by protecting whistle-blowers, curtailing preferential treatment of or deferral to special interest groups, and disciplining self-serving bias. Other specific competencies include:

- Putting public interest first
- Viewing oneself as a professional, not merely a technician

- Possessing a high degree of self-awareness, particularly knowledge of one's own primary values and vulnerabilities
- Becoming well-versed in one's professional code of ethics and laws related to social policy (reading the code annually on one's anniversary of hire or on the occasion of annual performance reviews is a good habit)
- Willingly consulting with others
- Building capacity for mature practice, including willingness to take responsibility for one's actions

See also Svara's eleven-point list of public administrators' duties, each of which will require competencies to act upon (2015, pp. 195–197).

Remember that administrators ARE policy practitioners, though many texts focus primarily on technical tasks, e.g., personnel management, finance, and policy implementation. "Successful public officials know how to influence policy" (Dobel 1999, p. 93). A mature practitioner will embrace the responsibility and excitement of ethical policy practice. This could include conducting an ethics audit of the organization, working to build or enhance an ethical climate, setting up an ethics committee, sponsoring forums on ethics, following a consistent process of decision-making when thorny ethical issues arise, and empowering oneself to ethically influence all steps of the social policy process, from formulation to evaluation. Ethical, transparent, and effective democratic policy practice involves citizens and others who may be affected by social policies, even to the point of global collaboration, in development, implementation, and improvement of policies and procedures.

## Cross-References


- ▶ Administrative Ethics
- ▶ Code of Ethics
- ▶ Conflicts of Interest in the Public Sector
- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Leaders
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Philosophy
- ▶ Ethics and Public Policy
- ▶ Ethics Exemplars
- ▶ Global Ethics
- ▶ Integrity in the Public Service
- ▶ Kantian Ethics
- ▶ Legal Ethics
- ▶ Organizational Evil
- ▶ Utilitarianism
- ▶ Whistleblowing


## References


American Society for Public Administration (2013) Code of ethics with practices. Author, Washington, DC. Accessed 02 Feb 2016. https://www.aspanet.org/public/ASPADocs/ASPA%20Code%20of%20Ethics-2013%20with%20Practices.pdf

Annas J (2006) Virtue ethics. In: Copp D (ed) The Oxford handbook of ethical theory. Oxford University Press, New York, pp 515–536

Banks S (2010) Integrity in professional life: issues of conduct, commitment and capacity. Br J Soc Work 40:2168–2184

Banks S (2012) Ethics and values in social work, 4th edn. Palgrave Macmillan, Basingstoke

Barsky A (2010) Ethics and values in social work. Oxford University Press, New York

Boss JA (2014) Ethics for life: a text with readings, 6th edn. McGraw Hill, New York

Congress EP (1999) Social work values and ethics: identifying and resolving professional dilemmas. Nelson-Hall, Chicago

Cooper TL (ed) (2001) Handbook of administrative ethics, 2nd edn, rev and expanded. Marcel Dekker, New York

Cooper TL, Menzel DC (eds) (2013) Achieving ethical competence for public service leadership. M. E. Sharpe, New York

Cooper TL, Wright ND (eds) (1992) Exemplary public administrators: character and leadership in government. Jossey-Bass Publishers, San Francisco

De Schrijver A, Maesschalck J (2013) A new definition and conceptualization of ethical competence. In: Cooper T, Menzel DC (eds) Achieving ethical competence for public service leadership. M. E. Sharpe, Armonk, pp 29–51

Denhardt JV, Denhardt RB (2011) The new public service: serving, not steering, 3rd edn. M. E. Sharpe, New York

Dobel PL (1999) Public integrity. Johns Hopkins University Press, Baltimore

Flescher AM (2003) Heroes, saints, and ordinary morality. Columbia University Press, Washington, DC

Fowers BJ, Davidov B (2005) The virtue of multiculturalism: personal transformation, character, and openness to the other. Am Psychol 61(6):581–594
Garofalo C, Geuras D (1999) Ethics in the public service: the moral mind at work. Georgetown University Press, Washington, DC
Hursthouse R (2012) Virtue ethics. Stanford encyclopedia of philosophy. http://plato.stanford.edu/entries/ethics-virtue/. Retrieved 05 Feb 2013
International City/County Management Association (2008) Code of ethics with guidelines. https://www.icma.org/en/icma/knowledge_network/documents/kn/Document/100265/ICMA_Code_of_Ethics_with_Guidelines. Accessed 02 Feb 2016
Jansson BS (2014) The reluctant welfare state: engaging history to advance social work practice in contemporary society, 8th edn. Cengage Learning, Boston
Johnson NJ, Svara JH (2011) Toward a more perfect union: moving forward with social equity. In: Johnson NJ, Svara JH (eds) Justice for all: promoting social equity in public administration. M. E. Sharpe, Armonk, pp 265–290
Jurkiewicz CL (2015) Ethics: governance structures. In: Encyclopedia of public administration and public policy, 3rd edn. Taylor & Francis, New York
Karger HJ, Stoesz D (2014) American social welfare policy: a pluralist approach, 7th edn. Pearson Education, New York
MacIntyre A (1985) After virtue: a study of moral theory, 2nd edn. Duckworth, London
MacIntyre A (1999) Dependent rational animals: why human beings need the virtues. Open Court, Chicago
Miceli MP, Near JP, Dworkin TM (2008) Whistle-blowing in organizations. Routledge, New York
Molina AD, McKeown C (2012) The heart of the profession: understanding public service values. J Public Aff Educ 18(2):375–396
National Association of Social Workers (NASW) (2008) Code of ethics. Author, Washington, DC
National Association of Social Workers (NASW) (2015) Standards and indicators for cultural competence in social work practice. Author, Washington, DC
Peterson C, Seligman MEP (2004) Character strengths and virtues: a handbook and classification. American Psychological Association, Washington, DC
Plant JF (2013) Ethical competence and professionalism in public administration. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M. E. Sharpe, New York, pp 189–217
Reamer FG (2001) The social work ethics audit: a risk management tool. NASW, Washington, DC
Reamer FG (2013a) Social work values and ethics, 4th edn. Columbia University Press, New York
Reamer FG (2013b) Ethical competence in social work. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M. E. Sharpe, New York, pp 163–188
Rest J, Narvaez D, Bebeau MJ, Thoma SJ (1999) Postconventional moral thinking: a neo-Kohlbergian approach. Lawrence Erlbaum Associates, Mahwah
Strom-Gottfried K (2015) Straight talk about professional ethics, 2nd edn. Lyceum Books, Chicago
Svara JH (2014) Who are the keepers of the Code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74(5):561–569
Svara JH (2015) The ethics primer for public administrators in government and nonprofit organizations, 2nd edn. Jones and Bartlett Learning, Burlington
Tangney JP (2000) Humility: theoretical perspectives, empirical findings and directions for future research. J Soc Clin Psychol 19:70–82
Tangney JP (2002) Humility. In: Snyder CR, Lopez SJ (eds) Handbook of positive psychology. Oxford University Press, New York, pp 411–419
Thompson WN, Leidlein JE (2009) Ethics in city hall: discussion and analysis for public administration. Jones and Bartlett Learning, Sudbury
United Nations (1948) The universal declaration of human rights. Author, New York
Wittmer DP (2001) Ethical decision-making. In: Cooper TL (ed) Handbook of administrative ethics, 2nd edn, rev and expanded. Marcel Dekker, New York, pp 481–507

E

# Ethics and Sustainability in Local Government

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

## Synonyms

Accountability; Ethics; Governance; Integrity; Local governments; Municipalities; Resilience; Sustainability; Sustainable development

## Definition

Ethics and sustainability are inseparable and integral to maintaining sustainable communities, and local governments have an obligation to track and report outcomes related to ethics and integrity in the sustainability plans.

## Introduction

By design, sustainability is an attempt of organizations to recognize and address the social, economic, environmental, and governance issues in strategic planning. Ethics may be intentionally included in the sustainability plan or be a by-product of a deliberate sustainability strategy. Reid (2009) believed sustainability to be an ethical framework (p. 29). The climate change, social inequalities, increased poverty levels, income gap, lack of access to health care, inadequate housing, and energy crisis are among some the most relevant issues facing communities and local governments. Given the lack of national programs addressing climate change, a broken tax system that disfavors urban areas, failing infrastructure, and absence of a comprehensive domestic energy policy, local governments are taking a very aggressive and proactive approach to become self-sustained and sustainable. Sustainability is at the core of the cities' service delivery, leadership, and community improvement. Saha (2009) conceptualized the sustainable development as "a policy paradigm." A system change and a new paradigm are needed for an actual implementation of sustainability within local governments.

Ethics and sustainability and ethics of sustainability are directly related. The ICMA's (2017) Code of Ethics requires its members to uphold the highest standards of conduct and integrity in providing services at the local government level, where the role of administrators is to serve the public and the interest of all the people all the time. Ethical responsibilities of local government administrators include the ability to plan ethically and with integrity. Poor planning is unethical and can lead to disastrous consequences. Over 600 years ago, Ibn Khaldun (1406, 1969), in his work The Muqaddimah: An introduction to history, warned of dire consequences for the inhabitants of the poorly planned towns and discussed the importance of air and water quality in consideration of town planning. The standard views of sustainability planning at the local level of authority are challenged continuously, re-evaluated, revisited, and reinvented.

Whether the imperative is rooted in morality, religion, social justice, or environmental ethics, the local government's sustainability planning activities are consistent with the notion of concerns over the finite nature of resources and the proper stewardship over the earth. Zaidi (1981) rejected the idea of a maximization of benefits from natural resources exploitation as unjust and argued for full consideration of environmental degradation from such practices. The commitment to sustainability predictably leads to improved social and environmental outcomes. Worrell and Appleby (2000) defined stewardship as the concept of "responsible use of natural resources" and acceptance of "significant answerability to society" (p. 275). The adverse effects on the environment and the society from economic development are often unrecognized, neglected, and ignored in plans, strategies, and reports.

## Sustainability Planning and Ethics in Local Governments

The foundation of the concepts of sustainability can be traced to the United Nations sustainable development goals, but also to earlier environmental and social justice initiatives. Since then the term sustainability, sustainable development, and Triple Bottom Line (TBL) were used to define a variety of initiatives aimed at supporting strategies encompassing economic, environmental, social, and governance goals. The more recent global efforts for sustainable future can be linked to the United Nations 2030 Agenda and the Paris Climate Accord (See more: Dimitrov 2016; UNGA 2015; Alibašić 2017). From the very beginning of sustainability efforts, local governments played an important and a leading role in supporting the notion of a just and equitable society through positive impacts in their communities. Importantly, sustainability has been expressed in the context of the economic situation of an organization, in alignment with the environmental and social justice issues, social responsibility, and governance (Alibašić 2017).

An essential complement to the ethics of sustainability is a fiscal responsibility as a critical

component of good governance. A stable organization can commit long term to the sustainability-related efforts. Good governance, ethics, integrity, transparency, community engagement, and accountability are vital elements necessary for attainment and implementation of sustainable policies and practices in organizations. In rare instances organizations practicing and implementing sustainability policies intentionally measure and report good governance, ethics, equity, integrity, transparency, and accountability aspects of sustainability. In evaluating and implementing sustainability initiatives, it is indispensable for organizations to integrate into plans and give full consideration to ethics, integrity, and governance.

## Accountability and Participative Citizenry

To be accountable for tax dollars spent, transparent in the delivery of services, and to provide the same level of services, cities administrators continually evolve and transform the long-term strategic planning. With a sustainability planning framework, cities can focus on the economic, governance, social, and environmental aspects of service delivery. Hemmati et al. (2002) noted that "basic societal processes related to sustainability are economic and social processes, and those of governance and political participation" (p. 40). The concept of citizen engagement in the delivery and planning of services preserves the democratic principle of participative governance.

An appropriate way to view an administrator is as an agent of the local or state government or any other form of government, and the local and state government as the people. Post (2006) argued the "citizens are free to engage in public discourse to make the state responsive to their ideas and values," which similarly applies to all levels of government (p. 28). Furthermore, Girardet (1999) saw the "popular participation in decision-making to restore confidence in local democracy" as essential to managing cities (p. 71). Local government must be transparent and more engaging with the public. Seeking compromise is the key to democratic governance and usually leads to neither strong nor weak government. Such notion of a participative decision-making process in local and other forms of governments is further supported by Ranney and Kendall (1951) in their understanding of democracy. In essence, the issues of equity, citizen engagement, accountability, transparency, and consensus building are all relevant to successful implementation of sustainability-related efforts.

Often, sustainability is seen as a tool for participation building. Portney and Berry (2010) discussed how sustainable communities with sustainable policies in place have more participatory residents and other interest groups, emphasizing the relevance of civic engagement in cities (Portney and Berry 2010). While active and participant citizenry in communities is critical to the implementation of policies, administrators have a role too in defining what Dubnick (2003) described as setting up "clear and well-defined expectations" (p. 417).

## Public Policy and Positive Social Change

Sustainability as a public policy for positive social change is critical to the basic concept of ethics of sustainability in local government. Defining such decisive instrument is difficult when determining the social change context. Defining the social change as a positive is very important as the potential for abuses of public policy as an instrument in creating the adverse social change continues to exist. The ethical norms and ethical standards for local government administrators, as encapsulated by the ICMA Code of Ethics, include "a deep sense of social responsibility as a trusted public servant" in executing policies for the betterment of the communities and organizations they serve. The positive social change from such service is an end goal for public servants. The effectiveness of environmental policies is relevant to economic growth and the nature of economic development. There is a balance, and similar to the private sector, sustainability for municipalities begins with the financial bottom line.

As the layers of the organization embrace sustainability and it becomes embedded within organizations, good governance, along with diversity, integrity, and transparency, coalesce around the basic tenants of sustainable development, economic, social, and environmental tenets. Public policies focusing on bringing about positive social change are essential. For example, the climate change bill and national energy policy have the potential for positive impact on the entire society. However, there has been no political consensus on passing those policies. Where the federal government in the United States failed to take a leading role in addressing the climate change concerns, subnational levels of government through local municipal leadership have filled in a void. American cities have been active in planning and implementing sustainability measures to counter the adverse impacts of climate change and to be more just, safer, and healthier communities.

## Ethics and Quadruple Bottom Line (QBL)

Most cities embrace the concept of Triple Bottom Line, focusing on economic, social, and environmental elements of sustainability in sustainability planning. However, there have been recent efforts in some cities around the globe, mostly in Australia using the Quadruple Bottom Line (QBL) in sustainability planning and reporting. In addition to the TBL pillars of sustainability, the QBL is intended to address governance (Alibašić 2017). The fourth component of sustainability, Governance, emphasizes the often-neglected areas of organizational sustainability, including ethics, integrity, financial resilience, community engagement, transparency, accountability, and ethics. It rewards staff involved in sustainability implementation with ownership of sustainability initiatives and helps the city administrators to track sustainability efforts using a holistic, organization-wide approach. The inclusion of governance strengthens all the parts of sustainability planning, ensuring sustainability efforts are thorough and implemented efficiently. The four pillars provide a robust framework for inclusion and measurement of ethics and integrity in the sustainability reports.

## Conclusion

Ethics in sustainability and the ethics of sustainability are instrumental for successful implementation of sustainability-related efforts and ultimately for sustainable communities. Over the years, researchers and practitioners have realized the limitations of using the Triple Bottom Line, and the implications of not measuring and reporting ethics, accountability, transparency, and other elements of good governance in sustainability plans. Ethical implications of sustainability planning and implementing sustainability-related efforts include more just, equitable, healthy, and environmentally resilient communities with an overall positive societal outcome. A solution to the lack of meaningful inclusion of ethics and integrity in sustainability would be a more deliberate approach to measuring ethics in sustainability plans, by applying the Quadruple Bottom Line. Ethics and sustainability are integral to sustainable communities, and local government administrators should track and report outcomes related to ethics and integrity in the sustainability plans.

## Cross-References


- ▶ Asset Management
- ▶ Ethics and Accountability
- ▶ Ethics and Public Policy
- ▶ Ethics and Social Policy
- ▶ Ethics of Sustainability
- ▶ Global Ethics
- ▶ Governance
- ▶ Governmental Accountability
- ▶ Transparency


## References


Alibašić H (2017) Measuring the sustainability impact in local governments using the quadruple bottom line. Int J Sustain Policy Prac 13(3):37–45

Dimitrov RS (2016) The Paris agreement on climate change: behind closed doors. Global Environ Polit 16(3):1–11

Dubnick MJ (2003) Accountability and ethics: reconsidering the relationships. Int J Organ Theory Behav 3(3):405–441

Girardet H (1999) Creating sustainable cities. Shcumacher briefing no 2. Green Books
Hemmati M, Dodds F, Enayati J (2002) Multi-stakeholder processes for governance and sustainability: beyond deadlock and conflict. Earthscan, New York
Ibn Khaldun AA bin M (1406, 1969) The Muqaddimah: an introduction to history, in three volumes (trans: Rosenthal F). Princeton University Press. Abridged edition
Portney KE, Berry JM (2010) Participation and the pursuit of sustainability in U.S. cities. Urban Aff Rev 46(1):119–139. https://doi.org/10.1177/1078087410366122
Post R (2006) Democracy and equality. Ann Am Acad Pol Soc Sci 603(1):24–36
Ranney A, Kendall W (1951) Democracy: confusion and agreement. Polit Res Q 4(3):430–439
Reid R (2009) The moral imperative for sustainable communities.PM public manager. ICMA.org/pm
Saha D (2009) Factors influencing local government sustainability efforts. State Local Govern Rev 41:39–48. https://doi.org/10.1177/0160323X0904100105
The International City/County Management Association (ICMA) (2017) ICMA code of ethics with guidelines. Retrieved from https://icma.org/sites/default/files/ICMA%20Code%20of%20Ethics%20%28Amended%20June%202017%29_0.pdf
The United Nations General Assembly (UNGA) (2015) Transforming our world: the 2030 agenda for sustainable development, A70/1 Resolution adopted by the General Assembly on 25 Sept 2015. Retrieved from: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E
Worrell R, Appleby MC (2000) Stewardship of natural resources: Definition, ethical and practical aspects. J Agric Environ Ethics, 12(3), 263–277. Retrieved from http://search.proquest.com/docview/196564943
Zaidi IH (1981) On the ethics of man's interaction with the environment: an Islamic approach. Environ Ethics 3(1):35–47

# Ethics and the Nonprofit Sector

Colleen Casey
University of Texas at Arlington, Arlington, TX, USA

## Definition

Ethics: Well-based standards of right and wrong that prescribe what humans ought to do, usually in terms of duties, principles, specific virtues, or benefits to society

Public governance arrangements: These are defined as the multisector relationships and networks of organizations that have authority and accountability to act in the public interest

Neoliberalization: A regulatory state that prioritizes market-based, market-oriented, or market-disciplinary responses to regulatory problems and which has the potential to produce institutional differentiation across places

Nonprofit organization: An organization that exists for a broader purpose than to make a profit

Public interest: The welfare of the general public

## Introduction

Ethics is a central question in governance and organizational life. Ethics and ethical behavior by nonprofit organizations is increasingly important to the public interest in a world characterized by multisector, shared power governance relationships (Bryson et al. 2015). Menzel (2015) found that the study of ethics is alive and well in the public administration literature as it relates to research questions of ethical decision-making and moral development, ethics law and regulatory agencies, organizational performance, globalization, ethics management, policy ethics, and ethical environments. However, despite this breadth, a paucity of ethics studies investigate the growth of networking and public-private partnering in the public sector, minus a few notable exceptions here (2011), Cigler (2001), and Hudon (2011). The purpose of this chapter is to review current approaches to studying ethics and nonprofit organizations in public governance arrangements and offer suggestions for future research.

Public governance arrangements are defined as the multisector relationships and networks of organizations that have authority and accountability to act in the public interest. This definition encompasses partnerships to larger, multi-organizational networks composed of public, nonprofit, and private organizations. The chapter is important because nonprofits are unique

organizational actors that are governed by multiple sources of accountability. Nonprofits are subject to the organization's mission and the interpretation of the mission by managers, boards of directors, stakeholders, and clients as opposed to pure profit maximization (such as for-profit sector actors) or satisfying elected officials and citizens (such as public sector actors). The mission also influences the rules and regulations to which the Internal Revenue Service (IRS) holds nonprofits accountable. This occurs through their tax code and subject classification (IRS 2016). As nonprofits become engaged in public governance arrangements, they face additional sources of accountability from public agencies or organizations authorizing and regulating their action.

Secondly, nonprofits are distinct from private, for-profit, and public sector organizations as their ethical stance towards the world guides their action. Whereas public sector organizations aim to serve all members of the public, nonprofits often pursue particular issues, passions, or aim to serve specific target populations. As Rothschild and Milofsky (2006) summarize, nonprofits "are the organizational expression of their members' ethical stance toward the world: nonprofit organizations, by way of their very existence and practices, convey a public statement of what their members see as a better, more caring, or just world" (p. 137). The involvement of nonprofits in public governance arrangements makes the arrangements more fluid and contextual. Public governance arrangements become more fluid because nonprofits represent a wide variety of interests, elect to make the world a better place for certain populations, and may serve interests or purposes that are underrepresented in the general public. They enable public governance arrangements to be more contextual because nonprofits are unique and can respond to different types of public issues or needs, and thus, no two arrangements may look the same. The fluidity and contextuality nonprofits contribute to public governance arrangements can enhance responsiveness to the public interest; however, also raises a number of ethical challenges.

Finally, considering nonprofits and public governance arrangements is important due to the convergence of globalization and neoliberal policy ideas that heighten the potential for ethical conflict and tension. Although the term neoliberal has been used many ways, for the purposes here, neoliberal is conceptualized as a regulatory state that prioritizes market-based, market-oriented, or market-disciplinary responses to regulatory problems and which has the potential to produce institutional differentiation across places (Brenner et al. 2010). As Hasenfeld and Garrow (2012) argue, since the 1970s, neoliberal ideology has altered the "institutional, economic and political landscape for nonprofit organizations" (p. 297). Neoliberalization places nonprofit organizations in new relationships with the state and for-profit actors. Neoliberalization results in nonprofits taking on a variety of roles and functions, from direct public service providers to market competitors and social entrepreneurs. The result is that the nonprofit sector is characterized by those organizations that function more bureaucratic-like, as an extension of the state, to those that function as market competitors.

## Ethics and the Public Interest

Ethics can be defined as a branch of philosophy that refers to "well-based standards of right and wrong that prescribe what humans ought to do, usually in terms of duties, principles, specific virtues, or benefits to society" (adopted from Andre and Velasquez 1987 in Svara 2015, p. 12). Or, more basically, ethics is about doing what is right in the face of those served. The branch of normative ethics focuses on a general theory about how one ought to live or what one ought to do (von der Pfordten 2012). Approaches and alternatives to studying normative ethics stem from three traditional concepts in classical philosophical thought: deontology, consequentialism, and virtues. Deontology holds that some acts are morally obligatory regardless of their consequences for human weal or woe (Alexander and Moore 2015). Deontology holds that an ethical choice is personal and one acts or takes a certain course of action because to act is a duty or a right, not because of the end consequences of the act.

For example, a moral rule might be to "do unto others as you would like done to you." It is ethical because the action aligns with one's duty or right. Conversely, consequentialism is concerned with the consequences of action and emphasizes the ends of the action (Sinnott-Armstrong 2015). An act is ethical if it achieves some envisioned ends or purposes. One's duty, right, and moral obligation may be subordinate to the achievement of the envisioned ends or purposes. Finally, virtues ethics emphasizes one's moral character, and the value or virtue is what serves as the motivation to take ethical action (Hursthouse 2013). One acts because it is their character to do so, not because it is a duty or right and not because it will maximize individual ends.

In the organization theory and behavior literature, a central concern is the alignment between individual and organizational ethics. Individuals have different ethical compasses, and thus the organizational level considers how one's ethical values are realized, espoused, interpreted, and acted upon by administrators, executives, and employees. Key factors at the individual and organizational level that have been found to influence ethical action are organization structures and norms, leadership, organizational climate, organizational culture, moral awareness, decision-making, codes of conduct, intent and action, and cognitive biases (Fenton and Inglis 2007; Jurkiewicz and Massey 1998; Malloy and Agarwal 2001). Professional ethics expand beyond the organizational level to consider how professional standards can shape and inform individual action within a given profession and set of organizations. Professional ethics manifest themselves in professional codes of conduct that aim to govern the behavior of professionals in the field, seen and advocated in the nonprofit field by organizations such as the Council of Nonprofits. This literature is of importance for understanding ethical challenges within nonprofit organizations or within a professional sector but is less informative as to the ethical challenges nonprofits face in public governance arrangements.

A central concern of public governance arrangements is ethical behavior in the public interest. Cooper (2004) provides an overview and summary of key work on administrative ethics from the past 30 years. Of note in his review is that although there is a breadth of literature on public interest, there is less scholarship on administrative ethics and the public interest with the exception of Goodsell (1990) and Morgan (2001). A major challenge in this arena has been defining the term so that it has operational value. Public interest can be defined as the welfare of the general public. However, determining the public interest is more challenging. Public interest has been described as the aggregation of individual self-interests (Downs 1957) or more broadly as an evolving, common space that divergent groups and values share. In the latter instance, the public interest emerges from the common space shaped through the political process and individuals and groups having representation and access to inform this space. As Colm (1960) writes, "it is through the political debate, the vote, and the influence of pressure groups that the public interest evolves as a set of concrete objectives to be pursued by actual policy" (p. 302). Through articulations of the public interest, value systems are transformed into power structures, which manifest into specific public policies and activities. The path to the public interest has implications for the ethical challenges or dilemmas that can emerge in public governance arrangements.

The public administration literature offers promise for the study of ethical behavior of nonprofits in public governance networks. Two approaches, bureaucratic and democratic ethos, illustrate the ethical ramifications of different paths to the public interest. First, the bureaucratic ethos suggests that administrators in a democracy are both legally and morally bound to enforce the laws and implement the policies enacted by the people's democratically elected representatives (Woller and Patterson 1997). In this case, the administrator is the bureaucratic, neutral public servant, executing the will of the public that resulted through the democratic process. The public interest is realized through the political system, and in the case of the United States, through the system of representation. Bureaucratic approaches often focus on the adherence to the rules that are necessary in order for

individuals to carry out their work for the public they serve (Gilman and Lewis 1996). The basic idea is that the use of rules, and adherence to the rules, guides ethical behavior. Failure to do so results in unethical behavior. Adherence to the rules is necessary to realize the public interest.

The democratic ethos rejects that bureaucratic objectives can be readily or unambiguously determined from the political process and does not accept that politicians exercise control over the bureaucracy – rather, administrators also exist in an ethical space that leaves room for rule interpretation (Fox 1989). Administrators can enact democracy by interpreting this social space in favor of social equity as a value, or acting on the interest of a non-majority public. The democratic ethos approach shares a similar philosophical foundation with the broader definition of public interest, in that it is an active, evolving space, and suggests that administrators participate in the interpretation of the ethical space. The democratic ethos suggests that ethical behavior and dilemmas are not as black and white as simply following the rules. Rather, from this perspective, administrators may also be acting in the public interest when they act in favor for a disadvantaged group or incorporate democratic elements, such as public-participation and deliberation, into the process of rule-making and implementation.

## Nonprofits and Ethical Considerations in Public Governance Arrangements

As ethical actors, nonprofits bring a certain set of values to different types of public governance arrangements that serve different purposes in the policy process, from policy formation and analysis to implementation and service delivery. Nonprofits participate in governance networks that exist purposefully to inform the political process of policy-making. For example, they can provide a voice for underrepresented communities, serve as a vehicle to promote policy change, or engage and mobilize and build community leadership among different populations. For example, social movements are typically driven by nonprofit organizations seeking policy change.

However, at the same time, nonprofits are increasingly relied on to provide public or private services and programs, emerging as a more direct extension of the state (Salamon 1993). For example, in the area of housing and community development, nonprofit organizations have become key partners in the coproduction of low-income, affordable housing through the Low-Income Housing Tax Credit (LIHTC) program.

These role and function variations place nonprofits in a web of relationships with different partners, which may threaten their ability to retain an ethical commitment to their organizational issues, values, or passion. It may also threaten the ability for nonprofits to govern neutrally. For example, a nonprofit may be actively engaged in challenging the state; in another instance, they may be beneficiaries from a particular program or policy and subject to the rules of the state. As nonprofits become increasingly involved in different types of governance arrangements, the gray areas of ethical behavior and opportunities for ethical conflict become more prevalent.

## Ethical Issues and Nonprofits

Rhode and Packel (2009) identify six common areas where ethical issues arise in the nonprofit sector: compensation, conflicts of interest, publications and solicitation, financial integrity, investment policies, and accountability and strategic management. Some of these challenges are black and white, in that they clearly result in an outcome that is of detriment to society and are directly observable as it results in criminal violations or civil liability: fraud, misrepresentation, and misappropriation of assets. For example, it is clearly unethical (and illegal) to embezzle funds that belong to an organization for private or personal use. However, gray areas exist, which involves conflicts of interest, misallocation of resources, or inadequate accountability and transparency. For example, nonprofits serving multiple populations may face ethical dilemmas related to decisions they make in terms of resource allocations to improve the welfare of all clients. Nonprofits may face questions about difficult trade-offs such as how to allocate resources to

residents in one community or to another community. While this decision may not result in a direct violation of a rule or regulation, it creates a situation of ethical conflict for that organization.

However, additional study is necessary to understand the breadth and expansion of ethical gray areas when nonprofits become engaged in governance arrangements. Studies to date provide mixed evidence on the ethical behavior of nonprofits in governance arrangements such as public-private partnerships (PPPs) with a particular focus on public interest concerns. For example, Hudon (2011) suggests that PPPs circumvent traditional accountability and participation structures, potentially compromising the public interest. Kee and Forrer (2012) view PPPs as areas of gray – they may not be the solution to every public sector problem, they may be more prone to threatening democratic values, but its indeterminable if this is more or less than public organizations. Casey (2016) found that the outcomes largely depend upon the mission of nonprofits involved in the relationship and the governing structure of the relationship.

## Conclusion

In conclusion, the relationship between nonprofits, ethics, and public governance arrangements deserve further research. Ethical areas of gray seem to be more pronounced when nonprofits are engaged as service providers as it poses an ethical challenge to the virtue and character of nonprofits. As mission driven entities, the fulfillment of their mission often means meeting the needs of their clients. Yet, as recipients of public resources, their responsibility may be to be an efficient and effective steward of taxpayer's resources. While blending the two may be possible, it can also pose challenges and conflicts as the organizations subscribe to different philosophical interpretations of ethical action. Nonprofits bring virtue to what they do, and in most cases, this is what drives action. However, when entering into a contract with the public sector organization, the forces of consequentialism may dictate. As the forces of privatization and market-oriented governance increasingly emphasize the efficient and effective production and service delivery, this provides an ethical source of tension. Nonprofits may face situations that require them to consider how to most efficiently allocate the resources to fulfill a policy or program requirement, which can create ethical conflicts as it relates to what is valued as the moral course of action.

A second area that deserves more research attention is the ethical challenge nonprofits face in balancing multiple roles in the governance process. For example, a nonprofit with the mission to fight against poverty or homelessness may be recipients of public sector funds to provide services to these populations. However, the receipt of funds raises new ethical challenges as to how the nonprofit balances their mission of promoting policy change around this issue and fulfilling the public sector expectations of operating as a neutral servant of the state. Ethical questions also emerge as to for what purposes does the nonprofit organization advocate – is it purely advocacy in the best interest of the clients they serve or is it advocacy to ensure organizational survival? In different types of public governance arrangements, different ethical theories and approaches can converge. Thus, it becomes critical to understand the types of networks in which nonprofits participate, the expectations and roles they are expected to fulfill, the bureaucratic controls that govern their actions, and the ethical values driving or converging in a given governance arrangement.

## References

Alexander L, Moore M (2015) Deontological ethics. In: Zalta EN (ed) The Stanford encyclopedia of philosophy, Spring 2015 edn. http://plato.stanford.edu/archives/spr2015/entries/ethics-deontological/. Accessed 20 June 2016

Brenner N, Peck J, Theodore N (2010) After neoliberalization? Globalizations 7(3):327–345

Bryson J, Crosby B, Bloomberg L (2015) Creating public value in practice: advancing the common good in a multi-power, no-one-wholly-in-charge world. CRC Press, Boca Raton

Casey C (2016) Nonprofit organizations in governance arrangements: adding democratic value to Community Reinvestment Agreements? Public Integr 18(3): 290–307

Cigler BA (2001) Multiorganizational, multisector, and multicommunity organizations: setting the research agendas. In: Mandrell MP (ed) Getting results through collaboration: networks and network structures for public policy and management. Quorum Books, Westport, pp 71–85
Colm G (1960) In defense of the public interest. Soc Res 27(3):295–307
Cooper T (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 65(4):395–407
Downs A (1957) An economic theory of democracy. Harper, New York
Fenton NE, Inglis S (2007) A critical perspective on organizational values. Nonprofit Manag Leadersh 17(3): 335–347
Fox CJ (1989) Free to choose, free to win, free to lose: the phenomenology of ethical space. Int J Public Adm 12: 913–930
Ghere RK (2011) Network legitimacy and accountability in a developmental perspective. Public Integr 13(2): 163–180
Gilman S, Lewis C (1996) Public service ethics: a global dialogue. Public Adm Rev 56(6):517–524
Goodsell CT (1990) Public administration and the public interest. In: Wamsley GL (ed) Refounding public administration. Sage, Newbury Park, pp 96–113
Hasenfeld Y, Garrow E (2012) Nonprofit human-service organizations, social rights, and advocacy in a neoliberal welfare state. Soc Serv Rev 86(2): 295–322
Hudon PA (2011) A critique of public-private partnerships in Quebec. Public Integr 13(3):257–274
Hursthouse R (2013) Virtue ethics. In: Zalta EN (ed) The Stanford encyclopedia of philosophy, Fall 2013 edn. http://plato.stanford.edu/archives/fall2013/entries/ethics-virtue/. Accessed 15 June 2016
Internal Revenue Service (2016) Charities and nonprofits. Internal Revenue Service. https://www.irs.gov/charities-non-profits. Accessed 30 July 2016
Jurkiewicz C, Massey T (1998) The influence of ethical reasoning on leader effectiveness: an empirical study of nonprofit executives. Nonprofit Manag Leadersh 9(2): 173–186
Kee J, Forrer J (2012) E-SCADS or partners in service. Public Integr 14(2):193–202
Malloy D, Agarwal J (2001) Ethical climate in nonprofit organizations: propositions and implications. Nonprofit Manag Leadersh 12(1):39–54
Menzel D (2015) Research on ethics and integrity in public administration: moving forward, looking back. Public Integr 17(4):343–370
Morgan DF (2001) The public interest. In: Cooper TL (ed) Handbook of administrative ethics, 2nd edn. Marcel Dekker, New York, pp 151–178
Rhode D, Packel A (2009) Ethics and nonprofits. Stanf Soc Innov Rev, Summer. http://ssir.org/images/articles/2009SU_Feature_Rhode_Packel.pdf. Accessed 15 July 2016
Rothschild J, Milofsky C (2006) The centrality of values, passions and ethics in the nonprofit sector. Nonprofit Manag Leadersh 17(2):137–143
Salamon LM (1993) The marketization of welfare: changing nonprofit and for-profit roles in the American welfare state. Soc Serv Rev 67(1):16–39
Sinnott-Armstrong W (2015) Consequentialism. In: Zalta EN (ed) The Stanford encyclopedia of philosophy, Winter 2015 edn. http://plato.stanford.edu/archives/win2015/entries/consequentialism/. Accessed 20 June 2016
Svara J (2015) The ethics primer for public administrators in government and nonprofit organizations, 2nd edn. Jones & Bartlett Learning Company, Burlington
von der Pfordten D (2012) Five elements of normative ethics: a general theory of normative individualism. Ethical Theory Moral Pract 15:449–471
Woller G, Patterson K (1997) Public administration ethics: a postmodern perspective. Am Behav Sci 41(1): 103–117

# Ethics and the Public Interest

Genevieve Enid Meyers
Department of Political Science, University of Detroit Mercy, Detroit, MI, USA

## Synonyms

Administrative ethics; Code of ethics; Common good; Ethical probity in public service; General welfare; Moral values

## Introduction

The ethical conduct of public officials elected and appointed alike, and civil servants, has been a major focus of attention for the general public, the media, politicians, and public administrators for much of the twentieth and twenty-first centuries. Betrayed by high-level ethical infractions like Watergate, those in government found themselves under greater scrutiny than ever before. At the same time, attention to public officials' role as guardians of the public interest has been equally high. Emphasis is on the fact that the public interest should be viewed as a moral and ethical benchmark for public administrative decision making.

Yet, interest in and quest for ethics in government and public administration are not novel but rather date to ancient philosophers like Plato (428–347 BC) and Aristotle (384–322 BC), and the public interest too was addressed by philosophers Thomas Hobbes (1588–1679) and John Locke (1632–1704), among others.

It is important to note, however, that the scope of work for contemporary public administration and the diversity of those to serve have greatly changed from what pertained centuries ago. To date, public officials have to administer and manage expanded and varied interests of both the government and public including national security, social welfare, social services and infrastructure, health and disease control, collection of taxes, control of drugs, technology and cyber space, etc. All this means that for a public administrator, more difficult ethical challenges and dilemmas are encountered and more ethical choices have to be made. But what is ethics? Why is ethics important in public administration? What is public interest? What does it mean to serve the public interest? How can ethics engender the public interest? This brief entry offers answers to these questions. The goal here is to offer an overview of the concepts ethics and public interest that can function as a guide to those in government and those that wish to work in government, academics, and students of public administration as they navigate the ethical terrain.

## Ethics in Public Administration

The word ethics has been variedly defined, but most of the definitions include morality and determination of right from wrong (Lewis and Gilman 2012). Svara (2007, 10) defines ethics as "well-based standards of right and wrong that prescribe what humans ought to do, usually in terms of duties, principles, specific virtues, or benefits to society." This definition emphasizes the major ethics philosophical foundations encompassed in deontology (principle/Kantianism), teleology (utilitarianism/consequentialism), and virtue theory (personal traits). In his view, all ethical theories can inform the performance of public administrators; standards and principles guide action, personal qualities and traits guide ethical reasoning, and focusing on results and outcomes that serve the most justifies ethical action. Denhardt et al. (2014, 250) view ethics as a quest for moral guidelines: "the process by which we clarify what is right and wrong and by which we act on what we take to be right; it involves the use of reason in determining a proper course of action." Ethics viewed this way may appear contradictory: it bolsters conventional perceptions of accountability while at the same time fostering subjective thought and judgment in the framework of objective moral benchmarks. Yet, in public administration, the proper course of action is not always easy to determine, and the contemporary complexity of government and its roles make decision-making harder for bureaucrats.

Public administrators are responsible for implementing and managing public programs. In the fulfillment of these duties, they provide services and regulation to the public. Public administrators are not only required to be efficient and effective in carrying out their mandates but also to be responsive to the public, elected officials, political leaders, and different interest groups and clients and to understand constitutional values. By acknowledging the diversity and varied nature of public interests and needs to be served, the public administrator embraces the challenging role of reconciling competing and sometimes contradictory interests in the execution of laws and policies. It is no wonder then that administrative policies, choices, and decisions entail value judgments that can cause numerous impacts on the way public servants perform and how the public is served. It is because of the numerous obligations and the associated challenges like discretion and accountability and respect for constitutional values that public administrators need to be mindful of their ethical stance.

Being aware of ethical challenges does not mean capability to confront them. As James Madison observed, "If men were angels, no government would be necessary. If angels were to govern men neither external controls on government would be necessary" (Federalist Paper No. 51). In order to enhance ethical performance, formal

ethics training is offered, ethics audits are conducted, control mechanisms that enforce accountability and responsiveness are set up, formal rules and regulations are devised, and external control mechanisms like codes of ethics and codes of conduct are formulated to guide public administrators. While these mechanisms and external controls offer safeguards against unethical behavior, they do not guarantee it. Rather, each public administrator must face arduous, vague, and conflicting ethical dilemmas based on their internal standards of conduct embodied in their own personal virtues. It is the public servant's internal moral character and individual conscience that are critical in ensuring that administrative actions are ethical and in line with organizational goals, legal obligations, and general welfare. Anyone wishing to join the administrative system must appreciate that emphasis on ethics in public administration is meant to legitimate the role of the government, preserve public service integrity, and facilitate public servants to abide by their duties and professional standards, respect public trust, and ultimately serve the public interest.

## The Public Interest

The term "public interest" has generated a great discussion among scholars, theorists, practitioners, journalists, and social critics but little agreement on what it actually implies: it is a commonly held value; it is the wise or superior interest; it is the moral imperative; and it is a balance of interests (Sorauf 1957, 619–622). A commonly cited definition offered by Lippmann (1955, 42) asserts that the public interest is "what men would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently." This definition gives the term a moral imperative. Lewis (2006, 694) frames the public interest through the demands of modern-day public administration: representation, dialogue, and democratic values. She views public interest as a "process, not as an objectively identifiable endpoint." Indeed, public interest is imbedded in the pursuit of democratic governance and ethics. James Madison in The Federalist No. 45 viewed the public interest as the "real welfare of the great body of the people, is the supreme object to be pursued; and no form of government whatever has any other value than as it may be fitted for the attainment of this object." In his view, the government is not meant only to safeguard individual rights and interest but to fulfill a greater common good.

Public administrators, irrespective of their area of specialization and spheres of operation, share a commitment to public service and pursuance of the public interest. Unlike those in the private sector whose bottom line is profit, public administrators are called upon to serve "a higher purpose" (Hart 1984, 112). The public service is created and resourced to undertake tasks that the general public in a democratic system consider critical enough to warrant government attention. This means that public administrators make professional decisions on behalf of the public and the interests and values that the society holds. Those that work in the public administrative system are therefore called upon to become public stewards, to manage and administer government goods and resources on the government's behalf and on the behalf of the general public.

New public management and its calls for more efficient, economic and entrepreneurial government, in conjunction with collaborative governance which encourages privatization of government functions and reliance on not-for-profit organizations or third parties to achieve public administration objectives, make the work of public administrators more complicated, enhance instances for ethical dilemmas, and ultimately negate the purposes of democratic governance and public interest. Values like responsiveness, representativeness, and equity may be lost in the market-based administrative systems, while traditional avenues of control and accountability common in traditional public service may be weakened in the public-private partnerships. Defending and serving the public interest is public administrator's professional and moral obligation. Public administrators are challenged to harness private and personal interests and transform them to public good.

## Ethics and Public Interest: A Convergence

Public administrators implement policies and programs, enforce regulations, and provide goods and services that the citizenry deems worthy and is willing to sanction government to spend resources on. In undertaking such responsibilities, public servants do and should pursue values like responsiveness, representativeness, equality, openness, transparency, and accountability because these values underpin an administrative system rooted in democracy. Public administrators must therefore recognize that their roles impose both a professional and a moral burden. Ethics provide the moral connection between the democratic values in governance and public administration. As Gawthrop (1998, xiii) asserted, "the ethos of public service, so essential for the spirit of democracy to flourish, can be realized only if directed by a moral imperative bound to the common good." In other words, the public interest (common good) is intrinsic to administrative and democratic tenets. The moral imperative that Gawthrop mentions guides the public worker to discern between practices and activities that are considered right or wrong, and for or against the public interest.

Ethical commitment of public administrators is one of the two issues most critical in the performance of the public stewardship role mentioned earlier in this entry. Stahl (1971, 247) was succinct and apt when he asserted that "problems of ethical conduct arise for the public official by virtue of the power and influence he commands and the commitment he undertakes of loyal and disinterested service to the public." Ethical values like honesty, integrity, fairness, and justice, then, constitute the conduit to serving the public interest. Public administrators are therefore called upon to execute government programs in a manner that makes them true to their professions and the democratic ideals and that maintains values of moral and social responsibility, while engendering public confidence at the same time.

The second issue that fosters public stewardship is abiding by and safeguarding the law. A key attribute of a democratic government is that it is grounded in laws not private predilections of those that work for government. By upholding and abiding by the law, public administrators become the inspiring image of the public interest and common good. When public administrators are viewed with suspicion, cynicism, and distrust, when they are accused of selfishness, unresponsiveness, and corruption and being unaccountable, it means the administrative system has failed the democratic ideals imbedded in the foundation of the discipline.

The ethical public administrator, that is, dedicated to serve the public interest, has commitment to the highest traditions of public service. She or he is responsive to the will of the people, pursues the public interest, and responds to political leadership but is conscious of and protective of constitutional values. Such a person strives to cope with the complexities and conflicts of modern government while maintaining the highest ethical standards.

## Conclusion

From the discussion presented in this entry, we can conclude that administrative values rooted in democracy are embedded in ethical public service. The quest for ethics and public interest in public administration, therefore, can be fulfilled if as Gawthrop (1998, 122) notes, "a conscious and mature awareness of the ethical impulses, political values, transcendent virtues, and moral vision that constitute the dynamic and holistic essence of democracy" is embraced by everyone in the public administration. Anyone wishing to join the public administration system to serve the public must clearly understand and appreciate that she or he is putting the public interest over self-interest. Such a person should also keep in mind that the public interest is lost when public service is unaccompanied by counterbalancing ethos of moral restraint.

## Cross-References

► Administrative Ethics
► Ethics in Public Service

E

## References

Denhardt RB, Denhardt JV, Blanc TA (2014) Public administration: an action orientation, 7th edn. Wadsworth Cengage Learning, Boston, pp 249–280
Gawthrop LC (1998) Public service and democracy: ethical imperatives for the 21st century. Chatham House Publishers, New York
Hart DK (1984) The virtuous citizen, the honorable bureaucrat, and 'public' administration. Public Adm Rev 44:111–120
Lewis C (2006) In pursuit of the public interest. Public Adm Rev 66(5):694–701
Lewis C, Gilman SC (2012) The ethics challenge in public service: a problem-solving guide. Jossey-Bass, San Francisco
Lippmann W (1955) The public philosophy. New American Library, New York
Madison J (1787–1788) Federalist no. 45. The Federalist Papers
Madison J (1787–1788) Federalist no. 51. The Federalist Papers
Sorauf FJ (1957) The public interest reconsidered. J Polit 19(4):616–639
Stahl G (1971) Public personnel administration. Harper and Row, New York
Svara JH (2007) The ethics primer for public administrators in government and nonprofit organizations. Jones and Bartlett, Boston

# Ethics and Trust

Nafaa Kheidous
University of Pau and Pays de l'Adour (UPPA), Pau, France

## Synonyms

Business ethics; Ethics; Organizational justice; Theories of moral philosophy; Theories of moral psychology; Trust

## Introduction

The business world has experienced several major scandals, especially over the course of the last decades, with devastating consequences. These scandals and their consequences are due essentially to a lack of ethics and trust. This shows the urgent need to promote ethical management to foster trust in managers and companies in order to redress the growing environment of mistrust which has taken hold.

The purpose of this chapter is threefold: firstly, to discuss concepts of ethics and their theoretical frameworks that facilitate the study of ethical questions in organizations, such as theories from philosophy, psychology, business ethics, and, in particular, the theory of organizational justice. Secondly, it highlights the concept of trust in social sciences and its background components such as competence, fairness, integrity, etc. Finally, the chapter shows the benefits of ethics and trust being applied for organizations.

In general, ethics preclude the emergence of an opportunistic culture that carries risks for organizations. Dejoux (2002, p. 97) argues that: "Talking about ethics in a company is not only a matter of trend or managerial style, but one of the means available to preserve and develop trust relationships necessary for its credibility and sustainability." Essentially, the theoretical frameworks which allow the analysis of the ethical dimensions are the following: firstly, theories of moral philosophy (Aristotle, Kant, Mill), these theories try to describe what makes the acts good or bad; secondly, theories of moral psychology (Kohlberg, Gilligan), these theories are studying how we make decisions; thirdly, modern ethical theories (Rest, Trevino, Victor and Cullen), these theories integrate individual, collective, and contextual variables to explain behaviors in the organization; and finally, the theory of organizational justice, this theory evaluates the rightness or the injustice of an action from the employee's point of view. Organizational justice constitutes a fertile framework to deal with ethical questions in organizations (Hirèche and El Mourabet 2007).

On his side, trust contributes to better business performance and can therefore be considered as a performance factor. Thus, focusing on trust in companies is a pragmatic measure that leads to positive and concrete results. The fierce competition faced by companies implies that all their resources and tools must be used to ensure their sustainability and the welfare of their employees. If ethical considerations improve trust and

therefore employee performance, then companies that neglect them will put themselves at increased risk.

## Ethics

Ethics can be defined as a set of principles that guide our behavior. Ethics is a real concern for all of us. Although not a law, it is, in one way or another, linked to the law and codes of conduct (Loucks 1987). "Ethics is defined as research or the art of the right relation, of the just act, our way of relating to contingency will orient our ethics" (Dherse and Minguet 1998, p. 72). From this definition the meaning that can be given to ethics, in companies, is the sense of justice being integral to the actions and practices that take place in the workplace. To supersede rhetoric engendered by discourses that are too broad to operate on values, ethics must position itself on normative grounds and trace the contours of justice in organizations (de Nanteuil and Cnop 2007). Ethics can also be defined as a questioning, on the nature of good and evil, that precedes action. In the following paragraphs, the theoretical frameworks for dealing with the ethical question are outlined, especially the theory of organizational justice.

## Theories of Moral Philosophy

In philosophy, normative ethics is the branch of ethics that sets standards for judging actions according to the criteria of right and wrong. It is distinguished from metaethics which is the study of the meaning of terms, of the logical relationship between judgments, and of the epistemological status of moral judgments. In respect of applied ethics, it is normative ethics questioned by practical domains. Basically, in normative ethics, there are three major currents of thought, which are consequentialism, deontology, and virtue ethics.

### Consequentialism

According to the defenders of this current of thought, it is the consequences of an action that determine its nature. The most famous variant of consequentialism is utilitarianism, which is a construct defended by Mill (1871). The latter advances in his work that after more than 2000 years of reflection on this most important of subjects – which is to settle the controversy over the criteria of good and evil – there has been little progress made. Philosophers have always been divided on this subject and unanimity seems far from being achieved. According to Mill, the rules of action must receive their character from the end they serve, because the action is made with a view to an end. If we accept the utility or the principle of the greatest happiness as the foundation of morality, then we classify an action as good when it has a tendency to promote happiness and as bad in the case where it tends to favor unhappiness. By happiness we mean pleasure and the absence of suffering and by unhappiness, suffering and the absence of pleasure (Mill 1871).

### Deontology

Deontology is derived from the Greek deon (duty) and logos (discourse). In this current of thought, the action is judged according to its conformity to predefined principles independently of the consequences that result from it. Kant is one of the great advocates of this movement. For him, an act is good from a moral point of view if it is done out of duty or out of respect for the law. This respect must prevail over considerations of the welfare or happiness of the individual or others. According to Kant, acting out of duty means acting out of freedom. He considers that it is the duty which absolutely obliges the moral agent without forcing it.

### Virtue Ethics

The essential thing for this current of thought is to perfect the virtues of human beings. Virtue ethics is perfectionist; it emphasizes the existence of character and virtue to which we must strive for independently of the rules and consequences.

Aristotle is one of the great defenders of this current of thought. In his book *Nicomachean Ethics*, he affirms that the just love just deeds and the virtuous love actions conforming to

virtue (Tricot 1959, p. 31). He goes on: "The virtues, then, come neither by nature nor against nature, but nature gives the capacity for acquiring them, and this is developed by training" (p. 42). For him, the things that are provided to us by nature like sight, we receive them first and afterward we make use of them. It is not due to a multitude of acts of vision that we have acquired this sense. On the other hand, the possession of virtue presupposes its earlier exercise. It is by playing the zither that one becomes a citharist; it is by practicing righteous deeds that we become righteous (p. 42).

Generosity, consciousness, loyalty, goodness, benevolence, trustworthiness, etc. are human qualities that are called virtues. The behavior that is typical of a virtuous disposition is a model to be imitated. For example, helping a family member who is experiencing financial difficulties can be considered for consequencialism as good because it maximizes well-being; for deontology as good because it is consistent with the principle of reciprocity ethics, treating others as one would like to be treated; and for virtue ethics as good because it perfects the benevolence of the author.

## Theories of Moral Psychology

Moral psychology is defined by Cova (2011) as "the study of the processes that lead us to formulate moral judgments and its central question can be formulated from: What are the psychological steps needed to develop a moral judgment?"

The theory of cognitive moral development (CMD) is largely mobilized by researchers on ethics in companies, and it has been accepted as a construct to help explain this field. On the other hand, the ethics of care is also an interesting model to take into consideration. These two theories are outlined as follows:

### The Theory of Cognitive Moral Development (CMD)

Kohlberg (1969) has highlighted the processes of reasoning that the individual follows when confronted with an ethical problem. For Kohlberg the moral development of the individual goes through three levels and six stages:

The preconventional level: It is the punishments and external rewards that control moral reasoning. The two stages of this level are the punishment stage (avoid punishment because a punished person has necessarily acted badly) and the reward stage (the justification of the actions is directed towards self-interest (rewards and benefits)).

The conventional level: It is the others who impose the internal standards. The first stage of this level concerns the need for belonging (interpersonal relationships): take into account the consequences on the relationships or the expectations of relatives. The second stage of this level is relative to the consciousness of the laws: the justification tends toward conformity with the law and the social norms.

The postconventional level: Moral reasoning is internal. There are two stages in this level too. The first stage concerns the social conscience (social contract and individual rights): the individual is aware that the laws/rules are social contracts for the good of the greatest number, even sometimes they go against the interest of particular individuals. Decision-making is complex because it takes into consideration the principles of justice and law. The second stage of this level is relative to universal moral principles: the law comes under personal ethical principles. The individual develops his own universal principles of justice, which applies to everyone. In this way, action is never a mean but always an end in itself; the individual acts because he is right and not because it helps to avoid punishment or because it is in his best interest or because it is expected or because it is legal or because it is previously agreed.

According to the author, moral development is sequential, that is, the steps cannot be preceded; it is irreversible, in other words no turning back possible; it is integrative, which means that the individual understands the reasoning of those who are in a lower level in relation to him; it is also

transcultural, that is, it follows the same stages in all cultures; finally in this moral development stagnation is possible, which means that the higher levels are not accessible to everyone.

### Ethics of Care

According to Gilligan's (1982) ethics of care, several elements must be taken into consideration in ethical judgment. Firstly, the relational aspect of the individual, that is, individuals are not really autonomous, but are influenced by others through their relationships. Secondly, there are specific needs of individuals that must be taken into account to ensure their well-being. Thirdly, emotions such as empathy, sympathy, and sensitivity are important in ethical judgment. Finally, although moral reasoning depends on formal and abstract principles, it is very contextual.

## Modern Ethical Theories

Many theories have been developed recently by researchers, in thefield of business ethics, in order to overcome the difficulties posed by the major founding ethical doctrines (philosophy and psychology) in terms of operationalization and access for management practitioners (Hirèche and El Mourabet 2007). In the following, ethical decision-making models and ethical climate theory are developed.

### Ethical Decision-Making

In order to act in an ethical way, the individual goes through several stages. To understand this process, researchers have proposed several models describing the stages preceding ethical or unethical behavior. The interactionist model (Trevino 1986) is a model of ethical decision-making in organizations. It combines individual variables, in this case Kohlberg's cognitive moral development, with situational variables, context, work characteristics, and culture, to explain and predict the ethical decision-making behavior of individuals in organizations. Widely cited in the literature, the Rest (1986) model is one of these. For the author, the ethical decision consists of four components: (1) consciousness, (2) moral judgment, (3) moral intent, and (4) moral behavior.

### Ethical Climate

Interested in ethical issues in organizations, Victor and Cullen (1988) developed the concept of ethical climate which represents employees shared beliefs about what is ethically correct behavior in an organization. They established a typology of ethical climates that can be tested empirically using a questionnaire. From the prevailing climate in organizations, managers can take the appropriate measures.

## Theory of Organizational Justice

The origin of the concept of organizational justice as well as the evolution of work on this concept during the last decades will be outlined. The perception of justice in the workplace is proven as important to achieve performance and thus the sustainability of organizations by guiding the attitudes and behavior of employees. Indeed, the perception of injustice pushes them toward anything that is detrimental to performance such as counterproductive work behavior (CWB). (CWB is behavior that is intended to have a detrimental effect on organizations and their members (Fox et al. 2001).) The perception of justice, however, drives them toward all that is conducive to performance such as organizational citizenship behavior (OCB). ("We redefine OCB as contributions to the maintenance and enhancement of the social and psychological context that supports task performance" Organ (1997, p. 91).)

In the context of work, research on ethical behavior as well as on organizational justice focuses on issues of right and wrong (Crawshaw et al. 2013). The latter argue that research on organizational justice focuses on four recurring issues: (1) why workplace justice is important to individuals, (2) how judgments are made, (3) the consequences of injustice, and (4) what factors predict perceptions of justice. For Schminke et al. (Schminke et al. 1997) organizational justice and normative ethics attempt to answer the following question: What is right? The different

classical philosophical approaches, such as utilitarianism, conceive of justice as a normative ideal, while current research on justice focuses not on what should be but on what individuals perceive as being fair (Greenberg and Colquitt 2014).

Greenberg used the term organizational justice for the first time in 1987 to refer to the perception of equity by individuals in an organization. Organizational justice is defined as "the perceived fairness of the exchanges taking place in an organization, whether social or economic and involving the individual in his/her relationship with his/her superiors, subordinates, colleagues, and with the organization taken as a social system" (Beugré 1998, p. 13). This perception concerns every dimension of organizational justice. These dimensions are developed as follows:

### Distributive Justice

Initially, studies of justice in an organizational setting focused on the distributive dimension. Most of this research is based on the work of Adams (1965), who used the theory of social exchange to evaluate justice. Attribution rules, based on contribution, equality of needs, context, personal motives, or objectives of the organization, aim to achieve distributive justice (Colquitt et al. 2001). All these norms can activate or determine the primacy of certain attribution rules.

### Procedural Justice

Thibaut and Walker (1975) introduced the notion of procedural justice in the literature of justice. By finding that in mediation to resolve a problem between two parties, their involvement in monitoring the process makes it clear to the parties that the process is fair. But Leventhal (1980) extended the notion of procedural justice in nonlegal contexts. For a procedure to be considered fair, Leventhal cited six rules to be respected: firstly, the consistency rule, which means that the procedure is applied in the same way to all persons concerned by the decision and it must be stable over time; secondly, the impartiality rule, in other words the procedure is impartial and free from personal bias; thirdly, the precision rule, that is, procedure is based on accurate and precise information; fourthly, the possibility of correction rule, i.e., appeals allowed against incorrect decisions; fifthly, the representativeness rule, that is, it takes into account the interests of all employees affected by the decision; and finally, the ethics rule, which means that it follows ethical and moral standards in organizations. For example, procedures should avoid trickery, corruption, deceit, or invasion of privacy.

### Interactional Justice

Bies and Moag (1986) noted the importance of the treatment that individuals undergo in the implementation of procedures. They added a third dimension to the literature on justice. Bies and Moag (1986) refer to these aspects of justice as interactional justice. Subsequently, in 1993 Greenberg distinguished between informational justice and interpersonal justice.

### Interpersonal Justice

Interpersonal justice reflects the degree of politeness, dignity, and respect with which people are treated by officials or third parties involved in the execution of procedures (Colquitt 2001).

### Informational Justice

Informational justice focuses on the explanations provided and the information given to those who question the reasons how and on what basis the rewards were distributed (Colquitt 2001).

## Trust

Positive expectation, will, and vulnerability are the most recurring keywords in the definitions of trust. One can say that trust is the willingness to be vulnerable, or willingness to take risks, motivated by a positive expectation. Sitkin and Roth (1993) concluded that almost all researchers accept, even implicitly, that trust is defined as a belief, attitude, or expectation about the likelihood that the actions or results of another individual, group, or organization will be acceptable or will follow the interests of the trustor. In other words, a conception of trust as a psychological state of a positive expectation about the

motivations and future actions of the other is widely accepted in the literature itself in an implicit way.

Trust can be defined as the personal conviction that our rights will be preserved and our efforts will be recognized and rewarded, and our possible faults will be forgiven. This conviction prompts us to give more without asking for guarantees.

## The Concept of Trust in Social Sciences

Williamson (1993) argues that trust is a term that does not have a single meaning. The existence of so many definitions of trust has meant that a single definition is insufficient to grasp the essence of the concept. In each discipline, the concept of trust has been assessed and apprehended in a way that is unique to it. This work shows how some authors have approached this concept in social sciences. This concept of trust is developed in the following paragraphs; this makes it possible to identify practices that can create, develop, and maintain it.

Fukuyama (1995) defined trust as "the expectation that arises in a regular, honest and cooperative community of behavior, based on generally shared norms, on the part of the other members of that community" (p. 26). For him, the common vision of good and evil and a set of shared values are the basis of trust, which influences the behavior of individuals. According to him, thanks to predictability, trust reduces transaction costs and risks. This trust among economic actors is considered here as a central factor in the success of enterprises. In addition to the fact that trust limits contract costs, it also encourages the participation of the various stakeholders and facilitates the allocation of financial resources thus developing flexibility. This translates into increased efficiency. For Fukuyama, most enterprises start in families; they are often limited by an inability to develop relationships of trust beyond the family.

Deutsch (1958) defined trust as being a behavior based on expectation. If the individual perceives that the expected result is not confirmed, this will lead to a negative consequence for his motivation. On the other hand, when it is confirmed, that will lead to a positive consequence for his motivation. An event has a positive consequence for motivation when it increases or prevents a decrease in the well-being of the individual. An event has a negative consequence for motivation when it diminishes or prevents an increase in the well-being of the individual.

Rotter (1967) has largely linked the effectiveness and even the survival of social organizations to the existence of trust. Thus, his study defines interpersonal trust as an expectation of an individual or a group based on speech, verbal, or written promise, considered reliable, of another individual or another group. For others, trust is "a psychological state including the intention to accept vulnerability based on positive expectations about the intentions or behavior of others" (Rousseau et al. 1998).

Given the positive consequences of trust, in terms of reducing transaction costs, on welfare and performance generally, looking at its background and nature seems important.

## Antecedents and Building of Trust

Understanding trust and its track record could facilitate cohesion and cooperation among employees. According to Gambetta (2000), a trustworthy individual implies that the probability that he will act in the direction of our interests or at least not in the opposite direction is high enough for us to consider cooperation with him. For Dejours (1993) "Cooperation: these are the bonds which agents construct among themselves in order to carry out, voluntarily, a common work."

Among these characteristics and actions of the "trustee," Mayer et al. (1995) retained three main characteristics often cited in the literature: capacity, benevolence, and integrity. The value system provides a basis for building trust (Jones and George 1998). For these two authors, values are norms or general principles that are considered intrinsically desirable ends, such as loyalty, helpfulness, fairness, predictability, reliability, honesty, accountability, integrity, competence, coherence, and transparency. They argue that an

individual's system of values promotes trust rather than specific situations and relationships. We can say that these elements are part of ethics. This system of values guides our behavior and determines, possibly in the case of labor relations, with whom we want to have a solid and in-depth relationship.

## Interest in Ethics and Trust

A manager must be able to inspire trust and generate a whole that is superior to the sum of the parts (Drucker 1954). For the latter, it is the integrity, vision, and dedication of managers that determine whether there is management or mismanagement. Ethical behavior and trust between the different actors affect their well-being and thus their performance. Family businesses confirm this; their members generally behave better than actors in nonfamily businesses which this can be explained by the trust that reigns between its members. There seems to be a consensus on the importance of trust and its positive effects on cooperation, commitment, acceptance of decisions, reduction of control costs, conflict resolution, and reduction of uncertainty. The ethics of managers lead to the emergence of a climate of trust and the development of lasting relationships with employees. All these factors contribute to the performance and sustainability of organizations.

## Conclusion

The comparison of an act with a philosophical system makes it possible to define it as fair or not from an ethical point of view. But unfortunately, often there is no consensus to determine which philosophical system should be the reference point (Colquitt et al. 2001). In this sense, the man who is the source of all vices cannot be taken as reference, and his reflection on good and evil will never be final and consensual. Therefore, the source of the principles of the ethics, which should be immutable, must be external to any given man. Individuals should be assessed on the conformity of their facts with the moral principles of the groups to which they voluntarily belong. For Jones and George (1998), shared values promote trust, guide our behavior, and eventually determine, in the case of labor relations, with whom we want to have an in-depth relationship. This positively influences performance.

Finally, it is more judicious to seek values for their intrinsic worth. Knowing beforehand that one is going to derive a profit, as confirmed by studies which have been undertaken or which remains to be discovered, does not detract from the relevance of this search for values in an organization. Turillo et al. (2002) show that individuals can be sensitive to the rules of justice and sometimes seek to punish the moral transgressions of others regardless of personal or economic interest. This sensitivity influences their decision-making. They explain these intrinsic and endogenous reactions by the existence in the human being of a moral requirement which, when satisfied, causes gratuitous pleasure similar to that of the contemplation of a spectacular sunset.

## References

Adams JS (1965) Inequity in social exchange. Adv Exp Soc Psychol 2:267–299

Beugré CD (1998) Managing fairness in organizations. Greenwood Publishing Group, London

Bies RJ, Moag JS (1986) Interactional justice: communication criteria of fairness. Res Negotiation Organ 1(1):43–55

Colquitt JA (2001) On the dimensionality of organizational justice: a construct validation of a measure. J Appl Psychol 86(3):386

Colquitt JA, Conlon DE, Wesson MJ, Porter CO, Ng KY (2001) Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. J Appl Psychol 86(3):425

Cova F (2011) Chapitre 1. Psychologie morale et philosophie morale. Dans: Alberto Masala éd., La morale humaine et les sciences (pp 47–74). Paris: Editions Matériologiques. https://doi.org/10.3917/edmat.ravat.2011.01.0047

Crawshaw JR, Cropanzano R, Bell CM, Nadisic T (2013) Organizational justice: new insights from behavioural ethics. Hum Relat. https://doi.org/10.1177/0018726713485609

de Nanteuil M, Cnop A (2007) Penser la justice dans les organisations: de Weber à Walzer. Travailler 18(2):183–202
Dejours C (1993) Coopération et construction de l'identité en situation de travail. Futur antérieur 16(2):41–52
Dejoux C (2002) Peut-on concilier éthique et management des ressources humaines. In: Boyer (ed) L'impossible éthique des entreprises. Editions d'Organisations, Paris, pp 95–113
Deutsch M (1958) Trust and suspicion. J Confl Resolut 2(4):265–279
Dherse JL, Minguet H (1998) L'éthique ou le chaos? Presses de la Renaissance, Paris
Drucker P (1954) The principles of management, New York: Harper & Row, Publishers, Inc
Fox S, Spector PE, Miles D (2001) Counterproductive work behavior (CWB) in response to job stressors and organizational justice: Some mediator and moderator tests for autonomy and emotions. J Vocat Behav 59(3):291–309
Fukuyama F (1995) Trust: The social virtues and the creation of prosperity (No. D10 301 c. 1/c. 2). Free press, New York
Gambetta D (2000) Chapter 13: Can we trust trust? In: Gambetta D (ed) Trust: making and breaking cooperative relations, electronic edition. Department of Sociology, University of Oxford, Oxford. pp 213–237
Gilligan C (1982) In a different voice: psychological theory and woman's development. Harvard University Press, Cambridge
Greenberg J, Colquitt JA (eds) (2014) Handbook of organizational justice. Psychology Press, New York
Hirèche L, El Mourabet B (2007) Ethique et gestion des ressources humaines: une revue critique de la littérature théorique et empirique. Revue de l'organisation responsable 2(1):51–70
Jones GR, George JM (1998) The experience and evolution of trust: Implications for cooperation and teamwork. Acad Manag Rev 23(3):531–546
Kohlberg L (1969) Stage and sequence: the cognitive developmental approach to socialization. dans: Gosselin DA (éditeur) Handbook of socialization theory and research, Rand McNally, Chicago, pp 347–80
Leventhal GS (1980) What should be done with equity theory? Springer US, Boston, pp 27–55
Loucks VR (1987) A CEO looks at ethics. Bus Horiz 30(2):2–6
Mayer RC, Davis JH, Schoorman FD (1995) An integrative model of organizational trust. Acad Manag Rev 20(3):709–734
Mill JS (1871) Utilitarianism. Reprinted in Miller, DE
Organ DW (1997) Organizational citizenship behavior: it's construct clean-up time. Hum Perform 10(8):85–97
Rest JR (1986) Moral development: advances in research and theory. Praeger Publishers, New York
Rotter JB (1967) A new scale for the measurement of interpersonal trust. J Pers 35(4):651–665
Rousseau DM, Sitkin SB, Burt RS, Camerer C (1998) Not so different after all: a cross-discipline view of trust. Acad Manag Rev 23(3):393–404
Schminke M, Ambrose ML, Noel TW (1997) The effect of ethical frameworks on perceptions of organizational justice. Acad Manag J 40(5):1190–1207
Sitkin SB, Roth NL (1993) Explaining the limited effectiveness of legalistic "remedies" for trust/distrust. Organ Sci 4(3):367–392
Thibaut JW, Walker L (1975) Procedural justice: a psychological analysis. L. Erlbaum Associates, Hillsdale/New York, pp 1141–1160
Trevino LK (1986) Ethical decision making in organizations: A person-situation interactionist model. Acad Manag Rev 11(3):601–617
Tricot J (1959) Éthique à Nicomaque. Éditions Les Échos du Maquis
Turillo CJ, Folger R, Lavelle JJ, Umphress EE, Gee JO (2002) Is virtue its own reward? Self-sacrificial decisions for the sake of fairness. Organ Behav Hum Decis Process 89(1):839–865
Victor B, Cullen JB (1988) The organizational bases of ethical work climates. Adm Sci Q 33:101–125
Williamson OE (1993) Calculativeness, trust, and economic organization. J Law Econ 36(1, Part 2):453–486



# Ethics and Website Content

Muhammad Ali Hamza
UVAS Business School, University of Veterinary and Animal Sciences, Lahore, Pakistan

## Synonyms

Cyberethics; Ethics and e-business; Internet ethics; Web design ethics; Web ethics and e-issues

## Introduction

The conduct of every community is governed by certain set of ethics. A notion within any community that everyone is accountable for their action and answerable to other members is fundamentally devised by ethical values. Though there may be no punishment for violating ethical standards, but they lead and characterize behavioral norms of any community. In the age where accurate, comprehensive, and apt information has a pivotal role

to play, the initiation of World Wide Web has introduced us to *Web Community*. In fact significant percentage of social activities, business processes, governance, and maintenance of personal relation across the world, today, somewhere relies on effective online exchange of information available upon social, organizational, or personal websites.

Furthermore, websites offer new applications and tools to disseminate and monitor information for and from the masses. This platform can encourage ideas, increase efficiency, help collaborations, assist marketing efforts, receive inputs from consumers, and above all facilitate in establishing an identity; therefore, individual and business level benefits of websites are seen as manifold. World Wide Web as a major source of exchanging information offers a vast store of information coupled with extensive communication capabilities for the people and organizations. It has provided us with an inexpensive, fast, and easy tools and platforms for information sharing. Additionally, World Wide Web introduced a new dimension of electronic maneuvering into traditional activities such as e-governance, e-commerce, e-retailing, e-banking, e-newspaper, e-TV and radio, e-mail, etc. Thus avoidance from the web community is almost impracticable.

The web community is based on web content. Web content can be written (textual), visual, graphical, or audio in nature that is a part of the experience of web audience**;** it could include, among other objects, text, graphics, picture, icons, sounds, films, recordings, simulations, and animations. In *Information Architecture for the World Wide Web*, Rosenfeld and Morville (2002) defines web content as anything on or in ones' web site like e-services, computer applications, audios and videos, images, downloadable data files, archived e-mail messages, and more.

## Maintaining Ethics: A Challenge for Web Community

Parallel to bright side of web community, it also offers a brand new atmosphere for nonethical behaviors and raises concerns regarding the ethical adequacy of the web content available on websites. Unethical content developers, publishers, or users can utilize content for personal gains by misleading the masses of today and tomorrow. Ethical issues in cyberspace and for web community have become as a new challenge. Today, the growth and diversity of website usage for virtual socialization, commercial activities, and governance has brought challenges to assure ethically acceptable content on the website for all stakeholders, whether web professionals or web users.

The concept of ethics in web content covers the concerns such as, development of ethical guidelines, and enforcing adherence to those guidelines, for appropriate content display, and providing a moral framework for navigating the Internet's virtual environment. While discussing web content and its ethical adequacy, there are two distinct but interrelated categories. First is the content development which includes researching, writing, gathering, organizing, editing, and publishing information on websites. Second is content control: a filtering process of screening the content and then either permitting or excluding it from access or availability on the website. In the earlier category the ethical obligation lies with content developers and publishers that include researchers, writers, organizers, editors, publishers, and bloggers. Whereas ethical responsibility in the latter category lies with government authorities, website honors and Internet service providers.

To maintain ethical behaviors on web, professionals identified some generic guidelines to be followed for example preventing cyber-squatting; a practice to buy domain name with not an intent to use, discouraging unsolicited bulk e-mail, spam, malicious program code; viruses or worms, and chain e-mails those imply threats. On the ethical grounds, web professional are in consonance with each other to assure honesty toward customers, sell them what you show on web, and do not overcharge for technical services that they may not understand.

Ethics for web content are not limited to the practices mentioned above, therefore whether we consider websites where content is posted by a

limited number of assigned personnel, or we talk about social websites where content can be developed and shared by anyone, anytime, from anywhere, in both cases the reflective experience and scholarly work has highlighted the following most critical aspect of web content that requires immediate ethical attention.

## Accuracy of Content

The top-rated ethical concern about website content is its accuracy**.** Majority of the visitors on websites tend to blindly believe the information provided on the web, which opens up a danger to mislead the audience and can result in multiple harmful consequences**.** For instance Bruce-Brand et al. (2013) argued that Internet has revolutionized the dissemination of information, and patients can access boundless information on any subject, and when people concern online information on some particular disease they find varied information. This could intensify their apprehensions regarding their physical state, cause inexplicable confusion, or infuse mistrust toward their physician.

White and Horvitz (2009) proposed a term *cyberchondria* to represent the possible mental state after reading inaccurate information based on the Internet. They contended that *cyberchondria* is a rising concern among many healthcare general practitioners as patients can instantly research any and all indications of a disease, illness, or condition and demonstrate a state of medical anxiety. Information inaccuracy can create a chasm between facts and opinions, therefore content development process has to maintain (i) fact as fact and opinion as opinion and (ii) always give credit where credit is due by mentioning the correct source of information.

Under electronic governance or e-governance; *application of information and communication technology (ICT) for extending government services to the citizens*, public organizations also use websites to let a wide range of citizens to access governmental information to increase public participation that helps to progress and reform government bureaucracies, but if the information is incorrect or incomplete on the websites, the enormous investment of public money put in by governments for delivering e-government services will not attain its objectives (Alshawi and Alalwany 2009).

Not limited to e-governance, rather a need to develop customized set of ethics for all e-activities like e-retailing, e-banking, e-mail, etc., is a need of the hour. The corporations and all business ventures have to provide promising and correct information to their customers. Study by Kuo et al. (2015) on hotel website content reveals that misleading photos of a hotel damage the brand trust and consumers experienced greater anger and regret. Hence, a website may be one of the most important factors in building up image, but it is more than just having a website, instead it is the integration of what information is available and how correct is it.

## Content Scraping

Scraping content, also known as *content harvesting* or *data extraction,* is grabbing content from different places on the web and reproducing it on your own site or blog without due permission or acknowledgment. If content is copyrighted then it is taken as copyright infringement, except there is a license or authorization relaxing the copyright. There are many sites over the Internet that contain parts of other websites or stolen content and publish them as if they were their own.

Scraper is who collects copyrighted content and is considered under the violation of the law. Scraping can produce problems for the person or business who owns the content. Scraping is mainly worrisome activity for celebrities or business owners who pay for the content and scrapers reproduce an entire post from an independent or business website. However, most scrapers duplicate only a portion of the content which is keyword relevant to their website. Furthermore, stolen or scraped content can appear on factually any type of splog or RSS-fed junk site. This means a content creator could find their creative, original, or copyrighted content reproduced onto a site sponsoring pornography or similar type of

content that might be offensive to the original creator or author and his/her audience thus may be harmful to the original author's reputations.

## Content Spun

Any content which is not originally crafted by the website author rather a rewriting of existing content, replacing specific information, or using a part of someone's information and presenting it as one's own original work is called content spun. It creates a deception of new content from existing content.

The unethical element in content spun includes dishonesty, trickery, and providing no additional value for readers.

## Content Farming

Over the web community, a content farm also known as *content mill* is a business that pays large sum of freelance writers to produce large quantities of written content which is precisely designed for maximum retrieval by automated search engines. Their main aim is to generate marketing revenue through attracting reader page citation. This area of discussion was initially revealed in the background of social spam.

Ethical concern in content farm allege that content farms provide comparatively low-quality content, and that they exploit profit by producing *just good enough* content rather than high-quality textual pieces.

Textual pieces are usually composed by human writers rather than automated machines, but they may not be written by an expert in the subjects reported. Some writer working for content farm sites identified and admitted knowing little about the subjects on which they report. Search engines consider content farms problematic, as they bring the user to less applicable or relevant and inferior quality results of the search.

## Content Control

Content control or content filtering is a process of determining what part of the content should be accessible and what content should not be. Such limitations and restraints can be applied at all different levels, for instance governments can apply such controls nationwide; an Internet Service Provider can control content for its users. Content control can also be used by a company or proprietor to its personnel, by educational institutions to its students, by a public organization to its visitors, or by individuals to their personal computer.

Some content control incorporates time control functions that enables parents to set the extent of time that child may spend browsing the Internet or playing games or other activities. The motive of content control, primarily, is to avert access to the content which may believe offensive, obnoxious, or secret.

## Web Data Mining

In the era of non-stop, ever increasing, abundant flow of information over the Internet, data mining offers a process to extract the patterns and knowledge from large amounts of data. Web mining does, however, pose a threat to some important ethical values like privacy and individuality. While raising the apprehensions on respecting and protecting individuality, the study of Van and Royakkers (2004) emphasizes the need of handling unethical behavior concerning web data mining should be taken as a joint responsibility shared by web miners (both adopters and developers), web users, and governments.

## Internet Censorship

Interference of government in utilizing or encouraging content-control is an element of Internet Censorship. China is one of an existing example where ethically argumentative activity; Internet censorship, is suspected to exist very strongly. Another example is Cuba where if a web surfer attempts to access information or types a word that is not permitted, the word processor or browser automatically closes, and a *state security* warning pops out because such action is considered to be anti-state.

On ethical and moral grounds many would condemn of Internet censorship because they believe it could become support for misinformation and propaganda, it prevents the censor topic from being discussed that makes activity counterproductive. Censorship is often used to impose moral values on society, therefore English novelist E. M. Forster opposed censoring material on the grounds that it was obscene or immoral, raising the issue of moral subjectivity and the constant changing moral values.

## Internet Surveillance

Internet surveillance is the monitoring of activities performed over Internet such as data stored on clouds or data being transferred over Internet through emails, blogs, social media websites, etc.

However, there is a strong criticism by civil rights and privacy groups and they express concern that with increasing surveillance of citizens over the Internet we will end up in limiting political and/or personal freedom. Hacktivists group *Anonymous* hacks UK government sites in agitation of what they call *draconian surveillance*. The ethical concerns with Internet surveillance have led to numerous lawsuits.

## Internet Hacking

Internet hacking is a trespassing over others personal domain without permission and collecting private information that would otherwise be inaccessible. It can also be used to disable or mess up targeted sites or steal bank accounts. Internet hacking is a cybercrime, but the ethical challenge for developers and publishers is to form a reliable protective Internet domain, and the Internet users have to be conscious of what to share or what not to share over the Internet.

## Spyware

To control hacking, the real challenge appears in fighting against spywares. Spyware, adware, system monitors, tracking cookies, Trojans, are a software that gathers information about a person or organization without their consent. Consumers' information is collected and sold to other companies is an example of nonethical behavior through spywares.

## Conclusion

As a member of web community whether in role of a publisher, curator, scrapper, website honor, blogger, podcaster, or just a social media participant, you are an integral part of the wider public knowledge creation, discussion, and control. Therefore it is of paramount importance that all of us realize our roles on web community and take a responsibility to share fair, non-discriminatory, and reasonable content on the net. We must respect facts, realities, heterogeneity of cultures, and opinion of others. Your action to create, disseminate, or control web content is of vital importance therefore it should be a truthful and impartial representation of the topic at hand not only for those who access it today but for those who access it in the distant future. To do so, it is important to draw ethical guidelines for web content development and its publication on websites and then assure the adherence to those guidelines.

## References

Alshawi S, Alalwany H (2009) E-government evaluation: citizen's perspective in developing countries. Inf Technol Dev 15(3):193–208

Bruce-Brand RA, Baker JF, Byrne DP, Hogan NA, McCarthy T (2013) Assessment of the quality and content of information on anterior cruciate ligament reconstruction on the internet. Arthroscopy 29(6):1095–1100

Kuo PJ, Zhang L, Cranage DA (2015) What you get is not what you saw: exploring the impacts of misleading hotel website photos. Int J Contemp Hosp Manag 27(6):1301–1319

Rosenfeld L, Morville P (2002) Information architecture for the World Wide Web. O'Reilly Media, Beijing

Van Wel L, Royakkers L (2004) Ethical issues in web data mining. Ethics Inf Technol 6(2):129–140

White RW, Horvitz E (2009) Cyberchondria: studies of the escalation of medical concerns in web search. ACM Trans Inf Syst 27(4):23

# Ethics and Well-Being

Carole L. Jurkiewicz
McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Happiness; Health; Prosperity; Weal

## Definition

Well-being is the degree to which individuals report being happy with their life in general, satisfied with their current circumstances, and are healthy in mind and body.

## Introduction

Ethical leader and organizational behavior have long been connected in the literature with employee job satisfaction, loyalty, and higher levels of productivity and efficiency. More recent research has extended this inquiry to the impact of leader and organizational ethicality on the broader conception of employee well-being. It has become clearly evident from a wide range of interdisciplinary research that ethical behavior, policies, and practices are associated with healthy and happy employees as well as financially strong and progressive organizations across all sectors. This monograph discusses the link between ethics and well-being in the workplace.

## Overview

Research has widely substantiated that feelings of well-being are resultant of specific aspects of organizational ethicality, such as effectively developed and enforced ethical codes, ongoing ethics training that involves employees in the learning process, and an organizational mission that articulates a commitment to social responsibility and sustainability (Valentine 2014). Further, leader ethicality has been associated with greater organizational and individual value congruence, higher motivation and productivity, enhanced loyalty and reduced turnover, and less unhealthy conflict and misconduct, and greater creativity (Jurkiewicz 2012a). Strong leader commitment to organizational ethicality through both words and deeds increases ethicality organization-wide and leads to greater levels of job satisfaction.

Conversely, recent research (Giacalone et al. 2016) has shown that unethical organizational practices lead to equally power negative impacts on well-being, not only to the employee him or herself but also to their circle of family and friends as well as witnesses to the unethical events. Such events have a measurable detrimental effect on these individuals' psychological, emotional, intellectual, and physical health, and lead to further instances of organizational injustice, racial and sexual harassment, discriminatory behaviors, abusive supervision and general lack of civility, and bullying (Jurkiewicz 2016).

The literature on well-being has documented that individual beliefs and values can moderate the negative impact of unethical behavior on well-being, meaning some individuals would experience more or fewer symptoms of greater or lesser strength, depending upon their personal value systems. Additionally, three other individual orientations have been shown to predict susceptibility to harm on well-being in the presence of unethical behavior: political values, a belief that the world is a just place, and relative value of materialism.

## Political Values

Individuals who identify themselves as politically conservative were affected to a lesser degree by unethical leader and organizational behaviors. Individuals who self-identified as liberal were more susceptible to harms from experiencing or witnessing unethical behaviors, and reported more negative psychological and physiological damage from such experiences than did conservatives.

## Belief in a Just World

Individuals who believe the world is essentially just and fair had a greater sense of well-being and reported higher levels of self-esteem than those who did not see the world in that manner. The believers were less likely to suffer the negative impacts of unethical behavior in the workplace or experienced them to lesser degrees than non-believers in a just world. They perceived less stress in life in general, had fewer health complaints, and had developed adaptable behaviors to increase their health overall.

## Materialistic Values

Those individuals who place a high value on materialism, money, and the accumulation of goods have been strongly associated with a baseline orientation toward negative well-being. Materialism has been firmly associated with high reports of physical and psychological symptoms, such as anxiety, depression, and overuse of drugs and alcohol. Additionally, these individuals report higher incidents of conflict between work and family, lower quality of life overall, and less energy, and are affected to a greater degree by unethical leader and organizational behaviors than are those individuals who place lower value on materialism.

In summary, those most impervious to unethical behavior and events in the workplace, and who sustain higher levels of well-being in the face of such events, are those who are politically conservative, believe the world is a fair and just place overall, and who place less emphasis and importance on materialism.

Given that employee well-being has clear and pronounced benefits for both themselves and for the organization, as detailed above, what are the characteristics of an ethical organization that lead to employee well-being? Some would assert it's an organization that follows the law, but that is considered the lowest measure of ethicality and one that shifts over time with legislation and social movements. Ethical codes in and of themselves don't create ethical organizations, although the process by which they are developed, communicated, and reinforced does have a positive impact. Group consensus is a very risky measure as common processes such as selective perception, group pressure, affiliative need, and a halo/horns bias impact such a vote and often lead it to irrational outcomes rather than true precepts.

What can be useful is a rubric for evaluating organizational ethicality and the attendant discernible behaviors that comprise it, and defining if the organization frames those activities within a structure of accountability that increases the likelihood that such behaviors will be instituted. Such a model would include a two-tier orientation focusing on both leader behaviors and organizational actions. A leader sets the standard for behavior in an organization and the processes, policies, reward systems, and decisions on ethicality all emanate from him or her (Jurkiewicz 2012a). An ethical leader will not be found at the top of an unethical organization, and vice-versa. Whether through conscious action or subliminal compliance, the employee generally realigns their behavior to match the expectations of the leader or will leave the organization if that is possible.

The *Leader Ethicality Checklist* (Table 1) is presented here as a tool to measure leader ethicality through their observable actions and intents. Inherent in the Checklist is the ability to assess whether the leader's actions and decisions are ethical unto themselves, and whether they contribute to general organizational ethicality. If the answers are confirmatory, it can be presumed with assurance that the leader's behaviors and decisions sufficiently contribute to an ethical organization that will advance individual feelings of well-being, with the heretofore stated concomitant benefits.

Organizational ethicality is demonstrated through the policies, processes, and practices leaders directly influence; Table 2 provides a checklist of *Indicators of Organizational Ethicality*. The most essential indicators are those that focus upon long-term outcomes, take into consideration the full range of affected parties, demonstrate consideration and an analysis of possible consequences, and pursue the best possible solution for involved. Openness to differing opinions,

**Ethics and Well-Being, Table 1** Leader ethicality checklist

| |
|---|
| *Egoism*: Is my judgement on behalf of the organization clouded by perceived opportunities for personal gain? Would I make the same decision regardless of any benefit I may receive from the outcome? |
| *Justice*: Are others' dignity and liberty preserved and enhanced by my decision? Are the opportunities of those involved expanded or abridged? |
| *Principles*: Is my decision or action consistent with my espoused principles? Are my choices consistent with the highest values to which organizations in general should aspire? Do they violate the spirit of any organizational policies or laws? |
| *Rights*: Do my actions give full consideration to the rights, welfare, and advancement of minorities and other less visible individuals? Do my decisions benefit only those with influence but without necessary merit? |
| *Social contract*: Do my actions and decisions advance the social contract? Do they facilitate pride in the individuals affected by my actions, both inside and external to the organization? |
| *Transparency*: Would I be embarrassed if my decision became a headline in the local newspaper? Would I feel confident in justifying my actions or decisions to my colleagues, subordinates, stakeholders, and the public? |
| *Utility*: Does my action or decision lead to the greatest good for the greatest number or the least harm to the fewest? Can any unavoidable harmful effects be mitigated? |
| *Universilizability*: Would I want to be treated in the same manner this decision treats others? |

Adapted from Jurkiewicz and Giacalone (2015)

**Ethics and Well-Being, Table 2** Indicators of organizational ethicality

| |
|---|
| Employee management |
| Actively and fairly rewards ethical behavior and punishes unethical behavior |
| Address hypothetical and actual ethical dilemmas regularly in meetings and training sessions |
| All employees are held to the same standards of moral conduct, there is an absence of favoritism |
| Communication is straight-forward and clear in accessible and verifiable language; employees and stakeholders feel honestly informed, gossip and rumor are nominal |
| Employees feel empowered and supported |
| Exhibits a culture of trust and commitment in interactions with employees |
| Low employee turnover and absenteeism, many qualified applicants for advertised positions |
| Resources and opportunities are equitably distributed, inside and outside the organization |
| Respects and encourages diverse opinions and viewpoints |
| Responds to claims of wrong-doing with respect, in a timely manner, and with transparency |
| Stakeholder and employee surveys express the belief that those associated with the organization are treated respectfully and feel valued |
| Policies and procedures |
| An ethics crisis management plan with accountability at the highest levels |
| Demonstrates through policies and programs those values that are consistent with what the organization espouses |
| Implements systems to identify, prevent, and minimize harmful behaviors |
| Meets and exceeds legal requirements |
| Transparent policies and practices |
| Training, promotions, and awards tied to ethical performance |

Adapted from Jurkiewicz (2012)

flexibility, emotional intelligence, and the extent to which political gamesmanship is diminished as an influencer of decisions are supplementary factors in assessing organizational ethics. Additionally, subordinate loyalty, a reputation of trustworthiness, organizational transparency, fair and objective complaint resolution, and the confidence demonstrated by the public in the organization as well as its leadership are other strong indicators (Jurkiewicz 2012b) of organizational ethicality. An ethical organization would demonstrate most if not all of these

features and would endeavor to succeed at the remaining factors.

## Conclusion

As presented here, leader and organizational ethicality can be measured, and such measures can be correlated with a variety of measures of employee well-being, encompassing physiological, psychological, emotional, and intellectual health. Research has widely substantiated that feelings of well-being are resultant of either ethical or unethical aspects of organizational ethicality. Two checklists provided here provide a starting a point to measure the prevalence of each. Effectively developed and enforced ethical codes, ongoing ethics training that involves employees in the learning process, and an organizational mission that articulates a commitment to social responsibility and sustainability have all been shown to positively affect employee well-being. Further, leader ethicality has been associated with greater organizational and individual value congruence, higher motivation and productivity, enhanced loyalty and reduced turnover, and less unhealthy conflict and misconduct, and greater creativity, all of which also contribute to aspects of employee well-being. Strong leader commitment to organizational ethicality through both words and deeds increases ethicality organization-wide, and in turn strongly affects employee well-being.

## References

Giacalone RA, Jurkiewicz CA, Promislo MD (2016) Ethics and well-being: the paradoxical implications of individual differences in ethical orientation. J Bus Ethics 137(3):491–506

Jurkiewicz CL (2012a) Advancing ethical competency through pedagogy. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. M.E. Sharpe, Armonk, pp 131–154

Jurkiewicz CL (ed) (2012b) The foundations of organizational evil. M.E. Sharpe, Armonk

Jurkiewicz CL (2016) Flint, Michigan. Pub Integ 18(4): 233–236

Jurkiewicz CL, Giacalone RA (2015) How will we know it when we see it? Conceptualizing the ethical organization. Pub Organ Rev 15(2):1–12

Valentine S (2014) Organizational ethics and stakeholder well-being in the business environment. Information Age Press, Charlotte

# Ethics Exemplars

Richard T. Green
Department of Political Science, University of Utah, Salt Lake City, UT, USA

## Synonyms

Administrative Responsibility; Legitimacy of Administrative State; Normative theory; Public ethics; Regime values

In an insightful chapter on moral exemplars, David K. Hart (1992, pp. 9–29) explained why they are needed and that it is important to distinguish among different types (For example, he distinguished between "moral heroes" and "moral workers."). Joining a long tradition of political philosophy, he argued that "a good and free society cannot long exist without *visible* exemplars of moral courage, fidelity, and trustworthiness" (pp. 10–11). Even the American founding fathers, who emphasized above all the need for checks and balances in government to protect against abuses of power, still maintained the necessity of public virtue to sustaining a democratic republic. That said, Hart noted the tendency in modern society to focus too narrowly on "dramatic times and heroic actions, citing them as paradigmatic examples for all." He wanted to emphasize that "if people are to live worthy lives, then morality must be more than episodic and dependent upon dramatic events" (p. 21). (For a more current treatment of this point, see Newswander 2012). One must cultivate habits and distinguish moral cases as a matter of routine in one's work and life. To this end, he distinguished between "moral episodes" and "moral

processes" (pp. 21–25), with the latter emphasizing routine moral work that receives little or no recognition for what it is but is nevertheless vital to the maintenance of public and organizational integrity.

Conducting moral work entails inculcation of standards and values appropriate to the milieu within which such work takes place, and this is where the work of Professor John Rohr is seminal. Rohr committed much of his life and career to what Hart calls a "moral project" that would help improve the moral quality of American public administration. Rohr focused his efforts on explicating the nature of the values and responsibilities he saw as inherent to US public office, and specifically for career public administrators who are typically subordinate to elected authorities. As such, Rohr saw his work as helping to define our sense of *public* ethics as distinguished from social or private ethics. Rohr did not press this distinction as absolute. Rather these spheres do overlap, with each informing the other to some extent, and yet tensions between the demands of each are often manifested in daily public life. Part of the ethical struggle and nuance of public life entails the maintenance rather than resolution of these tensions in one direction or another (for more on this point, see Green 2012). As importantly, he stressed the maintenance of tensions and ambiguities inherent among competing *public* values as perhaps the most important task of public administrators in contributing to our conceptions of *public integrity*. Integrity carries with it the idea of holding tensions among particular virtues (or "excellences") in balance.

Professor Rohr passed away in 2011 due to complications of Parkinson's disease. [John Rohr died on August 10, 2011, after suffering with Parkinson's disease for about 10 years. He is survived by his wife of 39 years, Kathleen Rohr (nee Lehman) and two sons, Paul and Mark. Kathy is a retired materials engineer, chemist, and educator. She met and married John in 1972. At the time of this writing, Paul (born 1973) works in Facilities Services at Virginia Tech, Blacksburg VA, and Mark (born 1976) is a lawyer for RE/MAX, LLC in Denver CO]. His loss was widely noted and lamented in the field. He was a leading figure in the field of public ethics, specifically addressing the ethical foundations of public administration. He made major scholarly contributions to this emerging field over a 40-year career, helping to develop many of the key dimensions and concepts that would define the field. He was most noted for (1) articulating a theory of public administrative responsibility and ethics based in American "regime values" and (2) explicating a normative grounding for American public administration in the US Constitution. His work was seminal in the formation of ethics curricula for Master of Public Administration programs around the country. His body of published work is extensive, including 7 books, 38 book chapters, and 50 journal articles (Rohr's books are as follows: *Civil Servants and Their Constitutions* (Lawrence, KS: University Press of Kansas, 2002); *Public Service, Ethics and Constitutional Practice* (Lawrence, KS: University Press of Kansas, 1998); *Founding Republics in France and America: A Study in Constitutional Governance* (Lawrence, KS: University Press of Kansas, 1995); *The President and the Public Administration* (Washington, D.C.: American Historical Association, 1989); *To Run A Constitution: The Legitimacy of the Administrative State* (Lawrence, KS: University Press of Kansas, 1986); *Ethics for Bureaucrats: An Essay on Law and Values* (New York: Marcel Dekker, Inc., 1978b; 2nd ed. 1989); *Prophets Without Honor: Public Policy and the Selective Conscientious Objector* (Nashville: Abingdon Press, 1971).) This article first reviews the background and training which gave shape to Professor Rohr's thinking about public ethics and then summarizes the essential features of his work.

## Early Career

Rohr entered the Jesuit seminary at Loyola University in Chicago in 1952. There he earned his A.B.. in 1957, the Ph.L. in 1959, and then M.A. and S.T.L. degrees (all in theology and philosophy) at Georgetown University in 1964 and 1966. He was ordained in 1965. During those years, he taught high-school Greek and

Latin, and college courses on church-state relations, American government, and constitutional law at Georgetown University. He studied church-state relations under the renowned Catholic theologian, John Courtney Murray, at the Woodstock College of Georgetown University during the years of the second Vatican Council (1962–65) in which Murray played an influential role.

Murray's thought informed Rohr's "constitutional-juridical" view of the state which he and Murray saw as "a corollary of limited government; it declares civil authority incompetent in certain areas (e.g., religious truth) and is satisfied if government protects those processes that guarantee freedom of thought and expression" in general (Rohr 1966, p. 148). This implies the existence of a "broader spectrum of liberties" which embrace and support human dignity and which are more typically associated with democracy established through a limiting Constitution (Rohr 1978a, pp. 18–19). Rohr was further influenced by Murray's distinction between state and society, wherein the state is confined to matters of "the public order" which is a subset of the broader common good. The common good is determined by a variety of social as well as state institutions (1978a, p. 18). These ideas were buttressed in many respects by the works of Thomistic scholars, Jacques Maritain (cf., *Man & the State* 1951) and Yves R. Simon (cf., *Philosophy of Democratic Government* 1951), and they influenced much of Rohr's subsequent work.

In the fall of 1965, Rohr entered the Ph.D. program in Political Science at the University of Chicago where he studied under many distinguished faculty, but especially Leo Strauss, Joseph Cropsey, and Herbert Storing. Rohr (along with colleagues such as David Rosenbloom, Douglas Morgan, Kent Kirwan, and David Schaefer) gravitated to Storing's focus on constitutional history and law and was profoundly influenced by his exhaustive study of the Anti-Federalists. The nature of Rohr's theological and philosophical training drew him to the intersection of political and juridical principles in the situated and evolving historical contexts of particular regimes. This "regime" focus is replete throughout both Storing's and Rohr's published works.

Storing's analysis of the Founding-era debates emphasized that while the founders "agreed that the purpose of government was to protect rights" and that "liberty could not be assumed to result simply from the election of government officials by popular vote," they could not agree on "how these rights could best be secured (Storing 1981, p. 1:6; Morgan et al. 2010, p. 622)." Thus, their constitutional work remained unfinished, leaving subsequent generations to wrestle with the conundrums they enshrined. This critical observation led Storing to concentrate on the political role of public administration in American governance, in contrast to the prevailing idea born in the Progressive era that politics and administration were separate endeavors involving different kinds of questions and methods. (For a succinct description of the debate between Storing's conception of American public administration versus the rational-scientific approach to the subject, see Morgan et al. 2010, pp. 621–633.) Rohr carried this project forward in his groundbreaking work on "regime values" as a foundation for public administrative ethics and on a constitutional theory of American public administration.

## Career in Public Administration

Rohr's years in the Ph.D. program at the University of Chicago marked a dramatic turn in his life and career. As a Ph.D. student at the University of Chicago, he became a commissioned officer in the US Naval Reserve and taught summer courses at the US Naval Schools Command in Rhode Island. Initially he also served as a Chaplain, and then later became a Public Affairs Officer (he would retire at the rank of Commander in 1991). During this same period, Rohr, like many other Catholic priests, agonized over whether to stay in the order given the context of so many changes occurring in the priesthood and church after Vatican II. He finally decided to leave in 1970, the year he received his Ph.D. and was granted a formal release from his vows by the Vatican in 1971. In that year, he joined the faculty at Governors State

University in Park Forest South, Illinois, where he remained until 1979. He also served as Associate Director of the General Management Training Center in the US Civil Service Commission, Washington, D.C., through a NASPAA Fellowship in the years 1975–1976.

Rohr was hired into a new Center for Public Administration and Policy at Virginia Tech by Gary Wamsley in 1979. Wamsley brought together a cast of up-and-coming scholars in the field of public administration (among them, Philip Kronenberg, Charles Goodsell, Orion White, John Dickey, and James and Linda Wolf), with Rohr adding ethics, law, and administrative responsibility to a diverse and demanding doctoral curriculum. The Center taught doctoral students exclusively until the late 1980s, when it added the MPA degree program. Rohr stayed with the center at Virginia Tech for the remainder of his career, leaving only for a 9-month period in 1990 to study the role of public administration in France on a Fulbright fellowship.

Rohr had published his seminal book, *Ethics for Bureaucrats: An Essay on Law and Values* (1978a), and joined a group of scholars around the country (early among them were Terry Cooper, Ralph Chandler, James Bowman, Herman Mertins, David K. Hart, Kathryn Denhardt, and Don Mensel) who advocated inclusion of ethics as a core topic in the field. They became founding members of the Ethics Section of the American Society for Public Administration (ASPA). The group developed a substantial literature on the subject for the field, and Rohr's work figured prominently.

## Regime Values in Public Administration

In *Ethics for Bureaucrats*, Rohr provided both a normative grounding and a method for cultivating ethical competency in public administration that are distinctively public and based in formal administrative roles. In doing so, he distinguished public administrative ethics from broader ethical concerns based in political philosophy, humanistic psychology, and common decency. Although these are important and relevant sources of ethical insight, they do not focus specifically on *public* obligations which should provide the basis for exercising administrative discretion (Rohr 1978b, Chapter 2). For Rohr, it is the fact that American public administrators are delegated significant discretionary powers in a constitutional republic that obliges them to ground their decisions in public or "regime" values. Furthermore, because public administrators exercise delegated power, their roles are inherently political. They are no mere clerks or agents operating in servile deference to their superiors. Rather, they participate fully in governing the polity through offices which must balance subordinate status with significant degrees of autonomy. This of course differs radically from the conventional role prescribed for public administrators by those who insist that administrative work should be purely instrumental in nature and wholly subservient to the will of the people only as expressed through their elected public officials.

Rohr's regime values method rests on the following premises: (1) "That ethical norms should be derived from the salient values of the regime"; (2) "that these values are normative for bureaucrats [emphasis original] because they have taken an oath to uphold the regime"; and (3) "that these values can be discovered in the public law of the regime" (Rohr 1978b, 2nd ed. 1989, p. 68). In adopting these premises, one narrows the range of ethical questions and values to those legitimately conferred upon a limited government. Public servants do not have license to address any matters they choose. They are confined to those which fall within their legally prescribed roles. As Rohr described it, "…professional education necessarily involves a canon of selectivity appropriate to its peculiar goals even at the expense of ignoring questions that may be inherently more interesting and important" (p. 69). This thinking reinforces the distinction Rohr and his mentors made between state and society. The politics of the state must not subsume all spheres of life in civil society. Nevertheless, the reach of public law is still very broad, and Rohr's approach to it was certainly not positivistic. He did not view law simply as commands of a sovereign backed by force, but as a forum in which values and

legitimating sources of authority are elicited more through ongoing discussion and debate rather than through unilateral assertion. Few policy decisions stay settled for very long in such a regime.

Values such as liberty, equality, and property run to the heart of American life, but they are also inherently ambiguous in their meanings, and subject to tension in their application to public policy. So too are conceptions of "the people" as the ultimate source of sovereignty. Are the people of American democracy simply the current generation or should the thought and actions of past generations, and the concern for future generations, figure into the mix? Rohr included past generations as a source of insight, as well as for lending evidence to the enduring quality to those "beliefs, passions, and principles" (p. 74) that we deem eligible as regime values. He included future generations because the Constitution was established in part to "secure the blessings of liberty to ourselves and our posterity" (Preamble, emphasis mine). To Rohr's way of thinking, the American Constitution provides an essential though flawed framework of structures and values through which to carry on our unresolved debates about how to govern wisely in pursuit of those values. In this sense, the people exercise their sovereignty and mediate their values through their federal and state constitutions as well as through the bodies of law which derive from or are grafted into them. The laws therefore offer a potentially rich and practical source of insight that public officials can use to identify salient values and also find meaningful statements about them.

For Rohr, the courts, and especially the US Supreme Court provide an ideal source of meaningful statements about regime values. He did not treat them as the exclusive source of such insight. Any source in the legal fabric of society might qualify, but the most ideal sources need to meet four characteristics. First, they need to be "institutional" in the sense that opinions, arguments, and judgments about the meaning and significance of particular values are tested in some venue over time. For example,

> The nature of the judicial process involves a tension between past and present. Courts frequently solve current issues with a creative interpretation of a familiar principle. This enables a political society to address new problems without sacrificing the stability and continuity that come from invoking familiar principles. In a word, the Court is a contemporary institution in dialogue with its past. (Rohr 1989, p. 78)

Institutions are repositories of such insight and can help "bureaucrats distinguish between stable principles and passing whims" (p. 77) and "avoid becoming imprisoned by their own historical circumstances" (p. 78).

Second, the most valuable sources of insight should be "dialectic" in nature. They should be subject to ongoing debate, and court opinions provide "a highly structured and formal context" for such arguments. Rather than looking strictly to the black letter law – that part of an opinion deemed by lawyers to be the legally binding essence of decision in a case – bureaucrats can examine the dicta of the judges "own views on the nature of a just American society" (p. 79). The arguments pro and con on the issues in the case can therefore "be quite instructive for the bureaucrat seeking enlightenment on the meaning of American values" (p. 79), and one may often find as much or more insight in the concurring and dissenting opinions than in the ruling opinion of the day. Rohr's points here clearly envision bureaucrats forming and exercising judgments of their own about the application of such values, not as lawyers do, but in their policy determining and implementing roles. Lawyers and judges are not the only officials who have something to say about what the law means. Rohr did not want to turn bureaucrats into lawyers, but rather to help them gain ethical insight about the use of their significant discretionary powers as governing officials per se. There are many academics as well as practitioners who recoil at this bold description of bureaucrats' roles, and yet in study after study of bureaucratic behavior we see bureaucrats exercising such powers. Rohr wanted them to do so responsibly.

Third, sources of insight about regime values should be "concrete" in the sense that they must be applied to real-world circumstances. "A justice may soar to the highest abstractions in discussing such lofty generalities as due process of law, but

eventually he must decide whether the confession was admissible or the book obscene or the statement libelous" (p. 81). Bureaucrats, like judges, are "disciplined by reality" (p. 81) and this has a tempering effect on their reasoning. They must combine theory with action in a way that makes "rule by law" meaningful.

Finally, sources of insight on regime values are necessarily "pertinent" in that they dwell on issues that matter to people. Rohr here refers to the classic insight of de Tocqueville who observed the "tendency of Americans to transform major political problems into legal issues." This historic tendency gives added relevance to our laws as sources of much more than mere legal order. The laws embody our public disputes and priorities not as rigid orthodoxy (as some might wish) but more as evolving public argument about the things that matter most to us in public life. In the remaining chapters of *Ethics for Bureaucrats*, Rohr illustrated the evolution of meaning in the Supreme Court's arguments about liberty, equality, and property as manifested in a lineage of cases that have shaped and reshaped public policy over two centuries. He emphasized that these were not the only values that count as regime values but used them because they clearly run through the heart of American life.

Rohr's project in *Ethics for Bureaucrats* was incomplete because it did not deal with the much broader issue of the place of the administrative state in the American constitutional system. The founders could hardly have anticipated the existence of the vast complex of administrative agencies exercising many of the powers and functions of the superior branches of government on behalf of a crowded continent of people. The modern American administrative state has continually been subject to challenge as an illegitimate manifestation – as a "fourth branch" – of American constitutional government. This impression is strengthened and confused further by reformers (politicians and academics among them) who have conceived the relation of politics and administration through a simplistic and expedient formula that does not fit well in the American constitutional schema. That formula treats politics and administration as separate *functions* (rather than *powers)* of government (cf., Wilson 1887; Goodnow 1900). According to this view, politics is the expression of the will of the people through their political parties and elected representatives. Politics therefore has to do with questions of *what* should be done, and *why*, through the public policy making process. Administration is the execution of the will of the people as expressed through these political bodies. It deals primarily with questions of *how* public policy should be carried out. It is uniquely the province of executive officials to carry out the administrative *function*. Thus, all administrative functions are equated with the executive and with the courts which are treated as dispute-resolving adjuncts to the executive.

This tidy distinction between politics and administration as separate functions is buttressed when administration is presented as an art being rapidly transformed into a science (cf., White 1926.) The idea of an administrative science was employed by Progressive era reformers as an expedient way of expelling partisan politics from administrative work – a much needed reform in an era marked by rampant partisan corruption and intrigue in the public administration at all levels. However, the conception of administration as science inevitably congers the image of administration as separate from politics in general. Administration as science is an *apolitical* endeavor, thus sharing more in common with business administration than with the politics of public governance. The Progressives became enthused with the idea of running government like a business, and it remains a popular mantra to this day. One great irony resulting from this conception of administration is that it focuses the public mind on partisan politics as if it were the only legitimate type of politics in a democracy. Any other kind of politics, such as interest-group politics, judicial politics, and most certainly bureaucratic politics are often seen as illegitimate aberrations.

Rohr explored the history of these ideas in relation to the founders' designs for the Constitution, and through that analysis developed a sophisticated argument for reconciling the administrative state with constitutional principles.

## Rohr's Constitutional Theory of Public Administration

In his seminal work, *To Run a Constitution: The Legitimacy of the Administrative State* (1986), Rohr derived an elaborate theory of administrative responsibility from the logic of the American constitutional system. (Parts of the narrative in this section is taken from Morgan et al. 2013, pp. 137–141). The theory justifies robust discretionary roles that require career officials to govern in a similar though narrower fashion to their superiors. Rohr begins with the relaxed, pragmatic view of separation of powers held by the designers of the Constitution, and then draws out the political and ethical responsibilities inherent to this design.

### Partial Agency

In his analysis, Rohr finds that the framers of the Constitution were very pragmatic about blending powers among the branches of government. They believed that the danger of tyranny existed when one branch was capable of usurping the *whole* power of another branch (cf., Federalist essay 47). That would upset the constitutional balance of powers and thereby subvert the system. However, they also understood that a *partial blending* of the powers would be necessary to make the government work at all. James Madison provided the mechanism that met both concerns. In *The Federalist Essays*, he explained how each branch must enjoy "partial agency" in the powers of the other branches. That is, each branch should possess some of the powers of the other branches in order to prevent encroachment and yet permit cooperation among the branches for the sake of governing effectively (see Federalist essays 47 and 48).

Many provisions in the Constitution establish checks and balances through mechanisms of partial agency. The president, for example, enjoys legislative power through the veto clause. He can veto any attempt by Congress to infringe on executive powers and may also use it to induce cooperation on the substance of bills. Likewise, the US Senate exercises executive power through the advice-and-consent clauses on appointments and treaties and serves as a judicial body to try impeachments of the president. These powers can obviously be used as checks on the executive branch, but they also enable the branches to join forces on vitally important matters. Rohr used the clauses on the Senate as textual evidence that the "framers were quite willing to place all three powers of government in one institution where circumstances so required" (1986, p. 18).

During the first years under the new Constitution, members of the three branches demonstrated a relaxed attitude about the mingling of powers for specific purposes. For example, in the creation of the Sinking Fund (a fund used to retire national debt), the first Congress established a governing board composed of the chief justice of the US Supreme Court, the president of the Senate, the secretary of the treasury, the secretary of state, and the attorney general. As Rohr indicates, Congress was also willing to conduct investigations through committees that included congressional representatives, executive officers such as the secretary of war, and inferior or subordinate officials (p. 27). So too did President Washington request assistance in executive matters from circuit-riding judges (p. 26).

Moreover, Congress willingly combined powers in subordinate agencies for limited purposes. The Treasury Act of 1789 conferred significant discretion on the secretary of the treasury, permitting exercise of quasi-legislative and quasi-judicial powers in treasury-related and customs-house operations (Green 2002). The first Congress clearly intended to co-manage the US Department of the Treasury with the executive branch, and the treasury would, by extension, exercise the powers of all three branches in confined spheres of policy and practice.

Today, the combination of legislative, executive, and judicial powers in public agencies for limited purposes is commonplace, and Rohr's analysis shows that the logic of the Constitution both permits and legitimates this practice. Other scholars, especially Philip Cooper (cf., 1988) and David Rosenbloom (cf., 2000), give rich descriptions of how the political values and practices of the courts and of Congress are fused to the operations of administrative agencies at all levels.

Their studies clearly demonstrate that administrative work is neither exclusively executive nor merely instrumental in character. Rather, administration reflects the values, methods, and character of all three branches (cf. Rosenbloom and Kravchuk 2005). This reality creates tensions that administrators must hold in a rough balance. If they fail to do so they may eventually have correctives imposed on them. For example, Philip Cooper (1988) illustrates how federal district courts have imposed "remedial orders" on state and local agencies to protect rights and improve services. This reminds administrators that they are *subordinates* in the governing system and as such must try to understand and apply the perspectives of superiors from all three branches (Cooper 1988, p. 350). At critical points, however, Rohr observes that they must also choose sides with one branch or another.

### Public Administration as Balancewheel

Rohr's theory of administrative responsibility obligates public administrators to serve as a balancewheel among the superior branches of government. This means career public officials should resist actions by any superior branch of government that threatens the balance of powers among all three. Thus, Rohr emphasizes institutional obligations first, but these responsibilities entail significant discretionary power because the logic of our constitutional system demands it. Bureaucrats are politicians in their own right, with a legitimate and distinctive constitutional role to fulfill. That role includes choosing sides with different branches for varying purposes, which means they cannot be the sole instrument of any single branch. If they are instruments at all, they are "instruments of the Constitution" (1986, p. 89).

This is a profound theory because it justifies significant degrees of institutional and professional autonomy for the public administration. It therefore also provides a rationale for separating public administration from partisan politics. Without a meaningful degree of separation from partisan influence, bureaucrats could hardly resist partisan measures that threaten the balance of powers among the branches or which pervert agency missions in favor of private or partisan interests. The theory thus embraces the idea that administration has its own political characteristics, borrowed in part from each branch, and melded into the distinct organizational politics of public agencies. It recognizes the reality of bureaucratic politics and provides a normative grounding which can be used to guide and channel political action.

### Constitutional Defects and a Refortified Executive

Rohr strengthens his case for a robust yet limited autonomy in the public administration by showing how the modern administrative state compensates for defects in the constitutional design. First he describes how the Senate failed in its design as an "executive establishment." The founding debates on the Senate reveal that it was intended to serve not only as a representative body but also as a vitally important executive institution. Key provisions in the Constitution give the Senate a share in executive powers. For example, through the advice-and-consent clauses in Article II, section 2, it shares power with the president in appointing high officials and in ratifying treaties with foreign powers. Senators serve longer terms (6 years) in part to gain more expert knowledge and lend stability to the executive branch. Both Federalists and Anti-Federalists agreed that the Senate must become a "permanent body constantly in session" in order to collaborate with the executive in complex policy development and in emergency conditions such as wars and depressions (Rohr 1986, p. 35).

The Senate's role as an executive body, however, failed to materialize. Very early in its history, the Senate reverted to its role "almost exclusively as a second legislative chamber" (Rohr 1986, p. 39). Interbranch jealousy of power, partisan differences, and imperatives to represent state rather than national interests made close collaboration with the executive problematic at best. Formal recognition of this reversion to legislative functions occurred in the ratification of the Seventeenth Amendment in 1916. Subjecting senators to direct popular vote was "a wise and long

overdue recognition of the democratic spirit of the United States" (39), but it also reflected recognition of constitutional failure. Rohr argued that the creation of the career civil service, especially at the higher echelons, helps compensate for the loss of this senatorial role. Career senior administrators can provide the long duration, stability, and expertise needed for complex policy formulation and implementation.

### Enhancing Representation

The second defect of the original constitutional design involves inadequate representation. Rohr cites criticism, widespread among Anti-Federalist founders, that the constitutional scheme of representation was severely flawed. They believed that "representatives should be close to and resemble the people they represent, but the small number of representatives in the proposed Constitution will make this impossible" (Rohr 1986, p. 41). The Anti-Federalists viewed effective representation as a matter of thinking and feeling as the people think and feel. This required that representatives be numerous enough to reflect the many diverse communities and interests in political society. In effect, they should form a microcosm of the public. The Constitution, providing no more than one representative per 30,000 inhabitants in the House of Representatives, could hardly achieve that standard. Furthermore, the location of House members far away in the nation's capital would cause them to lose touch with those at home. They would inevitably begin to favor more general measures that were less responsive to local constituencies.

Most Federalists, on the other hand, emphasized representation that knows the general nature of regional, state, and community interests, yet remains aloof from them in favor of policies that unify these diverse interests into a public interest. They wanted locally representative voices to be restrained and tempered by concern for broader interests. They intended the bicameral structure of Congress to reflect this desire, with the Senate restraining unduly parochial and prejudicial measures in the House. James Madison's constitutional design reflected a desire to "filter and refine" public sentiments through layers of officials who were in varying degrees insulated from the direct influence of the populace.

These contrasting views of representation have never been reconciled, and neither one has met expectations (Rohr 1986, p. 44). This became evident as the population increased and our politics became more democratic. Today each House member represents on average more than 660,000 people. They can hardly know or sympathize with the incredibly diverse communities and interests in their districts, much less reflect their character and feelings.

Inadequate representation has spawned much political disenchantment in our history, resulting in a number of compensating measures and theories, the most prominent of which is reliance on pluralist philosophy and interest group advocacy. Rohr argued that the emergence of the modern administrative state, with its millions of employees, provides an additional corrective in that it more closely approximates the microcosm envisioned by the Anti-Federalists. He refers to the substantial literature on "representative bureaucracy" in support of his argument. When we examine the demographic makeup of our governmental bureaucracies, "we see our sons and daughters, our brothers and sisters," our neighbors, friends, and acquaintances (Rohr 1986, p. 50). (Note that Rohr concedes that bureaucrats do not perfectly replicate as a microcosm of the broader citizenry. They more closely match the characteristics of the middle class, but this still provides a much broader scope of representation than formally provided for in the Constitution.) They think as we think, and feel as we feel.

This mass of employees, Rohr argues, serves as a bulwark against arbitrary power. They are spread across myriad agencies, special districts, and levels of government that often compete jealously for influence over policy. Studies of bureaucracy show that it more closely resembles a vast interorganizational field of diverse agencies with competing interests than a monolithic edifice (Rohr 1986, Chapter 11). The characteristics of governmental bureaucracies have more in common with the "extended republic" envisioned by Madison and therefore serve to diffuse and check governing power rather than unify it. Bureaucrats

thus contribute to representation in government even though they are not directly elected by the people.

As significantly, direct election is not the sole criterion by which representative legitimacy is conferred under our Constitution. Rohr offers as evidence the fact that the Constitution specifies twenty-two different methods of appointment to office, only one of which is by direct election (p. 185). The variety of appointment methods coincides with Madison's design for a filtered and refined system of competent public officials who would represent the people by pursuing a unifying public interest. In Madison's scheme, all officials under the Constitution share in representation of the people.

Rohr's balance wheel theory, then, identifies four significant and distinctive responsibilities for public administration that meet the spirit, if not the letter, of the American constitutional system:

1. To integrate and exercise all three governing powers for limited purposes
2. To help preserve the balance of powers among the superior branches
3. To bolster and stabilize executive branch operations
4. To enhance political representation by approximating the microcosm desired by the Anti-Federalists

These obligations, arrayed as they are among a vast field of public agencies, make the public administration much more than a mere instrument or agent of policy makers. Their responsibilities require the exercise of both institutional and substantive discretion, which means they participate fully in governing the democratic republic. Career officials balance, complement, stabilize, inform, and extend the governing activities of the superior branches throughout society, and their professionalism helps meet the need for competence and energy.

After explicating the varying intentions of the founders and adapting their constitutional design to the modern conditions of the administrative state, Rohr devotes the remaining sections of the book to the contrasting administrative theories of Woodrow Wilson and Frank Goodnow who contributed to "founding the administrative state in word" and to the New Deal administration of Franklin Delano Roosevelt which "founded the administrative state in deed." As explained earlier, Wilson and Goodnow presented a much simpler conception of government based on the idea of *separation of functions* (and the resulting politics-administration dichotomy) rather than *separation of powers*. Rohr's explication of their work revealed that they believed the American Constitution had become outmoded and that they strongly favored the British parliamentary system. Wilson openly proposed in his early works as a political scientist that the Constitution be modified so that executive cabinet members would also be members of Congress – thus turning it into a parliamentary body with fused rather than separated powers. Goodnow proposed party reforms toward the same end, and in order to create a more unified expression of the will of the people. The reality under our Constitution that one party could control Congress, while the other party controlled the executive was anathema in their eyes. Rohr then contrasted their conception of administration with the administrative philosophy and practice of former Michigan state judge, Thomas Cooley, who exemplified a constitutionally competent chairman of the Interstate Commerce Commission – an "independent" regulatory commission that could not be considered an executive agency and yet was reconcilable in terms of its constitutionality.

In the next section, Rohr illustrated how these Progressive era ideas found their way into the federal government during the New Deal era, principally through the President's Committee on Administrative Management which, at the behest of President Roosevelt, sought to centralize and reorganize the federal public administration into an exclusive province of the executive. It proposed collapsing all independent commissions into the executive branch, centralizing myriad agencies into super departments, establishing a presidential staff, and vesting budgetary and planning control in the presidency. Congress would be consigned to the mere role of policy ratifying body, while the president would become the

"sole" rather than "chief" executive officer of the government. The public administration would become the exclusive province of a "managerial presidency" (Rohr, Chapter 9). Rohr then described the institutional reaction of Congress and the courts to these attempts at executive usurpation and, as importantly, the reaction of the attorney general staff. The Attorney General's Report on Administrative Procedure attempted to integrate the values, competencies, and powers of the legislative and judicial branches into the workings of the administrative agencies. Their efforts succeeded to a significant extent with culmination in the Administrative Procedure Act of 1946. The history of administrative development in the United States continues to reflect the tug and pull of constitutional inter-branch jealousy of power and the expansion of executive prerogatives under the banner of the Progressive's overhead democracy and managerial functionalism. Rohr argued that to the extent we follow the latter model we court political as well as constitutional illegitimacy.

## The Presidency and Public Administration

In a brief monograph published by the American Historical Association in 1989, Rohr addressed in more detail what the founders envisioned relative to the presidency and the public administration. His historical explication clarifies some important differences between what the founders intended for this relationship versus what has evolved as a "managerial presidency" and an instrumental public administration.

Advocates of the managerial presidency today commonly refer to Federalist essay 70 and its defense of "unity in the Executive" under the proposed Constitution as justification for adopting the corporate CEO model in which the president is the "chief executive officer of a tightly organized firm whose subordinate officers are merely instruments of the president's will" (Rohr 1989, p. 10). Rohr responded that this is a mistaken interpretation for several important reasons.

First, although the Constitution does provide for a powerful executive, it also carefully circumscribes and limits those powers. Federalist 70 was written primarily in response to Anti-Federalists who argued that a plural executive would be safer in terms of controlling against undue presidential usurpation of power. Federalist 70 shows why this would be unwise for political purposes by diffusing rather than concentrating accountability. The president would be controlled by many other precautions, including by a due independence in subordinate offices. "Publius' model of administration was more political than managerial" in that "he looked upon heads of the executive departments as legal officers, like the president. Their function was to assist the president in taking care that the laws be faithfully executed; they were not simply to do the president's bidding" (p. 10). The founders also recognized that some heads of departments and subordinate officers had actually preceded the establishment of the presidency, having been appointed under the Articles of Confederation, and that they already enjoyed reputations as "prominent and [even] politically controversial" officials. This remained the case under the new Constitution with such leading lights as Jefferson and Hamilton serving in subordinate cabinet positions. They were hardly the president's instrumental minions, and they certainly did not view themselves as members of a presidential team.

Furthermore, Publius hoped that the Senate "would exercise some control over the President's desire to bring people of his own choosing into the highest positions. Although the first Congress would decide otherwise, Publius thought the Senate's concurrence would be necessary before the president could remove a subordinate from office (see Federalist 77)." The founders in general looked down on servile obedience in administration and shared Publius' condemnation of an executive who would appoint those "whose chief merit is their implicit devotion to his will." Professionalism was preferred over personal loyalty. This contrasts rather sharply with the "spirit of today's constitutional practice, which encourages the president to appoint his own 'team'" (p. 11).

The limited independence of administrative officials is further supported by specific constitutional provisions in Article II which clearly intend that administrative departments be established, leaving to Congress the details of their creation. Thus, the public administration is comprehended and expected in the document, even though the word administration appears nowhere. In this regard, Rohr noted that the Federalist essays, now considered the most authoritative commentary on the Constitution, uses the word administration 124 times "more often than the words *Congress, president, or Supreme Court*" (p. 7). It certainly was prominent in the mind of Publius!

Additional evidence against the idea of a managerial presidency in the founding era is found in the confusing and contentious debates in the first Congress over whether the president should enjoy removal powers over subordinates who are appointed with senatorial approval. Rohr presents a careful exegesis of the debates, which lasted for 5 days and ended only with a tie-breaking vote in favor of presidential removal of the Secretary of Foreign Affairs. The upshot of his analysis is that the founders' extreme ambivalence about this power is reflected in the history of the regime, with presidents often claiming exclusive removal powers, and Congress jealously limiting those powers in important ways. All that can be said today, as characterized by Justice Brandeis' dissent in *Myers v. U.S.* (1926, p. 284), is that the famous "Decision of 1789" involved "merely the decision that the Senate does not, in the absence of a legislative grant thereof, have the right to share in the removal of an officer appointed with its consent; and that the president has, in the absence of restrictive legislation, the constitutional power of removal without such consent." This standard falls far short of claims under the managerial model of the presidency, and thus leaves ample room for appointments with fixed tenure – such as the many commissioners and board members who supervise independent public agencies, not to mention the ranks of "inferior" offices (those not requiring senatorial approval) staffed by a career public service.

The most significant constitutional limit on the presidency over the public administration, however, lies in its tenuous structural relationship with Congress. Rohr devotes an entire chapter to illustrating how the constitutional separation of these two powers "severs the hierarchical chain of command in the executive branch and exposes the subordinate to the full force of Congress's impressive powers to investigate public administration and to subject it to the rigors of legislative oversight" (p. 32). Perhaps the most significant illustration lies in the Supreme Court's unanimous refutation of President Andrew Jackson's claim that Congress could not statutorily direct the powers, obligations, and actions of executive branch subordinates at any level. The executive branch belonged to the president alone, he argued, and this would have firmly established the idea of "overhead democracy" wherein the Congress serves more as a board of directors which must work exclusively through the office of the president. The president would have exclusive control over the public administration. The Supreme Court, in *Kendall v. U.S., ex.rel. Stokes* (1838), flatly rejected this claim, stating that

> . . .it would be an alarming doctrine that Congress cannot impose upon any executive officer any duty they may think proper, which is not repugnant to any rights secured and protected by the Constitution; and in such cases, the duty and responsibility grow out of and are subject to the control of the law, and not to the direction of the President." (p. 610)

Congress has consistently directed through law the discretionary powers and obligations of many subordinate executive officers since the first congress and has often done so as a direct check on presidential power over subordinates. This of course empowers subordinates in their own right, which can lead to "power hungry" manipulation and abuse in administration, but the founders feared more the centralization of power in one branch and were willing to tolerate the potential for dissention and abuse in the ranks in support of a constitutional balancing of powers and rule by law rather than by will. In this constitutional milieu, said Rohr, what "tends to be lost sight of. . .is the extent to which Congress confers power on administrative officers as a tactic in its perennial conflicts with the president" (p. 35). This includes even the power of Congress to

subject the president in some specific situations to seek approval of his plans and actions to a subordinate! This occurred, for example, in 1940 when, by statute, President Roosevelt was forced to submit his plan for supply of American naval destroyers to England to the Chief of naval Operations, Admiral Stark – an officer known to be opposed to giving away American naval assets. Members of Congress who held strong isolationist views insisted on this provision as a check on President Roosevelt's ambition to get involved directly in the war effort (see pp. 35–36). This hardly fits with the managerial model of the presidency and administration.

Congress's power to assign responsibilities and authority to executive branch subordinates ties into the broader matter of congressional delegation of powers (even quasi-legislative powers) to subordinate agencies. Congress has done this routinely throughout US history, despite claims that it cannot delegate its own powers to another. The fear is that Congress would be delegating powers that were expressly ceded to it (and not to others) by the people, and that such delegation could result in the wholesale abdication of its powers, thus unraveling the constitutional separation of powers structure. Rohr illustrates that the long history of congressional delegation demonstrates that this is not the case. Rather, it illustrates further how Congress has used delegation of both interstitial (filling in statutory gaps) and contingent discretion (triggering agency discretion when certain conditions pertain) to subordinate agencies for the purposes of enhancing its own administrative oversight independent of the President. These delegations reflect more the constitutional blending of powers (Madison's "partial agency," see Federalist essay 47) that Madison argued would make separation of powers meaningful but also limited. Each branch must share some of the powers of the other branches in order to stave off attempts by other branches to usurp their powers and to provide for more effective coordination and integration of their powers in administration. Accordingly, the subordinate agencies would share the powers of the superior branches, including limited legislative power in the form of agency rulemaking. Congress would retain a meaningful measure of control through direct oversight of the administrative rulemaking process.

In the only two instances in which the Supreme Court challenged congressional delegations (see *Schecter Poultry v. U.S.* (1935) and *Immigration and Naturalization Service v. Chadha* (1983)), Rohr shows that the court's pronouncements dealt with overly broad delegations (*Schecter*) and with one-house decisions (the so-called "legislative veto") that appeared to violate the "presentments clause" of the Constitution (*Chadha*). Neither case presumed to stop all delegations of Congressional power, and immediately in the wake of these decisions, ways were found by Congress and the agencies to work around the limitations imposed. Congress still grants broad delegation of powers to some agencies (with conditions and subsequent oversight built in) and imposes legislative vetoes in some agency decision-making processes. This constitutes direct supervision of executive as well as non-executive agencies, boards, commissions, and authorities of the US government – a reality not comprehended in a managerial view of the presidency, much less of public administration.

## Rohr's Venture into Comparative Constitutional Administration

In the years following completion of *To Run a Constitution*, Rohr ventured into comparative politics and administration. He wondered "what might happen in a country wherein the normative foundations were the opposite of those in the United States; that is, a country in which administrative institutions embodied the abiding norms while constitutions were unstable" (Rohr 1995, p. xii). France was an obvious choice, having gone through thirteen constitutions since the French revolution of 1789. He later included attention to Canadian and Thai constitutions. The purpose of this work was to "deepen (American students') knowledge of the relationship between constitutionalism and administration. . ." (p. xii) by seeing how the relationship differs in other nations, and thus understanding more about ourselves in the process.

Rohr's analysis focuses on the founding of the fifth (current) Republic in 1958, for which there is a trove of documents as well as a wealth of insights from officials and academics about the operation of the French administration ever since. Rohr's work is, as usual, detailed and incisive and worthy of a thorough read. For purposes of this article, a few examples of the insights he drew from it will suffice to entice further reading.

First, the French administrative state is generally revered in French society. Its civil service system is subject to criticism for its elitism, but as Rohr quoted from a prominent French executive, "Ninety percent of the population want to abolish the *Ecole Polytechnique*, but they all also want their sons to go there" (Rohr 1995, p. 30). The civil service has brought a necessary "stability to France because the political character of the country was notoriously unstable" (p. 30). Of particular significance is the fact that the Council of State, France's grandest corps of high civil servants, supplied the expertise for crafting the new French Constitution, and in doing so, helped fashion the Constitutional Council whose decisions in the new government were supreme and "not appeal[able] to any jurisdiction whatsoever" (p. 29). Rohr notes this as an example of an "administrative agency displaying a statesmanlike willingness to confer substantial power and authority upon a potential institutional rival," thus "giv[ing] pause to critics of administrative behavior who are all too ready to pontificate on the self-aggrandizing nature of administrative institutions" (pp. 29–30).

Furthermore, the Council of State continues to play an influential role in protecting the individual rights of French citizens in that the new Constitutional Council draws rights-based legal principles "from the jurisprudence of the Council of State." This represents "a concrete refutation of the facile assumption that vigorous administration is somehow at war with individual rights" (p. 254). American public administrators can take heart from this example because protecting individual rights is the first principle of the American Constitution. American governments will never have an administrative institution as powerful and revered as a Council of State, but citizens and bureaucrats alike should certainly ponder the Federalist argument that it takes a powerful government to effectively protect rights.

Second, Rohr paid special attention the abandonment of parliamentary sovereignty in the new French Constitution. Parliamentary sovereignty had been a source of instability since it was first established in the revolution of 1789. An institution considered sovereign is, by definition, above the law because it is the source of law. Such supreme power goes unbridled and is the cause of severe political and institutional disruption. Rohr viewed this change as "important for America" because (1) "Neither country has a sovereign *institution*", but rather "distributes less-than-sovereign power to specific governing institutions", (2) it reminds us "of the preeminent role of the Constitution in our own political life . . . in conferring legitimate [and limited] power on those whom we elect", and (3) "the idea of legitimate authority flowing from the Constitution is helpful for harried administrators whose participation in the governing process is often challenged by posturing elected officials and disgruntled citizens" (p. 256). Rohr adds emphasis to this last point with the conclusion he reached in his earlier work:

> Just as the Constitution explicitly created Congress and the Supreme Court, so too it explicitly empowers Congress to create other offices "by law," states how these offices are to be staffed, and for good measure, gives Congress all the means "necessary and proper" to carry out these powers. This is the Constitutional basis of the administrative state created gradually by Congress over the past two centuries. The fact that administrative officers are not elected has no effect whatsoever upon their constitutional legitimacy. (p. 256)

Finally, Rohr draws attention to the French antipathy to constitutional oaths which was born of a long history of abuse, especially during the hated Vichy Regime of World War II, and because it is deemed to "violate the individual rights of civil servants" (p. 267). Only the appointees to the new Constitutional Council must take an oath, but the reasons are unique to that body. It was required first because it was the role of the new council to prevent collapse back into parliamentary sovereignty which "would have undermined the regime of constitutional supremacy so clearly intended by

the founders of the Fifth Republic." Second, the oath is *professional* rather than *political* in nature. It requires the councilors to carry out their duties "with complete impartiality with respect to the constitution, to preserve the secrecy of deliberations and of votes, and not to take any public position nor to give any advice on any questions within the Council's jurisdiction" (p. 268). Rohr noted that although the oath requires councilor decisions to be based on the Constitution, "it does not require that he swear to uphold, defend, or even believe in it."

This is strikingly different than the oath American civil servants take. "There can be no doubt that [the American constitutional oath] touches the soul of the American civil servant. He or she must swear to 'uphold' and 'defend' the Constitution 'against all enemies' and bear 'true faith and allegiance' to it" (p. 269). This seems incongruous with American civil libertarian tradition, and yet, as Rohr observed, "we are so comfortable in demanding that civil servants publicly proclaim their belief in our Constitution. . .." (p. 269). The reason for this, Rohr believed, is that "it is our Constitution – and perhaps our Constitution alone – that holds us together as a people" (p. 269). France has many symbols, traditions, and institutional features which unify its people; the United States has few, if any, beyond what is rooted in some way in the Constitution. Thus, Rohr concludes, "So important is our Constitution to us that we depart from our customary abhorrence of compulsory political orthodoxy in order to be sure that anyone who exercises any sort of governmental authority shares our most cherished beliefs" (p. 270).

From this brief treatment, it is plain that Rohr's comparative research formed another part of his broader efforts to promote constitutional literacy among American public administrators. Indeed, it was an extension not only of his research but also of his efforts to enlist sympathetic colleagues in giving shape to a "constitutional school" of thought. These efforts were boosted by publication of numerous books and articles stemming from the constitutional bicentennial celebrations of the late 1980s, including Rohr's 2nd edition of *Ethics for Bureaucrats* (1989) and the publication of a *Public Administration Review* symposium on the Constitution in 1993.

## Promotion of a "Constitutional School" of Public Administration Scholarship

In the last stage of John Rohr's life and career, he worked steadily with close colleagues and students to promote a scholarly community that he called a "constitutional school" of public administration (see Newbold 2010; Morgan et al. 2010). This school would not advocate any particular constitutional perspective or orthodoxy. Rather, Rohr viewed the Constitution as establishing a republic in which many aspects of governing would remain contested and that this political reality is reflected in the institutions and dynamics of the public administration, as well as amid the superintending branches of our governments and their attempts keep that administration under their control. The constitutional school of public administration would work to remind public administrators and scholars that the field is inevitably and profoundly shaped by a variety of juridical perspectives born of constitutional controversies and legal principles. As a practice, the field is founded in that milieu, and we ignore this reality at our peril.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Administrative Discretion
- ▶ Administrative Ethics
- ▶ Constitutional Law and Public Administration
- ▶ Politics and Administration
- ▶ Public Administration Theory
- ▶ Public Values in Public Organizations


## References


A.L.A. Schechter Poultry Corp. v. United States, 295 U.S. 495 (1935)

Cooper PJ (1988) Hard judicial choices: federal district court judges and state and local officials. Oxford University Press, New York

Goodnow FJ (1900) Politics and administration: a study in government. Russell & Russell, New York
Green RT (2002) Alexander Hamilton: founder of the American public administration. Adm Soc 34(5): 541–562
Green RT (2012) The centrality of public morality in John Rohr's work. Adm Theory Praxis J 34(4):629–634
Hart DK (1992) The moral exemplar in an organizational society, chapter 1. In: Cooper TL (ed) Exemplary public administrators: character and leadership in government. Jossey Bass Publishers, San Francisco
Immigration and Naturalization Service v. Chadha, 462 U.S. 919 (1983)
Kendall v. U.S., ex.rel. Stokes 37 U.S. 524 (1838)
Maritain J (1951) Man and the state. University of Chicago Press, Chicago
Morgan DF, Kirwan KA, Rohr JA, Rosenbloom DH, Schaefer DL (2010) Recovering, restoring, and renewing the foundations of American public administration. Pub Adm Rev 70(4):621–633
Morgan DF, Green RT, Shinn CW, Robinson KS (2013) Foundations of Public Service, 2nd edn. M.E. Sharpe Publishers, Amonk. We do not need permission for using this material per our copyright agreement with M.E. Sharpe
Myers v. U.S. 272 U.S. 52, 47 S. Ct. 21,71 L. Ed. 160 (1926)
Newbold SP (2010) Toward a constitutional school for American public administration. Public Adm Rev 70(4):538–546
Newswander CB (2012) Moral leadership and administrative statesmanship: safeguards of democracy in a constitutional republic. Public Adm Rev 72(6):866–874
Rohr JA (1966) John Courtney Murray and the critics. Continuum IV:147–150
Rohr JA (1978a) John Courtney Murray's theology of our founding fathers' 'Faith': freedom. In: Eigo FA (ed) Christian spirituality in the United States: independence and interdependence. Villanova University Press, Villanova, pp 1–30
Rohr JA (1978b) Ethics for bureaucrats: an essay on law and values. Marcel Dekker, New York. (2nd ed. 1989)
Rohr JA (1986) To run a constitution: the legitimacy of the administrative state. Kansas University Press, Lawrence
Rohr JA (1989) The president and the public administration. American Historical Association, Washington, DC
Rohr JA (1995) Founding republics in France and America: a study in constitutional governance. University Press of Kansas, Lawrence
Rosenbloom DH (2000) Building a legislative-centered public administration: congress and the administrative state, 1946–1999. University Alabama Press, Tuscaloosa
Rosenbloom DH, Kravchuk RS (2005) Public administration: understanding management, politics, and law in the public sector, 6th edn. McGraw-Hill, Boston
Simon YR (1951) Philosophy of democratic government. University of Chicago Press, Chicago
Storing HJ (1981) What the anti-federalists were FOR: the political thought of the opponents of the constitution. University of Chicago Press, Chicago
White LD (1926) Introduction to public administration. Macmillan, New York
Wilson W (1887) The study of public administration. Polit Sci Q 2:197–222

## Ethics in Government Finance

Robert W. Smith
Savannah State University, Savannah, GA, USA

Ethics is a thread that runs through all disciplines and professions. Acting ethical is a paradigm that is expected as a hallmark or mainstay of the professions. Equally ethics is compartmentalized. There are medical ethics, journalistic ethics, government ethics, and military ethics to name a few specializations. And there are many divergent yet interrelated definitions of ethics. This entry will not overanalyze nor simplify a treatment of "ethics" and will only offer some grounding points for a conceptual definition of ethics applied to government finance. Yet the importance of an ethical compass to guide the theory and practice of public finance is paramount given the analytic, financial, and political dimensions of the field. Indeed the trust placed in the efficient utilization of the purse to achieve public purposes is a hallmark to democratic governance in its most basic form.

Government finance as a field, inclusive of the budgeteers, accountants, government finance officers and administrators who produce and implement public budgets, has always been strongly identified with the norms of specialization, technical expertise, neutral competence, and professionalism. Ever since the advent of strong executive budget systems dating from the 1920s, budgeting and finance at the federal and state levels has been viewed as a scientific/rational process. Budgeteers and government finance officers add the numbers, balance the books, efficiently allocate public resources, and generally keep an eye on the public's purse.

Although the field of government finance remains wedded to these norms, the field certainly has evolved over the course of the twentieth and twenty-first centuries well beyond these narrow parameters. Indeed, public budgeting and finance staffs have become de facto and sometimes de jure policymakers. Budgeteers and finance officers are routinely involved in substantive policy negotiations, play a big part in the political wrangling over limited public funds, and are often involved in implementation that determines the delivery of public services. The evolving norms evoke images of policymaker, manager, and even politician. These labels are often downplayed by budget officials and practitioners but nonetheless constitute the job of the modern-day government finance officers.

In the twenty-first century, the field and profession have undergone dramatic changes as government finance officers have recognized an evolution of roles from the emerging accountant to the scientific neutral competent, to policy maker, then to de facto politician, and finally to "budget/finance processor." The government finance processor of the twenty-first century has the requisite financial and political skills to craft both efficient and responsive budgets and financial statements but is constrained by the limitations of surplus or deficit scenarios, divided government syndrome, cutback management, performance mania, and tax avoidance mandates. This is the launching point to consider the role of ethics in government finance.

Accordingly, this essay looks back in order to look forward. The lenses to gaze in both directions are the ethical norms associated with specific periods in the history of public finance and budgeting in the United States. However, these ethical norms are applicable for considering ethical pressures in budgeting and finance at the state and local levels of government as well. Moreover, because there is an international language of budgeting and finance, it can be argued that consideration of these ethical norms (despite their connection to specific US historical developments in the field) are indicative of a broader framework for considering ethical norms that exist in budget and finance systems across the globe but with certain variations.

The ethical norm for the government finance manager circa 1921 to 1960 can be described as a preoccupation with honesty in the presentation of financial information and integrity in the accountability of public resources. Although there are certainly exceptions, this brand of ethics can be characterized as deontological – where principle mattered. The ethics was in the process and mechanisms of budgeting and finance systems, albeit a cost-centered, accounting-focused function.

From 1961 through 1973, government finance officers embraced a rational approach to resource allocation. The use of sophisticated budgetary systems and forecasting models solidified the role of the budgeteers as master technicians. Finance officers equally turned to more sophisticated accounting systems and analysis. The ethical implications extended well beyond previous norms. For example, neutral competence took a back seat to strategic presentation of numbers supporting one position or another, application of flexible modeling assumptions which could vary the level of available revenues, or specification of what project costs and benefits were to be counted, and how much should they be weighted. Program budgeting systems, zero-based budgets, or performance budgeting became the means for quantifying difficult social issues into rational and predictable models. More sophisticated accounting rules also became the norm. Each model in turn could be utilized by government finance officers to develop budgetary priorities they, or their political superiors, supported. The budget and financial systems was always a political tool, but the new procedures and tools added sophistication to budgetary politics and financial interpretations. Budgeting and finance, more so than ever, became a normative exercise disguised in techno-rational logic. The ethical norm had shifted from one of accuracy to efficiency.

The evolution of budget/finance norms continued and the period circa 1974 to 1980 could be identified as the ascendancy of the government finance officer turned policy maker. The ethics for twentieth century budget and finance officials became more teleological – consequences mattered. Final outcomes tended to justify the means. If obfuscating numbers meant achieving

a budgetary goal or balancing accounts, so be it. This teleological-centered ethical norm was much more complicated than the ethics of neutral competence associated with straightforward portrayal of numbers. Indeed, the techno-rational norm paved the way for the decision-making norm where finance officers were active participants in the public policy process. Budgeteers and financial managers were focused on the linkage between money and policy. The amount of funding would dramatically affect policy areas such as environmental protection, affirmative action, and military deployments. Government finance officers were thrust into the limelight as de facto policy makers.

From 1981 to 1990, public finance officers faced a variety of economic problems that were at heart political problems and stemmed from huge deficits, the rhetoric of "no new taxes," and a preoccupation with performance and the right sizing of government. Hence, economic conditions, societal pressures, and politics set the parameters of public finance. Budgeteers/finance officers were often placed in the position of becoming politicians themselves. The budget more so than ever became a political tool for advancing agendas. Pervading the budget and finance process during preparation, negotiation, and execution were the political undertones that drove budget/finance decisions in each stage of the process. Success was measured by how well the budget and financial plan "fit" the political and economic circumstances.

The evolutionary cycle of government finance has come full circle and from 1991 to present. A "budget/finance processor" norm has emerged to define the work of budgeteers and government finance officers. The political backdrop particularly at the federal, but also at the state level, set the stage for this new normative identity for the field. Expediency has become the operative norm of government finance officers in the twenty-first century. A new set of questions characterized the budget and financial management process, and difficult ethical issues were just under the surface of this new financial mindset. A surplus might mean flexibility, but flexibility for what agencies or what constituents? Reengineering and reinventing could spell bad news for many government programs, but which programs or agencies? Cutback management and performance were necessary to achieve targeted personnel reductions and optimal service delivery, but they also could serve as a fundamental retooling of the public workplace. Finally, the no new taxes mantra placed artificial pressures on government finance officers to privatize, raise user fees, and eliminate services when this may or may not have been in the longer-term public interest.

The field has come full circle back to an almost mechanistic process of budgeting/financial management. Surplus or deficit, rising interest rates, status of the stock market, and Federal Reserve Board policy have become more important in determining the substance of the public budget than do the technical skills, policy analysis, or political skills of the government finance officer. This is not to argue that these norms/influences no longer impact budgeteers and financial managers, but the external environment of budgeting and financial management seems to be more of a determinant than does the development and execution of the budget itself. It should be clear that this trend has profound implications for the ethics of public budgeting and finance. If the profession is under an automatic pilot process for preparing budgets and financial systems and is focused more on an expediency formula to develop and execute budgets, there is great uncertainty as to the primacy of ethics in twenty-first century government finance.

## A Brief History of the Ethical Norms of Government Finance

The field of public budgeting and finance has been characterized over the years as a field, which is plagued by the lack of a unifying theory of budgeting. It is simply not necessary to reconsider all the works on the lack of a budget theory since Key's (1940) work in 1940 or to reconstruct yet another timeline of developments or reforms in public budgeting. See Rabin's (1997) comprehensive chronology for an overview of the important developments in public budgeting and finance

since the thirteenth century. However, it is necessary to ground the argument for an ethical theory of government finance in the context of significant developments in the field. Five distinct ethical norms will be presented and linked to some specific budgetary/financial reforms or developments for the purpose of theory generation.

### Accounting/Fiscal Norm

The start of the first period of the government finance officer in an accountant/fiscal caretaker role emerges with the passage of the Budget and Accounting Act of 1921. It has been argued that the accounting orientation of budgeting at the federal level dates back to the earliest days of the republic. The significance of line-item presentation and cost accounting functions of governmental budgeting has a long history. Balancing the spreadsheet mattered. The budget scholarship and developments of the period attest to the accounting orientation of the early twentieth century (e.g., White (1926), Willoughby (1927), Gulick's (Gulick and Urwick 1937) *Papers on the Science of Administration*, the ascension of operations research, utilization of impoundment mechanisms by President Roosevelt, creation of a legislative budget, Herbert Simon's (1945) work, and the first Hoover Commission Report (United States Commission on Organization of the Executive Branch of the Government 1949).

Many of these developments are much more than accounting conventions but are presented as part of the accounting/fiscal norm because fiscal accountability was paramount in view of limited resources in the face of pressing needs of a growing and seemingly globally oriented nation. Government finance was the de jure and de facto mechanism by which resources were provided for these ends. Changes to the congressional appropriations process give evidence of the accounting orientation. Jesse Burkhead's (1956) classic text emerges in 1956, a second Hoover Commission (United States Congress 1955) in 1955, and the institutionalization of Public Law 863 (U.S. Public Law 1956) also in 1956 (requiring the accrual method of accounting and cost-based budgets) all support this accounting/fiscal norm. This norm represents one end of an ethics continuum grounded in deontological ethics where duty, principle, integrity, and fiscal responsibility were the key.

### Techno-Rational Norm

From 1961 to 1973 and the institution of Program Planning and Budgeting Systems (PPBS), first at Rand and then in the Defense Department under Robert McNamara, there was a realization of the significance in linkage between budget resources and operations. The weight of scientific thinking and growing academic literature in public administration were taking hold. In the 1960s scholarly work from Cyret and March (1963) and Chris Argyris (1964) supported this perspective. Concurrently many state governments embraced PPBS. Later Fenno's *Power of the Purse* (Fenno 1966) and Management by Objectives literature also emerged during this period. The creation of OMB in 1970 epitomizes the pinnacle of the rational and scientific orientation role of budgeting and financial systems thinking in government. The development of Zero-Based Budgeting by Pyhrr (1973) in 1973 coincided with the debacle over impoundments between President Nixon and Congress. This led to the Congressional Budget and Impoundment Act of 1974 (Public Law 1974) which signaled yet another normative shift for the field. The techno-rational norm moved the field down the ethics continuum away from its deontological founding and established the primacy of scientific method and efficiency as the ethical norm for government finance. The process still mattered, but achievement of goals became a more significant driving force.

### The Policy-Maker Norm

From 1974 to 1980, it became clear that perhaps the science and rationality of government finance could not solve the economic (a major recession) and political realities confronting modern-day government. But this period tended to place the budgeteer and financial manager on the center stage of policy debates. It was Aaron Wildavsky (1974) in 1974 who observed the very political and incremental nature of change and public budgeting and finance. Scholarship by Lynch

(1979) and Schick (1980) later in that decade struggled to define the field. In 1974, the Congressional Budgeting and Impoundment Control Act (Patashnik 2000) created the Congressional Budget Office (CBO) and the House and Senate Budget committees and changed the impoundment powers of the President. These changes gave to Congress important powers that provided a more comprehensive view of the overall budget and financial system. In some respects this required Congress to engage in policy making through the budget. The shift in budgetary power went from the President and OMB to Congress with a heightened awareness of the tax and spending decisions linked to specific policy outcomes. This period demonstrates the beginning of a new orientation about budgeting and finance that some scholars have categorized as the "fiscalization" of the policy debate. Patashnik (H.R. 3982 1981) pointed out that, by this phrase, they meant the new tendency for politicians and policy makers to debate programs not according to their particular merits but according to their impact on the government's overall fiscal condition. It was impossible to separate the policy from the budget and fiscal considerations. More important, it marked yet another shift toward the teleological end of the ethics continuum. For government finance officers, it didn't so much matter how they got there, as long as the process met the public policy agenda.

### Political Norm

The election of Ronald Reagan in 1980 and the subsequent passage of the 1981 Omnibus Reconciliation Act and Recovery Tax Act (Stockman 1986) put a distinctive normative imprint on public budgeting. This was evidenced much later in 1986 through the revelations of David Stockman (Public Law 1985), former Director of the Office of Management and Budget, about budgeting during the Reagan years and the de facto use of budgeting as a tool of politics. At minimum the political overtones were present in the decisions being made in Washington. These political machinations were paralleled at the state and local levels and were wrapped in such rhetoric as block grants versus categorical grants, devolving federal power/intrusion in local matters, and debates over waste and inefficiency in Washington and in state capitals. The budget became more adversarial, ideological, and partisan, where policy differences were now played out as a battle of budget priorities. Yet, these developments pointed to a teleological norm profoundly shaping the dynamics of public budgeting and finance and the look of government for the balance of the 1990s.

From the 1986 Tax Reform Act until 1991, the budget and government finance officers seem to have been held captive to the vagaries of the economy, a stock market crash in 1987 and the massive deficits that were occurring over the period as a result of massive tax cuts and defense spending policies both widely embraced by most Americans. The size of the deficit had a stifling effect on the economy, and the budget played literally no role in the unfolding of economic events. Deficit politics were behind the imposition of artificial ceilings and levels of funding which were driven by entitlement mechanisms or inflation. To address the mounting deficit problem, Gramm-Rudman-Hollings Deficit Reduction Act (Budget and Emergency 1987) in 1985 and Gramm-Rudman-Hollings II (Bartle 2000) in 1987 imposed automatic spending reductions across the board as efforts to impose restraints on a budget process that did not work according to Bartle (Omnibus Budget 1981). Following suit was the Omnibus Budget Reconciliation Bill of 1987 (The Budget and Accounting 1921) and the pay-as-you-go approach to budgeting and government finances. The shift toward the teleological end of the spectrum was just about complete where budgets and targeted levels of spending were determined by political and economic agendas.

### Budget Processor Norm

With the automatic imposition and extension of targets, the folly of this approach was soon evident, and a series of Omnibus Reconciliation Bills continued to keep the government running. The seemingly innocuous, but important, Budget Enforcement Act of 1991 affirmed the process of setting targets which were eventually achieved with the first balanced budget during the Clinton

Administration in 1998 (something not foreseen even with the 1997 Balanced Budget Act which set a 2002 date for a balanced budget). This legislation established categories of discretionary spending with limits for defense, international, and domestic programs. Expenditures exceeding the limits could be sequestered. Entitlement and revenue changes were placed on a pay-as-you-go system.

But the BEA of 1991 was an important turning point in establishing a normative shift toward budget and finance processes. What happened is epitomized by the now famous and unattributable quote "It's the economy stupid." Despite the absence of budget discipline or leadership, it was the reversal of the economy and highest employment rates in a history that led the way for a dramatic economic recovery. Moreover, the period since 1991 can be described as a period of the monetarists. The power of the Federal Reserve Board emerged as the driving force in moving the economy. The budget was seen not as instrumental to the economy and direction of government, but merely a framework for setting national priorities.

In the 2000s and extending into 2015 and beyond, this budget processor norm has dominated although overshadowed by macro-level impacts on the economy and public finance at the national level characterized by international engagements in Iran and Afghanistan and of course the Great Recession in 2008. The active intervention of the Federal Reserve and Treasury in the economy (including bailouts) and a return to a Divided Government paradigm coupled with a preoccupation with the Federal Deficit and Debt have solidified this budget/finance processor norm. This norm and the fiscal and economic realities center attention even more on the ethical drivers of government finance.

The point is that the mantra driving government finance officers was not so much the influences of accounting, scientific methods, or politics but their dependence on factors outside their control. Government finance officers operating in this environment become not so much accountants, evaluators, or policy makers but instead are relegated to the role of processors. A processor simply goes through the motions of the budget/fiscal exercise because decisions about government finances are really decisions already made in other areas. This ushers in the age of the budget/finance processor as more the caretaker of the public purse or servant in the allocation of resources dutifully meeting the accounting, technical, policy making and political goals of government. In this capacity the ethical norm is one of expediency, and the shift to the teleological end of the continuum is complete. Only the outcomes matter, not so much the process of deliberation, analysis, and debate over budgetary and financial priorities.

Hence, it is the consideration of these five distinct stages, presented as ethical norms, which do more to explain the overall orientation of the field. The ethics norms not only carry some explanatory power for the events and developments in public budgeting and government financial management but also hold keys to the development of a comprehensive theory of government finance from a normative point of view. This theory recognizes that the field of government finance is and always will be a political, behavioral, and normative process despite all the trappings of reforms, technical procedures, legislative remedies, or executive prerogatives imposed upon the financial process. However, it is an ethics paradigm that offers a unifying theory to connect history and developments in the field of government finance.

## Ethical Implications

This entry attempts to present a new way of thinking about government finance and developments as a component of evolving ethical norms. These norms must be grounded in the lexicon of government finance and grounded in previous developments in the field. However, using ethics or values to frame developments in public administration is not new (Quinn and Rohrbaugh's 1983). Competing values perspective of public sector organizations is profound for mapping organizations along dimensions which includes models on human relations, open systems, internal processes, and rational goals. The point is that each of these models offers conflicting value orientations

(i.e., ethical norms) under which managers in an organization must operate. To be successful, they must balance each. This approach is relevant because the norms of government finance, while not mutually exclusive, do capture important defining characteristics that help explain not only organizational development but characterize the orientation of government finance officers toward their field.

## Ethical Foundations Applicable to Government Finance

Carol Lewis (1997) offers an adequate discussion of the ethical parameters involved in the decision making of public budgets. If the budget making process is truly a resource allocation decision then it is clear that the budget process involves a political decision-making process. The import of ethics in this dynamic is how ethical decisions are arrived at in determining those budgetary allocations. Lewis presents this ethical decision-making process on a number of levels.

The overarching ethical parameters in the public service are avoidance of a conflict of interest and serving public interest. But under these two public service mantras are the substance of ethical decision making in public life and budgetary/finance scenarios. Not using public office or resources for personal gain, not accepting bribes, and not misrepresenting information seem consistent with the first mandate. The second mandate involves confronting the dilemma of values, duties, and principles associated with public service. These considerations are addressed in various treatments in the literature, but perhaps best illustrated by Miller et al. (2005) who conducted a survey of financial managers to evaluate ethical pressures during periods of fiscal stress and political pressures to be responsive to various stakeholder demands. Here the ethical grounding is in either a deontological point of reference (duty or principle and doing the right thing comes first) or teleological (where the only final outcomes matter in order to achieve a higher end/goal). When government finance officers are faced with meeting the public interest, sometimes painful decisions need to be made about terminating programs or downsizing staff. Those actions may be in the public interest of taxpayers but not in the public interest of those served by the programs or those public employees losing their jobs.

Herein lies the real dilemma of government finance: does the deontology of professional norms and servitude to elected officials weigh against the reality of teleological approaches? Decisions in public finance must be made all the time either with secrecy of budget/financial information, obfuscation of numbers, non-acknowledgement of budgetary decisions, strategic misrepresentations in budgeting, maximizing positions in budget negotiations, low-balling costs, accounting conventions, manipulation of inflation rates or benefit-cost calculations, misrepresentation of forecast data, the threatening of cuts or raising taxes as part of positioning for achieving policy or political agendas, and scenarios of state versus local versus federal posturing. All of these occur in the world of the government finance officer, and not to recognize these pressures and realities means not understanding the true nature of government finance. See Jones and Euske (1991) for a more substantive treatment of these strategic misrepresentations in budgeting. Also Simon et al.'s (1997) critique on management information has direct import, as do many discussions of flexibility in revenue forecasting estimates used by government. For the private sector, McCurdy et al. (1993) has assembled some empirical evidence to indeed suggest that budgeteers face internal and external ethical pressures on the job.

Do all government finance officers knowingly behave unethically? Of course not! However, many budgeteers/finance managers act without focusing on the ethical import of their actions. Such practices are simply part of the job, not something to be questioned from the perspective of an ethical norm. So where can the budgeter/finance officer turn for guidance in trying to understand how far to push the ethical norms on the job. One place to turn is the National Association of State Budget Officers (NASBO) Code of Conduct (National Association of State Budget Officers 2000). The other is the Code of Conduct promulgated by the Government Finance Officers Association (GFOA) (2000). These codes stress

responsiveness to political officials, adherence to standards of professional practice, honesty and integrity, commitment, fairness, and respect for others. Avoidance of conflict of interest, avoidance of misstatements, public accountability, independent objective judgment and personal accountability for decisions are paramount. Codes are only as important as they are enforced or stressed in the field. No doubt all NASBO officials have a statement of both principles in their offices, yet there are few sanctions imposed by NASBO or the GFOA. Officials will argue that enforcement of the code is not so much the purpose as is the establishment of an ethical environment reinforced by those principles. Other tools are available to government finance officers for weighting the import of ethics in their decisions. Stakeholder analysis and cost-benefit analysis can weigh the ethical parameters of a budgetary/fiscal decision.

With this ethical foundation, from an operational perspective, how can ethical norms help explain government finance? The answer lies in the work of other scholars who have attempted to examine the ethical implications of public budgeting and finance. How have budgeteers/finance officers attempted to deal with these ethical dilemmas over the past century? This entry argues there has been a predominant ethical norm that has defined the field for certain periods of time over the course of the twentieth century. These ethical norms are relevant for an understanding of where government has been in terms of developments, theoretical grounding, and reforms. Hence, these ethical norms may hold promise for a unifying theory of public budgeting and finance.

## The Treatment of Ethics in the Government Finance Literature

The overall picture may not be so bleak, but it certainly is not well researched. Some scholarly efforts have been made to examine the issue (e.g., Alexander 1999). Alexander identifies two ethos operating in the arena of public budgeting and posits that neither the technocratic ethos nor the bargaining ethos do much to explain developments in budgeting. She argues for the imposition of a third ethos, that of a democratic ethos, to guide the actions of budgeteers in the twenty-first century. Her argument, while similar to John Rohr's (1989) appeals for a democratic foundation in public administration, nonetheless comes face to face with the quandary that "[there is]. . .a growing schism between the abstraction of budgeting theories and the experience of budgeting as a practice." (Alexander 1999). This entry addresses this predicament.

The recognition of the moral or value base to government finance is not new (witness V. O Key's or Wildavsky's normative forays into theory) but has received more attention as of late. Reck (2000) has examined moral judgment on budget allocation decisions by budget officers. The work of Douglas et al. (Douglas and Weir 2000) also confirms the creation of budgetary slack and information asymmetry. Ethical positions were found to be related to creation of budgetary slack. Moreover, the professions themselves have recognized the growing ethical concerns in the field (e.g., NASBO and GFOA codes). In fact NASBO has a self-diagnostic ethics instrument (see http://academic.evergreen.edu/curricular/atpsmpa/NASBO%20training_modules.pdf (National Association 1999)). Yet despite codes and some formal training, the field is still struggling with issues of ethics and misrepresentation (see Jones and Euske (1991) and Baldassare (1998)).

The concern with ethics in financial management is not confined to the public sector. One survey of managerial accountants identified relatively low pressures to act unethically yet identified that ethical pressure was likely to come from within the organization rather than an external source (McCurdy et al. 1993). Moreover, there are primarily anecdotal reports that acknowledge the necessity of ethics. More damning is Larry Ponemon's (1992) work that identifies aspects of the ethical culture of accountants, which tends to stymie higher-level ethical reasoning. There is reason to suspect these same culture pressures also exist for public sector budgeteers.

Recently the State of Ohio instituted a "Fiscal Watch" program for local government financial managers and requires them to take annual classes

in finance and ethics (Swope 1999). The topic continues to garner attention (e.g., an electronic symposium on Ethics and Public Budgeting and Financial Management 2000) (Entire Issue dedicated 2000). However, the purpose of this entry is not how to make government finance officers more ethical, instead it proposes a normative theory that may help budgeteers/finance officers understand their field.

In contemporary treatments offered by Rossmann and Shanahan (2012), their research and related survey found that budgeteers view their roles as both structural and procedural, highlight the need for ethical behavior and leadership, and recognize the tension between democratic values and the techno-rational imperative. The answer to their concerns about a democratic ethos in budgeting may be found in the latest efforts behind Participatory Budgeting (see www.participatorybudgeting.org/) (Participatory Budgeting 2014). Participatory Budgeting is a trend that is unfolding as a practical tool that embraces several elements of ethical norms with technical aspects of budgeting – long a hallmark of the field. Robbins et al. (2008) illustrate the interface between citizens and resource allocation behind the push toward Participatory Budgeting. Sintomer et al. (2008) explore the impact globally, and Ebdon (2002) looks at the scope of participation in budget decisions at the local level. These themes highlight the growing ethical imperative of ethics in government finance.

## Conclusion and Observations

It is up to budget and finance scholars and, more importantly, practitioners to set the proper balance of ethical norms in government finance. Having a simple ethics code is good for operations, but it is not the answer for the field as a whole. In the final analysis, the observation advanced in this entry is that the solution to the lack of a theory of government finance can be found by looking in an area many believe is only peripherally connected to public budgeting and finance. The answer does not lie in economics, organization theory, policy science, decision-making systems, incrementalism, politics, or contractual/principal-agent theories. Instead, the answer lies in a paradigm that combines all the aspects of these constructs – namely, the ethical norms behind these areas. Thinking of public budget and finance developments and practice through the lenses of ethical norms provides a telling picture that accurately depicts where the field has been and where the field may be going in the twenty-first century and beyond.

## References

Alexander J (1999) A new ethics of the budgetary process. Adm Soc 31:542–565

Argyris C (1964) Integrating the individual and the organization. Wiley, New York

Baldassare M (1998) When governments fail: the Orange County bankruptcy. University of California Press, Berkeley

Bartle J (2000) Budgeting, policy and administration: pattern and dynamics in the U.S. Int J Public Adm 23: 2133–2142

Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Pub.L. 100–119, title I, Sept. 29, 1987, 101 Stat. 754, 2 U.S.C. § 900)

Burkhead J (1956) Government budgeting. Wiley, New York

Cyret RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliffs

Douglas PC, Weir B (2000) Integrating ethical dimensions into a model of budgetary slack creation. J Bus Ethics 28:267–278

Ebdon C (2002) Beyond the public hearing: citizen participation in the local government budget process. J Public Budget Account Finan Manag 14(2): 273–294

Entire Issue dedicated to Ethics and public budgeting and financial management in global virtue ethics review, vol 2(3), July 2000 edited by Aimee Franklin and James Fielding Smith

Fenno R (1966) The power of the purse: appropriation politics in congress. Little, Brown & Company, Boston

Government Finance Officers Association of South Carolina (2000) Code of ethics. http://www.state.sc.us/gfoa/coe.htm

Gulick L, Urwick L (eds) (1937) Papers on the science of administration. Augustus Kelley Publishers, New York

H.R. 3982 (97th): Omnibus Budget Reconciliation Act of 1981

Jones LR, Euske KJ (1991) Strategic misrepresentations in budgeting. J Public Adm 1:437–460

Key VO (1940) Lack of a budgetary theory. Am Polit Sci Rev 34:1137–1144

Lewis CL (1997) Power without privilege: ethics in public budgeting and financial management. In: Golembiewski RT, Rabin J (eds) Public budgeting and finance. Marcel Dekker, New York, pp 211–225

Lynch T (1979) Public budgeting in America. Prentice-Hall Publishers, Englewood Cliffs
McCurdy MK, Reichardt KE, Schroeder DL (1993) Ethical pressures: fact or fiction? Manag Account 74:57–62
Miller GL, Yeager SJ, Hildreth WB, Rabin J (2005) How financial mangers deal with ethical stress. Public Adm Rev 65(3):301–312
National Association of State Budget Officers (1999) Diagnostic instrument. http://academic.evergreen.edu/curricular/atpsmpa/NASBO%20training_modules.pdf
National Association of State Budget Officers (2000) Ethics and standards of professional conduct. Training Program. http://curricula.mit.edu/~nasbo/content.html
Omnibus Budget Reconciliation Act of 1981.Pub. L. 97–35, Aug. 13, 1981, 95 Stat. 357
Participatory Budgeting. www.participatorybudgeting.org/ . Accessed on 30 Sept 2014
Patashnik EM (2000) Budgeting more, deciding less. Public Interest (Winter) 138:65–76
Ponemon LA (1992) Ethical reasoning and selection-socialization in accounting. Acc Organ Soc 17: 239–258
Public Law 93–344, July 12, 1974, 88 Stat. 297
Public Law 99–177-December 12, 1985
Pyhrr PA (1973) Zero base budgeting. Wiley, New York
Quinn RE, Rohrbaugh J (1983) A spatial model of effectiveness criteria: towards a competing values approach to organizational analysis. Manag Sci 29:363–377
Rabin J (1997) The budgetary time line: history is destiny. In: Golembiewski RT, Rabin J (eds) Public budgeting and finance. Marcel Dekker, New York, pp 7–68
Reck JR (2000) Ethics and budget allocation decisions of municipal budget officers. J Bus Ethics 24:335–350
Robbins MD, Simonsen B, Feldman B (2008) Citizens and allocation: improving decision making with interactive web-based citizen participation. Public Adm Rev 68(3):564–575
Rohr J (1989) Ethics for bureaucrats: an essay on law and values. CRC Press, Boca Raton
Rossman D, Shanahan EA (2012) Defining and achieving normative democratic values in participatory budgeting processes. Public Adm Rev 72(1):56–66
Schick A (1980) Congress and money: budgeting, spending, and taxing. The Brookings Institute, Washington, DC
Simon H (1945) Administrative behavior. The Free Press, New York
Simon H, Kozmetsky G, Guetzkow H, Tyndall G (1997) Management uses of figures. In: Golembiewski RT, Rabin J (eds) Public budgeting and finance. Marcel Dekker, New York, pp 203–210
Sintomer Y, Herzberg C, Rocke A (2008) Participatory budgeting in Europe: potentials and challenges. Int J Urban Reg Res 32(1):164–178
Stockman D (1986) The triumph of politics. Harper & Row, New York
Swope C (1999) Ohio Guards against fiscal follies. Governing Magazine, September, p 58.
The Budget and Accounting Act of 1921 (Pub.L. 67–13, 42 Stat. 20, enacted June 10, 1921)
U.S. Public Law 863 (1956) 62nd Congress
United States Commission on Organization of the Executive Branch of the Government (1949) Budgeting and accounting. U.S. Government Printing Office, Washington, DC
United States Congress (1955) Report of the Committee on Government Operations made by its Subcommittee on Reorganization. United States 85th Congress, 1st session
White LD (1926) Introduction to the study of public administration, 4th edn. Macmillan, New York
Wildavsky A (1974) The politics of the budgetary process, 2nd edn. Little, Brown & Company, Boston
Willoughby WF (1927) The legal status and functions of the general accounting office of the national government. John Hopkins Press, Baltimore

E

# Ethics in Public Administration and Government

Liza Ireni-Saban
Lauder School of Government, Diplomacy and Strategy Interdisciplinary Center (IDC), Herzliya, Israel

## Ethics Management in the Public Service

Ethics management is generally defined as the process of applying ethics to organizational contexts, aiming at promoting ethical conduct and impeding unethical behavior (Frederickson and Ghere 2005; Kaptein and Schwartz 2008; Menzel 2010; OECD-PUMA 1998; Van Wart and Dicke 2008). The field of ethics management embraces various tools available to manage ethics in organizations to promote professional conduct and impede unethical behavior including ethics codes, ethics committees, ethics audits, ethics training, and other disciplinary measures for sanctioning unethical behavior and rewarding ethical behavior (Ireni-Saban 2015).

### The Rationale for Ethical Codes

Ethics management in the public service is often governed by codes of ethics or codes of conduct. Codes of ethics are introduced as a set of values and professional standards to encourage practitioners to develop a sense of commitment to

ethical behavior and professionalism among members of the professional community (Van Wart 2003). Codes of conduct, usually set out for specific action(s) in which individuals should not engage, specify sanctions and specific penalties in cases of ethical infringements.

To proscribe ethical decision making, ethics codes in the public service must articulate core values that govern the public service consistent with society's norms for retaining public trust in its moral and professional standards. Despite the enactment of ethics codes in public administrations and governments across national settings, there is little evidence of their effectiveness in controlling corruption or impeding unethical behavior in the public service. Since 1989, several studies have been carried out by Bowman and his colleagues on ethics management in public agencies with an emphasis on the behavioral effects of codes in public service organizations (Bowman 1990; Bowman and Knox 2008; Bowman and Williams 1997). These studies showed gradual awareness among public servants of ethics codes with minor potential for it to impact daily management of public affairs. An additional study on measuring the effectiveness of codes of ethics was conducted across 154 national administrations relating to the effect of the code on the level of state corruption. The researchers concluded that the existence of a code of ethics in the public service has no effect on reducing levels of official corruption in both developed and developing countries (Garcia-Sanchez et al. 2011).

Codes of ethics in the public service are assumed to meet various goals including:

- To guide expected ethical behavior and reduce levels of corruption
- To support the process of professional socialization of new, unexperienced employees or those who are not familiar with the public service core values and standards
- To increase public trust and identify citizens' and stakeholders' expectations
- To support the government and improve the quality of the public service
- To guide public servants when faced with conflicting values, commitments, and interests
- To develop a sense of pride and belonging to the public service in motivating employees to consider themselves as professionals

Codes of ethics and codes of conduct are widely used across national settings and international bodies to guide ethical conduct and good governance practices in the public service. The following overview introduces the growing awareness of ethics management in the public service across the globe.

## Comparative Overview of Existing Ethics Management Tools Across National Governments and Public Administrations

### Ethics Codes in the United States and Canada

Ethics codification efforts to enhance ethical governance are undertaken by America, Canada, Europe, Asia, and Africa, mainly sub-Saharan countries, as well as by international organizations. For example, the American Society for Public Administration (ASPA) initiated the Professional Standards and Ethics Committee in 1974, which was formally approved in 1984 and revised in 1994 and later on in 2013 (American Society for Public Administration 2010). ASPA's Code of Ethics articulates the association's commitment to promoting ethical competence among its members. The Code's main tenets include: Serve the Public Interest; respect, support, and study government constitutions and laws that define responsibilities of public agencies, employees, and all citizens; demonstrate the highest standards in all activities to inspire public confidence and trust in public service; strengthen organizational capabilities to apply ethics, efficiency, and effectiveness in serving the public; and strengthen individual capabilities and encourage professional excellence. The 2013 revision extends the responsibilities of public servants to emphasize the importance of ethical leadership as an essential strategy aimed at improving the ethical performance and competence of public servants (Svara 2014).

In Canada, the Values and Ethics Code for the Public Sector came into force on April 2, 2012. The Code embedded the need to enhance the reputation of public service by complying with principles of equal treatment, effectiveness, integrity, and accountability when performing their duties (The Values and Ethics Code for the Public Sector 2012).

### Ethics Codes in Europe

As part of the United Kingdom's civil service efforts to build ethical governance in the public service, the Civil Service Code was adopted to support civil service management reforms. The Code, published in 1996, set out core civil service values and the standards of behavior expected of all civil servants, including: "Integrity – putting the obligations of public service above personal interests; Honesty – being truthful and open; Objectivity – basing advice and decisions on rigorous analysis of the evidence; and Impartiality – acting solely according to the merits of the case and serving governments of different political parties equally well" (Civil Service Code 1996).

The need to raise public trust in public administration is entrenched in the Finnish Code: "In our own work, we safeguard the trustworthiness of public service, so that citizens' trust in the impartiality and independence of public service activities is preserved. We discharge our duties in compliance with legislation and principles of good administrative practice. Our operation must also be seen to fulfill the requirements of good administrative practice in the eyes of an external evaluator" (Finland Ministry of Finance 2005).

Estonia was the first of the Baltic countries and in the region to introduce a Public Service Code of Ethics, which was incorporated in the Public Service Act in 1999. The first article of the Estonian Code articulates the idea that public administrators have an obligation to support the transition to democratic public management. The Code states the responsibilities of public servants to both political supervisors and to citizens and who are required to balance the two: "An official is a citizen in the service of people." The democratic values entrenched in the Code include "Serving the public, respect for the law and people, loyalty to government, public participation, political neutrality, impartiality, objectivity, predictability, openness, honesty, reliability, responsibility, consciousness, competence" (Public Service Code of Ethics (Estonia 1999)).

In Poland, the purpose of the Civil Service Code of Ethics is defined as follows: "To increase the citizen's confidence in the State and its authorities" (Civil Service Code of Ethics (Poland) 2003). This is also entrenched in the Code of the Czech Republic, which aims "to gain and maintain the public trust, to promote the desired standards of behaviour among public servants and to inform the public about the standards that citizens have a right to demand from public administration employees" (Code of Ethics of Public Servants (Czech Republic) 2004). The Code of Ethics was introduced by the Czech Republic authorities as part of their efforts to increase citizens' trust and confidence in government and the public administration.

By communicating the content of the codes to public servants on a regular basis, ethical behavior can become a habit ingrained in public administration. This purpose is entrenched in the Code of Ethics for Civil Servants of Macedonia: The Macedonian document seeks to "regulate the manner of conduct and the operations of the civil servants in order to ensure recognition of the principles of legality, professional integrity, efficiency and loyalty in performing their official duties" (Agency for Administration of the Republic of Macedonia 2002). The Code of Ethics was part of various reforms introduced in the public administration of Macedonia during the first decade of the twenty-first century. These reforms aimed at educating the civil servants with low performance and unethical behavior in their daily contact with the citizens (Selami 2012).

### Ethics Codes in Asia

In its early days, public service in China, especially the military, was based on merit (Jing 2010). Officials were selected with regard to their knowledge and commitment to the values of Confucian legacy. Since 1978, the public service in China has gradually combined elements of modernization, such as specialization, meritocracy, due

process law, and accountability, to fight against corruption and unethical behavior. In 1993, China adopted a managerial approach to public management that stressed the value of accountability in policy making. The provisional Regulations for State Civil Servants were circulated to replace the cadre system. The introduction of the cadre management system focused on administrative downsizing and recruitment, based on open competition, usually through an examination process and limited for the most part to university graduates and qualified staff from the public sector. By 2002, the Chinese government codified civil service processes and structures and launched the Norms of Behavior and Professional Ethics of State Civil Servants (Guojia gongwuyuan xingwei guifan). These reforms finally led to the adoption of the State Civil Service Law in 2005, which placed more value on professionalism in the public service. Chapter IX (Article 53 (http://www.asianlii.org/cn/legis/cen/laws/tcslotproc462/)) of China's Civil Servant Law clearly specifies incidents of unethical and corruption including:

> (1) disseminating any expression that damages the state reputation, organizing or participating in activities such as assembling, procession and demonstration that aims to oppose the state; (2) organizing or participating in any illegal organization, or organizing or participating in any strike; (3) neglecting his duties so that the work thereof is bungled; (4) refusing to carry out the decision or order as made by the superior thereof; (5) suppressing criticism or taking revenge; (6) practicing fraud in order to mislead or cheat the leader thereof or the general public; (7) being corrupt, giving or accepting bribes, making use of the post to seek personal gains for himself or others; (8) violating the financial and economic disciplines and wasting state assets; (9) abusing his power to infringe on the legitimate rights and interests of any citizen, legal person or any other organization; (10) discovering any state secret or work secret; (11) damaging the state reputation or interests in foreign affairs; (12) participating in or supporting activities such as eroticism, drug abuse, gambling and superstition, etc.; (13) acting against professional ethics or public morality; (14) undertaking or participating in any profit-making activity, or holding a concurrent post in an enterprise or any other profit-making organization; (15) being absent from work or in the event of a business trip or a leave, failing to return at expiration of the leave of trip without any justifiable reason; or (16) any other act in violation of disciplines.

As part of a growing tendency to build a distinct vocation of public management compatible with values of professionalism and political accountability, the Chinese government codified civil service processes and structures and launched the Norms of Behavior and Professional Ethics of State Civil Servants (Guojia gongwuyuan xingwei guifan) in 2002. The managerial reform brought a new focus to ethical consideration of the performance of Chinese civil servants that gave more weight to values of accountability than execution of orders (Ireni-Saban 2015; Tsao and Worthley 2009). In 2011, the Chinese government developed an ethics training program for the country's civil servants designed to promote the desired professional standards of behavior among public servants and to ensure their awareness to meet the principles of professional integrity, accountability, and responsibility in their daily official practices (Huazhong 2011).

The public service in Japan has a long tradition of administrative structure involving the classes of the samurai and the warlords; it was during the Meiji Restoration era (1868–1912) when the Japanese public administration was established in its modern form. Following the Meiji era until the end of World War II, the lower ranks of the samurai class were recruited from graduates of Japan's recognized universities (Muramatsu 1997). The Japanese Society for Public Administration (JSPA) was established in 1950, stipulating public administration as a discipline. The JSPA involved academic public service research conducted domestically and through cooperation with Asian and other specialists and institutions. By 1999, the Japanese Diet (the National Assembly) enacted the National Public Service Ethics Law. The Law aims to show its commitment to ethics and good governance to maintain the trust of Japanese citizens. The law set forth three general ethical principles including:

> (1) Employees shall not give unfair, discriminative treatment to the public . . .and shall always engage in their duties with fairness, recognizing that they are servants of the whole nation and not of any group thereof. (2) Employees shall always distinguish between public and private affairs and shall not use their duties or positions for private gain for themselves or the organization they belong to and (3) Employees shall not take any actions that create

public suspicion or distrust against the fairness of public service while performing their duties, such as receiving a gift from entities influenced by their duties. (http://www.cas.go.jp/jp/seisaku/hourei/data/npsea.pdf).

The Code of Ethics added two more guidelines to those entrenched in the National Public Service Ethics Law: "(4) Employees shall, in performance of their duties, aim at increasing public interests and exert their utmost efforts and (5) Employees shall always behave recognizing that their actions may influence the trust in the public service, even outside of their official hours." In addition, the National Personnel Authority develops ethics training programs to ensure effective communication of the Code. The importance of raising public trust through the initiation of the codes of ethics for the public service is also assigned in the South Korean context. South Korea introduced a code of conduct in 1981 for retaining the integrity of public officials (Public Service Ethics Act (Korea) amended 1993). The code specifies the standards of expected ethical conduct by both state and local public officials, namely, promotion of the public interest, conflicts of interest, the use of one's official position for private gains, and avoiding accepting money or other gifts beyond certain limits.

It is suggested that both Japan and South Korea acknowledge the need to enhance public trust in the government and increase effective communication with citizens (Kim 2010). Indeed, ethical conduct by public administration was regarded as an important statement by the government to challenge the dominance of Confucian legacy and values and strengthen the legitimacy of public service in the eyes of the citizens (Mishler and Rose 2001). Institutional context, political culture, and citizen–state relationships may also be important factors in raising the level of public trust in government (Christensen and Lægreid 2005).

Hong Kong is considered a Special Administrative Region (SAR) in China. Ethics management in Hong Kong public service is reflected by a mixture of Weberian structure and Confucian values and ideas (Lui and Scott 2001). In practice, Hong Kong civil servants are expected to carry out their official duties with political neutrality, impartiality, and loyalty to superiors. Viewed in this way, Hong Kong public service leaves no room for individual moral discretion. Hong Kong ethically manages the conduct of public servants through bodies such as the ombudsman and an anti-corruption body, the Independent Commission Against Corruption. In addition, the Hong Kong government issued a civil service code of conduct (http://www.csb.gov.hk/english/admin/conduct/files/CSCode_e.pdf). Despite the fact that the professional standards entrenched in the code are still treated with a high level of abstraction, ethics management in Hong Kong public service increasingly adopts mechanisms of promotion and rewards to foster ethical governance (Zhu 2000).

The civil service in Indonesia was founded on the Javanese administrative regulations. The Javanese administration was highly centralized and authoritarian based on a hierarchical structure of administrative chain of command by the master (*gustiand*, local ruler) and his servants (*kawula*) (Anderson 1972). The Javanese values laid the basis for a centralized and patrimonial structure. Due to the fact that Indonesia is struggling with rampant corruption in the public service, the Indonesian government took measures to combat corruption and develop ethical infrastructure for the public service. In September 2004, the government introduced the code of ethics (Government Regulation no. 42 of 2004). The code is assumed to be socialized to members of government agency and professional organization to which they belong.

In Singapore, all civil servants are required to monitor the code of conduct, which is embedded in the Instruction Manual. The code of conduct covers several key guidelines, namely, self-regulation, channels for reporting wrongdoings, and disciplinary framework in cases of conflict of interest, gifts, and entertainment. Infringement of the code of conduct may lead to disciplinary penalty controlled by the Public Service Commission that functions as an independent body (http://www.psc.gov.sg/).

In 1989, the Philippine government enacted a Code of Conduct and Ethical Standards for Public Officials and Employees (accompanied by Rules

Implementing the Code of Conduct and Ethical Standards for Public Officials and Employees) (Republic Act No. 6713) (http://www.lawphil.net/statutes/repacts/ra1989/ra_6713_1989.html). The code and the ethical standards were initiated with the purpose of strengthening public trust and confidence due to growing levels of citizens' distrust in the public service. Given the country's commitment to the "people's power," the principles entrenched in the code are concerned with upholding the public interest with emphasis on professional excellence and norms of equity. Disciplinary measures to ensure compliance with the code include penalties for disciplinary infringements along with rewards for exemplary service. In addition, the Philippine government uses additional measures to strengthen ethical conduct in the public service through congressional committees, namely, the House Committee on Ethics and Privileges and the Senate Committee on Ethics and Privileges.

The development and implementation of ethics codes in the public service is also apparent in African countries in transition from authoritarian to democratic regimes. The function of the Code of Conduct in Nigeria is to serve as a management tool in adopting the New Public Management approach in sectors of the economy. The core values entrenched in the Code combine professionalism and compliance to ethics standards:

> (1) Discrimination: A public officer is not expected to discriminate against any citizen on the grounds of place of origin, sex, religion, status, ethnic or linguistic association. This is clearly stated in Nigeria constitution, which commits the state to the ideals national integration. As instruments of state policy, public officers are expected to set the highest examples in pursuing these noble objectives. (2) Discipline: This is the hallmark of a responsible public officer. Strict adherence to the rules and regulations of the public service is a must for a civil/public servant. As a senior officer, it is imperative that an officer complies with the code of Conduct and ensures that subordinates do the same. (3) Loyalty: Loyalty should be an integral part of the behaviour of a public officer. This implies faithfulness to the nation and the employer and supportive of the aims for which one is employee. (4) Honesty and Transparency: These should be cardinal principles for any individual holding public office, and should be demonstrated in conducting official duties and in dealing with members of the public. This means that the public officer should be conscientious on duty. All his actions must be clear and self-evident. Public officers should not demand or receive anything in return for performing official duties. (5) Accountability: A public officer should display responsible stewardship for all items, money, materials and men placed under his supervision. This implies that all government property entrusted with a Public officer should be properly accounted for viz strict adherence to the civil service rules, financial regulations and all other circulars pertaining to the disbursement, management and reporting on same. (6) Respect for Constituted Authority: A public officer should show unqualified respect for constituted authority and the country at large. (7) Punctuality and Absenteeism. A Public officer should endeavour to be punctual at his place of work. Public officers should also not absent themselves from work except on approval. (8) Good Conduct and Ethical Behavior: To ensure that public officers cultivate appropriate conduct and ethics in conduct of government business, the Bureau recommends the establishment of in Situ primary Code of Conduct committees in all the Ministries Extra Ministerial departments and Agencies of Government. All matters relating to breach of conduct and ethical behaviours within each specified establishment must be .addressed within approved guidelines. Matters not satisfactorily resolved within the establishment are to be reported to the Code of Conduct Bureau for appropriate action. (http://www.hipernetix.com/ccb/ccb_ethics.html).

## Ethics Codes in International Organizations

Efforts to develop ethics management across the globe are also undertaken by international organizations such as the OECD and the International City/County Management Association (ICMA). In April 1998, the Public Management Committee of the Organization for Economic Co-operation and Development (OECD) prepared a set of Principles for Managing Ethics in the Public Service to assist countries in monitoring their institutions, systems, and mechanisms for elevating ethics management (see Principles for Managing Ethics in the Public Service, OECD-PUMA 1998). Based on the experience of OECD countries in developing and managing codes of ethics for the public service, the Committee has set the following guidelines: "Public servants need to know the basic principles and standards they are expected to apply to their work and where the boundaries of

acceptable behaviour lie. A concise, well-publicised statement of core ethical standards and principles that guide public service, for example in the form of a code of conduct, can accomplish this by creating a shared understanding across government and within the broader community" (OECD-PUMA 1998).

To encourage ethical leadership, the OECD committee suggests that political leaders hold the responsibility for maintaining a high standard of ethical behavior by establishing legislative and institutional arrangements that "reinforce ethical behaviour and create sanctions against wrongdoing, by providing adequate support and resources for ethics-related activities throughout government and by avoiding the exploitation of ethics rules and laws for political purposes" (OECD-PUMA 1998).

The International City/County Management Association (ICMA) aims to encourage professional local government across national setting: "The organization's mission is to create excellence in local governance by developing and fostering professional management to build better communities" (ICMA 2004). The ICMA's Code of Ethics was launched in 1972 and revisions were introduced in July 2004. The Code specifies several basic tenets including: pursuing effective and democratic local government, social responsibility, integrity, improving the quality and image of public service, fairness and impartiality, stewardship of public resources, and political neutrality (ICMA 2004).

## Summary

The brief comparative overview of ethics management measures undertaken in public services across the globe indicates that ethics codes play an instrumental role in countries that are in transition from authoritarian to democratic regimes that pursue New Public Management reforms. While in Central and Eastern Europe ethics codes were initiated to symbolize the government commitment to democratic values and social uplift, in Asian public services, ethics codification efforts are meant to support public management reforms in the face of administrative legacies of strong Confucianism and loyalty to superiors. Ethics management in African countries reflects more a compliance approach rather than building ethical infrastructures that build and cultivate moral character and ethical culture. In developing countries, the purpose of ethics codification is to develop professional identity and growth for public servants that can lead to a more supportive and regulatory environment and increased public trust. Despite the fact that ethical norms and behavior are already embedded and defined in these countries, much is needed to increase the effective use of ethics codes, that is, through ethical training and education to strengthen ethical competence and to monitor the exercise of codes.



## References

Agency for Administration of the Republic of Macedonia (2002) Code of ethics for civil servants. Retrieved from http://www.aa.mk/WBStorage/Files/01_96_Eticcki_Kodeks.pdf

American Society for Public Administration (2010) Ethics code. Retrieved from http://www.aspanet.org/scriptcontent/index_codeofethics.cfm

Anderson B (1972) The idea of power in Javanese culture. In: Holt C, Anderson B, Siegel J (eds) Culture and politics in Indonesia. Cornell University Press, Ithaca, pp 1–69

Bowman JS (1990) Ethics in government: a national survey of public administrators. Public Adm Rev 50(3): 345–353

Bowman J, Knox C (2008) Ethics in government: no matter how long and dark the night. Public Adm Rev 68(4):627

Bowman J, Williams R (1997) Ethics in government: from a winter of despair to a spring of hope. Public Adm Rev 57(6):517–526

Christensen T, Lægreid P (2005) Trust in government: the relative importance of service satisfaction, political factors, and demography. Public Perform Manag Rev 28(4):487–511

Civil Service Code (United Kingdom) (1996). Retrieved from http://www.civilservice.gov.uk/about/values

Civil Service Code of Ethics (Poland) (2003). Retrieved from http://www.osi.hu/lgi/publications/dp/html/08.html

Code of Ethics of Public Servants (Czech Republic) (2004). Retrieved from http://www.oecd.org/puma/ethics/events.htm

Finland Ministry of Finance (2005) Values in the daily job – civil servant's ethics. A handbook for the state administration

Frederickson HG, Ghere RK (eds) (2005) Ethics in public management. M.E. Sharpe, Armonk
Garcia-Sanchez IM, Rodriguez-Dominguez L, Gallego-Alvarez I (2011) Effectiveness of ethics codes in the public sphere: are they useful in controlling corruption? Int J Public Admin 34:190–195
Huazhong W (2011) Civil servants to be taught ethical behavior. China Daily, 07 Nov. Retrieved from http://www.deccanherald.com/content/202153/civil-servants-china-get-ethics.html
ICMA Code of Ethics (2004). Retrieved from http://icma.org/en/icma/knowledge_network/documents/kn/Document/100265/ICMA_Code_of_Ethics_with_Guidelines
Ireni-Saban L (2015) Understanding the obligations of codes of ethics. In: Perry J, Christensen R (eds) Handbook of public administration, 3rd edn. Jossey-Bass, Hoboken, pp 598–615
Jing Y (2010) History and context of Chinese public administration. In: Berman EM, Jae Moon M, Choi H (eds) Handbook of public administration in east Asia. Taylor & Francis LLC, New York, pp 33–53
Kaptein M, Schwartz MS (2008) The effectiveness of business codes: a critical examination of existing studies and the development of an integrated research model. J Bus Eth 77(2):111–127
Kim S (2010) Public trust in government in Japan and south Korea: does the rise of critical citizens matter? Public Adm Rev 70(5):801–810
Lui TT, Scott I (2001) In: Cooper TL (ed) Administrative ethics in a Chinese society: the case of Hong Kong, 2nd edn. Marcel Dekker, New York, pp 649–679
Menzel DC (2010) Ethical moments in government: cases and controversies. CRC Press, Boca Raton
Mishler W, Rose R (2001) What are the origins of political trust? Testing institutional and cultural theories in post-communist societies. Comp Polit Stud 34(1):30–62
Muramatsu M (1997) Local power in the Japanese state. University of California Press, Berkeley
OECD-PUMA (1998) Policy brief No. 4, OECD, Paris (May 1998). Retrieved from http://www.oecd.org/puma/gvrnance/ethics/index.htm
Public Service Code of Ethics (Estonia) (1999). Retrieved from http://workspace.unpan.org/sites/internet/Documents/UNPAN038382.pdf
Selami A (2012) Quality of public service delivery in the civil service of Macedonia: what role for the code of ethics? Innov Issues Approaches Soc Sci 5(1):51–57
Svara J (2014) Who are the keepers of the code? Articulating and upholding ethical standards in the field of public administration. Public Adm Rev 74(5):561–569
The Values and Ethics Code for the Public Sector (Canada) (2012). Retrieved from http://www.tbs-sct.gc.ca/chro-dprh/ve-eng.asp
Tsao KK, Worthley JA (2009) Civil service development in China and America: a comparative perspective. Public Adm Rev 69(1):88–94
Van Wart M (2003) Codes of ethics as living documents: the case of the American society for public administration. The sources of ethical decision making for individuals in the public sector. Public Integ 5(4): 331–346
Van Wart M, Dicke LA (2008) Administrative leadership in the public sector. M.E. Sharpe, New York
Zhu Q (2000) The process of professionalization and the rebuilding of administrative ethics in post-Mao China. Int J Public Adm 23(11):1943–1965

# Ethics in Public Service

Lois M. Warner
School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

## Synonyms

Norms; Principles; Values

## Definition

Ethics is a discipline concerned with right and wrong behavior. It embraces values and principles, which when believed, can influence the character and behavior of individuals and groups, as well as create unity between those who concur. Statements of selected values communicate that they are considered to be meaningful and worthwhile. Ethical value statements are most often intended to be inspirational. An ethical principle is a fundamental idea or theory that provides the basis for ethical behavior and reasoning. Although values and principles vary across cultures and professions, some ethical values, such as honesty and loyalty, for example, tend to be commonly upheld. Similarly, the "Golden Rule," of treating others as you would like to be treated, is an ethical principle found in many cultures.

## Introduction

In public service, ethical values and principles reflect their political contexts and, generally,

emphasize the value of social well-being. Protecting the public interest and advancing public purposes are related principles. In safeguarding the public interest, public service values can include benevolence, empathy, individual respect, and dignity. In advancing public purposes, civic duty, competence, knowledge, skills, and expertise are often used in describing ethical principles. Ethics is an important guiding force toward engendering public service professionalism. Public employees are the trusted stewards of public-owned resources and are, therefore, expected to be ethical and responsible in their management of public affairs. Understanding that ethics is essential for implementing and achieving good governance is important for all public employees.

Public service organizations in many parts of the world are the leaders in delivering indispensable goods and services to their communities, for example, education, health care, law enforcement, and transit systems. The success of related organizations builds on public confidence that they are prioritizing the public interest. When the public service is sensitive and responsive to peoples' needs and expectations and follow through in meaningful ways, they become legitimate and can achieve cooperation and progress in implementing policies that effectively address public problems and contribute to improving the quality of life for citizens. When, however, corruption and scandal are rampant in public organizations, people lose confidence and trust in the public service. These can involve waste and abuse of resources, misappropriation of funds, and various conflicting interests.

Corruption and scandal in public organizations are clear signs of failure in managing ethics. Public employees are sometimes reported for receiving gifts and bribes and for nepotism practices. Even the smallest gifts are given with expectations of reciprocation, and nepotism gets in the way of public organizations hiring the brightest and the best from the pool of applicants. These practices obstruct fair decision-making processes and may affect the public by disrupting or diverting the delivery of goods and services to those who depend on them most. This can be costly to correct, therefore, some governments commit to promoting ethics in the public service by investing in creating ethics infrastructures. An ethics infrastructure comprises rules, institutions, and practices put in place to guide, manage, enforce, and support ethical behavior. They vary across countries, but some common components are ethics legislation, ethics codes, ethics education and training, and putting systems in place for reporting ethical misconduct.



## Ethics Legislation

Ethics management in public service is a matter of international concern. There are several watchdog organizations reporting to the public on ethical misconduct in public organizations. It is increasingly impossible to conceal. Moreover, there is a widespread call for increased transparency and accountability in public affairs. Ninety-two countries across world regions have promulgated legislation in the form of Freedom of Information Acts (FOIA) that allow citizens free access to public information. One hundred and eighteen countries also establish the right of citizens to access public information in their constitutions. Public organizations in these countries must expect public scrutiny and facilitate the implementation of FOIA by putting in place appropriate organizations, administrative procedures, and adequate staff.

Strategies for developing the capacity in public service to prevent and fight corruption include establishing and implementing policies that support proper management of public affairs, integrity, transparency and accountability (United Nations Convention against Corruption 2004). The general consensus among countries is that there is the need to address knowledge barriers about the ethical question of "what is and is not corruption." To prevent corruption in some organizations, there are oaths to be taken by employees as a prerequisite for entering into public service. Some oaths are specific to certain professions, but their general purpose is to have employees declare their commitment to a set of

determined values and principles, with the expectation that their behavior will be guided by them.

Indeed, laws and obligatory oaths provide external constraints on the conduct of public servants. They can, however, present limitations in ethics management, because it would be necessary to have one for every possible ethical issue, and what would public employees do when faced with an ethical issue for which no law exists? Also, from an ethicist's point of view, law must always stand under the judgement of ethics that is based on moral reasoning. Laws are often amended to improve their relevance in a particular place and time. They need to be challenged on ethical grounds to demonstrate commitment to ethical principles over what are considered unjust laws (Cooper 2012). Situations of this kind present public employees with ethical dilemmas, where on one hand they want to be law-abiding, duty-bound public servants, and on the other hand, they are aware of a higher principle that is not reflected in the law. Ethical dilemmas involve deciding between two apparently ethical positions, based, for example, on a duty-oriented approach, *deontological*, and a consequence-oriented approach, *teleological*. Ethicists have found that in practice, it is never possible to separate these considerations (Cooper 2012).

## Ethics Codes

Codes of conduct, like oaths are implemented to establish commitment and to bind employees to public service principles. They are one of the most prevalent mechanisms for managing employee behavior, therefore, a lot has been learned about how best to apply them. They are most effective when written in simple and clear language, but, additionally, employees need opportunities to discuss them, to seek clarification and to understand what actions are expected. It is not sufficient to only include them in a section within an employee handbook, without scheduling occasions for discussion and interaction with other users to allow for sharing and learning from each other's experiences.

Ethics codes, specifically, are known to be brief and general, representing a collective recognition of professional responsibilities to nurture an environment in which ethical behavior is the norm. They set standards, identify duties, and provide principles against which to assess behavior (Bowman and West 2015). Overall, ethics codes have been found to be a positive influence in public organizations for deterring unethical acts and for installing ethical consciousness in those organizations and their employees (Menzel 2010). One important point to emphasize in ethics codes is that, whereas unethical behavior is unacceptable, the mere appearance of ethical misconduct is detrimental to preserving the reputation of public organizations and their employees (Appleby 1973).

Ethics codes can also be the basis for employee workshops and can be incorporated in staff meetings as a point of reference for discussing ethical issues. This practical application accommodates practice in working through ethical issues. One strategy in formulating ethics codes is to do this through a collaborative process, involving employees in determining what public service values they identify with most, which ones they share, what challenges might be faced in upholding them, and how they might be resolved. Ethics codes can then serve as a record of professional consensus (Bowman and West 2015).

## Ethics Education and Training

Educating and training public employees about ethics is a necessity because they will face ethical issues and need to know how to determine, in each case, what is the right action to take. These skills develop over time, and many employees benefit by learning from the experiences of others in the field. Public employees must be familiar with public service values and principles, and with oaths and ethics codes, since they are relied on to a great extent to promote ethics in public service. How oaths and codes are formulated and what developmental activities accompany them should be examined in the context of the organization's challenges in fighting and preventing corruption. This informs of what mechanisms should be included and what methods can be used to promote them effectively. Some important aspects are decision-making models and the inclusion of

the ethical dimensions of tasks in job descriptions (Bowman and West 2015).

The ability to think and behave ethically can also stem from a combination of processes including how one is socialized, for example, culturally, pedagogically, and professionally. Socialization develops over time and can, therefore, be considered while recruiting personnel. Conditions must, however, exist within the public service to allow these characteristics to remain. The culture within organizations provides the context for both ethical and unethical behavior, therefore, exemplars, norms for ethical conduct, and symbols are important components to highlight in organizations so as to nurture environments that foster ethical behavior. In addition to these proactive measures, unethical behavior must be dealt with in ways that deter replication.

Modern technologies facilitate ethics training via the Internet though narrated presentations, podcasts, and videos. These are useful in providing access, for incorporating real-life scenarios, and for standardizing educational materials for similar groups of employees. The strategy with these is to provide exposure to ethical challenges and to how they can be addressed. They can facilitate explanations successfully, by allowing for customization, in that viewing or listening to them repeatedly is possible. But collaborative educational processes offer higher returns toward educating and training for ethics in public service, due to the synergy that participants achieve through sharing and comparing challenges and their experiences in resolving them.

## Reporting Systems

The reluctance among public employees to report ethical misconduct can deter progress in ethics management. Their perceived role in preserving the reputations of public organizations is to conceal any such occurrences. History has shown that when employees expose their organization's ethical failures, they are considered to be disloyal. In most cases, however, it is public employees who identify ethical misconduct in their organizations. Motivated by their ethical values and principles, they choose to suffer the consequences of retaliation and alienation from their colleagues. Reporting ethical misconduct in one's organization is referred to as "whistleblowing."

Calls have been made for laws to protect those who blow the whistle on their organization. The general principle upheld by whistleblowers is to inform people about corruption in the public service that could have dangerous repercussions for them. Some countries have formulated whistleblower protection laws. Some provide incentives for whistleblowing. The best incentive is to have remedial action taken against unethical practices that would otherwise threaten or actually impact the public negatively. This communicates that ethical misconduct is unacceptable and will not be tolerated. It demonstrates that the public service is being responsive and is protecting the public interest.

At the organizational level, reporting systems work internally to facilitate anonymous accounts of ethical misconduct. In some cases they are also set up to receive reports and complaints from sources outside of the organization. The public can sometimes witness unethical practices in the public service and not want to identify themselves when filing a report or complaint to request investigation. Many organizations in more advanced countries facilitate reporting via their websites and feed that information into databases to facilitate analysis of patterns of corruption in public service. When the findings are shared across public organizations, ethics promotion plans as well as anti-corruption strategies can be determined from more informed perspectives.

## Conclusions

When ethics is not a priority in organizations, the results can be the loss of self-respect among employees, tensions between them, higher employee turnover rates, embarrassment for related elected and appointed public officials, and scandal that renders the organization useless and destroys the careers of public service employees. Clearly defined and well-coordinated ethics infrastructures with continuous evaluation and improvements can be helpful in avoiding ethical failures and their severe and far-reaching

consequences. In this regard, the role and function of an ethics liaison officer in public organizations are growing in recognition and importance in the public service. Some public administration university programs already include ethics as a core course. Assigning to an ethics liaison officer the responsibility for maximizing the potential for oaths and ethical codes to promote ethical behaviors, monitoring compliance with ethics legislation, developing related ethics education and training, and managing ethics reporting systems augur strongly for this as a specialization within the field of public administration.

## Cross-References

▶ Ethical Competence
▶ Ethical Values
▶ Ethics and Good Governance

## References

Appleby P (1973) Government is different. In: Shafritz J, Hyde A, Parkes S (eds) Classics of public administration, 4th edn. Wadsworth, Belmont
Bowman JS, West JP (2015) Public service ethics: individual and institutional responsibilities. Sage, Los Angeles
Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role, 6th edn. Jossey-Bass, San Francisco
Menzel DC (2010) Ethics moments in government: cases and controversies. CRC Press, Boca Raton
United Nations Office on Drugs and Crime (2004) United Nations convention against corruption. United Nations, New York

# Ethics in Public Service: A Historical Perspective

Demetrios Argyriades
John Jay College, CUNY, New York, NY, USA

## Synonyms

Autonomy; Civic virtue; Compliance; Economy; Effectiveness; Efficiency; Equity; Ethics; Integrity; Justice; Merit; Patriotism; Piety; Professionalism; Prudence; Public or general-interest; Rationality; Social responsibility; Universality and heroism; Utility; Values

## Definition

*Ethics*, frequently equated with *piety* and *civic virtue* or even with *utility* and *prudence*; defined by Aristotle as "something manifested in making personal choices."

## Some Further Definitions

In some of his discourses timed around the death of Socrates – *Phaedo*, *Crito*, and the *Apology* come to mind in this connection – Plato brings the idea of the *soul* to bear on the discussion of right conduct, ethics, and virtue. Defined in these discourses as the best part of our self, this idea of "soul," related to the concept of immortality, was destined to prove catalytic of many transformative changes in the evolution of European thought, all through the ages. Specifically, the belief that all humans, individual men and women, irrespective of ethnicity, gender, age, or social status, partook of a shared essence which defined them all as members of one *civitas humana*, later served as the foundation of an expansive doctrine on human rights as the *inalienable* entitlements of all people without any distinction whatsoever. In our lifetime, this idea served as the cornerstone of the United Nations and its system of specialized agencies, as well as a point of departure of many postwar movements, including decolonization, campaigns for civil rights, gender equality, "wellness" for all, and inclusion, where these had been neglected or denied. Barriers, which had been erected and sustained since time immemorial, rapidly eroded and crumbled under the mighty impact of an idea which saw the light of the day during the Axial Age (Dror 2001, pp. xiii, 15), which covers Plato's days but also those, before him, of Cyrus the Great of Persia, Confucius of China, and major Hebrew prophets. It needs to be remembered that it was Cyrus the Great who

sponsored a Universal Charter of Human Rights and Bill of Nations, which abolished slavery and established human rights for all people regardless of religion, ethnicity, culture, color, or race. He founded a system of government and administration based on tolerance, justice, professionalism, and respect for all (Olmstead 1948).

A forceful affirmation of the dignity and worth of the human individual, this idea of rights was also a limitation on government prerogatives – limitations both to *what* governments might do and the *ways* they chose to employ. Concepts like the rule of law, due process and habeas corpus have their source and draw their strength from an elusive principle which provides the foundation of democratic that, very simply put, ends *do not* justify the means. Underpinning civic rights, the very same idea served also as an acknowledgment of a responsibility requiring men and women to stand up for those principles and rights; to *resist* unsustainable claims, unjustified demands, and the abuse of power; to question arbitrariness and refuse to obey commands; or to surrender to blandishments that clearly contravene a global moral order to which most people adhere but clearly do not practice. Socrates, in his *Apology*, was one among the first in all historical record to stand up for his rights and pay the price, accordingly. His memorable words deserve to be quoted in full. They really are the basis and quintessence of ethics:

> Men of Athens, I honour and love you; but I shall obey [my conscience] rather than you and, while I have life and strength, shall never cease from the practice and teaching of philosophy, exhorting anyone whom I meet, after my manner . . . saying: O my friend, why do you, who are a citizen of the great, mighty and wise city of Athens care so much about. . . money . . . and reputation, and so little about wisdom and truth?
>
> Plato "The Apology of Socrates" from B. Jowett (2004): *The Trial and Death of Socrates* (p. 33)

## Introduction: Ethics as Freedom of Conscience

In days, when compliance with orders and conformity to wishes of those in positions of power are portrayed as "goods in themselves," there is a pressing need to defend the freedom of conscience, to take responsibility for difficult ethical choices, and to "speak the truth to power." From the days of antiquity onward and truly across the world, the value and virtue of ethics have lain in difficult choices and the duty of men and women to make them undeterred by mercenary or extraneous considerations. Ethics is predicated on tolerance, respect, compassion, and moderation. More than anything else, it seeks to refine or activate the personal responsibility of individual agents, for commissions or omissions, which represent decisions that they have either taken or in which they acquiesced. It represents a challenge that our world has to face.

The progress of globalization brought in its trail the rise of the market model of governance (Fraser-Moleketi 2015, pp. 14–18). Emerging in the 1990s, it found concrete expression in the *Washington Consensus* and the policy pronouncements of the Bretton Woods Institutions. More than anything else, it envisioned the "shrinking of the state," downsizing social services, outsourcing, and deregulation, thus redefining government preeminently in terms of foreign policy, defense, homeland security, and the administration of justice (Friedman 1993). In turn, this model of governance engendered a system of values which, therefore, we may call the *market model of values*. In light of this new model, values defy definition because *it all depends*. Like stocks and shares, they shift according to circumstance and subjective considerations but, most of all, *utility* to government or *self*. Perceived short-term advantage, expediency, and effectiveness, which have a place in business, invaded other fields to which they are less appropriate, yielding mostly unavowed, yet often dysfunctional, outcomes. Thus, university faculty spend time to find a *niche* and "competitive advantage," while public organizations amend their programs of action, not according to the claims or needs of their end users but in light of insistent demands from rich or powerful patrons. Politicians change their tune based on the latest polls. The value and the virtue of devoted public service have gone by default.

Not surprisingly, the many dysfunctional outcomes produced in this environment have spurred a renewed interest in ethics as a field. Courses on ethics abound. However, they have tended to be mostly self-serving, eschewing fundamentals, conforming to company policy and, to all intents and purposes, situated well within management's comfort zone. True, such courses have a place insofar as they seek to foster civility and civic virtue. They serve a valid purpose, advancing the *work ethic*. However, their propensity to defend the status quo and push for compliance to orders must now be called into question. The sum of human experience, during the past one century, is replete with telling examples of the risks of unswerving loyalty and blind obedience to orders. Furthermore, as will be shown, discourses on ethics (and policy) have long been vitiated by a pronounced proclivity to bifurcate humanity, pitting the forces of "good" against the forces of "evil," subjecting such discourses to ex parte, subjective criteria. Ethics is objective, rational, and universal, not predicated on preferences with regard to particular agents. It invites us all to transcend utility and self-interest, even deep-seated loyalties underpinning civic virtue. Its role should be to strengthen our individual sense of "right" and "wrong" and personal responsibility in the face of difficult choices. It should reinforce capacity to wrestle with our conscience, resist wrongful commands, and follow through with decisions, which we consider moral, tenaciously if we must.

## Must Virtue Be Beholden to the Whims of Warrior Gods?

It took place in early March of 2015. Colleagues of John Jay College were lining up to board a flight bound for Chicago in order to attend the ASPA National Conference and to present their papers, at one of the panel events. Suddenly, rumors spread that a runway had been blocked and most of the flights canceled. Heavy snow, which may have caused an accident, continued throughout the day, stranding hundreds of passengers, who finally resigned themselves to spending the night at La Guardia and simply hope for the best.

Unprepared for this turn of events and unsure of prospects for travel, most passengers were trying to fall asleep on a chair or on the floor Straining to fall asleep, they were regularly awaken by big red letters flashing:

> *Welcome to La Guardia Airport – God Bless Our Troops*

There were visibly no troops, to whom this might be addressed but plenty of time to fathom the import of this message, ostensibly directed to all. All felt welcome at La Guardia but why this invocation of the Almighty? Most people, whose career in public service, national or international, began with a stint in the military, would be surprised to read on public billboards "God bless our public servants," "our teachers," "our policemen," or "fire fighters," though quite a few, like "Doctors Without Borders," have sacrificed their lives in the line of duty.

Historically, the military have been accorded kudos, which few civilian groups or other great professions have received. More generally, the esteem accorded to professions has varied over time among occupational groups, as well as different countries. The authority and prestige enjoyed by doctors, lawyers, and public administrators, in some parts of the world, has not been matched in others. Perhaps, one would agree that all the great professions have had their share of excellence and wretchedness or evil. Their fortunes oscillated and share of public trust also known its ups and downs. Though surely many factors account for these fluctuations, it would be fair to argue that *values* demonstrated in the application of knowledge, competencies, and skills by members of a group or a profession have played a pivotal role in shaping public attitudes. *Ethics is the litmus test* and, therefore, also the focus of this paper, which tries to explore the subject in historical perspective, as well as a contemporary context.

Historically, the military, as either citizen soldiers or mercenaries, have represented power and, therefore, accorded kudos. Significantly, it was "China and Korea [which] witnessed an early

decline of the martial aristocracy compared to the West, Japan, and other civilizations." The Confucian elite, which ascended to positions of influence and prestige through competitive examinations, had, by the fourteenth century, largely replaced the martial warlords (Kim Sangjun 2002, pp. 57–59). In much of Europe, by contrast, successive generations vested implicit trust in the valor and integrity of their armed forces. Incessant wars may account for this implicit trust, which some lived to regret. Thus, during World War II, in the Nazi-occupied Greek city of Thessaloniki, a leader of the sizeable and threatened Jewish community could still affirm his faith in a senior "officer's word." Few members of his community survived the War to question this misplaced but deeply ingrained and widely shared belief in the virtues and integrity of certain great professions and of their members (Asser Pardo 2005, pp. 40–41).

After World War II, not only in Latin America but also on other continents, uprisings orchestrated by military juntas abolished constitutions, establishing corrupt and dictatorial regimes. Invariably, the excuse for mounting coups d'état was the time-honored dictum also abusively invoked *salus populi suprema lex* ("saving the people is the highest law"). Seldom have such unorthodox processes led to good long-term results. Still, to this very day, quite a few countries suffer from the dysfunctional outcomes of plainly extraordinary, illegal, and unethical actions purportedly undertaken in the name of higher causes and overarching goals. The greater glory of God or "existential threats" and "vital national interests" are the "causes" commonly invoked to influence public opinion, in this regard.

## Ethics and Civic Virtue as Guides to the Perplexed

Civic spirit, civic virtue, and civility form parts of a *continuum*. They are the opening stages of a discourse on ethics. All of the above imply a degree of altruism and abnegation, surrender of self-centeredness – "me first," in other words – in favor of community, humanity, and the greater good of all. In practice, nonetheless, they are limited in scope, in time, and in space, to a specific context. Exercised within the bounds of a particular country, company or institution, and changing circumstances, they may entail devotion to a person or a country and institution that goes beyond the bounds of reason, resulting in surrender of personal critical judgment, as well as of ethical standards. Countries and organizations, as well as supervisors, to whom all are beholden, may have competing agendas. In all too many cases, they call them "vital interests," appropriating "right" and even the Almighty for their cause. It goes without saying that neither God nor history is always on one side, one's own, as one might hope, and that of adversaries, who may stake similar claims. Therefore, resolving differences through accommodation and compromise is preferable to fighting, however "noble" the "cause." Perhaps, the time has come to quit an old tradition that goes back many centuries of dueling and crusading, bifurcating the world into two rival camps both clamoring for blessings from the Almighty and history.

Though there is no denying the immanence and prevalence of "good" and "evil" in the world, they are hardly separated as neatly as many think. They seldom coincide with vital national interests, which make demands on people that oftentimes defy both logic and ethics. What, invoking civic virtue, many like to call *patriotic* may well not constitute an *ethical* course of action (Abrams 2016, p. A27). Consideration of ethics sets strict limits on one's duty either to the "Queen and country" or to a religious community. Its value lies precisely in the confines it places on age-long ways of thinking and mind-sets that we inherited or that we internalized as members of ethnicities, of companies, or of teams. Ethics, indeed, invites all to transcend such common ways of thinking and to reach to higher levels of truth and objectivity, consistency, and humaneness. This is, plausibly, where courses which, in the name of "ethics," teach company policy and practice fall short of their stated objective. Though they may help staff members, when duly equipped with guidelines, to eschew avoidable errors and reach decisions consonant with management's

desires, they really teach loyalty, expediency, and effectiveness, *not* ethics (Argyriades 2014).

Not all decisions of governments – or management – could be called really "ethical" or need pretend to be ethical. Simply, they march to a different drum. Some are merely tactical ploys, either responding to pressures or driven by expediency and perceived opportunities. Sometimes, strategic decisions and related courses of action may be considered virtuous in the measure that they are consonant with the long-term public good, provided that they entail no harm, nor cause "collateral damage" to "innocent bystanders." Notoriously, a decision that is taken irrespective of its long-term effects (*après moi le déluge*) can hardly be a decision one could consider virtuous. Nor "beggaring" one's neighbors, "robbing Peter to pay Paul," or profiting from trade in weapons, drugs, and humans would be considered tolerable, morally speaking, noting the widespread suffering, which they inflict. Sadly, one needs to admit that all too many decisions of governments and leading entrepreneurs fall into this category. Most respond to calls or claims emanating from stakeholders, constituencies, or lobbies, to which they are beholden. Often actions are portrayed as taken in response to noble causes or "vital national interests" invested with significance, which they all too often lack. Few are true acts of statesmanship (Brooks 2016a, p. A27).

In most cases, acts of statesmanship are granted recognition in retrospect. In retrospect, they win a highly merited place among rare steps that changed the course of history. Such were the great reforms of the early twentieth century and the postwar decades. One thinks of the New Deal (Newland 2015) and the civil rights legislation (Berman 2015), in this connection. They manifestly righted historic wrongs in the USA, and this without inflicting adverse effects on others. They plainly represented a righteous course of action, outputs of civic virtue. One needs to draw a distinction between such courses of action and acts, inherently wrong, mostly taken under cover, hidden from public view, which are explained away, if ever brought to light, as taken in the name of transcendental causes: *faith, fatherland, or freedom*.

Throughout the course of history and all around the world, walking that extra mile in service of one's country has generally been viewed as proof of civic virtue. And broadly speaking, it is especially when action is manifestly taken in the defense of freedom or in constructive projects that benefit society and humanity at large. In retrospect, however, one also needs to admit that all too many wrongs were committed in the name of noble causes. Still today, several men and women are influenced by a long tradition equating civic virtue with patriotism and the latter with bravery at war. The Romans used to say, exhorting their youth into battle, *Dulce et decorum pro patria mori* ("It is both sweet and proper to die for one's country," *Horace, Odes III, 2, 13*).

Analogous expressions can be found in other cultures, coming from times in history, when waging war was a sure proof of manhood and warfare a way of life (Argyriades 2014, pp. 56–57). But times have changed and so has the nature of warfare. It is highly asymmetrical, with the one-sided use of cutting-edge technology, compelling all accordingly to revisit and revise some ancient values systems, including definitions of "heroism" and "valor," which may not correspond to contemporary realities (Nagel 2016, pp. 3–6).

Already in the 1700s, Dr Johnson ventured to question the merits of these values or the forms they commonly take, in an aphorism describing patriotism as "the last refuge of the scoundrel." There can be little doubt that, bereft of civic spirit, civic virtue, and moderation, what many would call patriotism comes perilously close to closure and ethnocentrism, giving vent to hollow expressions of bigotry and complacency or, worse still, demagoguery. In an age of globalization, people need to go much further in surmounting limitations in their ways of thinking, which are a thing of the past. In fact, these limitations are plainly forms of *relativism*. Must all standards and all values be subjected to this test? Can one say of heinous actions that they are "OK" when committed in one's favor or one's name, but not so, if perpetrated by others, to the benefit of others, whom we happen not to like? Can it, in all sincerity, be argued that egregious acts of violence or aggression migrate to a higher sphere when

undertaken on orders from a superior authority to which one is beholden but not if authorized by a government, which one considers unfriendly?

It has been said before but bears repeating: the world is changing rapidly bringing nations and religions to an ever closer proximity. In this new world environment, bifurcation of the world between the *good* and the *evil* or between *civilization* and *barbarism* makes very little sense, though it still clouds people's reasoning on ethics. One hardly needs reminding that there are shades of gray, not merely black and white. The same that form the light are also creators of darkness; the same that bring the peace can also be the aggressors (Isaiah 45:10). There is no drawing the line. It's people's *actions* that matter. With the wisdom of hindsight and some tragic history lessons, one should really know better than believe in a City of Light beckoning from on high while fighting the "Evil Empire." A figment of imagination often couched in chauvinist rhetoric, it does more harm than good. The fact is that most continents and nations have, at one time or another, been the source of both noble deeds and shining examples but also egregious acts. Now, however, people live in a world of relative openness, of speed of information and rapid interchange. In this world – our world – dialogue, accommodation, multilateral negotiations, and cooperation offer the better course in conflict resolution, in dealing with diversity but also in addressing the mounting global challenges of the twenty-first century. The needed machinery exists through the institutional framework of the United Nations, though reinforced it must be. Likewise, the requisite know-how, technology, and experience are available. They need to be used to good purpose. Mostly, people lack the will and choose short-term expedients of dubious propriety, over a wiser course.

For several decades or centuries indeed, the world has been the victim of myths, of spin, and of stereotypes. These have fomented prejudice and perpetuated closure. Perhaps, the time has come to move beyond such stereotypes. *Ethics is there to help*, for it begins with reason and removal of all barriers that promote the closure of minds. It is an invitation to dialogue and exploration. Intrinsically, ethics is rational and global, objective and universal, the same for all humanity. Of course, this is hardly surprising. It has so been considered for more than two millennia; thus with the Golden Rule, in other words the injunction not to do unto others what people disapprove of or would not like to suffer *from others in their hands*. Profoundly democratic and egalitarian, it goes back to the dawn of our era, which also saw the emergence of proto-globalization. Attributed to Hillel, it later found expression in the Gospels (Dimont 1962, pp. 43–44; Cohen 1985, pp. 18–27). Like the principles proclaimed by prophets like Isaiah, philosophers like Plato sages like Confucius, their scope is clearly global and universal, whatever the audience was, in ages past. Of very special moment to public servants in the injunction of Confucius: "[w]hat a man dislikes in his superiors, let him not display in his own dealings with his inferiors; what he dislikes in his inferiors, let him not display in his service to . . . superiors" (Lin Yutang 1966, p. 147). Properly understood, such principles are sound and *intrinsically* valid, not conditional, in fact, on fleeting circumstances or criteria of time and place.

## Conclusion: Ethics as Transcendence

Ethics invites *transcendence*. It takes the concept of duty onto a higher level. Its vital role consists in going beyond the ordinary, beyond compliance, conformism, loyalty, and obedience. Its target is to build both will and capability to question and to challenge accepted norms of conduct and belief systems. Of course, it needs to do so in ways that are constructive, as well as fully respectful to other people's dignity, convictions, and beliefs. With empathy and civility, ethics can also foster rigor, consistency, integrity, fortitude, and self-discipline. On the study and practice of ethics, public servants depend to develop and to strengthen the requisite sense of *autonomy*, equipping themselves with a compass that shows the way to duty beyond facile beliefs, beyond unquestioning loyalty, and beyond what they are told to do. Ideally, ethics teaches all to think for themselves, but also to *think out of the box*, charting a righteous course and persevering with it through

thick and thin, if necessary. People are shown the way to wrestle with their conscience; arguably, one could say, the way that Jacob wrestled with God – or an angel – in the Bible (Gen: 32.4). They should wrestle with their conscience and, like Socrates, learn to reject commands from "higher authority," which must be considered improper, inhuman, and unethical, although they may purport to be promoting causes seemingly right on surface. One hardly needs reminding that, in the distant past but also in our days, a few too many crimes have been committed in the name of noble causes.

Indeed, it may be argued that the weightiest contribution to democratic governance that ethics has proffered is the duty to say "No," when faced with immoral commands. It is a lesson in critical judgment, a lesson in the capacity to question and debate, if need be, to reject either a tempting offer or a threatening command. Intrinsic to ethical conduct is the courage to resist intimidation which, if one were to surrender, would entail a contradiction with what, deep down, one knows to be the righteous course. Already in classical times, Socrates offered an example when, as presiding officer of the Assembly of Citizens in Athens, he resisted pressures upon him and refused to cooperate in passing a resolution, which he considered unjust, as well as ill informed (Barker 1952, p. 86). The life and death of Socrates provide telling examples of what the practice of ethics and ethical living entail. For Socrates and Plato, the foundation of ethics lay in knowledge and self-knowledge or what Socrates defined as *gignoskein auton eauton* (Barker 1952, pp. 124–125). It was the point of departure in building up steadfastness in the pursuit of justice and courage in the practice of righteousness and equity. Accordingly, in *Protagoras*, Socrates discusses risk taking, which is essential to valor, arguing that it should reflect not foolhardiness, but rather conviction grounded in knowledge and wisdom (Vlastos 1978, p. 7, et seq.).

Contemporary history offers numerous cases corroborating lessons, whose source lies in antiquity (Brooks 2016b, p. A27). The World War II, in particular, abounded in examples of fortitude displayed by women and men of all nations engaged in resisting aggression from a perverse regime renowned for its brutality. Although one might have hoped that we have turned the page and that, with the foundation of the United Nations, we might have put an end to the savagery of war, events in recent years rather defy such optimism. We have not seen the end of evil deeds, often committed by people who claim that they mean well. What is more, in the past 30 years, we have witnessed the surge of a doctrine and triumph of a mind-set which, in the name of *pragmatism*, have made short shrift of ethics. They pay lip service to ethics but hollow it out of meaning, subjecting it instead to the utilitarian calculus of expediency and effectiveness. Allied to this approach is an alarming tendency of governments and individuals to look the other way or quietly dispense with ethical standards, when ethics would command a different though, arguably, more challenging and more demanding course. Bolstered by modern technology, such dangerous proclivities pose considerable risks for democratic governance and world peace. They need to be resisted.

Ethics and civic virtue are rooted in the bedrock of human civilization and philosophic discourse. Overtime, a global consensus has emerged as a result. Developed, through the ages, by seminal thinkers and statesmen, it has furnished the underpinnings for some of the highest accomplishments in institution building during the past two centuries at any rate. One may think, in this connection, of parliamentary systems, of the United Nations, and of other international organizations promoting peace and development. It offers surer guides to public servants than contrary ideologies built mostly on shifting sands over the past four decades, let alone the bitter lessons of WWII.

By way of summing up, the author of this article may be excused for drawing on experience close to home, from his native country Greece, which endured a harsh occupation during the World War II. The case, which follows, brings into sharp relief deeply contrasting attitudes and corresponding conduct by four members of the *Wehrmacht*. To this day, the names of two are remembered – inter alia – for zealous participation

in the brutal repression of people and deportations to Auschwitz. The first was Adolf Eichmann, whose record aptly inspired Hannah Arendt's telling title *The Banality of Evil* (Arendt 1963). The second was none other than Kurt Waldheim, later Secretary-General of the United Nations. He studiously concealed all evidence of his wartime activities in Greece and Yugoslavia pretending, later on, that he had spent those years studying law at the University of Vienna. Two others, though they remain anonymous, are remembered in deep gratitude, for skirting ruthless orders and looking the other way, thus letting innocent victims escape against all odds (Asser Pardo 2005, pp. 65–66; Argyriades 2014, pp. 80–81).

What conclusions may one draw from these contrasting attitudes and starkly disparate conduct? On the one hand, one notices the unquestioning obedience of two individual officers mature enough to know the full scope of the activities in which they were engaged, yet either out of loyalty or personal ambition, taking cover under orders and choosing to execute them with the most consummate zeal. They may not have expected the War to end as it did, but is this really the issue? Can one say that Allied victory and not inherent perversity made the conduct of these officers, as well as their activities, infinitely reprehensible – indeed criminal in nature? The two anonymous heroes offer a contrasting model. They must have been aware that, had they been found out and their disobedience detected, they would have been court-martialled and made to pay with their lives for their transgression. *In adversity*, they dared to take the righteous course, though perilous it was. They ignored perverse instructions. Embracing responsibility for their actions rather than meekly cower under superior orders, they made themselves exemplary of ethical and of heroic resolve. Like Socrates of old, they listened to the voices of reason and their conscience. We term their conduct ethical and exemplary on this ground. May we, therefore, consider the needed task of nurturing a sense of right and wrong and, with it, moral fortitude and personal responsibility as the ultimate calling of ethics?

## References


Abrams D (2016) Veterans, patriots and pawns. NY Times 5:A27

Arendt H (1963) Eichmann in Jerusalem: a report on the banality of evil. Viking, New York

Argyriades D (2014) Ethics and globalization in historical perspective: the relevance of Socrates in our days. In: De Vries M, Pan Suk Kim (eds) Value and virtue in public administration: a comparative perspective, 2nd edn. Palgrave Macmillan, London, pp 47–83

Asser Pardo R (2005) 548 Days with another name: Salonika 1943: a child's diary; an adult's memories of war. Bloch Publishing, New York

Barker SE (1952) Greek political theory: Plato and his predecessors. Methunen, London

Berman A (2015) Give US the Ballot: the modern struggle for voting rights in America. Farrar, Straus and Giroux, New York

Brooks D (2016a) The brutalism of Ted Cruz. NY Times 12:A27

Brooks D (2016b) A question of moral radicalism. NY Times 6:A27

Cohen MA (1985) Two sister faiths: introduction to a typological approach to early Rabbinic Judaism and Early Christianity. Assumption College, Worcester

Dimont MI (1962) Jews, God and history. Simon and Schuster, New York

Dror Y (2001) The capacity to govern: a report to the Club of Rome. Frank Cass, London

Fraser-Moleketi GJ (2015) Preface. In: Pan Suk Kim, Argyriades D (eds) Democratic governance, public administration and poverty alleviation: thematic discourse and geographical cases. Bruylant/IIAS, Brussels, pp 13–26

Friedman M (1993) Why government is the problem. Hoover Institution Press, Palo Alto

Jowett B (2004) The trial and death of Socrates. Barnes and Noble, New York

Kim Sangjun (2002) The genealogy of Confucian Moralpolitik and its implications for modern civil society. In: Armstrong CK (ed) Korean society: civil society, democracy and the state. Routledge, New York, pp 57–91

Kim Sunkyuk (2002) Civil society and democratization. In: Armstrong CK (ed) Korean society: civil society, democracy and the state. Routledge, London, pp 92–108

Lin Yutang (ed) (1966) The wisdom of Confucius. The Modern Library, New York

Nagel R (2016) Really good at killing. Lond Rev Books 38(5):3–6

Newland CA (2015) Balancing tested poverty alleviation means amidst epochal governance challenges. In: Kim PS, Argyriades D (eds) Democratic governance, public administration and poverty alleviation: thematic discourse and geographical cases. Bruylant/IIAS, Brussels, pp 111–144

Olmstead AT (1948) History of the Persian empire: the Achaemenid period. The University of Chicago Press, Chicago
Vlastos G (ed) (1978) Plato II: a collection of critical essays, politics and philosophy of art and religion. University of Notre Dame Press, Notre Dame

# Ethics in the Public Sector

Patricia B. Robertson
Southern University at New Orleans, New Orleans, LA, USA

## Synonyms

Conflict of interest; Efficiency; Fairness; Government; Leadership ethics; Moral codes; Political ethics; Principles; Public servants; Responsibility; Transparency; Values; Virtues

## Definition

Ethics in the public sector are moral principles that govern those in the public sector. The public sector is the portion of the economic system that is controlled by national, state, provincial, or local governments.

## Introduction

Public sector ethics is a broad topic and can vary between cultures. In spite of the differences, there is a common ground of what is considered good and correct conduct with ethics. Much of the work done by political officials, whether elected or appointed, involve choices among values. Therefore, it is very important that the body politic be technically competent as well as ethically literate. Ethics is a key component of good governance (Perry et al. 2014). The ethics displayed by leaders, known as leadership ethics, has a moral dimension because leaders influence the lives of others. In recent years, there have been a massive number of scandals in the public and private sectors. There have been financial scandals that occurred at some of the largest companies in the world, including Adelphia, Enron, Tyco International, and WorldCom. Additionally, there have been many cases of sexual abuse and assault in churches as well as the US military and a multitude of sex scandals in the lives of public figures including governors, mayors, senators, and others. Because of these high-profile scandals, people are having less trust in public figures and what they do. The public is in great need of moral leadership. The American Society for Public Administrators (ASPA) has adopted a code of ethics. According to ASPA's Code of Ethics, public administrators are to "serve the public, beyond serving oneself"; to conduct themselves in a manner that inspires "public confidence and trust"; to strengthen organizational "capabilities to apply ethics, efficiency, and effectiveness" in serving the public; and to exercise discretionary authority "to promote the public interest." According to Kinchin (2007), the ethics of public service is based on five basic virtues: fairness, transparency, responsibility, efficiency, and no conflict of interest.

## Leadership Ethics

Leadership ethics is the influence of a moral person who moves others to do the right thing in the right way for the right reasons (Ciulla 2002). According to Peter G. Northouse, there are six factors that determine leadership ethics. They are character, actions, goals, honesty, power, and values.

*Character* is something that is developed. A leader who has character sets a moral and ethical code and through integrity lives according to that code. They lead by example. When practiced over time, good values become habitual and a part of the leader. By telling the truth, leaders become truthful. By being fair to others, leaders become just. In other words, the character of a leader is derived from the actions depicted. An example of a leader with strong character is Nobel Peace Prize winner Nelson Mandela. Mandela was a deeply

moral man who fought for what he believed was right. He was unyielding in his pursuit of justice and equality for all. He refused an offer to be released from prison to denounce his viewpoint. He chose to remain incarcerated than to compromise his position. Mandela clearly illustrates that character is an essential component of ethical leadership.

*Actions* refer to the ways a leader goes about accomplishing goals. Since the public sector focuses on public interest, ethical actions of leadership are critical to maintain the best interests of the public. A leader can act in different ways to accomplish goals, and each of these actions has ethical implications. An example of ethical implications for taking the wrong actions can be found in the many bribery cases undertaken by public figures. Such examples include New York State Senator Carl Kruger who was caught taking bribes to keep Walmart out of New York City, along with seven other people in 2011. He was accused of taking $1 million in bribes in return for supporting legislation and asking for favors for those who paid. He was sentenced to 7 years in prison. Another example was Moreno Valley City Councilman Marcelo Co who was caught on tape taking $2.26 million bribe from an undercover FBI agent. He pled guilty to bribery and tax fraud. Final example on bribery was Representative William Jefferson in 2005 who was videotaped accepting $100k from an FBI informant. He was indicted on 16 felony charges and received 13 years in jail, the longest sentence for bribery. There are many more examples. These public figures used the wrong actions to accomplish their platform. These actions have caused many to have very little trust in our public leaders.

*Goals* are desired results or possible outcomes that a person or a system envisions, plans, and commits to achieve. Goals that a leader establishes or the way that the leader uses goals to influence others says a lot about the leader's ethics. Identifying and pursuing just and worthy goals are one of the most important steps an ethical leader will undertake. A good example of a positive goal would be that of Mother Teresa. Her goal was to help the poor and disenfranchised. In similar fashion, Habitat for Humanity's goal was to build houses for the disadvantaged. In choosing goals, an ethical leader must assess the relative value and worth of his or her goals. In the public arena, it is very important for the leader to take into account the interests of the community and larger culture in which he or she works.

*Honesty* is a quality that most people look for from their leaders. Honesty deals with telling the truth but it is not just about telling the truth. It also has to do with being open with others and representing reality as fully as possible. A survey was given by a *Fortune*/Morning Consult poll that asked the question "what do citizens look for in political leaders?" This question was asked to 2071 registered voters who were instructed to pick two out of a list of qualities that they deemed most important in a good leader. The list consisted of a number of traits such as confidence, creativity, wealth, and whether a leader was admired by all. Based on the survey, two leadership qualities stood out among the rest: honesty and integrity.

Honesty in public leaders is regarded as very important because leaders that display dishonesty can lead to other negative actions.

*Power* is the ability to influence the behavior of others with or without resistance by using a variety of tactics to prompt action. Leaders can use power to benefit others or constrain them, to serve the organization's goals, or to undermine them. Great leaders have the following in common; they have a vision to accomplish large-scale ideas that they dream of accomplishing, and they have the personal power to enact it (Gibson et al. 2012). For example, the late Steve Jobs of Apple Computer and President Barak Obama had strong visions of the future. They were able to transform their visions into reality, because they had acquired and used the necessary power to do so. Great leaders make things happen by utilizing personal power (Pfeffer 2011). Many of Steve Jobs workers in the workplace described his strongest tactics in the workplace for getting the job done was his inspirational appeal. The inspirational appeal is mainly to have the ability to propose tasks from employees using tactics that are designed to increase the workers' enthusiasm and appeal (PSU WC, L7). Job's ability to push his workers beyond their limits came from his ability

to make them believe they can do extraordinary work in a short period of time which many deemed to be impossible; this was called Jobs' reality distortion field (Issacson 2012, Pg 4). President Obama was good at using his power to move his agenda forward from a leadership perspective. That is the acid test of leaders: getting things done. Obama's healthcare reform has been cemented by the Supreme Court. Gay marriage is legal in every state. The United States is less dependent on foreign oil than it was when he became president.

*Values* are the guiding principles of our lives. A leader who leads by example is displaying values. If the organization's leadership has a code of conduct and ethical expectations, they become an organization joke if the leaders fail to live up to their published code. Leaders that exhibit ethical behavior powerfully influence the actions of others. Leaders should choose the values and the ethics that are most important to them, the values and ethics that they believe in and that define their character. Then leaders should live them visibly every day at work. Living your values is one of the most powerful tools available to you to help you lead and influence others.

## Political Ethics

Political ethics (sometimes called political morality or public ethics) is the practice of making moral judgments about political action and the study of that practice. As a field of study, it is divided into two branches, each with distinctive problems and with different though overlapping literatures. One branch, the ethics of process (or the ethics of office), focuses on public officials and the methods they use. The other branch, the ethics of policy (or ethics and public policy), concentrates on judgments about policies and laws (International Encyclopedia of Ethics).

*The ethics of process* was first acknowledged by Italian Niccolo Machiavelli. Machiavelli believed that a political leader may be required to commit acts that would be wrong if done by the private. This idea by Machiavelli seems to have given political leaders the right to conduct themselves unethically in many situations. Theft by political leaders is very prevalent. This includes stealing everything from land and buildings, to vehicles and aircraft, and to office equipment and furniture. One of the more serious but subtle acts of theft by public officials is theft of public property. Such theft can range from taking home supplies to stealing millions of dollars from the public purse. Fraud is one of the most common, and costly, forms of theft by public officials. This type of theft is done by deception and trickery. Fraud occurs when an individual deliberately deceives others in order to unjustly gain money, property, or services. In the past decade, there have been so many cases of theft and fraud which has really caused citizens to not trust political leaders. Just in New Orleans alone, there have been more than 20 cases of theft and fraud in the past 3 years where the public official was convicted. One such case is the executive director of New Orleans Affordable Homeownership, a quasi-city agency that steered public money to pay for repairs to storm-damaged homes, including hundreds of thousands paid out for work that was never done and thousands more that was paid back to executive director as bribes. Another case involved New Orleans 60th mayor who was prosecuted for fraud and bribery. There's a publication named "The Louisiana Politicians Hall of Shame." When public officials do wrong, the whole community suffers. Machiavelli theory has proven ineffective. Other types of unethical behavior by public officials include improper use of government property, influence peddling, conflict of interest, self-dealing, divulging confidential information, and immoral conduct.

*The ethics of policy* in political ethics asks what conclusion should be adopted as policy and coercively enforced as law when citizens reasonably disagree about the values at stake or when they sbelong to different communities and nations. Some policies included are social policies, religious policies, medical policies, and political policies. Most religions have an ethical component, often derived from purported supernatural revelation or guidance. The meaning of social ethics is a set of rules or guidelines, based around ethical choices and values that society adheres to. Many of these rules are often unspoken and instead

expected to be followed. Medical ethics is a system of moral principles that apply values and judgments to the practice of medicine.

## Conclusion

The actions of leaders are important in promoting good conduct and fostering an ethical culture. Ethics is a key component of good governance (Perry et al. 2014) and has significant potential to affect public trust in all forms of government (Joyce 2014). Government officials serve the people and manage the resources of others. The public expects public officials to practice fairness and equality when conducting daily activities. The United States office of government ethics was initiated by the Ethics in Government Act of 1978 to provide leadership and policy direction for an ethics program in the executive branch of government. Many lives are affected either positively or negatively everyday by the actions of public officials. The concept of Niccolo Machiavelli of how a public official should act to maintain control and power conflicts with the underlying principle of being a steward to the general public. As such, this treatise is a springboard for ethical issues in modern times. Paul Douglas argues that ethical practices are needed because our government is now so huge and affects our lives so directly that we cannot be content with merely a moderately decent level of behavior on the part of our public officials. For even a small percentage of misbehavior on the part of these public officials can do a vast amount of harm.

## References

American Society of Public Administration (ASPA) (2012) Code of ethics

Ciulla JB (2002) The ethics of leadership, 1st edn. Wadsworth Publishing

Gibson ID, Konopaske (2012) Organization, behavior, structure and processes, 14th edn. McGraw Hill, New York

Issacson W (2012) The real leadership lessons of Steve Jobs. Harv Bus Rev 90(4):92–100, 102, 146

Joyce P (2014) The culture of ethics that the public sector needs. Governing. http://www.governing.com/columns/smart-mgmt/col-culture-ethics-public-sector-needs.html

Kinchin N (2007) More than writing on a wall: evaluating the role that code of ethics play in securing accountability of public sector decision-makers. Aust J Public Adm 66(1):112–120

Northouse PG (2010) Leadership: theory and practice, 5th edn. Sage, Los Angeles

Perry JL, de Graaf G, Van der Wal Z, van Montfort C (2014) Returning to our roots: good government ethos. Public Adm Rev 75(2):186–187

Pfeffer J (2011) Power: why some people have it-and others don't. HarperCollins, New York

Wiley Online Library (2016) What determines ethical behavior in public organizations: is it rules or leadership? Wiley Online Library 76(6):898–909

E

# Ethics Measures

Wally Siewert
University of Missouri-St. Louis, St. Louis, MO, USA

## Synonyms

Ethical; Ethical environment; Ethics; Ethics codes; Ethics policy; Ethics program; Ethics training; Moral; Morality

## Definition

Ethics measures are the programs and policies put in place intended to improve and protect the ethical environment in a public institution or agency.

## Introduction

Creating a positive ethical environment in public institutions and agencies involves a host of complicated factors. Among them are ethical leadership and management, institutional focus on ethical values, robust and enforced ethical dimensions to hiring and advancement decisions, institutional and agency response patterns to reports of

ethical violations, and a host of other interpersonal and institutional factors often difficult to define. However, specific measures enacted to achieve this goal in public agencies have primarily been comprised of two categories: ethics codes and ethics training. These can come along with some less widespread measures such as reporting hotlines, ethics audits, and the designation of compliance officers or ombudsmen. These last measures have not been studied independently of the first two, and have primarily been studied as elements in a wider measure of "ethics environments," for instance, in the National Governmental Ethics Survey (Harned et al. 2007). This article will focus primarily on the first two, most common, measures.

As ethics codes and ethics training have become a core element of government reform around the country (Berman et al. 1994; Kaptein and Avelino 2005; Feldheim and Wang 2004) a host of questions arise for those interested in the functioning of public institutions. How widespread are such measures? What is the content of ethics codes and training? And what should it be? What kinds of training methods are being used? And what are the most effective? What is the impact of these measures and what metrics should be used to evaluate them? Can they significantly improve the ethical environment? Can they modify behavior or institutional culture? Can they reduce ethical violations? How do they work together or independently? What factors influence the amount of impact they have? A significant body of research seeking to address these kinds of questions has been focused on the private sector, corporate, and organizational ethics. However, an independent focus on ethics measures in the public sphere is beginning to emerge (Van Montfort et al. 2013).

This independent focus is crucial because the public and private sectors diverge in multiple ways that are fundamental to the ethical functioning of individuals within those spheres. We can begin with the normative dimensions elucidated in political theory as specific to the public sphere: the public agencies' claims on the legitimate monopoly on the use of justified coercion, the use of this coercion to regulate citizens' most fundamental ethical beliefs about the nature of the good life (one's personal politics), a public mandate to represent all-encompassing public interests as opposed to the mandate in the private sector only to represent limited private interests, the limited versus almost limitless pervasive impact on constituents' lives, and, finally, the voluntary membership in private enterprises (as employee, customer, owner, stockholder, etc.) versus the involuntary membership that citizenship represents for all natural born citizens (Rawls 1971). Further, the public sector diverges from the private sector on a number of significant organizational and cultural dimensions. These differences can be found in market exposure, a distinct set of legal and formal constraints, oversight by the public, political influences, etc. (Boston et al. 1996).

The purpose of this entry is to provide an overview of relevant research in the area of ethics measures and their impact in the public sphere. The overview will begin with basic information about implementation rates for ethics codes and training at different levels and in different settings in the public sphere. From there the discussion will move on to the varying content of these ethics measures. Finally the discussion will center on what is known and (perhaps more importantly) what is not known about their impact.

## Implementation Rates

Adoption rates for ethics measures in the public sphere vary widely. Let begin with ethics codes. The Ethics Resource Center's National Governmental Ethics Survey (NGES) (Harned et al. 2007) found that 98% of federal government employees identified their agency as having a "Code of Conduct." A nationwide survey of ethics codes at the state level found that almost all states had an ethics code (Blake et al. 1998). Many even have "separate codes and systems of implementation for the executive, legislative, and judicial branches," but this is a relatively recent development, with most states having implemented ethics codes within the last few decades (Lewis and Gilman 2005, citing Freel 2003). While

ubiquitous, these state ethics codes were generally limited in their content (Blake et al. 1998).

At the municipal level, where such measures have received the most attention, a survey conducted in 2002 by West and Berman (2004) found that, of cities with a population over 50,000, approx. 7 of 10 cities had a code of ethics. Feldheim and Wang (2004), surveying the same universe in early 2000, found essentially the same result. No nationwide sampling of smaller municipalities is available. However, the Missouri Municipal Ethics Survey (Siewert and Udani 2016) found that, in the state of Missouri, adoption of ethics codes varied between municipalities of various sizes. While the smallest municipalities (pop <1000) reported a just over 50% ethics code adoption rate, it was municipalities with a population between 1001 and 5000 that reported the highest adoption rate, at 70%. Municipalities with populations between 5001 and 10,000 reported a nearly two-thirds adoption rate. The largest municipalities in this study (10,000 < population < 100,000) reported a 62% adoption rate. The data disconfirmed a hypothesis that among these small- and medium-sized municipalities, larger municipalities are more likely to have adopted an ethics code. Anecdotal evidence suggests that contingent circumstances, like a history of public ethics scandal(s), swamp any correlation between ethics code adoption rates and population size below the pop. 100,000 level.

Ethics training, as opposed to ethics codes, is both more impactful and less widespread (Siewert and Udani 2016). It is also more difficult to pinpoint implementation rates because many different kinds of training (leadership, teamwork, etc.) might be either called ethics training, though it fails to address many basic concepts, or be implemented under some other moniker while addressing many of the basic ethical concepts. Working with specific definitions of "ethics training," several studies have sought to work past this problem. Beginning again at the federal level, the NGES (Harned et al. 2007) found that 96% of federal employees reported ethics training within their agency. There is no data available regarding the implementation of ethics training in public agencies at the state level.

Ethics training in US cities was the central focus of the West and Berman study (2004) of cities with a population of over 50,000. They begin with a very general definition of ethics training as "activities that increase participants' knowledge of the standards of conduct within an organization [and] deal with what is right and wrong, giving both guidelines and specific examples for identifying and addressing issues of ethical concern." On this definition almost two-thirds of respondents claimed to have had training that met the definition, although less than 37% said it was actually called ethics training. This training was mandatory for all managers in half of the responding cities. Feldheim and Wang (2004), again, surveying the same universe 2 years earlier, found that only 32% of respondents agreed that "we regularly conduct workshops in which ethics are discussed." This is a different question. Since it does not offer any kind of definition of ethics training and merely asks whether ethics was discussed in a workshop setting, one might expect a higher number than in the West and Berman study. However including the frequency modifier "regularly" changes the picture significantly. Feldheim and Wang found that ethics training was mandatory for all managers in only 28% of cities over 50,000.

At the smaller municipal level the Missouri Municipal Ethics Survey (Siewert and Udani 2016) asked respondents to report whether there was "no emphasis, little emphasis, some emphasis, or strong emphasis" on ethics training in their municipality. They found that municipalities of less than 1000 and municipalities of more than 10,000 provided "some emphasis" or "strong emphasis" approximately 20% and 15% of the time, respectively. However, for municipalities in the 1001–5000 and the 5001–10,000 categories, these responses only accounted for less than 10% of responses.

In summary then, while ethics codes and training are almost universal at the federal level and ethics codes are similarly widespread at the highest state levels, information on ethics training implementation at the state level is entirely lacking. At the local level, different implementation rates are found at different population levels

ranging between 30% and 70% for both codes and training.

## Content of Codes and Training

As was pointed out above, the specification of what kind of content a set of regulations or guidelines must have in order to be considered an ethics code, or what content a training regimen must have to constitute specifically ethics training, is still an open question. Some studies rely on respondent's intuitive definitions, while others provide a definition. These two methods have resulted in widely varying reported levels of implementation (West and Berman 2004). However, there are some general guidelines regarding content for both ethics codes and ethics training. There are two broad types of content. These have been termed "high road" or "aspirational" and "low road" or "compliance" models of ethics codes and training (Menzel 2007; Lewis 1991; Hejka-Ekins 1988; Lewis and Gilman 2005). Another approach is a focus on ethical decision-making in particular (Cooper 2012).

The most common model on which both ethics codes and ethics training are built is the "low road" or "compliance" model. This model is primarily focused on providing clarity on minimal legal and regulatory thresholds for ethical behavior (Lewis 1991). The compliance model is premised on the idea that at the very least, public servants should not violate laws and regulations when it comes to a variety of common areas of ethical difficulty including nepotism laws, open records laws, disclosure and campaign finance laws, conflict of interest statutes and regulations, etc.

The compliance model of ethical conduct explicitly delineates the legal and regulatory lines of any particular political agency in order to establish clarity on where the legal and regulatory limits to behavior are. As such, the compliance model sets a minimum with respect to ethical behavior. It establishes a basement level beyond which behavior in the public sphere may not fall. For example, compliance training might include information about how closely related a person must be in order for nepotism laws to apply. Is the local ordinance 3 or 4 degree of separation? Is there a clear local ordinance? Further specified will be the conditions under which a conflict of interest is defined to exist. Does a decision regarding the zoning laws of a business a public official has a 10% ownership share require that public official to recuse herself from the decision-making procedure? What if a public official's spouse has that share or perhaps the spouse has a 50% share? Where do local laws draw the line in terms of conflicts of interest? Other legal thresholds that a compliance focus in ethics codes and training seek to clarify include (but are not limited to) when a particular communication or document subject to the state and local open records laws and what the local requirements for campaign finance limits and/or reporting are.

As a result of its legal and regulatory focus, and the necessarily varying nature of such training given local laws and regulations, compliance content of ethics training is often done by lawyers, and compliance content in codes of ethics are often drafted by lawyers. Some research has shown a possible negative impact of such a compliance-only focus. By limiting the label of unethical to those behaviors that clearly violate laws and statutes, such an emphasis can lead to oversimplification of ethical values to the idea that anything that is not against the law is ethical (Menzel 2007). It might also spur an unproductive attention to trivial details (Rohr 1989).

While compliance training and codes are an important element of ethical behavior, it is important to remember that such content for ethics codes and training only sets a basement level below which a public official may not fall. The idea is that, all other things equal, any public official, whether elected appointed or employed, should not violate local laws and regulations. Compliance training and codes give examples of what not to do. On the other hand, the "high road" or "aspirational" model of ethics training and codes does the opposite. It sets ideal standards that an official is supposed to aspire to. It delineates the highest ethics goals, instead of the lowest ethically acceptable minimums.

Aspirational content for ethics training and ethics codes focuses not on specific limits to behavior but values and ideals toward which behavior should aspire. Such content attempts something like character education. It advances ideas like moral responsibility and moral autonomy (Hejka-Ekins 1988). An excellent example of an aspirational ethics code can be found in the "Seven Principles of Public Life" produced by the British Committee on Standards in Public Life in Great Britain. The seven aspirational goals focus on selflessness, integrity, objectivity, accountability, openness, honesty, and leadership (Lewis and Gilman 2005). Other contemporary examples include the American Society for Public Administration ethics code which includes focuses on integrity, excellence, and the public interest, as well as the International City Manager's Association (ICMA) code of ethics.

It is important to note that few codes are exclusively comprised of aspirational or compliance language. Usually there is a mixture, and the question is what the primary emphasis is. For example, the ICMA code first sets the aspirational goal that members are not "undermine public confidence in professional administrators" and then sets some specific compliance limits to the behavior of member city managers. It prohibits city managers from participating in "political activities to support the candidacy of individuals running for any city, county, special district, school, state, or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office."

Although there is no data on this, presumably the same is true of ethics training; it is usually comprised of content that is both compliance based and aspirational. It is certainly true that any set of codes and training modules that aims to be comprehensive in any sense must include both aspirational and compliance language. Public officials must know both what they are disallowed from doing and what kinds of behavior are seen as ideal (Lewis and Gilman 2005).

Finally, it is important to note that, especially with respect to ethics training, there are many dimensions along which such activities may vary aside from its content. Van Montfort et al. (2013) discuss a variety of ways in which the characteristics of the training program itself may vary. Training can be either mandatory or voluntary. It might be mandatory for some and voluntary for others. Who is doing the training can make a big difference, whether it is someone from inside the organization doing the training or someone from the outside. How open to discussion and examples from the participants is a training session? Are there follow-up meetings? What is the duration and intensity of the program? What is the size of the participant group? These variables themselves operate within a wider context of the organization itself. The characteristics of these organizational contexts may be conducive to productive discussions or they may not be. Further, each session, and the context in which it takes place, may be conditional upon the characteristics of the particular group of participants in the room.

## Impact

Ethics training and ethics codes are intended to create a better ethical environment. To what degree do they succeed? This question can be difficult to answer. The first problem is that there is a relatively little data available specifically linking ethics measures and ethical outcomes. A significant problem is the lack of broadly agreed upon definitions of the variables in question (Maesshalck and De Schrijver 2015). This article has already covered some of the issues with defining the independent variable of what exactly counts as an ethics code, and ethics training in particular is a slippery category. A much more significant problem comes to light when a definition of the dependent variable is sought. How exactly should the impact of ethics measures be evaluated?

At the top of the list of impacts should be the idea that ethics measures reduce the instances of unethical behavior. However, there are a very limited set of studies that attempt to measure such an impact. Perhaps the most comprehensive is the National Government Ethics Survey

administered by the Ethics Resource Center. The NGES makes very strong claims on behalf of not only ethics and compliance measures in particular but also a "strong ethical culture." A combination of these elements is claimed to reduce misconduct by 60% (Harned et al. 2007). However, these strong claims are suspect in light of several assumptions the NGES makes in its methods (Siewert and Udani 2016).

Overall, if the impact of ethics measures is to be assessed by measuring their effects in terms of reducing unethical behavior, the most difficult issue is the lack of any rigorous set of definitions, or any validated typology, of unethical behavior. What counts as an ethical infraction? Ethical infractions present in an almost limitless variety. They can be onetime actions by an individual. They might build up over time as a result of the non-coordinated actions of a group of people, or they might be anything in between these two possibilities. They can be intended as violations, or they can be unintended. They can be the result of malice or simply negligence. They can be merely accidental. The level of seriousness can vary from laughable to felonious. They can be tempered/exacerbated by context. Prima facie violations may be blameless all things considered. These complicated possibilities are particularly relevant in public institutions where the obligations engendered by positions held, and responsibilities created by the public trust, are superimposed on personal duties, obligations, and permissions (Siewert and Udani 2016).

Lasthuizen et al. (2011) have done significant work to attempt to address these concerns regarding the endless variety of ethical infractions. In addressing the overwhelming focus on corruption Lasthuizen et al. develop a validated typology of ethical infractions beyond outright corruption. This typology is meant to include all kinds of behavior normatively relevant to the organization both internally and externally. It captures behaviors in violation of both written and unwritten organizational norms, as well as violations of external laws and social norms. This typology is intended to avoid "oversimplification, over-generalization, and/or immediate condemnation" (Lasthuizen et al. 2011, 387) in the extant literature where generally infraction types are not distinguished in any rigorous manner.

Lasthuizen et al. developed a questionnaire with 64 categories of ethical infractions that drew on prior work by Hubert (1998) with police in the Netherlands. In each category the respondent was asked about the frequency with which they observed these infractions as well as their moral judgment with respect to such violations, thus measuring the moral opprobrium attached to each category of violation. They then used multiple step principal component factor analysis to derive ten families of infraction types that vary along frequency and moral judgment dimensions.

The Missouri Municipal Ethics Survey was the first survey of the impact of ethics measures to use this typology in order to correlate infraction rates with the implementation rates of ethics measures in those municipalities (Siewert and Udani 2016). This survey tested four hypotheses: whether infraction observation rates will be correlated to municipal size (partially confirmed for the categories of carelessness and manipulation of confidential information and the acceptance of improper gifts and favors), whether larger municipalities are more likely to have implemented ethics measures (disconfirmed), whether the implementation of ethics codes will have a negative correlation to observed infraction rates (disconfirmed), and whether the implementation of ethics training will have a negative correlation with observed infraction rates (partially confirmed for the categories of carelessness with confidential information and indecent treatment of colleagues, customers, or citizens).

One important outcome of this survey is that the impact of ethics training was most pronounced on those categories of violations that were most common. Carelessness and misuse of confidential information, as well as indecent treatment of others (along with the related category of hostile work environments), and the improper acceptance of gifts and favors were by far the most reported kinds of infractions. Therefore while the impact of ethics measure may be limited, they are impactful in the categories with the most frequent rates of violation. This should help to guide the content of such measures toward areas where their impact can be maximized, especially given the limited time and resources most agencies can devote to such activities.

Overall, while an ethics code is not sufficient in and of itself at the municipal level to impact infraction rates, the implementation of codes in municipalities is closely correlated with a higher likelihood of the implementation of ethics training in the same municipalities. Therefore, both together are important tools in addressing the rate of ethical infractions at the municipal level. No data correlating ethics codes and training with the rate of ethical infractions exists at the state or federal levels.

Aside from directly linking ethics measures with reduced ethics infraction rates, a wide variety of empirical studies of ethical states of affairs in the public sphere have focused on a plethora of factors. Siewert and Udani (2016) provide a partial list. Menzel (2007) surveyed of large metropolitan cities and counties regarding the implementation of ethics management programs. Bowman et al. (Bowman 1990; Bowman and Williams 1997; Bowman and Knox 2008) have studied ethical attitudes and environments nationally. Schmidt and Posner (1986) have studied public practitioner's values and expectations with regard to ethics. Feldheim and Wang (2004) seek the connection between ethical practices and levels of public trust. Berman et al. (1994) compare the public and private sphere on organizational ethical dimensions. Kaptein et al. (2005) and Giacalone et al. (2003) discuss the important subject of measuring and survey methodology with respect to ethical issues. Waring (2004) explores correlations between ethical climates and damage claims and complaints against the municipality as well as injury and sick leave. Finally Menzel (1993) examines correlations between an ethical climate and organizational performance. Whichever set of metrics may turn out to be the most important ones for evaluating the nature and impact of ethics measures, there is much work left to be done.

## Cross-References


- ▶ Ethical Leadership
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics and Duty
- ▶ Ethics and Organizational Culture
- ▶ Ethics Exemplars
- ▶ Ethics Training


## References


American society of public administration code of ethics. Online: http://www.main.org/aspa/code.htm. Accessed 4 Aug 2016

Berman E, West J, Cava A (1994) Ethics management in municipal governments and large firms: exploring similarities and differences. Adm Soc 26(2):185–203

Blake R, Grob JA, Potenski DH, Reed P, Walsh P (1998) The nature and scope of state government ethics codes. Public Prod Manag Rev 21(4):453

Boston J, Martin J, Pallot J, Walsh P (1996) Public management: the New Zealand model. Oxford University Press, Auckland

Bowman J (1990) Ethics in government: a national survey of public administrators. Public Adm Rev 50(3):345

Bowman J, Knox CC (2008) Ethics in government: no matter how long and dark the night. Public Adm Rev 68(4):627–639

Bowman J, Williams RL (1997) Ethics in government: from a winter of despair to a spring of hope. Public Adm Rev 57(6):517

Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role, 6th edn. Wiley, San Francisco

Feldheim MA, Wang X (2004) Ethics and public trust: results from a national survey. Public Integr 6(1):63–75

Freel D (2003) Ethics update-2003. Paper presented at council of governmental ethics laws conference, Austin, 21 Sept 2003

Giacalone RA, Jurkiewicz CL, Knouse SB (2003) Exit surveys as assessments of organizational ethicality. Public Pers Manag 32(3):397–410

Harned P, Hajiyev E, Hartz MJ, Kelley C, Lang K, Miller Gabriel R (2007) National government ethics survey. Ethics Resource Center, Arlington. http://www.whistleblowers.org/storage/documents/ethicsresourcecentersuvery.pdf. (sic) Accessed 11 Sept 2016

Hejka-Ekins A (1988) Teaching ethics in public administration. Public Adm Rev 48(5):885

Hubert LWJC (1998) Blinde Vlekken in de Politiepraktijk en de Politieweteschap [Blind spots in police practice and police science]. Gouda Quint, Deventer

International city managers association code of ethics. Online: http://icma.org/en/icma/knowledge_network/documents/kn/Document/100265/ICMA_Code_of_Ethics_with_Guidelines. Accessed 4 Aug 2016

Kaptein M, Avelino S (2005) Measuring corporate integrity: a survey-based approach. Corp Gov Int J Bus Soc Corp Gov 5(1):45–54

Kaptein M, Huberts L, Avelino S, Lasthuizen K (2005) Demonstrating ethical leadership by measuring ethics. Public Integr 7(4):299–311


E

Lasthuizen K, Huberts L, Heres L (2011) How to measure integrity violations. Public Manag Rev 13(3):383–408
Lewis C (1991) The ethics challenge in public service: a problem solving guide, 2nd edn. Jossey-Bass, San Francisco
Lewis C, Gilman S (2005) The ethics challenge in public service: a problem-solving guide, 2nd edn. Jossey-Bass, San Francisco
Maesshalck J, De Schrijver A (2015) Researching and improving the effectiveness of ethics training. In: Lawton A, van der Wal Z, Huberts L (eds) Ethics in public policy and management: a global research companion. Routledge, New York, pp 298–212
Menzel DC (1993) The ethics factor in local government: an empirical analysis. In: George Frederickson H (ed) Ethics and public administration. M.E, Sharpe, Armonk, pp 191–204
Menzel DC (2007) Ethics management for public administrators: building organizations of integrity. M.E. Sharpe, Armonk
Montfort AV, Beck L, Twijnstra A (2013) Can integrity be taught in public organizations? Public Integr 15(2): 117–132
Rawls J (1971) A theory of justice. Belknap Press of Harvard University Press, Cambridge, MA
Rohr JA (1989) Ethics for bureaucrats: an essay on law and values, 2nd edn. M. Dekker, New York
Schmidt WH, Posner BZ (1986) Values and expectations of federal service executives. Public Adm Rev 46(5):447
Siewert W, Udani A (2016) Missouri municipal ethics survey: do ethics measures work at the local level? Public Integr 18(3):269–289
Van Montfort A, Beck L, Twijnstra A (2013) Can integrity be taught in public organizations? The effectiveness of integrity-training programs for municipal officials. Public Integr 15(2):117–132
Waring CG (2004) Measuring ethical climate risk. Intern Audit 61:71–75
West JP, Berman EM (2004) Ethics training in U.S. cities: content, pedagogy, and impact. Public Integr 6(3): 189–206

# Ethics of Compromise

Carrie Carrie Menkel-Meadow
University of California, Irvine, Irvine, CA, USA
LAW, Georgetown University Law Center, Washington, DC, USA

*"The art of compromise,*
*Hold your nose and close your eyes."*
*"The Room Where It Happens" (lyrics from* Hamilton: The Musical*)*
*–lyrics, book and music by Lin-Manuel Miranda, 2015*

*"The compromise process is a conscious process in which there is a degree of moral acknowledgement of the other party."*
The Nature of Compromise *at 16, Martin Golding, 1979*

*"You can't always get what you want, but if you try sometimes,*
*you get what you need."*
You Can't Always Get What You Want*,* The *Rolling Stones,* Let It Bleed*, 1969*

*"All government – indeed every human benefit and enjoyment, every virtue and every prudent act – is founded on compromise and barter."*
*Edmund Burke (1775)*

## Synonyms

Dispute resolution; Ethical decision-making; Justice; Humanism; Legislation; Moral principles; Negotiation; Political decision-making; Pragmatism; Responsibility

## Introduction: The Meanings and Measures of Compromise

Why does compromise in law, politics, and philosophy have such a bad name, when in family and relationship settings we are told that compromise is a good thing? Compromise is a concept with different and often conflicting definitions and value valences in different settings. For those in philosophy and politics, compromise connotes a "giving up" of pure principle and commitment to rights and truth, demonstrating weakness or lack of integrity (Benjamin 1990; Luban 1985). In contrast, in relationships we are told to compromise to consider the needs and interests of "the other." We "give up" something to someone else because we value something beyond the particular issue or dispute we are having about something, such as the relationship itself or an agreement, policy, or decision. The "ethics" of compromise requires a consideration of when it is "good" (right, correct, just, or fair) to compromise and when it might be "wrong" to compromise (Margalit 2010; Mnookin 2010). *Different contexts* clearly produce different assessments of the ethics of compromise.

Compromise as a concept assumes that one is "conceding" something to someone else, usually in order to achieve some goal – any agreement (e.g., contract, treaty, legislation, policy, or decision of more than one person), or simply to end a conflict or dispute – a "peace agreement," perhaps to preserve a relationship or to avert or end conflict. It has come to connote a relinquishment of something that is short of what one really believes in or values. *Principles* are philosophically "higher" and more valued than pragmatic decisions to forego something of value in order to agree to accomplish something else. Compromise is achieved when parties concede something to each other, either mutually and reciprocally or unilaterally or unequally. Compromises may or may not be symmetrical or equal in what is foregone, given up or traded, resulting in ethical concerns about power imbalances in the process that usually governs how compromises are made – through negotiation (Menkel-Meadow et al. 2013).

It is not a "compromise" when parties in conflict arrive at an agreement that meets their needs, either through a new or creative solution to their conflict or by a fairly agreed to negotiation and allocation of their interests (Menkel-Meadow 1984). Sometimes agreements are reached that are contingent, to be revisited when facts or conditions change, or when an agreed to process is used to resolve future conflicts. These situations also are not "compromises" strictly speaking, because parties may gain from engaging in the negotiation process and come to a new understanding of what their interests are, as well as recognizing the value of reaching a jointly achieved agreement, as contrasted with reaching no agreement at all by insisting on their claimed principles (usually an *impasse* when "true" principles conflict or the res being negotiated is scarce and cannot be shared or divided, Susskind and Cruikshank 1989).

Some political scientists (Gutmann and Thompson 2010, 2014), philosophers (Kuflik 1979; Golding 1979; Benjamin 1990; Margalit 2010), and negotiation theorists (Menkel-Meadow 2006, 2010, 2011) have argued that instead compromise should be valued as both intrinsically and pragmatically justified because it allows agreements to be made, actions to be taken, and decisions to be made, when not agreeing might be worse than making an agreement which is a compromise. Further, compromise may be morally valuable because it actually demonstrates respect for and recognition of other human beings' needs, interests, and humanity (Golding 1979; Cohen 2001). Successful politicians (practical people) have long lauded the use of compromise to get things done, from Machiavelli (1532, 1961) who suggested that leaders were required to compromise their own principles in order to govern the many, whose principles might differ from their own, to most recently, President Obama who has urged even dedicated social and legal reformers to "listen" and sit down with the other side, as Martin Luther King, Jr. did with President Lyndon Johnson, in order to produce the United States Civil Rights Act of 1964 (Obama 2016; Shapiro 2013).

For some, compromise is not possible or is unethical or immoral when the interests or conflicts among or between people are not equally *legitimate* (Margalit 2010; Benjamin 1990). Thus, efforts to "balance" or equate that which is incommensurable in order to reach agreements is not an ethical compromise. Compromises that result in great harm, cruelty, or inhumane consequences (consider Chamberlain's concessions to Hitler at Munich) are evaluated after the fact as being wrong, but may have been considered instrumentally expedient at the time they were made (Margalit 2010). Thus, evaluating the ethics of compromise contains a *temporally* complex element of assessment at the time of reaching the compromise or when its effects and consequences can be measured later.

Compromise includes both the *processes* by which agreements are reached, such as negotiation, mediation, and even arbitration and adjudication, as well as the *substantive agreement* itself. Consider King Solomon's story of potentially "splitting the baby" with two mothers claiming maternity – to split the baby in two would clearly harm the baby and be a terrible outcome, but King Solomon's process of announcing his intention to do so allowed the true mother to emerge (she who

would not allow her child to be split in two) – was this an arbitration or a very clever mediation? The threat of a commanded "compromise" verdict produced a life-saving "concession" and produced the "true" and just result.

Recently, and very unusually, the United States Supreme Court refused to decide an important and contested matter and returned a case to the lower courts for the parties to seek an "accommodation" of conflicting interests (religious employer insurance benefits of employee reproductive (contraception) health benefits under the American Affordable Health Care Act, *Zubik vs. Burwell* 2016). If the parties do not agree here (and elsewhere) it is also possible that a "compromise" ruling can occur by a *command decision* or a court or other decision-maker. Consider the parent who cuts a piece of cake in two and orders two children to share it (a classic "split the difference" solution of a dispute about a contested item, Brams 1996), or a court that allocates property, money, or personal rights in a shared, not binary, manner (as in divorce and joint child custody decisions). Thus, the ethics of compromise concerns itself with both *how we make agreements* with others and then, *what we actually agree to – processual*, as well as *substantive* ethical assessments.

This entry reviews the arguments made about when compromise is potentially ethically questionable, but also when compromise is ethically superior to no agreement at all.

## What Is Unethical About Compromise?

The classic ethical objection to compromise is that it is a foregoing of principle – that which is philosophically, politically, morally, or personally "right" and "true." We say that one should not compromise one's principles, those things we believe in, because it is those moral and political beliefs that are constitutive of who "we" (nation, organization, group, team, or person) are – how we define ourselves and our "reasoned" *integrity.* Thus, Chamberlain should not have conceded sovereignty of portions of Czechoslovakia (the "Sudentland") to Hitler in the hope of preventing war, Alexander Hamilton should not have offered to move the first US capital away from his home of New York, the Constitutional framers should never have allowed slavery to continue when drafting the first US Constitution (Levinson 2011) in order "to form and preserve the American union," and Republicans (in the US) should never agree to tax increases (believing as party principle that taxes should be low and government spending should be minimalist).

Under this conception of what is wrong with compromise, it is assumed that principles are "rational" (agreed to by any thinking person), morally correct, or strongly believed as a matter of self-constitution of a group or identity (values, beliefs or religious, political, moral, or emotional commitments). There are "right" and "good" conceptions of how to behave or think, and fault and "wrongness" should be assessed and condemned. In this view, there is a notion that the "good" is knowable, objective, rational, and essentially, at its core, universal. Consider the traditional conceptions of fault (wrong behavior resulting in liability) in tort law or breach of contract. The "fault lines," so to speak, are clear and must be policed to maintain order in a world, society, institution, organization, or family. Our integrity, worth, and values are what constitute us and we must be morally consistent to be true and right, both in our individual selves and in the polities, organizations, and societies in which we live. These ideas are based on *ideal* conceptions of what we should be as human beings and the groups that human beings create for their identities and self-governance.

Embedded in this conception of wrongful compromise is also a concept of "ownership" or *responsibility for agreement making*. Did Neville Chamberlain have the "authority" to concede sovereignty of a land that was not his? When agents (diplomats, legislators, lawyers) negotiate on behalf of a constituency or principal, by what legitimate authority may they compromise the rights or claims of others? (Menkel-Meadow and Wheeler 2004).

How we actually behave and assess ourselves, however, is often a different matter – thus compromise is both a *philosophical* (assessing

principled commitments) and a *sociological* (behavioral) concept, though many philosophers cling to the notion that a basic morality is or should be universal and not culturally variable, as in a Platonic or Rawlsian ideal of right-thinking, moral language, and ultimately, judgment of behavior (Mikhail 2011; Benjamin 1990).

Compromises are considered unethical on a *behavioral or process* basis when agreements are coerced, forced, or achieved through the exercise of unequal power – the "unconscionable" contract, the "victor's peace treaty" (e.g., Versailles after World War I). This, of course, assumes that in crafting agreements or decisions, the less powerful have alternatives to walk away or not make the agreement. Although it may be "unethical" or undesirable to agree to give up something under threat of force, there may be no choice in some settings, and it might be preferable to many to "live" with an "unethical compromise" than to die by principle, though we often venerate those who die for a principle, rather than compromise (e.g., Sir Thomas More refusing to swear an oath to the Church of England and Henry VIII).

Whether the more powerful party is content to live with a coerced agreement is another matter, which demonstrates that the assessment of the ethicality of a compromise or agreement is not necessarily symmetrical or universal. The assessments of the ethics of compromise, once again, are *variable, contextual*, and *not universal*, *but situational*. The ethics of compromise can be assessed from the perspectives of *all sides* to an agreement – the behavior of all parties in reaching the agreement or compromise, as well as the substantive agreement they reach, or by assessing what *each party does on its own part* to create, craft, or concede to the compromise (use of force, coercion, threat, empathy, fairness, or necessity).

## What Is Unethical About Not Compromising? Pragmatic Justifications for Compromise: To Get Something Done

It may, in fact, be unethical, immoral, or at least, ill advised not to compromise in many circumstances. As the political and practical theorist Edmund Burke (1775) has opined, most successful human interaction is the product of "compromise and barter" or the negotiated trading of interests. At the most pragmatic level, we would not have family relationships, legislations, governmental policies, any economic relations, or international treaties if we did not have a process of traded and bargained for exchanges, many of which involve one or both parties conceding something to each other for the greater benefit that the agreement or relation itself affords the parties.

In their recent plea for *more compromise* (and less polarized political principled based campaigning) in American politics, political scientists and philosophers Amy Gutmann and Dennis Thompson (2014) have argued that movement forward in political legislation and social policy is only achieved when parties of conflicting political values approach each other with *mutual respect, willingness to engage in mutual sacrifice, and a respect for the good faith values and intentions of their political opponents* (Gutmann and Thompson 2010). As relevant case studies many commentators have pointed to successful forms of legislation that were achieved by compromises of conventional political party commitments (such as the Tax Reform Act of 1986, the Civil Rights Act of 1964, and, to a much lesser extent, the Affordable Health Care Act of 2010) in which political parties "traded" such interests as deductions, tax rates, characterizations of legal liability, remedies, and choice versus mandates, with varying (and often inconsistent, less pure) subsidies and definitions of legal terms.

While attempting to provide different solutions for the public good, political legislation (derogatively called "sausage") often provides an array of incentives and disincentives for different public and private interests to participate in the greater good (e.g., generation of public revenues, health care insurance, and even the creation of new legal rights). Political legislation and public policy, with hotly contested differences of principles and ideas about how best to structure a society can only be accomplished by allowing some, if not all, contestants of principle to gain at least

some of what they want, both substantively and remedially. As President Obama recently said in a speech on listening and compromise it is better to get something and then try to improve on it in iterative negotiations, than to get nothing at all (speaking of his efforts in policing reform, as well as health care policy, Obama 2016).

## More Precise Justice

Despite the binary (and assumed to be "principled") nature of most legal actions, over the years many legal scholars have also argued that compromise or some form of less brittle (win-lose) result may actually effectuate a more "precise justice" (Coons 1963, 1980; Abramowicz 2001; Sunstein 1995; Menkel-Meadow 1984; Schatzki 1972). Legal standards and remedies of comparative negligence, *quantum meruit*, joint child custody, joint and several liability, creditor workouts in bankruptcy, and jury compromise and "mixed verdicts" are just a few examples of places where the law and legal process now recognize that "winner takes all" outcomes often do not reflect either factual or legal reality when there are equal rights on both sides (parental custody), mixed or indeterminate causation, or competing concerns between policy setting and justice (*general justice*) in individual cases (consider good faith purchasers for value who acquire title from a thief) (*specific justice*). Or, there are competing legal principles from which one might have to choose one over the other, where it might make more sense to find an accommodation between two or more equally important policy concerns, as in certainty and commitment of contracts, and impossibility of performance, equal distribution, or "equitable" or "redistributive" justice concerns. Adjudication or decisions for public policy may point in one direction, while conflict resolution for particular cases may point in another – some accommodation, compromise, or discretion to depart from rules may be necessary to effectuate justice in particular cases (Sinai and Alberstein 2015). And, we have empirical evidence that in order to reduce the risk of complete loss, "most [legal] cases settle." (Galanter and Cahill 1994).

When we have legal, policy, or scientific doubt it might make more sense to "split the epistemological difference" and craft agreements and solutions to problems that do not cut with too sharp a knife. As a form of compromise, mediated agreements now often are *contingent*, allowing revisiting agreement when conditions change or data and empirical study demonstrate consequences and actual effects of decisions made, often with the need to change commitments to accomplish particular ends (e.g., consider the use of "adaptive management" and tax subsidies, graduated incentives and penalties in some environmental disputes (Doremus et al. 2011), annuities in tort settlements, and transitional justice reforms that must take into account the past and the future, punishment and reconciliation, Menkel-Meadow 2015). Many legal problems, like bankruptcy, tort, and contract claims, now require more subtle "apportionment" of liability and redress than simple or principled "winner takes all" solutions.

Although legal policies are intended to govern for the many and contract and agreements only for those who are parties to a negotiated agreement, the tensions between what is "right" for the many (as a matter of *a priori* rule setting) and just or fair (in the actual moment of execution of duties and promises) for those in a particular situation often requires a more subtle use of discretion and flexibly crafted and enforcement of legal and governmental obligations. Thus, the ongoing tension in law between rule of law and equal treatment, with factual variation and discretion/judgment presents the need for the more tailored making and enforcement of law and rules that entails compromise as a more elastic form of human decision-making.

## Humanistic Justification

When parties are in conflict over the right and the good in general terms it is far easier to speak of unethical compromises (how can one

"compromise" on such values as "one should not kill"?) than the kinds of disputes that occur more readily in everyday life. Since even such basic principles as "thou shall not kill" have been "compromised" with justifiable exceptions, such as "except in self-defense," or when the other (fetus, animal) is not regarded as a rights-bearing entity, it is clear that more contestable principles or human needs may require some accommodation. Some moral theorists, political scientists, and negotiation scholars now have articulated an even more powerful justification for compromise – the recognition of the "other" (with whom we might differ on our conceptions of the good, Hampshire 2000) as a sentient, rights-bearing human being who should be listened to, respected, and from whom we might learn something and have our own views and, yes, principles, modified. Compromise then, may be ethically required, as a human value of empathy or recognition of the other, on both processual (listening, taking account of) and substantive (if you really care so much about that, then I will let you have some of it, if you will let me have some of what I need) grounds. Compromise has its own ethics of *reciprocity and fellow feeling*. This form of "compromise" suggests that where there are scarce resources we should learn to *share* them if we are all humans inhabiting the world of scarce resources with no clear, fair, just, or accurate way of allocating those resources, and when they are not scarce, we should engage each other in participatory and negotiated forms of consented to allocation. Compromise, as an ethical value in itself, promotes other good ethical concerns – sharing, consent, and fairness (a value sometimes in opposition to the more draconian "justice" ("just-us")).

## The Ethics of Compromise: Considerations and Issues

While many condemn the assumed "concessions" to principle made when agreements are made somewhere "in the middle," or when the weak are forced to give up to the powerful, or the minority to the majority (in conventional politics), this conception of compromise is thin and unrealistic. Agreements don't always require compromise (I like the icing, my brother likes the cake so we can cut the cake horizontally and both of us can have what we want, without the vertical, get only half, cut of a compromise solution to a conflict, Brams 1996). True communication and exploration of each party's needs and interests can explore complementary, not always conflicting, interests so that exchanges or trades or joint and creative activity can produce agreements where no one has to "give something up" in order to reach an agreement. Furthermore, in situations of repeat interactions (iterative "games" in game theory, repeat play in real politics, Baird et al. 1998) compromises may also alternate and use temporal agreements to produce multiple occasions for interaction, contingent improvement of agreements and outcomes, and opportunities for learning and revision.

Assessment of the ethics of compromise cannot be made as a universal or uniform value (*Compromis/Compromise* 2004). What is compromised (from what principles or endowments) is highly situational – depending, for example, on prewar, during war, or after war for diplomatic and political agreements, and the nature of the conflict itself (scarce resources vs. sharable resources) and the relationship of the parties to each other (personal, familial, economic, dependent, international, or one-off or ongoing). Where there is *doubt* (from a factual, legal, or moral basis) about what is "right" or "true," temporary, intermediate, or other nonfirm outcomes or agreements can resolve a dispute, allow more time for investigation, and allow the parties to proceed to action to collect data on performance and revise agreements later, as needed. Sometimes compromise is literally the *precise* or called for *just* or *fair* solution (e.g., shared custody of children, shared use of resources, allocations of scarce resources, alternating uses, multiple actions performed simultaneously, rather than one) allowing other values, like balancing of interests, resolution of ambiguity, humility, peace and contingency to trump

certainty, brittleness, and nonreviewability of outcomes.

Yes, there are "rotten compromises" (Margalit 2010) when agreements do great harm or injustice to people on one side of an agreement, and there are "devils" (Mnookin 2010) with whom we should not negotiate because we may not be able to trust them or verify their good faith in doing what they say they will do, but almost any human action, including so-called principled actions, court decisions, executive commands, or freely consented to contracts may turn out later to have consequences that were unintended, harmful to some of the parties, or, yes, just plain wrong. The unjust continuation of slavery in American history was facilitated by both constitutional compromises and political compromises ("the Missouri Compromise" in allocating free and slave states), but principled legal rulings (*Brown v. Board of Education* 1954) which proclaimed "right principles" did not fully facilitate the integration of the races in American education or civil life, and some have argued that a more fully honest and more incremental (compromising?) longer engagement over remedies might have led to greater acceptance and legitimacy of basic principles of equality (Seul 2004).

The search for some form of "compromise" or meeting of the minds of multiple parties to a conflict or dispute may itself be intrinsically valuable, as parties grant each other the respect of understanding and listening to what each values as they attempt to both settle differences between and among themselves, and craft new solutions to difficult social, legal, and even moral problems (e.g., abortion and right to life disputes, Podziba 2011). When our parents tell us to share and compromise with our siblings, they may be imparting an important message of human coexistence – learn to listen and work with your rival, for ultimately you may need to work with those with whom you have conflicts (both ideational and material) in order for both of you to live and prosper. We should learn to consider in the ethics of compromise not only when we *should not compromise* to preserve our integrity and basic principles but when we *should compromise* as a matter of human humility, fallibility, and the possibility that we may not be the only one who is morally, politically, or socially right.

## Cross-References


- ▶ Compromise
- ▶ Ethics and Public Policy
- ▶ Goal-Setting Theory of Organizations
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Political Ideology in the Bureaucracy


## References


Abramowicz M (2001) A compromise approach to compromise verdicts. Calif Law Rev 89:239–314

Baird D, Gertner R, Picker R (1998) Game theory and the law. Harvard University Press, Cambridge, MA

Benjamin M (1990) Splitting the difference: compromise and integrity in ethics and politics. University of Kansas Press, Lawrence

Brams S (1996) Fair division: from cake-cutting to dispute resolution. Cambridge University Press, New York/Cambridge, UK

Brown v. Board of Education of Topeka, 347 US 483 (1954)

Burke E (1775) Speech on the conciliation of America. http://blog.gaiam.com/quotes/authors/edmund-burke/9589

Cohen J (2001) When people are the means: negotiating with respect. Georgetown Law J 14:739

Compromis/Compromise (2004) Information Sur les Sciences Sociales, vol 43, pp 131–305

Coons JE (1963) Approaches to court imposed compromise: the uses of doubt and reason. Northwestern Law Rev 58:750–794

Coons JE (1980) Compromise as precise justice. Calif Law Rev 68:250–262

Doremus H, Andreen WL, Camacho A, Farber D, Glicksman R, Goble D, Karkkainen B, Rohlf D, Tarlock AD, Zellmer S, Jones S, Huang Y (2011), Making good use of adaptive management. Center for Progressive Reform. Accessed at www.progressivereform.or/articles/adaptive_management_1104.pdf

Galanter M, Cahill M (1994) "Most cases settle": judicial promotion and regulation of settlements. Stanford Law Rev 46:1339

Golding MP (1979) The nature of compromise. In: Roland Pennock J, Chapman JW (eds) Compromise in ethics, law and politics, Nomos. New York University Press, New York

Gutmann A, Thompson D (2010) The mindsets of political compromise. Perspect Polit 8(4):1125–1143

Gutmann A, Thompson D (2014) The spirit of compromise: why governing demands it and campaigning undermines it. Princeton University Press, Princeton/Oxford
Hampshire S (2000) Justice as conflict. Princeton University Press, Princeton
Kuflik A (1979) Morality and compromise. In: Roland Pennock J, Chapman JW (eds) Compromise in ethics, law, and politics, NOMOS. New York University Press, New York, pp 38–65
Levinson S (2011) Compromise and constitutionalism. Pepperdine. Law Rev 38:821
Luban D (1985) Bargaining and compromise. Philos Public Aff 14(4):397–416
Machiavelli N (1532) (1961) The Prince (trans & ed: Bull G). Pengiun Classics, New York/London, pp 101–102, 131
Margalit A (2010) On compromise and rotten compromises. Princeton University Press, Princeton
Menkel-Meadow C (1984) Toward another view of legal negotiation: the structure of problem solving. UCLA Law Rev 31:754–842
Menkel-Meadow C (2006) The ethics of compromise. In: Kupfer Schneider A, Honeyman C (eds) The negotiator's fieldbook, 155. ABA Press, Washington, DC
Menkel-Meadow C (2010) Compromise, negotiation, and morality. Negot J 26:483
Menkel-Meadow C (2011) The variable morality of constitutional (and other) compromises: a comment on Sanford Levinson's compromise and constitutionalism. Pepperdine Law Rev 38:903–914
Menkel-Meadow C (2015) Cultural variations in transitional justice: lessons from conflict resolution, the Cases of Argentina and Chile. J Confl Recognit Engagem 3:1–30
Menkel-Meadow C, Wheeler M (eds) (2004) What's fair: ethics for negotiators. Jossey Bass, San Francisco
Menkel-Meadow C, Schneider A, Love L (2013) Negotiation: processes for problem solving, 2nd edn. Wolters Kluwer, New York
Mikhail J (2011) Elements of moral cognition: Rawls' linguistic analogy and the cognitive science of moral and legal judgment. Cambridge University Press, New York
Mnookin R (2010) Bargaining with the devil: when to negotiate, when to fight. Simon & Schuster, New York
Obama B (2016) Listening and compromise speech, graduation address, Howard University, 7 May 2016. http://whitehouse.gov/speeches
Podziba S (2011) Civic fusion. ABA Press, Washington, DC
Schatzki G (1972) NLRB resolution of contract disputes under section 8(a)5. Tex Law Rev 50:225
Seul J (2004) Settling significant cases. Wash Law Rev 79:881
Shapiro I (2013) The last great senate: courage and statesmanship in times of crisis. Public Affairs, New York
Sinai Y, Alberstein M (2015) Court arbitration by compromise: rethinking Delaware's state sponsored arbitration case. Cardozo Public Law Policy Ethics J 13:739–764
Sunstein C (1995) Incompletely theorized agreement. Harv Law Rev 108:1733–1772
Susskind L, Cruikshank J (1989) Breaking the impasse: consensual approaches to resolving public disputes. Basic Books, New York
Zubik v. Burwell, United States Supreme Court, 578 U.S. (2016)

# Ethics of Military Leadership, The

Rick Rubel
U.S. Naval Academy, Annapolis, MD, USA

## Synonyms

Character; Commissions; Disobedience; Dissent; Military orders; Moral courage; Moral; Oath of office; Respect; Trust

## The Ethics of Military Leadership

While leadership is a fundamental requirement for any organization to meet its mission, the military has to adopt a different, even unique form of leadership. This article will explain this uniqueness and why the military has adopted these unique principles, values, and virtues.

Unique mission – the military is the only profession that has to intentionally take human life. Other professions, such as surgeons and airline pilots, have people's lives in their hands. But the military is singularly required to "pull the trigger" and "push the button" that may intentionally take human life. The military also has to give orders to subordinates that may risk the lives of their troops. This tremendous but humbling responsibility needs to be taken with great care and a great sense of personal and institutional ethics.

## The Oath

This responsibility starts with a solemn oath. As people grow up, they incur their morals, values,

and obligations. However, the moment the oath is taken by a military officer, they immediately incur a new and distinct set of obligations. The oath taken as officers is as follows (Fig. 1):

There are two aspects involved with upholding the key promise to "... support and defend the constitution. . ..."

*Implicitly*, the officer is agreeing to adhere to the values, principles, and rights embodied in the constitution. However, from a constitutional view, citizens debate the Bill of Rights every day in the United States (freedoms of: religion, speech, gun control, abortion, etc). So when the oath is taken, are the military members all taking a slightly different oath to slightly different interpretations of the Bill of Rights? At the personal level, military members always have the right to disagree with each other on the interpretation of those amendments. However, as military members they are implicitly agreeing to follow the Supreme Court's most recent interpretation of the constitution, whether they agree with it or not. If they have a moral conflict with the Supreme Court interpretation and cannot resolve it within, they need to consider resigning from the military.

*Explicitly*, when the member agrees to "support and defend" they are agreeing to the constitutional structure of US government. In Article II, Section 2, the President is the Commander in Chief. That is very explicit. The military member is explicitly agreeing to *civilian control of the military* that they will report to the next duly elected President. They are also agreeing that they will fight whom they are directed to fight by the civilian control and not start their own wars (Constitution of United States of America, Article II, 1789).

Also, less explicitly, is the understanding by the oath-taker that there are some constitutional rights that he/she has to suspend while in the military. The military member has the freedom of speech, but not right now, as they cannot say certain things while in an official capacity. They don't always have the liberties of movement when military necessity is involved. The military member cannot politically campaign while in uniform or in their official capacity (The Hatch Act, 1939). In the current national defense policy, the military is a voluntary force. So it can be said that they consent to these suspensions of constitutional rights. During historical times of the draft, this suspension of personal rights was much more problematic.

## The Commission as an Officer

Beyond the oath to the constitution, there is also a formal obligation that ties each individual military officer to the President. This is a letter of commission, signed by the President for each officer in the service. The commission, generically says (Fig. 2):

Since each officer has a commission, signed by the President, their loyalty has to be to the office, not the person. This implies that they will not follow the general or admiral if there is sedition against the President. This is a point of civilian-military stability and clarity of loyalty.

The enlisted oath is a bit different, in that it says (Fig. 3):

This oath is more about obedience to superiors and the military legal system that governs disobedience.

***THE OATH***

***United States Code, Title 5, Section 3331, states:***
***"An individual ... in the uniformed services, shall take the following oath:***
***I (name), do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.***

**Ethics of Military Leadership, The, Fig. 1** The oath of office

## Duty

In the military there are two types of duty: the military duty and the moral duty. Those two types of "duty" are only spelled the same way.

The military duty often follows from the external charge delivering the orders and missions. While these orders may give us latitude in execution, they are (externally) obligated to complete the mission. But the moral duty is more subtle. The (internal) moral duty implies that duty not only requires a nonoptional obligation, but there is recognition of fulfillment of duty with some personal sacrifice and without self-interest, profit, and benefit. The concept of selfless duty is a difficult identity for most who enter the military. The natural state of nature seems to be self-regard, self-preservation, and self-promotion. Becoming selfless requires training, education, and a great deal of conditioning.

## Orders

When given an order in the military, there are three options available to the military member. They can follow the order, dissent, or disobey. If an order is illegal, the order must be disobeyed, but obedience is implied in any legal order. Determination of the legality of an order is very difficult for a military member. The Manual for Courts-Martial of the United States says:

"As a fundamental premise, there is a presumption that a military order is lawful." The Manual for Courts-Martial states ". . . an order requiring the performance of a military duty or act may be inferred to be lawful and it is disobeyed at the peril of a subordinate. Any military person who willfully disobeys a lawful command of his superior commissioned officer.... shall be punished . . . if the offense is committed in time of war, by death or such other punishment as a court-martial may direct."



*COMMISSIONING CERTIFICATE*

*To all who shall see these presents, greetings: Know ye that, reposing special trust and confidence in the patriotism, valor, fidelity, and abilities of (the commissionee), I do appoint him or her an Ensign, United States Navy, or Second Lieutenant, United States Marine Corps, to rank as such from the 11th day of May, Two Thousand Two. This officer will therefore carefully and diligently discharge the duties of the office to which appointed by doing and performing all manner of things thereunto belonging.*

*And I do strictly charge and require those officers and other personnel of lesser rank to render such obedience as is due an officer of this grade and position. And, this officer is to observe and follow such orders and directions, from time to time, as may be given by the President of the United States of America or other superior officers, acting in accordance with laws of the United States of America.*

*This commission is to continue in force during the pleasure of the President of the United States of America, under the provisions of those public laws relating to officers of the Armed Forces of the United States and the component thereof in which the appointment is made.*

*Signed – By the President*

**Ethics of Military Leadership, The, Fig. 2** Certificate of commission, US Officer DD Form 1

**The Enlisted Oath**
**I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; and that I will obey the orders of the President of the United States and the orders of the officers appointed over me, according to regulations and the Uniform Code of Military Justice. So help me God."**

**Ethics of Military Leadership, The, Fig. 3** The Enlisted Oath, United States Code, Title 5, Section 3331

A person's conscience, religion, or personal philosophy cannot justify or excuse the disobedience of an otherwise lawful order (Manual for Courts Martial, United States, 2012 Edition, Article 90).

Because military orders are inferred to be lawful, an "unlawful" order should be immediately recognizable. The articulated standard is that a military order must be obeyed unless it is "palpably illegal on its face," which means that a person "of ordinary sense and understanding would know it to be illegal" (Ibid).

The "lawfulness" of an order is a question of law. As such, "lawfulness" issues are decided not by the panel (jury) but by the military judge (Ibid).

If an order is determined to be legal but immoral or tactically flawed, the military member is encouraged to dissent – express nonagreement or opposition to a prevailing idea or policy.

Some communities of the military encourage dissent more than others. For example, the US Navy submariners (a nuclear powered vessel) encourage "forceful back-up." This is a non-optional requirement for anyone of junior rank to speak up when a given order that may cause a safety problem or compromise the mission (Basic Principles of the Naval reactors, US Navy Publication).

The final view of orders is, when faced with a situation, the officer must consider all dimensions of the problem. They must ask themselves what is right *tactically*; what is right *strategically, legally, ethically, mission completion, and people* considerations. The officer may get a different answer from each dimension. What is right tactically may not be right strategically. What is right legally may not be right morally. When an officer makes a decision, he/she will then give an order. In our military, it is expected the order to be followed by the subordinates. Therefore, the obligation to consider all possible dimensions, as well as the possible consequences of those orders, is paramount and often involves saving or taking human life. This is where military ethics comes into play. They must understand their own morals, their character, and they must embody the virtues of compassion, humility, and integrity to ensue the orders given are both legal and moral.

## Moral Considerations in the Military

There are several morally different ways to determine what is right and what order to give.

One moral test is the test of conscience: Can I live with my decision? That test may work much of the time as it brings into play the consequences of the decision beyond just accomplishing the mission. The problem is that in the military, decisions sometimes have to be made which may violate the moral conscience for the rest of their lives (e.g., dropping a nuclear weapon on Nagasaki). In the military, officers are often faced with "wrong versus wrong." In these very difficult situations the decision of which "evil" to chose may best be determined by the moral conscience test.

Other considerations for military decisions can involve strictly a consequential or utilitarian approach. In this decision process, one must consider all possible outcomes and select the alternative which provides for the greatest benefit for everyone involved. In the military, while the "greater good" must often be considered, importantly, this should not default to simple numbers. The degree, intensity, duration, and permanence of the decision needs to be considered. It should also be considered that allowing the "ends to justify the means" may allow a "slippery slope," which allows the decision-maker to justify absurd outcomes. Here, again, is where the moral conscience test may balance out the decision-making process (Moral Philosophy: A reader, 4th edition, 2009, Dr. Louis P. Pojman).

## Character: Trust and Respect

As military leaders, one's character must embody the virtues that gain the trust from subordinates. The military's enlisted are not likely to follow a leader they don't trust. Additionally, they will not put their own lives on the line to follow a leader they don't trust. And, as leaders, in order to develop the character of the subordinates, the leader will want them to emulate them. Without trust and respect they will not follow, die, or emulate their leader. The attainment of this

required level of trust and respect though is very difficult. Trust and respect is very hard to earn but very easy to lose. In the context of social contracts, it is almost unfair how hard it is to earn trust and respect and how easy it is to lose. However, this loss of trust is very simple to understand. It simply happens when the subordinate sees the character of the leader and that character is missing important virtues for trust (integrity, honesty, humility, compassion, loyalty, etc). When those virtues are missing, the follower tends to lose the fragile, yet essential trust in their leader.

## Character and Moral Courage

When it comes to making correct decisions and giving those orders that are expected to be followed, the relationship between our morals and our character becomes important. This is often difficult to understand since moral decisions are made all day, and people rarely think about this subtle relationship between our morals and our character. One way to look at this is that for someone to actually *perform the right action*, there are two components that must be fulfilled. The first one is that they need to have the moral reasoning and values to "*know* what is right." But the second component is that they have the character and those virtues to actually ***do*** the right thing. This is the critical point in the process when you have determined what is right but have trouble actually doing it. Most have experienced this point, and this could be considered the *point of moral courage*.

## Summary

The military has a unique mission that requires a different approach to leadership. It begins with the solemn oath of office and is codified by the officer's commission signed by the President of the United States. Military members have both an external and an internal obligation to fulfill their duty. When an order is given, the order is presumed to be legal and the assumption is the order will be followed. With the outcome of human life at stake, the officer must ensure the order that is given is both legal and moral. This requires that the military officer have a sound sense of moral reasoning as well the character that will lead to trust and respect.

## Cross-References


- ▶ Compliance Theory of Organizations
- ▶ Ethical Leaders
- ▶ Ethics and Duty
- ▶ Leadership in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Teaching Ethics in Public Administration
- ▶ Theories of Ethics


E

## References


Basic principles of the naval reactors. US Navy 162 Publication. https://www.google.com/#q=forceful+backup+Basic+Principles+of+the+Naval+reactors%2C+US+Navy+162+Publication

Constitution of United States of America, Article 62 II, 1789. http://www.archives.gov/exhibits/charters/constitution_transcript.html

Manual for 138 Courts Martial, United States, 2012 edition, Article 90. https://www.loc.gov/rr/frd/Military_Law/pdf/MCM-2012.pdf

Pojman LP (2009) Moral philosophy: a reader, 4th edn. Hackett Publishing

The Hatch Act, 1939. https://osc.gov/pages/hatchact.aspx

United States Code, Title 5, Section 3331 The Oath of Office. https://www.gpo.gov/fdsys/pkg/USCODE-2012-title5/html/USCODE-2012-title5-partIII-subpartB-chap33-subchapII-sec3331.htm


# Ethics of Nonprofits


Robert W. Smith[1] and Palina Prysmakova[2]

[1]University of Illinois Springfield, Springfield, GA, USA

[2]Florida Atlantic University, Boca Raton, FL, USA


## Synonyms

Code of conduct; Moral code; Morality standards

## Definition

A set of moral and professional principles that govern nonprofit organizations.

## Introduction

Ethics in the nonprofit sector has often been discussed in the light of their relationships with the constituencies they serve. Because they often work with at-risk populations, there is always a potential for abuse, fraud, or waste, and there is a requirement that the nonprofit has a serious foundation of ethics (Koziol 1998). With this regard, many nonprofits are guided by the ethical standards of their respective professions and what to do or not to do while providing the service (Brudney and Martinez 2010).

At the same time, nonprofit leaders also follow the norms of conduct established in the nonprofit world. For example, nonprofit boards of directors depend on volunteers, contrary to their business counterparts. Nonprofit board members often donate labor, fiscal, legal, and perform other tasks that aim to achieve broader societal goals (Brudney and Martinez 2010). Moreover, nonprofit board members are required to honor their ethical obligations above any obligations to their employers or other outside interests (Rosen 2005).

This contribution will highlight some key differences between nonprofit organizations and their public and private business counterparts through the lens of ethics. This entry will also identify some internal and external solutions to address frequently occurring ethical dilemmas. Adopting a code of conduct and participating in professional networks and organizations represent some first-order approaches. Despite these ethical frameworks, many nonprofit organizations often fail to keep the highest ethical standards throughout their operations. Often questions about ethics behavior and processes get neglected and overlooked. This narrative discusses several theoretical perspectives about the role of ethics in the nonprofit world. While most of the examples presented here are centered in the United States, the authors have observed firsthand the ethical dilemmas confronting nonprofit sector operations across the globe, and, unfortunately, these ethics lapses remain rather universal. At the same time, this universal dilemma of ethics across nonprofit organizations persists regardless of the main actors and stakeholders demanding, establishing, and promoting ethical codes of conduct across a variety of organizational types, whether they are public, private, or nonprofit.

## Differences with Other Sectors of Economy

Because nonprofits typically differ from private for-profit business, nonprofits present a unique setting for studying and practicing ethics. Although it must be acknowledged that many nonprofits themselves may be profit-oriented or enterprise-oriented (e.g., private schools and universities or entities as functionaries of large corporations), their focus under most incorporation laws is distinct from a profit orientation, whereas business entities exist primarily to earn profits for its shareholders. In contrast, a nonprofit organization seeks to provide needed services and/or support (when we talk about membership-based organizations). This difference in values basis explains why management that motivates employees in for-profit firms is often not available or is irrelevant in the nonprofit sector. Nonprofits are inherently value-laden and created to provide services not forthcoming from either the public or private sectors.

Ethics are crucial for understanding the mission and function of a nonprofit organization (Berman and West 1998). Moreover, norms of accountability separate nonprofit organizations from the private sector organizations. Businesses are accountable to shareholders (and customers), and their successes or failures can be measured in the company's balance sheet. Evaluating the success of the nonprofit sector is problematic in the presence of a bottom line. Nonprofit managers are responsible to be good stewards of organizational finances while guaranteeing that all the operations

fulfill the mission of the organization. In other words, nonprofit organizations are motivated to meet their financial goals but in tune with their organizational values (Brudney and Martinez 2010). However, this becomes an elusive standard by which to measure "ethics."

The public often assumes nonprofits are held to higher ethical standards than either government or business. Evidence suggests this seems to be tied to the more altruistic environment associated with nonprofit causes and the higher ethical expectations surrounding the purpose or mission of the nonprofit. More than 25% report high confidence in charitable organizations when compared to government (nine percent) or major corporations (seven percent) (O'Neill 2009). Yet there are concerns about the ethics imperative under which many nonprofits operate. Ethical responsibilities extend to checks and balances in financial management, reporting, and governance issues. At the same time, nonprofits are also committed to value propositions, and operationalizing them is often challenging.

The United States-based Ethics Resource Center has a comprehensive data set on ethics in nonprofit organizations. For example, in 2008, some 58% of employees reported a strong ethics culture compared to only 52% for business and 50% in government. Yet, more than half of employees in nonprofits observed misconduct in the previous year and identified risks from conflict of interest, lying, misreporting, and abusive behavior. Unethical conduct and behaviors in other parts of the world are equally evident in that lack of transparency creates even more opportunities for misbehavior and organizational abuse (https://www.transparency.org/en/).

## Internal Solutions to Existing Problems

Having an ethics program in place is key to prevent and to respond to unethical practices. In US nonprofits without an ethics program, 68% observed misconduct while it was measured at only 22% in organizations that had an ethics program in place (National Nonprofit Ethics Survey 2008). Moreover, 60% of nonprofit employees who observed misconduct reported it. Those who chose not to report cited concerns about fear of retaliation or that reporting the misconduct wouldn't make any difference. Although firing, demotion, and reassignment are illegal forms of retaliation, many nonprofit personnel simply acquiesce and do not get involved. Therefore, even in nonprofits that may have a strong ethical culture, it may still not result in consistent ethical behavior throughout nonprofit organizations.

The corollary to ethics in nonprofits is accountability. Being answerable to external entities implies a sense of obligation to stakeholders within and outside the organization (Farazmand 2002). And as warranted, performance standards and corrective action need to be part of the administrative repertoire of nonprofits. Input from stakeholders is crucial in this regard. For example, in the United States, more than 70% of nonprofit board members believed they were accountable only to their own board (Millisen 2005). Because in many developed countries, nonprofits operate under tax exempt status as granted by government and publicly elected representatives as they perform socially desired activities, there is accountability to the public and citizenry to be considered. Hence the public is a major stakeholder in the activities and services provided by nonprofits. From this fiduciary viewpoint, the responsible nonprofit should, therefore, strive to remain bound to their missions, resolve that outcomes matter, and insist upon transparency (Bowman 2012).

Institutionalizing an ethical culture is the crucial foundation, and internalizing ethics through the development of an ethical culture is crucial to ensure the integrity of the nonprofit. Nonprofits that have a strong ethical culture where executives lead with integrity, top management stresses ethical conduct, coworkers exhibit a commitment to ethics, and the organization uses ethics in day-to-day decision-making have a strong ethical culture (Rhode and Packel 2009). Nonprofits that adopt these practices report less misconduct and pressure to compromise on ethics and are less likely to face negative reactions for whistleblowing and reporting of the wrongdoings.

## External Professional Support

Professional organizations play an important role in setting and maintaining ethical standards for nonprofits. For example, in the United States, the National Council of Nonprofits is a network of state associations and 25,000-plus members which serve as a central coordinator and mobilizer to help nonprofits in local communities across the country. They promulgate recognized ethical standards and accountability practices and catalog-specific legal obligations which vary state by state, share resources on state-specific legal requirements, and promote "best practices" on ethics, accountability, and transparency for nonprofits in practice. The Council promotes accountability and transparency; prudent fiduciary oversight; legal, ethical, and responsible fundraising; and effective governance as reinforced through sound practices for every charitable nonprofit. It encourages nonprofit organizations to adopt such practices to show that they deserve the public's trust and that they are serious about advancing their mission and at striving towards excellence. In the United States, there are no less than 31 states that have issued guidelines for ethical practices in their respective states. The association espouses transparency in nonprofit operations, communications that are honest and open and accurate, financial transparency, accountability to donors, adherence to all state and federal regulations, and provision of timely reports (National Council of Nonprofits 2021).

Equally, *Independent Sector*, a coalition of charities and foundations, has issued an official model code of ethics for nonprofit groups. It reflects a comprehensive effort to deal with ethical controversies in the nonprofit sector. The code stresses the law is only a minimum standard of ethical behavior, and nonprofits need to go well beyond such a minimal legal requirement. The code emphasizes the importance of ethical behavior for nonprofit groups. The code suggests nonprofit groups enact their own ethics standards, including policies on the appearance of a conflict of interest between the organization and its managers or board members and promoting full disclosure. Other parts of the code address financial guidelines such as spending a "reasonable percentage" of their annual budgets on the program mission and compensation of staff and providing comprehensive and timely financial information to the public (Lipman 2004). They also must ensure donor assurances that their contributions will be used as intended. Their guidance notes that if the organization doesn't have a culture of ethical practice, codes have little meaning. Ethical topics of the *Independent Sector* include board compensation and loans to executives. In addition, *Independent Sector* focuses on concerns raised about donations of products and services, such as real estate, and examines ways charities can more accurately assess what the gifts are worth.

## Implementation Challenges

Ethical challenges arise at all levels in all types of organizations. Rhode and Packel (2009) offer some definitive advice and observations on the role of ethics in nonprofit organizations. Some challenges involve criminal violations, fraud, misrepresentation, or misappropriation of assets. Many more ethical problems comprise gray areas that border on outright fraud or involve conflicts of interest, misallocation of resources, or lack of accountability and transparency (Rhode and Packel 2009). Indeed, the capacity for ethical judgment (and clarity on moral issues) differs widely among individuals (Farazmand 2002). He observes that character over performance is a key element and ethics flows from internalizing a culture of ethics through institutionalization and acculturation. In the absence of this backdrop, leaders may have a high degree of confidence in their own judgment, but such viewpoints may lead to decisions that are wrong or lacking in ethical sensitivity if a culture of ethics is not reinforced in the organization. Many times, to cover up their mistakes, nonprofit leaders deny, withhold, or even destroy related information (Krawiec 2000).

Cognitive dissonance is equally an issue and leads to suppressing information that casts doubt on a prior belief or action. In this case, the leaders may discount the value of the harm that was

caused by their own conduct (Rhode and Packel 2009). Group think can also result in unconscious actions that lead to downplaying of counter viewpoints. Encouragement of team loyalty hence replaces frank and open decision-making (Rhode and Packel 2009).

Ethics is also affected by organizational structures or norms. Organizational reward systems can lead to a focus on short-term gains, growth, or donations at the expense of values. On the one hand, inadequate compensation and bonus systems often become the center of unethical problems. Salaries, often lacking by private sector standards, can still cause dissonance in the nonprofit organization, particularly when the nonprofit is struggling to deliver basic services. It is also the perks that nonprofit leadership may receive may create discord. Nonprofits must also be concerned about benefits for staff and volunteers. Sometimes minor expenditures can pose significant problems in public perception. For that, nonprofit organizations should have clear policies about employee reimbursement and require only cost-effective expenses (Rhode and Packel 2009). On the other hand, in nonprofits, organizational members may feel pressure to minimize administrative expenses to the fault of engaging in misleading conduct (Rhode and Packel 2009), so that these organizations look more favorable in the eyes of the donors or external stakeholders.

Situational pressures can also undermine ethics. For example, when jobs are on the line, individual moral directives go astray (Farazmand 2002). Organizational behavior equally highlights that individuals are more likely to indulge in unethical behavior when acting with others. When bending or ignoring the rules benefits a group, members of the group feel pressure to put their ethical reservations on the back burner. When organizations place heavy emphasis on loyalty or other important rewards to support "team players," the pressures to behave unethically increase. If a nonprofit employee inflates expense reports or pilfers office supplies or donations, other employees may look the other way for fear of breaching loyalty to the organization (Rhode and Packel 2009). Once employees yield to such pressures when the ethical implications seem insignificant, they can start on the slippery slope where they engage in more serious ethical misconduct.

Ethical roadblocks occur when organizational members are not accountable for actions of the group. For a nonprofit board of directors, individual reputations rarely suffer, and they are typically insulated from personal liability irrespective of their decisions. Other dimensions of nonprofit organizations can also contribute to unethical conduct. For instance, when larger organizations face ethical challenges, they may try to compartmentalize the information across multiple departments and employees (Rhode and Packel 2009). In large organizations, in many ethical challenges, nonprofit professionals and leadership often lack important facts which may raise ethical as well as legal concerns. Such fragmentation of decision-making prevents professionals from seeing the full picture, therefore missing the ethical consequences of nonprofit actions.

Conflicts of interest often arise in the nonprofit sector. Conflicts of interest occur when a nonprofit offers some form of preferential treatment. As many as every fifth nonprofit in the United States report that they buy or rent goods or services or buy or lease the property from a member of the board of their directors or her affiliated company. Most of them, however, do not report such activities or transactions, and the board members do not disclose publicly their conflict of interest (Rhode and Packel 2009).

Despite the ethical quandaries that these situations create, many nonprofits often hesitate to impose restrictions because of preferential treatment accruing from these relationships. Establishing the clear policies about conflict of interest would demand transparency about potential conflicts and the process by which they are handled (Rhode and Packel 2009). Similar concerns about ethics include accuracy in nonprofit reporting and urging nonprofits to pay particular attention to transparency.

In regard to financial information, nonprofit organizations often face ethical situations when deciding on accepting donations that have any appearance problems or preconditions.

Appearance of impropriety matters and it makes sense to avoid affiliations where a donor is reflecting problematic conduct or seeks to impose restrictions on the use of funds. Socially responsible investing requires that nonprofits should ensure consistency with their values. Specifically, investing in opportunities that further the nonprofit's mission should be pursued, while disinvestment from ventures that undercut its mission should be suspended. Consistency between financial management and program objectives or mission is a key.

While promoting ethical decision-making within organizations is important, no set of rules or strict and clear compliance protocols can guarantee the ethical behavior of their employees and volunteers. The effectiveness of codes depends on how standards are developed, perceived, and integrated into the workplace. Codes that are too vague, inflexible, or narrow do not bring many results.

## Theoretical Perspective

It is important to reflect briefly on a set of theoretical constructs that guide ethics decision-making and ethics in organizations (including nonprofits). But this departure point is not meant to be exhaustive nor inclusive of all relevant theories that should be considered for understanding ethics in nonprofit organizations. Concepts of *Utilitarianism* with a grounding in "the most good, for the most people"; *Virtue Ethics* and a focus on personal character; the *Ethics of Care Approach* as derived from feminist literature; *Communitarianism* as interpreted as what's good for the community; and *Pluralism* (often situation dependent) are all appropriate departure points to consider as a basis or framework for approaching ethics in nonprofit organizations. More general philosophical threads such as *teleology* "the ends justify the means" or *deontology* are instructive in terms of denoting the notions and role of "duty and obligation" (Grobman 2018).

A useful theoretical underpinning linked to the imperative of ethical culture is advanced by Strickland and Vaughan (2008) who offer a framework of self-actualized organizational culture for nonprofit organizations. They argue that following the law does not mean that an organization is ethical. Moreover, external controls can only do so much toward developing an ethical culture. Many nonprofits face ethical dilemmas even without violating legal precepts. For example, sexual misconduct by staff, excessive compensation packages for executives, and questionable fundraising practices erode the perception of the nonprofit sector by the general public, even if some of these practices stay within the legally allowed societal norms (Strickland and Vaughan 2008).

Nonprofit organizations, like individuals, usually do not start out exhibiting the highest levels of ethical behavior. Just like other organizations, nonprofits evolve, from formation through growth to maturity. Similarly, there are different external controls that motivate nonprofits to adhere to the ethical standards that are more important during a particular stage as compared to another. For example, external controls like laws, rules, and regulations play especially important role on early stages of the nonprofit development. As organization develops and establish itself as a valuable community actor, respect and integrity are achieved through an internalized ethical culture that often occurs in later stages of organizational growth (Strickland and Vaughan 2008).

Some scholars suggest that we can use concepts related to moral reasoning to better understand what drives the ethical behavior of nonprofit organizations at certain stages of the life cycle of nonprofits. This is especially key given the dramatic growth in the nonprofit sector and the increasing attention paid to ethical conduct given recent scandals across all sectors – nonprofit, private, and public. From this perspective, the costs of engaging in unethical behaviors often outweigh the benefits. Meanwhile, maintaining such ethical values as financial competency, accountability, and respect allows nonprofit leaders to achieve the long-term success of their organizations.

These theoretical lenses are useful for thinking about ethics in nonprofit organizations beyond the deontological (principle) and teleological (ends justify means) continuum often invoked in examining ethics in organizations. The notion of ethics and an ethical environment growing within the organization life cycle is an informative description of how ethics may evolve in nonprofits;

however, it equally may not address why established nonprofits still struggle with ethics transgressions despite reaching certain levels of maturity as an organization. There may be other reasons for stunted ethical growth and hence the need to balance theoretical underpinnings of ethics with practical concerns for the development of an ethical culture in nonprofit organizations.

While this discussion is mostly devoted to the questions of ethics dilemmas and controls within the nonprofit entity itself, it is the nonprofit sector overall that often plays a crucial role in developing, promoting, and controlling the execution of ethical norms and standards for not only nonprofit organizations but public and private organizations also. Nonprofit organizations are often in the best position to embrace the **demand-side approach to ethics** reforms precisely because of their ability to create a cross-sector dialogue on the imperative of ethics, for example, with government because of the overlap of services provided by both organizations. What is an ethical concern for a nonprofit is hence an ethical concern for a government entity collaborating with that nonprofit. At the same time, nonprofit organizations are also involved in the **supply of ethics approach to ethics** (e.g., ethics training and education). After conducting several cross-country comparative observations, Prysmakova and Smith (2016) proposed a framework that depicts how ethics improvements are promoted and controlled by the nonprofit sector on a supply-demand continuum. The proposed framework holds great utility as both a descriptive and an evaluative means to compare ethics reforms across the globe and the role of the nonprofit organizations in their successful implementation.

## Conclusion

This discussion on nonprofit ethics introduces readers to the main differences of the nonprofit sector from its public and private for-profit counterparts. The brief summary highlights differences in both expectations and implementation of ethical conduct at the organizational and individual level. It further offered some internal organizational solutions as well as demonstrated how external actors, namely, professional organizations, can help the nonprofit to maintain the highest possible levels of ethical conduct. While most of these observations sound straightforward and reasonable, many organizations face challenges while implementing them. The most significant contribution of this essay is to identify the reasons why unethical behavior still takes place in many nonprofit organizations. The entry closes with a few theoretical perspectives on why creating and maintaining the highest possible level of ethics in a nonprofit organization is important and difficult. Moreover, ethical consequences, positive or negative, are often the result of conscious decisions made by nonprofit leaders themselves.

## Cross-References


- ▶ Accountability: Breaches and Trust
- ▶ Accountability and Ethics
- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Cost Efficiency
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Differences Between Nonprofit Agencies and Membership Associations
- ▶ Financial Management for Local Government
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Professional Development and Training


## References


Berman EM, West JP (1998) Productivity enhancement efforts in public nonprofit organizations. Public Prod Manage Rev 22(2):207–219

Bowman W (2012) Nonprofit accountability and ethics: Rotting from the head down. Nonprofit Q, October 26. Retrieved 28 March 2016 from https://nonprofitquarterly.org/2012/10/26/nonprofit-accountability-and-ethics-rotting-from-the-head-down/

Brudney JL, Martinez JM (2010) Teaching administrative ethics in nonprofit management: recommendations to improve degrees, certificates, and concentration programs. J Public Aff Educ 16(2):181–206

Ethics Resource Center (2008) National nonprofit ethics survey: an inside view of nonprofit sector ethics. Ethics Resource Center, Arlington. www.ethics.org/files/u5/ERC_s_National_Nonprofit_Ethics_Survey.pdf

Farazmand A (2002) Administrative ethics and professional competence: accountability and performance under globalization. Int Rev Adm Sci 68:127–143

Grobman GM (2018) Ethics in nonprofit organizations: theory and practice. White Hat Communications
Koziol KG (ed) (1998) Ethics in nonprofit management: a collection of cases, 2nd edn. Institute for Nonprofit Organization Management, San Francisco. Retrieved from http://www.cps.usfca.edu/inom/INOM_Ethics.PDFLipman
Krawiec KD (2000) Accounting for greed: unraveling the Rogue trader mystery. Oregon Law Rev 79(2):309–310
Lipman H (2004) Model ethics code for charities issued by nonprofit group. Chron Philanthropy 16:27
Millisen JL (2005) Who 'owns' your nonprofit? Nonprofit Q 12(4):62–65
National Council of Nonprofits (2021, March 28). Retrieved from https://www.councilofnonprofits.org/tools-resources-categories/ethics-accountability
O'Neill M (2009) Public confidence in charitable nonprofits. Nonprofit Volunt Sect Q 38(2):237–269
Prysmakova P, Smith RW (2016) Development of cross-sector dialogues on ethics: a field study with global application. Public Integr 18(4):376–395. https://doi.org/10.1080/10999922.2016.1172930
Rhode DL, Packel AK (2009) Ethics and nonprofits. Stanford Soc Innov Rev 2009:27–35
Rosen MJ (2005) Doing well by doing right: a fundraiser's guide to ethical decision-making. Int J Nonprofit Volunt Sect Mark 10(3):175–181
Strickland RA, Vaughan SK (2008) The hierarchy of ethical values in nonprofit organizations: a framework for an ethical, self-actualized organizational culture. Public Integr 10(3):233–252
Transparency Index (2021, April 21). Retrieved from https://www.transparency.org/en/

# Ethics of Resiliency in Crisis Management

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

## Synonyms

Accountability; Climate Change; Ethics; Leadership; Preparedness; Resilience

## Definition

Resilience is the capacity and ability of organizational systems to recover from shocks and disasters and to continue to thrive during and after disasters. Ethics of resiliency is the defined responsibilities of public administrators to ensure the maximum resilience of all the parts of the interdependent systems within an organization to prepare for and recover from crises.

## Introduction: Resilience and Adaptability

Various aspects of climate preparedness, disaster planning and recovery, and hazard mitigation are researched and studied at length, focusing on the administrative role in resilience planning, adaptation, and disaster mitigation and crisis management (Wamsler 2014; Alibašić 2014). The resiliency to crisis and disaster is the capacity and adaptability of systems not only to withstand stresses and shocks but also to continue to thrive during and after the disaster. System change is the ability of organizational leadership to organize all modes of the operations to operate separately and efficiently in case of disasters and if a part or parts of the system fail. Moreover, Fiksel's (2003) emphasized the "understanding of system resilience in light of 'significant disruptions or discontinuities' shifting "the system away from its current equilibrium state" (p. 5333). In addition to adaptability to societal and environmental threats, the ability of organizational leadership to acclimate an organization to disruptions, adaptability to societal and environmental threats is an essential function in resilient systems.

Resilience planning must be done in concert with the active policy making and development of succinct measures for a changing paradigm within an organization. In crisis, organizational efforts coalesce around the need to continue providing services, to protect lives, property, and infrastructure, and to minimize damage. The system approach to preparing for crisis and managing disasters is critical to longevity and resilience of communities and organizations. Wamsler (2014) offered a comprehensive review of vulnerabilities and the type of disasters cities are facing, and their abilities to manage disasters, sustain, and adapt to changes. In cities, an ongoing transitions, transformation, and changes occur daily. City

administrators and elected officials must be able to adapt to the forecasts and trends and be prepared for the new threats and challenges their communities are facing.

## Ethics of Resilience, Preparedness, and Crisis Management

From a comparative perspective, much has been written about resilience. However, very few studies have been conducted focusing on the interactions between ethics and resilience. More broadly, there is no nascent research reviewing the ethical considerations in implementing resiliency measures to prepare and strengthen systems within organizations and communities to withstand shocks. Osorio (2017) in reviewing the interrelation between the science and ethics constructs "the ecological notion of resilience as a moral boundary," as an approach to separating the right from wrong. Defining resilience in the context of moral boundary shapes the new norms relative to an administrative role in responding to all types of disasters. Using novel approaches and strategies aimed at addressing community stressors allows organizations to recover from shocks.

The fourteenth-century scholar Ibn Khaldun (1406, Ibn Khaldun 1969) pointed out the necessary "requirements, for the planning of towns and the consequences of neglecting those requirements," including the importance of the air, water, and land quality (p. 267). While modern cities have different requirements and concerns, in essence, Ibn Khaldun pointed out to the necessity to properly plan towns. Inability or incompetences to take into consideration the sum of elements of planning would lead to failure, in this case, of towns and cities. As such, moral and ethical obligations of the administrators is to consider all the elements necessary for planning the communities in such manner they can survive and continue to thrive under adverse circumstances, including natural hazards. Modern cities face a myriad of threats, stemming from natural hazards and further exacerbated by global warming trends, including heat waves, floods, and storm damage, among many other hazards.

## Natural Hazards and Climate Change

The risks from environmental hazards are exponentially higher in urban areas, with the higher concentration of population especially in the US cities, where over 62% of the population lives on only "3.5% of the entire land area" of the country (Census Bureau 2015). The threats are further exacerbated by the changing climate resulting in extreme and unpredictable weather patterns. Furthermore, Jacob and Winner (2009) in their study posited the direct negative correlation between the effect of climate change and the air quality, negatively impacting urban areas. Anticipated increases in the frequency, occurrence, and duration of the extreme weather event such as heat waves, and floods will disproportionately adversely affect the most vulnerable population in cities. In some cities, residents are encouraged to lower emissions during prolonged heat events to improve air quality.

While the risks of climate change increase the frequency and unpredictability of extreme weather events, the natural hazards continue to challenge human and other resources in cities. Climate change will further exacerbate the extreme weather-related disasters and cause further disruptions and damage. Therefore, a more rapid deployment of resilience-related measures to address public safety and public health dynamic in emergency preparedness and disaster recovery need to be considered. The former President Obama' s Climate Preparedness and Resilience Task Force recommendations focused on many aspects of community resilience, including initiatives to increase capacity for public safety, climate readiness, disaster mitigation, emergency prepardness, and public health. The recommendations from the Task Force include the stern warning about the nature and risks of climate change, as "a significant public health threat to individuals and communities, exacerbating illness and increasing the frequency and severity of dangerous extreme weather events" (Task Force 2014, p. 9). Communities are on the front lines of extreme weather events, and they must plan for the foreseen and unforeseen events, without the reliance on state and federal funds and resources.

## World Trends in Risk Mitigation and Disaster Recovery

There are notable global trends in adoption of resilience-driven planning and strategies. In its review of the United Nation's Agenda 2030 for sustainable development goals, the United Nations Office for Risk Reduction (UNORR) (2015) identified the direct linkages to disaster risk reduction and resilience approach to sustainable development. The end goals of the Agenda 2030 include the poverty reduction, ending hunger, ensuring healthy lives, promoting inclusive and equitable education and sustainable economic growth, providing sustainable water, sanitation energy among other objectives (UNGA 2015). The UN's agenda for sustainable development takes into consideration the current dynamic and new realities that collectively the world is facing. As noted in the World Bank's's (2012) Sendai Report "by quantifying risks and anticipating the potential negative impacts of natural hazards on society and the economy, disaster and climate risk assessments can help governments, communities, and individuals make informed decisions to manage risk" (p. 17). Furthermore, the World Bank (2012) posited the resilient societies prepare for and incorporate the disaster risk management into active organizational strategies. Preparing for a disaster and effectively responding to them are essential components of resilient communities, organizations, and the society. With the increased risks of climate change, emergency preparedness and resilience planning are imperative to a comprehensive protection of community resources.

## Emergency Preparedness and Disaster Mitigation

As cities face the new threats, they change the way their first responders, public health, and safety officials operate. Los Angeles continues to experience unprecedented heat waves, including the recent onslaught of temperatures more than 98 °F (Castillo 2017). Heat waves lead to increases in emergency room visits and premature deaths. The increased frequency and ferocity of the extreme heat wave events prompted extensive changes to city planning and emergency preparedness in several cities from Chicago, IL, Los Angeles, CA, to Grand Rapids, MI, to name a few. By proactively planning and taking into consideration unpredictable nature of disasters, communities can respond and recover from the events. By adopting preventative measures, damage mitigation, recovery, and crisis are managed more efficiently.

Recent onslaught of hurricanes descending down on Florida, Louisiana, Texas, and other states with destructive intensity and hyperactive frequency renewed the nation's interest in community resilience, disaster recovery, risk management, and emergency preparedness. Far-reaching impacts of climate change and extreme weather impacts possess the economic, environmental, and social characteristics. Under social consequences, in the posthurricane disaster assessment and analysis, communities are faced with significant health effects on the most vulnerable population. As noted in the Bureau of Epidemiology (2015) report, the State of Florida is the most prone to the deadliest of hurricanes, and the health effects of hurricanes and other extreme weather events are significant. Inability to adequately prepare and to take into considerations all the elements of resilience planning will lead to failure with the disastrous aftermaths. The recent case to adequately respond to crisis and deaths in a nursing home in Hollywood, Florida, in the aftermath of Hurricane Irma brings such failures with tragic consequences into spotlight (Nedelman 2017).

## Resilience Planning and Resilience in Practice

Federal, state, and local governments throughout the United States realize that resilience planning is an essential tool for sustaining communities and preventing and reducing losses following natural and human-made disasters. The need to manage environmental and development issues in communities while balancing them with the safety, security, and public health is the key to local success in fostering resilience. In a sharp reversal

to the past government policies and practices, most local and state governments are more deliberate in reviewing the impact of developments in hazardous areas. The measures to reduce the impact from and prepare for potential disasters include sustainable transportation and planning with mixed-land use, flood control works, discouraging development in flood zones, near wetlands, coastal areas, and established areas of inundation, and the use of other practices that have improved resilience and decreased exposure and loss (vulnerability). Additionally, resilient cities conduct infrastructure studies with cost-benefit analysis of designs based on traffic impact on runoff and urban storm water discharges, and vulnerability impact analysis.

Furthermore, some organizations began to incorporate the assessment and to quantify the multiple environmental, social, and economic benefits of green infrastructure, as trees, forests, wetlands, and waterways provide natural protection and increase resilience by improving air quality, providing shade, reducing heat, storing surface water, and filtering stormwater runoff. Other efforts include innovative approaches to critical climate infrastructure such as low-impact development and green infrastructure, implementing the paradigm shift in stormwater management best practices. In some cases, conservation and expansion of green infrastructure decisions include measurements of meeting the Greenhouse Gas mitigation targets, public health, and safety goals, and climate change adaptation priorities. Finally, it is vitally important for public service organizations to coordinate their resilience planning efforts with power utilities to ensure timely response to power outages occurring during and after severe weather events.

## Conclusion

There is no available empirical research and analysis relative to the consideration of ethics of resiliency in crisis management. A significant body of research and writing offer an insight into the nascent field of resiliency. A potential correlation from resilience to ethics focuses on the resiliency of systems and the role of administrators in emergency preparedness and disaster mitigation. In combination with emergency preparedness, resilience planning takes into consideration approaches used for zoning, land use, engineering design, infrastructure planning, food, health, and safety, and incorporates them into a single plan. Municipalities and other levels of government within their organizational and leadership capacity have a vested interest in continuous improvement and adoption of strategies taking into consideration various stressors to better prepare for disasters. Finally, as an ethical obligation and moral imperative, it is in the interest of the community leadership, elected and appointed officials to actively pursue resilience planning in their respective organizations. Failure to pursue resilience could have far-reaching adverse consequences on organizations and communities in case of disaster and crisis.

## Cross-References


- ▶ Accountability
- ▶ Asset Management
- ▶ Ethics and Accountability
- ▶ Socio-technological Aspects in Disaster Mitigation


## References


Alibašić H (2014) Planning and implementing climate resiliency in grand rapids. The review, May–June. Michigan municipal league. Retrieved from http://www.mml.org/resources/publications/mmr/issue/may-june2014/review-mayjune2014-online.pdf

Bureau of Epidemiology and US Center for Disease Control (2012) Health effects of tropical storms and Hurricanes in Florida. http://www.floridahealth.gov/environmental-health/climate-and-health/_documents/tc-profile.pdf

Castillo A (2017-11-29) At 98 degrees, heat in Los Angeles breaks a 131-year-old record. LA Times. Retrieved from http://beta.latimes.com/local/lanow/la-me-ln-heat-wave-20170708-story.html

Fiksel J (2003) Designing resilient, sustainable systems. Environ Sci Technol 37:5330–5339. https://doi.org/10.1021/es0344819

Ibn Khaldun AA bin M (1406, 1969) The Muqaddimah: an introduction to history; in three volumes (trans: Rosenthal F). Princeton University Press. Abridged edition

Jacob DJ, Winner DA (2009) Effect of climate change on air quality. Atmos Environ 43(1):51–63

Nedelman M (2017) Eleventh death confirmed after Florida nursing home left without A/C. CNN. Retrieved from: http://www.cnn.com/2017/09/20/health/florida-nursing-home-ninth-death/index.html

Osorio FB (2017) Environmental ethics and science: resilience as a moral boundary. J Agric Environ Ethics 30(1):121–134

The United Nations General Assembly (UNGA) (2015) Transforming our world: the 2030 agenda for sustainable development, A70/1 Resolution adopted by the General Assembly on 25 September 2015. Retrieved from: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

The United Nations Office for Risk Reduction (UNORR) (2015) Disaster risk reduction and resilience in the 2030 agenda for sustainable development. http://www.unisdr.org/files/46052_disasterriskreductionin the2030agend.pdf

The US Census Bureau (2015) U.S. cities are home to 62.7 percent of the U.S. population, but comprise just 3.5 percent of land area. Retrieved from https://www.census.gov/newsroom/press-releases/2015/cb15-33.html

The White House (2014) President's state, local, and tribal leaders task force on climate preparedness and resilience. Recommendations to the president. Retrieved from: https://obamawhitehouse.archives.gov/sites/default/files/docs/task_force_report_0.pdf

The World Bank (2012) The Sendai Report: Managing Disaster Risks for a Resilient Future. Retrieved from https://openknowledge.worldbank.org/bitstream/handle/10986/23745/80608.pdf?sequence=2&isAllowed=y

Wamsler C (2014) Cities, disaster risk, and adaptation. Routledge, New York

# Ethics of Sustainability

Christopher R. Whynacht
College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Environmental ethics; Ethics of sustainable development

## Introduction

One of the greatest ethical debates of the twenty-first century focuses on the issue of sustainability. An ever-growing body of academic research and anecdotal evidence has accumulated around the negative impacts which the collective human enterprise has on the natural environment that supports societies large and small (Rockstrom et al. 2009; IPCC 2014; White et al. 2016). Examples of environmental degradation stemming from human activities are far too numerous to fully list, but several notable examples include chemical pollution, the destruction of natural habitats, and climate change. However, sustainability is much more than a euphemism for environmental responsibility; at its core, sustainability balances environmental, social, and economic dimensions. From a human welfare perspective, it is clear that increasing levels of socioeconomic inequality, the lack of quality education programs, and poor access to healthcare are as equally unsustainable as environmental degradation (United Nations General Assembly 2015). Economically, environmental governance initiatives and social programs need financial support; thus a sustainable human enterprise requires adopting economic institutions and practices which generally increase levels of prosperity (Costanza et al. 1997). Unfortunately, these three dimensions often conflict with each other which causes inherent tensions between stakeholders and ethical dilemmas for those who seek to balance competing demands.

One of the core reasons that sustainability is such a contentious topic, from an ethical or moral perspective, is that it is very hard to describe an ultimately sustainable outcome for societies. This makes it difficult to balance competing analytical dimensions as there is no consensus about what can be classified as an ideally sustainable solution; thus, there is a proliferation of differing goals and methods to measure success (United Nations General Assembly 2015). As a result there are frequent opportunities to criticize whether policies, plans, or programs are appropriately balancing economic, social, and environmental dimensions. As multiple stakeholders each promote their preferred outcomes, and decry the potential injustice

inherent in other options, there are significant challenges for decision-makers who strive to determine an ethically superior sustainability strategy. However, it is often possible to determine whether a policy, plan, or program is unsustainable by recognizing when it leads to undesirable social, environmental, or economic outcomes (Bond et al. 2012).

The challenge of making ethical decisions about sustainability is ultimately one of balance within individual strategies and across a portfolio of policies, plans, and programs (United Nations General Assembly 2015). Some strategies may be more beneficial in some areas and less so in others. As an example, a program which supports students who cannot afford to go to school obviously has a social benefit, but it also increases resource consumption which could be environmentally detrimental. Similarly, a program which encourages the adoption of renewable energy will help mitigate climate change impacts, but this initiative may increase the price of electricity which creates hardships for the poorest in society. Clearly, uneducated children and rising sea levels are unsustainable outcomes, but the numerous potential strategies which alleviate these negative consequences lead to a wide variety of possible trajectories of sustainability to choose from. It is often very difficult to decide which of these pathways is more ethical or how to create additional strategies to bring them into alignment. Without the absolute understanding of right and wrong that can come in other decision-making practices, determining the ethics of sustainability means dealing with a myriad shades of gray.

The primary objective of this chapter is to unpack the ethical challenges posed when developing sustainable strategies. After discussing these issues, this chapter will provide guidance around the development of sustainable policies, programs, and practices which incorporate the perspectives of multiple stakeholders while achieving a balance between social, economic, and environmental responsibility. Ethical considerations are a key component in determining whether solutions are sustainable and of deciding which practices achieve more desirable outcomes. Sustainability is not an issue which can be addressed only by environmental science or scientist-practitioners; there are clearly moral and ethical dimensions which impact the degree to which governance strategies can be considered as right or wrong, responsible or irresponsible, just or unjust, and ultimately sustainable or unsustainable.

This chapter is organized as follows; initially the three pillars of sustainability are defined and discussed. After unpacking these core dimensions, the distinct ethical traditions and approaches which relate to each component are explored. Having pulled these threads of sustainability apart, practical guidance around developing strategies intended to achieve sustainability in an ethical manner is provided. The intent of this chapter is to demonstrate that the effort of striving toward sustainability becomes a type of meta-ethical process which can support the alignment of a wide-ranging set of public policy and administrative topics that are intended to lead to the betterment of society.

## Defining Sustainability

The concept of sustainability rose to prominence in research related to economic development conducted by the Brundtland Commission in the 1980s. This culminated in a groundbreaking report which stressed the adoption of sustainable development strategies (Brundtland 1987). The often-cited definition of sustainability coming from Brundtland's work centers on meeting the needs of today's societies without compromising the needs of future generations. Over the past decades, numerous definitions of sustainability have emerged, and many of these stress a combination of environmental responsibility, social justice, and economic development. However, this entwined definition is frequently overlooked in common practice. As a result the label of sustainability is often used to denote "green" solutions, policies, and initiatives which focus primarily on environmental responsibility. Narrower definitions may make sustainability more ethically tractable but also serve to weaken the core concept. To fully explore the complexity of the ethics of

sustainability, this chapter uses the more holistic meaning which relates to improved quality of life today and for future generations. This broad definition underpins much of the effort by the United Nations to develop and advocate for sustainable development goals (United Nations General Assembly 2015) and also specific issues such as climate change (IPCC 2014). The all-encompassing nature of sustainability is what makes it so difficult to address with typical policies, programs, governance mechanisms, and actors. This section will provide an overview of the economic, social, and environmental dimensions of sustainability as independent elements and demonstrate how they are entwined with each other.

### Economic Dimensions

Brundtland's definition of sustainability came from a study primarily related to economic development (Brundtland 1987). The economic dimension is a critical component of sustainability. Many governments focus on improving quality of life by increasing economic activity, often measured in aggregate by calculating gross domestic product (GDP). Despite the fact that many national economies are dominated by public sector activities, in practice economic development often focuses on increasing the activity of private sector firms. From a neoliberal or neoclassical economic perspective, firms are socially responsible when they focus on increasing their profits. However, there are concerns that primarily focusing on the well-being of shareholders rather than broader stakeholders has led to rising levels of socioeconomic inequality and exacerbated environmental degradation (Costanza et al. 1997; Rockstrom et al. 2009; White et al. 2016). These concerns demonstrate that economics, as currently practiced, is unable to solve the issue of sustainability.

Without well-managed and smooth-running economies, societies would collectively have much lower standards of living. The interconnectedness of the global economy, and its link to standards of living, was quite visible after the financial crisis of 2008, when economic instability caused many people to lose their homes and jobs and negatively impacted their well-being. Though the crisis also led to a reduction in pollution as business activity slowed, few would label the negative social impacts that resulted from the economic downturn as an ideally sustainable solution. Many of the inputs to economic activities come from raw materials sourced from the environment, yet economic models frequently fail to capture the cost of environmental degradation caused by pollution or post-consumer wastes (Costanza et al. 1997). As societies seek to grow economic activity, there is a need to ensure that increasing GDP does not negatively affect the supporting environment.

### Social Dimensions

The second core dimension of sustainability is the social component (Brundtland 1987; IPCC 2014; White et al. 2016). Sustainability is ultimately an anthropocentric notion; it relates primarily to objectives and outcomes intended to maintain or improve standards of living for current and future human populations. Brundtland expressly addressed the social component when talking about meeting the needs of societies today and tomorrow; these needs are directly associated with increasing the quality of life for all global citizens. Common social objectives associated with sustainability include reducing poverty, hunger, and disease as well as increasing access to education, clean drinking water, and basic health services (United Nations General Assembly 2015).

Any policy initiative with positive economic or environmental outcomes which does not also provide for positive social benefits cannot be described as fully sustainable. The need to balance environmental responsibility in a way that does not exacerbate inequalities of socioeconomic status or other challenges faced by disadvantaged populations is a key component of work done by the Intergovernmental Panel on Climate Change (IPCC) in a variety of their reports but primarily in their human security chapters (IPCC 2014). Though addressing climate change is an environmentally and economically significant challenge, any solutions which create detrimental outcomes for disadvantaged populations are likely to be

unsustainable over the long term. Thus the recent Paris Agreement on climate change has provisions which stress the need to increase human security and promote sustainable development while also working to curb the greenhouse gas emissions which have led to climate change.

### Environmental Dimensions

The most salient dimension of sustainability for many people is the environmental component. The need to address ever-worsening environmental degradation is often the primary rationale for developing policies, plans, and programs related to sustainability. The USA drafted the world's first comprehensive environmental legislation, the National Environmental Policy Act of 1969; this act has been updated numerous times since its introduction, and many other governments (national and subnational) have also enacted environmental protection legislation. Additionally, many jurisdictions now require environmental assessment of development projects and strategic actions prior to implementation (Bond et al. 2012). Many of these assessment practices focus on limiting the negative environmental impacts of policies and projects as well as offering mechanisms to increase stakeholder consultation around environmental issues. Sustainability also encompasses management of upstream resources, and a host of efforts have been developed around environmentally responsible management of the forestry and fishing sectors, among many others, to ensure that the collective human enterprise does not draw down too heavily on the natural resource base which supports the global economy (Costanza et al. 1997; Cashore et al. 2007; Rockstrom et al. 2009).

## Integrating Three Ethical Traditions Under the Heading of Sustainability

Each of the three dimensions of sustainability has an extensive body of literature related to ethics. My goal is not to summarize in full each of these traditions. Rather, this section highlights a few areas to provide a starting point to begin thinking about the complexity of determining what is ethical when developing governance strategies related to sustainability.

A common exercise for thinking about ethics puts people in the position of deciding whether to allow a train to continue along a track that has five people working on it or to divert the train to another track on which only one worker is at risk. This simple linear exercise can provoke substantial debate about the morality and ethics of making such a decision. Translating this example to the concept of sustainability would require an examination of the near-term impacts on the workers in question from a single train and also consider multiple trains on converging tracks each with different numbers of workers at risk. The decision-making process could be further complicated by factoring in the well-being of the passengers on all trains, the mechanical stresses of switching tracks, costs of making such changes, and impacts these decisions could have on future riders of the transit system. The complexity of addressing issues related to climate change can be staggering; moving beyond this single topic to encompass the full spectrum of sustainability is more challenging by orders of magnitude (Rockstrom et al. 2009; IPCC 2014). The decision about what is an ethical solution in matters of sustainability can rarely be simplified to simple arithmetic calculations of near-term effects. This said, the inability to gauge the point at which solutions can be said to be ultimately sustainable does mean that no action should be taken or that it is acceptable for decision-makers to avoid making a decision due to the complexity. Rather, just as in the case of the train operator, developing ethical strategies related to sustainability must rely on as comprehensive an understanding of the situation as the facts at hand provide. Fortunately, sustainability allows for adaptive management; such that if one determines that past decisions are leading down the wrong track, then there is an opportunity to change directions later toward a more idealized long-term outcome.

### Environmental Ethics

There are numerous well-developed streams of research on environmental ethics. Perhaps the most well-known approach advocates a deep-

ecology or deep-green position (Costanza et al. 1997; White et al. 2016). This ethical positioning stresses the primacy of natural systems over human society and organizations. The moral or ethical approach here is to consider humans and society as being a part of nature. In this line of reasoning, there is no ethical imperative to preserve human life if it comes at the expense of nature. A deep ecological perspective would suggest that any prioritization of humanity over nature will eventually lead to society's ecological footprint extending past natural carrying capacities, which could lead to a cycle of population overshoot and collapse.

### Social Ethics

This is perhaps the most-discussed domain of ethics and so will not be explored to a great degree in this chapter. Ethics originated as a type of moral philosophy primarily concerned with human well-being and determinations about whether the way individuals treat each other is moral or amoral, right or wrong, or just or criminal. There are long traditions of exploring ethical behavior in religious, philosophical, and political domains. The key dimension to remember about this domain is that social ethics is primarily focused on how people treat others in society and members of other societies; there is little concern for non-sentient individuals who comprise the animal or plant kingdoms nor for nature writ large.

### Economic Ethics

This is perhaps the most complex of the three dimensions of sustainability to explore in terms of ethics. Economics as a general academic discipline, and economists as individuals, strive to improve human well-being but often overlook how that goal is fundamentally entwined with ethics (DeMartino 2011). The global economy is currently dominated by the neoclassical school of thought, but there are numerous traditions which can influence policy-making that also fall under the broad heading of economics, e.g., classical, Marxist, Keynesian, Austrian, etc. (Costanza et al. 1997). All of these approaches seek to increase or support society; yet they do so in very different ways or even in similar ways with very different rationales. For example, neoclassical economists would stress the best way to increase well-being is through a free market and that the most socially beneficial thing a corporation can do is generate profit for shareholders while those aligned with Marxist tradition would argue that organizations should exist to better society and not shareholders. Many economists might suggest unregulated markets are superior to regulated markets; however, while the neoclassical school feels this stems from trust in individual consumers to do the right things for themselves, the Austrian school suggests that markets are perhaps too complicated for individuals to interfere with without causing more harm than good.

There is no possible way to reconcile all of the ethical traditions of these various economic perspectives within a short section. However, there are a few things to note when thinking about sustainability and economics. First is that while the modern global economy is mainly comprised of capitalist economies, there are variety of ways that capitalism is practiced in various countries. The second main takeaway for readers is that just as there are a variety of ways of conceptualizing the interface of human society and the environment, so there is a variety of ways of approaching social well-being in economic theory. Ecological economists are most closely related to deep-ecological perspectives, while many who study environmental economics are more closely related to neoclassical approaches to studying how natural resources support local and global economies (Costanza et al. 1997). Many of the economic traditions which expressly focus on the natural environment offer a more accessible path to consider economic ethics as it relates to sustainability.

Just as there are numerous ways of thinking about social well-being or humanity's relationships with nature, there are a wide variety of approaches in economic theory. While this serves to increase the number of variables involved when deciding about the ethics of sustainability in an abstract way, it also opens the door for a wide number of approaches which may be considered ethical in practice depending on where, how, or why they are implemented. This wide variety of niche approaches can help enable the

development of a more collective agreement around ethical guidelines for the development of sustainable policies, plans, or programs by providing a number of examples which can be compared against each other. Using a pairwise system of comparative evaluation allows us to avoid the inherent complexity of determining a theoretically ideal approach based on first principles and allows us to compare the rich nuances which exist among different approaches.

## Practical Guidance for Developing Ethical Sustainability Strategies

There is no easy way to combine environmental, social, and economic dimensions of sustainability without clashing ideas about morality and ethics. While this theme has permeated the entire chapter, it is important to stress that this does not mean it is impossible to make some decisions regarding how to achieve more sustainable ends. In fact, approaching sustainability with ethical considerations foremost in mind is potentially the best way to keep all three dimensions of sustainability in balance and ensure developing positive policy outcomes.

The most commonly used approach to ensure that strategies intended to achieve sustainability goals are ethically founded is to consult a wide variety of stakeholders, including scientific researchers, during the policy-planning process. This removes the paralyzing pressure felt by public policy professionals or government ministers who feel forced to make all the decisions alone. By including a wider array of voices, it is less likely that any one stakeholder group will feel that the final policy solution unjustly penalizes them. This section looks at three approaches to ensuring multiple stakeholders and scientific evidence are involved in the development and adoption of sustainability strategies: cross-sectoral partnerships, following the precautionary principle, and using impact assessment processes.

Cross-sectoral partnerships are highly effective in developing governance strategies which have the support of the public and private sectors as well as civil society more generally (Cashore et al. 2007). These approaches are sometimes referred to as partnered governance. These partnerships should involve multiple individuals and stakeholder organizations when developing strategies intended to further aims associated with sustainability. Partnered governance has demonstrated the ability to realize effective outcomes in education, civic planning, industry self-regulation, environmental governance, and many other areas. One specific area which holds much promise is in the development of sustainability standards. These standards have supported the adoption of sustainable practices in industries like fishing, forestry, and coffee, palm oil, and chemical production (Cashore et al. 2007). Some of the best-known sustainability standards include fair-trade coffee, the Marine Stewardship Council (MSC), the Forest Stewardship Council (FSC), and the Roundtable on Sustainable Palm Oil (RSPO) which support sustainable governance through the involvement of various state and non-state actors.

Working on determining ethical guidance for developing sustainability standards should involve appropriate scientific investigation of environmental conditions and potential risks. One way of considering the ethics of any given situation is to use the precautionary principle. At the core of this concept is the notion of making ethical decisions based on the potential impacts of plausible risks to the environment, public health, and technology. "Born of environmental considerations, the precautionary principle has since matured into an ethical principle with a far broader scope and the potential value of the precautionary principle as a policy guide should be envisaged" (World Commission on the Ethics of Scientific Knowledge and Technology 2005).

Another approach to bringing science and stakeholders into the evaluation and development of sustainability strategies is through adopting impact assessment processes. A wide variety of these approaches have been developed; many practitioners and researchers who focused on improving these assessment processes are members of the International Association for Impact Assessment (IAIA). Though early-stage environmental impact assessment started with a focus on

large-scale development processes, there are now a host of techniques which support evaluating sustainability programs, health and social policies, strategic decision-making, and the cumulative impacts of the human enterprise (Bond et al. 2012). Guidance around impact assessment processes stress multi-stakeholder engagement processes when they are used as an approval mechanism and the need to monitor decisions after they have been made to ensure that interventions are achieving desired outcomes.

A final consideration is for national and subnational governments to avoid setting goals, but rather adopt goals from other organizations. This could include adopting the challenge of reducing greenhouse gas emissions to help mitigate climate change or focusing on the United Nation's Sustainable Development Goals (United Nations General Assembly 2015). Many of these goals are determined by multiple stakeholders and adopt significant scientific input. This approach helps to support an ethical rationale for pursuing sustainability and provides clear targets to evaluate success.

All of these approaches are presented as ways of starting to move toward ethical policy development processes when addressing challenges related to the environment, social well-being, and economic development. This list is by no means exhaustive, but is intended to give the reader a sense of how stakeholder collaboration and scientific research support the development of governance strategies related to sustainability.

## Conclusion

Achieving sustainable outcomes is not an easy proposition nor is balancing ethical concerns when developing strategies intended to realize them. There is a need to balance multiple stakeholder voices, as well as the perspectives of stakeholders who cannot raise their own voice. Though the ethics of sustainability are complex, this challenge can be overwhelmed by basic good governance approaches which involve stakeholders, leverage scientific research, and seek to do less harm while striving to improve the well-being of society. Addressing the ethics of sustainability is an ongoing challenge; ultimately the approaches which work in one jurisdiction may not work in others. Rather than adopting a single best practice solution, the most ethically and scientifically appropriate approach to more sustainable governance is to create a mosaic of strategies which all make incremental contributions and are tailored to fit the needs of different individuals and regions.

## Cross-References


- ▶ Civil Rights
- ▶ Compromise
- ▶ Ethical Impact Theory: How Unethical Behavior at Work Affects Individual Well-Being
- ▶ Ethics and Crisis Management
- ▶ Ethics and Public Policy
- ▶ Ethics and Social Policy
- ▶ Ethics and Well-Being
- ▶ Ethics Measures
- ▶ Ethics of Compromise
- ▶ Global Ethics
- ▶ Governmental Accountability
- ▶ Human Rights in the Twenty-First Century
- ▶ Public Value Dynamics
- ▶ Transparency
- ▶ Value Congruence


## References


Bond A, Morrison-Saunders A, Pope J (2012) Sustainability assessment: the state of the art. Impact Assess Proj Apprais 30:53–62. https://doi.org/10.1080/14615517.2012.661974

Brundtland G (1987) Our common future: report of the world commission on environment and development. Oxford University Press, Oxford

Cashore B, Auld G, Bernstein S, McDermott C (2007) Can non-state governance "ratchet-up" global environmental standards? Lessons from the forest sector. Rev Eur Commun Int Environ Law 16:158–172

Costanza R, Cumberland J, Daly H et al (1997) An introduction to ecological economics. CRC Press LLC, Boca Raton

DeMartino G (2011) The economist's oath: on the need for and content of professional economics ethics. Oxford University Press, Oxford

IPCC (2014) Climate change 2014 synthesis report. Contribution of working groups I, II, and III to the fifth assessment report of the Intergovernmental Panel on Climate Change. IPCC, Geneva
Rockstrom J, Steffen W, Noone K et al (2009) A safe operating space for humanity. Nature 461:472–475
United Nations General Assembly (2015) Transforming our world: the 2030 agenda for sustainable development. United Nations, New York
White D, Rudy A, Gareau B (2016) Environments, natures and social theory. Palgrave Macmillan, London
World Commission on the Ethics of Scientific Knowledge and Technology (COMEST) (2005) The precautionary principle. United Nations Educational, Scientific and Cultural Organization, Paris

# Ethics Officers

Tim C. Mazur
Pratt and Whitney, United Technologies Corporation, East Hartford, CT, USA

## Synonyms

Chief compliance officers; Chief ethics and compliance officers; Chief ethics officers; Compliance and ethics officers; Compliance officers; Ethics and compliance officers; Integrity officers

## Definition

Ethics officers are employees of organizations responsible for managing ethics issues facing the organization both internally and externally.

## Introduction

Ethics officers are a relatively recent phenomenon in organizations. Research suggests the title that first appeared in the United States in the 1970s, when Cummins, Inc., created a position that shares much in common with current ethics officer job descriptions. Also, in 1978, the US Congress passed the Ethics in Government Act, which created the concept of an ethics official within each executive branch agency (ECOA Foundation 2013). In government, the role began only in a limited, technical capacity, but recent advances in the private sector have extended into the public sector, such that "best practices" among ethics officials now include much of what is connected with the private sector ethics officer.

The role goes by many names within organizations, including compliance officer, ethics and compliance officer, compliance and ethics officer, chief ethics officer, chief ethics and compliance officer, chief compliance officer, ethics official, designated agency ethics official, integrity officer, and many others (Swartz 2003). While it appears in almost all industries, public organizations, and nongovernmental organizations (NGOs), ethics officer remains mostly a position not legally required. This "optional" status is one reason why the word "ethics" succeeded the former word "compliance" (Paine 1994). Because creating the role is mostly a voluntary decision by organizational executives, only larger organizations, for the most part, choose to create an ethics officer position as the leader of their ethics program (also known as "compliance programs" or "ethics and compliance programs"). One industry, securities (e.g., broker dealers), still uses the term compliance officer exclusively in a mandatory, regulatory context, such that it has almost no connection to ethics or ethics officers.

## The Evolution of Ethics Officers

Ethics officers first appeared in the 1970s as a result of the evolution of the modern business ethics movement on university and college campuses (Weber and Fortun 2005). The role of US business in the 1972 Watergate scandal (e.g., secret contributions to the Committee for the Reelection of the President) and the Lockheed Corporation's Japanese bribery scandal (1976) motivated business school's to focus on the practical application of ethics in business, rather than look at business ethics solely as a branch of applied moral philosophy. Business ethics professors drew from many writings, including those of "the father of economics,"

Adam Smith, who was a moral philosopher. As Wall Street and other business leaders extolled Smith and his views on laissez-faire economics, the professors revealed that Smith believed laissez-faire would work only if businessmen chose to run their operations ethically, obviating the need for government ownership or excessive regulation (Rasberry 2000).

As the 1970s progressed into the 1980s, various technological and social changes motivated the proliferation of ethics officers. First, the wide expansion of cable television (TV) in the United States opened a channel of information to citizens that had previously been controlled by only four networks and a few powerful newspapers. The popularity of cable TV brought not only new networks, including CNN and Fox, but also a larger supply of information – including information about corporate misconduct – due to a shift to 24 h per day of programming. Second, the development of personal computers in the early 1980s led to Internet discussion groups and "listservs" that significantly increased flows of specialized information among interested parties around the world. When it might have been possible to "cover up" an act of corporate misconduct in the past, the personal computer empowered common consumers around the world to report such incidents. And third, also in the 1980s, primarily local and regional economies evolved into a truly global economy, which demanded common standards of business conduct beyond the 200-plus sets of national laws and regulations. In multinational companies, it was easier and more practical to train employees to honor common standards of ethical conduct than it was to teach every law, regulation, and ordinance in each country the employee visited or did business with (DiPiazza 2001).

In the early to mid-1980s, these new cable networks and personal computers became filled with stories of corporate fraud, including infamous examples of the US Department of Defense paying private contractors $435 each for thousands of $5 hammers and $640 each for thousands of $7 toilet seats. These scandals led to the creation of three government commissions – the US Sentencing Commission (USSC) (1984), the Treadway Commission (1985), and the Packard Commission (1986) – that, among many other accomplishments, challenged businesses to take more responsibility for preventing fraud and misconduct.

The Packard Commission resulted in the 1986 creation of the Defense Industry Initiative on Business Ethics and Conduct (DII), a voluntary program that listed six components of an effective corporate ethics program (ECOA Foundation 2013). Overseeing the implementation of these new "business ethics and compliance" components within each major defense contractor was a new, full-time job, so what was at the time only a handful of ethics officers around the world quickly became dozens. In 1991, the USSC pursued the same goal by publishing guidelines for sentencing organizations. A footnote in the guidelines followed the DII's lead by listing seven components of "an effective program to prevent and detect misconduct." Among these seven components was one that required the organization identify a person with "day-to-day" responsibility for running the compliance program (www.ussc.gov/guidelines/2016-guidelines-manual/2016-chapter-8, 2016). By the mid-1990s, dozens of ethics officers had become hundreds. Today, over 95% of *Fortune* 500 corporations have some version of an ethics officer, as do most US colleges and universities and many other large for-profit and nonprofit organizations (Treviño et al. 2014).

The sudden growth of this new type of organizational leader led to the creation in 1992 of the Ethics Officer Association (EOA) by Michael Hoffman and Craig Dreilinger (Adobor 2006). Its first gathering of 19 ethics officers revealed the need for a new organization and a new field. Why not simply be part of the Society of Human Resource Management, the association of human resource (HR) professionals? Because the government hearings that resulted in the USSC guidelines revealed that the US government did not want ethics officers to be located in HR, which was evolving into a profession focused on partnering with and empowering corporate managers. The government, in contrast, wanted ethics officers to stand up to managers who committed

misconduct and report them to the government if necessary.

Why not be a part of the American Corporate Counsel Association, the association of in-house attorneys? Because many public leaders and others felt that compliance officers housed in the Legal Department were preoccupied with protecting the company from liability. Also, ethics officers need to be skilled in writing clearly and delivering training, neither of which are skills taught in law school. So, in 1992, those 19 corporate representatives decided to create a new organization that would define "ethics officer" as a corporate role that had never existed before: an employee who worked to ensure "the right (ethical) thing" was done within the corporation, even if it conflicted with upper management (Hoffman and Rowe 2007).

In Europe, a similar role existed in the form of an Ombudsman, but the US variant has more compliance responsibilities and focuses on preventing and uncovering misconduct rather than simply waiting to hear from another employee (www.ombudsassociation.org/Resources/Frequently-Asked-Questions/What-is-an-Organizational-Ombudsman.aspx, 2017). Because the ethics officer role was originally defined as something new, to this day it attracts individuals from many different backgrounds. While compliance officers were historically trained only in the law, ethics officers come from backgrounds including finance, psychology, ethics, accounting, organizational behavior, strategy, human resources, law enforcement, and many others. This variety of expertise helps the ethics officer accomplish the 12 main components of her job:

1. Create, lead, and represent the ethics program and its staff.
2. Create and update the organization's ethical standards (e.g., values, code of ethics).
3. Create and implement ethics-related communications (e.g., policies, awareness-building information).
4. Create and implement skills-based training (e.g., moral sensitivity, ethical decision-making, moral courage, deriving principles from values and standards that can be turned into policies, moral intuition).
5. Create and manage an Ethics Helpline (e.g., offers anonymity, if desired) and a program to prevent retaliation against employees who report misconduct.
6. Create and manage incentives toward ethical behavior and reduce the number of incentives to commit misconduct (e.g., 2016 Wells Fargo scandal), investigate allegations of misconduct, and ensure that employees who violated the organization's ethical standards are disciplined.
7. Create monitoring policies and procedures, and a schedule of regular and "spot" audits, to ensure the ethics program achieves its goals.
8. Enhance the organization's existing enterprise risk management (ERM) plan with risks focused on ethics and integrity.
9. Develop and implement a plan toward improving the organization's ethical culture.
10. Create and implement metrics to evaluate the impact and effectiveness of the ethics program and then update and improve the program as a result.
11. Create and maintain key relationships with internal stakeholders including the organization's chief executive officer, president, chief operating officer, chairperson of the board, chairperson of the audit committee, chief finance officer, chief legal officer, chief learning officer, chief strategy officer, corporate secretary, head of internal audit, head of communications, head of security, and others.
12. Create and maintain key relationships with external stakeholders including the media, representatives from governments in which the organization operates, customers/clients, leaders of communities where the organization operates, and others.

Within the organization, the ethics officer is responsible for many ethics-related issues, though the list changes according to industry, countries in which the organization operates, and other criteria. A common list of issues an ethics officer is responsible for includes:

- General business ethics issues (e.g., breaking promises or otherwise violating commitments;

lying, deception, and other types of dishonesty; lack of integrity; unfairness; disrespect; other violations of the organization's values)
- Criminal compliance (i.e., compliance with criminal laws; some chief ethics officers manage compliance officers who oversee regulatory compliance, while others work with a chief compliance officer responsible for regulatory compliance)
- Conflicts of interest, self-dealing, and corporate opportunities (e.g., an employee stealing an opportunity that belongs to the organization)
- Unfair business practices (e.g., bid-rigging)
- Fraud (e.g., from multi-billion dollar schemes like Bernie Madoff to falsifying an entry in an expense report)
- Confidential or proprietary information (e.g., inappropriate use or theft of information belonging to the organization)
- Bribery and kickbacks (i.e., violating anti-corruption laws and regulations)
- Gifts and entertainment (i.e., "the ethics side" of bribery, where an employee gives or receives gifts or entertainment in a way that could or does alter her decision-making against the best interest of the organization)
- Retaliation (i.e., an employee retaliating against another employee because the latter used the helpline or otherwise helped the organization identify another employee who committed misconduct)
- Use of company assets (i.e., an employee secretly using 20 laptops belonging to the organization to run her own, separate business on the side)
- Sexual harassment
- Discrimination
- Theft
- Competitive intelligence, espionage, and other anticompetitive behavior (e.g., violations of antitrust laws or regulations or stealing information from competitors)
- Favoritism (e.g., promoting a friend even though she isn't the highest-qualified candidate)
- Insider trading (i.e., trading stocks on inside information whether it's illegal or simply unethical)
- Accounting irregularities/accurate reporting (in response to the Sarbanes-Oxley Act, the ethics officer must invite employees and non-employees to contact her if they are aware of accounting irregularities)

Current issues facing ethics officers are split between positive developments and negative realities. Among the latter is something that has plagued ethics officers from the beginning: a lack of respect among other leaders in the organization as well as externally (Treviño et al. 2014). Generations of businesspersons who never read Adam Smith mistakenly believe the sole purpose of business is to earn a profit and, thereby, that ethics has no value except in rare instances when it can increase profits. Fortunately, better ethics education in business schools is slowly eroding this fallacy, but it is still the case that many employees, managers, and executives do not understand, appreciate, or respect their ethics officer or the role she plays.

Feeding this disrespect is the difficulty associated with proving that the ethics officer is doing a good job (ECOA Foundation 2008). Think about it: if the ethics officer succeeds in improving the organization's ethical culture, then maybe misconduct that would have happened does not. But how does one measure this? How does an organization calculate the return on investment on misconduct that did not happen?

Another problem facing ethics officers is the legal profession's efforts to control the field. Ethics officers were born from the fact that compliance officers in the 1960s, 1970s, and early 1980s repeatedly failed to prevent preventable corporate misconduct. In the late 1980s and the 1990s, well over 90% of ethics officers were attorneys, but that number has dropped every year since (ECOA Foundation 2008). As recently as 2014, the Ethics and Compliance Officer Association (the new name of the EOA as of 2005) revealed that less than one-half of its members were attorneys. The legal profession has been fighting this loss of power by pressing general counsels to convince their CEOs that ethics officers must be attorneys.

Many attorneys serving as ethics officers ignore the ethics parts of the job, in an effort to return the role to its original position as a compliance officer. To achieve its goal, the legal community and others created a trade group – Society for Corporate Compliance and Ethics (SCCE) – to compete with the Ethics and Compliance Officer Association. Despite the word "ethics" in its title, the SCCE never has featured an ethics expert in its leadership (www.corporatecompliance.org/AboutSCCE/SCCEEmployees.aspx, 2017).

Another negative reality began in the early 2000s when the vendor community invented a new phrase, "governance, risk, and compliance," or GRC, to remove ethics from the programs run by ethics officers. GRC's proponents market it as the "solution" for organizations uncomfortable with the "softness" of ethics. Still other vendors replace the word ethics with "reputation," such that the ethics officer's goal is limited to projecting a positive image of the organization, rather than actually working to improve the ethics of the organization's behavior.

A final challenge confronting ethics officers revolves around what makes their role so unique. Employment in the United States is at will, meaning organizations can fire employees for any reason other than rare exceptions (e.g., discrimination). Ethics officers represent the first in-house role where the highest priority is to "do the right thing," even if doing so conflicts with the actions of, for example, the CEO. In other words, if the ethics officer performs her role properly, then she must confront the CEO or another executive if he is committing misconduct. The problem is, under employment at will, the CEO can easily solve his problem by firing the ethics officer. Over 100 ethics officers have lost their jobs in scenarios like this.

A solution to this problem is employment contracts, whereby the ethics officer if hired under a contract that stipulates can be fired only under specific, legitimate circumstances and only with the approval of the chairperson of the board of directors or its audit committee. While this is an excellent solution, it is believed that fewer than 5% of ethics officers possess employment contracts (ECOA Foundation 2013). A similar challenge is that most ethics officers are not covered by their organization's directors and officers' liability insurance, even though they are as likely as anyone in the organization to be called to testify in a court case.

On the positive front, ethics officers are seeing several advancements in the field. First, while most early ethics officers reported to the general counsel, "best practice" today has them reporting to the CEO, the COO, or even the chairperson of the board's audit committee (Hoffman et al. 2008). The strongest motivator for this improvement came from the Office of Inspector General of the US Department of Health and Human Services (OIG). Repeated failures in programs led by general counsels leading up to the early 1990s pushed the OIG to mandate that a program could not qualify as effective if it resided in the Legal Department.

Additionally, the importance of ethics in the work of ethics officers has been supported by recent global standards. First were the 2004 and 2010 updates to the USSC guidelines, when the word "ethics" or "ethical" was added to the legislation 62 times (www.ussc.gov/guidelines/2016-guidelines-manual/2016-chapter-8, 2016). In 2010, the Organization for Economic Cooperation and Development published its *Good Practice Guidance on Internal Controls, Ethics, and Compliance*, which highlighted the importance of ethics for the first time at a global level. In 2014, the prestigious International Standards Organization published ISO 19600, a new standard on compliance management that acknowledged the importance of business ethics. ISO repeated this acknowledgement in its more recent ISO 37001 standard addressing anti-corruption.

Other issues that represent a significant portion of an ethics officer's time include:

- Ethical culture – What does an "ethical culture" look like and how can one measure the ethics of an organization's culture?
- Whistleblowing – The 2013 actions of Edward Snowden has risen the profile of whistleblowing. Is it a good, courageous thing for an insider to blow the whistle when efforts to address misconduct internally have failed? Or is such external

reporting a violation of the insider's commitments to protect confidential information?

- Transparency and social media – The prevalence of employees and others with smartphones, that can record video or audio and instantly access the Internet, offers ethics officers new opportunities to invite employees and customers to shine a light on misconduct within the organization.
- Behavioral ethics – Scholars have delivered extraordinary research in the early 2000s on the psychology behind misconduct. Ethics officers now have numerous tools and other resources to help them reduce incentives toward unethical behavior and even measure the ethics of prospective employees during the hiring process.
- Corporate social responsibility (CSR) – CSR is a branch of business ethics, yet the two fields evolved within organizations separately. Now that both have achieved greater power, ethics officers seek to combine the ethics program with the organization's CSR or sustainability program to ensure they integrate with and complement, rather than conflict, with one another.

## Conclusion

The concept of an ethics officer took off in the early 1990s and now involves tens of thousands of individuals around the world. While the field has grown, it continues to face threats from internal and external forces. The Ethics and Compliance Officer Association was once a stalwart leader of the field, looking out for its members' interests and working to direct the field's evolution, but in 2014 its board combined it with another organization and changed its name. For the first time in its history, the organization features no one with a background in ethics among its management (www.ethics.org/about/staff, 2017).

The field had been focused on whether to evolve into a profession, such that ethics officers would need to be certified or licensed. Strong arguments appear on both side of the debate. For now, certain law schools (e.g., Université de Cergy-Pointoise in France) and business schools (e.g., Leeds School of Business at the University of Colorado, Boulder, in the United States) have created degree programs that invite students to a more formal education on how to excel as an ethics officer. Finally, the future of ethics officers lies in their ability to earn respect among their organizational colleagues, so much so that they earn "a seat at the table" where the highest executives discuss strategy, such that ethics officers truly can improve the ethics of the organization by being a factor in decisions from the outset.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Code of Ethics
- ▶ Compliance Theory of Organizations
- ▶ Compliance Versus Ethical Capacity
- ▶ Corporate Social Responsibility
- ▶ Costs of Ethics
- ▶ Culture and Organizations
- ▶ Data-Driven Ethics Monitoring
- ▶ Dodd-Frank Act
- ▶ Ethical Competence
- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Frameworks
- ▶ Ethical Leaders
- ▶ Ethical Leadership
- ▶ Ethical Risk Management
- ▶ Ethical Values
- ▶ Ethics and Crisis Management
- ▶ Ethics and Good Governance
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Organizational Performance
- ▶ Ethics Exemplars
- ▶ Ethics Measures
- ▶ Ethics Training
- ▶ Healthcare Ethics
- ▶ Integrity Management
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Leading the Ethical Organization
- ▶ Legal Versus Ethical
- ▶ Moral Responsibility
- ▶ Motivating Ethical Behavior
- ▶ Organizational Cheating
- ▶ Organizational Values

▶ Professional Ethics
▶ Theories of Ethics
▶ Transparency
▶ US Office of Government Ethics
▶ Whistleblowers in Organizations
▶ Whistleblowing

## References

Adobor H (2006) Exploring the role performance of corporate ethics officers. J Bus Ethics 69(1):57–75
DiPiazza SA Jr (2001) The value of the corporate ethics officer: musings from the "other" CEO. Vital Speeches Day 67(23):712
ECOA Foundation (2008) Ethics and compliance handbook: a practical guide from leading organizations. pp 9–10
ECOA Foundation (2013) A beacon of integrity. pp 6–7
Hoffman WM, Rowe M (2007) The ethics officer as agent of the board: leveraging ethical governance capability in the post-Enron Corporation. Bus Soc Rev 112(4): 553–572
Hoffman WM, Neill JD, Stovall OS (2008) An investigation of ethics officer independence. J Bus Ethics 78(1–2):87–95
Paine LS (1994) Managing for organizational integrity. Harv Bus Rev 72(2):106–117
Rasberry RW (2000) The conscience of an organization: the ethics office. Strateg Leadersh 28(3):17–21
Swartz N (2003) Rise of the corporate ethics officer. (Up front: news, trends & analysis). Inf Manag J 37(1):9–10
Treviño LK, den Nieuwenboer NA, Kreiner GE, Bishop DG (2014) Legitimating the legitimate: a grounded theory study of legitimacy work among ethics and compliance officers. Organ Behav Hum Decis Process 123(2):186–205
Weber J, Fortun D (2005) Ethics and compliance officer profile: survey, comparison, and recommendations. Bus Soc Rev 110(2):97–115

# Ethics Policy

Anna Simonati
Faculty of Law, Trento University, Trento, Italy

## Synonyms

Ethics in administrative action

## Introduction

Public policies are the means through which politics allocate values (Easton 1965). Hence, public policies have to do with the proper indication of problems to be solved in a society and to the choice whether (and eventually how) the public authorities should act, in order to solve those problems (Donahue 2003).

In such a complex context, the role of ethics is potentially basic: according to a famous paradox, because other issues are more important than ethics, ethics is more important than any issue (Thompson 1992). In fact, ethics refers to the group of rules and values functioning as standards to assess the integrity of a subject's action (Huberts 2014).

The topic of ethics policy has been the object of various studies, in different scientific fields, since the 1970s. They regard both ethics of the general choices taken by administration in the public interest and ethics of the public servants' behavior. Actually, the details of the concept are not totally shared in a compared perspective. Generally speaking, in Europe, public integrity is related with "thinking" and with "doing"; it has to do with professionalism and has an important organizational side. In the USA, ethical decision-making is often assumed to be at the core of good management and it is frequently linked with administrative reforms (Cox et al. 2009).

## Preliminary Concepts and Theoretical Background

Both public officials and the public at large should be provided with a common frame of reference, regarding the principles and standards to be applied.

There are essentially two models in the study of public ethics: ethics of the sovereign good and ethics of the service of goods (Radhika 2012). The former aims at producing a set of guidelines about what is good in a collective perspective, but its weak point is that it is normally not able to take into consideration all the relevant variables (for instance, financial sustainability of administrative

decisions). Ethics of the service of goods, instead, lays on the idea that people can choose what they need and they can enter into agreements with each other to obtain what they consider good; but, of course, this view leads to individualism.

Moreover, in making ethical decisions, three main approaches may be followed. First, according to the virtue/intuition approach, a person, who knows what being moral means, shows honesty, integrity, and fairness in his/her behavior. Second, the deontological approach is based on a set of agreed principles to guide public action. Third, the teleological approach is based on the evaluation of the consequences of the action (Rosenbloom et al. 2009). Notwithstanding the three criteria are often used in combination, ethics is an aspiration to ideal excellence and therefore it is almost impossible to implement, fulfill, and measure it in its practical results.

As it was clearly shown in the field of contrast to corruption, there is in reality no way to correctly measure ethics (or its breaches) (Anechiarico and Jacobs 1996). Public policies aiming at it must always make a comparison, in terms of proportionality, between the means employed and the desired results. So, public ethics is not an absolute value in itself, and the ethical choice in public administration cannot be reduced to the alternative between following or not following the rules: ethics and legality are not synonyms.

Administration has an ethic duty to observe the rules in force, but specific rules of law may be non-ethic or they may conduct to non-ethic concrete effects. Therefore, ethics policy may be concerned with producing and implementing best practices, in order to comply with the statutes in force and, at the same time, to make public action more and more compatible with ethics. This needs a careful balance among values, because the respect for ethical standards may go beyond the legal requirements. A good example of this tension is the legal and administrative treatment of whistle-blowing, which is very different (and sometimes absent) in the various legal systems. It starts being encouraged by some legislators to overcome severe phenomena of maladministration; however, there are cross-cultural differences in the ethical perception of this tool, which is based on the dilemma of conflicting loyalties.

From the point of view of fair administration, it is important to grasp the distinction between discretionary and non-discretionary power. Only the former, in fact, requires officers to balance interests while emitting individual measures and, in such cases, a deeper attention for ethical values must be paid. Of course, a basic (even if preliminary) question regards how public interest itself has to be identified: approximately, one could say that it is the greatest good for the greatest number, but the respect for minorities and dissenting voices is an (ethic as well as legal) priority.

The benchmark is the indication of a shared group of principles. The most important and most ancient ones are, of course, the respect for the rule of law, impartiality and equal treatment, whose main corollaries are transparency and accountability. Transparency is at present considered in many countries as a basic value, not only with reference to administrative action in strict sense, but also with reference to the exercise of public power in general (accordingly, for instance, various statutes, all over Europe, regulate access to public information, especially in light of the 2009 Council of Europe Convention on Access to Official Documents: https://www.coe.int/en/web/conventions/full-list/-/conventions/rms/09000001680084826). Accountability, reliability, and participation by the private stakeholders (in the emission of individual measures) and by population at large (in rule-making, programming, and planning action) have progressively been affirmed, in the statutes, in the case law of administrative courts and in the best practices.

## Ethics Policy in Transforming Context

In the latest years, the scientific and practical approach to ethics policy has changed its physiognomy, because of the recent deep mutations in administrative action, essentially due to three main different factors: privatization,

globalization, and the impact of modern technologies (MacKinnon and Fiala 2015).

Privatization has regarded, since the second half of the XX century, many legal systems and has determined the progressive contraction of public bodies from certain fields, being replaced by (at least formally) private subjects. Consequently, in those areas, the administrative involvement is not direct anymore and turns to rule-making and supervising. Therefore, open issues arise, in the perspective (from a side) of assuring as well the protection of the public interest and (from the other side) of avoiding maladministration in the interweaving with profit-oriented activities. An indirect effect, coming from privatization, regards the indication of criteria for public ethics. The mutual approaching of private and public law has produced a sort of osmotic relationship between behavioral rules. In fact, besides the (so to say) "traditional" principles of fair administration, new parameters have been acquiring value. Among the "new" administrative principles, efficiency, efficacy, reduction of costs and good performance levels are comprised. Such principles are especially linked with service providing duties and customer satisfaction, where an interesting tool is the progressive diffusion of Citizen's Charters.

Another important element of change regards globalization. As it is well known, globalization nowadays regards every field of life, here comprised public law. The interaction among national legal systems and the supranational ones has determined a fragmentation of powers and responsibilities. So, there is a strong necessity to set out (if not directly binding specific common rules, at least) common principles about good administration.

The last, but not least, element has to do with modern technologies, whose development clearly has changed the technique of administrative action – in itself and in communication with private parties – and has also created new possible chances of maladministration and corruption.

All these factors of complexity require the respect for paradigms of professionalism and expertise by public servants.

## The Role of Codes of Ethics

The emission of codes of ethics may be useful in managing the complex problem of public ethics (Meine and Dunn 2013; Ochoa and Graycar 2016).

This is a best practice in many legal systems, at the local institutional level, at the national level, and even at the supranational level (for instance, in the European Union, the Code of Good Administrative Behaviour was adopted by the European Parliament in 2001, containing both legally binding rules and just ethical principles: http://ec.europa.eu/transparency/code/_docs/code_en.pdf).

The open issue with regard to these tools is their legal value. Tendentially, one could infer that, if there is not an expressed reference to them in a legal source, they work as guidelines to implement best practices. However, they rule specific behaviors which are particularly frequent in the field of competence of the concerned bodies. So doing, they can help officers and employees in avoiding not only illegal but also unfair conducts, indicating the link with the general principles. They also have the function to create a sort of preventive consciousness about the ethical dilemmas that administration must face in its daily action.

The growing creation of codes of ethics to rule administrative behavior shows that, in the legal systems, there is a pending search of a balance between the normative and the empirical needs related to ethics policy. Their wide formulation demonstrates the difficulty of transforming ethical values and criteria, which are essentially relative, into still rules of law.

## Ethics Policy and Administrative Organization

The acceptance in a legal system of ethics as a guide concept for public policies is likely to affect not only administrative action but also organization. From this point of view, it has to do with ancient mechanisms (such as simplification of structures and procedures, decentralization, and

de-bureaucratization) and with the experimentation of more modern tools (such as citizen partnerships and the implementation of public management techniques).

As a sort of macro-principle, the separation between politics and administration (frequently accompanied by the spoil-system rule) is nowadays commonly accepted. If democracy is the legitimation source of the members of the governments, the rules about recruitment and career path assure competency, professionalism, and expertise of public servants. These issues are normally founded upon some national constitutional principles, such as good administration and loyalty of public employees that assure accountability.

In the perspective of administrative organization, accountability may refer to a duty to respond to a hierarchically superior authority. In a more substantial perspective, it may refer to a duty to take responsibility for decisions in front of the stakeholders and of society in general. The impact of "hierarchical" and professional accountability may lead to different concrete results. Therefore, in the evaluation step, there is not a one-size-fits-all model.

A consequence of the growing importance of accountability in administrative action leads, in many legal systems, to the rules that compel the appointment of an officer responsible for the single administrative procedures. He or she has the duty to maintain a constant dialogue with the stakeholders, in order to let them fruitfully participate in the decision-making process.

Another important instrument, used in many legal systems (at the local, at the national, and, sometimes, at the supranational level, like in the European Union), is the institution of independent authorities with supervising powers and of ombudspersons. Taking inspiration from the Scandinavian countries, ombudspersons normally hear citizens' complaints, conduct independent investigations and manage conflicts, often with the purpose to contrast maladministration. Their action is essentially governed by the principles of neutrality and fairness. As their intervention is based on flexibility, they are able to manage individual conflicts, taking into account the specific factual elements of each case; so doing, they can overcome the problems connected with administrative bureaucracy and formalism. Therefore, the constitution of ombudspersons can be considered as an expression of ethics policies, because they help in preventively solving conflicts and watch over the authorities' action to assure good administration.

Quite similarly, to promote ethics policies, one of the most frequently used tools by the legislators is the creation of specific bodies aiming at contrasting corruption and at controlling the destination and distribution of public funds (for instance, in the USA, the federal and national Offices of Government Ethics: https://www.oge.gov/).

Last, but not least, an interesting instrument is the accreditation system. It is used, especially to guide the administrative choices of public contractors, in order to grant a minimum level of quality to manage risks and reduce costs. The decisional competence is up to accredited conformity assessment bodies, working both at the national and at the supranational institutional level (for instance, in the European Union, https://ec.europa.eu/growth/single-market/goods/building-blocks/accreditation_en).

## Ethics Policy and Administrative Communication

As ethics is connected with the aim at fulfillment of the public interest, public reporting and the creation of efficient communicative circuits among civil society and administration plays of course a basic role.

First, this is strictly linked with building a sense of confidence and trust from the citizens toward authorities. There is a sort of paradox: if, to be really ethic (or ethically open), administration should search and eventually reveal all cases of integrity violation; at the same time, this may conduct to a decline of trust by the population. Consequently, in this perspective, the provision for legal tools to prevent maladministration grows in importance.

Second, especially in light of the progressive complication of public action, a constant dialogue with all the stakeholders and actors is necessary, in order to administrate to become a learning organization (Senge 2010). The role of society in this dialogue is not only to ask questions and put in evidence needs to be satisfied but also to suggest solutions and methods to face problems. Therefore, a deep attention to the creation and implementation of participatory procedures in decision-making must be paid. In fact, the citizens' "activism" is able to bring useful inputs to the competent authorities.

Third, mass media may work as "sentinels" against corruption and maladministration. There are some examples of nonprofit investigative news organizations, which play, from this point of view, an important role (for instance, the Center for Public Integrity, founded in 1989 in the USA).

## Conclusion

Ethics policy globally impacts on administration. It is able to influence both organization and action. Moreover, it has to do both with sound administration as a whole and with the individual behavior of servants. It regards the "internal" management of administrative action, but it also deals with the relationship of the authorities with the citizens in order to emit individual measures, to produce plans and programs, and to properly choose private parties as service providers.

As cultural pluralism is a common characteristic in all modern societies, awareness of relativism of values should always guide public ethics policies. Even if a small group of macro-principles are globally shared, in fact, they are often differently perceived in the various systems.

Hence, more than aiming at specific results (whose value is possibly differently measured in different contexts), ethics policies in administration could be pursued by ruling efficient mechanisms of checks and balances, in order to assure from a side the fair exercise of power and contrast to maladministration, from the other side a constant perception of the satisfaction level of citizens. Thus, the respect for legal procedures to reach good administrative decisions through a fair and complete inquiry step and the duty of public authorities to give reasons for their decisions may be important tools to grant that ethic public choices are taken. It is no accident that, even if with relevant differences, the basic rules governing administrative procedures are shared in all the national and supranational legal systems. To be ethical, administration must not eliminate conflicts that are inerasable in every society. It is expected to be able to manage conflicts in order to take proper decisions, keeping into account all the relevant variables.

Therefore, the legal tools which may be used to obtain good results in terms of administrative fairness are concretely heterogeneous. They consist of principles, legally binding rules, and best practices. Such a variety of instruments is perhaps necessary to face the different problems connected with the duty of public servants and bodies to respect criteria of integrity, also beyond the binding rules.

Anyway, just punishing wrongdoing is not enough. On the contrary, to promote efficient ethics policies in administration, it is also necessary to encourage best practices and good behavior through an incentive system.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Corruption, Europe
- ▶ Administrative Discretion
- ▶ Administrative Ethics
- ▶ Administrative Evil
- ▶ Administrative Procedure
- ▶ Administrative Reform
- ▶ Administrative Theory of Ethics
- ▶ Citizen Participation in Public Management
- ▶ Code of Ethics
- ▶ Compliance Versus Ethical Capacity
- ▶ Costs of Ethics
- ▶ Equity Theory of Organizations

▶ Ethical Competence
▶ Ethical Probity in Public Service
▶ Ethical Values
▶ Ethics and Duty
▶ Ethics and Policing
▶ Ethics and Public Policy
▶ Global Ethics
▶ Integrity and Corruption
▶ Law and Public Administration Ethics
▶ Managing Conflict in Organizations
▶ Ombudsmanship
▶ Performance Management and Culture
▶ Privatization and Public Management
▶ Public Attitudes and Corruption
▶ Public Corruption
▶ Theories of Ethics
▶ Transparency

## References

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago
Cox RW III, Rhodes T, Huberts L, Kolthoff E (2009) Introduction. In: Cox RW III (ed) Ethics and integrity in public administration. Concepts and cases. Routledge, London/New York, pp vii–xii
Donahue AK (2003) Ethics and public policy. In: Rabin J (ed) Encyclopedia of public administration and public policy, vol 1. M. Dekker, New York, pp 469–473
Easton D (1965) A systems analysis of political life. Wiley, New York
Huberts L (ed) (2014) The integrity of Governance. What it is, what we know, what is done, and where to go. Palgrave Macmillan, London
MacKinnon B, Fiala A (2015) Ethics. Theory and contemporary issues. Cencage Learning, Stamford
Meine MF, Dunn TP (2013) The search for ethical competency. Do ethics codes matter? Public Integr 15(2): 149–166
Ochoa R, Graycar A (2016) Tackling conflicts of interest: policy instruments in different settings. Public Integr 18(1):83–100
Radhika D (2012) Ethics in public administration. J Public Adm Policy Res 4(2):23–31
Rosenbloom DH, Kravchuk RS, Clerkin RM (2009) Public administration, understanding management, politics, and law in the public sector. McGraw Hill, New York
Senge PM (2010) The fifth discipline. The art and practice of the learning organization. Crown Publishing Group, New York
Thompson DF (1992) Paradoxes on government ethics. Public Adm Rev 52(3):254–259

# Ethics Training

Hana S. Callaghan and Kirk O. Hanson
Markkula Center for Applied Ethics, Santa Clara University, Santa Clara, CA, USA

## Synonyms

Anti-corruption training; Conflicts-of-interest training; Government ethics education; Government ethics training; Public administration ethics training; Standard training for public officials

## Definition

Government ethics training programs are those designed to teach public officials and civil service employees the laws, standards of conduct, and ethical values required of those in government service by the public that they serve.

## Introduction

Integrity in public service has been identified globally as a governing principle of sound public administration. Multiple United Nations resolutions, recent promulgation of public codes of conduct in nations around the world, and a growing body of ethics laws and regulations give witness to an international trend attempting to create better government at all levels. (See, e.g., United Nations Resolution A/RES/49/136 of 1994, United Nations Resolution A/RES/50/225 of 1996, United Nations Resolution A/RES/56/213 of 2002, United Nations Resolution A/RES/57/277 of 2002, United Nations Resolution A/RES/58/231 of 2004.) In order to implement public integrity programs, there has been an increasing focus on state training of government officials and employees about the ethical standards and laws regulating public conduct.

Some ethical norms that are the subject of training are specific to the particular jurisdiction and national setting. However, many ethical

norms are based on the classical and traditional understanding of the relationship between public actors and the public that they serve. When individuals choose a career in the public sector, or a period of public service, they affirmatively take on the role of fiduciary to the people because they hold a position of trust and are tasked with acting on behalf of those they are sworn to serve. As stewards of the public trust, they are considered to have a fiduciary responsibility to act in a manner that is loyal to the public by putting public interest before personal gain, that is fair and unbiased, and that fulfills duties of competency, integrity, accountability, and transparency. Government ethics training programs seek to educate the public servant about these public sector responsibilities.

This article first presents the history and current status of ethics training within context of the United States, the national setting in which ethics training is the most common and advanced. The article next turns to the global setting with a brief discussion of the United Nation's concerns about public service ethics followed by highlights of ethics training programs in England, India, and China. The article concludes with recommendations for the best practices in the provision of government ethics education.

## Ethics Training in the United States

### History

The concept that government officials have special ethical obligations is actually quite old. In Ancient Greece Plato's Laws called for death for public officials who took bribes (Cooper and Hutchinson 1997, at 955d). In 1215 King John of England signed the *Magna Carta* which promised among other things, "To no one will we sell, to no one deny or delay right or justice" (*Magna Carta* 1215, at cl. 40). In 1254 King Louis the IX of France promulgated conflicts-of-interest rules for provincial governors in the *Grande Ordonnance Pour la Réforme du Royaume* (Davies et al. 2013). In 1781 in the United States, the *Articles of Confederation* included bans on officials taking gifts from foreign kings to ensure public officials' loyalty to the people of the United States (*Articles of Confederation*, art. V). This ban was later enshrined in the Constitution of the United States:

> No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress, accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince or foreign State. (*US Const. art. I, § 9*. capitalization in original)

The US Constitution further provides that each chamber may "Determine the rules of its proceedings, punish its members for disorderly behavior, and with the concurrence of two thirds, expel a member" (*US Const., Art. I, § 5*). From 1789 to 1964 for the Senate and 1967 for the House, each body dealt with member discipline on a case-by-case basis. In 1958 Congress established the first *Code of Ethics for Government Service* following an investigation of presidential Chief of Staff Sherman Adams. The Code was not legally binding, however, because it was adopted by a Congressional resolution – not law. In the 1960s ethics scandals involving the Secretary to the Majority Leader Bobby Baker in the Senate and Representative Adam Clayton Powell in the House prompted both chambers to write codes of conduct for members and to create permanent ethics committees (Straus 2011, 2013).

In 1965 President Johnson signed Executive Order 11222 which established standards of conduct for Executive Branch officers and employees (3 CFR 1964–1965, p. 36). In the wake of Watergate and the resultant distrust of government, Congress enacted the Ethics in Government Act of 1978 which established the Office of Government Ethics (OGE) to oversee Executive Branch conduct. In 1993 OGE promulgated ethics rules for all Executive Branch agencies and departments (OGE.Gov).

With increasingly complex ethics rules and regulation, the need for ethics training for government officials and employees became apparent. In 1977 the Senate Select Committee on Ethics was created. In 2007 the Select Committee was given jurisdiction to "conduct ongoing ethics training and awareness programs for Members of the

Senate and Senate staff." This training is mandatory (2 USC § 72a-1h; Straus 2013).

The Ethics Reform Act of 1989 established the House of Representatives Office of Advice and Education in the Committee on Ethics. The Office of Advice and Education was charged with "Providing information and guidance to members, officers and employees of the House regarding any laws, rules, and regulations, and other standards of conduct applicable to such individuals in their official capacities. . .." As of the writing of this article, annual ethics training is mandatory for all House employees. New members must take training within 60 days of taking the oath of office (Straus 2011; Ethics.House.gov).

The Office of Government Ethics ("OGE") provides training for 4,500 ethics officials in more than 130 federal departments and agencies. These ethics officials in turn provide training for 2.7 million federal employees. In 2013 OGE launched the Institute for Ethics in Government as the home for all of OEG's educational offerings (OGE.gov).

As government ethics programs were developing in the US federal government, the 50 US states were also creating ethics commissions or committees charged with promulgating government ethics rules and training requirements. As of this writing, almost all states offer some form of ethics training. The National Conference of State Legislatures has complied information detailing the status of ethics training programs in all of the 50 states which can be found on their website at NCSL.org.

Within the states, many local government bodies including counties, municipalities, and special districts also have codes of conduct and ethics training requirements. In California, for example, all public officials are required to take 2 h of ethics training every 2 years. This is commonly known as AB 1234 training after the legislation passed in 2005 (Cal. Gov. Code § 53235).

## Topics Generally Covered in Ethics Training

Most US government ethics training programs focus on avoiding conflicts of interest where an individual has an incentive to put personal interest before the public good. Examples of proscribed conduct include governmental actions by an official that result in improper economic benefit for that official or a closely related person or entity, the receipt of special favors or money in exchange for official actions, nepotism, and the use of public resources for personal benefit.

Fair process is also dealt with in government ethics training. In the United States, constitutional notions of "due process" include the premise that citizens are entitled to fair and unbiased decision-makers. Accordingly, bans on vote trading, discrimination, and unfair contracting practices are often covered.

As government officials work on behalf of the people, there is an ethical duty to keep the public informed. Topics concerning transparency, open meetings, public records, accountability, and financial disclosure laws are also frequently included in ethics training.

## The Training Process

Ethics training takes many forms. It can involve the publication of a code of conduct and/or an ethics manual, videos and interactive online courses, or in-person training. *See* NCSL.org for details of types of ethics training across the 50 US states. According to Robert Wechsler in his book *Local Government Ethics Programs*, most government ethics training involves a minimal class for new officials, a short annual class only for elected officials, or a simple online class or online materials. Wechsler criticizes these types of programs as "inexpensive attempts to make it look like there is a training program." He advocates in-person training as the most effective kind of training but cites obstacles such as expense, lack of training experts, and lack of perceived need as the reasons why government agencies do not engage in more in-depth live training (Wechsler 2013). Occasionally, special onetime in-person ethics training is conducted, even for entire state legislative bodies, in the wake of major scandals.

Because government ethics training sessions in the United States are generally of short duration, in the United States, most programs tend to focus on compliance with the ethics laws and regulations of the jurisdiction. Professor Mark Davies, former Executive Director of the New York City

Conflicts-of-Interest Board, has noted that compliance-based ethics programs are a predominant US approach wherein public servants are taught the explicit legal rules prohibiting defined conduct (Davies 2015). The value in this approach is that the public official or government worker is put on notice as to what conduct is illegal. However, the law cannot cover every scenario and often merely sets a minimum standard for ethical conduct.

Moreover, to maintain the public's trust in representative institutions, many public servants are charged with the duty to avoid even the appearance of impropriety. There may be conduct that walks the line between ethical and unethical behavior, is technically legal, but could compromise the public interest and destroy public trust. By focusing only on what is prohibited by law, strict compliance programs fail to address those areas where it is difficult to write compliance standards and where ethics and values rather than the law should inform public actions.

Another approach to ethics training is one centered around a government's value. Davies explains this approach as one where public officials are asked to "strive for and attain certain standards" (Davies 2015). Wechsler describes these types of standards as "regime values." He identifies regime values as those values that define the relationship between government and the people that are governed such as fairness, justice, openness, constitutional freedoms, political equality, civic responsibility, and citizen participation (Wechsler 2013). It is from these values that fiduciary duties of loyalty, fairness, competency, transparency, and accountability flow. The problem with ethics programs based only on general values is that they provide very little guidance to what is or is not specifically prohibited by law.

## The United Nations

In December 1996, the United Nations adopted the *International Code of Conduct for Public Officials* (*United Nations International Code of Conduct for Public Officials* 1997) The Code provides "A public office, as defined by national law, is a position of trust, implying a duty to act in the public interest. Therefore, the ultimate loyalty of public officials shall be to the public interests of their country as expressed through the democratic institutions of government" (*International Code of Conduct for Public Officials*, par. 1). The Code addresses conflicts of interest, disclosure of assets, acceptance of gifts and favors, confidential information, and political activity.

In 2003 the United Nations General Assembly adopted the *United Nations Convention against Corruption* (*United Nations Convention Against Corruption* 2003). There are 178 signatories to Convention. The Convention provides that each signatory shall:

> . . . promote education and training programmes to enable them to meet the requirements for the correct, honourable and proper performance of public functions and that provide them with specialized and appropriate training to enhance their awareness of the risks of corruption inherent in the performance of their functions. Such programmes may make reference to codes or standards of conduct in applicable areas. (*United Nations Convention Against Corruption*, Art. 7)

The United Nations Development Program (UNDP) works with nations to develop public sector training. For example, the UNDP in China is currently working with Chinese thought leaders to design anti-corruption training curriculum for Chinese civil servants (UNDP 2015).

For its own employees, the United Nations has a highly developed ethics program as well. In 2005 the Secretary General announced the establishment of the United Nations Ethics Office. According to the Ethics Office's web page, the objective of the office is to:

> . . .assist the Secretary-General in ensuring that all staff members observe and perform their functions consistent with the highest standards of integrity required by the Charter of the United Nations through fostering a culture of ethics, transparency and accountability. (http://www.un.org/en/ethics)

As of 2014 all employees of the United Nations itself are required to take an online course entitled *Ethics and Integrity at the United Nations*. All new staff members must complete the course within 3 months of their entry into service at the United Nations (http://www.un.org/en/ethics).

## Ethics Training in the United Kingdom, India, and China

### The United Kingdom

As a result of government scandals in the 1990s, the United Kingdom established the Committee on Standards for Public Life. Under the leadership of Lord Michael Nolan, the Committee identified seven principles to guide public conduct: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. According to the Committee, these principles "underpin much of the UK's public sector ethical infrastructure." The Nolan Committee advocated for ethics education as a way to promote and reinforce these principles of ethical conduct in public life (Committee on Standards in Public Life 2014).

The United Kingdom has developed a "Fast Stream" graduate education program to teach future leaders of the British Civil Service. In addition to field-specific training, Fast Stream participants receive mandatory training on the Civil Service Code that regulates their conduct. In-person and online training is available. More information is available from the Fast Stream website, https://www.gov.uk/government/organisations/civil-service-fast-stream.

Ethics training is available at induction for Members of Parliament through the Committee on Standards in Public Life. Attendance is not compulsory, and in the past induction training has not been well attended. In 2015, however, 93% of new Members of Parliament attended induction training (Bew 2015).

### India

India has a reputation in the world as a country where corruption in government is the norm. The Transparency International gave India a score of 76 out of 167 countries in its Corruption Perception Index for 2015 (Transparency International 2015). According to the Council on Foreign Relations, India has lost hundreds of billions of dollars as a result of corruption since its independence from Great Britain in 1947 (Xu 2014). The country is now attempting to make progress toward eradicating this problem. The Second Administrative Reforms Commission in its Tenth Report on Personnel Administration in 2008 articulated a need for a code of public service ethics that includes "integrity, impartiality, commitment to public service, open accountability, devotion to duty, and exemplary behavior" (Second Administrative Reforms Commission 2008).

One tool being implemented to help bring about a change in the ethical culture is training for the civil services. The Department of Personnel and Training oversees an elaborate training scheme which includes annual week-long educational programs. Classes in ethics and values in Government are offered as part of this annual training. According to India's National *Training Policy 2012*, the objective of training for civil service employees is "....to develop a professional, impartial and efficient civil service that is responsive to the needs of the citizens. In doing so, care will be taken to emphasize the development of proper ethics, commitment to work and empathy for the vulnerable sections..." (Department of Personnel and Training 2012).

### China

In 2015 China was ranked lower than India with a score of 83 in Transparency International's Corruption Perception Index (Transparency International 2015). However, in recent years China has been working on reversing this perception. In 2010 the Communist Party issued a legalistic Code of Ethics with 52 prohibitions for Party Members (Baijie 2010). The majority of public officials are party members. Chinese President Xi Jinping has been cracking down on corruption since he took office in 2012 (Oster 2014). In 2013 China issued its 2013–2017 anti-corruption plan which included a commitment to "deepen education on clean party conduct and governance" (Luan 2013). A translation of the plan can be found at http://chinalawtranslate.com/2013-2017-anti-corruption-plan/?lang=en. In 2015 the Communist Party promulgated a new Moral Code consisting of eight moral obligations applicable to all party members (Xinhua 2015). The government is officially encouraging the

public to rediscover Confucian teachings and values (Page 2015).

Since 2011 members of China's civil service have a mandatory obligation to complete 6 h of government ethics training (Huazhong 2011). The training is administered by the Training and Oversight Division of the State Administration of Civil Service Office established in 2008. The training consists of lectures and case studies to improve civil servants' loyalty to the people as well as improving their sense of responsibility and honesty. The training is conducted in each province (Huazhong 2011). For more information, see the Administration of Civil Service website at http://www.scs.gov.cn/nsjg/201408/t20140826_316.html.

### Other Countries

Ethics training programs for government officials are in place in many countries around the world. For a good overview of ethics training in Eastern Europe and Asia, for example, see the report, *Ethics Training for Public Officials*, published in 2013 by the Organization for Economic Cooperation and Development ("OECD"). This report documents the results of a study on ethics training in Eastern Europe and Asia conducted by the OECD Anti-corruption Network for Eastern Europe and Central Asia ("ACN") and Support for Improvement in Governance and Management ("SIGMA"), a joint initiative of the OECD and the European Union (Organization for Economic Co-operation and Development 2013).

## Recommendations for Creating an Effective Training Program

### An Effective Training Program Should Teach Both Ethics Values and Applicable Laws

Ideally, government ethics training programs should not only teach the ethics laws and regulations of a country, but should provide the practitioner with an understanding of the ethical values from which the laws were derived. Ethics laws and regulations are complex and not always intuitive. Public servants cannot become expert in these laws by reading a short manual or even attending a 2-h course. However, if practitioners have a basic understanding of their underlying ethical duties, they will have a better chance of identifying ethical dilemmas and be alerted to the necessity of seeking counsel if necessary.

### An Effective Training Program Should Provide Notice of Expectations

According to Davies, the first step in any ethics training program is for the government entity to create and circulate a value-based code of conduct which will inform public servants of what conduct is expected of them rather than just what is prohibited (Davies 2015). Professor Bob Stone at the Ukleja Center for Ethical Leadership (California State University in Long Beach) advocates for an ethics Code that is a non"legalese" statement of principles that is clear and short enough for public servants to understand and remember. He envisions a wallet-size card that will be passed out to all public servants, be they elected, appointed, or staff (Stone 2010). The more complex laws and regulations can be placed in an ethics manual.

### An Effective Training Program Should Inspire and Appeal to Individuals' Better Selves

Ethics training should inspire and serve to remind public actors that public service is a noble calling. Michael Josephson, President of the Josephson Institute, explains that one of the goals of ethics training should be to "create pride in public service that strengthens moral resolve and the commitment to high ethical standards" (Josephson 1989). Trainers should not focus all attention on what conduct is wrong, but rather should focus on what conduct is right.

Ethics education should underscore the importance of an ethics system in the government. Trainers should emphasize that ethical conduct maintains public trust in the integrity of government, that the public treasury is positively impacted by reducing litigation and enforcement costs associated with ethics violations, and that the ethical public servant benefits from enhanced reputation and standing in the community as well as the personal satisfaction that he or she is contributing to the well-being of the country.

### An Effective Training Program Should Provide In-Person Training

According to Wechsler, in-person ethics training is the most effective (Wechsler 2013). Gathering in a room with an ethics expert and similarly situated officials or government employees allows interaction and conversations about dilemmas that an individual might not have previously experienced.

In-person ethics classes can provide a forum that engages participants. A common criticism of ethics training programs is that classes are dry, boring sessions where students are forced to listen to a litany of ethics rules and regulations. Interactive case studies and discussions pertinent to an attendee's specific government role provide a much more relatable and memorable educational process. Role playing, trivia games, and use of examples from pop culture can help make the experience more interesting.

### An Effective Training Program Should Provide Introductory and Ongoing Guidance

Training should be part of the onboarding process for new government employees and should be conducted very shortly after a public official takes office. However, ethics education should not end when the ethics class is over. Agencies should promote a culture of ethics at all times. Davies suggests displaying posters and distributing brief ethics pamphlets will help remind public servants of their ethical obligations (Davies 2015). Agencies can highlight the praiseworthy ethical actions of individuals in newsletters and on websites. Public servants should be encouraged to seek guidance from legal counsel or ethics officers when specific ethical dilemmas come up. Ethics opinions, with confidential information redacted, can be shared to provide assistance to others who find themselves in similar situations. And finally, those leaving government service should be apprised of their continuing ethical obligations as they enter the private sector.

## Conclusion

The field of government ethics education is a developing one as more countries require public officials and civil service employees to participate in ethics training. States, provinces, counties, and municipalities are also requiring ethics education as are transnational organizations such as the United Nations.

Ethics training programs generally include such topics as conflicts of interest, duty of loyalty, gifts, disclosure requirements, transparency, anti-corruption policies, accountability, and fairness.

In order to be effective, training should be based on the relevant laws of the jurisdiction as well as the values of the culture. Training should be engaging. The best programs are in-person and interactive.

Civil service employees should receive training as soon as possible upon entering public service. Elected and appointed officials should receive training very soon after entering office. Ideally, training should be ongoing.

In the words of James Madison in *Federalist 57*:

> The aim of every political constitution is, or ought to be, first to obtain for rulers men who possess most wisdom to discern, and most virtue to pursue, the common good of the society; and in the next place, to take the most effectual precautions for keeping them virtuous whilst they continue to hold their public trust. (Madison 1788)

A well-designed ethics education program that is engaging and teaches both law and values will go a long way to assist public sector actors from fulfilling their ethical duties to the people that they serve. Public trust in government is essential for the health and prosperity of a nation. More ethics in government, and less scandal, will help assure that the public's trust is maintained.

## Cross-References

► Teaching Ethics in Public Administration

## References

Baijie A (2010) Code of conduct for party officials. Global Times, 25 Feb. Retrieved from http://www.globaltimes.cn/content/507831.shtml

Bew P (2015) Ethical inductions are a good way to start. [Web log comment], 5 June. Retrieved from https://cspl.blog.gov.uk/2015/06/05/ethical-inductions-are-a-good-way-to-start/

Committee on Standards in Public Life (2014) Ethics in practice: promoting ethical conduct in public life. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336976/2902536_CSPL_EthicsInPractice_acc.pdf

Cooper JM, Hutchinson DS (eds) (1997) Plato: complete works (trans: Saunders TJ). Hackett Publishing Company, Indianapolis

CPC's new clean governance rules focus on moral ethics (2015) Xinhua, 21 Oct. Retrieved from http://en.people.cn/n/2015/1021/c90000-8965149.html

Davies M (2015) A practical approach to establishing and maintaining a values-based conflicts of interest compliance system. 29 Dec. Available at SSRN http://ssrn.com/abstract=2724894 or https://doi.org/10.2139/ssrn.2724894

Davies M, Leventhal S, Mullaney T (2013) An abbreviated history of government ethics laws, part 1. NYSBA Municipal Lawyer 27(2). Retrieved from http://www.nyc.gov/html/conflicts/downloads/pdf2/municipal_ethics_laws_ny_state/history_govt_ethicslaws_davies.pdf

Department of Personnel & Training (2012) National training policy 2012, 19 Jan. Retrieved from http://persmin.gov.in/otraining/NationalPolicy.pdf

Huazhong W (2011) Civil servants to be taught ethical behavior. China Daily, 7 Nov. Retrieved from http://www.chinadaily.com.cn/china/2011-11/07/content_14046174.htm

Josephson M (1989) Ethics: more than just a set of rules. Maine Townsmen. https://www.memun.org/SchoolsProject/Resources/conflictofInterest/Ethics.htm

Luan (2013) China focus: China maintains pressure with 5-year anticorruption plan. Xinhuanet. Retrieved from http://news.xinhuanet.com/english/china/2013-12/26/c_132996415.htm

Madison J (1788) The alleged tendency of the new plan to elevate the few at the expense of the many considered in connection with representation. [Also known as *Federalist 57*.] The New York Packet, 19 Feb. Retrieved from https://www.congress.gov/resources/display/content/The+Federalist+Papers#TheFederalistPapers-56

Magna Carta (1215) Available in West's Encyclopedia of American Law. (2005) http://www.encyclopedia.com/doc/1G2-3437704841.html

Organization for Economic Co-operation and Development (2013) Ethics training for public officials. Retrieved from http://www.oecd.org/corruption/acn/library/EthicsTrainingforPublicOfficialsBrochureEN.pdf)

Oster S (2014) Anti-corruption campaign biggest since Mao. Bloomberg, 4 Mar. Retrieved from http://www.bloomberg.com/news/articles/2014-03-03/china-s-xi-broadens-graft-crackdown-to-boost-influence

Page J (2015) Why China is turning back to confucius. The Wall Street Journal, 20 Sept. Retrieved from http://www.wsj.com/articles/why-china-is-turning-back-to-confucius-1442754000

Second Administrative Reforms Commission (2008) Tenth report on personnel administration. Retrieved from http://arc.gov.in/10th/ARC_10thReport_sum_rec.pdf

Stone B (2010) A wallet size code of ethics, 5 May. Retrieved from http://www.governing.com/columns/mgmt-insights/A-Wallet-Sized-Code-of.html

Straus J (2011) House committee on ethics: a brief history of its evolution and jurisdiction, 8 Mar. Retrieved from https://ethics.house.gov/sites/ethics.house.gov/files/HouseCommitteEthics3%202011%20Straus.pdf

Straus J (2013) Senate Select Committee on Ethics: a brief history of its evolution and jurisdiction, 7 May. Retrieved from https://www.fas.org/sgp/crs/misc/RL30650.pdf

Transparency International (2015) Corruption perception index 2015. Retrieved from http://www.transparency.org/cpi2015

United Nations Convention Against Corruption (2003). Retrieved from https://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

United Nations Development Program (2015, October 16) UNDP Co-develops an anti-corruption training curriculum for Chinese civil servants. Retrieved from http://www.cn.undp.org/content/china/en/home/presscenter/articles/2015/10/undp-co-develops-an-anti-corruption-training-curriculum-for-chinese-civil-servants.html

United Nations International Code of Conduct for Public Officials (1997). Retrieved from http://www.un.org/documents/ga/res/51/a51r059.htm

United Nations Resolution A/RES/49/136 of 1994. Retrieved from http://www.un.org/documents/ga/res/49/a49r136.htm

United Nations Resolution A/RES/50/225 of 1996. Retrieved from http://www.un.org/documents/ga/res/50/ares50-225.htm

United Nations Resolution A/RES/56/213 of 2002. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan014727.pdf

United Nations Resolution A/RES/57/277 of 2002. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan008487.pdf

United Nations Resolution A/RES/58/231 of 2004. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan015762.pdf

Wechsler R (2013) Local government ethics programs: a resource for ethics commission members, local officials, attorneys, journalists, and students, and a manual for ethics reform. Retrieved from http://www.cityethics.org/ethics%20book

Xu B (2014) Governance in India: corruption, 4 Sept. Retrieved from http://www.cfr.org/corruption-and-bribery/governance-india-corruption/p31823

# Ethinomics

Carole L. Jurkiewicz
McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Cost of ethics; Ethical culture; Ethics and finance; Ethics policy

## Definition

Ethinomics is a field of study that combines ethics and economics and that focuses on the organizational, societal, an individual costs and benefits of ethical and unethical behavior, inclusive of both macro- and microlevels.

## Introduction

Ethinomics is a relatively new area of study that focuses on the costs of ethical and unethical behavior for individuals, organizations, and societies. The presumption is that ethics is a rational choice, and research in this attempts to assess as objectively as possible the ramifications of making these choices. Such choices can include ones of commission or omission, and their effects may be short and/or long term. Microethinomics focuses on costs only to the individual and those in their immediate sphere of influence. Macroethinomics has a broader focus, assessing the impacts of individual ethical decisions on organizations and society as a whole. The study of ethinomics has been adapted by legal scholars to address the ethical impacts of legal decisions in establishing precedents and shaping societal changes.

## Overview

Ideally, organizations would demonstrate ethical behaviors simply because it is the right thing to do. Yet research shows that they are reluctant to expend time and resources on activities that do not show promise of financial return. This focus on return on investment has spurred the field of study known as ethinomics to provide an overview of the costs and benefits of creating and maintaining and ethical culture.

The costs associated with ethicality, while in part ephemeral, can be objectively demonstrated for organizations. These usually include the costs of legal compliance, ethics audits, ethics training and assessment, employing an ethics officer, conducting ethical risk assessments and reporting results, developing ethics codes, sponsoring external oversight visits, whistleblowing mechanisms, enforcing ethical standards, foregoing shortcuts that violate ethical standards but result in short-term competitive advantage, and paying more for products and services that have verified levels of ethicality. Research asserts that while there are costs associated with ethicality, the costs of unethical organizational behavior is much higher and longer lasting and impacts not only the organization itself but also individuals and society in general.

Organizational corruption, viewed as public administrators and politicians seeking personal over public good, and violating standards of the public ethic such as being motivated by service, equality, fairness, and altruism, diminishes the credibility of public institutions in conducting government business, dealing with the public, collecting taxes, and sullying the public ethic. Behaviors of those seeking self-advantage over the public good include preferential contracting, nepotism, bribery, embezzlement, and using public personnel and funds for campaigning efforts. Further, policies supporting segregation, discrimination, sexual harassment, failing to protect battered women and children, crime victims, or those who are bullied are also viewed as professional neglect. Such practices have been linked to declines in well-being, resulting in physical, psychological, and behavioral costs such as smoking, drug and alcohol abuse, somatization and anxiety, cardiovascular problems, mental health issues, and sleep disorders. In corrupt organizations, employees and

citizens can feel isolation and physical and verbal intimidation, depression, stress, anxiety, suicidal thoughts, and diminished self-esteem. Employee absenteeism, sick days, trauma, stress-induced illnesses, extreme fatigue, and retaliatory crimes are additional costs of organizational lack of ethicality. Additional costs include depressed economic development due to mistrust of government, environmental damage, increased errors in judicial oversight, and contagious effects seen in increased unethical behavior on the part of citizens and other organizational sectors. Research has clearly indicated a correlation between high scores on the Well-Being Index and those local and state governments that score low on the corruption scale; the converse is also true (Jurkiewicz and Morozov 2012).

Corruption damages the public realm and reduces the ability of public institutions to get the job of government done. Given the incidence of narcissism has increased at a rapid rate (Twenge et al. 2008), the use of ethical reasoning to rationalize self-serving actions at the expense of citizen welfare is increasingly being witnessed in the public sector. This increase of corruptive acts diminishes citizen trust, in turn reducing the ability of government to function effectively undercuts the economic stability of the nation.

## Advantages of Being Ethical

Having detailed the costs of unethical behavior, we now turn to the measurable benefits of ethicality. These include increases in efficiency and productivity and increased trust, morale, productivity, and efficiency. These strengths bolster the financial stability of organizations and increase the likelihood that they will receive grants, reduced loan rates, and higher bond rankings. Ethical behaviors also enhance the reputation of the organization with citizens, vendors, and proprietary and nonprofit businesses and facilitates the hiring and retention of qualified and capable employees. As public/private partnerships continue to grow, ethicality confers a competitive advantage and bolsters building long-term win-win relationships.

Further benefits of acting ethically are developing and maintaining credibility and believability, building perceptions of caring, trust, fairness, responsibility, and respect. Federal, state, and local government bodies are being increasingly subjected to screening policies to ensure human rights are being respected, labor standards are followed, anticorruption policies are enforced, and environment impact measures show adherence to protocols. Governmental bodies that fail to score well on these measures find fewer opportunities for collaboration, receive higher bids from vendors, and open themselves to litigation.

Table 1, below, details key indicators of ethicality as expressed through organizational practices. The list can be used as an assessment tool, a pre- and postanalysis of ethical interventions,

**Ethinomics, Table 1** Key indicators of ethicality as expressed through organizational practices

| |
|---|
| Addresses ethical dilemmas, actual or chosen from other sources, regularly in meetings and correspondence as a foundation to discuss correct ethical decision-making |
| All employees are held to the same standards of moral conduct regardless of their position, and there is an absence of favoritism or nepotism |
| Citizen and employee feedback articulates that they feel they are treated respectfully and valued |
| Communication is straight-forward and employees/citizens feel honestly informed, gossip and rumor are minimal |
| Demonstrates through policies and programs the values the organization espouses |
| Employees feel empowered and supported |
| Exhibits a culture of trust and commitment |
| Implements systems to prevent or minimize harmful behaviors |
| Low employee turnover and absenteeism, many qualified applicants for advertised positions |
| Meets or exceeds legal requirements |
| Openly transparent in policy and practice |
| Resources and opportunities are distributed equitably, inside and outside the organization |
| Respects and encourages diverse opinions and viewpoints |
| Responds to claims of wrong-doing with respect, in a timely manner, and with transparency |
| Rewards ethical behavior |
| Training, promotions, and awards tied to ethical performance |

and/or a rubric for creating ethical codes and ethical training programs.

## Conclusion

The ethical proficiency of public administrators and politicians is evidenced in the decisions, policies, and practices they directly influence. At one end of the ethical continuum are satisficing decisions made on the basis of expediency and short-term gains; at the other end are decisions focused on long-term outcomes, accounting for a broad spectrum of affected parties, consideration given to the potential consequences of their decisions, and striving to find the best possible solution for everyone. Emotional intelligence, adaptability, tolerance of divergent opinions, and the extent to which political gamesmanship is absent from decision-making are additional measures of ethical competency. The degree of transparency and the level of organizational commitment by employees are key factors, as are the organization's reputation for trustworthiness, the effective resolution of complaints, and the confidence demonstrated in the organization and its leadership by citizens and other parties. Measuring these factors can help in determining whether to elect, re-elect, or appoint individuals to positions of influence. Such measures offer a more objective assessment of leaders' propensity to engage in self-serving behaviors at the expense of the public good. As reports of unethical behavior increase, and concern over both how to correct the problems and establish accountability grows, the field of ethinomics has expanded rapidly in response. The overview reported here provides some background and a foundation for further inquiry.

It has become obvious, except to those who attain personal and political advantage through these means, that effectively managed government regulatory agencies are essential for a thriving and healthy economy. If these agencies, on which tens of billions of dollars a year are spent, were celebrated for the essential role they play in upholding ethical standards, there would have been no financial collapse and no public disgraces that made AIG and Madoff household names. Political maneuvering for personal gains have stripped the regulatory agencies of their integrity, disparaged their purpose, and made them an icon of parasitic big government. It is still possible to restore the dignity and vitality of government and, in so doing, that of the other sectors. It is simple ethinomics.

## Cross-References

► Leadership Effectiveness
► Leadership, Ethics, and Decision-Making
► Motivating Ethical Behavior
► Power and Leadership

## References

Catterberg G, Moreno A (2005) The individual bases of political trust: trends in new and established democracies. Int J Public Opin Res 18:31–48

Graham RNM (2005) In defence of ethinomics. Leg. Ethics 1(8):160–178

Jurkiewicz CL (2010) The ethinomics of a leaking Louisiana. Public Manag 39(3):38

Jurkiewicz CL (2013) Advancing ethical competence through pedagogy. In: Cooper TL, Menzel DC (eds) Achieving ethical competence for public service leadership. Taylor & Francis/Routledge, New York, pp 131–154

Jurkiewicz CL (2016) Flint, Michigan. Public Integr 18(4): 233–236

Jurkiewicz CL, Brown RG (2000) Power corrupts absolutely...not. Public Integr 2(3):195–210

Jurkiewicz CL, Morozov B (2012) Macro-ethinomics: the long term costs of short term thinking. In: Giacalone RA, Promislo M (eds) The handbook of unethical behavior and well-being. M.E. Sharpe, Armonk

Maesschalck J, Jurkiewicz CL, Huberts L (2007–2008) Transnational perspectives on public sector ethics. Public Integr 10(1):7–10

Seligson MA (2002) The impact of corruption on regime legitimacy: a comparative study of four Latin American countries. J Polit 64:408–433

Twenge JM, Konrath S, Foster JD, Campbell WK, Bushman BJ (2008) Egos inflating over time: a cross-temporal meta-analysis of the narcissistic personality inventory. J Pers 76:875–901

# Ethnic Power Versus Regional Power Relations: The Case of Sudan and South Sudan

Hamid Eltgani Ali[1], Ahmed H. Adam[2] and Nihad Aboud[3]
[1]Department of Public Policy and Administration, School of Global Affairs and Public Policy, American University in Cairo, New Cairo, Egypt
[2]SOAS University of London, London, UK
[3]American University in Cairo, New Cairo, Egypt

## Synonyms

Ethnic exclusion; Ethnic inequality; Ethnic marginalization; Ethnic power relation

## Definition

Ethnic political inequality is showing the level of access of ethnic group into executive branch.

## Introduction

Sudan is a multiethnic country, and identity has played role in shaping the competitive vision of North versus South of Sudan (Deng 2011). According to Harir (1994), although Darfur had been the last province to become under British domination, it was also passed on through the "Sudanization" process to the elites from the North; Harir called these elites "riverine." Soon similar sentiments to those in the South Sudan became prevalent in Darfur due to the wide exclusion of the Darfurians from administrative and military positions in the newly independent Sudan (Flint and de Waal (2006); Harir 1994). Among other factors, ethnic inequalities contributed to the civil wars that persist today. All armed movements or political parties, throughout their struggles, have advanced demands for power-sharing with the central government as regional political actors. They have demanded economic development for their regions, as well as some level of autonomy. However, that struggle was associated with costs, including the destruction of infrastructure, the direct military spending attributable to the war effort, and the impact of the latter on reducing a capital formation and economic destruction. The presence of conflict has created economic and political inequalities, because the conflicts have negatively affected the conditions in the conflict areas. For example, from 2004 to 2009, in addition to the human destruction, the government of Sudan has incurred war costs totaling US$30.5 billion (Ali 2013).

The ethnic groups advanced regional issues such as economic and political marginalization to mobilize against the agenda of the central government rather than pressing for specific ethnic group demands. This is clearly reflected in the creation of regional political parties and armed movements composed of different ethnic groups to demand power-sharing with the central government along regional lines.

The purpose of this analysis is to identify the regional imbalances in political power sharing and the relative shares of ethnic groups in the executive branch. In addition, the regional analysis will help to identify leadership legitimacy and institutional building. The cases analyzed in this study will allow academics and policymakers to provide policy recommendations to rectify the historical marginalization of specific regions by facilitating discussion on resource allocation across different regions in the country, as well as on how to remedy issues of historical marginalization.

The organization of the paper is as follows. Section "Data" presents the data. Section "The Case of Sudan" describes the ethnic distribution of political representation in central government. Section "The Case of South Sudan" presents a case of ethnic mobilization in South Sudan that led to secession. Section "Leadership Legitimacy and Institution Building" discusses leadership legitimacy and institutional building. Finally, we provide some concluding remarks.

## Data

The Ethnic Power Relations identifies politically relevant ethnic groups, defined as groups that are politically represented by at least one organization at the national level (Vogt and Cederman 2014), and it reflects the ethnic mobilization and power dynamics. However, in Sudan and South Sudan before the secession, the relevant ethnic groups have learned that the best strategy to advance their interests, avoid marginalization, and get access to the government's patronage system is through building multiethnic political coalitions at the regional and national levels. In regions with demographically dominant ethnic groups, the central government can mobilize the peripheral ethnic groups through its system of patronage to create inter-group rivalry and divisions. Given the histories of Sudan and South Sudan, this paper introduces an alternative view of the political and economic power distribution in these two countries, using a regional analysis, i.e., treating the ethnic groups that belongs to one region as one unit and what level of access they have it at the national executive power. Until 1999, the scholarly literature divided Sudan into the Eastern, Northern, Central, Southern, and Western regions. Using secondary data from various sources, mainly the *Black Book*, El-Tom (2003) these regions' access to national executive power can be assessed based on the percentage of their ministerial positions. Time periods are marked by changes in the head of state.

## The Case of Sudan

Excluding the ethnic groups from South Sudan, throughout Sudan's history before the secession, there have been many instances in which regional affiliation played a more important role than ethnic identity. South Sudan was viewed from lens of ethnicity by Northerners with political and economic marginalization that have compounded their status to be second-class citizens. However, the other regions such as Darfur, Kordofan, and Eastern Sudan, where the regional identities were, matter. These identities later facilitated the formation of armed and political movements to confront the central government. For example, despite political protests of Darfuris against the central government, the first spark of the armed conflict in Darfur was lit on 26 February 2003, when a rebel group attacked the military garrison at the town of Golu in East Jebel Marra. The rebels' political manifesto and agenda were perceived as a regional protest against economic marginalization (Ali 2013). The rebels demanded increased economic development and the creation of employment opportunities in Darfur. The main rebel movement, the Justice and Equality Movement, is an armed group founded by Khalil Ibrahim, in existence from 2000. It called for equal power and wealth sharing across all regions in Sudan. The Sudan Liberation Army is composed of the major ethnic groups in Darfur, including the Zagahwa, Fur, Berti, and Massalite groups of African origin, as well as some Arab tribes. It is clear that the rebel demands are all about economic development and power-sharing in the central government in the interest of the region. While the Ethnic Power Relations data focus on ethnic groups' access to power in the executive body, in reality, individuals were appointed to the government based on their political parties' agreement with other parties in power. Thus, the ethnic identity of the main political actors was a sufficient but not a necessary criterion in the distribution of power across ethnic lines.

In addition, Eastern Sudan, there are regional parties, such as the Beja Conference and the Eastern Front, both of which have made demands for regional power-sharing and economic development in Eastern Sudan. Similar regional power-sharing demands were advanced by political entities in the Nuba Mountains, including the General Union of the Nuba Mountains in 1965; the Sudan Rural Solidarity Front, which brought together people from Blue Nile, Darfur, and Beja; the Sudan National Party in 1986; and the Free Sudan National Party in 2002, all of which have called for the self-determination of the Nuba people. The All Nuba Conference held in Kauda in 2002 included the Free Sudan National Party, the Sudan National Party-Collective Leadership, the

Sudan National Party, and the General Union of the Nuba Mountains. As a result of this meeting, these parties agreed to dissolve themselves as parties and merge into a new party called the United Sudan National Party. This coalition did not survive due to the general political environment and the competition among the leadership within the the *Sudan People's Liberation Army* that was founded as a guerrilla movement in 1983 and was a key participant in the Second Sudanese Civil War. Throughout the war, it was led by John Garang. Later, the *Sudan People's Liberation Army* became the dominant armed movement that represented the interests of the Nuba and South Kordofan. The organizational evolution of these political actors shows that they have focused more on regional grievances, rather than ethnic group demands.

Using data from the *Black Book*, we applied a relatively simple scale to determine a region's access to executive power (Table 1).

The different ethnic groups were grouped according to region, as follows:

| Ethnic groups | Region |
|---|---|
| Shaygiyya, Ja'aliyyin, and Danagla | *Northern* |
| Beja and Rashaida | *Eastern* |
| Nuba and Fur | *Central* |
| Masalit, Fur and Zaghawa, Nuba | *Western* |
| Bari, Latoka, Shilluk, Dinka, and Other Southern groups | *Southern* |

Table 2 summarizes the power status of each region over time.

The regional analysis also suggests that, in a few instances, some regions were politically discriminated against. In these instances, they had no representatives at the level of ministerial positions.

**Ethnic Power Versus Regional Power Relations: The Case of Sudan and South Sudan, Table 1** Regional analysis

| Share of ministerial positions | Status designation |
|---|---|
| 100% | *Monopoly* |
| 100% > X > 50% | *Dominant* |
| 50% > X > 30% | *Senior partner* |
| 30% > X > 20% | *Junior partner* |
| 20% > X > 0% | *Powerless* |
| 0% | *Discriminated* |

## The Case of South Sudan

Before the secession, in South Sudan, the first civil war occurred from 1955 to 1972, led by Anyanya I and II, with the aims of achieving political representation at the level of the central government and more regional autonomy for the country's south. From 1969, the Nuer, Lotuko, Madi, Bari, Acholi, Zande, Dinka, and other ethnic groups from the Southern region of Sudan waged war against the central government. Later, under the umbrella of the Sudan People's Liberation Army, they achieved the objectives of secession and the formation of an independent state in South Sudan. The organizational evolution of the rebel movement again shows that the ethnic identities and the quest for ethnic group access to power at executive levels were less important than a common regional agenda for an autonomy. Ethnic group leaders realized that it was not in their interest to advance narrow ethnic or tribal political interests if a joint regional political vision might pave the way to gaining full control of South Sudan. Indeed, the Naivasha Agreement in 2005 between Sudan government and Sudan's People Liberation Army paved the way for secession of South to be a republic in 2011. However, in 2015, this regional vision disappeared, and ethnic interest resurfaced, resulting in a civil war along ethnic lines. The society has fragmented. In fragmented societies, the dominant ethnic group tends to forge coalitions to mitigate inter-ethnic conflict. It appears that the ethnic fragmentation in South Sudan is too deep. The political leadership played ethnic politics, and war crimes were committed, raising questions of leadership legitimacy and institutional capacity to mitigate the intensity of the conflict.

## Leadership Legitimacy and Institution Building

Legitimacy of the leadership in Sudan has been questionable since independence, except in 1964 and 1985–1989. Military rule in 1958, 1969, and 1989 gave rise to confrontational relations

**Ethnic Power Versus Regional Power Relations: The Case of Sudan and South Sudan, Table 2** Power status by regions

| Period | MPS | Northern | Eastern | Central | Western | Southern |
|---|---|---|---|---|---|---|
| 1954–1964 | 73 | *Dominant (79.5%)* | *Powerless (1.4%)* | *Powerless (2.7%)* | *Discriminated (0%)* | *Powerless (16.4%)* |
| 1964–1969 | 81 | *Dominant (67.9%)* | *Powerless (2.5%)* | *Powerless (6.2%)* | *Powerless (6.2%)* | *Powerless (17.3%)* |
| 1969–1985 | 115 | *Dominant (68.7%)* | *Powerless (3.5%)* | *Powerless (16.5%)* | *Powerless (3.5%)* | *Powerless (7.8%)* |
| 1985–1986 | 30 | *Dominant (70%)* | *Discriminated (0%)* | *Powerless (10.0%)* | *Powerless (3.3%)* | *Powerless (16.7%)* |
| 1986–1989 | 116 | *Senior partner (47.4%)* | *Powerless (2.6%)* | *Powerless (14.7%)* | *Junior partner (24.4%)* | *Powerless (12.9%)* |
| 1989–1999 | 202 | *Dominant (59.4%)* | *Powerless (3.0%)* | *Powerless (8.9%)* | *Powerless (13.9%)* | *Powerless (14.9%)* |

The numbers in parentheses show the share of ministerial positions held by a given region
*MPS* Ministerial positions

between civil authorities and the military. In 1958 the military officers were less ideological and more focused on development issues, but their rule created the conditions for confrontation with South Sudan. They represented the core of the riverine elites, who have governed Sudan since its independence. They are mostly from Northern Sudan, including Shaygiyya, Ja'aliyyin, and Danagla who laid the groundwork for the continuation of the colonial legacy, whereby the center governs the peripheries. The popular uprising of 1964 ended in military rule. However, previous policy continued, and the riverine elites amassed power at the expense of the peripheries. The merchants, along with the center-driven political parties with feudalistic orientations, continued exploiting the state's treasures and created opportunities to enrich themselves, until another coup was staged by a group of Free Officers in May 1969. The Free Officers were ideologues of Pan-Arabist and socialist orientation. They introduced major economic and political changes that further damaged the socioeconomic fabric.

There was a brief lull in the conflict with South credit to the 1972 agreement between North and South. Known as the Addis Ababa Accord, it was a set of compromises within a 1972 treaty that ended the First Sudanese Civil War (1955–1972). The Addis Ababa Accords were incorporated in the Constitution of Sudan (Collins 1991). However, in 1983 conflict erupted as the ruling regime started to undo major articles of the Addis Ababa Accord. Acts of civil disobedience led to a popular uprising in 1985, which overthrew the regime and paved the way for a democratic government that did not last more than 2 years. The 1989 coup, led by a military junta, perpetuated the conflict with South Sudan and the Darfur region. War crimes were committed, resulting in the indictment of the president of Sudan by the International Criminal Court (ICC).

Since the 1989 coup, the Sudanese people have been yearning for democracy and looking for political change. However, in all this time, the government has failed to establish its legitimacy. The current political discourse among the elites is moving beyond regime change to seek even deeper changes in the role of the state and a new social contract for a developmental state. This trend is leading the country to build institutions with a true capacity to govern and to successful succession mechanisms for leadership.

Furthermore, the bureaucratic state needs a major restructuring. On the eve of independence, the British left a reasonable bureaucratic system with good internal and external controls. The civil service was monopolized by the riverine (Shaygiyya, Ja'aliyyin, and Danagla) tribes. There was clear separation of power. However,

the colonial system was more interested in centralized government, while what the country actually needed was a federal system of government. The country is vast and diverse ethnically and multicultural, hard to govern from the center. Regions such as Darfur and South Sudan, which are distinctly different entities, were annexed by coercion. For more than six decades, the tension between the center and peripheries continued. This tension has created instability and weakened the existing institutions. It opens the door for military intervention under the pretext of preserving national unity. The political parties are also centralized and controlled by political feudalists who built a patronage system and demand personal loyalty. Consequently, political representation and role of civil society were diminished. A feeling of national identity has never been promoted, and collective action toward an inclusive social contract has never materialized. Since 1989, state institutions have been replaced by political oligarchies and kleptocracies. The political parties themselves have disintegrated: at present, there are more than 100 political parties and 24 armed movements. The ethnic groups from the peripheries were mobilized to confront their marginalization and exclusion. They follow different paths toward their struggles. There is a need for a national consensus to restore peace, restoration of civil society institutions, and agreement on how to govern.

## Conclusion

One of the weaknesses of Sudan's regional is that it obscures the power balance between ethnic groups within the same region. This may be particularly relevant, for instance, when a single ethnic group controls political power by itself in a region where, as a whole, it can be considered "dominant" ethnic group. In such cases, the ethnically based analytical framework is better placed to capture such within-region power imbalances by focusing on the actual ethnic groups.

However, studying regional inequalities helps us to better understand the processes that preceded the onset of conflicts in Sudan, especially the regional inequalities in the level of economic development. These inequalities can be thought of as early triggers that lead to the aggravation of horizontal inequalities and polarization between ethnic groups within regions. In fact, one could argue that interregional inequalities are the base determinants of inter-group inequalities. In addition, the arguments regarding collective grievances also apply to regional groups, not only to ethnic identities. Finally, separatist movements are often the result of regional rather than ethnic inequalities.

It is vital to carry out measures to raise political awareness and promote a culture of unity, understanding, and good governance. In a society with fewer dominant ethnic groups, the regional inequality can be corrected in the long run by setting up proper institutions at the regional. Finally, the access of ethnic group leaders to political power tends to be short-lived and without any lasting impact, as ethnic group representatives usually enter and then soon exit the political system.

## References

Ali H (2013) Estimate of the economic cost of armed conflict: a case study from Darfur. Def Peace Econ 24(3):503–519

Collins RO (1991) Eastern African history. Markus Wiener Publishers, Princeton. ISBN 10: 1558760164

Deng F (2011) War of visions. Brookings Institution Press, Washington, DC. ISBN: 9780815717935

El-Tom AO (2003) The black book: imbalance of power and wealth in Sudan. Journal of African National Affairs 1(2):25–35

Flint J, de Waal A (2006) Darfur: a short history of a long war. Zed Books, London

Harir S (1994) 'Arabic Belt' versus 'African Belt': ethnopolitical conflict in Dar Fur and the regional cultural factors. In: Tvedt T, Harir S (eds) Short cut to decay: the case of the Sudan. Nordic Africa Institute, Uppsala, p 155

Vogt M, Cederman L-E (2014) Ethnic power relations. International Conflict Research, ETH Zürich. https://icr.ethz.ch/people/vogt/

# Ethnicity in the Caribbean

John Gaffar La Guerre
Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Customs and class; Diversity; Race

## Definition

Society is a collection of people.

Ethnicity is the state as belonging to a social group.

## Introduction

### Ethnicity – A Global Perspective

Society is a collection of interacting groups. Each has its own interest however different. Indeed, groups emerge the better to achieve security and the pursuit of its interest however interpreted. In this way, "we" and "they" conceptions as well as that of "the other" emerge. It is not surprising then that the idea of an ethnic group should also have developed. Unlike a trade union, an employers association, or a political party, an ethnic group is one that is based on a coming together of a number of attributes which a designated set of people possess, namely, common descent, territorial location at a point in time, some common physical features, a common language, and shared culture. They are also perceived by others to be different. For these reasons, ethnic groups are equated with kinship groups. It is thus not surprising that such groups should have a close relationship with the state (Horowitz 1985).

The migrations of groups from one territory to another, the establishment of empires, whether British, French, Spanish, Soviet, or Ottoman, and their dissolution along with the discovery of the Americas and two world wars brought groups not only in greater contact with one another but also in competition. The collective legacy was a history of ethnic conflict followed at times by periods of peace or truce. More recently, there have been eruptions of one kind or another – in former Yugoslavia with claims of ethnic cleansing in the Balkans and Caucasus, Northern Ireland, Ethiopia, Indonesia, Rwanda, Bosnia, Canada, Pakistan, Burundi, and in several regions of Latin America. The causes in each case vary to some extent, but according to Gurr (1993) they all involve the allocation of power and the distribution of resources and in many ways the public administration of the state.

A major cause is of course the size of the group in question and its power prospects. Where a group is small in size and power is determined by the ballot, that group will lack much leverage and will be reduced to alliances or coalition with larger groups. Dramatic social or political change also changes the prospects of some groups, enhancing the prospects of some and limiting the prospects of others. Different conquerors brought differing policies, for example, the British and French had differing conceptions of empire. Whereas the British wanted merely to lead their people to self-government, the French felt that they had a "mission unvilatrice." Differing empires, for example, the Czarist as against the Ottoman, used different policies and administrative arrangements in relation to groups. World wars like the first and second also involved the relocation and shuffling of different groups leading at times to Diasporas and transformations from majority to minority status under differing social and political orders as happened with Soviet – citizens in the former USSR (Smith 1981).

In the British Caribbean, the white, ethnic group is no longer a powerful political force, while in the French Caribbean they are regarded as "a dominant minority." While it is true that the usual boundary markers which separated ethnic groups such as color, hair, and eyes have been eroded by the advances of technology according to Hartick (1979), there are still some rough indices such as shape of head, accent, dress which are used to distinguish Nordic from Slavic,

Gasbartier, and others just as is done in the United States and elsewhere in terms of "black" and white.

Given the experiences earlier indicated, it is not surprising that memories are an important ingredient of ethnic grievances. In Northern Ireland, Scotland, and Wales, among Croats, Muslims, and Serbs in Eastern Europe; in Latin America in the treatment of indigenous people; as well as in Germany and Poland, prior injustices provide the oxygen which keeps ethnic tensions alive. Whether the grievances or the cultures or racial characteristics are "invented" or not, they do provide the bonding by which group activity or conflict is sustained.

Added to these is the role of galloping globalization, modernization, and democratization as well as the redrawing of boundaries that have taken place over the last decades of the twentieth century. The digital age has ensured that Diasporas can keep in touch and sustain action, while the globalization of the drug trade makes it easier for narco-elites to champion groups and causes in pursuit of their interests especially where irredentist groups and mineral resources are involved. What drives the group however is the perception of discrimination and the lack of power in relation to other groups. Various policies at national and international levels have been employed to contain, prevent, or lessen ethnic conflict. Understandably the policies would vary with country and causes. For these reasons, administrative arrangements will normally differ depending on the nature of the state and the causes of conflict (Linz 1990).

In Northern Ireland, although both Protestants and Catholics the main antagonists are white, it is clear that memories, religion, and the state of internal security are major factors in group tensions. For this reason, according McGarry and O'Leary (1993) power sharing at the executive level has been employed to distribute power and resources more evenly at both state and administrative levels. Attention is also being directed at the police and military. While power sharing is a device aimed largely at the executive, it should be recognized that it must also address the question of how the fruits of such power are distributed. In such a case, the sharing should not be restricted and should apply to other sectors of the state. For these reasons, appointments to state agencies are becoming more representative (Lijphart 2008).

It is also important to recognize that some policies may have unintended consequences since in ethnic policy, in particular, it is difficult to decide where cause and effect begins. To contain irredentist conflict, some policy-makers for instance allow some measure of decentralization at administrative levels, but this is sometimes perceived as a sign of weakness, and the action may provoke further protest that lends to independence. For these reasons, programs of decentralization, autonomy whether cultural or political, should be handled with extreme care, and devices such as the veto should be placed at critical points (Montville 1990). It is also important that appointments to state positions at the higher levels should straddle ethnic groupings. Unitary political systems are usually the norm for countries of moderate size, but some kind of federal system is preferable for large countries. Thus, both Nigerian and the United States use federal systems, but a lot depends on the kinds of power that are divided between the center and the periphery. The center usually retains control over monetary policy, communication, the military, defense, and foreign policy. Even here however it is important to decentralize in order to ensure ethnic support (Brown 1993).

As with devolution and decentralization, the degree of concession to the periphery is important, even if it is partly at the level of administration. A confederation is a much looser version of federation that allows considerable power to the units as the example of the Civil War of 1861 in the United States aptly illustrates. Electoral systems, as Young (1999) notes, and the nature of constituencies are important devices used to contain ethnic conflict. The two most touted proposals have been the first-past-the-post or simple majority systems and the various versions of the proportional representation. A simple majority system for single-member constituencies has been largely used in parliamentary systems and tends to encourage compromise between the groups and moderation in public policies. It also

ensures a closer relationship between the constituency and the legislature. Generally however the administrative agencies involved in their implementation have been sources of ethnic controversy (Shugart and Carey 1993).

The prime minister is selected from the legislative chamber and is directly elected by it and answerable to it. In pure presidential systems, the president is elected by a separate vote and is not answerable to the legislature. He also appoints his own executive largely from outside. It is virtually impossible to recall him. Under a system of PR, however, voters are attracted as groups and in this way helps to keep group sentiments alive. Coalition governments are also widely associated with PR and with potential instability. A lot depends on whether groups are forced to build alliances and coalitions across groups and states as obtains in Nigeria. What is also important is whether all groups get a fair piece of the fruits of power.

It is instructive to note also that no country has moved from presidentalism to a parliamentary system. Reforms such as a collective presidency and rotating offices have been tried in Yugoslavia. More recently, states have been expanding the sharing of power by means of cultural councils, local government initiatives, assimilation, race relations, and equal opportunity commissions, and affirmative action schemes or multicultural devices have been introduced in a number of countries such as the United States and elsewhere along with preferential policies with regard to housing and cultural initiatives. These management initiatives have however encountered criticism for what is perceived as "reverse racism" and perpetuating a dependency syndrome (Glazer and Moynihan 1995).

Increasingly also, international organizations are becoming more involved in monitoring conflicts internationally as well as the policies adopted in relation to national election, human rights, and freedoms. In this regard, the intervention of the United Nations in the Balkan wars was critical even if it came a little too late as the massacres of Srebrenica clearly indicated. It has also been suggested that individual country interest does not always coincide with another's interest. Not all states can be neutral. Bureaucracies can also hinder the effectiveness of international action. It is clear then that ethnic policies can only go so far. Ethnic peace and tolerance are for perhaps one generation. Succeeding generations will have their own aspirations. Schools, the media, as well as social and political elites will all have to play a role in promoting racial harmony and tolerance since what is required is a whole process of resocialization of all elites, including the administrative elites (Oakley 2003).

In the case of the Caribbean and to some extent much as in Europe, the societies were the products of settlement, migrations from diverse countries, conquests, and plantation economies based on slavery or some degree of forced labor. To some extent in various countries, there was a measure of ethnic cleansing. Accordingly, it is not surprising that past memories of injustice, diasporic connections, and irredentist initiatives often emerge. For these reasons, there have been long-standing interest and at times involvement in the ethnic struggles of African-Americans in the United States as well as strong links between the Indian communities in the Caribbean and India and Pakistan as well as a concern with developments in Europe on the part of the whites. What is clear however is that these external pulls have been receding with changing generations.

What is also clear is that the demographic ratios of the various ethnic groups have been a major factor in the extent of conflict between and among them. For this reason, administrative techniques and arrangements have to change to cope with the new reality. Jamaican society is largely African-descended, and although one hears about the plight of the "black man," the divisions more often follow "class" lines, although there have been some outbursts against the Chinese community. The last few decades have been largely peaceful. The policies adopted by the state have been largely assimilationist with some concession to the cultural preoccupations of the Rastafarian community. Much of the ethnic assertions over the years have also been imported from the nearby United States.

In the case of Barbados, there has been a measure of self-government since 1640, the dominant ethnic group being African-descended, while

African-descended politicians have been dominant for a long time, although the whites continue to sustain their supremacy in the economy. There are however frequent expressions of anti-Indian sentiment, given their high visibility in the more visible sections of the economy, such as retail establishments. The policies followed by the state are largely assimilationist and was one of the few countries to escape the visitation of "Black Power" during the late 1960s and early 1970s.

La Guerre and Bissessar (2013) notes that in Trinidad and Guyana, by contrast race relations have been a source of conflict for some time. The Indians in Trinidad make up a sizeable section of the community, are different in culture from the African community, and are largely concentrated in the central and southern areas of the country. The Indians dominate in the agricultural sector, while the African is to be found largely in the urban areas and public services. The African-descended community has dominated the politics for quite some time, but with the emergence of a mixed group, Indians on the basis of coalition have been able to capture political power in 1986, 1995, 2000, and 2010. Trinidad is however a small country and intergroup interaction is strong. The ethnic division of labor is changing, while the state embarks on policies of assimilation and concession to cultural differences.

In Guyana, by contrast, there is the problem of size which encourages residential segregation and discourages intergroup interaction. The Indians comprise a dominant majority, while the African-descended groups seem doomed to be a permanent minority. Under a Westminster model with a first-past-the-post system, they would have been condemned to perpetual opposition. In addition, the constitution was suspended in 1953 due to Cold War complications and proportional representation introduced in 1964 that stimulated not only heightened ethnic tensions but mass killings. Proportional representation conferred power on the African community until 1992 when under a reformed system an Indian leader was returned to power. Clearly the major issue was a system that would give each group a fair chance at achieving power.

In 1970, a republic was introduced and in subsequent years other constitutional and electoral changes that allowed an African leader, on the basis of a coalition to achieve power. Not surprisingly in both Guyana and in Trinidad, race relations commissions have been introduced to monitor and contain ethnic conflicts. Recently, however there have been calls for reparations coming from Barbados in particular but now being advanced by CARICOM. Who gets the reparations and who must pay are of course crucial issues but what is expected is that it would be seen as a gesture of apology for past injustices such as slavery, genocide, indentureship, and the thievery of indigenous lands.



## Conclusion

In ethnic conflict, political solutions are crucial, but as we have seen, the administrative arrangements to translate them are just as important. For this reason, the appointments to key institutions, the personnel administration, the administrative devices used to allocate funds, the composition of the public services, and the institutions to vehicle one can appeal these and more are the crucial ingredients of ethnic arrangements.

## References

Brown M (ed) (1993) Ethnic conflict and international security. Princeton University Press, Princeton

Glazer N, Moynihan DP (1995) Ethnicity: theory and experience. Harvard University Press, Cambridge, MA

Gurr T (1993) Minorities at risk. United States Institute of Peace Press, Washington, DC

Hartick I (1979) Stability in deeply divided societies: consociationalism versus control. World Polit 31: 325–344

Horowitz D (1985) Ethnic groups in conflict. University of California Press, Los Angeles/London

La Guerre J, Bissessar AM (2013) Race and politics in two plural societies: Guyana and Trinidad. Lexington Books, Lanham

Lijphart A (2008) Thinking about democracy power sharing and majority rule in theory and practice. Routledge, Oxon

Linz J (1990) The perils of presidentialism. J Democr 1(1): 51–69

McGarry J, O'Leary B (1993) The politics of ethnic conflict regulation. Routledge, London/New York
Montville JV (1990) Conflict and peace-making in multiethnic societies. Lexington Books, Lanham
Oakley J (2003) Territorial management of ethnic conflict. Frank Cass Publishers, London/Portland
Shugart M, Carey JM (1993) Presidents and assembly constitutional design and electoral dynamics. Cambridge University Press, Cambridge, UK/New York
Smith AD (1981) The ethnic revival in the modern world. Cambridge University Press, London/New York
Young C (1999) The accommodation of ethnic diversity: case studies. Palgrave Macmillan, Basingstoke

# Ethnoracial Politics

Andrew L. Aoki
Augsburg College, Minneapolis, MN, USA

## Synonyms

Minority politics; Racial and ethnic politics

## Definition

Ethnoracial politics refers to politics involving categories that include African Americans, American Indians and Alaska Natives, Asian Americans, Hispanics, and Native Hawaiians and Pacific Islanders. Collectively, these groups are sometimes referred to as "people of color," while most of the rest of the American population could then be labeled "non-Hispanic White." However, the difference is in the eye of the beholder, and differential treatment can emerge for many reasons, so even those classified as non-Hispanic White may find themselves fighting for equal treatment or opportunity. In the early twenty-first century, the best examples of this have been the people from the Middle East and Muslims.

## Introduction

Ethnoracial politics is about difference and the struggle for equality. For populations that have been deemed fundamentally different, there have been long battles for equal treatment and opportunity.

The key characteristic of ethnoracial politics is marginalization of a population. At different times in American history, categories of people have found themselves the target of efforts to reduce their chances for economic, political, and social opportunities. Because of this, ethnoracial politics tends to involve issues such as political and economic equality, political incorporation, sovereignty, and immigration.

The term *ethnoracial* – rather than just *racial* – grows out of the fact that the US Office of Management and Budget defines "Hispanic" as an ethnic label, not a racial one, although this could change by the 2020 census. So, to make it clear that we are referring to the politics of all five groups noted above, scholars have increasingly taken to using the term *ethnoracial politics*.

## Social and Economic Equality

The quest for social and economic equality is one of the oldest concerns in ethnoracial politics. Africans resisted their enslavement in colonial America, although the extent of legal and societal discrimination made formal political opposition extremely difficult. Over the next century, Mexicans and Asian immigrants also found themselves fighting for equal rights in America, and, as the lands of indigenous peoples were swallowed up by the United States, native peoples also struggled for equal treatment.

African American activists often led the way, enduring imprisonment, torture, and deadly violence. By the mid-twentieth century, they began to achieve landmark victories, such as the *Brown v. Board of Education* (1954) Supreme Court decision, which found government-mandated segregation of schools unconstitutional. The next decade, Congress passed the Civil Rights Act of 1964, which outlawed discrimination in a wide variety of circumstances, including employment and business that served the public, and the Voting

Rights Act of 1965, which empowered the federal government to act against states that sought to prevent Blacks from voting.

Today, much of the focus has shifted to educational and economic concerns. The battle for equal treatment is by no means over, but the past half century has shown that reducing openly discriminatory treatment does not guarantee equal opportunity or equal outcomes. Widespread disparities between ethnoracial groups continue to be found in schooling, housing, employment, wealth, and poverty. African American activists have often been joined by Hispanics in the push for policies which might reduce these disparities. Many Asian American groups have also supported these efforts, but a much smaller percentage of Asian Americans are disadvantaged in these ways.

American Indian groups have also joined these coalitions, although native activists often place their greatest emphasis on other issues. In addition, American Indians and other indigenous groups sometimes are in the unique situation of controlling territory – often referred to as *reservations* for American Indians. American Indian reservation leaders often place more emphasis on economic development or access to natural resources. And so, while greater educational opportunity or job training is important to them as well, there have also been battles over control of business opportunities, most notably gambling casinos, although by no means limited to them. Casinos have rarely been a source of wealth for Indian nations, but they can give reservations a modest economic boost, so many American Indian tribes have fought for exclusive rights to casino gambling in their states. These goals have usually not been shared by other ethnoracial groups.

## Political Incorporation

A related effort has been the push for greater *political incorporation*. Full political incorporation requires the ability to participate in politics, the ability to have representatives of your choosing, and the ability of those representatives to participate in shaping public policy (see Browning et al. 1984, for an important formulation of political incorporation). People of color continue to struggle for full incorporation.

Today, legal barriers to basic participation are gone, but other obstacles remain. One concern is the way that legislative district lines are drawn. States – and often cities and counties – are divided into multiple legislative districts, and there are many ways to draw district lines to reduce the influence of a group of voters, either by spreading them out across several districts, so that they are too few in number to wield power in any of them, or by concentrating them in as few districts as possible, also reducing their influence below what it could be. In recent years, another widespread tactic has been to increase barriers to voting or remove procedures that had made voting easier; in either case, people of color are among those most likely to be disadvantaged by those changes.

Even where barriers to participation have been fully removed, there are challenges for representation. Some ethnoracial groups are too small to wield a great deal of influence at the ballot box, except in a few places. The largest groups, African Americans and Latinos, are able to dominate some districts, but their representatives have not always able to play a significant role in governing coalitions, sometimes finding their interests opposed by a majority of other legislators (e.g., Pinderhughes 1987).

## Sovereignty

Sovereignty has been a major concern for indigenous peoples. Sovereignty refers to control, typically over a physical space, and regaining it has been a key goal of many American Indian, Alaska Native, and Native Hawaiian groups. Each population experienced substantial loss of territory and considerable deprivation, and has worked to regain control over some of their ancestral lands.

In fact, some indigenous activists have argued that their efforts should not even be considered part of ethnoracial politics. American Indians,

they contend, belong to different nations and should not be seen as racial minorities (see, e.g., Wilkins 2007). Racial minorities came into existence through immigration – sometimes involuntary – but indigenous people are not immigrants, by definition.

This is also reflected in other political struggles of native peoples, such as efforts to regain rights to subsistence activities such as hunting, fishing, and harvesting. These rights were granted in treaty agreements with the United States, but, over the decades, they became the target of challenges, often from non-Hispanic Whites. Indigenous peoples have had to wage court battles to protect or restore those rights, sometimes facing intense bigotry in their fight.

## Immigration

In recent decades, immigration has become a major issue in ethnoracial politics. This issue has been important primarily to Hispanics and Asian Americans. In the 2010 census, almost two-thirds of Asian Americans were immigrants, giving them a pressing interest in policies that determined whether relatives or friends could immigrate to the United States.

Immigration might be an even bigger concern for Hispanics. While only about a third were immigrants in 2010, almost as many were children of immigrants, so that two-thirds of Hispanics were either first or second generation. In addition, large numbers of Hispanic immigrants do not have legal authorization to be in this country, often putting them in a very tenuous position and greatly restricting the life chances of unauthorized youth.

Although positions on immigration cut across party lines, some partisan divisions exist. Supporters of the Republican Party have been the most intense opponents to creating a path to legalization for unauthorized immigrants, arguing that such a move would reward lawbreakers. President Obama's Deferred Action for Childhood Arrivals (DACA) program instituted a partial path for many who came illegally as children, and Deferred Action for Parents of Americans (DAPA) program would have expanded this to some adults, but DAPA was put on hold by a federal court order in 2015 and was strongly opposed by many Republicans.

## Identity and Coalition-Building

The most important question for ethnoracial politics is how it will shape larger political coalitions. Given continued high levels of immigration, it is possible that people of color will outnumber non-Hispanic Whites by the middle of this century, with potentially dramatic political effects (Bowler and Segura 2012). Whether that will happen is a more complex question than it seems, and turns on questions of identity.

To understand this, one needs to understand that ethnoracial categories are social creations. The classification scheme currently used was created in the 1970s; before that, there was no consistency in the collection of ethnoracial data. In response to this disorganized state, the Office of Management and Budget (OMB) devised the ethnoracial categories that are used today, while emphasizing that these were not based on scientific findings and were for administrative purposes only. Predictions of a non-White majority tend to assume that these categories will continue unchanged, but we know that they have changed in the past and are likely to change in the future.

If the OMB categories did not change and people continued to follow them, then it is indeed very likely that people of color will outnumber non-Hispanic Whites by the middle of the twenty-first century. However, large numbers of those identifying as Hispanic also identify as White (although considerably less would do so if "Hispanic" was one of the options in the racial categories). In addition, we know that "mixed" ancestry children, those with a Hispanic or Asian parent and also a White parent, sometimes identify as White, and the children of those children may be even more likely to identify as White. Without

question, many Americans will continue to identify as Asian or Hispanic, but, if large numbers with Asian or Hispanic ancestry chose to identify as White, the predicted non-White majority might take much longer to materialize, if it ever does.

For Americans that socialized to accept the existing ethnoracial categories, it may seem unthinkable that large numbers of Americans will "cross" these boundaries. However, history shows that deep differences can disappear over time. A century or so ago, immigrants from eastern and southern Europe were seen as profoundly alien and never able to become fully American (e.g., Jacobson 1998). Those views have vanished today, of course. Societal dividing lines are drawn in our minds, making those lines very susceptible to change over the course of a generation or so (e.g., Alba and Nee 2003).

We know that there are other ways people do not identify with the OMB categories as well. For example, most of those who fall into the "Asian American" category do *not* first identify themselves as Asian American but instead choose an ethnic or national identify such as "Vietnamese" or "Korean American." The same is true for many Latinos, especially those who are immigrants. "American Indian" is an equally diverse category, and many of those who would fall within that category prefer to be identified by tribal affiliation, such as "Ojibwe" or "Hopi," or by a specific band within the tribe.

In addition, we cannot be sure how Asian Americans and Latinos will view their political interests in the coming years. In the first few decades of the twenty-first century, large numbers have turned against Republican candidates, but many Republican leaders are trying to change the image of their party. Immigrants and their descendants may influence policy change, but the overall impact would likely be less if they were more evenly divided in their political party allegiance.

Immigration may have significant consequences for African American politics and identity as well. For many decades, *minority politics* and *Black politics* were seen as virtual synonyms, and what we call ethnoracial politics focused largely on the battle for greater equality for African Americans. In the early twenty-first century, however, a tectonic shift occurred, as Hispanics surpassed African Americans as the largest population of color in the United States. One major question is how Blacks will adjust to this change of status. At times, there have been tensions, such as competition in Los Angeles between a mayoral candidate backed by African Americans and one supported by Latinos, but there seem to be enough commonality of interests for enduring Black-Brown alliances to be forged.

Immigration could trigger change even *within* the African American population, however. While still relatively small, there is a growing stream of immigrants from Africa, joining a continuing flow of African-ancestry immigration from the Caribbean. These immigrants could bolster the influence of long-established African American groups, if they join forces, but there have been tensions – as has often occurred between immigrants and native-born groups. Continued discrimination against darker-skinned Americans may eventually lead to stronger coalitions between all African-ancestry Americans, but such alliances are not going to happen automatically and will likely require that both immigrants and long-established African American groups make some political adjustments.

## Conclusion

The most important factor influencing the future of American ethnoracial politics is discrimination. If people of color continue to be treated as fundamentally different, experiencing exclusion and unequal treatment, they will have a powerful incentive to form coalitions to fight against that treatment. Today, there is a fierce debate over to what extent such discrimination will continue.

It is unlikely that all people of color will enjoy equal conditions in the near future, but it is

possible that *some* will experience much better conditions, while others do not. Although conditions have improved markedly for African Americans in the past half century, it is clear that they still experience high levels of poverty, substandard housing and schooling, higher levels of imprisonment, and other undesirable conditions which will not be eliminated soon.

On the other hand, many Asian Americans live in far more favorable conditions. In part, this reflects the fact that many Asian immigrants came with high levels of income and other resources and also that they arrived after civil rights laws had outlawed the worst types of discrimination, which had created such difficult conditions for large numbers of Black Americans. While there are significant numbers of Asian Americans in poverty and substandard housing, the vast majority do not experience this. Intermarriage rates – between Asian Americans and non-Asian Americans – tend to be very high by the third generation, also suggesting lower levels of discrimination.

Hispanic Americans seem to fall in between these two populations. By the second and third generation, many Latinos are prospering, although large numbers of immigrants struggle with considerable challenges, such as low levels of education or lack of legal status. Many Hispanics do not experience the levels of discrimination faced by African Americans, but hostility toward Latinos – and especially native-Spanish speakers – is not hard to find. If Hispanics do indeed find themselves making considerable progress over the next few generations, their political preferences would likely be less distinct from those of non-Hispanic Whites. Some argue, however, that Hispanics will continue to experience unequal treatment, making them more likely to continue to ally themselves with a coalition of other marginalized groups (see, e.g., Telles and Ortiz 2008).

Finally, the contours of American ethnoracial politics could be reshaped yet again. In the immediate years after World War II, no one anticipated that Latinos and Asian Americans would emerge to become substantial political forces. Could other groups face growing marginalization and come to identify more as people of color?

In the first decades of the twenty-first century, the most likely possibilities include Americans of Middle Eastern ancestry and Muslims. Concerns over terrorism have led to periods of strong hostility toward these groups. The Office of Management and Budget classifications defined people of Middle Eastern ancestry as White, but in the wake of the attacks of September 11, 2001, many experienced bigotry more commonly felt by people of color. While it is impossible to know what the future holds for these groups, their recent experiences provide more evidence that ethnoracial politics is dynamic, and that some groups can "exit" while others "enter" into the marginalized status which is at the heart of that politics.

## Cross-References

► Minority Groups and Politics

## References

Alba RD, Nee V (2003) Remaking the American mainstream: assimilation and contemporary immigration. Harvard University Press, Cambridge, MA

Bowler S, Segura GM (2012) The future is ours: minority politics, political behavior, and the multiracial Era of American politics. CQ Press, Thousand Oaks

Browning RP, Marshall DR, Tabb DH (1984) Protest is not enough: the struggle of blacks and Hispanics for equality in urban politics. University of California Press, Berkeley

Jacobson MF (1998) Whiteness of a different color: European immigrants and the alchemy of race. Harvard University Press, Cambridge, MA

Pinderhughes DM (1987) Race and ethnicity in Chicago politics: a reexamination of pluralist theory. University of Illinois Press, Urbana

Telles EE, Ortiz V (2008) Generations of exclusion: Mexican Americans, assimilation, and race. Russell Sage, New York

Wilkins D (2007) American Indians and the American political system, 2nd edn. Rowman & Littlefield, Lanham

# European Harmonization and EPSAS

Thomas Müller-Marqués Berger
Ernst and Young, Stuttgart, Germany

## Synonyms

European Public Sector Accounting Standards (EPSASs); International Public Sector Accounting Standards (IPSASs); Public sector accounting

In its report "Towards implementing harmonised public sector accounting standards in Member States, The suitability of IPSAS for the Member States" from 2013 the European Commission derives the necessity to harmonize public sector accounting in Europe. This is mainly due to the fact that there is a great heterogeneity of public sector accounting practices in Europe. The European Commission (EC) strives to set uniform and binding financial reporting and accounting standards. In view of the EC, the starting point for the preparation of European Public Sector Accounting Standards (EPSASs) should be the International Public Sector Accounting Standards (IPSASs). However, it is clear that these standards need to be modified and adapted to the specific needs and circumstances in Europe. The following article's aim is to give an overview on the current status and recent developments regarding harmonization in public sector accounting in Europe and the role that IPSASs play hereby.

## Background: The Sovereign Debt Crisis as the Starting Point for EPSAS

The sovereign debt crisis in Europe has shown that there is a need for an accounting reform and harmonization of the financial information in the European Union (EU) public sector. Fiscal transparency has turned out to be essential for macroeconomic stability, surveillance, and policy in the EU. Better fiscal Government Finance Statistics (GFS) data at macro level requires harmonization of public sector financial accounting at micro level. Achieving fiscal transparency is therefore crucial to the proper functioning of the EU multilateral and budgetary surveillance framework and to the functioning of the single market (Müller-Marqués Berger and Heiling 2014; Mussari 2014).

Macro (statistical) data and fiscal coordination at the EU level are already based on accrual data, but government accounting practices vary widely both across and within the Member States (Dabbicco 2015). Also accrual accounting practices are not comparable, and there are still Member States and government entities therein that operate on a cash-only basis (e.g., Germany or the Netherlands at central level). The absence of a harmonized accrual-based accounting system in Europe has led to the conclusion that there is no real transparency on the financial position and financial performance in the Member States (Jones and Caruana 2014). Also an insufficient use of ex post financial information, independent of the basis of accounting, by politicians can be recognized. The main focus of politicians is still on the (cash-basis) budget. Beyond that, another major weakness in the European public finance management is the current incoherence between financial accounting and ESA 2010. The quality of public finance statistics is however strongly dependent on the reliability and comparability of public accounting systems.

The described observations revealed the need for an accounting reform and harmonization of the financial information in the EU public sector (Manes Rossi et al. 2016). In order to be more transparent and accountable, Member States need to provide comparable and more comprehensive information about their financial position and performance.

## Steps Taken by the European Commission

As outlined before, it is evident that public sector accounting needs to be improved to prevent the

risk of low-quality data flows to Eurostat. Eurostat is a Directorate-General of the European Commission in charge of providing statistical information to the institutions of the European Union and to promote the harmonization of statistical methods across Member States. But also improving the quality of public sector accounting in its own right is a major driver of the EPSAS reform project. The European Commission has therefore tasked Eurostat to take the lead in this project.

The EC has taken the following steps over the past few years in improving and reforming the public sector accounting framework within Europe:

| | |
|---|---|
| 2011 | Council directive 2011/85 (budgetary frameworks-directive) |
| 2012 | Public consultation Eurostat: assessing the suitability of IPSASs (International Public Sector Accounting Standards)<br>EY study carried out for Eurostat assessing the public accounting and auditing practices in the 27 EU Member States |
| 2013 | EC report on the evolution to harmonized accounting standards in the EU Member States<br>Conference in Brussels "Towards implementing European Public Sector Accounting Standards" |
| 2014 | Eurostat consultation on EPSAS governance<br>Second study carried out by PwC on behalf of Eurostat collecting information on the potential impact, including costs, of implementing accrual accounting in the public sector including a technical analysis of the suitability of the IPSAS standards<br>Implementation of an EPSAS working group and cells to move forward the work on EPSAS |
| 2015 | In December 2015 EY was tasked to support Eurostat in the supply of statistical services in the field of public sector accounting |

## Council Directive 2011/85 EU

As outlined before, the starting point of the European Commission (EC) initiatives was the Council Directive in 2011. In this Directive, complete and reliable fiscal data which is comparable across Member States is pointed out to be crucial to avoid excessive government deficits in the future. Furthermore, it is specified that this can only be achieved through the implementation of a system of harmonized accrual-based accounting standards, consistent with the ESA, for all entities of the government sector.

Article 16 of the Council Directive also included a provision that by 31 December 2012, the Commission shall assess the suitability of the International Public Sector Accounting Standards (IPSASs) for the Member States as these standards are seen as the only internationally recognized set of public sector accounting standards.

## Public Consultation on the Suitability of IPSAS for the Member States in 2012

Based on Article 16 of the Council Directive, Eurostat initiated a public consultation to assess the suitability of IPSAS for the Member States in the status quo as per 2012. The results of this consultation were as follows (Fig. 1):

Important to know when interpreting the pie chart is that the participants supporting the suitability expressed the concern as to whether IPSAS in their current form could be easily implemented in the EU Member States. The same applies to the category answering "partly," as these respondents acknowledge the need for accrual-based public sector accounting standards but had doubts whether the IPSASs in their current form as per 2012 were suitable. As a result it was concluded that at least 69% of the respondents considered that IPSAS in general could be a suitable basis but could not be entirely adopted in their 2012 status.

The respondents against IPSAS (28%) raised the following arguments:

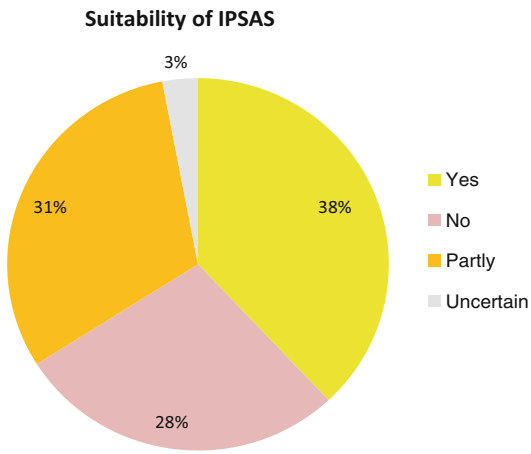


**European Harmonization and EPSAS, Fig. 1** Results of the public consultation on the suitability of IPSAS for the Member States

- IPSASs are incomplete with respect to public sector accounting requirements.
- The standards are too complex.
- The rules on disclosures are heavy.
- There is a strong link to IFRSs (International Financial Reporting Standards) used in the private sector.
- The missing IPSAS governance arrangements, i.e., the lack of oversight.

### Study on "Overview and Comparison of Public Accounting and Auditing Practices in the 27 EU Member States"

In the context of the assessment of the suitability of the International Public Sector Accounting Standards for the Member States, Eurostat asked the professional services firm EY to:

- Collect relevant information on the existing public accounting and auditing practices for the 27 EU Member States, for all subsectors of general government.
- Prepare a comparative analysis of the 27 EU Member States.

The comparative analysis of the study revealed that the European government accounting arrangements were greatly heterogeneous. It turned out that Member States national/central level had the most complex accounting arrangements. They usually followed their own accounting standards, mainly for independence reasons, and these standards were very different from one state to another. Furthermore, in most of the cases, their standards showed little resemblance with the IPSAS.

Also a great diversity of bookkeeping systems used by the different subsectors of government within a country was identified. Although double-entry bookkeeping systems were widespread, none of the European countries had a unique bookkeeping system for all subsectors of government. Finally respondents to the survey highlighted the fact that IPSASs were either incomplete or too theoretical for use in public sector accounting.

### Report of the European Commission in 2013

In March 2013, the European Commission issued the report "Towards implementing harmonised public sector accounting standards in Member States." In this report the Commission explained why in their view, there was a need for harmonized accrual-based public sector accounting standards. The report stated that "harmonised micro-accounting systems for all public sector entities (i.e., general government) in all EU Member States, [. . .], seems the only effective way forward to compile accruals-based debt and deficit data of the highest quality standards in accordance with existing legal requirements."

The report concluded that whereas "IPSASs represent an indisputable reference framework for potential EU harmonised accruals-based public sector accounts," IPSASs cannot be simply implemented in the EU Member States in their current status. Therefore, the report recommended the development of a single set of accrual-based accounting standards at all levels of government throughout the EU, the so-called European Public Sector Accounting Standards (EPSASs).

IPSASs are considered as a reference framework for the future development of a set of European Public Sector Accounting Standards (EPSASs). The debate whether IPSASs should be the starting point or if accounting and financial reporting frameworks of EU Member States should be used as (additional) starting points is still ongoing among the various stakeholders in EPSAS standard setting (Müller-Marqués Berger and Heiling 2015).

At macro level, data is already aggregated on an accrual basis following ESA 2010. But even in cases where accrual accounting is already in use on an entity level, there are efficiency and quality gains to be expected from harmonizing accounting standards within the EU and from aligning these standards to ESA as much as possible, but not forgetting the different objectives of the two systems. It is broadly accepted that significant benefits can be gained from generating financial statements and statistical reports using a single integrated financial information system.

### Brussels Conference in 2013

A further milestone in the EPSAS project was the Eurostat conference held in Brussels on the implementation of EPSAS. In this conference several

important politicians and executives, such as Herman Van Rompuy, the EU Council President at that time, or Algirdas Šemeta, the European Commissioner for Taxation and Customs Union, Audit, and Antifraud, confirmed the need to develop harmonized public sector accounting standards in the EU.

### Consultation on Governance by Eurostat on EPSAS in 2013

Through this consultation, Eurostat wanted to gain a view on the opinion regarding the governance for EPSAS.

The following graph outlines the proposed governance structure for EPSAS (Fig. 2):

In total 203 submissions were obtained from a variety of stakeholders (public authorities, organizations, associations, and private individuals) of which 194 submissions came from EU countries.

An analysis of the submissions showed that a majority of the respondents were of the view that no additional oversight function was necessary on top of what is already ensured through the different institutions of the European Union. Almost 75% of the respondents answered that the oversight role of the EPSAS Governance Advisory Board as outlined in the Consultation Paper would be appropriate for EPSAS or would at least be partly appropriate.

A significant proportion of respondents were of the view that the additional oversight function is unnecessary and would only increase the bureaucracy and the cost of standard setting. Some suggested alternatives to ensure oversight, such as the Court of Auditors, Economic and Financial Committee, special Commission of the European Parliament, high-level representatives (deputy ministers) for political coordination, etc.

A majority of respondents also agreed that there was a need for formal and organized involvement of stakeholders in the EPSAS standard-setting process.

### PwC Study Performed on Behalf of Eurostat in 2014

The consultation in 2013 was followed by a second request made by Eurostat to collect information related to the potential impact, including costs, of implementing accrual accounting in the public sector and to prepare a technical analysis of the suitability of individual IPSAS standards. This study was performed by the professional services firm PwC on behalf of Eurostat. In this study the cost of implementation at EU level was estimated to amount between 1.2 billion EUR and 6.9 billion EUR. The study underlined that most governments are relatively positive about using IPSAS as a primary reference for developing EPSAS. The

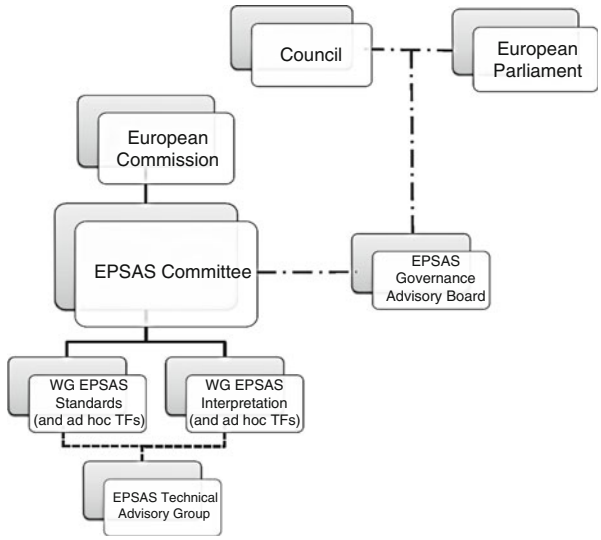


**European Harmonization and EPSAS, Fig. 2** Proposed governance structure for EPSAS (Source: Eurostat, Public Consultation Paper: "Towards implementing European Public Sector Accounting Standards (EPSAS) for EU Member States — Public consultation on future EPSAS governance principles and structures," Luxembourg, 25 November 2013)

standards exist and are of an overall good quality, and adopting accounting principles that are recognized on the international level will give greater credibility to the government's financial statements in the eyes of investors in bonds and other fund providers. However, it was recognized that some of the IPSAS standards cannot be fully implemented in their current state. Hence, there is a need for the development of more specific EPSAS. However, the general opinion was more positive compared to the study of 2012 in the sense that more IPSASs were assessed as being applicable with no or minor changes.

### Support of Eurostat in the Supply of Statistical Services in the Field of Public Sector Accounting

In October 2015 Eurostat has issued a public tender on "Supply of statistical services in the field of public sector accounting." After the studies in 2012 and 2014, Eurostat sought for support for the development of harmonized European public sector accounting standards (Task 1) and collection of further information related to the potential impacts of implementing accrual accounting in the public sector (Task 2). Whereas in the second study for Eurostat on EPSAS in 2014 the economic and social impact of an EPSAS implementation was done mainly on a qualitative basis, the aim of Task 2 of this project is to collect additional and updated information related to the potential impacts of implementing accrual accounting in the public sector on a quantitative basis. Based on the results of the 2014 study, an analysis and update of the ongoing or planned national public sector accounting reforms in the six countries assessed as among the least mature in 2014 need to be performed. This project started end of 2015 and lasts for approximately 1 year. This consultancy project was awarded to EY.

## EPSAS Working Arrangements

Since 2012, several task forces/working groups have been set up to move the development of EPSAS forward.

### EPSAS Task Force on Governance

The EPSAS Task Force on Governance held its first meeting in 2013 and was created to exchange views with the Member States' authorities on possible EPSAS governance arrangements and underlying key principles of EPSAS. The Task Force assists Eurostat to identify the key issues for EPSAS governance, discuss how to balance these issues, and develop a model for the EPSAS governance structure.

### EPSAS Task Force on Standards

The EPSAS Task Force on Standards held its first meeting in 2014 and was created to exchange views with the Member States' authorities on technical aspects of the standards. The Task Force assisted Eurostat to:

- Analyze the most contentious IPSAS and address the concrete difficulties encountered with some of the IPSAS in practice and ways to overcome them.
- Analyze the possibility to reduce burden and complexity of the standards for small public entities.
- Discuss the implementation of standards via a progressive batched approach.

The Task Force was shut down with the establishment of the new EPSAS Working Group.

### Working Group EPSAS

The objective of the Working Group EPSAS is to provide the Commission (Eurostat) advice and expertise in the preparation of harmonized European public sector accounting and general purpose financial reporting standards on an accrual basis (including for central government, state government, local government, and social security funds). At a later stage, the further objective will be to advise on the introduction and operation of EPSAS. The Working Group had its first meeting in September 2015 in Malta, where Eurostat presented the reworked EPSAS approach.

### EPSAS Cell on First-Time Implementation

In order to take forward the discussion on the first implementation and the opening balance sheets on

an accrual basis and to focus the work on a more technical level, at the March 2015 Task Force meeting, it was proposed to establish a Cell on First-Time Implementation (FTI).

The objective of the Cell on FTI is to support Eurostat in the preparation of technical level working documents based on the experience and expertise of a smaller group of experts.

The Cell is not a decision-making body; it is a reflection group. The Cell discussion will be used to inform the eventual proposal made by the Commission for EPSAS first-time implementation, focused on the opening balance sheet on an accrual basis.

Next to the EPSAS Cell on First-time Implementation, Eurostat implemented the EPSAS Cell on Governance Principles. Next to these two cells, further cells are about to be set up. The following graph summarizes the envisaged approach by Eurostat (Fig. 3):

## Current Status of the EPSAS Project

The European Commission was of the view that the legal basis for EPSAS should be established in a Framework Regulation. Whether the legal form of a regulation is needed to achieve the objectives of the EPSAS project is questioned; a directive might be equally appropriate. In any case, the EPSAS standards would take the form of binding legal acts, developed by an EPSAS Committee that is composed of representatives of Member States and chaired by the European Commission. The Committee would be supported by technical working groups and task forces. Other stakeholders would be involved via consultations or as observers.

Based on the diverse picture of public sector accounting practices in European Member States, it is clear that EPSAS can only be implemented in a medium-term perspective. Given that some Member States still account on a cash basis, EPSAS can only be implemented in a staged approach. Vice versa for Member States that already have implemented accrual accounting and/or IPSAS, the EPSAS reform should not be a step back. This means that the new EPSAS accounting framework should provide the same level of information than their current accounting system. Also the initial focus for EPSAS standard setting should be on the public sector-specific issues, like accounting for taxes or reporting of social benefits. When it comes to the narrowing down of options, also materiality considerations need to be considered. It is also discussed what kind of relief smaller and less-risky entities should be provided with regard to the future EPSAS requirements.

In terms of timing, the original timetable, as outlined below, envisaged that the Framework Regulation would be in place before the start of the technical development of standards (Fig. 4).

In the meantime, this approach has been changed and it is envisaged that:

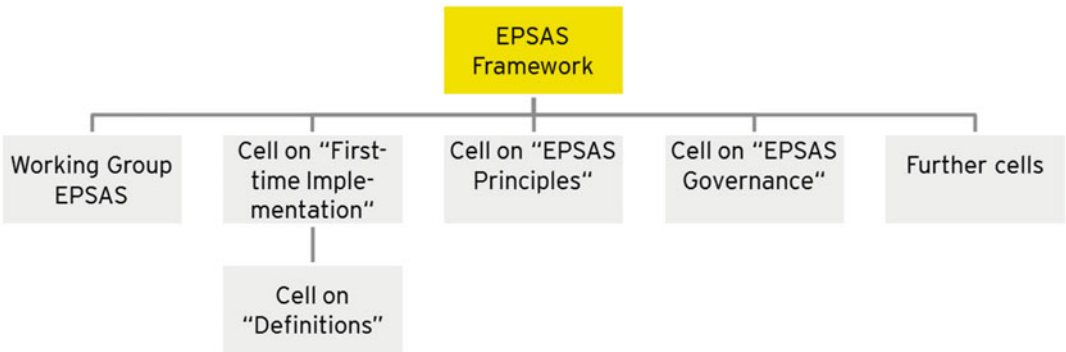


**European Harmonization and EPSAS, Fig. 3** Envisaged approach by Eurostat in 2015

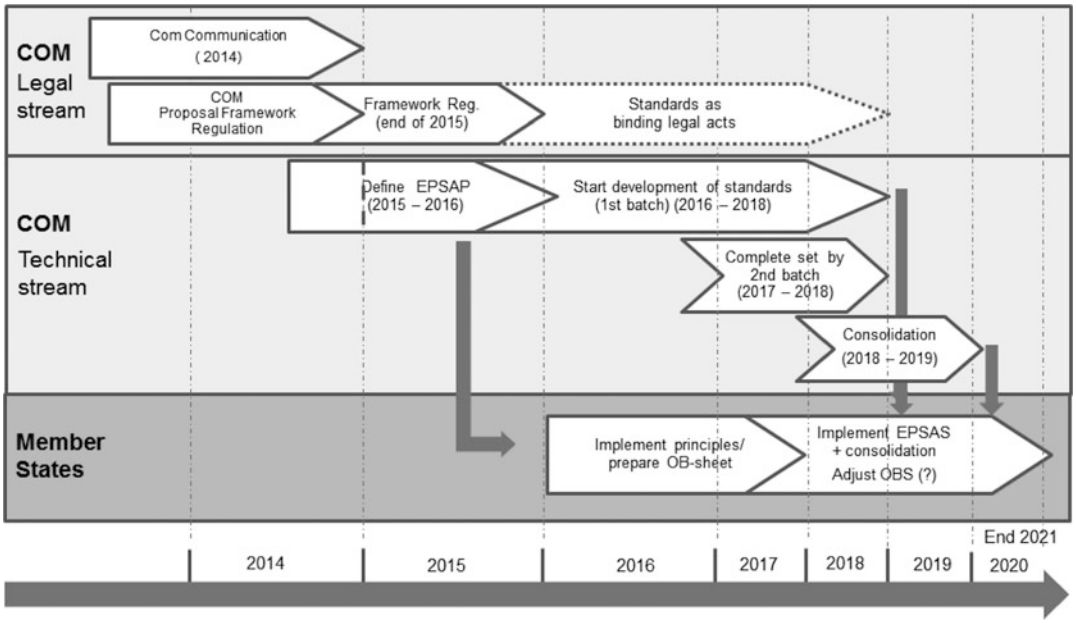


**European Harmonization and EPSAS, Fig. 4** Original timetable for the implementation of EPSAS

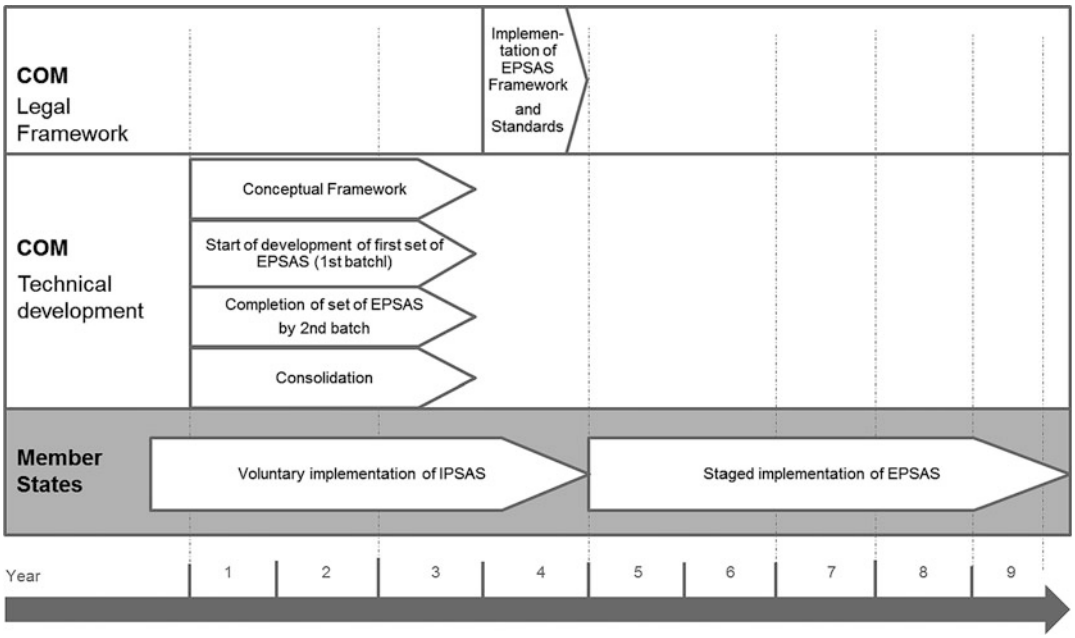


**European Harmonization and EPSAS, Fig. 5** Revised timetable for the implementation of EPSAS

1. The technical development of EPSAS should start before the approval of a Framework Regulation or comparable legal basis.
2. Member States should not only be encouraged to implement accrual accounting in general but to also use accrual-based IPSAS on a voluntary basis.
3. As soon as the framework is in place, EPSAS shall be implemented by a staged approach.

The following graph summarizes the new approach taken by Eurostat/EC for the development and establishment of the EPSAS Framework (Fig. 5):

Eurostat's view is that the EPSAS Framework should comprise:

- The principles for EPSAS governance
- The governance mechanisms
- The process for public consultations ("due process")
- Creation of the preconditions for EPSAS standard setting (bodies within the EPSAS governance structure, their relationships, and resources)
- IPSAS as being the first point of reference for EPSAS.

## Conclusion

The article gave an overview on the development of European Public Sector Accounting Standards (EPSASs). Based on the heterogeneity of public sector accounting practices in Europe, it is obvious that EPSAS can only be implemented in a medium-term perspective and that harmonization of public sector accounting in Europe can only be achieved in a medium- to long-term perspective. Whereas the initial approach was to first have a Framework Regulation in place, the aim of the EPSAS project is now to complete the technical part of the project before the approval of a Framework Regulation or comparable legal basis

## Cross-References

► Accrual Accounting
► International Public Sector Accounting Standards (IPSAS)
► Public Sector Accounting

## References

Dabbicco G (2015) The impact of accrual-based public accounting harmonization on EU macroeconomic surveillance and governments' policy decision-making. Int J Public Adm 38:253–267

Jones R, Caruana J (2014) A perspective on the proposal for European Public Sector Accounting Standards, in the Context of Accruals in UK Government Accounting. Account Econ Law 4:265–282

Manes Rossi F, Cohen S, Caperchione E, Brusca I (2016) Harmonizing public sector accounting in Europe: thinking out of the box. Public Money Manag 36: 189–196

Müller-Marqués Berger T, Heiling J (2014) Europäische Rechnungsführungsgrundsätze für den öffentlichen Sektor (EPSAS) – Status quo, Ausblick und Konsequenzen für Deutschland. Die Wirtschaftsprüfung 57(3):144–149

Müller-Marqués Berger T, Heiling J (2015) Europäische Standards für die öffentliche Rechnungslegung – Welchen Beitrag kann die internationale öffentliche Rechnungslegung (IPSAS) leisten? Die Wirtschaftsprüfung 58(Special Issue):S11–S18

Mussari R (2014) EPSAS and the unification of public sector accounting across Europe. Account Econ Law 4:299–312

# Evaluating Freedom of Information Laws

Scott Smith
Politics and Government,
Illinois State University, Normal, IL, USA

## Synonyms

Open governance; Transparency

## Definitions

Law enabling access to the information and documents of government

Access to government records and information is an essential requirement for developing and maintaining a civil and democratic society. Disclosure facilitates public knowledge and discussion. Knowledge provides an important guard against abuses, mismanagement, and corruption. Governments also benefit from free information.

Openness and transparency in the decision-making process develop citizen trust in government actions.

Many governments are making more information about their activities available. Numerous countries around the world have now adopted comprehensive Freedom of Information (hereinafter "FOI") Acts and more have pending efforts. While FOI acts have been around for several centuries, over half of the FOI laws now in effect were enacted in the last 20 years. The growth in transparency is in response to demands by civil society organizations, the media, and international lenders.

## History of FOI Laws

The need for Freedom of Information was first recognized in Sweden with the Freedom of the Press Act, approved in 1766. In 1789, the French Declaration of Rights of Man called for the right of citizens to review expenditures of the government. Over the years, access became more common to debates in Parliaments and the opening of most courts.

Article 19 of the UN Declaration of Human Rights states:

> Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Following the UN Declaration of Human Rights, countries slowly began to enact comprehensive laws for access to government-held documents and information: Finland enacted its law in 1951; the United States enacted its Freedom of Information Act in 1966, France in 1978, and Canada, Australia, and New Zealand in 1982. The last 20 years have been the most active period of countries adopting freedom of information laws. (For instance, Germany passed the Federal Act Governing Access to Information held by the Federal Government (2005), and Switzerland adopted the Swiss Federal Act on the Principle of Freedom of Information in Public Administration in 2004.) In Western Europe, only Luxembourg lacks legislation, and most Central and Eastern European countries have adopted laws as part of their transitions into democracies. Many Asian countries have either adopted laws or are on the brink of doing so. (National FOI legislation in India (passed in 2005), FOI laws have recently been passed or entered into force in countries like Mongolia (FOI law passed in 2011), Bangladesh (legislation in force since 2009), and Indonesia (a FOI law is in force since 2010), and draft FOI laws are under discussion in a number of others.) Pakistan approved a Freedom of Information Ordinance in 2002. In Latin America and the Caribbean, 19 countries have national FOI laws. (Antigua and Barbuda (2004); Belize (1994); Brazil (2011); Colombia (1985); Chile (2008); Dominican Republic (2004); Ecuador (2004); El Salvador (2011); Guatemala (2008); Guyana (2013); Honduras (2006); Jamaica (2002); Mexico (2002); Nicaragua (2007); Panama (2002); Peru (2002), Saint Vincent and the Grenadines (2003) and Trinidad and Tobago (1999). A Presidential Decree on FOI exists in Argentina (2003).) Africa is also opening up; South Africa enacted its law in 2001 with 21 other African countries passing their own laws. (Angola (2002), Ethiopia (2008), Uganda (2005), Zimbabwe (2002), Liberia (2010), Guinea (2010), Nigeria (2011), Tunisia (2011), Niger (2011), Togo (2016), Burkina Faso (2015), Sudan (2015), South Sudan (2013), Cote d'Ivoire (2013), Mozambique (2015), Sierra Leone (2013), Rwanda (2013), South Africa (2000), Tanzania (2016), Kenya (2016), Morocco (2016), Malawi (2017)).

In addition, countries have adopted other laws that can provide for limited access to information. Data protection laws allow individuals to access their own records held by government agencies as well as private organizations. Other statutes give rights of access in areas such as health or the environment. Laws codifying practices of openness and access have also increase information availability.

### Factors for Adoption

In general, civil society groups have played a key role in adoption of laws in many countries. Campaigns by press and environmental groups. Government are providing more information a

part of their "e-government" efforts to make services more efficient and accessible.

- Many new or recently revised constitutions include a specific right of access to the public. This required adoption of new laws by the constitutional legislatures. Over 20 countries have constitutional provisions on access. Sweden's Act is part of its constitutional system. In Latin America, these provisions are known as Habeas Data. (A constitutional remedy giving courts jurisdiction to order release of an individual's data.)
- International bodies such as the Commonwealth, Council of Europe, and the Organization of American States have drafted guidelines or model legislation to promote freedom of information. The World Bank, the International Monetary Fund, and others are pressing countries to adopt laws to reduce corruption and make financial systems more accountable.
- Other longer-established democracies are finally adopting legislation as a result of sustained campaigns by civil society and political scandals relating to health and the environment. This included Ireland, Japan, and the United Kingdom.
- The expansion of the Internet in common usage has increased demand for more information by the public, businesses, and civil society groups.

## A Brief Comparison of Laws

Overall there are many commonalities between the laws. In part, this is because only a few countries' laws have been used as models. The US FOIA has probably been the most influential model, along with Canada's and Australia's laws (Ackerman and Sandoval-Ballesteros 2006).

The most basic feature of FOI laws is the ability to ask for materials held by government departments. This is defined as records, documents, or information. The definitions vary and led to gaps in access as computers replaced paper filing systems. Newer laws broadly define the electronically store information ("ESI") so that there is little difference between them.

The right to request information is generally open to citizens, permanent residents, and corporations in the country without a need to show a legal interest such as an injury that needs the information to remedy the harm. Laws such as Ireland's and the United Kingdom's allow anyone around the world to ask for information (Banisar 2006). The US FOI has been used by newspapers and NGOs in countries with no FOI Act. These groups use the US FOI to highlight the lack of information available in the country (Banisar 2002).

Access is generally limited to information which is already recorded. Many Western European laws limit access to "official documents" which does not include drafts and other internal documents. Certain laws such as the Irish FOI require departments to provide a written explanation of decisions that affect their interests, and the Danish Act requires authorities to record information of importance. In some jurisdictions such as Austria and under the UK Code of Access to Information, the duty is only to provide information or answer questions, not to provide the original documents.

### Which Government Bodies Are Covered

The acts apply to nearly all major government bodies in the various countries, except for the Parliament and the Courts. In some countries, the security and intelligence services are also exempt from coverage. In many parliamentary systems, documents that are submitted to the Cabinet for decisions and records of Cabinet meetings are also excluded.

An interesting development is the growing trend toward extending FOI laws in countries to include nongovernmental bodies such as companies and NGOs that receive public money to do public projects. This is frequently used to cover hospitals. Contract Sunshine Acts now require disclosure of information from hospitals that take state contracts (Mem'l Hosp.-W. Volusia, Inc. v. News-Journal Corp1999).

This could have broad affects as more basic government functions are outsourced to private

entities. In South Africa, the law also allows individuals and government agencies to obtain information from private entities if it is necessary to enforce people's rights. Thus far, there have been no cases on this issue, but it is consistent with data protection acts and environmental regulations in other countries.

As international governmental organizations play an increasingly important role, the right of access to information must be codified in these new agreements. A key problem with access to information is that these organizations are based on a diplomatic viewpoint and thus limit access to information. Thus, decisions that were once made on a local or national level where the citizen had access and entry into the process are now being made outside the country in a more secretive setting. Activists have constantly pressured organizations such as the WTO, the World Bank, and the IMF to release more information. However, this is still limited. The EU's access regime is still more limited than that of most of the member countries.

### Exemptions and Balancing

There are a number of common exemptions that are found in nearly all laws. These include the protection of national security and diplomacy, personal privacy, commercial confidentiality, law enforcement and public order, information received in confidence, and internal discussions.

Many laws have provisions that require that a harm must be shown before the information can be withheld. The test for harm varies depending on the type of information that is to be protected. Privacy, commercial confidences, and national security tend to get the highest level of protection.

A number of countries' laws require that any exemptions be balanced against disclosure in the public interest. This allows for information to be released even if harm is proven if "public benefit in knowing the information outweighs any harm that may be caused from disclosure." This is included in the Council of Europe's recommendations and is included in several laws including New Zealand, the United Kingdom, and Bosnia.

In many laws, factual information is frequently required to be released even when the full documents are exempted from release.

### Appeals and Oversight

A key feature of any act is how it deals with appeals from those who have had their requests for information denied. There are a variety of mechanisms for enforcing acts. These include administrative reviews, court reviews, and enforcement by independent bodies generally referred to as information commissioners. The effectiveness of these different methods varies greatly. In general, the jurisdictions which adopted an ombudsman or information commissioners appear to have greater openness. Ireland and New Zealand are frequently cited as having some of the most vigorous oversight systems (Organisation for Economic Co-Operation and Development 2002).

The first level of appeal in most countries is the internal appeal. This typically involves appealing to a higher level in the department that the request was made to asking them to review the denials. This is of mixed utility. The experience in many countries such as Australia is that the internal system tends to uphold many of the denials and is used more for delaying releases than enhancing access.

Once the internal appeals have been completed, the next stage is an appeal to an external body. In some countries, such as Nordic ones but also Hungary and New Zealand and some Canadian provinces, appeal can be made to an ombudsman, typically an officer of the Parliament. The ombudsman usually does not have the power to make a binding decision, but their decisions are considered to be quite influential and typically are followed by the government body. However, generally many ombudsmen are limited to handling specific cases and are not able to look more systematically at how FOI is working.

A more expansive approach that has been successful in at least 37 countries is the creation of an independent information commission, which can be part of the Parliament, the Prime Ministers' Office (such as in Thailand), or an independent body. In some countries such as Canada, France, Belgium, and Portugal, these are independent bodies that just focus on FOI. The national Hungarian, Canadian, and German provincial models have combined the FOI commission with

the national data protection authority. The new UK and Estonian laws also include this provision. In Ireland, the information commissioner is also the general ombudsman.

An information agency can be tasked with many duties besides merely handling appeals. This includes general oversight on whether the system is working but also reviewing and proposing changes, training, and public awareness. In some countries such as Ireland and the United Kingdom, the Information Commissioner has the power to make binding decisions, subject to limited appeals or overrides by ministers in certain cases.

The final level of review in most FOI laws is the courts. Most laws around the world allow the requestor to appeal to either specialized courts such as the Administrative Appeals Tribunal or the national courts. The courts can obtain copies of most records and make decisions. Depending on the procedure needed to gain access to the documents and the scope of the review, the utility of the courts vary. In some countries, the court can only review a point of law once a tribunal decides.

A less efficient system is where the courts serve as the only external point of review, such as in the United States. This effectively prevents many users from enforcing their rights because of the costs and significant delays involved in bringing cases to courts. The courts are also generally deferential to agencies, especially in matters of national security-related information.

### Duty to Publish Information

Another common feature in FOI laws is the duty of government agencies to routinely release certain categories of information. These typically include information on the structure of the organization, its primary functions, a listing of its top employees, annual reports, and other information. Newer FOI laws tend to proscribe a listing of information, except in the United Kingdom, where the information commissioner can issue a model publication scheme and must approve each entities' scheme (over 70,000).

One problem is how to ensure adequate dissemination of that information. Electronic networks are one possibility. In the United States, the Electronic Freedom of Information Act promotes the disclosure of records in electronic form. This leaves the possibility of not only providing for more efficient, quick access, but also new ways of using information such as using transactional records and geographic information systems to analyze government records in different ways. In Estonia, the FOI requires each public body to maintain a web site and includes a long list of information that must be on each site.

## Conclusion

Freedom of information laws make governments more open and clearer to their citizens. That openness provides awareness of government actions that facilitates analysis and discussion. Discussion and knowledge of the citizens ward against neglect and venality.

## Cross-References


- ▶ Bureaucratic Power
- ▶ Complex Interaction of Administration and Law
- ▶ Future of Public Administration and Law
- ▶ Impact of Law on Public Administration
- ▶ Law and Public Administration Ethics
- ▶ Law Constraints on Public Administration
- ▶ Modernity and Bureaucracy
- ▶ Recruitment, Equal Opportunity, and Law


## References


Ackerman J, Sandoval-Ballesteros I (2006) The global explosion of freedom of information laws. 58 Admin L. Rev 85

Banisar D (2002) Freedom of information international trends and national security. In: Democratic and Parliamentary Oversight of Intelligence Services. DCAF, Geneva. https://www.humanrightsinitiative.org/programs/ai/rti/articles/foia_intl_trends_and_nat_sec.pdf

Banisar D (2006) Freedom of information around the world 2006: a global survey of access to government information Laws. SSRN Electron J. https://doi.org/10.2139/ssrn.1707336

Mem'l Hosp.-W. Volusia, Inc. v. News-Journal Corp., 729 So. 2d 373, 380 (Fla. 1999)
Organisation for Economic Co-Operation and Development (2002) Trust in government, ethics measures in OECD countries. Last Accessed 30 Oct 2019. https://www.oecd.org/gov/ethics/48994450.pdf

# Evaluating the Institutional Performance as a Tool for Public Policy Evaluation

Khalid Yehia Youssef
Faculty of Economics & Political Sciences, Cairo University, Cairo, Egypt

## Synonyms

Institutional performance assessment; Institutional performance measurement; Organizational performance; Public policy assessment

## Definition

Public policy evaluation is a continuous analytical tool for assessing the performance of policy programs which are usually implemented by public organizations with a participation of civil society organizations and the private sector, therefore evaluating the performance of these organizations will help in evaluating public policy.

## Introduction

Public policy is usually evaluated before, during, and after its implementation. Government is often the main responsible for implementing the public policy by its governmental organizations; in some cases, some nongovernmental organizations can share in implementing some public policies. The public policy effective implementation depends on the efficiency of the institutional performance of the implementing organizations, so evaluating the institutional performance of these organizations may help in evaluating the public policy. This study tries to illustrate the relation between evaluating the institutional performance and public policy evaluation, also the differences between them, and how far the evaluation of the institutional performance can help in evaluating public policy.

## The Relation Between Evaluating the Institutional Performance and Public Policies Evaluation

If public policy is a plan or a program followed by an individual, group, or institutional performance, to achieve a goal or to solve a problem, if it is a result of a set of formal and informal interactions among some actors at the local and central levels within a policy network (Gomaa 2001), and if the making of public policy is the mission of the government, the parliament, and the judiciary, with sharing of civil society organizations, international institutions, policy parties, lobbyists and stakeholders, but the implementation of public policy is often one of the main responsibilities of the government (Signé 2017; O'Toole 2000; DeGroff and Cargo 2009) whether the non-governmental organizations share in the implementation or not. The government often implements the public policy just through its organizations, which are usually the main responsible for the greatest part of the implementation of this policy, with cooperation from some non-governmental organizations as civil society organizations and the private sector.

Many studies illustrated the relation between evaluating public policy and institutional performance evaluation, and that the evaluation of public policy determines the value added by the public policy, and provides information to decision-makers to improve and develop the institutional performance commensurate with the target values from this public policy (Vedung 1997; Mackay and Baird 1998).

Since the public policy is usually made for all members of society or a large part of them, this requires a continuous evaluation for the performance of the organizations which implement this policy, to ensure that plans and programs are

implemented as planned, and to deal with any negative deviations.

Although there is a high level of interaction among government, nongovernmental organizations and private sectors are the main components of the policy network (Gomaa 2001). Most of the nongovernmental organizations in many countries – especially the private sector organizations – might not directly share in the implementation of some public policies, but they may share in implementing them indirectly by adherence to the laws and decisions issued to implement some public policies or benefiting from it. Consequently, the institutional performance of nongovernmental organizations may be significantly affected by the implementation of some public policies related to their activity; this effect will appear in the evaluation of these organizations, so we can say that in some cases public policy may be evaluated by evaluating the performance of the organizations correlated to this public policy, and that the whole performance results of these organizations will determine the results of this public policies; on the other hand, analyzing the institutional performance results of the implementing organizations of public policy can help in the future policies making (Caiden and Caiden 2001).

Public policy is often implemented by many organizations, so it is necessary to have suitable cooperation and coordination among the organizations which implement this public policy (Mthethwa 2012), and evaluators must have a great awareness and experience to evaluate the performance of these organizations (DeGroff and Cargo 2009).

The efficiency and effectiveness of policy implementation are correlated to the efficiency and effectiveness of implementing the organizations' performance, so the implementing organizations either undertake long-term planning to ensure effective implementation for the policy (Mayer 2007), or impede the implementation of the policy, or do not implement it in the target time (Olson 1973). The efficiency and effectiveness of the public policy and implementing organizations may not be the same, and that the performance of the organizations may be efficient, but the policy may not be made efficiently; on the other hand, the policy may be made efficiently but the performance of the implementing organizations may not be efficient.

## The Role of Institutional Performance Evaluation in Every Stage in the Policy Cycle

### Identifying the Problem or the Future Case

The public policy usually aims to make a development in the community or to solve a public problem. Public problem is often because of a wrong or a weak performance in the responsible public institutions, therefore, evaluating the performance of these institutions may illustrate the reasons for these public problems. The weak performance can be known by the public surveys which show how far the target citizens are satisfied with the services of the public organizations. Solving the reasons for the weak performance of the implementing organizations may improve their performance to be compatible with public policy goals.

### Identifying and Formulating the Possible Alternatives of the Policy

Policymakers must determine the alternatives of the policy and formulating them qualitatively and quantitatively to identify the financial and technical capabilities of the organizations which are expected to implement these alternatives.

### Decision-Making

Decision-makers select the best alternative according to its expected efficiency and effectiveness which are determined by the expected capabilities of the implementing organizations.

### Implementation

Every step in the implementation stage has to be evaluated to determine the deviations of the performance by comparing what was achieved with what was planned. The reasons for these deviations must be solved immediately. Evaluating the institutional performance of the implementing organizations during the implementation stage

may be the most important step in the evaluation process.

### Evaluation

Public policy is usually formulated in a plan or a program, the results of this plan or program – whether they are outputs, outcomes, or impacts – must be evaluated by comparing what has been achieved with what has been targeted; this can be done in details by evaluating the outputs, outcomes, and impacts of the organizations which implement the public policy. On the other hand, if the policy was formulated in decisions or laws, it must be evaluated by comparing the policy impacts by its goals; this can be done by comparing the improvement in the targeted community by the goals of the public policy.

The role of institutional performance evaluation in every stage in the policy cycle can be presented in the following Fig. 1:

## The Relation Between Evaluating Public Policies and Institutional Performance Evaluation Can Be Illustrated in the Following Points

### The Location of Both of Them to the Other

If the public policy is usually formulated in plans, programs, laws, or decisions, institutional

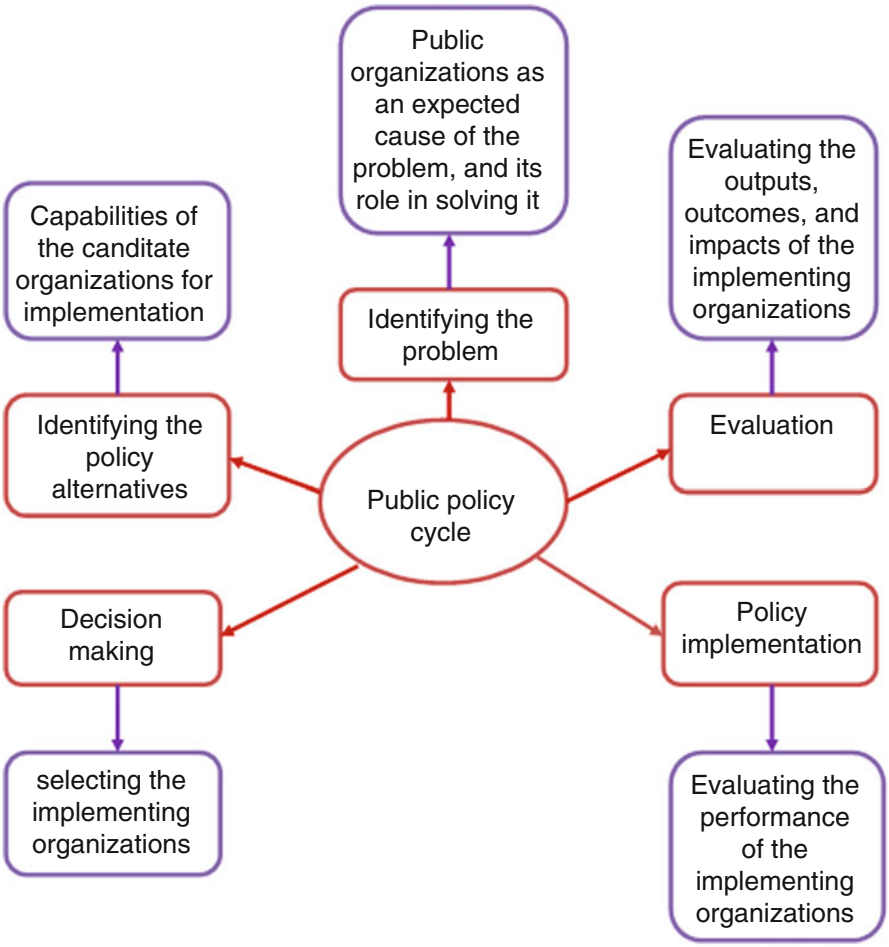


**Evaluating the Institutional Performance as a Tool for Public Policy Evaluation, Fig. 1** The role of institutional performance evaluation in every stage in the policy cycle

E

performance is the actual implementation of those plans and programs, so evaluating the institutional performance of the organizations which implement these plans and programs is an integral part of the public policy evaluation process (Fig. 2).

### Goals

The goals of the organizations which implement the public policy are subgoals of the public policy goals, but they have been formulated in a partial, specialized, and more detailed formulation; these goals are the bases of the evaluation indicators of both the institutional performance and public policy (Fig. 3).

### Evaluation Stages

Evaluation of the public policy may be a continuous process implemented at all the stages of the policy cycle, or it may be one process implemented at the end of this cycle. Evaluating the institutional performance may also be a continuous process implemented during all the phases of the plans or programs for controlling, correction, accountability, and forecasting, or one process implemented at the end of the plan or program for accountability and learning.

The process of public policy evaluation can be done in three phases:

Phase I: Evaluating Public Policies Before Implementation

In this phase, public policy is evaluated to determine the suitable alternatives for the policymakers by identifying the expected outputs, outcomes, and impacts of each alternative to select the optimal alternative. Stakeholders can accept, reject, or modify the selected policy alternatives. The institutional performance of the organizations which will implement the public policy must be evaluated to determine their implementation abilities before the implementation process.

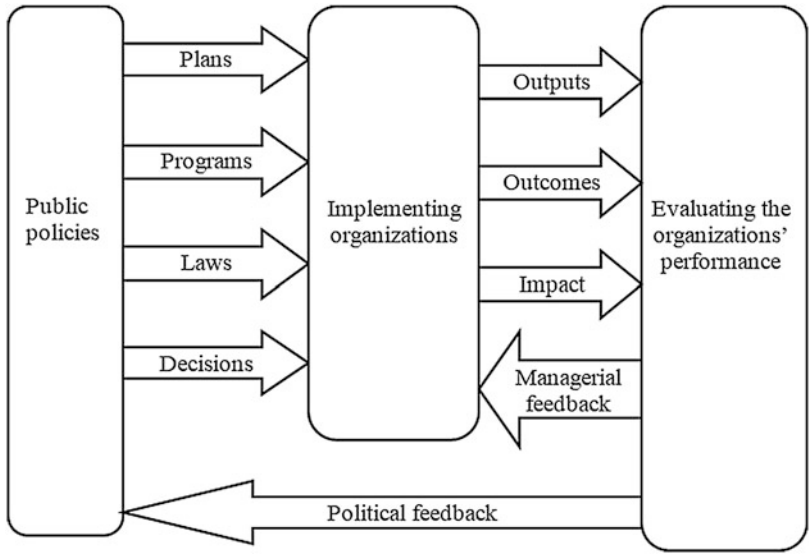


**Evaluating the Institutional Performance as a Tool for Public Policy Evaluation, Fig. 2** The role of the institutional performance evaluation in evaluating the public policy

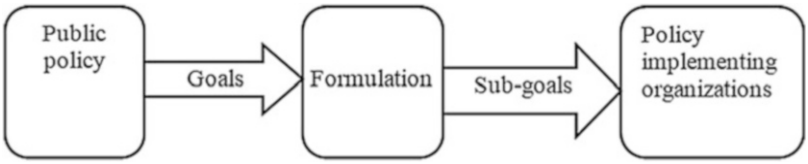


**Evaluating the Institutional Performance as a Tool for Public Policy Evaluation, Fig. 3** Goals of implementing organizations as subgoals of public policy

Phase II: Evaluating Public Policy During Its Implementation

Public policy is evaluated in this phase by comparing what has been achieved with what has been planned. There are several advantages for this evaluation, such as fast dealing with unexpected deviations and crises, or developing the policy to be compatible with any new unexpected variable. The main step in evaluating the public policy implementation is evaluating the institutional performance of the organizations which are implementing it, and that any deviation in implementing the public policy may be due to some deviation in the institutional performance of the implementing organizations.

Phase III: Evaluating Public Policy After Implementation

In this phase, public policy is evaluated after the end of the implementation process to determine how far the objectives of this public policy have been achieved, and determine the current and future impacts of this policy. The final results of evaluating the institutional performance of the organizations which implement the public policy or which were affected by it represent a large part of the final results of evaluating the public policy.

Evaluating the institutional performance can also be done in three phases:

Phase I: Before the Implementation of the Plan or Program

In this phase, the plan or program is evaluated and reviewed to determine the required quality levels of performance for each implementation stage, and to determine also the sources of the materials and how far they are available for each stage.

Phase II: During the Implementation of the Plan or Program (Continuous Evaluation)

The implementation process is evaluated in this phase to determine the deviations between the actual performance rates and the target rates in order to solve the causes of the negative deviations, support the causes of the positive deviations, and keep the quality levels of performance as what was planned.

Phase III: After the Implementation of the Plan or Program

In this phase, a comprehensive evaluation is done to determine how far the objectives of the organization are achieved by comparing the actual performance results with the target results, identifying negative and positive deviations and their causes, and who is responsible for these results.

### Evaluation Bases

Public policy or institutional performance is usually evaluated based on comparing the actual results with target results, or comparing the performance results of the last period with the results of the previous periods.

The relations between evaluating public policy and institutional performance can be illustrated in the following Table 1.

## The Differences Between Evaluating Public Policies and Institutional Performance Evaluation

There are many differences between evaluating public policy and evaluating institutional performance. We can illustrate these differences in the following points:

### Subjects of Interest

Public policy is usually interested in public subjects (problem, idea, or case), and its evaluation focuses on societal goals, and how far these goals have been achieved, but the institutional performance focuses just on the organization, its evaluation is just interested in the results of the organization's performance, and how far its objectives have been achieved, therefore the subjects of the public policy evaluation are more public than the subjects of the institutional performance evaluation.

### The Role of Both of Them to the Other

Public policy is usually implemented by public organizations, and with a sharing of the nonprofit

**Evaluating the Institutional Performance as a Tool for Public Policy Evaluation, Table 1** The relations between evaluating public policy and institutional performance

| | Relation | Public policy evaluation | Institutional performance evaluation |
|---|---|---|---|
| 1 | The location of both of them to each other | The results of public policy evaluation during or after the implementation is already the evaluation results of the institutional performance of the implementing organizations | Evaluating the institutional performance of the implementing organizations of public policy is the main part of the public policy evaluation process |
| 2 | Goals | The goals of public policy are made and formulated in a comprehensive style, then they might be reformulated in a partial style to be implemented by some organizations | The goals of organizations are usually formulated with financial, technical, and organizational details |
| 3 | Evaluation stages | Evaluation of public policy is usually a continuous process during the policy cycle, or in some situations is a separate process at the end of the policy cycle | Evaluation of institutional performance may be a continuous process during all stages of the preparation and implementation of plans and programs, aims to control, evaluation, accountability and forecasting; it may be also at the end of the plan for managerial accountability and learning |
| 4 | Evaluation bases | Public policy is usually evaluated based on comparing the actual results of this policy by its target results, or comparing the policy results of the last period by the results of the previous periods | Institutional performance is usually evaluated based on comparing the results of the actual performance by the target results, or comparing performance results of the period by the performance results of the previous periods |

organizations and the private sector in some cases, therefore, evaluating the institutional performance of these organizations can be used in evaluating the implemented public policy.

### The Goals, Which Are the Basis of the Evaluation Process

Public policy is usually evaluated according to the public or societal goals. These goals are often difficult to be formulated quantitatively. The institutional performance is usually evaluated according to nonpublic goals which are often special and economic, even if they are linked to the goals of any policy, and they are always in a quantitative formulation to be easily measured.

### Evaluating Outputs, Outcomes, and Impacts

Evaluation of public policy is usually interested in assessing not only the outputs and outcomes of this policy but also and primarily is interested in assessing its impacts, and that the public policy is usually designed to make positive changes in the long term on the target community, but evaluation of institutional performance is interested in evaluating the outputs and outcomes more than evaluating the societal impacts, and that the stakeholders are often interested in the achieved profits more than any other objectives.

### Who Is Interested in the Evaluation

All members of the policy network are usually interested in evaluating the public policy, whether government, parliament, international organizations, civil society organizations, or others. Stakeholders and managers are interested in evaluating the institutional performance of their organizations. On the other hand, policymakers are always interested in evaluating the institutional performance of the organizations which implement the public policy.

### Indicators of Evaluation

Evaluating public policy usually depends on qualitative indicators more than quantitative indicators, but evaluating the institutional performance always depends on quantitative indicators more than the qualitative indicators.

## Evaluation Bases

Evaluation of public policy usually depends on comparing the actual results with the target results, comparing the results of a period with the results of previous periods, or comparing the actual results with the results of similar policies in other countries.

Evaluation of institutional performance usually depends on comparing the results of the actual performance with the target results,

**Evaluating the Institutional Performance as a Tool for Public Policy Evaluation, Table 2** The differences between evaluating public policies and institutional performance

| | Differences | Public policy evaluation | Institutional performance evaluation |
|---|---|---|---|
| 1 | Subjects of interest | Public policy is interested in public subjects, and its evaluation focuses on the target community and how far this policy is achieved | The institutional performance focuses just on the organization, its evaluation is just interested in the results of the organization's performance, and how far its objectives are achieved |
| 2 | The role of both of them to the other | Public policy is usually implemented by public organizations with a sharing of some nonpublic organizations | Public organizations with the sharing of some nonpublic organizations are responsible for achieving public policies, or affected by them |
| 3 | The goals, which are the basis of the evaluation process | The goals of public policy are usually public or societal goals, and it is often difficult to be formulated quantitatively | The institutional performance of any organization is usually evaluated according to its objectives, even if these objectives are linked to the goals of any policy, these objectives are often in a quantitative formula to be easily measured |
| 4 | Evaluating outputs, outcomes, and impacts | Evaluating the public policies is usually interested in assessing not only the outputs and outcomes of these policies, but also before anything impacts, these policies are usually designed to make a positive change in the long term on the target community | Evaluating the institutional performance is interested in evaluating the outputs and outcomes more than the impacts, and that stakeholders are often interested in the achieved profits more than any other objectives |
| 5 | Who is interested in the evaluation? | All members of the policy network are usually interested in the evaluation of public policy, whether government, parliament, international organizations, civil society organizations, or others | Policymakers are interested in the evaluation of the institutional performance of the organizations which implement the public policy; the other organizations are evaluated primarily for their stakeholders and managers |
| 6 | Indicators of evaluation | Evaluating public policy usually depends on qualitative indicators more than quantitative indicators | Evaluating the institutional performance usually depends on quantitative indicators more than qualitative indicators |
| 7 | Evaluation bases | Evaluation of public policy is usually based on comparing the actual results of public policy with its target results, comparing the performance results of the last period with the results of the previous periods, or comparing the policy results with the results of similar policies in other countries | Evaluation of institutional performance is usually based on comparing the results of actual performance with the target results, comparing performance results of the period with the performance results of previous periods, or comparing the results of the organization's performance with the results of its competitors |
| 8 | Evaluators | Public policy is usually evaluated by the government, legislature, stakeholders, academics, specialized advisory offices, and international or local organizations which support some policies | Evaluators of the institutional performance are different according to the nature of the organization; public organizations are usually evaluated by the government and parliament, but private organizations are usually evaluated by internal evaluators or external specialist offices |

comparing a period results with the results of previous periods, or comparing the performance results of an organization with the results of its competitors.

### Evaluators

Public policy is usually evaluated by the government, legislature, and stakeholders. It may be evaluated also by some academics, specialized advisory offices, and international or local organizations which support some policies. Evaluators of the institutional performance are different according to the nature of the organization. Public organizations are usually evaluated by the government and parliament, but private organizations are usually evaluated by internal evaluators or external specialist offices.

The differences between evaluating public policies and institutional performance can be illustrated in the following Table 2.

## Conclusion

Public policy can be achieved successfully if their goals were implemented efficiently, the efficient implementation of public policy can be done if the institutional performance of the organizations which implement the public policy was efficient. Although there are many differences between public policy evaluation and institutional performance evaluation, but there is a strong relation between them, therefore evaluating the institutional performance of the organizations which implement the public policy is a main step in evaluating it.

## Cross-References


- ▶ Performance Auditing
- ▶ Performance Audits and Performance Appraisals
- ▶ Performance Evaluation and Reporting
- ▶ Performance Measurement
- ▶ Politics in Program Evaluation
- ▶ Program Evaluation


## References


Baird M (1998) The role of evaluation, public sector performance – the critical role of evaluation. The World Bank, Washington, DC

Caiden NJ, Caiden GE (2001) Strategies for meeting the challenges of diversity management in the civil service, United Nations expert group meeting on managing diversity in the civil service. United Nations Headquarters, New York

Cochran CL, Malone EF (2014) Public policy: perspectives and choices, 5th edn. Lynne Rienner Publishers

DeGroff A, Cargo M (2009) Policy implementation: implications for evaluation. In: Ottoson JM, Hawe P (eds) Knowledge utilization, diffusion, implementation, transfer, and translation: implications for evaluation. New directions for evaluation, vol 124. Jossey-Bass, pp 47–60

Gomaa SS (2001) Analysis of public policies at 21 century. Democr Mag 1(2):13–26

Mackay K (1998) Public sector performance – the critical role of evaluation. The World Bank, Washington, DC

Mthethwa RM (2012) Critical dimensions for policy implementation. Afr J Public Aff 5:36–47

O'Toole LJ (2000) Research on policy implementation. Assessment and prospects. J Public Adm Res Theory 19(2):263–288

Olson M (1973) Evaluating performance in the public sector. In: Measure of economic and social performance. National Bureau of Economic Research, pp 355–409

Signé L (2017) Policy implementation – a synthesis of the study of policy implementation and the causes of policy failure. OCP Policy Center

Vedung E (1997) Public policy and program evaluation. Transaction Publishers, pp 209–245

Wollmann H (2003) Evaluation in public-sector reform. Towards a "third wave" of evaluation. In: Wollmann H (ed) Evaluation in public-sector reform. Edward Elgar, Cheltenham, pp 1–11


# Evaluating the Institutional Performance, Contemporary Directions


Khalid Yehia Youssef
Faculty of Economics & Political Sciences, Cairo University, Cairo, Egypt


## Synonyms

Institutional performance; Institutional performance assessment; Performance measurement

## Definition

The contemporary changes and developments in the factors and variables that influence all types of organizations in all of the world make the evaluation of institutional performance take several directions; these evaluation directions differ according to the decision-makers' visions and the type of the evaluated organization.

## Introduction

The rapid developments in production technologies and services delivery methods, especially with the expansion of the use of digital technology and the Internet in most dealings between companies or individuals, make the institutional performance of any organization affected by many factors and variables; these factors and variables may be economic, social, or political. Nowadays, the changing nature of these multiplicity and variety factors and variables not only make the changes in the organizations' performance very fast, but also make the evaluation of the institutional performance of any organization very complex, and make the analysis and interpretation of the effect of each factor and variable very difficult.

The contemporary difficulties that any organization faces make it evaluate its performance not only to determine how far its goals were achieved, but also to determine its competitive position, and how far its performance grows from period to period. The evaluation direction and the evaluation method that will be used in evaluating the performance of any organization may be determined according to its goals and the purpose of the evaluation process.

## The Main Directions of Institutional Performance Evaluation

The difficulty of evaluating, analyzing, and interpretation of institutional performance makes the evaluation process take one or more of three main directions: goals achievement, competitive position, and performance trend.

The main directions of the institutional performance evaluation are:

## First Direction: Goals Achievement

This direction is the main direction in evaluating the institutional performance of any organization, and that every organization has goals works to achieve at a suitable time. The goals of any organization must be formulated quantitatively (if it is possible) to be measured.

Evaluators of the institutional performance compare the actual performance results with the target results to determine how far the organization is able to achieve its goals in the planned time.

The actual performance results of the organization are evaluated according to the target results by calculating the following ratio:

$$\frac{\text{Actual performance results}}{\text{Target performance results}}$$

According to this ratio, the success and failure of the organization are determined. If this ratio is close to 100%, this means that the organization succeeded in achieving its objectives. If the ratio is close to zero, this means that the organization failed in achieving its objectives.

This equation is applied not only for the total performance, but also for the partial and detailed performance, so it is mainly used in most of the institutional performance evaluation methods, especially the balanced scorecards.

The goals of any organization must not be less than the performance results of the competitors or less than the performance results of the previous periods of the organization. In some cases, public organizations set their objectives less than what they can achieve; they do that to make their actual performance better than their target performance to appear as a successful organization. This comparison also neglects the trend of the institutional performance of the organization, which may show if the institutional performance is growing or deteriorating.

Achieving goals may not mean that all the performance details have already achieved. For

example, the target productivity may be achieved, but with a high cost, or without the target satisfaction of customers.

Therefore, there are many popular evaluation methods that try to focus on one or more of the institutional performance details, for example, the balanced scorecard evaluates the institutional performance of any organization by analyzing the customer satisfaction, providing the human, organizational, technical, and marketing capabilities that are necessary for achieving the target performance, sales growth, and the increase of market share (Kaplan and Norton 1992). Benchmarking compares the performance results of the organization with the performance results of its competitors. 3E methodology analyzes the efficacy, efficiency, and effectiveness of the organization's performance.

## Second Direction: The Competitive Position

This evaluation direction is based on comparing the actual performance of the organization with the actual performance of the competitors. This comparison is one of the most important indicators used in evaluating the organization's performance. It illustrates the position of any organization among its competitors.

There are two main methods usually used in this direction:

First method: Comparing the performance results of the organization with the performance results of the competitors. Of course, the best result that can be achieved is that the performance results of the organization are better than the performance results of each competitor. If the results of the organization are worse than the results of one or more of the competitors, evaluators must determine the aspects and the causes of excellence in each organization; also they must identify the deficiencies in the organization's performance related to the performance of its competitors, reasons of deficiencies, and how to treat with these deficiencies.

The evaluation process in this method depends on the following two ratios:

The first ratio is used to evaluate the total performance results of the organization compared to the total performance results of each competitor, rather than the detailed performance. This ratio provides an immediate result for the stakeholders about the extent of the organization's superiority over its competitors. It is usually calculated before the second ratio which shows the detailed performance results of the organization, and it illustrates the strengths and weaknesses in the organization's performance compared to the performance of its competitors.

$$\frac{\text{Total performance results of the organization}}{\text{Total performance results of the competitors}}$$

The second ratio is used to evaluate the detailed performance of the organization, which illustrates the position of the partial performance of a process, section, or branch, compared to the performance of the same part in the competitors' organizations separately. This ratio usually needs more analysis than the first ratio to detect the technical causes of the positive or negative deviation between the organization and its competitors, identifying sources of strength to support and sources of weakness to treat.

$$\frac{\text{The partial performance results of the organization}}{\text{The partial performance results of the competitors}}$$

Second method: Determining the market share of the organization in the market of the product it provides, and determine the extent of its growth or deterioration.

The ratio of the market share of the organization can be determined by the following equation:

$$\frac{\text{The market share of the organization}}{\text{Total market share of the product}}$$

This ratio can be used not only for the outputs, but also for the outcomes and impacts if possible, and according to the specification of the product offered by the organization.

The increase or decrease in the market share of the organization can be determined by analyzing its time series, thus determining the development or deterioration of the organization's performance compared to its competitors' performance. If there is not any change in the market size, any increase in the market share of the organization is a result of a decrease in the market share of one or more of the competitors, also any decrease in the market share of the organization causes an increase in the market share of one or more of the competitors.

This comparison is not useful if the organization achieved the maximum amount of production by its maximum capacity of resources, which the organization cannot achieve more than these results, and it has already achieved its main goal. This comparison also does not focus on the performance trend of the organization.

Benchmarking is one of the popular institutional performance methods which is compatible with this direction; it evaluates the institutional performance of any organization by comparing its performance results with its competitors' performance results.

In the evaluation process, the evaluated organization must not only focus on the total performance results or its competitive position, but also focuses on all the performance details, that any organization has to work to be the best not only in the total performance results but also to be the best in all the performance details.

## Third Direction: The Performance Trend

This evaluation direction based on comparing the organization's performance results in the period under evaluation with the performance results in the previous periods. It is one of the most popular evaluation methods, especially in financial evaluation. If the performance results of the period under evaluation are better than the results of previous periods, this indicates that there is a growth in the organization's performance. Also if the performance results of the period under evaluation are worse than the results of the previous periods, this indicates that there is a deterioration in the organization's performance.

This method of evaluation differs from case to case. Some evaluators compare the performance results of the period under evaluation only with the results of the last period. Other evaluators compare the results of the performance of the period under evaluation with all the previous periods or with a part of them. The periods that will be compared with the period under evaluation are determined according to the vision of the evaluators or stakeholders. In this comparison, the best result that can be achieved is that the performance results of the period under evaluation are better than the performance results of all the previous periods.

Any kind of organization (business, nonprofit, or governmental) usually aims to make its performance results grow in a positive trend. In some cases, the target performance results may be less than the previous results, this may due to public economic reasons, financial reasons, or any negative change in one or more of the correlated variables that make the organization expect a decrease in the results of its future performance.

## The Most Used Methods for Evaluating Institutional Performance

### The Balanced Scorecard

The balanced scorecard is one of the most used methods in evaluating the institutional performance; it depends on four perspectives:

1. Customer perspective

   Customers satisfaction can be evaluated by measuring the following main elements:
   - Time, by measuring the time required for the company to meet the customers' needs
   - Quality, by measuring how far the customers are satisfied the quality of the product or service

- Performance and service, by determining how far the organization's products or services create value for the customers
- Cost, by determining how far the prices of the products or services are satisfied by the customers

2. Internal business perspective

   Customer satisfaction needs continuous evaluation for the internal processes that affect this satisfaction, like critical technology modernization, manufacturing excellence, design productivity, current product development, and new product creation.

3. Financial perspective

   Financial performance measures indicate how far the organization's strategy contributes to achieving the organization's goals. That needs to measure profitability, growth, and shareholder value. Financial performance can be measured by cash flow, quarterly sales growth, operating income, market share, return on equity, and shareholder value analysis which forecasts future cash flows and tries to make the financial analysis more forward looking.

4. Innovation and learning perspective (Kapalan and Norton 2001)

   The value of an organization is measured by its ability to innovate new products, improve and develop the current products, create more value for customers, improve operating efficiencies, penetrate new markets, and increase revenues and shareholders' value.

   The balanced scorecard is used also as a strategic planning system by following four steps:

   1. Translating the organization's vision by clarifying it and gaining consensus
   2. Communicating by educating and setting goals, and linking rewards to performance measures
   3. Business planning by setting targets, aligning strategic initiatives, allocating resources, and establishing milestones
   4. Feedback and learning by articulating the shared visions, supplying the strategic feedback, and facilitating strategy review and learning

**Benchmarking**

Benchmarking is one of the most used methods in evaluating institutional performance (Bhutta and Huq 1999). The main purpose of benchmarking is to determine the gap between the organization's performance and the best levels of performance in the other compatible organizations, to improve the organization's performance to the best possible level. The compared organizations may be from the organization's competitors or other similar organizations.

Benchmarking focuses not only on the performance results, but also focuses on all the performance details as the operating processes and organizational performance.

Benchmarking usually consists of five steps:

Step 1: Planning the evaluation

In this step, decision-makers determine what will be benchmarked and how.

Step 2: Forming the benchmarking team

This step contains the formation of the benchmarking team who prepares a plan that includes the team member's roles and responsibilities, the benchmarking time, defining the processes that will be benchmarked, and determining the performance measures.

Step 3: Identifying competitors

The benchmarking team determines the benchmarking organizations that achieved the best performance indicators.

Step 4: Information collection and analysis

The purpose of collecting and analyzing data in a benchmarking is not only determining the gap between the organization's performance and the other organizations which are better in their performance but also understanding how they achieve their best performance.

Step 5: Adapting and improving the performance with the best practices

The benchmarking cannot be used only with business organizations by determining the gap between the organization's performance and its competitors' performance but also can be used with the nonprofit organizations by determining the gap between the performance of a nonprofit organization and the performance of the other organizations that work in the same

field, and can also be used with the governmental institutions by determining the gap between the performance of a governmental institution and the similar institutions in other countries.

### 3E Methodology

3E is one of the main methodologies used in evaluating the institutional performance; it evaluates the performance of any organization by measuring three elements:

1. Efficacy, by measuring how far the organization actually produces the target outputs
2. Efficiency, by measuring how far the organization produces the target outputs using the possible minimum amount of resources
3. Effectiveness, by measuring how far the outputs are appropriate for the wider system and the organization's environment

3E methodology consists of the following five steps:

1. Identifying the organization's goals. That is done by the discussion among the stakeholders. The target of each activity and the target of each period in the plan need to be determined too.
2. Identifying the details of each activity.
3. Identifying the performance indicators of each activity and subactivity.
4. Repeating the second and third steps until all the activities' indicators are satisfied.
5. Classifying the activities' indicators according to the evaluation goals.

Efficacy, efficiency, and effectiveness are different according to the nature of the organization, for example, the outputs of the business organizations which work to achieve economic goals are often evaluated by financial indicators, but the impacts of the nonprofit organizations which usually work to achieve community goals are often evaluated by social indicators.

The type of organization, whether it is business, nonprofit, or governmental, determines the direction and the method in which it will be evaluated.

### EFQM (The European Foundation for Quality Management)

EFQM is a model for managing the quality of the institutional performance and achieving the organization's goals by defining its purpose, creating its vision, developing its strategy that creates a sustainable value, and building an aspirant culture linked with its environment (Nenadál 2020).

The institutional performance is evaluated in the EFQM model by measuring the following elements:

1. Purpose achievement
2. The sustained value that the stakeholders gained
3. The achieved contributions and positive impacts on the organization environment
4. Creation and innovation were enabled
5. The effect of the past and current performances on future performance

The EFQM model uses both financial and nonfinancial indicators to evaluate the strategic and operational performance of any organization. It works to link the stakeholder goals and the actual performance, interprets the causes and relationships that affect the performance, and uses the current results to predict the future performance.

## Evaluating the Future Impacts of the Current Institutional Performance

Fast changes in the multiple and varied factors and variables that affect the institutional performance of any kind of organization make the evaluators of this performance may not only interest in the current effects of these factors and variables but also interest in their future impacts to be considered in the future plans.

The most usable methods in evaluating the institutional performance do not interest in evaluating the future impacts of the current performance results. For example, the balanced scorecard is interested in the future dimension of the performance evaluation in the innovation and learning perspective, by the continuous improvement for the current products and processes, and

the ability to introduce new products with expanded capabilities (Kaplan and Norton 1992). This illustrates that the balanced scorecard evaluates the institutional performance to improve it in the future, not to determine the deviation between the expected performance (based on the current performance results) and the planned performance to correct or support it.

Benchmarking evaluates the institutional performance by the comparison between the organization's performance and the competitors' performance, or any other standards to improve the performance of the organization (Camp 1989), but it is not interested in identifying the future impacts of the current performance. The 3E methodology focuses only on measuring the efficacy, efficiency, and effectiveness (Liu 2009). It is not interested in identifying the future impacts of the current performance.

Sometimes, the current results of the institutional performance may be equal to the planned performance, but the time series analysis of the performance results may show that there is a deviation between the expected performance results and the planned results. If the expected results based on the time series are less than the planned performance results, decision-makers have to treat the causes of the deviation, but if the expected results based on the time series are more than the planned performance results, decision-makers have to support the causes of the deviation.

The fast changes in the factors and variables related to the evaluated organizations make the evaluation of plans periodically very necessary to develop them according to these changes.

## Conclusion

The successive developments in production technologies and the methods of service delivery, and the expansion in using the digital technology and the Internet by most companies and persons, make the changes in the factors and variables that affect the performance of any kind of organization very fast. All these fast changes make the evaluation of any organization's performance take one of three main directions: goals achievement, competitive position, and performance trend.

According to the organization's goals, type of organization (business, nonprofit, or governmental), and the evaluation objectives, decision-makers and stakeholders follow one or more of the three main directions in evaluating the institutional performance by using one of the trusted evaluation methods, like the balanced scorecard, benchmarking, 3E methodology, or EFQM.

The contemporary developments that influence the institutional performance make the organization need not only to determine how far the current performance achieves the periodical objectives of the organization, but it also needs to predict the impacts of the current performance on the future performance to avoid the negative impacts and support the positive impacts.

## Cross-References


- ▶ Performance Audits and Performance Appraisals
- ▶ Performance Auditing
- ▶ Performance Evaluation and Reporting
- ▶ Performance Measurement


## References


Bhutta KS, Huq F (1999) Benchmarking – best practices: an integrated approach. Benchmarking 6:254–268

Camp RC (1989) Benchmarking: the search for industry best practices that lead to superior performance. © ASQC Quality Press. ISBN 0-87389-058-2

Kapalan RS, Norton DP (2001) Transforming the balanced scorecard from performance measurement to strategic management: part 2. Am Account Assoc Account Horiz 15(2):147–160

Kaplan RS, Norton DP (1992) The balanced scorecard: measures that drive performance. Harv Bus Rev 1(2):71–79

Liu WB (2009) The 3E methodology for developing performance indicators for public sector organizations. Kent Business School

Nenadál J (2020) The new EFQM model: what is really new and could be considered as a suitable tool with respect to quality 4.0 concept? Qual Innov Prosper 24/1:17–28

# Evaluation of Public Participation

Stefan Busse[1] and Sebastian H. Schneider[2]
[1]Faculty of Philosophy I, Martin Luther University Halle-Wittenberg, Halle (Saale), Germany
[2]Department III – Civil Society-Level Development Cooperation, Development Education, German Institute for Development Evaluation (DEval), Bonn, Germany

## Synonyms

Assessment; Citizen engagement; Citizen participation; Civic engagement

## Definition

Public participation is defined as the structured involvement of citizens in planning and policy-making processes by offering participation instruments. Evaluation can be understood as the systematic assessment of such instruments and includes its process as well as its outcomes.

## Introduction

In the last 30 years, the currently dominant mode of public policy-making in liberal democracies has increasingly come under scrutiny. The symptoms are manifold: Electoral turnout is declining in many countries, citizens are claiming more say in planning and decision-making, and policy-makers face public protest when implementing large infrastructure projects. What's more, public budgets are often notoriously under stress. In consequence, some political commentators are even diagnosing a legitimacy crisis of liberal democracy. It is therefore not surprising that political analysts and policy-makers are searching for a remedy as a matter of urgency.

Within democratic theory and the literature on reforming democracy and public administration, one such remedy is seen in citizen participation (Smith 2009, p. 4; see the article on *public participation* in this volume). These authors often champion the implementation of various participation instruments aimed at making public governance and policy-making more effective and efficient and fostering input and output legitimacy (Papadopoulos and Warin 2007). In addition, such instruments are said to be beneficial for increasing civic education and social capital (Geissel 2012, p. 169).

However, such high theoretical expectations must be confronted with rigorous empirical evidence. Put differently, like every policy instrument, citizen participation tools should be evaluated (see the article on *program evaluation* in this volume). Evaluation is important for several reasons (e.g., Abelson and Gauvin 2006, p. 3; Bryson et al. 2013, pp. 30–31; Rowe and Frewer 2004, p. 516): First, it helps to figure out if instruments work and if their goals were fulfilled; second, it identifies strengths and weaknesses to improve instruments in the future. Third, because participation instruments require public resources, evaluation contributes to accountability about reasonable use of these resources. Fourth, it is a chance to put the often value-laden debate about citizen participation on empirical ground, which might lessen conflicts between stakeholders. And finally, evaluation provides evidence to theoretical discussions in political science and public administration.

Not surprisingly, academics and practitioners in politics and administration are pondering about proper evaluation designs. Who should be in charge of the evaluation, which criteria could be used to assess public participation instruments, and which empirical methods might be applied? Against the background of notoriously scarce resources in many states and municipalities, such questions are not trivial. Should they quickly apply a checklist-type toolkit or hire academic or commercial researchers? This chapter seeks to answer these questions in a concise manner, summarizing key contributions. It is aimed at

academic researchers working in the fields of political science and public administration as well as at practitioners facing challenges with the evaluation of specific instruments. For the sake of simplicity, all explanations apply to single participation instruments (e.g., public hearings) as well as complex programs (e.g., participatory budgeting).

## Citizen Participation: A Brief Overview

Increasing citizen participation in liberal democracies has been on the agenda since the late 1960s. Proponents of participatory democratic theory have been critical of the established practice in many liberal democracies, which they accuse of fostering political ignorance and apathy. They have argued for increased citizen involvement in planning and decision-making processes. Other authors have stressed the importance of deliberation. However, the topic has only gained momentum since the 1990s. As a reaction to the crisis symptoms mentioned in the introduction, many government officials at different levels of the political system have begun to experiment with a diverse set of participation instruments. These can be understood as "initiatives in which sponsors acquire some form of public input" (Rowe and Frewer 2004, p. 515) in a purposive and structured manner. Officials were encouraged by demands from political parties, civil society organizations, and think tanks. The local level in particular often serves as an experimental laboratory. When considered as successful, an instrument might be implemented at a higher level of a given political system (e.g., from local to the federal level). Apparently, evaluation seems beneficial for justifying such decisions.

Some instruments focus on narrow policy issues (e.g., a decision on the location of a waste disposal site), while others are relevant to one or more policy areas or even the whole (municipal, federal) budget. Their goals are manifold: obtaining feedback on policies, generating ideas, identifying problems, and solving conflicts, among others (Nabatchi 2012, p. 10). Secondary aims are educating citizens, fostering policy acceptance, and building social capital (e.g., Geissel 2012, p. 169). Popular instruments are, for instance, deliberative polls, participatory budgeting, and citizen juries but also forms of direct democracy (e.g., Smith 2009, pp. 111–141). Often, these instruments are imported from other regions of the world, where they were developed or have been in use for a while. For instance, participatory budgeting was developed in Porto Alegre, Brazil, at the end of the 1980s and subsequently traveled the world. Some older contributions report about 100 instruments (Rowe and Frewer 2005, pp. 256–257). Presumably, the number has risen since then. What's more, the chances are high that different labels are used for similar instruments.

To reduce complexity, several typologies of citizen participation instruments were introduced, ranging from rating primarily the degree of citizen influence to multiple dimensions (e.g., Geissel 2012; Rowe and Frewer 2005; Nabatchi 2012, p. 7 provides a brief overview of relevant factors). At this point, they do not need to be summarized in detail, but a few aspects should be considered when evaluating participation instruments. This stems from the fact that the dimensions partly determine what to look for, i.e., which evaluation criteria are reasonable, and which research methods might be applied.

First, it is important to differentiate between consultative and binding participation instruments. Whether the citizens of a neighborhood, city, region, or a whole country only have the chance to express an opinion and ideas or whether they influence binding decisions matters for evaluation. For the latter, socially and politically biased participation might be a weightier concern than for consultative procedures. This is due to higher stakes for the parties involved. Imagine, to give a slightly exaggerated example, that wealthy citizens of a city control the decision on the location for a new nuclear plant and the plant is subsequently built next to the poorest district – this would be an instance of the NIMBY phenomenon ("not in my backyard").

Second, the form of participation should be taken into account as it partly predetermines evaluation criteria and methods. For instance, the

criterium "quality of deliberation" is redundant when citizens merely submit and rate budget proposals in participatory budgeting without the opportunity of discussing them. This aspect also encompasses differences between instruments for small (e.g., citizen jury) and large groups (e.g., some variants of participatory budgeting). Obviously, for small group instruments, other research methods might be applied than for a large-scale instrument – for example, in-depth interviewing and participant observation in the evaluation of a citizen jury versus a standardized survey of all registered users of online participatory budgeting.

Third, the time horizon of a participation instrument is relevant. For example, one-shot instruments often only allow for summative evaluation. Instruments or programs with a longer duration, in contrast, provide chances for formative approaches, in particular, when a repeated use is planned. In these cases, permanent feedback is given during the participation process and afterward to improve the instrument along the way as well as in future runs. Of course, in this case, an instrument's impact must not be neglected.

## The Role of the Evaluator

Before thinking about a proper evaluation design, the first crucial question is who should evaluate a participation instrument: the sponsor (e.g., municipal administration, local council) or external personnel (e.g., academic researchers, consultants)? Internal evaluation, on the one hand, requires fewer financial resources, although the workload for internal staff should not be underestimated. Additionally, internal staff members are more familiar with an instrument and its context than external researchers. On the other hand, internal evaluation may suffer from organizational blindness.

External evaluators, in contrast, are costly but provide an unbiased and ideally comparative view. If resources are available, external evaluation is therefore preferable. Both, however, must apply social research methods. Informal evaluation based on unstructured subjective impressions, although often applied in practice, is not recommended since this approach is prone to biased judgments (Rossi et al. 2004, p. 269). To illustrate: if the expectations are high, subjective impressions might bring forward overtly positive judgments while negative aspects are easily dismissed.

Participatory and deliberative approaches are a special form of evaluation. In the case of participant-driven evaluation, citizens conduct the research themselves – they develop criteria, do the fieldwork, and formulate conclusions and recommendations (e.g., Evans and Jones 2004; House and Howe 2002). Within this approach, there is still room for a professional evaluator but only to enable, moderate, and advise (Evans and Jones 2004, p. 9). However, "[i]n this conception, the evaluator is not a passive bystander, an innocent facilitator, or a philosopher king who makes decisions for others, but rather a conscientious professional who adheres to a set of defensible, carefully considered principles for enhancing inclusion, dialogue, and deliberation" (House and Howe 2002, pp. 410–411). Furthermore, it is possible to differentiate between participatory evaluations based on its internal or external character. In the case of internal evaluation, the participants conduct the evaluation in cooperation with sponsors or staff. In the case of external evaluation, citizens participate in evaluation processes conducted by external evaluators. Figure 1 summarizes the evaluation approaches discussed in this section.

## Processes and Outcomes

A thorough evaluation comprises process and outcomes as well as the possible impacts of an instrument (Geissel 2012, p. 167; Rossi et al. 2004, p. 235). Although many (evaluation) studies – often due to lack of resources and time pressure – only focus on the process, outcomes and impacts should not be neglected (Rowe and Frewer 2004, p. 520). Crucially, a proper design and well-run process do not necessarily go along with reaching the intended goals but nevertheless might be conducive (Bryson et al. 2013; Chess and Purcell 1999, p. 2690).

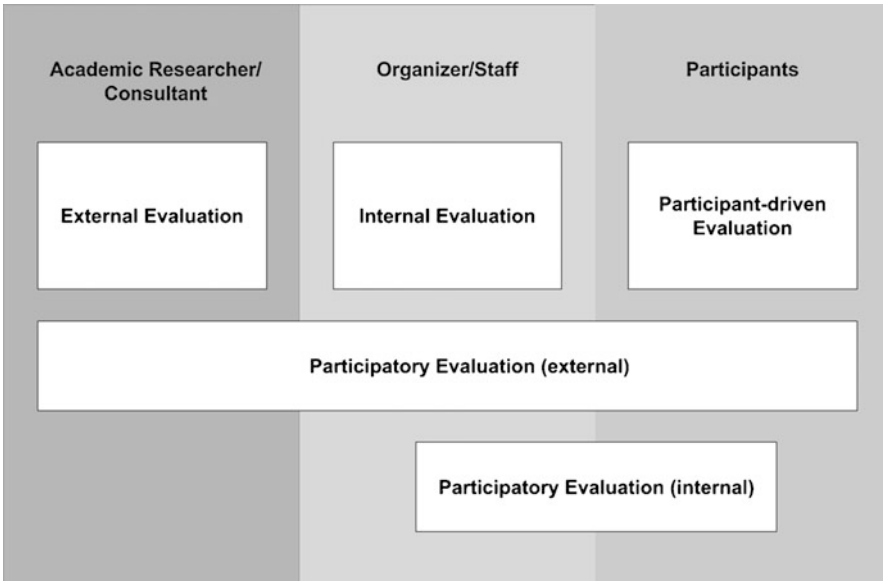


**Evaluation of Public Participation, Fig. 1** Forms of systematic evaluation and the influence of different groups of actors on its conception. (Source: Based on Busse and Schneider (2015, p. 6))

*Process* concerns, in essence, the design and implementation of an instrument. The key question is how does an instrument work? For many evaluation studies, this is bread-and-butter business. In this regard, it is also important to ascertain its embedding in a particular policy domain. For example, an evaluation of participatory budgeting might investigate its connection to the usual budget cycle in a municipality. If participatory budgeting is run separately, this might help to explain negative evaluation results, such as redundant citizens' proposals or lack of policy impact.

*Outcomes and impacts*, in simplified terms, can be subdivided into outcomes and impacts on policies, on citizens and general public, and on political and administrative decision-makers (Abelson and Gauvin 2006, pp. 16–18; for a more detailed account, see Bryson et al. 2013, p. 30). Put simply, outcomes are the measurable effects of a program (Rossi et al. 2004, p. 240). In the context of citizen participation, an intended outcome might be increasing the number of citizens involved in a municipality's budget process. In contrast, impacts encompass the broader organizational or societal changes induced by a program. They are often more subjective and more prone to the influence of external variables. Related to citizen participation, the intended impact could be a more politically involved and active citizenry. Impacts often combine several outcomes.

However, assessing outcomes and impacts usually needs more complex evaluation designs as well as a longer time span for the evaluation since they often emerge after the participation process is finished (Geissel 2012, p. 167). Moreover, questions of causal contribution and attribution are not trivial (e.g., Rossi et al. 2004, pp. 241–244). Since there is usually no control group – imagine finding a virtually identical municipality *not* utilizing the same participation instrument – it is often hard to determine whether an instrument made a difference or whether the outcome or impact was caused by an external factor (Chess and Purcell 1999, p. 2685). To illustrate, in some cases, citizen participation is misused to provide additional legitimization for a decision already made by the local council (e.g., a large infrastructure project). Or, to give another stylized example, social or environmental improvements are determined by general trends instead of by a new action plan developed in a deliberative forum.

## Formative and Summative Evaluation

The evaluation literature differentiates between formative and summative evaluation (e.g., Rossi et al. 2004, p. 40). Related to citizen participation, formative evaluations address the improvement and optimization of participation instruments. For example, they might be aimed at making online platforms more user-friendly or show sponsors ways to reach more participants. Summative evaluations assess whether an instrument fulfilled its goals. These can be goals defined by the initiator (e.g., generating ideas or finding a solution for a particular issue) or goals derived from the literature on citizen participation. In practice, studies often mix both approaches.

Furthermore, formative and summative evaluation must not be confused with process and outcome evaluation. It is possible to assess processes and outcomes to learn and improve an instrument as well as to figure out whether an instrument fulfills its goals in terms of process and outcomes.

## Perspectives on Evaluation Criteria

Arguably the biggest challenge for evaluating participation instruments is establishing proper evaluation criteria. Despite being on the agenda of researchers and practitioners for at least 40 years (e.g., Sewell and Phillips 1979), generally agreed criteria do not exist (Rowe and Frewer 2004, p. 516). Two major approaches are found in evaluation studies: theory-based criteria and criteria based on participants' goals and satisfaction ("user-based evaluation") (Chess and Purcell 1999, p. 2686). Many evaluation studies conducted by academic researchers, consultancy firms, or municipal administrations, however, use a hands-on approach, implicitly combining aspects from democratic theory and the public policy literature with satisfaction and usability. In this chapter, it is argued that a comprehensive evaluation needs both (Chess and Purcell 1999, p. 2686) but also should not neglect the context of a participation instrument (Abelson and Gauvin 2006, p. 16).

Political scientists often apply a democratic theory framework, directly or indirectly emphasizing input, throughput, and output legitimacy. For instance, Papadopoulos and Warin (2007) use the four dimensions: *openness and access*, *quality of deliberation*, *efficiency and effectiveness*, *publicity*, *and accountability*, while Geissel (2012) opts for *input legitimacy*, *democratic process*, *effectiveness*, and *civic education*. However, except for the last dimension, the dimensions are virtually identical.

Scholars working in the field of public administration, as well as practitioners, tend to follow a less normative approach. They often focus on process design (e.g., Bryson et al. 2013), with an emphasis on criteria such as *participant satisfaction*, *quality of the results*, and the *cost-effectiveness ratio* of an instrument. Even more than in the case of evaluation frameworks with a normative basis, enabling factors in the form of technical parameters (e.g., characteristics of online platforms, such as *accessibility* or *user-friendliness*) are taken into account.

## Evaluation Criteria: A Synthesis

The following section summarizes and synthesizes key criteria found in the existing literature. Put simply, it seeks to answer the question of what to look for in evaluations of participation instruments. The section does not provide a method for summing up assessed criteria and forming an overall judgment, however.

To start with, the criteria applied must necessarily reflect an instrument's own standards. Every instrument is developed and implemented with one or more goals in mind, typically formulated by the sponsors. For instance, if an instrument is aimed at mobilizing previously inactive citizens to become politically involved, an evaluation should address this goal. In terms of evaluation language: a *program theory*, *logframe*, *theory of change*, or *theory of action* is needed (e.g., Chen 2015, chapter 3; Rossi et al. 2004, chapter 5) – what are an instrument's goals, and how should they be achieved? However, an evaluation needs to go further and rigorously assess

context, process, and outcomes. Ideally, an instrument's goals are integrated into a broader set of evaluation criteria. Table 1 presents major evaluation criteria in each of the three dimensions, along with potential enabling factors. However, despite covering major aspects, the table is not exhaustive. Evaluators might adapt criteria and enabling factors according to their program theory. Nevertheless, using established evaluation frameworks could enhance comparability of studies across contexts but also across participation instruments, which might help in achieving a better understanding of the determinants of success and failure of citizen participation.

*Context:* In the context dimension, a look at the situation in a given municipality and specific policy field is in order. Abelson and Gauvin (2006, p. 31) show that many evaluation studies in the field of citizen participation neglect context although information on local characteristics is relevant to decision-makers. This is especially true when a study aims to provide generalizations to other contexts. To give a stylized example, in an evaluation of participatory budgeting, investigators could examine the financial situation of a municipality and the positions of major actors (e.g., mayor, political parties). This, in turn, might help to put process and outcomes into

**Evaluation of Public Participation, Table 1** Evaluation criteria: an overview

| Dimension | Subdimension | Criteria | Enabling factors | Remarks |
|---|---|---|---|---|
| Context | – | – | Support of officials (e.g., politicians, public administration) | Financial situation in a given context might influence participation processes (e.g., distribution conflicts) |
| | | | Contextual constraints (e.g., legal, social, political, financial)? | |
| Process | Organization | Relation of efforts to results *(efficiency, cost-effectiveness)* | Financial and personnel resources | Efficiency is presumably the most challenging criterium |
| | Participants and access | Number and composition of participants (e.g., sociodemographic, political) *(inclusiveness)* | Mobilization | Biased participation is often immanent to public participation processes |
| | | | Accessibility | |
| | | | Design (functionality and user-friendliness | |
| | Process and results | Quality of deliberation | Transparency about goals, rules, and timeframe | For measuring quality of deliberation, see, e.g., Steenbergen et al. (2003) |
| | | Quality of results | | |
| | | | Provision of relevant information about issue/policy field | |
| | | | Moderation | |
| Outcomes and impacts | Actors (political, administrative, civil society) and policy | Goals fulfilled *(effectiveness)* | – | Goals might be conflicting |
| | | Participant satisfaction (process and results) | | A good process design does not guarantee goal fulfillment |
| | | Policy impact | | |
| | | Civic education and social capital | | |

The table is based on the work of Abelson and Gauvin (2006) and Kubicek et al. (2011) and is taken, expanded, and partially modified from Schneider and Busse (2018, p. 5)

perspective. For instance, why do conflicts between stakeholders emerge during the process, and why do particular citizens' budget proposal prevail while others do not? Such information enables actors in other contexts to figure out if a particular instrument is suited for their own purposes.

Evaluators might pay attention to the institutional embedding (e.g., the influence of federal or national level on municipalities), political constellations (e.g., majorities in local council), and financial situation (e.g., debts) in the municipality under scrutiny. Apart from such rather manifest context characteristics, a crucial question is whether public officials support a participation instrument. Are they supportive, or do they publicly criticize it? Apparently, it takes more effort to elicit valid and reliable information since official actors might be prone to give lip service to the importance of citizen participation in public while at the same time not being fully committed to the instrument in their everyday business.

*Process:* The number and the socio-demographic and political composition of participants are very basic evaluation criteria in the process domain (Rowe and Frewer 2000, pp. 12–13). From a political science perspective, this taps into the discussion about inclusiveness or input legitimacy (Papadopoulos and Warin 2007, pp. 455–456; Smith 2009, pp. 22–22). If the composition is heavily biased socially or politically, i.e., not representative of the general population in a municipality, legitimacy is debatable, especially when an instrument produces binding results. In this regard, relevant enabling factors are mobilization, accessibility, and user-friendliness. Evaluators may investigate which measures were taken to mobilize citizens (e.g., press conferences, social media campaigns, direct mailing) and how accessible and user-friendly the instrument is. For example, an impression the authors have from their research on participatory budgeting in Germany is that public officials rarely promote participation opportunities (Schneider and Busse 2018). Moreover, most potential participants are not aware of the relevant online platforms or citizens' forums, which are sometimes hard to find. In combination with the low stakes for citizens due to non-binding results, it is hardly surprising, therefore, that the number of participants in German participatory budgeting processes is usually low.

The quality of deliberation and results must then be addressed. As mentioned elsewhere, this depends on the availability of opportunities for discussions. In terms of deliberation, first of all, fairness is a crucial aspect: Did all participants have the chance to express their views (e.g., Webler 1995)? However, quality of deliberation encompasses more than just equal opportunities. For instance, in the Discourse Quality Index, the *absence of interruption*, *level and content of justification*, mutual *respect*, and *constructiveness* are further key indicators (Steenbergen et al. 2003). In addition, it is important that instruments are truly independent (Rowe and Frewer 2000, pp. 13–14). In particular, attempts to manipulate and steer participants' opinion in a certain direction, either by public officials or interest groups, are considered a serious threat.

Next in the process domain is quality of results. Analogous to the user-based approach to evaluation (Rosener 1981), a thorough evaluation needs to consider quality from different stakeholders' angles (e.g., citizens, public officials, interest groups). Results and their quality provide potential for conflicts between different stakeholders (Creighton 2005, p. 218). Since consensus seems illusory for many issues, evaluation may not resolve disputes – but it might help to make them transparent.

Enabling factors related to quality of deliberation and results include transparency about an instrument's goals and rules, sufficient provision of relevant information about the issue or policy field at stake, and moderation of participation processes (see also Rowe and Frewer 2000, pp. 15–17; Webler 1995). For a more detailed account of designing guidelines to ensure success of public participation processes, see, for example, Bryson et al. (2013).

Presumably the most complicated aspect to evaluate is the cost-effectiveness ratio, in other words the *efficiency* of an instrument (e.g., Beierle 1999, p. 87; Rowe and Frewer 2000, p. 17). Rossi et al. (2004, p. 366) differentiate between

*cost-benefit* and *cost-effectiveness* analysis: "in cost-benefit analyses, the outcomes of programs are expressed in monetary terms; in cost-effectiveness analyses, outcomes are expressed in substantive terms." In this chapter, it is assumed that cost-benefit analysis is not meaningful in the evaluation of participation instruments. The focus is therefore on cost-effectiveness. That is because a quantitative comparison with identical procedures in similar contexts is often impossible. Evaluators must therefore rely on the qualitative inspection of used resources (e.g., finances, time, and personnel) and consider if there are indications of inefficiency or improvement (Nabatchi 2012, p. 29). Moreover, the sponsors might provide hints at the reasonable use of public resources. However, this approach is apparently prone to biased judgments. Future research, therefore, could address the issue of efficiency in greater detail. Comparative evaluation studies are urgently needed since most of the time participation instruments are initiated by public institutions, which means they are state-funded. This requires the efficient use of public resources.

In terms of *outcomes and impact,* the focal point, especially from the sponsors' perspective, should be an instrument's own goals first of all. These goals can be manifold, ranging from incorporating citizens' views into policy-making and restoring trust in public agencies to making public policy more effective and efficient (e.g., Abelson and Gauvin 2006, p. 9; Rowe and Frewer 2004). Due to this heterogeneity, no specific recommendations can be given here.

Second, depending on the mandate and resources, it might be feasible to apply a broader set of more general criteria, as utilized in political science (e.g., Geissel 2012; Papadopoulos and Warin 2007) or the social goals approach (Beierle 1999). This would avoid an overly idiosyncratic setup and increase opportunities for comparison between different contexts or instruments. On the one hand, this might benefit academic progress and general policy learning on the other.

Third, as in the user-based approach to evaluation (Rosener 1981), participant satisfaction is an important measure. Some authors put satisfaction under the heading *process* (e.g., Abelson and Gauvin 2006, p. 8). However, the perspective championed here is that instruments, i.e., their sponsors, want to see satisfied users. Satisfaction is therefore considered as an outcome. Nevertheless, it might simultaneously serve as a proxy for the quality of deliberation and results. This holds true for cases when available resources (or a lack thereof) do not allow for an in-depth analysis via content analysis of discussions and questionnaires. In contrast, satisfaction of public officials is irrelevant here. Rather, it is a process criterion.

Fourth, evaluations can point out instances of unintended outcomes and impacts, which can be disadvantageous as well as beneficial. For example, if participation results are not considered by sponsors, this can lead to frustration within the citizenry and to even lower participation rates in the future. By contrast, positive experience with an instrument can lead to a "participatory spillover" and hence to a broader use of participative instruments in the future. This also shows that relying solely on the instruments' own goals is almost never sufficient. Since they are mostly formulated by sponsors who cannot foresee every possible outcome that might go along with the use of certain instruments, it is the evaluator's duty to examine possible unintended outcomes and impacts.

## A Few Words on Fieldwork

At this point, it is assumed that the reader is familiar with the conventional research process in evaluation research (for details, see Nabatchi 2012, pp. 17–20). In general, all established quantitative and qualitative social science research methods are applicable in evaluating citizen participation instruments. This section therefore merely touches on a few important topics regarding fieldwork.

First, from the perspective of validity and causal inference, a sophisticated research design is desirable to rule out alternative influences on outcomes. For instance, field experiments and panel surveys are suitable for this endeavor

(e.g., Rossi et al. 2004, chapters 8 and 9). However, the extent of fieldwork depends on available resources and must be in direct proportion to the scope of the participation instrument under investigation. Setting up a fully fledged randomized controlled trial to evaluate one single public hearing on the color of a park bench (see Fung 2015, p. 9 for the "triviality issue") misses the point – especially against the background that an evaluation itself requires public resources which could be used for other purposes. For such small-scale instruments, some form of self-evaluation might be suitable. In this regard, evaluation methods must give priority to usefulness accompanied by reliability and validity instead of boasting about sophisticated methodology. In any case, results ought to be presented in a way that an audience not trained in research methods and statistics can understand.

Second, the views of all stakeholder groups must be considered. This also holds true for smaller instruments mentioned above. The empirical approach, however, is partly determined by the design of a participation instrument or program. For example, to evaluate a citizen jury consisting of, let's say, eight people, qualitative interviews or a focus group discussion including sponsors (e.g., public officials) is manageable. For a large-scale participatory budgeting project combining several participation modes, a large-N survey is recommended. Given that policy issues are often contested, including the perspective of all relevant actors helps to identify potential conflicts, which in turn helps in understanding success and failure of an instrument. In practice, this often means utilizing several research methods (e.g., a survey, expert interviews, and content analysis) and triangulating data.

## Challenges and Opportunities for Evaluation of Citizen Participation

By this point, it should have become clear that evaluation of citizen participation on the one hand often faces several challenges but on the other hand still has plenty of potential for progress. A first challenge is to define success, which presumably varies between stakeholder groups. For instance, government officials might seek support for their intended policy while interest groups aim to thwart these plans. What's more, evaluation criteria or an instrument's goals can easily conflict. An example often mentioned is that there are trade-offs between including as many citizens as possible and ensuring a sufficient quality of deliberation. A researcher must therefore take all stakeholders' perspectives into consideration and make clear which criteria will be applied. If the aim is to offer an overall judgment, transparency about weighting multiple criteria is advisable. However, the current literature does not provide any hints on the importance of individual criteria.

Second, the focus of future evaluation studies should be on enabling factors or, in other words, "causal mechanisms." To take, once again, participatory budgeting in Germany as an example, most studies describe process and outcomes but rarely discuss and investigate mechanisms that are responsible for success and failure (Schneider and Busse 2018). The standard evaluation often asks, "Does instrument *X* lead to *Y*?" However, building on the literature on *realist evaluation* (Pawson and Tilley 1997, p. 66), it is fruitful to derive potential mechanisms from theory and relate them to an instrument's context. In a nutshell, mechanisms help in moving beyond the question whether an instrument works and helps answer questions on "how" and "why" instruments bring about certain effects. This is beneficial for academic research as well as for practitioners. In particular, the latter might gather information on how to design and adjust their participation instruments.

To further illustrate this by using a stylized example, participatory budgeting often aims to mobilize politically disengaged citizens. Promotors try to increase awareness and self-efficacy among citizens, for instance, by providing information on the budget process and explaining how to formulate and submit a proposal. However, this mechanism depends on the context – in deprived areas, people might not have the necessary resources to participate. In other words, participatory budgeting only reaches people who are already politically involved.

Third, a general problem is that evaluation studies, almost without exception, analyze a single case. However, to allow for valid causal inferences on crucial factors shaping success and failure, i.e., understanding the causal mechanisms mentioned in the preceding paragraph, a comparative design is the only way out. Admittedly, this approach is often illusory for single sponsors (e.g., a municipality) due to resource constraints. Thus, a reasonable solution is cooperation between sponsoring institutions and academic researchers to set up larger comparative projects. For example, an evaluation might be linked to PhD projects since data could be used for multiple purposes (for an example, see Schneider 2018, p. 165–166).

Finally, systematic reviews and meta-analysis are worthwhile research endeavors (e.g., campbellcollaboration.org), particularly when comparative evaluations cannot be conducted. Findings from qualitative or quantitative single-case evaluation studies are coded, harmonized, and merged in a spreadsheet, linked with information on an instrument's design and contextual data (e.g., political and financial). This allows inferences to be drawn on the effects of design and context on success and failure (e.g., Geissel and Hess 2017). However, two caveats need special attention. First, by design this approach hardly provides advice for the improvement of particular cases or instruments. Second, it is often painstaking to get access to a sufficient number of evaluation studies; few have been published in academic journals. A subjective impression is that evidence of failure is kept under lock and key. However, these cases may be of greater importance for evaluating citizen participation instruments than focusing purely on best practice cases. Sponsors of evaluation studies are therefore encouraged to publish the reports or at least give researchers access.

## Concluding Remarks

At a time when the popularity of citizen participation instruments is increasing, the demand for evaluation is rising accordingly. This is hardly a surprise since such instruments and programs require public resources. If government is striving for evidence-based policy-making, theoretical-normative assumptions, often stemming from participatory and deliberative democratic theory, must be rigorously confronted with empirical evidence. This chapter therefore offered a concise introduction to evaluating citizen participation, be it a single instrument or a whole program. A comprehensive evaluation must always address context, process, outcomes, and impacts of a citizen participation instrument. However, efforts should be in relation to the scope of the instrument or program under scrutiny. What's more, evaluators and public officials are well-advised to keep expectations realistic: even the most detailed evaluation will not be able to resolve deep-rooted conflicts between opposing interests or values. In these situations, evaluation research merely provides evidence and makes conflicts transparent (Rossi et al. 2004, pp. 400–403 elaborate further on stakeholder conflicts and their consequences for evaluators). Final decisions – for example, on implementing the results of citizen participation or continuing a participation instrument – are a matter for policy-makers and the authorities.

## Cross-References


- ▶ Citizen Participation in Public Management
- ▶ Governance, Local Communities, and Citizens Participation
- ▶ Performance Evaluation and Reporting
- ▶ Program Evaluation
- ▶ Public Participation


**Declaration of Interest** There are no potential conflicts of interest. The chapter is not related to Sebastian H. Schneider's work at the German Institute for Development Evaluation (DEval).

## References

Abelson J, Gauvin FP (2006) Assessing the impacts of public participation: concepts, evidence and policy implications. Canadian Policy Research Networks (CPRN), Ottawa

Beierle TC (1999) Using social goals to evaluate public participation in environmental decisions. Rev Policy Res 16(3/4):75–103
Bryson JM, Quick KS, Schively Slotterback C, Crosby BC (2013) Designing public participation processes. Public Adm Rev 73(1):23–34
Busse S, Schneider SH (2015) Die Evaluation von Bürgerbeteiligung als Politikberatung: Praxis, Herausforderungen und Empfehlungen am Beispiel Bürgerhaushalt. Z Polit 7(1–2):3–13
Chen HT (2015) Practical program evaluation. Theory-driven evaluation and the integrated evaluation perspective. Sage, Thousand Oaks
Chess C, Purcell K (1999) Public participation and the environment: do we know what works? Environ Sci Technol 33(16):2685–2692
Creighton JL (2005) The public participation handbook. Making better decisions through citizen involvement. Jossey-Bass, San Francisco
Evans C, Jones R (2004) Engagement and empowerment, research and relevance: comments on user-controlled research. Res Policy Plann 22(2):5–13
Fung A (2015) Putting the public back into governance: the challenges of citizen participation and its future. Public Adm Rev 75(4):513–522
Geissel B (2012) Impacts of democratic innovations in Europe: findings and desiderata. In: Geissel B, Newton K (eds) Evaluating democratic innovations: curing the democratic malaise? Routledge, London, pp 163–183
Geissel B, Hess P (2017) Explaining political efficacy in deliberative procedures – a novel methodological approach. J Public Delib 13(2):Article 4
House ER, Howe KR (2002) Deliberative democratic evaluation in practice. In: Stufflebeam DL, Madaus GF, Kelleghan T (eds) Evaluation models: viewpoints on educational and human services evaluation. Kluwer, New York, pp 409–421
Kubicek H, Lippa B, Kopp A (2011) Erfolgreich beteiligt? Nutzen und Erfolgsfaktoren internetgestützter Beteiligung – Eine empirische Analyse von 12 Fallbeispielen. Bertelsmann Stiftung, Gütersloh
Nabatchi T (2012) A manager's guide to evaluating citizen participation. IBM Center for the Business of Government, Washington, DC http://unpan1.un.org/intradoc/groups/public/documents/UN-DPADM/UNPAN048340.pdf
Papadopoulos Y, Warin P (2007) Are innovative, participatory and deliberative procedures in policy making democratic and effective? Eur J Polit Res 46(4):445–472
Pawson R, Tilley N (1997) Realistic evaluation. Sage, Thousand Oaks
Rosener JB (1981) User-oriented evaluation: a new way to view citizen participation. J Appl Behav Sci 17(4):583–596
Rossi PH, Lipsey MW, Freeman HE (2004) Evaluation. A systematic approach, 7th edn. Sage, Thousand Oaks
Rowe G, Frewer LJ (2000) Public participation methods: a framework for evaluation. Sci Technol Hum Values 25(1):3–29
Rowe G, Frewer LJ (2004) Evaluating public-participation exercises: a research agenda. Sci Technol Hum Values 29(4):512–536
Rowe G, Frewer LJ (2005) A typology of public engagement mechanisms. Sci Technol Hum Values 30(2):251–290
Schneider SH (2018) Bürgerhaushalte in Deutschland. Individuelle und kontextuelle Einflussfaktoren der Beteiligung. Springer VS, Wiesbaden
Schneider SH, Busse S (2018) Participatory budgeting in Germany – a review of empirical findings. Int J Public Adm (online first). https://doi.org/10.1080/01900692.2018.1426601
Sewell DDW, Phillips SD (1979) Models for the evaluation of public participation programmes. Nat Resour J 19(2):337–358
Smith G (2009) Democratic innovations: designing institutions for citizen participation. Cambridge University Press, Cambridge, UK
Steenbergen M, Bächtiger A, Spörndli M, Steiner J (2003) Measuring political deliberation: a discourse quality index. Comp Eur Polit 1(1):2148
Webler T (1995) 'Right' discourse in citizen participation: an evaluative yardstick. In: Renn O, Webler T, Wiedemann P (eds) Fairness and competence in citizen participation: evaluating models for environmental discourse. Kluwer, Boston, pp 35–86

E

# Evaluation of the State of Mental Health in Ghana: Policy, Practice, and Education

Innocent Kwame Bedi[1], Aaron Kweku Amanor[2] and Sedem Nunyuia Amedome[3]
[1]Institute of Education, University of Tartu, Tartu, Estonia
[2]Department of Psychology, University of Ghana, Legon – Accra, Ghana
[3]Department of Multidisciplinary Studies, Ho Technical University, Ho, Ghana

## Synonyms

Implementation; Literacy; Mental Health Act

## Introduction

In recent times, researches have shown an increase in the number of persons living with

mental health disorders. A total population of 6.6 billion has been estimated by the World Health Organization (WHO) as having at least one form of mental health disorder (World Health Organization 2013). The Out Patient Department (OPD) of Ankaful Psychiatric hospital in the Central Region recorded a total case of 1,315 patients in 2018 as against 1,236 cases recorded in 2017. The Mental Health Authority performed assessment for the period 2017 to 2018. The evaluation indicated that whereas Accra Psychiatric hospital did not record any increase in total reported OPD cases, mental health cases due to schizophrenia experienced an increase from 10,675 to 10,795 (Mental Health Authority 2019).

The increase in mental health cases in Ghana has severe ramifications for social and economic development. Persons with mental illness suffered extreme form of stigmatization, rejection by family members and were unable to engage in any productive activities (Tucker et al. 2013). With about 27,837 OPD reported cases of mental illness in the Accra psychiatric hospital alone, the implications are that there will be pressure on the few facilities available at the hospital and also the few hospital workers (Mental Health Authority 2019). Besides, there is also a significant gap between the level of mental health needs and the availability of quality services to appropriately address these needs (Faydi et al. 2011). As a result, a person living with mental illness do not receive the appropriate health care needed (Faydi et al. 2011).

In March 2012, the Mental Health Act became law. This Act aims at addressing mental health issues in the country, as it allows, for example, the protection of rights of persons with mental illnesses (Magna and Yemoh 2018). Although the Policy was in force, there were implementation challenges (ibid), like in some African countries where issues related to mental health lack total government support (Ofori-Atta et al. 2014). Consequently, there is a subtle impression that discussing mental health issues within the public domain seem unacceptable and thereby worsening existing mental health conditions of individuals due to delay in seeking health (Adu-Gyamfi 2017).

Adu-Gyamfi (2017) and others established that perceptions about mental illness have a severe impact on the mentally ill and to some extent the health workers (Adu-Gyamfi 2017; Awenva et al. 2010), which negatively affect patient attitudes toward seeking psychological help and treatment (Clark et al. 2018). This entry, therefore, reviews the mental health Policy of Ghana, the implementation challenges and education.

## Overview of Mental Health Policy in Ghana

Ghana was under British rule until 6 March 1957 when the country gained independence, but legislations of the country are still influenced by the British enactments though with some revisions and amendments (Adjorlolo et al. 2016). The history of mental health activities in Ghana started with the Lunatic Asylum Ordinance in 1888 by Sir Griffith Edwards, the then Governor of the Gold Coast (Asare 2010). During that period, the Lunatic Asylum Ordinance, Cap 79 (1888 Mental Health Law) became law and institutional care for the mentally ill introduced. At the time, persons with mental health conditions were called "lunatics," a derogatory term. They encouraged the detention of mental health patients. This law allowed the police to arrest persons suspected of suffering mental disorders (or were roaming about in towns, villages, or the bush) and confined them. Soon the facility became overcrowded, necessitating the provision of the Lunatic Asylum in 1906. With time, the prisons became overcrowded, hence the need for another institution to house them (Asare 2010; Republic of Ghana 1968).

This brought about the construction of the Accra Psychiatry Hospital in 1960, with Dr. E. F. B. Foster, a Gambian as the first Psychiatrist to work at the Accra Psychiatric Hospital (Adu-Gyamfi 2017). Dr. Foster brought many developments to the hospital and placed the hospital at par with what pertained in other countries. He initiated the training of doctors as specialists in Psychiatry which complimented the efforts of Higgison, a British national who started the

training of registered mental health nurses in 1952. The training of these professionals led to a rise in the attendance of patients to the Accra psychiatric hospital as quality services were provided (Adu-Gyamfi 2017).

In 1965, the Ankaful Psychiatric hospital was built in the Central Region to increase the number of facilities to accommodate the growing demand for mental health care. Even though there were now two hospitals, the pressure on them was still profound which led to the building of additional facility – Pantang Psychiatry hospital in 1975 (Asare 2010; Ewusi-Mensah 2001).

In 1966, there was a proposal for a review of legislation on mental health in Ghana. The government at the time constituted a committee to "investigate all aspects of the health needs of Ghana and make recommendations" (Republic of Ghana 1968:1). Despite this recommendation, the 1888 Mental Health Law (Lunatic Asylum Ordinance) remained in use until 1972 when the Acheampong military government enacted the Mental Health decree 1972 (NRCD 30) to replace the 1888 Mental Health law. The NRCD 30 focused on "institutional care to the detriment of providing mental health care in primary health care facilities, contrary to both national and international policy directives. Furthermore, procedures for involuntary admission in the 1972 law did not sufficiently protect people against unnecessary admission" (WHO 2007:3). This law did not address human rights challenges adequately but was an improvement on the previous Law (Asare 2010). Given the shortcomings of NRCD 30, a new bill was introduced in 2004 and passed as into law in 2012 (Parliament of Ghana 2012) which outlined guiding principles to regulate the mental health system of Ghana.

## The Current Mental Health Act of 2012

Before passage of the Mental Health Act of 2012, the Mental Health Decree of 1972 (NRCD 30) was in force. The NRCD 30 was considered a significant improvement over the Lunatic Asylum Act of 1888. However, some clauses in the ordinance were maintained in the Mental Health Decree of 1972 emphasizing institutional care instead of providing mental health care in primary healthcare settings (Foster 1971; Adu-Gyamfi 2017; Mental Health Improvement for Nations Development 2007). This provision in the Act was a contradiction to the many international treaties that Ghana had signed. The NRCD Decree 30 gave way for the abuse of people's freedom and liberties (ibid). This law was operational for 40 years. It significantly took away the rights of people with mental disorders by seeking to keep mentally ill patients off the street and to protect their assets. Under NRCD Decree 30, mental health patients were considered not sane enough to enjoy fundamental human rights (Adu-Gyamfi 2017). Also, persons with mental disorders suffered severe mistreatments, such as being locked away in institutions for decades (Osei 2012). The Mental Health Decree of 1972 NRCD 30 was thus never fully implemented.

Due to these inadequacies mention above, a new mental health law was promulgated. The 1972 legislation, even if fully implemented, was outdated as it fell short of best practices in mental healthcare delivery. Hence, the Parliament of Ghana passed the new Mental Health Act 846 (2012).

Following the processes initiated in 2003 to revise the Act, financial and technical support was granted by the Mental Health Department of the World Health Organization (WHO) in 2004. The steps in formulating and revising the legislation involved a series of consultations with a wide variety of international and local stakeholders with consultants from the USA, Switzerland, South Africa and Canada. The Act received presidential assent in May 2012, for the establishment of a Mental Health Board and production of a Legislative Instrument.

The Mental Health Act of 2012 focuses on improving access to health care for people with mental illness and individuals who have epilepsy. Epilepsy is a neurological disorder in Ghana instead of a mental disorder. Psychiatrists in Ghana treat it due to the shared attributes of stigma.

Furthermore, the Act seeks to protect the fundamental human rights of people with mental

disorders and to promote the recovery of the mentally ill (Osei 2012). The law also provides for the integration and regulation of the role of traditional and religious institutions in the treatment of mental illness, among others. It supports decentralization of mental health care and emphasized community care rather than institutional care; thus, it de-institutionalizes mental health care and treatment and makes treatment community-based. The Act also seeks to ensure adequate funding for the mental health sector (ibid). The Act adopts an approach based on human rights, following international agreements on the health needs of persons with mental disorders (WHO 2005). Thus, the Act ensures that healthcare standards and patients' rights are adhered to prevent physical and sexual abuse (Asare 2010).

The Provisions in the Mental Health Act 2012, Act 846, have been divided into ten sections (Mental Health Act 2012). The Act begins with a section on the Mental Health Authority which covers the creation of the Mental Health Authority, its functions and objectives. The next section on the administration of the Mental Health Authority covers the establishment of integrated Mental Health Authority to oversee the administration of the mental health sector at the regional and district level and the appointment and function of key staff. Another is on Mental Health Review Tribunal which deals with the establishment of Mental Health Review Tribunal to investigate complaints in respect of persons detained or involuntary admission.

The next section deals with the establishment of visiting committees for the mental health service in each region purposely to protect the rights of persons with mental disorder within the Ghanaian community. The Voluntary treatment section deals with the voluntary treatment for mental disorder at a facility, admission and discharge of a voluntary patient. The section on involuntary treatment deals with the involuntary admission and treatment plan of a person believed to be suffering from severe mental disorder based on the recommendation from a court for temporary treatment. The section on the right of persons with mental disorder deals with nondiscrimination, fundamental human rights, and the safeguarding the rights of persons with mental illness. The section on protection of vulnerable groups deals with the protection of vulnerable groups such as children, females, and persons with mental retardation from any form of discrimination.

The section on the Mental Health Fund provides for the establishment of the Mental Health Fund to provide funding for mental health treatment. The section also deals with the source of money for the funds and the management of the fund. Lastly, the Act ends with a section on Miscellaneous provisions covering issues like auditing the account of the Mental Health Authority, offences under the Act, and the death of patients, among others.

## Implementing the Mental Health Policy and Challenges

Mental health policies and plans are indispensable tools for providing mental health services, without which mental illnesses are likely to be treated in an inefficient and fragmented manner (Ssebunnya et al. 2012). When there is a clear commitment of government toward a well-conceptualized policy, there is a greater chance to achieve the desired impact consistent with international standards (Ssebunnya et al. 2012). However, in Ghana mental health policy implementation lacks the needed impetus from governments since colonial days hence the struggle to implement mental health policies.

Jenkins et al. (2011) discussed the economic, human rights, and political challenges to global mental health and the implication for policy implementation. They argued that there is an inextricable relationship between mental health, poverty, and debt. Mental disorders inflict significant economic pressure not just on the individuals with the disorders but also on their households, communities, employers, healthcare systems, and government budgets. They contended that mental disorders are responsible for the cycle of poverty in many low-income societies as it interferes with the individual's ability to function in either paid or non-pay roles, thereby making them less productive socially and economically. They concluded that the mental health sector needs to form partnerships, supported by collaborative training,

research, and mutual dialogue, with other institutions to ensure the use of comprehensive budgets and initiatives for mental health.

The Mental Health Bill, after 8 years of delay, was finally passed into law, still struggles to see implementation. Walker and Osei (2017) had identified some challenges stakeholders believe are barriers to the implementation of Ghana's Mental Health Act 846. These include limited dissemination of the Act, delays in the parliamentary process for the passing of the Legislative Instrument, poor access to patients in non-orthodox mental health facilities, inadequate financial resources for implementation, inadequate human resources, and inadequate infrastructure for mental healthcare provision. Besides, it is also evident that lack of awareness of the burden of mental illness and the lack of a reliable information system are among the factors that impede the successful implementation of mental health policies in the country. Others have also suggested that mental health issues are often given a low priority by policy-makers and institutions coupled with inadequate funding by the central government (Awenva et al. 2010). Also, the need for strengthening of mental health information systems, and the financial implications of the Act were among the challenges identified.

Despite the successes chalked in passing Ghana's mental health Act 846 of 2012, there are still difficulties in implementing the Act. Government, acting through Parliament should address the issues of the legislative instruments and the financial implications to all smooth implementations. Jenkins et al. (2011) suggested the mental health sector needs to form partnerships, supported by collaborative training, research, and mutual dialogue, with other health and non-health sectors to enhance the use of more comprehensive budgets and initiatives for mental health for a more efficient implementation.

## Mental Health Literacy and Education

Mental health literacy defined as knowledge and beliefs about mental disorders which aid their recognition, management, or prevention (Jorm 2012) is a prerequisite for recognizing and intervening early in mental disorders (Dias et al. 2018). Aside from the recognition, management, and prevention of mental illness, researchers noted some factors predict mental illness and stigma. These include: what people know and believe about the causes and treatment of mental illnesses, gender, and age (Usyatynsky 2016; Yamawaki et al. 2016; Feeg et al. 2014; & Lim 2016). In Ghana, the perception of mental illness at the community level is that it is a curse and a punishment from the gods, resulting into the belief that those with a mental illness are deserving of their punishment (Adombiri-Naba 2013; Tawiah et al. 2015; Kpobi and Swartz 2018). Any effort to address societal stigma and self-stigma of mental illness ought to start with mental health literacy.

In discussing interventions to reduce mental health stigma, Norms et al. (2016) cited major campaigns world over including national anti-stigma interventions from Australia, Canada, and England that have included education, advocacy, mental health literacy campaigns, and legislative and policy change, among others. The implication is that Ghana cannot live out mental health literacy as a pivot in the fight to advance the course of mental health care.

## Strategies to Reduce Mental Health Stigma in Ghana

Stigma and discrimination are as severe and disabling as the mental illness itself. This is manifested in the fact that as soon as a person develops a mental illness societal attitudes change towards the person immediately. Overnight, the person loses most of their human rights, including the right to decision making, the right to employment, and the property right. The stigma is not confined to the patient alone; it is extended to members of the family. Specifically, it is difficult for a person who has ever had a psychiatric problem, or members of that family to get married. The stigma and discrimination persist even when a person recovers from mental illness. This is also due to the myth that nobody can recover from mental illness and that once you have a bite of it, you would relapse from time to time. Another

myth that powers the stigma is the high level of violence attributed to people with mental health problems, even though research findings have stressed that the violence is exaggerated (Pescosolido et al. 2019; Silver et al. 2008; Clement et al. 2011; Mulvey 1994; Stuart 2003; Stuart and Arboleda-Flórez 2001).

The stigma of mental illness is such a problem that can lead sufferers to experience isolation and shame, harassment, bullying, and, on occasion, violence even at the workplace. Meanwhile, researchers such as Stuart (2004) have argued that work is the single most important activity a person engages in that expresses a sense of self, influences how and where one lives, promotes social contact and social support, and confers title and social identity on the individual. In Ghana, there is little research on workplace mental health. There is a need for workplace mental health research to drive policies and interventions aimed at reducing mental health stigma.

Further, as Younkins (2002:72) noted, "Work is at the root of a meaningful life, the path to individual independence, and a necessity for human survival and flourishing. It is also the distinctive means by which men concretize their identity as rational, goal-directed beings." Access to satisfying work remains one of the most sought-after goals of the adult population within most countries (Harnois and Gabriel 2000). For this reason, exclusion from work can cause a person to feel isolated, alienated, and despairing to the same extent as being deprived of the material benefits of work (Stuart 2004). Further, becoming unemployed, difficulties finding a new job, and difficulties returning to work after absenteeism, due to mental health problems, are all outcomes of mental health stigma (Baumann et al. 2010). To adequately resolve issues of mental health stigma require governments not only in Ghana to enact policies and laws that ensure re-integration into the workforce as well as access to new jobs and skills for past sufferers of mental ill-health.

Globally, several anti-stigma interventions have been introduced both in the workplace and in the broader community. Researchers have been reviewing the effectiveness of these interventions to enhance further interventions. Norms et al. (2016) discuss interventions to reduce mental health stigma citing major campaigns world over including national anti-stigma interventions from Australia, Canada, and England that have been evaluated concerning their targets, goals, and outcomes. The interventions included education, protest and advocacy, contact, peer services, mental health literacy campaigns, and legislative and policy change among others. The authors conclude that stigma reduction requires a multidisciplinary and a multilevel ecological approach to understanding and addressing structural stigma and engaging groups and organizations like lawyers, journalists, educators, and business and property owners. For this reason, anti-stigma efforts should not focus narrowly on "soft goals" of public education and attitude change but should expand their focus to address "hard goals," such as legislative and policy change that can promote social equity and improve the overall quality of life for people with mental health problems and substance use.

The work of Hanisch et al. (2016), which focused on a systematic review of sixteen anti-stigma intervention studies within the workplace, found that the effects of interventions on employees' attitudes were mixed but generally positive, and can lead to improved employee knowledge and supportive behavior toward people with mental health problems. There is reason to believe that if anti-stigma interventions (education, advocacy, policy and legislation, etc.) are rightly focused and executed targeting both the soft and hard goals, the outcomes can be positive for both the individual and society.

Mental health stigma needs to be understood and reduced by any nation interested in both the welfare of her people and the productivity of the workforce as well as the economic growth of the nation itself. Both social and self-stigma pose a significant challenge to societal well-being and therefore requires attention.

## Conclusion

This study reveals that mental health legislation in Ghana predates independence (Adjorlolo et al. 2016; Asare 2010; Republic of Ghana 1968). It

points out that the history of mental health activities in Ghana started with the enactment of the Lunatic Asylum Ordinance in 1888 by the then Governor of the Gold Coast (now, Ghana) which has witnessed significant amendment over the years. The inadequacies in the previous legislation led to the promulgation of the current Mental Health Act (Act 846). However, there are barriers to the effective implementation of mental health policy. These barriers include lack of awareness of the burden of mental illness, the lack of a reliable information system, low priority of mental health issues by policy-makers and institutions coupled with inadequate funding by the central Government. These challenges have impeded the successful implementation of the policy in the country. It is important that government provides the necessary financial and other vital resources for the implementation of the mental health policy. Also, all stakeholders should be involved in all stages of the implementation process and to provide training for mental health workers. It is only when the Policy is fully implemented and functional that mental health literacy campaigns would be useful in the fight to advance the mental health care throughout the country.

## Reference


Adjorlolo S, Chan HCO, Agboli JM (2016) Adjudicating mentally disordered offenders in Ghana: the criminal and mental health legislation. Int J Law Psychiatry 45: 1–8

Adombiri-Naba S (2013) Knowledge and perceptions of mental disorders among adults in Zuarungu and Sumbrungu Communities, in Northern Ghana (Doctoral dissertation)

Adu-Gyamfi S (2017) Mental health Service in Ghana: a review of the case. Int J Public Health Sci 6(4):299. https://doi.org/10.11591/ijphs.v6i4.8474

Asare JB (2010) Mental health profile of Ghana. Int Psychiatry 7(3):67–68

Awenva AD, Read UM, Ofori-Attah AL, Doku VCK, Akpalu B, Osei AO, Flisher AJ (2010) From mental health policy development in Ghana to implementation: what are the barriers? Afr J Psychiatry (South Africa) 13(3):184–191

Baumann A, Muijen M, Gaebel W (eds) (2010) Mental health and well-being at the workplace: protection and inclusion in challenging times. WHO Regional Office for Europe, Copenhagen

Clark LH, Hudson JL, Dunstan DA, Clark GI (2018) Barriers and facilitating factors to help-seeking for symptoms of clinical anxiety in adolescent males. Aust J Psychol 70(3):225–234. https://doi.org/10.1111/ajpy.12191

Clement S, Brohan E, Sayce L, Pool J, Thornicroft G (2011) Disability hate crime and targeted violence and hostility: a mental health and discrimination perspective. J Mental Health 20:219

Dias P, Campos L, Almeida H, Palha F (2018) Mental health literacy in young adults: adaptation and psychometric properties of the mental health literacy questionnaire. Int J Environ Res Public Health 15(7): 1318

Ewusi-Mensah I (2001) Post-colonial psychiatric care in Ghana. Psychiatr Bull 25:228–229

Faydi E, Funk M, Kleintjes S, Ofori-Atta A, Ssbunnya J, Mwanza J, Kim C, Flisher A (2011) An assessment of mental health policy in Ghana, South Africa, Uganda and Zambia. Health Res Policy Syst 9:1–11. https://doi.org/10.1186/1478-4505-9-17

Feeg VD, Prager LS, Moylan LB, Smith KM, Cullinan M (2014) Predictors of mental illness stigma and attitudes among college students: using vignettes from a campus common reading program. Issues Ment Health Nurs 35(9):694–703. https://doi.org/10.3109/01612840.2014.892551

Foster EB (1971) Forensic attitudes in the delivery of mental health care in Ghana. Ghana Med J 10(1):52–55

Hanisch SE, Twomey CD, Szeto AC, Birner UW, Nowak D, Sabariego C (2016) The effectiveness of interventions targeting the stigma of mental illness at the workplace: a systematic review. BMC Psychiatry 16(1):1–11

Harnois G, Gabriel P (2000) Mental health and work: impact, issues and good practices. World Health Organization, Geneva

Jenkins R, Baingana F, Ahmad R, McDaid D, Atun R (2011) Social, economic, human rights and political challenges to global mental health. Ment Health Fam Med 8(2):87

Jorm AF (2012) Mental health literacy: empowering the community to take action for better mental health. Am Psychol 67(3):231

Kpobi LNA, Swartz L (2018) 'The threads in his mind have torn': conceptualization and treatment of mental disorders by neo-prophetic Christian healers in Accra, Ghana. Int J Ment Heal Syst 12(1):40. https://doi.org/10.1186/s13033-018-0222-2

Lim M (2016) Mental illness stigma, mental health literacy, And psychological help-seeking in a rural population. Retrieved From https://Www.Academia.Edu/36951037/Mental_Illness_Stigma_Mental_Health_Literacy_And_Psychological_Help-Seeking_In_A_Rural_Population

Magna EK, Yemoh TA (2018) A review of mental health policy and implementation in Ghana: a roadmap to achieving sustainable development goal (SDG) 3. November 2019. http://www.udsijd.org


E

Mental Health Act (2012) Act 846, Parliament of the Republic of Ghana
Mental Health Authority (2019) 2018 Annual report. Annu Rep. https://doi.org/10.1017/CBO9781107415324.004
Mental Health Improvement for Nations Development (2007) A very progressive mental health law, Accra
Mulvey EP (1994) Assessing the evidence of a link between mental illness and violence. Psychiatr Serv 45(7):663–668
Norms, C. on the S. of C. B. H. S., Board on Behavioral, C., Education, D. of B. and S. S., National Academies of Sciences, E (2016) Understanding Stigma of mental and substance use disorders. Retrieved from https://www.ncbi.nlm.nih.gov/books/NBK384923/
Ofori-Atta A, Read UM, Lund C (2014) An updated situation analysis of mental health services and legislation in Ghana: challenges for transformation. In: Changing Trends in Mental Health Care and Research in Ghana. Sub-Saharan Publishers, Accra, pp 17–46
Osei A (2012) The New mental health Act, Key provisions and implementation issues, pp 1–31
Parliament of Ghana (2012) Mental Health Act, 2012, Act 846. Parliament of Ghana. Ghana, Assembly Press Ltd: Retrieved on 9/06/2020 http://www.thekintampoproject.org/storage/Mental%20Health%20Act%20846%20of%202012.pdf
Pescosolido BA, Manago B, Monahan J (2019) Evolving public views on the likelihood of violence from people with mental illness: stigma and its consequences. Health Aff 38(10):1735–1743
Republic of Ghana (1968) White paper on the report of the committee appointed to investigate all aspects of the health needs of Ghana, Accra
Silver E, Felson RB, Vaneseltine M (2008) The relationship between mental health problems and violence among criminal offenders. Crim Justice Behav 35(4): 405–426
Ssebunnya J, Kigozi F, Ndyanabangi S (2012) Developing a national mental health policy: a case study from Uganda. PLoS Med 9(10):e1001319
Stuart H (2003) Violence and mental illness: an overview. World Psychiatry 2(2):121
Stuart H (2004) Stigma and work. Healthc Pap 5(2): 100–111
Stuart HL, Arboleda-Flórez JE (2001) A public health perspective on violent offenses among persons with mental illness. Psychiatr Serv 52(5):654–659
Tawiah PE, Adongo PB, Aikins M (2015) Mental health-related stigma and discrimination in Ghana: experience of patients and their caregivers. Ghana Med J 49(1): 30–36
Tucker JR, Hammer JH, Vogel DL, Bitman RL, Wade NG, Maier EJ (2013) Disentangling self-stigma: are mental illness and help-seeking self-stigmas different. J Couns Psychol 60(4):520–531. https://doi.org/10.1037/a0033555
Usyatynsky A (2016) An analysis of predictors of mental health stigma in Ontario municipal police service members. Inquiry@Queen's undergraduate research conference proceedings. Retrieved from https://ojs.library.queensu.ca/index.php/inquiryatqueens/article/view/6211
Walker GH, Osei A (2017) Mental health law in Ghana. J Psych Int 14(2):38–39
WHO (2005) Resource book on mental health. Human Rights and Legislation. World Health Organization
WHO (2007) Ghana: a very progressive mental health law. Retrieved 07/06/2020, from http://www.who.int/mental_health/policy/country/GhanaCoutrySummary_Oct2007.pdf
World Health Organization (2013) Mental health action plan 2013–2020. Retrieved on 07/06/2020, from https://www.who.int/publications/i/item/9789241506021
Yamawaki N, Kelly C, Dresden BE, Busath GL, Riley CE (2016) The predictive effects of work environment on stigma toward and practical concerns for seeking mental health services. Mil Med 181(11–12):e1546–e1552. https://doi.org/10.7205/MILMED-D-15-00489
Younkins EW (2002) Capitalism and commerce: conceptual foundations of free enterprise. Lexington Books, Lanham

# Evidence-Based Policy-Making: Merits and Challenges

Fatih Demir
Public Administration, Manisa Celal Bayar University, Manisa, Turkey

## Synonyms

Decision-making; Evidence; Evidence-based policy making; Policy; Public policy

## Introduction

The democratically elected may be interested in increasing the effectiveness of their policies through designs, implementations, and evaluations of much more consistent policies and programs. In a democracy, if governments do not give good results, they lose sympathy and possibly votes; therefore, its inefficiency has a high cost, and therefore, the way to improve performance based on the use of knowledge or evidence is sought. This paper seeks to display the debates which have evolved around the concept of

evidence-based policy-making and to weigh its advantages and disadvantages by making reference to the newly emerging literature on the topic.

Ensuring that scientific knowledge is used in the making of public policies is a long aspiration in different parts of the world (Hanna et al. 2010; Reimers et al. 2000). From this logic of modernity, evidence-based research attributed a power of change and transformation of public affairs. This aspiration – however important it may be – is generally not met. There are multiple reasons why there is not only a gap between ideas and action, but it also widens. It is not the subject of this paper to explain those that originate the misunderstanding between researchers, decision-makers, and practitioners; the objective, rather, is to discuss a relatively new policy approach that is taking a growing momentum in different countries to try to convert scientific evidence into usable knowledge known as evidence-based policy and practice.

The second part of the article describes the steps to develop the systematic reviews, the central methodology of the evidence-based policy and practice, and begins to delineate some merits and limitations of such exercises. The third and last part delves into the critical analysis and provides three elements for the discussion: what type of evidence the EBPP uses, how is this approach complemented with other epistemological positions commonly used in the field, and whether it is feasible to use the evidence of "high quality" in the field.

This work concludes with inviting the debate based on the identification of some advantages of the EBPP such as the clear definition of objectives and the open and collective process on which the "evidence" is generated. However, like all academic proposals, it also has limitations, and one of them is to suggest that the "evidence" is only the measurable effects originated by some intervention or educational program or that by having evidence of "high quality," it will be used automatically. Studies on the use and impact of educational research allow us to visualize barriers to the adoption of approaches such as evidence-based policy. This could be a lesson for both the scientific and the political fields.

## The Development of Evidence-Based Policy

In the seventeenth century, the British philosopher Francis Bacon imagined New Atlantis, a place where politics was based on knowledge, truth, logic, and evidence. He suggested that sciences devoted to different specialties should collaborate to improve the living conditions of people. Virtuous people were those who were looking for truth, and virtuous politicians were those who based their decisions on facts. In his well-known words, "knowledge itself was power." (In Latin "*ipsa scientia potestas est*." See Bacon 2009.)

The evidence-based policy is a practice that seeks to ensure that decisions and public policies are addressed based on technical-scientific evidence incorporating empirical knowledge in development and implementation processes. The premise of the evidence-based policy-making indicates that from the available evidence and systematic rational analysis, better results are produced than those public policies that are only driven by ideology. The ultimate goal must be the construction of a modern and professionalized state where evidence meets with rigor and objectivity in order to make decisions that lead to the progress of society.

In this paper evidence-based policy-making has been examined in relation to whether the evidence produced by academic studies in the literature is used in policy-making by elected officials, consultants, and public officials. Demands for the use of evidence in policy-making are based on the opinion that people carefully evaluate the evidence about competing options and make better, more efficient and successful decisions if they choose the policy which is most likely to maximize their interests (Coburn et al. 2009: 1116). This is a view largely borrowed from the business world. The main factors underlying the fact that evidence has become increasingly important in policy-making and implementation include increasing the level of education of the people, increasing the level of education and communication technologies, increasing the number and capacity of research units, increasing productivity, increasing the emphasis on international

competition, and increasing importance given to government control and accountability (Smith et al. 2000).

In the context of trial and error, policy-makers develop hypotheses about the best way to achieve a goal first. They then test their hypotheses by applying their policies and analyzing their impact. As a result of the analysis, they come up with an idea about how well their policies work and decide whether to continue, improve, amend, or terminate their policies (Kay 2006: 51).

Evidence-based policy-making has two main objectives: (i) using the information provided by program evaluation for policy-making and (ii) generating more information to ensure that future decisions are more informed. Evidence-based policy-making can take many forms to achieve these goals. These may include the use of research findings to provide information to new policies or to improve the effectiveness of existing programs, to support data collection and analysis for research and management, and to develop policies that encourage the use of evidence.

There are four principles of evidence-based policy-making that policy-makers, agency managers, and other public leaders can use to improve the results achieved in the public sector. These principles represent the reconciliation of researchers and practitioners who aim to improve the production of policy decisions and the management of programs and set targets for democratic processes, policies, and programs. Evidence-based policy-making is an important tool to achieve these goals.

The first principle is to create and compile rigorous evidence of what works, including costs and benefits. The second principle is to follow the execution of the program and apply the impact assessment to measure the effectiveness of the program. The third principle is to improve programs, evaluate actions that work, and use rigorous evidence to shift funds from programs that are inefficient to other programs. Finally, the fourth principle is to promote innovation and test new approaches. (These principles are summarized from the website http://www.evidencecollaborative.org/principles-evidence-based-policymaking.)

Shaxson (2005) underlines the importance of five elements for the soundness of evidence: credibility, reliability, generalizability, impartiality, and originality. The finding of evidence is a necessary but inadequate condition for decision-making processes. At this point, it is important that, among other things, the relations between the policy-makers and their consultants work well. Because policy-makers have different backgrounds, developing a common language helps to put the debate on the soundness of evidence on a firm ground.

## Evidence and Policy Advocacy

According to Bellinger, policy analysis serves at least two purposes, given its relationship with evidence. First, the evidence provided by policy analysts is used as arguments to support certain policy positions. The findings of scientific studies and research can always be used as evidence by political parties or interest groups. Such groups finance research that is likely to support their point of view. Second, independent policy research can help resolve conflicts among interest groups. The decision-makers may find the evidence presented by the parties convincing and can establish policies based on these evidence. Many policy debates between the parties advocating specific policies involve disagreements on the results of values, problem definitions, evidence, and policies. Defenders of a particular interest group or ideology offer a set of value arguments, definitions, evidence, and policy recommendations designed to support their point of view. The use of policy analysis as a convincing argument depends on the concordance of the findings of policy studies with the goals of policy advocates. Therefore, selective use of policy analysis and other evidence in policy discussions is quite natural (Bellinger 2015: 8–9).

Policy advocacy, which is one of the most important debates on the advice function, involves a wide range of activities that are largely related to nongovernmental groups and affect decision-makers. Among these activities are litigation, lobbying, and public education. In

addition, capacity building, relationship building, networking, and leadership development can be listed. All of these activities are largely undertaken by nongovernmental groups, because such organizations traditionally serve the masses that are limited in their ability to make their voices heard in policy processes.

The government's 1999 report published in Britain said that government expected more from policy-makers. The report advocated more ideas, more willingness to question the ways in which they are built, better use of evidence and research in policy-making, and better focus on policies that will achieve long-term goals (Cabinet Office 1999). The white paper published by the European Commission in 2001 states that scientists and other experts play an increasingly important role in the preparation and monitoring of decisions. Accordingly, in all matters ranging from human and animal health to social legislation, all institutions rely on expertise to estimate and identify the problems and uncertainties that the EU faces, to make decisions, and to ensure that the risks are publicly and simply disclosed (2001: 19).

## Interpretation of Evidence

A number of studies have been conducted to determine that interpretation of evidence plays a critical role in decision-making processes. David (1981) and Kennedy (1982) suggested that decision-makers paid more attention to evidence which are parallel to previous information, and especially used research that supported their own views, and did not even mention research findings contrary to their own views. Coburn (2001) found that the way information is processed affects how the evidence is interpreted. People with different beliefs may interpret the same evidence in opposing ways. There are also studies showing that decision-makers have a strong tendency not to take into account evidence that do not support previous beliefs or actions. (Among these are Birkeland et al. 2005; Coburn and Talbert 2006; and David 1981.) In addition to ignoring or neglecting information, it can be seen that decision-makers or their political supporters may even try to discredit the research findings that present contradictory findings.

Coburn et al. (2009) focus on the interpretation of evidence when addressing the use of evidence in policy-making. The authors carried out interviews with staff working in various levels of a school district in the United States for 3 years while conducting their work, observed planning meetings and professional development processes, and collected a large number of internal and external documents. In this process, they identified 45 decisions taken by the regional administration and conducted in-depth analysis on 23 of them. The result was summarized as follows:

> In complex organizations such as school districts, decision-making processes are often related to interpretation, discussion and persuasion. Evidence and other types of information do not provide answers; rather, it provides raw materials for meaning extraction and interpretation. These processes are largely based on pre-formed beliefs and practices; they guide the person's understanding of problems and solutions. (Coburn et al. 2009: 1117)

According to the authors, it is critical to understand how public officials employ information and data they obtain and the factors they consider when using this body of knowledge. One of the tools used for this purpose is called sensemaking theory. (For more information on sensemaking theory, see Dervin 1998; Savolainen 1993; and De Jaegher and Di Paolo 2007.) This theory involves the making sense of information and the production of what is being interpreted and tries to explain the processes of giving meaning to people's experiences. It is also useful for the analysis of the use of evidence because it enlightens the processes that underlie the use of evidence for real-life reflections and provides insights into the organizational factors that shape these processes (Coburn et al. 2009: 1117).

Another concept which is closely related to the evidence-based policy and practice approach is the methodology known as "systematic review." Like any methodology of pragmatic cut, it opens diverse controversies. The central argument is that the evidence-based policy tends to build knowledge in an open and plural way and encourage

policy change; however, the adoption of these methodologies in most countries seems complicated by virtue of the barriers detected by previous studies on the use of knowledge in evidence-based policy processes.

The instrumental approach to the evaluation of information providing input to decision-making actions argues that the evidence is "neutral" and that its meaning is closed to interpretation. However, many studies now show that the evidence is subject to interpretation. (For details, see Hopf 2007; Evett et al, 2000; and Pham 2007.) Among the interpretations of the meaning and meaning of the information obtained, many may contradict each other (Johnson 1999). On the other hand, the evidence does not always point directly to a suitable solution. There may not always be a complete overlap between a given finding and appropriate action. At this point, it is possible to see that interpreting processes play a critical role in converting information into a solution proposal.

As a result, evidence alone does not answer public policy questions. The act of interpretation is, in its nature, part of a policy process shaped by interests connected to social and political processes operating in specific organizational contexts (Sanderson 2003: 342). In Johnson's (1999) argument, evidence provides the raw material needed to produce and interpret meaning. Interpretation and negotiation are of great importance at the point of making sense from the evidence. In addition, politics plays a critical role in defining a problem and using evidence in decision-making on policy solutions. It is not surprising, then, that different political parties achieve very different conclusions based on the same findings. (See Head 2008; Howlett 2009; and Howlett and Newman 2010.)

## Problems of Evidence-Based Policy-Making

Williams argues that evidence-based policy-making has four main problems. The first of these problems arises from the competition between the concepts of "managing with evidence" and "measuring by policies." While policy workers are encouraged to use evidence in policy decisions, on the other hand, they are asked to measure them by policies. (The concept of managing by measuring is defined as the search for objective indicators as the basis of initiating and evaluating political actions. See Noordegraaf and Amba 2003.) Both are results-oriented, but often conflicting, expectations. In his attempt to describe this dilemma, Williams argues that policy workers often have to decide which of the following is more important: activities that encourage the systematic integration of research into policy decisions and require investment in a large source of human and financial resources or the activities that make it appear as a person trying to manage in a responsible way (Williams 2010: 196).

The second problem is that policy narratives are part of the policy process: a narrative can be used as a justification beyond being merely descriptive. Conventional policy statements acknowledge that government unilaterally determines the objectives. In such explanations, research is only required to determine the appropriate targets and to identify the extent to which these goals are attained. In this context, research can help policy-makers achieve better results by providing objective answers to these questions (Williams 2010: 197). (However, some interpretative authors (e.g., Fischer 2003; Stone 2001; Yanow 2000) argue that policy-making is not simply a process that involves selection of tools based on academic research. Policy-making takes place in an interactive, discursive, and negotiating field. Academic research is just one of the valid meaning frameworks. Therefore, policy workers may have uncertainty about where the research is useful (Williams 2006: 197).)

The third problem is how to compare the effect with other norms. Policy workers are asked to further integrate research into policy, but academics are under greater pressure to add influence to their research (Williams 2010: 198).

The fourth problem is that if other forms of knowledge generation are considered valid, how can information based on academic research be influenced? The demand for policy-based

evidence and the impact of academic research on policy is based on the following assumption: academic research will produce higher-level, objective information, which will help achieve better policy outcomes. However, in the postmodern period, this view faces objection from academicians themselves. Postmodern scholars argue that not only the information they produce but also other types of knowledge (e.g., experiences) are as valid and respectable. Postmodern researchers have shown that the claims of knowledge supremacy and experience privilege of the social sciences are no longer valid (One of the most important advocates of this view, Huberman (1990, 1994), examined the impact of postmodern approach on educational research. The author argued that combining the findings of researchers with the experience of practitioners would increase the validity of the data they obtained.) (Williams 2010: 199).

## Components of Evidence-Based Policy

In addition to the problems mentioned above, there are four basic components of a public policy with reference to evidence-based policy-making. First, the objectives of all public policy are to create evidence-based solutions through, for example, an impact analysis that allows us to evaluate if there is a significant relationship between the results of the intervention that was carried out and the objectives set out at the beginning of the policy implementation. For that it is necessary to prove its effectiveness through the constant monitoring of the proposals contrasting them with information.

Another important component to build a public policy is the analysis of the costs involved in carrying it out, because it is essential to choose the projects that represent less spending and give greater results to optimize our management.

A third important element in public policy is establishing a causal chain (Stone 1989; Lodge and Shrader-Frechette 2003), that is, to recognize the method used to generate impact on the population. In this way one can avoid falling into a "black box," that is, not understanding what effects are actually causing, since it is necessary to be clear of the changes that our actions cause to know where to go deeper.

A fourth element to create public policies based on evidence is to study the different effects that our proposals have on the diversity of the population (Riccucci 2018; Hero and Tolbert 1996). There are minorities and vulnerable groups that could not be positively impacted (heterogeneous effects). Therefore, we must increase disaggregations (separate elements that were linked together) in order to identify these minorities and include them in the effects of our interventions.

Without evaluation, positive results cannot be obtained from public policies. The planning role of the state is fundamental. Without information we cannot know where we are going and what we are going to propose. For example, only depending on an impact and utility study, is it possible to distribute the general state budget? Planning provides us with evidence to execute the best plans. And to carry it out, it is essential to collect and organize a lot of information such as administrative records, information on geographical organization, and statistical data. All this allows for feedback and correction of the budget.

## Possibilities and Limitations of the Evidence-Based Approach

The discussion on the new currents for the use of knowledge is necessary by virtue of three fundamental aspects. The first refers to the need to improve the performance of governments in the conduct of public affairs. In 1999 the British government proposed introducing an "enlightened" vision to develop public policies. The then prime minister, Tony Blair, suggested that the formulation of good policies depended on having high-quality information, which is obtained from various sources such as specialized knowledge, existing national and international research, statistical data, consultation with interested stakeholders, previous policy evaluation exercises, recent research, and even secondary sources (Cabinet Office 1999).

Does a case study analyzed by an investigator constitute "evidence" to nurture educational policy and school practice? Philip Davies affirms that the systematic reviews are based on the observation of Cook et al. (1983), who point out that the singular studies are limited to make generalizations about the knowledge they produce in relation to concepts, populations, contexts, and time and, frequently, they only illuminate a part of a great puzzle that seeks to offer explanations (Davies and Nutley 2000: 366). Systematic reviews highlight the construction of a "collective wisdom" – in the words of Pawson (2002) – because this could ensure an unbiased interpretation of results. This plurality and collective construction of evidence seems to be an advantage of EBPP.

Within the evidence-based policy and practice approach, there is a type of evidence that is taken as such, and this is the effect produced by a program or intervention on a group of users exposed to such intervention. To measure this effect, articles or studies (published or not) must be selected based on a quasi-experimental exercise and randomized control tests (RCT) to determine if there are statistically significant differences between a control and an experimental group.

To say that "evidence" is one that is achieved by means of a single technique of gathering information can suggest a superiority of quantitative approaches over qualitative ones. This division between one perspective and another can make us fall into sterile discussions, so it would be worth clarifying three things. The first is that each information collection technique tends to answer questions of a diverse nature. While the quantitative technique, within the EBPP approach, seeks to estimate the effect that produces an intervention, the qualitative tool responds to other equally valid purposes such as understanding how an institutional phenomenon occurs within a specific context. Second, there are methodologies that are being developed to make systematic reviews with unstructured data and generate "evidence," although it is clear that qualitative research synthesis is less common than controlled experiments, according to Davies and Nutley (2000).

Finally, the third clarification is that the criticisms of EBPP have suggested the possibility of broadening the information base to build "evidence" and not only keep the hard data about the effectiveness of policy programs or interventions. Ávalos Bracho, in his paper on evidence-based policies, states that:

> [. . .] the evidence is not identified with the existing information, but is a fact that is constructed both from the information systems of the public administration and from the researchers themselves in their evaluative activity and that acquires an argumentative meaning in their political use [. . .] the evidence is such at the precise moment it is available, disseminated and used to provide feedback to public policies. (Ávalos Bracho 2010: 331)

Bracho's point of view is reinforced by Head (2008), who affirms that there are at least three types of "knowledge" and, therefore, of "evidence": political knowledge, rigorous and scientific technical analysis, and practical experience of the professional field.

The political knowledge, according to Head, is built priorly by politicians, parties, organized groups, and the media and is related to the analysis and judgment of all those political actors. It is revealed through the determination of priorities, the formation of the agenda, and the adjustment of strategies and tactics, communication, and ideology. The policy, seen through the lens of political knowledge, refers more to the exercise of persuasion and support than to an "objective veracity" (Head 2008: 5). This position of Head is congruent with Majone's thesis of argumentation and persuasion who has argued that "[t]he argument is the link that links data and information with the conclusions of the analysis" (1989: 103). Policies do not arise linearly, suddenly, or much less spontaneously from the data, be it structured type (quantitative) or qualitative.

The second form of evidence, following with Head, is scientific knowledge, which is constructed through systematic analysis. Although Head (2008) does not grant that it is the product of systematic reviews, it does highlight a characteristic of these, which is the need to ensure the quality and consistency of the data as part of this knowledge.

The third form of evidence mentioned by Head is that which is constructed through the implementation process or what he also calls practical wisdom (2008: 6). According to Head the administrative teams of the programs are generally disconnected when these are the ones that "struggle" with the daily problems of the implementation of the same. Head continues and mentions that this type of knowledge generated at the base of the service delivery system can be seen as "good practices" (2008: 7).

## New Public Management and Evidence-Based Policies

In the specific area of intersection between evaluation and public management, it is probably the evidence-based policies that are the most advanced point today. Indeed, since the 1990s, a powerful social movement has become infatuated with the evidence-based policy, in English-speaking countries and beyond, which combines benchmarking and econometrics (Desrosières 2008: 32). It developed particularly in Great Britain with the coming to power of New Labor. The somewhat "realistic" achievements of sociological reflection and of previous political science on public policies seemed to be questioned. This international movement is too big for us to analyze its details and its multiple determinants: it concerns the evaluation of both South American policies of "conditional cash transfers" and the experiences launched in the United States by philanthropic foundations (Mayor Bloomberg's action in New York); the promotion of "social experimentation" by the European Commission within its Europe 2020 program; the rediffusion of random sampling methods in Europe; and the launch of social assistance programs such as the RSA in France, the Hartz reform in Germany, etc. One of the most astonishing paradigmatic revolutions in this field is represented by the Communication from the European Commission [(2013) 83 final of 30 February 2003] entitled "Towards Social Investment for Growth and Cohesion." This programmatic text of social protection reform advocates the reconfiguration of the latter in "targeted, conditional and simple" programs but also "of temporary duration." These programs would thus be more easily assessable by impact assessment methods. It will be necessary to see in the future how communication of strategic importance for social policies in Europe contributes to the modification of this sector in depth or not.

In any case, it is clear that in the EBP, we are now very far from the analysis of public policies as it was promoted in the 1980s and 1990s. However, as in the case of limits of the "logic of the engineer," the potentialities of the conception of policies based on real "proofs" are to be relativized in the light of the past. This is what Weiss has done recently by resuming a modest and realistic vision of the plurality of methods, having long since campaigned for cognitive contribution (Weiss 1993), but not immediately usable, that evaluation operations are able to offer to society. Reflecting on the fashion adopted by the US Department of Education in 2003 to rely solely on programs that have been evaluated by experimental methods, she and her colleagues could recall, with a few exceptions: "many investigations in many countries have shown that assessment has had usually only modest impact in policy and practice" (Weiss et al. 2008: 30). Evidence-based policy assumes that the ends are given, and the issue is to choose the best way to get there. But there are circumstances in which moral and ethical considerations must" come into play" (Weiss et al. 2008: 44).

## Does the Quality of Knowledge Ensure Its Use?

Systematic reviews involve a fine process of analysis, time, and a large amount of intellectual and material resources. If the systematic review is a formal and rigorous process, does its use depend on these characteristics? Thanks to the accumulated knowledge about the use of policy research in the world, this question can be answered.

In terms of knowledge base of policies, Riege and Lindsay (2006) assure that the problem of the quality of the research was a recurrent concern of

researchers and that it was also one of the resources to explain the scarce impact of research in some areas such as postgraduate study or environmental protection. The works in these areas, according to Ward et al., were not "sustained by extensive research" and "suffered from a low level of generalization of results [. . .], analytical poverty and in other cases, they lacked" consistency between the proposed theories, approaches, and methods used (2009: 275).

More recently, some authors such as Giraldo et al. (2009) have assured that the quality of the research is not necessarily related to its use. According to this author, there is a tension between the autonomy of the researchers, their degree of public interference, and the quality of the research they carry out. That is to say, the more autonomous is the investigation with respect to the "political perks," there may be little chance of having an impact, but at the same time, the research could be of higher quality. Moreles concludes that in several countries, the quality of research is not directly associated with its use. This is a warning to adopt the EBPP. If the evidence selected in the systematic reviews is of "high quality," why is it not used to the degree that is expected? Researchers such as Golden-Biddle et al. (2003), Hofmeyer et al. (2012), and Kothari (2011) have shown that personal contact between the researcher and the authorities is central for the policy to incorporate, in a partial, discontinuous, and sometimes problematic way, knowledge of the expert. Brown (2009), meanwhile, has also observed that the impact of knowledge on politics is a complex phenomenon and that, therefore, cannot be treated under purely technical assumptions. This author suggests that there are four dynamics that have to be considered to analyze whether ideas impact on public action that are of "social nature" (what changes are required by the policy) or of "scientific nature" (epistemological correction, validity of knowledge).

In addition, the term "relation" between research and policies should be taken with caution, since it can be artificial when it comes to testing by means of certain empirical evidence. For some scholars such as Hammersley (2002), Lavis et al. (2002), and Bogenschneider and Corbett (2011), this relationship manifests itself in different ways and suggests that it can be "subtle, indirect and interactive" and be conditioned by various factors such as the "alternation and expansion of roles" of the actors involved, the characteristics of research, and relationships informal and personal contacts that are established between the actors. In summary, concentrating high-quality scientific evidence in systematic reviews ensures its use in policy processes and practice.

Walter et al. (2005) point out that the use of research is a continuous process that ranges from alerting and becoming more aware of a problem to changing attitudes and changing policy decisions. That is, there can be both a conceptual use of the evidence and a clearly instrumental one. These authors also identify five mechanisms by which the evidence is used, namely:

- Dissemination, which consists of the circulation or basic presentation of the findings in unprocessed formats to potential users
- Interaction, which seeks to develop closer links and collaborations between research, policy, and practice
- Social influence, which is based on trying to influence other experts through persuasion
- Facilitation, which occurs when developing organizational, technical, financial, and even emotional support
- Reinforcement, which includes the use of rewards other than evidence for the purpose of inducing certain behaviors of knowledge users (Walter et al. 2005: 341)

Walter et al. (2005) also reveal at least three lessons when they try to answer the question: "What works best to promote evidence-based practices" in the areas of health, justice, social protection, and education? Through the review of 93 articles with empirical applications, they ensure that (i) informal contact has value in promoting the use of research; (ii) cultural resistances are evident at the suggestion of changing a practice even when it is based on evidence and is justified by itself; and (iii) there is no optimal mechanism to ensure the effective use of evidence: however, they clarify that in some policy

sectors (i.e., education), it seems that interactive approaches are better received than in others (i.e., health) where reinforcement is more likely to succeed.

It would seem then that the use and impact of research and specialized knowledge are deeply mediated by a series of human and personal relationships, and, therefore, it is not enough to appeal to the quality of the evidence to await its use.

## Weighing the Merits and Limitations

Should we adopt or reject the evidence-based policy approach in the field of public policy? If we take into account the consolidation of the field of policy research, the need to raise the effectiveness of governments in the conduct of public affairs such as education and health and the dismantling of efforts in the areas of evaluation of policies and programs, the answer would point to the positive side. The approach should be adopted. This argument is reinforced by some characteristics of the systematic reviews, which are the central core of the EBPP. One of these characteristics is that the evidence is generated through a collective process, open and with explicit criteria for the selection of material and, therefore, subject to constant refutation. (See Colman et al. (2008), Morrell (2012), and Selamat and Hashim (2008).) Also, the systematic reviews are clear in their objective. With these exercises one wants to know what programs or policy interventions really work for the benefit of the users. The evaluation dimension is clearly defined when initiating the preparation of an exercise of this type.

Another observable merit of the EBPP is its emphasis on encouraging policy change. This advantage is shared with other types of epistemologies and approaches such as the empowerment evaluation (Fetterman et al. 1996). However, the EBPP, like all academic proposals, also has limitations, and one of them is to suggest that the "evidence" is only the measurable effects caused by an intervention or policy program. Authors like Aguilar and Santos (2011), Majone (1989), Head (2008, 2010), and Ávalos Bracho (2010) argue that scientific evidence must be complemented with other information such as that originated in the processes of operation and in the spheres of politics. Likewise, it is important to consider scientific evidence as an incentive to debate which can be the most appropriate policy instrument to face the problem detected. The evidence, in this sense, "acquires an argumentative meaning in its political use" (Bracho 2010: 331).

There is another limitation to approaches such as the EBPP or methodologies such as systematic reviews to be addressed. Although it is said that high-quality evidence is produced with this type of exercise, its use in most polities does not depend on the quality of knowledge but on schemes of personal and human interaction that are much more complex. Even so, if the primary objective is to make the policies and programs work for what they were designed and that the policy change is well founded, we will have to continue reflecting on the role of ideas in our daily world, which is "the greatest challenge for 21st century science is that of the cosmos or the world of sub-nuclear particles" (Rees et al. 2003).

In this paper a less opinionated and better informed political debate which allows for analytical approaches has been advocated. But why not generalize this request and demand this analytical approach for the very exercise of politics? This is what the evidence-based policy aims to do: to introduce a concept that is not new but that took momentum under the government of Tony Blair in the United Kingdom, when he advocated a "modernization of the state" that would limit the weight of ideology and produce policies that "took shape based on evidence and not as responses to short-term pressures."

The idea looks simple: evidence-based policy seeks to ensure that public policies are (more) informed by evidence based on rigorous research. In practice, this involves incorporating empirical knowledge in all stages of the process, from when the problem is identified until a policy is formulated and implemented that confronts it. It also involves checking the success or failure of actions in operation and even carrying out tests to evaluate a program before its implementation. In bold outline, what is pursued is to assimilate the

scientific procedure of, say, medicine and other disciplines.

The best illustration of the concept is the pilot tests of public policies called "randomized controlled trials" (Begg et al. 1996; Concato et al. 2000; Benson and Hartz 2000). A paradigmatic example is the programs in India to improve school results, which are tested in a hundred or two hundred schools at random and which, when successful, spread throughout the country (Best and Kahn 2016). Similar studies are frequent in development policies, but there are also mundane examples, such as the British Cabinet Office, which proved with an essay that sending an SMS to the defaulters multiplied the percentage of payers by six. Other times the results serve to abandon failed policies. A few years ago, the United States and the United Kingdom launched a program that consisted of interviewing young people with prisoners so that they were aware of the risks of a criminal life; however, the program achieved the opposite: the participants in the program committed more crimes (Cohen 1998).

However, these ideas are not revolutionary. Public policies are already nourished by empirical evidence, but this practice should be routine and more intensive. Simply, if a policy pursues an objective, it must be well founded, and it is convenient to check that it actually achieves what it proposes.

At this point, a warning is necessary: empirical knowledge cannot supplant the democratic process by which divergent criteria and interests are reconciled. First of all, because the technical aspects – the effectiveness and efficiency of an action – are not the only relevant factors in the genesis of public policies, the process is complex, nonlinear, and multifactorial. There is always room for the interests of a relevant party regardless of its technical merits. Above all, it should be remembered that the ability to self-govern is good in itself and that the preferences of citizens have an intrinsic value. This means that good politics necessarily has a core of social dialogue and discussion of interests.

In short, empirical evidence and technical criteria should not impose the future of politics, but they should contribute to this process as an important element. It is an element, in addition, of increasing importance, because our societies face increasingly complex challenges that demand ever more subtle solutions. The mere intuition is a counselor who loses faculties every day and must leave room for other more rigorous ways of knowing what to do and how to do it.

## Conclusion

In the first two decades of the twenty-first century, most countries of the world have to face the challenge of improving economic growth and productivity, which requires introducing reforms in most political institutions. The renewal of the state poses technical and political difficulties, but the greatest difficulty is to solve both simultaneously, since the technical and democratic procedures run in separate channels and have different objectives. The economic analysis seeks optimal solutions that will hardly be socially feasible. Democratic procedures seek compromise solutions, which will hardly be economically optimal. As a global tendency, it presents the same problem of balancing economic growth with people's well-being. In terms of evidence-based policy-making, it is a high priority for citizens to stay out of the so-called struggle of ideas and interests and adopt a reconciling and constructive attitude that allows synthesizing and expanding the best of evidence and democratic values. To address these uncertainties, evidence-based policy is proposed. Instead of looking for optimal policies, the evidence-based policy analysis framework proposes a systematic search for robust public policies. On one hand, the evidence-based policy procedures allow to elaborate, through the political consensus based on the empirical evaluation, technically correct and politically acceptable proposals for any plausible future. On the other hand, an empirical policy frees us from thinking only on the basis of ideology and more in terms of what is practical. Today we live in a paradoxical situation: our social sciences feed on real policy data, but the opposite transit hardly flows. We would say that we have evidence-based policies. In this way, by allowing our policies to make poor use of

experimentation and evidence, we turn the exercise of governing into a permanent experiment.

## Cross-References

▶ Performance Information in Evidence-Based Management

## References

Aguilar AG, Santos C (2011) Informal settlements' needs and environmental conservation in Mexico City: an unsolved challenge for land-use policy. Land Use Policy 28(4):649–662

Ávalos Bracho M (2010) Merger policy and efficiency gains. Economía Mex Nueva Época 19(2):343–379

Bacon F (2009) The new Atlantis. The Floating Press, Portland

Begg C, Cho M, Eastwood S, Horton R, Moher D, Olkin I, . . ., Stroup DF (1996) Improving the quality of reporting of randomized controlled trials: the CONSORT statement. JAMA 276(8): 637–639

Bellinger WK (2015) The economic analysis of public policy. Routledge, London/New York

Benson K, Hartz AJ (2000) A comparison of observational studies and randomized, controlled trials. N Engl J Med 342(25):1878–1886

Best JW, Kahn JV (2016) Research in education. Pearson Education, London

Birkeland S, Murphy-Graham E, Weiss C (2005) Good reasons for ignoring good evaluation: the case of the drug abuse resistance education (D.A.R.E.) program. Eval Program Plann 28:247–256

Bogenschneider K, Corbett TJ (2011) Evidence-based policymaking: insights from policy-minded researchers and research-minded policymakers. Routledge, London/New York

Bracho MÁ (2010) Merger policy and efficiency gains. Economía Mexicana. Nueva Época, 19(2):343–376

Brown W (2009) Edgework: critical essays on knowledge and politics. Princeton University Press, Princeton

Cabinet Office (1999) Professional policy-making for the twenty first century. Retrieved from: https://ntouk.files.wordpress.com/2015/06/professional-policy-making-for-the-21st-century-1999.pdf (last accessed on 29 Oct 2019)

Coburn CE (2001) Collective sensemaking about reading: how teachers mediate reading policy in their professional communities. Educ Eval Policy Anal 23:145–170

Coburn CE, Talbert JE (2006) Conceptions of evidence-based practice in school districts: mapping the terrain. Am J Educ 112:469–495

Coburn CE, Touré J, Yamashita M (2009) Evidence, interpretation, and persuasion: instructional decision making at the district central office. Teach Coll Rec 111(4):1115–1161

Cohen MA (1998) The monetary value of saving a high-risk youth. J Quant Criminol 14(1):5–33

Colman AM, Pulford BD, Rose J (2008) Collective rationality in interactive decisions: evidence for team reasoning. Acta Psychol 128(2):387–397

Concato J, Shah N, Horwitz RI (2000) Randomized, controlled trials, observational studies, and the hierarchy of research designs. N Engl J Med 342(25): 1887–1892

Cook FL, Tyler TR, Goetz EG, Gordon MT, Protess D, Leff DR, Molotch HL (1983) Media and agenda setting: effects on the public, interest group leaders, policy makers, and policy. Public Opin Q 47(1):16–35

David JL (1981) Local uses of title I evaluations. Educ Eval Policy Anal 3:27–39

Davies HT, Nutley SM (eds) (2000) What works?: Evidence-based policy and practice in public services. Policy Press, Bristol

De Jaegher H, Di Paolo E (2007) Participatory sense-making. Phenomenol Cogn Sci 6(4):485–507

Dervin B (1998) Sense-making theory and practice: an overview of user interests in knowledge seeking and use. J Knowl Manag 2(2):36–46

Desrosières A (2008) Gouverner par les nombres: L'Argument statistique II. Presses de l'Ecole des Mines, Paris

European Commission (2001) European governance: a white paper, COM(2001) 428 final. European Commission, Brussels

European Commission (2013) Towards social investment for growth and cohesion – including implementing the European social fund 2014–2020, COM(2013) 83 final. European Commission, Brussels

Evett IW, Jackson G, Lambert JA, McCrossan S (2000) The impact of the principles of evidence interpretation on the structure and content of statements. Sci Justice 40(4):233–239

Fetterman DM, Kaftarian SJ, Wandersman A (1996) Empowerment evaluation: knowledge and tools for self-assessment and accountability. Sage, Thousand Oaks

Fischer F (2003) Reframing public policy: discursive politics and deliberative practices. Oxford University Press, New York

Giraldo G, Morales J, Granada Vahos J (2009) Las Políticas Públicas Territoriales Como Redes De Política Pública Y Gobernanza Local: La Experiencia De Diseño Y Formulación De Las Políticas Públicas Sobre Desplazamiento Forzado En El Departamento De Antioquia Y La Ciudad De Medellín.(Territorial public politics as networks of public policies and local governance: the experience of the design and formulation of the public policies on forced displacement in the department of Antioquia and the city of Medellín)

Golden-Biddle K, Reay T, Petz S, Witt C, Casebeer A, Pablo A, Hinings CR (2003) Toward a communicative perspective of collaborating in research: the case of the

E

researcher-decision-maker partnership. J Health Serv Res Policy 8(2_suppl):20–25
Hammersley M (ed) (2002) Educational research, policymaking and practice. Sage
Hanna D, Francisco B, David I (eds) (2010) Educational research and innovation the nature of learning using research to inspire practice: using research to inspire practice. OECD publishing, Paris
Head BW (2008) Three lenses of evidence-based policy. Aust J Public Adm 67(1):1–11
Head BW (2010) Reconsidering evidence-based policy: Key issues and challenges
Hero RE, Tolbert CJ (1996) A racial/ethnic diversity interpretation of politics and policy in the states of the US. Am J Polit Sci 40(3):851–871
Hofmeyer A, Scott C, Lagendyk L (2012) Researcher-decision-maker partnerships in health services research: practical challenges, guiding principles. BMC Health Serv Res 12(1):280
Hopf T (2007) The limits of interpreting evidence. In: Theory and evidence in comparative politics and international relations. Palgrave Macmillan, New York, pp 55–84
Howlett M (2009) Policy analytical capacity and evidence-based policy-making: lessons from Canada. Can Public Adm 52(2):153–175
Howlett M, Newman J (2010) Policy analysis and policy work in federal systems: policy advice and its contribution to evidence-based policy-making in multi-level governance systems. Polic Soc 29(2):123–136. http://www.evidencecollaborative.org/principles-evidence-based-policymaking
Huberman M (1990) Linkage between researchers and practitioners: a qualitative study. Am Educ Res J 27(2):363–391
Huberman M (1994) Research utilization: the state of the art. Knowl Technol Policy 7(4):363–391
Johnson BL Jr (1999) The politics of research-information use in the education policy arena. Educ Policy 13(1):23–36
Kay A (2006) The dynamics of public policy: theory and evidence. Edward Elgar Publishing, Cheltenham
Kennedy MM (1982) Working knowledge and other essays. The Huron Institute, Cambridge, MA
Kothari A, MacLean L, Edwards N, Hobbs A (2011) Indicators at the interface: managing policymaker-researcher collaboration. Knowl Manag Res Pract 9(3):203–214
Lavis JN, Ross SE, Hurley JE (2002) Examining the role of health services research in public policymaking. Milbank Q 80(1):125–154
Lodge DM, Shrader-Frechette K (2003) Nonindigenous species: ecological explanation, environmental ethics, and public policy. Conserv Biol 17(1):31–37
Majone G (1989) Evidence, argument, and persuasion in the policy process. Yale University Press, New Haven
Morrell K (2012) Evidence-based dialectics. Organization 19(4):461–479
Noordegraaf M, Abma T (2003) Management by measurement? Public management practices amidst ambiguity. Public Adm 81(4):853–871
Pawson R (2002) Evidence-based policy: the promise ofrealist synthesis. Evaluation 8(3):340–358
Pham MT (2007) Emotion and rationality: a critical review and interpretation of empirical evidence. Rev Gen Psychol 11(2):155
Rees J, Bandyopadhyay S, Spafford EH (2003) A policy framework for information security. Commun ACM 46(7):101–106
Reimers F, McGinn NF, Almonacid MR (2000) Diálogo informado: el uso de la investigación para conformar la política educativa. Centro de Estudios Educativos, Ciudad de México
Riccucci N (2018) Managing diversity in public sector workforces: essentials of public policy and administration series. Routledge, London/New York
Riege A, Lindsay N (2006) Knowledge management in the public sector: stakeholder partnerships in the public policy development. J Knowl Manag 10(3):24–39
Sanderson I (2003) Is it 'what works' that matters? Evaluation and evidence-based policy-making. Res Pap Educ 18(4):331–345
Savolainen R (1993) The sense-making theory: reviewing the interests of a user-centered approach to information seeking and use. Inf Process Manag 29(1):13–28
Selamat MH, Hashim A (2008) A qualitative decision trail in the hermeneutic analysis evidence from the case study. Int J Bus Manag 3(3):41–55
Shaxson L (2005) Is your evidence robust enough? Questions for policy makers and practitioners. Evid Policy: J Res Debate Pract 1(1):101–112
Smith PC, Davies HTO, Nutley SM (2000) What works? Evidence-based policy and practice in public services. The Policy Press, Bristol
Stone DA (1989) Causal stories and the formation of policy agendas. Polit Sci Q 104(2):281–300
Stone D (2001) Policy paradox: the art of political decision making. W.W. Norton and Company, New York
Walter I, Nutley S, Davies H (2005) What works to promote evidence-based practice? A cross-sector review. Evid Policy: J Res Debate Pract 1(3):335–364
Ward V, House A, Hamer S (2009) Knowledge brokering: the missing link in the evidence to action chain? Evid Policy: J Res Debate Pract 5(3):267–279
Weiss M (1993) New guiding principles in educational policy: the case of Germany. J Educ Policy 8(4):307–320
Weiss CH, Murphy-Graham E, Petrosino A, Gandhi AG (2008) The fairy godmother – and her warts: making the dream of evidence-based policy come true. Am J Eval 29(1):29–47
Williams A (2010) Is evidence-based policy making really possible? Reflections for policymakers and academics on making use of research in the work of policy. In: Colebatch HK, Hoppe R, Noordegraaf M (eds) Working for policy: 195–210. Amsterdam University Press, Amsterdam
Yanow D (2000) Conducting interpretive policy analysis. Sage, Newbury Park

# Evolution of Crisis Management

Abdul-Akeem Sadiq and Jenna Tyler
School of Public and Environmental Affairs, Indiana University-Purdue University Indianapolis (IUPUI), Indianapolis, IN, USA

## Synonyms

History of emergency management

## Definition

The evolution of crisis management refers to the history of the US emergency management system, dating from the early nineteenth century to the year 2015.

## Introduction

The theory and practice of crisis management has significantly evolved over the past century in the United States. This evolution is due in part to increases in the frequency, size, and scope of disasters, resulting in significant human, physical, and economic losses (Comfort et al. 2012). However, political events to include changes in administrations, world wars, and the rise and decline of national powers have also spurred this evolution (Lindell et al. 2001). For example, numerous policy and institutional changes have occurred in response to the Galveston Hurricane, Cold War, Three-Mile Island, 9/11, and Hurricane Katrina. Together, these events have helped develop and characterize crisis management as an essential subdiscipline within public administration (Comfort et al. 2012). To illustrate the development of this subdiscipline, this entry chronologically traces the historical evolution of crisis management in the United States by addressing major incidents, significant policy changes, and critical planning documents that have helped shape the theory and practice of crisis management today.

## Early History (1800–1950)

Prior to the nineteenth century, there was no organized response to disasters or emergencies (Federal Emergency Management Agency (FEMA) 2014). Instead, individuals and households carried out response activities by themselves or with the help of neighbors and/or local community organizations. For example, individuals and neighbors battled fires with rudimentary tools such as buckets and hoes, leading to the formation of *bucket brigades* (Coppola 2006). As the number of fires in large urban cities throughout the United States continued to increase, the efforts of *bucket brigades* and local governments became inadequate (FEMA 2014). As a result, the federal government became involved in assisting local communities affected by natural disasters (FEMA 2014). The earliest piece of federal disaster legislation occurred in 1803 with the passage of a Congressional Fire Disaster Relief Act. This act allowed the federal government to provide financial assistance to residents in Portsmouth, New Hampshire, who were affected by a major fire, which swept through the city (FEMA 2014). This reactive and ad hoc response by the federal government continued for much of the 1800s (Haddow et al. 2011). However, because major natural disasters in the early 1900s, including Hurricane Galveston that resulted in over 6000 fatalities, overwhelmed local response capabilities, the federal government created national level organizations to assist local communities in their response and recovery efforts. For example, in 1930, the Reconstruction Finance Corporation and the Bureau of Public Roads had the authority to provide disaster loans to public facilities to help with repairs and reconstruction. Similarly, the Tennessee Valley Authority emerged to help reduce flooding in the region (Haddow et al. 2011). One of the most significant pieces of crisis management legislation during this time was the passage of the Flood Control Act of 1936. This act had a profound impact on crisis management as it provided the US Army Corps of Engineers (USACE) with the authority to design and develop flood mitigation measures to stem future flood losses (Haddow et al. 2011).

Although these flood-control projects promoted economic and population growth along the country's rivers, history has shown that this approach was both shortsighted and costly (Haddow et al. 2011).

## The Civil Defense Era (1950s)

In the 1950s, federal preparedness initiatives focused on the Cold War and the potential risk of a nuclear attack engendered by the Soviet Union (Haddow et al. 2011; Lindell et al. 2001). In response, Congress passed the Federal Civil Defense Act (FCDA) of 1950, which made the Federal Civil Defense Administration an independent agency and gave it the authority to direct and coordinate federal disaster assistance efforts and war-related crisis planning. This act also confirmed that civil defense was a primary responsibility of state and local governments, causing civil defense programs to emerge throughout local communities. These local civil defense directors were the first recognizable face of crisis management in the United States (Haddow et al. 2011). To assist the FCDA, the Office of Defense Mobilization was established within the Department of Defense (DOD), with a focus on preparing for the mobilization and stockpiling of resources in the event of a war-related crisis. In addition to the establishment of these two agencies, Congress passed the Federal Disaster Relief Act of 1950 (FEMA 2014). This act allowed the president to review state governors' requests for federal assistance and decide whether to declare a major disaster and disperse federal funds (FEMA 2014). This act also reaffirmed that the federal government would support state and local governments, not supplant them. In 1958, the federal government merged the FCDA and Office of Defense Mobilization into the Office of Civil and Defense Mobilization to coordinate wartime activities (Haddow et al. 2011). Despite these governmental efforts, the US military questioned their ability to maintain social order in the aftermath of a potential or actual nuclear disaster (Lindell et al. 2001). This concern is how the field of disaster research came into existence as it prompted sociologists to begin studying individual- and community-level responses to disasters and the consequences of their response (Lindell et al. 2001). Hence, early empirical disaster researchers were interested in practical issues and not necessarily theorizing the social origins of disasters (Lindell et al. 2001).

## Changes in Crisis Management (1960s)

The focus of crisis management in the 1960s shifted from civil defense to natural disasters as a series of major natural disasters struck the United States (FEMA 2014). For example, the Ash Wednesday Storm in 1962 devastated the East Coast, producing over $300 million in damage (Haddow et al. 2011). Then, in 1964, a 9.2 magnitude earthquake shocked Alaska's Prince William Sound region, generating tsunamis down the Pacific Coast and resulting in 123 fatalities (FEMA 2014). Additionally, Hurricane Betsy in 1965 and Hurricane Camille in 1969 wreaked havoc along the Gulf Coast, killing and injuring hundreds of residents. The destruction engendered by these disasters and others proved that ad hoc legislation for disaster relief would no longer be effective. As a result, Congress passed the National Flood Insurance Act of 1968, which created the National Flood Insurance Program (NFIP). Unlike previous crisis management legislation, the National Flood Insurance Act coupled with the creation of the NFIP took a proactive approach, as they were developed to reduce flood risks prior to the next flood disaster (Haddow et al. 2011). This proactive approach expanded into disaster research as university-based research centers with the goal of reducing the human, physical, and economic losses to disasters through empirical research and evidence-based practices emerged in the 1960s (Lindell et al. 2001). For example, in 1963, E.L. Quarantelli, Russell Dynes, and J. Eugene Haas formed the Disaster Research Center (DRC) at Ohio State University. Since then, the center has moved to the University of Delaware. Almost a decade later, the University of Colorado Boulder established the Natural Hazards Center. The DRC, Natural Hazards Center, and other disaster

research centers continue to make significant contributions to the scientific understanding of hazards, risks, and disasters.

## The Development of FEMA (1970s)

By the 1970s, over 100 federal agencies were involved in some aspect of crisis management (FEMA 2014). However, five federal departments or agencies had the greatest authority. The Department of Commerce, for example, was responsible for weather, warning, and fire protection. The General Services Administration oversaw functions related to continuity of government, stockpiling, and federal preparedness. The Nuclear Regulatory Commission was responsible for securing power plants. The Treasury Department had authority over import investigations. Finally, the Department of Housing and Urban Development (HUD) was responsible for overseeing the NFIP. Additionally, with the passage of the Disaster Relief Act of 1974, HUD was responsible for assisting disaster relief efforts. This act established the process for presidential disaster declarations. However, in 1988, Congress amended the Disaster Relief Act of 1974, clarifying the disaster declaration process and renamed it the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The fragmentation and decentralization of crisis management functions resulted in state and local governments advocating for the establishment of a single federal agency that would lead all emergency management functions (FEMA 2014). This advocacy heightened on March 28, 1979, as a nuclear reactor partially melted down at the Three-Mile Island Nuclear Power Plant in Pennsylvania. This was the worst nuclear accident at a commercial nuclear power plant in US history and was the impetus for consolidating emergency management functions into one federal agency (FEMA 2014). In response, FEMA was created through the passage of Reorganization Plan No. 3 and President Jimmy Carter's Executive Order 12127 on April 1, 1979 (FEMA 2014; Sadiq et al. 2016). President Jimmy Carter appointed John Macy as the first FEMA director, despite his minimal emergency management experience. Under this reorganization plan, FEMA was considered the lead agency over all emergency preparedness, response, recovery, and mitigation function (Sadiq et al. 2016). Additionally, this plan transferred the following emergency management administrations, functions, and programs to FEMA: "National Fire Prevention Control Administration (Department of Commerce); Federal Insurance Administration (HUD); Federal Broadcast System (Executive Office of the President); Defense Civil Preparedness Agency (DOD); Federal Disaster Assistance Administration (HUD); the Federal Preparedness Agency (GSA); Earthquake Hazards Reduction Program (Office of Science and Technology Policy); Dam Safety Program (Office of Science and Technology Policy)" (FEMA 2014, p. 5). Although the majority of all emergency management functions were now under one umbrella, FEMA operated in silos, resulting in a disjointed agency (Haddow et al. 2011).

## An Agency in Trouble (1980s)

FEMA experienced many challenges during its infancy even though there were no significant natural disasters (FEMA 2014). For example, in 1981, President Reagan appointed General Louis O. Giuffrida as the second director of FEMA. Under his leadership, preparing for a nuclear attack became the top priority for the agency (FEMA 2014). Federal budgets and responsibilities were tailored with a national security focus, and because state emergency management agencies played a little role in national security initiatives, their federal funding diminished (Haddow et al. 2011). Congress then began investigating FEMA's roles and responsibilities as well as how senior political officials distributed government funding. Because of these investigations, Giuffrida and his top aides resigned (FEMA 2014). By 1984, FEMA suffered from inherently organizational and political issues, causing Congress and senior administrative officials to have little respect for the agency (Comfort et al. 2012). In an attempt to professionalize the field of crisis

management, FEMA collaborated with the National Association of Schools of Public Affairs and Administration (NASPAA) to build a network of professionals and researchers who could address the challenges impacting emergency managers at all levels of government (Comfort et al. 2012). This initiative led to a 1984 workshop for researchers and practitioners that aimed at developing programs to advance educational opportunities, establishing a research agenda for the field, and introducing programs to build the human resources necessary to meet the network's goals (FEMA 1985). The workshop also prompted professional societies like the American Society for Public Administration (ASPA) to develop a section on emergency and crisis management (Comfort et al. 2012). By 1985, President Reagan appointed General Julius Becton as the third FEMA director. Similar to his predecessor, Becton continued to emphasize the importance of nuclear preparedness, placing natural disaster preparedness at a low priority (FEMA 2014). Members of Congress expressed a concern over FEMA's priorities and ability to coordinate federal response efforts. Two devastating hurricanes confirmed members of Congress' concerns and called into question the purpose of FEMA's existence (FEMA 2014). In September of 1989, Hurricane Hugo devastated both North and South Carolina, resulting in over $15 million in damages and 85 fatalities. Less than a month later, the Loma Prieta earthquake shocked the San Francisco Bay Area during the World Series. In both incidents, the affected local and state governments heavily criticized FEMA's response, arguing that FEMA was slow to respond with financial and physical resources. By the end of the 1980s, FEMA had considerable morale problems, inconsistent leadership and direction, and poor relationships with the state and local governments (FEMA 2014).

## The Witt Revolution (1990s)

The early 1990s further revealed that FEMA was ill prepared to handle large-scale disasters (FEMA 2014). For example, in August of 1992, Hurricane Andrew struck Florida and Louisiana coasts and destroyed roughly 82,000 businesses, resulting in the loss of approximately 86,000 jobs (Hartwig 2002). Then, Hurricane Iniki struck Hawaii in September 1992, affecting over 14,000 homes and resulting in over $3 billion in damages. Despite the development of FEMA's Federal Response Plan in 1992 that outlined the federal government's response processes, FEMA was again slow to respond. As a result, during FEMA's reauthorization hearings in 1992, Congress debated disassembling the agency (Comfort et al. 2012). However, Congress' doubt subsided once President Bill Clinton appointed James Lee Witt as the fourth FEMA director in 1993. Witt was the first FEMA director with extensive emergency management experience, having been the former director of the Arkansas State Emergency Management Agency. Witt's tenure at FEMA became known as the *Golden Age of FEMA* as he created a culture of transparency, implemented customer service training, and developed strong connections with state and local counterparts through the ten FEMA regional offices (FEMA 2014; Sadiq et al. 2016). Witt also embraced the all-hazards approach to crisis management by developing a basic framework for responding to a variety of hazards rather than focusing all efforts on one single hazard or risk. Additionally, President Bill Clinton elevated the FEMA director to a cabinet-level position. This action signified that crisis management was a top priority (FEMA 2014).

Under Witt's leadership, FEMA was able to successfully respond to a number of major natural disasters to include the Midwest Floods in 1993 as well as the Northridge Earthquake in 1994. Because of the devastation engendered by these and other disasters, Witt focused on hazard mitigation and helped pass the Hazard Mitigation and Relocation Act of 1993, which gave FEMA greater authority to reduce community flood risks. However, the first bombing of the World Trade Center in February of 1993 and the Oklahoma City Bombing in April of 1995 elevated the threat of terrorism. Because of these incidents, there was great debate on what agency would be the lead agency in preventing future terrorist attacks and protecting the nation's vital interests.

As this debate progressed, Witt continued to emphasize the importance of hazard mitigation by launching Project Impact. The ultimate goal of this program was to build disaster-resilient communities by incorporating risk-management and risk-avoidance practices into local community's decision-making processes (Haddow et al. 2011). By the end of the 1990s, FEMA had restored its reputation.

The 1990s also attracted new scholars to the study of crisis management (Comfort et al. 2012). For example, in the mid-1990s, the National Science Foundation introduced the Enabling the Next Generation of Hazards and Disasters Researchers. As of today, the program has mentored four cohorts of new disaster researchers who have significantly contributed to the study of hazards, risk, and disasters. Additionally, the field of crisis management is becoming more professionalized as undergraduate and graduate degree programs emerged throughout the United States (Waugh and Sadiq 2011).

## Terrorism Centric (2000–2004)

The start of the new millennium began with President George W. Bush taking office and appointing Joe Allbaugh to be the fifth FEMA director in February of 2001. Like other FEMA directors, Allbaugh had political ties to the president but had no emergency management experience (Haddow et al. 2011). Under Allbaugh's reign, the Project Impact was discontinued because the Bush administration had doubts regarding the efficacy of the program (Haddow et al. 2011). This decision shocked much of the crisis management community as Project Impact had provided a number of communities with the funding to implement projects aimed at mitigating and preparing for natural disasters (FEMA 2014).

The terrorist attacks on September 11, 2001, drastically shifted FEMA's preparedness priorities from an all-hazards approach to a terrorism-centric mindset. Additionally, this incident led to several immediate and radical policy and institutional changes within the federal government (Birkland 2009; Hu et al. 2014). Arguably, the greatest change was the passing of the Homeland Security Act of 2002, which merged 22 agencies, including FEMA, and over 179,000 governmental personnel to form the Department of Homeland Security (DHS) (Haddow et al. 2011). The inclusion of FEMA under DHS diminished FEMA's funding and capacity to respond to natural disasters (Gerber 2007; Waugh and Tierney 2007).

In 2003, Pennsylvania Governor Tom Ridge was appointed as the first Secretary of Homeland Security. To help guide and mobilize domestic homeland security efforts, DHS developed a series of strategic planning documents such as the *Homeland Security Strategy of 2002*, with a primary focus on terrorism. Three years after the 9/11 terrorist attacks, DHS transformed the Federal Response Plan of 1992 into the National Response Plan of 2004. The NRP placed a greater emphasis on terrorism prevention and increased the number of Emergency Support Functions (ESFs) from 12 to 15 (Birkland 2009; Hu et al. 2014). ESFs are used to provide structure for coordinating interagency support to respond to an incident and are staffed by a representative from a public, private, or nonprofit agency who serves as a technical expert for the management and oversight of that particular ESF (FEMA 2008). Yet one of the most notable additions to the NRP was the establishment of the National Incident Management System (NIMS). NIMS provides a common framework for incident management regardless of cause, size, or complexity. Together, these changes resulted in FEMA and DHS focused on addressing the risk of an imminent terrorist threat.

## The Hurricane Katrina Debacle (2005–2009)

FEMA's focus shifted again in August of 2005 as Hurricane Katrina devastated New Orleans, Louisiana, and Bay St. Louis, Mississippi, among other cities, resulting in over 1800 fatalities and over $100 billion in disaster relief expenditures (Haddow et al. 2011). The poor and slow response to Hurricane Katrina by all levels of government suggested that FEMA along with DHS had placed

too much emphasis on terrorism, neglecting the potential for catastrophic natural disasters (Birkland 2009). The political fallout by this failed response resulted in Michael Brown, the FEMA director appointed in 2003, resigning. In an attempt to determine the necessary corrective actions, the federal government conducted a thorough evaluation of the incident. This evaluation led to Congress passing the Post Katrina Emergency Management Reform Act (PKEMRA) of 2006, which significantly reorganized FEMA and developed a more robust preparedness system by establishing the National Emergency Family Registry and Locator System and developing procedures to handle pets during evacuations, among other changes (Townsend 2006). Additionally, DHS allocated funding to the study of coastal disasters by developing the Coastal Hazards Center of Excellence at the University of North Carolina at Chapel Hill and Jackson State University. Finally, in 2009, FEMA replaced the NRP with the National Response Framework (NRF) to strengthen interorganizational and cross-sector collaborations (Hu et al. 2014). The NRF also refocused the nation's response processes back to an all-hazards approach, emphasizing the role of state and local governments as well as nonprofit and private organizations in crisis management (Hu et al. 2014). By the end of this era, President Barack Obama took office and appointed Florida's State Emergency Management Director, Craig Fugate, as the new FEMA Director in 2009. Fugate's focus has been on creating a culture of preparedness and rebuilding partnerships with state and local emergency management agencies.

## Crisis Management Today (2010–2015)

The United States has been impacted by a variety of natural and man-made disasters over the past 5 years, reaffirming the need for an all-hazards approach. For example, Hurricane Sandy in October of 2012 wreaked havoc along the East Coast and the Boston Marathon bombings in April of 2013 tested multiagency response systems. In the aftermath of Hurricane Sandy and the Boston Marathon bombings, FEMA's response and the response of local first responders, respectively, were highly praised (Hu et al. 2014; Sadiq et al. 2016). Additionally, Presidential Preparedness Directive 8 introduced the National Preparedness Goal, which stressed the need for the whole community to work collectively to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk (FEMA 2015). In 2013, FEMA revised the NRF to include the whole community approach to crisis management (Hu et al. 2014). The whole community approach underscored the need for government, businesses, faith-based and nonprofit organizations, and the community to work together to develop the tools necessary to address the threats and hazards impacting their community (Kapucu et al. 2013). More recently, policymakers have modified the whole community approach to the all-of-nation approach, which emphasizes the need for all citizens and nonprofit and private organizations to advance the preparedness process, share information, and optimize the use of available resources (Egli 2014). Put together, the current changes in crisis management have stressed the need for coordination and collaboration rather than command and control (Hu et al. 2014).

## Conclusion

This entry traced the historical evolution of crisis management in the United States by discussing major incidents, significant policy changes, and critical planning documents that have influenced the theory and practice of crisis management. Although the maturation of the field has been described as a "slow and torturous process" (Farazmand 2001, p. 357), there is a hopeful future (Haddow et al. 2011). For example, it is likely that greater efforts will be made to enhance cross-sector collaborations by engaging nonprofit and private organizations. It is also likely that technological advancements (e.g., GIS and social media) will strengthen organizational operations by enhancing information sharing and responsiveness of crisis management organizations. Finally, it is likely that crisis management will be given a

higher priority as the realities of climate change are becoming more pronounced. Although only time will tell how the field of crisis management will evolve in the coming years, current efforts suggest that the field will only become more proactive at creating disaster-resilient communities.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Politics and Crisis Management


## References


Birkland TA (2009) Disasters, catastrophes, and policy failure in the homeland security era. Rev Policy Res 26(4):423–438

Comfort LK, Waugh WL, Cigler BA (2012) Emergency management research and practice in public administration: emergence, evolution, expansion, and future. Public Adm Rev 72(4):539–547

Coppola DP (2006) Introduction to international disaster management. Butterworth-Heinemann, Burlington/Oxford, UK

Egli DS (2014) Beyond the storms: strengthening homeland security and disaster management. Routledge, New York

Farazmand A (ed) (2001) Handbook of crisis and emergency management. CRC Press, New York, pp 357–414

FEMA (1985) The NASPAA/FEMA public administration faculty workshop on emergency management: conference report. National Emergency Training Center, Emmitsburg

FEMA (2008) Overview: ESF and support annexes coordinating federal assistance in support of the national response framework. http://www.fema.gov/pdf/emergency/nrf/nrf-overview.pdf. Accessed 19 May 2016

FEMA (2014) Introduction to crisis, disaster, and risk management concepts. Emergency Management Institute. https://training.fema.gov/hiedu/aemrc/booksdownload/emoutline/. Accessed 1 May 2016

FEMA (2015) National preparedness goal. https://www.fema.gov/national-preparedness-goal. Accessed 1 May 2016

Gerber BJ (2007) Disaster management in the United States: examining key political and policy challenges. Policy Stud J 35(2):227–238

Haddow G, Bullock J, Coppola DP (2011) Introduction to emergency management. Butterworth-Heinemann, Burlington

Hartwig RP (2002) Florida case study: economic impacts of business closures in hurricane prone counties. Insurance Information Institute, New York

Hu Q, Knox CC, Kapucu N (2014) What have we learned since September 11, 2001? A network study of the Boston marathon bombings response. Public Adm Rev 74(6):698–712

Kapucu N, Hawkins CV, Rivera FI (eds) (2013) Disaster resiliency: interdisciplinary perspectives. Routledge, New York

Lindell MK, Tierney KJ, Perry RW (2001) Facing the unexpected: disaster preparedness and response in the United States. Joseph Henry Press, Washington, DC

Sadiq AA, Tharp K, Graham JD (2016) FEMA versus local governments: influence and reliance in disaster preparedness. Nat Hazards 82(1):123–138

Townsend FF (2006) The federal response to Hurricane Katrina: lessons learned. The White House, Washington, DC

Waugh W, Sadiq AA (2011) Professional education for emergency managers. J Homel Secur Emerg 8(2):1–7

Waugh WL Jr, Tierney KJ (eds) (2007) Emergency management: principles and practice for local government. ICMA Press, Washington, DC, pp 3–10


# Evolution of Government Accounting


Yosra Mnif Sellami[1] and Yosra Gafsi[2]

[1]Accounting, Taxation and Law in High Institute of Business Administration of Sfax, University of Sfax, Sfax, Tunisia

[2]Faculty of Economics and Management of Sfax, University of Sfax, Sfax, Tunisia


## Synonyms

Government financial reporting reform; International harmonization of public sector accounting; Movement from cash to accrual accounting; New Public Financial Management; Public sector accounting change; Reform of financial information systems

## Definition

Government accounting is the process of recording, reporting, and evaluating transitions and

events affecting government's finances. It's a social and institutional practice which deals with fraud and waste in order to protect public treasury, facilitate good financial management, and discharge public accountability.

## Introduction

Over the last decades, major changes have been introduced in government accounting under what is known as the New Public Financial Management (NPFM) reforms. Considered as a fundamental element of the New Public Management (NPM), NPFM is a global movement that focuses on financial aspects and accounting practices in the public sector (Guthrie et al. 1999). It involves the integration of private sector financial reporting techniques in government accounting practices. NPFM reforms seek to improve transparency and accountability, fight corruption, facilitate auditing, and increase public sector performance. The move from cash-based to accrual-based accounting and the harmonization of financial reporting are considered the most significant changes in government accounting and the main trends of the NPFM reforms (Christiaens et al. 2015).

The purpose of this entry is to provide a brief overview of government accounting evolution and its main changes. It begins with a discussion of the historical context of public sector accounting reform. It then highlights the shift from cash to accrual accounting. Finally, it analyzes the international harmonization process of government accounting and the development of International Public Sector Accounting Standards (IPSAS).

## Historical Background and Perspectives of Government Accounting Reform

During the 1980s, the public sector has been a subject of criticism for politicians, academics, private sector representatives, and citizens who pinpointed the ineffectiveness and failure of traditional public financial management. The need to disclose a reliable and transparent financial reporting has increasingly become demanding to assist in decision making and ensure proper management. Under traditional model of government accounting, it is argued that cash-based accounting system reveals some drawbacks. Indeed, the existence of incomplete and inaccurate information on financial transactions, the weakness of performance parameters and more generally the presentation of an unrealistic picture of public entities' financial position are major sources of corruption and government accounting failure. These factors are important features of the socio-economic underdevelopment of several countries (Enthoven 1988).

In the public sector, enhancing financial accountability is based on an improvement of financial information which requires an effective management system by adopting new techniques (accrual accounts, performance measurement, devolved budgets, transparent costing, etc.) (Olson et al. 2001). NPFM is a key part of the New Public Management (NPM) reforms that began in the 1980s and tended to reorganize the public administration and management (Hood 1995). Based on the use of private sector accounting practices, NPFM aims to provide useful and accurate information for different users (Christensen 2010).

Guthrie et al. (1999) distinguish five categories of NPFM reforms which are presented in Table 1.

Although it is considered as a global phenomenon, the NPFM can be neither useful nor applied in the same way for all countries. Despite its promised benefits, the sophisticated design of this financial management style still poses some limitations. According to Olsen et al. (2001), the application of private sector accounting techniques may generate an increase in indirect costs related to the evaluation activities. As a result, public sector organizations may be led to reduce direct costs, thereby limiting the provision of public services. Bowerman (1998) highlights the existence of some confusion and inconsistency in the thoughts and concepts that require more clarity and anticipation before a reform implementation. According to this author, there may be a contradiction between formal regulations and practical techniques.

**Evolution of Government Accounting, Table 1** Categories of NPFM reforms as identified by Guthrie et al. (1999)

| NPFM reform category | Description |
|---|---|
| 1. Changes to financial reporting systems | Promotion of accrual-based accounting and reliance on professional accounting standards |
| 2. Development of commercially minded, market-oriented management systems, and structures | Focus on cash management, quality, and pricing of public services, outsourcing arrangements and internal and external charging/pricing mechanisms |
| 3. Development of a performance measurement approach | Emphasis on financial and nonfinancial performance indicators, benchmarking, and performance measures |
| 4. Devolvement/ decentralization or delegation of budgets | Introducing financial and management accounting systems and focusing on economic-based information sets. More stress on the link between budgets and the reporting of financial and nonfinancial results |
| 5. Changes to internal and external public sector audits | More emphasis on monitoring service delivery functions as well as efficiency and effectiveness of public services |

Source: Guthrie et al. (1999)

NPFM reforms dramatically imply important innovations in government accounting. The move to accrual-based accounting and the international accounting harmonization are the most significant changes.

## Movement from Cash to Accrual Accounting

Cash basis and accrual basis are two main accounting methods in the public sector accounting. The first technique measures cash flows at the time those flows actually take place. In the second method, transactions are recorded when they occur regardless of when actual cash is received or paid (Ruppel 2005). The main differences between cash basis and accrual basis are summarized in Table 2.

The move to accrual-based accounting is one of the fundamental objectives sought by NPFM reforms (Guthrie et al. 1999; Rossi et al. 2016). Indeed, this change in government accounting is mainly associated with the following factors:

- Growing awareness of pure cash accounting drawbacks
- Need to improve accountability and financial reporting quality to fight corruption
- Impact of NPFM reforms on government accounting and introduction of private sector techniques
- Development of accrual-based international standards including Government Finance Statistics Manual (GFSM) and IPSAS
- Interest of international financial institutions and their key role in the spread of accrual accounting to the public sector
- Development of computerized financial management information systems (FMISs) which dramatically contribute to the reduction of transaction costs related to collecting and consolidating accrual-based information

According to the European Commission (2013), the trend toward accrual accounting does not seek to replace or limit the use of cash accounting which is still fundamental for budgetary control in several countries. Unlike cash-based accounting, proponents argue that accrual accounting provides essential and accurate information about government solvency, noncash transactions, patrimonial goods, and public services' costs (Pina and Torres 2003; Hyndman and Connolly 2011). It offers a broader measure of the burden of government's financial commitments than does the cash basis accounting. Since the late 1980s, there has been a growing tendency toward accruals-oriented public sector accounting by governments such as New Zealand and Australia (Hyndman and Connolly 2011). It is asserted that this method contributes to the improvement of government financial performance. It increases the transparency and reliability of financial information. It therefore promotes

**Evolution of Government Accounting, Table 2** Distinction between cash-based and accrual-based accounting

| Distinguishing criterion | Cash-based accounting | Accrual-based accounting |
|---|---|---|
| Appropriate model | Traditional model of public administration accounting/ or budget accounting | Modern model of public sector accounting |
| Main emphasis | Compliance with rules and regulations | Public management efficiency |
| Recording of transactions | Until cash is actually received or paid | When transactions become due |
| Aligning with the "matching concept" | Expense is not recorded in the same period as the income to which it is related | Expense is matched with the revenue it generates |
| Usefulness for economic and investment decision-making | Weakness of performance parameters | Availability of performance parameters |
| Level of simplicity and comprehensiveness of accounting method | Simple and easy to operate | Complicated and difficult to operate |
| Complexity level of financial statements | Financial statements are very understandable and not complicated<br>Nonrequirement for making depreciation, provisions or adjustments for accruals, and prepayments | Financial statements are more complicated and difficult to be understood<br>Making depreciation, provisions, and adjustments for financial statements |
| Picture of public sector entity's financial position and performance | Unrealistic picture of financial transactions | Realistic and more accurate view of financial transactions<br>Accurate information makes it easier to predict future income and financial position |

Source: Guthrie (1998), Ruppel (2005)

better financial planning and improves accountability (Gomes et al. 2015). According to Rossi et al. (2016), accrual accounting has become at the center of international standardization process since it enables to satisfy investors' and markets' information needs, facilitate commercial exchanges, and increase the confidence of private sector partnerships.

However, some authors argue that accrual accounting cannot be adequate to the public sector specificities. According to Guthrie (1998), financial structure and solvency are not relevant in the context of public sector. Since profit is not the main objective of public organizations, it cannot be an effective performance measure. Furthermore, this method is limited to providing narrow information on performance with more emphasis on cost of services and efficiency. Hepworth (2002) states that accrual accounting may worsen underlying financial control problems because it leaves a greater margin of judgment.

Previous studies have investigated the introduction of accrual accounting in the public sector in countries such as Australia (Guthrie 1998), New Zealand (Newberry and Pallot 2004), Sweden (Paulsson 2006), UK, and Republic of Ireland (Hyndman and Connolly 2011). The content of government accounting reforms and the application of accrual accounting differ from one country to another due to the differences in the local specificities and conditions of each government. These reforms differ even among government's different levels within the same country. This is likely to increase the international divergence of accounting practices in the public sector between governments. This diversity in accounting systems has created the need for harmonizing accounting practices in the public sector in order to increase the comparability and transparency of public organizations' financial statements.

## International Harmonization of Public Sector Accounting

Transparency and accountability are key elements in terms of financial reporting. In the absence of transparency, it becomes difficult and more complicated to make politicians, bureaucrats and various governmental entities accountable for their decisions and actions (Bovens 2007). In times of

financial crises, there was an increasing need for transparency and accountability in financial reporting in the public sector. The European Commission (2013) stressed the need for governments to demonstrate financial stability and greater transparency in their financial statements. Hence, the harmonization of public sector accounting practices is needed to ensure the comparability and increase the transparency of government's financial statements. Benito et al. (2007) argue that the trend toward harmonizing government financial reporting is generally stimulated by:

- Externalization of financial activity of public administrations accentuated by the globalization effect
- Need for enhancing transparency and accountability in the public sector
- Need for carrying out comparisons among public administrations of countries with similar characteristics and facilitating the analysis of their financial situation which requires comparable financial reporting
- Need to assist less developed countries in the generalized modernization of their accounting systems
- Need to facilitate the task of public international organizations which use financial reporting from different governments

In recent decades, the International Public Sector Accounting Standards Board (IPSASB), operating under the International Federation of Accountants (IFAC), has played a major role in the field of government accounting harmonization. The Board's mission focuses on the accounting, auditing, and financial reporting needs of governments and other public sector entities. Since 1996, the IPSASB has developed and issued a unique set of standards (IPSAS) for use by the public sector enterprises across the world (Aggestam-Pontoppidan and Andernack 2016). The main events related to the evolution of international accounting harmonization in the public sector are summarized in Table 3.

Based on the international accounting standards (IAS/IFRS), IPSAS are high-quality standards designed to achieve the following objectives:

- Enhancing the quality, transparency, and comparability of financial reporting for public sector entities
- Improving financial accountability and facilitating auditing of public sector organizations
- Strengthen governance procedures
- Enhancing consistency in the preparation and reporting of financial information
- Improving financial reports' interpretation and assisting in decision making

Several international organizations such as the World Bank, the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD) have played a supporting role in the worldwide acceptance and diffusion of these standards. The first adopters of IPSAS were the OECD and the NATO (North Atlantic Treaty Organization) in 2000 and 2008, respectively. Conscious of the importance of budgeting and cash accounting in several countries, the IFAC has established a cash basis standard (cash basis IPSAS). Furthermore, a guide on the transition to accrual basis IPSAS was developed in order to harmonize the public sector accounting with the private sector one. The two types of IPSAS are briefly defined in Table 4.

The number of IPSAS currently stands at 40 standards which are closely linked to the IASB's standards (IAS/IFRS) in order to ensure the comparability of financial reporting for similar transactions between the public and private sectors. However, given that each type of standards is designed to be used in two different contexts, IPSASs and IFRSs differ considerably in several areas because of many reasons:

- Two different scopes: IFRSs are intended for profit-oriented enterprises while IPSASs are developed for use by entities whose primary purpose is to provide basic services in order to improve and maintain the citizens' welfare level
- The changes made by the IPSASB to IFRS in order to adapt them to the specificities of the public sector
- Difference in timing of introducing new alterations or new requirements to each type of standards

**Evolution of Government Accounting, Table 3** Evolution of the international harmonization of public sector accounting

| Date/year | Event(s) |
|---|---|
| October 7, 1977 | Creation of the international and private standard-setting organization (IFAC) in Munich (Germany), at the 11th world congress of accountants, with the aim of developing and enhancing a worldwide accounting profession and high-quality harmonized standards |
| June 1986 | Creation of the public sector committee PSC (the fifth IFAC committee) devoted to the public sector accounting |
| January 1987 | Organization of the first PSC meeting in London to define the role of the PSC |
| 1996 | Launch of the program for the development of a unique set of international accounting standards for use in the public sector (IPSAS) |
| 1998 | Publication of the PSC initial draft reporting guidelines for comment |
| May 2000 | Publication of the first international public sector accounting standards (IPSAS) based on IAS/IFRS and including the accrual-basis method |
| End of 2001 | Development of 17 standards (IPSAS) on the basis of IAS/IFRS |
| 2002 | Initialization of the second phase of the IPSAS program including 12 standards, four of which are specific to the public sector (IPSAS 22, IPSAS 23, IPSAS 24 and IPSAS 32) |
| 2003 | Conducting a review panel (by the IFAC) known as the "Likierman review" following which a recommendation of relaunching the PSC as the IPSASB was proposed |
| 2004 | Reconstitution of the PSC as the IPSASB that represents an independent accounting standard-setter in the public sector, operating under the auspices of the IFAC |
| November 2011 | Announcement of the agreement between the IFAC and the international accounting standards board (IASB) with the aim of strengthening cooperation between the two bodies in developing public and private accounting and financial reporting standards |
| October 31, 2014 | Publication of the IPSASB's conceptual framework entitled "the conceptual framework for general purpose financial reporting by public sector entities" in order to establish and explain the fundamental concepts on which are based the general purpose financial reporting by public sector entities adopting the accrual-based accounting method |

Source: Aggestam-Pontoppidan and Andernack (2016)

**Evolution of Government Accounting, Table 4** Cash basis IPSAS versus accrual basis IPSAS

| Cash basis IPSAS | Accrual basis IPSAS |
|---|---|
| Cash basis IPSAS standard deals with the manner in which the general purpose financial reporting (GPFRs) should be presented under the cash basis accounting<br>Cash basis IPSAS, which was first issued in January 2003, includes two parts; the first examines mandatory reporting requirements and the second addresses encouraged disclosures to support information reported under part 1<br>Such IPSAS mainly focuses on financial reporting of cash receipts, payments, and balances | Most of the IPSASB's standards are on accrual basis that is in line with IFRS<br>Accrual basis IPSAS standard deals with the manner in which the general purpose financial reporting (GPFRs) should be presented under the accrual basis accounting<br>It focuses on assets, liability, revenue, cost, and equity instead of cash flow only<br>Accrual basis IPSAS helps strengthen public financial management by ensuring good asset and debt management and improving service performance and long-term fiscal sustainability |

Source: Aggestam-Pontoppidan and Andernack (2016)

- Differences in the treatment of a particular type of transaction (example: nonexchange transactions)

Although they do not have the same scope, the IASB and the IPSASB do not operate separately; there is a close relationship between the two international standards-setting bodies which publicized in November 2011 an agreement formalized by a Memorandum of Understanding (MoU) (Muller-Marques Berger 2012). The MoU mainly deals with the relationship and the cooperation between the IPSASB and the IASB. In addition, the IPSASB builds on the principles of the IASB's

standards by adapting them to the specificities of the public sector in order to develop its IPSAS. The accrual-based IPSAS focuses on public sector accounting issues that have never been addressed and/or have not been clearly examined by IAS/IFRS. Thus, the accrual-based IPSAS ensures the convergence between IPSAS and IFRS by adapting the IASB standards to the specificities of the public sector accounting. In this regard, the IPSASB published in October 2008 a paper entitled "*Process for reviewing and modifying IASB documents*" which highlights the process of convergence between IPSAS and IAS/IFRS (Aggestam-Pontoppidan and Andernack 2016).

## Conclusion

The international harmonization of financial reporting and the growing move toward accrual-based accounting have been the major changes in government accounting in the last decades. These changes are seen as the main trends of an ongoing NPFM reforms agenda seeking to develop a more performance-based public sector.

This entry has provided an overview of the evolution of government accounting in recent decades. It began with a discussion of the historical background and perspectives of government accounting revolution as a key part of the NPFM reforms. Next, this entry examined the trends, purposes, and limitations of the transition to accrual-based accounting in the public sector.

Finally, this entry discussed the interest of harmonizing the public sector financial reporting and the main events related to the evolution of the international government accounting harmonization. It also underlined the key role of the IFAC, the IPSASB and the different international organizations in the development and the spread of high-quality international public sector standards (IPSAS) that meet the new market requirements as well as stakeholders' information needs. Moreover, this entry highlighted the relationship between the IPSASB and the IASB and their major role in the field of international accounting harmonization.

## Cross-References


- ▶ Accrual Accounting
- ▶ Bureaucracy and the New Public Management
- ▶ Budget Reform and Political Reform
- ▶ Comparative Public Management Systems
- ▶ Framework for Understanding NPM Reform Initiatives
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ New Public Management
- ▶ New Public Management and Governance
- ▶ Privatization and Public Management
- ▶ Whole of Government Accounting


E

## References


Aggestam-Pontoppidan C, Andernack I (2016) Interpretation and application of IPSAS, 1st edn. Wiley, Chicester, pp 11–30

Benito B, Brusca I, Montesinos V (2007) The harmonization of government financial information systems: the role of the IPSASs. Int Rev Adm Sci 73(2):293–317

Bovens M (2007) Analysing and accessing accountability: a conceptual framework. Eur Law J 13(4):447–468

Bowerman M (1998) The public sector financial management reforms: confusions, tensions and paradoxes. In: Olson O, Guthrie J, Humphrey C (eds) Global warning! Debating international development in new public financial management. Cappelen Akademisk Forlag, Oslo

Christensen J (2010) Conceptual frameworks of accounting from an information perspective. Account Bus Res 40(3):287–299

Christiaens J, Vanhee C, Manes-Rossi F, van Cauwenberge P, Aversano N (2015) The effect of IPSAS on reforming governmental financial reporting: an international comparison. Int Rev Adm Sci 81(1):158–177

Enthoven AJH (1988) The future of international standards in governmental accounting. Adv Int Account 2:207–230

European Commission (2013) Report from the commission to the council and the European Parliament. Towards implementing harmonized public sector accounting standards in member states. The suitability of IPSAS for the member states, COM (2013) 114. http://eur-lex.europa.eu

Gomes PS, Fernandes MJ, Da Costa Carvalho JB (2015) The international harmonization process of public sector accounting in Portugal: the perspective of different stakeholders. Int J Public Adm 38(4):268–281

Guthrie J (1998) Application of accrual accounting in the Australian public sector – rhetoric or reality. Finan Account Manage 14(1):1–19

Guthrie J, Olson O, Humphrey C (1999) Debating developments in new public financial management: the limits of global theorizing and some new ways forward. Finan Account Manage 15(3–4):209–228
Hepworth N (2002) Changing to accrual accounting in central government. Institute of Public Finance/ Fedérétion des Experts Comptables Européens
Hood C (1995) The new public management in the 1980s: variations on a theme. Acc Organ Soc 20(2–3):93–109
Hyndman N, Connolly C (2011) Accruals accounting in the public sector: a road not always taken. Manag Account Res 22(1):36–45
Muller-Marques Berger T (2012) IPSAS explained, a summary of international public sector accounting standards. Wiley/Ernst & Young, Chichester
Newberry S, Pallot J (2004) Freedom or coercion? NPM incentives in New Zealand central government departments. Manag Account Res 15(3):247–266
Olson O, Humphrey C, Guthrie J (2001) Caught in an evaluatory trap: a dilemma for public services under NPFM. Eur Account Rev 10(3):505–522
Paulsson G (2006) Accrual accounting in the public sector: experiences from the central government in Sweden. Finan Account Manage 22(1):47–62
Pina V, Torres L (2003) Reshaping public sector accounting: an international comparative view. Can J Adm Sci 20(4):334–350
Rossi FM, Cohen S, Caperchione E, Brusca I (2016) Harmonizing public sector accounting in Europe: thinking out of the box. Public Money Manage 36(3):189–196
Ruppel W (2005) Governmental accounting made easy. Wiley, Hoboken, pp 19–31

# Evolution of Kenya's Political System and Challenges to Democracy

Israel Nyaburi Nyadera[1,2], Billy Agwanda[3] and Noah Maulani[4]
[1]University of Macau, Taipa, Macau
[2]Ankara Yildirim Beyazit University, Ankara, Turkey
[3]Istanbul Commerce University, Istanbul, Turkey
[4]Ankara Yildirim Beyazit University, Ankara, Turkey

## Synonyms

African politics; Comparative politics; Elections; Governance; Kenya; Public administration

## Description/Definition

Kenya's postindependence political scene has been characterized by continued efforts to structure and restructure the country's political system on the one hand and prodemocratic struggles on the other. Despite the importance of political systems in understanding and implementing public administration and governance in a given country, most studies on Kenya's politics have focused on the role of gender and electoral violence. This study aims to examine the status and evolution of Kenya's political system and some hindrances to a successful transition to democracy. It argues that Kenya's political system has continuously been shaped by practices adopted from other countries but sometimes varies during implementation. The chapter divides contemporary Kenya's politics into pre- and post-2010. It identifies issues such as ethnicity, lack of homegrown political system, fake news, populism, and weak institutions as serious threats to the country's democracy.

## Introduction

Kenya, a country located in the eastern part of Africa with its capital city Nairobi, was formerly a British colony for over 150 years. Up until 1963, the country whose native population comprises over 45 different ethnic groups that differ in size, origin, history, race, tribe, and religion was all together exploited, disenfranchised, and discriminated in their land by the European imperial powers (Sheriff 1985). United with a common believe and ambitions, the tribes joined forces and mounted a serious anti-colonial campaign. This resistance was characterized by violence (Mau Mau Rebellion that began in 1952), civil unrests (protests, demonstrations, boycotts, and strikes organized by trade unions), diplomacy (through petitions to the United Nations), and negotiations (several meetings held in Nairobi and Lancaster in London) against the British which led to the independence of Kenya in December 1963. Independence celebrations were short-lived as the

country begun to face experience similar problems as those witnessed during the colonial periods only that this time the perpetrators were fellow Africans. Kenya's first constitution adopted at independence was a Westminster model that was written in London following a series of meetings that saw representatives of different political parties from Kenya and the British Foreign Affairs Office department responsible for overseas colonies meet and negotiate. In 1963 the first autonomous general election was conducted, and Kenya African National Union (KANU) won against Kenya African Democratic Union (KADU).

Notably, between 1963 and 1964, Jomo Kenyatta of KANU became the first black Prime Minister of Kenya, and the Queen of England (Queen Elizabeth II) remained as the Head of State. KANU had supported a presidential system during the constitution-writing process in London, while KADU was supporting the parliamentary system (Hodder-Williams 1980: 477–479). Less than 1 year (1964) after winning the elections, the KANU-led government changed the constitution of the Westminster model to a presidential system (Muigai 2004: 201–203; Malhotra 1990: 7). Kenya remained under a presidential system until 2007 when a crisis broke out following a disputed general election (Francois et al. 2015: 471). There was a consensus even in the early 1990s that the country needed a set of new rules (constitution) since the existing constitution, which was put in place at independence, had undergone several amendments that gave rise to a dictatorial regime that ruled for 27 years under one president.

Until 2007, Kenya had been one of the most peaceful and stable countries in the continent of Africa (Orobator 2008; Githongo 2010: 89; Githongo 2008: 361; Kanyinga 2009). This made Kenya the first choice for tourists, foreign investors, international organizations, as well as multinational corporation who wanted to operate in the region and beyond (Holland 2008). Following the disputed general election in December 2007, there emerged legitimate fears that the country would collapse into a prolonged civil war (Gettleman 2007). Although the violence was short-lived after a Kofi Annan and US-led brokered peace deal that led to the formation of a coalition government, over 800 people had lost their lives, more than 2000 were internally displaced (IDPs), and properties of disproportionate value were destroyed (Roberts 2009: 142; Dercon and Gutiérrez-Romero 2012: 738–740).

Ironically, while the 2007 post-election violence is considered one of the most violent periods postindependence Kenya, it is credited as laying the foundation for a road map to one of the most significant events in the country's history. This is the discussion, drafting and passing of a new constitution in 2010. As part of the power-sharing agreement in 2008, the coalition government was expected to deliver a new constitution to the people of Kenya before the next election cycle. Prior to the 2007 election, calls for a new constitution in the country were not successful, and any amendments made on the constitution in the 1990s only functioned to strengthen the executive arm of the government and disenfranchises certain segments of the society (Ndulo 2003; Chege 2008: 126–129; Ndegwa 2003: 146–149; Akech 2010: 12). After the 2007 post -election violence, the country was ripe for change and a strong wave for a new constitutional era that would ensure inclusive, fair representation of women, and youths as well as decentralization of resources and authority had begun in earnest.

Although changing the constitution has not led to a vibrant democracy in Kenya, the country has managed to rise from "not free" in 1990 to "partly free" in 2018 according to the Freedom House reports. This has been attributed to several political, social, legal, and economic reforms enshrined in the new constitution. However, this transition has not been easy as pro-democracy activists and politicians were either imprisoned, intimidated, or assassinated, especially in the 1990s, while lack of institutional independence, corruption, and nepotism continue to hinder further reforms. Democracy is a continuous process that can be considered as a means to an end and not an end in itself. It is the fruits of democracy that Kenyans

deserve and not simply the status of being a democratic country. The pre-2010 constitution structure will now be examined.

## Pre-2010 Political Structure in Kenya

Between 22 August 1978 and 30 December 2002, Kenya had one single president – Daniel Moi – who had managed to strengthen the office of the president through several amendments of the constitution and presidential decrees and declarations (Nepstad 2011; Wolf 2006: 198–199; Khapoya 1980: 17). The president had control over parliament, judiciary, and electoral commission. The president had powers to dissolve the parliament and appoint commissioners of the judicial service commission and high court judges and also had full control over the national budget (Nepstad 2011; Branch and Cheeseman 2008: 3). This system resembled the British colonial regime state structure that saw most of the state powers concentrated in the hands of one person, the governor who was the representative of the Queen of England based in Kenya.

Similar to the colonial structure, the president was responsible for the appointment district and provincial commissioners who were responsible for overseeing the distribution of various state resources functions such as health, education, security, and transport (Berman 1976). This means that at the time, the political system was highly centralized with little independence for local government authorities and even less participation by the citizens on policy and decision-making processes. Similar sentiments are echoed by the director of the African Studies Centre at Oxford University, David Anderson, who opines that the situation in Kenya at that time could be best described as "a shadow government entirely in the control of the president" (Sonoiya 2018: 3). Systematic targeting of regions perceived to be supportive of the opposition parties, or with opposition parliamentarians, would tend to receive fewer resources than those controlled by the ruling party. Such practices jeopardized the democratic nature of the country.

Public institutions in Kenya before 2010 were seen not responsive enough to the people's needs, perhaps due to the excessive control by the executive and in particular the office of the president. For example, although the members of the parliament were directly voted for by the people, the institution of the parliament was under the control of the executive, with the president having the power to dissolve the parliament at his digression. A Kenyan professor at Harvard University's international development department, Calestous Juma, puts it as "when voters realize elected officials aren't going to address their concerns about social and economic inequality, it leads them to distrust institutions and produces a sense of disempowerment and disillusionment" (Juma 1998). The loss of trust in public institutions widened the gap between the government and the governed.

Corruption, which was widespread in the political sphere, further worsened the trust levels in public institutions. President Obama described the extent of corruption in Kenya during his ancestral home visit in Kenya (2006). He stated that "corruption has eroded the state from inside out, sickening the justice system so that no justice can be found; poisoning the police forces so that their presence becomes a source of insecurity rather than a source of security" (Gettlemanaug 2006). Indeed, a report published by the Transparency International corruption report in 2007 ranked Kenya number 150 out of 180 in the international corruption index (Transparency international report 2007). Due to corruption, Kenyan institutions were weakened to the extent that democratic values such as independence of the judiciary or the legislature, minority representation, free and fair elections, as well as human rights could not be achieved.

Consolidation and excessive control of power by the executive arm of the government have been facilitated by the election system of winner-takes-all in Kenya. This raised the stakes at the ballot that forced aspirants and their supports to seek or condone electoral malpractices. Although there have been periodic elections, they were never free or fair according to post-election reports by domestic and international observer groups, particularly in 1992, 1997, and 2007. Alleged

interference by the executive on the outcome of election results not only compromised the basic tenets of democracy but also often resulted in violence, destruction, and loss of life and property (Kagwanja 2001: 547–550). Since 1992, there has been plurality in election processes in Kenya where several political parties would participate. However, after losing elections, the opposition parties had very little participation in public affairs. Losing the election means being alienated from development projects, employment, and even justice. Elections have been seen as a high-stakes issue in Kenya, and therefore politicians have resulted in using several means to win the election, including corruption, manipulation of results, violence, and intimidation (Kagwanja 2003: 25–29). The passing of the 2010 Constriction was a landmark step in the democratization process in Kenya. In the next section, Kenya, under the new constitution, will be examined.

## Post-2010 Kenya

The Constitution of Kenya 2010 was expected to be the biggest milestone toward achieving democracy in Kenya (Kramon and Posner 2011: 89–94; Barkan and Mutua 2010; Hassan 2015). The process of writing the new constitution was tedious and time-consuming, however very inclusive, and this fueled much of the hopes among the citizens. The committee of experts sought the opinion and contribution of citizens, professional organizations, religious groups, special interest groups, civil society, academicians, and media practitioners and factored into the draft constitution that was then subjected to a referendum in 2010. 68.7% of the Kenyan electorate voted yes in favor of the new constitution, while 31.3% voted against. The overwhelming support for the new constitution received can best be understood by looking at the expectations Kenyans had on the constitution (Gichuki 2016). Rightfully so given that enshrined in the new constitution were vital elements of democracy, good governance practices, and inclusivity. The constitution also became much more ridged to unnecessary changes. For example, the previous constitution gave power to the National Assembly (parliament) to amend the constitution. At the time, the three organs of government (executive, legislature, and judiciary) were closely interrelated and controlled by the executive. This gave room for contentious and malicious amendments to the constitution that benefited the ruling elite and plunged the country into dictatorship (Bannon 2006; Adar and Munyae 2001: 2–6). The new constitution was therefore seen as an enduring solution to executive dominance of other arms of government as well as abuse of state power by a few individuals.

Other important issues that the new constitution of 2010 sought to address include the president's power to appoint public office holders without them being vetted by the parliament, issues of electoral justice as the previous constitution failed to provide proper mechanisms, and guarantees of fair resolution of disputes arising from elections. After the new constitution, opposition parties were able to file a petition with the supreme court about the fairness of the 2013 and 2017 presidential elections. In 2017, a landmark ruling made by the Supreme Court of Kenya when it nullified the presidential elections based on the evidence presented that showed irregularities took place and ordered for a fresh election can be credited to the new constitution. The various security agencies, particularly the military, intelligence, and the police, were not regulated by the constitution in the past and were serving in the interest of the president. The new constitution introduced a civilian oversight body (Independent Police Oversight Authority (IPOA) – Kenya) and changed the name of the police from the Kenya Police Force to the Kenya Police Service.

The issue of the election, specifically that of the president who previously could be elected by a minority and govern the country without necessarily forming a coalition government, was also addressed in the new era. The new constitution introduced the 50% +1 vote requirement for a candidate to be declared president-elect in the first round. This is to ensure that the person who holds the office of the president has the mandate of most Kenyan voters. The question of representation remained predominant during the reform

process. The 2010 constitution addressed the issue of women, youths, and persons with disabilities by providing special slots for them in the parliamentary elections. Economic freedom and equality were an important topic during the constitution-making process as people demanded an end to the systematic marginalization from economic benefits due to identity. This saw the restructuring of the government structure by strengthening devolution, which ensures resources are allocated based on a need and population. The Bill of Rights that were previously weak also played an important role in the demand for a new constitution in 2010. Kenyans needed a supreme Bill of Rights that would protect their social, political, and economic freedoms, and the new constitution offered just that. These are some of the reasons that the push for a new constitution is important in Kenya's history and the future of the country's democracy.

Nonetheless, despite promising aspects of the new constitution, serious concerns have been raised with regard to its implementation. Critical bills such as the two-thirds gender representation rule for elective positions have not been implemented 9 years later (Nyadera and Kisaka 2019). There is serious contestation between the central and the local government on revenue allocation; public servants are still engaging in politics, and human rights abuse by security forces are still common. Rampant corruption is also affecting the successful implementation of the constitution as the country continues to lose a huge percentage of its revenue. These factors have sparked a new debate for a new constitution in 2019 that will address some of the gaps left by the 2010 constitution.

## Key Tenets of Democracy in Kenya

Political scientists have over the last two decades or so set out to provide a more comprehensive measurement and conceptualization of democracy (Munck and Verkuilen 2002; Coppedge et al. 2011; Schedler 2001; Treier and Jackman 2008; Beetham 1994). This has increased the scope and quality of democracy. Several indicators are today being used to examine the status of democracy in different countries. These include assessing issues such as elections, freedoms, and separation of power, among others. While pointing out these indicators, some are difficult to measure even among advanced democracies accurately. For example, measuring press freedom or corruption is very difficult not to mention the increasing diversity in different parts of the world and how "outsiders" such as migrants are treated. That said, it is undoubtedly that most African countries are struggling to achieve good scores on these indexes. governance, free and fair elections as well as inclusivity are just but few examples of these challenges. In Kenya, predictable post-election violence has persisted since the return of multiparty politics in the early 1990s. With clear indicators of democracy, the persistent debate as to whether democracy is good for non-western countries or not can be addressed.

Two different arguments can be put forth in this debate for the case of Africa. First, a majority, if not all, African countries have adopted a "western" model system and political structure that seems not to be efficient in the continent. The answer to this may lay deep in the question of whether African democracy should be compared with that of the west. To state our position on this rather complex question, we believe that if African countries are to sufficiently judge if the western political structure is compatible or can efficiently serve the people, then each component of the system, including "western democracy," needs to be implemented. It falls short of any logical conclusion only to borrow the structure (hardware) and not the values (software) that make these structures function. Particularly issues such as freedom, transparency, accountability, meritocracy, and justice remain problematic in many developing countries.

The second argument is that while the debate as to whether Kenya/Africa's democracy can mirror that of western countries remains divisive and controversial, one thing that is not disputable in their comparison is that the challenges faced by governments in Africa are not as severe as they are in the majority of the western countries. Of course, democracy alone cannot explain the

progress in the west and lack of progress in Africa; however, while the governments in the west are able to meet the challenges that may affect their people, in Africa this seems to be an uphill task as the continent fails to meet national, regional, and international goals set to improve economic and political welfare of their citizens. Indeed, it would be simplistic to argue that Kenya and other African countries have not made any progress with regard to the indicators mostly used by scholars of comparative politics to gauge the status of a country's democracy, but more efforts need to be made. Kenya has had a mixed experience in achieving democracy as seen below.

### Right to Vote

The right to vote in Kenya is enshrined in the constitution, and any adult citizen above the age of 18 years has the right to vote in the local, parliamentary, and national elections, with no alarming instance of individuals being denied the right to vote between 1964 and 2017. However, there have been few instances of complaints by some people that the government is delaying providing them with the relevant documents needed to register as voters. There have been instances where some found their names missing on the voter register. Some efforts have been achieved in the last decade, such as the introduction of electronic voter registration as well as the efficient provision of necessary to vote document to every citizen above 18 years.

### Right to Be Elected

In 1964, the ruling party changed the constitution from Westminster parliamentary system to the presidential system; during the process, the opposition party leader (Daniel Moi) was coerced to join the government and given the position of vice president (Widner 1993). The government then banned any opposition political party, thus making it difficult if not impossible for those outside the ruling party (KANU) a chance to be elected. In 1982, the National Assembly, under the influence of the executive, amended the constitution to make Kenya a de facto one-party state denying any other political party the right to participate in elections (Cheesman 2003). In some cases, political leaders were detained without any trial until an election period has passed. After strong local and international pressure, the government was forced to repeal the contentious Section 2A of the Constitution of Kenya in 1992, paving the way for the reintroduction of the plural party system in Kenya. Subsequent general elections saw the participation of different political parties in the elections, but allegations of rigging in 1997, 2007, and 2017 still raise the question of whether participating in an election with predetermined results amount to satisfy this clause.

### Right for Political Leaders to Compete for Support and Votes

The right to compete and seek support from voters in an election is an important practice in a democracy. Indeed, there has not been any direct cases an individual has been denied the right to seek support and votes. Indirectly though, there were cases where political parties were banned, which means it was impossible for leaders to get a political party to use as a vehicle to seek support and votes. The new constitution (2010) gave powers and autonomy to the Registrar of Political Parties, and today there are over 70 registered political parties in Kenya, but they form two dominant coalition political parties (NASA and Jubilee Coalition). The post-2010 constitution has seen an influx in the number of aspirants in various political positions countrywide. This principle is, however, undermined by ethnic-based political parties and voter bribery (Ndegwa 1997; Bratton and Kimenyi 2008).

### Elections that Are Free and Fair

The extent to which a country is able to conduct free and fair elections is an important measure of democracy. Indeed, Kenya has conducted elections periodically after every 5 years. However, these elections were seen as simply procedures to legitimize the leadership of the day. The system of the electoral system had a lot of loopholes, for example, the *Mlolongo* method used in 1988 is a good example of an election that was not conducted freely or fairly (Shilaho 2014; Katumanga 1997). It required voters to stand behind the candidate of their choice, and

headcount was conducted; this scandalous method had a lot of downsides. There were reports of people who had been counted in front running behind to be recounted; in some cases, hot water or bees were thrown on the line with the most people, and as the people ran for their lives, the one with the shortest line was declared the winner. Because there were no cast votes, there was no proof of how many votes were cast for a particular candidate. In 2007 the presidential election was conducted in a messy manner that the chairman of the Electoral Commission of Kenya, Mr. Kivuitu, who announced the disputed presidential results, admitted that he did not know who exactly won the elections. The events saw people who never won the election becoming leaders, and, in both cases, the results of the elections sparked violent protests across the country. In 2013 and 2017, several election petitions were filed by contestants in various courts with a good number of the seats being nullified, including the August 2017 presidential election. The extent to which free and fair elections are conducted remains a contentious issue in Kenya to date.

### Freedom of Association

Between the 1970s and late 1990s, the freedom of association was abused by the government through various state agencies and coercive powers. It is remembered that the Kenya Police Special Branch and the Police force ensured that a gathering of more than three people was not possible. This began after a failed attempted coup in 1982 that was carried out by junior officers of Kenya Air Force. However, since the beginning of the year, 2000, much has been achieved with the 2010 constitution reaffirming the same giving power to associate, membership to trade unions, organizing conventions, and others to the people.

### Freedom of Expression

Reform crusaders in the 1990s were preoccupied with, among other issues, the demand for freedom of expression to be respected in Kenya. Specifically, during the single-party rule, there was little space for one to freely express themselves with the government using various agencies such as the infamous special branch to crack down on government critics. With the repeal of Section 2A and reintroduction of pluralism in the party system, many thought that freedom of expression would have been equally achieved. However, as Kiarie (2004: 55) points out, there was very little achieved as government operations to secretly silence critics continued. Many people ended up in prison and charged with malicious counts that included being members of illegal groups, treason, as well as the illegal use of communication gadgets. Since 2002, this has reduced significantly, with many people being able to express themselves freely and demand more accountability from the government. There are, however, more efforts needed in the long run to secure this freedom.

### Alternative Sources of Information

According to Dahl, people living in society need to have access to alternative sources of information at all times to make informed decisions. Kenya's information sector was characterized by the state-run television network and radio services throughout the 1960s to 1990s. This was used to spread state propaganda and silence any whistleblowers who intended to expose state misdeeds. From 2002, there have been substantial changes partly as a result of amendments in information and communication laws, which allowed the private sector to own broadcasting stations. Also, the spread of social media platforms has opened up a new window for information to spread fast and wide. Sometimes this has been counterproductive, as was seen with the spread of fake news during the 2017 elections in Kenya.

### Institutions of Making Public Policies Should Depend on Votes and Other Expressions of Preference

The importance of having institutions that uphold the interest of the electorate cannot be emphasized enough. It is important that policymakers have the backing of the people at all times. The legislature should be at the center of ensuring laws, and decisions made should reflect the will of the people. While the devolved system of government and the constitution demand that the public be involved through participation in various decision

and policy processes, practically very little has been achieved. Even in instances where some form of participation is witnessed, such as the budget-making process at the county level, these remain but formalities. Similarly, the National Assembly has been on the spotlight for making unpopular decisions in the recent months such as the rejection of contaminated sugar report, the refusal to pass the gender bill, and the decision to award themselves an extra 2500 USD monthly allowances on top of the existing 200, 000 USD mortgage each member is entitled to. This is happening in the background of a biting economic crisis where most citizens can hardly make ends meet.

Indeed, these eight indicators did dominate the entire constitutional reform crusade, and these efforts give birth to a new constitution. With the increasing voices for a constitutional reform process to begin, one would argue that, to some extent, the 2010 constitution did not live up to its full expectations. However, it is important that any efforts to change the law should be geared toward the betterment of the country and its citizens. Below we examine the features of the current political system, which is important in understanding the state of democracy.

## Characteristics of Kenya's Political System

Lijphart (2012, 1989) model has been adopted to conceptualize Kenya's political system and examine how it has evolved over the years.

### Concentration of Power

Over the last 15 years, like other consensus model systems, executive power in Kenya is always concentrated and shared in the hands of pre-election coalition parties that make agreements before an election and submit their Memorandum of Understanding to the registrar of political parties before elections are conducted. This is because of the 42 different ethnic groups, none of them can win the election without the support of others; at the same time, each community has different cleavages (Bates 1983). Therefore, several ethnic groups with their political parties form a coalition to win an election.

### Executive Dominance

Kenya has had two short periods when the head of government was a prime minister (1963–1964 and 2007–2013). The current constitution provides for separation of power between the executive, legislature, and the judiciary. In theory, this means that the three arms of government have equal powers to oversight each other. For example, according to the constitution, the legislature has the power to impeach a sitting president if he violates the constitution. There should be no one arm of government that exercises more powers than the other. However, in practice, the executive, and in particular, the presidency, tends to make it impossible to initiate such a move since members of the parliament need the executive for their political survival. Recently the judiciary has shown some extent of autonomy and independence by making rulings seen as contrary to the executive wishes. It has declared certain laws unconstitutional after the executive used the legislature to pass the bills into law.

### Party System

Political parties are important factors in determining a country's democratic status. The quality of political parties also helps develop some sense of maturity in the manner in which politics is performed. Ideological-based political parties are important vehicles in pushing for issue-based politics that can dilute the influence of ethnicity and other forms of identity. The party system in Kenya from 1964 to 2002 was one-party system where the independence party KANU remained was in power without any other party ever taking over leadership of the country. This has been attributed to the above dictatorial tendencies that ensured opposition parties could not win an election (Nyadera and Agwanda 2019).

Nonetheless, a huge wave of change saw a coalition of opposition parties (NARC) win the 2002 general election becoming the first opposition to lead the government since independence (Anderson 2005). In 2007 general election again lead to a power-sharing deal between the

government and the opposition after a disputed election. The 2013 and 2017 elections were again won by a coalition of parties, most of which were part of the 2002 and 2007 coalition governments. Based on this, we may argue that Kenya is a single-party system.

### Representation

In this case, there is a similarity with the majoritarian model. A winner-takes-all system is in a place where losers of an election are not involved in forming the government, making it a disproportional system (Wrong and Williams 2009). Elections conducted between 1964 and 2007 required a presidential candidate to win a simple majority to form a government. There was no condition to form a coalition government even if the party with the highest number of votes only got 30%. Since 2013, the constitution requires a candidate to at least win a majority of 50% plus one of the votes cast at the national level and also at least 25% of votes in 24 counties (there are 47 counties in Kenya). Equally, smaller parties tend to be absorbed by the dominant ones, thus making a representation of other interests lower.

### Interest Groups

The nature of interest groups can be understood in two dimensions. First, between 1964 and 2002, interest groups, particularly the labor unions, appear to cooperate with the state through negotiations. This argument is, however, problematic given the fact that leadership of interest groups was pretty much influenced by the state, while independent groups were frustrated by state organs. However, after 2002, there has been some extent of plurality where more interest groups can air their concerns without interference from the government. An increased number of local and international civil society organizations are currently operating in the country.

### System of Government

The system of government between 1964 and 2013 was a highly centralized and unitary system of government (Barkan and Chege 1989). This was inefficient and less responsive to the different needs and demands that come with a diverse society like Kenya. This prompted the writers of the 2010 constitution to propose a semi-federal system where the country is to be divided into 47 countries, each headed by a governor and his/her executive and a county assembly. This system was highly supported by members of societies that had been marginalized for years since it gives a clearly defined system of sharing state resources. We call it semi-federal since most of the key functions of the state, as well as decision-making, are maintained at the central government.

### Bicameral Legislature

Although the head of state and government in Kenya is the president and no position for a prime minister, the legislature is a bicameral house divided into the National Assembly and the Senate. The main purpose of the system is to provide a link between the county governments and the central governments. Also, this was done to ensure the representation of minority communities, women, youths, and persons with disabilities. The system has, however, started on a bumpy ride with supremacy battle over which chamber is above the other. There are 47 special seats for women in the National Assembly to ensure that the 2/3 gender rule stipulated by the constitution is achieved.

### Constitutional Rigidity

Kenya has a written constitution inside which basic laws and rules that govern the country are found. After experiencing several amendments to the constitution that led to strengthening the executive and weakening the judiciary and legislature, the new constitution introduces certain defensive mechanisms to protect it from manipulation. Amending the new constitution requires a tedious process that makes it almost impossible to achieve. For example, to change certain clauses of the constitution, one needs to make a draft of the proposed changes and submit it to the Independent Electoral and Boundaries Commission (IEBC), which will then approve the collection of one million signatures to support the amendment. The proposed amendment will then be submitted to all the 47 county assemblies where it will be debated and voted by at least 24 of the county

assemblies. From there, it is forwarded to the National Assembly, where it needs to be passed by a majority before being sent to the Senate for approval, after which a nationwide referendum will be called, and the people will vote for or against the changes. The constitutional court also serves as an arbitrator when two parties dispute over the interpretation of the constitution, making the constitution very rigid.

### Judicial Review

Judicial review is a new concept that was introduced with the passing of the 2010 constitution when the constitutional court and a supreme court were introduced. Today any laws or decisions passed by the executive and/or the legislature will be subject to review by the judiciary. Previously the judiciary had no power to carry out judicial review. For example, an attempt by the executive and legislature to pass the Security Law Amendment Act (SLAA) and its contents were declared unconstitutional after a review by the High Court seating in Nairobi on 23 February 2015.

### Central Bank Independence

In previous years, the Central Bank of Kenya was one of the institutions that faced huge interference from the executive. The president had the power to appoint board members as well as the governor of the central bank. However, after passing the new constitution in 2010, these executive powers have been reduced, and the institution is today enjoying a good level of autonomy. Some of the reforms have seen the appointment of the central bank governor become a competitive affair with the recommended names for this position having to pass through a vetting exercise by the parliamentary Public Accounts Committee before being debated and approved by the whole house and consequent appointment by the president.

## Challenges of Kenya's Democracy

Democracy in Kenya has come a long way since the country attained her independence. However, despite this positive outlook, Kenya has not yet achieved her full potential in the area of democracy, and there is room for improvement. The first step toward this is first to identify the challenges that affect the country's progress in achieving democracy. Some of the challenges have been explained below.

### Ethnicity

Despite the negative effects of ethnicity in Kenyan politics that spills over to affect peace, development, and social cohesion, the country seems to be struggling to deal with this menace (Kisaka and Nyadera 2019). Structurally, Kenya is an amalgamation of large and small ethnic groups, and increasingly the country has been treated to a theory of "tyranny of numbers." Proponents of this idea argue that the larger communities can win an election by simply forming a coalition with another ethnic group without the support of others (Weber 2009: 2). This means that ethnic identity is giving the political elites an avenue to mobilize support among the Kenyan societies and has resulted in the much divisive political process often dividing the country into two major ethnic coalition blocs (Eifert et al. 2010: 495). It is important to note that ethnicity is not only important in winning elections but also shapes decision-making and sharing of the national cake after elections.

Results of the 2013 and other previous general elections can attest to this fact. For example, in 2013, individuals suspected to have masterminded the 2007 post-election violence and were facing trials at the International Criminal Court at the Hauge got overwhelming support from their ethnic groups in the general elections. Even more, interestingly, some governors, members of the parliament, and county assembly members elected in the just concluded 2017 general elections won their respective positions with ease despite being suspected of corruption that led to the loss of billions of taxpayers' money under their watch in their previous positions in the public sector. The third aspect is the role of political elites in the political elites. Since the beginning of multiparty in 1992, leaders have emerged with the guise of being representatives of their communities. Their significance often showcases in matters

politics where they serve as channels of gaining the ultimate political support in their spheres of political influence. Guided by the cardinal rule that political power rests on them, anyone seeking political support from their backyard, they must negotiate with them. These sets of leaders, in many cases, have no national or nationalistic attachment to the nation. Rather their most important agenda is to their ethnic group and mostly, in reality, their ambitions and interests.

The issues that promote negative ethnicity in Kenyan politics cannot be reduced to merely the existence of diverse ethnic groups in the country, but rather it can be viewed through the prism of long-standing legitimate grievances that are not intractable. A committed government focused on eliminating negative ethnicity in Kenya can certainly achieve this goal. Not forgetting that much of the historical political culture of ethnic groups in Kenya was strictly associated with kinship. Pre-colonial African societies were organized and led by tribal leaders and chiefs. This historical culture seems to continue today, all be it in a different setting and approach. Concerns about discrimination and marginalization, electoral transparency, meritocracy, and justice, if solved, can be a huge step toward healing the ethnic divide. The land question is also an emotional issue that needs to be urgently addressed if Kenyans are to get rid of ethnic polarization.

The government has adopted several means to try and foster a shared national identity in Kenya. For example, Swahili and English which are seen as neutral languages became the official languages while cultural and sports events and personalities as well as the education system became the avenues of strengthening national unity. The Constitution of Kenya 2010 guarantees the freedom of movement (Article 39 (1–3)), while the fair distribution of resources (through the devolved system of government) and media such as establishing various vernacular stations are acknowledged. However, more needs to be done, particularly in the implementation of these initiatives, which so far have not helped solve the problem.

## Fake News

Fake news defined as a form of yellow journalism aimed at spreading hoaxes or misinformation deliberately through broadcast media, traditional media, and social media is emerging as one of the most dangerous threats to democratic processes today. Fake news consists of opinions and news that are not true and are intended to mislead the opinion of those who consume it. The emergence of various channels through which people can get information easily and fast provides perpetrators of fake news with an avenue where they can be able to reach many people without the content being certified. The irony of fake news also lies in Article 19 of the Universal Declaration of Human Rights of 1948 that gives individuals freedom of expression and opinion. While this article is fundamental to democracy, it should be emphasized that such freedoms should not be used to manipulate other people's thoughts to mislead them.

In Kenya, fake news has been used in politics for decades but not in the scale witnessed in the 2013 and 2017 general elections. A well-calculated and heavily financed department seems to have been used by parties involved in the presidential elections. A well-orchestrated smear campaign overshadowed the manifesto and promised that candidates were given to the electorate. So competitive was the race for fake news that services of internationally known public relations companies such as Cambridge Analytica, the company now on trial for hacking Facebook user's account and was also behind President Donald Trump election campaign particularly responsible for the leaking of Hilary Clinton's emails, were heavily involved in the Kenyan elections. This was evident on their website portfolio of countries that they had worked in and top CEOs admitting their involvement in the Kenyan election during an undercover media investigation broadcasted widely on mainstream media. To what extent the fake news affected the outcome of elections in Kenya is still difficult to determine; however, the relationship between information and public opinion is very critical and must be preserved at all times.

### Weak Institutions

For democracy to function best, institutions must uphold their responsibilities impartially and without any fear or favor. At the center of this are institutions such as the Ethics and Anti-Corruption Commission (EACC) in Kenya tasked with the responsibility of ensuring that the men and women who occupy public offices comply with Chap. 6 of the Constitution of Kenya 2010 that demand values on leadership and integrity. The Kenya Police and its various departments such as the intelligence service, the investigative arm, the anti-riot units, as well as the regular police have a duty to ensure a fair playing ground for all contestants in an election and protect their rights in campaigning. Media houses also have an important role in playas institutions: they should strive to ensure that fake news or bias coverage of aspirants is discouraged, and professionalism is upheld. The judiciary is central in ensuring grievances of those who feel that the elections were not conducted as per the required standards of the constitution find justice. The most important institution again is the election commission, which needs to conduct itself in the highest level of professionalism efficiently and provide Kenyans with election results that can be verifiable and accurate. Until the 2017 elections, it remains clear that some of these institutions are still weak in executing their mandates, and therefore, there is a strong need to have them strengthened.

## Summary

Kenya's journey toward democracy has come a long way and still has a long way to go. The price the country has paid in terms of loss of life, resources, time, and commitment has been very high. Despite this, it seems there is still more to be done even though the reforms undertaken over the years have started to be felt. Different ethnicities, interests, beliefs, and opinions within the country are becoming more and more represented. Women, minorities, persons with disabilities, and opposition sentiments are being given a platform to be heard. The government is becoming more responsive to the people, and policy-making has started to include actors who were previously marginalized.

It is not by accident that the country has moved to form a "not free" country in the 1990s to a "partly free" country in 2018 according to the Freedom House ratings. It is indeed a recommendable transition given a large number of differing societal cleavages that are found in Kenya. The challenge of serving these interests cannot be stressed enough given the historical, cultural, religious, and socioeconomic backgrounds that come with the differences. For this reason, adopting a mixed model that is purely majoritarian or purely, consensus model seems to be a good decision. The new constitution has become an anchor of the future of Kenya, and the efforts to ensure that its benefits are fully felt should be in place. There is a need to exercise tolerance among the different segments of the society, while the political actors need to show political goodwill in ensuring that the implementation and execution of these new policies are done without sabotage. We will continue to observe the progress of a rather young nation in her quest to climb the democratic ladder. In doing so, we will also try to understand better the merits and demerits of combining elements of a consensus model of democracy with a majoritarian system.

## Cross-References

► Globalization and Democracy

## References

Adar KG, Munyae IM (2001) Human Rights abuse in Kenya under Daniel Arap Moi, 1978. Afr Stud Q 5(1):1

Akech M (2010) Institutional reform in the new constitution of Kenya. In: International center for transitional justice, pp 15–32

Anderson D (2005) Histories of the hanged: the dirty war in Kenya and the end of empire. W.W. Norton, New York

Bannon AL (2006) Designing a constitution-drafting process: lessons from Kenya. Yale Law J 116:1824

Barkan JD, Chege M (1989) Decentralising the state: district focus and the politics of reallocation in Kenya. J Mod Afr Stud 27(3):431–453

E

Barkan JD, Mutua M (2010) Turning the corner in Kenya. Foreign Affairs
Bates RH (1983) Modernization, ethnic competition, and the rationality of politics in contemporary Africa. In: State versus ethnic claims: African policy dilemmas, vol 152. Westview Press, Boulder, p 171
Beetham D (1994) Key principles and indices for a democratic audit. In Defining and Measuring Democracy. Sage modern politics series, vol 36. London, Sage, p 25
Berman BJ (1976) Bureaucracy and incumbent violence: colonial administration and the origins of the 'Mau Mau'emergency in Kenya. Brit J Polit Sci 6(2):143–175
Branch D, Cheeseman N (2008) Democratization, sequencing, and state failure in Africa: lessons from Kenya. Afr Aff 108(430):1–26
Bratton M, Kimenyi MS (2008) Voting in Kenya: putting ethnicity in perspective. J East Afr Stud 2(2):272–289
Cheeseman N (2003) Political participation and the one-party state: similarities and variations in the cases of Senegal and Zambia (Doctoral dissertation, University of Oxford)
Chege M (2008) Kenya: back from the brink? J Democr 19(4):125–139
Coppedge M, Gerring J, Altman D, Bernhard M, Fish S, Hicken A, ... Semetko HA (2011) Conceptualizing and measuring democracy: a new approach. Perspect Polit 9(2):247–267
Dercon S, Gutiérrez-Romero R (2012) Triggers and characteristics of the 2007 Kenyan electoral violence. World Dev 40(4):731–744
Eifert B, Miguel E, Posner DN (2010) Political competition and ethnic identification in Africa. Am J Polit Sci 54(2):494–510
Francois P, Rainer I, Trebbi F (2015) How is power shared in Africa? Econometrica 83(2):465–503
Gettlemanaug J (2006) Obama Gets a Warm Welcome in Kenya. The New York Times. Available from https://www.nytimes.com/2006/08/26/world/africa/26obama.html
Gettleman J (2007) Disputed vote plunges Kenya into bloodshed. The New York Times, 31
Gichuki N (2016) Kenya's constitutional journey: taking stock of achievements and challenges. Recht Afr 18(1):130–138
Githongo J (2008) Kenya–riding the tiger. J East Afr Stud 2(2):359–367
Githongo J (2010) Fear and loathing in Nairobi-the challenge of reconciliation in Kenya. Foreign Aff 89:2
Hassan M (2015) Continuity despite change: Kenya's new constitution and executive power. Democratization 22(4):587–609
Hodder-Williams R (1980) Kenya after Kenyatta. World Today 36(12):476–483
Holland H (2008) Post-poll violence halves Kenya Q1 tourism revenues. Reuters, May, 2
Juma C (1998) Sustainable development and institutional change: challenges and options for improving international environmental governance. In: Softin GB et al (eds) The Brundtland Commission's report: 10 years. Scandinavian University Press, Oslo
Kagwanja P (2001) Politics of marionettes: extra-legal violence and the 1997 elections in Kenya. In: Marcel Rutten, Alamin Mazrui & Francois Grignon (eds) Out for the Count: The 1997 General Elections and Prospects for Democracy in Kenya
Kagwanja PM (2003) Facing Mount Kenya or facing Mecca? The Mungiki, ethnic violence, and the politics of the Moi succession in Kenya, 1987–2002. Afr Aff 102(406):25–49
Kanyinga K (2009) The legacy of the white highlands: land rights, ethnicity, and the post-2007 election violence in Kenya. J Contemp Afr Stud 27(3):325–344
Katumanga M (1997) National elections data book: Kenya, 1963–1997. Institute for Education in Democracy, Nairobi
Khapoya VB (1980) Kenya under Moi: continuity or change? Afr Today 27(1):17–32
Kiarie WNJ (2004) Language and multiparty democracy in multiethnic, Kenya. Afr Today 50(3):55–74
Kisaka MO, Nyadera IN (2019) Ethnicity and politics in Kenya's turbulent path to democracy and development. Sosyal Siyaset Konferansları Derg 76:159–180
Kramon E, Posner DN (2011) Kenya's new constitution. J Democr 22(2):89–103
Lijphart A (1989) Democratic political systems: types, cases, causes, and consequences. J Theor Polit 1(1):33–48
Lijphart A (2012) Patterns of democracy: government forms and performance in thirty-six countries. Yale University Press, New Haven
Malhotra V (1990) Kenya Under Kenyatta, vol 10. Kalinga Publications, Delhi
Muigai G (2004) Jomo kenyatta and the rise of the ethnonationalist state in kenya. In: Berman B, Kymlicka W, & Eyoh D (eds) Ethnicity and Democracy in Africa. (pp 200–217), Boydell & Brewer
Munck GL, Verkuilen J (2002) Conceptualizing and measuring democracy: evaluating alternative indices. Comp Pol Stud 35(1):5–34
Ndegwa SN (1997) Citizenship and ethnicity: an examination of two transition moments in Kenyan politics. Am Polit Sci Rev 91(3):599–616
Ndegwa SN (2003) Kenya: third time lucky? J Democr 14(3):145–158
Ndulo M (2003) The democratization process and structural adjustment in Africa. Indiana J Global Legal Stud 10(1):315–367
Nepstad S (2011) Kenya's struggle against the Moi Dictatorship. In: Nonviolent revolutions: civil resistance in the late 20th century. Oxford University Press, Oxford
Nyadera IN, Agwanda B (2019) The emergence and evolution of populism in sub-Saharan Africa: party politics and personalities. Uluslararası Polit Araştırmalar Derg 5(2):76–91
Nyadera IN, Kisaka MO (2019) The role of gender and women in political institutions in Africa: a case of political parties. Afro Eurasian Stud 8(1):124–144
Orobator AE (2008) A tale of two elephants: overcoming the postelection crisis in Kenya. America

Roberts MJ (2009) Conflict analysis of the 2007 post-election violence in Kenya. Managing conflicts in Africa's democratic transitions, pp 141–55
Schedler A (2001) Measuring democratic consolidation. Stud Comp Int Dev 36(1):66–92
Sheriff AMH (1985) Social formations in pre-colonial Kenya. In: Ogot BA (ed) Hadith 8: Kenya in the 19th century. Anyange Press, Kisumu, pp 1–31
Shilaho WK (2014) I do not know who won the elections': how not to conduct elections and Kenya's democratic reversals. Politeia 33(3):44–67
Sonoiya GK (2018) A systematic study of strategies employed by multinational corporations in response to the ever-changing political environment in Kenya. Doctoral dissertation, United States International University-Africa
Transparency International (2007) Country Report Kenya
Treier S, Jackman S (2008) Democracy as a latent variable. Am J Polit Sci 52(1):201–217
Weber A (2009) The causes of politicization of ethnicity: a comparative case study of Kenya and Tanzania. Working paper 47. Centre for Comparative and International Studies, Swiss Federal Institute of Technology and Zurich University, Zürich
Widner JA (1993) The rise of a party-state in Kenya: from "Harambee!" to "Nyayo!". University of California Press, Berkley
Wolf TP (2006) Immunity or accountability? Daniel Toroitich Arap Moi: Kenya's first retired president. In: Legacies of power. Leadership change and former Presidents in African politics. Nordiska Afrikainstitutet, Uppsala, pp 197–232
Wrong M, Williams M (2009) It's our turn to eat: the story of a Kenyan whistleblower. Fourth Estate, London

# Execution as Social Policy

James D. Slack
Jackson State University, Jackson, MS, USA

## Synonyms

Capital punishment; Execution; Eye-for-an-eye; Lex talionis

## Definition

Capital punishment: A social policy to take life from someone convicted of the crime of murder. In some settings, the sentence of death may be for lesser crimes or religious crimes.

Condemned: A person convicted of a capital crime.
Death row: A section of a prison that houses the condemned.
Execution: The act of the state taking the life of the condemned.
Just desert argument: Punishment received is punishment deserved.
Last words: The final words spoken by the condemned.
Lex talionis: Retaliation in kind.

E

## Introduction

While capital punishment may seem like a social policy few nations embrace, over 60% of the world's population live in states that recognize capital crimes. Currently 58 nations use capital punishment. Included are "modern" nations, like Japan and the United States; "affluent" nations, such as Saudi Arabia and the United Arab Emirates; Muslim nations, like Iraq and Iran; Christian nations, like the Bahamas and Belarus; small nations, like Barbados and St. Vincent; and large nations, like China and India.

In the United States, capital punishment is an option in 31 (out of 50) states, the federal government, and the US Military. These states are as follows:

| | | |
|---|---|---|
| Alabama | Louisiana | Pennsylvania |
| Arizona | Mississippi | South Carolina |
| Arkansas | Missouri | South Dakota |
| California | Montana | Tennessee |
| Colorado | Nevada | Texas |
| Delaware | New Hampshire | Utah |
| Florida | North Carolina | Virginia |
| Georgia | Ohio | Washington |
| Idaho | Oklahoma | Wyoming |
| Indiana | Oregon | |
| Kansas | | |
| Kentucky | | |

Approximately 3000 inmates are on death row – about 2%, women; 44%, white, 43%, black; and 10%, Hispanic. In general, non-death row inmates in state prisons have a sixth grade education. The average level of education on

death row tends to the second grade. Inmates in federal prison tend to have slightly higher education levels. Because death row inmates in the United States have up to 12 appeals, two of which are mandatory, the average stay on death row is 15 years. However, because the appellate process runs independently for each inmate, with different jurisdictions and judges, it is not uncommon for the condemned to spend 20–30 years waiting for the execution (Death Penalty Information Center).

## Execution as Social Policy

Historically capital punishment in the United States has been regarded as a way to regulate extreme social interaction. That is, the state's act of execution has always been deemed a way to dissuade citizens from murdering others. Because of the Christian faith of the colonialists, it is important to understand the relationship between the Bible and capital punishment. For instance, *Exodus* 21:23–25 speaks of the concept of *lex talionis*: "But if there is serious injury, you are to take life for life, eye for eye, tooth for tooth, hand for hand, foot for foot, burn for burn, wound for wound, bruise for bruise." The Christian New Testament also gives legitimacy for the state's use of capital punishment. In *Romans* 13:1–5, "Let everyone be subject to the governing authorities, for there is no authority except that which God has established. The authorities that exist have been established by God. Consequently, whoever rebels against the authority is rebelling against what God has instituted, and those who do so will bring judgment on themselves. For rulers hold no terror for those who do right, but for those who do wrong. Do you want to be free from fear of the one in authority? Then do what is right and you will be commended. For the one in authority is God's servant for your good. But if you do wrong, be afraid, for rulers do not bear the sword for no reason. They are God's servants, agents of wrath to bring punishment on the wrongdoer. Therefore, it is necessary to submit to the authorities, not only because of possible punishment but also as a matter of conscience."

Christian belief permitted the colonies to embrace the concept of lex talionis. Thomas Jefferson, for instance, authored a crime bill in 1779 in the Virginia colonial legislature that read in part: "Whosoever shall be guilty of Rape, Polygamy, or Sodomy with man or woman shall be punished, if a man, by castration, if a woman, by cutting thro' the cartilage of her nose a hole of one half diameter at the least. . .. . . If any person commit Petty treason, or a husband murder his wife, a parent his child, or a child his parent, he shall suffer death by hanging. . . Whosover committeth murder by poisoning shall suffer death by poison. . . Whosoever committeth murder by way of duel, shall suffer death by hanging; and if he were the challenger, his body, after death, shall be gibbeted. . .. Whosoever shall commit murder in any other way shall suffer death by hanging" (Commonwealth of Virginia 1779).

Hence, since pre-colonial times and in the majority of contemporary states, there is a just desert argument: that someone who murders gets his just desert through execution. Indeed, there are few condemned men on death row in the United States who do not wish they could take back the act of murdering their victims (Slack 2014).

## History and Evolution

Well before the construction of prisons, executions were the way to eliminate a murderer from the community. During colonial times, and throughout most of the nineteenth century, hanging was the preferred method of execution. It was also a source of entertainment not unlike major sporting events of today. Days before the execution, out-of-towners would start to gather. Merchants would take advantage of the event and sell food, drink, and (eventually) souvenirs. The day of the execution would begin in the church where the pastor had prepared a special sermon directed toward the condemned who sat alone in the front pew. The sermon was typically based on lex talionis scriptures, drawing "just desert" lessons for the condemned, as well as deterrent lessons for the public (Masur 1991).

After the church service, the condemned would lead a parade to the hanging tree – that would eventually be replaced by gallows. On the way to the hanging, it was not uncommon for the pastor to encourage the condemned to incorporate key phrases from the sermon into his "last words." The pastor knew that, after the execution, he could sell the sermon, and, if the condemned quoted it, the sermon would bring a higher price. The spectators, as many as triple the population of the community, would line up as close as possible to the gallows – where many had spent the night before to ensure preferred seating. Afterwards, they would scramble for souvenirs – a lace from the shoe that jerked off at the point of the neck snapping or, if lucky, a piece of the noose (Steelwater 2003).

The entertainment value of hangings increased throughout the nineteenth century, and this is why they remained a public spectacle. The science of the process also grew. The length of rope was measured by the weight of the body. Too much length would decapitate the head, while too little length would result in slow strangulation. Manila hemp became the rope of choice, and it was boiled and stretched to limit the "dancing effect" at the drop's end. The knot was lubricated to assure tightness. It was affixed behind the left ear to obtain quicker breakage of the spinal cord. The hands of the condemned were pinioned behind the back, and legs were strapped together to prevent struggling against the drop door. A hood was used to help avoid movement prior to the drop. The condemned is left on the end of the rope for approximately 20 minutes to assure death (See Duff 2001).

While hanging continued to be a method of executions until the mid-twentieth century, other forms of execution became popular ways to implement state death policy. Primarily in the western "cowboy" cultures, states shifted to firing squads. The condemned was escorted into the firing area and seated on a simple chair. With hands and feet tied, he was strapped into the chair. A red heart, pinned to his chest, was the target for the firing squad. There were five members of the firing squad, typically not state employees. Instead hunters were solicited for the team. They were hidden from the view of the condemned, approximately 20 ft away, behind a wall made with aiming slits. One rifle contained a blank to ostensibly give each man on the firing squad the opportunity for plausible deniability – of not being one who shot the condemned in the heart (Steelwater 2003).

Toward the end of the nineteenth century, eastern states began to prefer electrocution. First used in 1890, experimentation was required to make the process of dying as humane as possible. As the twentieth century progressed, the practice took pattern. The condemned was strapped into a wooden, oversized chair made from hardwood trees. The man's legs and arms were strapped into the chair, and a seat belt strapped in his torso. A wet sponge with a metal strap was affixed on the top of the condemned man's clean-shaved head. It was fastened at the chin. A mask was then placed over his head. For about 60 seconds a charge of approximately 2500 volts at 7 amps went through his body. This was repeated. After a 5-minute wait for the body to cool, a physician checked for vital signs. While no longer used by any state, electric chairs remain stored in closets near the death chamber.

In western states, gas chambers were preferred in the twentieth century. The gas chamber was airtight, and most had two or three chairs in them. Underneath each chair was a drop-bucket filled with sulfuric acid and water. Once strapped to the chair, with EKG modules and a long stethoscope attached, hydrogen cyanide pellets were released outside of the chamber and fell into the drop-bucket. The rising fumes caused the body's inability to process oxygen, which resulted in death in about 5 minutes. While no longer in use, five states still have gas chamber facilities – Arizona, California, Mississippi, Missouri, and Wyoming.

First used in Texas in 1982, all death penalty states use lethal injection as the primary means of execution. Procedures and drugs vary by state, but the condemned is typically extracted from a death cell and helped onto the gurney in the death chamber by six to eight members of an execution team. His legs, arms, and torso are strapped down. A healthcare specialist, typically an EMS expert

but never a physician, inserts the needle from the IV tubing into a vein in both arms. (Veins are used because they travel with unoxygenated blood toward the heart, and this quickens the effects of the injection.) Both arms are utilized in case one vein backs up and prevents the flow of the drugs. The temperature is chilled in the death chamber in case the veins in both arms back up, and hence, require a deeper surgical procedure to find a usable vein.

The other end of the IV tubing goes into an adjoining room where the executioner stands. The person selected as the executioner varies by state. In Alabama, by law it is the warden. In Mississippi, the state contracts out those duties. Regardless of whom, the executioner has the ultimate responsibility to plunge the syringe vessels.

Prior to this, as in all types of executions, the condemned is read the death warrant and is given an opportunity for last words. Some use the last words as a desperate means to prolong life, and others are unable to speak. Most condemned persons use those last words for apologies, healing to the victim's loved ones, and messages to their loved ones. The amount of time for last words is relatively brief – lasting for most no more than 1 minute. A chaplain is in the chamber, to comfort as well as to ensure the process speeds along. The chaplain is accompanied by one or two correctional officers who are members of the execution team. Witnesses, representing the state, the victim, and the condemned are watching, and they are usually in separate viewing rooms.

The executioner pushes the first syringe, and that is filled with an anesthetic – 50 cc's of pentobarbital. A second syringe of 50 cc's of pentobarbital is plunged to ensure unconsciousness. (Approximately 7 cc's of pentobarbital is sufficient for surgery in any operating room.) A third syringe, filled with 60 cc's of saline solution, cleans out the tubing and assures all the anesthetic reaches the condemned. At this point, in compliance with the US Supreme Court, a member of the execution team checks for consciousness. This is done by flicking eyelids, pinching cheeks, and trying to get a reaction from hitting the nerve underneath the kneecap. When finished, the execution team member nods to the warden or executioner. At this point the executioner pushes a fourth syringe containing 50 cc's of Pavulon, a muscle relaxant, and this stops the lungs. A fifth syringe brings another 60 cc's of saline solution to clear the IV tubing. Next is the sixth syringe, filled with 60 cc's of a drug to induce heart failure, typically potassium chloride. Finally, a seventh syringe, filled with 60 cc's of saline solution, flushes the IV tubing (Slack 2014).

Witnesses are not aware of the timing of the syringes. Because the condemned quietly goes to sleep, they are never sure the time of death. The fact that the condemned does not feel pain is a concern to some witnesses. However, they know the process is complete when the curtains close in the witness rooms. They are escorted out of the facility, usually with the victim's loved ones leaving first. The victim's loved ones are typically taken to another location for a press conference. The loved ones for the condemned are driving either to their cars or to a motel.

After the curtains close, a physician enters the death chamber, checks for breathing and a pulse, and then pronounces death. Between the sheets and the mattress on the gurney, there is a hidden body bag. Execution team members pull out the edges of the body bag, which engulfs the condemned and all the sheeting, and zip it up. Placing a toe tag onto the zipper of the body bag, the execution team removes the body still on the gurney. In some states, such as Alabama, the body is taken to a hospital for autopsy. In other states, like Mississippi, the body is wheeled out to a funeral hearse for burial. If the body is to be buried on prison grounds, it is just taken to another room.

## Efforts to Curtail Capital Punishment

Since colonial times, groups have tried to curtail capital punishment in various states. An abolitionist movement started before the American Revolutionary War, and it dovetailed with the slave-abolitionist movement prior to the American Civil War. It was not until 1972 that capital punishment was deemed unconstitutional by the US Supreme Court. In Furman v. Georgia (408 U.S.238), the court struck down all state death penalty laws because they tended to be arbitrary and did not match the severity of the

crime to punishment. For instance, some states included kidnapping and rape in the category that warranted execution.

The US Supreme Court revisited the death penalty in the 1976 Gregg v. Georgia (428 U.S. 153) case. Based on *Gregg*, the court now permits the death penalty if the following conditions are met:

1. Trials have to be bifurcated – having a distinct trial phase and a distinct sentencing phase.
2. Juries have the right to proportionality reviews. That is, a jury can request the court to provide similar cases to see the decisions rendered elsewhere are proportional to the decision being considered by the jury.
3. Mitigating factors are permitted to affect punishment decisions.
4. Appellate reviews have to be automatic.

Since *Gregg*, there have been several challenges to lethal injection, most notable are *Glossip v. Gross* and *Baze v. Rees*. Both cases were brought by inmates claiming that lethal injection was cruel and unusual punishment under the US Constitution. Plaintiffs claimed the specific drugs are painful, and unconsciousness is never a certainty. In both cases, the court ruled that insufficient evidence was presented, and that plaintiffs failed to produce an alternative method for execution. As it stands in the United States, the Court has never deemed a particular method of execution as unconstitutional – only the processes leading up to conviction. Hence, more recent attempts by worldwide pharmaceutical companies to block states from purchasing the necessary drugs will most likely cause the states to return to the use of electric chairs.

## Conclusion

There is no agreement on the utility of capital punishment as a social policy tool. Does it curtail murder? There is no causation in that direction, but the murder rate in many non-death penalty states remains high. As a social policy, it is expensive. A county government anywhere in the United States will spend two to three times the amount of taxes on a capital murder case than it would on a non-capital murder case. Capital cases require more investigation and more expert witnesses than other kinds of cases. Yet successful prosecution of non-capital cases creates greater costs to state government operations. Sentenced to life without the possibility of parole, a murderer will cost a state government two to three times the amount it costs to house an inmate on death row. An 18-year-old will most likely be executed by his 40th birthday, hence ending all costs to the state. An 18-year-old with a life sentence may cost the state for the next six or seven decades, with the price of older age vastly surpassing the cost for the inmate incarcerated during the young adult years.

## References

Commonwealth of Virginia (1779) A bill for proportioning crimes and punishments in cases heretofore capital

Death Penalty Information Center www.deathpenaltyinfo.com

Duff C (2001) A handbook on hanging. New York Review of Books, New York

*Furman v. Georgia* (408 U.S. 238)

*Gregg v. Georgia* (428 U.S. 153)

Masur LP (1991) Rites of execution: capital punishment and the transformation of American culture, 1776–1865. Oxford University Press, New York

Slack JD (2014) Abortion, execution, and the consequences of taking life. Transaction Publishers, New Brunswick

Steelwater E (2003) The Hangman's Knot: lynching, legal execution, and America's struggle with the death penalty. Westview Press, Boulder

# Executive Accountability in Trinidad and Tobago

Maukesh Basdeo
Department of Political Science, The University of the West Indies – St. Augustine Campus, St. Augustine, Trinidad and Tobago

## Synonyms

Accountability; Committee; Executive accountability; Legislature

## Introduction

Trinidad and Tobago became independent state in 1962 after British rule. Following independence, the new constitutions of Trinidad and Tobago, which was enacted in 1962, implemented a parliamentary system of government. The Trinidad and Tobago (Constitution) (Order in Council 1962) consigned all legislative authority to a bicameral parliament. In 1976, Trinidad and Tobago became a Republic discarding the constitutional monarchy status since independence in 1962.

Under the 1976 republican constitution in Trinidad and Tobago (Laws of Trinidad and Tobago 1976), the president was made a quasi-ceremonial head of state who exercised most of his/her powers on the advice of ministers with limited exception for the personal exercise of powers after consultation or in their own discretion or deliberate judgment. The prime minister and the cabinet are collectively responsible to the legislatures. To ensure executive accountability to the parliament, the constitution makers in Trinidad and Tobago incorporated provisions for parliamentary committee systems, thereby formally granting the parliaments the authority to appoint standing committees as necessary for discharging their functions.

Even though many favorable preconditions of the parliamentary system were provided in the constitution of Trinidad and Tobago, the power of the executive and the majority of the governing party in the parliament hindered the opportunities to balance relations between the executive and the legislature. But it is now widely recognized that one important way of strengthening parliament without weakening the executive is to make maximum use of committees. Committees allow the legislature to simultaneously perform numerous functions that otherwise might not be conducted at all. For example, they help parliament reduce its workload and perform different functions more efficiently.

Up until 1979, most of the parliaments patterned after the Westminster model did not make much use of committees. They historically resisted embracing the new roles of parliamentary committees pioneered elsewhere. In particular, department-related committees that shadow government departments were very often seen as a characteristic of the congressional system, an alien device inappropriate to parliamentary government. Initial attempts to set up department-related committees in different Westminster-type democracies were opposed on the grounds that they would detract attention from the chamber, elevate some members to new positions of influence, and reduce the party struggle to technical matters and coalitional politics.

The requirement of executive accountability can be viewed as a chain where the cabinet, or executive branch, is held collectively responsible and accountable to an elected legislature and must maintain the confidence of the legislature in order to remain in power. Therefore, if the government loses the confidence of the legislature, it must either resign or request a new election. These practices theoretically provide the check on the power of the executive within the system. This essential aspect of the Westminster model is lacking in the Commonwealth Caribbean, and for a long time its parliaments have been unable to perform the key parliamentary task of oversight of the executive.

The parliament, as the legislature is called in the Republic of Trinidad and Tobago, has traditionally made some use of committees. However, in recent years, in particular since the election of the fifth parliament in Trinidad and Tobago 1995, committees have received important, if not widespread, recognition. These are now more visible and much talked about institutions and have a better scope to assert themselves, although the extent to which they can live up to the expectations of their sponsors is yet to be ascertained properly.

This paper seeks to establish that the legislature should be at the apex of a system of executive accountability in Trinidad and Tobago, drawing more effectively on the investigations and the status of its committees and clarifying the role of the legislature in the policy process. It concentrates on the system of committees as the principal vehicle for promoting this culture of scrutiny and improving parliamentary effectiveness.

Therefore, this is a study of the scrutiny of the executive through parliamentary committees.

## A General Framework of Accountability

Accountability can be explained in two ways. First, in a narrow, technical sense, i.e., it refers to the duty of the head of department to account as "an accounting officer" to his or her minister, the auditor general, and last but not least the legislature. Secondly, at a basic textbook level, accountability means "to give an account" of actions or policies or "to account for" spending. A more expansive perspective on accountability requires a person to "explain and justify – against criteria of some kind – their decisions or actions" (Oliver 1994, 246). As a result, the accountability of the executive, bureaucrats, and institutions is one of the central concerns of modern governance.

Robert Pyper has observed that the concept of accountability is often used as a basic benchmark against which systems of government can be judged. This connects to Ayeni's view that an accountable government is deemed to be good government and carries with it connotations of advanced democracy (Ayeni 2000). As a result, the state has a central responsibility in ensuring that accountability is institutionalized and ensure that those who exercise powers in the name of the public fulfill their duties and obligations, and the process by which they are made to answer and account for their actions meets an acceptable standard.

Therefore, accountability can be looked upon as the obligation to account for responsibilities conferred. It is a concept fundamental to any democratic system. It clearly establishes the right of the citizen to know what government intends to achieve on behalf of its citizens and how well it has met its intentions. In the Commonwealth, it means that government is accountable to the parliament for the way in which it manages the power and resources entrusted to it. In turn, the parliament, on behalf of the people, is responsible for ensuring that this accountability takes place (World Conference on Governance 1999, 8–9).

As a result, a clear understanding about using specific aspects and mechanisms of accountability and its linkage to the institutions and actors that will enforce accountability is necessary to operationalize accountability as an agenda of research. Likewise, it is possible to analyze parliaments from many different perspectives. The one that this paper finds more interesting is the role of a parliament in general and its parliamentary committees in particular in ensuring executive accountability.

## The Significance of Parliamentary Committees

The idea of the committee, of which the parliamentary committee is but one example, involves a concept which must be one of the most fundamental and widespread in human societies and organizations. In most cases, the usage of the committee is defined in terms such as "a body of persons appointed or elected for some special business or function" or "a body of persons delegated to consider, investigate, or take action upon and usually to report concerning some matter or business" (Onions 1973, 377).

The first connection to note between committees and parliaments comes directly from the definition illustrated above; a parliament itself may be considered a committee in this case a subset of the electorate. Within Westminster-style parliaments, the most important committee is the cabinet, "a committee of the legislative body selected to be the executive body" (Bagehot 1867, 66). The committee that is the cabinet is an essential feature of the Westminster form of responsible parliamentary government and although not mentioned clearly in the Constitution has been adopted by the Commonwealth Caribbean parliaments ever since their inception, together with many other practices from the British parliament such as standing orders.

The term committee is also used in the parliamentary context to describe any of several types of bodies of parliamentarians established by either (or both) houses but of a numerical size very much smaller than the whole of the chamber. In the

Westminster tradition, this is a practice of long standing: In both Houses of Parliament, the practice of delegating to small bodies of members, regarded as representing the House itself, the consideration of questions, which, as involving points of detail or questions of a technical nature, is unsuited to the House as a whole, is as old as any part of their settled procedure (Erskine May's Treatise 1971, 18th edn, 591).

Over the centuries, parliamentary committees have been established in a variety of ways and for a range of purposes, and it has become convenient and useful to classify them, most commonly in terms of shared characteristics and associated significant attributes. Typical of many such classifications are those of Odgers who noted five types of committees: house of representatives committees, senate committees, joint committees, standing committees, and select committees. On the other hand, Gareth Evans' view was that parliamentary committees, in turn, can perhaps best be understood as existing to perform one or the other of four primary functions: legislative, executive monitoring, investigative and policy initiating, and domestic (Odgers 1976, 468).

The relations among committees tend to differ across countries. However, intrinsically the functions they perform can be quite alike from legislature to legislature. The main tasks of committees are grouped as follows, according to Shaw (Lees and Shaw 1979, 370–377):

1. Legislative function: Committees are expected to deal with legislation. The referral of a bill to a committee means that the committee must give detailed consideration to it and to report it to the plenary.
2. Financial function: It is expected committees will deal with financial matters. In general, the various committees that operate in this area are concerned with the budget and revenue aspects and with the administration of spending programs by the government.
3. Investigative function: Committees are often appointed for the purpose of conducting investigations in connection with legislation or executive oversight.
4. Administrative oversight function: Committees are the most useful instrument of legislatures to oversee the performance of the executive, control the implementation of policies, and call to account the officials of the government.
5. Housekeeping function: Some committees are appointed to fulfill housekeeping activities as, for example, internal rules and procedure, internal administration, and the setting of the agenda.

The proposal to use specialized parliamentary committees of this kind in Trinidad and Tobago was in the air in 1998. So too were considerable debates on the subject especially within the opposition parties. These arguments worked themselves to a standstill, but interest in the subject had revived in 1998, and its importance is such that legislation was introduced, debated, and passed as Act #29 of 1999.

The Constitution (Amendment) Bill, 1998, purports to introduce a new section, 66A, enabling constitutionally established select committees to investigate and report on the powers and methods of functioning of and criteria adopted by service commission, ministries, statutory authorities, and enterprises controlled by or on behalf of the state or in which public monies are invested. The policy contained in this Bill was to provide a legal framework so that the parliament as a whole could scrutinize executive and state administrative action, which can be enjoined and enforced. It did not seek to empower select committees of parliament to come between the decisions of the magistrates' court, the high court, the court of appeal, or the privy council nor did it empower select committees to scrutinize the exercise of judicial power. All it sought to do was to give the parliament the power to scrutinize the exercise of administrative power, that is, the executive and the service commissions exercising powers of administration.

The power and authority of the committees were not to come into force until the relevant standing orders were made to give effect to section 66A. The Standing Orders of the Senate and the House of Representatives were amended on

the 31st and 27th of March 2000, respectively. With the necessary amendments, an institutionalized committee system was present in Trinidad and Tobago to play a central role in holding the executive accountable.

## Assessment of the Committee System Effectiveness

Parliamentary committees in Trinidad and Tobago meet both in camera and in public which is decided on the basis of majority. Officially committees cannot select their chairs and members. Selection and appointment of committee chairs and members are done by the speaker in conference with the whips of the political parties. However, amendments to the standing orders of the house of representatives and senate allow its committees to set their own agenda and send for papers, persons, and documents with the exception that the executive may decline to produce a document on the ground that its disclosure would be prejudicial to national security. The committees can consider legislative bills referred to them and do play a role in budget allocation and demands by means of its finance committee.

In terms of ensuring government accountability, the role of committees is for the most part restricted to the initiation and the recommendation stages with little impact at the implementation level. In Trinidad and Tobago, the departmentally related committees took several years to complete their investigation on a limited number of reports from government ministries, state enterprise, and service commissions. Therefore, at the implementation stage, their role of ensuring executive accountability is hard to judge. It is difficult to determine the percentage of recommendations that were as accepted by the government as against those that were not accepted. For the reason that the majority of government ministers fail to comment on the recommendation within the 90-day period set by the standing orders of the house, there is concern. The committee systems is not highly institutionalized because there is no connection between and among all the stages of committee operations, i.e., committee formation, deliberation, recommendation, and acceptance. The issue of implementation of recommendations is left to the government to act on. This institutional limitation of the committee system in Trinidad and Tobago places the executive in an advantageous position to be the final authority on any matter of governance.

There are many shortcomings in the Trinidad and Tobago parliament. First, the committee system has a restricted role in lawmaking. Second, the low turnover of committee members has not encouraged committee members to develop specialized knowledge and expertise to make committees more effective. Thirdly, despite the fact that the committee system has extensively been expanded over the last 10 years, the coordination mechanism to manage the committees is deficient resulting in a fragmented operation.

Despite the institutional arrangement of a committee system in Trinidad and Tobago, the executive is in a beneficial position to be the ultimate judge on any issue of governance. Officially, the executive is not obliged to implement committee recommendations and is to provide explanatory notes to the parliament. On the whole, this is an institutional limitation of committee systems in a parliamentary system of government because the committees' job is usually done once their recommendations are accepted by the government.

Institutionally, Trinidad and Tobago has a working parliament with a committee system which can generate significant scrutiny in ensuring executive accountability. In terms of ensuring government accountability, the committees are restricted largely to the production of reports and weak at the implementation level. It is apparent from the operations of three selected departmentally related committees that their attempt to ensure executive accountability was mostly limited to the initiation and recommendation stages. At the implementation stage, their role to ensure executive accountability is hard to judge. Overall, committee discussions have for the most part been limited to improving the organization and working of the administrative machinery rather than holding the executive accountable.

Considering the above deficiencies and limitations, the following measures can be taken for strengthening the parliamentary committees in Trinidad and Tobago.

1. The operations of the political parties in Trinidad and Tobago are not democratic to the extent they ought to be. The study showed that committee members were not democratically selected; decisions were mostly taken by the political leader and the chief whip. Legislators relied on their chief whips to straighten out their parliamentary plan. To strengthen the committee system, political parties should stress on political professionalism rather than the personal choice and loyalty in the selection of committee members. For the most part, the political progression of legislators depended primarily on the satisfaction of the political leader relative to their performances in the committee system. Therefore, political parties must be more democratic internally and encourage their members to take part in the committees more seriously.
2. To reinforce the oversight role of the parliamentary committees, it should be compulsory for executive agencies to implement committee decisions, and they should be accountable to the committees for not carrying out the recommendations. To advance parliamentary accountability, the committee reports should be debated and followed up by implementation status reports in the parliament.

In spite of some of the deficiencies, an institutionalized committee system has taken root in the parliament of Trinidad and Tobago. By and large, parliamentary committees have developed their own idiosyncratic identities led by their own institutional values and culture of work. As a result, the current state of securing executive accountability by parliamentary committees in Trinidad and Tobago hinges upon the prevailing overall political context of the country and the institutionalized committee system originating mainly from the political context and shaped in part by the prevailing political culture of Trinidad and Tobago.

## References


Ahmed N (1997) Parliamentary committees and government accountability-role of departmentally related committee. Indian J Public Adm 1:50–65

Alfred M (ed) (1997) The growth of parliamentary scrutiny by committee. Pergamon Press, Oxford, UK

Ayeni V (2000) What really is good governance? Paper presented at the 22nd AAPAM round table, Mahe

Bagehot W (1867) The English Constitution, reprinted in 1964 by CA. Watts, London, p 66

Barnhart G (1999) Parliamentary committees: enhancing democratic governance: a report of the Commonwealth Parliamentary Association, study group on parliamentary committees and committee systems. Cavendish, London

Copeland GW, Patterson SC (1998) Parliaments and legislatures. In: Kurian GT (ed) World encyclopedia of parliaments and legislatures, vol 2. Congressional Quarterly, Inc., Washington, DC, pp xix–xxxi

Davidson D (1995) Powers of parliamentary committees. Can Parliam Rev 18(4):12–15

Dowlat CC (1980) Development of the parliamentary committee system in the region. Paper presented at the twenty-third conference of the Caribbean, the Americas and the Atlantic Region, Kingston

Drewry G (ed) (1985) The new select committees. Clarendon, Oxford, UK

Erskine May's Treatise (1971) In: Cocks B (ed) The law, privileges, proceedings and usage of parliament, 18th edn. Butterworths, London, p 591

Eulau H, McCluggage V (1985) Standing committees in legislatures. In: Loewenberg G et al (eds) Handbook of legislative research. Harvard University Press, Cambridge, MA, pp 395–470

Hansard Society (2001) The challenge for Parliament: making government accountable. Hansard Society, London

Hosein M (1993) Parliamentary reform with particular reference to its parliamentary committees, their composition and effectiveness. Paper presented at the first seminar on parliamentary practice and procedure for Trinidad and Tobago, Parliament of Trinidad and Tobago, Port of Spain

Inter-Parliamentary Union IPU (1989) Comparative study: parliaments in the modern world. Inter-Parliamentary Union, London

Khan HW (1992) Improving and strengthening the committee system for effective parliamentary control. Paper presented at the fourth Commonwealth Parliamentary Seminar, Port of Spain

Laws of Trinidad and Tobago (1976) Ch. 1:01, schedule, s. 22

Lees JD, Shaw M (eds) (1979) Committees in legislatures: a comparative analysis. Duke University Press, Durham, pp 370–377

Longley LD, Davidson RH (1998) Parliamentary committees: changing perspective on changing institutions. J Legis Stud 4(1):1–20

May E (1997) Treatise on the law, privileges, proceedings and usage of Parliament, 22nd edn. Butterworths, London
Norton P (1994) Select committees in the House of Commons: watchdogs or poodles. Polit Rev 4(2):31
Norton P (1998) Nascent institutionalization: committees in the British parliament. In: Longley LD, Davidson RH (eds) The new roles of parliamentary committees. Frank Cass, London, pp 143–162
Odgers JR (1976) Australian senate practice, 5th edn. AGPS, Canberra, p 468
Oliver D (1994) Law, politics and accountability. Public Law 238:246
Onions CT (1973) The shorter Oxford English dictionary. Oxford University Press, Oxford, UK, p 377
Order in Council (1962) S.I. 1962/no. 1875, s. 50
Report of the Joint Select Committee of Parliament (2000) To consider and report on the working paper on the reform of the management structure of the Parliament of Trinidad and Tobago: together with the proceedings of the committee
World Conference on Governance (1999) 5(3):8–9

## Executive Development

Stephanie Witt[1] and Suzanne McCorkle[2]
[1]School of Public Service, Boise State University, Boise, ID, USA
[2]Boise State University Emeritus, Boise, ID, USA

### Synonyms

Executive competency; Executive development; Executive succession planning; Executive training

### Introduction

To be effective and serve the public well, upper level administrators and executive leaders in the public sector must have knowledge and skill in several areas. It is not enough to merely attain the office, whether through appointment or election, every executive needs to be consciously practicing and improving their leadership and management skills. At the federal level in the United States, the preparation and continuing education needs for leadership-level employees are promoted by the US Office of Personnel Management (OPM). For all levels of government, the accreditation of graduate degrees in public administration and public policy is rigorously enforced by the Network of Schools of Public Policy, Affairs, and Administration (NASPAA). NASPAA has identified key skills and competencies that all of their accredited public administration programs must cover. Taken together, these sets of knowledge, skills, and abilities provide a roadmap for essential skills for executive development.

Most workers can identify specific qualities or attributes that they find important for doing their job. A thoughtful human resource system identifies needed knowledge, skills, and abilities for each job in the organization and designs a training and development system to make sure each employee has the needed competencies to succeed at their job (Fredericksen et al. 2016). While it is common for training and development planning to be done at the middle and lower levels of the organization, it is less common for organizations to have a systematic training program for executive level managers.

In some ways, this is the result of the method used to choose executives in the US governmental system. The top several levels of most public sector agencies are selected on the basis of political appointments. It is not uncommon for presidents, governors, and mayors to choose executives with little to no public sector experience to lead their executive branch agencies. Other executive level positions, for example, the state-level position of Superintendent of Public Instruction, may be chosen by the public through an election. Two factors make creating and maintaining an executive development program challenging. First, turnover and elections make designing and implementing any executive development in a timely way difficult. Second, the broad and leadership-oriented skills needed by executives are less often covered by agency-level training. Unless the president, governor, or mayor has created his or her own executive training, most executives are left out of ongoing development activities.

## Office of Personnel Management

One place where the federal government has developed executive development standards and training is the Office of Personnel Management (OPM). OPM is an independent agency that is the federal equivalent of a Department of Human Resource Management or Department of Personnel. However, OPM tries to do more. It seeks to continue the federal government's reputation as a model employer and seeks to provide guidance to all government agencies. With that mission in mind, OPM (2012) developed the Guide to Senior Executive Service Qualifications which is shown in Tables 1 and 2.

The five core qualifications are operationalized through a listing of competencies (see Table 2), each of which is further defined into specific behaviors through the training programs provided by various government agencies.

Those seeking executive level employment in the federal government must demonstrate these competencies. One can expand on this advice and argue that all candidates for public service leadership positions should develop proficiency in the five core competencies.

## NASPAA

Standards for the preparation of leaders in the public sector are formed by the Network of Schools of Public Policy, Affairs, and Administration, which accredits the relevant degrees at institutions of higher learning worldwide.

NASPAA accreditation standards direct institutions to build degree programs that deliver on the goal of:

> . . . preparing students to be leaders, managers, and analysts in the professions of public affairs, public administration, and public policy and only master's degree programs engaged in educating and training professionals for the aforementioned professions are eligible for accreditation. (NASPAA 2015)

While "leadership" is not as clearly defined as in the OPM standards, programs must provide students several domains of competence (see Table 3).

A study of Masters of Public Administration graduates' use of knowledge and skills provided in the MPA curriculum seemed to confirm the utility of NASPAA standards and found the most used curriculum components of graduates included: written communication, systemic thinking about problems, oral communication, managing heavy workloads, working in groups, data presentation, understanding/managing myself, making decisions with incomplete information, and leadership (Henderson and Chetkovick 2014).

## Other Considerations for Manager Development

A review of the OPM and NASPAA standards for executive skills point to several lessons. First, the

**Executive Development, Table 1** Executive qualifications core competencies

| | |
|---|---|
| **1. Leading change** | This core qualification involves the ability to bring about strategic change, both within and outside the organization, to meet organizational goals. This ECQ requires the ability to establish an organizational vision and to implement it in a continuously changing environment |
| **2. Leading people** | This core qualification involves the ability to lead people toward meeting the organization's vision, mission, and goals. This ECQ requires the ability to provide an inclusive workplace that fosters the development of others, facilitates cooperation and teamwork, and supports constructive resolution of conflicts |
| **3. Results driven** | This core qualification involves the ability to meet organizational goals and customer expectations. This ECQ requires the ability to make decisions that produce high-quality results by applying technical knowledge, analyzing problems, and calculating risks |
| **4. Business acumen** | This core qualification requires the ability to manage human, financial, and information resources strategically |
| **5. Building coalitions** | This core qualification requires the ability to build coalitions internally and with other federal agencies, state and local governments, nonprofit and private sector organizations, foreign governments, or international organizations to achieve common goals (OPM 2012) |

**Executive Development, Table 2** Executive qualifications specific competencies

| | |
|---|---|
| ***Leading change*** | **Creativity and innovation**<br>Develops new insights into situations; questions conventional approaches; encourages new ideas and innovations; designs and implements new or cutting edge programs/processes<br>**External awareness**<br>Understands and keeps up-to-date on local, national, and international policies and trends that affect the organization and shape stakeholders' views; is aware of the organization's impact on the external environment<br>**Flexibility**<br>Is open to change and new information; rapidly adapts to new information, changing conditions, or unexpected obstacles<br>**Resilience**<br>Deals effectively with pressure; remains optimistic and persistent, even under adversity. Recovers quickly from setbacks<br>**Strategic thinking**<br>Formulates objectives and priorities and implements plans consistent with the long-term interests of the organization in a global environment. Capitalizes on opportunities and manages risks<br>**Vision**<br>Takes a long-term view and builds a shared vision with others; acts as a catalyst for organizational change. Influences others to translate vision into action |
| ***Leading people*** | **Conflict management**<br>Encourages creative tension and differences of opinions. Anticipates and takes steps to prevent counter-productive confrontations. Manages and resolves conflicts and disagreements in a constructive manner<br>**Leveraging diversity**<br>Fosters an inclusive workplace where diversity and individual differences are valued and leveraged to achieve the vision and mission of the organization<br>**Developing others**<br>Develops the ability of others to perform and contribute to the organization by providing ongoing feedback and by providing opportunities to learn through formal and informal methods<br>**Team building**<br>Inspires and fosters team commitment, spirit, pride, and trust. Facilitates cooperation and motivates team members to accomplish group goals |
| ***Results driven*** | **Accountability**<br>Holds self and others accountable for measurable high-quality, timely, and cost-effective results. Determines objectives, sets priorities, and delegates work. Accepts responsibility for mistakes. Complies with established control systems and rules<br>**Customer service**<br>Anticipates and meets the needs of both internal and external customers. Delivers high-quality products and services; is committed to continuous improvement<br>**Decisiveness**<br>Makes well-informed, effective, and timely decisions, even when data are limited or solutions produce unpleasant consequences; perceives the impact and implications of decisions<br>**Entrepreneurship**<br>Positions the organization for future success by identifying new opportunities; builds the organization by developing or improving products or services; takes calculated risks to accomplish organizational objectives<br>**Problem solving**<br>Identifies and analyzes problems; weighs relevance and accuracy of information; generates and evaluates alternative solutions; makes recommendations<br>**Technical credibility**<br>Understands and appropriately applies principles, procedures, requirements, regulations, and policies related to specialized expertise |
| ***Business acumen*** | **Financial management**<br>Understands the organization's financial processes. Prepares, justifies, and administers the program budget. Oversees procurement and contracting to achieve desired results. Monitors expenditures and uses cost-benefit thinking to set priorities<br>**Human capital management** |

(continued)

E

**Executive Development, Table 2** (continued)

| | |
|---|---|
| | Builds and manages workforce based on organizational goals, budget considerations, and staffing needs. Ensures that employees are appropriately recruited, selected, appraised, and rewarded; takes action to address performance problems. Manages a multisector workforce and a variety of work situations<br>**Technology management**<br>Keeps up-to-date on technological developments. Makes effective use of technology to achieve results. Ensures access to and security of technology systems |
| ***Building coalitions*** | **Partnering**<br>Develops networks and builds alliances; collaborates across boundaries to build strategic relationships and achieve common goals<br>**Political savvy**<br>Identifies the internal and external politics that impact the work of the organization. Perceives organizational and political reality and acts accordingly<br>**Influencing/negotiating**<br>Persuades others; builds consensus through give and take; gains cooperation from others to obtain information and accomplish goals. (OPM 2012) |

**Executive Development, Table 3** NASPAA universal required competencies

| |
|---|
| As the basis for its curriculum, the program will adopt a set of required competencies related to its mission and public service values. The required competencies will include five domains: (1) Leading and managing in public governance; (2) Participating and contributing to the policy process; (3) Analyzing, synthesizing, critically thinking, and solving problems; (4) Making decisions; and (5) Communicating and interacting productively with a diverse and changing public |

effective executive needs to be competent at skills that extend far beyond the technical knowledge related to their particular agency's work. The Director of the Bureau of Land Management, for example, needs far more than technical knowledge about range conservation to run that organization. Second, those expanded skills reflect two important realities about executives in the US system: (1) there is an inevitable interaction with the political system and the public and (2) horizontal skills of coordination, collaboration, and communication are critical in today's networked government involving so many public and nonprofit sector partners (Fredericksen et al. 2016).

There is some evidence that executives may consider their training thus far to be lacking. A survey by the Council for Excellence in Government (CEG) and the US Office of Management and Budget (OMB) of program managers who may or may not have MPA degrees found "35 to 50 percent . . . never received training in areas that appear critical to program management, including dealing with the media, working with stakeholders or Congress, . . . risk management, and budget and financial management" (Razvani and Pick 2008/2009). In addition to ad hoc resources for employee development, specific skills to implement best practices are available in publications prepared for the unique attributes of the public sector; see, for example, McCorkle and Witt (2014). However, there are gaps, and the development of competency standards for program managers similar to the OPM executive standards would be desirable.

## Succession Planning

In addition to promoting personal competence, succession planning – the systematic and ongoing process of developing future leaders – has emerged as a duty of those in executive service. The US Office of Personnel Management (2015) recommends the development of a profile of subordinates and external potential candidates' readiness to assume leadership positions. The depth of the list of ready candidates allows a determination of the level of risk to an agency should the top executive exit the organization. If the agency is at risk, plans can be implemented to develop likely candidates for succession, what has been called filling the pipeline.

Succession planning is required because each agency has some uniqueness – of mission, of workforce, of the nuances of leadership – that may be imperiled if leadership changes precipitously. Also, if succession planning is implemented, institutional knowledge is not lost because the one person who had that knowledge no longer is available.

Recognition of the risks accrued without succession planning has led municipalities, states, and other agencies to develop leadership development programs that fit local needs (see for example, Moffitt 2007; Reeves 2010). For a state-by-state analysis of succession planning challenges and responses during an era of government retrenchment and layoffs, see Fredericksen (2010).

## Conclusion

Although the standards for executive development are extensive, they continue to mature as technological developments emerge and workplace best practices change.

## Cross-References

► Human Resource Management in Russia

## References

Fredericksen ED (2010) When the music stops: succession is more than filling seats. State Local Gov Rev 42(1): 50–60

Fredericksen E, Witt SL, Patton WD, Lovrich NP (2016) Human resource management the public service perspective, 2nd edn. Routledge, New York

Henderson M, Chetkovick C (2014) Sectors and skills: career trajectories and training needs of MPP students. J Public Aff Educ 20(2):193–216

McCorkle S, Witt SL (2014) People skills for public managers. M.E. Sharpe, Armonk

Moffitt BWT (2007) City Management Institute: a blueprint for leadership succession. Gov Financ Rev 23(4): 55–59

Network of Schools of Public Policy, Affairs, and Administration (2015) NASPAA standards for accreditation. naspaaaccreditation.files.wordpress.comm. Accessed 1 Dec 2015

Office of Personnel Management (2012) Guide to senior executive service qualifications. OPMguidetosesquals_2012.pfd. Accessed 1 Dec 2015

Office of Personnel Management (2015) Workforce succession planning. OPM.gov. Accessed 1 Dec 2015

Razvani S, Pick S (2008/2009) The program manager's view. Public Manager 27(4):94–97

Reeves TZ (2010) Mentoring programs in succession planning. State Local Gov Rev 42(1):61–66

E

# Executive Orders and Public Administration

Grant Walsh-Haines
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

Administrative directives; Administrative discretion; Decree; Executive agreement; Executive decision making; Reorganization plans; Signing statements; Unitary executive or unitary executive power or executive unilateralism

## Definition

Executive order: a rule or order issued by the president to an executive branch of the government and having the force of law; a presidential directive that requires or authorizes some action within the executive branch (Mayer 1999).

## Introduction

Presidential power extends to the legislative branch in the American political system, and executive orders are one way for presidents to exert power over the congressional decisions. Presidents use their power to sign executive orders in order to make policy. This is ordinarily the role of congress, given the separation of powers established in Article I, Section I of the US Constitution. Executive orders are considered the most powerful action a president can take because

they involve the most presidential discretion and direct presidential involvement (Fleishman and Aufses 1976). Executive orders, unlike the veto power, which stops legislation, embrace legislation but manipulate the execution of the law. In short, executive orders determine the scope and effect of law: how laws are executed and whom they affect.

Historical examples of executive orders abound. The following lists some well-known examples that had profound consequences and played a significant role in shaping policy in the United States:

- Federal Reserve banks reopened after the stock market crash in 1929 (Roosevelt, Executive Order 6073, March 10, 1933)
- Internment of Japanese-Americans during World War II (Roosevelt, Executive Order 9066, February 19, 1939)
- Desegregation of the Armed Forces (Truman, Executive Order 9981, July 26, 1948)
- The use of cost-benefit analysis in government regulations and spending decisions (Reagan, Executive Order 12291, February 17, 1981).
- Established President's Homeland Security Advisory Council, combined with others increased government access to civilian information (George W. Bush, Executive Order 13260, March 19, 2002)

To put the recent presidential use of executive orders into perspective, Obama (as of this writing) used 231, George W. Bush 291, and Clinton 364. Franklin D. Roosevelt signed 3721 executive orders during his time in office. (For more information, see the database in The American Presidency Project.) As a general historical trend in the United States, presidents issue the greatest number of executive orders during wartime and times of economic crisis. World War I, World War II, and the Great Depression paralleled the greatest number of executive orders. Each of the examples demonstrates the constraints of executive orders to impact government employees or agencies in the executive branch. Presidents can also use executive orders to declare a national state of emergency, which account for the largest number of executive orders (Mayer 1999).

Executive orders commonly begin by describing the constitutional basis for the president's action. Usually, this requires reference for a statute or the Constitution to describe how the president can access his expressed or implied powers to do the task set out by the order. The Supreme Court decision from *Youngstown Co. v. Sawyer* (1952) determined that former president Truman had no constitutional grounding to seize the nation's steel mills during the Korean War. Executive orders are subjected to checks and balances such as judicial review.

Executive orders are one of many presidential powers. For example, an executive order is not the same as an executive agreement or presidential proclamation. An executive agreement is the foreign policy equivalent to an executive order. Executive agreements focus on international diplomacy and treaty making and allow for presidents to make unilateral diplomacy decisions by working directly with another head of government (Fisher 1995). One form of executive agreement is called executive-congressional agreement and requires a simple majority to pass.

Another form of executive agreements, sometimes called sole executive agreements, does not require congressional approval. Unlike treaties, which do require congressional approval, sole executive agreements happen between two heads of government. Presidents opt to use the sole executive agreement when they doubt congressional approval and it does not create new policy. One key difference between executive agreements and executive orders is that executive agreements are not legally binding beyond the terms of the president that enacts the agreement (Krutz and Peake 2009). Therefore, when the next administration takes over, former agreements can be reversed.

An executive order is also not the same as a presidential proclamation. Presidential proclamations do not carry the weight of law and are often crafted in response to congressional decisions. The most notable example, President Lincoln's Emancipation Proclamation, would be better described today as an executive order, not a

proclamation (although Congress did pass the content of the proclamation into law, usually that would occur in the opposite order) (Emancipation Proclamation, January 1 1863). Executive orders are intended to directly affect the administration, meaning all branches and component parts of the executive branch (Grant 2004). This is an important limitation of executive orders, which cannot control judicial or congressional action, for example. As the commander in chief of the executive branch, presidents are well within their purview to tell their cabinet what to do. Executive orders are sometimes said to carry the weight of law, allow for presidents to enact policy, and do not necessarily require support from Congress. How much power does the use of executive order really grant presidents?

## The Shifting Power of the Presidency

More recent trends indicate a withering of congressional effectiveness and power and an increase amount of power held by the president (Buckley 2014). The US Constitution clearly outlines that legislative powers rest with Congress. Recent decades have marked an increase of presidential strategies to sidestep congressional processes and "take the law into their own hands (Newland 2015)." According to some scholars, that is simply unconstitutional because it breeches Article I, Section I of the constitution, which limits legislative power to Congress (ABA n.d.).

The growing power of the presidency is also seen clearly in the president's ability to exercise strategic vetoes. If the president suspects that Congress will overturn his presidential veto, he can adopt another strategy: signing statements. Signing statements occur at the same time the president signs a bill into law. They can be used to praise or criticize a bill, so function as a way for the president to make the law, including additional presidential voice in the process. Presidents Bill Clinton and George W. Bush both used signing statements to declare portions of the laws they signed unconstitutional (Pfiffner 2009). The conversation between the president and congress focuses on whether or not the actions taken by either are constitutional or unconstitutional. Presidents can opt to sign bills into law but then claim that parts of the law are unconstitutional (Woolley 1999).

The constitutionality of signing statements has been called into question. On one side, the Blue-Ribbon Task Force, a subgroup of the American Bar Association, determined that signing statements are unconstitutional because they encourage presidential abuse of separation of powers. The task force claimed that in the case where a president would use a signing statement to describe the unconstitutional nature of a bill, then they ought to veto the bill outright (ABA n.d.; Schwinn 2015). An alternative stance describes the importance for presidents to guide the executive branches actions through the use of executive orders, signing statements, and the veto. These powers enrich the constitutionality of the process by engaging directly with checks and balances (Tribe 2006).

Still another reach of the president into the legislative process is the increasing use of regulatory review (Barilleaux and Kelley 2010). The president can use regulatory review after congress passes a bill into law. Regulatory review occurs when the president orders agencies to follow certain rules related to the laws passed by Congress (Croley 2003). Regulatory review is similar to other forms of growing presidential power to influence the way laws are executed within the agencies of the executive branch.

In sum, the relationship and growing power of the president is tangible in five ways: (1) veto legislation, (2) sign legislation into law and ignore it using signing statements, (3) employ process regulatory review, (4) use executive orders to create laws and, (5) use executive agreements to unilateral diplomatic action. The use of these five strategies to influence the legislative branch are considered administrative discretion or how chief executives in public organization, like CEOs or the president make decisions (Otenyo and Vaughn 2007). Administrative discretion impacts when and how presidents invoke these powers. The role of party and the makeup of Congress also influence administrative discretion.

## Relationship Between Executive Orders and Party Politics

The use of executive orders demonstrates and increases the amount of power in the executive branch. Therefore, Republican presidents are less likely to invoke the power, whereas presidents aligned with the Democratic Party use executives more frequently. Executive orders also occur more frequently when government is divided or when Congress and the president are aligned with opposing parties, democrat and republican. Presidents pass executive orders at higher rates during administrations that experience divided government (Fisher 1995; Mayer 1999).

Often, there is some level of mudslinging when it comes to presidential use of executive orders. Republican congressional leaders accuse democratic presidents, such as former President Clinton and President Obama, of overstepping their powers as head executive through the use of executive orders. The trend, however, has clearly demonstrated that all presidents use the growing power of the presidency to achieve their ends. Data about the number of executive orders shows a general decline in the use of executive orders since former President Truman was in office. Recent presidents have used a comparable number of executive orders (APP n.d.).

## Conclusion

Locating the shifting power of the presidency proves a difficult task. The use of executive orders is merely one way for the president to use the position to exert control over the legislative branch. But there are other reasons to use executive orders, executive agreements, and signing statements, such as a desire to bring an issue into public conversation or bring media awareness to an issue (Chu and Garvey 2014). Context and current events influence how and when presidents use their power.

To summarize, "Presidents use [executive orders] to make substantive policy, exercise emergency powers, strengthen their control over executive branch agencies and administrative processes, emphasize important symbolic stances, and maintain their electoral and governing coalitions" (Mayer 1999). The wide-ranging application of executive orders warrants continued study of their use and implications.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Comprehensive Model of Decision-Making
- ▶ Ethical Leaders
- ▶ Executive Development
- ▶ Federal Executive Management
- ▶ Group Power and Leadership
- ▶ Leadership in Organizations
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Organizational Decision-Making
- ▶ Political Appointees and Political Executives
- ▶ Presidential Signing Statements and Public Administration


## References


Barilleaux RJ, Kelley CS (eds) (2010) Unitary executive and the modern presidency. Texas A&M University Press, College Station

Buckley FH (2014) The once and future king. American Spectator 47(3):24–27

Chu VS, Garvey T (2014) Executive orders: issuance, modification, and revocation, congressional research service, RS20846 (April 16, 2014)

Croley S (2003) White house review of agency rulemaking: an empirical investigation. Univ Chicago Law Rev 70(3):821–885

Emancipation Proclamation (1 Jan 1863) Presidential Proclamations, 1791–1991, Record Group 11, General Records of the United States Government, National Archives

Fisher L (1995) Presidential war power. University Press of Kansas, Lawrence

Fleishman JL, Aufses AH (1976) Laws and orders: the problem of presidential legislation. Law Contemp Probl 40:1–45

Grant AR (2004) The American political process, 7th edn. Routledge, New York

Krutz GS, Peake JS (2009) Treaty politics and the rise of executive agreements: international commitments in a system of shared powers. University of Michigan Press, Ann Arbor

Mayer KR (1999) Executive orders and presidential power. J Polit 61(2):445–467

Newland E (2015) Executive orders in court. Yale Law J 124(6):2026–2099
Otenyo E, Vaughn J (2007) Managerial discretion in government decision making: beyond the street level. Jones & Bartlett Learning, Sudbury
Pfiffner JP (2009) Presidential signing statements and their implications for public administration. Public Adm Rev 69(2):249–255
Schwinn S (2015) Separation of powers cases. American Bar Association, Preview Issue 8, 42. http://www.americanbar.org/publications/preview_home/articles/14-15_issue8vol42_schwinn_separationofpowers.html. Accessed 20 Feb 2016
The American Bar Association (n.d.)
The American Presidency Project (n.d.)
Tribe LH (2006) Signing statements are a phantom target. Boston Globe: A 9 (9 Aug 2006)
Woolley JT (1999–2016) Presidential signing statements. The American Presidency Project. http://www.presidency.ucsb.edu/signingstatements.php#q1. Accessed 20 Feb 2016
Youngstown Sheet and Tube Co. v. Sawyer, 343 U.S. 579 (1952)

# Exercises in Crisis Management Training

Daniel C. Goodrich[1] and Frances L. Edwards[2]
[1]Mineta Transportation Institute, San Jose, CA, USA
[2]Department of Political Science, Mineta Transportation Institute, San Jose State University, San Jose, CA, USA

## Synonyms

Drills; Maneuvers; Practices

## Definition

"an activity designed to promote emergency preparedness; evaluate emergency operations, policies, plans, procedures, and facilities; train personnel in response duties; and demonstrate operational capability. Exercises consist of performing duties, tasks, or operations in a simulated emergency environment."

## Introduction

Emergency response personnel receive training in how to respond to various types of emergency events. In order to ensure that they have been properly trained, that they have adequate equipment, and that appropriate plans are in place, they practice their response in a simulated environment where an evaluation can be conducted without any threat to life or property. The goal of all exercises is to learn how to improve planning, training, and equipping to achieve the greatest success in a real emergency event. The same skills can be used in planned events, like parades and sporting events.

Exercises can be both passive and active. Participants may practice one skill or using one tool, or they may wear personnel protective equipment and move vehicles. They may sit at a desk and interact with a computer, or they may be one of hundreds of responders at the scene of a simulated event. Each type of exercise has its purpose in evaluating the organization's preparedness for a variety of threats to the agency or community.

## Defining an Exercise

Exercises are opportunities for professionals to practice skills, use plans, and test equipment. Many emergency management-related skills are unique to special or unusual circumstances, like earthquakes or hurricanes, and may become forgotten between events unless there is an exercise designed specifically to use those "seldom-used" skills. An exercise may be focused on one skill – like using a fire extinguisher – or it may attempt to replicate the circumstance in a community during an emergency event. Emergency management exercises are not intended to test individuals, although an exercise may be used as the culminating experience in a training course.

Exercises should be held for a specific reason. Leadership of a department may realize that certain plans and equipment have not been needed for a long period of time. New equipment may have been acquired that needs to be tested against emergency events. Plans may have been revised

and need to be tried in a "fail-safe" environment. Newly elected or appointed senior officials may want to experience the expected response to an emergency event. There may be exercise requirements tied to funding sources like federal grants.

Exercises should be designed to meet specific needs. Once a purpose is defined, a design can begin by selecting the skills, plans, and equipment that should be ready to respond. Only then should a specific scenario be selected to serve as the backdrop for the action, one that would require the use of the skills, plans, and equipment that have been selected.

Exercises are learning opportunities. They must be designed to create a positive environment for testing skills, plans, and equipment, for evaluating the suitability of these items for the event that is forming the backdrop, and to offer an opportunity for an honest critique of what needs to be changed, updated, or replaced to enhance effectiveness of the overall emergency response to this type of event. A regular exercise schedule will enhance preparedness among emergency responders and ensure that community needs will be met when an emergency arises.

Exercises should include everyone who would have to collaborate to protect the community in a real event. In addition to police and fire personnel, the exercise designer must envision what other elements of public agencies, nonprofit agencies, and even business community members (collectively referred to as "whole community") would be needed to ensure that lives are saved, casualties are limited, and that property and the environment are protected. All of these elements should be represented in both the design and the implementation of the exercise. The contribution of the agencies may be as simple as offering some items to be included in the design or as complex as actively using their resources.

## Types of Exercises

The US government recognized the importance of exercises for maintaining emergency response readiness. The Department of Homeland Security (DHS) created the Homeland Security Exercise and Evaluation Program (HSEEP) to ensure that all public safety agencies and all homeland security grant recipients maintained an acceptable level of response capability. They defined two categories of exercises: discussion-based and action-based.

As the name suggests, discussion-based exercises are conducted in a non-threat environment like a classroom, where problems are posed to the participants, and solutions based on existing plans and capabilities are discussed. Participants can hear each other's answers and build a better response through collaboration. Discussion-based exercises are intended to help participants learn more about the plans, skills, and equipment that is available and to work together to enhance the emergency response.

Action-based exercises have a kinesthetic element. The exercise is usually held in an environment that supports interaction with the equipment and employment of the plans and skills through motion. Participants are focused on their own set of skills, plans, and equipment and during the exercise may not be aware of the skills, plans, and equipment being used by all the other participants.

Exercises only achieve their goals if the lessons learned from the event are captured for future application. Formal processes exist to gather the experiences of the participants, evaluate them, and use them to create improvements to the plans, the training cycle, and the equipment cache. By using the different types of exercises in a cycle, an agency can ensure continuous improvement of its response capabilities for the protection of the community from unusual occurrences that may have serious consequences. Comments are collected from the participants and from the exercise director and design staff. In larger exercises, there may also be evaluators, controllers, and observers who provide information collected during an event. This information is gathered into a formal report that is used to determine how best to allocate scarce resources for emergency response improvement. The report's findings can also be used to justify additional external grant support or allocation of local government funds in support of emergency response enhancements.

## Discussion-Based

Discussion-based exercises are divided into four types based on the level of participation by the attendees. In every case there is a learning component that is intended to refresh seldom-used skills. These discussion-based exercises are often used as the beginning of an exercise cycle that will culminate in an action-based exercise.

Sometimes the leaders of the exercise – the exercise director and the designers – are employees of the agency, while at other times they may be outside exercise facilitators from neighboring jurisdictions or consultants. The Federal Emergency Management Agency (FEMA) offers a series of courses to prepare agency personnel to become master exercise practitioners, capable of managing the cycle of exercise planning, implementation, and evaluation.

### Seminar

A seminar is a didactic event with experts giving presentations on emergency response-related issues. Seminars can be used to introduce new plans or the capabilities of new equipment. They can define new skills or the new application of existing skills. Seminars may be given by internal leaders or outside experts.

Seminars focus on one issue. It may be preparing for an action-based exercise. It may be a refresher review of existing skills, plans, and equipment. It can include lessons learned by other agencies that will inform the practice of this agency. The topic may be any issue that supports the development of better emergency response in the community: plans, protocols, procedures, authorities, strategies, or response resources.

Because they are a class-like event, seminars provide an opportunity to give a succinct and coordinated overview of community threats, challenges, and capabilities. The topic can be offered in a specific or comprehensive approach, based on an evaluation of participant knowledge and organizational needs. The drawback to a seminar is that it does not comply with the best practices of adult learning because it is not interactive, generally providing a one-way flow of information. As an introduction to a topic or a refresher for training, a brief seminar can be useful in directing participants' thoughts to the seldom-used skills, plans, and tools, but long-term retention of the information is unlikely, based on adult education research (andragogy). Therefore, seminars should be followed by a more interactive or active exercise.

### Workshop

In a workshop participants are an active part of the event. After a brief introduction, they are assigned specific tasks to accomplish. A report-back period enables all participants to hear what each group did about the assigned tasks. A workshop may be built around plan development or review, around the acquisition of tools and equipment, or around skill selection for future training.

The key to the workshop is that every member of the group participates in the discussion of worthwhile activities, as shown in Fig. 1. Participant interaction is essential, and a product should be developed, such as a draft plan or policy. The outcome or goal must be clearly defined, and the workshop should be based on one specific element or issue.

### Tabletop

A tabletop exercise comes closer to simulating a real event. Each participant has a specific response role, usually based on the participant's emergency responsibility in the agency. A scenario is posed to the group, and in turn each participant describes

**Exercises in Crisis Management Training, Fig. 1** Students in a workshop

what he or his agency would be doing to respond to community needs at that point in the event. Issues are discussed in depth; participants collaboratively examine challenges and develop solutions. A tabletop exercise can be used to examine new plans and lessons learned from other agencies or consider how to integrate new skills and tools into the existing response base.

In a basic tabletop exercise, the scenario is presented to the group at once, and the only evolution occurs through the ideas suggested by the participants. The exercise director allows the event to unfold based on the responses of the participants, and evaluation of their responses is left to the group members until the closing information collection during the "hot wash," a discussion of outcomes at the end of the exercise period.

In an advanced tabletop exercise, the director manages the evolution of the exercise. As participants begin to provide descriptions of their work, the exercise design injects (comments from the exercise director) become more complex, challenging the level of demonstrated knowledge. They may receive prescripted messages of several levels of difficulty. In every case, the proposed response to the situation must be based on an existing plan, skills, tools, and capabilities. When a resolution requires something that is not actually available, the exercise team notes those deficiencies for inclusion in the exercise documentation for future improvements.

The benefit of a tabletop exercise is that everyone at the table learns about the work of all the represented departments and agencies. Often emergency responders have little knowledge of how other departments work. Listening to each representative describe the resources at its command to resolve the emergency triggers new understandings of the collaborations that could occur in the field. For example, at one tabletop exercise, a police representative described the difficulty of knowing whether an active shooter was still inside the building and the dangers of sending officers in to apprehend someone hiding in an unknown location. The fire chief responded that they had infrared cameras that would show the heat signature of a human being in the building. This led to the creation of a new response protocol allowing the police to get fire department support for building searches.

The drawback of a tabletop exercise is that it is very difficult to anticipate the time needed to complete the exercise and achieve the goals. Novice participants may have difficulty sharing relevant information and need significant coaching by the exercise staff. Having copies of the emergency plans and checklists available may be necessary to keep the exercise on track. On the other hand, if the participants are knowledgeable, the exercise may finish quickly. However, participants with extensive experience may have extended information to share that may slow down the unfolding of the event. The exercise director has to gauge the value of the sharing and collaboration versus the value of completing the exercise to control the progress of the scenario.

### Games

A game is a competitive simulation involving two or more teams working to resolve a problem. The rules of the game require the use of plans and protocols during the unfolding event, leading to the integration of all supporting materials in resolving the challenge. The focus is problem solving. Games may be tabletop or computer based. A player may be pitted against another human team or against a computer simulation. Games are useful for validating changes to plans and protocols or evaluating resource requirements. The game can be static, with fixed decision points that earn points for how quickly and completely they are reached, or dynamic, with decision points that evolve with play, driven by each previous decision and its consequences.

Because games are fully interactive, they offer the best learning environment for long-term retention of knowledge, according to andragogy. By creating teams and competition, games engage players more fully and for longer periods. To win they must become familiar with the existing plans and protocols. Computer-based games include elements of fun that keep players engaged for extended periods. The problem with games is that teams may become too competitive and focus on winning rather than actually evaluating and learning. Rather than taking the desired integrated

approach that has all team members developing a comprehensive understanding of the management of an emergency event, teams may divide into specialist activities so that they achieve speed based on individual specialized knowledge. The desire to win versus the need to learn has to be balanced by the exercise controllers, but slowing down a team can create morale problems in a highly competitive environment.

## Action-Based

The second category of exercises is action-based. In these exercises the participants engage in a kinesthetic element, which will vary from using desktop resources to field level equipment and facility activity. The goal of action-based exercises is to create "muscle memory" of how things are done, so that when the skill or equipment is needed its proper application is automatic.

Adults remember what they do longer and more completely than what they are told. Therefore, it is crucial to have exercise staff members available to immediately stop and correct errors, so that only the right actions are remembered. For example, during a full-scale exercise, a fire company was allowed to enter a contaminated building without the protective respirators. Initially no one wanted to stop them because they did not want to embarrass them. The exercise director insisted on giving them "dead" cards when they emerged from the building to emphasize to them and the rest of the participants that respiratory protection must be used until the area is cleared by the safety officer.

### Drill

A drill is an active exercise that is focused on one activity. A fire drill is an example, where everyone leaves the building using the designated fire escape routes. They are used to provide training on new equipment, validate procedures or practice, and maintain current skills, as shown in Fig. 2. Because of the single-skill focus, there is usually not a scenario provided.

Drills provide an opportunity to refresh skills on seldom-used equipment or to provide additional time interacting with other professional partners. For example, in an evacuation drill the participants exit and report to their supervisors, but they may also interact with the American Red Cross chapter that has set up a rehabilitation tent for the participants.

**Exercises in Crisis Management Training, Fig. 2** Fire extinguisher drill

The benefit of a drill is that the individual participant will only have to commit limited time to participation in a single-skill scenario. The event offers the kinesthetic experience of handling and properly using the equipment, enhancing long-term recall of the skill set. However, the skill set exists within an implementation plan, and it is easy in the rush to handle the equipment to overlook the larger context of skills, plans, and procedures. This can be overcome through a complete introduction before the practical skill section begins.

### Functional

A functional exercise is developed to evaluate capabilities, multiple functions, and interdependent functions. It uses a realistic exercise scenario that describes a likely community emergency event that would require a response. The exercise is based on existing plans, policies, and procedures that guide the response. Participants operate in the real-world response environment, such as a field command post or an emergency operations center, but there is no external activity. The rest of the event is simulated through message traffic using the actual protocols and equipment that would be available in an emergency.

Participants receive scenario intelligence through a simulation cell (sim cell) that

communicates a common operating picture through radio, telephone, computer, Wi-Fi, social media, or other channels that are preestablished for emergency response information sharing. They take simulated actions and communicate them back to the sim cell using the planned communications channels. Thus the functions are practiced without moving people or equipment.

Functional exercises demonstrate the interactions of players across departments and agencies. They test channels of communication for their adequacy and ease of use. For example, if an emergency communications vehicle is included in the functional exercise, the operators determine how easy it is to raise the antenna mast and establish a clear radio signal. The drawback to a functional exercise is that many real-world deficiencies cannot be recognized in the limited environment of a functional exercise. The prescripted messages are designed to be handled according to plan, which may give a false sense of security to operators in an emergency environment, with more infrastructure failures and inadequate staffing of critical positions due to travel limitations. For example, a community may have a successful hurricane functional exercise using trained city staff and Radio Amateurs in Civil Emergency Services (RACES) volunteers, but when the hurricane strikes, the RACES members may be trapped at work and unable to provide the communications support that was successful in the functional exercise.

### Traditional Full-Scale Exercise

A traditional full-scale exercise is like a play. It is prescripted based on existing plans, skills, and equipment, using a realistic scenario from the list of community threats. The Master Sequence of Events List (MSEL) is a timed list of actions that would be triggered by the unfolding event. Not every action can be anticipated because some aspects of the response may be created by knowledgeable participants with resources that the MSEL creators did not think of. For example, during a hazardous material exposure scenario exercise, a fire truck crew was dispatched to decontaminate a patient in an area without a working water system due to disaster damage. The MSEL writers anticipated that they would have to disrobe the patient and use baby wipes on his exposed skin. Instead, they knew that they carried a water fire extinguisher and used that to clean the victim's hair, hands, and face. This was creative and appropriate, but outside the MSEL. Such spontaneous improvisation is encouraged and documented in the exercise reports.

Traditional full-scale exercises are used primarily to reassure the community and the elected officials of the emergency response capability of the community. They require many hours to perform to really test policies, plans, and equipment. Dozens to hundreds of agency staff are taken from their regular duties to engage in the exercise, and victims have to be recruited from the community or volunteer organizations. The event is costly in both manpower and resource consumption, as disposable equipment and consumable supplies must be used for realistic response practice. It provides the opportunity for plans, skills, and equipment to be used in a close-to-real environment where lack of coordination or unrealistic plans will become apparent. The drawback – in addition to the cost – is that to keep the exercise on target, it has to be extensively scripted. As a result, many real-world challenges are solved in the exercise planning process to keep the play moving forward. For example, police and fire vehicles are pre-positioned adjacent to the exercise location to avoid the liability of code-3 driving through the community. This, however, prevents testing whether the anticipated travel paths would be traversed in the time estimated at the time of day of the exercise. This can create unrealistic expectations for how quickly and in what quantity help would arrive in a real event.

Full-scale exercises are poor adult learning environments. Most exercises have a cold start, meaning that people are called from duty to participate without any briefing, as they would be in a real event. While this adds to the realism, it does not ensure that people will follow the existing plans. Since these are seldom-used skills, it is likely that people will not remember how to use equipment or apply a skill, but the full-scale environment provides few clues for participants who are performing incorrectly. The exercise

evaluators will note the errors, but the players will have proceeded incorrectly, meaning that they are more likely to remember the wrong thing that they did, rather than the corrected action told to them at the exercise evaluation at the end of the day. There also tends to be an element of competition among the players, with each department wanting to be "better" than the others, so the level of caution that would be used in a real life-threatening event is unlikely to be seen in a full-scale exercise. This competition can also lead to the compromising of the MSEL due to the departmental representation involved in its design. MSEL designers may feel obligated to share the scenario and expectations with their daily co-workers to insure their success. This undermines the nature of a full scale which is supposed to be a "solve all problems" situation for participants.

### Facilitated Exercise

In an effort to overcome the drawbacks of the traditional full-scale exercise, one city created a modified model that benefits from the kinesthetic elements of a full-scale exercise while preventing the incorrect operations often found during the traditional full-scale exercise. It is called a "facilitated exercise" because the play is organized by learning stations with facilitators. The players are divided into groups of 25 or fewer people and rotate through the learning stations during their time at the exercise. The first learning station's facilitator lays out the scenario and invites the participants to describe their reactions and immediate responses, including creating an initial incident action plan (IAP). The facilitator guides the discussion to ensure that incorrect suggestions are not used and that only correct actions are included in the IAP.

The next station simulates the first elements of the emergency scene and focuses on operations, having the players describe how they would implement the initial IAP, including what equipment they would use, where they would stage vehicles, and what safety plan they would make. The facilitator guides their discussion and provides references back to plans and procedures. He will remind the players of available resources and suggest items for use in resolving the scenario that the players may have overlooked. Before they operationalize the response, the plan has been developed according to the safety plan and the department protocols.

The third and fourth learning stations each focus on one seldom-used skill. One may be dealing with bombs and improvised explosive devices (identify, isolate, call for the bomb squad), while another may be explaining the use of newly acquired medical assets like blood coagulant. In every case before any action is taken, the facilitator guides the group discussion to ensure that all actions are within plan and protocol.

The last learning station combines rehabilitation (a fire service term for providing a place to cool off and drink water) and a psychological debriefing, just as would be conducted at a real event. The department psychologist and other volunteer counselors conduct the debriefing to help participants deal with any stress from the exercise and also to prepare for the stress of a real event.

The facilitated exercise has the same positive aspects as the traditional full-scale exercise, in that it allows adult learners to physically interact with their equipment and move according to the safety plan and IAP. In addition, it ensures that all actions are according to department plans and protocols, while allowing for a discussion of areas in the plans that may need improvement. The drawback to a facilitated exercise is that it does not permit participants to make mistakes, so while they can propose incorrect suggestions, they will only be allowed to act on correct interpretations of their training. It can be argued that by preventing the players from finding their own way out of problems unassisted, some of the benefits of a full-scale exercise are lost.

## Matching Exercise Goals and Scenarios

Some exercise developers are tempted to start with a scenario and then decide how to structure the goals and objectives for the exercise. This leads to confusion and disappointment for the

participants, as the scenario may be too difficult to manage or the required activities to resolve the chosen issue may not meet the stated exercise goals. For example, it is common to have senior level officials demand a tornado exercise and then set goals of testing communication equipment and mutual aid. In a tornado the communication systems are usually the first losses, as cell towers and radio repeaters are destroyed by the wind. The amount of debris created by a tornado will often prevent the arrival of mutual aid for hours to days. Unless there is an acceleration aspect to the exercise time schedule, the players will arrive at shift change before any action occurs.

### Developing Exercise Goals

The agencies developing the exercise should start by understanding the motivation for the exercise. Are there grant requirements for holding the exercise and using specific equipment? Has a new threat to the community been recognized? Is there a new or revised plan that needs to be tested? Is there new equipment that needs to be integrated into the existing plans? Do elected officials want reassurance that the community response plan works?

Once the motivation for the exercise has been understood, the appropriate type of exercise can be selected and goals can be established. A new threat might be the basis for a workshop to develop new response protocols, and the goals would be related to developing new elements to the plan and listing new equipment that would be needed or additional study that would be beneficial. A concerned elected official might benefit from participating in a tabletop exercise where he could hear each department explain its role and response, and the goals would be to use the response plan, describe existing skills among employees, and determine the adequacy of the current emergency communication systems. A grant requirement might mandate a full-scale exercise to test the integration of training and equipment paid for with the grant funds, so the goals would be driven by the grant requirements for demonstrating capability. In each case the exercise goals would be supported by the type of exercise selected.

### Developing Scenarios to Achieve Goals

Once the specific goals and the exercise type have been established, the exercise committee can select an appropriate threat to the community that would allow players to meet their goals but be manageable with existing resources. Catastrophic events are difficult or impossible to manage in the best of circumstances, so keeping the scale of the event to something likely and realistic is important. Often a good strategy is to replicate a real event that occurred in that community or nearby and demonstrate the changes and improvements since the event. Do not select threats that doom the exercise to failure.

## Exercise Outcomes in Emergency Management

Exercises enable first responders and emergency managers to bring all elements of the "whole community" together to plan for and execute the exercise. There are a number of probable outcomes that should be anticipated. The desired outcomes may also drive exercise goals and scenarios.

The outcome of most exercises is an evaluation of current conditions and a list of improvements that may be desirable. The first element that will be tested in all exercises is the plan. Did the existing emergency response plan support the challenges faced by the responders? Were the checklists adequate to guide good decision-making in a high-stress environment? If not, how could these plans be improved? Were the available facilities and equipment adequate to support the response? What was missing, out of date, poorly maintained, or inadequate for current conditions? Are there training needs demonstrated by the response? Are there qualifications and certifications that would have enhanced the response or provided the opportunity to use better equipment? Are there newer techniques for managing the response that could be adopted, such as more layers in a GIS map?

Reaction to the exercise by the elected officials and the community is crucial. It is important to ensure that the local media have access to watch the event unfold in the company of a

knowledgeable staff member who can explain what they are seeing. Photo opportunities for visual media are important, as their broadcasts will influence community perception of the event. A debriefing should be held for any elected official observer to ensure that their questions and concerns are addressed immediately and to get their support for remedying deficiencies revealed in the exercise.

## Learning from Exercises

Exercises are expensive and time-consuming, so it is important to document the event and the outcomes thoroughly to improve emergency response. Three steps provide for information collection to ensure adequate documentation.

### Hot Wash

Immediately after an exercise, everyone who participated should have a chance to comment on his experience, from the most senior person present to the volunteer, while the events are fresh. Each player has a different perspective based on his profession, location in the exercise, and assigned task. The players may be more sensitive to the unfolding of the exercise than the evaluators and observers. There are players everywhere, while the exercise staff are only each in one place at a time.

The most effective way to collect responses from all players is to distribute refreshments and surveys at the end of the event. People will come for the cookies and cold drinks and be more likely to complete the survey and leave it in the refreshment facility. The anonymous surveys can have just a few questions focused on the exercise goals, and then an evaluation of whether the player thought the exercise improved his ability to do his job. This information will contribute to a better understanding of the exercise outcomes.

### After Action Review

The After Action Review is a formal meeting of the leadership of the exercise, the planning team, and the representatives of every department and organization that participated. There should be a formal agenda that addresses the achievement of the specific goals of the exercise. Each participant should contribute information on his department's participation in the exercise, statistics on the number of personnel in each job category, financial information on costs to his department for personnel time and overtime, and equipment and supplies that were consumed or destroyed. This is crucial in both reimbursing partners where possible, and on budgeting for future exercises, especially when grant funding is available. Each department representative should address the agenda issues, explaining how his department contributed to achieving the goals and noting any deficiencies in the emergency response plan, the level of training, the amount of equipment, or the support facilities. This information becomes part of the exercise documentation.

### After Action Report and Improvement Matrix

After all the comments have been assembled, a formal report of the exercise conduct and outcomes is created. The After Action Report normally includes the following sections: executive summary, exercise overview, exercise goals and objectives, exercise events synopsis, analysis of mission outcomes, and the analysis of critical task performance. The exercise evaluation guide that was provided to the evaluators is attached, with their consensus comments included.

The outcome of the evaluation is the Improvement Matrix. The purpose of the exercise was to achieve a set of goals, allowing the organization to analyze its readiness and response capabilities. The outcomes will lead to an understanding of deficiencies in performance, training, equipment, and facilities. These are documented in the Improvement Matrix for use in applying for emergency response improvement grants or agency budgetary allocations. The matrix has the following columns: the core capability tested, the task or station where it was tested, the recommendation, the action that must be taken to fulfill the recommendation, the capability element where the deficiency was found, the agency responsible to address the deficiency, the date that the improvement will be started, and the date that it is expected to be resolved. This information provides a path forward to process improvement and program development for emergency response services in the community.

## Conclusion

Exercises are an important method for testing a community's level of emergency preparedness. Exercises enable the testing of plans, training, and equipment used by the first responders in support of various levels of response to known threats. A regular check of these capabilities and a systematic plan for improving them are essential to ensure community safety during an emergency event.

## Cross-References

► Disaster Response Management
► Education and Training in Crisis Management

## References

Edwards FL, Goodrich DC (2014) Exercise handbook: what transportation security and emergency preparedness leaders need to know to improve emergency preparedness. Mineta Transportation Institute, San Jose

# Exogenous Shocks, Resilience, and the Evolution of Public Governance, the Case of Finland

Petri Virtanen[1,2] and Tytti Yli-Viikari[3]
[1]ITLA (The Finnish Children's Foundation), Helsinki, Finland
[2]School of Management, University of Vaasa, Vaasa, Finland
[3]The National Audit Office of Finland (NAOF), Helsinki, Finland

## Synonyms

Resilience as a policy goal; Resilience as an adaptation mechanism; Risk management implementation in public institutions; Strategically agile government

## Definitions

From a public policy perspective, resilience can be defined in a twofold manner. First, it refers to an adaptation mechanism associated with societal complexity. The nature, dynamics, and functions of this adaptation mechanism build upon government structures and the traditions of the given administrative–political system in the country in question. As far as the institutions and organizations in the public domain are concerned the components of resilience can be understood as properties, abilities, or capabilities. In practice, resilience as an adaptation mechanism requires strategic sensitivity, resource fluidity, and collective commitment among political decision-makers and government officials, particularly top civil servants. Second, resilience can be conceived of as a policy or organizational goal in public-sector management. Approached from this perspective, resilience connects strongly with foresight dynamics and is an intentional act under the umbrella of a policy agenda aiming to strengthen the governing system's capacity to absorb and adjust to change by making plans for adaptation, delivery mechanisms, and by learning various protocols from it.

## Introduction

### Approach of the Entry

This entry explores the following questions: Why are some public institutions capable of coping with endogenous and exogenous shocks thus maintaining their performance and the ability to renew themselves even in disruptive circumstances? How is it that some public institutions rather than others are capable of tackling these challenges and how do they do it? Is resilience – as understood and conceived in a governmental context – a policy goal or an organizational mechanism, or both? And finally, how has Finland succeeded in these COVID19 times in maintaining and strengthening its public administration resilience capacity?

Before describing the components of societal complexity and organizational/

institutional resilience, a brief explanation of the fundaments of society is required. Resilience as an adaptation mechanism relating to societal complexity takes its form in a sphere constituted by the economy and the government which are, by nature, coevolving complex systems that are separate from each other, but which cannot be considered or problematized separately (e.g., Colander and Kupers 2014: 181–183).

At the outset, the nature of *organizational and institutional resilience* is not easy to define. The components of resilience can be understood as properties, abilities, or capabilities, from the perspective from where resilience is thought and practiced (e.g., Ruiz-Martin et al. 2018). Thus, the theories of organizational resilience focus on various aspects of organizational functions. Stemming originally from crisis and disaster management, Tengblad (2018), for instance, advocates the view that organizational resilience theories approach organizations by using concepts such as variation, selection, and retention, to render transparent the mechanisms used by public, private, and nongovernmental organizations, to adapt to emergent societal or organizational challenges while enhancing their change capacity.

One common feature in resilience theories is the idea that society is conceived as complex, orchestrated, and embedded by systemic institutions, networks, and events. From the organizations' point of view, the key issue is then the capability to address and to highlight the centrality of unforeseen events and unanticipated consequences, be those negative or positive and this capability is crucial in terms of how adaptation succeeds. Kantur and Iseri-Say (2012) label this capacity feature as an organization's "evolvability."

Public administrations throughout the world embody several key characteristics. One of these is the societal stability function. This entry tackles this question by asking how the question of stability is addressed in terms of institutional and organizational resilience – i.e., how resilience matters in institutional and organizational terms when the operational environment of the public administration concerned becomes progressively more turbulent – and, specifically, how this has developed in relation to the Finnish system of public organizations.

Bouckaert and Jann (2020: 30–31) have aptly reminded us that public administration leaders and academics should not only keep their eyes on their feet – i.e., the present situation – but also on the future and ask themselves how should we deal with the future and problematize how they can learn to trust utopias and distrust dystopias, thinking beyond short-term problems and solutions while trying to be as realistic as possible at the same time.The issue of reinventing, recalibrating, or rethinking the role of government/public administration is not a novel topic (e.g., Frederickson 1996; Waldo 1968, 1971), but over the years (and especially towards the end of 2010s), this discussion has shifted away from discussions related to what public administration's role is in society towards more nuanced debates about how governments and public institutions in general tackle enduring ambiguity and uncertainty in their operational systems and strategic environments (e.g., Ansell et al. 2017). One of the reasons for this changing discourse relates to the proliferation of the concept of VUCA, originally forwarded by the military during the early Cold War (referring to the change of environment defined by the conceptual dimensions of volatility, uncertainty, complexity, and ambiguity).

## The Structure of the Entry

The structure of the entry will progress as follows. First, the key concepts (and the subconcepts related to them) of this entry are defined, namely societal complexity and organizational resilience. Second, this entry looks at the context surrounding government resilience and makes a distinction between government functions (stability, trust and continuity, and renewal as ideal types) based, in part, on the legal and in particular the constitutional framework for public administration and how these ideal types relate to the motivation and principles around strengthening resilience capacity in government and across the institutions and organizations in the public sector more generally. Furthermore, this entry explains, in brief, the VUCA approach to describing changes in the operational environment as well as the nature of

external and internal shocks. The role of internal shocks (or resilience change drivers) causing the need to strengthen resilience capacity is, we suggest, often neglected in research in this field, but it is essential from the perspective of public administration. Thirdly, this entry presents a typology of adaptation mechanisms (as parts of resilience strategies) within a governmental context emphasizing the role of leadership and management in two dimensions – both at the level of political decision-making and at that of top civil service and adequate management processes (e.g., through strategic human resource management). Fourthly, this entry will present a case study on how the Finnish government and public administration institutions and organizations have implemented resilience strategies during the 2020 COVID19 pandemic. Finally, this entry concludes with a discussion of the main ideas presented and discussed as well as forwarding ideas for further scrutiny and analysis.

## Conceptual Frame

### Societal Complexity

This entry builds upon the idea that societal complexity presents a fundamental challenge to organizational resilience in an age of rapid change in the operating environment of public institutions. The controllability of society as a complex evolving system is a relevant question: for government to be resilient in a complex society no longer – if it ever did – implies that government or some other institution controls society. According to Colander and Kupers (2014: 5–6), for instance, government is just "one component of those endogenously evolved control mechanisms."

If societal complexity is the answer, one of proceeding questions relates to resilience mechanisms. There is no scarcity of definitions of how to define societal complexity.The dynamic role of societal complexity – i.e., viewed as wicked problems from the perspective of public policies and government – constitute new ground for adaptation mechanisms in public institutions and, in practice, mean that turbulent times are no longer periodical but immanent. One peculiar issue here is that societal complexity often appears in these definitions alongside the topic of pervasive societal problems that cannot be easily addressed within the contextual framework of single public policies. Understood from this perspective, policymakers within political–administrative systems are often unable to deal with these problems without a broader, comprehensive, understanding of the interconnectedness of public policies.

Societal complexity incorporates a number of other definitions providing content to complexity. These include *emergence* (referring to the existence of new, unexpected structures, patterns, or processes), *diversity* (referring to the state of existing, different in comparison to the mainstream), *adaptability* (referring to the capacity to change system because of external or internal pressure), *self-steering/self-organizing* (referring to the process that the system adopts without any direct central authority), *interconnectedness* (referring to relational/reciprocal contacts between system actors), *nonlinearity* (referring to nontransparent or implicit connections between the phases of system vis-á-vis initial understanding and conditions), *dissipative structures* (referring to the breaking of symmetry and the existence of multiple choices), and *path dependency* (referring to chains of events that are dependent on the sequence of previous events that have taken place in the course of time) (Cilliers 1998).

Complex society requires complex problem-solving, systems thinking, and organizational adaptivity among policy planners, decisions-makers, and public sector managers and leaders. To gain insight into the nature of the interconnectedness of phenomena in a complex society, policy planners and organizational leadership in public institutions and organizations need new kinds of tools that can be supplied from the domains of complexity science – e.g., fractal analysis, evolutionary game theory, and nonlinear dynamic analysis methods, as well as agent- and agency-based models of reasoning (e.g., Colander and Kupers 2014: 57–59). Societal complexity can also be approached from the perspective of metacognition – as an understanding of how we think and how we think others are thinking – and thus as a set of epistemological crises reflected

from the point of view of the philosophy of science as argued for instance by MacIntyre (1977; "consider what it is to share a culture."). Overall, as Stacey (2010) points out, societal complexity brings about the need to understand organizations –private, public, nongovernmental – and public policies as well as complex responsive processes and the people engaged with these organizations are active through various communicative and dialogical actions and links with other organizations.

### Organizational Resilience

Further, societal resilience can be defined as "a neighbourhood's capacity to weather crises such as disasters and engage in effective and efficient recovery through coordinated efforts and cooperative activities" (Aldrich 2012: 7). Resilience is thus more or less synonymous with "recovery," or the extent to which a community is able to "bounce back" after being hit by a disturbance. Further, organizational resilience builds upon, by definition, organizational context. It refers to how organizations are able to secure and maintain their continuity and performance when they adapt to internal and external shocks through different kinds of change processes and change capacity (e.g., Stacey 2010).

Moreover, in the business sector, resilience also connects, first, with the ability to understand changes in how clients and customers act and behave and secondly, with the foresight and implementation capability to focus on the problems their customers try to solve and then to configure their offerings to address these problems (e.g., Gulati 2009; Senge 1990). From a risk management perspective, resilient organizations are better equipped for business continuity in a rapidly changing context. The concept of organizational resilience can be approached and explained from the perspectives of various academic fields including psychology, sociology, ecology, organization theory, public administration, and political science. Despite the diversity of academic disciplines, Vickers and Kouzmin (2001), for instance, have criticized "traditional ways" of approaching organizational resilience due to the fact that they forget human beings, how people feel about the pressures that organizations face, how people adapt, and with what kind of strategies, to enhance the continuity of their life courses.

Finally, organizational resilience within public policies, public institutions, and public administration lie at the heart of the UN's sustainable development goal 16 which promotes functioning high-capacity institutions for an inclusive society to provide access to justice for all and to build effective, accountable, and inclusive institutions at all levels.

E

## The Changing Context for Government Resilience

### Government's Multifaceted Functions and Roles

Traditionally, the institutions of public administration have gained their societal legitimacy by maintaining stability, trust, and stability through the creation, for instance, of democratic systems and institutions, serving the electorate and political decision-makers and the creation of publicly delivered and/or funded services – both in times of turbulence and as a means to support peaceful societal development. During the last decade, however, discussions among policymakers and academics around a more expansive role for government have proliferated.

This turn is important from the perspective of societal resilience since it can – in itself – be considered an act of resilience. This turn has been immense when we bear in mind the extremely powerful narrative of the 1980s and 1990s that government should limit itself to market correction. From this perspective, governments not only facilitate policies and public service delivery and redistribute value, collected through taxation and by various redistribution mechanisms such as welfare benefits and social and health-care services, but also create value by taking part in innovation policies and renewing public institutions and policies to better meet the challenges societies face. In terms of innovation policies, for instance, governments have taken a more active role in busting new initiatives and

achieving new steps in market building through diverse policy instrument selections (e.g., Mazzucato 2018; Virtanen and Tammeaid 2020).

Overall, it is not only government that has gained new roles in society. The change has also impacted civil society. Recent financial crises (especially the great financial recession of 2008) and the COVID19 pandemic have underlined the evolving role of civil society more generally. Mulgan (2013: 45–46), for instance, has argued that governments step in when markets fail: when money disappears and the economy is in turmoil, people turn to their families and to their communities.

Overall, it is important to clearly distinguish between the government responses in 2008 and 2020. In the first instance (economic recession that took place), governments introduced market-saving (not correcting) mechanisms by, for instance, bailing out the banks which was followed by economic hardships and austerity policies for many years, whereas in the latter case there has been more expansive response to the impact of COVID19 pandemic (for instance, employment support and support for businesses).

The aforementioned evolution of government functions has brought about the need to rethink the role of governmental and societal resilience. These spheres of resilience interconnect with each other. But while on the governmental side resilience takes place two-dimensionally, either as an adaptation mechanism and public policy goal, at the societal level resilience reflects how children and families cope with disruptive shocks and major difficulties in their lives. Bourgon (2017) has made an important point here by underling the idea that these forms of resilience – governmental and societal – should always be considered simultaneously and in relation to each other and this is important especially in the case of public sector reforms. According to Bourgon (ibid.), public sector reforms should always have a dimension which would deal with the everyday aspects of people and living communities.

## Changing Operational Environment

A plethora of research literature exists on public administration's changing approach to strategy and strategic thought. One key takeaway from this strand of academic discussion is the concept of VUCA which stands for volatility, uncertainty, complexity, and ambiguity (e.g., Mack et al. 2016). The VUCA dimensions capture the essence of societal change around government operation and the democratic institutions in society. Concerning the VUCA acronym, volatility refers to turbulence, a phenomenon that is occurring more frequently than in the past. Uncertainty, then, stands for the lack of predictability in issues and events that emerge. Complexity makes explicit the numerous, difficult-to-understand, interconnected causes and mitigating factors involved in, for instance, a wicked societal problem or challenge (e.g., social exclusion, climate change, digital crime, obesity in young people, or terrorism). Finally, there is ambiguity which emphasizes the lack of clarity about the meaning of an event, issue, or phenomenon.

The art of strategy and the notion of VUCA both have military origins. The original ideas behind what was to become the VUCA concept emerged in the late1950s and while the end of the Cold War crystallized the notion, the acronym itself was not created until the late 1990s, and it was not until the terrorist attacks of September 11, 2001, that it was developed beyond the security field and began to encroach into the field of strategic leadership. Societal complexity – when addressed via the VUCA approach – has implications for the strategy formulation protocols and mechanisms that occur across all sectors in society (private, governmental, and nongovernmental).

To simplify, we might say that strategy formulators ought to be alerted continuously which consequently has meant that strategy formulations have been replaced with strategic agility. This means that the strategy process is ongoing, not a project. Doz et al. (2018) call for new capabilities to accomplish this change. They are strategic sensitivity, resource fluidity, and finally collective commitment. These capabilities are – as we will explore – essential also in building, maintaining, and strengthening resilience in public institutions as well as defining government resilience as a public policy goal.

### Exogenous and Indigenous Shocks and Resilience Strategies

Exogenous and endogenous shocks affect government and public administration. As they emerge, public institutions react. The research literature typically identifies external shocks as potentially existential threats to the way in which a government functions, or to a public organization's health.

Existing research indicates that organizations will not find it very easy to cope with such shocks. The idea of the resilient organization suggests that unexpected shocks can be dealt with and organizations can emerge from crises without lasting damage. Endogenous shocks emerge internally from the domain of government, public policy, and public organization. They can relate to haphazard policymaking, bad-quality leadership, from a variety of organizational malfunctions and unethical behavior (i.e., corruption), and the existence of organizational siloes and demand failures in service delivery. According to King and Crewe (2013: 5), these malfunctions can be human (caused by *ad hoc* planning, groupthink, haphazard program/project leadership prejudices, panic, and symbolism) or systemic (caused by failures in operational service delivery, policy implementation, and lack of managerial competencies) mistakes.

It is important to notice the relationship between exogenous/endogenous shocks and public policy/public organization. There are two options here relating to how best to describe this relationship. First, resilience can be understood as an adaptation mechanism as noted previously. Boin and van Eeten (2013), for instance, have argued that adaptation can refer to the capacity to absorb an emerging crisis while maintaining a high level of performance or to the maintenance capacity to recover from a crisis over the course of time. Second, resilience can also be conceived of as a policy or an organizational goal in the public sector. Understood from this perspective, resilience is "the capacity of a system to absorb and adjust to change by learning from it" (Colander and Kupers 2014: 200–201). In practice, this process takes place when public institutions set resilience as their operational (i.e., performance management) target and develop learning strategies and mechanisms to develop a set of rules or practices that are then put into practice when shocks emerge and penetrate society or parts thereof.

## The Typology of Adaptation Mechanisms Contributing to Governmental Resilience

This part of the entry briefly summarizes the main components of the adaptation mechanisms that fall under the umbrella of organizational and institutional resilience. The themes discussed include the notion of systems perspective and systemic change, evidence-informed policymaking, meta-governance models and network cooperation, and, finally, risk management.

### Systems Perspective and Systemic Change

The systems view of societal phenomena entails specific requirements for organizing government. This approach includes the idea that societal phenomena are interconnected and thus not easily defined from the perspective of a single public policy. Alleviating the effects of social exclusion and combating against climate change, for instance, cover multiple policy sectors in terms of necessary policy measures to be activated. As a concept, systemic change is equivalent to seeing societal phenomena from the perspective of systems view. From a systems perspective, resilience mechanisms adopted in public institutions are effective only if they are planned and delivered in a public policy domain conceived as a systemic whole. Resilience is a mechanism that has been built into government organizations and agencies as an integral part of their organizational structure, affecting all levels of government.

The effective limits of resilience mechanisms within government is an interesting question. These limits are not organizational between government organizations and other parts and/or sectors of society. Rather, government resilience mechanisms cover all sectors of society – the public, the private, and the nongovernmental. This view holds that it is the government's

responsibility to cover society from the effects and aftermath of exogenous and endogenous shocks. This task calls for cooperation from all vertical layers and horizontal sectors of government and from public organizations as a whole.

Leading change from a systems perspective can be rather confusing. First. the models of change can be conceptualized differently and with great diversity. To put it in simple terms, change models can be defined as incremental or radical, or anything in between. In terms of leadership in these times dominated by exogenous and endogenous shocks affecting public administration and government, the traditional "management" of issues and simply taking care of tasks that strengthen resilience no longer, in themselves, suffice. Leadership is crucial in times of crisis or indeed of multiple crises. The act of leadership highlights the importance of leading with the vision grounded in society's evolvability.

## Evidence-Informed Decision-Making and Accountability

According to Head (2016: 472–473), evidence-based – or perhaps more accurately, evidence-informed decision-making takes into account the complex nature of our societies and the complexities of policymaking and data deployment. Thus, policymaking and public leadership is about making "better use of evidence in policymaking [and they] are closely linked to widespreadpressures for improved effectiveness in servicedelivery and accountability in democratic countries." Public sector leaders at both the political and the top civil service levels are increasingly expected to engage in evidence-informed decision-making in order to make better decisions. Building upon the analysis by Yost et al. (2014), for instance, this evidence-informed decision-making process consists of the collation, analysis, and use of research evidence along with an expert body of knowledge, existing public service resources, knowledge about the service needs of service users, an understanding of service systems, accountability aspects, and the political climate.

The "evidence-based policy" movement gained momentum in the 1970s partly because of the general development trajectories of decision-making theories within political science, political economy, and administrative science. This movement enjoyed support from the perspective of the New Public Management – a leadership and management paradigm within the public sector domain – during 1990s and was also linked with the development of accountability functions in respect of public administration and with putting more focus on organizational efficiency. What is noteworthy here are the limits of evidence-based policy. It is more useful to speak about policies that are evidence informed which is about limiting the kinds of evidence included in policymaking basically to quantative analysis. Acknowledging the limits of evidence is important since policymaking is ultimately about a balance of considerations and relates to how to take on board the scientific advice with a somewhat practicable implementation strategy (as has been the case with the response to COVID19 pandemic in most of the countries).

From the perspective of institutional resilience, internal and external audit of the state budget is an essential component of good governance and public financial management at the governmental level. Audit ensures public funds are used for the purposes intended, that policies and programs are delivered as efficiently and effectively as possible, and that improvements in public management are initiated and conducted. External audit also ensures internal audit and control systems are in place. Audit and oversight form a system of actors and processes that strive to achieve the goal of accountability and improvement in financial management. Therefore, the role of audit is crucial in considering the dynamics of institutional and organizational resilience: it contributes to the idea of doing the right things rather than doing things right, which is a fundament in the philosophy of quality management in organizations (e.g., Crosby 1979).

## Meta-Governance and Cooperation Network Structures

The concept of meta-governance refers, in the context of government resilience, to "governing if governing." This entry holds the view that when profound exogenous or/and endogenous shocks

affect society, "normal procedure" management structures, dynamics, and divisions of labor no longer suffice. This means that organizational and public policy–based leadership and management models are supplemented or replaced by ad hoc – or crises-based management and leadership models that move beyond normal phase management and leadership. Meta-governance and cross-sectoral cooperation are examples of this new leadership dynamic. According to Gjaltema et al. (2019), for instance, meta-governance is "a practice by (mainly) public authorities that entails the coordination of one or more governance modes by using different instruments, methods, and strategies to overcome governance failures." Meta-governance, then, constitutes the forum in which overarching cross-sectoral cooperation can take place.

Meta-governance is effective if cross-sectoral cooperation meta-skills have been identified and systematically trained and practiced. Cooperation meta-skills are incorporated into leadership skills in many ways and refer to generic competencies (and skills) which are by nature both individual and representative of the collective capital of those in public administration and public policy responsible for multilateral cooperation. The scalability of cooperation meta-skills strengthens government's ability to successfully utilize the mechanism of actions and activities which, in turn, contributes to societal resilience. It is also noteworthy that vital cooperation meta-skills are dependent on the administrative and public policy–related contexts in which people operate. It seems that certain cooperation meta-skills are of relevance from the perspective of managing and leading government resilience strengthening processes. These include, for example, (a) dismantling or transcending organizational siloes, (b) mutual sensemaking across organizations, (c) communication, interaction, and co-creation of possible solutions, (d) creating a solutions-focused mindset in dealing with cross-sectoral societal phenomena, and (e) initiating innovativeness.

From a governmental perspective, resilience dynamics affect innovativeness. Rodan and Galunic (2004) have discussed the impact of open networks on innovation management. For them, open and renewable networks provide their members with an opportunity for multifaceted learning and new thinking. Such networks support innovativeness, because they make it possible to combine ideas and insights in a new way. They are multidimensional, helping organizations to prepare for and anticipate future risks. On the other hand, in a close network all members know each other. Closed networks function extremely well in acute crisis management because of strong mutual trust. They are not however particularly resilient when the operating environment becomes more turbulent and the need for continuous change grows. The weakness of closed networks is that they are conservative and slow to obtain and combine new insights.

E

## Risk Management Governance in Public Institutions: Assessment Mechanisms and Models

The term "risk governance" involves the translation of the substance and core principles of governance to the context of risk and risk-related decision-making (van Asselt and Renn 2011). Building upon this, risk governance was a notion introduced into the academic discourse via European networks on risk at the turn of the millennium and is rooted in transdisciplinary work in the interface between risk assessment, risk management, regulatory sciences, public administration, and policy analysis, especially at the EU level. The risk management standard ISO 13000 defines risk as the effect of uncertainty on achieving objectives. Within the domain of public policy, public administration and across the public sector as a whole, risk management practices in the public sector is a fundamental element of strengthening resilience. During the COVID19 pandemic, organizations that have succeeded in terms of business continuity have proven to be resilient: capable of adapting and adjusting.

From contingency planning to efficiency gains in the management of public resources, risk management frameworks address information flows in strategic and operational work while also highlighting possible implementation gaps in policy. Identifying potentially harmful events or

actions and managing the possible responses to them allows organizations to prepare for risks and mitigate their impacts.

Summarizing an effective risk management process consists of the following steps: (1) risk identification and assessment; (2) design of responses to manage risk to an acceptable level; (3) design of risk monitoring; and (4) risk reporting. When integrated into governance structures, risk management supports decision-making in achieving the set objectives at all levels of policymaking. Effective consolidation, aggregation, and assessment of strategic risks require collaboration across administrative branches and governance levels. Tekathen and Dechow (2013) suggest that Enterprise Risk Management (ERM) enhances organizations' capability to work with uncertainty. They note that the ERM process offers great potential because the articulation of risks and chances can accelerate the processes of organizing.

## Case: Finnish Governance and the COVID19 Pandemic

### The Structure of Finnish Government and Public Administration

Finland has approximately 5.6 million people and as of 2.11.2020, it has reported 16,291 cases of COVID19 and 358 related deaths (https://www.worldometers.info/coronavirus/#countries).

Finnish central government is built on specialist administrative branches (see, e.g., Virtanen and Tammeaid 2020). At the central government level, Finland has 12 ministries and their subordinate agencies and funds. These subordinate organizations consist of 65 accounting units, 127 performance-managed agencies (subordinate to 12 ministries), 215 employer offices, and 11 off-budget funds.

Overall, the government's efficiency is attributable to the deep expertise accrued by public officials and the strong mutual trust between different institutions. The operating models and the increase in competence are normally based on linear thinking, i.e., events progressing on a predetermined track, an approach which does not suit crisis situations. Government departmentalization has however entailed to a major extent the creation of organizational silos in the public administration system across all levels of governance – central, regional, and local. Over time, however, bridges across the silos have been built in the form of working groups, task forces, policy inquiries, and councils.

Continuous change across the operating environment and the complexity and interconnectedness of political issues challenge current structures and operating models. The common view among top political decision-makers and their advisers and top civil service representatives is that linearity and strict sectoral specialization should be gradually replaced with a network-based approach allowing for policy coherence and cross-sectoral continuity. Over the years, experiments have been held to achieve this, supported by the Prime Minister's Office, the Ministry of Finance, and other line ministries. Moreover, additional input for this shift – the transformation from departmentalized ministry organizations to more network-based activities – has also been provided by the National Audit Office and the Finnish Innovation Fund Sitra, both of which operate under the auspices of the Finnish Parliament.

### Decision-Making in Crisis Mode Benefited from Large-Scale Digitalization

The Government, working with the president of the Republic, declared on 16 March, 2020 that exceptional conditions as laid down in the Emergency Powers Act prevailed in Finland as a result of the COVID19 pandemic. During the two months following this declaration, unforeseen during times of peace, the Finnish central government succeeded in operating well in these exceptional conditions. The political will was strong to cooperate and to make timely operational responses possible. The acute phase of the crisis highlighted the resilience of the government service response and the exceptionally rapid deliberative and drafting processes from policy preparation to enactment in parliament and implementation by the various agencies involved.

As it stands, the reaction of government organizations since May 2020 has been exemplified by the principles of organizational resilience. Thus, the question is, how has this happened and what drivers made that possible? First of all, the continuity of government operations was possible since networks of competent and committed people set up new (to certain extent ad hoc) operating models and created shortcuts in processes while still operating according to the law and within existing modus operandi protocols. It seems evident – to further promote resilience – that public administration needs to learn from its activities during the crisis and adjust its structures and processes to ensure their flexible compatibility also into a post-crisis future.

Second, one crucial part of the success story is due to the digitalization of public services and government actions prior to the pandemic. Over the years, the digitalization of central government operations and work processes has been a high priority across the Finnish ministries and government agencies, but the shutdown of physical office space since April 2020 created a hitherto unforeseen momentum in terms of this digital leap. Continuity both in terms of public services and of public policymaking showed that public officials had taken up the challenge and adapted their work processes quickly to the new normal. Solid digital data infrastructures and transparent and open information sharing practices showed their value when all actors were working remotely.

## Communication and Dialogue

Finland has prepared for cross-sectoral cooperation based on digitalization and open sharing of information for a long time. In general terms, the data infrastructure is robust and real-time remote access to data is available for all government personnel. During the pandemic, this has become a necessary way of working to enable efficient operations. The June 2020 report (available only in Finnish) by the Digital and Population Data Service Agency steering group VAHTI shows that public organizations were very successful in the rapid move to a general remote work mode and that there were no major cybersecurity issues during the first phase of the response to the pandemic. The report also states that the personnel experienced remote working as successful, albeit the infrastructure capacity was at times lagging due to the unforeseen amount of data transfer required as more than 60% of central government staff in Finland worked remotely.

During May–April 2020, the central government organizations also stated they had also been able to take care of the digital and cybersecurity safety issues during the pandemic lockdown period, although some initial workloads were noted as being higher. Also, the very generalized move to digital meeting practice raised the issue of the security of the platforms and applications used as well as a need for more general guidance on their use. Moreover, the topic of information security has been at the top of the agenda in Finland not only because of the COVID19 pandemic and related remote working, but also because of a cyberattack and information theft against psychotherapy center Vastaamo (private company) – which took place in 2018 but became public knowledge only in late October 2020 indicating that information intruder(s) got hold of the personal data and identities of approximately 40,000 patients.

During the early weeks of the pandemic (March–May 2020), the Finnish central government reached out extensively to local authorities. These contacts proved to be essential in sharing acute and timely information and in strengthening cooperation between the central government and local authorities. Moreover, communication between different ministries also stepped up a level, as supplementary budget proposals were drafted in record time. Public officials showed flexibility and a high capacity to find solutions to speed up the required phases in the legislative process, working in close cooperation across sectors with an emphasis on timely delivery. In practice, the changeover to remote working took place overnight in the central government services. This relied on a general in-built level of technological and cultural preparedness. After some initial difficulties, the centralized ICT services of central government operated well and new capabilities and routines were developed for large-scale

teleworking both within agencies and in cross-sectoral networks.

External communication on the government's response to the crisis was managed centrally from the prime ministers' office. Public support grew as communication was systematic and the clarity of the messages was emphasized. A specific ministerial press conference for children on Covid19 measures was highly acclaimed. Within government agencies, COVID19 response teams monitored the situation from the perspective of continuity of work, the well-being of employees and information management and service users. Efforts were centered on providing timely status information internally and externally and supporting the employees' mental stamina in the period of extensive remote working. In these exceptional circumstances, communications and human resource functions initiated new ways of supporting employees. The orientation programs for new staff were adjusted in accordance with social distancing measures. ICT services were in the front line when it comes to analyzing and responding to these widespread needs. Centralized ICT services were under constant strain, but also allowed for systemic responses to this exceptional situation.

### Institutional Learning

Much ink has already been spilled on the subjects of "organizational learning" and "institutional learning," but little has been said about organizational forgetting, amnesia, and unlearning (Pollitt 2000). From the perspective of Finnish government's activities, the COVID19 pandemic case suggests that institutional learning should focus on two dimensions – learning processes (how learning takes place) and learning outcomes (what has actually been learned).

At the outset, much of the institutional learning that has taken place since March 2020 has been ad hoc in nature. Government agencies have carried out their tasks, solved administrative problems (for instance, concerning public procurement on masks and the necessary supplies of PPE, etc. to hospitals), and tried to learn from failures and mistakes as they emerge.

Moreover, the Finnish government has emphasized the importance of institutional learning – and institutional evaluation – in the course of theCOVID19 pandemic. To this end, the Finnish government set up a special taskforce in October 2020 to carry out an evaluation on the crisis management activities that took place after March 2020. The taskforce is expected to deliver its final report by the summer of 2021.The idea is to carry out an assessment of government agency operations during the crisis.

From the perspective of the accountability and trustworthiness of government activities, this assessment is important because in addition to its crisis-related activities, the public administration also continues to prepare internal reforms and decisions that are in themselves significant. Government-wide evaluation aims at contributing to institutional learning. It is based on prior separate reports on specific issues flagged as problematic during the acute phase of the crisis, such as procurement actions and the setting up of new state aid systems, while also launching wider evaluation reports on the governmental response to the crisis more generally. The various coordination networks reflect on the initial responses and on the continuity of public services when setting up new processes. Additionally, the Finnish public sector has also engaged in strategy work based on a wide dialogue with stakeholders.

Overall, the pandemic has engendered an acute understanding of how important it is to proactively maintain the public authorities' crisis preparedness. It is particularly important here to agree on the procedures governing collaboration, management procedures (and related division of labor issues), and to keep information up to date. This also applies to preparing for crises affecting the financial system and preparedness in respect of making quick financial and budgetary reallocations. It seems that the resilience of the public administration and governance should be supported by investing in public officials' competence development and goal-oriented networking. Staff mobility, expertise, and the cross-pollination of insights are tools through which the public administration can improve its resilience and

learning. The public administration should also network with the private and third sectors as well as national think tank and research providers. This comes close to what Aldrich and Meyer (2015) have underlined as the importance of social capital in building resilience in disaster and external shock situations. They describe loosely connected ties between individuals as "bridging social capital." These ties are "more likely to display demographic diversity and provide novel information and resources." The systematic development of policy-makers' networks could thus improve resilience in unforeseen situations.

To conclude, institutional learning has a multitude of platforms open to it. One of the current issues in Finland is the need to encourage the cross-sectoral mobility of employees and particularly of top civil service officials. This would increase the opportunities to share best practice and learn from the diversity of government organization's experience in managing situations such as the COVID19 pandemic. Internal and external audit are also relevant channels for providing insight for institutional learning given that they work with a focus on future-proofing the audited institutions.

Conceptually, Simons (1995) has argued that multiple levels of control systems contribute to the strategic renewal of organizations: financial and cost-accounting systems, belief systems that communicate core values such as mission statements, credos and vision statements, boundary systems that define the limits of freedom, such as codes of conduct and ethics statements, and interactive control systems that provide strategic feedback and vehicles to update and redirect strategy. Continuous institutional learning harnesses the power of these four different control systems. In the government administration, emphasis needs however to be placed on inter-institutional communication and the sharing of perspectives. The "silo" structured nature of the public administration needs active dialogue between its different parts and different levels of actors. Head (2016) points to the fact that only a small part of senior staff "are positioned to understand and influence the 'big picture', including interinstitutional relationships and the changing information requirements across various elements of the policy process."

From the perspective of learning in times of crisis, Senge's (1990) distinction between organizational learning modes deserves attention and is relevant from the perspective of institutional learning in relation to Finnish central government agencies during the current crisis. Senge writes about adaptive and generative learning, noting that adaptive learning refers to the capability to make the necessary judgments in times of crisis and to organizational coping – i.e., getting through troubled times by making the necessary adjustments. Generative learning, then, is about creating and/or looking for new possibilities and solutions – i.e., getting through troubled times by looking for new solutions and striving for new innovations (processes, services, and ways of cooperation). From the perspective of the COVID19 pandemic, both of these learning modes are necessary in terms of coming out of crises stronger and better equipped for future challenges. These learning modes call for strong public leadership both from the political level and from top civil servants.

## Conclusions

Schwab (2015) has aptly described the impacts of the fourth industrial revolution on legislative work and policy preparation by underlining that we need resilient governance, based on extensive interaction and networks and public officials' continuous renewal and understanding of the changes in their operating environment. Schwab concluded that decision-makers are too fixated on traditional linear thinking. Their time is spent on constant crisis management. They therefore lack the time to think strategically about how the forces shaping our future will impact our operations. Building upon Schwab's point, resilience can be defined from various perspectives. It can refer to individual, collective, or – as this entry suggests – organizational or institutional aspects

of adaptation and recovery. It is important to note that resilience has been widely viewed as a potential solution to the challenges posed by crises and disasters. The promise of resilience is an organization or society that absorbs shocks and "bounces back" after a disturbance. While the idea of resilience is increasingly popular, empirical research on resilient organizations has thus far actually been quite rare. As such, the COVID19 pandemic provides an interesting test laboratory for this kind of analysis.

This entry suggests that information and knowledge gaps continue to exist in terms of what happens inside government agencies and institutions in relation to producing, assessing, and incorporating resilience mechanisms into their policymaking, service delivery, regulatory aspects ("lockdowns"), and fulfilling government's role in the age of turmoil caused by internal and especially external shocks.

From a public policy perspective, resilience can be defined in two ways. First, it refers to an adaptation mechanism activated by societal complexity. The nature, dynamics, and functions of this adaptation mechanism build upon government structures and the traditions of the given administrative–political systems in the country in question. As far as the institutions and organizations in the public domain are concerned the contents of resilience can be addressed as property, ability, or capability. In practice, resilience as an adaptation mechanism requires strategic sensitivity, resource fluidity, and a collective commitment among political decision-makers and government officials, particularly top civil servants. Second, resilience can be conceived of as a policy or organizational goal in the public sector. Understood from this perspective, resilience connects strongly with foresight dynamics and is an intentional act under the umbrella of the policy agenda aiming to strengthen the government system's capacity to absorb and adjust to change by making plans for adaptation, delivery mechanisms, and learning protocols from it.

Figure 1 summarizes the analysis and discussion in this entry. It concludes that the institutional resilience drivers form the institutional preconditions (the "framework") which is then affected by internal and external shocks.

Summarizing, in times of an acute crisis, such as the governmental response to the COVID19 pandemic, resilience can be expressed as the

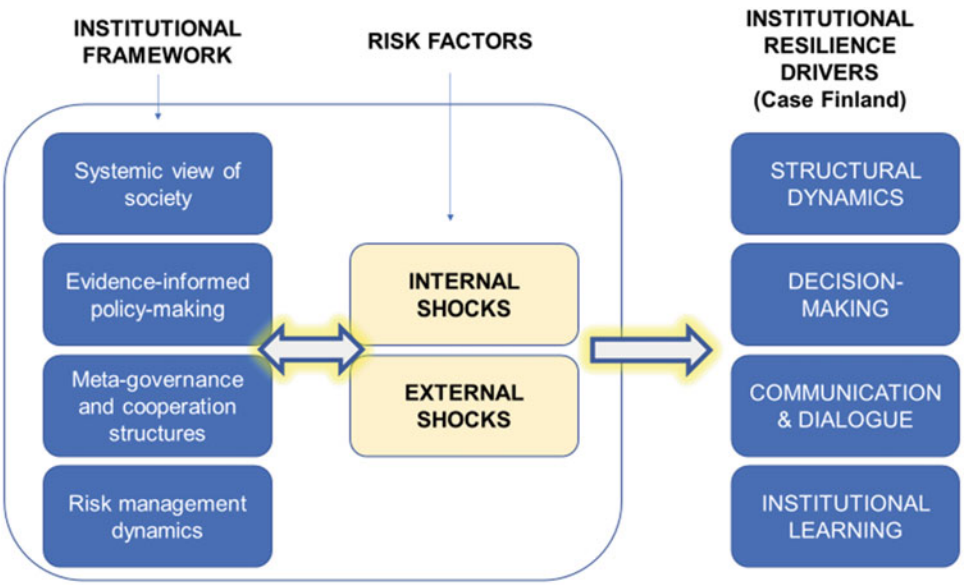


**Exogenous Shocks, Resilience, and the Evolution of Public Governance, the Case of Finland, Fig. 1** Institutional resilience model of Finnish government agencies during the COVID19 pandemic

*agile reshaping of processes and workflows with the aim of guaranteeing business-as-usual continuity in government operations.* It is easy to share the view put forward by Duit (2016) who argues that there is a perceived need for governmental reliability and robustness in an increasingly complex and unpredictable world. A comprehensive system of planning, control, and learning tools and networks is needed to ensure government-wide actions with the aim of increasing resilience. All in all, the Finnish government case in respect of its activities during the COVID19 pandemic clearly highlights the impact of solid networks and inter-institutional and interpersonal trust as factors enhancing the capability of the public administration to respond in a timely and purposeful fashion to this novel situation. To improve institutional resilience, public authorities benefit from opening up their networks to foster a wider understanding of change factors, risks, and opportunities that lie beyond their own institutional focus or experience. Social capital has a profound impact on the rapidity of a government response to a crisis situation.

This entry concludes that institutional resilience in Finnish government has a largely unrecognized and unappreciated dual character; it displays both adaptive and systemic dimensions. It also appears that theories of institutional learning and the notions of adaptive and generative learning offer useful prospects for further scrutiny. The empirical considerations in this entry in respect of the Finnish case suggest that institutional resilience builds upon (a) the competence of government agencies as well; (b) the institutional drivers that relate to the digitalization of information systems making possible evidence-informed decision-making; and (c) agile ad hoc networking and cooperation models, which are – once put in place – self-reinforcing phenomenon that can help societies to manage and cope with external shocks. There are a number of possibilities for a future research agenda here around the topic of institutional resilience within the framework of government organizations. These include a more detailed empirical cultivation of the role of leadership in crises, i.e., leadership models and practices that strengthen institutional resilience. Moreover, further analyses with regard to remote working in the context of public organizations could also be of interest. Such analyses would necessarily involve investigating the processes that increase data security and alleviate the effects of possible cybercrimes. This is definitely one of the major challenges facing the decentralized and network-based information systems of resilient institutions and, as such, merits further empirical research.



## References


Aldrich DP (2012) Building resilience: social capital in post-disaster recovery. Chicago University Press, Chicago

Aldrich DP, Meyer MA (2015) Social capital and community resilience. Am Behav Sci 59(2):254–269. https://doi.org/10.1177/0002764214550299

Ansell CK, Trondal J, Ogard M (eds) (2017) Governance in turbulent times. Oxford University Press, Oxford

Boin A, van Eeten MJG (2013) The resilient organization. Public Manag Rev 15(3):429–445. https://doi.org/10.1080/14719037.2013.769856

Bouckaert B, Jann W (2020) The EBBA project. In: Bouckaert G, Jann W (eds) European perspectives for public administration. The way forward. Leuven University Press, Leuven, pp 21–42

Bourgon J (2017) The new synthesis of public administration. Fieldbook. Dansk PsykologiskForlag A/S, Copenhagen

Cilliers P (1998) Complexity and postmodernism: understanding complex systems. Routledge, London

Colander D, Kupers R (2014) Complexity and the art of public policy. Solving society's problems from the bottom up. Princetown University Press, Princetown/Oxford

Crosby PB (1979) Quality is free. McGraw-Hill, New York

Doz Y, Kosonen M, Virtanen P (2018) Strategically agile government. In: Farazmand A (ed) Global encyclopaedia of public administration, public policy and governance. Springe, Cham. https://doi.org/10.1007/978-3-319-31816-5_3554-1

Duit A (2016) Resilience thinking: lessons for public administration. Public Adm 94(2):364–380. https://doi.org/10.1111/padm.12182

Frederickson HG (1996) Comparing the reinventing government movement with the New Public Administration. Public Adm Rev 56(3):263–270

Gjaltema J, Biesbroek R, Termeer K (2019) From government to governance . . . to metagovernance: a systemic literature review. Public Manage Rev. https://doi.org/10.1080/14719037.2019.1648697

Gulati R (2009) Reorganize for resilience. Putting customers at the center of your business. Harvard Business Press, Boston

Head BW (2016) Toward more "Evidence-informed" policy making? Public Adm Rev 76(3):472–484. https://doi.org/10.1111/puar.12475
Kantur D, Iseri-Say A (2012) Organizational resilience: a conceptual integrative framework. J Manage Organ 18(6):762–773
King A, Crewe I (2013) The blunders of our governments. Oneworld Publications, London
MacIntyre A (1977) Epistemological crises, dramatic narrative, and the philosophy of science. Monist 60(4): 453–472
Mack O, Khare A, Krämer A, Burgartz A (eds) (2016) Managing in a VUCA world. Springer, Cham
Mazzucato M (2018) The value of everything. Making and taking in the global economy. Allen Lane, London
Mulgan G (2013) The locust and the bee. Predators and creators in capitalism's future. Princeton University Press, Princetown/Oxford
Pollitt C (2000) Institutional amnesia: a paradox of the "information age". Prometheus 19(1):5–16
Rodan S, Galunic C (2004) More than network structure: how knowledge heterogeneity influences managerial performance and innovativeness. Strateg Manag J 25(6):541–562. https://doi.org/10.1002/smj.398
Ruiz-Martin C, López-Paredes A, Wainer G (2018) What we know and do not know about organizational resilience. Int J Prod Manag Eng 6(1):11–28
Schwab K (2015) The fourth industrial revolution: what it means, how to respond. Foreign Affairs, 12 Dec 2015. https://www.foreignaffairs.com/articles/2015-12-12/fourth-industrial-revolution
Senge P (1990) The leader's new work: building learning organizations. Sloan Manag Rev 32(1):7–23
Simons R (1995) Levers of control: how managers use innovative control systems to drive strategic renewal. Harvard Business School Press, Boston
Stacey RD (2010) Complexity and organizational reality. Uncertainty and the need to rethink management after the collapse of investment capitalism. Routledge, London/New York
Tekathen M, Dechow N (2013) Enterprise risk management and continuous re-alignment in the pursuit of accountability: a German case. Manag Account Res 24(2):100–121
Tengblad S (2018) Organizational resilience: theoretical framework. In: Tengblad S, Oudhuis M (eds) The resilience framework. Work, organization, and employment. Springer, Singapore, pp 19–38
van Asselt MBA, Renn O (2011) Risk governance. J Risk Res 14(4):431–449. https://doi.org/10.1080/13669877.2011.553730
Vickers MH, Kouzmin A (2001) Resilience in organizational actors and rearticulating voice: towards a humanistic critique of new public management. Public Manag Rev 3(1):95–119. https://doi.org/10.1080/14616670010009478
Virtanen P, Tammeaid M (2020) Developing public sector leadership. New rationale, best practices and tools. Springer, Cham
Waldo D (ed) (1968) Public administration in a time of revolutions. Public Adm Rev 28(4):362–368
Waldo D (ed) (1971) Public administration in a time of turbulence. Chandler Publishing, Scranton
Yost J, Dobbins M, Traynor R, DeCorby K, Workentine, Greco L (2014) Tools to support evidence-informed public health decision making. BMC Public Health 14:728. http://www.biomedcentral.com/1471-2458/14/728

# Expectancy Theory in Organizations

Anna A. Filipova
Department of Public Administration, University of Wisconsin Oshkosh, Oshkosh, WI, USA

## Synonyms

Ideal bureaucracy of organizational theory; Instrumentality theory; Participative management; Path-goal theory

## Definition

People will be motivated to the degree that they believe that effort will yield acceptable performance (expectancy), the performance will be rewarded (force/instrumentality), and the value of the rewards is highly positive (valence) (Vroom 1964).

A person's motivation is a function of effort-to-performance expectancies, performance-to-outcome expectances, and perceived attractiveness of outcome (Lawler 1981).

## Introduction

Expectancy theories gained popularity in the 1960s, 1970s, and 1980s (Vroom 1964; Porter and Lawler 1968; Lawler 1981). Victor Vroom's (1964) theory posits that people will be motivated to the degree that they believe that (1) effort will yield acceptable performance (expectancy), (2) performance will be rewarded (force/instrumentality), and (3) the value of the rewards is highly positive (valence). The interactive

combination of all three influences motivation. The stronger the valence or value of the reward and the stronger the expectancy that a person's efforts will be successful and result in the reward, the stronger the motivational force to engage in that behavior. Within the field of public administration, expectancy theory has been used as theoretical framework for understanding topics, such as motivation in public and private sector organizations, pay-for-performance and performance appraisal, contracted provider motivation, free rider problems, risk culture, and mission valence.

## Theoretical Perspectives

### Vroom's Theory of Work and Motivation

Vroom's (1964) expectancy theory starts with the assumption that, at any given point in time, a person has preferences or "valence" among outcomes or states of nature. As a basis for establishing the valence of a specific outcome, Vroom (1964, p. 17) sets forth the following proposition: "The valence of an outcome to a person is a monotonically increasing function of the algebraic sum of the products of the valences of all other outcomes and his conceptions of its instrumentality for the attainment of these other outcomes." Vroom specifically applies this first proposition to the topics of occupational choice (calculation of the valence of an occupation), job satisfaction (calculation of the valence of a job held), and job performance (calculation of the valence of effective performance in a job held) (Miner 2002).

Another central variable in the theory is "expectancy," defined "...as a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome" (Vroom 1964, p. 17). According to Vroom (1964), differences exist between the concepts of expectancy and instrumentality. Expectancy is perceived as an action-outcome association, taking values from 0 (no probability that an act will be followed by an outcome) to 1 (indicating certainty that this would happen). In contrast, "instrumentality" is an outcome-outcome association. It can take values ranging from −1 (the second outcome can be attained without the first outcome) to +1 (the first outcome is necessary and sufficient condition for the attainment of the second outcome).

Expectances combine with total valence to yield a person's motivation. Vroom (1964) uses the term "force" to describe this combination. "The force on a person to perform an act is a monotonically increasing function of the algebraic sum of the products of the valences of all outcomes and the strength of his experiences that the act will be followed by the attainment of these outcomes" (p. 18). People are expected to choose rationally among action alternatives to maximize force in a positive direction.

### Porter and Lawler Theoretical Model

Porter and Lawler's (1968) theoretical model holds that the variables "value of reward" ("how attractive or desirable a potential outcome of an individual's behavior in the work situation" p. 18) and "effort-reward probability" ("an individual's perceptions of whether different rewards are based on differential amount of effort on his or her part in the work situation" p. 21) when multiplied together are said to produce a third variable "effort" ("the energy expended to perform some task but does not necessarily correlate with how successfully the task is carried out" p. 23). "Abilities and traits" of a person and "role perceptions" ("the way in which the individual defines his job" p. 25) also have multiplicative relationships to "effort" in determining "performance (accomplishment)" ("a person's accomplishment on tasks that comprise the job" p. 28) (Porter and Lawler 1968). Porter and Lawler also posit that to the extent that performance does result in "rewards" ("desirable states of affairs that a person receives from either his own thinking or the action of others" p. 29) and those "rewards" are perceived as "equitable rewards" ("the amount of rewards that a person feels is fair, given his performance on tasks he has been asked to undertake by the organization" p. 30) it would result in "satisfaction" ("the extent to which rewards actually received meet or exceed the perceived equitable level of rewards" p. 31). When "satisfaction" is experienced after receiving a reward, it tends to influence future "value of the reward." The nature of this effect varies with the reward.

The authors conducted the most extensive empirical study, using a sample of managers. Two changes were introduced in the model. The first defined rewards as "extrinsic rewards" (administered by the organization) and "intrinsic rewards" (administered by the individual himself) (p. 163). The second one linked "performance" to "perceived equitable rewards" (p. 164). The results showed an inferential, but indirect, support for the causal relationships in the model. Specifically, (1) determinants of pay were more closely related to effort than to performance, (2) the relationship between determinants of pay and performance was moderated by importance attached to pay, (3) the positive relationship between role perceptions and performance was greater for managers rated high on effort than those rated low in effort, and (4) the relationship between performance and satisfaction with pay held only for managers for whom performance was related directly to their actual pay (pp. 165–166).

### Lawler's Expectancy Theory Model of Behavior

Lawler's (1981 pp. 21, 231 and 234) expectancy theory model posits that "a person's motivation is a function of: (a) effort-to-performance expectancies; (b) performance-to-outcome expectances; and (c) perceived attractiveness of outcome." In this model, "effort-to-performance expectancy" ($E \rightarrow P$) refers to "...the person's subjective probability about the likelihood that he or she can perform at a given level, or that effort on his or her part will lead to successful performance... A person's $E \rightarrow P$ probabilities are also strongly influenced by each situation and by previous experience in that and similar situations" (p. 230). "Performance-to-outcome expectancy" ($P \rightarrow O$) and valence ($V$) refers to "...a combination of a number of beliefs about what the outcomes of successful performance will be and the value or attractiveness of these outcomes to the individual...the more likely a person feels that performance will lead to valent outcomes, the more likely he or she will be to try to perform at the required level" (p. 232). Each outcome has its own valence. Some outcomes are valent because they have direct value or attractiveness, others have valence because they lead to the attainment of other "second level" outcomes. Each outcome may be intrinsic (e.g., feelings of accomplishment, personal worth, etc.) or extrinsic, i.e., positive or negative outcomes obtained from environment (e.g., supervisors, co-workers, the organization's reward system, or other sources). Motivation then is expressed as follows: $M = [E \rightarrow P] \text{ X } \sum [(P \rightarrow O)(V)]$ (p. 231). The model further suggests that "...as a result of obtaining of outcomes and perceptions of the relative value of the outcomes obtained, the individual has a positive or negative affective response (a level of satisfaction or dissatisfaction) (p. 235). Further, "that events which occur influence future behavior by altering the $E \rightarrow P$, $P \rightarrow O$, and $V$ perceptions. This process is represented by the feedback loops running from actual behavior back to motivation" (p. 215).

## Motivation and Occupational Choice in Public and Private Sector Organizations

### Motivation in Public and Private Sector Organizations in the United States

Public-private differences in work effort may exist because the two sectors differ in the rewards they offer or the workers they attract. Private businesses may be better structured to link external motivators to individual productivity, but government work may be intrinsically more satisfying (Frank and Lewis 2004). Jurkiewicz et al. (1998) challenged the perspective that public sector employees were more motivated by job security and stability, teamwork, and worthwhile service to society, while eschewing monetary rewards, prestige, the desire for challenge, and autonomy as compared to private sector employees. The authors found that, in fact, monetary rewards and need for security and stability were of much greater concern to public employees. However, there were no significant differences between the employees in the two sectors when it came to teamwork. The findings support the view that environmental, societal, and economic pressures influenced the two sectors equally.

Using 1989 and 1998 data from the General Social Survey, Frank and Lewis (2004) found that private sector employees valued high income and advancement opportunities more—and interesting work, helping others, and being useful to society less—than public sector employees generally. In both sectors, "an interesting job that allows one to help others and a strong desire for job security appeared to increase the probability that one will put in extra effort" (p. 46). The absence of sectoral differences in the motivational effects of high pay and advancement opportunities suggested either that "(a) the link between performance and reward is not appreciably stronger in the private than in the public sector, (b) these extrinsic motivators have little impact on work effort in either sector, or (c) these variables are measured too crudely in this study to capture the size of their effects." (p. 47). The researchers conclude that higher pay and pay for performance should have similar effects in the public as in the private sector.

### Motivation in Public and Private Sector Global Organizations

Georgellis et al. (2010) investigated whether intrinsic motivation affects the sorting of employees between the private and the public sectors, paying particular attention to whether extrinsic rewards crowd out intrinsic motivation. Using the British Household Panel Survey longitudinal data, the authors found that higher satisfaction with the nature of the work itself, the proxy for intrinsic motivation, increased individuals' propensity to make the transition from the private into the public sector. In contrast, higher satisfaction with extrinsic job characteristics did not raise the probability of such transition. The results suggest that individuals are attracted to the public sector by the intrinsic rather than the extrinsic rewards that the sector offers. Further, that extrinsic rewards in the public sector crowd out intrinsic motivation, in that, higher earnings and satisfaction with the extrinsic job characteristics reduce individuals' propensity to accept employment in the public sector. However, such evidence was only found in the higher education sector and the National Health Service. Whether lower extrinsic rewards could increase the quality of job matches in the public sector, thus improving performance without the need for incentives was questioned.

## Pay-for-Performance and Performance Appraisal in Public Organizations

### Pay-for-Performance and Performance Appraisal in the US Public Organizations

Beginning with the federal Civil Service Reform Act of 1978, academic and managerial attention have focused on pay-for-performance (PFP) compensation as a method of increasing public employee productivity (Condrey and Kellough 1993). Merit pay, a dominant type of PFP program, had the following features: "(a) the focus is on the individual performance, (b) performance is measured subjectively, such as through a performance appraisal system, (c) pay increases are based on measures of past performance, and (d) the pay raise is built into base pay or is received as a one-time bonus" (Heneman and Young 1991, p. 36). Due to the merit pay system's shortcomings, in 1984, Congress created the Performance Management and Recognition System (PMRS) (Pearce and Perry 1983). The PMRS had three components: "the annual comparability adjustment, based on private sector rates; the merit increase; and performance awards, which are one-time awards not added to base pay" (Eisenberg and Ingraham 1993, p. 119). The legislation prohibited the use of quotas to determine the proportion of managers at each level, but managers who received Fully Successful or higher ratings annually were to receive a merit increase (Eisenberg and Ingraham 1993).

Several studies have investigated expectancy theory within the specific context of PFP systems with the goal of verifying its assumptions. For example, Pearce and Perry (1983) hypothesized that the merit pay initiative of CSRA was expected to result in higher performance among federal managers than under the previous compensation system. They analyzed data from employees in five federal agencies. The results indicated that the performance appraisal system did not

effectively measure performance, and therefore did not serve the purpose of the merit pay program to link pay to performance. Other implementation contingencies, such as the pay cap on managerial salaries, uncertainties associated with the presidential transition, and an eleventh-hour change in the merit formula had also contributed to the ineffectiveness of merit pay. Although merit pay was desirable in principle, its effectiveness might be severely constrained or negated within the federal sector.

Perry et al. (1989) analyzed the effectiveness of the PMRS using a sample of managers from the US General Services Administration. The results indicated that PMRS had some positive effects on performance in 1986 but that they were substantially reduced in 1987. Specifically, the ability of financial rewards to predict performance was significantly poorer in 1987 than in 1986. Among the factors contributing to this decline were "...organizational learning, design factors associated with limits imposed by salary ranges, and declining validity of performance appraisals" (p. 35). They concluded that PMRS has not achieved its ultimate objective, i.e., improving performance in the federal sector.

Heneman and Young (1991) evaluated the effects of a Merit Award Program on the motivation of 120 managers of schools in an American district. Results showed that the new merit pay program did not motivate managers. This could be explained, first, by the low expectancy perceptions of the administrators due to the vagueness of the merit award criteria, supervisors' expansive span of control, supervisors lacking skills in evaluating performance, and lack of initial communication about the new program. Second, instrumentality perceptions also were low due to poor communication of the availability of awards, perceptions of the political nature of the awards distribution, and the equity in the distribution. Third, valence perceptions also were low because an increment to base salary was more desirable than winning a merit award, the size of the award was perceived to be too small, and the valence of the merit award (whether won or not) was lowered because of its implications for the occurrence of other outcomes, such as embarrassment and social ostracism.

Streib and Nigro (1995) explored the use of PFP in local governments by presenting findings from a national survey of personnel directors in municipalities and counties. Most respondents viewed PFP as a useful tool, even though it was only used in minority of local governments. About half of managers perceived improvements in managerial control and a stronger relationship between rewards and performance. However, the majority expressed uncertainty when it comes to satisfaction and group productivity. Uncertainty was lowest for individual and organizational productivity. Some problems associated with PFP included discriminating among performance levels, equitable distribution of performance rewards, union resistance, employee distrust, conflicts between raters and rates, a lack of employee confidence in evaluation techniques, and excessive demands on supervisor's time.

Kellough and Nigro (2002) conducted a study on the effects of performance-related pay on the motivation of the civil servants of the State of Georgia. A substantial majority of the respondents disagreed that the PFP system was a good way to motivate state employees; that their pay was based on how well they did their job (and there was no significant difference between supervisors and nonsupervisors); that their work was appraised fairly to exert the necessary level of effort; and that state funding was made available to reward good performers with good pay increases. In addition, an often-cited concern about PFP system in Georgia was its heavy reliance on monetary incentives rather than on other sources of motivation. These results demonstrate that the link between performance-related pay and work motivation was mostly negative and that favoritism had undermined PFP in the agencies.

## Pay-for-Performance and Performance Appraisal in Other Nations

Eisenberg and Ingraham (1993) evaluated the relative effectiveness of several kinds of PFP plans in several nations, including, Canada, Australia, Sweden, the Netherlands, and New Zealand. Although they found substantial variation in the intent, design, and level of financial support in the PFP plans across nations, the commitment to PFP

remained strong. The authors (1993, p. 127) suggest that the PFP system can work if the following is present: "...an appraisal process that is perceived to be fair, a clear link between appraisal and pay, a level and combination of rewards that is valued by public employees, and enough money to provide the necessary incentives on a predictable basis. In addition, there must be a willingness on the part of all officials in the program (and in the political arena) to understand the intricacy and complexity of these systems and to give them a grace period before judgments are made."

Marsden and Richardson (1994) studied the effects of performance-related pay on the work motivation, using a sample of 2423 civil servants of the Inland Revenue. The researchers found that a majority of the Revenue staff supported the principle of performance-related pay, and they believed that they were capable to perform at the desired level of performance. However, almost half believed that even if their performance were good enough, it was doubtful that a performance pay award would be given. This belief reduced staff motivation to change their behavior. In addition, only few felt that the financial reward would influence them to change their behavior. Because two of expectancy theory's three conditions were not met, the authors concluded that the Revenue's system of performance pay failed to motivate staff. It was not the amount of money involved, but whether money was allocated fairly among staff.

## Contracted Provider Motivation

Lambright (2010) examined how well expectancy theory explains contracted provider motivation to properly use service-monitoring tools. Three conditions were suggested for a contracted provider to be motivated: "(a) the contracted provider believes that if it tries to use a tool properly, it will be able to use the tool properly; (b) the contracted provider believes contract rewards and/or penalties are based on whether the government thinks it is properly using the tool; and (c) the contracted provider values receiving these rewards and/or avoiding these penalties." (p. 380). The second type is the rewards and penalties that a contracted provider could receive based on whether the tool showed the provider satisfied the government's performance criteria. For contracted providers to be motivated because of the second type of rewards and penalties, three conditions must be met: "(a) The contracted provider believes that proper use of the tool will demonstrate its satisfaction of the performance criteria established by the tool, (b) the contracted provider believes that contract rewards and penalties will be based on satisfaction of the performance criteria, and (c) the contracted provider values receiving these rewards and/or avoiding these penalties" (p. 381). The author found that the expectancy theory did not appear to consistently explain contracted provider motivation and that it might explain these phenomena under conditions of uncertainty.

## Overcoming the Free-Rider Problems

Powers and Thompson (1994) suggest that the production of public services does not depend only on the behavior of public officials. Time, effort, and skills contributed by citizens are often critical to the provision, production, and delivery of public services. The researchers examined how to design and organize the delivery of public services to promote the kinds of coproduction needed to make public efforts effective and productive. Based on expectancy models, the study emphasizes the importance of providing citizens with an understanding of what is expected of them if they are to contribute to service production and delivery, the capacity to meet those expectations, and an incentive to do so. The authors also suggest that human resource management practices should provide incentives to public employees to encourage citizens to contribute their attention and efforts to the production and delivery of social services. This may be an appropriate strategy for community activities, such as cleaning streets, removing snow, renovating and maintaining public buildings and parks, and so on. Voluntary participation in community-approved activities is often intrinsically satisfying to many, especially when it leads to visible, positive consequences (p. 190).

## Risk Culture

Bozeman and Kingsley (1998) suggest that the concept of risk culture pertains to managers' perceptions that their co-workers and superiors take risks and promote risk-taking. Based on expectancy theory, the authors hypothesized that managers would perceive lesser risk-taking when there was a low expectation that good performance will be rewarded. Four variables were used to assess the link between rewards and total risk: promotion by quality of work, pay based on longevity by rule, promotion based on performance by rule, and rule making promotion of good manager hard. The most significant variable was promotion based on performance by rule. Managers who agreed that rules encouraged promotion based on performance were more likely to perceive the organizations as having risk-oriented cultures. Similarly, managers who perceived rules as "1) dictating links between pay and longevity, and 2) increasing the difficulty for good managers moving up faster than poor ones, were *less* likely to perceive their organization as having a risk-oriented culture" (p. 115). The implications are that "if would-be risk-takers can, as part of their risk calculations, have some confidence that the fruits of their risk (at least the ones that succeed) will translate into reward, promotion or some form of recognition, then the risk taker is better informed, more likely to be acting on the basis of perceived self-interest and, generally, is making a better decision" (p. 117).

## Mission Valence

Rainy and Steinbauer (1999) developed a theory to explain the effectiveness of government organizations. The theory includes the following components: supportive behaviors from external stakeholders; agency autonomy in refining and implementing its mission; high "mission valence" (an attractive mission); a strong, mission-oriented culture; and certain leadership behaviors. These factors enhance motivation – task motivation, mission motivation, and public service motivation – that can be differentiated but that must be linked together in effective government agencies.

The concept of mission valence, in particular, draws on the concept of valence from expectancy theory of work motivation. The mission has higher valence when it has higher levels of the following dimensions: "difficult but feasible, reasonably clear and understandable, worthy/worthwhile/legitimate, interesting/exciting, important/influential, and distinctive" (p. 3). The more "engaging, attractive, and worthwhile" the mission is to people, the more the agency will be able to attract people to join the agency, earn their commitment, and motivate them to perform well (p. 16). The authors (1999) suggest that mission motivation will further depend on employees' views of the relationship between work and the mission. When an individual is motivated by the mission, they will put extra efforts and perform in ways that are perceived to be related to accomplishing the mission. This pattern of motivation differs from public service motivation. While the latter focuses on "altruistic service" that benefits a community or a larger population, mission motivation focuses specifically on the agency mission (p. 25).

## Criticism of Expectancy Theory

The early research on expectancy theory was far from conclusive in that the theory often emerged as invalid in a specific context, and, even when validity was established, the correlations tended to be low (Miner 2002). Pinder (1984, pp. 146–147) identified several typical mistakes made by researchers interested in expectancy theory. First, the low validity, reliability of valence, instrumentality, and expectancy measures had caused underestimates of the validity of the theory. Second, researchers used mostly cross-sectional research designs, in spite of the fact that theory spoke of changes, at one point in time, of *V*, *I*, and *E* perceptions being predictive of changes of effort at some subsequent point in time. Third, some studies used incorrect mathematical procedures for testing the interaction effects between effort and ability. Fourth, multiplication in the formula assumed that valence, instrumentality, and expectancy beliefs were independent of one another; however, this might not be the case. Fifth, the

theory assumes that people are rational, and people have limited cognitive capacities. Finally, some studies used supervisory performance as the criterion against which predictions of employee force was compared. Now, studies are designed in ways that yield not only significant results but also correlations well above those that were typical in early research (Miner 2002).

Lawler (1981, p. 23) also notes that "... Tying rewards to performance requires a good measure of performance, the ability to identify which rewards are important to particular individuals, and the ability to control the amount of rewards an individual receives. None of these things are easy to accomplish in most settings – a fact that has led some to conclude that it is not worth trying to relate pay rewards to performance."

A few scholars have also criticized expectancy theory for failing to distinguish between conditions of certainty and uncertainty (Lambright 2010). It is unclear what the theory would predict when any of its conditions defining effort, instrumentality, and valence are not met. For example, on all levels of government in the United States, PFP systems have been chronically underfunded by legislative bodies (Kellough and Nigro 2002). As a result of the uncertainty of reward availability or the small size of rewards, the motivational impact may be diminished.

## Conclusion

Even though expectancy theories do not explain all motivated behavior in all types of organizations, they do explain enough to be worth pursuing (Miner 2002). Public administration studies show that there is general empirical support for the three individual components of expectancy theory: (a) the link between expectancy and motivation, (b) the link between instrumentality and motivation, and (c) the link between valence and motivation. However, researchers suggest that the circle of valence-instrumentality-expectancy can be broken at a number of points. Further, there are many factors that are continuing features of the public sector organizations that affect the utility of expectancy theory. For example, although merit pay is a desirable principle, its effectiveness may be "severely constrained or negated" within a government setting characterized by "inherently ambiguous performance environment, tight budgetary restraints, freedom of information about individuals' salaries, diffuse authority for implementation, a major managerial succession, and significant changes in organizational goals" (Pearce and Perry 1983, p. 324). Researchers (Lawler 1981; Brundey and Condrey 1993) suggest that managers will be more motived when they perceive a firm linkage between pay and performance; when a climate of trust, credibility and commitment exists in the organization; and when the merit pay system is administered fairly and accurately. Through careful design and implementation of merit-based plans, government might enhance managers' positive attitudes toward the system and their motivation (Brundey and Condrey 1993).

## Cross-References


- ▶ Equity Theory of Organizations
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Justice
- ▶ Performance Management and Culture
- ▶ Risk and Organizations


## References


Bozeman B, Kingsley G (1998) Risk culture in public and private organizations. Public Adm Rev 58(2):109–118

Brundey JL, Condrey SE (1993) Pay for performance: explaining the differences in managerial motivation. Public Prod Manag Rev 17(2):129–144

Condrey SE, Kellough JE (1993) Pay for performance in the public sector: assessing the evidence: introduction. Public Prod Manag Rev 17(2):113–115

Eisenberg EF, Ingraham PW (1993) Analyzing the comparative pay-for-performance experience: are there common lessons? Public Prod Manag Rev 17(2): 117–128

Frank SA, Lewis GB (2004) Government employees: working hard or hardly working? Am Rev Public Adm 34(1):36–51

Georgellis Y, Iossa E, Tabvuma V (2010) Crowding out intrinsic motivation in the public sector. J Public Adm Res Theory 21:473–493

Heneman HG, Young IP (1991) Assessment of a merit pay program for school district administrators. Public Pers Manag 20(1):35–47

Jurkiewicz CL, Massey TK Jr, Brown RG (1998) Motivation in public and private organizations: a comparative study. Public Prod Manag Rev 21(3):230–250
Kellough EJ, Nigro LG (2002) Pay for performance in Georgia State Government: employee perspectives on Georgia gain after five years. Rev Public Pers Adm 22(2):146–166
Lambright KT (2010) An update of a classic: applying expectancy theory to understand contracted provider motivation. Adm Soc 42(4):375–403
Lawler EE III (1981) Pay and organization development. Addison-Wesley, Reading
Marsden D, Richardson R (1994) Performing for pay? The effects of 'merit pay' on motivation in a public service. Int J Employ Relat 32(2):243–261
Miner JB (2002) Organizational behavior: foundations, theories and analyses. Oxford University Press, New York
Pearce JL, Perry JL (1983) Federal merit pay: a longitudinal analysis. Public Adm Rev 43(4):315–325
Perry JL, Petrakis BA, Miller TK (1989) Federal merit pay, round II: An analysis of the performance management and recognition system. Public Adm Rev 49(1):29–37
Pinder CC (1984) Work motivation: theory, issues, and applications. Scott, Foresman and Company, Glenview
Porter LW, Lawler EE (1968) Managerial attitudes and performance. Irwin, Homewood
Powers KJ, Thompson F (1994) Managing coprovision: using expectancy theory to overcome the free-rider problem. J Public Adm Res Theory 4(2):179–196
Rainy HG, Steinbauer P (1999) Galloping elephants: developing elements of a theory of effective government organizations. J Public Adm Res Theory 9(1): 1–32
Streib G, Nigro L (1995) Pay-for-performance in local governments: the views of personnel directors. Int J Public Adm 18(12):1775–1794
Vroom VH (1964) Work and motivation. Wiley, New York

# Experiential Philanthropy

Chengxin-Michael Xu[1], Huafang Li[2] and Lindsey M. McDougle[1]
[1]Rutgers, The State University of New Jersey, Newark, NJ, USA
[2]Grand Valley State University, Grand Rapids, MI, USA

## Synonyms

Student philanthropy

## Definition

Experiential philanthropy is an innovative service-learning pedagogy in nonprofit management education. The pedagogy is intended to integrate academic learning with community engagement by allowing students an opportunity to study social problems and nonprofit organizations and then make decisions about directly or indirectly investing funds in them. Ultimately, experiential philanthropy is intended to teach students not only about issues associated with the management of nonprofit organizations but also about how to evaluate philanthropic responses to social issues.

## Introduction

Experiential philanthropy is an innovative service-learning pedagogy that allows students to study nonprofit organizations and social problems and then directly or indirectly invest funds into nonprofits they believe are best able to solve the social problems they have learned about. This pedagogical approach aims to teach students not only about the theories and practices of nonprofits and philanthropy but also about how to evaluate philanthropic responses to social issues. Experiential philanthropy also aims to benefit nonprofit organizations by providing these organizations with critical resources and access to a potential supply of new and highly motivated donors. Given these dual aims, some scholars have begun to view experiential philanthropy as an important strategy to engage students in the learning process and connect them to communities.

This entry is on the topic of experiential philanthropy. The entry begins with a brief discussion of service-learning, which is the root of experiential philanthropy. Next, the topic of experiential philanthropy itself is introduced, followed by an overview of empirical evidence of its effectiveness on both students and communities. The entry then provides an overview of recent studies on experiential philanthropy and, finally, examines the potential for using experiential

philanthropy as a pedagogic approach to public administration and public policy education.

## Service-Learning: The Root of Experiential Philanthropy

Before discussing experiential philanthropy as a pedagogic strategy, it is first important to provide an overview of service-learning – which is the root of experiential philanthropy.

### A Brief History of Service-Learning

Service-learning is a teaching and learning strategy that integrates meaningful community service with instruction and reflection in order to enrich student learning experiences, teach civic responsibility, and strengthen communities. The concept of service-learning reflects the educational philosophy of John Dewey, who was a proponent of "progressive education" and believed that one of the most effective ways to acquire knowledge was through reflection on concrete situations and challenges.

On the basis of Dewey's educational philosophy, especially about how students absorb knowledge, many professional disciplines such as agriculture, engineering, and social work were among the first to implement service-learning activities into pedagogical practice. For example, the Michigan Agricultural College founded in 1857 was one of the earliest colleges to *require* that, as a condition of graduation, students participate in manual labor in the community for at least 3 h per day (Zieren and Stoddard 2004). This labor was often related to students' courses and their field of study.

Since this time, and in particular since the 1960s, service-learning has grown exponentially in higher education and is being incorporated into disciplines beyond merely those in professional domains (Zieren and Stoddard 2004). Indeed, service-learning has now become recognized as a key component of the curriculum in a multitude of degree programs. Today, most colleges and universities incorporate some form of service-learning activity into their curriculums. These activities can range from one-time course requirements to semester-long service experiences.

### Key Empirical Contributions on the Topic of Service-Learning

Over the years, there has been an abundance of research on service-learning. These studies have consistently shown that by connecting learners and communities, participation in service-learning activities has a positive impact on student learning and development (Markus et al. 1993; Conway et al. 2009). Despite the abundance of service-learning research, though, prior to 2000 the majority of this research was descriptive. For example, many studies merely provided accounts of programmatic and course outcomes that did not rely on rigorous research designs (Eyler, Giles and Gray 1999). Therefore, these early studies often failed to clarify whether it was actually service-learning that benefited students or whether other classroom- and student-level factors were at play.

Fortunately, service-learning research has become increasingly more sophisticated since this time. Indeed, there is now a broader and more complex array of studies assessing the value of, and mechanisms behind, service-learning. Although this increase in research quality is good in terms of enhancing our understanding of the utility of service-learning, it is now difficult to pinpoint important contributions.

A survey of research on service-learning provides insights into emerging research trends on the topic of service-learning. Specifically, this section summarizes "hot topics" and associated findings based on the most frequently searched keywords as well as the most cited service-learning according to research articles collected by *Web of Science* from 1983 to 2016.

The earliest study identified is a field experiment by Markus et al. (1993), which compared students participating in service-learning activities with those not participating in

service-learning activities. These researchers assessed differences in students' awareness of social problems as well as in their academic performance. They found strong empirical evidence of the effectiveness of community-based service-learning in a classroom setting.

Another key contribution to the service-learning literature during this period was Barbara Jacoby's (1996) edited book, *Service-Learning in Higher Education: Concepts and Practices*, which provided a better understanding of how to practically develop and administer service-learning initiatives. Indeed, Jacoby and colleagues provided frameworks for implementing service-learning and guidelines to determine successful implementation. Their work highlighted the need for faculty and administrators to make *intentional linkages* between community service activities and specific course-related learning and development outcomes.

A more recent contribution to the literature is from James Conway et al. (2009). In their work they relied on meta-analytic techniques to synthesize recent empirical studies on service-learning. After analyzing over 100 studies, Conway and colleagues found that service-learning has its largest effects on students' academic and social outcomes, and it has smaller effects on students' personal and citizenship outcomes. Additionally, they found that more structured, intensive, and longer duration service-learning activities tend to result in larger effects on student outcomes (Conway et al. 2009).

An examination on frequently cited keywords used in service-learning research from 1983 to 2016 helps to provide insights into important topics in the service-learning literature as well as emerging research trends. The largest group of research is *community-centered service-learning and international service*. On the one hand, this could indicate that most of the research on service-learning has focused on topics relating to community issues, both, domestically and internationally, which would certainly be consistent with the goals of service-learning. On the other hand, this could also indicate that despite research showing service-learning has its largest effects on students' academic and social outcomes, scholars have focused much of their research on assessing the effects of service-learning on communities.

Keywords of service-learning literature also show that it is now an important topic across disciplinary and geographic boundaries. Indeed, the literature labeled nursing education | international service, which is the second largest and the most recent group of studies, suggests that service-learning is now being incorporated into various disciplines – including nursing education. "International service" is also frequently included among the top clusters, showing geographically broader adoption of service-learning in the context of an increasingly globalized society. In sum, this review of key studies and "hot topics" on service-learning provides an important foundational basis for the study and practice of experiential philanthropy.

## Experiential Philanthropy: A New and Innovative Service-Learning Pedagogy

As a form of service-learning, experiential philanthropy focuses on educating students about nonprofit organizations and social issues. Experiential philanthropy encourages students to apply data collection techniques and critical thinking skills to better understand community needs and evaluate how nonprofits are meeting those needs; it then allows students to actively work toward improving their communities through the distribution of philanthropic funding. Thus, experiential philanthropy is believed to provide students with a better understanding of nonprofit management challenges – particularly those relating to fundraising, performance management, and grant making. For these reasons, experiential philanthropy has been well received within nonprofit management education.

By some estimates, there are currently more than 100 experiential philanthropy initiatives at colleges and universities across the USA (Stuart 2012); and, for the past decade, both the *Once Upon a Time Foundation* and the *Learning by Giving Foundation* – two of the nation's largest funders of experiential philanthropy – have contributed millions of dollars to support various

forms of philanthropy-based education at US institutions of higher learning (Learning by Giving Foundation n.d; The Philanthropy Lab 2015).

In the remainder of this section, we provide a review of the goals of experiential philanthropy, various approaches to the implementation of experiential philanthropy initiatives, and empirical evidence on the effectiveness of experiential philanthropy as a pedagogic strategy within higher education.

## Goals of Experiential Philanthropy

Similar to service-learning, many of the goals associated with experiential philanthropy relate to enhancing student learning outcomes and meeting community needs. However, experiential philanthropy differs from service-learning in that it may or may not involve an organized service component. In fact, unlike service-learning, experiential philanthropy is not intended to create greater service opportunities for students; it is intended to provide students with the opportunity to understand nonprofit management challenges and then assume the role of a philanthropic funding agent on behalf of their local community (Ahmed and Olberding 2007). Thus, experiential philanthropy is designed to teach students not only about abstract issues relating to nonprofit organizations and social issues but also about actual philanthropic decision-making processes. Not surprisingly, then, one of the most important goals of experiential philanthropy has been the cultivation of the next generation of philanthropists.

## Different Pedagogical Approaches to Experiential Philanthropy

Experiential philanthropy can be implemented in several ways – however, two approaches have traditionally been most utilized: *the direct approach* and *the indirect approach*. The original approach, which is the direct approach, allows students an opportunity to engage in "direct giving." That is, this approach allows students to directly award funding to a nonprofit organization that they select. Students taking a course using this approach to experiential philanthropy are considered to be the direct, and final, decision-makers of the funding awards.

In addition to the direct-giving approach, students can also act as indirect decision-makers in experiential philanthropy initiatives. With the indirect approach, instead of students awarding funds directly to nonprofit organizations, students are able to review and provide recommendations of grant proposals on behalf of a funding agency. The recommendations provided by the students are then taken into consideration in funding allocations; however, the agency is the ultimate funding decision-maker – not the students as in the direct approach. An advantage of the indirect giving approach is that, unlike the direct approach, instructors do not have to secure funding in order to engage in experiential philanthropy. However, securing relationships with funding agencies willing to allow students' access to grant proposals can still present challenges.

In general, both the direct and indirect approaches to experiential philanthropy reflect the essence of service-learning, which is to combine classroom knowledge with practical experience. In both approaches, students are expected to develop an understanding of social and community issues. Students are also expected to better understand nonprofit management challenges and the complexities of acquiring resources in the nonprofit sector.

## Effectiveness of Experiential Philanthropy

Since the fundamental question to be asked of any educational program or initiative is "how are students affected?," it is important to understand whether experiential philanthropy (as with service-learning more generally) actually impacts student learning.

**Enhancing academic and civic outcomes.** Research on experiential philanthropy has shown that this type of service-learning pedagogy has largely positive effects in the classroom. One of the first studies to assess the effectiveness of

experiential philanthropy relied on students' self-description of their experience participating in an experiential philanthropy course. Specifically, Renee Irvin (2005) used a case study approach to examine students' views about their direct-giving experiential philanthropy project at the University of Oregon. The findings from this study indicated that after the experiential philanthropy project, students expressed an increased desire to get involved in volunteer and civic engagement activities in their community (Irvin 2005).

Ahmed and Olberding (2007) analyzed data from nearly 1000 university students who participated in an experiential philanthropy course and found that the majority believed that the course made them more aware of social problems and nonprofit organizations, increased their sense of responsibility to help others in need, and enhanced their intentions to give money and time to charity. In addition, Olberding (2009) found that students participating in an experiential philanthropy course reported enhanced understanding of course material.

The positive effects of experiential philanthropy have also been supported by recent quasi-experimental research. McDonald and Olberding (2012) in their quasi-experimental study of university students compared pre- and post-course evaluations from students who participated in an experiential philanthropy course with those who did not. Their findings indicated that similar to past research, at the end of the semester, students who participated in a course with an experiential philanthropy component were more aware of social problems and nonprofit organizations. These students also had stronger future intentions to participate in community service activities. These findings were also supported by qualitative data from their study.

Finally, a recent report by scholars at Brandeis University (2014) examined the effectiveness of several experiential philanthropy initiatives across the USA. In this report, these scholars found that students, regardless of university affiliation, gained greater philanthropic knowledge and skills through after their participation in an experiential philanthropy course (Benenson et al. 2014).

**Which types of students benefit most from experiential philanthropy?** Though experiential philanthropy has been shown to be a highly effective pedagogy, there is some evidence indicating that the positive effects of experiential philanthropy may differ by types of students. Ahmed and Olberding (2007), for instance, examined the experiences of students who participated in an experiential philanthropy course across majors and found that those majoring in the humanities and professional fields were more likely to indicate that the experiential philanthropy component of the course had no effect on their awareness of social problems and nonprofit organizations. These students were also more likely to indicate that the course had no effect on their belief in the value of experiential philanthropy or on their future intentions to become philanthropically involved in their communities. More recently, research has shown that certain types of students (such as females, older – in other words, non-traditional age – students, and students from helping profession majors) tend to report the most positive effects of experiential philanthropy (McDougle et al. 2017).

**Long-term effects.** A small handful of studies have shown that there are long-term effects associated with experiential philanthropy (Olberding and Hacker 2016). For instance, Ahmed and Olberding (2007) found that in 3- to 5-year follow-up surveys of students enrolled in a class with an experiential philanthropy component, nearly 86% of students indicated that they believed the class helped them to realize that they could make a difference in society and that they had a greater sense of personal responsibility in their community.

## Lessons from Nonprofit Management Education: Experiential Philanthropy as a Pedagogic Approach to Public Administration and Public Policy Education

Although experiential philanthropy has primarily been used as a way to teach principles of nonprofit management, the findings from the research on

experiential philanthropy indicate that the approach could be implemented more broadly – particularly, within public administration and public policy education. Indeed, given that concerns about the social roles and responsibilities of higher education institutions have increasingly been on the rise (for a review, see Bryer 2014), complex societal challenges such as poverty, social inequality, environmental degradation, economic injustice, and human rights abuses have placed enormous expectations on colleges and universities to produce graduates who will not only have learned about these challenges but will also be able to help in solving many of them. As such, a number of schools of public administration and public policy have begun investing significant resources not only into educating and preparing students for professional careers but also into educating and preparing students to become civically engaged citizens – citizens who will ultimately be motivated to get involved in their local communities.

Given that experiential philanthropy combines classroom knowledge with real-world decision-making, this type of instruction can provide students of public administration and public policy with a better understanding of social issues in the public sphere. Given the interconnected nature of government and the nonprofit sector in addressing many of today's most pressing social issues, it will become increasingly more important for students of public administration and public policy to have greater knowledge of the challenges of managing nonprofit organizations.

More importantly, given the purpose of experiential philanthropy (not only to enhance the grant-making skills of students but also to cultivate future philanthropists who are committed to solving social problems), experiential philanthropy will likely provide students of public administration and public policy with an opportunity to demonstrate innovative problem-solving skills. Similar to service-learning, experiential philanthropy focuses on connecting students to communities, and the value of the pedagogy is reflected in the beneficial impacts that studies have shown that it has across many disciplines. As such, by incorporating experiential philanthropy into the curriculum of public administration and public policy education, students should be well equipped to identify pressing social needs in their communities and make strategic philanthropic contributions toward addressing those needs.

In the end, experiential philanthropy can provide students of public administration and public policy with greater knowledge of, and exposure to, issues beyond the traditional classroom setting – and at times even beyond students' own life experiences. This exposure can help these students to make important linkages between theory and practice, which can be particularly useful given that public managers must often be able to identify pressing community challenges, carefully weigh the available evidence, communicate findings to varied stakeholders, and successfully implement equitable solutions.

Moreover, given the pervasiveness of social problems, both domestically and abroad, this pedagogy could be used as a way to gain greater understanding of how philanthropy-based education can be used to address social problems across the globe. According to a recent report on philanthropy education in Europe, experiential philanthropy would be welcomed as an innovative approach to teaching about philanthropy and philanthropic responses to social issues in the country, but there is skepticism about the fundability of the pedagogy (Keidan et al. 2014).

## Conclusion

Experiential philanthropy is an innovative educational approach for future nonprofit managers, philanthropists, and students of public administration and public policy. Indeed, by incorporating traditional classroom experiences with practical philanthropic investment and decision-making, students are encouraged to carefully consider how they go about solving social problems in their communities; and research has shown that this is an effective way to increase student learning and long-term civic interest.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Giving and Volunteering


## References


Ahmed S, Olberding J (2007) Can student philanthropy help to address the current nonprofit identity crisis? A case study of a multiyear, multidisciplinary project at northern Kentucky university. J Public Aff Educ 13(3/4):593–615

Benenson J, Moldow E, Hahn A (2014) Engaging a new generation of philanthropists: findings from the pay it forward student philanthropy initiative. Retrieved from http://sillermancenter.brandeis.edu/PDFs/Engaging%20a%20New%20Generation%20Exec%20Sum.pdf

Bryer TA (2014) Higher education beyond job creation: universities, citizenship, and community. Lexington Books, Lanham

Conway JM, Amel EL, Gerwien DP (2009) Teaching and learning in the social context: a meta-analysis of service-learning's effects on academic, personal, social, and citizenship outcomes. Teach Psychol 36(4):233–245

Eyler J, Giles DE Jr (1999) Where's the learning in service-learning? Jossey-Bass higher and adult education series. Jossey-Bass, Inc., San Francisco

Irvin RA (2005) The student philanthropists: fostering civic engagement through Grantmaking. J Public Aff Educ 11(4):315–324

Jacoby B (1996) Service-learning in higher education: concepts and practices, The Jossey-bass higher and adult education series. Jossey-Bass Publishers, San Francisco

Keidan C, Jung T, Pharoah C (2014) Philanthropy education in the UK and continental Europe: current provision, perceptions and opportunities. Retrieved from http://www.cass.city.ac.uk/__data/assets/pdf_file/0004/238072/Final-Philanthropy-Education-revised.pdf

Markus GB, Howard JPF, King DC (1993) Integrating community service and classroom instruction enhances learning: results from an experiment. Educ Evavl Policy Anal 15(4):410–419

McDonald D, Olberding JC (2012) Learning by giving: a quasi-experimental study of student philanthropy in criminal justice education. J Crim Justice Educ 23(3):307–335. https://doi.org/10.1080/10511253.2011.604339

McDougle L, McDonald D, Li H, McIntyre Miller W, Xu C (2017) Can philanthropy be taught? Nonprofit Volunt Sect Q 46(2):330–351. https://doi.org/10.1177/0899764016662355

Olberding JC (2009) Indirect giving to nonprofit organizations: an emerging model of student philanthropy. J Public Aff Educ 15(4):463–492

Olberding JC, Hacker W (2016) Does the "service" in service-learning go beyond the academic session? Assessing longer term impacts of nonprofit classes on community partners. J Nonprofit Educ Leadersh 6(1):25–46

Stuart E (2012) Teaching the art and science of philanthropy: Students learning to give. Desert News. Retrieved from http://www.deseretnews.com/article/765550297/Teach-the-art-and-science-of-philanthropy-Students-learning-to-give.html?pg=all

The Philanthropy Lab (2015) Who we are. Retrieved from https://www.thephilanthropylab.org/default.aspx

Zieren GR, Stoddard PH (2004) The historical origins of service-learning in the nineteenth and twentieth centuries: the transplanted and indigenous traditions. In: Speck BW, Hoppe SL (eds) Service-learning: history, theory, and issues. Praeger Publishers, Westport, pp 23–42


# Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index


Suwastika Naidu, Arvind Patel, Anand Chand and Atishwar Pandaram
The University of the South Pacific,
Suva, Fiji Islands


## Synonyms

Coinbase Index; Inflation expectations; LIBOR; Long-run effects; Short-run effects

## Definitions

Coinbase Index (CBI): This index tracks the performance of the digital assets listed by Coinbase, which is weighted by the market capitalization.

One-month London Interbank Offered Rate (LIBOR): The London Interbank Offered Rate is the average interest rate at which the large banks borrow money from other banks in the London market. It is also used as a proxy for the short-term interest rate.

Five-year inflation expectations (FYIE): Measures the expected inflation for the 5-year period that starts from today.

## Introduction

A number of international financial institutions, particularly the European Central Bank (2012), have emphasized that investment in cryptocurrencies is sustainable as it does not stimulate financial instability. Some of the common reasons why cryptocurrencies do not stimulate financial instability are as follows (Corbet et al. 2018): (1) lack of connection to the economy, (2) lack of acceptance, and (3) low volume of currency trading. However, recently with a massive growth of investment in the cryptocurrency markets, the global financial working group is only monitoring how the growth of investment in cryptocurrencies can stimulate financial instability. The Coinbase Index is a broad measure that captures the block position as it incorporates the weighted average of the listed digital assets being traded in the USA (Coinbase Incorporation 2019).

Moreover, this index is affected by changes in inflation expectations and LIBOR due to three reasons. First, investors will compare their returns on digital currencies and financial products offered to customers in the financial markets. With the growing investment in blockchain currencies, it is indicative that digital currencies are gaining investor confidence (Corbet et al. 2018). Second, LIBOR influences the interest rate on financial products provided by the banks and non-bank financial institutions. If the interest rate decreases for competing investments, it is likely that investors will invest in cryptocurrencies as compared to competing investments (Corbet et al. 2018). Third, if inflation is expected to increase, interest rates will also increase, and this will have an impact on the investment in digital currencies (Corbet et al. 2018).

This paper seeks to investigate the relationship between LIBOR, FYIE, CBI, and CBI returns. Specifically, this paper embarks by determining the volatility relationship in the LIBOR, FYIE, CBI, and CBI returns model. Finally, the Granger causality test is employed to determine bivariate causality between LIBOR, FYIE, CBI, and CBI returns. To date, none of the existing studies have explored the relationship between LIBOR, FYIE, CBI, and CBI returns. There are a handful of studies that have explored the behavior of digital currencies and how investors respond to volatility in digital currencies (Corbet et al. 2018). This paper undertakes a stern effort by exploring the impact of LIBOR and FYIE on the CBI and CBI returns. Figure 1 shows that after the year 2017, there has been a sharp growth in the CBI, with

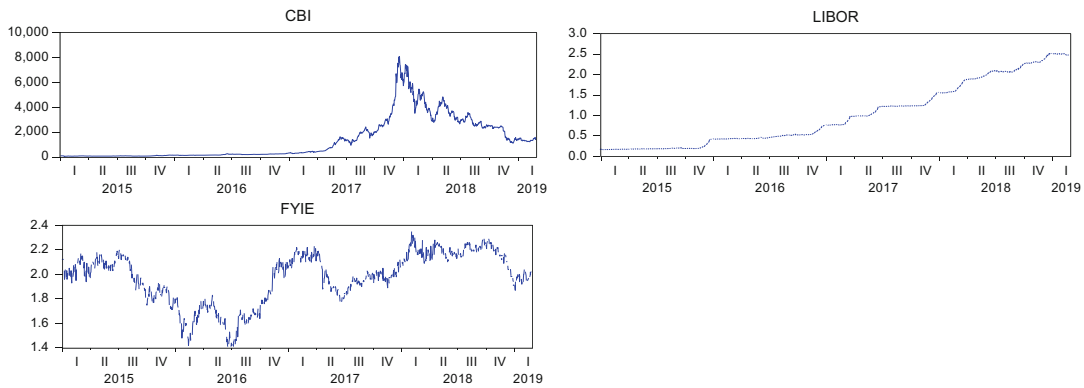


Source: Developed by the author by using the Eviews 8 software, (2019).

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Fig. 1** Coinbase Index, LIBOR, and FYIE. (Source: Developed by the author by using the EViews 8 software (2019))

LIBOR increasing and FYIE following a positive and negative cyclical pattern, thus implying that the investor confidence in the digital currencies has greatly increased. Figure 2 shows that FYIE is more volatile than CBI and LIBOR. This paper is divided into five sections. Section "Data and Research Design" outlines the data collection and research design. Sections "Empirical Results and Discussions" and "Discussions" present the empirical results and discussions. Section "Conclusion" presents the conclusion.

## Data and Research Design

### Testing the Relationship Between Inflation Expectations, LIBOR, and Coinbase Index

Investment is a complex and dynamic phenomenon that is driven by changes in human behavior. As the global society is moving toward the digital economy, investors have also started investing in digital assets. There are a number of advantages of investing in digital assets (Zhu and Zhou 2016; Crosby et al. 2016; Morabito 2017; Mainelli and Milne 2016). First, a number of studies have confirmed that digital assets provide approximately two digit returns every month. Second, digital assets provide a pessimistic stream of income and allow investors superior control over return on investment. Third, investing in digital assets implies that there will be a lower overhead cost. The costs associated with rent, electricity, and physical facility maintenance are eliminated when we invest in digital assets.

Undoubtedly, the investment in digital assets has grown significantly in the last 5 years. A close synthesis of existing literature confirms that studies on the blockchain market have started emerging in the top tier journals (Dyhrberg 2016a, b; Baur et al. 2018; Giudici and Abu-Hashish 2018; Smales 2018). Dyhrberg (2016a) noted asymmetric GARCH phenomena in the Bitcoin model to manage risk in the blockchain market. Expanding her previous study, Dyhrberg (2016b) confirmed that Bitcoin has the same hedging capabilities as gold. Baur et al. (2018) confirmed that Bitcoin demonstrates different volatility as compared to gold and other financial assets. Giudici and Abu-Hashish (2018) argued that Bitcoin prices are interconnected with other trading exchange prices. Smales (2018) found that Bitcoin prices are more volatile than other exchange commodities. This study contributes to the existing literature in two ways. First, most of the existing studies on blockchain market have compared the volatility of the cryptocurrencies with other

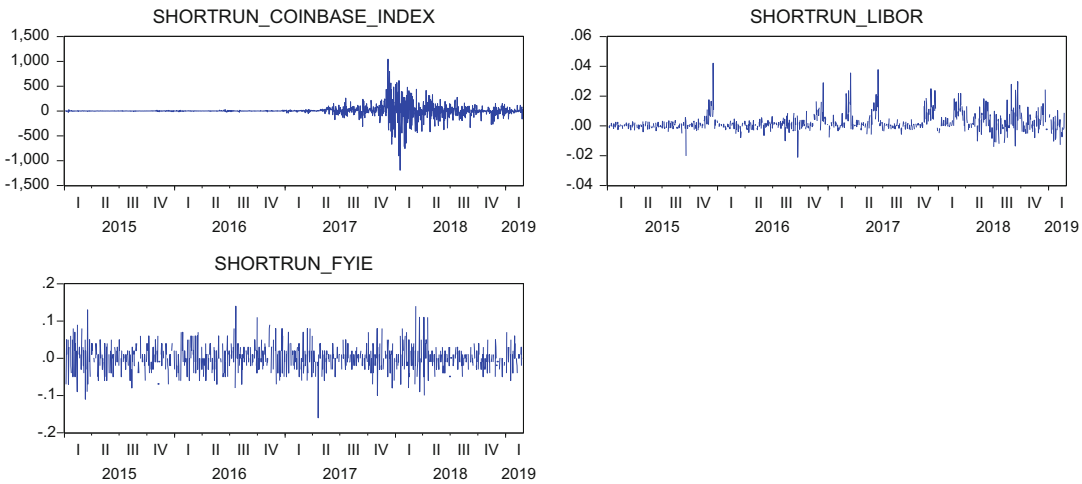


Source: Developed by the author by using the Eviews 8 software, (2019).

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Fig. 2** Short-run changes in Coinbase Index, LIBOR, and FYIE. (Source: Developed by the author by using the EViews 8 software (2019))

financial assets. None of the existing studies have captured the drivers of volatility in the digital assets index. This study expands the literature by exploring how LIBOR and inflation expectations affect volatility in CBI and CBI returns. Second, this study also explains the impact of positive and negative shocks on CBI and CBI returns. None of the existing studies have captured this phenomenon on the digital assets.

## Data

The data for this study was extracted from the FRED economic database (FED). Table 1 provides the details of the variables used in this study. All the variables were converted into the log form before the analysis was conducted.

## ARCH Heteroskedasticity Test

The rationale for using this test is to determine the volatility in the time series data as the volatility in the residuals of the long-run model is related to the most recent residuals. The ARCH heteroskedasticity test helps us to determine whether volatility is present in the time series data and the possibility of conducting the GARCH/TGARCH and EGARCH models to capture the volatility in the time series data (Guirguis 2018).

## GARCH/TGARCH and EGARCH

The ARCH family models are based on two specifications, and these specifications are as follows: (1) conditional mean equation for conditional variance and (2) conditional mean equation for conditional error distribution. A GARCH (1,1) specification used in this paper is as follows (Katsiampa 2018; Ulusoy and Onbirler 2017):

$$CBI_t = X_t^{\prime\gamma} + \varepsilon_t \quad (1)$$

$$\vartheta_t^2 = \tau + \beta\epsilon_{t-1}^2 + \beta\vartheta_{t-1}^2 \quad (2)$$

Equation 1 captures the mean equation and Eq. 2 captures the variance equation. In Eqs. 1 and 2, τ is the constant term, $\epsilon_{t-1}^2$ captures the news about the volatility in the previous period, and $\vartheta_{t-1}^2$ is the GARCH term.

## Short-Run and Long-Run Model

The short-run and long-run models used in this paper for estimation are captured in Eqs. 3 and 4. The long-run model is specified as follows (Naidu 2017):

$$CBI_t = \beta_0 + \beta_1 FYIE_t + \beta_1 LIBOR_t + \in_t \quad (3)$$

The short-run model is specified as follows:

$$CBIR_t = \beta_0 + \beta_1 \Delta FYIE_t + \beta_1 \Delta LIBOR_t + \in_t \quad (4)$$

In Eqs. 3 and 4, $CBI_t$ and $CBIR_t$ represent Coinbase Index and Coinbase Index returns, $\beta_0$ is constant, $\Delta FYIE_t$ is change in FIYE, $\Delta LIBOR_t$ is the change in LIBOR, and $\in_t$ is the error term.

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 1** Details on financial variables used in this study

| No. | Variable name | Period | Data definitions |
|---|---|---|---|
| 1 | Coinbase Index (CBI) | 01-01-2015 to 02-27-2019 | This index tracks the performance of the digital assets listed by Coinbase, which is weighted by the market capitalization. https://fred.stlouisfed.org/series/CBCCIND, February 28, 2019 |
| 2 | One-month London Interbank Rate (LIBOR) | 01-01-2015 to 02-21-2019 | The London Interbank Offered Rate is the average interest rate at which the large banks borrow money from other banks in the London market. It is also used as a proxy for the short-term interest rate. https://fred.stlouisfed.org/series/USD1MTD156N, February 28, 2019 |
| 3 | Five-year inflation expectations (FYIE) | 01-01-2015 to 02-27-2019 | Measures the expected inflation for the 5-year period that starts from today. https://fred.stlouisfed.org/series/T5YIFR, February 28, 2019 |

Source: Developed by the authors of this paper (2019)

### Pairwise Granger Causality Test

The bivariate regressions that capture the pairwise Granger causality test are specified as follows (Balboa et al. 2015; Farooq and Hamouda 2016):

$$\mathrm{CBI_t} = \beta_0 + \vartheta_1 CBI_{t-1} + \ldots + \vartheta_1 CBI_{t-l} + \vartheta_1 LIBOR_{t-l} + \ldots + \vartheta_1 LIBOR_{-l} + \in_t \quad (5)$$

$$\mathrm{LIBOR_t} = \beta_0 + \vartheta_1 LIBOR_{t-1} + \ldots + \vartheta_1 LIBOR_{t-l} + \vartheta_1 CBI_{t-l} + \ldots + \vartheta_1 CBI_{-l} + \in_t \quad (6)$$

$$\mathrm{FYIE_t} = \beta_0 + \vartheta_1 FYIE_{t-1} + \ldots + \vartheta_1 FYIE_{t-l} + \vartheta_1 LIBOR_{t-l} + \ldots + \vartheta_1 LIBOR_{-l} + \in_t \quad (7)$$

$$\mathrm{LIBOR_t} = \beta_0 + \vartheta_1 LIBOR_{t-1} + \ldots + \vartheta_1 LIBOR_{t-l} + \vartheta_1 FYIE_{t-l} + \ldots + \vartheta_1 FYIE_{-l} + \in_t \quad (8)$$

$$\mathrm{CBI_t} = \beta_0 + \vartheta_1 CBI_{t-1} + \ldots + \vartheta_1 CBI_{t-l} + \vartheta_1 FYIE_{t-l} + \ldots + \vartheta_1 FYIE_{-l} + \in_t \quad (9)$$

$$\mathrm{FYIE_t} = \beta_0 + \vartheta_1 FYIE_{t-1} + \ldots + \vartheta_1 FYIE_{t-l} + \vartheta_1 CBI_{t-l} + \ldots + \vartheta_1 CBI_{-l} + \in_t \quad (10)$$

The Granger causality test reports the F-statistics for the possible pairs of (x, y) series which is captured in Eqs. 5, 6, 7, 8, 9, and 10.

## Empirical Results and Discussions

Figure 3 shows that from the year 2015 to 2016, a positive and negative cyclical pattern was noted for the volatility in residuals, which moved around an average of 0.5 and −0.5. Two positive peaks were noticed between the year 2015 and 2016. The first positive peak was few decimal places above 0.5, and the second positive peak was noted during January 2016. Negative volatility effects were recorded between the periods 2016 and 2017. The negative volatility effects reached its negative peak of −0.1 between July and October. The model recorded positive

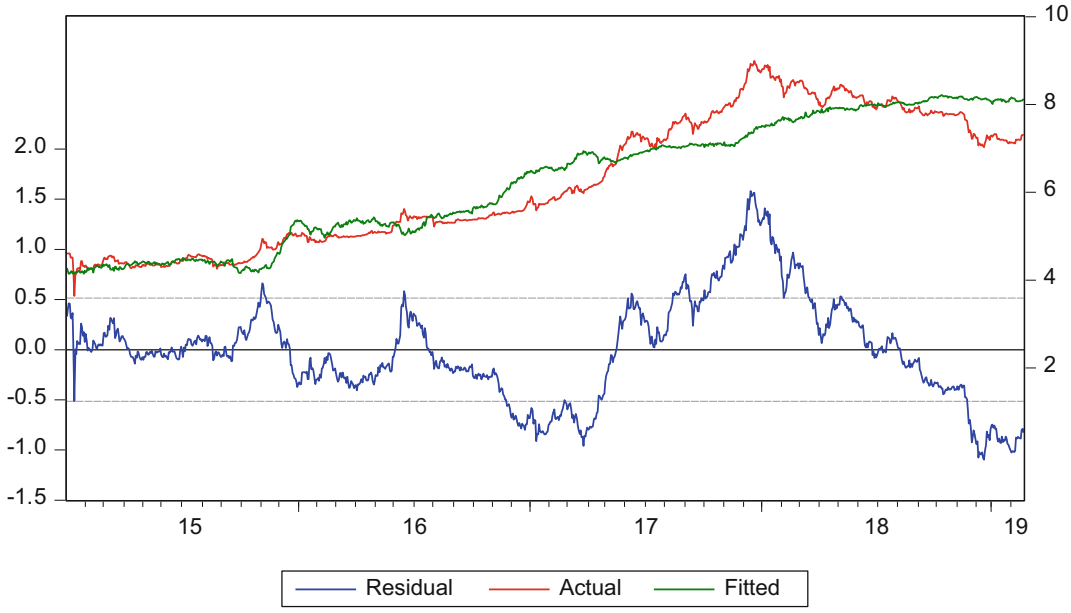


Source: Created by authors by using Eviews8 software (2019).

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Fig. 3** Volatility of inflation expectations, LIBOR, and Coinbase Index. (Source: Created by authors by using EViews 8 software (2019))

volatility effects from November 2016 to January 2018 and negative volatility effects from 2018 to 2019.

Additionally, the results of the autoregressive conditional heteroscedastic (ARCH) test show that the null hypothesis of no ARCH effect is rejected at 1% level of significance. In other words, we can run the GARCH/TGARCH and EGARCH models to estimate the relationship between FYIE, LIBOR, and CBI (Table 2).

The summary statistics indicate that there is large difference between the maximum and minimum values of the CBI. The difference is around 8044.30142 for CBI, and this difference is insignificant for LIBOR (2.356) and FYIE (1.21). The skewness of LIBOR and CBI is positive as compared to FYIE, which is negative. The kurtosis values indicate that our sample has positive excess kurtosis, as all the kurtosis values are close to or more than 2 (Gujarati and Porter 2010) (Table 3).

Table 4 captures the results of the GARCH/TGARCH and EGARCH models. Specifically, coefficient 3 in the EGARCH shows that there is a negative and statically significant level of last period or short period volatility in the model. In the long run, volatility in the LIBOR and FYIE has a positive and statistically significant impact on CBI and CBI returns. The magnitude of the coefficients indicates that CBI returns are greatly affected by volatility in the LIBOR and FYIE as compared to CBI. Coefficient 5 indicates that negative shocks in the model have a greater impact on volatility in CBI and CBI returns as compared to positive shocks of the same intensity. This clearly indicates that negative news that drives inflation expectations and LIBOR will have greater impact on volatility of CBI and CBI returns. Therefore, it can be concluded from our model that we have an asymmetric volatility spillover effect. The GARCH coefficients are negative for both CBI and CBI returns. The impact of FYIE volatility is highest on CBI returns as compared to CBI. In comparison with the EGARCH model, the GARCH/TGARCH model recorded a positive and highest constant in the volatility equation. This indicates that CBI exhibits very different volatility processes in comparison with CBI returns. Similar to the EGARCH model, the asymmetric GARCH term is negative and statistically significant which indicates that negative shocks have greater impact on volatility of CBI and CBI returns as compared to positive shocks of the same intensity.

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 2** Heteroskedasticity test: ARCH

| | | | |
|---|---|---|---|
| F-statistic | 30150.57 | Prob. F(1,785) | 0.0000 |
| Obs∗R-squared | 767.0296 | Prob. chi-square(1) | 0.0000 |

Source: EViews Output (2019)

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 3** Summary statistics for CBI, LIBOR, and FYIE

| Summary statistics | Coinbase_Index | LIBOR | FYIE |
|---|---|---|---|
| Mean | 1344.085 | 1.010143 | 1.971819 |
| Median | 338.7149 | 0.772500 | 2.000000 |
| Maximum | 8082.269 | 2.522380 | 2.350000 |
| Minimum | 37.96758 | 0.166250 | 1.410000 |
| Std. dev. | 1673.920 | 0.760321 | 0.207854 |
| Skewness | 1.519523 | 0.572448 | −0.693310 |
| Kurtosis | 4.870802 | 1.947168 | 2.687888 |
| Sum | 2,041,665 | 1054.589 | 2048.720 |
| Sum sq. dev. | 4.25E+09 | 602.9455 | 44.84506 |
| Observations | 1519 | 1044 | 1039 |

Source: EViews Output (2019)

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 4** GARCH/TGARCH and EGARCH

| | GARCH/TGARCH | | | EGARCH | |
|---|---|---|---|---|---|
| | Lg (CBI) | Lg(CBI returns) | | Lg(CBI) | Lg(CBI returns) |
| **Mean equation** | | | **Mean equation** | | |
| Constant | −19.68[−0.006] | 1.356[5.135][a] | Constant | −107.82 [−0.049] | 0.79[1.944] |
| AR(1) | 1.000183 [40.05][a] | 0.926[114.83][a] | AR(1) | 1.000[2338.51][a] | 0.94[107.85][a] |
| **Variance equation** | | | **Variance equation** | | |
| Constant | 0.9316[131.01][a] | −0.0122 [−0.127] | **C(3)** | −0.603 [−11.206][a] | −1.31 [−8.57][a] |
| Lg(LIBOR$_t$) | 0.079 [11.14][a] | −0.619 [−9.47][a] | **C(4)** | 0.269[19.653][a] | 0.69[12.90][a] |
| Lg(FYIE$_t$) | −0.997 [−132.83][a] | 0.819[5.84][a] | **C(5)** | −0.04[−4.232][a] | −0.10 [−2.65][a] |
| GARCH(−1) | −0.719 [−24.75][a] | −0.015 [−2.436][b] | **C(6)** | 0.95[195.348][a] | 0.25[5.16][a] |
| Resid(−1)$^2$ | 0.4163[0.751] | 0.770 [12.87][a] | **C(7)** | 0.13[3.988][a] | 1.14[5.57][a] |
| AIC | −0.273194 | 2.83 | **C(8)** | −0.001[−0.353] | −0.20 [−6.78][a] |
| SIC | −0.248638 | 2.85 | **AIC** | **−3.80** | 2.84 |
| | | | **SIC** | **−3.78** | 2.87 |

Source: EViews output (2019)
[a]Represents significance at 1%
[b]Represents significance at 5%

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 5** Bai-Perron tests of L + 1 vs. L sequentially determined breaks

| Sequential F-statistic determined breaks | | | 4 |
|---|---|---|---|
| | | Scaled | Critical |
| Break test | F-statistic | F-statistic | Value[a] |
| 0 versus 1[a] | 889.7891 | 2669.367 | 13.98 |
| 1 versus 2[a] | 420.5951 | 1261.785 | 15.72 |
| 2 versus 3[a] | 97.59589 | 292.7877 | 16.83 |
| 3 versus 4[a] | 34.02447 | 102.0734 | 17.61 |
| 4 versus 5 | 0.000000 | 0.000000 | 18.14 |
| Break dates | | | |
| | Sequential | Repartition | |
| 1 | 5/23/2017 | 10/14/2015 | |
| 2 | 1/16/2018 | 5/31/2016 | |
| 3 | 5/31/2016 | 5/02/2017 | |
| 4 | 10/14/2015 | 1/16/2018 | |

Source: EViews Output (2019)
[a]Bai-Perron (Econometric Journal, 2003) critical values
[b]Significant at the 0.05 level

Table 5 shows that there are four breakpoints noted in our series, and these breakpoints are noted in the following days: (1) 5/23/2017, (2) 1/16/2018, (3) 5/31/2016, and (4) 10/14/2015. A dummy variable was created for these days before running the long-run and short-run model.

Table 6 shows the long-run impact of LIBOR and FYIE on CBI and CBI returns. The constant is

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 6** Long-run impact of LIBOR and FYIE on CBI and CBI returns

| | $LgCBI_t$ | $LgCBI_t$ returns |
|---|---|---|
| **Variables** | | |
| $LgLIBOR_t$ | 1.458825[76.27841][a] | 1.854469[23.10593][a] |
| $LgFYIE_t$ | 1.687443[10.84558][a] | 2.235136[3.561591][a] |
| $Dum_t$ | 0.362532[1.407092] | 0.635251[0.709270] |
| Constant | 5.611967[51.73833][a] | 1.071676[2.457747][b] |
| $R^2$ | 0.881261 | 0.553246 |
| $\Delta R^2$ | 0.880908 | 0.550844 |

Source: EViews output (2019)
[a]Represents significance at 1%
[b]Represents significance at 5%

E

positive and statistically significant for CBI and CBI returns. In the long run, 1% increase in LIBOR will increase CBI by 1.46%, at 1% level of significance. Similarly, 1% increase in LIBOR will increase CBI returns by 1.85%, at 1% level of significance. A 1% increase in FYIE will increase CBI by 1.68%, and a 1% increase in FYIE will increase CBI returns by 2.24%, at 1% level of significance. The $R^2$ and adjusted $R^2$ in both the models are more than 50%, thus indicating that our model is statistically robust.

Table 7 shows that the short-run impact of LIBOR and FYIE on CBI returns is positive and statistically significant at 1% level of significance. In the short run, a 1% change in LIBOR will change CBI returns by 1.76%. Furthermore, a 1% change in FYIE will change CBI returns by 2.089%. Our short-run model is robust as both the $R^2$ and adjusted $R^2$ values are more than 50%. The Breusch-Pagan-Godfrey heteroskedasticity test indicates that our short-run model is homoscedastic.

The pairwise Granger causality test indicates that there is no causality between LIBOR, CBI, and FYIE (see Table 8).

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 7** Short-run impact of LIBOR and FYIE on CBI returns

| | $LgCBI_t$ returns |
|---|---|
| **Variables** | |
| $\Delta LgLIBOR_t$ | 1.764315 [33.77284][a] |
| $\Delta LgFYIE_t$ | 2.088872 [4.948851][a] |
| ECT | 1.500800 [17.38526][a] |
| $Dum_t$ | 0.668714 [0.765452] |
| Constant | 4.997807 [36.24945][a] |
| $R^2$ | 0.697219 |
| $\Delta R^2$ | 0.695670 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistic 2.110886 Prob. F(4,782) 0.0777 |

Source: EViews Output (2019)
[a]Represents significance at 1%

## Discussions

This study has empirically proved that negative shocks have greater impact on the volatility of CBI and CBI returns as compared to positive shocks of the same intensity. Negative news driving inflation expectations and LIBOR will shift investor confidence from physical assets to the blockchain market. The positive and statistically significant impact of FYIE on CBI returns indicates that investors are more likely to invest in the blockchain market if they believe that inflation will increase in the future (Zhu and Zhou 2016; Crosby et al. 2016; Morabito 2017; Mainelli and Milne 2016). There are a couple of reasons for this. First, to counter the negative repercussions of future inflation, current investments in the blockchain market will increase future cash flows that can be used to counter the negative impact of inflation on consumption. Second, an increase in forward inflation expectations will

**Exploring the Nexus Between Inflation Expectations, LIBOR, and Coinbase Index, Table 8** Pairwise Granger causality test

| Null hypothesis | F-statistic | Prob. |
|---|---|---|
| LGLIBOR does not Granger cause LGCBI | 0.35382 | 0.7021 |
| LGCBI does not Granger cause LGLIBOR | 0.29003 | 0.7483 |
| LGFYIE does not Granger cause LGCBI | 2.01354 | 0.1344 |
| LGCBI does not Granger cause LGFYIE | 0.16435 | 0.8485 |
| LGFYIE does not Granger cause LGLIBOR | 0.15894 | 0.8531 |
| LGLIBOR does not Granger cause LGFYIE | 0.39271 | 0.6754 |

Source: EViews Output (2019)

encourage investors to invest in the blockchain market now as this will help them to smooth future consumption. The findings from the short-run and long-run impact of LIBOR and FYIE on CBI and CBI returns indicate that as LIBOR and FYIE increase, it is most likely that CBI and CBI returns will increase as investors choose to invest in assets that will maximize their financial returns.

## Conclusion

In summary, this study examined the relationship between inflation expectations, London Interbank Offered Rate (LIBOR), and Coinbase Index (CBI). The findings from this study confirm that there is a positive and statistically significant relationship between these three variables, both in the short run and long run. Due to the increase in investment in the blockchain market, some studies have argued that there is a need for more empirical work that captures the effect of volatile factors driving CBI (Corbet et al. 2018). This study takes a stern step by examining the common factors that might have an impact on the blockchain market. One of the main limitations of this study is that it is based on only two factors that may affect CBI. We need further studies that can capture the effect of similar volatile variables driving changes in the blockchain market.

## References

Balboa M, López-Espinosa G, Rubia A (2015) Granger causality and systemic risk. Financ Res Lett 15:49–58

Baur DG, Dimpfl T, Kuck K (2018) Bitcoin, gold and the US dollar–a replication and extension. Financ Res Lett 25:103–110

Coinbase Incorporation Index (2019) Coinbase index: construction and methodology. Retrieved from https://am.coinbase.com/documents/cbi-methodology.pdf

Corbet S, Lucey B, Yarovaya L (2018) Datestamping the Bitcoin and Ethereum bubbles. Financ Res Lett 26:81–88

Crosby M, Pattanayak P, Verma S, Kalyanaraman V (2016) Blockchain technology: beyond bitcoin. Appl Innov 2(6–10):71

Dyhrberg AH (2016a) Bitcoin, gold and the dollar–a GARCH volatility analysis. Financ Res Lett 16:85–92

Dyhrberg AH (2016b) Hedging capabilities of bitcoin. Is it the virtual gold? Financ Res Lett 16:139–144

European Central Bank (2012) Virtual currency schemes. October, 1–55

Farooq O, Hamouda M (2016) Stock price synchronicity and information disclosure: evidence from an emerging market. Financ Res Lett 18:250–254

Giudici P, Abu-Hashish I (2018) What determines bitcoin exchange prices? A network VAR approach. Financ Res Lett 28:309

Guirguis M (2018) Noise created through the interactions of arbitrageurs and noise traders in the FOREX market. An analysis based on ARCH, GARCH, TGARCH and EGARCH models (September 23, 2018)

Gujarati DN, Porter DC (2010) Essentials of econometrics. McGraw Hill, Singapore

Katsiampa P (2018) Volatility co-movement between Bitcoin and Ether. Financ Res Lett 30:221

Mainelli M, Milne A (2016) The impact and potential of blockchain on the securities transaction lifecycle. Swiftinstitute Working Paper NO. 2015-007, https://www.swiftinstitute.org/wp-content/uploads/2016/05/The-Impact-and-Potential-of-Blockchain-on-the-Securities-Transaction-Lifecycle_Mainelli-and-Milne-FINAL-1.pdf

Morabito V (2017) Business innovation through blockchain. Springer International Publishing, Cham

Naidu S (2017) Exploring the dynamic effects of urbanization and real effective exchange rate on tourism output of Singapore. Tour Anal 22(2):185–200

Smales LA (2018) Bitcoin as a safe haven: is it even worth considering? Financ Res Lett 30:385

Ulusoy V, Onbirler ÖÜ (2017) Marginal speculation and hedging in commodity markets. Financ Res Lett 23:269–282

Zhu H, Zhou ZZ (2016) Analysis and outlook of applications of blockchain technology to equity crowdfunding in China. Financ Innov 2(1):29

# Exploring the St. Louis Regional Data Alliance (RDA): Understanding a Public, Community Data Platform

Sapna Varkey[1] and Paul Sorenson[2]
[1]Department of Political Science, University of Missouri-St. Louis, St. Louis, MO, USA
[2]St. Louis Regional Data Alliance, University of Missouri-St. Louis, St. Louis, MO, USA

## Synonyms

Community data; Data sharing; Public data

## Why Do Regions Need Public, Community Data?

Data and data analysis are a critical component in community development, and many localities are still figuring out how to use these components to promote equity and growth (Auerbach et al. 2017). Broadly, equity means providing different levels of support based on an individual's or group's needs in order to achieve fairness in outcomes (Kendi 2019). Working to achieve equity acknowledges unequal starting places and the need to correct the imbalance (Kendi 2019). Public, community data can help municipalities, nonprofits, and for-profit businesses understand their communities using shared data that helps them develop more equitable interventions.

Publicly available data can also play a role in improving health in communities. The term "health" means physical and mental health status and well-being (Braveman et al. 2017). Advancing health equity is a top priority for many local communities and, given its complexity, it requires intersectoral and multidisciplinary collaboration (Andruszkiewicz et al. 2019; Chircop et al. 2015; Fosse et al. 2018). The term "health equity" ultimately means that everyone has a fair and just opportunity to be as healthy as possible (Braveman et al. 2017). Achieving health equity requires removing obstacles to health, such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care (Braveman et al. 2017). These realities make public, community data sharing necessary in eventually achieving health equity.

Considered together, social determinants of health (SDOH) create a gradient in health inequalities that reflects a relationship between social circumstance and health; there is evidence showing that as people move down the socioeconomic scale their health worsens (Fosse et al. 2018). This connection between social circumstance aligns with the notion of health equity being understood as a process, the process of reducing disparities in health and its determinants, and as an outcome, the end goal is the elimination of social disparities in health and its determinants (Braveman et al. 2017).

## What Can this Look like?

These intersectoral and multidisciplinary collaborations can look different in each local area, but at minimum they should incorporate connections with government and community (often nonprofit) organizations to identify ways to improve health outcomes for populations that experience marginalization through social and economic disadvantage (National Collaborating Centre for Determinants of Health 2013). It is often helpful to include non-health agencies, such as employment centers, housing supports, and police departments (Andruszkiewicz et al. 2019). These collaborators can help improve health outcomes at the community level and positively impact the social determinants of health (SDOH) (Robert Wood Johnson Foundation 2015; World Health Organization 2013).

Given the necessary collaboration among actors in the community, recognizing and managing potential cultures of competition among the organizations and agencies involved is critical. Community organizations often use data to support bids for funding, which can create a situation in which they must compete with complementary or similar organizations in their area

(Andruszkiewicz et al. 2019). Ultimately, a culture of competition could prevent community partners from necessary data sharing, which can hinder their ability to work toward the common goal of health equity (Andruszkiewicz et al. 2019). Furthermore, given how funding requirements often drive data collection, this environment of competition and fragmentation establishes technical hurdles alongside these collaborative barriers.

Often, there can be a culture of collaboration that already exists in a local area, which can help broker these intersectoral partnerships. The two fundamental steps in connecting organizations is creating a methodology for shared data collection across the region and a process for reporting (Arledge and Braasch 2020). This methodology for data collection would need to support high-quality data while also being user-friendly and affordable (Arledge and Braasch 2020) and the reporting would need to complement organizations' existing processes.

## Logistical Considerations

Electronic collection and information sharing about people's health information raises many important concerns, including but not limited to: data governance concerns, information security, organizational liability, and market competition among participating organizations. Data governance refers to the policies and practices established that dictate what data can be shared, with whom, under what conditions, and for what purposes (Allen et al. 2014). Actors engaged in data sharing believe that these policies must be built based on trust and a shared vision among stakeholders to overcome common barriers (Allen et al. 2014). This means governance and data sharing agreements need to be explicitly outlined for the collaborators and agreed upon (Allen et al. 2014). The governance approach should include methods for "acquiring, storing, aggregating, and de-identifying data" (Allen et al. 2014, p. 3). While many of these requirements are technical, data governance is largely anchored in trust and agreement across participating parties; a lack of trust is far more often the cause of a collaborative's failure than technical or logistical barriers.

## What Have Other Regions Done?

A growing community of practice has emerged to tackle these data sharing challenges throughout the United States. National efforts to coordinate and create data sharing infrastructure and skills, like the National Neighborhood Indicators Partnership (NNIP), can help communities use information to advance equity across neighborhoods. The NNIP is a learning network, coordinated by the Urban Institute, that connects independent, partner organizations in cities (NNIP 2021). These partner organizations have a shared goal of ensuring that all communities have access to data and the skills to use information to advance equity and improve conditions (NNIP 2021). NNIP serves its partners and their communities by strengthening local organizations' ability to expand the use of data; learning about innovative methods from each other and external sources, and elevating innovations from partners and communities to share them with local and national audiences (NNIP 2021).

One prominent example of a local data intermediary is the Western Pennsylvania Regional Data Center (WPRDC), which is managed by the University of Pittsburgh's Center for Urban and Social Research (UCSUR) in partnership with Allegheny County and the City of Pittsburgh. WPRDC created this shared technological and legal infrastructure in 2015, which supports research, analysis, decision making, and community engagement in the Pittsburgh region. This highlights the role of the WPRDC as a "data intermediary," which is designed to help people find information and use information in a way that helps them improve their communities (UCSUR 2017). They adopted the role as an intermediary after realizing that a lack of legal infrastructure; technologies that did not support the dissemination of raw data; incomplete data documentation; and a lack of capacity for managing information in a fragmented political environment were

inhibiting the broader use of data in the region (UCSUR 2017). Ultimately, WPRDC provides necessary infrastructure while institutionalizing the role of a data intermediary within a regional open data infrastructure (UCSUR 2017).

## What Is the St. Louis Regional Data Alliance?

Based on the work of the WPRDC and other NNIP partners across the country, including the Alamo Regional Data Alliance in San Antonio, the St. Louis Regional Data Alliance (RDA) formed its collaborative membership and governing body in 2018 – comprised of members from existing data anchors and stakeholders across local institutions (governments, funders, universities, nonprofits, etc.) and issues (health, economic development, education, etc.). The RDA was founded in recognition that good information – connected comprehensive datasets about the St. Louis region's health and well-being – is often hard to find. In many areas, the complex data landscape requires public, private, and social sector leaders to work together to create a holistic regional data sharing system to improve community health. In order to address these challenges, the RDA pursues a mission to build a shared data infrastructure and support strong data actors that use quality data to improve people's lives. The RDA does not intend to replace existing data efforts but will maximize their impact as they align and integrate with each other.

Since its launch in June 2018, the RDA has worked hard to address these challenges alongside a growing number of partner governments, universities, funders, nonprofits, healthcare providers, private businesses, and strategic initiatives. Collectively, these organizations sought to understand, connect, strengthen, and use what the RDA refers to as community data, defined as "organized information about community health and development — including but not limited to data from government, healthcare, and the nonprofit sector — that is used to understand a local situation and plan for action."

## Supporting Strong Data Actors

The Regional Data Alliance is led by its 19-member steering committee, which guides the implementation of the RDA's strategies, develops the RDA's long-term funding and sustainability model, and is the primary advocate for shared data infrastructure and data sharing/transparency in the St. Louis region. The steering committee represents the interests of RDA members and key St. Louis institutions, as well as evaluates and helps direct RDA backbone staffing and ensures the prominence of community voice and racial equity. While steering committee seats are for individuals, not organizations, organizational representation helps guide steering committee composition and representatives are expected to both represent their organization to the RDA and advocate for RDA priorities at their organization.

The RDA's broader membership – which stands at 350 individuals as of June 2021 – is comprised of a diverse data practitioners who work together to represent the variety of essential regional data skillsets and perspectives in the St. Louis region. Membership is free and open to anyone who is interested upon completion of a short form with their contact information, position, and role in the St. Louis data ecology. Members receive regular updates from the RDA highlighting data initiatives across the region, relevant trainings, and ways to connect to each other. They also convene at quarterly meetings to discuss such work in person (or on Zoom) and help inform key decisions of the RDA. Members ensure that key St. Louis institutions are represented in the RDA outside of the steering committee, as well as put continued focus on including community voice and a racial equity lens in the RDA's development.

## Building Shared Data Infrastructure

The Regional Data Alliance is supported by the University of Missouri – St. Louis' Community Innovation and Action Center (CIAC), similar to how the WPRDC is housed at the University of Pittsburgh. The RDA's Director also serves as a

co-director of CIAC, with additional staff serving in roles such as data scientist, community manager, data manager, technology support, and graduate assistants. In addition to convening the RDA membership and steering committee, RDA staff also implement a variety of data infrastructure efforts designed to fill in critical gaps in the regional data ecosystem.

Some of these efforts cut across the RDA's focus areas, including its focus on qualitative data connectivity, measuring progress toward racial equity, institutional data assessments, and the Regional Data Exchange (RDX), found at rdx.stldata.org. The RDX is a tangible example of what shared data infrastructure can look like: it collects 420 datasets from 8 local governments into one open-sourced platform (built on the DKAN infrastructure) that can be accessed by a variety of government, academic, and community-based partners looking for local data. The RDA is exploring back-end connections to government data platforms for ease of publication and upkeep (similar to WPRDC), though its current iteration nonetheless stands as a substantial step forward in bringing local data into a common framework.

Its additional data infrastructure initiatives center around four key sectors (see Fig. 1). In Community Development – which includes local governments, regional planning bodies, and place-based initiatives – the RDA is expanding upon the RDX, data analysis, and data standardization efforts to bolster housing access and data transparency initiatives. In public health, the RDA is partnering with local universities to measure health outcomes at more fine-grained levels, as opposed to the county or zip code. This would allow researchers, health systems, and policy makers to make more informed decisions and would allow stakeholders to assess whether interventions to increase health or social equity result in population health changes .

In social services, the RDA, in conjunction with a variety of partners including United Way 2-1-1 and the St. Louis Integrated Health Network, is working to developing the St. Louis Community Information Exchange (CIE) to share information and coordinate efforts to maximize resources in the delivery of holistic, person-centered care in the St. Louis region (Sorenson et al. 2021). The CIE was inspired by a model in San Diego and represents a collaborative, multi-stakeholder initiative that allows for sharing client data between organizations for "closed loop referrals" and aggregates information that can address and combat systemic health disparities. Finally, in education, the RDA is working to support data development efforts for a local research practice partnership comprised of local school districts, universities, charter schools, and support organizations – including the exploration of adopting emerging data standards (like Ed-Fi) to fill in gaps in state reporting data.

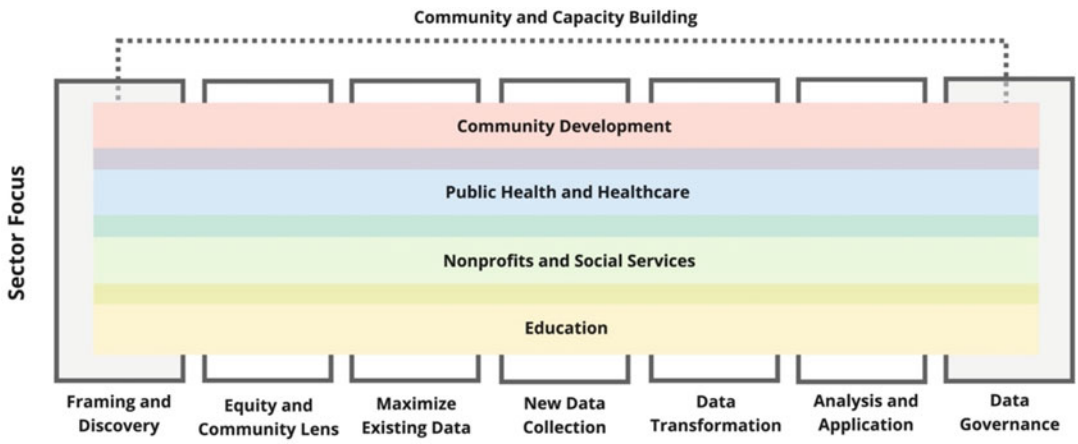


**Exploring the St. Louis Regional Data Alliance (RDA): Understanding a Public, Community Data Platform, Fig. 1** RDA focus areas

## Lessons for Data Sharing Initiatives

The St. Louis Regional Data Alliance is a relatively new initiative, but its work to date highlights key considerations for other regions looking to start or expand collaborative data sharing initiatives. The first is that place-based efforts are best positioned to align data across sectors for community health purposes – because healthcare, social service, community development, and education data all fall under similar funding and policy landscapes, it is easier to make deeper cross-comparisons across issues instead focusing on a single domain (like housing) across the country. The second – and arguably most important – is that a focus on data infrastructure and analysis alone is not enough. The RDA's role as a collaborative body that brings many stakeholders together creates the conditions for data sharing based on trust and a shared agenda. Without this key component, most technical aspects of data infrastructure are woefully underutilized – and therefore do not help promote equitable outcomes in the community.

## Cross-References

▶ Open Data Policies and Practices in Local Governments

## References

Allen C, Des Jardins TR, Heider A, Lyman KA, McWilliams L, Rein AL, . . . Turske SA (2014) Data governance and data sharing agreements for community-wide health information exchange: lessons from the beacon communities. EGEMS 2(1)

Andruszkiewicz N, Ogunniyi C, Carfagnini C, Branston A, Hirji MM (2019) Utilizing public health core competencies to share data effectively with community organizations to promote health equity. Can J Public Health 110(3):303–313

Arledge M, Braasch E (2020) Sidebar: deepening roots: the ACA as a catalyst for meaningful community health collaboration. North Carolina Med J 81 (6):391–392

Auerbach J, Barton H, Blunt T, Chaganti V, Ghai B, Meng A . . . Flores P (2017) Using data science as a community advocacy tool to promote equity in urban renewal programs: an analysis of Atlanta's anti-displacement tax fund. Bloomberg Data for Good Exchange Conference, Chicago, IL

Braveman P, Arkin E, Orleans T, Proctor D, Plough A (2017) What is health equity? And what difference does a definition make? Robert Wood Johnson Foundation, Princeton

Chircop A, Bassett R, Taylor E (2015) Evidence on how to practice intersectoral collaboration for health equity: a scoping review. Crit Public Health 25(2):178–191. http://resolver.scholarsportal.info/resolve/09581596/v25i0002/178_eohtpifheasr.xml. Accessed 17 May 2018

Fosse E, Helgesen MK, Hagen S, Torp S (2018) Addressing the social determinants of health at the local level: opportunities and challenges. Scand J Public Health 46(20_suppl). http://resolver.scholarsportal.info/resolve/14034948/v46inone/47_atsdohtlloac.xml. Accessed 17 May 2018

Kendi IX (2019) How to be an antiracist. Random House Publishing Group

National Collaborating Centre for Determinants of Health (2013) Let's talk: public health roles for improving health equity. http://nccdh.ca/images/uploads/PHR_EN_Final.pdf. Accessed 3 July 2017

National Neighborhood Indicators Partnership (2021, May 6) Partners. https://www.neighborhoodindicators.org/partners

Robert Wood Johnson Foundation (2015) Data for health learning what works a report from the data for health advisory committee. https://www.rwjf.org/content/dam/farm/reports/reports/2015/rwjf418628. Accessed 8 Aug 2017

Sorenson P, Bloom G (2021) Tackling the data dilemma in social care coordination. https://stldata.org/wp-content/uploads/2021/10/Social-Care-Data-Whitepaper-October-2021.pdf. Accessed 1 Nov 2021

World Health Organization (2013) Closing the health equity gap policy options and opportunities for action. http://www.who.int/iris/handle/10665/78335. Accessed 4 Aug 2017

# External Budgetary Auditing

Andreas Glöckner
Unit III 3, Hessian Court of Auditors, Darmstadt, Hesse, Germany

## Synonyms

External budgetary audit; External compliance and performance audit; External control

## Definition

External budgetary auditing is part of the budgetary circle. It encompasses compliance and performance audit tasks. Managers of public money (such as public fund holders) are accountable to the citizens and their elected representatives not only ex ante (for their planning) but also ex post (for the results of their activities). There is a need to control if they have properly managed public financial resources and if they have done what they have announced before. Democratic control and scrutiny is a public good: it is in favor of all citizens, there is no rivalry in consumption, and nobody can be excluded from. The existence of an external audit and the way it is performed are major indicators of the development of democracy in a society in general. In order to ensure that the audits are performed free from any kind of undue influence, the audit institution needs the status of autonomy, the institutional guarantee of its existence (including the freedom from repression), and full authority and independence in performing the audit.

## Introduction

There are public sector special types of capital inflows in public sector entities that have no or no full direct service in return (not necessarily existing reciprocity of money paid and values/services received in exchange). The managers of public funds have to report how they used these resources entrusted to them (*stewardship function*). This is because the contributors of the funds and their representatives have the right to know what the resources are used for and if they have been spent in accordance with law and regulations, including the economic principle and claims for efficiency and effectiveness. If the raising and spending of public money is only internally controlled (by non-independent subunits of the audited institution), there is a lack of neutrality, objectivity, and reliability. Therefore, external institutions are needed which evaluate how public financial resources are raised and spent. The entry explains the institutional background of external budgetary auditing, the role and results of audits within the budgetary circle, and the two different kinds of budgetary audits. Furthermore, it states the importance of the externally performed audits (in contrast to internal control measures) and explains that they have to comply with specific public sector requirements. The entry covers External Budgetary Auditing in general. However, the institutional setting differs according to country and government level.

## Institutional Background: The Relationship Between the Powers

The stakeholders of Public Sector Accounting in a broader sense (including the three interconnected subdisciplines budgeting, accounting, and auditing) are determined according to the specific legal-socioeconomic-political environment. In a parliamentarian democracy, agency theory (Jensen and Meckling 1976), and therefore the *principal-agent model* applies: there is a separation of pseudo-ownership and de facto decision power and control also in the public sector (Fama and Jensen 1983). "The heart of the public sector is the sovereignty of governments ultimately controlled by politicians" (Jones and Pendlebury 2010, p. 2). Provided this context, the citizens (the principal) delegate political power via elections to some politicians (the agent) for a certain period of time. The individual politicians organize themselves and their work within political parties. As a result, at central and – if existent – at state level, the government (executive power) is established according to the majorities of votes within the parliament (deliberative/legislative power). In entities with more than two parties and if there is no party holding more than 50% of the votes, negotiations start in order to determine a majority of votes in the elected assembly of representatives of the citizens (parliament) and to form both future government and opposition. Depending on the institutional setting (here especially the autonomy status of the municipalities), it is possible that comparable relationships and conditions also exist at local level (local council). The necessary condition is that municipalities

have the right to local self-government. In general, the appointment of politicians who work on behalf of their electorate is the same across all existent levels of government in democratic societies. It is important that also when the legislative period is in progress, the government or local equivalent depends on the support of the majority in the parliament or local council representing the citizens. One major example for this is the budgetary process.

## The Functions of Budgets: Steering and (Ex Ante Control for) Approval

### The Steering Function

A *budget* is a financial plan, which in the public sector – regardless the levels of government – is formulated by the executive unit (government or head(s) of local administration, such as the mayor). Thus, it is a *steering tool*: the existence of a budget obliges public sector decision makers to plan and steer the future of the entity in a structured, comprehensive, and coordinated way. It represents the political measures, which the government/head(s) of local public sector administration strive(s) for, expressed in monetary terms (estimated cash and/or accrual numbers). More specifically, a budget governs that public sector resources are levied (taxes, tariffs, charges, fees, and contributions), allocated (service production), and distributed (transfers, such as social assistance or subsidies). Sometimes there are also budgets specifying the quantities and qualities of public sector services ("products") that should be provided to the citizens and their intended outcome or impact ("product or performance budgets"). In case of misjudgments by the preparer (s) of the budgets (excessive expenditures) or new developments (non-scheduled expenditures), there might be the need of supplementary budgets.

There are different ways how public managers are involved in formulating the budget (e.g., top-down vs. bottom-up budgeting) and methods how to prepare the budgets (e.g., "incremental budgeting", "zero-based budgeting", "planning programming budgeting", "performance-based budgeting", and "accrual-based budgeting"; Jones 2002, pp. 5457–5459; Budding and Grossi 2015, pp. 125–134).

The formulation and thus the information quality of budgets are guided by fundamental budgetary principles that can be found either as part of the national/regional constitutions or specific budgetary or financial laws and regulations. In order to reduce annual parliamentary pressure and incentives on maximizing budget spending in electorates, there are additional constitutional and legal constraints which limit the decisions on the budgets in most countries (Lienert 2013, pp. 118–119). This is because budgets should cover the financial requirements of a public sector institution or organization – but not more than that. Contrary to that, there is a permanent temptation of decision makers to go into debt. The reason for this is to gain nonexisting resources that are deemed necessary for current politics, at the expense of future generations. This is a kind of "borrowing against future," which is a decision with binding legal and financial consequences for future generations of decision makers, and therefore conflicts with the idea of democracy and the moral-ethical principle of intergenerational fairness (also called "the concept of intergenerational or interperiod fiscal equity"; Chan and Xu 2013, p. 773).

### The Approval Function – Ex Ante Control

According to the separation of powers described above, the budget has to be presented to and approved by the deliberative power (legislative power at central and states level or local council at municipal level). Consequently, a budget is also a major *instrument of control*. By presenting the budget, the government/head(s) of local administration require(s) approval (in the form of a budgetary law or act). The counterpart of the governmental "monopoly of initiative" to formulate the financial plan is the parliamentary right to finally decide on it (Droege 2015, p. 943). In general, the budgetary power – the right of final decision on the financial measures and, by doing so, on the entire government/municipal activities – is one of the most important and central privileges of an elected representation of the citizens and a core asset of a democracy. In fact, who decides on

the spending of public funds has the ultimate power to decide. To conclude, by approving the budget for the coming fiscal year(s), the parliament/local council also agrees on the political measures of the government/head(s) of local administration for the aforementioned period of time, declares its confidence with their planning, and authorizes the public administration officers to execute these plans. Because of this, the parliamentary discussions about budgets are often perceived as the central debates in a legislative period.

However, there are differences in the countries how the elected representatives are involved in the budget process, depending on the political system (e.g., the OECD survey 2014). On the one hand, in countries with a Westminster system, the elected representatives face rather strong amendment restrictions. On the other hand, there is a form of presidential system characterized by a strong separation between legislative and executive powers combined with unrestrained parliamentary budget amendment authority. In general, other democratic political systems are in between these two extremes in terms of parliamentary budgetary power. "[P]arliamentary budgetary powers are particularly strong when political separation is accompanied by unlimited budget amendment authority by parliament" (Lienert 2013, p. 117).

In short, ex ante control by the deliberative/legislative power or its municipal equivalent comprises to assess the setting of priorities regarding political measures in a prudent, reliable, and thorough way, also in comparison with the related costs. Internationally less often, there is also an ex ante audit of the budgets regarding its plausibility and legality by external audit institutions on behalf of the deliberative/legislative power or the municipal equivalent (Shand 2013, p. 822).

### Finding Compromises in Situations of Conflicting Interests

The future orientation of the budgetary plans is also the reason why both politicians and the public are normally more interested in the ex ante budgets than in the ex post budgetary or financial reports. Both the authority to amend and approve budgets and the right to claim for information are the reasons of a never-ending dispute between the two democratic powers on central and state government level mentioned before. Sometimes this dispute is also subject of decision by the judiciary, here especially the high courts (e.g., Droege 2015). Similar disputes also appear between the local council consisting out of the elected representatives of the citizens (the local kind of deliberative power) and the local administration, as represented by the head(s) of public administration (mayor or equivalent, the local kind of executive). Since there are conflicting interests in politics, formulating the budgets is the playground of political compromises. In short, "many of the organizational benefits of budgeting come from the process of developing the budget, rather than from just having the written plan" (van der Stede 2005, p. 101). In the end, the budget finally agreed on is normally enacted by the elected representatives as an annual budgetary law (central or states level) or budgetary act/statute (local level).

## Characteristics of the Budgetary Process in the Public Sector: The Binding Effect and the Public Sphere

One might speak about a two-step delegation of budgetary power (or in other words: a stepwise principal-agent relationship) in the budgetary process. First, there is a delegation via elections from the citizens to the politicians, and second, there is a delegation from these elected politicians in the deliberative/legislative power or the local equivalent to those in the government/at the head of local administration and to public officials within the administration via budgetary approval. This means that the government/head(s) of local administration and the public administration receive legitimacy to set the political plans, at the same time also facing the duty to convert these plans that have been approved into reality. This is one of the differences in comparison with private sector budgets: the latter are nothing more than internal, non-binding management tools. In the public sector, there are different degrees of flexibility in executing the budgets, according to the respective country and government level. However, in general, the political goals and

measures that are agreed upon are *binding* for the public administration.

It is characteristic of good public governance that the planning process and its result (the budget) are *open to the public*, in order that the electorate and their representatives might control the doing of their agents. Therefore, budgets are also a kind of *communication tool*. In order to reach budgetary transparency, also the underlying political-socioeconomic assumptions need to be open to public (e.g., the tax estimations used).

## The Function of Budgetary Auditing: Ex Post Control

In the reverse perspective, the delegation of executive power and funds makes politicians accountable to the public about the decisions made and the spending of financial resources entrusted to them. "Audit is the modest price of limited liability" (Saw 2002, p. 309). In theory, public sector decision makers, basically politicians but also trust holders within the public administration, are expected not to act in their self-interest but as stewards of common interests within a community. The term that describes this relationship is *stewardship*. The core of this activity is to safeguard the entity's assets, fiscal sustainability, and the leeway of future decision makers. Consequently, after the end of each fiscal year, the institution that is executing the audit is looking for discrepancies between the numbers in the ex ante budget and the ex post budgetary reports, also including an investigation about fraud, irregularities, and the performance of the audited institution. Public sector managers and dignitaries must be held responsible for the results of their activities, and therefore are accountable to the people not only ex ante, on their planning, but also ex post, on their results and if they have done what they have announced before.

### Ex Post Control by the Citizens (and Weaknesses of This Approach)

Democratic control is a public good that is not restricted to the parliamentarians or elected representatives at local level but also comprises *direct democratic control*. This is when the executive power is controlled directly from the electorate (the citizens). However, there are potentially asymmetries of information, reasons of costs, restrictions of time, a lack of necessary preparatory training and knowledge in budgeting, accounting and auditing, and/or missing individual incentives. The latter is caused by the relative insignificance of the opinion of single citizens, unless they join forces and form political parties or interest groups. All those factors might work as a barrier, so that the individual principal does perhaps not make use of his/her right to directly control the budgetary performance of the respective public sector entity. In fact, from a truly practical point of view, a public sector entity's office would be much disrupted by each citizen individually checking the compliance and performance of the entity in the books and gathering the information about the past performance of the public sector entity.

### Ex Post Control by Public Sector Audit Institutions

This is why there is a need of "a professional auditor to verify the accounts and report to all users" (Saw 2002, p. 309). Thus, even more than in the private sector, there is a necessity of *legal control* – the checks and balances by public sector specific audit institutions. This is another delegation of a task (the control task) to an agent on behalf of and in favor of the citizens.

If the reporting entity is audited by an own subunit, it is called *internal audit*. Contrary to that, if the audit is done by another institution, this is called *external audit* (elements and fundamental principles of public sector auditing in general: INTOSAI, ISSAI 100). At the central or states level, this is the work of the Supreme Audit Institutions (SAI), such as either a Court of Auditors or an auditor-general (and his supporting office). These two SAI models show differences in the status the respective audit institution has in relation to the democratic powers and in the main intended addressee(s) of their reports (Shand 2013, pp. 822–823). Depending on the constitutional, fiscal, and political autonomy status of the municipalities, they might have municipal audit offices separate from the central state or regional ones. These offices perform their work

more or less independently from the local administration. Also for them it is a key issue that they are free from instructions by the audited unit and its head(s). Normally, external auditors make use of the work and results of the internal audit unit as starting point. In addition, the external auditors use the findings of the internal control system. A close cooperation between external and internal audit is essential (Shand 2013, p. 821) in order to ensure that irregular transactions, such as fraud, are observed not solely as part of an extraordinary external ex post audit by chance but on a regular basis, as part of everyday internal running processes.

Even though there are different institutional models of external auditing, the overall approach is similar: external public sector audit institutions examine the budgetary and financial reports either as technical experts on order of the parliaments/local councils or autonomously on their own decision. At central and states level, these audit institutions sometimes even have the freedom of judicial independence. They always perform the audit on behalf of the public that provided the resources spent (tax payers) and the legitimacy to do so (electorate). Within this institutional framework, SAIs are institutions *sui generis* (= of their own, particular kind) – they are not part of the legislative power or the judiciary, and they are also independent of the executive power (Engels 2002, col. 1978). The status of autonomy, the institutional guarantee of their existence, and the independence in performing the audit that external audit institutions have are major indicators of the development of democracy in a society. This independence includes the audit institution deciding free from external influences and fear of repression on what is audited and what is not. United Nations resolution 69/228 "[r]ecognizes that supreme audit institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence" (United Nations – General Assembly 2014, para. 1). Their judgments need to be professional, objective, and free from bias or political interference. Moreover, it is an indispensable condition for performing audits that the external audit institutions have the right to request and access all information necessary in a timely manner, such as to examine the accounts and all related documents. They are also free to decide in which way and detail the audits are conducted (intense scrutiny of public and non-public documents, local investigations or commissioning of external experts). These institutions examine the budgetary and financial reports after the end of each fiscal year, also in comparison with the budgets. The degree of credibility of their work depends on the degree of independence and professional expertise which the audit tasks are performed with. The principles set out in the Mexico Declaration on Supreme Audit Institutions Independence of 2007 by the International Organisation of Supreme Audit Institutions (INTOSAI) contain all of those requirements concerning necessary conditions of external audit in general (Table 1).

Furthermore, it is important to point out that external audit never judges the political decisions on the provision of public services that the budget is based on. This is the central aspect of political neutrality of audits. In that sense, independence has two sides: it means that external audit institutions should be free of political interference, but on the other side they should also not interfere with politics.

**External Budgetary Auditing, Table 1** Mexico declaration on SAI independence – the eight principles

| | |
|---|---|
| 1. | The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework |
| 2. | The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties |
| 3. | A sufficiently broad mandate and full discretion, in the discharge of SAI functions |
| 4. | Unrestricted access to information |
| 5. | The right and obligation to report on their work |
| 6. | The freedom to decide the content and timing of audit reports and to publish and disseminate them |
| 7. | The existence of effective follow-up mechanisms on SAI recommendations |
| 8. | Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources |

Source: INTOSAI (2007), ISSAI 10

## The Two Different Kinds of Budgetary Audits

External budgetary auditing could comprise two tasks: compliance and performance audit. Both kinds of audits complement each other.

- *Compliance audit* (INTOSAI: ISSAI 400) covers the question if the audited public sector entity meets all existing legal requirements, including the *budget and public sector accounting law* as well as other financial regulations and legislation, for example, financial regulations within the entity's constitution. Therefore, one could also refer to compliance audit as legality or regularity audit. This means that revenues and expenditures and/or cash inflows and outflows (or in other words, the "raising and spending of public funds") were examined as compliant with law and thus regular (Shand 2013, p. 818). A basic condition is that economic transactions and events must be properly recorded and processes must be adequate. In addition, the audit also needs to cover the question whether the information provided by the entity was sufficiently relevant and reliable. However, the core of external budgetary auditing is the target-actual comparison of the ex ante budgets and the ex post budgetary reports. The aim of this analysis of actual spending against the budget is to detect unauthorized deviation from original planning (excluding supplementary budgets) and from guidelines and rules. In other words, it is intended to evaluate accuracy and budgetary discipline. Amounts which were legally determined as due have to be actually received or paid, and services/performances that were agreed upon have to be rendered. In addition, the audit institutions need to verify the explanations of occurring deviations between target and actual results provided by the audited entity. "Comparisons of actual performance and targets can lead to an improved understanding of what is and what is not working well" (van der Stede 2005, p. 104). Therefore, the audit of the aforementioned assumptions and forecasts that the budget is based upon is also a central issue.
- *Performance audit* (INTOSAI: ISSAI 300, ISSAI 3000, and ISSAI 3100) is also called "value for money audit" (Öhman 2015, p. 166). It deals with the issue of whether expenditures are proportionate to the benefits in economic terms (appropriateness audit; Öhman 2015, p. 164) or, in other words, if the basic economic principle is respected. These are inevitable subsequent questions after discovering that there is a mismatch between actual performance and targets. The aim is to determine the reasons for adjustments and deviations. However, public sector performance is part of budgetary auditing only if public sector budgetary decision makers also deal with the output of the entity and its quality, such as in terms of obligatory product budgets. Traditionally, there is a way of *input control*. In this case, the budgetary legislator provides a limited amount of money that is dedicated to the provision of a particular public service. It is the aim of the administration to use the public funds at its disposal in the best economic way, providing the best quality and highest quantity of services possible (maximization principle). Alternatively, the economic principle could be interpreted in a different way. If the decision maker (the budgetary legislator/local council) is dealing with the quantitative and sometimes qualitative planning of products, there is also a way of *output/outcome control*. In this case, it is possible for the external auditors to determine if the given, budgeted public services could possibly have been rendered at a lower cost (minimum principle) (Engels 2002, col. 1981–1982). Another result of this audit is whether the inputs were actually necessary to achieve the output/outcome objectives set. Thus, it is the aim of the audits to ensure a sound management of financial resources that is in the best interest of the principal. For instance, there is the need to detect "budgetary slack". "Budgetary slack describes the practice of overestimating budgeted costs, or underestimating budgeted revenues, to make

budgetary targets more achievable" (Budding and Grossi 2015, p. 137; further information: van der Stede 2005, pp. 104–105). In general, within external budgetary auditing, performance audit focuses on the question what could have done better to avoid the deviations detected in the compliance audit. This is a traditional differentiation. One may also argue that compliance audit includes performance audit since claims for economy, efficiency and effectiveness have to be laid down in laws and regulations to make them obligatory to apply.

## The Result of Budgetary Audits: The Audit Reports

The result of these rational control activities are summarized in the *audit reports*. There are different kinds of reports (see, e.g., the Treaty on the Functioning of the European Union, here: section 7 on the European Court of Auditors, art. 287) that audit institutions usually draw up:

- Annual reports about the implementation of the budget;
- An annual certification or statement of assurance about the legality, the regularity, and the reliability of the financial statements and their underlying financial transactions;
- Special reports on maladministration, mismanagement, fraud observations, and other irregularities, including the advise how to prevent all of those, and specific assessments about all existing activities of the audited institution;
- Opinions at the request of one of the other democratic institutions.

The first report mentioned is the main product of an external budgetary audit. However, also the other kinds of reports can result out of such an audit.

It is a central audit principle of a state under the rule of law that the audited institution has the right to take a stand on the audit findings and observations ("*audiatur et altera pars*"). Its application prevents errors and material misrepresentation. The addressee(s) of the audit reports vary internationally – depending on the institutional setting of the audit institutions. In most countries the reports, once completed, are sent to the audited institution and to the parliament or the local council for information purposes. The key report that is sometimes also called "statement" or "opinion" is used as the basis of the budget any discharge procedure. Depending on the target user group, the aim of the reports, and regulatory restrictions, the report can also be published.

In an ideal world, the financial result of politics in the last year, that is presented in the annual budgetary reports, would be the basis of the planning of the following year(s). However, since the planning process has to take place some time in advance of the calendar year and both preparation and audit of the budgetary reports take some time after the end of the fiscal year, there is normally some kind of time gap. This is why the discharge decision by the parliament/local council is sometimes based on the budgetary report that refers to the year before the previous year. However, the larger the time gap between the fiscal year audited and the moment of conducting the audit, the lower the political meaning of the audit and the related discharge decision of the legislative power/local council. This is why timeliness is an important qualitative characteristic of useful audit information.

## Prosecutorial Versus Advisory Role of Audit Institutions

There are countries where external audit institutions also have a *prosecutorial role*, whereas in others they are neither entitled to impose sanctions nor do they have the authority to give administrative orders to the audited institutions (Shand 2013, p. 822). Normally, the reason for separating audit and prosecution is that there is the need of trust between auditor

and auditee while at the same time maintaining the independence of the two. In case that audits solely have an advisory role, their impact depends on audit findings that are convincing, neutral, evident, well founded, and often also open to public. In that sense, external audit provides the experts' assessments that might be used by the public or politicians as basis of political discussions.

In terms of budgetary audits, the findings are normally published and sent to the elected representatives of the citizens for being discussed, and as base for the discharge decision. The external audit institutions should support the political decision makers in the deliberative/legislative power in exercising their power of ex post control – in that way one may see an advisory role of the audit institutions. Due to the size of the reporting entity and the fact that not all parliamentarians/members of the local council might be involved in all affairs, the parliament/local council often has different committees dedicated to special functions or topics. Normally, there is also a special committee on budgetary control. The auditing institutions are reporting to this committee which is either pre-deciding on the annual decision on the discharge of the government (central and states level)/head (s) of administration (local level) or on the deferral of this decision. To sum up, the potential users of audit reports are political decision makers within the democratically elected bodies, the public and the information mediators (especially the media), and of course the public administrations themselves (for internal management reasons).

## Conclusions

The budgetary process is a circle (Fig. 1). First, there is the planning part that separates into the formulation of the budgets by the government/head(s) of local administration and their potential amendments and approval by the parliament/local council. Second, the public administration (with the government or head(s) of local administration at the top) is executing the plans. At the end of each fiscal year, the government/head(s) of local public administration report(s) to the parliament/local council in its budgetary reports about the past activities and financial performance. Third, at the end of the circle, there is the reporting-based monitoring and control process, including the parliamentarian right of control. Similar conditions usually apply to the local council or particular committees within.

Next, external public sector control institutions audit the financial reports either as technical experts on order of the parliaments/local councils or autonomously on their own decision, as part of the institutional setting. Especially the supreme audit institutions play an "important role (. . .) in promoting the efficiency, accountability, effectiveness and transparency of public administration" and in the "efficient and effective receipt and use of public resources for the benefit of citizens" (United Nations – General Assembly 2014, para. 2 and 3; also see INTOSAI, ISSAI 12). External budgetary auditing is part of the overall backward-looking control processes in the public sector that take place in order to ensure that the spending of public funds by the public sector administration meets legal requirements,

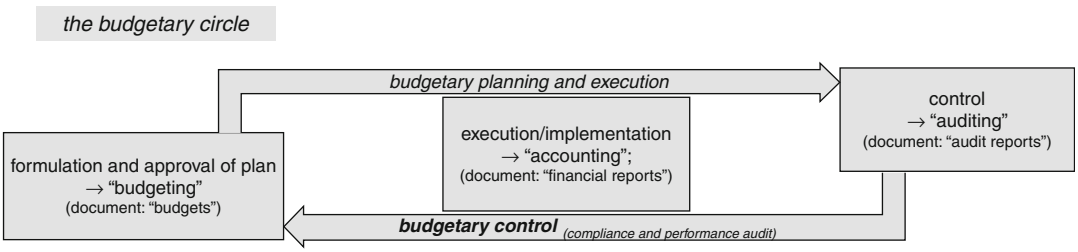


**External Budgetary Auditing, Fig. 1** The position of budgetary control in the budgetary circle

including the compliance with the economic principle. In particular, it is important that there are no major discrepancies between the actual spending and the budgetary planning, which was decided according to the will of the democratically legitimated decision makers. Politicians and public managers who are in the position of decision makers are held accountable for their management of the public funds, and external auditors play a central role in terms of accountability.

## Cross-References


- ▶ Accountability
- ▶ Auditing
- ▶ Auditing Principles
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Constraints
- ▶ Budgeting in the Public Sector
- ▶ Financial Reporting
- ▶ Financial Sustainability
- ▶ Internal Budgetary Auditing
- ▶ Performance Auditing
- ▶ Public Sector Accounting


## References


Budding T, Grossi G (2015) Public sector budgeting. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, Abingdon, pp 122–144

Chan JL, Xu Y (2013) Government financial reporting standards and practices. In: Hemming R, Potter BH, Allen R (eds) The international handbook of public financial management. Palgrave Macmillan, Basingstoke, pp 767–796. Chapter 35

Droege M (2015) Die Budgetinitiative der Regierung und parlamentarische Informationsrechte – Konturen eines Kernbereiches exekutiver Eigenverantwortung im Haushaltsverfassungsrecht. Dtsch Verwaltungsblatt 130(15):937–943

Engels D (2002) Rechnungshöfe, staatliche. In: Ballwieser W, Coenenberg A, Wysocki K (eds) Handwörterbuch der Rechnungslegung und Prüfung, 3rd edn. Schäffer-Poeschel, Stuttgart. Col. 1978–1987

Fama EF, Jensen MC (1983) Separation of ownership and control. J Law Econ 26(2):301–325

International Organization of Supreme Audit Institutions [INTOSAI], The International Standards of Supreme Audit Institutions [ISSAI]. http://www.issai.org/. ISSAI 10: Mexico Declaration on SAI Independence (endorsed in 2007); ISSAI 12: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens (endorsed in 2013); ISSAI 100: Fundamental Principles of Public-Sector Auditing (endorsed in 2013); ISSAI 300: Fundamental Principles of Performance Auditing (endorsed in 2013); ISSAI 3000: Implementation Guidelines for Performance Auditing – Standards and guidelines for performance auditing based on INTOSAI's Auditing Standards and practical experience (endorsed in 2004); ISSAI 3100: Performance Audit Guidelines – Key Principles (endorsed in 2010); ISSAI 400: Fundamental Principles of Compliance Auditing (endorsed in 2013)

Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3(4):305–360

Jones R (2002) Public sector accounting. In: Warner M (ed) International encyclopedia of business and management, 2nd edn, vol 6. Thomson Learning, London, pp 5454–5462

Jones R, Pendlebury M (2010) Public sector accounting, 6th edn. Prentice-Hall, Harlow

Lienert I (2013) Role of the legislature in budget processes. In: Hemming R, Potter BH, Allen R (eds) The international handbook of public financial management. Palgrave Macmillan, Basingstoke, pp 116–136. Chapter 6

OECD (2014) Budgeting practices and procedures in OECD countries. http://www.oecd.org/publications/budgeting-practices-and-procedures-in-oecd-countries-9789264059696-en.htm. Published on 12 May 2014

Öhman P (2015) Performance auditing in the public sector. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, Abingdon, pp 163–175

Saw P (2002) Auditing. In: Warner M (ed) International encyclopedia of business and management, 2nd edn, vol 1. Thomson Learning, London, pp 307–313

Shand D (2013) External audit. In: Hemming R, Potter BH, Allen R (eds) The international handbook of public financial management. Palgrave Macmillan, Basingstoke, pp 817–836. Chapter 37

United Nations – General Assembly (2014) Resolution 69/228: "promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions." Adopted on 19 Dec 2014; published 28 Jan 2015

Van der Stede WA (2005) Budgeting and management control. In: Clubb C (ed) The Blackwell encyclopedia of management, vol. I: accounting, 2nd edn. Blackwell Publishing, Malden, pp 101–106

# External Force and Public Sector Reforms

Suwastika Naidu[1], Anand Chand[1] and Gordon Nanau[2]
[1]School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji
[2]School of Government, Development and International Affairs, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji

## Synonyms

Diagnostic strategy; Public sector reforms; Solomon Islands

## Definitions

| | |
|---|---|
| External forces | These are the external agents behind the public sector reforms. |
| Public sector reforms | These refer to the changes in the public sector structures and services to improve public service delivery. |

## Introduction

Public sector reforms are not a new phenomenon in the developed and developing countries. The reform trajectories, particularly in small island developing countries, have been significantly influenced by the New Public Management (NPM) model (Brinkerhoff and Brinkerhoff 2015). The public sector reforms in the developed and transition economies are driven mainly by the Organisation for Economic Co-operation and Development (OECD), and likewise, public sector reforms in the developing countries are mainly driven by the World Bank and International Monetary Fund (IMF) (Brinkerhoff and Brinkerhoff 2015). The wave of reforms initiated by the NPM model focuses on the neoliberal ideologies of aligning the public sector with the operations of the private sector (Van de Walle and Hammerschmid 2011). The intricacies of the management debate on the success and failure of public sector reforms have been closely scrutinized by academics, practitioners, and policy makers (Van de Walle and Hammerschmid 2011).

Moreover, there is a rich body of literature that tries to explore the effectiveness of reforms in both the developed and developing countries. The plight of the main drivers of public sector reforms, types of public sector reforms, and the positive and negative impacts of these reforms has been ignored by academics and policy makers in the Pacific Island countries. With the failure of reform efforts in many small island developing countries and the development of patronage state, it is crucial that light needs to be shed on the reasons of the failure of reforms in the small island developing countries (Rahman et al. 2013).

This research problem follows from the problem analysis mentioned above. It is imperative for the academic community to have knowledge and understanding on the reasons for failure of reforms in the small island developing countries. The main goal of this entry is to examine two key research questions. These two research questions are as follows: (1) "What are the major reforms in the public service of the Solomon Islands in the last 10 years?" (2) "Has the RAMSI machinery influential in the reforms that took place over the last 10 years?"

This entry is divided as follows. Section "Overview of the Public Sector Reforms in the Solomon Islands" presents the overview of the public sector reforms in the Solomon Islands. Section "Theoretical Perspectives Related to the Literature on Public Sector Reforms" reviews the existing literature. Section "Literature Review on Public Sector Reforms" presents the research methodology used to collect data for this entry. Section "Research Findings and Discussions" presents the research findings and discussions. Section "Theoretical Contributions of This Entry" presents the theoretical contributions of this entry. Section "Policy Implications of This Entry" presents the policy implications, and section "Conclusion" presents the conclusion and limitations for future research.

## Overview of the Public Sector Reforms in the Solomon Islands

The public sector reforms in the Solomon Islands can be traced back to the ethnic tensions of the early 2000s, when immediate help was needed by the Solomon Islands government to restore peace and harmony in the nation (AusAID 2013). The government of the Solomon Islands has followed the developed and developing countries while implementing public sector reforms in order to create an economically conducive private sector business environment that will increase foreign direct investment and foster economic growth (AusAID 2013).

*History of the Solomon Islands*: The Solomon Islands history is related to colonization and independence. During January 1942, Japanese forces had occupied the country and used Solomon Islands as a battlefield during World War II. Most of the fighting related to World War II occurred in the Solomon Islands for 3 years (LiPuma and Meltzoff 1990; Dureau 1998). With the establishment of the network of local councils of the British colonial administration, stability was reinstated in the colonial government's public service delivery. The political evolution of the Solomon Islands can be divided into two categories. The first period was from 1893 to 1960 which was the "stagnation period." During this period, the Solomon Islanders did not participate in the governance system. The second period was from 1960s onward, and during this period the Solomon Islanders could participate in the decision-making process (Nanau 2016). The traditional model of public administration was implemented by the British colonial administration during the 1960s via the legislative and executive councils. The official local councils during this period incentivized the locals to contribute and participate in the activities of the central government. The traditional model of public administration was further changed when the elections took place in the Solomon Islands in the year 1967 and immediately after which the constitution of the Solomon Islands was formed (Anckar 2002). With the implementation of the new constitution, new training opportunities were available for the public administrators and officials who were involved in the management of the public service in the Solomon Islands. In the 1970s, a new constitution was implemented that empowered chiefs with the ministerial and cabinet responsibilities (Fry 2000).

Furthermore, the British colonization period in the Solomon Islands ended on 7 July 1970. The civil strife started in the Solomon Islands from early 1999 to July 2003 (Liloqula 2000; Bennett 2002). In order to end the ethnic tension, the Regional Assistance Mission to Solomon Islands (RAMSI) started providing international peacekeeping forces to the Solomon Islands (RAMSI 2016). Australia provided the largest number of security officers, and this was complemented by New Zealand, Fiji, and Papua New Guinea. These security officers were responsible for restoring security in the country (RAMSI 2016). There were small reforms implemented in the Solomon Islands by the British administration, but major reforms came when the RAMSI reform machinery was implemented in the public service (RAMSI 2016). The RAMSI reform program was aimed at improving the productivity, efficiency, accountability, and transparency of the public service delivery by providing myriad support to the government agencies in the Solomon Islands (RAMSI 2016). Later, this program was refocused on improving the accountability and transparency of the public service delivery, developing e-government, and enhancing women's participation in the government's decision-making process (RAMSI 2016).

## Theoretical Perspectives Related to the Literature on Public Sector Reforms

The New Public Management (NPM) model dominated the discourse of academic literature since the publication of the article titled "A Public Management for All Seasons?" by Christopher Hood in the year 1991, the concept of NPM is based on seven important doctrines. The first doctrine of NPM emphasizes on "hands on professional management" principle of public service delivery. This principle states that discretionary

control is needed from top management so that public service officers feel a sense of responsibility while making decisions that have a direct impact on the public service delivery. Second is setting clear standards and definition of performance measures in the public sector so that the accountability and efficiency of public service delivery can be improved and each dollar of tax paid by citizens is effectively utilized in the provision of public goods and services. The third doctrine of NPM model is termed as the anti-Weberian philosophy, which states that public managers have to focus on the quality of public service delivery rather than on the bureaucracy at the workplace so that economic growth can be achieved. The fourth doctrine of NPM model emphasizes on dividing the public sector into manageable units and linking the goals and objectives of each unit to the overall objectives of the public sector. This doctrine of NPM model is designed to improve the efficiency and accountability of the public service delivery. The fifth and sixth doctrines of NPM model emphasize on the marketization of public sector activities and using contracts and tender process to improve the cost-effectiveness of the public sector. These two doctrines of the NPM model are directly related to the seventh doctrine which focuses on economizing the resource use, which implies getting more work done with less resource inputs.

There are four important criticisms of the NPM model (Kuhlmann 2010; Van de Walle and Hammerschmid 2011; Lodge and Gill 2011; Mayne 2017). First, the NPM model is seen as a universal model that may work in any geographical region. However, this may not be true as some factors unique to certain geographical regions may have an erratic effect on the overall objective that the NPM model is trying to accomplish. Implementing the doctrines of the NPM model may require skilled workforce and financial resources that many developing countries around that world lack and unable to afford while trying to achieve the objectives of the model. Second, Hood (1991) claims that NPM is apolitical model; however, this proposition of NPM model is subject to debate as the doctrines of NPM model are supporting the right-wing philosophical ideologies rather than left-wing philosophical ideologies of the government. Third, some critics have emphasized that there is no substance to the model as it is neither theoretically backed nor empirically tested. Fourth, there are some authors who have criticized that the NPM model is ineffective as it increases the cost of public service delivery. This is contrary to the objective that the NPM model is trying to achieve. The move from public administration to NPM model requires new forms of bureaucracy related to general operations of the public service. This has not been acknowledged by the NPM model.

There are conflicting views on whether NPM still applies or not. Pollitt (2003) emphasized that NPM is not yet over. Dunleavy et al. (2006) emphasized that the NPM model is dead. According to Orozco (2009), the end of neoliberalism during the global financial crisis and the resurgence of the role of government contributed to the demise of the NPM model. Osborne et al. (2013) argued that there is a need for a new model of public administration that addresses the flaws in the NPM model. Osborne and his colleagues proposed the need for a public service-dominant approach that draws upon public service theories. Perry et al. (2010), Kuipers et al. (2014), and Bryson (2018) argued that change management is crucial to improve the efficiency of the public sector. Figure 1 illustrates the development of the NPM model, its demise, and the rise of the new theories of the public sector reform, namely, neo-Weberian state, public value pragmatism, and public service motivation.

*Neo-Weberian state, public service motivation, and public value pragmatism*: According to Drechsler (2005), the reaffirmation of the role of the state after the global financial crisis, coupled with the resurgence of the Keynesian philosophy on the role of the government, has replaced the NPM model with good governance and public value pragmatism reforms. With the rise of the neo-Weberian theories of the state, the role of the government, as the protector of public welfare, has once again taken dominance over the role of the private sector in improving economic welfare (Snyder 2013; Hartley et al. 2013; Donina et al. 2015). The neo-Weberian state theories are based

on strong government influence, stability, and regulations, which is in direct contrast to the doctrines of the NPM model, which focuses on minimal government intervention, flexibility, deregulation, and marketization of activities (Drechsler 2014; Cepiku and Mititelu 2010).

Moreover, the NPM model did provide strong tools to correct the deficiencies in the traditional model of public administration. However, with the advancement of information computer technology, global trade, volatility of stock markets, and randomness of the global financial crisis, the governments are required to establish networks, foster private public partnerships, and establish collaborative networks with other nations around the world (Alonso et al. 2015a, b; Ongaro 2015). These public sector management techniques go beyond the output-focused doctrines of NPM and help to achieve public service motivation and public value pragmatism (Prebble 2015; Greve 2015).

*Keynesian and monetarism philosophies of the public sector reforms*: Under the Keynesian philosophy, the role of the government is crucial in correcting market failures and achieving economic stability (Mishra 2014). The public sector has three major objectives, and these objectives are (1) maintaining national welfare (Eikemo et al. 2008), (2) correcting market failures (Oates 2005), and (3) implementing policies on growth and national development (Ribot et al. 2006). This high level of importance given to the role of the government implies that the government spending, therefore, the size of the public sector, would be much bigger (Afonso and Furceri 2010; Cwik and Wieland 2011). Figure 1 shows that in the context of the developed and transitional economies, the role of the government was important until 1971, after which the role of the government became less important until the global financial crisis (GFC). The monetarism philosophies emphasize on greater importance on the role of the private sector, whereby the private sector acted as a stimulator of economic growth and development in the transitional and developed economies (Onaran 2011; Sawyer 2015). During the period 1971–2007, numerous reforms were implemented in order to reduce the size of the government (Atun et al. 2015; Featherstone 2015). The NPM-initiated reforms dominated the global agenda in both the developed and transitional economies. Interestingly, the role of the government became more important after the GFC when poor governance systems and economic policies, coupled with unsuccessful reform efforts, triggered a global recession (Claessens and Van Horen 2015).

Interestingly, the whole phenomenon of reforms has been different in the context of the developing countries. The role of the government was always important in the developing countries, while the reform efforts since 1987 were aimed to reduce the size of the government (Nepal and Jamasb 2015; Hansen and İmrohoroğlu 2016). Due to the heavy reliance on international development assistance, the governments in the developing countries had to follow NPM model-dominated reforms, thus giving rise to patronage governments (Kenny 2015; Wenner 2015). This is one of the reasons why many NPM-dominated reforms failed in the developing countries. The following sections will explain this in greater detail.

The next section will review the existing literature.

## Literature Review on Public Sector Reforms

One of the key attributes of a successful public sector reform program is to have a thorough understanding of the drivers of public sector reforms and different types of reforms that have been implemented in different geographical regions and an understanding of both positive and negative aspects of the public sector reforms. A thorough examination of these factors influences the design and implementation of any successful reform program. There have been numerous studies conducted on public sector reforms in the developed and developing countries; however, the success of reform efforts in the small island developing countries has been constantly ignored, although this should not have been done by practitioners and policy makers.

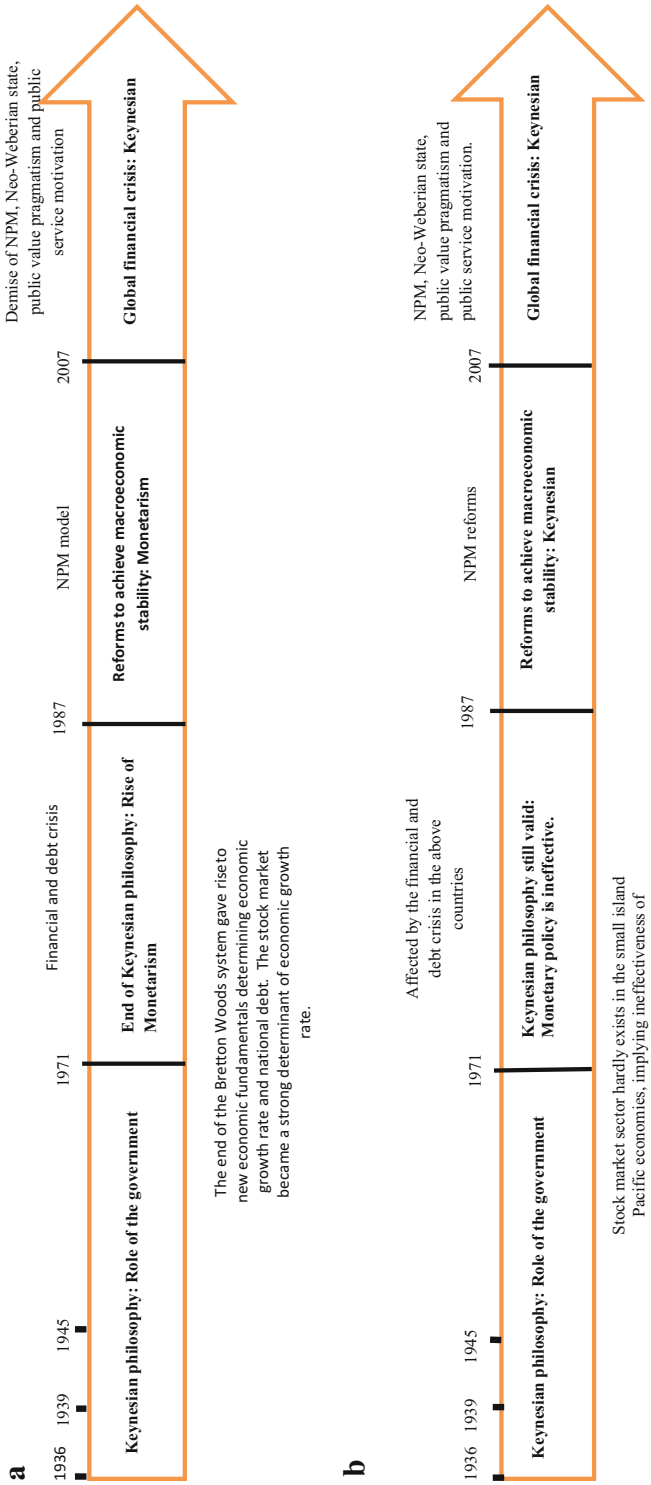


**External Force and Public Sector Reforms, Fig. 1** (**a**) Transition Period for the NPM Model for the UK, USA, EU and Large Developed Asian Economies. (**b**) Transition Period for the NPM Model for the Pacific Island Economies. (Source: Developed by the Authors of this entry (2017) by using information from literature review and their own economic intuition)

E

The intricacies of the argument on the reasons why the reform efforts in the public sector of the small island developing countries have been ignored lie on the small island country argument pioneered by Pilbeam (2013). Applying this argument to the public sector, one can argue that small island countries are not powerful enough to affect the global economy; therefore, analyzing reform efforts in these countries should be on the least important policy agenda, while examining the effectiveness of public reform efforts in the large transitional, developed and developing countries should be on the priority agenda.

*Influence of donor agencies in driving public sector reforms*: During the 1990s, the NPM model was seen as the universal solution to all public sector problems. Since the inception of the NPM model in the public sector of both the developed and developing economies, the impact that the NPM model had on reinventing the government agencies has led to mixed results (Samaratunge et al. 2008; Hout 2012; Andrews 2015; Thom 2017). There are a few cases whereby the government agencies have benefitted from the neoliberal agenda of the NPM model, while in other cases, failures have been noted (Booth 2012; Paul and Renmans 2018). In cases where the NPM model has contributed to the failure of the government agencies, the NPM model has bewildered a number of policy makers. The reinvention of the public service by using the private sector management styles was pressured on the industrialized nations by the OECD, while the World Bank and IMF played an essential role in driving reforms in the developing countries around the world (Brinkerhoff and Brinkerhoff 2015; Jackson and Jones 2018). Hall et al. (2005) highlighted that the developing countries should deregulate the water, energy, and infrastructure sector by encouraging the private sector involvement in these sectors. However, by opening up the provision of the public goods to the private sector, a number of problems have aroused, including a lack of return on investment and a strong political opposition.

According to Mwenda and Tangri (2005), the donor-driven reforms in the African nations have constrained the ability of the African leaders to hold political power as donor-sponsored reforms emphasize on reducing the size of the public sector and opening up the public goods market to the private sector. Ciborra and Navarra (2005) found that poor governance is one of the main sources of state failure in the developing countries. The donor agencies are using the e-government initiatives as an apparatus to reform initiatives in the developing countries. Nelson and Agrawal (2008) confirmed that donors have the ability to drive reforms by using tangible and non-tangible means; however, they have serious difficulties in improving the reform outcomes. This is one of the reasons why many reform efforts driven by the donors have failed in the developing countries. According to Crook (2010), the delivery of the public services in many developing countries has undergone reform efforts, but the public services in the developing countries are still in the problem. Some of the reasons why the reform efforts by the donor agencies have not been fruitful are lack of political support, overstaffing, and neo-patrimonialism. Brinkerhoff and Wetterberg (2013) found that there are a number of reasons why the health reforms have failed in the developing countries. Some of these factors are the disparities between the proper governance and local health practices, the differences between the formal and informal health governance system, and the lack of attention paid by the donor agencies to the sociopolitical powers in the health sector. Knack (2013) found that aid on public sector reforms may strengthen the recipient countries' governance systems when the aid use is monitored by the donor country. However, this governance system may not develop if the aid is monitored solely by the donor agencies. According to Gulrajani (2015), Dietrich (2016), and Cordery and Sim (2018), due to lack of transparency and accountability in the use of aid funds in the developing countries, the donor countries outsource the monitoring and use of the reform aid to the nongovernment development actors.

This study contributes to the existing literature in two ways. First, this entry examines the reforms that have taken place in the public sector of the Solomon Islands and the role of the donor agencies, particularly the RAMSI, in driving these reform efforts. This is the first study that examines

RAMSI's influence on reforms in the Solomon Islands. Second, it expands the existing gap in the literature by exploring the reasons for the failure of reforms in the small island developing countries.

## Research Methodology

The primary data for this entry were collected in the year 2014 by interviewing the government officials from the Solomon Islands. A semi-structured interview schedule was developed to collect data on two important research questions. One of the primary reasons for using the self-administered questionnaire to collect data from the respondents was to gather in-depth information on each of the research questions. It also allowed the researchers to probe on critical points that were raised during the interviews.

Before conducting the interviews, a sample of the number of ministries in the Solomon Islands was extracted from the following website: http://www.commerce.gov.sb/Gov/ps&mins.html. As per the information provided on this website, there were 24 government ministries, out of which 19 government officials allowed us to conduct interviews with the government officials from the respective ministries. Out of the 19 government officials interviewed from the Solomon Islands, 15 (78.95%) were males and 4 (21.05%) were females. There were two reasons for selecting the Solomon Islands as the country of study for this entry. First, the Solomon Island was facing severe ethnic tension in the early 2000s, which resulted in the donor agencies to invest heavily in the public sector reform efforts. Second, it was easier to collect data from the Solomon Islands government as they were open to providing resourceful information on the public sector reforms. There are a number of advantages of collecting qualitative data by using questionnaires in a small sample size research like this. First, data collected on small sample size, in this case on 19 ministries, will lack robustness and will be subject to biasness if empirical analysis is used for making conclusions. Second, qualitative analysis will provide better ways of making conclusions by using the data collected from the small sample size. One research assistant was hired to help the primary researchers collect data. Before the interviews were conducted, the interviewees were informed that their identities will be kept confidential.

Furthermore, thematic analysis was used to analyze data that was collected from this study. According to Braun and Clarke (2006), thematic analysis is an underacknowledged research technique that is used in a number of disciplines, such as psychology, management, accounting, and economics. A two-step procedure was used to analyze data collected from this study by using the thematic analysis (Braun and Clarke 2006). First, each question asked during the interviews was summarized, and common themes were determined from the responses of the informants. Second, these themes were reviewed and used directly as the subtopics in the discussion section. Axial coding was used to collate data for analysis and reporting purposes (Charmaz 2006).

## Research Findings and Discussions

The responses from the government officials were categorized according to the important themes that emerged during the thematic analysis. Microsoft Excel was used for the coding purposes. For the first research question, some of the important themes on the reforms that took place in the Solomon Islands in the last 10 years were human resource management reforms, legislation reforms, and decentralization of the public service authority. These three important themes were inductively rather than deductively conducted.

### Reforms in the Last 10 Years in the Solomon Islands

*Human Resource Management Reforms*: The proper development of the public sector system in the Solomon Islands was disrupted by the civil strife of the early 2000s. It was only after the year 2003 that reform was implemented with the help of the RAMSI to help improve the public services of the Solomon Islands. Some of the common

areas of human resource management reforms were performance management policy, absenteeism management, human resource governance reform, and remuneration reforms. According to the Ministry of Commerce, Industry, Labour and Immigration, reforms have been implemented in the Solomon Islands so that the transparency and accountability of the public service delivery could be improved. There are a number of areas where the Solomon Islands still needs to improve so that the overall public service delivery could be enhanced. According to one of the civil servants from the Ministry of Commerce, Industry, Labour and Immigration (Interviewee 8):

> Major reforms in the Solomon Islands public service are in the areas of performance management policy, absenteeism management, human resource governance reform policy and remuneration reforms. . .

According to another public service officer, human resources are the driving force of public sector management; therefore, public policies should be such that it enhances the motivation of employees. Without proper human resource management policies in place, it would be extremely difficult to position the right employees, at the right time with the right set of public policies. As a result of this, the public sector reforms in the Solomon Islands were aimed at improving the terms and condition of employment in the public service. According to one of the civil servants from the Ministry of Infrastructure and Development, the human resource management reform focused on (Interviewee 2):

> Terms and employment conditions, processes and policy revisions on recruitment and human resource management . . .

A similar comment was made by one of the civil servants from the Ministry of Lands (Interviewee 2):

> One of the obvious reforms was the change of the title of the Chief Administration Officer to human resource manager. This resulted in the upgrading of the CAO level of L10 to L12. . .

*Strategic Management Reforms*: Another key area of reforms in the Solomon Islands in the recent decade is the aligning of the policies and practices with the goals and objectives of the public sector. According to Snyder (2013), Hartley et al. (2013), and Donina et al. (2015), the recent rise in the neo-Weberian theories of state and the role of the government has become important in improving the welfare of the citizens. The RAMSI reforms have been aligned to improving the welfare of the citizens by improving the efficiency with which the public sector delivers its services. To successfully achieve the goals and objectives of the public sector, it is important that the internal policies and practices are consistent with the overall goals and objectives of the public sector. With the introduction of the strategic management reforms by the RAMSI, a mix of principles from the NPM and the neo-Weberian state has been adopted by the public sector of the Solomon Islands. The NPM model requires the adoption of the private sector management styles in the public sector; hence, with the RAMSI reforms in the Solomon Islands, the human resource management functions on training and recruitment have been delegated to the line ministries by the Ministry of Public Service. According to one of the civil servants from the Ministry of Marine Resources (Interviewee 3):

> Delegation of human resource management functions on recruitment and training from the Ministry of Public Service to Permanent Secretaries of Line Ministries. . .development of strategic human resource manual. . .amendment of general orders. . .

## Public Service Act Reforms

The Public Service Act of the Solomon Islands outlines the policies and procedures that help the public service to manage its human resources, code of ethics of the public servants, and equality and fairness in the public service decision-making. If the policies and procedures that affect the behavior of the public servants are not effectively spelled out in the Public Service Act, then reform of the Public Service Act is inevitable. The public sector reforms in the Solomon Islands have been inevitably directed toward developing proper manuals for the public service managers. These manuals act as a guiding tool for the implementation of ethics and professionalism in the public service. According to one of the civil

servants from the Ministry of Culture and Tourism, some of the areas of Public Service Act reform include (Interviewee 9):

> The development of the human resource management strategy for the Solomon Islands Public Service, recruitment and selection guidelines, code of conduct for public servants, Public Service Act and in-service training policy etc. . .

Similarly, another civil servant from the Ministry of Development Planning and Aid Coordination stated that:

> major reforms that have taken place in the public service include: (1) review of the general orders, (2) the recruitment and selection process to be effective and efficient, (3) establishment of first ever human resource strategic plan, (4) establishment of the code of conduct (5) review of the Public Service Act (a way forward for improvement), and (6) performance based process and making way for performance recognition. . .

*Decentralization of the Public Service Authority*: In the recent decade, decentralization of the public service authority has been one of the key tools used to improve the motivation of the public service. Unlike before, the decentralization of authority to the permanent secretary of each of the ministries will improve the workload and empowerment of the senior public service officials in the ministries. According to one of the civil servants from the Ministry of Agriculture, Health and Medical Services (Interviewee 13):

> Delegation of authority, for example, permission to leave the country, approval to enter the public service rental scheme has been decentralized to permanent secretary for each ministry from the Permanent secretary of public service. . .

Similarly, another civil servant from the Ministry of Defense and National Security stated that (Interviewee 19):

> . . .delegation of authority, including human resource functions, reviews of the general orders and review of the Public Service Act. . .

## RAMSI's Influence on Reforms in the Solomon Islands

The RAMSI has a strong influence on reforms in the Solomon Islands. One of the key areas where RAMSI has a strong influence on the public sector reforms is on capacity building and development. According to Grindle and Hilderbrand (1995), capacity building is an essential development initiative to improve the performance of the public sector. This is one of the reasons why the capacity building of the public servants in the Solomon Islands has been one of the key goals of RAMSI's reform initiatives. According to the public sector official from the Ministry of Lands, RAMSI has provided internship opportunities to the future public servants of the Solomon Islands. Another public sector official from the Ministry of Infrastructure and Development stated that RAMSI has played a significant role in training and development and capacity building of the public service officers.

Moreover, RAMSI has also provided support by organizing workshops, trainings, and technical assistance programs. According to the public service official from the Ministry of Foreign Affairs, the influence of RAMSI to the public sector reforms is as follows:

> . . .There is somehow now compliance to the changes. . .supported capacity building such as funded workshops and provided equipment's. . .. also provided technical assistance. . .

It is challenging for the small island developing countries, particularly the Solomon Islands, to invest financial budget for workshops and technical assistance programs. Unlike the developed economies, the governments of the small island developing countries lack financial resources to invest in these types of capacity building programs. Another public sector official from the Prime Minister's office stated that the influence of RAMSI to the public sector reforms is as follows:

> Yes, the RAMSI machinery of the government is the lead agency which provides technical support. . .they have also helped to develop the human resource strategy. . .This document provides the road map for human resource management reforms. . .

In addition to the above reform efforts, the RAMSI machinery has also emphasized on reforming the rules and regulations governing the operations of the public services. The goal of the reform efforts by the RAMSI is to improve the

transparency and accountability of the public service delivery. One of the ways how this transparency and accountability of the public service delivery can be improved is by improving the rules and regulations governing the operations of the public service delivery. According to the Ministry of Fisheries and Marine Resources, the influence of RAMSI on the public sector reforms is as follows:

> Review of relevant Acts/regulations like the Public Service Act, capacity building, decentralization of most of the human resource functions from the Ministry of Public Service. . .

Moreover, RAMSI provides a number of training and development opportunities to the public service officials. These training and development opportunities relate both to internal and external training opportunities. According to the Ministry of Justice and Legal Affairs, the influence of RAMSI to the public sector reforms is as follows:

> Under the capacity building efforts by the RAMSI, lawyers are provided with both local training and overseas training. . .

In addition to the reform efforts mentioned above, human resource management reforms are also essential in improving the motivation and performance of the civil servants in the respective ministries. The RAMSI machinery provided technical assistance in implementing human resource management reforms:

> . . .RAMSI is instrumental in providing technical assistance and play partner in implementing these human resource management reforms. . .

One of the notable aspects of the RAMSI machinery is that the officials of the RAMSI work closely with the Solomon Islanders while implementing reforms. There are a number of advantages of having collaborative reforms over the non-collaborative reforms. First, collaborative reforms ensure that the reform efforts are accepted by a majority of the public servants. Second, it also ensures that the goals of the reforms are easily achieved as collaboration gives rise to numerous ideas that can be easily implemented in the ministries. According to the Ministry of Culture and Tourism, the influence of RAMSI to the public sector reforms is as follows:

> . . .Yes, they work with the Solomon Islanders to develop and revise the existing human resource management regulations or policies and also write new ones that are seen to be relevant for improving the performance of public servants in the Solomon Islands. . .

Another instrumental change that has been implemented by the RAMSI is the setting up of the human resource management forums whereby everyone can discuss the areas where the human resource management reforms are needed. The main objective of the human resource management practices is to attract, retain, and develop skilled and qualified employees. One of the key ways how this objective can be achieved is by using forums whereby civil servants can get together to discuss the areas where the human resource management reforms are needed. According to the Ministry of Health and Medical Services, the influence of RAMSI to the public sector reforms is as follows:

> . . .RAMSI has helped to formulate the HRM strategy manual. . .and also provided funding. Their technical advisors assisted to help put the idea to help human resource processes and procedures throughout the public service. . .

There is also emphasis by the RAMSI reform machinery on modernizing some of the key areas of the public service delivery. These areas include correctional service, police, and public financial management. According to one of the public servants from the Ministry of Public Sector Policy, the influence of RAMSI to the public sector reforms is as follows:

> . . .there is some incremental support in developing the capacity of the line managers, also modernizing various Acts of parliament, for example, correctional service, police and public financial management Acts. . .

Unlike the traditional way of managing employee's performance, the performance appraisal of employees should recognize the merit-based performance system. The merit-based performance emphasizes on linking employee's productivity and output to rewards and incentives that are received by the employees. The RAMSI machinery has played an instrumental role in developing merit-based performance appraisal

system. According to the Ministry of Energy, the influence of RAMSI to the public sector reforms is as follows:

> Merit based recruitment and proper appraisals, bureaucratic procedures have lessened. . .... officers take part in performance management that is clear and transparent. . .

The next subsection will outline the theoretical contributions of this entry.

## Theoretical Contributions of This Entry

This entry confirms to the existing theoretical perspectives in a number of ways. First, this entry argues that external forces are driving public sector reforms in the small island developing countries with the idea of reducing the size of the public service. However, the government is still playing a pivotal role in driving the reform efforts, and there is a lack of evidence that the size of the government has reduced. Reforms were implemented to improve the transparency and accountability of the public service, but these reforms were not successful because the outcomes of the NPM model have not yet been achieved. One of the crucial achievements of RAMSI reforms is that the human resource management functions on training and recruitment have been delegated to the line ministries by the Ministry of Public Service.

Second, the reform ideologies of the RAMSI deviate from the propositions of the NPM model. The NPM model argues that neoliberalism would improve the transparency and accountability of the public service delivery. However, in the case of the Solomon Islands, the RAMSI has involved the public service officers directly in the reform process. This contradicts the ideologies of the NPM model and advances the philosophies of the neo-Weberian state and public value pragmatism. The NPM model focuses on minimal government intervention, flexibility, deregulation, and marketization of activities (Drechsler 2014; Cepiku and Mititelu 2010). By involving public service officers directly in the reform process, it is noticeable that the move is away from NPM-driven reforms to neo-Weberian state and public value pragmatism.

## Policy Implications of This Entry

There are two policy implications of this entry. First, policy makers and the institutions that drive reforms need to recognize the importance of involving the national governments of the developing countries in the reform process. The public servants in the aid-receiving countries that are reformed have more knowledge and understanding of the problems of public service delivery in their own country as compared to the outsiders who are usually hired as consultants to drive the reform process. Involving the public servants will ensure that these problems are effectively tackled with less stress on the public service resources. Second, there are a number of key areas that need improvement in the Solomon Islands. These areas need to be prioritized before the RAMSI reform efforts are implemented in order to ensure that reforms are effective for the Solomon Islands public service.

## Conclusion

The main aim of this entry was to answer two important research questions. The first research question was to examine the types of reforms that have taken place in the Solomon Islands. This entry found that a number of different types of reforms have been implemented in the Solomon Islands. These reforms are mainly on human resource management reforms, Public Service Act reforms, strategic management reforms, and decentralization of public service authority. The second research question was to examine the main drivers of reforms in the Solomon Islands. This study found that the RAMSI is playing a pivotal role in driving reforms in the Solomon Islands. They are focusing on a number of key areas of reforms; however, a reform diagnostic strategy should be adopted in order to ensure that reforms are successful.

One of the limitations of this study is that it is based on the Solomon Islands. Future researchers should conduct similar studies in other small island developing countries so that findings from this study can be compared with other small island developing countries.

## Cross-References

▶ Accountability
▶ Transparency

## References

Afonso A, Furceri D (2010) Government size, composition, volatility and economic growth. Eur J Polit Econ 26(4):517–532

Alonso JM, Clifton J, Díaz-Fuentes D (2015a) Did new public management matter? An empirical analysis of the outsourcing and decentralization effects on public sector size. Public Manag Rev 17(5):643–660

Alonso JM, Clifton J, Díaz-Fuentes D (2015b) The impact of new public management on efficiency: an analysis of Madrid's hospitals. Health Policy 119(3):333–340

Anckar D (2002) Why are small island states democracies? Round Table 91(365):375–390

Andrews M (2015) Explaining positive deviance in public sector reforms in development. World Dev 74:197–208

Atun R, De Andrade LOM, Almeida G, Cotlear D, Dmytraczenko T, Frenz P, … De Paula JB (2015) Health-system reform and universal health coverage in Latin America. Lancet 385(9974):1230–1247

AusAID (2013) Delivery strategy: Solomon Islands Economic and Public Sector Governance Program (SIGOV). https://dfat.gov.au/about-us/publications/Documents/solomon-islands-governmance-program-delivery-strategy.pdf

Bennett J (2002) Roots of conflict in Solomon Islands-though much is taken, much abides: legacies of tradition and colonialism. https://digitalcollections.anu.edu.au/handle/1885/41835

Booth D (2012) Aid effectiveness: bringing country ownership (and politics) back in. Conflict Secur Dev 12(5):537–558

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qual Res Psychol 3(2):77–101

Brinkerhoff DW, Brinkerhoff JM (2015) Public sector management reform in developing countries: perspectives beyond NPM orthodoxy. Public Adm Dev 35(4):222–237

Brinkerhoff DW, Wetterberg A (2013) Performance-based public management reforms: experience and emerging lessons from service delivery improvement in Indonesia. Int Rev Adm Sci 79(3):433–457

Bryson JM (2018) Strategic planning for public and nonprofit organizations: a guide to strengthening and sustaining organizational achievement. Wiley, USA

Cepiku D, Mititelu C (2010) Public administration reforms in transition countries: Albania and Romania between the Weberian model and the new public management. Transylv Rev Adm Sci 6(30):55–78

Charmaz K (2006) Constructing grounded theory: a practical guide through qualitative analysis. Sage, London

Ciborra C, Navarra DD (2005) Good governance, development theory, and aid policy: risks and challenges of e-government in Jordan. Inf Technol Dev 11(2):141–159

Claessens S, Van Horen N (2015) The impact of the global financial crisis on banking globalization. IMF Econ Rev 63(4):868–918

Cordery CJ, Sim D (2018) Dominant stakeholders, activity and accountability discharge in the CSO sector. Financ Account Manag 34(1):77–96

Crook RC (2010) Rethinking civil service reform in Africa: 'islands of effectiveness' and organisational commitment. Commonwealth Comp Polit 48(4):479–504

Cwik T, Wieland V (2011) Keynesian government spending multipliers and spillovers in the euro area. Econ Policy 26(67):493–549

Dietrich S (2016) Donor political economies and the pursuit of aid effectiveness. Int Organ 70(01):65–102

Donina D, Meoli M, Paleari S (2015) Higher education reform in Italy: tightening regulation instead of steering at a distance. High Educ Pol 28(2):215–234

Drechsler W (2005) The rise and demise of the new public management. Post Autis Econ Rev 33(14):17–28

Drechsler W (2014) The rise and demise of the New Public Management: lessons and opportunities for South East Europe. Int Public Adm Rev 7(3):7–27

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3): 467–494

Dureau C (1998) Decreed affinities: nationhood and the western Solomon Islands. J Pac Hist 33(2):197–220

Eikemo TA, Bambra C, Judge K, Ringdal K (2008) Welfare state regimes and differences in self-perceived health in Europe: a multilevel analysis. Soc Sci Med 66(11):2281–2295

Featherstone K (2015) External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece. J Eur Publ Policy 22(3):295–314

Fry G (2000) Political legitimacy and the post-colonial state in the Pacific: reflections on some common threads in the Fiji and Solomon Islands coups. Pacific Rev Peace Secur Glob Change 12(3):295–304

Greve C (2015) Ideas in public management reform for the 2010s. Digitalization, value creation and involvement. Public Organ Rev 15(1):49–65

Grindle MS, Hilderbrand ME (1995) Building sustainable capacity in the public sector: what can be done? Public Adm Dev 15(5):441–463

Gulrajani N (2015) Dilemmas in donor design: organisational reform and the future of foreign aid agencies. Public Adm Dev 35(2):152–164

Hall D, Lobina E, Motte RDL (2005) Public resistance to privatisation in water and energy. Dev Pract 15(3–4):286–301

Hansen GD, İmrohoroğlu S (2016) Fiscal reform and government debt in Japan: a neoclassical perspective. Rev Econ Dyn 21:201–224

Hartley J, Sørensen E, Torfing J (2013) Collaborative innovation: a viable alternative to market competition and

organizational entrepreneurship. Public Adm Rev 73(6):821–830
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19
Hout W (2012) The anti-politics of development: donor agencies and the political economy of governance. Third World Q 33(3):405–422
Jackson B, Jones OS (2018) Promoting better public services leadership: An appreciative critique. Policy Q 8(3):34–40
Kenny PD (2015) The origins of patronage politics: state building, centrifugalism, and decolonization. Br J Polit Sci 45(01):141–171
Knack S (2013) Aid and donor trust in recipient country systems. J Dev Econ 101:316–329
Kuhlmann S (2010) New Public Management for the 'classical continental European administration': modernization at the local level in Germany, France and Italy. Public Adm 88(4):1116–1130
Kuipers BS, Higgs M, Kickert W, Tummers L, Grandia J, Van der Voet J (2014) The management of change in public organizations: a literature review. Public Adm 92(1):1–20
Liloqula R (2000) Understanding the conflict in Solomon Islands as a practical means to peacemaking. Dev Bull 53:40–43
LiPuma E, Meltzoff SK (1990) Ceremonies of independence and public culture in the Solomon Islands. Publ Cult 3(1):77–92
Lodge M, Gill D (2011) Toward a new era of administrative reform? The myth of post-NPM in New Zealand. Governance 24(1):141–166
Mayne JW (2017) Monitoring performance in the public sector: future directions from international experience. Routledge, New York
Mishra R (2014) Welfare state capitalist society. Routledge, London
Mwenda AM, Tangri R (2005) Patronage politics, donor reforms, and regime consolidation in Uganda. Afr Aff 104(416):449–467
Nanau G (2016) Solomon Islands. In: Pacific ways: government and politics in the Pacific Islands, 2nd edn. Victoria University Press, Wellington, pp 291–311
Nelson F, Agrawal A (2008) Patronage or participation? Community-based natural resource management reform in sub-Saharan Africa. Dev Chang 39(4):557–585
Nepal R, Jamasb T (2015) Caught between theory and practice: government, market, and regulatory failure in electricity sector reforms. Econ Anal Policy 46:16–24
Oates WE (2005) Toward a second-generation theory of fiscal federalism. Int Tax Public Financ 12(4):349–373
Onaran O (2011) From wage suppression to sovereign debt crisis in Western Europe: who pays for the costs of the crisis? Int J Public Policy 7(1–3):51–69
Ongaro E (2015) Administrative reforms in the European Commission and the neo-Weberian model. In: The Palgrave handbook of the European Administrative System. Palgrave, Macmillan, pp 108–123
Orozco OG (2009) "El Fin de la Nueva Gerencia Pu' blica", Estado, gobierno, gestio'n pu'blica. Rev Chilena Adm Publ 13:5–22
Osborne SP, Radnor Z, Nasi G (2013) A new theory for public service management? Toward a (public) service-dominant approach. Am Rev Public Adm 43(2):135–158
Paul E, Renmans D (2018) Performance-based financing in the heath sector in low-and middle-income countries: is there anything whereof it may be said, see, this is new? Int J Health Plann Manag 33(1):51–66
Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690
Pilbeam K (2013) International Finance. Palgrave Macmillan, London
Pollitt C (2003) Public Management Reform: Reliable Knowledge and International Experience. OECD Journal on Budgeting, 3(3):121–136
Prebble M (2015) Public value and limits to collaboration. Int J Public Adm 38(7):473–485
Rahman MH, Naz R, Nand A (2013) Public sector reforms in Fiji: examining policy implementation setting and administrative culture. Int J Public Adm 36(13):982–995
RAMSI (2016) RAMSI's former Machinery of Government Program. http://www.ramsi.org/works/machinery-program/
Ribot JC, Agrawal A, Larson AM (2006) Recentralizing while decentralizing: how national governments reappropriate forest resources. World Dev 34(11):1864–1886
Samaratunge R, Alam Q, Teicher J (2008) Public sector reforms and accountability: the case of south and Southeast Asia. Public Manag Rev 10(1):101–126
Sawyer M (2015) The scourge of green monetarism. Brazilian Keynesian Rev 1(2):166–176
Snyder BH (2013) From vigilance to busyness a neo-Weberian approach to clock time. Sociol Theory 31(3):243–266
Thom M (2017) The drivers of public sector pension reform across the US states. Am Rev Public Adm 47(4):431–442
Van de Walle S, Hammerschmid G (2011) The impact of the new public management: challenges for coordination and cohesion in European public sectors. Adm Cult 12(2):189–209
Wenner M (2015) Legitimization through patronage? Strategies for political control beyond ethno-regional claims in Darjeeling, India. Geoforum 66:234–243

E

# F

## Face of Leadership, The

Sylvie di Giusto
Executive Image Consulting LLC, New York, NY, USA

### Introduction

When it comes to leadership, image matters. Every hour of every day, humans evaluate their environment based on what they see and hear. They avoid situations and people that seem threatening. They gravitate toward situations and people that appear welcoming. When they meet someone, they use sensory information to quickly determine if they are going to get along with them or if they need to keep their distance. Just as they judge others, they are judged by the people who meet them or see them in the media. Do they appear trustworthy? Confident? Or do they appear uncertain or detached? People who meet one another make decisions about one another. Should they hire them? Vote for them? Buy something from them? Anyone who aspires to a position of leadership in any capacity needs to understand the power of image. Image is something that can be controlled. It can be shaped and molded to the favor of almost anyone and help them rise to a level of leadership. This is a combination of dress, attitude, and how they communicate with others in person and increasingly becoming more important, also online on the Internet.

### How Are First Impressions Built

A "professional imprint" is what is left on someone's memory after they have met you. The professional imprint occurs within seven seconds. It's quick and indelible. Your professional imprint reflects directly what level of care or time is spent on a person's own valuable assets.

Emerging science links the seven-second imprint to measurable brain activity. Our neural systems are involved in forming first impressions of others. The human brain encodes social information and then evaluates it in making initial judgments. Each new person whom we meet presents a set of ambiguous and complex information. Because it's a first meeting, the information is primarily visual, although other senses – hearing, smell, and even touch if people shake hands – can come into play. The human brain quickly sorts through this information and judges whether it is attracted to that person or not. It's an ancient and deeply embedded process that allowed our ancestors to quickly assess a relationship to a new person. Friend or foe? Social superior or inferior? And perhaps most significantly, will this person be useful to the group – a leader – or will he or she be a burden and consume more than they contribute?

When humans only briefly encounter others and have limited and ambiguous cues to evaluate, brain regions that are important in emotional learning and representing value are engaged. When encoding everyday social information

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

during a social encounter, these regions sort information based on its personal and subjective significance and summarize it into a single value, that is, a first impression made within seven seconds. Thus, our emotional learning + our values = the person's imprint left with us.

Research suggests that it's not just one thing that people judge about an individual in those seven short seconds after meeting them, but at least eleven different factors. These include:

1. Socioeconomic level
2. Education level
3. Competence and honesty, believability, and perceived credibility
4. Sex role identification
5. Level of sophistication
6. Trustworthiness
7. Level of success
8. Ethnicity
9. Religious background
10. Political background
11. Social/sexual/professional desirability

Different contexts of the first meeting – professional, social, romantic – will rearrange these factors according to varying levels of importance.

## Why Are First Impressions Important

First impressions can mean the difference between getting a new job and standing in the unemployment line and between getting the promotion and being stuck in the same position for many years or the difference between winning the run for office and standing on the sidelines while the other guy gives his victory speech. As a leader, your first impression is what dictates if others will work with the organization you are representing or their competitor. True leadership manifests itself in ways that are both seen and unseen. They are equally important. While all leaders have their own individual styles and personalities, it cannot be doubted that the most effective leaders who succeed over a long period of time are seen and accepted because their interior skills and exterior images are in perfect alignment. In other words, what you see is what you get. As leaders they are consistent and dependable, and their professional imprint is strong and durable.

## Confirmation Bias

Confirmation bias is a powerful force that's, for example, used in marketing, sales, or politics. "Confirmation bias" is the tendency to interpret new evidence as confirmation of one's existing beliefs or theories. Confirmation bias compels a person to ignore any signs that go against their first impression. If a person sees a stain on someone's shirt or dress, they will look for evidence in their behavior and their communication that will reinforce the evidence provided by the stain that the person is sloppy in their work style. If a person forms the impression that someone is well groomed, dressed appropriately, and exudes confidence, they'll gladly take additional information – for example, the words that are said – and fit it against the model they have formed in their mind that the person is a leader. If the new information matches, the effects of confirmation bias are multiplied in their favor.

You see this often in popular figures in the music industry. They are often scrupulous about the respective images they project to the public. They use confirmation bias to reinforce the intuitive first impressions people get of them. Once someone believes, for example, a certain singer is wild and uninhibited, they assume that just about anything he or she does is a reflection of their wild and uninhibited attitude. The message is conveyed by their total imprint: clothes, hair, makeup, attitude, song lyrics, and dance moves. They take the necessary steps to ensure that their public wild-child persona is both vivid and consistent.

## Five Common Characteristics Important to All Successful Leaders

Confidence, respect, authenticity, control, and professionalism are the five most important

image-related characteristics to all successful leaders.

*Confidence*: Most leaders become successful leaders because they exude confidence. Not only are they confident about their abilities to succeed, but they are confident about their bodies, their hair, their style of dress, their age, their height, and their gender. When they meet another person that confidence is present at all times. They are prepared for anything. Does this mean they have a perfect body with no flaws? No it does not. What it does mean is that they know how to use their clothing and style to draw attention to all of the best parts of their form and draw attention away from the parts that are not so pleasing. They accept their flaws and work with them or work on them. They accept the body they are in now and have complete confidence in it, but they also know the importance of striving toward better health and fitness. They have the attitude of a confident person and don't let these perceived flaws real or not hinder the way they behave or communicate with others. Making jokes and excuses or complaining about their weight, height, and gender doesn't come into play because they know that in order for them to be trusted to make tough decisions for others, leader decisions, they have to show they are confident about the choices they make for themselves.

As a leader, physical aspects are quite important – maybe just as important as everything else. There are very few overweight Fortune 500 CEOs out there. While getting thinner doesn't directly impact that a leader will become a Fortune 500 CEO, it shows that they are in control, that they are disciplined, and that they take care of themselves. It shows that this leader has the discipline and time management skills to exercise in the tiny amount of his or her free time. It shows that this leader takes care of himself or herself, and therefore people assume they can take care of others. Many times these physical attributes also lead to an increased level of confidence.

*Respect*: Leadership is a matter of both showing and earning respect. First, leaders have to show respect for themselves. While there is no one-size-fits-all formula for leaders, there is one thing all leaders have in common: they respect themselves. This means first and foremost that they are willing to invest time and effort into themselves. They give some thought to their own bodies, to their day's activities, and to the people they are going to meet before choosing an outfit in the morning and while grooming themselves in their bathrooms. While looking into their mirrors, they are aware that it's not going to be the last time they see the output of these efforts today. They know that sustained effort, day after day, week after week, will help them live up to their self-created professional imprint.

One of the biggest parts of respect is self-respect. How can a leader gain the respect of others if they do not respect themselves? Often this comes from taking the time to work on themselves inside and out. To both improve their own feelings of self-worth and stay healthy, they set aside time and pamper themselves. They get a degree, become certified in their field, take classes outside of their field, or learn another language. They make sure that you stay up to date on the news in their field and that they know what the major talking points are. These ensure that others see them as someone who is determined and hard-working. They are someone who is in the know and who increases their overall value to their employer.

They show respect for themselves by investing in the right clothing and spending money to look the part. Investment pieces are timeless pieces in their wardrobe. They help leaders to never be at a loss for what to wear, no matter the occasion. They send out signals like, "I'm ready for serious business." They ensure their clothing fits properly.

Second, while it's important for their self-esteem, showing respect for themselves makes people believe that they also have the ability to show respect to others. Most people want to be respected by others. This is true not only in their private lives, but also at work. Respect is earned over time, in countless interactions under a variety of situations. Anyone who has run for high political office knows this. You need to maintain your professional imprint every moment of every day. Successful leaders understand that their respectful appearance and attitude is an investment, not a burden.

*Authenticity*: Leaders know that trying to be something they are not comes off as unauthentic. This can not only lose them respect, but it can muddle the professional imprint they are attempting to secure. They know that in choosing their clothes and defining their appearance, one of the best attitudes they can take is to say, "What you see is what you get!" Like it or not, people also have expectations that leaders can either fulfill or defy. Ninety-nine percent of the time, they will want to fulfill people's expectations of who they are based on their appearance. The most authentic leaders in the world are consistent in what they wear every day. Some are known for their elegant aesthetic and others for their creative appearance. No matter which signature look they have chosen, it consistently says something about them and the person they are.

There are certain style personalities who work very well for certain industries and professions. Leaders know how to work best within the style personalities that fit the industry they work in or wish to work in. They know that often they can indulge in slight variations of their own favorite styles, but ultimately also have to stick to styles that fit into the molds of the industries they work within.

For example, a woman who wears a pastel-colored, soft, unstructured, flowing blouse with ruffles, paired with a cute A-line skirt and a fitted jacket in cream, would be considered to be a "romantic"-style personality. Supportive, caring, warm, and nurturing are the attributes most would automatically link to this person. Therefore, this style personality works especially well in professions that are people related, such as counseling, social working, teaching, or nonprofit. If they dress traditionally – meaning a navy blue two-piece suit, with white shirt, silk tie, and black oxford shoes for a man – they are presenting an image that appears reliable, authoritative, trustworthy, and consistent. Those are important traits for jobs such as management positions or financial consulting.

*Control*: Endless stories have been written about the many things that successful C-level executives do at the break of dawn: from working out at the gym to mapping out the day and recording that day's personal and business goals into their smart phones, flipping through the hottest business news, and putting on their neatest suit before giving a quick interview over the webcam and to a fresh, light, and of course organic breakfast with their beautiful wives and children. They seem to work a full day even before they hit the morning rush hour. They almost seem they are superhuman – but of course they are not. What they want us to think is that they have everything under control. While they see the "big picture," they don't lose sight of solid ground. And while most people's brains think about whether they would be able to do all those things, they just do it. And they do it right. They don't do it by halves. Leaders don't like semifinished projects. They like action, discipline, and results. Leaders want to cross the finish line. Self-control and self-discipline is a must for leaders. If they can't organize themselves, their ability to have others follow them is very doubtful. Successful leaders are usually highly self-controlled; they have a tremendous sense of organization.

Each leader has a message that they want to portray to the world. They either control what the message is, or they allow the world around them to make assumptions about what their message possibly is. A lack of attention to details immediately sends a message that they are uncontrolled or disorganized. People think leaders can't do great things at work if they don't feel good and look good. Successful leaders eat well, exercise, and care for the one thing that's their most important asset – their bodies. They are operating at the highest level of performance and control of themselves, and therefore they are able to do the same for their team members and their companies.

While they know controlling their clothing and outer image is important, they also control the people they surround themselves with from friends in real life to their friend list on Facebook and to those who tagged them on Instagram after last weekend's party; their family, including their

parents and children, and their husband or wife at the company's Christmas party are all part of their image. They have allowed them to be part or chosen to make them part of it. They surround themselves with people who are smart, driven, and like minded and who reflect the person they want to be. Relationships should help them, not hurt them. They choose wisely. They know these people will have an influence on how successful they will be.

They control their environment. Leaders often have implacably clean offices and workspaces. They are organized and generally not cluttered with pictures, stacks of paperwork, trash, coffee mugs, and souvenirs. Their spotless desk often sits as another achievement in their demanding positions.

*Professional*: Everyone agrees that leaders have to look professional. Their professional appearance certainly can make or break them and their career. If they want to be perceived as competent, as someone who has a purpose, who is important, and who is serious about the things they do, they know they have to act like a professional in everything they do – including their wardrobe choices. Looking professional can be related to living within the appropriate dress code. There are five different levels of business attire that all leaders know well and live by.

### Dress Code Level 1: Boardroom Attire

For a male professional, boardroom attire is limited to a black, navy blue, or charcoal suit, a white shirt, and a discreet tie in a modest color, in plain, or with a very subtle pattern. Black shoes only, Oxfords or Derbys, probably with a cap toe, and high-quality accessories including the wristwatch and attaché case. Less is more. This is the attire leaders choose if they are a member of the highest level of any governing body, private or public. No exceptions. The rules are pretty much the same for women – which means a classic two-piece suit with a white blouse, an elegant pair of black closed-toe pumps, and without any doubt, no matter the seasons, pantyhose.

### Dress Code Level 2: Traditional Business Attire

It gets a little bit more flexible with traditional business attire, which is the attire leaders may have to wear on a daily basis in their offices. As male professional leaders can add pinstripes to their suits, white shirts can be replaced with bright blue ones, ties can be more colorful or patterned, and shoes might even be allowed in a dark brown tone. However, it's still a very ambitious and high-level dress code. Same again is true for women, who can add more color to their suits or shirt blouses and even choose a nude or colored pump. Bad news is still no open toes and still no excuse to skip the pantyhose.

### Dress Code Level 3: Executive Casual

Here professionals are allowed to wear slacks and sports coats and choose patterned fabrics and more colors. It's obviously getting more relaxed. Men can skip their ties or change them for a trendy woolen one. Monk-strapped shoes or elegant loafers can be worn. Women can add unique accessories and show their individuality by wearing bright colors and fabrics. At this level it would be the first time they may be able to consider an open-toe shoe. You still need pantyhose, but never together with an open toe.

### Dress Code Level 4: Mainstream Casual

Men can skip the formal dress shirt and wear a more casual shirt, maybe even combined with a sleeveless sweater. Men still would wear it with a pair of slacks and combined with shoes that are very much relaxed but elegant. Women can exchange their blouse shirts to tops, even with short sleeves, although it is still recommended wearing a vest with it. And finally, pantyhose are not tremendously important.

### Dress Code Level 5: Baseline Casual

For those who aspire any kind of leadership responsibility, this dress code level doesn't really have any relevance. It's what someone might wear in a private environment, certainly not at the office. For an executive, it may be appropriate at a rustic corporate retreat with outdoor activities.

A leader's professional imprint needs to be positive. It needs to create the aura of executive presence. It's a feeling of leadership and confidence that leaders inspire in everyone with whom they come into contact. Leadership roles are given to people who exude executive presence, which is defined as individuals who look and act like leaders. Promotions are not just a function of skills and aptitude. Executive presence is "a required yet unwritten" competency for leaders. It is estimated that executive presence constitutes one-quarter of what it takes to get promoted. Executive presence is made up of three distinct qualities: gravitas, communication, and appearance. Gravitas is communicated by the way a person speaks and acts and signals to colleagues that they are someone worthy of being heard and followed. Communication involves the ability to speak directly and to convey not only the substance of their ideas but a sense that they should be listened to. Appearance opens the door and gets them invited in. Good grooming – looking polished and put together – matters. A high percentage of senior executives believe that "unkempt attire" detracts from a person's executive presence.

## The Cost of a Poor Professional Imprint

While it's a leader's job to project a positive professional image and reputation, the fact is that no one is infallible. In the end every leader is a human being who can make mistakes. Some of those mistakes can be quietly dismissed, while others show up on the first page of Google. It might be that they drank too much at the company's Christmas party, they really, really, really found that tweet funny and had a great laugh, or they just didn't have a good hand when choosing this morning's outfit before meeting the CEO of their company. But if they don't strive to maintain the highest possible professional imprint in everything that they do, the consequences might be painful:

- Lower productivity
- Disrespect (from others)
- Distraction (from work or performance)
- Preconceptions that can damage their career
- Missed opportunities
- Financial penalties
- Sexual Harassment
- Bullying

People have lost jobs or elections over far less. It often takes just one moment (or one simple click) and an image is instantly destroyed. Luckily, we live in a nation of second chances. But you can only make that mistake once. Therefore, the first step in order to repair a professional image is to make sure it doesn't happen again. There is no "second chance" for a "second chance."

## Conclusion

Leadership is so much wrapped into one person. It is attitude, behavior, communication, and your digital footprint. These are called the ABCDs of the professional imprint.

*Appearance* includes every visual element that can be seen and understood in the first seven seconds: physical fitness (or lack thereof), hair and nails, suit and shoes, posture, and eye contact. In any situation where leaders have only one chance to quickly impress another person – it could be an interviewer, a new boss, a recent addition to a team, or a potential client – it's important to ensure that leaders create the best first impression. Before they ever utter a word, the other person is going to look at their clothes and immediately decide whether they have dressed appropriately for this occasion. If they show up looking like they got dressed in the dark (e.g., a rumpled shirt for men), the chances are good that the other person is going to apply that perception elsewhere. Perhaps they'll assume that they have a sloppy working style and that paying attention to details is not their strong suit. Appearance is a form of nonverbal communication and one that speaks very loudly.

*Behavior* includes the sum total of their actions. It's their attitude. A leader is an individual who has earned the respect of others and who leads them effectively and in the right direction.

Leadership is able to inspire at all times, and the key to this is attitude. A leader's attitude evokes positive feelings in people. Effective leaders use influence to orient others toward their goals. Being a good leader is less about being the smartest and more about understanding others and what makes a team work together to reach solutions. Personality is central to the workplace; depending on their personalities, people come together in harmony or in conflict, and tensions can easily be caused. The best leaders will harness the strengths and skills that people have and use them to their best abilities, meeting the demands of the workplace. As the workplace becomes more flexible, diverse, and mobile than ever before, leaders need to adapt to the changes and see them in a positive light. The best leaders inspire their teams to work hard on a long-term basis. The visionary leader inspires through exciting ideas, and their teams follow them and are motivated by their enthusiasm and knowledge. The empathetic leader relates well to others and is able to relate to and understand their experiences. The ethical leader abides by rules about behavior, with every employee adhering to these rules and the workplace becoming a moral environment. Whether they inspire their team by providing a sympathetic ear or by setting a positive example, a good attitude helps a leader reach those goals and ultimately win over others. Armed with a positive attitude, they can rally their staff around them and reward staff when they reach their goals. Great leaders listen to their staff and understand how to make the workplace a happier, as well as more productive, environment. Leaders with positive attitudes find that their followers appreciate the personal connection, whether it's through empathy, vision, or reward systems, and that ultimately people respond much better to someone who empowers them.

*Communication* is sharing information and ideas between individuals and groups to reach a common understanding. With so many personalities, ideas, and an overload of information in the workplace, effective communication is a challenge for business owners, CEOs, managers, and employees. Effective communication is a business tool and essential employee attribute. A company knows that in order for its objectives to be met, communication is the key to success. Communication links and facilitates all aspects of a company. When all members of a team, department, and workplace communicate effectively together, then productivity increases, a better workplace environment is created, and objectives are met more efficiently. Communication is not only important in the workplace, but for the company when dealing with partners, clients, and vendors. The way leaders communicate sets a precedent for the company; therefore, their communication needs to be clear, persuasive, and concise. If they can learn to openly and effectively communicate, they will set themselves apart, and opportunities will come their way more frequently. Fortunately, effective communication is a skill that can be learned. They are there because they will contribute to the organization's growth and provide leadership to their colleagues. Everything they say and do must confirm what their colleagues or audience members have decided in those first seven seconds that they are a winner and a potential leader

*Digital footprint*. This is how leaders present themselves on the Internet. As we move into the twenty-first century, this factor that once existed only in science fiction is becoming increasingly important. Like it or not, the Internet and social media provide new avenues for both advancing a professional imprint and for incurring damage to a reputation. Online digital reputations have never been more important. While years ago much of our personal information was considered private, today our digital reputations expose more information about our lives than ever before, and information about almost all adult Americans can be found online. Online digital reputations define how people perceive one another without ever having a single conversation with that person. The fact is, a digital reputation can be incorrect, it may present only partial information, and it might even allow for slander and online attacks to define someone. The Internet consolidates information about people, their family, their friends, and their business and delivers that information through a simple search query. This

information can have a lasting presence online, permanently impacting almost anyone. Exposure of this private digital information can profoundly influence whether or not a person lands a new job or gets a promotion. Leaders are proactive about protecting their digital reputation. Once a reputation is tarnished, it's almost impossible to make it shine again. Leaders often check their digital reputation by searching for all the variations of their name; each will offer potentially different search results. As they review their online digital reputation, they make sure that their findings reflect the reputation they'd like to share with the world, with current and future employers, colleagues, friends, and family members. They know that their online reputation can be a determining factor for hiring or being offered that important initial interview. They look at their Internet profile as a second self, the one they want everyone to know in addition to their real self. Just as they use office etiquette in the workplace and save their rougher side for watching the football game, they take time to distinguish their online reputation from how they may behave in private. They know their online reputation should say what they want it to say and no more. It can also be a fine line. Having no personal information on Google can be just as damaging as having inappropriate content.

## Cross-References


- ▶ Authentic Leadership
- ▶ Leadership in Organizations
- ▶ Personality and Leadership
- ▶ Positive Leadership Behavior


## References


Hewlett S, Leader-Chivee L, Sherbin L, Gordon J, Dieudonne F (2012) Executive presence. CTI, New York, p 88

Mohanty S (2014) A leader with positive attitude and thinking can bring great success. Int J Emerg Res Manag Technol 3:61–63

Schiller D, Freeman J, Mitchell J, Uleman J, Phelps E (2009) A neural mechanism of first impressions. Nat Neurosci 12:508–513


# Failure of Corporate Governance in Banking Sectors of Bangladesh


Shirin Sultana
Lecturer, Department of Law, University of Dhaka, Dhaka, Bangladesh


## Synonyms

Corporate governance; Financial institutions; Public banks

## Definitions

| | |
|---|---|
| Public and private bank | Public banks are those banking institutions where the majority shares are owned by the government, and private banks are those banks where the majority shares are owned by private persons. |
| Nonperforming loan | Nonperforming loan is a loan that is in default or close to being in default. They are nonperforming as the loans cease to perform or generate income for the bank (BB 2017). |
| Transparency | A state of affairs in which the objectives of policy; its legal, institutional, and economic framework; policy decisions and their rationale; and data and information related to monetary and financial policies, and in terms of agencies' accountability, are provided to the public on an understandable, accessible, and timely basis (IMF 1999). |
| Accountability | Accountability exists when there is a relationship where an individual or body and the performance of tasks or |

functions by that individual or body are subject to another's oversight, direction, or request that they provide information or justification for their actions (WBI 2007).

## Introduction

In the age of globalization, corporate governance has become a buzz word, which is of great importance for markets all around the world. There has been a renewed interest in the corporate governance practices of modern corporations since 2001, particularly due to the high-profile collapses of a number of large United States firms such as Enron Corporation and MCI Inc. (formerly WorldCom). Research studies also found a close link between corporate governance and economic development. It is said that efficient corporate governance system can promote the development of robust financial systems. It is also believed that practice of corporate governance within any institution can boost the performance of that very institution in an effective way. It helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. Banks, as vital institutions within the economy of a country, play a crucial role in capital flow. These are the essential constituents of any economy. Accordingly, the proper governance of the banking sector is vital for the growth and development of the economy of any country and of the country as a whole. And only the practice of corporate governance within the banking sector can ensure proper governance. This is also true in the case of Bangladesh. But Bangladesh has a history of failure in this respect.

## Corporate Governance in General

Definitions of corporate governance vary widely. Corporate governance in its earlier time was defined as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment (Shleifer and Vishny 1997). Corporate governance, as per Gabrielle O'Donovan, is an internal system encompassing policies, processes, and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability, and integrity (O'Donovan 2003). Nowadays, corporate governance is seen as an umbrella term, which in its narrower sense depicts the formal system of accountability of corporate directors to the owners of companies and, in a broader sense, depicts the entire network of formal and informal relations involving the corporate sector and the consequences of these relations for society in general (Huse 2005; Berghe and Louche 2005; Rahim 2012). These two aspects are not alternative, but rather complementary, and by combining these two definitions it is claimed that corporate governance is not merely about maximizing profits of the company, but rather it is concerned with a company's interaction with all the stakeholders (Ararat and Ugur 2003). Corporate governance in the present day context encompasses the interests of not only the shareholders but also many stakeholders, which includes employees, customers, suppliers, and the community, and complies with the legal and regulatory requirements, apart from meeting environmental and local community needs. A good corporate governance mechanism improves the health of the corporate sector, thus enhancing national competitiveness (Masood 2013). In the present day context, corporate governance is about commitment to values, about ethical business conduct, and about making a distinction between personal and corporate funds in the management of a company. In this sense, corporate governance is a blend of some policies, procedures, customs, laws, and institutions, affecting the way a corporation is directed and controlled with a view to enhance business prosperity with corporate accountability (Alam and Akhter 2017). The importance of corporate governance lies in the fact that it works to accomplish the goals of an organization by balancing the relationship among the stakeholders, including the board of directors and the shareholders who often have conflicting interests. It also deals with the accountability of the

individuals through a mechanism which reduces the principal-agent problem in the organization. How the mechanism of corporate governance works within a company or organization may vary due to the differences in nature, structure, function, place, and situation of the company or the organization. But there are some common working instruments (elements) for corporate governance. These are complete openness; spreading of knowledge in the board's composition; frequent meetings; splitting-up of special functions; thorough preparation and recording of all meetings; replacement of weak or regularly absent directors; sufficient time to discuss; maintaining due disclosure standards; and risk management (Siebens 2002).

## Corporate Governance in Particular (Banking Sector)

Banking is the crucial factor affecting the economic development of an economy. It is the lifeblood of a country. It is responsible for the flow of credit and for maintaining the financial balances of the economy. Banks are different from other companies in a variety of ways. The main point of difference is the capital structure of banks and the liquidity creation function. Banks engage in the business of accepting deposits and giving loans. They lend money borrowed from depositors to customers who apply for loans. Accordingly, the collapse of banks will result in monetary loss for the depositors. It is imperative that the interests of depositors be protected. This is also one of the main reasons for corporate governance assuming greater importance in banking sector. Poor governance can result in bank failures, which may cause significant costs to all the stakeholders and also to the economy in general. Poor governance arrangements in banking systems include inadequately qualified and experienced bank directors, and directors with significant conflicts of interest; insufficient understanding of the nature of banking risks by a bank's directors and senior management; inadequate representation of nonexecutive and independent directors on the board; inadequate risk management systems, internal controls, and internal audit arrangements; insufficient accountability of directors; inadequate oversight of senior managers by boards of directors; poor quality financial reporting to the board; and insufficient rights for shareholders. There is also the possibility of broader macroeconomic implications. As such, there exists consensus on the point of necessity of corporate governance in banking sector, though many differences exist in banking corporate governance systems all over the world. Corporate governance in banks boosts the performance of the banks. It reduces the risk of capital outflow from an economy and, at the same time, increases the flow of capital in the economy. The degree of adherence to the basic principles of corporate governance by the banks enhances the confidence of the investors of those banks as shareholders and potential investors require access to regular and reliable information in detail for them to assess the management. Macey and O'Hara (2003) argue that a broader view of corporate governance should be adopted in the case of banking institutions, arguing that because of the peculiar contractual form of banking, corporate governance mechanisms for banks should encapsulate depositors as well as shareholders. Arun and Turner (2003) supported the need for the broader approach to corporate governance for banking institutions.

The corporate governance of banks is different and unique from that of other organizations. This is because the activities of the banks are less transparent than the other organizations. Thus, it becomes difficult for shareholders and creditors to monitor the activities of the bank. The situation becomes even more difficult when a major part of the share capital is with government. Additionally, banks also differ from most other companies in terms of the complexity and range of their business risks and the consequences if these risks are poorly managed. In banking parlance, the corporate governance refers to conducting the affairs of a banking organization in such a manner that gives a fair deal to all the stakeholders, i.e., shareholders, bank customers, regulatory authority, and the society at large (Masood 2013). The fundamental objective of corporate governance in banking sector is to enhance the long-term shareholder value, while protecting the interests of other stakeholders; maximizing long-

term shareholder value in a legal and ethical manner; and ensuring fairness, courtesy, and dignity in all transactions within and outside the bank with customers, employees, investors, partners, competitors, the government, and the society. Good corporate governance within the banks can ensure sound corporate performance by providing protection for shareholders interest (OECD 2004). Investors and lenders will be more willing to put their money in firms with good governance because they will face lower costs of capital, which is another source of better firm performance (Coombes and Watson 2000). Other stakeholders, including employees and suppliers, will also want to be associated with and enter into business relationships with such firms, as the relationships are likely to be more prosperous, fairer, and long-lasting than those with firms with less effective governance (Alam and Akhter 2017). Apart from the basic principles of corporate governance, while determining the standard of corporate governance in a banking institution, certain points need special consideration, i.e., constitution of the board of directors, transparency, accountability, policy formulation, internal controls, and the formation of committees of the board of directors. The Basel Committee on Banking Supervision in 1999 recommended four important forms of oversight that should be included in the organizational structure of any bank in order to ensure good corporate governance. They are (i) oversight by the board of directors or supervisory board; (ii) oversight by individuals not involved in the day-to-day running of the various business areas; (iii) direct line supervision of different business areas; and (iv) independent risk management and audit functions (Masood 2013). The complete structure of a good corporate governance model of a bank is depicted in the Asian Round Table on Corporate Governance (ARCG) task force. They developed a policy brief on corporate governance of banks in Asia dated June 2006 (Mahmood and Islam 2015). The main issues and priorities for reforms in corporate governance of banks in Asia that were identified are:

- Responsibility of individual board members – fiduciary duties of banks' board members, need of skills, personal abilities, training programs on integrity, and professionalism.
- Roles/functions of the board – guiding, approving, and overseeing strategies/policies rather than being immersed in day-to-day operations; creating clear accountability lines and internal control systems; and ensuring sufficient flows of information and managerial support.
- Composition of the board – banks are more encouraged to have independent directors than other firms and to separate between Chairman and CEO.
- Committees of the board – audit committee, the risk management committee, the governance committee with combined responsibilities of nomination, remuneration, succession planning, training, performance evaluation, etc.
- Preventing abusive-related party transactions – inspection of the existing firewall and creation of specialized committee to monitor and approve related part transaction and publicly disclose such transaction.
- Bank holding companies and groups of companies holding banks – a bank's parent company should not impede the full exercise of the corporate governance of the bank within the banking group.
- Disclosure – effort on meeting into international standards on accounting etc. should be encouraged.
- Bank's autonomy in relation to the state – state as an owner should respect the legal corporate structures of State Owned Commercial Banks (SOCB).
- Bank's monitoring of the Corporate Governance structure of its corporate borrowers – extent to which banks should assess/monitor corporate governance of their corporate borrowers or seek to improve it.

## A Brief Summary of the Banking Sector of Bangladesh

The banking sector of Bangladesh is one of the major contributors to the Bangladesh economy with the commercial sector playing a pivotal role

in the financial sector. The first bank in Bangladesh was established in 1846, named as Dacca Bank during the then British India. Dacca Bank was later purchased by Bank of Bengal in 1862 with another three branches. After the partition of 1947, a total of six branches were in existence. After the independence of Bangladesh, the banking sector began with six nationalized commercialized banks, two state-owned specialized banks, and three foreign banks. The Dhaka branch of the State Bank of Pakistan was renamed as Bangladesh Bank and it was deemed as the central bank of the country, by the new independent government of Bangladesh. Bangladesh Bank was since then responsible for the majority of financial controls of most of the financial institutions of the country, including regulating currency, credit controlling, monetary policy, exchange control, and foreign exchange reserves. In the 1980s, the banking sector of Bangladesh achieved significant development with the establishment of a number of private banks. Since then, various other forms of financial institutions have been formed in Bangladesh. Apart from the central bank, all other banks can be classified into two forms, namely scheduled banks and nonscheduled banks. Banks operating under the Bank Companies Act 1991 are categorized as scheduled banks. State-owned commercial banks, private commercial banks, Islamic commercial banks, and foreign commercial banks fall under this category. Banks established for distinct and specific objective and fall under nonscheduled banks. They do not hold as much power as the schedule banks since they do not have all the functions present in the scheduled banks. Apart from the central bank (Bangladesh Bank), at the end of the year 2017, there existed 57 scheduled banks in Bangladesh who operate under the full control and supervision of Bangladesh Bank, which is empowered to do so through the Bangladesh Bank Order, 1972, and Bank Companies Act, 1991. Among the scheduled banks, six are State Owned Commercial Banks (SOCBs), two are Specialized Banks (SDBs), 40 are Private Commercial Banks (PCBs), and nine are Foreign Commercial Banks (FCBs). There are also six nonscheduled banks operating in Bangladesh (Bangladesh Bank 2017).

## State of Corporate Governance in the Banking Sector of Bangladesh

Corporate governance practices are quite unknown to most companies and organizations in Bangladesh. In fact, Bangladesh has lagged behind its neighbors and the global economy in corporate governance. A survey-based study conducted by the Centre for Policy Dialogue, a research organization of Bangladesh in 2003, found that many companies don't even understand the idea of corporate governance (Rahim and Alam 2014). The current system in Bangladesh does not provide sufficient legal, institutional, and economic motivation for stakeholders to encourage and enforce corporate governance practices; hence failure in most of the constituents of corporate governance is witnessed in Bangladesh. Poor bankruptcy laws, no push from the international investor community, limited or no disclosure regarding related party transactions, weak regulatory system, general meeting scenario, and lack of shareholders' active participations are some of the individual constituents of corporate governance in Bangladesh (Ahmad and Yusuf 2005). The discussion of corporate governance came in the forefront after the first stock market scam in 1996 in the country. Along with other financial institutions, the World Bank encouraged Bangladesh to adopt internationally accepted standard of corporate governance practice (Rahim and Alam 2014). From then, the practice of corporate governance started.

The concern of practicing corporate governance within the banking sector of Bangladesh became a vital issue after the loan scams of three state-owned banks, Sonali bank, Janata bank, and BASIC bank, in the 2010s. Between 2010 and 2012, one branch of Sonali Bank alone illegally gave out taka 45 billion in loans, including nearly 34 billion to Hallmark Group, a textile business entity who issued fraudulent letters of credit to fictitious companies. Another state-owned Janata bank has provided loan and banking facilities worth taka 55 billion to a single borrower, AnonTex group, in 6 years, 2008–2014, which was double its paid-up capital. Another state-

owned BASIC bank was involved in similar loan scam worth taka 45 billion. In another occasion a business entity, Bismillah Group took around 11 billion from five banks both private and public – Jamuna bank, Janata bank, Prime bank, Premier bank, and Shahjalal Islami bank – between 2011 and 2012, which became unrecoverable later (Prothom Alo 2018). As per the report of the Financial Institutions Division of the Ministry of Finance, Government of Bangladesh, the nonperforming loans in six state-owned commercial banks – Sonali, Janata, Agrani, RupaIi, BASIC, and BDBL – stood at taka 34,581 crore or 27% of the overall loan portfolio till June, 2017 (New Age 2017). Inefficient fund management, loan sanction for the political purpose, and social and economic responsibility compelled them to fall in this situation, said the Bangladesh Bank (Mahmood and Islam 2015).

The reasons identified behind these irregularity in the banking sectors are political appointment of board of directors, corruption and irregularities within the board of directors, lack of governance, weakness in management of the bank, lack of supervision, weakness in internal oversight and control, collusion of some insiders in the bank with outsiders, interference of officials with political affiliations, inability to face political pressure, lack of supervision, lack of competence in documentation, lack of skilled audit, faulty field survey, irresponsible lending practice, activities of government-supported Collective Bargaining Agent (CBA) leaders, lack of disclosure about financial transactions, unwillingness to take action, failure of policy direction, greed, forgery, and corruption.

All these are the questions of lack of or inadequacy of corporate governance. Because, inadequate corporate governance arrangements within the banking systems is believed to include inadequately qualified and experienced bank directors and directors with significant conflicts of interest; insufficient understanding of the nature of banking risks by a bank's directors and senior management; inadequate representation of nonexecutive and independent directors on the board; inadequate risk management systems, lack of internal controls and internal audit arrangements; insufficient accountability of directors; lack of transparency; nondisclosure tendency; inadequate oversight of senior managers by boards of directors; poor quality financial reporting to the board; and insufficient rights for shareholders. Alam and Akhter (2017) opined that such fraudulent activities actually indicate the lack of corporate governance practices in the banks. They further avowed that these financial crises have highlighted the needs of corporate governance to restore trust in banking industry of Bangladesh.

This is not the only picture of the public banks. Private commercial banks also lag behind in practicing corporate governance in Bangladesh. Salehuddin Ahmed, ex-governor of Bangladesh Bank, avowed that from the Board of Directors to the management group to the lower level officials, state-owned banks have not shown any sign of good governance, transparency, and accountability and the disturbing fact is that these irregularities have permeated to private commercial banks as well. In his words, one of the main challenges for the banking sector is to ensure good corporate governance which will benefit the depositors, borrowers, and investors; expand potential markets; broaden ownership; create alternative financing options; accelerate growth; increase employment; and help reduce poverty in Bangladesh (Daily Star 2015). There are various reasons behind the absence of corporate governance such as mostly family-oriented companies; motivation to disclose information and improve governance practices by companies is felt negatively; there is neither any value judgment nor any consequences for failure in complying corporate governance practices (Mahmood and Islam 2015). Realizing the necessity of corporate governance in the bank management, the central bank of Bangladesh also urged for ensuring corporate governance within the bank management and suggested that a bank should be comprised with competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of the bank efficiently, as well as ensuring good governance in the bank management (Bangladesh Bank 2014).

Although there are guidelines on banking corporate governance by the Banking Companies Act 1991, by the Bangladesh Securities and Exchange Commission (BSEC) and by the central bank through circulars at different times, they are not working as they are not being in the same line and sometimes are being contradictory with each other. So the first thing which needs to be done is the adoption of a unique guideline on corporate governance in banking sector. Some other specific steps which needs to be taken for ensuring good corporate governance in the banking sector of Bangladesh are people who have experiences in finance, economics, management of financial institutions and people who are not involved directly in politics, not loan defaulters and people with honesty and integrity, should be nominated to the boards of all the state owned banks as well as in the private banks; the regular audit teams, special audit teams, and supervision teams of all the government, nongovernment, and specialized banks should be trained up; independent external auditors should be hired by banks to get better insights into the state of affairs for audit; there should be functional board committee on working corporate governance within the bank; the control and monitoring system of the Bangladesh Bank should be further strengthened and coordinated; and timely action without fear of any political and external influence against the perpetrators should be taken by them.

## Conclusion

Though the concept of corporate governance is not a new one, giving significant importance to it is a new trend which started from some economic crisis within the developed countries of the world. Accordingly, there are a considerable number of researches conducted on corporate governance within the developed countries' context, but in emerging economy of the developing countries there is still a dearth of study on corporate governance and its effect within the economy (Shleifer and Vishny 1997; Denis and McConnell 2003). However, from the few studies found in this area, it is evident that corporate governance is must for the smooth running of any institution as a whole. This is also true in the case of banking sector of Bangladesh which is shattered with the allegations of mismanagement especially in the public banking sector. The banking sector is extremely lagging behind in practicing corporate governance in spite having direction from the controlling authority (central bank of the country). This is creating a serious disruption over the whole economy of the country as banking sector is the life blood of the economy. So, concerted effort from all concerned quarter is a must for establishing a good corporate governance mechanism within the banking sector of the country.

## Cross-References

► Corporate Governance and Readability of Annual Reports
► Corporate Governance and Sustainability

## References

Ahmad MU, Yusuf MA (2005) Corporate governance: bangladesh perspective. Cost Manage 33(6):18–26

Alam MR, Akhter F (2017) Impact of corporate governance on performance of commercial banks in Bangladesh. Cost Manage 45(4):2–9

Ararat M, Ugur M (2003) Corporate governance in Turkey: An overview and some policy recommendations. Corp Gov 3(1):58–75

Arun TG, Turner J (2003) Corporate governance of banks in developing economies: Concepts and issues. Corp Gov: An Int Rev 12(3):371–377

Bangladesh Bank (2014) Prudential regulations for banks: selected issues. https://www.bb.org.bd/aboutus/regulationguideline/prudregjan2014.pdf. Accessed 21 Dec 2017

Bangladesh Bank (2017) Field survey report of 'Study on credit risk arising in the banks from loans sanctioned against inadequate collateral'. https://www.bb.org.bd/pub/research/sp_research_work/srw1702.pdf. Accessed 26 Nov 2017

Berghe L, Louche C (2005) The link between corporate governance and corporate social responsibility in insurance. Geneva Pap Risk Insur Issues Pract 30(3):425–442

Coombes P, Watson M (2000) Three surveys on corporate governance. Mckinsey Q (4 SPl):74–77

Daily Star (2015) Banking sector: regulations, compliance and good governance. http://www.thedailystar.net/supplements/24th-anniversary-the-daily-star-part-1/banking-sector-regulations-compliance-and-good. Accessed 14 Nov 2017

Denis DK, McConnell JJ (2003) International corporate governance. J Financ Quant Anal 38(1):1–36

Huse M (2005) Accountability and creating accountability: A framework for exploring behavioural perspectives of corporate governance. Br J Manag 16(1):65–79

IMF (1999) Code of good practices on transparency in monetary and financial policies: declaration of principles. Press Release. https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr9946. Accessed 25 Nov 2017

Macey J, O'Hara M (2003) The corporate governance of banks. Fed Reserve Bank NY Econ Policy Rev 9(1):91–107

Mahmood R, Islam MM (2015) Practices of corporate governance in the banking sector of Bangladesh. Int J Manag Value Supply Chains 6(3):17–29

Masood R Z (2013) Corporate governance in Indian banking sector. (Int J 3600 Manage Review 1:1, 2013), http://www.ij360mr.com/volume1_1.php. Accessed 27 Nov 2017

New Age Business (2017) Lack of action against wilful defaulters, loan scams blamed. http://www.newagebd.net/article/22850/lack-of-action-against-wilful-defaulters-loan-scams-blamed. Accessed 23 Nov 2017

O'Donovan G (2003) Change management - A board culture of corporate governance. (Mondaq Business Briefing 6:3, 2003), http://www.mondaq.com/hongkong/x/22795. Accessed 30 Nov 2017

OECD, OECD principles of corporate governance (2004) https://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf. Accessed 25 Nov 2017

Prothom Alo (2018) Tk 55b Janata Bank scam exposed this time. http://en.prothomalo.com/bangladesh/news/170613/Tk-55b-Janata-Bank-scam-exposed-this-time. Accessed 25 Feb 2018

Rahim MM (2012) Corporate governance as social responsibility: A meta-regulation approach to raise social responsibility of corporate governance in a weak economy. In Boubaker S, Nguyen DK (eds) Board Directors and Corporate Social Responsibility. Palgrave Macmillan, Basingstoke, pp 58–83

Rahim MM, Alam S (2014) Convergence of corporate social responsibility and corporate governance in weak economies: The case of Bangladesh. J Bus Ethics 121(4):607–620

Shleifer A, Vishny RW (1997) A survey of corporate governance. J Financ 52(2):737–783

Siebens H (2002) Concepts and working instruments for corporate governance. J Bus Ethics 39(1/2):109–116

World Bank Institute (2007) Accountability in governance. Note. https://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/AccountabilityGovernance.pdf. Accessed 12 Nov 2017

# Families and Entrepreneurship

Sharon M. Danes[1] and Ramona Kay Zachary[2]
[1]Family Social Science Department, University of Minnesota, St. Paul, MN, USA
[2]The City University of New York, Baruch College, New York, NY, USA

## Synonyms

Business sustainability; Family dynamics; Family FIRO Theory; Family systems theory; Venture creation

## Introduction

Families and entrepreneurial processes have always been essential, interwoven building blocks to the development, maintenance, and sustainability of societies. Throughout history, the connections between families and entrepreneurship have been present and these connections continue today. Worldwide family entrepreneurship existed in ancient biblical communities and their commerce as well as has ***always*** provided economic and social lifelines to families and their communities (Bible 1978, Genesis, 41: 46–57 and 47: 13–26; Hareven 1982).

The family is a primary social entity whose functions are, in part, to procreate, protect, socialize, and produce (Ponzetti 2003). Family emerges from dyads of individuals and, culturally, is defined by various groupings of those individuals and dyads. Families organize in groups which, in turn, lead to commerce within their family in coordination with other families. These entrepreneurial families undergird the functioning of the community in which they live and interconnect commercially with other communities near and afar. Thus, scholars have declared such behavior within families as entrepreneurial and fundamental to the forming of a family firm, namely, family entrepreneurship.

Family entrepreneurship is composed of processes that occur in two interconnected systems. Although the business enterprise is vital to the long-run sustainability of the family firm, the family is of ***equal*** importance to the same (Danes et al. 2008; Danes and Brewton 2012; Stafford et al. 1999; Zachary 2011). The family facilitates and creates entrepreneurial behavior through a myriad of inimitable attributes, behaviors, and activities such as, family spirit, shared values, shared vision, trusting and cooperative family relationships, among others (Mishra and Zachary 2014). These family contributions are critical to the success of entrepreneurial endeavors whether those endeavors are creating a completely new business or developing entrepreneurial innovations in established businesses to maintain their viability over time.

Undergirding the family behaviors and relationships that create and facilitate these entrepreneurial endeavors are emotions that enhance or constrain the entrepreneurial decision-making process. Emotions are experienced within individuals and transmitted to others through behaviors that are observable expressions of those internal emotions. A key component of family entrepreneurship is a recognition of this **family emotion/behavior duality** and its effect on the development, effectuation, maintenance, and sustainability of entrepreneurship. This emotion/behavior duality has been the "omitted critical connection" in entrepreneurial new business creation and entrepreneurial innovation's role in business sustainability over time.

To date, the literature has primarily focused on the "who" and "what" of entrepreneurial decision-making, namely, primarily the entrepreneur and his/her decision content, that most likely produces the outcome of successful entrepreneurship. The "omitted critical connection" between the "who/what" and the decision outcome has been the "how" which are the decision processes of the emotion/behavior duality that is the bridge between the "who/what" and a successful family entrepreneurship outcome. As a result, the complexity of family entrepreneurship has been mystifying and confusing. That has occurred because little recognition or empirical investigation has been given to the fact that owning and operating a business might affect the lives of the owning family and their family members. That is especially important because an entrepreneur's immediate decision context is the family, specifically interactions within the entrepreneurial couple relationships and resource flows between spouses to assist with the liability of newness of a new venture (Danes 2006).

The substance of this **emotion/behavior duality** as it is executed in families is the focus of this entry. Very little has been written about the systemic interactions that are the essence of that important aspect of family entrepreneurship. This emotion/behavior duality is discussed relative to both starting a new entrepreneurial endeavor and introducing a new entrepreneurial innovation within an established business.

To do so, two unique approaches are used. All the empirical work using a data set of couples who started a new venture is organized in a systematic manner. This approach depicts the couples' interactional behavior that contributes/constrains entrepreneurial achievements. Then observational techniques using reliable and valid interaction scale coding elucidates the emotion/behavior duality in patterns of communication, negotiation, and influence strategies as established family enterprises proceed through an entrepreneurial innovation process.

Family entrepreneurial resources are generated, nurtured, maintained, and reconstructed over time within various subsystems within families. Kepner (1983) first identified three main family subsystems including: (a) spousal; (b) parental; and (c) siblings. The spousal subsystem serves the personal and interpersonal needs of the partners as well as forms the leadership for the family. The parental subsystem creates and develops offspring and monitors the individual needs of each sibling and possible sibling conflicts. The sibling system serves as the basis for learning among brothers and sisters, and that system also often serves as the milieu for competition among siblings for parental attention and approval. Although the spousal or couple subsystem within the family is the major focus of the entry, discussions will be offered relative to

the emotional dimensions within the family firm as well as the parental and the sibling subsystems.

Classical family systems theory (Bowen 1985) developed from clinical work with actual families without recognizing or empirical investigating whether owning and operating a business might affect the lives of the owning family and their family members. Subsequently, Cramton (1993) recognized that family members, including spouses, were involved in their family's firm and deserved attention and study via systems theory and specifically the application of family systems theory.

This entry takes a "deep dive" into the couple decision-making context within the venture creation process. The decision context is seasoned with a myriad of emotions that must be traversed in moving forward toward mutually shared decisions. This mutually shared decision context provides an adaptive capacity to address the liability of newness that emanates from the decision to create a new business. Adaptive capacity is the ability to adjust resources and interpersonal processes to respond to change (Danes 2006). Couple interaction processes such as communication and decision-making processes are the essence of the adaptive capacity of couples to start a new venture (Hedberg and Danes 2012).

This adaptive capacity is grounded in the flexibility and resiliency of the couple relationship; these characteristics are salient factors in initiation, growth, and continuity of the new venture. As the new venture is formed, a couple's adaptive capacity can be drawn upon to access and use the family capital stock (i.e., social, human, financial) to facilitate adapting and functioning competently, leading ultimately to new venture sustainability. This adaptive capacity facilitates resource transport across family/business boundaries during change while maintaining boundary integrity (Danes 2016).

## Understanding Family Entrepreneurship Conceptually

To more fully understand the complexity of the family entrepreneurial processes, both decision content and interactions within the decision process of the owning family are essential to consider. To achieve entrepreneurial goals, that understanding needs to occur in both family and business systems. Three theories are discussed to assist in that understanding. Each of these theories plays a significant role in understanding family entrepreneurship. The Sustainable Family Business Theory (SFBT) is an overarching systems theory that provides a systems' view of the complexity of the entrepreneurial process over time. It is patterned after classical systems theory. The Entrepreneurial Value Creation Theory (EVCT) specifically targets stages in the creation of an entrepreneurial endeavor. The Family Fundamental Interpersonal Relationship Orientation Theory (Family FIRO) focuses on the emotion/behavior duality that undergirds the entrepreneurial decision-making process, the "omitted critical connection." The discussion will begin by comparing the inner workings of SFBT and EVCT.

**Sustainable Family Business Theory**. First, propositions from SFBT (Danes and Brewton 2012) are presented. SFBT gives equal weight to family, business, and their interface to illustrate patterns of couple resource use and interpersonal processes at the intersection of family and business systems that lead to sustainability of the new venture.

The SFBT is unique among the family firm theories that have emerged to date with its assumptions as follows:

1. Two dimensions: family system and business system
2. Family is ***equal*** to business in detail and importance
3. Both family and business are social systems which are purposeful and rational
4. Both family and business use available resources and recognize constraints
5. Both family and business transform available resources and constraints via interpersonal and resource transactions into achievements
6. Achievements are both objective and subjective
7. Both family and business are affected by environmental change and structural change

8. Interface system varies as well as the divergence of goals and achievements
9. Change requires reconstruction of resource allocation in family and business systems

SFBT provides clarity to a family firm's complexity by establishing a comprehensive view of transactions needed to achieve long-term sustainability and by providing a clear picture of family and business systems as well as the internal dynamics of family entrepreneurship over time.

**Entrepreneurial Value Creation Theory**. The Entrepreneurial Value Creation Theory (EVCT) developed by Mishra and Zachary (2014) posits that venture creation processes can be led by an individual and/or involve a team of individuals. The EVCT is a two-stage value creation and appropriation framework consisting of venture formulation and venture monetization, respectively. External stimuli of either entrepreneurial intention or opportunity set in motion Stage 1-Formulation. Starting with ***either*** instigating force, the entrepreneur internalizes an opportunity with their available resources, including human and family resources and enters an ongoing process of effectuation. Over time and in a repetitive fashion, such a process assesses and aligns available resources for the chosen entrepreneurial opportunity balanced with intention.

The result is to create the critical element of entrepreneurial competence. That competence is developed in Stage 1-Formulation and propels entrepreneurs into Stage 2-Monetization. During monetization, family resources of all kinds may come into play and provide financial support to the chosen entrepreneurial path, entrepreneurial reward, and sustainable value. Thus, in the case of family entrepreneurship, family resources and interactions play a vital role throughout venture formation as well as in obtaining financial support.

**Comparison of SFBT and EVCT**. The SFBT posits a comprehensive view of the family business setting by providing a clear picture of the family system, the business system as well as the interface system. The SFBT is focused on change relative to the internal dynamics of family entrepreneurship in the short-run and long-run with the community. It offers equal consideration of the family, business, and interface systems as well as attention to family capital regardless of what system or when it comes into play, meaning times of stability or change. The creation, emergence, and management of a new venture occurs in the family/business interface subsystem.

Further, the SFBT encompasses all stages of business development from emergence and maturing relative to the short-run and long-run whether within or across generations. Any and all family members can be considered using SFBT, namely, couples, children/siblings, or other relatives while considering the relational processes and interpersonal transactions between and among these members as well as business sustainability over time.

Compared to the SFBT, the EVCT emphasizes the role of the entrepreneur in creating value while allowing for the involvement of family members both in formation and monetization. The EVCT can engage multiple entrepreneurs such as couples or a team of family members who may also be involved in the entrepreneurial processes. Family members can be directly involved in the entrepreneurial value creation or be of the support structures within the near environments.

The EVCT describes an overall process similar to the SFBT but differs in its respective components. For example, the EVCT's formulation stage encompasses the development and expression of intentions as well as the identification and development of opportunities. Next, the EVCT posits how intentions and/or opportunities are combined with resources throughout a reoccurring effectuation process yielding entrepreneurial competence. Further, in the monetization stage, attracting investors including family sources, and mobilizing these investments occurs. Finally, this new venture creation process is nestled with the near environments including networks, alliances, and communities. Opportunities can be explored through building prototypes of new products and/or identifying exemplars new services or new markets.

In sum, researchers could choose either the SFBT or the EVCT depending on research goals. The relative comparative advantages of the SFBT are the internal dynamics of the family firm and its three subsystems: family, business, and interface. The SFBT allows the focus on change leading to short-run viability and long-run sustainability. On the other hand, the EVCT's comparative advantage is the singular focus on the value creation process within the formulization and monetization of a new venture or the regeneration of an existing venture.

However, neither of these two theories addresses in any detail about the emotion/behavior duality of entrepreneurial decision-making within family enterprises. Although the SFBT addresses interpersonal processes within the family, business, and interface systems, it does not delineate specifics about the interaction processes that lead to business achievements. Neither does the EVCT indicate the specific interactions of family members within its formulation and monetizing stages. Family FIRO Theory is imperative to investigate the emotional/behavior duality at both theoretical and observable levels.

**Family FIRO Theory**. Family FIRO (Fundamental Interpersonal Relationship Orientation) Theory (Hedberg and Danes 2012) is a conceptual and working model about interpersonal dynamics and change and provides a theoretical structure for understanding the complex emotion/behavior duality involved within decision processes of starting an entrepreneurial endeavor. Family FIRO Theory is composed of three conceptual dimensions: inclusion, control, and integration.

The **inclusion** dimension of the Family FIRO Theory is about structure, connectedness, and shared meaning. It is about roles held, who is included in the new venture and at what levels, and decision-making structure. The **control** dimension reflects communication patterns, negotiations, and influence strategies. It reflects the interactional components that are the essence of decision processes. The interactional content of these strategies is delineated in this entry. The components further reflect the resilience process of the adaptive capacity grounded in the couple relationship. The **integration** dimension reflects outcomes characterizing variant levels of couple unification and firm success.

Per Family FIRO Theory, two propositions apply when families face major change. First, their patterns of **inclusion, control, and integration** require reconstruction. Second, embedded in the model is an optimal sequence for managing change. Doherty et al. (1991) suggests that inclusion is the sine qua non for successful management in the control and integration dimensions. Without effectively addressing inclusion issues, control dynamics cannot be adequately addressed and, thus, efficacious integration is precluded.

Since emotions undergird behaviors, emotions are central to how entrepreneurial decision processes function within family entrepreneurship endeavors. Emotions are an internal resource within individuals that when experienced can be expressed through either instinctive or intentional behaviors. Emotions and the thoughts that are interconnected with them are only observable as they are acted out through behavioral interactions with others. As such, emotions affect decision-making processes within blurred boundaries between family and firm. It is through this indirect, illusive manner that interactional behaviors that emanate from emotional resources play a central role in the sustainability of entrepreneurial endeavors.

**Emotional Dimensions**. Emotions are inherent in all human endeavors including entrepreneurship. Some emotions such as entrepreneurial passion provide strong motivational pulls on the entrepreneur and his or her family and its members. However, some emotions contribute a negative drag on individual family members and the family system. Resentments and feelings of unfair treatment may cause internal behavioral conflict and could represent an internal threat to the entrepreneurial venture. Further, stability of the family system may be compromised. Hence, entrepreneurial and family firm scholars have begun to investigate the nature of emotions.

Although emotions cannot be directly measured, there is an emotional-behavior duality in

that behaviors are motivated by underlying emotions. In other words, behaviors that undergird emotions can be observed and analyzed via observational research (Melby and Conger 2001). Emotional interactions are often found to be contagious, particularly within groups and families (Schoenewolf 1990). Those emotional responses may have either positive or negative outcomes. Labaki et al. (2013a, b) have identified three family firm archetypes relative to emotional characteristics: (1) **enmeshed**; (2) **disengaged**; and (3) **balanced**.

Although **enmeshed** family firms demonstrate high levels of cohesion, this may be at the expense of individual differentiation, self-expression, and adaptability. This archetype has engaged high levels of emotional capital and transfers emotions from family system to business system and the reverse. Further, emotional norms are mixed between systems and demonstrates a sense of collectivism, harmony, and loyalty, possibly at the expense of needs/wants of individual family members.

On the other hand, **disengaged** family firms manifest the opposite characteristics of enmeshment. In this archetype, individuals are predominant relative to the group and are often not involved in the family firm such that these boundaries are rigid and segmented. As a result, the disengaged archetype has low cohesion and is overly flexible to adaptability and change. This archetype utilizes low levels of emotional capital with no exchange between family and business systems and each has its own emotional norms. The nature of this archetype is individualism with self-expression governing interactions among family members.

The **balanced** archetype is the preferred situation where boundaries are clear and demonstrate a moderate level of closeness and separation among family members. This archetype utilizes medium to high levels of emotional capital with balanced exchange between systems and balanced norms shared by the two systems. The nature of this archetype is balance between both individualism and self-expression. Clearly, the balanced archetype provides the best setting for achieving goals for both the family system and the business system simultaneously.

## Behavioral Interactions in New Venture Creation Based on SFBT and EVCT

This section of the entry discusses the findings from a longitudinal study at launch and one year later, as well as multi-informants of the entrepreneur and spouse, and multisystem, namely, the family and business, data sets of couples who have started a new business venture. The data set includes variables about structure and processes in both family and business and contains subjective and objective measures of success for family and business. The data set is composed of 109 couples who started a new venture; 52% of the entrepreneurs were male and 48% were females. Further descriptive details about the sample can be found in Danes et al. (2010).

By investigating one data set in depth and viewing the couples from a number of angles, we are able to capture a more systemic view of the emotion/behavior duality as it operates within the family entrepreneurial decision-making process. To date, the complexity of that reality has not been captured nor explored. The SFBT's clearly delineated propositions are used to organize this section because of the theory's giving equal weight to family, business, and interface systems. EVCT is used to further clarify specific points because of its specificity in elucidating the iterative effectuation process of entrepreneurial endeavors.

Due to the bonds of marriage, spouses become critical stakeholders in a new venture, providing resources to entrepreneurs as well as the business. Moreover, business-owning couples are distinct from business partners who are not in an intimate relationship because of the nature of their couplehood which envelops a stock of relationship capital. McGovern (2011) defined "couplehood" as relationships between two committed individuals who share a sense of identity, commitment, and purpose that creates a high level of trust between entrepreneur and spouse as well as may contribute to venture creation in important ways. For example, contributions might include such resources as financial capital from family savings, social and emotional capital needed to compensate for the extensive start-up time and

energy demands, and human capital such as business or management expertise.

**Proposition 1 Patterns of resource and interpersonal transactions in business and family during times of stability create a resiliency that serves as a foundation for addressing stresses during times of change**.

The EVCT indicates that any family members can engage in the formulation and monetization stages of new venture creation. Couples who start a new entrepreneurial endeavor provide each other with important support and adaptive capacity relative to developing intentions and opportunity recognition as well as contributing their combined resources, especially emotional support. These advantages can enhance the couple's effectuation process which is inherently a process of change leading to the development of their combined entrepreneurial competence. In turn, the couple's chance of attracting investors, both family and nonfamily, is enhanced.

Entrepreneurial endeavors have an impact on family finances and the couple relationship dynamics. Thus, the expectations of both the entrepreneur and spouse are critical to consider in the decision-making process (Craft et al. 2015). Expectations differ by gender. Female entrepreneurs and female spouses were more optimistic about the impact of the new venture on their relationships than their male counterparts. Male entrepreneurs expressed a greater degree of optimism about the effect on family finances compared to their female counterparts whereas the reverse was true for the spouses. Female spouses expressed greater optimism about the effect on finances than did male spouses.

The relationship of these expectations and provision of social support is complex (Danes et al. 2012). It is complex because it is not just provision of social support that is critical but effectiveness of the provision (Beach and Gupta 2006). Social support, measured by concepts of nurturance and affiliation, differed by entrepreneur's gender. The nurturance concept reflected denseness and multiplicity of supportive behaviors. Affiliation reflected the extent the entrepreneur believed his/her needs for info, feedback, and material aid were being filled.

Male spouses of female entrepreneurs reported giving more nurturance than female entrepreneurs reported receiving. For affiliation, although both entrepreneur types indicated that they can discuss business issues openly, they did not rely on spouses for business advice. Male entrepreneurs reported their affiliation needs were met more frequently by their spouses then did female entrepreneurs. One reason for this finding is that slightly more than half of female spouses of male entrepreneurs worked in the new venture. Male spouses of female entrepreneurs reported being more sensitive to needs of female entrepreneurs than they perceived.

Resiliency of entrepreneurial couples is based in the characteristics of each individual and spousal resources that emanate from the couple relationship (Yang and Danes 2015). Spousal commitment to new venture goals acts as a protective mechanism and traverses the family/business boundary through the entrepreneur's appraisal of interactions within the couple's decision context. These resources affect outcomes differentially depending on whether the focal outcome is an objective or subjective in nature.

For example, spousal commitment (negative) and business demand (curvilinear) were significantly associated with breakeven point. Entrepreneur's business confidence (positive), life outlook (positive), and business demand (curvilinear) were associated with the business success. These findings indicate why it is important to take a more inclusive view of the components of sustainability because the two measures had different predictors, but the predictors of both success measures interact in a process of resilience to adapt to the challenges of venture creation.

**Proposition 2 After change, business and family systems exchange resources at their boundaries and processes must be reconstructed to ensure sustainability over time**.

The EVCT focuses carefully on the effectuation process within the formulation stage. This

process can iterate over time and reconfigures the intentions, opportunities, and resources to yield entrepreneurial competence relative to the couple in this case. Effectuation inherently encompasses change and reconstruction of stability over time. This is also vital to attract funding leading to stability in the long run.

There is a sequential relationship of couple goal congruence (e.g., couple and financial), new venture-related communication, and new venture viability (Jang and Danes 2013). Couples having mutual agreement about their family and business goals will more likely try to find ways to achieve those goals together. Quality communication about business goals helps couples develop standard operating procedures for managing family and business. Although much is known about how entrepreneurs form their identity, we know little about how entrepreneurs and their spouses mutually form a collective, copreneurial identity. An entrepreneur's decision to launch a new business depends not only on opportunity analyses but also on the degree that an entrepreneur's spouse shares a common vision about firm goals (Van Auken and Werbel 2006). Danes and Jang (2013) investigated the formation of a copreneurial identity during new venture creation by investigating underpinnings of spousal commitment.

Entrepreneurs reported spouses having high commitment prior to business launch, but spouses reported they were more committed than reported by entrepreneurs. Spousal commitment to entrepreneurial endeavors influences entrepreneur's attitudes, resources, and motivation toward the firm fueling the entrepreneur's energy to facilitate firm success. However, Kirkwood (2009) indicated that female entrepreneurs tend to gain their spouse's commitment before starting the new venture whereas male entrepreneurs do not.

Links between spouse's pre-launch self-assessment of commitment and entrepreneur's assessment of spousal commitment one year after launch differed by business communication quality. Pre-launch spousal commitment self-assessment was positively related to entrepreneur's appraisal of spousal commitment one year after launch only for the high business communication group. For that group, entrepreneur's assessment of spousal commitment over time was composed of spouse's self-assessment of commitment and entrepreneur's appraisal of spousal commitment, reflecting the mutual verification of copreneurial identity.

**Proposition 3 Conflicts arise when there is a mismatch between demands and resources**.

Business demands often represent the greatest threat to work-family balance during venture launch (Danes 2016). In the discussion of demands and resources of venture start-ups, two streams of research exist in the entrepreneurship literature relative to spouses of entrepreneurs. One stream indicates that simply having a spouse is an important resource to new venture creation because of the human and social capital that they bring to the table (family adaptive capacity); drawing from this capacity will likely increase probability of survival and also assist in identifying, accepting, and resolving differences (Stafford et al. 2013). On the other hand, another stream suggests that spouses may be a liability and that work-family conflict becomes a constraint for married entrepreneurs because couple and family relationships need to be maintained and can add further demands. Continuous long working hours in the new venture depletes energy available for other domains in life (including self and family).

Werbel and Danes (2010) contributed insight into the controversy by investigating the moderating effects of spousal commitment on new venture viability. Their findings indicate that when a spouse experiences work-family conflict, a spouse is likely to be a resource constraint to the entrepreneur that results in physiological strain. Furthermore, spousal commitment to the new venture is likely to exacerbate the situation. Thus, work-family conflict has a doubling effect. Starting a new business is already stressful in many ways (direct effect) but there is potentially an indirect effect in that spousal strain is likely to exacerbate an entrepreneur's strain.

However, Gudmunson et al. (2009) discovered an important mediator that affects the complex dynamics of work-family balance. Those authors

examined whether emotional support contributed to entrepreneurs' work-family balance. They found that reports of spousal support given were strongly related to reports of support received, suggesting genuine interpersonal transactions of support. They, however, also found that the effects of spousal support were confounded until a satisfaction-with-business communication variable was introduced, revealing competing direct and indirect effects on work-family balance.

Satisfactory business communication is critical because emotional support can have a contagion effect due to a time-limited effect of emotional support (Hobfoll and Sprielberger 1992). For example, if a business problem persists for a long time, an entrepreneur could begin to feel they are not meeting spousal expectations. In this instance, the spouse's emotional support could leave the entrepreneur feeling anxious that the firm is not doing as well as expected. Notably, the emotional dimensions and health of the family system overall is related to emotional states of all family members with each other dyadically as well as how family functions together as a group.

Quality/productive communication emanates from the emotional foundation of adaptive capacity resources. But we do not know the consistency of that emotional foundation that is so critical to tapping the store of adaptive capacity to combat the liability of newness of venture creation. The next section provides insight into this emotional foundation and behaviors associated with family interactions based on that emotional foundation.

## Exploring Emotion/Behavior Duality Using Family FIRO Theory

This section represents the "deep dive" into the entrepreneurial couple decision-making context. That "deep dive" was facilitated using exploratory observational data that allowed us to discover patterns of interpersonal transactions and the resulting emotional/behavior duality. The study helps us understand dynamics that undergird the development and maintenance of adaptive capacity stores within entrepreneurs. Because the Family FIRO Theory's focus is interpersonal dynamics and change, it is a useful framework to understand business owning couple dynamics around reconstruction of resource allocations when introducing an innovative entrepreneurial endeavor into an established business.

Observational methodologies are often used in social, behavior, medical, and family sciences as a means to assess and understand ongoing behavioral relationships (Caughlin and Basinger 2016). Ratings of larger segments of behavior by unbiased and well-trained outsider assessment of interactional relationships such as those in this study have been shown to be both reliable and valid (Melby et al. 1995). Since interrater reliability is critical in coding observational data, the coders were provided with a week of training. However, the nature of the task presented to the group to be discussed is critical if the objective is to capture the overall gestalt of the family interactions, both positive and negative and their reciprocity. A problem-solving task will elicit primarily negative interactions whereas a business discussion task such as that posed in this study would provide opportunity for expression of a greater variety of emotions and behaviors motivated by those emotions (Melby et al. 1995).

Businesses for this exploratory observational study came from a large longitudinal, quantitative study of established businesses. A smaller subsample (22 family businesses) was randomly selected from this larger study to participate in this qualitative, observational study. Since businesses were asked to discuss a planned major change that they had identified earlier in the study, they were asked to self-identify the business decision team. That decision team was then videotaped discussing the business change. For simplicity of presentation and understanding, only businesses where the decision team was identified as the owning couple was included here. The sample was composed of 13 of the 22 family businesses subsample. The interactions between the couple were then coded for a number of components of interaction dynamics that reflected the nature of the resources and interaction dynamics of the family as exhibited within the decision context of the major change discussion.

This research used interaction scales and a coding scheme for the interaction scales from the validated Iowa Family Interaction Scales (Melby and Conger 2001). When people interact with each other, they communicate through speech as well as through their tone of voice, facial expression, eye contact, and body position. All these verbal and nonverbal cues combine to influence messages and emotions relayed, all of which contribute or detract from the entrepreneurial couples' adaptive capacity. Ultimately, the sustainability of the new venture is affected by these couple interactions because of their impact on the decision context and problem-solving capabilities that evolve from that context.

**Role and Decision-making Structures Representing Inclusion Dimension**. Since inclusion is the sine qua non for successful management in the control and integration dimensions in the Family FIRO Theory, entrepreneur and spouse responses were compared on role in the business and couple decision hierarchy within the business to develop three groups of venture decision-making structure styles reflecting the inclusion dimension: **Collaborators, Consulting Leaders**, and **Independents**. Within the **Collaborators** (3 of 13 couples) style, entrepreneur and spouse had equal business roles and decision authority in final decision-making. Within the **Consulting Leaders** (3 of 13 couples) style, entrepreneur and spouse had equal business roles; in this style, the spouse was an active participant in the decision-making process but the entrepreneur had final decision-making authority. Within the **Independents** (7 of 13 couples) style, the spouse performed little or no business work and the entrepreneur is the one "in charge" in that there is little to no involvement of others in the decision-making process.

To further describe the **Independents**, this group will be divided into **Independents A** (3 of the 13 couples) and **Independents B** (4 of the 13). The females work involvement in **Independents A** entailed performing the financial record keeping and communicating with employees. The females in **Independents B** were much less involved in business work although they periodically ran business errands or did some of the daily work tasks. The decision-making involvement of females in this group was not well defined; it varied by circumstances determined by the male final decision maker.

**Observed Interaction Patterns Representing Control Dimension**. The control dimension reflects communication patterns, negotiations, and influence strategies. To capture these patterns, the dyadic interaction scales assessed behavior of a focal person toward a specific interactor – in this case, the entrepreneur and spouse and vice versa. These scales tap both verbal and nonverbal behaviors and affective and contextual dimensions of interactions that are difficult for participants to assess objectively.

Relative to coding interactions, coders were trained to place strong emphasis on emotional affect and focus on ways that messages were conveyed, with less emphasis on the message's verbal content. Specific attention was placed on facial expression, voice, and body posture. Each rating scale consisted of five pieces of information: behavior frequency, behavior intensity, affective (emotional) tone of behavior, context in which behavior occurred and proportion of interaction displaying behavior. The coding objective was to capture complexity and texture of interaction rather than to classify interactions. The general coding scheme for behavioral scales was based on a "1" to "9" scale. Scale descriptors were 1 = "not at all characteristic," 3 = "minimally characteristic," 5 = somewhat characteristic," 7 = "moderately characteristic," and 9 = "mainly characteristic."

What follows are the interaction coding categories and definitions. These couples were discussing a major business change they planned. The scales assess ongoing behavioral relationship processes; the coding scores provide a relatively unbiased outside assessment of the relationship (Melby et al. 1995).

**Listening Responsiveness**: the focal person's nonverbal and verbal responsiveness as a listener to the verbalizations of the interactor through behavior that validates and indicates attentiveness to the speaker.

**Assertiveness**: the focal person's ability, when speaking to express self through clear, appropriate, neutral, and/or positive avenues using an open, straightforward, confident, nonthreatening, and non-defensive style.

**Communication**: speaker's ability to neutrally or positively express his/her own point of view, needs, wants, etc. in clear, appropriate, reasonable, means to demonstrate consideration of the other interactor's point of view.

**Dominance**: attempts to control or influence (either positively or negatively) another interactor or the situation.

**Power**: extent to which the focal successfully influences or controls (either positively or negatively) another interactor and/or situation.

**Negotiation/Compromise**: willingness to settle differences by arbitration or consent reached by mutual concession.

**Entrepreneurial Outcomes Representing Integration Dimension**. Integration is represented by the achievement of business profit and viability goals as assessed by both members of the couple. Both goals were assessed on a 5-point Likert scale, where "1" indicated that very little had been achieved toward the goal and "5" indicated that it had been achieved almost entirely.

**Couple Interaction Patterns and Associated Venture Achievements**. Interaction patterns of **Collaborators** reflected a strong adaptive capacity to address the effectuation process. They exhibited a foundational base of productive couple social capital resources which they drew upon as they executed their planned business change. Two of the three Collaborator couples scored high on listener responsiveness, assertiveness, and communication-behaviors critical to their shared business decision-making status. These high scores coincided with mid-range dominance and power scores.

These two couples demonstrate the balanced emotional archetype described earlier in this entry. They demonstrated a level of emotional capital that resulted in a balanced exchange of resources between family and firm. These two couples rated the highest within the **Collaborators** and across all the couples on achievement of profit and viability goals. As indicated by Labaki et al. (2013a, b) and demonstrated by these two couples, this balanced emotional archetype provides the best setting for achieving goals.

The third couple of the **Collaborators** scored lower than the other two in this group on listener responsiveness and assertiveness and higher on dominance. This couple also reported lower profit and viability scores then the other two couples in this group. Despite these score differences, all three couples who were **Collaborators** scored high on negotiation/compromise, namely, the willingness to settle differences by arbitration and mutual consent.

An explanation for this occurrence comes from Gottman and Levenson (2000), a well-known family researcher on couple conflict. They indicate that the fact that there are couple disagreements is not as much an issue as the ratio of positive to negative interactions over time. All of the couples who were **Collaborators** exhibited a ratio where the positive interactions outweighed the negative ones. The interaction patterns of the Collaborators are also consistent with Gudmunson et al.'s (2009) quantitative finding that the relationship between spousal support for the new venture and work-family balance was confounded until satisfying business communication was introduced into the equation. The satisfying communication that these couples exhibited balanced off the differences that they indicated they had about the business change.

The couples in the **Consulting Leaders** group had slightly lower reports of goal achievement for profit and viability compared to couples who were **Collaborators**. The scores for listener responsiveness, assertiveness, and communication were generally high except for one couple where the score for listener responsiveness for the female was quite low and the couple scores for assertiveness and communication were lower than for the other two couples. Based on these scores, it is not surprising that the dominance scores for this couple were higher and the score for negotiation/compromise was lower for this couple compared to the other two couples.

The couples who were **Consulting Leaders** had similarly high negotiation/compromise scores as did the **Collaborators**. It is just that they had to work harder to settle differences to reach their shared decisions as reflected in their higher scores on listener responsiveness, assertiveness, communication, dominance, and power compared to the couples as **Collaborators**. When there is a designated final decision maker as in the **Consulting Leaders** group with an active female participator in the decision-making process, there has to be a conscious effort on the part of the females to get their voice heard and a conscious effort on the part of the male final decision maker to hear that voice. That interaction dynamic was visible in the scores of these couples; their scores for dominance and power were higher than those for couples as **Collaborators**. The **Consulting Leader** couples also reflect the balanced emotional archetype, although their behaviors demonstrated a higher level of emotional capital engagement in order to settle their differences compared to the Collaborator couples.

As a group of seven businesses, the **Independents** scored lower in achievement of profit and viability. Listener responsiveness was low for females in the **Independents**. On the one hand, this finding is not surprising since they were either not very involved in the business or they only did bookkeeping and facilitated employee communication. However, the **Independents** had high dominance scores; in the discussion of their business change, there were many attempts by the female to control or influence the male spouse who was described as "in charge." Their knowledge of business finances through their bookkeeping activities gave them knowledge fodder in their minds to justify having an input into plans for the business change even though they did not participate in business work beyond the bookkeeping. Family system resources would be affected by the planned business change which made the females feel that they should have a voice in this business change effectuation process.

What is noteworthy to mention is the dominance scores of the **Independent B** group. Couple dominance scores were high; in all cases, the female of the couple scored higher than the male. These same couples had the lowest negotiation/compromise scores. Of all the couples, they also had quite low goal achievement scores. Influence attempts were about the lack of shared meaning about the business change based on the current business status. **Independent A** group had low listener responsiveness scores for females and high dominance scores but higher negotiation/compromise scores than the **Independent B** group. Even though the goal achievement scores of the **Independent A** group were not high compared to the **Independent B** group, the fact that their listener responsiveness, assertiveness, and communication scores were higher than the **Independent B** group provided them with enough adaptive capacity to more likely settle differences through mutual consent compared to the **Independent B** group.

In comparing the dominance and power scores for the **Independent** group couples to those of the **Collaborators** and **Consulting Leaders** groups, two issues are interesting: (a) the higher variance in the dominance scores between the males and females within couples and (b) the difference between the dominance and power scores for couples. The females in the **Independents** group couples knew that the male was the final decision maker. With this knowledge, they attempted to influence the final decision maker before his final decision was made. These dynamics play out in the negotiation/compromise scores and the levels of profit and viability achievement in that they were lower than for couples in **Collaborators** and **Consulting Leaders** groups. The adaptive capacity of the couples in the **Independents** group was lower due to the lack of flexibility in their resilience processes. Thus, their ability to engage in an ongoing iterative effectuation process was lower.

The **Independents A and B** groups reflect characteristics of the disengaged emotional archetype where individuals are prominent over the group. The fact that the males indicated that they were "in charge" created a lack of openness to ideas other than their own which led to inflexibility in assessing and aligning family resources in the effectuation stage of the business change. The **Independents** groups exhibited positive/negative

interaction ratios that were imbalanced in that there were more negative interactions compared to positive compared to the **Collaborators** and **Consulting Leaders**. These imbalanced interaction ratios resulted in resistance to exchange resources between family and firm systems which ultimately resulted in lower profit and viability goal achievement.

**Summary of Spousal Subsystem in New Ventures**. Businesses in this observational study were organized in three ways: **Collaborators**, meaning equal business roles with shared decision-making, **Consulting Leaders**, meaning equal work roles with male as final decision maker with active participation of female in decision-making process, and **Independents**, meaning males in business role and females with little to no business decision involvement.

**Collaborators** were couples who experienced the highest level of profit and viability goal achievement. These couples' behaviors had good positive/negative interaction ratios indicating that they had more positive interactions than negative ones. Those ratios created both a couple relationship and business partnership with a balance of closeness and separation that resulted in accessing and using resources of both family and business in a productive manner to effectuate the planned business goal.

**Consulting Leaders** couples had the next highest levels of profit and viability goal achievement. These couples utilized more emotional capital then did **Collaborators** couples to reach a shared decision. They had to work more diligently to settle differences because there were greater differentials between their listener attentiveness scores and dominance and power scores were higher than for **Collaborators**. High negotiation/compromise scores were found for the **Collaborators** and **Consulting Leaders** groups. Although the **Consulting Leaders** group had to use more emotional capital to settle differences, their positive/negative interaction ratios favored positive reactions. For these **Consulting Leaders** couples, such a positive ratio was critical for a productive decision-making process that moved them forward with their planned decision change. They had enough stored adaptive capacity within their personal relationship to energize their desire to compensate for the lesser listener attentiveness and higher dominance scores they experienced in their business relationship. This dynamic enabled them to move forward to achieve consensus in the effectuation process of the planned business change.

The **Independents** were in the midrange to lower levels of profit and goal achievement. There were significant gaps between males and females in listener attentiveness compared to the **Collaborators** and **Consulting Leaders**. The dominance scores were higher for the **Independents** compared to the **Collaborators** and **Consulting Leaders** which means there were many more attempts by both males and females to control or influence the other spouse, either positively or negatively. In the **Independents B** group, where the female had little involvement in the business, the negotiation/compromise interaction scores were quite low. Planning for a business change would have consequences for the family system as well as the business system but that fact was not recognized to any extent in this group. Interactions in this group were reflective of the disengaged emotional archetype where individuals are prominent over the group and the family/firm boundaries are rigid. This individualism and boundary rigidity leads to resistance in contributing family resources to effectuate the planned change and weakened the potential of success.

## Parental Subsystem and Sibling Subsystems

Friedman (1991) addresses in-depth the nature of the parental subsystem in tandem with the sibling subsystem and notes that both subsystems are extraordinarily tied to each other. The parental subsystem provides the leadership for the raising of the family's children. Parents provide attention, love, and emotional support to each child. Critical elements of parenting involve methods of relating with each child and are threefold: (a) the recognition of unique attributes; (b) treatment among siblings; and (c) resolution of sibling conflicts.

The sibling subsystem and its inherent sibling relationships among two or more children are important across the individual's life span. Such relationships are often the longest and closest family relationships. Further, the sibling subsystem serves as the first social laboratory of experimentation and can foster a child's individuation and emotional growth. However, abnormal sibling relationships hinder these positives and can destabilize the family system.

Driven by the behaviors of the parents, three elements of the sibling subsystem are impacted by this parental influence: (a) comparisons among siblings; (b) whether siblings are treated equitably or equally; and (c) involvement of parents in sibling conflict resolution. The best outcomes of parental behaviors result when each sibling experiences individuation, equity, and conflict resolution. These positive outcomes allow each sibling to be recognized, treated equitably and fairly, and autonomously. Negative outcomes include stereotyping, unfair equality, and the inability to solve conflicts due to parental interferences.

These negative outcomes among parents and siblings must be repaired or reversed to encourage the acceptance of individual differences, trust, and learning how to collaborate. Further, the positive outcomes between the parental and sibling systems are precursors to the ability to function positively when the children are adults in the firm. On the other hand, the negative outcomes leave both parents and adult siblings unable to function and likely facing sibling rivalry throughout the life span of the family firm and if it survives.

Grote (2003) brings to light Girard's Theory of Borrowed Desire as a means to understand sibling rivalry and its negative effects on the family system overall and the sibling subsystem specifically. Inevitably, individuals and especially siblings may develop jealousy or rivalry. Such emotions of human desire are inherently imitative, namely, an individual desires something that another individual wants. In other words, the desire is borrowed. The success of the sibling subsystem depends on the abilities of siblings to be honest and willing to resolve such jealousies, particularly in the case of fostering entrepreneurial expressions within the family.As with the spousal subsystem, communication is key to productive processes within the parental and sibling subsystems. Kaye (1991) developed his Sustained Conflict Cycle (Equilibration) Model which examines the family dyads and the real roots of conflict as well as posits that family members will sustain conflicts in a circular cycle that reduces too much conflict and also increases too little conflict. Family members may not behave rationally because of their familiarity and commitment with each other. And the goal may be to distract from dealing with the actual conflict, at hand, because of shared fears such as change in business ownership or the impending death of a family member. By openly examining the real concerns of all, family members can break this sustained conflict cycle and allow movement toward meaningful conflict resolution.

## Conclusions, Applications, and Implications

**Couple and Family Outcomes**. Successful family entrepreneurship entails not only a viable entrepreneurial venture but one that considers the couple and family needs as well. Effectuation processes in creating a new venture vary for male and female entrepreneurs. That variation entails consideration of security needs of the family, both financial and relational as well as what is needed to form, finance, and maintain the new venture. Family resources for doing so flow from adaptive capacity.

Adaptive capacity of a couple creating a new business venture is grounded in the "couplehood" which possesses stocks of relationship capital. Those stocks include such resources as business expertise, financing for business formation, spousal commitment, expectations for the business and couple relationship, development of a copreneurial identity, goal congruence, social support, and the balancing of business and family demands. All these resources emanate from a healthy couple relationship. Access and use of those spousal resources are all mediated from quality, satisfying, and productive communication.

Satisfying and productive communication is steeped in the emotional foundation of resources

within a couplehood's adaptive capacity. Out of this emotional foundation evolves the behaviors that either enhance or constrain the effectuation of the new venture. Because of the importance of this emotion/behavior duality, it is critical to understand the consistency of the emotional foundation that is so vital in tapping the store of adaptive capacity to combat the liability of newness of venture creation and contribute to the venture's viability.

Clearly, other family relationships within the entrepreneurial family are worthy of study relative to emotion/behavior duality in the family and the business. To date, that duality has not been explored relative to parent-child relationships or sibling relationships. Such family relationships are vital to understanding the involvement of family members in the family as well as the business. Moreover, successful succession hinges on the involvement and socialization of children in the business via an early, continuous process over time that could be enhanced by exploring the inherent emotion/behavior duality therein.

**New Venture Outcomes**. The assessment of profit and viability of venture goal achievement is complex. That assessment does not lie entirely within the business realm; this entry's contents illustrated interconnection patterns between couple interaction scores and level of profit and viability goal achievement. More research in this arena using observational techniques and validated interactional coding schemes is called for in the future. This will allow deeper understanding of how unobservable emotions, expectations, and motivations manifest in observable interaction behaviors. Such observable interactional behaviors are the essence of resilience processes. In turn, these observable behaviors strengthen the adaptive capacity of entrepreneurial couples to address the liability of newness for their new entrepreneurial venture.

The results of the observational study presented interaction patterns that were associated with the assessment of business goal achievement. The interaction rating scales demonstrated variation in the interaction patterns among the couples with differential assessments of goal achievement levels. Those couples who had a strong or good positive to negative interaction ratios could negotiate differences that resulted in productive effectuation of the planned business change and high or satisfactory achievement of profit and viability goals. Those couples with low positive to negative interaction ratios struggled in both executing their planned business change and in achieving their profit and viability goals.

**Applications**. Understanding the emotion/behavior duality offers important and useful applications for researchers, educators, and practitioners, as well as for those whose expertise may be outside the family emotion/behavior duality explored herein. Researchers are challenged to explore more deeply how interaction behaviors represent underlining, unobservable emotions within the family and business.

To ignore an undeniable relationship between emotions and behaviors is to remain myopic about the nature and dynamics of entrepreneurial couples and families. This connection has often been overlooked although observational data can be garnered and analyzed for greater understanding of venture creation processes. We suggest using the SFBT or EVCT theories presented herein and in combination with the Family FIRO Theory to do so. High quality observational data is imperative to explore further the sources of resilience among other factors that lead to specific outcomes in new venture creation.

Educators and practitioners continually build bridges between research and practice. Therefore, understanding the emotion/behavior duality is imperative for these professionals. Without such knowledge, professional outcomes will be limited and less helpful to couples and families engaged in new venture creation. In practice, the emotion/behavior duality will, no doubt, be experienced first-hand and must be embraced and facilitated appropriately for the benefit of the family, the couple, and the business. The practice of educators and practitioners could be enhanced by the implementation of research-based assessment tools. Equally important, educators or practitioners may be positioned to relay important field observations to researchers for informing and improving future research. The harmonious and synchronous professional exchanges among

researchers, educators, and practitioners will lead to greater outcomes for all couples and other family members involved in family entrepreneurship. Optimally, theory informs practice and vice versa.

**Implications**. During times of change, which creates stress for both firm and family, couple interaction patterns established during times of stability are either enhanced or exacerbated. Moreover, the effectuation process of new venture creation is vitally linked to the level of effective interpersonal dynamics within couples and families. Patterns of resource allocation including social capital resources will have to be reconstructed along with those of human, financial and physical capital as an entrepreneurial endeavor is effectuated. Not doing so may drain the adaptive capacity of the entrepreneur(s) and the business enterprise to the point where the entrepreneurial endeavor fails or the enterprise itself is weakened. Thus, when contemplating or planning entrepreneurial endeavors, it is critical to evaluate social capital interaction within the owning family along with human, financial, and physical capital resources needed to effectuate the entrepreneurial endeavor. Doing so is critical in reconciling intentions, opportunities, and resources as part of the effectuation process in the formulation stage of a venture.

Understanding the emotion/behavior duality must be explored at the behavioral level and then linked to the overall process of reconciling demands versus change as well as the reconstruction within the interface subsystem of SFBT and within the iterative and ongoing effectuation process of the EVCT. To do otherwise is to adhere to a myopic view of the dynamics of the new venture creation with processes. The view needs to extend beyond the "who" and "what" of entrepreneurial decision-making to the "omitted critical connection" of the interactive decision-making processes reflected in the emotion/behavior duality – the bridge between the "who/what" and a successful family entrepreneurship outcome. Researchers, educators, and practitioners must meet the challenge of taking a deeper examination of these dynamics within the new venture creation processes.

## Cross-References


- ▶ Company Structure and Legal Implications
- ▶ Preparing for Succession, Head and Heart
- ▶ Serial Entrepreneur, The


## References


Beach SRH, Gupta M (2006) Directive and nondirective spousal support: differential effects? J Marital Fam Ther 32(4):465–477

Bible (1978, King James) Genesis, 41: 46–57 and 47: 13–26. Thomas Nelson, Nashville

Bowen M (1985) Family therapy in clinical practice. Jason Aaronson, New York

Caughlin JP, Basinger ED (2016) Measuring interpersonal communication. In: Berger CR, Roloff ME (eds) The international encyclopedia of interpersonal communication. Willey, Hoboken, pp 1–13

Craft SM, Seal KL, Jang J, Danes SM (2015) Spousal expectations and perceived social support during the creation of a new business venture. J Couple Relationsh Ther 14(2):169–195

Cramton CD (1993) Is rugged individualism the whole story? Public and private accounts of a firm's founding. Fam Bus Rev 6(3):233–261

Danes SM (2006) Tensions within family business-owning couples over time. Stress Trauma Crisis 9:227–246

Danes SM (2016) Family context and new venture creation. Chapter 9. In: Randerson K, Bettinelli C, Dossena G, Fayolle A (eds) Family entrepreneurship: rethinking the research agenda. Routledge, Taylor & Francis, New York, pp 184–211

Danes SM, Brewton KE (2012) Follow the capital: benefits of tracking family capital across family and business systems. Chapter 14. In: Carsrud A, Brannback M (eds) Understanding family businesses. Springer, New York, pp 227–250

Danes SM, Jang J (2013) Copreneurial identity development during new venture creation. J Fam Bus Manage 3(1):45–61

Danes SM, Lee J, Stafford K, Heck RKZ (2008) The effects of ethnicity, families and culture on entrepreneurial experience: an extension of sustainable family business theory. J Dev Entrep 13(3):229–268

Danes SM, Matzek AE, Werbel JD (2010) Spousal context during the venture creation process. Chapter 4. In: Stewart A, Lumpkin GT, Katz JA (eds) Entrepreneurship and family business. Emerald, Bingley, pp 113–161

Danes SM, Craft SM, Jang J, Lee J (2012) Liability of newness: assessing couple social support when starting a new business venture. J Marriage Fam Ther 39(4):515–529

Doherty W, Colangelo N, Hollander D (1991) Priority setting in family change and clinical practice: the family FIRO model. Fam Process 30(2):227–240
Friedman SD (1991) Sibling relationships and intergenerational succession in family firms. Fam Bus Rev 4(1):3–20
Gottman JM, Levenson RW (2000) The timing of divorce: predicting when a couple will divorce over a 14-year period. J Marriage Fam 62:737–745
Grote J (2003) Conflicting generations: a new theory of family business rivalry. Fam Bus Rev 16(2):113–124
Gudmunson CG, Danes SM, Werbel JD, Loy JT (2009) Spousal support and work family balance in launching a family business. J Fam Issues 30(8): 1098–1121
Hareven TK (1982) Family time and industrial time: the relationship between the family and work in a New England industrial community. Cambridge University Press, New York
Hedberg PR, Danes SM (2012) Explorations of dynamic power processes within copreneurial couples. J Fam Bus Strateg 3:228–238
Hobfoll SE, Sprielberger CD (1992) Family stress: integrating theory and measurement. J Fam Psychol 6:99–112
Jang J, Danes SM (2013) Are we on the same page?: Copreneurial couple goal congruence and new venture viability. Entrep Res J 3(4):483–504
Kaye K (1991) Penetrating the cycle of sustained conflict. Fam Bus Rev 4(1):22–44
Kepner E (1983) The family and the firm: a coevolutionary perspective. Organ Dyn 12(1):57–70
Kirkwood J (2009) Spousal roles on motivations for entrepreneurship. J Fam Econ Iss 30(4):372–385
Labaki R, Michael-Tsabari N, Zachary RK (2013a) Emotional dimensions within the family business – toward a conceptualization. In: Smyrnios K, Poutziouris PZ, Goel S (eds) Handbook of research on family business, 2nd edn. Edward Elgar, Cheltenham, pp 734–763
Labaki R, Michael-Tsabari N, Zachary RK (2013b) Exploring the emotional nexus in cogent family business archetypes. Entrep Res J 3(3):301–330
McGovern J (2011) Couple meaning-making and dementia: challenges to the deficit model. J Gerontol Soc Work 54:678–690
Melby JN, Conger RD (2001) The Iowa family interaction rating scales: instrument summary. In: Kerig P, Lindahl K (eds) Family observational coding systems: resources for systematic research. Erlbaum, Mahwah, pp 33–58
Melby JN, Ge X, Conger RD, Warner TD (1995) The importance of task in evaluating positive marital interactions. J Marriage Fam 57:981–994
Mishra CS, Zachary RK (2014) The theory of entrepreneurship: creating and sustaining entrepreneurial value. Palgrave Macmillan, New York
Ponzetti JJ (2003) International encyclopedia of marriage and family, 2nd edn. Macmillan Reference, USA, New York
Schoenewolf G (1990) Emotional contagion: behavioral induction in individuals and groups. Mod Psychoanal 15:49–61
Stafford K, Duncan KA, Danes SM, Winter M (1999) A research model of sustainable family businesses. Fam Bus Rev 12(3):197–208
Stafford K, Danes SM, Haynes GW (2013) Long-term family firm survival and growth considering family adaptive capacity and federal disaster assistance receipt. J Fam Bus Strat 4:188–200
Van Auken H, Werbel J (2006) Family dynamic and family business financial performance: spousal commitment. Fam Bus Rev 19:49–64
Werbel JD, Danes SM (2010) Work family conflict in new business ventures; the moderating effect of spousal commitment to the new business venture. J Small Bus Manag 48(3):421–440
Yang Y, Danes SM (2015) Resiliency and resilience process of entrepreneurs in new venture creation. Entrep Res J 15(1):1–30
Zachary RK (2011) The importance of the family system in family business. J Fam Bus Manage 1(1):26–36

F

## Family Members' Reactions to Their Formerly Incarcerated Loved One's Return Home

Shelia Lumar[1] and Linda D. Ladd[2]
[1]Department of Human Services Management and Leadership, University of North Texas at Dallas, Dallas, TX, USA
[2]Department of Human Development, Family Studies and Counseling, Texas Woman's University, Denton, TX, USA

### Synonyms

Ex-offender; Family members' experiences; Formerly incarcerated; Reentry; Stress

### Definition

Family member responses to the prison release of a previously incarcerated loved one.

## Introduction

Incarceration of parents and partners leaves behind a trail of vulnerable children and fragmented families, which invariably leads to family stress when the offender returns home after incarceration (Arditti 2016; Martinez and Christian 2009) and initiates another adaptation that requires multiple types of support from both the nuclear and extended family (Arditti 2016; Harris et al. 2010). Released formerly incarcerated members return to families who are hopeful for change, but all too soon, the family finds itself involved in hard-fought negotiations for changes in behaviors, relationships, and adjustments as family members learn to cope with the formerly incarcerated members' institutionalized negative behaviors and habits (Furstenberg 1995; LaVigne et al. 2007). The return of formerly incarcerated family members tends to be marked by a negative undertone because the nature of the separation from family members is due to criminal behavior (Clone and DeHart 2014; Day et al. 2005). Most research has focused on the experience of formerly incarcerated members after they returned home; few researchers have focused on the larger experience of adult family members when they are informed that the offender is being released and will return home.

When family members are incarcerated, the harsh separation leads to a deterioration of both family and intimate relationships; upon family reunification, the family faces new burdens as they attempt to reestablish close relationships (Shollenberger 2009; Western et al. 2015). Shapiro and Schwartz (2001) learned that family members replaced their initial hesitations about the released formerly incarcerated member with hard work directed at decreasing the likelihood that the family member would reoffend and provided opportunities for renewed family and friend relationships.

When their family member was in prison, family members were forced to cope, positively or negatively, maintain, and secure the functioning of their family (Shapiro and Schwartz 2001). Upon the formerly incarcerated family members' return, the adult family members renegotiated parental roles and family interactions, added the formerly incarcerated members' legal and personal expenses into the family budget, and learned to deal with addiction, substance abuse, and mental health problems (LaVigne et al. 2004).

## Double ABCX Model of Family Stress, Adaptation, and Adjustment

The Double ABCX Model of Stress, Adaptation, and Adjustment (McCubbin and Figley 1983) can be used to explain how a family adapts and adjusts systemically over time to one stressful event (factors a-b-c-x) which is then followed by a second, similar stressful event (aA-bB-cC-xX). After the initial stressful event (factor a), the family responds by processing and making a systemic and progressive evaluation of the personal resources (factor b) needed to deal with the event; and, finally, family members define that initial stressful event according to their own subjective interpretation of the event (factor c). According to the Double ABCX Model, a second event or crisis (factor x) ushers in the second half of the model which repeats the adaptation and adjustment process. Following the crisis event (factor x), the family members must again deal with a pileup of demands (factor aA) by adapting their personal resources (factor bB) and their perceptions or coherence of the event (factor cC) as they word to manage their stress. This culminates in the evaluation of the adjustment (factor xX). According to Lavee et al. (1985), all factors of the Double ABCX Model lead to either positive or negative family adaptation (factor xX) that is identified as either bonadaptation or maladaptation. Lavee and colleagues found that families contend with a pileup of stressors brought on by daily living activities and unexpected events that required adjustment in the way families function. It was also found that regardless of the stressor impacting the family, the members modified family roles, obtained new coping skills, and adapted to a new way of living that was necessary to bring the family system back to a state of equilibrium (Lavee et al. 1985).

## Purpose Statement

The primary author explored how the Double ABCX Model (McCubbin and Figley 1983) could explain the experience of release from incarceration and reentry as told by family members who provided support to the formerly incarcerated family members. In this exploration, adult family members described their resources and perceptions when coping and adapting to the notification that the incarcerated member was coming home and, then, the actual reentry of the formerly incarcerated family member back into the family.

## Research Questions

### Qualitative Questions

1. How did the notification of the incarcerated offender's upcoming release impact the family?
2. In each family, how did the experience of having the formerly incarcerated family member reenter the family cause stress, and how did the family cope with the reentry?
3. What types of resources did the family find useful in helping them cope with the formerly incarcerated member's reentry?
4. What did the family member think and feel once the formerly incarcerated family member actually reentered the family?

### Quantitative Research Question

5. What is the relationship between family reports of coping and resilience after the formerly incarcerated family member returned home and the four family groups (location where the formerly incarcerated member lived after reentry), length of time of family support (1–24 months), and length of time since reentry (1–24 months)?

## Hypotheses

1. There will be no significant statistical relationship when the scores of family members on *F-COPES* are compared by type of family group as defined by location, the length of time the family member provided support for the formerly incarcerated member, and the length of time since the reentry of the formerly incarcerated family member.
2. There will be no significant statistical relationship when the scores of family members on the *Family Hardiness Inventory* are compared by type of family group as defined by location, the length of time the family member provided support for the formerly incarcerated member, and the length of time since the reentry of the formerly incarcerated member.

## Quantitative Instruments

Two quantitative instruments were used that measured coping and resilience (factor xX). The Family Crisis Oriented Personal Evaluation Scale (F-COPES) (McCubbin et al. 1996a) is a 30-item instrument that identifies problem-solving and behavior strategies that family members utilize to cope during problem situations; the scale yields information on internal and external family coping patterns (McCubbin et al. 1996a). The 20-item Family Hardiness Index (FHI) defines and measures hardiness in terms of those stress-resistant and adaptive resources used by families to buffer the impact of stressors and demands as they facilitate adaptation over time (McCubbin et al. 1996b). Reliability and validity have been established for both instruments.

## Sample

Adult family members who had provided significant support for the formerly incarcerated offender were recruited via purposive and snowball sampling from community groups such as faith-based support groups and universities using telephone, mail, and e-mail. Study criteria required that family members had provided the adult formerly incarcerated member with at least five of nine types of supports (Shapiro and

Schwartz 2001) following reentry. The 16 female and 7 male participants (ages 21–60) had provided support for their formerly incarcerated family member for 6 months to 2 years after release. The sample ($n = 23$) included four family groups: spouses ($n = 6$), parents ($n = 7$), siblings ($n = 7$), and adult children ($n = 3$). In this sample, 17 participants were married and 6 were single. Race included African Americans ($n = 16$), Caucasians ($n = 4$), and Hispanic-Americans ($n = 3$). Income levels varied as 16 participants reported a household income below $100,000/year and the remaining 7 reported earning over $100,000 per year.

## Data Collection

In this exploratory mixed-method study, the primary author completed individual, face-to-face interviews (90 min) that captured both the qualitative and quantitative data concurrently (Creswell 2013). Data on the types of support (Shapiro and Schwartz 2001) that all family types provided following the reentry of the formerly incarcerated members: financial support (100%), access to spiritual/religious support (96%), transportation (91%), housing (78%), employment guidance (52%), childcare (52%), educational support (30%), and medical services and mental health support (30%) (Table 1).

## Coding

The primary author transcribed the 23 interviews and mailed them to 15 participants who had agreed to member check their individual interview. Only 12 transcripts were returned; 3 participants did not respond to further contact. The primary coder read and reread the transcribed interviews, and initial categories were identified based on the Double ABCX Model; the second coder was trained to follow that protocol and identified similar categories (Creswell 2013). The two coders met several times to achieve agreement on the patterns and categories. Acceptable coder agreement (80%) was achieved on patterns and categories after several meetings of the coders.

## Results

Participant qualitative interviews were examined through the lens of the pre-crisis factors (a, b, c, and x) and post-crisis factors (aA, bB, cC, and xX) as described in the Double ABCX Model of Stress (McCubbin and Figley 1983). Families reported being stressed when they were notified that the incarcerated family member was returning home (factor a). Their responses to this stressor fell into two categories: the existing resources (factor b) they identified for coping with the release and their perceptions (factor c) about the upcoming release. This pre-crisis factors conclude with the

**Family Members' Reactions to Their Formerly Incarcerated Loved One's Return Home, Table 1** Nine types of support provided by four family types

| Family type | | | | |
|---|---|---|---|---|
| Support | Spouses | Parents | Adult siblings | Adult children |
| | ($n = 6$) | ($n = 7$) | ($n = 7$) | ($n = 3$) |
| Financial support | 100% | 100% | 100% | 100% |
| Mental health | 100% | 100% | 100% | 67% (2) |
| Spiritual/religious support | 100% | 100% | 100% | 67% (2) |
| Transportation | 100% | 86% (6) | 71% (5) | 100% |
| Housing | 100% | 86% (6) | 57% (4) | 67% (2) |
| Employment guidance | 50% (3) | 43% (3) | 71% (5) | 33% (1) |
| Childcare | 67% (4) | 57% (4) | 43% (3) | 0 |
| Educational support | 17% (1) | 14% (1) | 43% (3) | 67% (2) |
| Access to medical services | 17% (1) | 29% (2) | 14% (1) | 33% (1) |

actual return (crisis event factor x) of the incarcerated family member. The results drawn from the post-crisis factors (aA, bB, and cC) about the actual return of the formerly incarcerated family members and the level of adaptation (factor xX) will be reported later in this section.

## Qualitative Pre-crisis Factors

### Notification that the Incarcerated Family Member Was Returning Home (Factor a)

Participants identified existing resources (factor b) that would help them manage the stressor of having their family member return from incarceration, as follows: personal resources, family resources, and resources from social, community, and government groups. Participants identified their perceptions (factor c) about the return of their family members: positive perceptions, negative perceptions, and participant perceptions of help from other family members. The crisis (factor x) occurred when the formerly incarcerated family members returned to the participants' homes. Due to the large data set gathered in this study, only findings generated by a minimum of 60% of each group will be reported, unless otherwise noted.

### Resource Categories (Factor b)

#### Personal Resources

Participants identified three types of personal resources: external resources, internal qualities, and maladaptive behavior patterns. They drew on four external resources to help them manage their stress: employment, homeownership, financial stability, and transportation. Participants relied on multiple internal qualities to help them deal with the stress: spirituality, altruism, compassion, forgiveness, patience, self-reliance, resilience, optimism, support, loyalty to the incarcerated member, knowledge about reentry challenges, and strong family togetherness. However, some members of each family type turned to gambling as a maladaptive behavior pattern and adopted an attitude of aloofness about the event; several family members noted that they withdrew from others and isolated themselves.

#### Family Resources

Family members identified resources that existed within their nuclear family: family communication, family emotional support, family spiritual support, family financial resources, family collaboration, and family resourcefulness.

#### Social, Community, and Government Resources

Family members reported that their social resources included friends and church members. Community resources included faith-based organizations, community support groups, and school and transition programs designed for returning formerly incarcerated members. Of the four family types, only spouses and parents were approved to receive government resources such as food stamps and Temporary Assistance to Needy Families (TANF).

### Perceptions About the Return of the Incarcerated Member (Factor c)

The family members' perceptions of the incarcerated members' return comprise the third factor in the Double ABCX pre-crisis model. The perceptions of the participants fell into three broad categories: (1) positive perceptions of the return, (2) negative perceptions of the return, and (3) participant perceptions of help from other family members. The following categories were reported by at least 60% of the study participants.

#### Positive Perceptions of the Return

Participants identified five positive perceptions of the incarcerated members' return: (1) the release would be a joyous occasion, (2) the release would not alter family roles and routines, (3) time was needed for adjustment, (4) incarceration would change the formerly incarcerated member, and (5) family members felt prepared to offer the incarcerated member a home.

#### Negative Perceptions of the Return

The participants reported three general areas of negativity about the return of the incarcerated family members: participants' mixed emotions, adjustment of the incarcerated family member, and community reactions. Participants' mixed emotions were generated by the following:

(1) incarceration had changed the family member, (2) the incarcerated member would have unmet needs and was untrustworthy, (3) prior family strains had not been resolved, and (4) participants felt obligated to support the incarcerated members after their return. Family members reported concern about the incarcerated members' ability to readjust due to the following: (1) return to criminal activity and/or drug use, (2) unemployment, (3) no change in their maladaptive behavior, and (4) eventual return to prison. Negative emotions about the community included a belief that the criminal justice system had not adequately prepared the incarcerated member for release back into the community and that participants felt social stigma from having an incarcerated family member.

#### Participant's Perceptions of Other Family Members

When asked about how other family members (immediate, extended, and fictive kin) would perceive the release and return of the incarcerated members, responses were mainly positive, including (1) children need both parents in the home for healthy child development; (2) after the return, the family members would be together again; (3) helping the incarcerated member was viewed as positive; and (4) family members would be willing to provide support to the incarcerated member for a specific period. Still, some participants shared negative perceptions that the incarcerated family member would not be able to change and that the family's current lifestyle would be altered.

### Reentry of the Formerly Incarcerated Family Member (Pre-crisis Factor x)

According to the Double ABCX Model (McCubbin and Figley 1983), the pre-crisis period ended for the family members when the newly released family member reentered the home (factor x) generating a crisis within that home. Following the Model, participants in this study reported how they dealt with their particular pileup of demands (factor aA) by adapting their resources (factor bB) and their perceptions of the formerly incarcerated family members' return (factor cC). The final piece of the Double ABCX Model measures how well the family member adapted to the return of the formerly incarcerated family member by whether the adaptation was good (bonadaptation) or bad (maladaptation) (Lavee et al. 1985). In this section, the data percentages will be reported, unless otherwise noted.

### Qualitative Post-crisis Factors

The actual return and reentry of the formerly incarcerated family member yielded three categories: personal pileups of demands (factor aA), personal resources and maladaptive behavior patterns (factor bB), and coherence (factor cC). Specific data percentages are reported for the three resource categories below.

### Personal Pileups of Demands (Factor aA)

The pileup of demands (factor aA) signifies the accumulation of stressors associated with the participant adjusting to the formerly incarcerated offender's reentry. Some of the major demands reported by the family members include increased relationship conflicts, severe financial hardships due to legal fees and the formerly incarcerated offenders not finding employment, and lack of formerly incarcerated family members' motivation to change behaviors. The results from this study indicated that the return of the formerly incarcerated family member produced a disruption in the participants' families to a degree that required ongoing adjustments in the way the families functioned.

### Resource Categories (Factor bB)

#### Personal Resources: Maladaptive Behavior Patterns

When reported personal resources were compared for the pre-crisis and post-crisis phase of the Model, no new areas of resources were identified. However, family members did report using existing resources in new ways that were either maladaptive or negative: (1) increased food consumption (73%), (2) increased cigarette smoking (67%), (3) increased substance use (67%), (4) overspending (71%), (5) gambling (50%), (6) isolation/withdrawal (46%), and (7) aloofness (62%).

### Family Resources

Family resources were available resources participants relied on after they were notified that the offender was going to be released. The family resources included (1) family communication (51%), (2) family emotional support (83%), (3) family spiritual support (66%), (4) family financial support (65%), (5) family collaboration (60%), and (6) family resourcefulness (59%).

### Social, Community, and Government Resources

Friends and church members continued to be identified by participants as social resources. Community resources were used by all family members except by adult children, as follows: faith-based organizations (70%), community support groups (56%), and school and transition programs (60%) designed for returning formerly incarcerated offenders. The government resources such as food stamps and Temporary Assistance to Needy Families (TANF) were available only to spouses and parents.

## Perception or Coherence (cC Factor)

### Positive Coherence

During the pre-crisis period, family members had predicted that their role(s) would change within the family when the formerly incarcerated offender returned home. Now in the post-crisis phase, nearly all family members (75%) identified the following behaviors as being important to the reunification of the family: (1) communication between family members, (2) commitment that helped the formerly incarcerated offender master reentry, and (3) the need for community resources was essential. Other family members (50%) understood that emotional and financial supports were critical for the success of the reentry of formerly incarcerated offenders. Finally, the need for maintaining spiritual faith was important for some family members (40%).

### Negative Coherence

Nearly all of the family members (80%), especially spouses, noted that support for the formerly incarcerated offender became difficult to maintain over time. Major examples include the following: (1) the family members grew more resentful as they provided support to the formerly incarcerated offender who returned home with many unmet needs, (2) the formerly incarcerated offender's parole requirements were very demanding, and (3) they felt ashamed and stigmatized for having a family member who had been incarcerated. Most of the family members (90%) predicted that their continued support of the formerly incarcerated offender would be limited or stopped if the formerly incarcerated offender used drugs or reoffended. Concern by family members (60%) for their emotional security and being disrespected by the formerly incarcerated offender was noted. Finally, participants (80%) stated that there was a lack of quality community resources to help the formerly incarcerated offender get on his feet and contribute to the family.

### Ambiguous Coherence

Almost all participants (80%) had mixed emotions about their acceptance of the formerly incarcerated offender upon his/her return as initial happiness became mixed with the challenge of rebuilding the family and negotiating roles. While participants (60%) stated that they were glad the formerly incarcerated offender was out of prison, they also felt that (1) it was difficult to have that family member back in the family, (2) the formerly incarcerated offender was so different that he did not appear to be the same person, (3) family support for the formerly incarcerated offender had limitations so that the family members did not become dependent, and (4) several mentioned resenting the formerly incarcerated offender for going to prison in the first place.

## Family Adaptation: Bonadaptation and Maladaptation (xX Factor)

Family adaptation (xX factor) is the product of the family members negotiating both the pre-crisis and post-crisis phases of the Double ABCX Model; it is a measure of the family's attempt to reduce the stress created by the crisis through adapting existing resources and managing perception or coherence of the event (McCubbin and Figley 1983). No relationship was found between the location (four family groups), length of time of

support, and time since reentry, so both hypotheses were accepted.

## Discussion

Researchers have learned that family ties with their formerly incarcerated family member significantly influences that person's post-release success or failure (Brunton-Smith and McCarthy 2017), but limited research has explored reentry from the family perspective (Martinez and Christian 2009).

Using the Double ABCX Model of Stress, Adaptation, and Adjustment (McCubbin and Figley 1983), 23 family members were interviewed to learn about the resources and perceptions they employed when notified that their incarcerated family members were returning home and how they adapted and adjusted those resources and perceptions after the return of the incarcerated family members. At the end of their qualitative interviews, family members provided self-report data concerning their coping strategies (F-COPES) and problem-resolving strategies (Family Hardiness Index) which allowed us to measure their adaptation to the reentry of the formerly incarcerated offender.

### Assessing Family Member Resources Before and After the Offender Returns

Challenges imposed upon the family members as the formerly incarcerated offenders returned to the family did not deter family members from expressing a sense of willingness, commitment, and obligation toward helping their family members. Still, the results of this indicate that formerly incarcerated offenders' reentry into the family after release from incarceration impacted the family members' social, emotional, physical, and financial resources. The relationships that the formerly incarcerated offenders had with the family members who provided the majority of their support impacted the type of support as well as the depth and length of time the support was provided. For most of the study participants, although committed to rebuilding the relationship with the formerly incarcerated offender after release, providing support took a toll on their well-being because the type of support and the length of time the support was needed to assist the formerly incarcerated offender with transitioning into the family was draining on their resources that eventually increased their level of stress and decreased their sense of being successful. Like this study, other researchers found that even though the family members may be willing to support the formerly incarcerated offender, their providing support can be difficult and can weigh heavily on the family member over time, despite their best intentions toward the ex-offender (Naser and LaVigne 2006; Naser and Visher 2006; Travis et al. 2005).

### Change in Family Member Perceptions and Coherence After the Offender Returns

The initial homecoming of the formerly incarcerated offenders was commonly perceived as ambiguous for most participants who moved from feeling positive about the anticipated reunion to feeling more negative over time. For most family members, their first reports of happiness evolved into a feeling of uncertainty as the formerly incarcerated offender rarely made the necessary positive behavioral changes to keep them from reoffending; similar findings were reported by Martinez and Christian (2009). As found by other studies, the act of supporting the formerly incarcerated offenders after release became a primary source of strain and stress for the family members during the reentry process (Western et al. 2015).

### Usefulness of the Double ABCX Model of Stress, Adaptation, and Adjustment

Using the Double ABCX Model (McCubbin and Figley 1983) provided us with the systemic and linear lens to explore the experiences of families of returning formerly incarcerated offenders in terms of length of time since the return of the formerly incarcerated offender and length of time the family provided support for that family member. By using this theoretical model, we could examine how families reported their stress

both before and after the offender's return and build an evidence-based understanding of coping mechanisms families rely on to promote adaptation over time. Using the Double ABCX provides us with insight as to how and why some families are successful and others are not successful with managing stress manifested in the system. The Double ABCX model is parsimonious and provides a pragmatic view of how families respond to, interact with, and overcome or succumb to stressful situations.

## Limitations

### Double ABCX Model of Stress, Adaptation, and Adjustment

Like McCubbin and Figley (1983), this researcher found that the participants in this study reported their experiences of stress in a circular fashion such that family members were unable to distinguish the stressor event from their reaction to the stressor. The source of stress is not inherent in the stressor by itself, but rather is part of the larger family response to the stressor event.

### Qualitative Sample

Using a small qualitative sample allowed for in-depth exploration of the lived experiences of the family members, but the findings cannot be generalized to larger audiences. Interviewing only one family member may have affected the perspective of how the return of the formerly incarcerated family member impacted the family.

## Implications

### Criminal Justice

Reentry preparation by the criminal justice system needs to include setting realistic goals for offenders upon reintegration into the family (Travis 2001), educating the family on their need to set realistic expectations of the formerly incarcerated offender and themselves, and educating the family on institutionalized offender behaviors after reentry (Clone and DeHart 2014).

### Policymakers

Policymakers need to reconsider the question of how their policies reflect the distinctive demands of the reentry process on the formerly incarcerated and how those policies set up rigid conditions that neither the formerly incarcerated person nor the family members who support them can accomplish (Petersilia 2001).

### Community Social Service Providers

Community social service providers are encouraged to help family members from all four groups consider how their unique family will absorb the changes to their family system when the formerly incarcerated person reenters the family. Strengthening the family needs to happen well before the incarcerated person returns home; the following areas need to be addressed: housing, healthcare, financial management and planning, employment, and vocational training.

### Researchers in the Family and Criminal Justice Fields

Collaboration by researchers in both family and criminal justice fields is essential to develop policy, design programs, and document services that are needed to meet the comprehensive and systemic needs of these families.

## Recommendations for Future Research

Collecting data about the family resources and perceptions of the family members about the future return of their incarcerated family members along with data concerning the actual return of the offender has provided us with a new understanding of this experience for families (Petersilia 2004). The limitation of our qualitative study suggests that using a mixed-method approach with a larger sample would greatly expand our understanding of this experience.

Using this model as the framework, other variables need to be explored such as the effect of the return on the children, how different cultures manage resources and perception of the formerly incarcerated offenders' return, and gender

differences in the offender and the supportive family member.

## Conclusion

By using the Double ABCX Model of Family Stress, Adaptation, and Adjustment (McCubbin and Figley 1983) as our theoretical framework, we discovered that family members display a deep commitment to the formerly incarcerated family members across nine areas of support despite low or often no support from the community and government resources. Most families were unprepared for the needs and demands made on the family system by the return of the formerly incarcerated family members, and these changes often overwhelmed the family members and the family system. Finally, the need for significantly increased support from extended family members, the community, and government agencies is crucial for the successful reintegration of the formerly incarcerated member into their family and community.

## Cross-References

► Rehabilitation and Recidivism

## References

Arditti JA (2016) A family stress-proximal process model for understanding the effects of parental incarceration on children and their families. Couple Fam Psychol 5(2):65–88. https://doi.org/10.1037/cfp0000058

Brunton-Smith I, McCarthy D (2017) The effects of prisoner attachment to the family on re-entry outcomes: a longitudinal assessment. Br J Criminol 57(2):463–482. https://doi.org/10.1093/bjc/azv129

Clone S, DeHart D (2014) Social support networks of incarcerated women: types of support, sources of support, and implications for reentry. J Offender Rehabil 53(7):503–521. https://doi.org/10.1080/10509674.2014.944742

Creswell JW (2013) Qualitative inquiry & research design: Choosing among five approaches, (3rd eds.). Sage Publications, Asia-Pacific Pte. Ltd.

Day RD, Acock AC, Bahr SJ, Arditti JA (2005) Incarcerated fathers returning home to children and families: introduction to the special issue and a primer on doing research with men in prison. Fathering 2(3):183–200. https://doi.org/10.3149/fth.0203.211

Furstenberg FF (1995) Fathering in the inner city: parental participation and public policy. In: Kimmel MS, Marsiglio, M Fatherhood: Contemporary, research and social research on men and masculinities Series; 7. Sage Publications India Pvt. Ltd.

Harris YR, Harris V, Graham JA, Carpenter GJO (2010) The challenges of family reunification. In: Harris Y, Graham J, Carpenter GJO (eds) Children of incarcerated parents: Theoretical developmental and clinical issues. Springer Publishing Company, LLC, New York, NY, pp 549–594

Lavee Y, McCubbin HI, Patterson JM (1985) The double ABCX model of family stress and adaptation: an empirical test analysis of structural equations with latent variables. J Marriage Fam 47(4):811–823. https://doi.org/10.2307/352326

LaVigne NG, Visher C, Castro J (2004) Chicago prisoners' experiences returning home. Urban Institute Justice Policy Center

LaVigne NC, Brooks LE, Shollenberger TL (2007) Returning home: exploring the challenges and successes of recently released Texas prisoners. Urban Institute Justice Policy Center

Martinez DJ, Christian J (2009) The familial relationships of former prisoners: examining the link between residence and informal support mechanisms. J Contemp Ethnogr 38(2):201–224. https://doi.org/10.1177/0891241608316875

McCubbin HI, Figley C (1983) Coping with normative transitions: Vol. 2. Routledge, Taylor and Francis Group, New York, NY

McCubbin HI, Olson D, Larsen A (1996a) Family crisis oriented personal scales (F-COPES). In: McCubbin HI, Thompson AI, McCubbin MA (eds) Family assessment: resiliency, coping and adaptation: inventories for research and practice. University of Wisconsin System, pp 455–507

McCubbin MA, McCubbin HI, Thompson AI (1996b) Family hardiness index (FHI). In: McCubbin HI, Thompson AI, McCubbin MA (eds) Family assessment: resiliency, coping and adaptation: inventories for research and practice. University of Wisconsin System, pp 239–305

Naser RL, LaVigne NC (2006) Family support in the prisoner reentry process: expectations and realities. J Offender Rehabil 43(1):93–106. https://doi.org/10.1300/J076v43n01_05

Naser RL, Visher CA (2006) Family members' experiences with incarceration and reentry. West Criminol Rev 7(2):20–31

Petersilia J (2001) When prisoners return to communities: political, economic, and social consequences. Fed Probat 65(1):3–6

Petersilia J (2004) What works in prisoner reentry? Reviewing and questioning the evidence. Fed Probat 68(2). http://www.uscourts.gov/fedprob/September_2004/whatworks.html. Retrieved 16 Feb 2009
Shapiro C, Schwartz M (2001) Coming home: building on family connections. Correct Manag Q 5(3):52–60
Shollenberger TL (2009) When relatives return: Interviews with family members of returning prisoner's in Houston. Urban Institute Justice Policy Center Research Report. Urban Institute
Travis J (2001) But they all come back: rethinking prisoner reentry. Correct Manag Q 5(3):23–32
Travis J, McBride EC, Solomon AL (2005) Families left behind: the hidden costs of incarceration and reentry. Urban Institute
Western B, Braga AA, Davis J, Sirois C (2015) Stress and hardship after prison. Am J Sociol 120(5):1512–1547. https://doi.org/10.1086/681301

# Fatality Management in Crises

Scott C. Warnasch[1] and Emily Carroll[2]
[1]LLC Consulting, Bloomfield, NJ, USA
[2]MSPH, New York, NY, USA

## Synonyms

Disaster victim identification; Mass disaster response; Mass fatality management

## Definition

*Fatality Management* is the branch of a mass fatality incident response accountable for the recovery, examination, and identification of the victims, as well as attending to the immediate needs of the victims' families.

A *Mass Fatality Incident* (MFI) is any natural or manmade incident of scale or complexity, which requires special operations to recover, examine, and identify the victims.

*Chain of Custody* is the legal process of the chronological documentation of the handling, transferal, and examination of remains, evidence, and personal effects from the time of initial recovery to final disposition.

## Introduction

Mass fatality management (MFM) is a fundamental component of a mass disaster/fatality response. Though less publicly discussed prior to a disaster than other aspects of the operation, the accurate and efficient execution of fatality management will have a lasting impact on the effected communities. The success of a fatality management operation is determined by the manner in which the authorities serve the living by efficiently recovering and identifying decedents and returning their remains to their loved ones. An equally important responsibility of MFM is the dissemination of timely and accurate information to the affected families, provided in the most transparent manner possible (Jensen 1999). These tasks are technically and emotionally complex undertakings that require scientific and ethical rigor, complemented with sensitivity and compassion.

## The Basic Components and Objectives of Mass Fatality Management

Mass fatality management is comprised of a diverse set of operations that encompass a wide array of objectives ranging from the large-scale aspects of disaster response to the most intimate details of victim identification (RCPT 2012; INTERPOL 2014). MFM operational tasks are conducted by medicolegal and forensic science experts and bolstered by a variety of support teams. Regardless of the type of mass fatality incident or its location, the fundamental components of fatality management are comprised of four basic components: scene/recovery, morgue/examination, family assistance/antemortem data collection, and reconciliation/identification (Dudley 2013). The terminology of these components may vary from country to country or jurisdiction, and depending on how the jurisdictional authority is structured, these basic components may be further broken down into more specific operational modules; however, the four basic components will remain constant.

The operational tasks of any particular MFI are likely to emphasize different priorities, tactical operations, or incident-specific needs, depending on the circumstances. However, mass fatality management is directly shaped by mission objectives and guided by a standardized set of best practices (RCPT 2012; Dudley 2013; INTERPOL 2014).

## Legal Jurisdictional Authority of a Mass Fatality Incident

Mass fatality management requires a determination as to what agency or authority (local, state, regional, or federal) has jurisdiction over the decedents in a given location. The lead agency may be the local medical examiner, coroner, or equivalent; however, if the incident is geographically large, complex, or criminal in nature, it may be necessary for local authorities to relinquish responsibilities temporarily to their state or federal counterparts or to establish co-responsibilities with another jurisdictions within the region to manage aspects of the operation (RCPT 2012; Gershon et al. 2014; INTERPOL 2014).

Mass fatality incidents are typically complicated operations that require a considerable amount of coordination and communication within the jurisdictional authority's operation, as well as between it and the other branches of the disaster response. The coordination of all participating parties is paramount in ensuring that one operational priority or objective does not impede the proper execution of another (Jensen 1999). The jurisdictional authority coordinates and manages the mass fatality response operation from a central command center where all executive-level decisions are made and disseminated, as well as coordination with the other participation agencies, support entities, and the media. All components of the response operation are assisted by support teams, such as logistics, information technology, communications, transportation, health and safety, and procurement (RCPT 2012; INTERPOL 2014). In addition, a variety of ancillary incident-specific considerations, such as HAZMAT mitigation and security, may be included in the responsibilities of the mass fatality branch of a disaster response or combined with the overall incident operation. In some instances, the military or National Guard may be deployed to assist with these tasks. For a breakdown of the Incident Command and Control Systems, see INTERPOL (2014), FEMA, and RCPT (2012).

## Multiagency and International Incident Response and Investigation

Due to the ease of travel and interconnected nature of the modern world, mass fatality incidents frequently include citizens from several countries. The authorities of the country where the disaster has occurred have primary jurisdiction and responsibility for the recovery and identification of the victims. However, some level of responsibility of the fatality management operation may fall upon the nation of the foreign victims, as well as the international community, which may provide teams of specialists to assist in the operation (WHO et al. 2007; McEntire et al. 2012). This international partnership requires the participating countries to agree on common standards and practices, jurisdictional authority, and command and control arrangements, as well as communication and information management (Morgan et al. 2006; INTERPOL 2014).

If the MFI is determined to be man-made (criminal in intent or not), criminal and/or civil litigation investigations will result, and additional agencies, and possible jurisdictional authority considerations, may be necessary (INTERPOL 2014). Medicolegal systems vary from country to country, and fatality management operations may be handled as a law enforcement responsibility (e.g., by INTERPOL) or by forensic science response entities, such as the private company Kenyon International Emergency Services (Kenyon) or the US Department of Health and Human Services Disaster Mortuary Operation Response Team (DMORT 2015). INTERPOL is primarily an international police organization available to assist national police with security arrangements; it is available to respond in 190 member countries. However, in addition to

law enforcement, it can assume a crisis-management role during serious incidents and coordinate assistance through specialized incident response teams comprised of experts from various disciplines. Interpol's Command and Coordination Centre is in Lyon, France, with additional offices in Buenos Aires, Argentina, and Singapore (INTERPOL CCC). However, incidents occurring outside the USA but involving US citizens may be investigated by the Federal Bureau of Investigations Disaster Squad and supported by DMORT (FBI 2010). The investigation of incidents involving transportation systems in the USA is conducted by the National Transportation Safety Board (NTSB; DMORT 2006; Vidoli and Mundorff 2012).

## Regional Response Planning and Strategies

Although a particular local entity or agency may have jurisdictional authority over a MFI, most local jurisdictions lack the resources and expertise needed to conduct an independent MFM operation. Although the jurisdictional authority has agreements for support and advisement with county, state, and federal agencies, deploying those resources to the affected area can take time. To mitigate potential short-term insufficiencies, many local jurisdictions have developed regional response plans to pool resources and expertise and conduct regional preparedness exercises (RCPT 2012; Houston 2009).

## Quality Control, Remains Tracking, and Data Management

All aspects of MFM are reliant on accurate and detailed information upon which identifications are based. Robust quality control and data management systems are vital to the collection, collation, and matching of relevant identification data. The identification process relies on the maintenance of accurate and detailed information, beginning at the time and place of recovery and continuing throughout the entire identification process. A system for storing and tracking remains, pre- and post-examination, is necessary to ensure that all the remains have been accounted for, processed, and documented. To maintain chain-of-custody protocols, recovered victims' remains and associated personal effects are tagged using a unique numbering system as early in the process as possible. Protocols are enacted to ensure that all documentation created during the several phases of the operation are backed up and subject to strict access control.

## Postmortem Data Collection

Postmortem data collection entails the collection of detailed information pertaining to a particular decedent through investigations conducted during discovery and recovery of the remains and morgue examination. Postmortem data is a crucial component in the identification of victims, as well as determination of manner and cause of death. Postmortem information is matched with antemortem data collected from the victim's family and other close associates, which forms the basis for making an identification.

## Preliminary Scene Assessment

Rescue operations, criminal investigation, and scene hazard mitigation take precedence over remains recovery. However, situational awareness of how these operations could damage or obscure victims' remains is critical to an effective recovery response. This information is gathered firsthand by assessment teams that are deployed as early as possible to characterize the nature and scope of the incident. The assessment team is a critical resource to provide information, communicate with other agencies, and establish the medicolegal authority's presence on scene. Once on scene, the assessment team liaises with other response agencies to understand the scope and scale of the incident, identify hazards, and determine the potential number of fatalities and the condition of the remains. This information is collectively

known as the incident characterization. This information is utilized by decision makers to determine the scale and timing of the deployment of fatality management resources to support the investigation, processing, and recovery of remains and is updated as new information becomes available (INTERPOL 2005; Houston 2009; RCPGP Scene 2015).

## Scene Recovery

The primary objectives of the recovery operation are to locate, expose, document, and extract victims' remains in a manner that produces the least amount of damage, alteration, or comingling (Adams and Byrd 2008; Dirkmaat 2012). Often conducted in teams, the documentation of the decedent includes photographing and describing the condition, position, and context of the remains, mapping their location, and assigning a tracking number. Some of these activities may overlap with the larger scene investigation and may be conducted as a joint exercise with other investigative agencies. Prior to removal from the scene, each remain receives a tracking number. This tracking number supports chain-of-custody protocols that will provide quality control and ensure the location of the remains is known throughout the process, as is who is responsible for them at any given time. The tracking system may consist of tags with handwritten tracking information on paper or preprinted, bar-coded tags. In regions that lack sufficient forensic and mortuary personnel, remains recovery may be conducted by members of law enforcement, first responders, the military, and volunteers (McEntire et al. 2012). Incidents that require heavy equipment for debris removal and other tasks will necessitate the involvement of outside contractors who work directly with the forensic recovery teams.

In cases involving confirmed or potential criminal acts, the recovery and processing of human remains may extend beyond victim identification and become a critical part of a complex criminal or accident investigation (INTERPOL 2014; Vidoli and Mundorff 2012). In these situations, the scene may be placed under the jurisdiction of an investigative agency and include oversight and direction from specialists, such as post-blast, ballistic, and HAZMAT experts. The potential presence of chemical, biological, radiological, nuclear, and explosive (CBRNE) contaminants will likely add additional levels of complexity to the operation and can affect the response time, availability of resources, personal protective requirements, and subject matter experts necessary to conduct the recovery and morgue processes; this may delay the release of remains to the families.

In instances that involve significant amounts of debris and/or a high degree of remains fragmentation, recovery operations conducted using archaeological methodology and led by forensic archaeologists and anthropologists have been demonstrated to be the most thorough and effective (Mundorff 2008; Dirkmaat 2012; Warnasch 2016).

## Body Collection Points and Tracking Systems

Body collection points (BCPs) provide temporary storage for remains prior to transportation to the morgue. BCPs provide security and protection of the remains and are critical for maintaining the integrity of the tracking and chain-of-custody system. BCPs also provide a temperature-controlled environment, which can delay decomposition and extend the period in which visual identifications can be conducted.

The strategy for the storage management of recovered remains depends on several factors, including the number and condition of the victims, location of incident, climate, degree of functional infrastructure, and cultural and religious considerations of the affected population(s) (Morgan et al. 2006). In a large MFI, the number of dead will typically exceed the available storage facility; therefore, augmentation of storage resources may be necessary. Storage options include refrigerated trailers, hospital morgues, funeral parlors, or temporary burial.

## Morgue Operations

A disaster morgue is a systematic approach for collecting postmortem data on the recovered remains and where evidence and personal effects associated with the body are collected and cataloged. The morgue process consists of several sequential operations; however, depending on the scale, type of incident, and hazards, the disaster morgue's arrangement and workflow may vary. The primary forensic tasks conducted during examination are triage, evidence collection, finger/palm/foot print, anthropology, DNA, odontology, pathology, radiology, and toxicology (NIJ 2006). Photographs of each remain are taken throughout the morgue process as necessary. Operational support components include quality assurance, security, health and safety, communication, and information technology. All aspects of morgue operations are conducted in accordance with established forensic standards or best practices (RCPT 2012).

Morgues use case management systems to track and maintain control of the remains, evidence, and documentation throughout the examination, storage, and release processes. Strict access policies are enforced to ensure the integrity of the investigation, maintain the dignity of the deceased, and prevent the contamination of evidence (NIJ 2006).

Disaster morgues are established away from the scene and restrict family access. Morgues can be set up in buildings or mobile facilities, as long as they provide adequate space, sanitation facilities, and security. In the instance of an MFI affecting a large geographical area, such as the 26 December 2004 Asian tsunami, it may be necessary to establish several morgues, and BCPs, throughout the region; depending on the jurisdiction, various agencies and organizations may have a role in the disaster morgue operation (WHO et al. 2007; RCPGP Morgue 2015).

## Antemortem Data Collection

Antemortem data collection is the other half of the identification process and is conducted in a separate location apart from the morgue. Antemortem data are the descriptive and comparative attributes of a potential victim collected through family member interviews, DNA samples collected from the missing person's personal effects, and their photograph, dental records, and radiographs.

## Missing Person Call Center

The missing person call center is a centralized mechanism for individuals to report their loved ones missing or unaccounted for following an incident. The callers will provide contact information and basic descriptive information about the missing person, such as their residence, place of employment, and last known location. This information is compiled into a preliminary missing person list. A missing person report prompts a preliminary investigation to determine if that person was actually involved in the incident and, if so, will determine if the person is unharmed and alive, injured and in the hospital, or potentially deceased. The reported missing list will ultimately be vetted through these preliminary investigations, and duplicate, fraudulent, and non-incident associated names will be removed. In addition, the call center may provide contact information regarding support groups and other immediate assistance. Past incidents and call center activations have shown that for every decedent involved in an incident, there will be approximately 100 calls. This requires the call center to be scalable to handle large call volumes (RCPGP FAC 2015). For an overview of the activation and operations of a call center, please see the 7 July Review Committee Report summarizing the use of the Metropolitan Police Service Casualty Bureau Call Center following the 7 July 2005 London Bombings (Greater London Authority 2006).

## Family Assistance Center (FAC)

Family Assistance Centers (FACs) provide several functions critical to the victim identification process, as well as support to the decedent's

families (Blakeney 2002; NTSB; RCPGP FAC 2015). The FAC provides a central location for the timely dissemination of information by the jurisdictional authority to the families regarding the relevant aspects of the operations prior to release to the media. The FAC also provides a private space where antemortem interviews with family members are conducted and DNA reference samples are collected. This space is referred to in the USA as the Victim Information Center (VIC) but may have other names elsewhere. The VIC is typically set up inside a restricted area of the FAC or in a separate facility. The antemortem interviews are typically conducted jointly by law enforcement and medicolegal investigators, with the support of mental health professionals, translators, and/or chaplaincy services as requested by the family. The antemortem interview, which can last several hours, collects descriptive information about the missing person, including, but not limited to, name, aliases, race, sex, eye color, known piercings, tattoos and/or implants, or other unique physical characteristics. In addition, the family may describe jewelry, clothing, or personal items carried by the missing person. During the interview, additional materials may be requested to support the investigation and identification process, including medical records, dental records, photographs, and DNA samples (NTSB).

In addition to descriptive information collected through family interviews, other antemortem data collected includes DNA reference samples acquired from the victims' personal items, such as hairbrush or razor, as well as buccal DNA swabs from family members for kinship comparison analysis. Other medical information, such as dental records, radiographs, and fingerprints, are also collected during the identification process (INTERPOL 2014; Gill et al. 2011).

The FAC model is situational, scalable, and need based. The decision to establish an FAC depends on several factors, including the number of fatalities, the impact to the local community and larger population, the number of victims' families that do not reside in the disaster area, and the complexity of recovery and identification operations. FACs are typically established near the incident scene, but not within sight or walking distance, or at another location convenient to the impacted community. In some transportation-related incidents, FACs may be set up at the departure location, the destination location, and the incident location. As a result, potentially three jurisdictions will coordinate and work with the transportation carrier to support the families and conduct investigations.

To best serve and assist the families, FACs must consider the number and type of religions and cultural groups involved in the incident. In addition, the facilities provide professional mental health counseling to families and staff (INTERPOL 2014; Houston 2009). Support providers may be federal agency victim specialists, transportation carrier assistance teams, or local community social service providers.

## Disaster Victim Identification/ Reconciliation Center

The Disaster Victim Identification (DVI) operation consists of matching the antemortem data collected at the Victim Identification Center and the postmortem data collected at the morgue. The reconciliation process typically begins with teams of forensic specialists performing analysis to reconcile the two sets of data to produce a preliminary or presumptive identification, which is presented to an identification review group. Ultimately, it is the lead authority that makes the final determination of identification and is responsible for issuing a death certificate. In certain circumstances, when the proper evidence is at hand, a death certificate may be issued in the absence of a victim's remains. The analysis/comparison is conducted using scientific methods, or modes, comparing the antemortem and postmortem data. For incidents involving a large number of fatalities, or fragmented remains, this process can be very time-consuming and complex, and a combination of modalities may be necessary to confirm a positive identification (DMORT 2006; WHO et al. 2007; INTERPOL 2014).

A significant factor determining the complexity and length of an identification operation is if the incident involved a closed or open population

of victims. A closed population typically relates to ticketed transportation incidents that do not involve anyone besides the passengers and the crew, and therefore the identity of all victims is known, such as airline incidents. However, the identification process of an open population consists of identifying an unknown number of victims, such as in case of the World Trade Center attacks or the 2004 Asian tsunami, which, regardless of the number of victims, is an innately more complex process (WHO et al. 2007; Gill et al. 2011; INTERPOL 2014).

## Remains Release

The final stage of a mass fatality management operation is the release of the remains to the legal next of kin. Determining a victims' legal next of kin can be complicated and emotional. The handling and return of victims' remains and property to families is an exceptionally sensitive aspect of mass fatality management, and how this process is conducted will have a significant influence on how the entire operation is judged (INTERPOL 2014). Typically, once a victim has been identified, the next of kin are notified by the jurisdictional authority or specific agency, and arrangements are made to collect and transport the remains to their final disposition.

Cultural and religious considerations of the victim and their family are also important factors in the handling and timing of the release of the remains. In international incidents, release and transportation of foreign nationals' remains are typically managed by the consulate of the victim's nation of origin.

In incidents that result in high body fragmentation and prolonged complex recovery situations, additional considerations may need to be addressed, such as whether all fragments will be identified, versus just a representative of each victim, and if the latter, what will be the final disposition of the unidentified remains (Vidoli and Mundorff 2012). After the initial identification has been made, the jurisdictional authority may consider a notification system/agreement that provides family members with options regarding when and how families are notified of additionally identified remains or if they wish to continue with the notification process at all (RCPGP FAC 2015).

## Long-Term Family Management

Long-term family management is maintained until the incident's conclusion and all remains and missing persons have been identified. The continuation of services after the FAC operation has ended is the responsibility of the jurisdictional authority, local government, or investigative agency. In the event of protracted recovery and identification operations, the jurisdictional authorities must be prepared to participate in government-sanctioned efforts to support decedent families over an extended period. This support may include providing official documentation pertaining to decedent identification to produce death certificates in the absence of recovered physical remains, managing families' expectations during an extended recovery and identification process, and liaising between the family and government agencies to obtain financial support for final disposition. This may include participating in the development of a memorial strategy (RCPT 2012).

## Conclusion

The effect of a mass fatality incident takes a heavy toll on the survivors and victims' families; however, if the mass fatality management plan is conducted properly, the added anxiety, and legal and financial complications, may be significantly reduced. Conversely, a poorly conducted or incomplete recovery operation can create additional heartache and prevent emotional closure for the affected families, as well as cause mistrust and resentment among the general population.

As the frequency and magnitude of natural and manmade disasters continues to increase, the role of mass fatality management within a disaster response arena has also grown in significance. Improvements in scientific technologies and

forensic methodology, in addition to the lessons learned from past mass disaster response operations, have significantly increased the efficiency and effectiveness of the response, increasing the likelihood that all or most victims will be identified. A consensus regarding the fundamental goals and methods of mass fatality management has been established by the international community, and such responses are becoming standardized in the developed world. However, factors such as geography and resource distribution, and political and cultural differences, on local and national levels, remain significant challenges to a fully global implementation system.

## References


Adams BJ, Byrd JE (eds) (2008) Recovery, analysis, and identification of commingled human remains. Humana Press, Totowa

Blakeney RL, U.S. Department of Justice (2002) Providing relief to families after a mass fatality: roles of the medical examiner's office and the family assistance center. Office of Justice Program, Office Victims Crime. https://www.ncjrs.gov/ovc_archives/bulletins/prfmf_11_2001/188912.pdf. Accessed 11 Mar 2016

Dirkmaat D (ed) (2012) A companion to forensic anthropology. Wiley-Blackwell, Malden

DMORT (2006) DMORT standard operating procedures for National Transportation Safety Board activations. http://www.ntsb.gov/tda/TDADocuments/Mass%20Fatality%20Incident%20Family%20Assistance%20Operations.pdf. Accessed 15 Feb 2016

DMORT (2015) U.S. Department of Health and Human Services. http://www.phe.gov/preparedness/responders/ndms/teams/pages/dmort.aspx. Accessed 15 Feb 2016

Dudley MH (2013) Mass fatality management concise field guide. CRC Press, Boca Raton

FBI (2010) U.S. Federal Bureau of Investigations. https://www.fbi.gov/news/stories/2010/june/disaster-squad. Accessed 4 Apr 2016

FEMA Incident-command-system-resources. http://www.fema.gov/incident-command-system-resources Accessed 4 Apr 2016

Gershon RRM, Orr MG, Merrill JA, Chen DY, Riley HEM, Sherman MF (2014) Mass fatality preparedness among medical examiners/coroners in the United States: a cross-sectional study. BMC Public Health 14(1275). http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4320632/. Accessed 2 Apr 2016

Gill JR, Desire M, Dickerson T, Adams BJ, Turk EE (eds) (2011) The 9/11 attacks: the medicolegal investigation of the World Trade Center fatalities. In: Forensic pathology review, 6. Humana Press, New York, pp 181–195

Greater London Authority (2006) Report of the 7 July Review Committee, Greater London Authority City Hall. The Queen's Walk, More London, London, SE1 2AA. http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/05_06_06_london_bombing.pdf. Accessed 5 May 2016

Houston (2009) Houston-Galveston regional area catastrophic preparedness initiative. http://www.mchd-tx.org/uploads/2012/12/massfatalitymgmtconops_final_v2.1.r.pdf. Accessed 5 May 2016

INTERPOL (2005) Disaster victim identification – Forms: Instructions for use of the Interpol DVI form set. http://www.interpol.int/Public/DisasterVictim/Forms/Default.asp. Accessed 11 Mar 2016

INTERPOL (2014) Disaster victim guide. http://www.interpol.int/INTERPOL-expertise/Forensics/DVI-Pages/DVI-guide

INTERPOL CCC. Command coordination centre. http://www.interpol.int/INTERPOL-expertise/Command-Coordination-Centre. Accessed 11 Mar 2016

Jensen RA (1999) Mass fatality and casualty incidents: a field guide. CRC Publishing, Boca Raton

Kenyon. Kenyon International Emergency Services. http://kenyoninternational.com/team/team-members.html. Accessed 16 Mar 2016

McEntire DA, Sadiq A-A, Gupta K (2012) Unidentified bodies and mass-fatality management in Haiti: a case study of the January 2010 Earthquake with a Cross-Cultural Comparison. Int J Mass Emerg Dis 30(3) https://scholarworks.iupui.edu/bitstream/handle/1805/3390/mcentire-2012-unidentified.pdf?sequence=1

Morgan OW, Pongruk S, Perera C, Sulasmi Y, Van Alphen D, Sondorp E (2006) Mass fatality management following the South Asian Tsunami Disaster: case studies in Thailand, Indonesia, and Sri Lanka. PLoS Med 3(6):809–815. http://www.medscape.com/viewarticle/543945_1

Mundorff AZ (2008) Anthropologist-directed triage: three distinct mass fatality events involving fragmentation of human remains. In: Adams BJ, Byrd JE (eds) Recovery, analysis, and identification of commingled human remains. Humana Press, Totowa, pp 123–144

NIJ, National Institute of Justice (2006) Mass fatality incidents: a guide for human forensic identification. https://www.ncjrs.gov/pdffiles1/nij/199758.pdf

NTSB, National Transportation Safety Board. Mass fatality incident family assistance operations: recommended strategies for local and state agencies. http://www.ntsb.gov/tda/TDADocuments/Mass%20Fatality%20Incident%20Family%20Assistance%20Operations.pdf. Accessed 22 Mar 2016

RCPGP FAC (2015) Family assistance center field operating guide. Regional Catastrophic Preparedness Grant Program, New York. https://drive.google.com/folderview?id=0B-McaoU6mVR4UklGemYwN2QtTnc&usp=sharing

RCPGP Morgue (2015) Disaster morgue field operating guide, regional catastrophic preparedness grant program, New York. https://drive.google.com/folderview?id=0B-McaoU6mVR4UklGemYwN2QtTnc&usp=sharing
RCPGP Scene (2015) Disaster scene field operating guide, regional catastrophic preparedness grant program, New York. https://drive.google.com/folderview?id=0B-McaoU6mVR4UklGemYwN2QtTnc&usp=sharing
RCPT (2012) Regional catastrophic response team, NY-NJ-CT-PA regional mass fatality response plan, https://www.justice.gov/ncfs/file/451286/download
Vidoli GM, Mundorff AZ (2012) Victim fragmentation patterns and seat location supplements crash data: American Airlines flight 587. Aviat Space Environ Med 83:1–6
Warnasch SC (2016) Forensic archaeological recovery of a large-scale mass disaster scene: lessons learned from two complex recovery operations at the World Trade Center Site. Acad Forensic Sci, J Forensic Sci 61(3) http://onlinelibrary.wiley.com/doi/10.1111/jfo.2016.61.issue-3/issuetoc;jsessionid=F4D216F53C578A93D7D2018B60D365D1.f02t02
WHO, Morgan OW, Sribanditmongkol P, Perera C, Sulasmi Y, Van Alphen D, Sondorp E (2007) Forensic aspect of disaster casualty management Tsunami Victim Identification in Thailand. World Health Organization conference on health aspects of the tsunami disaster in Asia. http://www.who.int/hac/events/tsunamiconf/presentations/2_16_forensic_pongruk_doc.pdf

# Features of Italian Public Administration

Andrea Tomo
Department of Economics, Management, Institutions, University of Naples "Federico II", Naples, Italy

## Synonyms

Bureaucracy; Organization; Rules and regulations; Standardization

## Definition

Features of Italian public administration refer to high degrees of specialization (both horizontal and vertical), showing that the tasks performed by the participants may be collocated perfectly within the bureaucratic domain. According to the literature, these kinds of tasks are usually associated with a low motivation degree due to the high specialization and repetition of the activities carried out by employees. Instead, here the results from the analysis show a high degree of motivation associated with high degrees of horizontal and vertical specialization.

F

## Introduction

This short entry comments on the most recurring models per type of public administration and the overall model recurring in the Italian public administration. The discussion draws upon the results emerging from questionnaires administered to 156 Italian public servants. While the findings of these analyses are reported by Tomo (in press), in this essay the focus is set on the discussion of the models.

On these grounds, this entry offers insights into the complex and often unclear context of the public sector management, providing an in-depth analysis of the organizational features and of the activities carried out by public servants in the modern public administration. The paper is grounded in the awareness that public sector has too often shown inefficiencies despite the bloody costing measures undertaken and from manifold perspectives such as the economic (Rothstein and Downer 2012), social (Knott and Miller 2006), organizational (Meyer et al. 2014), and institutional ones (Magone 2011).

First, the discussion will focus on the features characterizing the specific types of public administration. Then, in the second section, an overall consideration will be done on the features characterizing the Italian Public Administration.

## Features per Type of Public Administration

*Central government*: By examining the characteristics emerging from the analysis, the resulting

model reflects perfectly the NPM features. Indeed, the findings support a great focus on performance as the priority, monetary incentives, a high formalization degree, and developed role for employees, in line with the principles introduced by the NPM approach.

*Local government*: In contrast to the first model, here it is possible to find the features of the classical bureaucracy. In this case, the priority is set on the attention to rules. Additionally, the features characterizing the Italian local government are high horizontal and vertical specialization degree. Along with this, a low degree of motivation emerges between the local government employees, thus confirming the general statement that the bureaucratic model is associated to a low motivation degree. This result might be commented on considering that local governments are characterized by highly standardized and repetitive tasks oriented toward providing basic services to the citizenship. Standardization, on the one hand, facilitates the response to massive request of similar services. Instead, on the other hand, since local governments are much more close to the citizenship than other public administrations, standardization may represent an hurdle to the request of differentiated and personalized services. This represents a critical issue to be debated, especially taking into account the increasing degree of complexity that characterizes the modern society, often connected to the need to find customized solutions for citizens/customers/stakeholders.

*Health and social care institutions*: here, the prevailing orientation is toward customer satisfaction and career development as the main incentive to improve employees' motivation. This confirms the adoption of the professional bureaucracy model.

*Education and research institutes*: these public administrations interestingly show some features that might be labeled in a model to be defined as anarchy, despite their employees report high degrees of motivation. These results could be commented in association with the fact that Italian institutions in these fields suffer from the assignment of low budgets to their activities; thus, employees working in these institutions require high degrees of intrinsic motivation to carry out their activities and develop a flexible way of working and reasoning that might help them to overcome the highly formal and staid bureaucratic procedures, thus resulting in a sort of anarchy.

*Social insurance institutions:* this type of public administration proved to be the most informal, as findings support the adoption of a participative managerial style, a high motivation degree, and a motivation incentive represented by the presence of informal leadership. This result is, at least, surprising, since it is expected that this kind of public administration is strongly characterized by bureaucratic features.

## An Analysis of the Italian Public Administration

Aiming at understanding also what may be the features characterizing overall the Italian public administration, Mintzberg's (1979) specialization matrix was applied to determine whether Weber's (1922) statement about the high specialization degree associated with the bureaucratic model occurs in the specific case analyzed. On this basis tasks' characteristics, as they emerged from the participants' answers about their tasks' specialization degrees, were analyzed. The results from the analysis show high degrees of specialization (both horizontal and vertical), thus confirming that the tasks performed by the participants may be collocated perfectly within the bureaucratic domain.

According to the literature, these kinds of tasks are usually associated with a low motivation degree due to the high specialization and repetition of the activities carried out by employees. Instead, here it has been considered what stated by Merton (1940) on the fact that bureaucrats took pride in their craft, which leads them to resist changes in established routines. The results from the analysis are perfectly in line with this claim, showing a high degree of motivation associated with high degrees of horizontal and vertical

specialization. On this ground, it could be argued that Italian public employees are "happy bureaucrats": they are strongly motivated by performing highly standardized tasks with low responsibilities, by the presence of monetary incentives and by having career development possibilities.

Along with these results, another interesting discussion emerges considering the conflict degree: by cumulating the percentages associated with the higher degrees, an overall percentage of 87% emerged, indicating a very high degree of conflict occurring within the observed public administrations. These data, associated with the desire expressed by 88% of the participants for a different managerial/leadership style that is much more oriented toward a participative one, produce an issue related to the low degree of involvement of employees in the processes and a negative organizational climate. This is also confirmed by the answers given by the participants about conflict resolution, in which 50% indicated the need for shared targets and 19% reported the need to create a positive organizational climate.

Again, the fact that, in reporting which kind of style/organizational model is adopted within their administrations, 33% of the participants indicated "anarchy" shows that Italian public administrations are often characterized by the absence of a well-structured organizational model, with no clear attribution of roles and responsibilities, as highlighted by 27% of the participants when asked which kind of interventions they imagined in the formalization degree.

The findings from this analysis support the conclusion that two faces of the Italian public administration exist: on one hand, employees are "happy bureaucrats," strongly motivated, despite repetitive and standardized tasks, by monetary incentives and strongly convinced to maintain the *status quo*, as assumed by Merton (1940) and as revealed by the high percentages of participants not reporting/proposing solutions to solve problems related to the specialization and formalization degrees. This result might be commented on by the fact that the introduction of the NPM principles has probably only led to employees' target displacement from the rules to the achievement of personal targets related to monetary incentives.

On the other hand, there are employees working in contexts in which anarchy is the most recurring organizational model, with no clear attribution of roles and responsibilities and no employee involvement.

Considering the results produced by this analysis, it seems that in Italy the reform led by the NPM principles during the 1990s has never been completed. The NPM principles have only been applied partially to some aspects of the public service provision process, while it appears that managers and employees are still rooted in the ancient bureaucratic way of thinking, operating, and behaving. Indeed, they reported to be "happy," despite being entrapped in standardized and repetitive tasks: results support the conclusion that the NPM introduction of monetary incentives, related to the achievement of specific targets, is a sufficient reward and motivating factor for Italian public servants.

On this basis, the results from this analysis show that a decoupling is taking place between theory and practice. In fact, while most of the literature suggests that employees carrying out repetitive tasks suffer from turnover, alienation, and low motivation, in practice, at least in the case analyzed, we are closer to what stated by Merton (1940) on the fact that bureaucrats took pride in their craft and resist to the changes in their established routines. In the Italian case, employees show a high degree of motivation, as it seems that they are defending the *status quo* that allows "having more by doing less."

Surely, an action that the Italian Government should consider taking is related to a tentative to reduce the excessive regulations, which often create overlapping laws and confusing situations, for which public employees themselves have no instruments to find solutions.

Then, the fact that many of the participants spontaneously indicated "anarchy" as the "organizational model" operating in their administration shows that the Italian Government needs to rethink the way in which public administrations are organized and managed, especially in

consideration of the fact that 27% of the participants highlighted no clear attribution of roles and responsibilities within their administrations.

The results obtained from the questionnaires confirm that the core problem to be faced within public administrations is related to the lack of an organizational culture oriented toward managing the public in the public interest and not in the interest of managers and employees trying to attain personal performance rewards. Thus, a suggestion for future research is to provide more in-depth analyses of the individual and behavioral dimensions to assure that managers' and employees' behaviors are in line with the development of a different culture that should then improve the way in which public administrations are managed and organized to pursue the public interest. Additionally, future research might provide a more in-depth analysis on the reasons behind the rise of the "anarchic" model in the Italian context.

Manifold interesting implications emerge from the present study. First, it contributes to the literature on public management by providing an advance in the discussion on bureaucratic and post-bureaucratic models. Second, it suggests that there is a need to pay much more attention to the individual and behavioral analysis, both in studying and in managing public administrations. It builds a discussion on issues that may support the development of solutions to improve operational management and perform a better change management in the public sector: if the awareness about the abovementioned dimensions is also raised in the public sector domain, it will be possible to develop better organizational models that balance the satisfaction of public stakeholders and the respect of the principles of performance and efficiency. Third, despite the Italian setting may represent a peculiar case, this study contributes in giving insights in one of the countries belonging to the group of Continental European countries – especially those in the Southern area – less regarded and still under-investigated by the literature.

## Cross-References

► Governance

## References

Knott JH, Miller GJ (2006) Social welfare, corruption and credibility. Public Manage Rev 8(2):227–252. https://doi.org/10.1080/14719030600587455

Magone JM (2011) The difficult transformation of state and public administration in Portugal. Europeanization and the persistence of neo-patrimonialism. Public Adm 89(3):756–782. https://doi.org/10.1111/j.1467-9299.2011.01913.x

Merton RK (1940) Bureaucratic structure and personality. Social Forces 18(4):560–568. https://doi.org/10.2307/2570634

Meyer RE, Egger-Peitler I, Höllerer MA, Hammerschmid G (2014) Of bureaucrats and passionate public managers: institutional logics, executive identities, and public service motivation. Public Adm 92(4):861–885. https://doi.org/10.1111/j.1467-9299.2012.02105.x

Mintzberg H (1979) The structuring of organizations. Prentice Hall, Englewood Cliffs

Rothstein H, Downer J (2012) 'Renewing defra': exploring the emergence of risk-based policymaking in UK central government. Public Adm 90(3):781–799. https://doi.org/10.1111/j.1467-9299.2011.01999.x

Tomo A (in press) Bureaucracy, post-bureaucracy, or anarchy? Evidence from the Italian public administration. Int J Public Adm. https://doi.org/10.1080/01900692.2018.1485045

Weber M (1922) Economy and society. University of California Press, Berkeley

# Federal Criminal Appeal Process and Social Policy

Randy L. T. Jacobs
Department of Public Policy and Administration, Jackson State University, Jackson, MS, USA

## Definition

Adjudicate: To make a formal judgment or decision about a problem or disputed matter, particularly in a court of law.

Right of appeal: An appeal may be granted as a matter of right, such as from a trial court to an intermediate appellate court or only at the discretion of a superior appellate court.

Jurisprudence: A legal system.

Majority opinion: A judicial opinion agreed to by more than half of the members of the court.

A majority opinion sets forth the decision of the court and an explanation of the rationale behind the court's decision.

Dissenting opinion: An opinion in a legal case in certain legal systems written by one or more judges expressing disagreement with the majority opinion of the court which gives rise to its judgment.

Habeas corpus: A writ requiring a person under arrest to be brought before a judge or into court, especially to secure the person's release unless lawful grounds are shown for their detention.

Writ: A form of written command in the name of a court or other legal authority to act or abstain from acting.

Writ of certiorari: Orders a lower court to deliver its record in a case so that the higher court may review it, at its discretion.

Writ of error: A writ issued by an appellate court to the court of record where a case was tried, requiring that the record of the trial be sent to the appellate court for examination of alleged errors.

En banc: A session in which a case is heard before all the judges of a court (before the entire bench) rather than by a panel of judges selected from them.

Verdict: A decision on a disputed issue in a civil or criminal case or an inquest.

Concurring opinion: An opinion written when a Supreme Court Justice agrees with the majority of the court on the final result, but not on one or more point.

## Introduction

Courts of appeal have existed for centuries. Hammurabi, of the first dynasty of Babylon, and his governors, served as the final Supreme Court of Appeal of Babylon (Dellapenna and Gupta 2009). Ancient Roman law provided for an intricate formally ranked system of courts of appeal, in which some appeals were heard by the emperor (DuPlessis 2015). Courts of appeal existed in Japan from at least 1185 CE; Kamakura Shogunate established the final Supreme Court of Appeal of Japan, known as hikitsuke (Bowman 2013). During the eighteenth century, William Blackstone noted in his Commentaries on the Law of England that during the reign of Edward III of England, courts of appeal existed as a form of error rectification in the common law (Blackstone 1769).

Although courts of appeal existed in many forms throughout history, the right of appeal was fairly recently integrated into criminal jurisprudence. For illustration, the United States first established a system of federal courts of appeal in 1789, but a federal right to appeal was not created until the Congress passed the Judiciary Act of 1879, which authorized appeals in capital cases (Marshall 2011). However, it was not until 1891 that the right to appeal was expanded to include all criminal cases (Levenson 2017). This chapter will explore the development and function of the federal criminal appeal process.

## Federal Criminal Appeal Process as a Social Policy

The losing party in a judgment by a federal criminal district court, in general, has a right to appeal the judgment to the next highest court, which is usually the US Circuit Court of Appeals. However, the prosecutor has no right to appeal a verdict of not guilty but may appeal the sentence. The defendant, on the other hand, has the right to appeal the conviction and the sentence.

The party who files the appeal is the appellant. The appellant has the burden of proof. The appellant must demonstrate to the US Circuit Court of Appeals that the federal district made a substantial legal error, which affected the judgment in the case. The party in opposition to the appeal is the appellee. The appellee must demonstrate that the federal district court was accurate in its judgment or why any alleged error was not substantial and did not affect the judgment in the case.

### Criminal Appeal Basics

An appeal of a federal criminal conviction is a review of the record of federal district court's trial procedure and judgment for error. The US Circuit Court of Appeals may only review the federal

district court's record and cannot consider new trial evidence. The record is a detailed account of the district court proceedings, which includes the court reporter's transcripts and any exhibits or documents entered into evidence.

The appellant must file a brief or written explanation of the errors alleged to have occurred during the trial proceedings. The appellee must also file a brief confuting the alleged error or demonstrating that the alleged error was not substantial. In rebutting the appeal, the appellee contends that federal district court was accurate in its judgment; thus, the conviction and sentence should be upheld.

### Winning an Appeal

Winning an appeal is notoriously difficult, primarily for two reasons. Firstly, the US Circuit Courts of Appeals are decidedly deferential to the judgment of the lower federal district courts, except in cases in which the errors and/or judgments of the lower federal district court are egregious. Secondly, as stated above, the burden of proof is on the appellant to prove that an error occurred and that the error was substantial. Errors that do not impinge on the substantial rights of the appellant are disregarded as harmless error.

### Number of Appeals Overview

As a general rule, the final judgment of a lower district may only be appealed once to the next higher court. Therefore, the total number of appeals is dependent upon the total number of superior courts to the lower district court, which rendered the judgment. The first appeal is the "appeal as of right" (Levenson 2017). The "appeal as of right" entitles the appellant to the assistance of counsel (Levenson 2017).

### Steps in Filing a Timely Appeal: File the Notice of Appeal

Filing an appeal is ordinarily a two-step process. Firstly, file the notice of appeal within 10 days from the date of the filing of the district court's judgment (Levenson 2017). The notice of appeal is filed with the lower district court, which simply notifies the lower district court that the defendant is appealing the case. The US Circuit Court of Appeals may not consider an appeal, if the lower district court has not received timely notice of appeal. Secondly, file the appellate brief with the US Circuit Court of Appeals. As stated above, the appellate brief will allege that substantial error occurred during the trial at lower district court. The appellate brief will include the lower district court's trial record as evidence of the occurrence of the substantial error.

### Grounds for Appeal

Assuming that the error in the trial of the lower district court was substantial, there are four general justifications for appeal:

1. The lower district court made a substantial error of law.
2. The weight of the evidence does not support a guilty verdict.
3. The lower district court abused its discretion in making an erroneous ruling.
4. A claim of ineffective assistance of counsel, under the Sixth Amendment.

### How the Appeal Is Decided

The federal criminal appeal is decided by US Circuit Court of Appeals, which consists of a panel of three judges. As stated above, the US Circuit Court of Appeals may not entertain evidence or hear witness testimony not presented during trial at the lower district court. The judges must make their decision regarding the appeal based solely on the written record of the trial court proceedings, the appellate briefs, and oral arguments, if allowed.

The three judges will then meet and vote on the verdict. One of the three judges will write a majority opinion of the court, announcing the verdict and explaining the rationale for the verdict. If the vote on the verdict is not agreed to by all three the judges, the judge in disagreement may write a dissenting opinion, explicating his or her rationale for disagreeing with the majority of the court. The appellate court may:

1. Uphold or affirm the lower federal district decision, meaning the lower court's decision will stand.

2. Reverse or overturn the lower federal district court decision, meaning the argument of the appellant was successful; there was substantial error in the lower district court's trial proceedings.
3. Send the case back to the lower district court for supplementary action or a new trial.

Ordinarily, the ruling of the US Circuit of Appeals is final; however, on occasion, the appellee or appellant may request a rehearing of the case en banc, which is a rehearing of the case by all judges of the court of appeals in that circuit (Levenson 2017). If the en banc request is permitted, the three-judge panel verdict is removed from the appellate record, and the verdict of the en banc court will replace it (Levenson 2017).

The appellee and the appellant also have the right to appeal the decision of the US Circuit Court of Appeals to the US Supreme Court. However, the Supreme Court, unlike the appellate court, is not obligated to hear all cases. Similar to filing an appeal at the US Circuit Court of Appeals, the appellant will file a petition for writ of certiorari, at the US Supreme Court (Levenson 2017). A "grant of cert" indicates that the Supreme Court will hear the case (Levenson 2017). Also, unlike the three-judge panel at the US Circuit Court of Appeals, all nine justices of the US Supreme Court will hear the case and participate in the deliberation of the final decision or verdict, unless a justice recues themselves, due to a conflict of interest. The chief justice of the Court will appoint a justice to write the majority opinion of the court. The majority opinion announces the verdict of the court and explains the Court's rationale in reaching the verdict. If the verdict is not unanimous, a justice in disagreement with the majority of the Court may write a dissenting opinion, in which he or she explains the rationale for disagreeing. Any remaining justices may join in the dissenting opinion, join in the majority opinion, or write a concurring opinion. A justice writing a concurring opinion agrees with the final verdict but not the rationale for the final verdict. In the atypical occurrence of a tie vote or if the Supreme Court does not "grant cert," the decision of the US Circuit Court of Appeals stands.

## History and Evolution

### An Overview of the History of Federal Criminal Appeal Process

The federal judiciary system is comprised of lower district courts, intermediary circuit courts of appeal, and the Supreme Court of the United States. Federal criminal cases are decided in the lower district courts, and either party has the right to appeal that decision to the circuit courts of appeal and ultimately to the Supreme Court of the United States. Several legal scholars contend that the right to appeal from lower federal district courts to circuit courts of appeal and to the Supreme Court is a "substantive liberty interest"; however, for more than one hundred years of the establishment of the federal court system, there was no federal legislative or constitutional right to appeal in criminal jurisprudence (Stein 1986).

The Judiciary Act of 1789 established the appellate jurisdiction of the US Supreme Court. The Judiciary Act of 1789 authorized the Supreme Court to review writs of error of judgments in civil cases, in which the "matter in controversy exceeds $2,000 in value (Rossman 1990). The Judiciary Act of 1789 did not authorize the Supreme Court to review writs of error in federal criminal cases but it also did not explicitly prevent the Supreme Court from reviewing writs of error in federal criminal cases. Therefore, whether appellants may attain writs of error in federal criminal cases was an unsettled question. However, that uncertainty was resolved in 1805, when a writ of error for a federal criminal conviction came before the Supreme Court. In *United States v. Moore*, John Mason, the appellant, argued that Article III Section 2 of the United States Constitution authorized Supreme Court appellate jurisdiction in all cases of law, subject only to Congress' explicit exceptions (Rossman 1990). Thus, Mason's position was that, the Supreme Court had appellate jurisdiction in both civil and criminal cases, because congress did not explicitly exempt appellate criminal jurisdiction from the Supreme Court.

Moreover, Mason argued, that fourteenth section of the Judiciary Act of 1789, authorized the Supreme Court to issue writs of error in federal criminal cases (Rossman 1990). The Fourteenth Section of the Judiciary Act of 1789 provides that, federal courts have authority to issue all writs "necessary for the exercise of their respective jurisdictions. . ." (Judiciary Act of Sept. 24 1789, ch. 20, sec 14, 1 Stat.8). However, the Supreme Court denied the writ of error, in *United States v. Moore*; Chief Justice Marshall, writing the majority opinion of the court, based the opinion wholly on an interpretation of Section 22 of the Judiciary Act of 1789, which concerns the Supreme Court's authority to issue writs in federal civil cases. Marshall interpreted the grant of authority to issue writs in federal civil cases in Section 22 of the Judiciary Act of 1789, to connote that the Congress did not intend to grant the Supreme Court authority to issue writs of error in federal criminal cases (Rossman 1990). Therefore, after *United States v. Moore*, federal writs of error in all federal courts, including the Supreme Court, were limited to federal civil court cases only.

This limitation on the appellate jurisdiction of federal courts continued until March 3, 1879, when the Congress created a federal legislative right to appeal federal criminal convictions from the federal district courts to the federal circuit courts of appeal (Rossman 1990). Later, the Congress passed the Evarts Act of 1891, which established a federal legislative right to appeal criminal convictions in capital cases or "otherwise infamous crimes" to the US Supreme Court. The Supreme Court construed "otherwise infamous crimes" to mean "all cases in which a penalty of imprisonment was possible" (Levenson 2017).

Although the Congress passed legislation to authorize appeal in federal criminal jurisprudence, this legislation did not create a constitutional or absolute right to appeal federal criminal convictions. This fact was illustrated in the majority opinion of *McKane v. Durston*, a 1894 habeas corpus case; the Court stated "an appeal from a judgment of conviction is not a matter of absolute right, independently of constitutional or statutory provisions allowing such appeal. . .a review by an appellate court of the final judgment in a criminal case. . .was not at common-law and is not now a necessary element of due process of law" (Mckane v. Durston 153 U.S. 684). The Court affirmed its holding in *McKane* in *Jones v. Barnes*, a 1983 habeas corpus case; the Court declared that "there is, of course, no constitutional right to an appeal" (Jones v. Barnes 463 U.S. 745 1983).

Therefore, a review of the legislative history of the Congress and federal law jurisprudence reveals that the right to appeal a federal criminal conviction is a not a constitutional right and it is not a necessary element of the due process of law. The right to appeal a federal criminal conviction is a legislative right, created by the Congress and slowly developed over time. It is indubitable that the original design for the federal court system did not include a right to appeal federal criminal convictions.

## Conclusion

The United States first established a system of federal courts of appeal in 1789, but a federal right to appeal a criminal conviction from federal district courts to the US Circuit Court of Appeals was not established until March 3, 1879 (Rossman 1990). Later, the Congress passed the Evarts Act of 1891, which established a federal legislative right of direct Supreme Court review of capital cases or otherwise infamous crimes (Kane and Wright 2002). Although the Congress passed legislation to authorize appeal in federal criminal jurisprudence, this legislation did not create a constitutional or absolute right to appeal federal criminal convictions.

Through federal legislation, the losing party in a judgment by a federal district court has a right to appeal the judgment to the US Circuit Court of Appeals. The party who files the appeal is known as the appellant, which has the burden of proof. The appellant must demonstrate to the US Circuit Court of Appeals that the federal district made a substantial legal error, which affected the

judgment in the case. The party opposing the appeal is known as the appellee. The appellee must demonstrate that the federal district court was accurate in its judgment or why any alleged error was not substantial and did not affect the judgment in the case.

Ordinarily, the ruling of the US Circuit of Appeals is final; however, every now and then, the appellee or appellant may request a rehearing of the case en banc, which is a rehearing of the case by all judges of the court of appeals in that circuit (Levenson 2017). If the request is granted, the three-judge panel verdict is vacated from the appellate record and the verdict of the court en banc is entered.

The appellee and the appellant also have the right to appeal the decision of the US Court of Appeals to the US Supreme Court. In the atypical occurrence of a tie vote or if the Supreme Court does not "grant cert," the decision of the appellate court stands.

The federal right to appeal a federal criminal conviction is a legislative right, not an absolute right or constitutional right. It is indubitable that the original design for the federal court system did not include a right to appeal federal criminal convictions. However, a review of federal criminal convictions has become a mandatory attribute of federal law jurisprudence.

## References

Blackstone W Sir (1765–1769) Commentaries on the laws of England 4V. Printed at the Clarendon Press, Oxford

Bowman JS (2013) Columbia chronologies of Asian history and culture. Columbia University Press, New York

Dellapenna JW, Gupta J (2009) The evolution of the law and politics of water, vol 29. Springer, New York

DuPlessis P (2015) Borkowski's textbook on rowan law, vol 82. Oxford University Press, New York

Jones v. Barnes 463 U.S. 745 (1983)

Judiciary Act of September 24 (1789) ch. 20 sec 14, 1 Stat.8

Kane MK, Wright AC (2002) Law of federal courts. West Group, St. Paul

Levenson LL (2017) Federal criminal rules handbook, 2017th edn. Thomas West, Eagan

Marshall PD (2011) A comparative analysis of the right to appeal. Duke J Comp Int Law 22(1):1

Mckane v. Durston 153 U.S. 684 (1894)

Rossman D (1990) Were there no appeal: the history of review in American criminal court. J Law Criminol 81(3)

Stein G (1986) Expanding as per the process rights of indigent litigants: will texaco trickle down? 61 NYUL Rev 463:487–488

# Federal Executive Management

Robert F. Durant
Professor Emeritus American University, Washington, DC, USA

## Synonyms

Administrative presidency; Bureaucratic pathologies; Compensatory state; Contracting; Ecology of public administration and public management; Entitlements; Executive leadership; Federal budgeting; Federal personnel administration; Fiscal stress; Information technology; Insourcing; Institutions; Interest groups; Leadership skills; National political context; Pressures for agency change; Social media; Tides of administrative reform

The order in which state bureaucracies and democracy occur in nations has a tremendous impact on political development. Approximately 2,200 years ago, the Ch'in dynasty (221–206 BCE) created a centralized unitary state in China, and the subsequent Western Han dynasty (206 BCE–9 CE) introduced a civil service and examination system to guide it (Raadschelders 1998). Both occurred long before any effort at democracy. Consistent with Confucian principles of hierarchy, the state was to be run by a cadre of meritorious elites, defined – and selected by civil service exam – as those steeped through education in the history and culture of China. In today's vernacular, these elite mandarins in nondemocratic societies were generalists rather than specialists.

Centuries later, European nations (Austria-Hungary, France, Prussia, and, later, Germany under Bismarck) and the British took a similar perspective, the former emphasizing elite legal expertise and the latter a general liberal arts education. Members of the Parliament could hold both elected office and be ministers in the government, thus centralizing rather than diffusing state power. Elite schools of public administration were also established to lead and staff the career civil service (e.g., the École Nationale d'Administration in France and the University of Oxford and the University of Cambridge, or "Oxbridge," in Great Britain).

In contrast, a decidedly different pattern emerged and evolved in the United States, where democracy (albeit flawed) evolved largely before the creation of a national state bureaucracy. Reflecting its democratic heritage, state power was defused in the American system of separate institutions sharing power, checks and balances, a bicameral Congress, and federalism. Moreover, the constitution precluded anyone from simultaneously holding a seat in Congress and in the executive branch of government. Nor initially was the federal bureaucracy seen as vital to governance. During the eighteenth century and most of the nineteenth century, positions in the bureaucracy were seen as the property of the white male socioeconomic elite and, subsequently, as succor to be doled out by political parties on the basis of loyalty. It was only in the late eighteenth century and early twentieth century that the idea of merit gradually took hold. In 1883, Congress enacted the Civil Service Act, and in 1887, future US President Woodrow Wilson called for borrowing European principles of administration and applying them to government agencies. Likewise, the idea of running government bureaucracies on business principles after decades of corruption and inefficiency informed the reform agenda of the early progressives in America (1887–1920).

As the federal government grew in size in the twentieth century and Congress granted greater discretion for making policy to federal agencies, further calls ensued for shifting power from the Congress to the executive branch. However, Congress also tried to increase its ability to hold the federal bureaucracy accountable for its actions by creating the Administrative Procedure Act of 1946, forming permanent legislative oversight committees and exercising its traditional power of the purse. Also unlike in Europe, preparation for the public service started early as in-house training, then continued as hands-on training in bureaus of public administration, and later carried into university curricula. Moreover, no single elite school was created to prepare students for public service, and today, nearly 280 universities offer various degrees for these purposes. Additionally, a variety of professions (e.g., law, engineering, social work) enter the federal service without any formal education in public administration.

Americans also have tended to have less respect for, and deference to, the judgments of the federal bureaucracy than citizens in parliamentary systems. This stems partly from the nation's founding experience, premised as it was on the abuses of Britain's colonial administrators as they implemented the King's policies. Yet it was also, again, a product of democracy preceding the founding of a national state apparatus in America, as well as Americans' self-conception of their nation as a commercial republic premised on individualism, limited government, minimal intervention in markets, and volunteerism. This self-conception has resulted in efforts to limit the visible size of government by relying on American states, the private sector, and nonprofits to do what state agencies in Europe typically have done directly. It has also meant that the United States has exhibited much more of a reliance on regulation of business, as well as on the federal courts, to refine over time the interpretation of the substance and scope of federal power.

What each of these nations *has* effectively agreed on by their actions is the centrality of public management to good governance. In the United States, as new public problems are identified, the size of federal bureaucracy has changed, as have both the nature of federal agency responsibilities and the levels of professionalization needed to fulfill them. As late as the 1930s, the federal spending was less than 3% of the US gross national product (GDP). In 2014, it was approximately 20% of GDP, after peaking in 2011 at 24%.

The historical average since 1963 has been approximately 19%.

Today, the federal government has approximately 180 agencies that have produced more than 170,000 pages in the Code of Federal Regulations. Annually, anywhere from 2,500 to 4,500, rules are issued by regulatory agencies. Significant enough in their own right, these rules require further interpretation by agency managers. The two most common approaches involve the use of (1) "guidance documents" (or "interpretations") from the Office of Management and Budget to agencies and from agencies to regional offices and (2) "compliance manuals." The former advise agencies on how to interpret regulations for regulatory targets, while the latter tell enforcement personnel how to do their jobs. Importantly, each changes over time to reflect White House priorities.

Although the reach of government has expanded significantly, the federal workforce has not. Currently, approximately two million individuals are employed in the civilian workforce, excluding the 500,000 persons who work for the US Postal Service and undisclosed staff levels for national security agencies such as the Central Intelligence Agency. In the past decade, federal employment has increased by some 200,000, with the most expansion in national security agencies. Over the past half-century, however, the number of federal employees has been flat, while federal spending has quintupled. In 2015, both houses of Congress included provisions to shrink the size of the federal civilian workforce even further. In the process, many former federal responsibilities have been further pushed upward to international bodies, downward to states and localities, and outward to the private and nonprofit sectors.

At the same time, the nature of the responsibilities of federal agencies has changed. Prior to the 1960s, federal agencies not involved in regulation or national defense were involved in the direct delivery to citizens of goods, services, and opportunities. In contrast, today's federal civilian workforce functions in four major areas: determining and allocating subsidies, transferring money to state and local governments intergovernmentally, allocating and monitoring grants and contracts to private and nonprofit actors, and regulating business (DiIulio 2014).

Consequently, the federal workforce today is much more highly professionalized than in the mid-twentieth century, as well as relative to the private workforce (making salary comparisons a tricky proposition). It is also much more appropriately characterized as a "plural" civil service system rather than a unitary one. As the inflexibility of federal civil service regulations has become clear, many agencies and job categories have relied on an exempted service to meet their needs. Merit principles are in effect, but hiring, salary, and special needs adjustments are made (e.g., in the State Department and the Central Intelligence Agency).

With federal agencies wielding various kinds of policymaking authorities, holding them accountable for their actions is imperative. Partly, again, because democracy preceded the building of a centralized bureaucratic state in America, federal agencies have historically been viewed as "tools" or "instruments" of elective officials (Cook 2014). This has happened despite their performing an essential policymaking role in governance as they implement often vague, ambiguous, and contradictory federal statutes.

Major efforts have occurred in the twentieth and twenty-first centuries to "control" the discretion of civil servants in federal agencies. Some have been initiated by presidents (e.g., the Budget and Accounting Act of 1921, the two Hoover Commissions in 1948 and 1952, and President G.W. Bush's President's Management Agenda [PMA], with its accompanying focus on the Performance Assessment Rating Tool or PART), others by Congress (e.g., the Government Performance and Results Act [GPRA] of 1993 and the Chief Financial Officers Act of 1990), and still others jointly. If reformers do not like the way federal agencies are exercising their discretionary authority, the "solution" tends to be more bureaucracy, more astutely applied, and achieved in a dysfunctional "one-size-fits-all" approach. Alternatively, various federal activities are contracted to private or nonprofit actors or devolved to the states.

The rationales for federal administrative reform typically fall into four categories (Light 2006). Some – such as the Budget and Accounting Act of 1921 and the Clinger–Cohen Act of 1996 creating chief information officers in agencies – have been heralded as focused on achieving greater efficiency and effectiveness through the application of scientific management and information technology principles. Others – such as the Whistleblower Protection Act of 1989, the recommendations of the Ash Council and the Grace Commission in the 1970s and 1980s, and various federal reorganization plans over the decades – claim to focus on gaining economy (less spending); reducing waste, fraud, and abuse in agencies; or eliminating overlap and duplication of federal agencies or programs. Still others – such as the Legislative Reorganization Act of 1949 (and its successors), the Inspector General Act of 1978, the Chief Financial Officers Act, and the Congressional Review Act of 1996 – are justified as enhancing the transparency of agency operations to congressional and presidential oversight. A number – such as "reinventing government" in the 1990s and, as noted, the PMA and PART – aim at enhancing agencies' performance by evaluating them on their commitment to strategic planning and policy outcomes or "results."

Fundamentally, however, most reform movements are animated by considerations of power, access, and influence. As one scholar famously asked, "Whose bureaucracy is this, anyway?" (Rourke 1993), because both members of Congress and presidents seek to influence the ways in which federal agencies exercise the discretion granted to them by statutes. With the political and material stakes of these decisions often substantial, the federal bureaucracy as a whole becomes a battleground for control between the White House and the Congress, with the federal courts called on to resolve many of the disputes that arise between them.

Challenging enough as a context for federal executives trying to lead or manage these agencies while remaining responsive to multiple elected officials, interest groups, and competing values, they must do so today amidst a political zeitgeist that demeans public service and that favors such things as federal pay freezes, benefit cuts, restraints on collective bargaining, and at-will employment. Meanwhile, federal executives – alone or in cross-sectoral networks – must deal with the stop-and-go nature, uncertainties, and disruptions of the congressional budgeting process. Always difficult, this situation has been complicated further in recent years by repeated threats to shut down the federal government for various political causes (e.g., debt-ceiling limits and Planned Parenthood funding).

As such, this "compensatory" state (Eisner 2000) – a state wherein federal agencies must rely on "third-party" actors to fulfill their legislative mandates – creates a situation where federal executives must learn to "network in the shadow" of inflexible rules and "stovepiped" federal bureaucracies (Scharpf 1997). In terms of inflexibility, for example, rules for receiving intergovernmental categorical grants often make it hard, if not impossible, for agencies at all levels of government to address public problems effectively. Stovepiping is the tendency for agencies and programs within and across the federal government to become insular in their thinking, to hoard information, to reject policy ideas developed by other agencies, and to resist working with other government agencies. These "bureaupathologies" are the product of a series of perverse incentives, including a congressional oversight process that focuses on individual programs, a federal budgeting process that pits agencies and programs against each other in a zero-sum competition for resources and influence, and the risks of being held accountable for outcomes they cannot control or that are performed by agency partners.

Collectively, these interrelated long-term trends show no signs of abating in the near term. Consequently, they pose significant challenges, choices, and opportunities for federal executive management in the years to come. Particularly noteworthy are the prospects for the perdurability of toxic ideological politics, a cacophony of competing interest groups in issue networks, a competing set of institutional overseers seeking responsive competence rather than neutral competence, long-term financial and human capital resource constraints, the need for civil service

system reform, and a Janus-faced information technology (IT), cybersecurity, and social media environment. These will produce persistent pressures for major federal management reforms and will require federal management leaders to hone several skill sets. Historically, the responsibilities, skill sets, and normative criteria for federal executive management have departed substantially from those of private sector executive management. Over the past three decades, and likely to continue into the future, there has been a concerted effort to apply the latest business innovations to government agencies, as well as to their nonprofit sector partners. This "logic of business," however, often runs directly into the realpolitik of differences in executive management between the private and public sectors.

## The Perdurability of Toxic Politics

Today, many rue the legislative gridlock that a de facto "responsible party" system has wrought. The development of ideological parties with distinct programs and priorities has occurred without a commensurate change in the institutional structure of our Madisonian system of separate institutions sharing power, checks and balances, bicameral legislatures, and federalism. We are left with European-style parliamentary parties unwilling to compromise on their defining issues but operating in a Madisonian system where compromise is usually necessary to get anything done (Mann and Ornstein 2012).

Further reinforcing this tendency are residence patterns in the nation today. Researchers find that the American electorate has "sorted itself out" geographically, with those sharing social, political, and economic views clustering together. Not only do they then vote in similarly striking ways, but they tend to avoid contact with others holding different opinions. Media segmentation (e.g., liberal and conservative "news" shows) that allows voters to avoid opinions differing from their own exacerbates this problem and reinforces existing biases among voters.

Taking advantage of this residential sorting, both political parties use computer programs to draw favorable congressional districts for themselves after each decennial census when they control state legislatures. In effect, candidates can now choose reliably partisan districts in which to run, thus nearly guaranteeing their election and reelection. In these safe Democratic or Republican districts, primaries become more important than general elections, because the minority party often struggles to find quality candidates to run in general elections. Primary voters, however, tend to be the most committed voters politically and ideologically, meaning that those elected from safe districts need only play to their primary electoral base once in Congress. This makes them decidedly less willing to compromise over issues in Congress, because compromise can jeopardize their chances with primary voters the next time around.

Consequently, federal executives must learn how best to hire, train, promote, and retain talented federal employees in an inhospitable political climate wherein elected officials and segments of the public demean public servants. Relatedly, they must enhance strategic human capital planning (SHCP) that embraces both racial, gender, and ethnic diversity and the millennial generation (persons born between 1982 and 2004) who have very different work expectations than prior generations. Making this transition offers opportunities for policy and program change and resetting agency program priorities as employees retire. However, it also risks a loss of institutional memory as retirees leave who hold critical positions.

## A Cacophony of Competing Interests

During the Progressive Reform Era (1887–1920), most of the founders of American public administration believed that politics *should* be separated from administration as much as possible. However, they realized that, in practice, it never *could* be totally eliminated. The founders' concern, then, was *where* politics would happen to best advance the public interest: in the legislative or the executive branch of government. Most came down on the side of shifting the focus on politics

to the executive branch because of the inefficiency and corruption rampant in Congress, state legislatures, and city councils due to party machines. Although presidents were also elected, the founders argued that they were more likely to pursue the public interest rather than particularistic ones, as they alone were elected by all citizens (rather than merely congressional districts).

Nor did they see shifting power to unelected experts in the executive branch as a threat to democracy, because politics and administration could be separated. The "politics–administration dichotomy" asserted by most claimed that politics took place in the legislative branch as statutes were enacted and that agency administrators merely executed the will of legislatures as they implemented statutes. As Woodrow Wilson put it in 1887, public administration was a field of business and should be driven by business principles, not political machinations.

However, implementing statutes is itself making policy because of the discretion administrators wield in determining, in this case, congressional intent and the best ways to carry it out. Politics, in turn, follows discretion. Thus, by the early 1950s and 1960s, scholars and observers acknowledged that politics (in the form of interest group pressures) was a central component of federal executive management. Specifically, they argued that "subsystem" politics drove this process in regulatory agencies, with "iron triangles" as the earliest manifestations of development. Iron triangles were comprised of cozy relationships that developed between agencies, interest groups affected by agency decisions, and legislative oversight committees charged with overseeing agencies (Redford 1969). Policy bubbled up from these whirlpools of cozy relationships, and it was in the interests of members of iron triangles to keep conflict low among themselves lest other actors with different values became involved.

Indeed, some scholars pointed out the necessity for agencies to develop these kinds of relationships if they were to survive and effectively pursue their policy responsibilities. Norton Long (1949) famously wrote that "power is the lifeblood of administration." Agencies that failed to develop and increase close ties to interest groups and other stakeholders were destined for underperformance, if not failure, because no central point of hierarchical authority existed in the Madisonian system that could coordinate federal government initiatives and resolve agency disputes. Moreover, competition among these subsystems could, and would, afford a kind of coordination among agencies.

However, three things happened. In the short term, regulatory agencies were "captured" by the interests they were supposed to regulate (meaning that they were controlled by the interest groups involved), and the "stovepiping" of agencies and programs occurred. In the longer run, replication of programs developed across federal agencies as various interest groups sought redress for their narrowly tailored needs. For example, today, federal job training programs, each with their own narrow focus and interest group constituencies, can be found across over 60 federal agencies. Moreover, efforts to consolidate them have largely failed because of resistance from affected interest groups and agencies.

By the late 1970s, the idea of "issue networks" began to replace iron triangles and agency capture as the dominant metaphor portraying subsystem relationships in the federal government (Heclo 1977). Issue networks depict the reality that agencies are overseen by a number of congressional committees, often with diverse preferences, and that the interests surrounding various policy issues both splintered and expanded exponentially during the 1960s. For example, although agricultural interest groups once dominated food stamps and farm subsidies, by the 1970s, these were also drawing the attention of health and nutrition groups that tried to influence agency discretion. The concept of issue networks had major consequences on both the political and administrative leadership of federal agencies.

Others described a "new partnership" comprised of congressional committee staff, agency program managers, and liberal-minded judges and created to protect and expand programs in the face of Reagan administration cuts (Melnick 1985). Additionally, by the 1990s, others identified "advocacy coalitions" as the dominant drivers of agency programs and policy agendas (Sabatier

and Jenkins-Smith 1993). These consisted of enduring networks of interacting interest groups, agency bureaucrats, journalists, academics, and public managers who, over time, developed core beliefs and ways to approach problems.

For the career bureaucracy, these developments meant that the prior influence of mid-level public managers in closed subsystem politics was reduced significantly. Policy knowledge supplanted pure administrative skill as the coin of the realm. Moreover, policy knowledge extended beyond agencies to the thousands of policy think tanks in Washington, removing the near monopoly agencies previously had on policy analysis.

## Competing Sources of Institutional Control of the Federal Executive Branch

Neither presidents nor the Congress sat by idly and watched these developments occur; nor will they in the future. They "coevolved" to develop tools of their own to reassert their often competing policy agendas. Their effectiveness notwithstanding, these tools further complicated executive management in federal agencies. Presidents have centralized policymaking related to their various priorities into the Executive Office of the President, as well as into the White House itself. They have done so, for example, by creating clearance processes for regulations in the Office of Information and Regulatory Affairs in the Office of Management and Budget. They have also centralized key personnel appointment decisions in the White House Office and have sometimes developed domestic and national security policies without departmental input. This so-called institutional presidency is now itself highly bureaucratized and laced with turf wars, information hoarding, and internecine conflicts. It also creates morale problems in agencies, along with tensions and resentments between the White House and agencies.

Beginning with the Nixon presidency, the institutional presidency has been complemented by the "administrative presidency" (Durant 1992; Nathan 1983). This strategy is premised on the idea of using presidential appointees (roughly 3,000 today) to advance a president's policy agenda administratively, instead of legislatively, or in conjunction with a legislative strategy. These appointees try to advance presidential policy agendas by aligning agency structures, decision rules, personnel policies and evaluations, and budgets with them. Specifically, they try to impose more limits on bureaucratic discretion, cut or increase program budgets or rates of spending, alter behavior through performance appraisals, reorganize agencies to give less authority to those opposing their policies, or leave program leadership positions vacant.

In doing so, presidents have used a key component of the Civil Service Reform Act (CSRA) of 1978: the Senior Executive Service (SES). The SES was established for a variety of management purposes, including creating an elite cadre of generalist executives that could move from agency to agency, broadening the perspective and interagency contacts of SES members to reduce stovepiping, and rewarding and retaining talented federal managers by instituting a bonus system for outstanding performance. However, it was also designed to increase responsiveness to presidents by allowing one-tenth of all SES members to be political appointees, placing appointees deeper into agencies than previously possible, and letting them evaluate the performance of career civil servants (e.g., with pay-for-performance systems).

The straightforwardness of the logic of the administrative presidency strategy belies the hurdles that it encounters in practice, however. Researchers suggest that administrative strategies are neither as powerful as their proponents hope nor as powerless as opponents predict. Collectively, they have found that bureaucratic responsiveness to contextual tools wielded by political appointees is contingent on a variety of factors (e.g., Durant 1992). Success in advancing presidential agendas is more difficult when the following conditions exist: the greater the extent of change required, the less clear presidential goals, the more controversial the agency or program involved, the more misaligned agency reward systems, the less professionalized the agency,

and the more opportunities for private sector employment.

Unpacking these points, prior research shows that reorganizations can advance presidential goals (Lewis 2008), but they are disruptive to agency operations and, thus, can delay or permanently foil presidential goals. At the same time, existing organizational structures are not efficient or goal related but, rather, are "treaties" reflecting the results of past agency battles over policies. Thus, when reorganizations are launched, the scars of past agency battles can rise to the fore again, rallying subsystem actors who stand to lose access, influence, and power. In doing so, they can delay or derail implementation of presidential goals (Seidman 1998), as well as other ongoing agency programs. Consequently, when appointees try to reorganize in order to implement presidential agendas administratively, they are, in effect, trying to reorganize congressional oversight systems as well. Hence, even if successful, reorganizations bring little behavioral change as long as congressional oversight committees remain the same, as they have since the massive reorganization that created the Department of Homeland Security after the 9/11 terrorist attack.

Moreover, although presidents have intensified efforts to politicize the career bureaucracy, politicization can be problematic. For example, as presidential loyalists are placed deeper into agencies, the relatively lower pay makes it likely that younger and more managerially inexperienced persons will be appointed. This, in turn, means that they will be vulnerable to the strategic and tactical mercies of more experienced civil servants, turn over more quickly in their positions as they seek swift advancement up the hierarchy, and want quick accomplishments to boost their chances of moving up the chain of command. These traits often reduce respect for appointees by careerists and create frustration for program managers. Finally, the greater the number of political appointees in an agency, the greater the levels of hierarchy, and the less control presidents and their appointees have over implementation of their policy preferences.

Many of the SES's aims have also been sorely compromised, if not undermined, in the decades since. For example, the awarding of bonuses has been undercut by both congressional reneging on the size of bonuses and subsequent gaming of the award system in some agencies. Some presidents have used the SES as part of a broader strategy to politicize the federal bureaucracy. Most research suggests that pay-for-promise has not worked, works only under particular circumstances that are difficult to bring about in the public service, is counterproductive for team-based projects, and runs counter to professional norms and public service motivation. In addition, federal employees eligible to join the service find it increasingly unattractive to do so. As such, the diversity of the SES needs continuing improvement, salaries commensurate with responsibilities and comparable positions in the private sector, and a more appropriate balance between political and careerist influence over policy. At the same time, advances in succession planning in the wake of an aging SES workforce are critical.

But perhaps the most decisive constraint on the success of these tools is the reality that agencies have multiple actors overseeing agency structures, budgets, personnel regulations, and decision rules. These include the power of the purse, normal oversight and investigations, legislative reports that stipulate congressional preferences rather than a president's agenda, and review of agency rulemaking. Additionally, were these powers not enough, the power of judicial review of agency regulations is omnipresent. Nor, in the wake of these presidential actions, has the Congress been shy about passing legislation to increase the transparency of agency operations.

For example, the GPRA of 1993 and the GPRA Modernization Act of 2010 both require federal agencies and state and local recipients of federal funds to engage in strategic planning, review progress toward meeting agency goals, and report and make use of performance data. Policy-specific changes in areas such as welfare (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and education (the No Child Left Behind Act of 2002 and the Race to the Top initiative of 2009) further encourage the use of performance measures that allow enhanced congressional oversight of presidential

initiatives. To these must be added a variety of other congressional statutes that open up the actions of presidents to congressional scrutiny, including the Inspector General Act of 1978 and the Congressional Review Act of 1996. Thus, agencies sometimes are more responsive to congressional direction; to multiple principals (including the courts) rather than to just presidents and their appointees; to interest groups, subnational actors, and local contexts rather than to political appointees; and to either the Congress or presidents, depending on policy domain (e.g., domestic, foreign, or intermestic).

With partisan polarization rising in Washington since the 1980s, the power of presidents to bargain with Congress has diminished and has pushed them into greater use of the unilateral powers they have under the US Constitution. These include the use of executive orders, presidential signing statements, national security directives, and (less so) presidential proclamations. The second term of the Obama presidency, for example, has seen a major, albeit controversial, application of unilateral tools (e.g., regarding immigration and climate change). Yet the president's actions are consistent in many ways (but not all) with the way his recent predecessors have relied on unilateral tools to advance their policy agendas. What is different is the way he has urged agencies to look for opportunities to advance his priorities within the confines of their existing authorizing statutes and in controversial interpretations of their authority to act that have found their way to courts for resolution.

Evidence exists that first-mover advantages occur for presidents when using unilateral powers (Howell 2003), but they also have shortcomings. Executive orders may require a reprogramming of funds that is politically difficult and may harm other programs that are valued more by members of Congress or the president. Members of Congress on key oversight committees may effectively resist them, for example, by not funding their implementation. Moreover, executive orders can be summarily reversed by their successors. In addition, unilateral initiatives are frequently challenged as giving inordinate – and even unconstitutional shifts in – power to presidents. Regardless, they pose significant challenges for federal executive management. They can cause disruptive stops and starts in policy implementation, incur heavier-than-normal congressional and interest group scrutiny, and threaten reallocation of resources when they fall outside normal budget cycles.

## Fiscal Stress, the Gray Dawn, and a Blended Federal Workforce

For several decades, the federal government has not been able or willing to raise enough money to pay for what it spends. This has produced what some scholars have called a movement from a "tax state" to a "debt state" to a "consolidated state" in the United States (and worldwide) wherein financial market preferences and concerns trump social values of democratic institutions (Streeck 2014). Downward pressures from international financial markets on the visible size of governments combined with antitax sentiments and polarized politics in the United States to trump fiscal prudence. Unfortunately, this has occurred as the responsibilities assigned to federal agencies have spiraled, as social problems have grown more complex to understand and address, and as large numbers of federal civil servants with critical skills and institutional memories are expected to retire. These factors, along with the political ascendancy of neoliberal economics and its neomanagerialist equivalent – the New Public Management – have produced growing levels of contracting out in the federal government over the past several decades.

Overall, the US national debt stood at approximately $7.3 trillion in 2004, rose to about $10 trillion in the Great Recession of 2007–2009, was $18.2 trillion in late 2015, and was projected to reach $21 trillion by 2019. This is the case despite economic recovery from the Great Recession, lower-than-projected costs in healthcare, and across-the-board cuts in the federal budget under sequestration (excluding, e.g., entitlement programs such as Social Security and Medicare). All slowed the rate of annual deficits down somewhat. Yet factors such as an aging population with

medical and social service needs, as well as the war on terror, mean that structural deficits will continue to put the economy – as well as domestic agency budgets – at risk. The Congressional Budget Office estimates that, if no changes are made to existing spending and tax revenue trends, the federal budget in 2025 will be able to finance only interest payments, Medicare, Medicaid, and Social Security (Gorman 2012). In the midst of these trends, massive income inequities have also occurred, to the benefit of the top one percent of earners in the country.

The implications of these budget and social equity concerns are profound for federal executive management. Stagnant wages for working and middle-class workers can lead to greater demands for government redress. Structural deficits mean that nearly three-quarters of the federal budget are in so-called uncontrollable "entitlement" spending categories (e.g., Social Security, Medicare, and veterans' pensions) and used to pay off interest on the national debt. None of these programs go through the annual authorization process, as do domestic agency budgets, defense discretionary funding, and federal intergovernmental aid. Thus, although individual agency budgets may increase or decrease, domestic agency operating budgets and intergovernmental programs have borne the burden of spending cuts over the past three decades.

Congress has also repeatedly put hiring caps on federal agencies in an effort to cut costs and further reduce the visible size of the federal government. It is also common for congressional proposals not to replace all federal retirees projected to leave federal agencies (e.g., hiring one person for every two retirees). Approximately 263,000 federal careerists were 60 years of age or older in 2012, and these numbers will continue to grow in the years ahead. Moreover, roughly 650,000 federal workers are in their 50s. Historically, federal employees in their late 50s leave the civil service soon after becoming retirement eligible. In 2016, for example, nearly 45% of employees at the Department of Housing and Urban Development and the Small Business Administration are eligible to retire, while two-thirds of all administrative law judges reviewing disability claim decisions at the Social Security Administration are eligible to do so.

Consequently, since the 1980s, federal agencies have had to turn to private and nonprofit contractors to compensate for their staffing shortcomings and deficient skill mix. Contracting was also a major ideological staple of conservatives and the aforementioned New Public Management. These critics portrayed federal agencies as monopoly providers of services. Thus, competition for contracts would reduce employee costs, as well as the total cost of service provision. It would also decrease agency inefficiencies, increase agency responsiveness to citizens (redefined as customers), force agency priority setting, and enhance agency learning. Others less critical of federal agencies argued that contracting made sense under certain circumstances (e.g., when agencies could not compete with the private sector for talent and when the need for their services was temporary or cyclical).

Contracting quickly expanded from its historical focus on buying products from the private sector to include buying services (e.g., providing IT services) and even inherently governmental functions (e.g., interrogation of terrorist prisoners) – to the concern of many. The apogee of the contracting movement occurred during the George W. Bush administration in the 1990s, with contracting consuming approximately a quarter of federal discretionary spending (GAO 2006, p. 1). However, questions about the claimed benefits of contracting out, as well as concerns about service quality, have prompted a rethinking of contracting out and a movement toward what is known as "insourcing" of previously privatized functions and services. For example, the Obama administration has tried to insource some previously contracted work, with some success at agencies such as the Internal Revenue Service, the US Army, and the Department of Homeland Security. But given underlying trends, it remains likely that contracting will be a fact of life for the foreseeable future in the federal government, as well as among its state and local partners.

All this offers opportunities for federal agencies to restructure, resize, and reskill their workforces to comport better with today's policy and

implementation needs. Turnover in agencies may facilitate IT modernization not embraced by older employees, may help abandon dated policies, and may make agencies more efficient. However, these trends collectively also pose significant challenges for federal executive management. Notably, they have created recruiting, operational, and morale problems for federal agencies. With public service sold as performed in both the private and public sectors, and with pay and benefits often higher in the former, recruitment of highly talented individuals to federal agencies has become challenging.

Operationally, contract monitoring in the federal government is woefully inadequate relative to the size of the contracting task, risking waste, fraud, and abuse. Better monitoring is imperative and will involve increased numbers of monitors and removal of career disincentives to becoming contract monitors. Also in need of addressing are the morale challenges that arise from a mixed workforce wherein higher-paid private contractors work side by side with federal employees.

## Reform of the Federal Personnel System

A 2014 report by the prestigious Partnership for Public Service argued that the federal civil service system was "obsolete and in crisis, and an obstacle rather than an aid in attracting, hiring, retaining and developing top talent." The most significant piece of federal legislation dealing with merit today is the aforementioned CSRA of 1978. Specific criticisms and reform proposals are multiple and come from both friends and foes of activist government.

Some rightly criticize the inflexibility of the system and inordinate time delays in hiring, meaning that top-notch candidates are often lost to the private sector. The CSRA made some provisions for decentralizing personnel management authority to agencies, especially in evaluating and rewarding employee performance. But it was during the 1990s under the Clinton administration that decentralization of personnel authorities was pushed most aggressively by the White House out into agencies and programs. Then, in 2002 under the George W. Bush administration, the Chief Human Capital Officers Act was passed. Among other things, it gave "direct-hire authority" to agencies. This meant that they could hire outstanding candidates without following civil service regulations. Almost immediately, the rate of direct hiring in agencies tripled, and it continues to be very popular.

Efforts were next made during the Obama administration to speed up hiring. For example, efforts were made to move toward a "category-rating" approach rather than the historic "rule-of-three" approach. The former allows agencies to avoid having to select from only the three highest-scoring applicants. In addition, the administration's Hiring Reform initiative overhauled the federal hiring process. Among other things, the Office of Personnel Management moved to a résumé-based system, eliminating the "KSA essays" (knowledge, skills, and abilities). Launched, too, was the Pathways Programs, which were designed to recruit new agency talent by creating clear pathways to federal service for students and recent graduates. Targeted were "mission-critical jobs and professional careers where there are skill gaps."

A second major criticism of the federal personnel system is that its pay classification position system poses obstacles for the hiring and reward process. Pay classification systems in the federal government originated in the Classification Act of 1923 and have long dominated public personnel management in the United States. They were an effort to take power away from corrupt political machines and their minions in Congress. The act established the principle of classifying similar jobs together, standardizing pay for those positions, and providing common rating systems for performance. It also established the principle of rank-in-the-position (rather than in-the-person). However, problems in implementing the act led to the Classification Act of 1949. This act reduced the number of pay systems to two: the GS (general schedule)-1 to GS-8 categories for white-collar workers and a separate one for blue-collar workers. Moreover, levels GS-16 to GS-18 were called "supergrades" and were reserved for top career civil servants. The CSRA of 1978

eliminated the then highest three pay grades (or "supergrades") in the GS system – GS-16 to GS-18 – and created the SES. Thus, today, the federal GS consists of 15 pay grades for white-collar workers, over 450 job categories (or "series"), and ten steps for within-grade pay increases.

The GS system has long been criticized as an obsolete approach to job and pay classification. In a 2002 report, for example, the Office of Management and Budget identified the GS as a "system whose time has come, and gone" (p. i.). The report noted that at the time the Classification Act of 1949 was enacted, "over 70 percent of Federal white-collar jobs consisted of clerical work" that was easy to classify (p. i.). But for decades since, "knowledge work" has dominated public employment, and these jobs are less well defined and distinguishable from others. Prominent critics also charge that the rigid nature of the GS system impedes organizational change.

Solutions offered to this problem include "broadbanding" – that is, combining and reducing the number of pay grades – and eliminating automatic step increases within GS levels that are based on length of service rather than performance. In a 1995 publication, the National Academy of Public Administration noted that "broader bands allow managers to shift their workforce to new roles more easily" (p. 1). Broadbanding obviates the need to make fine distinctions in levels of job difficulty and responsibility, and federal managers can play a larger role in classification decisions. It also provides recruitment advantages, as qualified recruits can be offered salaries anywhere within the specified range rather than only at step one of the position grade. Yet another criticism of the GS is that it is insufficiently sensitive to the market because of its focus on "internal equity" rather than external job markets.

A third major criticism of federal personnel management systems is that personnel decisions are not well linked to agency missions and trends. To remedy this, critics recommend movement toward SHCP, especially in the face of the graying of the federal workforce. Human capital plans, in turn, are defined as a "coordinated set of actions aimed at integrating an organization's culture [symbols, norms, and underlying beliefs], organization [structure and job roles], people [skill and competency levels and potential], and systems [human resource management or people-focused mechanisms]" (Selden 2009, pp. 20–21). The SHCP seeks to link in greater detail for the human resource management function the larger goals enumerated in the agency's strategic plan.

Specifically, SHCP means doing analyses of (1) the skill or competency mix that presently exists in agencies; (2) the competencies needed to effect the plan; (3) the difference between skills and competencies needed and those available; (4) the short, medium, and long-term (10-year) strategies for closing those gaps and aligning human capital systems with goals; and (5) the status of implementing the plan and adjusting it where necessary in light of obstacles that are arising and changes in the environment (Selden 2009, pp. 23–24). This means that the traditional responsibilities of personnel specialists in public agencies – job and pay classification, hiring, discipline, performance evaluation, training, and retirement – are consciously integrated with agency goals, thus making personnel offices co-workforce planners, collaborators, and partners with agency leadership. This is a major change that has so far met resistance, as human resource offices traditionally have been regarded as "police officers" protecting merit and as isolated from programs and their planning.

Finally, overlaying these challenges is the need to improve representation of the racial, ethnic, gender, and LGBTQ community among the federal workforce and agency contractors. Some progress will occur naturally as the pool of recruits changes to reflect demographic changes underway in the nation. Although the federal government does better than the private sector as a whole in representing groups that have been discriminated against in the United States, it still needs higher levels of representation in the upper management and, as noted, in the SES. Thus, concerted efforts will have to be made by federal agencies to identify and hire qualified minorities and women, retain them, and ensure advancement opportunities for them. Diversity management skills will also have to be valued in federal

executive management given cultural differences among federal employees.

This is not merely an exercise in social engineering. Not only does it not make sense to limit the federal governments' recruiting pool of applicants for non-job-related reasons. Researchers also find mixed evidence of a positive relationship between the percentage of women and minorities in agencies and agency responsiveness to the needs of women and minorities. Mixed evidence also exists that the higher the proportion of minorities and women in some agencies, the higher the perceptions of service quality for relevant groups (e.g., rape victims). Greater diversity has also been linked to better agency outcomes for historically disadvantaged groups (e.g., school graduation rates).

## The Race to Keep Up with Technology

Today's federal managers are faced with both the promises and pitfalls of the revolution in IT, social media, artificial intelligence, geographic information system (GIS) technology, and "Big Data" mining. In theory, the information age has tremendous potential to improve agency management and to target resource expenditures better through statistical analyses and GIS applications, for more "evidence-based" policymaking and for greater cross-agency collaboration and data sharing (e.g., through "enterprise management" software). As a former chief financial officer and assistant secretary for administration at the US Treasury Department writes:

> With investments in new technology over the past decade such as Enterprise Resource Planning (ERP) solutions, agencies are now capturing the necessary data to understand agency performance. This data, combined with the emergence of advanced, predictive analytic technology and a focus on change management and execution, is enabling agencies to meet these efficiency challenges head on. They are starting to recognize how data-driven efficiencies can achieve targeted savings and better service delivery at a scale large enough to absorb cuts and sustain mission capabilities. (Quehl 2014)

They also make the consequences of managers' actions more transparent to citizens, something to which they are not accustomed. In advancing the "open data movement," for instance, the Obama administration has sought to improve the responsiveness and timeliness of agencies to Freedom of Information Act requests, as well as to release hundreds of thousands of agency data for citizens and interest groups to analyze.

Prior research on e-government, IT, and social media initiatives in public agencies identifies some successes but also suggests that reaping the potentially immense benefits of these technologies has been quite challenging. For instance, the most common use of e-government has been sharing information and allowing service transactions rather than collaboration or civic deliberation. Moreover, most IT applications have focused on monitoring the status quo to make it run better. Also, because the quantitative measures used in IT systems simplify real-world complexity, they can narrow policymakers' focus to policy problems that are quantifiable and for which data are available. Finally, both privacy and cybersecurity issues also arise. Daily attacks by hackers on government agencies and their private sector partners, as well as major security breaches at federal agencies, have occurred. The latter include devastating breaches in 2015 at the Office of Personnel Management where personnel information, including security clearances for 21.5 million employees, was stolen. Breaches also occurred in 2014 at the US Department of State where Russian-backed hackers jumped for 6 months between State Department and White House unclassified email systems. Indeed, national security vulnerabilities are immense. At the Pentagon, seven million digital devices are connected to military data or weaponry, further increasing the vulnerability of its systems to hackers.

In addition, despite the benefits of social media for connecting with citizens, federal agencies have to become more adept in its use. As illustrated during such recent catastrophes as Hurricane Sandy and the Boston Marathon bombings, social media offers public managers a way to connect quickly and directly with citizens. As such, the "future of public-sector communication lies in clouds and ether – Twitter, Facebook, Instagram, Pinterest and their ilk" (Walters

2014). At the same time, the ascendancy of social media has also opened federal agencies to greater scrutiny, along with unfounded rumors and inaccurate information about their operations that spread quickly throughout the blogosphere. As such, it requires constant monitoring and response by federal agencies.

Similar issues arise in the use of GIS technology in the government. On the positive side, GIS is being used for planning and community development, environmental protection, integrated public safety, infrastructure management, transportation planning/modeling, assessments, facility siting, vehicle routing, permitting/licensing, election management, and parcel/real estate management. On the negative side, issues related to democratic governance arise, including the same privacy and social equity issues that federal managers have to struggle with in the IT and social media areas.

Given Moore's law that the information processing capacity of computers doubles every 2 years, dealing with the privacy, income redistribution, social equity, and possible distortion of political power, technology is likely to be a persistent agenda item in federal executive management. However, federal agencies are not keeping pace with the technology revolution and often lag considerably behind. This is happening despite increased funding by the Obama administration, aggressive IT marketing campaigns by consultants and social media companies, and the Obama administration's cybersecurity "sprint" effort in 2015. Stressed in the process has been the need for strategic IT planning, as well as efforts to move federal agencies toward the Cloud and away from outdated and hacker-vulnerable IT "legacy" systems.

Difficulties in keeping pace with the information revolution stem from several sources. Part of the problem has been IT purchasing and contracting snafus such as those at the Internal Revenue Service, the Office of Personnel Management, and the Centers for Medicare and Medicaid Services. But so, too, has Congress contributed to the situation through persistent underfunding of IT and cybersecurity purchases. For instance, according to two reports from the inspector general at the Defense Department, the Obama administration's Cyber Mission Force teams at the Pentagon need a substantial increase in funding to do their job effectively. Moreover, pressure on agencies to move away from IT legacy systems and migrate their data to the Cloud for cost savings and better cybersecurity has often been opposed by federal managers.

## A Future of Competing Pressures for Managerial Change

As the preceding summarizes, formidable pressures have existed on federal executive management reform. They are likely to continue in the foreseeable future. Federal agencies are – and will continue to be – asked to (1) reconceptualize the purpose of their organizations; (2) redefine the hierarchical models that have passed for administrative rationality in most agencies in favor of decentralization of authority and networked governance; (3) reconnect with citizens, many of whom feel estranged from government; (4) reengage scarce resources from lower to higher priorities; (5) recapitalize human resources in a tough political and fiscal environment; and (6) do these things while revitalizing a sense of common purpose informed by ethical, legal, and democratic constitutional values (Durant 2014).

As such, effective federal executive management in the future will depend on leaders (who, because of decentralization, can exist at all levels of agencies) honing six interrelated but analytically distinct sets of skills (see Durant 2014). Aside from those associated with their professional specialties, these skills are (1) analytical, (2) systemic, (3) technological, (4) strategic, (5) institutional, and (6) legal, constitutional, and ethical. Thinking *analytically* means that leaders must have methodological, econometric, performance measurement, and statistical skills. These are imperative to interpret accurately the quality and utility of research, data analytics, and

performance measures in an era where evidence-based decision making and outcome-based management are expected to inform policy and program design, implementation, and evaluation. But analytical skills go far beyond leaders being critical consumers of data-based research; executive leaders must be able to engage skillfully in "evidence, argument, and persuasion" within their agency, with agency stakeholders (e.g., congressional oversight committees and issue network members), and with the public (Majone 1989).

Persistently honing and refining their ability to think *systemically* can give leaders a competitive edge in the policy and administrative marketplace – especially in today's networked state. This means asking themselves, "Who has to do what, in what ways, with what resources (human and financial capital), under what political or economic constraints, and with success measured in what way(s)?" Leaders must also have skills in identifying or participating in opportunities for partnering, negotiating over the terms of a partnership, holding the partnership together (due to a tendency for them to atrophy over time), and keeping partners and subordinates from leaving and focused on goals.

Executive leaders must also have a working knowledge of the opportunities, challenges, and caveats of today's *technological* revolution. They need not be technology experts, unless that is their area of expertise. However, they must be savvy enough to realize the potential of new technology, rather than see it as a threat. Otherwise, federal agencies will miss out on the ability of data mining and data analytics to reveal patterns of needs or administrative shortcomings previously unknown or unspoken of in agencies, to provide greater efficiencies and effectiveness in service delivery, and to garner greater levels of accountability. But more than technical familiarity is needed; leaders must understand the strategic and tactical advantages and caveats of these technologies noted above, as well as the challenges in training subordinates to cope with them and citizens to navigate them easily. Also necessary will be an ability to reconnect with citizens. They will have to do so whether or not they want to in a social media age where citizens' iPhones rather than "old news media" can reveal agency shortcomings (major or minor, intentional or unintentional) to millions in a highly litigious society.

All of which lead to a need for executive leaders who continually refine their ability to think *strategically*. Acting strategically involves an adroit linking of all the other skills discussed, as well as skills in strategic planning and strategic management. It also means having the skills – amid all the political and administrative constraints facing them – to align the activities of their business (e.g., central budgeting and personnel offices), program (e.g., drug enforcement), and technology units (e.g., IT acquisition office) so that they reinforce each other to advance agency goals. Likewise, they must work to ensure that existing incentive structures reinforce these goals. Finally, in adopting new strategic policies or using administrative strategies from the private sector, a strategy of "trust but verify" must always be kept in mind. One-size-fits-all proposals for administrative reform typically work in some administrative situations but not in others (e.g., planning, programming, and budgeting system).

Relatedly, thinking *institutionally* means that, amid the rush of political pressures, change is not good if it undermines the organizational essence or mission of the agency or program. Political pressures for change often imply that the legacy inherited by current employees has no value because "things have changed." Sometimes this is true but other times it is not. When not true, effective leadership means maintaining the institutional integrity of one's organization in the face of threats or explaining to subordinates how change will still protect that integrity. Institutional thinking also means leaders taking what they have inherited from their predecessors, adapting it to new and evolving challenges, and ensuring that the essence of that heritage is not lost (Heclo 2008).

Even if executive leaders hone the preceding skills to perfection, their success can be jeopardized

without a strong sense of their *legal*, *constitutional*, and *ethical* obligations as public servants. They must know what their agencies are – and are not – legally authorized to do. They must have a degree of constitutional literacy as well. Without it, agency employees can be held personally liable for failing to protect constitutional rights that they should have known about (e.g., substantive and due process rights). However, leaders must do more than this. They must leaven their activities with a sense of ethics. Ethics does not mean merely following the rules; one can follow all organizational rules and still do harm. Such an instrumental mindset says, in effect, "As long as I didn't do anything wrong, I must have done right" (Gawthrop 1998, p. 153). It also reduces federal executive management to an immediate objective and its means. Lost is the ennobling purpose those means serve in helping to ensure a democratic republic. No less is expected of federal executive managers.

## References


Cook BJ (2014) Bureaucracy and self-government: reconsidering the role of public administration in American politics. Johns Hopkins University Press, Baltimore

DiIulio JJ Jr (2014) Bring back the bureaucrats: why more federal workers will lead to better (and smaller!) government. Templeton Press, West Conshohocken

Durant RF (1992) The administrative presidency revisited: public lands, the BLM, and the Reagan revolution. State University of New York Press, Albany

Durant RF (2014) Why public service matters: public managers, public policy, and democracy. Palgrave Macmillan, New York

Eisner MA (2000) From warfare state to welfare state: World War I, compensatory state building, and the limits of the modern order. Pennsylvania State University, University Park

Gawthrop LC (1998) Public service and democracy: ethical imperatives for the 21st century. Chatham House, New York

Gorman S (2012) Will entitlement programs and debt consume U.S. budget in 2025? April 23, 2012. http://www.politifact.com/virginia/statements/2012/apr/23/frank-wolf/will-entitlement-programs-and-debt-consume-us-budg/

Government Accountability Office (2006) Highlights of a GAO forum: federal acquisition challenges and opportunities in the 21st century, GAO-07-45SP, Washington, DC, 6 Oct 2006

Heclo H (1977) A government of strangers: executive politics in Washington. Brookings Institution Press, Washington, DC

Heclo H (2008) On thinking institutionally. Paradigm Publishers, Boulder

Howell WG (2003) Power without persuasion: the politics of direct presidential action. Princeton University Press, Princeton

Lewis DE (2008) The politics of presidential appointments: political control and bureaucratic performance. Princeton University Press, Princeton

Light PC (2006) The tides of reform revisited: patterns in making government work, 1945–2002. Public Adm Rev 66(1):6–19

Long NE (1949) Power and administration. Public Adm Rev 9(4):257–264

Majone G (1989) Evidence, argument, & persuasion in the policy process. Yale University Press, New Haven

Mann TE, Ornstein NJ (2012) It's even worse than it looks: how the American constitutional system collided with the new politics of extremism. Basic Books, New York

Melnick RS (1985) The politics of partnership. Public Adm Rev 45:653–660

Nathan RP (1983) The administrative presidency. Wiley, New York

Quehl S (2014) Operational analytics: a proactive approach to dealing with shrinking budgets. Federal Times, 30 June 2014. http://www.federaltimes.com/article/20140630/BLG05/306300004/Operational-Analytics-proactive-approach-dealing-shrinking-budgets

Raadschelders JCN (1998) Handbook of administrative history. Transaction Publishers, New Brunswick

Redford ES (1969) Democracy in the administrative state. Oxford University Press, New York

Rourke FE (1993) Whose bureaucracy is this, anyway? Congress, the president, and public administration. Polit Sci Polit 26(4):687–692

Sabatier PA, Jenkins-Smith HC (1993) Policy change and learning: an advocacy coalition approach. Westview Press, Boulder

Scharpf FW (1997) Games real actors play: actor-centered institutionalism in policy research. Westview Press, Boulder

Seidman H (1998) Politics, position, and power: the dynamics of federal organization, 5th edn. Oxford University Press, New York

Selden SC (2009) Human capital: tools and strategies for the public sector. Congressional Quarterly Press, Washington, DC

Streeck W (2014) Buying time: the delayed crisis of democratic capitalism. Verso, London

Walters J (2014) Governments struggling to get social media right. Governing, July 2014. http://www.governing.com/templates/gov_print_article?id=264737961

# Federal Government, Russia

Ivan Leksin
Lomonosov Moscow State University, School of Public Administration, Moscow, Russian Federation

## Synonyms

Federal governing bodies; General government

## Definition

The word "government" actually does not have a single appropriate equivalent in Russian. Depending on the context, this term should be translated into Russian in different ways.

In the sense of a pattern of governing, a single word will be inappropriate in Russian: to speak about the "government," a conventional construction "form of ruling," or "organization of state authority," should be used.

The most widely used Russian analogue of the "government" is the word "pravitel'stvo," meaning the governing entity (Khabrieva 2005). However, three different notions can refer to such entity: a certain body vested with executive powers, the executive as a system of bodies, and the whole system of governmental bodies (legislative, executive, and judiciary ones).

Currently, in Russian official language, the said term refers to certain collegial executive bodies (e.g., the "Government of the Russian Federation," former federal "Council of Ministers"). In order to designate the executive as a whole or a level of government (i.e., a group of governmental bodies, considered collectively), a collocation is used that sounds quite strangely in English if translated directly. For instance, the federal executive system is cumbersomely named the "federal bodies of executive power."

Reasoning from the mentioned issues, the term "federal government of Russia" shall be used hereinafter for the whole national system of governing bodies, including the legislative, the executive, and the judiciary. The collocation "Government of the Russian Federation" shall in its turn be used to designate the collegial executive body specified in the Constitution of the Russian Federation. Thus, the Government of the Russian Federation is officially just a single body from among some 70 bodies that refer to the federal executive and from among about 2,800 federal bodies (auxiliary bodies not included) that the Russian federal government comprises. These are the President of the Russian Federation (see ▶ Head of the State and Public Administration, Russia), the Federal Assembly (the parliament of the Russian Federation), the said some 70 executive bodies, and over 2,700 federal courts.

## Introduction: Separation of Powers at the Federal Level of Government

The idea of separation of powers had been implemented quite specifically in the Russian Federation (Shevtsov 2004). Russia constitutionally recognizes the separation of powers among the principles of governance on both federal and regional levels since 1992. However, this principle had never been implemented explicitly. Before the Constitution of 1993 came into force, the Russian Federation by construction of the federal government possessed some features of a parliamentary republic and later (since the establishment of the office of directly elected President of the Russian Federation in 1991) of a parliamentary-presidential republic. The then-current federal parliament, the Supreme Soviet (Supreme Council) of the Russian Federation, since the constitutional amendment of 27 October 1989 came into force, had been elected indirectly. Its formation had been entrusted to the popularly elected Congress of People's Deputies of the Russian Federation.

Besides formation of the Supreme Council and electing of its presiding officials, this superorgan, consisting of over 1,000 deputies, had the powers to elect the Constitutional Court of the Russian Federation; to approve the nominees for the Procurator-General (Attorney General, or

Prosecutor General) of the Russian Federation, the Chairman of the Supreme Court of the Russian Federation, and the Chairman of the Higher Arbitration Court of the Russian Federation; to dismiss the President of the Russian Federation; to adopt a Constitution of the Russian Federation and to amend it; to determine internal and foreign policies of the Russian Federation; and to abrogate decisions enacted by the Supreme Council and by the President of the Russian Federation.

Obviously, such concentration of powers in a single body did not accord with the principle of their separation. Actually, Russia of the early 1990s was a "superparliamentary" republic, given the facts that the Congress of People's Deputies of the Russian Federation was a parliamentary-style body, and the Supreme Council of the Russian Federation was "the organ of the Congress of People's Deputies" according to Art. 107 of the Constitution (Basic Law) of the Russian Federation.

The current Constitution of the Russian Federation enacted in 1993 proclaims the principle of separation of powers as well. Its Art. 10 reads that "state power in the Russian Federation shall be exercised on the basis of its division into legislative, executive and judicial." Under this Constitution the system of separation of powers looks more balanced. However, in fact it provides for significant concentration of powers, this time, the superorgan is the head of the Russian state that possesses enough powers to exercise considerable influence upon all branches of the general government, as well as on the regional governments (see ► Head of the State and Public Administration, Russia).

## Federal Parliament

Since 1993 the federal parliament is constitutionally named the Federal Assembly. It is a bicameral institution comprised of the Council of the Federation, the upper chamber, and the State Duma, the lower chamber. It is a successor of the Supreme Soviet (Supreme Council) of the Russian Federation, either bicameral since 1991.

Art. 94 of the Constitution of the Russian Federation calls the Federal Assembly the representative and legislative body of the Russian Federation. However, actually the Federal Assembly has no significant features that would allow calling it a full-fledged governmental body. As contrasted to the Supreme Council of the Russian Federation, the chambers of the Federal Assembly have neither common officials nor powers. The Federal Assembly does not hold common sessions or joint sittings (except for hearing the messages of the President of the Russian Federation, messages of the Constitutional Court of the Russian Federation, and speeches of the leaders of foreign states) and cannot issue decisions. Technically, the term "Federal Assembly" serves to designate two separate governmental bodies, the State Duma and the Council of the Federation.

In the strict sense, the Federal Assembly is not even a legislative body. As mentioned, it is not empowered to issue any legal acts. Federal laws, federal constitutional laws, and laws on amendments to the Constitution of the Russian Federation are not acts of the Federal Assembly. They are attributed to the Russian Federation as a whole, while the Federal Assembly is not entitled to represent the Federation. Thus, it would be reasonable to say that currently in the Russian law the word "legislative" stands for the institution that takes part in federal legislation but does not encompass the whole legislative process. At the same time, the law does not institutionalize the body responsible for complete legislative cycle. Actually, the federal law-maker in Russia is a composite institution consisting of, normally, three bodies, i.e., the State Duma, the Council of the Federation, and the President of the Russian Federation. For the cases of constitutional amendments, the legislatures of the constituent units of the Russian Federation can be regarded as parts of the federal parliament as well.

Surprisingly, legislative identity of the Council of the Federation and the State Duma as separate bodies is doubtful as well. The Constitution of the Russian Federation lists main powers of each chamber of the Federal Assembly. According to Art. 102 of the Constitution, jurisdiction of the

Council of the Federation includes approval of changes in borders between constituent entities of the Russian Federation, approval of presidential decrees on the introduction of martial law and of a state of emergency, deciding on the possibility of using the Armed Forces of the Russian Federation abroad, calling an election of the President of the Russian Federation, impeachment of the President of the Russian Federation, appointment of judges of the Constitutional Court and of the Supreme Court of the Russian Federation, appointment and dismissal of the Procurator-General of the Russian Federation and his deputies, and appointment and dismissal of Deputy Chairman and half of the auditors of the Accounts Chamber. On the issues referred to its jurisdiction, the Council of the Federation adopts resolutions.

Jurisdiction of the State Duma includes granting an assent to the appointment of the Chairman of the Government of the Russian Federation by the President of the Russian Federation, vote of confidence in the Government of the Russian Federation, hearing of annual reports of the Government of the Russian Federation, appointment and dismissal of the Chairman of the Central Bank of the Russian Federation, appointment and dismissal of the Chairman and half of the auditors of the Accounts Chamber of the Russian Federation, appointment and dismissal of the Commissioner for human rights, proclamation of amnesty, and bringing an accusation against the President of the Russian Federation for his impeachment (Art. 102 of the Constitution). On the issues within its jurisdiction, the State Duma issues resolutions as well.

Thus, by the nature of their jurisdiction, each chamber of the Federal Assembly, as well as the latter taken as a whole, turns out to be rather an administrative than a legislative body.

Constitutional provisions regarding procedures of formation of both chambers of the Federal Assembly are very fragmentary. Surprisingly, the Constitution of the Russian Federation tells much more about procedures of formation of the federal executive rather than about the ones relating to the federal parliament.

The Constitution of the Russian Federation reads that the State Duma consists of 450 popularly elected deputies (citizens aged 21 are considered to be eligible). The Council of the Federation according to the Constitution of the Russian Federation of 1993 is a chamber of the regions. Constituent entities of the Russian Federation enjoy equal representation in it. Each region delegates two representatives (one coming from the legislature and the other from the executive). Besides, according to the constitutional amendment of 2014, the President of the Russian Federation can appoint up to 17 "representatives of the Russian Federation" as additional members of the Council of the Federation (none appointed heretofore).

However, the Constitution does not indicate neither the voting system that should be used at the parliamentary elections nor the way the Council of the Federation should be formed. Consequently, these matters of apparently constitutional significance are decided upon by the federal legislator. As a result, legal provisions regarding formation of both chambers of the federal parliament in Russia are much less stable in Russia that in most federal or regional states.

Since 1993, the electoral system at federal parliamentary elections had undergone a long series of reforms. The first deputies of the State Duma according to transitional provisions of the Constitution and to the regulations approved by the Presidential Decree No. 1400 dd. 21 September 1993, on the constitutional reform, were elected for a term of 2 years. Since 1995 elections for a 4-year term had been held four times consecutively. Finally, the constitutional amendment of 2008 increased the deputies' term to 5 years (this provision was applied for the first time at the 2011 elections). The voting system had been subjected to changes as well. Until 2007 half of 450 deputies had been being elected in majority voted circuits, and the rest by proportional voting. The Federal Law No. 51-FZ dd. 18 May 2005, "On Elections of the Deputies of the State Duma of the Federal Assembly of the Russian Federation," established pure proportional representation (this system had been applied at the elections of 2007 and 2011). Since 2016, a mixed electoral system is being used again under the Federal Law No. 20-FZ dd. 22 February 2014, "On Elections of the

Deputies of the State Duma of the Federal Assembly of the Russian Federation."

The formation procedure for the Council of the Federation had been specified the Constitution of the Russian Federation only in respect of its first convocation. The concluding and transitional provisions of the Constitution of 1993 stipulated that members of the Council of the Federation of the first convocation should be elected by popular vote and should serve the term of 2 years. The Constitution did not even indicate if the subsequent convocations should be elected or appointed. According to the Art. 96 of the Constitution, the rules for forming the Council of the Federation in respect of subsequent convocations should be introduced by the Federal Law. These rules passed through numerous reforms. As of 2016, the third Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation" is in effect.

The first Federal Law with this title (No. 192-FZ dd. 5 December 1995) occupied a single page of text. It did not even provide for residential qualification and age requirements for the members of this chamber of the federal Parliament. This laconic act stipulated that every constituent unit would be represented by its chief executive and by the chairman of the regional legislature. A representative of the two-chambered regional legislature was to be decided upon by the chambers themselves.

The second Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation" (No. 113-FZ dd. 5 August 2000) established new provisions that ended direct involvement of regional politicians into the federal policy.

According to the said Law, a representative of the regional legislature should had been elected to the Council of the Federation by this legislature upon the proposal of its chairman (the term of office being equal to the term that he was popularly elected for). A representative of the regional executive should had been appointed by the higher official of the constituent entity of the Russian Federation for the term of office thereof (this appointment could be vetoed by a two-thirds majority of the deputies of the regional legislature). Both the legislature and the higher official of the region had the right to recall their representatives in the Council of the Federation under the amending Law No. 109-FZ dd. 4 August 2001, to the Federal Law No. 3-FZ dd. 8 May 1994, "On the Status of a Member of the Council of the Federation and on the Status of a Deputy of the State Duma of the Federal Assembly of the Russian Federation."

Besides deprivation of parliamentary immunity and decrease of regional influence on federal decision-making, removal of higher officials of constituent entities of the Russian Federation from the Council of the Federation had quite a practical substantiation. Holding of both a federal and a regional office affected execution of the incumbent duties adversely. The senators had to be on the move between these offices, thus having no time to consider neither the federal nor the regional affairs.

The said Law set some requirements for entering upon office of a member of the Council of the Federation that remain unchanged till the present moment. This office could be occupied by a citizen of the Russian Federation, who has neither citizenship of a foreign state nor the right to permanently reside in a foreign state. A candidate had to be at least 30 years old.

The next significant change in the composition of the Council of the Federation occurred without amending the legislation devoted to its formation procedure directly. The new rules for getting into office of the higher official of the constituent entity of the Russian Federation, established by the Federal Law No. 159-FZ dd. 11 December 2004 (see ► Regional Executives, Russia), together with the Federal Laws "On Political Parties" and "On the Basic Guarantees of the Russian Citizens' Electoral Rights and the Right to Participate in Referenda," predetermined the future convocations of the Council of the Federation to a great extent (and thus affected its decisions and its political role in general).

The said Law was followed by the amendment No. 160-FZ dd. 16 December 2004, to the Federal Law "On the Status of a Member of the Council of the Federation and on the Status of a Deputy of the

State Duma of the Federal Assembly of the Russian Federation." This amendment further ruined the senators' attachment to the regions they were supposed to represent. It stipulated that the recall of a member of Council of the Federation could occur upon the proposal of its Chairman (the "speaker") only. The regional legislatures therefore lost control even over their own delegates.

The amending Law No. 189-FZ dd. 21 July 2007 was destined to enhance the said attachment, which had become almost unnoticeable by that time. It required that the member of the Council of the Federation must had resided in the region he was representing, for at least 10 years in the aggregate. This provision did not extend over then-current senators and, besides, over military and law-enforcement service nominees. Nevertheless, this provision was abrogated since 1 January 2011 by the Federal Law No. 21-FZ dd. 14 February 2009.

The said Law amended both the Federal Law "On the Status of a Member of the Council of the Federation and the Status of a Deputy of the State Duma of the Federal Assembly of the Russian Federation" and the Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation." This amendment stipulated two ambiguous rearrangements.

Firstly, it restored the provision for the recall of a member of Council of the Federation by the regional legislature and by the higher official to its original version, having removed the Chairman of the chamber from the procedure of deciding upon this matter. Simultaneously the said amendment deprived regional legislatures of the right to veto the appointments made by the chief executive of the constituent entity of the Russian Federation.

Secondly, having repealed the said residential requirement, it narrowed the circle of prospective nominees for election by the regional legislature or for appointment by the chief executive of the constituent entity of the Russian Federation in some other way. According to the said Law, such nominees should have been chosen either among deputies of the electing legislature or among deputies of the councils of municipalities located within the same constituent entity. On 5 October 2011, these categories of deputies were extended. According to the amending Law No. 264-FZ to the Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation," a deputy of the State Duma of the Federal Assembly could also be nominated for election or appointment for the office of a senator.

Despite the mentioned attempts to maintain responsibility of the members of Council of the Federation to their constituent entities, it is quite natural that the Council of the Federation tended to lose its political independence and significance. As a result of this, some experts even suggested to abolish the Council of the Federation, thus reverting Russia to one-chambered parliament. However, restitution of regional chief executives' elections in 2012 abruptly ended these speculations (see ▶ Regional Executives, Russia).

The third Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation" (No. 229-FZ dd. 3 December 2012) had fixed a compromise ensuring a slight enhancement of political role of the Council of the Federation.

Since said Law came into force in 2013, the regional legislatures elect their delegates to the Council of the Federation. The candidates can be nominated by the chairman of the regional legislature, by any faction, and by a group of deputies numbering not less than one-fifth of their total number. These candidates should be members of the legislature of the constituent entity that they intend to represent in the Council of the Federation. This rule does not apply to the members of the Council of the Federation, delegated by the regional executive. These are appointed by higher officials of constituent entities of the Russian Federation, as earlier. However, the names of the candidates for such appointment should be fixed at the election of the higher official of every constituent entity. Every candidate for the office of the regional chief executive should nominate three candidates for the office of the member of the Council of the Federation. Therefore, the voters indirectly approve these potential nominees.

Every eligible person has a right to become a nominee of a single candidate only. Besides meeting the requirements mentioned above, all candidates should have stainless reputation and be residents in the regions they are about to represent, for not less than 5 years. This provision had been modified by the amending Federal Law No. 196-FZ dd. 28 June 2014. The latter stipulated that in order to be eligible a nominee should be a resident in his region for either 5 consequent years directly preceding his election or appointment or 20 years altogether. This requirement, obviously, should not be applied to the members of the Council of the Federation that can be appointed by the federal President as the "representatives of the Russian Federation." However, no provisions regarding such members have yet appeared in the Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation."

## Federal Executive

According to Art. 110, para. 1 of the Constitution of the Russian Federation, executive power shall be exercised by the Government of the Russian Federation. Under Constitution, it consists of the Chairman, Deputy Chairmen, and federal ministers. The presiding member of the Government, the Chairman (unofficially, the Prime-Minister), shall be appointed by the President of the Russian Federation with the consent of the State Duma of the Federal Assembly. After being appointed, the Chairman proposes the nominees for the offices of his deputies and of the federal ministers. All these officials are being appointed and dismissed by the President of the Russian Federation.

Apart from the Government of the Russian Federation, executive bodies of three types currently exist at the federal level. According to the Decree of the President of the Russian Federation No. 314 dd. 9 March 2004, "On the System and Structure of the Federal Executive Bodies," these are federal ministries, federal services, and federal agencies. The first are designed primarily to elaborate public policies and to perform normative regulation within a specific sector. Most federal services operate as controlling and supervisory bodies, while some perform functions referring to national security and defense. Finally, federal agencies provide public services and administer federal estates.

The bodies of all three types can be formed under either Government of the Russian Federation or the President of the Russian Federation. Most federal services and federal agencies are hierarchically dependent on the ministries, though some are subordinate directly to the Government or to the President. Currently over 50 federal ministries, services, and agencies are under jurisdiction of the Government, while the President of the Russian Federation supervises 20 of such bodies. However, the latter include such key institutions, as the Ministry of Internal Affairs, the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Defense, the Ministry of Emergencies, the Federal Security Service, the Federal Guarding Service, and the Military Intelligence Service. This makes the President of the Russian Federation the actual leader of federal executive, especially taken together with two other facts:

- The constitutional procedure of the Government formation makes this body a presidential creature, on the whole.
- Numerical composition of the Government of the Russian Federation (including number of Deputy Chairmen of the Government) is decided upon by the President, and the whole system of federal ministries, services, and agencies is set by the Head of the state as well (see ▶ Head of the State and Public Administration, Russia).

Thus, in fact, the Government of the Russian Federation is neither the only possessor of federal executive powers nor the chief executive body of the Federation. More accurately, it should be named the institution that takes decisions on majority of administrative issues within the federal jurisdiction, but not on the most vital for the state (these are the prerogative of the President). According to the Constitution of the Russian Federation, the Government of the Russian Federation shall:

- Draw up a federal budget, submit it to the State Duma, ensure its execution, and submit to the State Duma a report on it
- Submit to the State Duma annual record of its performance
- Ensure implementation of a unified financial, credit and monetary, cultural, science, educational, health, social, and environmental policy in Russia
- Administer federal estate
- Carry out measures to ensure defensive capacity, state security, rule of law, human rights and freedoms, protection of property and public order, crime control, and implementation of foreign policy of the Russian Federation

Besides, the Government of the Russian Federation is the smallest of the federal executive bodies. As of 2016, it consists of 31 members, while the central apparatuses of a number of specialized executive bodies exceed 1,000 public servants. Moreover, most of such bodies have regional and even subregional departments where dozens of thousands of federal employees may serve (e.g., the number of such employees serving in territorial-based subdivisions of the single Federal Tax Service exceeds 100,000).

## Federal Judiciary

The federal judiciary comprises three branches:

- Regular courts that hear typical civil, criminal, administrative, and other cases
- Courts of arbitration that resolve economic disputes and some other cases
- The single Constitutional Court of the Russian Federation that hears cases on verification of constitutionality of federal and regional laws, by-laws, etc., resolves disputes on jurisdiction between governmental bodies, and gives its interpretation of the Constitution of the Russian Federation

The subsystem of regular federal courts includes two basic tiers:

- District courts (about 2,500 throughout Russia) that hear the cases as courts of the first instance and the appeals against decisions of the justices of the peace (that are considered to be regional justices)
- Eighty five courts in the regional capitals (including the ones titled "supreme courts" of the republics)

Besides, about 150 military courts exist that discharge functions of regular courts over the military servants.

The subsystem of the arbitration courts includes three tiers:

- Over 80 region-level courts
- Twenty-one appellate courts
- Ten cassation courts

Besides, specialized federal courts are provided for by the federal legislation. Up to date, one federal court of this kind had been created. This is the Intellectual Rights Court established in December 2011 that refers to the subsystem of arbitration courts.

Both subsystems (of regular federal courts and arbitration courts) are headed by the Supreme Court of the Russian Federation that serves as the higher instance for the cases of most categories, supervises activity of the lower courts, and provides explanations on the issues of court proceedings. Until the reform of 2014, the body under this title helmed the regular courts only, while for the arbitration courts a separate Higher Arbitration Court of the Russian Federation operated as the upper instance.

All the mentioned regular federal courts and arbitration courts are staffed by federal judges totaling 30,000. Under the Constitution of the Russian Federation, all these officials are being appointed by the President of the Russian Federation. The judges of the Supreme Court (totaling 170) and of the Constitutional Court of the Russian Federation (totaling 19) are being appointed by the Council of the Federation upon suggestions by the President of the Russian Federation. Thus, the President of the Russian

Federation possesses considerable levers of influence upon the judiciary as well (Avakyan 2014).

## Conclusions

The main features of the Russian government at the federal level can be reduced to the following ones. First, the federal government of Russia, though constitutionally divided into branches, due to legislative, political, and administrative means operates as a consolidated apparatus in the recent years.

Second, the crucial role within this apparatus is being played by the President of the Russian Federation and by his Administration (see ▶ Head of the State and Public Administration, Russia).

Third, the phenomenon called federal government is by no means restricted to the central governmental apparatus. In reality, the federal government is dispersed throughout the country and encompasses dozens and even hundreds of governmental offices in every constituent entity of the Russian Federation (see ▶ Constitutional Federalism and Public Administration, Russia; ▶ Multilevel Governance and Public Administration, Russia).

## Cross-References

- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia

## References

Avakyan S (ed) (2014) Contemporary problems of organization of public authority. Yustitsinform, Moscow. (in Russian)

Khabrieva T (ed) (2005) Government of the Russian Federation. Norma, Moscow. (in Russian)

Shevtsov V (2004) Separation of powers in the Russian Federation. PoligrafOpt, Moscow. (in Russian)

# Federal Grand Jury System and Social Policy

Randy L. T. Jacobs
Department of Public Policy and Administration, Jackson State University, Jackson, MS, USA

## Definition

Bill of Rights: the first ten amendments to the constitution. The Bill of Rights lists specific prohibition on governmental power.
Federal grand jury: a jury of 16–23 jurors, in each federal court district, which serves for a term of a year and is usually selected from a list of nominees offered by the judges in a district.
Stamp Act: an act regulating stamp duty (a tax on the legal recognition of documents).

## Introduction

The grand jury is an institution that has long played a vital role in criminal justice systems, specifically as it relates to the indictment and prosecution of alleged criminals. The grand jury originated in 1166, with the enactment of the Assize Clarendon, by King Henry II of Britain (McSweeney 2014). The Assize Clarendon mandated that a "jury of twelve good and lawful men" be periodically convened, to investigate and inform the king's justices, whether they had knowledge of or suspected community members of having committed a crime (Segal et al. 1961). Previous to the enactment of the Assize Clarendon, the Catholic Church and nobility decided criminal cases by means of "trial by ordeal or trial by battle or trial by compurgation" (Hurnard 1941). Subsequent to the enactment of the Assize Clarendon, English law adopted an evidentiary model, in which evidence, assessment, and investigation were made by laymen, knights, or ordinary freemen, under oath (Hurnard 1941). Therefore, the Assize Clarendon had a significant impact on trial methods, which would eventually evolve

into a concept known as trial by jury. Trial by jury was officially codified in the Magna Carta and recognized by King John in 1215 (Hurnard 1941).

The institution of the grand jury and the concept of trial by jury were imported to America by British emigrants. However, the grand jury was gradually integrated into colonial society. The first conventional grand jury was not established until 1635 (Kadish 1996). The grand jury officially became codified in American law in 1791, with the adoption of the Fifth Amendment of the United States Constitution (Kadish 1996). While the federal government and all states in the United States currently have provisions for grand juries, only half of the states actually employ them and 22 require their use, to varying extents (Brenner and Shaw 2003).

Constitutional amendments are applicable to the states via the incorporation doctrine of the due process clause of the Fourteenth Amendment. However, the grand jury clause of the Fifth Amendment of the United States Constitution has not been incorporated against state government. Therefore, according to state law, the following states employ some form of grand jury: Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wyoming, and the District of Columbia (Brenner and Shaw 2003).

This article will explore the development and function of the federal grand jury as an institution, designed to protect citizens against malicious prosecution. This article will explore the primary criticism of the grand jury, namely, that the federal grand jury has abandoned this original duty of protection and, therefore, should be abolished.

## Federal Grand Jury as a Social Policy

### Grand Jury Clause

The Fifth Amendment of the United States Constitution, which includes the grand jury clause, was adopted as part of the Bill of Rights in 1791 (U.S. Const. Amend. V.8). The pertinent part of the Fifth Amendment provides "No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or the militia, when in actual service in time of war or public danger" (U.S. Cont. Amend. V.8). Thus, the American grand jury originated not as an agent of the government, but as a defense against the government.

### Federal Rule of Criminal Procedure 6

Rule 6 provides that the federal grand jury must consist of 16–23 members and that 12 members must concur in order for an indictment to be issued. The federal grand jury is instructed to return an indictment (true bill) if probable cause standard has been met or no true bill if probable cause standards have not been met (Fed. R. Crim. P. 6).

Thus, based on the provisions of the Fifth Amendment and Federal Rule of Criminal Procedure 6, the federal grand jury established a shield, between accusations and convictions. The federal grand jury, theoretically, protects US citizens against an arbitrary and overzealous government, by protecting US citizens "against hasty, malicious, and oppressive prosecution" (*Wood v. Georgia*, 370 U.S. 375, 390 1962).

### Secret Federal Grand Jury Proceedings

Grand jury proceedings are held in secret, and all documents and communications concerning the grand jury proceedings are sealed. In addition, no judge is in attendance during the grand jury proceeding. The grand jury proceedings are controlled by a prosecutor, and the defendant has no right to testify before the grand jury or present his case or (in many instances) to even be informed of the grand jury proceedings. While court reporters are allowed to transcribe the grand jury proceedings, the transcriptions are normally sealed. The

purpose of holding grand jury proceedings in secret is to protect the grand jury witness as well as the accused. However, over the years, many defendants have challenged the secrecy of the grand jury proceedings as fundamentally unfair. The argument for such secrecy was unanimously upheld by the US Supreme Court, in *Douglas Oil Co. of Cal. v. Petrol Stops Northwest*, 441 US 211 (1979). The court stated:

> If pre-indictment proceedings were made public, may prospective witnesses would be hesitant to come forward voluntarily; witnesses who appeared before the grand jury would be less likely to testify full and frankly; and there also would be the risk that those about to be indicted would flee, or would try to influence individual grand jurors. Further persons who are accused but exonerated by the grand jury should not be held up to public ridicule.

Although all aspects of the grand jury proceedings are completely secret and/or sealed, there are three exemptions to this general rule, as discussed below:

1. The right to free speech, as protected by the First Amendment of the United States Constitution, commonly allows grand jury witnesses to publically talk about their grand jury testimony. However, in *Denis v. United States*, 384 US 855 (1966), the court held that such public discussion warrants the discovery of grand jury testimony transcripts.
2. In *United States v. Procter & Gamble Co*. 356 US 677 (1958), the court granted the discovery of grand jury transcripts under particular circumstances. The court provided that the party defendant requesting grand jury transcripts is obligated to prove to the court's satisfaction, that without the transcripts a defense would be greatly prejudiced, or that without reference to the grand jury transcripts, an justice would be done. Also, the defendant's request for grand jury transcripts must be made with particularity.
3. The Jencks Act, 18 U.S.C. § 3500, provides that the prosecutor (government) must make available to the defense a verbatim statement or report made by a governmental grand jury witness and/or the defendant but only after the witness and/or defendant has testified on direct examination at trial in the lower district court.

### Investigatory Role

The investigator role of the grand jury primarily concerns the subpoena power of the grand jury (Robin 2010). The subpoena power of the grand jury is the grand jury's authority to force a witness to testify. However, as stated above, the target of a grand jury investigation has no right to testify before the grand jury or put on a defense before the grand jury. However, the United States Attorney's Manual does anticipate the possibility of allowing investigatory targets to testify before the grand jury. The United States Attorney's Manual states that prosecutors:

> must recognize that the grand jury is an independent body, whose functions include not only the investigation of crime and the initiation of criminal prosecution but also the protection of the citizenry from unfounded criminal charges and that targets of investigations have the right to, and can, request or demand the opportunity to tell the grand jury their side of the story (9–11.010 U.S. Attorneys Manual).

### Special Grand Jury

While a conventional grand jury predominantly determine whether or not to bring criminal charges, a special grand jury is convened to investigate whether or not organized crime is occurring in the community in which the special grand jury sits (18 U.S.C. § 331(a)).

## History and Evolution

The grand jury originated in 1166, when King Henry II of England promulgated the Assize of Clarendon (McSweeney 2014). The Assize of Clarendon instructed that 12 "good and lawful" men of the community should be periodically convened, under oath, to act as investigatory agents of the monarch (McSweeney 2014). These investigatory agents came to be known as jurors. Previous to the enactment of the Assize Clarendon, the Catholic Church and nobility decided criminal cases via "trial by ordeal or

trial by battle or trial by compurgation" (Hurnard 1941). Subsequent to the enactment of the Assize Clarendon, English law adopted an evidentiary model, in which evidence, assessment, and investigation were made by jurors under oath (Hurnard 1941). However, the grand jury of 1166 was primarily concerned with expanding the power of the monarch not protecting citizens. Initially, the defendant was both accused and tried by the grand jury (Hurnard 1941). However, in due course, the trial jury (petit jury) increasingly became distinct from the grand jury, until eventually the grand jury and trial juries were completely discernible. In the fourteenth century, the grand jury initiated private testimony in all grand jury proceedings; this was the progenitor to the more draconian secrecy requirements of modern grand jury proceedings (Hafetz and Pellettieri 1999). Distinguishing the grand jury from the trial jury as well as receiving witness testimony in secret provides evidence for the argument that the key function of the grand jury is citizen protection.

The institution of the grand jury and the concept of trial by jury were imported to America by British emigrants. However, the grand jury was gradually integrated into colonial society. The first conventional grand jury was not established until 1635 (Kadish 1996). Throughout the eighteenth century, the British colonist became more resistance to the authority the monarchy. During this period of resistance, the grand jury increasingly became an instrument of political protection. For example, in Boston, the grand jury declined to indict protestors against the Stamp Act, while simultaneously indicting British soldiers for criminal transgressions against the colonist (Kadish 1996). Thus, the legal philosophy, which was developed in England, that the grand jury is the protector of the citizens against malicious prosecution was bolstered during the Revolutionary Period. Without much resistance, the institution of the grand jury officially became codified in American jurisprudence in 1791, with the adoption of the Fifth Amendment of the United States Constitution, which includes the grand jury clause (Kadish 1996).

While the federal government and all states currently have provisions for grand juries, only half of the states actually employ them and 22 require their use, to varying extents (Brenner and Shaw 2003).

## Criticism: A Case for Abolishing the Grand Jury

Although the institution of the grand jury has existed in the United States since 1635 and was officially made a requirement in federal criminal proceedings in 1791, it has received substantial criticism (Kadish 1996). Critics primarily charge that the original function or purpose of the grand jury, which was to protect citizens for malicious prosecution, has become compromised and, therefore, the grand jury should be abolished. Even defenders of the grand jury acknowledge that there are considerable problems with the grand jury but contend that these problems can be remedied.

Critics contend that the modern grand jury has failed to meet its three primary functions, which are (1) to review evidence of alleged criminal conduct and to grant an indictment if the requirements of probable cause are met, (2) to assist the government (prosecutor) in discovering evidence via the grand jury subpoena power, and (3) to protect the citizens from malicious prosecution (Hafetz and Pellettieri 1999). These primary criticisms and others will be discussed below in greater detail.

### Rubber Stamp

In determining whether or not to indict a US citizen, the grand jury is theoretically "a shield against hasty, malicious, and oppressive prosecution" (*Wood v. Georgia*, 370 U.S. 375, 390 1962). Critics charge that the grand jury has abandoned this duty to protect and typically rubber stamp the prosecution's presentation of evidence, without sufficient procedural safeguards, indicting any citizen the prosecutor brings before it (Hafetz and Pellettieri 1999). The grand jury only hears the prosecutor's presentation of evidence and is habitually persuaded by prosecutor's presentation. William J. Campbell, an erstwhile federal district judge, stated that "the grand jury is the total captive of the prosecutor who, if he is candid, will concede that he can indict anybody, at any

time, for almost anything, before any grand jury" (Campbell 1973). Therefore, grand juries provide diminutive protection to the citizens they were established to protect and are considerably more helpful to government (prosecutors).

### Limited Constitutional Rights

Citizens who are subject to grand jury investigations and/or proceedings may not invoke their Sixth Amendment constitutional right to counsel in the grand jury room nor may they invoke their Sixth Amendment right to confront and cross-examine witnesses (*United States v. Williams*, 504 U.S. 36 (1992), *United States v. Mandujano*, 425 U.S. 564, 581, 96 S. Ct. 1768, 1779, 48 L. Ed. 2d 212 1976). Additionally, the Fourth Amendment's exclusionary rule, which excludes illegally obtained evidence, does not apply in grand jury proceedings or investigations. In 1974, the Supreme Court ruled in *United States v. Calandra* that "the exclusionary rule in search-and-seizure cases does not apply to grand jury proceedings because the principal objective of the rule is to deter future unlawful police conduct. . .it is unrealistic to assume that application of the rule to grand jury proceedings would significantly further that goal" (*United States v. Calandra*, 414 U.S. 338, 343 1974). Limiting constitutional rights in grand jury investigations and proceeding leads to the erosion of the duty of the grand jury to protect citizens from malicious prosecution, which further justifies the abolition of the grand jury.

### Subpoena Power

The grand jury has such expansive subpoena power that is capable of investigating alleged crimes even without the presence of a prosecutor. The grand jury subpoena power is used to assist the prosecutor in the prosecution of alleged criminals. Evidence discovered as a result of the grand jury investigation may be used by the prosecutor in a subsequent trial. Citizens subject to grand jury proceedings and investigations can be charged with contempt of court, if they refuse to appear before the grand jury, which is punishable by incarceration for the remaining term of the grand jury (*United States v. Calandra*, 414 U.S. 338, 343 1974). Therefore, the subpoena power is more beneficial to the prosecutor than the citizens.

## Conclusion

The grand jury originated in 1166, with the enactment of the Assize Clarendon, by King Henry II of Britain (McSweeney 2014). The Assize Clarendon mandated that a "jury of twelve good and lawful men" be periodically convened, to investigate and inform the king's justices, whether they had knowledge of or suspected community members of having committed a crime (Segal et al. 1961). The grand jury of 1166 did not protect the rights of the subjects of the king but expanded the power of the monarch, as the grand jury served as the investigatory agents of the king (government). Subsequent to the enactment of the Assize Clarendon, English law adopted an evidentiary model, in which evidence, assessment, and investigation were made by laymen, knights, or ordinary freemen, under oath (Hurnard 1941). Therefore, the Assize Clarendon had a significant impact on trial methods, which would eventually evolve into a concept known as trial by jury. Trial by jury was officially codified in the Magna Carta and recognized by King John in 1215 (Hurnard 1941).

The institution of the grand jury and the concept of trial by jury were imported to American by British emigrants. However, the grand jury was gradually integrated into colonial society. However, throughout the eighteenth century, the British colonist became more resistance to the authority the monarchy. During this period of resistance, the grand jury increasingly became an instrument of political protection. Thus, the legal philosophy that the grand jury is the protector of the citizens against malicious prosecution was bolstered during the Revolutionary Period. Without much resistance, the grand jury officially became codified in American jurisprudence in 1791, with the adoption of the Fifth Amendment of the United States Constitution, which included the grand jury clause (Kadish 1996). The American grand jury originated not as an agent of the

government, but as a defense against the government.

Although the grand jury has existed in the United States since 1635 and officially made a requirement in federal criminal proceedings in 1791, it has received considerable criticism (Kadish 1996). Critics primarily charge that the modern grand jury has failed to meet its original functions: (1) to review evidence of alleged criminal conduct and to grant an indictment if the requirements of probable cause are met, (2) to assist the government (prosecutor) to discover evidence via the grand jury subpoena power, and (3) to protect the citizens from malicious prosecution (Hafetz and Pellettieri 1999). Therefore, based on these criticisms, the institution of the grand jury should be abolished.

## References


9–11.152, Requests by subjects and targets to testify before the grand jury, U.S. attorneys manual

Brenner S, Shaw L (2003) State grand juries. University of Dayton School of Law. Retrieved 8 Jan 2017

Campbell WJ (1973) Eliminate the grand jury. J Crim Law Criminol 64:174–180

*Dennis v. United States*, 384 US 855 (1966)

*Douglas Oil Co. of Cal. v. Petrol Stops Northwest*, 441 US 211 (1979)

*Feder Wood v. Georgia*, 370 U.S. 375, 390 (1962)

Federal Rules of Criminal Procedure, Rule 6

Hafetz FP, Pellettieri JM (1999) Time to reform the grand jury. National Bar Association, Washington, DC, p 12

Hurnard ND (1941) The jury of presentment and the Assize of Clarendon. Engl Hist Rev 56(223):374–410

Jencks Act, 18 U.S.C. § 3500

Kadish M (1996) Behind the locked door of an American grand jury: its history, its secrecy, and its process. Fla State Law Rev 24(1):5–16

McSweeney TJ (2014) Magna Carta and the right to trial by jury. Faculty Publications 1722. http://scholarship.law.wm.edu/facpubs/1722

Robin G (2010) The grand jury: historical roots, contemporary operation and calls for reform. Prof Issues Crim Just 7

Segal B, Costilo B, Spivack G (1961) Obtaining a grand jury investigation in Pennsylvania. Temple Law Q 34: 73–101

U.S.C. § 3331(a)

U.S. Const. Amend. V.8

*United States v. Calandra*, 414 US 338, 343 (1974)

*United States v. Mandujano*, 425 U.S. 564, 581, 96 S. Ct. 1768, 1779, 48 L. Ed. 2d 212 (1976)

*United States v. Procter & Gamble Co.*, 356 US 677 (1958)

*United States v. Williams*, 504 US 32 (1992)


# Federal Senior Management, Brazil


Pedro Lucas de Moura Palotti[1], Pedro Masson Sesconetto Souza[2] and Pedro Paulo Teófilo Magalhães de Hollanda[3]

[1]Instituto de Pesquisa Econômica Aplicada (IPEA) and Instituto Brasileiro de Ensino, Desenvolvimento e Pesquisa (IDP), Brasília, Brazil

[2]Escola Nacional de Administração Pública (ENAP), Brasília, Brazil

[3]Instituto Brasileiro de Ensino, Desenvolvimento e Pesquisa (IDP), Brasília, Brazil


F

## Synonyms

Political appointees; Senior civil service; Senior executive management

## Definition

Federal senior government management comprises the set of positions directly associated with strategic decision-making in public sector organizations.

## Introduction

The study of senior management is essential because this set of leaders is the most direct interface between bureaucrats and the political actors, which requires competencies that are different from other organizational levels of government bureaucracy (Longo 2003; Lewis 2008). The high-level bureaucracy is responsible for implementing the major political decisions, offering alternatives that align technical and political aspects (Pacheco 2010; Palotti and Cavalcante 2018).

In this sense, in addition to technical knowledge, senior government management needs to have social and political articulation skills (Gaetani 2002). At the same time, different

designs for recruiting and training this high bureaucracy affects how the public sector works – whether from the point of view of the organization of the public machinery, the dialogue with political actors, and the implementation of government programs (Fernandes 2013; Pereira 1996; Praça et al. 2011).

There are three types of commissioned positions in the Brazilian federal government: those of Senior Management and Advisory (DAS), the Commissioned Functions of the Executive Branch (FCPE), and the Positions of Special Nature (NES). DAS is free to be nominated and dismissed, although there are criteria in place that limit appointments' discretion. FCPE is exclusive to federal civil servants, being used more frequently since 2016. NES is used to appoint political agents, such as ministers of state.

## Senior Management in the Brazilian Federal Administration: Theoretical Aspects

In 2017, Brazil had 11.4 million civil servants at the three levels of government. Of this total, 10.4% were at the federal level, 32.3% in the states, and 57.3% in the municipalities. The federal servants' share in total public servants fell from 18.1% in 1986 to 10.4% in 2017, due to the substantial expansion at the municipal level. Municipalities employ more than half of all Brazilian civil servants (Lopez and Guedes 2019, 2020).

According to Lopez and Guedes (2020), there are significant differences in average monthly earnings between government levels and branches. At the federal level, the average monthly payments are larger than the state and municipal levels. The Executive branch holds smaller average monthly earnings than the Legislative and Judiciary branches. The majority of Executive civil servants are men, representing 54% of the total in 2017. There is greater equality in the proportion of men and women in the Legislative and Judicial branches.

Within the federal government's scope, management and advisory positions' structure includes the distinction between commissioned ranks – freely provided – and trust functions, exclusive to career employees, but aimed at technical tasks, not necessarily with management components (Since the mid-2000s, some restrictions were imposed to the appointment to these commissioned positions, formulating quotas to public servants, mainly in low and mid positions (see the Decrees no 5497/2005; no 9021/2017; no 9727/2019 and the Law 13346/2016). The President's Chief of Staff investigates top-level positions' background to avoid, for example, the appointment of condemned or prosecuted people (Gaetani et al. 2021).). It is a Y structure – with attributions linked to the management of the machine and managers' advice – conceived during the 1960s (Fernandes 2013; Gaetani et al. 2021).

Studies indicate that the higher the hierarchy of the position held, the greater the probability that the person appointed will be affiliated to a political party, have been selected for political reasons, and remain for a significantly shorter time in their occupation (Praça and Lopez 2019; Lopez and Silva 2019; Lopez and Praça 2018). These positions' spatial distribution has pointed to a movement of centralization in the Republic's Presidency due to the Brazilian coalition governments (Vieira 2017).

In addition to the top management occupation format, there are distortions related to their remuneration structure compared to bureaucratic careers. According to Barbosa-Filho (2018), who compares the Brazilian model to the North American model, in the USA, senior positions (Directors, Secretaries, and Ministers) are remunerated by logic apart from the rest of public servants. Thus, "the maximum basic salary for civil servants' careers in the USA is below the starting salary paid to management and supervisory positions, which would correspond to the positions of Secretaries of State in Brazil (DAS 6)" (Barbosa-Filho 2018, p. 12). In the Brazilian case, the remuneration for high-level managers, DAS 6, who has no connection with the public administration, is lower than the initial payment of civil servants who recently joined the public machine in some management, audit and finance, federal police, or legal careers.

The federal government did several measures to reduce the politicization of top management in the

federal government. Some federal agencies have created commissioned functions that are occupied exclusively by public servants (In some federal organizations, exclusive "commissioned functions" have been implemented in some indirect administration bodies, such as the National Institute of Social Security (INSS), the then National Department of Mineral Production (DNPM), the National Institute of Industrial Property (INPI), the National Institute for the Development of Education (INDE), and the National Department of Transport Infrastructure (DNIT). See Laws 11.355/2006, 12.002/2009, 12.274/2011, 12.443/2011, and 12.898/2013.). The so-called Commissioned Functions of the Executive Branch (FCPE) arose in 2016. FCPE was an extension of the experience of creating these functions mentioned above. Its institution took place by Provisional Measure, later converted into Law No. 13.346 2016. Under this regulation, the federal government converted more than 10.000 DAS commissioned positions into FCPEs, which are exclusively occupied by career civil servants.

Law 13.346/2016 defines the "criteria, professional profile and general procedures to be observed for the occupation of FCPE and the commissioned positions of Grupo-DAS." The National School of Public Administration (ENAP) should support, promote, and coordinate management training programs. Despite this forecast and the FCPE being a relatively comprehensive measure for the whole of the federal public administration, the selection and evaluation of senior management positions are still in the beginning stage. Just recently, Decree nº 9.727/2019 establishes the criteria, professional profile, and general procedures to be followed for the occupation of DAS and FCPE commission positions). In the next section, we provide a profile analysis of top management DAS and FCPE.

## Senior Management in the Brazilian Federal Administration: Occupation Profile

The number of executive and advisory positions and commissioned functions of the Executive Branch in the federal administration (DAS and FCPE posts) is in the order of 22.812 (data from July 2018) (It is important to note that the commissioned functions covered in this section refer to those created since 2006, utilizing specific laws and FCPE organized from 2016 onwards. We considered all hierarchical levels to prepare the graphs.). Although the DAS and FCPE positions represent the backbone of the federal administration's hierarchical command structure, they do not cover all bodies because regulatory agencies, universities, educational institutions, and other types of decentralized entities have differentiated job structures (For the regulatory agencies, different positions were created other than DAS, which are mainly occupied by public civil servants, except the directors, who are appointed by the President of the Republic and scrutinized by the Federal Senate. Universities and federal educational institutes also have a structure of commissioned positions distinct from DAS. As a rule, the directors are chosen by the academic community of these organizations, which are subsequently submitted for the President of the Republic nomination.). We analyzed the positions of Special Nature (NES) to contrast the occupation at the political decision-making level with the political-bureaucratic one, more internal to the public administration.

Currently, 76.65% of these positions are held by public servants or similar, occupants of some permanent public career in the states and municipalities, public employees, military or retired (ENAP 2018a). Graph 1 shows an increase in the number of occupants of commissioned positions regarding public administration relations. The introduction of Law No. 13.346/2016 is followed by a decrease in the number of commissioned occupants without ties to the public administration – those regulations impacted operational and tactical levels (levels 1 to 4 on a 6-point scale).

One of the commonly addressed dimensions of professionalization of the public service is that which refers to the workforce's formal education. The Education Index, which offers an aggregate measure of formal education, was used to analyze that (The Education Index counts the years of study. Thus, within each group, each servant who had "up to elementary" schooling was

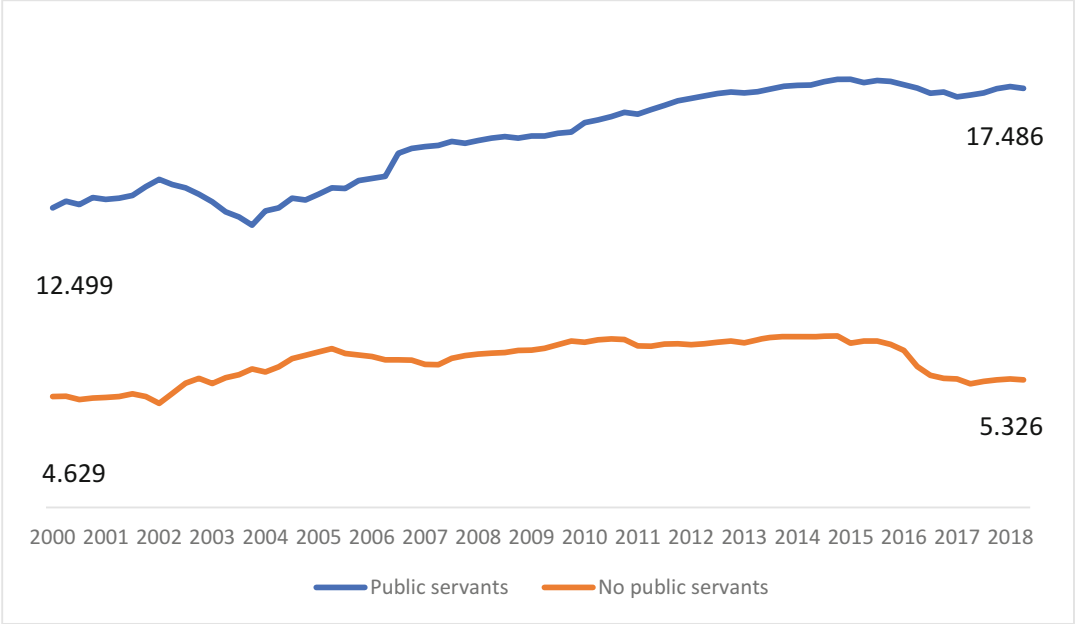


**Federal Senior Management, Brazil, Graph 1** Evolution in the number of public servants and no public servants occupying DAS, FCPE, and NES. (Source: Own elaboration, based on data from Integrated Personnel Administration System (SIAPE))

assigned a value of 9; "High school," 12; "Superior," 16; "Graduate," 17; "Master's," 18; "Doctorate," 22. Subsequently, we converted to an index ranging from 0 to 1. The value of 0.53 would be obtained if all servers had higher education.).

As shown in Graph 2, the groups of directors of the federal public administration have a very similar performance concerning the level of education, with a massive presence of occupants with a higher level and a significant number of occupants with graduate degrees. The only noticeable change was the increase in schooling for occupants of commissioned functions after creating FCPE. It is worth noting that this scenario reflects the reality observed for the federal public administration. In conjunction with the extinction or outsourcing of occupations associated with primary and secondary educational levels, recruitment through public exams expanded the workforce's education level in the Brazilian federal government (ENAP 2018a).

Regarding equality, Graph 3 shows the evolution of the sex ratio over time (This indicator refers to the total number of women divided by the number of men for a given category at a given time. Thus, a sex ratio of 0.5 means that there is a woman in the same position for every two men in a specific category (ENAP 2018b).). As can be seen, the sex ratio in DAS's occupation remained practically constant, between 0.7 and 0.76, with an underrepresentation of women in the occupation of positions. As other studies point out, this underrepresentation tends to become particularly more evident with the expansion of responsibilities and remuneration for these positions. So, women's participation at the highest decision-making hierarchy levels is lower (Freire and Palotti 2015; ENAP 2018a).

The exclusive commissioned functions of public servants have a different trajectory. Initially, the index indicated relative equality between men and women in the occupation of these positions. In 2010, however, a decline in women's occupation began, whose declining trajectory continued in the following years.

The trajectories for DAS and FCPE contrast with the positions destined for political agents. In this group, women's participation has always

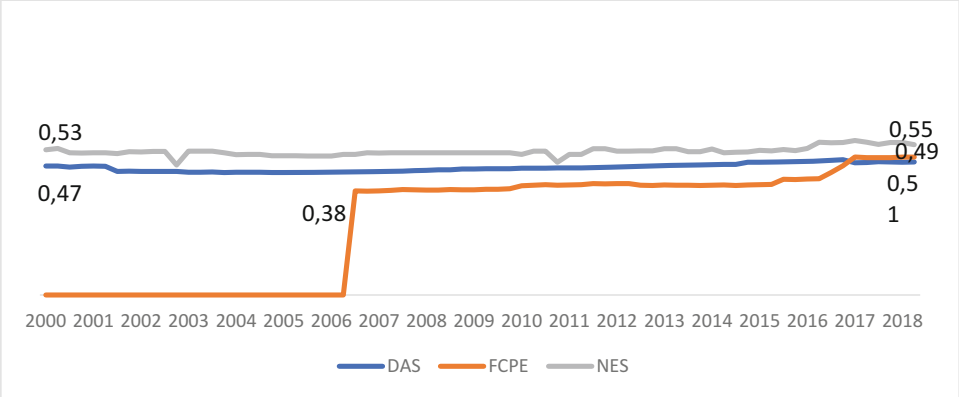


**Federal Senior Management, Brazil, Graph 2** Evolution of the Education Index (DAS, FCPE, NES). (Source: Own elaboration, based on data from Integrated Personnel Administration System (SIAPE))

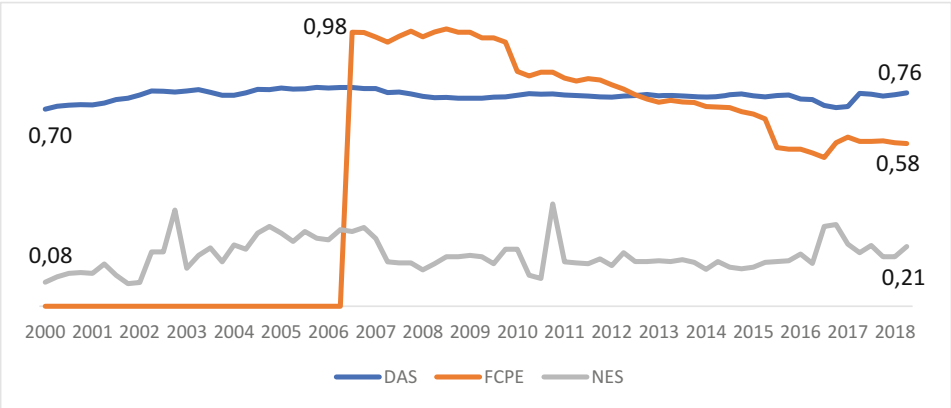


**Federal Senior Management, Brazil, Graph 3** Evolution of the Sex Ratio (DAS, FCPE, NES). (Source: Own elaboration, based on data from Integrated Personnel Administration System (SIAPE))

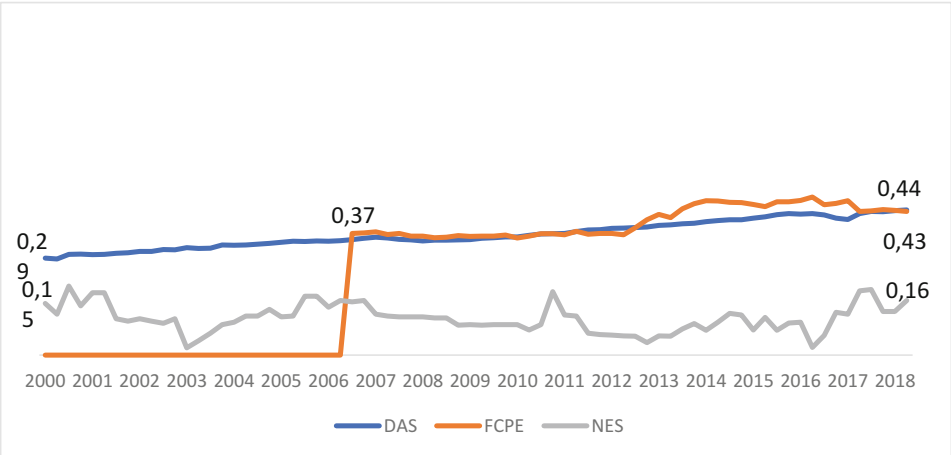


**Federal Senior Management, Brazil, Graph 4** Evolution of the Race Ratio (DAS, FCPE, NES). (Source: Own elaboration, based on data from Integrated Personnel Administration System (SIAPE)

F

occurred in a minimal number, of approximately one woman for every five men.

As for the race, Graph 4 shows the evolution of the race ratio in the period from 2000 to 2018. As can be seen, in general, the participation of blacks and indigenous people does not reach 0.5 of whites and yellows at any time for any group. Therefore, for every ten whites and Asians occupying commissioned positions, there were less than five blacks or indigenous people. When considering the evolution of the indicators over time, there is no significant difference between the DAS group and FCPE. The values oscillated positively during the period, showing a relative improvement from 0.37 to 0.44, despite the values being distant from the equality of participation and even more distant from the relative participation of the population's race. The value observed for blacks and indigenous people in the political leaders in the administration is unequal. The values fluctuate over the period 2000–2018, remaining around 0.15. That is, for every 20 white and Asian political agents, there were approximately three black or indigenous political agents.

## Conclusions

The design of a career system compatible with the professionalization of strategic public management positions in Brazil is one challenge. Distortions in pay and recruitment undermine part of the federal public administration's effectiveness, and its resolution can reduce asymmetries and inequalities in the public sector (Fernandes and Palotti 2019). Reforms in top management can positively impact public servants' motivation by creating a professional advancement perspective within public organizations. This element currently does not exist and is responsible for setbacks in motivation and, consequently, performance (Correa et al. 2020).

The data suggest no significant differences between the occupants of the FCPE and DAS regarding education or race. We observed a minor difference concerning equality, with a more considerable proportion of women occupying DAS than FCPE. However, there are less women occupying both. An open selection process for commissioned positions would increase transparency and competitiveness, leading to better senior-level civil servants. This selection should consider each candidate's professional profile and academic background based on predefined criteria and establish key performance indicators for each position.

In addition to the need to remodel public careers, the data points to a high inequality associated with individual differences, notably sex. The establishment – and following – of objective selection criteria and the most frequent use of open selection processes would diminish barriers and enable broad participation in fairer contests and lead to more diversity in command of the federal civil service.

## Cross-References


- ▶ Federal Executive Management
- ▶ Gender in Public Administration, Brazil
- ▶ Leadership, Brazil
- ▶ Performance Management: Brazil
- ▶ Policy Capacity, Brazil


## References


Barbosa-Filho NH (2018) Reforma da Remuneração dos Servidores Públicos. Fundação Getúlio Vargas. Retrieved from http://blogdoibre.fgv.br/sites/blogdoibre.fgv.br/files/u52/texto.pdf

Corrêa I, Camões MR, Meyer-Sahling J, Mikkelsen K, Schuster C (2020) Distorções de incentivo ao desempenho e redução de motivação no serviço público federal no Brasil. Revista Serviço Público 71(3):476–503

ENAP (2018a) Informe de Pessoal. ENAP

ENAP (2018b) Informe de Pessoal – Aspectos organizacionais. ENAP

Fernandes CCC (2013) Profissionalização da alta gerência: trajetória, experiências de referência e perspectivas no Brasil. Res Pvblica-Revista de Políticas Públicas e Gestão Governamental 12(1):59–73

Fernandes CCC, Palotti P (2019) Professionalizing bureaucracy and building state capacities: are there unequal advances in Brazilian public administration? Revista Administração Pública 53(4):687–710

Freire A, Palotti P (2015) Servidores públicos federais: novos olhares e perspectivas. Cadernos Enap 42. Enap

Gaetani F (2002) Com quem governar? Dilemas da montagem de equipe no governo federal. In: BRASIL (ed) Balanço da reforma do Estado no Brasil: a nova gestão pública. Ministério do Planejamento, Orçamento e Gestão

Gaetani F, Palotti P, Pires R (2021) Public administration in Brazil: the elusive state – eighty years attempting to build a professional and responsive public service. In: Peters GB, Tercedor CA, Ramos C (eds) The emerald handbook of public administration in Latin America. Emerald Publishing Limited, pp 53–80. https://doi.org/10.1108/978-1-83982-676-420201004

Lewis D (2008) The politics of presidential appointments: political control and bureaucratic performance. Princeton University Press

Longo F (2003) A Consolidação institucional do cargo de dirigente público. Revista Serviço Público 54(2):7–33

Lopez F, Guedes E (2019) Nota Técnica – Três décadas de evolução do funcionalismo público no Brasil (1986–2017): Atlas do Estado Brasileiro. IPEA. Retrieved from http://www.ipea.gov.br/atlasestado/

Lopez F, Guedes E (2020) Texto para Discussão 2579 – Três décadas de evolução do funcionalismo público no Brasil (1986–2017). IPEA. Retrieved from https://www.ipea.gov.br/portal/images/stories/PDFs/TDs/td_2579.pdf

Lopez FG, Praça S (2018) Cargos de confiança e políticas públicas no Executivo Federal. In: Pires R, Elias V, Lotta G (eds) Cargos de confiança e políticas públicas no Executivo Federal. IPEA, pp 141–160

Lopez F, Silva TMD (2019) Filiações partidárias e nomeações para cargos da burocracia federal (1999–2018). Revista Administração Pública 53(4): 711–731

Pacheco R (2010) Profissionalização, mérito e proteção da burocracia no Brasil. In: Loureiro MR, Abrucio F, Pacheco R (eds) Burocracia e política no Brasil: desafios para o Estado democrático no século XXI. Editora FGV

Palotti P, Cavalcante PLC (2018) Articuladores Políticos e Dirigentes da Burocracia: ministros de estado no Brasil e em perspectiva comparada. In: Pires R, Lotta G, Oliveira V (eds) Burocracia e políticas públicas no Brasil: interseções analíticas, vol 1. IPEA/Enap, pp 161–184

Pereira LCB (1996) Da administração pública burocrática à gerencial. Revista Serviço Público 47(1):07–40. https://doi.org/10.21874/rsp.v47i1.702

Praça S, Lopez FG (2019) Political appointments, political parties, and bureaucracy. In: Ames B (ed) Routledge handbook of Brazilian politics, vol 1. Routledge, pp 358–371

Praça S, Freitas A, Hoepers B (2011) Political appointments and coalition management in Brazil, 2007–2010. J Polit Latin Am 3(2):141–172. https://doi.org/10.1177/1866802x1100300205

Vieira M (2017) Composição do gabinete e a criação de burocracias públicas centralizadas na presidência da República no Brasil. Dados 60(1):111–144

# Federalism and Public Administration

George J. Gordon
Illinois State University, Normal, IL, USA

## Synonyms

Intergovernmental relations

F

## Definition

"Federalism": A constitutional division of governmental power between a central or national government and regional governmental units (such as states), with each having some independent authority over its citizens.

"Intergovernmental Relations" (IGR): All of the activities and interactions occurring between or among governmental units of all types and levels within the US federal system (Milakovich and Gordon 2013).

## Introduction: Federalism and Public Administration

Federalism and public administration, even if examined separately from one another, would merit extended coverage and discussion. Indeed, both federalism and its more contemporary adjunct – intergovernmental relations – have a prominent place in the literature of political science (Anton 1989; Chemerinsky 2008; Elazar 1984; Nugent 2009; O'Toole and Christensen 2013; Stephens and Wikstrom 2006). In the context of governance, both federalism and public administration have long histories in the United States, as well as elsewhere around the world (the latter more so than the former, given that most nations today are *not* federal in their governing arrangements).

Federalism, by its very nature, involves greater governmental complexity than is found in non-federal systems of government. A federal

arrangement denotes the existence of at least two structurally separate levels of government, each with legal authority and responsibilities that are distinct from those found at the other level or levels – complicating the exercise of authority, and the maintenance of accountability, at *all* levels. A federal arrangement, however, also suggests the need for "sorting out" in some way the areas of authority assigned to different governmental levels. Fundamental questions about the exercise of authority must be (and have been) addressed by the courts; over time, many decisions (though certainly not all) have confirmed the authority of the national government. Also, in an operational sense, increasing patterns of cooperation between and among different government levels and units have been a staple of US federalism. In addition, conflicts between and among governments are not uncommon, as they try to define and redefine their mutual relationships in the course of responding to the demands of their respective citizenries (Hanson 1983).

Public administration also is characterized by some intrinsic complexity; administrative responsibilities are many and varied, as are administrative agencies. And as *societal* complexity has increased during the past century, the roles and functions of government administrators also have taken on greater significance. Among many other things, the role of subject-matter *experts* in public administration has grown exponentially. Increasing governmental responsibilities in areas such as public health and medical research, transportation, communication, and all manner of government regulation virtually require the guidance of substantively educated and trained personnel, to a far greater extent than ever before and at all levels of government.

We also have witnessed significantly broader impacts of administrative activities on the lives of the citizens whom government programs serve. While the expansion of the role of government, generally, was not smooth or uninterrupted in the nineteenth and twentieth centuries, the influence of government activities in our daily lives is evident in myriad ways. Much of that influence stems from programs managed – and services delivered – by administrative entities and personnel, at all three levels of government in the federal system.

## The Essential Nature of Federalism

Formally, federalism is a *constitutional* division of governmental authority between a central or national government and a set of regional units (such as the American states, Canadian provinces, and Swiss cantons). Under a federal arrangement, both the national and regional governments have some independent powers, as well as some powers they share, over their citizens (all powers must be formally defined, and can vary widely from nation to nation); neither government owes its essential existence to the other (as US local governments do to their respective states); and, as a matter of law, neither may dictate to the other (s) in matters of basic structure, definition of essential functions, or fiscal policies. This definition clearly implies that the regional governments have substantial independence from the national government, but that both may exercise powers of government directly over their citizens. Some crucial questions remain, however, about how two different systems of government authority are to be applied *simultaneously* by different governmental units sharing jurisdiction (i.e., appropriate legal authority) over the same territory and citizens (Milakovich and Gordon 2013).

Federalism is also an explicitly *political* arrangement, related to how power in a governmental system is distributed, structured, and exercised. A federal arrangement is designed to restrain and counteract centralized power through the existence of *multiple* centers of authority. Such a system – with separate, legitimate, and authoritative government units operating individually within the same overall territory – makes it less likely that a central government could achieve an excessive concentration of power, which might endanger individual freedoms. Finally, federalism has increasingly important *fiscal* and *administrative* dimensions. These aspects are related both to the operations of government programs that have impact on at least one other level or unit of

government, and to the growing *complexity* and *interdependence* of programs created, funded, and managed by different governments – both in the USA and in the federal arrangements of government found in other countries (Canada, Brazil, Australia, and Switzerland, among others). They also clearly indicate a link between the actual *operations* of a federal system and the increasingly significant public administrative dimensions of contemporary governance (Anton 1989; Chemerinsky 2008; Elazar 1984; Milakovich and Gordon 2013).

Some of the most important questions relating to any federal arrangement of governments pertain to the distribution or assignment of specific powers and *areas* of authority. In the US experience, the US Constitution is the fundamental source of national government powers, with considerable latitude left to the states – although almost entirely without grants of *specific* state powers. National government authority was created in the form of *express* or *enumerated* (specified) powers, and *implied* powers – both created in Article I, Section 8 of the Constitution. Implied powers have become the basis for a much greater array of national government powers than was probably foreseen even by the most ardent eighteenth-century "federalists" (i.e., by the advocates of national government authority). An 1819 Supreme Court decision was the initial step in this direction, in the case of *McCulloch v. Maryland* (4 Wheaton 316). In the *McCulloch* case, the Court ruled that the so-called "necessary and proper" clause of Article I, Section 8, conferred a *larger*, rather than a *narrower*, range of unstated powers on the national government – as long as such powers had their *roots* in one or more of the express powers.

What, then, of *state* government authority? States, after all, preceded the national government in historical terms; state delegations to the 1787 Constitutional Convention, and individual delegates elected state-by-state, were instrumental in drafting the then-new Constitution; and state ratification conventions had to approve, one by one, the proposed new national governing framework. The Constitution refers to the states and their governments numerous times – but *without* going into any significant detail regarding what powers the states could actually exercise. It was clear, from the outset, that states had wide latitude, through their own state constitutions, to organize their respective governing structures, empower their government officials, set and maintain their basic fiscal policies, and establish the structures and authority of their *local* governments. One thing that the original Constitutional document did *not* do, however, was to settle – or, in some respects, to even meaningfully *address* – the intriguing question of how the national government was to govern over the same territory in which semiautonomous state governments were also to *legitimately function*.

Article VI of the Constitution makes a strong and explicit statement concerning national authority vis-à-vis that of the states – namely, that the Constitution, as well as laws and treaties made under national government authority, "shall be the supreme Law of the Land,. . .any Thing in the Constitution or Laws of any State to the Contrary notwithstanding." That might seem to have settled the question of relative authority, quite definitively. On the other hand, in 1791, 2 years after the Constitution was ratified, the Tenth Amendment in the Bill of Rights seemed to point in a very different direction. There, it is stated: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." The Tenth Amendment is the foundation of the doctrine of "states' rights" – an enduring and controversial element in the ongoing "politics of federalism" in this country.

It is no wonder that for more than two centuries US federalism has been characterized by ongoing controversy, in part because of these three inconsistent constitutional provisions: (a) the doctrine of implied powers, involving (by definition) a lack of specificity concerning the *extent* of national government authority, (b) the provision in Article VI that the Constitution (apparently including all implied powers) shall be the supreme law of the land, and (c) that all powers not granted to the national government are reserved to the states. There is obviously room for spirited disagreement over whether the states can exercise powers that,

for the national government, are only *implied*. It has been through the political process (including judicial decision-making) that many of the answers to these questions have been provided – often to the chagrin of the losing side. And of course, the Civil War (1861–1865) was fought in part over the issue of national-versus-state government authority.

Fortunately, constitutional law also has long recognized the existence of *concurrent* powers – those that can be exercised by *both* state and national governments. Even in this regard, there has been controversy, although frequently involving less intensity. As the practical authority of the national government has expanded since 1865; however, these fundamental controversies have remained very much a part of our nation's political discourse.

## Public Administration in a Federal Setting

The complexity of public administration is compounded by the existence and operations of independent (and increasingly *inter*dependent) government agencies at multiple levels of government. These agencies are understood, conceptually, to be subservient to the fundamental decision-making authority vested in legislatures, chief executives, and the courts. It also is understood that public administrative agencies act under authority *delegated* to them by elected legislators, especially, and by chief executives. Such delegations of authority usually are made in broad terms, with less specification of *precisely how* administrators are to carry out their broad directives – whether legislative, executive, or judicial in origin. Administrators at all governmental levels thus possess substantial *administrative discretion* in managing government programs.

When legislatures delegate authority to administrative agencies, they also assign *program jurisdiction* to those agencies; the term "jurisdiction," here, refers to responsibility for specified programs in a defined policy area. Thus, while delegations of overall authority tend to be broad, the programmatic focal points for *exercise* of that authority are defined quite precisely, at all levels of government. In addition, administrative agencies can be established on one of several "foundations" of organization, most commonly according to *function* – that is, the general area of policy concern. This means that agencies have policy responsibilities that are defined in terms of, for example, agriculture, public health, commerce, education, and so on – again, in national, state, and local governments.

Because administrative agencies have considerable discretion in their day-to-day activities, legislatures expect (and are expected) to exercise "legislative oversight" – that is, supervision – of administrative activities. Legislative oversight of administration helps to assure that the exercise of administrative discretion remains *generally faithful* to "legislative intent" – that is, the general purposes of the legislative majorities which enacted the legislation. It also is designed to assure that administrators and their agencies can be *held accountable* for their actions, measured (among other things) by how closely they followed legislative (and other) directives. *Whether such accountability can be achieved and maintained* is an ongoing question in all of public administration. We are in a situation today where oversight is diffused among both legislative and executive "overseers," complicating the exercise of *meaningful* oversight by either one. Maintaining accountability is an even more pressing question in a federalism context, where *shared* administration of government programs across governmental boundaries has become more and more commonplace. This complicates matters even further, in that meaningful oversight is made more difficult when administrative responsibility is vested in agencies located at more than one level of government.

A key dimension of administrative operations, at all levels, is the central importance of political power to the ability of administrative agencies to operate effectively (Long 1949), and (especially in national and state governments) the interaction of myriad political forces which seek to affect policy and program implementation. One of the most significant ways in which power is exercised in national-level bureaucratic politics is through

so-called "policy subsystems" – informal alliances of members of Congress, program administrators, and representatives (lobbyists) of "clientele" or "constituency" groups (interest groups) with a stake in the same policies and programs. Subsystems unite legislators (especially in their roles as committee and subcommittee members), administrators, and lobbyists in efforts to formulate and revise legislation and to guide implementation of existing statutes and other directives.

As will be explained further, below, the subsystem phenomenon in national politics is analogous to another type of function-based alliance, one which brings together public administrators in national, state, and local governments. Two essential realities, here, merit attention. First, similarly expert and similarly interested public administrators, at different levels of government, have become natural allies as program management has become increasingly intergovernmental in nature. Second, these patterns of influence have major implications not only for the exercise of influence in program administration but also for the *ability of chief executives at every level* to affect bureaucratic behavior – making it more difficult for presidents and governors, especially, to direct the activities of administrative agencies which are formally part of the executive branch.

## Further Dimensions of Federalism

In any system of government, there are multiple forces contending for influence. Among these, especially within a federal arrangement, are those promoting centralization of decisional authority, arrayed against forces seeking to scatter authority among governmental actors *not* at the center of the polity. To borrow from the discipline of physics, these competing forces may be likened to *centrifugal* and *centripetal* impulses – pulling toward and away from the center of a system, respectively. In US federalism, it is possible to suggest that the national government and state governments represent the focal points of centrifugal and centripetal forces – and certainly some conflicts in our history would seem to bear that out (over, for example, state versus national government authority in a wide variety of policy areas).

However, it should be pointed out that, consistent with our constitutional design, the states have many opportunities to exert their political influence *within* the decision-making processes of the national government. US Representatives and Senators are elected from state-based constituencies, even though they are national government officials. State governments, throughout our history and increasingly in recent decades, have never hesitated to inform national government officials about the policies they would like to see enacted and implemented (see, for example, Haider 1974). And even more fundamentally, the processes of choosing our elected national government officials (including the president, via the Electoral College) reflect at least some degree of deference to state-level political interests (Nugent 2009; O'Toole and Christensen 2013; Stephens and Wikstrom 2006).

The existence of competing centripetal and centrifugal forces suggests an advantage of the federal system that is not always recognized, namely, that a federal arrangement provides *multiple points of access* for citizens – and organized interest groups – in a federal polity. Having such access is not, of course, a guarantee of success for those seeking to influence governmental activity. But the greater the number of points of access, the greater the possibility that citizens and interest groups will find a unit or level of government that will respond to their calls for action. (There is a corresponding likelihood of *greater conflict* in a federal system, as a consequence of having many access points.)

## The Courts and US Federalism

The role of the courts (especially the US Supreme Court) in shaping federalism has been very significant throughout much of our history. In the early 1800s, the Supreme Court first defined some essential boundaries in national-state relations, with long-term implications. At issue was the scope of national government authority, particularly when it overlapped and conflicted with state

powers. Specific questions included whether states could tax national government agencies (they cannot – a ruling that was also part of the *McCulloch* decision); whether the national power to regulate interstate commerce superseded state regulatory actions, setting up conflicting rules (it does, with some exceptions – a ruling first handed down in *Gibbons v. Ogden* [22 U.S. 1, Wheaton, 1824]); and whether state governments were bound to observe the requirements contained in the Bill of Rights to the US Constitution (they were *not*, according to the ruling in *Barron v. Baltimore* [32 U.S. (7 Pet.) 243, 1833], although in the twentieth century, the Supreme Court changed its mind about that, on a case-by-case, protection-by-protection basis).

Shortly after the Civil War, the Supreme Court handed down another ruling that further defined the nature of the federal system. In *Texas v. White* (74 U.S. 700, 1869), the Court held that the Constitution did not permit states to unilaterally secede from the United States – as eleven states had done, thus triggering the Civil War in 1861. In the same decision, however, the Court broadly implied that although state governments are prohibited from seceding from the Union, the guarantees in the Constitution of a "republican form of government" (i.e., self-rule by the people) remain as a protection against abusive national government actions.

Throughout much of the nineteenth and early twentieth centuries, judicial decisions concerning federalism seemed to favor, more often than not, the authority of state governments over that of the national government. However, in the 1930s and 1940s, the Supreme Court began turning back numerous challenges to expanded national government powers – powers that had grown under the New Deal of Franklin Delano Roosevelt. Until the late 1960s, in a time when national government activism continued to expand (especially under President Lyndon B. Johnson, 1963–1969), the Court continued to support that growth of national government authority (much of that support based on broad interpretations of national authority under the interstate commerce clause in Article I, Section 8).

That pattern of judicial support began to shift somewhat, starting in the 1970s. And especially since 1990, the US Supreme Court has handed down a number of significant rulings directly affecting the relative authority of state and national governments. The majority (though not all) of these rulings have favored state authority at the expense of both national authority and citizen rights and remedies.

The Court acted to constrain, and constrict, national authority in a diverse range of cases – cases dealing with (among other things) age and gender discrimination, civil rights, employment conditions, handgun control, and the minimum wage. In the late twentieth and early twenty-first centuries, some observers even suggested that the Supreme Court was engaged in a "federalism revolution," where a central goal was to more clearly define the "boundaries of national versus state authority" (Milakovich and Gordon 2013: 107).

For example, in 1992 the Court, in *New York v. United States* (505 U.S. 144), ruled that the Tenth Amendment prohibited the national government from directing state governments to implement a national government regulatory program. In 1995 the Court ruled, in *United States v. Lopez* (514 U.S. 549), that when Congress passed the Gun-Free School Zones Act of 1990, it had exceeded its authority to regulate interstate commerce. Four years later the Court held, in *Alden v. Maine* (527 U.S. 706), that the state of Maine could not be sued in its own *state* courts – and, by extension, that no state can be sued in state courts without its consent. Finally, in *United States v. Morrison* (529 U.S. 598 [2000]), the Court ruled that the interstate commerce clause does not permit women to sue their alleged abusers in federal court, when alleged private acts of violence do not cross state lines.

During this same time period, the Supreme Court also made a number of decisions *favoring* the exercise of national government authority. In 2004, for example, the Court ruled that the US Environmental Protection Agency (EPA) has authority, under the Clean Air Act of 1970, to "override state officials and order some antipollution measures that may be more costly." In

addition, this decision is an example of the growing phenomenon of **preemptions** – legal actions by federal courts or agencies to preclude enforcement of a state or local law or regulation. These direct assumptions of power have increased significantly during the past three decades, even as prevailing judicial philosophies have pointed in very different directions (Milakovich and Gordon 2013: 108).

It is evident that the courts have strongly influenced the ongoing nature of the federal system. The emergence of intergovernmental relations has served only to increase the impacts of court decisions, because more governments and their actions may be affected by any particular judicial ruling.

## Intergovernmental Relations: The Intertwining of Federalism and Public Administration

A significant development in US federalism is the rise of "intergovernmental relations" (IGR) – a phenomenon of increasingly interwoven government activities (and/or conflict) involving government entities of at least two, and often all three, levels of government. There have been competing assessments regarding several aspects of IGR – when such patterns of governance first began to emerge (in the nineteenth or the twentieth century) (Elazar 1984), the degree of significance of intergovernmental activity during different historical periods, and whether the national government has (or has not) been the "senior partner" in these intergovernmental partnerships (more recent appraisals of IGR lean to the view that the national government has in fact become the most influential guiding force) (Anton 1989).

The rise of IGR illustrates a point made briefly, earlier – namely, that federalism has increasingly important fiscal and administrative dimensions. Most notably, perhaps, starting just over a century ago, the national government began to engage in "fiscal federalism," involving the making of cash grants to other levels of government – initially to state governments, and only indirectly to localities. However, after World War II, the national government began making grants *directly* to local governments. Starting in the 1960s, the scope and pace of direct aid to local units of government expanded dramatically (although the extent of national aid to states and localities has fluctuated considerably over the years, especially during the Reagan administration, 1981–1989). Fiscal federalism has become a prominent feature of contemporary federalism, simultaneously sparking a wide range of new controversies. (This statement applies to national government aid and, to a lesser extent, to state aid to local governments.)

Public administration is at the heart of many of these controversies. Administering national government grant programs requires recognition of, and accommodation to, the existence, prerogatives, and preferences of states and localities that have their own decision-making apparatus and political majorities. At the same time, the growth of government bureaucracy at all levels (some of that growth triggered by the rise of national grants) has helped to reshape important aspects of the federal system.

Intergovernmental aid has become more important because most states and localities have weaker economic bases and less productive tax systems, compared to the national government. The national government can draw upon the economic resources of the entire country as the basis for raising its revenues; states and localities, by definition, have much more limited geographic areas upon which to build their revenue systems, as well as usually *less diverse* economies within their territories. Also, states and localities rely on tax systems (most commonly, sales taxes and property taxes) which produce less revenue in relation to personal income. Yet states and local governments are the primary providers of *direct* public services, in many policy and program areas – education, public health, housing, and law enforcement, to name only a few. The national government *directly* delivers relatively few public services – most prominently Social Security benefits, veterans payments, and agricultural subsidies. Thus the national government, which enjoys the strongest fiscal base and tax resources, carries the lightest burden of service provision; local

governments are in the opposite position, with fewer fiscal resources and greater service burdens; the states fall in the middle, on both counts. (The national government does provide many services *indirectly*, through grants-in-aid, contracts, loans, regulations, etc.) This phenomenon in US federalism has been dubbed a "fiscal mismatch," where the needs and the resources are located, respectively, at different levels of government in the federal system.

## Grants-in-Aid

At the same time that the fiscal mismatch became more pronounced in the first half of the twentieth century, Congress and the executive branch were growing more interested in broadening and strengthening the public services available at all levels of government. Beginning in the 1960s, both national and state governments utilized greater direct financial assistance in order to expand public services – principally through wider use of *grants-in-aid*.

*Grants-in-aid* are money payments furnished by a higher to a lower level of government, to be used for purposes specified by the "grantor" government, and subject to conditions spelled out by the grantor in law or administrative regulation. The national government is the principal user of cash transfers, although states have increasingly used them as well. At the start of the John F. Kennedy presidency in 1961, only 45 separate grant authorizations (statutes) were in existence. (Then as now, multiple allocations of funds can be made under each authorization.) Over the next 50 years, the scope of grant funding increased tremendously – in terms of both the sheer number of grant programs (reaching some 600 in the past decade) (Milakovich and Gordon 2013: 112–113) and the dollar amounts made available by the national government (approximately $700 billion in fiscal year 2017, according to the US Office of Management and Budget).

Grants have taken three different forms since their numbers began expanding in the 1960s: *categorical* grants, general revenue sharing (GRS), and *block* grants. "Categoricals" were the first to be used (dating back to the early 1900s, in fact). GRS was initiated under the Nixon Administration, 1968–1973, but was ended by President Ronald Reagan in 1987. Block grants, which came into greater use as revenue sharing was ending, have been used since then, but on a much smaller scale as compared with categoricals.

It was noted earlier that grants-in-aid, generally, are to be used for purposes specified by the grantor government, and subject to conditions spelled out by the grantor. Categorical grants are characterized by *narrowly defined* purposes, and by considerable detail in the conditions of use – unlike both general revenue sharing and block grants. GRS assistance constituted virtually unrestricted aid to states and localities, for all practical purposes. Block grants have somewhat tighter restrictions on how they are to be used, but the conditions of use are nowhere near as specifically defined, compared to categoricals. Another key difference between GRS and block grants, on the one hand, and categoricals, on the other, is that *elected* state and local officials have had far greater influence over how GRS and block-grant funds are to be used, whereas many categorical grants are subject to decisions made by government administrators who employ their administrative discretion to make a host of important implementation decisions.

That statement suggests an ongoing reality concerning categorical grants – namely, that decisions on how to manage programs funded through categoricals rest largely in the hands of *administrative* (not elected) officials, at all three levels of government. One result of that reality is the phenomenon of "intergovernmental management" (IGM), involving direct and continuous ties between or among government administrators *sharing* responsibilities in the same area. Intergovernmental management stemming from categorical-grant program administration has led to far greater administrative complexity than existed in the past. At the same time, IGM has raised important concerns about *maintaining*

*accountability* for programs largely directed by career public administrators at all levels.

## Intergovernmental Management: Key Features

The preponderant use of categorical grants has contributed significantly to increased interdependence among program administrators at different government levels, greater reliance on political bargaining by those administrators, and (as noted) the rise of greater administrative complexity. Several factors help to explain this. First, from the earliest years of categorical-grant assistance, the national government established a requirement in most grant programs that a *single state agency* be designated to administer the grant funds – *and* to establish direct relationships with its counterpart in the national government bureaucracy. Currently, statutes either name a specific state agency or call for one to be designated, in a whole host of policy areas (hospitals, urban planning, airports, child welfare, civil defense, etc.). Thus, for about a century, the administration of grant funds has been in the hands of professional administrative personnel in individual agencies (Milakovich and Gordon 2013: 118).

A second factor explaining the rise of complexity is the increasing *specialization* of the grant-in-aid system, as a result of which national agency personnel have come to work more and more closely with their state and local counterparts in *day-to-day management* of intergovernmental programs – in agriculture, public welfare, commerce, education, public health, libraries, and highway transportation, among many others. The governing process has been profoundly affected by this strengthening of intergovernmental administrative linkages, perhaps equally significant is the fact that these developments have occurred largely out of public view. The results of these changes have been described by various observers in different terminology, but pointing to the same realities – for example, the rise of "largely self-governing professional guilds" across governmental lines, or "vertical functional autocracies" (the labels depicting both common programmatic interests and extensive programmatic *independence* from chief executives' and legislators' control) (Milakovich and Gordon 2013: 119). Given those realities, these linkages might also be described as *vertical* subsystems, since the administrators involved are part of their own particular policy alliances at their respective levels of government – alliances which then become part of the processes of intergovernmental management.

The development of these "guilds" or "autocracies" gave rise to a new descriptive label for the federal system. In the eighteenth and nineteenth centuries, federalism was characterized almost exclusively as "dual" federalism – akin to a layer cake, where functions at different levels of government were clearly distinguished from one another. Later, growing intergovernmental cooperation was likened to a marble cake, with the functions of different government levels increasingly intermingled. Now, however, the new vertical administrative patterns suggested the emergence of what one observer called "picket-fence" federalism, where "The lines of authority, the concerns and interests, the flow of money, and the direction of programs run straight down like a number of pickets stuck into the ground. There is, as in a picket fence, a connecting cross slat, but that does little to support anything. In this metaphor it stands for the governments [as a whole]. It holds the pickets in line; it does not bring them together. The picket-like programs are not connected at the bottom" (Sanford 1967: 80).

Administrative personnel operating within each "picket," together with their clientele groups at each level of government, do not always agree about precisely what to do or how to do it, in the programs they manage. But even so, it is these functional alliances that essentially operate intergovernmental programs, and resolve the conflicts that arise, on a day-to-day basis. One effect of all this has been to "intergovernmentalize" administrative discretion – making meaningful oversight even more difficult, in the larger picture. How this situation can be reconciled with democratic values such as control by elected officials, accountability *to* those officials, and (through them)

accountability to the public is an important (and ongoing) question – one that is not easily answered (Milakovich and Gordon 2013: 120).

## Conclusion

Administering government programs in the context of federalism involves a variety of phenomena that, at the very least, are more evident than is the case in nonfederal systems. For example, the twin realities of governmental *complexity* and *interdependence* have grown steadily in the twentieth and early twenty-first centuries. The national government has become far more active in domestic policy making, especially in the past half century; intergovernmental cash assistance has greatly expanded (from the national government to both state and localities, and from states to their local governments), accompanying vast growth in intergovernmental relations; and intergovernmental management has emerged as an important feature of both federalism and public administration. Legislatures increasingly have delegated implementation authority to administrative agencies, as essential public responsibilities themselves have steadily become more complex; this in turn has had the effect of enlarging the influence of public administrators, in both relative and absolute terms.

The *combined impacts* of these changes have raised a variety of issues. These include:

1. Continuing questions about the relative roles of national and state governments in influencing domestic policy (their relative influence has never been static, and it continues to change);
2. The ability – and the inclination – of the national government to use its fiscal resources to influence state and local policy directions (as has sometimes been claimed, especially by those unhappy with that pattern);
3. The widening impact of intergovernmental management in national, state, and local programs;
4. Questions about the extent and effectiveness of control by elected officials (both legislators and chief executives) at all levels of the federal system;
5. Related questions regarding whether the larger structure of intergovernmental management still enables us to hold the administrators in charge of those programs *accountable*.

Clearly, federalism is an important component in what one modern observer labeled "the enterprise of public administration" (Waldo 1980). But federalism and public administration have had – and continue to have – *reciprocal* effects on one another. A federal arrangement of governments fundamentally helps to shape government administration. Also, the rise of both IGR and IGM has had significant impacts on the nature and operations of all government programs. At the same time, the federal system itself has been profoundly affected by increased flows of cash assistance, the rise of significant managerial dimensions, and new forms of both cooperation and conflict among the many policy-making actors in national, state, and local governments.

## Cross-References

► Comparative Federalism and Law
► Constitutional Federalism and Public Administration
► Constitutional Law and Public Administration

## References

Anton TJ (1989) American federalism and public policy: how the system works. Temple University Press, Philadelphia
Chemerinsky E (2008) Enhancing government: federalism for the 21st century. Stanford Law/Stanford University Press, Stanford
Elazar DJ (1984) American federalism: a view from the states, 3rd edn. Harper & Row, New York
Haider DH (1974) When governments come to Washington: governors, mayors, and intergovernmental lobbying. Free Press, New York
Hanson RL (1983) The intergovernmental setting of state politics. In: Gray V, Jacob H, Vines KN (eds) Politics in the American States: a comparative analysis, 4th edn. Little Brown, Boston
Long NE (1949) Power and administration. Public Adm Rev 9(4):257–264

Milakovich ME, Gordon GJ (2013) Public administration in America, 11th edn. Wadsworth, Cengage Learning, Boston
Nugent JD (2009) Safeguarding federalism: how states protect their interests in national policymaking. University of Oklahoma, Norman
O'Toole LJ, Christensen RK (eds) (2013) American intergovernmental relations: foundations, perspectives, and issues, 5th edn. Sage, Thousand Oaks
Sanford T (1967) Storm over the States. McGraw-Hill, New York
Stephens GR, Wikstrom N (2006) American intergovernmental relations: a fragmented federal polity. Oxford University Press, New York
Waldo D (1980) The enterprise of public administration. Chandler & Sharp, Novato

## Federalism, Brazil

Pedro Lucas de Moura Palotti
National School of Public Administration, Brasília, Brazil
Public Law Institute of Brasília, Brasília, Brazil
Institute for Applied Economic Research, Brasília, Brazil

### Synonyms

Central and subnational governments; Multilevel government

### Introduction

Federal institutions have been developed in practice. The founding fathers of the USA had a practical problem to solve: how to create a common defense against their former metropole and the Spanish Empire without suppressing the diversity and autonomy of the 13 colonies? The idea of a multilevel government bind by a Constitution was formulated by the necessity to answer this political deadlock. The USA has become the first experience of federalism in modern history.

Since then federal institutions were conceptualized theoretically as a tool to deal with dilemmas involving the necessity to "come together" or "hold together" (Stepan 1999). American federalism is an example of the former. Representatives of 13 colonies at the Philadelphia Convention in 1787 should devise a pathway to join efforts to protect their territory and sovereignty. Giving up part of their autonomy proved to be a successful strategy to maintain self-govern with the newly created federal government. India in 1948 is an example of the latter. Politicians in the Indian multicultural society decided to change from a unitary state to a federal one in order to maintain previous unity. Sharing the power with local elites would create the possibility to keep India united after independence against the British Empire.

Nowadays, according to the Forum of Federations, there are around 25 federal countries, which represent roughly 40% of the total world's population. Although a significant part of these countries has a vast territory and large population – such as Russia, the USA, Australia, Brazil, India, and Canada – some of them are small although with a multicultural society such as Switzerland and Belgium.

Scholars should consider the diversity of institutional arrangements and the constant changes along time in federations as important features to be considered in their studies. On the one hand, it is inappropriate to ignore particularities that matter for outcomes. On the other hand, regularities and common dimensions about federal systems should be taken into consideration for enhancing theoretical production in the area (Souza 2008).

Two concepts should be treated separately in the discussion about federalism: intergovernmental relations (IGR) and coordination. IGR are crucial for federations, although they also exist in unitary countries. Interactions and power relationships between different levels of government are expected to occur in relation to jurisdiction delimitations, the division of revenues, or the responsibility for regulation in some policy fields

I want to thank Fernando Filgueiras, Alessandro Freire, Felipe Avezani, and João Palotti for their comments and suggestions in a previous version of this text. All errors remain my own.

F

(Phillimore 2013). Decentralization and centralization are common processes of power reallocation between political elites.

Coordination is a broad concept applied to intergovernmental relations as well as to public organizations at the same government or to public-private partnerships. In federations, coordination is related to the role of the central government to constrain or convince local governments to execute or implement certain policies or programs, in general with federal support (vertical coordination). Another possibility is the coordination among governments in the same level to face common challenges or to explore opportunities or advantages of partnership (horizontal coordination). In both cases, institutional arrangements matter to enhance the possibilities of success from these partnerships, decreasing incentives for defection or broadening rewards of cooperation.

## Rules, Politics, and Values

The studies about federalism go back to a tradition of public and constitutional law. This tradition emphasizes the importance of formal and written rules to determine if a political system can be characterized as a federation. According to this literature, a "federative pact or contract" between governments in a federation will be signed upon the Constitution. There is a combination of self-rule and shared rule underlining all federal institutions (Elazar 1987). Rules have an important meaning for this approach.

One notable critique of the constitutional perspective is the centrality of federalism to shape the bargains between political elites (Riker 1975; Mckay 2004). Federalism is basically a political arrangement to balance national and local elites in their struggle for power. Federative institutions create incentives and restrictions to political competitiveness between elites. Federations vary on the range that the federal union constraints or respects the autonomy of local units. Depending on the way federations establish this balance, political elites may either support or reject federal institutions.

Finally, federalism can be analytically distinguished from federations. Federalism in this perspective would be the political ideology of enabling broader political participation of local and regional units in government. Diversity is one of the main values behind federalism. This approach emphasizes a common analytical starting point to deal with all the particularities of federations. Under this perspective, the European Union could be taken as an institutional arrangement where federative principles apply, although formally it is not a federal state (Souza 2008).

## Origins of Federalism in Brazil

Brazilian political institutions have been changed many times, giving more or less autonomy to local and regional governments, in a movement similar to "systoles and diastoles" (Almeida 2007). After independence from Portugal in 1822, Brazil had become a constitutional monarchy, although the emperor had strong powers to influence the government. During this time, the emperor could change the whole government by dismissing the prime minister. The state was unitary, so the chiefs of provinces could also be easily removed by the central government. In 1889, a military coup abolished the monarchy and established a presidential republic with federal institutions. Brazil adopted a Constitution very similar to the US Constitution. Some political oligarchies – mainly represented by the governors of São Paulo and Minas Gerais – had great influence in choosing the president of the Republic and also in promoting new paths for economic development. Although the suffrage had reached a small part of the population, periodic elections, even if fraudulent, created the conditions for a dispute between political oligarchies.

During the twentieth century, two coups d'état centralized the political power in dictatorships that in fact wiped out any federal autonomy. The first one was led by Getúlio Vargas, in 1930. Although initially liberal institutions were preserved, some years later the political power was completely centralized in Vargas' government

until 1945. During the next two decades, periodical elections were restored, with more political participation and autonomy to subnational governments. Governors from opposition parties to the federal government were elected in a competitive political environment. In the context of Cold War and of strong political instability at the federal level, this democratic experience was interrupted in 1964 by the Army Forces, initially supported by civil society and by some politicians who expected to come to power. Until 1985 military presidents were chosen by a military junta that centralized power in the central government.

Both dictatorial periods suspended individual guarantees and also the political autonomy of subnational governments. The central government designated governors and the mayors of the most important cities. Although formally Brazil maintained the division of powers of a federal state, in fact the central government operated as in a unitary country. The Executive branch determined public policy formulation and implementation at the national level. State companies were created to promote economic development. Social policies such as education, health, and social security were enhanced by the central government, benefiting workers with formal linkage in the labor market. States and municipalities had a peripheral role in comparison to the federal government.

The restoration of democracy after the Constitution of 1988 marked a new chapter for federalism in Brazil. There are the Union, 26 states, the Federal District, and 5570 municipalities (IBGE 2017). Municipalities were formally integrated in the federal system as independent members. Along with individual guarantees, the federal system can't be suppressed by constitutional amendment.

One last remark about the origins of federalism in Brazil is related to the role of municipalities according to recent historical research. Although Brazil was a colony under the Portuguese colonial empire, municipalities had for a long time autonomy to self-rule. As in Brazil there was no nobility nor the clergy, citizens could elect representatives for the city council and also be elected to it (Caldeira 2017). Regular elections were well-known in part of the territory with a political autonomy greater than in many countries in Europe during this period (sixteenth to eighteenth centuries). The domestic economy was relatively dynamic, even though Brazil had many restrictions to import goods and no autonomy to establish universities and other public enterprises and the exportation was monopolized by Portugal with sugar plantations and gold mining based on slavery.

## Federalism and Public Policies in Brazil

The Constitution of 1988 defined a massive number of legislative attributions to the federal government, local issues to municipalities, and residual legislative attributions to states. The Union can regulate exclusively matters of civil and criminal law, transportation, national education policy, broader definitions about the macroeconomy, citizenship, and defense and establish general guidelines for subnational requirements in the few subjects that states and municipalities can produce legislation. In terms of public policy formulation, Brazil designed a very centralized federation (Souza 2005). There is very low variability in how vital fields of public policy are regulated in the territory. The National Health System, labor rights, principles for civil service, and social security are some of the policy fields detailed by the Constitution of 1988. Subnational entities weren't veto players of legislation changes, even laws or constitutional amendments that established restrictions and additional obligations to states and municipalities (Arretche 2013; Almeida 2005).

Concerning policy implementation, there was a strong expectation on administrative and fiscal decentralization (Arretche 1996). States and especially municipalities were expected to execute public policies in different fields. Subnational entities could create new duties and taxes to afford new expenditures. Despite this high expectancy about decentralization, coordination problems quickly appeared. In fact, "any federative entity was constitutionally authorized to implement programs in the areas of health, education, social

assistance, housing, and sanitation. Symmetrically, no federative entity was constitutionally obliged to implement programs in these areas" (Arretche 2004: 22).

A set of institutional mechanisms were defined within Brazilian federalism to deal with areas of shared responsibility between federal entities since 1988. Those mechanisms can be classified according to the possibilities to stimulate cooperation or produce centralization (Machado and Palotti 2015) and under the perspective of policy instruments dedicated to intergovernmental relations (Radin 2010). Constitutional and legal obligations were widely used, mainly in social policies. States and municipalities were obliged to spend a fixed amount of around 40% of their total budget in health and education policies. Another important mandatory statement was the Fiscal Responsibility Law, which restricts personnel expenses and the entire public debt of subnational entities. Meanwhile, the Union imposed specific regulations to the composition of the city council according to the size of the municipality and fixed policy targets in sanitation and urban regulation.

Another critical policy instrument to shape intergovernmental relations was the conditional transfers of federal resources to the subnational level. A set of federal programs, mainly in social policies, were designed to induce commitments from states and municipalities. After 2000, subnational expenditures surpassed federal expenditures in social policies (Machado and Palotti 2015). The policy design of these conditional transfers was mainly focused on the federal level acting as a principal: defining rules and policy targets and transferring federal budget to subnational entities. Like agents, subnational entities, primarily municipalities, should implement the policy or program – hiring personnel, building infrastructure, and providing basic goods to support public services to citizens. This centralized model of federal design and local provision of public policies has some elements of cooperation through the participation of subnational entities in intergovernmental councils mainly in health and social assistance policies. Although the Union has an active role in settling and processing the agenda, subnational units have space for diverging, debating, and proposing changes for federal programs during the formulation process (Palotti and Machado 2014).

Local governmental associations as intermunicipal consortia enhanced the horizontal level coordination. Fragmentation represents a challenging scenario for public policy implementation since almost 70% of Brazilian municipalities have less than 20,000 inhabitants (IBGE 2017). It demanded institutional arrangements to enhance cooperation between governments – facilitating the allocation and management of public resources but also punishing deviant behaviors. After the Constitution of 1988, the decentralization of public policies to municipalities enhanced experiences of inter-municipal consortia. In 2005, the Public Consortia Law was approved by the Union to give more legal guarantees and regulate the juridical personality of these partnerships. In 2018, there are 491 intermunicipal consortia in Brazil, which bring together about 74% of municipalities. The most common areas of operation are health (55.8%), environment (35%), solid waste destination (28.3%), public infrastructure (24.2%), and sanitation (19.1%), all public goods that could benefit from the provision in a larger scale (CNM 2018). The improvement in the number of intermunicipal consortia is a result of decentralization after the Constitution of 1988, better institutional arrangements with the Public Consortia Law, the regulation of national legislation in some policy fields, and also the inducement of state governments and municipal associations (Grin and Abrucio 2017; Machado and Palotti 2015; Linhares et al. 2017). Despite improved horizontal coordination at the local level, Brazilian states remain poorly coordinated to address regional issues. They are being sidelined vis-a-vis municipalities in the revenue division and are often involved in "fiscal war" to get private investments in their territory, which makes their public debt problems even more severe (Carvalho and Afonso 2018).

Brazilian federalism created a myriad of institutional instruments that enhanced the centralization of public policy formulation and as a

general trend changed the role of Union from direct execution of public policies to shape subnational entities' behaviors. The coordination and regulation promoted at the federal level resulted in better policy results, mainly in social policies. In other policy fields, as in public security, the loosen regulation and failures in implementing a mechanism of coordination between governments produced poor policy results. Although conditional transfers and legal obligations were crucial centralizing policy instruments, intergovernmental councils and inter-municipal consortia appoint to some cooperative features that should not be neglected by analysts and policymakers.

## Emerging Issues

Federations are always in change, and Brazil isn't an exception (Souza 2008). After three decades of democracy, some lessons about intergovernmental relations were learned, and new challenges emerged. There are innovations, unsolved and new demands in the field of public administration and public policies related to Brazilian intergovernmental relations (practical aspects), and new methodologies and interdisciplinary efforts in the study of federalism taking Brazil as a case study (theoretical aspects).

The lack of coordination in some public policies became evident in the last decade. In social assistance, a new model of intergovernmental relations was designed based on the experience of the National Health System. The National Social Assistance System was implemented since 2004 with successful results in terms of public policy implementation (Sátyro and Cunha 2014). Many public security programs at federal level failed, although some experiences at the state level were innovative and relatively well implemented in some states (Sapori 2007). The last attempt at the federal level was the so-called National Public Security System, also based on the National Health System logic. This new strategy aims to coordinate intergovernmental efforts in the area of public security, such as creating an integrated system of information and electronic data and a national program for personnel training.

In parallel to attempts to improve coordination in some areas of Brazilian intergovernmental relations, there is a new wave for fiscal decentralization in the political scenario. During the presidential campaign in 2018, many political actors adopted the general motto of "More Brazil and less Brasilia." A lot of states and municipalities in Brazil are facing huge fiscal debts that are affecting the provision of daily public services. Political pressures for decentralization are increasing direct federal resources transfers from Legislative amendments of the federal budget. Despite the importance of fiscal decentralization for local autonomy, enhancing non-conditional transfers to subnational units can be less effective for public policy results than supporting strategies of "tax capacity building" in subnational governments (Gadenne 2017). Disregarding federal coordination can widen the already high inequalities between Brazilian regions that some political and fiscal mechanisms in the last 30 years have tried to reduce (Souza 2002).

New theoretical perspectives are being formulated, producing alternative explanations about intergovernmental relations or the effects of federalism over different variables of interest. The theory of policy diffusion has been recently utilized to explain intergovernmental relations in Brazil. It has emphasized the importance of innovators, channels of dissemination, the autonomy to reproduce experiences from other federative units, and policy entrepreneurs to policy adoption. Different public policies have been considered from the perspective of policy diffusion, such as the adoption of primary health-care programs and of open government and transparency practices by Brazilian municipalities (Coêlho et al. 2016; Batista 2018), or the diffusion of public administration innovations and of environmental policy instruments between Brazilian states (Palotti et al. 2016; Borinelli et al. 2018).

Another branch of studies is taking Brazilian federation as a case study to test different relations between federalism and other fields of interest in political science, for instance, how federalism

affects elections through different pathways to party nationalization. In multilevel presidential countries, such as Brazil and Argentina, a party nationalization can be carried out through elections for governors, whenever the party does not have a competitive candidacy for presidential elections to benefit from presidential coattails. Federalism enables different nationalization strategies for political parties (Borges et al. 2017).

Individual preferences concerning the vertical distribution of power in federations is another interesting perspective. In Brazil citizens have a "dual identity," since they feel attached to regional and national territories without strong controversy, although individuals living in unequal states prefer more centralized federalism (Arretche et al. 2015). Other studies are focusing on recurrent debates as the consequences of overrepresentation in Congress and the role of the constitutional court. Malapportionment in Brazilian Legislative results in disproportionate shares of revenue transfers to overrepresented jurisdictions, but it is related to patronage and other bonds in the potential economic development of those regions (Hiroi 2018). After the 1988 Constitution, the Brazilian constitutional court had the institutional conditions to assume the role of arbiter of the federation. However, the constitutional court in Brazil judges mainly state-level controversies between legislative and executive branches, with a tendency to favor the latter. In this sense, "judicial review in Brazil is not dominated by intergovernmental disputes" (Vale 2013: 96).

Those examples of political and theoretical emerging issues appoint to the importance of federalism in both the political and academic debates in Brazil. The current experience of democracy and restored federation has shown many opportunities for institutional development and policy experimentation in subnational units and also many challenges related to intergovernmental relations, distributive conflicts and the necessity to reduce inequalities maintaining the autonomy of federative units. More investigations of how federative institutions work are needed to provide better evidence for institutional change and policy decisionmaking in Brazil.

## Cross-References

▶ Decentralization and Governance
▶ Local Governments, Brazil
▶ Social Policy, Brazil

## References

Almeida MHT (2005) Recentralizando a federação? Revista Sociologia e Política 24:29–40

Almeida MHT (2007) O Estado no Brasil Contemporâneo: um passeio pela história. In: Melo CR, Sáez MA (eds) A Democracia Brasileira: balanço e perspectivas para o século 21. Editora UFMG, Belo Horizonte, pp 17–37

Arretche M (1996) Mitos da Descentralização: mais democracia e eficiência nas políticas públicas? Revista Brasileira de Ciências Sociais 11(31):44–66

Arretche M (2004) Federalismo e políticas sociais no Brasil: problemas de coordenação e autonomia. São Paulo em Perspectiva 18(2):17–26

Arretche M (2013) Quando Instituições Federativas Fortalecem o Governo Central? In: Hochman G, de Faria CAP (orgs) Federalismo e Políticas Públicas no Brasil. Editora FIOCRUZ, Rio de Janeiro, pp 65–90

Arretche M, Schlegel R, Ferrari D (2015) Preferences regarding the vertical distribution of authority in Brazil: on measurement and determinants. Publius J Federalism 46:77–102

Batista M (2018) A Difusão da Lei de Acesso à Informação nos Municípios Brasileiros: Determinantes Internos e Externos. Cadernos ENAP 53:1

Borges A, Albala A, Burtnik L (2017) Pathways to nationalization in multilevel presidential systems: accounting for party strategies in Brazil and Argentina. Publius J Federalism 47:648–672

Borinelli B, Gallassi JN, Mostagi NC, Goncalez HA, Almeida DC (2018) Difusão dos Instrumentos da Política Ambiental nos Estados Brasileiros: Um Estudo Exploratório. In: Costa R, Salgueirinho JB (orgs) Estado, Sociedade e sustentabilidade: articulações interdisciplinares, 1st edn, vol 1. Editora UNISUL, Palhoça, pp 63–86

Caldeira J (2017) História da Riqueza no Brasil, 1st edn. Estação Brasil, Rio de Janeiro

Carvalho CMS, Afonso JR (2018) Coordenação e Relações Intergovernamentais em Federações Avançadas: Algumas Lições para o Brasil. RJLB – REVISTA JURÍDICA LUSO-BRASILEIRA 4:1571–1604

Coêlho DB, Cavalcante P, Turgeon M (2016) Mecanismos de difusão de políticas sociais no Brasil: uma análise do Programa Saúde da Família. Revista de Sociologia e Política 24:145–165

Confederação Nacional de Municípios (2018) Estudo técnico: mapeamento dos consórcios públicos brasileiros. CNM, Brasília

Elazar D (1987) Exploring federalism. University of Alabama Press, Tuscaloosa
Gadenne L (2017) Tax me, but spend wisely? Sources of public finance and government accountability. Am Econ J Appl Econ 9(1):274–314
Grin EJ, Abrucio FL (2017) La Cooperación Intermunicipal en Brasil frente al Espejo de la Historia: Antecedentes Críticos y la Dependencia de la Trayectoria de la Creación de la Ley de los Consorcios Públicos. Políticas Públicas 10(2)
Hiroi T (2018) Paradox of Redistribution: Legislative Overrepresentation and Regional Development in Brazil. Publius J Federalism:1–29. https://doi.org/10.1093/publius/pjy043
IBGE (2017) Perfil dos municípios brasileiros: 2017. IBGE, Coordenação de População e Indicadores Sociais, Rio de Janeiro, 106 p. Available from: https://www.ibge.gov.br/estatisticas-novoportal/sociais/protecao-social/10586-pesquisa-de-informacoes-basicas-municipais.html?=&t=resultados
Linhares PTFS, Messenberg RP, Ferreira APL (2017) Transformações na Federação Brasileira: o consórcio intermunicipal no Brasil do início do século XXI. Boletim de Análise Político-Institucional (BAPI) 12:67–74
Machado JA, Palotti P (2015) Entre cooperação e centralização: Federalismo e políticas sociais no Brasil Pós-1988. Revista Brasileira de Ciências Sociais (Online) 30:61–83
Mckay D (2004) William Riker on federalism: sometimes wrong but more right than anyone else? Regional & Federal Studies 14(2):167–186
Palotti P, Machado JA (2014) Coordenação federativa e a "armadilhada decisão conjunta": as comissões de articulação intergovernamental das políticas sociais no Brasil. Dados 57(2):399–441
Palotti P, Pereira C, Camões MRS (2016) A adoção da carreira de "gestor governamental" no Brasil: há um proceso de difusão em andamento?. In: de Faria CAP, Coêlho DB, da Silva SJ (orgs) Difusão de políticas públicas, 1st edn, 1 vol. EdUFABC, São Bernardo do Campo, pp 133–153
Phillimore J (2013) Understanding intergovernmental relations: key features and trends. Aust J Public Adm 72:228–238
Radin BA (2010) Os instrumentos da gestão intergovernamental. In: Guy Peters B, Pierre J (orgs) Administração Pública: coletânea. Editora UNESP/Enap, São Paulo/Brasília
Riker W (1975) Federalism. In: Greenstein F, Polsby N (eds) Handbook of political science, vol 5, pp 93–172
Sapori LF (2007) Segurança pública no Brasil: desafios e perspectivas. Editora FGV, Rio de Janeiro
Sátyro N, Cunha E (2014) The path of Brazilian social assistance policy post-1988: the significance of institutions and ideas. Bras Polit Sci Rev 8(1):80–108
Souza C (2002) Brazil: the prospects of a center-constraining federation in a fragmented polity. Publius J Federalism (Online), EUA 32(2):23–48
Souza C (2005) Federalismo, desenho contitucional e instituições federativas no Brasil pós-1988. Revista de Sociologia e Política 24:105–121. [online]. Available from: http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0104-44782005000100008&lng=en&nrm=iso
Souza C (2008) Federalismo: Teorias e Conceitos Revisitados. BIB Revista Brasileira de Informação Bibliográfica em Ciências Sociais 65:27–48
Stepan A (1999) Para uma análise comparativa do federalismo e da democracia: Federações que restringem ou ampliam o poder do demos. Dados 42(2):1–37
Vale Helder Ferreira do (2013) The judicialization of territorial politics in Brazil, Colombia and Spain. Bras Polit Sci Rev 7(2):88–113. [online]. Available from: http://www.scielo.br/scielo.php?script=sci_arttext&pid=S1981-38212013000200004&lng=en&nrm=iso

F

# Feigned Public Policy, Theory of

Hassan Danaeefard
Tarbiat Modares University, Tehran, Iran

## Synonyms

Insincerepublic policy

## Definition

A group of policies that lack the main features are called feigned policies: policy regime, program theory, originality, internal coherence, internal consistency, monitoring and evaluation system, policy design, balanced policy compliance, problem-solving property, and proactivity.

## Introduction

Public policies are critical tools for governments to exercise national sovereignty. The nature of national governance is manifested in such policies. Generally, public policy refers to "a system of law, regulation, and a relatively stable and purposeful set of actions taken by governments

to address current issues, improve the status quo, (Anderson 2003), and hunt for untapped opportunities to improve the quality of life of their people." The higher the quality of these policies (Bolong 2003), the better the government's performance will be evaluated. Therefore, we can calculate government performance based on some criteria such as public policy outputs, outcomes, impact. In other words, the accounting and auditing of public policies, if done carefully, will form a platform for accurately measuring the performance of governments. Accordingly, the indicators that measure government performance in various dimensions in the national arena (for example, the quality of governance, ease of doing business, global competitiveness, etc.) indicate each country's public policies' performance. In other words, the nations' essential capital is not just physical, human, intellectual, etc., but the competitive edge of nations is the public policy of those countries. The current era seems to be the era of policy capitalism, not oil capitalism and natural resources, so the war between countries is a war between policies. And any country that has more sustainable policies will be more successful in the competition course.

Therefore, countries try to improve their public policies with scientific, institutional, and other tools. We claim good policies have the following characteristics: (1) A proper policy regime based on a specific doctrine, (2) Coherence between intra-policy and inter-policy, (3) Internal contradiction or policy paradox, (4) An appropriate theory of program (5) Cost reduction instead of cost transfer, (6) An integrated policy design, (7) A monitoring and evaluation system, (8) Far from overly politicization, (9) They are not just reacting to pressure groups and influential stakeholders, and (10) Free from parallelism with other policies. In other words, policies that have such characteristics can be called "calculated policies." According to McConnell (2010), if the government formulates policies that pursue its ultimate goals and place the following policies appropriately, taking into account the existing public policy design (to fit the overall policy architecture and do not hurt the public), public policies will be more likely to succeed. Therefore, any good policy has characteristics as following: made in the light of extreme care and obsession, and it does not contradict the philosophy and doctrine of governments, does not disturb the domain and general coherence of public policies considers environmental dynamics, and does not conflict with other policies. It should not neutralize the impact of different policies. It should not create problems instead of solving problems. It should not be parallel to other policies. It should be based on a kind of program theory and policy regime to achieve the government's grand goals.

Sometimes, policies emerge in countries' political space known in public discourse as "feigned policies." These policies have a negative image in the national and international minds and inject a soldering culture into the government's policy and society. Whether such an image of policies is only a social construction or an objective identity depends on the philosophical paradigm governing these policy demands. Numerous factors are involved in the formation of these policies, and on the other hand, these policies will have several national and international consequences. This essay aims to introduce and conceptualize this phenomenon and explore its antecedents and consequences.

## A Reflection on Public Policy

All governments, relying on "public policies," inject their political philosophy and political doctrine into society. In other words, in the light of the constitution, governments build their ideal society with public policies. Accordingly, public policies such as the pervasive network dominate all public and private aspects of the elements that shape society (individuals, groups, communities, organizations) and the internal relations between these elements and their external links with the external environment. The degree to which governments intervene in society varies from country to country but the reality is that governments seek, directly or indirectly, to direct national behavior, attitudes, and speech toward what the constitution seeks. Accordingly, although some believe that governments should merely manage society's

public space and leave the private space to society itself, the reality is that governments try to shape society, either explicitly or implicitly, according to the guidelines of the country's constitution. Thus, the objective manifestation of each country's public policies should be seen in the attitude, behavior, and speech of individuals in society, not in the "policy booklets" on the shelves or computer files of ministries and government departments. In other words, although, according to Birkland (2011), policies may be laws or a set of rules and regulations governing a particular public issue, the reality is that the laws, regulations, directives, and ordinances that underpin the existence of policies are public, not the policies themselves (Anderson 2003). The purposeful and relatively consistent set of actions that governments take to address the problem is a more precise reference to public policy (Anderson 2003). Accordingly, public policies are purposeful, encompassing what the government is doing in practice, as a configurational body (in the form of various programs and projects that may expand over time), and can be positive (an actual action of the government in one area) or negative (stop taking a hand-off policy), as well as are law-abiding and authoritarian (Anderson 2003).

Thus, governments at all levels (national, state, provincial, and local) are actively shaping public policy. Every year, many laws and regulations are issued from different national, provincial, and local levels. To this volume of laws and regulations, add a huge body of bylaws and regulations drafted by lower-level executive bodies, organizations, and institutions (according to the parent law), as well as add public policies in new areas (e.g., economic stability, health care, nuclear energy, and consumer protection) to government policies in traditional areas (e.g., foreign affairs, transportation, education, higher education, welfare, law enforcement, business regulation, and labor and international trade). Accordingly, the policymaking systems of countries are composed of subsystems that include iron groups, coalitions, areas of action, policy monopolies, networks, and policy communities (Weible and Sabatier 2019; Smith and Larimer 2016), and public policies are the result of their participation, and if you accept that the relationship between public policies is a configurational body, any changes that occur in the public policies of the upper levels of the policy-making system will inevitably affect the lower levels. In this network of public policies, you will sometimes find policies that do not have the characteristics of a prudent policy. The author has used the common term "feigned policies" to describe and explain such policies.

## The Feigned Public Policies

As mentioned, public policy is a pervasive phenomenon in all current societies of the world. Public policies are the source of advantage and disadvantage, cost and benefit for different groups of people, and aim to increase national welfare and happiness (Anderson 2003). At the same time, it may not be possible to imagine a policy that benefits everyone. Public policies give important status to some and degrade others' quality; it makes some rich and some poor. Public policies are the source of the formation of civilization so that they can oppositely destroy civilization. Wise governments, to protect their civilization, try to implement policies in the society that give hope to the country's future, make the country's current situation pleasant, and beautify the country's past. Therefore, any carelessness in formulating public policies may cause irreparable damage to countries' present and future.

Accordingly, all governments worldwide are regularly involved in the formulation, implementation, and termination of public policies. If you look closely at the public policy networks of countries, you will find policies that have the following characteristics: are not based on some theory, are not based on a single policy regime, consume costs in parallel with other policies, have a variety of contradictions within themselves, and sometimes with other policies, are not coherent from within, are not well positioned, are highly politicized, do not have a cohesive and clear framework for monitoring and evaluation, are not based on an integrated policy, and they are only a response to threats from pressure groups and stakeholders. The author calls theses public

policies as "feigned public policies." Instead of an operational definition of these policies, the author tries to describe them only in the first place. In other words, by mentioning specifications, such policies can be separated from other genuine and real policies. The author claims that such policies have the following characteristics:

1. They do not have program theory
2. They do not have a policy regime
3. Are parallel to the original policies
4. They are contradictory from within
5. They are not coherent from within
6. They are inherently politicized
7. They do not have a monitoring and evaluation system
8. They seek to reduce or transfer costs
9. They are a reaction to pressure and influential groups
10. They do not have an articulated design

Based on this, the above ten criteria can be used to measure the feigned public policies' extent. Some of these elements are better recognizable by professional circles and communities, but others can also be recognizable by ordinary people. One may consider other criteria.

## Antecedents of Feigned Policies

We can see instances of this type of policy in all countries. The privatization of owned-state enterprises in Iran is an instance of these policies. These conditions can sometimes be relatively constant or temporary, such as those referred to in the Sabatier framework (Weible and Sabatier 2019) as relatively stable parameters or extra-system shocks, or in the multiple stream framework (Weible and Sabatier 2019), it is referred to as constitutional structures. Undoubtedly, fixed and changing political, economic, social, cultural, and international conditions affect these policies' emergence. Therefore, such policies are not always deliberately formulated; particular circumstances increase or decrease them at the community level. In the following, we mention some of the main causes of these policies: (1) Lack of policymaking capacity, (2) Political myopia, (3) The imitation of the public policies, lack of party performance evaluation system, (4) Low capacity of public policy implementers, (5) Lack of policy accounting, (6) Political instability in the executive branch, and (7) Culture of holding the government accountable by the citizens.

### Consequences of Feigned Policies

As at first, Schattschneider (1935) and later Lowi 1972 and in recent years theorists of policy feedback theory (Beland 2010; Pearson 1993) and theorists of the policy regime (May et al. 2011; Jochim and May 2010) have argued that policies shape policy, so that the feigned policies will be the basis for the formulation of the feigned politics in society, which will later form other public policies in the light of that policy. The feigned policies affect citizens' speech, attitude, and behavior of citizens, groups, organizations, and communities. Accordingly, governments must pay attention to such policies' effects on the speeches, thoughts, and behaviors of individuals, groups, organizations, and communities. The feigned policies will be the sources of stigma, slander, poisoning of society's discourse, flattery, linguistic strains, and so on. In other words, society's language, which has a significant influence on public policy, constructs policy narratives (Jacobs and Sobieraj 2007) and strongly influences them. Language plays a critical role in the form, content, and nature of the various government and societies (Boroditsky 2001). Some of the most important consequences of this type of policy are as follows:

1. Formation of negative discourse against policymakers in society
2. Creating an atmosphere of accusation and stigma in the political atmosphere of the country
3. National pessimism towards the government and the state
4. Distrust of the government
5. Formation of despair to reform the society among the citizens
6. Creating the effect of behavioral Pygmalion resulting from these policies in the whole society

7. Destroying the psychological capacity of society
8. Creating an atmosphere of destructive media against the country
9. Building negative attitudes against the government in the international arena
10. Adopting hesitant behavior towards the country by other countries

## Conclusion

If we divide general policies into macro, meso, or micro levels, higher-level policies may have been measured and calculated, but lower-level policies may be feigned. As mentioned, the cascading hierarchy of policies extends from the national to the lower local levels, so public policies have horizontal relationships with each other and vertical relationships. If feigned policies become common in the horizontal or vertical network of vertical policies, it also distorts the original policies' mental and practical image. Thus, over time, genuine policies may be "transformed" or "abandoned" or terminated due to the operation of feigned policies, which may be the case with feigned policies themselves. One of the most dangerous consequences of the proliferation of feigned policies is forming a culture of soldering in among citizens, which decline the hope for reform and reconstruction of speeches, attitudes, and behaviors in line with the constitution of each country and, finally, the movement towards improving the quality of national life will slow down.

Undoubtedly, several empirical researches are necessary for a more comprehensive conceptual processing of these policies and their various antecedents and consequences. The author does not claim his theory's comprehensiveness but instead introduces researchers to focus on this public policy type.

## Cross-References

► Policy Pressures and Public Law

## References

Anderson (2003) Public policymaking: an introduction. Houghton Mifflin company, Boston

Beland, Daniel (2010) Reconsidering Policy Feedback: How Policies Affect Politics. Administration and Society 42(5):568–590

Birkland TA (2011) An introduction to the policy process. Theories, concepts, and models of public policymaking. M.E. Sharpe, Armonk

Bolong L (2003) Improving the quality of public policymaking in China: problems and prospects. Public Adm Q 27(1/2):125–141

Boroditsky L (2001) Does language shape thought?: mandarin and English speakers' conceptions of time. Cogn Psychol 43(1):1–22

Jacobs RN, Sobieraj S (2007) Narrative and legitimacy: US congressional debates about the nonprofit sector. Sociol Theory 25(1):1–25

Jochim AE, May PJ (2010) Beyond subsystems: policy regimes and governance. Policy Stud J 38(2): 303–327

Lowi TJ (1972) Four systems of policy, politics, and choice. Public Adm Rev 32(4):298–310

May P, Jochim AE, Sapotiche J (2011) Constructing homeland security: an anemic policy regime. Policy Stud J 39(2):285–307

McConnell A (2010) Understanding policy success: rethinking public policy. Palgrave Macmillan, Basingstoke

Pierson P (1993) When effect becomes cause: policy feedback and political change. World Polit 45(4):595–628

Schattschneider EE (1935) Politics, Pressure, and the Tariff. New York: Prentice Hall

Smith, Larimer (2016) The public policy theory primer, Boulder, CO: Westview Press

Weible CM, Sabatier PA (eds) (2019) Theories of the policy process. Westview Press, Boulder

# Feminist Approach to Social Service Delivery by Aid Organizations in Rural Nigeria

Chioma Vivienne Nwokoro
Sociology Department, Eastern Palm University, Ogboko, Imo State, Nigeria

## Synonyms

Empowerment; Faith based organizations; Feminism; Nongovernmental organizations; Social service delivery

## Definitions

| | |
|---|---|
| Feminism | Feminism is a social theory that seeks to analyze social issues from the dimension of gender, with aim of establishing and achieve political, economic, personal, and social equality of sexes. Feminist campaigns over the years have contributed to major historical changes such as the women rights' advocacy, women's suffrage, gender equality, and neutrality. |
| Social service delivery | In this entry, *service delivery* is used to define the mobilization and utilization of resources (financial, social, human, and physical resources) by development organizations for the provision of services to disempowered women who probably have no access to productive resources or public services in their communities. |
| Nongovernmental organizations | Vakil (1997: 2060) defines secular NGOs as "*self-governing, private, not-for-profit organizations that are geared to improving the quality of life of disadvantaged people.*" From this definition, one can therefore differentiate NGOs from other groups in the "third sector" such as trade unions, and professional associations, etc. |
| Faith-based development organizations (FBOs) | According to Tadros (2000: 15), a service delivery FBO is defined *as a civil society organization of religious character or mandate engaged in various kinds of service delivery.* In this view, it can be said that service delivery FBOs are faith-inspired development organizations. |
| Empowerment | Alsop et al. (2006: 10) define empowerment as "*the process of enhancing an individual's or groups capacity to make effective choices and then to transform those choices into desired actions and outcomes (agency).*" This definition captures the very nature of the individual or group as "one in control of empowerment or resources" and whose capacity should be enhanced to make effective decisions in the use of these resources. |

## Introduction

The 1980s and 1990s witnessed the growing trust on development or aid organizations as alternative to unstable and unreliable governance in developing countries. These third sector development organizations particularly the secular NGOs and Faith-Based Development Organizations were effectively mobilized by international organizations such as UN, USAID, Word Bank, DFID to assume the role of provision of social services hitherto handled by government in the developing countries. In cases where the state is weak, it becomes essential for these development organizations to provide basic social benefits such as economic empowerment in form of skills acquisition, cooperative and loan society, granting soft loans for agricultural purposes, and other

development activities like providing shelter, clean water supply, health, and educational services to marginalized communities.

Nigeria is currently faced with various problems ranging from endemic political corruption and mismanagement to rising challenges of poverty, insecurity, and an abysmal state of public infrastructure. Given the precarious condition of people, especially women at grassroots, various empowerment programs have been initiated to respond to their deplorable conditions. These programs include the Family Economic Advancement Programme (FEAP), Better Life for Rural Women, Structural Adjustment Programme (SAP), National Economic Empowerment and Development Strategies (NEEDS), National poverty Eradication Programme (NAPEP), and the Poverty Alleviation Programme (PAP). To date, none of these programs have been successful. With the continued precariousness of government services, increasing corruption (even after restoration of democratic regime) and the exacerbation of poverty in the country, more attention was given to local humanitarian organizations by international donors, including USAID (United States Agency for International Development), the World Bank, and others seeking to dispense charity and relief to impoverished rural people. However, in the recent times, it is observed that the service delivery of these local development organizations has not been able to alleviate the poverty affecting most women in the rural areas in Nigeria. In most cases, local development organizations ignore the needs of their beneficiaries to satisfy development objectives. In other words, the local-based organizations focus on satisfying the guidelines of their international partners rather than responding to the main objective of empowerment which is to satisfy the expectations and needs of their beneficiaries. The result of this discrepancies is less trust and affinity of beneficiaries to the aid organizations and continued failure to deliver effective and impacting services to the women. Thus, there is paramount need to address these limitations in the service delivery functions of the local development organizations. One important way of addressing this limitation is through adopting a feminist approach to service delivery in Nigeria. This will enable more insight to the challenges facing women in traditional societies like Nigeria, their limitations, and particular gender issues the aid organizations would address in providing social services to women in rural areas in the country.

The feminist view of service delivery is employed in this work to argue that poverty affecting rural women in Nigerian is engendered by gender inequalities that are persistent and hegemonic in the society. These inequalities are fostered by traditional norms and values that subjugate women under men and in great dimension affect women's welfare especially in the control of relevant resources required for their wellbeing. The argument is that, empowerment of women by the aid organizations should focus on providing enabling environment for women to undiluted power and control over resources hitherto that were unreachable in their societies. In this way, local development organizations will better align their objectives with the reality of the needs of their beneficiaries in empowerment process.

Thus, this entry highlights the essence of adopting the feminist approach in provision of empowerment services to women in rural areas in Nigeria. From this perspective, it emphasizes the prioritization of women's needs over the objectives of the aid organizations, which include ensuring that women provided with enabling environment to gain power and access to resources otherwise in the men's previews.

## The Condition of Women in Rural Nigeria

Although rich in mineral resources, a sizeable proportion of Nigeria's population nevertheless live in abject poverty. Throughout more than 50 years of independence, poverty has been the major challenge to the various governments, which have tried many economic improvement strategies to little avail. Nigeria with its wealth of natural resources, still has a major percentage

of its population affected by poverty. The National Bureau of Statistics (2010) stated that relative poverty in Nigeria rose from 54.4% in 2004 to 69% (i.e., about 99,284,512 Nigerians). Despite the economy's growth, the proportion of Nigerians living in poverty is increasing every year. The Nigerian Poverty Profile (2010) stated that the relative poverty in Nigeria rose from 54.4% in 2004 to 69% (i.e., about 99,284,512 Nigerians) in 2010. Generally, the northern regions are poorer than the south, whereby the North-west and North-east recorded 77.7% and 76.3%, respectively. This has been attributed to class structure and rampant corruption which have further increased the economic gap between the rich and the poor.

Moreover, it is said that poverty is more prevalent in the rural areas than in cities (NBS 2005). Rural Nigeria contrasts sharply with the urban centres, industrialization, and modern life style (Nwokoro 2016). Rural areas are the home of traditional people, traditions, and cultural heritage. The economic system is agro-based, and land, soil, biodiversity, livestock, forests, seas, and plants make up the major resources which the people depend on for their livelihood. Agriculture provides about 90% of the rural livelihood. The result of 2003/2004 poverty survey in using food consumption indicated that about 44.1% of rural population in Nigeria are living abject poverty compared to the urban area which had 26.5% (NBS 2005). Rural poverty in Nigeria results from the precariousness of government. This could be seen in the federal character system practiced in the country. The Nigerian federal character system as it stands gives the federal government the ultimate authority in budget planning, implementation, and allocation. This federal system entails that federal government shares revenue allocation to the state authority which in turn disburses these allocations to the local government for community development tasks. However, this system of government seems to have its disadvantages as it has resulted in bottleneck delays in revenue allocation, increased corruption in government administrations, and inefficiency evidenced in the local governments. Ultimately, this results in poor developments in rural areas in comparison to urban areas where the bulk of the revenue allocations are concentrated and executed.

In rural areas, women (especially widows) are more vulnerable to poverty than men because women are more likely than men to be unemployed and have fewer means of generating income (Nwokoro 2016). Men also have the capacity to migrate from the villages in pursuit of work in the cities, while cultural norms, including being responsible for caring for children and the home, make this nearly impossible for women. The fate of rural women in Nigeria are said to be compounded given the rate of poverty in the rural areas in the country. The recent economic downturns, which are largely a result of decadence in the political system which is characterized by corruption, avarice, negligence of social responsibilities to the public and oligarchy that breeds authoritarianism, have escalated the hardship that most women in Nigeria experience (Falana 2010). Women (especially widows) are said to be more affected by low production due to deprivations of required social services in the country and the discrimination they face in accessing productive resources (Nwokoro 2016). Coupled with this, is the poor development of infrastructures in the rural areas which creates more hardship for these women. The issue of poverty is particularly troublesome for disempowered women since they have fewer opportunities to recover from impending poverty, as they often lack social support and are not equally represented in the legal system.

## Feminist Ideology and Social Service Delivery in Developing Countries

The feminist theory interprets administration of social services with its various features through a feminist lens. This theory as a fundamental element in societal examination is committed to the design of the idea of women and men sharing equally in the control of resources (Mackenzie

et al. 2013). Feminist approach to service delivery employs gender as a focus through which to analyze critically women's wellbeing and empowerment especially with regards to their control and access to required resources for wellbeing and empowerment (Nussbaum 1999). Specifically, feminists expose and test the assumption that a tradition of male-dominated society has fashioned anything other than a "masculine interpretation" of distribution of resources (Nussbaum 1999). In this stead, the theory therefore analyzes women's past exclusion and alienation from social resources (relevant for their survival) and raises issues, topics, and relevant questions neglected. In fact, it could be said that the feminist ideology to service delivery summarizes women's control over resources as a critical issue in their empowerment. Generally, the feminist's view in provision of empowerment services to poor women in developing societies focus on the following issues:

1. Women's control over resources (power over, power with, power to, and power within)
2. Women's access to information
3. Women's participation in decision-making
4. Women's access to financial resources

### Women's Power and Control over Resources (Power over, Power with, Power to, and Power Within)

Power relation is a pertinent issue when discussing women empowerment, especially in highly gendered societies found in Africa. Power is an important content of empowerment analysis, and for development initiatives on empowering poor women in rural areas to be achieved, it is pertinent to review existing power relations in the societal sphere. The dimension of power in women empowerment studies highlights the significance of building capacity of women to challenge existing power status quo that often constrain women's empowerment. Other authors focus on developing assets and capabilities of disempowered women to gain control of productive assets and resources otherwise resided in the men's domain (Narayan 2002). Empowerment is not just participation in decision-making, it also includes the processes that will enable women utilize their internal strength and perceive themselves as able to make decisions that concerns their wellbeing. Women can exert power over resources in various dimensions. (1) Power over is when the person has control over personal decisions; (2) power with is the person's ability to make personal choice; (3) Power to – is the ability to change aspects in her communal life; and (4) power within is the capacity to change negative aspects in her personal life. However, it takes self-reliance and internal strength to develop these capacities in women. Hence, it is the role of development organizations to provide enabling environment (opportunity structures) such as information, trainings, sensitizations, and education to expand the knowledge base of the women to influence change, especially in gaining control over productive assets hitherto were under the men's preview.

Since women's agency could be influenced by societal defects like inequalities, unfavorable traditional structures – the focus should be on the gain of collective power, since individuals can also effectively make choices to combine their individual assets (in terms of her material, psychological, and human assets) with collective assets (voice, organization, and representations) to increase their capacity for challenging traditional structures. Collective power in form of social mobilizations is a key element in supporting women who are socially excluded to realize the power they possess from collective action, and how this collective power can be transformed in gaining control of resources and change (Kabeer 1999).

### Women's Access to Information

For effective empowerment of women to be achieved, development agencies must increase women's informative power, which will allow them to engage effectively in local deliberations and decision-makings that affect their lives (Narayan 2002). This means giving women opportunity to use their voice and demand change

in existing structure that are unfavorable to them. It equally includes a bottom-top approach in disseminating information that would be beneficial in removing oppressions, injustice, and inequalities that exacerbate women's vulnerabilities. Knowledge is power, information is the key, and they are beneficial in sensitizing women's awareness of their human rights, and in terms of holding institutions accountable for impact. Informed people are better equipped to take advantage of the opportunities/services provided to them and to exercise their rights in all ramifications (agency). In other words, this suggests awareness in the use of inner strength and determination (categories of power) to challenge and transform the reality. From this perception, information is like an eye-opener bringing reality to women who have internalized their lower status and have come to accept the inevitable structures. Moreover, expanding assets and capabilities of poor women to participate, negotiate, and influence pre-existing structures should be supported with effective education. Through provision of relevant information on their human rights, uneducated women who often do not know their rights because of ignorance or due to internalized structures, can become strong to challenge undesirable structures in their societies.

### Women's Participation in Decision-Making

Participation as a process is very essential in empowering women because it makes them gain control of decisions required in transforming their lives. They get to change the rules, gain space for their deliberations and debates, and to engage effectively in budget formation, use of local resources, knowledge, priorities, and service delivery. This motivates their desire and commitment to change. The liberal view of participation was meant to mainstream development agencies in practicalities of human development, which became a total failure. This motivated a new era of participation that focus on engaging intended beneficiaries in development projects. This emerged as a dominant mode of participation where the beneficiaries have ownership of services with transfer of power, control, and mobilization of resources. Hence, participation involves owning the process of empowerment. Participation is also essential for the planning, implementing, and ensuring success of empowerment services, and it is the contribution of women beneficiaries that makes this possible.

### Women's Access to Financial Resources and Microcredit

Delivering of empowerment services to women in developing countries is equally viewed in terms of alleviating their poverty through micro-credit, market, social capital, and entrepreneurial skills development supports. Microfinance has been seen as contributing not only to poverty reduction and financial sustainability but also to a series of "virtuous spirals" of economic empowerment, increased well-being, and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment (Kulkarni 2011: 15). The framework of this empowerment emphasizes the value of money in transforming women's life. Economic empowerment is critical for poor women's wellbeing. Economic empowerment focuses on eliminating disempowering conditions such as ill-health, hunger, and income insecurity in catering household needs. Poverty and vulnerability work hand-in-hand, and eliminating one, functionally decreases the other. Poor people are continuously poor because the overall development environment does not provide space for initiating necessary social connections, skills, credit, and collective organization for pro-poor entrepreneurial development. Most women are often excluded from market and credit facilities because they are not properly informed or they lack adequate connections to accessing these productive assets. Hence, the role of development agencies will be to provide these opportunities.

Most analysis of poverty is viewed from the dimension of sustainable livelihood and economic wellbeing, and discrimination and social exclusion are considered the major causative factors of poverty. In household level, time poverty

(dislodged leisure time), burden of childcare, and other household wellbeing may fall on single mothers who lack access to external supports. This entails developing dimensions for assessing poverty of single mothers heading household. The dimension of poverty affecting women heading households include burden of catering for the economic, health, educational, and feeding needs of their household and supporting women of this category entails bringing financial benefits that will enable them function properly in society.

## Conclusion

Delivering of social services to the poor women in Nigeria has become an important concern to the international and donor communities given the extent of discrimination and deprivations as well as extreme poverty facing these women in rural areas. Given these challenges, many aid organizations both in the national and local levels have started engaging in delivering needed services to the poor, who mostly dwell in the rural areas in the country. However, an important aspect of provision of social services to women in developing societies like Nigeria should focus on assessing gender forces that limit women's wellbeing and how to mitigate these forces. Nigeria like other African countries is a patriarchal society and as such, women's rights and equality to men are still to be achieved. Thus, in discussing service delivery and empowerment of women in Nigeria, it is pertinent to highlight various issues that mitigate their access to resources, information, participation, and financial resources in their society. This work has been able to address important gender issue that would be relevant in assessing social service delivery to poor women in rural areas in Nigeria. The issue is that for service delivery and empowerment of women to be achieved in highly patriarchal society like Nigeria, women should be provided with the enabling environment for gaining control and access to relevant resources for their wellbeing. However, for women to exert power and control over resources, it is paramount to provide them with the requisite information and enabling environment to participate in decision-making that affect these resources. Through provision of appropriate information and participation (which are the basis of social service delivery of aid organizations), women can gain the required control and power to influence change in decision-making and societal structure that affect their wellbeing.

The entire discussion on feminist approach to service delivery or empowerment can be wrapped up as expansion of women's agency and provision of opportunity structures, which is the role of development agencies. It acknowledges the capacity of the development institutions (NGOs) to provide effective services that would meet expectations of poor women by ensuring enabling environment for accessing resources that are inaccessible due to male-dominant cultures.



## Cross-References


- ▶ Comparative Studies of Rural Women Employment
- ▶ Needs Assessment and Nonprofit Organizations
- ▶ Nonprofit Organizations
- ▶ Performance Management in Social Service Provision
- ▶ Power and Empowerment
- ▶ Public Administration and Gender Issues


## References


Falana F (2010) Civil society and anti-corruption struggle in Nigeria. J Hum Dev Cult 2(2):110–131

Kabeer N (1999) Resources, agency, achievements: reflections on the measurement of women's empowerment. Dev Change 30(3):435–464

Kulkarni V (2011) Women's empowerment and microfinance: an Asian perspective study. International Fund for Agricultural Development (IFAD paper). Available from http://www.ifad.org/operations/projects/regions/pi/paper/13.pdf. Accessed 20 Apr 2014. s27

Mackenzie C, Rogers W, Dodds S (eds) (2013) Vulnerability: new essays in ethics and feminist philosophy. Oxford University Press, New York
Narayan D (2002) Empowerment and poverty reduction. World Bank, Washington DC
National Bureau of Statistics (2005) Poverty profile of Nigeria. Available catalog.ihsn.org/index.php/catalog/3322/download/48492. Accessed 18 July 2013
Nigerian Poverty Profile Report (2010) Available on http://reliefweb.int/sites/reliefweb.int/files/resources/b410c26c2921c18a6839baebc9b1428fa98fa36a.pdf. Accessed 12 Aug 2014
Nussbaum M (Ed.) (1999) Women and cultural universals. Sex and Social Justice. Oxford University Press, New York
Nwokoro C (2016) From vulnerability to empowerment, faith based organizations, secular based organizations and rural women empowerment in Abia State Nigeria. Available on https://lra.le.ac.uk/bitstream/2381/37459/1/2016nwokorocvphd.pdf. Accessed 15 Dec 2017
Tadros S (2000) Backstage governance. IDS Bull 43(1): 62–70
Vakil A (1997) Confronting classification problem: towards a taxonomy of NGOs. World Dev 25(12): 2057–2070

# Fiji's Intraregional Trade Outcomes

Suwastika Naidu
The University of the South Pacific, Suva, Fiji

## Synonyms

Export base; Trade in goods; Trade in services

## Brief Definition

Imports of goods: these are foreign goods purchased by the citizens of our country.
Exports of goods: these are the local goods purchased by the citizens in the foreign country.

## Introduction

Trade in the Pacific Island countries (PICs) is characterized by heavy dependence on imports and a narrow base of exports (Pacific Island Forum Secretariat 2020). According to the Standard Trade Model, the differences in the factor inputs are the driver of production possibility frontiers and trade outcomes. Similarly, in the context of the PICs, geographical isolation, lack of resource, and factor inputs inhibit the export potential of the PICs. The level of intraregional trade is quite limited among the PICs, and it is expected to grow in the future. With the establishment of the Pacific Islands Forum (PIF), it is evident that the intraregional trade is likely to expand in the future (Pacific Island Forum Secretariat 2020). The main aim of this essay is to examine and discuss Fiji's trade of merchandise and services over the last 10 years. This essay will also add a critical dimension to the intraregional trade outcomes by assessing Fiji's trading partners over the last 10 years. It will also explore the level and direction of intraregional trade by assessing PIFs of member country's intraregional trade outcomes. The 18 member countries of the PIFs are (1) Vanuatu, (2) Tonga, (3) Tuvalu, (4) Palau, (5) Papua New Guinea (PNG), (6) Kiribati, (7) Nauru, (8) New Zealand, (9) New Caledonia, (10) Australia, (11) the Federated States of Micronesia, (12) Fiji, (13) Cook Islands, (14) French Polynesia, (15) Niue, (16) the Republic of Marshall Islands, (17) Samoa, and (18) Fiji (Pacific Island Forum Secretariat 2020).

## Fiji's Annual Exports, Imports, and Balance of Trade (BoT)

Over the last decade, Fiji is consistently recording a balance of trade deficit. In the year 2010, Fiji's trade deficit was FJ$1,859,231,000, and this trade deficit recorded a whopping increase of FJ$3,781,704,000 in the year 2019 (Bureau of Statistics Database 2020). The trade deficit over the last 10 years has increased by 103.40%. One of the main reasons for the rise in the trade deficit is that imports have significantly increased relative to exports. Two commodities that have significantly increased Fiji's trade deficit are imports of airplanes and helicopters and gas oil. As compared to the imports of machinery, electrical appliances, base metals, live animals, and chemical

products, the imports of airplanes, helicopters, and gas oil have been highly volatile. According to the Bureau of Statistics Database (2020), the import of airplanes and helicopters was FJ$1044.5 million in the year 2019, while the import of gas oil was FJ$473.3 million for the same period. Gold and mineral water remain as two top export commodities for the Fiji Islands. There is wide export potential, and scope for the exports of mineral water as the export revenues from this commodity has increased over the last decade. In the year 2019, the mineral water export revenues were recorded at FJ$293.5 million, and gold earnings were recorded at FJ$108.6 million (Bureau of Statistics Database 2020). Figure 1 shows the widening BoT deficit for the Fiji Islands.

## Fiji's Exports and Imports of Merchandise

### Fiji's Exports of Merchandise

Furthermore, Fiji's top 5 exports by Harmonized System (HS) categories for the last 10 years are (1) prepared foods, tobacco, spirits, and beverages; (2) mineral products; (3) animal products; (4) pearls and precious stones; and (5) textiles (see Figs. 2 and 3) (Bureau of Statistics Database 2020). The ranking of these categories of exports has consistently changed within the top 5 exports by HS categories. The main export items for all of these categories are mineral water, sugar, gold, sharps and flour, garments, and fresh fish. Except for slight variations, these export items have continually been the main export items for the HS categories over the last 10 years. Generally, the percentage contribution from these five categories of exports to the total exports has declined from 77.86% in the year 2010 to 68.91% in the year 2019 (see Fig. 4) (Bureau of Statistics Database 2020). However, the total contribution from these five categories of exports has increased from FJ$1,249,909,000 in the year 2010 to FJ$1,535,774,000 in the year 2019 (see Fig. 3). In addition to the top 5 categories, Fiji is also involved in exporting wood chips, mahogany, cartons, dement, insulated wires, paints, coconut oil, bauxite, skincare products, electric accumulators, sailboats, bricks, and pebbles. These products fall under the 16 categories illustrated in Fig. 5 (Bureau of Statistics Database 2020).

### Fiji's Imports of Merchandise

Moreover, the five key categories of imports by HS categories for Fiji are (1) mineral products; (2) machinery and electrical appliances;

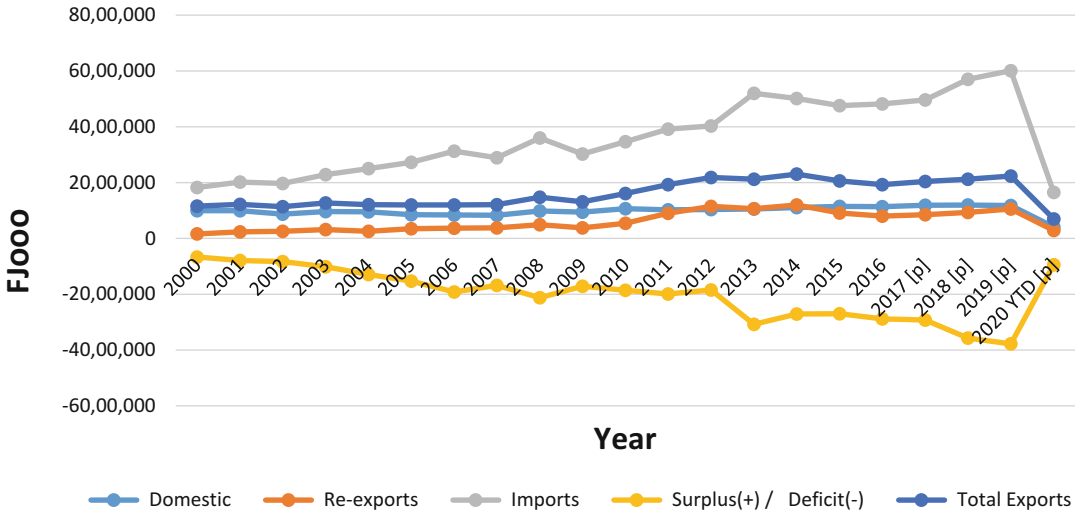


**Fiji's Intraregional Trade Outcomes, Fig. 1** Fiji's annual balance of trade (BoT) for all items. (Source: Bureau of Statistics Database (2020))

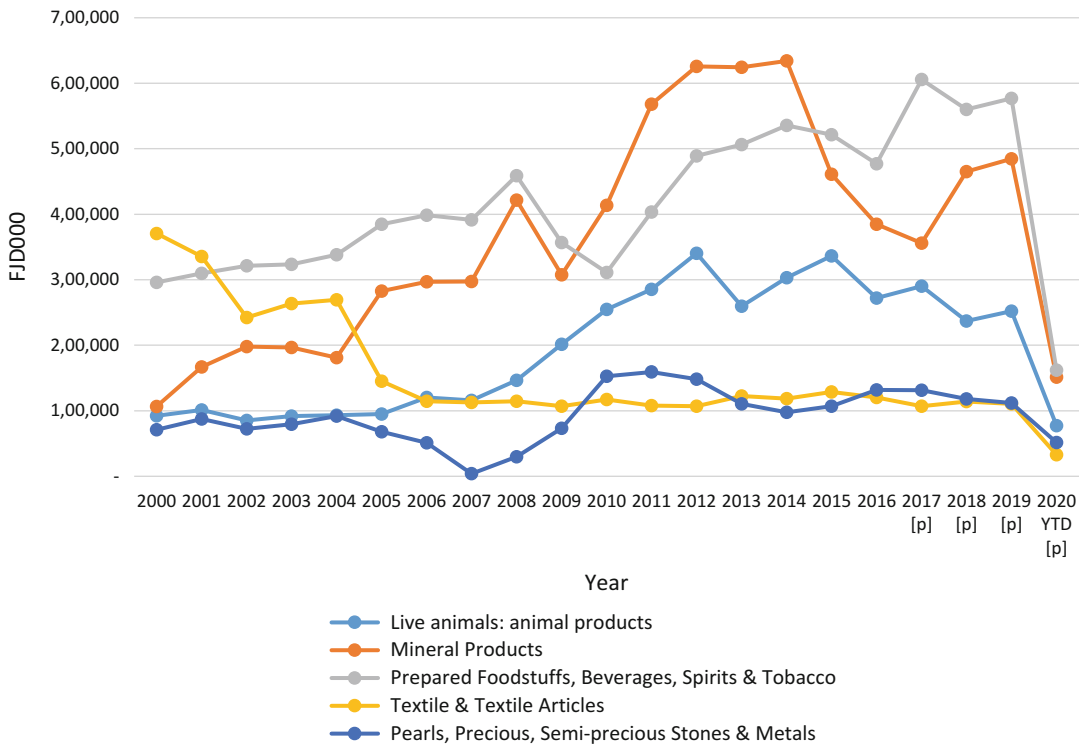


**Fiji's Intraregional Trade Outcomes, Fig. 2** Top 5 key exports of Fiji. (Source: Bureau of Statistics Database (2020))

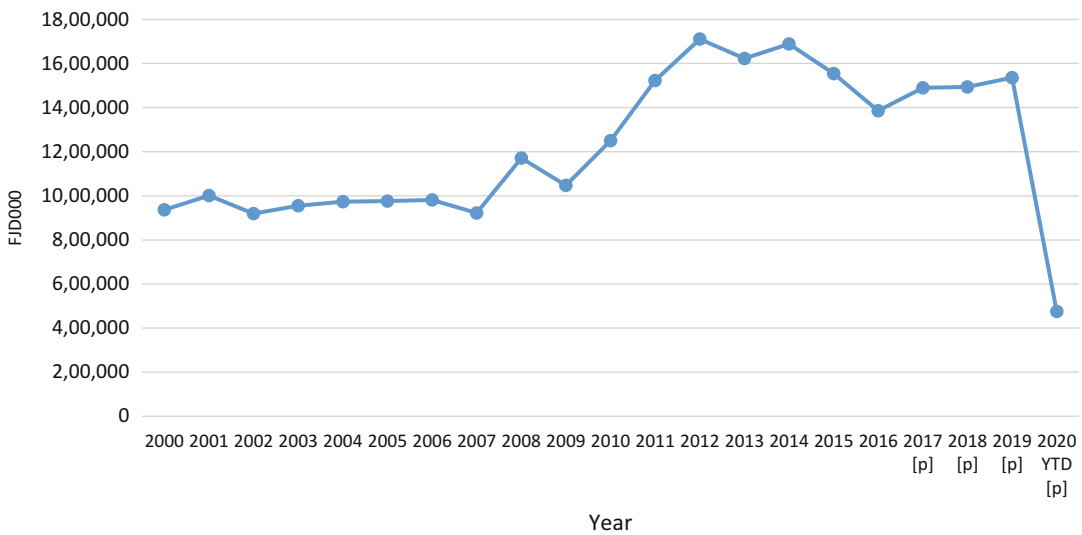


**Fiji's Intraregional Trade Outcomes, Fig. 3** Total contribution by the top 5 key exports. (Source: Bureau of Statistics Database (2020))

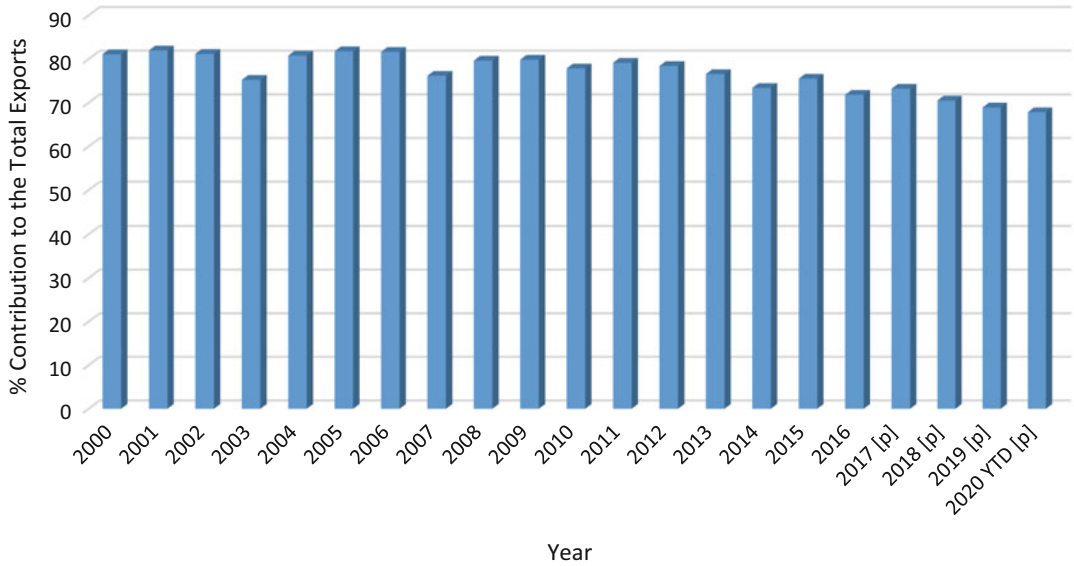


**Fiji's Intraregional Trade Outcomes, Fig. 4** Percentage contribution by the top 5 key exports to the total exports. (Source: Bureau of Statistics Database (2020))

(3) vehicles, aircraft, and transport equipment; (4) base metals; and (5) live animals (see Figs. 6 and 7) (Bureau of Statistics Database 2020). The ranking of these categories of imports has consistently changed within the top 5 imports by HS categories. Over the last 10 years, the import of mineral products has consistently remained high for Fiji. The specific mineral products imported are diesel, turbine fuel, motor spirit, heavy fuel oil, and liquefied butanes. As far as the percentage contribution of these five categories of the products to the total exports is concerned, this has increased from 61.84% in the year 2010 to 67.63% in the year 2019 (see Fig. 8). The total contribution from these five categories of imports increased significantly from FJ$3,464,614,000 in the year 2010 to FJ$6,010,521,000 in the year 2019 (see Fig. 7) (Bureau of Statistics Database 2020). In addition to the top 5 categories of imports, Fiji is also involved in the imports of pharmaceutical products, perfumes, cosmetics, wheat, meslin, rice, potatoes, onions, plastics, tires, and plastic articles. These products fall in the 16 categories of imports illustrated in Figs. 9 and 10.

## Fiji's Exports and Imports of Services

### Fiji's Exports of Total Services

Furthermore, Fiji's total export of services has significantly increased from FJ$1,891.4 million in the year 2010 to FJ$3,487.5 million in the year 2019 (Bureau of Statistics Database 2020). The five key exports of services for Fiji are (1) travel services; (2) transportation; (3) government goods and services; (4) telecommunications, computer, and information service; and (5) other business services (see Fig. 11). From the year 2010 to 2019, there has been a slight variation noticed in the ranking of the export of services from Fiji. Over the last 10 years, the growth in the export of services is attributed to the sustained increase in transportation and travel services. The provision of transportation and travel services increased from FJ$472.4 million and FJ$1,215.9 million in the year 2010 to FJ$1,044.4 million and FJ$2,080.50 million in the year 2019 (Bureau of Statistics Database 2020). Exports of travel services are divided into four categories: (1) business conferences, (2) personal services,

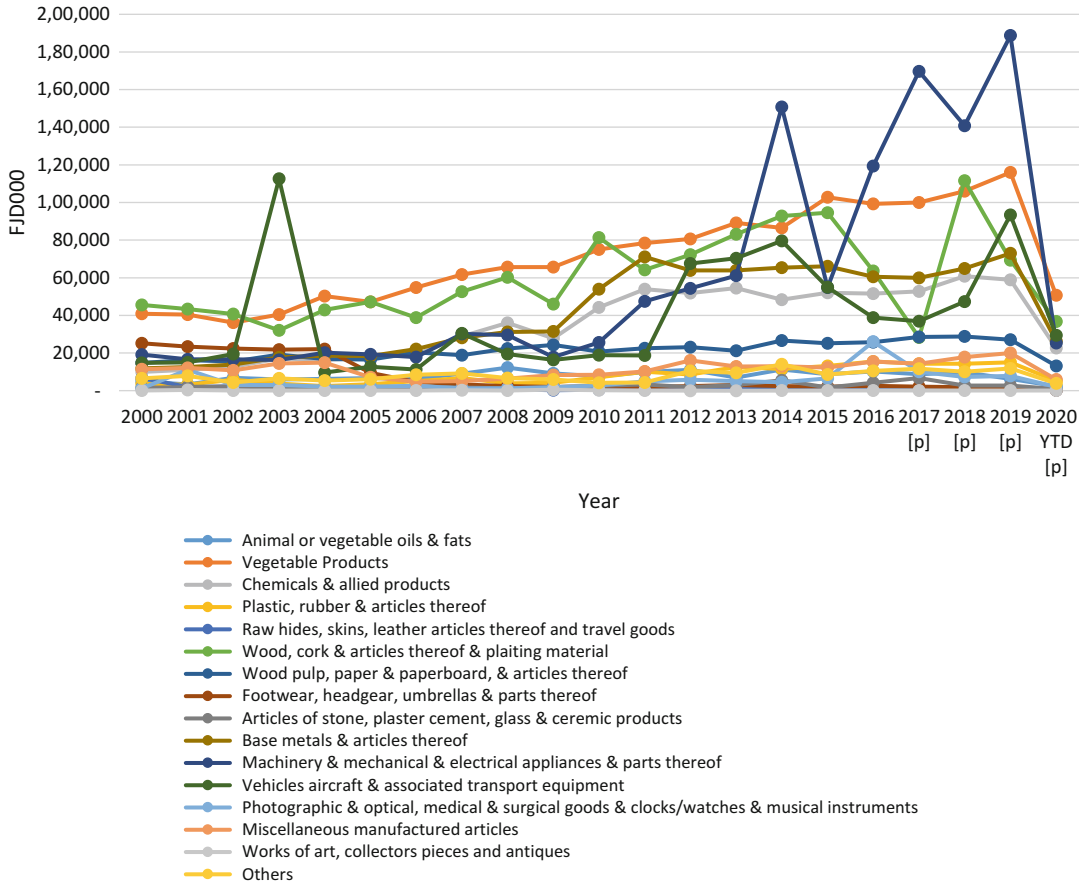


**Fiji's Intraregional Trade Outcomes, Fig. 5** Fiji's key exports exclusive of the top 5 export list. (Source: Bureau of Statistics Database (2020))

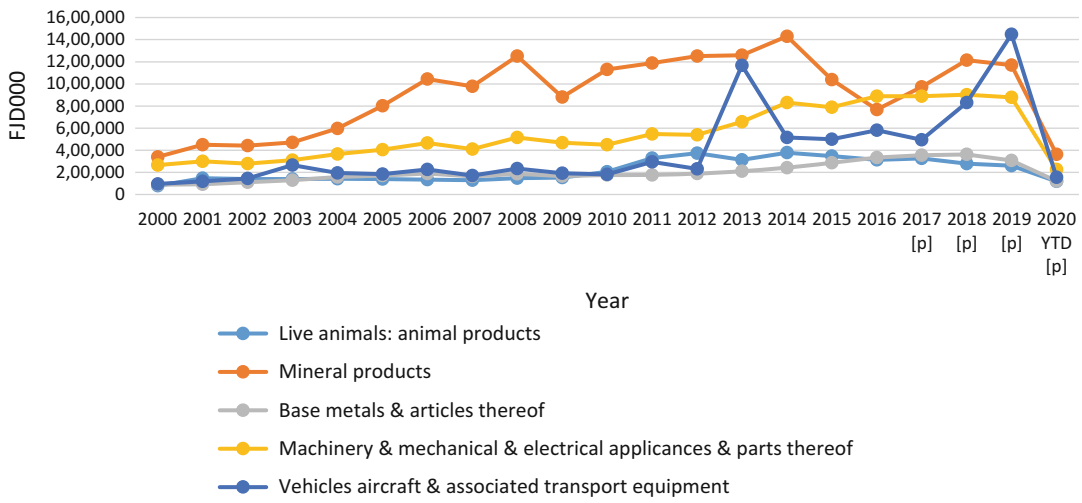


**Fiji's Intraregional Trade Outcomes, Fig. 6** Top 5 key merchandise imports of Fiji. (Source: Bureau of Statistics Database (2020))

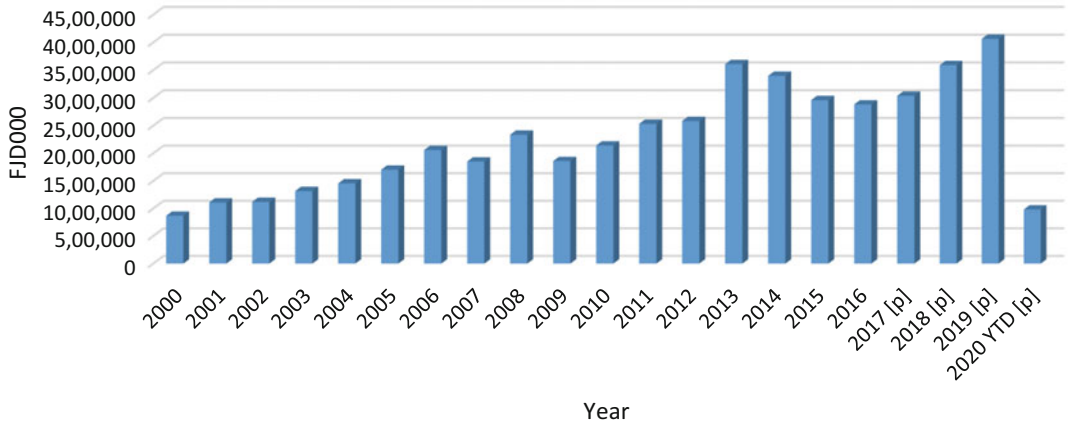


**Fiji's Intraregional Trade Outcomes, Fig. 7** Total contribution by the top 5 key imports. (Source: Bureau of Statistics Database (2020))

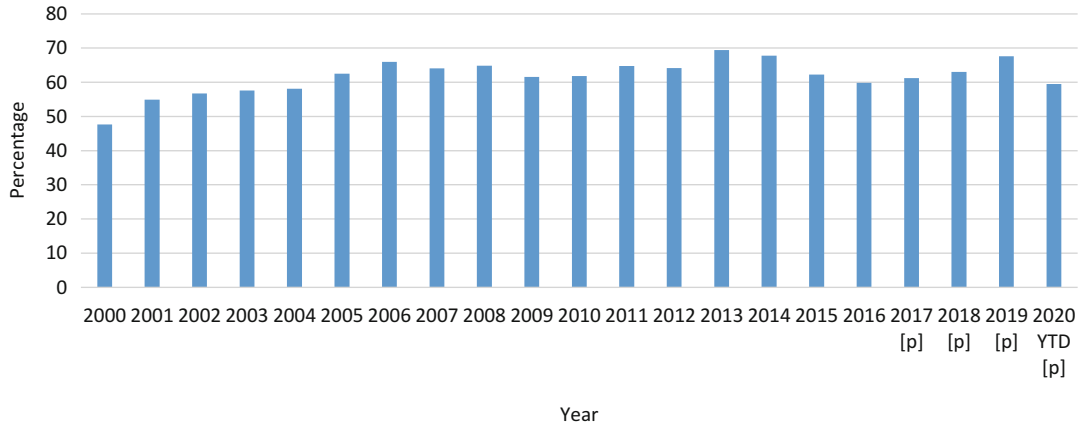


**Fiji's Intraregional Trade Outcomes, Fig. 8** Percentage contribution by the top 5 key imports to the total imports. (Source: Bureau of Statistics Database (2020))

(3) health services, and (4) education-related services (Bureau of Statistics Database 2020). The total travel services increased from FJ$1,891.4 million in the year 2010 to FJ$3,487.5 million in the year 2019 (see Fig. 10). In addition to the export of these services, Fiji also focuses on exporting manufacturing and maintenance services, construction services, insurance and financial services, charges for intellectual property rights, and cultural services (Bureau of Statistics Database 2020) (Fig. 12).

### Fiji's Imports of Services

Over the last 10 years, the five key categories for the imports of services are (1) transportation services, (2) travel services, (3) insurance and pension services, (4) telecommunications and information services, and (5) other business services (see Figs. 13 and 14). From the year 2010 to 2019, there has been a slight variation noticed in the ranking of the import of services to Fiji. The imports of services have increased from FJ$859.30 million in the year 2010 to FJ$1,714.90 million in the year 2019 (see

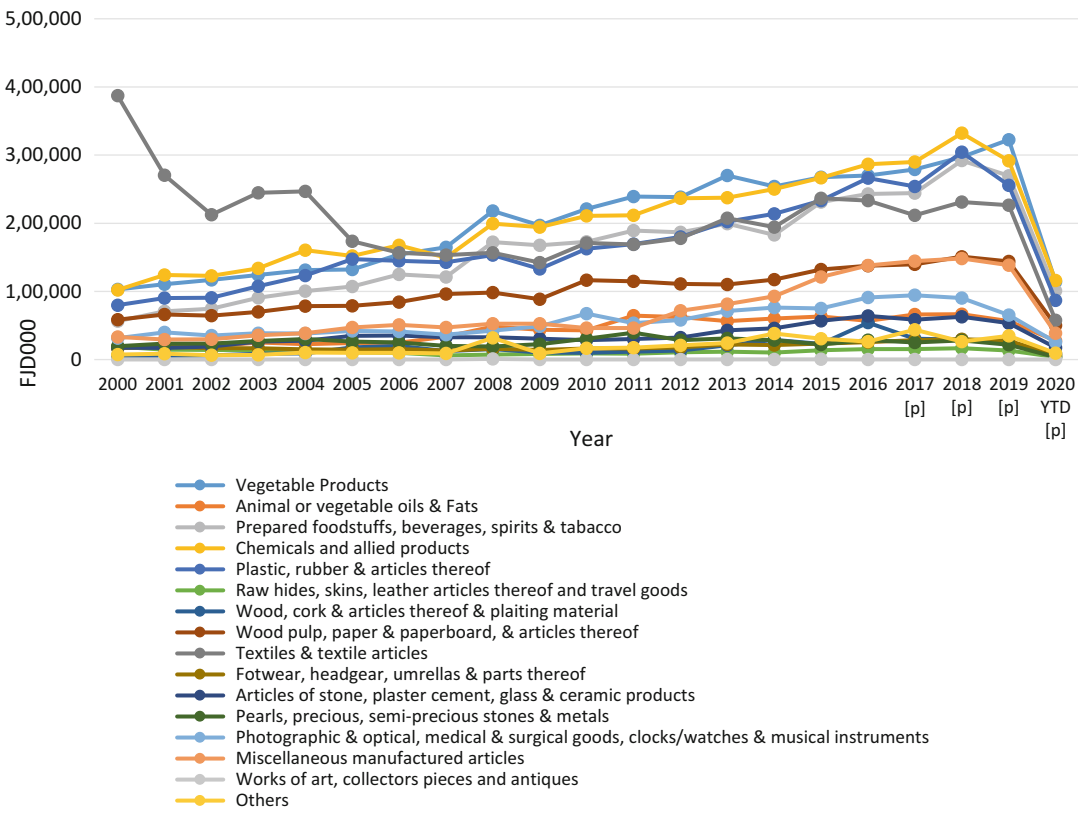


**Fiji's Intraregional Trade Outcomes, Fig. 9** Fiji's key imports exclusive of the top 5 import list. (Source: Bureau of Statistics Database (2020))

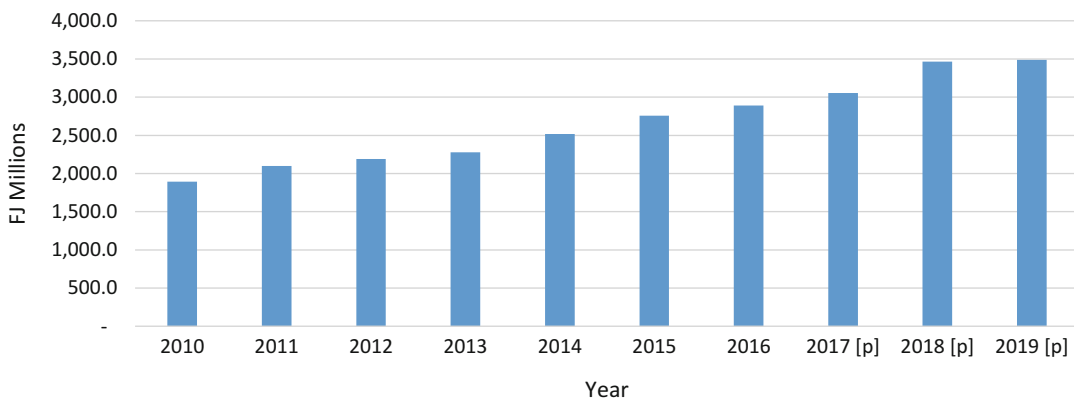


**Fiji's Intraregional Trade Outcomes, Fig. 10** Exports of total services. (Source: Bureau of Statistics Database (2020))

Fig. 13) (Bureau of Statistics Database 2020). Apart from the top 5 key categories of imports of services, Fiji also specializes in importing manufacturing and maintenance services, construction services, financial services, charges for intellectual property, personal and recreational services, and government services (see Fig. 15). Imports of transportation services have

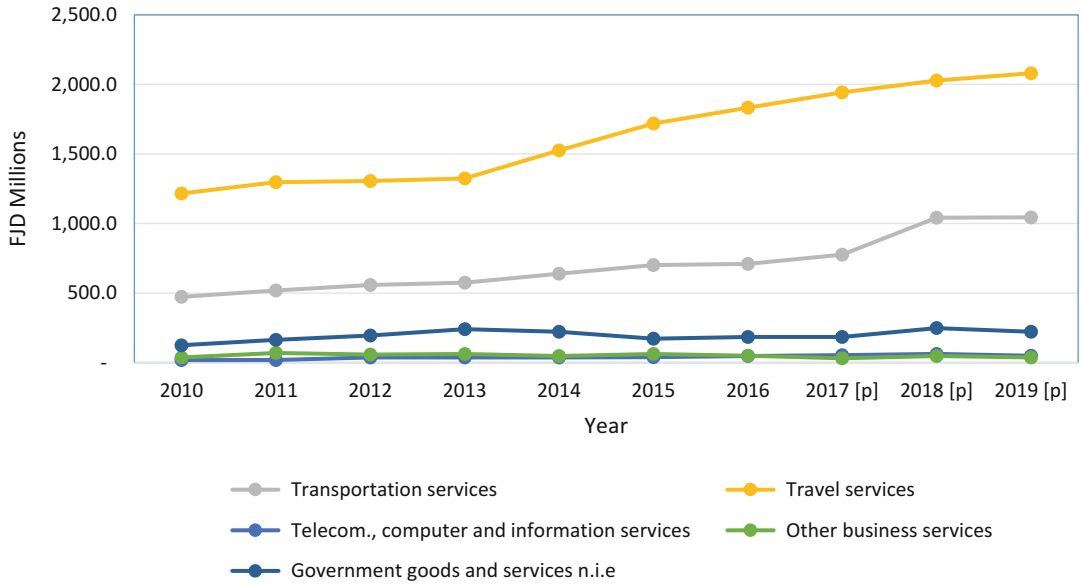


**Fiji's Intraregional Trade Outcomes, Fig. 11** Top 5 key exports of services in Fiji. (Source: Bureau of Statistics Database (2020))

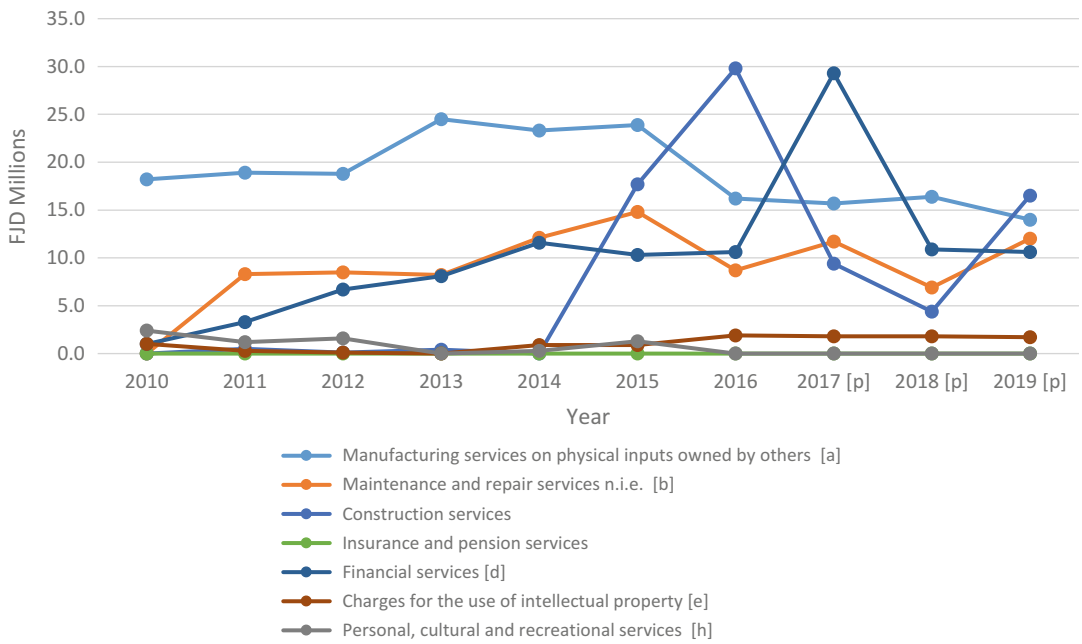


**Fiji's Intraregional Trade Outcomes, Fig. 12** Fiji's exports of services exclusive of the top 5 service export list. (Source: Bureau of Statistics Database (2020))

dominated all the categories of the imports of services. The transportation services increased from FJ$512.90 in the year 2010 to $FJ859.1 million in the year 2019, resulting in a growth of 67.50% (Bureau of Statistics Database 2020) (Fig. 16).

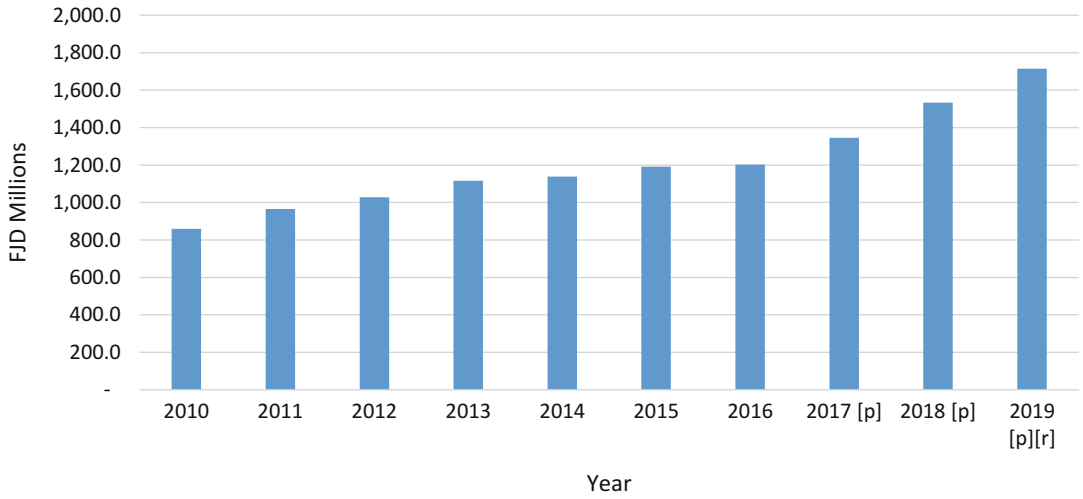


**Fiji's Intraregional Trade Outcomes, Fig. 13** Imports of total services. (Source: Bureau of Statistics Database (2020))

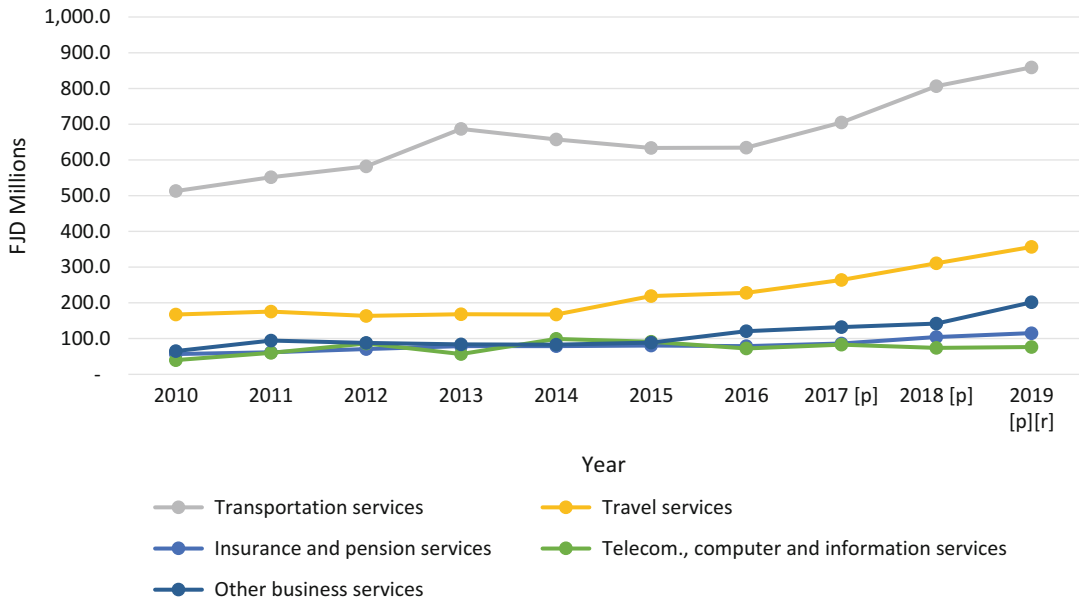


**Fiji's Intraregional Trade Outcomes, Fig. 14** Top 5 key imports of services in Fiji. (Source: Bureau of Statistics Database (2020))

## Fiji's Major Trading Partners

Over the last 10 years, Fiji has been consistently reporting a balance of trade surplus with the United States, Tonga, Samoa/Western Samoa, Cook Islands, Kiribati, Vanuatu, Tuvalu, Spain, Wallis and Futuna, Solomon Islands, Papua New Guinea, French Polynesia, and New Caledonia (see Fig. 17) (Bureau of Statistics Database 2020). It has also been recording sustained trade

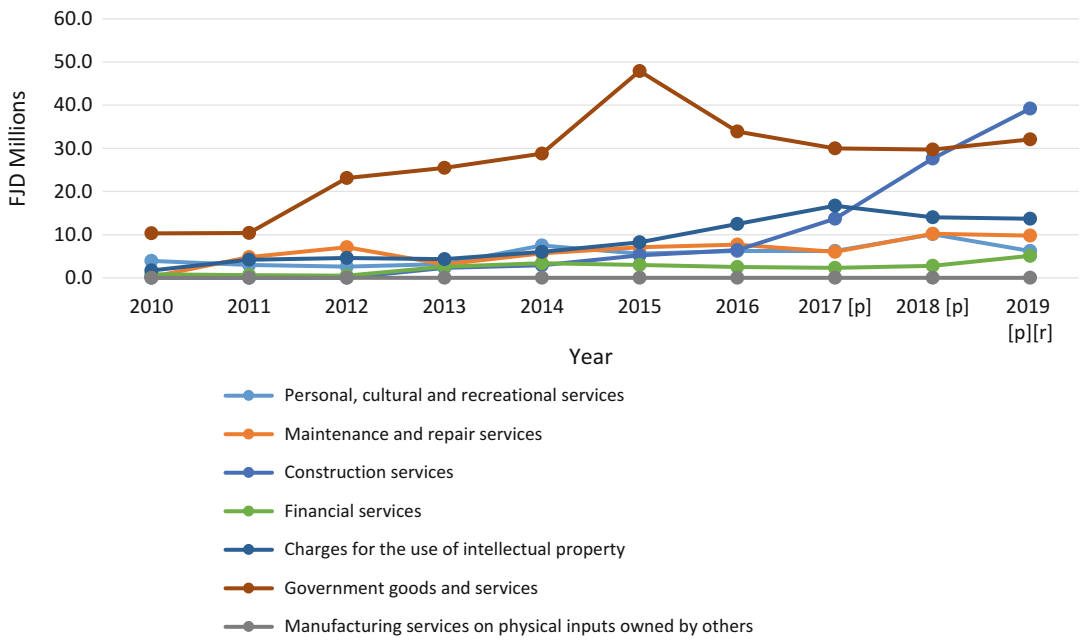


**Fiji's Intraregional Trade Outcomes, Fig. 15** Fiji's imports of services exclusive of the top 5 service import list. (Source: Bureau of Statistics Database (2020))

deficits with Germany, Federal Republic, United Kingdom, Vietnam, China-Taiwan, Indonesia, Hong Kong, Malaysia, Thailand, Japan, India, Republic of Korea, Australia, New Zealand, People's Republic of China, France, and Singapore (Bureau of Statistics Database 2020) (see Fig. 16). The top 7 major trading partners of Fiji are Singapore, France, the People's Republic of China, New Zealand, Australia, Malaysia, and the Republic of Korea. However, over the last 10 years, there have been variations noticed in the list of top 7 major trading partners. For instance, in the year 2011, Thailand and India were part of the top 7 list of major trading partners of Fiji, while France and the Republic of Korea were pushed out from the top 7 list.

As of the year 2019, the top 5 countries that have recorded the highest trade deficit with Fiji are Singapore (FJ$1,074,332,000), France (FJ$822,268,000), People's Republic of China (FJ$671,911,000), New Zealand (FJ$573,625,000), and Australia (FJ$568,716,000), respectively (Bureau of Statistics Database 2020). In the year 2010, the trade deficit for Singapore was FJ$1,135,936,000, followed by FJ$365,569,000 for Australia, FJ$456,906,000 for New Zealand, FJ$197,435,000 for the People's Republic of China, and FJ$28,689,000 for France (Bureau of Statistics Database 2020).

As far as the 10-year outlook on the major trading partners of Fiji based on the BoT surplus is concerned, the top 5 countries for the year 2019 are the United States (FJ$315,206,000), Tonga (FJ$126,922,000), Samoa (FJ$58,737,000), Cook Islands (FJ$44,927,000), and Kiribati (FJ$38,314,000). In the year 2010, the BoT surplus of Fiji for these countries was FJ$57,703,000 for the United States, FJ$46,862,000 for Tonga, FJ$27,140,000 for Western Samoa, FJ$12,727,000 for the Cook Islands, and FJ$24,930,000 for Kiribati (Bureau of Statistics Database 2020).

## Fiji's Intraregional Trade Outcomes

Furthermore, Fiji's current intraregional trade outcomes can be easily related to the promotion of regionalism after Fiji gained its independence

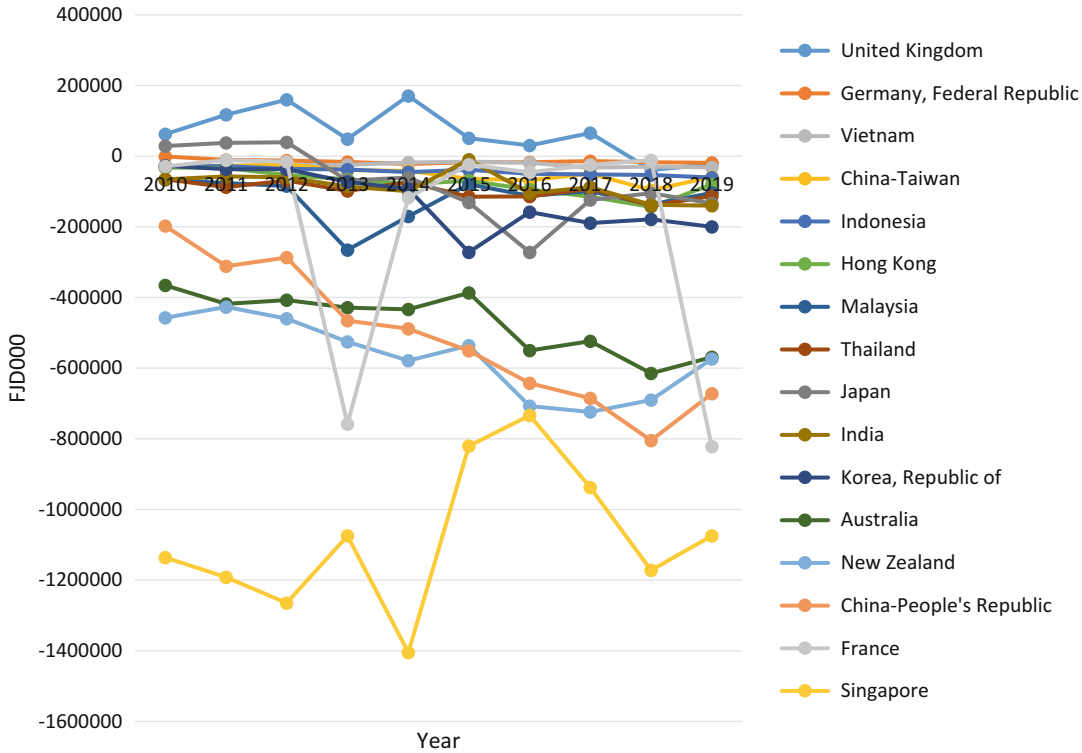


**Fiji's Intraregional Trade Outcomes, Fig. 16** Major trading partners of Fiji based on trade deficit. (Source: Bureau of Statistics Database (2020))

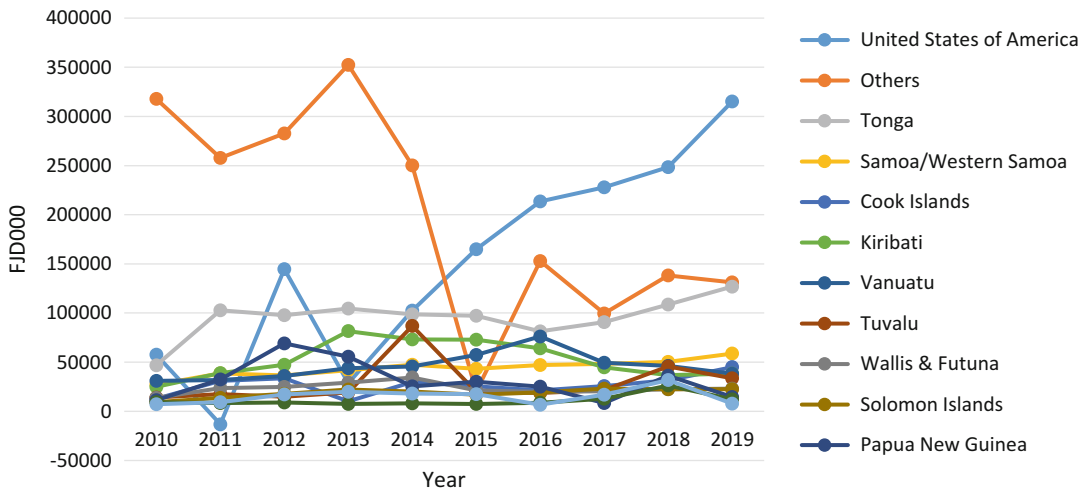


**Fiji's Intraregional Trade Outcomes, Fig. 17** Major trading partners of Fiji based on trade surplus. (Source: Bureau of Statistics Database (2020))

**Fiji's Intraregional Trade Outcomes, Table 1** Melanesian, Micronesian, and Polynesian groups

| Groups | Pacific Island countries |
|---|---|
| Melanesian | Vanuatu, Solomon Islands, Fiji, Papua New Guinea (PNG), and Timor Leste |
| Micronesian | Federated States of Micronesia, Marshall Islands, Palau, and Tuvalu |
| Polynesian | Cook Island, Samoa, and Tonga |

(Gounder and Prasad 2011)

from the British colony (Gounder and Prasad 2011). The South Pacific Commission and the Pacific Islands Forum were two organizations conceived immediately after Fiji's independence to promote regionalism among the Pacific Island countries. According to Gounder and Prasad (2011), Pacific Island countries can be easily divided into three main categories. These categories are Melanesian, Micronesian, and Polynesian. Table 1 shows the Pacific Island countries included under each of these categories.

Consequently, in recognition of the importance of regionalism to enhance economic welfare among the PICs, Fiji has developed its national Trade Policy Framework that provides strategies for achieving competitive advantage while engaging in intraregional and international trade. As stipulated in the Trade Policy Framework of Fiji, the goal of committing to Regional Trade Agreements (RTAs) is to achieve sustainable economic growth by stimulating investment and trade facilitation in Fiji's export sector. The Fijian Government has already committed resources, capabilities, and key competencies to make Fiji the hub of Pacific Islands trade-related activities. Specifically, this involves creating a conducive business environment and deploying the right trade policy instruments to facilitate regional trade among the PICs (Ministry of Industry, Trade, and Tourism 2015). Fiji needs to address production and supply-side constraints before the nation is able to harness the opportunities that intraregional trade provides to the national economy. In particular, the immediate trade outcomes that can be achieved are an increase in the private sector investment, foreign exchange earnings, wealth, and job creation (Ministry of Industry, Trade, and Tourism 2015).

Additionally, the Fiji Government recognizes that the RTAs will help to eradicate poverty and secure a healthy and sustainable future for all Fijians. Fiji's commitment to intraregional trade facilitation is reflected in its participation in the following RTAs (Ministry of Industry, Trade, and Tourism 2015):

- Pacific Islands Countries Trade Agreement (PICTA)
- Melanesian Spearhead Group Trade Agreement (MSG)
- Pacific ACP (PACP)-European Union (EU) Economic Partnership Agreement (EPA)
- Pacific Agreement on Closer Economic Relations (PACER) Plus
- South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)

Above all, the SPARTECA trade agreement is one of the oldest regional trade agreements signed in the year 1980 and implemented immediately in the year 1981, with the key objective of providing duty-free access to all the products produced in the Forum Island countries (FICs) to the Australia and New Zealand markets. Indeed, this is one of the longest, nondiscriminatory, and nonreciprocal preferential trade agreements that exist among the FICs (Ministry of Industry, Trade, and Tourism 2015). The FICs have acknowledged that this RTA has helped to expand the market base by helping the small island economies to gain wider export market access to Australia and New Zealand. Table 2 provides Fiji's data on the level and direction of trade with Australia and New Zealand.

Table 2 shows that over the last 10 years, Fiji has been recording a sustained trade deficit with Australia and New Zealand. Fiji has been exporting textiles, clothing, kava, and pharmaceutical products to New Zealand (Fiji Consulate General and Trade Commission 2020b). Similarly, Fiji's major exports to Australia are gold

**Fiji's Intraregional Trade Outcomes, Table 2** Fiji's level and direction of trade with Australia and New Zealand

| Year | Australia FJD000 | | | New Zealand FJD000 | | |
|---|---|---|---|---|---|---|
| | Total exports | Total imports | Deficit (−)/ surplus (+) | Total exports | Total imports | Deficit (−)/ surplus (+) |
| 2010 | 337,947 | 703,516 | −365,569 | 93,457 | 550,363 | −456,906 |
| 2011 | 348,444 | 766,326 | −417,882 | 111,377 | 537,912 | −426,535 |
| 2012 | 330,610 | 738,139 | −407,529 | 99,304 | 558,962 | −459,658 |
| 2013 | 277,784 | 706,570 | −428,786 | 109,175 | 634,511 | −525,336 |
| 2014 | 279,641 | 713,014 | −433,373 | 104,746 | 683,199 | −578,453 |
| 2015 | 284,443 | 671,544 | −387,101 | 87,635 | 623,562 | −535,927 |
| 2016 | 290,494 | 840,181 | −549,687 | 135,954 | 842,983 | −707,029 |
| 2017 | 301,987 | 825,609 | −523,622 | 134,177 | 858,149 | −723,972 |
| 2018 | 280,999 | 895,577 | −614,578 | 142,646 | 832,753 | −690,107 |
| 2019 | 284,876 | 853,592 | −568,716 | 162,221 | 735,846 | −573,625 |

Source: Bureau of Statistics Database (2020)

and textile clothing (Fiji Consulate General and Trade Commission 2020a).

Certainly, the clothing, textile, and footwear sector exporters significantly benefitted from this preferential trade agreement, particularly between the years 2001 and 2014. According to the Fijian Government (2015), the SPARTECA-TFC provides employment to 5,500 workers, and most of these workers are women and vulnerable groups in society. In the year 2015, SPARTECA-TFC was replaced by the Developing Country Preference Scheme (DCPS) (Ministry of Industry, Trade, and Tourism 2015). Together with Fiji, the FICs that are part of the SPARTECA trade agreement are Vanuatu, Tonga, Tuvalu, Palau, Papua New Guinea (PNG), Kiribati, Nauru, New Caledonia, the Federated States of Micronesia, Cook Islands, French Polynesia, Niue, the Republic of Marshall Islands, and Samoa (Ministry of Industry, Trade, and Tourism 2015; ESCAP 2012). Fiji's Trade Policy Framework only captures the benefits of the RTAs while ignoring the disadvantages of these trade agreements. According to Oxfam (2009), the SPARTECA trade agreement is too restrictive on its rules of origin requirements and has proven to be administratively burdensome to the trading partners. For example, for products to gain access to the Australia and New Zealand markets, around 50% of the value of the product should be produced in Fiji (Oxfam, 2009).

Furthermore, the Melanesian Spearhead Group (MSG) was initially formed in the year 1986, but the trade agreement was signed in the year 1993. The member countries that form part of the MSG are Fiji, Vanuatu, Papua New Guinea (PNG), and the Solomon Islands. Intraregional trade and economic integration became the top priority item for the MSG countries when Fiji took over the leadership of this regional group (Ministry of Industry, Trade, and Tourism 2015). Specifically, Fiji is working toward strengthening the MSG group by implementing the Skills Movement Scheme (SMS). The primary objective of the SMS is to encourage the temporary movement of skilled labor among the MSG for taking up employment opportunities. Fiji is also working with the member countries to strengthen the investment negotiations and enhance trade facilitation among the members (Melanesian Spearhead Group 2020). One of the main setbacks of the MSG trade agreement is that it is based on the negative list approach of providing preferential tariffs to the member countries. This implies that all the products of the member countries that are in the negative list will not qualify for the preferential tariffs. At the moment, Fiji does not have any items on the negative list, thus putting other

**Fiji's Intraregional Trade Outcomes, Table 3** Fiji's level and direction of trade with MSG member countries

| Year | Vanuatu FJD000 | | | Solomon Islands FJD000 | | | Papua New Guinea FJD000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total exports | Total imports | Deficit (−)/ surplus (+) | Total exports | Total imports | Deficit (−)/ surplus (+) | Total exports | Total imports | Deficit (−)/ surplus (+) |
| 2010 | 34,712 | 3,731 | 30,981 | 11,605 | 2,220 | 9,385 | 19,021 | 7,777 | 11,244 |
| 2011 | 39,172 | 7,251 | 31,921 | 16,127 | 2,552 | 13,575 | 36,051 | 3,669 | 32,382 |
| 2012 | 43,707 | 7,628 | 36,079 | 23,660 | 5,862 | 17,798 | 73,571 | 4,414 | 69,157 |
| 2013 | 52,084 | 8,315 | 43,769 | 25,202 | 3,123 | 22,079 | 62,869 | 7,208 | 55,661 |
| 2014 | 50,182 | 4,419 | 45,763 | 24,943 | 4,658 | 20,285 | 32,608 | 7,044 | 25,564 |
| 2015 | 62,479 | 5,223 | 57,256 | 22,627 | 5,584 | 17,043 | 38,747 | 8,772 | 29,975 |
| 2016 | 81,257 | 5,028 | 76,229 | 24,240 | 4,861 | 19,379 | 35,746 | 10,615 | 25,131 |
| 2017 | 65,380 | 15,869 | 49,511 | 26,711 | 3,610 | 23,101 | 18,813 | 10,348 | 8,465 |
| 2018 | 63,625 | 17,292 | 46,333 | 26,193 | 3,724 | 22,469 | 49,780 | 13,611 | 36,169 |
| 2019 | 62,629 | 24,391 | 38,238 | 25,201 | 2,811 | 22,390 | 26,302 | 11,676 | 14,626 |

Source: Bureau of Statistics Database (2020)

member countries at a disadvantage relative to Fiji (Investment Fiji 2020). Table 3 provides the trade data on the MSG member countries.

Table 3 shows that Fiji has been recording BoT surplus with the MSG member countries. In particular, the BoT surplus has been volatile as several intraregional factors are driving the changes in intraregional trade outcomes. In most of the trading years, Fiji has recorded the highest BoT surplus with Vanuatu as compared to the Solomon Islands and PNG. For example, intraregional relations, changes in trade agreements, natural disasters, wars, and political tensions are few factors that are changing the direction and level of trade (Kim and Osgood 2019; Grynberg and Kabutaulaka 2019).

Moreover, the Pacific Island Countries Trade Agreement's (PICTA) objective is to strengthen and foster trade integration among the FICs. The parties to PICTA are Fiji, Kiribati, Vanuatu, Cook Islands, Fiji, Nauru, Niue, Palau, Papua New Guinea, Tonga, Tuvalu, Samoa, Solomon Islands, Tonga, Republic of Marshall Islands, and Federated States of Micronesia (Ministry of Industry, Trade, and Tourism 2015). This trade agreement was signed in the year 2001, but the implementation commenced in the year 2007. Although 11 Pacific Island countries have ratified the PICTA, only 7 countries are participating in this agreement. These countries are Vanuatu, Tuvalu, Solomon Islands, Fiji, Niue, Samoa, and the Cook Islands. One of the setbacks of the PICTA is that countries have to make legislative changes to adhere to the provisions of the PICTA. This process is administratively cumbersome, consumes a lot of time, and requires essential government resources (United Nations ESCAP 2018). Table 4 shows Fiji's trade with countries that are participating in the PICTA trade agreement.

Tables 3 and 4 show that over the last 10 years, Fiji has maintained BoT surplus with FICs. In most of the years, Fiji has recorded the highest BoT surplus with Samoa, followed by the Cook Islands and Tuvalu. Although subject to volatility, the increase in Fiji's BoT surplus over the last 10 years is attributed to the gradual decline in the tariffs among the FICs. As part of the PICTA, the participating countries are required to reduce tariffs to zero gradually (APTIAD 2012).

Also, the Pacific ACP-European Union Economic Partnership Agreement was signed after the expiry of the Cotonou Agreement to help facilitate economic integration and trade by providing duty-free and quota-free market access to the products originating from Fiji and Papua New Guinea (PNG). Fiji signed the interim EPA in December 2009 to avoid export disruptions and has ensured

**Fiji's Intraregional Trade Outcomes, Table 4** Fiji's level and direction of trade with countries participating in the PICTA

| Year | Tuvalu FJD000 | | | Cook Islands FJD000 | | | Samoa FJD000 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total exports | Total imports | Deficit (−)/ surplus (+) | Total exports | Total imports | Deficit (−)/ surplus (+) | Total exports | Total imports | Deficit (−)/ surplus (+) |
| 2010 | 14,282 | 141 | 14,141 | 12,827 | 100 | 12,727 | 30,662 | 3,522 | 27,140 |
| 2011 | 17,606 | 228 | 17,378 | 31,057 | 124 | 30,933 | 39,482 | 746 | 38,736 |
| 2012 | 15,020 | 216 | 14,804 | 33,783 | 11 | 33,772 | 36,855 | 229 | 36,626 |
| 2013 | 19,289 | 138 | 19,151 | 11,988 | 1,785 | 10,203 | 42,411 | 518 | 41,893 |
| 2014 | 87,322 | 495 | 86,827 | 30,325 | 503 | 29,822 | 48,024 | 513 | 47,511 |
| 2015 | 19,935 | 193 | 19,742 | 25,317 | 34 | 25,283 | 44,086 | 760 | 43,326 |
| 2016 | 18,778 | 64 | 18,714 | 21,683 | 375 | 21,308 | 47,327 | 328 | 46,999 |
| 2017 | 21,670 | 37 | 21,633 | 26,534 | 877 | 25,657 | 48,894 | 520 | 48,374 |
| 2018 | 45,751 | 53 | 45,698 | 31,714 | 13 | 31,701 | 50,992 | 642 | 50,350 |
| 2019 | 33,808 | 120 | 33,688 | 44,968 | 41 | 44,927 | 59,198 | 461 | 58,737 |

Source: Bureau of Statistics Database (2020)

that it continues with its comprehensive EPA negotiations (Ministry of Industry, Trade, and Tourism 2015). According to Borrmann and Busse (2007), the institutional process required to adhere to the conditions of this trade agreement is lengthy and cumbersome and requires a strong institutional framework. It will be challenging for Pacific and African, Caribbean, and Pacific Group of States (ACP) countries to adhere to these conditions as the institutional framework of the developing countries is characterized by red tape and bureaucracy that inhibits the efficient functioning of the public service.

Similarly, the Pacific Agreement on Closer Economic Relations (PACER) Plus enhances regional trade integration by guaranteeing the long-term duty- and quota-free access to the combined market for 36.5 million people worldwide. Fiji joined the PACER Plus negotiations in September 2014 to secure preferential market access and improve trade facilitation arrangements (Lal 2014; Ministry of Industry, Trade, and Tourism 2015). This trade agreement builds on the weakness of the SPARTECA trade agreement. According to the Australian Government (2020), the Rules of Origin (RoO) for PACER Plus is flexible and less restrictive than the SPARTECA. However, for the case of Fiji, these RoO are still restrictive as it requires approximately 40% of value-adding to take place within Fiji.

An assessment of Fiji's intraregional trade outcomes indicates that the governments and policymakers are focusing extensively on the benefits of the regional trade agreements but have failed to provide how these agreements may have negative repercussions on economic efficiency and world economic welfare. Viner (1950) argued that discriminatory RTAs harm the world welfare. Bhagwati and Panagariya (1996) found that countries are better off engaging in RTAs with the geographically distant countries as compared to the neighboring countries. The Trade Policy Framework of Fiji should account for both the positive and negative impacts of RTAs on the national economy.

## Conclusion

To conclude, imports of airplanes and gas oil are the two key drivers of Fiji's trade deficit over the last 10 years. The two key export commodities for Fiji are gold and mineral water. Over the last 10 years, Fiji's export of services has increased as a result of the sustained increase in transportation and travel services. Fiji's imports of transportation services are dominating all the categories of

the imports of services. The Trade Policy Framework of Fiji recognizes that intraregional trade creates employment, earns foreign exchange earnings, and helps to achieve Sustainable Development Goals (SDGs). Fiji has entered into several RTAs, namely, the Pacific Islands Countries Trade Agreement (PICTA), Melanesian Spearhead Group Trade Agreement (MSG), Pacific ACP (PACP)-European Union (EU) Economic Partnership Agreement (EPA), Pacific Agreement on Closer Economic Relations (PACER) Plus, and South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), to foster trade facilitation and economic integration among the members of the FICs. There are both advantages and disadvantages to the RTAs. The current Trade Policy Framework is designed entirely on the positive implications of the RTAs on the national economy of Fiji. Fiji's Trade Policy Framework must account for the negative implications of the RTAs on the national economy of Fiji.

## References


APTIAD (2012) Trade agreements and arrangements in the pacific subregion [online]. Available at: https://artnet.unescap.org/APTIAD/documents/APTIAD-Briefing-Note-4.pdf/. Accessed 5 Sept 2020

Bhagwati J, Panagariya A (1996) The theory of preferential trade agreements: historical evolution and current trends. Am Econ Rev 86(2):82–87

Borrmann A, Busse M (2007) The institutional challenge of the ACP/EU Economic Partnership Agreements. Dev Policy Rev 25(4):403–416

Bureau of Statistics (2020) Economic statistics [online]. Available at: https://www.statsfiji.gov.fj/index.php/statistics/economic-statistics/merchandise-trade-statistics. Accessed 5 Sept 2020.

ESCAP (2012) Trade agreements and arrangements in the Pacific subregion [online]. Available at: Retrieved from http://www.mitt.gov.fj/wp-content/uploads/2018/10/Fijian-Trade-Policy-Framework-min.pdf. Accessed 5 Sept 2020

Fiji Consulate General & Trade Commission (2020a) Australia-Fiji: trade profile [online]. Available at: https://www.investinfiji.today/exporting-to-australia/. Accessed 5 Sept 2020

Fiji Consulate General & Trade Commission (2020b) New Zealand-Fiji: trade profile [online]. Available at: https://www.investinfiji.today/exporting-to-new-zealand/. Accessed 5 Sept 2020

Fijian Government (2015) Improved access to Australian Market for Fijian TCF products [online]. Available at: Retrieved from https://www.fiji.gov.fj/media-centre/news/improved-access-to-australian-market-for-fijian-tc. Accessed 5 Sept 2020

Forum Secretariat (2018) Pacific Island countries trade agreement [online]. Available at: https://www.forumsec.org/wp-content/uploads/2018/02/Pacific-Island-Countries-Trade-Agreement-PICTA.pdf/. Accessed 5 Sept 2020

Gounder N, Prasad BC (2011) Regional trade agreements and the new theory of trade. J Int Trade Law Policy 10(1):49–63

Gounder NN, Prasad BC (2012) Trading preferences and protection-is it good for Pacific Island countries? J Pac Stud 32(1):57–64

Government of Australia (2020) Rules of origin [online]. Available at: https://www.dfat.gov.au/trade/agreements/not-yet-in-force/pacer/fact-sheets/Pages/rules-of-origin/. Accessed 5 Sept 2020

Grynberg R, Kabutaulaka TT (2019) The political economy of Melanesian trade integration. Pac Econ Bull 10(2):48–60

Investment Fiji (2020) Regional trade agreements [online]. Available at: https://www.investmentfiji.org.fj/pages.cfm/for-exporters/trade-agreements/regional-trade-agreements.html/. Accessed 5 Sept 2020

Kim IS, Osgood I (2019) Firms in trade and trade politics. Annu Rev Polit Sci 22(1):399–417

Lal R (2014) Partnership agreement – The EU and Fiji implement the Pacific Interim Economic Partnership Agreement [online]. Available at: https://fijisun.com.fj/2014/07/20/partnership-agreement-the-eu-and-fiji-implement-the-pacific-interim-economic-partnership-agreement/. Accessed 5 Sept 2020

Melanesian Spearhead Group (2020) MSG skills movement scheme [online]. Available at: https://www.msgsec.info/msg-skills-movement-scheme//. Accessed 5 Sept 2020

Ministry of Industry, Trade and Tourism (2015) Fijian trade policy framework: 2015–2025 [online]. Available at: https://artnet.unescap.org/APTIAD/documents/APTIAD-Briefing-Note-4.pdf. Accessed 5 Sept 2020

Pacific Island Forum Secretariat (2020) The Pacific Islands Forum [online]. Available at: https://www.forumsec.org/who-we-arepacific-islands-forum/. Accessed 5 Sept 2020

United Nations ESCAP (2018) Regional trade agreements and cross border trade costs [online]. Available at: https://www.unescap.org/sites/default/files/AWP%20No.%20165.pdf/. Accessed 5 Sept 2020

Viner J (1950) The customs union issue. Carnegie Endowment for International Peace, New York

# Financial Analysis

José L. Zafra-Gómez
University of Granada, Grenada, Spain

## Synonyms

Financial condition; Financial health; Financial situation; Fiscal distress; Fiscal stress

## Definition

Analysis of financial information concerning public bodies in order to determine their capacity to meet current and future needs while maintaining an adequate level of services to society.

## Introduction

The financial problems experienced in the 1970s by cities such as Cleveland and New York, followed by the global turmoil of the economic crisis that began in 2008, have motivated efforts to understand the economic and financial characteristics of public organizations. In consequence, many studies have been undertaken to develop concepts and define magnitudes to enhance our understanding of these questions, to develop models to evaluate them, and even to predict the financial tensions that may affect a public administration in the future.

Traditionally, the concept of financial situation has been associated with an entity's ability to meet its obligations with the resources at its disposal (Lorig 1941). Accordingly, this concept focuses on the assets that can be converted into cash and on the liabilities that must be met at some point in the future (Berne 1992).

However, in recent years, in the field of public administration, this concept has evolved to take into consideration many other factors that can influence the activities of the municipal authority, and it has been described using terms such as fiscal crisis, fiscal stress, fiscal disaster, fiscal emergency, or financial condition. This orientation reflects the particular characteristics that shape the activities of public institutions and which have led to the consideration of different magnitudes that reflect these issues and their impact on public finances. Accordingly, various dimensions of the issue should be taken into consideration to obtain an accurate evaluation of the financial health of a public entity. In consequence, the application of one concept or another could provoke differences in the evaluation made.

In this entry, in line with other papers in the same field, the concept of financial condition is addressed as one that is fundamental to the financial analysis of public entities. After defining the concept, the main indicators used with respect to public administration are analyzed, with respect to various European countries where this field of study has been widely developed.

## The Analysis of Financial Condition in Public Administrations

As observed by the Governmental Accounting Standards Board in its Concepts Statement No. 1, entitled "Objectives of Financial Reporting," public financial information is analyzed in order to facilitate its interpretation by different users so that these documents may "assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due. (...) Financial reporting should provide information about the financial position and condition of a governmental entity" (para. 79).

Similar observations have been made by the IFAC Public Sector Committee with respect to the purpose of the financial information produced by public entities worldwide. In its study "Financial Reporting by National Governments" (1991), IFAC highlights the need for users of public accounting information to have access to information enabling them to assess the overall financial condition of a public entity (Cárcaba 2004).

It seems clear, therefore, that in the financial analysis of public entities, several different dimensions must be evaluated. Various concepts

have been proposed with which to undertake such an analysis, taking into account the characteristics of the services provided, those of the municipality, its population, the fiscal policies applied, etc. An initial approach to financial analysis should include the concept of financial position or situation, i.e., the ability of the entity to meet its payment obligations with the resources available to it. Consideration of this concept provides information about the entity's solvency and liquidity, i.e., its ability to meet its long- and short-term obligations, respectively. However, in order to meet citizens' information requirements in this type of analysis, other magnitudes must also be considered, reflecting not only this aspect of financial and economic information but also others that influence the provision of public services, which may not be reflected in the analysis of the entity's financial position, but are crucial to its financial health. This magnitude is termed financial condition.

However, financial condition is not directly observable, as there is no unequivocal measure that can be applied, and various alternatives have been suggested.

For Groves and Valente (2003), financial condition can be measured through four magnitudes: cash solvency, budgetary solvency, long-term solvency, and service provision solvency. According to these authors, in evaluating financial condition, we should take into account the factors of which it is composed: environmental, financial, and organizational. The first of these affects the creation of demand and the provision of public services. The organizational factor refers to the government's ability to adapt to a changing environment. Finally, the financial factor reflects the status of municipal finances.

In contrast, authors such as Berne (1992) and Clark (1994) have linked the term financial condition to the analysis of income flows and spending and to the determinants that characterize entities in their assumption of financial liabilities, within a specific time frame and in a given economic space or dimension.

According to Berne and Schramm (1986), in order to evaluate financial condition correctly, it is necessary to consider a number of environmental magnitudes related to the needs and preferences of society, the local conditions affecting the provision of public services, the cost of factors of production, the resources available to society, and the public policies that affect the local entity. Thus, financial condition is a complex issue, incorporating both financial and nonfinancial factors, with short- and long-term consequences.

In their studies in this area, Greenberg and Hillier (1995) and CICA (1997) remarked that the financial condition of a municipality could be measured using three indicators: sustainability, flexibility, and vulnerability. Sustainability is defined as the entity's ability to maintain, enhance, and protect the welfare of its citizens with the resources at its disposal. By flexibility, they refer to its responsiveness to changing economic and financial circumstances, within the limits of fiscal capacity, by modifying levels of taxation, debt, or intergovernment transfers. Finally, vulnerability is the entity's level of dependence on external funding, through transfers and subsidies, to maintain public spending.

In view of the above approaches to the question, it seems clear that in order to properly measure the financial condition of a municipal authority, financial, organizational, and environmental factors should be taken into consideration.

In the latter respect, studies have shown that environmental factors affect both the creation of demand and the provision of public services (Bergstrom and Goodman 1973; Groves and Valente 2003). Other authors have extended this characterization. Thus, Leone (1976) studied the relationship between fiscal and financial stress and certain socioeconomic causes, including the aging of the industrial fabric, which in turn is associated with the presence of an extremely heterogeneous population and that of low standards of living. In another study, Petersen (1977) examined the relation between the financial problems of public entities and various environmental factors, such as the proportion of people on low incomes, the rate of unemployment, and the public sector service provision responsibilities. Similarly, Clark (1977) examined how financial indicators may be affected by socioeconomic variables such

as population size, mean family income, and taxable property values. Subsequently, Berne (1992) assessed financial condition and the impact of the following socioeconomic aspects: total population, the proportions of young and old (those aged under 18 and over 65 years), average income, rate of unemployment, and the industrial structure. Finally, these authors concluded that demographic, socioeconomic, and fiscal conditions affect the provision of local public services.

However, it remains unclear just what role should be played by these environmental variables in a model created to evaluate or measure financial condition. Some authors believe there is no place for socioeconomic variables in a measure of financial condition (Wang et al. 2007), but in general they are included in measurements of the financial health of local authorities, in order to take into account the preferences and needs of citizens.

Organizational factors affect the government's ability to determine public policies, take decisions, and implement them, in order to adapt to changes in its environment (Zafra-Gómez et al. 2009a). According to Hendrick (2011), these factors are closely related to the size and system of government and the organizational structure and culture.

Nevertheless, the aspect of prime concern in the proper evaluation of financial condition is that of the financial factor, which reflects the financial health status of the government. Various authors (Petersen 1977; Berne 1992; Greenberg and Hillier 1995; CICA 1997; Groves and Valente 2003; Zafra-Gómez et al. 2009a, b, c; Hendrick 2011) have studied this question in depth and have identified the following key areas:

**Financial Analysis, Table 1** Measures of financial condition

| Long-term solvency | Service-level solvency | Cash and budget solvency |
|---|---|---|
| *Revenues, assets, and other resources* | | |
| Economic and revenue base | Dependence on intergovernmental revenues | Revenues collected and outstanding |
| State economy | Tax rates, fees, and charges | Accounts receivable |
| Revenue capacity | Budgeted revenues | Fund balance and surplus resources |
| Residents and business (growth) | Revenue diversification and fungibility | Cash and short-term investments |
| Physical assets and long-term investments | Revenue reserves | |
| Recurring intergovernmental revenues | | |
| *Expenditures and liabilities* | | |
| Spending needs and demands, costs | Budgeted expenditure (and fixity) | Accounts payable (terms, fixity) |
| Residents and business (growth) | Spending priorities | Short-term debt |
| National and regional mandates | | Short-term liabilities |
| Long-term debt | | |
| Unfunded pension liabilities | | |
| Deferred maintenance | | |
| *Net financial condition: balance* | | |
| Spending needs relative to revenue wealth | Revenue burden | Liquidity |
| | Slack relative to risk | Expenditure relative to revenues |
| | Assets relative to liabilities | Short-term slack relative to short-term risk |
| Attributes – future/current, less/more controllable, external environment or internal fiscal structure, stable/volatile, exogenous/endogenous | | |

Source: Hendrick (2011)

**Cash solvency/short-run solvency**: The ability to generate sufficient liquidity to pay short-term debts (Groves and Valente 2003).

**Budgetary solvency**: The ability to balance the budget or generate sufficient resources to cover expenditure in the current fiscal year (Hendrick 2011: 279). Following the model proposed by Zafra-Gómez et al. (2009b), the concept of **budgetary solvency** can be constructed from three elements:

**Flexibility**: The ability to respond to changes in the economy or in financial circumstances, via modifications to public debt (Greenberg and Hillier 1995; CICA 1997). This concept includes the level of public debt and also the ability to repay it.

**Budgetary sustainability**: The ability to maintain, promote, and protect social welfare, employing the resources available



**Financial Analysis, Table 2** Key indicators of financial distress in Italian local government

| Indicator | Data | Meaning |
|---|---|---|
| Consistency of financial result | Financial result/operating expenses + long-term loan reimbursement | Financial result (FR) is obtained as cash at the end of the financial year + uncashed revenues – unpaid expenses. The FR is considered to be consistent when the above calculation produces a stable result. Negative FR is a clear sign of financial distress, but a very high positive one may reflect a revenue-spending mismatch |
| Quality of financial result | Uncashed revenues from previous year multiplied by operating revenues divided by financial result | This indicator reflects the solvency of the FR. The older the uncashed revenues, the higher the probability of insolvency |
| Consistency of credits on current revenues (>12 months) | Uncashed revenues aged more than 12 months subtracted from operating revenues divided by operating revenues | This indicator reflects the probability of insolvency in relation to current revenues (from taxes, services, and assets) |
| Current financial equilibrium | Total current revenues/commitments for operating expenses + long-term debt reimbursement | The optimum current financial equilibrium is represented by values greater than 1 |
| Rigidity of personnel expenses | Commitments for personnel expenses/ current revenues | Inflexible personnel expenses can cause problems in the current financial equilibrium. This indicator reflects the proportion of current revenues dedicated to personnel expenses |
| Debt limit | Financial expenses/total current revenues | This indicator reflects the proportion of current revenue available to cover financial expenses |
| Theoretical time for paying off unpaid expenses | Unpaid expenses at year end/long-term debt repayment | This indicator reflects the average time (in years) needed to pay off unpaid expenses, assuming a straight-line payment pattern |
| Advance payment by treasury | Advance payment by treasury/current revenue | Advance payment by treasury is required when the local government has liquidity problems<br>This indicator is considered as a sign of pre-default |
| Unpaid operating expenses | Total unpaid operating expenses/operating expenses commitments | The higher the value of this indicator, the longer the repayment period or the presence of a situation in which the government is accounting for unpaid expenses that will never occur |

Source: Rossi et al. (2012)

(Greenberg and Hillier 1995; CICA 1997; Groves and Valente 2003; Hendrick 2011).

**Financial independence**: The level of dependence on external funding received via transfers and grants (Berne 1992; Honadle 2003; Zafra-Gómez et al. 2009a).

**Service-level solvency**: The ability to provide the level and quality of services necessary for the community's well-being (Zafra-Gómez et al. 2009b).

**Long-run solvency**: The long-term balance between government revenues and spending, i.e., the ability to meet future obligations and to address forthcoming fiscal challenges, for an extended period (Hendrick 2011: 281).

On the basis of these definitions, a set of indicators can be designed with which to measure each of the above elements. In this respect, Hendrick (2011) offered a useful summary (see Table 1).

In view of these considerations, it can be concluded that in the financial analysis of a public administration, its financial condition should be assessed, including aspects related to the socioeconomic environment, the government's fiscal policy, and the relevant economic, financial, and budgetary variables.

Taking into account socioeconomic and organizational factors, assessment of the above indicators would provide a measure of whether the

**Financial Analysis, Table 3** Elements of financial factor of financial condition

| Elements of financial condition | | Indicators | Definition |
|---|---|---|---|
| Short-term solvency | | Cash surplus index (CSI) | Difference between net short-term receivables, liquidity, and net short-term liabilities |
| | | Liquidity index (LI) | Liquidity divided by net short-term liabilities |
| Budgetary solvency | Flexibility | Net savings index (NSI) | Difference between the receivables from current budget resources and the budget obligations from nonfinancial current expenditures, reduced by annual amortization payment, including interest and principal |
| | | Taxable value divided by financial charge index (TVFCI) | Taxable budgetary receivables divided by annual amortization payment – interest and principal |
| | | Level of debt per inhabitant (LD) | Outstanding debt of the municipality per inhabitant |
| | Independence | Current financial independence index (CFII) | Current budgetary payables divided by current budgetary receivables except current grants |
| | | Financial independence index (FII) | Budgetary payables divided by budgetary receivables except grants |
| | | Fiscal revenues index (FRI) | Fiscal receivables divided (FRI) by net current budgetary receivables |
| | Sustainability | Nonfinancial budgetary result index (NFBRI) | Current budgetary payables, nonfinancial capital budgetary payables divided by nonfinancial current budgetary receivables, nonfinancial capital budgetary receivables |
| | | Expenditure execution index (EEI) | The relation of actual to budgetary expenditure |
| | | Revenue execution index (REI) | The relation of actual to budgetary revenues |
| | | Payments index (PI) | Expenditure paid over total expenditure |
| | | Collected revenues index (CRI) | Revenues collected over total revenues |
| Service-level solvency | | Current expenditure per inhabitant (CEI) | Current budgetary payables per inhabitant |
| | | Capital expenditure per inhabitant (KEI) | Capital budgetary payables per inhabitant |

entity in question is currently in good financial health – enjoying fiscal munificence – or otherwise, i.e., suffering fiscal stress. Hendrick (2011: 280) defined these concepts as follows:

**Fiscal munificence**: An improvement in financial condition brought about by positive changes in the fiscal environment and related opportunities.

**Fiscal stress**: A worsening of financial condition brought about by negative changes in the fiscal environment and related threats.

## Financial Analysis in Europe

The indicators proposed above, as a measure to be applied in financial analysis, may vary depending on the country in question and the level of government to be evaluated. Most previous research has focused on the financial analysis of local administrations, in part because this level of government is closest to citizens. Accordingly, it is useful to examine how the financial condition of local government has been assessed in various European countries. This section describes the situations corresponding to Italy, Spain, France, and Greece.

According to Rossi et al. (2012), in Italy a municipality or province is considered to be experiencing financial distress when the entity "[. . .] is no longer able to perform its essential functions and deliver due services, or when it is no longer able to meet debt with third parties through the ordinary means of restoring fiscal balance or the debt instrument with off balance sheet items." These authors believe that the indicators required for financial analysis are those listed in Table 2.

With respect to Spain, several papers have measured the financial condition of local entities. In general, Zafra-Gómez et al. (2009c), Garcia-Sanchez et al. (2012), and Cabaleiro et al. (2013) coincide on the main indicators that should be used to measure this concept (see Table 3).

In their analysis of the financial performance of local governments in France, Galariotis et al. (2016) examined the following indicators published by the Public Finances General Directorate and the General Division of Local

**Financial Analysis, Table 4** Financial performance attributes

| | |
|---|---|
| **Revenue composition** | Own revenue/operating revenue |
| | Government financing/population |
| **Costs and expenditure** | Staff costs/operating expenses |
| | Other purchases and external expenses/operating expenses |
| | Investment expenditure/operating revenues |
| **Financing ability and debt burden** | Internal financing capacity/operating revenue |
| | Outstanding debt/operating revenue |
| **Tax rates** | Housing tax rate |
| | Property tax rate on developed land |
| | Property tax rate on undeveloped land |

Source: Galariotis et al. (2016)

**Financial Analysis, Table 5** Financial performance of local government in Greece

| | |
|---|---|
| **Total liabilities/total assets (L/A)** | The reliance on third-party financing |
| **Own revenue/total liabilities (R/L)** | Total liabilities correspond to bank loans (short and long term) together with short-term debts to suppliers, contractors, and other accounts payable (e.g., social security, pension funds, taxes) |
| **Short-term liabilities/own revenues (STL/R)** | The ratio of short-term liabilities to own revenue |
| **Operating expenses/own revenue (OE/R)** | The ratio of operating expenses to own revenue |
| **Subsidies/population (S/P)** | This ratio reflects the per citizen subsidy acquired by a municipality |
| **Own revenue/population (R/P)** | The average per citizen revenue of the municipality, indicative of its financial autonomy and ability to overcome financing problems when central government restricts transfers |

Source: Cohen et al. (2012)

Communities (http://www.collectivites-locales.gouv.fr/), which are used to create detailed budgets (operating budget, investing budget, and local tax data) that local governments are legally required to report (Table 4).

Finally, in their financial analysis of local governments in Greece, Cohen et al. (2012) examined a series of financial indicators based on the 2006 Municipal and Communal Code (Act 3463/2006) and associated regulations (Decision 17838/2010), which added new financial ratios (see Table 5) to be included in financial statements. These authors point out that the "financial performance assessment that corresponds to the intentions of the Ministry of Interior is that ratio analysis should reflect an assessment of a municipality's ability to meet its financial obligations and to satisfy its service obligations to its citizens both currently and in the foreseeable future" (p. 273).

## Conclusions

The financial analysis of public administrations is of fundamental importance in assessing their performance. According to the literature, the best way to perform this analysis is via the concept of financial condition. Different approaches to this concept range from those focused on liquidity or solvency, in the sense of being able to meet payment obligations from available resources to models in which a set of indicators – concerning socioeconomic, organizational, and financial factors – are used to reflect and measure different dimensions of financial condition. Of these, the financial factors are the most important to a financial analysis. Their composition is diverse, spanning different areas of public finance, but an accurate assessment of their impact should include cash solvency, budgetary solvency (i.e., flexibility, sustainability, and financial independence), service-level solvency, and long-run solvency. There is general agreement that an analysis of financial condition provides a useful evaluation of the financial performance of public entities. A favorable situation in the latter respect will facilitate the effective and efficient provision of public services, and this is reflected in the models of financial analysis and in their corresponding indicators, applied to local authorities in various European countries.

## Cross-References


- ▶ Budgeting in the Public Sector
- ▶ Capital Budgeting
- ▶ Cash Accounting
- ▶ Cash Management
- ▶ Consolidated Accounts
- ▶ Cost Accounting in Public Services
- ▶ Deficit Control
- ▶ External Budgetary Auditing
- ▶ Financial Health and Distress in Local Government
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ Financial Sustainability
- ▶ Fiscal and Financial Transparency
- ▶ Local Governments Debt
- ▶ New Public Financial Management


## References


Bergstrom TC, Goodman RP (1973) Private demand for public goods. Am Econ Rev 63:280–296

Berne R (1992) The relationships between financial reporting and the measurement of financial condition. Government Accounting Standard Board, Research Report, N° 18, Norwalk

Berne R, Schramm R (1986) The financial analysis of government. Prentice Hall, Englewood Cliffs

Cabaleiro R, Buch E, Vaamonde A (2013) Developing a method to assessing the municipal financial health. Am Rev Public Adm 43(6):729–751

Canadian Institute of Chartered Accountants (CICA) (1997) Indicators of government financial condition. Author, Toronto

Cárcaba A (2004) El análisis de la condición financiera en la administración local. Técnica Contable 669: 26–42

Clark T (1977) Fiscal management of American cities: funds flow indicators. J Account Res 15(Suppl):54–94

Clark T (1994) Municipal fiscal strain: indicator and causes. Gov Financ Rev 10(3):27–29

Cohen S, Doumpos M, Neofytou E, Zopounidis C (2012) Assessing financial distress where bankruptcy is not an option: an alternative approach for local municipalities. Eur J Oper Res 218:270–279

Galariotis E, Guyot A, Doumpos M, Zopounidis C (2016) A novel multi-attribute benchmarking approach for assessing the financial performance of local governments: empirical evidence from France. Eur J Oper Res 48:301–317
Garcia-Sanchez IM, Cuadrado-Ballesteros B, Frias Aceituno JV, Mordan N (2012) A new predictor of local financial distress. Int J Public Adm 35(11): 739–748
Governmental Accounting Standards Board (GASB) (1987) Concepts statement No. 1 of the governmental accounting standards board: objectives of financial reporting. Governmental Accounting Standards Board of the Financial Accounting Foundation, Norwalk
Governmental Accounting Standards Board (GASB) (1999) Statement of the Governmental Accounting Standards Board No. 34: Basic financial statements- and management's discussion and analysis – for state and local governments. Governmental Accounting Standards Board of the Financial Accounting Foundation, Norwalk
Greenberg J, Hillier D (1995) Indicators of financial condition for governments. In: 5th conference of comparative international governmental accounting research (CIGAR), Paris-Amy
Groves SM, Valente MG (2003) Evaluating financial condition: a handbook for local government, 4th edn rev by Nollenberger K. International City/County Managers Association, Washington, DC
Hendrick RM (2011) Managing the fiscal metropolis: the financial policies, practices, and health of Suburban Municipalities. Georgetown University Press, Washington, DC
Honadle BW (2003) The states' role in U.S. local government fiscal crises: a theoretical model and results of a national survey. Int J Public Adm 26(13): 1431–1472
International Federation of Accountants Committee (IFAC) (1991) Financial reporting by National Governments. IFAC, New York
Leone RC (1976) The fiscal decline of older cities: causes and cures. Natl Tax J 29(3):257–260
Lorig AN (1941) Determining the current financial position of a city. Account Rev 16(1):41–49
Petersen JE (1977) Simplification and Standardisation of State and Local Government Fiscal Indicators. Natl Tax J: 299–311
Rossi FM, Zito M, Costanzo A (2012) How to prevent distress in local government: a new model applied in Italy. Adv Res Sci Areas 7:627–631
Wang X, Dennis L, Sen Y (2007) Measuring financial condition: a study of U.S. states. Public Budg Finance 27(2):1–21
Zafra-Gómez JL, López-Hernández AM, Hernández-Bastida A (2009a) Developing a model to measure financial condition in local government. Am Rev Public Adm 39(4):425–449
Zafra-Gómez JL, López-Hernández AM, Hernández-Bastida A (2009b) Developing an alert system for local governments in financial crisis. Public Money Manag 29(3):175–181
Zafra-Gómez JL, López-Hernández AM, Hernández-Bastida A (2009c) Evaluating financial performance in local government: maximizing the benchmarking value. Int Rev Adm Sci 75:151–167

# Financial Governance in the Municipal Organization of West Bengal

Udaybhanu Bhattacharyya
Department of Rural Development Studies, University of Kalyani, West Bengal, India

F

## Synonyms

Local financial governance; Municipal finance

## Definitions

**Local governance**: Broadly construed, local governance implies a network of local organizations consisting of the civil society organizations, local functional groups, and also influential individuals associated with the delivery and management of local public services. Local governments, both urban and rural, are just a part of the network constituting "local governance."

**Financial governance**: Financial governance gives stress on ensuring that financial management of an organization is well governed. Strictly following and maintaining the stringent set of rules and guidelines as promulgated by the appropriate regulatory bodies helps the organization to achieve good and effective financial governance.

**Financial accountability**: Accountability (one of the important elements of good governance) conveys the idea based on principal-agent relationships. When someone (agent) is responsible for acting on behalf of another (principal) and whose actions/decisions are subject to principal's oversight, direction, or request, the former is accountable to the latter. The question of financial accountability arises when owners of resources

(principal) and users of resources (agent) are two different entities.

## Introduction

Municipal organizations are the urban local governments belong to the lowest level of governmental subdivisions with position below the central government (at apex level), and state government (at intermediary level). In West Bengal, there are five groups of municipalities, namely, A, B, C, D, and E categorized on the basis of population. Apart from six corporations, there are at present 126 municipalities operating in West Bengal classified into two – Kolkata Metropolitan Area Municipalities (38) and non-Kolkata Metropolitan Area Municipalities (88) (http://www.wbdma.gov.in/PDF/B.pdf). The municipalities are governed by the West Bengal Municipal Act, 1993 and a number of rules and regulations have been framed out by the state government for municipal governance with the objective of decentralization of power. Like most of the states in India, these entities in West Bengal are still heavily dependent on the funds released by the upper-tier governments. There are municipalities which even fail to procure 10% of the total annual revenue expenditure from their own sources of funds. Again, it is not uncommon to find municipalities whose own sources of income account for less than 20% of total revenue income [SFC, 2005, 2008, 2016 (Since 1992, State Finance Commission (SFC) is being constituted by the Governor of respective state to review the financial position of local governments, both urban and rural, at a regular interval of five years] Revenue grants are being released by the state government to provide salaries and allowances for the permanent employees of municipalities. Grants in capital nature are mostly available from both state and central governments under different developmental schemes. These are utilized to perform functions as assigned in the Twelfth Schedule of the Constitution (74th Amendment) Act, 1992.

An institution cannot be governed efficiently and effectively without adequate financial resources. Therefore, procurement of adequate funds by municipalities has important implications for their local autonomy, development, and democratic functioning. Further, it is finance that governs the ability of the local institutions to plan and implement the functional responsibilities. The time is coming when the upper-tier governments may cut down the grants heavily or even refuse to allot any grants on account of revenue expenditure. Thus, to sustain in long run, the Urban Local Bodies (ULB) need to explore new areas for generation of adequate funds. Today, municipalities in India are going to bond markets for procuring funds needed for infrastructure development (as allowed in the guidelines issued by the Ministry of Urban Development and Poverty Alleviation, dated 24/02/2001). The fund which would be generated requires a close monitoring for its appropriate usage. Unless the ULBs build up an effective and efficient financial governance system, needless to mention, their performance in the sphere of fund management will not register any marked improvement.

The main concern of financial management is the efficient and wise allocation of funds to various uses (Solomon 1969, p. 8), and thus, the primary goal of financial management in a profit seeking concern is to maximize the value of the firm (Chandra 2011, p. 21). Some of the eminent professionals (viz. Shim and Siegel 2006) have pointed out the financial manager's responsibility [the responsibilities of a financial manager in a corporate concern may include, per se, (a) financial analysis and planning: determining the proper amount of funds to employ in the firm (b) investment decisions: the efficient allocation of funds to specific assets (c) financing and capital structure decisions: raising funds on as favorable terms as possible, (d) management of working capital (e) protecting the assets of the entity] as financial analysis and planning, investment decisions, financing and capital structure decisions, management of financial resources, and risk management (ibid. p. 2). Municipal organizations must make economic choices and all have an obligation to use scare resources efficiently, just as a profit making organization do. Since these local bodies commit large sums of money to projects that incur costs and generate benefits over a

long period of time, either for the investment decisions or financing decisions or the both, a proper financial planning and governance is a must for these institutions to get the best results.

### Objective of the Study

The main objective of the study is to focus on the various issues that are now been addressed to while dealing with the implementation of effective financial governance mechanisms of municipal organizations with particular reference to West Bengal. While the study starts with the basic framework of financial management in government organizations, it highlights on the present areas of sources of income of municipal bodies in West Bengal, pointing out the reasons for poor collections under own sources of revenue and also giving stress on the areas for generation of revenues on sustainable basis. Attempts have also been made to highlight on the need of managing expenditure and assets of the municipal bodies to ensure a better financial management and finally, suggestions have been offered to improve the financial management scenario of these urban local entities based on practical experiences, field study, and exercising some basic principles of financial management.

### Data Source and Methodology

The present study is a descriptive one, and it has not directed towards testing or confirming any hypothesis. The study is based on secondary sources of data and available literature on the issue. The major sources of secondary data consist of up-to-date annual report of the Department of Municipal Affairs, Government of West Bengal as available in the departmental website. Besides the approved budget copies of different municipalities in West Bengal as available in the office of the Director of Local Bodies, West Bengal, related Acts, Rules, government orders, etc., are also a good data source for the study. The studies made by different consultancy bodies on the related issues during the past several years are also considered carefully to obtain the necessary data and information. The articles published in Indian and foreign journals, books on the financial management of corporate bodies and not-for-profit seeking concerns including government organizations are very useful sources of knowledge in the study. Finally, reports on financial practices of government organizations published by international organizations like World Bank, Asian Development Bank, DFID, UK are also major sources of data used and interpreted in the present study.

## Framework of Financial Management in Government Organizations



In general, financial management encompasses the domain of financial analysis and planning, investment decisions, capital structure decisions, and risk management of an organization. For the business enterprises, the scope of financial management is much wider than the government enterprises. It deals with determining the proper amount of funds to employ in the firm, specific allocation of funds to specific assets (investment decision), raising funds on as favourable terms as possible, and also protecting the organization's assets. The decisions with regard to the net profit distribution are known as dividend decisions.

In case of financial management of government organizations like ULBs, there is no scope of dealing with dividend decisions. The investment decisions are also very restricted to developmental projects funded by the upper tier governments. Only financial decisions relating to procurement of funds out of own sources or the other are very crucial so far the financial management is concerned. In view of the limited scope of financial management in government entities as compared to corporate bodies, the objective and basic elements of financial management in not-for-profit organizations are dealt with in the subsequent sections. The broad financial management objectives of governmental enterprises would be to *maintain accountability and establish financial control over funds* (JFMIP 2004, p. 9).

The basic elements of an effective financial management system of municipalities in general may be pointed out as below:

### Accounting and Financial Reporting

Accounting is fundamental to stewardship of public funds. The purpose of accounting is to record financial events and ensure accountability as required by law. Accounting data must also provide the basis for program performance measurement. Accounting principles and standards govern when, where, and how financial events are executed and recorded and provide for accountability through agency and consolidated financial statements required by law (Bhattacharyya 2005, pp. 53–54).

On the other hand, the financial reporting serves purposes of depicting accurate, current, and complete disclosure of the financial results of financially assisted activities, and it must be made in accordance with the financial reporting requirements as prescribed in prevailing laws and rules as applicable.

### Internal Control

Internal control systems are basically management control systems with a view to ensuring compliance with rules and regulations, reliability of financial data and reports, and to facilitate efficiency of government operations. A sound internal control framework requires to assure that government operations attain some basic fiduciary standards in guarding against misuse and inefficient use of resources, for safeguarding government assets, countering fraud and errors, checking maintenance of satisfactory accounting records, and whether budgetary objectives set out in the government policies are being achieved. Das (2007) has correctly pointed out that *"Internal controls can be regarded as one of the foundations of good governance and the first line of defense against improprieties."*

Therefore, the internal control assures the achievement of the following objectives:

1. effectiveness and efficiency of operations;
2. reliability of financial reporting; and
3. compliance with applicable laws and regulations.

Internal control is considered as an inseparable process of management of ULBs fulfilling their mission and achieving their goals in the course of safeguarding and protecting governmental resources. Internal Control consists of five interrelated components. These components are:

#### Control Environment

The control environment may be described as the attitude that management has about internal controls. It is said that *an effective control environment is an intangible factor that sets the foundation for all other components of internal control* (Arkansas Government, 2015).

#### Risk Assessment

Risk assessment is the process that has been applied to identify, analyze, and manage the potential risks that could hinder or prevent an organization from achieving its objectives (ibid.).

#### Control Activities

Internal Control Activities include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records that provide evidence of execution of these activities as well as appropriate documentation (ibid.).

#### Information and Communication

In the course of running and controlling the operations as well as achieving the desired results, municipalities need communications relating to both operational and financial data at all levels of the entity in a relevant, reliable, and timely manner.

#### Monitoring

Subsequent to implementing internal controls, it is necessary periodically to monitor and evaluate their effectiveness to ensure that the control mechanisms are functioning properly. Potential weaknesses in internal control structure may be identified by Statutory Audit, Internal Audit, or employees/whistle blowers of ULBs.

### Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant.

Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement.

### Compliance

ULBs must comply with central and state government laws and regulations, local ordinances, laws, and other legal requirements. Needless to mention, adherence to the rules and laws is one of the basic elements of good governance.

## Techniques of Financial Management in ULBs

There have been a number of techniques that are now being considered essentials for financial management of government organizations like ULBs. Some of them are discussed as below:

### Cash Management

The cash management function of any organization is responsible for establishing and maintaining a set of policies and procedures with the dual purpose of ensuring that funds are available to cover payments made for program purposes, while also ensuring that neither state nor central funds have been drawn unreasonably in advance of when they are needed to pay for program expenses.

Urban Local governments must perform a delicate balancing act in the process of cash management. On the one hand, they need enough liquidity to meet operating expenses and other cash demands; on the other, they need to invest their funds to earn as much revenue as possible. To make a balance between the two, local governments must maximize revenue without putting their funds at risk and must conduct their affairs under the watchful eye of the citizenry.

The basic objectives of Cash management include: managing liquidity, accelerating collections, maximizing investment earnings, reducing the need to borrow fund, managing disbursements efficiently, and also providing accurate and timely reporting. Knowing how much cash is on hand is a very important part of the cash management function. Banks provide periodical *bank reconciliation statement* to their clients. Governments can use these statements to check their internal records against the bank's records to make sure all incoming and outgoing cash is recognized and accounted for correctly.

### Revenue Management

As the sources of resource procurement are limited, every effort should be taken so that the maximum procurement is possible out of the existing sources of revenues and at the same time initiatives should be taken to explore the new areas for generation of further revenue resources.

In procurement of fund out of "generation of own sources" and "fund received as revenue grant" from upper tier governments, the following procedures should strictly be adhered to:

1. The ULBs should have an effective revenue collection system consistent with credit control and debt collection policy.
2. The revenues due to the ULBs need to be calculated on a monthly basis.
3. The accounts for ULB tax and charges for ULB services are to be prepared on a monthly basis or less often as may be prescribed where monthly accounts are uneconomical.
4. All monies received need to be promptly deposited into the ULB's primary bank/ Treasury accounts.
5. ULBs have to maintain a management, accounting and information system which
   - Recognizes revenue when it is earned
   - Accounts for debtors
   - Accounts for receipts of revenue
6. It is needed to develop and maintain a system of internal control in respect of debtors and revenue
7. All revenues received by the ULBs, including revenues received by any collecting agent on its behalf, should have to be reconciled at least once a week.

### Expenditure Management

The objective of expenditure management is to identify the areas where minimization of cost is possible keeping in view of maximizing the usage

of available resources. It helps to reduce unit cost at a significant rate. To ensure an effective and efficient expenditure management of municipal organizations, following are the techniques need to be taken into account:

- The ULBs should maintain an effective system of expenditure control, including procedures for the approval, authorization, withdrawal, and payment of funds.
- The ULBs need to maintain a management, accounting, and information system which
  - recognizes expenditure when it is incurred;
  - accounts for creditors of the ULB and
  - accounts for payments made by the ULB.
- The ULBs must have to maintain a system of internal control in respect of creditors and payments.
- Payments by the ULB are to be made
  - directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
  - either electronically or by way of non-transferable cheques, provided that cash payments may be made for exceptional reasons only, and only up to a prescribed limit.
- Efforts must be taken so that all outstanding expenditure of the ULBs can be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
- Every care should be taken so that the available working capital of ULBs is managed effectively and economically in terms of the prescribed cash management and investment framework.
- As prescribed in the Municipal Accounts Rules, all financial accounts of the ULB are to be closed at the end of each month and must be reconciled with its records.

### Asset Management

Good management of local authority-owned property assets is as important as the management of other resources within the entity. Maintaining of an up-to-date and comprehensive asset register should be the first step by local authorities in meeting the criteria of "best practice" as part of an authority-wide property strategy. For the effective, efficient, and economic delivery of services, it is vital that all property holdings are utilized to the maximum advantage within the current framework of management.

An asset register should contain the following records for the purpose of financial management:

- All property owned or occupied (with a note on tenure)
- Assets under public domain
- Infrastructure assets (highways, coast defenses, monuments, etc.)
- Council housing and other local authority housing (e.g., service tenancies)
- Specialized buildings (leisure properties, crematoria, abattoirs, etc.)
- Leased property and properties where authorities have user rights
- Buildings under construction

Earlier, the municipal bodies in West Bengal, both Kolkata Metropolitan Area (KMA) and non-KMA, do not have a clear record of the assets owned by them. After the introduction of the National Municipal Accounts Manual (2004), the first opening balance sheet of municipalities has been prepared and duly certified by practising Chartered Accountants. One of the key advantages that derive from such conversion (i.e., from single entry recording system to accrual based double entry recording) is identification and valuation of assets, both movable and unmovable, and to examine the present status of assets, particularly in cases of bare lands and municipal buildings.

## Scope of Resource Enhancement

As prescribed in the law, the municipal bodies in West Bengal prepare their annual budget in the format as provided in the Accounts Rules showing an estimated income and expenditure well ahead of beginning of financial year, and the said budget must be approved by the Board of Councillors in a specially convened meeting. The municipal budget may be considered as an important instrument so far the financial governance is

concerned. Assessment of existing sources of revenue income as shown in the budget estimate of municipal entities and identifying reasons for poor collection and rectifying them with the objective of revenue enhancement, and also exploration/identification of new avenues of revenue generation can be a good mechanism of effective financial control over these organizations.

The following processes may be considered as an effective tool of resource enhancement of municipal organizations:

### Proper Management of Existing Sources of Revenues

The prevailing sources of revenues can be identified by way of analyzing budget heads of account. Proper management of existing sources of revenues can be ensured by following the steps as below:

Step I: Marking out the prevailing sources of revenues;
Step II: Fixing up of current demand (head-wise) as supported by the municipal budget;
Step III: Comparing the current demand with that of actual collection;
Step IV: Pointing out the reasons for poor collections, and
Step V: Suggesting methods for better collections.

### Identification of New Areas of Revenue Generation

To strengthen the financial base of municipalities, it is not enough to give stress on the existing sources of finance with the objective of achieving highest level of procurement, but at the same time, efforts are also to be made on exploring the potential areas for generation of revenue income.

Following areas may be considered where from ULBs can generate revenues without increasing the financial burden of their citizenry:

1. Municipal authority may demand a share of the amount collected by the service providers like Power utilities, Telephone companies (both land line and mobile), Cable TVs, etc., who are using the municipal properties.
2. Collection of installation charges of mobile towers under jurisdiction.
3. Imposition of fees on door-to-door garbage collection.
4. Like Hyderabad Municipal Corporation, *Impact Fees* may be levied on shopping malls, multiplexes and residential-cum commercial complexes and it may be used for road widening, link roads development, fly-overs maintenance, etc.

Besides, any untapped areas must be explored. For example, a municipality can impose levy on Special Conservancy Charge to all citizens residing in municipal area as prescribed in section 95B of the West Bengal Municipal Act, 1993 for the removal of solid waste. Some municipalities (e.g. Bhatpara, Maheshtala) are running plants for processing solid wastes and sale proceeds of the end product (manure) of the operation is a regular source of own source of revenue.

Possibility of tying up with private organizations for collection of revenues (e.g., parking fees, tax on advertisement) under Public-Private Partnership (PPP) model has now been explored by many municipalities. There is no denying the fact that there are areas where the unit cost of providing services by ULBs to the citizen is much higher because of higher establishment cost. One of such areas may be identified as sanitation and garbage collection. If the ULBs can get these types of services done by private parties on contract basis at a lower cost, it will certainly be a positive effort for cost reduction which ultimately improves the financial health of ULBs.

### Capacity Building

Capacity building is a process by which individuals, groups, organizations, institutions, and societies increase their abilities to perform core functions, solve problems, define, and achieve activities. It has now become a familiar and popular concept in the realm of public policy. Initiation of capacity building of ULBs' staff and employees is a prerequisite for making successful expenditure management as well as revenue enhancement. In the decentralization process, it is necessary to enhance various kinds of

capacities, namely, intellectual, organizational, social, political, cultural, material, and financial. It will help to understand the problem and identify how to deal with the development needs in a broader context and sustainable manner. The components of capacity building include training and human resource development.

Therefore, it is necessary that the ULBs have to make arrangements for regular training of their staff and employees either having arrangements with the government or engaging private organizations with a good track of record of imparting appropriate training. It is, however, important to note that training is not one time event, it should be continuous, frequent, and need based taking into account of newly emerged techniques of modern municipal management.

But training should not be restricted to the salaried employees only. Considering the basic concept of local governance, the target groups should include elected representatives, officers of transferred institutions, voluntary experts of different organizations, and also experts from research and academic institutions.

Besides, provisions are to be made for need-based training to ward committee members, members of community development, and other stakeholders who are one way or the other associated with the functioning of municipalities. At the same time, newly elected councilors who have no earlier exposure in the activities of municipalities should also be included under the training net. Finally, stress will be given on citizens' awareness programs (sensitization) which will ensure a positive impact on the performance of municipalities.

## Suggestions and Conclusions

It has been observed in earlier sections that there are possibilities of improving financial position of ULBs in West Bengal by exercising proper application of financial management tools. A common drawback which prevails in most of the ULBs may be traced out as deficiency in keeping proper registers and lack of monitoring and control. All these are essential to give effect of economic usage of resources. Further, in the present administrative and infrastructure setup, it may not be possible for a municipality to pinpoint the areas of possible improvements. The key areas where immediate attentions need to be given are:

1. A comprehensive exercise should be taken up regarding broadening and deepening the revenue base of urban local governments. In the process of resource mobilization, the four key points need to be taken care of, namely, (i) potential for taxation, (ii) fixation of realistic tax rates, (iii) widening of tax base, and (iv) improvement of collection machinery.
2. All common property resources vested in the ULB should be identified, listed, and made productive for revenue generation (it may be noted that the Constitution of India confers ownership of all water resources to the government). The opening Balance Sheet of ULB as prepared following the rules prescribed in National Municipal Accounts Manual and duly certified by Practising Chartered Accountant may be helpful for such identification.
3. It is not uncommon in abroad and even some cities in India, where the ULBs are running and managing utilities such as transport, water supply, and power distribution on a sound financial basis and viability. The similar practice may be followed in West Bengal preferably by clubbing three or more large municipalities (A category).
4. Serious discussion need to be initiated to see the possibility of restricting the role of state governments only to prescribe the band of rates for municipal taxes and levies.
5. It may be considered to give a substantial share of the royalty from minerals to the ULB(s) as collected by the State Government. In its final report the Fourth State Finance Commission (2016) put a serious note regarding sharing of royalty while recommending grants to the local bodies.

Considering the experiences of countries abroad, the following steps may be implemented

to improve the overall position of financial management scenario of our country in general and West Bengal in particular:

- At least 80% Property Tax collection to be ensured with respect to demand notice.
- Possibility of introduction of bye-laws is to be explored for revenue mobilization.
- Possibility of introduction of Public-private Partnership (PPP) model should be looked into for providing basic amenities like water and sanitation which may facilitate to reduce the burden of municipal expenditure.
- Immovable assets like bare land may be developed (e.g., creation of park, picnic spot, buildings for commercial usage, community hall) to generate revenues. The PPP model may be considered for successful implementation of such projects.

Finally, it may be pointed out that the 74th Constitution Amendment Act does not confer the ULBs to raise income by imposing taxes on varied areas. ULBs are therefore heavily dependent on funds released by the upper tier governments, both state and central. Such a bottle-neck is a threat to the process of decentralization of power in its true sense. However, so long as the appropriate measures are not taken on the part of the upper tier government in widening the income base of ULBs, the urban local governments should have to follow the strict principles of financial management and also practise the same in their day to day operations for maximum utilization of the scare resources.

## References

Arkansas Government, Department of finance and administration (2015) Internal control overview. http://www.dfa.arkansas.gov, Accessed 4 Aug 2015

Bhattacharyya U (2005) Municipal accounting: concepts and practical issues, 1st edn. Mittal Publications, New Delhi

Chandra P (2011) Financial management theory and practice, 8th edn. Tata McGraw Hill, New Delhi

Das SK (2007) Rethinking public accounting, 1st edn. Oxford University Press, New Delhi

Government of India, Ministry of urban development (2004) National municipal accounts manual. Nirman Bhavan, New Delhi

Government of West Bengal (1993) Department of municipal affairs, The West Bengal municipal act, 1993 (as amended up to date). http://www.wbdma.gov.in/PDF/MunicipalAffairs_MunicipalAct.pdf

Government of West Bengal, Department of Finance (2008) Report of third state finance commission (SFC). http://www.aheadinitiatives.in/pdf/sfc.pdf, Accessed 29 Nov 2013

Office of U.S. Department of the Treasury (2004) Joint financial management improvement program (JFMIP), Framework for Federal Financial Management Systems. http://www.jfmip.gov, Accessed 10 Dec 2012

Shim JK, Siegel JG (2006) Theory and problems of financial management, 2nd edn. Tata McGraw Hill, New Delhi

Solomon E (1969) Theory of financial management. Columbia University Press, New York

The Constitution (74th Amendment) Act (1992) http://indiacode.nic.in/coiweb/amend/amend74.htm, Accessed 16 July 2015

F

# Financial Health and Distress in Local Government

Emanuele Padovani
Department of Management, University of Bologna, Bologna, Italy

## Synonyms

Financial condition; Financial performance; Fiscal distress; Fiscal health; Fiscal strain

## Definition

Financial health of a local government refers to its ability to be solvent, both in the short and long run, and at the same time to maintain a certain minimum level of services for its community; the related concept of fiscal distress is associated with the ability of a local government to meet short- and long-term financial obligations and avoid State takeover or bankruptcy.

## Introduction

Especially in recent years, local governments (LGs) across the world, and municipal governments in particular, have confronted varying degrees of financial distress mainly as consequence of severe economic crises. LG's financial distress is a complex and multidimensional process. The causes behind jurisdictions that fall into financial distress are varied, and no simple linear relationship exists. Falling revenues, central State and regional grant cuts, investment losses to pension funds, and growing cost pressure from social service programs have been responsible of financial difficulties up to even financial crises or emergencies. Running out of cash and facing liquidity crises or even bankruptcy have caused severe downturns in the provision of essential local public services and infrastructures and have affected local economies, as not paid providers might then go to bankruptcy themselves. For example, in 2013, official statistics by the Italian national central bank have highlighted that local public sector arrears accounted for about 5% of national GDP. For this reason, while only a few years ago, the interest on financial health assessment and the related probability of financial crisis was usually restricted to long-term loan admissions by banks, the recession has boosted the importance by the providers of local governments in their customers' selection and credit management strategies. Given the financial and economic instability of several countries, the growing trend of urban population and considering that LGs manage between one fifth and one third of public expenditure, financial health of LGs remains under the spotlight of practitioners and academics.

The following section briefly portrays the several facets of financial health and distress definitions in LGs; then we focus on measuring financial health to prevent fiscal distress and the related issues facing the accounting information structure in LGs; an international framework to assess and compare financial health of LGs is presented in the following section, while conclusions are presented at the end of this chapter.

## The Multifaceted Perspectives of Financial Health in LGs

Financial health, also known as financial condition, of local governments (LGs) mostly refers to its core notions of fiscal health and its related concept of fiscal stress, otherwise called fiscal distress or strain (Levine et al. 2013). Fiscal health refers to an LG's overall ability to maintain services that respond to an emergent situation. It emphasizes detecting indicators of fiscal health such as economic and population change, revenue and expenditures per person, and debt per person. For the American context, some authors have written that municipal governments' financial health is defined or determined by socioeconomic forces (Peterson 1976) or by the municipal bond market (Petersen 1974). In these definitions, financial health appears to be related to long-run solvency and service level solvency. On the other hand, fiscal distress is associated with the ability of an LG to meet short- and long-term financial obligations and avoid State takeover or municipal bankruptcy. Situations perceived by public officials to identify fiscal distress are (1) inability to meet payrolls when due and (2) default on repayment of bonded debt (Downing 1991: 323). This latter point of view has been predominant for some European authors, who have focused their research onto LGs' credit ratings and solvability assessment (e.g., López et al. 2003). Fiscal strain has also been defined considering its dynamic perspective of inability of adaptation to changing resources and problems confronting a municipality (Clark 1977: 55). Others have discriminated between the short-term perspective as the failure to meet payroll and to make payments in a timely manner and the long-term perspective as the incapacity to get a balance of LG's tax base relative to its expenditures and commitments (Kloha et al. 2005). In fiscal stress measures, there is a general emphasis on indicators such as fund balance, cash availability, deficits, and property value losses. In this context, it tends to be a correlation between cash and budgetary solvency and fiscal stress-type measures.

## Measuring Financial Health and Accounting in LGs

This wide array of options has determined a diversity of approaches to LGs' financial health assessment by audit bodies throughout the world (Padovani and Scorsone 2011). It is generally accepted that several measures can be used to assess LGs' financial health. These techniques range from basic approaches such as accounting information and financial reporting analysis eventually added of qualitative analysis by reviewing audit reports, LG's reporting process, or information gathered from discussions or regional workshops to more sophisticated statistical modeling approaches. An important aspect of these quantitative works is the proxy used in order to discriminate financially unhealthy LGs from the healthy ones. Several variables have been proposed for this purpose such as ratio indicators, the incidence of mergers or amalgamations, the quantity or quality of service delivery, and the cost of restoring infrastructure assets to satisfactory condition. In essence, the differences in the set of indicators used to assess financial health reflect the variances of sub-concepts in which it can be broken out.

The approach for measuring financial health is heavily affected by the accounting system in use. A typical LG's accounting system provides historical information about revenues and expenses. By contrast, budgetary accounting, which also is part of an LG's accounting system, refers to the upcoming fiscal year. Budgetary choices often are constrained by legal obligations to avoid financial distress, one of which, in many LGs, is that total expenses should not exceed total revenues. In general, although revenues and expenses should be accounted for on an accrual basis, many LGs use other accounting approaches. According to the most qualified definitions, public accounting can be grouped into four main systems:

- Cash accounting: it is a basis of accounting that recognizes transactions and other events only when cash is received or paid; it measures financial results for a period as the difference between cash receipts and cash payments; cash flow statements and cash balances are the most common documents.
- Modified cash accounting: it is a system that recognizes transactions and other events on a cash basis during the year, but it also takes into account the unpaid accounts and/or receivables at year's end since the books are held open for around a month after the end of the year.
- Modified accrual accounting: this system recognizes transactions and other events on an accrual basis, but certain classes of assets or liabilities are not recognized, e.g., the expensing of all nonfinancial assets at the time of purchase.
- Accrual accounting: it is a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid); therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

Accrual accounting generally is considered to be the preferred method for recording revenues and expenses and is used in almost all private sector organizations throughout the world. In recent years, it has been proposed for LGs in several countries. While the idea of accrual accounting has received considerable support from both practitioners and academics, most LGs are still a long way from using it, as the prevailing traditional accounting systems are cash or modified cash/modified accrual. These are not able to account properly for revenues when they were earned and expenses when they were incurred (regardless of when the corresponding cash inflows and cash outflows took place). As a result, LGs implementing these systems can only partially provide accurate financial information to either their citizens or their managers for financial health assessment.

It is not rare to have parallel systems where the accrual accounting system that should be *implemented* and *used* for decision-making is simply *implemented* in a formal way, as the accounting system(s) effectively *used* is (are) another

(others). Not only the competition among different types of accounting information is determinant, but also the quality of the information matters. This is made clear by studies which support that the quality of financial reports based on accrual accounting is determined by the demand of that kind of information. For example, in Europe, with the exceptions of the UK and some Nordic countries, municipal governments have introduced accrual accounting without being pushed by a factual market-oriented management style. Therefore the demand of high-quality data seems to be poor and so ought be the accrual information produced, originating a loop where accrual accounting information is poor, consequently it is not used for performance assessments nor for financial health evaluations. This ends up into the situation where traditional cash, modified cash/modified accrual systems remain pivotal in the provision of financial information to assess financial health of LGs.

Reporting of public finances, including LGs, is also at the cornerstone of two competing approaches to accounting:

- Government financial statistics, i.e., that accounting system whose aim is to represent economy at a whole and articulated in its subsectors
- Government financial reporting, whose foundational basis is entity accounts

The two approaches provide two separate paradigms where in the former instance the macroperspective – whole economy or one of its sectors – is more important, while in the latter the consistency of accounting is assured at the microlevel – i.e., each public sector organization. This creates differences in the accounting numbers provided and reflects the interests, stakes, and, above all, "languages" of two competing communities, respectively, that of national statistic offices and international governmental institutions (e.g., United Nations, International Monetary Fund, or Eurostat in EU) on one hand, and that of private actors, professional standard setters, professional accountancy bodies, and audit firms on the other. For the government financial statistics, various international standards that apply to LGs occur. The International Monetary Fund (IMF) has issued the third edition of its Government Finance Statistics Manual in 2014 which has the aim to provide a macroeconomic statistical framework, the Government Finance Statistics (GFS) framework, designed to support internationally standardized fiscal analysis of any level of government. Another example of government financial statistics at the international level that is potentially applicable to the city government level is the European System of Accounts (ESA) by Eurostat. This system is an internationally compatible accounting framework applied within the European Union for a systematic and detailed description of regional, country, or group of countries economies. As the IMF's GFS framework, this system is consistent with the worldwide guidelines on national accounting of the System of National Accounts 2008 by United Nations, but it considers some differences in the presentation of statistical information, including a higher degree of precision of elements considered of importance for the coordination of public finance at the EU level. For the government financial reporting approach, the International Public Sector Accounting Standard Board (IPSASB) has already provided a set of standards (IPSAS) that have been followed by several countries around the world. Recently, EU has decided to set its own accounting standards using IPSAS as basis to build the new European Public Sector Accounting Standards (EPSAS). IPSAS already includes some attempts of harmonization with statistical accounting approaches. Accrual accounting is at the core of these standards, and its adoption in government financial reporting has been considered one of the pillars of the New Public Management and an unquestionable goal for public sector organizations. While the level of maturity of IPSAS varies among LGs of different countries and implementation implies several efforts, most EU countries seem to be ready to implement a harmonized EPSAS system based on accrual accounting and with the aim to link government financial statistics with government financial reporting by the beginning of 2020s.

## Measuring Financial Health in LGs: An International Framework

In June 2014, the creation of the European City Economic and Financial Governance (CEFG) Group at the European Institute of Public Administration (EIPA), the leading center of European learning and development for the public sector, supported by the European Commission through the European Union budget, has made the first move toward an international framework for measuring financial health within EU. This agreement was signed between the city governments of Barcelona (Spain), Dublin (Ireland), Hamburg (Germany), City of London (UK), Milan (Italy), and Vienna (Austria), which represent a total accumulated population of just over 15 million (30 million including metropolitan areas). The CEFG's main goal is benchmarking and creating a space for mutual learning in the field of economic and financial governance and can be considered a unique international cooperation as usually LGs' fiscal and financial management issues are not treated from a cross-border perspective (more information at www.cefg.eu). The six cities provided a number of experts (13 directly involved and several indirectly involved participants) in the field of financial management of city governments with similar dimensions and belonging to metropolitan areas. They were selected so as to have different systems and levels of maturity of accounting, as well as different administrative traditions (see Table 1). Along a pathway of 18 months during which a series of meetings and exchange of information have been carried out, a common city financial report and financial health key performance indicators (KPIs), otherwise called "Financial Health Template," has been provided. The approach used within the CEFG group has been the convergence toward common solutions starting from the accounting information already available in each context. The validity of the approach used has been recently acknowledged by Eurostat's EPSAS Task Force (the task force working on the EU's member States accounting harmonization), by declaring a special linkage and alignment with their work.

The "Financial Health Template" is a set of accounting information, statements, and financial indicators (KPIs), which can be used for comparing the six cities. The statements, i.e., the structure of accounting information, are in line with frameworks and principles such as the European System of Accounts (ESA), the International Public Sector Accounting Standards (IPSAS), and the IMF's GFS approaches, based on accrual accounting. The CEFG group agreed that the main target public of the "Financial Health Template" is the main stakeholders of local government finances, i.e., citizens, politicians, media, and public and private institutions. Hence, it would need to be published, spread, and made accessible also for people with minimal accounting or financial mechanisms backgrounds.

The purpose of the accounting statements is to provide the multifaceted financial performance and situation, and it is composed of the following statements: operating performance, capital operations, financial flows, cash statements, and debt. These statements are linked to one another, as the elements used to compute the various relevant accounting information must balance to guarantee coherence of the accounting information used:

- The *operating performance* (OP) statement shows revenues and expenditures generated by current operations and their balance. City governments levy city taxes earn revenues from service fees and charges and receive higher-level governments' grants and shared revenues. These revenues are used to cover current expenditures, among which personnel costs and interests on debt. After these costs of doing their business are paid, the amount left over is called gross operating balance which, deducted of depreciation, is a net operating balance. In case of a positive net operating balance, this amount is available in future years to make future investments, while a negative net operating balance means that current taxpayers have received more than what they have paid. The distinction between net operating balance and gross operating balance is highlighted as some city governments do not account for depreciation.

**Financial Health and Distress in Local Government, Table 1** Composition of the CEFG group of city governments

| | Pop. (mln) | Administrative tradition | Accounting system implemented[a] | Accounting maturity[b] | Experts involved in the focus group (CEFG) |
|---|---|---|---|---|---|
| *Barcelona* (*Spain*) | 1,6 | French/ Napoleonic or German[a] | Accrual | High (68%) | CFO, Manager of Office of Management and Executive Budget, Comptroller General, Manager of Office of Finance, plus other experts within the same departments who participated directly and indirectly to some meetings |
| *Dublin* (*Ireland*) | 0,5 | Anglo-Saxon | Accrual | High (71%) | CFO, plus other experts within the same departments indirectly involved |
| *Hamburg* (*Germany)* | 1,8 | German | Combination of accrual and cash | Medium (58%) | CFO, Head of Budgeting Unit, Expert in Financial Accounting at Budgeting Unit |
| *City of London* (*United Kingdom*) | 8,4[c] | Anglo-Saxon | Accrual | Very high (95%) | CFO, plus other experts within the same departments indirectly involved |
| *Milan* (*Italy*) | 1,3 | French/ Napoleonic | Combination of accrual and cash | Low (30%) | CFO, Accounting Manager, plus other experts within the same departments indirectly involved |
| *Vienna* (*Austria*) | 1,7 | German | Accrual | Very low (12%) | CFO, plus other experts within the same departments indirectly involved |

[a]Accounting systems implemented according to Ernst and Young (2012)
[b]Accounting maturity as proximity to IPSAS principles according to PricewaterhouseCoopers (2014)
[c]For "City of London," we mean the City of London Corporation, the municipal governing body of the City of London, the historic center of London, and the location of much of the UK's financial sector (the "City"); the population portrayed in the table refers to the whole city of London as the number of residents is not significant and does not reflect the role of this city government

- The *capital operations* statement is composed of two subsections. The first section, the *capital financial flows* (CF) statement, give evidence of capital operations in terms of financial flows generated by disposal of fixed capital, capital grants from other entities, and other capital revenues and consumed for acquisition of fixed capital and grants to other entities. The difference between flows generation and consumption gives evidence to the balance in terms of capital financial capacity or need. The second subsection, the *capital creation or consumption* (CC) statement, gives evidence to the creation of fixed assets by considering the related financial flows (gross creation of fixed assets) eventually reduced by depreciation (net increase of fixed assets).
- The *financial flows* (FF) statement gives evidence to two main commonly used financial balances in public sector accounting, i.e., the net lending/borrowing (computed by adding to the capital financial capacity or need of the capital financial flows statement the gross operating balance) and the overall financial flows (the balance of all financial flows).
- The *cash and debt* report is composed of three subsections that give evidence to three important elements of the financial situation: *cash* (and its flows along the year) (CS), short-term (or *pending payments* – PP) and long-term (or *long-term debt* – LD) liabilities.

Each item of the four statements is accounted according to accrual accounting except those included in the capital financial flows (CF), where inflows and outflows are accounted when the credit or liability rises, and the cash statement (CS), where inflows and outflows are accounted in terms of cash accounting. Where appropriate, each item has a "specific definition" to help city

governments to fill in the specific financial item with the expected information. Considering the heterogeneity and the difficulty to find a minimum common denominator for the perimeter of analysis outside the legal entity of each city government and the limited availability of consolidated reports information, the financial information has been provided in relation to the legal perimeter of each city, thus not considering any external agency and city's or shared corporation.

These statements are supplemented by a set of agreed KPIs useful to assess the financial health comparatively. They are listed and described below:

- *Financial autonomy*: it answers the question "To what extent is the city independent from other governments?" and is computed by dividing the city's own revenue out of the total revenues.
- *Overall financial flows balance*: it answers the question "How big is the financial flows overall surplus or deficit?" It is computed by dividing the overall financial flows balance by the current revenues amount; in case it is positive, future generations will receive benefits from old generations, while in case it is negative, current generations receive back more from their payments.
- *Net lending or borrowing capacity*: it answers the question "How big is the surplus or deficit generated by the current and capital operations?" It is similar to the second KPI but excludes financial operations.
- *Operating balance*: it answers to the question "Is there a balance between current resources and structural expenditures?" and is computed by dividing current revenues out of current expenditures and debt repayment (principal) excluding extraordinary repayments. In case it is higher than 100%, new capital assets may be purchased in the future without incurring new loans, while below 100%, it shows a possible dangerous imbalance.
- *Cost of debt*: it shows how big the cost of debt is and how much it takes from the current economic capacity (current, operating revenues) of the city government. It is computed dividing the cost for interests and other costs associated to debt by current revenues; the lower the better.
- *Debt repayment capacity*: it answers the question "How big is the long-term debt compared to annual current revenues?". Similar to the European Maastricht's Stability Pact Debt/GDP ratio at the national level, it is computed by dividing the stock of debt at the end of the year by current revenues; the lower the better.
- *Debt repayment length*: it answers the question "How long does it take to repay the stock of debt at current level of repayment (in years)?" and it is computed by dividing the stock of debt at the end of the year by the debt repayment (principal, excluding extraordinary repayments) amount; the lower the better, since it means that the city has less dead weight for its financial future.
- *Debt pay-down capacity*: it gives evidence to the time to repay the stock of debt if all current surplus where used. It is computed by dividing the stock of debt at the end of the year by the current revenues; the lower the better.
- *Amount of commercial debts*: it approximates the length of payment by answering the question "Does the city demonstrate any difficulties in paying creditors?". It is computed by dividing the pending payments at the end of the year by the amount of current and capital expenditures; the lower the better.
- *Cash facility burden*: as an excessive use of cash facilities (e.g., overdrafts) may be a symptom of short-term solvency difficulties; this indicator is measured by dividing receipts from overdrafts and other cash facilities by current revenues; the lower the better.

Table 2 portrays the "Financial Health Template" for the city government of Barcelona (for other city governments, see www.cefg.eu).

The CEFG group has stressed the idea that even if this report structure claims to have defined a common set of financial information and KPIs as accurately and clearly as possible, the rules of central governments and their possible restrictions, e.g., obligation to break even or requirement of surpluses/prevention of these by politics, the

**Financial Health and Distress in Local Government, Table 2** The CEFG's "Financial Health Template" for the city government of Barcelona

European City Economic & Financial Governance (CEFG) Group

City of Barcelona

STANDARDISED FINANCIAL REPORT AND FINANCIAL HEALTH KPIs FOR CITY GOVERNMENTS IN EUROPE

November 2015

STATEMENT OF OPERATING PERFORMANCE (OP)

This report gives evidence to revenues and expenditures/expenses and their balance, generated by current operations. Million Euros

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| OP1 | City Tax Revenues | 618,5 | 855,5 | 918,1 | |
| OP2 | City Fees & Charges Revenues | 261,8 | 271,8 | 255,8 | |
| OP3=OP1+OP2 | City's Own Revenues Coming from Citizens | 1.080,6 | 1.127,3 | 1.173,9 | |
| OP4 | Other City's Own Current Revenues | 42,1 | 44,5 | 214,3 | |
| OP5=OP3+OP4 | City's Own Revenues Total | 1.122,8 | 1.171,7 | 1.388,3 | |
| OP6 | Tax Sharing Revenues | 74,6 | 85,9 | 85,7 | |
| OP7 | Current Earmarked Grants from Other Governments | 105,5 | 121,1 | 110,3 | |
| OP8 | Current Non-Earmarked Grants from Other Governments | 932,6 | 978,6 | 932,8 | |
| OP9=OP5+OP6+OP7+OP8 | Current Revenues | 2.235,5 | 2.357,4 | 2.517,1 | |
| OP10 | Interests and Other Costs of Debt | 32,1 | 32,0 | 29,6 | |
| OP11 | Personnel Expenses | 329,2 | 399,3 | 344,5 | |
| OP12 | Other Current Expenditures | 1.446,4 | 1.458,5 | 1.511,5 | |
| OP13=OP10+OP11+OP12 | Current Expenditures | 1.807,7 | 1.889,8 | 1.885,6 | |
| OP14 | Depreciation | 90,3 | 94,8 | 101,3 | |
| OP15=OP13+OP14 | Total Expenses | 1.898,0 | 1.984,6 | 1.986,9 | |
| OP16=OP9-OP13 | Gross Operating Balance | 427,8 | 467,6 | 631,5 | |
| OP17=OP9-OP15 | Net Operating Balance | 337,5 | 372,8 | 530,2 | |

CAPITAL OPERATIONS

These two reports give evidence of capital operations both in terms of financial flows generated, and their balance in terms of capital financial capacity or need, and assets created or consumed

CAPITAL FINANCIAL FLOWS (CF)

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| CF1 | Disposal of Fixed Capital | 11,6 | 7,5 | 11,1 | |
| CF2 | Capital Grants from Other Entities | 14,0 | 20,2 | 42,8 | |
| CF3 | Other Capital Revenues | 0,0 | 0,0 | 0,0 | |
| CF4=CF1+CF2+CF3 | Capital Revenues | 25,6 | 27,7 | 53,9 | |
| CF5 | Acquisition of Fixed Capital | 375,0 | 325,8 | 495,0 | |
| CF6 | Capital Grants to Other Entities | 18,3 | 30,1 | 168,2 | |
| CF7=CF5+CF6 | Capital Expenditures | 393,3 | 355,9 | 663,3 | |
| CF8=CF4-CF7 | Capital Financial Capacity (+) or Need (-) | -367,7 | -328,2 | -609,3 | |

CAPITAL CREATION OR CONSUMPTION (CC)

| code | item | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| CC1=CF5-CF1 | Gross Creation of Fixed Assets | 363,5 | 318,3 | 483,9 |
| CC2=CC1-OP14 | Net Increase of Fixed Assets | 273,2 | 223,5 | 382,6 |

FINANCIAL FLOWS (FF)

This report gives evidence to two main financial balances, i.e. the net lending/borrowing and the overall financial flows balance

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| FF1=OP16-CF8 | Net Lending (+) or Borrowing (-) | 69,1 | 135,4 | 22,2 | |
| FF2 | Disposal of Financial Fixed Assets | 1,8 | 1,2 | 1,8 | |
| FF3 | Acquisition of Financial Fixed Assets | 1,3 | 1,3 | 1,2 | |
| FF4=FF1+FF2-FF3+LD2-LD3 | Overall Financial Flows Balance (Current Year) | 135,5 | 75,6 | -106,9 | |

CASH STATEMENT & DEBT

These three reports give evidence to three important elements of the financial situation: cash (and its flows along the year), and short and long term liabilities.

CASH STATEMENT (CS)

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| CS1 | Cash as of January 1st | 270,0 | 381,4 | 519,1 | |
| CS2 | Receipts from Operations | 2.225,5 | 2.382,4 | 2.639,2 | |
| CS3 | Payments from Operations | 2.189,5 | 2.180,9 | 2.383,9 | |
| CS4=CS2-CS3 | Cash Flow Generated from Operations | 36,4 | 201,5 | 255,3 | |
| CS5 | Receipts from Overdrafts and Other Cash Facilities | 0,0 | 0,0 | 0,0 | |
| CS6 | Receipts from Other Financial Operations | 165,0 | 40,0 | 0,0 | |
| CS7 | Repayments of Overdrafts and Other Cash Facilities | 0,0 | 0,0 | 0,0 | |
| CS8 | Repayments of Other Financial Operations | 90,0 | 103,7 | 129,7 | |
| CS9=CS5-CS6-CS7-CS8 | Cash Flow Generated from Cash Facilities and Other Financial Operations | 75,0 | -63,7 | -129,7 | |
| CS10=CS4+CS9 | Total Cash Flow | 111,4 | 137,7 | 125,6 | |
| CS11=CS1+CS10 | Cash as of December 31st | 381,4 | 519,1 | 644,8 | |

PENDING PAYMENTS (PP)

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| PP1 | Pending payments as of January 1st | 407,6 | 464,1 | 480,7 | |
| PP2 | Pending payments from Previous Years Paid or Cancelled | 395,7 | 452,8 | 462,5 | |
| PP3 | Pending payments from Current Year (Year End) | 452,8 | 469,4 | 614,3 | |
| PP4=PP1-PP2+PP3 | Pending payments as of December 31st | 464,1 | 480,7 | 632,5 | |

LONG TERM DEBT (LD)

| code | item | 2012 | 2013 | 2014 | comments |
|---|---|---|---|---|---|
| LD1 | Long Term Debt as of January 1st | 1.090,1 | 1.165,1 | 1.101,4 | |
| LD2 | New Long Term Debt | 165,0 | 40,0 | 0,0 | |
| LD3 | Debt Repayment (Principal) | 90,0 | 103,7 | 129,7 | |
| LD3A | *Debt Repayment (Principal) Excluding Extraordinary Repayments* | *90,0* | *103,7* | *129,7* | |
| LD4=LD1+LD2-LD3 | Debt as of December 31st | 1.165,1 | 1.101,4 | 971,7 | |

(continued)

diverse local socioeconomic situations or the different competences of the respective cities, do affect the cities and cannot always be adequately reflected in the respective indicators. For instance, operating performance indicators of the cities of Vienna and Hamburg triple those of Milan, the

**Financial Health and Distress in Local Government, Table 2** (continued)

| FINANCIAL HEALTH KPIs (FH) | | | | | |
|---|---|---|---|---|---|
| | code | KPI | 2012 | 2013 | 2014 |
| Autonomy | FH1=OP5/OP9 | **Financial Autonomy** - How much is the city independent from other governments? – usually, the higher the better – | 50,2% | 49,7% | 55,2% |
| Balance | FH2=FF4/OP9 | **Overall Financial Flows Balance** - How big is the financial flows overall surplus or deficit? – it should not be <0; in case it is positive, future generations will receive benefits from old generations – | 6,1% | 3,2% | -4,2% |
| | FH3=FF1/OP9 | **Net Lending or Borrowing Capacity** - How big is the surplus or deficit generated by the current and capital operations (similar to FH2, but excludes financial operations)? - - it should not be <0; in case it is positive, future generations will receive benefits from old generations | 2,7% | 5,9% | 0,9% |
| | FH4=OP9/(OP13+LD3A) | **Operating Balance** - Is there a balance between current resources and structural expenditures? – it should be >100% and in that case new capital assets can be purchased without incurring in new loans; <100% shows a dangerous imbalance – | 117,8% | 118,3% | 124,9% |
| Debt | FH5=OP10/OP9 | **Cost of Debt** - It shows how big is the cost of debt and how much takes from the current economic capacity (current, operating revenues) of the city government – the lower the better | 1,4% | 1,4% | 1,2% |
| | FH6=LD4/OP9 | **Debt Repayment Capacity** - How big is the long-term debt compared to annual current revenues? – like the Maastricht's Stability Pact Debt/GDP ratio | 52,1% | 46,7% | 38,6% |
| | FH7=LD4/LD3A | **Debt Repayment Length** - How long does it take to repay the stock of debt at current level of repayment (in years)? – the lower the better, since it means that the city has less dead weight for its financial future | 12,9 | 10,6 | 7,5 |
| | FH8=LD4/OP16 | **Debt Paydown Capacity** - How long does it take to repay the stock of debt if all current surplus where used? – the lower the better | 2,7 | 2,4 | 1,5 |
| Short Term Solvency | FH9=PP4/(OP13+CF7) | **Amount of Commercial Debts** - Does the city demonstrate any difficulties in paying creditors? – the lower the better – | 21% | 21% | 25% |
| | FH10=CS5/OP9 | **Cash Facility Burden** - An excessive use of cash facilities (e.g. overdrafts) may be a symptom of short term solvency difficulties – the lower the better | 0,0 | 0,0 | 0,0 |

Note: Full tables for all CEFG's city government are available at www.cefg.eu

third highest ranked city. This is, among others, due to the fact that Vienna and Hamburg are city-states with also regional competences, and thus they manage a bigger share of services and functions. In addition, both Vienna and Hamburg include pensions in their current expenditures, which is not the case in the other CEFG member cities. Another peculiarity and thus worth mentioning is the City of London, which has no long-term debt (which is a very unusual position for English local authorities) because of a high-value property portfolio in the city. Finally, the City of London has a different financial year compared to the other five partner cities.

## Conclusions

In the aftermath of the credit crisis and the recent great recession, LGs' financial health has been tested as major bankruptcies occurred and LGs faced major financial emergencies and crises across the world. While events have played out differently, the core problem that remains is the assessment of how LGs' fiscal health is measured, evaluated, and even predicted. Accounting systems, as the key tools in the measurement of LGs' finances, are crucial part of our understanding of fiscal health and distress. Not just one way of measuring financial health of LGs but several approaches compete each other, depending on administrative traditions and accounting systems implemented and actually used. This creates room for researchers and practitioners looking for standards and ways to visualize financial conditions that may be helpful to stakeholder and policymakers.

## Cross-References


- ▶ Accountability
- ▶ Accounting for Public Debt and Deficit
- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Accrual Budget

- ▶ Amortization and Depreciation
- ▶ Auditing
- ▶ Auditing for Financial Reporting
- ▶ Budget Analysis
- ▶ Budgeting and Austerity
- ▶ Cash Accounting
- ▶ Consolidated Accounts
- ▶ Debt Capacity and Financial Sustainability in Central Government
- ▶ Deficit Control
- ▶ European Harmonization and EPSAS
- ▶ Financial Analysis
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ Financial Sustainability
- ▶ Fiscal and Financial Transparency
- ▶ Harmonization
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Local Government Benchmarking
- ▶ Local Governments Debt
- ▶ National Accounts
- ▶ New Public Financial Management
- ▶ Performance Evaluation and Reporting
- ▶ Public Sector Accounting
- ▶ Whole of Government Accounting

## References

Clark TN (1977) Fiscal management of American cities: funds flow indicators. J Account Res 15 (Supplement):54–94

Downing RG (1991) Urban county fiscal stress: a survey of public officials' perceptions and government experiences. Urban Aff Rev 27(2):314–325

Ernst, Young (2012) Overview and comparison of public accounting and auditing practices in the 27 EU Member States: prepared for Eurostat. Ernst & Young, Bruxelles

Kloha P, Weissert CS, Kleine R (2005) Developing and testing a composite model to predict local fiscal distress. Public Adm Rev 65(3):313–323

Levine H, Justice JB, Scorsone EA (2013) Handbook of local government fiscal health. Jones & Bartlett Learning, Burlington

López BB, Alijarde BI, Montesinos VJ (2003) Utilidad de la información contable en los rating de dueda pública. Revista Española de Financiación y Contabilidad 32(117):501–537

Padovani E, Scorsone EA (2011) Measuring financial health of local governments: a comparative framework. In: Yearbook of Swiss Administrative Sciences. Swiss Society of Administrative Sciences, Zurich

Petersen J (1974) The rating game. The Twentieth-Century Fund, New York

Peterson G (1976) Finance. In: Gorham W, Galzer N (eds) The urban predicament. The Urban Institute, Washington, DC, pp 35–118

PricewaterhouseCoopers (2014) Collection of information related to the potential impact, including costs, of implementing accrual accounting in the public sector and technical analysis of the suitability of individual IPSAS standards, prepared for Eurostat 2013/S 107–182395. PricewaterhouseCoopers, Brussels

# Financial Inclusion in Latin America

Ignacio Esteban Carballo
Pontifical Catholic University of Argentina (UCA) and University of Buenos Aires (UBA). Magister by Autonomous University of Madrid (UAM). Doctoral scholarship holder at Center of Studies of the Economic Structure (CENES / FCE-UBA), Institute of Economic Research, CONICET, Buenos Aires, Argentina

## Synonyms

Access to financial markets; Financial services; Financial stability; Microfinance

## Definition

Financial inclusion is an ecosystem in which supply, demand, and the regulatory framework interact with the same degree of relevance. Therefore, a definition that considers all its complexity and multidimensionality is crucial. Broadly speaking, we can say that financial inclusion includes the establishment, the promotion, and the regulation of an accessible, affordable, and safe financial environment for the society as a whole. It aims at promoting economic well-being and social inclusion through the supply of financial services and products designed to satisfy the needs of different segments of society.

## Introduction

The significant contribution that financial inclusion can make to achieving inclusive economic growth and the Sustainable Development Goals has gained global recognition. This has in turn led to critical policy reforms that help establish an enabling environment to promote financial inclusion, for example, through specific financial inclusion commitments or National Financial Inclusion Strategies.

However, as will be discussed below, only 62% of the world's adult population has a bank account. This means two billion people are excluded from the formal financial system. To make matters worse, poor people and developing countries dominate this unbanked share.

The definition of financial inclusion has evolved over the years, and it is sometimes defined differently by different countries, bodies, or actors.

For example, the G20's Global Partnership for Financial Inclusion (GPFI) adopts a pragmatic view defining financial inclusion as: "A state in which all working age adults have effective access to the following financial services provided by formal institutions: credit, savings (defined broadly to include transaction accounts) payment, insurance and investments."

On the other hand, bodies such as the Consultative Group to Assist the Poor (CGAP) use a more theoretical, wide-ranging, and comprehensive definition of financial inclusion defining it as: "A state where both individuals and businesses have opportunities to *access*, and the *ability to use* a diverse range of *appropriate* financial services that are *responsibly* and *sustainably* provided by formal financial institutions."

Financial inclusion is a broad, multidimensional, and polysemic concept, constantly evolving, constructed, and discussed. Its multidimensional nature stems from the unavoidable need to consider various elements and variables in order to achieve its goals. Broadly speaking, we can say that financial inclusion includes the establishment, the promotion, and the regulation of an accessible, affordable, and safe financial environment for the society as a whole. It aims at promoting economic well-being and social inclusion through the supply of financial services and products designed to satisfy the needs of different segments of society.

It is thus an incomplete concept, whose development can be approached from different perspectives. As we shall now see, financial inclusion has gradually found its way into the international policy agenda. However, there is a long road ahead for the phenomenon of financial inclusion.



## The Road to Financial Inclusion

The late 2015 session of the United Nations General Assembly marked the end of the Millennium Development Goals (MDG), implemented in the year 2000 and replaced with the new 2030 Agenda, with 17 new Sustainable Development Goals (SDGs). Financial inclusion had a prominent role in this new agenda: the need for improved or universal access to financial services is mentioned in five of the new goals.

However, the long road traveled by financial inclusion did not begin with the SDG. In 2009, with the launch of the Alliance for Financial Inclusion (AFI), policymakers and regulators from 60 developing and emerging countries committed to making financial services available to millions of people living on less than US$2 a day. In the same year, Her Majesty Queen Máxima of the Netherlands was appointed as the UN Secretary-General's Special Advocate for Inclusive Finance for Development.

One year later Group of Twenty (G20) leaders in Seoul launched the GPFI, naming three implementing partners (AFI, CGAP, and the International Finance Corporation) to take forward their financial inclusion action plan. In 2011 the Maya Declaration (world's first commitment platform to set concrete financial inclusion targets) was adopted by AFI members meeting in Mexico. Also in 2011, as we will discuss later, the World Bank Group launched the first global analysis on demand for financial services.

The growing interest garnered by this phenomenon is the consequence of the greater understanding of the importance of financial inclusion for

economic and social development, coupled with a higher number of research works and a greater quantitative recognition of the degree of financial exclusion and its effects. One of the most discussed reasons for explaining financial exclusion is that market- or individual-related characteristics could lead to prohibitive high costs for access to financial services.

Earlier in time, microfinance (that has their roots in microcredit initiatives in Bangladesh and parts of Latin America in the mid-1970s) positioned itself as a critical tool to reduce the disparity of access to financial services for poor people excluded by the traditional financial system. The main reason behind the exclusion of the poor from the formal financial system is the erroneous idea that they are incapable of saving, repaying loans, or undertaking productive enterprises.

Microfinance was thus born as a methodological innovation aimed at offering different financial services to poor people or people lacking collateral. After almost half a century of evolution and development, this practice has produced important lessons as to how to foster effective financial inclusion, with a focus on the most vulnerable.

Some approaches see financial inclusion as an evolution of or an improvement upon the concept of microfinance, basically positing that its goals go beyond the fight against poverty, also considering the reduction of banking costs and risks, the growth of the formal economy, job creation, the effectiveness of monetary policies, and the stability of the financial system, among others.

For these reasons, we can assert that financial inclusion is currently a key goal and a component perceived as central for social inclusion and the empowerment of the most disadvantaged sectors.

## Financial Inclusion: Measurement, Status, and Impact

### Measuring Financial Inclusion

Measuring and assessing financial inclusion is particularly difficult for two reasons. The first is the lack of an absolute consensus regarding a single variable or measure appropriate for representing the whole inherent complexity of the definition of financial inclusion. The second is the fact that information has become available only recently (and, in a certain sense, to a limited degree).

As regards the first reason, the literature studies financial inclusion from a multidimensional perspective. Various approaches resort to creating mixed indicators comprising groups of variables in order to model different aspects of financial inclusion. The most commonly covered dimensions are those related to access to, use of, and depth of the financial system. More recently, the literature has included aspects such as barriers to access and the quality of the financial system (Beck et al. 2007; Sarma and Pais 2011; Dabla-Norris et al. 2015; Sarma 2016).

In terms of the traditional dimensions of use of and access to the financial system, the number of bank accounts and their associated movements, credit and debit cards, branches, and ATMs are commonly used as proxies. The depth of the financial system is usually measured through the ratio of credits or deposits to the GDP in a given economy.

As regards the second reason, until very recently there was no globally comparable information on financial inclusion. It is only since 2004, thanks to the Financial Access Survey (FAS) of the International Monetary Fund (IMF), that a broad database about financial inclusion is being developed through the concentration of supply data, that is, with information provided by institutions and regulatory entities. Since its launch, 189 economies have contributed to the FAS, which now contain more than 150 series on financial inclusion for the period 2004–2015.

Even more relevant and recent is the information focused on the demand side. No comparable data from the individuals' perspective were available until the World Bank launched its first Global Findex database, in 2011. Based on approximately 150,000 interviews with adults, representative at the national level and

chosen randomly, the Global Findex database presents data from 143 countries for 2 years (2011 and 2014) and collects information on 506 indicators from at least 1,000 people aged over 15 in each country (Demirgüç-Kunt et al. 2015).

Among its indicators, the main one corresponds to access, measuring the level of adults (older than 15 years) who have an account at a financial institution (such as a bank, credit union, cooperative, and microfinance institution) or through a mobile money provider. But it also provides comparable indicators showing how people around the world save, borrow, make payments, and manage risk.

Currently, the Global Findex is the most comprehensive tool available to measure progress in terms of financial inclusion and the only source of data for comparative analyses between countries at the international and the regional level. The descriptive analysis developed in this work is based mainly on its results, supplemented when necessary with data from the FAS. We will also study the four categories of financial products which are most commonly used by the literature: payment services, saving products, credit, and insurance.

## The Global Status of Financial Inclusion

Before 2011, little was known about the global scope of the financial system, including how many people had bank accounts, how they used them, and to what degree specific groups, such as women and the poor, were excluded. The last available information in the Global Findex database (2014) shows that the last few years have seen an explosive improvement in terms of global financial inclusion, but that much remains to be done.

According to these data, 62% of the world's adults reported having an account with a financial institution or a mobile money account, compared to a share of 51% in 2011. However, two billion adults (or 38% of the world's adult population) remain excluded from the financial system, with unmet needs, and their market potential continues to be unexplored.

If we analyze the total number of unbanked adults, only 11% live in high-income economies in general. Within the most vulnerable population (adults with a daily income of less than US$2) the share increases to 77%. In other words, three out of four poor people in the world lack a bank account.

Account ownership varies widely around the planet. For instance, in the high-income economies of the Organization for Economic Cooperation and Development (OECD), account ownership is virtually universal: 94% of adults reported having an account in 2014; in developing economies, on the other hand, the share is 54%. As reflected in Fig. 1, there are huge disparities between developing regions: South Asia and East Asia and the Pacific account for more than half (55%) of the unbanked population.

In South Asia, the number of individuals who lack access to a bank account is around 625 million and in East Asia and the Pacific 490 million. In fact, only three Asian economies (India, China, and Indonesia) host almost 40% of the unbanked in the world. China accounts for 12% of unbanked adults across the globe and Indonesia 6%, together are home to seven out of ten unbanked adults in East Asia and the Pacific. Sub-Saharan Africa accounts for 17% of the world total with about 350 million unbanked adults. India accounts for 21% of the world's unbanked and two-thirds of South Asia's.

As discussed above, account ownership varies not only between countries or regions but also based on categories such as family income and gender. Over half (54%) of the adults in the poorest 40% of the world's households lacked banking services in 2014. In turn, in the OECD's high-income economies, there were practically no gender gaps in terms of account ownership, while in developing economies the gap remained stable between 2011 and 2014: 9% points of difference between women and men.

Besides access, the paramount variable of financial inclusion, it is necessary to consider the use of financial services. Table 1 synthesizes the main results of the Global Findex 2014

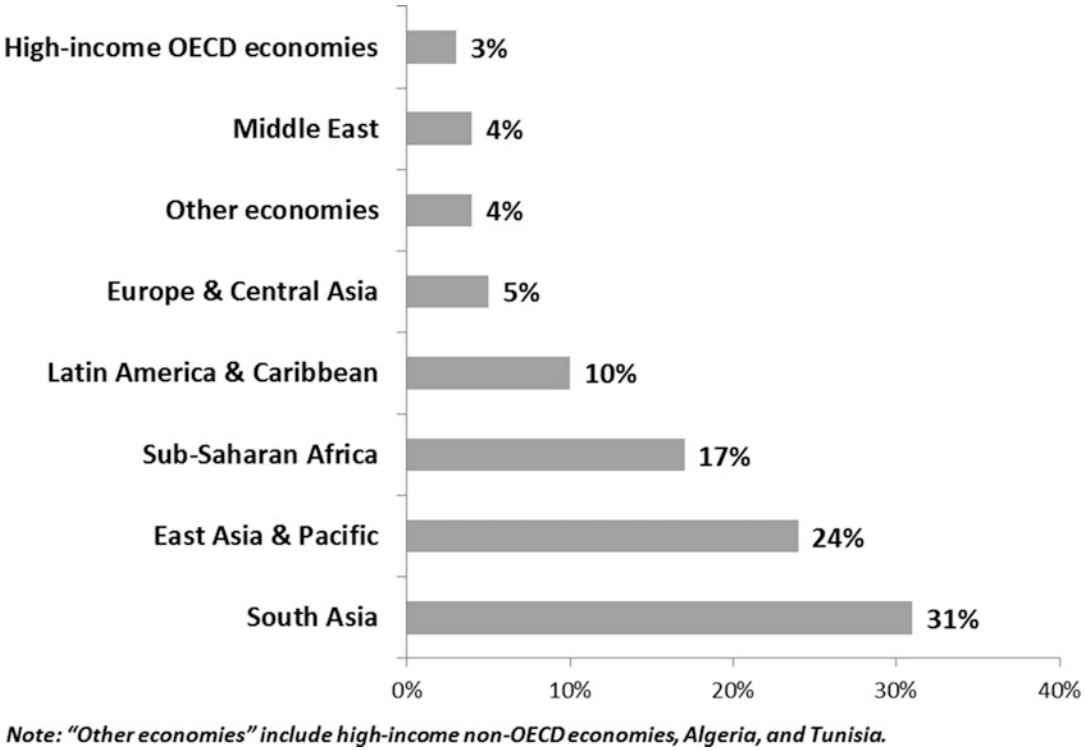


**Financial Inclusion in Latin America, Fig. 1** Adults without an account by region (%) – 2014 (Source: Own calculations based on Global Findex database 2014)

according to the main categories of financial products.

## Impact of Financial Inclusion

As we stated above, financial inclusion is a multidimensional concept, a fact which makes it difficult to plot a single and clear map of causal relationships between financial inclusion and inclusive economic growth.

According to the theory, access to financial services in favorable conditions promotes smoother consumption patterns, better expenditure planning, the addressing of health-related risks, and investment not only in productive endeavors but also for the long term, such as in education. However, there is little research on the issue. A fundamental reason is related to the aforementioned limitations in terms of availability of national and global data.

Having said that, various authors have explored the benefits of financial inclusion. In general, most have analyzed specific dimensions based on cases and assessments of particular programs implemented around the world. Karlan and Morduch (2009), Cull et al. (2014), Beck (2015), Klapper et al. (2016), and Demirgüç-Kunt and Singer (2017) provide literature reviews about the empirical benefits of financial inclusion through different approaches.

For example, Klapper et al. (2016) summarize empirical evidence, pointing out how financial inclusion can help achieve the Sustainable Development Goals (SDGs). Based on the study cases under analysis, the authors posit that some goals could be pursued directly through financial inclusion (goals 1, 2, 3, 4, and 5), while in the case of others (namely, 6, 7, 8, 9, 10, and 16), even though there are no empirical studies with robust evidence in this regard, there are theoretical reasons to believe that financial inclusion could be a way to pursue them indirectly.

**Financial Inclusion in Latin America, Table 1** Usage of financial services – Global Findex 2014 (Source: Own elaboration based on Demirgüç-Kunt and Singer (2017))

| Financial product | Global Findex 2014 |
|---|---|
| Payment | Virtually all account holders (95%) in high-income OECD economies made or received at least one digital payment from or into their account while in developing countries only 62% of did so |
| | In developing economies, 59% of adults who reported receiving a wage payment, 91% from the sale of agricultural goods and 48% from a government transfer payment, did so in cash instead of into an account |
| | Similarly, of the 56% of adults in developing countries that made regular payments for utilities in 2014, almost 90% did so in cash |
| Saving | Over half (56%) of adults around the world saved or set aside money in the past year (54% of adults in developing economies) |
| | A quarter of adults (or almost half of savers) saved formally in the past year (at a bank or another type of financial institution) |
| | In developing countries, about half of savers use other ways than a formal financial institution (an informal savings clubs, a person outside the family, or saving in cash at home or in goods) |
| Credit | Less than half (42%) of all adults reported borrowing money in the past 12 months (excluding through the use of credit cards) |
| | In high-income OECD economies, a financial institution was the most frequently reported source of new loans. In all other regions, family and friends were the most common source of new loans |
| | Overall in developing economies, three times as many adults borrowed from family or friends than borrowed from a financial institution |
| Insurance | The 2014 Global Findex database does not collect data on the use of insurance |

Similarly, Demirgüç-Kunt and Singer (2017) carry out an analysis of empirical evidence differentiated by the financial product category. Exploring their findings based on more recent global

**Financial Inclusion in Latin America, Table 2** Financial inclusion evidence-based impact (Source: Own elaboration based on Demirgüç-Kunt and Singer (2017))

| Financial product | Evidence-based impact |
|---|---|
| Payment | Shifting cash payments into accounts increase their speed, reduce the associated incidence of crime, increase transparency, and also help people build a payments data history which can then be leveraged for better access to credit |
| | Incorporating payments data into credit files also helps financial institutions to better assess credit risks and thus minimize their nonperforming loan portfolio |
| | Shifting cash payments into accounts might be especially valuable for women, who benefit from the greater confidentiality and control. This may also have larger societal and development benefits |
| Saving | Formal savings advantages are safety from theft, mostly pay better interest revenue, and curb impulse spending (and therefore encourage better cash management) |
| | Strengthen women's economic empowerment by offering confidentiality and greater control over their savings |
| | Anyway, researches express uncertainty about the exact mechanisms that allow people to save more or better manage their funds with savings account |
| Credit | Borrowing from a formal financial institution might give better credit terms than from informal lenders |
| | Microcredit might increase household consumption expenditures, assets, labor supply, and children's school attendance, especially when microcredit was provided to women |
| | Anyway, randomized controlled trials for evaluating the impact of microcredit have drawn "modestly positive, but not transformative, effects" of microcredit as a development tool (Banerjee et al. 2015) |
| Insurance | The empirical evidence documents that individuals indeed adopt higher-risk, higher-return technology if provided access to formal agricultural insurance |
| | Evidence shows that it encourages farmers to move from low-return, low-risk crops to high-return, high-risk crops |
| | However, studies typically do not assess the welfare implications of the adoption of higher-return technology |

evidence, Table 2 summarizes what we currently know about the impact of financial inclusion.

## Financial Inclusion in Latin America: Status and Obstacles

### The Status of Financial Inclusion in Latin America

When we analyze the Latin America and the Caribbean region based on World Bank data, five aspects stand out.

(1) *Account ownership: outstanding progress, but half the region continues to lack access*

As of 2011, only 39% of the adults in the region had a bank account. By 2014, that share had increased to 51%. This means that, even though there was a significant decrease in the unbanked population in 2011–2014, half the people in the region continue to lack access.

Approximately 10% of the world's unbanked population (210 million people) live in this region. However, the region's level of account ownership is still below than that of developing countries overall, which went from 41% in 2011 to 54%, and below the aforementioned global average, which increased from 51 to 62%.

(2) *Payments: good usage of the accounts, but low among the poorest*

A noteworthy aspect is that of usage levels (whether people use their accounts and how). Approximately 62% of account holders in Latin America and the Caribbean use their accounts to make or receive payments (a share well above the average of 48% for the developing world). Likewise, about 55% of the employees in the region receive their wages in a bank account (compared to an average of 41% in the developing world).

This active account usage is based mainly on card payments. Approximately 40% of the adults of Latin America and the Caribbean have a debit card: more than in all developing regions, with the exception of East Asia and the Pacific. They are also more likely to use them: 54% of account holders use their debit card to make direct payments, compared to 25% on average in developing economies. The widespread use of debit cards is also reflected in the way in which adults in the region make cash withdrawals: 71% resort to ATM (the highest share, by far, in developing regions).

However, an analysis of the most vulnerable segments contradicts this aspect. Only 5.91% of the poorest population (the poorest 40% of households with an account) in the region have a high frequency of account usage (at least three times a month). Though some countries, such as Costa Rica, have noteworthy ratios (16.54%), no country in the region is particularly advanced in this regard.

(3) *Saving and credit: particularly weak and informal*

In spite of the strong use of accounts as a means to make and receive payments, Latin Americans are less likely than their counterparts to save using accounts in financial institutions. Even worse, a significant share resorts to informal financial services.

Only 25% of account holders in Latin America use formal saving methods, compared to 39% in developing economies overall, 42% in sub-Saharan Africa, and 50% in East Asia and the Pacific. The difference between the total number of adults who reported having saved (41%) and those who did so in a formal financial institution (14%) broadened by 11% in 2011–2014. That is, the gap went from 16 to 27%, which reflects a significant increase in informal savings.

Against this backdrop, only 33% of the population in the region reported receiving a loan in the previous year, but only 11% did so with a formal financial institution (and less than 7% in the lowest-income segment). This means that an alarming 22% of borrowers resort to informal financial institutions.

(4) *High heterogeneity between countries*

Five countries in the region account for 72% of the unbanked population (Mexico, 25%; Brazil, 23%; Colombia, 10%; Peru,

7%; and Argentina, 7%). We find economies whose progress has been below average (such as Nicaragua, Ecuador, or Haiti) and others in which it has been particularly significant, such as Panama, where account ownership went from 25 to 43%, or Argentina, where it went from 33 to 50%.

Specifically, countries that exceed the region's average of 51% account ownership are Jamaica (78.3%), Brazil (68.1%), Costa Rica (64.5%), Chile (63.2%), Venezuela (56.8%), and the Dominican Republic (54%). Below are Argentina (50.1%), Ecuador (46.2%), Uruguay (45.3%), and Panama (43.4%). The lowest levels are in Guatemala (40.8%), Bolivia (40.7%), Mexico (38.6%), Colombia (38.3%), El Salvador (34.6%), Honduras (30%), Peru (29%), Nicaragua (18.8%), and Haiti (17.5%).

Disparities also exist in the realm of saving and credit. For instance, countries such as Brazil and Chile present the highest account ownership ratios (68 and 63%, respectively), but their saving and borrowing ratios are very low (12 and 15%, respectively).

(5) *The increase in account ownership is mainly explained by the progress of the poorest*

At the regional level, 41% of the adults living in the poorest 40% of households have an account: an increase of 17 percentage points relative to 2011. Instead, the richest 60% increased their level of account holding by just 8% (reaching 58%). In countries such as Argentina and Peru, the number of account holders among the poorest households increased more than twice and thrice, respectively.

The countries with the highest levels of banking among the most vulnerable (poorest 40% of households) are Jamaica (69.5%), Costa Rica (61.3%), Brazil (58.4%), Chile (56.37%), and Puerto Rico (55.9%). They are followed by Venezuela (48%), Argentina (44.3%), the Dominican Republic (41.8%), Uruguay (34.9%), Ecuador (32.4%), and Panama (32.4%). The lowest levels are in Mexico (29.2%), Guatemala (27.1%), Bolivia (26.3%), El Salvador (24.4%), Colombia (24.4%), Honduras (19.7%), Peru (18.4%), Haiti (14.5%), and Nicaragua (8.4%).

A comprehensive understanding of the reasons behind these regional characteristics requires a deeper analysis of each country's peculiarities and public policies.

However, as regards the significant increase in the number of holders of accounts with financial institutions in the region, the consensus generally holds that the governments in Latin America had a key role to play (particularly in relation to the poorest households), through the opening of accounts and the electronic transfer of subsidies, pensions, and other social benefits.

The data reveal that, of the 13% of adults who receive government transfers in the region, 67% do so through an account. This is by far the greatest share in the developing world, where, on average, only 52% of government transfers are deposited in an account. Having said that, the aforementioned regional heterogeneity appears in cases such as that of Brazil, where 88% of the population receiving government transfers (15% of the adult population) do so directly in an account, though 88% of those withdraw all of the funds as soon as they are deposited, without making an effective use of the account.

An alternative analysis is done by Rojas-Suarez (2016) comparing values from 2011 and 2014 with countries that the author calls "comparators" in the sense of having a similar degree of development as Latin America (group of countries in the world belonging to the same decile of GDP per capita). Beyond the regional amazing progress mentioned above, from this alternative perspective the region lags behind not only with respect to high-income countries but also with respect to the comparators.

Relative to its comparators, Latin America's account ownership in formal financial institutions gap (defined as the difference between Latin America's median value and the corresponding value for alternative country groupings) in 2011 and 2014 has not decreased significantly. Indeed, the reduction was only 0.7%. Measured by savings, Latin America's median gap has deteriorated relative to high-income countries by 3%, while it

has improved relative to its comparators by only 1%. Finally, says Rojas-Suarez, the borrowing variable yields the worst results where the regional median gap has deteriorated with respect to both high-income countries and Latin America's comparators.

In summary, the weakest points in Latin America in terms of financial inclusion refer to the fact that half the population remains unbanked and that usage measures continue to be weak.

### Obstacles to Financial Inclusion in Latin America

The data show that the greatest challenge for the future of financial inclusion in the region lies not only in providing the high number of unbanked people with access but also in ensuring that they (as well as those who already have access) make an effective use of the new tools.

Seeing financial inclusion as an ecosystem in which supply, demand, and the regulatory framework interact with the same degree of relevance, the barriers to the use and provision of financial services are multidimensional and comprise factors in the three dimensions. The literature has shown that both aggregate (macroeconomic) and individual (age, educational level, income, employment, etc.) variables are fundamental to explain ownership and use of accounts in the formal financial system (Allen et al. 2016).

For the specific case of Latin America, some authors suggest that the social, economic, and institutional environment in which financial markets operate has a key role to play in promoting or hindering their inclusive development. Specifically, Rojas-Suarez and Amado (2014) and Rojas-Suarez (2016) propose four categories of obstacles: socioeconomic constraints, macroeconomic environment, institutional weaknesses and inefficiencies, and inadequacies in the financial sector.

Their econometric analysis makes it possible for them to posit that, even though they differ in terms of significance, all categories are statistically relevant to explain the limited level of financial service use in Latin America. Table 3 below explains the different obstacles and presents evidence-based correlations for each.

**Financial Inclusion in Latin America, Table 3** Obstacles to financial inclusion in Latin America (Source: Own elaboration based on Rojas-Suarez and Amado (2014) and Rojas-Suarez (2016))

| Obstacles | Definitions and correlations |
|---|---|
| Socioeconomic | Theory: Countries with greater access to social services and a better quality of life are countries that have also developed a stronger "financial culture" in which the use of financial services through formal markets becomes essential |
| | Correlations: The correlation between alternative financial inclusion variables (accounts ownership, payments, savings, and borrowing) and the UN Human Development Indicator (a well-known measure of social development) is positive and high |
| Macroeconomic | Theory: Macroeconomic instabilities leading to financial crises drastically reduce the provision of credit and other financial services. On the demand side, it plays a central role in determining people's willingness to entrust their funds to the formal financial sector |
| | Correlations: In several countries, the correlation between alternative financial inclusion variables and real interest rate volatility (approximated by the coefficient of variation) is significant and negative |
| Institutional | Theory: The quality of institutions (broadly defined as the set of rules and conventions) has long been recognized as an important factor affecting access to and use of all type of financial services |
| | Correlations: The Worldwide Governance Indicator "Rule of Law" (that measures agents' confidence in and commitment to abiding by the rules of society, the quality of contract enforcement, the police, the courts, and the likelihood of crime and violence) shows a strong and statistically significant inverse relationship between weak law and all the financial inclusion variables |

(continued)

## Present and Future Trends of Financial Inclusion in Latin America

As we have seen so far, there is room to improve financial inclusion in the region. We will now

**Financial Inclusion in Latin America, Table 3** (continued)

| Obstacles | Definitions and correlations |
|---|---|
| Financial sector | Theory: One of the most discussed obstacles for explaining financial exclusion is that market characteristics could lead to prohibitive high costs for access to financial services (e.g., operational inefficiencies, concentration, etc.) |
| | Correlations: The relationship between financial inclusion variables and the ratio of bank's overhead costs to total assets (a common indicator of bank's operational efficiency) is negative and significant. In turn, the data does not show a significant correlation between financial concentration and financial inclusion. Particular correlations support the hypothesis that bank concentration is negatively associated with financial inclusion mostly in countries with weak institutional quality |

address three trends which will surely define the current and future agenda of financial inclusion in Latin America. As we shall see, these are far from being isolated phenomena. Rather, they present interlinked challenges and opportunities, which render them equally relevant.

## Growing Importance of Digital Financial Inclusion

One of the main pillars of the various efforts to promote financial inclusion around the world focuses on the promotion and adoption of new digital tools. Given the rapid advance of new technologies, digital innovations bring the promise of a broad-scope, large-scale financial inclusion. The use of digital means, particularly for payments but also for more complex forms of access to and use of financial services, has shown great potential in terms of reaching large segments of the financially excluded population (Chishti and Barberis 2016; Gabor and Brooks 2017).

Indeed, in order to manage not only the opportunities but also the risks associated with rapid digitalization, the G20 published in 2016 a report sponsored by the World Bank Group and the People's Bank of China (called "High-Level Principles for Digital Financial Inclusion") with eight recommendations to promote financial inclusion using digital technologies. More recently, during the German presidency of the G20 in 2017, the opportunities and risks associated with digital transformation applied to finance and its inclusive potential were also addressed.

Digital financial inclusion and the revolution of new financial technologies (Fintechs) are the current paradigm in the sector, and this also includes Latin America. In a region characterized by its geographical extension and high infrastructure costs, the trend in terms of mobile phone subscribers and Internet users shows promise.

According to data from the IMF's FAS (2015), mobile phone subscriptions in the region account for 115% of the population, while the number of Internet users amounts to 47%. Moreover, the number of ATM and bank branches, on average, is of only 49 and 39, respectively, for every 100,000 inhabitants. The report "Informe de Mobile Banking en América del sur y el mundo" (mobile banking in South America and the World), presented by TBI Unit in December, 2016, revealed that most banks in Latin America are already allowing and encouraging their customers to carry out mobile banking transactions, through applications, interactive mobile sites, or SMS.

Against this backdrop, many e-money projects have developed rapidly in the region during recent years, for example, in 2010, "Tcho Tcho" in Haiti, "mPeso" in Nicaragua, "Tigo Money" in Paraguay, and "Cuenta Móvil" in Chile; in 2011, "Daviplata" in Colombia, "Movilway e-wallet" in Venezuela, and "Bancamigo" and "Tigo Money" in Guatemala; in 2012, "Mi Billetera Móvil" in Argentina, "Billetera Móvil" in Perú, "transfer" in México, and "Transfer and Aval" in Colombia; during 2013, "Ahorro a la Mano" in Colombia, "Meu Dinheiro" and "Zuum" in Brazil, "Envíos Personal" in Paraguay, and "Lajancasjh" in Haiti; in 2014, "Orange mPeso" in the Dominican Republic, "Movil Cash" in Panama, "Tu Dinero Móvil" in Peru, and "y Plata Móvil" in Colombia; and during 2015 "Olhan Conta" and

"TIM Multibank Caixa" in Brazil, "Dinero Electrónico" in Ecuador, "Bim" in Peru, and "VIVA solutions" in Bolivia. The list can continue to this day.

Besides these efforts, according to the GSMA Mobile Money Adoption Survey (2015), of the 460 million adults in the region, only 15 million were registered users of electronic money, and only six million were active users. In other words, the penetration of electronic money was of only 3.3%. Besides, the range of uses was very limited: mobile balance top-up and people-to-people (P2P) operations accounted for 70% of all transactions.

Global Findex data show that the percentage of adults with a mobile account in Latin America is only 2% and that only 7% of the adults in the region report having used Internet to make payments, and only 7% of bank account holders carried out transactions through a mobile phone. According to the Americas Alternative Finance Industry Report (2017) of the Cambridge Centre for Alternative Finance, while the level of loans granted by banking institutions accounts for 41% of the regional GDP, financing through online platforms accounts for only 0.01%.

These figures suggest that innovative digital financial services have an enormous potential as a means to close the financial inclusion gap in Latin America, especially in countries in which the financial system has a reduced capillarity.

### Demand-Side Policies

The goal of designing policies to strengthen all dimensions of financial inclusion has led to a series of novel approaches aimed at providing new demand-side answers. Advances in the realm of behavioral economics have confirmed that psychological predisposition has an important effect on the behavior of savers, their personal finance, and their wealth (De Meza et al. 2008; Garcia 2013).

The various lessons this discipline brings to the discussion of financial inclusion have provided strong evidence of how the complexity of financial decisions often drives people away from efficient and optimal choices. For instance, it was found that people with prejudices toward financial topics are more likely to acquire financial products which are less favorable or which fail to meet their needs.

These lessons become especially relevant when designing tailored products or intervention strategies aimed at boosting financial capabilities in order to enable better decision-making. For instance, they have been useful inputs in financial education programs, which as a result considered the psychological advantages of factors such as the continuous nature of education, the use of easy-to-understand slogans, a reduced number of options for questions, the provision of tailored advice instead of passive education, and adjusting assistance to age or specific moments of the life cycle, among many others.

Financial education is a vital and essential capability, seen worldwide as a necessary condition to achieve real financial inclusion and, consequently, a sustainable economic development, with equal opportunities. In the words of the OECD, financial education sets the minimum foundations for many important decisions faced by all citizens during their lives, either when evaluating a work contract, buying their first home, or, later on, managing their retirement savings (García et al. 2013).

Most governments in Latin America recognize the importance of financial education, and many have implemented or are developing national financial education strategies. Some assessments are already showing positive outcomes, but measuring the program's impact and establishing comprehensive follow-up indicators, which go beyond the number of people educated, continue to be challenging.

Financial education is thus a fundamental tool to increase knowledge of financial products through information and advice, with the goal of developing the capabilities and trust needed to make informed and efficient decisions. It is fundamental as a means to manage the opportunities and risks of the digitalization which has made financial services available to a large share of the population. Demand-side policies aimed at increasing and improving the use of financial services in the region become thus unavoidable.

Empirical evidence has shown that financial inclusion makes it possible to increase well-being, when users have an appropriate level of knowledge and capabilities as regards financial products and services. The future of financial inclusion in Latin America must necessarily consider the need to work on the agents demanding financial services.

### Deepening Strategic Alliances

The current situation leads us to confirm that the smooth articulation of actors is a necessary condition to advance with well-targeted efforts. In this regard, the Alliance for Financial Inclusion (AFI) has played a key role, becoming a pioneer and benchmark in the area, for example, promoting National Strategy for Financial Inclusion or initiatives as the launch of the Financial Inclusion Initiative for Latin America and the Caribbean (FILAC) in strategic alliance with the International Development Research Centre (IDRC) in June 2016.

However, other alliances have achieved important outcomes, though without the AFI's global and massive scale. As another example of coordinated work in Latin America, we can mention the effort of the Inter-American Development Bank (IADB), which joined a strategic alliance organized by the UN to create synergies with governments, companies, and local organizations in order to promote Fintech-type innovations for financial digitalization.

We can highlight other important initiatives at the national level, for example, "Micropagos" of Banco Santander in Uruguay, an entity that has created an ecosystem composed of the same bank, mobile operators, and the company of mobile payment transactions "Micropagos" for the development of rural savings; the "Tigo Money" network in Honduras, which in alliance with banks and cooperatives, facilitates the sending of remittances and payments through mobile phone in 160 municipalities with low or zero banking; the "Viva Cash" mobile wallet in Bolivia, which uses the network of the largest distribution company in the country Viva and in partnership with different banks and provides services to the unbanked population in urban and rural areas; or the alliance between IDB-MIF and the telecommunications company Tigo in Paraguay that has allowed more than one million citizens to use their mobile phones to pay services, do transfers, access cash, and make deposits in an efficient and secure manner through a network of merchants throughout the country.

A particular case of digital financial innovation enabled through strategic alliances in the region is that of the digital money wallet Bim, in Peru, where, after exploring various schemes against the background of a new regulation on electronic money, the "Peru Model" was implemented in 2014 as a joint e-money project. Through it, the participants cooperated to create a common operational platform in order to develop an ecosystem of digital payments and then compete for the final users.

Later, 2015 saw the creation of Pagos Digitales Peruanos S.A., a company responsible for the implementation of Bim, a free-to-use digital money wallet which offers a solution which is unique and innovative compared to other models at the international level. Though Bim wallets are available to the general population, the program targets those sectors excluded from the financial system (according to the World Bank, only 30% of the Peruvian population has a savings account in a financial institution). That is why its design presents inclusive features, such as minimum entry requirements for users, a broad range of uses, and a high degree of interoperability.

The aforementioned examples show that alliances comprising different actors (public and private, local and international) and with technology as a fundamental ally make an important difference in terms of increasing and improving financial inclusion in Latin America.

## Conclusion

This entry has provided an overview of financial inclusion in the particular case of Latin America. Access to formal financial services enables individuals to carry out financial transactions more efficiently and safely and could help people escape poverty through investments in education

and businesses. Moreover, financial inclusion could also keep individuals from becoming poor in the first place, as it provides tools to manage income volatility.

At the macroeconomic level, the promise of reducing poverty and inequality is coupled with several potential benefits, such as the expansion of the formal economy, the reduction of banking risks and costs, job creation, financial stability, the effectiveness of monetary policies, and the stimulus for economic activity, among many others.

Having said that, two billion people in the world remain without access to an account in a financial institution, 10% of whom live in Latin America. In spite of the region's dynamism, half the adult population lacks access to an account. Including the 210 million Latin Americans currently excluded from the formal financial system will need additional efforts.

Some challenges remain, such as that of reducing the gap in account ownership between men and women and that between the wealthiest 60% and the poorest 40% of the population. It is central to improve usage indicators, and there is a significant potential to increase the share of adults who save and receive credit from formal institutions.

The obstacles to the improvement of financial inclusion in Latin America are many, and they refer to aspects of the social, economic, and institutional environment. Given its geography and the particularly high penetration of mobile phones and Internet users, new financial technologies emerge as a great opportunity for new providers to promote digital financial inclusion in the region.

It is central to leverage these experiences in order to identify goods practices to be replicated in different communities and sectors, as is the joint and coordinated work through strategic alliances. Besides, the use of mobile phones and the Internet to access financial services requires a balanced regulatory framework, which encourages both innovation and user protection. It is then fundamental to promote cooperation under a management model that promotes demand-side policies and includes frequent dialogue and coordination within each country.

In summary, financial education and literacy programs supporting the development of the industry, which consider the demand's aspects and capabilities, new technologies to facilitate a digitally responsible financial inclusion, and the valuable intervention of external actors working in alliances with local agents and leaders, are all critical factors which must work to create synergies in Latin American financial inclusion strategies.

## Cross-References

► Economic Development Policy
► Regional Inequality and Globalization
► Sustainable Development Administration

## References

Allen F, Demirguc-Kunt A, Klapper L, Peria MSM (2016) The foundations of financial inclusion: understanding ownership and use of formal accounts. J Financ Intermed 27:1–30

Banerjee A, Duflo E, Glennerster R, Kinnan C (2015) The miracle of microfinance? Evidence from a randomized evaluation. Am Econ J Appl Econ 7(1):22–53

Beck T (2015) Microfinance – a critical literature survey. Documento de Trabajo IEG 4

Beck T, Demirguc-Kunt A, Peria MSM (2007) Reaching out: access to and use of banking services across countries. J Financ Econ 85(1):234–266

Chishti S, Barberis J (2016) The FinTech book: the financial technology handbook for investors, entrepreneurs and visionaries. Wiley, Chichester

Cull R, Ehrbeck T, Holle N (2014) "Financial inclusion and development: recent impact evidence." CGAP focus note no. 92, Consultative Group to Assist the Poor, Washington, DC

Dabla-Norris ME, Deng Y, Ivanova A, Karpowicz MI, Unsal DF, VanLeemput E, Wong J (2015) Financial inclusion: zooming in on Latin America (no. 15-206). International Monetary Fund, Washington, DC

De Meza D, Irlenbusch B, Reyniers D (2008) Financial capability: a behavioural economics perspective. Financial Services Authority, London

Demirgüç-Kunt, Asli and Klapper, Leora F. and Singer, Dorothe and van Oudheusden, Peter, The Global Findex Database 2014: Measuring Financial Inclusion Around the World (April 15, 2015). World Bank Policy Research Working Paper No. 7255. Available at SSRN: https://ssrn.com/abstract=2594973, http://documents.

worldbank.org/curated/pt/187761468179367706/pdf/WPS7255.pdf
Demirgüç-Kunt A, Singer D (2017) Financial inclusion and inclusive growth: a review of recent empirical evidence. World Bank policy research working paper no. 8040. Available at SSRN: https://ssrn.com/abstract=2958542
Gabor D, Brooks S (2017) The digital revolution in financial inclusion: international development in the fintech era. New Polit Econ 22(4):423–436
Garcia MJR (2013) Financial education and behavioral finance: new insights into the role of information in financial decisions. J Econ Surv 27(2):297–315
García N, Grifoni A, López JC, Mejía D (2013) Financial education in Latin America and the Caribbean: rationale, overview and way forward, OECD working papers on finance, insurance and private pensions no. 33, Paris
Karlan D, Morduch J (2009) Access to finance. Handb Dev Econ 5:4704–4784
Klapper L, El-Zoghbi M, Hess J (2016) Achieving the sustainable development goals: the role of financial inclusion. CGAP (Consultative Group to Assist the Poor), Washington, DC
Rojas-Suarez L (2016) Financial inclusion in Latin America: facts and obstacles, Center for Global Development working paper no. 439. Available at SSRN: https://ssrn.com/abstract=2860875, https://doi.org/10.2139/ssrn.2860875
Rojas-Suarez L, Amado MA (2014) Understanding Latin America's financial inclusion gap, Center for Global Development working paper no. 367. Available at SSRN: https://ssrn.com/abstract=2458138, https://doi.org/10.2139/ssrn.2458138
Sarma M (2016) Measuring financial inclusion using multidimensional data. World Econ 17(1):15–40
Sarma M, Pais J (2011) Financial inclusion and development. J Int Dev 23(5):613–628

# Financial Inclusion Policies and Supply of Domestic Credit to Private Sector

Suwastika Naidu and Yashnita Naicker
The University of the South Pacific,
Suva, Fiji Islands

## Synonyms

Financial inclusion policies; Ineffectiveness; National Financial Inclusion Strategic Plan; Private sector

## Definitions

Financial Inclusion Policies: are policies that ensure that all cohorts of the society are able to effectively and efficiently contribute toward economic and financial development of the nation.

National Financial Inclusion Strategic Plan: includes plans, strategies, and actions undertaken by the government to enhance the level of financial inclusiveness that exists in a society.

F

## Introduction

Private sector is a segment of the nation that is owned, organized, and managed by private individuals or enterprises (Lienert 2009). Considering the importance of the private sector to the economic growth rate, it is essential for the government to create an enabling business environment that will enhance savings, investment, and availability of domestic credit to private sector. A fundamental element of private sector development is access to finance. Facilitating favorable financial environment in terms of access to finance would assist in enhancing the private sector growth and development (European Commission 2017). The main aim of this policy paper is to examine the existing financial inclusion policies that affect domestic credit to private sector, identify problems that affect the domestic supply of credit to private sector, and provide policy prescriptions that would help to improve the existing constraints that restrict the domestic credit to private sector.

## Problem Statement

The domestic credit supplied to private sector is insufficient to meet the demand of domestic credit by the private sector in Fiji. The total government domestic debt has increased from $876.1 million in the year 1992 to $3195.7 million in the year 2016 (Reserve Bank of Fiji 2016b). This increment in the total government domestic debt shows that the government is borrowing at the expense of the private sector (see Fig. 1).

Currently, the type of credit products provided by the banks and nonbank financial institutions is mainly tailored toward the needs of the wealthy businesses and households, thus isolating the needs of the poor households and small businesses (see Fig. 2). Figure 2 shows that commercial bank's lending is increasing; however, this increase is not sufficient enough to meet domestic demand.

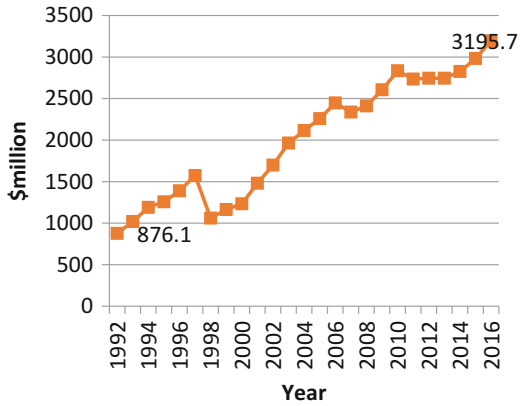


Source: Reserve Bank of Fiji, (2016b)

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Fig. 1** Government domestic debt ($ million). (Source: Reserve Bank of Fiji 2016b)

Without improving the accessibility of the financial services to private sector and enabling a savings culture, it would be difficult to reduce the interest rate on loans and increase the availability of domestic credit to private sector. Some key financial inclusion statistics shows that the accessibility of the Fiji citizens to the key financial services is relatively low. These key financial inclusion indicators are as follows:

I. **Accessibility of the Automated Teller Machines (ATMs)**: The accessibility of the ATMs increased from 36.53 per 100,000 adults in the year 2012 to 45.93 per 100,000 adults in the year 2015 (IMF 2016). Ease of access of ATMs motivates savers to bank their money with the banks and withdraw this savings when it is needed. Each dollar of money banked by the households has a multiplier effect on the ability of the banks to lend to the private sector. What improvements in the National Financial Inclusion Strategic Plan 2016–2020 are needed to help

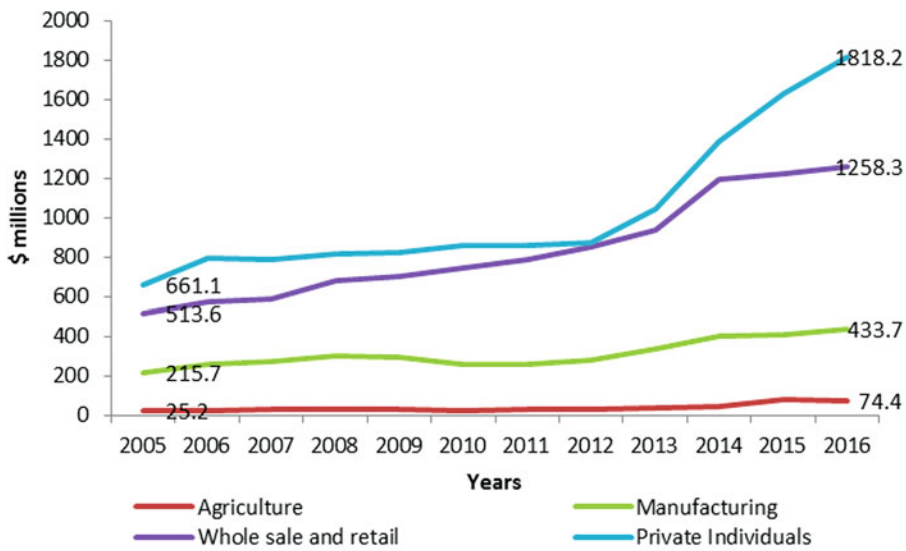


Source: Reserve Bank of Fiji, (2016b)

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Fig. 2** Commercial bank lending to specific private sectors. (Source: Reserve Bank of Fiji 2016b)

to improve the accessibility of the ATM's to the citizens of Fiji?

II. **Number of Commercial Banks**: The number of commercial banks per 100,000 adults increased from 10.46 in the year 2012 to 12.27 in the year 2015 (IMF 2016). Many citizens living in the rural areas of Fiji have limited access to commercial banks. It may not be feasible for a poor farmer living in interior village of Rakiraki to pay $5 of bus fare to travel to Rakiraki town to bank $10. In this situation the depositor is well-off by not depositing the $10. What improvements in the National Financial Inclusion Strategic Plan 2016–2020 are needed to help to improve the accessibility of the banks to the citizens of Fiji?

III. **Mobile Money Agent Outlets**: Mobile money agent's outlets in Fiji increased from 374.52 per 100,000 adults in the year 2014 to 56.79 in the year 2015 (IMF 2016). With the increased use and acceptance of mobile technology in Fiji, it would be excellent to use mobiles as a mechanism to improve the accessibility of credit to the banking system in Fiji. What improvements in the National Financial Inclusion Strategic Plan 2016–2020 are needed to help to improve the level of financial inclusion in Fiji?

IV. **Loan Accounts with Commercial Banks per 1000 Adults**: The loan accounts with commercial banks per 1000 adults increased from 125.57 in the year 2012 to 177.94 in the year 2014. Currently, the loan product that is offered by the banks and the nonbank financial institutions is mainly for high-income earners and citizens who have the strong ability to pay. The poor are always excluded from the financial system because they do not have the means of getting the credit. Stringent regulations from the banks and nonbank financial institutions restrict the poor households from acquiring credit. How can the National Financial Inclusion Strategic Plan 2016–2020 framework be improved so that poor are also able to access the credit provided by the banks and nonbank financial institutions?

## Grounding Theory and Literature with the Problem Statement

The ability of households and businesses to secure finance acts as a lynchpin of national economic growth. Understanding the demand and supply side of credit constraints is a complex phenomenon that needs thorough understanding of the supply side factors affecting the financial institutions in providing credit and demand side factors constraining the households from getting credit. There are four important theories that have been developed since the year (1966) to explain the supply and demand side credit constraints faced by the households and financial institutions. These four theories are Franco Modigliani's Life Cycle Model (1966) (The life cycle model proposed that the decision of the household, whether to consume or to save, is determined by a number of factors. These factors mainly are factors that affect the equal distribution of the income of the household over the entire lifetime (Modigliani 1966).), Milton Friedman's Permanent Income Hypothesis (1957) (This theory emphasized that changes in the temporary income of the household do not have an impact on the consumption patterns of the household, whereas changes in the permanent income have an impact on the household's consumption patterns.), Meyers Pecking Order Theory (1984) (This theory proposes that companies rank their financing sources from the most desirable source to the least desirable source of finance. The most desirable source of finance is retained earnings followed by debt and equity.), and Bernanke and Gertler's Credit Channel Theory (1995) (According to this theory, the changes in the monetary policy affect the balance sheet of the businesses, therefore affecting the demand, supply, and cost of credit.). Table 1 summarizes how these theories are related to the life cycle model.

Moreover, there are a number of studies conducted in the small island developing countries on the reasons why the domestic credit supplied to the private sector is insufficient to meet the demand of domestic credit by the private sector. Hinton and Earnest (2010) argued that limited access to collateral by women limits

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 1** Relationship of the theories to the problem statement

| Theories | Relationship with problem statement |
|---|---|
| Franco Modigliani's Life Cycle Model (1966) | Income has an effect on credit constraint |
| Milton Friedman's Permanent Income Hypothesis (1957) | Permanent and temporary income has an effect on credit constraint |
| Meyers Pecking Order Theory (1984) | Interest rate has an effect on credit constraint |
| Bernanke and Gertler's Credit Channel Theory (1995) | Monetary policy has an impact on credit constraint |

them from getting credit from banks. Kasseeah and Tandrayen-Ragoobur (2011) found that working capital, size of the business, and age are three important credit constraints that affect the ability of the small business in getting credit from banks and nonbank financial institution in Mauritius. Kasseeah and Thoplan (2012) found that access to finance affects the ability of the small businesses to grow in Mauritius. Duncan et al. (2012) found that access to credit is limited in Fiji and Kiribati. Rashid's (2011) study on the 18 developing countries found that foreign bank presence in the domestic sector reduces domestic banks share of deposit charged to the private sector while acquiring loans from commercial banks. Sharma and Gounder's (2011) study on Fiji depicts that suppliers are concentrating on selected group of lending to the private sector where small businesses and poor households are left out. Craigwell and Kaidou-Jeffrey (2012) found that in a credit-rationed regime, banks try to reduce domestic credit to private sector. Sharma and Gounder (2012) found that deposit and asset growth affects the lending by the banks in the six Pacific Island Countries. Premaratne and Kudaliyanage (2016) found that women find it difficult to provide collateral to access credit in Maldives.

The Asian Development Bank (2013) report outlines access to financial services and stringent lending regulations limiting private sector investment in Fiji.

## Research Methods Used to Collect Data on the Problem Statement

The data for this policy paper was collected in two phases. In the first phase, we collected the secondary data, and in the second phase, we collected the primary data. To collect primary data, we had distributed 50 questionnaires to households and 50 questionnaires to small businesses in Fiji. Initially, we managed to collect only 48 questionnaires from households and 45 from small businesses. For comparison reasons, we again distributed 4 questionnaires to households and 7 to small businesses, and we managed to collect enough questionnaires to meet the benchmark of 50 questionnaires for households and small businesses, respectively. Data collected from this study was analyzed by using the EViews 8 and Statistical Package for Social Science (SPSS) software.

## Data Analysis and Discussions on the Problem Statement

### Demand Side Constraints

#### High Interest Rate and Fee Charges

High interest rates, fees, and charges constrain both the private individuals and small businesses in getting loan from banks and nonbank financial institutions. The mean value was 1.03 for small businesses and 1.4091 for households (see Tables 2 and 3). Additionally, the overall cost charged to the private households in managing their accounts has a negative and statistically significant effect on domestic credit to private individuals ($\beta = -0.225; p < 0.05$) (see Table 2A). There are a number of households in Fiji who want to take loan but are not able to because of the high interest rate, fees, and charges charged on small business loans.

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 2** Factors affecting domestic credit to small business

| Factors | Mean ($\bar{x}$) |
|---|---|
| High interest rate and fee charges | 1.03 |
| Collateral issues and lack of guarantee | 1.19 |
| High deposit or equity requirements | 1.23 |
| Lot of documentation and paper requirements | 1.08 |
| Low income | 0.03 |

1, very high impact; 5, very low impact

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 3** Factors affecting domestic credit to households

| Factors | Mean ($\bar{x}$) |
|---|---|
| High interest rate | 1.4091 |
| Collateral issues and fee charges | 1.5909 |
| High deposit or equity requirements | 1.3864 |
| Lot of documentation | 1.6591 |
| Low income | 1.4318 |

1, very high impact; 5, very low impact

### Collateral Issues and Lack of Guarantee

Collateral issues and lack of guarantee constrain both the private individuals and small businesses in getting loans from banks and nonbank financial institutions. The mean value was 1.19 for small businesses and 1.5909 for households (see Tables 2 and 3). There are many households and businesses in Fiji who want to take loan but are not able to because they are not able to meet the collateral and guarantee requirements of the bank.

### High Deposit and Equity Requirements

High deposit and equity requirements by the banks and nonbank financial institutions constrain both the private individuals and small businesses in getting loans. The mean value was 1.23 for small businesses and 1.39 for households (see Tables 2 and 3). The deposit requirements for private individual household credit are around 20% to 30% of the total loan amount.

### Lot of Documentations and Paper Requirements

High deposit and equity requirement by the banks and nonbank financial institutions constrain both the private individuals and small businesses in getting loans. The mean value was 1.23 for small businesses and 1.66 for households (see Tables 2 and 3). There are around 10 to 15 documents required to approve the loan for private individuals, and 15 to 20 documents are required for small business loans.

### Low Income and Education

High deposit and equity requirement by the banks and nonbank financial institutions constrain both the private individuals and small businesses in getting loans. The mean value was 1.23 for small businesses and 1.39 for households (see Tables 2 and 3). Education ($\beta = 0.376$; $p < 0.05$) and income ($\beta = 0.152$; $p < 0.05$) are positively and statistically significantly related to the ability of the households in getting loan (see Table 1A).

## Supply Side Constraints

### Claims on Other Sectors of the Domestic Economy as % of GDP (COSGDP)

COSGDP refers to the gross credit that is given by the financial system to the national economy (includes both the government and private sector) (World Bank 2017). A 1% increase in COSGDP increases domestic credit to private sector as a percentage of GDP by 0.96%, ceteris paribus ($p < 0.05$) (see Table 3A). Credit to the non-private sector is deposited in the financial institutions that act as credit to the private sector. The greater the supply of savings to the financial sector, the greater is the ability of the financial sector to make loans to the private sector.

### Claims on Central Government (% of GDP)

Claims on central bank as a % of GDP include the credit that is provided to the government institutions ($p < 0.05$) (World Bank 2017). A 1% increase in claims on central government increases domestic credit to private sector

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 4** Reasons for the loan to be rejected to businesses

| Factors | (%) |
|---|---|
| Low income and lack of collateral | 53.33 |
| Not enough deposit | 46.66 |

by financial institutions as a percentage of GDP by 3.12%, ceteris paribus (see Table 4A). An increase in the credit to central government institutions will increase money supply and reduce interest rate therefore a decrease in interest rate will increase the demand of the loan from the private sector.

Commercial Bank Branches (per 100,000 Adults)
A 1% increase in the number of commercial banks (per 100,000 adults) increases domestic credit to private sector as a percentage of GDP by 7.97%, ceteris paribus (see Table 4A). An increase in the number of commercial bank branches will increase domestic credit to private sector as the accessibility of financial system in Fiji will improve. However, the economic viability of this approach has to be investigated over increasing accessibility via mobile banking in Fiji.

### Why Is the Loan Rejected by the Banks?

There are a number of reasons why the loan is usually rejected to businesses and households. Out of the 18 businesses who tried to take loans from our of sample of 50 businesses, 53.33% stated that their loan was rejected because of low income and lack of collateral, and 46.66% stated that their loan was rejected because of not enough deposit (Table 4).

Out of the 36 households who tried to take loan from banks from the sample, 41.7% stated that their loan was rejected due to low income and lack of collateral, 25% stated that their loan was rejected due to not enough deposit, 16.7% stated that their loan was rejected due to heavy financial obligation, 8.3% stated that their loan was rejected due to "employment contract period less than required," and 8.3% stated that their loan was rejected due to other reasons (Table 5).

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 5** Reasons for the loan to be rejected to households

| Factors | % |
|---|---|
| Low income and lack of collateral | 41.7 |
| Not enough deposit | 25.0 |
| Heavy financial obligation | 16.7 |
| Employment contract period was less than required | 8.3 |
| Others | 8.3 |
| Total | 100.0 |

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 6** Demand versus supply of loans

| | Household | Business | % increase required to meet demand |
|---|---|---|---|
| Demand | $58,646 | $105,000 | 249.15% in household |
| Supply | $16,797 | $32,000 | 288.125% in business |

### Demand and Supply of Loans

Table 6 shows that the demand of loans by the private sector is much higher than the supply. In total 249.15% increase in household and 288.125% increase in business loans are needed to meet the demand.

## Critique of Existing Policies

### Financial Inclusion Policies on Women's Empowerment and Youths

The existing policies on women's empowerment, youths, and disability are divided into six key areas. These are (1) improving membership affiliation, (2) improving the ability of the small businesses in generating employment opportunities, (3) improving financial competency, (4) improving access to digital finance, (5) developing innovative products, and (6) reducing bureaucracy. The government of Fiji has deployed Financial Literacy Working Group (FLWG) to integrate financial education in the school curriculum of

Fiji and create general awareness on financial literacy (Reserve Bank of Fiji 2016a).

Some of the problems in these policies are:

- The existing policy prescriptions on how the objectives of the seven key policy areas could be achieved are unclear.
- There is no specificity, clarity, and precision on the specific policy actions that will be deployed to achieve the above goals.
- The research conducted in this study found that both men and women entrepreneurs are finding difficulties in getting loans from banks and nonbank financial institutions. The small businesses are struggling to survive with lack of availability of deposit and collaterals. The specific actions that will be taken by the FLWG to address these issues are not mentioned at all.

### Policies on Financial Infrastructure and Private-Public Partnership

The existing policies on financial infrastructure are based on seven key areas. These seven key areas are (1) working closely with partners, (2) providing regulatory framework, (3) improving the range of financial products, (4) strengthening institutions, (5) enhancing clear flow of information, (6) improving efficiency, and (7) supporting green and sustainable financial products. To achieve these objectives, the government of Fiji has deployed the Inclusive Services and Products Working Group (ISPWG) that will undertake the following actions (Reserve Bank of Fiji 2016a):

- Providing sustainable products and services.
- Improving the existing financial infrastructure.
- Developing a conducive environment.
- Improving the private sector involvement.

Some of the problems in these policies are as follows:

- The existing policies on financial infrastructure and private-public partnership are unclear, and there the strategic does not link the policies to the strategies that need to be undertaken to realize the objectives.
- With the lack of financial resources that are available to the government of Fiji, the operationalization of the above strategies will be difficult.
- Under any policy framework, outcomes should be linked to the actions, but this is not visible in the National Financial Inclusion policy framework.
- Development and offering of innovative products do not appear to be aligned to the needs to of the market, but rather a task to be completed, for instance, commercial banks offering microfinance credit; however, it is designed to suit needs of the market.

### Policies on Digital Financial Services and Financial Literacy

The existing policies on digital financial services and financial literacy are divided into five key areas. These key areas are on (1) reviewing products and service design, (2) promoting use of e-money system, (3) creating education and awareness, (4) providing sustainable training to the public, and (5) providing sociocultural education. The government of Fiji has deployed the Inclusive Insurance Working Group (IIWG), FLWG, and ISPWG to offer insurance products and enhance existing regulations and provide trainings. Some of the problems in these policies are as follows:

- The transition of the policies on digital financial services and financial literacy is not clear.
- The population targeting strategy and the justification on this strategy to improve digital financial services and financial literacy are not clear.
- Achieving rural financial literacy requires a different approach as compared to achieving urban financial literacy.
- What are the types of products and service design that will be introduced and how these products will help to achieve financial literacy are unclear.

## Policy Recommendations and Reasons for its Success

### Policy Recommendation 1: Provision of Innovative Microfinance Loans to Small Businesses in Fiji

- **Policy strategy 1A**: Provides passbooks to small business entrepreneurs that allow flexibility on withdrawals. If women entrepreneurs need to take loans, this should be linked to their savings history. Loans should be paid flexibly with no fixed time period given to the women entrepreneurs for repayment.
- **Policy strategy outcome 1A**: Encourages the small business owners to avoid the high cost of opening the bank account in Fiji that is around $300 to $500. Drives commercial bank interest rate down as the money supply in the financial system improves.
- **Success stories 1A**: ShohozShonchoy's savings and loan accounts in the case of Bangladesh have seen remarkable improvements by implementing the policy strategy 1 (Laureti and Hamp 2011).
- **Policy strategy 1B**: Bank accounts should have $0 of deposit requirement, and $0 of fee should be charged on opening the account. Here the state-owned commercial banks can play a key role in providing such services for small business owners. Currently, there is no state-owned commercial bank in Fiji, and government should actively invest in this.
- **Policy strategy outcome 1B**: Encourages small business owners from both formal and informal sector to save.
- **Success stories 1B**: Bank Rakyat savings account in Indonesia has used the policy option identified in 1B and has seen remarkable success (Laureti and Hamp 2011).

### Policy Recommendation 2: Involvement of Informal Sector in the Financial System

- **Policy strategy 2A**: Deployment of mobile mini bankers in the informal sector and linking these mini bankers to the commercial banks. Mobile mini bankers are small money collectors that can have around 2000 clients. These mini bankers can collect money from the small uneducated savers and then return the money to the savers at the end of the month with small amount of interest. The whole idea of mobile mini bankers is to provide loans to the village community that can range from $5 to $10, and the excess funds from the collections done by the mini banks can be kept as short-term deposits in commercial banks. This will increase short-term money supply in the banking system by driving interest rates down.
- **Policy strategy Outcome 2A**: An increase in money supply in the banking system will drive the cost of the credit down. High cost of credit is one of the reasons why small business owners and private individuals are not able to take loan from the banks. This will help to solve the supply side problems in the banking system.
- **Success stories 2A**: Susu collector and Barclay's banks have used the policy strategy in 2A and have shown remarkable success. Susu collectors collect money in rural agriculture setting from agriculture farmers and give loans to small businesses. The loans can range from $5 to $10, and the excess money is banked to increase the short-term monthly deposit in the commercial banks (Laureti and Hamp 2011).

### Policy Recommendation 3: Linking M-Banking Products to the Needs of the Digital Finance in the Rural Areas by Using Public-Private Partnership (PPP)

- **Policy strategy 2A**: Uses two-stage processes in linking the mobile phones to the full banking services. First is to link the mobile phone to the money transfer and payment system, and the second stage is to link the mobile phones to the full financial services. Digicel is a world-renowned international company that is already using money transfer services. The banking system can collaborate with Digicel to set up its m-banking system. This will be a sustainable move toward PPP.
- **Policy strategy outcome 2A**: Increases the accessibility of financial services via mobile services.

- **Success stories 2A**: In Kenya, the M-Pesa wallet project links the rural villagers to the financial system by using mobile phones (Laureti and Hamp 2011).

### Policy Recommendation 4: Providing Housing Microfinance Loans to Poor Households

- **Policy strategy 2A**: Provides microfinance loans for household maintenance and repair, marriage, other household needs, etc. These loans are usually beneficial to poor households who need small loans to meet their financial deficit in repairing houses, marriage, and meeting other financial needs.
- **Policy strategy outcome 2A**: Increases the accessibility of credit to poor households in Fiji.
- **Success stories 2A**: Housing microfinance loans by the Indian Association of Savings and Credit in India have used policy strategy 2A and have shown remarkable success (Laureti and Hamp 2011).

### Policy Recommendation 4: Using Mobile Phones and Mini Bankers to Enhance Financial Literacy

- **Policy strategy 4A**: Mini bankers can play a key role in providing awareness to their clients. Mobile phones can be used by banks to improve awareness of citizens on financial products. Bank officers should be well trained to communicate *i-Taukei* and Indo-Fijian languages so that they are fully equipped to provide information on financial products.
- **Policy strategy outcome 2A**: Improves financial literacy of the Fiji citizens.
- **Success stories 2A**: M-financial literacy projects have been successful in Africa and Mauritius.

## Conclusion

This policy paper found that the financial inclusion policy framework of Fiji needs to be strongly integrated with the policy outcomes. There are significant reforms needed in the area of financial management to improve the availability of domestic credit to private sector. The financial inclusion policy framework stipulated in the National Financial Inclusion Strategic Plan 2016–2020 shows a laid back attitude of policy makers in improving domestic credit to private sector in Fiji.

## Cross-References

► Financial Management for Local Government
► Public Versus Private Sector

## Appendix

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 1A** Demographic factors affecting domestic credit to households

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| | | Unstandardized coefficients | | Standardized coefficients | | |
| Model | | B | Std. error | Beta | t | Sig. |
| 1 | (Constant) | 3.184 | 0.973 | | 3.274 | 0.002 |
| | Age | 0.014 | 0.007 | −0.275 | −1.861 | 0.070 |
| | Gender | −0.002 | 0.130 | 0.002 | 0.013 | 0.990 |
| | Ethnicity | 0.079 | 0.083 | −0.128 | −0.948 | 0.349 |
| | Education | 0.376 | 0.171 | −0.420 | −2.190 | 0.034 |
| | Income | 0.152 | 0.078 | −0.277 | −1.957 | 0.057 |
| | Have bank account | 0.165 | 0.499 | −0.052 | −0.330 | 0.743 |
| | Type of account | −0.156 | 0.133 | 0.160 | 1.170 | 0.249 |

[a]Dependent variable: Provision of domestic credit to households

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 2A** Financial factors affecting domestic credit to households

| Model | | Unstandardized coefficients | | Standardized coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. error | Beta | | |
| 1 | (Constant) | 2.042 | 0.387 | | 5.281 | 0.000 |
| | Hidden charges | −0.216 | 0.113 | −0.312 | −1.912 | 0.063 |
| | Overall Cost | −0.225 | 0.088 | −0.380 | −2.552 | 0.014 |
| | Procedures | 0.126 | 0.102 | 0.233 | 1.244 | 0.220 |
| | Accessibility | −0.183 | 0.104 | −0.329 | −1.762 | 0.085 |
| | Service | 0.080 | 0.096 | 0.137 | 0.836 | 0.408 |
| | Advice | 0.021 | 0.139 | 0.024 | 0.152 | 0.880 |

Dependent variable: Provision of domestic credit to households

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 3A** Factors influencing domestic credit to private sector as a percentage of the GDP

| Variable | Coefficient | Std. error | t-Statistic | Prob. |
|---|---|---|---|---|
| IMVT | 0.016764 | 0.015513 | 1.080630 | 0.3928 |
| CBB | −2.080363 | 1.679358 | −1.238785 | 0.3411 |
| CPS | 0.217353 | 0.245314 | 0.886020 | 0.4691 |
| COSGDP | 0.955447 | 0.132491 | 7.211387 | 0.0187 |
| COSBM | −0.421835 | 0.281030 | −1.501033 | 0.2722 |
| CCGDP | −0.127778 | 0.210468 | −0.607113 | 0.6055 |
| CCBM | −0.200178 | 0.226722 | −0.882923 | 0.4704 |
| BMG | 0.134413 | 0.092350 | 1.455478 | 0.2828 |
| BLR | −0.272957 | 0.168686 | −1.618138 | 0.2470 |
| C | 26.46859 | 17.91120 | 1.477768 | 0.2775 |
| R-squared | 0.995947 | Mean dependent var | | 77.95909 |
| Adjusted R-squared | 0.977709 | S.D. dependent var | | 7.763571 |
| S.E. of regression | 1.159119 | Akaike info criterion | | 3.008104 |
| Sum squared resid | 2.687113 | Schwarz criterion | | 3.412193 |
| Log likelihood | −8.048626 | Hannan-Quinn criterion | | 2.858496 |
| F-statistic | 54.60766 | Durbin-Watson stat | | 2.546306 |
| Prob(F-statistic) | 0.018109 | | | |

Note: IMVT represents import value index
CBB: Commercial bank branches (per 100,000 adults)
CPS: Claims on private sector (annual growth as percentage of GDP)
COSGDP: Claims on other sectors of the domestic economy (% GDP)
COSBM: Claims on other sectors of the domestic economy (annual growth as % of broad money)
CCGDP: Claims on central government (as percentage of GDP)
CCBM: Claims on central government (annual growth as percentage of broad money)
BLR: Bank liquid reserves to bank assets ratio (%)
BMG: Broad money growth (annual percentage)

**Financial Inclusion Policies and Supply of Domestic Credit to Private Sector, Table 4A** Factors influencing domestic credit to private sector by financial sector as a percentage of the GDP

| Variable | Coefficient | Std. error | t-Statistic | Prob. |
|---|---|---|---|---|
| IMVT | −0.216573 | 0.060163 | −3.599762 | 0.0693 |
| CBB | 7.97E-08 | 2.06E-08 | 3.861376 | 0.0610 |
| CPS | 16.55408 | 2.439849 | 6.784880 | 0.0210 |
| COSGDP | −2.281052 | 0.697004 | −3.272654 | 0.0820 |
| COSBM | 3.420976 | 0.983856 | 3.477109 | 0.0737 |
| CCGDP | 3.129101 | 0.479628 | 6.524011 | 0.0227 |
| CCBM | 0.167177 | 0.402515 | 0.415330 | 0.7182 |
| BMG | −0.336745 | 0.165354 | −2.036507 | 0.1786 |
| BLR | 1.215709 | 0.408164 | 2.978481 | 0.0967 |
| C | −227.4754 | 53.89020 | −4.221091 | 0.0518 |
| R-squared | 0.992130 | Mean dependent var | | 119.2905 |
| Adjusted R-squared | 0.956716 | S.D. dependent var | | 10.22593 |
| S.E. of regression | 2.127479 | Akaike info criterion | | 4.222660 |
| Sum squared resid | 9.052335 | Schwarz criterion | | 4.626749 |
| Log likelihood | −15.33596 | Hannan-Quinn criterion | | 4.073052 |
| F-statistic | 28.01520 | Durbin-Watson stat | | 2.708976 |
| Prob(F-statistic) | 0.034929 | | | |

Note: IMVT represents import value index
CBB: Commercial bank branches (per 100,000 adults)
CPS: Claims on private sector (annual growth as percentage of GDP)
COSGDP: Claims on other sectors of the domestic economy (% GDP)
COSBM: Claims on other sectors of the domestic economy (annual growth as % of broad money)
CCGDP: Claims on central government (as percentage of GDP)
CCBM: Claims on central government (annual growth as percentage of broad money)
BLR: Bank liquid reserves to bank assets ratio (%)
BMG: Broad money growth (annual percentage)

## References


Asian Development Bank (2013) Re-invigorating private sector investment Fiji. Asian Development Bank, Metro Manila

Bernanke BS, Gertler M (1995) Inside the black box: the credit channel of monetary policy transmission. National Bureau of Economic Research (No. w5146). Massachusetts Institute of Technology, Massachusetts

Craigwell R, Kaidou-Jeffrey D (2012) Lending behaviour in different credit rationing environs: a regime switching model for Barbados. J East Caribb Stud 37(1):49–60

Duncan R, Codippily H, Duituturaga E, Bulatale R (2012) Binding constraints to economic growth in the Pacific Islands: some comparative insights. Pacific Islands Development Program, East West Centre, Hawaii

European Commission (2017, May 12) International Cooperation and Development. Retrieved 12 May 2017, from European Commission. https://ec.europa.eu/europeaid/sectors/economic-growth/private-sector-development/policy_en

Friedman M (1957) The permanent income hypothesis. In A theory of the consumption function (pp. 20–37). Princeton University Press

Friedman M (1958) The permanent income hypothesis: comment. Am Econ Rev 48(5):990–991

Hinton R, Earnest J (2010) Stressors, coping, and social support among women in Papua New Guinea. Qual Health Res 20(2):224–238

Houthakker HS (1958) The permanent income hypothesis. Am Econ Rev 48(3):396–404

International Monetary Fund (2016) International monetary fund database. International Monetary Fund, Washington, DC

Kasseeah H, Tandrayen-Ragoobur V (2011) Financial constraints, gender and firm performance: evidence from Mauritius. Middle East Financ Econ 13(1):60–70

Kasseeah H, Thoplan R (2012) Access to financing in a small island economy: evidence from Mauritius. J Afr Bus 13(3):221–231
Laureti C, Hamp M (2011) Innovative financial products in microfinance. Sav Dev 1(1):97–127
Lienert I (2009) Where does the public sector end and the private sector begin? International Monetary Fund. Working paper no. 9–122. International Monetary Fund, Washington, DC
Modigliani F (1966) The life cycle hypothesis of saving, the demand for wealth and the supply of capital. Soc Res 3(1):160–217
Myers SC (1984) The capital structure puzzle. J Financ 39(3):574–592
Myers SC, Majluf NS (1984) Corporate financing and investment decisions when firms have information that investors do not have. J Financ Econ 13(2):187–221
Premaratne SP, Kudaliyanage G (2016) Issues, challenges and prospects of women-owned small and medium scale enterprises in Maldives. Int J Sci Res Publ 6(9):771–781
Rashid H (2011) Credit to private sector, interest spread and volatility in credit-flows: do bank ownership and deposits matter? United Nations/DESA working paper, vol 105. NY United Nations, New York
Reserve Bank of Fiji (2016a) National Financial Inclusion Strategic Plan 2016–2020. Quarterly Review December 2016. Reserve Bank of Fiji, Fiji
Reserve Bank of Fiji (2016b) Quarterly Review December 2016. Quarterly Review December 2016. Reserve Bank of Fiji, Fiji
Sharma P, Gounder N (2011) Supply side obstacles to financing the private sector: empirical evidence from a small island developing state. J Pac Stud 33(1):4–24
Sharma P, Gounder N (2012) Determinants of bank credit in small open economies: the case of six Pacific Island Countries. Discussion Papers in Finance. University of Griffith, Griffith
World Bank (2017) The World Bank Database. Retrieved from https://data.worldbank.org/indicator/FS.AST.DOMO.GD.ZS

# Financial Instruments

Alessandro Giosi
Lumsa University, Rome, Italy

## Synonyms and Related Items

Derivative instrument; Equity instrument; Financial asset and liabilities; Guarantee; PPPs; Securitization

## Definition

Financial instruments are defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument (such as share) of another entity.

## Introduction

In the context of public administration, the presentation and evaluation of financial instruments is contained within two different standards adopted at international level. These standards, directed toward different scopes and aims, concern the macro-accounting framework regulated by the European System of Account (ESA), updated by Regulation (EU) no. 549/2013 (chapters ▶ "Organizational Humanism" and "Organizational Efficiency" refer to the classification of operation, asset, and liabilities; chapter "Organizational Consultation" refers in particular to public administration), and directly link to the international System of National Accounts (SNA) and the accounting framework used at the level of a single entity regulated by IPSAS (International Public Sector Accounting Standard) no. 28 and no. 29. The aim of this section is to describe the content of financial instruments in general terms without comparing the differences between these two frameworks. The issue of their evaluation is touched upon in the final session. Following, we are describing the general definition and classification, and then, we are discussing the special items of financial instruments used in public administration.

## Definition and Classification of Financial Items

Financial instruments are defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. It is not common for entities in the public

sector to have contributed capital comprising equity instruments such as shares. More frequently, contributed capital in the public sector is evidenced by transfer of resources between parties (i.e., from the Ministry of Finance to a newly constituted entity) and the issuance of an equity instrument is not essential. However, it is essential that a residual interest in the net asset/equity results from a transfer, other than a formal agreement that establishes a financial interest in the net asset of an entity that can be sold or transferred.

Instead, a financial asset, other than cash or the equity instrument of another entity, is in summary a contract that gives the right to receive cash or some other financial asset from another entity or to exchange financial assets or financial liabilities under favorable conditions. A contract form which come a financial asset can be settled also through the entity's own equity instruments. In contrast a financial liability is any liability that resides in a contractual obligation aimed at delivering cash or another financial asset to another entity or to exchange a financial asset or liability under unfavorable conditions. The contract may also be settled through an entity's own equity instruments. Sometimes, it can be difficult to distinguish financial liabilities from equity instruments, perhaps due to the existence of a compound, derivative, or unstandardized contract. In general terms, the critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation of one party (the issuer) either to deliver cash or another financial asset to the other party (the holder). The issuer of an equity instrument does not have a contractual obligation to distribute dividends or any cash flow. For the purposes of classification, the reader must consider the substance of a financial instrument, rather than its legal form. Even if the substance and legal form appear consistent, in the case of a financial instrument, they can be separate. Some financial instruments take the legal form of equity instruments but, in substance, are liabilities. This happens, for example, if the holder can require the reimbursement of the financial instrument in the form of a share. On the other hand, there can be cases in which a formal obligation is considered as part of the equity and, as a consequence, is subject to the risk of unrealizable residual interest. In particular, this can happen in all cases in which the instrument is "subordinated" to all other classes. To be in such a class the instrument (a) has no priority over other claims to the assets of the entity on liquidation and (b) does not need to be converted into another instrument before it is in the class of subordinated instruments. Examples of "primary" financial assets and liabilities are (a) accounts receivable and payable, (b) notes receivable and payable, (c) loans receivable and payable, and (d) bonds receivable and payable other than equity instruments (holder or issuer). Another type of financial instrument is one in which the economic benefit to be received or given up is a financial asset other than cash. Public administration is also characterized by the existence of "perpetual" debt instruments that give the holder the right to receive payments on account of interest extending into the indefinite future.

## The *Derivates*

The definition of financial instruments also includes derivative financial instruments such as *financial options*, *futures* and *forwards*, *interest rate swaps*, and *currency swaps* Parameswaran (2011). The *derivative* instruments create rights and obligations that have the effect of transferring between parties to the instrument one or more financial risks inherent in an *underlying* primary financial instrument. Some "derivatives" have been standardized over time and have become quoted on primary markets and subject to change which creates an official market price. But, financial engineering is constantly creating new forms of "structured" financial derivative that are not quoted on primary markets through which financial risks are transferred. From this, the phenomenon of speculation arose in which public administration has also been involved, in particular involving those public administrations that use cash flow accounting and not the accrual principle. In these cases, the derivative represents a "future" obligation and not a current liability, and as a consequence, the value of the derivative

is not factored into the cash flow balance, which takes into account only the regulation of the cash flow during the contract. The contract is treated as "off balance."

In the case of no standardized derivatives, *fair value* can't be determined by reference to the market price, so it is done by reference to the value of similar financial instruments or to the net present value of cash flows determined by a specific formula. However, even if the derivative gives one party the contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favorable (assets) or unfavorable (liabilities), they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place at the maturity of the contract. Examples of derivative financial instruments are *options*, *forward contracts*, *swaps* (on interest and currency), and *futures*. Options (named *calls* if the right is to buy and *put* if the right is to sell one or more financial assets or liabilities at a fixed price at maturity) give the holder a right to obtain potential future economic benefits associated with changes in the fair value of the financial instruments underlying the contract during the period of the contract. Conversely, the writer of an option assumes an obligation to forgo potential future economic benefit or bear potential losses of economic benefit associated with changes, during the period of the contract, in the fair value of the underlying financial instrument. So, the contractual right of the holder and obligation of the writer meet the definition of a financial asset and liability, respectively. During the vesting period, the option has its own value deriving from the probability of gains and losses at maturity. A forward contract is a contract through which parties exchange financial assets and liabilities (usually bonds and cash) at a specific moment in the future at a price fixed at the beginning of the contract (the *strike price*). As with options, these contractual rights and obligations constitute financial assets and liabilities separate and distinct from the underlying financial instruments. Both parties to a forward contract have an obligation to perform at the agreed time, whereas performance under an option contract occurs only if and when the holder of the option chooses to exercise it. Many other types of derivative instruments embody a right or obligation to make a future exchange, including interest rate and currency swaps, interest rate caps, collars and floors, loan commitment, and note issuance facilities. An interest rate swap contract may be viewed as a variation of a forward contract in which the parties agree to make a series of future exchanges of cash sums, one amount calculated with reference to a floating interest rate and the other with reference to a fixed interest rate. So, with an interest rate swap, public administration can change the structure of the interest rate characterizing its financial liabilities in relation to the expectation of financial market trends. Similarly, a currency swap allows assets and liabilities to be expressed in different currencies which float against each other. More recently contracts known as CDS, credit default swap, have been used, a particular type of credit derivative. This is a contract through which the probability of losses on credit can be exchanged on the financial markets. These instruments have been particularly used by public administration in bank rescues during the recent financial crises to cover and spread the credit default risk. Obviously, any contract can be used not only to hedge but also to speculate. The structured derivative contracts linked to CDS, for example, amplified the US financial crisis due to subprime mortgages. The last contract to consider is the future, which is a variation of the forward contract, differing primarily in that they are standardized and traded on an exchange. Contracts to buy or sell nonfinancial items do not meet the definition of a financial instrument. For example, *future*, *option*, and *forward* contracts on oil and other commodities are not considered as financial instruments.

## The Guarantee and Contingent Provision

Within the particular context of the public sector, assets and liabilities arise out of both contractual and noncontractual arrangements. Assets and liabilities arising out of noncontractual arrangement

do not meet the definition of financial assets and liabilities. The existence of a contract is evidenced by (a) a contract that involves willing parties entering into an arrangement, (b) contractual terms that create rights and obligations that need not result in equal performance by each party, and (c) the remedy for nonperformance that is enforceable by law. Moreover in the public sector, it is possible for contractual or noncontractual arrangements derived from a non-exchange transaction, such as taxation, to determine whether an asset or liability arises. If non-exchange transactions are contractual, an entity assesses if the assets or liabilities arising from the transactions are financial assets or liabilities (or eventually a contribution from the owner) as we described above. A particular case is financial guarantee contracts which are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original terms of a debt instrument. Government may use financial guarantee contracts for a variety of reasons. They are often issued to further policy objectives, for example, to support infrastructure projects and stabilize financial markets. Government and public sector entities may be granted the power to issue financial guarantees by legislation. In assessing whether a guarantee is contractual or noncontractual, an entity distinguishes the right to issue the guarantee and the guarantee itself. The right to issue the guarantee pursuant to legislation is noncontractual, while the actual guarantee should be assessed using the principles touched upon above to determine whether it is contractual. The issuing of a financial guarantee to a specific party or to the holder of an instrument may result in a contractual arrangement. To this end, the international standard gives us two examples. The first case involves a service concession arrangement in which the government may issue a financial guarantee directly to the financiers of the transaction stating that, in the event of default, it would assume payment for any outstanding principal and interest payments of a loan. In this case the financial guarantee is explicitly issued in favor of a specified counterparty. In the second case, a road authority is responsible for constructing and maintaining a country's infrastructure. It finances the project by issuing a long-term bond. The government can guarantee the bond. At the time the guarantee is issued, there is no specific counterparty, but the guarantee is due to the holder of the bond. In both cases all the other features of a contract are met. Moreover, the guarantee is a "conditioned" contract from which arises particular financial liabilities in the form of contingent provisions, in the case of the occurrence or nonoccurrence of uncertain future events that are beyond the control of both the issuer and the holder of the instruments. The guarantee issued also constitutes important information in the evaluation of the financial position in relation to the evolution of the risk profile and the probability that the guarantee is actioned. A bailout is a term meaning a rescue from financial distress. It is often used when a government unit provides short-term financial assistance to a corporation to help it survive a period of financial difficulty or a more permanent injection of financial resources to help recapitalize the corporation. Bailouts of financial institutions are often referred to as financial defeasance.

While the contingent provisions are not always recognized in the entity's financial statement, they are in some cases accounted for in the national debt in the System of National Accounts.

The ESA framework distinguishes three main types of guarantee:

(a) Guarantees that meet the definition of a financial derivative
(b) Standardized guarantees
(c) One-off guarantees

Guarantees that meet the definition of financial derivatives are those that are actively traded on financial markets, such as credit default swaps. The derivative is based on the risk of default of a reference instrument and generally not actually linked to an individual loan or bond. When such a guarantee is initiated, the purchaser makes a payment to the financial institution creating the derivative. This is recorded as a transaction in financial derivatives. Changes to the value of the derivative are recorded as revaluations. If the

reference instrument defaults, the guarantor pays the purchaser for its theoretical loss on the reference bond. This is also recorded as a transaction in financial derivatives.

Standardized guarantees cover similar types of credit risk for a large number of cases. It is not possible to estimate precisely the risk of any one loan being in default, but it is possible to estimate how many, out of a large number of such loans, will default. Standardized guarantees are treated as giving rise to financial assets and not contingent assets.

One-off guarantees exist where the conditions of the loan or the security are so particular that it is not possible for the degree of risk associated with the loan to be calculated with any degree of accuracy. In general, the granting of a one-off guarantee is considered a contingency and is not recorded as a financial asset/liability in the balance sheet of the guarantor.

In exceptional cases, one-off guarantees granted by governments to corporations in certain well-defined financially distressed situations (e.g., where the corporation has negative own funds), implying a very high likelihood the guarantee will be called, are treated as if such guarantees were called at inception.

## Financial Leasing and Public-Private Partnerships (PPPs)

Another particular financial instrument used in public administration is the financial lease. A finance lease consists primarily of the entitlement of the lessor to receive, and an obligation of the lessee to pay, a stream of payments that are substantially the same as blended payments of principal and interest under a loan agreement. The lessor accounts for its investment as the amount receivable under the lease contract rather than the leased asset. An operating lease, on the other hand, is regarded as primarily an uncompleted contract committing the lessor to provide the use of an asset in future periods in exchange for consideration similar to a fee for a service. The lessor continues to account for the leased asset itself rather than any amount receivable in the future under the contract. Accordingly, a finance lease is regarded as a financial instrument and an operating lease is not regarded as a financial instrument, except as regards individual payments. In the context of the financial lease, the substance of the operation takes precedence over the legal form of the contract. In substance, the economic property of the asset is managed by the lessee who has the use of the asset and, at the same time, assumes the risk linked to the management of the asset. Meanwhile, the operation is financed by the lessor which receives financial payments. The financial payments are directed to reimburse the capital debt and pay the corresponding interest. Public-private partnerships (PPPs) can be similar to financial leases. These are complex, long-term contracts between two units, one of which is normally a corporation (or a group of corporations, private or public) called the operator or partner, and the other normally a government unit called the grantor. PPPs involve a significant capital expenditure by the operator to create or renovate fixed assets, which it then operates and manages to produce and deliver services either to the grantor or to the general public on behalf of the grantor. At the end of the contract, the grantor usually acquires legal ownership of the fixed assets.

The fixed assets are in most cases characteristic of some core public service such as schools or universities, hospitals, and prisons. They also may be infrastructure assets because many of the large projects undertaken by means of PPPs involve the provision of transportation, communications, utilities, or other services typically described as infrastructure services.

PPP contracts under this definition involve the grantor paying the operator "availability" or "demand" fees and as such constitute a procurement arrangement. In contrast to other long-term service contracts, a dedicated asset is created.

As with leases, the economic owner of the assets in a PPP is determined by assessing which unit bears the majority of the risks and which unit is expected to receive a majority of the rewards of the assets. The asset will be allocated to the latter and consequently the gross fixed capital

formation. The main risk and reward elements to be assessed are (a) construction risk, (b) availability risk, (c) demand risk, (d) residual value and obsolescence risk, and (e) the existence of grantor financing or granting guarantees. The provisions of each PPP contract must be evaluated in order to decide which unit is the economic owner. Due to the complexity and variety of PPPs, all of the facts and circumstances of each contract must be considered, and then the accounting treatment that best reflects the underlying economic relationship selected. When government is assessed as being the economic owner of the assets but does not make any explicit payment at the beginning of the contract, a transaction must be constructed to accomplish the acquisition. The most common suggestion is that the acquisition be made with an imputed financial lease because of the similarity with actual financial leases. The implementation of that choice, however, depends on the specific contract provisions, how they are interpreted, and possibly other factors. For example, a loan could be imputed and actual government payments to the corporation, if they exist, could be rearranged so that a portion of each payment represents repayment of the loan.

## The Securitization

The final topic for consideration as regards financial instruments in public administration is securitization. Securitization consists of issuing securities on the basis of cash flows that are expected to be generated by assets or other income streams. Securities dependent on cash flows from assets are known as "asset-backed securities" (ABS). In securitization, the originator conveys ownership rights over assets, or the right to receive specific future income streams, to a securitization unit, which in return pays an amount to the originator from its own source of financing. Such a securitization unit is often known as a *special purpose entity.* The securitization unit obtains its own financing by issuing securities using the assets or rights to future income transferred by the originator, as collateral. The key question regarding the payment by the securitization unit to the originator is whether the transfer of the asset is a sale of an existing asset to the securitization unit (nonfinancial operation), or a means of borrowing using future flows of revenues as collateral that is meant to create a financial instrument. In order for the securitization to be treated as a sale, a marketable asset must exist in the balance sheet of government and there must be a full change of ownership to the securitization unit as evidenced by the transfer of the risks and rewards linked to the asset. Thus, securitization of future revenue flows not recognized as a return on economic assets, such as future oil royalties, is borrowing by the originator. When a securitization involves income associated with a financial or a nonfinancial asset, the risks and rewards associated with owning the asset must be transferred for a sale to be recorded. If government retains a beneficial interest in the securitization, so as to obtain a deferred purchase price, such as the right to excess income above the original securitization value, or the right to own the last tranche issued by the securitization unit, or by other means, no sale has occurred, and the arrangement is considered as government borrowing. Furthermore, if government, as originator, guarantees repayment of any debt incurred by the securitization unit related to the asset, risks associated with the asset have not been transferred. No sale has occurred and the arrangement is treated as government borrowing. Guarantees can take various forms such as insurance contracts, derivatives, or clauses of substitution of assets.

If it is determined that the securitization contract involves the true sale of a marketable asset, the sector classification of the securitization unit must be examined. Then, if the securitization unit is classified as belonging to the government sector, the securitization is government borrowing. If the securitization unit is classified as some other financial intermediary, then the securitization will be reported as a sale of assets, with no direct impact on government debt, but with an impact on government deficit if the income streams are securitized on a nonfinancial asset. But, if government provides compensation, in the form of cash after the event, or other means such as guarantees,

thus removing the transfer of risks, a securitization originally viewed as a sale is from that moment classed as borrowing.

## The Recognition and Measurement Under IPSAS

As established in the paragraph 1 of IPSAS 29, the objective of the standard is to establish principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell nonfinancial items. Financial instruments are contractual arrangements that result in a financial asset for one entity, and a financial liability and equity instrument in another rights and obligations arising out of noncontractual arrangements, such as through the exercise of legislation or through constructive obligations, are not financial instruments. The recognition and measurement of rights and obligations arising out of these transactions are addressed in other IPSASs.

Many contracts meet the definition of a "financial asset or a financial liability." Some of these are accounted for either by using other IPSASs, or accounted for partly using other IPSASs and partly using IPSAS 29. Some examples include rights and obligations arising from employee benefits, lease receivables, and finance lease payables. IPSAS 29 does not apply to insurance contracts, except certain financial guarantee contracts and embedded derivatives included in insurance contracts. An entity is however permitted to apply this Standard to insurance contracts that involve the transfer of financial risk. Commitments to provide credit under specified conditions (loan commitments) are excluded from the scope of this Standard, with three exceptions. Notably, commitments to provide a loan at a below market interest rate are within the scope of IPSAS 29. Most other loan commitments are accounted for using IPSAS 19, *Provisions*, *Contingent Liabilities*, *and Contingent Assets*. IPSAS 29 applies to contracts for the purchase or sale of a nonfinancial item if the contract can be settled net in cash or another financial instrument or by exchanging financial instruments. If the contracts were entered into and continue to be held for the purpose of the receipt or delivery of a nonfinancial item in accordance with an entity's expected purchase, sale, or usage requirements, IPSAS 29 does not apply.

## Initial Recognition and Derecognition

An entity recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets can either be recognized using trade or settlement date accounting, while derivatives are always recognized using trade date accounting. Regular way purchases of financial assets are contracts that involve the exchange of the underlying instrument within a time frame established in the marketplace concerned. When a financial asset or financial liability is recognized initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortized cost, the asset is recognized initially at its fair value on the trade date.

Financial assets are derecognized using the following steps:

1. Consolidate all controlled entities and special purpose entities.
2. Determine whether the derecognition principles are applied to an asset as a whole, or to a part of an asset.
3. Assess whether the rights to the cash flows have expired.
4. Assess whether the rights to receive the cash flows have been transferred to another party.
5. Assess whether an obligation has been assumed to pay the cash flows from the asset to another party.
6. Assess whether the entity has transferred substantially all the risks and rewards of ownership to another party.
7. If substantially all the risks and rewards of ownership have not been transferred to another party, assess whether control has been retained.

## The Measurement

After the initial recognition, at the end of each fiscal year, financial instruments can be classified as follows:

1. Financial assets at fair value through surplus or deficit – assets are subsequently measured at fair value with changes in fair value recognized in surplus or deficit.
2. Held-to-maturity investments – assets are measured at amortized cost less impairment losses. Impairment losses are recognized in surplus or deficit.
3. Loans and receivables – assets are measured at amortized cost less impairment losses. Impairment losses are recognized in surplus or deficit.
4. Available-for-sale financial assets – assets are measured at fair value with changes in fair value recognized directly in net assets/equity. Impairment losses incurred on available-for-sale instruments are recognized in surplus or deficit and not in net assets/equity.

Investments in equity instruments that cannot be measured at fair value, because fair value cannot be determined reliably, are measured at cost less impairment losses.

Financial liabilities are measured at amortized cost, except for financial liabilities at fair value through surplus or deficit, financial guarantees, loan commitments, and liabilities arising from transfers of financial assets. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

An entity may only reclassify financial instruments between the various categories under certain circumstances.

## Conclusion

Financial instruments are defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In the context of public administration, the presence of the equity instruments is rare, so the financial instruments consist on financial asset and liabilities. In addition to primary financial instruments, public administration can sign derivative financial instruments that create rights and obligations that have the effect of transferring between parties to the instrument one or more financial risks inherent in an *underlying* primary financial instrument. So, derivative can be used to hedge financial risk related, for example, to interest rate or exchange ratio flotation. During time, public administration has used different financial instruments with the end to collect fund, to regulate financial market, to fight financial and industrial distress, and to involve private partners with the end to reach policy objectives Persaud (2015). Example of those instruments are the guarantee, the financial lease, the public-private partnership, and securitization. All of those instruments can determine an increasing of the debt position that seems today the main problem in the most of the European Countries.

## Cross-References


- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Amortization and Depreciation
- ▶ Provisions and Contingent Liabilities
- ▶ Public Sector Accounting


F

## References

European Union. Regulation (EU) No. 549/2013 of the European Parliament and of the council of 21 May 2013 on the European system of national and regional accounts in the European Union

International Accounting Standard Board (IASB) of the International Federation of Accountant (IFAC). IPSAS no. 28. Financial instruments – presentation

International Accounting Standard Board (IASB) of the International Federation of Accountant (IFAC). IPSAS no. 29. Financial instruments – recognition and measurement

Parameswaran S (2011) Fundamentals of financial instruments: an introduction to stocks, bonds, foreign exchange, and derivatives. Wiley Finance, Hoboken

Persaud AD (2015) Reinventing financial regulation. Springer, New York

# Financial Management for Local Government

Jing Wang
Department of Political Science, California State Polytechnic University, Pomona, CA, USA

## Synonyms

Financial administration; Fiscal policy

## Definition

Financial management for local government is the system by which financial resources are planned, directed, and controlled to enable the efficient and effective delivery of public services at the local level.

## Introduction

Local governments around the world are responsible for a wide range of public services. They include but not limited to planning, education, transportation, social services, police, fire, waste disposal, recreational facilities, and economic development. Today local agencies are increasingly faced with the need to efficiently plan and deliver these services with scarce resources. The service planning and delivery cannot exist without the financial management system that provides resources and measures performance. Local governments rely on sound financial management to efficiently operate and provide essential services to the public. As the citizens are demanding more accountable and transparent use of the resources, financial management has become one of the most crucial functions of local governments.

In general, financial management is the subset of management that provides financial information that can be used in policy and decision-making (Finkler et al. 2017). Being free of value judgments, the financial information helps the organization to make decisions. In the business world, financial management is generally concerned with planning, organizing, directing, and controlling the financial activities such as procurement and utilization of funds. Public financial management takes advantage of the business managerial principles and tools and applies them to decision-making. For local governments, financial management serves to various organizational and service goals while maintaining satisfactory financial situation (Finkler et al. 2017; Steiss and Nwagwu 2001). In this context, financial management for local government is the system by which financial resources are planned, directed, and controlled to enable the efficient and effective delivery of public services at the local level.

The practice of public financial management is critical in "combating corruption, alleviating poverty, and ensuring the effective use of internal and external resources" (Shah 2007, p. xiii). Transparent and prudent local financial management is regarded as key to the integrity of the local government and for gaining and retaining the public trust. Such integrity and trust are sometimes lacking in local governments in developing countries (Shah 2007; UN-HABITAT et al. 2007). Even in regions with much advanced public

finance systems, such as North America and Europe, local governments are challenged with the growing service needs, limited resources, and policy constraints. The pressure persists that asks local governments to reform their financial systems by prioritizing objectives and controlling costs.

This chapter attempts to provide a broad perspective of financial management for local government. It introduces the core concepts and general framework of financial management at the local level. The conceptual frameworks are mostly developed based on the examples of North American or European countries, but they may indicate the situation and trend of, and give suggestions to, other countries around the world.

## Basic Functions of Local Financial Management

The primary objectives of financial management are quite simple in theory: to maximize benefits for given set of resources. It indicates a relatively straightforward process in which one needs to decide what are wanted, measure these goals and objectives, and then apply the tools available to achieve the greatest possible value of these goals and objectives (Steiss and Nwagwu 2001). However, the financial management in practice is complex and is relevant to almost every aspect of the local government operation (Pyke 1998). It encompasses the process and techniques to link many functions of policy making and administration, including resource inputs and service outputs, financial responsibility and financial accountability, and the management processes of planning and control. Experts have devoted their works to the topics of significant components of local public financial management. These topics include but are not limited to cash management, internal controls, budgeting, auditing, debt management, and purchasing and contracting practices (Finkler et al. 2017; Pyke 1998; Shah 2007; UN-HABITAT et al. 2007).

The purpose of the summary here is to provide broad overview of the components of financial management. The discussion is developed based on the three basic cycles of financial management as defined by Steiss and Nwagwu (2001): cash management, financial planning, and management control.

### Cash Management

Cash management in local government can be defined as the strategy and associated processes for effectively managing the short-term cash flows and cash balances (Williams 2013). As mentioned above, one of the most common challenges for local governments around the world is to have enough financial resources to fulfil their core functions. The revenue scarcity makes it more critical to local government to have effective cash management. The basic objectives of cash management are commonly understood as to have "the right amount of money in the right place at the right time to meet government obligations" (Storkey 2003, p. 1) and meanwhile, to maximize the effective use of resources and minimize the costs. In the other word, cash management is to maintain a sufficient cash balance to meet the day-to-day organizational needs in the most cost-effective way (Steiss and Nwagwu 2001).

Cash management involves analyses of revenues and expenditures, financial analysis of the utilization of assets, short- and long-range forecasts of resource needs, cash mobilization, and formulation of short-term investment strategies (Steiss and Nwagwu 2001). The primary activities of the cash management function are to collect revenues, pay the government's operating obligations, invest funds if they are not needed for current use, and safeguard the cash flow cycle.

There is a variety of revenue sources for local governments due to their differences in institutional and financial structures. In general, most local authorities have two categories of revenues: (1) own-source revenues as those raised locally by taxes, fees, charges, and fees and (2) intergovernmental revenues consist of those from other governments (usually higher level of

governments) including grants, shared taxes, and loans and advances. The relative inelasticity of local revenues, economic fluctuations, and the growing service needs are creating an ever-widening "fiscal gap" for many local governments (Steiss and Nwagwu 2001). To fix this gap, local governments need to reform their cash management systems to make the process more efficient and accountable, by ensuring that the government's cash balances are known and managed properly (Miller and Hadley 2016).

### Financial Planning

In order to accommodate the potential risk and uncertainty, financial management requires effective planning facilitated by analytical techniques (Steiss and Nwagwu 2001). Budgeting is the most important and widely adopted financial planning tool for local governments around the world. A well-established budgeting process incorporates strategic planning initiatives and effective analytical techniques. In a typical budget cycle, the priorities of spending are identified and related to reliable revenues during the budget preparation and enactment. The implementation of budget is then followed by audit or other similar evaluation processes. Budgeting decisions are driven by mission priorities, political considerations, and fiscal accountability.

Besides the relatively short operating budget cycles (usually 1 or 2 years), local governments are also responsible for long-range financial plans of capital projects. The long-range planning encompasses the financial analysis and strategies to assess the long-term implications of capital improvement needs, cost of services, cash flow, and investment activities. Cost-benefit and cost-effectiveness analysis techniques are effective tools in these planning practices (Steiss and Nwagwu 2001).

Capital projects require a comprehensive approach in their planning, operating, and debt administration. Debt administration is another important component of financial planning. Debt administration refers to the management of funds for the construction or acquisition of fixed assets, usually through capital improvements. It is common to finance capital projects by long-term borrowing. The long-term borrowing involves the issuance of bonds or other long-term obligations, from the public or from the intergovernmental grants and transfers. The abovementioned financial planning functions are interrelated and should be considered when developing policies and procedure of local finance management (UN-HABITAT et al. 2007). A sound long-range planning seeks to develop a proper mix of multiple financing methods and planning tools.

### Management Control

Management control is a critical dimension of local financial management that ensures its efficiency and integrity. Accounting for local government is not only an approach of record-keeping and external reporting but also the key function of management control (Steiss and Nwagwu 2001). Although the statutory and regulatory basis of accounting varies from government to government, the role of accounting is expanding with the worldwide trend in recent years of more transparent and accountable financial management. Management control can be achieved by a number of accounting tools. The two most traditional ones are financial accounting and managerial accounting (Finkler et al. 2017).

Financial accounting primarily focuses on accurate and objective recording of fiscal transactions and on preparing financial reports that reflect the financial position of the organization. Financial accounting is more concerned with external reporting that is constrained by particular forms and procedures. For example, in the USA, Governmental Accounting Standards Board (GASB) sets up the generally accepted accounting principles (GAAP) which are uniform minimum standards used by state and local agencies for financial recording and reporting. The outputs of financial accounting may be used for future plans, such as the operating budget.

Managerial accounting refers to the internal reporting that produces operational information for day-to-day planning, monitoring, and control. It is designed to provide internal managers with accounting information needed to plan, direct, and control operations. Managerial accounting produces financial information that internal managers can use to improve the future operations of the

organization. Financial accounting meanwhile provides retrospective information about the results of the operations and financial position of the organization (Finkler et al. 2017). Local agencies spend considerable time and effort to produce financial reports for both internal and external users. However, due to the lack of financial experience or training, there is a wide range of the level of understanding within the user groups (Pyke 1998).

## Conclusion

Public financial management forms an integral part of the development process of good governance and shared prosperity at the local level. Although the most of the discussions above are based on local financial management systems in the developed countries, the academic and practical implications go beyond these countries because financial stringency is a universal challenge. For instance, critical examination of the financial management systems in the Nigeria's local government indicates that there are a number of challenges affecting local governments there as are in many other developing countries. These challenges range from institutional constraints to resource scarcity and from corruption to the lack of adequate technical capacity of financial management (Eze and Harrison 2013). To combat these challenges requires governments to embrace practices of fiscal discipline, allocative efficiency, and operational transparency and accountability – the fundamental aspects of financial management.

Today decentralization reforms and strategies are being implemented worldwide to improve service delivery, economic governance, and citizen participation. Public financial management reforms are vital to attaining the benefits of decentralization because they manage the financial resource that is the lifeblood of public services and governance. As suggested by UN-HABITAT (2007), to ensure the accountability to higher levels of government and their constituents, local governments in their financial practice should also follow the principles of equity and inclusiveness and sustainability. Financial decisions are made in the best interest of all citizens rather than the privileged few. Sustainability should be integrated into financial management, especially the long-range planning and control, of local development.

## Cross-References


- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Comparative Fiscal Policies
- ▶ Ethics in Government Finance
- ▶ Financial Health and Distress in Local Government
- ▶ Fiscal and Financial Transparency
- ▶ Local Governments Debt
- ▶ New Public Financial Management
- ▶ Responsible Public Finance Management
- ▶ Strengthening Financial Accountability Through Budgeting


F

## References


Eze NM, Harrison OO (2013) Financial management in local government: the Nigeria experience. Int J Financ Res 4(4):146–152

Finkler SA, Smith DL, Calabrese TD, Purtell RM (2017) Financial management for public, health, and not-for-profit organizations, 5th edn. CQ Press, Los Angeles

Miller M, Hadley S (2016) Cash management in cash-constrained environments. Overseas Development Institute, London

Pyke CJ (1998) Local government financial management. In: Wilson J (ed) Financial management for the public services. The Open University Press, Philadelphia, pp 199–226

Shah A (ed) (2007) Local public financial management. World Bank Publications, Washington, DC

Steiss AW, Nwagwu EOC (2001) Financial planning and management in public organizations. Marcel Dekker, New York

Storkey I (2003) Government cash and treasury management reform. Asian Development Bank, Governance Brief, Issue 7–2003. www.asiandevbank.org/Documents/Periodicals/GB/GovernanceBrief07.pdf

United Nations Human Settlements Programme (UN-HABITAT) et al (2007) Financial management for local government. Cromwell Press, Trowbridge

Williams M (2013) Debt and cash management. In: Allen R, Hemming R, Potter BH (eds) The international handbook of public financial management. Palgrave Macmillan, London

# Financial Performance: The Simplification of Indexes

Massimo Bianchi[1] and Joshua Onome Imoniana[2]
[1]Department of Management, University of Bologna, Bologna, Italy
[2]University of Sao Paulo, Sao Paulo, Brazil

## Synonyms

Healthcare institutions; Perceived performance; Performance evaluation; Performance indexes; Simplification of control processes

## Definition

The simplification in healthcare organization (HO) control systems is a process of reducing indexes used to control the staff performances without impoverishing the quality of outputs and maintain, with an appropriate structure of parameters, an appropriate governance. This can be realized reducing existent indexes to three basic typologies and using their interdependencies to distinguish the perceived performance from the real ones.

## Introduction

The Healthcare Institutions introduced, with unsatisfactory results, different kinds of control and evaluation systems to improve their performances. At the same time, HO have to bear an increasing demand of simplicity from citizens but also from their own in which the diffused implementation of control systems contributed to the increasing of complexity. This complexity produces in managers the perception to have less control of structures and processes. A way to the simplicity is the introduction of a set of basic typologies like efficacy (Ec), efficiency (Ez), and adequacy (Ad) and using their interdependencies to distinguish the perceived performance from the real ones. Each HO has its margins of simplification that can be evaluated in advance before undertaking appropriate actions to restructuring the control process and evaluate performances in a correct way.

The simplest structure of a managerial process from a governance point of view can be designed as composed by four elements, objectives, resources, processing, and results, and the basic set to evaluate the staff performances produced consists in three indexes Ec, Ez, Ad, identified as relationships among process elements (Fig. 1).

The figure shows the elements (objectives, resources, processing, and results) and indexes (efficacy, efficiency, and adequacy) of a managerial process.

In 1978 Cameron (1978) identified more than 130 indicators used to evaluate organizational process in HO and proposed a simplification summarizing them into 9 independent dimensions. The following debate did not produce a real simplification of the performances' measurement concretely applied in organizations.

The economic turmoil of last years and the need to maintain the quality of life without an increase of public spending contribute to the renewal of the discussions on performance indexes flourished in 80s years (Carter 1989; Hood et al. 2003) and motivate the search of a more simple paradigm in the design of control systems (Aucoin and Heintzman 2000).

A particular interest was dedicated to the governance of Healthcare Institutions (hospitals, clinics, companies delivering primary and specialist assistance) in which the results of the process affect directly on persons and have ethical relevance as it concerns the quality and quantity of cures. Moreover, the results of this evaluation system could contribute to a correct evaluation of staff performances and consequent distribution of incentives.

One concrete perspective of simplifying the performance evaluation and control systems applies a set of indexes based on typologies of Ec, Ez and Ad (Bianchi 2019). These three typologies are formerly indicated in legislations on control systems of PA (Knill 2001), but their diffusion is quite unbalanced and differently applied (Giddens et al. 2008) although prefigured by medical researchers (Brian 1982).

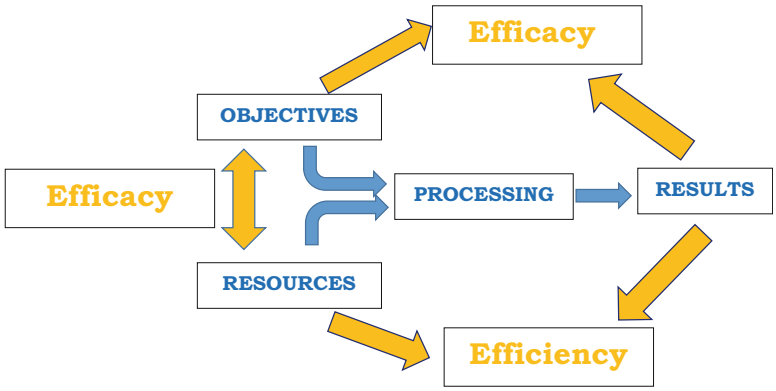


**Financial Performance: The Simplification of Indexes, Fig. 1** Elements and indexes of a managerial process

## An Essential Set of Indicators

Terms like efficiency, efficacy (or effectiveness), and Ad return into the discussions on the strategy although some authors proposed to abandon any further analysis on these topics (Cameron 1980, 1986) and others show a meaningful skepticism (Barach and Small 2000). This orientation is not a novelty. In the prediction of changes in psychological treatment, the Ec ratings have been questioned (Bandura 1984) and their usefulness deeply discussed (Eastman and Marzillier 1984). In the same way the theory on planned behavior (Krueger and Carsrud 1993), despite critics on quantitative methods, expressed the need of models well-grounded in the practice but theoretically correct. Recent researches on organizational behavior and managerial control (Miner 2005) resumed the subject, underlining the existence of a complex theory-based system of indexes related to "the real world of actual individuals and organizations and focused about understanding the way they could be better" (Potts 2007). At the same time, researchers demonstrated the interaction between performance measures and individuals' performances in organizations (Dummond 1994) with the request for organizations to focus their attention on Ad, Ez, and Ec (Silverman 2000).

This rethinking implies some theoretical assumptions.

Each step in the managerial process of public organizations can be evaluated in a qualitative or quantitative approach. The quantitative one is linked to the measuring of process elements.

Seemingly, the qualitative evaluation is the simplest one to introduce and apply, but it leads to results quite difficult not only to compare among different areas or units (Dahlgaard et al. 2011) but also in order to understand progresses in the middle- and long-term period, a period particularly relevant to orient governance decisions. Furthermore, despite the proposal of new qualitative concepts like virtuousness and appropriateness (Cameron et al. 2004), the complication which affects and de-potentiates control systems in HO unabatedly it has increased.

The gap between the theory and the practice of performance measurement is connected with the difficulties of performance control and of related corrective actions (Mourik 2008). Owing to this process, the absenteeism and demotivation continue to be diffused in Healthcare Institutions with a decreasing quality of services and citizen perception. In organizations affected by this crisis, the managerial control systems have to choose (1) the parameters to be detected and used and (2) the methods to measure it in a quantitative approach and a simplification perspective. Table 1 gives an example of main parameters and indicators used in HO. It shows how this list could be differentiated and how its applying could produce many data about many different subjects.

To avoid controlling too many things, and therefore nothing, the advice is to limit the number of parameters (Flamholtz 1999) with a reference to the performance detected by objectives (or expected results), resources, and effective results.

In this way it is possible to define the main indexes as Ec and Ez. The Ec can be determined as the capability of an individual, an office, or an

**Financial Performance: The Simplification of Indexes, Table 1** Some parameters of performance in HO control systems

| |
|---|
| N° of staff members involved |
| Time of workload (in hours) |
| Budget assigned |
| N° of products |
| Regarding patients accepted or dismissed |
| Regarding treatments realized |
| Regarding material consumption |
| N° of organizational units involved |
| N° of external units involved |
| N° (or hours or participants) of meetings dedicated to coordinate the process |
| N° of citizens, patients, users |
| Lead time of the treatment process |
| N° (or hours) of service interruptions |
| N° of failures in the delivery of services |
| N° of complaints or nonconformity reports |

organization as a whole, to fulfill objectives or to make effective results comparable to expected ones. It is quantified by the ratio:

$$\frac{\text{Results}}{\text{Objectives (Decided or Scheduled)}} \quad (1)$$

The Ec is concretized on the ground by different typologies:

- Progress of work
- Fulfillment (or accomplishment) ratio
- Punctuality

It can be calculated also as the ratio of spending budget comparing:

$$\frac{\text{Level of Budget Spending}}{\text{Budget Available (or Assigned)}}$$

The Ez is concerning the transformation process and chiefly the ratio:

$$\frac{\text{Results}}{\text{Resources}} \quad (2)$$

The Ez question is: How can the maximum of results be obtained with a minimum of resources? It represents the so-called technical Ez in opposition to allocative Ez examined in the next pages (Allen and Tommasi 2001). Practically Ez is represented by concepts like:

- Productivity
- Hourly output
- Individual output
- Economy ratio
- Unitary cost

The unitary cost derives from the inverse of Ez as:

$$\frac{\text{Resources}}{\text{Results}} \quad (3)$$

Considering the relationships among the process components (Fig. 1), it becomes evident that the criticism on evaluation is based only on Ec and Ez.

The figure shows the interdependencies among objectives, resources, and results and the emergency of adequacy to complete the performance appreciation.

The structure of interdependencies summarized in Fig. 2 evidences the insufficiency of Ec and Ez to cover all three dimensions of the process performance expressed by the triangular interdependency among objectives, results, and resources. In this way it is highlighted the relationships between targets and resources as defined by the Ad (4).

$$\frac{\text{Resources}}{\text{Objectives}} \quad (4)$$

The evaluation of Ad in HO is connected with many present and relevant topics such as the sustainability and the feasibility, but it can be considered as an expression of quality and linked to ethical approaches to managerial decisions. The question linked to Ad evaluation is: Are the resources budgeted to fulfill programmed goals ethically correct?

Ad is linked to a strategic perspective not on the appropriateness or acceptability of resources

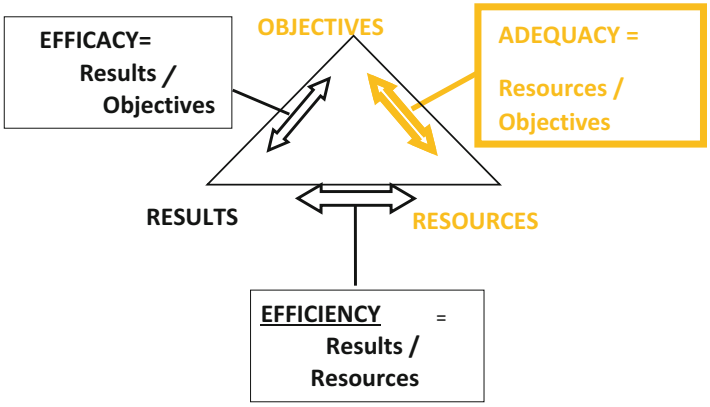


**Financial Performance: The Simplification of Indexes, Fig. 2** The interdependencies among parameters and the emergency of adequacy



employed to fulfill a result already obtained, but on the appropriateness and acceptability of resources available or programmed to fulfill the expected result.

The figure shows the formal interdependency among efficiency, efficacy, and adequacy.

The scarcity of available resources can lead to a more positive appreciation of healthcare managers, considering efforts they made to fulfil results with no adequate resources.

$$\mathrm{Ad} = \frac{\mathrm{Ec}}{\mathrm{Ez}} = \frac{\frac{\text{Results}}{\text{Objectives}}}{\frac{\text{Results}}{\text{Resources}}} \tag{5}$$

This integration will be quantified by interdependencies among Ad, Ec, and Ez (Fig. 3) calculated with Eq. (5). The implied relationship remarks the high connection existing among indexes and the relevance of operational problems in strategic decision-making about sustainability/feasibility (Devadoss et al. 2003). It underlines also the relevance of choices about concrete targets (and their measurable parameters) and implications regarding the managerial approach. This is highlighted by the use of a framework assessment concerning a hospital casualty unit (CU) (Table 2).

This relationship opens the way to the comparison between perceived and effective performances. The effective performance it derives from the ratio Ec/Ez (5), while the perceived performance comes from the personal evaluation of results with recipients like citizens and patients.

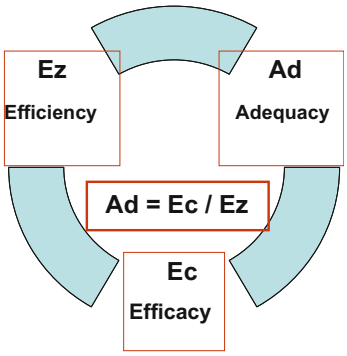


**Financial Performance: The Simplification of Indexes, Fig. 3** The integrated system for performance evaluation

The framework assessment evidences the impact on the unit governance of Ad perceived by the CU team and the users.

The perception of the governance relating to CU could overestimate the relevance of Ad comparing to its measure deriving from Eq. (5). In other terms, it can be more worried about the availability of posts offered by CU (the service efficacy) and not for the percentage of posts effectively used (the service efficiency).

In other terms, the HO strategical orientations can attribute more importance to the risk of scarcity of posts offered and not the limited use of CU posts. As it concerns the Ad perceived by CU users, surveyed by questionnaires, it can be lower than the one derived from Eq. (5) in which

**Financial Performance: The Simplification of Indexes, Table 2** A structured framework to assess performance parameters and indexes in a hospital casualty unit

| Parameters | | | Indexes | | |
|---|---|---|---|---|---|
| Objective | Resource | Result | Efficacy | Efficiency | Adequacy |
| Scheduled n° of CU posts<br>Scheduled n° of staff available for CU service<br>Scheduled reduction of acceptance time<br>(in minutes) | Budget destined to maintain the n° of CU posts at scheduled level<br>Budget destined to extra salary and incentives for CU service<br>n° of Staff mobile phones or tablet PC integrated with hospital information system | Effective n° of CU Posts<br>Effective n° of staff available for CU Service<br>Effective reduction of acceptance time<br>(in minutes) | Effective n° of CU posts<br>Scheduled n° of CU posts | Budget destined to maintain the n° of CU posts at scheduled level<br>Effective n° of CU posts | Budget destined to maintain the n° of CU posts at scheduled level<br>Scheduled n° of CU posts |
| | | | Effective n° n° of staff available for CU service<br>Scheduled n° of staff available for CU service | Budget for extra salary and incentives for CU service<br>Effective n° of staff available for CU service | Budget destined to extra salary and incentives for CU service<br>Scheduled n° of staff available for CU service |
| | | | Effective reduction of acceptance time<br>Scheduled reduction of acceptance time | n° of staff mobile phones or a tablet PC integrated with hospital information system<br>Effective reduction of acceptance time | n° of staff mobile phones or a tablet PC integrated with hospital information system<br>Scheduled reduction of acceptance time |

the greater relevance attributes to Ec (the availability of posts) and the lower importance attributed to Ez (the ratio of posts effectively used) contributes in pushing up the derived value of Ad (Table 3, first row).

The opposite will happen if there is a scarcity of posts offered although the Ez is higher and the hospital satisfies most demands of hospitalization (Table 3; second row).

The World Health Organization proposes a set of indicators for comprehensive performance assessment in hospitals of regions and countries with different cultures and resource availability (Groene et al. 2008; Giddens et al. 2008). Data show a quite unbalanced proportion among typologies as Ec used in 49% of indicators, Ez 12%, and Ad 39%.

Although the criticism on these assessments (Chang 2007), the main limits concerning these indexes are connected to their complexity that generates in managers/users unclear perceptions and motivations (Runciman and Merry 2007).

This can be realized by reducing existent indexes to three basic typologies and using their interdependencies to distinguish the perceived performance from the real ones.

**Financial Performance: The Simplification of Indexes, Table 3** Perceived and derived adequacy

| Objectives | Resources | Results | | | | |
|---|---|---|---|---|---|---|
| Demand of CU posts | Offer of CU posts | Acceptation in CU | Ec (A/C) | Ez (C/B) | Ad derived (Ec/Ez) | Ad perceived (from users' questionnaire) |
| A | B | C | | | | |
| 50 | 100 | 50 | 1 | 0.5 | 2 | 3 |
| 100 | 30 | 90 | 0.9 | 3 | 0.3 | 0.1 |

## The Margins of Simplification

The wide and analytical diffusion of performance evaluation systems can be clearly attributed to Health Organizations and related processes of accreditation (Table 4).

The World Health Organization proposes a set of indicators for comprehensive performance assessment in hospitals of regions and countries with different cultures and resource availability (Groene et al. 2008; Adinolfi 2003) that can be analyzed using the three typologies Ec, Ez, and Ad. This set, compared with England and North America, despite the limits of this sample, shows a proportion among typologies quite unbalanced, Ec used in 49% of indicators, 12% Ez, and 39% Ad.

As it regards the margins for a feasible reduction of the complexity in evaluation systems based on parameters and indexes, a methodology for a reliable estimation derives from the comparison actuated above (Table 4).

The figure shows the number of indexes to be eliminated by the simplification in healthcare organizations: HSURC, Health Services Utilization and Research Commission; CIHI, Canadian Institute for Health Information; CCHSA, Canadian Council on Health Services Accreditation; JCAHO, Joint Commission on Accreditation of Healthcare Organizations; NHS, National Health Service, WHO, Word Health Organization.

Considering the reduction of indicators proposed for health organizations to one for each typology, Ec, Ez and Ad (Fig. 4), a significant estimation of the feasible simplification (Table 4) is outlined.

Table 5 contains the percentage of indexes in health organizations that could be eliminated in the hypothesis of reducing them to basic typologies of Ec, Ez, Ad where HSURC, Health Services Utilization and Research Commission; CIHI, Canadian Institute for Health Information; CCHSA, Canadian Council on Health Services Accreditation; JCAHO, Joint Commission on Accreditation of Healthcare Organizations; NHS, National Health Service; WHO, Word Health Organization.

Data derived from Table 4 with Eq. (6):

$$\frac{\mathrm{xij} - 1}{\mathrm{xij} * 100} \tag{6}$$

where i is the performance indexes and j = health organization and expresses the percentage of number of indexes proposed by each health organization exceeding the only typology to be used in the hypothesis of extreme simplification and divided by the number of indicators proposed.

## Conclusion and Perspectives

The simplification of indexes considered by HO governance implies a reduction of existent indexes to three basic typologies and using their interdependencies to distinguish the perceived performance. This process can be summarized in (1) individuation of relevant Ec, Ez, and Ad concrete typologies within a clear framework directly related to strategical objectives of the performance, (2) distinguishing the perceived performances from the real ones, (3) focusing the evaluation on real Ad and considering this last one for the evaluation and incentive of the staff. It would be an assumption that the HO staff tended to perceive the adequacy of the services as greater than the actual one while the citizens they may have an opposite feeling naturally, this

**Financial Performance: The Simplification of Indexes, Table 4** Comparison among different performance dimensions in health services

| | Health organizations → | | | | | | | Index typologies | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Performance dimensions | HSURC (Canada) | CIHI (Canada) | CCHSA (Canada) | JCAHO (USA) | NHS (England) | WHO | Ec | Ez | Ad |
| | ↓ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Accessibility | 1 | 1 | 1 | 1 | 1 | 1 | 6 | | |
| 2 | Equity | 1 | | | | | | | | 1 |
| 3 | Relevance | 1 | | | | | | | | 1 |
| 4 | Practical efficacy (effectiveness) | 1 | 1 | 1 | 1 | 1 | 1 | 6 | | |
| 5 | Acceptability | 1 | 1 | 1 | 1 | 1 | 1 | | | 6 |
| 6 | Efficiency | 1 | 1 | 1 | 1 | 1 | 1 | | 6 | |
| 7 | Appropriateness | | 1 | 1 | 1 | 1 | 1 | | | 5 |
| 8 | Competence | | 1 | 1 | | | | | | 2 |
| 9 | Continuity | | 1 | 1 | 1 | 1 | | | | 4 |
| 10 | Safety | | 1 | 1 | 1 | 1 | | 4 | | |
| 11 | Timeliness | | | | 1 | 1 | 1 | 3 | | |
| 12 | Prevention | | | | 1 | 1 | | 2 | | |
| 13 | Theoretical efficacy | | | | 1 | 1 | | 2 | | |
| 14 | Responsiveness | | | | | | 1 | 1 | | |
| | *Total* | 6 | 8 | 8 | 10 | 10 | 7 | 24 | 6 | 19 |
| | | | | | | | | 49% | 12% | 39% |

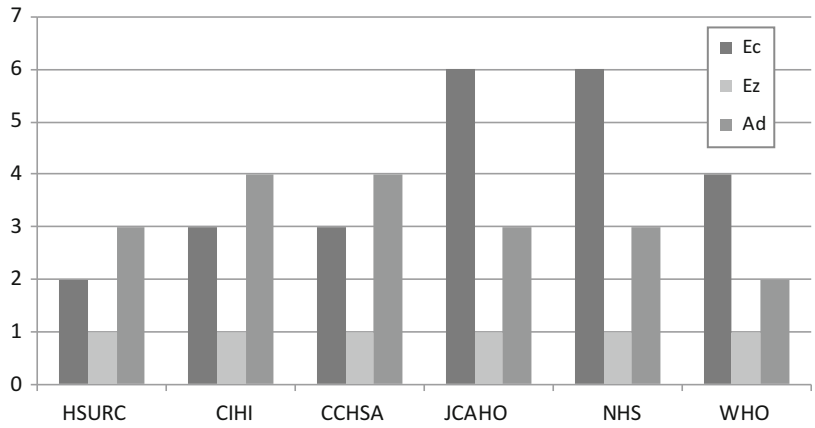


**Financial Performance: The Simplification of Indexes, Fig. 4** Number of indexes to be eliminated by the simplification in healthcare organizations

**Financial Performance: The Simplification of Indexes, Table 5** Margins of simplification of performance indexes in health organizations

| Health organizations → / Index typology ↓ | HSURC (%) | CIHI (%) | CCHSA (%) | JCAHO (%) | NHS (%) | WHO (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| Ec | 50 | 67 | 67 | 83 | 83 | 75 | 71 |
| Ez | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ad | 67 | 75 | 75 | 67 | 67 | 50 | 67 |
| Tot | 39 | 47 | 47 | 50 | 50 | 42 | 46 |

different evaluation is not new, but it became a serious limit for the concrete applying of quantitative performance evaluation systems to enable politicians and managers toward a correct decision-making.

## Cross-References

- ▶ Gender and Corporate Governance in Public Organizations
- ▶ Organizational Control
- ▶ Performance Management and Culture
- ▶ Performance Measurement

## References

Adinolfi P (2003) Total Quality Management in Public Health Care: a study of Italian and Irish Hospitals Total Quality Management & Business Excellence 14:141–150. ISSN:1478-3363

Allen R, Tommasi D (eds) (2001) Managing public expenditure. OECD, Paris, p 21

Aucoin P, Heintzman R (2000) The dialectics of accountability for performance in public management reform. Int Rev Adm Sci, Sage 66(1):45–55

Bandura A (1984) Recycling misconceptions of perceived self-efficacy. Cognitive Ther Res Springer 8:231–25

Barach P, Small SD (2000) Reporting and preventing medical mishaps: lessons from non medicl near miss reporting systems. Br Med J 320:759–63

Bianchi M (2019) Beyond the structural modelling for the analysis of organizational performances in the resilience management. Economia Aziendale on Line, www.ea.2000.it Pavia Vol 10, No 1 Special issue ISSN 2038–5498

Brian J (1982) Topical Rev Neurosurg 1:1–16

Cameron, KS (1978). Measuring organizational effectiveness in institutions of higher education. Adm Sci Q 23:604–629

Cameron KS (1980) Critical questions in assessing organizational effectiveness. Organ Dyn 9:66–80

Cameron KS (1986) Effectiveness as paradox: Consensus and conflict in conceptions of organizational effectiveness. Manag Sci 32:539–553

Cameron KS, Bright D, Caza A (2004) Exploring the relationships between organizational virtuousness and performance. Am Behav Sci 47:766–790

Carter N. (1989) Performance indicators: back seat driving or hands off control? Policy Polit 17(2):131–138
Chang LC (2007) The NHS Performance Assessment Framework as a Balanced Score Card Approach: Limitations and implications. Int J Public Sect Manag 20 (2):101–117
Dahlgaard JJ, Pettersen JJ, Dahlgaard Park SM (2011) Quality and lean health care: A system for assessing and improving the health of healthcare organisations. Total Qual Manag Bus Excell 22(6):673–689
Devadoss PR, Raj LP, Shan LP, Huang JC (2003) Structural analysis of e-government initiatives: A case study of SCO. Decis Support Syst 34:253–269
Dummond EJ (1994) Making best use of performance measures and information, International Journal of Operations and Production Management 14 (9):16–31
Eastman C, Marzillier JS (1984) Theoretical and methodological difficulties in Bandura's self-efficacy theory. Cognitive Therapy and Research, Springer 8(3):213–229
Flamholtz E (1999) Human resource accounting: advances in concepts, methods and applications, 3rd edn. Kluwer, Boston
Giddens O, Klazinga N, Kazandjian V, Lombrail P, Bartels P (2008) The World Health Organization Performance Assessment Tool for Quality Improvement in Hospitals (PATH): an analysis of the pilot implementation in 37 hospitals. Int J Qual Health Care 20 (3):155–161
Groene O, Klazinga N, Kazandjian V, Lombrail P, Bartels P (2008) The World Health Organization Performance Assessment Tool for quality improvement in hospitals (PATH) Int J Qual Health Care 20(3):155–161
Hood C, Hesse J, Peters BG (2003) Paradoxes in public sector reform: an international comparison. Duncker and Humboldt, Berlin
Knill C (2001) The Europeanisation of National Administrations: patterns of institutional change and persistence. Cambridge University Press, Cambridge
Krueger NF, Carsrud AL (1993) Entrepreneurial intentions: applying the theory of planned behaviour. Entrep Reg Dev 5(4):315–330
Miner JB (2005) Organizational behaviour I. Essential theories of motivation and leadership. M.E. Sharpe, Armonk
Potts J (2007) 'X-efficacy' vs X-efficiency. In: Frantz R (ed) Renaissance in behavioral economics: essays in honor of Harvey Leibenstien. Routledge, pp 92–104 London, UK
Runciman B, Merry A (2007) Safety and ethics in healthcare. Ashgate, Aldershot, pp 4–13
Silverman HG (2000) Organizational ethics in healthcare organizations: proactively managing the ethical climate to ensure organizational integrity. Springer
van Mourik G (2008) Information note for practitioners: Research opportunities and issues in the measurement and determination of organisational effectiveness. Monash Bus Rev 4(1):1–9

# Financial Reforms in Jordan

Diana AL-Fayez
University of Texas at Dallas,
Richardson, TX, USA

## Synonyms

Budget reform; Financial adjustment; Fiscal policy reform

## Definition

Financial reforms represent government efforts that aim to rationalize public spending and boost revenues in order to achieve financial stability and economic growth and improve the public sector efficiency.

## Introduction

Just as many other countries in the Middle East and North Africa (MENA) have done, Jordan has put financial reform on high priority as a way to achieve economic development and growth. Jordan implemented fiscal reform for the first time in 1989 following the financial bankruptcy that was triggered by the government's decisions during the period of 1982–1988. Over the past three decades, several steps have been taken in collaboration with the International Monetary Fund (IMF) and the World Bank, to decrease budget deficit and public debt. Although some of these reform efforts were successful, others faced many challenges and did not meet expected outcomes. This essay is divided into three sections; Section "Jordan: Brief Historic and Economic Backgrounds" is a brief history of Jordan and its economy. Section "Phases of Financial Reforms" reviews the phases of financial reforms in Jordan. Finally, section "Challenges in Implementing Financial Reforms" summarizes the challenges of financial reform.

## Jordan: Brief Historic and Economic Backgrounds

Jordan is a small country that is located in the Middle East and shares borders with Iraq to the northeast, Israel and West Bank to the west, Syria to the north, and Saudi Arabia to the south. The country is also strategically situated in Western Asia near to Africa and European crossroads. Before becoming an independent state in 1946, Jordan was a mandate of the British Empire which was the primary supplier of the budget until 1957 (Pillai 1982).

Unlike most other countries in the MENA region, Jordan is a small- and lower-middle-income country with few natural and financial resources. It also suffers from a limited size of its domestic market, a dominance of agriculture sector, high rates of population growth, unemployment, and poverty (Bader and Magableh 2009; Pillai 1982). This condition of economic scarcity has made the country rely on external resources to finance the economic development process and manage the continuing budget deficits. These resources include borrowing, foreign aid, remittances from Jordanians working abroad, and economic interactions with the regional countries (Bader and Magableh 2009; Saif and Omet 2005).

Jordan's dependence on borrowing and foreign aid dates back to the early days of the state. These foreign suppliers have changed significantly from the United Kingdom up until 1957 to the United States starting in 1958. After the regional oil boom of the 1970s, Jordan started getting more financial aid from some wealthy Arab countries such as Saudi Arabia and Kuwait. This in return helped in raising foreign aid from 26 per capita in 1967 to 257 per capita in 1976 (Bader and Magableh 2009; Harrigan et al. 2006).

In addition to the high level of Arab aid, the oil revolution opened the door to Jordanian's workers to access Gulf labor markets. It was estimated that nearly one third of the Jordanian's labor force was working in the Gulf by the early 1980s (Harrigan et al. 2006). These job opportunities boosted Jordan's economy through the official remittances which constitute a large percentage of the gross domestic production (GDP) (Ryan 1998; Saif and Omet 2005). The oil boom also increased the demands of Jordanian exports to the countries in the region; almost half of the country's exports were with the MENA region especially Iraq which was the main market for the Jordanian exports (Harrigan et al. 2006; Saif and Omet 2005). During that period, Jordan achieved one of the highest world GDP growth at an annual average of 11.6% in real term (Kanaan and Kardoosh 2002; Saif and Omet 2005).

Unfortunately, this economic growth that the country witnessed during the 1970s started to decline in 1983; this is because of the drop in oil price, which led to a deterioration in Arab aid and Jordan's exports. Moreover, the Jordanian workforce in the Gulf was sent home, and this in return led to a decline in their remittances. All these changes in the external environment caused the country to enter an economic recession. The country's economic indicators showed a structural imbalance in its macroeconomics; the Jordanian dinar fell from 3 dollars in 1988 to one and a half Dollars in 1990, and the unemployment rates increased as a result of low rates in economic growth. Moreover, the country witnessed some serious problems in its balance of payment and a decline in the central bank's reserves caused by the government's internal borrowing which, in turn, led to an increase in the fiscal deficit. Therefore, the Jordanian government resorted to external borrowing from international institutions such as the International Monetary Fund (IMF) to counter its budget deficits, compensate the fall in foreign reserves, and finance its economic development (Al-Refai 2015; Kanaan and Kardoosh 2002; Ramachandran 2004; Saif and Omet 2005). However, this assistance from international creditors was not without any conditions forced in exchanging the loans (Ryan 1998).

## Phases of Financial Reforms

Since 1989, Jordan has been on a journey of financial reforms as a part of its economic adjustment programs. Most of these programs

were guided by the International Monetary Fund (IMF) and supported by the World Bank in order to decrease public debt and budget deficit. They wanted to increase Jordan's ability in responding to the external environment changes and to ensure stability and economic growth. Based on IMF recommendations, the Jordanian government took several reform steps on both sides of the budget, expenditures and revenues, such as initiating some tax reform effort and reducing subsidies, as well as privatizing a number of public entities (Alam et al. 2017; Andoni and Schwedler 1996; Harrigan et al. 2006; Ryan 1998). These reforms were implemented in different phases.

The first reform effort was made during the government of Prime Minister Zaid al-Rifai in Mach of 1989. When the government was unable to pay its loan, it was forced to ask for help from the IMF and the World Bank in the form of loans and grants. On their part, these two creditors agreed to provide Jordan with approximately $225 million on a condition that the government implements an austerity plan (Ryan 1998). Therefore, a number of fiscal decisions were made on the side of public expenditures. The government lifted the petroleum subsidies and increased the prices for several goods such as cigarettes and hard and soft beverages. The government also froze public sector wages, salaries, and jobs (Andoni and Schwedler 1996; Harrigan et al. 2006; Ryan 1998; Wils 2004). However, this reform was faced by public opposition and brought on a lot of chaos within the country.

The second phase of financial reforms was implemented in 1994 under the government of Abdulsalam al-Majali. This reform effort was considered as one of the major steps that the government took in the 1990s to improve its financial situation. It was focused on improving the domestic revenue by introducing the general sales tax (Andoni and Schwedler 1996; Wils 2004). The law was passed with a 7% tax rate, and then it was increased to 10% in 1995 (Wils 2004). After that, the law was amended several times up until the tax rate stood at 16% in 2003 (Al-Shawabkah 2010).

In 1996, another major reform of Jordan's fiscal policy was made. This is when the government concentrated again on public expenditures by lifting the bread subsidies. The Jordanian government used to sell wheat, barley, flour, and bread at a subsidized price; in 1995 the number of governmental subsidies for the wheat product alone was $147 million (Andoni and Schwedler 1996; Ryan 1998). However, after the unexpected rise in the international wheat price from $175 to $280 per ton in 1995, the government of the Prime Minister Abdul Karim al-Kabariti had to make a hard financial decision that targeted bread subsidies (Ryan 1998). The government explained its decision by stating that maintaining wheat subsidies will dramatically increase the budget deficit (Andoni and Schwedler 1996). Within a few days of the government's decision, the prices of wheat products more than doubled, resulting in violent riots that were sparked first in Al-Karak city and then spread across the country. As a result, the government decided to support the citizens in order to compensate for the additional burden of the raised subsidies (Andoni and Schwedler 1996; Ryan 1998). These offsetting measures were provided to each eligible household as a subsidy of $ 1.80 per person per month (Andoni and Schwedler 1996).

It is worth mentioning that the Jordanian dinar was pegged to the US dollar in 1995. Although this decision was not part of the IMF agreement, the government saw it is an important step to protect the dinar and to avoid a currency crisis similar to what happened in 1989 (Harrigan et al. 2006). Today the exchange rate is fixed at approximately 0.709 dinar per dollar.

In order to attract more foreign investment and minimize the role of the state in economic activities, the Jordanian government adopted privatization, under pressure from IMF, as a policy that generates a structural change and directly boosts the budget (Shahateet et al. 2014; Wils 2004). Although the government started selling few of its shares in some public companies in 1989 such as Ma'in Hot springs and the InterContinental hotel, privatization officially began in Jordan when the government sold its shares in the Cement Company in 1998 and 40% of its

stocks in the Telecommunication Company in 1999 (Wils 2004). The privatization process, then, was accelerated after passing the privatization law in 2000, and the government sold 34 out of 40 of the state-owned enterprises (SOE) in different sectors by the mid of 2002 (Harrigan et al. 2006).

In 2000, the country witnessed an economic growth at a yearly rate of 4% (Saif and Omet 2005). Unfortunately, this growth did not last long and started to decline in 2004 as a result of the 2003 US-Iraq war. Iraq was the main market for Jordan's exports and the main supplier of crude oil at highly concessionary prices. The collapse of the Iraqi's regime led to an increase in the Jordanian budget deficit and external debt (Harrigan et al. 2006). The deficit jumped from 119 million JD in 2000 to 977 million JD in 2005, and the external debt rose from 5,043 million JD in 2000 to 5,056 million JD in 2005 (Shahateet et al. 2014). Moreover, the price of crude oil increased sharply resulting in a rise in the cost of energy subsidies. Therefore, the government had no choice but to implement more fiscal reforms that focused mainly on the graduate removal of the fuel subsides and liberalizing the energy sector over a period of 3 years. The first stage was in 2005 when the government increased the prices of petroleum products ranging from 10% for gasoline to 35% for power and industry. The second increase in the fuel prices was in April 2006, and the final stage to eliminate energy subsidies was in 2008 when most of these subsidies were removed (Fattouh and El-Katiri 2012).

At the end of 2008, the performance of the economy declined dramatically due to the global financial crisis. This downturn had a negative effect on both tax revenues and external aids, resulting in declining public expenditures and introducing more financial reforms (Alam et al. 2017). The government, then, approved two tax laws in 2009, a new Income Tax Law (No. 28) and an amended Sales Tax (No. 29) (Shahateet et al. 2014).

Despite the success of the subsidies elimination plan, the government decided, in 2011, to reverse some of its reform efforts due to demonstrations against rising unemployment and cost of living. This was also combined with the sparking of the Arab Spring in 2010 (Fattouh and El-Katiri 2012). However, the government resumed the implementation of eliminating fuel subsides in 2012. Moreover, electricity tariffs increased starting in June 2012 and have reached up to 15% for selected consumers.

As a part of the three plans with the IMF, the government of Hani AL-Mulki increased the sales tax rate, removed bread subsidies, and submitted a draft for new tax law that caused nationwide protest, resulting in the resignation of the government. More recently, the current government pushed ahead and approved the new tax bill after a series of amendments that protect the poor and middle class.

## Challenges in Implementing Financial Reforms

Jordan's efforts in financial reforms were not easily accomplished, and they came with social and political costs. A number of challenges make the implementation and efficiency of these reforms a difficult task. One set of challenges relates to the socioeconomic impact of reforms. There is no doubt that poverty is considered one of the most critical issues that face the state alongside unemployment. Therefore, policymakers must be careful and strike the right balance between financial returns and compensation levels. However, some of these fiscal reforms imposed cuts in socially sensitive spending (food and petroleum subsidies) that people benefit from. The lifting of subsidies combined with price increases doubled the burden on the poor. Moreover, the fiscal reform included freezing all recruitment in the public sector which is considered to be one of the largest absorbers of the workforce. This resulted in reducing job opportunities for the increasing number of graduates (Nazzal 2005). Therefore, there were strong domestic oppositions to the government austerity plan from the population who have suffered from high poverty and unemployment rates. This public anger was translated in terms of riots like

what happened in 1989 and 1996 (Wils 2004), and lately, mass protest against tax increase led to pushing out the government of Hani Al-Mulki.

Another major challenge facing the financial reform in Jordan has to do with political instability. The country is situated in a volatile and complex region, and its economy is closely related to some countries in the region. Over the three past decades, Jordan's economy and fiscal reform were vulnerable to the regional political circumstances, starting with the Gulf War that took place at the beginning of the 1990s (Harrigan et al. 2006) to the 2003 US-Iraq war and, lately, the Arab Spring that sparked in 2010 and the influx of Syrian refugees (Alam et al. 2017). These events through the years have placed additional internal and external pressures that necessitate further change and reform to enable the Kingdom to respond adequately to these changes and to ensure stability and economic growth.

Additionally, powerful economic networks within the country have also been a challenge. According to Wils (2004), the private sector elite have a huge effect on the fiscal reforms in Jordan; they manipulate these policies and redistribute public revenues and goods in ways that protect their privileges. These business elites, in addition to some senior civil servants, collaborate to stop or even postpone most of the financial decisions that are threatening their social status and privileges.

## Conclusion

Reaching the end of this discussion, it is clear that Jordan has a long history with financial reforms going all the way back to 1989. Over the past three decades, the government of Jordan collaborated with both the IMF and the World Bank to reduce budget deficit and public debt, ultimately wanting to achieve financial and economic stabilization. These reforms were implemented in different phases; some of them were successful, while others did not achieve their goals. In order to secure the IMF loans, the governments of Jordan throughout the years have made dramatic decisions such as eliminating bread and petroleum subsidies, increasing taxes, and freezing all jobs, salaries, and wages. However, most of these decisions encountered public opposition and brought a lot of chaos. In order to survive and robustly confront the challenges they encounter, Jordan must review the implementation of IMF's programs and set national economic plans that don't neglect the sociopolitical dimension of the reform. The government is also called upon to step up and strike the right balance between financial returns and the growing demands of their citizens. It also should learn from the experience of other countries in terms of economic and financial growth.

## Cross-References

► Financial Analysis

## References

Alam SA, Inchauste G, Serajuddin U (forthcoming). The Distributional Impact of Fiscal Policy in Jordan. In G Inchauste and N Lustig (eds), The Distributional Impact of Fiscal Policy: Experience from Developing Countries. Washington, DC: World Bank

Al-Refai M (2015) Debt and economic growth in developing countries: Jordan as a case study. Int J Econ Financ 7(3):134–143

Al-Shawabkah IK (2010) Sales tax law in Jordan: questions of legality and propriety. Arab Law Q 24(2):209–224

Andoni L, Schwedler J (1996) Bread riots in Jordan, Middle East Report, No. 201, Fall pp 40–41

Bader M, Magableh IK (2009) An enquiry into the main determinants of public debt in Jordan: an econometric study. Dirasat Adm Sci 36(1):181–190

Fattouh B, El-Katiri L (2012) Energy subsidies in the Arab world (Arab Human Development Report, Research Paper Series), United Nations Development Programme, Regional Bureau for Arab States, New York, NY.

Harrigan J, El-Said H, Wang C (2006) The IMF and the world bank in Jordan: a case of over optimism and elusive growth. Rev Int Organ 1(3):263292

Kanaan T, Kardoosh M (2002) The story of economic growth in Jordan: 1950–2000. Amman, October

Nazzal M (2005) Economic Reform in Jordan: An Analysis of Structural Adjustment and Qualified Industrial Zones. Available online at: www.lawanddevelopment.org/docs/jordan.pdf [Accessed 20 Dec 2016]

Pillai V (1982) External economic dependence and fiscal policy imbalances in developing countries: a case study of Jordan. J Dev Stud 19(1):5–18
Ramachandran S (2004) Economic development in the 1990s and world bank assistance. The World Bank Operations Evaluation Department Jordan. Retrieved October, 15, 2016
Ryan CR (1998) Peace, bread and riots: Jordan and the international monetary fund. Middle East Policy 6:54–55
Saif I, Omet G (2005) The fiscal impact of aid in the case of the Jordanian economy. Paper presented at the Economic Research Forum 12th Annual Conference, 19–21
Shahateet MI, Al-Habashneh F, Al-Majali KA (2014) Budget deficit and external debt in Jordan: causality and co-integration analysis. Int J Econ Financ 6(8):268–277
Wils O (2004) From negotiation to rent seeking, and back? Patterns of state-business interaction and fiscal policy reform in Jordan in S Heydemann (Ed) Networks of privilege in the Middle East: the politics of economic reform revisited (Palgrave Macmillan, New York)

# Financial Reporting

Mark Christensen
ESSEC Business School, Cergy, France

## Synonyms

External accounting; (Loose) annual reporting

## Definition

Financial reporting is the process by which goal-seeking organizations provide an external audience with accounting reports on the organization's financial performance, financial position, and its sources and uses of cash with respect to a defined financial period or at the end of a financial period.

## Introduction

Financial reporting is one of the core functions of accounting in all goal-seeking organizations, including public sector organizations. Accounting is a fundamental contributor to management and operation of organizations together with other functional tasks such as marketing, human resources management, legal services, information technology, and so on. The function of accounting can in turn be classified into two main categories: management accounting and external accounting which in turn consists of preparation of financial statements and reporting of same. In this entry, the following issues are considered in their public sector contexts: purposes and boundaries of financial reporting, relationships with other aspects of the accounting function, the performativity of financial reporting, and recent trends in public sector financial reporting.

## Purposes and Boundaries of Financial Reporting

The purposes of financial reporting are best considered with two different but related lenses: first, what regulatory constraints shape the reports? And second, what are the information needs of the audience of public sector financial reports? However, in both, it is important to begin with the realization that the distinguishing feature of all public sector financial reporting, as opposed to private sector reporting, arises from "the principle of *democratic control over the use of funds*, made critical by the coercive ability of governments to raise finance through taxation" (Pallot 1992, p. 39). That principle directs financial reporting to both an accountability purpose and a user's need for decision-useful information while providing an orientation that is necessarily different to a private sector organization's financial reporting.

The regulatory framework can be different across each sovereign government or each level of government (such as local or regional government within a sovereign nation's system of constitutional arrangements). Nevertheless, an important feature of financial reporting is that it exists within a regulatory framework with some degree of compulsion over the reporting agency

(Barton 2005). Frequently in a public sector context, that compulsion is exerted through a public shaming of agencies that do not comply with the reporting regulations. Typically, a Supreme Audit Institution is constituted within administrative or regulatory frameworks so as to conduct audits of public sector financial statements and their compliance with the prevailing regulatory framework. Audit findings of noncompliance can have deleterious impacts on politicians' and administrators' reputations and have been shown to have significant impact (Radcliffe 1997; Skærbæk and Christensen 2015). This feature of financial reporting makes it distinct from management accounting where internal users, such as managers, have greater flexibility as to format, timing, and content of the reports they produce for internal, confidential purposes. While the financial reporting regulatory framework will vary from nation to nation, it frequently has the same underlying principle: in attaining its various powers such as the right to levy taxes and to expend funds, democratic governments also necessarily acquire accountability obligations. Thus, the regulatory lens from which to view financial reporting frequently invokes an accountability purpose as was noted as early as 1987 when the Governmental Accounting Standards Board of the USA stated: "Accountability is the cornerstone of all financial reporting in government" (1987, quoted by Pallot 1992, p. 40).

The second lens with which to consider public sector financial reporting is constituted by the needs of the audience. Interestingly, the official pronouncements on users of public sector financial reports focus primarily on citizens and taxpayers with a "need to know" (hence the concept of accountability as discussed above within a regulatory reporting framework) or a need to make decisions (hence a decision-usefulness purpose for the financial reporting). The most comprehensive pronouncement on these matters is found within the International Public Sector Accounting Standard Board's (IPSASB) Conceptual Framework and the body of International Public Sector Accounting Standards (IPSAS) (IPSASB 2016). The IPSAS's have increasingly become a point of standardization (Aggestam-Pontoppidan and Andernack 2016) even though they do not hold any force of compulsion (Manes-Rossi et al. 2016). After significant effort, IPSASB (under the auspices of the International Federation of Accountants) has developed the standards to a point where they constitute a coherent body aimed at improved financial reporting by governments and their agencies. Fundamental principles which elaborate reporting are provided within the IPSAS's, and they include a rationale underlying the preparation of financial statements, definition of a going-concern assumption, consistency of presentation and classification, accrual basis of accounting, and aggregation and materiality.

For quite some time, it has been recognized that an accountability frame may be incompatible with a decision-usefulness frame (Ijiri 1983). While decision-usefulness as a reporting paradigm has been on the ascendancy since the 1970s (Coy and Dixon 2004), there is little empirical evidence as to whether citizens use financial reports. In fact, the empirical evidence that is available leaves open the conclusion that public sector financial reports are used mostly by "internal users" (Coy et al. 1997; Steccolini 2004; Christensen and Skærbæk 2007) without much usage by external users (Mack and Ryan 2006) unless there is a financial market attached to individual entities such as debt-issuing governmental agencies (Hay and Antonio 1990). Steccolini (2004, p. 328) goes further to note that public sector financial reports are "seemingly used to discharge accountability to 'internal' users, even if it is not clear if they are actually read. At the same time, they have no significant role in communicating to external users."

## Relationships with Other Aspects of the Accounting Function

Given the disappointing empirical evidence regarding uses of public sector financial reporting, it faces a dilemma regarding its content. That dilemma is primarily around the relative content of the financial information to be reported – as

opposed to nonfinancial information that may also be reported. In large part the resolution of that dilemma is provided in the regulatory frameworks noted above, but it is also influenced by prevailing accounting profession reporting standards and pronouncements. Where nonfinancial data is to be reported, it is typically classified as being relevant to the outputs and/or outcomes of the relevant public sector performance being reported upon; for example, the numbers of hospital patients treated in hospitals provided by the Department of Health; the extent of repeat offending by citizens who had previously been sentenced to a period of incarceration for past criminal offenses as administered by the Department of Justice; and the quality of air impacted by an environmental protection program administered by the Department of Environment. Each of those examples of outputs or outcomes necessarily requires the consumption of financial resources, and so the cost element of the data will be captured in the relevant agency accounting system. Nevertheless, the recording of outcomes can be very controversial and with political consequences. Awareness of those possible consequences has been shown to have an impact on reporting agencies and auditors (Radcliffe 2008), and so it is a paradoxical finding that public sector financial reports lack strong use by citizens yet the fact that the reports are made available to the public can influence the readiness of public sector agencies to disclose information.

In addition to the relationship of financial reporting to nonfinancial information, there is a relationship with management accounting. As noted by many public sector accounting scholars, management accounting information on cost allocation and cost behavior will influence financial reports although much of that relationship can be mediated by the production of consolidated, whole-of-government reports where inter- and intra-agency transactions are eliminated. Where agency reports are the unit of analysis, the relationship of management accounting and financial reporting is one of symbiosis since the one both depends on, and influences, the other. While it can be said that financial reporting and management accounting are "attached at the hip" by the chart of accounts (in that classification of transactions influences both management accounting and the financial reports), a stronger more powerful relationship emerges from the nature of accounting as a representation of something. The representation presented by accounting is only one of a multitude of possible representations, yet the power of the single representation (Hines 1988) has been shown to preclude most other representations. Ideas, words, and numerical inscriptions contribute to the construction of the reality they describe. They are both outside the reality they describe, and yet at the same time they construct that reality by acting on it. That observation leads to a body of research directly connected to financial reporting (as well as other aspects of accounting) in that it links the humans who prepare reports and the humans who react to those reports – either knowingly or otherwise. As a general concept, this link can be discussed as part of the performativity of financial reporting.

## Performativity of Public Sector Financial Reporting

Performativity refers to an ability for statements, numbers, or other inscriptions to create reality. As an example of performative language, an absolute monarch could create reality such as removing a citizen's nationality by simply making a pronouncement to that effect; the pronouncement creates the reality that the individual is ostracized and henceforth a persona non grata (no longer a citizen). The performativity thesis (MacKenzie 2006) regarding accounting is that accounting numbers do not simply represent a past reality, but they may shape the future reality. An instance may be where a nation provides a consolidated financial statement which indicates a solvency problem which in turn causes markets to restrict debt funding and so worsen solvency. Although performativity has been ascribed to management accounting and interaction of accounting with strategic action on an organizational level, it is also apparent that financial reporting possesses a performativity of its own. Instead of being mere signs of the past, financial reports can be signals of

the future, and they can also be signals as to motivations of the reports' preparers (Vollmer 2016).

There is controversy in the performativity argument around how financial reporting moves from being a camera (or a sign) to being a machine (or a signal). First, it runs counter to the functionalist view of accounting as a passive device without social consequences. Such a view might argue that the actions of actors who have considered the financial reports are not passive but that the accounting system producing those reports is a function without social consequences. Further, performativity as a thesis needs empirical support; such support is now present in the management accounting literature, but if public sector financial reports are not used by external users, is it possible to argue a performativity consideration? Performativity theory has been persuasive in regard to explanations of carbon trading, Black-Scholes valuation of options, Results-Based Accountability, and risk management within reporting entities. However, the performativity of public sector financial reports remains to be fully explored by researchers. Nevertheless, recent trends in public sector financial reporting, briefly discussed next, point toward further justification to incorporate performativity in research projects aiming to better understand public sector financial reporting.

## Recent Trends in Public Sector Financial Reporting

Internationally, public sector financial reporting has been subject to widespread change. Since the advent of a suite of public sector reforms frequently referred to as "New Public Management" (NPM) (Hood 1995), accounting technologies have been characterized as enabling various reforms. Accounting information has frequently underpinned decision making analyses of reforms such as outsourcing, privatization, purchaser-provider intergovernmental relations, performance-based remuneration, performance budgeting, decentralization, market-based pricing, corporatization, balanced scorecard reporting, and similar changes. While reform at an organizational level has relied on management accounting information, it is at a macro-level of broad policy level that financial reporting has been relevant. That is, issues of indebtedness, asset management, intergenerational equity, intergovernmental financial transactions, and associated system-wide matters have drawn data from published financial reports. Within that general trend, it is possible to discern four major changes to public sector financial reporting: first, a move to private sector influenced accrual-based accounting (Barton 1999) as a replacement of cash-based accounting or as an additional set of information; second, a movement toward harmonization of public sector accounting standards initially on a basis that seemed to be global but more recently with regional bases; third, a tendency to expand the degree of non-accounting data such as performance data and managerial commentary to complement more traditional accounting data as found in the financial statement; and, fourth, a tendency to produce consolidated whole-of-government financial reports.

The most profound, and still largely unresolved, change in public sector financial reporting has been the move to accrual accounting. The importance of that change has been a shift from an expenditure basis of governmental accounting to capitalization and amortization of certain long-term assets, but as noted by Buhr (2012, p. 188): "many governments actually went through a cash, modified cash, modified accrual, accrual transition process." While that transition has been cemented via the non-compulsory body of IPSAS's, there is a large literature which can be best characterized as evidencing a discrepancy between practitioners and academics with respect to accrual accounting (Hassan 2013). An initial study of 130 contributions published between 1981 and 2005 showed that after implementation of accrual accounting in an early adopter jurisdiction, the volume of articles authored by practitioners waned, while the volume of articles authored by academics increased in number (Christensen 2007). Hassan (2013) has duplicated Christensen's earlier study with a longer period

of analysis (1980–2012) and confirmed a marked difference of opinion between academics and practitioners regarding various aspects of accrual accounting when applied to the public sector. The meta-analysis provided by Christensen (2007) and Hassan (2013) is useful in that it is clear demonstration that the trend to accrual accounting has some way to travel before stability and consensus is achieved. In fact it is important to acknowledge that changes in public sector financial reporting (and other aspects of accounting more broadly) have been the result of reforms in individual countries rather than compliance with a "trend" toward a common goal (Brusca et al. 2015).

Public sector accrual accounting and the other three trends noted above have significant implications for the purposes and boundaries of financial reporting in the public sector, and so the general topic of public sector financial reporting is likely be one of malleable future change.

## Conclusion

As publically available statements of financial performance, position, and uses of cash, public sector financial statements are positioned in an interesting conjunction of stability and change. Stability arises from the accounting craft, embedded in a longstanding profession with mostly unchallenged growing international importance. However, at the same time inevitable and relentless change is characterizing public sector financial reporting as recognition grows that accounting has a degree of performativity which means it is not just a passive representation of the past but instead is an active instrument in political and social change that potentially reaches into public policy settings. Similarly, the controversy continues as to who – if anyone – uses public sector financial statements and for what purposes. That controversy presents a challenge to the taken-for-granted premises regarding accountability and decision-usefulness that have previously been the foundations on which public sector financial reporting has been based.

## Cross-References


- ▶ Accounting for Public Debt and Deficit
- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Balanced Scorecard
- ▶ Cash Accounting
- ▶ Consolidated Accounts
- ▶ European Harmonization and EPSAS
- ▶ Financial Analysis
- ▶ Financial Statements
- ▶ Financial Sustainability
- ▶ Harmonization
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ National Accounts
- ▶ Service Charters
- ▶ Whole of Government Accounting


## References


Aggestam-Pontoppidan C, Andernack I (2016) Interpretation and application of IPSAS. Wiley, Chichester

Barton A (1999) Public and private sector accounting – the non-identical twins. Aust Account Rev 30(4):22–31

Barton A (2005) Professional accounting standards and the public sector – a mismatch. Abacus 41(2):138–158

Brusca I, Caperchione E, Cohen S, Manes-Rossi F (eds) (2015) Public sector accounting and auditing in Europe: the challenge of harmonization. Palgrave Macmillan, London

Buhr N (2012) Accrual accounting by Anglo-American governments: motivations, developments, and some tensions over the last 30 years. Account Hist 17(3): 287–309

Christensen M (2007) What we might know (but aren't sure) about public sector accrual accounting. Aust Account Rev 17(1):17–26

Christensen M, Skærbæk P (2007) Framing and overflowing of public sector accountability innovations: a comparative study of reporting practices. Account Audit Account J 20(1):101–132

Coy D, Dixon K (2004) The public accountability index: crafting a parametric disclosure index for annual reports. Br Account Rev 36(1):79–106

Coy D, Dixon K, Buchanan J, Tower G (1997) Recipients of public sector annual reports: theory and an empirical study compared. Br Account Rev 29:103–127

Hassan, M (2013) Debates on accrual accounting in the public sector: a discrepancy between practitioners and academicians. The Seventh Asia Pacific Interdisciplinary Research in Accounting Conference, Kobe. 26–28 July 2013

Hay LE, Antonio JF (1990) What users want in government financial reports. J Account :91–98
Hines RD (1988) Financial accounting: in communicating reality, we construct reality. Acc Organ Soc 13(3):251–261
Hood C (1995) The "New Public Management" in the 1980's: variations on a theme. Acc Organ Soc 20(2/3):93–109
Ijiri Y (1983) On the accountability-based conceptual framework of accounting. J Account Public Policy 2: 75–81
International Public Sector Accounting Standard Board's (IPSASB) (2016) Handbook of international public sector accounting pronouncements. IFAC, New York
Mack J, Ryan C (2006) Reflections on the theoretical underpinnings of the general-purpose financial reports of Australian government departments. Account Audit Account J 19(4):592–612
MacKenzie D (2006) An engine, not a camera: how financial models shape markets. The MIT Press, Cambridge, MA/London, pp 1–377
Manes-Rossi F, Cohen S, Caperchione E, Brusca I (2016) Introduction: the Gordian knot of public sector accounting and the role of the International Public Sector Accounting Standards. Int Rev Adm Sci 82(4):718–723
Pallot J (1992) Elements of a theoretical framework for public sector accounting. Account Audit Account J 5(10):38–59
Radcliffe VS (1997) Competing rationalities in "special" government audits: the case of NovAtel. Crit Perspect Account 8(4):343–366
Radcliffe VS (2008) Public secrecy in auditing: what government auditors cannot know. Crit Perspect Account 19(1):99–126
Skærbæk P, Christensen M (2015) Auditing and the purification of blame. Contemp Account Res 32: 1263–1284
Steccolini I (2004) Is the annual report an accountability medium? An empirical investigation into Italian local governments. Financ Account Manag 20(3):327–350
Vollmer H (2016) Financial numbers as signs and signals: looking back and moving forward Economic. Sociology 17(2):32–38

# Financial Statements

Sandro Fuchs
Zurich University of Applied Sciences, Winterthur, Switzerland

## Synonyms

Financial reporting; General purpose financial reports; General purpose financial statements

## Definition

### Financial Statements

Financial information to provide a wide range of users with information useful for decision-making and to demonstrate accountability of the entity for resources entrusted to it.

## Introduction

The increasing global shift towards accrual accounting systems has clearly affected financial reporting practices in various countries and on different governmental levels. Together with these developments, the extent, purpose, and presentation of financial statements have changed in the past decade. The most important facilitator for these accounting reforms has probably been the promulgation and implementation of the International Public Sector Accounting Standards (IPSAS). IPSAS is the only generally accepted international accounting standard for public sector entities at the moment. The adoption of IPSAS can be therefore referred to as good practice. Many developed and developing countries or international organizations, including the United Nations and the Commission of the European Union, have implemented IPSAS. The recent completion of the IPSAS Conceptual Framework (IFAC 2015a) in 2015 established the concepts that underpin general purpose financial reporting by public sector entities, which adopted the accrual basis of accounting and it is an important step and prerequisite forward towards the continued global dissemination of IPSAS. Although the European Union is currently working on their own set of accounting standards – the European Public Sector Accounting Standards (EPSAS) – they remain far from issuing a final set of standards. Therefore, the IPSASs provide the most important reference point for preparing this chapter.

Following this introduction, this chapter will first focus on the general purpose financial statements as described and governed in IPSAS. Thereby, the relevance, importance, and constraints of general purpose financial statements

will be discussed, before considering the different components of general purpose financial statements more comprehensively. The presentation of financial statements in selected European countries will be the second step in this chapter. Finally, the key aspects with respect to general purpose financial statements are summarized.

## General Purpose Financial Statements

General purpose financial statements are considered to be a central component of general purpose financial reports (GPFRs) by governments and other public sector entities. Although one can easily understand that financial reporting mainly focuses on the presentation of financial statements, this does not automatically answer the "general purpose" of financial statements. Therefore, three main issues need to be addressed: What are general purpose financial statements there for, i.e., what is their main purpose? Who are the users which eventually base their decision on them? Which principles and characteristics shall these statements follow in order to achieve their purposes? The recently finalized IPSAS CF provides an important source to answer these three distinct questions. As discussed in other chapters of this book, IPSAS can be considered as international good practice in the area of public sector financial reporting and therefore represents a crucial reference to discuss the relevance, importance, and constraints of general purpose financial statements.

The first two issues will be considered together, as they heavily rely on each other. The objective of financial reporting by public sector entities and, as a main component, general purpose financial statements are to provide information about the entity that is useful to users for accountability and decision-making purposes. The purposes of financial statements are therefore determined by reference to the users and their information needs (IFAC 2015a, 1.4). It is therefore necessary in a first step to focus on the users of general purpose financial statements. Are these users the investors, the media, or perhaps the citizens? Basically, the right answer in the case of the IPSASs is: All of them. Consequently, the financial statements of public sector entities are developed for any general reader who does not have the authority to require the preparation of financial reports tailored to meet his own specific information needs. General purpose financial reports and statements must therefore be seen in contrast to special purpose financial reports and statements which are adjusted to meet specific information needs of specific user groups, as for example internal reports to mangers or special reports required by international organizations or rating agencies. Such reports do also not focus on budget preparation and authorization, as this would also constitute a special purpose only relevant for those parties involved (Bergmann 2008). The target group of such general purpose financial statements is thus a very broad one.

Governments and other public sector entities raise resources from taxpayers and other resource providers in order to provide public goods and services. These entities are accountable for the management and use of these resources for those that entrust them with these resources and to those that depend on public goods and services (IFAC 2015a, 2.3). Thus, the IPSAS CF defines two main distinct user groups of general purpose financial statements, namely, service recipients (primarily citizens) and resource providers (primarily tax payers, capital markets, donor agencies, international organizations). Both resource providers and service recipients (or those who expect to receive goods and/or services) as well as their representatives (any political or legislative bodies) require information for accountability or decision-making purposes (IFAC 2015a, 2.5). Consequently, general purpose financial reports and statements are developed primarily to respond to the needs of these two user groups. However, they may also provide information useful to other parties and for other purposes, such as government statisticians, analysts, the media, or lobby groups. While these parties may find the information in general purpose financial statements useful, they are however not considered to be the primary users (IFAC 2015a, 2.6).

For accountability and decision-making purposes, service recipients and resource providers

will need information that supports the assessments of such matters. In this context, it can be assumed the sole delivery of financial information in form of general purpose financial statements might not be enough to fully satisfy the information needs. The first and foremost objective of most public sector entities is to deliver services to the public, rather than to make profits and generate a return on equity to investors. As a result, the performance of such entities can be only partially evaluated by examining financial statements. Besides general purpose financial statements, GPFRs usually provide other types of reports which enhance, complement, and supplement the financial statements. Such reports may especially include nonfinancial information related to the range, volume, and cost of services provided during the reporting period. They can also include prospective information about the sustainability of the entity's service delivery and other operations over the long term. Although GPFRs traditionally include multiple reports to comprehensively meet user's information needs, financial statements can be considered a main and important source of information, which therefore justifies focusing more comprehensively on the objectives, qualitative characteristics, constraints, and components of general purpose financial statements.

GPFSs are a structured representation of the financial position, financial performance, and cash flows of an entity that shall support users in making a balanced decision about the allocation of resources. IPSAS 1.15 (IFAC 2015b) specifically outlines the main objectives:

(a) Providing information about the sources, allocation, and uses of financial resources
(b) Providing information about how the entity financed its activities and met its cash requirements
(c) Providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments
(d) Providing information about the financial condition of the entity and changes in it
(e) Providing aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency, and accomplishments

As described above, general purpose financial statements usually focus on retrospective information covering economic transactions which have taken place in the respective reporting period. However, general purpose financial statements can also take a prospective role, thereby encompassing information useful in predicting the level of resources required for or generated by continued operations including associated risks and uncertainties.

In order to achieve the main objectives, general purpose financial statements prepared and presented under IPSAS have to observe distinctive qualitative characteristics, which are outlined in chapter 3 of the IPSAS CF. All these qualitative characteristics build the core requirements of accrual-based accounting, aiming to present a faithful and comprehensive picture of government's finances. The qualitative characteristics apply to both historic and prospective information and explanatory information.

These qualitative characteristics assign responsibility to the reporting entity, which has to formulate and impose accounting policies ensuring that general purpose financial statements comply with those characteristics. The qualitative characteristics include two distinctive groups. A first group represents positive characteristics that will improve financial reporting when observed. These are (1a) relevance, (1b) faithful representation, (1c) understandability, (1d) timeliness, (1e) comparability, and (1f) verifiability. A second group imposes specific constraints on information included in general purpose financial reports/statements. These are (2a) materiality, (2b) cost-benefit, and (2c) balance between the qualitative characteristics. In practice, there is a constant trade-off between the characteristics of the two groups and not all qualitative characteristics may be fully met. As a result, depending on the particular case, a balance between certain characteristics is necessary.

So far, many crucial aspects of general purpose financial statements – such as their primary users and purposes as well as their qualitative

characteristics – have been discussed. What is missing, however, are the different components of general purpose financial statements, or to put it differently, the distinct instruments which shall be prepared according to IPSAS to encompass the relevant information in order to meet user needs and objectives. According to IPSAS 1.21 (IFAC 2015b), a complete set of financial statements comprises:

(a) A statement of financial position
(b) A statement of financial performance
(c) A statement of changes in net assets/equity
(d) A cash flow statement
(e) When the entity makes publicly available, its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements
(f) Notes, comprising a summary of significant accounting policies and other explanatory notes
(g) Comparative information in respect of the preceding period

The following sections do focus on the most important components of financial statements, both by explaining the core logic of these instruments and offering sample statements. However, the author refrained from an in-depth explanation of the budget comparison and the prospective information section, because other chapters of this book do focus more comprehensively on these issues. After all, a brief overview of the presentation of financial statement in European countries is given, as this chapter not only aims to shed light on the concepts of general purpose financial statements but also the practical application in a European context.

## Statement of Financial Position

The statement of financial position may also be referred to as a balance sheet. Table 1 provides a sample statement of financial position. It aims to present an entity's assets and liabilities at the end of a given reporting period, traditionally the 31st of December.

**Financial Statements, Table 1** Sample statement of financial position

| Public Sector Entity – Statement of financial position as at December 31, 20X2 (in thousands of currency units) | | |
|---|---|---|
| | 20X2 | 20X1 |
| **Assets** | ***X*** | ***X*** |
| **Current assets** | *X* | *X* |
| Cash and cash equivalents | x | x |
| Receivables | x | x |
| Inventories | x | x |
| Prepayments | x | x |
| Other current Assets | x | x |
| **Noncurrent assets** | *X* | *X* |
| Receivables | x | x |
| Investment in associates | x | x |
| Other financial assets | x | x |
| Infrastructure, property, plant, and equipment | x | x |
| Land and buildings | x | x |
| Intangibles | x | x |
| Other nonfinancial assets | x | x |
| **Liabilities** | ***X*** | ***X*** |
| **Current liabilities** | *X* | *X* |
| Payables | x | x |
| Short-term borrowings | x | x |
| Short-term provisions | x | x |
| Employee benefits | x | x |
| Superannuation | x | x |
| **Noncurrent liabilities** | *X* | *X* |
| Payables | x | x |
| Long-term borrowings | x | x |
| Long-term provisions | x | x |
| Employee benefits | x | x |
| Superannuation | x | x |
| **Net assets/equity** | ***X*** | ***X*** |

Source: Adapted from IPSAS no. 1, Presentation of Financial Statements, p. 210 (IFAC 2015b)

The IPSAS CF 5.14 (IFAC 2015a) defines an asset as *"a resource presently controlled by an entity as a result of a past event."* As such, assets are items with service potential or the ability to generate future economic benefits. In comparison to the private sector, assets may not only be held in order to generate future economic benefits but also with respect to their capacity to provide services that contribute to achieving the entity's objectives. Public sector assets that carry service

F

potential may include recreational, heritage, community, defense, and other assets which are used to provide services to third parties. However, resources may only be considered as an asset, if an entity has control over the resource, i.e., the ability to use the resource and to derive the service potential or economic benefit embodied in that resource, and if the resource has arisen from a past event, as for example through an exchange or nonexchange transaction. If a resource does not comply with these characteristics, an entity must not recognize an asset in the balance sheet.

According to the IPSAS CF 5.14 (IFAC 2015a), a liability *"is a present obligation of the entity for an outflow of resources that results from a past event."* A present obligation indicates that an entity has little or no realistic alternative to avoid an outflow of resources. Furthermore, to satisfy the definition of a liability, a present obligation must have arisen as a result of a past transaction or other event. If these characteristics are not met, an entity must not recognize a liability. For example, an entity may well recognize a provision for a past earthquake, if resource outflows are probable. However, an entity is not allowed to recognize a liability for a future earthquake. In the absence of a past event, this situation does not satisfy the definition of a liability.

As discussed above, the statement of financial position does present an entity's assets and liabilities. The residual value when comparing assets against liabilities is the net equity/assets. If assets exceed liabilities, net assets/equity is positive. However many public sector entities, also in the European context, may face a situation where liabilities exceed assets and therefore present negative net assets/equity (Rauskala and Fuchs 2012). Compared to the private sector, where negative equity levels might cause serious problems for an enterprise, public sector entities usually continue to exist, even under negative net assets/equity. Hence, in the public sector, negative net assets/equity may prevail over a longer period of time than in the private sector. However, even for public sector entities, it should be clear that negative net assets/equity levels indicate situations that are not economically feasible over a long period of time (Bergmann 2008).

IPSAS requires a distinction between current and noncurrent assets and liabilities. The term current refers to the fact, that both assets and liabilities are due to be settled within the next 12 months (IFAC 2015b, 1.76 and 1.80). These current assets include assets such as cash or cash equivalents, receivables, inventories, and accrued revenues. Current liabilities may include government transfers and some accrued expenses for employees and other operating costs. The noncurrent assets and liabilities however are to be seen in the context of longer-term resources such as property, plant and equipment, or obligations including borrowings or pension liabilities. The illustrated classification organizes financial information due to their urgency and priority in financial management. It therefore shall support the users of balance sheet information to better navigate and analyze financial data.

Compared to the corporate sector where balance sheet information is well developed and is considered to be an important source of information for decision-making, this is not generally the case for public sector entities where the implementation of accrual accounting has taken place only recently. However, recent developments such as the financial crisis, the growing worry of heavily indebted countries with more than 11 sovereign defaults in the past 10 years (The Economist 2014), the establishment and enforcement of the Maastricht criteria, and current discussions about adequate bailout strategies in Greece, combined with the international spread of accrual accounting reforms – also in many developing countries – have been triggering increased interest in balance sheet information.

## Statement of Financial Performance

From a user's perspective, the statement of financial performance is perhaps the most prominent and important source of information. Other names for the statement of financial performance are profit and loss (P&L) statement or statement of revenues and expenses. Table 2 presents a sample statement of performance, classified by function.

**Financial Statements, Table 2** Sample statement of financial performance (by function)

| Public Sector Entity – Statement of financial performance as at December 31, 20X2 (in thousands of currency units) | | |
|---|---|---|
| | 20X2 | 20X1 |
| **Revenue** | ***X*** | ***X*** |
| Taxes | x | x |
| Fees, fines, penalties, and licenses | x | x |
| Revenues from exchange transactions | x | x |
| Transfers from other government entities | x | x |
| Other revenue | x | x |
| **Expenses** | ***(X)*** | ***(X)*** |
| General public service | (x) | (x) |
| Defense | (x) | (x) |
| Public order and safety | (x) | (x) |
| Education | (x) | (x) |
| Health | (x) | (x) |
| Social protection | (x) | (x) |
| Housing | (x) | (x) |
| Culture | (x) | (x) |
| Economic affairs | (x) | (x) |
| Environment | (x) | (x) |
| Other | (x) | (x) |
| Finance Costs | (x) | (x) |
| Share of surplus of associates | x | x |
| **Surplus (deficit) of the period** | *(X)* | *X* |
| **Net assets at December 31, 20X1** | *X* | *X* |
| **Net assets at December 31, 20X2** | ***X*** | ***X*** |

Source: Adapted from IPSAS 1, Presentation of Financial Statements, p. 211 (IFAC 2015b)

The statement of financial performance reports revenues by nature and expenses either by function, nature, or organizational unit and – bottom line – the surplus or the deficit. The way how expenses are presented in the statement of financial performance depends on historical and regulatory factors and the nature of the entity. IPSAS requires the management to select the most relevant and reliable form of presentation, depending on the different types of entities (IFAC 2015b, 1.116).

As the statement of financial performance presents revenues and expenses, it makes sense to briefly discuss these two types of transactions. Revenues are defined as *"increases in the net financial position of the entity, other than increases from ownership contributions."* (IFAC 2015a, 5.29). Hence, any type of exchange (e.g., service fees) or nonexchange transactions (e.g., tax revenues) leading to an inflow of resources have to be considered as revenues. In contrast, expenses are characterized as "*decreases in the net financial position of the entity, other than decreases arising from ownership distributions"* (IFAC 2015a, 5.30). Expenses thus lead to a decrease in economic benefits or service potential in the form of outflows or consumption of assets or incurrences of liabilities that result in a decrease of the net assets/equity position.

It is important, however, to distinguish such inflows or outflows from owners, including those inflows that initially establish the ownership interest, and outflow of resources to owners in their capacity as owners from revenue and expense. Although ownership contributions might be less common in the public sector than in private markets, many public sector entities hold a substantial portfolio of public sector corporations or had to recapitalize private sector corporations during the financial crises.

## Statement of Cash Flows

The requirements of a cash flow statement and its structure are governed by IPSAS 2. It is obviously closest to the former cash basis of accounting and serves as a bridge between cash and accrual accounting (Bergmann 2008). The main purpose of the cash flow statement is to present the way cash and cash equivalents are generated and used. Hence, it identifies (a) the sources of cash inflows, (b) the items on which cash was expended during the reporting period, and (c) the cash balance as at the reporting date (IPSAS 2). This type of information cannot be comprehensively extracted from the balance sheet, as it only shows the cash level at the beginning and the end of the reporting period and thus giving no information regarding the reasons why cash levels have changed between two reporting dates. Also, the statement of performance is not fully satisfying the cash view, because it includes both, cash and noncash transactions. Hence, the IPSASs require all entities to present a cash flow statement in order to give users

an understanding of the timing and certainty of cash flows when making and evaluating decisions about the allocation of resources.

A sample statement of cash flow is given in Table 3. It comprises three different sections, namely, (1) the cash flows from operating activities, (2) the cash flows from investing activities, and (3) the cash flows from financing activities. The cash flow from operating activities may be determined by either the direct or indirect method, although the direct method is given priority in practice (although the indirect method is easier to adopt). Although all three individual sections provide important information on their own, it might be particularly useful for users to compare section (1), the cash flows from operating activities, with section (2), the cash flows from investing activities. A vast negative ratio gives rise to evidence that investment projects had to be primarily funded by external debt, which could negatively affect public sector debt levels in the future.

**Financial Statements, Table 3** Sample cash flow statement

| Public Sector Entity – Cash flow statement as at December 31, 20X2 (in thousands of currency units) | | |
|---|---|---|
| | 20X2 | 20X1 |
| **Cash flows from operating activities** (direct method) | ***X*** | ***X*** |
| Receipts | x | x |
| Taxation | x | x |
| Sales of goods and services | x | x |
| Grants | x | x |
| Interests received | x | x |
| Other receipts | x | X |
| Payments | (x) | (x) |
| Employee costs | (x) | (x) |
| Superannuation | (x) | (x) |
| Suppliers | (x) | (x) |
| Interest paid | (x) | (x) |
| Other payments | (x) | (x) |
| **Cash flows from investing activities** | ***(X)*** | ***(X)*** |
| Purchase of plants and equipment | (x) | (x) |
| Proceeds from sale of plants and equipment | x | x |
| Proceeds from sale of investments | x | x |
| Purchase of foreign current securities | x | x |
| **Cash flows from financing activities** | ***X*** | ***X*** |
| Proceeds from borrowings | x | x |
| Repayments of borrowings | (x) | (x) |
| Distribution/dividend to government | (x) | (x) |
| Net increase/(decrease) in cash and cash equivalents | *X* | *X* |
| Cash and cash equivalents at beginning of period | *X* | *X* |
| Cash and cash equivalent at end of period | ***X*** | ***X*** |

Source: Adapted from IPSAS 2, Cash flow statement, p. 239 (IFAC 2015b)

## Changes of Net Assets/Equity

Table 4 presents a sample statement of changes in net assets/equity. Changes of net assets/equity can occur basically because of different reasons. Obviously, one reason is the fact that the entity reports a surplus or a deficit. Under accrual accounting, this result is shown both in the statement of financial performance and the balance sheet. Such surpluses or deficits are then allocated to the net asset/equity or paid out as dividends, for example in the case of public sector corporations (Bergmann 2008). However, there are other transactions which can affect net assets/equity. There are valid reasons for such a booking, as for example contributions from owners such as share capital. Other (valid) reasons might include actuarial gains or losses of pension plans according to IPSAS 25 or the revaluation surpluses/losses of property, plant, and equipment according to IPSAS 17. Normally, however, all items of revenue and expense recognized in a period are included in surplus of deficit (IFAC 2015b, 1.100). Nevertheless, public sector entities might be tempted to recognize losses or gains directly in the statement of net assets/equity, thus avoiding their presentation in the statement of financial performance. In most cases, such bookings do not reflect a faithful presentation and is against accounting standards (Bergmann 2008).

## Notes

In order to analyze and interpret the numbers presented in the previously discussed face of the

**Financial Statements, Table 4** Sample of changes in net assets/equity

| Public Sector Entity – Changes of net assets/equity as at December 31, 20X2 (in thousands of currency units) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the controlling entity | | | | | | | |
| | Contributed capital | Revaluation reserves | Other reserves | Translation reserves | Accumulated surplus/(deficit) | Total | Minority Interest | Total net assets/ equity |
| Balance at 31 December 20X0 | X | | X | (X) | X | X | X | X |
| Changes in accounting policies | | | | | (X) | (X) | | (X) |
| Restated balance | X | | X | (X) | X | X | X | X |
| **Changes in net assets/equity for the year 20X1** | | | | | | | | |
| Revaluation gains on property, plant, and equipment | | X | | | | X | X | X |
| Loss on revaluation | | (X) | | | | (X) | (X) | (X) |
| Exchange rate differences on foreign operations | | | | X | | X | X | X |
| Actuarial gains/losses on post-employment benefits | | X | | | | X | X | X |
| Transactions recognized directly in net assets/equity | | X | | (X) | | X | X | X |
| Surplus/deficit for the period | | | | | X | X | X | X |
| **Total recognized changes to net assets/equity** | | **X** | | **(X)** | **X** | **X** | **X** | **X** |
| **Balance at 31 December 20X1** | **X** | **X** | **X** | **(X)** | **X** | **X** | **X** | **X** |
| **Changes in net assets/equity for the year 20X2** | | | | | | | | |
| Revaluation gains on property, plant, and equipment | | X | | | | X | X | X |
| . . . | | | | | | | | |
| **Total recognized changes to net assets/equity** | | **X** | | **(X)** | **X** | **X** | **X** | **X** |
| **Balance at 31 December 20X2** | **X** | **X** | **(X)** | **(X)** | **X** | **X** | **X** | **X** |

Source: Adapted from IPSAS 1, Presentation of Financial Statements, p. 214 (IFAC 2015b)

financial statements, it is necessary from a user perspective to have additional information in the so-called notes. Hence, IPSAS stipulates extensive minimum disclosure requirements in the notes, supplementing the disclosures required by individual IPSAS. According to IPSAS 1.127 (IFAC 2015b) the notes shall:

(a) Present information about the basis of preparation of the financial statements and the specific accounting policies used
(b) Disclose information required by IPSAS that is not presented elsewhere in the financial statements
(c) Disclose additional information that is not presented on the face of the financial statements but that is necessary for a faithful presentation

## Presentation of Financial Statements in Selected European Countries

This chapter not only aims to give background about the theoretical concepts of the financial statements but also about the practical application in European countries. Table 5 gives an overview about the presentation of financial statements in selected European countries at national level. Obviously, the presentation of financial statements stands in close relationship with the distinct reporting practices in different countries. Hence, countries which have adapted accrual accounting principles (10 out of 14) tend to present more comprehensive financial statements than countries which still follow modified accrual accounting principles (Germany, Greece, Italy, the Netherlands). It is not surprising, though that those countries which have already adopted IPSAS (Austria, Spain, Switzerland) present the most comprehensive set of financial statements.

Overall, it can be argued that the most common reported financial statements are the balance sheet, the statement of financial performance, and the notes to the financial statements. The cash flow statement and the statement of changes in net assets/equity are less commonly disclosed. Quite frequently, central governments also publish consolidated financial statements covering not only central government but also public sector corporations and/or local governments (e.g., Bergmann et al. 2015; Brusca et al. 2015; Grossi and Newberry 2009). It is therefore not surprising that there is a significant level of heterogeneity among the different European countries regarding their accounting systems and the presentation of financial statements. This heterogeneity would even be larger, if sub-national levels were to be analyzed as well. However, the continued move towards full accrual accounting practices and the increasing adaption of IPSAS on all governmental levels (not only in Europe) are likely to reduce the existing high level of heterogeneity in public sector financial reporting, thereby contributing to an

**Financial Statements, Table 5** Presentation of financial statements in selected European countries

| Issue/Country | AUT | BEL | DEN | FIN | FRA | GER | GRE | ITA | NED | POR | SPA | SWE | CH | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Accounting | A | A | A | A | A | MC | MC | MC/A | MC | A | A | A | A | A |
| Balance sheet | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | Yes | Yes |
| Statement of financial performance | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | No | Yes | Yes | Yes | Yes | Yes |
| Cash flow statement | Yes | No | No | Yes | Yes | No | Yes | No | No | Yes | Yes | Yes | Yes | Yes |
| Statement in changes in equity | Yes | No | No | No | No | No | Yes | No | No | Yes | Yes | No | Yes | Yes |
| Notes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

*A* Accrual Accounting, *MC* Modified Cash Accounting
Source: Adapted from Brusca et al. 2015, p. 239

increased inter(-national) comparability of financial statements.

## Conclusions

The main objective of this chapter was to draw attention to the general purpose financial statements, as described and governed in the IPSASs. The rationale behind general purpose financial statements is to provide general users with relevant information for accountability and decision-making purposes. Hence, the purposes of financial statements are therefore determined by the information needs of its users. In order to achieve this objective, general purpose financial statements prepared and presented under IPSAS have to observe distinctive qualitative characteristics and to present a complete set of financial statements, thereby integrating retrospective and prospective as well as financial and nonfinancial information. However, current reporting practices in different European countries show a vast heterogeneity with respect to the presentation of financial statements, both between countries and governmental levels. This heterogeneity still limits reporting transparency and imposes serious challenges for any users, from an accountability and decision-making perspective. Only a continuous development towards full accrual accounting practices combined with an increased adaption of IPSAS is likely to facilitate (inter-)national comparability in order to achieve the "general purpose" of financial statements, which is to be a relevant, useful, and faithful piece of information.

## Cross-References


- ▶ Consolidated Accounts
- ▶ Financial Reporting
- ▶ Fiscal and Financial Transparency
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Public Sector Accounting
- ▶ Whole of Government Accounting


## References


Bergmann A (2008) Public sector financial management. Prentice Hall, Harlow

Bergmann A, Grossi G, Rauskala I, Fuchs S (2015) Consolidation in the public sector: methods and approaches in organisation and for economic co-operation and development countries. Int Rev Adm Sci 0(0):1–21

Brusca I, Caperchione E, Cohen S, Manes Rossi F (eds) (2015) Public sector accounting and auditing in Europe. Palgrave Macmillan, London

Grossi G, Newberry S (2009) Theme: whole-of-government accounting: international trends. Public Money Manag 29(4):209–215

IFAC (2015a) IPSAS conceptual framework. IFAC, New York

IFAC (2015b) Handbook of international public sector accounting pronouncements. IFAC, New York

Rauskala I, Fuchs S (2012) Fokus auf die Bilanz. Schweizer Gemeinde 12(12):16–18

The Economist (2014) Usual suspects. The Economist, London


F

# Financial Sustainability


Manuel Pedro Rodríguez Bolívar
University of Granada, Granada, Spain


## Synonyms

Financial performance; Sustainability

## Related Terms of this Encyclopedia


▶ Accounting for Public Debt and Deficit; ▶ Budgeting and Austerity; ▶ Local Governments Debt


## The Definition of Financial Sustainability

Financial sustainability is understood as the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously.

## Introduction: The Sustainability Problem

"Sustainability" is a complex term (Aras and Crowther 2009) that comprises three main dimensions: environmental, social, and economic categories (GRI 2013). Nonetheless, the international situation of financial crisis has led to financial sustainability to become a key concept in public administration (Afonso and Jalles 2015), even more important than the other dimensions for public sector management (Afonso and Jalles 2015; Rodríguez Bolívar et al. 2014).

Indeed, the economic crisis has undermined the capacity of governments to continue provided public services, creating significant imbalances in economic growth in different regions (Méndez et al. 2015). It has spurred a demand for greater financial sustainability in public administrations, and these administrations have been pressured to provide higher quality financial information and maintain information transparency, so as to detect financial distress (Zafra-Gómez et al. 2009) and achieve sustainable financial balance (Burritt and Schaltegger 2010).

Although this pressure for financial sustainability has become relevant at any level of public administration, it is especially relevant at local governments because they are closest to the general public and support the greatest burden as far as public services are concerned.

In addition, the high volume of budgets managed at this level, the great variety of services provided (Sáiz 2011), and the present context of accumulated deficit and debt in large municipalities (Muñoz-Cañavate and Hípola 2011) render it necessary to analyze the capacity of local governments to continue providing services in the future. In fact, there exists a considerable consensus of opinion that the development of sustainability will not be met without the full involvement of local governments and of civil society (cf. Echebarria et al. 2009).

This situation has led leading international organizations to have pointed out the need for sustainability policies to be implemented (IFAC 2012; EU 2012a) in order to create the necessary conditions for achieving financial health and ensuring intergenerational equity (Cabaleiro et al. 2013).

Thus, the European Union (EU), for example, has issued recommendations linked to governmental solvency in terms of inter-temporal budget constraints (EU 2012a) and has called Member States to implement solid accounting systems in drawing up budget forecasts with the aim at producing high-quality, comparable statistics (EC 2011). Concretely, the Directive 2011/85/EU of the European Council of 8th November 2011 (EC 2011) stresses that improvements in public accounting practices, making them more comprehensive and reliable, are crucial to financial sustainability.

Other institutions, like the OECD (2015), have issued a detailed overview of institutional frameworks for financing public services due to the great relevance of these services. In particular, the OECD (2015) has issued some guidelines for Fiscal Sustainability of Health Systems, as public funds account for around three-quarters of total spending on health across the OECD. However, controlling public health expenditure growth is particularly difficult for budget officials.

In brief, global financial and economic crisis has led public administration to be aware of the need of financial sustainability policies to assure the future of the delivery of public services, some of them are perceived by citizens as a very high priority services. It has made to issue some guidelines regarding financial sustainability of public administrations. But, what does financial sustainability mean? How can it be measured? What incentives or risks factors could affect the achievement of financial sustainability in governments? These questions are dealt with in the following sections of this article.

## History and Implication of the Concept of Financial Sustainability

Although at its simplest, sustainability means making thing lasting, making them permanent and perdurable, what is being sustained can be an object of choice – an economy, a culture, an ethnic group, etc. (Pearce 1988). Focusing on the

public management field of knowledge, although several attempts have been made at formulating a definition of financial sustainability, this term is a fuzzy concept that is not used consistently within the literature or international bodies.

A first approach to the concept of financial sustainability could be associated to Hicks (1945). According to this economist (Hicks 1945), economic sustainability was included within the concept of income, this former being defined as the maximum amount that a person can consume during a period and still be as well-off at the end of the period as he was at the beginning.

Stavins et al. (2003) suggest that a broadly defined approach should be taken to sustainability, based on a growth that combines dynamic efficiency – measured on the basis of the difference between revenues and expenses – with future maintenance. Nonetheless, authors such as Pezzey and Toman (2002) have warned that it is also indispensable to have an understanding of the rights of future generations in this concept.

This way, one of the crucial issues pertaining to sustainability is that of intergenerational equity (World Commission on Environment and Development 1987), and it has been allied with the term "inter-period equity" (Stavins et al. 2003; IFAC 2015; Pezzey and Toman 2002). Based on this concept, the CICA (1997) and Stavins et al. (2003) indicate that sustainability can be defined as the ability of government to deliver services at present without compromising the ability to do so in the future.

In the field of public sector accounting, this concept is closely linked to the economic performance of local government, defined as the ability of the income it generates in any 1 year to cover the costs of delivering its services (GASB 1990). Therefore, in the last years, the financial sustainability concept has moved into the financial accounting system of public administrations.

This way, a first way of writing down the widest definition of sustainability is to look at the solvency condition for the general government through the government's inter-temporal budget constraint (European Union 2012a). This considers the ability of the government to meet the costs of its current and future debt through future revenues (European Union 2012a). It means that governments should generate financial independence – defined as the organization's ability to generate sufficient nonfinancial income to meet its nonfinancial budgetary obligations (Groves and Valente 2003) – in order to obtain future revenues to meet current and future debt.

Finally, recent international pronouncements (US Agency for International Development (USAID) 2011; European Union 2012a; European Commission (EC) 2011) have understood this concept as the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously.

In conclusion, the concept of financial sustainability has been linked to the concept of intergenerational equity or "inter-period equity," which means the need of rendering public services without compromising the ability to do so in the future (in direct form or in indirect form through the rise of the debt of the governmental entity). This meaning of financial sustainability has been moved into the public sector accounting system in different concepts such as solvency, fiscal distress, or, in the last years, financial sustainability measured by the adjustment of the income statement. In the next section, a method to measure financial sustainability is proposed.

## The Measurement of Financial Sustainability

According to IFAC (2013), long-term sustainability of a public sector entity's finances is composed of three interrelated dimensions: service, revenue, and debt. Nonetheless, although international organizations and prior research agree that the financial sustainability is comprised by these dimensions (Rodríguez Bolívar et al. 2014; IFAC 2013), there is no consensus about its measurement.

International organizations (EU 2012a, b; IFAC 2012) and previous studies (Rodríguez Bolívar et al. 2014) have recognized the usefulness of government financial statements for reporting on the public financial sustainability.

The IFAC (2013) and the European Council (2011) have also highlighted the importance of financial statements for assessing financial sustainability, considering them vital to achieving an understanding of the present situation of public finances. Specifically, the income statement is strongly linked to the intergenerational equity concept (GASB 1990; IFAC 2012, 2015), which has a crucial importance in assessing financial sustainability (Pezzey and Toman 2002; Stavins et al. 2003; IFAC 2015), by enabling users to assess, on the one hand, the capacity of the entity to continue providing at least the same volume of goods and services and, on the other hand, the level of resources that will be needed in the future to continue to fulfill its public services' delivery obligation (GASB 1990; IFAC 2015).

Indeed, IFAC (2012) indicates that the income statement provides useful information for assessing future ability of governments to continue providing the same services while maintaining their quality, which is a main feature of long-term fiscal sustainability. Accordingly, the IFAC has released a Recommended Practice Guide that provides a guidance report on the financial sustainability of governmental entities, identifying that it consists of three interrelated dimensions: revenues, debt, and services.

According to IFAC (2013), the income statement would reflect an approach to two of the three dimensions included into the fiscal sustainability, in particular, the revenue dimension, whose value is included in this financial statement, and the service dimension, whose economic measurement, as stated in paragraph 32 of the pronouncement (IFAC 2013), can be estimated by the entity's service delivery commitments, which is also integrated via expenses on the income statement. Moreover, to the extent that the level of debt is associated with the volume of services provided, the income statement also reflects a very influential factor in the third dimension, as is debt (IFAC 2013, paragraph 38).

The appropriated use of the income statement as an approach of the three dimensions mentioned by the IFAC has been tested by Navarro-Galera et al. (2016) who have concluded that governments provide empirical evidence to support the idea that the income statement reveals important information about the effect of the evolution of the three dimensions on the financial sustainability of governments, including the individual effects in each dimension and the impact of the interrelation between them.

Nonetheless, it is arguable whether the income statement offers a sufficiently representative measurement of inter-period equity with which to assess the financial sustainability of local governments (Rodríguez Bolívar et al. 2014), because it includes extraordinary activities which are not expected to be repeated in the foreseeable future within the environment in which the organization operates. Accordingly, the effect of revenues and expenses deriving from extraordinary activities must be corrected in the income statement, since they lack of any future scope. This modification would make the income statement a more reasonable measure of the intergenerational equity and more accordant with the concept of financial sustainability.

Likewise, there is a difference between the concepts of budget expenditures and revenues (they contribute to the annual budget) and financial expenditures and revenues (they fall within the area of financial accounting). The budget expenditures and revenues are part of the budget and provide the annual budget results, while the financial expenditures and revenues fall within the area of financial accounting and constitute the income statement as analyzed above. The differences between these concepts arise, on the one hand, from their content and, on the other, from the criteria applied for their allocation. In this regard, while expenses and income are allocated to the income statement in accordance with the accrual basis of financial accounting, the allocation of budget expenditure and revenue is primarily cash based or follows a mixed cash-accrual criterion in determining the budget results.

In summary, in measuring financial sustainability, the adjusted income statement (adjusted for extraordinary results) could be a good indicator because it is an accounting statement based on the accrual basis (IFAC 2015), which is closely linked to the intergeneration equity concept. The following table shows the proposal of Rodríguez

et al. (2014) in measuring financial sustainability in public administrations:

| Concept | Amount |
|---|---|
| Income statement for the financial year obtained by applying the current IPSAS | (1) |
| + Negative entries for extraordinary activities | (2) |
| − Positive entries for extraordinary activities | (3) |
| Corrected income statement for the financial year (intergenerational equity for financial sustainability) | (1) + (2) − (3) |

Source: Rodríguez et al. (2014)

## The Incentives for Financial Sustainability

The identification of explaining drivers and risk variables for financial sustainability can help public managers and politicians to make decisions that seek to strengthen the factors that favor financial sustainability (drivers) and to reduce the negative effects of risk factors through the adoption of measures such as reducing costs, increasing revenues, or consuming reserves, which can contribute to sustainable development of the regions (EU 2012a, b; IFAC 2013).

International organizations (US Agency for International Development 2011; EU 2012a; EC 2011) and prior research (Guillamón et al. 2011; Rodríguez Bolívar et al. 2014; Navarro-Galera et al. 2016) have performed many analyses of the relevance of budget information and other variables with respect to governmental financial sustainability.

The European Commission (EU 2012a), for example, has highlighted the following factors as vital to any assessment of the overall sustainability of a country's public finances: pension expenditure projections, the level of debt, the primary balance, and the assets of public administrations in cases where the real and book values differ or where returns differ from the interest rate on the debt.

On the whole, demographic and financial-economic variables have been considered to affect the evolution of public debt and fiscal distress in governmental entities. In this regard, as demographic variables, the main explanatory factors identified by prior research are population size, population density, dependency ratio, level of unemployment, immigration, and, finally, the education level.

The population size has a negative effect on public spending (Choi et al. 2008), on saving, on fiscal capacity (Carr and Karuppusamy 2010), and on public debt (Guillamón et al. 2011). Nonetheless, it is not clear its influence on financial sustainability (Rodríguez Bolívar et al. 2016).

Regarding the population density, the results obtained have been contradictory. While some have observed a negative influence of this factor on public spending (Choi et al. 2008) and on public debt (Bahl and Duncombe 1993), others have failed to obtain significant results in this regard (Guillamón et al. 2011). Also, this variable has not been found relevant in analyzing financial sustainability of public administrations (Rodríguez Bolívar et al. 2016).

The studies about the dependency ratio, defined as the ratio of the dependent population (those aged under 16 and over 65 years), have concluded that this ratio does affect the financial capacity of local authorities (Carr and Karuppusamy 2010) and the per capita spending and taxation and therefore the budget balance (Choi et al. 2008). Indeed, population aged under 16 years old have been identified as a risk factor that could endanger financial sustainability of governments (Rodríguez Bolívar et al. 2016).

The level of unemployment is another very significant aspect in studies of public finances, especially in a context of international crisis, because it not only provokes increased social spending and changes in employment patterns (Zafra-Gómez et al. 2009) but also decreases the revenues available to the public treasury. Thus, the increase of the rate of unemployment has been identified as a risk factor for financial sustainability (Rodríguez Bolívar et al. 2016).

In addition, the theoretical analyses performed by Schultz and Sjöström (2004) show that migration flows tend to raise the level of accumulated debt, a significant finding corroborated in the empirical study by Guillamón et al. (2011). For

this reason, another variable incorporated into studies of public finance is that of the immigrant population. In this respect, while some authors have reported the immigrant population to be positively associated with the tax burden (Benito et al. 2010), by requiring increased social spending, others have reported this factor to have a negative influence on the financial performance of public administrations (Zafra-Gómez et al. 2009).

Finally, the education level of the population affects the demand for government information (Caba et al. 2008).

On the other hand, budgetary variables have also been considered important factors with respect to public finance. The Stability and Growth Pact of the EU Member States (EU 2012a), the Fiscal Sustainability Report (EU 2012b), and Directive 2011/85/EU of the European Council of 8 November 2011 (EC 2011) all consider that budgetary variables such as the budget surplus/deficit may determine long-term sustainability. In fact, budget outcome has been demonstrated to be a key factor for financial sustainability of governments (Rodríguez Bolívar et al. 2014).

The IFAC (2013) also considers that the revenue dimension includes the ability to vary government revenues from taxes and create new ones, including income received from entities at other levels of government or from international organizations. The analysis of the revenue dimension with the differentiation between the origin of the revenues (external vs. internal revenues) and the destination of them (capital revenues and operating revenues) could be relevant for promoting financial sustainability in governments. Indeed, prior research shows that the source of revenues and its destiny could influence their probability of future occurrence (Guillamón et al. 2011) and, hence, on the financial sustainability of governments (Rodríguez Bolívar et al. 2014).

Regarding the debt dimension, the IFAC (2013) states that it must be measured by debt net per capita, since it is a variable that provides information about public administration's indebtedness in a year, taking into account current policies in the provision of goods and services. Therefore, an increase in this indicator shows that a higher proportion of income is required to repay the debt, causing the diversion of resources necessary for the provision of services. Thus, the debt control is crucial to maintain financial sustainability (Checherita-Westphal et al. 2014).

Furthermore, to analyze the debt dimension (net debt per capita), authors such as Cabaleiro et al. (2013) suggested that the maturity and origin of the debt could influence on financial sustainability. Nonetheless, Navarro-Galera et al. (2016) have not found empirical evidence of this assertion.

Finally, IFAC (2013) considers the services dimension as the quality and volume of services provided by the government-given current policies. This dimension must express the ability of the entity to maintain or change the volume and quality of provided services. Following Schaltegger and Torgler (2006), the expenditures are an approach of the government size. In fact, Choi et al. (2008) take government expenditures as approach of demand for public services and goods, due to the causal relationship between volume of provided services and expenditures. It means, a greater volume of provided services by local government requires a greater amount of expenditures (staff, infrastructures, etc.), since the resources employed by local government to meet the citizens' demands increase when the number of users of public services rises. This assertion has been demonstrated empirically by Navarro-Galera et al. (2016).

In brief, demographic and financial-economic variables could affect financial sustainability of governments. Policy makers and public manager should be aware of the need of implementing public policies for achieving financial sustainability according to different frameworks characterized by these variables.

## Conclusions

In recent years, financial sustainability in governments has become relevant in public

administrations due to the financial and economic crisis of economies. Citizens and other stakeholders are requiring public administrations to provide high-quality information regarding the use of financial resources and the need of balanced public revenues and expenses with the aim at maintaining public services in the future. Nonetheless, although the financial sustainability concept has raised a lively debate nowadays, it is not clear the concept of financial sustainability or the method to be used in the measurement of this issue.

This article has shown some definitions pronounced by international organizations, as well as methods to measure financial sustainability of governments based on the dimensions that these organizations have indicated. According to prior research (Rodríguez Bolívar et al. 2014), the adjusted income statement of public administration could be a good indicator of the financial sustainability of governments.

In addition, policy makers, public managers, voters, and other stakeholders are not only interested in measuring financial sustainability in governments but also in identifying drivers and risks factors that could make a government to be unsustainable.

The knowledge about these factors could help policy makers and public managers to take decisions with the aim at maintaining the quality and volume of public services over time and to accomplish the intergenerational equity concept. In this regard, some main demographic and financial-economic variables have been identified to be relevant in monitoring and predicting financial sustainability in governments.

## Cross-References

► Public Administration Theory

## References

Afonso A, Jalles JT (2015) Fiscal sustainability: a panel assessment for advanced economies. Appl Econ Lett 22(11):925–929

Aras G, Crowther D (2009) Corporate sustainability reporting: a study in disingenuity? J Bus Ethics 87(Suppl 1):279–288

Bahl R, Duncombe W (1993) State and local debt burdens in the 1980s: a study in contrast. Public Adm Rev 53(1):31–40

Benito B, Bastida F, Muñoz MJ (2010) Explanatory factors of the municipal fiscal burden. Span Account Rev 13(2):239–284

Burritt RL, Schaltegger S (2010) Sustainability accounting reporting: far or trend? Account Audit Account J 23(7): 829–846

Caba C, Bolívar R, Pedro M, López AM (2008) Government process and incentives for online public financial information. Online Inf Rev 32(3):379–400

Cabaleiro R, Buch E, Vaamonde A (2013) Developing a method to assessing the municipal financial health. Am Rev Public Adm 43(6):729–751

Canadian Institute of Chartered Accountants (CICA) (1997) Indicators of government financial condition. CICA, Toronto

Carr JB, Karuppusamy S (2010) Reassessing the link between city structure and fiscal policy: is the problem poor measures of governmental structure? Am Rev Public Adm 40(2):209–228

Checherita-Westphal C, Hallet AH, Rother P (2014) Fiscal sustainability using growth-maximizing debt targets. Appl Econ 46(6):638–647

Choi SO, Sang-Seok B, Sung-Wook K, Feiock R (2008) County limits: policy types and expenditure priorities. Am Rev Public Adm 40(1):29–45

Echebarria C, Barrutia JM, Aguado I (2009) The ISC framework: modelling drivers for the degree of Local Agenda 21 implantation in Western Europe. Environ Plan A 41(4):80–95

European Commission (EC) (2011) Council Directive 2011/85/EU of 8th November 2011 on requirements for budgetary frameworks of the Member States. EC, Brussels

European Union (EU) (2012a) Fiscal sustainability report. EU, Brussels

European Union (EU) (2012b) Specifications on the Implementation of the stability and growth pact and guidelines on the format and content of the stability and convergence programmes. EU, Brussels

Global Reporting Initiative (GRI) (2013) G4 sustainability reporting guidelines. GRI, Amsterdam

Governmental Accounting Standard Board (GASB) (1990) Concepts statement n° 11: measurement focus and basis of accounting –government fund operating statements. GASB, Norwalk

Groves SM, Valente MG (2003) Evaluating association, financial condition. International City Management Association (ICMA), New York

Guillamón MD, Benito B, Bastida F (2011) Evaluación de La Deuda Pública Local En España. Revista Española de Financiación Y Contabilidad XL(150):251–285

Hicks JR (1945) Valor y capital. Fondo de Cultura Económica, México

F

Hicks JR (2013) Recommended practice guideline. Reporting on the long-term sustainability of an entity's finances. IFAC, New York
Hicks JR (2015) Handbook of international public sector accounting pronouncements. IFAC, New York
International Federation of Accountants (IFAC) (2012) Reporting on the long-term sustainability of a public sector entity's finances. IFAC, New York
Méndez R, Abad LD, Carlos E (2015) Atlas de la crisis. Impactos socioeconómicos y territorios vulnerables en España. Tirant lo Blanch, Colección Crónica, Valencia
Muñoz-Cañavate A, Hípola P (2011) Electronic administration in Spain: from its beginnings to the present. Gov Inf Q 48(41):74–90
Navarro-Galera A, Rodríguez Bolívar MP, Alcaide-Muñoz L, López-Subires MD (2016) Measuring the financial sustainability and its influential factors in local governments. Appl Econ 48(41):1–15
Organisation for Economic Co-operation and Development (OECD) (2015) Fiscal sustainability of health systems. Bridging health and finance perspectives. OECD Publishing, Paris
Pearce D (1988) Economics, equity and sustainable development. Futures 20(6):598–605
Pezzey JCV, Toman MA (2002) Making sense of 'sustainability', issue brief 02–25. Resources for the Future, Washington, DC
Rodríguez Bolívar MP, Navarro-Galera A, Alcaide Muñoz L, Subirés MDL (2014) Factors influencing local government financial sustainability: an empirical study. Lex Localis J Local Self Gov 12(1):31–54
Rodríguez Bolívar MP, Navarro-Galera A, Alcaide Muñoz L, Subirés MDL (2016) Risk factors and drivers of financial sustainability in local government: an empirical study. Local Gov Stud 42(1):29–51
Sáiz MP (2011) La Ley de Economía Sostenible: La sostenibilidad financiera del Sector Público. Revista de Contabilidad y Dirección 13:21–42
Schaltegger CA, Torgler B (2006) Growth effects of public expenditure on the state and local level: evidence from a sample of rich governments. App Econ 38(10): 1181–1192
Schultz C, Sjöström T (2004) Public debt, migration, and shortsighted politicians. J Public Econ Theory 6(5): 655–674
Stavins RN, Wagner AF, Wagner G (2003) Interpreting sustainability in economics terms: dynamic efficiency plus intergenerational equity. Econ Lett 79(3):339–343
United States Agency for International Development (USAID) (2011) Fundamentals of NGO financial sustainability. USAID, Washington, DC
World Commission on Environment and Development (1987) Our common future. Retrieve from http://conspect.nl/pdf/Our_Common_Future-Brundtland_Report_1987.pdf
Zafra-Gómez JL, López-Hernández AM, Hernández-Bastida A (2009) Developing an alert system for local governments in financial crisis. Public Money Manage 29(3):175–181

# Financial Vulnerability and Nonprofit Organizations

Santiago Guerrero
Rockefeller College of Public Affairs and Policy, University at Albany, Albany, NY, USA

## Synonyms

Double bottom line; Financial distress; Financial shock; Nonprofit risk; Service cutback

## Introduction

The nonprofit sector is comprised of organizations established for the purpose of serving a public or mutual benefit that is different from the accumulation of profits. Referring to these organizations as "nonprofit organizations" doesn't precisely define those organizations because they are not actually barred from earning profits. Instead, nonprofit organization are largely characterized by being barred from distributing profits among the people that control them.

Although the focus of nonprofit organizations is to achieve a mission rather than to earn profits, this does not mean that nonprofit organizations should not earn profits or that their finances are less important. The popular saying "no margin, no mission" credited to Sister Irene Kraus from the Daughters of Charity National Health System clearly expresses the necessity of nonprofit organizations to care about their finances in order to achieve their missions. This defining characteristic of the nonprofit sector is what commonly is referred to as the "double bottom line" of nonprofit organizations. Nonprofit organizations have to care about two different but complimentary bottom lines, which are the mission bottom line and the financial bottom line. Even though both bottom lines are of great importance, nonprofit managers may be more attuned to managing their mission than managing finances and often underestimate the importance of financial management for achieving their mission. Nonprofit

organizations are charged with the challenging task of balancing their need to maintain an adequate financial condition while pursuing the organizational mission and maintaining consistent and quality programs over time.

Studying and understanding the finances of nonprofit organizations becomes a key issue because an organization's mission depends on its finances. Nonprofit managers need to be aware that financial problems can prevent their organization from achieving its mission and nonprofit financial vulnerability theories offer options for managers to stop this from happening.

## Nonprofit Financial Vulnerability

A nonprofit organization can be considered financially vulnerable if the organization's options for responding to financial shock are limited to cutting back on central services or programs. Notice that a nonprofit organization is only considered financially vulnerable if its programs and service offerings are at risk. This speaks to the double bottom line idea introduced earlier in this entry.

Delineating which features of the finances of a nonprofit organization make it a financially vulnerable organization has been one of the major obstacles for advancing our understanding of nonprofit financial vulnerability. For example, some researchers focus on cutbacks in programs or services and consider a for-profit organization to be financially vulnerable when it experiences reductions in program expenses for three consecutive years (Greenlee and Trussel 2000). Note that this approach falls short of explaining why three consecutive years constitute the threshold for determining which organizations are financially vulnerable. Another limitation of this approach is that it doesn't distinguish between different levels of program expense reductions. For example, a 5% reduction in program expenses is expected to have a very different effect on operations than a 25% reduction in program expenses, and this approach fails to recognize these differences.

Another approach to financial vulnerability is to focus on net asset reductions rather than program expense reductions as the key characteristic of a financially vulnerable organization. Accordingly, this approach defines a financially vulnerable organization as one that has experienced at least a 20% reduction in its net assets for three consecutive years (Trussel 2002). However, this alternative approach to financial vulnerability fails to establish how net asset reductions are related to service cutbacks, which is an integral part of the double bottom line idea of nonprofit organizations.

This net asset reduction approach has at least three limitations. First, an organization may experience reductions in its net assets for three consecutive years and still maintain a stable level of services. Second, there is no evidence that a 20% reduction in net assets is a reliable threshold to distinguish financially vulnerable nonprofit organizations from organizations that are financially stable. This threshold should be set empirically by determining what level of net asset reduction is likely to lead to program and service cutbacks. Third, this approach fails to identify organizations that experience small reductions in their net assets for several years. Nonprofit organizations may experience several consecutive years of small deficits, which can erode net assets and make an organization financially vulnerable.

A different approach to determining financial vulnerability is by identifying organizations that "fail the ultimate test of simple persistence" (Hager 2001, p. 382). This understanding of financial vulnerability is derived from corporate finance literature that places special attention to financial ratios which predict bankruptcy. Exploring the predictors of bankruptcy in the nonprofit sector is less relevant because few nonprofits actually declare bankruptcy. It is common for nonprofit organizations struggling financially to cease operations and disappear without declaring bankruptcy or to merge with other organizations as an attempt to survive. Conducting studies that include only nonprofit organizations that filed for bankruptcy can be misleading because these types of analyses are likely to exclude nonprofit organizations experiencing dire financial risk that simply opt to disappear or merge rather than going through bankruptcy procedures (Keating et al.

2005). Rather than studying organizations that filed for bankruptcy, nonprofit financial vulnerability studies have focused on organizations that are defunct – those that fail to report to the IRS for four consecutive years – and characterize these organizations as financially vulnerable. The problem with this approach is that it is excessively restrictive as it excludes from consideration those organizations that may be at financial risk and experience service cutbacks but still manage to survive and deliver services at reduced levels.

More recent approaches to nonprofit financial vulnerability choose not to operationalize the concept in terms of one variable and instead rely on four different measures of adverse financial health that specifically relate to the organization's ability to achieve its mission (Keating et al. 2005, p. 11). The measures of adverse financial health include insolvency (negative net assets), financial disruption (at least 25% decline in net assets), funding disruption (at least 25% decline in total revenue), and program disruption (at least 25% decline in program expenses). The inclusion of four separate dimensions can be problematic because it does not take into consideration the interrelations between the different dimensions. For instance, an organization may experience financial or funding disruptions and still maintain its level of services and carry out its mission. In addition, this approach, like the others, sets arbitrary thresholds for distinguishing between organizations financially vulnerable and financially sound organizations. The table below summarizes the different ways that financially vulnerable nonprofit organizations have been identified in the nonprofit finance research (Table 1).

**Financial Vulnerability and Nonprofit Organizations, Table 1** Definitions of financial vulnerability

| Definition | Reference |
|---|---|
| Decline in program expenses for three consecutive years | (Greenlee and Trussel 2000) |
| 20% reduction in net assets for 3 years | (Trussel 2002) |
| Closure of organization (four consecutive years of not reporting to IRS) | (Hager 2001) |
| Negative net assets | (Keating et al. 2005) |
| 25% decline in net assets | |
| 25% decline in total revenue | |
| 25% decline in program expense | |

## Determining Factors of Nonprofit Financial Vulnerability

Despite differences in the definition of nonprofit financial vulnerability, there is some consensus regarding what makes a nonprofit organization financially vulnerable. The determining factors of financial vulnerability are derived from assumptions about the options that available to managers for replacing lost revenues in order to avoid cutting back programs or services.

Figure 1 summarizes the overall idea behind the nonprofit financial vulnerability theory. When an organization experiences a *financial shock* – a reduction in revenues – those who manage the organization face the challenge of identifying ways to replace the lost resources so that they can *maintain desired level of service or program delivery*. The center of Fig. 1 displays the strategies available to managers to replace lost resources and avoid cutting programs or services delivery, which include (1) using current profits after the revenue reduction, (2) diversifying revenues, (3) using accumulated net assets, (4) increasing operational efficiency, or (5) borrowing (Tuckman and Chang 1991; Trussel 2002). Financial ratios are computations made with information taken from a nonprofit organization's financial statements that can be used to determine whether the organization's finances provide enough flexibility to replace lost revenues. That is, financial ratios are meant to assess whether these strategies are available to managers. The next sections of this entry explore the different strategies available to managers to replace lost revenues and the financial ratios that can be used to assess the viability of each strategy.

## Use Current Profits

Current expenses incurred by an organization are often funded by the revenues earned during the current year. This is evidenced by the budgeting process when organizations create their yearly

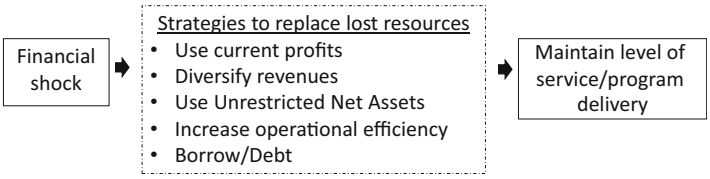


**Financial Vulnerability and Nonprofit Organizations, Fig. 1** Financial vulnerability theory

budgets by considering the revenues and expenses for the corresponding year. To the extent that an organization does not have flexibility to replace the resources lost due to a reduction in revenues, reductions in current revenues are expected to lead to reductions expenses which are likely to result in service and program delivery cutbacks.

However, not all reductions in revenue necessarily affect the level of services. Organizations that generally have large annual profits are in better shape when facing a financial shock as they can draw from their current revenues before having to reduce expenses, avoid having deficits, and still be in a position to maintain stable levels of program or service delivery. Organizations with high operating margins can experience revenue reductions and still have enough current financial resources to cover the same level of expenses necessary to avoid service or program cutbacks. On the other hand, organizations with deficits do not earn enough revenues to cover their expenses, which is more likely to result in program or service cutbacks.

A financial ratio used to assess whether this is a practical strategy for an organization is the operating margin. This ratio is generally determined by subtracting expenses from revenues and dividing the result by the revenues. This formula is expressed as ([revenues – expenses]/revenues). Organizations with higher operating margins are in better position to avoid service and program cutbacks after a financial shock.

## Use Unrestricted Net Assets

Another way for a nonprofit organization manager to overcome a financial shock is to pull from the organization's net assets which are historically accumulated surpluses from the operations. Organizations with larger net asset balances can pull from their previous years' net assets to replace the revenue reduction and maintain a stable level of service delivery. Managers may choose to accumulate net assets to hedge against uncertainty and have them available to use them as a "rainy fund" when the organization is struggling financially. However, net assets may not be readily available to every nonprofit organization because they may have temporary or permanent restrictions set by donors. Unrestricted net assets are the net assets of a nonprofit organization that has no such restriction and therefore are available to the organization to use at its will. However, unrestricted net assets may not always be readily available to an organization because they may be illiquid assets such as invested in property, buildings, and equipment.

Empirical tests of nonprofit financial vulnerability have consistently found that higher net asset balances are associated with lower financial vulnerability (Greenlee and Trussel 2000; Hager 2001; Trussel 2002). However, while nonprofit financial vulnerability research suggests that higher levels of net asset accumulation are associated with lower financial vulnerability, it does not provide any evidence to support the hypothesis that managers choose to retain net assets for this reason. In some subsectors, however, there is evidence to support the hypothesis that nonprofit organizations do accumulate net assets to reduce financial vulnerability (Calabrese 2011).

Years of net assets is a ratio that can be used to assess whether pulling from net assets is a feasible option. Years of net assets are defined as unrestricted net assets at the beginning of the year divided by the result of subtracting the fundraising expenses from the total expenses of the previous year. The ratio is calculated using the following formula (unrestricted net assets/[program expenses-fundraising expenses]). Although nonprofit vulnerability literature has used equity balance ([assets – liabilities]/revenues) to measure the ability of an organization to pull resources from accumulated retained earnings upon the

occurrence of a financial shock, years of net assets are arguable a preferable ratio because it adjusts for unrestricted net assets and produces a number that can be interpreted more intuitively. Years of net assets can be interpreted as the time an organization can continue to operate at current levels without any additional fundraising. Organizations with higher years of net assets have more flexibility to use these resources to avoid service and program cutbacks.

## Increase Operational Efficiency

Nonprofit organizations commonly measure efficiency as the proportion of total expenses that the organization directs to program service. Nonprofit organizations that proportionally spend more on administration are often considered to be less efficient because administrative expenses take away from allocating more resources to programs and services. This simplistic approach to efficiency in the nonprofit sector has been rightfully criticized. Efficiency is a ratio of input to output; but this definition does not incorporate any tangible input and output measures (Tinkelman and Donabedian 2007). Reliance on the efficiency ratio has led to unintended consequences, such as leading to decisions by organizations to cut vital administrative services or intentionally misreport functional expenses in order to appear operationally efficient and attract contributions. The focus on this efficiency measure as a way to evaluate nonprofit organizations can lead to a starvation cycle in which nonprofit organizations invest too little for infrastructure and inhibit their ability to function effectively (Lecy and Searing 2015).

The financial vulnerability theory approaches efficiency from a different perspective, one in which higher administrative costs are not necessarily a red flag. From the perspective of the financial vulnerability theory, higher administrative costs can provide nonprofit organizations some flexibility because in the event of a financial shock an organization can opt to reduce some of its nonprogram-related costs such as support center costs to maintain a desirable level of services (Tuckman and Chang 1991). Another reason why higher administrative expenses can be associated with lower nonprofit financial vulnerability is that that organizations that invest in organizational capacity – spending more on administration – are better equipped to deal with revenue reductions. For instance, higher administrative expenses can be attributed to managers that earn more competitive salaries and possess the skills and knowledge needed to guide an organization through difficult times.

Administrative expense ratio, which is obtained by simply dividing administrative expenses by total expenses, can be used to assess whether cutting administrative costs is a plausible strategy. Organizations with higher administrative expense ratio arguably have more flexibility to cut these expenses to avoid service cutbacks.

## Diversify Revenues

Nonprofit financial vulnerability theory hypothesizes that organizations that diversify their sources of revenue are less likely to be affected by financial crises because declines in sources of revenues can be absorbed by increases in other sources of revenue. Having several sources of revenue enables nonprofit organizations to balance losses in certain revenue centers with gains in others (Tuckman and Chang 1991). From a resource dependence perspective, organizations that do not diversify their sources of revenue are likely to have a high dependence on their main source of funding and experience instability if that source were to falter. For example, nonprofits that rely on private contributions may see their revenues impacted during financial downturns or when there are other causes that compete for the same source of funding.

Empirical research has shown a relationship between revenue diversification and revenue volatility (Carroll and Stater 2009). The reasoning behind the relationship between revenue diversification and revenue volatility is that organizations with more diverse sources of revenue are likely to have more stable revenues. In this respect, decreasing revenue volatility is a goal for nonprofit organizations that want to reduce

their financial vulnerability, and revenue diversification is a means toward that end. Revenue volatility negatively "influences a nonprofit organization's ability to manage the uncertainty of funding sources over time and the direct flow of financial resources into the organization" (Carroll and Stater 2009, p. 951). A measure of revenue diversification in the nonprofit sector has been adapted from the Herfindahl–Hirschman Index (HHI). The index is estimated using the following formula:

$$H = \sum_{i=1}^{N} (\mathrm{r_i}/\mathrm{R})^2$$

where $N$ is the number of revenue sources available, r is the revenue from each of the different sources, and R is the total revenue. The value of the index goes from 0 to 1, and the index assumes a value of 1 when there is no revenue diversification and gets closer to 0 as revenue diversification increases. Organizations with higher HHI are less diversified and likely have more opportunities to diversify their revenue.

## Borrow

Organizations facing financial shocks can experience short-term liquidity problems that compromise their ability to maintain desired levels of operation. An organization may be willing to draw from its net assets but be constrained by the liquidity of its assets. For example, the net assets held by an organization may be comprised mostly by capital assets which are generally illiquid assets. In these cases, the organization may opt to borrow money short-term to avoid service cutbacks and repay once financial resources are made available. From this perspective, an organization's short-term borrowing capacity can be related to financial vulnerability.

The connection between debt and nonprofit vulnerability can be attributed to the fact that organizations with higher debt have their funds committed to paying the debt. Principal and interest payments constitute firm claims on an organization's resources and reduce the flexibility for the organization to use its resources. The cash flows of an organization may already be committed to future repayments of debt. Organizations with a lower debt burden are in a better position to borrow money to meet their short-term needs to maintain the desired level of program or service expenses.

Another strategy for organizations that find themselves with limited current resources to cover expenses is to delay the payments of the resources needed to maintain the desired level of services. This option is only viable for organizations with low debt ratios. Organizations with high debt ratios are at high risk of compromising the financial stability of the organization if they opt to delay payments because they already have other claims on their cash flows. Note that while short-term borrowing or delaying payments is not necessarily the best long-term strategy for an organization, it is an option available to organizations with low debt ratios that are committed to maintaining the same level of expenses.

Delaying payments to providers is a tactic used for cash management purposes and can lead to problems if used in excess. Nonprofit organizations cannot get away with delaying payments to suppliers for very long periods of time before suffering negative consequences. For example, suppliers may become reluctant to continue providing supplies and/or services necessary for operations to nonprofit organizations that frequently delay payments for prolonged periods of time.

A useful ratio for assessing whether borrowing is a plausible strategy is the leverage ratio which is computed dividing total assets by total liabilities. Organizations with lower leverage ratios are more likely to benefit from the strategies described.

## Conclusion

Nonprofit financial vulnerability research offers strategies that managers of nonprofit organizations can follow to avoid cutting back goods or services in case the organization struggles financially. The ability of a manager to implement any

of these strategies depends on the characteristics of the organization's finances. Research suggests that managers of nonprofit organizations with positive operating margins, more diversified revenues, higher accumulation of net assets, more administrative expenses, and less debt are in a better position to implement these strategies and are less vulnerable.

However, this doesn't mean that nonprofit managers should strive to maximize all of these features of the organization's finances. To the contrary, it might be against the organization's best interest to do so as it may end up compromising the mission bottom line. For example, higher operating margins, net asset accumulation, and administrative expenses can also lead to less resources spent on program services which are related to the organization's mission. There is a trade-off between a nonprofit's organizations financial bottom line and mission bottom line, and nonprofit managers are in the difficult position of finding the right balance. Research of nonprofit financial vulnerability has the potential of helping managers determine how to find the desired balance and which strategies are more effective for avoiding service or program cutbacks.

## Cross-References

► Budgeting for Nonprofit Organizations

## References

Calabrese TD (2011) The accumulation of non–profit profits: a dynamic analysis. Nonprofit Volunt Sect Q 41(2):300–324

Carroll DA, Stater KJ (2009) Revenue diversification in nonprofit organizations: does it lead to financial stability? J Public Adm Res Theory 19(4):947–966

Greenlee JS, Trussel JM (2000) Predicting the financial vulnerability of charitable organizations. Nonprofit Manag Leadersh 11(2):199–210

Hager M (2001) Financial vulnerability among arts organizations: a test of the Tuckman-Chang measures. Nonprofit Volunt Sect Q 30(2):376

Keating E, Fischer M, Gordon T, Greenlee J (2005) Assessing financial vulnerability in the nonprofit sector. KSG working paper no. RWP05-002; Hauser Center for Nonprofit Organizations Paper No. 27

Lecy JD, Searing EA (2015) Anatomy of the nonprofit starvation cycle an analysis of falling overhead ratios in the nonprofit sector. Nonprofit Volunt Sect Q 44(3): 539–563

Tinkelman D, Donabedian B (2007) Street lamps, alleys, ratio analysis, and nonprofit organizations. Nonprofit Manag Leadersh 18(1):5–18

Trussel JM (2002) Revisiting the prediction of financial vulnerability. Nonprofit Manag Leadersh 13(1):17–31

Tuckman HP, Chang CF (1991) A methodology for measuring the financial vulnerability of charitable nonprofit organizations. Nonprofit Volunt Sect Q 20(4):445

# Financial Well-Being of Retirees in Nigeria

Benard Alkali Soepding[1], Chrisostom Munene[2] and Ernest Abaho[3]

[1]Department of Accounting, Faculty of Management Sciences, University of Jos, Jos, Nigeria

[2]Faculty of Graduate Studies and Research, Makerere University Business School, Kampala, Uganda

[3]Department of Entrepreneurship, Makerere University Business School, Kampala, Uganda

## Synonyms

Adaptability; Happy aging; Pension schemes; Retirement; Well-being

## Definitions

| | |
|---|---|
| Financial well-being | This is the ability to control one's immediate and anticipated finances, the capability to absorb financial surprise, the ability to meet financial goals, and the financial independence to make the choices that permit one (retired public servant) to appreciate life. |
| Retiree | A person who works and retires either mandatorily, voluntarily, or |

statutorily in a government organization and receives pension from taxpayers' money.

## Introduction

Financial well-being of retirees has become an area of interest among financial researchers, financial educators, policy makers, and practitioner's in recent times. This is because financial well-being impacts retirees psychologically, socially, physically, and emotionally. Worldwide, governments identify that between working years and retirement, public servants are considered most active and valuable. As appreciation for their laudable service to the country and contribution to the economy, governments in both developed and developing countries offer retirees retirement income support. In Nigeria, its commonly termed employee benefits in the form of pension and gratuity.

Thus, pension is usually one of the major social security elements of public interventions for the retired public servants. Retirement is expected to be a pleasurable time in the life of a public servant, except that pension is always not available at the time it is needed. In developed economies such as America, Britain, Russia, United Kingdom, Singapore, etc. where pension schemes are efficient, most of the retirees are comfortable with their pension allowances as there are no alterations in their ability to meet financial needs. They are as comfortable as when they were in active service. In these countries, government makes accessible and satisfactory income, and they provide infrastructural supplies to make retirees enjoy. Worthy of note is that in the twenty-first century, fewer than 15% of the world's six billion retirees could access a formal system of retirement income support. The majority (85%) of the retirees go without formal retirement income coverage lives and work in developing societies. This is indeed worrisome as retirees in developing countries are among the worlds' poorest. Millions of them live on less than a dollar per day, and 80% lack regular retirement income. This level of insufficiency is ascribed to their susceptibility as a result of decline in their physical, mental, and financial powers, thus limiting their ability to work and earn income at retirement. The experience is worse in Nigeria where 89% of retirees lack retirement benefits (NBS 2017). This problem has caused hardship and even death of many retirees in Nigeria, thereby making upcoming retirees dread retirement experience. Therefore, the need to focus on Nigeria in this research is paramount.

To correct some of the anomalies, the federal government of Nigeria, over the years, has introduced several programs to improve the financial well-being of retirees. These programs include the National Provident Fund (NPF) of 1961, the Pension Fund of 1979, the Armed Forces Pension Scheme of 1979, the Police and other Government Agencies Pension fund of 1987, the Local Government Pension Scheme of 1987, and the National Social Insurance Trust Fund scheme of 1993. Each of these schemes was poorly funded; hence they were unsustainable which resulted in their eventual failure. Accordingly, the government of Nigeria abolished them and introduced the Contributory Pension Scheme in 2004. The 2004 Contributory Pension Scheme (CPS) originated in Chile and Latin America. Pension is personalized to the contributors, and it is managed by licensed private sector entities. At present, Nigeria is the first African country to introduce a modified version of the Chilean system, which considered the African uniqueness. In the new contributory system, the public servants contribute a minimum of 7.5% of their basic salary, housing, and transport allowances in the case of civilians and 2.5% for the military. Government contributes 7.5% in the case of the public sector and 12.5% in the case of the military. The CPS members are allowed to open individual Retirement Saving Accounts (RSA) where contributions are collected till retirement. The scheme allows members to voluntarily contribute extra proportion of their salaries into the individual capitalized account. Despite the adoption of the CPS, retirees still experience difficulty accessing their benefits, thereby limiting their financial well-being.

These schemes had three regulatory bodies in the Nigeria pension industry. They include the Securities and Exchange Commission (SEC), the

National Insurance Commission (NAICOM), and the Joint Tax Board (JTB). These commissions are saddle with responsibility to formulate, direct, and oversee the overall policy on pension matters in Nigeria. They establish standards, rules, and regulations for the management of the pension funds. Yet the pension fund administration in Nigeria was characterized by failure or delay in payment of pension and gratuity by governments at all levels. This became a serious challenge to many retirees in Nigeria, forcing them into a situation where they cannot meet their needs. More worrisome is that access to retirement benefits is very difficult as the retirees go through rigorous procedures before they are eventually paid. The most unfortunate situation is where the retirees lost their lives in the process of getting their benefits. Besides there are challenges in funding outstanding retirement benefits which could be because of corruption in the civil service. It was estimated that in Nigeria over N600 billion ($4.5 billion) investible assets could be amassed annually through the pension scheme. Others are bureaucratic and administrative obstructions whereby retirees are grossly abused and pension fund benefits are politically motivated. In some cases, the government is unable to pay the retirement benefits as they become due; instead, it uses the funds to execute capital projects as against the purpose for which the funds were meant. These have resulted in inconsistent and delay in payment, or complete nonpayment of retirement benefits. Similarly, these schemes were characterized by random increase in pension, lacking matching funding provisions, incorrect investment choice, and the erroneous assessment of pension obligations. Thus the unfriendly experiences compel the retirees to complain and call for a redress of their situation. It has further been observed that despite the moderation of the schemes, the management of pension schemes in Nigeria over the years has been characterized by multiple and diverse problems such as inadequate funding, poor documentation and filing in the pension offices, accumulated arrears of pensioners, inability to determine the appropriate investment portfolio, lack of accountability, corruption, and embezzlement of funds among others. At present, some states in the country are yet to join the ongoing Contributory Pension Scheme (CPS). This shows lack of confidence public servants have in the scheme which owes to failures of previous similar government policies. It also poses a threat to their financial well-being, a situation that calls for policy attention.

## Financial Well-Being

The main challenge of governments and policy makers in developed and developing economies, including Nigeria, is how to provide retirement incomes that are able to ensure financial well-being of retirees. Without sufficient pensions, poverty rates which are already high among retirees in Nigeria will be much unbearable. In Nigeria, the pension schemes which are intended to address the financial well-being of retirees have not achieved the desired goals. This is due to shifting of government attention to the provision of capital projects in the society. The ability of retirees to manage their properties and obligations influences their income security and well-being. This may be true of public servants who can quickly exhaust their properties if they manage their portfolios poorly or if they don't save adequately for retirement but rely solely on pension which may not be forthcoming. This would adversely affect their financial well-being. The improvement in the financial well-being of retirees is therefore an effective way to increase their living standards and eventually alleviate adverse concerns created by ageing. The concept of financial well-being has become an area of interest among financial researchers in the recent decades, and it is an evolving research area. Prior to the mid-1990s, several researchers tried to explain, predict, and define related constructs such as financial well-being, financial satisfaction, and economic well-being. However, since these positions are used interchangeably, many researchers have considered developing a conceptual model for the determinants of financial well-being. Determining the factors for predicting financial well-being is complicated as it comprises the objective and subjective status of a financial

situation, behavioral assessment of personal finance, and satisfaction with a personal financial situation; hence they cannot be measured through a unidirectional consideration.

Financial well-being has been adjudged to be important, as quality of life may be directly and indirectly impacted by how individuals perceive their financial well-being. In literature, there is a debate on the conceptualization and measures of financial well-being. Researchers such as Chu et al. (2017) conceptualize and measure financial well-being using different objective characteristics as pointers to financial well-being, such as income and investment performance. Gerrans et al. (2014) conceptualize financial well-being as a subjective appraisal of one's financial status. Parallel to that, Shim et al. (2009) mentioned that financial well-being and financial satisfaction have been used interchangeably in researches. Financial well-being is a perception of the financial situation of an individual who is free from financial concerns. He or she has healthy financial experience based on a subjective appraisal. In a recent conceptualization study, financial well-being was defined as "the perception of being able to sustain current and anticipated desired living standards and financial freedom" (Bruggen et al. 2017). This definition points to the two elements of financial well-being: current money management stress and expected future financial security. It aligns with the debate on the subject matter of this study. This definition is adopted because it emphasizes the importance of subjective feelings. How people assess their financial well-being depends mainly on their own preferences irrespective of their objective financial situation; and, as such, people with similar socio-demographic characteristics may assess their financial well-being differently. Similarly, a positive perception of financial well-being can lead to pleasure, passion, hopefulness, excellent health, and well-developed interpersonal relationships. Therefore, people may assess their financial well-being differently based on their experiences. This implies that the perception of financial well-being also depends highly on individual benchmarks for comparison. Overall, subjective indicators outweigh objective ones in evaluating individual financial well-being as the concept deals with human perception.

## Dimension of Financial Well-Being

The Consumer Financial Protection Bureau (CFPB 2015) conceptualizes financial well-being as an individual's control over his/her finances, the capacity to absorb a financial shock, being on track to meet financial goals, the perception of current finances, financial future, and financial freedom to make choices. Questions were developed in this study according to its context, and respondents were required to specify their degree of agreement or disagreement with the items developed. The responses were anchored on a 6-point scale ranging from 1 = *Not at all true of me* to 6 = *Extremely true of me*. A 6-point scale was used to measure the continuous variables to allow respondents to choose their responses and to reduce response bias. By eliminating the middle point, it provided a better measure and made it simple for respondents to give their opinions. The measurement items were subjected to both validity and reliability tests. Content validity was determined by giving the instruments to 11 respondents who were finance experts and practitioners. Data screening and different statistical tests were performed. Data management was basically done to establish the completeness of data. It involved identifying outliers and missing values as well as establishing the distribution of data to assess whether the assumptions of parametric data were tenable. Hence, the assumptions tested for using procedures recommended by Field (2005) include normality of the distribution of the data, linearity of the data, homogeneity of variance, and multicollinearity. The Statistical Package for the Social Sciences (SPSS) version 23.0 was used to perform exploratory factor analysis (EFA) by running principal component analysis as the extraction method using Varimax with Kaiser normalization to explore factor structure of the study constructs. This assisted to summarize items from the constructs with multiple questions into more meaningful and interpretable factors. Also, the Analysis of Moment Structures (AMOS) version 23 was

used for confirmatory factor analysis (CFA) after performing EFA on the data. The CFA was performed with all the 13 retained items from EFA. The result indicated five survive items as components of financial well-being in Africa, especially Nigeria where the study was carried out.

## Conclusion

In life generally, whatever has a beginning also has an end. Retirement is a typical example of this assertion. Indeed, retirement from active service is a necessary but undesired experience of every public servant. This is because it is a level that all public servants would reach whether they are ready or not. Most public servants ignore this fact at the beginning of employment – that they will exit public service in the future – and they rarely plan for it. This entry explores government efforts and challenges over many decades to satisfy retirees' financial well-being and suggests ways that the government can improve retirement policies aimed at improving the living standard of retirees. To correct the problems associated with the old pension scheme in Nigeria, the government established a new scheme. This entry looks at some aspects of the evolution of the new scheme and discovers that the scheme is inadequate in terms of coverage, lack of transparency, and the reoccurrence of delay in the payment of retirees' benefits. With the continuous flaws in government programs over the decades to cater for the retirees, the scheme may not translate into financial well-being for the retired. Therefore, the need for government to review the effectiveness of the programs is paramount, and retirees should take responsibility for their financial well-being. This is because the retirement period can either be a pleasurable or agonizing experience depending on the retiree's level of financial preparedness. In addition, retirees are a vulnerable group in the society because of their weakened physical, psychological, and financial power which restrict their capability to labor and earn income when they retired.

In light of the above, government should review from time to time its pension laws in the public sector to reflect the inflationary, exchange rate volatility and other changing trends in the country especially the current impact of the COVID-19 (coronavirus) pandemic. This is to match retirees' earnings with economic realities. Also, government should encourage retiree's financial self-reliance by allowing them to attain entrepreneurial training in public institutions such as Small and Medium Enterprises Development Agency (SMEDA), Industrial Development Centre (IDC), and National Directorate of Employment (NDE). Furthermore, based on the experience arising from the past pension scheme's failures, this entry suggests that government should permit organizations to manage their own pension fund. This is to prevent external influence on their funds from government and save retirees from financial difficulty. Individuals' financial well-being is incumbent on their actions. Hence, retirees should reflect prudently on their financial planning and goals to achieve satisfaction.

## Cross-References

► Accountability
► Public Sector Accounting

## References

Bruggen EC, Hogreve J, Holmlund M, Kabadayi S, Leofgren M (2017) Financial well-being: a conceptualization and research agenda. J Bus Res 79:228–237

CFPB (2015) Financial well-being: the goal of financial education (Rep.). Consumer Financial Protection Bureau, Iowa City

Chu Z, Wang Z, Xiao JJ, Zhang W (2017) Financial literacy, portfolio choice and financial well-being. Soc Indic Res 132:799–820

Field AP (2005) Discovering statistics using SPSS, 2nd edn. Sage, London

Gerrans P, Speelman CP, Campitelli G (2014) The relationship between personal wellness and financial well-being: a structural equation modelling approach. J Fam Econ Iss 35(2):145–160

National Bureau of Statistics (2017) Reports. www.nigerianstat.gov.ng
Shim S, Xiao J, Barber B, Lyons A (2009) Pathway to: a model of financial well-being for young adults. J Appl Dev Psychol 30(6):708–723

# Financing Nonprofit Organizations

Mirae Kim[1] and Qiaozhen Liu[2]
[1]Schar School of Policy and Government, George Mason University, Arlington, USA
[2]Georgia State University, Atlanta, GA, USA

## Synonyms

Funding nonprofit organizations; Sources of nonprofit revenue income

## Definition

| | |
|---|---|
| Charitable giving | Donation of money to an organization that benefits others beyond one's own family. |
| Contract | A legally enforceable agreement between two parties to achieve predefined results. |
| Earned income | Revenue generated from providing goods and services. |
| Endowment | An established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit entity. |
| Foundation | A type of charitable organization that relies on one or just a handful of sources, derives ongoing funding from return on investments, and commonly distributes grants to public charities, for charitable goals. |
| Grant | An award of financial support to a nonprofit to achieve public goals. |
| Investment income | Income derived from interest, dividends, or capital gains on nonprofit financial assets, including returns on endowments, operating funds, or other restricted funds. |

## Introduction

Although raising funds is not the primary goal for nonprofit organizations, it is important for them to carry out their missions and be sustainable. As such, nonprofit leaders need to understand various sources of income that their organizations may rely upon. Below, we explain the major sources of income for US-based nonprofit organizations: individual donations, corporate and foundation giving, government grants and contracts, earned income, endowment, and debt instrument. Nonprofit organizations located outside of the USA rely on similar sources of revenue although the proportion of each may vary. The Johns Hopkins University study (Salamon et al. 2013), based on a survey of nonprofits in 12 countries, reported sources of income based on three broad categories: government funding, philanthropic giving (which includes individual and organizational giving), and fee-for-service (which includes earned and investment income). Nonprofits in these countries, on average, generate 43% of their revenue from fee-for-service, 32% from government funding, and 23% from philanthropic giving, with substantial country-to-country variations. (Based on 34 countries, another 2010 study reported that on average nonprofits in these countries derive 50% from fee-for-service, 36% from government funding, and the remaining 14% from philanthropic giving (Salamon et al. 2013). For instance, Kyrgyzstani nonprofits rely predominately on fee-for-service (85%), Belgian nonprofits derive 68% of their income from government sources, and philanthropic giving accounts for 84% of Mozambican nonprofits' total revenue. Below, we explain the trends of each type of revenue. Provided statistics are mostly based on US cases

but implications are relevant for most countries experiencing the growth of the nonprofit sector.

## Individual Donations

Broadly speaking, charitable giving is "the donation of money to an organization that benefits others beyond one's own family" (Bekkers and Wiepking 2011, p. 925). According to Giving USA (2018), total private contributions to US-based nonprofits in 2017 reached $410 billion, of which roughly 70%, or $287 billion, came from individual giving. Compared to 2016, individual giving in 2017 increased by 3.0% after adjusting for inflation. The disaggregated statistics, however, sends a warning sign to small nonprofits. Giving USA reports that individual giving to large nonprofits (>$500,000 in annual revenue) increased by 9.0%, while decreased by 8.2% for small nonprofits (<$100,000 in annual revenue). From a long-term perspective, all nonprofits that rely heavily on individual donations should pay more attention to the current giving trend. Since 1977, individual giving in the USA as a share of disposable personal income has remained largely stagnant, with the highest at 2.4% in 2000 and the lowest at 1.7% in 1995 (Giving USA 2018). Meanwhile, private giving as a percentage of total giving, which includes corporation and foundation giving, and bequests, has shrunk considerably from 83% in the five-year period between 1978 and 1982 to 71% between 2013 and 2017. Given the growth of the nonprofit sector, these trends suggest greater competition over individual donations.

There are various ways that social scientists explain charitable giving behaviors. Economists understand charitable giving as a result of tax incentives and "warm glow" effect. The rational choice perspective fails to explain why some donors make donations without taking advantage of tax benefits and thus overlooks the social construction aspects of giving. Psychologists, on the other hand, link charitable giving to individual characteristics, such as altruistic personality, prosocial beliefs, sense of community, and past experience with recipient nonprofit organizations. Finally, the sociological perspective highlights the role of social norms and networks in encouraging donations. For instance, the social expectations to contribute as well as the density of social networks account for more charitable giving among religious individuals. Sociological perspective also found that being asked by friends and family members or pressured by individual social status are important factors to explain the likelihood of giving or the amount of gifts.

## Foundation and Corporate Giving

A foundation typically relies on one or just a handful of sources, derives ongoing funding from returns on investments, and commonly distributes grants to public charities, for charitable goals. According to the latest report by Foundation Center (2014), there are about 86,000 foundations in the USA. Giving USA report (2018) shows that foundation giving, excluding corporate giving, accounted for 16% of total private giving in the USA, and of these, independent foundations constituted more than 74% of the total grants made, while operating foundations and community foundations gave at around 13%, respectively.

Foundations play an increasingly important role in policy change, innovation, and redistribution of wealth. Critics of foundations, however, argue that the redistributive mechanism of foundations may be subject to donor preferences and ideologies, especially in a relatively under-regulated environment. For instance, the vast majority (90%) of foundations primarily fund communities where they are located rather than where funds are most needed, with only 1% of grants dedicated to addressing social problems such as homelessness. Further, critics also say foundations often compromise their overall capacity to address root causes of community problems because grants are often project based with a limited times pan and prefer self-sustainable programs.

According to the Giving USA report (2018), corporations in the USA gave $21 billion worth of

cash and in-kind gifts in 2017 through internal corporate giving programs and corporation foundations. There are mainly three reasons why corporations engage in philanthropy. First, corporate philanthropy is a result of altruism and commitment to the common good. When corporations make philanthropic gifts, they do not expect anything in return and may do so out of social responsibility, which differentiate corporate philanthropy from sponsorship tied to marketing. Second, philanthropy brings indirect benefits for the corporations. By investing in the community where they operate, corporations can enjoy a better business environment that has a safer community, more educated workforce, and better developed infrastructure. Lastly, corporate philanthropy is an instrumental tool to improve public image, gain stakeholder support and political access, and, ultimately, enhance financial performance.

A number of organizational characteristics help predict the likelihood of corporate giving. First, corporations in oligopolistic markets are more likely to engage in philanthropy in order to gain a competitive edge. Second, corporations in the retail industry are more likely to give than their nonretail counterparts because of their need to appeal to their consumers and the broader public. Third, corporations that generate negative externalities, such as air pollution, are more likely to give to improve their image.

## Government Grants and Contracts

Government support for the nonprofit sector may come through not only direct forms but also indirect forms such as tax deductibility for charitable gifts and tax-exempt status. In this entry, we focus on direct forms of support, mainly contracts and grants. A contract is a legally enforceable agreement between two parties to achieve predefined results. The failure to deliver agreed upon goods or services may lead to legal consequences.

Contracts can be classified into two broad categories: fixed price and cost reimbursement. Under a fixed-price contract, the amount of funding through the contract is fixed in most cases, and nonprofit contractors often face a great deal of financial risk as they will be responsible for all expenses, which include indirect administrative costs and may exceed the total contract price. Under a cost-reimbursement contract, nonprofits get reimbursed up to a preset ceiling price. This arrangement is often less risky for contractors because there is more flexibility in the use of funds and the ceiling price is not easily exceeded. Within the two categories, the Federal Acquisition Regulation (FAR) specifies seven types of contracts based on liability and profit incentive (See Pettijohn 2013 for more information).

Grants, on the other hand, are awarded to nonprofits as a form of financial support to achieve public goals. Compared to contracts, nonprofits have more flexibility in how the grants are used, and the reporting requirements are less stringent. Although the funding mechanisms of contracts and grants differ, many studies do not differentiate between them when investigating public funding, but rather view them as a formal relationship with governments.

Government funding to nonprofits fluctuates with time and is heavily affected by political ideology. For instance, the number and amount of US government contracts to nonprofits increased sharply in the 1960s with the programs established during the war on poverty. Such practices, however, changed considerably in the 1980s as the Reagan administration delegated more responsibilities to the states and cut funding for a number of programs that are typically delivered through nonprofits. Overtime, government funding to nonprofits rebounded with the expansion of existing programs and creation of new programs. According to an urban institute (2012) report, governments of all levels worked with approximately 56,000 nonprofit organizations and entered into about 350,000 contracts and grants, valued at $137 billion. On average, these nonprofits have six contracts and/or grants with the median of three. The awarded nonprofits tend to be large in size, with only 17% of them having budgets of less than a quarter of a million.

The top three recipient subsectors are human service (53%); arts, culture, and humanities (13%); and heath (12%). The case provided here focuses on the relationship between US governments and nonprofits, but nonprofits across the world are heavily dependent on governments to finance their operations.

## Earned Income

Earned income is revenue generated from providing goods and services and accounts for more than half of the total income in the nonprofit sector. Since the late 1980s, the nonprofit sector has become increasingly commercialized for several reasons. First, significant cutbacks in government funding and stagnant private giving in the 1980s forced nonprofits to develop alternative sources of income. Second, social and demographic changes such as an aging population and increased labor force participation among women created a broader market for nonprofit services. Third, the growth of social service market, based on government voucher programs and other subsidies, attracted for-profit firms to enter industries that used to be dominated by nonprofits and forced nonprofits to compete against their for-profit counterparts. These forces created marketization of nonprofits, in other words, drove nonprofit organizations to adopt business-like practices and expand their earned revenues.

Some scholars raised concerns that the push for increasing earned income can compromise the traditional roles of nonprofits as value guardians, advocates of important issues, and creators of social capital. Other scholars, however, contend that organizations still need to increase earned income to be sustainable. Compared to donations and government funding, nonprofits typically have greater control over how much commercial revenue they generate and spend. Overall, the current literature recognizes both the benefits and risks associated with earned revenue and suggests that organizations must examine the nature of their mission to assess the appropriateness of earned income.

## Endowment

Investment income is derived from interest, dividends, or capital gains on nonprofit financial assets, including returns on endowments, operating funds, or other restricted funds. The Financial Accounting Standards Board (FASB) defines endowment as "an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit entity" (AICPA 2013, p. 145). Common sources of endowment funds include donor-restricted contributions and bequests, which may be used to generate income either permanently (true endowment) or for a defined period (term endowment). In addition, the governing body of a nonprofit may allocate a share of its unrestricted net assets for the establishment of a board-designated endowment fund, sometimes referred to as a quasi-endowment.

Nonprofits accumulate endowments for three primary reasons. Endowments (1) serve as a financial safety net against economic hardship; (2) help to maintain a nonprofit's reputational capital in the long run; and (3) ensure that certain values can be better handed down to future generations. Moreover, endowments give the impression to donors that their contributions will be in perpetuity, making a lasting impact.

An investment portfolio is a group of jointly managed assets, which may include cash and cash equivalents, stocks, and bonds. Scholars (Calabrese and Ely 2017) analyzed the statistics of income (SOI) data from 2008 to 2012, which includes mostly large nonprofits with at least $30 million in assets, and found that 43% of the nonprofits in the sample have endowments. The distribution, however, is highly skewed. Higher education nonprofits own 64% of the endowment assets, even though they constitute only 21% of endowed nonprofits. The total endowment growth from 2008 to 2012 is 34%, with substantial subsector variations: religious nonprofits'endowments increased by 91% while mutual benefits nonprofits'endowments shrunk by 26%. Of all endowments, 41% are permanently restricted, 33% are unrestricted, and the rest are temporarily restricted.

Investment income has stirred a debate among scholars known as the "today-versus-tomorrow." Expressing concerns over endowment accumulation, these scholars questioned the investment return of endowment relative to other opportunities that organizations can seize by using the money and the sacrificed current social benefits as a result of endowment accumulation. They have also raised the issue of fairness, in the sense that the current generation's subsidies of tax exemption are being used to generate income for future generations.

## Debt Instrument

Debt financing refers to financing through borrowing. Despite the borrowing costs, many projects, especially capital projects, can only be made possible through debt financing. The major types of debt instruments include lines of credit, bank loans, mortgages, and bonds (to understand the differences between them, see Yetman 2007). In short, lines of credit and bank loans are for shorter terms and smaller amounts, compared to mortgage and bond issuance. The use of debt financing has been on rise recently. For instance, the US nonprofit sector owed a total debt of $873 billion in 2010, representing a real growth of over 100% from 1998 (Calabrese and Ely 2016). Tax-exempt bonds made up almost half (45%) of total liabilities in the sector, followed by mortgages and notes (24%) and then other liabilities (16%). The top three nonprofit subsectors that utilize tax-exempt bonds are hospitals (54%), higher education (20%), and human services (11%).

There are several reasons why nonprofits use debt financing. First, it smooths out the gap between revenues and expenses. Many nonprofits, due to the nature of their revenue structures, receive payments or major donations at irregular intervals even though their programs require constant spending. Debt financing helps to offset the temporary shortage of working capital. Second, debt financing can facilitate capital asset purchases, as large sums of cash can take an extended period of time to raise, and the process may create adverse effects on the organization's day-to-day operations. Additionally, debt financing equalizes the cost of a capital asset throughout its useful life span and allows the benefits of the asset to offset its annual cost. Third, debt financing may also serve as a financial safety net to withstand unplanned events or as a reserve to seize emerging opportunities. Finally, debt financing can be used to re-finance the organization's existing fixed-rate debt as market interest rates fall.

F

## Conclusion

This entry introduced six types of financial sources nonprofits rely on to support their day-to-day operations as well as large capital projects. Unlike for-profit firms, nonprofits draw on a mix of these sources to support their missions. Their specific revenue portfolios are determined by the suitability and feasibility of acquiring these revenue sources. To help nonprofit leaders make informed decisions about which sources of income would best serve their needs; this entry provides a discussion of the definitions, characteristics, benefits, and potential challenges of each source.

## Cross-References


- ▶ Budgeting for Nonprofit Organizations
- ▶ Contracting with Government
- ▶ Earned Income Strategies
- ▶ Giving and Volunteering
- ▶ Public Organizations and Nonprofit Organizations


## References


American Institute of CPAs (AICPA) (2013). Audit & accounting guide – not-for-profit entities. AICPA, New York

Bekkers R, Wiepking P (2011) A literature review of empirical studies of philanthropy: eight mechanisms that drive charitable giving. Nonprofit Volunt Sect Q 40(5):924–973

Calabrese TD, Ely TL (2016) Borrowing for the public good: the growing importance of tax-exempt bonds for public charities. Nonprofit Volunt Sect Q 45(3):458–477

Calabrese TD, Ely TL (2017) Understanding and measuring endowment in public charities. Nonprofit Volunt Sect Q 46(4):859–873

Foundation Center (2014) Key facts on US foundations. Retrieved from: http://foundationcenter.org/gainknowledge/research/keyfacts2014/pdfs/Key_Facts_on_US_Foundations_2014.pdf

Indiana University Lilly Family School of Philanthropy (2018) Giving USA 2018: the annual report on philanthropy for the year 2017. Giving USA Foundation, Chicago

Pettijohn SL (2013) Federal government contracts and grants for nonprofits. Retrieved from: https://www.urban.org/sites/default/files/publication/23671/412832-Federal-Government-Contracts-and-Grants-for-Nonprofits.PDF

Salamon LM, Sokolowski SW, Haddock MA, Tice HS (2013) The state of global civil society and volunteering: latest findings from the implementation of the UN nonprofit handbook. Center for Civil Society studies working paper, 49

Yetman RJ (2007) Borrowing and debt. In: Young DR (ed) Financing nonprofits: putting theory into practice. AltaMira, Lanham, pp 243–268

# Firing Regulation and Public Administration

JiHye Park
Department of Sociology, University of Iowa, Iowa City, IA, USA

## Synonyms

Discharge; Public policy exceptions to the at-will doctrine; Termination

## Definition

Defendant: The person defending or denying in an action or suit (Legal Dictionary 2016).

Employment-at-will doctrine: Employers can fire employees at their discretion, while employees also can resign from their work positions at any time within the at-will doctrine (Muhl 2001).

Plaintiff: The party who sues in a civil action (Legal Dictionary 2016).

Public policy exceptions to the at-will doctrine: Under the public policy exception to the at-will doctrine, an employee can be wrongfully fired when the firing is against the well-established public policy. The purpose of the public policy exceptions is to protect both employees and public welfare (Muhl 2001).

Whistle-blowing: The disclosure by a person, usually an employee in a government agency or private enterprise, to the public or to those in authority of mismanagement, corruption, illegality, or some other wrongdoing (Legal Dictionary 2016).

## Introduction

Public administration and policy regulations govern the firing process (Shafitz et al. 2012). Under Wood's at-will doctrine (1877), American courts have respected freedom of employment; both employers and employees can fire their employment at their discretion. However, this at-will doctrine created disadvantages for the employees, such as job insecurity, while providing absolute privileges to employers in terms of power. With *Petermann v. International Brotherhood of Teamsters* (1959), American courts became aware of the growing number of wrongful firing cases, which violated public policy. In other words, the precedents illustrate that employers cannot fire their employees at will when the cause violates public good and welfare. In summary, public administration and policy regulate a firing decision as providing exceptions to the at-will doctrine.

The purpose of the current entry is to provide an overview of the changes in the at-will doctrine over time in the United States. The entry also offers an explanation of public policy exceptions to the at-will rule with related court cases and their decisions. Finally, this paper ends with organizational costs as the result of wrongful firing in violation of the public policy.

## Historical Background

Jacob was in love with Rachel and said, "I'll work for you seven years in return for your younger daughter Rachel." Laban said, "It's better that I give her to you than to some other man. Stay here with me." So Jacob served seven years to get Rachel, but they seemed like only a few days to him because of his love for her (Genesis 29: 18–20).

Biblically, Jacob and Laban's employment contract dictated 7 years of work for Laban in exchange for marriage to Laban's daughter, Rachel. The Bible recorded the shape of an employment agreement as a function of family relations, which influenced employment-related law to be classified as part of family law in Europe during the Middle Ages. Later, this view influenced the feudal doctrine in which employment between a master and servant could last an unlimited number of years. During the nineteenth century, the concept of a lifetime employment relationship changed to 1-year hiring under the British rules; employment could be fired only at the end of year (e.g., Labatt 1913).

These early British rules became the foundation of American employment doctrine. In 1877, Horace Wood first introduced the concept of at-will employment in his book *A Treatise on the Law of Master and Servant*. According to Wood (1877), hiring could be for unlimited years without contracts. This logic was written for value of freedom of employment; under this belief, both parties may leave their employment relationships whenever without constraint by the contracts. Wood's at-will rule was accepted by most American courts when understanding firing of employment, especially during the twentieth century. However, Wood's rule unwittingly set a pattern for wrongful firing cases in modern American society (DeGiuseppe 1981).

Between 1933 and 1938, the power of the government expanded to private economic and business sectors under Roosevelt's New Deal. Congress recognized that employers did over- and misuse the at-will doctrine for their advantage (e.g., by firing without a cause at any time). This recognition of wrongful use finally shed light on employee's rights – their vulnerability in power relative to their employers (e.g., *Larsen v. Motor Supply Co*., 1977). After a century of Wood's at-will doctrine, the courts specified exceptions to at-will employment. These exceptions including implied-contract exception, implied covenant of good faith exception, and public policy exception limit employers' discretion on employment firing decision (Muhl 2001). To be specific, the implied-contract exception only permits the employment firing with good cause. In addition, the implied covenant of good faith exception provides a fair relationship to employers and employees (e.g., fair contract). Lastly, the public policy exception limits the at-will doctrine when it violates the nature of public policy. Today, "the theory of wrongful firing in violation of public policy is used most often" (Winterbauer 1992, p. 388).

## Public Policy Exceptions to the At-Will Doctrine

In a narrow spectrum, the courts have subjected the public policy exception to only "statutory rights and criminal prohibitions" (Modesitt 2006, p. 402). Broadly, public policy refers to an administrative action and decision for public good and welfare which constitutes not only statutes and the Constitution but also includes administrative regulations, precedent, and codes of professional ethics (e.g., *Winkelman v. Beloit Memorial Hospital*, 1992). With respect to the definitions of public policy in the workplace, public policy functions to protect employees and employers and their relations, rights, and interests. This maintains the stability of the workforce. Wrongful firing in violation of public policy occurs when the employers fire their employees due to reasons that violate public policy, thus eventually harming not only the fired individual employees but also threatening public good and safety (e.g., *Smalley v. Fast Fare Inc*., 1988).

In the United States, the first recognition regarding wrongful firing in violation of public

policy was in *Petermann v. International Brotherhood of Teamsters* in California (1959). California legislature investigated the company's corrupt actions. Petermann, a business agent of the International Brotherhood of Teamsters, was required to testify about the corruption of the Teamsters Union. Despite pressure by his supervisor to perjure himself in court, Petermann testified truthfully about his company's corruption for the investigation. The day after his summons, Petermann was fired by the company. While the defendant appealed that the firing was based on the at-will doctrine, the court found that the company fired Petermann because he refused to involve in illegal activity for the company's benefit (i.e., false testimony). According to the California court's decision, perjury is a crime that harms public safety and social justice. The court's decision was based on the below reasoning (in part):

> It would be obnoxious to the interests of the state and contrary to public policy and sound morality to allow an employer to discharge any employee, whether the employment be for a designated or unspecified duration, on the ground that the employee declined to commit perjury, an act specifically enjoined by statute. (*Petermann v. International Brotherhood of Teamsters*, 174 Cal. App. 2d 184 (Cal. App. 2d 1959))

The California appellate court decided that Petermann's case represented a public policy exception to the at-will doctrine, and this case became the first American court case of the public policy exception to the at-will doctrine.

## Cases of Wrongful Firing in Violation to Public Policy

The court decision for Petermann's case inspired growing awareness of the wrongful firing cases that violated public policy, specifically during the 1980s (Ballam 2000). *Restatement* (*Third*) *of Employment Law* (American Law Institute 2009) categorized four cases of public policy exceptions to the at-will doctrine. In this section, four major categories that were clarified as the exceptions of the public policy to the at-will doctrine will be overviewed with related previous court cases.

The first exception of the public policy to the at-will doctrine is retaliation for exercising a statutory right. Precedents suggested that firing due to employees exercising their statutory rights was a wrongful firing that violated the nature of public policy. *Frampton v. Central Indiana Gas Co*. (1973) is a leading case in this area. The Central Indiana Gas Company fired Frampton after she sought a second compensation for a previously injured arm at work. When she injured her arm for the first time, the company paid fully her medical expenses and full salary for 4 months. In about a year and half, she claimed her second compensation for the injured arm due to a 30% loss in her use of the arm after the same accident. A month after this claim was filed, Frampton received compensation, and she was fired without any reasonable cause. The Supreme Court of Indiana explained that a compensation claim is a right of employment under Indiana Workmen's Compensation Act or the Indiana Workmen's Occupational Disease Act. Thus, the company's firing of the plaintiff could be considered a retaliation of her filing for compensation, which is a wrongful firing that violates the public policy (also see other related court cases: *Kelsay v. Motorola*, *Inc*., 1978; *Midgett v. Sackett Chicago*, *Inc*., 1985).

The second exception of the public policy to the at-will doctrine is retaliation for engaging in acts that are in the public interest. Many courts have prohibited the at-will principle for an employee's absence at work due to exercising their lawful rights, including joining National Guard and serving on a jury. *Nees v. Hocks* (1975) illustrates an example of this particular wrongful firing. The plaintiff postponed her first jury duty in 1972 and was called for the duty again in 1973. Her company requested her to postpone or shorten the serving periods. Finally, Nees took 2 weeks off to complete her legal duties, which started on February 26, 1973. Two weeks later, she was fired, receiving the following letter (in part) from her boss, Hocks: "Although we

asked you to request an excusal from Jury Duty and wrote a letter confirming the Labels [defendants'] position, it has been brought to our attention you, in fact, requested to be placed on Jury Duty." The letter became the evidence that Nees was fired by exercising her legal duty to uphold the public interest, not by unsatisfactory work performance. Thus, the decision of the Supreme Court was favorable to Nees, protecting her legal rights within exceptions to the at-will doctrine (also see related other court cases: *Segal v. Gilbert Color System Inc.*, 1984; *Reuther v. Fowler & Williams, Inc.*, 1978).

The third exception of the public policy to the at-will doctrine is retaliation for whistle-blowing. Precedents have illustrated that reporting a company's violation of the law is not a crime. Rather, this is an action for public safety and in the public interest. Thus, firing an employee for this reason has been banned by most courts in the United States. *Garibaldi v. Lucky Food Stores Inc.* (1984) is an example of a wrongful firing in retaliation for whistle-blowing. Garibaldi was a truck driver for Lucky Food Stores. While delivering milk, he found that the product was spoiled and reported this issue to his boss. However, his employer told him to deliver those spoiled products. Despite the supervisor's direction, Garibaldi informed the local health department on March 27, 1979. Garibaldi believed that his whistle-blowing subjected him to continuous harassment at his work, which allegedly resulted in his firing in October of 1980. While respecting the at-will agreement, the court (9th Cir.) protected the plaintiff's firing under the public policy exception to the at-will principle (also see other related court cases: *Panar v. Americana Hotels*, 1982; *Sides v. Duke Hospital*, 1985).

Finally, the fourth exception of the public policy to the at-will doctrine is retaliation to refusal to perform a criminal act. After *Petermann v. International Brotherhood of Teamsters* (1959), courts started to recognize that employee's refusal to do criminal act for a company's benefit, such as perjury, cannot be a cause of firing. Beyond the perjury case, many courts have respected employees' refusals to abstain from other illegal activities under the public policy exception to the at-will employment agreement, such as *Henze v. Alloy Surfaces Company* (1992). The Alloy Surface Company made a contract about supplying equipment for the US Military. Henze, the plaintiff, was a controller in the company, and therefore, his job was to decide the price of the equipment that would be supplied to the US Military. His supervisor forced the plaintiff to set the price higher than the federal regulation. When the plaintiff refused to engage in this activity, he was fired by the company. Therefore, the Delaware Court decided this case was a wrongful firing in violation to public policy on the basis of the Petermann opinion:

> To hold that one's continued employment could be made contingent upon his commission of a felonious act at the insistence of his employer would be to encourage criminal conduct upon the part of both the employee and employer and would serve to contaminate the honest administration of public affairs. This is patently contrary to the public welfare. (*Petermann v. International Brotherhood of Teamsters*, 174 Cal. App. 2d 184 (Cal. App. 2d 1959))

## Organizational Costs by the Wrongful Firing in Violation of the Public Policy

Wrongful firing in violation of public policy causes the organization to suffer both direct and indirect economic loss. First, lawsuits for the wrongful firing create costs for the organization, including compensation for the plaintiff's past and future lost wages, benefits, and any damages which resulted from the wrongful firing (Baucus and Dworkin 1998). For example, in *Stewart v. FedEx Express* (2015), the plaintiff received permission to continue his family's medical care despite being granted a leave of absence by FedEx. However, the company fired him for "job abandonment." In conclusion, the Pennsylvania Superior Court ordered $35,000 compensation for the plaintiff's damages. It was because FedEx failed to exercise the public policy

exceptions to the at-will doctrine by harming the employee's statutory right. Other organizational economic costs caused by the violation of the public policy exception to the at-will doctrine include legal fees (e.g., attorney fees) and fines and/or penalty under the False Claim Act (Harris 1994; Jefferson 1994; Schmitt 1993).

Beyond these direct economic losses, those agencies involved in wrongful firing would experience other types of negative effects. For instance, the company's reputation might suffer damage, thereby making the company less likely to attract future consumers and talented employees (Cowan 1992; Dworkin and Callahan 1993; Weitzman and McKenna 1995). Also, their future activities and actions will be more likely to be monitored and regulated by government administrations (Dworkin 1992; see Uniform Law Commissioners' Model Employment Termination Act, 1991).

## Conclusion

The erosion of the at-will employment agreement in the United States significantly accelerated during the 1980s as the courts recognized wrongful firing cases that violated public policy. Therefore, courts began to limit at-will doctrine by providing exceptions, for example, prohibition of firing employers when (1) exercising their statutory rights, (2) engaging in acts that benefit public interests, (3) whistle-blowing for public good, and (4) refusing to perform a criminal act. When companies violate public policy by the wrongful firing of employees, those companies acquire an unethical organizational image which leads to loss of trust by their consumers, current employers, and future applicants. Also, the lawsuits for the wrongful firing, or firing that violates public policy, result in a vast economic loss to the organization, due to the payment of legal fees and monetary compensation to the plaintiff. Therefore, it is necessary that employers use public policy to determine their decisions to fire at-will employees.

## Cross-References

▶ Affirmative Action as Social Policy

## References

American Law Institute (2009) Restatement of the law third employment law. Executive Office, Philadelphia

Ballam D (2000) Employment-at-will: the impending death of a doctrine. Am Bus Law J 37:653–687

Baucus SM, Dworkin MT (1998) Wrongful firing in violation of public policy: an empirical based model of the process. Group Organ Manag 23(4):347–386

Cowan A (1992) Scarlet letters for corporations? Punishment by publicity under the new sentencing guidelines. South Calif Law Rev 65:2387–2420

DeGiuseppe J (1981) The effect of the employment-at-will rule on employee rights to job security and fringe benefits. Fordham Urban Law J 10(1):1–70

Dworkin TM (1992) Legal approaches to whistle-blowing. In: Miceli MP, Near JP (eds) Blowing the whistle. Lexington Books, Lexington, pp 232–279

Dworkin TM, Callahan ES (1993) Employee disclosures to the media: when is a "Source" a "Sourcerer?". Hastings Commun Entertain Law J 15:357–397

Frampton v. Central Indiana Gas Co., 260 Ind. 249 (Ind. 1973)

Garibaldi v. Lucky Food Stores Inc., 471 U.S. 1099 (U.S. 1984)

Harris RJ Jr (1994) Boeing agrees to pay U.S. $75 million to settle allegations of mischarging. Wall Street J:A16

Henze v. Alloy Surfaces Company, 1992 Del. Super. (Del. 1992)

Jefferson DJ (1994) Litton unit agrees to pay $82 million to U.S. settle contract padding case. Wall Street J:A3

Labatt C (1913) Commentaries on the law of master and servant, 2nd edn. Lawyers Co-operative Pub Co, New York

Legal Dictionary. http://legal-dictionary.thefreedictionary.com/. Accessed 10 Jul 2016

Modesitt N (2006) Wrongful discharge: the use of federal law as a source of public policy. Univ PA J Labor Employ Law 8(3):623–649

Muhl JC (2001) The employment-at-will doctrine: three major exceptions. Mon Labor Rev, 3–11, Washington, DC

Nees v. Hocks, 272 Ore. 210 (Ore. 1975)

Petermann v. International Brotherhood of Teamsters, 174 Cal. App. 2d 184 (Cal. App. 2d 1959)

Schmitt RB (1993) Development of the public policy exception to the at-will doctrine. Arizona Law Rev 29:295–306

Shafitz MJ, Russell WE, Borick PC (2012) Introducing public administration. Routledge, New York

Stewart v. FedEx Express, 2015 Pa Super 86 (Pa. 2015)

Weitzman A, McKenna K (1995) With millions of Americans telecommuting, businesses must determine how current laws apply to this new form of work. Natl Law J 18(10):B4
Winterbauer HS (1992) Wrongful discharge in violation of public policy: a brief overview of an evolving claim. Berkeley J Employ Labor Law 13(2):386–415
Wood CH (1877) Treaties on the law of master and servant covering the relation, duties and liabilities of employers and employees. John D. Parsons, Jr., Albany

# Fiscal and Financial Transparency

Johann Seiwald
International Monetary Fund, Washington, DC, USA

## Synonyms

Budget transparency; Fiscal openness

## Definition

*Fiscal transparency* can be broadly defined as the state of openness and accountability in fiscal decision-making through which fiscal policy-making and implementation as well as budget preparation and execution processes are subject to greater public scrutiny. The IMF (2012) choses a more narrow definition and defines it as "the comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances." The OECD (2002) has chosen a synonym, *"budget transparency,"* defined in a similar narrow way as "the full disclosure of all relevant fiscal information in a timely and systematic manner."

*Financial transparency* is a less specific concept and does not specifically refer to fiscal policy-making but applies to a wider range of organizations and aims at the visibility or accessibility of financial information, especially concerning business practices of (public sector) organizations.

## Introduction

Providing publicly available financial information on the budget has been on the agenda of many countries for several years. Early attempts at open budgets and accounts tried to give parliaments or opposition sight of the budgets and was so a means for better control over governments. More recent initiatives are strongly driven by international organizations and nongovernmental initiatives and linked to the broader governance debate (accountability, participation, cohesive policy-making).

The remainder of this entry starts with an overview of the concept and the objectives of fiscal transparency, gives a brief outline of historic developments, describes the main international transparency initiatives of international organizations and nonprofit networks (which reflect developments in pioneer countries and drive enhancements of transparency), describes the main features of the standards and evaluation tools that were developed within the last 20 years, and concludes with a summary of results from studies on the impact of fiscal transparency initiatives.

## Concept and Purpose

Fiscal transparency means providing publicly available information about fiscal projections and plans, fiscal policy decisions, budgetary allocations and its use, and public sector accounts. The public domain refers to a broad range of stakeholders and includes all citizens (or interested group of citizens); governmental (e.g., parliament, fiscal councils, court of accounts), nongovernmental (e.g., press, investors, nonprofit organizations), or international organizations; and markets (e.g., financial markets, suppliers to public sector) with an interest in fiscal

policy and use of public funds (GIFT 2016; Philipps and Stewart 2008). Whereas fiscal transparency refers to the openness of fiscal policy-making for the entire public sector including its subunits, the less specific term financial transparency relates to visibility and accessibility of information of (public sector) organizations on their business practices, not focused on fiscal policy, and thus strongly refers to accounting standards. This entry primarily deals with the more specific concept of fiscal transparency and treats financial transparency as an integral of the latter part due to their overlapping nature, thus in the following the term fiscal transparency is used.

Fiscal transparency aims to provide information about the fiscal stance and fiscal plans of a country that facilitates policy analysis. It strives for evidence-based and better-informed economic decisions by governments. Openness of fiscal and financial information helps ensure that governments are held accountable for their fiscal policy and budgetary actions and that stakeholders have resources to scrutinize fiscal policy decisions, budgetary documents, and budget execution (IMF 2014a). The credibility of fiscal decisions is assumed to increase as political commitment is enhanced. Risk for gimmicks and opportunistic goals are reduced because openness is considered to put governments at a reputational, political risk when implementing and pursuing unsustainable policies and inadequate decisions.

These indirect or intermediate effects should lead to improved fiscal performance, more efficient and effective use of public funding, more resources for development priorities, and reduced corruption. Enhanced credibility is considered to even contribute to lower borrowing costs (IMF 2012). Nontransparent behavior, on the other hand, creates a huge potential for inefficiency and risks for financial crises (IMF 2012). Open finances are thought to strengthen trust for citizens and empowers them to participate in political decision-making, and a more democratic fiscal policy-making approach can be pursued. Fiscal transparency paves the way for applying a more participatory way of budgeting (GIFT 2016).

In addition, international organizations (such as IMF, OECD, or World Bank) have a particular interest in fiscal transparency as it facilitates their surveillance activities of fiscal position and developments (Philipps and Stewart 2008). Their standards also support implementing good complementary practices of public financial management beyond pure transparency (e.g., fiscal rules, borrowing limits, budget approval).

## Historic Developments

First attempts of fiscal transparency were found for governments of ancient and medieval Europe. This openness, however, was undermined by the desire of the rulers to keep "things" secret, the limits of technology, and low rates of literacy (Irwin 2013). Absolute monarchies of the sixteenth and seventeenth centuries reversed this trend and restricted access to budget information.

Influential writers in the late 1700s paved the way for a new era of fiscal transparency. They stressed that governments should be accountable to the citizens and emphasized the value of reasoned and informed debate choosing policy. That thinking and concerns of taxpayers and their representatives contributed to increases in fiscal transparency in the late 1600s in England and most notably the publication by the French government in 1781 of a report on public finances (Irwin 2013).

In the early 1800s, European countries started incorporating into their Constitutions the requirement to publish governments' budgets and accounts, which happen by 1850 by all of them. The transparency movement was driven by the need of rulers to persuade creditors to lend and Parliament to approve new taxes. It was also facilitated by technological innovations that reduced the costs of distributing information (Irwin 2013).

In the 1980s, governments' dependency on financial markets (especially in advanced countries), the increasing influence of credit rating agencies, and donors' push in developing countries made fiscal transparency a globalized phenomenon (Philipps and Stewart 2008). Whereas earlier initiatives and pressure for more fiscal transparency came from national institutions, nowadays there are international organizations

(e.g., World Bank, IMF, OECD) and international NGOs (e.g., Open Budget Initiative) which drive the development of transparency standards and try to push them to national governments.

## Global Initiatives for Fiscal Transparency

In 2002, the OECD issued *Best Practices for Budget Transparency* as a reference tool for its member and nonmember countries. It lists the principal budget reports (e.g., budget, in-year reports, year-end report) that governments should produce and describes their recommended general content and specific disclosures (e.g., macroeconomic assumptions, tax expenditures, contingent liabilities). This includes both financial and non-financial performance information (e.g., sector policy objectives) and practices for ensuring the quality and integrity of the reports (OECD 2002).

In 2015, the OECD issued *Recommendations of the Council on Budgetary Governance*, which is comprised of ten principles and incorporates the best practices for budget transparency. Budgetary governance is defined "as the processes, laws, structures and institutions in place for ensuring the budget system meets its objectives in an effective, sustainable, and enduring manner" (OECD 2015, p. 1). One principle on budget transparency is defined, in a narrow sense – to ensure open and accessible budget documents. The other principles also refer to aspects of budget transparency in the broader sense.

The IMF first published a *Code of Good Practices on Fiscal Transparency* in 1998 and conducted assessments of countries' fiscal transparency and adherence to the principles and practices in the Code. The Code included four dimensions: (i) clarity of roles and responsibilities, (ii) open budget processes, (iii) public availability of information, and (iv) assurance of integrity (IMF 1998). In 2014, the IMF developed a new *Fiscal Transparency Code* in which the lessons learned from the global financial crisis were incorporated. The revised code focuses much more on outputs than processes, and fiscal risk analysis and management were strengthened. The new code consists of the three core pillars (IMF 2014a): fiscal reporting, fiscal forecasting and budgeting, and fiscal risk analysis and management. Specific to the IMF, fiscal transparency principles is a fourth pillar of transparency for natural resource revenues (e.g., from oil or gas). Transparency practices and institutions are classified for 36 dimensions according to a basic, good, and advanced practice scheme. The IMF provides a "Fiscal Transparency Evaluation" to its member countries based on this code.

The *Global Initiative for Fiscal Transparency (GIFT)* is a "multi-stakeholder action network" with the World Bank, the IMF, the International Federation of Accountants (IFAC), and the International Budget Partnership, but ministries from Brazil and Philippines. Its mandate is to drive the development of global norms on fiscal transparency, participation, and accountability and improve fiscal transparency around the world. The network has developed 10 "principles of fiscal transparency" and launched 10 "principles of public participation in fiscal policy" in 2016 (GIFT 2016).

The *Open Budget Initiative* conducts the "Open Budget Survey" based on a questionnaire with more than 100 indicators on openness of budget documents, integrity, and participation in the budget process. The review in the single countries is undertaken by civil society or academia, independently reviewed with the opportunity for governments to comment (International Budget Partnership 2015).

In 2010, the World Bank launched the *BOOST* initiative (BOOST is not an acronym but the name of a new data tool), which is an open budget database with detailed expenditure information of the included governments. Currently the platform includes expenditure data for around 40 countries for the use of researchers, government officials, or citizens (World Bank 2016).

*Public Expenditure and Financial Accountability (PEFA)* (2016) is a widely used and well-recognized standard for assessing the quality of public financial management systems in general. It includes some specific indicators for fiscal transparency (e.g., public access to key financial information, transparency of intergovernmental fiscal relations) and a wide range of indicators

overlapping with dimensions covered by other standards (e.g., extent of unreported government operations, orderliness and participation in the budget process, quality of financial statements).

The International Organization of Supreme Audit Institutions (INTOSAI) issued the *Principles of Transparency and Accountability* with a focus on governance and transparency related to audit (ISSAI 21). For example, they recommend state audit institutions to make their mandate and mission public, operate under a clear legal mandate, and apply high standards of integrity for staff.

Accounting and financial statistics standards also aim at increasing transparency of public finances but with a narrower scope. *International Public Sector Accounting Standards* (IPSAS) focus on *ex-post* reporting for year-end financial statements and rules for recognition, measurement, and disclosure of financial and nonfinancial transactions. The *Government Finance Statistics Manual* (GFSM, latest version 2014, previous versions 2001 and 1986, IMF 2014b) is an international statistical standard issued by the IMF and describes the macroeconomic statistical framework, and the published GFS year book provides a basis for comparative fiscal analysis. Other international statistical standards are the System of National Accounts (SNA) issued by the United Nations or regional standards, for example, European System of Accounts (ESA).

## Principles and Content of Fiscal Transparency Norms

The different standards and tools cover different dimensions. Although each standard has a particular focus, they share similar principles and have significant overlaps. In 2016, the OECD works on a toolkit to consolidate the different standards. In this section, the common principles, main content, and dimensions of fiscal transparency norms are presented, namely, concerning: (i) what information is to be provided, (ii) standards regarding how the information is to be presented, (iii) mechanisms for ensuring credibility and integrity, and (iv) specific governance-related issues.

### Information to be Provided

All frameworks require information on (i) fiscal policy planning and budgeting, (ii) analysis of fiscal risks, (iii) *ex-post* reporting, and (iv) nonfinancial performance.

Beyond the traditional annual budget information, documents which guide fiscal policy are to be published. These include fiscal rules and objectives, fiscal projections, and medium-term budget frameworks. For assessing the credibility of fiscal policy, macroeconomic assumptions (e.g., GDP growth, inflation, unemployment) are required to be disclosed too. The IMF (2014a), but also the "Open Budget Survey" (International Budget Partnership 2015), put a strong emphasis on reconciliation of successive fiscal plans to understand the reasons for deviations over time: Were fiscal plans revised due to macroeconomic revisions, implementation of new policies, or changes in parameters (e.g., number of beneficiaries of social benefits)?

Disclosure and analysis of fiscal risks has become a priority in fiscal transparency. Based on the analysis of government finance developments of the fiscal crisis, the IMF has included a separate section of fiscal risk disclosure and management. This includes macroeconomic risks but also risks from guarantees, public enterprises, financial sector exposure, PPPs, subnational governments, environmental risks, and others. Information indicating long-term sustainability is also required due to long-term effects of many policy decisions and to initiate fiscal policy decisions in a timely way. One focus of this kind of analysis is to assess the sustainability of pension systems.

For *ex-post* reporting, regular in-year and end-of-the-year budget execution reporting as well as audited financial statements are core documents. In general, standards express a strong preference for accrual based information (comprising a balance sheet and operating statement in addition to a cash flow statement) and so providing a broader range of financial information (including systematic information on assets and liabilities). Open budget surveys assess the availability of specific information disclosure including, composition of taxes and nontax revenues, debt, transfers to subnational governments, public

corporations, and donor money, or expenditure for governmental programs. The IMF (2014a) *Fiscal Transparency Code* specifically mentions tax expenditures, i.e., exemptions from taxation.

Currently, many budgets exclude extra-budgetary funds (e.g., social security) and state-owned enterprises. All frameworks, thus, emphasize to extend the scope of reporting beyond mere budget coverage. The GFSM (IMF 2014b) requires general government reporting (excluding public corporations), but the IMF *Fiscal Transparency Code* suggests whole of government reporting for the entire public sector (including financial and nonfinancial public corporations) as advanced practice. The argument is a risk-oriented approach as many organizations outside the general government can create fiscal implications, e.g., governments' guarantees for debt of public enterprises as the government might have to step in, central banks subsidizing lending for enterprises or banks instead of subsidizing through the budget (IMF 2012).

Best practice of countries is to complementing financial information with integral nonfinancial information. International standards encourage disclosure of "the outputs [the governments] are producing with the resources entrusted to them, and the anticipated and actual social, economic and environmental outcomes" (GIFT 2016). The OECD choses a broad approach including use of performance information, evaluation, and *ex-ante* reviewing of expenditure programs, in addition to pure presentation. Reporting on public investment including cost benefit analysis is also highlighted.

### Presentation of Information

For ensuring transparency not only substance but also the form in which the information is presented and made available matters. Good practices relate to: (i) form and timing of presentation, (ii) presentation for different target groups, (iii) classification, and (iv) alignment of different documents (e.g., International Budget Partnership 2015; IMF 2014a; OECD 2015).

Fiscal reports should be accessible to citizens, civil society organizations, and other stakeholders. The "Open Budget Survey" (International Budget Partnership 2015) requires online availability and machine readable documents. INTOSAI suggests in its standard ISSAI 21 that audit results are to be communicated through *media*, websites, and other means.

For budget documents to be impactful, they should be prepared frequently and in a timely manner. The IMF (2014a) *Fiscal Transparency Code* proposes submission of the budget to Parliament 3 months before the end of the fiscal year and approval of Parliament 1 month before the end of the fiscal year as most advanced practice to allow sufficient time for scrutiny.

In general, budget documents are targeted towards specific target groups (e.g., bureaucrats, fiscal analysts, politicians) and require specific, technical knowledge to be understood. A citizen budget or budget summary, however, presents the budget information in a less technical manner and makes budget information accessible to a broader, nonexpert audience (International Budget Partnership 2012).

A multidimensional budget analysis can be prepared if budget information is presented according to the different types of expenditure/revenue classification: economic (e.g., personnel, investment, interest), functional (e.g., health, defense, education), and programmatic (related to the objectives to be achieved, e.g., poverty reduction, housing). Whereas economic and functional classifications are standard requisites of a transparent budget, the international standards put a strong emphasis on the presentation of budget information on a program basis, because it allows better insight for which purpose public money is spent.

Transparent fiscal documents have to be read together, e.g., budgets over time, budgets to outturn, all budget documents over the budget cycle. Presenting the information on a comparable basis ensures comparisons, strengthens accountability, and allows different analyses. Historic revisions in budgets or accounts are to be disclosed as well as successive forecasts reconciliations, so that the development can be clearly followed.

### Credibility/Integrity Mechanisms

Public availability of pure information is not a sufficient condition for transparency.

Information has to be credible and reliable, thus mechanisms that ensure credible information are integral part of fiscal transparency. Such mechanisms include (e.g., IMF 2014a; OECD 2015): (i) accurate accounting and independent auditing, (ii) statistical integrity, (iii) independent assessment of fiscal policy, and (iv) compliance with procedural rules.

Governments' financial statements should show a true and fair view and present comprehensive, accurate, and reliable accounts. This can be ensured by complying with international or national accounting standards (e.g., IPSAS) and by independent audit of the accounts. The "Open Budget Survey" (International Budget Partnership 2015) assesses in terms of credible auditing, for example, the statutory independence of the state audit institutions from the Executive, its mandate, access to information, and appropriate resources to audit and report publicly. In their operations, audit institutions are required to operate in an independent, accountable and transparent manner. INTOSAI's standards (ISSAI 21) make state audit institutions subject to credibility requirements, e.g., objective and transparent audit standards, independent and external review of transparency standards, and a requirement for publicly reporting of audit results. Internal audits also enhance credibility.

As financial statistics are not subject to a professional audit, other mechanisms ensure its credibility. The IMF (2014a) *Fiscal Transparency Code*, in line with its statistical standards, requires that a professional independent body, i.e., an independent statistics office, is in charge of compiling the data and they are disseminated in accordance with international statistical standards.

Fiscal objectives setting and assessment are given a high priority in recent transparency standards, and after the 2008/2009 fiscal crisis more varied and complex fiscal rules and objectives have been developed. As a complementary institution, many countries established independent fiscal councils, such as most countries in the European Union, Canada, Chile, South Africa, South Korea, or the United States, to act as watchdogs for sustainable fiscal policy. They evaluate the credibility of governments' economic and fiscal forecasts, assess performance against fiscal objectives, and promote fiscal transparency not only through their own reports but also by demanding additional information from governments (IMF 2014a).

Procedural rules (e.g., parliamentary approval of budgets) set out in the fiscal legislation aim at reducing the risk of undermining fiscal transparency. For example, supplementary budgets should be approved by Parliament so that revisions to the budget follow a clear procedure and can be tracked, guarantees should be authorized by law to not circumvent budgetary approval mechanisms, and budget reserves allocated following procedural and material conditions to ensure public money is used according to clear principles.

### Embedding into Governance

Fiscal transparency is embedded in the broader debate of (fiscal) governance and linked to other governance principles such as: (i) the rules of law, (ii) participation, (iii) accountability, and (iv) others.

The GIFT principles highlight the rules of law in their first principle (GIFT 2016): "Everyone has the right to seek, receive and impart information on fiscal policies. To help guarantee this right, national legal systems should establish a clear presumption in favor of the public availability of fiscal information without discrimination. Exceptions should be limited in nature, clearly set out in the legal framework, and subject to challenge through low-cost, independent and timely review mechanisms."

They further specify that all financial transactions (including revenues) of the public sector should have their basis in law. Laws, regulations, and administrative procedures regulating public financial management should be available to the public, and their implementation should be subject to independent review (GIFT 2016). INTOSAI's ISSAI 21 recommends auditors to perform under a legal framework and make their mandate and responsibilities public.

Provision of credible fiscal information to the public ensures accountability and enables the public to participate in fiscal policy and budget decisions. Participation has become a central element

of fiscal transparency standards. The "Open Budget Survey" looks into information provided to the public enabling participation but also public hearings and other mechanisms to identify citizen's perspectives on budget priorities and to provide feedback regarding how the information was used (International Budget Partnership 2015).

Linkages of transparency to other governance dimensions refer to clarity of the public sector definition and private sector relations, clearly defined division of labor in the financial process, ethical standards for staff, or evaluation of expenditure programs (GIFT 2016; IMF 2014a; OECD 2015).

## Conclusion

Fiscal transparency has been given broad attention by international organizations and initiatives, and in line with these developments, national governments have improved their fiscal openness. The "Open Budget Survey" of 2015 (International Budget Partnership 2015) shows some progress but still highly divergent practices of the different countries. While around one fourth of the 102 included countries score well on budget transparency, most of them have significant deficiencies in participation. One-third of budget documents that should be published worldwide are not available to the public. Either they were not prepared, were for internal use only, or were published too late to be useful. However, the survey concluded a gradual trend toward improvements in budget transparency. Scores improved on average by 10% compared to the first survey in 2006.

Academic studies, however, show that fiscal transparency has positive aspects. Several studies, summarized in De Renzio and Wehner (2015), have analyzed the state of fiscal transparency measured by scoring according to the IMF *Fiscal Transparency Code* or the "Open Budget Survey". Whereas causal relationships are rarely made in the studies, most claim beneficial impacts on lowering deficits or debt, borrowing costs, and limiting fiscal gimmickry (De Renzio and Wehner 2015; IMF 2012).

While international standards help initiate transparency reforms and guide transparency initiatives of governments, the complex net of international standards have not yet reached the stage of a coherent complementary framework. After the stage of recently undertaken revisions and innovations to update the frameworks, a step towards harmonization would be beneficial. This process is facilitated by the fact that main players in the field are interrelated in the different initiatives.

The focus in international transparency standards is currently on the provision and presentation of information including credibility mechanisms. However, there is a lack of insight regarding how fiscal information is used by the different stakeholders. The single initiatives highlight the importance of using the public available information for decision-making, analysis, or accountability purposes. Probably also as a consequence of this unexplored relationship, the IMF *Fiscal Transparency Code* or the "Open Budget Survey" have not included more operationalized criteria for measuring if and how the information is used.

Whereas fiscal transparency has a positive connotation and is broadly considered as desirable, also supported by some studies and international efforts, risks of information overflow, unfavorable cost-benefit considerations of information disclosure, and negative impacts of fiscal transparency (e.g., on financial markets) could undermine fiscal transparency attempts. The implication of these limiting phenomena and the use of publicly available information in fiscal policy-making, for accountability and inclusion of stakeholder purposes, is not sufficiently explored and needs more attention, both in research and practice.

## Cross-References


- ▶ Accountability
- ▶ Auditing
- ▶ Ethical Risk Management
- ▶ Financial Sustainability
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Participatory Budgeting
- ▶ Whole of Government Accounting

## References

De Renzio P, Wehner J (2015) The impacts of fiscal openness: a review of the evidence. http://www.fiscaltransparency.net/resources/. Accessed 31 Aug 2016

GIFT (2016) GIFTS's principles. http://www.fiscaltransparency.net/giftprinciples/. Accessed 31 Aug 2016

International Budget Partnership (2012) The power of making it simple: a government guide to developing citizens budgets. www.internationalbudget.org/wp-content/uploads/Citizen-Budget-Guide.pdf. Accessed 31 Aug 2016

International Budget Partnership (2015) Open budget survey 2015. http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/publications-2/full-report/. Accessed 31 Aug 2016

International Monetary Fund (1998) Code of good practices on fiscal transparency – declaration on principles. https://www.imf.org/external/pubs/ft/history/2012/pdf/4d.pdf. Accessed 31 Aug 2016

International Monetary Fund (2012) Fiscal transparency, accountability, and risk. IMF policy paper. http://www.imf.org/external/np/pp/eng/2012/080712.pdf. Accessed 31 Aug 2016

International Monetary Fund (2014a) Update of the fiscal transparency initiative. IMF policy paper. http://www.imf.org/external/pp/longres.aspx?id=4888. Accessed 31 Aug 2016

International Monetary Fund (2014b) Government finance statistics manual 2014 (GFSM 2014). https://www.imf.org/external/Pubs/FT/GFS/Manual/2014/gfsfinal.pdf. Accessed 31 Aug 2016

Irwin T (2013) Shining a light on the mysteries of state: the origins of fiscal transparency in western Europe. IMF working paper, WP/13/219. https://www.imf.org/external/pubs/ft/wp/2013/wp13219.pdf. Accessed 31 Aug 2016

ISSAI 21 – Principles of transparency and accountability – principles and good practices. http://www.issai.org/media/12934/issai_21_e_.pdf. Accessed 31 Aug 2016

OECD (2002) Best practice for budget transparency. http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm. Accessed 31 Aug 2016

OECD (2015) Recommendation of the council on budgetary governance. http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm. Accessed 31 Aug 2016

PEFA (2016) Framework for assessing public financial management. https://pefa.org/content/pefa-framework. Accessed 31 Aug 2016

Philipps L, Stewart M (2008) Fiscal transparency: global norms, domestic laws, and the politics of budgets. Brooklyn J Int Law 34:797–859

World Bank (2016) BOOST initiative. http://wbi.worldbank.org/boost/boost-initiative. Accessed 31 Aug 2016

# Fiscal Decentralization in Ghana, Nature, Prospects, and Challenges

Samuel Adams and William Asante
School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

## Synonyms

Bureaucratic autonomy; Financial autonomy; Financial decentralization; Fiscal administrative discretion; Fiscal delegated authority

## Definition

Fiscal decentralization refers to a governance arrangement where moneys are sent from the central government to local government units (districts/municipalities) with the objective to support the implementation of development programs and projects. The concept describes a situation where local government units are given the autonomy to select and implement programs and projects they deem as most relevant and appropriate in their respective jurisdictions.

## Introduction

Local and regional governments (LRG) are key stakeholders in the quest to accomplish the United Nations (UN) Sustainable Development Goals (SDGs). This is because they are the primary actors expected to translate the SDGs into action custom-made to the most pressing needs of their respective communities. However, their specific roles and resources to help accomplish the above have not received the prominence it deserves (Smoke 2017). Additionally, Conyers (1990) observes that compounding the situation in most developing countries is the colonial legacy of a

centralized system of government. Most independent developing countries in the early stages of their freedom either maintained the central control and centralized system of planning or strengthened it with the objective of shoring up popular support for their new policies. As a result, majority of these countries have not undergone the kind of evolution (decentralized system of planning) that seems more characteristic of the industrialized countries (Oates 1993).

Earlier studies in many developing countries report overwhelming consensus that decentralization is the mechanism to encourage participation of the local populace and make policies more responsive to local needs (Conyers 1990; Dick-Sagoe 2020). Decentralization is understood to be assigning public functions to local and regional governments along with systems and funds to support implementing these responsibilities to meet public goals. Its multiple forms may include deconcentration (assigning task and functions from central to local units), devolution (local units given some level of autonomy to take decisions), and delegation (certain function(s) contracted to a local unit or private entity). Also, its dimensions may constitute administrative, fiscal, and political (Smoke 2017).

More importantly, the dimensions of decentralization as mentioned above tend to be stronger and impactful when there is integration. For instance, political decentralization (elections) means little unless LRGs have the resources and capacity to respond to their constituents (Oates 1999; Suberu 2019). According to Oates (1999), finance is considered the fulcrum to any effective implementation of decentralization programs. Smoke (2017) buttresses this viewpoint with the argument that the ability of the central government to devolve financial arrangements in favor of decentralized units demonstrates the commitment of the central government to succeed with decentralization. Smoke (2001), for example, identifies three relevant factors that supports the importance of fiscal decentralization. First, it is a means of augmenting the inability of the central government development planning to promote and deliver adequate development. Second, the participation of local governments helps to deliver basic social services since local governments are better equipped to deal with local issues in which their daily life reflects. Third, the global political climate supports this as a means of promoting development and to channel economic resources. In many developing and in particular African countries, decentralization has been touted as a means of escape from the traps of poor governance, and its subsequent negative effects on economic growth, poverty, and income inequality (Atisa et al. 2020; Bird and Vaillancourt 1998).

In light of the expected benefits of decentralization, the framers of Ghana's most recent Constitution in 1992 instituted in Article 240(1) that Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized. This system of decentralization is expected to exhibit the following features; thus, first, parliament should enact laws to ensure that functions, powers, responsibilities, and resources are at all times transferred from the central government to local government units in a coordinated manner; second, local governments should have the necessary capacity to plan, initiate, coordinate, manage, and execute policies in respect of all matters affecting the people within their areas; and more significantly, each local government unit should have a sound financial base with adequate and reliable sources of revenue (see Article 240(2a–c)). It is important to point out that local governments in Ghana are labeled as assemblies and have been termed "Metropolitan" (population over 250,000), Municipal (one-town assemblies with population over 95,000), or District Assemblies (population of 5000 and over). An assembly is the pivot of administrative and development decision-making in the district and the basic unit of government administration.

The pillar of Ghana's fiscal decentralization is the District Assemblies Common Fund (DACF) which has the objective to support the implementation of District Development Programs as well

as leading the development priorities of the district to be accomplished on the principle of subsidiarity. As the backbone of Ghana's decentralization, the DACF deserves the necessary prominence in both academia and practice. It is based on this line of thinking that this write-up discusses the nature of Ghana's DACF placing emphasis on its design, implementation challenges, and its potential for effective local governance.

## Nature of Ghana's Fiscal Decentralization

In Ghana, two (2) types of funding exist at the Metropolitan, Municipal, and District Assemblies (MMDAs): internally generated funds (IGFs) (from licenses, taxes, and investment income, among others) and those transferred from the central government. The funds from the central government to the MMDAs include the District Assembly Common Fund (DACF) and the District Development Fund (DDF). The DACF is a statutory payment by the central government to the local governments from the national budget. Under DACF, the government is mandated to transfer 5% (now increased to 7.5%) of national tax revenue to a fund. The DACF is disbursed to the local governments on a quarterly basis per formula approved by the parliament of Ghana annually. Since its introduction in 1993, this has proven to be the most reliable form of transfer from central government to the local government units. On the other hand, the DDF is a performance-based fund. It is given to local governments based on performance following the implementation of their proposed development activities. An annual assessment of Metropolitan, Municipal, and District Assemblies performance is carried out using the Functional Organizational Assessment Tool (FOAT). Local governments that pass the assessments are provided with additional funds. A greater portion of the facility comes from Ghana's foreign development partners (Oduro-Ofori 2016). This entry, however, focuses on the DACF because of its central role in Ghana's decentralization scheme.

### The District Assembly Common Fund

The Two Hundred and Fifty-Second Article of Ghana's 1992 Constitution introduces the District Assemblies Common Fund as a mechanism to ensure effective provision of requisite funding to MMDAs to enable them implement their development programs and plans. In distributing the DACF to the various MMDAs, four basic factors are considered as criteria. These include the need factor, which addresses the imbalance in development and infrastructure among the districts, with the level of need determined from the GDP per capita. The second is the equalizing factor, which also aims at ensuring that districts have a minimum allocation from the Fund. The third is the responsiveness factor, which looks at rewarding assemblies that have done well in revenue collection in terms of per capita revenue collected. And the final factor is service pressure, which serves to compensate for population pressure on facilities. It must be highlighted that part of the fund that is disbursed directly to the MMDAs per the approved formula becomes what is known as the direct transfers, whereas aspects of the funds to support district projects that are national in scope become the indirect transfers. Also, about 4% of the Fund is shared with Members of Parliament for constituency projects, one and a half percent is shared among the 10 Regional Coordinating Councils for the supervision of the assemblies in their respective regions, while 2% is reserved to meet contingency expenditures (Nai 2014).

## The Prospects of Ghana's Fiscal Decentralization

The potential benefits of the DACF is aptly captured in its vision as "an institution of choice for the administration and transfer of funds to MMDAs to reduce poverty in their respective areas of jurisdiction." The DACF has reenergized the district assemblies in carrying out their core mandate of bringing development to the local people. The Fund has given district assemblies some sense of financial autonomy where they can decide which projects or programs to roll out that will be beneficial to all citizens. Also, one important factor that goes in favor of the DACF is

the fact that it has decentralized infrastructural development and increased participation of people at the local level. Rural electrification, road construction, health facilities, community water systems, and the like are gradually getting to the remotest and previously inaccessible areas of the country. A sustained effort will eventually lead to a greater expansion of these projects to cover every part of the country.

## Challenges of Ghana's Fiscal Decentralization

Despite the above prospects, the DACF is not immune to challenges. The first and often most talked about challenge is the unreliability and delays in the flow of funds to the districts, which constrain development especially the districts that are not revenue-endowed internally. There are countless examples where payments into the Fund have delayed for more than 1 year, resulting in the failure to disburse monies to the MMDAs in spite of the fact that the creation of the DACF and the payment of funds into the Fund is a constitutional requirement.

Again, there have been complaints from the general public and media of alleged misapplication and financial malpractices in connection with the disbursement and use of the proceeds of the DACF. This has been accompanied with tensions between Metropolitan, Municipal, and District Chief Executives (MMDCEs) who are appointed by the president to represent his interests, the Members of Parliament (MPs) who are the elected representatives, and then the traditional authorities often regarded as the custodians of the customs, culture, and natural resources of the people. Also, it is observed that Ghana and other developing countries assign more expenditure functions to sub-national governments than revenues allocated to these sub-national governments, leading to a mismatch of functions and finance in their intergovernmental fiscal relations (Yeboah and Andrew 2020). In addition, the lack of accurate and in some cases unavailable data has been one of the Achilles heel with regard to the funds effective disbursement. Formal data from the Ghana Statistical Services and other agencies, for example, doctor-to-patient ratio, nurse-to-patient ratio, teacher-to-pupil ratio, road coverage, and water coverage, among others, sometimes, do not correspond with the situation on the ground in the MMDAs. Furthermore, the complaints about the many deductions "at source" from the amounts meant for the MMDAs pose a major challenge and disrupts the payment plans they make for their projects.

Finally, the low financial, institutional, and political capacity levels of district assembly members and officials, local CSOs, and large segments of the population in general in dealing with budget issues have been detrimental to the effective functioning of the MMDAs and the disbursement of the DACF (Kaye-Essien 2020).

## Conclusion and Policy Implications

The entry shows that Ghana has embarked on decentralization for nearly 30 years with some success; however there are some constraints hindering the smooth implementation of the program. The highlight of Ghana's decentralization program particularly with its funding arrangements is the support from Article 252 of Ghana's Fourth Republican Constitution which is supported by an Act of Parliament otherwise referred to as DACF Act 1993 (Act 455). These legal provisions mandate Ghana to disburse not less than 7.5% of the country's revenue to the various MMDAs based on the criteria of needs, equalizing, responsiveness, and service pressure factors. It must also be mentioned that the DACF has energized the financial status of all the MMDAs with the hope of receiving an amount from the central government. The challenges of delays in the disbursement of the funds at the local level, inaccurate data as the basis of disbursement, many deductions at the source of the fund, and low capacity of district officers to handle financial matters continue to bedevil the effective administration of the funds.

In light of the identified constraints, the following recommendations are made. First, there is the need to intentionally and deliberately set up a reliable database through effective research and data collection strategy. This database should be regularly updated to enable the MMDAs to forecast, levy, and collect revenues due them. This

will also come in handy for the administrator of DACF in performing its disbursement role. Second, efforts should be made as a matter of urgency to appraise the operations of the DACF and identify the cause of the delays in the flow of revenue to the local government units. Third, the central government should provide leadership by strengthening their supervisory and monitoring functions and partner public training institutions to develop programs to equip and build the capacity of the MMDA staff in financial management and budgeting, general management and coordinating skills, and monitoring and evaluation techniques as and when necessary. The DACF in no doubt has been a fulcrum around which all the activities of the MMDAs revolve and its absence may have caused the demise of most MMDAs. Despite this, MMDAs must step up their internal revenue mobilization efforts in order not to over rely on the central government for funding. MMDAs can support the street naming and property addressing system programs by government that will enhance revenue mobilization in their respective jurisdictions.

## Cross-References


- ▶ Centralization and Decentralization
- ▶ Decentralization and Citizens' Participation in Local Governance
- ▶ Decentralization in Sub-Saharan Africa
- ▶ Decentralization, Partisan Politics, and National Development in Ghana
- ▶ Decentralizing Governance
- ▶ Financial Management for Local Government
- ▶ Fiscal Federalism in the USA


## References


Atisa G, Zemrani A, Weiss M (2020) Decentralized governments: local empowerment and sustainable development challenges in Africa. Environ Dev Sustain 23(3):3349–3367

Bird R, Vaillancourt F (1998) Fiscal decentralization in developing countries: an overview. In: Bird R, Vaillancourt F (eds) Fiscal decentralization in developing countries. Cambridge University Press, Cambridge, pp 1–48

Conyers D (1990) Centralization and development planning: a comparative perspective. In: de Valk P, Wekwete KH (eds) Decentralizing for participatory planning? Aldershot, Avebury, pp 15–34

Dick-Sagoe C (2020) Decentralization for improving the provision of public services in developing countries: a critical review. Cogent Econ Finance 8(1):1804036

Kaye-Essien CW (2020) The politics of discontinuity and its medium term policy outcomes: evidence from Ghana. Int J Public Adm 43(7):599–610

Nai ANA (2014) DACF and decentralization objective. Common Fund Newsl 2:5–6

Oates WE (1993) Fiscal decentralization and economic development. Natl Tax J 46(2):237–243

Oates W (1999) Fiscal decentralisation and economic development. In: Slemrod J (ed) Tax policy in the real world. Cambridge University Press, Cambridge, pp 171–178

Oduro-Ofori E (2016) Decentralization and local economic development promotion at the district level in Ghana. In: Dick E, Gaesing K, Inkoom D, Kausel T (eds) Decentralization and regional development: experiences and lessons from four continents over three decades. Springer International Publishing, Switzerland, pp 15–36

Smoke P (2001) Fiscal decentralization in developing countries: a review of current concepts and practice. Democracy, governance and human rights programme paper number 2. United Nations Research Institute for Social Development (UNRISD), 2001

Smoke P (2017) Fiscal decentralization frameworks for agenda 2030: understanding key issues and crafting strategic reforms. Commonw J Local Gov 20:3–23

Suberu R (2019) Does federalism matter in Africa? Fed Gov 15(2):36–40

Yeboah E, Andrew M (2020) Challenges faced by metropolitan, municipal, and district assemblies in internal revenue mobilization in Ghana. Int J Asian Soc Sci 10(1):68–80


# Fiscal Federalism and Sub-national Bond Yield Spreads: The Swiss Case


Roland Hofmann
School of Management and Law, Zurich University of Applied Sciences, Winterthur, Switzerland


## Synonyms

Default risk premium; Federal government tiers; Second state level; Sub-national government bonds; Swiss cantons

## Definitions

### Fiscal Federalism

Federal states consist of at least two tiers of government. In federal states, the sub-national tiers do not act exclusively as agents of the central level. They are (at least to some extent) autonomous and can decide for themselves on the organization and performance of the public tasks assigned to them in the Federal Constitution, as well as on the necessary expenditure and taxes (*principle of autonomy*). The *principle of fiscal equivalence* implies that, within a given jurisdiction at the different federal tiers of government, the costs of providing public goods and services should be covered and funded by those who enjoy their benefits and decide upon it. In a financially stable federalism, decision-makers, taxpayers, and beneficiaries should overlap to the highest possible degree *(institutional congruence)*.

### Sub-national Bond Spreads

*Spread* is the difference between the yield of a risky bond and the yield of a risk-free bond (*benchmark*) with otherwise identical conditions (in particular maturity, liquidity, or interest coupon). The spread serves as a measure of the credit risk of a bond. Bonds issued by sub-national governments (which are subject to risk) have a yield spread over the (risk-free) bonds issued by the central government. The spread reflects the difference in the default risk.

## Introduction: Sovereign Defaults and the Market Discipline

Stable public budgets are an important prerequisite for the orderly development of the social and political life in a country. However, political upheavals and distortions due to financial difficulties of states are often documented in history. Internationally, there has been a sharp increase in government spending and activities in all industrialized countries since the middle of the nineteenth century and increasingly in the twentieth century (Blankart 2011a: 157 ff; Hindriks and Myles 2013: 89–91, 99). This expansion was primarily attributable to social and welfare programs (education, health, pensions) with corresponding transfer expenditure. After 1960, however, rising revenues lagged behind growing expenditures in many industrialized countries. The recurring deficits led to a marked increase in debt in relation to economic output (Tanzi and Schuknecht 2000: 50 ff.).

In principle, public debt is neither good nor bad. Debts smooth unsteady income (taxes) over time and can finance long-term infrastructure investments to share the financial burden over generations of users (Blankart 2011a: 375 ff; Reinhart and Rogoff 2008). Debts become a problem for governments if they grow faster than economic output over a longer period of time, leading to a rising interest burden. A public budget is sustainable if the debt ratio (debt in relation to economic output) can be stabilized (Blankart 2011a: 370 ff.).

The propensity of governments to recurrent structural deficits and thus to rising debt is widely discussed in the literature (Reinhart and Rogoff 2008; Blankart 2011a: 166 ff., 361 ff.; Hindriks and Myles 2013: 119; 123 ff.). The financing of public tasks by means of debt instead of tax revenues is fundamentally attractive. Debt enables political decision-makers to incur expenditures for which they do not have to levy unpopular taxes ("to spend without to tax"). Governments accumulate not only a lot but often *too* many debts. Excessive debt is not uncommon and defaults by sovereign debtors therefore have a long history.

Not only central governments but also sub-national authorities can sometimes no longer fulfil their obligations. In 1935, the Canadian province of Alberta was not able to service its domestic debt. In 1975, the City of New York lacked the means to collect garbage. The insolvency of Orange County in California in 1994 became famous because of misspeculation with interest rate derivatives. In 2005, the New Orleans City Council was unable to pay employees' wages due to Hurricane Katrina. In recent years, the US states of California and Illinois and Puerto Rico have struggled with financial problems.

Many governments struggle with avoiding structural deficits and limiting rising debt. Political decision-making mechanisms are often unable to effectively prevent (or even favor) such developments. The inevitable limit for deficits and thus for indebtedness is therefore the *sanctioning by the credit and capital markets*. A tense financial situation of countries with deficits and increasing debts increases the default risk for lenders. This default risk must be compensated by the debtor with higher risk premiums on the interest rate. Investors are beginning to sell government bonds. It is becoming increasingly difficult for the government to take on further debt, even if the interest rates are increased. This downward spiral continues until the debtor is *credit rationed* (Reinhart and Rogoff 2008; Blankart 2011a: 361 ff.). At no interest rate, creditors are willing to lend money.

Even if there is no default, it is to be expected that the financial situation of a debtor will be reflected in the spreads of his bonds and that changes in the spreads can be used as an indicator of the risk change in lending. Credit risks materialize as the yield difference (credit risk premium) between a creditor's debt and a risk-free benchmark obligation. Bond spreads thus measure investors' *confidence* in a debtor's ability to meet its obligations (Feld et al. 2017: 320). The analysis of bond spreads can provide insights into the assessment of a borrower by the capital market. As will be shown below, in particular, a federal form of government can serve to keep the public households of sub-national authorities stable and to reduce sub-national bond spreads.

## Fiscal Federalism: A Short Theoretical Framework

Countries may, in principle, be organized as federalist or centralist (unitary) states (Blankart 2011a: 613). These two organizational forms differ in the tasks and resources allocated to each tier of government (so-called fiscal federalism; Hindriks and Myles 2013: 635). A typical measure of a country's fiscal decentralization is the central government's share of total expenditures or revenues.

Many countries have several levels of government to ensure optimal provision and financing of public goods and services. This leads to the following question: Which public tasks and which resources should be assigned to which tier of government *(assignment problem)*? In federal states, the boundaries, the responsibilities, and the resources of the tiers of government are usually defined in the Constitution (Connolly and Munro 1999: 485–505).

The *principle of subsidiarity* usually applies in federal states (Blankart 2011a: 624; Hindriks and Myles 2013: 635). The public tasks and responsibilities are initially assigned to the lowest tier of government (e.g., municipalities). Only if this level is incapable to fulfil a task, it will be transferred to the next higher tier. According to *Oates' decentralization theorem*, federalism and the principle of subsidiarity are most efficient in assigning the various public services and goods to the different tiers of government corresponding to their impact perimeter. If the demands, preferences, and expectations of citizens with regard to the public services vary greatly from region to region, provision at a lower level is more appropriate. The division of responsibilities includes not only the provision of services and goods but also the corresponding resources (e.g., taxes) according to the *principle of fiscal equivalence*. Fiscal equivalence is fulfilled if decision-makers, users, and payers of a political project (provision of public goods and services) coincide (Blankart 2011a: 391, 628; Hindriks and Myles 2013: 636 ff.; Blankart and Ehmke 2019: 19 f.). This congruence strengthens the *accountability* of the political decision-makers *(autonomy model)*. It can be assumed that local and regional authorities with an equivalent fiscal structure will pursue a more sustainable fiscal policy due to their greater self-responsibility. Empirically, greater fiscal autonomy for sub-national authorities usually goes hand in hand with greater budgetary discipline. If fiscal autonomy is decentralized, deficits and debt in the sub-national sector can be reduced.

Furthermore, federal organized states allow for *yardstick competition* between the sub-national (e.g., local, regional) authorities and allow for small-scale experiments and political

innovations. Citizens can judge the performance of "their" government relative to that of other similar governments in the same country. This should lead to a more citizen- and preference-oriented governance and constitute an effective barrier against the government's tax appetite (Blankart 2011a: 615 ff.). In decentrally organized states, the aggregate public budget is lower across all tiers of government than in centralized countries, and simultaneously citizens are more satisfied with public services.

If citizens can compare and choose between different jurisdictions of residence in federal organized countries, this facilitates "voting by feet or exit". Federalism allows citizens to express their preferences not only through votes and elections ("voting by voice") but also through the choice of location (Blankart 2011a: 637 ff.). According to *Tiebout's mobility thesis*, individuals and companies choose their place of residence or location through such fiscal incentives (Hindriks and Myles 2013: 636 ff.).

In summary, the following reasons speak in favor of decentralizing the provision of public tasks and resources in a federal state (Connolly and Munro 1999: 485–505): Different (local, regional) demands are identified by using "on-site" information to provide public goods. The mobility of taxpayers between competing sub-national jurisdictions leads to the efficient use of resources (voting by feet, Tiebout theorem). The yardstick competition leads to a comparability of the performance of competing sub-national jurisdictions. And the sense of local autonomy and community leads to a "small is beautiful" effect.

However, there are also plausible reasons for organizing certain government tasks centrally (Blankart 2011a: 619 ff.; Hindriks and Myles 2013: 636 ff.): Such reasons may be the economies of scale in the provision of public goods and services, the internalization of external effects between sub-national jurisdictions (spillovers), the possibility of social and fiscal redistributions, the minimum provision level of public goods throughout the country, or the coordination of public tasks (e.g., a common legal system). Obviously there is a trade-off between the internalization of spillovers and the use of local information (Connolly and Munro 1999: 485–505). The question of "centralization versus federalism" cannot simply be answered.

In addition to public tasks, resources must be allocated to the federal tiers of government as well (assignment of tax resources) (Connolly and Munro 1999: 485–505): Progressive, redistributive taxes should be levied centrally because work is mobile. Therefore, the central government should mainly tax mobile goods and factors (e.g., earned income). Local governments, on the other hand, should tax immobile goods and factors and raise consumption fees or property taxes. Local governments will then face tax competition to attract mobile goods and factors.

Notwithstanding the advantages of fiscal federalism, there are also financial risks if the principle of fiscal equivalence is not observed. Joint tasks and joint financing represent a common fiscal pool, resources which are often overused. Joint political projects violate the equivalence principle: liability, control, and risk fall apart, possibly leading to moral hazard effects. Fiscal equivalence is not compatible with a mutual guarantee system or a bailout regime within or between states.

If the assignment of tasks and resources (tax revenues) do not match and the fiscal equivalence is violated, transfers between the different tiers of government may be necessary (Connolly and Munro 1999: 485–505). And, as well, if the inequalities between the sub-national tiers of government are considered too extreme, the question of transfers or a federal system of fiscal equalization also arises. Such payments and transfers are fundamentally incompatible with the autonomy model of fiscal equivalence and institutional congruence. When money runs out, the sub-national authority has to limit its expenditure and spend less. Financial equalization from rich to poor jurisdictions with the aim of creating equal living conditions in all sub-national governments would require subsidies and destroy institutional congruence in the autonomy model. Sub-national authorities would rely on fiscal equalization and would reduce their efforts to cover their own costs (Blankart and Ehmke 2019: 19 f.).

In summary, it is therefore to be expected that federal, decentralized countries will be able to better fulfill the preferences of their citizens and that different "endowments" with public goods and services (political design drafts) emerge in the sub-national authorities. It can therefore also be assumed that citizens are more satisfied and thus more willing to pay taxes for these public offers and that an improved financial outcome can be assumed if the fiscal equivalence is met. Accordingly, federal sub-national authorities should rather have to pay lower interest rates on debt than centrally organized states.

## Fiscal Federalism in Switzerland

Switzerland is sometimes seen as a federal curiosity with extraordinary, direct democratic political instruments. Blankart (2011b) developed a theory of Switzerland and explains that the geographical situation of the country with its originally fractured valleys favored the institutional development of Switzerland toward federalism and direct democracy.

Switzerland is an interesting experimental field for federalism research. It consists of 26 different cantons and around 2,200 communes, which are politically predominantly autonomous. The cantons and communes differ considerably in terms of size (area, population), economic power, geology, and geography (Central Plateau, Jura, Alps) and belong to four different linguistic and cultural areas (four official national languages: German, French, Italian, and Romansh). Switzerland is characterized by a biconfessional religious basis of Reformed and Catholic Christians and by political party pluralism. In order not to be torn apart in this diversity as a country, the political decision-making process requires cooperation and coordination in finding solutions. This leads to compromise-ready, concordant, rather slow, and cautious public activities. The historical development of the country has led to evolutionary and pragmatic solutions since the founding of the federal state in 1848.

Switzerland's central political institutions are (Feld et al. 2017: 323) the pronounced federalism with a high degree of political autonomy for the cantons and communes, direct democracy rights at the national and all sub-national levels, and a very large number of regional and local authorities (communes, cantons) by international standards, which make it possible for the citizens to be geographically and mentally "close" to the representative democracy and the governments. This highly decentralized structure, together with direct democratic civil rights, can be seen as an actual "experimental laboratory" for testing various policy drafts.

From a historical point of view, the federal character of Switzerland developed since the end of the thirteenth century into a federal state structure in which the cantons and also the communes play an important role as cooperative structures (cantons as former independent states). The public tasks are to be solved locally in a decentralized manner through the joint efforts of the citizens. In addition to the federal structure, the principle of subsidiarity is a dominant feature in Switzerland.

Switzerland's government tiers consist of the Confederation (central state), the cantons, and the communes, whereby the cantons and communes are largely autonomous in many areas. They are not merely administrative districts but actively shape political life (Article 3, 5a, 43, 47, and 48 of the Swiss Federal Constitution). The Confederation can only exercise those rights which are expressly assigned to it in the Federal Constitution. The cantons are automatically responsible for all other tasks in accordance with the principle of subsidiarity. Switzerland is thus characterized by a high vertical separation of powers.

Public households in federal Switzerland can only be understood in terms of the interaction between the Confederation and the cantons and their communes. The financial history of the Confederation is marked by the historically strong position of the cantons. As a federal state, Switzerland has a low share of expenditure at central government level compared with other industrialized countries (Hindriks and Myles 2013: 94). The cantons are directly responsible for around 40% of all income and expenditure. Although a trend toward centralization was also observed in Switzerland in the twentieth century, sub-national

authorities were better able to retain their autonomy than in many other countries. Blankart (2011b) identifies the pronounced financial autonomy, i.e., that the federal government, the cantons, and the municipalities are responsible for their own public households, as an important factor for this. In a federal state structure, autonomy also requires self-responsibility at all government tiers for tasks and resources. The constitutional project on a reorganization of the division of tasks and the financial equalization scheme between the Confederation and the cantons in Switzerland in the 2000s attempted to come closer to the ideal of fiscal equivalence.

The counterpart to the fiscal autonomy of the cantons and communes is the no-bailout principle, which has been consistently pursued in recent times in Switzerland. In the 1990s, the cantons of Berne, Solothurn, Geneva, Vaud, Appenzell Ausserrhoden, and Glarus experienced considerable financial difficulties as a result of major losses incurred by their cantonal banks (banks owned by the canton). The consistent implementation of the no-bailout principle meant that the Confederation did not grant any financial support and that the cantons themselves had to find a solution . . . and found it (Blankart 2011a: 726). When the municipality of Leukerbad defaulted in 1998, the Federal Court ruled in 2003 that the canton of Valais did not have to bail out (Feld et al. 2017: 323 f.). As a result, the municipality's lenders suffered losses on their loans and bonds.

In Switzerland, too, financial developments in recent decades have been marked by significant growth in government spending. In the 1990s in particular, there were signs of a sharp rise in public debt, which called for measures to be taken. The debt dynamics of the Confederation and the cantons were similar. However, Switzerland has succeeded in restructuring its public households. In the 1990s, for example, the federal government and many cantons successfully introduced debt brakes.

Since the founding of the federal state in 1848, there has not been a single default of the central government or a canton in Switzerland. Defaults at the municipal level were also very rare. In the 1930s, there were various defaults at the municipal level, particularly in the canton of Neuchâtel. Between 1932 and 1935, the canton of Neuchâtel received various federal loans. When, after extensive investments in tourism projects, the debts increased to such an extent that they could no longer be serviced, the municipality of Leukerbad declared insolvency in 1998. This was followed by a restriction in the freedom of action of the municipality with enforced administration in order to initiate the necessary restructuring steps.

Switzerland (as well as the USA) achieves institutional congruence mainly through the *principle of autonomy*. Its local authorities (cantons/federal states and municipalities) finance themselves mainly through taxes and are in charge for their public households. They have far-reaching rights to decide on taxes (or tax rates) and their public tasks and expenditures. In the case of unbearable over-indebtedness, creditors and debtors must find a solution on their own (Blankart and Ehmke 2019: 19 f.).

## Fiscal Federalism: Empirical Impact

From a variety of empirical studies on the impact of federalism on public finances, the overview of Feld and Schaltegger (2017: 59–126) is summarized subsequently. In the international context, the impact of federalism on economic development and growth is not clear and gives a mixed picture. In Switzerland, a positive contribution of federalism is discernible at best. Federalism supports sound public finances and tends to inhibit deficits. Swiss fiscal federalism, too, inhibits debt, but not the deficit. On the other hand, the influence of transfer payments on Switzerland's debt and deficit is not clear. Overall, federalism in Switzerland tends to lead to a reduction in revenues and expenditures and thus to lower government activities. Swiss competitive federalism does not lead to increasing economies of scale. Larger units (e.g., merged municipalities) hardly lead to cost savings. Decentralization generally leads to higher life satisfaction. In Switzerland, it is not only decentralization that is important for life satisfaction but also direct

democracy to a considerable extent. In the international context, the influence of federalism on income distribution in society is unclear. In Switzerland, decentralization and small-scale fragmentation lead to less inequality of income. The decentralization of public activities pushes back corruption in transparent democracies, but not in authoritarian states. There is no evidence for Switzerland. Federalism promotes social capital. In Switzerland, direct democracy and local autonomy also have a positive influence on social capital. Federalism promotes tax honesty and morality and reduces the shadow economy. This also applies to Switzerland, where tax morality is strengthened by direct democracy and local autonomy. Based on these findings, it can be expected that federalism will have a positive effect on the fiscal outcomes of a country and its sub-national authorities and that bond spreads will be lower.

In Switzerland, especially in the cantons, specific fiscal institutions have developed that contribute to sustainable public outcomes (Kirchgässner 2013). On the one hand, direct popular rights, in particular the fiscal referendum, enable citizens to express their fiscal preferences. On the other hand, debt brakes prevent persistent deficits and thus an excessive increase in debt, because public budgets have to be balanced over an economic cycle. The Swiss cantons, especially the financially weak ones, are benefiting from the financial referenda and the debt brakes in order to implement a sustainable fiscal policy. Econometric studies also show that these institutions are successful. They reduce the interest that the cantons have to pay on their debts.

## Capital Raising by the Public Sector and Sovereign Bond Yield Spreads

Various instruments from the capital and credit markets are available to the public sector to cover short-term or long-term financing needs, e.g., the issue of bonds. However, every type of debt has a credit risk. This also applies to government bonds and bonds issued by sub-national authorities. The credit risk of a debtor includes the risk of default (the possibility that a debtor may not be able to pay its interest and amortization) and the time risk (the risk that the promised payments will not be made on time). Sovereign default is the state in which the public sector does not fulfil its financial obligations (interests, repayments) completely or on time.

The sovereign default is fundamentally different from the default of a private debtor. While a private creditor who no longer pays his debts falls into bankruptcy, this is not so easy with public authorities. A certain administrative activity must be continued. A state that is unable to fulfil its obligations is not dissolved. Its existence will not end (Reinhart and Rogoff 2008; Hindriks and Myles 2013: 107). In Switzerland, for example, the "Federal Act on Debt Collection against Communes and Other Cantonal Public Authorities" excludes bankruptcy in the event of the insolvency of municipalities. The law does not apply to the cantons themselves, which is why the situation is unclear for the Swiss cantons. (In the USA, on the other hand, there is an insolvency procedure for public debtors). From a risk perspective, granting loans to the public sector is therefore fundamentally different from granting loans among private individuals.

Four influencing factors determine the spreads between bonds of different countries (Feld et al. 2017: 321; Booth et al. 2007: 1011 ff.): (1) exchange rate risk, (2) credit risk, (3) international risk aversion, and (4) liquidity risk. If a country or sub-national authority is only indebted in its own currency (such as the Swiss central government or the Swiss cantons), the exchange rate risk is irrelevant. International risk aversion plays a major role in explaining spreads, but liquidity and credit risk are also important. In troubled market phases and in crisis situations, investors differentiate more strongly between good and bad debtors. If international risk aversion rises, very safe countries with liquid bonds act as safe havens *(flight to quality)* (Bernoth and Erdogan 2012). In the short term, spreads are mainly explained by global factors (international risk aversion, liquidity), while in the long term, they are dominated by country-specific elements

(public sector fiscal outcomes, macroeconomic environment, political stability).

Assuming the theoretical model of a risk-free investment (e.g., the bond of a solid central government), such bonds do not bear any credit risk. Bonds issued by sub-national local authorities bear a credit risk unless the (risk-free) central government guarantees these obligations (Küttel and Kugler 2002: 208). Sub-national bonds should therefore have a risk premium over central government bonds. The size of this bond spread depends on the individual risk characteristics of the sub-national borrower.

In countries with a federal structure, a significant part of the credit risk of sub-national authorities results from the behavior of the higher state tier. When sub-national jurisdictions experience financial difficulties, creditors ask themselves whether the debtor will be rescued or reorganized. In the case of a sub-national debtor, it may be the central government that assumes or guarantees the obligations *(bailout)*. It is often implicitly expected that the higher level of government will support the lower government tier in financial difficulties (Feld et al. 2017: 321), even if there is no legal obligation to do so. Empirically, it can be shown that the probability of a bailout increases with the size of the local authority. This phenomenon is comparable to the "too big to fail" problem in the financial system. A credible possibility of a bailout that debtors are "rescued" changes the risk arising from lending to sub-national governments. While the risk premium on the debt of a potential bailout recipient decreases as a result of the guarantee, the risk premium on the debt of the central government as explicit or implicit guarantor and payer may increase as a result of the risk transfer (Feld et al. 2017: 321).

Any bailout is a violation of the principle of fiscal equivalence. The idea of a no-bailout regime is that each territorial jurisdiction is responsible for itself (fiscal equivalence fulfilled). This turns the threat of insolvency into an incentive system that activates both creditors and debtors to take precautionary measures (Blankart 2011a; Blankart and Ehmke 2019: 19 f.). The debtor keeps his financials in order because he knows that he will not be rescued. And the creditor monitors the outstanding debt, because he also cannot expect an "external" rescue. Empirical evidence shows that the risk premiums for the guarantor fall (or rise for the guarantee recipient) if a bailout can be credibly ruled out (Feld et al. 2017: 321).

Both fiscal rules and no-bailout clauses can have an impact on refinancing costs and bond spreads. The stricter and more credible the fiscal rules, the lower the risk premiums (Feld et al. 2017: 322). Rescue parachutes and bailouts always cause moral risks: a slackening in the budget discipline of the potentially rescued. Because local governments expect soft budget constraints from a bailout, these are inefficient. They are encouraged to behave strategically and draw from the common pool financial resources at the expense of others (Hindriks and Myles 2013: 650 ff.).

## Sub-national Bond Yield Spreads: A Global Perspective

Studies on government bond spreads (central government) are numerous. However, there is relatively little research to date explaining bond spreads of sub-national jurisdictions (American states, Canadian provinces, German states, Swiss cantons, etc.) (Booth et al. 2007).

Schuknecht, von Hagen and Wolswijk (2009) examined the risk premiums of *German federal states (Bundesländer)*. Before the introduction of the European Monetary Union, the German states benefited from a preferential treatment by the financial markets. Their spreads did not respond to the fiscal situation, especially when they received payments from the fiscal equalization system. This effect has disappeared in recent years. The European Economic and Monetary Union seems to have extended market-based fiscal discipline to the German states. The German sub-national authorities are also paying liquidity premiums.

Bayoumi, Goldstein and Woglom (1995) confirmed for the *US states* that the risk premiums are consistent with the hypothesis of market discipline. Poorer financial ratios lead to higher

spreads. Credit markets appear to provide incentives to limit public borrowing. Risk spreads initially rise only gradually. However, as the debtor's financial situation deteriorates, spreads rise steeply and show a nonlinear development. Unexpected deficits lead to higher interest costs. This effect is lower in states with credible anti-deficit rules.

Booth, Georgopoulos and Hejazi (2007) examined spreads of *Canadian provincial bonds*. Provincial debt and deficits have a significant impact on spreads between provincial bonds and Canadian federal bonds. If a level of debt and deficit in a province is above the provincial average, this leads to nonlinear spread effects. Investors demand higher compensation for a higher default risk, which grows significantly faster at a certain point. During crisis phases, the spreads of provincial bonds react with widening spreads against Canadian government bonds and show "flight to quality" effects.

The past crisis has highlighted the importance of institutional design of bailout clauses. In federal states, these clauses have an impact on the risk premium of sub-national governments bonds. A study for the *USA*, *Canada*, *Australia*, and *Germany* shows that fiscal fundamentals play a role in determining the risk premium of federal states (Sola and Palomba 2016). As expected, higher debt and deficits lead to a higher risk premium. However, this market price mechanism works less well if the central government guarantees debt from lower levels. If a sub-national level is dependent on central government transfers, the influence of fiscal fundamental data on the risk premium is smaller.

In summary, from a global perspective, bond spreads of sub-national governments respond similar as bonds issued by central governments to fiscal fundamentals (such as debt and deficits), market liquidity, and international risk aversion in the capital markets (Schuknecht et al. 2009; Bayoumi et al. 1995; Booth et al. 2007; Beck et al. 2017). Some of the higher spreads can be explained by the lower liquidity of sub-national bonds. The influence of debt and deficits also shows nonlinear effects. As the fiscal situation worsens, risk premiums will rise only slowly for the time being but significantly faster from a certain point. If fiscal rules (such as debt brakes, budget limits) are not observed, spreads react strongly to deficits because they are unexpected. And in times of crisis, spreads widen compared to federal bonds (flight to quality effects).

## Capital Raising by the Public Sector in Switzerland

The Swiss Confederation, cantons, and municipalities use the capital and credit markets to raise capital. Generally, debt is borrowed from the private sector. The Swiss bond market is characterized by a number of interesting facts. The high domestic savings rate (e.g., compulsory savings via pension funds) leads to a permanent need for investment, which is met by a relatively small investment market. At around 115% of GDP, the bond market is about the average size for a developed economy. The overall low level of public debt in Switzerland at all three federal tiers leads to a limited market. For example, the proportion of bonds issued by the Swiss Confederation has declined steadily in the last years as a result of falling capital requirements. The overall good financial situation has also enabled the cantons in recent years to repay bonds on average.

Not all cantons issue bonds at all. In some cantons, either the capital requirement is too low to place a bond or the costs of a capital market issue are too high for small cantons in relation to the financing volume. They therefore use other financing channels like the credit market. The empirically observable considerable differences between the yield spreads of the individual cantons in the secondary market are probably less due to credit quality than to the low volume and instrument-specific factors.

Since 1990, only 19 out of 26 cantons have issued bonds. Seven cantons have never raised money through bonds (AI, GL, NW, OW, SH, UR, ZG). Only 12 cantons have outstanding bonds in all years (AG, BE, BL, BS, GE, LU, NE, SG, SO, TI, VD, ZH). A large proportion of the bond volume is attributable to five urban cantons with large cities (BE, BS, GE, VD, ZH).

These cantons issue bonds on a regular basis. Since the 1990s, cantons and cities with central location burdens have been under financial pressure and have corresponding financing needs. These cantons clearly dominate the market. These bonds are considered liquid.

From the investor's point of view, the issue volume is particularly important. Modest volumes with only sporadic issuing activity lead to low market liquidity, which can lead to price distortions. Investors prefer high volumes and liquid markets. For less liquid securities, investors demand a liquidity premium. Liquidity and thus any spread are reflected in transaction costs on the one hand and in tradable volume on the other (Booth et al. 2007). It is therefore to be expected that more liquid securities will have lower spreads (Feld et al. 2017: 321, 326). In the case of financing via the capital market of sub-national authorities in Switzerland, a market failure may also be discernible due to an inefficient pricing process. This is indicated by the illiquidity of the market, information hurdles, and information costs. Overall, only relatively few sub-national authorities benefit from easier market access to the bond market in terms of regularity and issue volume.

With regard to *illiquidity*, there is market segmentation through buy-and-hold strategies of institutional investors (e.g., pension funds) on the one hand, and on the other hand, the issue volume is often quite low, which hampers continuous trading. Some bonds are not traded daily. Both lead to liquidity premiums. Interest payments are also subject to a withholding tax.

With regard to *information barriers*, there is uncertainty as to whether there is an implicit government guarantee of the higher federal tier in the event of payment defaults. In addition, it is legally and politically difficult to determine in which cases government liability applies in the event of a default (bailout). This uncertainty about the legal situation is an information problem. How the market reacts depends on the credibility of the bailout regime.

With regard to investors' *information costs*, it should be borne in mind that private and public accounting differ significantly. An investor in private corporate bonds cannot easily transfer his analytical knowledge of the debtor's financial situation to public sector bonds. Ratings could increase transparency in a market (Blankart 2011a). The different financial situations of the cantons should influence the rating. However, only a few cantons have their bonds rated by an international rating agency.

The actual default risks of the Swiss cantons may be very low, tend toward zero, and differ only slightly between the individual debtors. In such a case, the spreads could be so small that they could no longer be measured correctly. The nonlinear effects described by Booth, Georgopoulos, and Hejazi (2007: 1027 ff.) as well as by Bayoumi, Goldstein and Woglom (1995) can also be used to draw conclusions about such a finding. The spreads only react visibly to (rare) extreme situations. This could also be the case for the Swiss cantons. As already mentioned, there has never been a default of a Swiss canton before. At least at the municipal level, however, differentiations could be observed after the Leukerbad case. From an analytical point of view, it could be problematic that the Swiss cantons are all "good" debtors and show too little variance in default risks.

## Sub-national Bond Yield Spreads in Switzerland: Empirical Findings

The Swiss cantons issue their bonds only in Swiss francs and not in foreign currencies. They are part of the Swiss Franc Monetary Union, which includes, for example, the Principality of Liechtenstein, which uses the Swiss franc as its currency. Because the Swiss National Bank implements monetary policy as an independent central bank (Article 99(2) of the Federal Constitution of Switzerland), the federal tiers of government in Switzerland (central government, cantons, and municipalities) cannot control the monetary policy and reduce debt through inflation.

For bonds issued by Swiss cantons, it can be assumed that in addition to the liquidity of the bonds and the international risk aversion of the investors, the default risk in particular influences

the spreads. In Switzerland, it can be assumed that the financial autonomy of the cantons and municipalities is credibly linked to a no-bailout regime, and so the default risk is determined by the fiscal performance (tax potential) of a canton. The sustainability of the debt burden through interest and amortization is therefore determined by the economic performance.

In the early 1990s, there was empirical evidence that cantonal deficits and debts as well as cantonal financial strength significantly influenced the spreads of cantonal bonds. Fiscal rules also lower bond prices. Decentralized cantons with a high degree of communal autonomy are characterized by lower capital costs than centralized ones. More intense tax competition also appears to reduce interest costs.

Küttel and Kugler (2002) examined yield differences between cantonal bonds and Swiss federal bonds (*Eidgenossen*) from 1990 to 1998. The central driver of cantonal bond spreads is international risk aversion in the capital markets. The results show that cantonal fiscal indicators (debt, deficit, tax revenue) have no statistically significant impact on spreads. In contrast, institutional factors (financial referendum, direct democracy, language) are important. Cantons with stronger institutional barriers to new spending (e.g., fiscal referenda) have significantly lower spreads. Cantons in Latin Switzerland and cantons with large cities pay higher interest rates on their debts. In the case of cantonal bonds, the Russian and Southeast Asian crises from August 1998 have shown "flight to quality" effects. Spreads have risen by 50 basis points compared with the Swiss government bonds. As already seen, investors differentiate more strongly between good and bad debtors in turbulent market phases.

Feld et al. (2017: 335 f.) show that the existence and credible strength of fiscal rules reduce spreads. The federal court's 2003 decision in connection with the default of the municipality of Leukerbad that cantons are not liable for financial difficulties of their municipalities led to a credible no-bailout regime in Switzerland for communes. The risk premiums of the guarantors (cantons) fell by around 25 basis points. The markets assumed that the cantons would in fact not have to take responsibility for their municipalities.

A recent paper examines how fiscal federalism in Switzerland affects cantonal bond spreads from 2000 to 2016 (Hofmann 2020). The Swiss cantons pay an average positive spread of 20 basis points over the Swiss Confederation. Not a single canton has a negative spread on average between 2000 and 2016. However, negative spreads do emerge for individual cantons in individual years. There are 28 annual negative spreads from various cantons, mainly concentrated in the years 2003 to 2005 and 2009 to 2011 (lowest value: canton Appenzell Ausserrhoden in year 2003, −33 basis points). During the peak of the financial crisis, between 2008 and 2009, the spreads of the individual cantons fell significantly. The crisis did not affect all cantonal bonds to the same extent. Overall, it can be seen that international risk aversion, bond liquidity, and cantonal credit quality have a significant impact on bond spreads. And a lower dependence on fiscal transfer payments reduces cantonal bond spreads.

The creditworthiness and the default risk of Swiss municipalities (the third federal tier) have almost no influence on the risk premiums to be paid. Even the confirmation of the Swiss no-bailout policy by the Federal Court in 2003 did not increase the spreads on municipal debt (Sigrist et al. 2018).

A comparison of Switzerland with other federal countries (Australia, Canada, Germany, the USA) shows (Hofmann 2020; Sola and Palomba 2016: 167–169) that sub-national governments in federal states usually have to pay positive spreads on their bonds. This is because they have lower economic performance, lower tax capacity, and therefore a higher risk of default. However, the greater the fiscal autonomy (as for the cantons in Switzerland), the less this must be the case. Negative spreads are therefore quite possible and can also occur (e.g., in the USA) if sub-national bonds benefit from tax privileges over central government bonds. However, this is not the case

in Switzerland either. Interest payments from bonds are taxed equally. In Switzerland, the no-bailout principle is strictly enforced between the federal levels of government (similar to the USA but different from Germany). This fiscal autonomy means that Swiss cantonal bonds can have lower default risks than bonds issued by the central government. Lower liquidity and the generally low volume of cantonal bonds generally lead to higher spreads. Overall, the results show that the cantonal bonds are integrated into the international capital market and that the spreads react to the usual factors. However, they also react to a certain extent to fiscal federalism in Switzerland.

## Conclusion: Fiscal Federalism and Sub-national Bond Yield Spreads in Switzerland

Empirical studies show that fiscal federalism often has a positive impact on public finances. Debt and deficits of governments are lower. Whether this also leads to lower spreads on sub-national bonds is less clear. Empirical evidence on fiscal federalism in Switzerland shows that certain aspects narrow the spreads on cantonal bonds (Hofmann 2020).

Basically, the spreads of Swiss cantonal bonds react similarly to the spreads of sub-national bonds in other countries. Rising international risk aversion, lower liquidity, and lower credit quality in the form of higher gross debt lead to rising spreads. However, this is not the case for cantonal public deficits, which are not significant. And from 2008, cantonal gross debt is also no longer significant. Thus, the latest studies differ from older studies that describe the influence of the canton's fiscal situation on bond spreads (Feld et al. 2017; Küttel and Kugler 2002).

If the fiscal federalism in Switzerland is examined, the *transfer payments* to the canton have an influence on the spreads (Hofmann 2020). The higher the share of transfer revenues in the public budget, the higher the spreads of a canton. A fiscal dependence on transfer payments worsens the position of a canton on the capital market. Decentralized fiscal responsibility has a positive influence on spreads in the Swiss context. Before the financial crisis, between 2000 and 2007, the *decentralization of revenues* also showed a significant result. The higher the revenue decentralization, the lower the spreads. However, this effect disappears with the outbreak of the crisis.

How are these empirical results to be interpreted? Bonds issued by Swiss cantons are not completely immune to developments on the international capital market. That global risk aversion, bond liquidity, and cantonal debt affect spreads is in line with theory and literature. Direct democracy, federalism, and fiscal autonomy can positively influence the financial outcomes of the public sector, and the political and institutional framework in a country can be relevant for bond spreads. Between 2000 and 2016, spreads on cantonal bonds versus central government bonds are usually quite low and mostly positive. However, negative spreads occur in some years for some cantons (Hofmann 2020), which is unusual by international standards. This is possible because the Swiss Constitution provides an extensive fiscal autonomy for the cantons and because a bailout by the higher tier of government can be credibly ruled out. A canton can therefore have a lower default risk on debt than the confederation. Interesting in the Swiss context is that a lower dependency on transfer payments shrinks cantonal bond spreads. However, this effect is muted by the inclusion of Switzerland in the international financial markets.

What could limit the findings for Switzerland and make an international comparison more difficult? The public debt of the Swiss cantons is very low overall. It may not even be possible to determine the default risk from bonds. For fiscal values to have an impact on spreads, they must exceed a certain threshold. Since not a single canton has failed since the founding of the federal state in 1848, the effect of excessive debt and deficits cannot be investigated either. If you are dealing with public bonds in Switzerland, you usually find yourself in an almost zero-risk world.

## Cross-References

- ▶ Accounting for Public Debt and Deficit
- ▶ Constitutional Federalism and Public Administration
- ▶ Federalism and Public Administration
- ▶ Financial Health and Distress in Local Government
- ▶ Financial Management for Local Government
- ▶ Institutional Efficiency and Financial Health
- ▶ Local Financial Emergencies in the USA
- ▶ Local Governments Debt
- ▶ Puerto Rico's Default on Municipal and Commonwealth Debt: Implications to Financial Management and Policy
- ▶ Territorial Fiscal Self-Rule

## References

Bayoumi T, Goldstein M, Woglom G (1995) Do credit markets discipline sovereign borrowers? Evidence from US states. J Money Credit Bank 27(4): 1046–1059

Beck R, Ferrucci G, Hantzsche A, Rau-Goehring M (2017) Determinants of sub-sovereign bond yield spreads–the role of fiscal fundamentals and federal bailout expectations. J Int Money Financ 79:72–98

Bernoth K, Erdogan B (2012) Sovereign bond yield spreads: a time-varying coefficient approach. J Int Money Financ 31(3):639–656

Blankart CB (2011a) Öffentliche Finanzen in der Demokratie: eine Einführung in die Finanzwissenschaft, 8th edn. Vahlen, München. (German title translated into English: Public finances in democracy: an introduction to finance)

Blankart CB (2011b) An economic theory of Switzerland. CESifo working paper: public finance, no. 467 3646. Institute – Leibniz Institute for Economic Research at the University of Munich, Ifo

Blankart CB, Ehmke DC (2019) Die Förderalismus Formel. List Forum für Wirtschafts- und Finanzpolitik 45(1):19–25 (German title translated into English: The Federalism Formula)

Booth L, Georgopoulos G, Hejazi W (2007) What drives provincial-Canada yield spreads. Can J Econ 40(3):1008–1032

Connolly S, Munro A (1999) Economics of the public sector. Prentice Hall/Pearson Education, Harlow

Feld LP, Schaltegger CA (2017) Föderalismus und Wettbewerbsfähigkeit in der Schweiz. NZZ Libro, Zürich. (German title translated into English: Federalism and competitiveness in Switzerland)

Feld LP, Kalb A, Moessinger MD, Osterloh S (2017) Sovereign bond market reactions to no-bailout clauses and fiscal rules–the Swiss experience. J Int Money Financ 70:319–343

Hindriks J, Myles GD (2013) Intermediate public economics, 2nd edn. MIT Press, Cambridge

Hofmann R (2020) Swiss sub-national bond yield spreads: the effect of fiscal federalism. Working paper, ZHAW School of Management and Law, Winterthur

Kirchgässner G (2013) Fiscal institutions at the cantonal level in Switzerland. Swiss J Econ Stat 149(II):139–166

Küttel D, Kugler P (2002) Explaining yield spreads of Swiss canton bonds: an empirical investigation. Fin Mkts Portfolio Mgmt 16(2):208–218

Reinhart CM, Rogoff KS (2008) This time is different: a panoramic view of eight centuries of financial crises. NBER working paper no. 13882. National Bureau of Economic Research, Cambridge, MA

Schuknecht L, Von Hagen J, Wolswijk G (2009) Government risk premiums in the bond market: EMU and Canada. Eur J Polit Econ 25(3):371–384

Sigrist F, Köchli P, Lengwiler C (2018) Determinants of municipal loan spreads: empirical evidence from Switzerland. Fin Mkts Portfolio Mgmt 32(2):143–166

Sola S, Palomba G (2016) Sub-nationals' risk premia in fiscal federations: fiscal performance and institutional design. J Int Money Financ 63:165–187

Tanzi V, Schuknecht L (2000) Public spending in the 20th century: a global perspective. Cambridge University Press, Cambridge

# Fiscal Federalism in the USA

Julius A. Nukpezah and Aisha S. Ahmadu
Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

## Synonyms

Intergovernmental fiscal relations; Multilevel government finance

## Definition

Fiscal federalism concerns the hierarchical decentralization of governmental fiscal functions, authority, and relations between a national government and subordinate governments (Ostrom et al. 1961; Riker 1964). It is the financial

interaction between the different levels of government in a federal system that is characterized by multilevel governments, which addresses the need for equitable distribution of income, maintenance of high employment with stable prices, and establishment of an efficient pattern of resource allocation. Fiscal federalism also deals with understanding the functions and instruments that are best centralized and those that are best decentralized by assigning different roles to different levels of government and providing the needed instruments to perform these functions. In the USA, the levels of government in the federal arrangement are the federal, state, and local governments.

## Introduction

Fiscal federalism – a term attributed to Richard Musgrave – is a subfield of public finance that functions as an institutionalized bureaucracy characterized by centralized planning, efficient assignment of functions, and intimate cooperation between the different levels of government. The concept is deeply embedded in the fabrics of American society to optimally deal with certain problems or service activities at the national or subnational level. The relationship shared by the federal, state, and local governments not only is a political or a defense pact but extends to an economic and fiscal relationship that distributes resources equitably among the sovereign states recognizing that some members of the union are more endowed than others. Fiscal federalism assigns the central government the responsibility for macroeconomic stabilization and income redistribution, whereas the decentralized governments provide goods and services whose consumption is limited to their jurisdiction (Oates 1999).

The US federal arrangement started with 13 independent states in 1789, which continued to expand with the admission of new states into the union. Alaska and Hawaii became the 49th and 50th states, respectively, to join the federal republic of the USA in 1959. Over more than two centuries of its existence, American federalism has become, perhaps, the most important political force the world has seen. With its military and political might that is fueled by the fiscal cooperation of the sovereigns in the union, the USA is able to address many of the challenges it faces both domestically and internationally making it a global superpower. The fiscal relationship among the sovereign governments in the federation keeps changing, and these paradigm shifts bring new challenges to the fore.

The present entry examines American federalism with a focus on the fiscal relationship existing between sovereign governments. It discusses the evolution of federalism and the fiscal instruments used when the paradigm shifts. The chapter also discusses benefits and challenges of fiscal federalism as well as how it has been studied by scholars. The chapter concludes with a discussion of the future of fiscal federalism in the USA.

## The US Federal Structure

The federal structure of the USA is made up of the federal government and the 50 sovereign states. Although territories such as Porto Rico, Guam, and the American Virgin Islands are part of the USA, these are considered territories and come under American protectorate. The constitution of the USA stipulates powers that are granted to the federal government and indicates that all other powers are reserved to the states including authority over local governments within their boundaries. The formal powers, roles, fiscal instruments used by multilevel governments, and relationships underlying American federalism have evolved over the years and include:

- *State-Centered Federalism*

  In the early part of the union under the Articles of Confederation, state-centered federalism (1787–1865) saw the states wielding more influence and power over national policies. Proponents of state-centered federalism including Thomas Jefferson and members of the Republican Party advocated for independent state governance and sovereignty in structuring the political life of residents residing

within their jurisdictions. State-centered federalism articulated state rights and left the central government incapacitated with limited enumerated and fiscal powers to raise taxes to fund government operations.

- *Dual Federalism*

  After the American Civil War in 1865, the country was ushered into a new era in American politics. Dual federalism (1865–1913) created a distinct and separate sphere of political influence for federal and state governments. Both the federal and state governments maintained exclusive authority over distinct delineated spheres of influence. The central government refrained from interfering in the domestic affairs of states. Political science scholars compared this era to a cake with clearly defined layers representing the different levels of governments, its ascribed powers and responsibilities, hence the term layer cake federalism. For instance, the state governments maintained the responsibility for providing public safety, education, and social welfare needs, whereas the national government provided national security and regulated interstate commerce. Federal revenue sources for public policies ascribed by dual federalism were mainly from custom duties and excise taxes that it levies on citizens, while the states derive revenues from property tax on wealth.

  The major problem inherent in dual federalism is the constant overlap in federal and state jurisdictional responsibilities because the constitution does not explicitly define such power boundaries. Although the Tenth Amendment delegates all powers not expressly stated in the constitution to states, Article 1, Section 8, gives the US Congress the powers to make legislation that are necessary for proper functioning of the country. The Supreme Court has resolved several conflicts emanating from disagreements in the proper authority and jurisdiction of the federal and state governments.

- *Cooperative Federalism*

  With the passage of the federal income tax in 1913, the federal government became more dominant because of the wealth from its power to tax all citizens, which led to a radical expansion of Washington's intergovernmental power. The Great Depression in the 1930s required the federal government to intervene in state and local affairs to address social welfare challenges at the subnational level. Hence, under President Roosevelt's new deal program, the national government took over the responsibility of protecting the general welfare of citizens through programs such as Social Security Administration. Both the national and state governments jointly funded social welfare and policy programs to tackle the poverty ravaging society. While the federal government derived most of its revenues from income taxes on individuals and corporations, the states and local governments derived their revenues from sales and property tax, respectively.

- *Centralized Federalism*

  The 1960s introduced the era of centralized federalism (1964–1980) also known as creative federalism, which essentially gave the federal government the preeminence in making policies, and the states implemented these actions utilizing grants-in-aid or intergovernmental transfers. This form of federalism was coined by President LB Johnson and attempts for all levels of government to jointly partake in the management of intergovernmental programs. To receive funding for policy programs from the central government, states are forced to adopt federally determined objectives. From 1964 upward, social security provided important revenue for the federal government for the implementation of social and welfare programs.

- *New Federalism*

  New federalism (1980–1985) emerged in the late twentieth century. President Nixon and Ronald Reagan are credited for popularizing the term "new federalism" as an effort to return autonomy and preeminence in policy areas to the states while maintaining significant level of federal funding. The president imposed new policy objectives on intergovernmental arrangements. Initially, states could only use intergovernmental funds for specific federally approved objectives.

However, President Reagan introduced the "block grant" program, which allowed states and local governments greater discretion in the use of federal funds. New federalism presumes that decentralizing fiscal power to states enhances efficiency in administrative spending and improves policy implementation outcomes.

- *Coercive Federalism*

  Coercive federalism (1985–1995) focuses on federal-state relationships in policymaking. The powers of the central government were substantially enhanced to override state policies and impose federal objectives and mandates. One of the most significant characteristics of coercive federalism is the fiscal constraints and limited discretion the federal government imposes on subnational governments. For decades statutory and federal laws prohibited state taxation on Internet sales. However, in 2018, the US Supreme Court granted states the right to require and collect taxes from online retailers. Furthermore, the Bipartisan Budget Act (BBA) passed in 2018 obliterated spending limitations, thereby increasing the number of congressional earmarks for government programs compared to previous decades.
- *Manna from Heaven Federalism*

  The federalism practiced by President Obama especially during the recession years in 2009 to the end of his presidency in 2016 was the "the angel food cake: Manna from heaven federalism," where the federal government invests heavily in the states and local governments to save them from regulatory and bureaucratic impediments (Henry 2013). The 2007–2009 Great Recession required the Obama administration to introduce a $787 billion stimulus package as countercyclical measure to recover the economy of the USA.

## Benefits of Fiscal Federalism

Fiscal federalism presents governments with several benefits, which include the following:

- *Efficiency in resource allocation to various segments of the nation*

  Fiscal federalism is efficient and cost-effective in allocating resources and delivering public services across jurisdictions. Governments can tailor goods and services to the preferences of the local populations. More specifically, decentralized provision of public services likely weakens the spillover effects, ensuring that the resources allocated are received by citizens who are in dire need of it. Furthermore, fiscal federalism empowers each level of government with a taxing authority to levy the local population for the purposes of meeting their preferential needs. For example, property tax is levied at the local level because at this level the benefits of such taxes are more tangible and observable by citizens who pay them (Nukpezah 2019).
- *Increased participation in policy and governing processes*

  Fiscal federalism impacts both the economic and political domain of a nation. Citizens relish the political benefits of fiscal federalism when the democratic institutions inherent in the nation effectively utilize financial instruments to address core economic and social issues. For example, during traumatic events at subnational level, resources available at the higher-level governments are made available to locals where they can more effectively respond to crises (Nukpezah 2017).
- *Lower cost of government operations*

  By identifying those activities that need to be centralized in national governments and those that should be decentralized at the various levels of subnational governments, control of fiscal responsibilities and decision-making that help governments to minimize the cost of operation is realized. Recurring costs within jurisdictions which have been previously identified to meet the needs of the local population can be internalized. The internalization of the costs relating to public service distribution within jurisdictions also assists in increasing accountability and provides a framework for continuous adjustments to devise more avenues to meet public needs efficiently.

- *Local and regional economic differences are accounted for by intergovernmental transfers*

  Fiscal federalism pools public resources together and disseminates it in the form of intergovernmental transfers and grants to subnational governments. The economic stability and efficiency in federal resource allocation to states and local government is attributed to fiscal federalism (Musgrave et al. 1989). Federal grants to state and local governments totaled $474 billion in 2017 alone. During the same period, states transferred about $500 billion to fund local government activities. State funding is a combination of federal grants and revenues raised by the states through taxation and fees.
- *Competition among localities encourages innovations both politically and economically*

  Fiscal federalism affords localities with the opportunity to diversify local outputs. Structural variations and funding innovations of key grant outlays such as education, health, housing, and infrastructure make some jurisdictions more competitive than others. The Tiebout model shows that citizens will "vote with their feet" and make choices based on their satisfaction with the taxing requirement and efficiency of service delivery of jurisdictions. The ensuing competition leads to better tax-service packages.

## Demerits and Challenges of Fiscal Federalism

There are several impediments faced by democratic countries in the implementation of decentralization. For the USA, possible challenges envisaged include:

- *Lack of Fiscal Autonomy*

  Overreliance on federal grants limits the independence of many subnational governments from the control of a predatory central government (Weingast 2014). Although predatory behavior is commonly evident in developing countries where the national government undermines the performance of jurisdictions by inadequately funding their mandates, variants are possible in the USA. In the USA, the federal government has more fiscal resources than subnational governments, which perpetuates continuous dependence. Fiscal autonomy in terms of raising own revenues to sufficiently cater to state welfare needs is critical because it extricates local governments from the manipulative helms of the central governments. Granting lower governments the independence to tax their jurisdiction and diminish the use of transfer funds eliminates manipulation and control of lower-level governments.
- *Insecure Governments*

  Democracy imbues citizens with the right to enjoy the provision of certain public goods by virtue of their citizenship; however, insecure governments can perniciously use elections to socially control citizen behaviors and voting preferences rather than promote public welfare. Evidence suggests that districts who opposed the central government faced the dilemma of grant withdrawals (Rodriguz 1995). The national government can design policies that discriminate against certain segment of the population. The larger the discretionary resources available to the central government, the more power it possesses to socially manipulate the behaviors of citizens.
- *Fiscal Imbalances*

  An endogenous problem inherent in fiscal federalism is the disparity in power to raise revenues for public expenditures. Literature highlights two forms of tax imbalance: vertical and horizontal imbalances (Oates 1999; Weingast 2009). Vertical imbalance occurs due to disparities in the taxing structure of national and regional governments. The central government maintains a well-structured system of taxation that is uniform and comparatively cheap to administer. The superior tax structure imbues the central government with the ability to raise more taxes for intergovernmental transfers. On the other hand, horizontal fiscal imbalances arise when differences in regional economies directly affect the tax income generated (Weingast 2009). Technically, horizontal inequalities affect the fiscal ability of the locality to provide public services to citizens. Therefore, equalization payments

from the national government are required for distribution to struggling localities. More emphasis is placed on vertical imbalances due to inadequacies inherent in the taxing systems of lower-level governments especially in developing countries. Subnational governments continue to encounter challenges in the effective use of their tax base to raise revenues that equal their debt obligations (Oates 2006).

- *Accountability Issues*

  Overreliance on federal grants has the tendency of making regional governments less accountable to voters and uncreative in public sector operations (Bahl and Linn 1992). Public officials contribute to the dilemma by serving to implement their own interests, which expands the budget (Musgrave et al. 1989). The federal funds are used in maximizing the size of the bureau or increase salaries rather than cater to the needs of citizens. However, in recent years, the financial role played by the central government in financing the activities of state and local governments continues to diminish, thereby assigning those responsibilities to lower governments. Federal aid to states has, however, been dwindling since the 1980s. Devolution of fiscal responsibilities to lower levels of government for the provision of public goods and services has increasingly caused regional governments to experience revenue shortfalls and thereby exercise discretion in maintaining balanced budgets and curtailing expenditures (Bae et al. 2012).

## Federalism and Revenue Sources

The federal government obtains revenues to finance its public policy decisions primarily through income taxes. In 2018, for example, total federal revenue received was more than $3.3 trillion, which is about 16.5% of GDP. Sources of federal revenues include individual income, payroll, corporate, excise, estate, and gift taxes. The total amount of revenues received each year by the federal government increases as the economy flourishes.

Before 1913, the primary source of government revenue for the federal government was tariffs, excise taxes, and fees obtained from the sale of frontier lands. After 1913, however, the federal government raised revenue through the individual and corporate income tax as well as social security and excise taxes. Individual income taxes accounted for the largest (51%) source of federal government revenues in 2018. This encompasses taxes collected from the wages and salaries earned by individuals, income from investments, and other forms of income. Payroll taxes, also known as social insurance taxes, are the second largest component of federal revenues (constituted 35% of federal revenues) and are used to fund Social Security, Medicare, and unemployment insurance. In 2018, most corporate income was taxed at 21% at the federal level and constituted 6% of federal revenues. Excise taxes that are levied on goods such as tobacco, alcohol, and motor fuels contributed about 3% to federal revenues. Estate and gift taxes contributed just a small portion of federal revenues. In 2018, only estates over $11.18 million were subject to federal taxes.

In the early part of US history, property tax is the paramount financial instrument used by the state governments. However, with the adoption of sales tax, the use of property tax was delegated to local governments because it is more efficient to collect at that level due to less bureaucratic bottlenecks (Nukpezah 2019). While property tax contributed less than 2% of state revenues in 2016, it accounted for more than 40% of the $1.4 trillion local government revenues for that year. The main sources of state revenues include sales tax, which contributed 30% of states' $1.6 trillion dollar revenues. General sales tax is not collected at the federal level although local options are available in some states.

States that contribute the highest revenues to the federal government include California ($227,530,971), New York ($133,256,731), and Texas ($117,748,038). Other major contributors are Florida, Illinois, New Jersey, Pennsylvania, and Massachusetts. On the other hand, states that contribute less to the federal purse include Vermont ($2,507,137), Wyoming ($2,862,573), and Alaska ($3,479,163), partly because of their smaller population. The more populous states tend to contribute more to the federal purse. For example, California alone makes more federal

contributions than the 25 lowest-paying states combined. The top ten states contribute almost 60% of all federal tax revenues. While economic activities are more vibrant in the top 20 states, they also enjoy larger populations. States with high income levels usually have higher tax burdens, sometimes above national average. In the USA, an average adult pays $5,512 in federal taxes. However, residents in the ten highest paying states contribute at least $1,282 higher than the national average. The top four states contribute the bulk in federal contributions even though only 11.8% of the US population resides in those states.

The major receivers of federal aids are states with exceptional high rates of poverty, which include Mississippi, Alabama, Louisiana, New Mexico, and Maine. Large disbursements are funneled to these states to finance safety net programs such as Medicare, Medicaid, SNAP, and Social Security. About 40 states receive more federal aids than the contribution they make to the national purse. The ten states that contribute more to the federal purse but receive less funding include Connecticut, Massachusetts, New Jersey, New York, North Dakota, Illinois, New Hampshire, Washington State, Nebraska, and Colorado.

## First and Second Generation of Fiscal Federalism

Oates (2005) groups the study of fiscal federalism along the lines of first- and second-generation theories of fiscal federalism and asserts that first-generation theories sought to correct various forms of market failures, promote equitable distribution of incomes, and stabilize the macroeconomy at high levels of unemployment and suggests that each level of government seeks to maximize the social welfare of their respective constituencies.

*First-generation theories (FGT)* are also concerned with understanding the performance of the federal government at redistributing resources to subnational governments and how public taxation is utilized to promote economic development and stability at the national level. The underlying efforts to design suitable schemes for redistributing income and public services from central to regional governments are to achieve efficiency. More specifically, the focus is to solve the problem of vertical imbalances inherent in intergovernmental transfers and the decentralization of expenditure.

First-generation theories are largely normative and assume that public decision-makers are benevolent maximizers of social welfare (Weingast 2007). The centralization of revenue responsibilities ensures that the consumption of resources is uniformly achieved across jurisdictions. However, decentralizing the provision of public services and goods helps jurisdictions to internalize benefits and weigh the costs of programs (Oates 1972; Tiebout 1956). Local outputs are more efficiently tailored to meet the demands of residents in each jurisdiction compared to centralized activities. Maximizing social welfare at varying degrees across jurisdictions on grounds of efficiency can be performed adequately by the lowest level of government due to its proximity to residents and discernment of cost conditions and preferences.

*Second-generation theory (SGT)* of fiscal federalism draws from the theories of public choice and political economy to study fiscal federalism. SGT builds on FGT and focuses on equalizing the redistribution of resources across regions while taking into consideration the political interests of public officials to foster the growth of subregional economies. The underlying assumption of SGT is that public officials have goals induced by political institutions that often diverge from maximizing citizen welfare (Weingast 2007). Thus, the SGT takes into consideration both the objectives of public officials and residents in maximizing resources to derive incentives.

Second-generation theories also support market-preserving federalism, a special type of federalism that limits the degree to which a country's political system can encroach upon its markets. Extant scholarship on market-preserving federalism suggests that the stability of a federal structure hinges on the mutual interaction of political and economic mechanisms (Oates 2006; Weingast 1995). Since political structures and rule of law play a significant role in sustaining or deterring economic growth in a federal system, an assumption of market-preserving federalism is the consent from the national government to refrain from interfering in the delegated

authority of lower governments in order to maintain continued support.

Market-preserving federalism is sustained by regulating the economic powers of lower governments in monopolizing the mobility of public resources. The elimination of rent-seeking behaviors and creation of monopolies by lower governments impede corruption. Extensive corruption is prone to occur when governments are granted special privileges to create monopolies or give preferential treatment to certain interest groups particularly in developing nations (Weingast 2009). Curtailing the regulatory and monopolistic powers of lower governments provides an equal opportunity for regional governments to compete in a regulated environment. Public choice phenomena grant consumer taxpayers (based on their ability to pay) the power to choose the best among jurisdictions employing economic variations in the provision of social amenities.

On the fiscal side of market-preserving federalism, discreet macroeconomic policies are utilized by the central government to maintain economic stability and formulate effective techniques for public resource redistribution (Ostrom et al. 1961). Self-enforcing principles such as formal budget constraints are used in regulating the fiscal behaviors and demands of lower-level governments.

## Conclusion

Fiscal federalism provides an economic framework that allows federal, state, and local governments to interact in the distribution of resources among various levels of governments for the benefit of their people. Federal aids disbursed to subnational governments continue to increase in scope to fund government programs and agencies. For example, one estimate suggests federal aid spending in 2018 was $697 billion to fund 1,386 agency programs. Compared to when the American federalism started in the 1780s, the amount of aids received by states and local governments in the twenty-first century has grown steadily since President Johnson's administration making citizens to perceive the strength of the federation. Concerns about the large federal budget and deficit have caused some governments to cut some programs. However, as some programs are cut, new ones are created, which makes it a zero-sum game. The federal budget continues to grow.

All states benefit one way or the other fiscally from the American fiscal federalism. As discussed in this chapter entry, the American federalism has evolved over the last two centuries of its existence. The adoption of various fiscal instruments such as federal income tax, state sales tax, and local property tax has influenced what source of revenue each level utilizes within the federal arrangement. Also, various presidents and their ideologies regarding whether federalism should be state-led or federal government-led has shaped the federal relationship. One thing is certain. The American federalism will continue to evolve, but it will continue to combine the strengths of having a national sovereign and decentralized subnational governments that represent the interests of their citizens and provide benefits to all residents.

## Cross-References


- ▶ Comparative Federalism and Law
- ▶ Constitutional Federalism and Public Administration
- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Fiscal Federalism and Sub-national Bond Yield Spreads: The Swiss Case
- ▶ Vertical and Horizontal Tax Competition in the USA


## References


Bae S, Moon SG, Jung C (2012) Economic effects of state-level tax and expenditure limitations. Public Adm Rev 72(5):649–658

Bahl RW, Linn JF (1992) Urban public finance in developing countries. The World Bank, Washington, DC

Henry N (2013) Public administration and public affairs. Pearson, Boston

Musgrave RA, Musgrave PB, Bird RM (1989) Public finance in theory and practice, vol 5. McGraw-Hill, New York

Nukpezah JA (2017) The financial and public health emergencies in Flint, Michigan: crisis management and

the American federalism. Risk Hazards Crisis Public Policy 8(4):284–311
Nukpezah JA (2019) Chapter 3874-1, Local governments and the property tax. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham, pp 1–8
Oates WE (1972) Fiscal federalism. Harcourt, Brace, Jovanovich, New York
Oates WE (1999) An essay on fiscal federalism. J Econ Lit 37(3):1120–1149
Oates WE (2005) Toward a second-generation theory of fiscal federalism. Int Tax Public Financ 12(4):349–373
Oates WE (2006) Fiscal decentralization and the challenge of hard budget constraints. Natl Tax J 59(2):389–396
Ostrom V, Tiebout CM, Warren R (1961) Organization of government in metropolitan area: a theoretical inquiry. Am Polit Sci Rev 55(4):831–842
Rodriguz VE (1995) Municipal autonomy and the politics of intergovernmental finance. Is it different for the opposition? In Rodriguez & Ward (Eds.), Opposition Government in Mexico. Albuquerque: University of New Mexico Press.
Riker WH (1964) Federalism: origin, operation, significance. Brown and Company, Boston
Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424
Weingast BR (1995) The economic role of political institutions: market-preserving federalism and economic development. J Law Econ Org 20(1):1–31
Weingast BR (2007) Second generation fiscal federalism: implications for decentralized democratic governance and economic development. Available at SSRN 1153440
Weingast BR (2009) Second generation fiscal federalism: the implications of fiscal incentives. J Urban Econ 65(3):279–293
Weingast BR (2014) Second generation fiscal federalism: political aspects of decentralization and economic development. World Dev 53:14–25

# Fiscal Impact of Secession on Spain and Catalonia

Malcolm K. Oliver
Master of Public Policy and Administration Program California Lutheran University, Thousand Oaks, CA, USA

## Definitions

Secession – The action of withdrawing formally from membership of a federation or body, especially a political state.

Sovereign Debt – The amount of money that a country's government has borrowed, typically issued as bonds denominated in a reserve currency.

## Introduction

This entry provides an analysis of the potential fiscal impacts of a Catalonian secession from Spain. Through a review of the economic fundamentals of the Spanish economy and economic policies, the Spanish economy would be negatively impacted by the secession of Catalonia. In the long run, the Spanish economy displays enough resilience to recover from this shock and would remain an investment grade sovereign. However, the case of a sovereign Catalonia is different. Secession from Spain would require this young sovereign to address severe fiscal challenges from its inception, which makes the secession of Catalonia from Spain a very costly and highly unlikely event. This entry explores the challenges posed by Catalonia's attempt at secession from Spain by assessing the legalities, foreseeable economic impacts, and the uncertainties that would arise.

The impact of Catalonia's bid for secession upon Spanish economic performance is noteworthy, because this recovery is considered a model for other countries in the Eurozone. This story also demonstrates the volatility of economic recovery in what can be classified as one of the most economically developed, democratic, and politically stable nations. Although the Catalonia separatist issue has been around for some time, the movement has only recently been viewed as a serious threat to Spanish sovereignty, and more broadly, to the economic interest of Spain. This issue is being closely watched around the world, because of the implications this will have for the international community, business interest, and the holders of Spanish sovereign debt, which currently stands at $1.344 trillion (Bank for International Settlements [BIS] 2017). In instances where political activity is impacting economic growth, the world typically turns towards the international

credit rating agencies to provide insight on how this activity will impact the fiscal strength of a sovereign and its ability to meet its debt obligations.

Assessments which analyze the impact of political events on economic performance are typically carried out by the primary sovereign debt rating agencies, Standard & Poor's (S&P), Moody's Investor Services (Moody's), and Fitch Ratings (Fitch). This practice was developed to guard against sovereign debt risk. The value of these ratings is that they provide an easy to understand grading system which substantiates the grade based upon a clear and direct analytical report that assesses the perceived strength or weakness of the debt being offered. These reports include an analysis of the following characteristics of a sovereign: (1) political stability, (2) economic structure and growth prospects, (3) fiscal flexibility to manage debt, (4) monetary stability, and (5) external flexibility to raise additional funds to cover the debt if necessary (Bhatia 2002). These reports are then utilized by investors to judge the risk posed by purchasing debt.

In 2016, the international sovereign bond market was valued at approximately $57 trillion (BIS 2017), which equates to the combined GDP of the 16 largest economies in the world. Sovereign debt accounts for 36% of all global credit provided to the nonfinancial sector (BIS 2017), which makes this a vital component of the global financial system. On average, the return on sovereign debt bonds is typically less than that of corporate bonds. The default rates for 10-year issues of sovereign debt averaged 1.7% for investment grade and 18.3% for speculative grade debt issued between 1983 and 2016 (Moody's Investor Services [MIS] 2017a). For corporate issuers during this same time, investment grade defaults were 2.3%, while speculative grade defaults stood at 30.6% (MIS 2017a). In the unlikely event that a sovereign does default on a bond, the recovery rate between 1985 and 2016 has averaged 54%, compared with the corporate unsecured bond recovery rate of 37% during this same period (MIS 2017a). The sovereign bond market provides increased stability and predictability for investors, which has led to the growth of this sector.

There are large differences in the composition of the investor base of sovereign debt. Andritzky (2012) has assessed this composition and has found that the investor base within a sovereign reflects a regional or country specific pattern. For example, in the United States, Canada, and the United Kingdom, which have highly developed financial systems, the investor base is diversified. In the Euro Zone, a large share of the sovereign debt holders are international (52.1%), in contrast to Japan (29%) and South Korea (14.9%), where most of the bondholders are from those respective nations (Andritzky 2012).

One of the most comprehensive studies completed to-date on sovereign debt default was completed by The Bank of Canada in 2015. This research found that out of 213 sovereigns, 78 (32%) were in default as of 2014, with a combined debt in default total of $129 billion, which accounts for 0.2% of all sovereign debt (Bank of Canada [BOC] 2015). Most of the sovereign loans in default were made by development agencies and national export creditors, which are classified as *official creditors* (69), and secondly, *private creditors* (41), which is composed of foreign commercial creditors, bondholders, banks, and suppliers (BOC 2015). Sovereign defaults are heavily concentrated in low- to middle-income countries, with Greece being the first high income country to default on a loan in 2012, and then Ireland (2013), Cyprus (2013), and Portugal (2013); however, these European sovereign balances have since been cleared. The vast majority of sovereigns that have defaulted on debt have experienced an unexpected turn of events in which they were not prepared, such as war, regime change, or some other form of political instability, and because of previous fiscal and monetary policies, had very limited policy options, until the point was reached where default became the preferred policy response. Since Catalonia is one of the wealthiest regions in Spain and accounts for such a large percentage of the Spanish GDP, it is foreseeable that the international investment community start to assess whether the potential secession of Catalonia will impact Spain's ability to

continue servicing it's $1.344 trillion-dollar debt obligations (BIS 2017), which is where we will now turn our attention.

### Spain's Economic Structure and Growth

In 2016, Spanish GDP reached $1.233 trillion, experienced a real growth rate of 3.2%, and had a per capita income of $36,400, utilizing the purchasing power parity (PPP) method (CIA 2017). This nation's labor force is composed of 22.89 million persons, with 71.7% employed in the service sector, 24% in industry, and 4.2% in agriculture (CIA 2017). The economy still has not fully recovered because the unemployment rate remains at 19.7%, which means that 3.8 million are still seeking employment (OECD 2017), which remains a challenge for the Spanish economy.

In 2016, the Spanish national government collected $461.3 billion in revenues, while expenditures totaled $512.6 billion, which amounted to a budget deficit of 4.1% of GDP (CIA 2017). Taxes and public revenues equate to 36.8% of the Spanish GDP. The public debt of the Spanish government is equivalent to approximately 1 year of GDP and requires interest payments equivalent to 15.63% of government revenues in 2015 (International Monetary Fund[IMF] 2017). These high debt payments, which are greater than the GDP of a handful of regional governments within Spain, place another strain upon the Spanish economy.

The public debt taken on by the Spanish government is a direct result of the global financial crisis of 2008, which led to a recession where Spain experienced negative growth from 2008 to 2012 (Banco de Espana 2016). In 2009, the Spanish economy contracted by 3.7%, which ended 16 years of steady growth, and increased unemployment from a low of 8.7% in 2007, to a high of 26% in 2013 (CIA 2017). In 2014, the national government secured a European Union bailout package for Spanish banks to address the challenges posed by Spain's depressed real estate and construction markets (European Stability Mechanism [ESM] 2017). This program has been deemed a success, because since 2015, the Spanish economy has experienced growth. The political instability created by Catalonia's aspirations for secession has already caused the Spanish national government to reduce economic growth projections, so it is important to explore the link between political stability and economic performance.

### Democratic Institutions in Spain

There is a causal link between the effective functioning of democratic institutions, political stability, and economic growth. Democratic institutions refer to the structures of government and their ability to respond to the evolving needs of its citizens without being dependent upon any one individual, yet supporting the rights of each individual within the nation. When reviewing Catalonia's aspirations for secession, it is important to assess whether the long term goals and objectives can be achieved within the confines of the democratic structures already in place. Secession is a means to an end, not an end within itself. From a political perspective, Catalonia's government enjoys a wide degree of autonomy, and economically, they are one of the wealthiest regions in Spain, which becomes evident when reviewing the degree of civil liberties and political freedoms enjoyed by Catalonia's regional government and citizens.

Freedom House is recognized as a global authority through their research and analysis of the levels of democratization and political freedoms within countries through the annual *Freedom in the World* rankings. In these rankings, countries are evaluated on the dimensions of political rights and civil liberties. Political rights refer to a citizen's ability to elect their representatives in a free and fair electoral process, political pluralism, the right to vote, and the government's ability to meet citizen needs. Civil liberties refer to a citizen's ability to freely express beliefs, associate, and organize. It also encapsulates the independence of the judiciary, personal autonomy, and individual rights. After assessing the political rights and civil liberties afforded to Spanish

citizens, Freedom House deemed Spain to be a free country and provided them with a score of 94 out of 100 (Freedom House 2017). The degree of political rights and civil liberties enjoyed by Spanish citizens is important in this case because it means that democratic institutions are strong, which is considered by the sovereign debt rating agencies a key indicator of the political stability necessary for economic growth.

Although the Spanish national government has been operating within the confines of the Spanish Constitution to address Catalonia's attempt at secession, there is widespread support for secession from Spain in Catalonia, which creates the possibility of large scale civil disobedience that can be carried out and may have a negative impact on economic activity. Actions of civil disobedience are well within the confines of the rights provided to Spanish citizens. Clashes between protestors and the police have occurred on multiple occasions, which has been the exception rather than the rule, but the potential for escalation of conflict during these altercations is evident.

During the October 1, 2017, referendum that was carried out by the Catalan government, the national government deployed police officers from different regions of Spain to close voting booths because the vote was deemed illegal by the Spanish Constitutional Court. However, even though there were irregularities and the vote was deemed illegal, there was large voter turnout. After police officers sought to close voting booths during the morning hours, which initiated the altercations with voters, additional voters continued to arrive at the poles to demonstrate that they would not be deterred. It soon became evident that police interference with the vote would only cause violence. The interactions between the police and voters were captured by the media, and images of Spanish police officers beating and denying the right of citizens to enter polling stations were broadcast across the globe, which had a negative impact upon the perception of the Spanish government's handling of this issue.

This is an area in which caution by the national government is in order, because even though they are operating within the confines of the Spanish Constitution, and the international community has sided with the national government, many of Spain's closest allies, especially in the European Union, have cautioned against violence. On October 17, 2017, The National Bank of Spain (Banco de Espana) downgraded the 2017 economic growth forecast from 2.5% to 2.3%, indicating that the reason was caused by "a slight containment of domestic demand, resulting from the negative impact of the uncertainty associated with the current political situation in Catalonia" (Duarte 2017). This move by the national government is an acknowledgment of the economic impact the Catalan secession movement is having upon economic growth. However, there has been very little discussion about the fiscal viability of an independent Catalonia.

## Long Road to Stability and Fiscal Viability for Catalonia

The Province of Catalonia is in the north-eastern portion of Spain, with its eastern boundary on the Mediterranean Sea and its northern border is shared with the nations of Andorra and France. This region has a population of 7.5 million residents who have a per capita income of $33,580 and a GDP of $259 billion dollars (National Statistics Institute 2017), which equates to approximately 20% of the Spanish economy. The Catalonia government has been rated as Ba3 by Moody's Investment Services, which means that their debt is judged to be speculative and is subject to substantial credit risk (MIS 2017b). Moody's indicates that as a standalone sovereign, Catalonia's rating would be even lower, at caa1, which means that their debt would be considered speculative, of poor standing and its debts are subject to very high credit risk.

The history of Catalonia as a region dates back well over 1000 years, and during this time a unique culture and language has developed. This runs parallel to other regions within Spain and reflects the diversity found within this nation. During the rule of Franco (1939–1975), Spain was characterized by single party military rule, a

strong emphasis was placed upon establishing a single Spanish national identity, and this culminated in the banning of the official use of Basque, Catalan, and Galician languages, even though millions of Spanish citizens spoke these languages. All government, notarial, legal, and commercial documents had to be drawn up in Spanish, in addition to Spanish being the only language allowed in schools, advertising and in religious ceremonies. As a direct result of the linguistic and cultural suppression of minority groups within Spain, after the death of Franco in 1975, and the development of a democratic constitution in 1978, the Spanish national government provided wide autonomy to the regional governments, which includes matters related to language and culture. Since the late 1970s, schools within Catalonia have been teaching all subjects, which include math, science, social studies, and the arts in Catalan, which has defined an identity based upon language, with most of the youth under 40 years of age educated in Catalan (Frayer 2017).

The Catalan secession movement strongly emphasizes its linguistic difference from the rest of Spain. This movement culminated into a political movement in the 1920s, but only won enough seats in the Parliament of Catalonia in 2012 to form a pro-separatist government. In 2013, the Catalan Parliament adopted the Catalan Sovereignty Declaration, held a referendum in 2014 asking if residents want Catalonia to become independent from Spain, and then held another referendum on independence in October 1, 2017, which has led to the current crisis. Each one of these referendums has been declared unconstitutional by the Spanish Constitutional Court and, since the writing of this article, has not been recognized by the Spanish national government, any sovereign nation, or international organization. However, it has precipitated a showdown between the national government and Catalonia's regional government, where on October 27, 2017, the national government enacted the use of clause 155 of the Spanish Constitution, which provides it with the power to disband Catalonia's government, take over the administrative operations, which include the Mossos d'Esquadra, which is the independent Catalan police force. The national government then held regional elections on December 21, 2017, which then brought the secessionist Catalonia government back to governance on June 2, 2018.

Fiscal policy does play a role in the Catalan regional government's dispute with the Spanish national government. In 2006, Catalonia held an election to expand the powers of the regional government to incorporate the title of "nation" into the regional government's charter. The Popular Party (PP) challenged these alterations in the Spanish Constitutional Court and subsequently won in 2010. This court decision sparked widespread separatist protest in Catalonia and contributed to the tensions between the Catalan government and the central government in Madrid, with tax revenues and expenditures being at the heart of this disagreement.

Every year, Catalonia pays about $12 billion more in taxes to Madrid than it gets back, or around 5% of regional economic output, while Spain's poorest region, Andalusia, receives almost $10 billion more than it pays into national coffers (Berwick 2017). Catalonia's leaders feel that they are subsidizing lower income regions of Spain. In 2012, the Catalan separatist leader requested a new tax redistribution plan from the Spanish national government, which was subsequently rejected by the national government, which was one of the main reasons noted for the Catalan government to move forward with holding a referendum on independence.

## Obstacles to Catalan Independence

There are many obstacles that Catalan leaders must address to successfully secede from Spain, but even if they are able to achieve this feat, the economic and fiscal challenges they would immediately face as a sovereign are substantial. These obstacles can be grouped into the categories of legalities, short and medium-term economic impacts, and uncertainties. When assessing the legalities of the Catalonia secession, this needs to be viewed in the context of the Spanish

Constitution and law, but also from the concept of self-determination under international law. The economic impacts to the Catalonia economy will come in the form of reduced trade with Spain, the European Union (EU), and business relocations. The impact of uncertainties would come in the form of the EU reapplication process, an unstable business climate, and the possibility of a further reduction in credit rating. Each one of these impediments raises serious questions about the fiscal viability of an independent Catalonia; however, taken together, secession poses grave risk to Catalonia's fiscal health and stability.

The Spanish Constitution of 1978 does not permit the referendums or votes on independence, and the Spanish Constitutional Court has consistently ruled that the Catalan referendums for independence are unconstitutional. The only *legal* way for Catalonia to achieve this objective would be through a Constitutional amendment, which is highly unlikely since 3 of the major parties in Spain supported the implementation of Article 155 to disband the Catalonia government. The question of legality provides a real obstacle for the Catalan secession movement to acquire legitimacy in the eyes of European governments and international institutions, which base their own legitimacy on the rule of law. Another challenge that the Catalan attempt at secession poses for European governments is that there are various separatist movements throughout Europe. If Catalonia were to secede from Spain without a legal basis, or a modern history of systematic oppression, it is very hard to legally reason why other secessionist movements should not be able to secede from other nations within Europe as well.

Many separatists are not able to achieve a legal means within the confines of their constitutions to secede, so it is not uncommon for them to claim the right to self-determination under international law. As Connolly (2013) explains, this concept found a legal basis in international law; however, there has been little agreement upon the full meaning of this concept within international law since its inception and has primarily only been applied to the rights of former colonies in Asia and Africa to becomes sovereign states throughout the 1960s. Since the UN Charter Era, only Bangladesh, Eretria, and Kosovo have succeeded without the consent of their parent nation, and each presented unique circumstances where the denial of basic human freedoms and severe human rights abuses exist, which is not evident in Catalonia's case for secession.

The Catalonia separatist movement has made clear that although they want to secede from Spain, they would like to remain within the EU and to retain the Euro as their official currency. However, the EU has made it clear that if Catalonia were to secede from Spain in a manner *permissible* by the Spanish Constitution, an independent Catalonia would need to reapply for European Union membership (European Commission 2017). Article 49 of the European Treaty would also make it difficult for Catalonia to secure membership, because all current members, which includes Spain, will need to approve Catalonia's membership. This can also be a lengthy process and is one that took Spain 9 years to complete. There are also separatist movements in many countries throughout the EU, which would mean that more counties within the EU would have their own reasons for withholding support for Catalonia's entrance into the EU.

The economic implications of Catalonia's drive for independence is also an issue that needs to be assessed. Catalonia's economy contributes 26% of all Spanish exports, with 65% of those exports going to other EU member states, and does not include the percentage that would be passing through the newly established border with Spain (Giugliana 2017). Exports from a sovereign Catalonia to countries within the EU would require payment of the CCT (Common Customs Tariff), which it has been estimated by the Spanish government would increase export prices by 5.7%, in addition to the administrative cost of implementing this tariff, which can add an additional 13% to the cost of exports. This can increase the total cost of exports to the EU by 18.7%. Due to this increase in export cost,

Catalonia's exports would decrease by 13%, which will reduce Catalonia's GDP by approximately 3.8% (Ministry of Foreign Affairs 2012).

Signs of business confidence in Catalonia's government have also started to point in a negative direction, with 1394 companies leaving Catalonia for other regions of Spain between October 2–23, 2017, including two of the region's largest banks (elEconomista 2017). If Catalonia becomes independent, it is reasonable to assume that it will take some time to be granted EU membership, and during the duration of that time, companies located in Catalonia would not benefit from EU membership, which has eliminated all import/export duties between member states and allows for the free movement of labor, capital and services. Losing status as a member of the EU would greatly reduce Catalonia's competitiveness as an investment and business center within Europe. The uncertainty created by the secession process will also have a negative impact upon Catalonia economic competitiveness.

While highly unlikely, the secession of Catalonia from Spain would have a negative impact upon Spain and Catalonia's sovereign ratings. Since Catalonia produces 20% of the Spanish GDP, this would be a considerable loss to the overall Spanish economy, thus, the immediate fiscal health of the Spanish government. However, Spain would remain the sixth largest economy in the EU and in the mid-to-long term recover from this loss. Spain will also have the support of the European Central Bank, in addition to the European Stability Mechanism, which can provide relief in the short-to-midterm if the Spanish government needs assistance in addressing the economic shock brought on by the secession of Catalonia. In addition, the fundamentals of the Spanish economy remain intact, which would leave Spain as an investment grade sovereign. However, the same cannot be said for a sovereign Catalonia.

As of October 6, 2017, Moody's has Catalonia rated as Ba3 (substantial risk), which is one of the lower ratings among Spanish regional governments, and would be significantly lower as a sovereign at caa1 (non-investment grade) if they were not supported by the Spanish national government (MIS 2017b). The Catalonia government has been in noninvestment grade status for many years, which requires them to depend on the national government to meet their debt and refinancing needs, so instead of owing debts to private bondholders, approximately 70% of Catalonia's obligations are to the Spanish central government. If Catalonia were to eventually secede, these debts would need to be paid back to the Spanish national government, otherwise they would be considered in default by the credit rating agencies, which would further exacerbate the negative rating of the Catalonia government.

The uncertainty that would be created through the process of secession would also have a negative impact upon Catalonia's sovereign rating, because issues that have such a major impact upon Catalonia's economy, such as EU membership, would remain uncertain for the foreseeable future. The credit rating agencies view sovereign credit ratings as pervasive, which means that it is very difficult for a domestic issuer to be rated higher than their sovereign, and in the event of Catalonia's secession, issuers based in Catalonia would shift from being residents of investment-grade Spain, to residents of substantial risk, or noninvestment grade Catalonia. This will have a negative impact upon the business climate within Catalonia and will impact the economic growth of this region.

## Conclusion

The fact that Catalonia's GDP is larger than Portugal's, and that it has one of the highest per capita incomes in the EU, makes the economic argument of the viability of an independent Catalonia compelling. However, the obstacles that must be overcome for Catalonia to reach the point of fiscal stability are substantial impediments. First, Catalonia's secession from Spain is not legal under the current constitution, which would need to be ratified through a democratic process in which Catalonia's secession movement does not have the support to get passed in the Spanish national legislature. The region is also evenly split between those for and against

secession, so the prospects of protracted social, political, and economic unrest is present and has the potential to negatively impact economic growth for the short to mid-term. Second, Catalonia would need to reapply to join the EU, which would be a lengthy process that requires all EU members to approve, including Spain. Third, Catalonia would need to address its debts with Spain, which would further degrade its credit rating, which is already rated as a substantial risk, and could likely be downgraded to noninvestment grade upon secession. The Spanish government indicated that an independent Catalonia would need to accept a proportional amount of the Spanish national debt which is equal to Catalonia's share of GDP. In this case, the Catalonia government has the option of taking on the increased debt as a sovereign, or choosing to default. Whichever path an independent Catalonia chooses, this young sovereign would face severe fiscal challenges from its inception.

## References


Andritzky J (2012) Government bonds and their investors: What are the facts and do they matter? IMF working paper No. 12/158. Retrieved from: https://www.imf.org/external/pubs/ft/wp/2012/wp12158.pdf

Banco de Espana (2016) Spanish public finances through the financial crisis. Documentos de Trabajo N.° 1620. Retrieved on October 20, 2017, from https://www.bde.es/f/webbde/SES/Secciones/Publicaciones/PublicacionesSeriadas/DocumentosTrabajo/16/Fich/dt1620e.pdf

Bank for International Settlements (2017) Total credit to the government sector at market value (core debt). [Data File] Retrieved from http://stats.bis.org/statx/srs/table/f5.2

Bank of Canada (2015) Database of sovereign defaults, 2015. Technical Report No. 101. Retrieved October 17, 2017, from http://www.bankofcanada.ca/wp-content/uploads/2014/02/tr101.pdf

Berwick A (2017) From new tax office, Catalonia hopes to grab billions from Madrid. Reuters. Retrieved on October 17, 2017, from https://www.reuters.com/article/us-spain-politics-catalonia-tax/from-new-tax-office-catalonia-hopes-to-grab-billions-from-madrid-idUSKCN1BW10A

Bhatia AV (2002) Sovereign credit ratings methodology: an evaluation, IMF working paper 02/170. International Monetary Fund, Washington, DC. Retrieved from https://www.imf.org/external/pubs/ft/wp/2002/wp02170.pdf

Central Intelligence Agency (2017) The World Factbook. Retrieved October 20, 2017, from https://www.cia.gov/library/publications/the-world-factbook/geos/sp.html

Connolly CK (2013) Independence in Europe: secession, sovereignty, and the European Union. Duke Journal of Comparative and International Law. Duke University School of Law, Durham

Duarte, E., Penty, C. (2017, October 17). Spain Jails Separatists as Growth Forecast Lowered on Catalonia. *Bloomberg*. Retrieved October 17, 2017, from https://www.bloomberg.com/news/articles/2017-10-17/spain-jails-separatists-as-growth-forecast-lowered-on-catalonia

elEconomista (2017) Casi 1.400 empresas han salido ya de Cataluña desde el 2 de octubre. Retrieved on October 29, 2017, from http://www.eleconomista.es/empresas-finanzas/noticias/8696673/10/17/Economia-Empresas-Casi-1400-empresas-han-salido-ya-de-Cataluna-desde-el-2-de-octubre-92-este-lunes.html

European Commission (2017) Statement on the events in Catalonia. Retrieved on October 17, 2017, from http://europa.eu/rapid/press-release_STATEMENT-17-3626_en.htm

European Stability Mechanism (2017) Spain. Retrieved October 20, 2017, from https://www.esm.europa.eu/assistance/spain

Frayer L (2017) For catalonia's separatists, language is the key to identity. National public radio, morning edition. Retrieved on October 17, 2017, from http://www.npr.org/sections/parallels/2017/09/29/554327011/for-catalonias-separatists-language-is-the-key-to-identity

Freedom House (2017) Populists and autocrats: The dual threat to global democracy. Retrieved on October 17, 2017, from https://freedomhouse.org/report/freedom-world/freedom-world-2017

Giugliana F (2017) Catalans would pay a high price for independence. Bloomberg. Retrieved on October 17, 2017, from https://www.bloomberg.com/view/articles/2017-10-06/catalans-would-pay-a-high-price-for-independence

International Monetary Fund (2017) Government finance statistics yearbook and data files. Retrieved on October 17, 2017, from World Bank, at https://data.worldbank.org/indicator/GC.XPN.INTP.RV.ZS?locations=ES

Ministry of Foreign Affairs (2012) Consecuencias Economicas de una hipotetica independencia de Cataluna. Retrieved October 20, 2017, from http://www.exteriores.gob.es/Portal/es/SalaDePrensa/ElMinisterioInforma/Documents/Consecuencias%20econ%C3%B3micas%20de%20una%20hipot%C3%A9tica%20independencia%20de%20Catalu%C3%B1a.pdf

Moody's Investor Service (2017a) Sovereign default and recovery rates, 1983–2016. Retrieved October 20, 2017, from https://www.researchpool.com/download/?report_id=1416505&show_pdf_data=true

Moody's Investor Service (2017b) Catalan independence would have broad negative credit impact for wide range of issuers. Retrieved on October 17, 2017, from https://www.moodys.com/research/Moodys-Catalan-


F

independence-would-have-broad-negative-credit-impact-for%2D%2DPR_373638
National Statistics Institute (2017) Territorial statistics: Catalonia. Retrieved on October 20, 2017, from http://www.ine.es/FichasWeb/RegComunidades.do?fichas=70&busc_comu=&botonFichas=Go+to+Table+of+results
Organization for Economic Co-operation and Development (OECD) (2017) Registered unemployment level for Spain. Retrieved on October 17, 2017, from Federal Reserve Bank of St. Louis, at https://fred.stlouisfed.org/series/LMUNRLTTESA647S

## Fit: Market and Strategy

Gregory M. Sottile
Townsend Research Group, LLC, Hartland, CT, USA

### Synonyms

Market analysis; Marketing; Marketing strategy

### Definitions

- Early adopters: The segment of all customers (individuals or organizations) that are among the first to purchase a product.
- Firmographics: In contrast to demographics which describe attributes of individuals, firmographics are attributes that describe organizations.
- Market-driven orientation: An approach to strategic planning that emphasizes consideration of external factors, including customers and competitors, that can affect an organization's performance.

### Introduction

Entrepreneurship is pursued by organizations of all sizes and with varied operational interests and objectives. Most ventures begin as small, newly formed entities inspired by the founder's vision. The primary activities of science and technology ventures, for example, typically are focused on research and development. Their objective is to create a technological or process innovation that is central to a future product they want to commercialize. Other entrepreneurs have more immediate economic interests. As such, they may establish a storefront to sell retail products or "hang a shingle" to provide professional services. In the United States, new business creation is occurring at a robust pace. According to the Bureau of Labor Statistics, the number of private establishments less than 1 year old reached an all-time high of 804,398 in 2020 (U.S. Bureau of Labor Statistics 2021, Fig. 1). More than 90% had fewer than five employees. While the small start-up model is the most common form of entrepreneurship, many larger businesses make sustained investments in innovation with the aim of creating new products or establishing new business entities. With rare exception, all organizations strive to increase the venture's value.

### Aligning the Market and Marketing Strategy

The success of a new venture hinges on many variables including leadership, financing, the product portfolio, timing, and, of course, luck. From 1996 through 2019, the 1-year survival rate for start-ups in the United States remained within a narrow range of 75–80% (Kaufman 2020). Longer-term, survival rates decline to 53% after 5 years and 36% after 10 years (US Bureau of Labor Statistics 2016). While a venture's success is far from assured, entrepreneurs can adopt a market-driven orientation to increase that likelihood. A market-driven approach requires careful consideration of the market in which the venture intends to compete. Although sizing a market in terms of the number of customers, revenue, or unit volume is essential for business planning purposes, strategic planning is best informed when the entrepreneur takes a broader view of the market – where it is now and how it likely will evolve – and subsequently develops a strategy that is rationally aligned with the market's realities and

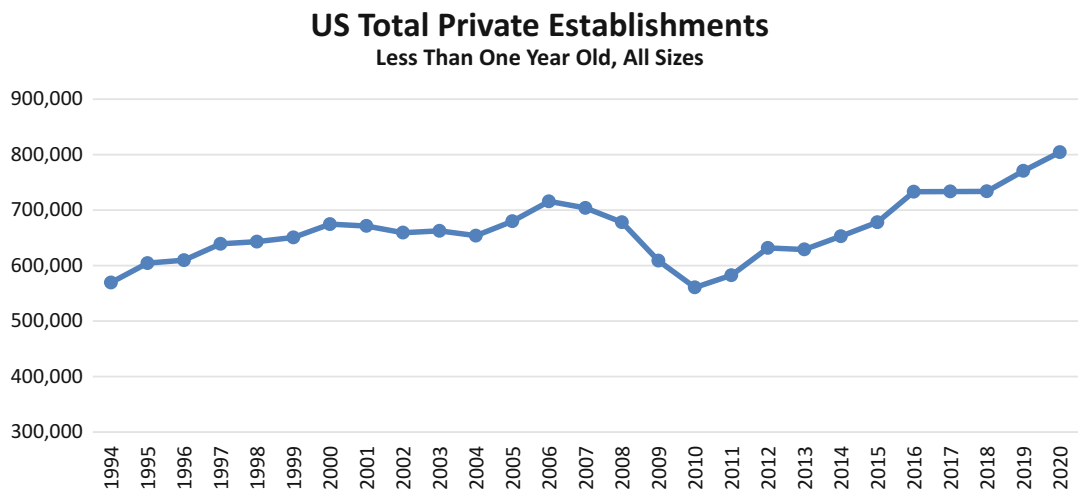


**Fit: Market and Strategy, Fig. 1** Source: US Bureau of Labor Statistics, Business Employment Dynamics by Age and Size

opportunities. Specifically, the entrepreneur should understand the:

- Stage of the relevant *product life cycle (PLC)*
- Needs of *customers*
- Presence and actions of *competitors*

## Product Life Cycle (PLC)

The product life cycle is a theoretical marketing concept in which product categories (as opposed to brands) advance through a series of stages, each of which is typified by a generally common set of market conditions. To understand the PLC and draw insights from its implications, entrepreneurs first must determine the relevant product market into which its offering will compete. For example, Advanced Micro Devices, Inc. is a supplier of microprocessors, its relevant product market. Similarly, Danone S.A.'s relevant product market is yogurt, one of several product markets in which the company competes. The four primary stages of the product life cycle and their characteristics are summarized below:

- **Introduction:** Low overall demand in the market, one or a modest number of ventures selling products to early adopters, limited marketing investments as companies allocate resources toward fine-tuning their product offering and business models, low profitability.
- **Growth:** Accelerating demand, a growing number of competitors whose strategic focus is customer acquisition, rising marketing investments as ventures compete in an increasingly crowded competitive space, improved profitability due to rising volume and improved operating efficiency. Sub-delineations include early growth and late growth.
- **Maturity:** Decelerating demand as the market approaches its maximum sales potential, high competitive intensity as suppliers battle for market share to achieve revenue and volume objectives, relatively high marketing investments as ventures pursue a mix of customer acquisition and retention initiatives, sustainable profits for ventures that possess leadership positions in the overall market or defensible positions in niches within it. Sub-delineations include early maturity and late maturity.
- **Decline:** Declining demand, fewer competitors due to better returns on invested capital elsewhere, reduced marketing investments focused almost entirely on customer retention, increased emphasis on rightsizing and operating efficiencies, profit opportunities for lean companies that are among the last to serve the product market.

The path of the product life cycle is not predestined. Technological innovations or a favorable change in the regulatory market can make a product more accessible or of greater value to a larger set of customers, thus altering the market's pace of evolution. Under such a development, the trajectory of demand in the product category often increases in the growth stage or is rejuvenated in the maturity or even decline stage. The Energy Independence and Security Act of 2007 (US Environmental Protection Agency 2007a) is an example of a regulatory change that affected the US market for light bulbs. The product market of common household incandescent bulbs sold in the United States was adversely affected by this new law which banned the manufacture and sale of most types of energy-inefficient bulbs. This shift in the regulatory environment accelerated the product market's entry into the decline stage of its product life cycle. While not mandating the purchase of specific light bulb technologies, the new law did require greater energy efficiency levels for the most widely used household bulbs (US Environmental Protection Agency 2007b). This greatly increased demand for several types of bulbs that could satisfy the requirements of the law, including high-efficiency light-emitting diode (LED) bulbs. At the time of the law's enactment, LED bulbs garnered a small share of all household bulb sales. The regulatory change catalyzed the growth stage of the LED product market and increased its total potential. By 2020, demand for LED bulbs in the United States was expected to reach $9.9 billion and projected to increase at a 9.6% annual rate to $17.1 billion by 2026 (Mordor Intelligence 2021).

## Customers

Customers are the lifeblood of all ventures. They are its primary source of volume, revenue, and profit. Marketing management has many catchphrases, and some are worth remembering. One of them is "Know your customers!" This clarion call urges entrepreneurs to devote extra attention to understanding the needs of potential and existing customers. Newly established entrepreneurial ventures typically begin with no customers. Their strategic focus should be to align market conditions with their marketing strategy in ways that grow and satisfy their customer base. The term "customers" is broad, and entrepreneurs using a market-driven orientation will benefit from a more expansive application of it. While there are many bases upon which to segment customers (e.g., demographics, firmographics), the following behavioral schema is a productive approach to categorize customers in a market:

- **Brand loyals**: Customers who demonstrate repeat buying of the venture's products. These customers devote a high share of their category expenditures to the venture.
- **Brand switchers**: Customers who divide their expenditures between the venture's branded products and those offered by one or more competing brands. These buyers often rely on price comparisons when deciding which brand to purchase.
- **Other-brand switchers:** Customers of a competitor (or multiple competitors) that also buy from products one or more competing brands. As with brand switchers, most competitors have at least some customers that purchase similar products from another supplier.
- **Other-brand loyals:** Customers who demonstrate repeat buying of a competitor's products. These customers devote a high share of their total category expenditures to that competitor.
- **Potential category users:** Customers that have not purchased anything in the product category but could in the future. As such, they have no prior purchase experience with the venture or its competitors.

It is a productive exercise to quantify the size of each customer segment. Product markets in the introduction or early growth stages of the PLC likely will exhibit a disproportionately high percentage of customers in the potential category users segment. As markets evolve toward maturity, the number of potential category users declines as a percentage of the total and competitors usually possess a mix of loyalists and switchers. Collectively, these market insights can help guide strategy. For example, the venture may uncover unique requirements among its brand

switchers that preclude these customers from becoming brand loyals. In response, it may modify its product offering, adjust pricing, or initiate a communications campaign to overcome barriers to loyalty. Likewise, the venture may identify a growth opportunity among a portion of new category users and then initiate a strategy to target and acquire customers in this segment.

### Competitors

Rarely does an entrepreneurial venture create an entirely new market. In most instances, the venture seeks to establish a position in a market that already exists. While customer needs, especially when segmented, provide insights into the venture's value proposition – the gains offered by the product and the pains it helps to avoid – the venture also must consider the presence and strength of likely competitors. Choosing a marketing strategy that competes head-to-head with an established competitor that has many brand loyals among its customer base likely is destined to fail.

A market's competitors can have a direct influence on the venture's success. Assessing competitors should be an ongoing marketing activity, and it's not uncommon for larger organizations to have staff dedicated to developing competitor intelligence. Competitors may possess core competencies that can substantially impede a new entrant's marketing strategy. Such competencies may include deep financial resources, robust research and development capabilities, extensive intellectual property, well-established distribution systems, and a large and satisfied customer base. Rigorous and ongoing competitor analysis helps the entrepreneur "size up" its likely adversaries. Building on its understanding of customers, the entrepreneur may identify gaps in the market that are not effectively served by competitors. If these gaps are sufficiently large, they can provide an attractive point of market entry for the venture. Similarly, competitors may have weaknesses related to their respective product offerings and business models that can be exploited. Diminishing financial resources, expiring intellectual property, weak leadership, sub-par product quality, and low customer satisfaction are examples of competitor vulnerabilities that could be exploited.

Collectively, a market-driven perspective helps the entrepreneur optimize the fit between the venture's market and its marketing strategy. Insights related to the product life cycle, customers, and competitors will improve strategic decisions about product design, distribution, promotion, and pricing. This knowledge reduces uncertainty, helps focus resources more productively, and provides the foundation for making better decisions more often.

F

## Marketing Performance

The success of entrepreneurial ventures is evaluated in many ways. For some, success is determined by assessing the venture's performance against a set of marketing and financial performance metrics, often referred to as key performance indicators (KPIs). The market penetration rate, for example, is a KPI used to examine the degree to which a new venture's products have been adopted by its target customers. For example, assume the entrepreneur wants to introduce a product innovation into a low-growth, established market that has 10,000 buyers already purchasing products offered by existing industry suppliers. If, after 3 years, the venture has made sales to 500 different customers among this target group, then its market penetration rate is 5%. Market share, measured based on revenue or unit volume, offers additional insight into the venture's relative performance vis-à-vis the overall market. Assume the entrepreneur uses market research to estimate annual sales in this market and finds those total approximately $70 million per year. If the venture's actual sales are $3,000,000 in Year 3, then its revenue share is 4.3%. Similarly, financial metrics often compare the venture's performance to its forecast or budget, thereby providing insight into the current strength of the venture (e.g., its working capital) and the trend in its performance versus expectations. Key financial statements – the balance sheet, income statement, and statement of cash flows – are essential monitoring inputs for all businesses. In tandem with

marketing performance metrics, they help guide the business's overall strategy and its resource allocation decisions.

Marketing margin and return on marketing investment (ROMI) are widely used marketing performance metrics. They provide useful context about the venture's market and its position within it. To illustrate this, assume Tunxis Outfitters is a recently established entrepreneurial venture that produces and sells premium blue jeans (Table 1). The company serves a regional geographic market. During its first year of operation, overall market demand for premium blue jeans in its region totaled 100,000 units, and the company supplied 2000 of those, thus yielding a unit market share of 2.0%. The company's first-year sales were $240,000, and its marketing margin and ROMI were $60,000 and 200.0%, respectively. Tunxis Outfitters's lead entrepreneur is preparing her Year 2 pro forma financials and decides to use a market-driven approach as a guide. She carefully examines the market and anticipates an increase in overall demand. For her company's product line, she expects rising unit sales, stable prices, declining cost of goods sold per unit, and higher advertising expenses. The confluence of these conditions, if they occur, would yield a welcome year-over-year increase in both marketing margin (to $74,800) and ROMI (to 240.0%).

For contrast, assume instead the lead entrepreneur has a pessimistic outlook for Year 2. Market demand is projected to weaken along with the venture's market share, average prices are expected to decline, cost of goods sold per unit will remain at the Year 1 level, and tighter cash flows will necessitate a cut in advertising expenses. Tunxis Outfitters's performance metrics would decline under these conditions of weaker demand and share position.

In practice, the inputs to such an analysis are market-driven. The entrepreneur would use market research or data analytics to estimate the size of the overall market in Year 2. She would have a keen understanding of her target customers' needs and the strength and strategies of her competitors. She would assess whether technology or regulatory conditions will support or impede the goals of the venture. With that knowledge, she would adapt, if necessary, her product offering, pricing tactics, and advertising program to strengthen her strategic position in the market. Like many entrepreneurs, her strategic planning horizon may exceed beyond 1 year. That longer-term view also is supported by this market-driven approach.

**Fit: Market and Strategy, Table 1** Marketing Performance of a Fictitious Company Under Optimistic and Pessimistic Scenarios

| | Tunxis Outfitters (Supplier of premium blue jeans) | Year 1 | Year 2: Optimistic Inputs % Δ | Year 2: Optimistic Performance | Year 2: Pessimistic Inputs % Δ | Year 2: Pessimistic Performance |
|---|---|---|---|---|---|---|
| A | Overall Market Demand (units of premium blue jeans) | 100,000 | 5.0% | 105,000 | -5.0% | 95,000 |
| | TUNXIS OUTFITTERS | | | | | |
| B | Units | 2,000 | 10.0% | 2,200 | -10.0% | 1,800 |
| C | Market Share - Units | 2.0% | | 2.1% | | 1.9% |
| D | Average Price/Unit | $ 120.00 | 0.0% | $ 120.00 | -5.0% | $ 114.00 |
| E | Average Cost of Goods Sold/Unit | $ 80.00 | -5.0% | $ 76.00 | 0.0% | $ 80.00 |
| F | Contribution Margin/Unit | $ 40.00 | | $ 44.00 | | $ 34.00 |
| G | Contribution Margin %/Unit | 33.3% | | 36.7% | | 29.8% |
| H | Sales | $ 240,000 | | $ 264,000 | | $ 205,200 |
| I | Gross Profit $ | $ 80,000 | | $ 96,800 | | $ 61,200 |
| J | Gross Profit % | 33.3% | | 36.7% | | 29.8% |
| K | Advertising Expense | $ 20,000 | 10.0% | $ 22,000 | -10.0% | $ 18,000 |
| | PERFORMANCE METRICS | | | | | |
| L | Marketing Margin (I-K) | $ 60,000 | | $ 74,800 | | $ 43,200 |
| M | Return on Marketing Investment (ROMI); (L-K)/K | 200.0% | | 240.0% | | 140.0% |

The effectiveness of her strategy in Year 2 will influence the strategic options, and the venture's success, in Year 3 and beyond.

## Case Studies

Marketing strategy is a demanding discipline, often made more complex by the ever-shifting dynamics of the market. There is no shortage of case studies. The following briefly demonstrate how fit (or lack thereof) between the market and strategy influences success.

### Poor Fit: Pfizer's Exubera

History is rich with examples of failed ventures and product launches. Even the vast resources and expertise of a large organization do not ensure success. In 2007, pharmaceutical giant Pfizer announced it was ceasing production of Exubera, the world's first inhaled insulin, in just its second year of commercialization. Prior to 2007, insulin typically had been self-administered via an injection. At first glance, conditions seemed favorable for this product launch. Overall market demand for insulin products was high and expected to grow. Pfizer's former CEO Henry McKinnell described Exubera as a "major medical breakthrough," and the company believed that the novel inhaled product would be widely accepted by consumers. Pfizer itself had projected Exubera's worldwide annual sales to reach $1.5 billion by 2010 (Fierce Pharma 2010).

Unfortunately for the company and its stakeholders, the fit between Exubera's market and its marketing strategy was poor. Pfizer overestimated the innovation's customer appeal and thus its customer adoption rate. The company had expected Exubera's no-needle delivery system to spur demand for the innovation, but by 2008, insulin injection needles had become so small that many of the company's target customers had no concerns with self-injection and thus had no need to switch. Simply put, Exubera's value proposition was not compelling enough to capture the sales it projected. Consumers were largely satisfied with the products offered by Pfizer's competitors.

Exubera's strategy was not aligned with the market, and the brand underperformed as a result. Pfizer took a $2.8 billion write-off because of this failure (Fierce Pharma 2010).

### Strong Fit: IBM Watson

As part of their long-term strategy, large organizations often use cash flow from existing lines of business to finance the launch of new products or ventures. International Business Machines (IBM), founded in 1911, has a rich history of innovation and is an example of such an organization. The company demonstrated strong fit between its market and its marketing strategy as it adapted to changing consumer preferences and competitive intensity. In so doing, it modified its product market focus away from computing machines and toward more productive opportunities.

Through the 1950s and 1960s, IBM was a world leader in the sale of computers and related components, producing nearly 70% of all business computers purchased globally. IBM maintained this market-leading position into the early 1990s. By that time, the global desktop computer market was well into the late growth stage of its product life cycle and had attracted aggressive competitors including Dell and Hewlett-Packard. Increased competitive pressures diminished IBM's share position as the personal computer market approached maturity. In 2005, IBM sold its personal computing division to Lenovo in a strategic shift away from hardware and toward business services (Reed 2020). This adjustment was well-timed for IBM, as demand for management consulting services, particularly those related to information technology, was in the growth stage of its product life cycle. Soon after, the company began work on IBM Watson, a computing software innovation based on artificial intelligence. Through a natural language processing interface, Watson drew on vast databases to answer questions quickly and accurately. Watson's pace of development was rapid. During 2011, the innovation competed on the game show "Jeopardy!" and resoundingly beat its human opponents. Market interest in artificial intelligence was growing too, and in 2014, IBM

established the Watson Group, a new venture headquartered in New York that was dedicated to advancing Watson's commercialization. By 2016, hundreds of IBM clients and partners, spanning 36 countries and dozens of industries, were actively engaged in projects using Watson (Noyes 2016).

### Strong Fit: Amazon.com

When Jeff Bezos incorporated Amazon.com, Inc. in 1994, his initial marketing strategy was to sell books online. At that time, Amazon.com was a small company serving the modest but emerging market of digitally enabled customers through its e-commerce marketplace. Market forces favored Amazon.com at its launch and continue to favor it today. In its early days, the company benefited from rapid expansion of the technological infrastructure that enabled online commerce. A study by the Pew Research Center found that as the US market for home computers grew, so too did the number of households with Internet access. Just 1 year after Amazon.com's launch, 18 million US homes were modem-equipped, an increase of 64% from the prior year (Pew Research Center 1995). Consumers' online accessibility grew substantially. By 2015, 84% of adults in the United States were Internet users, up from 52% in 2000 (Pew Research Center 2015). Their attitudes toward purchasing products online also were evolving. They were increasingly comfortable transacting online and demonstrated this confidence by spending. From 2010 through 2020, e-commerce retail sales in the United States grew at a compound annual rate of 17.6% to $861 billion, a value that accounted for 21.3% of total retail sales during the most recent year. By comparison, e-commerce sales were 6.8% of total retail sales just 10 years before (Ali 2021).

Over time, Amazon.com fortified its own infrastructure by investing in an extensive network of fulfillment centers. The company anticipated customers' desire for fast and free order delivery, and they were positioned to satisfy that need. In 2007, the company launched Amazon Prime, a membership service which, for a modest fee, featured extra-fast delivery of millions of products inventoried in its own warehouses. Amazon Prime was a resounding success. Consumers' needs were being addressed, and no competitor had the equivalent warehousing and logistics capacities to counter the company's value proposition. By 2020, Amazon Prime membership had grown to more than 95 Americans, equivalent to nearly two-thirds of the Amazon.com's total US audience. Prime members contribute substantially to Amazon's top line, typically purchasing more than $1000 a year of products on Amazon.com (Repricer Express 2021).

Amazon has evolved into the world's largest e-commerce company. Their business portfolio has grown and now includes Amazon Web Services (cloud computing), Amazon Prime Video (streaming video), Amazon Music (streaming music), Whole Foods (organic food retailer), and more. It is one of the world's most valuable companies. In 2020, its share of total US e-commerce sales was expected to reach an all-time high of 38.7% (eMarketer 2020). By the end of 2020, the company, which trades on the NASDAQ market under the ticker symbol AMZN, had reached a market capitalization in excess of $1.5 trillion (Yahoo! Finance 2021). Market forces create opportunities for success and barriers that can impede it. Keen entrepreneurs adapt their marketing strategies to navigate these dynamics, and Amazon.com has done that. The company has come a long way since its days as "Earth's biggest bookstore." Today, its current mission is to be "Earth's most customer-centric company" (Amazon.com 2021), a timely reminder that even after its many remarkable achievements and subsequent business valuation, the company still is committed to a market-driven orientation that puts customers first.

### Strong Fit: Whole Foods Market

Whole Foods Market was established in 1980 in Austin, Texas, following the merger of two small businesses – a natural foods store called SaferWay and Clarksville Natural Grocery. The new venture featured a 10,500 square foot establishment and 19 employees, and it was one of fewer than a half-dozen natural food markets in the United States (Whole Foods Market 2021). Market demand for organic products during that year was just

$178 million (Janoff 1999, p. 75) at a time when total retail sales at food stores equaled $212 billion, or less than one-tenth of one percent of all food store sales in the country. The organic food product market in the United States was in the introductory stage of its product life cycle.

While a small company in 1980, Whole Foods Market was in the fortunate position to compete in a product market poised to grow robustly over the coming decades. To its strategic benefit, consumer preferences and behaviors were changing in favor of the company and its product offering. The company highlighted these changes in its 2000 Annual Report, citing the following as key market forces propelling sales of natural and organic foods:

- Increasing consumer concern over the purity and safety of food
- Environmental concerns due to the degradation of water and soil quality
- Healthier eating patterns driven by a better-educated populace (Whole Foods Market, Inc. 2000)

These consumer preferences and behaviors propelled the organic food market into the growth stage of its product life cycle. Fruits and vegetables, the top-selling category of organic food products in 2000, is an example of consumer interest in organic products. Sales of these products had, for the first time, exceeded $2 billion, roughly a tenfold increase from 1990 (Dimitri and Greene 2002). The performance metrics of Whole Foods were extraordinary as well. The company's sales during 2000 were $1.84 billion, nearly double those reported in 1996, while its operating income crossed the $100 million mark for the first time in the company's history (Whole Foods Market, Inc. 2000).

Consumers were hungry for organic food products, and Whole Foods intended to serve that demand. The company pursued a strategy of acquiring customers new to the organic food market and by earning share from smaller competitors. Aggressive retail expansion and larger store sizes were at the core of this strategy. The company's 2000 Annual Report states its plan succinctly: "Our strategy is to expand through a combination of new store openings and acquisitions of existing stores." By 2000, the number of Whole Foods retail stores had risen to 117 from 68 in 1996, while its average store size grew to 27,200 square feet from 23,000 (Whole Foods Market, Inc. 2000).

In 2007, the company merged with Wild Oats, adding 109 stores in 23 states and British Columbia, Canada, to the existing network of Whole Foods locations (Whole Foods Market 2021).

In June 2017, it was announced that Amazon.com would acquire Whole Foods in a deal valued at $13.4 billion (Wingfield and de la Merced 2017). Whole Foods, 2017 Annual Report, its last as a publicly held company, highlighted its extraordinary success: $16.0 billion in sales, 470 stores in across several countries, and 89,000 "team members" (Whole Food Market, Inc. 2017). The adage "All boats rise in a rising tide" applies to Whole Foods Market. Entrepreneurial ventures typically benefit when a market is expanding because the expansion provides an opportunity for the venture to appeal to the wave of first-time customers entering the market. Customer satisfaction and loyalty usually occur when a brand's product and service offerings address the needs of consumers. Whole Foods was positioned to grow in a growing market, and it provided customers with a consistently strong value proposition that supported repeat patronage. Thus, it acquired customers and effectively retained them, thereby increasing customer lifetime value and the value of the business as well.

### Strong Fit: Uber Eats

Innovation is a critical success factor for many companies. Among entrepreneurs, a single innovation can be the spark that launches a thriving business. For larger organizations, innovations often establish the gateway pipeline of future products and lines of business. Uber Eats is an example of innovation by Uber Technologies, Inc. (i.e., "Uber"), a large company. Founded in 2009 and headquartered in San Francisco, California, Uber is one of the world's leading ridesharing providers, and the market leader in

the United States. During 2019, the company's gross booking for "Rides" reached $49.7 billion, a 19.7% increase from the prior year (Uber Technologies, Inc. 2020). Uber Eats, established by Uber in 2014, is an online food ordering and delivery service operating in the United States and more than 30 other countries (Uber Eats 2021). It operates in the platform-to-consumer delivery segment of the overall online food ordering and delivery service market. Consumers use online applications to find participating restaurants in their area, place orders and make payments via the app, and have the food delivered by an authorized driver.

The business models of platform-to-consumer food delivery services (e.g., Uber Eats, DoorDash, and Grubhub, among others) are nuanced in that each transaction serves the interests of two primary segments – consumers who want food delivered to their residence or workplace and restaurants (as collaborators) that want to supply it. Among consumers, convenience through digitization is a primary motivator. Consumers increasingly seek alternatives to cooking at home or dining in a restaurant, and they are allocating a growing amount of money to satisfy that need. The National Restaurant Association's 2019 State of the Restaurant Industry report found that more than half of US millennial diners (prime users of platform-to-consumer services) reported placing a takeout or delivery order from a restaurant in the past 12 months while over 60% want restaurants to use technology to facilitate ordering and payment (National Restaurant Association 2019). By adapting to these changing preferences, restaurants have the opportunity to tap into a source of revenue that they otherwise might not have if they relied solely on in-restaurant dining. Many are doing just that. In 2019, Uber Eats was supported by 600,000 restaurants, an increase of 173% from 220,000 in 2019 (Curry 2021).

This confluence of consumers' needs and restaurants' willingness to adapt to those needs has created business opportunities for Uber Eats to facilitate these connections. While the market is large and growing, it's also very easy for consumers and restaurants to adjust their affinities and alliances, thus making this an extremely competitive market. Despite that, Uber Eats has enjoyed solid performance. During 2020, gross bookings grew 108% from the previous year to $30.2 billion (Curry 2021).

## Conclusion

Marketing management involves the practice of acquiring and retaining customers profitably over time. It is a challenging endeavor that is characterized by consideration of a blend of uncontrollable and controllable factors whose interplay drives performance. Uncontrollable market factors represent the full set of external forces. At best, entrepreneurial ventures have limited influence over these factors which include a product market's life cycle stage, the needs of customers, and the actions of competitors. Controllable factors are completely managed by the entrepreneur. They include marketing strategies related to its product offering, pricing structure, method of distribution, and promotional program. Success is a function of how well these marketing strategies fit, and even exploit, the set of uncontrollable market factors that exist in the market. Successful ventures strive to optimize their fit over the long term by anticipating shifts and adapting when strategically appropriate.

## Cross-References

► Entrepreneurship and Serendipity
► Entrepreneurial Mind, The

## References

Ali F (2021) US ecommerce grows 44.0% in 2020. Digital Commerce 360. https://www.digitalcommerce360.com/article/us-ecommerce-sales/

Amazon.com (2021) Offers and directors: Jeffrey P. Bezos. https://ir.aboutamazon.com/officers-and-directors/default.aspx

Curry D (2021) Uber eats revenue and usage statistics. Business of Apps. https://www.businessofapps.com/data/uber-eats-statistics/

Dimitri C, Greene C (2002) Recent growth patterns in the U.S. organic foods market. U.S. Department of Agriculture. https://www.ers.usda.gov/webdocs/publications/42455/12915_aib777_1_.pdf?v=9430

eMarketer (2020) Amazon remains the undisputed no 1. https://www.emarketer.com/content/amazon-remains-the-undisputed-no-1

Fierce Pharma (2010) Exubera – Pharma's biggest flops. https://www.fiercepharma.com/special-report/exubera-pharma-s-biggest-flops

Janoff B (1999) Supermarkets go au naturel. Progress Groc 78(3):75

Kaufman Indicators of Entrepreneurship (2020) Start-up early survival rate. https://indicators.kauffman.org/indicator/startup-early-survival-rate/2020

Mordor Intelligence (2021) US LED market – growth, trends, COVID-19 impact, and forecasts (2021–2026). https://www.mordorintelligence.com/industry-reports/us-led-market

National Restaurant Association (2019) The state of . . . millennial dining. https://restaurant.org/articles/news/the-state-of-millennial-dining

Noyes K (2016) Watson's the name, data's the game. PCWorld. https://www.pcworld.com/article/3128917/watsons-the-name-datas-the-game.html#:~:text=IBM%20Watson.,2011%2C%20it%20has%20expanded%20considerably

Pew Research Center (1995) Americans going online. . .explosive growth, uncertain destinations. https://www.pewresearch.org/politics/1995/10/16/americans-going-online-explosive-growth-uncertain-destinations/

Pew Research Center (2015) Americans' internet access: 2000–2015. https://www.pewresearch.org/internet/2015/06/26/americans-internet-access-2000-2015/

Reed E (2020) History of IBM: timeline and facts. TheStreet. https://www.thestreet.com/personal-finance/history-of-ibm

Repricer Express (2021) 15 Amazon statistics you need to know in 2021. https://www.repricerexpress.com/amazon-statistics/

U.S Bureau of Labor Statistics (2016) Business employment dynamics: entrepreneurship and the U.S. economy. https://www.bls.gov/bdm/entrepreneurship/bdm_chart3.htm

U.S. Bureau of Labor Statistics (2021) Business employment dynamics by age and size. https://www.bls.gov/bdm/business-employment-dynamics-data-by-age-and-size.htm

U.S. Environmental Protection Agency (2007a) Summary of the energy independence and security act. https://www.epa.gov/laws-regulations/summary-energy-independence-and-security-act

U.S. Environmental Protection Agency (2007b) How the energy independence and security act of 2007 affects light bulbs. https://www.epa.gov/cfl/how-energy-independence-and-security-act-2007-affects-light-bulbs

Uber Eats (2021) Locations. https://www.ubereats.com/location

Uber Technologies, Inc (2020) Form 10-K. https://www.sec.gov/ix?doc=/Archives/edgar/data/1543151/000154315120000010/fy2019q410kfinancialst.htm

Whole Foods Market (2021) Whole foods market history. https://www.wholefoodsmarket.com/company-info/whole-foods-market-history

Whole Foods Market, Inc (2000) Form 10-K. https://www.sec.gov/Archives/edgar/data/865436/000092735600002262/0000927356-00-002262.txt

Whole Foods Market, Inc (2017) Form 10-K. https://www.sec.gov/Archives/edgar/data/865436/000086543617000238/wfm10k2017.htm

Wingfield N, de la Merced, M (2017) Amazon to buy whole foods for $13.4 billion. The New York Times. https://www.nytimes.com/2017/06/16/business/dealbook/amazon-whole-foods.html#:~:text=Amazon%20agreed%20to%20buy%20the,of%20neighborhoods%20across%20the%20country

Yahoo! Finance (2021). https://finance.yahoo.com/quote/AMZN?p=AMZN&.tsrc=fin-srch

F

# Fixed Price Contracts

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

## Synonyms

Firm fixed price contracting; Sealed bidding

## Definition

Fixed price contracts are used "when the risk involved is minimal or can be predicted with an acceptable degree of certainty" (FAR 16.103(b)). Fixed price contracts result from a bidding scenario, in which a vendor offers a price for a given set of requirements, and awards are based upon prices received through sealed bidding without major discussion. Such agreed price contracts are dependent on the basic business motive of profit: the more the vendor stays below the bid amount in costs associated with the requirement, the higher the profit. Fixed price contracts in public procurement are different than the usual legal meaning of "fixed price," an often illegal arrangement where "a price is agreed upon by wholesaler and retailer for the later sale or resale of an item" (*Black's Law Dictionary* 1381 (10th ed. 2014)).

## Introduction

Fixed price contracts are among the most commonly encountered contracting styles in public procurement. They are typically associated with the purchase of supplies (commercial items) and first or follow-on production (as in 32 CFR § 3.9), where the requirement specifications are well-known, and there is no need to allow for discussion with vendors or negotiation on the nature of the specifics. Fixed price contracts are considered steadier from the government standpoint – shifting risk and reward to the vendor – because payment ultimately is aligned with receipt of products or services; matters generally are not as adjustable as would be the case in a cost-contracting scenario. In a standard fixed price contract process, the public entity sets forth a solicitation requesting sealed bids; vendors respond to the specifications with their pricing for the products and services requested by submitting bids as noted in the bid request. The entity holds a bid opening (potentially held in a public forum), so that bids received and an apparent winner on the basis of price noted. Efforts are then made to award to the apparent low bidder, barring any technicalities or protests. The successful bidder is reasonably expected at that point to hold firm to the offer made and honor the agreement in providing the product or service at the fixed price.

This entry considers fixed price contracts in their public utilization, with examples of standard fixed price contracts, and fixed price contracts allowing for economic price adjustment.

## Fixed Price Contracts

At the root of any discussion of fixed price contracts are central notions of contracting. "A contract is a mutually binding, legal relationship that obligates the seller to furnish supplies or services and the buyer to provide consideration for them" (NCMA 2019, p. 2). "Each of the parties to the contract must possess legal capacity to contract; the parties must each manifest assent to the terms of the agreement; the promise to be enforced must be supported by consideration; the agreement must not require the performance of an illegal act by either party; and the agreement must be in the form required by applicable law" (Cibinic and Nash 1986, p. 151). The government party must have authority to bind the government for the contract (O'Connor 2007). Consider that both parties have to agree: one party offers, and the other accepts the offer. In the case of firm fixed price contracts, the agreement is generally clear: given a specification offered by the public entity, a vendor has responded with a bid to provide that requirement for a certain price. If the offer is accepted by the government entity, and all other standards of contracting are followed, the contract may be made through the manifest agreement, arrived at through the bidding process. The vendor then has a duty to perform as agreed, given the contract. As long as the process does not deviate from this standard, fixed price contracting is fairly straightforward.

However, confusion can enter the process in a variety of ways. The invitation for bids that leads to the formation of a fixed price contract must be unambiguous and clear, with a well-defined scope of work or services. "Nearly every procurement begins with an attempt by government officials to identify their agency's basic needs and to formulate a description of work to be required under a contract which will satisfy those needs. . .these provisions are collectively referred to as the specifications. . .as the fundamental expression of what a potential contractor's obligations will be, specifications are the basis of the formation of offers" (Cibinic and Nash 1986, p. 337). With a considered view of the agency's requirements, and enough notice from a viable vendor pool, the invitation for bids stands a better chance of success in attracting a successful bidder. When commercial items are being required, and in those instances, firm fixed price or fixed price with economic adjustment contracts are common forms for the eventual contract. In instances where the delivery schedule is not known and may extend years into the future, the economic adjustment alternative may be most advisable (Engelbeck 2002).

Within the grouping of fixed price contracts, there are several variations, including contracts based on achievement of a sustained level of effort over a period of time; fixed price contracts that include an incentive component for timely receipt of product or service; and fixed price contracts that may be periodically adjustable for economic considerations (these are discussed in the following section).

A potential disadvantage of a standard fixed price contract is that the vendor, in accepting most of the risk of the contracting arrangement, may build possible variability of costs into the bid amount, yielding a higher bid price than might be possible given a cost-plus contracting scenario. From the vendor side, fixed price contracting can be disagreeable in the long run, given that inputs into manufacturing processes, for example, can be highly variable. This can lead to a contract that made good business sense when it was signed, but years later, the costs become prohibitive, and the arrangement results in a loss for the company. The amounts involved in a bid could lack detail, so it can be more difficult to know why a bid resulted in a price higher than what might have been expected.

If costs increase, the fixed price option is most expensive of the common contracting options (cost-plus, gain sharing); if costs decrease, the fixed price option is relatively cheap and a potentially excellent deal for the vendor. The problem is that information needed to make the best deal, from the vendor or public entity perspective, may not be available; as a result, suboptimal deals are made (Yao et al. 2010). However, the certainty of knowing the price in advance can assist with budgeting activities – a definite benefit to the public entity.

## Fixed Price Contracts with Adjustment Factors

There are situations where a contract may play out over an extended period. Initial evaluations of potential costs of the contract for the vendor, and of responding to unknown utilization patterns, are rendered void. In those instances, the public entity might offer a fixed price contract with the possibility of a periodic (more or less often as required) review of market factor costs and potential for adjustment of price to pay for the product or service. Given the asymmetry of information in fixed price contracting generally (Tegner et al. 2017), government's interest in the completion of the contract, and in fairness, the right of the vendor to make some reasonable profit for their work and not be put out of business, the contracting approach that includes an adjustment factor can be the best choice in situations of long contract term, unknown potential utilization, and variable market costs that impact heavily on the price and profitability associated with the contract. With the inclusion of an adjustment potential, the vendor will have less need to hedge their pricing against unknowable forces and a greater possibility of providing "true pricing" at the outset. This allows the vendor to better manage risk and pass as savings to the government what would ordinarily be kept as a hedge against future loss.

## Challenges Associated with Fixed Price Contracts

Governments may have a preference for simplified acquisition procedures and find the fixed price contracting approach unnecessarily restrictive, particularly if there are no alternatives available in procedures at certain levels of contracting. In cases of urgent need, the formal bidding process may slow what could be simple commercial purchases (Mishory 2012). While consistency affords fairness, the wheels of process can grind slowly from a business perspective, breeding contempt in both the vendor community and in the ranks of procurement professionals. This is a problem when process and assumed administrative rigor do not result in real, quantifiable, and demonstrable added value for the client agency, the government generally, or the taxpayer.

In instances when modifications to an existing contract are necessary, the process for instituting changes can become quite burdensome for fixed contracts. Contracting officers must be careful

with modifications, especially when draft changes incorporate elements of cost price contracting, which are neither allowable or appropriate (e.g., including time and material costs, when completion of a fixed price contract would reasonably entitle the vendor to the total value of the contract). It is important for both buyer and seller to review all terms for potential ambiguity and conflicting language (Horan and Stanton 2014), because inflexibilities are a serious drawback for fixed price contracts (Yao et al. 2010).

While public entities may wish to reduce their risk, shifting it to the vendor, fixed price contracts commonly have not been shown to result in optimal outcomes, given that the vendors themselves are also risk averse. The result has been that there is less effort from both efficient and inefficient vendors (Deneckere et al. 2019). Fixed price contracts give vendors incentives to cut costs and to increase their profits; there is little incentive to improve infrastructure to support service delivery (Gong et al. 2018). There can also be gamesmanship with the timing of fixed price contracting and the length of contract offered: a long contract may bank on known market changes, which could benefit the buyer, and be reduced in length to cut off potential value to the vendor. Fixed price situations also encourage potential vendors to find out as much information as they can about the product or service and costs associated with provision; this alone can increase costs, unless price adjustments are included in long-term contracts to avoid the tendency (Zhu 2000).

While there is evidence that fixed price contracts may provide lowest prices, at least as a group, relative to cost-plus contracts and menu-type contracts based on unit pricing, there is potential for less-than-independent pricing and collusive behavior (Paul and Gutierrez 2005) and the potential for change order requests later to eliminate any initial savings over other contracting approaches.

## Conclusion

Fixed price contracts remain a standard contracting approach, given the supposed objective nature of their attendant processes and value in pure competition on requirements with well-defined criteria. However, there are nevertheless a variety of challenges associated with this contracting format, which, while manageable, must be acknowledged and addressed by contracting officers to avoid complications and delays in acquisition processes.

## Cross-References


- ► Competitive Acquisition Processes
- ► Competitive Sourcing
- ► Differences in States' Procurement Practices
- ► Public Procurement


## References


Cibinic J Jr, Nash RC Jr (1986) Formation of government contracts, 2nd edn. George Washington University Government Contracts Program, Washington, DC

Deneckere R, Palma A, Leruth L (2019) Risk sharing in procurement. Int J Ind Organ 65:173–220

Engelbeck RM (2002) Acquisition management. Management Concepts, Vienna

Fixed price (2014) Black's law dictionary, 10th edn. West, St. Paul

Gong F, Kung DS, Zeng T (2018) The impact of different contract structures on IT investment in logistics outsourcing. Int J Prod Econ 195:158–167

Horan J, Stanton PJ (2014) Is your fixed-price contract still fixed price? Contract Manag 54(2):66–68

Mishory J (2012) DOD: repeal fixed-price contract requirement for rapid acquisition. Inside Pentagon 28(15), 1, 14–15

National Contract Management Association (NCMA) (2019) Contract management body of knowledge, 6th edn. NCMA, Ashburn

O'Connor TM (2007) Understanding government contract law. Management Concepts, Vienna

Paul A, Gutierrez G (2005) Simple probability models for project contracting. Eur J Oper Res 165(2):329–338

Tegner M, Ernstsen RR, Skajaa A, Poulsen R (2017) Risk-minimisation in electricity markets: fixed price, unknown consumption. Energy Econ 68:423–439

Yao T, Jiang B, Young ST, Talluri S (2010) Outsourcing timing, contract selection, and negotiation. Int J Prod Res 48(2):305–326

Zhu T (2000) Holdups, simple contracts and information acquisition. J Econ Behav Organ 42(4):549–560

# Flattening Organizations

Renee Prunty
Methodist College, Peoria, IL, USA

## Synonyms

Decentralized organization; Flat hierarchy; Flat organization; Horizontal organization

## Definition

An organizational structure with few or no middle managers that typically uses decentralized decision-making.

## Introduction

All public administrative agencies have some form of structure or hierarchy that determines the interactions within the agency. Traditional bureaucracies, since first discussed by Max Weber, champion a clear hierarchical structure with an emphasis on the vertical relationships. However, there has been a recent push for agencies to adopt a more flattened or horizontal organizational structure with roles that are not as clearly defined. A flattened organization means there are few or no levels of management between employees and administrators at the top with all or most employees being viewed as on the same level. Organizations that choose this format generally use a decentralized decision-making process, since there are few or no middle managers. It is important to understand how differences between the number of vertical layers and the width of those layers affect organizational effectiveness and control.

## Flattened Versus Vertical Hierarchy

Public administration is generally viewed as having a hierarchical organization as first envisioned by Max Weber, which has come to consist of many vertical layers. Weber's ideal for an efficient bureaucracy needed a steep hierarchical structure in order to ensure a seamless flow of information from top to bottom. Within this model there are specializations, impersonalizations, and divisions of labor. There are also a lot of formal rules and procedures to ensure that these characteristics are maintained. The belief by Weber was that this formalization will lead to a more efficient system, which was his ultimate goal. This model is usually typified by a pyramid or triangle-shaped hierarchy. The largest number of employees are at the bottom of the pyramid, with each higher level having fewer employees than the one below until there is one manager or administrator at the top. There are generally several vertical layers. Within this structure, employees understand their role based on their position in the hierarchy (1947).

Weber's "ideal" bureaucracy, however, is not without its flaws. Despite Weber's emphasis on the workers, by stressing efficiency, it leaves many within the organization feeling unappreciated, unheard, and generally lost in the process. The restricted top-down communication may lead workers to feel that their voice is not important. There is also limited discussion between departments, which means that one group does not know what another group is doing. This can leave both employees and those receiving their services exacerbated as information needs to be repeated over and over again. Finally, the hierarchical structure encourages these divisions rather than creating ways to manage or minimize divisions between groups or even employees. This can make individuals feel isolated even when they are part of a large organization. The dissatisfaction is not limited to those working within these agencies, because Weber's model does not take into consideration those the organization serves. The end users also tend to feel unappreciated, unheard, and generally lost in the process. These challenges have led some to pursue alternatives to the vertical hierarchical model. One of those alternatives being a flattening of the organization. A movement to reinvent public administration began in the 1980s, by shifting the focus from what was happening or taking place in

the organization to how the organization was serving its clientele (Ho 2002).

Flattening of an organization means there are fewer layers between the employees at the bottom and the administrators or managers at the top of the agency (Worthy 1950). In this system, there are very few and sometimes only two vertical layers. Instead, there is a wide horizontal layer at the bottom. This type of organization gives up some vertical control in favor of horizontal coordination (Li et al. 2016). A flat organization places most employees at the same level of the organization, although that level is usually at the bottom of the hierarchy. While this gives employees equal standing within the agency that is not always ideal, since it often means there is one manager overseeing a large number of employees and there are limited opportunities for advancement. It does, nevertheless, create a more open environment where employees are encouraged to bring ideas to anyone else without having to go through a chain of command. As a result, employees are more involved in decision-making due to the increased coordination and decentralization of the process. There are just some of the many issues that need to be considered when determining the best hierarchical structure of an organization and whether a flat organization is the right choice.

## Benefits of a Flat Organization

There are many reasons to consider a flat or flatter organizational structure over a steep vertical hierarchy. Flattening an organization removes many of the problems created by Weber's ideal bureaucracy. In a flat organization, there is better communication in all directions, an ability to make quicker decisions, and it can be less costly than a hierarchy with many vertical layers.

Communication in a hierarchical organization with many vertical layers generally moves from the top down, but in a flat organization there are more directions of communication. The lack of a clear hierarchy allows for horizontal communication as well as increased vertical communication. In a flat organization, there tends to be fewer barriers between groups within the organization so individuals from one group are able to easily communicate with individuals from another group. In addition, the fewer levels of management allows more employees' access to communicate with the administrators at the highest levels of the agency. There is more of a sense of one organization rather than individual departments when communication is able to freely flow through an organization, and this is generally viewed to be favorable by employees, managers, and those they serve.

An advantage of better communication in a flat organization is that it allows for faster decision-making. In a hierarchical design with many vertical layers, information flows mostly from the top, but there are times when information is needed from those at the bottom of the hierarchy. In these types of organizations, the information typically flows up slowly through each level of the organization; however when an organization is flat, it allows for communication to flow in all directions without following a restricted chain of command. This allows for information to reach the decision-makers more directly and more rapidly, since it will pass through fewer layers to reach its intended target. This helps speed up the decision-making process. Prompter decision-making is generally viewed as a positive by administrators, employees, and those they serve.

There is also a cost-saving benefit, which can be viewed as a benefit to the organization but could be seen as a negative by those who work for the organization. The removal of middle management positions is a cost-saving benefit of flat organizations. Since the majority of positions are now at the entry level or bottom level of an organization, they will typically get paid less than middle managers. Having fewer managers will decrease the salary and wage cost of an organization. This, however, can decrease the potential for hiring and keeping talent at the agency, particularly by individuals who feel valued based on their title and pay. These employees may feel underappreciated and unhappy in flat organizations. Some individuals, on the other hand, may find that the other benefits like more direct access to administrators, improved communication, and

involvement in decision-making are worth the sacrifice of better pay or better titles bestowed on middle managers. Individuals who value their ability to provide input and innovate with little supervision may feel more valued and happy in flat organizations even when making less money, particularly if the money that would have been spent on middle managers is spent on innovation or providing other benefits to employees. A flat organization can save administrative costs, but it is not without costs of its own.

## Potential Problems with a Flat Organization

The flatter organizational structure creates opportunities not present in a more traditional bureaucratic organization, but it also creates some barriers or problems for the organization. There are many benefits to flat organizations that may make agencies want to change their organizational structure, but there are also many challenges that should be considered before determining if this is the best organizational hierarchy for a particular agency. It is important to consider potential problems, such as a likelihood for duplication of roles or work, a potential for poor relationships between employees and with managers, and the possibility of less control by administrators.

A flattened organization allows for improved flow of ideas and more flexibility in job roles, but this can also lead to potential problems. A typical bureaucratic organization is characterized by its clear job roles and specializations of employees; however this inflexibility of job function is one of the reasons for advocating for a different organizational structure. Nevertheless, without clear barriers between jobs and groups, there is a risk of duplicate roles. A flat organization does not maintain the clear distinctions between groups or even specific functions within a group. This can lead to overlapping or duplicate responsibilities within the agency. If everyone is working in a spirit of collaboration, then it may go smoothly. However, if roles or work is being duplicated, it can be costly to the organization or could potentially lead to conflicts between employees. The potential for this to happen is greater in a flat organization given the design of the organization.

A flat organization means that one manager may have to manage a larger number of employees than what they would typically manage in a vertical hierarchy. Managers may have as many as 30 direct reports. This can lead to a lack of a rapport between the manager and each individual employee because even the best manager will have difficulty building close relationships with up to 30 employees. This can lead to problems for both the managers and the employees as it is important that the manager adjusts to the varying needs of the employees (Ghiselli and Siegel 1972). Some employees may feel disconnected from the organization, which may lead them to share less with their manager. This can lead to poor decision-making on the part of the manager and could potentially lead to situations where the manager is unaware of what the employee is doing. Employees who feel empowered when they are given autonomy, however, will thrive in these types of environments. Managers have to know how to deal with different employee expectations.

Additionally, when most of these employees are on the same level, there are fewer positions in which to promote employees, which can lead to competition among employees. This competition can further hurt relationships between employees. Most changes within the organization will be horizontal, which is often less satisfying than a move up in an organization. This can lead to a struggle for power or competition among employees competing for limited opportunities. This could hinder collaboration between employees who are unwilling to share information or what they are working on due to a risk of not receiving full credit for their ideas. While a flat organization can encourage communication and collaboration between employees and administrators, there is also a potential for problems to occur.

The problems that can arise between employees or between employees and managers in a flat organization can have enormous ramifications for the agency. When the organizational structure is more horizontal or flat, then there is less vertical control over the day-to-day

operations. The design of a flat hierarchy means that one manager or administrator will have a large number of employees to monitor. This will decrease the manager's ability to monitor everything that is happening within the agency. If everyone is doing their job and following the agency's agenda and meeting their goals, then this will not matter. However, if problems arise with an individual or group of employees, it may take longer for the manager or administrator to determine the problem or issue and correct it. The risk of losing control will depend on the size of the agency. The smaller the agency the lower the risk, while large agencies with flat hierarchies will have a greater risk of problems due to the inability to control every situation. As a result, agencies where the benefits of vertical control outweigh the coordination costs a vertical hierarchy is preferred. However, if the improved coordination of a horizontal hierarchy outweighs the costs of vertical controls then a flat organization is more ideal (Li et al. 2016).

## Conclusion

The improved communication and ability to make quicker decisions leads to a more positive work environment. Employees feel more empowered in a flat organization, which tends to lead them to feel more positively about the agency. However, there is a potential for problems to arise in flat organizations stemming from the same structure that makes them ideal; consequently an agency should consider the benefits and potential problems before deciding which option is best.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Authority in Organizations
- ▶ Flexible Organizations
- ▶ Integrated Management Systems
- ▶ Levels Within Elites
- ▶ Max Weber and Organizational Theory
- ▶ Organizational Collaboration
- ▶ Organizational Control
- ▶ Organizational Decision-Making


## References


Ghiselli EE, Siegel JP (1972) Leadership and managerial success in tall and flat organization structures. Pers Psychol 25(4):617–624

Ho AT (2002) Reinventing local governments and the e-government initiative. Public Adm Rev 62(4): 434–444

Li P, Lu Y, Wang J (2016) Does flattening government improve economic performance? Evidence from China. J Dev Econ 123:18–37

Weber M (1947) The theory of social and economic organization. The Free Press, New York

Worthy JC (1950) Organizational structure and employee morale. Am Sociol Rev 15(2):169–179


# Flexible Organizations


Slawomir Magala
Rotterdam School of Management, Erasmus University (Emeritus), Rotterdam, The Netherlands
Faculty of Management and Social Communication, Jagiellonian University Cracow, Cracow, Poland


## Synonyms

Adaptable; Adjustable; Agile; Ambidextrous; Contingent; Elastic; Flexible; Malleable; Moldable; Resilient

## Definition

**Organizations** are currently defined as streams of **organizing processes. Organizing is a process of patterning interactions and communications** by subjecting them to formal constraints and controls. Most organizations in contemporary societies are **professional bureaucracies**. **Organizations impose a rigid division of labor, establish chains of command**, **and operate through hierarchy by**

**assigning responsibility and accountability** to their human members. However, functioning among unpredictable contingencies often requires breaking the formal rules. This is how flexibility enters the definition of organizations and organizing. **Flexibility is measured in an improved ability to cope with unpredictable challenges emerging from complex, evolving environments and in development of hybrid forms**. Complexity of continuously changing environment, reflexivity of human individuals, and social learning trajectories influence organizing individuals, prompting creative improvisations. Flexibility grows at the expense of hierarchy. Flexible development and change of organizing processes and structures improve organizations' problem-solving capabilities and skills. **Flexible organizations are considered more agile and adaptable and more resilient and adjustable to an ongoing reengineering process than the bureaucratic ones**.

## Introduction

Organizations as artificial social constructions have been first systematically defined by a German sociologist Max Weber as imposed patterns of cooperation supported by rational authority and sanctioned by legal regulations. He had introduced the concept of an "iron cage" of the strictly hierarchic social division of labor, which leaves much more power and authority in hands of the elites at the expense of the rest of modern societies. His fellow sociologist, Robert Michels, spoke of an "iron law of oligarchy," which prompts every complex organization, for instance, German trade unions, to gradually reject democratic principles and to develop an oligarchy. Another sociologist, Vilfredo Pareto, saw the struggle of these oligarchies within all complex bureaucracies as the engine of democratic change and called it "the circulation of the elites." Weber's sociological theory of organizing had influenced emergent management studies. Their first representatives (Henri Fayol, a French mining engineer, and Frederic Winslow Taylor, a mechanical engineer in the USA) devoted their attention to individual work designed as a job in formal organizations. They believed that if all job tasks are studied scientifically, the best way of performing each job can be found, and each worker can be trained to adopt it. Their principles boil down to a replacement of intuition and rule of the thumb with a systematic, objective, and scientific study of the working tasks. They have also promoted a division of jobs into managerial or white collar jobs and the blue collar or operative, worker jobs. This theoretical foundation for scientific management had subsequently been popularized by Henry Ford as the "Fordist" principles of rational management and broadly accepted in industrializing world (including the Soviet Union). At the same time, this theoretical foundation for scientific management had been bitterly criticized by Charlie Chaplin in his movie "Modern Times," in which the rhythm of the assembly line in an industrial plant turns all workers into cogs in a relentless machine, racing to cope with the imposed speed of their activities. Chaplin found allies among sociologists. Max Weber's formal definition of the official bureaucratic backbone of formal organizations has been criticized by sociologists, anthropologists, and other social researchers. They had been studying actual interactions and communications among real, actual members of formal organizations, among workers in industrial plants and offices. While doing so, researchers started detecting informal, human underside of organizing processes. They had started identifying power games and contingencies, informal processes, and emergent leaders. They realized that following Max Weber's "ideal types" of a formal professional bureaucracy as a paradigmatic case of an organization would mean rejecting empirical evidence, which suggested many different types of organizing and of attaining flexibility, not all of them compatible with an ideal one. Elton Mayo's experiments with the office clerks in Hawthorne, who worked more productively when their working arrangements were modified, became a milestone in organizational and managerial research. Hawthorne studies have become the pioneering foundation of the more humanist and human resources centered types of management. This research focus

produced, among others, the "Quality of Working Life" paradigm of a flexible management of professional organizations, which considers the work-life balance of the employees and tries to redefine and readjust jobs – aligning them with the employee preferences. Managers are supposed to align individual personal attitudes with the collective, coordinated patterns of working together (Daft 1998; Cummings and Worley 2005).

## Dimensions of Flexibility in Organizations

Historically speaking, all organizations have encountered the dilemma of a choice between hierarchy and flexibility. Roman imperial bureaucracy and Pope's Christian church clergy were organized in hierarchical structures, but local managers were allowed a leeway, which enabled them to preserve flexibility and freedom of maneuver in face of unpredictable contingencies. The flexible organization empowers local managers to act without having to follow chain of command up to the chief executive officer. However, the CEO still preserves formal authority and material responsibility – should anything go wrong, he or she will be held responsible for a local manager's decision. The replacement of a rigid hierarchy with a matrix form signaled the first step toward a structural, permanent inclusion of flexibility in an organizational bureaucracy. If all employees are grouped both under their functional hierarchies (of, say, marketing or financial managers) and the regional ones (of, say, a Central Europe Middle East Africa, i.e., CMEA region – division of a global corporation), their double loyalties give them some space to design and implement more flexible forms of organizational responses to local challenges. The second step has been made with the gradual – and by no means completed – transition from a hierarchic to a networked organization. Some researchers still think that we are currently dealing with hybrid forms of networks floating on hierarchies (Nohria and Eccles 1992). Flexibility has been increased by either reorganizing the internal cooperation between various parts of the same organization or by coordinating an organization's activities with other, independent organizations. In the former case, we are dealing with, for instance, a global corporation, which divides its components into separate profit centers, without, however, granting them the status of autonomous companies. In the latter case, we observe a company, which approaches other companies and outsources some activities to them. The level of outsourcing can vary considerably – some companies outsource many functions, keeping only the financial and inventive design departments, and some limit outsourcing only to very few functions – e.g., bookkeeping (in case of large global corporations based in the USA or in the northwestern Europe, the bookkeeping function is frequently outsourced to India or to central and eastern Europe). This split requires a choice between "core" functions, which are usually kept near the headquarters, and "outsourceable" functions, which can go abroad or to other companies.

These two dimensions of organizational flexibility, central-regional (linked by a matrix structure) and hierarchic-networked (linked by outsourcing contracts), have been viewed from the point of view of an organizational change consultant or from the point of view of a CEO of an organization. They try to preserve an overall view, a *vue d' ensemble* – so that they can think about core strategic decisions and avoid time loss on routine issues, which can be easily solved without them. From the point of an employee, down below the top management team level, the dimensions of organizational reality can look differently. A rigid hierarchy of jobs in a bureaucratic structure of a classical industrial and office organization made a calculation of one's upward mobility easy. The professional career has been supported by the collective bargaining power of the trade unions, which offered a possibility of a permanent employment. Both gave an employee, even if he or she had been subjected to a dehumanized managerial dictatorship of "the best and the brightest," a certain degree of stability. Flexibilities of an organization, however, had brought about an end to this stability and to a

relative certainty of a lifelong employment. If an organization can hire and fire at will, it becomes much more flexible than an organization, which cannot do so without inflicting punitive costs on itself. But how can you convince employees that it is in their best interest to give up their trade union defended status of holders of protected jobs and agree to be employed as temporary employees (temps) or as "precariat" (temps with no hopes for a permanent position and a looming danger of being fired at a short notice)? Well, you must convince them that they are proud and free professionals, itinerant entrepreneurs exchanging a lifelong career in a single organization for a sequence of creative jobs in different projects, organizations, and networks. Organizational man becomes a spider woman – usually depicted as an itinerant specialist in information and communication technology (ICT) wandering through the silicon valleys of high-tech clusters of the Western world (Johanson and Swigart 1995). The dimension of stable vs temporary job – stable being opposed to a temporary and subsequently to a precarious one – became very important with the cultural turn in the theories of professional management.

## Cultural Flexibility of Organizations

If tangible assets and privileges of an employee are eroding away, the usual ideological explanation is linked to a new technology. When containers arrived on Brooklyn waterfront, the predominantly Italian longshoremen could keep their disappearing jobs until they reached retirement age (diFazio 1995). But the employment books were closed, and container terminals built. Far less numerous container terminal crews arrived and the loss of blue collar jobs became irreversible. When computers made computer-aided design (CAD) and computer-aided manufacturing (CAM) possible, thus paving the way for industrial automation, the Japanese engineers incorporated best human practices of skilled workers into the software of industrial robots (a player piano principle), while the US designers built robots from the virtual scratch, disregarding accumulated expertise of skilled operators (Noble 1986) to undermine the power of the unionized workers. Powerful computers, online databases, and new technologies of information and communication also allowed to reduce middle class, white collar jobs, and the emergence of AirB2B or Uber signals the fragility of jobs in hospitality industry, tourist agencies, and hotel chains – in business company models in services, which were supposed to create new jobs for employees fired from manufacturing industrial jobs. Flexibility increases due to the emergence of new technologies, and permanent jobs disappear from new business models of a flexible organization. Technological explanation, however, is not enough.

Beginning with the manifesto of a business consultant Tom Peters "In Search of Excellence" (Peters and Waterman 1982), many researches focused on cultural software of the employees as the key to unleashing creative innovativeness of individuals. Creativity and innovativeness became cardinal virtues in a flexible organization fighting for a competitive advantage. Managerial targets do not get employees excited; values do, as the CEO of General Electric, Jack Welch, used to say, hence a new limelight for an organizational culture as one of the intangible assets helping top companies in evolutionary struggle against competitors. Cultural turn in theories of flexible organization and managerial models of organizational development and change owe much to the contribution of a Dutch industrial engineer turned social psychologist, Geert Hofstede, and to a social psychologist of organization turned a humanist theoretician of the sense-making processes – Karl Weick (1995). Hofstede (1980) and Hofstede et al. (2010) won an epochal battle against IBM to recover data he had collected when working for this global corporation with the US roots in the 1970s. Hofstede asked what made a difference detected in productivity levels if organizational forms were the same and so were the jobs in various national locations of the IBM plants. His answer was that the cultural software in local employee minds made the difference. He has analyzed his data and came up with a theory of the four (later, with Bond, five, currently, with Minkov, six) dimensions of national culture

(Minkov 2011). Each national culture was located on a different position along the axis of individualism opposed to collectivism, masculinity opposed to femininity, uncertainty avoidance opposed to a tolerance for risk and uncertainty, and low versus high power distance. Later, each national culture was also assigned a place along the axis of long-term versus short-term orientation and along the axis of indulgence versus restraint. Imposing a Hofstede's grid on a cultural software of any group of employees, a researcher could predict the limits of flexibility with respect to designed, implemented, or planned organizational formats. Hofstede's theoretical views had been both criticized and continued by the GLOBE research teams all over the world, which had resulted in an adaptation and adjustment of the model of cultural dimensions. However, further developments, of which the globalization (Wallerstein 2004) and the McDonaldization (Ritzer 1996) of business companies were cases in point, resulted in the relative demise of the model of national cultural differences and in its replacement. It was replaced either with a behavioral theory of economics or with a critical approach to flexible organizing (Parker et al. 2014; Magala 2009; Boje et al. 2012; Ybema and Bijlsma-Frankema 2007; Alvesson 2002). National cultures turned out to be less homogeneous than expected. New organizational forms, flexible and networked, global in range, and digital in communications shifted the balance of flexible organizing beyond nations. The shift has been noted as a transition from an iron cage of the social division of labor envisioned by Weber (2015) to the velvet cage of the flexible organizational forms, which allow for flexible working hours and nonconformist lifestyles, but isolate employees. Professional individualists become submerged in a filtered isolation of social media users, watching the screen of their iPads or iPhones as the ancient Greeks may have watched shadows on the wall of Plato's cave. Perfect employees of flexible organizations do not have to be ordered around because they have internalized corporate values and – as CEO of General Electric, Jack Welch, once claimed – believe in every one of them.

## Conclusion

The mainstream researchers in managerial sciences consider a flexible organization a necessary remedy against bureaucratic, hierarchic, vertical forms of organizing business activities. According to them, flexible organizational forms allow for an ongoing "revitalization" of organizing and management. Flexible organizations:

> can respond to a wide variety of changes in the competitive environment in an appropriate and timely way (Volberda 1996).

Researchers closer to critical management studies are skeptical about the postmodern forms of organization. They present empirical evidence that bureaucratic forms of organization are still expanding. Even global terrorist networks adopt bureaucratic management methods, while the frequency of the emergence of the post-bureaucratic, flexible organizations is still fairly modest and limited:

> The claim of rupture, of the real and inevitable abandonment of bureaucracy is an unrealized and unrealizable utopia/dystopia (Malizia et al. 2017).

## Cross-References

► Leaders and Innovations in Public Organizations

## References

Alvesson M (2002) Understanding organizational culture. Sage, London/Thousand Oaks/New Delhi

Boje D, Burnes B, Hassard J (eds) (2012) The Routledge companion to organizational change. Routledge, London/New York

Cummings TG, Worley CG (2005) Organization development and change, 8th edn. Thomson & South-Western, Mason

Daft RL (1998) Organization theory and design, 6th edn. South-Western College Publishing, Cincinnati

DiFazio W (1995) Longshoremen: community and resistance on the Brooklyn waterfront. Bergin & Garvey Publishers, South Hadley

Hofstede G (1980) Culture's consequences. International differences in work-related values, Beverly Hills, Sage

Hofstede G, Hofstede G-J, Minkov M (2010) Cultures and organizations: software of the mind. McGraw Hill, New York

Johanson R, Swigart R (1995) Upsizing the individual in the downsized corporation: managing in the wake of reengineering, globalization, and overwhelming technological change. The Basic Books, New York
Magala S (2009) The management of meaning in organizations. Palgrave, Basingstoke
Malizia P, Cannavale C, Maimone F (2017) A postbureaucratic age? Caricatures, claims and counterevidence. In: Malizia P, Cannavale C, Maimone F (eds) Evolution of the post-bureaucratic organization. IGI Global, Hershey
Minkov M (2011) Cultural differences in a globalizing world. Bingley, Emerald
Noble DP (1986) Forces of production. A social history of industrial automation. Oxford University Press, Oxford/New York
Nohria N, Eccles RG (eds) (1992) Networks and organizations: structure, form, and action. Harvard Business School Press, Boston
Parker M, Cheney G, Fournier V, Land C (eds) (2014) The Routledge companion to alternative organization. Routledge, London/New York
Peters T, Waterman RH (1982) In search of excellence: lessons from America's best-run companies. Harper & Row, New York
Ritzer G (1996) The McDonaldization of society: an investigation into the changing character of contemporary social life. Pine Forge Press, Thousand Oaks
Volberda H (1996) Toward the flexible form: how to remain vital in hypercompetitive environments. Organ Sci 7(4):359–374
Wallerstein I (2004) World-systems analysis: an introduction. Duke University Press, Durham
Weber M (2015) From max weber: essays in sociology. Amazon Digital Services LLC, Seattle
Weick K (1995) Sensemaking in organizations. Sage, Thousand Oaks/London/New Delhi
Ybema S, Bijlsma-Frankema K (2007) Organization science. Sage, Los Angeles/London/New Delhi/Singapore

# Focus Event and Public Policy

Christopher L. Atkinson
Department of Administration & Law, University of West Florida, Pensacola, FL, USA

## Synonyms

Crisis; Focusing events; Policy shocks; Triggering events

## Definition

A focus event or focusing event is an occurrence, typically exogenous, which emphasizes or highlights a challenge that seems to demand non-incremental public policy intervention, or catalyzes a previously vague understanding of a public problem, potentially highlighting a preferred path forward for policy intervention.

## Introduction

A focusing event (Throughout this entry, I refer to the term as "focusing events," consistent with a perceived preference in the literature.), also called a focus event or a triggering event, is an occurrence that can make government decision-makers aware of the existence of a problem. In the literature, the event is usually from outside the policy apparatus and its structures. It is a "push. . .like a crisis or disaster that comes along to call attention to the problem, a powerful symbol that catches on, or the personal experience of a policy maker" (Kingdon 2003, pp. 94–95). Essentially, the focusing event elevates "policy items from the unofficial or public agenda onto the government one" (Béland et al. 2018, p. 3). The focusing aspect rests in a concept's ability to "capture in a nutshell some sort of reality that people already sense in a vaguer, more diffuse way" (Kingdon 2003, pp. 97–98). The process of recognition is helped along if the focusing event is reinforced by a "preexisting perception of a problem," if the event acts as an early warning or if the event occurs in proximity to or in aggregation with other events (Kingdon 2003, p. 98). The event has a dramatic quality, which may lead to policy learning (Unlu et al. 2010). Michaels et al. (2006) suggest that a focusing event leads to policy change, "a detectable deviation from the purposive course of action that is in place to address a perceived societal problem" (p. 983).

What is considered by an individual or group to be a problem may not be identified in that respect by others. For an individual to identify an event as illustrious of a problem, impact, relevance, and

proximity are important; if others in the group have similarly defined the concern, a policy environment that had previously approached an issue in laissez faire style may be spurred into action, with media possibly assisting in framing the problem and potential solutions, and keeping pressure on authorities to respond (Wagner 2007). Birkland argued that "big events have important but variable influences on policy agendas," (2006, p. xiii), and as far as policy change based on individual events is concerned, "the accumulation of experience influences policy change; learning is cumulative" (2006, p. 153). Still, we cannot assume that improved policy results from experience and the presence of a disaster or focusing event, though a *catalytic*, catastrophic event (judged as number of people affected adversely, geographic extent of the harm caused, or extensive property damage) may result in particularly rapid change (Birkland 2006).

## Focusing Events in Theory

Focusing events are associated with garbage-can theory; participation is changeable, options are challenging, and technology is uncertain in a primordial soup of potential policy approaches and supposed solutions, waiting to be actualized (Cohen et al. 1972), depending on just the right focusing event and policy option to suit the situation. In garbage can theory, decision-making occurs in an environment that lacks rationality and is prone to meddling; notably, "the absence of a bottom-line or specific measures of costs and benefits of decisions provides a fertile breeding ground for political garbage" (Teasley III and Harrell 1996, p. 489). Focusing events can thus serve as a critical ingredient to cut through competing interests and options. Focusing events are also related to the multiple streams framework (MSF), where convergence of various factors yields a window of opportunity for policy advance and change (Robinson and Eller 2010), punctuated equilibrium theory, wherein incremental development of policy is interrupted by focusing events, which may release policy monopolies (Baumgartner and Jones 1993), and appear in work reliant on the advocacy coalition framework (ACF).

Research has focused on the difference between technological (man-made) hazards and hazards of a natural origin, and implications for policy change as a result of focusing events. Lindholm et al. (2015) found that technological events led to stronger reactions than natural events, and an event "with a stronger degree of focus brings about more emotional and cognitive reactions than an event with a weaker degree of focus, although only among events originating from man" (p. 407). Birkland (1996) suggested that natural disasters are subject to dramatic portrayal in the media, and yet, policy attention to them is minimal until an event occurs; this attention is sustained somewhat in the aftermath, and then quickly fades.

Because natural disasters readily gain attention not only of the general public but of elite groups that can directly impact policy processes, a natural disaster is often likely to become a focusing event. However, a focusing event does not necessarily mean that a problem will be solved through policy; problem definition is a key aspect, and how a problem is defined may actually limit the ability for policy processes and official structures to solve it. Media, for example, could undermine an event's potential through portrayal as an isolated occurrence out of context, or, from the opposite mindset, consider an event part of a progression of events out of their control. Existing narratives and ways of explaining may limit the ability of a focusing event to lead to productive policy change (Crow et al. 2017). Further, echoing Kingdon (2003), there is some evidence that an accumulation of focusing events may be more impactful for policy change than the occurrence of a rare event (O'Donovan 2017).

Through its coverage, the media often helps to decide what events will become focusing events and thus wields considerable power for policy purposes. The severity or scope of the event does not necessarily need to be large for the event to be considered a focusing event; this is especially true as policy choices are made at all

levels of government, and exogenous events can and do focus political and administrative actors on specific policy problems and potential solutions, throughout the range of government activity (Henstra 2010).

## Examples of Focusing Events in the Literature

Focusing events have been a common policy-related root in many recent works in the literature. The attacks of September 11, 2001, are considered a major focusing event, as are the 2004 Madrid train bombings. Others include the Challenger and Columbia space shuttle disasters, and the 1996 Port Arthur massacre; events may be tied to labeling, like fiasco and crisis (Boin et al. 2009). In terms of immigration policies, Dekker and Scholten examined focusing events related to the Dutch immigration experience and considered media effects and consonance of policy framing (2017). McCormick and Whitney (2013) identified the incidence of West Nile Virus in New York City in 1999 as a focusing event, helping to construct a crisis with ensuing need for response, but resulting in implications for how the public interacts with government agencies. An event need not be national or international in scope; the 2000 chemical cloud incident that affected Sarnia, Ontario, Canada, is an example. A policy entrepreneur might creatively connect streams within the multiple streams framework, with the idea of creating an environment for specific, desired change, using the media as a crucial persuasive tool to maximize the opportunity created by a focusing event (Henstra 2010).

## Limitations of Focusing Events as an Explanatory Concept

While focusing events may cause often be cited as the source of or rationale for change in a policy area, the existence of a focusing event does not always presuppose an attendant policy shift, or change in the viewpoints of actors or policy coalitions. Focusing event research has tended to be skewed toward implications for agenda-setting (Nohrstedt 2008). Organizational culture and cultural impact may have a critical role to play in whether a focusing event results in policy change; what constitutes a focusing event, in that a specific occurrence was important or momentous, is vaguely defined and often noted after the fact (Fowler et al. 2017). In hindsight, what is deemed to have been a focusing event in a particular construction of policy may have risen to that level or not, and this is largely a matter of opinion; some may agree an event has occurred, and others may deny it. Is the event itself important, because of the policy change that occurred, or is the change more important, with the focusing event serving as a justification when a host of variables contributed to the change? That events are required to fathom public problems and arrive at solutions is disquieting and speaks poorly of the policy process generally and the potential for policy learning specifically. In this view, public policy actors are reduced to running from crisis to crisis, only catching the occasional glimpse of problem and policy alignment when something horrible has happened – resistant to admitting the truth in front of them. This is a caricature, but there is perhaps some occasional truth in the portrayal.

A focusing event may involve people from outside the immediate policy system, as a result of the additional attention, but any reforms might be incremental instead of groundbreaking, as could be expected given a strong external shock (Boucher 2017). Even a focusing event that arouses significant fear in the population may not result in policy change, if the event occurs in an environment of complexity and inconsistency; instead of resulting in change, fear can further stoke a need for stability (Zahariadis 2015). The resultant policies may be more dependent in their construction and considerations on emotions than scientific fact (Atkinson 2014). In the Fukushima disaster case in Japan, for example, it is notable that dominant pronuclear power groups did not change their viewpoints, even after the event,

though the focusing event was catastrophic enough to provoke change (Watanabe 2016).

Hurricane Katrina, which struck the United States Gulf Coast in 2005 and caused great devastation, is often mentioned as a focusing event in the literature. However, it should be noted that many areas along the coast still suffer from the same vulnerabilities that existed prior to the storm; while some policy advance has been achieved, the area is far from resilient beyond a relative sense. As a focusing event, Katrina made a policy failure very clear, but subsequent storms and experiences may undermine Katrina's place as a focusing event spurring positive change – change has been limited rather than comprehensive, even given the gravity of the occurrence. Media coverage of the event focused on the distress of those displaced, death/illness, lawlessness, damage, and government failure (Dill and Wu 2009). These elements remain resonant with the experience of the storm and its aftermath. In terms of acting as a focusing event to prevent future disasters, there have been many more recent events that show little change in the ability of the system and people to more appropriately respond to known threats. The 2017 hurricane season was the costliest on record, but it is an open question whether hurricanes like Harvey, Irma, and Maria will be considered focusing events, resulting in positive change beyond incremental movement, or whether there are limits to the impact of such events on the policy process, and even a numbing of the collective mind through media's disaster drumbeat.

The focusing event may lay a groundwork for interaction, but as Unlu et al. (2010) noted in their review of the Turkish case, this does not necessarily force collaboration between various governmental and community groups. Incorrect assumptions are still made; certain approaches from above may halt the advance of local policy learning. Even if changes are adopted, it does not mean that these changes will be implemented and desired results realized (Sapat et al. 2011). As a specific concern related to Hurricane Katrina, there remain clear gaps between short-terms and long-term housing displacement in instances of hazard events, and this evidences real concern for the addressing of vulnerability (Levine et al. 2007). This illustrates that identification of a focusing event alone does not solve underlying problems, even if some positive change does occur.

Roberts (2009) correctly warned against relying too much on a focusing event to guide preparation for future incidents; events clearly differ in their pattern of devastation and connection to existing vulnerability and are thus context-based. This also raises the concern about preexisting narratives and expectations and how those may incorrectly guide planning and response. Béland et al. (2018) suggested that the MSF is overly simplistic, in that it is difficult to distinguish the streams from one another, as well as the difficulty inherent in analyzing the actual separation and joining of streams. This apprehension is directly relevant for focusing events. Aside from authors cleverly noting that a focusing event occurred and drawing attention to it in context of policy change, the specific variables that exist in the policy streams or in their nascent garbage stage are not easily drawn out.

## Conclusion

The concept of focusing events is undoubtedly useful; the invoking of a dramatic event, with all its problems and potential solutions, is captivating for the policy imagination. A great deal of this potential, and perhaps why the concept appears so widely in the literature, comes from the concept's apparent simplicity and ease of understanding. However, the worth of the concept from an analytical perspective is mixed; the simple existence and academic proclamation of a focusing event is not necessarily novel, and does not, on its own, fully explain a policy change. Future research may tend to include focusing events as part of a synthesizing of approaches along with other theoretical traditions in policy (Petridou 2014). The connection of MSF, garbage can modeling, or ACF theory can help, but the focusing event itself is only a small aspect of a multifaceted analytical problem. Issues of stability and fear can play a deciding role in undermining the potential effect

of a focusing event. In order to gain stronger understanding of what has occurred and why, attention must be paid to how people respond, sometimes quite differently, to a focusing event, and how they may not perceive it as an event at all.

## Cross-References


- ▶ Garbage-Can Model of Organizations
- ▶ Incremental Theory of Decision-making
- ▶ Nonlinear Policy Change
- ▶ Politics and Crisis Management
- ▶ Public Administration Theory
- ▶ Public Policy and Governance: Theory and Practice


## References


Atkinson CL (2014) Public policy processes and the environment: implications for a sustainable future. Sustain Account Manag Policy J 5(4):457–475

Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. University of Chicago Press, Chicago

Béland D, Howlett M, Mukherjee I (2018) Instrument constituencies and public policy-making: an introduction. Policy Soc 37(1):1–13

Birkland TA (1996) Natural disasters as focusing events: policy communities and political response. Int J Mass Emerg Disasters 14(2):221–243

Birkland TA (2006) Lessons of disaster: policy change after catastrophic events. Georgetown University Press, Washington, DC

Boin A, 't Hart P, McConnell A (2009) Crisis exploitation: political and policy impacts of framing contests. J Eur Publ Policy 16(1):81–106

Boucher A (2017) Boundary spanning regimes and public policy change: the convergence of welfare and immigration policies. Aust J Polit Sci 52(1):19–36

Cohen MD, March JG, Olsen JP (1972) A garbage can model of organizational choice. Adm Sci Q 17(1): 1–25

Crow DA et al (2017) Local media coverage of wildfire disasters: an analysis of problems and solutions in policy narratives. Environ Plann C Polit Space 35(5):849–871

Dekker R, Scholten P (2017) Framing the immigration policy agenda: a qualitative comparative analysis of media effects on Dutch immigration policies. Int J Press/Politics 22(2):202–222

Dill RK, Wu HD (2009) Coverage of Katrina in local, regional, national newspapers. Newsp Res J 30(1):6–20

Fowler L, Neaves TT, Terman JN, Cosby AG (2017) Cultural penetration and punctuated policy change: explaining the evolution of U S energy policy. Rev Policy Res 34(4):559–577

Henstra D (2010) Explaining local policy choices: a multiple streams analysis of municipal emergency management. Can Public Adm 53(2): 241–258

Kingdon JW (2003) Agendas, alternatives, and public policies, 2nd edn. Longman, New York

Levine JN, Esnard A, Sapat A (2007) Population displacement and housing dilemmas due to catastrophic disasters. J Plan Lit 22(1):3–15

Lindholm J, Carlson T, Djupsund G, Högväg J (2015) Citizens' emotional and cognitive responses to focusing events – an experimental study. Int J Mass Emerg Disasters 33(3):407–427

McCormick S, Whitney K (2013) The making of public health emergencies: West Nile virus in New York City. Sociol Health Illn 35(2):268–279

Michaels S, Goucher NP, McCarthy D (2006) Policy windows, policy change, and organizational learning: watersheds in the evolution of watershed management. Environ Manag 38:983–992

Nohrstedt D (2008) The politics of crisis policymaking: Chernobyl and Swedish nuclear energy policy. Policy Stud J 36(2):257–278

O'Donovan K (2017) An assessment of aggregate focusing events, disaster experience, and policy change. Risk Hazards Crisis Public Policy 8(3):201–219

Petridou E (2014) Theories of the policy process: contemporary scholarship and future directions. Policy Stud J 42(S1):S12–S32

Roberts P (2009) An unnatural disaster. Adm Soc 41(6):763–769

Robinson SE, Eller WS (2010) Participation in policy streams: testing the separation of problems and solutions in subnational policy systems. Policy Stud J 38(2):199–215

Sapat A, Li Y, Mitchell C, Esnard A (2011) Policy learning and policy change: Katrina, Ike and post-disaster housing. Int J Mass Emerg Disasters 29(1):26–56

Teasley CE III, Harrell SW (1996) A real garbage can model: measuring the costs of politics with a computer assisted decision support software (dss) program. Public Adm Q 19(4):479–492

Unlu A, Kapucu N, Sahin B (2010) Disaster and crisis management in Turkey: a need for a unified crisis management system. Disaster Prev Manag 19(2):155–174

Wagner T (2007) Reframing garbage: solid waste policy formulation in Nova Scotia. Can Public Policy 33(4):459–475

Watanabe R (2016) After the Fukushima disaster: Japan's nuclear policy change from 2011 to 2012. Rev Policy Res 33(6):623–645

Zahariadis N (2015) The shield of Heracles: multiple streams and the emotional endowment effect. Eur J Polit Res 54:466–481


F

# Food Security

Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda

## Synonyms

Food accessibility; Food availability; Food security; Food stability; Food utilization

## Definitions

Food security is defined in this entry as "having physical and economic access to sufficient, safe and nutritious food at all times, by all people in order to meet their dietary needs and food preferences for an active and healthy life" (FAO 1996: 2).

## Introduction

In 2010, it was estimated that over one billion people in the world lacked adequate amounts of nutritious food with enough macronutrients (protein, fat, and caloric content) and essential micronutrients, minerals, and vitamins (iron, vitamin A, and iodine) (Havas and Salman 2011). Close to a decade later, efforts to reduce this acute food security problem seem to have achieved very limited success. Current data indicates that the absolute number of people affected by undernourishment or chronic food deprivation in the world in 2017 was nearly 821 million. The situation is worsening in South America, and in most African regions it is even expected to escalate by 2030 because of global warming (FAO 2018). This entry discusses the key food security dimensions (availability, stability, accessibility, and utilization) and their complex determinants including: conflicts, climate change, macroeconomic trade imbalances between countries, natural resource constraints, human resource bases, weather conditions, gender balance issues, education, health, natural disasters, livestock ownership, farmland size, family labor, farm implements, employment opportunities, market access, level of technology application, crop disease, oxen ownership, and family sizes.

## Availability

Availability of appropriate and sufficient quantity of food among all people in a given society is a key dimension of food security. Food availability maybe achieved by locally producing food, imports or food aid. Any one of these methods that can be used to avail food to people is enhanced or constrained by different factors among individuals, households, communities and in different countries. For example climate, available land and its quality, availability of workers, their numbers, their technical and managerial skills, production tools and machinery used plus storage buildings and facilities may influence sufficient local food production. Other factors that may enhance or constrain food production include inputs such as water, fertilizers, animal feeds, plant and animal health, animal and crop disease prevention and control, integrated pest and weed management, cropping techniques, and animal and crop genetic improvement such as having in place short-cycle, drought-resistant varieties and disease-resistant varieties. The way producers are organized for instance as individual, cooperatives, groups, or contracted growers; the types of traders (collection, wholesale or retail); the marketing infrastructure such as roads, rail, air, and types of vehicles; storage, information systems, processing technologies, and retail structures (small shops, supermarkets or hypermarkets); and the level of competition at various stages of the value chain all influence the availability or lack of food to people among or within a country (Thomson and Metz 2000). It is such factors that in practical terms separate developed countries like Australia, Holland, or even single states like California in the USA that have all these described factors in their favor from third world countries like Malawi, Uganda, Burundi, and indeed the entire sub-Saharan Africa region where majority of the populations are still dependent on rain-fed

agriculture, using hand hoes to till the land for food production and losing most of it to pre- and postharvest handling problems. The analysis simply drawn from these factors is that food security is not about just having land, rain, and a bunch of people but rather involves a whole range of complex infrastructure that most countries still describe as third world must work upon. For countries like Singapore that have very limited space for food production or desert countries like the United Arab Emirates, Qatar, or Saudi Arabia, food availability can and indeed has been achieved by some through purchasing food on the world market, although this comes with a condition of a country having the money. Most of these countries are oil rich and food the case of Singapore, it is a wealthy high value manufacturing and services economy. Thus countries like Cuba, which experienced a blockade for decades, could not follow such a model; or Afghanistan who may find themselves with similar disadvantages as Saudi Arabia but without the oil or other sources of wealth have most of their people starving or dependent on food aid. Besides, it is very difficult to avail sufficient and nutritious food to large numbers of different people for a long time through food aid. Thus food aid as a model for food security is very unsustainable at least in the long term. But also depending on international trade for food availability comes with a lot of risks – for instance, price fluctuations on the world market, trade sanctions, or even country blockade as is happening to Qatar by Saudi Arabia, Egypt, UAE, and Bahrain can come with devastating consequences if it happened to a poor country. Qatar may be withstanding the pressure because, in fact, it is one of the wealthiest countries in the world. This cannot work for countries like Yemen, Eritrea, or Burundi, and even the ongoing example of Venezuela illustrates that even if a country has a lot of potential wealth creating resources such as oil, if government pursues wrong policies or has saboteurs, it can go bust and fail to feed its own people. But even when there is enough national food supply or availability, it cannot guarantee food access to an individual household unless that specific household has the means, resources, and purchasing power to access that supply. Thus enough supply (availability) of food to a population is a necessity but not a sufficient condition for food access. In other words, food availability at individual, household, community, country's region, or countries level does not necessarily mean that food security is also achieved at the other levels; for instance, many countries that are in a situation of national food security include some who people who do not eat sufficiently; a food-insecure household may also include some members who fully meet their food needs, and countries with a food insecure situations always have some population groups whose food needs are fulfilled (Thomson and Metz 2000).

## Accessibility

For food security to be practically achieved, food does not only need to be available in appropriate and sufficient qualities/quantities, it must also be accessible. Accessibility as dimension of food security involves many dimensions including people having the required resources (purchasing or production power) to acquire the food they need for a nutritionally adequate diet, proximity to markets or other distribution channels through which food may be acquired, and rights of access to the resources required to produce food or to receive it from others. In the same way, infrastructure – especially roads, ports, rail, water, and air transport that link producers to consumers (local, national or from the rest of the world) – also play a big role on food accessibility. Indeed, in the last 10–15 years, countries like Uganda, Kenya, Tanzania, and Ethiopia have committed a very significant proportion of their budgets on infrastructure building especially roads, electricity generation, ICT infrastructure, and building modern railway systems because these have a direct impact on agriculture, food production, and accessibility. At household level, several empirical studies have concluded that sex, age, income, and education of household head among other factors greatly influence food availability and accessibility of food security dimensions that in many instances reinforce each other. The age of

household head impacts on his or her labor supply for food production, and it has been noted that older household heads tend to be more food secure than the younger household heads (Arene and Anyaeji 2010). Female-headed households have higher dependency ratios that hinder household capacity to allocate labor to on-farm or other income-generating activities. In addition, female heads of households tend to be older and have fewer years of education than male heads of household (FAO 2012). The size of a household may also determine its food security status with bigger households having a higher probability of food insecurity because there is larger number of people to be taken care of by the same source of income. The more household heads engage in gainful employment or income generating activities, the higher their incomes that can in turn guarantee household food security. The income is expected to increase household's food production and access to more quantity and quality food. Education has also been noted to have positive influence on household food security. As the level of education increases, the percentage of food secure households increases because with increase in the level of education, individuals are be able to adopt more modern farm technologies on their farms thus improving their productivity and again have access to better job opportunities in the labor market. The larger the farm size of the household, the higher the expected level of food production. It is, therefore, expected of a household with a larger farm size to be more food secure than a household with a smaller farm size. However, if it is a large family with most members composed of dependent children and the elderly, then the outcomes on food production and food security maybe negative. The level of off-farm activity can also influence household food security, but this can either be positive or negative depending on the level and gains from the activity; for instance, engagement in an activity can bring in money thereby corroborating the food security situation of the household. On the other hand, if farmers spend more of their time on off-farm activities at the expense of working on their farm and particularly if the wage they earn does not commensurate with the foregone farm income, their food security situation could be worsened (Babatunde et al. 2007).

## Stability

Stability as a dimension of food security is concerned with both food production and food access. Several factors including private and public food stocks, financial services, and safety nets may contribute to food stability. Public or private food stocks have a key role to play in interseasonal and interannual stabilization of food supplies. The issue of whether or not to hold strategic public food stocks has been the subject of a great deal of controversy. Even though they may be expensive to keep in terms of physical loss of goods, maintenance, and funding, stocks are among the few instruments that the state can use to intervene in food markets and to influence prices, either by releasing some part on the markets (which contributes to bring down prices) or by using them to supply safety nets. Private stocks, which generally contribute mainly to a better distribution of supply throughout the year, are profitable to hold only if there is sufficient difference between the price at time of harvest and that observed during the lean season (FAO 2000). In a country such as Uganda, the government should urgently invest and put in place infrastructure such as silos to stock surplus food production, especially cereals such as maize, not only to help farmers to keep their produce safely but also to stabilize prices and enhance food security which is not the case at the moment. At the moment, Uganda produces around five million tons of maize every year but consumes around half its production. The rest is being exported to neighboring Kenya, Rwanda, and South Sudan. South Sudan imploded in 2013 and most of its population lives as refugees in other countries including Uganda. Kenya and Rwanda had a bumper harvest in 2018 because of good rains, thus cannot import Uganda's maize. This has resulted in a sharp drop for maize prices from UgShs 900 per Kg to UgShs 200 per Kg, leaving farmers even unable to recoup the money they invested in and may be unable to raise money

to plan for the next seasons. The Minister of Finance, Hon. Matia Kasaija, declared that government of Uganda injected Shs100 billion to buy off excess maize stock that has resulted into falling corn prices in August 2018 and that those funds would be accessible to all interested traders in the maize business who have requisite storage, cleaning, and drying facilities in order to allow the maize to be stored for at least six months when prices are expected to recover. However, many commentators have previously and still argue that the solution for such problems that will most likely be a common occurrence is to build storage and processing plants that are sustainable (Onyango-Obbo 2018). Affordable financial services can also help to finance storage costs in the form of supplying funds to construct individual storage facilities, large-scale commercial storage, community bonded warehousing, and insurance in case of an economic or natural shock. The cost of commercial loans in most countries in the East African region, but especially Uganda, is very prohibitive; and, even in many cases, loans are not there altogether. When the governments privatized commercial banks, the main argument was that private sector led banking would lead to reduced interest rates on loans especially to farmers which has not happened. It is high time that the government started its own banks or a fund to address issues of financing farmers especially those in the subsistence category because that is where majority of the population is bundled, and it is also where food security problems are acute.

## Crop Diseases and Climate Change

Meanwhile, as these countries are struggling with low prices just because of one year bump harvest, one must not forget that for the last 5–7 years these countries have seriously suffered with crop diseases especially a devastating bacterial banana wilt disease that left many banana crops destroyed in Uganda, parts of DRC, Rwanda, Tanzania, and Burundi. In addition to the crop diseases, there has also been the dangerous fall of armyworm pest that originated from South America and devastated cereal crops, especially maize, leaving losses in billions of dollars in Southern, East, and West Africa. Meanwhile, this impossible-to-eradicate, dreaded worm has been reported in parts of India and Southern China, countries with huge population and big maize producers, and is on the march to Europe (Farmer 2018). Changes in the global climate system with more frequent hurricanes, storms, heavy flooding, and prolonged droughts have escalated in recent years leaving behind a huge trail of devastation in countries starting from the USA, Nicaragua, India, Indonesia, Vietnam, Thailand, Ethiopia, Philippines, China, Kenya, Afghanistan, and Sahel countries of West Africa among others, all experiencing heavy flooding or droughts in 2018. The impact of climate change on food security is overwhelmingly devastating on all dimensions of food security (food availability, access, utilization, and stability) as well as reinforcing other underlying causes of malnutrition related to child care, feeding, health services, and environmental health, especially among poorer countries and poor households (FAO 2018).

## Conflicts

Looking at what is going on in Yemen, South Sudan, Northern Nigeria, Democratic Republic of Congo, Libya, Burundi, Central African Republic, Somalia, Afghanistan, and other previously destroyed countries like Uganda and Iraq, it is not hard to know that conflict, whether it is a civil war or an invasion, leaves lives shuttered and food security systems destroyed. For instance, in Yemen, both warring sides have been reported to have committed severe war crimes, blocking ports and closing the airport, thus making it impossible for food aid and humanitarian support to come in, leaving millions in severe malnutrition status especially women and children. Similar outcomes are in DRC and South Sudan, Somalia, where it is almost impossible to access food to war victims because the warring groups are too aggressive to anyone. Even for refugees that fled to other countries, their food and nutritional needs are not properly satisfied in Camps. For example, Uganda

hosts over 1.4 million refugees with south Sudanese refugees estimated at over 1 million plus. Each refugee living in a settlement in Uganda receive 12 kg of maize, 12 kg of beans, and salt per month which is not enough food by any standard. But even with this meager food, aid agencies are struggling to support them given the fact that major donor countries such as Germany, the USA, Sweden, and EU have their own immigration issues to deal with especially refugees from Syria and West and North African countries whom they would want to limit from entering Europe. Apart from refugees, even host countries suffer. Before the war broke out in South Sudan in 2013, it was Uganda's biggest trade partner with Uganda earning over US$800 million per year in trade. When war broke out, all this trade collapsed with devastating consequences on Ugandan traders, farmers, and government revenues, all of which directly or indirectly affects food security at individual, household, and country level. The same scenario has happened to countries like Lebanon, Turkey, and Jordan that neighbor Syria.

## Utilization

The concept of utilization as a dimension of food security relates to the conditions, which ensure that once food has been consumed the body efficiently converts it into energy, growth, and good health. The capacity of the body to make full use of food is very sensitive to disease, affecting the digestive system and food nutritional quality. It has been proven that bacterial and parasitic diseases, including diarrhea and intestinal worms, are important causes of food insecurity even when adequate quantities of food are eaten. Diseases that affect the digestive system can be best mitigated by good sanitation and hygiene, drinking safe water, proper disposal of human waste, and availability of health services. Infrastructure that provides access to quality drinking water, along with sanitation, plays a critical role in the cleanliness of the environment in which people live, particularly so in urban areas (Uthman and Aremu 2008). Tuberculosis, HIV/AIDS, and malaria also impact on food security both at the phase of assimilation of food elements and on the working capacity of affected populations, determining their capacity to earn a living that will allow them to have access to food or to produce food if they are engaged in farming. Thus health services that can manage disease prevention and act rapidly in case of disease are also a key factor of food security (Alex 2003). Food nutritional quality is highly influenced by nutritional balance and diversity of a diet in terms of nutrient content (carbohydrates, fats, and protein), vitamins and trace elements, food hygiene, and safety standards. Balanced food diets also have implications for the physical and mental growth of children, maternal health including the health of unborn babies, and working capacity of people. It also has an impact on health (emaciation, obesity, resistance to diseases, and prevalence of cardiovascular diseases among others). It has been proven that a shortage of vitamins and certain micronutrients is obstacle to proper mental and physiological development, weakens the immune system, generates handicaps at birth, and leads to a life in which the full physical and intellectual potential of an individual is never achieved (Conceição et al. 2010).

## Safety Nets

Safety nets are another mechanism through which food security may be ensured. There are three main types of safety nets (sometimes referred to as social protection measures): food distribution, cash transfers, and subsidies. Safety nets entail transfer of resources toward beneficiaries to ensure that they can have adequate access to food. Eligibility to benefit from safety nets may relate to the economic and social characteristics of beneficiaries (target groups) or to the situation within which a country or region of the country finds itself (e.g., emergencies triggered by soaring food prices, drought, flood, earthquake). Access to safety nets can also be subject to conditions (for instance participation of children in an education or health program). Cash transfers and subsidies

can be financed by the state budget, private sources, or external aid. Safety nets in kind can be supplied from three main sources: existing private or public stocks, imports, or food aid in kind. Food can be channeled through special distribution programs, dedicated shops or selling points, or through existing private shops. State financed school meals programs offer another means for food transfers (FAO 2007). While the model of safety nets sounds plausible, experience has also shown that relying on it can come with very dangerous risks. For example, when Al Shabab terrorist attacked Kenya and massacred people in the West Gate mall in Nairobi, the Kenyan government retaliated by expatriating Somali refugees back to Somalia and closed down their money transfer and remittances platform because it suspected that the terrorists were using this platform to transfer money to carry out activities that harmed its people. Thus all of a sudden, Somalians found that the channel through which they received their livelihood support from their diaspora comrades was blocked. The most recent and worst examples is the scrapping of the US$350 million support to the Palestinians by the US President Trump administration which is expected to leave millions of Palestinians without enough food. Israel has also time and again blocked funds supposed to be handed over to Palestinians affecting their food security. Thus while the safety net approach especially made by those who believe in aid sounds good, it may be unsustainable or risky when relationships between the giver and receiver are not going well.

## Income Diversification

Food security can also be greatly determined by diversifying income sources away from agriculture. Increased incomes by people mainly engaged in nonagricultural activities can go a long way in securing food security. Income from nonagricultural activities can come from more diversified activities such as services and government, primary activities other than agriculture (like mining), and industrial activities, and is linked overwhelmingly to the multiplier effects of agriculture, through products, inputs, and consumption. These activities are in part also linked to agriculture through inputs (services, production and marketing of inputs, and production and maintenance of agricultural equipment). Income can also be earned from activities resulting from the consumption effect, i.e., activities due to consumption by people living from agriculture. Finally, income in rural areas may also come from sectors that have their own dynamics and are largely independent from agriculture: mining, manufactures, and tourism. All this non-agricultural income is very important among rural and urban workers involved in off-farm activities. In towns, income is mostly of non-agricultural origin, although some people may depend indirectly on agriculture, particularly through their role in agricultural value chains. A small portion may also come directly from agriculture, from peri-urban agriculture, from the use of land located at some distance from the city, from renting out land, or from transfer of resources by relations living in rural areas. Urban income and the employment in urban areas that generates them, whether in the formal or informal sector, will play an increasing role in food security in the future, as world population becomes more urban and the number of persons living in cities who may find themselves in a situation of food insecurity grows. One can safely bet, when addressing food insecurity issues, that this evolution will progressively move the focus of attention from agriculture and rural development toward economic development and income generation in urban areas. This implies that most of the policies for improving access to food will be policies aimed at reducing poverty in urban or suburban areas.

## Conclusion

All in all, it can be concluded that food security is achievable and has actually been achieved in many countries. Some countries in developed world are actually struggling with too much

food; while in poor countries, malnutrition is a big issue. The key conclusions drawn from this discussion are that there should be intensive and massive government intervention in the agricultural sector and sectors that directly influence agriculture like education, infrastructure, the environment, and trade. It is also important for the private sector and households to do their part by increasing their productivity through modern farming, family planning, education, and savings among others.

## Cross-References

► Environmental Governance

## References

Alex D (2003) HIV/AIDS and food security in Africa. A report for DFID. Retrieved from https://pdfs.semanticscholar.org/00a8/503ea62abed2eb7e3038a4ba170bb5efd96b.pdf. On 4 Oct 2018

Arene CJ, Anyaeji J (2010) Determinants of food security among households in Nsukka metropolis of Enugu State, Nigeria. Pak J Soc Stud 30(1):9–16. Retrieved from https://www.bzu.edu.pk/PJSS/Vol30No12010/Final_PJSS-30-1-02.pdf. On 7 Oct 2018

Babatunde RO, Omotesho OA, Sholotan OS (2007) Socio-economic characteristics and food security status of farming households in Kwara state, North-Central Nigeria. Pak J Nutr 6(1):49–59. Retrieved from https://scialert.net/abstract/?doi=pjn.2007.49.58. On 7 Oct 2018

Conceição P, Fuentes-Nieva R, Horn-Phathanothai L, Ngororano A (2010) Food security and human development in Africa: strategic considerations and directions for further research. Preliminary draft for the 2011 African Human Development report. Retrieved from https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-8268.2011.00283.x. On 27 Sept 2018

FAO (1996) Rome declaration on world food security and World Food Summit Plan of Action. Retrieved from www.fao.org/docrep/003/w3613e/w3613e00.htm. On 3 Oct 2018

FAO (2000) The state of food and agriculture. Lessons from the past 50 years. Retrieved from www.fao.org/docrep/017/x4400e/x4400e.pdf On 9 Jan 2019

FAO (2007) The state of food and agriculture. FAO Agriculture series no. 38 Food and Agriculture Organization of the United Nations, Rome. Retrieved from www.fao.org/3/a-a1200e.pdf. On 7 Oct 2018

FAO (2012) Gender inequalities in rural employment in Ghana an overview. Prepared by the Gender, equity and rural wmployment division Food and Agriculture Organization, Rome, Italy. Food Policy 31:14–29. Retrieved from www.fao.org/docrep/016/ap090e/ap090e00.pdf. On 04 Oct 2018

FAO (2018) Food security and nutrition in the world: building climate resilience food security and nutrition. Food and Agriculture Organization of the United Nations, Rome. Retrieved from www.fao.org/3/a-i3434e.pdf. On 4 Oct 2018

Farmer B (2018) Dreaded fall armyworm pest that devastated African crops found for the first time in India. Retrieved from https://www.telegraph.co.uk. On 4 Oct 2018

Havas K, Salman M (2011) Food security: its components and challenges. Int J Food Saf Nutr Public Health 4(1):4–11. Retrieved from https://www.inderscienceonline.com/doi/abs/10.1504/IJFSNPH.2011.042571. On 7 Oct 2018

Onyango-Obbo C (2018) Let maize farmers suffer; they'll become stronger and smarter. Daily Monitor, Kampala. Retrieved from www.dailymonitor.co.ug. On 8 Oct 2018

Thomson A, Metz M (2000) Implications of economic policy for food security. A training manual, training. Retrieved from www.fao.org/docrep/004/X3936E/X3936E00.HTM. On 1 Oct 2018

Uthman O, Aremu O (2008) Malnutrition among women in sub-Saharan Africa: rural-urban disparity. Rural Remote Health 8(2):931. Retrieved from https://www.rrh.org.au/journal/download/pdf/931. On 2 Oct 2018

# Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable

Raymond Saner and Li-Chia Yiu
Centre for socio-economic development, Geneva, Switzerland

## Synonyms

Absence of binding international agreement regulating migrant labor on fishing ships; Insufficient control of trawler ships; Migrant labor on fishing ships; Modern slavery; Violation of basic human and labor rights

## Definition

Ships using migrant labor are not supervised nor sanctioned in case of violation of human rights of migrant fisherman. International governance system lacks binding regulation and sanction power providing loop holes which can lead to severe human rights abuses by unscrupulous owners of fishing ships.

## Introduction

This article focuses on a very problematic aspect of migration, namely, forced labor of migrants held captive on fishing ships which is a well-known violation of human and labor rights, but despite efforts made by human rights defenders and international organizations, the abusive and sometimes violent treatment of migrant-fishermen continues.

What has not been sufficiently researched nor discussed are the extreme forms of labor conditions that some migrants have to accept and cope with at times at the risk of their own survival. Such high-risk and inhumane working conditions exist on some fishing boats where migrant workers are kept in captivity and forced to live and work in conditions which lack basic standards of decent work and often result in serious human rights abuses.

As stated by the FAO (2017):

> Pressures to reduce costs and maintain or increase profitability are also growing, which increases the incentives to use cheaper labour and neglect social and ethical considerations in the work and life of fish workers, their families and communities. As a result, the use of migrant workers working in sub-optimal conditions on board fishing vessels and in processing plants has increased, facilitated by illegal networks of brokers. (p.1)

Hence, this article follows the call's suggestion to analyze "policy-level issues associated with the management of migration including labor-market issues and questions relating to business policy and strategy" and apply this to the precarious working conditions of migrant workers on fishing boats especially the long journey ships.

## Approach Used for this Research

Following the call's suggested approach for multiple levels of analysis consisting of micro, meso, and macro-levels, the authors close their analysis by adding a meta-level which consists of the larger international context within which fishing boats operate that are covered by international agreement and sector-specific rules following the example given in the field of philanthropic organizations operating in the educational sector in developing countries (Saner and Yiu (2019)).

The multiple-level approach chosen starts with a narration of case examples of human rights abuses on fishing boats in the South East Asian see (micro) and subsequently builds on the levels within which the case examples are embedded in namely the fishing owners and labour intermediaries (meso), their surveillance or lack of by port authorities and governments responsible for shipping fleets (macro) and ends with the discussion of international treaties (meta) and agreements which should have a bearing on the fleet owners, skippers and governments importing and exporting seafood products.

The detailed case examples below build on other case examples which have identified the lack of management responsibility and often colluding behaviors and attitudes of government officials who abdicate their responsibilities. A case in point here is the article published by the Academy of Management Discovery (AOD) authored by Gail Whiteman and Cooper (2016) which describes the dangerous conditions workers have to live with in the tropical forest of Guyana. The authors report a longitudinal study of a Malaysian forestry firm's operations in Guyana, South America, and show how certification and corporate social irresponsibility – in this case, the rape of girls and women – may jointly arise from a systematic decoupling of actors that collectively enabled irresponsible behavior (p.1).

Abuse of migrant workers on fishing boat bears also resemblance to human trafficking where young girls and boys are abducted to forcefully

serve as prostitutes in brothels or work in unhealthy and demeaning sweat shops exposed to violence by the criminal gang leaders and his staff. Human trafficking is equally understudied and underreported like the case of migrant workers being held captive workers on fishing ships. Analysis of human trafficking shows a similar lack of reported data and lack of monitoring by authorities who either collect corruption money or directly demand illegal commissions (Saner, Yiu and Rush, (2018)).

What follows is a graphical overview of the levels of analysis which will be applied to the study of migrant worker's captive working conditions characterized by inhumane treatment and violation of human rights (Fig. 1).

Subsequent levels of analysis will be meso (fishing boat owners and commercial counterparts), macro (relations between surveillance authorities such a port authorities and ministries of maritime affairs), and finally meta (international agreement on fishing rights and obligations and international labor regulations agreed by states who are also held responsible for implementing these international agreements).

## Micro-Level

Two centuries after the abolition of the transatlantic slave trade, at least 20.9 million people continue to work under coercion, largely in the informal and illegal economy (ILO global estimates 2012). This represents about 3 in every 1000 of today's world population. About 68 percent of today's forced labor is extracted by private agents, primarily in labor-intensive industries such as manufacturing, fishing, agriculture and food processing, domestic work, and construction.

According to the ILO's Forced Labour Convention No. 29, forced or compulsory labor is all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. It can occur where work is forced upon people by state authorities, by private enterprises, or by individuals (ILO 2015) (Fig. 2).

A string of recent reports by the ILO (2020) indicates that:

> ..forced labour and human trafficking in the fisheries sector are a severe problem. These reports suggest that fishers, many of them migrant workers, are

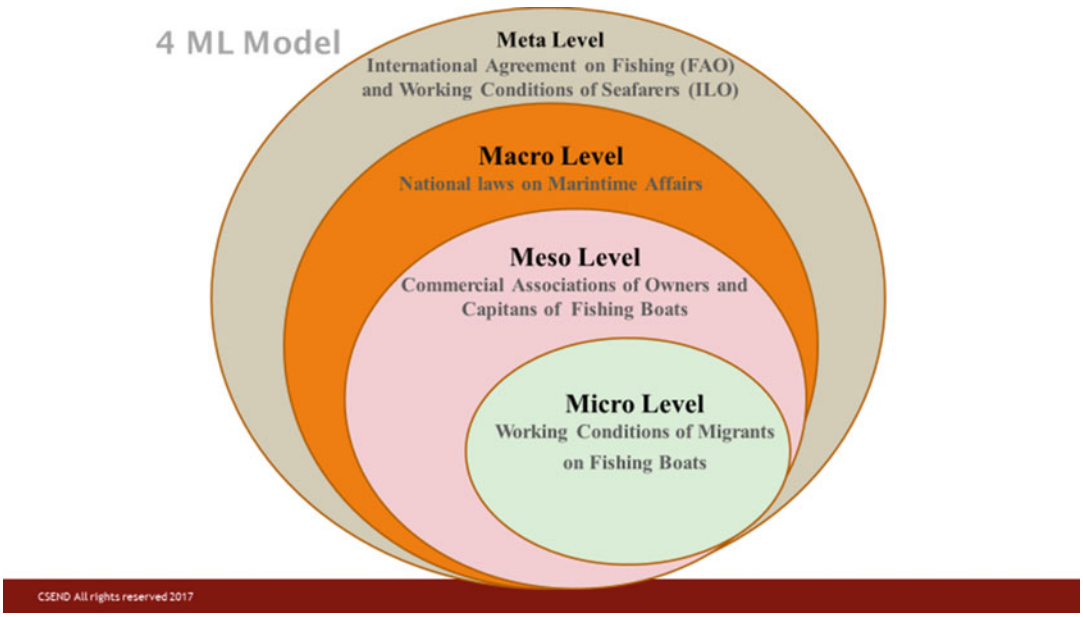


**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Fig. 1** Four-level analysis adapted from Saner and Yiu 2019

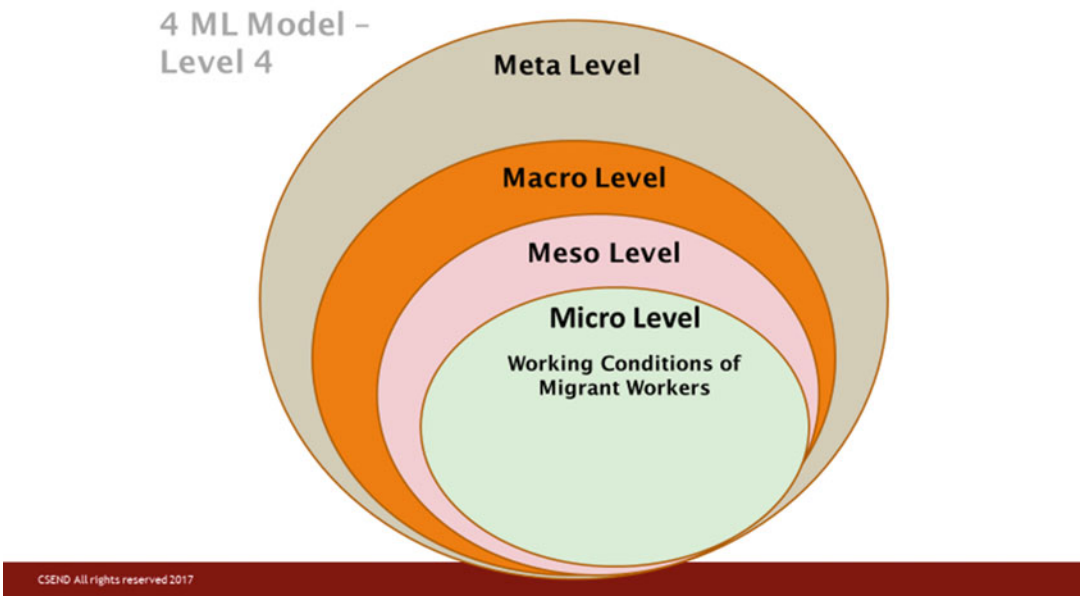


**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Fig. 2** Micro-level analysis adapted from Saner and Yiu 2019

> vulnerable to severe forms of human rights abuse on board fishing vessels. Migrant workers in particular are vulnerable to being deceived and coerced by brokers and recruitment agencies and forced to work on board vessels under the threat of force or by means of debt bondage.
>
> Victims describe illness, physical injury, psychological and sexual abuse, deaths of crewmates, and their vulnerability on board vessels in remote locations of the sea for months and years at a time. Fishers are forced to work for long hours at very low pay, and the work is intense, hazardous and difficult. Capture fisheries have one of the highest occupational fatality rates in the world.

The ILO report also indicates that "recent trends within the fisheries sector, such as overfishing, illegal fishing, and a shift in sourcing the workforce from high-income to middle- and low-income countries mean that more relatively low-cost migrant workers are employed by the fisheries sector. Lack of training, inadequate language skills, and lack of enforcement of safety and labor standards make these fishers – particularly migrant workers – vulnerable to forced labor and human trafficking."

According to Nakamura et al. (2018), at least 260 million people depend on seafood work (some estimates are 800 million), and the sector is possibly the world's largest employer. Sixty-five percent to 70% of seafood for export markets is produced in developing countries where labor costs are relatively low. For the rural poor, increasing work opportunities in distant water fleets, aquaculture areas, and processing hubs offset decreasing local opportunities for seafood work, but this may require migration and dependence on labor brokers. Seafood is made with a significant incidence of forced labor, child labor, or forced child labor in the seafood hub countries of Indonesia, Thailand, Vietnam, the Philippines, and Peru. In 2016, widespread forced labor in seafood work was reported in 47 countries, with incidents reported in additional countries, including New Zealand, Ireland, the United States, and Taiwan.

While the normative framework and tracking of country-level findings are largely in place, companies lack mechanisms to collect the human-scale data needed for identifying and remediating forced labor risks inside their supply chain. The challenges are numerous. First, the nature of fishing work is fundamentally different from other labor-intensive industries, and these differences can mask workers' voluntary or

involuntary status. Fishing vessels operate remotely and are physically isolated. Working hours are determined by ocean conditions and the around-the-clock duties needed to keep the vessel operating safely. Payment for work most frequently is a share of the catch value based on seniority (Nakamura et al. 2018).

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is monitoring the SE Asian fishery sector and reports lots of cases of forced labor of migrant workers on fishing ships and also in other parts of the world like Africa. The most recent stories are available on the following website: http://www.iuf.org/show.php?lang=en&tid=283.

Staff of another NGO called Environmental Justice Foundation (EJF 2020a) report widespread abuse and illegal fishing of some of the Taiwan fleet stating:

> *Violent abuse of migrant workers and flagrant illegal fishing are systemic problems across Taiwan's distant water fishing fleet, a survey conducted by EJF of crew from 62 vessels has found. Crew from 24% of the vessels reported physical abuse and 92% reported having their wages withheld. Sharks were finned and bodies discarded on half of the vessels. Many migrant fishers are trafficked onto vessels and once out at sea, far from authorities, they are subjected to a kind of hell. Investigations by the Environmental Justice Foundation have uncovered cases of slavery, debt bondage, insufficient food and water, squalid living conditions, physical and sexual assault and even murder aboard fishing vessels from all over the world.*

EJF staff interviewed 71 former Indonesian fishers between August 2018 and November 2019 who had worked on 62 Taiwanese vessels (EJF 2020b). Workers from nearly a quarter (24%) of the vessels reported violent physical abuse, mostly being kicked and beaten by the captain or senior crew. One man, Supri from Indonesia, was locked in a freezer by the captain while he was still wet from the shower. "It was so cold inside. He did it on purpose. I shouted 'Captain! Captain!' Begging him to open [the door]. I kicked at it, but still he kept it locked. I was afraid, afraid of death. If I die, who will take care of my kid and my wife?" On the same trip, Supri was electrocuted with a stun gun by a fellow crew member under orders from the captain. The tool is used to kill fish, and the shocks left Supri weak and in pain.

## Meso-Level

According to the ILO 2020 report, strong indicators exist that forced labor in the fisheries sector is frequently linked to other forms of transnational organized fisheries crime. The term "fisheries crime" recently appeared in the context of emerging practical responses against offences committed within the fisheries sector.

The report continues stating that (Fig. 3):

> offences include severe cases of illegal fishing, related offences from document fraud, corruption and tax evasion but also human trafficking in the fisheries sector. Fisheries crime threatens marine ecosystems and has consequences for fish stocks. It has an impact on food security and sustainable fishing by coastal communities around the world. It also deeply affects human lives when it entails forced labour of trafficked fishermen.

EJF (2020b) reports that a Chinese-owned trawler has been relicensed to fish in Ghana, despite being caught for illegal fishing twice and failing to pay its fine. In June 2019, the *Lu Rong Yuan Yu 956* was apprehended in Ghanaian waters with illegal nets and undersized "small pelagic" fish on board – the staple catch of canoe fishers. The full fine of US$ one million was issued, but the vessel owners refused to pay: in May 2020, the vessel was caught again for almost identical offences. Despite this clear track record of illegality, the vessel has now been licensed to fish again while it awaits a further hearing.

West Africa has seen an influx of vessels from China in recent months, including into Ghana, Senegal, and Liberia. In Ghana, around 90% of Ghana's industrial fishing fleet is linked to Chinese ownership, while in Sierra Leone, this figure stands at 75% of industrial vessels. New vessels continue to arrive in Ghana from China in spite of a government moratorium on the issuance of new licenses in place since 2012.

EJF staff concluded that ultimately, no one wins if we exploit our oceans to the point where

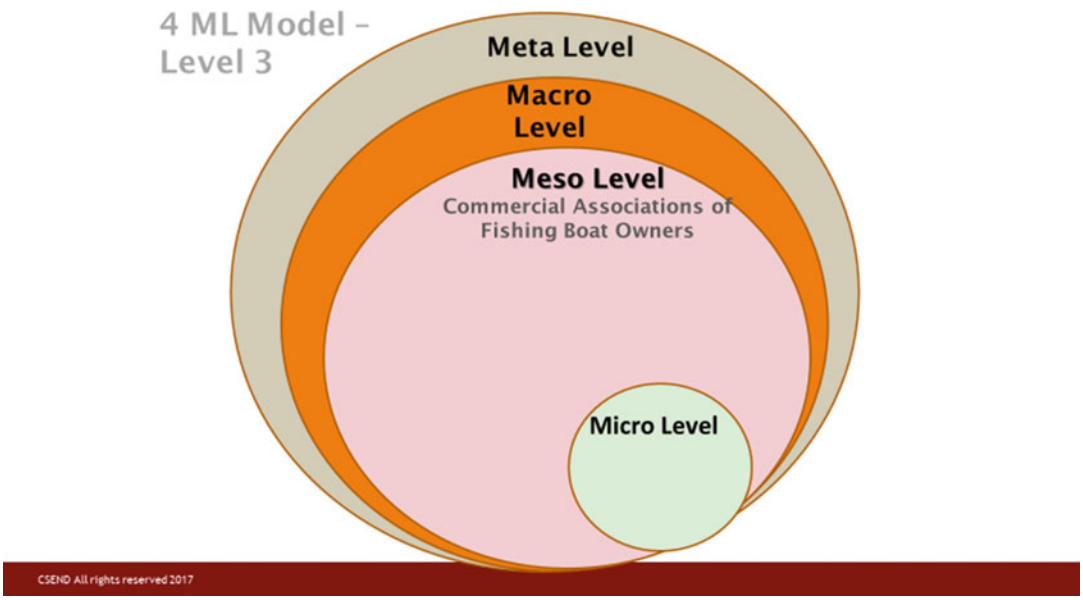


**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Fig. 3** Meso-level analysis adapted from Saner and Yiu (2019)

fish populations collapse. To safeguard both marine ecosystems and the livelihoods of fishers, China and Ghana must work together to prevent cases like this from happening again? All cases of illegal fishing in Ghana must be treated rigorously, with sanctions severe enough to be deterrent and full transparency regarding how the process is conducted. Eradicating illegal fishing is eminently achievable and benefits us all.

Another NGO called Sea Junction (2020) active in the field of labor abuse in the fishing sector reports that "when the fishing boats and trawlers returned to land after 3 to 4 weeks of fishing, they transferred the migrant workers to boats that were outbound on their way out at mid-sea. These transfers ensured that the migrants would not be able to set foot on land, resulting in their time on these boats measured in years."

Following these reports and the work of other NGOs supported by the International Organization for Migration (IOM), regulatory measures have been put in place by the governments of Indonesia and Thailand, and the industry and practices have improved. The EU has also cooperated by "yellow carding" supermarket chains in Europe that did not have adequate measures of due diligence in place to monitor compliances with regard to sourcing and processing.

But the industry has adapted by moving further across the oceans to places like Madagascar and the African coast where poverty and misery can still be exploited without consequences.

## Macro-Level

Human trafficking and HR abuses of migrants working on the often illegal fishing ships can occur because of corrupt practices of port authorities and government officials in charge of maritime matters (Fig. 4).

> The IOM mission in Indonesia provides a glimpse into a far-reaching and well-entrenched criminal industry operating alongside the legitimate fishing industry, and often overlapping it. The situation represents the spread of transnational organized crime at sea and the threat it poses as a maritime security threat to nations, and a human security threat to fishers, seafarers and fishing communities.

*Mark Getchell* Chief of Mission IOM Indonesia wrote in the foreword to the study:

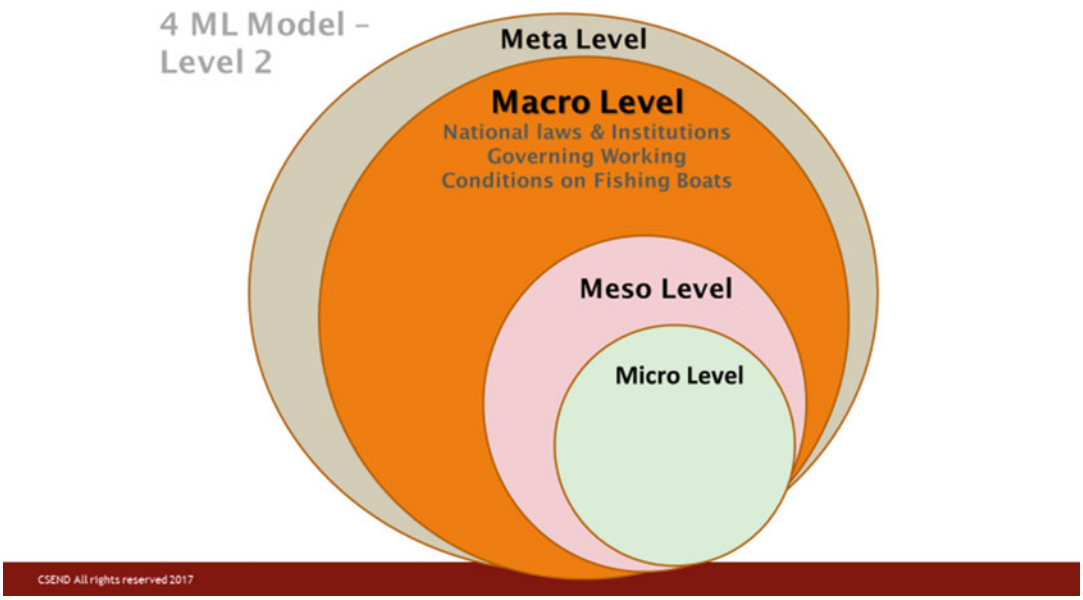


**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Fig. 4** Macro-level analysis adapted from Saner and Yiu (2019)

- *It is my hope that this report can serve as a catalyst for governments, non- government organizations, the private sector and consumers alike to take concerted action against human trafficking in the fishing industry. The human trafficking cases documented in Benin and Ambon, while quite significant, still only represent one small snapshot of the much larger global exploitation and abuse of fishers. It is the scale of this exploitation that demands broad collaboration in order to effectively combat it.*

*As reported in their publication IOM funded research, the Indonesian fishing industry is characterized by many shortcomings. What follows is an extensive citation of their findings which are not only succinct but also relevant for other countries exposed to IUU criminal fishing practices and HR abuse of migrant fishermen.*

- *systematic and highly organized deceptive recruitment and exploitation of fishers and seafarers from multiple source countries in South East Asia;*
- *witness testimony of murder and the unlawful disposal of corpses;*
- *extreme cases of labour exploitation with fishers working in excess of 20 Hours per day up to 7 days per week; and,*
- *a lack of awareness at the local level of human trafficking and forced Labor and associated criminal activity.*

*IUU fishing in Indonesia is characterized by:*

- *overlapping Indonesian government legislation and regulations has created confusion over the responsibilities of key government bodies responsible for the oversight of worker recruitment, conditions, and monitoring of fishing companies, manning agencies, and fishing vessels;*
- *collaboration of more than 2 people: double-flagged vessels are registered in two different countries. This act of forging the deletion certificate is done by at least the ship-owner, the backers and field actors;*
- *suspected commission of serious criminal offences: illegal fishers violate numerous laws, from deactivating the transmitter, using*

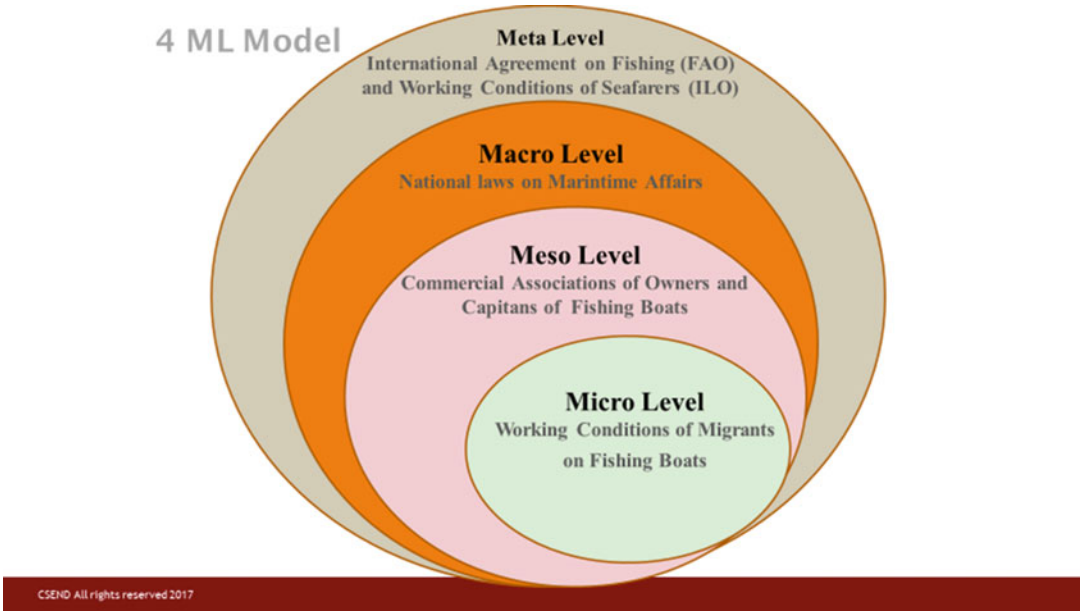


**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Fig. 5** Meta-level analysis adapted from Saner and Yiu (2019)

*prohibited and destructive fishing gear, illegal transshipment, forging vessel documents and the logbook;*

- *Foreign masters working illegally for indefinite periods of time: although there has been a national law prohibiting the use of foreign crews, there are still lots of foreign fishing masters working on board vessels undertaking lengthy voyages. This shows that there is considerable planning to conduct the crime;*
- *the pursuit of profit and/or power: the very reason for fisheries crime is to gain more profit and financial benefits with the least minimum effort in regards to compliance and exploiting the corruptible tendencies of some high level authorities and politicians;*
- *operating at an international level: illegal fishers operate in multiple countries, fish in various areas, fly flags of convenience and land their catch directly to another State, and sell the fish in the international market at high cost; and,*
- *using commercial or business-like structures: most illegal fishing operations are managed using large companies, often established with foreign investment, have valid licences, yet they are violating laws and evading taxes.*

## Meta-Level

The analysis of this last level presents and discusses international agreements which consist of guiding principles that the international community has agreed to follow and which can provide guidance for governments and businesses involved in the fishing industry as to what they should do to combat inhumane working conditions on fishing ships (Fig. 5).

A) Sustainable Development Goals (SDGs)

Two of the 17 goals of the 2030 Agenda are related to sustainable oceans and decent working conditions. They are cited in full including the indicators which have been drafted for measuring the countries' achievement of the respective goals and targets. Some of the texts of the targets and indicators relate to the fishing sector and work conditions (Table 1).

**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Table 1** Targets of two SDG goals and indicators

| **SDG 14: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development** | **Indicators** |
|---|---|
| Target 14.c enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in the United Nations convention on the law of the sea, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of "the future we want" | 14.c.1 number of countries making progress in ratifying, accepting, and implementing, through legal, policy, and institutional frameworks, ocean-related instruments that implement international law, as reflected in the United Nations convention on the law of the sea, for the conservation and sustainable use of the oceans and their resources |
| Target 14.4 **By 2020, effectively regulate harvesting and end overfishing; illegal, unreported, and unregulated fishing; and destructive fishing practices** and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics | 14.4.1 proportion of fish stocks within biologically sustainable levels |
| **Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all** | |
| Target 8.7 take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms | 8.7.1 proportion and number of children aged 5–17 years engaged in child labor, by sex and age |
| Target 8.8 protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment | 8.8.1 fatal and nonfatal occupational injuries per 100,000 workers, by sex and migrant status<br>8.8.2 level of national compliance with labor rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status |

**Assessment**

The two goals and indicators listed do only minimally relate to the fishing industry and the working conditions on fishing ships be that for local or migrant workers.

B) International Agreements

The United Nations Convention on the Law of the Sea, 1982, provides in Article 94(3) that "[e]very State shall take such measures for ships flying its flag as are necessary to ensure safety at sea with regard, inter alia, to: . . . (b) the manning of ships, labour conditions and the training of crews, taking into account the applicable international instruments" (ILO 2017, p.17).

**Assessment**

The Convention of the Law of the Sea identifies what countries should do to ensure safety and related conditions. It is a constructive treaty but not all UN member countries have signed it.

C) FAO

The 2017 Fishing Industry is an important domain of FAO's mandate. The executive summary of the FAO 16th session on social sustainability in fisheries value chains and link to fish trade lists two international guidelines that are relevant, namely (Table 2):

The FAO document closes with the following two recommendations:

**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Table 2** FAO guidelines

| | |
|---|---|
| FAO voluntary guidelines for securing sustainable small-scale fisheries (SSF guidelines), 2014 | Human rights-based approaches. Promotion of social development, employment, and decent work: Elimination of child and forced labor; occupational safety and health; adequate standards of living; value chain, postharvest, and trade: Fair distribution of benefits, participation of small-scale actors in decision-making |
| OECD-FAO Guidance for Responsible Agricultural Supply Chains, 2016 | Responsible business conduct, due diligence, supply chain approach, risk management (the guidance document specifically excludes fisheries and forestry sectors) |

www.fao.org/3/a-i4356e.pdf
www.oecd.org/daf/inv/investment-policy/rbc-agriculture-supply-chains.htm

- *Share information and experiences on social sustainability efforts in fish value chains.*
- *Provide guidance for future FAO work in the area of social sustainability in fish value chains.*

The 2019 corollary FAO document calls for cooperation toward a socially responsible fish value chain consisting of the following: a) a socially responsible fisheries and aquaculture value chain is achieved when the private sector, governments, civil society, the United Nations system, and other actors cooperate between them, all together, toward an effective implementation of human rights, and b) the scale and ambition of the results associated with this guidance are based on working in a spirit of solidarity, in particular solidarity with vulnerable actors and communities, small-scale fishers, indigenous peoples, and ethnic minorities.

**Forced Labor of Migrant Workers on Fishing Ships: Holding Management and Governments Accountable, Table 3** ILO conventions on working conditions on fishing ships

| | |
|---|---|
| International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, 1998 | Freedom of association, the right to collective bargaining, abolition of child labor, forced labor, and discrimination |
| ILO work in fishing convention C188, 2007 | Working and living conditions on board fishing vessels |
| ILO 2014 Protocol to the Forced Labour Convention, 1930 (P029) | Fight, prevent, and deter modern-day slavery |

www.ilo.org/declaration/lang%2D%2Den/index.htm
www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_535063/lang%2D%2Den/index.htm
www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:P029 www.ilo.org/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_321414.pdf

### Assessment

Both FAO documents offer valid guidelines on how to improve abusive HR conditions of and working conditions on fishing ships. However, they are suggestions and not a binding agreement.

D) ILO

The following declarations and conventions are relevant for the working conditions on fishing ships (Table 3):

> *Key sections of ILO's conventions:*
>
> *The competent authority or authorities responsible for the Inspection of working and living conditions on board fishing vessels should clarify the responsibilities of fishing vessel owners, skippers and fishers in national laws, regulations or other measures implementing Convention No. 188. (*ILO 2017*, p. 19).*

In June 2007, the International Labour Conference voted overwhelmingly in favor of adopting the Work in Fishing Convention, 2007 (No. 188), and the accompanying Work in Fishing Recommendation, 2007 (No. 199). The Convention will enter into force in November 2017, as it has received the required ten ratifications (ILO 2017, preface).

**Assessment**

The ILO conventions and declaration are very industry-specific and useful as guidelines for governments, labor unions, and businesses. However, they are only binding for countries that have signed them, and even for those who signed those, violation of responsibilities is not severe.

E) Consumer NGOs and Business Alliances

Marschke and Vadergeest (2016) write that insights from research on regional labor migration as well as the work of civil society organizations in Thailand suggest that broader improvements in labor relations will require changes in migration management, with a focus on addressing vulnerabilities that restrict the abilities of migrant workers to obtain better working conditions.

They also state that the scandals about slave labor of the industrial fisheries have revealed not only the connections between northern buyers and southern labor practices but also the relative lack of research on fisheries labor in Asia and the global south.

The authors offer several responses to the fisheries labour scandal such as anti-trafficking measures based on making governments put in place anti-trafficking laws and regulations; enforcement of IUU measures e.g. following the example of the EU and its restriction of imports of sea fool produce by fisheries hat are labelled as illegal, unreported and unregulated; government actions to limit labour abuse resulting from combined pressure of importing governments and seafood buyers as was the case with the Thai government who reacted by asking its navy to inspect labour conditions on fishing ships; and buyer supply chain requirements brought about by large scale buyers working to ensure that their seafood suppliers are not using trafficked, abused or underage workers.

The authors cite examples of major buyers (Marks and Spencer, Sainsbury's, Waymart, and TESCP) cooperating with local Thai NGOs engaging in a pilot project where migrant workers can call a local hotline to raise complaints of abusive labor conditions on their ship requesting remedial action.

**Assessment**

These alliances between seafood importing companies and local NGOs are novel and useful but are not stable. Any partner can leave the alliance without any sanctions except for eventual loss of reputational capital.

F) OECD-UNGP-ILO-MNEs

What follow are international treaties and agreements covering human rights (HRs) in general such as the United Nations Guiding Principles on Business and Human Rights (UNGP), the Guidelines on Responsible Business Conduct of the Organisation for Economic Cooperation and Development (OECD-RBC), and the Declaration on Multinational Enterprises of the International Labour Organisation (ILO-MNE).

Intergovernmental agreements have played a major role in improving the labor conditions in general such as listed below.

1. **The United Nations Guiding Principles on Business and Human Rights**

After decades of debates regarding how human rights applied to businesses, the United Nations Guiding Principles on Business and Human Rights (UNGP) was approved in June 2011 (United Nations Human Rights 2014). By clearly stating what the responsibilities of businesses are, the UNGP provides businesses with a framework to respect and avoid violations of human rights. Not only has the Human Rights Council endorsed the principles, but many companies, business organizations, civil society organizations, trade unions, and national and regional institutions support them and other stakeholder groups (United Nations Human Rights 2014).

Ultimately, the finished text includes 31 principles. The UNGPs are not comprised of legal obligations, but rather they clarify businesses' obligations to uphold human rights in their practices and provide states and businesses with guidance. Most importantly, they define corporate responsibility in this regard (United Nations Human Rights 2011). The UN Working Group on the Issue of Human Rights and Transnational

Corporations and Other Business Enterprises further promotes the principles. In addition, the UN Working Group endeavors to create a dialogue on the topic of good business practices and to discuss the lessons learned through experience. It aims at getting agreement on remedial action in favor of victims of human rights abuses.

www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

2. **OECD Guidelines on Responsible Business Conduct**

The OECD member countries agreed to create the responsible business conduct (RBC) agreement. This is the first set of international agreements that integrate the UN's Guiding Principles on Business and Human Rights (OECD 2014b). The governments who signed onto the agreements are required to set up a National Contact Point (NCP) that essentially handles and attempts to resolve issues related to the guidelines, for example, cases of businesses not adhering to the Guidelines. The NCPs must rely on inputs from stakeholders and their relationships with other businesses and nongovernmental organizations (NGOs). National Contact Points do not act as judicial bodies, but rather as problem-solvers providing guidance to the businesses (OECD 2014b).

Between 2000 and 2019, NCPs have handled more than 500 cases relating to company operations in over 100 countries and territories. The majority of cases since 2011 deal with human rights (57%), followed by general policies, which include expectations related to due diligence (53%), followed by employment and worker issues (40%) and environment (21%) (OECD database RBC). Only six cases (incidences) related to the fishing industry, but none of the six pertained to working conditions.

The specific instance mechanism has been part of the Guidelines since the 2000 review.

*Over 450 specific instances have been treated by country NCPs in over 100 countries and territories since then. OECD Watch, (2020) Search results for fish, 9 cases dealing with fishery sector but none related to labour conditions on the ships, 1 September 2020, OECD Watch/SOMO GL Amsterdam, NL; https://complaints.oecdwatch.org/@@search?SearchableText=fish*

3. **ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy: The MNE Declaration**

The tool that businesses can use to get instruction on good business practices is the ILO's MNE Declaration, which was adopted in Geneva, Switzerland, in 1977 by the governing body of the ILO; it was last revised in 2017 to concur with following developments. They are the new labor and policy outcomes that were put forth by the 329th International Labour Conference in 2017, the Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in 2011, and the adoption of the 2030 Agenda for Sustainable Development. However, the declaration is nonbinding and can easily be stopped by one or two of the tripartite constituencies at local level.

4. **UN Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises**

The mandate of the Working Group is broad and far-reaching. Key features of the mandate given to the Working Group by the Human Rights Council in 2011 are (1) to promote the effective and comprehensive dissemination and implementation of the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" framework and (2) to continue to explore options and make recommendations at the national, regional, and international levels for enhancing access to effective remedies available to those whose human rights are affected by corporate activities, including those in conflict areas (UN-OHCHR 2018).

In contrast to the UNGP, the ILO MNE Declaration, and the OECD RBC Guidelines, the goal of the UN Working Group is to reach an agreement through a convention that identifies ways to provide remedies to human rights violations by transnational companies.

Until such a binding convention or treaty is reached, the OECD RBC Guidelines offer the most effective methods, also referred to as "soft law practice," to address human rights violations by transnational companies and enterprises in general no matter their size (Tapiola 2018).

## Solutions

### The ILO Response

In response to the growing concern of forced labor and human trafficking in the fishing sector, ILO is developing a 5-year, holistic, multifaceted, and integrated program – "Global Action Programme against forced labour and trafficking of fishers at sea" (GAP fish).

The program aims to become a cross-cutting global initiative that will have regional and national impacts to promote and protect fishers' human and labor rights with the following outcomes:

- Development of sustainable solutions to prevent human and labor rights abuses of fishers in recruitment and transit states.
- Enhancement of capacity for flag states to ensure compliance with international and national laws on board vessels flying their flag to prevent forced labor.
- Increased capacity of port states to address and respond to situations of forced labor in fishing.
- Establishment of a more knowledgeable consumer base of forced labor in fisheries.

## Closing Comments

Efforts to stop the HR violations of workers (migrant and local) on fishing ships have not been successful on a sustained basis. Remedial actions are required which go beyond the many well-intentioned attempts to bring an end to the human trafficking and slavery conditions on fishing ships.

As can be seen from the assessments given to the different international agreements, none of the treaties or agreements are binding nor have all UN member countries signed up to them.

What is urgently needed is a binding agreement either in form of a strengthened existing agreement or in form of a new international agreement.

It is also urgently needed that MBA schools teach courses covering human trafficking on fishing ships and equally useful and timely would be publications with a target advocacy for good business behavior.

## References

Environmental Justice Foundation, EJF staff (2020a) Widespread abuse and illegal fishing as Taiwan's fleet remains out of control. Environmental Justice Foundation (EJF), London. https://ejfoundation.org/news-media/widespread-abuse-and-illegal-fishing-as-taiwans-fishing-fleet-remains-out-of-control

Environmental Justice Foundation, EJF staff (2020b) Chinese-owned trawler in Ghana re-licensed despite illegal fishing and unpaid fine. London, UK. https://ejfoundation.org/news-media/chinese-owned-trawler-in-ghana-re-licensed-despite-offences-and-unpaid-fine

FAO, SUB-COMMITTEE ON FISH TRADE, 16th Session, Busan, Republic of Korea, 4–8 September 2017. In: "Social sustainability in fisheries value chains and the link to fish trade", COFI:FT/XVI/2017/5, Rome, Italy

ILO (2015) GAPfish – A Global action programme against forced labour and trafficking of fishers at sea, Geneva, https://www.ilo.org/wcmsp5/groups/public/%2D%2D-ed_norm/%2D%2D-declaration/documents/publication/wcms_429359.pdf, Assessed 10 March 2021

ILO Global Estimates of Forced Labour, (2012)-https://www.ilo.org/wcmsp5/groups/public/—ed_norm/—declaration/documents/publication/wcms_182004.pdf

ILO (2017) Guidelines on flag State inspection of working and living conditions on board fishing vessels, Geneva. https://www.ilo.org/sector/Resources/codes-of-practice-and-guidelines/WCMS_428592/lang%2D%2Den/index.htm, Assessed 1 Sept 2020

ILO (2020) Forced labour and human trafficking in fisheries, https://www.ilo.org/global/topics/forced-labour/policy-areas/fisheries/lang%2D%2Den/index.htm Assessed 1 Sept 2020

Marschke M, Vadergeest P (2016) Slavery scandals: unpacking labour challenges and policy responses within the off-shore fisheries sector. Mar Policy 68: 39–46

OECD (2014b) in Activities of National Contact Points for the OECD Guidelines for Multinational Enterprises, Annual Report on the OECD Guidelines for

Multinational Enterprises 2014, https://www.oecd.org/daf/inv/mne/MNE-Annual-Report-2014-NCP-Activities.pdf
Saner R, Yiu L (2019) "Financing education in developing countries: philanthropic organizations need to monitor their investment for impact", CEPS Working Paper Series, Basel University, No. 15, March 2019
Saner R, Yiu L, Rush L (2018) The measuring and monitoring of human trafficking. Public Adm Policy. https://doi.org/10.1108/PAP-10-2018-011. http://www.diplomacydialogue.org/publications/social-diplomacy/160-the-measuring-and-monitoring-of-human-trafficking.html
Whiteman G, Cooper W (2016) Decoupling rape. Acad Manag Discov 2(2):115–154
Nakamura K, Bishop L, Ward T, Pramod G, Thomson C, Dominic T, Patima S, Sompong (2018) Seeing slavery in seafood supply chains. Sciences Advances 4: e1701833
Sea Junction (2020) Harsh life on shore: migrant workers in the Thai Fishing Industry. Bangkok, Thailand. http://seajunction.org/harsh-life-shore-migrant-workers-thai-fishing-industry/#.X05dVNRS-Ul, Assessed 1 Sept 2020
Tapiola K (2018) The OECD Guidelines as a balanced instrument. In N Bonucci & C Kessedjian (Eds) 40 years of the OECD guidelines for multinational enterprises. A. Pedone, Paris, pp 29–32
(UNGP) was approved in June 2011, (Guiding Principles on Business and Human Rights) in United Nations Human Rights. 2011, in United Nations Humanr Rights (2014)https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
UN-OHCHR 2018, About the UN Forum on business and human rights https://www.ohchr.org/EN/Issues/Business/Forum/Pages/ForumonBusinessandHumanRights.aspx

# Foreign Immigration and Economic Growth

Suwastika Naidu[1], Atishwar Pandaram[1], Anand Chand[1] and Arvind Patel[2]
[1]School of Business & Management, University of the South Pacific, Suva, Fiji Islands
[2]School of Accounting, Finance & Economics, University of the South Pacific, Suva, Fiji Islands

## Synonyms

Economic Growth Rate; Foreign Population; Inflow

## Definition

Foreign immigration Refers to international movement of people to a destination of which they do not possess citizenship.

## Introduction

In the last decade, the global influx of foreign population in a number of developed countries has rapidly increased, leading to the imposition of stringent measures on the movement of people across international borders (Massey 1990; Clemens 2011). There are a number of factors that determine the decision of an individual to cross international borders. Some of the factors that pull people across international borders are the host country's wage rate, labor market regulations, and socioeconomic and demographic changes (Clemens 2011; Peri 2012; Tani 2019). The G7 countries have vast economic resources and opportunities that pull people from the third world countries (European Union 2019). Specifically, the G7 countries studied in this entry are the USA, UK, Japan, Italy, Germany, France, and Canada. There are two reasons for studying the G7 countries in this entry. First, the G7 countries have an influence on the economic policies implemented around the world. These policies are implemented to enhance the growth of the trade sector, financial liberalization, and economic development in the G7 countries. These imply that the G7 countries are most likely to attract foreign population (World Population Review 2019). Second, all the G7 countries are the world's top exporting countries and have high net worth per capita. It is more likely that the high level of income and employment in the manufacturing companies of the G7 countries are attracting migrants from the low-income countries (World Population Review 2019).

Existing studies have confirmed that the impact of foreign population inflows and economic growth have found mixed results. Few studies have confirmed that the influx of foreign population has a significant impact on

F

the economic growth (Osbild and Bartlett 2019; Clemens and Pritchett 2019; Clemens 2011; Morley 2006), while a number of studies have confirmed that the inflow of foreign population has a relatively insignificant impact on the economic growth (Kerr and Kerr 2011; Massey 1990). All these studies have focused on the impact of the inflow of foreign population on the wage rates, unemployment, and overall well-being. One study used the Autoregressive Distributed Lag (ARDL) model to examine the relationship between immigration and economic growth. Morley's (2006) study was based on Canada, Australia, and the United States and had covered the period from 1930 to 2002. This study is based on the G7 countries and covers the period from 1960 to 2018. On the basis of the unit root test, this study examines the relationship between the inflow of foreign population and the economic growth by using the Ordinary Least Square (OLS), and Dynamic Ordinary Least Square (DOLS) estimators.

There are two reasons why OLS and DOLS have been used in this study. First, comparing the results of two regression models helps us to check the robustness of the research findings. Second, using the DOLS helps us to address the model's simultaneity problem. To estimate the short-term dynamics, the VECM was used for two reasons. First, the VECM captures both the short-term dynamics and longrun error correction in the model. Second, the VECM automatically addresses the problem of model defects (Enders 1995). By incorporating the error correction term, the errors and defects in the model are effectively captured and addressed. Third, when estimating the model, the model does not require an estimate of normalization and endogeneity.

Based on the studies conducted by Kerr and Kerr (2011), this study examines how foreign population inflows affect economic growth. We chose G7 countries to examine these issues in the context of the relationship between the inflow of foreign population and economic growth. The G7 countries have been receiving inflow of foreign population from the third world countries as these countries offer numerous opportunities for the migrants.

There are nine main sections in this entry. Section two provides an overview of foreign population inflow and economic growth rates of the G7 countries. Section three reviews the existing literature. The model specification is provided in section four and section five outlines how the data was collected for this study. The research findings are presented in section six and section seven discusses the research findings. Section eight outlines the conclusion and limitations of this study.

## Overview of Inflow of Foreign Population and Economic Growth Rate of the G7 Countries

The G7 countries are the seven industrialized countries around the world that play a crucial role in the global economic growth, financial crisis management, and global security and terrorism (Council on Foreign Relations 2019). These countries are the drivers of the global economic resources around the world, as investors prefer to invest in the G7 countries, as they are likely to maximize their returns if they invest in the stock market of these countries (Council on Foreign Relations 2019). A close examination of Fig. 1 indicates that the economic growth rate of the G7 countries has been highly volatile due to changes in global politics, economic imbalances, natural disasters, and policies and procedures on capital market liberalization (Council on Foreign Relations 2019). There are both periods of slump and boom noticed in Fig. 1. The periods of slump are deeper than the periods of boom, and all G7 countries face slumps and booms in approximately the same period (Council on Foreign Relations 2019). This entry examines the economic growth rate of G7 countries: Canada, France, Germany, Italy, Japan, the UK, and the USA. The G7 group was formed during the 1970s as a response to the financial troubles faced by the global economy. Unfortunately, critics have mentioned that China and India should be included in the group of G8 countries because the economic power is shifting from the western countries to China and India (Council on Foreign Relations 2019).

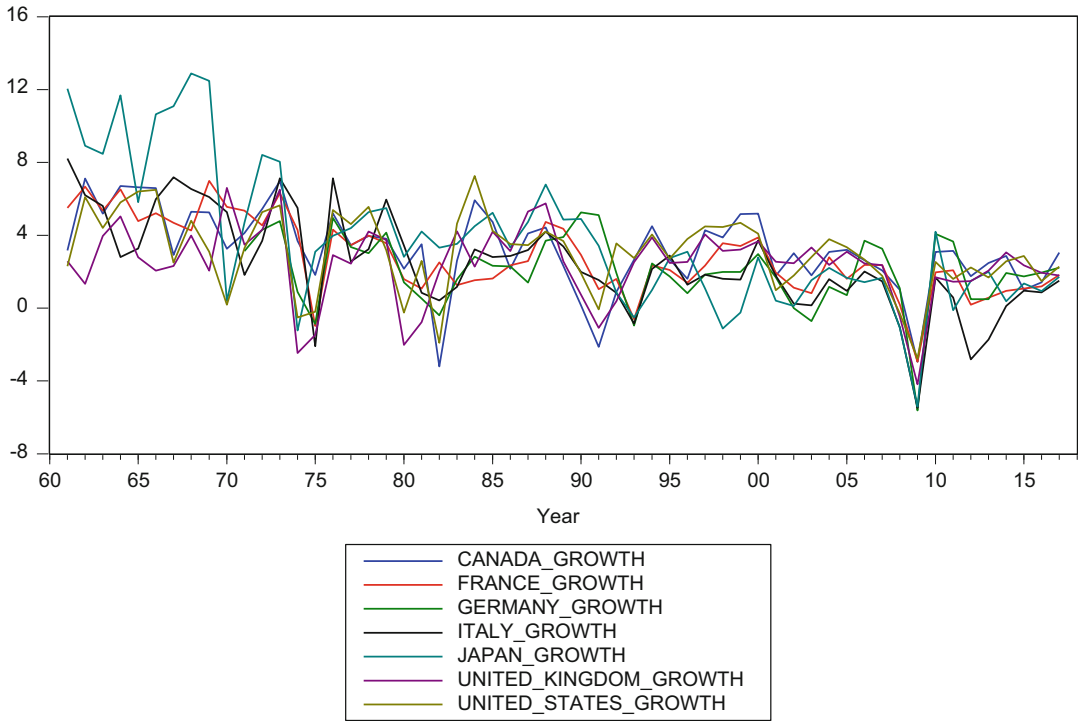


**Foreign Immigration and Economic Growth, Fig. 1** Economic Growth Rate of the G7 Countries. (Source: Data was extracted from the World Bank Database (2019) and the graph was developed by the authors)

A comparative analysis of the inflow of foreign population to all the G7 countries shows that Germany and the USA demonstrate similar trends as compared to Canada, France, Italy, Japan, and the UK (Fig. 2). A seasonality effect has been noticed in the inflow of foreign population to Germany and the USA (Morley 2006; Clemens 2011). However, in the case of Canada, France, Italy, Japan, and the UK it has been slowly trending upward. There are a number of factors that are driving the high volatility in the inflow of foreign population and this includes changes in immigration laws, wage rates, employment levels, and opportunities in the host countries (Morley 2006; Clemens 2011).

## Literature Review

A close synthesis of existing literature shows that the impact of migration on the economic growth is determined by the changes in the domestic country's labor supply, intellectual capital, wage rate, and total factor productivity (Kerr and Kerr 2011; Clemens and Pritchett 2019). The socioeconomic context of G7 countries has been determined by the changes in the wage rate policies, welfare systems, and national labor laws and regulations (Kerr and Kerr 2011; Morley 2006). Numerous existing studies have emphasized that future studies should examine the empirical relationship between inflow of foreign population and economic growth of the large developed countries (Kerr and Kerr 2011; Mocetti and Porello 2010). Existing studies that have empirically examined the impact of immigration on the economy of the host country has shown mixed results (Clemens 2011; Osbild and Bartlett 2019). We can categorize the studies on the impact of migration on economic growth in two categories. The first category includes studies that have found a statistically significant impact of migration on the determinants of economic growth and the second group includes studies that have found

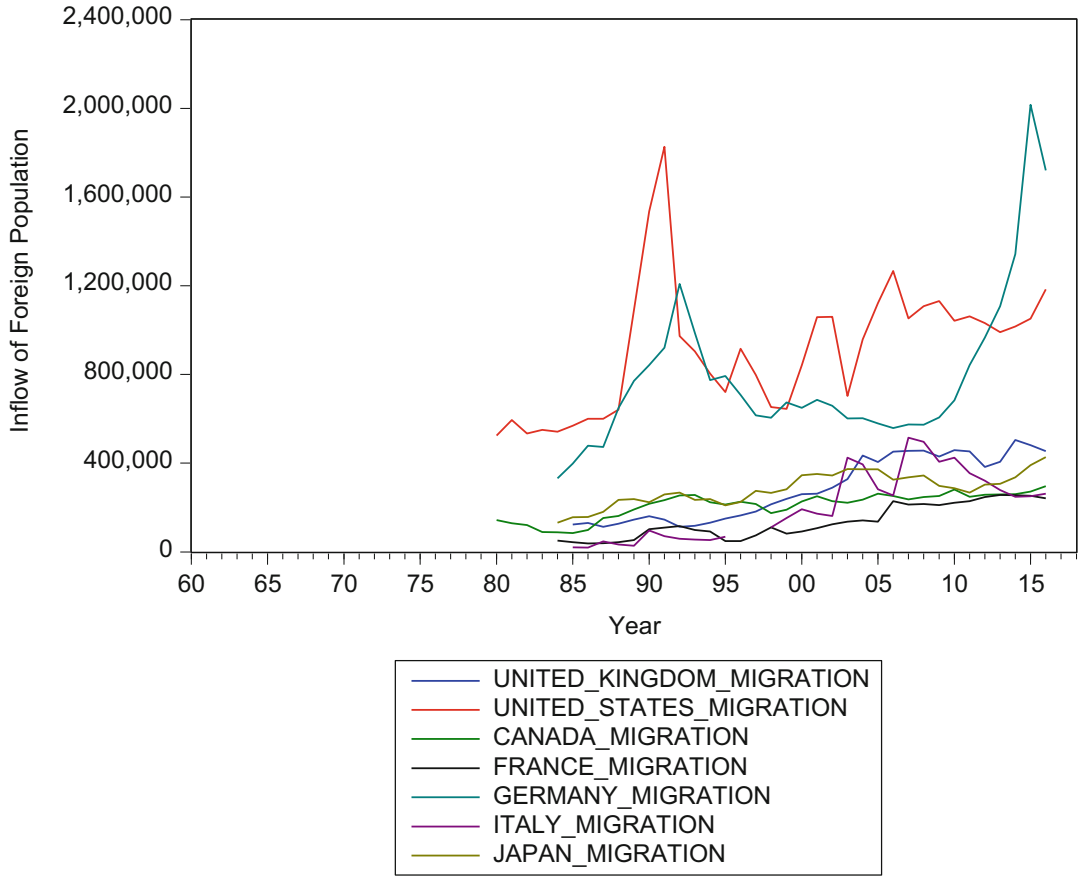


**Foreign Immigration and Economic Growth, Fig. 2** Inflow of Foreign Population to the G7 Countries. (Source: Data was extracted from the OECD (2019) and the graph was developed by the authors)

insignificant impact (Kerr and Kerr 2011; Mocetti and Porello 2010; Clemens 2011; Osbild and Bartlett 2019). This study is based on the impact of inflows of foreign population on the host country rather than on the internal mobility of labor within the host country.

To begin with, studies that have proved that there is a significant impact of immigration on the determinants of the economic growth have explored both the positive and negative impact of immigration on the national economy. Osbild and Bartlett (2019) found that in the case of Western Balkan region, an increase in the inflow of foreign population leads to an increase in the unemployment rates. Intuitively, an increase in the inflow of foreign population in the host countries will increase the level of national competition to secure employment. As Clemens and Pritchett (2019) argue, efficient spatial distribution of labor is extremely important as it increases global production. The migration barriers would definitely reduce production as it acts as a hindrance to spatial reallocation of labor. The private sector employers have benefited from the global shifts in labor, as automatic adjustments in the wage rates lead to employers enjoying cheap labor and low production cost. High barriers to entry, in the form of travel restrictions, acts as a strong deterrent to people's desires to move to the developed countries. As Clemens (2011) argues, small reductions in the barriers to labor mobility have enormous benefits to the global economy. If migration barriers are removed, people from the poor countries will move to the richer countries.

This movement of people would lead to a number of efficiency gains to the destination countries. Morley (2006) examined the causality between per capita economic growth rate and immigration in Australia, USA, and Canada. The findings from this study confirmed that there is longrun unidirectional Granger causality running from per capita economic growth to immigration.

Furthermore, existing studies that have found there is minimal effect of immigration on the host country have mainly focused on the wage and employment levels in the host country. Friedberg and Hunt (1995) found that a 10% increase in the number of immigrants will reduce the wage rate of the natives by 1%. This entry highlighted that the skills provided by the foreigners and the natives can be easily substituted but this does not imply that the inflow of foreign population will lead to a decrease in the welfare of the natives. Kerr and Kerr (2011) found that the immigrant labor usually earn lower than the natives of the host country. The recent immigrants in the Northern Europe tend to use more social benefits than the native citizens. There are a number of factors that influence the social and economic impact immigration and some of the factors that were considered by Kerr and Kerr (2011) were (1) age of the individual during arrival, and (2) reason for migration. The intention of the individual to immigrate will affect the type of economic activities that the migrant will engage in the host country. Those immigrants who have just arrived in the host country are more likely to use welfare assistance as compared to those who have been in the host country for a long period of time. It has been viewed in the existing literature that immigration has adverse impact on the European public finances. There are numerous studies that have confirmed that the fiscal impact of immigration is extremely small. Building on this study, Massey (1990) argues that immigrants consider social and economic benefits as two priority factors in the host countries when they decide to immigrate to the host countries.

Similarly, existing studies that have found no effect of immigration on the host country factors have mainly focused on the total factor productivity and employment levels as the dependent variable in the model. Peri (2012) did not find any effect of immigration on the employment levels. Gonzalez and Ortega (2011) found that the inflow of unskilled foreign population did not affect the employment levels in Spain. Tani (2019) argued that Australia's migration policy is not an important tool that can be used to manage its human capital. Dustmann et al. (2010) did not find that immigration influences unemployment and wages in the British labor market. Bonin (2005) did not find any relationship between foreign population inflow and unemployment in Germany.

Unfortunately, only a few studies have explored the relationship between immigration and economic growth. Morley (2006) examined the relationship between immigration and economic growth by using the Autoregressive Distributed Lag (ARDL) Model. This study expands the existing literature by comparatively analyzing the relationship between inflow of foreign population and economic growth rate of the G7 countries. The list of G7 countries included in this study are the UK, USA, Japan, Italy, Germany, France, and Canada. Drawing from the studies conducted by Kerr and Kerr (2011), this study will examine this relationship in the context of the socioeconomic factors present in the G7 countries. This study explores the relationship between immigration and the economic growth rate by using the Dynamic Ordinary Least Square (DOLS) and Ordinary Least Square (OLS) models to explore the relationship between immigration and economic growth of the G7 countries. These are the two best models that can be used for the estimation of the data that is available for the period 1960–2018. These two models were used for estimation because our econometric results show that our variables are not integrated to different order.

## Model Specification

To start with the analysis, unit root test has to be conducted to determine the integration of the variables used in the estimation. Following the studies conducted by Naidu (2017) and Naidu

et al. (2017), this study performed the unit root test on two variables used for estimation in this paper. These two variables are Economic Growth Rate ($ECR_t$) and Inflow of Foreign Population ($IFP_t$). The Augmented Dickey Fuller and Dickey Fuller-Generalized Least Square test has a null hypothesis that the variables have a unit root. Following the completion of the unit root test, Bai-Perron multiple breakpoint test was conducted to incorporate structural breaks in the estimation strategy. Both Akaike Information Criterion (AIC) and Schwarz Information Criterion (SIC) were used to determine the Vector Autoregression (VAR) Lag order selection criteria. The Johansen's Cointegration Test was used to determine longrun cointegration between $IFP_t$ and $ECR_t$. In this entry, we used the cointegration methodology developed by Johansen (1991, 1995) to determine the longrun cointegration between $IFP_t$ and $ECR_t$. To model the cointegration between the independent and dependent variables, we considered the VAR with the order of p (Johansen 1991, 1995):

$$ECR_t = A_1 ECR_{t-1} + \ldots\ldots + A_p ECR_{t-p} + \vartheta IFP_t + \in_t \quad (1)$$

In Eq. 1, $ECR_t$ is a k-vector of a I (1) variable, $IFP_t$ is a d-vector of a deterministic variable, and $\in_t$ is the error term. Equation 1 can be rewritten as follows:

$$\Delta ECR_t = \delta ECR_{t-1} + \sum_{i=1}^{p-1} \alpha_t + \Delta ECR_{t-i} + \vartheta IFP_t + \in_t \quad (2)$$

In Eq. 2, α is the number of cointegrating relationships and ϑ is the number of cointegrating vector. To estimate the longrun relationship between the variables, we used OLS and DOLS for three reasons. First, comparing the findings from two regression models helps us to check the robustness of the research output. Second, using the DOLS helps us to tackle the problem of simultaneity in the model. The DOLS estimator is captured in Eq. 3 as follows (Mark and Sul 2003; Chikalipah and Okafor 2019):

$$ECR_{y,1} = \alpha + \beta_1 IFP_t + \gamma Dum_\alpha + \theta Dum_{\beta_1 IFP_t} + \sum_{i=-k}^{k} \cup_i \Delta IFP_{t-i} + \mu_i \quad (3)$$

In Eq. 3, $Dum_\alpha$ and $Dum_{\beta_1 IFP_t}$ represent the dummy variables that captures the structural breaks in the series. After the longrun relationship has been established and the error correction terms (ECT) is generated for each longrun model, the next step is to determine the shortrun relationship between $IFP_t$ and $ECR_t$ by using the ECM framework. According to Kim (1998), there are a number of advantages of using the ECM in this paper. First, the VECM captures both the shortrun dynamics and the longrun equilibrium in the estimation model. Second, the VECM automatically addresses the problem of model misspecification (Enders 1995). Third, the model does not require the estimation of normalization and endogeneity while estimating the model. The VECM is depicted as follows (Mark and Sul 2003; Chikalipah and Okafor 2019):

$$ECR_{ij,t} = \beta_0 + \sum_{q=0}^{m} \omega_q IFP_{i,t-q-1} + \vartheta \varepsilon_{t-1} + \mu_i \quad (4)$$

In Eq. 4, $\varepsilon_{t-1}$ is the one period lagged error terms, $ECR_{ij,t}$ is the economic growth rate for time period $t$, and $IFP_t$ is the inflow of foreign population. The final model used to determine the causality between $IFP_t$ and $ECR_t$ is the Granger causality test and is captured by the following equation (Chiou-Wei et al. 2008; Narayan and Prasad 2008):

$$ECR_t = \beta_0 + \beta_1 ECR_{t-1} + \ldots + \beta_1 ECR_{t-l} + \alpha_1 ECR_{t-l} + \ldots + \alpha_l ECR_{-l} + \in_t \quad (5)$$

$$IFP_t = \beta_0 + \beta_1 IFP_{t-1} + \ldots + \beta_1 IFP_{t-l} + \alpha_1 IFP_{t-l} + \ldots + \alpha_l IFP_{-l} + \mu_t \quad (6)$$

In Eqs. 5 and 6, $IFP_{t-l}$ represents the $l$ lag of $IFP_t$ and $ECR_{t-l}$ represents the $l$ lag of $ECR_t$.

## Data

The data for this study was collected from the Organisation for Economic Co-operation and Development (OECD) database and the World Bank database. Specifically, immigration was proxied by inflow of foreign population by nationality and economic growth rate was proxied by GDP growth (annual world percentage). There are two reasons for selecting the G7 countries for this research. The OECD data on the inflow of foreign population was only available for G7 countries. Unfortunately, data for Russia was missing, therefore, we could not include the eighth country from the list of G8 countries in our analysis. Data on economic growth rate was available from 1961 to 2017 and data on inflow of foreign population by nationality was available from 1980 to 2016.

## Research Findings

Table 1 presents the results of the Augmented Dickey Fuller Test (ADF) and Dickey Fuller-Generalized Least Square (DF-GLS) unit root test shows that the dependent and independent variables are integrated to a different order for the G7 countries. The ADF test confirms that ECR is I (0) for all the G7 countries and IFP is I (1) for all the G7 countries. On the other hand, DF-GLS shows mixed results. The DF-GLS test results show that ECR is I (0) for the USA, UK, Germany, France, and Canada and I (1) variable for Japan and Italy. Similarly, the DF-GLS test results shows that IFP is I (0) variable for the USA and I (1) variable for the UK, Japan, Italy, Germany, France, and Canada.

The results of the multiple breakpoint test presented in Table 2 shows that there is only one sequentially determined break for Japan noted in the year 1992. The multiple breakpoint test did not find any breakpoints for the USA, UK, Italy, Germany, France, and Canada.

Results of the VAR Lag Order Selection Criteria is presented in Table 3 and shows that based on the SIC value, lag length of one is selected for the ARDL bounds test estimation.

The results of the unrestricted cointegration rank test are presented in Table 4. According to the longrun cointegration test, there are two cointegrating equations between the variables used to determine the cointegrating relationships in the USA, and one cointegrating equation for Italy, Germany, France, and Canada. There are no cointegrating equations for the UK.

Table 5 captures the results for the longrun impact of foreign population inflows on the economic growth rate. The OLS results show that the foreign population inflows have a statistically significant impact on the economic growth of the USA, Italy, and France. More specifically, the results show that one unit increase in foreign population inflows will decrease economic growth of the USA and Italy by 0.0000026 units and 0.00000694 units, respectively. On the other hand, the results also indicate that one unit increase in the foreign population inflows will increase economic growth of France by 0.00000889 units. Both the Serial Correlation LM test and the Breusch-Pagan-Godfrey heteroskedasticity test shows that our research findings are free from the problem of serial correlation and heteroskedasticity.

The shortrun results are presented in Table 6. The findings confirm that the shortrun changes in the inflow of foreign population have a statistically significant impact on the economic growth rate of the USA, at 5% level of significance. The statistical significance of the relationship between the inflow of foreign population and the economic growth does not exist for the case of Italy, Germany, France, Canada, Japan, and the UK. The lagged one period error term is significant for the USA, Germany, and France at 1% level of significance whereas the lagged one period error terms is significant for Canada at 5% significance level. The high value of coefficients indicate that the adjustment to the equilibrium is 23.4% for the USA, 31.9% for Germany, 43.5% for France, 28.6% for Canada.

The results of the pairwise Granger Causality Test indicate that there is unidirectional causality running from migration to economic growth of Italy (see Table 7). This statistical significance

**Foreign Immigration and Economic Growth, Table 1** ADF and DF-GLS unit root tests for the dependent and independent variables

| | | ADF Test | | DF-GLS | |
|---|---|---|---|---|---|
| Country | Variables | Levels | t-statistics | Levels | t-statistics |
| **USA** | ECR | I (0) | −5.201*** | I (0) | −5.103*** |
| | IFP | I (0) | −2.883 | I (0) | −2.130* |
| | ECR | I (1) | −6.535*** | I (1) | −0.669 |
| | IFP | I (1) | −5.348*** | I (1) | −5.353*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (0)**<br>**IFP: I (0)** | |
| **UK** | ECR | I (0) | −5.249*** | I (0) | −5.202*** |
| | IFP | I (0) | −0.211 | I (0) | −0.211 |
| | ECR | I (1) | −6.890*** | I (1) | −6.890*** |
| | IFP | I (1) | −5.431*** | I (1) | −5.431*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (0)**<br>**IFP: I (1)** | |
| **Japan** | ECR | I (0) | −3.854*** | I (0) | −0.475 |
| | IFP | I (0) | −1.265 | I (0) | −0.250 |
| | ECR | I (1) | −7.297*** | I (1) | −8.452*** |
| | IFP | I (1) | −4.855*** | I (1) | −4.646*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (1)**<br>**IFP: I (1)** | |
| **Italy** | ECR | I (0) | −4.502*** | I (0) | −0.974 |
| | IFP | I (0) | −1.564 | I (0) | −1.259 |
| | ECR | I (1) | −9.355*** | I (1) | −9.101*** |
| | IFP | I (1) | −5.632*** | I (1) | −7.073*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (1)**<br>**IFP: I (1)** | |
| **Germany** | ECR | I (0) | −5.544*** | I (0) | −5.299*** |
| | IFP | I (0) | −0.320 | I (0) | −0.069 |
| | ECR | I (1) | −6.621*** | I (1) | −7.175*** |
| | IFP | I (1) | −4.887*** | I (1) | −4.946*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (0)**<br>**IFP: I (1)** | |
| **France** | ECR | I (0) | −3.641*** | I (0) | −2.872*** |
| | IFP | I (0) | −0.639 | I (0) | −0.310 |
| | ECR | I (1) | −8.063*** | I (1) | −8.815*** |
| | IFP | I (1) | −5.795*** | I (1) | −5.50*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (0)**<br>**IFP: I (1)** | |
| **Canada** | ECR | I (0) | −4.709*** | I (0) | −4.752*** |
| | IFP | I (0) | −0.866 | I (0) | −0.523 |
| | ECR | I (1) | −8.034*** | I (1) | −0.974 |
| | IFP | I (1) | −4.197*** | I (1) | −4.487*** |
| | **Decision** | **ECR: I (0)**<br>**IFP: I (1)** | | **ECR: I (0)**<br>**IFP: I (1)** | |

***represents significance at 1%;
**represents significance at 5%;
*represents significance at 10%;
Source: Created by the Author by Using Outputs from EViews 8, (2019)

**Foreign Immigration and Economic Growth, Table 2** Bai-Perron tests of L + 1 vs. L sequentially determined breaks

| Country | Break year | Break test | F-Statistic | Critical value** |
|---|---|---|---|---|
| **USA** | None | 0 | 2.96 | 11.47 |
| **UK** | None | 0 | 4.126 | 11.47 |
| **Japan** | 1992 | 0 vs. 1 | 8.381 | 11.47 |
| | | 1 vs. 2 | 1.456 | 12.95 |
| **Italy** | None | 0 vs. 1 | 3.56 | 11.47 |
| **Germany** | None | 0 vs. 1 | 5.334 | 11.47 |
| **France** | None | 0 vs. 1 | 2.026 | 11.47 |
| **Canada** | None | 0 vs. 1 | 3.675 | 11.47 |

Source: Created by the Author by Using Outputs from EViews 8, (2019)



**Foreign Immigration and Economic Growth, Table 3** VAR lag order selection criteria

| Country | AIC | SIC |
|---|---|---|
| USA | 30.89 (1) | 31.16 (1) |
| UK | 27.74 (1) | 28.02 (1) |
| Japan | 27.65 (1) | 27.93 (1) |
| Italy | 29.64 (1) | 29.93 (1) |
| Germany | 31.45 (1) | 31.72 (1) |
| France | 26.44 (2) | 26.80 (1) |

Source: Created by the Author by Using Outputs from EViews 8, (2019)

**Foreign Immigration and Economic Growth, Table 4** Unrestricted cointegration Rank Test

| Country | Number of cointegrating equations | Hypothesized number of CE(s) | Eigenvalue | Trace statistic | 0.05 Critical value | Prob. ** |
|---|---|---|---|---|---|---|
| **USA** | 2 | None* | 0.536 | 24.67 | 15.49 | 0.0016 |
| | | At most 1* | 0.027 | 0.841 | 3.841 | 0.3591 |
| **UK** | 0 | None | 0.342 | 12.996 | 15.495 | 0.1150 |
| | | At most 1 | 0.014 | 0.424 | 3.841 | 0.5149 |
| **Japan** | 0 | None | 0.412 | 28.30 | 29.80 | 0.0736 |
| | | At most 1 | 0.288 | 11.84 | 15.495 | 0.1648 |
| | | At most 2 | 0.412 | 1.327 | 3.84 | 0.2493 |
| **Italy** | 1 | None* | 0.515 | 21.136 | 15.495 | 0.0063 |
| | | At most 1 | 0.086 | 2.342 | 3.841 | 0.1259 |
| **Germany** | 1 | None* | 0.4148 | 16.828 | 15.495 | 0.0313 |
| | | At most 1 | 0.0071 | 0.2206 | 3.841 | 0.6386 |
| **France** | 1 | None* | 0.536 | 24.67 | 15.49 | 0.0016 |
| | | At most 1 | 0.027 | 0.841 | 3.84 | 0.3591 |
| **Canada** | 1 | None* | 0.387 | 18.100 | 15.495 | 0.014 |
| | | At most 1 | 0.052 | 1.874 | 3.841 | 0.171 |

Source: Created by the Author by Using Outputs from EViews 8, (2019)

**Foreign Immigration and Economic Growth, Table 5** Longrun relationship between ECR and IFP

| | OLS | | DOLS | |
|---|---|---|---|---|
| | **USA** | | **USA** | |
| | **β** | **t-statistics** | **β** | **t-statistics** |
| **Constant** | 4.988 | 5.054*** | 5.725 | 4.0496*** |
| **IFP** | -2.60E-06 | −2.518** | -3.27E-06 | −2.188** |
| Breusch-Godfrey Serial Correlation LM Test | F-statistics: 1.215 | Prob.F(2,33): 0.3095 | N/A | N/A |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | F-statistics: 1.972 | Prob.F(2,33): 0.1691 | N/A | N/A |
| | **Italy** | | **Italy** | |
| | **β** | **t-statistics** | **β** | **t-statistics** |
| **Constant** | 2.55 | 4.75*** | 2.676 | 3.741*** |
| **IFP** | -6.94E-06 | −3.337*** | -8.18E-06 | −3.125*** |
| Breusch-Godfrey Serial Correlation LM Test | F-statistics: 1.606 | Prob.F(2,26): 0.2199 | N/A | N/A |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | F-statistics: 3.024 | Prob.F(1,28): 0.0930 | N/A | N/A |
| | **Germany** | | **Germany** | |
| | **β** | **t-statistics** | **β** | **t-statistics** |
| **Constant** | 1.829 | 2.11** | 2.42 | 1.561 |
| **IFP** | 3.22E-08 | 0.032 | -1.14E-06 | −0.537 |
| Breusch-Godfrey Serial Correlation LM Test | F-statistics: 1.379 | Prob.F(2,29): 0.2678 | N/A | N/A |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | F-statistics: 0.287 | Prob.F(1,31): 0.5961 | N/A | N/A |
| | **France** | | **France** | |
| | **β** | **t-statistics** | **β** | **t-statistics** |
| **Constant** | 3.001 | 6.401*** | 3.232 | 7.096*** |
| **IFP** | 8.89E-06 | −2.938*** | -1.24E-06 | −4.025*** |
| Breusch-Godfrey Serial Correlation LM Test | F-statistics: 1.493 | Prob.F(2,29): 0.2414 | N/A | N/A |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | F-statistics: 0.052 | Prob.F(1,31): 0.8217 | N/A | N/A |
| | **Canada** | | **Canada** | |
| | **β** | **t-statistics** | **β** | **t-statistics** |
| **Constant** | 4.124 | 3.354*** | 4.135 | 2.521** |
| **IFP** | -8.21E-06 | −1.452 | -7.99E-06 | −1.061 |
| Breusch-Godfrey Serial Correlation LM Test | F-statistics: 1.44 | Prob.F(2,23): 0.2508 | N/A | N/A |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | F-statistics: 1.032 | Prob.F(1,35): 0.3165 | N/A | N/A |

***represents significance at 1%;
**represents significance at 5%;
*represents significance at 10%;
Source: Created by the Author by Using Outputs from EViews 8, (2019)

**Foreign Immigration and Economic Growth, Table 6** Shortrun relationship between ECR and IFP

| | OLS | |
|---|---|---|
| | **Italy: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | 0.250 | 0.915 |
| **LG(IFP$_t$)** | −0.319 | −0.650 |
| **$\varepsilon_{t-1}$** | −0.372 | −1.547 |
| Breusch-Godfrey serial correlation LM test | F-statistics: 1.069 | Prob.F(2,15): 0.3681 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 1.148 | Prob.F(2,17): 0.3407 |
| | **United States: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | −0.1611 | −1.999 |
| **LG(IFP$_t$)** | −0.958 | −2.48** |
| **$\varepsilon_{t-1}$** | 0.234 | 3.226*** |
| Breusch-Godfrey serial correlation LM test | F-statistics: 0.125 | Prob.F(2,23): 0.8835 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 2.13 | Prob.F(2,25): 0.1403 |
| | **Germany: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | 0.078 | 0.477 |
| **LG(IFP$_t$)** | 0.696 | 0.688 |
| **$\varepsilon_{t-1}$** | −0.319 | −3.006*** |
| Breusch-Godfrey serial correlation LM test | F-statistics: 1.295 | Prob.F(2,20): 0.2958 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 0.088 | Prob.F(2,22): 0.9165 |
| | **France: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | −0.0020 | −0.014 |
| **LG(IFP$_t$)** | 0.272 | 0.462 |
| **$\varepsilon_{t-1}$** | −0.435 | −3.0149*** |
| Breusch-Godfrey serial correlation LM test | F-statistics: 2.075 | Prob.F(2,23): 0.1488 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 1.084 | Prob.F(2,25): 0.3536 |
| | **Canada: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | 0.1155 | 0.771 |
| **LG(IFP$_t$)** | −1.350 | −1.258 |
| **$\varepsilon_{t-1}$** | −0.286 | −2.54** |
| Breusch-Godfrey serial correlation LM test | F-statistics: 0.455 | Prob.F(2,25): 0.6396 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 1.003 | Prob.F(2,27): 0.3799 |
| | **Japan: dependent variable: LG(ECR$_t$)** | |
| | **β** | **t-statistics** |
| **Constant** | 0.167 | 0.631 |
| **LG(IFP$_t$)** | 0.224 | 0.108 |
| **Dum$_t$** | −1.188 | −1.23 |
| **$\varepsilon_{t-1}$** | −0.321 | −2.001 |
| Breusch-Godfrey serial correlation LM test | F-statistics: 0.553 | Prob.F(2,16): 0.5858 |
| Heteroskedasticity test: Breusch-Pagan-Godfrey | F-statistics: 0.4036 | Prob.F(3,18): 0.7522 |
| | **DOLS: dependent variable: LG(ECR$_t$)** | |
| | **UK** | |
| | **β** | **t-statistics** |

(continued)

F

**Foreign Immigration and Economic Growth, Table 6** (continued)

| | OLS | |
|---|---|---|
| **Constant** | 0.071 | 0.772 |
| **LG(IFP$_t$)** | −0.845 | −0.0708 |
| $\varepsilon_{t-1}$ | −0.073 | −1.096 |
| **Hansen's parameter stability test** | Lc statistic: 0.22 | Deterministic trend (k): 2<br>Prob. >0.2 |

***represents significance at 1%;
**represents significance at 5%;
*represents significance at 10%;
Source: Created by the Author by Using Outputs from EViews 8, (2019)

**Foreign Immigration and Economic Growth, Table 7** Pairwise Granger causality test

| Country | $H_0$: Migration does not Granger cause economic growth rate<br>F Statistics | $H_0$: economic growth rate does not Granger cause migration<br>F Statistics |
|---|---|---|
| USA | 1.480 | 0.425 |
| UK | 1.194 | 0.611 |
| Japan | 2.94 | 0.027 |
| Italy | 5.81*** | 0.110 |
| Germany | 0.061 | 0.810 |
| France | 5.030 | 2.321 |
| Canada | 0.558 | 1.641 |

Source: Created by the Author by Using Outputs from EViews 8, (2019)

does not exist in the case of the USA, UK, Japan, Germany, France, and Canada.

## Discussions

The results show that 1% increase in foreign population inflows will decrease economic growth of the USA and Italy by 0.0000026% and 0.00000694%, respectively. The findings from this study is parallel to the findings of the studies that have proved that there is minimal impact of immigration on indicators of economic growth. Unlike existing studies, this study has focused on economic growth rather than the indicators of economic growth (Friedberg and Hunt 1995). Undoubtedly, inflow of foreign population is essential for the USA because it increases the size of the population and addresses the shortage of labor problems. A number of articles have confirmed that with the recent attempts to reduce the inflow of foreign population, there can be negative impacts of this move on the national economy of the USA. On the other hand, the findings from this study proved that the inflow of foreign population would lead to a minimal negative impact on the economic growth of the USA in the long run. One of the possible factors explaining this minimal negative impact on the economic growth is the negative impact of immigration on the foreign population itself, as in the competitive workforce of USA, it is extremely difficult for the immigrants to find employment if their qualifications do not meet the US standards. In a highly competitive US economy, immigrants will need to hold qualifications and expertise that is able to differentiate them from the native workers (The National Academy of Sciences 2019). Another reason for restricting the inflow of illegal population is to reduce the threats from the terrorist activities faced by the US economy. Existing debates have confirmed that tracking down criminals with very bad records has led to far less success than expected. Drawing from this argument, it is expected that illegal and terrorist activities cause national panic and this imposes negative pressure on the economic growth.

Similarly, the inflow of foreign population will lead to a minimal decrease in the economic growth of Italy. A number of studies have

confirmed that the inflow of foreign population to Italy is characterized by unskilled workers. A close examination of the recent statistics indicates that Italy has been a victim of large immigration of unskilled workers with a number of studies noting that immigrants to Italy frequently settle in the richest regions. As compared to other European countries, Italy has a low tendency of attracting high-skilled immigrants due to its favorable location for immigrants from Africa. The contemporary economy of Italy has focused on the traditional industries, and undoubtedly it is able to attract low-skilled immigrations. Most of the immigrants to Italy are low-skilled and low paid workers. A comparative analysis of the education level of native population with that of the foreigners indicates that there is not much difference in the skill level of the two groups. As argued by the Cobb Douglas production function, technological progress is driven by the availability of skilled and unskilled workforce. In the case of Italy, unskilled workers are less likely to innovate, which may exert downward pressure on the economic growth.

On the other hand, the results also indicate that one unit increase in the foreign population inflows to France will increase economic growth rate by 0.00000889 units. The findings from this study are similar to the findings from the study conducted by d'Albis et al. (2016). According to d'Albis et al. (2016), immigration has a positive impact on GDP per capita in France. Ortega and Peri (2009) confirmed that immigration has positive impact on France as compared to other OECD countries. As argued by d'Albis et al. (2016), the immigration policy influences who will be receiving work permits based on their education and background. A close examination of the number of residents receiving permits to France are mainly youngsters who provide complementary skills to the native labor (d'Albis et al. 2016). Some of the characteristics of the young workforce that may drive positive economic growth are (1) high productivity, (2) ability to quickly accept changes in technology, (3) versatility, and (4) innovativeness.

## Conclusion and Limitations

The main aim of this study was to investigate the relationship between foreign population inflow and economic growth of the G7 countries. To investigate this relationship, we used data from the UK, USA, Canada, France, Germany, Italy, and Japan, which were considered for the econometric analysis. The findings from this study confirmed that one unit increase in the foreign population inflows will decrease economic growth of the USA and Italy by 0.0000026 units and 0.00000694 units, respectively. The results also indicate that one unit increase in the foreign population inflows will increase economic growth of France by 0.00000889 units. The findings from this study has implications for a number of stakeholders. First, the G7 countries are the most powerful countries of the world and the immigration patterns noted in each of these countries is driven by the changes in the wage rate, employment, and socioeconomic conditions faced by each of these countries. Second, foreign population inflow has a positive impact on the economic growth of France. In order to cushion the negative impact of the foreign population inflow on the economic growth of the USA and Italy, there should be strict immigration policies on the inflow of foreign population to these two countries. By widening the scope and scale of the private sector and encouraging the growth of the modern industries in the USA and Italy, the policy makers of these two countries can encourage automatic adjustment of the economic growth rates to the equilibrium. One of the limitations of this study is that it is based on G7 countries with Russia being excluded from our analysis. Future researchers can build onto this study by exploring the nexus between the inflow of foreign population and economic growth of regional trading blocs and comparatively analyzing how the impact of the foreign population inflows on the economic growth differs by the geographical region.

## Cross-References

► Public Policy and Politics

## References


Bonin H (2005) Wage and employment effects of immigration to Germany: evidence from a skill group approach. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=870272

Chikalipah S, Okafor G (2019) Dynamic linkage between Economic growth and human development: time series evidence from Nigeria. J Int Dev 31(1):22–38

Chiou-Wei SZ, Chen CF, Zhu Z (2008) Economic growth and energy consumption revisited – evidence from linear and nonlinear Granger causality. Energy Econ 30(6):3063–3076

Clemens MA (2011) Economics and emigration: trillion-dollar bills on the sidewalk? J Econ Perspect 25(3):83–106

Clemens MA, Pritchett L (2019) The new economic case for migration restrictions: an assessment. J Dev Econ 138:153–164

Council on Foreign Relations (2019) The group of eight (G8) industrialized nations. Retrieved from https://www.cfr.org/backgrounder/group-eight-g8-industrialized-nations

d'Albis H, Boubtane E, Coulibaly D (2016) Immigration policy and macroeconomic performance in France. Ann Econ Stat/Annales d'Économie et de Statistique (121/122):279–308

Dustmann C, Glitz A, Vogel T (2010) Employment, wages, and the economic cycle: differences between immigrants and natives. Eur Econ Rev 54(1):1–17

Enders W (1995) Chapter VI: Cointegration and error-correction models. Applied econometric time series: Wiley Series in Probability and Mathematical Statistics. New York

European Union (2019) The G7 summit on 8–9 June 2018: main results. Retrieved from https://eeas.europa.eu/headquarters/headquarters-homepage/46403/g7-summit-8-9-june-2018-main-results_en

Friedberg RM, Hunt J (1995) The impact of immigrants on host country wages, employment and growth. J Econ Perspect 9(2):23–44

Gonzalez L, Ortega F (2011) How do very open economies adjust to large immigration flows? Evidence from Spanish regions. Labour Econ 18(1):57–70

Johansen S (1991) Estimation and hypothesis testing of cointegration vectors in Gaussian vector autoregressive models. Econometrica 59:1551–1580

Johansen S (1995) Identifying restrictions of linear equations with applications to simultaneous equations and cointegration. J Econ 69(1):111–132

Kerr SP, Kerr WR (2011) Economic impacts of immigration: a survey (no. w16736). National Bureau of Economic Research. USA

Kim KH (1998) US inflation and the dollar exchange rate: a vector error correction model. Appl Econ 30(5):613–619

Mark NC, Sul D (2003) Cointegration vector estimation by panel DOLS and long-run money demand. Oxf Bull Econ Stat 65(5):655–680

Massey DS (1990) The social and economic origins of immigration. Ann Am Acad Pol Soc Sci 510(1):60–72

Mocetti S, Porello C (2010) How does immigration affect native internal mobility? new evidence from Italy. Reg Sci Urban Econ 40(6):427–439

Morley B (2006) Causality between economic growth and immigration: an ARDL bounds testing approach. Econ Lett 90(1):72–76

Naidu S (2017) Exploring the dynamic effects of urbanization and real effective exchange rate on tourism output of Singapore. Tour Anal 22(2):185–200

Naidu S, Chand A, Pandaram A (2017) Exploring the nexus between urbanisation, inflation and tourism output: empirical evidences from the Fiji Islands. Asia Pac J Tour Res 22(10):1021–1037

Narayan PK, Prasad A (2008) Electricity consumption–real GDP causality nexus: evidence from a bootstrapped causality test for 30 OECD countries. Energy Policy 36(2):910–918

OECD (2019) Inflow of foreign population data. France: Paris

Ortega F, Peri G (2009) The causes and effects of international migrations: Evidence from OECD countries 1980–2005 (No. w14833). National Bureau of Economic Research. USA

Osbild R, Bartlett W (2019) Western Balkan economies in transition: recent economic and social developments. https://doi.org/10.1007/978-3-319-93665-9_5

Peri G (2012) The effect of immigration on productivity: evidence from US states. Rev Econ Stat 94(1):348–358

Tani M (2019) Migration policy and immigrants' labor market performance. Int Migr Rev. https://doi.org/10.1177/0197918318815608

The National Academies of Sciences (2019) Immigration's effects on jobs and wages: first principles. Retrieved from https://www.nap.edu/read/5779/chapter/6

World Bank Database (2019) Data on economic growth rate. USA: Washington D.C.

World Population Review (2019) G7 Countries 2019. Retrieved from http://worldpopulationreview.com/countries/g7-countries/


# Foreign Policy in Latin America


Sébastien Dubé[1] and Shirley Gotz[2]

[1]Universidad de Santiago de Chile, Santiago, Chile

[2]Universidad Alberto Hurtado, Santiago, Chile


## Synonyms

Cooperation; Dependence; Foreign policy decision-making; Hyperpresidentialism; Identity; Institutions; Latin America; Periphery

## Introduction

Latin American foreign policies are public policies implemented by the political leaders of the countries of the region in order to reach higher levels of development and security through cooperation with the international system. Their analysis, therefore, has to combine a high number of elements ranging from world politics, patterns and trends of the global economy, national political systems, leaders' worldviews, and strategies of development to the nature of the threats to the states or their population.

A comprehensive overview of the literature leads to claim that the analysis of Latin American foreign policies, by both practitioners and students, has to consider the impact of the following five "I factors": the international system; the institutions; the individuals; the shared Latin American identity; and the countries' interests. The principal idea of this entry is that both practitioners and students of the field would miss "the whole picture" if they chose to focus only on some of these factors.

The five factors are strongly interrelated and their combination is fundamental to understand the logic of Latin American foreign policies at two different levels. The first one is the "real" political level, which means the day-to-day behavior of Latin American leaders when it comes to the relations between their countries and the region and/or the rest of the world. The second level is the "academic" level, meaning the way scholars of Latin American foreign policies and Latin American International Relations have built this research field.

Although it is clear that each and every Latin American country has its own particularities, this entry focuses on the broad similarities that they share. Therefore, the focus is on the known information about Latin American foreign policies "in general," and the entry does not include the vast production of national case studies. It also leaves to a second plan the numerous contributions focused on particular issues or topics such as the relations between the region and the United States or China. Finally, the entry refers to a traditional geographical definition of Latin America, meaning all the independent countries of the hemisphere excluding Canada and the United States. Or, to put it in simple terms, it includes the 33 states forming the Community of Latin American and Caribbean States (CELAC).

## The Five Factors

The interaction between the geographic and economic context in which the region is inserted, the political processes at the national level, and the challenges of Latin American countries are the point of departure of the five fundamental "I factors" mentioned to understand and analyze Latin American foreign policies. Even though these factors may directly affect one another, they are presented separately all along the next section. This allows describing more precisely why they are central and how the literature has addressed each of them.

### International Context

Since the independence processes from European colonial rule at the beginning of the nineteenth century, Latin American countries have formed a region deeply integrated into the international political and economic system. Nevertheless, from a global perspective, neither the region nor any of its member states has ever been a major player on the international scene. Historically, at some point, countries like Cuba or Panama have momentarily been at the center of geopolitical issues with international consequences. But this was never explained or caused by their own power.

Nowadays, no Latin American country can claim to be a top-level actor in any of the elements that Susan Strange described as the sources of structural power: security, finance, innovation, knowledge, or welfare (Sanahuja 2008). Regarding soft power, the countries of the region also have limited resources. In 2010, McClory ranked Brazil and Mexico the top two countries of the region in terms of soft power, but both outside the top-20 countries at the global level (McClory 2010). Moreover, in the last years, both of them have been facing major crises related to internal

political and social stability, limiting their capacity and will to play a bigger role on the international scene.

This low importance of the region in the world system is simple to explain and understand. No Latin American country figures in the top-40 countries of the world in terms of economic and human development; no Latin American country possesses nuclear weapons or weapons of mass destruction; and no Latin American country presents a security threat for North American and European countries. At the regional level, for decades Latin American countries have been highly able to avoid the militarization of their conflicts. This explains why the literature frequently refers to Latin America as a "zone of peace" within the international system.

Therefore, it is possible to argue that the region is too weak to be naturally present at the decision-making level in the most powerful international organizations. On the global scene, none of its countries can pretend to the rank of a veto player. Nevertheless, Latin America is also "too developed" or "too advanced" to be a top priority for international cooperation. This is true both at the regional level and at the national level, in the latter case the State of Haiti being a notable exception. In the end, broadly speaking, the region is in the periphery of the world system because it is not a trouble-maker that can challenge international order nor a problem-solving actor. That is, Latin America as a whole does not threaten the security of the great powers and it lacks the capacity, will, leadership, and political capital to be a reference on the global scene.

This peripheral situation of Latin America in the world system has major consequences at both theoretical and real politics levels. As Tickner argues, the questions of dependency and autonomy of the region have been central in the theoretical debates in Latin America (Tickner 2015). Arguably two of the most important theoretical contributions of Latin American theorists – dependency theory and peripheral realism – are directly related to this issue. In one of the few books that precisely look at Latin American foreign policies, Mora and Hey claim that dependency theory and the realist paradigm applied to the third world are two "dominant explanatory themes" also related to the fact that they both "pay attention to the asymmetries in the relationship between the United States and Latin America" (Mora and Hey 2003, pp. 2–3).

The logic of the dependency theory was developed in the 1960s and 1970s. Some of its most important authors, sociologists Fernando Henrique Cardoso and Enzo Faletto, tried to explain from a sociological perspective the underdevelopment of the region and its peripheral-dependent relation with the global capitalist system. Since its formulation, the theory has been submitted to numerous challenges. Its overtly deterministic logic and its empirical limits, above all since the region started to experience greater economic development in the 1990s, brought it many justified critiques. Nevertheless, as Tickner argues, dependency theory still has theoretical validity and influence today for its original Latin American contribution regarding the thinking about "the state, national development and sovereignty" (Tickner 2013, p. 88).

In the political field, the dependency theory also echoes in the actual debate regarding the costs and benefits of the patterns of insertion of the region in the world. The issue of economic "reprimarization" related to the region's economic growth of the 2000s caused by higher trade levels of primary products with Asian countries is a concrete example of the current application of elements of dependency thinking. At the foreign policy decision-making level, this intellectual framework also helps to explain the ideological divide between regional integration processes such as the South American Common Market (MERCOSUR) and the Pacific Alliance (AP). While the former has maintained a regional industrialization agenda, the latter had predominantly looked for the increase of exports of raw materials to growing Asian economies.

A second major theory of international relations coming from the region was proposed by Carlos Escudé at the beginning of the 1990s with the objective of explaining that being in the periphery is not a synonym of a total lack of autonomy (Escudé 2015). According to the author, being in the periphery gives at least two

options to the states: being a "rule taker" or a "rebel state." This room for maneuver explains, among other things, why Latin American countries do not all and always follow the same policy lines, even when the international system has limitations on them. Following the same logic, Russell and Tokatlian identify no less than five different foreign policy models that Latin American countries have implemented towards the United States since the end of the Cold War (Russell and Tokatlian 2009, p. 213).

It is important to mention that this contribution of Escudé is also based on the groundbreaking works of Helio Jaguaribe and Juan Carlos Puig, two influential thinkers of the 1970s and 1980s, respectively, who proposed their vision of Latin American international relations from a normative and Law-oriented perspective. For Jaguaribe and Puig, a major part of the problems of Latin American governments in their relations with developed countries resulted from the erroneous appreciation of their proper room for maneuver to take decisions autonomously. For these authors, the world's systemic conditions made possible the construction of internal decisions, allowing Latin American national elites to define policies such as regional integration to increase the autonomy of the region. In this sense, it is possible to argue that Escudé's major contribution is also inspired by decades of academic reflections regarding regional integration and by numerous attempts to construct Latin American regional political and economic organizations since the 1960s.

At the "real politics" level, the condition of being in the periphery has three main consequences on the definition and orientation of Latin American foreign policies. First, the economy of each and every Latin American country highly depends on the exploitation and exportation of primary products. This reality places Latin American countries in a constant situation of competition for foreign investments and access to external markets. As Cason claims, this is one of the major disadvantages that "lead countries to limit their integration projects to commercial liberalization, and [. . .] make developing countries especially unwilling to give up sovereignty to or even pool it with supranational institutions" (Cason 2011, p. 3). In other words, the level of complementarity between the economy of Latin American countries is arguably the lowest of the whole world, and this fact is fundamental to understand the tensions that characterize many regional organizations.

The second impact of regional economic dependency, when related to economic underdevelopment, is the necessity for Latin American governments to focus their foreign policies on short-term goals and benefits. About two decades ago, Van Klaveren (1992) claimed that the combination of international with national factors helped understand why Latin American countries historically looked for security, development, and regional power equilibrium through their foreign policy. More recently, Gardini and Lambert have listed the main goals of Latin American foreign policies as follows: "economic prosperity, poverty alleviation, quality of democracy, human rights and regional and multilateral cooperation in spheres other than security" (Gardini and Lambert 2011, p. 4).

The third consequence is also identified by Gardini and Lambert. For these authors, the objectives of Latin American countries in the international context also explain why leaders conduct their foreign policy with both ideology and pragmatism. According to them, the combination of both elements explains the "apparent contradictions" in Latin American foreign policies. For Gardini and Lambert, the decisions that are taken by Latin American leaders "are not a sign of incoherence or inconsistency," but the "reflect [of] the dynamic tension between ideology and pragmatism, between the desirable and the achievable" (2011, p. 2). Examples of this pragmatism that explains contradictory behavior in Latin American foreign policies include Hugo Chavez's policy of maintaining the oil exportations to the United States in spite of his "anti-imperialist" discourse, left-wing Evo Morales' Bolivian government's legal recognition of the right-wing Brazilian government of Michel Temer in order to maintain Brazilian investments or the numerous protectionist measures adopted by countries against their partners in free trade or custom union agreements.

### Institutional Weaknesses

Latin American foreign policies and Latin American leaders' behavior on the international scene can also be analyzed through the lens of political institutions. Globally speaking, Latin American countries are characterized by what many authors describe as "hyper-presidential systems," that is, presidential systems with weak limits and controls on the executive power. In a seminal article, Roberto Russell underlined the necessity to look at institutions in order to understand foreign policy decision-making processes in Latin America. According to Russell, the limited number of actors able to compromise societies' resources is a key characteristic affecting the structure of foreign policy decision-making in the region (Russell 1990).

From a comparative perspective, it is also interesting to note that this focus on institutions and on the concentration of power at the presidential level allows applying similar methodological frameworks to democratic and authoritarian regimes. Hyper-presidentialism and its historical background also explain why the study of Latin American foreign policies puts little or no emphasis at all on legislative bodies. In the same line, it is worth mentioning that the literature often considers the foreign policy decision-making process to be highly unified at the executive level and/or abdicated by the legislative power. Here, the questions of the legislative power's will and capacity are central to explain this frequent postulate.

The lack of capacity or interest by congressmen and women to influence on Latin American foreign policies can be explained by a low electoral interest related to international issues, a low parliamentary capacity to affect the policies, and also by the consensual idea of the necessity to protect the treaties signed by the states. The Chilean case is an archetype of this dynamic. The constitution gives the President the authority to define and lead the foreign policy, the Congress basically does not question it and political parties tend to consider the foreign policy as a state policy above party lines (Gotz 2015). Colombia is another interesting example. According to Tickner (2007), the predominant characteristic of its foreign policy decision-making process is the consensus between political and economic elites. This allows the President and his close advisers to play a central role in the definition of the policy, particularly since the 1991 Constitution.

In the Colombian institutional context, the bureaucracy of the foreign affairs department has limited institutionalization, low professionalization, and limited autonomy in front of the executive (Tickner 2007, pp. 97–98). This tends to be the norm in the whole region, arguably with the notable exception of the Brazilian case. Scholars of Latin American foreign policies consider the Foreign Relations department of Itamaraty a model for its high level of professionalization and its capacity to formulate strategies of foreign policy. Nonetheless, the strong bureaucracy of Itamaraty is also challenged by the President's will to play a more active and conducting role in the country's foreign policy (Cason and Power 2006, pp. 121–122).

### Individuals

Considering the institutional weakness in the foreign policy decision-making in Latin America, the other side of the coin is obviously the importance of who is the President in office. At a micro level, the claim of Valerie Hudson (2007) according to which leaders are more prone to define the foreign policy in a personalist system is definitely applicable in the region. According to Malamud (2015), this is also related to the cultural tradition of caudillismo in Latin America. In this context, the personal traits of the leaders have a major importance, for example, the individual propensity to seek consensus or to provoke polarization (Gardini and Lambert 2011, p. 6).

At a macro level, leaders are also important in the analysis of the socialization dynamics they create between themselves. A recent edited book by Gordon Mace et al. (2016) sheds light on the effect of "summitry" on the regional organizations. As the authors claim, socialization has become a central dimension of Latin American international relations at the diplomatic level.

This is especially the case since leaders of the region have been participating, on average, 13 times a year in some 10 different summit levels between the end of the Cold War and 2012 (Portales 2016).

Nonetheless, intense diplomatic activity and centralization of foreign policy decision-making processes are no guarantee of foreign policy efficiency or consolidation of regionalism. On the contrary, it is rather a symbol of the leaders' outright rejection of transferring powers to supranational organizations and to losing control on their foreign policy. In that sense, as Dabène argues, Latin American leaders just tend to reproduce at the international level their traditional behavior towards institutions at the national level (Dabène 2009).

This last idea is significant for both practitioners and students of Latin American foreign policies because it tends to reverse the direction of the causal relation between hyper-presidentialism in decision-making processes and poor institutionalization of regional organizations. Here, the lack of institutionalization of foreign policies and organizations is not just the cause of poor results of integration. It is above all the result of deliberate decisions taken by the leaders.

The most recent illustration of this tendency is the Pacific Alliance treaty between Chile, Colombia, Mexico, and Peru. The foundational treaty of this integration project signed in 2012 explicitly puts the decision-making processes in the hands of the four Heads of State and their ministers of Foreign Affairs – or ministers of Trade or Cooperation – or their corresponding vice ministers. No strong and stable autonomous institution is considered in the treaty. Therefore, the Pacific Alliance seems to be just another example of an organization controlled by the executive power of its member countries. The supporters of this institutional design argue that it gives the organization the flexibility it needs to adjust to an evolving international environment. The skeptics rather argue, like Domínguez, that the "flexibility" of Latin American organizations makes them ineffective and irrelevant (2007, p. 122).

### Identity

Latin America is composed of a high number of states with cultural and historical characteristics that bind them together and give them a strong supranational identity like no other region in the world. During the last decade or so, this factor of identity has been taking a greater space in many discussions related to foreign policies and international relations. According to Domínguez et al. (2004), the description of the region as a "zone of peace" mentioned earlier is directly related to a shared identity that has been central in avoiding the militarization of international conflicts in the hemisphere.

Identity is central to the international relations of Latin American countries to the point that Santa-Cruz (2015) proposes to analyze Latin American regionalism through the lens of liberalism and constructivism. For the author, the idea of the existence of a "family" of Latin American countries (2015, p. 97) helps to understand the relations between the countries of the region and also between the region and other countries such as the United States. But identity is not just related to cultural elements. According to Santa-Cruz, the Latin America identity and its evolution are also the product of the evolution of the international system, the nature of the collaboration in the Organization of American States (OAS), and also "the regional context and changes in their political regimes" (2015, p. 107).

Rivarola and Briceño (2013) also identify the supranational Latin American identity as one of the three major factors that explain the continuous efforts of the countries of the region to advance on the path of further integration. As a matter of fact, many regional treaties and organizations explicitly justify their existence on the basis of this shared identity. The creation of the CELAC in 2010, an organization aimed at reuniting all the countries of the atmosphere excepting Canada and the United States, is the most recent and clearest example of this tendency. For Dubé and Thiers (2017), this also leads looking at the behavior of Latin American leaders on the international scene through the consideration that the Latin American

region is a community with regional organizations that can be considered as "social groups."

### Interests

The question of identity as an element that influences Latin American international relations and foreign policies leads to the complexity of defining the interests of the countries when it comes to strategies of cooperation. On the one hand, as was mentioned previously, the complementarity of Latin American economies is limited and the need to attract foreign investments causes dynamics of competition between them. On the other hand, shared identity can facilitate negotiation processes but may also raise the costs of not cooperating with the region. When the official discourse refers to "brotherhood" and "family," free riding can have symbolic costs that cooperation with "trade partners" may not have. Using the classic game theory model of Axelrod, the "family" factor also means that the probability of meeting in the future is extremely high and that defection may have higher projected costs in the future than cooperation in the present.

This logic is also found in the works of Shadlen (2008) and of Whitehead and Barahona (2005), for whom Latin American leaders are conscious that not participating in the numerous regional organizations may signify that the others could share benefits that one would not have, just as it could mean the loss of the symbolic opportunity to be on the "family picture." In that sense, students and practitioners of Latin American foreign policies should pay attention not just to the traditional typical benefits of cooperation that would be greater trade and security but also to the irrational symbolic ones that come with the constructed image of belonging to a broader family.

One way to illustrate the complexity of Latin American countries' national interests when it comes to analyzing their foreign policies and their relations with the region is the fact that different economic treaties such as the Andean Community of Nations (CAN) or the Pacific Alliance are characterized by low levels of intrabloc trade. In the case of the CAN, the lack of economic interdependence accompanied by ideological divisions between the member states also explain why countries have not been able to consolidate a real economic integration and why Colombia and Peru have opted for "free riding," signing free trade agreements with the United States and the European Union. In spite of its major existential crisis, the CAN is still formally existing and its day-to-day *raison d'être* is hardly related to trade or security reasons.

## Conclusions

This entry presented current analytic trends, topics actually debated and some of the most important works that have shaped Latin American foreign policy studies. Trends, topics, and theoretical frameworks from which scholars keep on building the field nowadays. How different is this field from other regional analysis of foreign policies and from other analysis of Latin American public policy areas?

On the one hand, in many aspects, Latin American foreign policies are not necessarily different from other public policies. Factors like the institutional model and the importance of the leaders are definitely important to understand the nature of the policies oriented towards the national system as well. The condition of dependency and how it structures national economic models and development strategies also has a clear impact on internal politics. On the other hand, the five factors that are fundamental to understand Latin American foreign policies may be just as important to understand the foreign policies of countries of other regions too.

Therefore, it is possible to argue that what could be the specificity of Latin American foreign policies, in their content and decision-making processes, probably resides in how the five factors combine together. That is, what may be different from a comparative perspective may be the weight of each factor in explaining the particularities of

the foreign policies in Latin America and the way they are analyzed. Among the challenges that scholars of Latin American foreign policies are facing today, it is possible to cite the evaluation of the potential impact of the current geopolitical, financial, economic, cultural, and environmental international transformations and issues. It can be expected that these transformations will affect the nature of the relation of the region with the rest of the world, the capacity of the states to face them, the qualities required for the leaders to respond to them, the identity of the region, and the interests of each of its countries.

## References


Cason JW (2011) The political economy of integration: the experience of Mercosur. Routledge, New York

Cason J, Power T (2006) Presidentialization, pluralization, and the rollback of itamaraty: explaining change in foreign policy making from Cardoso to Lula. German Institute of Global and Area Studies (GIGA), Hamburg

Dabène O (2009) The politics of regional integration in Latin America: theoretical and comparative explanations. Palgrave Macmillan, New York

Domínguez JI (2007) International cooperation in Latin America: the design of regional institutions by slow accretion. In: Acharya A, Johnston AI (eds) Crafting cooperation: regional international institutions in comparative perspective. Cambridge University Press, Cambridge

Domínguez JI, Mares D, Orozco M, Scott Palmer D, Rojas Aravena F, Serbin A (2004) Disputas fronterizas en América Latina. Foro Int 44(3):357–391

Dubé S, Thiers C (2017) Social group dynamics and patterns of Latin American integration processes. Rev Estud Soc 60:12–24

Escudé C (2015) Realism in the periphery. In: Domínguez JI, Covarrubias A (eds) Routledge handbook of Latin America in the world. Routledge, New York, pp 45–57

Gardini GL, Lambert P (eds) (2011) Latin American foreign policies: between ideology and pragmatism. Palgrave Macmillan, New York

Gotz S (2015) Liderazgo y política exterior. RIL Editores, Santiago

Hudson V (2007) Foreign policy analysis: classic and contemporary theory. Rowman & Littlefield Publishers, Lanham

Mace G, Thérien J-P, Tussie D, Dabène O (eds) (2016) Summits and regional governance: the Americas in comparative perspective. Routledge, New York

Malamud A (2015) Presidentialist decision making in Latin American foreign policy: examples from regional integration processes. In: Domínguez JI, Covarrubias A (eds) Routledge handbook of Latin America in the world. Routledge, New York, pp 112–123

McClory J (2010) The new persuaders: an international ranking of soft power. Institute for Government, London

Mora FO, Hey JAK (eds) (2003) Latin American and Caribbean foreign policy. Rowman and Littlefield Publishers, Oxford

Portales C (2016) Some thoughts on summit proliferation and regional governance. In: Mace G, Thérien J-P, Tussie D, Dabène O (eds) Summits and regional governance: the Americas in comparative perspective. Routledge, New York

Rivarola Puntigliano A, Briceño Ruiz J (eds) (2013) Resilience of regionalism in Latin American and the Caribbean: development and autonomy. Palgrave Macmillan, New York

Russell R (1990) Política exterior y toma de decisiones en América Latina. Grupo Editor Latinoamericano, Buenos Aires

Russell R, Tokatlian JG (2009) Modelos de política exterior y opciones estratégicas: El caso de América Latina frente a Estados Unidos. Rev CIDOB d'Afers Int 85–86:211–249

Sanahuja JA (2008) ¿Un mundo unipolar, multipolar o apolar? El poder estructural y las transformaciones de la sociedad internacional contemporánea. Servicio Editorial de la Universidad del País Vasco, Bilbao

Santa-Cruz A (2015) Liberalism, constructivism and Latin American politics since the 1990. In: Domínguez JI, Covarrubias A (eds) Routledge handbook of Latin America in the world. Routledge, New York, pp 97–110

Shadlen KC (2008) Globalisation, power and integration: the political economy of regional and bilateral trade agreements in the Americas. J Dev Stud 44(1):1–20

Tickner A (2007) Intervención por invitación. Claves de la política exterior colombiana y de sus debilidades principales. Colombia Int 65:90–111

Tickner A (2013) El pensamiento latinoamericano en las Relaciones Internacionales. In: Legler T, Santa-Cruz A, Zamudio L (eds) Introducción a las Relaciones Internacionales: América Latina y la política global. Oxford University Press, Oxford, pp 85–95

Tickner A (2015) Autonomy and Latin American international relations thinking. In: Domínguez JI, Covarrubias A (eds) Routledge handbook of Latin America in the world. Routledge, New York, pp 74–84

Van Klaveren A (1992) Entendiendo las políticas exteriores latinoamericanas: modelo para armar. Estud Int 25(98):169–216

Whitehead L, Barahona de Brito A (2005) Las cumbres mundiales y sus versiones latinoamericanas: ¿haciendo una montaña de un grano de arena? Am Latina Hoy 40: 15–27

# Foreign Policy in the Caribbean

Georgina Chami
Institute of International Relations, St. Augustine Campus, University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Diplomacy; Foreign relations; World politics

## Introduction

Foreign policy is a key goal of governments within the Caribbean region. As stipulated in Article 6 of the Revised Treaty of Chaguaramas (2001), it is the "enhanced co-ordination of Member States' foreign and [foreign] economic policies." It is an aim that can be sought after even though efforts at integration are slowed down now. Not much coordination in this aspect of Caribbean policy is actually happening now. This can be attributed to years of growing disharmony, and this has diminished the already inadequate and restricted influence which small states can wield in global affairs. Unfortunately, this is occurring at a point in time when such coordination and cooperation are most desirable, due to the unrelenting global crises.

No longer can nationalistic concerns take priority over the need for an organized and well-coordinated foreign policy. A coordinated Caribbean foreign policy is urgently required, and as a start, a critical review of the existing notion of foreign policy must be undertaken. Economic and political cooperation starts most logically between Caribbean countries. As such, there is the greater prospect for common knowledge of the challenges and shared objectives. Most times, Caribbean countries deny themselves the opportunity of making a difference by splitting their votes by having more than one candidate for appointment for key/important global positions. Unfortunately, the region does not have collective positions with unified support.

## About Foreign Policy

There are several definitions of foreign policy but none is a universally accepted definition. It is described by Holsti (1995) as a behavioral pattern of state which is adopted to respond the international environment in which a state exists. Bruce Russett and Harvey Starr (1996) emphasize that foreign policy is the output of the states into the global politics. Lloyd Jensen (1982) contends "Foreign policy is a pattern of attitude and behavior, which a state adopts to interact with the international community." Generally, it is the power by which states influence or attempt to influence other states in order to achieve its objectives which are seen to be in accordance with its national interests.

According to Holsti (1967), there are three broad categories of interests, namely, vital or core interest, secondly or variable interest, and general or complementary interest. First, core interest is concerned with national survival, for example, protection against external aggression and sovereignty. Second, secondary interest is to enhance the achievement of core interest aim. Examples include trade, communication, foreign aid, and markets. Third, general interest refers to interest that can be realized by any state on its own and is usually long-term plans and visions of the state. All these interests are inextricably linked to foreign policy and are constantly changing given the domestic and global realities and unfolding events.

Critical to the foreign policy process is the variety of subnational actors that participate. These subnational actors include the political executives, embassies, ambassadors, interest groups, news media, and civil society groups. For the primary political actors in the diplomatic process, the heads of government and their members of cabinet and the political structures and resources at hand will define and limit the influence and ability any state has to pursue their international interests. Embassies, Ministry of

Foreign Affairs and foreign ministries practice public diplomacy whereby the national interest are promoted and promulgated by these bodies. They not only advocate the interest of the State they represent but seek external opportunities for it.

Interest groups are private NGOs who put pressure on governments to act in the best interest of its citizenry. More and more, this group is playing a critical role in foreign policy-making process. The most relevant and pressing issues for political leaders to contend with and adapt to are the influence of civil society groups, increased access to information due to the spread and accessibility of information technologies, interest groups and social media. Civil society plays a crucial role.

## Caribbean Foreign Policy

As a small state, with the attributes of small population, market thinness, poverty, and susceptibility to natural disasters, Caribbean's foreign policy is based on the following:

- Respect for the sovereignty and territorial integrity of all states.
- Noninterference in the domestic affairs of other states, except in cases of gross domestic violations of human rights or genocide.
- Respect and observance of international law and the principles of the UN Charter.

Foreign policy within the region is geared at preserving, expanding, and improving relations with strategic countries at the bilateral, regional, and multilateral levels and engaging actively in multilateral forums such as the United Nations, the Group of 77, the Organization of American States, World Trade Organization (WTO), etc. For these states, it is important to have a common position or voice in order to be visible and recognized on the global stage. In this context, the Caribbean Community established the Council for Foreign and Community Relations (COFCOR). This body is mandated to organize the foreign policies of member states and harmonize positions in international organizations and on international issues in order to have common positions.

However, scholars studying the foreign policy of small states have recognized a number of behaviors that small states either do or are expected to exhibit (Marleku 2013). The most common is that small states tend to:

- Display a low level of participation and contribution in world affairs.
- Address a narrow range of foreign policy issues.
- Limit their behavior to their immediate geographic arena.
- Dependent on bigger countries for financial and nonfinancial resources.
- Aim to cooperate and to avoid conflict with others.
- Spend a lot on foreign policy resources for the purpose of guaranteeing physical and political security and survival.

In 2002, COFCOR approved and implemented a modified foreign policy framework. The aim was to enhance regional ties and widen external cooperation. By 2004, COFCOR was advocating for more frequent discussions and coordination among member states. In spite of this, the implementation of foreign policy coordination remains with regional leaders and institutions to manage. This body confronts many challenges such as the conflicting interests of member states; tardiness of member states in providing information necessary for communication, analysis, and coordinating positions; communication and coordination with national agencies limited to foreign ministries; and an expanded international agenda (Granderson 2012).

In 1997, the Caribbean Regional Negotiating Machinery (CRNM) was established. Like COFCOR, this body sought to carry out external trade negotiations. However, it faces a number of challenges, namely, coordinating trade positions and interests of the member states, overlapping mandates with the Caribbean Community Secretariat, increasing concerns on the issue of diminishing sovereignty, and inadequate resources and funding to conduct research and

employ staff (Inter-American Development Bank 2005). In 2009, the CRNM was formally subsumed under the Caribbean Community Secretariat and renamed the Office of Trade Negotiations (OTN). The body would examine and try to resolve member states' concerns about sovereignty.

Within this community, sovereignty remains a standoffish issue, and in an increasingly interdependent world, increased access by external parties to one's borders and territories is a commonplace. Therefore, it becomes quite challenging for Caribbean countries to strike a balance between territorial integrity and growing interdependence. The community has for many years advocated for "small state diplomacy." This is geared toward advancing its interests within the global governance structure. With a relatively average record in promulgating a communal voice of its states, it has been able to access forums within the international community where decisions affecting the region's well-being are made.

## Addressing the Challenges

As part of its diplomatic initiatives, the community must continue to engage with traditional and nontraditional trading partners. Through such interaction, the Caribbean can highlight to the international community its views on critical subjects. Additionally, small state diplomacy can be practiced through regional bodies and overseas-based regional diplomatic missions. For example, the work of COFCOR is complemented by a range of diplomatic missions in overseas capitals including New York, Washington, London, Brussels, and Geneva. Regional organizations such as the Organization of American States (OAS) and the OECS Joint Diplomatic Missions in Ottawa and Geneva also facilitate on community's part in interacting with external partners.

In each state, the Caribbean Community Ambassadors and High Commissioners have regular consultations in the context of the Caribbean Community Caucus which is chaired by a dean. On the other hand, engagement with third countries, groups of countries, and international organizations is facilitated by a number of mechanisms including agreements like memoranda of understanding or cooperation agreements, regular scheduled high-level political encounters, and joint commissions or similar mechanisms.

The Caribbean Community has, to date, enjoyed considerable success in coordinating the foreign policies of its member states, but this has not been without challenges. These include:

- The Caribbean Community's identity crisis: each state either agreeing to the community position or deciding solely in the national interest
- Human, technical, and financial resource constraints
- Rapidly changing geopolitical shifts that require practical strategies and approaches
- Innate differences in the political, socioeconomic, and cultural levels

COFCOR continues to be committed to improving the relations of the Caribbean and its relationship with non-Caribbean Community States, regional blocs and groups, international organizations, and other trading partners who can benefit the region.

## The Way Forward

For the last few years, the Caribbean has been working assiduously on deriving a common position on foreign relations given its smallness and unique characteristics. As part of these discussions arose the issues of foreign policy priorities, relationship with Latin America, and ways to address imminent social, political, and economic challenges given the changing global environment. Moreover, the Caribbean is witnessing a changing relationship with its traditional trading partners such as the USA, Canada, and Europe. These countries have altered their priorities in a time of austerity and global economic downturns. This has led to a greater thrust and emphasis on the Caribbean to better dialogue on shared interests and common agenda.

Given this changing global environment, it is crucial that the Caribbean begin to understand

how it can rebalance its relationships and take action in its best interest given the new geopolitical context. But this situation is not unique to the Caribbean region, and as such many countries worldwide must respond to new global challenges such as changing economic powers, "new" foreign policy issues, emerging economies, and diminishing socioeconomic opportunities. This has proven to be challenging for efforts to coordinate foreign policy regionally and also costly for small nations as they seek to protect themselves and their interests.

At this juncture, it is important for the Caribbean to adopt an approach toward its foreign policy based on prioritizing its interests. Put another way, the Caribbean should have a different order of priorities. For many years, scholars have debated the sacrosanct nature of sovereignty of these states, the continued focus on mono-crop, tourism and rum, and development assistance and aid. The region must seek to develop alternative sources of revenue and forms of self-sufficiency/sustainability. If not the cycle of dependency and exploitation would continue to perpetrate and exist. As a region, the time has come to challenge these states to revolutionize their fate and confront the predetermined system.

Consequently, for the Caribbean there exist opportunities and challenges for improving trading opportunities and overcoming socioeconomic challenges. Within the global forums such as the IMF, G20, and UN, Caribbean leaders must position themselves to be decision-makers and work collaboratively to ensure positive impacts for their economies. As a region, it is essential for the region to recognize its significance, uniqueness, and potential to be powerful players within these negotiating sessions. With waning sympathy for less developed countries, it is vital that the Caribbean revisit this area. The Caribbean must be more proactive and be seen as astute and knowledgeable to make decisions and influence these processes.

For the Caribbean region, it must seek to develop solutions to their own problems and not import ideas that are ahistorical and accultural to its context. Also, the region must draw and encourage its people both abroad and locally who have the skills to facilitate this growth. Without these factors in place, then how can the most powerful countries globally be cognizant of the concerns of this region? Perhaps, the region must also focus on finding relevant global partners to harness mutually beneficial interests. In this regard, the Caribbean Community must explore initiatives at both the regional and international levels that can increase its visibility and power to be a global trading partner (Chami 2014).

## References


Chami G (2014) Geopolitics: old and new dynamics in the global system. The Guardian, 13 November

Granderson C (2012) CARICOM foreign policy in the changing global environment. Unpublished paper, 20 August

Holsti KJ (1967) International politics: a framework for analysis. Prentice-Hall, Eaglewood Cliffs

Holsti KJ (1995) International politics: a framework for analysis. Prentice-Hall, Eaglewood Cliffs

Inter-American Development Bank (IDB) (2005) CARICOM report no. 2. IDB, Buenos Aires. http://ctrc.sice.oas.org/trc/Articles/CARICOM_Report_2.pdf

Jensen L (1982) Explaining foreign policy. Prentice-Hall, Englewood Cliffs

Marleku A (2013) Small states foreign policy: the case of Kosovo. J Soc Sci 4(2):287–300

Revised Treaty of Chaguaramas establishing the Caribbean Community including the Caricom Single Market and Economy (2001). http://cms2.caricom.org/documents/4906-revised_treaty-text.pdf

Russett B, Starr H (1996) World politics: the menu for choice. W.H. Freeman and Company, New York


# Foreign Students' Health Service Access Barriers


Vincent Ekow Arkorful

Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong


## Synonyms

China; Foreign students; Healthcare barriers; Healthcare service access; Student's health

## Definition

Health service barriers refers to the factors that impede population wide healthcare access.

## Introduction

The reformation policy path charted by the People's Republic of China in the recent years has subsequently thrusted China unto the global development landscape. In essence, the inception of these policy transformations has brought along ripple benefits in many sectors of the Chinese society. One of the sectors which has yielded immense benefits has been the education sector. And because this has been the case, education has been a major contributor to national economic development. Against the backdrop of an increasing improvement in global education, part of the considerations to facilitate China's entry into the global education sphere has led to the continuous implementation of a concatenation of measures targeted at promoting quality assurance, meeting international criterion of global education systems, while maintaining global relevance in so far as teaching and research is concerned (Ministry of Education 2010).

China is increasingly becoming the study destination for hordes of foreign students around the world, particularly those of developing countries extractions. The presence of these students has resultantly, altogether, significantly increased growth in international collaboration-driven research productions. In recounting the benefits that Beijing's reformation has engendered, it is instructive to emphasize that, Internationalization of education is at the heart of the Chinese government's education policy. Precisely, internationalization of education, for teaching and research, have become critical objectives in raising quality levels, ensuring global relevance, pushing the frontiers of knowledge through research and promoting internal diversity, while attracting best students. The realization of these objectives is considered by the Chinese governments as a conduit to deliver on national priorities and contribute to global education (CUCAS 2012; CSC 2012).

In order to maintain a high standard of teaching and research, catering to the needs of domestic and international students, and resolving global research challenges, significant and continuing investment in education is required. This has spurred massive expansions and investment in the Chinese education system over the past few decades. The education sector has characteristics similar to other industries in having a sizeable portion of demand that is both domestic and international. The international component is given a growing prominence by increasing international student numbers. To justify claims that an institution provides a true international education, and to attract top students from around the world, it is necessary to clearly demonstrate a strong physical global footprint and a sizeable body of international students' opportunities for exchange and overseas study (Zhao 2011).

Over the years, there has been an influx of foreign students to China. This phenomenon has been influenced by a plethora of factors including, but not limited to; the quality of Chinese education, socioeconomic development, advancements in science and technology, as well as the introduction of a wide range of scholarship schemes for foreign students like the Chinese government's One-belt-one-road, Alliance of International Science Organizations (ANSO), Ministry of Commerce of People's Republic of China (MOFCOM), University, and other provincial scholarships. The inception of these sponsorship schemes has influenced the third position of China among foreign students hosting countries, with a population of 489,200 foreign students (Project Atlas Infographics 2018). The UK and the USA is placed second and third, hosting 506,480 and 1,094,792 foreign students, respectively (Project Atlas Infographics 2018). For some time now, Chinese Universities are experiencing a more complex and diverse student population. Generally, the population of international students in China, predominantly made up of students from both developed and developing countries across Asia, Africa, Europe as well as America, move in search of higher education opportunities.

Research on the movements of populations around the world documents public health

challenges. Exposure to healthcare challenges impacts the general well-being of populations and subpopulations. For this reason, such populations may experience limitations in healthcare access, as well as engagement in health seeking behaviors. These challenges could be precipitated by a combination of social relegations, poverty, and a dearth of knowledge regarding available healthcare services and opportunities (Magalhaes et al. 2010).

The urgency to alleviate the restriction brought about by these barriers has essentially brought about the implementation of a wide range of policies targeted at enhancing the healthcare needs of heterogeneous populations. In the USA, precisely, a framework was incepted in the year 2000, by the office of minority health (The Office of Minority Health. 2013). The framework entreats and enjoins healthcare service delivery structures to dispense culturally relevant healthcare to serve the needs of all populations in terms of meeting their respective sociodemographic characteristics, and at the same time ensuring effectiveness, efficiency, and access to excellent healthcare.

The Anhui province, with Hefei as the capital city has been touted as one of the most important strongholds of education and science and technology in China. Anhui, an integral part of China's science and technology advancements is located in eastern China, on the Yangtze River Delta. The province lies 570 km from south to the north, and 450 km to the west, occupying an area of 140.1 thousand square km, representing 1.45% of the total area of China. The province has over the years maintained a considerable strength in science and technology. In the year 2018, the province was home to five national scientific research facilities. It is also home to 26 national key laboratories, 152 key provincial laboratories, and 10 provincial level laboratories. Engineering and technology research centers numbered 753, with 44 being of national significance. Moreover, there are also 19 new high technological industrial zones, and 5403 high-tech enterprises, with 1432 other newly verified in the year 2018 (Peoples Government of Anhui 2020).

The province has accelerated the development of its education sector. Impressive achievements of scientific and technological innovation have been obtained. The launch of the comprehensive research facility for the key systems of the fusion reactor main engine marks a new major achievement in the construction of Hefei Comprehensive National Science Center. Anhui's enviable position as a fort of education, science, and technology has crated many opportunities, and made it a destination for many foreign students. At the end of 2018, there were 63,464 postgraduate students studying in the graduate schools of the province's 21 universities (Peoples Government of Anhui 2020).

Several higher education institutions (HEIs) in the province have substantial number of foreign students studying and undertaking seminal research works across various disciplines. Prior research on foreign students has mainly focused on the cross-cultural assimilation and interaction, as well as their experiences with the education system (Wen et al. 2018). Nonetheless, the healthcare issues of these populations have not attracted much attention, though there is anecdotal evidence of foreign student's healthcare barriers dominating discourses on student's social media platforms like "Wechat" (*"Wechat"* is a social media messaging application). While this remains the case, students find themselves restrained in seeking for healthcare. For this reason, most students engage in negative health behaviors.

On account of the growing collective global movement toward universal health coverage, premised on providing a comprehensive, affordable, and unimpeded healthcare service for all populations including students, there is the need to understand challenges that these populations encounter. Nonetheless, there is a dearth of studies interrogating the exact barriers faced, though international students constitute a segment of the entire student population in China. Generally, most of these students are from poor developing countries. And it is on account of their general poor backgrounds that most of them are offered financial support to undertake further studies in China. Given the general background similarities of these populations, it is possible that they encounter common, if not same set of barriers. In this context, and particularly within the context

of universal health coverage, our study explored healthcare service access among foreign students. (The use of the term *"foreign students"* represents non-Chinese nationals and/or citizens of other countries who have crossed borders to study in China.) In this study, we argue that, the resolution of these challenges would enhance and expedite the realization of the goal of universal health coverage. The study hopes to contribute to education and public healthcare literature by exploring healthcare hurdles of foreign students, and help identify sustainable mechanisms to advance their healthiness and overall well-being.

## Methodology

### Research Approach and Design

The study set out to explore foreign student's healthcare service access barriers. A qualitative approach was employed to gain insights into the complex web of multifaceted challenges of students in the Anhui province. Qualitative approach aids in providing insights regarding individuals understanding and experiences (Thomas et al. 2018). To this end, given the context-specific nature of the study, the inductive and interpretivist approach was used (Madill et al. 2000). The epistemological component of interpretivism emphasizes on knowledge subjectivity, while the ontological focuses on the variants of individual experiences. Complementing these within the context of a qualitative study approach helps in understanding the shared lived experiences of study participants, while gaining a much deeper peep into the subject matter under investigation (Zikmund et al. 2013). On this score, we employed a qualitative phenomenological approach, predicated on interpretivism and inductive reasoning. Also, the study used the thematic approach of analysis to present themes captured in participants' responses and interview transcripts regarding healthcare service access and barriers.

### Population and Sampling

Our target population included foreign students studying in HEIs in China, precisely in the Anhui province. Study participants were heterogeneous in character. Essentially, study participants were drawn from different countries in various HEIs. Participants were diverse in age (ranging from 18–45), gender, Chinese language proficiency, number of years of stay in china, and marital status. The study inclines itself to a purposive sampling design, rather than a random sampling of participants. This was informed by the need to solicit participation for respondent-driven studies where there is ample evidence of dearth of records (Salganik and Heckathorn 2004). For the purposes of sampling participants for the study, inclusion and exclusion criteria were employed. An Inclusion criterion was limited to the following:

- Must be a foreigner
- Must be a student in a university located in the province
- Must have accessed healthcare service in the province
- Must be willing to participate

An exclusion criterion on the other hand was limited to the following:

- Non-foreign students
- Foreign students studying outside the province
- Students who have not accessed healthcare service in the province
- Reluctant student participants

Foreign students were recruited from 15 August–29 October 2020. Communication and data collection timelines are presented in Fig. 1. Sampling for the study was maintained until a point of saturation was reached. Saturation refers to the point where additional information elicited from participants does not contribute new information to already drawn responses.

**Foreign Students' Health Service Access Barriers, Fig. 1** Communication and data collection timelines

### Data Collection

A semi-structured interview guide was used for gathering in-depth insights into the issue of foreign student's healthcare service access barriers. Before data collection, initial contact with leaders of student associations in the various HEIs was established. These contacts who served as gatekeepers helped in introducing the researchers and the study to participants (Given 2008). These leaders shared information about the study on Wechat social media group platforms after which people who were willing to participate in the study were recruited. Study participants were subsequently contacted and asked to consent to participation and interview, which were willingly given. Prior to interview, participants were provided with printed copies of the study overview. Participants were assured of anonymity, confidentiality, and privacy of information provided. Whereas participants were interviewed once, they were informed of their liberty to withdraw at any stage of data collection. In accordance with the recommendations of McCracken (1988), long interview sessions lasting approximately 35 min were maintained because the study sought to gather detailed information for the study. Considering the scattered location of participants within the study area, for convenience reasons, three focus group discussions were conducted via Wechat. Actually, these in-depth interviews enhanced the categorization of participant's responses, while also providing a framework for thematic analysis. To establish the credibility of the interview guide, two postdoctoral research students, and other two researchers with research interest in qualitative health studies were consulted to review the interview guide. The interview guide was subjected to three rounds of pilot tests. The first pilot test was conducted among a sample of ten researchers. The second and third pilot were conducted among 15 randomly sampled participants. After the final pilot, the refined interview guide was adopted for the study. To establish friendship with participants, teaser tour questions were asked about health. Precisely, participants were asked about their healthcare and service experience in China. Some of the questions posed included: "what are your views about healthcare and service access in China? What are some of the challenges encountered? etc. To delve deeper, probing questions like: "could you explain further?", "could you cite some practical instances or examples?" were asked. Interviews were held in the English language because it is a common language among international students. Given the diverse backgrounds of participants, the research team gathered information about the sociocultural, religious, and communication ethics of their background. To enhance cooperation and help gather accurate information, this information provided by the gatekeeper contacts informed the training of interviewers.

### Coding of Interview Data and Analysis

Interviews were recorded, transcribed verbatim, entered into Microsoft word pro 16, and finally saved separately in a collection of dropbox folders and password-safeguarded Google Drive. Participant's responses were analyzed using thematic analysis. Thematic analysis helps in identifying, interrogating, and presenting themes and patterns within the context of data (Braun and Clarke 2006). Participant's responses were analyzed to come up with categories, patterns, and themes. The transcripts were compared with audio-recorded interviews to confirm their precision. After the research team got themselves familiar with the data, initial coding was done. Afterward, substantive themes were identified. Themes were revised to contain emerging ideas. Based on this, final themes were developed. Data content were interrogated to identify the frequency of themes. The research theme developed a conceptual map designating major themes and subthemes based on their correlations, to represent findings captured in Microsoft word pro 16. Data analysis prioritized thoroughness, honesty, and integrity of data. Data was well treated and handled to avoid the integration of deviant patterns like anecdotes shared by participants. Furthermore, attention was assigned to maintain transparency and representativeness of participant's experiences. For this reason, the research did not report responses that were not captured in participant's narratives. Interview transcripts were validated from each participant to avoid misrepresentation.

Analysis of the interview was conducted by the third and fourth authors who were not part of the interview team. A brief meeting was held to ensure that findings are in order, to resolve discrepancies. The few deviant themes that emerged were keenly contested, after which a consensus was reached to delete them. The themes were further refined until they represented the perspectives of the majority of participants. This contributed to grounding results in reliability and clarity (Richards 2009), and fairness, while at the same time ensuring that results are devoid of bias.

## Results

### Background Information of Participants

The participants interviewed for this study included 33 foreign students. Precisely, participants included nationals from Pakistan, Jamaica, Poland, Azerbaijan, Russia, Ghana, Kenya, Rwanda, Cameroon, Tanzania, Malawi, Palestine, North Korean, Indonesia, Laos, Sierra Leone, Bangladesh, Cape Verde, and India. Males included 23 and females 10. In terms of age distribution, majority of participants were in the range of 26–33. Regarding marital status, majority were single. Also, Christians constituted the largest population of the study. Most of the study participants were postgraduate master's students. Most study participants could not speak the Chinese language. Most of the student participants had also stayed in China for 2–3 years (Table 1).

### Foreign Student's Healthcare Service Access Barriers

Interaction with study participants revealed a plethora of healthcare service access barriers. These factors included: Communication challenges, health education/literacy constraints, and Health Insurance challenges. These barriers are thematically discussed below.

**Foreign Students' Health Service Access Barriers, Table 1** Background characteristics of the study participants

| Variable | Category | Frequency (n) | Percentage (%) |
|---|---|---|---|
| Gender | Male | 23 | 70 |
| | Female | 10 | 30 |
| Age | 18–25 | 9 | 27 |
| | 26–33 | 13 | 40 |
| | 34–40 | 7 | 21 |
| | 40+ | 4 | 12 |
| Marital status | Single | 19 | 58 |
| | Married | 11 | 33 |
| | Divorce | 2 | 6 |
| | Widowed | 1 | 3 |
| Religion | Muslims | 9 | 27 |
| | Christians | 18 | 55 |
| | Others | 6 | 18 |
| Level of education | Undergraduate | 9 | 28 |
| | Postgraduate masters | 15 | 45 |
| | Doctoral | 6 | 18 |
| | Post-doctoral | 3 | 9 |
| Chinese proficiency | Advanced | 2 | 6 |
| | Intermediate | 8 | 24 |
| | None | 23 | 70 |
| Number of years in China | <2 years | 9 | 28 |
| | 2–3 years | 10 | 30 |
| | 3–4 years | 8 | 24 |
| | 5 years and above | 6 | 18 |

### Communication Challenges

Study participants reported communication as one of the major healthcare services barriers encountered. According to participants, majority of health personnel in most health facilities have challenges communicating with foreigners in the English language. Also, the inability of many of these foreign students to express themselves in the Mandarin language, adversely affects their healthcare seeking behavior. These concerns resonated with others shared during focus group discussions. In sharing their perspectives, some indicated that:

> On almost all the occasions I sought for medical treatment, I always come home more disturbed than I went. I Couldn't get along with the health personnel. They cannot speak English, and I can't also speak Mandarin.

> Frankly speaking, language is a big problem for not only me, but for almost all foreigners I know. The Chinese language is very difficult. I have been here for more than 3 years, but I cannot speak. I studied the language for a while, yet I cannot speak.

And because of this being the situation, participants expressed the view that they neither receive quality care, nor get value for money paid for healthcare. Most participants also reiterated that the communication gap essentially affects medication because they are unable to communicate effectively with medical practitioners. On this, some participants said that:

> I have the feeling that, I don't get value for the money spent at the hospital, because if we cannot communicate, how do practitioners understand our problem and offer good medication?

> I think the communication problem somehow affects diagnosis. I remember I once visited the hospital a while ago. After finishing the entire dosage, I never saw improvement. I still experience occasional headaches. Am sure, the health personnel did not understand me well enough.

Going forward, the study revealed communication challenges to be multifaceted and much deeper than initially revealed. Some participants expressed worry about the effects this phenomenon has on pursuing health-related activities such as making online appointments to meet medical specialist or other health personnel. Whereas some participants shed light on how their inability affects acquisition of health information and knowledge, some also expressed worry about their inability to locate appropriate departments in some health centers. This view of most study participants was attributed to the predominant use of Chinese in health communication. In this regard, some participants recounted that:

> For convenience reasons, patients are required to make online appointment in some facilities before seeing a medical practitioner. And the online system is in Chinese. How do we foreigners use? We are left out, and we don't feel the healthcare system.

> All labeling in the hospitals are in Chinese. I understand some few hospitals have English, but the truth is, they are in the minority. Because of this, one has to spend some time asking around to be directed to the right department. This even depends on when you are lucky to meet one in a million who could speak English.

### Health Education/Literacy Constraints

Against the backdrop of the communication challenges, most participants also indicated how this situation has consequently impacted their health literacy. Participants shared the view that their dearth of Mandarin knowledge, for which reason they can neither read, write, nor communicate, limits their health-related information. While these concerns dominated individual interview sessions, it also became topical during focus group discussions. In the assessment of participants, it was obvious that the situation whereby contents of medical instructions are issued in Chinese substantially affects their health literacy. In citing specific instances, participants were unanimous to cite prescription drug labels, medical consent form, laboratory reports, among others. In sharing experiences, some participants recounted that:

> For me, it's been difficult for me understanding medical contents. They are always issued in Chinese, and I don't have any knowledge in the Chinese language.

> There was a time I wanted to visit the hospital. That was somewhere around the Chinese year and I was told not all departments would be working. I accessed the hospital website to see if the

> department I intend visiting would work. To my surprise, all contents were in Chinese.

Another stressed that:

> I had to undergo surgery last year. I had to sign some consent forms. All the forms were in Chinese and I signed without understanding them. I was asked to sign, and I also signed without knowing the consequences. And because my situation was deteriorating, I thought that was not the time to be rigid.

### Health Insurance Challenges

Study participants also shared some perspectives on the health insurance scheme as one of the healthcare- and service-related challenges. Our interaction revealed that, health insurance subscription for students in China is compulsory. As such, all students are enrolled on one insurance package or the other. This was common among self-finance students, as well as others on both partial and fully sponsored scholarship schemes. In the case of students on fully supported scholarship schemes (either offered by university, Chinese government, or any awarding institution, inside or outside China), their insurance packages are fully catered for by the awarding institutions. However, with the self-finance students who bear the entire cost of insurance payments, it became apparent that they had some form of challenges. In sharing experiences, some self-finance student said that:

> I know the health insurance is good for our own wellbeing here, yet I think the amount paid is too much for us. We are students here, we don't work. We pay our fees, feed ourselves, pay accommodation and take care of other things. Adding these to 800-yuan annual health insurance payment is too high for us.

> After renewing this health insurance at a cost of 800-yuan, most people end up not using it. The money is too much for us. We cannot work here as foreign students because it's illegal to work with student visa. How do we pay for this, and other fees?

On the other breadth, some students also expressed their difficulty regarding how the health insurance system operates. This challenge permeated the experiences of both self-finance and fully sponsored students. These experiences bordered on seeking for refund from insurance scheme operators after spending on health. Specifically, participants pointed out the dearth of clarity regarding the threshold of health expenditure at which health insurance enrollees qualify for refund. Some participants recounted their ill experience with insurance operators, and indicated how they were denied refund. On this, some participants said that:

> Personally, I don't know how this health insurance thing operates. There was a time submitted receipts for refund, and I was told I don't qualify for refund because I had not spent to a certain level. What is this?

> I pre financed my health at the hospital. I submitted the receipts, and I was refunded less than five percent of what I spent. I was shocked. I still don't understand the policy.

### Coping Mechanisms

After tapping into the lived experiences, to enhance further interrogation of the sensitive subject matter under investigation, and help delve deep into the varying perspectives of participants, the study explored how participants coped with these challenges. These coping mechanisms are discussed with consistency on the following themes: Translator applications and use of communication assistants, social network recommendations, and traveling back to home country.

### Translator Applications and Communication Assistant's Use

To overcome communication challenges, study participants cited an array of alternatives ranging from using translator applications and seeking help from other friends proficient in both English and Mandarin to help them communicate with health personnel. In using translator applications, participants expressed some challenges like wrong translations. In the views of participants, this limits them in effectively conveying their problems. Some participants said the following:

> In overcoming the barriers posed by language, I use Baidu and Pleco translator applications. Mostly some of these apps give wrong translations. It's not hundred percent accurate most of the time, so I think it's not reliable.

Others indicated that, in seeking for healthcare, they seek help from friends who could speak English and Mandarin language. Nonetheless, participants expressed concern about issues of privacy with these friends. Whereas some raised worry about the possibility of their medical conditions being made public, a host of others were concerned about the capability of these friends to communicate exactly what medical practitioners communicated. Some participants said that:

> In the presence of these friends, imagine if the same person decides to expose your serious medical situation to others. Even though this option helps, I also think it's not secure because it ends up depriving me of privacy.

> These people who help us communicate with medical experts have no idea about health practice. How could they exactly convey message to us? It's obvious they would misunderstand, miss some things and end up miscommunicating to us.

Some participants also stated that, the presence of third-party communication facilitators restricts patients from opening up on private medical issues to health practitioners. On this, a participant said that:

> When I go with friends to help me, I feel restrained opening up on certain things to the medical experts. I fear my friends would one day expose it to the public one day.

### Social Network Recommendations

Some participants also stated that, given the high cost of medical expenditure, their inability to communicate effectively with health practitioners, the uncertainty surrounding refund of medical expenditures by health insurance authorities, and other difficulties, they have identified alternatives to countervail high medical bills. Some participants indicated that, they sometimes contact friends and share their ill health experiences with them, and whenever it happened that these friends have experienced the same in the past and have been successfully treated for their ailment, they recommend medications for them. Some stated that:

> During ill health moments, I do contact friends, share my feeling with them, and if they have experienced same in the past, they recommend drugs for me to buy. I would say this has been working.

Others also emphasized that they either contact friends in the medical schools who do either recommend some drugs for them, or take medical recommendations from within their friendship networks for them. A participant stated that:

> I have some friends in the medical school. When I have health problem, I tell them my problem and they help me directly or consult other medical practitioners they know, get recommendations for me to buy and use.

Some participants also emphasized that some of their friends have first aid box, with basic medicines for treating common ailments like headache, cold, bodily pains, etc. In sharing experience, some stated that:

> Some of my friends and neighbours have medicines in their room. When I have any health challenge, I go to them for medication.

Other participants further emphasized that, in situations when they have been unable to pay for the huge medical bills or buy medications to treat ailments, they resort to exploring other treatment options. Most participants expressed confidence in the efficacy of their home country medication. For reasons of communication challenges, medication efficacy, and affordability reasons, some import medicines from their home country to China. A participant explained:

> The medicine in my country is cheap and very good. Why should I spend huge money? Pakistan to China is not far, so I ask my family to send me local medicine.

*Another said:*

> Almost every month, people travel from my country to China. I take advantage of that, and get medicine. Now I have medicines and it's very good. Whenever I am ill, I boil them and drink. For a while, I get better.

### Traveling Back to Home Country

Some participants also stated that, after series of unsuccessful medication, they return to their home country to seek for medical treatment. Others also stated that, when they find themselves

in a situation where their treatment requires huge sums, they also travel back home for treatment. Through our interaction, it became apparent that, the decision to travel back home was mostly necessitated by the perceived high cost of health expenditures, as well as the communication challenges encountered by participants. On this, some participants said that:

> When I became unsuccessful in treating my ailment, I travelled back to Jamaica. When I got well, I came back. I have since not experienced the ailment again. I now feel better compared to when I was here.

> After spending huge money on healthcare and realizing I was not getting well, I went back home. I was spending much, yet wasn't seeing improvement. Now I am ok.

> When I went home for treatment and came back, I have seen improvement. A country mate of mine had some health challenges, he was spending much without any progress. I advised him to go back home and now he's back, and looking very healthy and fit.

### Study Participants-Generated Remedies to Overcome Barriers

To provide guidelines for deploying health and social policy mechanisms targeted at addressing the challenges saddling foreign student's healthcare and service access, the study probed participants to share perspectives. This was to help generate participant-centered solutions – one that would be representative of participant's opinions. Participant's made insightful contributions in this regard. Some participants expressed the view that, to countervail the issue of communication, they hoped to see an improvement in the English communication skills of most health practitioners in China. As a participant stated, while these would be good patients, it would generally inure to the benefit of global healthcare:

> An improvement in English speaking capabilities of health personnel will help advance healthcare to all class of foreigners here.

> Medical experts' ability to communicate in English would help patients to have their privacy too.

Others were also of the opinion that a change in health communication to include English could also help foreigners to easily identify departments, and at the same time understand basic medical instructions without struggles. A participant said:

> The inclusion of English in health sector communication would help jump a huge hurdle. There wouldn't be any need for interpreters and use of translators.

Others were also of the view that health facilities should strengthen communication. By so doing, health entities should consider engaging people with English proficiency to facilitate communication between health practitioners and foreign patients. Some said that:

> Health institutions should engage communicators with English speaking capabilities to help foreign students communicate with health personnel.

Most participants were also of the view that medical practitioners should get themselves conversant with dynamics such the emotional, psychological, and cultural backgrounds of patients. In pursuit of this, participants suggested the provision of specific training modules that would shed light on these and other issues like disease prevalence among foreigners to health personnel. The presence of health professionals with this knowledge would help remove or mitigate the consequences of these challenges. Some participants said the following:

> I think much of the problem with healthcare in china is that, they don't understand much about our cultural backgrounds and the prevalent ailments among foreigners.

> I think medical experts should be educated on the health conditions of foreigners. They have little idea about our system. That's what I think. Maybe a little education would help them.

> There is a time I felt bitterness in my mouth for almost a week. It was abnormal for me, so I decided to visit the hospital. I thought it was malaria fever, but the doctor said there was nothing wrong with me. Meanwhile I knew I was sick. These are some of the things.

> Medical practitioners should be a source of emotional support and empathy for patients. I think Chinese medical experts are too professionally straight and rigid. They hardly cuddle patients' emotions.

Relative to the health insurance scheme challenges, some participants suggested a review of the premium payments to make it affordable for all class of people, particularly self-finance students. Others also expressed the view that the review should take into consideration, a reduction of the health expenditure threshold to a reasonable level that would guarantee students a refund. A participant echoed that:

> The health insurance premium should be reduced and made affordable for we self-finance students. It is too much for us to pay.

Another said that:

> Whiles suggesting for a reduction of the premium, let me also call for a reduction in the threshold at which one qualifies for refund. That would save us a great amount of money.

## Discussion of Findings

Healthcare service access issues have over the years gained prominent attention within global development goals precincts, as global disease burdens assume changing forms from time to time. The effort to enhance access to affordable healthcare without encountering impediments is amplified in the Sustainable Development Goals, precisely goal 3: Universal Health Coverage. Situating the discourse of foreign student's healthcare service access barriers within global goals framework underscores the relevance of our study. To the best of the knowledge of the authors, this study is one of the few investigating healthcare service access barriers of foreign students in China. Significantly, this would help in developing health and social policy interventions toward addressing these challenges. Our study unearths in detail, interesting findings regarding barriers, coping mechanisms, and the way forward to alleviate or mitigate the effects of the challenges delineated.

Our study revealed language as a formidable barrier to healthcare service for foreign students. And because this has been the situation, foreign students are constrained in engaging health practitioners. Moreover, communication challenges also impair foreign student efforts to engage in health seeking behaviors like making appointment, locating health facilities, and departments within facilities. In the views of participants, the combined effects of these results in waste of time. Furthermore, the general dearth of foreign students' Mandarin proficiency was also revealed by this study to further compound their situation, as they encounter difficulties in acquiring online health knowledge and information from health facilities.

Participants were of the view that, in addition to the fact that communication hurdles bar their access to quality healthcare and getting value for health expenditures, the situation exerts some negative impacts on diagnosis. In an American study among Asian Americans, Mayeno and Hirota (1994), corroborate language as barriers to healthcare service. Also, Green et al. (2005) confirms the restrain that language places on health seekers in asking about their health. Arkorful et al. (2020) also confirm the significance of an effective health practitioner–patient communication to facilitate not only patient healthcare, but also treatment and overall therapy. These studies underscore general communication as not only a standard of measuring adjustment, but also, a sine qua non to environmental fitness and healthcare service access.

The study also revealed another dimension of foreign student's healthcare service barrier precipitated by participants' Mandarin language proficiency. This bordered on foreign students' health education and literacy. Health literacy within the context of this study revolves around the capability of foreign students to read, and understand health-related contents. Our interaction revealed a general paucity of foreign students' inability to peruse health contents like medical prescription, drug labels, and health information fliers. Others

also indicated difficulties related to understanding medical consent forms and other medical instructions issued by practitioners. The relevance of language to enhance health seekers information access, analysis, and subsequent decision making within health contexts is confirmed by Sullivan and Glassman (2007).

Moreover, our study revealed the state of health insurance policy as another barrier to healthcare service access among foreign students in China. Though participants acknowledge health insurance enrolment as a significant protective mechanism, they nonetheless pointed out some policy flaws. Among self-finance students in particular, considering fulfilling other obligations like tuition fees, rent, and resident permit renewal payment, among other personal care expenses, the annual health insurance premium payment, in their view was too expensive. Others also expressed concerns about reimbursement issues. While a section of the study participants called for the need for health insurance scheme operators to make health insurance packages affordable for students, others also entreated stakeholders to review the threshold that qualifies enrollees who have prefinanced their health expenditure to qualify to refund claims. In a study of rural and urban health insurance schemes in China, Wang et al. (2014) attributes healthcare imbalances and inaccessibility to nonaffordability of medical services.

After identifying barriers, the study went further to explore coping mechanisms deployed by participants to overcome them. Our study revealed an array of short- to medium-term alternatives employed by participants to overcome healthcare service hurdles. These options ranged from utilizing translator applications and communication assistants, resorting to medical recommendation from social networks, and traveling back to their country. Based on the responses gathered from participants, as much as these options are helpful, they are not reliable and sustainable. With regard to the use of translator applications, most participants cited the use of applications like "Baidu" and "Pleco" to translate audios and inscriptions. Some participants also indicated they rely on friends with proficiency in English and mandarin to communicate with health practitioners.

Nonetheless, participants expressed worry about the possibility and frequency of misinterpretations likely to be brought by the use of these communication channels. They equally expressed the view that the use of these applications enhances communications. It however renders communication ineffective, and also creates room for the occurrence of medical errors. This finding is consistent with Flores et al. (2012). For this and other reasons, the quality of care is not received.

Moreover, as part of measures to overcome healthcare service-related barriers, some study participants recounted resorting to medical recommendations from among and within social networks like close and distant friends. From our interaction, participant's reliance on this option was necessitated by a plethora of factors including, but not limited to, the low-quality services brought about by communications challenges between health seekers and service providers. Moreover, participants' perception about the high cost of medical care expenditures in China has also informed their decision not to seek healthcare from health institutions, but rather, engage in over the counter drug purchases to treat illness.

And quite surprisingly, the study revealed that, though all student participants were enrolled on one health insurance scheme or the other, they however still preferred relying on friends for medical recommendations and other related assistance. Majority of student participants preferred these nonconventional treatment alternatives more than consulting medical practitioners. More so, our interaction revealed that participants regarded this option as more effective and affordable. An assessment of what has actually informed the formation of this complex mix of perspectives, and further driving engagement in these negative health seeking behaviors to a point of entrenchment among the wider population of foreign students pointed to participants' discontent with the health insurance scheme. In the views of participants, though the annual premium is high, yet given the expenditure cap, enrollees who spend

either below or above a particular threshold are not entitled to benefit from refund.

This situation has significantly dissuaded participants from seeking healthcare from accredited health facilities. As a result, self-medication was revealed to be prevalent among participants. The effects of self-medication may come with some adverse health complications, which may affect participant's academic and nonacademic activities. In fact, Keefe (2010) confirms that, uninsured or inadequately insured people may resort to the use of less costly medication alternatives. In the face of the low-quality healthcare perceptions, high cost of health expenditure, and the general dissatisfaction with the health insurance scheme, few participants expressed treatment deferments until they revisited their home countries to undergo treatment. Even though this may come with risk, as the health conditions may further deteriorate to a point of near death, participants still preferred this as an option. This is because they have the perception that the healthcare system of their countries is structured to meet their healthcare needs.

Finally, on sustainable approaches to addressing foreign student's healthcare service barriers, through individual interviews and focus group discussions, the study elicited participants-centered suggestions, which are discussed below. Participants suggested making interpreter services cardinal to healthcare for foreigners. The positive results of professional interpreter services to healthcare are confirmed by Jaroensawat and Wankijcharoen (2013) in a seminal study in Thailand. In pursuit of providing interpreter services, participants suggested the provision of professional training to either interpreters, or medical communication experts, to enhance heathcare service provision to foreign students. This training, in the views of participants, should take into cognizance the cultural idiosyncrasies and peculiarities of foreigners. The efficacy of a culturally centered care with relation to healthcare promotion and quality is confirmed by (Fernandez et al. 2012).

Our study participants also suggested for a review of the student's medical insurance policy by scheme managers. Specifically, participants sought for the review to take into cognizance financial circumstance of students. With respect to this, the Ministry of Education, in concert with HEIs, may join the advocacy to call for a review of the medical insurance policy for foreign students. Health insurance as a protection policy is very cardinal to ensuring healthcare service, and inclusion for all populations and subpopulations, including foreign students. This is very cardinal to also advancing the core tenets of universal health coverage goals – which is predicated on the urgency to provide affordable primary healthcare to all, without exemptions. Affordability of health insurance for enhancing healthcare service access, while encouraging a positive health seeking behavior, is confirmed in a study by Keefe (2010).

Overall, healthcare service barriers studies on foreign students are not conclusive. Given the relevance of health to global health, these issues need to be further explored to enhance public healthcare access for students in China. These efforts will lead to richer and stronger springboard, on which to advance research and health policy agendas geared toward advancing healthcare, and general welfare of foreign students. Our study has some strengths that need to be espoused. In addition to this being the first study that explores foreign student's healthcare service access challenges, the interpolation of data with responses of foreign students who have accessed healthcare and experienced barriers makes the study unique. Our study therefore provides an appreciable depth of understanding from participants' varying perspectives, while offering countervailing mechanisms to the barriers. The study findings could serve as a benchmark for guiding multistakeholder interventions in the health sector.

We however acknowledge study limitations, given the methods. Interpreting and replicating study findings must be done with caution. Owing to the use of purposive sampling, our results should not be generalized as representative of the general population. Nonetheless, it is instructive to emphasize that the study prioritized the depth of the participant's experiences, rather than breadth. Also, the study was based on self-

reporting, thereby exposing findings to potential response and social desirability bias. These limitations however do not in any way invalidate or weaken the study findings.

## Conclusion and Implications for Policy, Practice, and Further Research

This study sought to explore healthcare service access barriers encountered by foreign students in the Anhui province of the People's Republic of China. To our knowledge, this is a premier seminal study that offers valid and reliable evidence of integrating factors that imposes healthcare access barriers to foreign students. This study opens up a new space in research on foreign student's healthcare and general well-being. Against the backdrop of the fact that many countries could not achieve most of the millennium development goals (MDGs), the findings of this study will provide insights into healthcare, and further help to realize the health-related SDG goals, thus universal health coverage. Our study revealed serious healthcare challenges encountered by foreign students. The authors of this study therefore suggest that, initiatives deployed by stakeholders to guide policy design and implementation targeted at improving healthcare service access should prioritize the findings highlighted by the study.

The findings of this study have policy, practice, and further research ramifications. The findings are significant for social policy, more especially to the global effort to improve accessibility by extending affordable healthcare to all populations through effective multifaceted policy formulation and implementation by governments and other relevant health sector stakeholders. As universal health coverage goals preoccupy global efforts, while debating global health reforms, an in-depth understanding of populations and subpopulations healthcare inaccessibility matters would be an excellent troubleshooter toward the way forward. The study findings indicate that healthcare service access barriers are influenced and induced by a confluence of factors centered on communication, health literacy, and others predicated on perceived health insurance policy lapses.

This calls for a critical and holistic restructuring of the healthcare system to cater to the needs of foreign student health seekers. Regarding the health insurance scheme, part of the way forward in advancing universal healthcare requires creating financially student user-centered schemes that eschews inaccessibility in all forms. This will be germane for ensuring a healthy human resource base, while increasing productivity. Also, our study recommends future studies in this arena to employ quantitative analysis, as well as mixed methods approach. Furthermore, a large-scale study involving foreign students in other provinces is strongly recommended.

## Cross-References

► Comparative and Development Public Administration and Policy
► Governance and Public Administration

## References

Arkorful VE, Hammond A, Basiru I, Boateng J, Doku F, Pokuaah S, . . . Lugu BK (2020) A cross-sectional qualitative study of barriers to effective therapeutic communication among nurses and patients. Int J Public Adm 1–13

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qual Res Psychol 3(2):77–101

China Scholarship Council (CSC) (2012) Study in China. Retrieved from: http://en.csc.edu.cn/Laihua/indexen.aspx

China's University and College Admission System (CUCAS) (2012) Chinese Government Scholarship Scheme. Retrieved from: http://www.cucas.edu.cn/HomePage/content/content_248.shtml

Fernandez A, Seligman H, Quan J, Stern RJ, Jacobs EA (2012) Associations between aspects of culturally competent care and clinical outcomes among patients with diabetes. Med Care 50(9 Suppl 2):S74–S79

Flores G, Abreu M, Barone CP, Bachur R, Lin H (2012) Errors of medical interpretation and their potential clinical consequences: a comparison of professional versus ad hoc versus no interpreters. Ann Emerg Med 60(5): 545–553

Given LM (ed) (2008) The Sage encyclopedia of qualitative research methods. Sage, Thousand Oaks
Green AR, Ngo-Metzger Q, Legedza ATR, Massagli MP, Phillips RS, Iezzoni LI (2005) Interpreter services, language concordance, and health care quality. Experiences of Asian Americans with limited English proficiency. J Gen Intern Med 20(11):1050–1056
Jaroensawat B, Wankijcharoen S (2013) The tele-interpreter service at the Bangkok Hospital Medical Center, Thailand. World hospitals and health services: the official journal of the International Hospital Federation 49 (2):30–32
Keefe RH (2010) Health disparities: a primer for public health social workers. Soc Work Public Health 25(3–4):237–257
Madill A, Jordan A, Shirley C (2000) Objectivity and reliability in qualitative analysis: realist, contextualist and radical constructionist epistemologies. Br J Psychol 91(1):1–20
Magalhaes L, Carrasco C, Gastaldo D (2010) Undocumented migrants in Canada: a scope literature review on health, access to services, and working conditions. J Immigr Minor Health 12(1):132–151
Mayeno L, Hirota SM (1994) Access to health care. In: Zane NWS, Takeuchi DT, Young KNJ (eds) Confronting critical health issues of Asian and Pacific Islander Americans. Sage, Thousand Oaks, pp 347–375
McCracken G (1988) The long interview, vol 13. Sage, Thousand Oaks
Ministry of Education (2010) Programme for study in China. Retrieved from http://www.gov.cn/zwgk/2010-09/28/content_1711971.htm (In Chinese)
People's government of Anhui (2020) Retrieved 25 February, 2020, from http://english.ah.gov.cn/Study/EducationinAnhui/index.html
Project Atlas Infographics (2018). Retrieved from https://www.iie.org/en/Research-and-Insights/Project-Atlas/Explore-Data/Current-Infographics
Richards L (2009) Handling qualitative data: a practical guide, 2nd edn. Sage, Los Angeles
Salganik MJ, Heckathorn DD (2004) Sampling and estimation in hidden populations using respondent-driven sampling. Sociol Methodol 34(1):193–240
Sullivan E, Glassman P (2007) Health literacy, consumer health manual national network of libraries of medicine. Retrieved September 19, 2007, from http://nnlm.gov/outreach/consumer/hlthlit.html
The Office of Minority Health (2013) The national CLAS standards. Retrieved January 15, 2020, from http://minorityhealth.hhs.gov/templates/browse.aspx?lvl=2&lvlID=15
Thomas JR, Nelson JK, Silverman SJ (2018) Research methods in physical activity. Human Kinetics, Champaign
Wang X, Zheng A, He X, Jiang H (2014) Integration of rural and urban healthcare insurance schemes in China: an empirical research. BMC Health Serv Res 14(1):142
Wen W, Hu D, Hao J (2018) International students' experiences in China: does the planned reverse mobility work? Int J Educ Dev 61:204–212
Zhao LJ (2011) China's higher education as soft power? EAI background brief no. 659. http://www.eai.nus.edu.sg/publications/files/BB659.pdf
Zikmund WG, Babin BJ, Carr JC, Griffin M (2013) Business research methods. Cengage Learning, Boston

# Formal Rulemaking in Public Administration

Sara R. Jordan
Center for Public Administration and Policy, Virginia Polytechnic University and State Institute, Blacksburg, VA, USA

## Synonyms

Administrative law judgment; Hearing; Rulemaking

## Definition

Formal rulemaking is one of three forms of administrative rulemaking in the United States: informal (notice and comment), hybrid, and formal (hearing). Formal rulemaking involves agencies holding hearings – on the record and presided over by an administrative law judge – to adjudicate a rule when that rule unduly affects the life or livelihood of a small group of individuals or organizations. Formal rulemaking does not require "notice and comment" as the hearing serves this purpose. Formal rulemaking does require most of the mechanisms of civil law procedure including cross-examination and the judgment of an administrative law judge.

Formal rulemaking is prompted when the authorizing legislation stipulates agencies are required to promulgate rules "on the record after opportunity for an agency hearing."

## Introduction

When most citizens or scholars think of rulemaking, they think of the website regulations.gov and notice and comment periods. While informal – notice and comment – rulemaking is the most common or comparatively well known; it is not the only forum through which agency directors can deliberate with the public about agency actions, such as proposed rules. Further, rulemaking as such is not the only way through which agencies make and publicize decisions; there is the matter of agency "guidance" (Anthony 1992). There are two additional, conventional mechanisms for agencies to engage with interested citizens and organizations – hybrid or regulatory negotiation (reg-neg) rulemaking and formal rulemaking.

The pervasiveness of the informal rulemaking process does not indicate that it is the only, or perhaps even best, form of rulemaking that agencies can use to deliberate with the public about the complicated decisions of regulation in today's economy. Formal rulemaking, which has gone largely by the wayside, provides a process for rulemaking that is rooted in the adversarial tradition of the courts rather than the contest of democracy. The process of "on the record" adjudication of the facts and implications of a rule provides a slower and more "expert-based," but not consequently less democratic, transparent, or accountable, path to final rules and agency action.

Both formal and informal rulemaking procedures derive their authority from the Administrative Procedure Act. The APA (5 USC sections 550–557) applies to all executive branch and independent regulatory agencies, prescribing procedures for rulemaking and judicial review, and is best known for its stipulations on the types and procedures for rulemaking, which is the "agency process for formulating, amending or repealing a rule" (5 USC 551(5)). Rules are "agency statements of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency" (5 USC 551(4)). Some rules are of limited consequence and only alter the decisions or behavior of a small group in a minor way – rules stipulating the use and definition of artesian water versus springwater for bottling companies. Some rules, however, have significant economic and cultural consequences for the United States, its trading partners, and set, in effect, a global precedent: examples of environmental standards for pollutant emission or requirements for clinical trials of pharmaceuticals are just a few. Likewise, some rules are relatively brief and simple in their language and can be read and interpreted by laypersons easily while some rules are hundreds of pages and laden with scientific and legal language that is inaccessible to all but the most concentrated professionals. Regardless of the characteristic of the rule, it is more likely that the rule will be finalized after a period of informal (notice and comment) analysis than formal (hearing) adjudication.

## Formal Versus Informal Rulemaking Procedures

It is undeniable that the requirements for a formal rulemaking adjudication are more cumbersome than those for informal rulemaking. When the authorizing legislation that provides the basis for agency action includes the "magic words" – "on the record after opportunity for an agency hearing" – the agency must begin the process of organizing a hearing. Under the stipulations of the APA, "formal rulemaking requires an actual trial, complete with pretrial proceedings, an oral presentation of evidence before a hearing officer who cannot engage in ex parte communications, burdens of proof and persuasion, a cross-examination, proposed findings of fact and conclusions of law, and a written decision based on the hearing". Notices of hearings and requests for information are posted in the *Federal Register*; just as, in the informal rulemaking process, agencies post proposed rules and the mechanisms through which interested parties can provide information during an established timeline. In the informal rulemaking process, agency rules are posted, individuals can provide comments through the regulations.gov platform or electronic

or post mail, and agencies can collect and respond to these comments in the ways they deem fit for analysis. Importantly, in the formal rulemaking process, all submissions are documented, recorded, and, presumably, heard, while, in the informal rulemaking process, comments may be documented and recorded but perhaps not heard. One example of how informal rulemaking procedures may minimize individual's submissions being heard is that individual agencies may determine when comments are not preserved for public access and when comments do and do not merit inclusion in discussions of final rules language discussions of final rules language.

Finally, a key difference between formal and informal rulemaking is that formal rulemaking relies on the tradition of the courts, particularly recorded adversarial deliberation, to adjudicate the content of the rules, while informal rulemaking relies on the pattern of citizen deliberation with executive experts to modify content.

## A Brief History of Formal Rulemaking

Historically, formal rulemaking was viewed as a way to minimize what Felix Frankfurter described as "the danger of arbitrary conduct" by agencies. The presumptively arbitrary decisions of experts should be subject to the corrective of a hearing, whether as in a court (formal rulemaking) or in a legislative chamber (informal rulemaking). The procedures of a court hearing were judged to provide a way of throwing light upon murky decisions about issues with significant consequences for ordinary citizens' lives, such as in the case of food and drug rulemaking (Hamilton 1972).

Formal rulemaking was used in the development of agency actions subsequent to some of the most important pieces of economic legislation in the United States, such as the Interstate Commerce Act of 1887. In the Supreme Court ruling *ICC v. Louisville & Nashville Railroad Company* pertinent to ratemaking by the ICC, it was held that a full hearing by an agency required compliance with due process rights to a full hearing in court. Who should be afforded that right to a full hearing in the rulemaking process was established in cases prior to the APA heard by the Supreme Court. In these cases, *Londoner v City & County of Denver* and *BiMetallic Investment Company v. State Board of Equalization*, it was found that "where 'a relatively small number of persons is concerned, who are exceptionally affected, in each case upon individual grounds,' there is a due process 'right to a hearing,' but for actions affecting the general society, no such hearing is required". This delineation of the difference between general legislation and small group concerns paved the way for informal rulemaking to become the modal form of rulemaking action in all but the narrowest cases where, according to the will of the authorizing congress, the rights of these small groups are initiated by a call in the legislation for a hearing.

## "Peanut Butter" and Administrative Stalling

Over the decades since the APA was passed, formal rulemaking was not used as frequently as informal rulemaking. There are a number of theoretical reasons why this is (discussed below), but there are also political reasons related to instances where formal rulemaking was perceived to delay and obfuscate the process rather than shed light on administrative discretionary choices. An example often related in the literature addressing the possible problems of formal rulemaking is that of the FDA's eleven-year attempt to regulate whether "peanut butter should be 90% or 87% peanuts." The delay was not attributable only to the procedural requirements of formal rulemaking but was attributable to difference in priorities for the FDA and the administrative law court. However, this case is often brought forth in public and public administration arguments as a call for why formal rulemaking is a procedure best avoided (Yackee and Yackee 2012).

In the realm of administrative law, the demise of formal rulemaking came at the hands of the Supreme Court in their 1973 decision *United States v. Florida East Coast Railway.* In this case, which had similarities to the *Louisville & Nashville Railroad Company* case, the Supreme

Court determined that no oral cross-examination or development of submitted evidence was necessary for adjudication of agency ratemaking rules except where the authorizing statutes explicitly stated that there be a hearing "on the record." This decision "gutted formal rulemaking" but was in line with legal scholars' arguments at the time and today (Siegel 1998). Arguments are emerging for a resurrection of formal rulemaking. These theoretical and legal arguments suggest that formal rulemaking return (albeit infrequently) as a way of providing a recorded context about facts and values informing rules with significant economic and cultural effects, creating a necessary procedural delay to allow full consideration of issues, and creating opportunities for legitimating the administrative process through adversarial cross-examination.

Importantly, there are also political reasons for a return to some use of formal rulemaking: it increases ex ante oversight of agencies by citizens, thus reducing congressional oversight; and bringing agency views to the light of courts may allow citizens to peer into the process, be heard, and challenge agency assumptions (Neilson 2014).

## Why Formal Rulemaking Is Important to Public Administrators

If formal rulemaking was effectively gutted by *Florida East Coast Railway*, is only triggered by infrequent magic words, and if informal rulemaking is the accepted modal mechanism, then why should administrators be at all concerned about formal rulemaking? Further, if agency goals can be met without the hassle of either act of rulemaking, then why bother at all? Concerns about ossification and administrative delay are coupled with concerns about the legitimacy of the administrative state. Concerns about reviews of "arbitrary, capricious or abuse of discretion" agency actions under the "hard-look doctrine" persist and have led agencies to change their behavior when proposing new rules (Jordan 2000). Although this has led mostly to increases in promulgation of rules through mechanisms even less formal than notice and comment rulemaking, there is the chance that the accumulation of highly informal guidance and the rise of meaningless "Plebe" participation in notice and comment will lead to a revolt against the administrative state (Shulman 2009). One way around accusations of agency overreach or capriciousness is a return to formal or hearing style rulemaking, which drapes rulemaking in the legitimacy of the adversarial judicial process. Though necessarily time-consuming, costly, and, perhaps, cumbersome, a return to more hearing type rulemaking may temper critiques against the supposed illegitimacy of the administrative state.

## Conclusion

Formal rulemaking, also known as hearing rulemaking, relies on the legitimacy of the adversarial process to allow agencies and concerned members of the public to adjudicate the content of rules using trial-like procedures. Although this type of rulemaking is perhaps costlier and more cumbersome than the better known "notice and comment" or informal rulemaking, formal rulemaking is an invaluable tool for congress to use when delegating their authority to agencies. The opportunity to have final rules of great consequence, whether to a few or many, "on the record after opportunity for an agency hearing" is one of the avenues through which the congress and the president can ensure that the administrative state secures its legitimacy in a democratic system.

## Cross-References

► Administrative Adjudications
► Supreme Court and Public Administration

## References

Anthony RA (1992) Interpretive rules, policy statements, guidances, manuals and the like – should federal agencies use them to bind the public? Duke Law J 41: 1311–1384

Hamilton RW (1972) Procedures for the adoption of rules of general applicability: the need for procedural innovation in administrative rulemaking. Calif Law Rev 60: 1276–1337
Jordan WS III (2000) Ossification revisited: does arbitrary and capricious review significantly interfere with agency ability to achieve regulatory goals through informal rulemaking? Northwest Law Rev 94(2): 393–450
Pierce RJ Jr (1997) The APA and regulatory reform. Adm Law J 81(83):95–190
Rubin E (2003) It's time to make the administrative procedure act administrative. Cornell Law Rev 95(107)
Shulman SW (2009) The case against mass emails: perverse incentives and low quality public participation in US federal rulemaking. Policy Internet 1(1):23–52
Siegel JR (1998) Textualism and contextualism in administrative law. Baylor Univ Law Rev 1023(1068)
Yackee JW, Yackee SW (2012) Testing the ossification thesis: an empirical examination of federal regulatory volume and speed, 1950–1990. George Wash Law Rev 80(5):1414–1492

# Forms of Power

Fred C. Lunenburg
Sam Houston State University, Huntsville, TX, USA

## Definition

Power Legitimate power: is the ability to influence others is a person's ability to influence others' behavior because of the position that person holds within the organization. Legitimate or position power, as it is sometimes called, is derived from a position of authority inside the organization, often referred to as "formal authority." Those with legitimate power have the understood right to ask others to do things that are considered within the scope of their authority.

Reward power: is a person's ability to influence others' behavior by providing them with things they want to receive. These rewards can be either financial, such as pay raises or bonuses or nonfinancial, including promotions, favorable work assignments, more responsibility, new equipment, praise, and recognition.

Coercive power: is a person's ability to influence others' behavior by punishing them or by creating a perceived threat to do so. Typical organizational punishments include reprimands, undesirable work assignments, withholding key information, demotion, suspension, or dismissal. Coercive power has negative side effects and should be used with caution, because it tends to result in negative feelings toward those who use it.

Expert power: is a person's ability to influence others' behavior because of recognized knowledge, skills, or abilities. Physicians are acknowledged to have expertise, special skills, or knowledge and hence expert power. Computer specialists, tax accountants, and economists have power because of their expertise. As organizations become increasingly more technologically complex and specialized, expert power of organization members at all levels in the hierarchy becomes more important.

Referent power: is a person's ability to influence others' behavior because they like, admire, and respect the individual. Referent power develops out of admiration of another and a desire to be like that person. This helps to explain why celebrities are paid millions of dollars in endorsements. Marketing research shows that people such as Michael Jordan and Serena Williams have the power to influence your choice of athletic shoes and tennis products.

## Introduction

What comes to mind when you think of the term "power"? Does it elicit positive or negative feelings? In both research and practice, power has been described as a dirty word. Consider the Enron scandal (McLean and Elkind 2003). Certainly it is easy to think of leaders who have used power for unethical or immoral purposes (Brown 2006; Flynn 2011; Price 2009). That said, people who have power deny it; people who want power try not to look like they are seeking it; and those who are good at acquiring it are secretive about how they got it (Robbins and Judge 2014).

Great leaders have the following in common: they have a vision to achieve large-scale ideas that

they dream of accomplishing, and they have the personal power to enact it. For example, such business leaders as the late Steve Jobs of Apple Computer, Bill Gates of Microsoft, Mark Zuckerberg of Facebook, Jeff Bezos of Amazon.com, Phil Knight of Nike, and Sam Walton of Wal-Mart had strong visions of the future. They were able to transform their visions into reality, because they had acquired and used the necessary power to do so. Great leaders make things happen by utilizing personal power (Pfeffer 2011).

Power is a natural process in the fabric of organizational life (Haugaard and Clegg 2012; McClelland and Burnham 2003). Getting things done requires power. Every day, managers in public and private organizations acquire and use power to accomplish organizational goals. Given that, you need to understand how power is acquired, know how and when to use it, and be able to anticipate its probable effects. The concepts of power and leadership are closely linked. Leaders use power as a means of attaining group goals. By learning how power operates in organizations, you will be better able to use that knowledge to become a more effective leader. In its simplest terms, *power* is the ability to influence someone else.

## Sources of Power in Organizations

Where does power come from? What gives a person or group influence over others? More than 50 years ago, social scientists John French and Bertram Raven (1959) proposed five sources of power within organizations: legitimate, reward, coercive, expert, and referent. Many researchers have studied these five forms of power and searched for others (Carson et al. 1993; Finkelstein 1992; Podsakoff and Schriesheim 1985). For the most part, French and Raven's (1959) power sources remain intact.

### Legitimate Power

*Legitimate power* is a person's ability to influence others' behavior because of the position that person holds within the organization. Legitimate or position power, as it is sometimes called, is derived from a position of authority inside the organization, often referred to as "formal authority." That is, the organization has given to an individual occupying a particular position the right to influence – direct – certain other individuals. Those with legitimate power have the understood right to ask others to do things that are considered within the scope of their authority. When a manager asks an employee to work late to complete a project or to work on one task instead of another, he or she is exercising legitimate power. Managers can enhance their position power by formulating policies and procedures. For example, a manager might establish a requirement that all new hires must be approved by the said manager, thus exercising authority over hiring.

Subordinates play a major role in the exercise of legitimate power. If subordinates view the use of power as legitimate, they comply. That is, legitimate power covers a relatively narrow range of influence, and therefore, it may be inappropriate to overstep these bounds. For example, a boss may require his secretary to type a company document. However, it would be an abuse of power to ask that secretary to type his doctoral dissertation. The secretary may decide to complete the task, but doing so would not be within the scope of the boss's formal authority. Legitimate authority is a person's authority to make discretionary decisions as long as followers accept this discretion.

### Reward Power

*Reward power* is a person's ability to influence others' behavior by providing them with things they want to receive. These rewards can be either financial, such as pay raises or bonuses or nonfinancial, including promotions, favorable work assignments, more responsibility, new equipment, praise, and recognition. A manager can use reward power to influence and control employees' behavior, as long as employees value the rewards. For example, if managers offer employees what they think are rewards (a promotion with more responsibility), but the employees do not value

them (i.e., they are insecure or have family obligations that are more important to them than a promotion), then managers really do not have reward power.

Reward power can lead to better performance, as long as the employee sees a clear link between performance and rewards. To use reward power effectively, therefore, the manager should be explicit about the behavior being rewarded and should make clear the connection between the behavior and the reward. Employees also have reward power over their managers through the use of 360° feedback systems. Employee feedback affects managers' promotions and other rewards, so managers tend to behave differently toward employees after 360° feedback is introduced into the organization (Mabey 2001).

### Coercive Power

*Coercive power* is a person's ability to influence others' behavior by punishing them or by creating a perceived threat to do so. For example, employees may comply with a manager's directive because of fear or threat of punishment. Typical organizational punishments include reprimands, undesirable work assignments, withholding key information, demotion, suspension, or dismissal. Coercive power has negative side effects and should be used with caution, because it tends to result in negative feelings toward those who use it.

The availability of coercive power varies from one organization and manager to another. Most organizations now have clearly defined policies on employee treatment. Clearly defined rules and procedures that govern how coercive power is used prevent superiors from using their legitimate power (formal authority) arbitrarily and unethically. The presence of unions also can weaken coercive power considerably. One need not be in a position of authority, however, to possess coercive power. Employees also have coercive power, including the use of sarcasm and fear of rejection, to ensure that team members conform to group norms. Many organizations rely on the coercive power of team members to control employee behavior.

### Expert Power

*Expert power* is a person's ability to influence others' behavior because of recognized knowledge, skills, or abilities. Physicians are acknowledged to have expertise, special skills, or knowledge and hence expert power. Most people follow their doctor's advice. Computer specialists, tax accountants, and economists have power because of their expertise. Experts have power even when they rank low in the organization's hierarchy. As organizations become increasingly more technologically complex and specialized, expert power of organization members at all levels in the hierarchy becomes more important. Some firms deliberately include lower-level staff members with expert power in top-level decision making (Nebus 2006). Knowledge is power in today's high-tech workplaces.

Expert power is based on the extent to which followers attribute knowledge and expertise to the power holder. Experts are perceived to have expertise in well-defined functional areas but not outside them. To be granted expert power, followers must perceive the power holder to be credible, trustworthy, and relevant. Credibility is acquired by having the appropriate credentials. For example, physicians, computer specialists, and tax accountants, who have shown tangible evidence of their expertise, will be listened to closely and thereby granted expert power. These specialists may not be granted expert power in other functional areas. The person seeking expert power also must be trustworthy, that is, have a reputation for being honest. In addition to credibility and trustworthiness, a person must have relevance. For example, if physicians gave advice on political issues, it would not be relevant, and therefore the physician would not have expert power in this area.

### Referent Power

*Referent power* is a person's ability to influence others' behavior because they like, admire, and respect the individual. For example, suppose you are friends with your boss. One day, she asks you to take on a special project that you do not like. To anyone else, you would likely decline the request,

but because of your special relationship with this individual, you may do it as a favor. In this instance, your boss has power over you because of your positive relationship.

Referent power develops out of admiration of another and a desire to be like that person. This helps to explain why celebrities are paid millions of dollars in endorsements. Marketing research shows that people such as Michael Jordan and Serena Williams have the power to influence your choice of athletic shoes and tennis products (Craig and Douglas 2006). The same could be said of leaders in business firms who have a good reputation, attractive personal characteristics, or a certain level of charisma (Kudisch et al. 1995). A charismatic leader can ignite an entire organization (Tosi et al. 2004).

## Power, Influence, and Leadership

A great deal of power people have in organizations comes from the specific jobs or titles they hold. In other words, they are able to influence others because of the formal power associated with their positions. For example, there are certain powers that the president of the United States has because of the office (e.g., signing bills into law, making treaties, declaring war, etc.). These remain vested in the position and are available to anyone who holds it. When the president's term expires, they transfer to the new officeholder.

A true leader is able to influence others and modify behavior via legitimate and referent power. President Carter had a noble vision about the United States, as well as the world, but he could not coalesce groups or people to achieve his goals; the whole country suffered. Presidents Truman and Johnson used their position (or office or power) effectively and were much better able to manipulate groups and people to achieve their ends. Presidents Kennedy, Reagan, and Clinton relied on personal persuasion and were able to sway the nation as a whole, as well as Congress, business, and labor, by charisma and communication. President Roosevelt effectively used both position and personality. Presidents Bush 41 and 43 and Obama's leadership tends to coincide with the Truman-Johnson model.

Figure 1 summarizes the relationship between power, influence, and leadership. The key to this framework is that leadership as an influence process is a function of the elements of the leader's sources of power and the degree of acceptance with the interests and needs of the subordinates. In the figure, sources of power are divided into personal and organizational. Legitimate, reward, and coercive powers are organizational and are part of the leader's job. Policies and procedures prescribe them. Expert and referent powers are personal and emanate from a leader's personality.

## Research on Sources of Power

One review of several studies that examined the sources of power concluded the following (Pfeffer 1993):

1. Legitimate power can be depended on initially, but continued reliance on it may create dissatisfaction, resistance, and frustration among

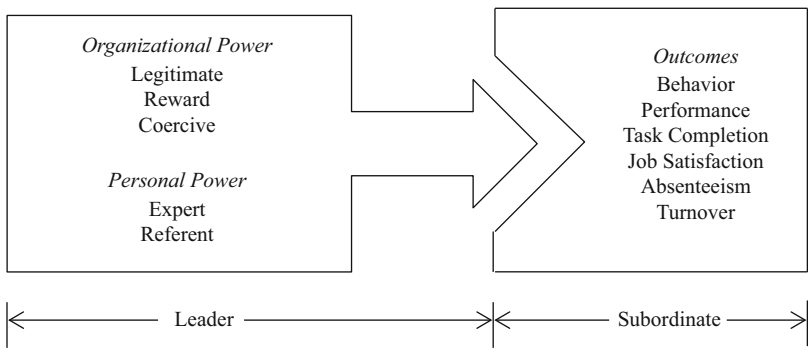


**Forms of Power, Fig. 1** Sources of a leader's power

employees; if legitimate power does not coincide with expert power, there may be negative effects on productivity; and dependence on legitimate power may lead to only minimum compliance while increasing resistance.

2. Reward power can directly influence the frequency of employee-performance behaviors in the short run. Prolonged use of reward power can lead to a dependent relationship in which subordinates feel manipulated and become dissatisfied.
3. Although coercive power may lead to temporary compliance by subordinates, it produces the undesirable side effects of frustration, fear, revenge, and alienation. This in turn may lead to poor performance, dissatisfaction, and turnover.
4. Expert power is closely related to a climate of trust. A leader's influence can be internalized by subordinates; that is, when a leader uses expert power, attitudinal conformity and internalized motivation on the part of subordinates will result. This in turn requires less surveillance of employees by the leader than does reward or coercive power.
5. Referent power can lead to enthusiastic and unquestioning trust, compliance, loyalty, and commitment from subordinates. Like expert power, considerably less surveillance of employees is required.

It is possible for a person to possess all of the sources of power at the same time. In fact, the most powerful leaders – like those mentioned previously – have sources of power that include all five forms. Of the three sources of organizational power (legitimate, reward, coercive) and two sources of personal power (expert, referent), which are the most effective? Generally, the personal sources of power are more strongly related to employees' job satisfaction, organizational commitment, and performance than are the organizational power sources. One source of organizational power – coercive power – is negatively related to employee satisfaction, commitment, and job performance (Carson et al. 1993; Podsakoff and Schriesheim 1985).

Furthermore, the various sources of power are interrelated. For example, the use of coercive power by managers may reduce their referent power, and the use of coercive and reward power may lead to reduced expert power (Aguinis et al. 1994). However, managers with expert power are likely to have legitimate power because people accept their expertise as a basis for their authority. In addition, the higher a person's rank in the organization, the more legitimate power that individual possesses. This, in turn, tends to be accompanied by greater opportunities to use reward and coercive power (Huber 1981). Thus, depending on the situation, leaders may use the various sources of power together in varying combinations.

One interesting finding is the role that procedural justice may play in the sources of power used by leaders. Although the sources of power are interrelated as well as related to work outcomes, they are also mediated by employees' perceptions of social justice (Mossholder et al. 1998). What does this mean? It means that employees evaluate their perceptions concerning the fairness with which leaders use the sources of power and respond accordingly. Specifically, when employees perceive that the way leaders use the various sources of power seems fair, they respond more favorably. This research leads to a new concept of power: empowerment of organization members.

## Empowerment of Organization Members

Diane Tracy, a New York management consultant, suggests a new concept of power in her best-selling book, *The Power Pyramid*: *How to Get Power by Giving It Away* (1990). The concept has been referred to in the literature as "empowerment." The new advice is that you can achieve ultimate power by giving it to the people who work for you. Tracy says that power operates under the same principle as love: the more you give to others, the more you receive in return. Also, she suggests that leaders can maximize their own power and their opportunities for

success by enabling the employees they supervise also to achieve their own sense of power and success.

Today, many organizations are recommending a flattening of the pyramid. These leaders are beginning to see the need to involve organization members at all levels in making decisions and solving problems. Real power, according to Tracy, flows from the bottom up, rather than from the top down "... If you are successful in giving your people power, they will surely lift you on their shoulders to heights of power and success you never dreamed possible..." (Tracy 1990, 2).

Diane Tracy follows up her view of empowerment with practical suggestions on how to achieve a redistribution of power. She recommends ten steps to empowerment (Tracy 1991):

1. Tell people what their responsibilities are.
2. Give them authority equal to the responsibility assigned to them.
3. Set standards of excellence.
4. Provide them with the needed training.
5. Give them knowledge and information.
6. Provide them with feedback on their performance.
7. Recognize them for their achievements.
8. Trust them.
9. Give them permission to fail.
10. Treat them with dignity and respect.

## Conclusion

Power is the ability to influence others. One of the most influential theories of power comes from the work of French and Raven, who attempted to determine the forms of power leaders use to influence others. French and Raven identified five forms of power that can be grouped into two categories: organizational power (legitimate, reward, coercive) and personal power (expert and referent). Generally, the personal forms of power are more strongly related to employees' job satisfaction, organizational commitment, and job performance than are the organizational power forms. One form of organizational power – coercive power – is negatively related to work outcomes. However, the various forms of power should not be thought of as completely separate from each other. Sometimes leaders use them together in varying combinations depending on the situation. A new concept of power, referred to as "empowerment," has become a major strategy for improving work outcomes.

## References

Aguinis H, Nesler MS, Quigley BM, Tedeschi JT (1994) Perceptions of power: a cognitive perspective. Soc Behav Personal 22(4):377–384

Brown MT (2006) Corporate integrity: rethinking organizational ethics and leadership. Cambridge University Press, New York

Carson PP, Carson KD, Roe CW (1993) Social power bases: a meta-analytic examination of interrealationships and outcomes. J Appl Soc Psychol 23(14):1150–1169

Craig CS, Douglas SP (2006) International marketing research, 3rd edn. Wiley, New York

Finkelstein S (1992) Power in top management teams: dimensions, measurement, and validation. Acad Manag J 35(3):505–538

Flynn G (2011) Leadership and business ethics. Springer, New York

French JRP, Raven B (1959) The bases of social power. In: Cartwright D (ed) Studies of social power. University of Michigan, Institute for Social Research, Ann Arbor, pp 150–167

Haugaard M, Clegg S (2012) Power and organizations. Sage, Thousand Oaks

Huber VL (1981) The sources, uses, and conservation of managerial power. Personnel 51(4):62–67

Kudisch JD, Poteet ML, Dobbins GH, Rush MC, Russell JEA (1995) Expert power, referent power, and charisma: toward the resolution of a theoretical debate. J Bus Psychol 10(2):177–195

Mabey C (2001) Closing the circle: participant views of a 360-degree feedback program. Hum Resour Manag J 11(1):41–53

McClelland DC, Burnham DH (2003) Power is the great motivator. Harv Bus Rev 81(1):117–129

McLean B, Elkind P (2003) The smartest guys in the room: the amazing rise and scandalous fall of Enron. Penguin Group, New York

Mossholder KW, Bennett N, Kemery ER, Wesolowski MA (1998) Relationships between bases of power and work reactions: the mediational role of procedural justice. J Manag 24(4):533–552

Nebus J (2006) Building collegial information networks: a theory of advice network generation. Acad Manag Rev 31(3):615–637

Pfeffer J (1993) Managing with power: politics and influence in organizations. Harvard Business Review Press, Boston
Pfeffer J (2011) Power: why some people have it-and others don't. HarperCollins, New York
Podsakoff PM, Schriesheim CA (1985) Field studies of French and Raven's bases of power: critique, reanalysis, and suggestions for future research. Psychol Bull 97(3):387–413
Price TL (2009) Leadership ethics. Cambridge University Press, New York
Robbins SP, Judge TA (2014) Organizational behavior, 16th edn. Pearson, Upper Saddle River
Tosi HL, Misangyi VF, Fanelli A (2004) CEO charisma, compensation, and firm performance. Leadersh Q 15(3):405–420
Tracy D (1990) The power pyramid: how to get power by giving it away. HarperCollins, New York
Tracy D (1991) Ten steps to empowerment. HarperCollins, New York

### Further Readings

Brass DJ, Burkhardt ME (1993) Potential power and power use: an investigation of structure and behavior. Acad Manag J 36(3):441–470
Cohen AR, Bradford DL (2002) Exercising power. Exec Excell 19(2):14–16
Farmer SM, Aguinis H (2005) Accounting for subordinate perceptions of supervisor power: an identity-dependence model. J Appl Psychol 90(6):1069–1083
Fiol CM (2001) All for one and one for all? The development and transfer of power across organization levels. Acad Manag Rev 26(2):224–243
Giessner SR, Schubert TW (2007) High in the hierarchy: how vertical location and judgment s of leaders' power are interrelated. Organ Behav Hum Decis Process 104(1):30–44
Hagberg JO (2002) Real power: stages of personal power in organizations, 3rd edn. Sheffield, Salem
Hardy C, Clegg SR (1996) Some dare call it power. In: Clegg SR, Hardy C, Nord WR (eds) Handbook of organization studies. Sage, London, pp 622–641
Hinkin TR, Schriesheim A (1989) Development and application of new scales to measure the French and Raven (1959) bases of social power. J Appl Psychol 74(4): 561–567
Maccoby M (2004) Why people follow the leader: the power of transference. Harv Bus Rev 82(9):76–85
Pfeffer J (1992) Understanding power in organizations. Calif Manag Rev 34(2):29–50
Ragins BR (1997) Diversified mentoring relationships in organizations: a power perspective. Acad Manag Rev 22(2):482–451
Rahim MA (1989) Relationships of leader power to compliance and satisfaction with supervision: evidence from a national sample of managers. J Manag 15(4): 545–556
Raven BH (1993) The bases of power: origins and recent developments. J Soc Issues 49(4):227–251
Welborne TM, Trevor CO (2000) The roles of department and position power in job evaluation. Acad Manag J 43(4):761–762
Yukl G, Falbe CM (1991) Importance of different power sources in downward and lateral relations. J Appl Psychol 76(3):416–423

## Foundations of the Administrative Law

Andrew Osorio
School of Public Affairs and Administration, University of Kansas, Lawrence, KS, USA

### Synonyms

Administrative process(es)

### Definition

Generally speaking, administrative law is the amalgamation of public laws (i.e., constitutional provisions, legislative statutes, judicial opinions, executive directives) that addresses the democratic legitimacy, control, and performance of administrative authority and discretion by specifying the legal structures, procedures, and standards utilized by government agencies with an emphasis on the role of institutional oversight by the courts.

### Introduction

American administrative law stretches back to the beginnings of the nation when in 1789 the First Congress of the United States drafted legislation that established the War Department, the Treasury Department, and the Department of Foreign Affairs and delegated to government officials the authority to undertake a wide variety of tasks including the determination of duties on imported goods, pensions for Revolutionary War soldiers, and the award of licenses to trade with indigenous

people (see, e.g., Beermann 2011; Bertelli and Lynn 2006; Pierce 2008). In other words, it was the earliest laws of the land that breathed life into the inchoate administrative state by creating the country's original executive agencies and empowering the first handful of civil servants to implement its public policy. As such, the history of public management in the United States has been inextricably interwoven with the laws that have shaped the scope and structure as well as the principles and processes of government bureaucracy.

However, despite the deep-seated connection between the two fields, in both theory and practice, the subject of administrative law has fallen victim to the near-universal "anti-legal temper" (Waldo 1984, p. 80) among academics and practitioners of public administration. For example, despite the early work of luminaries such as Ernst Freund, W.F. Willoughby, and Frank Goodnow – widely acclaimed as the "father of public administration" (see, e.g., Bertelli and Lynn 2006; Waldo 1984) – whose work championed the importance of administrative law or the contemporary interest of a small cadre of scholars (see, e.g., Barry and Whitcomb 2005; Beckett and Koenig 2005; Cooper 2007; Lynn 2009; Moe and Gilmour 1995; Rosenbloom and O'Leary 1997), the discipline has largely hewed to the view espoused in 1926 by Leonard White in his seminal treatise *Introduction to the Study of Public Administration* that "the study of administration should start from the base of management rather than the foundation of law" (p. vii).

Given the general neglect of administrative law within the public administration literature, the goal of this brief entry is to provide an introductory overview of the field. Because a full and fair explication of the nature and importance of administrative law is beyond the scope of this endeavor, the discussion that follows will be limited to (1) an attempt to define the subject matter of administrative law, (2) a description of the sources of administrative law, and (3) an explanation of the continued and vital importance of administrative law for the study and practice of public administration. However, before proceeding one final note with regard to the scope of this entry is in order. Although administrative law exists at all levels of American government (i.e., local, state, and federal) and much of the substance is applicable regardless of the governmental setting, the context for the ensuing discussion is administrative law from the perspective of the national level of government.

## What Is Administrative Law?

At the outset, it must be noted that there are several factors that make a definitive summation of administrative law an impractical endeavor. First, although administrative law has been part of the American legal landscape from the outset, it is still a field very much in development (see Warren 2011). For example, because "administrative law today deals with central issues in our political landscape" (Breger 1991, pp. 349–350), the underlying assumptions which guide its course have been subject to regular alteration by all three branches of government (see, e.g., Kerwin 1994; Schiller 2000). Put simply, administrative law is malleable in many respects and subject to the caprice of judges, attorneys, and politicians. Second, as will be discussed below in greater detail, administrative law is a broad and eclectic field cobbled together from a variety of sources such as the Constitution, statutory law, judicial decisions, and Executive Orders issued by the president. In turn, administrative law spans myriad substantive areas such as air and water quality, immigration, labor, taxation, housing, occupational safety, and the regulation of food and drugs. In short, the "scope of administrative law is impossible to determine" (Warren 2011, p. 17). Third, because administrative law reaches across the realms of political science, public administration, and legal studies, its interpretation will also vary depending upon who is asked to define the field – an attorney is likely to give a far different answer than a public administrator (see Dimock 1980). With the above caveats in mind, it is perhaps useful to first offer a brief survey of the variety of descriptions that have been offered over the years before positing a working definition that will be relied upon for the remainder of this entry.

The original definition of American administrative law offered by Frank Goodnow in 1893 portrayed the field as "that part of the law that governs the relations of the executive and administrative authorities of government" (p. 7). In addition to the definitional hurdles described above, the vagary of Goodnow's description helped pave the way for the proliferation of competing (and at times conflicting) definitions that have ranged from narrow to broad, complex to simple, and concrete to abstract. For example, Diver (1981) posits a figurative description of administrative law as "in essence, a search for a theory of how public policy should be made" (p. 393), whereas Schuck (2004) initially offers a more concrete framing of administrative law as "the legal doctrines . . . that govern the structure, decision processes, and behavior of administrative agencies" (p. 5). Pierce (2008) supplies a middle-of-the-road institutional view of administrative law as "the study of the roles of government agencies in the U.S. legal system, including the relationships between agencies and the other institutions of government—Congress, the Judiciary, and the President" (p. 1), whereas Simon (2015) notes that legal scholarship in the area of administrative law is "largely concerned with the role of the courts" (p. 62; see also Shapiro (1988)), and Cooper (2007) offers a more expansive networked view of modern administrative law as "the law of connections . . . connections among organizations at the same level and between units at different levels . . . and the connections between domestic actions and those of regional or global international bodies" (p. 573). Others, such as Barry and Whitcomb (2005), have conceptualized administrative law in terms of the balance between "an administrator's exercise of governmental authority on the one hand, and a private party's rights in relation to governmental authority on the other" (p. 3). In its broadest terms, Breyer et al. (2011) summarize administrative law as "the legal control of government" (p. 2) while, on the opposite end of the spectrum, Rosenbloom (2015, p. 1) offers perhaps the most comprehensive, if not somewhat cumbersome, definition of administrative law as:

> the body of constitutional provisions, statutes, court decisions, executive orders, and other official directives that, first, (a) regulate the procedures agencies use in adjudicating, rulemaking, and adopting policies, (b) control the exercise of their authority to enforce laws and regulations, and (c) govern the extent to which administration is open to public scrutiny (i.e. transparent); and second, provide for review of agency decisions, rules, orders, policies, actions, and other aspects of their operations.

Taking into account Warren's (2011, p. 20) admonition that definitions of administrative law "always seem to lack something," a synthesis of the various interpretations of administrative law surveyed above, yields the following proposal for a working definition: Generally speaking, administrative law is the amalgamation of public laws concerned with the democratic legitimacy, control, and performance of administrative authority and discretion through the specification of the legal structures, procedures, and standards utilized by government agencies with an emphasis on the role of institutional oversight by the judiciary.

## The Sources of Administrative Law

Overall, there are four primary legal sources that comprise American administrative law: the US Constitution, legislative statutes, case law (i.e., the cumulative body of decisions rendered by the judiciary), and Executive Orders. This section will provide a brief explanation of each of these areas of law beginning with the largest, the Administrative Procedure Act (APA).

Signed into law in 1946 after nearly a decade of debate, the APA is the principal source of administrative law and serves as the embodiment of the core principles and processes that govern discretionary agency action (Rosenbloom and O'Leary 1997). More so than any other component of administrative law, the APA serves as the legal foundation for public administration and has drawn analogies to the US Constitution and the Magna Carta inasmuch as it creates a generalized legal framework for the modern administrative state (see Barry and Whitcomb 2005; Beermann 2011; Shapiro 1988). In brief, the

APA sets forth the procedures and criteria for agency rulemaking and adjudication; it prescribes the necessity and nature of public notice and participation; and it establishes the standards for judicial review of agency action. However, unlike other fundamental documents that establish legal regimes, the APA is not the final word on administrative law.

For instance, Rosenbloom (2015) discusses a variety of other statutes which augment, and at times supersede, the mandates of the APA. Such laws include the Freedom of Information Act, the Government in the Sunshine Act, the Federal Advisory Committee Act, and the Openness Promotes Effectiveness in our National Government Act, all of which greatly expanded the degree of governmental transparency provided for in the APA. In addition to these statutes of general applicability, the organic statutes drafted by Congress that establish agencies and outline their mission may contain supplementary rulemaking or adjudicatory requirements beyond what is prescribed in the APA. For example, several agencies, such as the Consumer Product Safety Commission, must in accordance with their enabling statutes provide additional opportunities for public participation above and beyond what is required from the APA under certain circumstances.

In addition to the statutory law described above, the president has the ability to create administrative law by imposing additional requirements upon agencies through the use of Executive Orders. As an example, in 1981 President Reagan mandated the process of centralized review for administrative regulations by the Office of Management and Budget through Executive Order 12,291. President Clinton issued Executive Order 12,866 in 1993 which outlined 12 principles for agency rulemaking including the need to assess the cost-effectiveness and cost-benefit of regulations, identify alternatives to the proposed regulation, and seek input from state, local, and tribal governments. Considering that a majority of administrations have issued hundreds (occasionally thousands) of Executive Orders, the presidency continues to exert a strong influence over the direction of the administrative state, especially in times of congressional inaction.

The US Constitution also contributes to the body of administrative law in several important respects. First, and foremost, the constitutional separation of powers allows for each branch of government to exercise authority over agencies by contributing to the development of administrative law – Congress develops legislation, the president issues Executive Orders, and the judiciary interprets the foregoing and imposes its own values on agencies through its oversight role. Second, the Constitution continues to offer doctrinal guidance through its various provisions. For example, when all other forms of law are silent, the Due Process Clause of the Fifth Amendment and the Equal Protection of the Fourteenth Amendment provide a baseline degree of protection for individuals against procedural or substantive discrimination on the part of government agencies.

Lastly, as noted above, much of administrative law focuses on the oversight of agencies by the courts (see, e.g., Shapiro 1988; Simon 2015). This special relationship was contemplated by the APA which explicitly empowers courts to review agency actions. According to APA § 706, courts are able to "hold unlawful and set aside" any informal act that is determined to be "arbitrary, capricious, an abuse of discretion or otherwise contrary to law." In so doing, courts consider the full range of public laws previously described as well as principles found within the common law – the cumulative body of law built upon past judicial decisions. Additionally, courts regularly engage in the "judicialization of administration, a process by which courts tend to shape administrative agencies in their own image and likeness" (Rohr 2002, p. 80). For instance, courts have supplemented administrative law by ruling that in order for public participation in administrative rulemaking to be meaningful, agencies must allow interested persons the opportunity to respond to opposing comments submitted by other parties, reflecting the norm of adversarial legalism inherent to the American judicial process.

## Conclusion: The Importance of Administrative Law for Public Administration

As noted in the introduction, American public administration has for much of its history largely ignored its foundation in administrative law. Although there are multiple accounts of the divorce of administrative law and public administration (see, e.g., Bertelli and Lynn 2006; Dimock 1980; Roberts 2008; Warren 2011), the divergence of these fields is perhaps most easily understood given their underlying differences in philosophy. For instance, the "entire point of standard legal scholarship is to explore and contrast the pragmatic implications of conflicting normative positions. . . . Normative conflict not only constitutes the discourse of legal scholarship, but also reflects the field's subject matter" (Rubin 1988, p. 1893). In the area of administrative law, this normative preoccupation has resulted in an emphasis on constitutional values as expressed through judicial safeguards of individual liberty and the separation of powers (see Rosenbloom and O'Leary 1997). This focus on constitutional contractarianism within administrative law has been viewed as incompatible with a mainstream public management approach that favors administrative utilitarianism, efficiency, and performance (see, e.g., Lynn 2009). Or, as explained by Rohr (2002), "participation, transparency, and accountability . . . set a tone quite different from efficiency, effectiveness, and economy, the traditional hallmarks of administrative orthodoxy" (p. 83). While the root of their separation is understandable, the neglect of administrative law has had severe consequences for public administration.

To begin with, a small but sonorous chorus of academics has observed that by ignoring its roots in administrative law and the values attendant thereto, public administration has forfeited much of its claim to democratic legitimacy and theoretical substance (see, e.g., Cooper 2007; Lynn 2009; Moe and Gilmour 1995; Reed 2009; Rohr 2002; Rosenbloom and O'Leary 1997; Szypszak 2011). As argued forcibly by Bertelli and Lynn (2006), in abandoning the foundation of administrative law during the early half of the twentieth century, "mainstream public administration was not only setting the stage for its permanent state of crisis but also conceding the power to define the scope and legitimacy of public administration to, ironically, the bar and the courts" (pp. 101–102). Moreover, the effects of neglecting administrative law are not simply pedagogical or abstract.

In practice, public administrators face a variety of legal issues on a daily basis involving matters such as personnel decisions; contract management; the proper handling of data privacy; responding to requests under the Freedom of Information Act; determining the issuance of benefits, permits, and licenses; or interpreting the applicability of statutes and court decisions (see, e.g., Roberts 2008; Szypszak 2011). Put differently, administrative agencies "exist to administer the law, and every element of their being—their structure, staffing, budget, and purpose – is the product of legal authority" (Kettl and Fesler 2005, p. 10). As such, by neglecting the reality that law permeates public administration in both theory and practice, current scholarship in the field has missed a grand opportunity to develop what Marshall Dimock deemed "a more realistic, a more complete development of public administration" (1933, p. 35).

## Cross-References


- ▶ Future of Public Administration and Law
- ▶ History of Public Law
- ▶ Impact of Law on Public Administration
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Law Constraints on Public Administration


## References


Barry DB, Whitcomb HR (2005) The legal foundations of public administration, 3rd edn. Rowman & Littlefield Publishers, Lanham

Beckett J, Koenig HO (eds) (2005) Public administration and law. M.E. Sharpe, Armonk

Beermann JM (2011) Inside administrative law: what matters and why. Aspen Publishers, New York


F

Bertelli AM, Lynn LE Jr (2006) Madison's managers: public administration and the constitution. Johns Hopkins University Press, Baltimore
Breger M (1991) Comments on Bernard Schwartz' essay. Adm Law J 5(2):347–393
Breyer SG, Stewart RB, Sunstein CR, Vermeule A, Herz ME (2011) Administrative law and regulatory policy: problems, text, and cases, 7th edn. Wolters Kluwer Law & Business, New York
Cooper PJ (2007) Public law and public administration, 4th edn. Wadsworth Publishing, Boston
Dimock ME (1933) The development of American administrative law. J Comp Legis Int Law 15(1): 35–46
Dimock ME (1980) Law and dynamic administration. Praeger Publishers, New York
Diver CS (1981) Policymaking paradigms in administrative law. Harv Law Rev 95(2):393–434
Goodnow FJ (1893) Comparative administrative law: an analysis of the administrative systems national and local, of the United States, England, France, and Germany. G.P. Putnam's Sons, New York
Kerwin CM (1994) Rulemaking: how government agencies write law and make policy. CQ Press, Washington, DC
Kettl DF, Fesler JW (2005) The politics of the administrative process, 3rd edn. CQ Press, Washington, DC
Lynn LE (2009) Restoring the rule of law to public administration: what Frank Goodnow got right and Leonard White didn't. Public Adm Rev 69(5): 803–813
Moe RC, Gilmour RS (1995) Rediscovering principles of public administration: the neglected foundation of public law. Public Adm Rev 55(2):135–146
Pierce RJ Jr (2008) Administrative law. Foundation Press, New York
Reed CM (2009) Public law and public administration theory. Adm Theory Prax 31(4):533–536
Roberts R (2008) Teaching law in public administration programs. J Public Aff Educ 14(3):361–381
Rohr JA (2002) Civil servants and their constitutions. University Press of Kansas, Lawrence
Rosenbloom DH (2015) Administrative law for public managers, 2nd edn. Westview Press, Boulder
Rosenbloom DH, O'Leary R (1997) Public administration and law, 2nd edn. Marcel Dekker, New York
Rubin EL (1988) The practice and discourse of legal scholarship. Mich Law Rev 86(8):1835–1905
Schiller RE (2000) Enlarging the administrative polity: administrative law and the changing definition of pluralism, 1945–1970. Vanderbilt Law Rev 53(5): 1389–1453
Schuck PH (2004) Foundations of administrative law, 2nd edn. Foundation Press, New York
Shapiro MM (1988) Who guards the guardians? Judicial control of administration. University of Georgia Press, Athens
Simon WH (2015) The organizational premises of administrative law. Law Contemp Probl 78(1–2): 61–100
Szypszak C (2011) Teaching law in public affairs education: synthesizing political theory, decision making, and responsibility. J Public Aff Educ 17(4):483–499
Waldo D (1984) The administrative state: a study of the political theory of public administration, 2nd edn. Holmes and Meier, New York
Warren KF (2011) Administrative law in the political system, 5th edn. Westview Press, Boulder
White LD (1926) Introduction to the study of public administration. Macmillan, New York

# Foundations-Government Relations

Stefan Toepler
Schar School of Policy and Government, George Mason University, Arlington, VA, USA
Center for the Study of Civil Society and the Non-Profit Sector, National Research University Higher School of Economics, Moscow, Russian Federation

## Synonyms

Charitable foundations; Government-nonprofit collaboration; Philanthropy; Public-philanthropic partnerships

## Definition

Regulatory and collaborative interfaces between the government and private philanthropic foundations.

## Introduction

In the American context, philanthropic foundations are typically understood as private, endowed institutions that pursue public purposes primarily through using endowment income to make grants to other charitable organizations in support of the organizations' missions, programs, or projects. While the majority of US foundations is grantmaking, some foundations also operate

their own programs or even institutions in addition to any grant programs they may have. Examples of such operating foundations include the J. Paul Getty Trust, the Kettering Foundation, or the Freedom Forum with its Newseum in Washington, D.C. For historical reasons, operating foundations are more prevalent in other parts of the world, including most of continental Europe and the Middle East, where Islamic endowments often support mosques and religious institutions, for example. However, operating foundations are, conceptually and practically, similar to other nonprofit organizations, and policy interests driving foundation/government relationships therefore focus principally on grantmaking foundations.

Over the past three decades, governments across Continental Europe have been working to improve tax and regulatory conditions for these institutions in hopes of generating private resources to supplement shrinking public budgets (Anheier and Toepler 1999), and even in the United States, where philanthropy is a long and well-established phenomenon, cooperative relationships between foundations and local, state, and federal governments have gained greater currency in recent years under the heading of public-philanthropic partnerships. As a result, foundation endowments have grown considerably in many countries. In the USA, for example, the foundation field grew from some 30,000 at the beginning of the 1990s to almost 90,000 foundations at current, and foundation grants grew from $9 billion to more than $50 billion per year during the same period. In the first decade of the 2000s, American foundations added about 10,000 new foundations and $9–10 billion in grant dollars every 5 years or so (Toepler 2017).

However, despite this recent policy interest, the role of philanthropic foundations in democratic societies has never been easy or uncontested. In France, for example, foundations remained abolished as legal institutions from the French Revolution to the late 1980s, and similarly in Sweden, the emerging welfare state treated foundations with distrust and hostility until the recent past (Toepler 2018). A similar case can be made for the USA as well. As foundation scholar Waldemar Nielsen (1972) has noted prominently in the past, exercising privately controlled power within the public sphere, foundations are essentially undemocratic institutions that are nevertheless, and somewhat paradoxically, indulged, and even privileged, within American democracy and capitalism.

Foundation/government relations are therefore potentially precarious in liberal democratic systems and differ fundamentally from the well-established collaborative partnership that exists between the nonprofit sector and government (Salamon and Toepler 2015). The latter rests on a clearly defined division of labor between the sectors, with the government providing financing and the nonprofit sector undertaking service delivery, that does not exist vis-à-vis foundations. Like the government, grantmaking foundations also engage in the financing function, and the way in which they perform this function through a range of specific roles determines to what extent the government perceives foundations as a competitive threat in the public sphere. In the following, I will first discuss the democratic dilemma underlying the relations between government and foundations, as well as key societal roles often ascribed to foundations before reviewing their historical political reception and regulation in the US context.

## Democratic Legitimacy

Grantmaking foundations are often perceived as unique institutions in that they are not subject to the constraints of resource dependency and presumably free of external control. As asset-based institutions, they are typically able to self-generate the economic resources they need for their programs and these resources are essentially unrestricted, within the bounds of the charter. As such, foundations have no external constituents – no clients, shareholders, voters, or even members – to take them to account. This lack of direct accountability provides foundations with the opportunity to be flexible and to take risk without fear of punishment. While foundations do indeed have a fairly high degree of independence, this

view neglects to consider legitimacy as a major organizational resource that foundations require to avoid political and regulatory repercussions. At issue is a basic tension inherent in the foundation form between autonomy (that is the freedom to set priorities and dispose of their means within the confines of donor intent) and the obligation to serve the public based on the tax privileges that they receive. While the basic legitimacy of foundations is rarely directly questioned, this tension remains a continuous source of legitimacy challenges (Heydemann and Toepler 2006). These challenges, however, may not be fully consequential, as Prewitt (2006) argues, because the American foundation represents a specific solution to governing private wealth within liberal society: the foundation form enables the attachment of private wealth to the pursuit of the public good with limited interference in economic-political choice and freedoms. In this then, the foundation form supports the liberal order by preempting, to a degree, government coerciveness and encroachment into the private sphere; and does so in a pluralistic contention over determining public interest. The right to establish foundations to pursue, express, or fund ideas, concepts, preferences, or values that are not in line with majority views or governmental priorities contributes to open political systems and societies and strengthens democratic development. In other words, foundations represent a publicly sanctioned mechanism for social and economic elites to perpetuate the liberal system that they benefit from, and pursue private preferences, whether altruistic or based on self-promotion or corporate strategy, within the bounds of charity.

In Prewitt's perception, foundation legitimacy is closely tied to the legitimacy of the nonprofit sector at large as an independent societal power center, which locates it within the plural model of elite theory (Farazmand 2002). Foundation donors and leaders are among various elite groups interacting on public issues. But other elite models also come to play within the foundation literature, in particular the ruling class and power elite models. The concern that foundations are instruments of the ruling class is historically rooted in the progressive era and has a long tradition of radical scholarly thought ascribing to foundations the intention to create a class of intellectuals trained to support industrial capitalism and the cultural hegemony of the business class. In their influential historical contribution, Karl and Katz (1987) question the radical view and lean more towards the plural elite model, noting a cacophony of voices between and among foundations, government, and other interest groups that makes it difficult to discern which elites manage policy. Yet, radical scholars continue to see foundations as institutions perpetuating hegemonic rule.

The power elite model takes a somewhat similar stance: Thomas Dye (2001) prominently views foundations as an instrument for the governing elite to set the issue agenda in a top-down process of public policymaking. This then draws attention to foundation governance and leadership and the role of organizational elites. Particularly by using financial leverage and developing common goals in collaborations, foundations might foster cohesion and consensus within the government (Farazmand 2002).Whatever model applies most, given their proximity to societal elites, it is imperative that foundations exercise their power in the public realm responsibly and appropriately: As Heydemann and Toepler (2006: 21) hold, "the performance and effectiveness of foundations in pursuing their social roles and functions is a powerful determinant of foundation legitimacy."

## Foundation Roles and Functions

Attempts at clarifying such social roles and functions (vis-a-vis and independently of the state) have made significant progress in recent years, and there is a wide range of possible roles available for foundations to pursue. In fact, a substantial body of literature has emerged to describe the special roles and functions that grantmaking foundations might, or might not, be expected to perform given their unique institutional characteristics (see, inter alia, Anheier and Hammack 2010; Hammack and Anheier 2013). Drawing on various recent efforts to summarize the thinking on this issue, at least three distinct roles of

foundations can be distilled from the literature, in addition to the pluralistic function noted above.

***Redistribution***. From a fiscal policy point of view, foundations may also function as a means of facilitating a voluntary redistribution of wealth, with the affluent using their wealth to support causes that may benefit the poor. Whether based on religious or moral grounds, redistributive aspects were in part underlying the evolution of the modern foundation in the USA. Writing in 1889, Andrew Carnegie (1983: 102) actively welcomed the advent of progressive estate taxation as a means to encourage the wealthy to put their resources to public uses voluntarily: "Of all forms of taxation [the graduated death duty or estate tax] seems the wisest. Men who continue hoarding great sums all their lives . . . should be made to feel that the community, in the form of the State, cannot thus be deprived of its proper share. By taxing estates heavily at death the State marks its condemnation of the selfish millionaire's unworthy life."

***Funding Intermediation***. The use of foundations as funding intermediaries in the production of collective goods and services is a related, yet distinct role. One of the principal policy interests and expectations is that the foundations increase the amount of private resources for social, educational, cultural, and other public purposes. Foundation funding in this sense can either have a substitutional or a supplementary function. Supplementary, or complementary (Anheier and Hammack 2010), funding takes place where government cannot garner sufficient public support to directly address certain issues or causes or face constitutional or other barriers to doing so. Substitutional funding, by contrast, takes place where governments attempt to cut existing subsidies in hopes that foundations and other private funders step in to fill emerging funding gaps. Traditionally, foundations prefer to provide supplementary rather than substitutional support, as foundation resources are generally too limited to support a basic financing function in most policy arenas. Another role in this context is building out. As Hammack and Anheier (2013) point out, foundations often engage in creating new institutions or enhance existing ones, bringing new capacities and opportunities to areas that lacked those before.

***Change Agency***. Apart from funding intermediation, the societal "change agent," "innovation," or "venture capital" role of foundations is probably the most recognized and widely discussed function. At a basic level, the appeal of this role lies in one unique characteristic of the foundation form: its virtual lack of dependence on outside resources (except for legitimacy in an indirect way). As hardly any writing on foundations fails to mention, whereas governments are accountable to voters; businesses to owners, shareholders, and consumers; and other nonprofit institutions to members and/or funders, there is no outside stakeholder group to which foundations are directly accountable. Accordingly, at the organizational level, foundations are not subject to sanction in cases of failure in what they do. Given this independence, foundations have therefore the capacity to act as agents of change through taking funding and programmatic risks and providing seed money for innovative projects and ideas whose outcomes are uncertain and failure-prone, but potentially highly beneficial.

Not all of these roles have equal salience, however. Redistribution, or the lack thereof, is occasionally discussed, but has little bearing conceptually on the foundation debate and is rather limited in its practical relevance. In essence, that foundations support causes, such as high culture or elite education, which may benefit the affluent more than the disenfranchised is generally acknowledged, but not perceived as a significant problem. The opposite, such as foundation investment in efforts to improve failing public school systems, on the other hand, typically raises greater concerns about "relinquishing control over the public education policy agenda to private foundations run by society's wealthiest people" (Ravitch 2010).

Funding intermediation is of greater consequence overall, although its impact on the self-perception of US foundations is also somewhat mixed. The substitution role in particular has traditionally not had much resonance in the US context at all, as evidenced by a near complete lack of a discussion of these roles in the foundation

literature or policy debate. In terms of substitution, it is the case that funders are occasionally concerned about government cut-backs or other revenue shortfalls in particular fields of activity and the prospect of having to divert resources to help secure basic funding levels. However, such concerns relate for the most part to the perceived ability of foundations to maintain other roles over the short-run, but do not reach the systemic question of whether substitution may be an acceptable (or even debatable) permanent role. At the same time, there has historically been little expectation by policy-makers that foundations would (or usefully could) step in and fill gaps left by the government's retreat from prior responsibilities. General government "exit strategies" tend to focus on creating incentives for individuals or markets to address needs rather than creating incentives for philanthropic intervention.

Supplementarity, by contrast, presents a more complex picture. In the defining early years of the ascendancy of US foundations, both the Rockefeller and Carnegie philanthropies relied heavily on working with and through public institutions, which arguably contributed to the success of their work in the first half of the twentieth century. The complementary nature of foundations was also a staple in the arguments in favor of foundations in the course of their critical examination through Congress in the 1960s. The 1965 Treasury Department assessment of the foundation field allowed for a "vital role" in "providing for areas into which government cannot or should not advance" (Treasury Department 1965: 13). Likewise, the so-called Petersen Commission suggested that a diversion of funds from the treasury (e.g., tax exemption) is "strongly justified when private philanthropic money is used, not as a substitute for tax dollars, but as a supplement of a special kind that serves the public interest in ways in which the government itself is under various operational constraints" (Commission on Foundations and Private Philanthropy 1970: 15). Since the 1970s, however, the complementarity role has largely disappeared from the foundation discourse, although it is still traceable in foundation practice, such as in the efforts of foundations to support arts education in public school systems that do not offer such programs.

The pluralism argument was a corollary to the references to the complementarity role in the 1960s and 1970s. In contrast though, it has retained a measure of relevance in the foundation discourse, primarily with reference to foundation support of the private nonprofit sector. Given the relatively small contribution of foundations to overall nonprofit sector revenues, however, the pluralism case is inherently weak (Nielsen 1972), and the proliferation of foundations may thus be seen as a sign rather than a cause of pluralism and societal openness.

While, apart from pluralism, most foundation roles are given little credence in the USA, the societal "change agent" function, that is either the innovation or the social/policy change role of foundations, is probably the most recognized and widely discussed function. The relative centrality of the change agent function to the self-identity and the external assessment of the foundation field is widely reflected in the critical discussion of foundation work. Many observers, for example, have criticized an apparent short-term focus within foundations. The trend in the field has been towards funding short-term projects and specific programs rather than committing to long-term general support of potentially highly innovative organizations. This problem has frequently been associated with the emergence of a "program officer profession." The argument is that foundations have become more risk-adverse and less innovative, because professional foundation managers prefer to fund smaller and safer programs so as not to have to take personal responsibility if larger and riskier projects fail.

## Political Criticism and Regulation in the USA

That a discussion of these roles has a long history in the USA is also a reflection of the fact that foundations from the beginning received a very critical political reception. The very first large-scale foundations emerged around 100 years ago in the Progressive Era that was marked by broad

populist and political rejection of the unfettered capitalism of the late nineteenth century. That some of the very worst of the so-called robber barons started to create new philanthropic institutions was met with great suspicion in the public as well as in Congress. John D. Rockefeller's original intention was to have his new foundation federally chartered in Washington, D.C. However, fearing that it would use its wealth to exert undue influence over politics led Congress to refuse to grant Rockefeller a federal charter. As Peter Frumkin (2008: 95) noted: "The rise of large private foundations made some in Congress uneasy as philanthropic resources threatened government's monopoly over social policy." Instead, he created the Rockefeller Foundation in New York in 1913, following Olivia Slocum Sage's (Russell Sage Foundation) and Andrew Carnegie's examples in 1909 and 1911, respectively. However, Congress remained wary and launched a congressional investigation of these new entities in 1915, although no regulatory action resulted from it.

This wariness was a result of the substantial economic means at the disposal of these new entities. To carve out a legitimate social function in response, foundation advocates early on claimed a role as "societal venture capital" for foundations and a fundamentally different agenda than the traditional focus of charitable activities on providing relief and amelioration of social issues. The new philanthropic activity was directed towards analyzing and addressing the causes of social problems rather than just addressing their effects. Using the emerging health and social sciences to tackle the "root causes of social ills" set the ambitions and operations of the early twentieth century foundations apart from earlier foundation activities in America and launched the "modern philanthropic foundation" sector (Karl and Katz 1987). The Carnegie and the Rockefeller examples popularized the foundation idea and provided a blueprint for other wealthy donors to follow in the 1920s and 1930s. High marginal tax rates during World War II and the postwar period combined with relative lax regulation further propelled foundation growth in the 1940s and 1950s. Financial planners began to promote foundations as tax planning mechanisms or as means to structure enterprise ownership and business transactions.

Congress briefly targeted foundations again during the McCarthy era during the 1950s, and then launched an almost decade long investigation of perceived economic and financial misuses of foundations during the 1960s.The political backlash culminated in the Tax Reform Act (TRA) of 1969, which imposed significant new economic regulations on foundations. Whereas neither general laws nor tax regulations had distinguished between foundations and other charities before, the TRA of 1969 singled out those "foundation-like" charitable organizations that Congress found in need of more stringent regulation and lesser tax privileges. The act also differentiated for the first time between operating and grantmaking foundations, easing for the former some of the harsher regulations imposed on the latter.

A key provision of the Act was the introduction of a payout requirement for grantmaking foundations, which forced foundations to spend a minimum level of grant dollars each year. Originally, the requirement was to pay out either all income or the equivalent of 6% of the asset value, whichever was greater. This prohibited foundations from retaining parts of their investment income to maintain the real value of their capital and forced them to draw on their assets for spending where investments yields remained below the 6% mark. Combined with the stagflation of the 1970s, this caused a decline of the US foundation sector in the following decade. In the early 1980s, the payout requirement was changed to a flat 5% of asset value, allowing foundations to retain excess income and keep giving below asset growth, which allowed the foundation field to start growing again.

Beyond the payout requirement, a number of other restrictions were imposed on foundations that are generally not applicable to other charities. The TRA of 1969 introduced an excise tax, that is a levy on income, which was to be used to fund government oversight of foundations. Self-dealing (e.g., business transactions) between foundation and donors, board members, managers, and certain other persons are generally

prohibited, even if they were to the advantage of the foundation. Foundations may not own privately held business or control public corporations, and are prohibited from engaging in any kind of political activity, including lobbying. In addition, donations to foundations have generally lower deductibility limits than donations to other charities. For example, a donor may deduct up to half of her income for gifts to charities, but only 30% for endowing a foundation. Since then, the level of political suspicion and distrust of foundations has faded, but the burst of endowment growth and the emergence of new mega-foundations, most notably the Bill and Melinda Gates Foundation, during the second half of the 1990s raised new issues and criticisms of the influence and impact of private funders on public policy.

The resulting unease has manifested itself particularly in the education field and especially the role of foundations in school reform efforts. Moving from funding local experiments to shaping national policies, a number of such foundations, including the Bill and Melinda Gates, Broad, and Walton Foundations, have led efforts to introduce market-oriented approaches based on competition, freedom of choice, and economic incentives as well as deregulation into the education policy debate. Essentially, leaving control over education policy to private foundations is, according to former Assistant Secretary of Education Diane Ravitch (2010: 211), fundamentally undemocratic: voters cannot un-elect foundations if they do not share their school reform interests; and while foundations demand that public schools and teachers be held accountable for performance, there are no like accountability demands for them. Another area where large foundations and especially Gates have drawn concerns is global public health. Gates' involvement and the relative magnitude of its resources impact international development priorities; exert undue influence over the WHO; favor neoliberal, market-oriented approaches; and push broader economic interests (Mitchell and Sparke 2016). Some observers generally predict that the combined philanthropic resources in the United States will come to equal the discretionary spending part of the federal budget over the following decades (Callahan 2017).

## Outlook and Conclusion

Despite these growing concerns, American foundations have not yet have had to face new regulatory pressures. To the contrary, the Obama Administration launched several efforts to develop active collaborative relationships with private funders. Most prominent among these was the Social Innovation Fund (SIF), which sought to identify and support innovative projects with measurable results in its funding areas. Participating funding intermediaries received, and had too match, federal grants up to $10 million, and held funding competitions to identify suitable nonprofits, which in turn had to raise additional matching support and agree to extensive evaluation requirements. A different approach to establishing collaborations between the federal government and private foundations was the Department of Education's Investing in Innovation (i3) program. I3 aimed at identifying, replicating, and scaling of innovations in schools. The Department of Education conducted a peer review process to generate a ranking of potential grantees, which however only became eligible for i3 support if they could raise a match of up to 15% from participating private foundations.

Both programs were subject to significant criticism focusing primarily on the perceived failure to identify and support truly innovative organizations and approaches. But the very nature of the collaboration also proved problematic in both cases albeit for different reasons. In the design of i3, foundations did not play any significant role. The contribution was effectively reduced to co-financing, and helping to scale up, innovations identified by the Department of Education, which effectively represented a complete reversal of the traditional division of labor between foundations and the government. The SIF design placed the funding intermediaries at the right spot, asking them to identify innovative projects, and scale them up with government resources, but program

demands and requirements were not adapted to allow foundations to maintain a degree of autonomy and flexibility (Toepler 2017).

Overall, these prominent and very large-scale attempts to redefine the traditionally difficult relations between government and foundations through active collaboration proved unsatisfactory in the USA. Whether the federal government will return to exploring truly collaborative partnerships in the near future seems at best uncertain. At the most, foundations might find themselves facing greater calls to step more into a substitutional role, as was the case during the brunt of the financial crisis (Abramson et al. 2014) and effectively in the design of i3. However, given the expanding interest of Western governments in philanthropy and the growth of resources flowing into foundations, more examples and new approaches to developing collaborative relationships with foundations will continue to be a significant area of study (Almog-Bar and Zychlinski 2012, 2014; Boyle 2017).

## Cross-References


- ▶ Collaborative Public Management (CPM)
- ▶ Government and Nonprofit Relationships
- ▶ Levels Within Elites
- ▶ Organizational Collaboration
- ▶ Public Organizations and Nonprofit Organizations


## References


Abramson A, Soskis B, Toepler S (2014) Public-philanthropic partnerships: a review of recent trends. Found Rev 6(2):52–66

Almog-Bar M, Zychlinski E (2012) A façade of collaboration: relationships between philanthropic foundations and the government in social policy-making in Israel. Public Manag Rev 14(1):795–814

Almog-Bar M, Zychlinski E (2014) Collaboration between philanthropic foundations and government. Int J Public Sect Manag 27(3):201–211

Anheier H, Hammack D (eds) (2010) American foundations: roles and contributions. Brookings Institution Press, Washington, DC

Anheier HK, Toepler S (eds) (1999) Private funds, public purpose: philanthropic foundations in international perspective. Kluwer Academic/Plenum Publishers, New York

Boyle R (2017) Learning lessons from the Atlantic Philanthropies and the Irish Government working together: report of a roundtable dialogue held on 21st April 2017. Institute of Public Administration, Dublin

Callahan D (2017) The givers: wealth, power, and philanthropy in a new gilded age. Knopf, New York

Carnegie A (1983) The gospel of wealth. In: O'Connell B (ed) America's voluntary spirit: a book of readings. Foundation Center, New York

Commission on Foundations and Private Philanthropy (1970) Foundations, private giving, and public policy: report and recommendations. University of Chicago Press, Chicago

Dye T (2001) Top down policymaking. Chatham House, New York/London

Farazmand A (2002) Modern organizations: theory and practice, 2nd edn. Praeger, Westport

Frumkin P (2008) Strategic giving: the art and science of philanthropy. University of Chicago Press, Chicago

Hammack DC, Anheier HK (2013) A versatile American institution: the changing ideals and realities of philanthropic foundations. Brookings Institution Press, Washington, DC

Heydemann S, Toepler S (2006) Foundations and the challenge of legitimacy in comparative perspective. In: Prewitt K, Dogan M, Heydemann S, Toepler S (eds) The legitimacy of philanthropic foundations: U.S. and European perspectives. Russell Sage Foundation, New York, pp 3–26

Karl B, Katz S (1987) Foundations and ruling class elites. Daedalus 116(1):1–40

Mitchell K, Sparke M (2016) The New Washington Consensus: millennial philanthropy and the making of global market subjects. Antipode 48(3):724–749

Nielsen W (1972) The big foundations. Golden Books, New York

Prewitt K (2006) American foundations: what justifies their unique privileges and powers. In: Prewitt K, Dogan M, Heydemann S, Toepler S (eds) The legitimacy of philanthropic foundations: U.S. and European perspectives. Russell Sage Foundation, New York, pp 27–48

Ravitch D (2010) The death and life of the great American school system: how testing and choice are undermining education. Basic Books, New York

Salamon LM, Toepler S (2015) Government–nonprofit cooperation: anomaly or necessity? Volunt Int J Volunt Nonprofit Org 26(6):2155–2177

Toepler S (2017) Public philanthropic partnerships: the changing nature of government/foundation relationships in the US. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1295462

Toepler S (2018) Towards a comparative understanding of foundations. Am Behav Sci (forthcoming)

Treasury Department (1965) Treasury Department report on private foundations. Government Printing Office, Washington, DC

# Founder's Syndrome in Nonprofit Organizations

Stephen R. Block
Lone Tree, CO, USA

## Synonyms

Authoritarian leadership style; Bully leadership; Founderitis; Nonprofit board coup d'état; Nonprofit takeover; Organizational politics

## Syndrome

Almost all medical dictionaries share a common definition for the word "syndrome." The general meaning is a display of symptoms that help to define a certain condition or associated symptoms that are common enough to describe a disease.

## Founder's Syndrome

A real or perceived problem in the way a nonprofit organization founder manages and uses his or her positional power and control.

## Founder's Transformational Reaction Syndrome

This is the phase in which staff or board members move from admiration for the founder to feelings of disdain for the founder.

## Introduction

Almost all medical dictionaries share a common definition for the word "syndrome." The general meaning is a display of symptoms that help to define a certain condition or associated symptoms that are common enough to describe a disease.

For everyday usage by nonmedical professionals, the term syndrome may also share some similarities, especially for individuals focused on organizational behavior. The common features include organizational situations that are not isolated to one type of organization. Since the word syndrome has a pejorative intent, its application suggests conditions that are problematic to the organization's health and can negatively impact the culture of the organization. The systemic symptoms can include staff morale problems, higher levels of staff turnover, loss of funding, and unwelcomed media attention inimical to the interests of the organization. These symptoms are recognizable when a nonprofit organization has critical leadership issues with its organizational founder. Founder's syndrome is a real or perceived problem in the way a nonprofit organization founder manages and uses his or her positional power and control.

Until Block and Rosenberg's (2002) empirical study of "founder's syndrome," the term was shared by many as allegories of conflicts between organizational founders and either its staff or board of directors or both. The term can be applied to nonprofit and for-profit organizations. For the purposes of this article, the focus will be on nonprofit organizations. When addressing the issue of founder's syndrome, it is often thought to apply to one person. However, nonprofit organizations can also be created by a group of individuals that come together out of mutual concerns. They may constitute the founding board of directors and either a founding board chairperson or a group of founders can also manifest symptoms of founder's syndrome. While founder's syndrome occurs, it is not a condition that emerges in all organizations that are managed or governed by its founder.

Whether one or more individuals are involved in starting a nonprofit organization, such organizations are often created to solve a problem and improve or protect some condition that exists in local, national, or worldwide communities that have an impact on human beings, animals, or the environment (Carman and Nesbit 2013). Additionally, nonprofit organizations exist as a result of market or government failure and a vision of an individual or a group of individuals dedicated to accomplishing some specific end that could best

be achieved through an organizational entity to fill gaps not ordinarily available through the for-profit sector or government.

While many individuals have ideas about different ways to improve the human condition and the environment and protect endangered species, comparatively there are relatively few individuals in the world that are determined to follow their vision and create an organizational entity to address such concerns where profit is not the primary consideration. Those that do start nonprofit organizations are known as "founders." The commonality shared in the concept of founder's syndrome is that the founder is initially honored for his/her leadership and his/her vision and commitment to society. However, the acknowledgments and expressions of gratitude bestowed on the founder for his or her endeavors to address a societal issue through the start of a nonprofit organization are time limited. In other words, eventually efforts will be made to oust the founder by the board of directors, management staff, external funders, client groups, or some combination of the organization's stakeholders.

Some founder conduct should not come as a surprise or an immediate concern, because it is prompted by predictable human behavior. Individuals that become founders want to control the destiny of the organization they created. Given their emotional energy and often financial investment, founders start an organization with an aim to accomplish some specific mission, and they have a personal stake to accomplish their organizational goals and vision. A rhetorical question that can be posed is whether the public would think it improper for a founder of a for-profit company to use his or her position of leadership and privilege to influence the direction of board decisions and/or the work of the company's management and employees? There is enough cultural evidence in the world of "Silicon Valley" or other industries with technological advancement and entrepreneurship that demonstrate a deep admiration for the founders of companies that have amassed personal power and wealth (such as Bill Gates of Microsoft, Mark Zuckerberg of Facebook, Evan Williams of Twitter, Jeff Bezos of Amazon, Larry Page and Sergey Brin of Google, among others).

For some reason, there is a different societal expectation about founders of nonprofit organizations. Nonprofit organization founders in the USA are prohibited by the US Department of the Treasury's Internal Revenue Service from using their nonprofit as a means to aggrandize their financial worth. Although salaries are generally established through some market surveys and approved by a board of directors, the salary of a nonprofit founder is open to greater scrutiny, and they (not necessarily the board) are harshly disparaged should their salary appear excessive.

Additionally, founders of nonprofit organizations are expected to act differently, such as favoring decisions by consensus and structure flat organizations with minimal hierarchy. Perhaps the distinction and differences of expectation are consistent with the global expectation that nonprofit organizations should not be focusing on the "bottom line" of profits. Instead nonprofit organizational founders are judged by a strict focus on the mission of services for the greater public good. The general public adheres to a belief that staff earnings and a focus on mission-related services cannot be blended.

In studying board and executive director patterns of interaction for more than two decades, Block (2004) is unequivocal in his belief that a founder's vision or mission is not at the heart of concern. The problem is the founder's management style and use of his or her power and control. It may also be the case that the founder's behavior is not excessive. Nonetheless, individuals close to the organization may perceive founders as taking personal and inappropriate advantages when exercising their leadership roles and responsibilities (English and Peters 2011).

It is important to clarify the placement and type of power used in organizational relationships. One form of power that is based on organizational position does carry legitimate privileges to make decisions on the basis of having authority. Organizational authority, however, is not absolute and is subject to modification based on whether the power is defined through bylaws, an employment contract, or a result of the personality of

individuals in charge of the organization. A board of directors, for example, has the positional power and authority to force a change in the decisions promulgated by its executive director. Undoing the decisions made by a founding executive director is a complex process, and the challenge and hardship of social interactions that occur in the boardroom between the board and executive director often make the attempt to change a decision a futile attempt. In other words, sometimes a decision will stand rather than board members go through the tension and hostilities of challenging the founder. This is an important point because the symptoms associated with founder's syndrome may prevail because a board simply chooses to avoid a battle with the executive director. This same avoidance dynamic can occur with department and program directors in their reaction to a founder's decision.

Often, the concept of leadership is defined as having power to influence the behavior of others, especially followers. Nonetheless, a distinction should be made between leadership influence and behaviors that are based on organizational political performance, euphemistically referred to as Machiavellian. The term Machiavellian is based on the writings of an Italian historian and author in the sixteenth century. Niccolò Machiavelli authored The Prince in 1513 and characterized certain unprincipled political behavior as devious, deceitful, and abusive use of positional power. The power that comes from being a leader is a result of the followers' beliefs in the person. Followers generally feel respected and believe in the vision of their leader. Should followers withdraw their support, the leader would not have influence over them. In contrast, the use of Machiavellian power creates followership and compliance in response to feelings of fear and intimidation and not from followership based on a shared vision and respect for the leader. A famous sixteenth century quote from The Prince (Machiavelli 1532/1992) exemplifies the tone of unprincipled behavior sometimes attributed to founders with founder's syndrome: "it is much safer to be feared than loved because . . . love is preserved by the link of obligation which, owing to the baseness of men, is broken at every opportunity for their advantage; but fear preserves you by a dread of punishment which never fails" (p. 68).

Consequently, a founder's behaviors that are associated with the term founder's syndrome are often characterized as being heavy-handed, having questionable motives and dubious objectives. Also, founders with this associated syndrome are reported to have a lack of interest in consensus building or balancing and sharing power. Instead, founders tend to dominate and control the direction of the organization they started.

There are other founder characteristics or trends that were noted by Block and Rosenberg (2002). Contrary to best governing practices, nonprofit organizations that are managed or governed by its founder are less likely to have terms of service for its board members that were selected by the founder. The founder's objective would be to maintain his/her supporters as long as feasible. Power is also demonstrated through the focal point of board meetings, where the agenda is established by a founding executive director. The research findings revealed that the founder was more likely to review and edit the minutes of prior board meetings and thus control the historical and official records adopted by the board of directors. Study respondents also identified the founding executive director to be the most influential person during a board discussion and capable of swaying opinions. One of the more interesting and anomalous trends of nonprofit organizations that are managed by its founder is the impact on the organization's revenues. The organization's revenues will rise slowly compared to organizations managed by non-founders.

A common complaint among individuals who have direct contact with a person or group engaged in founder's syndrome is the oversight of people's work and work styles. Micromanagement is a form of (unnecessary) supervision in which a founder attends to the details of work methods and work products of staff members. While a founder may communicate their interest in helping, the recipient staff generally view the behavior as an extreme form of control and receive the communication as one in which the staff's knowledge and skills are being challenged.

Staff that are micromanaged often feel powerless to contradict the founder's style and advice.

The "victims" of micromanagement view their work life and how they are treated much differently than a founder's viewpoint. The founder's micromanagement behaviors are a function of two aspects of their human nature. They are overly involved because they want their creation to be successful. While staff may see the founder as spying on them and not trusting them, the founder is merely demonstrating a greater need to be aware of the organization's environment and the need to control what takes place in that environment. In other words, most observers of founder's syndrome do not factor in that the founder, like a parent, has more of a personal and emotional stake in the success of their creation. Similar to parental behavior, some founders have a harder time "letting go" and allowing their brainchild's direction to be influenced by others.

As the size of a nonprofit organization increases and its work becomes more complex, a founder may anticipate an increase in organizational issues that will require his/her increasing need for details to keep tabs on the organization's performance and effectiveness. The reaction of a board and staff to this dynamic has a long history with theoretical underpinnings. Frederick Taylor's (1911) classic scientific management model is premised on a "one best way" approach in which the work of staff is accomplished by the prescribed directives of managers at the top of the organization. In social psychologist Douglas McGregor's (1960) Theory X vs. Theory Y, Dr. McGregor distinguishes between two types of management styles that are aimed at motivating work performance. Theory X is similar in theme of Taylor's. In this model, managers are generally of the opinion that individuals do not want to work and need to be threatened of a loss of employment. Founders are cast into this Theory X because they, too, are viewed as an authoritarian rather than as a Theory Y participative style manager. These concepts also apply to founding board members who want to micromanage and direct the work of their executive director and other key staff.

## Reaction to Founders

How is it that in the beginning of creating an organization, stakeholders such as staff and board members want to honor a founder for their selfless qualities and later want to suppress the founder and remove him/her from the organization, including barring the individual from interacting with individuals they had working relationships for years, even decades?

The reaction of board members and/or staff in response to founder's syndrome is a related type of syndrome that has not been tested empirically; it remains a theoretical idea that is labeled "Founder's Transformational Reaction Syndrome" (Block 2016).

The first premise is that founder's syndrome cannot occur in isolation. A nonprofit organization with just the founder and no employees or volunteers cannot engage in founder's syndrome. For founder's syndrome to occur, there must be an application of social exchange theory and social systems theory. Social exchange theory concerns interactions between individuals that lead to some form of interdependent obligations (Cropanzano and Mitchell 2005). Social systems theory explains the effect of human interaction as having some form of cause and effect (Hendry and Seidl 2003).

In the field of psychology, there are well-defined defense mechanisms employed on conscious or unconscious levels as a way of protecting oneself from others who hold certain influence. One defense mechanism is known as reaction formation. The basis for reaction formation behaviors may have different roots, but the phenomena are consistent. Individuals will suppress their real feelings and opinions and adopt an opposite reaction. A person could tell an individual how much they like and respect them, but actually they dislike the individual and disapprove of them. A program director might, for example, inform the executive director that if she/he ever left the company, they would also resign. In reality, they have no intention of giving up their job and will not follow through on their statement.

Rationalization is a common defense mechanism whereby an individual convinces themselves that some unacceptable behavior or ill-thought is

justified. A board member who does not respect their executive director might tell other board members that the executive director seems to dominate board meeting discussions and therefore she/he is not the most effective or respectful executive director. Displacement is when an individual targets their thoughts and behaviors on to a person other than the individual of their true dislike. Consequently, a board member may engage in a dispute with another board member because it is safer than engaging in a dispute with the founder. There are several other psychological defense mechanisms all designed to protect oneself through masking intent.

The theory of Founder's Transformational Reaction Syndrome occurs when individuals begin to drop their defenses and over some course of time collectively begin to discuss their true feelings about a founder. This is the phase in which staff or board members move from admiration for the founder to feelings of disdain for the founder. In order to justify the change in behaviors and attitudes toward the founders, individuals first eliminate the defense mechanism that has masked their true feelings toward the founder. Giving up a defense mechanism is substituted by another defense mechanism in order to rationalize their change of opinion. When several key staff or key board members begin to reduce their reaction formation defensiveness, then they begin on a track of deliberative discussions about their concerns about the founder. Such meetings can be formal or informal but almost always take place without the knowledge of the founder. The more frequency of the meetings and the involvement of key individuals lead the participants to engage in disparaging remarks about the founder. Eventually, staff and/or board work in concert to plan strategies to liberate themselves from the founder's influence, control, and power.

The manner in which the issues raised by the non-founders with the founder will influence the type of behavioral response from the founder. Consequently, some reactions can be extreme (see Block 2004). In other situations, discussions about celebrating the work of the founder and announcing a retirement can lead to more positive outcomes for all parties and support a transitional change in leadership. If the board is attempting to push the founding executive director out of the organization, a threat of legal action or filing a lawsuit against the board of directors is the likely reaction by the founder.

Whether we agree with the characterization or not, there are in fact different value-based standards that society applies to nonprofit organizations and the people who are responsible for running them. Consequently, over time the independent behaviors of a founder are reevaluated from once having the spirit of a pioneer to becoming a megalomaniac that should be relieved of his/her duties as the founding executive director or founding board chair.

Indeed, every founder and organization has its own idiosyncratic characteristics, structures, and procedures for the level of involvement of the founder and other leadership. The degree of centrality and hierarchy varies significantly, too. Management of founder-led nonprofit organizations seems to be particularly demanding as a result of the defense mechanisms addressed earlier. Individuals may not be aware of their meta-messages when conversing with a founder. Communications at the content level may not match the meta-messages or nonverbal cues.

As well, board members and key staff may have ideological differences about direction and mission of the organization, impacting their discourse and sharing of strategic ideas. The symptoms of the nonprofit's dysfunction can be mischaracterized as board member or staff apathy and indecision. Since nonprofit organizations are the creation of people who bring in others to help share a common bond of interest, the source of success or failure resides with individuals in decision-making positions or hold positions of influence. In other words, organizational effectiveness, internal efficiencies, or dysfunctions are the by-products of human behavior within the nonprofit entity.

Since founder's syndrome is not evident in every founder-led organization, we can observe behavioral differences among nonprofit organizations. For example, we can point to problematic

communication styles and faulty decision-making models as fundamental elements contributing to unsatisfactory outcomes that contribute to founder's syndrome. Given the fact that most individuals engaged in organizational life have not been trained in decision-making, change management, or problem resolution, founder's syndrome is not predictable or omnipresent.

It is likely, however, that through keen observation, some manifestations of founder's syndrome can be identified in every organization in which the founder is involved. Evidence or symbols of founder's syndrome might appear during verbal exchanges that occur in the boardroom or between paid staff triggered by interdependence of position, status, unreachable goals, or obstructive stalemates. Some of the causes for founder dysfunctions are a result of having no immediate social repercussions. It is the individualism of the founder that bolsters problems or is accused of exacerbating issues, but the founder' contribution to the dysfunction may be a reaction to the unity of board and staff whose support changes through Founder's Transformational Reaction Syndrome, thus undermining what the founder believed was once a unified board and staff.

## Conclusion

Founders are risk takers with a high need to succeed after creating a nonprofit organization. In some situations, a founder's behavior is characterized as overbearing and even heavy-handed. On one hand, it is possible that the officious behavior is personality driven. On the other hand, the behavior may be the result of a founder who asserts and defends his or her ideology that prompted the founding of the nonprofit organization.

It may also be the case that being a visionary does not equate to being a knowledgeable and effective manager. When a board, staff, or funders begin to challenge the direction or decisions of the founder, some founders may feel threatened. Rather than explore the criticisms, a founder may become discouraged and try to defend his or her decisions. The receiver of the founder's communications may interpret the founder's defensive response as self-centered, unreasonable, and a display of unwillingness to tolerate a participative organizational environment.

More attention should be given to the interactional behaviors of the founder, staff, and board members to truly understand the root causes of founder's syndrome in nonprofit organizations.

## Cross-References


- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Emotional Management
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Uncertainty Management


## References


Block SR (2004) Why nonprofits fail: overcoming founder's syndrome, fundphobia and other obstacles to success. Jossey Bass, San Francisco

Block SR (2016) The nonprofit organization syndromes: when founders' fail, boards' betray and managers' mutiny. Manuscript in preparation

Block SR, Rosenberg SA (2002) Toward and understanding of founder's syndrome: an assessment of power and privilege among founders of nonprofit organizations. Nonprofit Manag Leadersh 12(4):353–369

Carman JG, Nesbit R (2013) Founding new nonprofit organizations syndrome or symptom? Nonprofit Volunt Sect Q 42(3):603–621

Cropanzano R, Mitchell MS (2005) Social exchange theory: an interdisciplinary review. J Manag 31(6): 874–900

English L, Peters N (2011) Founders' syndrome in women's nonprofit organizations: implications for practice and organizational life. Nonprofit Manag Leadersh 22(2):159–171

Hendry J, Seidl D (2003) The structure and significance of strategic episodes: social systems theory and the routine practices of strategic change. J Manag Stud 40(1): 175–196

Machiavelli N (1992) The prince. (N.H. Thomson, Trans.) Mineola, NY: Dover Publications. (Original work published 1532)

McGregor D (1960) The human side of enterprise. McGraw-Hill, New York

Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York

# Fourteenth Amendment, Voting Rights, and Social Policy

Gloria J. Billingsley
Jackson State University, Jackson, MS, USA

## Synonyms

Due process clause; Social welfare policy; Suffrage; Voting rights; Welfare policy; Welfare state

## Definition

Due process is the right to a fair hearing before being deprived of life, liberty, or property.

The 14th Amendment is an amendment to the US Constitution which guarantees citizenship, due process, and equal protection under the law.

Voting rights is the right granted to citizens in a country or jurisdiction to have unobstructed access to and participate in electing political leaders.

Social policy is a broad set of policies designed to ensure that individuals have access to basic needs such as food, clothing, housing, employment and education, and opportunity for self-determination.

## Introduction

Adopted in July 1776, the Declaration of Independence was the first consensus statement on the belief in the intrinsic value and equality of all human beings. The words in the Declaration of Independence represent values that are espoused by democracies worldwide.

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed, – That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to affect their safety and happiness.

For years, the Declaration of Independence was an empty promise as a large portion of the population of the United States were held in servitude and bondage. Women and Blacks were denied these unalienable rights without the ability to hold government accountable for its actions. "A key characteristic of a democracy is the continued responsiveness of the government to the preferences of its citizens, considered as political equals" (Dahl 1971, p. 1). V. O. Key stated it best "Unless the masses views have some place in the shaping of policy, all the talk about democracy is nonsense" (Key 1961, 7). The ratification of the 14th Amendment to the US Constitution institutionalized the inalienable rights described in the Declaration of Independence.

## Fourteenth Amendment to the US Constitution

The 14th Amendment to the US Constitution was ratified on July 9, 1868. The Amendment contains four foundational principles on which many of our personal freedoms and rights are derived. First, the 14th Amendment validated the right to state and federal citizenship for any person born or naturalized in the United States including newly freed slaves. Second, it protects individual rights across state lines. Third, it prohibits states from arbitrarily taking an individual's life, liberty, or property without due process of law. Finally, it guarantees all persons equal protection under the law.

A major strength of the 14th Amendment is its explicit inclusion of states in the prohibitive behavior which has provided the legal premise to expand the civil liberties and rights to all Americans in such areas as civil rights, voting rights, gun-control policies, substance-control regulation, gay marriage, and property regulation. The US Supreme Court rulings in these areas over time have operationalized the specific rights inherent in

the guaranteed due process protection of life, liberty, and property (Calabresi and Vickery 2015).

The 14th Amendment, Bill of Rights, and the Declaration of Independence are products of John Locke's natural rights theory. According to Locke's theory, natural rights are supreme, are not subordinate to laws or customs, and cannot be taken away. It is in this context that the 14th Amendment is widely interpreted to grant civil and political rights to minorities (Calabresi and Vickery 2015).

## Voting Rights

In 1964, the 24th Amendment to the US Constitution made poll taxes illegal in federal elections. The 24th Amendment created additional legal foundations for the push for voting rights for African-Americans. The Voting Rights Act was signed into law on August 6, 1965 as a remedy to egregious discriminatory voting laws and practices impinging the rights of African-Americans guaranteed in the 15th Amendment to the US Constitution. There were two primary foci of the Act: (1) the prohibition of any test or device or disenfranchising measures that would obstruct access to the ballot and (2) to protect the strength of the minority vote by preventing states and local municipalities from employing devices or strategies that would prevent them from electing candidates of their choice. In 2015, we celebrated the 50th anniversary of the Voting Rights Act of 1965.

The Voting Rights Act contains both permanent and temporary provisions. Temporary provisions must be reviewed by US Supreme Court and reauthorized as a continued necessity. Temporary provisions in the Act are found in Sections 4 through 9, Section 13, and Section 203. Section 4 provides the formula to identify jurisdictions that must seek preclearance by the US Department of Justice for the passage of voting laws or changes to existing voting laws as required under Section 5 of the Voting Rights Act. Section 203 was added in 1975 and provides a formula to determine which jurisdictions must provide language assistance to English Second Language (ESL) minority voters.

A foundational piece of the Voting Rights Act is the Section 4 Coverage formula. The original coverage formula to determine which jurisdictions would fall under Section 5 preclearance monitoring by the US Department of Justice was based on whether the jurisdiction had utilized a test or device as an eligibility requirement or if less than 50% of the voting age population was registered to vote or voted in the 1964 presidential election. The Act was reauthorized in 1970 for 5 years, 1975 for 7 years, 1982 for 25 years, and 2006 for 25 years. The 1965 covered states were Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Virginia, 40 counties in North Carolina, and 1 county in Arizona. In 1970, the coverage area expanded to several counties in California, New Hampshire, and New York. In the 1975 reauthorization, more states were covered under the language minority provisions of Section 203 which required jurisdictions where any one group of minorities represented five percent of the population and where all election material was provided in English to provide language assistance (National Commission on the Voting Rights Act 2006).

The 1982 reauthorization of the Voting Rights Acts provided a mechanism for states and local jurisdictions to be removed from the Section 5 preclearance requirements called "bail-out" by providing substantive evidence that it had refrained from engaging in discriminatory voting practices in the 10 years prior to the request. The specific criteria that must be met are (1) no literacy test or other device, (2) proper preclearance received before implementing voting law changes, (3) no objections from the Department of Justice for proposed voting law changes, (4) no rulings for plaintiffs in cases alleging voting discrimination, (5) no consent decrees or agreements because of voting discrimination, (6) no pending voting discrimination lawsuits, and (7) no federal observers called in to monitor elections at the state or local level (National Commission on the Voting Rights Act 2006). Research has shown that many of the 1965 covered jurisdictions are not able to meet the criteria to come from under preclearance coverage (Billingsley and Murray 2015).

There have been a number of lawsuits filed to challenge the legality and validity of the Voting Rights Act and its implication for state and local governments to govern within their jurisdictions. Several landmark voting rights cases may be instructive to our understanding of minority fight to maintain the right to vote after passage of the Voting Rights Act of 1965. *Allen v. State Board of Elections* (1969) the question under court review centered on what constituted a test or device when determining what laws or practices required preclearance by the Department of Justice. The US District Court ruled that it was not unconstitutional for a jurisdiction to require that write-in votes be in the voters own handwriting and did not require Department of Justice preclearance as it was not a "test or device" as defined by the Voting Rights Act (https://supreme.justia.com/cases/federal/us/393/544/case.html). However, the US Supreme Court expanded the coverage of Section 5 to include any mechanism or strategy designed to obstruct access or dilute minority voting power. This was important as many african-Americans were unable to read or write well. *Allen v. State Board of Elections* was a "landmark case that served as the impetus for a series of judicial victories that increased Black representation" (Orey et al. 2016a, 129–130). In *Thornburg v. Gingles* (1986), the US Supreme Court addressed a major weakness in previous ruling in *Mobile v. Bolden* (1980) which placed the burden on plaintiffs to prove legislative intent when vote dilution occurred by explicitly identifying the steps plaintiffs need to take to win vote dilution cases. Prior to the *Thornburg* ruling, only 21 Blacks had been elected to Congress but nearly doubled to 40 after the ruling (Orey et al. 2016a).

Unfortunately the gains that Blacks, other people of color, and language minorities have made continue to be threatened into the twenty-first century. Policies and practices and even rulings by the US Supreme Court appear to violate or move away from the spirit and legislative intent of the Voting Rights Act (Orey et al. 2016a).

The landmark decision in *Shelby v. Holder* (2013) eroded the fight of nearly 50 years for governmental protection of minority rights to vote and to elect officials of their choice. Shelby County, Alabama, sued the US Attorney General asking the Federal District Court to repeal Section 4(b) and 5 of the Voting Rights Act declaring these provisions unconstitutional. *Shelby* also sought a permanent injunction against their enforcement. The federal District Court ruled against the county and upheld Sections 4 and 5 of the Voting Rights Act. However, the US Supreme Court ruled Section 4 unconstitutional. While the Supreme Court did not rule on Section 5, striking down Section 4 released the covered jurisdiction from having to seek preclearance of voting laws and made Section 5 inoperable. Individuals and groups may still challenge discriminatory voting rights practices under Section 2 (Orey et al. 2016b). Tremendous disenfranchisement can occur using this reactive versus the proactive approach of addressing discriminatory practices.

Evidence of the impact of the *Shelby* ruling was felt immediately as a number of states, particularly Southern States most of which had previously required preclearance, began passing restrictive voter registration laws to include strict registration deadlines, limits on early voting, photo identification requirements, and racially motivated redistricting (McElwee 2015). According to the National Conference of State Legislatures, 34 states have laws requesting or requiring voters to show some form of identification at the polls http://www.ncsl.org/research/elections-and-campaigns/voter-id.aspx#Lawsineffect. Voter identification laws in several states are being challenged in federal court. Voter Identification laws go back to the 1950s. There has been mixed 2016 rulings issued in court cases in Ohio, Texas, North Carolina, and Wisconsin. The US Supreme Court ruled in favor of Ohio's law to prohibit persons from registering and casting early vote at the same time. Challenges to Texas, North Carolina, and Wisconsin voter identification laws were successful with the Courts requiring Texas to develop nondiscriminatory processes prior to the November 2016 election, overturning of North Carolina Law as it deliberately targeted African-Americans with express purpose of lowering African-American vote, and requiring Wisconsin to accept more forms of

identification for the 2016 election (New York Times, July 30, 2016).

Another area where significant disenfranchisement has occurred is in the criminal justice system. While many countries have opted to allow prisoners and parolees to vote, the United States still prohibits persons who are serving prison or jail time for felonies from voting. Even after convicted felons have served their prison terms, some states permanently prohibit them from voting. Since prison population is disproportionately people of color, these laws have a disparate impact and leave millions unable to participate in the cornerstone of democracy (McElwee 2015).

## Social Policy

Entitlements have become a part of the institutional fabric of modern society. Broadly conceptualized, many sectors of society receive entitlements or money from the government to meet public goals. While the focus of entitlements is negatively connected to the poor, wealthy individuals and businesses have and continue to receive entitlements in the form of government subsidies, long-term contracts for defense space and education, and social security pensions. There is widespread support for the above referenced entitlements. Entitlements are only viewed negatively when associated with the poor. Entitlement is based on the belief that society or government has a responsibility to ensure that individuals have the resources they need to meet their basic needs – not as charity but as a right. Social rights are "the whole range from a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society" (Orloff 1993, p 306).

The New Deal was one of the first major efforts in the US government's development of social policy to address widespread devastation as a result of the Great Depression. The provision of social security, unemployment compensation, public housing, and other forms of public aid were policy interventions aimed at ameliorating the effects of abject poverty (Reich 1965).

The term "welfare state" is the term commonly used to categorize the conglomerate of governmental programs and interventions designed to ensure that all citizens have a right to decent and healthy living conditions. The philosophy undergirding the welfare state is the notion of entitlement as a part of the triad of all human rights: civil, political, and social (Cox 1998). Others have further conceptualized the right to welfare benefits as contract between citizens and their government in which citizens are obligated to meet certain eligibility requirements and the government has certain enforcement powers (White 2000). "Originally intended to alleviate poverty, soften the sharper edges of capitalism and stand as the crowning achievement of postwar prosperity, the welfare state now suffers criticism for fostering dependency, social isolation and the breakdown of public morality"(Cox 1998).

Central to the argument that citizens have a right to public assistance are provisions necessary to protect those rights. The 14th Amendments due process protection and the contract between beneficiaries of the welfare state and the government have been uneven in terms of distribution of power. While the media, non-beneficiaries, and the government tend to focus on outlier cases of welfare abuses, missing in this discussion is the abuse beneficiaries are subjected to in exchange for the benefits provided under this social contract. The abuse resulting from differences in power run antithetical to the original intent of the Social Security Act which clearly provides provisions for due process rights to beneficiaries to ensure opportunity to acquire benefits and recourse when they believe they have been treated unfairly.

Almost since the institution of social welfare, there have been rumblings about perceived abuses and a need for reform. While welfare reform has been framed as a remedy to address fraud, waste, and abuse, it is ultimately about who is deserving of government assistance and if deserving, how much and under what conditions. In other words, welfare reform is about whether public sector or private sector solutions are appropriate to address a host of social ills such as poverty, education, health, and employment (Cox 1998).

A major piece of US federal welfare reform legislation is the Personal Responsibility and Work Opportunity Reconciliation **Act** of 1996 (P.L. 104–193) passed as an bipartisan effort under President Bill Clinton. The cornerstone of the legislation is its goal to align the program with its original intent for time-limited assistance by moving beneficiaries to permanent employment. However, its implementation is fraught with problems and is not the panacea many had hoped.

The Personal Responsibility and Work Opportunity Reconciliation Act and other prior benefit requirements have created provisions that raise concerns regarding their unconstitutionality in terms of possible violations of civil liberties of welfare beneficiaries. Although, the US Supreme Court in *Goldberg v. Kelly* (1970) ruled that welfare beneficiaries have a right to due process established by the 14 Amendment, many welfare recipients are denied without due process. Major areas of constitution rights violations cited in the literature are (1) denial benefits to parents who conceive additional children while receiving benefits. Some suggest that there is no difference between providing extra benefits to poor families and middle class who receive income support through tax deductions: (2) coercing poor women to give up their rights to procreate through the use of invasive long-term contraceptives in exchange for benefits eligibility (Albiston 1994) and (3) forcing teens to live with their parents to receive benefits.

## Globalization and Social Policy

Globalization originated as a private sector term used to describe how communication technology aided the management of production and transport systems technology across global borders. The meaning of globalization evolved to describe the "increasing interconnection of economic, social, ecological, technological, economic, political, and cultural systems throughout the world" (Yeates 2007). Social policy is often viewed in isolation without respect for its permeability across national boundaries. There is a global interconnectedness between what happens in the United States and policy interventions and outcomes in other countries. Conceptualizing social policy in a global context fosters dialogue, creativity, and innovation to address a multiplicity of complex health and social welfare issues of international salience.

## Social Policy and Political Representativeness

The security and stability of a democracy is predicated on the broad participation and continued support of the democratic principles espoused by the democracy. "In order for the democracy to remain secure and stable, each new generation of citizens must believe in the system and believe that it works for people like them and voting provides a barometer of the public's trust in the political process and in government" (Flanagan and Faison 2001, page 4). Minority and poor voters learn early on that they don't matter and as a result often don't believe in the power of their vote to effect change. Conservative policy interventions often confirm their belief about their place in society.

Several studies suggest that the political preferences and opinions of low-income voters are often not reflected in the voting behavior of their elected representatives (Bartels 2006; Ellis 2012) and that the policies passed are more reflective of the preferences of the more affluent (Gilens 2005). While eligibility for most social welfare benefits is means-tested, racialization of social policy issues overshadows good public policy even in programs where racial minorities are not the greatest consumer of services. Beneficiaries of social welfare policy are racially and ethnically stereotyped which leads to the introduction and support of policies align with the parties predisposed belief about who deserves to receive public assistance or affirmative action (Hussey and Pearson-Merkowitz 2013).

Voter turnout impacts policy outcomes, particularly in terms of social policy and welfare policies. A study on voter turnout rates found that when low-income voters had a strong presence at the polls similar to their upper class

counterparts, legislative bodies at the state level were less inclined to adopt strict welfare eligibility requirements (Avery and Peffley 2005). A decline in voter turnout by low-income voters has an adverse impact on their ability to voice their preferences on policy issues. Highton and Wolfinger (2001) conducted a study on nonvoters preferences and only found modest gains in public policy outcomes from higher voter turnout. A more recent study was conducted to understand economic bias in voting behavior of the 110th US House of Representatives supported earlier research findings that voters are more likely to have their policy preferences addressed than nonvoters and that the representatives of less affluent voters less likely to vote for issues that are in their best interest (Ellis 2012).

While voter turnout is important in elections at all levels of government, its impact is most acutely felt in local elections. Due to the low concentration of minority populations in many cities, increased voter turnout of Latino, Asian-American, or African-American may not result in parity in representation on city councils (Hajnal and Trounstine 2005). Elections are not only about racial, ethnic, and diversity representation but also about who gets to determine the allocation or reallocations of goods and services. High-stake redistributive outcomes often result in minority populations' inability to elect representatives even when they constitute the majority population (Hajnal and Trounstine 2005).

## Conclusion

Suffrage is defining characteristic of modern democracies. Lockean Natural Rights theory both highlight the importance of every citizen having inalienable rights which have been validated to case law. Women and people of color in the United States fought hard to gain the right to vote and are still fighting to retain this right. Voting is more than electing persons to office; it is determining the content of public policy and determining the allocation of resources, goods, and services and is a badge of citizenship. The 14th Amendment is one of the most significant amendments and evidence by its use to secure and clarify the right to life, liberty, and property. Political representation is important in terms of social policy and is the area where the impacts of policy outcomes are most acutely felt. Research has confirmed that too many voices are not being heard because they either voluntarily remain silent by not voting or modern-day voting policies take away their voice through stringent federal and state temporary or permanent disenfranchisement of convicted felons. Evidence suggests that mobilizing low-income voters should be the next area of focus in the voting rights battle since voting practices of elected officials has been found to be inextricably linked to those groups with high voter turnout. Also, low-income voters could vote their policy preferences by withholding their vote from candidates who don't vote in their best interest. Finally, attacks on the voting rights act particularly in terms of Shelby v. Holder and modern-day tests and devices such stringent voter ID Laws, and other strategies to compress voter turnout could set voting rights accomplishments back decades. (See Billingsley and Murray 2015).

## References

Albiston C (1994) The social meaning of the norplant condition: constitutional considerations of race, class, and gender. Berkeley Women's Law J 9(1): 9–57. http://scholarship.law.berkeley.edu/bglj/vol9/iss1/2. Accessed 5 Nov 2016

Avery JM, Peffley M (2005) Voter registration requirements, voter turnout, and welfare eligibility policy: class bias matters. State Polit Policy Q 5(1):47–67

Bartels LM (2006) Is the water rising? Reflections on inequality and democracy. Polit Sci Polit 2:651–666

Billingsley GJ, Murray S (2015) Redistributing power in Mississippi: the reversal of section 4 of the Voting Rights Act. Ralph Bunche J Public Aff 4(1):211–230. http://digitalscholarship.tsu.edu/rbjpa/vol4/iss1/5

Calabresi SG, Vickery SM (2015) On liberty and the fourteenth amendment: the original understanding of the Lockean natural rights guarantees. Texas Law Rev 93: 1299–1452

Cox RH (1998) The consequences of welfare reform: how conceptions of social rights are changing. J Soc Policy 27(1):1–16

F

Dahl RA (1971) Polyarchy: participation and opposition. Yale University Press, New Haven
Ellis C (2012) Understanding economic biases in presentation: income, resources and policy representation in 110th house. Polit Res Q 65(4):938–951
Flanagan CA, Faison N (2001) Youth civic development: implications of research for social policy and programs. Civic engagement, paper 11. http://digitalcommons.unomaha.edu/slceciviceng/11
Gilens M (2005) Inequality & democratic responsiveness. Public Opin Quart 69:778–796
Goldberg v. Kelly (1970) 397 U.S. 254 https://supreme.justia.com/cases/federal/us/397/254/case.html. Accessed 25 Oct 2016
Hajnal Z, Trounstine J (2005) Where turnout matter: the consequences of uneven turnout in city politics. J Polit 67(2):515–535
Highton B, Wolfinger RE (2001) The political implications of higher turnout. Br J Polit Sci 31(1):179–192
Hussey LS, Pearson-Merkowitz SP (2013) The changing role of race in social welfare attitude formation: partisan divides over undocumented immigrants and social welfare policy. Polit Res Q 66(3):572–584
Key VO (1961) Public opinion and American democracy. Knopf, New York
McElwee S (2015) Why voting matters: large disparities in turnout benefit the donor class. Dēmos:1–19
National Commission on the Voting Rights Act (2006) Protecting the rights of minority voters: the voting rights act at work 1982–2005. Lawyers Committee for Civil Rights under the Law, Washington, DC http://www.lawyerscommittee.org//admin/voting_rights/documents/files/0023.pdf
National Conference of State Legislatures. Voter identification requirements/Voter ID laws. http://www.ncsl.org/research/elections-and-campaigns/voter-id.aspx#Lawsineffect. Accessed 3 Nov 2016
Orey BD, Billingsley GJ, King AM (2016a) The fiftieth anniversary of the voting rights act and the "quiet revolution". Natl Polit Sci Rev 17(2):127–137
Orey BD, King AM, Billingsley GJ (2016b) The evolution and devolution of the voting rights act: black descriptive and substantive representation. In: Kreider KL, Baldino TJ (eds) Minority voting in the United States, vol 1. Praeger, Santa Barbara
Orloff AS (1993) Gender and the social rights of citizenship: the comparative analysis of gender relations and welfare states. Am Sociol Rev 58(3):303–328
Reich CA (1965) Individual rights and social welfare: the emerging legal issues. Yale Law J 74(7): 1245–1257
Voter ID Laws Take a Beating in U.S. Courts. New York Times, July 30, 2016, p 1
White S (2000) Social rights and the social contract – political theory and the new welfare politics. Br J Polit Sci 30(3):507–532
Yeates N (2007) Globalization and social policy. In: Baldock J, Manning N, Vickerstaff S (eds) Chapter in social policy, 3rd edn. Oxford University Press, New York

# Framework Agreement

Rajesh K. Shakya
The World Bank, Washington, DC, USA

## Synonyms

Framework agreement; Framework contract

## Definition

A framework agreement is a general term for procurement agreements with supplier(s) that set out terms and conditions that allow public bodies to order goods or services throughout the term of the agreement for the repetitive purchases under the terms and conditions specified in that framework agreement (Shakya 2013).

## Introduction

Procurement entities need to procure goods, works, and/or services very frequently to achieve the organizational, project, or national development objectives. More often similar items are procured in repetitive manner following the traditional procurement methods and processes, which consequently involves more time and more bidding process costs. Framework agreement is one of the most popular procurement methods in the modern procurement practices for procuring such repetitive purchases. Framework agreement procedures are often used to procure the goods, works, and services for which a procuring entity has a need over a period of time or at a time in the future, but does not know the exact quantities, nature, or timing of its requirements. For an example, a project procures office supplies more than one time during the same fiscal year due to unpredictable consumption of those items. Every time a procuring entity has to go for the procurement process spending more time and money on the process. Example also includes

commodity-type goods purchases, such as stationery, spare parts of equipment, information and communication technology supplies and maintenance, road maintenance services, security services, cleaning services, where the market may be highly competitive and where there will normally be regular or repeat purchases for which quantities may vary. This is also suitable for the purchase of items whose need is expected to arise in the future on an urgent or emergency basis, such as medicines, emergency response services, etc. This type of agreement can also be considered as a suitable method, where surety of supply is highly required like in the case of specialized items requiring a dedicated production line.

Framework agreements can strengthen governance. They facilitate procurement planning because the time to acquisition is minimal, procurement processes are greatly simplified, and costs may be largely known in advance. Framework agreements also partly address weaknesses in capacity found in numerous jurisdictions (Schapper et al. 2011). Albano et al. (2010) recognized framework agreement as potentially effective and innovative purchasing arrangements, allowing public agencies – both at central and local level – to aggregate demand and streamline procurement processes, while keeping some degrees of contract flexibility.

Sound public procurement systems aim at achieving good governance and value for money. Cost control, avoiding abuse, and corruption are therefore a key aspect of any public procurement system as a whole. Indeed, governments are increasingly urged to cut public spending, and public spending on goods, works, and services is the target of cost-controlling government policies. This is very often done by rationalizing public expenditure on goods, works, and services, which account for a considerable proportion of GDP – the OECD estimates from 13–20% worldwide.

Recent developments in public sector procurement have raised questions about the extent to which requirements of procuring entities or within the large agency should be pooled and let fewer and larger contracts. The efficiency agenda is driving the efforts towards reducing procurement costs, making use of combined influence as buyers and achieving economies of scale. Albano (2013) recognized that demand aggregation is an effective way to streamline procurement process and reduce purchasing costs by exploiting the public buyer's higher bargaining power. By replacing several independently run processes, centralization helps standardize the "procurement language" – as competing firms interact with one rather than many public authorities – while leading to a progressive reduction of the variety of technical specifications set by purchasing bodies, thus reducing firms' participation costs. This is why, all over the world, governments have encouraged aggregated purchasing, and some have entrusted a governmental agency/body to implement centralized purchasing strategies. The Government Procurement Service in the UK, GSA in the US, PPS in South Korea, ChileCompra in Chile, Hansel in Finland, BBG in Austria, the recently created ESPAP in Portugal, and Consip in Italy are just some examples of this type of agency/body.

## Definitions and Variations of Use

Under international regulation and practice, several broad definitions of framework agreements can be identified, with some common and some different characteristics. In many countries the expressions "framework agreement" and "framework contract" are used almost interchangeably both at the regulatory and the practice level, although legal implication of "framework contract" is different than "framework agreement." The terminology has also referred to framework contracts, common use agreements/contracts, long-term agreements, standing offers, rate contracts, parallel rate contracts, dynamic purchasing, panel contracts, draw-down contracts, pooled procurement, IDIQ (Indefinite Delivery/Indefinite Quantity) contracts, Multiple Awards Schedule (MAS), multiuse lists, standing offer arrangements, transversal contracts, cooperative contracts, and so on.

A framework agreement is an arrangement for the anticipated supply of goods or services over a specified period of time. A framework agreement is used in the case of repetitive purchases where there is no guaranteed volume or value of business. The agreement sets out the terms applicable to the contracts formed at the call-off stage, i.e., when an order is placed. If all terms are fully specified then it is defined as a framework contract. Where a secondary process is required to finalize specifications and make a selection, then it is a framework agreement.

United Nations Commission on International Trade Law (UNCITRAL) defines framework agreements as a transaction to secure the supply of a product or service over a period of time (periodic/recurrent purchase arrangement, periodic requirements arrangement, and periodic supply vehicle; UNCITRAL 2008).

European Union defines framework agreement as an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantities envisaged (European Union 2004).

## Classification of Framework Agreement and Contracts

A framework agreement is legally binding both parties and can be entered into:

- Between a leading agency (contracting authority) and one supplier
- Between a leading agency (contracting authority) and more than one supplier

A framework contract based on the framework agreement is legally binding the procuring entity and the suppliers and can be entered into:

- Between one or more procuring entity and one supplier
- Between one or more procuring entity and more than one supplier

## Advantages of Using the Framework Agreement

- Facilitate procurement planning:
  - Facilitates to aggregate demands
  - Meeting the needs of the procuring entities in a short time
  - Procurement processes are greatly simplified
  - Costs are largely known in advance
  - Partly address weakness in capacity of procurement
  - Frameworks facilitate enhance planning of program expenditures
- Lower contract prices and improved quality and reliability:
  - Consolidation of demand and returns to scale for manufacturing
  - Greater volumes and certainty for suppliers improves inventory planning
- Reduced costs of process and contract management:
  - Fast and flexible award of subsequent contracts
  - Minimizing administrative costs for the organization of a new procurement procedure
  - Many purchase orders from the one contract process
  - Just-in-time purchasing
  - Reduced costs of contract management
- Efficient emergency operations:
  - Immediate access to related goods and services
  - Automatic recognition of prior expenditure
  - Competitive prices
  - Guarantee of service
- Efficient use of scarce capacity:
  - One agency creates a framework agreement that other agencies purchase from that agreement without conducting a procurement process of their own and thereby significantly extending the effectiveness of existing procurement capacity.
- Enhanced governance:
  - The elements of consolidation of common procurement implicit with framework agreements allow for considerably stronger governance controls and oversight, and reductions of discretion.

– Standardization of process implicit within framework agreements strengthens the potential for technological applications with multiple benefits in terms of oversight, management information, and efficiency.

## Applicability of Framework Agreements

A framework agreement can be especially relevant when:

- There is frequent reordering based on the same (or similar) set of specifications.
- The volume required cannot be precisely predicted.
- The required delivery dates cannot be precisely predicted.
- Procuring entities across the government are acquiring the same supplies at different price rates.
- Aggregating the demand from procuring entities will lead to significant volume discounts.
- Small procuring entities lack the capacity to arrange and manage their contracts.
- Crisis planning (such as for natural disasters) cannot accommodate the time required for traditional processes.
- No single supplier is considered to have sufficient capacity.

Examples of contracts that can be assigned based on a framework agreement:

- **Supply**: Equipment, road signs, personal protective equipment and work, uniforms, school books, office supplies, IT supplies, computers, food, medicines, medical supplies
- **Services**: Maintenance, building maintenance specialist services, banking, air transport services, insurance services, mobile maintenance/maintenance of IT equipment
- **Work**: Black topping the streets, painting, plastering, excavation, building identical execution units (i.e., gas station, service center, garages, gyms)

Framework agreement can be used to cover all types of supplies services or works necessary for procuring entities.

The framework agreement cannot be misused or improperly used by the procuring entities in order to prevent, restrict, or distort competition. Thus, artificial grouping of items or services from different areas within a single framework agreement, which under normal conditions cannot be purchased together, can create confusion for suppliers of the procurement items and purpose of the framework agreement, with the effect of deprivation procuring entities to get the best deals.

## Stages of Framework Agreement Process

In broader sense, a framework agreement has two phases as illustrated in Fig. 1:

1. Establishment of the framework agreement, which usually follows open, restricted, RFP-based negotiations or other competitive procedures to establish the framework agreement with one or more suppliers.
2. Awarding specific contracts where procuring entities can place orders to the lowest evaluated supplier or carry out subsequent mini-competition if not all the terms were laid down precisely in the original agreement.

Lead agency is responsible for the Framework Agreement, but following the principle of transparency, the procuring entities (PEs) or procuring and disposal entities (PDEs) that are party to the agreement and consequently are allowed to make contract-orders must be listed in the notices, in the contract documents, and in the framework agreements. All suppliers that are part of the agreement must be listed in the agreement.

## Estimated Value

The estimated value of the framework agreement is the maximum estimated value of all subsequent

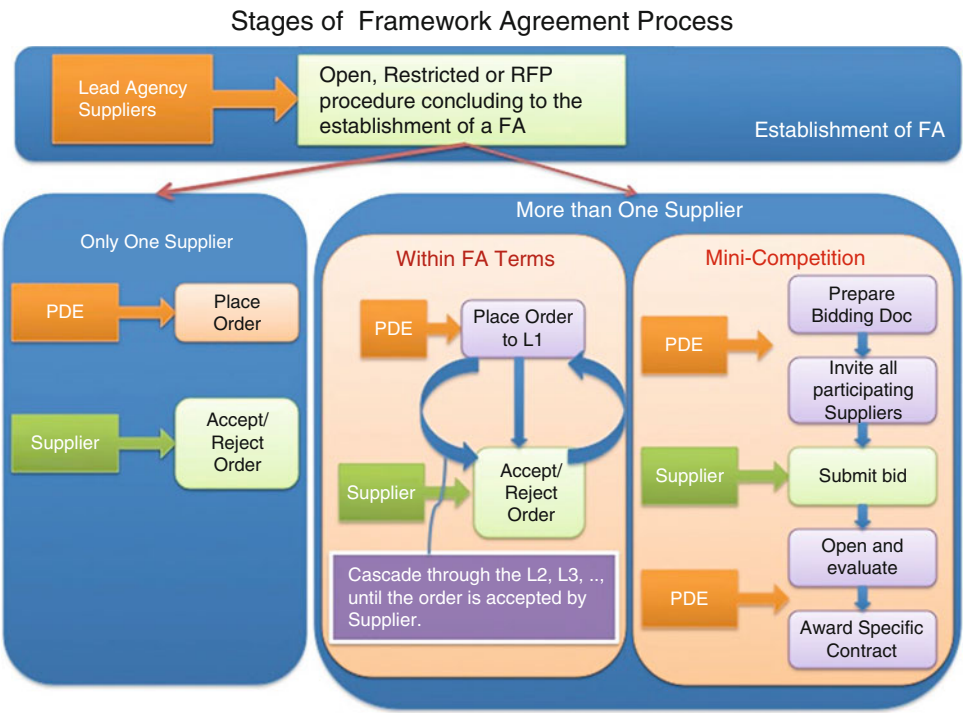


**Framework Agreement, Fig. 1** Stages of framework agreement

contracts expected to be awarded based on that framework agreement.

When the framework agreement is to be concluded by a lead agency (LA) or a contracting authority on behalf of a number of procuring entities, the estimated value is calculated taking into consideration all of the subsequent contracts, which are expected to be awarded based on that framework agreement by all entities covered by the framework agreement.

In estimating the value of the framework agreement, the lead agency and procuring entity will consider:

- Frequency of subsequent contract award
- Minimum and maximum quantities that could be subject to one of the subsequent contract to be awarded during the framework agreement
- Minimum and maximum quantities that may be required throughout the framework agreement

The procuring entities shall specify in the framework agreement notice and tender documentation with estimated information on minimum/maximum quantities of the framework agreement and subsequent contracts.

## Framework Agreement Procedure

### Requirements of the Invitation to Bid

The framework agreement (FA) notice shall contain all necessary information to allow bidders to decide whether or not to participate in the award procedures. This information shall include the name and address of the lead agency and responsible person/s for the procedure; the items to be procured, reference to the procurement procedure; the estimated budget and the duration of the agreement; short description of the procurement and/or lots if used; qualification requirements with regard to legal, economic-financial, and technical capacities; awarding criteria; terms of the framework agreement; the place, methods, and cost for

receiving bidding documents; the place, date, and time for submitting the tender and the place, date and time for submission and opening of the bids; the language/languages of offers and documents; any other additional information considered useful for the framework agreement as well as subsequent specific contracts by procuring entities. The framework agreement fixes the possible maximal prices for each item and the minimal technical specifications as well as the minimal delivery terms and warranty conditions. These facts allow suppliers to reduce the prices in order to make their proposal more attractive to buyers.

The lead agency (LA) prepares and publishes the public announcements.

The announcement of the winner from the framework agreement must contain: the procurement method reference, the correct name and address of the supplier/suppliers who are selected for the framework agreement; the description of the works/goods/services to be purchased; the duration of the framework agreement. Publishing the information of the awarded agreement will be as per the provision set out by the act and regulations.

## Award of Framework Agreement

To conclude a framework agreement, the lead agency can use the open, restricted, or RFP procedure. The supplier(s) to the framework agreement shall be chosen by the lead agency with reference to the bid, which meets the qualification criteria and is the responsive offer with the lowest evaluated value. All procuring entities and suppliers that are part of the agreement must be listed in the agreement.

*The procuring entities, which are not listed, are not allowed to use a framework agreement. In addition, it is not allowed to accept other Suppliers in the agreement after the completion of the procurement process*.

Offers should be assessed on technical and economic ground. Framework agreements are more efficiently managed if used e-Procurement Systems. In cases of e-Framework Agreement awarding procedures, the system should automatically manage the data, evaluations, and generate respective reports with the comments by different committees involved during the evaluation and notifying the bidders electronically. After comparing and evaluating bids, contracting authority identify the successful bid.

## Award of Contracts Under Framework Agreement

When awarding subsequent contracts, under framework agreements, procuring entities do not have to go through the full procedural steps again so long as the rules were followed appropriately in the setting up of the framework agreements themselves.

The length of subsequent contracts, under a framework agreement, can be of varied lengths. For example, subsequent contracts for consultancy services might be for 3, 6, or 12 months or longer. It may be the case, as a result, that subsequent contracts extend beyond the stipulated term of the framework itself. However, this should be done according to the act and regulations.

For example, it would be difficult to justify conclusion of 12-month subsequent contracts, right before the end of the life of the framework itself, where the normal pattern is to conclude similar contracts, for instance, for a month or so. The length of subsequent contracts, as with other contracts, should be appropriate to the purchases in question and should reflect value for money considerations.

## Framework Agreement Concluded with One Supplier

Where there is a single supplier, the users place orders as required at the terms agreed under the framework agreement. An example of this type of framework would be for the provision of office stationery. A framework agreement is concluded with a single supplier, and contracts based on that agreement should be awarded within the limits of the terms laid down in the framework agreement. For the award of these contracts, procuring

entities communicate in writing with the supplier, party to the framework agreement, with purchase order (PO) contract specifying the quantity, scope, and delivery details requesting it to submit its bid in accordance with the requests, and sign the contract for that particular supply.

It is the same principle as that applying to a normal contract, except that, with a framework agreement, there will be an interval between the awarding of the framework itself and the subsequent contracts of the goods, works, or services under it. There can be no substantive change to the specification or the terms and conditions agreed at the time that the framework is awarded.

Contracts based on framework agreements signed with only a supplier must be awarded within the limits and conditions provided in the framework agreement. No fundamental changes to the conditions can be made to contracts based on the framework agreement, as this would be considered a violation of the framework agreement. A supplier may be required to prepare their bid, concerning only those conditions that do not have a significant impact on the conditions initially agreed upon in the framework agreement.

If the needs of the procuring entities differ in a fundamental way, then the procuring entity must procure it through a new framework agreement arrangement.

## Framework Agreement Concluded with More than One Supplier

Framework agreements with several suppliers should be signed with at least three suppliers, if there are three suppliers meeting all the selection criteria and have an acceptable offer. If that is not the case, the lead agency may sign framework agreements with those suppliers that have met all the criteria, even if there are only two of them. Number of suppliers' selection depends on the volume of supplies, number of participating procuring entities, capacity of each of the selected suppliers to supply the desired volume, nature of item, total contract amount, duration of framework agreement, etc.

Usually, when the leading agency concludes a framework agreement with several lowest evaluated suppliers ranked as L1, L2, L3, L4, etc., their number cannot be less than 3, provided that there are a sufficient number of qualified suppliers. This rule applies regardless of the procedure chosen for the framework agreements.

Where frameworks, for the same goods, works, or services, are awarded to several providers, there are two possible options for awarding subsequent contracts under the framework.

### Option One: Cascading down the Ladder

Apply the terms of the framework agreement where the terms laid down in the framework agreements are sufficiently precise to cover the particular subsequent contract; the procuring entity awards the subsequent contracts without reopening any mini-competition.

Contracts based on framework agreements, in which all the conditions are set, which are signed with several suppliers must be awarded within the conditions stipulated in the framework agreement.

At first the contract request with purchase order (PO) is sent to the first lowest evaluated supplier (L1). If the L1 suppliers do not accept the purchase order, then procuring entity may send the purchase order to the second lowest evaluated supplier (L2), and so forth cascading down to the available number of suppliers in the framework agreement. Sometimes, it may result into nonprocurement, as the suppliers in the framework agreement cannot deliver the supplies as requested. In such cases a new framework agreement should be initiated or a mini-competition should be initiated based on the reasons of the failure to procure. If the needs of the procuring entity differ substantially, then the lead agency should consider starting of a new framework agreement.

**Example**: For example, frameworks might be concluded with five providers for the delivery of individual photocopiers, fax machines, and printers, separately priced, and for delivery within set timescales. If the procuring entity simply wants to call-off some photocopiers, it would go to the provider offering the most economically advantageous offer, using the original award

criteria, for that item alone without reopening the mini-competition. If that provider for any reason could not supply the items required at that time, the procuring entity would go to the provider offering the next most economically advantageous offer, and so on.

### Option Two: Hold a Mini-Competition

Where not all the terms are laid down in the framework agreement, price rates among the suppliers in panel varies much, or market price is fluctuated significantly, when the suppliers are again in competition on the basis of the same and, if necessary, more precisely formulated terms, and, where appropriate, other terms referred to in the specifications of the framework agreement.

An example of this type of framework would be works consultants with a mini-competition held to appoint, for example, an architect for a particular project. It is important that selection and award criteria are not confused and used at the wrong stage of the bidding process. A procuring entity cannot take account of a bidder's experience, labor, equipment, or ability to perform the contract by an anticipated deadline (which are selection criteria relating to capability) as part of the award criteria. Such criteria should only be taken into account at the framework agreement evaluation stage.

## Mini-Competition

Mini-competitions at the second stage (call-off in case of multiple suppliers under the framework agreement) of framework agreement can be conducted either using e-quotation method or e-reverse auction. Mini-competition is held in accordance with the following procedure:

1. For every contract to be awarded, procuring entity shall consult in writing the suppliers capable of performing the contract.
2. In the invitation sent to the suppliers, the procuring entity must define the criteria for determining the winning bid for the contract based on the framework agreement. The criteria for determining the winning bid can be the same as those of the framework agreement.
3. Procuring entities shall fix a time limit which is sufficiently long to allow bids for each specific contract to be submitted, taking into account factors such as the complexity of the subject-matter of the contract and the time needed to send in the bids.
4. Bids shall be submitted electronically through e-Framework Agreement System or e-Procurement System, and their content shall remain confidential until the stipulated time limit for reply has expired.
5. Procuring entities shall award each contract to the supplier who has submitted the best bid on the basis of the award criteria set out in the specifications of the framework agreement.

The framework agreements in which not all the conditions are defined are not considered contracts under the law on public procurement. Rather, contracts based on framework agreement are procurement contracts against which bills are paid.

In addition, the contracting authority could use other criteria, only if those criteria are defined in the documents of the initial framework agreement. Those criteria can include the prices for specific volumes, information on consultancy services for intellectual services, the necessary time required for delivery or the necessary hours spent in performing specific work.

Mini-competition may include the following terms for bidding and contracting:

- Specific delivery schedule
- Defined invoicing arrangements and payment profiles
- Additional security/guarantee needs
- Specific incidental charges
- Defined associated services, e.g., installation, maintenance, and training
- Clear definition of quality and rates
- Price mechanism
- Individual special terms (e.g., specific to the particular products/services that will be provided to meet a particular requirement under the framework)

## Contract Award

The maximum period for a framework will not normally be longer than 4 years. However, call-off contracts arising from the use of the framework may extend beyond this period. It should be noted that there should be reasonableness in respect of such contracts, i.e., a significant contract should not normally be awarded just before a framework is to be renewed. On completion of the bidding process to set up the framework agreement:

(i) All remaining bidders must be advised of the proposed award decision and the mandatory standstill period observed as per act and regulations.
(ii) A contract award notice must be published within for public notice; however, individual notices are not required each time the framework agreement is used.
(iii) Any request from a supplier to be debriefed must be completed as provisioned in the act and regulations.

## e-Framework Agreement

Potential savings from the implementation of e-Government Procurement (e-GP) have been estimated to be in the range of 5–8% of the procurement value (OECD-DAC 2003). When combined with the greater procurement coordination and management information and control that is facilitated by e-procurement costs have been reported to range between 5% and 20%.

The increase in competition from e-GP may yield substantial savings, through providing greater visibility and ease of access to the government market. If right combination of procurement methods is applied using e-GP, it can yield not only the benefit of savings but also significantly in efficiency, optimized use of public resources, and standardization in procurement across the government agencies. Framework agreement conducted and managed electronically adds significant contribution to that aspect of strategic procurements for the government and its taxpayer citizens. e-Framework Agreement contributes to the substantial cost savings, efficiency gain, and standardizing price and processes across the government starting with the procurement of common goods.

## Conclusion

Framework agreements-based procurement is not different than a common open competitive bidding procedure of procuring goods, works, and services except the process of contract awards. A framework agreement is signed by the lead procuring entity with one or a panel of suppliers as an outcome of the competitive bidding process and procuring entities issue call-offs to these suppliers, sometimes through a mini-competition (quotation method) among the suppliers for buying goods and services under the agreement. A separate purchase order of contracts is signed for each of such procurements by individual procuring entities to comply with their financial administration procedures.

Framework agreements streamline the contracting process – they are important mechanisms for raising the performance of procurement and can benefit both buyers and suppliers. These mechanisms are one response to the need for greater management performance. These instruments are used through aggregation or consolidation of demands from procuring entities or from within a large organization. The main aim of the framework agreement is to provide a mechanism for the tasks to be called off and carried out and also to provide a supplemental and complementary framework of provisions designed to encourage the parties to work with each other and with all other stake holders in an open, cooperative, and collaborative manner and in a spirit of mutual trust and respect with a view to achieving the framework objectives.

The most challenging aspect of framework agreement is managing and maintaining the records of multiple agreements and numerous contracts by different procuring entities under a single framework agreement. Only the electronic processing and management of the framework agreements and the contracts may help achieve the real benefit of expected efficiency gain through framework agreements. e-FA facilitates

keeping record all the framework agreements, contracts under such agreements, consumption records out of the agreements, and tracking the procuring entities delivery, payment, requirements, and procurements.

## References

Albano GL (2013) On the problem of quality enforcement in centralized public procurement. J Public Finance Public Choice 1(2):145–154. Retrieved from https://books.google.com/books?isbn=8849280254

Albano GL, Ballarin A, Sparro M (2010) Framework agreements and repeated purchases: the basic economics and a case study on the acquisition of it services. Retrieved from www.ippa.org/IPPC4/Proceedings/04EconomicsofProcurement/Paper4-1.pdf

European Union (2004) EC explanatory note – Framework agreements – Classic directive 2004. Retrieved From http://ec.europa.eu/internal_market/publicprocurement/docs/explan-notes/classic-dirframework_en.pdf

OECD-DAC (2003) Mainstreaming the procurement function into the public expenditure policy and effectiveness dialogue (OECD/DAC). World Bank Roundtable, Paris, 22–23 Jan. Available at www.oecd.org

Schapper PR, Veiga Malta JN, Vergas JE (2011) Framework agreements. The World Bank, Washington, DC

Shakya RK (2013) Introducing framework agreement: concept note for Uganda. The Public Procurement and Disposal of Assets Authority, Kampala

UNCITRAL (2008). http://www.uncitral.org/pdf/english/workinggroups/wg_1/CRP-2-E.pdf

# Framework for Understanding NPM Reform Initiatives

Jaehee Jong[1] and Sue Faerman[2]
[1]Department of Public Administration, School of Public & Global Affairs, Northern Illinois University, DeKalb, IL, USA
[2]Center for Women in Government and Civil Society, University at Albany-SUNY, Albany, NY, USA

## Synonyms

New Public Management reform; NPM adoption and implementation

## Definition

Since the 1980s, the increasingly intense interest in public management reform, often referred to as "New Public Management," has become a global phenomenon. NPM is one of the several administrative trends seen in government organizations around the world over the last two decades, and its widespread popularity has been noted by many scholars and practitioners.

## Introduction

Since the 1980s, governments in many countries have undertaken various forms of public management reform, with New Public Management (NPM) among the most common of these reforms. At the same time, many have raised concerns about the negative effects of these reforms and some European countries have even discontinued its use. Given the level of disagreement about NPM reform, it is important to understand what factors influence the success or failure of these initiatives. This entry presents a framework for understanding NPM adoption and implementation by focusing on three key factors that influence these processes: initial conditions, environmental pressures, and reform dynamics.

Not surprisingly, researchers and practitioners have emphasized different components of NPM. For example, Dunleavy et al. (2006) identify disaggregation, competition, and incentivization as the main themes of NPM, while Pollitt (1993) indicates that NPM is characterized by the use of market-like mechanisms, decentralization, improvement of service quality, and customer satisfaction. Although no consensus definition of NPM exists, there is general agreement that NPM involves the application of a combination of market-based strategies and tactics to public agencies in order to enhance democratic values, bureaucratic representation, and balanced arrangements for competing preferences and organizational efficiency.

Knowledge about NPM reform derives from research that varies considerably with regard to descriptions of reform emphases, approach, and scope, as well as with regard to the types of

countries in which NPM strategies are applied (i.e., advanced, transitional, and developing countries), government levels where such reforms are undertaken (i.e., local, state, and federal level), main reform agendas (e.g., promoting efficiency, increasing citizen empowerment), and reform areas (e.g., financial reform, privatization, decentralization). Given the variation in research scope and context, issues regarding the universality of public administration arise. That is, do similar actions by public administrators in different contexts bring about similar results? If not, to what extent do culture and structural differences limit governments' abilities to assume that reforms that worked in one setting will work in another?

## A Conceptual Framework of NPM Reform

This section presents a conceptual framework for understanding NPM reform and examines several key issues associated with NPM adoption and implementation. The framework, shown in Fig. 1, comprises three stages: NPM adoption (governments' decisions to introduce NPM reform strategies), NPM implementation (activities that occur across the boundaries of government agencies and levels of government in order to carry out the proposed reform), and outcomes of NPM implementation (institutionalized programs that result from actions taken during implementation).

### Initial Conditions

Initial conditions – national context and structural context – influence both NPM adoption and implementation. While these are preexisting conditions that remain relatively constant, they are associated with other factors that are arguably contingent and dynamic (dynamic factors will be discussed below in the section on "Reform Dynamics").

#### National Context

Within the national context, two variables – political commitment and cultural considerations – influence NPM adoption and implementation.

***Political commitment***. *Political commitment* influences NPM reform in several different ways. More specifically, in some circumstances, e.g., where there is poor performance, inefficiency, and/or corruption in the public sector, politicians may pressure governments to introduce NPM strategies in order to gain popularity from the public by arguing that there is a need to move away from traditional public management approaches. Alternatively, because reforms often result in cutbacks in service provision, some politicians will find them to be politically unattractive, and so are less likely to support such initiatives.

Within government organizations, high-level officials hold a unique position between the policy process and political institutions, allowing them to play a key role in mediating between

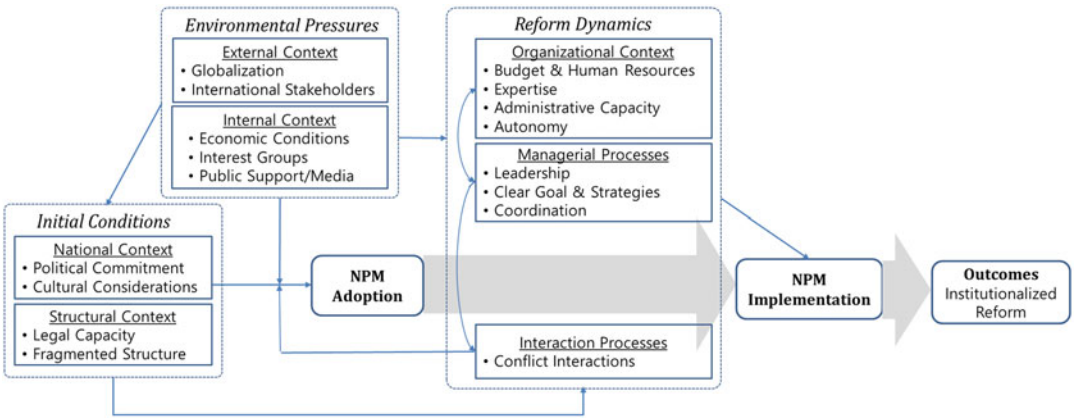


**Framework for Understanding NPM Reform Initiatives, Fig. 1** Framework for NPM adoption and implementation

international and domestic stakeholders of reform. As a result, support for administrative reforms is generally more common among administrative leaders than among political leaders. Arguably, a strong coalition of support from both political and bureaucratic leaders is necessary for effective NPM reform.

Political commitment can also have a strong influence on NPM implementation. Based on studies of elites' resistance to reform in Uganda and Mozambique, Therkildsen (2006) argues that although reforms have been pushed most decisively by political-administrative elites, resistance to reforms can emerge if the elites' past decisions and present privileges are challenged by reform initiatives and implementation. Similarly, Larbi and Bangura (2006) argue that because reform implementation redefines power relationships between the state and society, between politicians and bureaucrats, between service providers and users, and among different government organizations, sustained political support for these reforms can be challenging.

***Cultural considerations***. Different countries have *different cultural and historical traditions*, and cultural differences across countries provide a key explanation for the variation in the success of NPM implementation. Arguably, the greater the consistency between the NPM-based values and the existing administrative system-based values, the more likely the NPM reforms are to be successful. While NPM reforms may change an organization's administrative culture, existing administrative cultural traditions may constrain reform initiatives and implementation. For example, a study conducted in Norway (Lægreid 2001) highlights the fact that administrative and political cultures can impede NPM reform.

### Structural Context

Constitutional/structural features and the formal structure of decision making within the political-administrative system can also affect a country's capacity to realize NPM reforms. Structural context includes two variables: legal capacity and fragmentation.

***Legal capacity***. Public agencies' *legal capacity* can greatly influence the NPM implementation process. A government's capacity to uphold its authority, legislate, and implement laws is clearly necessary in the implementation of NPM, and a well-developed judicial system is essential to providing the rule of law before the operations of markets can be undertaken. Alternatively, when a government's legal authority is weak, its ability to carry out new reforms will be constrained.

***Fragmented structures***. In *fragmented policy-making systems*, few ministers and secretaries are actively engaged in high-level policy dialogue regarding reform initiatives, and a lack of regular formal or informal mechanisms to facilitate discussions of strategic policy issues across government agencies limits the potential for successful NPM implementation. In addition, fragmentation limits opportunities for cooperation among different local governments in the provision of services. Lægreid (2001) found that that fragmented, complex systems tend to generate administrative policies with complex goals and processes, where reform measures are likely to be influenced by larger political aims and accommodation to donor pressures and/or individual ministries' strategies.

## Environmental Pressures

Environmental pressures can emerge from both external and internal contexts and generate both threats and opportunities. Different environmental conditions also interact and affect both decisions to adopt NPM and NPM implementation.

### External Context

The external context includes two variables: globalization and international stakeholders. Government organizations are likely to initiate NPM reforms as a response to these pressures.

***Globalization***. *Globalization* has made it easier for governments to search for alternative forms of organization, administration, and financing. It has also changed the nature and character of public administration and management from the traditional welfare administrative state to a more corporate administrative state, which often includes NPM-type reforms (Farazmand 1999). In such an environment, governments may feel compelled to initiate reforms to increase

international competitiveness. Interestingly, while some researchers argue that globalization is particularly responsible for catalyzing the demand for structural and institutional public sector reforms in developing and transitional countries (e.g., Chittoo et al. 2009), others (e.g., Lægreid 2001) argue that if reforms are introduced in countries that are heavily influenced by national traditions, an historical institutional context, and institution-specific traditions, the degree to which ongoing global trends actually result in administrative reforms will be limited.

***International stakeholders***. There is much evidence that *international (donor) stakeholders* (e.g., the World Bank, the IMF) both strongly influence many governments' decisions to initiate reform efforts, and substantially and directly affect these efforts (Chittoo et al. 2009; Therkildsen 2006). While globalization forces have stimulated the adoption of new reforms, NPM initiatives in developing countries can be particularly influenced by the degree to which international stakeholders encourage or require such reform programs. Especially in countries receiving a high level of aid, multilateral and bilateral donors have become major stakeholders in governmental reforms, demanding these reforms as a basis for continued support and, in some cases, linking negotiated structural adjustment programs to reform initiatives. When reforms are conditioned on donor funding, developing and transitional countries may accept reforms primarily so that they can receive this funding, which generates greater complexity in reform implementation and sometimes hinders reform processes.

### Internal Context

In addition to external pressures, several internal conditions create pressures for governments to adopt NPM reforms. Internal pressures arise from economic conditions, interest groups, and public opinion.

***National economic conditions***. *National economic conditions* have been identified as a key factor influencing the impact of NPM reform efforts across countries. In particular, worsening economic conditions increase the possibility that governments will review their management and administrative procedures; countries experiencing fiscal crises are more likely to see the need for cost-effective public service, reduced staff, and more professional management. Moreover, in developing countries where budgets are donor-dependent and, hence, unpredictable, NPM implementation can face additional challenges.

***Special interest groups***. *Special interest groups* can create pressures for or against reforms. Lobbyists in the private sector and other interest groups can create pressures for or against reforms, thereby increasing or decreasing the odds that NPM will be implemented effectively. In particular, several studies have found that public employee unions tend to oppose NPM reforms because they contain market-based approaches such as contracting out, which may result in fewer jobs and lower wages for their members as well as diminish their influence (e.g., Riccucci and Thompson 2008). Because union involvement can weaken the impact of NPM reform, governments should work to obtain union support in advance of NPM adoption.

***Public opinion***. NPM reform can also be driven by *public opinion*, which can be heavily influenced by the media. Studies have shown that if the media presents consistent support for or against reform programs, the public may create pressures based on these media messages (Therkildsen 2006). From a normative perspective, such democratic processes can be seen as drivers of reform. Alternatively, some argue that democratic values are generally not a central issue in reform adoption; rather, internal efficiency is the primary focus (Lægreid 2001).

## Reform Dynamics

Once NPM reform has been introduced, it is important to consider how *reform dynamics*, which serve a mediating role between the initial and environmental conditions and NPM implementation, influence the ultimate outcome of reform initiatives. Components of reform dynamics – organizational and managerial factors and interactions – are likely to interact over time.

### Organizational Context

The organizational context includes four variables – budgetary and human resources, expertise,

administrative capacity, and autonomy – that can influence the effectiveness of NPM reform processes.

***Budgetary and human resources***. *Budgetary and human resources* play a key role in NPM implementation because, to undertake such reforms, governments' financial and human resources need to be both stable and sufficient. Government agencies lacking budgetary flexibility or financial resources necessary for reform will likely face challenges performing the day-to-day requirements of NPM. For example, financial shortages can lead to a greater workload being undertaken by fewer staff, which decreases employee motivation and morale. Arguably, low pay and the inability to attract and retain skilled staff can be major obstacles to successful implementation.

***Expertise***. In addition to having enough staff, governments need staff with specific reform-related *expertise*. Although a lack of qualified staff can clearly limit the administrative capacity of governments to fulfill its tasks, governments can address this issue by developing expertise among existing staff.

***Administrative Capacity***. *Administrative capacity* – a government's ability to undertake basic administrative operations and provide basic human services – is also important to the implementation of government reforms. Weak administrative capacity to deal with domestic and international problems is particularly serious in developing and transitional countries where international donor institutions are generally the main advocates for reforms. In addition, governments need to guard against the tendency to rush to implementation without adequate preparation.

***Autonomy***. The amount of *autonomy* – both managerial autonomy and financial and legal autonomy – that ministries give lower-level governments to manage reform activities and resources can play an important role in NPM implementation. Along these lines, Batley and Larbi (2006) argue that managerial control over policy implementation and financial and human resources increases efficiency and allows for strategic approaches that are free from political intervention and emphasize that managerial autonomy is more likely to be granted when there are formal rules of accountability. In some cases, however, local officials who were used to functioning in a hierarchical relationship with a central ministry have had difficulties adapting to greater managerial autonomy.

### Managerial Processes

Managerial processes appear to have the most direct influence on implementation, while other factors seem to influence reform implementation through managerial processes. In addition, the organizational context and managerial processes often interact. For example, the utilization of organization resources may depend on particular managerial processes; likewise, managerial processes may be most effective when sufficient internal resources are provided. Three different managerial processes influence NPM implementation: leadership, goal clarity, and coordination.

***Leadership***. Strong *leadership* is often identified as the pivotal factor for successful implementation of NPM. For example, Samaratunge et al. (2008) argue that political leadership and commitment by ministers and public servants with primary responsibility for managing new reforms are the most significant factors influencing successful reforms, and Chittoo et al. (2009) note that reforms may suffer if the leader is transferred or retires. In addition, many emphasize the need to develop systems that are free of corruption.

***Goal clarity***. Having c*lear goals and strategies* can also greatly influence how effectively NPM reform implementation proceeds. Goals and strategies, however, cannot exist as mere rhetoric, i.e., statements of intentions; rather, they must serve as guidelines for action in both the political and organizational realm. When politicians incorporate clear goals, long-term development plans, and broad policy goals into their agenda, organizational innovations associated with NPM are more likely to succeed.

***Coordination***. Effective *communication and coordination* have also been found to be critical for successful NPM implementation. Since NPM reforms generally involve a complex set of actors (stakeholders), good communication regarding the objectives and strategies is vital for successful

implementation. Coordination of tasks among the different actors is also important, and poor coordination between policy-making and implementing bodies and between different levels of government can threaten NPM implementation. To enhance coordination during NPM implementation, continuous monitoring and feedback processes should be used.

### Interaction Processes

Interactions among actors can lead to various types of conflicts during both NPM adoption and NPM implementation.

***Conflict interactions among actors***. Not surprisingly, *conflict interactions* among actors within the public sector and across sectors can constrain governments' abilities to carry out new reforms. For example, power struggles between organizations (e.g., government agencies, private sector organizations, and union representatives), particularly those associated with disagreements related to resource allocations, can lead to resistance to reform. Additionally, resistance might emerge from fear that reforms will change power relations within or across different ministries. Conflicts have also been found to result from undefined and ambiguous roles of actors as well as a lack of clear guidelines from the ministries. Conflict and compromises driven from interactions among branches of government, however, can increase pressures for administrative responsiveness and accountability.

## Conclusion

NPM is arguably the most prevalent public management reform worldwide. Understanding the key factors that influence its adoption and implementation is important for both political and managerial leaders in the public sector. Three lessons regarding NPM adoption and implementation emerge from the framework presented here. First, the external context, particularly *international organizational stakeholders associated with reforms in* most developing and transitional countries, is critically important to successful NPM implementation. The high level of dependence these countries have on global institutions and foreign aid tends to decrease their leaders' decision-making discretion related to reform adoption or agendas, and the less control leaders have over key factors that influence the likelihood of success, the more likely such initiatives will fail. Second, there is still much to understand about NPM and related reforms, particularly how the changing environment of the public sector – including new organizational and governance structures – influences the success of NPM adoption and implementation. Finally, it is important to understand how NPM and related reforms can create changes in the nature and role of public administration and management. For example, Farazmand (1999) notes that an adverse consequence of both globalization and privatization has been the shrinkage of the public sector, which has diminished the capacity of governments to manage effectively. Along this line, while market-oriented reforms such as NPM have involved the integration of a diversity of organizational structures and management tools that have long been identified with the private sector into the public sector, there should not be a reduction in the focus of public administrators/managers on serving the public interest. Public managers must keep in mind distinctive public administration values such as maintaining the public trust and the importance of behaving as ethical leaders when considering the process of adoption and implementation of public sector reform.

## Cross-References

► Comparative Administrative Reforms
► Globalization and Public Administration

## References

Batley R, Larbi GA (2006) Capacity to deliver? Management, institutions and public services in developing countries. In: Bangura Y, Larbi GA (eds) Public sector reform in developing countries. Palgrave, New York, pp 99–125

Chittoo HB, Ramphul N, Nowbutsing B (2009) Globalization and public sector reforms in a developing country. Culture Mandala 8(2):30–51

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3):467–494
Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522
Lægreid P (2001) Administrative reforms in Scandinavia – testing the cooperative model. In: Nolan BC (ed) Public sector reform. Palgrave, New York, pp 66–81
Larbi GA, Bangura Y (2006) Public sector reform – what are the lessons from experience? In: Bangura Y, Larbi GA (eds) Public sector reform in developing countries. Palgrave, New York, pp 277–287
Pollitt C (1993) Managerialism and the public services: cuts or cultural change in the 1990s? 2nd edn. Basil Blackwell, Cambridge, MA
Riccucci NM, Thompson FJ (2008) The new public management, homeland security, and the politics of civil service reform. Public Adm Rev 68(5):877–890
Samaratunge R, Alam Q, Teicher J (2008) Public sector reforms and accountability: the case of South and Southeast Asia. Public Manag Rev 10(1):101–126
Therkildsen O (2006) Elusive public sector reform in east and southern Africa. In: Bangura Y, Larbi GA (eds) Public sector reform in developing countries. Palgrave, New York, pp 53–81

# From E-Governance to Smart Governance: Policy Lessons for the UAE

Mohammad Habibur Rahman[1],
Sultan Ahmed Albaloshi[2] and Abu Elias Sarker[3]
[1]Mohammed Bin Rashid School of Government, Convention Tower, Dubai, United Arab Emirates
[2]Engineer Spectrum Policy, Telecommunications Regulatory Authority, Dubai, United Arab Emirates
[3]Department of Management, College of Business Administration University of Sharjah, Sharjah, United Arab Emirates

## List of Acronyms

| | |
|---|---|
| DSCO | Dubai Smart City Office |
| ICT | Information and communications technology |
| SDG | Smart Dubai Government |
| UAE | United Arab Emirates |

## List of Abbreviations

| | |
|---|---|
| eDirham | Electronic Dirham |
| eGovernment | Electronic government |
| mGovernment | Mobile government |

## Synonyms

Digital governance; Digital government; eGovernance; e-management; Future government; ICT-based government; Innovative government; Mobile government; Open government; Smart city government; Smart governance

## Introduction

To understand the evolving relationship between eGovernment, smart government, innovation, and public service quality, it may be imperative to observe the changes that are taking place in the contemporary global society. The unrestrained demographic shift (occasionally intensifying from prolonged civil war and bad governance in some regions of the world), movement of human and financial capital, evolving relationships between states and citizens, and above all information and knowledge spread through technological advancement are pressing for change in governance throughout the world. In this context, the link between government, governance, citizens, and space has become more complicated than ever before. However, this apparently unsettled scenario is perceived by some scholars like Jiménez et al. (2015) as a new "ecosystem" that merits a new approach. Their view is centered on city-based governance to maximize benefits and minimize disadvantages. They maintain that public governance should be characterized by an open and smart government, and it should make the most of information and communications technology (ICT) as one of the powerful tools. The authors however caution that the implementation of this "intelligent" public management is a complex task that requires a multidisciplinary approach (Jiménez et al. 2015). Incited by this resounding view, this article begins with a search

for a theoretical construct on smart government, and therefore it is considered fruitful to take the discussion further to conceptualize the connection between eGovernment, smart government, innovation, and public service quality.

The United Arab Emirates (UAE) government has gone through various administrative reforms since the Union was established in 1971. In these reform efforts, the role of state leadership has been central in inculcating a culture of service improvement and efficient policy implementation through multiple tools. Lately, the vision of the state leadership to achieve people's happiness has been a critical factor in reconfiguring one of these tools – eGovernment. In the beginning of 2013, the UAE government came up with an innovative idea of smart government (also known as mobile Government or mGovernment), which is seen as an amended vision to outstrip its eGovernment strategy to reach the stage of smart government by as early as 2015.

This article is basically exploratory in nature. The specific objectives of this article are:

(a) To make a theoretical review of existing literature on public service quality, public service innovation, and smart government to propose a framework for discussion
(b) To analyze the contextual factors impinging on the adoption of the smart government model
(c) To describe the elements of the model in the UAE
(d) To assess the status of implementation in the UAE
(e) To evaluate the problems and prospects of the smart initiative

In spite of tremendous achievements, there have been two major concerns at the policy level: (i) a number of public organizations have failed to pull alongside other champion entities and (ii) a somewhat low usability by the government clients including citizens and businesses. These two issues need to be addressed to ensure that the smart government policy agenda of the UAE makes steady progress in the coming years.

Data and information for this article were collected from secondary sources. However, interview with three key senior officials in the smart government team of the UAE's Telecommunications Regulatory Authority (TRA) was conducted to explore the organizational learning from the smart government transformation process.

## Conceptualizing the Nexus Between eGovernment, Smart Government, Innovation, and Quality

### eGovernment

At the beginning of the new millennium, a group of new public management (NPM) skeptics such as Dunleavy categorically argued that the reform spirit of NPM gradually waned in many countries, and as a form of governance, it has become more complex in terms of managing institutions and policies. Based on their extensive research in seven "leading-edge" countries, Dunleavy and his colleagues observed that as a paradigm shift from new public management, digital-era governance has made citizen-state relationship closer through openness, engagement, and service integration (Dunleavy et al. 2005). Unquestionably, ICT-led governance (or eGovernment per se) now is one of the most important strategies in the public sector, for it serves as a tool for data analysis, for better decision-making, as well as for enhancing accountability and transparency. Moreover, such systems facilitate multilevel interaction involving citizens, government, businesses, and at different tiers of government at municipal, state, and federal levels. In the literature, these computerized systems are usually referred to as eGovernment, or eGov for short (Almarabeh and AbuAli 2010, cited in Alencar et al. 2015). In a narrow sense, eGovernment can be defined as the use of information and communications technology, especially the Internet and the web technology in running government activities in relation with government stakeholders (Rahman et al. 2012).

The use of ICT in government is not new. Many eGovernment initiatives are basically the continuation of computerization projects in

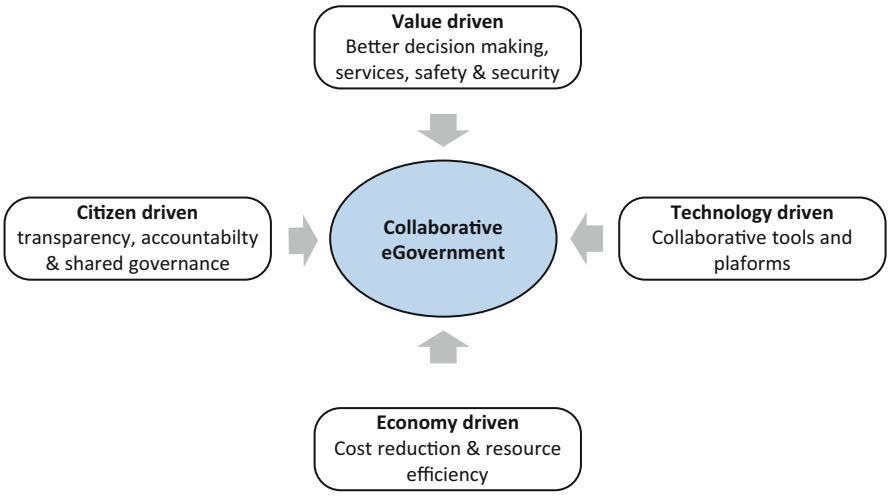


**From E-Governance to Smart Governance: Policy Lessons for the UAE, Fig. 1** Primary drivers of eGovernment

government agencies in the 1980s and 1990s. For example, from 1980s until mid-1990s, the government of South Korea (ranked first in United Nations E-Government Survey 2014) utilized computers to store government and related information in digital format. Various administrative databases and infrastructure were constructed to provide basic government service to public and private sectors. The basic information technology to support computerization projects is powerful hardware such as mainframe computers, centralized database management systems, and computer networks. Some governments (such as Singapore and South Korea) even instituted campaigns to gain greater use of the Internet and eGovernment services by its citizens. With the development of the Internet and the web technology, innovations in business and government have started to flourish in a high speed (Rahman et al. 2012; Almunawar et al. 2011).

From a government perspective, Al-Khouri contends eGovernment as an unquestionable strategic task to deal with facilitating the operation of government and the distribution of governmental information and services with an ultimate goal of increased portfolio of public services to citizens in an efficient and cost-effective manner (Al-Khouri 2014). Based on Atkinson and Castro's perception on eGovernment's contribution to building efficiency, improving services, providing better accessibility to citizens, and enhancing transparency and accountability (Atkinson and Castro 2008), the benefits of eGovernment are comprehensively abstracted by Al-Khouri in Fig. 1.

## Smart Government

Of late, smart government and smart city have received enormous attention in public management literature and forums worldwide. The concept "smart" has generated development discourse among the academics and policymakers alike. Smart government is defined in various ways. Gartner, Inc. defines smart government as a government which "integrates information, communication and operational technologies to planning, management and operations across multiple domains, process areas and jurisdictions to generate sustainable public value" (Gartner, Inc 2014). The definition of smart government by the World Bank is captured by an acronym SMART – a government with "Social, Mobile, Analytics, Rational-Openness and Trust" characteristics (World Bank 2014). It is also known as "intelligent government" (Mellouli et al. 2014). Looking through the lens of an eGovernment stage model, the abovementioned SMART characteristics seem to be fallen on the fifth stage of eGovernment. In that sense, smart government may be conceived as a highest stage of eGovernment where

government is expected to be connected with its clients and stakeholders.

A typical stage model may be a Web Presence Measurement Model used by the United Nations (United Nations 2003, cited in Almunawar 2011), which has the following five stages. The model proposes a linear and stepwise development of eGovernment starting from a limited web presence to full integration, seamless, and transformation:

- Stage 1 (Emerging): Limited web presence
- Stage 2 (Enhanced): Easily accessible information on policy
- Stage 3 (Interactive): Online services and interactive portal sites
- Stage 4 (Transactional): Two-way interactions and online transactions
- Stage 5 (Connected): Seamless online service and integrated back office

The other associated terminologies emerging from the current discussion on "smart" are smart city, open government, big data, and so on. A working definition of smart city is provided in Gartner's report which defines a smart city a city with sustainable capacity over time to generate economic development. It is an urban area functioning and articulated by modern information and communication technologies in its various verticals, providing ongoing efficient services to its population (Gartner, Inc 2014). From a public organization perspective, open government can be seen as an evolution of eGovernment, in which the governance paradigm is achieved, and the ICT role and its degree of adoption is a key driver that has important implications (Jimenez and Gasco 2008, cited in Jiménez et al. 2015). Big data are formed through the recording and storage of traces of various acts performed by several individuals over time, such as financial transactions, social media traffic, health records, and GPS coordinates, often by means of mobile tools (Manyika et al. 2011, cited in Asquer 2015). Mellouli observes that increased citizen's engagement introduces this new form of government to engage citizens meaningfully and intelligently. Open data and smart government are likely to serve this engagement fruitfully (Mellouli et al. 2014; Kim 2013; Bertota et al. 2014).

### Public Service Innovation

The need for innovation in public services cannot be overemphasized as many observers argue that it is now more expedient in improving public services than any time in the past. Asquer sees the emergence of challenging social, economic, and political issues, digitalization of social activities, the growing call for transparency and public participation, and the increasing stress on public finance as the pretext for innovative ways of providing public services (Asquer 2015). Albury's decade back observation was somewhat similar: "Innovation is essential to the improvement of public services; it is not an optional luxury but needs to be institutionalized as a deep value" (Albury 2005). Mulgan and Albury define public sector innovation as the design and implementation of new processes, products, services, and methods of provision, resulting in significant improvements in terms of efficiency, effectiveness, or quality (Mulgan and Albury 2003, cited in Alves 2013). As in the private sector, management innovations do take place in government as a part of the process, particularly at policy planning and service delivery levels, but often, such innovations get unnoticed due to lack of incentives and motivation in government to publicize such developments (Kaul 1997). Moore and Hartley, two champions of pubic value, recognize innovation as an important way to improve the standard of public services, both in terms of increasing quality and addressing public value (Moore and Hartley 2008). Some of the writers have stressed on the impact of innovation in increasing efficiency and effectiveness of public service programs (Albury 2005; Osborne and Brown 2011). Drawn from the United Nations awards made annually for the best public sector practices and innovations, some public sector innovation enthusiasts like Alves have advocated for "co-creation" in public sector. Borrowing the concept of "co-creation" from Prahalad and Ramaswami (2004), Alves refers to the joint creation of value by the organization and the customer. It is worth remembering that decades ago in the early 1970s, Gilman raised

many significant questions about who chooses the goals of innovation and who benefits from innovation; is it public policymakers or the innovators themselves? Gilman then proposed that technological innovation must be socially controlled and people should play a greater role in the choice (approval or rejection) of innovation (Gilman 1971).

### Public Service Quality and Quality of Life

Ovretveit places "public service quality" within the overall framework of total quality management (TQM) and defines public service quality as "meeting the needs of those most in the need of the service, within higher level requirements, available resources and at the lowest cost within the TQM strategy of organizational and attitude change for enabling staff to learn and use quality methods in order to reduce costs and meet the requirements of customers" (Ovretveit 2005). In service delivery, the term "quality" is more widely perceived by Bovaird and Loffler, who think that quality ranges from "fitness for purpose" (i.e., meeting organizational objectives) to "meeting customer expectations" (i.e., deriving service excellence from customer psychology) and even to the extent of "passionate emotional involvement" (i.e., going beyond language and number) (Bovaird and Loffler 2009). Bovaird and Loffler go beyond quality of public services to the ultimate value of "quality of life" (Bovaird and Loffler 2009).

Putting it all together, it is conceivable that there is a logical linkage between eGovernment, smart government, innovation, and service quality, leading to better quality of life. The connectivity is not a new reality; it is rather a stronger imperative as rapid changes in technology vis-à-vis human relations took place over the past decade or so. But before the study proposes a conceptual framework, Prahalad's notion of "citizen-centric governance" may offer value to discourse on an appropriate framework to analyze the role of smart government and innovation in improving citizen's quality of life in a given context. Prahalad's model is based on the assumption that the entire government and governance processes should be as transparent as possible (Prahalad 2005). Once there is a shift from a delivery channel approach (which is often described as an institution-centered government) to a citizen-centric system (where citizens form the core of development agendas), this means citizens are involved in all decisions and policymaking agendas. The gap that exists in the old institution-centered government model between the state and citizens is overcome by empowering and consulting citizens through their participation. Once citizens become active participants and no longer remain passive objects of development, then actual human development results. As the state becomes accountable and responsible, citizens' quality of life improves. The state becomes able to develop its full potential, and this in turn positively impacts on investment inflows, as is shown in the model in Fig. 2.

The study proposes the following construct for analysis (see Fig. 3). It is somewhat adapted from Prahalad but exits from the model to conceptualize a direct downward nexus between the four elements under study (i.e., eGovernment, smart government, innovation, and quality). It proposes that smart government succeeds eGovernment as a new paradigm of governance, just as Dunleavy and his colleagues (Margetts, Bastow, and Tinkler) questionably argued a decade ago that digital-era governance (or eGovernment) was born out of the ashes of new public management. The study also proposes that smart government and innovation have the potential to enable a government to bring efficiency and effectiveness in public services and ultimately achieve its goal of improving people's quality of life and happiness.

## Smart Government Model of the UAE

### The UAE's Journey from eGovernment to Smart Government

In the past few years, many countries of the world paid enormous attention to developing policies and strategies around the emerging concept of eGovernment. In terms of implementation and action, some countries have made quicker

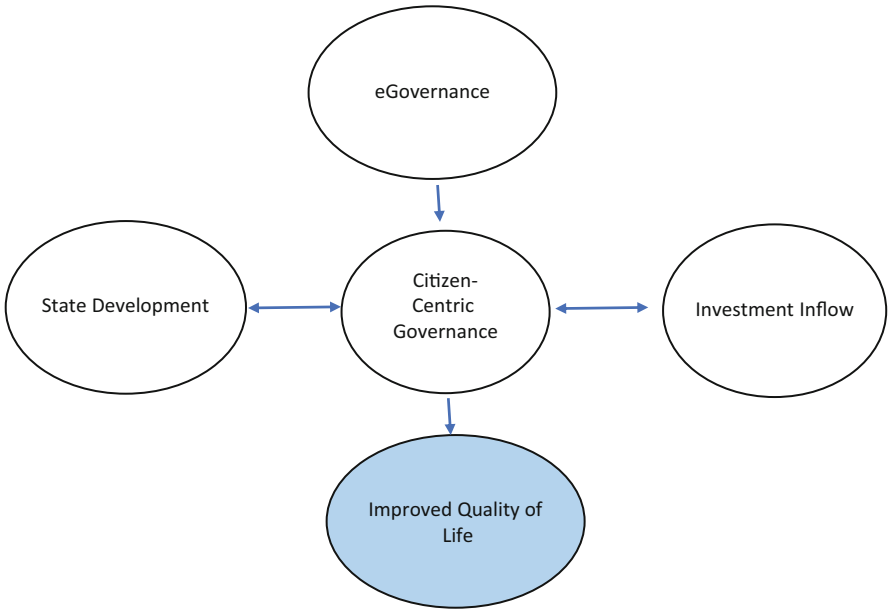


**From E-Governance to Smart Governance: Policy Lessons for the UAE, Fig. 2** Prahalad construct on citizen-centric government

**From E-Governance to Smart Governance: Policy Lessons for the UAE, Fig. 3** Smart government, innovation and quality

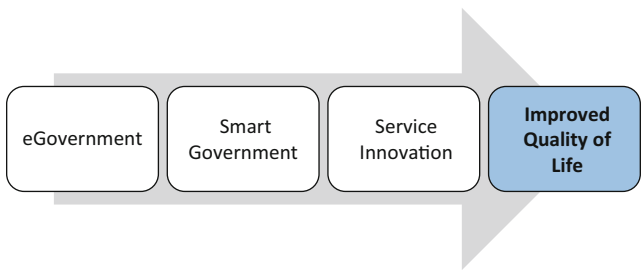


progress than others and potentially succeeded in producing desired results. The United Arab Emirates (UAE), through continuous enthusiasm and initiative from its leaders and with a reform vigor with best practice adoption, has achieved greater and quicker results (Rahman et al. 2012). The coupling of quality management ideas, government performance paradigms, and excellence models led naturally to an adoption of eGovernment in the UAE at the turn of the century.

The tumultuous journey toward smart government commenced in 2001 with the launching of eDirham that was meant for online fees collection for government services. With the eGovernment strategy and the eGovernment implementation plan in place, the first eGovernment portal was launched in 2005. The next 5 years focused on developing a comprehensive strategy of the eGovernment program. The eGovernment strategy 2012–2014 was initiated with the following strategic goals:

(a) Advancing/raising the e-transformation levels in government services
(b) Improving the competiveness of UAE in the field of eGovernment
(c) Establishing advanced infrastructure and promoting cooperation between government agencies

(d) Promoting e-readiness in government agencies and governance models
(e) Provisioning legislatives to ensure the success of eGovernment initiative (United Arab Emirates Government 2012)

### The UAE mGovernment Roadmap 2013–2015 and Its Immediate and Potential Impacts

The impacts of mGovernment have to be gauged in terms of immediate tangible and potential ones. The evolutionary phase of smart government (mGovernment) transformation initiative was followed by smart government roadmap, mGov guidelines, and national-level smart government plan with a deadline to transform prioritized government services in a time frame of 2 years. This initiative is aiming to satisfy the national key performance indicator for the UAE as it is targeting the UAE to be number one globally in the Online Services Index by 2021. This indicator measures the evolution of eGovernment services or smart services in terms of availability, quality, and diversity of channels and the use of the public for these services (Prime Minister Office UAE 2014).

The mGovernment roadmap (shown below in Fig. 4) has four phases. The first and second phases (i.e., establishing the environment and assessing capabilities of government agencies) were completed in May 2015. In these two phases, an ambitious initiative with a 24 months' timeline was sponsored by The Information and Communications Technology (ICT) Fund of AED 200 million to support mobile phone applications along with other resources required, including ICT technical assistance and advice (Telecommunications Regulatory Authority (TRA) 2013). In the third and fourth phases (2015–2018), the main tasks are being implemented such as the integration of services and enhancing user happiness through a citizen-centric vision of the state. Currently, the UAE government has developed over 342 smart applications (174 for IOS and 168 for Android) to provide more than 800 services to citizens out of a planned 2000.

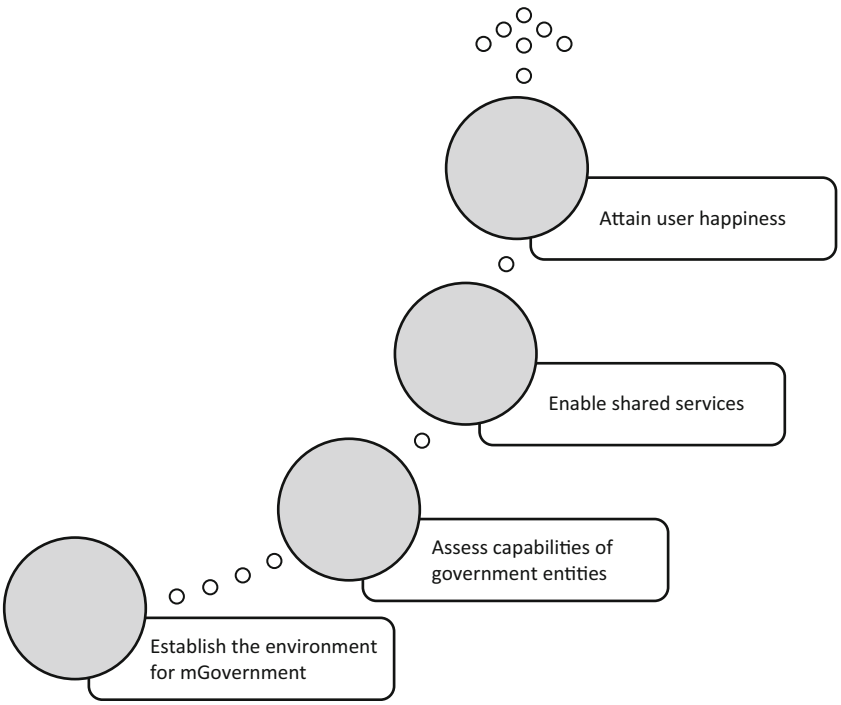


**From E-Governance to Smart Governance: Policy Lessons for the UAE, Fig. 4** The mGovernment roadmap 2013–2018

**From E-Governance to Smart Governance: Policy Lessons for the UAE,**
**Fig. 5** mGovernment (Smart Government) initiative structure

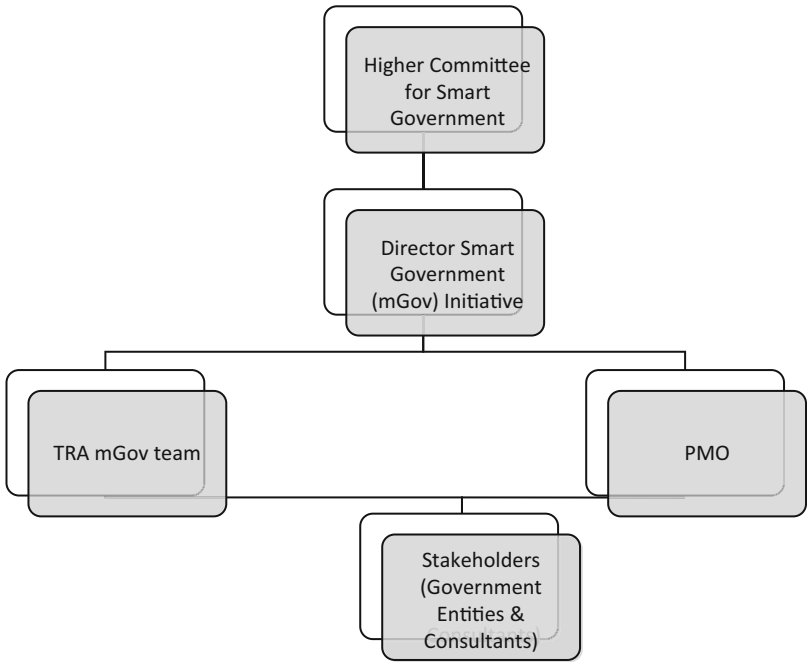


The Smart Government Initiative Structure is shown in Fig. 5 below. It illustrates the relationship between the different players within the initiative. The key players are the Higher Committee for Smart Government, director of smart government in the TRA, TRA smart government team, Prime Minister's office, and the UAE smart government stakeholders, which are government entities and project consultants (TRA 2015).

Clear mandates are assigned to the 48 federal entities as stakeholders and implementers. Moreover, a leading role given to the TRA as the initiative owner and enabler translated into one of its strategic objectives in the TRA's strategy (2014–2016) that is "Establishing the bases for the e-government at the federal level" (TRA 2015).

The United Arab Emirates has climbed 21 places to stand at 28th rank in the 2012 United Nations eGovernment survey of more than 190 countries. It had stood at 49th rank in 2010. The UAE has also leaped to rank 7th on the "online service index" in the United Nations E-Government Survey 2012 up from rank 99th in the 2010 version of the biennial report (Khaleej Times, February 29 2012). In 2014, the UAE achieved 32nd rank in the eGovernment Development Index in the United Nations eGovernment survey. The UAE is 2nd in GCC and the Arab world in the eGovernment Development Index, among the top 20 countries in Asia in the eGovernment Development Index, 12th globally in Online Service index, and 13th globally in eParticipation Index. Compared to 60th rank in 2004, the UAE has gradually elevated its global position in eGovernment reform record.

On May 24, 2015, the Emirates 24/7 newspaper published the results for the rate of mGovernment transition. As resulted from the evaluation of the first phase of the initiative, the success rate of smart transformation index stood at an impressive 96.3% for the most important 337 services as prioritized by the government entities and PMO (Emirates24/7 2015; Bernd 2015). The education sector in particular was spotted as an underperformer in this transition, but all other sectors have done almost equally well with the energy sector ranking the top position.

The next stage in the country's mGovernment journey will entail linking all the services

together, improving the quality of smart applications, and achieving a high satisfaction rate for smart services. It targets raising the number of smart services users to 80% of a total number of around 1000 services by 2018 (Emirates24/7News 2015). This future phase is supplemented with defined strategic KPIs for the mGovernment sector in the TRA (2017–2021) which monitors and measures the federal entities' commitment with mGovernment enablers, development of the mGovernment and eGovernment services maturity index platform, and the initiative of smart maturity for federal government services and performance (TRA 2014).

The significant accomplishment is the enactment of Dubai Data Law which stipulated that all data which is not personal, sensitive, or confidential is to be made public. The law also requires strategic private companies to open their data except those sensitive and confidential. Salem (2016) summarizes the potential impact of the data law that is expected to contribute to economic growth and raising the standards of living through:

(a) Enabling the creation of new business and employment opportunities
(b) Facilitating tripartite relationship between the government, the private sector, and individuals
(c) Improving the efficiency of managing and using data and creating new innovations and services in the city (Salem 2016)

Further to these tangible achievements, the Smart Dubai Task Force got indulged in mapping the current state and gaps, benchmarking 76 practices based on the experiences of 12 smartest cities in different continents, and collaborating with the International Telecommunication Union for developing indicators (key performance indicators) to measure the progress (Salem 2016).

The organizational setup has also undergone substantial changes following the enactment of the new law and regulations. The Smart Dubai Office has been established with substantive jurisdictions aiming to nurture collaborative projects and initiatives (Salem 2016). While all the key partners have played their due roles, the role of the TRA in facilitating the achievements so far made in the journey toward mGovernment is very significant. The TRA's main contribution was to provide the necessary technical support for mGovernment infrastructure, benchmarking, gap analysis, training, and consultation for all federal government entities and oversee the implementation of the mGovernment strategy. However, it is the role of the Office of the Prime Minister that played the real enabling role in the total process (Personal Communication, February, 2016).

In recognition of its efforts in implementing spatial data infrastructure (SDI) and driving the cooperative use of geospatial information across a wide range of government entities in Abu Dhabi, Abu Dhabi eGovernment was the inaugural recipient of the first-ever "2015 Smart Government Award" launched by the Environmental Systems Research Institute (ESRI) User Conference, held in San Diego, California, in the United States on 20–21 July (Abu Dhabi eGovernment 2015). The deployment of the Emirates ID Authority's Biometric Enrolment by the Emirates ID Authority as part of the National ID Registration Program is recognized as one of the world's best biometric programs (United Nations 2014).

## Public Service Quality and Happiness

The UAE's leadership realized early on people's needs to be fulfilled, concerns to be addressed, and objectives to be realized in an evolving era of globalization and technological innovation. The Vice President and the Prime Minister of the UAE, Sheikh Mohammed Al Maktoum, rightfully captured governments' essence in his book – as means to an end, ought to deliver on public promises – creating values that match people's hopes and outcomes that can instill common happiness among citizens (Al Maktoum 2013; Al Maktoum 2016).

The city of Dubai has already launched "happiness meter" across all government entities, both online and real-life touch points. Service receivers

give their response on the level of happiness while interacting with the public service providers. By early 2016, one million responses were gathered for 31 government establishments. All data are then inserted into a Happiness Meter Index (HMI). The future plan is to scale up this initiative to include the private sector and other entities (Salem 2016).

The Emirates Identity Authority has announced that it has amended one of the corporate values enlisted in its strategic plan 2014–2016 from "focus on the customers" to "making the customers happy." It also fixed a daily indicator to measure the happiness of its customers and their satisfaction about its performance and services. The Emirates ID said it has begun to develop the mechanisms for measuring the happiness of its customers on a daily basis in terms of an integrated online system that allows them to evaluate the services and performance. This will help the process of constantly improving the level of services offered to the customers, as their feedback gets instantly transmitted to the leadership in real time (One1Info 2015).

Care for happiness, tolerance, and youth has been exemplified by a landmark institutional reform in the UAE. Ministerial portfolios have been overhauled, and three new ministries – happiness, tolerance, and youth – have been established. The rationale for such a massive change is clear. In his well-orchestrated write-up, the UAE Vice President and Prime minister has emphatically observed "Failure to respond effectively to the aspirations of young people is like swimming against the tide. . . . We need to study, teach, and practice tolerance – and to instill it in our children, both through education and our own example. . . . . There can be no bright future for the Middle East without an intellectual reconstruction that re-establishes the values of ideological openness, diversity, and acceptance of others' viewpoints, whether intellectual, cultural, or religious. . . . The happiness of individuals, families, and employees, their satisfaction with their lives and optimism for the future, are crucial to our work, which cuts across every sector of government" (Al-Makhtoum 2016).

## Smart Government Challenges

For the UAE, the thrust of the smart government reform was to take advantage of technology as a tool to connect people closer to government and to facilitate the delivery of integrated public services through smart phone application. The 2-year reform journey (June 2013–May 2015) has shown remarkable success in terms of a smooth transition from eGovernment to mGovernment. Subsequently, the country has set new milestones to achieve further results between now and 2018. However, there have been a few concerns at the policy level: (i) a number of public organizations have failed to pull alongside other champion entities, (ii) a somewhat low usability by the government clients including citizens and businesses, and (iii) the mobile services and apps have not been fully integrated yet.

Discussions with three key officials of the smart government team at TRA also corroborate the abovementioned challenges. The main challenges in the process of transformation as indicated by the interviewees are the differences in culture and capabilities of different government entities, lack of time available, and budget control for the transformation projects by each entity and the TRA. Two of the interviewees agreed that resistance to adapt to the change by many entities as they were not able to deliver the outcomes during the duration set by the leadership of the country is also a major challenge. Though these challenges have been eased to a certain degree, they still remain in place (Personal communication with TRA officials, February, 2016).

Another important challenge revealed from the discussion is the difficulties that lie between the federal government and local government entities. Apart from this, keeping pace with technological advancements in terms of the types of platforms, big data, IoT, smart cities, cloud computing solutions, etc. remains a huge challenge to achieve the prospect targets set for the upcoming stage till the end of 2018 (Personal communication with TRA officials, February, 2016).

Adequate monitoring and motivation may inspire the organizations, who have trailed behind, to improve their infrastructure and

organizational modification to comply with smart institutional setup. To increase citizen participation and provide citizen-oriented services, there is a need to offer easy access to mGovernment information in alternative forms (e.g., awareness, community-based voluntary activity, and citizens' participation campaigns). Wireless and mobile networks, infrastructure, as well as software and apps need to be developed and provided through integrated platform. To build customer trust on data security and safety, legislation on data protection, spelling out the rights of citizens, and the responsibilities of the data holders may be initiated. The abovementioned issues need to be addressed by the TRA and smart government departments of the Emirates in a collaborative manner to ensure that the UAE's smart government policy agenda makes steady progress in the coming years.

## Conclusion

Based on a simplified conceptual framework on the evolving relationship between eGovernment, smart government, innovation, and service quality, this exploratory research aimed to examine the smart government journey, its pitfalls, and future challenges. The implementation of the first phase of smart government in the UAE has shown astonishingly good results in achieving a high-level transformation status from eGovernment to smart government. This will potentially inspire the governments across the Emirates to continue to deliver public services through the mobile platform. This good practice (and good model) can also inspire countries in the Middle East and North African region to appreciate and follow similar trail to improve their public service record and to satisfy their citizens. In fact, the UAE is a case that brings hope globally, not least in the Arab world.

Despite the progress made, citizens' adaption to smart life is somewhat low and thus it needs to be given policy attention. Also, the apparent disparity in resources and motivation between some Emirates compared to other "leading-edge" Emirates needs to be bridged. And most importantly, all IT-based mobile services should be integrated on a platform. Now that the development of ICT infrastructure has been undertaken, the reformers' onus should be on improving the level of awareness and confidence among the citizens to build their trust and inspiration to engage in a vibrant citizen-state interface. Through these approaches, the UAE government will be able to improve the rate of usage on smart government platforms.

The UAE's leadership has well responded to the NPM and post-NPM (i.e., smart governance) reform paradigms in a timely manner. It inspired reform emphasizing on service quality, efficiency, and excellence and is now focusing on mobile-based smart services. The leadership vision, smart governance, and citizen engagement will together make the case of smart society a reality.

## Cross-References

▶ E-Governance and Ethical Leadership
▶ E-Government: Informatization of Government and Politics

## References

Abu Dhabi e-Government (2015) Abu Dhabi e-government wins first-ever smart government award. Retrieved 29 Sept 2015, from https://www.abudhabi.ae/portal/public/en/abu_dhabi_emirate/government/news/news_detail;jsessionid=5pw5WK7X214HJNJzjsxfS4hndDGBm4DQzV9d07Jr8yXr1xq2NWst!1727236276!-1315418708?docName=AD_DF_341211_EN&_adf.ctrl-state=qepuoorra_4&_afrLoop=8836567257118189#%40%3FdocName%3DAD_DF_341211_EN%26_afrLoop%3D8836567257118189%26_adf.ctrl-state%3Dihbcekfzt_4

Al Maktoum MR (2013) The government summit: flashes of thought. Kuttab Publishing, Dubai

Al Maktoum MbR (2016) Why ministers for happiness, tolerance, youth and the future? Retrieved 4 Mar 2016, from https://www.wam.ae/en/news/emirates/1395292124434.html

Al Mansoori HO (2014) An overview of egovernment in the United Arab Emirates 2014. Telecommunication Regulatory Authority, Dubai. Mimeo

Albury D (2005) Fostering innovation in public services. Public Money Manag 25(1):51–56

Alencar AJ, Fernandes MC, Schmitz EA, Correa AL (2015) Evaluating e-government initiatives: an approach based upon the appropriation of tangible

and intangible benefits. In: Dolićanin C, Kajan E, Randjelović D, Stojanović B (eds) Handbook of research on democratic strategies and citizen-centered e-government services. IGI Global, Hershey, pp 328–352

Al-Khouri AM (2014) Global e-government: what needs to be learned? A reflection on un e-government survey 2014. Int J Innov Appl Stud 7(1):262–272

Almarabeh T, AbuAli A (2010) General framework for e-government: definition maturity challenges, opportunities, and success. Eur J Sci Res 39(1): 29–42

Almunawar MN, Low KCP, Rahman MH, Mohiddin F (2011) From e-government to e -governance: winning people's trust. In: Manoharan A, Holzer M (eds) E-governance and civic engagement: factors and determinants of e-democracy. IGI Global, Hershey, pp 613–636

Alves H (2013) Co-creation and innovation in public services. Serv Ind J 33(7–8):671–682

Asquer A (2015) Big data and innovation in the delivery of public services: the case of predictive policing in Kent. In: Dolićanin C, Kajan E, Randjelović D, Stojanović B (eds) Handbook of research on democratic strategies and citizen-centered e-government services. IGI Global, Hershey, pp 20–37

Atkinson RD, Castro DD (2008) Digital quality of life: understanding the personal and social benefits of the information technology revolution, information technology and innovation foundation. Retrieved 30 Sept 2015, from http://www.itif.org/files/DQOL.pdf

Bernd DJ (2015) 96.3% marks for m-government initiative in 41 entities. Retrieved 27 July 2015 from Khaleej Times http://www.khaleejtimes.com/nation/government/96.3-marks-for-m-government-initiative-in-41-entities

Bertota JC et al (2014) Big data, open government and e-government: issues, policies and recommendations. Inform Polity 19:5–16

Bovaird T, Loffler E (2009) Public management and governance. Routledge, London

Dunleavy P, Margetts H, Bastow S, Tinkler J (2005) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3):467–494

Emirates 24/7 (2015) Serving residents 24|7... UAE's mgovernment in numbers. Retrieved 11 Aug 2015, from http://www.emirates247.com/news/government/serving-residents-24-7-uae-s-mgovernment-in-numbers-2015-05-24-1.591689

Gartner, Inc (2014) Gartner newsroom. Retrieved 30 Sept 2015, from http://www.gartner.com/newsroom/id/2707617

Gilman G (1971) Technological innovation and public policy. Calif Manage Rev 13(3):13–24

Jimenez C, Gasco M (2008) E-government and organizational IT adoption: the case of the Barcelona City Council. In: European conference on e-government (ECEG). EPFI, Switzerland, pp 275–287

Jiménez C, Falcone F, Solanas A, Puyosa H, Zoughbhi S, Gonzalez F (2015) Smart government: opportunities and challenges in smart cities development. In: Dolićanin Ć, Kajan E, Randjelović D, Stojanović B (eds) Handbook of research on democratic strategies and citizen-centered e-government services. IGI Global, Hershey, pp 1–19

Kaul M (1997) The new public administration: management innovations in government. Commonwealth Secretariat, London

Khaleej Times (2012) Retrieved 29 Sept 2015, from http://www.khaleejtimes.com/article/20120229/ARTICLE/302299937/1002

Kim ST (2013) Next generation of e-government strategies and asks for the smart society – based on Korea's case. J E-Gov 36:12–24

Manyika J, Chui M, Brown B, Bughin J, Dobbs R, Roxburgh C, Hung Byers A (2011) Big data: the next frontier for innovation, competition, and productivity. McKinsey Global Institute

Mellouli S, Luna-Reyes LF, Zhang J (2014) Smart government, citizen participation and open data. Inform. Polity 19(1/2):1–4

Moore M, Hartley J (2008) Innovations in governance. Public Manag Rev 10(1):3–20

Mulgan G, Albury D (2003) Innovation in the public sector. Innovation in the Public Sector, Strategy Unit, Cabinet Office, London. Cited in Alves H (2013) Co-creation and innovation in public services. Service Ind J 33(7–8):671–682

One1Info [online] (2015) Retrieved 8 Oct 2015, from http://one1info.com/article-Emirates-Identity-Authority-adopts-%E2%80%98Happiness-Meter%E2%80%99-initiative-1621

Osborne SP, Brown L (2011) Innovation, public policy and public services delivery in the UK: the word that would be king? Public Adm 89(4): 1335–1350

Ovretveit J (2005) Public service quality improvement. In: Ferlie E, Lynn LE, Pollitt P (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Prahalad CK (2005) The fortune of the bottom of the pyramid: eradicating poverty through profits. Wharton School Publishing, Upper Saddle River

Prahalad CK, Ramaswami V (2004) Co-creation experiences: the next practice in value creation. J Interact Mark 18(3):5–14, cited in Alves H (2013) Co-creation and innovation in public services. Service Ind J 33(7–8):671–682

Rahman MH, Low KCP, Almunawar MN, Mohiddin F, Sik-Leong A (2012) E-government policy implementation in Brunei: lessons learnt from Singapore. In: Manoharan A, Holzer M (eds) Active citizen participation in e-government: a global perspective. IGI Global, Hershey, pp 359–377

Salem F (2016) A smart city for public value: digital transformation through agile governance – the case of smart Dubai. Mohammed Bin Rashid School of Government, Dubai

Telecommunications and Regulatory Authority (TRA) (2013) Roadmap mGovernment. TRA, Dubai

Telecommunications and Regulatory Authority (TRA) (2014) mGov: smart government enablers workshop report. TRA, Dubai
Telecommunications and Regulatory Authority (TRA) (2015) National plan to support mobile government initiative. Retrieved on 11 Aug 2015, from http://government.ae/documents/10138/0/National+Plan+to+Support+Mobile+Government+Initiative.pdf/7ff89659-dfeb-4a7d-86f2-f1f1d322293f
UAE Prime Minister's Office (2014) National agenda: sustainable environment and infrastructure. Retrieved 11 Aug 2015, from http://www.vision2021.ae/en/national-priority-areas/sustainable-environment-and-infrastructure
United Arab Emirates Government (2012) UAE federal egovernment strategy, 2012–2014. Ministry of Cabinet Affairs, Abu Dhabi
United Nations (2003) Global e-government survey, 2003. https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2003. Retrieved 4 Sept 2016
United Nations (2014) United Nations e-government survey 2014. United Nations (Department of Economic and Social Affairs), New York
World Bank (2014) Mongolia – smart government project. Retrieved 30 Sept 2015, from http://ww.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/05/21/000442464_20140521093844/Rendered/PDF/799640PAD0P130010Box385211B00OUO090.pdf

# From Governance to Government

Ann Marie Bissessar
Faculty of Social Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Administration; Public administration; Supremacy and ruling

## Definition

Government involves the political direction and control exercised by members of a governing body over its population.

Government is a form or system of rule by which a state or community is governed.

Government is a system of polity in a state.

## Introduction

Numerous definitions of the word "government" abound. Government, according to one definition, involves the political direction and control exercised by members of a governing body over its population. Another definition is that government is the form or system of rule by which a state or community is governed. If one examines the legal description of the word "government," it is evident that the meaning of government is more extensive. For instance, government involves the regulation, restraint, supervision, or control which is exercised upon the individual members of an organized jural society by those invested with the supreme political authority, for the good and welfare of the body politic, or the act of exercising supreme political power or control.

Another definition is that government is the system of polity in a state, the form of fundamental rules and principles by which a nation or state is governed or by which individual members of a body politic are to regulate their social actions, and a constitution, either written or unwritten, by which the rights and duties of citizens and public officers are prescribed and defined, as a monarchical government and a republican government.

Another, shorter version defining the term is that it is an empire, kingdom, state, or independent political community, as in the phrase, "compacts between independent governments." A wider and more expansive version is government can be described as the framework of political institutions, departments, and offices, by means of which the executive, judicial, legislative, and administrative business of the state. In an examination of the term government then (noun), a number of elements can be distilled. Firstly, government comprises a group of persons – elected or nominated or sitting by way of inheritance such as in the case of a monarchy. In some cases, this "group" could be expanded to include institutions, departments, or even offices. It could also be

based on laws such as a constitution. Further to this, the role of this body is not limited but encompasses the judicial, legislative, and the executive arena. Finally, this group has "supreme" control over its populace.

## Changing of Governance to Government

In dissecting the term "government," a number of features can be clearly established. Firstly, the term suggests that decisions are made by a small, elite group. Secondly, that little or no discussion with the wider population and the decisions taken by the politicians, albeit for the good of the populace, are merely disseminated to the wider population. In addition, it is evident that in most systems of government, there are three major arms, namely, the legislative, the executive, and the judicial arm. In Westminster systems or their modified systems such as the Westminster Whitehall model of government which exists in the case of the countries of the English-speaking Caribbean, these arms are theoretically separate and apart. This concept of the separation of government responsibility into three arms was first developed in ancient Greece. Under this model, governmental power is divided into branches, each with separate and independent powers and areas of responsibility so that the powers of one branch are not in conflict with the powers associated with the other branches. In his *The Spirit of the Laws* (1748), French philosopher, Montesquieu, described the separation of political power among a legislature, an executive, and a judiciary. His major argument to support this arrangement was that powers should not be excessively centralized and each arm of government should serve as a check and balance on the other. This model of government formed the basis for both the presidential as well as the parliamentary systems of government.

The governmental model relied on centralized control, set rules and guidelines, separated policymaking from implementation, and employed a hierarchical organizational structure. In many systems, particularly in the Anglophone Caribbean, the overarching authority was a written constitution. The constitution set out or prescribed the guidelines under which different authorities reported. Thus, the constitution established the role and functions of the parliament (which comprised in the case of the Anglophone Caribbean, the house of representatives and the senate) and the functions of the judiciary and the executive which comprised the public sector.

Some of the central features of this model, also, included a separation between politics and elected politicians on the one hand and administration and appointed administrators on the other. With respect to the public sector, the administration was continuous, predictable, and rule-governed. The administrators in this sector were appointed on the basis of qualifications and were trained professionals. There was a functional division of labor and a hierarchy of tasks and people. This "command-and-control" approach to public administration was the reference point for bureaucratic systems introduced around the world which were formerly under colonial rule and later attained independence.

By the 1990s, however, it was evident that there were some fundamental flaws with the old method of government. One of the primary concerns was the "slowness" of government. Indeed, the executive or implementing arm of government, the public sector, was often criticized for red tape and excessive delays in the delivery of goods and services. It was also felt that government was unable to respond in a timely fashion to the changes in the environment as a result of global forces. Additionally, the typical "welfare" culture of government which prevailed prior to the 1990s, as a result of economic pressures, could no longer be supported. It is suggested that a number of forces converged so as to lead to attempts worldwide to reform the old method of government. Many suggest that one of the major pressures was the force of globalization.

Globalization, as it should be recalled, had a number of dimensions including a social, cultural, as well as an economic dimension. It was perhaps the economic dimension that created an intensified exchange between states and a number of different international organizations. According to Rhodes (1996), these dependencies

fundamentally changed the conditions for both politics and administration. Pollitt (2003) and Jessop (2002) suggested that perhaps the variety of social forces, such as increased complexity in social problems, a growing and more specialized public administration, increased demand for expertise, internationalization, decentralization, and a rapid development of information and communication technologies, were also at play. The end result was that countries around the world shifted from a system of government to a system of governance.

Strangely, the definition offered for governance was not significantly different from the definition of government. Governance according to one definition was the exercise of political, economic, and administrative authority to manage a nation's affairs. This model, too, was perceived as complex, comprising mechanisms, processes, relationships, and institutions through which citizens and groups articulated their interests, exercised their rights and obligations, and mediated their differences. But, the governance model was different in that it entailed a fundamental shift from the traditional hierarchical form of organization to the adoption of a more inclusive form of governance. The top-down approach where decisions were formulated at the top of the hierarchy was now replaced with a participatory form. Two major actors apart from the politicians were now included in this model, the civil society broadly conceived and the private sector. The intension of this new mode of governance was to include all the partners in the county in dialogues or discussions of public policy. In other words, there was a shift in emphasis away from command and control in favor of more "regulatory" approaches. These approaches were less rigid than the former government arrangement, less prescriptive, and less committed to uniform outcomes. Theoretically, this new arrangement was one in which the views of all the stakeholders in the society were considered.

Apart from the shift in political decision-making arrangements, new organizational arrangements within the public sector were also introduced. For instance, in many countries around the world, including the Anglophone Caribbean as well, there were attempts to remove the monopoly within the public sector by introducing private sector techniques including competitive tendering of goods and services. Accordingly, countries in an attempt to move away from a monopolistic bureaucracy experimented with privatization, quasi-privatization, the introduction of executive agencies, as well as devolution of activities from central ministries to devolved authorities. The term networking as well as networking systems was introduced as a way of breaking the bottlenecks within the traditional bureaucracy.

Governance therefore was a move away from the traditional hierarchical form of organization to network arrangements. This new arrangement, it was believed, would lead to faster responses to environmental demands. There also was a revision of the relationship between state and civil society in a more participatory direction. Apart from structural changes, the introduction of the "new" governance also led to changes in lawmaking as well. Governance was deemed to be responsible for shifting the emphasis away from statute law to more flexible forms of regulation and implementation. The state, some suggest, thus claimed to be superseded by a "networked polity" where authority is devolved to task-specific institutions with unlimited jurisdictions and intersecting memberships operating at sub- and supranational level.

But it was not only the arrangement of "governance" or law that became the focus. Later, a comparison would be made about what was termed "bad" governance and later "good" governance. "Good" governance comprised eight primary characteristics. It was felt that this model of governance was participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable, inclusive, and adhered to the rule of law. Under this model of government, it was felt that corruption was minimized and that the voices of the most vulnerable in the society were heard. The concept of "good" governance further extended to local governance, and 12 principles were enunciated.

The first principle of good governance at the local level focused on the fair conduct of elections, representation, and participation. Other principles focused on issues of responsiveness of

the government to the needs of the citizens, efficiency and effectiveness, openness and transparency particularly with respect to accessing of information, the rule of law, ethical conduct of public officials, competence and capacity, innovation and openness to change, sustainability and long-term orientation, sound financial management, human rights, cultural diversity and social cohesion, and finally accountability.

## Conclusion

Farazmand (2004) contends, however, that the concept of "good governance" as defined by the UNDP stems from two major factors. The first factor has to do with the triadic relationship between the state, civil society, and the private sector. This interaction, according to Farazmand (2004), ignores one primary force, namely, the international global power structure. Within this global power structure are the elite actors. These actors he suggested, has to a large extent, replaced the nineteenth century colonialism with imperialism. Another critical issue highlighted by Farazmand (2004) is more normative. He observes the concept of "good" or "bad" is purely the measurements that are introduced by the global elites to suit their particular agenda. Farazmand (2004: 11) states a more concise definition of governance as follows:

> Governance here means a participatory process of governing the social, economic, and political affairs of a country, state, or local community though structures and values that mirror the society. In includes the state as an enabling institution, the constitutional framework, the civil society, the private sector and the international/global structure within limits.

Governance, as defined above, therefore not only takes into account the triadic partnership with the country but extends to the international actor as well.

## Cross-References

► Principles of Good Governance, The

## References

Farazmand A (2004) Sound governance: policy and administrative innovation. Praeger, London

Jessop B (2002) Governance and metagovernance: on reflexivity, requisite variety, and requisite irony. On-line paper: http://comp.lancs.ac.uk/sociology/soc108rj.htm the service of democracy? J Eur Public Policy 10(5):695–709

Pollitt C (2003) The essential public manager. Open University Press, Philadelphia

Rhodes RAW (1996) The new governance: governing without government. Polit Stud 44:652–667

# From Idea to Execution

Charlie Harary
The Ayven Group, New York City, NY, USA

## Introduction

As I stand in front of the classroom, I see a sea of raised hands. A classroom full of undergraduates, each with untold potential and possibility is voting for something they don't fully understand.

"Are you sure?", I asked, hoping for the reconfirmation of their decision.

They nod.

Can someone please explain to me what you will be doing day to day?

Silence.

So how do you know you want to do it?

Silence.

I let the silence linger. I wanted the room to feel uncomfortable.

I had been teaching entrepreneurship for my fourth semester. The class was officially called Principles of Success, but in practice, it was an introduction to being an entrepreneur. In front of me was a class of undergraduate students, bright, hardworking, ambitious. They could choose any career path, but they choose this one.

They all choose to be an entrepreneur, but they don't know what they are getting into.

## The Entrepreneurship Phenomenon

This phenomenon sweeps across our country. Years of watching, reading, and seeing college grads and 20 somethings start companies are making an impact. It's breeding a generation of people that want to start their own companies. To build something that can bring to the market. To chart their own course. To be an entrepreneur.

As exciting as it sounds, the numbers tell a different story. Most of the people in that room will give up on that dream. Others will start their own companies and fail after just a few short years. Others still will follow their dream and not achieve the financial success they dreamed of. Only a small fraction will realize the potential they have sitting in that classroom.

Why? Why do so many entrepreneurs fail? While there is a plethora of reasons, I would like to share what I believe to be the greatest.

Clarity.

Great entrepreneurs don't aspire to be entrepreneurs. They are not focused on what to call themselves. They are too busy focusing on their product or service. On their offering to the market. Their focus was on their idea not on their designation.

To be successful, you have to know what you are building. What you are sacrificing for. Success begins with clarity. Clarity of expectations, clarity of purpose, and clarity of focus.

It starts with a vision.

## Vision

A vision is a mental image that portrays a future world where our deepest aspirations have been realized. It is not an ambiguous, blurry picture of what one would like to have accomplished. It is a clear picture of a future that includes the very idea that you desire to bring to fruition.

Most ideas fail not because they merit but because they lack clarity. The incompleteness of the image gives those engaged with its execution license to infuse their own interpretation. As more people get involved with an incomplete picture of a future, greater discrepancies form. That is how teams can work side by side but with divergent trajectories.

This may be hard to spot since there are multiple points of overlap, but over time the differences in what is being built or offered start to accumulate. Execution stalls as resources are used inefficiently, and facing rather typical market headwinds, the original starts to falter. . .and then fail.

The challenge, and responsibility of an entrepreneur, is to create a clear path to traverse. Albeit the input of colleagues and mentors are necessary, but the responsibility of the vision and its articulation falls on the shoulders of the entrepreneur. The vision is not a list of goals; it is the unifier of goals, giving purpose to everyone's checklist.

Setting a vision is a fundamental attribute of effective leadership and a basis of one's power to lead. It is the ability to create a cognitive image of a desired future state. Successful entrepreneurs work on that image until it is clear enough not only to themselves but also to those around them, lifting them out of their day-to-day existence, injecting meaning into their lives in pursuit of that goal.

## Elements of an Effective Vision

How does one craft a strong vision? Try following these three elements:

### Futuristic

A vision has to give a glimpse of the future. However, it can't just be in the future; it has to be at the right distance in the future.

Too often, our vision becomes short-sighted. Life has a way of keeping us busy, and as the daily task list increases, our eyes focus on what has to be done in the near term. Days become weeks, months, and years and our eyes have barely lifted. Add the constant demands of our smart devices and most people aspire to just "get through the day." The strongest stretch to reach the weekend in one piece.

To many, the vision extends as far as the next vacation.

For a vision to be effective, it has to look far enough into the future where exponential change becomes possible. Where today's impossible becomes possible. From that vantage point, the challenges of today do not cloud the idea. It gives a certain clarity to what is possible to bring to fruition. To innovate. To create or adapt.

However, this future period can't be too distant. If our vision is too far away, it will fail to create an urgency in the moment. The lure of comfort will not be matched against the excitement of accomplishment. Such a vision may create incredible possibilities but won't charge the team with its execution, leaving its fate to die on the paper in which it was written.

Start by identifying a date in the future. For some, it can be a decade. For others, it could be 5 years.

### Ambitious

A vision is not meant to only be a mechanism for clarity. It is also a mechanism for encouragement, enthusiasm, and motivation.

A vision should motivate you. The articulate of a future that includes your aspiration should provide you with the emotional energy that will enable you to sacrifice your present in anticipation of the future.

For that to take place, the vision has to vacillate between two concepts: real and ideal. On one hand, it has to be idealist and ambitious. It should challenge you to reach higher. It should paint a future worth sacrificing for. On the other hand, it needs to be realistic. It needs to be attainable and achievable, or your rational mind won't allow you to give it enough credibility. It should be realistically ambitious.

The key is to not be bound by your current constraints. Allow yourself to move to heights that are beyond what you normally think, beyond what you typically envision, but make sure there is at least some possibility of actually getting there, even if that possibility is remote.

That possibility, if articulated correctly, should be a source of motivation.

### Expression of a Deeper Purpose

A vision is not merely an articulated path to a material pursuit. For us to be motivated to work tirelessly in pursuit of our vision, it needs to express something much deeper.

Great companies are not in existence to just make money. They aspire to make a difference. They don't have to be a nonprofit to make a difference. A company can build a product or deliver a service with great commercial success while aligned to a deeper purpose.

Great entrepreneurs understand that their organization reveals its consistent identity, which extends way beyond the service or product. It's the central glue that holds the organization together. It's the foundation of a system of guiding tenets or enduring principles that bonds people from different places.

It's essential, enduring, and intrinsic. It is independent of the environment, competition, or market. It needs no external justification, and a company would hold on to it, even if they were penalized for doing so.

Why is this so important? Why not just get started and you'll iterate as you go?

Because you need to leverage your most powerful resource, your mind.

## Neuroplasticity Explained

Our mind is made of billions of neurons, forming complex neural maps that enable us to function as human beings. Some of these neurons were interconnected from birth, enabling us to survive. No one has to teach a newborn to breathe or cry or suck. They are born with those skills and have the corresponding neural connections to go with them.

There are, however, neurons that are not connected. They are separated by a space called the synaptic cleft. They exchange information by sending electrical or chemical messages, or neurotransmitters, across the synapse. When one neuron connects to another, it triggers an electrical impulse that causes the neuron to "fire." As

neurons fire repeatedly, molecular alterations occur in both of them, and their relationship strengthens. Their connection grows stronger, and they eventually become wired together.

This concept, introduced by famed Canadian neuropsychologist Donald Hebb, is known as Hebb's Law, and it's summed up by the phrase, "Neurons that fire together, wire together" (Ferrández et al. 2013).

Thought is the building blocks of your mind. They connect neurons to each other, remapping our brain to adapt to new knowledge, language, and skills as we navigate through life. The more you reinforce those thoughts, the stronger those connections get. So, the simple act of thinking either makes new connections or fortifies your existing ones. But thought doesn't require experience. Thought can replace experience. Since our brain can't tell the difference, by imagining a scenario repeatedly, it can have a similar impact on our brain as experiencing it.

For an entrepreneur, a well-articulated, realistically ambitious, clear vision is not a luxury; it's a necessity. The more engaging a vision is, the more it gets repeated, and the higher the likelihood that it gets "wired" into the minds of its team. As thought leads to new neuro-connections, the vision feels more and more familiar. This cognitive familiarity impacts not only the decision-making of the group, but belief in its occurrence rises significantly (Carroll 1978).

The envisioned future, when repeated, creates an emotional connection to the image and plays a key role in behavioral responses in the present, enabling the team to believe in its possibility and work more efficiently to its achievement. Because such simulations allow individuals or even groups to imagine or "pre-feel" their place in a future scenario, repeated future imaginings might be linked strongly to long-term strategy or decision-making (Gilbert and Wilson 2007).

This emotional component, or lived future experience, could play a key role in any behavioral responses in the present, despite the context of the future imagined event being different from that of today. In fact, the research shows and states that an organization with a well-articulated vision can achieve sustained competitive advantage over those organizations lacking such a vision (Hamel and Prahalad 1989). In fact, that vision is ultimately a cognitive construction or specifically a mental model, a conceptual representation used to both understand system operations and guide actions within the system (Mumford and Strange 2005.

## Exercise

Set aside a block of time, when you are least distracted – on a plane, in a coffee shop, at the office after everyone else has left, or at a quiet time in your house, maybe after the kids have fallen asleep.

Take out a piece of paper, open your laptop, or use a notebook. Pick a date in the future. Make it a specific date. It could be 5 years out, maybe a decade, or maybe at your 50th birthday. Find a date and make it specific. Then visualize yourself on that date in the future.

Imagine as if you have, outrageously enough, created the project or company you desired. What do you see that is happening around you?

Here are some questions to consider: (1) What are you doing during the workday? (2) What have you accomplished? (3) Who is affected by your work? (4) What is the impact of the larger community?

Start to write out exactly what that day looks like as if you are observing yourself as if you were given a time machine to go to that date in the future and watch yourself. Really try, as if you're writing it as an observer, to get as much of that day as possible.

What have you brought to the world? What does your product look like? Who is it servicing? What does your company do? What impact is it having on the world around you?

Use these questions to start stimulating ideas and don't stop writing. Don't edit. Don't judge. Don't wait for the right answers. Just write. Get underneath what you want to build so you start seeing what it is that you really want to do.

## Goal Setting

The late Dr. Stephen R. Covey, famed author of the international bestseller The 7 Habits of Highly Effective People (1989), once illustrated his approach to success in front of a packed convention hall. He called up a volunteer, who was asked to attempt to fit various rocks into a clear plastic bucket. The rocks differed in size, ranging from larger rocks down to pieces of gravel, and each was affixed with a different label, such as family, work, spirituality, and exercise. The volunteer surveyed the group of rocks on the table and instinctively picked up the smallest stones first and placed them in the bucket and then picked up increasing larger rocks. As he advanced, the volunteer experienced increasing difficulty finding room in the bucket for the remaining rocks. Ultimately, despite all effort, there was simply not enough room in the bucket for all the rocks to fit.

After the volunteer gave up, Covey produced a new, empty bucket and suggested that the volunteer start again, this time placing the larger rocks in first. Following instructions, the volunteer began placing the larger rocks into the bucket. After all the big rocks had been placed, the volunteer then added the smaller rocks and finally the gravel. They all fit into the bucket. The crowd applauded.

Covey then commented on the lesson they had just learned. Life is complex, he explained, filled with a plethora of goals, needs, and interests. One might think that success is limited to those who either limit their aspirations (don't have so many rocks) or simply find more time in the day (get a bigger bucket). There is, however, a third route to success, and that is to prioritize wisely. The big rocks represented one's most important goals and values, and the lesson was simple: Those need to go in first, they need to be prioritized. Once they are in, there will be room around them for everything else.

## Prioritizing as Integral to Success

The first step of entrepreneurial success is crafting a compelling vision. Vision will bring clarity and an expression of new tasks and goals. However, there is a potential trap. Not all goals are created equal, and some tasks can actually detract from the mission. That is why execution is not enough. You need an execution strategy.

At the core of an execution strategy is the determination of the relative "sizes of the rocks," identifying which are the "big ones" – one's primary goals and values – to ensure they go in the bucket first. Unfortunately, it is all too common that we instinctively try to take care of the "small rocks" first, eventually discovering that the big ones got left out.

The great shock of an entrepreneur is recognition of the plethora of details that one must focus on to effectively launch, manage, and run a company, and all against the backdrop of an incessant bombardment of messages, texts, emails, and calls.

It is no wonder that he feels as if he is jamming rocks into an already filled bucket. It is almost inevitable that he will become extremely frustrated and, in many instances, unfulfilled.

So how is one to do it all? How does one achieve success while simultaneously retaining a semblance of peace of mind? How are we to fit so many big rocks into our limited-capacity buckets?

## Setting Priorities by Refining Goals

It is an all-too-common malady that people tend to adopt de facto goals that do not reflect their vision. Such a disconnect will almost inevitably result in frustration, even if the goals are spectacularly achieved. It is, therefore, critical that each person review the connection between their deeper aspirations and the goals they have set for themselves, as well as how they measure success.

Although there is no magic formula for setting appropriate goals, below is a suggested process:

### Articulation

Life choices must be guided by goals. The first and perhaps most challenging exercise is identifying the goals one has already chosen – consciously or not – and that are already guiding one's day. Many people make daily choices

instinctively or without thorough consideration of the underlying goals and values that ought to influence these choices.

Most people do not have the tools to explore the reasoning behind their goals and how it connects to their actions. They are running too fast and are too busy for such an activity. For them, and many others, busyness can be a comforting feeling. While they may be busy, they are not being productive, in that they are not moving meaningfully to their vision. To see this disconnect, actual articulation of the goals is a helpful effort that often triggers a deeper understanding of motivations and aspirations.

Most people, at least deep down, have a good sense of what objectives they should and should not pursue. By failing to articulate their goals, however, they lack the perspective necessary to allocate their time and effort properly. Moreover, if the goals are not clearly and deliberately articulated in advance, neither objectives nor actions will be deeply grounded, possibly resulting in ill-advised changes in direction or focus as a response to some new inspiration or idea.

By failing to spend the time to articulate our goals to achieve our visions, we subject ourselves to the allure of any new and exciting opportunity that shows some promise. We are then at risk of jumping from objective to objective, with no long-term stability. True success and satisfaction, however, are typically achieved through a long-term commitment to substantial and meaningful objectives. Goals are the directional flags of your life. If you want to achieve success, then start by investing time articulating your goals.

### Identify the Motives Behind the Goals

Once goals are determined in a thoughtful and fulsome manner, the next step is actually to question one's own motivations in selecting these specific goals. One must ask, "What made me choose these particular goals and leave out others?" "How does this goal get me closer to achieving the overall vision?"

The exercise of connecting goals with their true motivations is not intended as a judgmental process, nor does it necessarily reflect how proper any actual motivations may be. The exercise is necessary because curiously, success in achieving goals is dependent on the underlying motivations in pursuing those goals in the first place.

Since your vision is linked to who you and how you see the world, it provides an anchor for your day. Our days are bombarded with messages, emails, and images sent to us by someone else. Our emails are the checklist of the questions and problems of other people, and our smartphones are the billboards of brands and products. If we are not vigilant to protect our time, we will find ourselves busy but unproductive for most of our day.

Entrepreneurs are uniquely challenged in this area since most work in a less structured environment. They lack the usual management found in more bureaucratic institutions. They tend to not have, or do well with, quotas or time sheets. The freedom that an entrepreneur has can be his or her Achilles' heel. With an imposed structure, distractions can be more tempting. This could lead to disastrous consequences as tight timetables and resources threaten the viability of a startup, and without consistent, productive work time, the likelihood of success starts to dwindle.

However, even when the entrepreneur is working, the goals set forth may not be on target. A misplaced goal may have a greater negative impact than a social media post. Such a goal may consume hours, or days, leaving little impact on the ultimate vision. The hours were dedicated to working but the work done was not properly aligned with the overall objective.

If you extend such misalignment to a team of people, you begin to understand how even smart, ambitious, hardworking people can fail to accomplish their ultimate goals, and not even realize why. The reason is first the prioritization of goals, and then the unification of each goal to the overall vision.

### Adjust Your Goals to Envisioned Obstacles

Two researchers from UCLA, Lien Pham and Shelley Taylor (1999), conducted an interesting experiment exploring the impact of visualization and goals. They took through groups of students and gave them three distinct instructions about their exams.

The first group was instructed to visualize themselves getting an A in the class. All they had to do was picture that result on a daily basis. The second group was instructed to visualize the process leading up to the exams. This included not only studying and test-taking but potential distractions and challenges and ways that they would overcome them. The third group was given no particular instructions.

While the first group envisioned the result, the second envisioned the process. That made all the difference. When the results came back, the first group, who pictured their goal, scored the same as the group that made no change. The second group, who pictured the process scored 6–10 points higher: a full letter grade. This research gives light to the interplay between vision and goal setting. It shows how not only must we know where we are going (vision) but how we plan to get there (goal setting).

When you are establishing your execution strategy, spend the time envisioning the process toward your vision. What obstacles do you anticipate facing? What challenges do you expect to come your way? How do you plan on dealing with them? It's from these ideas can you create a stronger execution plan. From these thoughts can you build paths to navigate around blocks that will emerge in months or years later.

By merging these three areas, (1) articulation, (2) motive, and (3) adjustment, you can create a dynamic process of execution that enables you to see what's behind your actions and connect them to what you need to be doing to achieve your goals.

Dr. Robert Spetzler (Oyesiku 2019) is one of the world's greatest neurosurgeons. Spetzler has treated more than 5,000 aneurysms and has performed surgeries as daring as the "deep hypothermic circulatory arrest," a surgery which puts patients through a managed clinical death, deliberately halting their heartbeat and brain function while on the operating table.

Dr. Spetzler uses visualization before every surgery. He calmly walks his mind through every aspect of the entire surgery ahead of time, so by the time he gets to the operating room and gets inside his patient's head, he feels like he's performing the surgery for the second time. When Spetzler finds himself in uncharted territory in the middle of a surgery, he goes back to his visualization. He creates a mental image of what should happen and transfers that into the operation. He knows where he's headed. And should anything go wrong, he's able to handle it without panic because he's already thought everything through – kind of like a Navy SEAL getting ready to get into the water.

## Conclusion

It's hard to launch a product or service. It's hard to build a company. With all the necessary time and resources, the one thing that is in your control is clarity. Building a strong vision and an execution strategy is critical for success in whatever area you are engaged in but especially if that area is as an entrepreneur.

## Cross-References

► Entrepreneurial Competence Among Students
► Entrepreneurial Mind, The
► Fit: Market and Strategy

## References

Carroll JS (1978) The effect of imagining an event on expectations for the event: an interpretation in terms of the availability heuristic. J Exp Soc Psychol 14: 88–96

Covey SR (1989) The seven habits of highly effective people: powerful lessons in personal change. Fireside. https://doi.org/10.1111/2057-1615.12220

Ferrández JM, Lorente V, de la Paz F, Fernández E (2013) Training biological neural cultures: towards Hebbian learning. Neurocomputing 114:3–8. https://doi-org.pitt.idm.oclc.org/10.1016/j.neucom.2012.09.031

Gilbert D, Wilson T (2007) Prospection: experiencing the future. Science (New York, NY) 317:1351–1354. https://doi.org/10.1126/science.1144161

Hamel G, Prahalad CK (1989) Strategic intent. Harv Bus Rev, May–June. https://motamem.org/wp-content/uploads/2019/09/Hamel-and-Prahalad-1989-STRATEGIC-INTENT.pdf

Mumford MD, Strange JM (2005) The origins of vision: effects of reflection, models, and analysis. Leadersh Q 16:121–148
Oyesiku NM (2019) The Spetzler collection. Oper Neurosurg 17(4):339. https://doi.org/10.1093/ons/opz225
Pham LB, Taylor SE (1999) From thought to action: effects of process- versus outcome-based mental simulations on performance. Pers Soc Psychol Bull 25(2):250–260. https://doi-org.pitt.idm.oclc.org/10.1177/0146167299025002010

## Frontline Bureaucrat

Roberto Falanga
Instituto de Ciências Sociais, Universidade de Lisboa, Lisbon, Portugal

### Synonyms

Administrative training; Bottom-up approach; Bureaucracy; Discretionary power; Field-level practice; Local governance; New governance; Policy implementation; Policy networks; Politicization; Public administration; Public officials; Public participation; Public policymaking; Street-level bureaucrat

### Definition

Frontline bureaucrats work daily in the field with the wider public in service delivery. According to recent transformations in policymaking processes, frontline bureaucrats are increasingly required to interact with a wide range of social and economic agents.

### Introduction: Political and Administrative Powers

Bureaucratic organizations were set up within the political-administrative and legal framework of the nineteenth century to prevent civil society from arbitrary political actions. The central premise of the Weberian ideal type of bureaucracy was the establishment of standardized codes of behavior and legal rights for public officials with lifelong careers, in contrast to elected officials who are democratically and cyclically mandated to provide political directives. The autonomy of bureaucracy was, thus, conceived as a key feature that could be used to separate powers between elected and public officials. However, the rationalization of administrative work has been criticized for having brought ineffective influence over the ways bureaucrats relate each other. Where bureaucratic formalism provides a greater level of control for political representatives to exert power over public officials, there exists a basic tension between the hierarchical downward flow existing in bureaucracies and the unequal accumulation of political and technical expertise.

Convergences and divergences between political and administrative powers have characterized the ways democratic states have designed and performed public actions. In summary, while citizens were addressed as mere "beneficiaries" of the state after the Second World War, the shift towards a more customer-oriented conception of citizens from 1980s onwards led to the reconfiguration of public administrations under new like-market values (Osborne and Gaebler 1992). The externalization of public services was fostered through new public-private partnerships between the state and economic agents while both managerialism and political loyalty was promoted for top-level public officials. New forms of "politicization" of the top-level officials, however, questioned key values of neutrality in public administration.

As De Montricher (2008) defines it, politicization concerns the "appropriation of public agencies by a specific political coalition or the strengthening of the top level of an administration to implement the commitments of the electoral campaign." (ibid., 296). Even though several public officials have always been legitimately involved in politics, although stay clear of party politics on occasion, Peters and Pierre (2004) acknowledge the emerging politicization of public officials in two forms. The first is top-down and involves an increased level of control exerted by

governments over bureaucrats, in an attempt to ensure that the behavior of public officials is compatible with the political preferences that exist under new public managerial reforms. The second is bottom-up and regards the spontaneous increase of political activity of public officials.

Bottom-up forms of politicization recall the long-standing debate on the identities of bureaucrats and the multiple relations that they can establish with both policymaking and the political system. Accordingly, the idea that political input should be merely operationalized by public officials through policy implementation is incorrect. Considering policy implementation as not simply "putting policy into action," Hudson and Lowe (2009) argue that bottom-up approaches to policymaking shed light on how political actions are conducted and reciprocally generate new input. The shift from clear-cut definitions of political and policy powers in policymaking, towards the (re)placement of the policy process within the wider realm of political action, has contributed to the reconsidering policy implementers as key contributors of democratic governance.

Increasingly, the coordination with new policy agents has inevitably become the new battleground of policy implementation. The interaction between public officials and the plurality of agents, interests, goals, and strategies invited to influence decision-making, has considerably broadened policy networks. At the end of the 1990s, scholars and international organizations celebrated a new generation of network-based and multilevel governance aimed at empowering emerging policy networks and ensuring higher degrees of transparency and accountability from governments (Rhodes 1996). New types of skill are becoming critical for public officials, namely, social skills, business management, and language skills. Notably, the new public service model proposed by Denhardt and Denhardt (2007) provided a case in point on the need to pass from mere concerns about policy design performance and attainability, towards new skills and forms of interaction among agents "making" policies, including citizens. In contrast with both standard bureaucratic ideals and new managerialist reforms, citizen-centered reforms have become decisive for the deployment of administrative functions (Bryson et al. 2014).

## Who Are the Frontline Bureaucrats?

In the last few decades, different forms of politicization have had different impacts on public officials according to their level in public administrations. Beyond visions of top-level officials as "long-hands" of political directives, or lower level officials as mere "executors," contemporary democratic governance requires empirical knowledge on the distribution of power within public administration. Most frequently, civil service is structured in administrative units (departments, divisions, etc.) where public officials' roles respond to the hierarchy, comprising top, middle, and lower levels. Public officials at all levels can diversely deploy back-office and frontline functions, although it is more frequent to see public officials at the lower levels of the administrative chain working in the frontline. The creation of extended networks of decision-making and, on occasion, the implementation of policymaking processes with the participation of civil society, corroborates that the fact that top, middle, and street level officials are often mandated to work in both back-office and frontline positions is a key factor (Rhodes 1996).

Policymaking processes that reshape the borders of power of decision-making require public officials to perform frontline functions that scholars have explored by considering a wide range of factors. Focusing on the degrees of administrative accountability in policy implementation has led Lipsky (1980) to identify risks in the use of discretionary powers by "street-level" bureaucrats which will eventually undermine the legitimacy of policy actions. Along the same lines, Hupe and Hill (2007) argue that frontline bureaucrats should be accountable both internally (with political, administrative, and other professional agents) and externally (with social and economic agents) to prevent the uncontrolled use of discretionary powers.

On the contrary, Bovens and Zouridis (2002) advocate that street-level bureaucrats may help

to lessen the effect of bureaucratic impediments so that tailored procedures can be implemented which will, in turn, increase administrative accountability. In this vein, the interaction with lay citizens and the gathering of local knowledge have been seen as strategic for success in policymaking. From a UK-based research, Durose (2009) argues that frontline bureaucrats may hold "entrepreneurial" skills that will allow them to carry out administrative work with marginalized groups of local communities. Civic entrepreneurialism reflects the nature of local governance actions that necessarily represent contested sites for policies, and frontline workers are required to use their local knowledge and know-how to provide public administration with the necessary information for effective service delivery. The variability of policy action in the field means that the imperative for action of frontline bureaucrats is also aimed at accommodating some degrees of disorder in local governance. In the same vein, Lowndes (2005) argues that frontline bureaucrats can be understood as "institutional entrepreneurs," who help improve service delivery in local governance by sharing, borrowing, and remembering daily practices with local communities in the "muddle and mess" of governance. Accordingly, the need for a new "civic enterprise culture" in civil service should originate in the frontline to meet the needs of changing environments.

Despite acknowledging the key role played by frontline bureaucrats in democratic governance, Maynard-Moody and Musheno (2006) found that street-level workers rarely describe themselves as policymakers, decision-makers, or even government workers. By seeing their work as intimately linked to their activities with citizens and other street-level workers, the authors approach them as "citizen agents" (ibid.). These findings corroborate what Denhardt and Denhardt (2007) advocate as the current extension required by public officials in democratic civil service. Accordingly, public officials should help other citizens to negotiate priorities by reducing centralized decision-making. The reframing of frontline functions, in addition, also implies acknowledging that local knowledge is always filtered by frontline bureaucrats' subjective interpretations, requiring adequate tools of analysis and understanding in this field of study.

As Peters and Pierre (2007) state "there is an empirical question about the relative power position of civil servants in reformed administrative arrangements under governance regimes. Also, even if the civil service remains a source of steering and control, we need to remind ourselves that this to some extent is less a control that comes from public office in a narrow sense and more a matter of control that is derived from an ability to coordinate and engage other actors. [. . .] Law and legal controls will to some extent have been de-emphasized so that the discretion of the street level bureaucrat, or the "street level negotiator" will be enhanced" (ibid., 238).

## Frontline Bureaucrats and Beyond

Multiple forms of politicization of public officials and increasing place-based engagement in frontline work should be understood within the reorganization of roles in current public administrations. The extensive use of performance indicators introduced with new public managerial reforms has often contrasted with the fair articulation among public officials, and rather reinforced the separation between top and lower levels (Peters and Pierre 2004; Page 2007). While, in some cases, solidarity within civil service is likely to be downsized by these measures, new forms of recruitment in the public sector has further contributed to transforming the organizational setting of public officials. The plurality of administrative figures that, today, deploy frontline functions has grown exponentially. Frontline bureaucrats, more often than not, collaborate with a new wave of short-term contracted collaborators, experts, as well as temporary employees and agencies assumed by public authorities to deliver public services.

Against this backdrop, an up-to-date approach to the role of frontline bureaucrats is seeking to make sense of the emerging and unclear set of experts and practitioners required to deliver public services via different forms of contract

with public administrations. The recruitment of managers from outside the career system and the use of external agents to implement public policies means that public decision-making is being conducted, on occasion, by people who are not socialized into the career values of the public service. While scholarly debate has dealt with the complex system of public and private experts influencing policy implementation in a wide variety of fields, common is the postpositivist view on current patterns of governance, which have developed new sophisticated mechanisms of networking and raised new questions about the multifaceted definitions of expertise in policymaking.

Frontline bureaucrats are currently required to be the mediators of new collaborative settings, where the creation of new knowledge relies on the participatory dialogue between different forms of expertise, knowledge, and interests. Frontline bureaucrats operate within differing perspectives of public agents because policymaking processes themselves have embraced new modalities of interaction with social and economic agents. The ways through which frontline bureaucrats and workers are deploying functions attached to those described above, or those who are collaborating with private agents that deploy the abovementioned functions, reinforce the need for further research.

## Conclusion

Frontline bureaucrats are the primary implementers and interpreters of public services that can reciprocally feed new policy cycles. The day-to-day contact with social and economic agents allows them to reveal problems arising in the field in connection with public administration. Accordingly, further research should address emerging configurations of frontline bureaucrats in both standard and collaborative settings. Whether frontline bureaucrats rely on either long-career employment in the public administration or short-term contracts should be taken into consideration. Beyond shedding light on the varying combinations of structures, recruitment, and promotion policies, research should contribute to understanding how current frontline strategies substantively work with social agents and relate with governments. In particular, the research needs to look at which strategies are being adopted to engage a wide variety of social agents, some with more expertise in the official political game, and some others who are more concerned with the everyday making of and problem solving linked to concrete policy problems.

The identification of the variable functions deployed by frontline bureaucrats should further provide insights for practical training and help, on occasion, to overcome reluctance in engaging with citizens who lack a specialized knowledge of administrative procedures and to ensure effective advancement of public service. As stated by Cornwall (2001), "Field-level workers whose work often involved telling people what to do, or enforcing rules, were suddenly cast in an entirely different role: for some this unleashed their creativity and energy, transforming their practice. Yet old habits die hard. [. . .] Training courses proved to have other uses: providing new opportunities for horizontal and vertical linkages within institutions and across sectors, bringing managers and bureaucrats into direct contact with the people whom their decisions affect, and giving confidence and voice to lower level workers" (ibid., 46).

## Cross-References


- ▶ Administrative Discretion in Participatory Processes
- ▶ Administrative Reform
- ▶ Bureaucracy and Service Delivery
- ▶ Bureaucratic Influence in Policy Formulation
- ▶ Citizen-Administration Relationships
- ▶ Networks of Governance
- ▶ NGOs and Governance
- ▶ Policy Networks as a Form of Governance
- ▶ Politicization of Bureaucracy
- ▶ Politics and Administration
- ▶ Politics and Public Policy
- ▶ Public Sector Collaboration and Social Policy

▶ Public Value: Bureaucrats Versus Politicians
▶ Reforms and Governance
▶ Street-Level Bureaucracy

## References

Bovens M, Zouridis S (2002) From street-level to system-level bureaucracies: how information and communication technology is transforming administrative discretion and constitutional control. Public Adm Rev 62(2):174–184
Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond the traditional public administration and the new public management. Public Adm Rev 74(4):445–456
Cornwall A (2001) Beneficiary, consumer, citizen: perspectives on participation for poverty reduction. Sida studies, vol 2. Gothenburg
De Montricher N (2008) Politics and Administration. In: Peters GB, Pierre J (eds.) Handbook of Public Administration. Sage, London, pp 293–299
Denhardt RB, Denhardt JV (2007) The new public service: serving, not steering. M.E. Sharpe, New York/London
Durose C (2009) Front-line workers and "local knowledge": neighbourood stories in contemporary UK local governance. Public Adm 87(1):35–49
Hudson J, Lowe S (2009) Understanding the policy process, 2nd edn. Policy Press, Bristol
Hupe P, Hill M (2007) Street level bureaucracy and public accountability. Public Adm 85(2):279–299
Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russel Sage Foundation, New York
Lowndes V (2005) Something old, something new, something borrowed . . .how institutions change (and stay the same) in local governance. Policy Stud 26(3/4):291–309
Maynard-Moody S, Musheno M (2006) Cops, teachers, counselors: stories from the front lines of public services. The University of Michigan Press, Ann Arbor
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading
Page EC (2007) Middle level bureaucrats: policy, discretion and control. In: Raadschelders JCN, Toonen TAJ, Van der Meer FM (eds) The civil service in the 21st century. Comparative perspectives. Palgrave Macmillan, New York
Peters GB, Pierre J (2004) The quest for control: the politicisation of the civil service in comparative perspective. Routledge, London
Peters GB, Pierre J (2007) Governance and civil service systems: from easy answers to hard questions. In: Raadschelders JCN, Toonen TAJ, Van der Meer FM (eds) The civil service in the 21st century: Comparative perspectives. Palgrave Macmillan, New York, pp 231–244
Rhodes RAW (1996) The new governance: governing without governance. Pol Stud 44:652–667

# Frontline Bureaucratic Accountability

Kwangseon Hwang
Department of Public Administration, Gachon University, Seongnam, Republic of Korea

## Synonyms

Accountability demands; Managing diverse expectations; Managing diverse task requirements

## Definition

*Accountability* is a social relationship in which an actor feels an obligation to explain and to justify his or her conducts to some significant other.

## Introduction

Coping with accountability has been well developed from the social psychological perspective (Tetlock et al. 1989). Tetlock and his colleagues have found cognitive, emotional, and behavioral strategies of coping with accountability. For example, conformity, preemptive self-criticism (to think in more self-critical, integratively complex ways in which they consider multiple perspectives on the issue and try to anticipate the objections that reasonable), and self-justification are feasible strategies (Tetlock et al. 1989). Facing contradictory demands, people respond to those by decision-evasion tactics, by plunging into controversy and aligning oneself with one or another constituency or by mediating the dispute between the conflicting constituencies.

This chapter is mostly based on the author's article titled "public caseworkers' strategies coping with accountability demands" which was published in the *Journal of Public Affairs* (Hwang and Han 2017).

The chapter explores how street-level bureaucrats manage multiple accountability requirements. Multiple accountability requirements are identified in the child welfare service context (Hwang 2016). Caseworkers acknowledge the importance of coping with diverse accountability requirements, which come into conflict with one another in their daily practice with some variations. So, how do child welfare caseworkers manage or cope with these conflicting accountability requirements? The case in this chapter is *public child welfare caseworkers*, which are relevant to personnel in the areas of adoption, child protective services (CPS), family preservation, and foster care. Child welfare systems are often managed through a steadily expanding regulatory framework that sets forth procedures, timeframes, documentation requirements, and review processes. These management practices encourage caseworkers to look for other careers, and they are contrary to a culture of responsibility and professional growth. Correspondingly, there has been a movement to balance compliance with a regulatory framework and an emphasis on professional commitment (Casey Family Programs 2011).

## Coping with Accountability

A variety of accountability frameworks for understanding accountability and its relationships have been developed (Romzek and Dubnick 1987; Kearns 1994; Koppell 2005). A majority have talked about a conflicting nature of accountability to which managers have to respond. The important implication is not *solving* the tension inherent in the demands to address conflicting expectations but rather *managing* to "fulfill the public's expectations" (Cooper 1996, 604), which provides a more realistic picture of today's organizations and their environments (Acar et al. 2008).

Public child welfare case staffers have been challenged by multiple accountability demands while they accept and decide on the validity of reports of child abuse or neglect (Hwang 2016). They are challenged by the children and families they serve, quality service, themselves, court decisions, supervisors, state policy, coworkers, agency rules, and so on. Local cost of providing services, state legislative oversight and budget, and interest groups all turned out to be less important to caseworkers. The most frequent and important conflicts reported by the child welfare caseworkers were conflicts between policy and practice. Courts, budgets, and administrative procedures might also conflict with caseworkers being held accountable to families and children.

This web of accountability is well represented where a caseworker remarks, "Accountability to my supervisor includes staffing with my supervisor on a regular basis and I report to her information that must be accurate in order to make accurate decisions about children and families. I am accountable to children when I do my job to ensure their safety. I am accountable to families when I am honest about expectations, concerns, and what it is that I do. I have to be accountable for case procedure in that I have to meet certain mandates for entering data. Agency rules would include appropriate conduct and use of company vehicles. State policy would include me meeting state mandates for how many face to face contacts I have with a client and how often." Another interviewee adds, "Regarding budget/local costs, document specific example of why I need services I ask for and how it will help this family or child. In terms of court, write detailed service plans to show the court what progress and barriers each case has to inform their decision for these children." In this complex context of accountability demands, caseworkers' role relies on their accountable relationships. One denotes, "In order to do a good job in this field you have to remember it's all about relationships. Being accountable to supervisors as well as state and federal guidelines is of the utmost importance. Each customer and coworker must be able to see that

you take your job seriously and value each person you serve."

In order to address multiple and competing expectations, bureaucracy has its own discretion with respect to behavior not determined by legislature, which implies "purposive behavior" (Simon 1997, 359). As Simon (1997) describes, purposive behavior indicates deliberate behavior based on actors' knowledge and experience. Bureaucracy has "rational" features such as rules, means, and ends (Weber 1990). Since Weber, there has been an attention toward rational administration (Stinchcombe 1959), which is now defined as professionalization. Mosher's (1982) thoughtful formulation illustrates professionalization like this: "Our dependence upon professionals is now so great that the orientations, value systems, and ethics which they bring to their work and which they enforce on one another are a matter of prime concern to those who would strengthen the democratic system" (p. 12). As the bureaucracy emerged as a policymaking force to tackle complex issues, Friedrich's emphasis on a professional public service has prevailed in most Western democracies (Jackson 2009, 74).

Managing diverse accountability requirements, which is based on the concept of managing expectations, purposive behavior, and professionalization, can be supported by the theory of street-level bureaucracy which argues that discretion motivates the street-level workers. As seen in the changed nature of accountability from solving to managing the tension, how to manage accountability expectations became a crucial part of rational professionalism in bureaucracy. As Friedrich (1940, 10) recognizes, bureaucracy exists to deal with needs identified by political process, and the challenge is to make those functions effective, not to take power away from administrators for fear of bureaucrats making mistakes or doing wrong. Hence, worker's discretion to deal with the accountability demands is expected to help the performance improvement (McDermott 2011).

## Frontline Bureaucrats' Strategies to Manage Accountability

Interview with public child welfare caseworkers in Virginia State provides with us profound understanding of frontline bureaucrats' strategies to manage accountability.

### Following Guidelines

The bottom line that caseworkers should stick to is following guidelines. Without keeping the rule, no other accountability activities can be admitted. The child welfare field entails a dynamic accountability context, which mainly comes from both the laws and policies of the government (federal, state, and local) and stakeholders and citizens. In the design and delivery of child welfare services, local and state governments face mandates to improve service performance from many sources, ranging from federal requirements to court decisions.

Our work is to follow policy and law; without those two things, we have no structure for existence. We are accountable for insuring that policy and laws are followed, so everything we do must be in line with those major areas.

When there is a conflict, what is in the best interest of that child and the child's safety is the standard I use to guide my actions.

Social workers are accountable for their services to the board (clientele, budget, state, agency, community, etc.). Although their direct work is with their clientele, that work is greatly influenced by guidance and policy which hold them accountable to the client as well as the state government, agency, and community.

### Talk and Discussion

Talking, discussing, or consulting with coworkers, supervisors, friends, and regional specialists is a crucial strategy for caseworkers. Supervisor helps caseworkers talk the conflicting issues through and weigh them out so that they can balance accountability requirements. CPS supervisors serve as a critical focal point for the successful performance of agency and caseworker practices that strengthen

families. When they are confusing about the implementation, consulting from regional consultants gives them guidance to make the decisions. One says, "If it is a policy issue, I discuss it with the appropriate regional specialist or program manager, often unsuccessfully. If it is a local issue, I discuss it with the workers/directors and come to some resolution." Caseworkers also find a solution by talking to their close friends or coworkers.

Talking to supervisor is critical since they help caseworkers to identify the positive aspects of the policy, procedure, or directive and to specify the benefits to caseworkers, clients, and the agency, as well as the potential problems that may occur. However, sometimes talking to supervisor can bring out a problem of trust among team workers.

I tried talking to my supervisor and her supervisor but I got nowhere. I was to go and do a home visit on a foster family as a part of their reapproval. The foster mother called saying that she did not want me in her home – that I had offended her when I had been there last. I told my supervisor that if there was any truth to this, why had she waited several years to make this complaint. My supervisor forbid me to go to the home. Another worker was sent. I continue to invite the foster mother to training but have no contact with her and did not sign off on her reapproval form. I felt then and even now that a trust was broken between me and my supervisor on a personal and professional level.

Nevertheless, talking or discussing with supervisors or coworkers is a great way to express frustration which leads to a positive turnaround. Caseworkers communicate not just for gaining some insights for the implantation but also earning a time for a breakthrough after releasing their stress. Increased caseloads, conflicting priorities, and problems gaining judicial acceptance of CPS recommendations, for instance, are just a few of the themes that could be spoken by caseworkers.

### Learning and Gathering Information

Caseworkers need to continue to learn and grow. They may need to learn state law and policy, how to assess risk and safety, or the dynamics of abuse and neglect. Practical knowledge is needed regarding the layout of family homes, the immediate surroundings, and typical activities that occur there to provide a baseline from which to judge potential danger. Caseworkers apply these knowledge and skills to their job. As most caseworkers inevitably make errors and miscalculations, these errors should be viewed as learning experiences rather than as failures.

It depends on the type of conflict, subject matter, and who the conflict is with; however generally my strategy is to gather all of the information that I need (do my homework), schedule a meeting to discuss the issue, review all options/action plans, and develop a plan or solution that everyone can live with.

### Transparency and Honesty

Interviewees have used the strategy of transparency or honesty. The supervisor trusts caseworkers and sees them as dependable and honest, as a positive force in the organization, and compatible with organizational goals. As caseworkers talk to their supervisors to solve the problem when they manage accountability requirements, they need to be transparent about the reports and documentation.

Whatever documentation that you provide needs to be honest and accurate because some cases are not only heard in court, but my job is to ensure the safety of children.

### Professional Judgment and Ethical Code

Child welfare social caseworkers respond to multiple accountabilities using their professional judgments or ethical code they have. As the theory of street-level bureaucracy argues, the caseworkers entail discretion to implement the policy. One foster care interviewee puts it, "I have to live with the choices and decisions I make and I want to ensure that I am doing what I deem in necessary and appropriate in a case." The National Association of Social Workers Code of Ethics also provides guidance regarding the professional

conduct of social workers, including child welfare caseworkers.

Sticking to the facts and professional judgment is the best route in direct contact with individuals, families, and professionals involved in a case.

Interviewees agree that they must hold themselves to the highest standard in order to provide quality care, constant self-reflection, and growth in order to be able to help children and families. Yet, CPS caseworkers should be alert to and avoid any conflict of interest that may interfere with the exercise of professional discretion and impartial judgment.

## Conclusion

Public caseworkers are primarily accountable for ensuring the initial and ongoing safety of children identified as being at low to very high risk of current or future abuse and neglect. Also, they may be held accountable for preserving families. Caseworkers have to manage these conflicting accountability dimensions because they may matter to work performance. The reason that social workers have difficulties in the web of accountability is that they meet with people – children and families – for their safety and well-being. A respondent illustrates that "So many of the regulations are arbitrary and set only because someone at some time felt that a standard must be set to define activities. We deal with people not things and there is no exact science to helping people improve their lives."

This study of managing accountability from a caseworker experience has implications for how practitioners should act in the face of accountability requirements. Although practitioners have known what they should do to achieve better performance, knowledge of accountability has been an area that is rarely acknowledged as important for performance. Moreover, this study will offer implications for managers at the street-level about the importance of frontline bureaucrats' strategies for managing accountability in the social service delivery.

## Cross-References

▶ Performance Management
▶ Street-Level Bureaucracy

## References

Acar M, Guo C, Yang K (2008) Accountability when hierarchical authority is absent. Am Rev Public Adm 38(1):3–23

Casey Family Programs (2011) Ensuring safe, nurturing and permanent families for children: the role of accountability in child welfare finance reform. Casey Family Programs, Seattle

Cooper TL (1996) The paradox of responsibility: an enigma. Public Adm Rev 56(6):599–604

Friedrich CJ (1940) Public policy and the nature of administrative responsibility. In: Friedrich CJ, Mason E (eds) Public policy: a yearbook of the Graduate School of Public Administration, vol 1. Harvard University Press, Boston, pp 3–24

Hwang K (2016) Accountability practices in public child welfare services. Int J Public Adm 39(8):587–596

Hwang K, Han Y (2017) Public caseworkers' strategies coping with accountability demands. J Public Aff. https://doi.org/10.1002/pa.1669

Jackson M (2009) Responsibility versus accountability in the Friedrich-Finer debate. J Manag Hist 15(1):66–77

Kearns KP (1994) The strategic management of accountability in nonprofit organizations: an analytical framework. Public Adm Rev 54(2):185–192

Koppell JGS (2005) Pathologies of accountability: ICANN and the challenge of "multiple accountabilities disorder". Public Adm Rev 65(1):94–108

McDermott KA (2011) High-stakes reform: the politics of educational accountability. Georgetown University Press, Washington, DC

Mosher FC (1982) Democracy and the public service, 2nd edn. Oxford University Press, New York

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47(3):227–238

Simon HA (1997) Administrative behavior: a study of decision-making processes in administrative organizations, 4th edn. Free Press, New York

Stinchcombe AL (1959) Bureaucratic and craft administration of production: a comparative study. Adm Sci Q 4(2):168–187

Tetlock PE, Skitka L, Boettger R (1989) Social and cognitive strategies of coping with accountability: conformity, complexity, and bolstering. J Pers Soc Psychol 57:632–641

Weber RP (1990) Basic content analysis, vol 49. Sage, Thousand Oaks

F

# Functional Classification of National Accounts Systems in Korea

Jeong Seongho
Korea Public Finance Information Service, Seoul, Korea

## Synonyms

Classification of the functions of government; Function-specific expenditure

## Definition

The COFOG is a detailed classification of the functions that general government units seek to achieve through various expenditures.

## Introduction

The COFOG, produced by the Organization for Economic Cooperation and Development (OECD) and published together with three other classifications in the United Nations (UN) is a detailed classification of the functions or socio-economic objectives that general government units seek to achieve through various expenditures. It is one of a family of four classifications referred to as classifications of individual consumption, according to purpose (the Classification of Individual Consumption According to Purpose (COICOP); the Classification of the Purpose of Nonprofit Institutions Serving Households (COPNI); and the Classification of the Outlays of Producers According to Purpose (COPP)).

The South Korean government's Classification of the Functions of Government (COFOG) is grounded in the System of National Accounts (SNA) and Government Finance Statistics (GFS). In Korea, COFOG that is based on GFS only compiles total expenditures neither by divisions nor by groups, while COFOG based on SNA compiles functional expenditures by divisions. This study proposes the use of second-level COFOG data. Because of function-specific expenditure, this classification can contribute to expenditure efficiency. GFS-based classification may be beneficial to South Korea for the purposes of fiscal management and the comparison of government expenditures with other countries. Toward this end, the current budget framework (16 divisions, 69 groups) must be reorganized into a COFOG framework (10 divisions, 69 groups). The first-level COFOG data based on GFS should initially be compiled, and then the second-level COFOG data should be compiled from a long-term perspective.

## COFOG Framework

COFOG describes the classification of outlays according to the functions of general government units. It provides a classification of government expenditures by function that is useful to a wider variety of analytic applications. For example, they can be used to analyze the effectiveness of fiscal expenditures in divisions or groups. All expenditures of a particular function are aggregated into one category of COFOG, regardless of the economic nature of the expenditure. Also, COFOG is used for making international comparisons of the extent to which governments are involved in particular economic and social functions. For particular analyses, COFOG provides key aggregates as indicators (Jeong 2018; IMF 2014: paragraph 6.126~6.132).

As explained in Table 1, the specific classification system of the COFOG is as follows: the COFOG consists of 10 divisions, 69 groups, and 109 classes. The 10 divisions are as follows: general public services; defense; public order and safety; economic affairs; environmental protection; housing and community amenities; health care; recreation, culture, and religion; education; and social protection. These divisions are further broken down into 6–9 subdivisions (69 groups in total, second-level data).

The coverage of COFOG is a general government unit (central government, local government, and Social Security fund). COFOG-compiled standards vary from country to country (see Appendix Table 1). The standard is divided into

**Functional Classification of National Accounts Systems in Korea, Table 1** Classification of functions of government (COFOG) framework

| | | | |
|---|---|---|---|
| **7** | **Total expenditure** | **706** | **Housing and community amenities** |
| **701** | **General public services** | 7061 | Housing development |
| 7011 | Executive and legislative organs, financial and fiscal affairs, external affairs | 7062 | Community development |
| 7012 | Foreign economic aid | 7063 | Water supply |
| 7013 | General services | 7064 | Street lighting |
| 7014 | Basic research | 7065 | R & D Housing and community amenities |
| 7015 | R & D General public services | 7066 | Housing and community amenities n.e.c. |
| 7016 | General public services n.e.c. | **707** | **Health** |
| 7017 | Public debt transactions | 7071 | Medical products, appliances and equipment |
| 7018 | Transfers of a general character between different levels of government | 7072 | Outpatient services |
| **702** | **Defense** | 7073 | Hospital services |
| 7021 | Military defense | 7074 | Public health services |
| 7022 | Civil defense | 7075 | R & D Health |
| 7023 | Foreign military aid | 7076 | Health n.e.c. |
| 7024 | R & D Defense | **708** | **Recreation, culture and religion** |
| 7025 | Defense n.e.c. | 7081 | Recreational and sporting services |
| **703** | **Public order and safety** | 7082 | Cultural services |
| 7031 | Police services | 7083 | Broadcasting and publishing |
| 7032 | Fire protection services | 7084 | Religious and other community services |
| 7033 | Law courts | 7085 | R & D Recreation, culture and religion |
| 7034 | Prisons | 7086 | Recreation, culture and religion n.e.c. |
| 7035 | R & D Public order and safety | **709** | **Education** |
| 7036 | Public order and safety n.e.c. | 7091 | Preprimary and primary education |
| **704** | **Economic affairs** | 7092 | Secondary education |
| 7041 | General economic, commercial, and labor affairs | 7093 | Postsecondary nontertiary education |
| 7042 | Agriculture, forestry, fishing, and hunting | 7094 | Tertiary education |
| 7043 | Fuel and energy | 7095 | Education not definable by level |
| 7044 | Mining, manufacturing, and construction | 7096 | Subsidiary services to education |
| 7045 | Transport | 7097 | R & D Education |
| 7046 | Communication | 7098 | Education n.e.c. |
| 7047 | Other industries | **710** | **Social protection** |
| 7048 | R & D Economic affairs | 7101 | Sickness and disability |
| 7049 | Economic affairs n.e.c. | 7102 | Old age |
| **705** | **Environmental protection** | 7103 | Survivors |
| 7051 | Waste management | 7104 | Family and children |
| 7052 | Waste water management | 7105 | Unemployment |
| 7053 | Pollution abatement | 7106 | Housing |
| 7054 | Protection of biodiversity and landscape | 7107 | Social exclusion n.e.c. |
| 7055 | R & D Environmental protection | 7108 | R & D Social protection |
| 7056 | Environmental protection n.e.c | 7109 | Social protection n.e.c. |

Source: IMF (2014). GFSM 2014, p.143, see detail Chapter 6, annex
Note: R&D, research and development; n.e.c., not elsewhere classified

GFS-based standards, compiled by the government (primarily the central budget office), and the SNA-based standards, compiled by the Central Bank (e.g., the Bank of Korea). However, the criteria employ the same UN COFOG. Most countries only compile first-level COFOG data (by division) for GFS and SNA standards. On the other hand, EU countries and some other countries compile both first- and second-level COFOG data. EU countries are compiling first- and second-level data (groups) of GFS and SNA standards. In particular, EU countries use second-level COFOG data to compare fiscal expenditures and to monitor the directions of fiscal policy across countries. EU countries established the European Central Bank, agreed on by the Maastricht Treaty (Dec., 1991) and based on the Delors Commission's report, and founded the European Monetary Union as well as introducing the euro as unit of currency in an EU summit in Madrid (Dec., 1995). Also, EU countries provided a manual for using government finance statistics based on standard of unity, through which they monitor the state of finances between countries (Eurostat 2011). In particular, EU countries compare and analyze government expenditures across nations using first- and second-level COFOG data (Eurostat 2014).

In Korea, the GFS-based COFOG (organized by the Ministry of Strategy and Finance) compiles only total expenditures (7), and the SNA-based COFOG (organized by the Bank of Korea) compiles first-level COFOG data (by divisions, 701–710). South Korea did not report GFS-based COFOG data for FY2014. Fortunately, the Korean government reported total expenditure from FY2015. The reason is that South Korea made government financial statements based on the accrual basis from FY2011, but it was concerned about problems with consistency when compiling COFOG data (Jeong 2015, 2017).

## Why?

The COFOG data is composed of first- and second- level data (although there is also third-level data, which is not addressed here). The first-level COFOG data can be used to monitor function-specific expenditures by general government units. However, the second-level COFOG data can monitor the first-level subcategory data in more detail. As mentioned above, EU countries are monitoring fiscal expenditures by using the second-level COFOG data in addition to the first-level COFOG data. That is, second-level COFOG data is utilized as a mechanism for monitoring fiscal conditions between countries (Eurostat 2014).

As mentioned above, the Korean government reports only total expenditures (7) of GFS-based COFOG data and first-level data (701–710) of SNA-based COFOG data. This study proposes first-level COFOG data compilation at the general government unit (GFS standard) and also suggests second-level COFOG data compilation from a long-term perspective (including GFS- and SNA-based COFOG). Let's discuss this further because the argument of the COFOG compilation is directly related to the budget and settlement framework. The current Korean budget framework consists of 16 divisions (69 groups), benchmarking COFOG (14 divisions) on a cash basis GFSM 1986 (IMF 1986). The budget framework, which comprises 16 divisions, including the budget system and the settlement system, differs from the mid-term expenditure framework (hereafter MTEF) and budget plan (bill), which consist of 12 divisions. Therefore, 12 divisions and 16 divisions do not precisely match, and the total expenditure by function is also inconsistent. South Korea is compiling first-level COFOG data manually based on the budget framework (16 divisions), reporting only total expenditures in the case of IMF. Currently, GFSM 2001 is being used, and GFSM 2014 is in the pipeline.

After experiencing the IMF crisis, Korea pursued fiscal reforms, referred to as the 3 + 1 fiscal reforms (MTEF, top-down budgeting, performance-oriented budgeting, digital budget, and accounting system). These fiscal reforms played a major role in raising the sustainability of public finance. However, due to the lack of linkage between fiscal systems, the expected

effect of fiscal reform has been somewhat halted (Jeong and Kang 2019). In particular, the inadequacy of the linkage between fiscal systems remains an external reform, representing practices that are not significantly different from those of the past. For example, MTEF is low in effectiveness and consistency. Top-down budgeting is not significantly different from the traditional bottom-up approach. Performance-based budgeting has become a means for budget cuts rather than performance evaluations (Jeong and Kang 2019). The MTEF is not compulsory, and top-down budgeting is limited to formal and perfunctory autonomous budgeting by ministries and agencies. Also, the performance-oriented budget is simply employed as a method for cutting exaggerated budget requests (Jeong and Kang 2019).

Furthermore, despite fiscal reforms, the MTEF and the budget plan still utilizes 12 divisions, and the budget and settlement framework utilizes 16 divisions. Because the existing budget framework is utilized, 16 divisions are valid. The mismatch of the budget framework limits the expenditure ceiling, which is the basis of sustainable fiscal management: that is, the amount of departmental expenditures. In particular, the link between the MTEF and the top-down budgeting system is limited. Recently, the government has employed a spending review mechanism to allocate the budget. However, it is doubtful whether expenditure efficiencies such as spending reviews are possible under the current budget system. This is because the current budget framework doesn't allow for spending review. The performance-based budget has likewise been criticized for its lack of performance. More specifically, the performance report based on the performance goal management system (hereafter PGMS) has been criticized as a soulless financial statement (Jeong 2017; Jeong and Kang 2019). The priority in budget plans (bill) and MTEF should not be changed in a broader view, although it is just a rolling plan. MTEF should not remain as a map plan because it is a foundation of fiscal operations.

Fortunately, beginning in 2018, the government abolished meta-valuation and introduced core program assessments to strengthen autonomy and accountability in line ministries. The introduction of core program assessments may contribute to a certain degree of soundness. However, the effects cannot be realized unless they address the linkage constraints between the fiscal systems discussed so far. This study suggests the use of the COFOG system (first- and second-level COFOG data) from an alternative viewpoint. This is because the COFOG system is a suitable solution to the problem of linkage between fiscal systems (e.g., MTEF, top-down budgeting, performance-based budgeting), and as a coordinator of the segmental (structural) problems with the budget system and the settlement system. In addition to this, the linkage between digital budget and the accounting system (hereafter DBAS, sometimes called the "digital Brain" or "dBrain"), which was established for supporting fiscal reform, and the linkage between fiscal reform and DBAS is essential. The DBAS should not be used just as a means for expanding the budget.

## What and How?

The basic structure of COFOG is expenditure by function, not by department. The Korean government must establish the following agenda. First, the government should set expenditure ceilings for each function (beyond the department) and set departmental expenditure limits (hereafter DELs) for each department at their current status. The order should clarify the total expenditures of the MTEF, and it should then establish the functional limits and the DELs in the budget process. It is necessary to break away from the existing exclusive department-oriented budgeting system. In addition, the budgeting system should be changed to the functional expenditure structure, which should then be employed as basic data for spending reviews and linked with performance management. Further, it should be embodied in an integrated financial management information system (IFMIS) that supports these systems. The argument for supporting this is based upon the reform of the budgeting framework (16 divisions)

to be consistent with the COFOG framework (10 divisions).

1. Linking Functional Expenditure Limits with DELs

   The Korean government sets a DELs based on MTEF and top-down budgeting. The line ministry is budgeted based on the DELs. The DELs are limited to monitoring similar duplications of spending by function. Therefore, the budget allocation should keep the DELs consistent, and the budget authority should set an expenditure ceiling for each function. However, the current budget framework doesn't coincide precisely (12 divisions in the budget plan (bill) and 16 divisions in the budget system). Firstly, it is necessary to harmonize the field of financial expenditures (divisions) (Jeong 2018).
2. Linking Spending Review with Strategic Review, etc.

   A spending review (including a strategic review) is possible only if the spending structure by function is clear. As previously explained, the divisions of the budget bill are limited due to the inconsistency between the divisions of the budget and the settlement framework. Even if the spending review is completed, it is only a budget allocation between functions in a large budget framework. In other words, it cannot be clarified to what degree the efficiency of expenditures through spending review is due to the inconsistency in the budget framework. It is important to clarify function-specific expenditure limits while maintaining the DELs. The expenditure limits for each function can be monitored for duplication, overlap, and fragmentation, whereas DELs represent an impossible structure that cannot be accurately monitored. In other words, it is necessary to clarify the expenditure ceiling set by function in order to make a spending review.
3. Linking Performance Management

   The Korean government has been pursuing performance management through introducing a performance-oriented budget system. In particular, line ministries should report performance plans and reports based on the PGMS. The government has introduced self-assessment (self-assessment, meta-evaluation) of the financial program and has benchmarked the US Program Assessment Rating Tool (PART) and conducted an in-depth evaluation (Jeong and Kang 2019). Since 2018, it has introduced a core program assessment (abolishing meta-evaluation) to strengthen the autonomy and accountability of line ministries. Performance management presupposes feedback regarding the budget based on financial statements. Current performance management is problematic due to limitations in the budget and settlement framework (16 divisions) and the budget formulation (12 divisions), although there are problems related to feedback between the budget and settlement systems (69 groups in 16 divisions). In other words, there is a constraint on the linkage between the budget and the settlement systems, but the problem is managed separately from the fiscal mechanism and the budget system, as well as the MTEF. Therefore, the feedback about the budget based on the performance evaluation should be linked to function-specific expenditure limits, the DELs, and the MTEF.
4. Linking the Integrated Financial Management Information System (IFMIS)

   Korea's IFMIS is a DBAS. The DBAS was built with the purpose of supporting fiscal reform. It is globally renowned for winning the 2013 UN Public Service Awards. However, it is necessary to seriously consider whether it is systematically linked to the changed fiscal system. Building an IFMIS does not guarantee accountability or transparency. Fiscal systems and the IFMIS should be recognized as one process and should operate in conjunction with one another. Therefore, it is necessary to support new fiscal reforms (including existing fiscal systems), and it is also necessary to utilize various forms of logic to accomplish this.

In the current DBAS, the budget and settlement framework logic operates relatively well, but it is somewhat limited in terms of working in conjunction with the fiscal system in a large framework.

## Expectation of the COFOG

Sustainable fiscal management is a prerequisite as long as the state continues. Most countries are using the DELs and the function-specific expenditure limits for soundness. Functional expenditure management alternatives include function-specific expenditure classification (COFOG). Therefore, the Korean government must explore various alternatives from the viewpoint of functional expenditure management. The expected effects of utilizing the COFOG framework are as follows. First, it is possible to manage spending by function as well as DELs. Functional expenditure management can be monitored for duplication, overlap, fragmentation, and inefficient management expenditures in the government unit. Second, it can effectively support a spending review as well as a strategic review. Currently, spending reviews are limited in the form of spending structure by department, and it is more suitable for a spending review in a functional classified COFOG. Third, it can be applied to the management of fiscal soundness based on functional expenditures. Functional expenditures by general government units can be used for comparative analysis of soundness between countries. Fourth, it is easy to compile government finance statistics. The Korean government involves additional costs (due to manual work) in compiling the COFOG. Fifth, efficient financial management is possible through the linkage of IFMIS with all budget processes (e.g., life-cycle management). In particular, budgetary processes, budgets, and settlement systems as well as government finance statistics should be fully linked in the IFMIS (Jeong and Oh 2019).

## Conclusion

This study explores assuming the utilization of the COFOG. First, it supports the utilization of divisions and groups of the COFOG (see Table 1). We recommend that first-level data be initially utilized, and that second-level data be utilized from a long-term perspective. This is meaningful because it allows for the accurate monitoring of function-specific expenditures of the general government. It is necessary to reform the government budgeting framework to an international standard (COFOG). In addition, this study supports the concept of connecting the budget and settlement framework. These changes can achieve the expected effects when linked with functional spending management, expenditure reviews (including spending reviews), performance management, and the IFMIS. The use of the COFOG framework for sustainable fiscal management should take precedence over anything else.

## Appendix

**Functional Classification of National Accounts Systems in Korea, Table 1** Utilization of COFOG

| | GFS-based COFOG | | SNA-based COFOG | | |
|---|---|---|---|---|---|
| | First level data | Second level data | First level data | Second level data | EU Members |
| Australia | A■, only T | n/a | A■, All | A■, All | |
| Austria | A■, All | A■, S | A■, All | A■, All | O |
| Belgium | A■, All | A■, S | A■, All | A■, All | O |
| Canada | n/a | n/a | n/a | n/a | |
| Chile | B■, All | B■, S | A■, All | n/a | |

(continued)

**Functional Classification of National Accounts Systems in Korea, Table 1** (continued)

| | GFS-based COFOG | | SNA-based COFOG | | |
|---|---|---|---|---|---|
| | First level data | Second level data | First level data | Second level data | EU Members |
| Czech Republic | A■, All | A■, S | A■, All | A■, All | O |
| Denmark | A■, All | A■, S | A■, All | A■, All | O |
| Estonia | A■, All | A■, S | A■, All | A■, All | O |
| Finland | A■, All | A■, S | A■, All | A■, All | O |
| France | A■, All | A■, S | A■, All | A■, All | O |
| Germany | A■, All | A■, S | A■, All | A■, All | O |
| Greece | A■, All | A■, S | A■, All | A■, All | O |
| Hungary | A■, All | A■, S | A■, All | A■, All | O |
| Iceland | A■, All | A■, S | A■, All | A■, All | |
| Ireland | A■, All | A■, S | A■, All | A■, All | O |
| Israel | A■, All | A■, S | A■, All | A■, All | |
| Italy | A■, All | A■, S | A■, All | A■, All | O |
| Japan | A■, All | A■, S | A■, All | A■, T | |
| Korea | A■, only T | n/a | A■, All | n/a | |
| Latvia | A■, All | A■, S | A■, All | A■, All | O |
| Luxembourg | A■, only T; B■, All | B■, S | A■, All | A■, All | O |
| Mexico | A■, All | A■, S | n/a | n/a | |
| Netherlands | A■, All | A■, S | A■, All | A■, All | O |
| New Zealand | A■, All | A■, S | n/a | n/a | |
| Norway | A■, All | A■, S | A■, All | A■, All | |
| Poland | A■, All | A■, S | A■, All | A■, All | O |
| Portugal | A■, All | A■, S | A■, All | A■, All | O |
| Slovak Republic | A■, All | A■, S | A■, All | A■, All | O |
| Slovenia | A■, All | A■, S | A■, All | A■, All | O |
| Spain | A■, All | A■, S | A■, All | A■, All | O |
| Sweden | A■, All | A■, S | A■, All | A■, All | O |
| Switzerland | A■, All | A■, S | n/a | n/a | |
| Turkey | A■, All | A■, S | n/a | n/a | |
| United Kingdom | A■, All | A■, S | A■, All | A■, All | O |
| United States | A■, All | A■, S | A■, All | n/a | |

Source: author draw up excerpt IMF (2017). GFS Yearbook 2016
Note: A■, General government; B■, Central government; T, Total expenditure; All, All; S, Some expenditure

## References


Eurostat (2011) Manual on sources and methods for the compilation of COFOG statistics. Working papers. European Commission

Eurostat (2014) EU-27 Government expenditure on economic affairs stable at 4.1% of GDP in 2012 compared with 2011. Statistics in Focus, 6/2014. European Commission

International Monetary Fund (1986) Government finance statistics manual 1986. Washington, D.C

International Monetary Fund (2001) Government finance statistics manual 2001. Washington, D.C

International Monetary Fund (2014) Government finance statistics manual 2014. Washington, D.C

International Monetary Fund (2017) Government finance statistics yearbook 2016. Washington, D.C

Jeong SH (2015) Proposal for the official creation and utilization of classification of function of government. Public Financ Forum 244:31–59

Jeong SH (2017) Strengthening the accountability of government accounting information: a focus on national financial statements. Korean Comp Gov Rev 21(3):81–110

Jeong SH (2018) A new COFOG for South Korea. Public Money Manage 38(7):535–538

Jeong SH, Kang SH (2019) Fiscal reform in South Korea: looking back and moving forward. Public Money Manage 39(6):450–453
Jeong SH, Oh YM (2019) Lessons and recommendations from South Korea's experiences with integrated financial management information systems. Public Money Manage. https://doi.org/10.1080/09540962.2019.1598201

## Fund Accounting

Aldo Pavan and Paola Paglietti
Department of Economics and Business Administration, University of Cagliari, Cagliari, Italy

### Synonyms

Besta's accounting theory; GASB's standards; Nonbusiness accounting

### Definition

Fund accounting is a practice that shows preliminary and final accounts of a single organization divided into diverse self-balancing accounts systems related to various activities or organizational units.

### Introduction

Fund accounting is an almost universal practice, particularly used in the public sector of Anglo-Saxon countries. It shows preliminary and final accounts of a single organization divided into diverse self-balancing accounts systems related to various activities or organizational units. The fund concept had been in use in Italy for centuries, particularly in nonbusiness organizations, as revealed by the early authors Angelo Pietra (1550–1590), Lodovico Flori (1579–1647), and Fabio Besta (1845–1922). According to them, the fund can express the entire or partial wealth of an organization, and this is anyhow the subject of a single set of accounts; thus, we have as many sets of accounts needed as there are. With reference to his time, Besta asserts that accounting in modern states is based on the principles of the money custody separation from the power of disposal, as well as the unity of the treasure; the second then gave rise to the uniqueness of the budget and final accounts. The fund accounting practice is then considered to be outdated; it should perhaps be taken into consideration as being more effective in preventing the natural growth of spending. According to Anthony (1980), until the 1920s, nonbusiness accounting was approximately the same as business accounting. In the 1920s, nonbusiness organizations became enamored of the fund accounting practice, and this led to the schism that has subsequently stated. Within approximately 40 years, the considered practice seems to have moved from one country to another. The analysis of contemporary accounting practice benefits from the comparison with the early Italian one. As a matter of fact, fund accounting aim and scope seem to have evolved from the second case to the first in line with the environment's complexity (Pavan et al. 2017).

### Fund Accounting in US GAAP for Governments

The fund accounting practice is founded on the belief that the enactment of only one accounting system is inadequate when dealing with very large organizations, such as central states. The establishment of specific funds can be free or required by law. In the second case, reporting entities with independent accounting systems are defined in terms of identified information needs. It follows that any organization may establish a variable number of funds on the basis of the information considered to be of use; consequently, the whole administration is divided into corresponding self-balancing sets of accounts. Referring to the United Kingdom, Jones and Pendlebury (2000) present a local authority whose accounting system is divided into a general fund, a municipal housing fund, and a fund for the trust management of bequests and donations. The general fund is

related to wide-ranging operations and to everything that does not fit into other funds. Every fund has its assets and liabilities, as well as its operating income and expenses. Revenues pertaining to the general fund come from taxation and governmental assignments without specific purpose, the housing ones from rents and specific grants. A transfer from the general to the housing fund, for instance, is a burden for the former and a gain for the latter. A fund can be related to an organizational unit or to a wealth finalized to a specific intent.

The fund accounting technique shows an unprecedented development in the USA; its theoretical basis is deep-rooted in the thought of William Joseph Vatter (1947). The fund concept includes the segregation of assets for given purposes, the operations, and the service potentials that pertain to those assets. The emphasis of establishing funds is upon the definition of areas of operation, not upon the legal personality. Two reasons are given in support of fund accounting: the inadequacy of business principles for nonprofit organizations and the need to ensure compliance to restrictions that characterize the public sector administration. This technique was considered by its critics to be a useful tool for internal control purposes, but unable to provide a general overview of the financial position (Anthony 1980). Accounting standards for the US public sector are currently issued by the Governmental Standard Board, GASB, which is continuing the work of the previous National Council on Governmental Accounting, NCGA. The first collection of accounting principles for municipalities was published in 1934. The Generally Accepted Accounting Principles (GAAP) for Governments are addressed to states and local governments, various public authorities, and so on. Although not directly applicable, they also form the foundation on which standards for the federal level are defined (Tierney et al. 2007).

The Concept Statement 1, Objectives of Financial Reporting (GASBCS 1), issued by the GASB in 1987, deals with public environment features, public report users, and purposes. Public environment is characterized by electoral representation, so that the government has its ultimate foundation in the citizenry choice. The relationships between the services rendered and their financing are unfamiliar for those who usually deal with business enterprises, in that the former are based on taxation and are not directly related to the second. In the political process, citizens would like to maximize the received services and minimize tax levying. These conflicts are handled by politicians whose relatively short terms in public office encourage the use of short-term solutions to long-term problems. In particular, they have an interest in providing services immediately and postponing or deferring payment of any expenses incurred. For this reason, it is appropriate that the accounts show clearly whether the running costs are funded with nonrecurring income or long-term debt. In this context, the use of fund accounting, mandated by law or voluntary, is grounded in the need to control the use of resources and to inform the users of financial statements.

The GASBCS 1 identifies three groups of users of financial statements: (1) the citizenry – who are at the same time taxpayers, voters, and service recipients – media, advocacy groups, and public finance researchers; (2) members of elected assemblies, officials of the executive, and oversight bodies; and (3) investors, lenders, rating agencies, and financial institutions. The role of citizens and elected assemblies is obviously very peculiar when we compare the public with the business environment; this has relevant implications with the reporting process that is heavily affected by the needs of the users. Due to the peculiar relationships between public organizations and the citizenry, financial reporting in the public sector is heavily characterized by the accountability and interperiod equity concepts. The former is strictly related to the right to information that citizens have as voters and taxpayers; it is the leading tool towards efficient and effective operations. The GASBCS 1 describes accountability as the cornerstone of all reporting government activities which have to justify the use of resources. The second indicates that the current generation of citizens should not be able to shift the burden of paying for current-year services to future-year tax-payers. Yet the particular relationship with the public requires that the information

provided by the statements be easily understandable and useful.

The GASB Statement 14 is entitled "The financial reporting entity" (1991). The starting point to identify those that have to give an account is the legal entity. State and local governments exist by themselves, but very often they establish autonomous business units with which they have relationships not necessarily based on shareholding. This makes it clear that the fundamental concept is accountability: the elected officials are accountable to citizens for operations carried out by the government and the connected component units. The report users should be able to distinguish between the results of the two. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (Ruppel 2013).

The definition of fund accounting dates back to the NGCA Statement 1. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The fund is therefore a separate accounting entity, which does not express an independent legal organization, but is used only for accounting and reporting. It is the subject of a self-balancing set of accounts, which ends with the final state of the fund – balance sheet – and an account of fund changes – operating statement. The balance sheet does not always present all the usual items typically present in private sector business financial statements. As we will see in more detail later, when dealing with governmental funds we do not find both fixed or capital assets and long-term debts. The difference between assets and liabilities is the fund balance.

Fund accounting implements the wealth segregation according to different wealth purposes, so as to allow better control over the collection and proper use of resources. It is an opinion that in this way it is possible to minimize the risk of overspending and unclear information. According to these principles, in the past different bank accounts were used, but this practice is considered no longer compatible with the complexity of contemporary administration. We have already said that fund accounting can be free or mandatory, according to laws or regulations related to specific resources: organizations can have few or many funds, depending on their information sensitivity or control needs. American public sector organizations have been characterized by huge fragmentation and a lack of overall vision for a long time. Thus, in 1999 the GASB Statement no. 34, GASBS 34, was issued; the fund accounting general approach having been confirmed, it gives an overall picture that is now secured in the government-wide financial statement.

Funds are classified into three major groups: (1) governmental funds, (2) commercial funds, that is, proprietary or business-type funds, and (3) fiduciary funds. Regarding the former, the general fund is unique to each administration as it holds resources for the general business and, as a residual, all those who have no specific destination. Special revenue funds pertain to distinctive purpose resources; very often they come from the federal or state level of government. Proprietary funds relate to publicly owned enterprises or to internal service activities. Fiduciary funds pertain to resources that are administered on behalf of third parties, such as those relating to the social security treatment of employees.

The United States fund accounting is founded on two main recognition criteria: the basis of accounting and the measurement focus. The former refers to when a transaction is detected. The modified accrual basis of accounting is a criterion intermediate between the cash and the accrual ones and is of great relevance for the present analysis. It is peculiar to the governmental activity and its features. Its main characteristic is that revenues are recorded when they are susceptible to accrual, that is, when they are both measurable

and available to face current outflows. The measurement focus concept, connected to the modified accrual basis of accounting, is related to the flow of current financial resources. The balance-sheet of governmental funds typically exposes the currency available in the near future, which means cash, receivables, inventories, prepaid items, payables, deferred revenues for payments received for future tax levying; as we already said, we do not find fixed assets and long-term liabilities. The operating statement discloses variations in every item of the fund; revenues are made up of increases of net-assets available to spend, expenses by decreases. It is noteworthy here that the purchase of a capital asset diminishes currency, while a new long-term debt increases it. Proprietary funds are accounted according to the accrual concept; the measurement focus is on the flow of economic resources. The accrual basis of accounting and the related flow of economic resources are used in the government-wide and business-type financial statements. The modified accrual basis and the related flow of current financial resources are used in governmental funds.

## The Fund Concept and Its Accounting in the Italian Tradition

Fund accounting is particularly used in the USA, the today most powerful state in the world; its setting is politically and economically advanced; public sector organizations are large and complex. American governments have to face domestic pressure for transparency and involvement – accountability – and external pressure, both competitive and military. The available technical tools are made by the most sophisticated telematics technologies. The fund accounting concept was well known and the practice in use in Italy, starting from the Middle Ages and the Renaissance until the beginning of the twentieth century. The economic world was characterized by a slow economic development, small business enterprises, early municipalities, monasteries, and the different administrations of the Italian states. Available technology was elementary and accounting records were kept by hand. Investigating the Italian early practice can shed light on the American present one and help in understanding its motivations and rationale.

The Italian history of accounting is mainly connected with that of the monasteries, located at that time throughout Europe. In fact, if Luca Pacioli (1445–1517) was a Franciscan friar, the major Italian authors of later centuries were also religious: Angelo Pietra a Benedictine and Lodovico Flori a Jesuit. For centuries monasteries were centers of spirituality and culture; they also had to meet the needs of large communities of religious citizens and to manage their vast estates and related agricultural production. Unlike what usually happened in small businesses in the Middle Ages and the Renaissance, where the owner was at once the administrator, Angelo Pietra faces the problem of how to control organizations not based on single or few persons and to give account to superiors. The book *Address of Bursars* – in Italian *Indirizzo degli Economi* (1586) – has an educational aim; in it Pietra describes the kind of Double Book named *Noble Book* – in Italian *Libro Nobile* – only used by those living from their annuities and namely by monasteries. Finally, he also proposes the extension of the described accounting system to a public entity, such as the Duchy of Mantua. Three inventories have to be used; the first is focused on real estate and related herds; the second on movable property and its consignees; the last one on notes, namely, cash, receivables, payables, and goods in stock. Just the inventory of notes is dealt with in the *Noble Book*; in other words, the subject of the double-entry accounting system is the working capital. Conversely, movable and immovable property are not recorded at all in that book.

Lodovico Flori explicitly continues the work of Pietra; similarly to the latter, he turns his attention to the administration of the religious establishments and, more precisely, to the houses and colleges of the Society of Jesus in the Kingdom of Sicily. In his Treaty of how to take the home book with its sample – in Italian *Trattato del modo di tenere il libro doppio domestico col. suo esemplare* (1636) – he states that the overall goal of the accounting practice is to see how our affairs are and to give an account of them. Flori focuses on the noble book whose upkeep is the responsibility of the bursar father. The latter updates the

ledger monthly, drawing on the daily entries from the journal. Following Pietra's example, Flori proposes an incomplete accounting system, whose subject matter is made up only of the working capital, and where the fixed capital is not taken into account.

Besta develops his accounting thinking at the end of the nineteenth century. He spent most of his life in Venice, between his academic chair and the archives of the Most Serene Republic. He studied the early accounting books, as of the end of the fourteenth century, relating to both public and private organizations and investigated their evolution.

Fabio Besta's argument builds on the whole entity concept – or organization, in Italian: *azienda* – that is defined as the sum of phenomena, businesses, or relationships to be managed, connected to an amount of capital that stands alone, or to a single person, or to a family or to any kind of associations, or even only a separate category of those phenomena, businesses, or relationships. With regard to the theory of accounts, an entity is viewed as a wealth to be managed; the self-balancing set of accounts has firstly to disclose the status of this wealth and its variations deriving from operations related both to market exchanges and internal production processes (Besta 1922, vol. I, II).

The fund concept has a historical foundation as the most serious concern of the honest rulers of the public finances, at all times, was to get that the funds were never lacking to pay the costs, which were considered more relevant for the dignity, honor, and the welfare of the state. And it seemed that the best way to achieve this intent was to constrain to each of such payments the funds from certain annuities or taxes; this was achieved by guarding those funds in separate cases (Besta 1880). In the Republic of Venice, each case was assigned to an official; payments were authorized even taking into account the expected revenue for the related funding; specific estimates and final accounts were thus kept. It was observed that the large amount of records and checks that they needed was a source of confusion; thus, the Senate ruled in 1724 to study ways, if possible, of reducing to one the many cases relating to public finances. The resolution was not performed due to the Venetian government's fears of a great accumulation of authority in the hands of a single official.

Besta defines the fund as a complex subject of a system of accounts. In fact, there are many accounting systems; in each of them its complex subject can be regarded as a fund, in its general meaning. When the fund is the whole wealth of the entity, he speaks about a comprehensive set of accounts; when the fund is a part of that wealth, the set of accounts is incomplete. Such a fund can always be viewed as being made up by elements, one or more, that can be just assets or just liabilities or partially assets and partially liabilities (Besta 1922, vol. II).

As an entity is a sum of phenomena, but also solely a separate category of those phenomena, its wealth can be regarded as a whole or in its parts. The fund is thus defined as the set of items of the whole wealth of the organization or of a part of it. The modern reader could be surprised when considering that the author continues by asserting that entities that do not have comprehensive accounting systems are much more numerous. In this case, it is possible to talk about incomplete or partial equity systems that can have a diverse nature and extent. An entity can have just one of them or several at the same time. In general terms, the subject of the set of accounts is the whole wealth; when the organization runs a few incomplete systems, the whole capital fund has to be split up into many segregated funds. This action is framed by the author in a broader technique called differentiation of the accounting systems, by which a complex system is divided into two or more having a lesser extent. In this way, it is possible to have a better understanding of the changing of wealth as a management base. Differentiation of accounting systems means to divide a complex system into two or more of a lesser extent; such a division is advisable whenever the fund can be divided into two or more funds, each of which has a separate operation, and it is opined that the segregation of the sets of accounts can give to management faster and more reliable information on each fund and related operation. Differentiation of accounting systems is very common when the central state, large municipalities, the greatest public bodies, and

some big private enterprises establish new distinct businesses or autonomous enterprises that utilize separate sets of accounts. An interesting class of incomplete accounting records ignores the fixed asset value, for example, farms and homes; it opens accounts just for money or even stocks, receivables, and payables. Examples of this type, related to the so-called changeable or working capital, are proposed by Besta explicitly working on previous accounting theories by Pietra and Flori. While it is always possible to decompose a given self-balancing set of accounts into two or more smaller systems also self-balancing, it is also possible to put in place the reverse, called integration. In fact, one could consider it appropriate to merge two or more incomplete sets of accounts that are similar into just one.

## Conclusion

The Italian early tradition helps in explaining the present American fund accounting practice. The first has developed over a period of about four centuries, from the late fifteenth to the late 1800s. GAAP for Governments has continued to evolve and to be implemented. The identified concepts and techniques are so close as to be considered variants of the same idea; they can be considered as part of an evolutionary perspective. Similarities in conceptual categories coexist with very dissimilar environmental features. The economy of the fifteenth to the early twentieth centuries is characterized by slow development; public and nonbusiness entities are small in size and operate simple economic activities; accounting is oriented towards internal control and accountability to superiors. The highly developed US society requires information and transparency; fund accounting advances for both internal control and external, democratic, accountability purposes. In Italian tradition, fund accounting is useful for management and control purposes, in GAAP standards also, and maybe especially, for reasons related to accountability towards citizens. We can say that in both the US and Italian cases, the ideas and techniques specifically under consideration are very similar but do not overlap.

Primarily the definitions and scope of the "organization" and of the "reporting entity" are analogous but not identical. And yet, in both cases, a need for an entity emerge, to which it is possible to relate a wealth, a set of operations, a management, and reporting activity. Besta's notion of a "changeable" fund is of special interest: the subject of the set of accounts is what we now call the "net working capital"; this concept was already presented in the sixteenth and seventeenth century by Pietra and Flori. Reasonably, control needs in monasteries were not connected with properties and other fixed assets, while they did not make use of long-term liabilities. Looking at US governmental activities, only the changeable part of the wealth is focused on; in business activities, all the entity's wealth is under observation. GAAP for Governments deal particularly with the recognition of revenues deriving from tax levying. This is a very peculiar topic, unknown in the business world and not dealt with by the Italian authors. GASB's standards define later the "measurement focus" concept and apply it to the "accrual" and "modified accrual" environments. The dynamic notions of economic resources flow, in the first case, and flow of current financial resources in the second, can be related to those of complete and changeable funds and their variations. Despite the significant difference in the recognition of revenues, the North American relationships between assets and liabilities of the current period seem to be very similar in its own essence to the changeable fund described by Besta as typical of the previous Italian accounting tradition.

In light of the above observation, the fund accounting practices of the Italian tradition and the contemporary US public sector ones show surprising similarities. They may have been formed in a completely unconnected way, in response to similar needs to curb the increase in spending and to protect the entity's wealth. In the US case, concepts and techniques have evolved, according to different environment features. We cannot even exclude, however, that there could have been a historical continuity between the early Italian and the present North American practices. Bearing in mind that double-entry

bookkeeping originated primarily in Italy and later spread all over the world, a historical relationship could have been occurring mainly through the accounting routine, but also via the international circulation of the works by Pietra, Flori, and Besta, or their summaries and other works in different languages which got lost.

## References


Anthony RN (1980) Making sense of nonbusiness accounting. Harv Bus Rev 58:83–93

Besta F (1880) Prolusione letta nella solenne apertura degli studi per l'anno scolastico 1880–81 alla R. Scuola Superiore di Commercio in Venezia. Tipografia dell'Istituto Colletti, Venezia

Besta F (1922) La Ragioneria, vol I, II, III, ristampa della 2° edizione. Vallardi, Milano

Flori L (1636) Trattato del modo di tenere il libro doppio domestico col suo esemplare. Decio Cirillo, Palermo

Jones R, Pendlebury M (2000) Public sector accounting. Pearson, Harlow

Pavan A, Dessalvi B, Paglietti P (2017) Fund accounting from the Italian early tradition to the U.S. GAAP for governments. Intern. J Public Adm. https://doi.org/10.1080/01900692.2017.1298608

Pietra A (1586) Indirizzo degli economi. Francesco Osanna, Mantova

Ruppel W (2013) GAAP for governments. Wiley, New York

Tierney CE, Kearney EF, Fernandez R, Green JW (2007) Federal accounting handbook. In: Policies, standards, procedures, practices. Wiley, New York

Vatter WJ (1947) The fund theory of accounting and its implications for financial reports. University of Chicago, Chicago


# Future of Public Administration and Law


Arthur M. Simon and Michael E. Milakovich
Department of Political Science, University of Miami, Coral Gables, FL, USA


## Synonyms

Administration – management; Legislation – act, law, statute; Rule – regulation

## Definition

Administrative law: A body of law pertaining to powers and controls on powers that may be exercised by public agencies.
Administrative state: A term referring generally to the aggregation of all public agencies.
De novo: A Latin term meaning "from the beginning" or "anew."
Public administration: All processes, organizations, and individuals acting in official positions to carry out laws or other rules adopted or issued by legislative bodies, executives or the courts.
Public agency: Any department, bureau, office, authority, board, commission or other similar body in the executive branch of government.
Red states: A popular term referring to those American states which are dominated, politically, by Republican voters.
Ultra vires: A Latin term meaning "beyond the power."

## Introduction

The growth of the practice of public administration in the United States has been nurtured by the enactment of many new government regulations and the creation of a massive administrative state to enforce them. Administrative law seeks to define the powers, limitations, and procedures of public administrators and government agencies. Currently, the emergence and importance of administrative law can best be understood as a political and judicial response to widespread public concerns about the enlarged power and pervasiveness of the modern administrative state and, in particular, the regulatory reach of many (federal and state) government agencies. As such, government regulation, public administration, and administrative law are inextricably interrelated.

In the foreseeable future, compelling political pressures may result in more government regulations (in such contentious areas as immigration policy, energy sufficiency, climate change, financial industry regulation, gun control, or environmental protection, just to name a few) and therefore a consequential expansion of the

administrative state. However, at the same time, conflicting political pressures for more restraint on regulatory policies and procedures may trigger important new developments in administrative law.

## Public Administration and Regulation

The term administrative agency refers to any government department, bureau, office, authority, board, or commission (Milakovich and Gordon 2013). Typically, enabling legislation creates the agency, specifies its jurisdiction, and authorizes it to promulgate rules and regulations that have the same force and effect as statutory laws (Cann 2006).

Some enabling statutes are very detailed, thus leaving the agency little latitude for regulatory discretion. However, others simply set forth the general policy that congress wants implemented, and the agency is given omnibus power to fill in the details with administrative rules. For example, the Occupational Safety and Health Act of 1970 (Public Law (PL) 91-596) delegated broad authority to the Secretary of Labor to "adopt or use" standards "reasonably necessary or appropriate to provide safe or healthful employment and places of employment," which standards most adequately assure, "to the extent feasible, on the basis of the best available evidence, that no employee will suffer material impairment of health or functional capacity. . . ." (Sections 3(8) and 6(b)(5)). Furthermore, the act created a new government agency in the Department of Labor, the Occupational Safety and Health Administration (OSHA), to implement and enforce federal workplace safety and health standards. In sum, enabling legislation for OSHA is about 17 pages long, and yet, given this statutory authority, OSHA has produced nearly 1700 pages of enforceable rules, regulations, and safety standards. In recent years some of the most contentious cases in administrative law are rooted in fundamental legal questions about proper interpretation of enabling statutes and the permissible scope of delegated legislative authority to regulatory agencies such as OSHA.

Congress and most state and local legislatures too have found it difficult to write all the varied and detailed provisions that are needed to govern an increasingly dynamic, technical, and complex society. Indeed most legislatures lack the time and technical expertise required to establish detailed rules and regulations in a large number of highly complex subjects, such as monetary policy, air safety, nuclear energy, and exploration, transmission, and marketing of oil and natural gas. As these and other areas of public policy became more important – especially in crisis situations – it has become increasingly necessary to create regulatory agencies that are able to competently deal with them. Moreover, even if legislatures had the time and skills, a large, collective decision-making body typically lacks the flexibility needed to adjust existing rules and regulations to changing conditions, again justifying creation of other administrative entities to concentrate on each area (Milakovich and Gordon 2013, p. 463).

For many years the enactment of extensive federal regulations was stymied by conservative lawmakers and strict constructionist justices on the US Supreme Court who broadly construed the Tenth Amendment as a limitation on the exercise of congressional power in matters dealing with both federal and state commerce (Kommers et al. 2010). However, starting with the New Deal in the mid-1930s, a new Supreme Court majority more broadly interpreted the Commerce Clause (Art. I, Sec. 8, Cl. 3) and the Elastic Clause (Art. 1, Sec. 3, Cl. 18), thereby sanctioning the enactment of scores of regulatory statutes by congress and the creation of dozens of new federal government agencies to implement them. Consequently, the national government now asserts primary responsibility for both controlling and promoting economic activity. Although the states are still primary regulators of a few industries such as insurance and secondary regulators of some other industries such as banking, Washington is now permanently entrenched as the center of most major regulatory activity in the United States. Indeed, administrative authority for most major regulatory programs now rests with the federal government.

Today, government regulations – and the agencies that implement them – touch almost every person and business in America in many different ways. Moreover, in the modern era, regulatory agencies do much more than merely execute the law through the usual processes of administration, investigation, and enforcement. Typically, they also make the law through the exercise of delegated legislative authority. In fact, in any given year, many more federal laws are created by government agencies in the form of rules and regulations than are formally enacted by congress as federal statutes (Hall 2015, p. 182; Kerwin 1999, p. 91). Likewise, in the modern era, government agencies also interpret the law. Federal courts, including the Supreme Court, accord great deference to agency interpretations of relevant federal statutes (Schwartz 1991, §10.34). And final agency orders from adjudications conducted by administrative law judges (who are not part of the judicial branch of government under Article III of the US Constitution) have the same legal effect as final judgments entered in federal district courts, because they are not typically subject to de novo review. Pursuant to Title IV, *Federal Rules of Appellate Procedure*, final agency orders, much like final judgments in district courts, receive judicial review in the US circuit courts of appeal. Moreover, by statute congress may specifically preclude judicial review of agency adjudications (5 USC §701). Today there are more than 1400 federal administrative law judges who hear cases in federal agencies – more than double the number of federal judges who preside over civil and criminal cases in federal district courts. "Certainly, the modern proliferation of administrative agencies has severely strained the Framers' pristine notion of separation of powers" *Federal Trade Commission* (*FTC*) *v. American Natl. Cellular*, 810 F.2d 1511, 1516 (ninth cir. 1987), cited in Schwartz (1991), p. 9.

Given the convergence of executive, legislative, and judicial powers in regulatory agencies and in response to growing concerns about the pervasiveness of government regulations, one can presage some new developments in public administration and administrative law to further militate against abuse (or at least the perception or potential for abuse) in the executive branch of government.

## Public Administration and Law

Administrative law governs the legal authority of administrators to control private rights and obligations of corporations, government, and individuals (Hall 2015, p. 2). It limits not only the scope of authority but also the manner in which that authority is exercised. All public administrators are governed in their operations by this body of law, as well as by legislative and chief executive directives, but administrative law is particularly significant in the regulatory process because the latter bears directly on private rights and obligations. Viewing the relationship between regulation and administrative law another way, regulation involves certain kinds of constraints that government places on private citizens, groups, and institutions, whereas administrative law is concerned with the constraints government places on itself.

Prior to 1936, there was no official source for information about federal contracts, grants-in-aid, administrative rules, or regulations, and administrators were free to make whatever decisions they choose, without accountability to congress or the American people. This caused a great deal of confusion as well as limiting access to small number of "connected" procurement contractors. In the famous "Hot Oil" case, *Panama Refining Co. v. Ryan*, 293 US 388 (1935), delegation of power to the president under Section 9(c) of the National Industrial Recovery Act, went all the way to the Supreme Court before the attorney general realized the case was based on a regulation that was no longer valid. To prevent another embarrassing mishap, congress passed a law authorizing the publication of the *Federal Register* (PL 74–220). Before adopting a rule, an agency generally must publish advance notice in the daily publication. This practice gives those who have an interest in, or are affected by, a proposed rule the opportunity to participate in the decision-making by submitting written data or by offering views or arguments in writing

(and sometimes also orally at a formal "on the record" hearing). Before a rule is adopted in its final form and 30 days before its effective date, the agency must publish it in the *Federal Register*. Formally adopted rules are published in the *Code of Federal Regulations* (CFR) that the government publishes each year so that rules are readily available to the public.

Congressional concern about the growing power of the administrative state led to enactment of the federal Administrative Procedure Act in 1946 (Hall 2015, p. 2). The act manifested political concerns and legislative compromises over administrative practices and procedures of the so-called fourth branch of government and especially with regard to agencies (in the executive branch) that are authorized to exercise quasi-legislative and quasi-judicial powers in the implementation of an ever-increasing array of government regulations (Shepherd 1996).

Today, the four main sources of federal administrative law are (1) relevant principles and provisions of the US constitution, as interpreted by the Supreme Court; (2) enabling statutes which organize, empower, and delimit the jurisdiction of government agencies; (3) executive orders, presidential memoranda, and other executive actions affecting government agencies; and (4) the Administrative Procedure Act which governs rulemaking and adjudication (and certain other requirements) in covered agencies. Future developments in each of these four major sources of administrative law will likely reflect growing concerns about the size of scope of the administrative state and the extent of bureaucratic power.

## Separation of Powers and the Nondelegation Doctrine

The nondelegation doctrine is a corollary of the separation of powers doctrine. It is a cornerstone principle in administrative law, because executive branch agencies have no inherent authority to exercise quasi-legislative power. As such, the viability of federal agency rules and regulations depends on both a constitutional source of power for congress to enact the overarching federal statute and also a constitutional grant of authority from congress to an executive branch agency (or official) to promulgate administrative rules, regulations, or executive orders in furtherance of the statute (Hall 2015, ch. 5; Sunstein 2000).

In the early 1930s, the conservative majority of Supreme Court justices, relying on a narrow interpretation of Commerce Clause coupled with increased emphasis on the Tenth Amendment as a limitation on congressional power, or a broad interpretation of the nondelegation doctrine, or both, managed (for a while) to interpose constitutional barriers to an impending expansion of federal government policies and programs in the aftermath of the Great Depression. *Panama Refining Co. v. Ryan*, 293 US 388 (1935) (the "Hot Oil" case); *A.L.A. Schechter Poultry Corp. v. United States*, 295 US 495 (1935) (the "Sick Chicken" case); *Carter v. Carter Coal Co*., 298 US 238 (1936). Simply stated, the Supreme Court adhered to a somewhat narrow view of congressional power under the constitution, which limited the size and scope of the American administrative state.

However, beginning in 1937, a new (5-4) majority on the Supreme Court adopted a more liberal interpretation of the Commerce Clause to uphold the constitutionality of legislation creating and empowering a new federal agency. *National Labor Relations Board* (*NLRB) v. Jones & Laughlin Steel Corp*., 301 US 1 (1937). Likewise, the Court soon returned to a traditional, and less effectual, interpretation of the nondelegation doctrine. For example, in *Yakus v. United States*, 321 US 414, 420 (1944), the Court upheld a provision of the Emergency Price Control Act that directed the Federal Price Administrator to fix prices that "in his judgment will be generally fair and equitable and will effectuate the purposes of this Act." In fact, subsequent to the "Hot Oil" and "Sick Chicken" cases in 1935, the Supreme Court has not invalidated any act of congress based on the nondelegation doctrine – opting instead to give great deference to congressional acts that delegate legislative authority to the president and agencies in the executive branch of government. Provided that congress articulates an "intelligible principle" to govern (and thereby

restrict) executive branch officials and agencies in the exercise of delegated authority, such acts – and agency rules promulgated pursuant to such delegated authority – have consistently been upheld as constitutional.

From 1937 to the mid-1990s, the Supreme Court adhered to a broad view of congressional power pursuant to the Commerce Clause and a limited view of the nondelegation doctrine. Consequently, during this period, the Court sanctioned the largest expansion of the federal administrative state in American history.

More recently, however, a conservative-minded majority on the Supreme Court began to put the brakes on congressional power pursuant to the Commerce Clause. In the *United States v. Lopez*, 514 US 549 (1995), Chief Justice William Rehnquist, writing for the five-person majority, held that provisions of the Gun-Free School Zones Act of 1990 were unconstitutional. This, then, was the first Supreme Court case since the New Deal to set limits to congress' power under the Commerce Clause. Five years later, in the *United States v. Morrison*, 529 US 598 (2000), the Court held that a critical part of the Violence Against Women Act of 1994 was unconstitutional. Again Chief Justice Rehnquist, a constitutional conservative, delivered the Court's opinion on behalf of the five-person majority which held that congress exceeded its Commerce Clause power.

In a nutshell, during the last two decades, conservative justices of the US Supreme Court have been less willing than their immediate predecessors and certainly much less inclined than their liberal counterparts on the Court, to extend carte blanche to congressional acts pursuant to the Commerce Clause. Moreover, a few (albeit not all) of the Supreme Court's constitutional conservatives have also shown some interest in reinvigorating the nondelegation doctrine.

For example, in *Industrial Union Department, AFL-CIO v. American Petroleum Institute*, 448 US 607 (1980), the Supreme Court, in a 5-4 decision, upheld a challenge by the petroleum industry against a new OSHA regulation setting standards for benzene in the workplace. Justice Rehnquist concurred with the Court's judgment that a new OSHA regulation was invalid. However, his opinion was based on a completely different line of reasoning than that expressed by the other four members of the majority. He considered the Occupational Safety and Health Act to be unconstitutional in part because it violated separation of powers by delegating legislative policy-making authority to the executive branch without "any guidance" to the Secretary of Labor.

The following year in *American Textile Mfrs. Inst., Inc. v. Donovan*, 452 US 490 (1981), the textile industry sought to invalidate a new OSHA standard limiting occupational exposure to cotton dust. Although the Court upheld the OSHA regulation, Justice Rehnquist, joined by Chief Justice Warren Burger, wrote a noteworthy dissent, which begins as follows: "A year ago I stated my belief that Congress in enacting 6(b)(5) of the Occupational Safety and Health Act of 1970 unconstitutionally delegated to the Executive Branch the authority to make the 'hard policy choices' properly the task of the legislature.... Because I continue to believe that the Act exceeds Congress' power to delegate legislative authority to nonelected officials,. . .I dissent." 452 US 490, 543. Simply stated, Justice Rehnquist argued that the insertion into Section 6(b)(5) of the words "to the extent feasible" rendered what had been a clear, if somewhat unrealistic, statute into one so vague as to be an unconstitutional nondelegation of legislative authority to the executive branch. The attempted delegation was plainly void because the power sought to be delegated was legislative power, but nowhere in the statute did congress declare or indicate any policy or standard to guide or limit the agency when acting under the delegation.

Moreover, it is noteworthy that several state Supreme Courts routinely invoke the nondelegation doctrine under state constitutional law to invalidate the delegation of legislative authority to the executive branch, absent-specific statutory standards to constrain the exercise of delegated authority by state government agencies (Rossi 1999).

In recent decades the conservative majority on the Supreme Court has revived the Tenth Amendment as a limit to congressional power pursuant to

the Commerce Clause. Perhaps, then, in the next few decades, if future presidents continue to stack the Supreme Court with justices committed to "original intent" and "limited government," the Court may also breathe new life into the moribund nondelegation doctrine. If and when this happens it will constitute a major development in administrative law. See generally, Schoenbrod (1985).

## Enabling Legislation and Ultra Vires Acts

Every federal agency is a creature of law, meaning that an agency's power to make enforceable rules and regulations – and conduct binding adjudications – must be authorized by congress. Consequently, enabling legislation constitutes a foundational source of administrative law (Cann 2006, p. 14; Hall 2015, p. 115). *Ultra vires* is a Latin phrase meaning "beyond the powers." When a federal agency (or agency head) acts without authority delegated by congress in enabling legislation, such acts are deemed to be *ultra vires* and as such, invalid (Hall 2015, p. 58; Schwartz 1991, p. 470). A recent example is *Gonzales v. Oregon*, 546 US 243 (2006) wherein the Supreme Court held that the attorney general lacked statutory authority under the Controlled Substances Act to promulgate an interpretative rule barring doctors from using controlled substances to assist terminally ill patients to commit suicide, as allowed by the Oregon Death With Dignity Act.

Enabling legislation constitutes both the source and also the limit of agency authority. A court must give deference to an agency's reasonable interpretation of its enabling legislation when the governing statute is ambiguous with respect to a specific issue. However, "when the intent of congress is clear, that is the end of the matter; for the court, as well as the agency…" *Chevron USA Inc. v. Natural Resources Defense Council, Inc.*, 467 US 837, 842–843 (1984). See also, *Massachusetts v. EPA*, 549 US 497 (2007) (holding that the EPA erred by not adhering to clear congressional intent). Therefore, when agency rules or regulations do little more than restate enabling legislation by enlarging or restricting authority clearly specified by congress, in the future conservative jurists are likely to invalidate these agency actions as *ultra vires*. See generally, *King v. Burwell*, 576 US 135 S.Ct. 2480 (2015), which upheld certain Internal Revenue Service (IRS) regulations implementing the Patient Protection and Affordable Care Act (ACA) over the objections of petitioners and the dissenting opinion of conservative Justice Antonin Scalia, joined by Justices Clarence Thomas and Samuel Alito, who claimed that the regulations were not authorized by a clear reading of the act. This decision cleared further legal obstacles limiting the expansion of the Affordable Care Act (ACA) but also spawned over 50 other lawsuits by conservative groups seeking to restrict the scope of federal agencies implementing the ACA.

## Unilateral Executive Actions

US presidents are increasingly apt to use executive orders, presidential memoranda, signing statements, and other unilateral executive actions to restrict or expand an agency's enforcement of statutory authority granted by congress in enabling legislation.

President Ronald Reagan often used unilateral executive action to achieve public policy objectives (Nelson 1987). For example, in 1988 President Reagan banned abortions at military hospital except in cases of rape or incest or when the mother's life was threatened. In response, one of President Bill Clinton's first acts after taking office in 1993 was to take unilateral executive action to lift the ban, thereby giving servicewomen access to a procedure that had been available to civilians for 20 years (HeraldNet 2004). Likewise, with the stroke of a pen, Democratic President Clinton ended a 5-year ban on fetal tissue research and he cleared the way for FDA approval of RU486 – known as the French "abortion pill" (Tumulty and Cimons 1993). In the aftermath of 9/11, President George W. Bush issued a number of orders giving the National Security Agency license to wiretap US citizens communicating with people overseas, despite the lack of specific statutory authority (CNN 2005).

So too President Barack Obama resorted to unilateral executive actions when his public policy initiatives were stymied by a recalcitrant congress. Most notably these executive actions affected immigration regulations administered by the agency for US Citizenship and Immigration Services in the Department of Homeland Security (Ehrenfreund 2014; USCIS n.d.) and gun control regulations administered by the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) in the Department of Justice (White House 2016).

President Obama's unilateral action to delay or prevent deportation of hundreds of thousands of undocumented aliens met with strong opposition from about two dozen "red states" which immediately filed suit to block enforcement of the president's executive action (American Immigration Council 2015). Likewise, President Obama's executive action to close the so-called gun show loophole on federally required background checks and other gun control measures (in response to an array of mass shootings during Obama's presidency) was met with fervent opposition by Second Amendment advocates who argued that President Obama didn't have the legal authority to instruct the ATF to "reinterpret" gun control legislation passed by congress and also that the president's actions circumvented the federal APA's rulemaking process (Forbes 2013; Lofti 2013).

These issues manifest an innate tension between the legally defensible doctrine of administrative discretion and the countervailing duty of all officials in the executive branch of government, including the president, to "faithfully execute" the law.

In the future the continued reliance by US presidents on unilateral executive actions, taken in the penumbra of constitutional and statutory authority, to redefine the scope, affected agency duties will eventually result in important new administrative law decisions by the US Supreme Court about the scope of executive and administrative power. Likewise, the limits of administrative discretion by government agencies, and especially regulatory agencies, will no doubt continue to be challenged through both the political system and the judicial process. Indeed, the exercise of administrative discretion – which at the highest level is manifested by unilateral executive actions by the US president – will continue to provide a fertile field for the growth of new strands of administrative law.

## Administrative Procedure Acts

In our political system, government reforms pertaining to public administration and administrative law are sometimes enacted in the states, long before they are eventually adopted at the federal level. For example, Florida began its tradition of openness back in 1909 with the passage of the state's Public Records Law (Ch. 119, Florida Statutes). In contrast congress first enacted a precursor to the present Freedom of Information Act in 1966, which was later strengthened and grafted onto the federal APA (5 USC § 552). Likewise, Florida's Government in the Sunshine Law, which requires open public meetings, was enacted in 1967 (Sec. 286.011, Florida Statutes). About a decade later, Congress amended the federal APA to add a federal Government in the Sunshine Act (5 USC § 552b).

Inasmuch as individual states, such as Florida, are veritable laboratories of democracy, perhaps a good way to prognosticate a future APA reform at the federal level (and in other states) is to briefly examine a couple of recent APA innovations in the Sunshine State.

The federal APA requires that agency rules (like federal statutes) be indexed for ease of public access. However, there is no similar requirement for indexing of federal agency orders. In 1974 Florida amended its APA to start requiring state agencies to index final their final agency orders (Shoop 2016). However, for many years most state agencies struggled with implementation. In 1992 the legislature went further by authorizing an electronic database to enable users to research and retrieve full texts of agency orders by means of an ad hoc indexing system employing logical search terms in common usage. Unfortunately, however, this amendment did not resolve agencies' struggles with correctly maintaining subject matter indexes (*Id*). In 2008, the Florida

legislature revisited the issue once again (Ch. 2008-104, Laws of Florida). It authorized agencies to transmit electronic copies of orders to the Department of Administrative Hearings (DOAH) for posting on DOAH's website in a format that uses a Google-driven text search and, more recently, in the 2015 regular legislative session, the Florida Legislature amended the APA again to require all agencies to electronically transmit a certified text-searchable copy of agency final orders rendered after July 1, 2015, to DOAH, so that going forward DOAH's website will be the official subject matter index for agency final orders (Ch. 2015-155, Laws of Florida). Consequently, for the first time in Florida, all agency final orders are required to be indexed and located in one central repository (Sec. 120.536, Florida Statutes). As such, the public will know where they are stored and will have convenient access to all of them (Shoop 2016).

With regard to the rulemaking, in 1996 Florida amended its APA to make it harder for agencies to promulgate and enforce administrative rules and regulations. This action was taken in response to growing concerns by state legislators (and affected interest groups) about the growing pervasiveness of state government regulations and the seemingly unbridled exercise of quasi-legislative power by nonelected officials in state government agencies. Section 120.536, Florida Statutes, now states that a general grant of rulemaking authority is necessary but not sufficient to allow an agency to adopt a rule. A specific law to be implemented is also required. Consequently, even when an administrative agency is broadly endowed with delegated legislative authority, it may not adopt a rule merely because the rule comports with general legislative policy, is reasonably related to the purpose of enabling legislation, and is not arbitrary and capricious. Such a statutory restriction on administrative rulemaking in Florida goes well beyond what is permissible for federal government agencies pursuant to the federal APA and prevailing Supreme Court precedents.

These are but a few of the many examples of how state innovations in administrative law could shape the future direction of public administration and law more widely throughout the country at both the state and federal levels.

## Conclusion

Future developments in public administration and administrative law will arise from the overarching tension between liberals who favor more regulation in areas of heighted public policy concern and conservatives who favor more restraint on regulatory practices and procedures of administrative agencies. Congress may initiate new statutory reforms (perhaps, emulating some APA innovations in the states) to reconcile the competing political points of view. However, in the final analysis, fundamental legal questions about proper interpretation of enabling statutes and the permissible scope of legislative authority delegated to regulatory agencies will hinge on the composition of the US Supreme Court. If the conservative faction retains a majority, the Court may reinvigorate the nondelegation doctrine and further restrict the exercise of regulatory powers by administrative agencies. On the other hand, a more liberal Court majority would likely sanction more regulatory powers and programs and thereby legitimate a further enlargement of the administrative state.

## Cross-References


- ▶ Administrative Adjudications
- ▶ Administrative Procedure
- ▶ Agency Rulemaking
- ▶ Complex Interaction of Administration and Law
- ▶ Constitutional Federalism and Public Administration
- ▶ Constitutional Law and Public Administration
- ▶ Executive Orders and Public Administration
- ▶ Foundations of the Administrative Law
- ▶ Impact of Law on Public Administration
- ▶ Law and Public Administration Innovation
- ▶ Legislative Study on Government Regulation
- ▶ Policy Pressures and Public Law
- ▶ Supreme Court and Public Administration

## References


American Immigration Council (2015) Understanding the legal challenges to executive action. http://www.immigrationpolicy.org/sites/default/files/docs/understanding_initial_legal_challenges_to_immigration_accountability_executive_action-long_on_politics_short_on_law_final.pdf. Accessed 19 Apr 2016

Cann CJ (2006) Administrative law, 4th edn. Sage, Thousand Oaks

CNN (2005) Bush says he signed NSA wiretap order, 17 Dec. http://www.cnn.com/2005/POLITICS/12/17/bush.nsa/. Accessed 19 Apr 2016

Ehrenfreund M (2014) Your complete guide to Obama's immigration executive action. Washington Post, 20 Nov. https://www.washingtonpost.com/news/wonk/wp/2014/11/19/your-complete-guide-to-obamas-immigration-order/. Accessed 19 Apr 2016

Forbes (2013) Here are the 23 executive orders on gun safety signed today by The President, 16 Jan. http://www.forbes.com/sites/rickungar/2013/01/16/here-are-the-23-executive-orders-on-gun-safety-signed-today-by-the-president/#19cf55a07cff. Accessed 19 Apr 2016

Hall DE (2015) Administrative law: bureaucracy in a democracy, 6th edn. Pearson, Boston

HeraldNet (2004) Abortion becomes issue for military. Militarycom, 19 Aug. http://www.military.com/NewsContent/0%2C13319%2CFL_abortion_081904%2C00.html. Accessed 19 Apr 2016

Kerwin C (1999) Rulemaking: how government agencies write law and make policy, 2nd edn. CQ Press, Washington, DC

Kommers DP, Finn JE, Jacobsohn GJ (2010) American constitutional law: essays, cases, and comparative notes, 3rd edn. Rowan & Littlefield, New York

Lofti M (2013) BREAKING: Obama signs two new executive orders on gun control, 29 Aug. http://truthinmedia.com/breaking-obama-signs-two-new-executive-orders-on-gun-control/. Accessed 19 Apr 2016

Milakovich ME, Gordon GJ (2013) Public administration in America, 11th edn. Wadsworth – Cengage Learning, Boston

Nelson J (1987) Reagan to use executive orders to bypass congress. Los Angeles Times, 21 Aug. http://articles.latimes.com/1987-08-21/news/mn-2317_1_executive-order. Accessed 19 Apr 2016

Rossi J (1999) Institutional design and the lingering legacy of anti-federalist separation of powers principles in the states. Vanderbilt Law Rev 52:1167

Schoenbrod D (1985) The delegation doctrine: could the court give it substance? Mich Law Rev 83:1223

Schwartz B (1991) Administrative law, 3rd edn. Little, Brown, Boston

Shepherd GB (1996) Fierce compromise: the administrative procedure act emerges from new deal politics. Northwest Univ Law Rev 90:1557

Shoop R (2016) Final order indexing in the electronic age: the 2015 amendment to F.S. §120.53 finally fulfills the purpose of the original statute 40 years later. Florida Bar J 90:54

Sunstein CR (2000) Nondelegation canons. Univ Chic Law Rev 67:315

Tumulty K, Cimons M (1993) Clinton revokes abortion curbs: executive orders: President ends ban on fetal tissue research, overturns gag rule at clinics and clears way for the FDA to allow importing of French RU486 pill. Los Angeles Times, 23 Jan. http://articles.latimes.com/1993-01-23/news/mn-1587_1_fetal-tissue-research. Accessed 19 Apr 2016

USCIS (n.d.) Executive actions on immigration. Accessed 19 Apr 2016. https://www.uscis.gov/immigrationaction

White House, Office of Press Secretary (2016) FACT SHEET: new executive actions to reduce gun violence and make our communities safer, 4 Jan. https://www.whitehouse.gov/the-press-office/2016/01/04/fact-sheet-new-executive-actions-reduce-gun-violence-and-make-our. Accessed 19 Apr 2016

# G

## Game Theory

Javier Núñez
Department of Economics, Faculty of Economics and Business, University of Chile, Santiago, Chile

### Synonyms

Incentives; Strategic Behavior; Strategy

### Introduction

Game Theory is the study of the ways in which *strategic* choices taken by *interacting* agents (or players) promoting their (potentially conflicting) individual preferences or utility lead to outcomes that may or may not serve their individual preferences. Arguably, Game Theory is one of the most significant and widespread theoretical contributions in the Social Sciences since the mid- twentieth century, which has deeply transformed our understanding of a wide array of phenomena in different fields such as Economics, Management, Political Science, Public Policy, Law, and International Relations, and it also has influenced other areas as diverse as Moral Philosophy, Sociology, Social Psychology, and Biology. An example of the large influence and recognition of Game Theory is the long list of Nobel Prize winners in Economics in recent decades awarded for their contributions in this large field (see www.nobelprize.org). Game Theory has also become a central part of teaching in many of these fields at undergraduate, postgraduate, and continuing education programs, becoming therefore an essential theory not only for theoretical and applied research, but also as a relevant toolkit and a shared language for professionals and practitioners.

This entry provides a brief introduction to the large literature on Game Theory, discusses some salient results and applications, and presents key references for further reading.

### Origins and Four Traditions of Game Theory

Many ideas on strategic thinking have been discussed by a large number of authors throughout history, including Homer, Plato, Hobbes, Hume, Rousseau, Shing Tzu, Coutnot, Condorcet, Bertrand among others. However, the origin of Game Theory as a formal and explicit theory is often linked to Von Neumann and Morgenstern (1944) *Theory of Games and Economic Behavior*. Since then, Game Theory has made great advancement in four main traditions. *Cooperative Game Theory* examines the patterns of coalition or group formation among *cooperating* players and the distribution of the collective benefits of group cooperation, based on the key assumption that "rational" members would somehow manage to cooperate in order to seek mutual advantage. The underlying reasons and incentives to adhere

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

to such cooperative agreements however remain a "black-box" in Cooperative Game Theory (Binmore 2007). On the other hand, *Non-cooperative Game Theory*, as the name suggests, focuses explicitly on individual incentives and rationality without assuming or imposing that cooperation among players will necessarily arise. In a way, it is an attempt to open the "black-box" of cooperative behavior assumed in Cooperative Game Theory. In this setting, cooperation among individuals can indeed potentially arise as a result of their incentives and strategic considerations, but they can also lead to outcomes of competition and conflict among players, expanding therefore the potential to understand a wider array of observed outcomes in human affairs.

*Evolutionary Game Theory* (Smith 1982) studies how strategies may evolve in time and thus gain or lose ground against each other in a given population of players, driven by mutation and selection in an evolutionary context. In Evolutionary Game Theory, strategies are therefore not the result of deliberate rational choice by individuals as in Non-cooperative Game Theory, but are instead driven by evolutionary pressures and replication mechanisms such as imitation, learning, experimentation, and, of course, genetic replication and mutation.

In spite of the large fundamental differences in these three traditions of Game Theory, there have been efforts to connect and reconcile the three with some success. For example, an Evolutionary Stable Strategy – a key solution concept in Evolutionary Game Theory – corresponds to a Nash Equilibrium in Non-cooperative Game Theory, suggesting that Nash Equilibria can (and often probably does) arise as the result of long-term evolutionary pressures (e.g., by experimentation, learning, and imitation) and by not by deliberate short-term rational choices by players. Another example of convergence is the so-called "Nash Program," which is an attempt to study how sequential bargaining among rational players in a noncooperative context can lead to the cooperative outcomes identified in Cooperative Game Theory (Samuelson 2016).

However, since Non-cooperative Game Theory has focused directly on individual incentives and rational choice, it is arguably the branch of Game Theory that has had the largest influence and volume of applications across disciplines, being also the one most widely taught and learned at all levels.

In recent decades, a fourth area of Game Theory has emerged, namely Experimental or Behavioral Game Theory, which is devoted to the understanding the *empirical* behavior of players often in controlled lab settings but also in the field, and the way in which observed behavior confirms or departs from the theory, for example, as a result of bounded or limited rationality, risk aversion, social norms, altruism, ethical values, or preferences for redistribution and equality (Camerer 2003). This forth area has allowed Game Theory to further develop in order to bridge the gap between theory and evidence, especially Non-cooperative Game Theory, which we discuss in the rest of this work.

## A Snapshot of Non-cooperative Game Theory

Standard Non-cooperative Game Theory is divided into four main types of games, which capture different salient strategic environments. Each of these types of games in turn has different solution concepts (theoretical predictions on how games "ought" to be played by rational players).

Games require (i) players, (ii) a set of available strategies for each player, and (iii) individual payoffs (or *"utility"*) for each player associated to each possible combination of strategies chosen by all players. Simultaneous Games of Complete Information are games where players choose their strategies simultaneously, that is, without knowing the strategies being chosen by the other players. What matters for simultaneity is not the chronology of the choices, but rather whether others' chosen strategies are known at the moment of choosing one's strategy. An example of such setting is the bids by participants in a seal-bid auction. On the other hand, dynamic games exist when some players have knowledge of (at least some of) the previous moves by predecessor players at the moment of choosing their own

actions, for example, in cooperation or retaliation games, in which players can condition their actions to their predecessors' past actions. In games of Complete Information, players know other players' payoff or utility structure (e.g., their motivations or characteristics). If at least one player knows little about other players' payoffs or utility functions, the game is one of Incomplete Information, for example, in reputation-building games. To fix ideas, a one-shot bidding game in a seal-bid auction among participants that know each other well from prior interactions (and thus know each other's values of the items in the auction) may be better captured by strategic environment of complete information, whereas a bidding game where participants are faced for the first time and know nothing of each other's private values of the item sold by auction is better captured by a game of incomplete information.

The previous taxonomy provides four basic types of games in noncooperative game theory: simultaneous games of complete information, simultaneous games of incomplete information, dynamic games of complete information, and dynamic games of incomplete information, as shown in Table 1.

## Nash Equilibrium

A cornerstone of Non-cooperative Game Theory is the solution concept of Nash Equilibrium. Consider an n-player game where player $i$ has a set of pure strategies denoted by $S_i$ where $s_i \in S_i$ is a particular strategy, and where player payoffs or utility are given by $U_i(s_i, s_{-i})$, where $-i = \{1 \ldots i-1, i+i \ldots n\}$ denotes all the players other than $i$. The profile of strategies $(s_i^*, s_{-i}^*)$ is a pure-strategy Nash Equilibrium if for all players $i$ and for all $s_i \neq s_i^*$, the condition $U_i(s_i^*, s_{-i}^*) \geq U_i(s_i, s_{-i}^*)$ is satisfied. This condition implies that each player must be playing their best responses to the other players' equilibrium strategies. Therefore, once a Nash Equilibrium is reached, no player has a strict incentive to deviate from the equilibrium and it is thus stable. Note that a Nash Equilibrium requires that all players correctly anticipate other players' strategies, which may happen by learning, social norms, preplay communication, adaptation among other reasons. Table 2 presents a series of two-player canonical simultaneous games, which describe salient strategic environments, where the strategies and payoffs of players "row" and "column" are presented in matrix form. In a given cell jointly determined by row's and column's strategies, the number to the left of the comma (,) is row's payoff or utility, and the right hand side number is column's payoff. The payoffs corresponding to the Nash Equilibria of each game are highlighted in bold.

Game (a) is a Coordination game, illustrated by the choice of keyboard, an assuming that an alternative keyboard (Dvorak) is better than the widespread Querty keyboard, as some evidence suggests (see David 1985). Other examples of coordination games are technological choices more generally, or driving to the left or right hand side of the road. Game (b) depicts Rousseau's famous Stag Hunt or Assurance game, which is essentially an association or collaboration game, where both players (hunters) are better-off collaborating in order to jointly hunt a

**Game Theory, Table 1** Type of games in Non-cooperative Game Theory, commonly used solution concepts and well-known examples

| | Complete information | Incomplete information |
|---|---|---|
| Static or simultaneous | Nash Equilibrium<br>Examples: Price and quantity competition in oligopolies, tragedy of the commons, provision of public goods, and games presented in Table 2 | Bayes-Nash Equilibrium<br>Examples: Auctions and auction design |
| Dynamic | Backward induction and Subgame-Perfect Nash Equilibrium<br>Examples: Entry deterrence and collusion in oligopolies, cooperation in repeated prisoners' dilemma-type games (Folk Theorem) | Perfect Bayesian Equilibrium<br>Examples: Signaling games, reputation-building and quality-signaling in markets with asymmetric information, education as ability signal in labor markets |

**Game Theory, Table 2** Two-person stylized well-known Simultaneous Games of Complete Information. Payoffs of Nash Equilibria highlighted in bold

| (a) Keyboard choice (coordination) game | | | (b) Stag Hunt (collaboration or assurance) game | | |
|---|---|---|---|---|---|
| | Querty | Dvorak | | Hare | Stag |
| Querty | **10, 10** | 0, 0 | Hare | **1, 1** | 1, 0 |
| Dvorak | 0, 0 | **20, 20** | Stag | 0, 1 | **3, 3** |
| (c) Chicken or Hawk-Dove (conflict/territorial) game | | | (d) Battle of the Sexes (disagreement) game | | |
| | Fight (Hawk) | Yield (Dove) | | Park | Concert |
| Fight (Hawk) | −1, −1 | **5, 0** | Park | **1, 2** | 0, 0 |
| Yield (Dove) | **0, 5** | 2, 2 | Concert | 0, 0 | **2, 1** |
| (e) Prisoners' Dilemma (cooperation) game | | | (f) Vigilance game | | |
| | Confess | Not confess | | Watch | Not watch |
| Confess | **−10, −10** | 0, −15 | Strive | 5, 5 | 5, 10 |
| Not confess | −15, 0 | −1, −1 | Slack off | 2, 4 | 10, 2 |

stag instead of a hare each. Game (c) presents the "Chicken" or Hawk-Dove game, well suited to describe situations of conflict, for example, over a territory as nesting grounds in birds, or the famous bridge-game as in Nicholas Ray's *Rebel without a Cause* (1955). In political economy terms, labor/workers and capital/elite classes have been claimed to face similar strategic environments. Game (d) describes the famous Battle of the Sexes game, where a couple must agree where to go on a date or outing, and they have conflicting preferences over the alternatives (concert or park), as it happens in many negotiation environments. Game (e) describes the famous Prisoners' Dilemma game, where two prisoners must simultaneously decide whether to confess or disclose information (or not) of a crime and get leniency benefits. This game captures a wide range of cooperation strategic environments, for example, cooperation within groups, arms/nuclear races among nations (like in the Cold War when this game was proposed by Von Neumann in the RAND corporation, see Poundstone 1993), the well-known Tragedy of the Commons over common property resources, the provision of public goods, and collusion in oligopolistic markets, among many other examples. Finally, game (f) presents a simple stylized vigilance game, where a principal or boss must decide whether or not to watch or be vigilant, and a subordinate must decide whether to strive or slack off, as, for example, in organizations, parenting, or tax and law enforcement.

The games in Table 2 reveal some salient features of Nash Equilibrium. First, games may often have *multiple* Nash Equilibria, as in games a, b, c, and d. This indicates that strategic situations with similar players, payoffs, and strategies may yield very different outcomes according to the specific context in which a Nash Equilibria is established. Secondly, a Nash Equilibrium often is not a Pareto or efficient outcome (or "win-win" outcome): in game (a), (Querty, Querty) is Pareto-dominated by Nash Equilibrium (Dvorak, Dvorak) (supposedly a better keyboard); in game (b), (Hare, Hare) is Pareto-dominated by Nash Equilibrium (Stag, Stag), and in game (e), (Confess, Confess) is Pareto-dominated by (Not Confess, Not Confess). Third, the Pareto-efficient outcomes of a game may not even be a Nash Equilibrium at all, as in game (e): (Not Confess, Not Confess) where both prisoners are better off is indeed not a Nash Equilibrium, suggesting that often individual incentives can lead to inefficient outcomes and collective tragedies in collective-action problems. However, such outcomes can sometimes be beneficial for society as a whole. For example, leniency programs to fight market collusion whereby firms that report collusive behavior get immunity or a reduction in fines is based on the expectation that individual incentives will lead firms to reveal evidence of collusion, as in the Nash Equilibrium of the Prisoners' Dilemma game. Finally, (pure-strategy) Nash Equilibrium may not exist in some games, as in Vigilance

game (f), suggesting that in these situations observed outcomes will be inherently unstable and seemingly probabilistic or random, (although mixed-strategy Nash Equilibria will exist if players are allowed to use mixed strategies, that is, play their pure strategies probabilistically, provided the game is finite in pure strategies and number of players (see for example Gibbons 1992)), without an obvious stable pattern or focal point.

## Dynamic Games of Complete Information

Dynamic games are often depicted using a multiple-player decision tree that captures the timing of choices of the players. Information sets are a collection of one or more decision nodes in the three in which the player standing on that node has an action to choose. Dynamic games of Perfect and Complete information are games where all information sets have only one node, reflecting that the players on every node know perfectly well where they stand in the tree. For example, Chess or Tic-Tac-Toe are examples of dynamic games of perfect information (provided that players have perfect recall of previous moves). On the other hand, a repeated game of Scissors-Paper-Stone is a dynamic game of imperfect information, as in every round players choose simultaneously among the three alternatives, and therefore, their information set associated with their choice in a given round has three nodes in this case.

One important result in dynamic games is that Nash Equilibrium is not a "reasonable" solution concept for these games, because often some Nash Equilibria may be supported by *"non-credible threats,"* that is, expectations about future actions by other players that they would not have incentives to implement. Consider, for example, the dynamic game of a potential entrant and a monopolistic incumbent shown in Fig. 1, which is a dynamic game of perfect information: both players know perfectly well where they stand in the tree at the moment of choosing their actions. In the first period, a potential entrant must decide between entering this market and challenge the

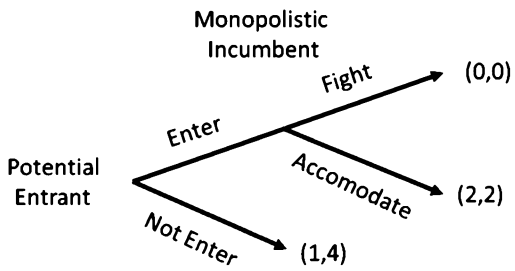


**Game Theory, Fig. 1** The two-period Entry Game

monopolistic incumbent, or stay out and invest elsewhere and get a payoff of 1. If the entrant stays out, the incumbent has a payoff of 4 (monopolistic rents). In the second period, only if the potential entrant has entered, the incumbent must decide whether to "Fight" the entrant (e.g., by strong price competition a la Bertrand, which fully dissipates both firms' economic rents), or "Accommodate" the entrant, for example, by reaching some form of soft competition or collusion where both firms obtain important rents (2, 2). The two Nash Equilibria of this game is {Not Enter, Fight} (since "Not Enter" is best response to the expectation of "Fight" by the incumbent if the entrant decides to enter), and {Enter, Accommodate}, since "Enter" is the best response to the expectation that the incumbent will accommodate if the entrant decides to enter, and Accommodate is best response to Enter in the first period. However, Nash Equilibrium {Not Enter, Fight} is "unreasonable" because it is sustained by a *noncredible threat* by the incumbent, namely that it will fight if the potential entrant enters, which the incumbent will not have incentives to implement (as $2 > 0$). For this reason, the recommended solution concept for dynamic games is the notion of *backward induction*, whose outcome is obtained by solving the game backwards: the entrant should anticipate that if she enters, the incumbent's best response is indeed to accommodate. And in this context the entrant is better-off by entering, and therefore, the "reasonable" Nash Equilibrium {Enter, Accommodate} is selected by backward induction. Therefore, backward induction refines the set of Nash equilibrium, removing the Nash Equilibria that are sustained by noncredible threats. The

generalization of this principle for dynamic games of imperfect information is that of Subgame-perfect Nash Equilibrium, which is defined as a Nash Equilibrium of the game that is sustained by Nash Equilibria in all future subgames of the larger game (parts of the larger game that lie ahead in the game tree). The idea again is that players that move earlier in the tree should anticipate that players moving in the future are rational and would therefore choose actions compatible with Nash Equilibrium in future subgames.

One salient result in dynamic games of perfect information is the first-mover advantage and the value of *commitment* present in many such games, in which the first-mover gains a strategic advantage by deliberately reducing his options in the future. Consider, for example, the well-known episode in the conquest of Mexico where Conquistador Hernán Cortés visibly destroyed his own ships during a stage of the conquest of Mexico against the Aztecs. By eliminating the escape routes, he would resort to if things got complicated for the Spanish in battle, he commits to fighting, thus turning the scenario into one of "kill or die," in which context Aztecs decide to negotiate to avoid a costly conflict. Another example of the value of commitment by first movers is the deliberate expansion of production capacity by a monopolistic incumbent in order to deter or restrict entry by potential entrants. The monopolistic incumbent can commit to keeping a large capacity over time by deliberately investing in specific assets (difficult to disassemble and resale) and by making long-term sales contracts (costly to breach), among other business strategies (Tirole 1988).

A well-known result in dynamic games of complete information is the so-called "Folk Theorems," because they were widely known by game theorists early on and were part of the folk wisdom.

**Two-player Folk Theorem**. Consider a two-player simultaneous game G that has a Nash Equilibrium with payoffs $(a, b)$ for players one and two, respectively, and in which there are non-Nash Equilibrium strategies that would yield payoffs $(c, d)$ for players one and two, respectively, where $c > a$ y $d > b$. Then, Pareto-improving payoffs $(c, d)$ can be reached by means of a Subgame-perfect Nash Equilibrium of a modified game where game G is infinitely repeated, provided that both players have an intertemporal discount factor $\delta \in (0, 1)$ sufficiently large.

Consider the Prisoners' Dilemma game in Table 1 (game e). The Folk theorem indicates that if both players play this game repeatedly with an infinite horizon, they can unfold strategies for the repeated game that would allow them to reach the Pareto (efficient) outcome with payoffs $(-1, -1)$ in every round of the repeated game, as long as both players value future payoffs sufficiently. An example of a strategy that would make this possible is the so-called "trigger strategy": "I will begin cooperating (not confessing) and will continue to do so as long as you also cooperate. However, if in a given round you do not cooperate, then from the next round onwards I will punish you by not cooperating in the remaining rounds of the game." If both players employ this strategy in the infinitely repeated game, the temptation to seek the largest possible payoff 0 in the short-term by confessing in a given round must be compared with the long-term loss of being punished and having payoff $-10$ instead of payoff $-1$ forever if they continue to cooperate. As intuition would suggest, only players that value future payoffs sufficiently would resist the short-term temptation and would continue to cooperate. Note that the punishment implicit in the trigger strategy is indeed a credible threat, because it consists of playing a Nash Equilibrium (not cooperate forever) of the subgame that begins after a player has stopped cooperating. That is the reason why this outcome is a subgame perfect Nash Equilibrium.

The Folk Theorems provide an "optimistic" perspective for the possibility that groups can find the way to achieve Pareto efficient (or "win-win") outcomes in collective-action problems, for example, in the provision of local public goods or in the management of common property resources, or in cooperation within organizations and groups. However, the bad news is that in some cases outcomes based on the Folk theorem would be detrimental to the welfare of society at large, for example, if firms in an oligopolistic markets manage to collude based on the disciplinary incentives of the Folk Theorem (Tirole 1988).

A one-sided version of the Folk theorem can be applied to markets characterized by contingent renewal, where on party can decide to renew the relationship based on past performance. For example, in labor markets, employers can renew an employee's contract if her past effort and performance are satisfactory, and the same can happen in service markets. In credit markets, banks can stop lending to clients with bad payment history. In such markets, an equilibrium can arise where the renewing party can offer a premium to the other in exchange for good behavior, but if bad behavior is observed, the contract is not renewed. Such equilibria are inefficient. For example, in labor markets, unemployment arises because it is needed to make costly the threat of being fired if past effort is unsatisfactory. In such markets, "power" is transferred to the renewing party, which can control the other party's behavior ("money talks, people listen"), a rather different situation from the symmetrical and impersonal textbook portrayal of competitive markets (Bowles 2004).

## Games of Incomplete Information

The games discussed above are all games of complete information, that is, players face strategic choices in a context where they know the motivations, characteristics, and ultimately the payoffs (or utility functions) of the other players. This is hardly a satisfactory assumption in many strategic situations. For example, the organizer of an auction often knows little about the bidders' private value of the goods to be sold by auction, and the bidders themselves probably know little about the other bidders' private value of the goods. In insurance markets, insurance companies know little about the profile and health risks associated with specific clients, and in labor markets employers know little about the ability and productivity of an applicant to a job. Similar situations would arise more generally in all markets with *asymmetric information* (Stiglitz 2000). Asymmetric information also arises in social groups and organizations, for example, when individuals are uncertain about the ethical predispositions, honesty, and intentions of other individuals.

Games of incomplete information capture the key elements of strategic environments when players know little about other players' preferences or utility functions. Games of incomplete information can also be simultaneous (or static) or dynamic (multiple periods). An example of a static or simultaneous game of incomplete information is a sealed-bid auction, where participants must simultaneously choose their bids and may know little about the private value of other participants (or the other firms' cost structures in a construction public tender, for example). A relevant application of such games is the literature of *mechanism design*, which has been successfully applied to design public auctions to allocate valuable public assets to private companies, such as batches of telecom frequencies sold by auction. Such auctions designed using Game Theory and mechanism design have very often succeeded in allocating important public assets to the most efficient companies, while raising large amounts of money in revenue (Binmore 2007; Milgrom 2004).

Other strategic contexts of incomplete information are better captured by *dynamic* games of incomplete information. One example of such games is the so-called *signaling games* in contexts of asymmetric information. In these games, a player called the Sender has private information about his or her "type." The Sender can thus take an action in order to send a signal to another player called the Receiver in order to reveal (or conceal) its type. For example, in labor markets, workers often know more about their own intrinsic abilities and potential productivity than employers. Suppose there are two types of workers: the high-ability types and the low-ability types. Of course, an applicant claiming in a job interview to be a high-ability type and to be very productive may not necessarily be believed by the employers, as such a statement would be considered "cheap talk." However, high-ability workers can attempt to send a credible signal to employers to convince them of their high ability. One way of doing it is to enroll into a demanding higher education program: if high-ability workers enroll in more difficult degrees and programs than lower-ability workers, then education would become a credible signal of high ability, which

would lead to higher wages and better jobs for the higher-ability workers. In order for education to work as a credible signal of high ability, achieving an extra degree should be more costly for low-ability workers than for high-ability workers, condition that is known as the *single-crossing condition*. If this condition is satisfied, such higher education degrees would receive (mostly) high-ability workers because it is not worth for lower-ability type to face the hardship of going through a degree for which they are hardly suited for. Therefore, in a separating equilibrium, the high-ability workers would succeed in separating themselves from the lower-ability types by enrolling in more selective and demanding programs and universities. Accordingly, the employers (the signal receivers) would resort to Bayesian updating to conclude that the posterior probability that an applicant graduated from a demanding higher education program is a high-ability type is close to one, and would be willing to offer her a high salary. Note that in this context workers with more years of schooling and/or graduated from more demanding programs and universities would, on average, have higher wages. However, this wage premium would not necessarily measure the real impact of the program on the students' productivity in the labor market, but it would also capture the effect of the ability-sorting effect. There is a significant empirical support for the idea that higher education partly exists as a device to signal innate high ability to the labor market, and not only to develop skills and knowledge for real jobs in the labor market (Weiss 1995).

## Further Reading

The literature on Game Theory is vast. In addition to the references quoted earlier, Binmore (2007) provides an excellent nontechnical introduction to Game Theory, as well as broad reading list on various dimensions of it. The appendix in Tirole (1988) provides an excellent and compact technical description of the essentials of Non-cooperative Game Theory. This textbook also presents many models of Industrial Organization based on Game Theory. Gibbons (1992) and Fudenberg and Tirole (1991) are widely used textbooks on Non-cooperative Game Theory. Gintis (2009) provides an interesting problem and example-centered textbook on Game Theory. Laffont and Tirole (1998) discuss applications to procurement and economic regulation. Nalebuff and Dixit (1991) discuss applications in a less formal way. Samuelson (2016) offers a discussion of the current state and future challenges of Game Theory. Camerer (2003) provides a review of *Behavioral Game Theory* and the way empirical evidence confirms and departs from the predictions of Game Theory. Binmore (2005) discusses applications of Game Theory to Ethics and Moral Philosophy. Ordeshook (1986) discusses applications to Political Science. Nasar (1998) is a best-seller on the life of Nobel-prize winner John Nash. This book and Poundstone (1993) describe the Cold War context in which Game Theory expanded rapidly after WWII, especially by the work of fellows of the RAND Corporation in the United States.

## Cross-References

► Decision Making
► Principal-Agent Theory of Organizations
► Rational Model of Decision-Making

## References

Binmore K (2007) Game theory: a very short introduction. Oxford University Press, New York
Bowles S (2004) Microeconomics: behavior, institutions, and evolution. Princeton University Press, Princeton
Camerer C (2003) Behavioral game theory. Princeton University Press. Princeton
David P (1985) "The Economics of Querty", American Economic Review 75(2), Papers and Proceedings of the Ninety-Seventh Annual Meeting of the American Economic Association, pp 332–337
Fudenberg D, Tirole J (1991) Game theory. MIT Press, Cambridge, MA
Gibbons R (1992) A primer in game theory. Prentice-Hall
Gintis H (2009) Game theory evolving: a problem-centered introduction to modeling strategic interaction, 2nd edn. Princeton University Press, Princeton

Laffont JJ, Tirole J (1998) A theory of incentives in procurement and regulation. MIT Press, Cambridge, MA
Milgrom P (2004) Putting auction theory to work. Cambridge University Press, Cambridge
Nalebuff B, Dixit A (1991) Thinking strategically. Norton, New York
Nasar S (1998) A Beautiful Mind. Simon and Schuster, New York
Ordeshook P (1986) Game theory and political theory. Cambridge University Press, Cambridge, UK
Poundstone W (1993) Prisoner's dilemma: John von Neumann, game theory, and the puzzle of the bomb. Anchor, US
Samuelson L (2016) Game theory in economics and beyond. J Econ Perspect 30(4):107–130
Smith JM (1982) Evolution and the theory of games. Cambridge University Press, Cambridge, UK
Stiglitz J (2000) The contributions of the economics of information to twentieth century economics. Q J Econ 115(4):1441–1478
Tirole J (1988) The theory of industrial organization. MIT Press, Cambridge, MA
Von Neumann J, Morgenstern O (1944) The theory of games and economic behavior. Princeton University Press, Princeton
Weiss A (1995) Human capital vs. signaling explanation of wages. J Econ Perspect 9(4):133–154

# Gaps and Transparency Challenges in Contract Outsourcing

Lina Vyas
The Education University of Hong Kong, Hong Kong Institute of Education, Hong Kong, China

## Synonyms

Civil service training; Contract management; Outsourcing; Principal-agent theory; Stakeholder analysis; Transaction cost theory

## Definition

Contract outsourcing is the private sector involvement (PSI) in the delivery of public services. Contracting out is a contractual arrangement between the government and the private sector for the delivery of services.

## Introduction

Outsourcing has become popular in the public sector because of the perception that governments are intrinsically inefficient (Huque 2005) and that the private sector is more economic, efficient, and effective than the public sector (Amagoh 2009). Government institutions have resorted to outsourcing primarily as an efficiency measure. Where government is inadequate in terms of expertise, personnel, and time spread across overlapping issues, the private sector can muster the necessary resources to achieve desired results. Outsourcing enables bureaucrats to implement plans without unnecessary strain on government departments that are already facing pressures to downsize and decentralize operations and further retool and capacitate personnel to meet evolving demands. But while outsourcing is an acceptable practice, it straddles on issues that question the extent to which processes are transparent and free of undue influence and selfish interests. And, although significant, oftentimes how these issues are viewed from the perspective of bureaucrats and contractors in the context of their appreciation of their roles vis-à-vis their capabilities is neglected. The paper seeks to expand current literature to cover gaps in terms of the requirements of outsourcing, as perceived from both bureaucrats and contractors, and the attendant processes of private service provider identification, contract development and management, contract implementation, and output evaluation. This paper argues that the perceptions of bureaucrats and contractors, particularly in Hong Kong, influence the efficacy of contractual relationships, which determine the success of outsourcing in the public sector.

## Theoretical Viewpoint

This study is pursued against two theoretical underpinnings: transaction cost theory and principal-agent theory. In sum, both theories explain the rationality of the relationship between bureaucrats and contractors from considerations involving costs and resources and the dynamics

between varied roles being utilized for common goals. Transaction costs theory suggests the viability of outsourcing in terms of the complexity of the contract and the resource requirements. It points to an indirect proportionality of both (contract complexity and resource requirement) to the viability of outsourcing. The principal-agent theory explains the relationship between the principal (bureaucrats) and agent (contractors), and how can compromise the other in the absence of certain features and mechanisms, and in the face of unmet expectations. In this study, both bureaucrats and contractors work within highly politicized Hong Kong where there is a growing demand from civil society for efficiency and accountability from government. Yet in the appreciation of the theoretical underpinnings of this study, we find out a gray area in the values of healthy competition and fair play that the Hong Kong government espouses from the situation on the ground as viewed by bureaucrats and contractors.

## Contract Management

Outsourcing is regarded as not only a means to reduce costs and increase efficiency through the use of the market but also as a mechanism to enhance innovation and flexibility in public service delivery. However, some scholars find that outsourcing may erode the ethos of the public sector. These critics fear that any mismanagement may result in higher costs in service provision and lower service quality, such as might occur with any improper handling of competitive tendering and outsourcing.

Contract management is frequently regarded as a practitioner issue in those contracting studies that focus on the relationships between governments and contractors, performance evaluation, and decision-making on contracting (Schick 2011). An aspect of recurrent critical concern is that the quality of service can be affected by the improper handling of competitive tendering and outsourcing. In such cases, interorganizational collaboration among principals for scarce resources may be undermined, intensifying rivalry among competing agents in contract bidding, thus causing longer-term accountability problems in service delivery (Huque 2005).

## Outsourcing Utilization

Outsourcing was initiated in the 1980s in Hong Kong and grew in volume and frequency during the period of the Asian financial crisis in 1997–1998 that brought the economy of Hong Kong to a new low, and unemployment rate was at a record low. This was also the same period when civil society was more vocal about the need for more efficiency, transparency, and accountability from the Hong Kong government. From that period, government bureaux and departments (B/Ds) have increasingly hired external service contractors to deliver public services.

Public procurement in Hong Kong is subject to scrutiny of the Independent Commission Against Corruption (ICAC) of Hong Kong, which is independent of the civil service and answerable directly to the chief executive. To assess the utilization rate of outsourcing as a strategy in public procurement in Hong Kong, the Efficiency Unit (EU) conducted biennial surveys of the government's outsourcing trends from 2000 to 2012. Covering the 2012 outsourcing situation, EU (2013) administered the survey to 81 government departments and 3497 service providers with active outsourcing contracts with the government. Survey results revealed a significant increase in both number of contracts and total contract value of 26% and 22%, respectively, compared to data in 2010.

Figure 1 shows an annualized outsourcing expenditure of HK$31.7 billion in 2000. This amount almost doubled to HK$62.9 billion in 2012, with 66% of the government outsourcing contracts involving capital works and construction and building and property management services.

Figure 2 shows an increase in the total contract value in 2012 over 2010, attributed mainly to start of major capital works projects, such as the Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road. EU (2013) adds that the increase in the

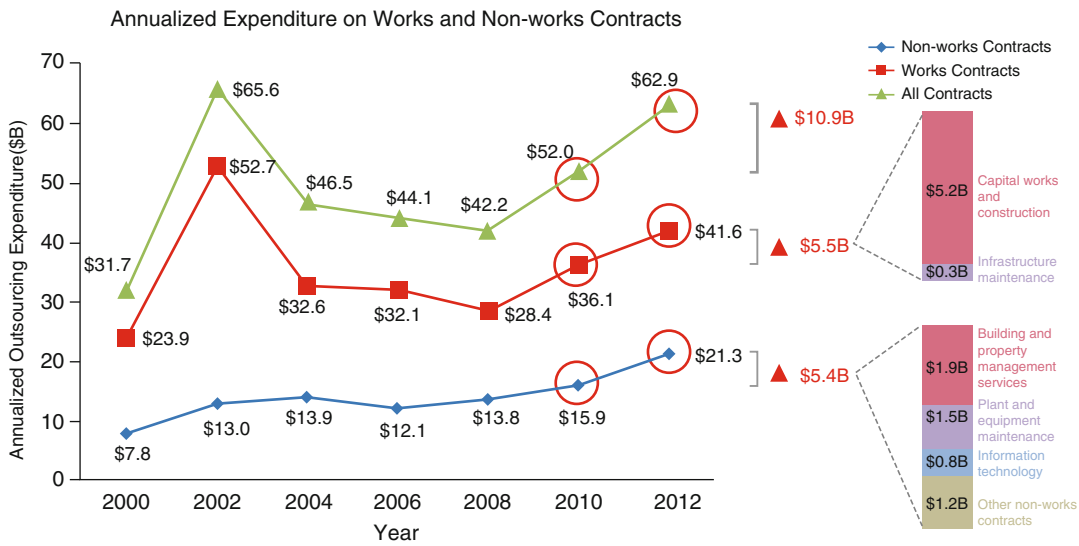


Source: Efficiency Unit. (2012, p.21). *Report on 2012 Survey on Government Outsourcing.* Retrieved from http://www.eu.gov.hk/en/our-work/management-consultancy/doc/survey2012.pdf.

**Gaps and Transparency Challenges in Contract Outsourcing, Fig. 1** Trends in government outsourcing activities

total number of contracts in 2012 over 2010 is largely due new IT projects and the procurement of more IT services, replacing non-civil service contract staff.

## Skills Requirement in Outsourcing

The contract administrators from the public sector indicated that the transaction costs incurred in outsourcing were nearly always ignored. These costs pertained to the resources required for arranging comprehensive trainings for public officials on contract management – developing, maintaining, and monitoring contracts. Without hands-on experience in managing contracts, most of the bureaucrats resorted to self-learning and made decisions based on personal experience. Operating in strained resource environments, the administrators found their capacity to provide adequate oversight and contain opportunism severely challenged. Contractors, on the other hand, stated that they were not informed of government rules and provisions, procedures, practices, and regulatory and government auditing standards and requirements, causing them to inadvertently violate without their knowledge. To avoid the risks, they had to exhaust additional resources to study government rules and regulations. To public managers, additional controls are required when contractors are unfamiliar with regulatory requirements.

Both the bureaucrat and the contractor agree on the necessity of improving professional techniques and skills of the contractor; however, both blame the other side for insufficient information or inadequate training. The bureaucrat expects the contractor to be equipped with knowledge of government rules, the necessary skills, and initiative to keep up with progress through self-learning. However, the contractor expects more assistance from the government in understanding the rules and protocols in the contract (e.g., explicit explanation about details in the contract). Clear guidance from the government would save the contractor time and effort from guessing and trailing by mistakes.

Based on the transaction cost theory, organizations compare costs between internal and external delivery modes before deciding on outsourcing

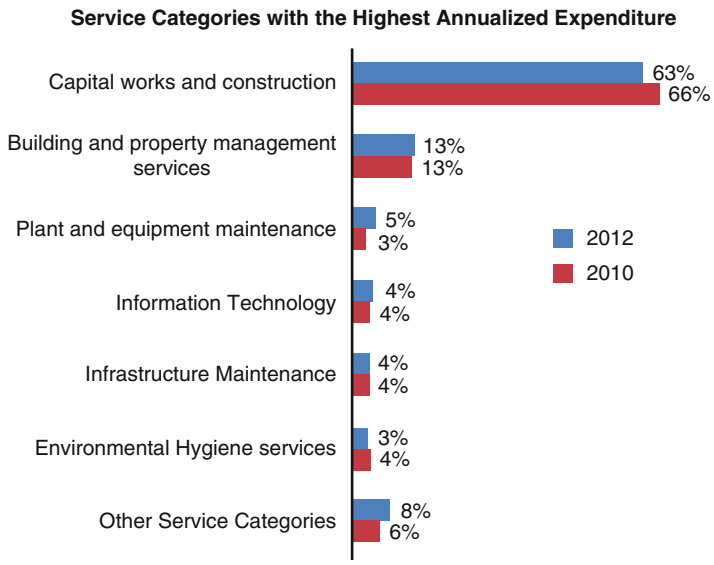


Source: Efficiency Unit. (2012, p.22). *Report on 2012 Survey on Government Outsourcing.* Retrieved from http://www.eu.gov.hk/en/our-work/management-consultancy/doc/survey2012.pdf.

**Gaps and Transparency Challenges in Contract Outsourcing, Fig. 2** Distribution of annualized expenditure by outsourcing service category

activities. Thus, transaction costs related to managing contracts effectively should be taken into consideration because such costs can lower the net benefit of contracting out. Offering public managers the necessary tools will also help them mitigate contracting risks, stave off, and correct incomplete and even failed contracts (Brown and Potoski 2003). As Brown and Potoski (2003) point out, any increase in the percentage of public goods contracted increases the likelihood that governments will invest in contract management capacity. Ongoing contract management training may be provided during induction as well as regular refresher training for bureaucrats to assist them in dealing with other stakeholders.

## Lack of Communication

Both bureaucrats and contractors identified a lack of effective communication in the contracting process. The bureaucrats recognized the importance of communication in enhancing transparency, helping contractors compete, evaluate risks, and deliver stable services. Despite the importance public managers put on communication with contractors, they have been unable to achieve desired benefits. Contractors describe their communication with the bureaucrats as largely limited to reporting work progress or submitting deliverables.

The contractors were also frustrated at the failure of government to communicate their expectations and changes in contract requirements. As a result, some incurred losses. Majority of the contractors did not think that government contracts offered openness, fairness, and transparency. Obtaining information from government in the pre-contractual period and throughout the contracting process was difficult, even if the information requested was crucial for contractors to determine the extent to which they can fulfill the contract. With limited information "essential for determining the scope of bargains," the contractors lamented inability to draw up competitive offers.

The communication discrepancy is attributed to separate, incompatible systems adopted by the

bureaucrats and the contractors to communicate, which result in poor collaboration. Lack of constant and current communication channels also lead to failure in immediately arresting problems and potential crises.

## Transparency and Reliability of Information

Bureaucrats lament the absence of previous service records of tenderers, plan financial resources, and estimate expenditure to allow them to better assess contractors. The bureaucrats in the interviews were concerned about the price-based principle in evaluating bids and tenders. They suggested developing a system to help them track previous service records of tenderers, plan financial resources, and estimate expenditure. Hence, while the capabilities of contractors and their previous service records can be crucial to suitability in being granted an outsourcing contract, such factors are not taken into account in the tender evaluation stage.

Contractors are also not required to disclose certain background information in the pre-contractual period, so they are not known to the bureaucrats until the contract begins. Public managers shared that some contractors may offer extremely low prices to win the contract (adverse selection), but eventually exhibit opportunistic behaviors, offering substandard goods or services during the post-contractual period (moral hazard).

## Effective Monitoring System

Majority of the bureaucrats in the interviews considered it essential to establish detailed service standards to facilitate their assessment of contractors' performance. But due to lack of skills, they cited difficulty in designing and carrying out outsourcing programs for optimal results and measuring contractors' performance. To make up for this, government officials hire consultants and experts in information systems (IS) management, a cost concern that bureaucrats try to minimize.

Bureaucrats also expressed concern over the length of contracts, which hold implications on both market and effective monitoring. Long contracts could come with greater risks of inadequate performance and reduce the policy flexibility available to them. Public managers were also anxious that in limited competitive markets, long contracts would create a monopoly, causing contracts to control prices which in turn would encourage them to charge monopoly prices. Eventually, the government would incur high costs of tendering, monitoring, and evaluation to control opportunism, especially where the outsourcing activity is difficult to quantify.

On the other hand, contractors half-favored long contracts and preferred a number of small-scale and related contracts integrated into large-scale ones. Long and large-scale contracts offer better income opportunities, lower transaction costs, and more prospective planning.

## Compliance with Contract Requirements

To verify contractors' compliance with the contract provisions, government officials conduct regular and spot-check inspections. Contractors, however, resist openness and transparency, preferring to minimize costs of compliance. They indicated in the interviews that they did not favor spot-check inspections during the contracting process as they would be caught unprepared. Spot-check inspections refer to out-of-routine check that is carried out in the normal course of audit, which are intended to ascertain whether a system of internal control operates effectively. They preferred being informed of both details and frequency of monitoring and inspections in advance. Contractors were also upset to spend a great deal of resources completing numerous reports.

Spot-check inspections and regular reports and returns help bureaucrats track the progress of the outsourcing contracts. To ensure compliance and enhance transparency, the government can offer incentives to encourage voluntary adoption or impose sanctions for noncompliance. Some jurisdictions encourage contractors to self-audit

themselves by offering reduced penalties and technological audit resources (Madu and Kuei 2012). For discentives, according to the Hong Kong government (Legislative Council Panel on Public Service 2011), contract breaches are monitored through a service-wide demerit point system and can bar contractors from joining future government bidding.

## Limitations

The research data were based on interviews with the senior and frontline public managers with extensive contract management experience, as well as the contractors with extensive contracting experience with the Hong Kong government. However, due to the perceived sensitivity of the information required by some interview questions, majority of the civil servants invited to participate in the survey declined, further limiting access to quality respondents. In addition, the findings of this study are based on the perceptions of the interviewees; therefore, they may not be generalizable. The sample undertaken for this study was also limited to the senior contract managers, further reducing the population of the interviewees. Another challenge was selection bias, a common problem for snowball sampling when interviewing people who have relatively high homogeneity. Although previous interviewees were discouraged from discussing the research topic and questions with their referrals, the results of the interviews were still not as desired as those from random sampling. The nature of the study is also inductive; the exact number of interviewees was not conclusive until the research was in process.

## Conclusion

The success of contract administration in outsourcing depends largely on a two-way transparent relationship between bureaucrats and contractors. This kind of working relationship empowers both parties to ensure efficiency in the execution of the contract in the best interest of the public.

Outsourcing ideally reduces the role of government in delivering public services, but government retains control over the contracting process. There appears to be more interest in downsizing the responsibility of government in this area over increasing efficiency and quality, even if bureaucrats lack the necessary training and skills to effectively fulfill this particular role. Governments to address issues of transparency as regards contract requirements, background information, and scope and date of inspection, among others, demonstrate failure on the part of public managers to reconcile their decisions and actions with the expectations of contractors. It appears that Hong Kong can barely support the development of new roles and skills among bureaucrats. Bureaucrats still rely on a hierarchical control-based approach within a highly politicalized environment. Within a politicalized context where there are multiple actors and stakeholders with conflicting objectives, outsourcing then remains a severe challenge for public contract managers in Hong Kong.

## Cross-References

► Performance Management and Culture

## References

Amagoh F (2009) Information asymmetry and the contracting out process. Public Sect Innov J 14(2): 1–14. Article 3

Brown T, Potoski M (2003) Contract-management capacity in municipal and county governments. Public Adm Rev 63(2):153–164

Efficiency Unit (2013) 2012 survey on government outsourcing. Retrieved from http://www.eu.gov.hk/en/our-work/management-consultancy/doc/survey2012.pdf

Huque AS (2005) Contracting out and trust in the public sector: cases of management from Hong Kong. Public Organ Rev 5(1):69–84

Legislative Council Panel on Public Service (2011). Use of outsourcing in the delivery of government services. February 21, Retrieved from http://www.csb.gov.hk/english/info/files/panel_outsourcing_20110215_e.pdf

Madu C, Kuei CH (2012) Handbook of sustainability management. World Scientific, Singapore

Schick R (2011) Government Contracting: From the Perspectives of Management, Ethics, and Governance. Public Adm Rev 71(4):665–667

# Garbage-Can Model of Organizations

Nancy S. Lind and Taryn Butler
Department of POL, Illinois State University, Normal, IL, USA

## Synonyms

Ambiguity; Flexibility; Organized anarchy; Organizational fluidity

## Definition

Garbage-can model of decision-making **is** a form of decision-making often used to explain choices made in higher education that views organizations as choices looking for problems and solutions looking for issues.

## Introduction

The Garbage-Can model of organizational decision-making was originally developed by Cohen et al. (1972) to describe organized anarchy. The model attempts to explain organizational decision-making anomalies. In particular, according to Maister (1983), this model is most relevant in decisions made by "organized anarchies," or those which attempt to conduct themselves on democratic, consensus-building principles. Cohen and March, in their book *Leadership and Ambiguity*, defined "organized anarchy" organizations as having some of the following characteristics:

First, an ambiguity of goals with inconsistent, poorly defined preferences and numerous objectives. Due to this aspect of ambiguity, very few problems are resolved by adhering to indisputable and universal (or prioritized) goals within the organization.

Second is an unclear technology, consisting of activities such as teaching, lawyering, consulting, and other professional services which have fairly ambiguous processes. In these activities, there are some consistencies or regularities in terms of standard procedures, yet the activities themselves are considered an "art" to be learned through various experiences, imitation, inventions which are born out of necessity, and trial and error.

The third characteristic is that of fluid participation within these organized anarchies. Members differ in the amount of time and effort they put forth into the concerns of the organization. Sometimes, one actor will focus only on his or her own personal work while leaving the goals and decisions of the organization in the hands of others. In other cases, some may be exceptionally concerned with the organization as a whole and wish to be involved in its affairs. Determining the degree of participation of each member cannot be discerned from an organizational chart, but rather on the basis of the issues being addressed, timing of the issues, and temperament of the issues and/or actors.

Fourth, many of the issues faced by these organizations have little significance to most people in a majority of situations. The decisions made are often only the product of partial, sometimes erratic, attention from participants. A majority of the support or attention given to a particular issue is more representative of the problem's symbolic significance or of the impact it has on the group's esteem than it is of the content of the problem.

As a result of this small significance of issues facing the organization, there is a high level of inertia present, meaning that it takes a great deal more effort and energy for anything to be changed. Typically, there is a minimum amount of effort being put into most decisions, problems, and choices within these organizations, therefore there is also a tendency to continue past policies, procedures, and patterns so as to avoid effort as much as possible.

Lastly, the final characteristic of organized anarchies is that most have a weak information base. The information and data needed to make an educated and informed decision is nonexistent more often than not. Most of the time, this information is not collected or properly disseminated. Perhaps this lack of collection is due to the unclear technology or it could be due to the fact that most

issues are of low participation and low significance to a majority of people within the organization and therefore there is no incentive or motive to collect the necessary information required for informed decision-making.

## Consensus-Based Organizations

These organized anarchies are political, consensus-based "democracies," whether they are law firms or national assemblies. Cohen et al. (1972) studied universities, which are a well-recognized example of organized anarchy. Their findings from this observation were that organizations such as these could be viewed as a collection of choices looking for problems to solve, decision situations in which issues and feelings might be aired, and various solutions looking for a problem to which it may be the answer as well as decision-makers looking for decisions to be made.

These organized anarchies relate to the garbage-can model of decision-making because this model is seen as a process which changes the actual problem facing the organization. Many claim that there are four basic components which can influence decisions: problems, solutions, participants, and choice opportunities. Within the garbage-can model, there could be any combination of the four components, and how they will be mixed is unpredictable. In garbage-can decision, situations, problems, solutions, and participants frequently move from choice to choice. In situations that fail to adhere to the conditions of more classical models of decision-making in some or all of three important ways: preferences are problematic, technology is unclear, or participation is fluid, the garbage-can model is found.

The "garbage cans" in this model are choice opportunities like meetings, committees, and any other decision-making forums. The four components mentioned above are also contained within the choice opportunities. Each of the components flow in and out of the garbage can, which results in solutions getting attached to problems almost solely by chance.

In the garbage-can environment, no obvious or clear rules exist for linking problems and solutions together so as to ensure the resolution of problems (Giesecke 1991). There is an overall theme of unpredictability associated with the garbage-can model which can be seen in the difficulty of discerning organizational goals, objects, rules, and regulations. It is also rather complicated to predict or determine which participants will be present at any given choice opportunity (such as a meeting, for example) where decisions on problems and solutions could possibly be raised or acted upon. As a result, decisions are rarely, if ever, made through the conventional method of "comprehensively rational" policymaking. In this traditional model of rationality, decision-makers or actors first identify the issues or goals facing the organization. These issues are then analyzed and studied so as to generate several diverse solutions or ways to reach their goals, followed by the decision-makers selecting the solution that best fits the problem. Instead of this traditional model, oftentimes the solutions may be present well before the problems ever present themselves to the organization. Any number of individual issues, solutions, and participants can be introduced into various choice opportunities. The process of making decisions in the garbage-can model is extremely unpredictable, and there are a few different methods typically used in this approach.

Within organized anarchical organizations, decisions can be made in three ways. The first is *by resolution*. This refers to the more traditional model of decision-making in which choices resolve problems after working on solving those problems for a period of time. The amount of time it takes to resolve issues can vary depending largely upon the number of issues the organization is facing at that particular time. The second method of decision-making is *by oversight*. In this method, a choice is made and put into action while problems are attached to other choices. This choice is typically made quickly and with as little attention to existing problems and as little energy spent as possible. Choices in this method are made quickly so as to avoid having problems drift over into the current choice that is being made. This

choice solves nothing, since the problems were attached to a different choice and therefore the choice is more symbolic than practical. The third method is to make decisions *by flight*. In these situations, choices are associated with problems for a certain period of time until a more attractive choice presents itself for the problem. The problem will leave the choice that the organization was sitting on, so with the problems no longer being attached to that choice, it becomes possible for the organization to make the decision. Like the oversight method, the flight method of decision-making also fails to resolve any problems, because the problems have moved on to another, more favorable choice (March and Olsen 1976: 8; Weick 1979, 21). Besides the first method of making decisions by resolution, the oversight and flight methods either try to make a choice before there are even any problems to deal with or simply wait out the problems and hope that they go away before a choice even needs to be made.

The outcomes that result from the decision-making methods within the garbage-can model are not always reflective of the intentions of the decision-makers. Leaders within organized anarchies can still play a positive role in decision situations. In the garbage-can model, leaders can make a difference in a variety of ways such as: carefully timing the creation of issues, remaining cognizant of the ever-changing interests and levels of involvement of participants, diagnosing the status and power implications contained within all choice opportunities, knowing when to abandon programs/projects/proposals when they become tied too closely with others, and appreciating that the planning process is merely symbolic in a majority of situations and is typically just an excuse for interaction within the organization.

Cohen, March, and Olsen's garbage-can model of organizational decision-making has been reconstructed by Fioretti (2013) into a more agent-based model. The original garbage-can model states that actors in organized anarchical organizations can delay making decisions. Fioretti (2013) builds on to this postponement of decisions by adding in another possible method to avoid making decisions: buck-passing, or passing difficult issues and problems along to colleagues to avoid having to make a decision. This method emphasizes the selfish nature of individuals within organizations, yet it does not suggest the fruition of dysfunctional consequences for the organization as a whole. Simulation experiments conducted validate and develop further some of the conclusions drawn from the garbage-can model of decision-making. These experiments demonstrate that a majority of decisions are made without resolving any problems, which has been stated as a defining characteristic of this model. The organization ends up creating a cycle by not solving these issues, continually making decisions which do not accomplish any specific goal or conquer any problems. Any problems which are actually solved are usually handled only at the lower levels of the hierarchy within the organization. The conclusions from these simulations identified a consequence that was previously omitted, or possibly overlooked, which was the idea that top executives in organizations do not need to be strong problem-solvers because many of the issues which are actually tackled are taken care of at lower levels.

An example of the garbage-can model can be seen in the actions which took place in Hazelton, Pennsylvania in 2006 through the local government's response to increasing numbers of unauthorized migrants in the community. While there was no way to determine the exact number of undocumented migrants living in Hazelton, estimates believed the Hispanic population was between 11,000 and 12,000, with roughly 1700–2400 of those suspected to be unauthorized migrants. Many migrants moved to Hazelton to find work, education, safety, security, and an overall better life (Bressler and Delaney 2002). This influx of migrants created debate among some who claimed that undocumented migrants were taking a toll on the economy while others believe this to be false (Lipman 2006). However, the American Immigration Law Foundation stated that while undocumented migrants may pay more in federal taxes, they are still costing *state and local* governments more in services (Paral 2005).

These migrants, then, are leaving local economies struggling to pay to provide services to their

communities. This point is validated by examining data from the City of Hazelton where it is found that in the years surrounding 2006, there was a continuous rise in services provided but no rise in revenue from local taxes on wages. Services such as health care and education became highly taxed and many businesses saw losses in income. The Hazelton Area School District increased tremendously in student population, resulting in overcrowding. The number of English as a Second Language Programs rose also, costing the district a substantial amount of money. The number of undocumented students was unknown but estimated to be high due to the lack of English spoken and lack of paperwork by many students.

City officials noticed the increase in unauthorized migrants in the area. A trend of violent crime committed by Hispanic individuals, most of them undocumented migrants, that began in fall 2005 prompted the Mayor and city council of Hazelton to believe there needed to be an ordinance. Having no other options, the Mayor searched online for a solution which would meet the needs of Hazelton and found an ordinance in San Bernardino, California which dealt with "illegal aliens" (Dorell 2006). The Illegal Immigrant Reform Ordinance was formed on the foundation of partial statistics, assumed information, and the need to act swiftly. Hazelton could be described as an organized anarchy during this time, which created the perfect atmosphere for the garbage-can model of decision-making. The city's lack of means to deal with the problems locally led officials to search elsewhere for answers. The shortage of information collected on undocumented migrant crime statistics and the unwillingness of the federal authorities to assist in the issue resulted in the Mayor searching for his own solution. The vague goal of reducing crime is characteristic of the garbage-can model, but the problem was not essentially solved through the created ordinance.

Hazelton was also accused of having unclear technology in the ordinance because there were no clear means of identifying undocumented migrants in the area. The ordinance faced legal issues and backlash from groups, mainly Hispanic organizations, which should have been included in the creation of such a piece of legislation. However, the Mayor stated that none of these groups spoke openly about the issues facing Hazelton or came out publicly against the violent crimes being committed. Local businesses and organizations, instead of taking positive action, used this ordinance to protest the actions of the Mayor and city council for discriminating against anyone they believed to be foreign (Hall 2007). Before many local groups had a chance to respond to the ordinance, national organizations stepped in, forcing the Hazelton community to argue their cases on the national level. A court case was filed then heard in the US District Courts where the ordinance was ruled unconstitutional. Both sides continued to fight over the policy in court.

The focus of this issue is the local government's responsibility to protect its own citizens versus the federal government's right to handle immigration policy. Hazelton was a community experiencing transition in their increasing numbers of immigrants, which led to the inability of local government to make an effective decision regarding the reduction of violent crime. The Mayor and city council sought answers to the problem elsewhere, yet the solution was ineffective. This is representative of the garbage-can model where decisions are made, yet problems are rarely solved. There was unclear technology on how to implement such an ordinance and there was a lack of sufficient research and data gathered to make a decision. The Mayor's choice of using the San Bernardino ordinance as a model is reflective of a choice being plucked by a participant and pasted onto the problem as a band-aid solution. The actions of Hazelton's government are a prime example of the garbage-can model in action.

## Conclusion

The garbage-can model is used to explain discrepancies in decision-making within organizations. This method is found most often in organized anarchies with poorly-defined goals, fluid participation, and problems which hold little significance to a majority of participants. It has been shown to be an ineffective method in which decisions made rarely solve any problems. Though it

seems to be counterintuitive for organizations to engage in this form of problem-solving, or lack thereof, organizational studies continue to find the persistence of the garbage-can model within organizations.

To sum it all up, organizations operate on the basis of inconsistent and ill-defined preferences. Various kinds of problems and solutions are dumped, and the mix of garbage depends on the mix of labeled cans available.

## Cross-References

▶ Bureaucratic Power
▶ Organizational Decision-Making

## References

Bressler S, Msgr. Delaney M (2002) La Voces de la Communidad: a community perspective by Hazleton Hispanic Residents. Paper presented at the meeting of the Hazleton Civic Partnership. Hazleton

Cohen MD, March JG, Olsen JP (1972) A garbage can model of organizational choice. Adm Sci Q 17(1): 1–25

Dorell O (2006) Town takes aim at illegal immigration. Accessed from USA Today Web Site on 11 Apr 2016. http://usatoday.printthis.clickability.com/pt/cpt?action=....

Fioretti G (2013) The garbage can model of organizational choice (version 1). CoMSES Computational Model Library. Accessed 21 May 2016 at https://www.openabm.org/model/3840/version/1

Giesecke J (1991) Creativity and innovation in an organized anarchy. Accessed 1 May 2016 at http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=126&context=libraryscience

Hall R (2007). Accessed from CNSNews.com Web Site on 30 Apr 2016: http://cnsnews.com/ViewNation.asp?=Page/Nation/archive/200707/Nat20070727a.html

Lipman FJ (2006) Taxing undocumented immigrants: separate, unequal and without representation. Accessed from Social Science Research Network Web Site on 21 May 2016: http://papers.ssrn.com/so13/papers.cfm?abstract_id=881584

Maister D (1983) Garbage can decision-making. Accessed 24 Apr 2016 at http://davidmaister.com/articles/rbage-can-decision-making/

March J, Olsen J (1976) Ambiguity and choice in organizations. Universitetsforlaget, Denmark

Paral R (2005) A lifeline to renewal: the demographic impact of immigration at state and local levels. The American immigration law foundation. Accessed on 22 May 2016 from http://www.ilw.com/articles/2005,1011-paral.shtm

Weick K (1979) The social psychology of organizing, 2nd edn. McGraw-Hill, Columbus

# Gender and Corporate Governance in Public Organizations

Filomena Buonocore[1], Luisa Varriale[2], Maria Ferrara[3] and Paolino Fierro[4]
[1]Department of Law, "Parthenope" University of Naples, Naples, Italy
[2]Department of Sport Science and Wellness, University of Naples "Parthenope", Naples, Italy
[3]Department of Management, Accounting and Economics, "Parthenope" University of Naples, Naples, Italy
[4]"Parthenope" University of Naples, Naples, Italy

G

## Synonyms

Board of directors; Corporate governance; Gender diversity; Group dynamics

## Definition

Gender and corporate governance within public organizations represents a relevant topic in organizational research related to the female representation in boards and top management positions in local administrations and state-owned organizations.

## Introduction

Diversity represents an important research domain for organizational studies, especially because of the greatest phenomena that occurred in the world, that is, the globalization, the internationalization of enterprises, the financial and economic crisis, the demographic changes in the workforce, and the increasing complexity of jobs. In many countries, the diversity debate is

mostly focused on the role of women in the workforce, as outlined by the spread of "affirmative actions" and "equal opportunity programs" to support the role of women within organizations. Despite their relevant socioeconomic progress in the last decades, women still face inequalities in compensation and status, and they are underrepresented in top management positions.

In European countries, the percentage of women in leadership positions was dramatically low until recently, both in public and private sectors. In many European countries, the improvement process is underway thanks to the introduction of government laws to promote women's representation in the boards of companies listed on the Stock Exchange and in companies owned by the public administration.

Although the increasing gender balance at board level was more than doubled from 2,8% in October 2011 to 7,1% in April 2015 (European Commission 2015), there is still an intensive public debate in research and practice on the concrete participation of women to board of directors' processes. Thus, it seems that women directors do not really play a relevant role in decision-making process of board of directors, also because maybe the qualification and merit criteria are not merely applied.

## Women Progress Driven by Regulatory Pressures: State of Art

In recent years, numerous European States passed a legislation that requires a gender quota for board of directors (Terjesen and Singh 2008; Francoeur et al. 2008). As first mover, in 2003 Norway prescribed a minimum target of 40% gender quota on board of directors in all public companies, as well as state-owned enterprises, becoming mandatory since 2006. Subsequently, Spain and Iceland followed Norway's footsteps. In Spain, this legislation was applied in 2007 to publicly listed companies and companies with more than 250 employees, to be completed by 2015. Iceland passed the law to all publicly listed companies and companies with more than 50 employees, which were required to have at least 40% of each gender represented on their board, starting in 2013 (Teigen 2012). In 2011, France, Netherlands, and Belgium adopted the corporate board quota legislation for private companies. In Italy, the quota law was approved in 2011 for publicly listed companies and state-owned companies where one-third of the seats on boards and supervisory boards were reserved for women since 2015. Indeed, the Golfo-Mosca was approved in Italy requiring the equal representation of women, at least one-third of the members of corporate boards, in public companies. Recent data from the Bellisario Foundation calculate that in 2016 there are about 800 women in the corporate boards and 200 in the boards of auditors. Furthermore, since 2015, with the second term, the mandatory gender quota will become 30%. According to estimate reports by the Bank of Italy, without a binding law, we would achieve gender parity in 2075 (Bank of Italy 2012; Bianco et al. 2013).

These values have been changing the mind of many skeptics, contrary to quotas because they feared that the choice on the basis of the gender would not depend on meritocratic criteria. But it is difficult for women to prove their worth if they cannot reach the positions to do it. The idea, outlined in Europe and the United States, is that companies, where there is more women not discriminated based on gender, are more open to work-life balance. According to a study recently published by Aspen Institute Italia (2014), companies with more women at the top positions have better withstood the economic crisis. The Bellisario Foundation wants to extend the threshold of 20% even at 4000 companies controlled by local authorities.

However, only few countries have adopted penalties for violations about gender quotas. For instance, Norway and Italy adopted a system of progressively serious penalties for noncompliance companies, including the payment of a pecuniary penalty, the cancellation of board members' compensation, or the revocation of board membership.

In 2012, considering the limited success of this legislation (the percentage of women on corporate boards increased from 12.5% to 20.7%), the European Commission proposed a mandatory directive to apply to executive and non-executive

directors of listed companies in private sector and state-owned companies. The overall goal was to achieve a minimum representation of 40% of women by January 1, 2018, for state-owned listed companies.

A central point of the proposal is the requirement of a transparent and objective recruitment process which requires specific details about "clear, neutrally formulated, and unambiguous criteria" for board selection (European Commission 2012, p. 1; Oliveira and Gondek 2014, p. 5). The law stipulates that if two candidates are found to be equal according to the criteria, the member of the underrepresented gender must be chosen. In addition, the proposal establishes an audit system; the companies must provide annually information and specific data about the gender representation in their boards, as well as measures applied for ensuring a transparent recruitment process. This information must also be published on their website to ensure that it is accessible to anyone interested. Each member state would determine which sanctions could be imposed on companies that do not comply; these measures must be "effective, proportionate, and dissuasive" (Oliveira and Gondek 2014, p. 7).

## Group Dynamics in Board of Directors

Board of directors represents the most important governance mechanism, with the relevant purpose to support management through counseling and advice and to protect stakeholders against managerial misconduct. According to Forbes and Milliken (1999), boards of directors are large, elite, and episodic decision-making groups that face complex tasks pertaining to strategic-issue processing. Because boards mainly produce a cognitive output, such as strategic decisions, they require a high degree of specialized knowledge and skills to operate effectively. Drawing from the literature on group dynamics, most empirical studies suggest that demographic diversity in these groups – many persons with different backgrounds, experiences, competencies, and culture who meet together to deal with complex problems – may be advantageous to the decision-making process, because the greater range of perspectives and specialized knowledge and skills provided by heterogeneous members promotes more information search, the identification and critical examination of major decision alternatives, creativity in decision-making tasks, and performance gains (Watson et al. 1993; Jackson et al. 1995). In this perspective, the presence of female directors, as minority group, may contribute to board decision-making process by providing alternative perspectives and prompting divergent thinking among the majority group (Torchia et al. 2011). However, women could play a crucial role in making diversified boards more effective and contributing to better decision-making processes, depending on the board ability to tap available knowledge and skills and to guarantee active participation of all members in bringing their perspectives to the group debate (Buonocore et al. 2017; Huse 2007).

## Gender Stereotypes in Boards' Processes

Dysfunctions in board decision-making processes may depend on the existence of gender stereotypes that hinder the effective participation of women in decision-making processes. Although the workforce is increasingly becoming diversified, male attributes, such as competitiveness, dominance, and aggressiveness, are still considered crucial for enhancing managerial career success. Traditional gender stereotypes refer to beliefs that women are less able than their male colleagues for top, executive, and non-executive managerial positions, because they do not have masculine characteristics that are traditionally associated to effective and successful managers (Powell et al. 2002). As a consequence, women are considered as less effective leaders even if they behave in exactly the same manner as men.

Gender stereotypes have a significant impact on the majority group represented by male directors, who tend to consider their female colleagues as less effective in the role of directors, to distrust their judgment and expertise, and marginalize them adopting discriminating behavior, with negative consequences on the board ability to cooperate and combine their contributions in creative

and synergistic ways. For example, some scholars argue that individual differences in communication behaviors might determine much of the subtle bias against women. Indeed, women tend to show more socioemotional communication behaviors, compared to men who seem more dominant and assertive (Wood and Karten 1986). Because communication behaviors are presumed to be an indicator of competence, and communication styles of women are perceived as nonstandard and unconventional, the majority group of men tends to underestimate women's capabilities excluding them from the group's activities.

The presence of gender stereotypes may produce another dysfunction in board of directors' processes due to the phenomenon of stereotype threat, which directly involves women's behavior. The stereotype threat is conceived as the "psychological experience of a person who, while engaged in a particular task, is aware of a stereotype about his or her identity group suggesting that he or she will not perform well" (Roberson and Kulik 2007, p. 26). Individuals who are members of a negative stereotyped group fear to be seen and judged according to a negative stereotype, especially if they are performing a type of tasks regardless of which the stereotype exists, such as women in leadership positions are familiar with the common stereotype that "women are not good leaders." This awareness creates anxiety and apprehension in individuals exposed to stereotypes with a disruptive effect on their performance, ironically resulting in individual confirming the stereotype he/she wants to disconfirms (Roberson and Kulik 2007).

One of the most interesting issues concerns the application of the stereotype threat theory to explain women's behavior when they operate as a minority group in a board of directors. Task difficulty, personal task investment, and characteristics of the context are identified in research as relevant variables making workers vulnerable to stereotype threat (Roberson and Kulik 2007). Individuals involved in difficult challenging tasks and feeling personally invested in their job tend to really care about their performance and to experience anxiety and apprehension in their tasks, exposing themselves to stereotype threat. An additional condition needed for stereotype threat to emerge is the context, where some individuals are considered different from others on a salient demographic dimension, race, sex, or age (Kanter 1977).

In this perspective, boards of directors provide a fertile ground for women's stereotype threat, with relevant consequences on board processes. First, women directors are involved in complex and challenging tasks that require concentration and cognitive resources (Freidson 1988); thus they are likely to experience frustration with task accomplishment. Second, given the prestige of the role, women directors tend to experience a high level of psychological engagement and job identification, believing that doing well in the task domain is important for their self-esteem and identity. Third, despite the women improvements due to the multiplicity of regulatory acts in the last decades, there is still a small minority of women in board of directors, who are labeled as "tokens." Because of their high visibility, women feel a high pressure in performing, which creates anxiety and apprehension in making tasks, needed conditions for stereotype threat.

## The Role of Personal Networks for Accessing to Board Positions

The boards of directors in Italian public companies are composed of executive directors, such as the CEO and large shareholders, and non-executives or outside directors, who generally represent the majority of the board. Non-executive directors cannot have personal ties to the company or to anyone with ties to the company, because of their main tasks to provide protection to stakeholders by guaranteeing objectivity and independence of judgement to control the insiders but also to enhance heterogeneity of point of views and debate among the different members of the board (Corbetta and Minichilli 2006).

Public organizations generally engage in public board director individuals who hold top

positions in other large corporations, such as retired CEOs, in order to give clear signals to the community that the top managerial positions are headed by reputable people, specialized in easily attracting and managing resources (Korn and Ferry 2000).

The main improvements for women at board level, following the government acts of the last decades, include non-executive positions, while the proportion of women among executive directors is still very low. Focusing the attention on public sector in Italy, data show that in 2012 women public sector leaders compared to the 64.7% of women across total public sector represent the 27%; also, the 17% of women are in Italian ministerial positions against the 22% of the total of women in parliament (EYGM Report 2013). In the last years, this percentage is growing thanks to the recent reforms about gender discrimination act (the gender quota act), allowing Italy to be ranked in fourth position in terms of total percentage of women across the public sector (27%) and in seventh position among the G20 countries with the 27% index of women as public sector leaders (EYGM Report 2013), but despite this growth of women at top positions in public organizations, their presence is still limited for several reasons, such as the recruitment criteria mainly depending on personal opinions of majority groups.

Indeed, the recruitment of candidates is generally based on personal opinions of the chairman of the board of directors or nominating committee, who tend to select candidates drawing on their personal connections. Thus, people may access to board seats for large and prestigious Italian companies thanks to their informal network connections, while limited network relationships reduce this opportunity, because of restricted information and difficulty in finding a sponsor. Personal recommendation and networking encourage the tendency to select people who are similar to them, mainly represented by male members.

Researchers have emphasized the benefits of informal networks for individuals in the organizational hiring processes, explaining that managers tend to target their recruitment choices on the basis of whom they know personally or who share their loyalties and personal values (Galaskiewicz and Shatin 1981). Homophily is the concept used to describe the degree of interaction among individuals who are similar in identity or organizational group affiliations (Marsden 1988). Interpersonal similarities produce common interests and worldviews, which increase easy communication, improve predictability of behavior, and foster relationships of trust and reciprocity (Kanter 1977). This explains the arising of spontaneous ties based on interpersonal attraction (Marsden 1988; McPherson and Smith-Lovin 1987), leading to create or reinforce informal network relationships. Scholars explain that, under conditions of environmental turbulence and organizational uncertainty, individuals are more likely to pursue these networking strategies, which allow assuming more defensive behaviors (Ibarra 1993). In fact, they tend to attract individuals of their informal networks, because trust and loyalty in these relationships ensure reliability under conditions of uncertainty (Kanter 1977).

According to this perspective, the changes following the equal opportunity laws for board of directors tend to distort the traditional power relations creating uncertainty and concern among the members of overrepresented groups, who fear losing their traditional position of power. These concerns tend to favor the recruitment of women directors who are already known and have personal ties with the CEO or the group of shareholders, so to ensure trustful relationships and loyalty and avoid contrasting opinions in board decision-making processes. As a consequence, competences and professional expertise are not a condition for women to be appointed as a director; they often do not offer a real professional expertise that makes difficult for them to guarantee an active participation to a board debate and provide an effective contribution to group's problems. Moreover, the absence of autonomy from the overrepresented groups creates conformism among board members because women do not bring divergent perspectives from the higher-status men, and this can hinder effective group decision-making processes.

## Concluding Remarks

During the last two decades, most studies in the literature focused on diversity tend to underline the difficulties faced by women in ranking very top management levels within organizations, which remain still mainly dominated by men especially in public organizations. Despite the increasing attention paid by scholars to the structural barriers for women to access to very top positions within organizations, still limited studies investigate the reasons and limits faced by women in being members within boards of directors.

Indeed, the female representation in corporate boards within public organizations, specifically local administrations and state-owned companies, is very low, depending on environmental, political, social, and cultural factors related to each country. More specifically this underrepresentation of women in decision-making processes and positions stems from traditional gender roles and stereotypes, the lack of support for women to balance care responsibilities with work, and the prevalent political and corporate cultures (Sheridan 2001; Zona and Zattoni 2007; European Commission 2017). Also, women perceive to be discriminated in public corporate boards, and, consequently, numbers about women in public corporate boards still follow an inverse direction showing an alarming female discrimination.

This study aims to "open the mind" in public organizations, in order to think about and evidence how the group dynamics affect the concrete participation of women to decision-making processes of boards. Indeed, because of the existing gender stereotype threat in board processes, many dysfunctions still characterize the boards' decision-making processes by hindering the effective participation of women. Being part of gender majority groups plays a crucial role in being actually involved in decision-making processes of boards, because of the impact derived from the personal networks. Male directors tend to create a closed network, where personal interactions tend to support mostly men in accessing to board positions.

This analysis mainly outlines the limitations of gender quotas laws and interventions and, consequently, the need to introduce some initiatives, like diversity training programs, for creating and developing a different way to see women at workplace in top managerial positions, overcoming any gender stereotypes, and, at the same time, for trying to formalize personal connections going beyond the gender discrimination. All the organizations, especially public organizations, receive many benefits in having an increasing cross-gender workforce, especially at top positions in the boards of directors, but they also need to promote training and educating initiatives for both, men and women, at leadership positions for involving women in being "role models," becoming positive examples for all females at workplace, and, creating, in the future, "successful personal networks" for women by promoting their access to board positions.

## References

Aspen Institute Italia (2014) Donne nei ruoli di vertice a cura di Donatella Boccali, pp 12–27. http://www.aspeninstitute.it/system/files/private_files/2014-10/doc/Donne%20nei%20ruoli%20di%20vertice.pdf

Bank of Italy (2012) Relazione Annuale Presentata all'Assemblea Ordinaria dei Partecipanti Roma, 31 maggio 2012 anno 2011 – centodiciottesimo esercizio

Bianco M, Ciavarella A, Signoretti R (2013) Women on corporate boards in Italy, Questioni di Economia e Finanza (Occasional papers), Number 174, June 2013

Buonocore F, Varriale L, Briganti P, Ferrara M (2017) Diversity management and the illusion of fairness. In: Stachowisz-Stanusch A, Amann W, Mangia G (eds) Corporate social irresponsibility: individual behaviors and organizational practices. Information Age Publishing (IAP), Charlotte, pp 185–200

Corbetta G, Minichilli A (2006) Board of directors in Italian public family controlled companies. In: Poutziouris P, Smyrnios K, Klein S (eds) Family business research handbook. Elgar Publishing, Cheltenham

European Commission (2012) Proposal for a directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures. http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012PC0614&from=EN

European Commission (2015) Gender balance on corporate boards. http://ec.europa.eu/justice/gender-equality/files/womenonboards/factsheet_women_on_boards_web_2015-10_en.pdf

European Commission (2017) Official website. http://ec.europa.eu/
EYGM Report (2013) Worldwide index of women as public sector leaders, opening doors for women working in government. EYGM Limited, New York
Forbes DP, Milliken FJ (1999) Cognition and corporate governance: understanding boards of directors as strategic decision-making groups. Acad Manag Rev 24(3): 489–505
Francoeur C, Labelle R, Sinclair-Desgagne B (2008) Gender diversity in corporate governance and top management. J Bus Ethics 81(1):83–95
Freidson E (1988) Profession of medicine: a study of the sociology of applied knowledge. University of Chicago Press, Chicago
Galaskiewicz J, Shatin D (1981) Leadership and networking among neighborhood human service organizations. Adm Sci Q 26:434–448
Huse M (2007) Boards, governance and value creation. Cambridge University Press, Cambridge
Ibarra H (1993) Personal networks of women and minorities in management: a conceptual framework. Acad Manag Rev 18(1):56–87
Jackson SE, May KE, Whitney K (1995) Understanding the dynamics of diversity in decision-making teams. In: Guzzo RA, Salas E (eds) Team effectiveness and decision making in organizations. Jossey-Bass, San Francisco, pp 204–261
Kanter RM (1977) Men and women of the corporation. Basic Books, New York
Korn and Ferry (2000) Board size in Australia decreases to seven members after 15 years, Korn/Ferry Press Releases. http://www.kornferry.com/Austr_bd_decrease"htm
Marsden PV (1988) Homogeneity in confiding relations. Soc Networks 10:57–76
McPherson JM, Smith-Lovin L (1987) Homophily in voluntary organizations: status distance and the composition of face-to-face groups. Am Soc Rev 52: 370–379
Oliveira A, Gondek M (2014) Women on company boards – an example of positive action in Europe. European University Institute Robert Schuman Centre for Advanced Studies, Working Paper
Powell GN, Butterfield DA, Parent JD (2002) Gender and managerial stereotypes: have the times changed? J Manag 28(2):177–193
Roberson L, Kulik C (2007) Stereotype threat at work. Acad Manag Perspect 21:24–40
Sheridan A (2001) A view from the top: women on the boards of public companies. Corp Govern Int J Bus Soc 1(1):8–15
Teigen M (2012) Gender quotas on corporate boards: on the diffusion of a distinct national policy reform, Chapter 4. In: Engelstad F, Teigen M (eds) Firms, boards and gender quotas: comparative perspectives. Comparative social research, vol 29. Emerald Group Publishing Limited, Bingley, pp 115–146
Terjesen S, Singh V (2008) Female presence on corporate boards: a multi-country study of environmental context. J Bus Ethics 83:55. https://doi.org/10.1007/s10551-007-9656-1
Torchia M, Calabrò A, Huse M (2011) Women directors on corporate boards: from tokenism to critical mass. J Bus Ethics 102:299
Watson WE, Kumar K, Michaelsen LK (1993) Cultural diversity's impact on interaction process and performance: comparing homogeneous -and diverse task groups. Acad Manag J 36:590–602
Wood W, Karten SJ (1986) Sex differences in interaction style as a product of perceived sex differences in competence. J Pers Soc Psychol 50(2):341–347
Zona F, Zattoni A (2007) Beyond the black box of demography: board processes and task effectiveness within Italian firms. Corp Gov 15(5):852–864

G

# Gender and Governance, Russia

Valeriya Utkina
Faculty of Social Sciences, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Gender equality; Gender policy; State feminism; Woman question

## Introduction: Gender Discourse in Public Administration

The main goals of gender policy are elimination of gender-based discrimination and establishment of egalitarian society founded on the principle of equality for all people. National gender and development strategies as well as integrated approaches toward promotion of gender equality have been implemented in recent years in most countries. Evolution of approaches toward gender equality can also be witnessed in international documents as well as economic and social programs.

In the 1990s, the legal framework for gender equality was already conceived and reflected in resolutions of international conferences such as the Women's U.N. Conference in Nairobi (1985) and the Fourth World Conference on

Women in Beijing (1995). The Beijing Declaration and Platform for action is the most comprehensive legal document providing recommendations for promotion of gender equality. Among the International Labor Organization (the U.N.) conventions, the most notable are the United Nations Convention on the "Elimination of All Forms of Discrimination against Women" (a.k.a. CEDAW, 1979) and the Convention №156 concerning "Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities" (1998).

What is more, a number of documents promoting gender equality underlie gender and development strategies of international organizations, as well as of different countries and regions. A clear example is the "Recommendation of Gender mainstreaming" by Council of Europe, published in 1998.

At present, elimination of gender inequality in education and deficit of women's parliamentary representation are major concerns for the entire global community. Gender-related research with in-depth view of status roles of men and women in societies at different stages of development has now become particularly topical. However, considering all the imperfections in the policy toward women, it is possible to say that the twentieth century allowed, for instance, the Soviet and now Russian women to obtain political rights, as well as participate in policy-making and influence political decisions.

## Gender Issues in Historical Perspective

The idea of "natural destiny/vocation of genders," which divided social roles between men and women, has been common for many years. This idea also underlies the patriarchal model, according to which family is primary for a woman, while other aspects of life are secondary and are not that important for her self-actualization. As for men, their social role includes working outside the house and taking care of financial security of the family. According to many researchers, such division of roles was historically established due to women's childbearing capacity.

This traditional approach has existed for many years, explaining the absence of women's labor market. Later on, a number of new theoretical concepts explained gender-based division of labor from the point of view of economic rationality. The concepts are based on the idea of opportunity costs. According to it, each spouse should perform work that provides the highest rate of return. If a woman is considered to be more productive and effective in dealing with household tasks and if she is paid less than a man in the labor market, then it is more rational for her to choose family and household as her priorities (Mal'tseva and Roshchin 2007). In fact, nowadays in many countries, this traditional model is confronted by the idea of gender equality.

In Russia, a shift to gender equality occurred during the Soviet period. First of all, it brought changes to the constitutional order. Thus, the principle of equality between men and women was anchored in legal norms since the very first Constitution of the USSR in 1918. The Russian Soviet Constitution safeguarded civil and socioeconomic rights for women. Secondly, from economic perspective, industrialization demanded extra labor force, which could be enriched by female employees. The "New Soviet woman" was legally independent; she had civil rights and was paid equally (to men) for equal work. To establish this new concept in the USSR, the term "working mother" was introduced. The "working mother" would create both material and demographic (population) recourses for her country. In other words, a woman had to learn how to combine work and family responsibilities. As a result, over 70 years of the Soviet power gender equality had become a political slogan.

However, a general "patriarchic" idea, as well as some gender stereotypes about the place and the role of a woman and a man in economic life of the country, still remained in people's minds. Furthermore, the constitutional norms about gender equality were not always respected. Equality was formal rather than real and hidden discrimination existed (Pushkareva 2008). In particular, in public administration, there were almost no women in high-rank positions. Women's representation in

government offices was also minimal. For example, A. Kolontai was the only woman in the first Soviet Government of 1917–1922. Similarly, only two women were included in the USSR Council of Ministers during the period of its existence (1923–1991). However, there was also a bureaucratic system of quotas for the nomination of women within the framework of the administrative command system of management. The proportion of women among the deputies of the Supreme Council of the USSR was set at 30%. For example, in the elections to the Supreme Council of 1984, 492 women were elected of the total number of deputies, which amounted to 33%.

Given the patriarchal way of life, which in many respects was reproduced in the Soviet period, not many women strive for a career in public administration. However, those who aspired had the opportunity to break through. Soviet power also gave women self-actualization through communist party organizations: they ran for office and were elected to the local party's chapter. Taking into consideration that there was a one-party system in the country, women tangential became participants in the political process.

During the Thaw of 1960–1970, women's organizations were widely spread, and women of various income levels and social strata were accepted: from milkmaids to pop stars. Such organizations served not only as interest clubs but allowed for a variety of types of mutual assistance to their participants. Later in the 1990s, due to political and economic changes, some of those organizations started to transform into NGOs as a result of the difficult situation (lots of women lost their work places, most of previously promised social guarantees were abolished, etc.). All this has led to the fact that many nonprofit organizations have become politicized.

Nevertheless, some legislative attempts to develop gender equality were later carried out in Russia. The first legislative action in 1993 was a presidential decree on "the priorities of the state policy on women." That document officially confirmed the importance of provision of conditions for women's participation in the activities of state bodies. Another step toward women's participation in public administration was a presidential decree of 1996 on "strengthening the role of women in the federal public authorities and in public authorities of the entities of the Russian Federation." The main goal of those regulations was an implementation of the constitutional principle of equal rights and equal opportunities for men and women. Most importantly, due to those regulations, the official gender statistics, which provided an estimate of the ratio of men and women in public service, was introduced. However, that was the only positive outcome. This brief historical reference demonstrates that women never outnumbered men in high-ranking positions of public service in Russia. The situation has not changed much by now.

Returning to the issue and current status of gender inequality in public service, it should be noted that in spite of the general trend of feminization in public civil service in Russia, the level of women's representation in senior positions still remains relatively low, similar to the ratios in the Soviet time. Standard stereotypes and employers' gender preferences in certain jobs and positions partially explain the existing trend. For instance, women in general should not qualify for management positions. Moreover, women are prone to do more work and less prone to lay claim to a high share of the income. These common stereotypes based on the idea of "natural" differences between men and women reinforce gender inequality. Government service is not an exception and is directly affected by all the aforementioned stereotypes.

Two other groups of stereotypes can explain the existing situation with the higher ratio of men over women in senior positions in public service. The first group consists of discriminating stereotypes of employers, who might think that female employees are less efficient and that they make less labor effort. The reason for this way of thinking is the fact that female employees might have more family obligations, which can interfere with their work.

The second group is represented by the behavioral stereotypes, which are typical concerning female employees. Particularly when being flouted, women often tend to compare themselves

with less competitive employees, which devalue their own achievements.

Thus, still existing in the society, "natural female and male norms of behavior" influence the formation of personnel structure in public service. According to these norms, men are considered to be more active, confident, and persistent leaders. This perception lets men more easily fit into the "status and role system of gender relations of the government service." As a result, men still prevail in superior positions of public administration in Russia. However, Russian women have been increasingly taking on many roles that were previously considered just for men such as top management executives, political figures, or simply bread winners, but females have been increasingly adding more stress on themselves through multitasking at home and professional roles (Nguyen et al. 2014).

## Gender Aspects in Public Administration

Compared to Weber's model of bureaucracy, New Public Management (NPM) model offers women a more important role in politics. Thus, considering changes in public administration in Sweden and England, the scholars argue that the NPM reform processes in these countries were heavily affected by women's movements (Barry et al. 2007). Addressing special features of the NPM, these movements managed to influence the countries' policies and promote gender equity.

Meanwhile, more flexible work conditions and changes in management instructions can be traced in the actions of the Norwegian authorities: traditionally, masculine gendering of management was replaced by more neutral gendering. Gender inequality in management in Norway found appearance of new forms of organizational procedures. The scholar mentions that a transformation to the NPM was accompanied by the emergence of the notion of "state feminists" (the term was introduced by Herness H. in 1987), i.e., female public servants who actively support a policy of gender equality and try to establish it in public institutions.

Consequently, it can be argued that in the age of the new public management, women's representation in public offices is increasing (Eisenmann and Thomas 2002). However, women had not managed to spread the idea of essential elimination of gender inequality widely enough. They also had not introduced radical changes to rigid bureaucracy of their workplaces (Isupova and Utkina 2016). After appearing on the political agenda for a while, the gender equality issue quickly became secondary to other political concerns. Scholars explored gender segregation by evaluating women's representation in public sectors of different countries. They also viewed the notion of gender at two levels. The first level is about vertical segregation, i.e., a promotion of officials within the civil service. The second level is represented by horizontal segregation, which means assigning men and women to similar positions.

## Gender and Good Governance

Thus, it is possible to consider gender issues in the framework of public-state management/partnership (Groverman 2005). The elimination of gender inequality in public service is a long and multistage process. Firstly, it requires articulating a vision of the gender issue. It is necessary to set a long-term target of solving the problem and to analyze the situation. Secondly, based on the analysis, a concrete plan of the legislation and on social perception improvement has to be developed. Importantly, a position of the gender issue in Good Governance concepts should be taken into account. Finally, it is recommended to implement measures that will contribute to an increase of women's representation in decision-making, as well as elimination of gender inequality.

Sufficient representation of women in public office and in decision-making is a crucial point in the issue of equal opportunities and human rights. In (some) developed countries, women have equal access to public office on par with men nowadays. However, it is questionable whether all women in the political life of the society want to promote gender asymmetry elimination. It is quite possible that some of them, like men, accept the existing

situation. Therefore, direct relevance of gender equality to female civil servants problem will be one of the main mechanisms for the formulation and the implementation of new legislation that would solve the problems. The legislation would include such aspects as development and promotion of female associations and committees, more detailed in-depth view on existing gaps in legal status of a woman, support of women's interests, and better addressing their needs.

Based on the main principles of the Good Governance theory, it considers women's participation in resolving a problem of gender inequality (Brush 2003):

- *Gender and a public sector reform* (administrative reform). The proposal implies that introduction of results-based management, performance indicators, new incentives, staff selection, and reporting systems as well as of new educational and promotion policies will help achieve gender equality. Importantly, understanding of the term "government service" helps to see how government authorities contribute to or undermine the principle of gender equality.
- *Gender, responsibility, and anticorruption measures*. Establishment of new accountability and oversight institutions, setting up of human rights and gender equality commissions. A need for more transparent government control of anticorruption measures is also emphasized. The civil society, including women, will participate in this mechanism.
- *The rule of law*. The new legislation, which would more effectively regulate and suppress situations of women's discrimination, should be developed.
- *Decentralization* emphasizes that it is important to raise the voice of women at the local government level.

## Contemporary Gender Policy in Russia

Nowadays, terms "gender policy" and "gender equality policy" are accepted in Russian official documents. Their adoption happened due to the "second-wave feminism," which raised the issue of women's discrimination and initiated reflection on the relationship between two big social groups, namely men and women, in the context of human rights.

The Convention on the "Elimination of All Forms of Discrimination against Women" (CEDAW) of 1979 became the so-called "Women's Bill" of Rights. It was the first document, which provided a definition of discrimination against women: "any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field".

The USSR was among the first countries that ratified the Convention. The ratification occurred with hardly any discussion and reflection on the core provisions. As a result, the work to implement the major statements had never begun. Studies on women's social problems were rarely carried out, and their outcomes were known in advance. However, it is noteworthy that some researchers documented, for example, the problem of the "double burden" of women, which was perceived/assessed as a nonadversarial contradiction of socialism. USSR pursued its own special policy with regards to women, which, from the state's perspective, would enable it to deal with the "women's issue."

Quite a lot has been written about the gender policy. A historic approach is most often used and it distinguishes "state policy with regard to women" and "gender policy." Under this approach, the following types of gender policy with regards to women are identified:

- a *patriarchal* approach (a.k.a. "traditional"), when the State acts in accordance with traditional attitudes of a patriarchal gender order,
- a (historically) more recent *paternalistic* approach, conducted as a policy "to assist women" though protectionism or paternalism,
- a *liberal* approach (a.k.a. "gender policy"), based on livelihood provided by both genders. This approach considers more actors, as it is

G

guided by market rules to a large degree. It includes not only the State, but also private sector and civil society organizations.

It is hard to say unequivocally which policy is being pursued today in the Russian Federation. Following the Conference in Beijing, Russia has taken several steps to demonstrate its commitment to the letter and the spirit of the Beijing Declaration and Platform for action. However, at the AWID International Forum "Beyond Beijing From Words to Action," it was pointed out that the Government had not taken adequate action to provide resources for the Concept of "strengthening of the role of women in the Russian Federation" (1996) and for the National Action Plan (1996–2000).

In the first years after the Beijing Conference, Russian national gender equality mechanism included executive and legislative branches (features) of government. A roundtable of women's nongovernmental organizations was operating under the auspices of Ministry of Labor and Social Affairs. In other words, the national gender equality mechanism generally was consistent with the letter and the spirit of UN documents. From the experts' perspective, it was strong enough to conduct national gender policy.

Later the situation was reversed. In 2002, the Presidential Commission on Women, Children, and Demography (population) was eliminated, the second National Plan for the Advancement of Women was not implemented, and the next one was not adopted, as well as the "Gender Strategy of the Russian Federation" (Federal Act on State Guarantees of Equal Rights and Liberties of Men and Women in the Russian Federation and Equal Opportunities for their Realization).

At present, almost all real advances in implementation of modern gender policy have been abolished.

The old government policy relating to women is a general trend for resolving gender problems by today's government. The "Conception of a demographic policy of the Russian Federation for the period to 2025" (2007) and a more hardline approach to abortion rules government bill devoted to the changes to be made in the Federal Act on Basic Guarantees of the Rights of the Children in the Russian Federation (2011) support this conclusion.

What is happening now is an emulation of (the imitation) the Soviet family model, where a woman is responsible for the upbringing and education of children. The legislation against abortion continues this trend. Simplified understanding of the national population policy and unsuccessful methods of exerting pressure on women suggest forgetting about the gender equality policy. It is well known that gender and population policies weaken each other if solutions to demographic problems increase gender inequality. This is precisely what's happening now.

As during the Soviet times, modern political authorities are too technical (formal) in approaching the issue of gender equality and do not manifest a political will for resolving it.

On the one hand, government authorities are trying to resuscitate the "natural" male and female social roles and to idealize traditional power relations in the family and society. On the other hand, there are actors in the society that promote gender policy. The middle class and the young support this policy.

The trend toward empowerment of women including their enhanced opportunities to be elected as President or Prime Minister is gradually becoming a symbol of our time. All developed states are moving toward new and modernized functions of the government. This shift is due to the increase in requirements of the society for the quality of life and the transition to a new level of development particularly in gender equality. However, in modern Russian history, so far only one woman ran for the presidency of the Russian Federation – in 2004, Irina Hakamada gained 3.84% of the vote.

## Conclusion and Discussion

The general trend is set by the federal government of Russia in addressing gender problems of society – the old track "State policy in relation to women." This conclusion is confirmed by the

"Concept of the Russian Federation population policy for the period up to 2025" (2007) and the draft law "On Amending the Federal Law "On Basic Guarantees of Child Rights in the Russian Federation"" (2011) that would tighten rules for abortion. The bill is a gross invasion in privacy of citizens for the purpose of increasing the birth rate on the national level.

However, on March 8, 2017, "National Action Strategy in the interests of women in the years 2017–2022" prepared by Ministry of Labor and Social Protection of the Russian Federation under the instruction of Russian President and the Government was signed by Prime Minister of the Russian Federation. The strategy acts like a fundamental document defining the priority directions of the state policy for women in the medium term. It spelled out the tools that will ensure the effectiveness of the involvement of women in the economy, and increase their representation at various levels of decision-making, as well as measures to fight stereotypes against women.

To date, the problem of achieving gender equality of women and men in politics is one of the priorities in the political development in many countries. Events of modern political history and theoretical basis of important "female" transformations in contemporary politics are of great scientific interest that goes far beyond a single state. There is an objective need to explore previously unclaimed women's political potential in identifying internal and external factors affecting women's political participation and shaping it as an active subject of political activity.

## References

Barry J, Chandler J, Berg E (2007) Women's movements and new public management: higher education in Sweden and England. Public Adm 85(1):103–122

Brush LD (2003) Gender and governance. Rowman Altamira, Lanham

Eisenmann TR, Thomas R (2002) The effects of CEO equity ownership and firm diversification on risk taking. Strateg Manag J 23(6):513–534

Groverman V (2005) Gender equality and good governance: a training manual, Cairo

Isupova OG, Utkina VV (2016) Women in civil service in Russia: career, family, reproductive intentions. Monitor Public Opin Econ Soc Changes 6:69–88

Mal'tseva IO, Roshchin SY (2007) Gendernaya segregatsiya i mobil'nost' na rossiyskom rynke truda [Gender segregation and Labor Mobility in Russian Labor Market]. SU-HSE Publishing House, Moscow

Nguyen LD, Ermasova N, Demin A, Koumbiadis N (2014) Work overload stress of Russian working adults: do age, gender, education, religion, management experience and government work experience make a difference? Acad Business Disciplines J 6(2):76–89

Pushkareva NL (2008) Gde bol'she vlasti tam men'she zhenshchin (Gendernaya ekspertiza zakonodatel'stva i tekuchesti zakonotvorcheskoy deyatel'nosti vysshikh organov vlasti RF 1991–2006 gg. [Where higher power exists, fewer women are present (Gender expertise of legislation and the current legislative activities of higher authorities of the Russian Federation in 1991–2006)]. Nauchnye vedomosti Belgorodskogo gosudarstvennogo universiteta [Scientific statements of the Belgorod State University] 5(1):41

G

# Gender Budgeting

Birgit Moser-Plautz[1], Sanja Korac[2] and Iris Saliterer[3]

[1]Department of Public, Nonprofit and Health Management, University of Klagenfurt, Klagenfurt, Austria

[2]Department of Public Management, German University of Administrative Sciences Speyer, Speyer, Germany

[3]Department of Public and Nonprofit Management, University of Freiburg, Freiburg, Germany

## Synonyms

Gender-responsive budget; Gender-sensitive budget; Women's budget

## Definition

Gender Budgeting provides approaches and tools for introducing gender perspectives into the budgetary process. It assists decision-makers who are involved in the allocation of public resources in *uncovering* and *utilizing* the different effects that a budget can have on women and men, i.e., analyze and revise public revenues and

public expenditures with the aim to promote gender equality.

## Gender Budgeting: An Overview of the Concept

Gender equality and the empowerment of women have been long debated in public policy, not least due to the socioeconomic challenges tailing the two (e.g., employment, education, fertility/demographic development). Governments across the globe have therefore increasingly aimed at introducing gender perspectives in their decision-making – for example, by uncovering how public policies and ways of delivering public services may affect women and men differently and by designing policies and programs to mitigate or alleviate possibly arising gender inequalities. In this context, a government's budget may be regarded as a key instrument mirroring policy priorities as well as shaping administrative actions by controlling and evaluating the sources and the use of (financial) resources (see, e.g., Lee et al. 2013). At first sight, the budget merely reflects the source, the type, and the volume of public revenues and the type and the volume of public expenditures and therefore has often been considered as "gender-neutral." However, the way in which public funds are raised and spent has a different direct and indirect effect on different citizen groups and hence also on women and men. Neglecting the latter in the design of public budgeting systems and in the preparation of government budgets (on different governmental levels) means carrying forward economic disparities and traditional gender roles in society. As such, budgets that do not purposely take into account living conditions of women and men cannot be considered as gender-neutral but rather as "gender blind" (Elson 1998).

This proposition may also explain the general impression that Gender Budgeting is mainly associated with specific documents, e.g., the gender-responsive budget, women's budget, and gender-sensitive budget which in different country contexts (and as such in different budgetary systems) may look differently or contain specific details, but tap into the same general notion of a budget that incorporates gender perspectives. Gender Budgeting however encompasses not only "the budget" but a range of tools and instruments that assist (political as well as administrative) decision-makers in analyzing and revising public revenues and public expenditures to address gender gaps and inequalities. In other words, Gender Budgeting provides approaches and tools for *uncovering* and *utilizing* the different effects that a budget can have on women and men with the aim to promote gender equality (see also Directorate General of Human Rights 2005; Sarraf 2003).

Gender Budgeting has been developed as an initiative of introducing *women's budgets* in the federal government in Australia in the 1980s (Sharp and Broomhill 2002). The concept gained momentum with the World Conference on Women in Beijing in 1995 (e.g., Stotsky 2016). In developed countries, it has mainly been supported by feminist economics, a field that has pushed toward overcoming gender-blind economic theories and policies, as well as by the women's and feminist movement that advocated for integrating gender perspectives into fiscal and financial policies. In developing countries, international organizations like the IMF, OECD, or UN set requirements to promote gender equality alongside more general budgeting and accounting reforms in exchange for international capital (see Holvoet 2007). Today, reports show that a majority (90%) of OECD countries have at least initiated if not fully implemented Gender Budgeting to promote gender equality (Downes et al. 2016).

Still, Gender Budgeting initiatives differ substantially across countries and governmental levels (Fragoso and Enríquez 2016; Kolovich and Shibuya 2016; Stotsky 2016). Over the last years, the IMF published the results of several surveys on Gender Budgeting efforts in different countries and regions around the world – in Asia (Chakraborty 2016), Europe (Quinn 2016), the Middle East and Central Asia (Kolovich and Shibuya 2016), and sub-Saharan Africa (Stotsky et al. 2016), as well as in the Western Hemisphere more generally (Fragoso and Enríquez 2016). These reports show that countries in the Americas,

e.g., Brazil, Chile, Mexico, and Peru, have approached Gender Budgeting rather peripherally, and mainly in the course of implementing performance-oriented or participatory budgeting reforms. European countries, e.g., Austria, Belgium, and Spain, in contrast, have implemented more progressed forms of Gender Budgeting (Stotsky 2016; Quinn 2016). The latter may be a result of the EU Commission highlighting the concept of Gender Budgeting as a means toward achieving gender equality and increasing the overall welfare of EU member states in 1999 (see Mayrhuber et al. 2007, p. 49).

## Aims, Purpose, and Benefits of Gender Budgeting

In a general sense, Gender Budgeting aims to assist decision-makers in "tak[ing] a gender perspective in all areas of budgetary policy" (Mayrhuber et al. 2007, p. 49) and in the "reprioritization of both expenditures and revenue-raising methods in order to promote social justice" (Cagatay et al. 2000, p. 14). In practice, this means that actors involved in public budgeting engage in a discourse about priorities in the distribution of public expenditures and of the burden in raising public revenues in light of striving for gender (or social) equality. Depending on the country context, Gender Budgeting may be implemented with different aims: in some countries it may be seen as a means to achieving legal equality between women and men, whereas in other countries (which have already achieved legal equality), it may be rather used to achieve social and economic equality in society, e.g., by making visible parts of the economy that often are excluded from macroeconomic figures given that they come from unpaid work (e.g., child care, elderly care for relatives, household work) which is still predominantly attributed to the social role of women (Mayrhuber et al. 2007, p. 49).

In addition to the aforementioned goals, Gender Budgeting may help in increasing accountability and mitigating corruption, as budgets become more transparent (Budlender and Hewitt 2003). The concept bears also the potential to increasing the quality, efficiency, and effectiveness of public sector organizations, as it questions existing structures and processes in administrations and may assist in preventing wasting resources by introducing an output- and outcome-oriented approach to resource allocation (see Jauk and Kronberger 2012) (in this case, e.g., balanced distribution of financial support for women and men, reducing the discrimination of women, supporting an independent livelihood of women). Gender Budgeting therefore may not only be considered useful in achieving gender-related equality. The considerations behind the concept may also be translated to achieving equality for, e.g., the elderly, people with migration background, or people with disabilities or special needs (Jauk and Kronberger 2012). As such, Gender Budgeting may support approaches to performance-oriented budgeting in general. In contrast however, prior experience in practice suggests that Gender Budgeting may be easier to implement in governments where performance-oriented budgeting has already been designed and implemented (see Holvoet 2007; Sharp 2003).

## Typology of Gender Budgeting Initiatives

Gender Budgeting initiatives, activities, and tools vary widely across different countries and administrative levels. Although, in general, scholarly work on Gender Budgeting is rather scarce and information about the diffusion of the concept and distinct approaches to as well as the level of its implementation mainly come from single-case or comparative case studies by the UN, the OECD, and the IMF (see also above), there exist criteria that allow a comparison of the different approaches and content of Gender Budgeting initiatives (Table 1).

The table shows that Gender Budgeting initiatives can be located inside or outside the governments, but can also connect government with international organizations, civil society organizations, or citizens (*political location and actors*). While some initiatives focus solely on gender equality, others include multiple themes, including health and environment. Gender Budgeting

**Gender Budgeting, Table 1** Typology of Gender Budgeting initiatives; see Holvoet (2007) and Bamanyaki (2016)

| Criteria | Features |
|---|---|
| Political location and actors | Inside government:<br>Executive arm of government<br>Legislative arm of government<br>Outside government:<br>Civil society, nongovernmental organizations<br>Academic institutions<br>Combined:<br>Government with international organizations<br>Government with civil society organizations<br>Government with citizens (in participatory budgeting initiatives) |
| Goals | Adhering to international commitments (gender equality)<br>Distributive justice and equity:<br>Challenging economic and social policies and macroeconomic policy frameworks<br>Challenging and correcting for gender bias in policies, programs, and budgets<br>Efficiency and effectiveness of government policy and implementation<br>Transparency and accountability<br>Enhanced citizen participation and advocacy<br>Empowerment of specific groups (girls, women, marginalized groups)<br>Enhanced democracy and good governance |
| Focus/coverage | Themes<br>Single theme (gender, poverty)<br>Multiple themes (gender, poverty, social inequalities, health, environment, etc.)<br>Coverage<br>Entire budget (all revenues and expenditures, across sectors/entities)<br>Specific items (sectors, programs, categories of revenue and expenditure)<br>Budgetary processes |
| Phase of the budget cycle | Planning and appraisal phase (priority setting, formulation and enactment of budget)<br>Implementation and monitoring phase<br>Audit and evaluation phase |
| Approaches, processes, and tools | Approaches<br>Three-way categorization framework<br>Five-step approach<br>Budget cycle framework<br>Processes<br>Participatory<br>Technical<br>Tools<br>Gender-aware policy appraisal<br>Gender-disaggregated beneficiary assessments<br>Gender-disaggregated public expenditure incidence analysis<br>Gender-disaggregated revenue incidence analysis<br>Gender-disaggregated time use studies<br>Gender-aware medium-term expenditure framework |
| Outputs | Social impact analyses<br>Gender-aware budget statement<br>Gender-responsive budget guidelines or call circular<br>Public sector performance audit reports<br>Alternative (gender-sensitive) budgets |

can address the entire budget, i.e., all revenues and expenditures, or cover only selected items (e.g., health and education) (*goals*, *focus/coverage*). Furthermore, it may be implemented in the entire budget cycle (covering planning and appraisal, implementation and monitoring, and audit and evaluation) or only in one of the budget phases (*phase of the budget cycle*).

Sharp (2003) discusses three *approaches* to Gender Budgeting: (1) the three-way categorization

("the Sharp framework") in a first step categorizes expenditures in three types, then uses tools of gender-disaggregated expenditure analysis to assess the gender impacts of the expenditures, and subsequently develops a budget statement that includes information on gender issues and gender impacts; (2) the five-step approach ("the Budlender framework") begins with describing the situation for women and men, followed by an assessment of whether public policies address these gender issues, a check of budget allocation, a check of budget execution and service delivery, and lastly an assessment of the impact of the policy and the expenditures; (3) the budget cycle framework ("the Elson framework") examines financial inputs, activities financed, outputs delivered, and impacts on people's well-being for a selected ministry or program budget with the aim to uncover gender gaps and then integrates the results with the aim of bringing changes to budgetary and policy decisions.

From a *process* perspective, Gender Budgeting can follow a participatory process where citizens or particular interest groups are involved in the budgetary process, or a technical one. Gender Budgeting is conducted by professionals within the administration and legislature, or by experts on behalf of the latter, and thus is less focused on empowerment than on equity of budget policies and allocation (Cagatay et al. 2000). There are several *tools* that are key to the concept of Gender Budgeting. In a *gender-aware policy appraisal*, policies and programs are analyzed for their impact on gender inequalities. In a *gender-aware beneficiary assessment*, the beneficiaries of public services are asked to indicate whether (particular) public services meet their needs (e.g., via qualitative interviews or focus groups). The *gender-disaggregated expenditure incidence analysis* basically consists of an assessment of the distribution of public spending by gender. The other side of this coin is the *revenue incidence analysis* – an assessment of the manner in which governments raise revenues. *Gender-disaggregated time use studies* inform a gender-aware budget strategy by monitoring the time that women and men spend on different tasks, particularly the relation of paid and unpaid work.

The *outputs* of Gender Budgeting (the documents produced in the course of introducing gender perspectives into the budgetary process) vary depending on the approaches that are followed and the tools that are applied. The outputs may encompass social impact analyses, gender-aware budget statements, guidelines, audit reports, or alternative budgets, i.e., gender-sensitive budgets. In the general debate, gender-aware budget statements appear as the most popular aspect of Gender Budgeting. In contrast to an initial presumption that gender-aware budget statements comprise separate budgets for women and men, they rather supplement the expenditure side of the budget by gender-aware indicators, which can be used to monitor changes over time and to inform budget allocation decisions.



## Conclusion and Outlook

Gender Budgeting initiatives have played a crucial role in promoting gender equality for several decades. Gender Budgeting provides the opportunity to connect different aims of gender equality with a government's prioritization of topics and programs and the allocation of (financial) resources. Focusing on public budgeting (i.e., the process of planning and appraisal, implementation and monitoring, and audit and evaluation of the allocation of public resources), the concept of Gender Budgeting looks at how public funds are raised and distributed and how they affect women and men differently. As the public budget has an important steering and control function, Gender Budgeting can contribute to a fairer distribution of public funds and thereby contribute to equality between women and men.

Various Gender Budgeting initiatives have been implemented across countries and governmental levels, particularly in the course of designing and implementing public budgeting and accounting reforms. The present chapter presented a typology that covers different types, approaches, and tools found in practice. While Gender Budgeting has been subject to practice-oriented reports by professional bodies, it has only seldomly been the topic of scholarly research. Thus, relatively little is known about the sustainability of the concept once it has been implemented in the public budgeting process and systems.

Similarly, there exist only a few insights on effects and outcomes of integrating gender perspectives into the budgetary process, such as whether and how it fosters gender-sensitive thinking within financial ministries or the use of gender equality objectives in the administration for internal management purposes, whether and to what extent Gender Budgeting objectives are defined and controlled in legislature, and whether and how it changes political decision-making toward a more gender-sensitive debate and, in consequence, whether it achieves the overarching aims of decreasing gender gaps (e.g., social, economic, health) and increasing gender equality in general.

Crises like the global financial crisis in 2007–2009, and health crises like the currently ongoing global pandemic, substantially affect governmental resource allocation. On the one hand, they result in higher unemployment rates and a significant decrease in public revenues. On the other hand, they lead to an increased demand for public services and transfer payments like unemployment benefits or welfare. Austerity measures and budget cuts, which are often introduced in response to such crises, affect women and men differently. Budget cuts, especially in the social sector, are likely to increase gender inequalities, as women are more dependent on social services than men and thus suffer more from budget cuts. Furthermore, wage or salary reductions weaken the labor market position of women (see Addabbo et al. 2018). These events as well as an observable political trend toward a right-wing-conservative spectrum across the globe may have a negative impact on the effective implementation of Gender Budgeting in the near future, accounting for postponements or complete retraction from Gender Budgeting initiatives. The efforts of introducing gender perspectives in the budgetary process and their long-term success in the political and administrative arena will therefore depend on incentives and sanctioning mechanisms, external reviews of the achievement of goals, as well as mandatory evaluations, similar to what we have learned from the implementation of public budgeting and accounting system reforms in the past.

## Cross-References


- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgeting in the Public Sector
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Participatory Budgeting
- ▶ Performance Budgeting


## References


Addabbo T, Klatzer E, Schlager C, Villa P, De Villota P (2018) Challenges of austerity and retrenchment of gender equality. In: O'Hagan A, Klatzer E (eds) Gender budgeting in Europe. Developments and challenges. Palgrave Macmillan, Cham, pp 57–85

Bamanyaki PA (2016) Evaluating effects of local-level outside government gender budgeting initiatives in maternal health. Unpublished doctoral dissertation, University of Antwerp, Belgium

Budlender D, Hewitt G (2003) Engendering budgets. A practitioners' guide to understanding and implementing gender-responsive budgets. Commonwealth Secretariat, London

Cagatay N, Keklik M, Lal R, Lang J (2000) Budgets as if people mattered: democratizing macroeconomic policies. SEPED conference paper series. UNDP, New York

Chakraborty L (2016) Asia: a survey of gender budgeting efforts. IMF working paper WP/16/150. International Monetary Fund, Washington, DC

Directorate General of Human Rights (2005) Gender budgeting. Final report of the Group of specialists on gender budgeting (EG-S-GB). Council of Europe. Retrieved from https://eige.europa.eu/resources/Gender%20budgeting.pdf

Downes R, von Trapp L, Nicol S (2016) Gender budgeting in OECD countries. OECD J Budg 2016(3):1–39

Elson D (1998) Integrating gender issues into national budgetary policies and procedures: some policy options. J Int Dev 10:929–941

Fragoso LP, Enríquez CR (2016) Western Hemisphere: a survey of gender budgeting efforts. IMF working paper WP/16/153. International Monetary Fund, Washington, DC

Holvoet N (2007) Gender budgeting in Belgium: findings from a pilot project. Eur Soc 9(2):275–300

Jauk V, Kronberger S (2012) Gender Budgeting im Gemeindehaushalt. Nutzen, Theorie und Praxis. Schriftenreihe Recht & Finanzen für Gemeinden 03/2012. Manz, Wien

Kolovich L, Shibuya S (2016) Middle East and Central Asia: a survey of gender budgeting efforts. IMF working paper WP/16/151. International Monetary Fund, Washington, DC

Lee RD, Johnson RW, Joyce PG (2013) Public budgeting systems, 9th edn. Jones & Bartlett, Burlington
Mayrhuber C, Schratzenstaller M, Buchinger B, Gschwandtner U, Neumayr M (2007) Gender-Budget-Analysen: Methodische und konzeptionelle Grundlagen. WIFO-Monatsberichte 80(1):47–54
Quinn S (2016) Europe: a survey of gender budgeting efforts. IMF working paper WP/16/155. International Monetary Fund, Washington, DC
Sarraf F (2003) Gender-responsive government budgeting. IMF working paper 03/83. International Monetary Fund, Washington, DC
Sharp R (2003) Budgeting for equity. Gender budgeting initiatives within a framework of performance oriented budgeting. United Nations Development Fund for Women (UNIFEM), New York
Sharp R, Broomhill R (2002) Budgeting for equality: the Australian experience. Fem Econ 8(1):25–47
Stotsky JG (2016) Gender budgeting: fiscal context and current outcomes. IMF working paper WP/16/149. International Monetary Fund, Washington, DC
Stotsky J, Kolovich L, Kebhaj S (2016) Sub-Saharan Africa: a survey of gender budgeting efforts. IMF working paper WP/16/156. International Monetary Fund, Washington, DC

# Gender Differences: Male Officers' Perception Toward Women's Occupational Barriers in Federal Law Enforcement

Helen H. Yu
University of Hawai'i at Manoa, Honolulu, HI, USA

## Synonyms

Federal law enforcement; Gender differences; Gender inequality; Occupational barriers

## Definitions

Gender differences in public administration are gendered norms and practices that make clear distinctions between agentic (i.e., masculine) and communal (i.e., feminine) attributes in the workplace. Examples include both organizational and occupational elements such as employee representation, organizational culture, social rules and structure, gender bias and stereotypes, gender roles, and physical and mental differences. Occupational barriers are impediments that negatively impact women's recruitment, retention, and promotion in the workplace.

## Introduction

Since the passage of the Equal Employment Opportunity Act of 1972, the changes in employee demographics continue to make gender an important issue in public administration. For example, women's labor force participation increased from 43.9% in 1972 to 57.0% in 2017, and overall, women account for 46.9% of all working Americans (U.S. Bureau of Labor Statistics 2018). However, not all occupations have seen an increase in women's participation. Federal law enforcement is one of those occupations. According to the U.S. Bureau of Justice Statistics, women account for just 15.5% of all full-time federal law enforcement officers authorized to carry firearms and make arrests (Reaves 2012). Although women have worked in federal law enforcement for almost 50 years, the scholarship on their experiences – aside from local and state local law enforcement – has only grown in recent years. This chapter focuses on women's occupational barriers in federal law enforcement and highlights gender differences, specifically male officers' perceptions, to those challenges women face in the workplace.

## Background

### Gendered Norms and Practices in Law Enforcement

Although women have made great progress in policing, the public continues to view law enforcement as a heavily male profession, creating gender stereotypes of occupational roles that are not useful for women in policing (Wells and Alt 2005). For example, women tend not to possess agentic (i.e., masculine) traits that are valued in policing such as objectivity, aggressiveness,

bravery, suspicion, and strength required to fight crime and apprehend individuals (Miller 1999), but rather communal (i.e., feminine) traits that are disregarded but perhaps better suited for today's law enforcement such as communication and conflict resolution (Swan 2016). While judicial and legislative efforts to diversify law enforcement agencies have had some success, sex-based discrimination to include sexual harassment and exclusion from certain tasks associated with masculinity is part of the daily lives of women in law enforcement (Tougas et al. 2005). Therefore, it comes as no surprise that many male officers continue to believe that women cannot handle the job physically, and they tend to view their female colleagues as emotional, untrustworthy, and in some instances, resentful toward women for advancing in the organization, highlighting the continual gender roles and stereotypes that are seen in organizations that are traditionally male dominated (Hale 1999; Martin and Jurik 2006; Rabe-Hemp 2008). This places artificial occupational barriers, both deliberate and through unconscious bias, that negatively impact the recruitment, retention, promotion, and evaluation of women in law enforcement.

## Gender Differences to Women's Occupational Barriers in Federal law Enforcement

Decades of research have shown that men and women experience workplace matters and interactions, as well as gender issues differently. Since law enforcement is a male-dominated occupation, the perceptions presumed by male federal officers provide a majority viewpoint that emphasizes stereotyping and gender roles, adversely impacting women's value and acceptance in federal policing. To illustrate, in their study on perceptions to women's occupational barriers in federal law enforcement, Yu and Rauhaus (2019) found that gender differences exist between the experiences encountered by female officers and the perception of male officers to those experiences for all occupational barriers.

First, the perception of federal law enforcement as an inclusive organization varied widely among gender (Yu and Rauhaus 2019). An overwhelming majority of male officers (92.3%) perceived an organizational culture of gender equity, whereas only 59.3% of female officers felt the same. These perceptions can be interpreted in two ways. While 40.7% of female officers perceived an unsupportive culture, lending credibility to prior research on the continued existence of the masculine culture in law enforcement (Dick and Jankowicz 2001; Franklin 2005; Hughes 2011; Paoline 2003), the latter suggests that the organizational culture in federal law enforcement is changing – albeit slowly – to reflect the diversity of modern law enforcement agencies and the communities they represent. Although federal law enforcement does not display the extreme gender prejudices as noted in many state and local law enforcement organizations (Martin and Jurik 2006; Rabe-Hemp 2008), mild traces are still visible.

Second, perceptions of negative attitudes from male colleagues and sex-based discrimination to include sexual harassment also varied widely among gender (Yu and Rauhaus 2019). Over a quarter (28.6%) of the female officers perceived experiencing pervasive negative attitudes from their male colleagues, whereas less than a fifth (18.2%) of the male officers perceived women experiencing workplace resentments by male colleagues. While the overwhelming majority (75.6%) of male officers appears supportive of their female colleagues, remnants of an organizational culture that celebrates masculine values and the belief that women cannot handle the job physically or emotionally still exist (Hale 1999; Martin and Jurik 2006; Rabe-Hemp 2008). In addition, the federal government's efforts with eliminating sexual harassment appear to be working (e.g., Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002). Despite the gender disparity – 12.2% of the female officers reported experiencing sexual harassment, whereas only 3.2% of the male officers' perceived women experiencing sexual harassment – the overall trends are positive. The percentages were much higher in previous studies on women in federal law enforcement (Schulz 2009; Yu 2017). Unfortunately, the same cannot be said for sex-based discrimination. Almost a third (29.3%) of the female officers reported experiencing sexual discrimination in

regards to job assignments, training opportunities, or promotions, whereas only 4.2% of the male officers perceived women experiencing sexual discrimination. As mentioned previously, this is consistent with male officers' belief that federal law enforcement is an inclusive organization (92.3%) that promotes gender equity. As a male-dominated occupation, the disparity is not surprising since gender differences in perception are based on personal and workplace reality. Women often perceive greater sex-based discrimination in masculine agencies, and occupational barriers are often invisible to most men, since they are not exposed to them in the same manner as women (Kerr et al. 2002).

Third, a perceived glass ceiling to promotions and lack of female role models also varied widely by gender (Yu and Rauhaus 2019). Almost a third (29.8%) of the female officers perceived a glass ceiling to promotions, whereas only 19.4% of the male officers perceived a glass ceiling to promotions exist for women in federal law enforcement. The disparity is interesting because far more male officers (54.5%) had supervisory experience than the female officers (35.2%) in their study, despite both having near identical tenure at their current agency. Likewise, an overwhelming majority (75.9%) of the female officers perceived a lack of high-ranking female role models in federal law enforcement, whereas only half (51.8%) of the male officers perceived the same. The disparity is again particularly interesting because there are actually more male officers (17.8%) occupying higher grades (GS-14 and higher) than female officers (13.5%) in their study. In addition, there was not one single female in the Senior Executive Service at this organization, a recurring complaint among female officers. However, unlike the other occupational barriers discussed in this chapter, the masculine culture of law enforcement likely contributed to male officers believing there are too many female leaders due to perceived preferential or affirmative treatment.

Lastly, perceived presence of work-life balance initiatives was notable among gender (Yu and Rauhaus 2019). Almost a third (30.2%) of the female officers perceived their agency had adopted family-friendly policies in the workplace, whereas over half (51.6%) of the male officers perceived the same. The disparity is again interesting and likely as a result of those who actually utilize these types of policies and programs. Although work-life balance initiatives are available to both male and female officers, women tend to take advantage of these policies far more than men, and would notice if certain programs are offered or not (Feeney and Stritch 2017).

Occupational barriers will continue to be factor for recruiting, retaining, and promoting more women in federal law enforcement; however, recognizing the marginalization of women's occupational barriers by male colleagues should be helpful for organizations facing a similar problem propel leaders to move beyond awareness to action. Recent national and international developments have brought renewed attention on gender equality in the workforce. For example, the United Nations campaign identified as *HeForShe* believes that gender equality is not a women's issue but a human rights issue that requires equal participation and commitment from men. The campaign incites high-ranking men to accelerate the achievement of gender equality by advocating for the removal of workplace barriers that prevent women from achieving their potential. Until then, organizations cannot create the systematic and sustainable change needed to achieve gender equality. This is especially important for male-dominated occupations such as law enforcement, as men are more likely to hold executive-level management positions and can implement change. All leaders must advocate zero tolerance in regards to sex-based discrimination to include sexual harassment, as well as the old boys club mentality that adversely impact women at work and promotion boards. Eliminating even one barrier is a step toward gender equality in the workplace.

## Conclusion

Gender differences will continue to exist in federal law enforcement as long as policing is seen as a masculine occupation. However, any effort for increasing the presence of women in federal law enforcement should take the perceptions of male

officers into account to gain insight into women's mistreatment in this nontraditional occupation. Although federal law enforcement does not exhibit the extreme gender prejudices noted in many state and local law enforcement organizations (Martin and Jurik 2006; Rabe-Hemp 2008), mild remnants of a masculine culture are still visible. And since organizational cultures develop over time, creating a new culture is often met with great resistance; however, existing research suggests that the culture in federal law enforcement is changing – albeit slowly – to reflect the needs of a modern law enforcement agency and the communities they represent.

## Cross-References


- ▶ Bureaucracy and Gender
- ▶ Gender Representation in the Public Sector
- ▶ Public Administration and Gender Issues
- ▶ Women and Work-Life Balance in Federal Law Enforcement


## References


Dick P, Jankowicz D (2001) A social constructionist account of police culture and its influence on the representation and progression of female officers. Policing 24(2):181–199

Feeney M, Stritch JM (2017) Family-friendly policies, gender, and work-life balance in the public sector. Rev Public Pers Adm 39(3):422–228

Franklin CA (2005) Male peer support and the police culture: understanding the resistance and opposition of women in policing. Women Crim Just 16(3):1–25

Hale M (1999) He says, she says: gender and worklife. Public Adm Rev 59(5):410–424

Hughes PJ (2011) A new sheriff in town: the barriers of structural discrimination facing women leaders. Adv Women Leadersh 31(5):8–13

Kerr B, Miller W, Reid M (2002) Sex-based occupational segregation in US state bureaucracies, 1987–1997. Public Adm Rev 62(4):412–423

Martin SE, Jurik NC (2006) Doing justice, doing gender: women in legal and criminal justice occupations. Sage, Thousand Oaks

Miller SL (1999) Gender and community policing: walking the talk. Northeastern University Press, Boston

Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002, Pub. L. No. 107–174, 116 Stat. 566 (2002)

Paoline EA (2003) Taking stock: toward a richer understanding of police culture. J Crim Just 31(3):199–214

Rabe-Hemp C (2008) Survival in an 'all boys club': policewomen and their fight for acceptance. Policing: Int J Police Strat Manage 31(2):251–270

Reaves BA (2012) Federal law enforcement officers, 2008 (NCJ 238250). Bureau of Justice Statistics Bulletin, U.S. Department of Justice, Washington, DC

Schulz DM (2009) Women special agents in charge: the first generation. Policing Int J Police Strat Manage 32(4):675–693

Swan AA (2016) Masculine, feminine, or androgynous: the influence of gender identity on job satisfaction among female police officers. Women Crim Just 26(1):1–19

Tougas F, Rinfret N, Beaton AM, de la Sablonniere R (2005) Policewomen acting in self-defense: can psychological disengagement protect self-esteem from the negative outcomes of relative deprivation? J Pers Soc Psychol 88(5):790–800

U.S. Bureau of Labor Statistics (2018, December) Women in the labor force: a databook (Report 1077). Retrieved from https://www.bls.gov/opub/reports/womens-databook/2018/pdf/home.pdf

Wells SK, Alt BL (2005) Police women: life with the badge. Praeger, Westport

Yu HH (2017) Post-executive order 13583: a re-examination of occupational barriers in federal law enforcement. Women Crim Just 27(4):205–218

Yu HH, Rauhaus BM (2019) All boys club or gender differences? Male officers perception of female officers' workplace experiences in federal law enforcement. Int J Public Adm 42(12):1010–1019


# Gender Equality in Public Procurement


S. N. Nyeck
Vulnerability and Human Condition Initiative, Emory School of Law, Atlanta, USA
Critical Studies in Higher Education, Mandela University, Port Elizabeth, South Africa


## Synonyms

Gender Equality; Gender Equity; Gender-Responsive Procurement; Governance; Public Procurement; Social Values; Vulnerability; Vulnerable Subject; Women-Owned Business

Public procurement reform has been celebrated as a "global revolution," (Arrowsmith and Davies

1998) and in many aspects it has been. The collapse of the Soviet Union in the late 1980s, and the subsequent entry of former Soviet states into the European Union, provided a regional and global momentum for the harmonization of public procurement mechanisms to ease the way government does business with the private sector. Contracting being at the heart of public procurement, it was not surprising that early conversations (1990s onward) about global reforms significantly benefitted from the contributions of legal scholars perhaps more than from any other academic field. Almost by default, global public procurement has been seen as a natural extension of governance, a term that speaks of a multi-stakeholder (Kaul and Conceição 2006) approach to public administration, a management system of rule without government (Rosenau 1992) (at least the idea of government as the sole providential provider of public goods and services). Governance, an approach that aims to capture the actual performance of public administration in the delivery of services, has also been treated as "a broad and demanding concept [that] *trumps* 'democracy,'" where the challenge is exclusively posed in terms of modeling performance through the deployment of "sophisticated quantifiable criteria" to measure outputs, not subjective inputs (Rotberg 2016). Aversion to conversations about inputs in global public procurement reform and emphasis on harmonizing mechanisms of governance only leave one wondering where, if anywhere, concerns about gender equality fit with government outsourcing schemes. Furthermore, one may query about the sorts of substantive engagement with gender equality that remains peripheral or unexplored in global public procurement reform. To take these questions seriously is to consider the concerns of governance, public procurement, and democratic reform as fundamentally intersectional and not oppositional.

To view public procurement as a governance mechanism has implications for understanding states' core financial responsibilities and capabilities as well as the trajectories that gender-based or responsive schemes take or fail to take (Nyeck 2015). Since Ronald Reagan's and Margaret Thatcher's free-market economic policies in the United States and UK, respectively, the size of government responsibilities for the direct provision of public works, goods, and services has been shrinking globally. Instead, ownership and control of resources to solve public problems are no longer exclusive to government alone or national policy. Market forces and multilateral financial institutions play key roles in shifting public responsibility and scope of intervention, especially in non-OECD countries (Organization for Economic Cooperation and Development headquartered in Paris, France). As scholars rightly note, "contracting out private solutions to externalities, private financing of public sector projects, among others, are making their way into public finance textbooks. . .governments no longer merely act as aggregators of national policy preferences and national policy is nested in the global policy framework. . .Thinking about public finance is reaching into the realm of foreign policy" (Kaul and Conceição 2006, 3–4).

Concerns about gender equality naturally arise when one takes into account the economic, social, and political objectives of public policy. While there is virtue in measurement, not everything is measured or can be measured in public policy. One can never properly measure what is not counted in the first place (Perez Criado 2019), or that which is distorted in the process of data presentation (Nobel Umoja 2018). Moreover, counting (in public policy) is always political (Stone 2001) (meaning it reflects power disparity in society). Fruitful conversations about gender equality are therefore not served by a one-sided narrative about exclusion or inclusion. Rather they benefit from a critical reappraisal of the very terms of both gender inclusion and exclusion (Mastracci and Bowman 2013).

Social and economic disparities between men and women are not restricted to one country. However, the global trend has been to interpret gender equality within public procurement first as a call for inclusion on the supply side only, targeting women-led or women-owned enterprises through various preferential schemes and quotas. This business focus is timely and extremely important because while global public procurement is a trillion dollars market, it is

estimated that women-owned businesses only capture 1% of economic opportunities (International Trade Centre 2014). Accounting for this realization, multilateral, transnational, and regional initiatives have been put in place to make public procurement promote women's entrepreneurship. (See, for instance, African Development Bank Group's Affirmative Finance Action for Women in Africa, AFAWA, https://bit.ly/37zOSkd and partnership with UN Women to improve gender statistics https://bit.ly/2UWkfCT. Another example is the Inter-American Development Bank committed to supplier diversity in its own procurement process, https://bit.ly/2Sx1Drj. Accessed February 2020). UN Women, for instance, has launched a global campaign to reform the UN procurement system for this end (UN Women 2020) and actively supports gender-responsive initiatives across the globe (the biannual Women's Economic Empowerment Global Summit (WEEGS) that takes place in Sarjah, United Emirates Arabs, is an example of collaboration between UN Women and Nama Women Advancement Establishment (NAMA) to ground gender-responsive procurement solidly within the framework of 2030 Sustainable Development Goals. https://namawomen.ae/. Accessed February 2020). In Africa, several countries have explicitly incorporated gender-responsive thresholds in national public procurement legislations. Zambia, South Africa, Kenya, Uganda Rwanda are sample countries that have committed to increasing the number of women vendors in public procurement (see https://bit.ly/2wolwZd. Accessed February 2020).

Clearly, the supply side needs more transformation and representation if commitment to gender inclusion and responsiveness is to be impactful in global public procurement reform. It is, however, argued here that gender inclusion that does not simultaneously take seriously the consumer side splits gender constituency and allegiances (Nyeck 2017). Gender-responsive public procurement should therefore be wary of one-sided empowerment schemes that remain unresponsive to the problems encountered by women consumers who also bear the cost of publicly procured goods and services. This concern is crucial in all development schemes that should strive to increase the number of women-owned enterprises as suppliers in public procurement as well as the *quality* of essential goods and services important to women and men as consumers and taxpayers. In considering the vulnerability of women as vendors and consumers, a comprehensive picture of demands for institutional reform emerges. At the center of this picture is a responsive and responsible state committed to linking and protecting equality inputs and equity outputs in public procurement schemes.

Rather than limiting inquiry on the institutions and rules that govern the control of resources as well as their allocation, concerns about gender equity bring intersectionally and relationally social and economic inputs and outputs in public procurement. In fact, gender is everywhere because it supplies, finances, and consumes publicly procured goods and services. This is not to downplay the tremendous efforts (above-mentioned) undertaken to ensure that public and private businesses give women their *fair* and *potential* share in the public economy. These efforts are laudable and profoundly transformative. The point here is to steer current thinking and practices in directions that embrace far more comprehensive gender-responsive-responsible frames in public procurement thereby ensuring no harm is done on/to the supply or consumer side. While gender equality tends to "equalize opportunity" in the treatment of men and women (and other genders where legislation permits) in public policy, the term "equity" suggests equality alone is not enough.

Critics of equal opportunity between sexes and genders as the basis for public policy often note that the model neither accounts for systemic discriminations nor the specific historical agencies deployed to rectify unequal treatment between men and women in society. Clearly, the debate about the equity-equality dilemma remains controversial, and some think it is "debatable whether we can have 'equity' and 'equality' in a society that prioritizes efficiency in resource management over social justice" (Espinoza 2007). Here, in

setting up the tension between social justice and management as a zero-sum game, ideology often trumps empirics. What then has emerged from the strong opposition between on the one hand equality and equity, and managerial concerns on the other hand, is "unilateral efficiency," a presumptive halo of entrepreneurial virtue preassigned to the private sector and denied to the public sector as *the* point of departure for conversations about public procurement reform. This ideological underbelly of global policy tends to fixate conversations about gender as either irrelevant or diminishing the quality of managerial expectation or as "added value" only to the extent that value is justification of equal treatment. Either way, gender is not taken seriously on its own terms (Amadi 2015) and where it is accounted for, it is often linked to different agendas that tame the demand for social justice or the recognition of the engineering and differential distributive effects of public procurement (Nyeck 2016). Nevertheless, the need for this linking evidences the not-so-taken-for-granted status that gender, as a category of policy analysis and evaluation, occupies within the market-based economic models and practices that have dominated global policy reform in public procurement (McCrudden 2007). It is noteworthy here to pay attention to McCrudden's tale of the political hurdles encountered in not just affirming gender in public procurement reform in the UK, but in more precisely nesting it in existing and associative legislations on disability and other categories.

## Procuring Along the Equality Grain

To address the annoyances and questions that gender raises and the policy trajectories that this category brings to global public procurement reform, one needs not confine innovation to the margins. This is to say that conversing with the idea of equality in a more substantive way might provide us with better tools for discussing gender in public procurement without limiting the frame to discrimination only or to the traditional equal opportunity analysis. This is an invitation to consider alternative values and policy venues in probing the size and texture of the equality grain as perhaps of better nutritional value than the mere bringing in of discrimination sheaves in the procurement field. Assuming such a consideration is agreed upon, it becomes useful to ask, what is the subject of "gender" that brings a substantive (not just formal, procedural, or opportune) vision to equality in public procurement? This subject is, it is contended, the "vulnerable subject." Moreover, considerations for a substantive approach to gender equality must argue for valuing states' self-constitutive (Korsgaard 2009) functions and actions in an age of complex global governance arrangements. Hence the vision of a "vulnerable subject" as the center agent of a reformed vision of gender equality in public procurement is necessarily intertwined with concerns about the future of democratic (Freeman and Minow 2009), responsive and responsible governance (Poh and Stumpf 2005; Chooner and Greenspahn 2008). It therefore follows that "the vision of the state that would emerge in such an engagement would be both more *responsive* and *responsible*" (Fineman 2009, 2 My emphasis).

Martha Fineman defines vulnerability as that which "should initially be understood as arising from our embodiment, which carries with it the ever-present possibility of harm, injury, and misfortune from mildly adverse to catastrophically devastating events, whether accidental, intentional or otherwise" (Fineman 2009, 9). This universal and unavoidable human condition helps us understand that if no society can completely eradicate vulnerability, it can and does "mediate, compensate, and lessen our vulnerability through programs, institutions, and structures" (Fineman 2009, 2). These institutions themselves need not be treated as perfectly immune from vulnerability. Quite the contrary, institutional vulnerability mirrors, and must remain conversant with, the vulnerability of real-life subjects distinct from those willed as autonomous and independent in the liberal tradition.

Put differently, rather than starting a reflection from gender equality or equity or market efficiency, or state imperfections only, vulnerability

initiates a dialogue between *all* agents interacting in public procurement processes and values their lived experiences of self-insufficiency and interdependency. Hence one should consider "gender reality" not as a catalog of impediments or personal failures, but from the perspective of a "vulnerable subject" that sheds light on "the fact that societal institutions play a significant role in maintaining and extending inequality [and that] is the very reason that we need a more active state, one that is responsible to that reality" (Fineman 2009, 2). It is further argued that when states fail to respond relationally to "gender reality," they maintain a status quo in public policy between citizens. However, states extend state-citizen inequality by failing to recognize their own vulnerability, "a state of constant possibility of harm" (Fineman 2009, 2), when embarking on initiatives that steer them away from or downplay their constitutive function of public values promoters and protectors. Public discontent and scandals surrounding public procurement schemes are reminders that a one-sided conversation on the prospect of efficiency alone is not capturing the social dissonance that even a rule-conforming procurement may cause in society, not to mention government acquisitions tainted by corruption.

Supply-side improvement perspectives do indeed provide economic benefits to women entrepreneurs, but such benefits may also translate into waste or divergence of national resources from budget items that have significant impact on women. Kenya, for instance, has been hailed as a model of gender-responsive public procurement and one of the first African countries to adopt a 30% reservation scheme for women and youth and persons living with disabilities (Public Procurement and Asset Disposal Act, 2015 enacted in 2016 Section 1 57(5)). Yet, as Reuters reported recently, the procurement of an expensive body scanner in 2015 has had no effect on the health of Kenyan populations 5 years later. The expensive body scanner has never been used because the hospital it was sent to had no trained radiologists and the population still treks up to 150 km to get to a better-equipped hospital. In the words of a medical worker who was interviewed, "it is very disappointing that the government missed the opportunity to do something great for the health care system before it wanted to do procurement," a behavior the interviewee qualifies as "criminal" (Fick 2020). Five years after the purchase of the scanner, the discontent of the medical practitioner seems to justify the protests that the union of medical doctors and paramedical employees organized in Kenya from June to December 2016 when they took to the street chanting #LipaKamaTender (Pay us as you pay your tenders) (Gathigi 2016). These protests pointed to what was then perceived as a pattern of corruption and waste on misguided or overpriced subpar services in the health sector while the quality of social welfare diminishes. As studies show in the context of Europe, "the way that public services are governed, resourced, funded and delivered is crucial to women's lives" (Conley and Page 2015) and well-being (Glasby 2012). In Africa, access to healthcare services is strategic in public procurement, and not considering overlapping vulnerabilities, as the above-mentioned case in Kenya shows, is to tell only one side of the story about gender and public procurement reform. Gender-*responsive* procurement policy may respond to the demands of the supply side, but it does not always follow that empirical responsiveness alone makes governance more *responsible*.

A vulnerability framework does what existing economic and political models of public administration reform insufficiently do. First, as a heuristic device, vulnerability affords critical examination of the hidden assumptions about capability and its presumed reforming trajectories in public procurement policies and practices. Second, a vulnerability framework offers us a point of entry that rescues conversations about gender in public procurement from their peripheral statuses notwithstanding the regularity of gender mainstreaming initiatives sometimes bandwagoning and courting political correctness rather than critical and substantive commitment to the issue (Fineman 2009, 11). Third, a vulnerability framework is an invitation to think, legislate, and implement a relational approach to gender equality in public procurement on the

basis of a mutual and intercontextual recognition of the inexhaustibility of possible harm as not just a shared, universal, and human condition, but more pointedly as an *institutional* one also. Inherent susceptibility to harm and/or change therefore presents itself as a powerful non-exclusionary affirmative anchor that helps all parties involved (the state, the entrepreneurs, the consumers, and civil society) appreciate overlapping vulnerabilities in public procurement reform, thereby making gender equality everybody's business.

## Cross-References


- ▶ Affirmative Action as Social Policy
- ▶ Public Administration and Gender Issues
- ▶ Vendor Diversity in Public Sector Purchasing


## References


Amadi H (2015) Emerging procurement laws and women's empowerment: assessing the costs and benefits of Kenya privatization of the telecommunication sector in Kenya. In: Women and Government Outsourcing in Transnational Perspectives a special Issue of Wagadu: A Transnational Journal of Gender and Women's Issues 14:141–167

Arrowsmith S, Davies A (eds) (1998) Public procurement: global revolution. Kluwer Law International, London

Chooner SL, Greenspahn DS (2008) Too dependent on contractors? Minimum standards for responsible governance. J Contract Manag 8:9–25

Conley H, Page M (2015) Gender equality in public services: chasing the dream. Routledge, New York

Espinoza O (2007) Solving the equity-equality conceptual dilemma: a new model for analysis of educational process. Educ Res 49(4):343–363

Fick M (2020) Lenders Cheered as Kenya Binged on Medical Equipment. Did Patients Get Help? Reuters 14 February, 2020. Accessed March 2020. https://www.usnews.com/news/world/articles/2020-02-14/lenders-cheered-as-kenya-binged-on-medical-equipment-did-patients-get-help

Fineman M (2009) The vulnerable subject: anchoring equality in the human condition. Yale J Law Fem 20(1):1–23

Freeman J, Minow M (eds) (2009) Government by contract: outsourcing and American democracy. Harvard University Press, Harvard

Gathigi G (2016) #LipaKamaTender: how Kenya's striking medical workers took control of the narrative. African Arguments, 23 December 2016. https://bit.ly/39xmWyS. Accessed February 2020

Glasby J (ed) (2012) Commissioning for health and well-being: an introduction. The Polity Press, Bristol

International Trade Centre (2014) Empowering Women Through Public Procurement. Geneva: International Trade Centre. https://bit.ly/39OOZKr. Accessed February 2020

Kaul I, Conceição P (2006) The new public finance: responding to global challenges. Oxford University Press, Oxford

Korsgaard C (2009) Self-constitution: agency, identity, and integrity. Oxford University Press, Oxford

Mastracci S, Bowman L (2013) Public agencies, gendered organizations: the future of gender studies in public management. Public Manag Rev. https://doi.org/10.1080/14719037.2013.867067

McCrudden C (2007) Buying social justice: equality, government procurement & legal change. Oxford University Press, Oxford

Nobel Umoja S (2018) Algorithms of oppression: how search engines reinforce racism. New York University Press, New York

Nyeck SN (2015) (Out)bidding women: public procurement reform, policy diffusion and gender equality in Africa. In: Women and government outsourcing in transnational perspectives a special Issue of Wagadu: A Transnational Journal of Gender and Women's Issues 14:13–56

Nyeck SN (ed) (2016) Public procurement reform and governance in Africa. Palgrave, New York

Nyeck SN. Why does gender equality matter in public procurement? An African perspective. International Learning Lab on Public Procurement and Human Rights, 14 March 2017. https://bit.ly/2SRRPqW. Accessed February 2020

Perez Criado C (2019) Invisible women: data bias in a world designed for men. Henry N. Abrams, New York

Poh PJ, Stumpf SA (eds) (2005) Handbook on responsible leadership and governance in global business. Edward Elgar, Northampton

Reuters (2020) Lenders cheered as Kenya binged on medical equipment. Did patients get help? New York Times 14 February 2020. https://nyti.ms/322XxKF. Accessed February 2020

Rosenau JN (1992) Governance, order, and change in world politics. In: Rosenau JN, Czempiel E-O, Smith S (eds) Governance without government: order and change in world politics. Cambridge University Press, Cambridge, p 1

Rotberg RI (2016) Governance of nations: definitions and measures. In: Robert Rotberg I (ed) On governance: what it is, what it means and policy issues. McGill-Queen's University Press, Montreal, p 7. My emphasis

Stone D (2001) Policy paradox: the art of political decision making. W.W. Norton, New York

UN Women. Gender responsive procurement. https://bit.ly/37y505L. Accessed February 2020


G

# Gender in Japanese Public Administration

Shugo Shinohara
Rutgers University – Newark, Newark, NJ, USA

## Synonyms

Gender in public management; Representative bureaucracy; Sex

## Definition

Division of status, roles, and opportunities between the two sexes in Japanese public bureaucracy.

## Introduction

Japanese governments have held considerably low levels of gender equality in their workforces. The 2016 Report of the Japanese Cabinet Office for Gender-Equal Society reports that the proportion of women workers who are division heads or higher was 3.5% in the central government and 8.5% in prefectural governments (equivalent to state governments in the USA), while that in the private firms which have over 100 employees was 9.8%. Unlike public sectors in most Western countries, the Japanese public sector, especially the central government, has been slow compared to the private sector to promote women to key decision-making positions. The theory of representative bureaucracy suggests that such under-representation of women will make a public bureaucracy unresponsive to women's interests, opinions, needs, desires, and values in its policy making and program implementation. Particularly in Japan, holding a legacy from the pre-war imperial government, the national bureaucracy has been described as a remarkably powerful institution in the English language literature (e.g., Koh 1989; Tsurutani 1998). Further, given the relative homogeneity of race and ethnicity, policy arguments around diversity have been centered on gender issues. Thus, the influence of gendered public administration and policy on the entire Japanese society could never be negligible. The extant Japanese studies have addressed gender equality in workplace mainly from legislative, managerial, and cultural perspectives.

## Legislation for Gender Equality

The pre-war Japanese legal system, including the Constitution and the Civil Codes, placed women at a subordinated position to men in the Confucian-style social hierarchy. The Japanese imperial government set the goal of women's policy as confining women to good wives and wise mothers. Right after World War II, the American Occupation forces, the Supreme Commander for Allied Power (SCAP), identified the improvement of women's status as one of the five main goals in its democratization policy for Japan. SCAP's initiatives led the post-war Japanese government to grant suffrage to women in the new election law, guarantee women's equal rights to men in the new Constitution, and create a policy agency for women, the Bureau of Women and Minors (BWM) in the Ministry of Labor, between 1945 and 1947. On the one hand, it was not until 1950 that Japanese women were allowed to take upper-class civil service examinations at both national and local levels. During the pre-war period, women's positions in the public sector were limited to lower-ranked officials and school teachers. Even after 1950, there had been no upper-level women officials in the central government, except BWM for a while. Women who passed the civil service examination were rejected from hire at an upper-level position by the key central ministries, which held large policy responsibilities, such as the Ministry of Treasury and the Ministry of Health and Welfare (Lebra 1981). Kobayashi (2004) describes that such male dominance in the key ministries prevented BWM, which was mainly comprised of women officials, from gaining sufficient financial resources and hence from implementing effective gender equality policies.

The enactment of the Equal Employment Opportunity Law (EEOL) in 1986 was the first legislative effort by the Japanese government to

minimize pervasive discriminatory hiring and promotion practices in both the public and private sectors. This had been, since its inception, a main policy goal for the BWM, renamed the Women's Bureau (WB) in 1984. The United Nations (UN)'s International Women's Decade (1975–1985) and the entailed ratification of the UN's Convention for the Elimination of Discrimination Against Women in 1985 enabled the WB to facilitate the arduous legislation process that involved strong oppositions from domestic employers and political leaders (Kobayashi 2004). Some scholars argue that the EEOL, although criticized for the lack of enforcement power, made a contribution to raising awareness of gender inequality and increasing women's entry into higher education and the labor market in the 1990s (e.g., Gelb 2000; Molony 1995).

The WB further pushed such key stakeholders as male political and business leaders to create a more comprehensive gender policy framework. The Basic Law for a Gender-Equal Society (BLGS) was enacted in 1999 as the first basic law for gender equality in all aspects of society, including education, employment, politics, and social security. As a practical action plan for implementing the BLGS, the Basic Plan for Gender Equality was then formulated in 2000 by the central government and implemented at each government level. The Basic Plan was revised in 2005, 2010, and 2015. It has set up key priority fields, including (1) expansion of women's participation in policy decision-making processes, (2) reconsideration of social systems and practices and raising awareness of gender inequality, (3) securing equal opportunities and treatment between men and women in employment, (4) men's and women's work–life balance, and (5) enhancement of education and learning to promote gender equality and facilitate diversity of choice. These expanded scopes of gender equality policy led to the establishment of the Council for Gender Equality and the Gender Equality Bureau within the Cabinet Office, headed by the Prime Minister in 2001. The WB in the Ministry of Labor was replaced with the Gender Equality Bureau, which has been in charge of not only gender issues in employment but also with overall coordination of policy design and implementation for creating a gender-equal society.

## Gender Equality in Japanese Management

Partly due to the legislation for gender equality, women's entry into the Japanese workforce steadily increased. The Ministry of Health, Labor, and Welfare reports that the proportion of women in the entire national workforce grew from 35.9%, in 1985, to 43.5%, in 2015. Particularly in the central government workforce, the proportion of women rose from 17.4% in 1985 to 26.8% in 2015. Despite such progress of women's entry into the workforce, women workers have been substantially underrepresented in decision-making positions. As shown in the introduction, the proportion of women who are division heads (director) or higher has been less than 10% in both the public and private sectors. Since the 1990s, a large body of scholarship has argued that Japanese management practices prevented women workers from climbing the career ladders in their workplace (e.g. Brinton 1993; Lam 1992).

In 1968, 20 years after World War II, Japan recorded the second highest Gross Domestic Product (GDP) in the world. In the 1970s and 1980s, Japan led the world economy. During this period, many Western observers regarded Japanese management practices such as lifetime employment, seniority wage and promotion, and collective decision-making as the best practices and hence worthy of emulation. In the 1990s, however, the Japanese economy experienced lengthy recession and stagnation, and some of the management practices, especially lifetime employment and seniority wage and promotion, were criticized as structural impediments. Government advisory bodies and business leaders raised the concern that these management practices were designed to sacrifice the values of personal life of the workers, and thus were not sustainable. In the context of gender, lifetime employment expects all regular workers, male and female, to stay at one organization from recruitment to retirement, with regular workers acquiring higher wages and positions mainly based on age and years of continuous service. However, due to childbirth and other family responsibilities, Japanese women workers have

suffered high penalties for dropping out of this regular career track (Shinohara et al. 2016).

These management practices have deep roots in not only private firms but also public agencies. Gordon (1988) sees lifetime employment and seniority wage and promotion in part as by-products of Japanese wartime totalitarianism. In the late 1930s, the imperial Japanese government issued a series of regulations on wages and company welfare policies (e.g., wages should rise with age, the best single proxy for need; income should meet minimum livelihood needs and should therefore be stable; and incentive pay, subject to fluctuation and rate-cutting, should be reduced or eliminated). In both public and private organizations, the Japanese management system has put women at a disadvantage.

## Male-Dominant Culture in Japanese Bureaucracy

Japan's modern bureaucracy is structurally similar to many of its Western counterparts, while some of the group-oriented working protocols backed by traditional culture are distinct (Fiftal Alarid and Wang 1997; Jun and Muto 1995). Group orientation – or groupism – stems from ancient Confucian values and rice farming practices in close-knit village community, where harmonious group work was required in order to share water resources, maintain wet paddy fields, and fight with famine and natural disasters. Haitani (1990) identifies these key dimensions of Japanese groupism in a managerial context: (i) identity formulation and a sense of security through an affiliation of group membership, (ii) hierarchical relationship among its members based on seniority, (iii) stress on the relationships of harmony and cooperation, (iv) exclusivism, and (v) rank and status consciousness. While groupism can lead to a higher level of efficiency and effectiveness in a collaborative work setting, it requires group members to prioritize the entire group goal over individual needs. Particularly in a male-dominant work organization, women's special needs, including maternity leave, would likely be largely neglected by the majority group – men. It is worth noting that groupism is highly integrated into such Japanese management practices as lifetime employment and seniority wage and promotion. These practices expect a continuous commitment of full-time workers to an organization to maintain its group cohesion and harmonious human relationships. Under the group-oriented management system, both public and private organizations have provided insufficient support and opportunities for women's maternity leave and reentry to the workforce.

Jun and Muto (1995) argue that, since fewer public workers leave their organizations until retirement, the attachment of Japanese public workers to group cohesion and human relationships would be stronger than that of their private counterparts. Given a strong group orientation, one of the most important qualifications for a higher civil servant is to establish harmonious junior (*kohai*) and senior (*senpai*) relationships. Specifically, the qualification of a leader rests primarily on his/her locus within the group, rather than his/her personal merit; the loyalty other members feel to the leader also derives from their position as a subordinate to him/her (Nakane 1970). As described above, the pre-war legal system placed women at a subordinate position to men on the basis of Confucian social order and hierarchy: emperor and nation, government and people, manager and subordinate, senior and junior, and men and women. Such lingering legacies from the pre-war imperial government might still prevent women officials from becoming leaders in the Japanese public bureaucracy. Furthermore, many Japanese bureaucrats develop group values and common experiences through socialization processes, especially after-work drinking and weekend social events. Holding childcare and other family responsibilities, some women officials could not be active in these social activities, and hence might lose opportunities to gain a pivotal position in a group. In the Japanese male-dominant bureaucracy, an emphasis on groupism engenders the marginalization of women – despite their numbers in society – as a minority.

## Conclusion

Although the percentage of women in the Japanese workforce has steadily increased over

the past 30 years, women workers have still been substantially underrepresented in decision-making positions, especially in the government workforce. Responding to international pressure, mainly from the UN, the Japanese legislation and policy framework for gender equality have made significant progress in the recent years. After the enactment of BLGS, more Japanese full-time workers view the treatment of gender in Japanese workplace as fair/almost fair with no significant difference of this view between the public and private sectors (Shinohara et al. 2016). On the one hand, this empirical evidence suggests that both public and private workers have become less conscious of the existing gaps between men and women in Japanese workplace. However, there is still a long way to go to achieving consensus on gender equality, especially in the central government, where the proportion of women who are division heads or higher is only 3.5%. In this vein, it would be essential for future studies to examine whether the recent legislative and policy efforts for gender equality affect gendered management practices and male-dominant culture. Without changing gendered practices and cultural norms among public workers, a high level of representative bureaucracy cannot be realized. Arguably, the existing underrepresentation of women in decision-making positions could hinder Japanese governments from achieving the goal of BLGS, a gender equal society, through implementing more effective gender equality policies and programs.

## Cross-References


- ▶ Bureaucracy and Gender
- ▶ Politics and Gender
- ▶ Public Administration and Gender Issues


## References


Brinton MC (1993) Women and the economic miracle: gender and work in postwar Japan. University of California Press, Berkeley

Fiftal Alarid L, Wang H (1997) Japanese management and policing in the context of Japanese culture. Policing: Int J Police Strateg Manag 20(4):600–608

Gelb J (2000) The equal employment opportunity law: A decade of change for japanese women? Law & Policy 22(3-4):385–407

Gordon A (1988) The evolution of labor relations in Japan: heavy industry, 1853–1955. Harvard University Asian Center, Boston

Haitani K (1990) The paradox of Japan's groupism: threat to future competitiveness? Asian Survey 30(3):237–250

Jun JS, Muto H (1995) The hidden dimensions of Japanese administration: culture and its impact. Public Adm Rev 55(2):125–134

Kobayashi Y (2004) A path toward gender equality: state feminism in Japan. Routledge, New York

Koh BC (1989) Japan's administrative elite. University of California Press, Berkeley

Lam A (1992) Women and Japanese management: discrimination and reform. Routledge, London

Lebra TS (1981) Japanese women in male dominant careers: cultural barriers and accommodations for sex-role transcendence. Ethnology 20(4):291–306

Molony B (1995) Japan's 1986 equal employment opportunity law and the changing discourse on gender. Signs 20(2):268–302

Nakane C (1970) The Japanese society. Charles E. Tuttle, Rutland

Shinohara S, Zhang Y, Riccucci NM (2016) What prevents public and private workers in Japan from recognizing gender inequality? Int Rev Adm Sci. https://doi.org/10.1177/0020852316660624

Tsurutani T (1998) The national bureaucracy of Japan. Int Rev Adm Sci 64(2):181–194


G

# Gender in Public Administration, Brazil


Iara Alves
Ministry of Economy and Federal University of Bahia, Brasilia, Brazil


## Synonyms

Feminism; Gender equality; Public policy; Representative burocracy; Women; Women's rights

## Definition

Gender in public administration refers to institutional arrangements to implement public policies to ensure just opportunities for men and women, to promote women's rights, and to guarantee equal representation in the public sector.

## Introduction

The concept of gender was first used as a tool to express social relation between men and women and organization of knowledge in the 1980s in Social Sciences, especially in feminist studies (Scott 1986). In the center of the discussion are the oppression and subordination that women have been historically submitted in their relation to men. Another important concept to understand when discussing gender inequality is intersectionality, a term coined by Kimberle Creenshaw, law professor, to bring light to the varied types of oppression women experience according to their race, sexual orientation, class, and other dimensions of identity. According to Creenshaw (1991), the interaction among existing vulnerabilities may result in more or less disempowerment of women. An educated white middle class woman, for instance, may have better chances to hire a lawyer and get rid of domestic violence than a black poor woman with low level of scholarship or no income. Highlighting the concept of intersectionality when discussing gender in public administration is clearly relevant in very socially and economically unequal societies.

Gender and race inequality in Brazil is certainly a matter of concern. Data show that black women in Brazil are in different economic, social, and political worlds when comparing to white women. The numbers show inequality among Brazilian women. For instance, the statistics of feminicide of black and white women show that, between 2003 and 2013, the number of black women murdered grew 54%, while for white women it has decreased 10% in the same period (Waiselfisz 2015). Black women have the worst positions regarding unemployment (13.3% black women were unemployed in 2015, while the average for all women was 11.6% and for men, 7.8%), level of education (10.9% of black women were illiterate in 2015, whereas white women were in the same rate as men, 4,9%). Finally, it is worth mentioning that 18% of black women worked as housemaids in 2015, while for white women, the rate was 10% (Instituto de Pesquisa Econômica Aplicada 2017).

Brazil is not a safe place for women. Along with Guatemala, Honduras, El Salvador, and Dominican Republic, it one of five the most violent countries of the region of Latin America and the Caribbean, according to the Economic Commission for Latin America and the Caribbean's (ECLAC) report of 2018. The absolute number of feminicide, which is gender related killing of women and girls, of Brazil is the highest in the region. As for relative numbers, it is the fifth in the world with 4,8 homicide for 100 thousand women (Waiselfisz 2015). Only El Salvador, Colombia, Guatemala, and Russia have higher women homicide index than Brazil (Economic Commission for Latin America 2018).

## Representation of Women in Public Administration

The high index of gender inequality and violence against women in Brazil may be a result of a strong patriarchal culture and historical inequality in Public Administration in Brazil. Brazil is the 167th country in the world in the ranking of women participation in the Executive Branch (UN Women 2017). In the last local elections in Brazil, in 2016, only 649 municipalities elected a woman as mayor out of 5570. Thus, women mayors represent about 11% of all Brazilian local mayors. In the 2018 election for governors, only one woman was elected out of 27 states, not even 1%. In 2018, women represented less than 20% of all national secretaries, nearly 20% of directors and less than 40% of coordinators in federal bodies (Escola Nacional de Administração Pública 2018). In the same period of 2018, of the 29 ministers appointed by the President, only one was a woman. On the other hand, women were 49% of federal public servants in 2018 (Escola Nacional de Administração Pública 2018). It is important to mention that to become a public servant in Brazil, one must pass a written, and sometimes oral, exam. Thus, women get to enter public service by their own merit. However, they are rarely considered for high posts in public administration, for these are freely appointed.

Despite the fact that women have the same level of education as men in public service, they are rarely chosen to be in high decision-making positions, for high public administration offices are majorly male.

As for the representation of women in the congress, despite the fact that more women were elected in 2018, only 15% of the lower chamber of the Congress are women. As compared to 2014, when the rate of women was 9,9%, there was a significant raise due to the fact that, in 2018, the Brazilian Supreme Court determined that public financial resources for political campaign be distributed for both genders in a minimum proportion of 30% and maximum of 70% for each gender. Since 2009, political parties were obliged by law to establish a minimal quota of 30% and maximum of 70% of each gender in the open list of candidates for the lower chamber, but the parties have not made it possible, competitive, and financially viable for women candidates. Only when the Supreme Court determined that the same proportion of money and time on TV campaign be guaranteed for both genders, the ratio of women in the congress increased, despite being far from being equal and not close to 30% yet.

The first law to establish quotas for women candidates was issued in 1996 and it obliged political parties to register at least 20% women candidates for the Low Chamber of the Congress. As mentioned before, the quotas were later, in 2009, increased to 30%, but they still did not result in a jump of women elected since they did not guarantee that women received the same treatment, resources, and privileges as men candidates by political parties. Only in 2018, after a minimum of public money was guaranteed for women's campaign, a slight increase of women in the congress was perceived.

## Women's Right History in Brazil

The historical scarce representation of women in public administration in Brazil has made women's rights and public policy for women advance slowly. 1932 marks the Brazilian feminist movement's first victory, as women won the right to vote, under the condition that they had their own income (married women had to be authorized by their husband to vote). Thirty years later, in 1962, the Statute of the Married Women guaranteed women the right to work regardless of their husband's authorization. Also, it gave women the right to heritage and to request the custody of the children in case of separation. However, divorce was only approved by law in 1979.

Only in the 1980s did the Brazilian Government start drafting public policies for women. The Program for Women's Health Assistance was launched in 1983, after strong demand by the women's movement. In 1985, the first specialized domestic violence unit of the police department was launched to prevent the increase of intimate partner killing of women in the country. In the same year, the National Council for Women's Right was created in the Ministry of Justice with the intention of promoting women's economic, social, political, and cultural rights.

The few 26 female members of the Congress in 1988, along with Brazilian feminist movement, had great relevance in the elaboration of the Constitution of Brazil. Known as the Citizen Constitution, the 1988 Constitution brought the greatest victories for women's right as it establishes that men and women are equal in rights and obligations by Law. However, even after its promulgation, the advance in the implementation of policies that guarantee women's integral citizenship has been very slow.

The Constitution of 1988 was a landmark for public policies that guarantee and promote women's right. For instance, it establishes that family planning is a free decision of a couple and the State must provide educational and scientific means for it. Therefore, Brazilian public service guarantees health public policies to assist women in pregnancy prevention, to receive complete prenatal treatment, birth assistance, disease control, sexually transmitted diseases prevention, penis, breast, and uterus cancer, among others. Protection during maternity was also foreseen in social rights. The Constitution guarantees that all working women have the right to fully paid

120 day maternity leave, with job stability. Fathers have the right of fully paid paternity leave of 5 days. In public administration, maternity leave has been recently, in 2008, extended to 180 days and the paternity leave to 20 days, in 2016, to all civil servants, without any discount of salary or risk of losing the job. It is worth mentioning that both, maternity and paternity leaves, are applied to adoption as well. The private companies that adhere to the extended maternity and paternity leave program win the title of "Citizen Company," and, in return, the full salaries paid to parents during the extension of their maternity or paternity leave may be deducted from federal taxes.

On the other hand, the Constitution declared protection of life since its conception. Thus, voluntary abortion in Brazil is still considered illegal, except in cases of rape, danger to a woman's life, or anencephaly (brain malformation of the fetus). Under any other circumstances, voluntary abortion leads women to 3 years in prison in Brazil. Despite a long fight in the Congress, headed by congresswomen with the support of women's movements, to decriminalize abortion in Brazil, religion has a very powerful influence on public opinion, which makes the debate controversial in Brazilian society and, consequently, makes it hard to approve pro-abortion laws. Only ¼ of Brazilian are in favor of women's free decision to terminate pregnancy and more than half defend that women should be incarcerated in case of intentional abortion (Institutos Patricia Galvão e Locomotiva 2017).

## Institutional Arrangements for Women's Right Implementation

Public administration in Brazil has promoted important institutional advances to promote gender equity, but with many challenges to overcome yet. In 2003, the Brazilian government launched the Special Secretariat for Policy for Women, linked to the Presidency, with ministerial status. Thus, the Minister of Women became the head of National Council for Women's Right, created in 1995.

As a result, a great process of social participation to elaborate public policies for women was started in 2004. The first National Conference for Public Policy for Women was organized by the Special Secretariat for Policy for Women and counted with more than two thousand delegates from all Brazilian states and municipalities, which had previously organized their own local conferences, adding more than a hundred thousand women to the debate. As a result of the conference, the National Plan for Public Policies for Women, a solid tool for consolidating a wide range of public policies aimed at women's autonomy and empowerment, presented goals and action plans for: job and citizenship, education, health, sexual and reproductive rights, violence against women, and monitoring and management of the Plan (Presidência da República 2017).

The National Conferences for Public Policy for Women were followed in 2007, 2011, and 2016 with the average of two thousand women participating in each event. Each National Conference was preceded by hundreds of local conferences, involving about two hundred thousand women during the four conferences (Presidência da República 2017).

The National Plans for Public Policy for Women constituted Brazilian Public Administration's main tool for gender mainstreaming. Gender equity was first introduced in Brazilian Public Administration as one of the goals of environmental, social, economic, health, education, and agrarian public policies, among others.

Therefore, the Special Secretariat for Public Policy for Women has been in charge of coordinating, monitoring, and evaluating all governmental actions aimed at women in the Federal Public Administration, which includes ministries, regulatory agencies, state companies, public foundations, and state banks. Also, it should orient the action of the federal government towards states and municipalities so as to promote federal policies. The Secretariat lost its status as a ministry in 2017, when it was transferred from the Presidency to the Human Rights Ministry. Since 2017, it has been a National Secretariat for Public Policy for Women, with less autonomy and power of inter-ministerial coordination.

## Public Policies to Prevent Violence against Women

The main actions of the Federal Public Administration, through the Secretary of Public Policy for Women, in the last two decades were aimed at combating and preventing violence against women in Brazil. Law 11.340 (2006), internationally known as "Maria da Penha" Law (The Law was named after Maria da Penha, a Brazilian women's rights activist whose violent husband attempted to kill her more than once and left her paraplegic. It was a long fight to put her husband in prison. She even had to take the case by herself to the Organization of the United States. She struggled to change the Brazilian law so as to increase punishment for the offenders, offer special domestic violence courts and 24-h shelters for abused women. The Maria da Penha Law is considered to be a landmark legislation on domestic abuse by the United Nations. Maria da Penha was 71 years old in 2018 and still working tirelessly to campaign on women's rights.), and Law 13.104 (2015), known as Feminicide Law, have changed radically the way Brazilian Public Administration and the Judiciary System deal with killing of women by former or intimate partner. Maria da Penha Law is considered to be ground breaking for Brazilian Public Administration for it has made the concept of the many types of violence against women clearer to Brazilian society and to civil servants; it has created 11 public services and protective measures for victims of domestic violence; and it has increased the penalty for aggressors. As a result, public mechanisms and tools to prevent violence against women were widely implemented around the country. Special Courts for Domestic and Familiar Violence against Women were created in order to judge and punish domestic violence with more rigor. A 24 h direct toll-free number (180) was created to report violence against women or get information about women's rights and public services aimed at women.

As a National Law, Maria da Penha has had different impact locally according to the institutional level of public protective systems of states and municipalities in Brazil. Cities that implemented specialized police stations for women (Delegacia da Mulher), Women's Shelter (Casa Abrigo) for those who need to be isolated from their violent partner and Special Courts for Domestic and Familiar Violence against Women had significantly better results in the mindset of the female population, since statistics show that women report the aggressors more often due to the fact that they believed that public action would be taken, according to an evalution made by the Applied Economics Research Institute of the Brazilian Government (Instituto de Pesquisa Econômica Aplicada 2015).

Therefore, the impact of the Law depends on the implementation of public policies by public administration. From 2006 to 2015, national e local public administrations in Brazil invested public resources to implement institutional mechanisms that resulted in the decrease of 10% of killing of women inside their own homes, preventing thousands of deaths caused by domestic violence (Instituto de Pesquisa Econômica Aplicada 2015).

## Conclusion

As it has been shown above, the presence of women in high public administration in Brazil, that is, in decision-making positions, is still scarce, be it in national or local level. Thus, the implementation of policies with gender perspective takes place in very slow paths. Despite having high level of education, female civil servants are rarely appointed to high positions, occupying an average of only 20% of high positions in the executive branch. As such positions are politically appointed, without any official selection criteria based on knowledge or curriculum, the low representation of women in public administration may be a result of the low representation of women in the Congress, 15% in the Lower Chamber. The biggest victories for women's rights were accomplished in Brazil due to strong movements of women and a few women in the Congress during the elaboration of the Constitution of 1988. Later, the biggest progress was on policies to prevent violence, which were also due to the

persistence of Maria da Penha herself, the presence of a woman president, support of national and international women's organizations, congresswomen, institutional arrangements to coordinate policies for women and strong media pressure. As seen above, Brazilian women were also protagonists in the elaboration of the National Plans for Policy for Women during the four national conferences organized by the Special Secretariat for Policy for Women from 2004 to 2016. However, for the effective implementation of public policies on the many areas described in the Plan, it is important that white and black women be in leading positions to elaborate and implement policies with gender and race perspective for job, citizenship, education, health, sexual and reproductive rights, and others.

## Cross-References


- ▶ Bureaucracy and Gender
- ▶ Gender and Corporate Governance in Public Organizations
- ▶ Gender Representation in the Public Sector
- ▶ Globalization and Gender Frontiers
- ▶ Political Leadership and Gender (in)equality
- ▶ Public Administration and Gender Issues


## References


Creenshaw K (1991) Mapping the margins: intersectionality, identity politics, and violence against women of color. Stanford Law Rev 43(6):1241–1299

Economic Commission for Latin America and the Caribbean's (2018) Observatory of gender equality in Latin America and the Caribbean. ECLAC, Santiago. https://oig.cepal.org/pt

Escola Nacional de Administração Pública (2018) InfoGov – Informe de Pessoal. ENAP, Brasília. http://repositorio.enap.gov.br/bitstream/1/3215/4/Informe%20de%20Pessoal%20-%20INFOGOV.pdf

Instituto de Pesquisa Econômica e Aplicada (2015) Avaliando a efetividade da Lei Maria da Penha. Texto para Discussão 2048. http://www.ipea.gov.br/portal/images/stories/PDFs/TDs/td_2048k.pdf

Instituto de Pesquisa Econômica e Aplicada-IPEA (2017) Retrato das Desigualdades de Gênero e Raça. http://www.ipea.gov.br/portal/images/stories/PDFs/170306_retrato_das_desigualdades_de_genero_raca.pdf

Institutos Patrícia Galvão e Locomotiva (2017) Percepções sobre o aborto no Brasil. https://agenciapatriciagalvao.org.br/wp-content/uploads/2017/12/Pesquisa-Percepções-sobre-Aborto.pdf

Presidência da República. Relatório Final da IV Conferência Nacional de Políticas para as Mulheres. 2017. Governo Federal, Brasília. https://www.mdh.gov.br/navegue-por-temas/politicas-para-mulheres/conferencias/Relatorio_final_IV_CONFERENCIA_NACIONAL_DE_POLITICAS_PARA_AS_MULHERES.pdf

Scott JWG (1986) A useful category of historical analysis. Am Hist Rev 91(5):1053–1075

UN WOMEN (2017) Women in politics: 2017. United Nations, New York

Waiselfisz J (2015) Mapa da Violência 2015: Homicídio de mulheres no Brasil. FLACSO, Rio de Janeiro. www.mapadaviolencia.org.br


# Gender Representation in the Public Sector


Sebawit G. Bishu
School of Public Affairs
University of Colorado Denver, Denver, CO, USA


## Synonyms

Closing the gender gap in public employment; Women's participation in government employment; Women's representation in public employment

## Definition

Equal opportunities for women in the public workforce.

## Introduction

A bureaucracy that is representative of the public it serves can be beneficial in two ways. First, it can help shape policy interests that represent the population it serves (Park 2012). Second, bureaucracies that reflect the population may promote responsive and effective service delivery (Seldon

1997). This chapter applies this understanding to gender issues. The literature has repeatedly demonstrated that gender representation is not only desired but also necessary for the effective implementation of public services. Despite the fact that women are increasingly participating in the formal economy, today in the twenty-first century, the gender gap remains visible. This chapter has three main sections. The first section presents a discussion on the different forms of gender representation in the workforce. The second section identifies and discusses barriers to equitable gender representation in the workforce. This section provides a discussion on individual- and organizational-level barriers to women in the workforce. The chapter ends with a discussion on why promoting equitable gender representation matters to individuals, organizations, and society as a whole.

## Gender Representation in the Workforce

The theory of representative bureaucracy provides the argument that public servants (bureaucrats) that share demographic characteristics with the public act in ways that benefit the public they serve (Mosher 1968). The theory widely applies two forms of representation: passive and active representation. Passive representation applies to the situation when public employees share demographic characteristics with the public they serve. The two most often studied forms of passive representation are gender and race/ethnic representation (Atkins and Wilkins 2013; Mosher 1968). Active representation, on the other hand, occurs when shared demographic characteristics prompt bureaucracies make decisions that benefit the community with whom they share demographic identities. The discussion on gender representation in this chapter primarily focuses on passive representation of women across different occupations, agencies, and positions in public organizations.

The literature on gender representation identifies three ways that women are being stratified in the workforce. Occupational representation identifies the underrepresentation of women in male-dominated occupations and their overrepresentation in female-dominated occupations. Agency representation concerns with women's underrepresentation in agencies that serve specific purposes and their overrepresentation in others. Position representation uncovers the underrepresentation of women in management and leadership positions. To describe position segregation, the literature often uses the glass-ceiling metaphor to explain the barriers that women face when climbing organizational ladders. The barriers vary by occupational and agency categories. The following section presents a discussion on each of the aforementioned types of gender representation in the workplace.

### Occupational Representation

Occupational representation traces the equitable or inequitable presence of women and minorities within and across occupational categories. Compared to the other two types of workplace gender representation, inequality is most pronounced in occupational representation. Overtime, gender-based occupational representation gap has shifted for some occupations but not for others. Historically, women are underrepresented in science, technology, engineering, and mathematics (STEM) fields and are overrepresented in education- and social service-related occupations (Alkadry and Tower 2014).

The occupational divide along gender lines has implications for women in the workforce. The first is lower economic return. In the workforce women are often overrepresented in occupational categories that offer lower pay. Gender-based occupational segregation is also a contributing factor to the gender wage gap (Bishu and Alkadry 2017; Hsieh et al. 2013). The second implication links to the argument presented by active representation. That is, the scarcity of women in male-dominated occupations provides less opportunity for women to engage in policy decisions that have direct and indirect consequences to the public (Hindera 1993).

### Agency Representation

Agency representation traces the equitable presence, underrepresentation, or overrepresentation

of women in different types of agencies. The literature indicates that women in government tend to be overrepresented in redistributive agencies (Kim 2004; Newman 1994). Alkadry and Tower (2014) discuss that "redistributive agencies include all agencies that are concerned with the reallocation of money and provision of services to certain segments of society and include agencies dealing health, welfare, or education" (p. 102). In contrast, women are underrepresented in distributive and regulatory agencies (Alkadry and Tower 2014). The working nature of distributive agencies is such that they require a high degree of collaboration (Newman 1994). Regulatory agencies represent agencies that are concerned with rulemaking and implementing governmental laws and regulations (Alkadry and Tower 2014; Newman 1994 and Lowi 1985). Even within redistributive agencies, key leadership positions are often occupied by men (Miller 2009; Riccucci 2009). Moreover, the absence of equitable representation in distributive and regulatory agencies leaves women with limited opportunity to participate in policy decisions concerning the work of these agencies.

### Position Representation

Position representation uncovers the equitable, under-, and overrepresentation of women in leadership positions in organizations. The literature often uses the glass-ceiling metaphor to illustrate the barriers and challenges that women experience as they climb up organizational ladders. Bishu and Alkadry (2017) report that "promotion in the context of the glass ceiling concept addresses lack of equal opportunity presented to men and women in advancing into higher management positions" (p. 72). Current studies that examine gender representation in leadership positions argue that the human capital deficit argument does not explain the underrepresentation of women in leadership positions (Alkadry and Tower 2011). This is because today in the twenty-first century, women are increasingly engaged in pursuing educational and work opportunities. Gender representation in leadership positions also vary by occupational and agency categories. In occupations and agencies where women are overrepresented, the opportunity for women to engage in management is also higher. As it is the case with occupational and agency representation, engaging at management positions provides women the opportunity for policy participation and economic gain. Bishu and Alkadry (2017) report that access to management or leadership positions is one of the most critical predictors of the gender pay gap in the workforce.

## Multi–Level Obstacles to Women in the Workforce

Individual-, organizational-, and societal-level factors shape the underrepresentation of women in male-dominated positions, occupations, and agencies. At individual level, social norms inform the roles that women play in their private and public lives. At organizational level, gendered organizational processes shape the opportunities that are accessible to women in the workforce. At societal level, gendered social norms shape stereotypes that determine who is fit to engage in certain occupations, positions, and organizations. The following section provides a discussion of the aforementioned barriers that limit women's full participation in the workforce.

### Societal–Level Factors: Gender Stereotypes

Gender stereotypes shape societal expectations of the role that men and women play in their private and public lives. Socially constructed gender stereotypes define the domain within which women engage in the workforce. Sabharwal (2015) presents that "A major source of discrimination in any organization is the strongly possessed values, beliefs and perceptions about the social role and behaviors of men and women" (p. 5). Hence, Sabharwal suggests that gender stereotypes are the underlying factor that fosters gender-based discrimination in the workforce.

Theoretical frameworks like social role theory or think manager, think male explain how gender relations in society shape perceptions of roles played by men and women in the workforce (Sabharwal 2015; Schein 1975, 2001). Think manager, think male theory specifically describes

that masculine stereotypes often associate managerial or leadership roles as being fit for men (Schein 1975, 2001). Gender stereotypes limit opportunities that are accessible to women in the workforce, including opportunities to engage in male-dominated occupations, agencies, and positions. That being said, one cannot deny the changing landscape for women in the workforce. In the twenty-first century, with women's increased participation in education and the workforce, stereotypes are slowly changing form and women are increasingly engaging in traditionally male-dominated roles. Nevertheless, the process is far from being undone (Guy and Newman 2004; Kelly and Newman 2001; Newman 1994; Stivers 2000).

### Individual-Level Factors: Conflicting Roles of Care and Work

Socially constructed gender roles define the roles that men and women play in their private and public lives. Despite significant progress made toward women's increased participation in the formal economy, they still bear the heavy burden of family caregiving responsibilities. Women that navigate the dual roles of family caregiving while juggling the demands of work are often discriminated at because they are perceived as less dedicated to the job (Smith 2012). Organizations also perceive the dual roles that women play as a factor that limits their ability to commit to the duties of the organization.

The challenges that women with family caregiving responsibilities experience are twofold. First, despite their ability to navigate work and caregiving responsibilities, women are often penalized for playing dual roles. Studies that compare the career trajectory of men and women before and after having children report that men are rewarded and women are penalized for having children (Kmec 2010). Kmec (2010) reports that family responsibility is perceived as a positive stabilizing factor for men, whereas for women, it is perceived as a destruction and as a factor which compromises their dedication to their job, the organization, or their career as a whole. Penalties in this case manifest in the form of "parental pay gap," missed promotion opportunities, or poor performance evaluation (Kilbourne et al. 1994; Smith 2012).

The second penalty relates to career choices that women are often forced to make when faced with challenges of balancing work and family responsibilities. Career choices that involve on-and-off time from work have detrimental impact on the career trajectories of women. In the absence of social and institutional support, women are often forced to make career choices that involve on-and-off time from work. Therefore, organizations that fail to provide needed support for women to fully engage in the workforce are directly or indirectly shaping their engagement in the workforce.

### Organizational–Level Factors: Gendered Organizations

Organizations are a place where collective societal values, structures, and processes are manifested. Kanter (1977) argues that "while organizations were being defined as sex-neutral machines, masculine principles were dominating the authority structures" (p. 46). Despite organizations being a reflection of societal values, their managements and work processes are often perceived as gender-neutral. Kanter's work highlights the link between societal beliefs about gender roles and gendered organizational practices. The fact that most powerful positions, occupations, and agencies in government are populated with men is not a random occurrence but rather a process that demonstrates organizations as gendered processes.

Acker (1990) argues that "a systematic theory of gender and organizations" is critical to uncover gendered processes in organizations that reproduce unequal outcomes for men and women in the workforce (p. 140). She further argues that "organizations are one arena in which widely discriminated cultural images of gender are invented and reproduced" (p. 140). Here Acker identifies gender as the central element shaping organizational reasoning. Gendered organizational processes produce outcomes that reinforce societal gender stereotypes. Outcomes of gendered organizational practices are made apparent when women are

missing from positions, occupations, and agencies that are recognized as male domains.

## Why Representation Matters?

This section provides a discussion on why we should promote increased gender representation across different occupations, agencies, and positions in the public sector. The discussion here presents the benefit of gender representation from three standpoints. Discussed first is organizational-level benefit of gender representation. Second, citizens' perspective discusses the symbolic and substantive values of gender representation in public organizations. Last, from individual standpoint, presented here are economic and social implications of gender representation in public organizations.

Equitable gender representation yields several benefits to organizations, its workforce, and citizens. From organizational point of view, opportunities for women to engage in male-dominated occupations, agencies, and positions open possibilities for organizations to tap into diverse perspectives. Discussing the added value of a diverse workforce where multiple identities are represented, Pynes (2013) presents that "evidence is growing that managing diversity leads to greater service effectiveness, efficiency, and productivity" (p. 115). Pynes further argues that organizations that tap into diverse workforce are able to draw on "creative alternatives" (p. 115). Creative alternatives are a result of multiple perspectives and viewpoints. Inclusion of multiple viewpoints enriches the policy-making process as well as policy outcomes. The hope is that, as more women engage in traditionally male domains, gendered organizational processes will give way to gender-conscious processes and outcomes.

The importance of gender representation from citizens' standpoint presents two arguments. First, increased women's participation in male-dominated spaces suggests better opportunity for women to make substantive contribution representing the public. Opportunities to represent public interest manifest in policy participation and service delivery. Second, the symbolic significance viewpoint of gender representation highlights that when women increasingly engage in traditionally male domains, the process aids to overcome gendered stereotypes. As more women engage in traditionally male occupations or in breaking the glass ceiling, the process helps to transform societal and institutional perceptions of the role that women play in the public sphere.

Individual-level argument highlights economic and social implications of gender underrepresentation in certain agencies, occupations, and positions. Research repeatedly demonstrates that position and occupational underrepresentation of women in male-dominated spheres accounts for a greater share of the gender pay gap in the workforce (Alkadry and Tower 2014; Bishu and Alkadry 2017; Blau and Kahn 2007). Similarly, research that indicates increased women's representation in male domains shows that the process assists in reducing the gender pay gap (Hsieh et al. 2013). The rationale behind the gender pay gap argument is that male-dominated occupations and positions are associated with "male-oriented pay." Hence, women working in female-dominated domains experience earning penalty for working in predominantly female occupations, agencies, and positions. Besides pay penalty, the literature shows that unequal opportunity for women in the workforce has implications for social recognition and job satisfaction (Kanter 1977; Jaffee 1989; Smith 2012).

## Conclusion

Despite women's increased participation in the workforce and acquired comparable qualifications as their male counterparts, research shows that they continue to be underrepresented in traditionally male-dominated occupations, agencies, and positions. This chapter presents a case for gender representation in the public sector workforce while also highlighting individual- and organizational-level barriers. The challenge of undertaking gender integration in traditionally male-dominated spheres calls for interventional efforts at individual, organizational, and societal levels.

## References


Acker J (1990) Hierarchies, jobs, bodies: A theory of gendered organizations. Gender & society 4(2):139–158

Alkadry MG, Tower LE (2011) Covert pay discrimination: how authority predicts pay differences between women and men. Public Adm Rev 71:740–750

Alkadry MG, Tower LE (2014) Women in public service: barriers, challenges, and opportunities. ME Sharp, Armonk/London

Atkins DN, Wilkins VM (2013) Going beyond reading, writing, and arithmetic: the effects of teacher representation on teen pregnancy rates. J Public Adm Res Theory 23(4):771–790

Bishu SG, Alkadry GM (2017) A systematic review of the gender pay gap and the factors that predict it. Adm Soc 49(1):65–104

Blau FD, Kahn LM (2007) The gender pay gap. Econom Voice 4(4):1–6 (Article 5)

Guy ME, Newman MY (2004) Women's jobs, men's jobs: sex segregation and emotional labor. Public Adm Rev 64(3):289–298

Hindera JJ (1993) Representative bureaucracy: Further evidence of active representation in the EEOC district offices. Journal of Public Administration Research and Theory 3(4):415–429

Hsieh C, Hurst E, Jones CI, Klenow PJ (2013) The allocation of talent and U.S. economic growth, NBER working paper no 18693. National Bureau of Economic Research, Cambridge, MA

Jaffee D (1989) Gender inequality in the work-place autonomy and authority. Soc Sci Q 70(2):375–390

Kanter RM (1977) Men and women of the corporation. Basic Books, New York

Kelly RM, Newman M (2001) The gendered bureaucracy. Women Politics 22(3):1–33

Kilbourne BS, England P, Farkas G, Beron K, Weir D (1994) Returns to skill, compensating differentials, and gender bias: effects of occupational characteristics on the wages of white women and men. Am J Sociol 100(3):689–719

Kim C (2004) Women and minorities in state government agencies. Pub Person Manage 33(2):165–180

Kmec JA (2010) Are motherhood penalties and fatherhood bonuses warranted? Comparing pro-work behaviors and conditions of mothers, fathers, and non-parents. Soc Sci Res 40(2):444–459

Lowi (1985) The state in politics: the relation between policy and administration. In: Noll RG (ed) Regulatory policy and the social sciences. University of California Press, Berkeley

Miller PW (2009) The gender pay gap in the US: does sector make a difference? J Lab Res 30(1):52–74

Mosher FC (1968) Democracy and the public service. Oxford University Press, New York

Newman MA (1994) Gender and Lowie's thesis: implications for career advancement. Public Adm Rev 54(3):277–284

Park S (2012) Does gender matter? The effect of gender representation of public bureaucracy on governmental performance. American Review of Public Administration 43(2):221–242

Pynes JE (2013) Human resources management for public and nonprofit organizations, 4th edn. Wiley, Hoboken

Riccucci NM (2009) The pursuit of social equity in the federal government: a road less traveled? Public Adm Rev 69(3):373–382

Sabharwal M (2015) From glass ceiling to glass cliff: women in senior executive service. J Public Adm Res Theory 25(2):399–426

Schein VE (1975) Relationships between sex role stereotypes and requisite management characteristics among female managers. J Appl Psychol 60(3):340–344

Schein VE (2001) A global look at psychological barriers to women's progress in management. J Soc Issues 57(4):675–688

Selden SC (1997) Representative bureaucracy examining the linkage between passive and active representation in the farmers home administration. American Review if Public Administration 27(1):22–42

Smith RA (2012) Money, benefits, and power: a test of the glass ceiling and glass escalator hypotheses. Ann Am Acad Pol Soc Sci 639(1):149–172

Stivers C (2000) Bureau men, settlement women: constructing public administration in the progressive era. University Press of Kansas, Lawrence


G

# Gender Wall and the Political Participation of Women in Australia


Fardaus Ara[1] and Jeremy Northcote[2]
[1]University of Rajshahi, Rajshahi, Bangladesh
[2]Murdoch University, Murdoch, WA, Australia


## Synonyms

Gender and political representation; Gender equality in politics; Women and politics; Women's representation in government

## Definition

Political participation refers to the ability of a group of women or individual who are elected to a national legislature or local government body and try to make policy makers responsive to their

needs while gender wall consists of the impediments to their access in electoral politics.

## Introduction

Women are disproportionately represented at all levels of politics worldwide. There is an extensive scholarship (Rosen 2011; Stockemer 2015) on the factors affecting the political participation of women, ranging from traditional gender roles; role of the media; socialization processes; adverse political cultures; conservative cultural doctrines; financial barriers; violence, harassment, and security; and lack of self-confidence, amongst others. However, these barriers vary according to the geography, culture, and political system of countries.

Australia is an example of a modern, Western nation with a multicultural ethos and a strong emphasis on public education and – rhetorically at least – a "fair go" for all. In Australia, tremendous gains have been made in women's participation in politics (Australia being amongst the first countries to permit women to enter politics). Nevertheless, the disparity in gender representation in politics remains at all levels – federal, state, and local. Although the representation of women in parliament has steadily improved since women were granted the right to vote and stand in federal elections following Federation in 1901, particularly in the Senate where women comprised 40% after the 2016 election; however, the proportion of women in the House of Representatives has changed little since 2001, hovering in the range of 25–29% (Australian Electoral Commission n.d.; McCann and Janet 2014). Besides, only 15% of local government mayors and less than 33% of local government councilors are women (Tait 2018).

It is clear that in Australia and other modern nations, even as direct forms of discrimination are removed, cultural values that relegate women to home-care duties persist (Wei-hsin & Lee 2013). These cultural barriers can lead women to be less likely to pursue careers in areas that involve spending a significant amount of time away from their families, or where they are likely to be condemned for not taking up traditional domestic roles in addition to their careers. Further, a range of occupational cultures promotes hypermasculine tendencies and sexist behavior that can be intimidating for women.

This chapter examines the barriers to women's participation in electoral politics at the local and national (federal) levels in Australia using qualitative data derived from semi-structured face-to-face interviews with female politicians. It is found that there is a subtle effect related to indirect discrimination that comprises an invisible gender "wall" that inhibits women's participation in formal politics (Folke and Johanna 2016; Zamfirache 2010). It is argued that the gender wall links together a hypermasculine political arena with a wider traditional discourse of femininity, which exacerbates challenges such as raising funds, travelling, bullying, and networking in ways that impact women more than men, hence constituting forms of indirect discrimination.

### The Political System in Australia

Australia, officially known as the Commonwealth of Australia, is a federation of six states: New South Wales (NSW), Queensland (Qld), South Australia (SA), Tasmania (Tas), Victoria (Vic), and Western Australia (WA), along with two territories – Northern Territory (NT) and Australian Capital Territory (ACT). These former British colonies united to form the Commonwealth of Australia in 1901. Apart from the national parliament, each state or territory has its parliament and government. All states except the Australian Capital Territory have local government as the third tier of government. The party or coalition with the majority of seats on a preferred basis in the election in the lower house or House of Representatives (150 members) forms the government. Bills need to be approved by the Senate or the Upper House (consisting of 76 members, 12 from each of the six states and two from each of the mainland territories) to become laws. Federal elections are held at a minimum of every 3 years counting from the first session of Parliament following the previous election, and usually, all the seats in the Lower House and more than half the seats in the Upper House are declared vacant for election (McAllister 2006). The

Australian Labor Party (ALP), the Liberal (LIB), the Nationals (NAT), and the Greens (GRN) are the major political parties.

## Barriers to the Political Participation of Women

The interviews identified several impediments to the political participation of women in the federal and local level of government that can be grouped into three major categories.

### Socioeconomic Barriers

#### Family Responsibilities

The federal participants in Australia identified household duties as the major hindrance to the political participation of women in Australia. Women, specifically those with young children, suffer because of a shortage of time to get involved in politics. Additionally, lack of cooperation from partners and other family members forces them to juggle between family and politics, often compounded by extensive travelling (Australia being a large country), which tends to impact family responsibilities. According to one participant:

> The balance of work and family commitment is difficult; many women see the juggle of having a family and entering Parliament as too complex and give up the idea of entering politics.

Likewise, another participant stated:

> Women have the primary responsibility to look after children and seniors in the family. Therefore, women with young children find it difficult to travel and stay long hours in Canberra without family support.

Male politicians would also face the challenges regarding family responsibilities, but the burden tend to be stronger for women who are culturally expected to be more devoted to caring for their families.

Similarly, the local government participants in Australia also recognized family responsibility as an impediment to their participation in politics. Previous studies on women's participation in Australian politics (Irwin 2001; O'Flaherty 2005; Sawer and Marian 1993) have also identified family-related activities as a major impediment to their participation.

#### Lack of Finance

Finances are integrally related to participation in politics. The costs of canvassing, travelling, campaigning, and other expenditure often rely more on donations and private wealth than internal party funding which tends to be concentrated among party leaders. All the federal participants admitted the necessity of financing. According to a participant:

> It costs a lot of money to be a candidate and fundraising is a difficult job for women. Therefore, it gives additional advantages if you are financially well-off.

The local government participants of Australia also emphasized on financial resources, although as the catchment area is small and the candidates do not need to arrange the same amount as their federal counterparts. It is worth mentioning that local government in Western Australia is an unpaid job. So one needs to be financially well off to bear the expenses of election campaigning.

Likewise, Drabsch (2003) and Swain (1997) found that many women lack the financial resources essential to vie in the election as women in Australia usually have to spend time out of the workforce or in casual or part-time employment more than men.

#### Harassment, Assault, and Intimidation

The federal participants identified sexism and bullying in Australian politics as an impediment to women's participation in politics. One participant commented:

> Conservative attitudes, sexism, flirting are still in practice among the political parties (especially among the conservatives) and act as barriers to women. I was intimidated several times by a LIB male politician.

While such behavior is, to some extent, part and parcel of the rough and tumble nature of political life in Australia, it can easily slip into a condescending and misogynist tone (or can readily be interpreted as such) when it takes place between politicians of the opposite sex.

Several studies (O'Flaherty 2005; Sawer 2013; Summers 2013) have identified the prevalence of sexist behavior and harassment in Australian politics. Australia's first female Prime Minister Julia Gillard claims to have been subjected to sexual discrimination, harassment, and bullying as Prime Minister (Sawer 2013; Summers 2013).

Similarly, the local government participants affirmed that sexist behavior is evident in councils. One participant claimed:

> We have two males here who openly bully two of us women. It went so bad a couple of years ago that we held a special meeting about it. It improved for a little while; it is now again in full force.

According to Australian Local Government Women's Association [ALGWA] (2009), the 2009 survey conducted on women in Australian local government found that 45% of the elected women representatives faced harassment, bullying, and sexist remarks in the council meetings.

## Political/Institutional Barriers

### Aggressive Nature of Politics

All the federal participants mentioned the aggressive nature of politics as a severe hurdle to the political participation of women. According to a Labor participant:

> Politics is aggressive. The aggressive character of the work, the look of Parliament on our nightly news is like a bear pit, and many women do not want to work in such an environment.

A LIB Party interviewee listed the "brutal" nature of politics and characterized politics as a "man's game." According to her:

> Politics is still a man's game and quite hard for women. Politics is time-consuming, brutal, demanding, needs sacrificing the family life that many women cannot afford.

The local government participants also recognized the aggressive nature of politics as a deterrent to the political participation of women. One councilor said:

> Women have the overall attitude that politics is a men's game. Politics is very antagonistic to what women are afraid of. Because it is so competitive and combative, it does not suit a lot of women.

### Discrimination by Political Party

All the parliamentary participants recognized bias in the preselection process as a barrier, remarking that parties tend to allocate women to marginal seats that are difficult to win. A participant stated:

> The party officials do not give the nomination to women. The party also can be a very unfriendly place for women; it can be a very masculine environment, and male politicians support other men, not women. In the time of party official positions or pre-selection for the candidacy, women are often neglected.

According to Liberal Senators Linda Reynolds and Jane Hume, Coalition women overwhelmingly contested more marginal seats they have little chance of winning (Norman 2016). Ms. Gambaro, a Howard government minister, criticized the Liberal party's approach to female representation and said that the situation, especially in her home state of Queensland, was "getting worse" (Lewis 2016). However, party attitudes toward women are changing although progress has been slow.

Participants were asked if party quotas and the provision of reserved seats are useful for increasing the participation of women in politics. Although different gender quotas are widely practiced globally to increase women's participation in politics, the implementation of quotas is rather controversial in Australia. The Australian Labor Party adopted an Affirmative Action Rule in 1994 to ensure preselection of women for 35% of winnable seats at all parliamentary elections by 2002. The party revised the quota several times and finally in 2015 adopted a 50:50 quotas for both gender to be implemented by 2025 (Bramston, 2015; Peatling 2015). In Australia, the ALP has the highest share of women in the House of Representatives, credited by many to the Labor's quota policy. The Coalition parties (Liberal and the Nationals) do not believe in quota and instead emphasize mentoring, training, and networking sessions to bring more women in politics (Drabsch 2007).

Participants at the Australian federal level were mixed regarding the importance of introducing a quota system as a possible solution to the gender imbalance. A participant stated:

> I support a quota, and I think because of the gender quota, the number of Labor women in politics has increased, and it needs to continue, as politics is still male-dominated. More women in politics are required to raise women's interests. I hope one day there will be no need for a quota, but at the moment we need to continue quota.

However, despite the challenges faced in achieving a gender balance amongst the Liberal Party candidates, the quota system was seen by at least one female member as not the right way to address it as she asserted:

> I do not support quota. I support target, and I think these two are entirely different. People often say that women are getting elected as women, not on merit, and many women do not like to hear this. We need to develop policies to recruit more women on merit.

The quota system is seen by many Liberal members as philosophically problematic, and in the long-term counterproductive, for promoting merit-based participation where gender ceases to be a relevant factor. This view reflects a fundamental ideological divide between the Liberal and the Labor in Australia concerning their approaches to dealing with gender inequality and social inequality in general.

As local government election in Western Australia is nonparty based, local government representatives did not give their opinion on the role of political parties. However, they expressed their opinions on quotas for women. A participant stated:

> I am not a great fan of quota. I do not like to think that I am elected on quota or such. However, the quota has a role in male-dominated areas. I believe it brings critics from people who have prejudices against women.

However, other participants felt that a quota system might be introduced at the local level for a certain period to increase the participation of women, as local politics is dominated by men. One participant stated:

> I think one should get elected on one's merit. However, at this moment politics is entirely male-dominated. I consider quota might help to break the male-dominated barriers by giving scope to women.

## Cultural Barriers

### Traditional Gender Roles

The expectations of women to take primary responsibility in child-rearing and housework outlined earlier were presented as practical challenges for women to balance their political careers. These and other inequalities were also talked about by participants in the context of broader obstacles related to traditions and patriarchy. All the federal participants identified the traditional gender division of labor as a major impediment to the political participation of women. A parliamentary participant claimed:

> I think the traditional values of – women being the house carer and men being the breadwinner – are an issue. The traditional cultural system has strong expectations from women. The various responsibilities of women, including caring responsibilities for their families, sometimes make them feel that it is not the right time for a public position.

For those women who do enter politics, they must continue to contend with these traditional cultural expectations. One participant suggested that female politicians were in a no-win situation:

> The attitude of the general community is the key, and there are conservative attitudes from men as well as women. In some cases, female politicians are judged very harshly if they have children and participate in politics. Then female politicians can be judged again for not having children.

Likewise, all the local government participants share the same views on the impact of traditional gender roles. According to one participant:

> There is still an expectation from the community that women, in addition to, participating in politics must take on family responsibilities more than men. Although it is changing slowly, women in Australia are judged by common people as a wife and mother first; that places lots of pressure on them.

The traditional gender roles in the family, community, and society encourage women to

prioritize the private domain of home to take care of household needs and look after their husbands and children, thus leaving them with little time to engage in politics. An Australian Study of Parliament Group (1994) and Lumby (2000) found popular attitudes toward women's role as a deterrent to their participation in politics.

### Self-Confidence

The parliamentary participants felt that lack of self-confidence is a barrier to the political participation of women. According to a participant:

> In Australia, many women suffer due to a lack of confidence that acts as a barrier to joining politics. Women do not think that they have the skills to survive in politics. There are still women, in general, who have no confidence because of the lack of proper training and mentoring.

Local government participants also mentioned the lack of self-confidence as an impediment to the political participation of women. According to a local government councilor:

> Some women have a lack of confidence to join politics. Especially, younger women fear to join politics because men can be very demeaning to women, put down women easily. They also feel uncomfortable to deal with men.

Therefore, women need to be mentally tough and confident to participate in electoral politics.

### The Role of the Mass Media

The federal representatives in Australia mentioned the treatment of women by the media as a negative factor for women in politics. A participant commented:

> The media is very critical towards women. We have to rise early in the morning before men; we have to do a lot of makeup, a large wider wardrobe than men do. We have to travel all the time, and it is much more stressed to get ready, check my appearance, how am I looking in public.

Another participant said:

> There is still some discrimination around gender, and that is reflected in the expression of some media towards female politicians. A female politician needs to check her dress, hair, smiling face, appearance when going outside, while a male does not need to. It puts extra pressure on us.

However, media treatment was not a factor cited by local government participants. This is understandable, given that local members are not as scrutinized as federal members.

## Exploring the Reasons for Barriers

Women in both the federal and local government identified almost similar barriers. However, the differences are the result of certain social and political features of federal politics, such as the role of political parties while nominating candidates and access to finance, which create extra burdens on women. Culture, religion, society, and community create hindrances for women's participation in the public sphere including politics. On the other hand, education, industrialization, affirmative action strategies and progressive laws, and UN initiatives create favorable environments for women to come forward and take part in politics and leadership roles. However, patriarchy dominates all public and private sectors that favors men while women are discriminated indirectly or directly depending on the context they exist.

The cultural dimension of gender discrimination can be framed in one of two ways: either as traditional gender attitudes that endure in modern society; or as patriarchal norms that permeate cultures, both modern and traditional. The first approach draws from modernization theory and holds the view that gender discrimination persists due to the existing deep-rooted traditional attitudes regarding appropriate sex roles in societies despite economic development, but is only a matter of time until they are completely eliminated. The second approach draws from feminist theory and holds that gender discrimination is universal due to men's tendency to subordinate women and will persist unless patriarchy is challenged.

The interview data indicate similar barriers experienced by women at both the federal and local levels of government. The only differences between the two levels pertained to certain unique features of federal politics, such as the greater role played by campaign finances, party preselection, greater distances required to travel (Australian

federal parliament being located in Canberra), and media publicity, all of which place additional pressures on women who tend to struggle more to raise campaign funds, receive party support, take absence from their families, and to be taken seriously by the media.

An important aspect of the factors cited is that, for the most part, they are factors that constitute challenges for men and women alike. Issues of family responsibility, extensive travel, lack of financial backing, bullying, difficulty attracting party support, coping with the aggressive nature of politics, and negative media attention are issues that both male and female politicians often come up against, and have undone many aspiring politicians and seasoned politicians alike. However, the negative effect of these factors on women is exacerbated by traditional patriarchal expectations – both in society generally and politics in particular – that make them strong barriers for women pursuing a political career.

The institutional factors emphasize qualities that indirectly discriminate against women because of the societal gender factors. For example, intimidation can be viewed as a psychological barrier to entering politics, which is partly amplified by many women being socialized into being timid, and partly by the political institution being an aggressive arena. Cultural barriers are also the outcome of socialization. Modernization and/or feminist liberation have seen some cultural views diminish, notably the view that a woman's place is in the home, which has eroded a key barrier for women entering politics.

However, as research noted earlier has found, a range of gender-based sentiments remain in the wider culture, shared by both males and females (although females to a lesser extent). These sentiments centre around "emphasized femininity" (Connell 1987) that are generally not well matched with those emphasized by politicians, with the feminine ideal of the gentle, caring lady rubbing up against the political, hypermasculinized ideal of the cunning, boastful politician.

Other feminine cultural factors also have a negative relationship with political-institutional factors, particularly those in federal politics. Women often lack the same degree of financial support that males do as a result of income inequalities. Media attention is often more difficult for women to deal with due to the public pressure placed on female politicians to aspire to feminine ideals of beauty and a caring demeanor. Because of perceptions by party leaders that women are less popular among voters, gaining preselection (and also access to party-distributed funds) can be difficult for women. Finally, women face greater pressures to manage their family responsibilities, because patriarchal norms dictate that looking after the family is the women's primary role. The challenge of travelling great distances is linked to time away from the family, which exacerbates anxiety and practical challenges that attend childcare.

These factors are all examples of indirect discrimination that deprive women. Indeed, the factors mentioned by participants – when viewed in isolation – may seem rather innocuous, but when viewed within the context of gendered expectations, become powerful constraints that particularly disadvantage women. These constraints can be characterized as a gender "wall" which offers a useful metaphoric contrast to the "glass ceiling" concept (Folke and Johanna 2016; Zamfirache 2010) that is normally reserved for vertical advancement within hierarchies.

At the heart of the "gender wall" is the clash between the societal discourse of femininity and the hyper-masculine nature of Australian politics. Modernization and/or feminism have altered the discourse of femininity by invalidating certain past core attitudes, such as "a woman's place is in the home" which has opened up politics as a viable career path. But liberalization in this respect has not invalidated others that remain core to emphasized femininity (Connell 1987) and which serve as barriers to political participation. An institution like politics, which is expressly concerned with the exercise of power, involves the emphasis of traits that fall comprehensively into the hypermasculine ideal. When women navigate an institution like politics, they must chart a difficult path that involves either embracing masculine ideals or adapting emphasized femininity in unorthodox ways, both strategies that come with their attendant challenges.

## Conclusion

There is a "wall" of barriers for women entering and maintaining a career in politics. Feminist movements and legislative changes at the macro level have succeeded in dismantling some of the key tenets of emphasized femininity, such as the view that the primary place of a woman is at home, but not other key tenets, such as a woman's primary responsibility is to care for her family, to be gentle and caring, and to be glamorous and beautiful. Arguably, these tenets have become more institutionalized in modern culture as part of the gendered discourse of the "modern woman" – the view that women can balance their newfound careers with traditional expectations relating to femininity.

The issue of whether inequality is due to the continuity of "pre-modern" traditions (keeping in mind too that Australia is largely a migrant country with many new arrivals from traditional societies), or other contributing factors that sustain women's disadvantage, is a complex matter and not one that can be adequately addressed here. Neither is it the intention here to comprehensively address how these barriers can be overcome, although certainly institutional reforms and a wider shift in values, some of which have already been attempted, can go a long way. For example, a decision was recently taken in federal parliament that breastfeeding politicians will be allowed to bring their children into the chamber as part of new rules for a "family-friendly" Parliament. In addition, Mr. Pyne, Leader of the House, states that both men and women would be allowed to bring their children into the chamber if they are responsible for their care (Anderson 2016). But the sentiments that characterize gender expectations and the gender wall that inhibits women's participation in politics still predominate, and their entrenched nature, even in relatively liberal modern societies such as Australia, is proving difficult to counter.

There are also other difficulties in combating these barriers, namely the subtlety of the factors that contribute to them. Indirect forms of discrimination are difficult to counter because they cannot be directly addressed through antidiscrimination legislation or institutional reforms. Although these measures are important, none of them can fully succeed, because –the heart of the problem relates to the way that cultural-based attitudes that pervade political culture and society more generally intersect with one another and, consequently, conflate the barriers encountered by women. Breaking through the gender wall of barriers requires disrupting the subtle, indirect forms of discrimination, not just the overt forms. As such, the political participation of women is a whole-of-society issue and needs to be tackled in these terms.

## Cross-References

▶ Political Leadership and Gender (In)Equality
▶ Politics and Gender

## References

Anderson, S. (2016) Women allowed to breastfeed in parliament as part of "family friendly" rule changes. ABC news. Retrieved from http://www.abc.net.au/news/2016-02-02/breastfeeding-politicians-allowed-to-bring-children-into-chamber/7133324

Australasian Study of Parliament Group [ASPG] (1994) Women in the Queensland parliament: historical and contemporary perspectives. Parliament House, Brisbane. Retrieved from http://www.parliament.qld.gov.au/aspg/papers/940228.pdf

Australian Electoral Commission (n.d.) 2016 Federal Election. Retrieved from https://www.aec.gov.au/Elections/Federal_Elections/2016/index.htm

Australian Local Government Women's Association [ALGWA] (2009) 50:50 vision: A national programme for gender equity in local government. Retrieved from http://algwa.com.au/manager/resources/5050vision-2.pdf

Connell RW (1987) Gender and power. Polity Press, Cambridge

Drabsch, T. (2003). Women in parliament: The current situation. Briefing paper no. 9/03. NSW parliamentary library research service. Retrieved from http://www.parliament.nsw.gov.au/prod/parlment/publications.nsf/0/7aeed1204facad1cca256ecf00082764/$file/09-03.pdf

Drabsch, T. (2007). Women, parliament and the media. Briefing paper no. 5/07. NSW parliamentary library research service. Retrieved from http://www.parliament.nsw.gov.au/prod/parlment/publications.nsf/0/8E817C955283F747CA2572D100087573/$file/womenParliamentMediaFinal.pdf

Folke O, Johanna R (2016) The glass ceiling in politics: formalization and empirical tests. Comp Pol Stud 49(5):567–599
Huntley R (2000) Party culture, popular images. In: Deverall K, Huntley R, Sharpe P, Tilly J (eds) *Party girls: Labor women now*. Annandale, Pluto press, pp 2–9
Inter-Parliamentary Union [IPU]. (2000). Politics: Women's insight. Retrieved from http://www.ipu.org/pdf/publications/womeninsight_en.pdf
Irwin, R. (2001). State of women in urban local government: Australia. Paper presented at the Asia-Pacific summit of women mayors and councillors. Phitsanulok. Retrieved from http://www.capwip.org/readingroom/australia.pdf
Lewis, R. (2016). Liberal party loses way on path to equity for women MPs. *The Australian*. Retrieved from http://www.theaustralian.com.au/federal-election-2016/liberal-party-loses-way-on-path-to-equity-for-women-mps/news-story/922529d9979ea43b8126a1ebc2e88f95
Lumby C (2000) Politics, power and the personal: a conversation with Tanya Plibersek. In: Deverall K, Huntley R, Sharpe P, Tilly J (eds) Party girls: Labor women now. Pluto press, Annandale, pp 37–53
McAllister, I. (2006). Women's electoral representation in Australia. In M. Sawer, M. Tremblay, & L. J. Trimble (Eds.), *Representing women in parliament: A comparative study* (pp. 27–46). London: Routledge.
McCann, J., Janet, W. (2014) Representation of women in Australian Parliaments 2014. Research paper series, 2014–15. Retrieved from http://apo.org.au/files/Resource/representationofwomeniinaustralianparliaments2014_jul_2014.pdf
Norman, J. (2016, September 6). Liberal party signs gender diversity plan to increase female representation in parliament. ABC News. Retrieved from http://www.abc.net.au/news/2016-09-06/liberal-partys-watershed-plan-to-attract-more-females/7819332
O'Flaherty VA (2005) A very dim light, a very steep hill: Women in the Victorian branch of the Australian Labor party (PhD thesis), Victoria University, Melbourne. Retrieved 28 May 2014 from http://vuir.vu.edu.au/1481/1/OFlaherty.pdf
Peatling, S. (2015). Women to make up half of labor MPs by 2025, party pledges. The Sydney morning herald. Retrieved from http://www.smh.com.au/federal-politics/political-news/women-to-make-up-half-of-labor-mps-by-2025-party-pledges-20150727-gilcij.html
Rosen J (2011) The effects of political institutions on women's political representation: a comparative analysis of 168 countries from 1992 to 2010. Polit Res Q 66(2):306–321
Sawer M (2013) Misogyny and misrepresentation: women in Australian parliaments. Pol Sci 65(1):105–117
Sawer M, Marian S (1993) A woman's place: women and politics in Australia, 2nd edn. Allen and Unwin, North Sydney
Stockemer D (2015) Women's descriptive representation in developed and developing countries. Int Polit Sci Rev 36(4):393–408
Summers A (2013) The sexual politics of power. Meanjin 72(2):1–16
Swain, M. (1997) Women in parliament: an update. Briefing paper no. 1/97. NSW parliamentary library research service. Retrieved from https://www.parliament.nsw.gov.au/prod/parlment/publications.nsf/0/CF3FE87EFF8D7421CA256ECF0006DF2E/$File/01-97.pdf
Tait, M. (2018) Why Australian's local councils need to solve their gender problem. The Guardian. Retrieved from https://www.theguardian.com/world/2018/nov/21/why-australias-local-councils-need-to-solve-their-gender-problem
Wei-hsin Y, Lee P (2013) Decomposing gender beliefs: cross-national differences in attitudes toward maternal employment and gender equality at home. Sociol Inq 83(4):591–621
Zamfirache I (2010) Women and politics – the glass ceiling. J Comp Res Anthropol Soc 1(1):175–185

G

# Gendered Politics in Turkey

Fatih Keskin
Faculty of Communication, Public Relations and Advertising, Ankara University, Ankara, Turkey

## Synonyms

Gender mainstreaming; Gender relations; Gender system

## Definition

Gender, different from sex, or being biologically male or female, manifests itself in a person's social and psychological characteristics. Inequality is a neutral concept, used by socialist tradition like repression or subjugation, which for is ineffectual, but which ultimately replaces the ideas that symbolize rebellion against the power/government. It is claimed that gender is determined by cultural, religious, and ideological norms and the existing society, and it is not defined by birth, and thus it can be changed by the very same society. Today, the dominant "gender mainstream" is criticized for integrating the women organizations into the system without transforming the patriarchal institutions, so feminist theorists of the socialist tradition prefer "gender relations" and "gender orientation."

## Introduction

Like "social problem" and the "national problem," the "women's problem" is regarded as one of the most significant political movements in the second half of the nineteenth century. This movement and its politically active women have long headed for three spheres: the education of girls and young women, the improvement of admission criteria for higher education, and the right to have professions, participating freely in work life and joining politics with equal rights. The first women's movement struggled in particular to ensure that all the rights declared by the French Revolution also apply to women. The failure to keep the promises of equality triggered the second women's movement, and oppressive practices applied on women led to the dismissal of institutions. The point is to bring out the positive traits of being a woman and achieve social transformation by making them a norm, rather than solely aiming at equality in the existing gender-based systems. The third wave of women movement, which was shaped by the postmodern thought, focused on homogenization of women through differentiation and subjected the distinction between sex and gender to deconstruction.

The viewpoint on the concepts of state and democracy also changed during this process. New women movement commenced in the 1970s by directing its criticism toward the limited capacity of formal democratic institutions with regard to equal rights of men and women to social resources. The state was defined as the "headquarters" of patriarchy and its institutions as power mechanisms of formal democracy that subordinate women to men. In the 1980s, attention shifted from government and democratic institutions to the fields of work, family, education, socialization, and law. From the 1990s onward, gender issues have become more prevalent in state and democracy theories. While one group maintained the critical state traditions, Anglo-American and Scandinavian philosophers have drawn attention to the elements of state policies encouraging women (Genetti 2003). Today, people are skeptical about approaches that render totalitarian government institutions. Therefore, considering them as the intensification of societal conflicts is also welcome, which entails Eva Kreisky's such arguments as "masculinity as a system" or "politics as men's unity" (Kreisky 2000), as well as Birgit Sauer's statements that the state is not only the "executive board" of men, it does not have a "monolithic structure" and that it also involves gender conflicts (Sauer 2009).

Much has changed in gender relations since inequality was placed onto the agenda, e.g., acknowledgment of constitutional equality of genders by the state, or elimination of the existing disadvantages, reform of family law, initiation of equal opportunities officer, quota practices, or encouragement of women in certain fields. Furthermore, gender mainstreaming offered alternative ways to eradicate the present inequality between genders (European Parliament 2003).

Nevertheless, despite these positive developments, it is pointed out that gender-based designs have remained in organizations, social relations, and rules. These findings point to the fact that "gender system" (Kerner 2007; Haug 2010a, b) is still the current practice (Meissner 2008). The government's role in the determination of normative gender roles and orders has in a way been confirmed. In other words, state policy's generation of specific gender relations and discrimination; their tendency to employ discourse, institutions, and practices justifying gender identities and inequality; and the way these policies define the boundaries between public and private space have been disclosed.

In Turkey, similar to other countries, gender has been a determining factor in the regulation of social relations and the establishment of social hierarchy in economic, political, and cultural areas. This, in turn, causes the traditional problems of capitalism and patriarchy to recur in the analysis of social reconstruction. In this recurrence, the basic assumption is that the problem is not only economic but also social, and the general guidelines are formulated by governments. In retrospect, the constituents of this problem in the political history of Turkey are generally as follows: ideological differences, attempts of political power/governments to idealize certain gender stereotypes, or the conditions set forth by

cooperation organizations such as the EU. What is more, although the policies in this field expanded some freedoms and increased the visibility of women in the public sphere, it also brought about various democratic paradoxes by, at the same time, disregarding endeavors for gender equality and somehow disseminating patriarchal sexist norms.

## Top-Down Modernization and State Feminism

Women's movements and related demands were reflected in the Ottoman Empire at the end of the nineteenth century in the form of claims for education, voting rights, and citizenship. Women prepared leaflets, wrote novels, sent letters to journalists, published their own journals, participated in discussions with men, and founded associations. Although change was supported during *Tanzimat*, conservativeness in terms of women rights was maintained, and Ottoman values were preserved through women. This has further increased the control and influence of the state on women (Berber 2017).

Experiences of Balkan Wars and World War I politicized and encouraged women. Women gained the right to study at universities and work at government offices and factories. With the Ottoman Family Law Degree dated 1917, Muslim women, as well as other congregations, benefited from developments, restricting polygamy and recognizing the right to divorce.

The Republican period and the process of nation-state building is the turning point in the formation of female identity. In this period, sex was attached a central role in national discourses and in the modernization projects of the nation state. The policies of the republican period were described as a "state feminism," which had developed toward the improvement of women's legal status and provision of their political rights (Tekeli 1991; Binder et al. 2015). There were so-called attempts to draw a contemporary image of woman during the governance of bureaucratic elite and in the leadership of a charismatic leader, who sees himself as the father, teacher, and governor of the nation at the very top of the political system. These efforts were conceived as symbols of demands for modernization and enlightening (Kreile 2012). However, it was pointed out that women were still defined, first and foremost, inside the house despite the reforms, their position has not gone beyond being the biological producer of the nation, and they were appointed the mission of reconstructing ideological collectivity; thus that "gender discrimination" was resolved with the Republic was indeed a created illusion (Berber 2017).



## Women Rights Policies from the 1980s to 2000s

The formative initial years of the republic have had far-reaching effects on the dynamics of gender politics. Most remarkable are the exaggerated notion of state, masculine quality of the government, gender equality policies which are generally led by the governments, restricted existence of women in politics, and differentiation of career opportunities for women in this field, less inclusion of women in structural decision-making processes, and, last but not least, subordination of women politicians to their men counterparts by the media. It is possible to notice the elements of the paradox Carole Pateman eloquently summarizes: women are "included into and excluded from" the political order "right because of having the same qualities and competences" (Pateman 1992). Although this paradox is especially evident in the political scene, it has had reflections on different areas.

Starting from the 1980s, Turkish society has gone through a profound and dazzling transformation. In neoliberal restructuring period, which goes far beyond solely being an ideological rhetoric, the state approached some demands of women positively, yet it continued paternalist policies toward them. On the other hand, after a delay of 10 years when compared to the West and at a time that coincides with when the world politics is shaped by a new liberal/conservative ideological wave, new women organizations generated policies not over equality and freedom but policies

that call for identity and culture recognition, which would also influence the years to come (Serpil n.d.).

Women's movement and politics of the 1990s was shaped by on the one hand the crisis of Kemalist modernization and on the other hand the rise of ethnic and conservative politics. It was stated that Kemalist modernization, which was owned as historical heritage, led to a closure in terms of women's rights in Turkey and turned out to be inadequate and authoritarian. Besides the patriarchal ideologies that penetrated into the public view in Turkey, the women image attached to women by Kemalist community projects and Turkish nationalism and republican modernization projects were criticized in terms of gender roles. Women, who were active in their own organizations in the beginning of the Republic, disappeared from the stage between 1935 and 1980, which has been associated with the state feminism. The rise of ethnic and conservative politics reduced "advocacy" of women's rights from improvement of gender relations to defend secularism. This led to a break in relations between women's organizations and institutions advocating women's rights and separation of the women's movement in itself.

## Women Rights and Family Policies

The ongoing years of the new government, which started in 2002, have also begun a different era in terms of women's problems and politics. EU membership negotiations and the evolving civil society orientation have led to the period of political liberalization, and radical reforms toward true legal equality of women in terms of gender politics have been put into effect. In line with the Copenhagen criteria, positive steps have been taken toward democracy, human rights, and minority rights. These advancements have been widely appreciated in Turkey and abroad. Moreover, with the good governance concept, women organizations in Turkey have been enabled to cooperate with supranational organizations and implement their own projects by the help of new financial resources. However, stagnation in this endeavor and a slowdown in the reform process have been recent realities.

## Conclusion

The concept of gender and politics aims to analyze in particular the state's influence on establishing and sustaining normative gender roles and systems.

This influence cannot be attributed to a particular party or ideology, nor is it specific to a certain geography. Though with varying degrees, it signifies a general and universal problem. This process is unique in Turkey in that the gateway to women rights and gender issues doesn't seem to be wide enough.

## Cross-References

▶ Gender Equality in Public Procurement

## References

Berber N (2017) Osmanlı'dan Türkiye Cumhuriyet'ne Kadın Hareketi. Retrieved from https://tr.boell.org/tr/2017/09/18/osmanlidan-turkiye-cumhuriyetine-kadinhareketi

Binder C, Polatdemir A, Karakaşoğlu Y (2015) Zur (Un) Möglichkeit von Solidarität und Bündnis zwischen Frauenbewegungen in der Türkei. Feministische Studien 33(1):9–21. https://doi.org/10.1515/fs-2015-0103

European Parliament, Angenommene Texte, P5_TA (2003)0098 (2003). Entschließung des Europäischen Parlaments vom 13. März 2003 zu Gender Mainstreaming im Europäischen Parlament. Retrieved from www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA...2003

Genetti E (2003) Das Geschlecht des bürgerlichen Staates. Retrieved from www.links-netz.de/K_texte/K_genetti_staat.html

Haug F (2010a) Gender – Karriere eines Begriffs und was dahinter steckt. UTOPIE kreativ, H. 156. Stiftung, Rosa Luxemburg pp 899–913

Haug F (2010b) Sozialistischer Feminismus: Eine Verbindung im Streit. In: Becker R, Kortendiek B (eds) Handbuch Frauen- und Geschlechterforschung. VS Verlag, Wiesbaden, pp 52–58

Kerner I (2007) Konstruktion und Dekonstruktion von Geschlecht. Retrieved from gender. . .politik. . .online

Kreile R (2012) Neoliberalismus, Staat und Gender in der Türkei. Femina Politica 1:73–85

Kreisky E (2000) Der Stoff, aus dem Staaten sind. Zur männerbündischen Fundierung politischer Ordnung. In: Braun K (ed) Feministische Perspektiven der Politikwissenschaft. R.Oldenbourg Verlag, München/Wien, pp 144–181

Meissner A (2008) Die soziale Konstruktion von Geschlecht – Erkenntnisperspektiven und gesellschaftstheoretische Fragen. Retrieved from gender...politik...online.

Pateman C (1992) Gleichheit, Differenz, Unterordnung. Die Mutterschaftspolitik und die Frauen in ihrer Rolle als Staatsbürgerinnen. Feministische Studien 1:54–69. https://doi.org/10.1515/fs-1992-0106

Sauer B (2009) Staat, Demokratie und Geschlecht – aktuelle Debatten. In associazione delle talpe/Rosa Luxemburg Initiative Bremen (eds) Staatsfragen. Einführungen in die materialistische Staatskritik, Bremen, pp 66–79

Serpil S (n.d.) Türkiye'de Kadın Hareketinin Politiği: Tarihsel Bağlam, Politik Gündem ve Özgünlükler. Retrieved from kasaum.ankara.edu.tr/files/.../Serpil-Sancar-Türkiye'de-Kadın-Hareketinin-Politiği.pdfs

Tekeli S (1991) Frauen in der Türkei der 80er Jahre. In: Neusel A, Tekeli S, Akkent M (eds) Aufstand im Haus der Frauen, Frauenforschung aus der Türkei. Orlanda, Berlin, pp 27–46

# Gendering the Workplace Injustice: Cliff or Prison

Abdulfattah Yaghi
Department of Political Science and Public Administration, Center for Public Policy and Leadership, United Arab Emirates University, Al-Ain City, United Arab Emirates

## Synonyms

Invisible barrier; Obstacles facing women, Male-Female workplace relationship; Role of gender in leadership

## Definition

Glass Cliff refers to a metaphor that describes the difficulties which women in leadership may face before, during, and after they are hired. Glass cliff suggests that men put women in peculiar positions making it difficult for women to succeed.

## Introduction

In spite of the legal and institutional developments that improved the workplace environment during the past 100 years, injustice inside organizations remains an undeniable reality that affects both men and women (Yaghi and Yaghi 2013). Workplace injustice is not limited to lower-level jobs, but men and women leaders (e.g., managers, CEOs, and directors) suffer from various forms of discriminatory treatment (Stivers 2002; Yaghi 2016a). Economic, social, political, psychological, personal, and organizational factors may amalgamate in such a way that makes it difficult for leaders to succeed in performing their job (Yaghi 2016b; Yaghi and Yaghi 2014). Some literature argues that women, unlike men, are victims of organizational injustice especially the covert and indirect bias against women managers (leaders). Researchers used various metaphors to describe their perceived injustices, such as glass ceiling, glass walls, glass slippers, sticky floors, and glass escalators (Connolly 2004; Griffiths 2004). Research on those metaphors has increased significantly in the past 40 years supported by various feminist groups and more voices pushing for fundamental changes in the laws that governed employment and human resource management (HRM). Glass cliff is a continuation of the previous metaphors, which focuses mainly on the single factor of gender, thus gendering organizational injustice and blaming men in particular for it (Ryan and Haslam 2005). This entry discusses the flip side of the glass cliff and argues instead that the implied demonization of men and the overemphasis on gender may create an illusion, an equally harmful thinking that is a "glass prison" which regenerates the stereotypical views of women leaders and their success by implicitly claiming that women's success is predetermined by somebody else (i.e., men).

## Glass Ceiling and Glass Cliff

Glass ceiling is the oldest metaphor that describes the invisible barriers which organization members, such as people with certain age, race,

G

economic status, or physical abilities, and women may face. Originally this metaphor was initiated, per Frenkel (1984), by Marilyn Loden in 1978 and Gay Bryant aiming to draw the attention of decision makers to systematic discrimination that could not be documented. Later on, other researchers expanded the examination of glass ceiling reporting new forms of injustice at work. They branched concepts from glass ceiling such as glass escalator (Goudreau 2012), sticky floors (Booth et al. 2003), and finally glass cliff (Ryan and Haslam 2005).

Researchers in the glass cliff literature argue, explicitly or implicitly, that established systems and organizational culture disadvantage women leaders. Men orchestrate conspiracies to put women in difficult (e.g., risky, peculiar, unusual, dangerous, and uncertain) jobs where the chances for failure are preknowingly high (Gartzia et al. 2012). Because most of the glass cliff research comes mainly from western, Anglo-Saxon societies, such as the United Kingdom, the USA, and Australia, one may think that glass cliff can be peculiar to such countries (Yaghi and Alibeli 2013; Yaghi et al. 2007). In order to test the glass cliff argument outside western societies, the present entry relies on data collected from United Arab Emirates (UAE) where women achieve noticeable success in leading public and private organizations and live within a conservative social culture and liberal economic system (Yaghi and Aljaidi 2014).

## The Flip Side of Glass Cliff Argument

John Connolly (2004) and Julie Griffiths (2004) describe the injustice that some women face when performing leadership tasks as a glass cliff. Other researchers expand the examination of glass cliff metaphor by a series of semi-experimental and scenario-based studies (Ryan and Haslam 2005, p. 83). The dominant argument in mainstream glass cliff research is that the established system (e.g., laws, regulations, work ethos, organizational culture, and procedures) in various public and private sector organizations create discriminatory practices in staffing leadership jobs by specifically targeting women and recruiting them to lead organizations (departments and units) where work conditions and the prospects of the jobs are noticeably unusual and difficult (Ryan and Haslam 2005, p. 83). The established system does not treat men the same way as women are treated, which leads many women to have limited options at work. In particular, women leaders either spend extra physical, psychological, and personal resources to succeed in managing the unusual work conditions, or take a shortcut and quit. In both scenarios, women leaders are unnecessarily struggling to perform a task for which they are chosen based mainly on gender criteria.

While the argument of the glass cliff may describe workplace injustice in some organizations in particular cultures (i.e., Anglo societies), it seems that the argument overlooks well-documented evidence that women fail in performing leadership jobs because of many factors, such as personal, organizational, political, cultural, economic, and social. Therefore, the flip side of the glass cliff seems to insinuate almost entirely the opposite of what it intends to describe. Specifically, attempting to justify the failure of some women leaders by blaming men or the "established system" bluntly suggests that women managers are either super leaders (i.e., superheroes) who cannot fail or women managers are dependent on men who decide for them what jobs to accept. While being hero is obviously a naïve suggestion that cannot be entertained, the second one is highly suggestive. This entry argues that while the failure of some women organizational leaders can be a natural occurrence, it is not gender alone to be considered. Therefore, it can be proposed that:

***Proposition 1*** *While gender cannot entirely be overlooked, there are other factors that impact women in leadership and their success or failure.*

An important aspect of the glass cliff argument is the claim that patriarchal system dominates the workplace; thus, women managers are disadvantaged. Similar to other "glass" metaphor-based concepts, such as glass ceiling, the argument is already made that men dominates the workplace

decision-making processes; therefore, fingers are pointed to them (see, Al-Lamki 2007). An alternative reading of this argument suggests that focusing on men-women relationships reproduces gender stereotypes that hurt women themselves. In particular, blaming men for injustice that grows in the workplace creates the illusion of a "glass prison" that men target women. Believing that the destiny of women leaders and the future of their career depend on men's well can verily limit women and undermine their leadership capabilities (Sabharwal 2015). The glass cliff claims unnecessarily revisit the notion of think evil-think men suggesting in doing so that women leaders are helpless and men are evil wanting them to fail (Cook and Glass 2013). Contrarily, this entry argues that some men, as well as some women, want women leaders to fail, while many other men want women to succeed. Hence, it is proposed here that:

***Proposition 2*** *While some men are supportive of women's professional advancement, there are those who are not. The lack of some men's supportive behavior may be driven by jealousy, departmental politics, and personal and organizational self-interest.*

## Methodology

It is necessary for public administration scholars and practitioners to put theoretical arguments, such as glass cliff, into empirical testing. In order to do this, the glass cliff argument and the counter argument (i.e., the aforementioned two propositions) are analyzed using the triangulation of qualitative and quantitative methods. Specifically, in order to scrutinize the origins and the major theoretical developments of the concept, the literature on glass cliff which was published in the past 10 years was screened and analyzed. Then, two waves of in-depth interviews of 62 women (34 and 28 in the first and second wave respectively) were conducted with women holding leadership jobs in both public and private sector organizations within the UAE between January 2015 and October 2016. In order to ensure the validity of data collection, a team of male and female graduate students and professional researchers was formed and trained to perform the Internet literature search and the in-depth interviews. The interviewees were selected from successful and poorly performing organizations with job titles ranging from CEO to supervisor. The interviewed had a minimum of 3 years of experience in their current leadership positions, and their age ranged from 26 to 59 years old. Thematic analysis of the transcribed interviews revealed the following themes: speed of hiring process, difficulty level of tasks, risk level associated with the assigned tasks, role of gender in hiring, and role of men in women's professional life (see, Table 1).

## Analysis and Findings

### Flaws in the Literature

Research on glass cliff continues to grow. However, there is no yet a systematic or empirical analysis of the concept itself. In October 2016, the keyword "glass cliff" in Google Scholar produced 1600 entries. Because not all those entries were academic studies, this entry relied on analyzing the five major studies which combined had 58% of all the 935 glass cliff citations in Google Scholar.

In 2003, Elizabeth Judge (2003) wrote in *The Times* that British women managers (i.e., leaders) were responsible for the failure of their companies and therefore, women managers could not be given a leading role in the private sector. Two years later, Ryan and Haslam (2005) refuted Judge's claim based on their analysis of archival documents of the failed companies showing that blaming women was not based on accurate facts (p. 32). In 2006, Wilson-Kovacs, Ryan, and Haslam (2006, p. 676) claimed that glass cliff was a "widespread" in the organizational world despite the "unique abilities" which women leaders possess and hence glass cliff leads women to fail. In 2007, Ryan, Haslam, and Postmes (2007) relying on hypothetical scenarios have asked college students to choose a leader in each given scenario. The study concluded that glass

cliff mentality was persistent in the simulation! In 2014, Bruckmuller, Ryan, Rink, and Haslam (2014, p. 218) reported that despite the fact that men and women were automatically given different assignments at work, gender stereotypes have disadvantaged women – especially when the organization faced difficult times. In 2013, Cook and Glass (2013) reported little historical support of the glass cliff (p. 100) and argued that many other factors besides gender were responsible for disadvantaging women leaders. In 2015, Sabharwal (2015) reported that surveying American senior executive service managers revealed that socio-psychological factors could explain the happening of glass cliff.

Looking at the previous studies shows that until 2015 most of early glass cliff research was done using a small number of interviews or surveys. A small number of personal testimonials and many hypothetical scenarios were the origins from which the glass cliff generalizations have emerged. Because the data collection and data analyses suffer from validity issues, the authenticity of the findings could also have suffered poor inferences and generalizations.

Contrary to research traditions in social and management sciences, the glass cliff literature does not seem value-free because many researchers make gendered judgments about workplace injustice even before they analyze their data. For example, several studies start off by claiming that discrimination against women is factual (Adams et al. 2009). Instead of starting with neutral position until the analysis reveals the findings, it seems that some researchers put the cart in front of the horse, as to speak, by making emotional conclusions rather than fact-based. This is a major flaw that should be recognized.

While workplace injustice is a reality, the glass cliff research tends to overlook the importance of the interpretation of terminologies used. In the process of trying to convince their audiences that women leaders are being unfairly treated, glass cliff researchers seem to use accusative language that traps them in bad logic. Specifically, the very claim that women are "put" in dangerous, peculiar, or unusual positions can fairly insinuate that women are amenable to manipulation. Logically, if individuals (women) can easily be dragged into accepting any leadership jobs, such individuals cannot be considered capable, professional, or competent leaders. The dilemma here is that the glass cliff literature regenerates stereotypical views of women and helps portraying them as less competent than men, the ones who supposedly put them in peculiar positions (Yaghi and Antwi-Boateng 2015, 2016). The practical implication of this dilemma is to indirectly claim that women are inferior and dependent on men. Unfortunately the good faith in the glass cliff argument does not eliminate its strong insinuations about the vulnerability of women (Wilson-Kovacs et al. 2006).

The last flaw in the literature is oversimplifying workplace injustice. Instead of properly exposing the causes, forms, and victims of injustice, the glass cliff research overwhelmingly limits its scope to examining gender and the relationship between men and women in the workplace. Such narrow approach does not provide a valid or even a broad understanding of workplace injustice. Even when the research focuses on victimization of women, it does not seem to recognize important factors that contribute to the status quo other than gender and the old-new claims that men are responsible for discrimination against women. Because workplace injustice is the core issue, rather than gender, we may ask: does the glass cliff apply to others besides women, such as minority men, male and female managers who have physical disabilities, male and female managers from economically lower classes, men and women from different cultural, racial, age, professional, economic, and social backgrounds? The examination of workplace injustice should be broad enough to recognize the universal nature of it rather than one aspect of it (gender).

## Analysis of the Interviews

### Circumstances Surrounding the Appointment of the Women

Table 1 summarizes the thematic analysis of the interviews with sixty-two women leaders in

**Gendering the Workplace Injustice: Cliff or Prison, Table 1** Analysis of in-depth interviews

| Themes of interview questions | 1st Wave ($N = 34$) | 2nd Wave ($N = 28$) |
|---|---|---|
| Hiring process | | |
| women recruited from other organization | 11 (32%) | 7 (25%) |
| women recruited from the same organization | 23 (68%) | 21 (75%) |
| women were asked to give presentation as part of the recruitment process | 5 (15%) | 6 (21%) |
| Wait period | | |
| acceptable time | 32 (94%) | 17 (61%) |
| longer than expected | 1 (3%) | 3 (11%) |
| quicker than expected | 2 (6%) | 8 (28%) |
| Difficulty of the assigned duties: | | |
| duties are demanding | 13 (38%) | 22 (78%) |
| duties are relatively normal (balanced) | 21 (62%) | 5 (17%) |
| duties are easy | 5 (15%) | 1 (3%) |
| Risk of assigned work | | |
| comparable to that of male counterparts | 20 (59%) | 19 (68%) |
| could not be compared due to having no male colleagues in similar jobs | 12 (35%) | 9 (32%) |
| Role of gender in designing the job | | |
| gender has no role | 20 (59%) | 19 (68%) |
| not sure | 10 (29%) | 6 (21%) |
| gender has a role | – | 4 (14%) |
| Influence of men on female leadership | | |
| men are supportive | 27 (79%) | 23 (82%) |
| men are not supportive | 3 (9%) | 4 (14%) |
| men have an unclear role | 4 (12%) | 1 (3%) |
| Perceived role of men as conspirer to fail women | | |
| male colleagues and/or superiors do not conspire against women | 32 (94%) | 25 (89%) |
| male colleagues and/or superiors do conspire against women | 2 (6%) | 3 (11%) |

Percentages are rounded and indicated in parentheses

public and private sector organizations. The findings indicate that standard human resource processes and procedures were strictly followed in selecting women for leadership vacancies. Hiring committees were involved; therefore, the final decisions were not an individual act. Moreover, each committee was staffed by men and women in order to ensure that hiring decisions were merit-based and not gender-biased. As part of the hiring process, around 18% of the women gave professional presentations and over 71% of all women came from the same organizations; thus, they were familiar with the organizational environments that surrounded the new leadership position. When asked about their perceived length of the hiring process, over 77% of all women indicated an acceptable time for the hiring process. One can assume that an acceptable time means that there was no reason to believe that the selected women were over-scrutinized during the selection and appointment processes. Only 17% and 7% of the women perceived the hiring process shorter and longer than expected, respectively. Since the hiring process was time-adequate, over-scrutiny of the women does not seem possible.

A fundamental assumption of the glass cliff is that women leaders are assigned peculiar tasks (e.g., difficult-to-perform, risky). In order to test this, the findings in Table 1 show that 58% of the women perceive their work duties as demanding and 39% perceive them as relatively normal, while 9% says the duties are easy. Around 63% of them describe the risk associated with their

work as being comparable to that in their male counterparts' work. None of the interviewed women indicated that their work was riskier than that of the male counterparts. One woman said: "the work itself is intense and I have to be alert all the time (Department Chair)" another said: ". . .my male colleagues are always in a rush to have their assignment successfully completed. The same is with me. . .I really have never looked at this matter as though I am doing riskier assignments (Manager of Auditing Department)."

It was essential to ask each interviewee if she believed that being a female has influenced her hiring decision. Table 1 shows three types of responses: women who firmly rejected the idea that gender has influenced their appointment (63%), women who were not sure about the role of gender (25%), and women who indicated that gender might have influenced the selection and designing of their jobs (14%). In their narrations, most of the women asserted that even if gender was a factor in their hiring, the biggest factor was their merit. As an example of these narrations, one woman said:

> I honestly hate it when people strip me of my capabilities and attribute my success to my gender. . ..it was not my biological features that achieved all the profits my company gained every year during the past four years. It was not that which caused my company to expand from one branch to five branches in five major cities (President of a Business Company).

One final assumption of the glass cliff is that men target women and work covertly and overtly to fail them. In this entry, the interviewees were asked about the perceived role of men in their career and personal lives. Table 1 shows that 80% of the women perceive men as supporters, 11% perceive them as unsupportive, and 7% perceive men's role both ways. Most of the women perceive male superiors and colleagues as professionals and about 91% of them dismissed the idea that men have agenda to get them fail in leading their units or organizations. Table 1 shows that about 8% of the women think that men may conspire against them but also women cited other factors besides gender, such as organizational politics, rivalry with others including men, and jealousy. As an example, one woman explained:

> . . ..men and women often like to see their competitors and opponents fail. It is not about men and women. . .it is about surviving and proving yourself. I worked under a female supervisor before, and she did the impossible to fail me. . .but that was because she was afraid I could take her position in the future. . .men do the same. Do not tell me man and woman. . . it is person and person (General Director, public sector department).

## Conclusion

Researchers suggested that one new obstacle faced women in the workplace is the vulnerability to manipulation and continuous discrimination (i.e., glass cliff). The previous analysis confirms that glass cliff may have failed to properly examine the circumstances that surround women in leadership. There seem to be many social, cultural, political, and economic factors that were overlooked when blaming men for the failure of some women leaders. The analysis shows that demonization of men leaves negative impact on professional relationships between men and women in the workplace and implicitly portrays women is incapable leaders.

## Final Thoughts

As this entry proposes, the glass cliff research seems to continue capitalizing on the narrow notion of gendered injustice and that men conspire against women wanting them to fail. Therefore, think evil-think men way of thinking dominates the arguments and assumptions of the glass cliff. Over emphasizing the role of gender and demonization of men creates hence a glass prison, an imaginary prison that confines professional women and therefore limits their success in the leadership world. This is simply because glass prison does not recognize merits or individual capabilities but considers instead gender as the sole determinant of organizational behavior and the life and progress of women leaders. Blaming men for possible failure of a woman in handling a leadership job serves as a pretext to justify workplace injustice and the poor organizational culture that restrict women's progress.

This entry presents a counterargument to the glass cliff showing that while gender might seem an important factor in leadership appointments, other factors may effectively contribute to the success or failure of women in their leading jobs. The empirical analysis and the analysis of the glass cliff research reveal supportive results to this counterargument.

An important dimension of women leadership that has been ignored in the glass cliff and should be examined in the future is the role of national culture and societal factors. Looking at the origins and the classic work on glass cliff, it seems possible that the whole phenomenon is country-based (e.g., Anglo societies) rather than a universal phenomenon. The analysis of the interviews provides strong evidence that nonwestern societies may not have conditions that enhance the development of glass cliff culture. The women cite not gender, but performance, professionalism, and merits as important factors in filling leadership vacancies. The women do not perceive men colleagues and superiors as a source of threat, but instead they cite jealousy, rivalry, and many other psychological and work politics as potential causes of making the work of women leaders more challenging. Instead of solving the real reasons behind the failure of men and women leaders, examining injustice, and broadening the scope of the concept of success, the glass cliff literature limits its endeavor to a gendered analysis. The mentality of think evil-think men can affect the organizational culture and the way women are being treated in the workplace.

## References


Adams S, Gupta A, Leeth J (2009) Are female executives over-represented in precarious leadership positions? Br J Manag 20(1):1–12

Al-Lamki A (2007) Feminizing leadership in Arab societies, the perspectives of Omani female leaders. Women Manag Rev 22(1):49–67

Booth A, Francesconi M, Frank J (2003) A sticky floors model of promotion, pay, and gender. Eur Econ Rev 47: 295–322. https://doi.org/10.1016/S0014-2921

Bruckmuller S, Ryan M, Rink F, Haslam S (2014) Beyond the glass ceiling the glass cliff and its lessons for organizational policy. Soc Issues Policies Rev 8(1): 202–223

Connolly J (2004) Real transparency will break the glass ceiling. Personnel Today. http://www.personneltoday.com/hr/real-transparency-will-break-the-glass-ceiling/. Accessed 5 Oct 2015

Cook A, Glass C (2013) Glass cliffs and organizational saviors: barriers to minority leadership in work organizations. Soc Probl 60(2):168–187

Frenkiel N (March 1984) The up-and-Comers; Bryant takes aim at the settlers-in. Adweek Magazine World. Special report

Goudreau J (2012, May 21) A new obstacle for professional women: the glass escalator. Forbes. Retrieved 1 Mar 2017, https://www.forbes.com/sites/jennagoudreau/2012/05/21/a-new-obstacle-for-professional-women-the-glass-escalator/#305c1e3e159d

Griffiths J (2004, June 17) 'Glass cliffs' topple women executives. CIPD. http://www.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2013/01/29/glasscliffstopple-2004-06.aspx. Accessed 10 Oct 2015

Judge E (2003, November 11) Women on board: help or hindrance? The Times: 21. http://www.thetimes.co.uk/tto/business/article2102633.ece. Accessed 4 Sept 2015

Ryan M, Haslam S (2005) The glass cliff: evidence that *women* are over-represented in precarious leadership positions. Br J Manag 16(2):81–90

Ryan M, Haslam S, Postmes T (2007) Reactions to the glass cliff: gender differences in the explanations for the precariousness of women's *leadership* positions. J Organ Chang Manag 20(2):182–197

Sabharwal M (2015) From glass ceiling to glass cliff: women in senior executive service. J Public Adm Res Theory 25(2):399–426

Stivers C (2002) Gender images in public administration. Sage, Thousand Oaks

Wilson-Kovacs D, Ryan M, Haslam S (2006) The glass-cliff: women's career paths in the UK private IT sector. Equal Oppor Int 25(8):674–687

Yaghi A (2016a) Is it human resource policy to blame? Examining intention to quit among women managers in Arab Middle Eastern context. Gender Manag Int J 31(7):479–495

Yaghi A (2016b) Leadership values influencing decision-making: an examination of nine Islamic, Hindu, and Christian nonprofit institutions in the US. South Asian J Manag 15(1):24–41

Yaghi A, Alibeli M (2013) The impact of selected economic and social factors on women employment in the public sector in eighteen countries. Modern Manag Sci Eng 1(2):1–20

Yaghi A, Aljaidi N (2014) Examining organizational commitment among national and expatriate employees in the private and public sectors in United Arab Emirates. Int J Public Adm 37(12):801–811

Yaghi A, Antwi-Boateng O (2015) Determinants of UAE voters' preferences for Federal National Council Candidates. Digest Middle East Stud 24(2):213–235

Yaghi A, Antwi-Boateng O (2016) The role of efficacy, optimism, and political networks in legislative elections: the case of United Arab Emirates. Digest Middle East Stud 25(2):409–428


G

Yaghi A, Yaghi I (2013) Human resource diversity in the United Arab Emirates: empirical study. Educ Bus Soc Contemp Middle East Issues 6(1):15–30
Yaghi I, Yaghi A (2014) Quality of work life in the post-nationalization of human resources: empirical examination of workforce Emiratization in the United Arab Emirates. Int J Public Adm 37(4):224–236
Yaghi A, Morris J, Gibson P (2007) Organizational culture. Dir Ther 35(4):871–884

## Giving and Volunteering

Gulnara Minnigaleeva
Department of Strategic and General Management, Department of Public Administration, National Research University Higher School of Economics, Moscow, Russia

### Synonyms

Charity; Community engagement; Donating; Philanthropy; Voluntary participation

### Definition

Giving and volunteering are actions of providing support to people or a cause by free choice and for no explicit compensation. Such assistance may be rendered in the form of some material assets such as money, food, real estate, and other things or by giving time, skills, and labor. The latter is called volunteering.

### Introduction

Volunteering and giving have been interwoven into people's lives since ancient times. Both phenomena are quite diverse, multifaceted, and manifest themselves in a broad range of activities. For example, giving alms to a beggar, donating funds to a nonprofit organization, or bequeathing a mansion for a children hospital are all acts of charitable giving. Giving time, or volunteering, is also a multifold phenomenon and may take different forms such as helping neighbors to look after their children, or providing professional legal services to a nonprofit organization, or even rescuing children in war conditions. Areas that may become points of application for volunteer skills and time are numerous: social services, disaster relief, arts, culture, democratic movements, education, community safety, etc.

### Charitable Giving and Philanthropy

Charitable giving, or donating assets, was the basis for welfare provision in many countries before the welfare state appeared. It is still an important source of assistance in most countries. It can be realized privately, directly to a person in need or a cause, or via an agency – usually a church or another nonprofit organization. Nonprofit organizations then use the assets to provide goods or services to those who need them. Nonprofit organizations specially set up to accumulate funds and distribute them for particular causes are called foundations. Foundations differ by the primary source of their income – community, private funds, or corporations.

For wealthy people, starting a private foundation provides a meaningful way to ensure that one's name will live. It also helps to organize bequests and guarantee that the funds will be used for a certain purpose (Adloff 2009). It is not only the wealthiest people, who make donations. Surprisingly, research finds that size and frequency of donations are not directly related to a person's income (Tonin and Vlassopoulos 2016).

In the corporate world, giving, as well as volunteering, is realized as a part of corporate social responsibility. Major motivations here, besides personal motives of the managers, can be those that optimize output of giving for a corporation itself. For example, findings show that giving to philanthropy by financial institutions in Bangladesh is associated with institutional, more stable, investors (Bose et al. 2016). Charitable activities may enhance a business's reputation, improve the recreational or other facilities in the community, and therefore increase workers' satisfaction without raising their salaries. Donations to

a research institution in the long run may contribute to a supply of better educated workforce. Managers may decide to give because of the so-called warm glow phenomenon. Fundraising efforts and tax exemptions are also instrumental in encouraging large corporations to donate to charitable causes (Bassi et al. 2014).

Corporate and private foundations are often associated with philanthropy, which unlike simple charity does not target specific population or concrete needs, but rather aims to advance humanity at large.

## Formal and Informal Volunteering, Pro Bono

Volunteering may be performed by an individual on his or her own, together with an informal group of like-minded people (informal volunteering) or in a formal setting, in an organization (formal volunteering). For example, an informal volunteer helps an elderly neighbor with the house chores, whereas a formal volunteer participates in a specifically organized program in an elderly care home.

Formal volunteering may be organized by civil society organizations, public agencies, or even businesses. In public or civil society organizations, volunteers may assume a broad range of responsibilities. Volunteers may be invited to help with maintaining organizational capacities by fulfilling everyday operations such as required paperwork or to provide professional legal or accounting services.

Volunteers may be a part of a professional team in a specific charitable program. For example, a doctor or a teacher may volunteer in a program targeting children with special needs. A person with no specific education may also participate in a program as volunteer. Usually he or she will receive specific program-related training or at least detailed instructions on his or her responsibilities. In case if professional service is provided by highly qualified individuals at no cost, it is called pro bono service.

Formal volunteering is more common in the countries with democratic values and well-developed nonprofit sector, whereas informal volunteering more often occurs in the countries which have gone through the experiences of socialist regimes. Persons engaging in formal volunteering appear to be more educated or more religious. Participating in one kind of volunteering does not entail not participating in the other type (Taniguchi 2012). In the countries, where state provides most social welfare services, cultural and artistic types of formal volunteering tend to be more significant (Salamon and Sokolowski 2001).



## Cultural Differences

Volunteering as a societal phenomenon exists in every culture. Individuals, who become volunteers, are usually also active in other related activities aimed at some common good. For example, many volunteers are also regular donors and are engaged in community building. Ubiquitously volunteers are more involved in church activities, membership associations, socializing through networks and are more often engaged in political activities than nonvolunteers. However, culture may determine perceptions of volunteering and giving, attitudes towards it, most common forms of volunteering, and dominating motives for making decisions to volunteer or donate funds.

For example, students from countries with high level of individualism are more motivated by opportunities to build a resume than students from countries with lower level of individualism (Grönlund et al. 2011). For the USA volunteering is a cornerstone of democracy and self-organizing, for Germany it is more about communal service for the public good. In some former socialist countries like Russia volunteering was compulsory before the change of regime, and nowadays they are experiencing renaissance of different forms of volunteering, despite that it may be difficult to instill the whole idea of volunteering as a free choice activity. In African countries, informal volunteering is a part of normal village life and is deeply rooted in the local culture (Salamon and Anheier 2009). In Islamic countries, giving is embedded in the religious

rules, whereas in Scandinavian countries it is almost nonsense that someone has so much more money than others that they can donate it. Political and economic conditions are found to contribute to levels of volunteering. For example, increasing public expenditure, government support for democratization, or higher levels of political consensus decrease probability of volunteering. Economic instability also negatively influences volunteering rates (Hackl et al. 2012).

## Economic Significance of Volunteering

Volunteering and giving are also an economic phenomenon. Volunteers provide various services to community and nonprofit organizations, which in turn provide services to other people. Without volunteers, these services would have to be paid by the state or population. For example, 70% of paramedics in Germany are volunteers and 87% of the US fire departments are operated mostly by volunteers (ibid.).

## Theories

Researchers have tried to understand the underlying reasons for giving and volunteering, which seemingly do not bring any benefit for a giver. For example, Menchik and Weisbroad suggested explaining volunteering by a p*ublic goods model* and *consumption model* (ibid.). The former assumes that individuals volunteer to increase total supply of the public good. Public good benefits are nonrivalrous and nonexcludable; therefore, volunteers benefit from the total supply of the public good. The latter suggests that volunteers receive benefits directly from the process of volunteering. For example, they feel satisfaction from doing the work they like or feel satisfaction because by doing good they prove being good, worthy persons. This phenomenon is also known as the "warm glow." Understanding of the public good they create does not influence the decision to volunteer.

*Social capital theory.* Putnam (1993) considers social capital a fundamental driver for volunteering. Social connections and shared values facilitate resource availability and trust. Volunteering is both a mechanism and result of social connectedness and trust (Stone and Hughes 2002).

*Human capital theory.* Human capital includes all forms of resources which may bring income and other useful outputs. In order to engage in volunteering, an individual needs to possess affluent human resources, which would be enough not only for survival but for performing extra activities (Wilson and Musick 1999). Warburton and Stirling (2007) indicate the following human resources as essential for volunteer engagement: health, level of education, special skills, and income level.

*Exchange value benefit theory* (Ziemek 2006) *or investment theory* suggests that a volunteer increases his human capital by acquiring new skills, networking, or receiving training. Contrary to this theory Freeman argues that organizations search for volunteers with already high human capital, who are productive and feel obliged to do something when asked. A typical volunteer is employed, well educated, married, and has children and high income (cit.by Hackl et al. 2012).

## Predictors of Giving and Volunteering

Empirical research based on theoretical models described above allowed identifying which circumstances may be determining individuals' participation in giving and volunteering. There are three groups of factors: *personal socio-demographic characteristics, human capital factors, and social capital factors*.

*Personal socio-demographic characteristics. Age* is considered to be a very strong predictor of volunteer participation. Multiple researches have demonstrated that during life course volunteer engagement is quite stable, it somewhat increases in the early old age (55–69, stage of empty nest and recent retirement, or decrease in working hours) and drops drastically after the age of 75. (Verbrugge et al. 1996). *Gender* research shows that women

generally participate in volunteer activities more frequently than men (Brudney and Lee 2012). *Race* appears to play an important role as well. Even though racial differences are reported in volunteering patterns in the USA, they may be attributed to the differences in human or social capital (Wilson 2000).

*In the group of human capital factors, health* is an important personal resource, which obviously has an effect on a person's ability to volunteer. It is worth mentioning that a decision to spend resources on volunteering may be based not on objective state of a particular resource but rather on the subjective self-evaluation of this resource. *Education* has been reported as a reliable predictor of likelihood of volunteer engagement. According to Brudney and Lee a bachelor's degree positively affects formal volunteering, but not the informal engagement (Brudney and Lee 2012). *Income* is often considered to be a negative predictor of volunteering as higher income means higher opportunity cost of volunteer hours; however, there is also the contrary data showing that higher income is a consistent positive predictor of volunteer participation.

*Social capital factors*. *Employment status* has a vast influence on forming of social networks and is a positive predictor of volunteering. *Marital status*. According to social capital theory married couples are more likely to be involved in volunteer activities, as they have large combined social networks of two spouses. Research shows that married people are more likely to volunteer than unmarried individuals (Sundeen 1990). *Parental status*. Parents are often involved in activities of volunteer associations in schools, parents, who chose not to be employed because they want to spend more time with their child will also have more time for volunteering (Wilson 2000). *Community type*, i.e., *rural or urban, and size of the community* may be influencing social networks, resources availability, and therefore be predictive of volunteering. Researchers demonstrate controversial results, i.e., Smith (1994) stated that cities are less favorable for volunteering; however, it has not been confirmed by the Census data in the USA. In Russia, informal volunteering seems to be more common than formal one, and organizations are more common in larger cities.

At individual level, decisions to volunteer may also be influenced by personal experiences. Very often the initial decision to volunteer or donate to a particular cause is determined by personal difficulties or sympathy to another person. For example, former cancer patients may volunteer for a cancer treatment society or parents of children with disabilities start a volunteer association. People give to charities more willingly when they possess enough information and trust the reputation of a particular organization. Television, printed media, the Internet, or word of mouth are major sources of information in this case. Different fundraising strategies, adding emotional content to informational materials, may influence the decision on the recipient and size of donation (Zarghamee et al. 2014). Donors often choose a particular cause they are willing to donate to and follow their decision even when other types of charities increase their fundraising efforts (Meer 2017).

## Effects of Volunteering

Participation in giving and volunteering are believed to produce positive effects on the society and on individuals, both givers and recipients (Wilson 2000). For example, volunteers tend to contribute to citizenship. They are more politically proactive as they are engaged in organized activities and possess special civic skills, such as skills on how to organize a meeting. For the young volunteer, engagement is important because it prevents them from being involved in antisocial behavior, exposes to informal social control and supervision. Volunteering promotes physical and mental health. The effects are especially remarkable for older volunteers. However, in this case it is essential to keep the right balance of volunteer hours and rest. Spending too many hours on volunteering may, on the opposite, cause fatigue and burn out effects. Volunteering boosts self-esteem and self-confidence and is related to higher life satisfaction. It is also often seen as an opportunity for networking and learning.

## Costs, Effectiveness, and Social Impact

Volunteering, though unpaid, cannot be considered a completely free labor. Formal volunteering requires organizational resources to recruit, motivate, train, and retain volunteers, which therefore entails expenses for an organization. Moreover, volunteer programs sometimes make provisions for compensating expenses a volunteer bears during his work. For example, it may include meals, or transportation allowance. Given that volunteer hours also have value, it is possible to calculate economic effectiveness of a volunteering program. A volunteer hour may be assigned either a market value of a similar service or a value of leisure activity that a volunteer could have been engaged in otherwise. Economic effectiveness then may be calculated as a difference between the resources saved and expenses for administrating the program. There are also other methods of calculating volunteer effectiveness. For example, method of social accounting attempts to recognize intangible benefits of volunteer work.

## Conclusion

Giving and volunteering are important societal phenomena. They are multifaceted and culture specific and have been known since ancient times. Charitable giving may be realized privately or via an organization. Nonprofit organizations specifically set up for accumulating resources for charitable purposes are called foundations and may have different sources of funding, such as community donations, private funds, or corporate funds. Starting a private foundation for wealthy people has become a popular way to ensure the meaningful use of their fortunes. In many business companies nowadays philanthropy and organized employee volunteering constitute a significant part of corporate social responsibility.

Some of the modern theories, which scientists have developed trying to understand the phenomena of giving and volunteering, include public goods model and consumption model, social capital theory, human capital theory, and exchange value benefit theory also known as investment theory. In accordance with the social capital theory, it appears that such personal characteristics as employment status, marital and parental status, community type, i.e., rural or urban, and size of the community influence a person's participation in volunteering and giving. According to human capital theories, such determinants include health, education level, and income. Other personal socio-demographic characteristics such as age, gender, and race may also influence the probability of a person's participation in giving and volunteering. At individual level among other circumstances, personal experiences, information availability, and reputation of a particular organization appear to be important for a person's decision to volunteer.

A person may engage in volunteering informally or in an organization. In both cases, it appears to have a positive effect on a personal well-being of the volunteer. At the societal level, volunteering contributes to citizenship by creating special skills and environment and to economy by providing services or goods, which would otherwise have to be paid for. Formal volunteering also has its costs for an organization, because of the staff time and resources used for organizing volunteer programs. Economic effectiveness and social impact of volunteer programs are not straightforward and are quite difficult to measure objectively.

## Cross-References


- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Burnout in Nonprofit Organizations
- ▶ Organizational Values
- ▶ Philanthropy and Nonprofit Organizations, Russia
- ▶ Professional Development and Training
- ▶ Religion and Nonprofit Organizations
- ▶ Social Accounting
- ▶ Structure of Nonprofit Organizations
- ▶ Virtual Volunteering and Nonprofit Organizations
- ▶ Volunteer Motivations and Nonprofit Organizations

▶ Volunteerism in Nonprofit Sector in Palestine
▶ Volunteers and Volunteer Management
▶ Volunteers in the Public Sector

## References

Adloff F (2009) What encourages charitable giving and philanthropy? Ageing Soc 29(special issue 08):1185–1205. https://doi.org/10.1017/S0144686X08008295

Bassi V, Huck S, Rasul I (2014) A note on charitable giving by corporates and aristocrats: evidence from a field experiment. J Behav Exp Econ 66:104–111. https://doi.org/10.1016/j.socec.2016.04.012

Bose S, Podder J, Biswas K (2016) Philanthropic giving, market-based performance and institutional ownership: evidence from an emerging economy. Br Account Rev. https://doi.org/10.1016/j.bar.2016.11.001

Brudney J, Lee Y-J (2012) Participation in formal and informal volunteering implications for volunteer recruitment. Nonprofit Manag Leadership 23(2):159–180

Grönlund H, Holmes K, Kang C, Cnaan RA, Handy F, Brudney JL, . . . Zrinščak S (2011) Cultural values and volunteering: a cross-cultural comparison of students' motivation to volunteer in 13 countries. J Acad Ethics. https://doi.org/10.1007/s10805-011-9131-6

Hackl F, Halla M, Pruckner GJ (2012) Volunteering and the state. Public Choice 151(3–4):465–495

Meer J (2017) Does fundraising create new giving? J Public Econ 145:82–93. https://doi.org/10.1016/j.jpubeco.2016.11.009

Putnam RD (1993) Making democracy work: civic traditions in Modern Italy. Princeton University Press

Salamon LM, Anheier HK (2009) Volunteering in cross-national perspective : initial comparisons. Law Contemp Probl 62(4):43–65

Salamon LM, Sokolowski W (2001) Volunteering in cross-national perspective: evidence from 24 countries. Working paper of the Johns Hopkins comparative nonprofit sector project, 40. The Johns Hopkins Center for Civil Society Studies, Baltimore

Smith DH (1994) Determinants of voluntary association participation and volunteering: a literature review. Nonprofit Volunt Sect Q 23(3):243–263

Stone W, Hughes J (2002) Measuring social sapital; toward a standardized approach. International Australian evaluation society. Australian Institute of Family Studies, Melbourne

Sundeen RA (1990) Family life course status and volunteer behavior: implications for the single parent. Sociol Perspect 33(4):483–500

Taniguchi H (2012) The determinants of formal and informal volunteering: evidence from the American time use survey. Voluntas 23(4):920–939. https://doi.org/10.1007/s11266-011-9236-y

Tonin M, Vlassopoulos M (2016) Sharing one's fortune? An experimental study on earned income and giving. J Behav Exp Econ 66:112–118. https://doi.org/10.1016/j.socec.2016.04.014

Verbrugge LM, Gruber-Baldini AL, Fozard JL (1996) Age differences and age changes in activities: Baltimore longitudinal study of aging. J Gerontol Soc Sci 51B:30–41

Warburton J, Stirling C (2007) Factors affecting volunteering among older rural and city dwelling adults in Australia. Educ Gerontol 33:23–43

Wilson J (2000) Volunteering. Annu Rev Sociol 26: 215–240. https://doi.org/10.1146/annurev.soc.26.1.215

Wilson J, Musick M (1999) The effects of volunteering on the volunteer. Law Contemp Probl 62(4):141–168. Retrieved from http://www.jstor.org/stable/1192270

Zarghamee HS, Messer KD, Fooks JR, Schulze WD, Wu S, Yan J (2014) Nudging charitable giving: three field experiments. J Behav Exp Econ 66:137–149. https://doi.org/10.1016/j.socec.2016.04.008

Ziemek S (2006) Economic analysis of volunteers' motivations – a cross-country study. J Socio-Econ 35(3): 532–555. https://doi.org/10.1016/j.socec.2005.11.064

G

# Global Administrative Reforms

Rajesh Sharma
Justice and Legal Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

International Jurisdictional Reorganisation; International Transformation of policy making; Regulatory Improvements in the World; Universal Regulatory Standardization

## Introduction

Globalization has been mostly viewed from an economic perspective. However, the impact of globalization on judicial administration has not been considered with the same vigor.

I would like to thank Professor Charu Sharma of Jindal Global Law School, India for giving her valuable comments and suggestions on the draft.

Globalization has no doubt contributed in the economic development of countries at the same time economic exchanges at the global level have also contributed towards globalization of dispute resolution system, which has been used by private as well as state parties. The one classic example is the creation of the World Trade Organization (WTO), which has created one set of trading rules, which must be followed by all Contracting States. If domestic rules of a particular country are not in line with the WTO rules, then that country is required to amend or legislate its law or regulations in line with the WTO rules. Such consistency with the WTO rules must be followed even when new laws, rules, or regulations are made in the future by any Contracting State. Any violation of the WTO rules may trigger the dispute resolution mechanism to resolve state-state dispute at the WTO forum. The dispute settlement mechanism of WTO is very effective because irrespective of the size of the economies, political power, or military power, the decisions or recommendations of the WTO dispute resolution body must be honored by the concerned State whose rules are found to be inconsistent with the WTO. Since its establishment in 1995, WTO and its dispute settlement body have been considered synonymous with globalization, which has had a significant impact on the judicial and administrative system of a country. One example is the administration of antidumping disputes, which are conducted and decided in accordance with the WTO rules.

As it is the States that are party to the WTO, the WTO dispute resolution system does not resolve disputes between private parties. Private parties, in general, use arbitration for resolving their disputes related to international trade and commerce. In this regard UNCITRAL Model Law on International Commercial Arbitration (Model Law), UNCITRAL Arbitration Rules (UNCITRAL Arbitration Rules), and the Convention on Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) set the international standards, which are followed by the domestic courts. In a dispute between an investor against a state, International Center for Settlement of Investment Disputes (ICSID) Convention together with relevant Bilateral Investment Treaty (BIT) is regarded as the internationally accepted standards. These international rules, law, and standards have created a significant impact on the administration of justice through courts or arbitration tribunals at the domestic level.

This paper will first highlight the importance of the Model Law, UNCITRAL Rules, the New York Convention, ICSID Convention, and BITs and how they set an international standard, which is seamlessly followed globally. In the next part, this paper will demonstrate how these rules and standard have affected, in a positive way, judicial and arbitration system including changes in relevant laws and practices in India. In conclusion this paper recounts the progress made in dispute resolution system so far in the Indian context and also suggests the necessary future developments required in this area.

## Global Rules of Dispute Resolution

In the domain of the dispute resolution by the private parties, the UNCITRAL Model Law on International Commercial Arbitration (the Model Law) and the Convention on Recognition and Enforcement of Foreign Arbitral Awards (The New York Convention) have played an important role in the globalization of dispute resolution rules. The domestic courts have consistently followed the New York Convention, which was signed in 1958, where a party approaches the court for enforcement of a foreign arbitral award. The grounds for resisting the enforcement of a foreign arbitral award serve as the outer limit of the power of the domestic courts during enforcement of that award. (Article V of the New York Convention enumerates grounds on which a court may refuse to enforce a foreign arbitral award. The court handling the enforcement of foreign arbitral awards is not allowed to reopen the case or judge the merit of the case again.) This is because the New York Convention has established global rules for the enforcement of foreign arbitral awards.

The Model Law has also helped to make the arbitration law a global one. Ever since it was first

adopted by UNCITRAL in 1985, the Model Law has created a global benchmark for an arbitration system to be recognized in the world. From an arbitration perspective, if a country adopts the Model Law, then it is considered as the "Model Law" country, which creates a positive image of that country in the mind of private business parties. From a government perspective, this fact is used as a means to attract foreign investment. A Model Law country satisfies the basic minimum criteria of noninterference by a domestic court in the process of arbitration; even if it interferes, that would be a positive interference, i.e., in support of the arbitration. In other words, if the Arbitration Law of a country is the same in the form and spirit as that of the Model Law, then that country is considered as an arbitration-friendly country. The principles of arbitration, as adopted in the Model Law, are accepted internationally both in common law and civil law countries. Thus, the Model Law guarantees that the domestic legal culture or traditions (i.e., common law, civil law, or continental law) have no effect on the process of international commercial arbitration.

Since 1976, UNCITRAL with its Rules on International Commercial Arbitration (UNCITRAL Rules 1976) has been promoting and handling arbitration proceedings in a way which is considered as a globally accepted standard. Its *ad hoc* arbitration rules have helped parties and countries to adopt such rules when they did not have or agreed to any institutional arbitration rules. UNCITRAL Rules in effect have provided everything what international arbitration institutions like ICC would have contributed in the administration of arbitration proceedings. Even before the Model Law came into play, the UNCITRAL Rules have been serving as the global standard of a fair and objective process of arbitration. UNCITRAL Rules have now been revamped, and the new rules have been in effect since 2010. As UNCITRAL Arbitration Rules are also used for the investment arbitration, therefore heeding to the new demand of transparency in the investor-state disputes, UNCITRAL Rules have now included the Transparency Rules in Treaty-based Investor-State Arbitration. (UNCITRAL Rules 2010 was revised in 2013 to include the Transparency Rules of Treaty-based Investor-State Arbitration. However, these transparency rules are not applicable on commercial arbitrations.)

In order to protect the investments of an investor in a host country, ICSID Convention was drafted which provides legal protection to an investor against a State which has unfettered power to regulate or acts in such a way that may be detrimental for the investors. (ICSID was established in 1966 by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.) ICSID Convention protects investors from such powers of the host government. A Contracting State of the ICSID Convention has to give consent for arbitration with an investor, and this is effected by the taking away the sovereign immunity of that State and make the Contracting State subject to the jurisdiction of the investment arbitration tribunal. A Contracting State, by giving up its sovereign immunity from jurisdiction of investment arbitration tribunal, agrees to a compromise in return to attract foreign investments and technologies for the development of that State. Because of that the host State is barred to exercise its sovereign immunity from the jurisdiction of the arbitral tribunal, and thus the investors could accept the standing offer of arbitration of that State anytime when they believe their rights in the Bilateral Investment Treaty (BIT) and/or Free Trade Agreement (FTA) are infringed by the host State. However, there are certain conditions that must be satisfied by the concerned investors before the State takes part in the arbitration with an investor. When an investor opts to initiate investment arbitration under a different forum, other than ICSID, then UNCITRAL Rules are generally used to conduct the arbitration proceedings to ensure that the arbitration process is conducted as per internationally accepted standards. (It is also possible to choose different institutional rules like ICC Rules, etc. in BITs.).

ICSID arbitration also pushed for advocating an open and transparent arbitration system. The argument, which was more forceful in the support of transparency, was a very simple one. If the subject matter of investment arbitration is a public law or the conduct of a State, then that arbitration must be public and not confidential like a typical

international commercial arbitration. The argument went on to emphasize that any investment arbitration with a State inherently involves public interests; therefore such arbitration should be open. Transparency has outweighed confidentiality, and now UNCITRAL has adopted Transparency Rules for Investment Arbitration, which has become part of the UNCITRAL Arbitration Rules but only applicable in investment arbitrations and not applicable on the commercial arbitrations. (See Article 1 (4) of UNCITRAL Rules 2010 as amended in 2013.) These transparency rules will help to understand and analyze the conduct of an investor as well as the actions of the host State. The decision of the tribunal will help comprehend the acceptable and nonacceptable conduct of an investor or a State. Moreover, the process of investment arbitration, earlier did not pay emphasis on public interests, has now become open to public to either praise or condemn the conduct of States as well as investors.

## Global Rules and Effects on the Administration of Justice in India

The arbitration law in India was in operation since 1940 through the Arbitration Act of 1940. The Arbitration Act, 1940, was based on an old idea where courts have the power and were capable of intervening at every stage of an arbitration proceeding. After the adoption of Model Law in 1985, India did not amend its arbitration law until 1996 to bring the arbitration law in line with the Model Law. (The Arbitration and Conciliation Act of India was promulgated in 1996, which was largely based on the Model Law.) After the promulgation of the Model Law in 1996, the government started promoting India as a Model Law country. However, in international quarter India was still criticized for not adopting the Model Law as it is and modified the Model Law to the extent that it lost the text and spirit of the Model Law to some extent. However, at least in law, the power of court was curtailed so that the role of courts was limited to positive interference in support of arbitration.

However, the less exposure of the Indian judges to the international commercial arbitration under the Model Law created the effect, which was neither intended nor expected by the Model Law. The situation became worse when the courts were asked to interpret the wordings of the Arbitration Act, 1996.

The first case on this point is relating to the number of arbitrators. (See Narayan Prasad Lohia vs Nikunj Kumar Lohia & Ors, Appeal (civil) 1382 of 2002, decided on 20 February, 2002, by the Supreme Court of India.) In Lohia v Lohia, parties agreed to a sole arbitrator. In the course of arbitration, they agreed to add one more arbitrator, thus constituting a panel of two arbitrators. (The Supreme Court did not comment upon the argument as to whether the two persons in this case were discharging the role of arbitrator or mediator, which was a matter of contention between the parties.) It is to be noted that the Arbitration Act provides that "the parties are free to determine the number of arbitrators, provided that such number shall not be an even number." (Section 10, Arbitration and Conciliation Act 1996.) Therefore, at the end of the arbitration, the losing party invoked the supervisory jurisdiction of the local court to set aside the award as it was not in accordance with the parties agreement, i.e., a panel of sole arbitrator and also the award rendered by two arbitrators were against the law which does not allow a panel of even number of arbitrators. The High Court followed the text of the law and set aside the award. The Supreme Court, however, rejected the decision of the High Court on the ground of party autonomy. The Supreme Court emphasized party autonomy and opined that it was also the agreement of parties to continue the arbitration with a panel of two arbitrators. Therefore, according to the Supreme Court, party autonomy is higher than the text of the law because arbitration is based on party autonomy. This would also mean that the composition of the arbitral tribunal was in accordance with the parties' agreement, and hence the ground of setting aside of award under Section 34 of the Arbitration and Conciliation Act cannot be invoked. (Section 34 (2) (a) (v) states "the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties." In this case the Supreme Court also opined that the objecting parties did not raise any objection during arbitration, which meant that the party has

waived its right to object under Section 4 of the same Act.)

The second decision shows the ignorance of the Indian judges as to how international arbitration works. In Bhatia International v Bulk Trading case, two Indian parties opted for ICC arbitration, and the seat of arbitration was agreed to be in Paris. (Bhatia International vs Bulk Trading S. A. & Anr, Appeal (civil) 6527 of 2001, decided on 13 March, 2002, by the Supreme Court of India.) As per the acceptable practice within an international arbitration, the court at the place of arbitration exercises the supervisory jurisdiction. However the Indian court adopted a contrary view that, on a subject matter of dispute connected with India and the potential enforcement of award resulting from that arbitration also in India, an Indian court has the supervisory jurisdiction over arbitration between Indian parties. The Court stated that

> a proper and conjoint reading of all the provisions indicates that Part I is to apply also to international commercial arbitrations which take place out of India, unless the parties by agreement, express or implied exclude it or any of its provisions.

The Court thus rejected the connection between seat and supervisory jurisdiction of the court at the seat and considered that arrangement as sham to take away the supervisory jurisdiction of the Indian courts. Once again the text of the Arbitration Law played a crucial role in fueling the lack of understanding of Indian judges about the features of international commercial arbitration. (The Supreme Court also accepted the problem in text and stated, "Lastly it must be stated that the said Act does not appear to be a well drafted legislation. Therefore the High Courts of Orissa, Bombay, Madras, Delhi and Calcutta cannot be faulted for interpreting it in the manner indicated above.") This decision of the Indian court was heavily criticized internationally. This erroneous decision was in effect for almost 10 years. In 2005, in another case the Supreme Court reversed the earlier decision and brought the end to the uncertainty and restored the internationally accepted principle that the court at the seat of the arbitration has the supervisory jurisdiction. (Bharat Aluminum v Kaiser Aluminum Technical Services [Civil Appeal No. 7019 of 2005] decided in 2012.) As this decision is effective from prospective date, all cases that were decided before have still been left in lurch and are subject to the old decisions of the Supreme Court.

The courts in India have applied "public policy" quite widely that it is difficult to ascertain the content and grounds of applying this ground for setting aside of an award. The judicial decisions have swung from one extreme to another. In some cases it is even looked into the merits of the case, which is not acceptable in resolution of dispute through arbitration. It is to be noted that within international arbitrations, the Indian case of "Renusagar case" is cited as enumerating the criteria of "public policy," where a court could not enforce an award, but the recent decisions of Indian courts have created a crisscross puzzle of public policy that is not easy to fix. (Renusagar Power Plant Co. Ltd v. General Electric Co., AIR 1994 SC 860. This case was decided under the Arbitration Act of 1940, but the ratio of the court is still considered as a good law.) The decisions are also at odds with the views of the Law Commission of India (LCI). After the submission of LCI Report No. 246 on Amendment of Arbitration, the Supreme Court in India decided two cases on the ground of public policy, which were interpreted expansively as opposed to the proposal of the LCI. (The LRC submitted its Report 246 on August 2014, and then the Supreme Court decided two cases ONGC Ltd. v. Western Geco International Ltd., (2014) 9 SCC 263 and Associate Builders vs Delhi Development Authority, CIVIL APPEAL NO. 10531 of 2014, decided on 25 November 2014.) This led the LCI to draft and present a supplementary report on public policy. (As the approach of the Supreme Court was different from the LCI, a Supplementary Report No 246 was issued in February 2015 by the LCI.) Under the federal structure of India, High Courts in different states serve as the supervisory courts, and they are able to interpret and apply public policy differently. Therefore, both LCI and Niti Aayog in their recommendations have asked the government to control the interference of the courts in relation to arbitrations and more importantly while dealing with application of setting aside of an award. (The National Institution for Transforming India, also called NITI Aayog, was formed via a resolution of the Union Cabinet on

January 1, 2015. NITI Aayog is the premier policy "Think Tank" of the Government of India, providing both directional and policy inputs. While designing strategic and long-term policies and programs for the Government of India, NITI Aayog also provides relevant technical advice to the Center and States. Niti Aayog has replaced the old Planning Commission.) It has gone to the extent to suggest that courts ought not to deal with the cases, which have been challenged on the basis of public policy alone. The Model Law has provided the grounds for the setting aside of an arbitral award which is based on the New York Convention Article V. According to the Model Law, the court may invoke the ground of public policy whether or not the Party argues it. There is a general acceptable principle, which is also confirmed by the drafting history of the New York Convention and the Model Law, that the courts should adopt the narrow interpretation of public policy. As the courts of India have not followed such proposition, therefore the LCI and Niti Aayog have proposed that Indian courts should also give narrow interpretation to public policy. The amendment to Indian Arbitration and Conciliation Act added explanation with the following effect in Sec 34:

> Explanation 1. – For the avoidance of any doubt, it is clarified that an
>
> Award is in conflict with the public policy of India, only if, –
>
> (i) the making of the award was induced or affected by fraud or corruption or was in violation of section 75 or section 81; or
> (ii) it is in contravention with the fundamental policy of Indian law; or
> (iii) it is in conflict with the most basic notions of morality or justice.
>
> Explanation 2. – For the avoidance of doubt, the test as to whether there is a contravention with the fundamental policy of Indian law shall not entail a review on the merits of the dispute.

In the paper presented by Niti Aayog titled "Strengthening Arbitration and its Enforcement in India – Resolve in India," the Aayog has acknowledged that in order to make India as a place of "Resolve in India," the very first frontier to succeed is to streamline the governance framework of arbitration.

The erroneous decisions by the courts with respect to arbitration provided an urgent impetus to proceed with the amendment of the Arbitration and Conciliation Act of 1996. Moreover, the Model Law also got amended in 2006; therefore the new provisions of the Model Law were missing in the 1996 Act too, which were needed to be included. For faster and efficient arbitration, many institutions and countries have already adopted new rules or provisions such as emergency arbitration, which were missing in the Indian Arbitration Act. Therefore in 2015, India amended its Arbitration Act, which also corrected the text to avoid any misinterpretations of law, not in line with the internationally accepted principles.

The 10 years of delay in correcting the error set by the Supreme Court triggered another dispute, which was decided by the investment arbitration tribunal in the White Industries case. (White Industries Australia Limited and The Republic of India, Final Award, 30 November 2011) In this case an Australian claimant was seeking to enforce an ICC award. However, the respondent Indian company resisted the enforcement of the award. As the law was incorrectly applied by the Supreme Court earlier as discussed above, the enforcement case remained pending before the Supreme Court. The case, which reversed the earlier decision of the Supreme Court, Bharat Aluminum also had White Industry, as party to that case. (White Industries was also one of the parties in the case *Bharat Aluminum* case which ultimately corrected the legal position about the jurisdiction of the Indian courts over arbitration in a foreign jurisdiction as discussed above.) Since that case took 10 years to decide, White Industry started an investment arbitration case against the Indian government on the ground of "denial of justice" and "effective means for exercising rights and obligations." The ground of denial justice is a very strong one, and any positive award by the tribunal would mean that the judicial system of the country, which is subject to the denial of justice claim, is ineffective or has collapsed or become nonfunctional, where no justice can be expected from the courts in that country. In other words, the positive award on denial of justice will in effect infer that the third pillar of a legal system has

become nonfunctional. Thus, it would be a very negative message for the State as it means there is no justice available for investors. In the White Industries case, the investment tribunal was critical of delay in the courts of India, but it did not pronounce that such delay amounts to denial of justice.

The tribunal in White Industries decided that delay in enforcing an award by the Indian court is a violation of the "effective means" clause, which was not available in the Australia-India BIT, but was brought from India-Kuwait BIT, applying the Most Favoured Nation Treatment (MFN) principle. The delay by the Court did not allow the investor to exercise its right to claim its money under the award. In other words there was no "effective means" available for the investor to exercise its right to claim money in the award which violated the Australia-India Agreement on Promotion and Protection of Investments. As this paper is not focusing on the application of the MFN principle in investment arbitration, it may be sufficient to say that application of MFN principle in investment arbitration is not a settled issue.

The reaction of Indian government was stern because such investment arbitration award was tantamount as basically judging the courts and the judiciary of the country by a three-person arbitration panel. The then finance minister India Mr. P Chidambaram said "We have put Foreign Investment Promotion and Protection Agreement (FIPPA) on hold – because of two major legal issues: namely right of a foreign investor to sue a sovereign State in a commercial dispute, and jurisdiction." He made this statement in Canada on 15 April 2013 in reply to a question asked by Mr. Peter Sutherland. The Finance Minister further stated, "We cannot allow our highest court of the land to be subjected to any foreign courts or tribunal." He even asked Mr. Sutherland and the audience of Canada a rhetoric question in return "will you allow the Supreme Court of Canada be subjected to jurisdiction of any other court or tribunal?" The current government of India, though a different political party than the previous government, has also followed the same approach and proceeded to draft a Model BIT. It has consequently also issued notice to its current BIT and FTA partners (which includes investment provisions) for unilateral termination of BIT. Australia-India BIT is one of those BITs which has come to an end on 23 March 2017. Such termination of BITs means that the investments, which are protected through BITs, are no longer protected if those investments are made after the termination of the BIT. However, it is to be noted that every BIT generally has termination provision to the effect to provide the protection of BIT to investments already made before the termination of the BIT for another 10–15 years. In the case of Australia-India BIT, such protection is available for 15 years from 23 March 2017. Thus any investment made on or after 23 March 2017 will have no protection under the Australia-India BIT.

Investors may be jittery by the unilateral withdrawal of India from its BIT; the Indian government is convinced that the Indian legal system is robust enough to resolve any investment dispute which in the eyes of Indian government is simply a commercial dispute. The former Finance Minister (just one day after his statement in Canada), in his speech delivered at the Harvard Business School, stated "the best guarantor of investment protection is a stable and democratic political structure, a belief in the rule of law, and a transparent and independent legal system. India has all three. So have many other emerging markets." The same approach is also adopted by the current government, which is pushing its Model BIT as the template for negotiating all BITs in the future.

There is no doubt that White Industries award has nudged India to draft its own Model BIT. The first draft of Model BIT was extensively reviewed and analyzed by the LCI, and upon their recommendations, India modified its Model BIT, which is now serving as the template for BIT negotiations. India is the first developing country, which has adopted its own Model BIT.

The Model BIT of India has received some positive support in the international arena. Until now there were two model BITs prevalent, i.e., US Model BIT and the EU Model BIT; so now the Indian Model BIT is presenting a third model which is considered as the middle path. The

Indian Model BIT gives regulatory and policy space to State; therefore some host states have also shown inclination to follow the Indian approach in their negotiation of the BIT. Recently when EU demanded India to move away from its Model BIT, then few experts advised that India should stand strong in EU-India FTA negotiation. (Rob Howse, India should not let Europe undermine its new BIT and TRIPs flexibilities for medicines, Sunday Guardian Live|25 February, 2017, http://www.bilaterals.org/?india-should-not-let-europe).

## Establishment of Commercial Courts, Commercial Division, and Commercial Appellate Division

The inordinate delay in deciding a case by courts in India affected the intentional image of the Indian court system. Even in situations like White Industries where parties opted for arbitration, if they need to go to court in post-arbitration situation, the time taken by courts in resolving such disputes is incredibly long. It is pertinent to note that the White Industries invoked Australia-India BIT to get relief from such delays by the courts in India. According to the data collected by the World Bank, contract enforcement takes 1420 days (nearly 4 years), and the cost of enforcement comes around 40% of the contract claim. (This fact was noted in the Law Commission of India Report 253, p. 43.) Niti Aayog has also noted a study, which reveals that it takes 24 months to resolve challenges under section 34 (of the Arbitration and Conciliation Act 1996) at the lower courts, 12 months in High Courts, and 48 months in Supreme Court. In all it takes around 2508 days on an average to decide applications filed under Section 34.

This promoted the Indian government to enact a law concerning the establishment of "Commercial Courts, Commercial Division, and Commercial Appellate Division in the High Courts of India." The pecuniary limit of such courts is a minimum of Rupees One Crore (US$152,828). Commercial courts have already commenced functioning in Delhi, Mumbai, Himachal Pradesh, and Gujarat. (http://timesofindia.indiatimes.com/city/delhi/Commercial-courts-begin-functioning-in-Delhi-Mumbai/articleshow/52488068.cms.)

Commercial courts have jurisdiction of a wide of rage of commercial disputes such as ordinary transactions of merchants, bankers, financiers, and traders such as those relating to mercantile documents, including enforcement and interpretation of such documents; export or import of merchandise or services; issues relating to admiralty and maritime law; transactions relating to aircraft, aircraft engines, aircraft equipment, and helicopters, including sales, leasing, and financing of the same; carriage of goods; construction and infrastructure contracts, including tenders; agreements relating to immovable property used exclusively in trade or commerce; franchising agreements; distribution and licensing agreements; management and consultancy agreements; joint venture agreements; shareholders agreements; subscription and investment agreements pertaining to the services industry including outsourcing services and financial services; mercantile agency and mercantile usage; partnership agreements; technology development agreements; intellectual property rights relating to registered and unregistered trademarks, copyright, patent, design, domain names, geographical indications, and semiconductor integrated circuits; agreements for sale of goods or provision of services; exploitation of oil and gas reserves or other natural resources including electromagnetic spectrum; insurance and reinsurance; and contracts of agency relating to any of the above. Central government of India has the power to include other disputes of commercial nature other than what are already identified in the law.

Disputes such as exploitation of oil and gas reserve or other natural resources are mainly the subject matter of dispute in investment arbitration cases. The inclusion of electromagnetic spectrum is also included in the category of commercial dispute. This is perhaps when the Supreme Court of India cancelled the licenses issued by the Indian government for mobile telecommunication, which triggered few investment arbitration cases. (Centre for Public Interest Litigation and others vs Union of India and others WRIT PETITION (CIVIL) NO. 10 OF 2011, decided on 2 February

2012. After the cancelling of license, India was slapped with notice of Investor-State Treaty-based arbitration by various investors. See "Sistema threatens arbitration in 2G case." http://timesofindia.indiatimes.com/business/india-business/Sistema-threatens-arbitration-in-2G-case/articleshow/12070637.cms) Including such disputes in the category of commercial disputes fortifies the view of the Indian government that all investment disputes are mainly commercial disputes. However, the jury is still out which may not agree with the view of the Indian government.

One of the causes of delay in courts is the lack of enough number of judges. Though commercial courts have been established, they are running with the help of current judges. Such use of current judges may give a kick start to the commercial court, but it may not be helpful in speedy decision-making unless new judges are appointed as per the recommendation of the Law Reform Commission. The LRC suggested that only specialized judges or new judges with specialized training in commercial disputes should be given charged to resolve commercial disputes. These courts are also allowed to handle arbitration-related cases such as setting aside of awards and enforcement of awards. If these commercial courts could decide arbitration-related cases speedily, then situations like White Industries may not arise again.

## Institutional Arbitration in India

In the most jurisdictions, arbitration is generally administered by an arbitration institution whether as a governmental body or a professional body or as an NGO. The benefit of having institutional arbitration is that when parties have not agreed on any aspect of arbitration proceeding, then institutional rules may serve as the default rules. This is possible just by agreeing to use institutional rules in the arbitration agreement. Parties may also use UNCITRAL Arbitration Rules in their *ad hoc* arbitration; however it has been seen that institutional arbitration has many advantages over *ad hoc* arbitration.

In the last 20 years, though India has embarked upon making the arbitration a more acceptable mode of dispute resolution in India, the institutional arbitration has not acquired international recognition. In fact, arbitration institutes of India have been subject to scathing criticism. Even the Niti Aayog Report has criticized the current arbitration institutions and has recommended the government of India to work toward establishing an International Institution of international standard if India wants to promote "Resolve in India." In comparison to other hubs of arbitration like Hong Kong, Singapore, Beijing, Paris, and others, India is far behind, and there is need to establish a central arbitration institution with offices in other cities, e.g., Delhi, Mumbai, Hyderabad, Bengaluru, and Gujarat. Considering the size of India, it is important that the state offices of the central arbitration institutions are also open. ICC, SIAC, and LCIA have shown such ways which help parties in filing notices of arbitration and conducting arbitration proceedings including appointment of arbitrators. Suggestions of Niti Aayog, in this regard, are influenced by the practices of these international arbitration institutions.

## Innovative Appeal Mechanism in Arbitration

Arbitration is final and binding, and therefore courts cannot get into the merits of the decision. In this way power of courts is controlled vis-à-vis arbitration. However, this situation may also result into the wrong application of facts and law, which may create injustice. Therefore, it has been argued that there should be some sort of appeal mechanism, which may be helpful. It may be noted that in the Model Law, there is no provision of appeal, and even in jurisdiction like the UK, which has a limited scope of appeal, courts have been reluctant to allow appeal. (Article 69 of the UK Arbitration Act allows limited right to appeal against an award. However, courts in the UK are reluctant to grant leave to appeal against an award, which indirectly supports the finality of arbitral award. https://www.cliffordchance.com/briefings/2014/02/courts_reluctanttograntappealofarbitra.html) In investment arbitration the appeal system has picked up further momentum. EU-Canada FTA, (Relevant CETA provisions:

Article 8.27 – Constitution of the Tribunal; Article 8.28 – Appellate Tribunal; and Article 8.29 – Establishment of a multilateral investment tribunal and appellate mechanism) EU-Vietnam FTA, (Chapter 8 of EU-Vietnam FTA, Article 13, provides for establishment of Appeal Tribunal.) and Australia-China FTA (Australia-China FTA does not have any provision relating to appeal mechanism; however, as for the future negotiation, both Parties have agreed to discuss appeal mechanism. As stated in, ARTICLE 9.23: Appellate Review, "Within three years after the date of entry into force of this Agreement, the Parties shall commence negotiations with a view to establishing an appellate mechanism to review awards rendered under Article 9.22 in arbitrations commenced after any such appellate mechanism is established. Any such appellate mechanism would hear appeals on questions of law.") have opened the door for appeal mechanism in the investment arbitration.

The Supreme Court of India has recently allowed indirect ways of appealing an arbitration award, whereby parties may choose two arbitrations. (*M/s Centrotrade Minerals & Metal Inc. v. Hindustan Copper Ltd., Civil Appeal No. 2562 of* 2006 decided on 15 December 2016.) If the decision of the first arbitration is not acceptable, then the parties may commence second arbitration, and the decision of the second arbitration will be final and binding. As the Supreme Court of India has recognized double arbitration which may serve as an appeal mechanism with the parties' consent, such methods may be used by other parties in the future arbitrations too. This is an example where Indian approach may affect global governance of arbitration.

## Conclusion

Globalizations of dispute resolution rules have positively impacted the administration of justice in India. In this regard the Model Law is worth mentioning. The Model Law has helped develop the arbitration system in India. Many private parties have taken the benefit of arbitration whether as a domestic arbitration or as an international arbitration. The recent amendments in the Arbitration Law will further help India to establish itself as an arbitration-friendly jurisdiction. The establishment of commercial courts, commercial division, and commercial appellate division will help commercial cases to get resolved in a speedy way. More importantly these courts will supplement the development of arbitration system because arbitration-related cases will be dealt with by these courts also in a time-bound manner. Despite these developments there are several stumbling blocks. In the context of arbitration, it is important that India establishes a central arbitration institution with offices or branches in several parts of India. Without a centralized institution of arbitration, the practice of institutional arbitration will not develop, which will also affect the "Resolve in India" dream. The lack of judges for the new commercial courts is another problem. Commercial courts are also important to resolve investment disputes, which are, according to India, mainly commercial disputes. Therefore to avoid any further investment arbitration, these commercial courts must deliver decisions in a timely manner. The unilateral withdrawal of India from the BITs and insistence on accepting Indian Model BIT may create some resistance and may affect foreign investment. While foreign investors consider India as a profitable destination, at the same time they would like to have a legal guarantee for protection of their investments, which are generally granted under BITs. As long as the BIT system is not fixed, it is important for India to strengthen the arbitration and commercial court system so that investor finds solace in India with regard to availability of effective, efficient, and practical dispute resolution system.

## References

Arbitration and Conciliation Act (1996) (Amendment in 2015). http://www.indiacode.nic.in/acts-in-pdf/2016/201603.pdf

Associate Builders vs Delhi Development Authority, Civil appeal no. 10531 of 2014. https://indiankanoon.org/doc/31621011/

Australia-China FTA. http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx

Australia-India BIT. http://investmentpolicyhub.unctad.org/Download/TreatyFile/154

Bharat Aluminum v Kaiser Aluminum Technical Services [Civil appeal no. 7019 of 2005]. https://indiankanoon.org/doc/173015163/
Bhatia International vs Bulk Trading S. A. & Anr, Appeal (civil) 6527 of 2001. https://indiankanoon.org/doc/110552/
Canada-EU FTA (CETA). http://ec.europa.eu/trade/policy/in-focus/ceta/
Centre for Public Interest Litigation and others vs Union of India and others Writ Petition (Civil) no. 10 of 2011. http://supremecourtofindia.nic.in/outtoday/39041.pdf
Commercial Courts Act (2015). http://www.indiacode.nic.in/acts-in-pdf/2016/201604.pdf
Convention on Recognition and Enforcement of Foreign Awards (1958) New York. http://www.uncitral.org/pdf/english/texts/arbitration/NY-conv/New-York-Convention-E.pdf
Courts reluctant to grant appeal of arbitral award on point of law (2017) https://www.cliffordchance.com/briefings/2014/02/courts_reluctanttograntappealofarbitra.html
Courts Reluctant to Grant Appeal of Arbitral Award on Point of Law. https://www.cliffordchance.com/briefings/2014/02/courts_reluctanttograntappealofarbitra.html
EU-Vietnam FTA. http://trade.ec.europa.eu/doclib/press/index.cfm?id=1437
International Centre for Settlement of Investment Disputes. https://icsid.worldbank.org/en/Pages/icsiddocs/ICSID-Convention-Arbitration-Rules.aspx#
Law Commission of India report no. 246 (2014) http://lawcommissionofindia.nic.in/reports/Report246.pdf
Law Commission of India report no. 253 (2015) http://lawcommissionofindia.nic.in/reports/Report_No.253_Commercial_Division_and_Commercial_Appellate_Division_of_High_Courts_and__Commercial_Courts_Bill._2015.pdf
M/s Centrotrade Minerals & Metal Inc. v. Hindustan Copper Ltd., Civil Appeal no. 2562 of 2006. http://supremecourtofindia.nic.in/FileServer/2016-12-16_1481881224.pdf
Model BIT of India. https://www.mygov.in/sites/default/files/master_image/Model%20Text%20for%20the%20Indian%20Bilateral%20Investment%20Treaty.pdf
Model BIT of the USA (2012) https://ustr.gov/sites/default/files/BIT%20text%20for%20ACIEP%20Meeting.pdf
Narayan Prasad Lohia vs Nikunj Kumar Lohia & Ors, Appeal (civil) 1382 of 2002. https://indiankanoon.org/doc/413018/
Niti Aayog. http://niti.gov.in
ONGC Ltd. v. Western Geco International Ltd (2014) 9 SCC 263. https://indiankanoon.org/doc/136518863/
Renusagar Power Plant Co. Ltd v. General Electric Co., AIR (1994) SC 860. https://indiankanoon.org/doc/86594/
Rob Howse, India should not let Europe undermine its new BIT and TRIPs flexibilities for medicines, Sunday Guardian Live 25 Feb 2017. http://www.bilaterals.org/?india-should-not-let-europe
Sistema threatens arbitration in 2G cases. http://timesofindia.indiatimes.com/business/india-business/Sistema-threatens-arbitration-in-2G-case/articleshow/12070637.cms
Supplementary to Law Commission of India report no. 246 (2015). http://lawcommissionofindia.nic.in/reports/Supplementary_to_Report_No._246.pdf
Times of India, 29 May 2016. http://timesofindia.indiatimes.com/city/delhi/Commercial-courts-begin-functioning-in-Delhi-Mumbai/articleshow/52488068.cms
UNCITRAL Arbitration Rules (with new article 1, paragraph 4, as adopted in 2013). http://www.uncitral.org/pdf/english/texts/arbitration/arb-rules-2013/UNCITRAL-Arbitration-Rules-2013-e.pdf
UNCITRAL Model Law on International Commercial Arbitration (1985), with amendments as adopted in 2006. http://www.uncitral.org/pdf/english/texts/arbitration/ml-arb/07-86998_Ebook.pdf
United Nations Convention on Transparency in Treaty-based Investor-State Arbitration (2017) http://www.uncitral.org/pdf/english/texts/arbitration/transparency-convention/Transparency-Convention-e.pdf
White Industries Australia Limited and the Republic of India, Final Award, 30 Nov 2011. http://www.italaw.com/cases/documents/1170

G

# Global Agenda for Crisis Management

Michael Guo-Brennan
Troy University, Troy, AL, USA

## Synonyms

Crisis agenda; Crisis management; Emergency management; Global agenda; Global competency; Globalization

## Definition

The global agenda for crisis management represents issues not bound by national borders and refers to processes, procedures, and structures to effectively deal with a major event that threatens to disrupt or harm, either temporarily or permanently, an organization, its stakeholders, or the public at large and is of such a scale that it may

exceed the capacity of a single nation-state or region.

## Introduction

Crisis management involves processes, procedures, and structures to effectively deal with a major event that threatens to disrupt or harm, either temporarily or permanently, an organization, its stakeholders, or the public at large. The global agenda includes items that are of a scale that they may exceed the capacity of a single nation-state or region or represent an issue that is not bound by national borders. The scope of such crises on the global agenda may be relatively short term or may represent long-term threats to regional or even global stability. The global agenda for crisis management therefore represents a global effort to manage major crises that exceed the capacity or scope of the affected region. This chapter discusses the key elements that make up the global agenda for crisis management.

A crisis can come in many forms including ecological, economic, humanitarian, military, or political. It can arise from natural disasters such as tsunamis or earthquakes or as the result of human action such as terrorism or other conflicts. A crisis can result from civil war or as the consequence of the lack of basic sanitation. Crises present multiple, cross-cutting challenges that can threaten regional stability and with increasing frequency global stability. They can be of two broad types: a short-time crisis with the immediate impact centralized in a local or regional geography or a larger, existential threat with global implications. While the immediate impact of a short-term crisis may be acutely felt in the localized area, the long-term implications of a major event can have extended repercussions worldwide. This suggests there should be a global response to such events.

A global response suggests the need for a global agenda for crisis management to properly respond to, recover from, and mitigate such threats. Such a global agenda would include potential threats that would require a response from multiple countries in multiple regions. It includes challenges that are so complex; they require a collective and integrated approach. The global agenda involves threats that may affect multiple regions at the same time. These threats will change over time and will impact different regions of the world in different ways. Management of such crises requires cooperation in global governance efforts. Several examples in recent history demonstrate the need for a continuing global agenda to manage crises with global implications.

On December 28, 2013, a 2-year-old child died of Ebola in Guinea. Patient zero as he is also referred was the first of what was to be over 11,000 deaths in Guinea, Sierra Leone, and Liberia as a result of the Ebola epidemic that spread through West Africa in 2014. This Ebola outbreak demonstrates the consequences when insufficient attention is paid to a potential global health crisis. In addition to the more than 11,000 deaths, the outbreak resulted in 28,638 infections and an estimated economic loss of US $2.2 billion in the three countries most directly impacted.

The virus went undetected for nearly 3 months due to insufficient capacity in the region to monitor such risks. Once the outbreak was realized, it went largely underestimated. The World Health Organization (WHO) along with the governments of Guinea, Sierra Leone, and Liberia expressed confidence the Ebola outbreak could be managed by local officials. It was not until the epidemic was spreading and out of control that the WHO declared the outbreak a Public Health Emergency of International Concern.

Once this declaration was made, resources worldwide were mobilized. Unfortunately, insufficient resources were committed to the crisis. This included a lack of personnel with proper training and experience, inadequate financial resources, a lack of understanding of the scope of the needed response, low community engagement, and poor coordination among participating nations. These failures likely resulted in the deaths of thousands of individuals who could have survived had a global response to managing this crisis been implemented earlier (High-level Panel on the Global Response to Health Crises 2016).

Technological developments along with globalization have led to a world that is increasingly connected and regions that are increasingly interdependent. The interdependence suggests that a major and sudden event in one region of the world can have significant implications for other regions in the world. The March 11, 2011, earthquake off the coast of Japan demonstrates this new interdependence. The earthquake was among the most powerful ever recorded, measuring 9.0 on the Richter scale. While the devastation from such an event could be catastrophic, it was minor compared to the effects that followed. The earthquake triggered a tsunami with 30 ft. high waves which battered the coast of Japan leaving approximately 20,000 dead or missing. Within hours, the Japanese government declared a nuclear emergency at the Fukushima Daiichi Nuclear Power Plant due to the combined effects of the earthquake and tsunami which had cut electrical power to the plant and caused backup generators to fail. The government immediately ordered the evacuation of 60,000–70,000 people living near the plant. The lack of power led to overheating within the reactor cooling systems. Over the next several months, after at least three reactors at the plant experienced full meltdowns, thousands more were evacuated. Many expressed concerns about contaminated air, seawater, and debris from the earthquake. Much of the debris, taken by strong Pacific Ocean currents out into the ocean, began washing up on the shores of Alaska, Hawaii, and the Pacific Northwest in 2013. Although there are no reports of radioactive debris landing onshore yet, officials will continue to monitor the material as debris from the tsunami is expected to make landfall for years.

The repercussions of this disaster affected other regions around the world in other ways. The Fukushima Daiichi disaster led to dramatic changes in Japanese energy policy. These changes had substantial implications for other nations thousands of miles away. In May 2012, the Japanese government shut down all 54 of the nation's nuclear reactors. Soon several other nations shut down similar reactors. Germany began shutting down nuclear reactors almost immediately and announced it will abandon nuclear energy altogether.

At the time of the earthquake, 31.2% of the electricity supply in Japan came from nuclear power. The loss of this supply led to a dramatic increase in demand for fossil fuels, primarily natural gas. Since Japan imports nearly 100% of its natural energy consumption, these increased demands have implications on the world energy market as well as domestic and international energy security (Hayashi and Hughes 2013). In 2012, Japan was the largest importer of liquefied natural gas, the second largest importer of coal behind China, and the third largest importer of oil (behind China and the USA). In addition, the damage to Japanese infrastructure meant dramatic decreases in production including exports to other countries. While the disruption in the supply chain was short lived, lasting only a few months, the combined economic impact of reduced exports and increased imports of fossil fuels led to a record Japanese trade deficit in 2012 of $78 billion (Ferris and Solís 2013). Although in the short term and long term, the health risks and environmental damage will be felt most acutely in Japan, the global economic impact of such a natural disaster, the cleanup associated with potentially contaminated debris, and the resulting impact on energy security require global attention and a place on the global crisis management agenda.

Widespread disease epidemics and the complications of natural disaster are not the only issues that deserve attention on the global agenda for crisis management. Many of these issues have both short- and long-term implications. Threats posed by non-state actors and the plight of refugees remain an important issue on the global agenda. While long-term mitigation efforts may belong equally on the political agenda, short-term response efforts often require global partners. Long-term concern for access to valuable natural resources including energy resources and potable water is another important area of concern. Sustainable development and issues related to poverty reduction also require global attention. Each of these issues will be discussed in the pages that follow. While these issues may not be seen as acute events that require a quick and immediate

response, they do require global action to mitigate long-term and global consequences.

## Global Governance and Developing the Global Agenda

Developing such an agenda requires cooperation from nation-states around the world along with international nongovernmental organizations, the private sector, local and regional governments, and organizations that will serve as first responders and will ultimately implement mitigation efforts. This suggests that global governance itself is key to crisis management on the global scale. Some believe there has been a failure in global governance to adequately address these issues (World Economic Forum 2015a). At present, there is no binding international convention outlining the rights and responsibilities of governments following a disaster. Few governments are prepared with policies, procedures, or the structures to facilitate international relief efforts. The International Federation of Red Cross and Red Crescent Societies (IFRC) is actively engaged in developing and promoting a framework for such efforts. In 2007, the IFRC and signatory states to the Geneva Conventions adopted guidelines for the "domestic facilitation and regulation of international disaster relief and initial recovery assistance" (IDRL Guidelines). A year later, the UN adopted three resolutions encouraging governments to adopt these guidelines. These efforts are critical in the coalescence of nations around a global agenda for crisis management.

A number of transnational organizations are actively engaged in such an agenda. In addition to the IFRC and the United Nations, the World Health Organization (WHO), the World Bank, the World Economic Forum, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), and the North Atlantic Treaty Organization (NATO) all place efforts to respond and manage global crises high in organizational priorities. The question remains whether these organizations have the capacity to develop cohesive structures for global governance in response to global crisis. They must work collectively with national and subnational partners to respond when crisis occurs and to mitigate disasters and other crises before they occur. Accomplishing these goals includes identifying areas of concern and lifting them to a place on the global agenda. This requires a singular global agenda and a cooperative and unified effort to identify and address issues and the capacity to manage such crises.

Recent crises that are generally agreed to be part of the global agenda and therefore require a global response include the global economic and financial crisis of 2008, the threat of violence posed by non-state actors against governments and religious and ethnic groups around the world, the ongoing effort to respond to climate change, and the spread of disease such as the 2014 Ebola outbreak in West Africa or the 2016 Zika virus outbreak.

## Financial Stability

As economies develop and nations become interlinked for economic development and success, global financial stability is of increasing importance on the global agenda. Two international organizations, the Group of Twenty (G20) and the IMF, are actively engaged in managing potential threats to the global financial system. The G20, an organization that includes 19 major economies along with the European Union, is an important player in lifting global financial concerns to the global agenda for crisis management. The G20 represents about two thirds of the worlds' population, 85% of world GDP, and greater than 75% of worldwide trade. As the connectedness between economies grows, organizations such as the G20 become increasingly important, particularly in the event of a major global economic crisis.

Perhaps one of the most glaring examples of the global implications of a crisis and the need for a global agenda to respond to such crises was the worldwide financial crisis which began in 2007. Years of growth, including record homeownership in the USA that resulted from deregulation in the mortgage industry, led to

dramatic rises in housing costs. The trajectory of growth was unsustainable and in late 2007, housing prices collapsed. This impacted the American financial system immediately, but soon spread to markets around the world. In addition to major elements of the American financial system failing, the American auto industry nearly ceased to exist. Stock exchanges around the globe saw huge losses, including the Dow Jones Industrial Average which lost 33.8% of its value in 2008. Unlike the immediate need for recovery after a natural disaster or violence by non-state actors, the damage caused by the global financial crisis evolved over time, had long-term implications, and continued to expand.

By the end of 2008, the USA, Germany, Japan, China, and a number of smaller countries were in recession. A variety of factors contributed to these losses, all stemming from the new global interconnectedness of today's economies. Foreign investment in American real estate led to dramatic losses and recession in countries throughout Europe. Worldwide recession reduced demands for exports from Japan, China, and other developing economies which drove these nations deeper into recession.

The G20 member nations met in November 2008 to develop a response to the failing global financial system. Their first goal was to stabilize global financial markets through increased IMF funding to support the most affected countries. The organization also promoted macroeconomic stimulus programs and a strengthening of regulatory and supervisory systems. While each of the individual governments also implemented reforms, the ability of the G20 to respond to this crisis from a global perspective demonstrates the importance of maintaining systems and structures capable of addressing the global agenda.

In addition to efforts by the G20, the IMF responded to the global financial agenda and the global economic crisis by issuing a series of policy recommendations for member states in its Global Policy Agenda in 2012. In addition to making recommendations to stabilize the ongoing recovery and to mitigate future economic threats, the statement outlined the IMFs' role in assisting nations in recovery and prevention efforts. Through an approach that recognizes there is not a "one-size-fits-all" solution, the IMF continues to develop programming that will aid in recovery in both developed and developing economies.

## Civil War and Threats from Non-state Actors

The breakup of the former Soviet Union and the end to the Cold War were thought by many to usher in an era of sustained peace and reduced global tensions. However, in less than a decade, global tensions rose quickly with the spread of violence by non-state actors, highlighted by the attacks on American cities on September 11, 2001, and in similar attacks in the UK, Spain, Indonesia, and elsewhere in the immediate years that followed. These non-state actors use fear and violence against modern, open, post-industrialized societies as a means to promote either religious or political goals. In response to these threats that often originate from highly organized non-state actors, who use technology to spread their message and avoid detection, governments have established national institutions such as the American Department of Homeland Security. International efforts focus on governments working collectively to mitigate these threats. These organizations work collectively in the short term to respond following an attack and work to prevent future threats.

Each year, the World Economic Forum publishes a report identifying the most significant global risks to world order. The report considers a wide range of threats that are likely to become global crises in five categories including economic, environmental, societal, geopolitical, and technological. The 2015 report identifies 28 global risks that if not addressed may lead to significant negative consequences to several countries or whole industries within the next 10 years. *Interstate conflict* is the number one global risk for the third year in a row. Issues related to governance and the growing connection between geopolitics and economics also rank high on their global crisis agenda (World Economic Forum 2015b).

Today, it is estimated that more than 15 million refugees have fled their home country due to civil

war and violence. This remains a global problem as refugees, primarily from war-torn nations in the Middle East and Africa, seek safe harbor primarily in Europe and North America. The ability to manage the refugee crisis requires global cooperation. Compounding this issue is fear from the citizenry from many host countries that non-state actors will pose as refugees to infiltrate host countries and spread violence and hatred. This has led to calls in some nations to end or reduce the intake of refugees. Humanitarian calls to manage the refugee crisis from the United Nations and several developed countries demonstrate the importance of this issue on the global agenda.

## Long-Term Crisis Management

Many crises such as illness and epidemic, natural disasters, or the threats imposed by violent rogue actors require immediate action to recover and respond; others have more long-term implications. Although these crises may pose less of an acute threat, they are equally important issues on the global agenda. Many of these issues appear on the United Nations 2030 agenda for sustainable development as well as the World Economic Forum's Global Risks 2015 report and include issues related to sustainable use of resources, poverty, and climate change.

## Sustainable Development

Sustainable development is development that meets current needs without sacrificing the capacity to meet the needs of future generations. From a global agenda perspective, this involves several issues. Many of these issues have been captured by the United Nations which, on September 25, 2015, adopted the 2030 Agenda for Sustainable Development. Outlined within the 2030 Agenda for Sustainable Development are 17 goals and 169 targets to be achieved by 2030 through collaborative partnerships with nations around the world. Areas of critical importance include people, planet, prosperity, peace, and partnership.

Built on the Millennium Development Goals, the 17 sustainable development goals include:

1. Ending poverty in all its forms everywhere.
2. Ending hunger, achieving food security, improving nutrition, and promoting sustainable agriculture.
3. Ensuring healthy lives and promoting well-being for all at all ages.
4. Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.
5. Achieving gender equality and empowering all women and girls.
6. Ensuring available and sustainable management of water and sanitation for all.
7. Ensuring access to affordable, reliable, sustainable, and modern energy for all.
8. Promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
9. Building resilient infrastructure and promoting inclusive and sustainable industrialization to foster innovation.
10. Reducing inequality within and among countries.
11. Making cities and human settlements inclusive, safe, resilient, and sustainable.
12. Ensuring sustainable consumption and production patterns.
13. Taking urgent action to combat climate change and its impacts.
14. Conserving and sustainably using the oceans, seas, and marine resources for sustainable development.
15. Protecting, restoring, and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss.
16. Promoting peaceful and inclusive societies for sustainable development, providing access to justice for all, and building effective, accountable, and inclusive institutions at all levels.
17. Strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development.

By raising these issues to the global agenda, the United Nations seeks to build cooperation between all governments and nongovernmental organizations as a means to mitigate the threat they pose to the people and the planet (United Nations General Assembly 2015).

## Global Climate Change

The potential threat posed by climate change and the impact rising sea levels and changing weather patterns may have on mankind have placed managing these issues among the most important on the global crisis agenda. A changing climate will have global financial consequences and dramatically impact efforts toward sustainable development. The very nature of the climate change crisis presumes its effects will be widespread, not limited to specific geographical regions or particular economic classes. No nation is immune, and no individual is capable of avoiding the effects of climate change. Efforts by a single nation, even one as powerful and influential as the USA, will have little impact on the global climate. As a global crisis, it requires a global response. In 1988, the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) created the International Panel on Climate Change (IPCC) in an effort to investigate and report scientific evidence on climate change and the potential global implications as well as a potential international response to this crisis. Since then, numerous international conventions have been held to address climate change and develop policies to manage the crisis.

Among the first efforts was the United Nations Framework Convention on Climate Change (UNFCCC) signed by 166 countries at the Earth Summit in Rio de Janeiro in 1992. Although the UNFCCC did not contain specific national or international targets to reduce emissions, it did establish foundational principles that have served future agreements. Emissions' targets for developed countries were first approved at the 1997 Conference of Parties meeting in Kyoto, Japan. This marked the beginning of efforts to manage the crisis of climate change globally through legally binding commitments to reduce emissions. It also established market-based international emissions trading. Unfortunately, several countries, including the USA and Canada, either chose not to ratify the treaty or withdrew largely over concerns that non-developed countries are exempt from the treaty including China and India.

Despite these concerns and an apparent inability to bridge the gap between developed and underdeveloped nations, the crisis of climate change remains high on the global agenda. The latest round of negotiations concluded in December of 2015. In a demonstration of the importance of the global agenda and the need to manage the crisis of climate change, the United Nations Conference on Climate Change in Paris reached a series of binding agreements on mitigating the potential threat posed by climate change. A key element of this agreement is the removal of the distinction between developed and developing countries, a critical source of frustration from the legislatures of developed countries. If ratified, all nations will be required to report efforts to reduce emissions and agree to an international review.

## Global Crisis Response and Management

A number of multinational organizations have as a mission to respond to acute crisis as well as long-term recovery and mitigation efforts. Since the adoption of the IDRL Guidelines by the IFRC in 2007, 23 nations have implemented new laws, rules, or procedures, and numerous international and regional organizations including the European Union, the African Union, the Organization of American States, and the Organization of Southeast Asian Nations made changes to policies, procedures, or structures to strengthen international crisis response cooperation based on the IDRL Guidelines. The IFRC has also signed memorandums of understanding (MOU) with several organizations to promote cooperation and support for the global agenda for managing crisis including the United Nations Office for the Coordination of Humanitarian Affairs and the World Customs Association.

The global financial crisis of 2008 continues to be an important issue on the global agenda. In response, the IMF publishes *The Managing Director's Global Policy Agenda*. The latest edition, published in April of 2016, notes that while the global economy continues to experience moderate growth, it has weakened in recent months by persistent slow growth. Threats to a full recovery include persistent high unemployment; high debt; low public investment, particularly in advanced economies; and the uncertainties related to geopolitical conflicts, non-state actor violence, and the inflow of refugees and uncertainty in the future of the European Union. To reverse this trend and secure a sustained recovery, the report suggests stable oil prices, greater action by central banks, and growth in demand for durable goods are needed (International Monetary Fund 2016).

The North Atlantic Treaty Organization (NATO) is also deeply involved in global crisis response and management. NATO is a political alliance created to safeguard the freedom and security of member states through both political and military means. In addition, NATO often partners with nonmember nation-states in times of crisis to ensure security and safety for those providing response and recovery services in the affected region. NATO has significant crisis management capacity and has the ability to plan and conduct large-scale multinational crisis management operations. It has the ability to mobilize large forces in short notice and to partner with political, civilian, and military groups to train and conduct operations to meet mission-specific goals. It is equipped to respond to military, political, or humanitarian emergencies that result from natural or man-made disasters.

NATO is also an important actor in the global crisis management agenda. Since the 1950s it has engaged in natural disaster response and recovery efforts. In recent years, the organization has broadened its approach to crisis response. It now actively engages nonmember states to respond, recover, and mitigate crisis. Through a comprehensive approach to the global agenda, NATO emphasizes training; support for local actors, both military and civilian; planning; and greater coordination between NATO forces and partners to coordinate crisis management efforts. NATO established the Euro-Atlantic Disaster Response Coordination Centre (EADRCC) in 1998, along with the Euro-Atlantic Disaster Response Unit to coordinate assistance and to deploy resources to affected member or partner states.

## Conclusions

Moving forward with a global agenda for crisis management will require continued diligence to sustain support for response, recovery, and mitigation efforts among the governments of the world as well as nongovernmental organizations. To accomplish these ends, cohesive structures that support global governance efforts related to crisis management are necessary. Cooperative response in the immediate hours and days following a major crisis will likely remain strong and positive. Differing priorities and geopolitical agendas may make sustained mitigation efforts challenging. In addition, a recent report published by HERE-Geneva found that roles and responsibilities to an international disaster remain unclear (International Federation of Red Cross and Red Crescent Societies 2015). Breakdowns in communication across governments during international response efforts are also a noted concern (Palttala et al. 2012).

The need for cooperation is well recognized; however, these persistent challenges make long-term cooperation for a sustained agenda difficult. For example, while the G20 response to the 2008 global financial crisis was generally thought to be successful, ongoing reforms to mitigate future global financial crises suffer from inconsistent implementation at the national level, conflicts among member nations, and inadequate international regulatory systems (Szczepański and Bassot 2015).

The triad of threats posed by climate change includes not only changing weather patterns but also dramatic implications for the global economy and efforts toward sustainable development. These issues are compounded by crises such as the 2007 global financial crisis and continued recovery efforts today. Issues such as these

along with the potential crisis of a pandemic and the threats posed by civil war and the resultant refugees and violence caused by non-state actors belong on the global agenda. Organizations such as the IMF, the World Economic Forum, and the United Nations must continue to build consensus around policies and practices related to managing global crisis. Working collectively with these organizations, the IFRC, NATO, and other support groups will continue to lead coordinated response and recovery efforts.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Global Financial Crisis Management
- ▶ Globalization and Organizations


## References


Ferris E, Solís M (2013, March 11) Earthquake, tsunami, meltdown – the triple disaster's impact on Japan, impact on the world. Retrieved from http://www.brookings.edu/blogs/up-front/posts/2013/03/11-japan-earthquake-ferris-solis

Hayashi M, Hughes L (2013) The Fukushima nuclear accident and its effect on global energy security. Energy Policy 59:102–111

High-Level Panel on the Global Response to Health Crises (2016) Protecting humanity from future health crisis. Retrieved from New York: http://www.un.org/News/dh/infocus/HLP/2016-02-05_Final_Report_Global_Response_to_Health_Crises.pdf

International Federation of Red Cross and Red Crescent Societies (2015) Third progress report on the implementation of the guidelines for the domestic facilitation and regulation of international disaster relief and initial recovery assistance. Retrieved from http://www.ifrc.org/en/what-we-do/disaster-law/news/international/third-progress-report-on-the-implementation-of-the-idrl-guidelines-70724/

International Monetary Fund (2016) The managing director's global policy agenda spring 2016. Retrieved from http://www.imf.org/external/np/pp/eng/2016/041416.pdf

Palttala P, Boano C, Lund R, Vos M (2012) Communication gaps in disaster management: perceptions by experts from governmental and non-governmental organizations. J Conting Crisis Manag 20(1):2–12

Szczepański M, Bassot E (2015) The group of twenty (G20): setting the global agenda. (PE 545.712). European Parliamentary Research Service. Retrieved from http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/545712/EPRS_BRI(2015)545712_REV1_EN.pdf

United Nations General Assembly (2015) Resolution adopted by the general assembly on 25 September 2015: transforming our world: the 2030 agenda for sustainable development. Retrieved from http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

World Economic Forum (2015a) Outlook on the global agenda 2015: four ways to change the way we lead. World Economic Forum, Geneva. Retrieved from http://reports.weforum.org/outlook-global-agenda-2015/wp-content/blogs.dir/59/mp/files/pages/files/outlook-2015-a4-downloadable.pdf

World Economic Forum (2015b) Global risks 2015. World Economic Forum, Geneva. Retrieved from http://www3.weforum.org/docs/WEF_Global_Risks_2015_Report15.pdf


G

# Global and International Politics


Robert F. Gorman
Political Science, Texas State University, San Marcos, TX, USA


## Synonyms

International politics; International relations; Theories of international relations; World politics

## Definition

Global and international politics concern both the cooperative and conflictual relations that exist between and among governments of nations as they seek to advance the common security, well-being, and prosperity of their populations and territories in conditions of justice and peace.

## Introduction

International relations have existed from the dawn of recorded history. Trade relations and conflicts have existed between and among peoples,

empires, and feudal state systems for as long as human communities have been organized. Examples of this include the rise of Mesopotamian, Egyptian, Assyrian, Hittite, Persian, Chaldean, and Israelite kingdoms in the ancient Near East to the state systems in the subcontinent of India and Chinese Empires. Diplomatic contact, conflict, and commerce among these ancient political systems constituted a primitive form of interstate relations. With the rise of the Greek city-state system and the subsequent emergence of the Alexandrian and Roman Empires, another phase of international relations for which a substantial historical and political record exists established a foundation for the later development of the state system. Following the emergence of Christianity, which was the first religious tradition to distinguish separate roles for religious and political activity through the institutions of church and state, an additional dynamic process was introduced into the development of international relations throughout Europe and the Mediterranean basin. The collapse of the Western Roman Empire left the Catholic Church in place as a focal point for cultural unity, while secular states, at first of a decentralized and feudal nature, gradually evolved into larger and more centralized secular states. By the High Middle Ages, these European states grew in power and stature, competing among themselves and with the Church for control over territory and populations. The religious wars of the seventeenth century and the collapse of Christendom in Western Europe reached a turning point in 1648. In that year the Holy Roman Empire resolved disputes between Catholic and Protestant rulers in the Peace of Westphalia, which established the foundation of a new system of sovereign states, which in the following two centuries became truly globalized following the colonial expansion of Europe. In the twentieth century, rapid decolonization occurred during the Cold War, along the rise and fall of Communist states and the birth of the modern globalized system of political and economic order (Nye and Welch 2013).

The following analysis considers the historical development of international relations in light of several competing theoretical approaches that have vied as explanations for international behavior, including realist, liberal-idealist, and Marxist theories. Here it will be argued that a more comprehensive understanding of the global international order rooted in moral realism accounts for the basic assumptions of the other theories, while advancing a theory of institutional responsibility that promotes solidarity while respecting subsidiary rights of local and national actors.

## Realism and Moral Realism in International Relations

Consulting the earliest more systematic writings of philosophers in China, India, Persia, Ancient Greece, and the Hebrews, one finds sophisticated commentaries on politics and ethics. The uses and abuses of power are examined in these ancient writings, and within them one can begin to see reflections on the proper uses and limits of power as well. Many contemporary realists point to Sun Tsu's *Art of War* (ca. 300 BCE in China), Kautilya's *Arthashastra* (ca. 300 BCE in India), and Thucydides' *History of the Peloponnesian War* (ca. 400 BCE in Greece) as progenitors of the modern realist school of international relations, which emphasizes the calculated use of power to advance the interests of nations. However, these writings also contain observations on the limits and purposes of power. In them a moral awareness aimed at the common good and just treatment of the people, the distinctions between right and wrong behavior, and the general obligation to seek the happiness and flourishing of human communities are also discernible. Similar awareness is found in much older traditions of Confucian, Hindu, Hebrew, Zoroastrian, and Babylonian/Chaldean writings. Thus from the very first moments of conscious reflection of politics and power, matters of justice and moral obligation were also present in ways that offered rulers guidance not only on the effective and wise use of power but also on its limits in light of principles of justice. It is more accurate to characterize the early writings on the behavior of nations as moral realism.

However, because war is a constant feature of human history, a realist approach that looks to

power as a motivating principle of state behavior has dominated theoretical inquiry into international relations (Morgenthau 1985). Nonetheless, an even more widespread reality of human history is that of peaceful cooperation, often marked by trade, diplomatic ties, peaceful migration and settlement, and intercultural contact. To be sure, war has often interrupted peaceable states of affairs throughout history, but its inherent destructiveness has always evoked awareness that war needed justification. While just war thinking existed in many ancient cultural settings, the tradition that has most systematically influenced the modern international system began in the Ancient Greek philosophical writings of Plato and Aristotle, their successors who are the Stoics, and ultimately the great Roman philosopher Cicero, who systematized both the idea of natural law and the just war concept in Book I of his *De Officiis*. These would later be developed under the influence of Judeo-Christian thought to survive as the basis for modern laws of war. Cicero taught that war could be justified only when it was undertaken by a lawful sovereign for a just cause and with a right intention. Just causes for him included self-defense, protection of allies and other innocent peoples, and the glory of the empire. Right intention generally, however, required a motive to establish peace and justice without aggrandizement. He acknowledged that a prudent lawful authority would explore diplomatic options before using force. He noted that even during the course of war, basic justice should be sought, clemency afforded to defeated enemies, and a constant attention be paid to diplomatic means of bringing war to a swift and just conclusion (Waltz 2001).

## The Rise of Liberal-Idealist Thought

Although the Peace of Westphalia was primarily a European neighborhood arrangement to produce a more stable and peaceful regional environment, it corresponded to the European Age of Discovery and colonial expansion. The European state system was slowly globalized as Western European states, including Spain, Portugal, England, Holland, and France, claimed sovereignty over territories in the Western Hemisphere, coastal portions of Africa, South Asia, Southeast Asia, and East Asia. To acquire sovereignty for themselves, colonized peoples would eventually seek recognition from existing sovereigns, often after wars of independence. This began with the United States and the Latin American republics. As European imperial states dominated newly discovered areas, they imposed mercantilist economic systems, whereby they commanded control over the exploitation of resources to fuel their emerging industrial economies. Excess production was typically shipped backed to colonies that remained captive markets to European powers. However, the industrialization of Europe also gave rise to new economic theories emphasizing the deregulation of governmental control over economic activity. David Ricardo and Adam Smith emphasized the importance of free markets to the increase of wealth not only within but also between countries. Ricardo demonstrated the importance of the law of comparative advantage in international trade as a means to wider production and reduced prices for goods. A new science of international political economy thus emerged in the eighteenth and nineteenth centuries. Influential among these thinkers was Immanuel Kant, whose work, *Perpetual Peace*, emphasized that the problem of war among nations was only likely to give way to peaceable relations among nations if they engaged in cooperative trade, embraced democratic constitutions, and collaborated with one another in international organizations.

Liberal-idealist thought proposed a new way of conceiving international relations whereby the national state was only one actor among many, important to be sure, but linked and limited by various nongovernmental entities and coordinated by intergovernmental bodies of their own creation. With economics emerging as a powerful mechanism of production and change, European and Western Hemispheric countries began competing for global resources and markets. Colonialism in Africa commenced with greater energy after the Berlin Conference that ended the Franco-Prussian War in Europe, while the British, French, and Dutch expanded their domination of

Asian countries. Britain, the chief global naval power, gradually established a Commonwealth system of trade which anticipated and prefigured the possibility of a global trade system. Following the collapse of Napoleon Bonaparte's effort to establish French hegemony in Europe and the world, the Concert of Europe anticipated a world political system of collaboration. Apart from occasional eruptions of conflict, this multilateral approach to keeping peace was enhanced by a relatively stable balance of power in Europe even as European states began establishing international organizations to better cope with their mutual interests in taking advantage of new technologies such as the telegraph, establishing commissions for regulation of river navigation and trade, promoting more efficient postal communication, protecting countries from the spread of disease, encouraging the legal settlement of disputes through arbitration, and limiting the effects of war with the establishment of humanitarian law. A general optimism rose in the nineteenth century that enlightened states, now increasingly adopting democratic and parliamentary constitutions, cooperating in trade, and collaborating in various international forums, were on the cusp of establishing the perpetual peace predicted by Kant.

## The Marxian Political Economy Alternative

The nineteenth century, although dominated by the liberal theory of political economy, also saw the rise of a Marxist alternative. Karl Marx, a German refugee writing from London, proposed a whole new theory of political economy. Marx insisted that history must be understood from the perspective of historical materialism in which economic forces of production vied for dominance (Marx and Engels 1967). For example, primitive communism gives way to feudal systems of land ownership in which land owning classes dominate peasant workers. The feudal system, in turn, collapses owing to emerging merchant classes whose mobile wealth makes it possible to establish urban industrial systems of production that are far more dynamic, but which also exploit a new proletarian working class. Resentments among the latter predict inevitable proletarian revolutions in capitalist countries and the rise of the secular socialist state, where private property and wealth give rise to a socialist system of redistribution of wealth in the name of equality. With reeducation by the state, in which the previous roles of family and religion are rigorously repressed, it becomes possible for the new communist man to emerge and for the socialist state to give way to a global communist utopia. Marx failed to anticipate the strength of nationalism among peoples and the capacity of capitalist business interests to ameliorate the grievances of the working class through negotiation with union movements, as well as the enduring religiosity of human beings, but he did predict correctly the rise of the modern secular and regulatory state. Moreover, his ideas were warmly embraced by intellectual elites drawn to their egalitarian flavor and by individual leaders, such as Vladimir Lenin and Mao Zedong, who respectively applied and adapted them to the conditions they found in Russia and China (Tucker 1978). Thus although the heartland of Europe would prove largely immune from the socialist revolution Marx predicted there, the still largely feudal states of Russia and China would prove fertile ground for communist experimentation in the twentieth century as the European colonial system collapsed under the weight of two devastating world wars. The subsequent competition between the West and the emerging communist powers, the Soviet Union and Communist China, produced a century of unprecedented bloodshed.

## Contending Theories in the Turbulent Twentieth Century

At the outset of the twentieth century, the European powers still controlled much of the world through their colonial systems. In the Western Hemisphere, the United States emerged as a dominant military power backed by prodigious and growing commercial prowess. Russia by

contrast demonstrated fatal weakness in its contest with Japan which easily bested the tsarist regime in the Russo-Japanese War of 1905. The Age of Enlightenment was finally reaping benefits in the realms of science and technology, and the hope for a better future rested on a Kantian vision of perpetual peace constructed by human reason and secular democratic states cooperating toward the common good of humanity and finally laying to rest the superstitions and grievances of ages past. This ideal vision of the prospects for humanity was terribly shaken by World War I, which was the deadliest conflict humankind had ever before witnessed.

There were warning signs of the terrible devastation to come. In the first decade of the 1900s, many governments in Europe and in Asia, Japan, embarked on massive production of armaments. As they devoted more resources to building up their military capacity, their volume of trade began declining – a process documented by Richardson (1960). Nationalist fervor was on the rise, as was an emerging demand among non-self-governing peoples to national independence. In the Balkans, war between the Austro-Hungarian and Ottoman Empires and contested provinces seeking liberation from imperial control served as ominous harbingers of future woe. European powers quietly entered into secret alliances as they maneuvered to protect perceived interests. The assassination of Archduke Ferdinand in Sarajevo by a Serbian nationalist was the spark that ignited world war in 1914. As armies marched off to war, they were hailed with enthusiastic displays of nationalist fervor, everyone expecting a quick victory, like the rare and brief wars of the late nineteenth century. Instead, much to the world's dismay, a 4-year long, global war of brutal and industrial destruction ensued, in which 16–17 million people died, including around 6–7 million noncombatants killed owing to combat-related causes or to disease. The global scale of the war included naval combat in all the world oceans and land warfare in Europe, Asia, and Africa. About 650,000 Asians and Africans served in European armies. Chemical weapons, machine guns, tanks, submarine warfare, and air warfare made their debut as a means of combat and destruction. What could explain this outburst of inhumane violence?

To the realist the primary cause was the aggressive propensity found in human nature and the breakdown of the balance of power system. To the moral realist, the cause could be found in both the natural desire for security; the human propensity to pride, malice, greed, and domination; and the diplomatic misperceptions of governments. To the Marxist, the cause could be attributed to greed of governments and arms merchants that overrode the class consciousness of workers duped by patriotic appeals and nationalist fervor. To idealists the cause could be attributed to the lack of international cooperation, international law, and diplomacy that allowed trade to decline and arms races to begin and to the colonial systems that denied rights of national self-determination. At least initially the view of the idealists as propounded by the US President Woodrow Wilson prevailed, as victorious allies took steps to prevent such a future conflagration by establishing the League of Nations, promoting treaties of disarmament, and dismantling the imperial and colonial systems of the Axis powers, in the name of national self-determination. The League Covenant sought to establish a perpetual system of collective security. It was open to all nations, although the United States never became a member, and other powerful countries such as the Soviet Union and Germany were admitted later and then both withdrew in the 1930s, along with many other signatories. The turbulent 1930s were also marked by global economic depression and trade protectionism. The League placed former colonies of Germany in Africa and the Pacific under the mandate authority of victorious allies such as Britain, France, and Japan, while the Ottoman Empire was reduced to the modern state of Turkey as Ottoman territories in the Middle East were placed under British and French administration. Iraq and Saudi Arabia gained their independence from British administration in the 1930s. Austria-Hungary was dismantled, and its territories in the Balkans were granted independence as the Kingdom of the Southern Slavs or Yugoslavia. The League sponsored the development of the Permanent Court of International Justice and many other collaborative

efforts to cope with social, economic, and humanitarian problems, notably establishing the first agency for protection of refugees, who numbered in the millions following the war.

Apart from the problem of spotty membership, other factors reduced League effectiveness. These included rivalries among the Great Powers, ongoing nationalist sentiments throughout the world, resentments in Germany that fueled the rise of the Nazi party, increased military spending in Germany and the Soviet Union, and the imperial expansion on the part of Japan and Italy. All this challenged the capacity of the League's machinery for keeping peace (Nye and Welch 2013). In 1939 the invasion of Poland by Germany and a few weeks later by the Soviet Union catapulted the world into an even more deadly world war, dashing the hopes of idealists at least for the moment. During World War II, about 60,000,000 were killed, including 20–25 million military deaths, about equal numbers of civilian deaths, and another 20 million war-related death owing to famine and diseases. After the war it is no surprise that the realist and moral realist theory of international relations once again gained currency. But so too did a rival theory of Marxism, aggressively advanced by the emergence of the Soviet Union and later China as communist states offering themselves as models to large numbers of countries who would soon win their independence in Africa and Asia as European powers divested themselves of their colonies.

## Contending Theories in the Cold War Era

A moral realist perspective is evident in the years immediately following World War II. The Allies, including prominently the United States and Britain, and the Soviet Union, after June 1941 when Hitler invaded his erstwhile ally, began negotiations to replace the League of Nations with a revised global organization in 1944. The United Nations (UN) would defer in its Security Council to the cooperative capacity of the global powers by granting its five permanent members a veto. However, the expected cooperation gradually broke down in the years following the war as the Soviet Union consolidated its control over occupied nations in East Europe, and the Cold War emerged between a Western bloc led by the United States and a Communist bloc led by the Soviet Union. Shattered by the devastation of World War II, idealist thought gave way to a more practical moral realism that recognized the importance of power properly oriented to maintain peace and security. Still, the Nuremberg and Tokyo trials punished major war criminals, and crimes against peace and against humanity were defined in the hope of deterring future outrages. Added to these developments in the law of war was a new emphasis in the UN Charter on human rights and self-determination of peoples. Thus, although realist principles seemed to motivate state behavior after the war with the emergence of competing alliances in a new bipolar world dominated by two superpowers, elements of moral realism were also visible. In 1948 two major international documents, the Universal Declaration of Human Rights and the Genocide Convention, restored the principle that the human person is the subject of all politics and that human dignity calls for the respect of universal human rights, religious liberty, and the integrity of the family. In subsequent years the proliferation of human rights instruments would testify to the international community's aspiration to more noble behavior. In keeping with both moral realist and liberal thought, the number of independent and UN-related and other intergovernmental organizations (IGOs) proliferated to about 300, as did the numbers and activity of new international nongovernmental organizations (INGOs).

Moral realist thought could be also detected in the ideas motivating the restoration of Europe, which under the influence of Christian Democratic Union principles embarked upon a strategy of functional economic integration to achieve peace and prosperity advancing the common good of European nations. Supported by the United States, this strategy contained implicit elements of liberal-idealist thought as well, emphasizing free trade, free flow of capital and labor, and

the establishment of supranational regional institutions among social democratic states (Keohane and Nye 1977). If the West largely advanced a model based on liberty, the Communist bloc ideology emphasizing equality at the expense of liberty served as the competing model of state-centric planning and the elimination of markets and private property.

As Europe focused more on its own reconstruction and development, it also recognized the independence of its colonial possessions. By 1980 around 90 new nations gained independence and membership in the UN. Many of these Third World countries preferred a policy of nonalignment in the Cold War, but they could not altogether avoid its influence. Many of these new countries were attracted to Marxist models exemplified by the Soviet Union but also by the increasingly independent and distinct Maoist model in China (Wallerstein 2004). Others continued to tilt toward the West and its liberal monetary and trade models advanced by the Bretton Woods monetary system that relied on a strong US dollar backed by gold and the creation of the World Bank and International Monetary Fund (IMF). In addition, the free trade policies of the General Agreement on Tariffs and Trade came under pressure by nonaligned movement's UN Conference for Trade and Development, eventually producing reforms in the free trade approach to permit preferential trade models. Rooted in neoliberal thought that emphasized global interdependence, multilateral diplomacy, and regional trade approaches, preferential trade was readily adopted by the European countries, the United States, Japan, and other Western nations (Keohane and Nye 1977). The rise of Arab and other oil-producing countries produced another layer of states with a keen interest in exploiting markets to their national advantage (Nye and Welch 2013).

Although liberal economic principles contested with Marxist models of economic development, the political and military aspects of the Cold War could be understood in realist terms. The North Atlantic Treaty Organization (NATO) was established in 1949 as a regional defense alliance to contain the potential Soviet threat to West Europe. In response, the Communist countries formed the Warsaw Pact in 1956. Western countries, in turn, established defense alliances in central and Southeast Asia, while the United States also formed the Rio Pact in the Western Hemisphere. The Korean War of 1950 intensified east-west tensions, and as countries in the Third World gained independence, many found themselves engaged in deadly civil wars, motivated in part by Cold War ideology and competition. These included conflicts in Africa and Asia. In Latin America, the Cuban Revolution was followed by ideologically based civil wars in Central America. The Middle East conflict served as another hotspot for east-west contention that produced four Arab-Israeli wars. Conservative estimates put the death toll of these conflicts, genocides, and government-induced famines at 60 million – this despite the UN's collective security and humanitarian activities. Military expenditures and arms races dominated the foreign relations of many countries, to which one must add the specter of nuclear weapons. The United States, the Soviet Union, China, the United Kingdom, and France were the first nations to attain nuclear weapons, but later both India and France did so as well, along with Israel.

Soviet military and political expansion in the 1970s and 1980s came seemingly at the expense of Western political dominance in much of the Third World. However, the Soviet invasion of Afghanistan, coupled with expensive endeavors to support pro-Soviet socialist regimes, overtaxed the weak Soviet economy. A Western military buildup in the 1980s coupled with Western economic resurgence and Soviet economic bankruptcy and the collapse of Communist Poland, attributable in part to the influence of Polish Pope John Paul II's religious and political influence in his homeland, precipitated the collapse of the Soviet Union and the Communist bloc in the early 1990s, and a new era international cooperation and economic globalization began. In his 1991 farewell address, Soviet President, Mikhail Gorbachev, admitted that a major cause of the political and economic collapse of communism was its underlying moral bankruptcy (Gorman, *The Cold War*, p. 18).

## Contending Theories in the Era of Globalization

After the intense rivalry of the Cold War, the 1990s ushered in a unipolar system dominated by American military and economic power, in which liberal-idealist principles seemed at least for the moment triumphant. The Soviet Union eventually collapsed as its constituent socialist republics sued for independence and as former allies in East Europe were sued for entry into the European Union (EU) and NATO. The EU expanded and its economic productivity accelerated. Russia sought western assistance and it joined the World Bank and IMF. A new World Trade Organization was established to resolve commercial disputes between countries, and a globalized but also decentralized system of trade and foreign direct investment and aid stimulated spectacular growth in much of the world, including China which prudently determined to liberalize its economic system even as it remained under Communist party control. The general benefits of globalization gradually removed a billion people from the ranks of the desperately poor and global wealth production surged (Nye and Welch 2013). China emerged as an economic power, surpassing even Japan in economic productivity only 20 years after its decision to liberalize. India and Brazil also emerged as major regional powers and active participants in the globalized marketplace. Western countries in need of labor opened their borders to substantial immigration of peoples from the southern less-developed countries, and remittances by these migrants back to their home countries emerged as one of the most significant mechanisms for transfer of wealth, surpassing in many cases even official foreign development assistance and foreign direct investment.

Although the world still suffered from lingering conflicts, the UN's collective security system began to function in a spirit of wider cooperation as dozens of peacemaking and peace-keeping deployments gradually resolved civil wars and conflicts of the Cold War era (Weiss et al. 2014). Throughout Asia, Africa, and Latin America, a new wave of democratization occurred as nations adopted republican and parliamentary constitutions, offering the hope, based on democratic peace theory, that the world might at last become a more peaceful place since democracies rarely go to war with one another. International humanitarian aid mechanisms were reformed and extended to deal with those parts of the world, especially in Africa where civil conflicts continued, most notably in Sudan and Congo, where millions of people were still exposed to bloody conflicts.

But globalization had negative consequences. About a billion people in unstable countries enjoyed little positive benefit. Trafficking in human persons increased dramatically. Transnational terrorism, emerging with Al Qaeda in the 1990s, made a spectacular debut on September 11, 2001, with the attacks in New York and Washington, DC. In retaliation, US and NATO intervention in Afghanistan and Iraq in subsequent years demonstrated that military security remained an important component of international relations. Economic recession in the United States and slackening of economic growth in China produced a long period of globalized economic deterioration in 2008, leading to nearly 8 years of tepid global economic growth. The Obama administration consciously reduced the US political and military profile, as Russia, China, and Iran began to bid – on more realistic terms – to expand their power and influence. The Arab Spring in the Middle East, coupled with devastating civil wars in Syria and Libya, proved beyond the resolution of the UN or other collaborative institutions. Even the EU proved feckless in dealing collectively with the unprecedented flows of refugees into member states, who abandoned common asylum rules in favor of national protection and regulation of borders.

The rise of the Islamic State in Iraq and Syria and its swift and brutal acquisition of territory produced a haphazard international response, with Russia and Iran emerging as the proactive and dominant players as the United States settled for reactive responses. Long-standing resentments in the Islamic world and the emergence of jihadist movements in Asia, Africa, and Europe threatened global security and stability. Coupled with

collapsing fertility rates and consequent demographic decline, many countries in Asia and Europe face a difficult prospect of sustaining national economic growth. Under all these contemporary pressures, the triumph of liberal-idealist principles of international relations has come under serious challenge. Realists observe that Vladimir Putin's Russia is bidding for renewed global prominence, even as Iran dominates Iraq, Syria, and Yemen with Russian help. China militarizes the South China Sea and uses its recently acquired wealth to influence countries throughout Asia, Africa, and Latin America. With Europe and the United States in an apparent period of decline, the nature of the contemporary world order and the principles on which states interact once again leave room for debate. Realists will claim that not much has changed, as power politics and conflicting national interests persist. Liberal-idealists will argue that diplomacy, cooperation, and dialogue must continue. Marxists who seemed in total defeat might claim that its principles have not really been tried, and moral realists will assert the enduring value of human dignity in the midst of an imperfect world that will resist all human efforts to establish perfect peace and justice. However, despite a world historically marked by enduring contention, the human spirit also inevitably aspires toward those higher goals.

## Conclusion

We should not fail to notice different understandings about the proper organization of international, national, local, and subsidiary actors in addressing policy issues at these various levels of activity. Realists believe much of this is still the work of government interests. Liberal-idealists insist on the importance of global agencies and other private actors such as multinational corporations, INGOs, and domestic civil society. Marxists believe that the secular state is the key actor. Moral realists propose a systematic understanding of both solidarity and subsidiarity, especially in light of the profound role of religion and culture on society, economics, and politics (Gorman, *Toward the Common Good*, pp. 13–16). Subsidiarity implies that political, economic, and social problems should be resolved at the lowest, most effective, and directly accountable level. Solidarity implies that all levels and types of government exist not for their own power but to protect safety and dignity of human persons and their common good in local, national, regional, and international communities. Solidarity is most strongly felt at the level of the family, tribe, churches, and local community, where the vast majority of human security, economic activity, education, and preservation of human rights occur. But when local or national communities collapse under the weight of conflict or disaster, more comprehensive political institutions have a duty in solidarity to facilitate the restoration of their local or national vitality, while respecting their subsidiary rights and proper autonomy.

Too often in theorizing about the role of national government and global institutions, political scientists and students of public administration first look to more comprehensive institutions to solve problems, thus potentially violating subsidiarity. Moral realists recognize that certain policies can only be effectively addressed at the international level, but even so, such interventions stand little chance of success if the vitality and essential cooperation of local actors is ignored. Most human problems are best solved in the local, directly accountable setting. Even the recent economic globalization which has produced unprecedented wealth throughout the world was not primarily generated by the UN agency programs, but rather by the initiative of uncounted numbers of private ventures, family decisions to seek migration, and more open and efficient international trade. But globalization has also led to recent instabilities and the emergence of criminal and terrorist activities. This requires not just global institutional attention but also national and local attention to threats to safety and security. In this regard, moral realism protects against overly optimistic expectations of success in a world where perfect justice is elusive and where evil marches alongside goodness competing for dominance of the human heart.

## Cross-References

► Globalization and Public Administration

## References

Gorman R (ed) (2011a) The cold war, vol 1. Salem Press, Pasadena
Gorman R (ed) (2011b) Toward the common good. Scarecrow Press, Lanham
Keohane R, Nye J (1977) Power and independence. Little, Brown, Boston
Marx K, Engels F (1967) The communist manifesto. Penguin, Baltimore
Morgenthau H (1985) Politics among nations. McGraw-Hill, New York
Nye J, Welch D (2013) Understanding global conflict and cooperation, 9th edn. Pearson, Upper Saddle River
Richardson LF (1960) Arms and insecurity. Boxwood Press, Pittsburg
Tucker RC (1978) The Marx-Engels reader. W.W. Norton, New York
Wallerstein I (2004) World-systems analysis. Duke University Press, Chapel-Hill
Waltz K (2001) Man, the state and war. Columbia University Press, New York
Weiss T, Forsythe D, Coate R, Pease K (2014) The United Nations and changing world politics, 7th edn. Westview Press, Boulder

# Global Civil Society or Networked Globality

Steven Slaughter
School of Humanities and Social Sciences, Deakin University, Burwood, VIC, Australia

## Synonyms

Transnational civil society

## Introduction

The impact of individuals in world politics has been a subject of interest to those working in the fields of International Relations (IR), public policy, and political theory. The term transnational or global civil society is used to articulate a global political space where individuals attempt to form transnational organizations and debate political issues outside the operation of states and the market. The terms global civil society and transnational civil society are often used interchangeably, although the term transnational suggests a more modest conception of this political activity which acknowledges that these political debates are not always universal or comprehensive. As such, the term focuses upon questions of public debate, political activism, and the operation of non-state actors such as nongovernmental organizations (NGOs), social movements, and religious groups which try to influence public opinion and thus publically influence the behavior of states, International Governmental Organizations (IGOs) established by states, and transnational businesses. This chapter presents an overview of the literature which considers global civil society by first defining the term global civil society, secondly by outlining the diverse dynamics of this activity, thirdly by considering how global civil society can influence global politics, and lastly by considering the consequences and potential of global civil society.

## Defining Global Civil Society

The idea of civil society is usually defined as the space which exists outside of the state and market where individuals publically debate political issues (Walzer 1995). This is sometimes referred to as the "third sector" of society (alongside the government and business sectors) which involves various non-state voluntary associations or a "public sphere" of peaceful deliberation about matters of public concern which involves various civil society activities. Civil society organizations (CSOs) encompass a range of organizations and forms of assembly which include NGOs, social movements, community groups, unions, faith-based organizations, journalists, academic and research networks, lobby and consultancy groups, think tanks, and professional associations. The reference to lobby groups indicates that civil society does not just refer to progressive or radical

political groups but can encompass actors which seek to protect the interests of industries and corporations. Indeed, while civil society refers to largely peaceful forms of political activity, civil society groups attempt to influence existing forms of governance with a range of different objectives and tactics. Consequently, they have varying levels of success in realizing their objectives in influencing the actions of governments and public opinion.

Civil society has a tendency to take on transnational dimensions. While some NGOs only work in their own country, there is no neat way of keeping civil society only within states because such actors often have a presence on the internet and in social media and thereby network with other NGOs in other countries and directly address people living in other societies around the world. Consequently, the term global civil society refers to the development of a global public sphere and transnational civic activity which cuts across national borders with International NGOs being an important part of this activity (Anheier et al. 2001; Price 2003; Dryzek 2012). This activity attempts to influence states, IGOs, and official forms of global governance and sometimes actually create forms of transnational governance or alternatively protests and resists global governance, states, and transnational corporations. In some idealized visions, this is seen to relate primarily as an global political ideal of cosmopolitan global civil society which involves the promotion of humanitarian and human rights values which transcend the idea of the state (as advanced by scholars such as Richard Falk and Mary Kaldor), while most others consider a more modest vision of global civil society which focuses upon the existence of transnational actors involved in the idea of a global public sphere which is comprised of debates between various actors animated by a wide range of agendas and values (Anheier et al. 2001, pp. 15–16). Despite a wide variety of values being present, there is no doubt that moral causes were prominent in the early operation of global civil society. The activity of global civil society can be seen in the humanitarian efforts of the nineteenth-century abolitionist movement to end slavery and the International Committee of the Red Cross which was a private humanitarian organization established by Henry Dunant and Gustave Moynier in 1863. NGOs continued to play a role in the twentieth century in supporting the development of the United Nations (UN) and the development of international law, especially with regard to human rights principles after the Second World War.

While global civil society has a long history, there has been significant growth in the presence and impact of global civil society in recent decades which has involved increases in number, size, and profile of CSOs. The growth in the number of international NGOs can be seen in the Union of International Associations (UIA) database with 22,200 international NGOs in 1990 and nearly 56,000 such organizations in 2010 (Anheier et al. 2012, p. 20). Related to this rise in the number of NGOs is rising scale and size of NGOs evident in large international NGOs like Oxfam, Amnesty International, Greenpeace, and World Vision. The development of large NGOs with operations around the world presents mounting challenges to ensure that such large NGOs are professionally run to maximize their effectiveness, accountability, and reputation (Ronalds 2010). Unions and business lobby groups have also taken on global forms of organization and coordination. Furthermore, formal NGOs are not the only form of civil society activism with the impact of more diffuse social movements, and networked community groups being important in constituting civil society activity. Important in this regard is the growing influence of the internet and online campaigns that address a wide range of global issues which include coalitions and networks of individuals and NGOs.

There are four primary drivers for the rising presence of global civil society. First, civil society is increasingly transnational due to the spread of liberalism and democracy in societies around the world in recent decades which have permitted citizens to create various civil society groups. Second, advances in communications and transport technology have reduced the costs and difficulties of organizing transnational political activity, with technologies like the fax machine and the internet providing crucial tools in enabling

civil society to operate globally. Third, it is the case that the growing numbers of IGOs can be a location which can generate the political agendas and spaces which cultivate a specific focus for civil society activity to engage with. Sidney Tarrow (2001, p. 15) indicates that IGOs like the UN can act as a "coral reef" for civil society activity, which creates a focal point around which an ecosystem of global civil society can form and operate (Tarrow 2001). Fourth, contemporary globalization has changed the moral landscape of political action with greater awareness of injustices occurring in various parts of the world and greater recognition of global problems which require globally coordinated action. In this sense transnational activism and civil society is very much enabled by the practical interdependence and the moral independence associated with contemporary globalization.

## The Dynamics of Global Civil Society

Different CSOs have different purposes and goals because they may act to reinforce, reform, or resist the status quo. Not all CSOs or NGOs are "progressive," with lobby groups like the National Rifle Association with respect to small arms, business lobby groups, and pro-capitalist think tanks being examples. Indeed, Leslie Sklair has pointed out, there are social movements "for" and "against" global capitalism (Sklair 1997). Furthermore, many forms of civil society activity are practical in nature, which attempt to reform specific policies or problems, and thus are not forms of activism that are attempting to initiate revolutionary change which aims to transform the underlying political structures of world politics. CSOs also have different strategies and tactics to realize their objectives in the sense they may seek to advocate and influence policy change, may be in the business of directly providing humanitarian aid and development assistance to groups on need, or may actually be involved in direct forms of protest. Indeed, for some groups and causes, direct forms of civil society activism are the only hope for initiating social change that can realize justice. There are significant differences even within social movements which act to promote significant social change. For instance, the Anti-Capitalist Movement which operated in the 1990s was shaped by different logics of attempting to create autonomous political spaces separate from global capitalism and attempting to promote technical arguments for political and economic change in the global capitalist system (Pleyers 2010).

There are various ways the dynamics of global civil society can be conceptualized. Importantly most conceptions point to the ways that NGOs and activists interact with other types of actors to influence world politics. One prominent way is developed by Kathryn Sikkink and Margaret Keck's focus on the way activists and NGOs work with other agents, including elements of some governments to form "transnational advocacy networks" which comprise of the "relevant actors working internationally on an issue, who are bound together by shared values, a common discourse, and a dense exchange of information and services" (Keck and Sikkink 1998, p. 2). Another conception is the idea of "transnational policy networks" which are specific forms of political practice which consider the ways policy making includes individuals and agencies beyond governments. Dianne Stone contends that transnational policy networks include "internationalized public sector officials," diplomats, public officials, and regulators engaged in international issues and networks; "international civil servants," officials working for IGOs; and "transnational policy professionals": "consultants, foundation officers, business leaders, scientific experts, think tank pundits, and NGO executives" (Stone 2008, pp. 30–1). Lastly, the term "epistemic communities" is sometimes used to emphasize the ways that a variety of actors influence the creation of ideas when transnational networks of "knowledge-based experts" are formed to help policy makers comprehend the problems they face, identify various technical policy solutions, and assess the policy outcomes (Haas 1992). These conceptualizations claim that transnational agents such as activists and CSOs combine with IGOs and parts of some governments to share information, strategize, and apply coordinated pressure to governments in relation to a particular issue.

However, global civil society may be evident in other forms of political activity more independent from states and IGOs because not all CSOs play a direct role in policy engagement and may focus their efforts to mobilize public interest in their causes. Some CSOs create their own political spaces to debate political issues and thereby create social movements. Social movements are generally understood as social collectivities which involve "a network of informal interactions between a plurality of individuals, groups and/or organizations, engaged in a political or cultural conflict, on the basis of a shared collective identity" (Diani 1992, p. 13). Such movements comprise various forms of policy and political engagements which are developed in specific contexts which can take on various transnational dimensions. For instance, the environmental movement has involved various forms of protest since the 1960s but also led to policy engagement with IGOs and led to creation of Green political parties around the world. Some social movements have shorter lifespans or more narrow geographical focuses. Furthermore, some campaigns exist primarily on the web and are somewhat derisively referred to as "slacktivism," as was in the case of KONY 2012 campaign which used Facebook to create an online campaign to raise the profile of the issue of child soldiers in Africa. Lastly, some CSOs create their own transnational systems of governance and rules which they try to get governments, businesses, or the public to use to regulate and avoid problems in a particular issue area (Hale and Held 2011). The idea of Fair Trade is an example of this.

Despite playing various roles in policy making and pushing social change, it is important to explain that there are some immediate limitations and dangers associated with the idea and operation of global civil society. First, it is the case that not every deserving cause gets active and effective civil society attention because some causes do not attract support and some groups do not create effective connections with larger civil society networks. Such exclusions are sometimes related to the problem referred to as the "digital divide" which acknowledges that some subaltern groups do not have the resources or access to technology to engage their message with transnational civil society. Second, a related limitation of global civil society is that it reinforces western perspectives and ideas in world politics given that the larger NGOs are largely based in western societies. Third, CSOs – even NGOs – may have strategic imperatives that shape what they do which may differ from the people they purport to serve. Clifford Bob makes the claim that NGOs are "merchants of morality" which act as mediators between wealthy people who want to help and poor people needing help, but that the interests of various NGOs determine which causes receive attention and assistance and which causes do not (Bob 2002).

A fourth limitation of global civil society is that there are some rare cases of policy issues where there is scant civil society activity because the policy environment is hostile to CSOs. The area of global finance has been traditionally dominated by governments and business interests with critical CSOs being limited by a lack of capacity and expertise in conjunction with a lack of transparency of the systems of governance that govern global finance (Scholte 2013). Lastly, it may be the case that the capabilities of CSOs can be co-opted by governments or other authorities. Clearly for CSOs to realize their objectives, they have to negotiate with governments to deliver aid or politically engage their societies. In order to gain ongoing access to such societies, CSO may moderate or censor their political agenda. Indeed, in the worst case, civil society can be faked by the government. This is sometimes called "astroturfing" where governments or businesses create or use CSOs to generate fake or artificial support, rather than real "grass roots" support.

## The Influence of Global Civil Society

The overall impact of CSOs and global civil society is often hard to discern because while the presence of civil society is ubiquitous, the effects vary in different policy areas and contexts. Imperfect as global civil society is, there are different types of power and influence, which entails different strategies and tactics to influence authority

and various publics around the world. Consequently, understanding the power of CSOs and global civil society requires a nuanced view of power evident in Michael Barnett and Raymond Duvall's typology of "compulsory power," "institutional power," "structural power," and "productive power" (Barnett and Duvall 2005). Transnational activists sometimes possess compulsory power, which includes direct attempts to influence the actions of another actor through direct threats or coercion. While activists do not generally have the capacity to coerce governments and do not use intense physical violence, they do often conduct physical protests, occupations of particular spaces, or direct action. Most forms of physical protests are deemed to be legitimate in liberal democratic societies, such as those conducted by the Anti-Capitalist Movement in 1990s or the Occupy Movement after the 2008 global financial crisis. However, sometimes direct action is highly contentious, as evident in the attempts by the Sea Shepherd Conservation Society to intercede and disrupt whaling ships at sea.

Transnational activists sometimes develop forms of "institutional power" where they are able to exercise indirect forms of control via formal or informal institutions, which set the policy agenda. This can involve a CSO lobbying states to create forms of international law that address issues of concern to that organization. For instance, the Coalition for the International Criminal Court involved NGOs who collectively advocated for the creation and effective operation of the International Criminal Court (ICC). There is also the possibility that elements of civil society will be included in the operation of official forms of governance. This inclusion is referred to as multistakeholderism or multisectorialism, such as the way that civil society groups are represented in the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Brown 2009). This can also involve CSOs creating their own rules to address a specific problem. Creating transnational governance is a tactic of activists. It is a form of institutional power whereby activists want to create authority in the form of rules and regulations for a given policy area. For instance, Fair Trade is a form of transnational governance which is a form of voluntary regulation and certification whereby consumers pay an extra premium for goods produced in a manner where the producers get above market remuneration. In cases where binding international law is unlikely to be realized, such informal forms of transnational governance is the best form of regulation that activists can hope to realize.

The "structural power" of transnational activists is evident in direct efforts to influence the capacities of other actors by creating particular forms of incentives to act in ways which correspond with the agenda of certain CSOs. This is evident in efforts of NGOs who provide public services such as the delivery of emergency humanitarian or development assistance. This is demonstrated in efforts of International Red Cross and Red Crescent Movement, Oxfam, and Save the Children. This also requires raising public awareness and fund raising to finance this activity. Another form of structural power is evident in efforts to conduct boycotts and embargoes of corporations or countries in order to induce changes in policies and practices. Such a tactic was used by the Abolitionist Movement against slavery but more recently has been used successfully by environmental groups calling for a boycott of Nestlé because of deforestation caused by its products, which ultimately led it to change its supply chain policies. Furthermore, sometimes CSOs seek to disseminate information to illuminate the activity and influence the behavior of states and corporations. The WikiLeaks campaign to leak sensitive information is one prominent and controversial example of this type of influence (Slaughter 2014).

Lastly, transnational activists can be seen to have "productive power" where they are able to indirectly influence and produce particular social capacities of governments and other actors. CSOs have considerable impact on ideas in society and government as they "shape policies, norms, and structures in society at large" (Scholte 2002, p. 284). This is where CSOs can influence political discourse to shape how IGOs, governments, or the public perceive an issue. A successful example

of this was the shift initiated by the anti-whaling movement which successfully shifted public opinion in many societies from seeing whales as a commodity to a valued and endangered animal (Epstein 2005). Furthermore, there has been an increase in attention paid the problems and contributions of women involved in conflict thanks to the sustained lobbying of the UN by Women rights NGOs who demonstrated the ways that rape in the civil conflicts of the 1990s was seen to be "tactical rape," meaning that it was a deliberate tactic of war in these conflicts and was a serious issue of International Humanitarian Law and a threat to human and international security (Fitzpatrick 2016). Less successfully, the Occupy Movement also attempted to change the public discourse around inequality by using the terms the "1%" and "99%" to outline problems of economic and political inequality. These examples demonstrate that this type of power is shaped by both technical expertise as well as moral and emotional persuasion, which utilizes symbols, images, and narratives to induce changes in the beliefs and opinions of policy makers and the broader public. In this sense, CSOs can be seen to be "moral entrepreneurs" which disseminate ideas and norms in world politics (Finnemore and Sikkink 1998).

These types of power and influence overlap in practice. It is sometimes the case that direct protests may support and strengthen other types of power. However, there are limits to the influence of CSOs. It is often difficult to convey their message in a media-saturated world, especially when the message is a complicated response to a deep-seated political problem. It is also the case that the diversity of moral and political positions in the world is bewildering and difficult to represent in global governance (Dryzek 2006). The power of CSOs also depends upon whether particular states, IGOs, and corporations are susceptible to moral and political pressure. Also there have been some sharp responses to the foreign influence of global civil society, and consequently, some governments do not allow some types of CSO actors to operate in their territory with respect to some or all policy sectors. This has been evident in the response of the Russian government to LGBT human rights groups by restricting the operation and transnational relationships of these groups and also by advancing the importance of "traditional values" as a counter narrative to human rights (Wilkinson 2014). These reactions to the operation of CSOs and global civil society demonstrate that this civil society activity represents an important counterpoint to a world where political decisions are made primarily by governments and official forms of authority and governance.

## Political Consequences of Global Civil Society

The idea that CSOs are playing an increasingly active role in world politics gives rise to the idea that global civil society means that there are indications that we are witnessing a shift away from the conventional "Westphalian" image of interstate cooperation where states are the only significant political actors, toward a more complicated model of cooperation where a wide variety of CSOs have some impact on the rules and operation of global politics. Indeed, some scholars suggest that this is the emergence of "complex multilateralism" where states and IGOs are routinely overlayed by non-state actors (O'Brien et al. 2000). However, neither the ubiquity of CSOs nor their routine engagement with states detracts from some of the immediate and potential impacts and consequences of global civil society.

The existence of global civil society has a considerable impact on the official processes of global decision-making. It is clear that there are now a wide range of perspectives routinely brought to bear on any global political issue and that states no longer have a monopoly on representing their publics. Consequently CSOs have a played a key role in publicizing the ideas such as human rights and environmentalism which have challenged the conventional agendas of states (Anheier et al. 2012, p. 2). While this makes world politics more chaotic than a world just comprised of states, it also opens up new

forms of contestation and transparency. The activity of CSOs in global civil society offers a key way to promote various forms of transparency and accountability which would not otherwise exist. CSOs can act as watchdogs against arbitrary power and give a practical form of representation of vulnerable people and neglected causes which can play some role in promoting justice. In particular, CSOs play a crucial role in holding various IGOs and forms of global governance more accountable than they would be otherwise (Scholte 2011). In this sense, CSOs play a crucial role in reducing the "democratic deficit" that IGOs normally have with respect to being remote from the societies around the world that these IGOs effect. This produces an additional hope that CSOs can provide alternative ideas and information to these forms of governance and thereby improve the decision-making of IGOs.

Of course questions are leveled at the accountability of CSOs themselves. After all CSOs are not formally elected by the public nor procedurally accountable to the public (Dryzek and Niemeyer 2008), and they often act to contest the decisions of elected officials of states and IGOs which are legally enacted by states. John Dryzek wards off criticisms about whether CSOs in global civil society are substantively unrepresentative by contending that:

> A better response to the charge is to ask: Unrepresentative compared to what? Compared to some ideal model of egalitarian democracy, global civil society may do badly. Compared to other realities in a global order dominated by large corporations, hegemonic states, neoliberal market thinking, secretive and unresponsive international organizations, low visibility financial networks, and military might, global civil society does rather well. (Dryzek 2012, p. 107)

The point here is that CSOs are imperfect but the context of world politics has typically permitted arbitrary forms of power which mean that efforts to promote justice have been limited. Consequently, we should not deny the beneficial consequences of increasing the diversity of voices in global governance and giving marginal voices some agency. While CSOs who represent marginal voices need to engage with more well-funded CSOs, including corporate lobby groups and think tanks, at least this means that deliberation between different groups is made more visible within this transnational context. The potential consequences of global civil society are also not just restricted to global politics. CSOs are a routine part of domestic politics and provide an important external prompt for national publics to be reminded of the external implications of national decisions.

In addition, there are potential consequences of contemporary global civil society being a more fundamental challenge to the Westphalian notion that world politics is shaped mainly by states. Recently observers of global civil society have argued that the increasing efforts of CSOs to systematically contest arbitrary power in global politics are more than just political influence on discrete policy issues and that these forms of transnational activism and contestation are best understood as early stages of an incipient process of transnational democratization (Dryzek 2011; Keane 2011; Goodin 2010). These incipient forms of public engagement are democratic in the broader sense of attempting to promote transparency and therefore publicly moderate and hold authority to account. However, these forms of global civil society are not currently a democratic world government, and most CSOs do not intend to create a form of transnational democracy (The World Federalist Movement is a notable exception. See Luis Cabrera 2010). Yet this activity can be seen to be an early and embryonic sign of a fundamental change in world politics. As Robert Goodin cautions:

> When it comes to the global polity, we are still very much in the early days – both of developing a global polity, and still more of democratizing it. What we should be looking for in that context are "first steps," not final steps. (Goodin 2010, p. 179)

This vision is where the individuals involved in CSOs are harbingers of a changing context of world politics. While there are a range of different theoretical models of what democracy could look like in world politics (Bray and Slaughter 2015), it is clear that global civil society is a crucial element to enacting efforts to democratize world politics.

## Conclusion

The term global civil society depicts a world where there are a wide variety of transnational actors which debate political issues and attempt to influence prevailing systems of governance. Indeed, virtually every issue area has civil society actors attempting to influence the behavior of states, IGOs, and businesses. While there are situations where civil society dynamics are ignored, there are occasions where civil society groups are able to influence powerful actors and potentially transform the nature of world politics.

## Cross-References


- ▶ NGOs and Governance
- ▶ Nongovernmental Organizations and International Nongovernmental Organizations


## References


Anheier H, Glasius M, Kaldor M (2001) Introducing global civil society. In: Anheier H, Glasius M, Kaldor M (eds) Global civil society 2001. Oxford University Press, Oxford

Anheier H, Kaldor M, Glasius M (2012) The global civil society yearbook: lessons and insights 2001–2011. In: Moore H, Selchow S (eds) Global civil society 2012: ten years of critical reflection. Palgrave, Houndsmills, p 20

Barnett M, Duvall R (2005) Power in global governance. In: Barnett M, Duvall R (eds) Power in global governance. Cambridge University Press, Cambridge, pp 13–22

Bob C (2002) Merchants of morality. Foreign Policy 129: 36–45

Bray D, Slaughter S (2015) Global democratic theory: a critical introduction. Polity Press, Cambridge

Brown G (2009) Multisectorialism, participation, and stakeholder effectiveness: increasing the role of non-state actors in the global fund to fight AIDS, tuberculosis and malaria. Glob Gov 15(2):169–177

Cabrera L (2010) World government: renewed debate, persistent challenges. Eur J Int Rel 16(3):511–530

Diani M (1992) The concept of social movement. Sociol Rev 40(1):1–25

Dryzek J (2006) Deliberative global politics: discourse and democracy in a divided world. Polity Press, Cambridge

Dryzek J (2011) Global democratization: soup, society, or system? Ethics Int Aff 25(2):211–234

Dryzek J (2012) Global civil society: the progress of post-westphalian politics. Annu Rev Polit Sci 15:101–119

Dryzek J, Niemeyer S (2008) Discursive representation. Am Polit Sci Rev 102(4):481–493

Epstein C (2005) The power of words in international relations: birth of an anti-whaling discourse. The MIT Press, Cambridge, MA

Finnemore M, Sikkink K (1998) International norm dynamics and political change. Int Organ 52(4):887–917

Fitzpatrick B (2016) Tactical rape in war and conflict. Policy Press, Bristol

Goodin R (2010) Global democracy: in the beginning. Int Theory 2(2):175–209

Haas P (1992) Epistemic communities and international policy coordination. Int Organ 46(1):1–35

Hale T, Held D (2011) Handbook of transnational governance innovation. Polity Press, Cambridge

Keane J (2011) Monitory democracy. In: Alonso S, Keane J, Merkel W (eds) The future of representative democracy. Cambridge University Press, Cambridge

Keck M, Sikkink K (1998) Activists beyond borders: advocacy networks in international politics. Cornell University Press, Ithaca, p 2

O'Brien R, Goetz AM, Scholte JA, Williams M (2000) Contesting global governance: multilateral economic institutions and global social movements. Cambridge University Press, Cambridge

Pleyers G (2010) Alter-globalization. Becoming actor in the global age. Polity Press, Cambridge

Price R (2003) Transnational civil society and advocacy. World Polit 55(4):579–607

Ronalds P (2010) The change imperative: creating the next generation NGO. Kumarian Press, Sterling

Scholte JA (2002) Civil society and democracy in global governance. Glob Gov 8(3):281–304

Scholte JA (ed) (2011) Building global democracy? Civil society and accountable global governance. Cambridge University Press, Cambridge

Scholte JA (2013) Civil society and financial markets: what is not happening and why. J Civ Soc 9(2):129–147

Sklair L (1997) Social movements for global capitalism: the transnational capitalist class in action. Rev Int Polit Econ 4(3):514–538

Slaughter S (2014) WikiLeaks and the limits of representative democracy and transnational democratisation. In: Isakhan B, Slaughter S (eds) Democracy and crisis: democratising governance in the twenty-first century. Palgrave Press, Houndsmills

Stone D (2008) Global public policy, transnational policy communities and their networks. Policy Stud J 36(10): 19–38. 30–1

Tarrow S (2001) Transnational politics: contention and institutions in international politics. Annu Rev Polit Sci 4:1–20

Walzer M (1995) The concept of civil society. In: Walzer M (ed) Toward a global civil society. Berghahn Books, Providence

Wilkinson C (2014) LGBT human rights versus 'traditional values': the rise and contestation of anti-homopropaganda laws in Russia. J Hum Rights 13(3):363–379

# Global Competency in Public Administration

Michael Guo-Brennan
Department of Political Science, Troy University, Troy, AL, USA

## Synonyms

Cultural competence in public administration; Global citizenship in public administration; Globally engaged public administration

## Definitions

Global competence in public administration involves having the knowledge, beyond culture, and understanding and appreciation of difference to take action that promotes social justice for all in the community and to encourage civic engagement and participatory citizenship.

## Introduction

The purpose of this entry is to define the changing role of public administrators in the globalized world of today. Globalization and global mobility have greatly increased the cultural, ethnic, linguistic, and religious diversity in cities and communities around the globe and have impacted the social, cultural, economic, and security aspects of local public policy and services. These changes demand local governments that are responsive, flexible, and globally aware in order to develop and build welcoming and inclusive communities for all residents, particularly newcomers. Public administrators and others in authority must be globally competent to successfully function in this new arena. They must possess the knowledge, skills, understanding, and the ability to take action to encourage inclusive civic and community engagement.

Global migration has greatly increased the cultural, ethnic, linguistic, and religious diversity in cities and communities throughout the world and has impacted the social, cultural, economic, and security aspects of local public policy and services. Since this transnational connectivity is increasing, and immigrant integration is a process that ultimately fails or succeeds at the community level, local governments in many countries are being forced to take a more proactive stance in developing and implementing their own policies of settlement and integration to promote welcoming and inclusive communities for all, particularly newcomers. Public administrators are being called upon to manage increasingly diverse communities, to provide leadership and direction to local elected officials and others in the community who may not fully appreciate the benefits this brings to the community, and to lead a staff that is becoming more diverse, with different needs and different expectations of their work. To successfully integrate appropriate policies, programs, and practices and build a welcoming community that considers these challenges and meets the needs of all residents, public administrators must be globally competent (Cities of Migration 2018a, b; Sabchev 2017; Tossutti 2012).

In addition to many obvious characteristics such as language, religion, and cuisine, immigrants' settlement and integration into new communities have distinctive social, economic, and educational characteristics (Edmonston 2016). As the level of government closest to the people, local governments most directly impact and are impacted by the lives, successes, and challenges of those who live in the community, including immigrants. Limited financial resources, long histories of homogenous resident population, and relatively isolated locations are obstacles many communities face when trying to meet the needs of increasingly diverse population. Diversity within communities creates additional challenges as a shared understanding of community culture and history often becomes diffuse as more and more of people "from away" populate the community. This can create tension between various groups, and the established population may not appreciate the benefits newcomers bring to the community. Local governments and public administrators are at the front lines in these communities and must develop inclusive public policy

and services that can lead to prosperity and inclusion for all residents.

To successfully manage these challenges, public administrators need the requisite knowledge to function in a diverse, multicultural environment. This goes beyond being culturally competent, which is concerned with an awareness and openness to difference. Globally competent public administrators are culturally aware and are open to difference but also understand the impact of globalization and other global scale events and can place these in the context of the local community. This knowledge allows administrators to see the benefits of diversity and cope with the realities and challenges diversity brings with it to promote inclusive policies and programs. This task is inherently complex because inclusion is a collaborative outcome reflected in all aspects of a municipality's work, including public services such as police and other emergency services, planning, parks and recreation, health services, education, public works, and public transportation, as well as nonprofit organizations and for profit private organizations (Cities of Migration 2012).

Belongingness – the psychological sense that one fits in and is accepted in an environment – is a fundamental need of newcomers and is associated with many positive outcomes, such as greater social cohesion, better employment opportunities, enhanced quality and equality, and greater health (Neufeld et al. 2016; Walton et al. 2012). Public administrators and community leaders have a critical role to play in encouraging a welcoming environment and countering the negative stereotypes often portrayed in the media as this can lead to an erosion of newcomers' sense of belonging and reinforce their marginalization and exclusion by treating newcomers as the scapegoat of larger societal problems rooted in economic globalization, global geopolitical crisis, and racism and discrimination (Bloemraad 2011; Sabchev 2017).

## Understanding What It Means to Be a Welcoming and Inclusive Community

Public administrators play a critical role in creating the conditions that allow for different groups to interact and build positive connections by creating an environment that is sensitive, aware, and open to difference, encourages cross-cultural interaction and communication, and leads to strong intergroup connections and attachments. Success in this role requires broad knowledge that goes beyond cultural understanding. It requires knowledge and understanding of newcomers, including their needs, desires, and wants.

Recognizing that the concept of a welcoming and inclusive community for newcomers is still emerging and gaps remain in reaching a consensus on a systemic approach, for this entry, a welcoming and inclusive community has the capacity to support the needs of newcomers; promotes intergroup cooperation, goal development, and inclusion of newcomers; has an awareness, sensitivity, and openness to different perspectives and points of view; provides support to external groups engaged with newcomers; and places a high value on cultural and global competence among elected officials, management, and staff.

## Public Administrators and Welcoming Communities

Leadership knowledge, engagement, and understanding are critical for building welcoming communities and helping newcomers to succeed and prosper in a new society or community. As national governments establish policy that rely on immigration as a source in increased population, local administrators must understand the impact this will have on the local community. They must understand that government and community services need to be more inclusive and promote equity and respect for difference. Policies and programs should be responsive to the diverse needs of the community. Globally competent administrators must be flexible and work with elected officials and other leaders to help them understand the importance of meeting the needs of all in the community. It is important that public administrators assist these leaders to increase their awareness and

understanding of newcomers' needs, experiences, and challenges to develop inclusive and culturally responsive policy and programs. Increasing the awareness of these elected officials to the growing diversity within the community is also an important step in generating stronger community engagement.

## Taking Action

Globally competent administrators who possess the knowledge and understanding of what it means to be a welcoming community are in a strong position to take positive and proactive action to promote inclusion and justice. They must develop culturally responsive policies, programs, and strategies for a population with diverse social, economic, cultural, and linguistic needs and expectations. This demand is particularly urgent in communities where the culture and population have been historically homogenous. Globally competent public administrators should consider the following strategies to build welcoming and inclusive communities:

1. Develop a strategic plan or action framework to build a coalition to enhance inclusion and equity in the community. This includes articulating a vision for a welcoming and inclusive community in all documentation and planning.
2. Identify building welcoming and inclusive community as a political imperative and desired management competency at all government levels.
3. Evaluate and report strengths and achievements at both the organizational and community levels.
4. Inspire and demand all governmental organizations to serve as a role model to other institutions by demonstrating a genuine commitment to minority communities.
5. Recruit culturally competent leaders and public administrators, and offer professional development to build staff's global awareness and cross-cultural understanding.
6. Implement policies, procedures, and strategies to improve cross-cultural learning and understanding.

## Developing a Shared Vision and Understanding Among Community Stakeholders

Policy initiatives related to building a welcoming community require collaboration and a shared vision by all governmental and community stakeholders (Tossutti 2012). Collaboration and a shared vision require agreement on key issues and problems. Public administrators should take the lead in building this vision. That can be challenging as leadership from different organizations may have different needs, priorities, and levels of awareness.

For governments, it means greater understanding of the needs of those arriving in a country, while nonprofit organizations need information to better inform the local community about the types of newcomers living in local communities as well as their unique needs, issues, and concerns. Misinformation and ethnic stereotyping may lead to a lack of accurate information on who they are and how they came to the community; what their hopes and challenges are; the contributions they make to the local economy, jobs, culture, and society; and accurate information about financial support and other services they receive from the government.

The articulation of the shared vision should be reflected in public policy, including municipal and council documentation and planning, and openly and publicly acknowledged as a commitment to support those who are working towards it. Procedures and strategies for promoting inclusion and equity and reducing racism and discrimination should be developed collaboratively and shared as a tool to inspire all community stakeholders and members to act.

Building a shared vision and understanding that is inclusive and equitable and involves long-lasting collaboration among diverse groups is critical to making newcomers feel welcome. For this to happen, public officials need to carefully frame issues in a way that builds inclusion for all stakeholders. Struggles around language, definitions, meanings, and competing agendas can break down collaboration and community engagement. Success can and should be achieved through a safe and inclusive process which includes communicating a vision of a just society for all, bridging difference, building

relationships, and facilitating a common understanding of language and approaches.

Bringing diverse groups together is a critical task of local government. Through shared experience comes shared understanding and a breakdown of walls and false assumptions about those who are different. Local community members may desire more opportunities for intercultural understanding and communication but are concerned with possibly offending newcomers due to a lack of cross-cultural communication skills. Public administrators have a responsibility to encourage opportunities that build those bridges of understanding. Clarifying these issues and providing better information should be a priority as it can help strengthen partnerships and develop a shared vision for a welcoming community for all.

## Strengthening Local Ownership and Community Partnerships

Engaging community stakeholders in building inclusive and welcoming communities is critical to achieve successful outcomes. Building welcoming and inclusive community needs to be an open and visible processes of community-wide visioning, planning, and discussion. Stakeholders in the private sector, such as restaurants, car dealers, pharmacies, grocery stores, banks, and real estate agencies, have a strong motivation and reach out to newcomers (who were both potential customers and employees) and could play a more active role in responding to newcomers' needs. However, stakeholders in the public sector often face greater challenges in creating a welcoming and inclusive environment for newcomers. Most organizations delivering public services such as policing, health services, legal services, and parental involvement in education struggle in interactions with newcomers due to linguistic and cultural differences.

## Reducing Language Barriers for Community Engagement

Language plays an important role in building welcoming and inclusive communities because it is not only an inalienable component of one's cultural identity but also the most important tool for economic/social/political engagement and empowerment (Wardhaugh and Fuller 2015). For newcomers, language is the first and probably most important factor excluding them from the society and community. To build inclusive communities for immigrants and refugees and increase cross-cultural understanding, public administrators should promote policies that address language barriers. To mitigate this issue, both the public and private sectors need to increase linguistic awareness and expertise, provide information and services in multiple languages, and celebrate linguistic diversity as a strength for living and working in a globally interconnected world.

## Rewarding Commitment and Celebrating Success

In addition to policy gaps and funding issues, systemic racism and discrimination are important factors for hindering political, social, cultural, linguistic, and economic equity in a new country. Successful efforts that reduce barriers, increase cross-cultural understanding, build relationships, and engage all members of the community should be recognized and rewarded. Public managers' global awareness and cultural competency is pivotal for developing culturally responsive public policy and services and should be fostered, developed, and rewarded (Longoria and Rangarajan 2015). Media, public education, and training for creating an inclusive environment and opportunities to build understanding, relationships, and trust among stakeholders are fundamental to sustain success and should be promoted and easily available to citizens. Through public pronouncements and financial and other supports, community stakeholders including the local government recognize and reward community efforts to help newcomers feel welcome.

## Conclusion

Global migration and geopolitical crisis are challenging the practices of local government and

public administration in democratic societies at an unprecedented level (Yilin et al. 2011). By sharing an enriched understanding of the existing issues related to inclusion, access, equity, racism, and discrimination, this entry aims to properly define the expanded role of public administrators in the context of the modern globalized world and share some innovative solutions to this multilayered and complex task that demands collaboration, resource allocation, innovation, and commitment. Building welcoming and inclusive communities for all involves creating a shared vision, building trusting relationships among stakeholders, learning from mistakes, and building capacity at both organizational and individual levels based on a deep understanding of the local, national, and global contexts. It also involves effective public policy and action plans that reflect successful experiences and practices.

## Cross-References

► Immigration Policy

## References

Bloemraad I (2011) The debate over multiculturalism: philosophy, politics, and policy, Washington, DC. Retrieved from: https://www.migrationpolicy.org/article/debate-over-multiculturalism-philosophy-politics-and-policy

Cities of Migration (2012) Good ideas from successful cities: municipal leadership on immigrant integration. The Maytree Foundation, Toronto

Cities of Migration (2018a). Retrieved from http://citiesofmigration.ca

Cities of Migration (2018b) Building inclusive cities: learning platform. Retrieved from http://citiesofmigration.ca/building-inclusive-cities/

Edmonston B (2016) Canada's immigration trends and patters. Can Stud Popul 43(1–2):78–116

Longoria T, Rangarajan N (2015) Measuring public manager cultural competence: the influence of public service values. J Public Manag Soc Policy 21(1):1

Neufeld KH, Matthes K, Moulden C, Friesen JP, Gaucher D (2016) Increasing newcomers' sense of belonging: evidence-based strategies from social psychology. Pathways to prosperity: Canada project. Retrieved from http://p2pcanada.ca/library/increasing-newcomers-sense-of-belonging-evidence-based-strategies-from-social-psychology/

Sabchev T (2017) Barcelona secrets: the intercultural approach to migration governance, Middelburg, the Netherlands. Retrieved from: http://citiesofrefuge.eu/news/barcelona-secrets-intercultural-approach-migration-governance

Tossutti LS (2012) Municipal roles in immigrant settlement, integration and cultural diversity. Can J Polit Sci 45(3):607–633. https://doi.org/10.1017/S000842391200073X

Walton GM, Cohen GL, Cwir D, Spencer SJ (2012) Mere belonging: the power of social connections. J Pers Soc Psychol 102(3):513

Wardhaugh R, Fuller JM (2015) An introduction to sociolinguistics. Wiley, New York

Yilin H, Anna Ya N, Ora-orn P, Kaifeng Y, Zhirong JZ (2011) The case for public administration with a global perspective. J Public Adm Res Theory 21(1):145–151. https://doi.org/10.1093/jopart/muq070

# Global Cyberspace Security and Critical Information Infrastructure Protection

Tuba Eldem
Department of Political Science and International Relations, Fenerbahçe University, Istanbul, Turkey

## Synonyms

Critical information infrastructure protection; Critical infrastructure; Cyber norms; Cybersecurity; Cyberspace; Cyberspace security

## Definitions

**Cyberspace:** Global domain within the information environment consisting of the interdependent network of information systems infrastructures including the Internet, telecommunications networks, computer systems, and embedded processors and controllers (NIST SP 800-53 Rev. 4). In addition to the physical infrastructures, cyberspace also comprises the virtual world or domain including non-physical elements, such as ideas and virtual realities.

**Cybersecurity:** The protection of information and communication technologies from

unauthorized access or attempted access (Finnemore and Hollis 2016)

**Cyberspace security:** Actions taken within protected cyberspace to prevent unauthorized access to, exploitation of, or damage to computers, electronic communications systems, and other information technology, including platform information technology, as well as the information contained therein, to ensure its availability, integrity, authentication, confidentiality, and nonrepudiation (JP 3-12; DOD Dictionary 2020).

**Critical infrastructure:** Systems and assets, whether physical or virtual, that are essential for the functioning of the society or economy of a nation

**Critical information infrastructure:** Interconnected information and communication infrastructures which are essential for the maintenance of vital societal functions (health, safety, security, economic, or social well-being of people), the disruption or destruction of which could have serious consequence (GFCE-MERIDIAN 2016)

## Introduction

Cybersecurity is a fairly new international issue. Two decades ago, it received little attention as an international problem and largely associated with the technical protection of computer systems. By the beginning of the 2020s, cybersecurity risks, such as breakdown of critical information infrastructure (e.g., Internet, satellites) and cyberattacks or malware against individuals and businesses, are considered among the top ten global risks (World Economic Forum 2020). Cybersecurity has become a global challenge, whether considered in economic, humanitarian, or national security terms. In economic terms, RiskIQ (2020) expects that by 2021 cybercrime will cost the world US$11.4 million each minute, whereas Cybersecurity Ventures (2020) predicts that cybercrime damages will reach US$6 trillion in 2021, what would be equivalent to the GDP of the world's third largest economy and more profitable than the global trade of all major illegal drugs combined. Data fraud or theft, which is within the list of top 10 long-term risks identified by the World Economic Forum, has also been increasing in scope. A total of 36 billion records were exposed in the first 9 months of 2020 making it the "worst year on record" (Risk Based Security 2020). The COVID-19 pandemic in 2020, impacting nations and significantly disrupting the work of companies and international organizations, has also accelerated the world's transition to an information and communication technology (ICT)-enabled lifestyle where commerce, education, work, and governmental functions have mostly moved online. This sharp increase in the use of digital services putting critical infrastructure and essential services – especially in the healthcare sector – under considerable stress highlighted the humanitarian costs of cybersecurity. Allegedly state-sponsored cyber-operations targeting critical infrastructures in Estonia in 2007, Georgia in 2008, Iran in 2010, Ukraine in 2015, and India in 2019 have on the other hand illustrated the national security stakes of cybersecurity.

This article, therefore, argues that despite the technical-functional nature of cybersecurity, twin imperatives of market economy and national security have always driven the national and international cyberspace security policy and contributed to the emergence of an international understanding that associates cyberspace security first and foremost with the protection of critical information infrastructures (CII). This article elaborates this argument in three sections. The first section reviews the manifold conceptualizations of cyberspace and cyberspace security underlining the broadening of the concept of cybersecurity from security of computer systems to the ability of an actor to protect itself from a variety of risks to and through cyberspace. The second section shows how economic imperatives have driven the protection of CII as a cooperative objective for the functioning of the global market economy, and the final section focuses on how national and transnational security imperatives have driven the emergence of a norm on preventing cyberattacks on CII.

## Global Cyberspace Security

The concept of cyberspace is the foundational element with regard to cybersecurity since it is a type of security that unfolds in and through cyberspace. Yet, there is still ambiguity and inconsistency in describing what constitutes cyberspace. The term, cyberspace, was introduced by William Gibson in his novel, *Neuromancer* (1984), to explain a fundamental transformation in human-machine relations facilitated by a massive interlinking web of computer networks. The prefix cyber refers to computer and electronic-centered technologies, and the concept of cyberspace refers to a "human-made domain for action that exists as a consequence of an interconnected and interdependent global communications and computing infrastructure" (Deibert and Rohozinski 2010, pp. 15–16). Thus, the concept of cyberspace includes the totality of the interdependent network of information technology infrastructures comprising not only Internet and Internet-connected devices but also the telecommunications networks, computer systems, and embedded processors and controllers as well as the virtual world or domain including non-physical elements, such as ideas and virtual realities.

A number of different conceptualizations have been offered to define cyberspace in terms of layers, such as the physical network, logical network, and cyber-persona layers used in US *Joint Publication 3-12 Cyberspace Operations* (US 2018, p. 3) or the physical, logical, and social layers of cyberspace used in the *Tallinn Manual* (Schmitt and NATO Cooperative Cyber Defence Centre of Excellence 2017, p. 12). The foundational layer of cyberspace is the physical infrastructure, which refers to the machines – such as the computers, routers, cables, servers, cellphone towers, and satellites – that establish the mechanical and electrical, magnetic, and optical lines of communication (Deibert et al. 2012, p. 5). It serves as the medium where the data travels including wired (e.g., land and undersea cable) and wireless (e.g., radio, radio-relay, cellular, satellite) transmission means (US Joint Publication, 2018, IV9). The logical or "code" layer of cyberspace (Ibid, p. 6) refers to the logical instructions and software that operate communications traffic, such as domain name system (DNS) and Internet service providers (ISP). It consists of the connections that exist between network devices, including applications, data, and protocols, that allow the exchange of data across the physical layer. The cyber-persona/social/ideational layer is the sphere through which videos, images, sounds, and texts circulate. It consists of individuals and groups engaged in cyber activities, and operations targeting this layer are often referred to as "strategic communications" or, in the military realm, as "information operations" (Ibid).

The concept of cybersecurity is both about the insecurity created by and through this new space and about the processes, policies, procedures, regulations, standards, software, and hardware to make it (more) secure. In a sense, cybersecurity is associated with a set of activities and measures, both technical and non-technical, intended to protect both the ICTs and the information therein from unauthorized access or attempted access. The International Telecommunication Union (ITU), for instance, defines cybersecurity as "the collection of tools, policies, security concepts, security safeguards, guidelines, risk management approaches, actions, training, best practices, assurance and technologies that can be used to protect the cyber environment and organization and user's assets" (2008, p. 2). Over the years, the term cybersecurity is, thus, broadened beyond narrow technical concerns, such as the details of encryption, firewalls, and anti-virus software to include a wider variety of policy issues related to cyberspace security, ranging from protection of ICTs against a sabotage (cyberwar) to cyber-espionage and from cybercrime to cyber-terrorism, and from online privacy and content regulation (Mueller 2010, pp. 79, Nye 2014). Scholars of international relations have begun considering cybersecurity as an essential dimension of national security defining it as a "state' s ability to protect itself and its institutions against threats in and through cyberspace, including espionage, sabotage, crime and fraud, identify theft, and other destructive e-interactions and e-transactions" (Choucri 2012, p. 39).

The term "critical information infrastructure" (CII), building on the concept of "critical infrastructure" (CI), appeared in the early 2000s within this context, to denote the interconnected information systems and networks forming together a CI akin to electricity, finance, transport, communication, water supply, and other CIs (Wenger et al. 2002). There is no universal definition of what constitutes a CII – various organizations have provided their own conceptualization, including among others the OECD (2008), according to which CIIs are "those interconnected information systems and networks, the disruption or destruction of which would have a serious impact on the health, safety, security, or economic well-being of citizens, or on the effective functioning of government or the economy" (p. 4), and the Council of the European Union (2008), according to which CIIs are "ICT systems that are critical infrastructures for themselves or that are essential for the operation of critical infrastructures including telecommunications, computers/software, Internet, satellites, etc." (p. 12). The concept has gained prominence because CIs, including industries such as energy, water, and finance, depend increasingly on the Internet, terrestrial and satellite wireless networks, and other cyber-physical systems and networks for a variety of information management, communications, and control functions. In this sense, CII may be viewed as the digitalization of the telecommunication infrastructure (Wenger et al. 2002, pp. 7-8) and upon which other critical infrastructures rely. However, the concept of CII includes not only the telecommunications sector but also the information systems and networks of the operators of other critical infrastructures, thus covering not just a specific sector but also the important components scattered across all other critical sectors. This symbiosis according to Deibert and Rohozinski (2010, p. 20), has triggered internationalization of CI protection initiatives, policy coordination, and legislation, or in Nye's words have given rise to a "regime complex" through a wide variety of regional and international regimes and sub-state communities of practice. This evolving community of practice, at the regional, inter-state, and global levels, can be seen in the cybersecurity initiatives of the Group of Eight (G8), the Organization for Economic Cooperation and Development (OECD), the Organization for Security and Cooperation in Europe (OSCE), and the United Nations (UN). The following sections overview the norm entrepreneurship role of these intergovernmental organizations. The analysis is twofold, focusing, first, on the economic stream at the G8, OECD, and the UN's Second Committee and then on the politico-military stream at the UN's First Committee, the UN Security Council, and the OSCE.



## Economic Imperatives and the Emergence of the Critical Information Infrastructure Protection as a Cooperative Objective

The critical information infrastructure protection (CIIP) emerged as a cooperative object for the functioning of the global market economy since the disruption to global information networks meant, first and foremost, disruption to global capital markets. Given that the disruption of global information networks can have direct impact on businesses and communities across the borders and that attacks on interconnected cyber networks can have cascading effects across industrial sectors and national borders, the international policies are first and foremost, are thus, designed to support and sustain a friction-free global communications environment in which digital economy and trade can continue to grow, data can be exchanged without corruption, and CIs can operate without substantial interruption or disruption (Deibert 2002; Deibert and Rohozinski 2010).

The Group of Eight (G8), an intergovernmental political forum involving France, Germany, Italy, Japan, the United Kingdom, the United States, Canada, and Russia, has played the leading role in the construction of the norm on CIIP to secure the smooth functioning of global market economy. Top-level experts from G8 member states, together with the major information infrastructure operators (e.g., France Telecom for France), met in Paris in March 2003 for the first

multilateral meeting devoted to defining common principles for the protection of vital CII. The G8 members observed that information infrastructures increasingly form an essential part of CI and adopted the following principles for CIIP (G8 2003):

1. Countries should have emergency warning networks regarding cyber-vulnerabilities, threats, and incidents.
2. Countries should raise awareness to facilitate stakeholders' understanding of the nature and extent of their critical information infrastructures and the role each must play in protecting them.
3. Countries should examine their infrastructures and identify interdependencies among them, thereby enhancing protection of such infrastructures.
4. Countries should promote partnerships among stakeholders, both public and private, to share and analyze critical infrastructure information in order to prevent, investigate, and respond to damage to or attacks on such infrastructures.
5. Countries should create and maintain crisis communication networks and test them to ensure that they will remain secure and stable in emergency situations.
6. Countries should ensure that data availability policies take into account the need to protect critical information infrastructures.
7. Countries should facilitate tracing attacks on critical information infrastructures and, where appropriate, the disclosure of tracing information to other countries.
8. Countries should conduct trainings and exercises to enhance their response capabilities and to test continuity and contingency plans in the event of an information infrastructure attack and should encourage stakeholders to engage in similar activities.
9. Countries should ensure that they have adequate substantive and procedural laws, such as those outlined in the Council of Europe Cybercrime Convention of 23 November 2001, and trained personnel to enable them to investigate and prosecute attacks on critical information infrastructures and to coordinate such investigations with other countries as appropriate.
10. Countries should engage in international cooperation, when appropriate, to secure critical information infrastructures, including by developing and coordinating emergency warning systems; sharing and analyzing information regarding vulnerabilities, threats, and incidents; and coordinating investigations of attacks on such infrastructures in accordance with domestic laws.
11. Countries should promote national and international research and development and encourage the application of security technologies that are certified according to international standards.

With the adoption of these principles, the G8 member states suggested that the emergence of a new "security culture," considers protection of CIIs as essential for the protection of Cis, therefore encouraging them to strengthen international co-operation. These principles of protecting CII were later adopted by the UN General Assembly (UNGA 2003) and by the OECD (2007). The UNGA's Second Committee, the Economic and Financial Committee, has played an important role in diffusing the norm on CIIP as a cooperative objective at the multilateral level. The Second Committee, through its 'Global Culture of Cyber-security' initiative, endorsed by a series of UNGA resolutions adopted in 2002, 2003, 2009, reflected a consensus of basic international principles on cybersecurity and initial signs of norm emergence around CIIP (UNGA 2002, 2003, 2009). The resolution on "Creation of a global culture of cybersecurity and the protection of critical information infrastructures" (58/199), prepared under the United States' leadership and co-sponsored by a total of 69 countries including China, but not Russia, was adopted in 2005. The resolution emphasized the link between CIs and CIIs and outlined what it considered as the key elements of CIIP in an annex. The annex based on the 2003 meeting of the G8 Ministers of Justice and Interior listed the following key elements for protecting CIIs:

1. Having emergency networks regarding cyber-vulnerabilities, threats, and incidents.
2. Examining information infrastructures and the interdependencies between them.
3. Promoting partnerships, including the sharing of information, between public and private stakeholders.
4. Having adequate substantive and procedural laws and trained personnel to enable effective investigations and prosecutions in response to attacks.
5. Engaging in international cooperation to secure critical information infrastructures.

Another UN Resolution (64/211) adopted in 2009 entitled "Creation of a global culture of cybersecurity and taking stock of national efforts to protect critical information infrastructures" invited member states to use the voluntary self-assessment tool for national efforts to protect critical information infrastructures and strengthen their cybersecurity (UNGA 2009). The self-assessment tool included the following headings: "taking stock of cybersecurity needs and strategies," "stakeholder roles and responsibilities," "policy processes and participation," "public-private cooperation," "incident management and recovery," "legal frameworks," and "developing a global culture of cybersecurity." The resolution was sponsored by the United States on behalf of 39 other countries. Russia and China did not co-sponsor this resolution. Yet, in 2015, the UN Group of Governmental Experts, in which both Russia and China were represented, agreed on a consensus report that said that "states should take appropriate measures to protect their critical infrastructure from ICT threats" taking into account the General Assembly resolution on "creation of a global culture of cybersecurity and the protection of critical information infrastructure" (UN GGE 2015, para. 13 g).

The Organization for Economic Cooperation and Development (OECD), an intergovernmental economic organization with 37 member states, has been actively involved in the cybersecurity domain since 2002 as part of their attempt to address the challenges and exploit the opportunities of globalizing world economy. The OECD published several influential white papers, including "Guidelines for the Security of Information Systems and Networks" (OECD 2002) and "Promotion of a Culture of Security for Information Systems and Networks" (OECD 2005). These guidelines have been followed by a report on "The Development of Policies for the Protection of Critical Information Infrastructures" (OECD 2007). The Report analyzes similarities and differences across countries in areas such as how the policies are developed, what they include, risk management practices, strategies to mitigate vulnerabilities and monitor threats, roles and responsibilities, cross-border cooperation, public-private cooperation, and information sharing at the international level. The next year, the OECD (2008) adopted the Recommendation on the Protection of Critical Information Infrastructures (called the "2008 CIIP Recommendation") largely based on the findings of a comparative analysis of policies in seven OECD countries in 2006–2007. As the first international legal instrument in this area, the 2008 CIIP Recommendation adopted on the proposal of the Committee on Digital Economy Policy, set out a high-level framework for the development of national strategies to protect CII and thereby played a key role in raising awareness about the issue. The 2008 CIIP Recommendation identifies the need for a national operational infrastructure security capability, a willingness and ability to share information to address cross-border issues, close cooperation with the relevant parts of the private sector, and a strong culture of security in the face of rapid technological growth and consequential social changes. The review of the 2008 CIIP Recommendation on the basis of the Recommendation on Digital Security Risk Management for Economic and Social Prosperity (OECD 2015) resulted in the Recommendation on Digital Security of Critical Activities (OECD 2019), which updates and replaces the 2008 CIIP Recommendation. The new Recommendation focuses on services, functions, or activities that are critical to the economy and society rather than on the information infrastructure assets that support these services. This evolution reflects a paradigm shift from a technical risk management approach to a "service approach," reminiscent of

the transition that occurred from the 2002 Security Guidelines to the 2015 Security Risk Recommendation. The most recent OECD Recommendation (2019), reflecting this transition, sets out a range of policy recommendations to ensure that policies targeting operators of critical activities focus on what is critical for the economy and society. These include the adoption of an overarching policy framework; promoting and building trust-based partnerships; and improving cooperation at the international level.

## National Defense Imperative and the Emergence of the Norm Prohibiting Cyber-operations Against the Critical Information Infrastructures

The need to tackle threats to CII has resurfaced as a national security imperative with the rise of allegedly state-sponsored cyber-operations targeting CIs in several countries, such as in Estonia in 2007, Georgia in 2008, and Iran in 2010. The North Atlantic Treaty Organization (NATO), shortly after the attacks in Estonia, established the Cooperative Cyber Defence Centre of Excellence in 2008 in Tallinn; defined the cyberspace as an operational domain equal to land, air, sea, and space at the Warsaw Summit of 2016; and engaged in developing a collective cyber-defense strategy including both offensive and defensive operations. The member states, in turn, have started to establish troops within their military structures that can fight cyberspace. It is estimated that approximately 140 countries have developed, or are developing, a capacity to wage cyber armed conflict. Eighty-six nations have already published National Cyber Security Strategies (NCSS) in which most of them employed a similar justification pointing to society's growing dependence on ICTs, the vulnerabilities that exist in these systems, and the steps that need to be taken to secure cyberspace to keep it functioning as the infrastructure of the global political economy and national security (Deibert and Rohozinski 2010). Many of the published NCSS identified the protection of CIs as a strategic objective and have shown their interests in international cooperation for the protection of CIs (Kaska and Trinberg 2015; Romaniuk and Manjikian 2021). Several states have explicitly mentioned ICT and communications among the services making up CIs, established new institutions or extended the mandate of existing ones to oversee CIIs, and developed teams of individuals that may respond in case of emergency, referred to as computer emergency response teams (CERTs) or computer security incident response teams (CSIRTs). These teams are often characterized by strong public-private partnerships (PPP) as many CIIs are in the hands of the private sector.

At the multilateral level, perhaps the most noteworthy developments have been taken place in the UNGA's First Committee, the Disarmament and International Security Committee, which can be regarded as a unique forum for key players such as the United States, China, and Russia to discuss the "high end" of information security threats. The First Committee focuses on the politico-military or cyberwar dimension of global cybersecurity since Russia's draft resolution on "Developments in the field of information and telecommunications in the context of security" in 1998 (Russian Federation 1998). The Russian-initiated focus on the use of ICT technologies that are inconsistent with the objectives of maintaining international stability and security was broadly supported and steered, 4 years later, to the authorization of the UN Group of Governmental Experts (UN GGE) "to consider existing and potential threats in the sphere of information security and possible cooperative measures to address them" (UNGA 2002). Six UN GGE have been created since then, and one of the few accomplishments of the UN GGEs was the agreement in 2015 on a set of eleven norms of responsible state behavior in cyberspace. These norms, subsequently supported in a UNGA resolution (70/237), encouraged states to be guided by the UN GGE Report in their use of ICTs (UNGA 2015). Prominent among these norms was one that prohibited cyber-attacks against CI on which the public depends. The consensus report of a UN GGE (2015) stated that "a state should not conduct or knowingly support ICT activity contrary to its obligations under international law that

intentionally damages critical infrastructure or otherwise impairs the use and operation of critical infrastructure to provide services to the public" (para.13f). A further major restraint norm was set out to the effect that "states should not conduct or knowingly support activity to harm the information systems of another state's CERTs and should not use their own teams for malicious international activity" (para. 13 k). The report also requires states to "respond to appropriate requests for assistance by other states whose critical infrastructure is subject to malicious ICT acts" and to "respond to appropriate requests to mitigate malicious ICT activity aimed at another State's critical infrastructure emanating from their territory" (para. 13 h). These measures establish obligations under international humanitarian law not to target crucial infrastructure for the public and recognize a kind of a "protective status" for the CERTs similar to that given to medical personnel and facilities under international humanitarian law.

These norms recommended by UN GGE in 2015 were also supported or approved by other international organizations, including the G7 (2016), G20 (2015), the OSCE (2016a), and the Association of Southeast Asian Nations (ASEAN 2017), and supported by multi-stakeholder initiatives, such as the Paris Call for Trust and Security in Cyberspace (2018) and the Global Commission on the Stability of Cyberspace (GCSC 2018, 2019). The GCSC (2018), building on GGE's norm to protect CI, proposed a norm to protect the public core of the Internet, which refers to such critical elements of the Internet infrastructure as packet routing and forwarding, naming and numbering systems (the DNS), the cryptographic mechanisms of security and identity, transmission media, software, and data centers. The proposed norm gathered strong support from civil society, and many liberal democracies participated in the meetings of the UN's Open-Ended Working Group (OEWG) on developments in the field of information and telecommunications in the context of international security (2019–2020).

The UN Security Council (UNSC) has been dealing with CI issues within the context of cyber-terrorism and hybrid-wars. The UNSC was briefed on the use of ICTs and international security for the first time in 2016 through an "Arria formula" meeting which involved the participation of representatives from governments, regional organizations, the private sector, and civil society (What's in Blue 2016). In the meeting, the potential of state use of ICTs in fueling political or military tensions and the importance of the protection of ICT-dependent CI were considered. In 2007, a second Arria formula meeting was organized on the issue of "hybrid wars as a threat to international peace and security" focusing on the changing character of warfare driven by the "increasing use of new technologies and strategies" (What's in Blue 2017). The same year, the UNSC (2017) adopted resolution 2341 on the protection of CI against terrorist attacks, which recognizes cybersecurity as an important element of protection. In 2018, the UN Security Council Counter-Terrorism Committee Executive Directorate (UN CTED) conducted significant work in cooperation with INTERPOL and the UN Office of Counter-Terrorism, on protecting CI against terrorist attacks – including the publication of the Compendium of Good Practices on the Protection of Critical Infrastructures Against Terrorist Attacks (UN CTED and UN OCT 2018). The UN CTED (2020) launched and supported the project Tech Against Terrorism to help the global tech industry protect itself from terrorist exploitation of CIs.

The OSCE, the world's largest security-oriented intergovernmental organization with 57 participating states, deals with cybersecurity issues in relation to counter-terrorism and cybercrime. The process of integrating aspects of ICT and terrorism into the organization's activities started with the adoption of the OSCE Charter on preventing and combating terrorism (2004) that includes paragraphs on the prevention of media and information technology abuse for terrorist purposes. The OSCE Monaco Declaration ( 2012) called for the OSCE to "organize an exchange of views and best practice on confidence- and security-building measures, including in the area of cyber security and counter-terrorism, with a view to exploring the possibility of building new OSCE commitments." In 2012, the Permanent Council of the OSCE

established a cross-dimensional OSCE Working Group. A first set of 11 confidence-building measures (CBMs) to reduce the risks of conflict stemming from the use of ICTs was adopted by the Permanent Council Decision No. 1106 (OSCE 2013). In March 2016, participating states agreed on an additional five CBMs addressing, among other issues, joint efforts to effectively mitigate cyber-attacks on critical infrastructure that could affect more than one participating state. Concerning the CIIP, the members of the OECD agreed in March 2016 to "develop shared responses, including crisis management procedures," "adopt voluntary national arrangements to classify ICT incidents in terms of the scale and seriousness of the incident," "share national views of categories of ICT-enabled infrastructure that OSCE participating states consider critical," "improve the security of national and transnational ICT-enabled critical infrastructure including their integrity," and "raise awareness about protecting industrial control systems" (OSCE 2016a). Most recently, the decision on OSCE efforts related to reducing the risks of conflict stemming from the use of ICTs adopted at the 23rd Ministerial Council in Hamburg in December 2016 has provided further guidance to future activities in this field (OSCE 2016b). These measures focused on further enhancing cooperation between participating states, to effectively mitigate cyber-attacks on CI that could affect more than one participating state. The 2017 OSCE Chairmanship under Austria continued efforts of previous chairmanships to foster the protection of critical infrastructure as a key concern of national security, by organizing a conference to take stock of potential cyber threats to critical infrastructure and their consequences, and to explore how public-private partnerships in critical infrastructures can deal with potential cyber threats. The discussions brought together representatives of the OSCE's 57 participating states, the OSCE's Partners for Co-operation, policy-makers, and business executives, as well as experts, in Vienna and indicated a consensus that effectively protecting critical infrastructure from cyber threats must be a priority for international efforts to enhance cyber stability between states (OSCE 2017).

## Conclusion

Securing cyberspace has become one of the major global policy areas of the twenty-first century. Both states and other stakeholders have sought to increase stability for cyberspace by creating a new ecosystem of "cyber norm" processes in diverse fora and formats. This article focusing on the efforts of four intergovernmental organizations showed that the political economy and national security imperatives of critical infrastructure have always informed international cybersecurity norm processes and policies. The article showed that there is a growing international consensus on cyberspace as vital to economics and national security, a steady internationalization of critical infrastructure protection initiatives, policy coordination, and legislation and an emerging norm on CIIP. The article focused first on how the economic imperatives have initially driven the logic behind the protection of CIIs as a cooperative objective for maintaining global political economy by examining the multilateral efforts in the G8, UN's Second Committee, and the OECD. This section showed that international efforts to secure interconnected information systems and networks aimed first to support a friction-free global communications environment in which digital economy and trade can flourish and critical infrastructures can operate without significant downtime or disruption. It has also underlined the recent paradigm shift in international CIIP from the protection of information systems and networks (i.e., the information infrastructures or assets) to the economic and social activities (i.e., the services or functions) that rely on them. The article then, focusing on the national and transnational security dimension of CIIP, argued that emerging norm around CIIP can be seen most clearly in the limits that shape states' offensive operations in cyberspace. While this article has only been able to offer a somewhat limited account of the activities of the international actors in this area, it nevertheless has showed important achievements in the work of the range of organizations, agencies, and bodies of the UN and the OSCE and in the number of resolutions and decisions adopted by both organizations. The

analysis of those multilateral efforts shows not only a growing recognition of the mutual interdependence generated by cyberspace but also the emergence of an international norm prioritizing the CIIP and prohibiting cyber-attacks against critical infrastructure on which the public depends. Although protection of national CIIs is obviously first priority among states worldwide, there is a growing "community of practice" in the area of critical infrastructure protection that is spreading internationally and a growing acknowledgment that cyberspace cannot truly be secured unilaterally.

## Cross-References


- ▶ Critical Infrastructure and Crisis Management
- ▶ Cybersecurity as Social Policy
- ▶ Cyberspace and Crisis Management


## References


ASEAN (2017) Preserving and enhancing international cyber stability: regional realities and approaches in ASEAN report of the 2nd international security cyber workshop series, Singapore, September 20–21. https://unidir.org/files/publications/pdfs/preserving-and-enhancing-international-cyber-stability-regional-realities-and-approaches-in-asean-en-778.pdf

Choucri N (2012) Cyberpolitics in international relations. Cambridge MA: MIT Press

Cybersecurity Ventures (2020) Official annual cybercrime report. https://cybersecurityventures.com/annual-cybercrime-report-2020/

Deibert RJ (2002) Circuits of power: security in the internet environment. In: Rosenau JN, Singh JP (eds) Information technologies and global politics: the changing scope of power and governance. State University of New York, Albany

Deibert RJ, Rohozinski R (2010) Risking security: policies and paradoxes of cyberspace security. Int Political Sociol 4(1):15–32. https://doi.org/10.1111/j.1749-5687.2009.00088.x

Deibert RJ, Rohoinski R, Crete-Nishihata M (2012) Cyclones in cyberspace: information shaping and Denial in the 2008 Russia–Georgia war. Secur Dialogue 43(1):3–24. https://doi.org/10.1177/0967010611431079

Finnemore M, Hollis DB (2016) Constructing norms for global cybersecurity. Am J Int Law 110(3):425–479

G20 (Group of 20) (2015) Leaders' Communiqué Antalya summit, November 15–16. http://www.g20.utoronto.ca/2015/151116-communique.html

G7 (Group of 7) (2016) Principles and actions on cyber. https://www.mofa.go.jp/files/000160279.pdf

G8 (2003) Principles for protecting critical information infrastructures. http://www.cybersecuritycooperation.org/documents/G8_CIIP_Principles.pd

Gibson W (1984) Neuromancer. Ace Science Fiction Books, New York

ITU (2008, April 18) X.1205: overview of cybersecurity. https://www.itu.int/rec/T-REC-X.1205-200804-I

Kaska K, Trinberg L (2015) Regulating cross-border dependencies of critical information infrastructure. The NATO Cooperative Cyber Defence Centre of Excellence, Tallinn. https://ccdcoe.org/uploads/2018/10/CII_dependencies_2015.pdf

Mueller ML (2010) Networks and states: the global politics of internet governance. MIT Press, Cambridge, MA

NIST Special Publication (2015) 800-53 (Rev. 4) Security and Privacy Controls for Federal Information Systems and Organizations. https://nvd.nist.gov/800-53

Nye JS (2014) The Regime complex for managing global cyber activities. Global Commission on Internet Governance paper series. https://www.cigionline.org/publications/regime-complex-managing-global-cyber-activities

OECD (2002) Guidelines for the security of information systems and networks towards a culture of security. http://www.oecd.org/sti/ieconomy/15582260.pdf

OECD (2005) Promotion of a culture of security for information systems and networks, DSTI/ICCP/REG(2005)1/FINAL. http://www.oecd.org/digital/ieconomy/35884541.pdf

OECD (2007) The development of policies for the protection of critical information infrastructures, DSTI/ICCP/REG(2007)20/FINAL. http://www.oecd.org/sti/40761118.pdf

OECD (2008) Recommendation of the council on the protection of critical information infrastructures (C(2008)35) [OECD/LEGAL/0361]. http://www.oecd.org/sti/40825404.pdf

OECD (2015) Digital security risk management for economic and social prosperity: OECD recommendation and companion document. OECD Publishing, Paris. https://doi.org/10.1787/9789264245471-en

OECD (2019) Recommendation of the council on digital security of critical activities, OECD/LEGAL/0456. https://www.oecd.org/sti/ieconomy/recommendation-on-digital-security-of-critical-activities.htm

OSCE (2012) Monaco declaration and resolutions adopted by the OSCE parliamentary assembly at the twenty-first annual session. https://www.oscepa.org/documents/all-documents/annual-sessions/2012-monaco/declaration-1/1258-2012-monaco-declaration-eng/file

OSCE (2013) Permanent council decision no. 1106, initial set of OSCE confidence-building measures to reduce the risks of conflict stemming from the use of information and communication technologies. https://www.osce.org/files/f/documents/d/1/109168.pdf

OSCE (2016a) Permanent council decision no. 1202, OSCE confidence-building measures to reduce the

risks of conflict stemming from the use of information and communication technologies. https://www.osce.org/pc/227281?download=true

OSCE (2016b) Ministerial council decision no. 5/16 – OSCE efforts related to reducing the risks of conflict stemming from the use of information and communication technologies. https://www.osce.org/files/f/documents/2/8/288086.pdf

OSCE (2017) Cyber security for critical infrastructure: strengthening confidence building in the OSCE – conference of the Austrian OSCE Chairmanship 15 February 2017, Vienna. https://www2.osce.org/files/f/documents/5/1/298281.pdf

Paris Call for Trust and Security in Cyberspace, 12 November 2018. https://www.diplomatie. gouv.fr/IMG/pdf/paris_call_text_-_en_cle06f918.pdf

Risk Based Security (2020) Data breach 2020 Q3 report. https://pages.riskbasedsecurity.com/hubfs/Reports/2020/2020%20Q3%20Data%20Breach%20QuickView%20Report.pdf

RiskIQ (2020) The 2020 evil internet minute. https://www.riskiq.com/resources/infographic/evil-internet-minute-2020/

Romaniuk SN, Manjikian M (eds) (2021) Routledge companion to global cyber-security strategy. Routledge, New York. ISBN 9780367024239

Russian Federation (1998) Developments in the field of information and telecommunications in the context of international security: revised draft resolution, A/C.1/53/L.17/Rev.1. https://digitallibrary.un.org/record/263069

Schmitt MN, NATO Cooperative Cyber Defence Centre of Excellence (2017) Tallinn manual 2.0 on the international law applicable to cyber warfare. Cambridge University Press, New York

The Council of the European Union (2008) Council directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection. Off J L 345(23):12

The GFCE-MERIDIAN (2016) Good practice guide on critical information infrastructure protection for governmental policy-makers. https://www.meridianprocess.org/siteassets/meridian/gfce-meridian-gpg-to-ciip.pdf

The Global Commission on the Stability of Cyberspace (GCSC) (2018) Norm package Singapore, November 2018. Hague, https://cyberstability.org/wp-content/uploads/2018/11/GCSC-Singapore-Norm-Package-3MB.pdf

The Global Commission on the Stability of Cyberspace (GCSC) (2019) Advancing cyberstability final report, November. https://cyberstability.org/report/#6-norms

UN CTED (2020) Tech against terrorism. https://www.techagainstterrorism.org/. Erişim Tarihi: 15 Ekim 2020

UN CTED and UN OCT (2018) The protection of critical infrastructures against terrorist attacks: compendium of good practices. https://www.un.org/sc/ctc/wp-content/uploads/2018/06/Compendium-CIP-final-version-120618_new_fonts_18_june_2018_optimized.pdf. Erişim Tarihi: 12 Ekim 2020

UN GGE (2015) Group of governmental experts on developments in the field of information and telecommunications in the context of international security, A/70/174, 22 July 2015. https://undocs.org/A/70/174

UNSC (2017). Resolution 2341 [on threats to international peace and security caused by terrorist acts], (13 February 2017), S/RES/2341 (2017), https://undocs.org/S/RES/2341(2017)

UNGA (2002) Resolution 56/19, developments in the field of information and telecommunications in the context of international security, A/RES/56/19. https://undocs.org/A/RES/56/19

UNGA (2003) Resolution 58/199 [on the report of the Second Committee (A/58/481/Add.2)]. Creation of a global culture of cybersecurity and the protection of critical information infrastructures, (23 December 2003), A/RES/58/199. https://undocs.org/en/A/RES/58/199

UNGA (2005) Resolution 60/45 "Developments in the field of information and telecommunications in the context of international security" (8 December 2005) [on the report of the First Committee (A/60/452)], A/RES/60/45, https://undocs.org/A/RES/60/45

UNGA (2009) Resolution 64/211 [on the report of the Second Committee (A/64/422/Add.3)] Creation of a global culture of cybersecurity and taking stock of national efforts to protect critical information infrastructures, (21 December 2009), A/RES/64/211. https://undocs.org/A/RES/64/211

UNGA (2015) Resolution 70/237 [on the report of the First Committee (A/70/455)] Developments in the field of information and telecommunications in the context of international security, (30 December 2015), A/RES/70/237 https://daccess-ods.un.org/TMP/8357771.63505554.html

US (2018) United States Government US Army joint publication JP 3-12 cyberspace operations June 2018. CreateSpace Independent Publishing Platform, North Charleston. https://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/jp3_12.pdf

Wenger A, Metzger J, Dunn M (2002) International CIIP handbook. An inventory of protection policies in eight countries: critical information infrastructure protection. ETH Zurich. www.css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/CIIP_Handbook_2002.pdf

*What's in Blue*, Open Arria-formula meeting on cyber security (28 November 2016). http://www.whatsinblue.org/2016/11/open-arria-formula-meeting-on-cybersecurity.php. Erişim Tarihi: 20 Eylül 2020

*What's in Blue,* Arria-formula meeting on hybrid wars (30 March 2017). http://www.whatsinblue.org/2017/03/arria-formula-meeting-on-hybrid-wars.php. Erişim Tarihi: 20 Eylül 2020

World Economic Forum (2020) The global risk report 2020. https://www.weforum.org/reports/the-global-risks-report-2020

# Global Economic Governance

Hongsong Liu
School of International Relations and Public Affairs, Shanghai International Studies University, Shanghai, China

## Synonyms

Global finance; International economic governance; International trade

## Definitions

*Global Economic Governance* can be defined as the international rule-based framework through which economic actors seek to resolve collective action problems and promote cross-border coordination and cooperation in the provision or exchange of goods, money, services, and technical expertise in defined issue areas of the world economy.

## Introduction

Global governance is characterized with states' and nonstate actors' governance activities without global government. It involves the provision of government-like services – in particular the supply of public goods – at the international level. In the absence of global government, it is hard to effectively solve global problems in various issue areas. Yet calls for greater global governance have in fact been associated with an impressive series of attempts to provide government-like services at the global level (Frieden 2012: 1). Accordingly, global economic governance involves the provision of public goods in the global economy. It can be defined as the international rule-based framework through which economic actors seek to resolve collective action problems and promote cross-border coordination and cooperation in the provision or exchange of goods, money, services, and technical expertise in defined issue areas of the world economy (Moschella and Weaver 2014: 4).

## The Architecture of Global Economic Governance

Global economic governance has become more complex over the past 20 years. The range of issues that require global coordination include not only traditional issues like trade and monetary affairs but also topics which were once viewed as falling exclusively within a state's domestic jurisdiction, such as banking regulation, inclusive green growth, youth employment, and domestic resource mobilization.

International organizations have been identified as focal points though which member states can negotiate the terms on which global governance takes place. While no longer limited to intergovernmental forums, international organizations such as World Trade Organizations (WTO), International Monetary Fund (IMF), and World Bank remain premier venues of global governance in which international rules are elaborated, decisions are made, and agreements are enforced. The liberalism of the current order is reflected in institutional anchors such as the trade liberalization rules of the WTO, the commitment to capital mobility of the IMF, and economic policy advice favoring market coordination and privatized development (the "Washington Consensus"). International organizations therefore serve as important thermometers for the broader politics of global governance (Stephan 2014: 915).

Following World War II, the primary actors in global economic governance were the Bretton Woods institutions including the IMF, the World Bank, the General Agreement on Tariffs and Trade, and its successor – the WTO. Over the following decades, the number of key actors in global economic governance grew to include the Group of Seven/Group of eight (G7/G8) and international standard-setting bodies in global financial regulation (Bradlow 2013: 973–974). An important characteristic of the Bretton Woods system was that the IMF, the formal

international organization charged with promoting international monetary cooperation, did not evolve into the central forum for financial regulatory cooperation. Instead, starting in the 1970s, financial regulators from major markets approached counterparts in other countries to manage the policy challenges of the nascent globalization of finance. Well-resourced agencies – e.g., the Federal Reserve, the Bank of England, and the Securities and Exchange Commission (SEC) – led the way in constructing the web of forums including the Basel Committee on Banking supervision (BCBS), the International Organization of Securities Commissions, the International Association of Insurance Supervisors, and the International Accounting Standards Board (IASB) (Brummer 2012; Davies and Green 2008; Porter 2005).

## The Emergence of the G20 as a Premier Forum in Global Economic Governance

Prior to 2008, the overall manager of the global economy was the G7/G8. In 1999, in the wake of the Asian Financial Crisis, the G7/G8 recognized that it could not manage the crisis on its own, and its leading members invited the ministers of finance from a select group of countries and the European Union to meet. In a couple of months, Asian Financial Crisis spread from Thailand to Indonesia and South Korea. Even the USA was involved in this crisis in August 1998, which led to the bankrupt of the US Long-Term Capital Management Corporation. As a consequence, the G7/G8 members were aware that there were not able to maintain the stability of global financial system on their own in the era of economic globalization. Moreover, it amounted to a public acknowledgement that the G7/G8 was no longer capable of managing the global economy and needed to share the responsibility with a broader group of countries (Bradlow 2013: 976).

Therefore, they decided to dialogue with emerging market economies on equal footing, resulting in the formation of G20 Ministers of Finance and Central Bank Governors. On 15–16 December 1999, Ministers of Finance and Central Bank Governors of 19 systematically important countries in the international economic system and the EU met to take part in the first G20 meeting in Berlin, leading to the formation of the G20. In 2008, a major global financial crisis erupted in the Wall Street in the USA. In only a few months, the crisis diffused from financial sectors to real economy and spread to other major economies around the world. The G7/G8 was not able to respond to the crisis in an effective way. The limited scope of the G8 members ruled out the participation of emerging powers, which could play a major role in solving this global problem collaboratively. Against this background, the G7/G8 members decided to upgrade the G20 from the ministerial level to the summit level. On 14–15 November 2008, the G20 leaders gathered to discuss the management of global financial crisis and global economic governance in Washington and were "determined to work together to restore global growth and achieve needed reforms in the world's financial systems." This led to the formal birth of the G20 summit.

With the rapid growth of the emerging powers' economy, the global economic system is significantly influenced by the views, interests, and requirements of these powers. It is clear that the problems of global imbalances, economic recession and recovery, and financial system reform cannot be solved without involving emerging market economies. It has been fortunate that the G20 emerged as a premier forum, and this could be the most profound evolution in global economic governance over the last couple of decades. It represents the first adaptation of the global governance structure to reflect dramatic changes in the distribution of power since the end of the Cold War. It is also the only forum in which major established and emerging players meet in a setting of formal equality. As the global economy was besieged in crisis, it is important to ensure the sustainability of the current system and avoid its collapse. This should include efforts to reform the IMF to make it a more effective institution for

bilateral and multilateral surveillance and as an international lender of last resort. The success on both front crucially depends on the effectiveness of global economic governance and the role of the G20 which emerges as a premier forum for international economic cooperation in the aftermath of global financial crisis (Cho 2012: 12). As Patrick says, "the G20 has the potential to shake up the geopolitical order, introducing greater flexibility into global diplomacy and transcending the stultifying bloc politics that have too often hamstrung cooperation on global governance in formal, treaty-based institutions, including the United Nations" (Patrick 2012).

## The Legitimacy of the G20: Challenges Ahead

In contrast to the G7/G8 membership, the G20 includes all the systematically important counties such as the largest emerging economies of China, India, and Brazil. Therefore, legitimacy and representativeness may not be an important hurdle for the G20 to function as a global governance forum. There is no clear reason why those 20 particular leaders should sit around the table, but any other selection would face similar questions. The G20 seems to be a reasonable grouping as it is balanced between advanced and emerging economies, and regionally.

Although the representativeness of the G20 is much higher than that of the G7/G8, many middle and small powers criticize the G20 for its lack of representativeness. They demanded for more representativeness while recognizing the role of the G20 in global economic governance. Facing the criticisms of those middle and small powers, the G20 justified its legitimacy on the ground that the legitimacy of the G20 is attributable to its economic power and the broad scope of its membership as well as its strength in managing global economy. Nevertheless, this justification has not given a satisfactory answer to the question of how the nonmembers are represented in the G20. As it is the major concern of the middle and small powers, the G20's justification has not relieved its pressure resulting from the lack of legitimacy.

The G20 plays a leadership role in global economic governance primarily by converging the members' different preferences into a single political consensus (as far as possible). Although international agreements reached in the G20 summits are not legally binding, they matter precisely because they reflect the political consensus of the members. In the ensuing actions, some international organizations may put the political consensus into practice and implement the international agreement reached in the G20 summits. These international organizations include the IMF, World Bank, WTO, UN, the International Labor Organization (ILO), the Financial Stability Board (FSB), and the Organization for Economic Cooperation and Development (OECD). If the international agreements were implemented, global economic governance would be reformed in the direction set by the G20. In the process of implementing the G20 agreements, nonmembers' disagreement with the legitimacy of the G20 would result in their noncooperative attitudes, thus exerting negative impact on the effectiveness of the G20.

A high level of legitimacy is helpful for the effectiveness of an international institution. Conversely, a high level of effectiveness can help to improve members' and nonmembers' identification with the legitimacy of an international institution. Actors' loyalty for a particular institution is partly attributable to the actual and predictable welfare the institution generates. Furthermore, the fact that the actors have not found and expected to find a more efficient alternative institution would contribute to reinforcing the legitimacy of the institution (Reus-Smit 2007). The G20 performed well in responding to the global financial crisis and played a significant role in solving the collective action problem when coordinating the members' macroeconomic policies (Buekley 2014; Callaghan et al. 2014). This could help the members and nonmembers form a positive expectation of the G20's welfare-improving effect and therefore make them more confident in the G20, leading to the members'

and nonmembers' increased identification with the legitimacy of the G20. To some extent, this reduced the legitimacy pressure facing the G20.

Having fulfilled the tasking of managing the global financial crisis, the G20 is evolving from an improvised crisis management institution to a steering committee in global economic governance. It is evident that while the G20 leaders discussed the issues of macroeconomic coordination, international financial market regulation, international financial institutions reform, and international monetary system reform which focus on managing the global financial crisis in the first three summits, the issues less relevant to the crisis management, such as development aid, energy security, food security, and commodity price volatility, were included in the agenda from the G20 Toronto summit taking place in June 2010 onward. The proliferation of the issues discussed in the G20 along with the weakening disciplinary effect of the global financial crisis would exert a negative impact on the effectiveness of the G20.

The disciplinary effect stemmed from the strong sense of urgency of the G20 members facing the crisis. When the G20 members responded to the crisis collectively, the strong sense of urgency prompted them to reach political consensus and coordinate their policies. After the crisis became less urgent, the weakening disciplinary effect made it hard for the G20 members to reach political consensus. As such, in the process of transforming from an improvised crisis management institution to a steering committee, the G20 is no longer able to employ the disciplinary effect of the crisis to facilitate the formation of the political consensus and the convergence of the members' different preferences. This would damage the effectiveness of the G20.

In addition, the proliferation of the issues discussed in the G20 reduced the members' compliance pressure, which would further damage the effectiveness of the G20. Although the G20 members do not have legally binding obligation in complying with their commitments, there are institutional arrangements designed to ensure a relatively high level of compliance. In an attempt to facilitate the members' compliance with their commitments, the G20 has established a procedure of peer review, in which the G20 leaders can review other members' level of compliance. The G20 members showing less compliance with their commitments would face a situation of naming and shaming, thus putting compliance pressure on them.

Due to the proliferation of the issues discussed in the G20, the number of commitments on the leaders' table increased substantially. For this reason, it is hard for the G20 leaders to conduct the work of peer review well in limited time. Furthermore, as the G20 leaders have to rely on relevant expertise to review other members' level of compliance, the proliferation of the issues enlarges the gap between the leaders' expertise in hand and the required one, which inevitably reduces the quality of peer review. Because of the decreased quality of peer review, even if a G20 member receives a negative review result, it is very hard for other members to use the tactic of naming and shaming convincingly. As a result, the peer review procedure puts less compliance pressure on the G20 members. Given that the peer review procedure cannot put sufficient compliance pressure on the G20 members, it has been not able to perform well in facilitating the members' compliance with their commitments. Hence, the G20 is becoming less effective in solving various problems in global economic governance.

The above analysis suggests that the G20 is becoming less effective than that in hard time. It implies that it is hard for the G20 to rely on a high level of effectiveness to reduce its pressure resulting from the lack of legitimacy and that the G20 has to improve its legitimacy by other means. Although the G20 is in need of improving its legitimacy by reforming itself, the reform could not be conducted at the expense of damaging its effectiveness. There are two reform measures through which the G20 can improve its legitimacy while not damaging its effectiveness. The first reform measure is to strengthen the peer review procedure in the G20 ministerial meetings. The

second reform measure is to institutionalize the linkage between the members and nonmembers.

Due to the limited time and the G20 leaders' limited expertise, the peer review procedure in the G20 summits is not able to put sufficient compliance pressure on the members after the G20 evolved from an improvised crisis management institution to a steering committee. In order to solve this problem, the G20 needs to conduct peer review for the members' compliance with their commitments in the ministerial meetings. On the one hand, as the issues discussed in the G20 ministerial meetings focus on specific policy fields, the G20 ministers have more time to review other members' compliance in these fields. On the other hand, the G20 ministers have relatively sufficient expertise and management experiences in the policy fields they are responsible for, thus ensuring the quality of peer review. As such, the G20 can conduct peer review in the ministerial meetings to put more compliance pressure on the members. Having covered the policy fields of finance, energy, development, labor, and employment, the G20 ministerial meetings can facilitate the member's compliance in these fields by conducting peer review. In addition, the G20 needs to hold ministerial meetings in other policy fields and conduct peer review in the newly held ministerial meetings, thus broadening the scope of compliance pressure put by the peer review procedure in the same pace as the issues discussed in the G20 are proliferating. By strengthening the peer review procedure in the G20 ministerial meetings, the G20 in transition can maintain a high level of effectiveness and therefore continue to use its effectiveness to reduce the pressure resulting from the lack of legitimacy.

For an informal international institution like the G7/G8 and the G20, accepting more members is not the sole way to improve its representativeness. The G7/G8 has sought to establish dialogue mechanism with large developing countries. In 2007 G7/G8 summit, this dialogue mechanism was set up as the Heiligendamm process. Like the G7/G8, the G20 has adopted the strategy of institutionalizing the linkage between the members and non-members to improve its representativeness. Some non-members were invited to attend the G20 summits for the purpose of making their voice heard. Also, the G20 has attempted to improve its representativeness by letting the members express concerns on behalf of the non-members in their regions. For instance, some G20 members participated in the outreach program to realize proxy representation, discussing with the non-members in their regions regularly. Australia is one of the participants of the outreach program. The Australian government expressed its willingness to hold outreach meetings with its neighbors for the purpose of ensuring that the decisions in the G20 reflect the interests of its region. Although these measures provided the non-members with opportunities of being represented in the G20, the linkage between the members and non-members remains less institutionalized. A higher level of representativeness requires that the G20 should institutionalize the linkage between them. The G20 can set up a dialogue mechanism between the members and some key non-members like the Heiligendamm process. In doing so, the legitimacy of the G20 can be improved while not damaging its effectiveness.

## Conclusion

In the aftermath of the global financial crisis in 2008, the G20 emerged as a primier forum in global economic governance. Because of the lack of representativeness, the legitimacy of the G20 was questioned by many non-members. The lack of legitimacy exerted negative impact on the effectiveness of the G20. For the G20 aimed at effective governance, this negative impact is not negligible.

The impressive performance of the G20 in managing the global financial crisis reduced its pressure resulting from the lack of legitimacy. When the G20 is evolving from an improvise crisis management institution to a steering committee in global economic governance, however, it is hard for the G20 to maintain a high level of

effectiveness due to the weakening disciplinary effect of the crisis and the proliferation of the issues discussed in the G20 (Cooper 2010). This made it hard for the G20 to take advantage of a high level of effectiveness to reduce its legitimacy pressure. In order to improve its legitimacy, the G20 needs to strengthen the peer review procedure in the ministerial meetings and institutionalize the linkage between the members and nonmembers. If the G20 was successfully carried out toward the direction of improving its legitimacy, it would become a real steering committee in global economic governance.

## References

Bradlow DD (2013) A framework for assessing global economic governance. Boston Coll Law Rev 54(3): 971–1003

Brummer C (2012) Soft law and the global financial system. Cambridge University Press, Cambridge

Buekley RP (2014) The G20's performance in global financial regulation. Univ N S W Law J 37(1):63–93

Callaghan M, Ghate C, Pickford S, Rathinam FX (eds) (2014) Global cooperation among G20 countries: responding to the crisis and restoring growth. Springer, New Delhi

Cho YJ (2012) Global economic governance reform and the role of Asia: opportunities offered by the G20. J East Asian Econ Integr 16(1):3–23

Cooper A (2010) The G20 as an improvised crisis committee and/or a contested 'steering committee' for the world. Int Aff 86(3):741–757

Davies H, Green D (2008) Global financial regulation: the essential guide. Polity, Cambridge

Frieden J (2012) Global economic governance after the crisis. Perspekt Wirtsch 13(Special Issue):1–12

Moschella M, Weaver C (2014) Global economic governance: players, power and paradigms. In: Moschella M, Weaver C (eds) Handbook of global economic governance. Routledge, London, pp 1–22

Patrick S (2012) The G20: shifting coalitions of consensus rather than blocs. In: Bradford C, Lim W (eds) The new dynamics of summitry: institutional, policy and political innovations for G20 summits. Korea Development Institute, Seoul, pp 38–42

Porter T (2005) Globalization and finance. Polity, Cambridge

Reus-Smit C (2007) International crisis of legitimacy. Int Polit 44(2–3):157–174

Stephan MD (2014) Rising powers, global capitalism and liberal global governance: A historical materialist account of the BRICs challenge. Eur J Int Relat 20(4): 912–938

# Global Encyclopedia of Public Administration and Public Policy 8/4/20 Closing the Information Gap: She/he Who Gets to Succeed Has the Con

Joanne E. Howard[1], Leodis Scott[2], Diane M. Howard[3] and Angela Freeman[4]

[1]Stuart School of Business, Public Administration Program, Illinois Institute of Technology, Chicago, IL, USA

[2]College of Education, DePaul University, Chicago, IL, USA

[3]Health Systems Management, Rush University Medical Center, Chicago, IL, USA

[4]Health Systems Integrated Ph.D. Program, Feinberg School of Medicine, Northwestern University, Chicago, IL, USA

## Synonyms

Adaptive learning; Behavioral Learning Theory; Blended learning; Computer-mediated communication; Differentiated instruction; Inadequate information; Learner centered instruction

## Introduction

This entry was written during the Covid-19 pandemic between January and July 2020. This is an important element in the quest for academic attainment and success. No one knows at this point how the lives of college students and their families will change in the coming months; however, we make note of it because academic success will look very different in 2021 and possibly into the future.

The researchers have taught more than 3000 students at the following universities: Columbia University (New York), DePaul University, Illinois Institute of Technology, Roosevelt University, Rush University, and the University of Illinois at Chicago (Illinois), and we have learned information is the key element in spurring a student to success. When we say information, we

mean information regarding admission to academic programs, information to navigate through the academic system (financial aid, classes to take, research assistantships, social-emotional supports, for example), opportunities for fellowships, and networking information and other professional associations that will lead to training and gainful employment. While the pandemic has made alterations in student plans, it has been our experience that students with the strongest "community assets" will be the victors.

During 2015–2018, one member of the research had the opportunity to work on two evaluations with the University of Illinois at Chicago. The studies were both under the auspices of the School of Public Health and funded by the Department of Health and Human Services. One was a pipeline program to attract students from underrepresented groups who were low-income or were from rural areas that had limited access to healthcare careers. The second study was devoted to Latinx students. The hope was that the Latinx students would be trained to deliver healthy eating options to communities with large Latinx populations in Chicago to encourage health eating options that would lead to a reduction in obesity.

The studies will be discussed simultaneously through the lens of the 5 Essential Supports for Student Learning after a review of the University of Illinois at Chicago and the campuses place in the academic world of Chicago.

## Background of University of Illinois at Chicago

The University of Illinois at Chicago is the largest university in the Chicago area. It services 27,000 students within 15 colleges and schools including Applied Health Sciences, Architecture, design, and the Arts, Business Administration, Dentistry, Education, Engineering, Graduate, Honors, Liberal Arts and Science, Nursing, Pharmacy, Public Health, Social Work, Urban Planning and Public Affairs, and the College of Medicine. The largest branch of the four branches of the College of Medicine is the Chicago campus. The annual research expenditure of the Chicago campus exceeds $340 million, and UIC is one of five doctoral research universities in the State of Illinois. The University of Illinois at Chicago Medical School and its affiliated healthcare operations is a critical provider of healthcare in the region and the public medical center serves as the principal educator of Illinois' physicians, dentists, pharmacists, nurses, and other healthcare professionals.

The modern UIC was formed in 1982 by the consolidation of two University of Illinois campuses: the Medical Center campus, which dates back to the nineteenth century; and the comprehensive Chicago Circle campus, which in 1965 replaced the two-year undergraduate Navy Pier campus designated to educate returning veterans. The consolidation and expansion are why UIC is the preferred shortened name today. The UIC student body is recognized as the nation's 11th most diverse, and it reflects the global character of Chicago.

The University of Illinois at Chicago provides an array of social service, training, and education opportunities to members of the Chicago community, the State of Illinois, the United States, and internationally.

As one of the largest producers of health professionals in the country, it places a significant focus on health science in ethnically and economically diverse populations. The fall 2014 campus profile of students indicates the undergraduate enrollment was 34.3% representing Black and Latino students compared with 35.8% white (UIC OIR, 2015). This report from the Office of Institutional Research at the University of Illinois at Chicago goes onto to report a steady increase in the Latino student population from 10% in 1980 compared to 26% in 2014; there is a contrasting steady decline for Black students, 20% in 1980 compared to 8% in 2014. The UIC graduate and professional colleges, Black and Latino students make up only 17% and 18%, respectively. A large subgroup of nontraditional students at UIC is the student veteran population. There are over 500 students who are veterans and most of them have had combat experience. Most of these nontraditional students at UIC are male and enrolled in

undergraduate programs. They have also taken advantage of educational opportunities elsewhere before coming to UIC.

## The Health Professionals Network (Pipeline Program)

Chicago, the largest city in Illinois and the third largest city in the United States, has suffered from the lack of physicians, dentists, and public health practitioners. As Dotson, Currence, and Pendleton (2014) reported in the UIC-HPN proposal submission, the Health Resources and Services Administration have 27 HPSAs in Chicago to improve the health outcomes of minorities and the poor in the city and beyond. The University of Illinois at Chicago Schools of Public Health, Medicine, and Dentistry are committed to educating and training a multicultural student body. The Urban Health Programs embedded in each of these colleges complements the campus goals of diversity and addresses the state and societal health care issues.

Dotson, Currence, and Pendleton go on to report the current state of the economic environment in the state of Illinois. Coupled with existing barriers that students of color encounter in university admission, matriculation, and accessing financial aid, the situation could prove dire for students who desire a career in the healthcare professions. The University of Illinois at Chicago has a strong record in recruiting, retaining, and graduating minority health professionals. Their commitment to performing better in this area resulted in the submission of the proposal to enhance the training of minority students in the healthcare professions.

The HRSA Health Careers Opportunity Program (HCOP) project, *The University of Illinois at Chicago Health Professions Navigator (UIC-HPN),* focused from 2016 to 2019 strengthening practice-based experiences, continuous mentoring/social support, financial support, and academic preparation that are preparing underrepresented disadvantaged minority students and veterans to successfully navigate their way to the healthcare professions.

## Hispanic Public Health Nutrition Initiative (Obesity Program)

The School of Public Health at the University of Illinois at Chicago received a four-year grant from the National Institute of Food and Agriculture to retain, train, service, and enhance the nutrition studies of Latino students in Chicago and, as an outgrowth, extend their knowledge to the Latino community. The principal investigator, Dr. Jesus Ramirez-Valle, recruited three students with roots in the Latino community who were from Illinois and California in Year 2 of the grant. Their experiences with the Initiative have advanced their professional acumen and resulted in information sharing. The fellows felt their engagement with various communities in Chicago and their identification with the residents provided a mutually beneficial outcome to future eating habits of area residents.

During Year 3, three additional students were recruited under the grant. These students were equally sophisticated and extolled the virtues of healthcare professionals with a determination to give back to their respective communities.

A component of the study was to develop an online curriculum on Nutrition that could be accessed by the students from Years 2 and 3. The academic component was developed by four very sophisticated and highly prepared faculty in medicine, nutrition, and public health. The collaboration between this group of faculty members resulted in a well-organized, rigorous, and step-by-step component of a Nutrition course that conforms to an introductory course for the uninitiated student.

In total, there were 12 students recruited to the program over the course of 3 years. The students in the Hispanic Public Health Nutrition Initiative shared many of the attributes of the students in the Health Professional Careers Network: family and community partnerships; school leadership; instructional program; staff development and collaboration; and school environment/culture.

## Objectives and Methodology

The objective of both programs was to increase the number of students in the healthcare pipeline.

Based on a review of Years 1, 2, and 3 of the Hispanic Public Health Nutrition Initiative (HPHN) also known as the Obesity Project, and the Health Professions Navigator Program (HPNP) also known as the Pipeline Project, the evaluator documented the progression of students during both initiatives. There were similarities in both groups of students.

The following research questions were identified at the beginning of the process and explored during Years 1, 2, and 3 of both studies. They are:

- How do programs under the Obesity Project, and the Pipeline Project foster academic and social abilities in participants?
- What short-term and long-term impact does involvement in the programs have on the lives of students involved in the program—after Years 1, 2, and 3?
- What does the successful completion of each program look like, and what indicators of success are used and how are they measured?

The researcher performed key informant interviews with all the medical students who participated in the Obesity Program. Due to the size of the Pipeline Program, the researcher performed key informant interviews with administrators and mentors. The researcher also conducted focus groups at the beginning of the Pipeline Program; key informant interviews with a select group of participants; focus groups at the end of the program; and attended every extracurricular program to conduct observation activities. Students also completed periodic surveys.

## Who Was Interviewed?

The Pipeline Project cast a wide net to recruit students. The Obesity Project was more selective and had a more intimate and close-knit group of already enrolled UIC professional students. The Obesity Program recruitment resulted in medical students who were Latinx and had an interest in combatting obesity. The Pipeline Project was less intentional about recruitment as it wanted to recruit and interest high school students in STEM opportunities; and to recruit undergraduate, and college graduates with a desire to attend dental, medical, or public health school. The following chart indicates the population of students.

## Information Gathering for Success – Three Year Journey to Completion

| Health Professionals Network | Student Recruitment and Completion | How Was the Student Interviewed |
|---|---|---|
| Year 1 recruitment | 206 | Via hand-held device; written survey |
| Year 2 recruitment | 184 | Via hand-held device; written survey |
| Year 3 recruitment | 298 | Via hand-held device; focus groups; written survey |
| TOTAL | 688 | |

| Hispanic Public Health Nutrition Initiative | Student Recruitment and Completion | How Was the Student Interviewed |
|---|---|---|
| Year 1 | 2 | Personal interview via phone |
| Year 2 | 3 | Personal interview via phone |
| Year 3 | 3 | Personal interview via phone |
| TOTAL | 8 | |

Source: UIC Attendance Sheets

## Findings

The researchers found a consistency in how the students matriculated to the UIC health programs: Internet announcements, word of mouth, academic advisors, and serendipity. The students who had developed a network of advisors, friends, and were aggressive in their internet searches

appeared to garner the most information to advance their academic careers. Those students with an academic network of advisors, professors, administrators, and friends were essential in information gathering.

A consistent theme in the stories the researchers heard was that students may be intentional in their search for academic opportunities or they may have garnered information by serendipity but they all need the ability to achieve success by information and having pointers to opportunity.

## Commonality in the Stories

The 688 students that matriculated through the Pipeline Program and the 8 students that matriculated through the Obesity Program had similar characteristics in terms of support. The chart below reflects the findings.

The key informant interviews and the focus groups revealed the students had supportive families and had developed "communities" that assisted them with information and social care. The attendees also had superior social skills that allowed them to ask for assistance and to ask questions when they became stuck. The family supports, the social skills of the attendees, and their networking skills allowed the attendees the latitude to seek out recruitment efforts, financial support, and to be on a continuous path to develop their skills. These elements applied to all the students and crossed gender.

### Student A

Student A grew up California with both parents and a younger sibling. She attended high performing grammar and high schools in the Fullerton area and attended the University of California-Fullerton. She has a Bachelor of Science in Health Science with a minor in Philosophy. She is currently enrolled in the in the Coordinated Master's Program for Nutrition at UIC-SPH. Her career goal is to be a Dietitian and return to California where most of her family resides.

Student A has taken full advantage of every internship available while at UIC. She has interned with the Heartland Alliance, with the Chicago Partnership for Health Promotion, and with the Public Health Institute. She has also served as a Research Assistant with the School of Public Health. Student A thought the online curriculum was instrumental in filling in the gaps of her nutrition knowledge. Student A was able to communicate with the faculty team that created the online program.

Student A indicated her interest in Nutrition was the result of a family history of diabetes. Student A is particularly concerned about diabetes in the Latino community and would like to be a part of the healthcare community that combats this issue.

### Student B

Student B grew up in Racine, Wisconsin. Student B is a member of a small supportive family that has encouraged her interest in public health. She attended Burlington High School and performed well in math and science while there. Student B received her undergraduate degree at UIC, and she served as the TA for the project. She is currently working on a master's in Public Health.

Student B has been actively engaged in the nonprofit community in Chicago. Her role with the Initiative was to serve as a TA to the faculty. She ran considerable interference for the Initiative and was a public speaker with panels on Latino health.

### Student C

Student C is a graduate student in the Division of Community Health Sciences. Student C is particularly interested in child development, child nutrition, and pediatric obesity. The student has studied the characteristics of very young Latino children referred for obesity management. She has been actively engaged with the nonprofit community in Chicago.

## The Ethnographies: Joshua, Christopher, and Christian* (The Former Students Are Permitting Their First Names to Be Used)

The HPN Program at UIC cast a wide net in their recruitment activities. They advertised via social networking sites, emailed colleagues at other

universities, contacted HBCUs (historically black colleges and universities), word of mouth, and other ways. Over the course of three years, each program appeared to have more success recruiting young women than young men. The third year of the program was particularly dramatic in the gender differential.

The evaluator utilized the social science research technique of ethnography that allows one to understand what is happening in a setting that may hold a way to interpret data for future import. During the three years the evaluator made observations and interviewed participants, it was noteworthy that more females enrolled in each of the programs or was overrepresented in research gatherings. The evaluator took the unusual steps to isolate what drove young men to adopt healthcare as an option. The following three young men appeared to represent the aspirations of the respective programs and groupings.

### Joshua's Story

Joshua was born in Chicago and is a graduate of The University of Chicago Laboratory School, Morehouse College, and the University of Illinois at Chicago Medical School. He played sports in high school and at Morehouse. His sport of choice was baseball. Joshua majored in Spanish at Morehouse and was unsure what he wanted his future career to be when he realized that sports medicine or orthopedic surgery was in his future. After Morehouse, he returned to Chicago and taught Spanish at a charter school.

When he recognized that medicine was in his future, he applied to the University of Illinois at Chicago and was rejected. However, during the interview process for the College of Medicine he learned about the Post-baccalaureate Program at UIC that, if completed successfully, would lead him to admission to UIC-Medical School. He enrolled in the PBP and successfully completed the 11-month intensive science and math program and enrolled at UIC-Medical School. He successfully completed medical school and was accepted into one of the most prestigious orthopedic residencies in the country, the Hospital for Special Surgery in New York.

### Christopher's Story

Christopher is a product of Chicago Public Schools. He attended the University of Illinois at Urbana-Champaign where he was a varsity basketball player. His time with the Fighting Illini taught him the value of teamwork and collaboration. He also indicated he had to keep up with his studies by taking his coursework on planes and buses when he traveled to competing colleges. He majored in Kinesiology and knew he wanted to go into Sports Medicine.

Christopher was wait-listed when he applied to UIC-Medical School. He attended the Post-baccalaureate Program and successfully completed it. He did his Residency at Rush University Medical Center and has recently accepted a position in North Carolina. While at North Carolina, he interviewed for the Sports Director at the University of Chicago. He began this position in 2019.

### Christian's Story

Christian attended a charter school in the Little Village area of Chicago. He was unsure of his long-term career interest when he was encouraged to do an internship at Northwestern University Medical Center with a Neonatologist. Due to his high GPA, he was awarded a scholarship to MacCormac College, a small college that prepares students to work in criminal justice, court reporting, paralegal affairs, and general business.

When Christian introduced himself to his classmates, he mentioned that he wanted to be a Neonatologist. The evaluator recommended he apply to the RTCP Program at UIC to explore his interest in medicine. Christian performed well in the program and was exposed to other students with a like interest in medicine, dentistry, and public health. He is currently in the process of pursuing a transfer to the University of Illinois at Urbana-Champaign and will complete his junior and senior year at UIUC if admitted.

Each student that participated in the ethnological exercise had a commonality that rings true for most successful students throughout their academic careers:

- Family and community support.
- They came from a strong high school curriculum dynamic.
- Each did some type of pre-college, pre-medical school engagement with the healthcare community.
- They each had a good information pipeline or a networking pipeline.
- They each had a personality type that lends itself to listening and taking the recommendations of senior advisors.
- They each participated in team sports (baseball, basketball, and soccer), so they understood the importance and value of team collaboration and effort.
- They were into "friendly" competition, not the cut-throat variety, but the type that encourages collaboration.
- They also appreciated the mentors that had helped them along the way; they had good "home-training," where people wanted to help them.
- They each had a plan, how they would get to that next step.
- They were each willing to enroll in either post-baccalaureate or post-academic year training to advance their matriculation to medical school.
- Healthcare careers.
- They all evidenced a high degree of social skills in terms of behavior, dress, attitude, interaction with peers and seniors; and they were adaptive to new environments.

The young men who participated as key informants are summarized below. The evaluator took the liberty of summarizing their similarities. A key element was the three informants were also from small families (two siblings or less) and had a push from their parents. They each conveyed the outsized role their parents went through to get them into high-performing elementary schools and high schools; extracurricular activities; and to insure their sons were safe by going through extraordinary means to live in a safe area or to make certain they had some form of car service to keep them from being exposed to circumstances that may be out of their control. While this does not guarantee safety, it certainly made them less susceptible to untoward circumstances.

## Conclusion

The goal to recruit and retain students to strengthen diversity within the healthcare arena was realized during the 3-year Initiatives. The students took advantage of the online curricula and were provided with financial support during their engagement. The successful collaboration between Dentistry, Medicine, Public Health, and ancillary health program will be a driver for a more productive association in the future.

All the students reported they were introduced to networks of public health professionals that will be invaluable to their professional careers and continued growth. The participants in both programs showed stamina and fortitude in completing the programs even though they ran into financial, transportation, health, childcare, and other setbacks during the programs.

The attributes the students exemplified were resilience, agility, optimism, persistence, and resourcefulness. The support of their families has also been a critical element in their successful program completion. These young scholars were a special group and their continued success is guaranteed by their tenacity, determination, and desire to do good.

The faculty each displayed considerable care in developing the curriculum. All participants agreed that providing information and recruitment opportunities to underserved, rural, and lower socioeconomic students will make for a more robust healthcare system and healthier communities.

Learning in the Age of a Pandemic.

Students are attending classes, networking, and developing careers during a pandemic. The authors recognize that students have to double their efforts to complete their coursework, maintain a positive mental attitude that presents well over the Internet and through various communication vehicles, and maintain contact with family, colleagues, and friends who may prove beneficial for networking purposes. Academic institutions,

employers, public sector, private sector, municipal, state, and federal governments, and the international community will have to enhance the way they communicate with stakeholders. The continued reshaping of the way individuals, governments, employers, and various sectors communicate is rapidly changing and the way we learn, work, and play is transitioning. All communities and sectors are learning and adapting to this new environment.

The Internet has become a necessity and corporations that supply this capacity for communication will have to strengthen their efforts to ensure the continued connection during the academic process in order for students to matriculate to the world of work. These are stressful times for every stakeholder who relies on the educational arena to produce the workforce for the new normal. Active participation with technology and renewed support from technology companies will hopefully generate the symbiosis society needs to overcome any shortcomings from the online/remote environments.

## References

Dotson E, Currence P, Pendleton D (2014) Project narrative submission, UIC-HPN

# Global Ethics

Jonathan Rose
Department of Politics and Public Policy,
De Montfort University, Leicester, UK

## Synonyms

Global integrity; Global values; International anti-corruption

## Introduction

Ethics and integrity are now widely recognized to be crucial for the development and maintenance of a well-functioning and stable public administration and moreover are seen as being a necessary component for achieving a well-functioning public policy. The effects of corruption, by contrast, are seen to present a central challenge to the functioning of the state. However, while almost all would agree at the abstract level that corruption is bad and integrity is good, it is conceptually difficult to understand what behavior ought to be thought of as "corrupt" and what behavior or attitudes ought to represent "ethics." This is partly a question of definitions; corruption has dozens of definitions that would all label different bundles of actions as corrupt or not. Yet, moreover, this difficulty is also a question of culture and the relativity of ethics. Simply, some cultures view certain actions as ethically permissible while others do not. This in turn raises important questions about what is the "right" balance between ethical universalism and ethical relativism. It is against this backdrop that the challenge of creating a global standard of ethics has to be understood.

Global ethics is a standard of administrative ethics that could be applied across the world and to which all states and administrations, or at least the vast majority thereof, can subscribe. This problem can be approached in two ways: (1) We can define an ethical standard that is, in some sense, "universal." Since this standard has a universal relevance, it can be freely adopted globally. (2) We can define a system of ethical behavior that is acceptable to some group of (powerful) people and, through incentives or force, implement them on a global scale. In neither case we are necessarily required to create a complete ethical system; global ethics can be "minimal" in the sense that they can represent a few core tenants rather than an entire ethical belief system. However, even attempts to specify the specific components of such "core" ethics have proved extremely difficult even among academics (see Lawton et al. 2015: 332–334), and agreement among policy makers (or the general public) seems to be a far-off dream.

This chapter discusses both the theory and practice of ethical regulation in a global context. It considers the implications of different (and culturally bound) conceptual understandings of what

G

ethics are and the challenges that differences of opinion here pose for our attempts to create a consensual global ethics. It also discusses how global ethics have been approached in practice, noting that real-world applications have frequently made significant use of coercion of one kind or another. This chapter begins by discussing the theoretical foundations of ethics and the challenges posed by ethical relativism for creating a "global ethics." It then discusses real-world attempts to introduce global ethics. Ultimately, it concludes that global ethics will inherently remain problematic in its application so long as its application relies on unequal power distributions to force one culture's understanding of ethics upon the world.

## Local Values and Global Ethics

At the broadest level, there is agreement about the nature of ethics. Ethics are the rules or principles that claim the authority to guide how we ought to act and how we ought to live (Singer 1994: 3–4). Ethics involve judgments about what is "right" and what is "wrong": ethical actions are those that are "right," while unethical actions are those that are "wrong." Unfortunately, despite somewhat broad agreement as to the nature of ethics, the specific delineation of what actions are to be considered ethical has been the subject of enormous contention, and moreover the means by which we ought to choose which actions are ethical, or not, is also a contentious subject. Are ethical actions those that support the greatest happiness to the greatest number (as per utilitarianism)? Or are they those that arise from the inherent ethical virtues of the person acting (as per virtue ethics)? Are they those actions that promote some conception of justice (as per Rawls 1971)? Or moreover are ethical actions those that we consider ethical using our own personal conception of what ethical actions are, informed by our own specific culture and values (as per relativism)? These are conceptually difficult questions, for which we are unlikely to ever reach a definitive conclusion.

While relativism is not be the primary means through which the ethical content of actions has been understood either in theory or in practice, the challenge posed by relativism is particularly great from the perspective of creating global ethics. Indeed, if we accept the relativist perspective, it becomes somewhat meaningless to talk of a "global ethics" at all, because the question immediately becomes one of "whose ethics?" If ethical standards cannot be agreed by reference to some shared standard of probity, then we run the risk of ethics being a situation in which "might makes right," where "global" ethics are defined almost exclusively by a dominant political culture and the rest of the world are coerced to obey. While this may (or may not) be successful in implementing a global framework, it appears to be far from ideal normatively and moreover runs the risk of principled noncompliance.

The philosophic case for relativism has rarely been made more forcefully than by the respected philosopher Mackie (1977: 15) who began his important work on the subject with the bold statement that "There are no objective values." Philosophically, this means that there is no objective standard of moral rightness or moral wrongness, and instead all judgments about rightness and wrongness are inherently based upon cultural and personal norms. As a necessary consequence, there can be no objective standard of "ethics." While there are of course instrumental arguments in favor of certain approaches – perhaps, for example, because they have previously been associated with "better" outcomes – this is not sufficient for establishing a global ethics. Indeed, at least on the relativist argument, there also can be no universal agreement about the ends of public life, and thus there can be no universal agreement about what we should be maximizing. Western conceptions, heavily influenced by theorists like Max Weber, often seek an impartial and professional bureaucracy that can impartially implement some conception of societal good (see also Rothstein 2011). However, this is a view that is not always shared in non-Western contexts. Indeed, in many contexts the establishment of close relationships is seen as the key to successful implementation of policies. Not only does this create a tension between different conceptualizations of "good" public services, but under certain

circumstances it can also lead to problems delineating when a system is corrupt and when it is operating ethically (cf. Dunfee and Warren 2001).

This discussion is not about which system leads to more efficient outputs, but instead is about the moral "rightness" of various systems. Fundamentally, the discussion is a question of values, and which values are morally better. If Mackie's claims about the absence of objective values are correct, there can never be a satisfactory answer to this question. As such, discussions are immediately refocused in terms of adherence to the moral tastes of the powerful or instead are reconceptualized as a push for some form of efficiency. While a push for greater efficiency at the global level may be an ultimately useful goal, it is hard to see this as an adequate response to the problem of global ethics.

Some have objected to such a line on the rationale that, irrespective of divergent moral codes, "the abstract virtue of justice. . . and, in some form and in some degree, the virtue of honesty" are (more or less) universal features of moral systems (Strawson 1961: 12). If this were the case, it might be supposed that we can still build a global ethics around the idea of procedural justice, irrespective of what the individual features of the procedures are. Under such a system, what is ethical is merely that which follows the stated procedures and that which is unethical is that which does not (in a manner similar to the impartiality criterion proposed by Rothstein 2011: 12–17). Nonetheless, this response still struggles with situations in which the formal procedures are demonstrably unjust, and our moral intuition is that it is unethical to follow them, such as is the case in apartheid systems. Moreover, any claim to even minimal universal ethics still relies upon an ultimately subjective claim about values. Because such a claim is subjective, it remains entirely possible that some groups will reject the very notion of such a claim to "global" ethics.

## The Practical World of Global Ethics

So far it has been noted that if all values are ultimately subjective – and there is no compelling reason to think they are not – then there is no universal moral case for global ethics, however defined. Moreover, we also cannot know what ought to form the content of a truly global ethics, because views about the specific content of a global ethics are defined individually or perhaps by reference to a specific culture. To the extent that both of these factors are necessary for a workable global ethics, global ethics are impossible. Nonetheless, as has been alluded to, it remains possible to establish a global ethical system by fiat. Under such a system, some authority takes the lead in establishing a global ethical system that is then either imposed globally or is constructed as part of a package that makes acceptance essentially inevitable in the long run.

While establishing a system of global ethics by fiat risks defining ethics in terms of the personal values of the globally powerful, it does provide a practical way forward that could lead to a globally workable solution. This is similar to the process that has taken place with human rights, which eventually led to the Universal Declaration of Human Rights (for a discussion, see Habermas 2010). Indeed, Habermas (2010: 470) argues that "human rights circumscribe precisely that part (and only that part) of morality which can be translated into the medium of coercive law and become political reality in the robust shape of effective civil rights." In this sense, human rights are the art of the possible. In exactly the same way, we might seek a global ethics that delineates only that part of a broader ethical morality that we can realistically implement through legislative codes. This pushes us toward a minimal global ethics but perhaps one that can actually be implemented. While, of course, this has the potential to merely reflect the interests of a few powerful individuals or institutions, the focus on what is possible also builds in some notion of responsiveness to different cultural understandings, even if only because it is very difficult to override cultural traditions.

Attempts to create a global ethical system by fiat have taken different forms. Some approaches have been strictly legal or regulatory, attempting to build up a global ethical framework either through transnational agreements or national laws that can be applied more broadly. Other

approaches have focused on persuasion, in which groups such as NGOs have sought to use their persuasive power to push countries toward implementing the NGOs' own interpretation of global ethics. Both of these approaches have been far more successful than hopes that ethical systems would independently converge on some formulation of global ethics as a result of some underlying "innate" conceptualization of ethics and integrity.

## Global Ethics by Force: Legal and Regulatory Responses

While individual countries do not normally have the power to impose their conceptualizations of ethics upon other countries, certain countries have been particularly successful in spreading their own view of global ethics. The *US Foreign Corrupt Practices Act of 1977* (FCPA) has been particularly important in this regard. Originally introduced in response to a series of important revelations about high-profile cases of bribery, the FCPA explicitly aimed to criminalize bribing foreign (i.e., non-US) public officials. While such legislation only directly criminalizes those people subject to US law, which in practice means most US citizens and companies with important business interests in the USA, the legislation has the significant secondary effect of imposing an anti-bribery ethic more widely (Spahn 2013: 10). Indeed, the FCPA has an important role to play in reducing the global supply of bribes, a fact that is particularly important in light of the significance of US-based businesses for the global economy and international trade. While it is possible that this supply-side approach to global ethics will also lead to a reduction in demand for bribes, failure to do so does not challenge the importance of the FCPA from a global ethics standpoint. Even if foreign public officials still desire bribes, and so fundamentally lack ethics, the fact that they are cut off from an important source of potential bribes is significant. Moreover, by focusing on the supply side of bribery, the FCPA is able to work within a single culture, thereby bypassing some (but not all) of the philosophical objections to global ethics discussed above. Nonetheless, the FCPA has been criticized and was criticized particularly strongly during its early years before a series of important reforms. Key criticisms included that "the FCPA is too vague in its terminology, that the Act is largely rhetorical and that its criminal sanctions are unenforceable in an international context" (Bader and Shaw 1983: 632). However, regardless of such criticisms, by introducing a strong *expectation* of integrity, the FCPA has been particularly important for the creation of global ethical norms (Spahn 2013).

The most important practical limitation of the FCPA is that it only affects US citizens and US companies. Addressing this, the OECD incorporated similar responsibilities as part of the *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, 1997 (see OECD 2011). This convention set the expectation that OECD countries would implement rules similar to the FCPA in their own legal systems, and thus signing the convention represents a commitment to tackling paying bribes to foreign officials. The *Convention* has a similar focus upon the act of bribing a foreign public official itself rather than on receiving a bribe, again reinforcing the supply-side approach. Crucially, however, by 2016 41 countries have signed the OECD Convention, including Russia and Brazil (OECD 2016). This seriously expands the range of such global ethical principles. While implementation of these policies within each country's individual legislative framework is in practice a slow process, it appears that there is at least a broad-based desire to prevent the bribery of foreign public officials. Moreover, the countries that have signed up to the *Convention*, including the USA, Germany, Japan, France, and the UK, represent a significant proportion of the global export economy. By implementing a commitment that citizens of these countries will not engage in bribery of foreign public officials, it theoretically becomes much harder for foreign public officials to take bribes.

Unfortunately, implementing a system of global ethics by fiat does not inherently mean that those operating within the global ethical

system will internalize those ethical values; enforcement thus becomes a key challenge. While enforcement has been less than ideal in many countries, some have tried bold new ways to force individuals and companies operating within their territories to adhere to the predefined system of global ethics. One notable example is the UK's approach in the *Bribery Act* (2010). Like much other regulation in this area, the *Bribery Act* explicitly criminalizes bribing foreign public officials, but it also criminalizes paying bribes more generally as well as receiving bribes. However, what is particularly important from a global ethics standpoint is that the *Bribery Act* also criminalizes the failure by commercial organizations to take reasonable steps to prevent bribery (Bribery Act 2010: §7). This duty applies to both companies registered in the UK regardless of where they are doing business as well as all companies operating within the UK regardless of where they are registered. Thus, the coercive power of UK law is able to extend beyond the territorial boundaries of the UK. This expands the scope of potential enforcement significantly and increases the saliency of the ethical requirements in the global context, particularly because of the importance of the UK as an international business center.

## Global Ethics by Persuasion

Despite the successes of the "force" approach to global ethics, it still remains an imposition that fits uneasily with the idea that we might be able to foster a consensual global ethical system. Moreover, there will always remain a fear that such an imposition will not lead to a reduction in unethical behavior but instead simply to a relocation of unethical behavior into presently unregulated areas. Particularly because the approach taken by the FCPA, and OECD more generally, only explicitly targets the bribe payer, it is not apparent that such approaches increase the desire of bribe takers to be ethical at all. Persuasion-based approaches may offer a way to address this gap. If individual countries themselves can come to see the value of ethics internally and can have a strong desire to implement and enforce ethical codes, then we may be able to address the desire of public officials to accept bribes from international actors. While governments may also seek to encourage greater ethical behavior within other countries, NGOs and third sector bodies have been particularly important in this campaign for greater ethics and integrity internationally. The importance of NGOs in this context is both a reflection of their propensity to focus on a single issue and also their ability to have an explicitly transnational focus in their work. From the point of view of global ethics, it also matters that NGOs are usually coherent institutions that are working to a common understanding both of what ethics are and how ethical goals ought to be achieved. That does not mean that they seek to persuade governments to implement identical policies in every country regardless of context but instead that they seek to persuade governments to implement at least a minimal standard of global ethics that is contextually appropriate.

Transparency International (TI) is probably the most important NGO seeking to foster global ethics. Since their founding in the early 1990s, they have gone on to publish hundreds of reports pushing for greater ethics and accountability both within specific countries and in international organizations. While TI, of course, does not have primary legislative functions, they have been very successful in persuading legislatures to propose laws promoting integrity. Yet what TI is perhaps now best known for is their Corruption Perceptions Index, their annual measure of the extent to which corruption is perceived to be a problem in the countries of the world. By turning the extent of global corruption and thus the absence of global ethics into an important yearly talking point, and moreover seemingly creating a desire to be seen to be doing better in the yearly rankings, TI has been able to use a significant degree of "soft power" to promote global ethics. Moreover, because the index officially relies on a single understanding of what corruption is and because it is applied to the whole world simultaneously, the measure has been an important force in globalizing our approach to corruption and integrity. While the Corruption Perceptions Index itself has been strongly criticized as a measure of corruption (for a recent review, see

Heywood and Rose 2014), it cannot be denied that it has been enormously important for the development of a global concern about corruption and integrity. While other groups have produced similar indices – notably including the World Bank's Control of Corruption Index – few groups have been able to achieve the level of prominence or impact of TI.

The European Commission has also been important in promoting Europe-wide standards of ethics. While the European Commission has much more power than bodies like TI or the World Bank, they have pursued an approach to global ethics that is based largely upon persuasion and information sharing. The European Commission's *Anti-Corruption Report* (2014), for example, discussed the problem of ethics in a European-wide context and went on to give recommendations for promoting ethics and integrity within each member state of the EU. The implementation (or not) of such recommendations is a matter for national governments, but what matters more than the policy success or failure is that the project as a whole taps into the idea of a core shared understanding of administrative ethics. This shared understanding may or may not have already existed at some minimal level, but it is important to note that the mere act of cross-cultural working inherently builds toward a deeper sharing of concepts.

These persuasion-based approaches do not inherently require the exercise of power against countries. Indeed, there remains a hope that such approaches can be empowering, because they are restricted to recommending and suggesting; the specifics of implementation are left up to individual countries or cultures. Nevertheless, we must remain cautious about the possibility of suggestions becoming requirements. If access to international aid or development loans becomes conditional upon accepting such "suggestions," our system of global ethics runs the very real danger of becoming unethical.

## Conclusion

This chapter has looked at the problem of global ethics both from a philosophical standpoint and from the "real-world" perspective of global ethics in action. Philosophically, it has been noted that we have very good reasons to be suspicious of the idea that we will ever create a universally acceptable standard of ethics. Indeed, it may be the case that it is impossible to truly create a global ethics that all of humanity can subscribe to without coercion. On the practical level, where coercion of many different forms is the norm, there are many reasons to be optimistic that we can arrive at a situation in which some minimal standard of ethics can be applied globally. Innovations like the OECD's *Convention on Combating Bribery* are in a very real sense creating a global standard of ethics. However, such innovations inherently rely on unequal power distributions – OECD member states can implement these rules and force their application more broadly because they are rich and powerful countries. Built into such reasoning is a lack of agency given to poorer and less powerful countries; what is good for poorer countries is defined almost exclusively in terms of the attitudes and desires of the global elite. Of course, poorer countries also want to tackle corruption and will also benefit from a higher ethical standard, but approaches that ignore local cultures and customs are likely to be less effective than those that work with them. Ultimately, the challenge for policy makers will be devising policies that can realistically be applied globally but that do no alienate those with different cultural understandings of what is ethical. Persuasion-based approaches may offer hope here, because they can give some control back to individual countries and cultures and empower them to design their own ethical frameworks within a global standard. Nonetheless, defining what the minimal global standard is, or ought to be, again raises conceptually difficult questions about the fundamental nature of ethics.

## Cross-References

► Accountability Mechanisms
► Administrative Ethics
► Code of Ethics

▶ Governmental Accountability
▶ Integrity in the Public Service
▶ Theories of Ethics
▶ Utilitarianism

## References

Bader MB, Shaw B (1983) Amendment of the foreign corrupt practices act. NYU J Int Law Polit 15: 627–652
Bribery Act (2010) Bribery Act 2010 [Act of Parliament of UK Parliament]. Available online: http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga_20100023_en.pdf. Accessed 1 Feb 2016
Dunfee TW, Warren DE (2001) Is guanxi ethical? A normative analysis of doing business in China. J Bus Ethics 32(3):191–204
European Commission (2014) Report from the commission to the council and the European parliament EU anti-corruption report. Brussels, 3.2.2014 COM(2014) 38 final
Habermas J (2010) The concept of human dignity and the realistic utopia of human rights. Metaphilosophy 41(4): 464–480
Heywood PM, Rose J (2014) "Close but no cigar": the measurement of corruption. J Public Policy 34(03): 507–529
Lawton A, Huberts L, van der Wal Z (2015) Towards a global ethics. In: Lawton A, van der Wal Z, Huberts L (eds) Ethics in public policy and management: a global research companion. Routledge, London, pp 327–343
Mackie JL (1977) Ethics: inventing right and wrong. Penguin, New York
OECD (2011) Convention on combating bribery of foreign public officials in international business transactions and related documents. Available online: http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf. Accessed 8 Feb 2016
OECD (2016) OECD convention on combating bribery of foreign public officials in international business transactions [current overview]. Available online: http://www.oecd.org/corruption/oecdantibriberyconvention.htm. Accessed 8 Feb 2016
Rawls J (1971) A theory of justice. Harvard University Press, Cambridge, MA
Rothstein B (2011) The quality of government: corruption, social trust, and inequality in international perspective. University of Chicago Press, Chicago
Singer P (ed) (1994) Ethics. Oxford University Press, Oxford
Spahn EK (2013) Implementing global anti-bribery norms: from the foreign corrupt practices act to the OECD anti-bribery convention to the UN convention against corruption. Ind Int Comp Law Rev 23:1–33
Strawson PF (1961) Social morality and individual ideal. Philosophy 36(136):1–17

# Global Financial Crisis Management

Barbara L. Neuby[1] and Sandra M. Barrett[2]
[1]Department of Political Science and International Affairs, Kennesaw State University, Kennesaw, GA, USA
[2]Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Banking administration; Collapse; Crisis; Derivatives; Finance; Globalization; Instability

## Definition

A crisis is a turning point in a sequence of events, or a time of instability or danger in which impending change is signaled. As it pertains to financial systems, a crisis is defined as loss of control or an unstable period in financial markets that normal control mechanisms cannot manage well.

## Introduction

The system by which the world exchanges goods and services through financial institutions is global and called the international monetary system (IMS). Trillions of dollars-worth of exchanges are processed through this system each day. The players that compose this system include private financial institutions, sovereign and supra-sovereign governments and their regulators, multinational corporations, and billions of individuals and small businesses. Many types of banking, investment, and trade operations are in play on any given day, at all hours, weekends included. The banking and financial sector represent massive financial and economic power and in and of themselves represent a large part of the global economy.

Many types of banks and institutions make up the IMS. A few dozen very large, global player

institutions such as HSBC, J.P. Morgan Chase, and Deutsche Bank dominate the banking sector. These large banks are called "systemically important financial institutions" or "SIFIs," and much attention has been focused on them since 2008 because of their role in precipitating the crisis. Most of these combine retail banking with global investing in derivatives and hedge funds. In addition, there are "development" banks, "infrastructure" banks, and "investment" banks and holding companies whose purpose is to buy and sell commodities and currencies. There are five major such banks: the Asian Development Bank, the Chinese Infrastructure Bank, the European Bank for Infrastructure and Development, the Inter-American Development Bank, and, of course, the World Bank.

A "central bank" is usually partnered with a national agency and the two are in charge of overseeing the banks in their jurisdictions, of managing monetary policy for the sovereign government, for raising or lowering the interest rate at which banks borrow from the central banks, and for maintaining the rate at which individuals and businesses obtain loans. Theirs is a multiple role. There is the European Central Bank (ECB), the People's Bank of China (PBOC), the Bank of Japan (BOJ), the Bank of England (BOE), and of course the US Federal Reserve (The Fed) which is not "federal" in the sense of being a government agency but a cartel of private member banks that have agreed to serve as the financial manager and holder of US government accounts.

At the national level, banking operations are controlled (this term is used loosely) by the Fed and government regulators who have power to regulate almost every banking process such as the amount of funds banks must keep in reserve, the kinds of disclosure banks must make, rules on compensation, and they even suggest interest rates for loans the bank may make. The Federal Deposit Insurance Corporation (FDIC) ensures the safety of depositor's money by imposing strict rules on banks. Another example of regulatory power is the Federal Reserve's capital requirements, which means that banks must keep on hand a certain percentage of their assets for specific purposes. In the Dodd-Frank Act of 2010 Congress added regulatory power over banks to the Fed's list of job duties. Plus, each of the fifty states also has a bank regulation office, but these vary in the amount of power and control each has over banks in any particular state. As is the case with most central banks, the Fed's goals are to promote monetary stability, manage the money supply, and promote full employment (US Federal Reserve 2015). Other central banks do approximately the same for their sovereign governments that are also important global players in the IMS.

National legislatures pass laws designed to reign in behavior that is deemed risky to banking stability. In the United States, for example, Congress passed the Securities Act of 1933 and the Securities Exchange Act of 1934 in an early attempt to manage the Depression and the Glass Steagall Act (Banking Act of 1933) that was designed to separate retail banking from investing. The latter law was partially repealed in 1999 during the Clinton administration to allow banks to invest in a wide range of securities including derivatives and hedge funds.

The international monetary fund (IMF) was created after WWII, and their initial role was to provide liquidity to nations in need on a short-term basis. Very early in their tenure, the IMF created a new unit of account called Special Drawing Rights (SDRs), a unit of account composed of a basket that includes the big four fiat currencies: the Dollar, the British Pound, the Euro, and the Yen. In 2016, the SDR basket may include the Chinese Yuan. By 1973, the IMF had loaned out about 250 billion SDRs and created "structural adjustment mechanisms" for sovereign emergencies and other purposes. Today, in 2016, the IMF operates 13 such mechanisms that can alleviate financial stress through a series of SDR distributions to member nations in need. The IMF's role has broadened to include financial oversight of national fiscal and monetary policy (Mateos y Lago et al. 2009).

### Definition of a Crisis

The definition of a crisis is a turning point in a sequence of events or a time of instability or danger in which impending change is signaled (Dictionary.com 2016). As it pertains to financial

systems, a crisis is defined as loss of control, a disequilibrium in financial markets that normal control mechanisms cannot manage well. Thus, the near meltdown of brokerage houses and investment banks during the 2008–2009 period qualifies as a crisis because normal control processes were insufficient to restore equilibrium and unconventional policies had to be implemented (da Silva 2016).

### The 2008–2009 Crisis

Over-extended mortgage borrowing in the USA and risky derivative trading worldwide, in part on those same mortgage portfolios, occurred during the years preceding the crisis. From 2004 through 2008 home loans defaulted, and bank portfolios of home loans became "toxic." Excessive loan defaults brought declining profits, and some banks became technically insolvent. To stem the cascade of financial panic that ensued in the USA, the government made quick decisions to prevent corporate bankruptcies, massive layoffs, and decline in the gross domestic product. Banks and corporate giants have been deemed "too big to fail" because their failure would have brought gross disruption of life including social unrest. The Bush administration authorized the Fed to create trillions of dollars of additional currency that was used to prop up companies likes like General Motors, American International Group Insurance (AIG), and banks like J.P. Morgan Chase and Citigroup. The program was called the Troubled Asset Relief Program or TARP, and trillions of dollars of liquidity, courtesy of the US taxpayers who would one day have to repay the debt, was pumped into the financial system.

Many European banks had invested in these same loan portfolios and the same derivatives with the result that these banks also verged on insolvency. Their sovereign governments came to their rescue much the same as the US government had done. Additionally, some European nations had become accustomed to borrowing to close their deficits on a yearly basis: deficits that resulted primarily from growing social service demands. Very soon, investors, regulators, and sovereign agents themselves were so heavily involved in rescues and borrowing to meet deficits that they themselves were at risk of default. A banking crisis had become a sovereign crisis, and global financial default looked imminent. At this point, the European Parliament passed legislation similar to that of Congress in 2010 for member EU countries to halt the broad decline in national economies and to stem the bank panics. As Spain, Portugal, Ireland, and Greece teetered toward insolvency in 2012 through 2014, the EU committed 1.6 trillion Euros to national banks and sovereign governments to keep them afloat (European Union Commission 2012).

As one can imagine, these crises brought reflection, recrimination, and revelation on what must be done to prevent same from happening again. Congress legislated new agencies and powers for them and The Fed in the Dodd-Frank Act of 2010. The EU member nations were forced by the EU and IMF to reform their profligate spending in order that they might receive a bailout.



## IMS Problems, Symptoms of Problems, and Complicating Factors Problems

### Debt, Deficits, and Declining Growth

In the normal course of affairs, economies wax and wane. GDP growth, markets, unemployment, profits, and demands for government services come and go. When wages stagnate, loans default and banks suffer. Recessions can appear very quickly in unstable economies. More often than not countries overspend the revenues they earn leaving them forced to either reform their expenditures or restructure their revenues, neither very politically popular especially during election years. By 2016, the ratio of many nation's debt to its GDP were over 100% and two (Greece and Japan) were over 200% (IMF 2012). Debt ratios in South American nations are coupled with political intrigue, corruption, high unemployment, and inflation, and defaults loom as they struggle to remain solvent (IMF 2015) (Fig. 1).

As of 2016, an oil glut and a decline in consumer demand represent global growth that has stalled. China's growth rate has been cut in half, and the Baltic Dry Shipping Index, a global benchmark of the magnitude of trade, stood at

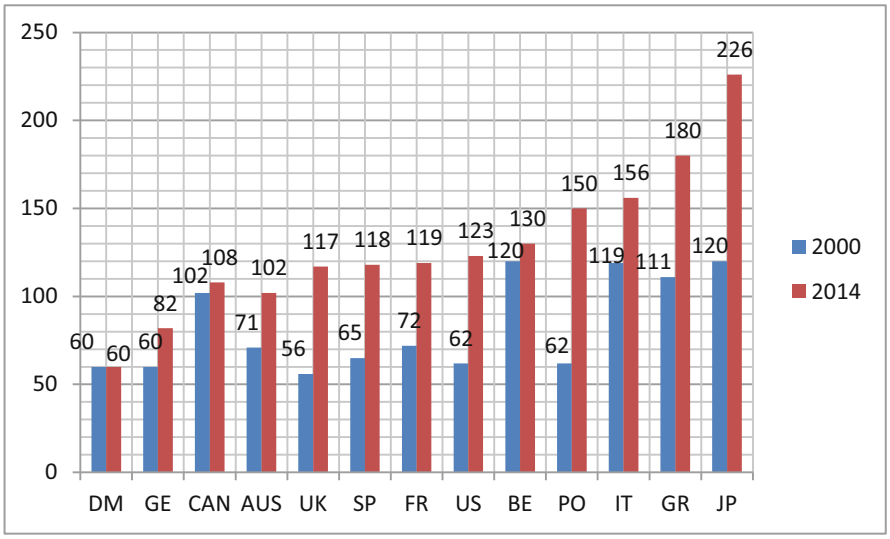


**Global Financial Crisis Management, Fig. 1** Percent debt to GDP ratios. 2000–2014. (Source: Data Extracted from OECD: Governmental Debt to GDP Ratios. 2014)

650 in 2016 from 1222 in early 2015 (Bloomberg Business 2015). The Conference Board reported that US growth, once forecast for 2016 at 3–4%, is now likely to be around 2% for 2016 (2016). EU and Chinese economies have slowed necessitating central banks to take extreme measures of handing out checks in Japan to imposing negative interest rates in several EU nations' banks.

## Banking and Investing

Despite all the efforts to the contrary, banks are still too big to fail, and their volume of derivatives trading has not abated since the crisis. Interconnected banks who may be partners in a derivatives trade can take each other down when one bank fails. The domino effect can take the whole system down as so many institutions are partners on various kinds of trades. Opaque accounting by hundreds of global businesses, financial institutions, and some superpowers prevents accurate risk assessment.

The Dodd-Frank Act of 2010 created several administrative entities designed to oversee financial institutions and make recommendations. The primary office is the Financial Stability Oversight Board that assesses risks in the banking system and makes recommendation to the biggest banks. The law required systemically important financial institutions (SIFIs) to increase the capital reserves on hand and provide a plan for the orderly wind-down of their bank should something happen and the bank was forced to declare bankruptcy. These plans were called "Living Wills" and were due to the FDIC and the Fed by 2014. Unfortunately, of the 11 banks who turned in plans, most found their plan rejected by the FDIC but not the Fed and the ensuing disagreement between the regulators resulted in providing the wayward banks 2 more years to have another go at it. In 2016, five of these newly submitted Living Wills for orderly bank resolution were again rejected. At least four of these banks were now two-time losers. Thus, as of 2016, 8 years have passed since the crisis, the banks are still very large in the USA, and they have no credible plan for resolution if a crisis erupts. The added problem is the lack of regulatory success in and of itself.

Europe claims to have done much better with its regulatory structure. The EU's problem is a little more complicated because theirs includes potential sovereign insolvency not just banking insolvency. Among the more important programs is the European stability mechanism capitalized at 500 billion Euros. The European Commission

claims that the sovereign and banking crises are resolved, market confidence is up, and stability has returned to the overall region (European Commission 2014). However, deficits, debts, low growth, and geopolitical issues threaten to disrupt this stability and, in 2016, an Austrian bank was bailed-in by its shareholders and depositors to keep it afloat. Apparently all is not well just yet.

### Cybercrime

Sales of goods and services, investing, and banking are now electronic, passed through the Society for Worldwide Interbank Financial Transactions (SWIFT) in seconds in various currencies. The error rate is very low. The system is usually very stable. However, cybercrime is an ever-present reality and data breaches at some of the world's largest institutions have caused massive disruptions. Although the financial networks are very secure, mega-threats remain. Governments and private sector companies are rushing full-speed ahead on ways to combat cybercrime and cyber terrorism. A related issue is the high-speed automatic trading, one episode of which may have caused the 2010 "flash crash" in US markets where 1,000 points dropped out of the Dow Jones Index in minutes. Regulators at the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) have not proven the cause and, although high speed-computer automated trading was banned by these regulators, there are ways to obviate these regulations.

## Symptoms of Problems

In the global financial system, a symptom evidences a potential problem when abnormal events and processes are seen. When that which is normal does not occur and the atypical becomes an everyday occurrence, problems lie in wait.

### Schemes, Scams, Fuzzy Math, and Fraud

Fifty billion dollars was lost in the Bernie Madoff Ponzi scheme, a record for fraud in the USA. Former governor of New Jersey, Jon Corzine, lost millions of dollars of client money in the MF Global scandal. There was the London Interbank Offer Rate (LIBOR) mess and the "London Whale" affair that shook the markets and eroded confidence. A Panamanian law firm, Mossack Fonseca, has opened up the shadowy world of offshore shell companies set up by various government leaders and celebrities who hoped to avoid paying taxes in their own country. Add to this manipulated data regarding the cost of living in the USA where food and energy costs are removed from the estimated cost of a basket of daily goods, hidden government debt, and unemployment numbers that do not add up. The public is presented with an erroneous view of the economy. For example, the "debt" reported by the US Treasury generally only counts the "on-budget" debt but ignores debt in other funds, like the Social Security Trust fund. Labor Department statistics on weekly first-time jobless numbers are usually around 200,000 or so yet, mysteriously, the unemployment rate is said to be lower.

If 200,000 people are newly unemployed weekly, then approximately 800,000+ are newly unemployed each month; therefore, more than 800,000 jobs would have to have been created each month in order for the net unemployment numbers to drop. Either the jobless numbers are wrong, the jobs created figure is wrong, or somebody in the US Labor Department cannot calculate correctly. Either way the public is misinformed. Consider also that the accounting system in use by the US government is on the cash basis instead of the accrual basis which makes the financial picture look rosier than it is because future liabilities like social security are not counted (U.S. Treasury 2015a).

Newspapers and financial forums detail bank scandals and threats of prosecutions that never seem to go to trial but usually result in payment of massive fines. Bank America, Deutsche Bank, Credit Agricole, Credit Suisse, Barclays, and J.P. Morgan have paid billions of dollars to US regulators for fraud or other inappropriate behavior. The largest fine against a bank was the 2015 8.9 billion dollar fine levied on BNP Paribas, a French bank for their role in facilitating trade with Iran in violation of US sanctions. These fines

represent a specific fraud problem in the banking sector.

### Quantitative Easing (QE), ZIRP, and NIRP

Quantitative easing (QE) occurs when nations continue to print extra currency months or years on end for the purpose of either closing a budget gap or to stimulate spending. QE is both a symptom of a problem and a tool to remove the problem. It is a symptom because printing extra currency signals declining government finances or economy or both. Sometimes the tactic works to bring the declining economy back to life so it serves as a tool as well, but printing currency beyond the limits of a well-thought-out strategy devalues the currency in circulation which is inflationary. In addition, because consumer and business spending is weak, central banks around the world have lowered the rate at which they lend money to member banks in their system to zero percent or near zero, but this process can promote risky behavior because the borrowed money is too easy to get and cheap to repay at zero interest. Money can be borrowed and invested in derivatives, possibly for double-digit returns, while the public borrows at a rate based off of the prime rate which is usually 3–5%.

The US Fed has vacillated on whether and when to raise the rates but declining market data has forestalled their decision. The EU Central bank has set interest rates on EU accounts in the negative meaning that those who save money in many of the banks in the European Union will not earn interest on their account and instead lose a small percentage to keep their money in the bank (European Central Bank 2016). Japan has also instituted negative rates and Germany's sovereign bond interest rate is negative. Such bonds and accounts become merely a parking place for money not invested elsewhere but the idea is to incent spending and to discourage saving.

### Bail-Ins

After the 2008 crisis, nations that were affected badly crafted legislation to change the bank resolution procedure (bankruptcy). Whereas, in the USA, the FDIC would normally bail out the bank with public money, the Congress, the EU Commission, the Fed, FDIC, and the ECB wrote new policy to conduct "bail-ins" should a bank decline to the point of insolvency. In a bail-in no public money is used to bail-out a failing bank and, instead, bank stock shareholders, bondholders, and even depositors' funds would be written down (taken) to cover the bank's losses and restore it to solvency (EU Commission 2012; FDIC and Bank of England 2012). Bail-ins occurred in 2013 in Cypriot and Greek banks, and in 2016 a bank in Austria was bailed-in. These episodes signal that all is not well in the banking sector.

### Gold Manipulation and Alternative Currencies

Mistrust in the system is also shown by the sales of physical gold and silver, the repatriation of sovereign gold from the US Federal Reserve warehouse, and in the gross manipulation of the precious metals market. Many European nations are repatriating their gold held in foreign vaults including gold held in US vaults either at the Federal Reserve or in a private warehouse. Either they see a need for the metal in the not-so-distant future or they do not trust the vault that holds it. In addition Deutsche Bank, the largest private German bank admitted in 2016 that it indeed has manipulated the gold market for years and offered to give up the names of its coconspirators thus fueling the fire of mistrust in metals. Naked shorting of gold and gold leases is rampant in which a buyer (usually an investment bank) pays a fee to lease gold, sells the lease at a higher price, and buys it back later at a lower price. Many believe this manipulation has kept the price of gold lower than it would otherwise be. While a few scholars have suggested a return to a gold standard, for gold to be used as support for the money in supply now, it would have to be valued at several thousand dollars an ounce. Such inflation, while possible, is not likely because it limits government's ability to print currency and reduces the power of the central banks. China may be revisiting that old gold standard however as in April they set up the new Shanghai gold exchange that will draw business away from other exchanges and has announced they will peg the yuan to gold rather than dollars in a move that may

threaten upheaval in an already frayed monetary system.

### Alternative Currencies

Bitcoin, that algorithm-based crypto-currency much hyped around the world now enjoys the competition of many other electronic units of account. One is the "euthereum," based on a new software concept like Bitcoin, but also different in how it works. While the method of operation is outside the scope of this entry, it is important to note that creation of this electronic unit may be a sign that the currency system is insufficient to supply the world with needed units of account. In addition, many communities have created their own scrip or time-bank currency network to augment failing economies. The fact that governments have either dipped into private and or public pensions to close budget gaps or are investing pension money automatically in sovereign bonds is symptomatic of problems (US Treasury 2015b; Goldfarb 2011; Cauchon 2006).

### Growing Regulatory Authority

Over the last 40 years, governments have created large, complex regulatory structures to reign in wayward behavior or to solve problems in the international monetary system. Since the Bretton Woods conference in 1944, the IMF has gradually evolved from its supportive monetary role to one of direct oversight, policy making, and emergency lending power. With 13 different funding mechanisms linked to policy dictates, theirs is now a "carrot-and-stick" approach. If the IMS was doing well there would be no need for the oversight the IMF now conducts. Prior to the crisis, the USA and Europe, and China rather loosely, regulated their stock markets and financial sectors. Federal agencies kept the system in line. Postcrisis the US Treasury, EU national bank regulators, and, finally, the EU Commission and Parliament expanded their role by creating new agencies and adding power to the FDIC, the Federal Reserve, and the FBI with the passage of the USA PATRIOT Act and the creation of the Financial Crimes Enforcement Network (FINCEN). Plus, in April of 2016, the US Fed has held extra meetings outside of their regular schedule leading many to question why. It is a sign of the times that the regulatory network has grown in proportional complexity to the institutions it attempts to control and that the additional layers of bureaucracy have only weakly managed to corral the vagaries of the global financial system.

## Complicating Factors

A complicating factor is an issue or problem that is not overtly financial but one that has the power to intervene and cause disruption in the financial system at any time.

The world has never seen a period in which there was the absence of conflict but, since the Second World War, armed violence has increased. Besides nation-state conflicts that ended in bloodshed, non-state actors – mainly terrorists – pose a disruptive threat through violence or cybercrime. Geopolitics between superpowers has already erupted into a quiet war between national currencies. Regional conflicts disrupt a country's ability to maintain economic growth and the decline impacts financial markets and heightens risk. Geopolitics is a risk-on game. Disasters, whether natural or man-made, can also disrupt markets and economies, increasing financial risk.

Currency fluctuations, balance of payments issues, and exchange rate problems test even the best international relationships and weigh on the financial system. When inexpensive currencies are devalued, that nation's goods and services become cheaper to the detriment of other currencies. A race to the bottom is a lose-lose for all. Tax structures, labor laws, and the national business climates all impact and can complicate the IMS because business goes where the climate is best. Jobs leave high-tax, tight regulatory environments like the USA in favor of friendlier shores. Add to this the complexity of the system and the low financial literacy rate of society in general. Public education, in general, gives only the briefest coverage of economics, personal, or national finance and rarely touches the global system. A sound system of finance among the community of nations requires a vigilant, well-educated public that is lacking now.

## Tools for Crisis Management

To see the forest through the trees one must step back and look at all that happened and all that has been done to keep it from happening again. To maintain solvency of the international monetary system there are numerous tools: new international organizations, added tools to existing organizations, sovereign national regulators with new tools, regional or supranational bodies creating new rules all in a framework of global cooperation. These bodies surveil and assess risks, suggest policy changes, and offer financial assistance to maintain the stability of the international monetary system.

### The Bank of International Settlements (BIS)

The oldest international organization is the Bank for International Settlements (BIS) established in 1930, chartered in Basel, Switzerland, and designed to strengthen regulations, supervision, and practices of banks and, in turn, enhance financial stability. It is the bank of the central banks. To accomplish this mission, the BIS has created a three-tiered system that includes groups, working groups, and task forces. Five main groups are focused on collaboration among the central banks, maintaining dialogue with other supporting organizations, researching monetary issues, serving as agent or trustee on international financial operations, and acting as counterparty between central banks and their transactions. They conduct 3 yearly meetings on markets, payments, and exchange rates in which they survey the global landscape and discuss risks. Over the last several decades, the Basel Committee on Banking, composed of the high level financial elite of the world, have created what is called the Basel Accords, the third and last of which took effect in 2012. These agreements are designed to shore up capital reserves in big banks and add extra capital to the reserves to counter risk (Basel III Accords 2011).

### The International Monetary Fund (IMF)

The second oldest organization is the International Monetary Fund (IMF), established during the 1944 Bretton Woods Conference whose aims are to promote international monetary cooperation, promote global trade and exchange stability, establish a new payment system, and to make financial resources available to nations in need. To do these things the IMF has set up 13 different funding mechanisms varied according to type of assistance. Many loans to countries are tax-free through 2016, and the IMF also provides technical training to governmental officials in several areas including tax policy, administration, monetary exchange policies, banking and financial system supervision and regulation, and, finally, expenditure management. In short, the IMF has greatly expanded its role from generic lender in 1945 to overseer, manager, and multilateral lender in 2016. A review of the organization's staff, publications, and transcripts indicates a management capability that has permeated the financial offices of 188 nations (IMF 2016).

#### G7 and G20

Two supranational bodies, the G7 and the G20 are also influential in enhancing financial stability. The G7 is a gathering of the finance ministers and central bank heads of 7 nations: Canada, France, Germany, Italy, Japan, the United Kingdom, and the USA that formed during the 1970s after the recession and energy crisis. Concern over system risk had increased, leading this body to begin dialogue on ways to enhance cooperation. The G20 is a group of 19 nations and the European Union that meet yearly with their finance ministers and central bank directors. It is a planning and policy recommending body that seeks to strengthen the global economy and promote institutional stability. Together, the G20 represents 85% of the world's gross domestic output. In 2016, the G20 published a white paper regarding the challenges to global and financial stability posed by geopolitical power shifts indicating recognition of potential problems and the need for more effort (Group of Twenty 2016).

### Financial Stability Board

After the 2008 crisis, one of the global bodies that was formed was the Financial Stability Board (FSB). Working in tandem with the IMF and the BIS, the Board's mandate was to conduct "early

warning exercises" to better surveil risks in the monetary system and prescribe measures to forestall any crisis (Financial Stability Board 2010). The FSB conducts drills to look for vulnerabilities. While they accept that crises cannot be predicted, they note the fact that the IMF missed early signs of impending problems in the run up to the 2008 crisis (p. 10); and now, looking back, they see numerous vulnerabilities in the IMS that preceded most of the major financial crises over the last two decades. Most of the vulnerabilities were on the order of an overextension of credit or asset price bubbles as happened during the US mortgage meltdown. The FSB has partnered with the IMF to create models of parts of the system. Studies have been conducted on economic and banking sectors, corporate sector risk, country fiscal risks, and asset bubble surveillance.

Meanwhile the European Commission has created three new bodies to oversee their financial system. The three bodies are the EU Banking Authority (EBA), the EU Securities and Market Authority (ESMA), and the EU Insurance and Occupational Pensions Authority (EIOPA). Policies and regulations drawn up by these bodies are quite similar to those found in the US Dodd-Frank legislation:

- Recovery plans for banks in trouble
- Resolution plans for failing banks
- Early intervention powers conclusion
- "Bridge" banks
- Resolution authority and bail-ins
- New funding mechanisms for resolution

## Conclusion

The 2008–2009 crisis was the most recent but not the first and it will not be the last. As the world turned out of the distress, the light went on in many government and private offices. All realized something must be done. We should have known a crisis was coming. A few voices in the wilderness sounded the alarm but easy money took precedence leaving carnage in its wake. Our collective response as a society has been to regroup, rediscuss, and reformulate yet another new round of regulations, policies, and proposals lashed to the ramparts of recriminations of our collective guilt in allowing this to happen. For all the new agencies, bureaus, and boards, banks are still too big, still too risky, sovereigns are over-indebted and under-funded, and many say asset bubbles have again formed. Financial elites agree that central bank monetary policy has done all it can do to restore global growth and employment, but the agreement on what to do to maintain system stability while increasing growth ends there (da Silva 2016). The debate revolves around whether secular reform, changes in fiscal policy, negative interest rates, or some other concerted action is needed to produce growth because the government cannot be the only player in this game. On these ideas there is no broad agreement.

Whether the new bodies, meetings, and conventions of specialists and their new sophisticated risk assessment exercises adequately surveil the environment before the next crisis hits is an unanswerable question. Through all of the plans and laws and rules now in place, one proposal is absent from the mix: let a big bank fail and let the failure serve as notice to all of what can happen. Except for certain fringe elements, this idea is not discussed as a tool to manage financial crisis. Also throughout the literature there is the sense that global powers believe they can control the IMS in its entirety through the various mechanisms created. There is a feeling of omnipotence, yet, throughout various plans in several places, exculpatory language seems to say, "Gee we're sorry. We didn't see it coming." This mea culpa rings somewhat hollow in that legions of regulations since 2008 have not materially altered systemic risk. This begs the question of why? Why after 8 years and a plethora of effort are we still trying to figure out why things are not better?

## Cross-References

▶ Causes and Consequences of Crisis
▶ Financial Sustainability
▶ Global Agenda for Crisis Management
▶ Responsible Public Finance Management

▶ Retirement Crisis: Global
▶ United Nations and Crisis Management

## References

Basel III Accords (2011). http://www.bis.org/bcbs/about.htm?m=3%7C14%7C573
Bloomberg Business News (2015) Baltic dry index. http://www.bloomberg.com/quote/BDIY:IND
Cauchon D (2006) What's the real federal deficit? USA Today. August 3rd, p 1
da Silva LAP (2016) A possible way out from the "New Normal:" rebalancing fiscal- monetary policies by picking "Low-Hanging Fruits" to engineer more confidence. Remarks at the Eurofi High Level Seminar, 2016. Bank for International Settlements
Dictionary.com (2016) Crisis. http://www.dictionary.com/browse/crisis?s=t
European Central Bank (2016) Interest rates. http://www.ecb.europa.eu/ecb/tasks/stability/framework/html/index.en.html
European Union Commission (2012) New crisis management measures to avoid future bank bail-outs. Available at http://europa.eu/rapid/press-release_IP-12-570_en.htm
European Union Commission (2014) Why did the crisis happen? http://ec.europa.eu/economy/finance/explained/the/financial/and/economic/crisis/why/did/the/crisis/happen/index/en.htm
Federal Deposit Insurance Corporation and Bank of England (2012) Resolving globally active, systemically important financial institutions (December 10)
Financial Stability Board (2010) The IMF-FSB early warning exercise. IMF, Washington, DC
Goldfarb ZA (2011) Treasury to tap pensions to fund government. *Washington Post*, 15 May, http://www.washingtonpost.com/business/economy/treasury-to-tap-pensions-to-help-fund-government/2011/05/15/AF2fqK4Gstory.html
Group of Twenty (2016) Global financial governance confronts the rising powers: emerging perspectives on the new G20. https://www.cigionline.org/publications/global-financial-governance-confronts-rising-powers-emerging-perspectives-new-g20
International Monetary Fund (2012) The good the bad and the ugly: 100 years of dealing with public debt overhang. http://www.imf.org/external/pubs/ft/weo/2012/02/pdf/c3.pdf
International Monetary Fund (2015) Regional economic outlook. http://www.imf.org/external/pubs/ft/reo/2015/whd/eng/pdf/wreo1015.pdf
International Monetary Fund (2016) The IMF at a glance. http://www.imf.org/external/np/exr/facts/glance.htm
Mateos y Lago I, Duttagupta R, Goyal R (2009) The debate on the international monetary system. IMF Staff Position Note, Nov 2009. http://www.imf.org/external/pubs/ft/spn/2009/spn0926.pdf
Organisation for Economic Cooperation (OECD) (2014) General government debt. https://data.oecd.org/gga/general-government-debt.htm
The Conference Board (2016) Global outlook for gross domestic output. https://www.conference-board.org/data/globaloutlook/
The Dodd-Frank Act of 2010 (2010) Public Law 111–203
United States Department of the Treasury (2015a) Financial statements of United States government for the years ended September 2015 and September 2014. https://www.fiscal.treasury.gov/fsreports/rpt/finrep/fr/15frusg/FinancialStatement/2015.pdf
United States Department of the Treasury (2015b) MyRA.gov. https://myra.gov/
United States Federal Reserve (2015) Board of governors of the federal reserve system: Mission. http://www.federalreserve.gov/aboutthefed/mission.htm

# Global Governance

Matthias Hofferberth
Department of Political Science and Geography, University of Texas at San Antonio, San Antonio, TX, USA

## Synonyms

Global order; World politics

## Introduction

Despite (or maybe precisely because of) its apparent vagueness, the concept of *governance* has become one of the most influential intellectual leitmotifs in contemporary political science. Expanded in scale and scope within the field of International Relations (IR), the notion of *global* governance appears to be even less specific, more intricate, and hence even harder to pinpoint. To no surprise then, ever since its introduction in the 1990s, both proponents and opponents have criticized the concept for its inherent ambiguity and loose definition (Finkelstein 1995; Latham 1999; Murphy 2000). More surprising though is the fact that the concept nevertheless triumphed in reorienting the discipline as global governance today serves as a major point of reference for

both scholars and practitioners of world politics (Barnett and Sikkink 2008). As such, global governance carries a world of diverging meanings and normative commitments when being invoked. Against this background, this chapter provides a brief definition of global governance in the remainder of this introduction before sketching both the disciplinary and the real-world contexts against which the concept and the practice of global governance emerged. Based on this twofold account which situates the concept in the field of IR, current debates and future directions for research will be discussed before the chapter concludes that despite its conceptual ambiguity, scholars should hold on to the concept and collectively continue to push toward realizing its full analytical value (Weiss and Wilkinson 2014a).

In the literature, we find an abundance of at first sight seemingly similar definitions of global governance. However, upon closer inspection, these definitions quite often feature slightly different foci and themes. Adapted from the 1995 Report of the Commission on Global Governance, for example, governance is broadly framed as "the sum of the many ways individuals and institutions, public and private, manage their common affairs." More specifically, it is further defined as "a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken" which "includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest" (Commission on Global Governance 1995, 2). Karns and Mingst (2010, 4) in particular focus on the global nature of the concept and think of it as "the multi-level collection of governance-related activities, rules, and mechanisms, formal and informal, public and private, existing in the world today." Advancing a functionalist, almost evolutionary logic, Held and McGrew (2002, 9) see in global governance the "evolving system of (formal and informal) political coordination – across multiple levels from the local to the global – among public authorities (states and IGOs) and private agencies seeking to realize common purposes or resolve collective problems." In this vein, global governance synonymously describes the process of international organization as well as single organizations within this process. Finally, Weiss and Wilkinson (2014b, 9), emphasizing the analytical dimension of global governance, think of it as a concept which helps scholars to "capture more fully the totality of ways in which life on the planet is ordered" as it encourages us to "ask questions not only about who and what were involved in governing the world but also about how any particular form of organization came about and the results of its particular mechanisms of control."

Considering the overlap between these definitions, we can distill five widely shared assumptions and commitments which, taken together, distinguish global governance from other approaches. Being both political and analytical in nature, these assumptions and commitments entail (1) the notion that "order" and governance on the global scale are dynamic and are likely to change over time and (2) the perception that recent changes are driven by new governance problems which are potentially global in nature and hence demand global solutions, translating into (3) the analytical need to consider other actors beyond the state engaged in the provisions of such solutions motivated by (4) the empirical realization that current provisions of "order" and governance on the global scale have become decoupled from formal-legal authority and ruling through coercive force as well as (5) the normative impetus to contribute to and direct future change. None of these assumptions and commitments are exclusively (or necessarily for the first time) advanced within the notion of global governance. Taken together, however, they define global governance as an approach to *studying* and *doing* world politics in which both practitioners and scholars perceive the current state of world order as diffuse, polyarchic, and multilayered. As will be shown in the next section, this approach, whose intellectual origins can be dated back to the early 1990s, soon gained momentum in and beyond IR and quickly became an important contender within the discipline.

## Global Governance and Its Disciplinary Contexts of Emergence

Governance and order on a global scale in general as well as the role and influence of international organizations in particular have always played an important role in IR thinking. Against the background of accelerated globalization and ground-shaking events surrounding the end of the Cold War, however, interest in these *topoi* gained new momentum in the early 1990s. "Officially introduced" to the field with the publication of James Rosenau and Ernst-Otto Czempiel's edited volume on *Governance Without Government* (Rosenau and Czempiel 1992), this new approach soon received its name and intellectual home in the quarterly journal of *Global Governance* (Coate and Murphy 1995). Infused into a discipline suffering from and struggling with its self-made straightjackets of state-centrism, paradigm wars, and rationalism, global governance, despite its vagueness, quickly gained space and soon established a new disciplinary narrative to be reckoned with (Barnett and Sikkink 2008). It did so by (1) "annexing" the English School and regime theory with their foci on intergovernmental organizations and international law as well as the study of transnational actors, (2) challenging the assumingly nonnormative commitments of mainstream IR toward rigorous analytical theorizing, and (3) connecting to (social) constructivism which, taken together, opened the discipline to alternative knowledge claims in both methodological and substantial terms.

First, in terms of intellectual predecessors, the English School, regime theory, and the study of transnational actors stand out in particular. Vis-à-vis each of these, global governance presented itself as the more encompassing, more holistic approach. In multiple supersessions, global governance intellectually connected to all three strands yet at the same time reframed them and monopolized their assumptions in unique ways. For those who already studied intergovernmental organizations, international law, and transnational actors, global governance offered a new perspective to relate to and restate the relevance of their studies. For those who argued against such considerations, global governance appeared to be a much larger contender than previous approaches simply because real-world developments made a stronger case for these topics than ever before (see below). Ultimately, instead of embracing and explicating intellectual proximity and thematic resemblance with established research traditions in order to specify the approach, early global governance scholars emphasized the novelty of their perspective. In intellectual history terms, it can thus be argued that much of the attractiveness that allowed global governance to climb from the "ranks of the unknown to one of the central orienting themes in the practice and study of international affairs" with "its near-celebrity status" today originated in finding the sweet spot between drawing on and at the same time differentiating itself from other established approaches in IR (Barnett and Duvall 2005, 1).

Second, just as its flagship publication *International Organizations*, the field of IR as a whole heavily shifted toward analytical theorizing during the 1980s. As a consequence of this shift, explicit normative commitments to global policies became something IR scholars frowned upon. Such a heavy reliance on a particular philosophy of science, however, evoked criticism and opened new windows of opportunities. As Sinclair (2012, 16) critically put it, IR as an intellectual enterprise "increasingly drew back from matters of international policy and instead became a vehicle for the development of rigorous academic theorizing" against which global governance emphasized the political and hence normative nature of its topics. As such, while mainstream IR became skeptical of any sort of value commitment, global governance proponents were not shy to discuss the possibility of a "better world" and turned their normative commitments into one of the defining assets of their new approach. Consequentially, important questions such as "what forms of organization and governance should prevail, how scarce resources should be allocated, and what kind of policy ought to be put in place" were raised, discussed, and answered within a global governance framework not afraid of such debates and normative commitments which only further added to the

attractiveness of the new intellectual contender (Weiss and Wilkinson 2014a).

Third and connecting to the rise of (social) constructivism as another new paradigm in IR, such normative commitments translated into broader critiques of mainstream IR, its philosophy of science, its methods, and its study themes. However, whereas constructivists advanced their arguments from a theoretically inspired perspective and explicitly included methodological and epistemological critiques in their writings, global governance scholars for the most part were concerned with real-world changes and their substantial implications for world order. In other words, global governance became more of an empirically driven exercise and, other than constructivism, remained more or less noncommitted to epistemological or methodological debates and claims (Ba and Hoffmann 2005). Taken together, constructivism and global governance, almost in an implicit division of labor, collectively opened the discipline to alternative knowledge claims in both methodological and substantial terms and thereby created a much-needed intellectual space to engage with and make sense of real-world developments occurring parallel to these disciplinary dynamics.

## Global Governance and Its Current Manifestations

Being a concept "born from a marriage between academic theory and practical policy" (Weiss and Wilkinson 2014c, 208), the emergence of global governance was equally driven by disciplinary dynamics as well as real-world developments. More precisely, the intellectual notion of challenging conventional ways of *studying* global issues was strongly motivated by the political notion that traditional arrangements of *solving* global issues were failing. Under the immediate influence of the Cold War ending, scholars of world politics in the early 1990s in this sense were equally influenced by optimism and high hopes as well as anxiety, disgruntlement, and dissatisfaction with the new world order proclaimed by contemporaries. Living in "a time when hegemons are declining, when boundaries (and the walls that seal them) are disappearing, when squares of the worlds cities are crowded with citizens challenging authorities" (Rosenau 1992, 1), both practitioners and academics alike felt that their time marked a turning point in history. Described by some as the end of history (Fukuyama 1992), Coate and Murphy (1995, 1) wrote in their first editors' note of *Global Governance* that it was a time of "great hope and great hopelessness, a time when ideological fault lines have disappeared, while the global rifts of wealth and power have widened." In the same year, the already mentioned Report of the Global Commission was all grist to the mill of global governance proponents. Proclaiming a "new world" and assessing that there was no alternative to global governance, the singularity and novelty of the time as well as the opportunities that supposedly followed from this became a new *mantra* for those engaged with and interested in world politics.

The end of the Cold War and the Global Commission report, however, were not the only points of reference that bestowed global governance advocates with a collective identity and new themes. In a sense, both only reflected the larger, more foundational development of increased globalization that affected (and continues to affect) our human condition and the nature of our time. It was strongly perceived around the mid-1990s that all spheres of life – culture, communication, and travel, production and markets, money and finance, and ecology and health – had accelerated to the extent that scholars and politicians were exposed to global dynamics unlike before. Living in such a globalized world was referred to as living in a "world of increased complexity" in which previous ordering principles (e.g., the state and intergovernmental organizations) were deemed to have failed as "domestic problems" became "global problems." Transnational crime and terrorism; trafficking of people, weapons, and drugs; global warming; financial (in)stability; and global trade, it was concluded, were universal in their scope and diminished state capacities to maintain the integrity and welfare of their citizens. Consequentially, practitioners and academics alike felt helpless to grasp, let alone

govern, these issues and saw in global governance at least a potential answer when traditional government approaches failed. Ultimately, the enthusiasm as well as the desperation the historical context brought with it strongly pushed the practice *and* the study of world politics toward embracing global governance as a new concept despite its ambiguity. As Latham (1999, 24) put it, a notion deliberately "open and diffuse, if not a little non-committal," appealed to contemporaries since these were "attractive qualities in an era of ambiguity, uncertainty, and flux."

Quickly gaining momentum, global governance soon became a self-fulfilling prophecy for both the practice and the study of world politics. Throughout the 1990s, with national and international politics increasingly merging, we saw both regional arrangements beyond the state fostering as well as stronger commitment to the UN on a global scale. State actors felt that almost all aspects of their decision-making was influenced by complex interdependence and hence advanced the notion that all policies were *foreign* policies. Globally, with various degrees of institutionalization and authority diffusing between different actors, intergovernmental organizations overall developed more autonomy and hence became more influential in world politics (Karns and Mingst 2010). In addition and probably even more important for global governance, non-state actors became more and more involved in private authority and transnational governance. Whether through NGO monitoring and shaming or multinational enterprises developing their own standards, these actors began to contribute to and shape global debates unlike ever before (Held and Hale 2011). These trends – the internationalization of domestic politics and the ensuing proliferation of multilateralism, intergovernmentalism, and transnational governance – were further reinforced as almost all actors and institutions involved in global governance embraced a "partnering norm" of collective problem-solving. As such, states, IOs, NGOs, and enterprises not only became engaged in global governance individually. They also collectively created a plethora of multi-stakeholder initiatives which only further increased the diffusion of authority, the informalization of governance, and the integration of non-state actors.

Where do these developments leave us today? What are the major characteristics of the current manifestation of global governance? The most remarking aspect probably is the immense, almost infinite complexity that follows from a multilayered, multi-actor, polycentric, and diffused global order. We have to start any account of global governance with the state and emphasize that even in the twenty-first century, they remain key actors with their sovereignty qualified but not compromised. Next we need to add the layer of intergovernmentalism and consider both regional and global IOs. As such, global governance scholars put a particular emphasis on the UN system (Weiss et al. 2010) and on the importance of regional arrangements (Herz 2014). On both the regional and the global levels, however, we see organizations formerly defined by their intergovernmental nature increasingly relying on non-state actors as they embrace and sponsor initiatives such as the *UN Global Compact*; the *Extractive Industry Transparency Initiative*; the *Global Fund to Fight AIDS*, *Tuberculosis and Malaria*; and the *World Commission on Dams*, to name only a few from a seemingly endless list. In these networks and multi-stakeholder partnerships, we also find local, substate agencies independently engaged as well as a certain reliance on specialized epistemic communities and their experts, completing a complex picture of overarching authorities. This plethora of different "global governors" with diverse resources, interests, and constituencies is engaged in different governance activities from advocating and creating to implementing and enforcing norms and policies which ultimately, to no big surprise, create diffused and unclear responsibilities as well as issues of accountability (see below). Configurations and arrangements vary from issue to issue, implying that we have an almost endless arrangement of different and overlapping governance systems constituting an overall messy, if not chaotic, architecture of global governance. In other words, global governance today is characterized by complex interplays of cooperation, coordination, competition, and contestation between

global, regional, national, subnational, and non-state actors. To no surprise, as will be elaborated in the next section, this global patchwork of arrangements remains disputed both academically and politically.

## Current Debates and Future Research

Against the background of the outlined disciplinary and real-world dynamics, two major debates along the lines of *how* much global governance and *what kind* of global governance we want today stand out. Each debate involves a multitude of scholars and diverse perspectives which can only be aggregated here to the point where individual contributions do not receive the credit they should receive. With this said, in the first debate, scholars and practitioners alike discuss the overall quality, scale, and depth of the current global governance system. Given the explicit normative impetus of many global governance proponents, it comes as no surprise that assessments differ. These range from affirmative approaches emphasizing the advantages of current global governance over state-centered governance as we experienced it in prior times. Not only are global issues more efficiently tackled, the increased integration of a broad range of different stakeholders also, accordingly to this position, adds to the overall legitimacy of the current order (Ruggie 2004). Others, often informed by Marxist or Historical Materialist thinking, challenge the underlying functionalist logic of global governance, disapprovingly discuss it as a consequence of neoliberalism, critically assess singular initiatives and partnerships, and ultimately reject its legitimacy. Particularly the integration of private actors, so the argument continues, does not offer solutions but is rather part of the problem (Cox 1997; Murphy 2000).

Between these two positions, we see middle-ground approaches concerned with honing our conceptual tools and theories to better understand and assess global governance. Important dimensions in this are efficiency and legitimacy of governance. Consensus begins to emerge along the lines that considerations of "getting the job done" need to be related to issues of accountability and representation. Simply put, allowing everyone to speak does not imply that everyone is equally well heard as different actors, both state and non-state, command different resources and capabilities. Given that this allows them to influence global governance processes to larger extents, it raises legitimacy concerns about the overall quality of global governance. In addition, since many global governors lack any form of democratic accountability and represent specific constituencies (i.e., *share*holders, not *stake*holders), it has been argued that global governance needs to be grounded in better frameworks that directly connect the ruled with the rulers by allowing the former to choose and potentially replace the latter. Whether such democratic notions are possible on a global scale and whether this will ultimately improve the quality of global governance remain to be seen. For the time being, these issues are at least debated while so far "we have failed as agents of change; that is, as purveyors of opinion and proposals about a better and fairer world order" as global injustices, inequalities, and violence remain real for most people on this planet despite different commitments (and hopes) expressed in global governance (Weiss and Wilkinson 2014a, 19).

The second major debate revolves around the contested conceptual status of global governance. Being advanced at the same time as a policy notion with its origins in the practitioner's discourse, an empirical condition of a changed "world out there," and an analytical tool to study and assess this change, global governance from its very inception semantically entailed and continues to entail today a wide range of diverging meanings. In other words, global governance denominates the activities of actors engaged in world politics, is intellectually condensed into a paradigmatic description thereof, and provides the conceptual tools and the ontology to scientifically grasp and study them. Just as with *I*nternational *R*elations, the use of capital letters to distinguish a field engaged in intellectual reflection from the real-world substance it is interested in could already help clarify whether we refer to the object of study (i.e., *g*lobal *g*overnance) or the collective

academic enterprise (i.e., *G*lobal *G*overnance). With this distinction not made yet as well as skeptical voices still questioning its ability to explain anything, global governance does not constitute a full-fledged research tradition (yet). Rather, it appears to be in a "theoretical interregnum" (Pegram and Acuto 2015) and constitutes, at best, a "theory [still] in the making" (Dingwerth and Pattberg 2006, 189). It is in particular the conflation of political commitments, empirical descriptions, and theoretical explanations which makes the notion attractive but also sustains much of the confusion surrounding it. In other words, global governance today is both the question *and* the answer to "what makes the world hang together," and further discussion is needed to fully realize its analytical value (Ruggie 1998).

In addition to conceptual conflation, further adding to the confusion surrounding global governance is the fact that its position in relation to the field of IR has never been quite decided. Framed by some as unwarranted distraction and hence unworthy of engaging with at all, others hail (ed) global governance as a potential savior which will not only reinvent but ultimately supersede the discipline (Ba and Hoffmann 2005). Advocates for disciplinary reinvention emphasize global governance's potential to foster interdisciplinary exchange and overcome IR's reluctance to embrace normativity. Such an intellectual transition, many argue, needs to be accompanied by institutional transition as well. The introduction of *Global Governance* in 1995 as a "quarterly [intended] to return to the global problem-solving origins of the leading journal in the field, which seemed to have lost its way" (Weiss and Wilkinson 2014c, 208), in fact already marked an early step in this direction. Today, with IR fragmenting into different subfields and special interest areas, we see a proliferation of explicitly dedicated research centers, conferences, and workshops on global governance as well as specialized degree programs emerging. Again, it remains to be seen whether this improves the quality of the research agenda. Ultimately, what is already at stake, though, are the foundational narratives as well as the future of the discipline of IR, and the prominence of global governance in one way or another will change both the substantial the institutional faces of our academic enterprise (Barnett and Sikkink 2008).

Whether one hails these changes or condemns them, at least four conceptual challenges remain unresolved in current global governance thinking. First, it remains to be seen whether global governance can shed its functional bias and move beyond its "managerial vision" currently applied to global issues. Often framed as an "unavoidable consequence of globalization," global governance advocates in this context the need to develop better justifications for studying (and promoting) change (Sinclair 2012, 5). Second, global governance research has to embrace a historical dimension and realize that its subject existed long before it was captured in academic terminology. Studying previous forms and manifestations of global governance will provide scholars with a better grasp on how a particular order of governance came to be in the first place (and ceased at a later stage) as well as an overall better understanding of the core theme of change (Murphy 2014). Third, given its passive focus on structures, global governance research in the future needs to emphasize and theorize the notion of agency. While global governance is all about "how the world is governed" (Weiss and Wilkinson 2014a, 25), we need to know more about the governors involved (Avant et al. 2010). Fourth and finally, processes of governance will remain contested, and these contestations will be resolved through exercises of power which is why global governance has to develop better conceptualizations of power as a relational disposition beyond legal-formal authority (Lake 2010; Barnett and Duvall 2005).

## Conclusion

How and whether these challenges will be tackled will determine future directions of global governance research. For the time being one can conclude that despite all the ambiguity and debates surrounding the concept, it simply has become "too important [and too influential] to just let go" (Dingwerth and Pattberg 2006, 198).

Considering the impeding and sterile paradigm wars IR was engaged in during the 1990s as well as its inherent state-centrism, global governance significantly advanced the field and created space for new themes and approaches. In this sense, the debates surrounding global governance can be perceived as indicators of the liveliness and relevance of the notion. Put simply, there appears to be something to global governance that keeps us engaged with it. While oftentimes disappointing and frustratingly confusing, intellectual progress of the global governance research agenda overall, at least for the time being, should thus not be measured in terms of coming up with the right answers but rather in terms of raising the right questions. As Weiss and Wilkinson (2014c, 207) remind us, whatever shortcomings current global governance thinking might feature, it still represents a shorthand "useful for describing growing complexity in the way the world is organized and authority is exercised." Accepting the confusion inherent in any exercise as complex as studying world order while still committing to further realizing its analytical value collectively is on us as we owe it to the intellectual ingenuity expressed by the many great minds involved in more than 20 years of global governance research.

## References


Avant DD, Finnemore M, Sell SK (eds) (2010) Who governs the globe? Cambridge University Press, Cambridge

Ba DA, Hoffmann MJ (eds) (2005) Contending perspectives on global governance. Coherence, contestation and world order. Routledge, New York

Barnett M, Duvall R (2005) Power in global governance. In: Barnett M, Duvall R (eds) Power in global governance. Cambridge University Press, Cambridge, pp 1–32

Barnett M, Sikkink K (2008) From international relations to global society. In: Reus-Smit C, Snidal D (eds) The Oxford handbook of international relations. Oxford University Press, Oxford, pp 62–83

Coate RA, Murphy CN (1995) Editors' note. Glob Gov 1(1):1–2

Commission on Global Governance (1995) Our global neighbourhood. The report of the commission on global governance. Oxford University Press, Oxford

Cox RW (1997) The new realism: perspectives on multilateralism and world order. Macmillan, London

Dingwerth K, Pattberg P (2006) Global governance as a perspective on world politics. Glob Gov 12(2): 185–203

Finkelstein L (1995) What is global governance? Glob Gov 1(3):367–372

Fukuyama F (1992) The end of history and the last man. Avon Books, Los Angeles

Held D, Hale T (2011) Handbook of transnational governance. Institutions and innovations. Polity Press, Cambridge

Held D, McGrew A (2002) Introduction. In: Held D, McGrew A (eds) Governing globalization. Power, authority and global governance. Polity Press, Cambridge, pp 1–21

Herz M (2014) Regional governance. In: Weiss TG, Wilkinson R (eds) International organization and global governance. Routledge, London, pp 236–250

Karns MP, Mingst KA (2010) International organizations. The politics and processes of global governance. Lynne Rienner Publishers, London

Lake DA (2010) Rightful rules: authority, order, and the foundations of global governance. Int Stud Q 54(3): 587–613

Latham R (1999) Politics in a floating world. Toward a critique of global governance. In: Hewson M, Sinclair TJ (eds) Approaches to global governance theory. State University of New York Press, Albany, pp 23–53

Murphy C (2000) Global governance: poorly done, poorly understood. Int Aff 76(4):789–803

Murphy C (2014) Global governance over the long haul. Int Stud Q 58(1):216–218

Pegram T, Acuto M (2015) Introduction: global governance in the interregnum. Millennium J Int Stud 43(2):584–597

Rosenau JN (1992) Governance, order, and change in world politics. In: Rosenau JN, Czempiel EO (eds) Governance without government. Order and change in world politics. Cambridge University Press, New York, pp 1–29

Rosenau JN, Czempiel EO (eds) (1992) Governance without government. Order and change in world politics. Cambridge University Press, New York

Ruggie JG (1998) What makes the world hang together? Neo-utilitarian and the social constructivist challenge. Int Organ 52(4):855–885

Ruggie JG (2004) Reconstituting the global public domain. Issues, actors, and practices. Eur J Int Relat 10(4): 499–531

Sinclair TJ (2012) Global governance. Polity Press, Cambridge

Weiss TG, Wilkinson R (2014a) Global governance to the rescue: saving international relations? Glob Gov 20(1): 19–36

Weiss TG, Wilkinson R (2014b) International organization and global governance: what matters and why. In: Weiss TG, Wilkinson R (eds) International organization and global governance. Routledge, London, pp 3–17

Weiss TG, Wilkinson R (2014c) Rethinking global governance? Complexity, authority, power, change. Int Stud Q 58(1):207–215

Weiss TG, Forsythe DP, Coate RA, Pease KK (2010) The United Nations and changing world politics. Westview Press, Philadelphia

# Global Governance and National Governance

M. Anne Brown
Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Accountability; Global North and South; Government; Leadership; Social and political institutions; Social order; World order; World politics

## Introduction

Governance is a highly contextual term. It can be used in different ways in public policy and public administration, organizational theory, international relations, models of corporate governance, and approaches to "good governance." As this chapter is addressing global and national governance, governance is approached in a more open-ended context. Global and national governance are encompassing categories; the first refers to the world, the second to what is widely understood as the principal unit of contemporary political order throughout the world: the state. The systems of political and economic power which shape fundamental dimensions of our world are not fixed, but changing, with significant transitions underway. Moreover, these systems are in close feedback loops with local and global ecological dynamics; as trajectories of governance have affected ecological balances, climate change will have deep, unpredictable impacts on collective human life, presenting profound challenges for governance. Questions of how the world was and is governed (in its more local or more global dimensions) and how it can or should be governed are journeys of exploration. This chapter contributes by looking at some of the themes that emerge in discussions of global and national governance, and calls into view a dimension that can be overlooked, but has something to say to both.

Global and national governance are in dynamic interaction, empirically and conceptually. This chapter first considers governance in general terms and then discusses global and then national governance. The discussion concerns empirical states of affairs, but since what we see is profoundly shaped by how we look, it is significantly conceptual. At points throughout the discussion, the chapter considers "local," societal sources of governance. Societal sources of order are important for all populations; for a substantial proportion of the world's population, however, they are the primary source of governance and thus fundamentally significant. Societal or "local" governance could be understood to be included in both national and global governance. In important ways, it is. In the places where people speak for national or global governance, however, it is rarely recognized, or part of the conversation (Muehlebach).

## Governance

Governance could be understood as the ways we organize ourselves to live together or to undertake certain kinds of ongoing activity. This involves questions of the systemic, collective exercise of power, but power in its various faces. That is, governance concerns not simply power as command or coercion but also the power to attract, persuade, and hold together, to resist and withdraw, to shape habits and values, and to make meaning and interpret it. In this understanding, power is dynamic, moving throughout a system of relations and interactions, and not only held by some over others. While power certainly operates as command, over time most governance systems involve processes of resistance, exchange, and negotiation. Governance is not, then, simply the assertion of rules or norms, but those processes by which norms and institutions are produced and authority and legitimacy established. Governance

thus concerns systems and practices of power by which different kinds of collectivities seek to order interactions and to shape and respond to their environment (or some part of it) over time. Questions of accountability and legitimacy are central to this activity. Much writing on governance focuses on the governing agent, or the regulatory system. While this focus often makes sense in practical terms, governance fundamentally concerns the quality, character, and system of relations circulating among governing and governed or across the collectivity.

The collectivities referred to could be families, kin networks, towns, institutions, enterprises, societies, states, and so forth. These are clearly not separate entities but interweaving and often contending systems whose organization may be dense or loose, tightly defined, or open-ended. Governance also includes the messy, often incoherent processes by which interdependent, overlapping, or autonomous bodies manage their relations and undertake tasks, forming larger networks or more complex hierarchies – that is, how different kinds of collectivities "hang together" (Weiss and Wilkinson 2014).

Governance is an inclusive term. It can include "government." Definitions of governance given by both the Commission on Global Governance and The Council of Rome explicitly include government. But governance can also be distinguished from government by virtue of its very generality. Government is the key activity of a state and identified with a centralized body of institutions which has a monopoly over aspects of making, monitoring, and enforcing a dense complex of rules, regulations, and norms covering a specified range of activities across the territory of a state. Governance recognizes a wider, potentially less hierarchical and more fluid range of ways by which rules can be generated, activity oriented, and societies steered (Rosenau 1995).

This tension between governance and government points to themes recurrent in discussions of national and global governance. One concerns "top-down" and "bottom-up" orientations, with government being classed as more top down and hierarchical. While governance can be associated with either, it can enable recognition of bottom up, or relatively horizontal, forms of social and political ordering, as well as of more fluid processes of decision-making. The other, related theme concerns questions of accountability, the legitimacy of authority, and the nature of appropriate participation and communication. All forms of governance, top down, bottom up, or horizontal, raise these questions. In the contemporary world, however, it is the governments of states that have been principally charged with accountability to and for their populations. Many governments clearly do not or cannot fulfil these responsibilities. At the same time, in practice, there can be many forms of accountability and participation at work in the ways communities live and organizations operate, some fundamental to people's life chances. Nevertheless, democracy, popular sovereignty, and political accountability have been fundamentally conceptualized within the state and in institutional terms rest finally with government. Questions of global and transnational governance, then, automatically raise issues of how accountability and participation ("citizenship") might be understood and exercised beyond traditional conceptualizations of the state.

In international political and legal terms, the state is a fundamental building block of contemporary world order and, in principle at least, the primary context within which societies can seek a range of political goods, including accountability, participation, justice, security, and self-determination. It is not only a matter of *realpolitik* then that states and models of how they in principle operate – top down, centralized, with coercive capacity, but a key point of accountability nationally and internationally – remain a significant point of reference for much thinking about not only national but global governance. Demand for global governance is significantly driven by realization of the limitations of state power, capacities, and accountability, but many conceptions of global governance remain in one way or another dependent on traditional models of statehood. The United Nations is central to much discussion of global governance, but is an organization of states, as are a range of key centers of power in global decision-making. Nevertheless, categories of global and national governance open more

searching lines of enquiry about the sources and interplay of social, political, and economic systems of collective power.

Concepts of governance, for example, enable attention to forms of order that underpin the life of communities in many parts of the world but that are scarcely taken into account by prevailing models of the state. In much of the global South, fundamental elements of governance are societal or "local." In sub-Saharan Africa, for example, the great majority of peace, security, and justice functions – functions usually identified as critical responsibilities of state institutions – are provided by societal bodies, including customary networks and authorities. While often "local," face-to-face networks, these patterns of authority may simultaneously stretch across the country and be part of transnational systems of relations. "Global" and "national" are often thought of as levels in a vertical hierarchy. This can be misleading, however. The "global" is saturated with the "national" and vice versa; issues arising within a state (epidemic disease, civil war, nuclear weapons, financial collapse etc., as well as the management of or resistance to these things) can, and often do, have global significance and vice versa. This point extends to the "local." The local can be small scale, geographically contained, or parochial; it can also be where communities interact with far-reaching networks of communication, trade, criminality, security, and migration, where people struggle with dilemmas of war and peace, terrorism, climate change, or epidemic disease and where creative responses to existential challenges can emerge. Understanding "how things hang together" needs to take these dimensions of governance into account, not least because they concern a significant proportion of the global population. The significance of societal sources of governance also raises questions of participation and accountability "within" these systems but also on the part of global and national institutions to the communities involved. To what extent are the more officially "global" level of global governance and the "national" level of national government accountable to, and in exchange with, communities of the global South?

## Global Governance

Debate about global governance is inevitably significantly conceptual. There is no plainly established set of objects and processes to which "global governance" refers. What then might the term enable us to do conceptually, politically, or ethically? Indeed, when it is not a discussion of the management of particular transnational issues, from climate change to nuclear weapons to overviewing international postal services, much discussion about global governance is debate about what the term means or should mean (Whitman 2009). Debate does not mean that the term has no value, however. Rather, it reflects the challenges of conceptualizing the changing ways we live together in the broader ecology of the world, the new demands imposed by change, and how to work with the need to shape these patterns of interaction less destructively and dangerously.

Foci of debate include whether global governance refers primarily to institutions and processes that already exist (but need reform) or whether it requires something radically new that needs to be created. If it already exists, does it consist of the dense network of sometimes conflicting, sometimes collaborating multilateral, state and civil society institutions, norms, and processes which already significantly shape transnational interactions (known as complex multilateralism)? Is it centralized around key international organizations, notably the United Nations? Or does global governance rest rather with the balance of economic and political power which, while shifting, is still seen as resting largely with major states and corporations of the global North, the transnational institutions they dominate, and what is sometimes identified as Anglo-Saxon modes of capitalism? Given entrenched patterns of economic and political power is the emergence of a more genuinely collaborative system conceivable? Or is global governance a truly all-inclusive category which refers to all those multiple forms of governance which have relevance across borders, without being limited to the "global level"? If global governance needs to be created, is it understood as a nonhierarchical web or a centralized coordinating body – perhaps a

radically reformed UN operating as an authoritative, autonomous assembly of democratic peoples (Held 1995)? Should state (interstate) or non-state actors be the leading figures? In either case, what forms of accountability would bind its operations, and under what political conditions and how might it be brought about?

Contemporary ideas of global governance emerged on the back of a growing awareness of societies' complex vulnerabilities to intensifying globalization. Changing patterns of global interaction have long-shaped history. Globalization has enabled many of the benefits of people's collective lives, including material and cultural enrichment and scientific and technological advances. The benefits and costs of these dynamics, however, are distributed in deeply unequal ways. The impacts of globalization are substantially shaped by dominant systems of economic and political interaction; in this context, globalization has led to intensifying global inequality, entrenched patterns of violence, and major irregular population movements, among other problems. It has resulted in changes to the world's climate that have pushed the global ecology deep into uncharted territory. While unevenly distributed, these impacts are extensive and growing. Such effects are not inherent to globalization. Through increasing velocity and synergies, globalization has entered a potent new phase of both constructive and destructive potentials, but its impacts are largely shaped by global political and economic patterns of interaction (Whitman 2009). The recognition that collective problems are intensifying and require collaborative solutions is a strong impetus driving interest in global governance.

It was the devastation of the twentieth-century world wars that focused attention on the dangers of increasing global interdependence and the need to find ways to manage them. First the League of Nations, following WW1, and then the United Nations, following WW2, were established to restrain the use of weapons of mass destruction and to avoid further major war through collaborative action. They were to be "world" bodies, but the sense of what constituted "the world" reflected their time. For the League, the "world" did not include the colonies. By 1945, the UN embraced principles of self-determination. Over time, decolonization has extended UN membership to 193 states. The world was and continues to be understood as constituted by states, with populations represented in principle by their governments, and international organizations complement to, if potentially also restraints on, state power. The character of statehood, however, is both deeply heterogeneous and changing.

A suite of agencies, treaties, and norms emerged under the aegis of the UN. These undertook to control nuclear weapons, help regulate trade and support economic development (the Bretton Woods institutions), manage or respond to crises and diverse interstate stresses, improve living conditions for vulnerable sectors of the globe, and promulgate human rights norms while respecting sovereignty. As well as improving well-being, these were efforts to reduce factors seen to cause war. They were informed by what has become known as "embedded liberalism" or the welfare state: a new vision of the social contract (underpinned by a Keynesian interpretation of the slide into the Second World War) where support for more globalized trade was balanced by national and international regulation and (where possible) social welfare provision. The Cold War, running from soon after the establishment of the UN until 1989, severely limited potential for cooperation, particularly regarding war and peace, but did not entirely remove it.

For states of the global North, however, the scope of state power has been shifting since the establishment of the UN. Intensifying regional and global interconnectedness has been redistributing decision-making powers around a spectrum of economic, political, and social issues previously associated with national governments (Held 1995). These developments have changed the dynamics of national political systems, reducing the capacity of governments to steer developments within the state and altering channels for accountability between citizens and government. Commitment to socially embedded liberalism has given way to the neoliberalism of small government and enhanced market power associated with Anglo-Saxon modes of capitalism, not only in key

states but in international economic institutions. By the end of the Cold War, demand for international institutions to take greater responsibility for dealing with transnational issues, including managing some of the negative effects of economic globalization, was growing, as was frustration with the limitations of the sovereignty-based, post-World War II institutions. There are other dynamics of change and forms of heterogeneity affecting states. Beyond the global North, for many of the more recently decolonized states, the state as political community was and is still in early stages of emergence. At the same time, the balance of power among states, including their relative power within key transnational institutions, has been shifting over the several decades since the UN was established. This period has seen the demise of the Soviet Union, the weakening of the United States, the emergence of Russia, and the rise of China and, to a lesser extent, India.

The League of Nations and the UN emerged from responses to devastating war but were also informed by long-standing traditions of political thought concerning world government. Far from being a world government, the United Nations is dependent upon the states which make it up. Kantian political thought saw a non-authoritarian world government as the ultimate evolution from a federation of independent, "rational," and like-minded states. Belief in the value of a literal "world government," with its potential for totalitarianism, has receded dramatically. Nevertheless, although the idea of global governance is often framed in contrast to world government, the idea of a central global sovereignty, perhaps with coercive power, in effect a traditional state writ large, remains a common point of reference. Similarly, while hopes for a more truly global form of governance are often counterpointed to interstate organizations, the imprint of the United Nations and sister bodies such as the World Bank orders much thinking about global governance. The UN represents, or aspires to, a centralized coordinating role for what has become known as complex multilateralism. Debates and experiments around reform are ongoing; for example, with Responsibility to Protect, the UN has sought to revive some coercive function under highly restricted conditions, with mixed results. Some radical agendas for UN reform seek to transform it into a mechanism for cosmopolitan, transnational democratic accountability and participation that can account for the changing scope of state power and meet the growing need for democratic ordering of the global domain of multileveled, overlapping emergent political centers (subnational, national, regional, issue specific, and global). This is a vision of the UN as an authoritative institution setting the framework for grappling with pressing global problems, potentially with some autonomous coercive power (Held 1995).

A complex network of transnational, societal, and government bodies, including the UN, provide significant levels of governance, undertaking a wide spectrum of cooperative problem-solving endeavors and providing significant responses to political and natural disasters. While this network is not a unified system, to a significant extent it operates according to a shared, dominant form of organization and communication that is technocratic, bureaucratic, rational-legal, codified, and regularized. This mode of organization, which could be seen as drawing from, and grounded in, dominant models of state organization, frames the operation of international governance institutions (James and Soguk 2014). In a vertical hierarchy of levels, the UN and other international institutions can claim a rarified place; there is little chance of mutual exchange with, or input from, the "local" forms of governance mentioned earlier, for example. This is not simply because the "grassroots" is far away but because the sociocultural models of person, community, legitimacy, and authority can be profoundly different than the world of elite bureaucracy. The UN may be an alternative to the hierarchy of world government but remains within its own hierarchical, top-down approach to governance with little way of relating with the concerns and values of large sections of the global population.

A more active role for social movements and non-state bodies does not automatically reverse this limitation. Nongovernment organizations can provide invaluable services under intensely difficult conditions. While they can make

important contributions to the pursuit of goals of democracy and human rights, however, in the international arena they cannot provide channels of democratic participation or accountability nor are they able to represent those voices or issues which do not translate into rationalist bureaucratic norms of exchange. Transnational civil society does not necessarily speak for significant elements of the global population, particularly those in the formerly colonized world, nor is it accountable to them. There have been efforts to respond to this limitation. The Multilateralism and the United Nations System (MUNS) project, for example, sought to stimulate movement toward a grassroots multilateralism built from the foundations of a global, participative civil society. Models of cosmopolitan citizenship seek to explore ways in which the democratic accountabilities that have been sought with mixed results in the state might be established and deepened in transnational governance institutions. These are important contributions to political ethical debate. Nevertheless, these cosmopolitan trajectories find it difficult to extend beyond dominant European and North American models of the individual and community. The activism of indigenous peoples seeking voice and representation within the UN has helped open debate to wider conceptions of political community and selfhood and challenged the normative and organizational foundation of international political exchange (Muehlebach 2003).

An alternative approach is to see global governance as including all efforts to exercise authority at all levels of human activity (Rosenau 1995). This expansive definition includes the United Nations and other transnational organizations but does not take them as singular models or containers for governance. Nor are only those forms of governance mediated through rational-legal modes of technocratic exchange included. This view does not erect obstacles to seeing "local" sources of order or different constructions of statehood. Nor, however, does it satisfy the desire to identify a coherent mechanism through which response to fundamental collective challenges is possible. For this approach, the ongoing challenge of working simply with what is there is all that is available. What this perspective does enable is better recognition of the complex responses that are already underway, in conflicting and incommensurate as well as complementary and coordinated ways. It enables the United Nations and a council of elders, a corporate board, an NGO panel, and a women's committee to come into view, but the perspective within which they are grasped is one of global interconnection. By bringing them all into frame, it allows a "thicker" view of interconnecting networks of governance. This enables recognition of profoundly different forms of governance and of the critical role any of them might find themselves playing, independently or together, without claiming equivalence among them. Ways of thinking about global governance that are less marginalizing of substantial populations and ways of living become a little more possible. Crafting ways of acting on this realization can be pursued at different "levels" and in different sites.

## National Governance

National governance refers to the pursuit of sociopolitical and socioeconomic order within a state. This could be understood to include, but is not limited to, the institutions of government. Institutions of government are an essential part of national governance, but the ways in which they are important, and how important they are in the mix, vary significantly across states. Governance addresses questions of legitimacy and accountability and thus concerns the dynamic web of interactions linking governing and governed, rather than being located entirely within an institution. There is a process of mutual exchange at work, in which fundamental political, economic, and legal institutions work to a significant extent because they are embedded in networks of social norms and practices, which in turn institutions help to regulate. National governance could thus be understood as the web of interaction and exchange, and channels of accountability and communication, linking government and other forms of social, political, and economic organization across the fundamental elements of people's collective lives.

Bodies of scholarship address interlocking dimensions of governance in the states of the global North. Discussions range from investigations of different areas of sectoral management (e.g., the banking industry leading up to the global financial crisis) and public-private partnerships to the perspectives brought by scholars of governmentality. Governmentality explores those technologies which seek to manage the habits and actions of subjects, including through shaping the sense of self and its internalization of norms, in order to strengthen the state and dominant forms of power (Miller and Rose 2008).

One critical focus concerns the impact of global interconnectedness in the context of the dominant global economic system on democratic accountability, popular sovereignty, and inequality within states. Increasing economic globalization, including the power of transnational corporations, worldwide production chains, loss of taxing capacity, and international financial institutions, has reduced governments' ability to direct economic policy and weakened the ability of the welfare state to counteract capitalism's harshest features. Inequality has intensified within many states in both the global North and South, even as the gap between the North and South has reduced. This has exacerbated conditions of political, social, and economic instability. Neoliberalism has further fragmented the capacity of governments to steer policy (Rhodes 2007). As governments became "small," other bodies and interests with significant sectoral power increasingly shaped policy agendas. The tension between nationally based democracy and transnational decision-making poses fundamental, long-term challenges to democratic processes and public accountability. In the international arena, "small government" became a central feature of governance frameworks promoted by international agencies, with significant consequences for government accountability and corruption in many postcolonial regions.

In many states of the global South, national governance faces an additional challenge of a different order. In the decades following WW2, the United Nations played a leading role supporting decolonization, so contributing to a shift in world order. As part of this role, the UN has supported, at both generic and concrete levels, certain models of what constitutes statehood, government, and governance. The templates of the state promoted in much international state-building give the impression of remarkable conformity. Centralized government institutions, with a monopoly over the legitimate use of force and tax-raising powers, operate across a defined territory and population. A unitary system of legal and political institutions is responsible for justice, accountability, security, and a range of social services. Public institutions operate according to a rational-legal model of decision-making. An electoral system underpins basic mechanisms for representation, participation, and political accountability. The governing institutions of the state are distinct from society, over which they exercise authoritative power. This is a model of the centralized, hierarchical, top-down sovereign power, separate from but accountable to citizens. The person is taken be a self-interest maximizing, rational, competitive individual, while the economy is founded on private property and free market exchange. This model flows from a liberal, technocratic construction of political and economic order, the person, collective human relations, and their place in broader ecological relations.

This template articulates potent governance values with significant effects. It is not, however, a reliable account of how governments in the global North actually work. States are increasingly porous, and government is often not so clearly demarcated from other bodies. The modern state governs through a complex network of formal and informal relations and bargaining across a spectrum of state and non-state institutions and associations (Miller and Rose 2008; Rhodes 2007). In addition, state-building has often proceeded by "transferring" governance institutions to another society, so underestimating the importance to accountability and legitimacy of the tissue of relations linking state institutions with societal sources of order and norms.

If the picture of government directly setting national policy no longer holds for many established states, across much of the postcolonial

world, state institutions are often relatively recent introductions and have limited reach. Across many regions, management of fundamental dimensions of collective life, including everyday security, conflict management, much justice provision, food security, and social welfare, depends not on the formal agents of the state as much as on clan networks, village councils, town elders, neighborhood watch arrangements, and other "informal" or societal networks. While there is considerable variation, these societal networks can hold significant legitimacy and authority. They may work together with government actors, such as police, magistrates, and health workers, and with local NGOs or religious bodies in complex, shifting alliances. However these "informal" networks are positioned in relation to state institutions, in many parts of the world, the working order of the state and the everyday continuity of many people's lives exists to a significant extent by virtue of these community networks. Crisis management, survival in the face of war and predatory government, and management of refugee flows also rest not only with international interventions and government agencies but often, out of sight, with "informal" networks. This is not to suggest that "local" mechanisms can stand alone in the face of disaster, or in themselves constitute a state, but to underline that they are a significant, functional part of governance for much of the world's population.

Societal forms of governance are often overlooked by both international bodies and state agencies. Private property may not be the basis of economic exchange, land is often communally held, and expectations of what people owe each other can contrast sharply with the models of human behavior upon which significant elements of international governance are based. Forms of governance that do not fit prevailing international models can be seen as backward, irrational, violent, or patriarchal. They can be, as can the operation of state actors. The coexistence and enmeshment of profoundly different ways of generating political and social order, legitimacy, and accountability pose considerable challenges for national governance. If effective national governance is understood to include the development of networks linking state and societal governance institutions and mechanisms together in ways that are accountable and meaningful to communities, it is important that societal forms of governance come more clearly into view, not as signs of the past or of the failure of state-building but as dynamic and changing elements within the exchange of contemporary national and global governance.

## Conclusion

Contemporary societies face truly pressing challenges of governance: the need for collective responses to profound ecological, political, and social dilemmas, the construction of political mechanisms or systems able to hold shifting loci of economic and political power within and beyond the state to some form of account, and ongoing challenges of sociopolitical violence. These are existential challenges, and it is not clear how well we will meet them, either as a species (facing ecological pressures) or as interweaving societies seeking some level of justice (dealing with social, economic, and political dilemmas). Whatever forms progress might take, however, need to be based on better understanding of how we live together, a more informed grasp of the profound differences shaping global societies, and on working to undo deeply embedded forms of exclusion and marginalization that have shaped aspects of the dominant governance patterns of the last few centuries.

Political dynamics can move swiftly, and opportunities can emerge that allow what was unrealistic to become possible. Concepts of governance are valuable because they are a way of investigating changing patterns of collective power and their effects on life chances over time; they help us understand processes of change, and they challenge us to consider what it is we collectively value and seek in such processes. The investigation of changing governance dynamics can thus contribute to recognizing and shaping opportunities for change. Ideas of governance also draw attention to the significance of the relations among the

different elements making up a collective social order. Examining governance systems and practices brings to light not just the agents exercising governance but the nature of relations that make up the legitimacy, authority, accountability, and patterns of communication constituting sociopolitical order. In this sense, questions of governance highlight interdependence within a governance system but also, increasingly, across the networks among them. Greater understanding of interconnectedness and interdependence within and among patterns of governance needs to include a more concrete grasp of the different ways collectivities of various kinds shape their lives. Such understanding could change subtly but significantly how the search for effective forms of national and global governance is framed and enable more voices to be part of the conversation.

## Cross-References


- ▶ Accountability
- ▶ Ethical Leadership
- ▶ Forms of Power
- ▶ Global and International Politics
- ▶ Global Ethics
- ▶ Global Governance
- ▶ Globalization and Subnational Governments
- ▶ Governance and Democracy
- ▶ Governance Theories and Models
- ▶ Power and Politics: Basic Concepts


## References


Held D (1995) Democracy and the global order: from the modern state to cosmopolitan governance. Polity, Cambridge

James P, Soguk N (2014) Globalization and politics, vol 1. Global political and legal governance. Sage, London

Miller P, Rose N (2008) Governing the present: administering social, political and economic life. Polity, Cambridge

Muehlebach A (2003) What self in self-determination? Notes from the frontiers of transnational indigenous activism. Identities Glob Stud Cult Power 10:241–268

Rhodes RAW (2007) Understanding governance – 10 years on. Organ Stud 28:8

Rosenau J (1995) Governance in the 21st century. Glob Gov 1:1

Weiss TG, Wilkinson R (2014) Rethinking global governance? Complexity, authority, power, change. Int Stud Q 58:207–215

Whitman J (2009) Global governance. In: Palgrave advances in global governance. Palgrave, New York


# Global Information Society


Pablo Pareja-Alcaraz
Pompeu Fabra University, Barcelona, Spain


## Synonyms

Information economy; Knowledge society; Network society; Post-industrial society; Weightless world

The term Global Information Society is often used as a loose "umbrella term" to encapsulate the consolidation and universal expansion of the so-called Information Society in the last two decades. According to this first definition, the Global Information Society represents the more recent stage of a social and economic process that started after World War II and that builds on the growing and transformative role of information and communication technologies (Mattelart 2001; Webster 2002). This form of society first gained academic attention in the 1960s of the twentieth century. The early works focused on the increasing role of information-related activities in the economy of the United States, and they frequently restricted the Information Society to an Information Economy (Crawford 1983). Among these works – which include those of Fritz Machlup (1962), Peter F. Drucker (1969) or Marc Porat (1977) – the book of Daniel Bell (1973) was probably the most influential one. Depicting this international society as a post-industrial society, Bell put emphasis on the centrality of theoretical knowledge in informing decisions and promoting change. A few years later, the growing importance of information and

communication technologies in the economies and economic strategies of a significant number of developed States in the 1980s and early 1990s gave rise to new debates and resulted in a number of academic publications such as those of Raul L. Katz (1987), David Lyon (1988), or William J. Martin (1988). However, academic and political interest in the Information Society gained momentum by the mid-1990s with the emergence of Internet and the gradual advance of a "creative society that is based on interaction" that involves new technology but whose key component is a new way of doings things (Currie 1999; Himanen 2004; Martin 1995). The deep impact of Internet not only altered business practices, capital markets, and the role of work and flexible employment in the business-net model, but it also made innovation the key variable of productivity growth and placed it at the center of the new e-economy (Castells 2002). It is this more recent version of the Information Society that has been qualified as a Global Information Society.

The material basis of this new form of society is the paradigm of information technology. This consists of five main features. First, information is a primary resource and technologies act over information. This contrasts with previous moments in history when information was used to act over technology, but not the other way around. Second, new technologies have a profound influence on every human process, either individual or collective. Third, all systems or groups that use technology are deeply interconnected. Fourth, this new paradigm is also characterized by a high degree of flexibility: processes can be reversed and an alteration of the components of a particular organization or institution may result in their fundamental transformation. Constant change and organizational fluidity are thus two defining elements of this society. Finally, specific technologies tend to converge in a system that is highly integrated. This makes distinguishing traditional technologies in their practical operation a difficult task (Castells 2010). In parallel, in the new Global Information Society, information is unbundled from its original physical carriers; it does not follow a linear flow and can be distributed at a very low cost; and it allows for a more interactive and simultaneous way of communication. This society is highly interconnected through the use of information and communication technologies whose impact transcends material barriers. This form of organization helps a new model of economic growth based on innovations that are closely connected to human capital. Manuel Castells refers to this new society as a Network Society where social morphology takes precedence over social action and where domination and change are highly dependent on two variables: presence or absence in the network and the dynamics of each network vis-à-vis other networks (Castells 2000). The influence of this network form of social organization does not stop here and extends to issues as diverse as the development agenda (Castells and Himanen 2014), international mobility (Wilson et al. 2013), the ethical foundations of democracy (Berleur and Whitehouse 1997; Britz 2008), or the promotion and protection of Human Rights (Jørgensen 2006).

Partially following this definition, Johannes J. Britz, Peter J. Lor, I.E.M. Coetzee, and Ben C. Bester have identified four main criteria for the Global Information Society (Britz et al. 2006). The first one refers to the existence of a well-developed, well-maintained, and affordable infrastructure of information and communication technologies that allows for the development of global socioeconomic activities and political participation. The second makes reference to the capacity of individuals and actors to access relevant information required to fully engage in socioeconomic activities and political participation. This entails that the relevant information is not only affordable, but also available in a timely manner and in different languages and contexts. The third criterion consists of a robust and periodically updated physical infrastructure that ensures a continued and successful interconnection between immaterial information and material needs. Finally, the fourth refers to human capacity. The Global Information Society requires a diverse range of educational, research, and development facilities that foster the capacity of individuals and collectives to be creative and use information in order to produce knowledge and innovation (Britz

2008). The latter are essential to promote the economic growth and development needed for the viability and sustainability of this society (Himanen 2004).

The characterization of the Global Information Society as a new form of society has been challenged by some authors who have stressed that the underlying pillars of the contemporary socioeconomic system have only experienced minimal transformations (May 2002; Feather 2013). In contrast, the claim that a number of trends have a deep impact on the gradual spread and consolidation of this society has gained wider acceptance. Ten of them seem particularly relevant. First, the rise in the level of international tax competition among States resulting from the need to attract strategic investments and skilled workers. Second, a global division of labor that pushes developed States to embark on strategies aimed at enhancing creative and productivity-led work. Third, an aging population – particularly in Europe – that gradually reduces the work force. Fourth, a growing pressure on the welfare State to maintain its capacity to deliver public goods to the entire population that reinforces the need for new, creative solutions. Fifth, a transition from an economic model based on technological development to a model that focuses on changing the ways in which things are made and their impact on social development. Sixth, the growth of cultural industries and their increasing influence in global interactions. Seventh, the rise of bio-industries in fields such as genetic engineering or biotechnology. Eight, the gradual concentration of expertise and innovation in a limited number of regional and urban hubs. Ninth, the aggravation of the global divide between the rich and the poor and, as a result, the aggravation of inequality and marginalization. Tenth, the generalization of a "culture of emergency" that puts emphasis on the instability of the job market and the complex sustainability of the Global Information Society both in environmental and human terms (Himanen 2004).

A second, less frequent definition of the Global Information Society characterizes it as a political project to materialize an ideal that does not exist yet and that builds on an Information Society that is neither universal nor symmetrical. This definition is partially built on the difficulties to fully implement the society described in the previous paragraphs, as well as on the uncertainties surrounding the several policies, regulatory and governance choices it allows (Castells and Cardoso 2005). The articulation of political projects linked to the construction of a Global Information Society began in the mid- and late 1990s (Marsden 2000). Some examples of this trend can be found in several policy statements by the Organization for Economic Co-operation and Development (OECD, 1997) and the 1998–1999 annual report of the World Bank (1999). However, the more developed political projects are those led by the United Nations at the global level and the European Union at the regional one.

With regards to the former, the first step of the organization was the report elaborated by the Commission on Science and Technology for Development in the late 1990s (Mansell and Wehn 1998). The turning point arrived 3 years later with the approval of the United Nations General Assembly Resolution 56/183 in 2001. This decision endorsed the World Summit on the Information Society (WSIS), an initiative that developed in two consecutive phases. The first one focused on the need to build a strong political will to build a truly Global Information Society and the importance to acknowledge differences between States in designing ulterior strategies. The meetings brought together more than 11,000 participants in December 2003 and ended up with the adoption of the Geneva Declaration on Principles and the Geneva Plan of Action. The second phase paid special attention to Internet governance and financial mechanisms. With more than 19,000 participants, the meetings celebrated in November of 2005 led to the approval of the Tunis Commitment and the Tunis Agenda for the Information Society. The implementation and follow-up of these agreements is carried out by a plethora of different fora and mechanisms such as the United Nations Group on the Information Society, the Internet Governance Forum or the WSIS annual forum.

The political project launched by the European Union in the mid-1990s is the most elaborated one to date. Following some previous works of the

European Commission and several initiatives adopted by the United States and some Member States at the domestic level, the European Council asked a group of experts to reflect on the Information Society in 1993. The result of this process was the publication of the so-called Bangemann report in 1994 (EC Commission 1994). This paved the road for the creation of the Information Society Project Office and the Information Society Forum in 1995. One year later the European Commission approved a green book emphasizing the need to place citizens first in the construction of the Global Information Society. In line with this initiative, the European Council adopted the Information Society program in 1998 with three main goals: to improve the level of social awareness and understanding of the potential implications of the Information Society, as well as its new applications across Europe; to optimize the socio-economic benefits of this society at the European level; and to emphasize both the role and visibility of Europe as one of the main promoters of the Information Society at the global level. This document informed the *e*Europe initiative launched by the European Commission in 2000, the basis for the several action plans and strategic framework elaborated since then. These include the action plan *e*Europe 2005 and the strategic framework i2010. The former emphasizes the need to build an inclusive information society. Building on this idea, the latter seeks to maximize three main goals: the construction of a Single European Space capable of offering safe and affordable connections, digital services, and diverse quality contents; the promotion of innovation and investment efforts in information and communication technologies; and the gradual advance of a European Information Society aimed at fostering inclusion, good public services, and high living standards.

## References


Bell D (1973) The coming of post-industrial society. A venture in social forecasting. Basic Books, New York

Berleur J, Whitehouse D (eds) (1997) An ethical global information society. Culture and democracy revisited. Springer/Chapman and Hall, London

Britz JJ (2008) Making the global information society good: a social justice perspective on the ethical dimensions of the global information society. J Am Soc Inf Sci Technol 59(7):1171–1183

Britz JJ, Lor PJ, Coetzee EMI, Bester BC (2006) Africa as a knowledge society: a reality check. International Information and Library Review 38:25–40

Castells M (2000) The network society. In: Held D, McGrew A (eds) The global transformation reader. An introduction to the globalization debate. Polity, Cambridge, pp 76–81

Castells M (2002) The internet galaxy: reflections on the internet, business, and society. Oxford University Press, Oxford

Castells M (2010) The information age: economy, society and culture, volume 1: the rise of the network society, 2nd edn. Wiley Blackwell, Oxford

Castells M, Cardoso G (eds) (2005) The network society: from knowledge to policy. Center for Transatlantic Relations, Washington, DC

Castells M, Himanen P (eds) (2014) Reconceptualizing development in the global information age. Oxford University Press, Oxford

Crawford S (1983) The origin and development of a concept: the information society. Bull Med Libr Assoc 71(4):380–385

Currie W (1999) The global information society. Wiley, New York

Drucker PF (1969) The age of discontinuity. Guidelines to our changing society. Butterworth-Heinemann, Oxford

EC Commission (1994) Europe and the global information society: recommendations to the European council. Brussels, EC Commission

Feather J (2013) The information society: a study of continuity and change, 6th edn. Facet Publishing, London

Himanen P (2004) Challenges of the global information society. Parliament of Finland, Turku

Jørgensen RF (ed) (2006) Human rights in the global information society. The MIT Press, Cambridge, MA

Katz RL (1987) The information society: an international perspective. Praeger, Westport

Lyon D (1988) The information society: issues and illusions. Polity Press, Cambridge

Machlup F (1962) The production and distribution of knowledge in the United States. Princeton University Press, Princeton

Mansell R, Wehn U (1998) Knowledge societies: information technology for sustainable development. Oxford University Press, Oxford

Marsden CT (ed) (2000) Regulating the global information society, Routledge studies in globalization. Routledge, London/New York

Martin WJ (1988) The information society. Aslib, London

Martin WJ (1995) The global information society. Routledge, London/New York

Mattelart A (2001) Histoire de la Société de l'Information. Editions La Découverte & Syros, Paris

May C (2002) The information society. A sceptical view. Polity, Cambridge

Organization for Economic Co-operation and Development (1997) Towards a global information society. OECD, Paris
Porat M (1977) The information economy: definition and measurement. United States Department of Commerce, Washington, DC
Webster F (2002) Theories of the Information Society, 2nd edn. Routledge, London
Wilson MI, Kellerman A, Corey KE (2013) Global information society. Technology, knowledge, and mobility. Rowman & Littlefield Publishers, Plymouth
World Bank (1999) World development report: knowledge for development. World Bank, Washington, DC

# Global Justice

Abhishek Choudhary
Centre for International Politics, Organisation and Disarmament, School of International Studies, Jawaharlal Nehru University, New Delhi, India

## Synonyms

Cosmopolitanism; Ethical toolkit; Obligation; Stoicism; Universalism versus contextualism

## Definition

Global justice is a theoretical stand that addresses the issue of just distribution of benefits and burdens across the world and looks at the viability of the institutions required to secure such a just distribution.

## Introduction

Global justice is a theoretical stand that addresses the issue of "just distribution of benefits and burdens across the world" and also looks at the viability of the institutions required to "secure such a just distribution" (Kukathas 2006: 1). The basis of cosmopolitan global justice lies in the consideration of individual human beings as the primary object of concern wherein the territorial boundaries does not imply any constraint on the deliverance of justice. The idea of global justice is rooted in the theory of cosmopolitanism, which is defined as a moral ideal that emphasizes tolerance towards differences and envisages the possibility of a more just world order. Cosmopolitan theory holds that our obligations to distribute resources to others do not halt at state borders (Cabrera 2004: 1). Obligation remains as important issue, while the goals and ideals inherent in cosmopolitan global justice remain the central concern, the demands of global justice become more pronounced once obligation is brought to the fore (Pogge 2001: 3). The idea is that the duties of human being towards fellow human beings should not be limited to compatriots. Equal moral worth of individuals irrespective of their citizenship remains the central concern.

### Precursors of Global Justice

Stoic philosophy could be seen as precursor to liberal thought in general and cosmopolitanism in particular. The central idea that grounds the Stoic philosophy is that one human being should not be thought to be "alien" from another (Cicero 1887: III/63). The Stoic notion is rooted in the premise that one needs to be "a citizen of the world" (Aurelius 2006: 195; Nussbaum 2002; Sherman 2005). The notion is idealistic in that it does not take into consideration the tension between moral universalism and contextualism. Immanuel Kant (2002, 2006) remained occupied with the issue of equal moral worth of individuals. For the sake of establishing "perpetual peace," Kant's "federation of states" is seen as a "bond of mutual non-aggression" where the free-federation must be confined to the repudiation of war-like or war-making acts against each other. This clearly appears more as a statist view than cosmopolitan. Locating similar statist tendencies in Kant, Hurrell (1990) also locates strong cosmopolitan tendencies in his thought. He identifies this in Kant's acknowledgement of the fact that "rights and obligations bound all individuals as individuals and not as citizens of particular states" (Hurrell 1990: 205). Furthermore, Hurrell (1990) highlights the relevance of Kant's work by the validity of his prediction about the obligations of a cosmopolitan morality being ever more

important looking at the destructiveness involved in wars. Kant is primarily concerned about the progress, freedom, and well-being of the individual (Kant 2006: 21). Thus, for Hurrell (1990), it is difficult to categorize Kant as either purely statist or as purely cosmopolitan. In contemporary literature, liberal cosmopolitans have integrated the issue of war and sovereignty with that of global justice. They also show a Kantian influence insofar that they emphasize the idea of equal moral worth of human beings.

### Contemporary Scholarly Contributions

Thomas Pogge (1992) has taken cue from the political theory of liberalism and show an inclination towards Rawlsian account wherein he emphasizes the need for application of the principles of justice, as endorsed by Rawls (1971), to the global level. Charles Beitz (1979) similarly puts forward a cosmopolitan defense of international distributive justice, arguing that John Rawls's justification of the difference principle in his earlier work applies to international realm with minimal modifications. Even Rawls himself modified his theory of justice in a later work to be suitable to the international domain. He advocated a "particular political conception of right and justice that applies to the principles and norms of international law and practice" (Rawls 1993: 36). Beitz further questions the moral skepticism of the realists who argue against treating international relations as a subject of normative political theory. He challenges the realist notion that states possess valid moral claims against intervention. For him, such notion is a result of a faulty analogy between states in the international system and individuals in domestic society. Beitz argues that any immunity enjoyed by states is contingent on the justice of their domestic political arrangements (Beitz 1979).

A major contribution of Rawls is the idea of "Society of People" which is an international community of all people following the "Laws of People" and stipulates the maintenance of "mutual respect among people" (Rawls 1993: 49). The idea seems rhetorical to the extent that it is not clear what an "original position" would entail for the international community.

### Different Strands of Global Justice

The adherents of multiple strands within the broader theory of cosmopolitanism share three basic elements:

1. Individualism: Implying that the ultimate units of concern are human beings or persons rather than any other communal or national identity.
2. Universality: Positing the notion that human beings as ultimate unit applies to all equally irrespective of other differences. A white man is equal, say, to a black woman.
3. Generality: Meaning that persons are ultimate units of concern for everyone and not just for fellow compatriots or fellow religionists. (Pogge 1992: 48–49).

Other than these common principles, there are some broad distinctions among various theories of cosmopolitanism.

1. **Moral versus institutional cosmopolitanism**
   Moral cosmopolitanism posits that every person holds a "global stature" and thereby could be understood as the ultimate unit of moral concern. He/she is entitled to equal consideration irrespective of his/her "citizenship or nationality" (Brock 2009: 11). The institutional cosmopolitans argue for the need of drastic "institutional changes in the global system" in order to realize the cosmopolitan vision adequately (Brock 2009: 12).
2. **Extreme versus moderate cosmopolitanism**
   The extreme cosmopolitans are strict in terms of the "source of value" and argue that all other principles of morality must be justified "with respect to cosmopolitan values." Moderate cosmopolitans take a more pluralistic line on the source of value and posit that even some non-cosmopolitan values may have "ultimate moral worth" (Brock 2009: 13).
3. **Weak versus strong cosmopolitanism**
   Weak cosmopolitans are fine with only the basic conditions being universally necessary for human beings to lead "minimally decent lives" (Brock 2009: 13). The strong cosmopolitans, however, argue for a more "demanding form of global distributive equality" aiming at

the elimination of inequalities beyond the point of leading a "minimally decent life" (Brock 2009: 13).

4. **Interactional and institutional cosmopolitanism**
   These two variants relate to the issue of responsibility of deliverance of justice. While the interactional cosmopolitanism assigns direct responsibility for fulfilment of human rights to other agents, institutional cosmopolitanism assigns such responsibility to institutional schemes. On the interactional view, human rights impose constraints on conduct, while on the institutional view they impose constraints upon shared practices (Pogge 1992). The interactional variant of cosmopolitanism is more close to the notion of inclusive justice. The mode is close to methodological individualism wherein the individuals are at the center of concern (Weber 1968).

## Alternate Visions of Global Justice

Away from such Anglo-Saxon conceptions of global justice, there have been multiple interventions and conceptualization of the ideal.

### Religious and Non-Western Traditions

Several religions contain and profess a "range of ideas and practices" conducive to the pursuit of global justice (Wilson 2010: 737). The central point of convergence between different religion traditions is their focus on the "human being and their lived experiences" (Wilson 2010: 737). The Jewish, Christian, and Muslim traditions focus on the relationship of the human being to God, thereby elevating the human experience as sacred. Various strands within Hinduism as well seek a non-dualistic notion which emphasizes a connection between the creator and the creation, thereby elevating each to a respectable position. This is reflected in the Advaita philosophy of Vedanta that focussed on this intrinsic connection and had its roots in the ancient Indian texts (Pande 1993: 3).

Hinduism highlights the negative duty of cosmopolitanism: individuals should not cause unnecessary suffering to other living beings. Related are the traditions of Jainism and Buddhism that advocate "ahimsa" – or nonviolence that prescribes a similar negative duty for individuals (Peetush 2011: 23–25). Mohandas Gandhi, the Indian leader, further talked on similar lines and emphasized the idea of "sameness" of individuals (Snow 2011: 377). Use of pacifism and resistance to apartheid were some embodiments of his ideals.

Ancient Indian texts embodied the idea of "Vasudhaiva Kutumbakam" meaning that the world is one family. Rabindranath Tagore reformulated this into the idea of 'the world as one nest" indicative of the development of intimate relationship between the various cultures of the world (Jelnikar 2011: 1054). His focus remained on practicing this cosmopolitan ideal through breaking away from religious bias and caste prejudices. His philosophy of education further sought to bring together the lives of diverse individuals, thereby creating a new sense of solidarity that did not marginalize anyone (Jelnikar 2011: 1054).

Chinese intellectual tradition of Confucianism focused on "human heartedness, humane love, and benevolence" (Seok 2011: 593). It remains relevant to the present context by arguing about an "intrinsically social and relational nature of human existence" (Seok 2011: 595).

African philosopher Henry Odera Oruka conceptualized global justice "as equal distribution" of the wealth of the world and the removal of all inequalities (Oruka 1997: 118). He focuses on a "certain minimum amount of physical security, health care, and subsistence" for all individuals (Oruka 1989: 469). This definition was provided in the late 1970s and early 1980s, and it appears more in lines with what Thomas Pogge conceptualized a decade later.

## The Problems With Global Justice

Though global justice is theoretically sound, it lacks practical applicability in a true altruistic sense. The notion that territorial boundaries do not matter in deliverance of justice presumes a

"post-political" setting (Mouffe 2005: 1). In this regard, scholars have asserted that owing to the advent of liberalization and globalization, boundaries have started to lose its traditionally held meaning. The reality, however, suggest otherwise. The prioritization of liberal-capitalist model as the only viable and desirable model defies the process of nation building itself and thereby aggravates the process of further exclusion. In this regard, recent instances have testified that even though the claims of the adherents of global justice are altruistic, the practice confirm that the motives are based on narrow self-interest.

### Thin Moral Universalism Versus Thick Contextualism

Applicability of universal norms and ideals remain a contested domain. Michael Walzer, propounding a communitarian point of view, brought out the distinction between 'thin universalism and thick particularism" (Walzer 1994: 50). The idea of global justice fails to uncover the inherent hegemonic tendencies where a certain worldview is considered as optimal, while the alternate competing worldviews are not considered worthy of serious consideration and thereby relegated to the margins. On the other hand, a contextualist stand by definition would defeat the very notion of global justice. Kukathas is opposed to any imposed notion of justice and instead argues for having "a commitment to mutual toleration" (Kukathas 2006: 3). Such understanding is favorable insofar that it reduces the possibility of exclusion and imposition. This follows from the idea that justice has to be considered context specific and relative. However, there remains the problem as to how the ideal situation of justice be conveyed in the absence of any ground rules. Further, when common ground is taken, it leads to the exclusion of marginalized sections – deliberately or inadvertently – that have differing notion of justice.

The debate between universalism and contextualism was a matter of debate within the English School that saw disagreements between the so-called solidarist and pluralist camps. The underlying notion is that the solidarists claimed universal norms as the ground principle, while the pluralists stood in favor of respecting and accepting differences. The debate between the liberals and the communitarians also hints at the distinction between universalism and particularism. In this regard, it is important to outline the exclusion created by universalizing certain norms and values to a degree that runs counter to the very idea of global justice. The general prescription of theorists of global justice conveys the idea that redistribution of wealth is what matters the most. This might appear very altruistic in short term but is detrimental to human progress over time. Merely arguing for structural readjustment at global economic level does not translate to reality when the powerful are reluctant to change the status-quo. Also, even when the status-quo is altered, the benevolence of the power wielders would not create any positive outcome in terms of uplifting the marginalized.

### The Ethical Toolkit in Pursuit of Global Justice

Analyzing the major theoretical contributions towards the idea of global justice, it is apparent that there are hegemonizing tendencies inherent in majority of the literature. It is desirable to locate an ethical toolkit that would allow deliverance of justice at its face value. In this regard, Pogge's work is a major value addition. He focuses on an ethical toolkit that is motivated by the belief that the negative and intermediate moral duties are more stringent than positive ones. For example, the duty not to kill innocent non-combatants is more stringent than the duty to prevent such an assault by others. Pogge's emphasis on a "maximalist conception of rights" holds that rights entail both negative and positive duties, i.e., duties both to refrain from harming others as well as duties to protect and to assist others whose rights are subject to being violated (Pogge 2008: 72). Pogge's toolkit fails owing to the fact that the actions taken by states in the name of delivering positive duty can easily allow them to undertake actions on pure, non-altruistic nature and serve their narrow self-interests. The façade of justice further allows the covering up of any violation of human rights in the name of deliverance of greater good (Pogge 2010). Charting out policy measures to tackle the demands of global justice are under

process and there has been substantive progress in generating a general understanding about issues of global poverty, widespread hunger, healthcare, and other poverty-related avoidable circumstances. Thomas Pogge's elaborate ideas about developing a Health Impact Fund and Global Resources Dividend in order to restructure the international institutional order in a more democratic way does reflect a Kantian model. He argues in favor of a radical, yet feasible, transformation of the prevailing international basic structure. The gap between what is commonly acknowledged as requirements of morality and the actual conduct of citizens of the rich and wealthy countries must be bridged and he confronts these moral requirements with a vast collection of empirical data concerning the massive under-fulfilment of basic social and economic rights worldwide (Pogge 2010).

Amartya Sen presents another toolkit by arguing that not all ethical commitments and obligations are mediated through relations between nations. Thus, he focuses on a truly "global" sense of justice that breaks away from contractarian position and views justice across borders not merely as international justice (Sen 2002: 48).

## Realizing Global Justice

The above discussions examined the theoretical content and the normative contestations in the idea of global justice. One question remains: can global justice be realized or should one discard it as either utopian/rhetorical or as hegemonic? The notions elaborated above remain confined to the domain of ideas and lack practical applicability. There are underlying problems with the over-simplified arguments of philosophers and theorists of global justice.

### A Rhetorical Claim?

Arguments of Cicero and Kant examined in the beginning reflect a rhetoric. A question begs attention: How should one go about it? It seems very commonsensical to argue that each human being has equal moral worth and people should respect each other. However, the problem remains with the issue of national and strategic interest of states. If a so-called democratic state, like India, cannot guarantee basic social and economic justice to its own nationals, global justice seems mere utopia.

### A Hegemonic Enterprise

Even though the theories of cosmopolitanism seeks to transcend the statist bias by arguing for duties and responsibilities beyond borders, their tendency to universalize norms becomes a tool for perpetuating the project of modernity. Thus, though the idea of global justice is appealing, its application remains exclusionary (Choudhary 2018: 31–32). The instances of selective intervention and the idea of sovereignty as responsibility is based on a "standard of civilization" argument that seeks to universalize norms relating to a particular conception of liberal democratic political order (Ayoob 2002: 84). The smokescreen of justice serves to legitimate the narrow self-interest of a few powerful countries (Choudhary 2016: 19).

### A Global Policy

It would be merely utopian to think and talk about global justice without having a global policy for implementing the desirable. The issues concerning global justice seem limited to the level of theorization without having appeal for the need of a global policy. The basic problem in having a consensually agreed policy is that the diverse societies differ foundationally in their cultural, economic, political, and psychological factors. Simon Caney favors the "Sen-Nussbaum metric" insofar that the global equality of opportunity requires that persons (of equal ability and motivation) have equal opportunity to attain an equal number of positions of a "commensurate standard of living" (Caney 2003:128–132). Amartya Sen's idea of 'Standard of Living" is in terms of people's capacity to enjoy certain functionings. Capability is a "set of vectors of functionings" that reflect the "person's freedom to live one type of life or another" (Sen 1995: 40). The various functionings achieved by a person are "potentially all relevant" to the evaluation of that person's living standard (Sen 1985: 39).

## Conclusion

A discussion on global justice ought to resolve the basic line of disagreement that exists between universalism and contextualism. While the general understanding is that one is the only alternative to the other, a better way to reconcile the two would be to acknowledge the presence of plural identities and various institutions that are partly responsible and partly obliged to the deliverance of global justice (Sen 2002). The ideal of global justice remains a sought after enterprise: the changing global context witnessing the fluidity of persons, ideas, norms, and knowledge clearly necessitates a greater engagement with it. The hegemonic tendency to universalize norms that are essentially Western remains a major roadblock. In this regard, a clearer conceptualization of global justice, beyond its redistributive and contractarian aspects, is crucial.

## Cross-References


- ▶ Ethics and Equality
- ▶ Global Governance
- ▶ Global Poverty and Inequality
- ▶ Globalization of Health and Human Rights
- ▶ Kantian Ethics


## References


Aurelius M (2006) Meditations. (trans: Hammond M). Penguin Books, London

Ayoob M (2002) Humanitarian intervention and state sovereignty. Int J Hum Rights 6(1):81–102. https://doi.org/10.1080/714003751

Beitz CR (1979) Political theory and international relations. Princeton University Press, Princeton

Brock G (2009) Global justice: a cosmopolitan account. Oxford University Press, Oxford. https://doi.org/10.1093/acprof:oso/9780199230938.001.0001

Cabrera L (2004) Political theory of global justice: a cosmopolitan case for the World State. Routledge, Oxfordshire.

Caney S (2003) Cosmopolitan justice and equalizing opportunities. In: Pogge TW (ed) Global justice. Blackwell Publishing, Oxford

Choudhary A (2016) Cosmopolitanism as biopower: creating and targeting cultural others. IAFOR J Polit Econ Law 3(1):13–23. https://doi.org/10.22492/ijpel.3.1.02

Choudhary A (2018) Justice, morality, and international relations: a critical–theoretical reading. Jadavpur J Int Rel 22(1):22–38. https://doi.org/10.1177/0973598418757818

Cicero MT (1887) Ethical writing of Cicero: De Officiis; De Senectute; De Amicitia, and Scipio's dream (trans: Peabody AP). Little, Brown and Company, Boston

Hurrell A (1990) Kant and the Kantian paradigm in international relations. Rev Int Stud 16(3):183–205. https://doi.org/10.1017/S026021050011246X

Jelnikar A (2011) Rabindranath Tagore. In: Chatterjee DK (ed) Encyclopedia of global justice. Springer, Utah. https://doi.org/10.1007/978-1-4020-9160-5_502

Kant I (2002) Groundwork for the metaphysics of morals (trans: Wood AW). Yale University Press, New Haven/London

Kant I (2006) Toward perpetual peace and other writings on politics, peace, and history (trans: Colclasure DL). Yale University Press, New Haven/London.

Kukathas C (2006) The mirage of global justice. In: Paul EF, Miller FD Jr, Paul J (eds) Justice and global politics. Cambridge University Press, Cambridge

Mouffe C (2005) On the political. Routledge, London/New York

Nussbaum MC (2002.) Patriotism and Cosmopolitanism) In: Nussbaum MC, Cohen J (eds) For love of country? Debating the limits of patriotism. Beacon Press, Boston

Oruka HO (1989) The philosophy of foreign aid: a question of the right to a human minimum. Prax Int 8(4):465–475

Oruka HO (1997) Practical philosophy: in search of an ethical minimum. East African Educational Publishers, Nairobi

Pande BN (1993) The Vedant and Sufism: a comparative study. In: Hameed SS (ed) Contemporary relevance of Sufism. Indian Council for Cultural Relations, New Delhi

Peetush A (2011) Ahimsa. In: Chatterjee DK (ed) Encyclopedia of global justice. Springer, Utah. https://doi.org/10.1007/978-1-4020-9160-5_176

Pogge TW (1992) Cosmopolitanism and sovereignty. Ethics 103(1):48–75. https://doi.org/10.1086/293470

Pogge TW (2001) Introduction: global justice. In: Pogge TW (ed) Global justice, vol 32. Blackwell Publishing, Oxford, p 1

Pogge TW (2008) World poverty and human rights. Polity, Cambridge

Pogge TW (2010) Politics as usual: what lies behind the pro-poor rhetoric. Polity Press, Cambridge

Rawls J (1971) A theory of justice. Harvard University Press, Cambridge

Rawls J (1993) The law of peoples. Crit Enq 20:36–68. https://doi.org/10.1086/448700

Sen A (1985) The standard of living. The Tanner lectures on human values, delivered at Clare Hall on March 11 and 12. Cambridge University, Cambridge

Sen A (1995) Inequality reexamined. Oxford University Press, Oxford


G

Sen A (2002) Justice across Borders. In: De Greiff P, Cronin C (eds) Global justice and transnational politics: essays on the moral and political challenges of globalization. The MIT Press, Cambridge, MA/London
Seok B (2011) Justice and religion: Confucianism. In: Chatterjee DK (ed) Encyclopedia of global justice. Springer, Utah. https://doi.org/10.5941/MYCO. 2011.39.4.303
Sherman N (2005) Stoic warriors: the ancient philosophy behind the military mind. Oxford University Press, Oxford. https://doi.org/10.1093/acprof:oso/9780195315912.001.0001
Snow NE (2011) Mahatma Gandhi. In: Chatterjee DK (ed) Encyclopedia of global justice. Springer, Utah. https://doi.org/10.1007/978-1-4020-9160-5_692
Walzer M (1994) Thick and thin moral argument at home and abroad. University of Notre Dame Press, Notre Dame.
Weber M (1968) Economy and society: an outline of interpretative sociology, vol I (trans: Roth G, Wittich C). University of California Press, Berkeley
Wilson EK (2010) Beyond dualism: expanded understandings of religion and global justice. Int Stud Q 54(3):733–754. https://doi.org/10.1111/j.1468-2478.2010.00607.x

## Global Performance Measures

Henrik P. Minassians[1] and Suren Ghazaryan[2]
[1]California State University Northridge, Northridge, CA, USA
[2]Burbank, CA, USA

Performance ideas have been around for hundreds of years. Scholars of performance measures and management have traced the origins of the movement beyond the New Public Management. Analyses of the early twentieth century in New York reveal similarities with contemporary practices. There are eight performance management movements that can be clustered into three time segments. They are: (a) the pre-World War II era; (b) the period from the 1950s to the 1970s, which coincides with the rise of the welfare state and the growth of governmental programs; and (c) the 1980s onward with a rise of new public management initiatives challenging the role of government. However, there should be a distinction between policy movements, which focus mainly on the outcomes of organizations and public program, and management movements that have more internal focus on outputs and efficiency. Nevertheless, there remain elements of outcome measures within the management movement, raised mainly due to a misunderstanding of the differences between what constitutes output and outcomes. In implementation of performance management principles, many public officials treat outputs as outcomes.

### The Era of 1900 Until World War II

The three performance movements associated with this era are the social survey movements, Taylor's scientific management movement, and the cost accounting movement. All these movements were partly reactions to the industrial revolution. Social survey movements were a reaction to the social context of industrialization and how local governments were plagued with patronage while factory workers lived in poverty. The performance movements associated with this era aimed at answering societal issues through rationalization and quantification of administration processes in order to increase efficiency and fairness of operations.

The purpose of the social survey movement was to address social ills and identify the causes and facts surrounding the plight of urban life. The best-known work of the social survey movement is associated with Charles Booth's study of Life and Labor of the People of London (1886–1903) (Linsley and Linsley 1993). Booth attempted to develop a better understanding of the number of people living in poverty, why they were poor, and how to design a remedy. Ultimately, the issue was not just to collect data but also to use the information to develop policy solutions. While the social survey movement targeted mainly social inequalities, the idea behind the scientific management movement was infrastructure to address issues related to industrialization. The purpose of the scientific management movement in government was to address ineffectiveness of public organizations particularly in the development of large infrastructure projects such as public works projects. It was believed that the application of

Taylorian and Weberian principles would improve governmental activities and processes, thereby making administration of public affairs a profession based on scientific principles.

The last movement within this era was the development of cost accounting, the examination of the systematic recording and analysis of the costs of material, labor, and overhead incidental to production in order achieve efficiencies. Through the use of output indicators, organizations can assess the financial cost of their activities. Schachter (1989) and Stivers (2000) suggest that the New York Bureau of Municipal Research (NYBMR) was one of the first organizations to synthesize all three activities. The cost of applying these rational and scientific methods created depersonalized management policies, many of which were taken national resulting in the creation of organizations such as the General Accounting Office. At the international scene, such an example of this is a study by Paul Devinat in 1927 (Merkel 1980), for the International Labour Office in Geneva, an extension of the work done by the New York Bureau of Municipal Research.

## Post-World War II Era to the 1970s

A second generation of performance measurement came out of World War II with focus on budgetary issues. Initiation of the Hoover Commission in the United States can be seen as an effort to examine the growth of the federal government during the 20 years leading to the 1970s. The aim of Hoover Commission was to improve the budgetary process in terms of work done instead of identifying expenditures (Shafritz and Hyde 2004). During the 1960s, performance budgeting became a well-established initiative in the form of Planning, Programming, and Budgeting Systems (PPBS). This form of budgeting and planning examined the marginal benefit of each program. Some associate this form of performance budgeting with Robert McNamara in that he stressed system analysis as an aid in the decision-making process. Great Britain introduced performance budgeting in their defense ministry in the 1960s and extended it to other departments. The French used similar performance budgeting practices called RCB (rationalization des choix budgetaires). By the early 1970s, performance budgeting in the form of PPBS became an integral part of economic planning in Australia, Austria, Belgium, Canada, Ireland, and Japan (Novick 1973).

However, the consensus is that PPBS did not achieve what it promised to do nor did subsequent initiatives such as management by objective (MBO) and zero-based budgeting. One main emphasis of PPBS is its mark on the creation of systems thinking as a managerial tool. That approach, however, could be associated with its failure. Aaron Wildavsky (2009), one of PPBS's critics, suggested that focus on program structure is harmful in that the budgetary process is a political and not a rational process. The main challenge with PPBS was its inability to create a causality scheme between departments and activities.

Beyond performance budgeting, other movements came about with a focus on social indicators. Some associated the rise of the social indicator movement to the emergence and expansion of the welfare state and government's willingness to provide a safety net in the form of social programs. One of the direct effects of the social indicator movement was the creation of statistical modeling that enabled public sector officials and programs to project outcomes into the future. The aim of the social indicator movement was to conjugate data measuring various social variables such as health, crime, housing, etc. The social indicator movement had profound impact on government operations and the use of statistical apparatus to explain social phenomenon. However, the economic crisis of the1970s brought about with the Arab oil embargo shifted the role that government played in social indicator practices; the focus then was to cut back governmental programs. One can associate the rise of performance management initiatives of later decades to the ability of quantifying various indicators to measure outputs and, possibly, outcomes when it came to the public sector activities.

## From the 1980s to Today

The 1980s represent the start of retrenchment of government and its role in managing the welfare state. Some associate the rise of this retrenchment to the branch of economics called public choice where analysis of people's actions in the marketplace applies in decision-making at the individual and collective levels. Terry Moe (1984) in his classic work *New Economics of Organization* depicted the game that individuals play in the organization in order to shirk from their responsibilities, thus creating a moral hazard. These types of arguments seeped into politicians' perception of the role of state and bureaucracies and have given the ascent to new right ideologies notably in Australia, the United Kingdom, and New Zealand with new experimentations in managerial practices.

In the 1980s, tax breaks and fiscal savings became the prime focus. In the United States, under the Ronald Reagan administration, the appointment of the Grace Commission was an attempt to identify areas in which the federal government could assume savings. One strategy was reducing the number of federal employees by contracting out the delivery of services. Milward and Provan (2000) associates this move as hollowing out of state where government sees reduction of public workforce and greater reliance on markets in the form of contracting for achieving assumed savings. Performance measurement, for example, became a leading initiative in the United Kingdom with the launch of Financial Management in 1982, which focused on objectives and measuring outputs. Pollitt (1993) suggests that use of performance indicators became the main approach in measuring outputs of public organizations and programs.

This type of managerialism in the 1980s gave rise to a global movement called New Public Management (NPM). The goal of New Public Management was to adopt private sector principles and practices in the management of welfare state programs. Hood (1991) associates NPM to the performance movement of the earlier eras. The use of performance information became the core idea for decision-making and improvement of public organizations. Performance measures and the information generated were utilized for financial, contractual, and even human resource management purposes. During this era, performance budgeting sneaked back into the stage of performance measurement mainly used by politicians as a planning and evaluation tool. In the United States, the Government Performance and Results Act (GPRA) utilized performance budgeting as a lever.

The 1990s saw the rise of performance as the main issue in public sector organizations around the world. William Thomson (1891), a Scottish physicist, in a lecture titled "Electrical Units Measurement" stated, "I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind; it may be the beginning of knowledge, but you have scarcely, in your thoughts, advanced to the stage of science, whatever the matter may be." Others such as Peter Drucker or Edwards Deming have also suggested what gets measured gets done. Here we see a shift from New Public Management language and perspective to performance management.

In more recent years, we have seen the rise of a new movement, evidence-based policy (EBP). EBP fits well within the context of measuring program outcomes. The main tenet of EBP is to measure outcomes rather than opinions when it comes to policy decisions. Solesbury (2001) is associated with the start of EBP in the medical and public health sectors. However, by the end of the 1990s, EBP had spread across all sectors. EBP focuses on the social indicator movement similar to some of the promises of social engineering in the earlier era. The challenge with performance measures such as EBP is that it assumes policy decisions are mainly based on objective facts and data instead of politics. Political conflict is how decisions are made, and in Minassians and Roy's (2017) finding, data and facts are used only 30% during times of crisis. Also, part of the problem remains as to how the facts and data are used and whether that information is used selectively for fulfilling political goals rather than objective policy decisions.

Since 2010, a number of countries have been reviewing and revising their performance systems. The global fiscal crisis in particular has returned the focus to public financial management in many countries. Public financial management aims to achieve three goals: maintaining a sustainable fiscal position, allocation of resources, and delivery of effective and efficient public goods and services. This suggests a shift away from program effectiveness to fiscal sustainability and organizational efficiencies. The recent IMF publications noted that nearly all OECD countries have developed performance information along with the integration of accountability and financial management. In recent years, we have witnessed various experimentations among local government agencies. Some localities such as the City of Baltimore or the County of Ventura have developed informative performance measures for the purpose of linking citizens with what their government does. On the other hand, we have seen other localities that use performance measures for political ends.

## Politics Is and Will Remain Part of Performance Movement

Depending on how and for what purpose performance measures are used, there always remains an element of power dimension. Executive and legislative branches use performance movements for budgetary purposes and decision-making particularly during crisis. Therefore, what gets collected and how the performance goals and indicators are initiated and used will dictate the relevance and usability of them. The early attempts of separating politics from administration can be seen as a political act empowering the administrative apparatus. On the other hand, use of performance budgeting can be associated with attempt for control of the legislative and executive branches of public bureaucracies. The main challenge and barrier is the design and implementation of performance measures. In general, any movement associated with this is the rise of a networked environment where multiple partnerships determine the outcome of a policy. Public sector organizations are no longer directly in charge of determining the outcome of programs. Rather, we see an era where multiple public-public, public-private, public-nonprofit, and citizen, voluntary and community, groups interact for the coproduction of outputs and outcomes. The value in outcome is no longer purely public, but it has become murky, while public agencies are still held and perceived as the accountable parties.

## Conclusion

Even though performance movements, at times, have been seen as a fad, they remained part of public organizations over a century. Various movements have come and gone or morphed into new movements, but they all have left elements of residue behind shaping public organizations. We see this with the integration of various performance measures or practices into the processes of public sector organizations. From the use of quantitative analyses to various fiscal policies, we see inclusiveness of these movements within government. As outlined in this entry, various movements came about to address challenges for that era but still remained influential during later periods.

## References

Hood C (1991) A public management for all seasons. Public Adm 69:3–19

Linsley CA, Linsley CL (1993) Booth, Rowntree and Llewelyn Smith: a reassessment of interwar poverty. Econ Hist Rev 46:88–104

Merkel JA (1980) Management and ideology: the legacy of the international scientific management movement. University of California Press, Berkeley

Milward HB, Provan KG (2000) Governing the hollow state. J Public Adm Res Theory 10(2):359–380

Minassians HP, Roy R (2017) Governance structures and the "(De)Politicization" of performance measures. In: Bianchi et al (eds) Outcome-based performance management in public sector. Springer Publishing, New York

Moe TM (1984) The new economics of organization. Am J Polit Sci 28(4):739–777

Novick D (1973) Current Practice in Program Budgeting (PPBS): analysis and case studies covering government and business. Heinneman, London

G

Pollitt C (1993) Managerialism and the public service: cuts or cultural change in the 1990s? Blackwell, Oxford
Schachter HL (1989) Fredrick Taylor and the public administration community: a reevaluation. State University of New York, New York
Shafritz JM, Hyde AC (2004) Classics of public administration. Brace College Publishers, Harcourt
Solesbury W (2001) Evidence based policy: whence it came and where it's going. ESRC UK Centre for Evidence Based Policy and Practice, London
Stivers C (2000) An impossible job: report on the building bridges tour. Public Adm Rev 60(3):194–199
Thomson W (1891) Popular lectures and addresses. MacMillan & Co., London
Wildavsky A (2009) Budgeting and governing. Transaction Publishers, New Brunswick

### Further Readings

For further discussion and examination of global performance movements, see works by Christopher Pollitt (1993, 2006, 2011), Charles Vance (2006), Alan Nankervis (2008), Maria, Iskandarani (2008), and Robert Behn (2002)

## Global Poverty and Inequality

Steven Slaughter
School of Humanities and Social Sciences, Deakin University, Burwood, VIC, Australia

### Introduction

The combined impact of global poverty and inequality is one of the most significant moral and political issues in global politics. While contemporary levels of global poverty are improving in overall terms, they still lead to the death of many vulnerable people around the world from poverty-related causes of starvation, malnutrition, or disease. Coupled with global poverty are wide and growing forms of inequality within and between societies around the world. Consequently, global poverty and its consequences of insecurity, despair, and powerlessness have become contentious issues as demonstrated by the activism of civil society organizations (CSOs), the policies of international governmental organizations (IGOs) such as the United Nations (UN), and the continual pressure of less developed countries (LDCs) that possess the bulk of the global poor. This entry examines the scale and nature of contemporary global poverty and inequality, outlines the drivers of these forms of poverty and inequality, and considers the main policy measures that have been arranged to promote development and address global poverty.

### The Scale of Global Poverty and Inequality

Before global poverty is analyzed, it is important to consider the idea of socioeconomic "development" and, more importantly, the contested nature of this term. While the term development has various intellectual origins, the modern conception of development really only emerged in the postwar era as the colonial powers left or were expelled from their former colonies. Most definitions of development focus upon improvements in economic well-being and the measurements of a given nation's material prosperity. From this perspective, development is interpreted through an economic prism as an improvement in the economic productivity and material well-being of a country's inhabitants in terms of economic growth. Material well-being, and development, can therefore be measured in purely quantitative terms by calculating a nation's gross domestic product (GDP) or gross national income (GNI) divided by its population to define overall average or per capita incomes. The World Bank also determines the number of people with personal incomes below the US $1.90 per day threshold for extreme poverty (The World Bank Overview 2017). Many in the economics profession continue to view development in such terms – and with good reason given that GDP is a good measure of the welfare of nation – but it certainly does not capture all the characteristics of social life which constitute a population's well-being.

Consequently, since the early 1990s, there has been a shift away from purely quantitative definitions to measurements which assess the broader social, cultural, and environmental aspects which define well-being. This perspective has been led by the UN (Jolly et al. 2004) and considers

development as an increase in the capacity of individuals in a given society to conduct their lives as they choose. This means that qualitative social indicators have increasingly been employed to gauge the overall "quality of life" of a people within a given state or region. The most prominent example is the UN's approach of human development and is calculated and expressed in the Human Development Index (HDI) as a number between 0 and 1, which is published annually in the United Nations Development Programme's (UNDP) *Human Development Report* which ranks countries according to their relative life expectancy, education levels, and income (United Nations Development Programme 2017). This qualitative and multidimensional view recognizes broader notions from health indicators – such as life expectancy, infant mortality rates, and HIV rates – to more socially defined measures, such as functional literacy and primary school enrolments. As such, absolute poverty is understood by the UN as "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information" (World Summit for Social Development 1995, p. 38).

The overall picture of development and global poverty is extremely problematic despite significant progress in the last two decades. The improvement in income-based measures has been dramatic in recent decades. According to income-based measures of poverty determined by the World Bank: "in 2013, 767 million people lived on less than $1.90 a day, down from 881 million in 2012 and 1.85 billion in 1990" (The World Bank Overview 2017). This means that in 2013 that 10.7 percent of the world's population lived below the US$1.90 a day threshold, compared to 35 percent in 1990 (The World Bank Overview 2017). In qualitative terms there have also been improvements. The 2010 *Human Development Report* notes that the world average HDI increased to 0.68 in 2010 from 0.57 in 1990 and 0.48 in 1970 (United Nations Development Programme 2010, p. 26). Furthermore, all but 3 of the 135 countries measured had a higher HDI in 2010 than in 1970 (the exceptions were the Democratic Republic of the Congo, Zambia, and Zimbabwe) (United Nations Development Programme 2010, p. 27). The aggregate global measurements are strongly influenced by the sustained progress in populous countries such as China and India over the last few decades.

Global poverty remains a crucial problem despite this progress. Declines in poverty have been extremely uneven with poverty reduction dramatically less evident in sub-Saharan Africa than the significant improvements in South Asia and especially the massive improvements in South East Asia and China (The World Bank Overview 2017, p. 96). While rural poverty remains an issue for LDCs, the UN has also estimated that more than one-third of people living in cities in the developing countries (approximately 863 million people) live in slum-like conditions with inadequate housing, water supply, and sanitation (UN Habitat 2013). Furthermore, in human development terms despite improving incomes, almost 1.75 billion people in 104 developing countries are living with overlapping deprivations in health, education, and living standards (United Nations Development Programme 2010, p. 86). These deprivations lead to high levels of personal insecurity and poverty-related deaths. To put the current levels of extreme poverty in their starkest, we can look at the current levels of poverty-related deaths as one of the most staggering events in human history. As the philosopher Thomas Pogge claims "massive poverty caused by human agency is certainly not unprecedented" with British colonial institutions and policies being blamed for up to one million poverty deaths in the Irish potato famine of 1846–1849; Stalin's economic policies during 1930–1933, which caused some seven to ten million famine deaths; and Mao Zedong's "Great Leap Forward" in China during 1959–1962 which caused approximately 30 million poverty deaths (Pogge 2005, pp. 721 and 741). However, compared to contemporary global poverty, "these historical catastrophes were of more limited duration and even at their height did not reach the present and ongoing rate of 18 million poverty deaths per annum" (Pogge 2005, p. 741).

The statistics relating to global inequality are also stark and even more unrelenting with inequality rising between and within countries. In overall terms in 2014, "the richest 1 percent held 48 percent of global wealth" and "around 80 percent of the world's people have just 6 percent of global wealth" (United Nations Development Programme 2015, p. 65). Inequality between societies is increasing. The UNDP notes that the ratio of income of the world's poorest fifth compared to the richest fifth has increased from 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960 (United Nations Development Programme 1997, p. 35). In 1990 the average American was 38 times wealthier than the average person from Tanzania, while in 2005 the average American was 61 times wealthier (United Nations Development Programme 2005, p. 37). Inequality within societies is also increasing in both developed and developing societies. This is evident with sharp rises in income inequality weighted toward the very rich. For example, "between 1976 and 2011 the share of total annual income received by the richest 1 percent of the population in the United States rose from 9 percent to 20 percent" (United Nations Development Programme 2015, p. 65). Inequality has wider manifestations than wealth or income, with growing differentials in HDI measurements of health and other qualitative indicators. Clearly women and vulnerable minorities are often subject to economic and social inequality and marginalization in many societies. Furthermore, divides of opportunity to access work remain which creates forecasts of intergenerational poverty persisting and therefore inequality and social immobility becoming entrenched in many societies.

As a result of poverty and inequality, many people are bearing the brunt of personal vulnerability, marginalization, and insecurity that stems from these conditions. For poor people living on less than a US $1.90 a day, poverty is not some statistical abstraction but a case of personal subjection that makes it impossible to live a full and dignified life. Indeed, it is crucial to state that there remain 795 million severely undernourished people in the world with particular impacts on women and children which leads to lasting ill health (Food and Agriculture Organization of the United Nations 2015). The important issue to consider is how these patterns of poverty and inequality have transpired.

## Drivers of Global Poverty and Inequality

There are several key interlocking drivers or factors which are often used to explain the existing forms of extreme global poverty and inequality and the separation of the world into a developed and wealthy "North" and the LDCs of the "South." However, we must be aware that there are many local political, cultural, and climatic particulars which affect development outcomes and patterns of poverty in particular states. Furthermore, in overall terms, different accounts of political economy scholarship give different weighting to the various drivers.

The first driver of global poverty is the history of colonialism. One key common feature of nearly all LDCs is that they were colonialized by outside powers. The impact of colonialism varied due to the policies of the specific colonial powers and the patterns of resistance that occurred in particular locations, but typical in these cases of colonialism were systematic forms of exploitation, the extraction of natural resources, and the subordination of the local population. In the 1950s and 1960s, processes of decolonization and self-determination meant that the goal of development had become the paramount concerns of new states. However, many if not most colonial states were locked into dependent economic roles that persisted after the colonial power formally left. These colonial states were never set up to be autonomously functioning political or economic entities and were often lacking an authentic common political culture or a robust apparatus of a state able to develop an independent strategy of economic development. This has made it hard for states to embark on a process of development that effectively addresses poverty because they are economically dependent upon certain primary production sectors – especially agriculture and mining – that are useful to formal colonial markets or other external markets. Thus colonialism can be

seen to have shifted from formal political and military subordination to economic subordination, also referred to as neocolonialism.

The result of colonialism and neocolonialism is that many LDCs have gone through periods of having a state apparatus that is weak or suffers from legitimacy problems. As such, developing states have also been beset by corruption and maladministration by local elites during and after the Cold War. The impact of corruption and poor governance on development is a significant issue. It is clear that corruption does have a bad and insidious impact on people's everyday lives in corrupt societies and frustrates development by reducing the effectiveness and legitimacy of national government and diminishing the impact of external assistance (United Nations Development Programme 2005, p. 92). Also Western governments and transnational corporations have carried part of the responsibility for the corruption in LDCs due to Western corporate interests being those that have often supplied the bribe payments. Indeed, until the 1990s, governments of Western states not only allowed these corrupt practices, but they even rewarded them with tax deductibility. The 1999 Organization for Economic Cooperation and Development (OECD) *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* has delegitimized this practice.

The second driver of global poverty is the continuation of neocolonialism evident in the current institutionalization of economic policies and practices that systematically advantage the developed world at the expense of the developing world. This institutionalization does not adequately include developing world in the current economic policymaking and international financial institutions (IFIs), such as the World Bank, International Monetary Fund (IMF), and the World Trade Organization. A key purpose of these institutions has been to provide assistance and advice to developing countries with regard to how they can participate in the global economy. However, it must be remembered that these institutions have been primarily created and financed by developed states and are therefore under the control of these developed states. These IFIs have profoundly influenced the development trajectory of many developing countries, and developing states have had little voice or input into these policies. In effect, the LDCs were born into a political-economic order with rules they have no voice in creating – most developing states were not present at the Bretton Woods conference in 1944 where the IFIs were created. The decision-making procedures of these institutions favored, and continue to favor, their western creators. Whereas the UN General Assembly was based on the principle of one nation, one vote, the influence of countries in the IMF and the World Bank are weighted according to the size of their economies, meaning that they give overwhelming influence to Western and developed states. Therefore, it could be claimed that it is difficult for these institutions to effectively address poverty when they reflect the interests and perspectives of wealthy developed states.

Consequently, the economic ideas and policies of IFIs can be seen to also reflect this bias against LDCs. In particular, the IFIs have largely followed developed world trends in international economic policy from Keynesian policies between the late 1940s and the 1970s to a more neoliberal pro-market stance since the 1980s – with the view to encouraging economic growth and capital accumulation as the only path to development. The term "Washington Consensus" refers to a consensus of US government and development economists in the 1980s that minimum government and free markets were achievable and necessary across the developing world in order to promote development. However, the rise of neo-liberalism and the Washington Consensus can be seen to have a significant impact on poverty and inequality because some neoliberal policies – in particular structural adjustment programs (SAPs) – involved lending money to developing countries on the condition of reforming their domestic economies along neoliberal, free-market lines. However, SAPs did not work to effectively promote development, and the World Bank accepted this and eventually reformed many of its policies from 1999 onward to better consider the domestic institutions needed to support development in LDCs. Structural adjustment focused

only on economic growth and did not take account of broader measures; for instance, it never included a consideration of human rights, welfare minimums, environmental protections, or the need to strengthen fundamental institutions in society to help facilitate effective capitalism. Despite the concerns of LDCs, and an increased concerns about the domestic institutions required to support capitalist development, it must be noted that neoliberals and many liberals still believe that economic growth in the long run is the best strategy to promote poverty reduction and that the best way to promote economic growth is free markets. They also believe that free trade and deregulation are the best ways to achieve the progress that we have seen in the last 30 years.

A third driver in the continuation of global poverty that connects with neocolonial arguments is the problem of continuing LDC debt. Although figures on the level of indebtedness of developing countries are generally difficult to determine, the average relative debt payment burden of LDCs is forecasted between 2011 and 2024 to increase "by between 85% and 250%" (Jubilee Debt Campaign 2014). Such high levels of debt are a crushing burden on economic fortunes and development in many of the poorest countries, and in the past debt servicing has prevented poor countries from making adequate investments in health and education. Countries such as the Philippines, El Salvador, Jamaica, and Sri Lanka spend more on debt than either health or education (Jubilee Debt Campaign 2017). While debt relief is often trumpeted by the Western leaders, it is not always matched with concrete action. The *Heavily Indebted Poor Countries'* (HIPC) initiative is the current international debt relief scheme which has helped 36 countries to the value of $75 billion since 1996 (IMF 2017). But this still falls short of what is needed to effectively help LDCs address poverty.

The fourth driver of global poverty is the problems facing the LDCs when it comes to having access to the global economy. LDCs have problems accessing lucrative developed markets in heavily protected sectors of agriculture and textile markets. This is a substantial impediment to LDC development. In the 1990s, countries belonging to the OECD provide about $1 billion a day in domestic agriculture subsidies – more than six times what they spend on official development assistance for developing countries (United Nations Development Programme 2002, p. 33). If developing countries were able to increase their market share in the developed markets, they would be able to lift some of the world's poorest workers out of poverty. Likewise the access of LDCs to foreign direct investment (FDI) is important because it can be an important stimulus for economic activity and development. Transnational corporations can invest capital in LDC business ventures, which can provide opportunities and private enterprise and jobs. However, many LDCs are still not capable of attracting such investment. FDI is unevenly spread around the developing world. For instance, in the 1990s only roughly one quarter of global FDI went to developing countries; but Asia received around 20 times more investment than sub-Saharan Africa (Annan 2000).

A fifth driver of global poverty is persistent forms of insecurity and civil conflict. The legacy of colonialism is also evident in the fact that many states around the world are colonial constructs which often have low levels of social cohesion and have been beset by civil conflicts and ethnic cleavages. These conflicts were particularly significant in the 1990s with the end of the Cold War (Collier 2007). Basically, many postcolonial states are weak or failing states. The 2005 Human Development Report claims that "there is a strong association between low human development and violent conflict" (United Nations Development Programme 2005, p. 154). Some of the evidence regarding countries recently affected or engaged in civil conflict includes 22 out of 32 countries with a low HDI ranking, 9 out of the 10 lowest HDI countries, 9 out of 10 countries with the highest infant and under-five mortality rates, and 9 out of the 18 countries that had a decline in their HDI in the 1990s (United Nations Development Programme 2005, p. 154). The 2005 Human Development Report also indicates that diseases like HIV and Malaria spread more rapidly in conflict or post-conflict societies because health and educational infrastructure is

destroyed and societies obviously put resources into military. Low-HDI countries in conflict in 2002 spent on average 3.7% of GDP on their militaries but only 2.4% on health care (United Nations Development Programme 2005, p. 160). The poverty–conflict cycle creates a trap which makes it hard for a poor country to escape and is thus a powerful issue in the persistence of extreme global poverty in many developing societies.

No one of these drivers alone can easily be seen to cause global poverty and inequality. For the catastrophic levels of extreme poverty and poverty-related deaths – most significantly in Africa – there has to be a combination of factors operating. While many of these factors have been especially evident in the 1990s and early 2000s, these factors continue to shape the incidence of global poverty. Reoccurring economic crises such as the global financial crisis (2009) and the world food price crisis (2007–2008) have ongoing social impacts which affect poor people around the world long after the crisis is considered to have concluded. Furthermore, these ongoing factors are being joined by the emerging and future impact of climate change which has the heaviest impact on the poorest and the potential to sharply reverse the development gains that have occurred (United Nations Development Programme 2007/2008). Despite these ongoing and emerging challenges, there have also been various measures created which seek to highlight and address global poverty.

## Addressing Global Poverty and Inequality

Debate continues regarding the most appropriate mechanisms by which states and IFIs, such as the World Bank or regional development banks such as the Asian Development Bank, can best lift people out of poverty. Poverty alleviation has been pursued through different and overlapping approaches. Clearly, the liberal and neoliberal strategy of free trade and economic growth as an engine of development has been the dominant paradigm. From the period from the 1970s onward, poverty alleviation has been primarily pursued by LDCs promoting economic growth via engagement with global markets and free trade. Some countries have benefitted from the system of free trade and FDI that has developed since the late 1940s by government policies which have sought to engage global markets. Despite the problems noted in the previous section, there is little doubt that access to global markets is a key means by which states, particular across Asia, have improved their development situations.

However, despite the dominance of this model, the UN and the World Bank have also acted to try to address global poverty and development through policies that promote poverty alleviation through educational and health services as well as create and improve basic infrastructure like roads, dams, and other public utilities in target countries. This is normally done through targeted assistance – in the form of grants or long-term loans. Such assistance is sometimes called "aid" or official development assistance (ODA) which can be given by one country to another in a bilateral form or delivered by international agencies such as the World Bank in a multilateral form. The effectiveness of foreign aid in promoting development and addressing global poverty is heavily debated (Sachs and Ayitte 2013). While ODA targeted at poverty alleviation can make an impact, poverty alleviation has not always been a key objective of ODA as both commercial and security objectives have also figured prominently in the delivery of ODA. Also, only six developed countries have met the target established by the UN in 1967 of 0.7% of GDP.

Some official IGOs (primarily the UN and the World Bank) have addressed the conditions that permit world poverty by targeted multilateral ODA. While the IFIs have supported and promoted economic liberalization, the UN and the World Bank now focus on poverty understood as human development and thus focus on services that support the realization of these social indicators. In particular the UN has various programs facilitating development, in partnership with governments and CSOs, and various agencies such as UNDP, United Nations Environment Programme, UN Women, and UN Children's Fund (UNICEF), for instance, that all have particular areas of

competence and responsibility. For instance, UNICEF is the lead UN organization working for the long-term survival, protection, and development of children, and its programs focus on immunization, primary health care, nutrition, and basic education. The World Food Programme is the world's largest international food aid organization for both emergency relief and the promotion of development which includes food security. Furthermore, the United Nations Human Settlements Programme (UN–Habitat) assists people living in health-threatening housing conditions. In addition to emergency humanitarian assistance, the UN also operates programs to address problems of chronic diseases such as HIV and malaria.

States and IGOs are not the only actors seeking to address global poverty. CSOs and social movements have developed various attempts to address global poverty, such as the ways the anticapitalism movement sought to identify and challenge the shortcoming of free trade orthodoxy and conventional efforts to promote development in the 1990s, and more reformist efforts of the "Make Poverty History" campaign to bring attention to the issue of global poverty and increase ODA in the 2000s. Many of these groups alongside the UN have sought to develop discourses which promote human well-being that emphasize themes of democracy, human rights, the empowerment of women, and sustainable development. Many CSOs have also been involved in the actual delivery of development assistance and humanitarian aid. The size and continued growth of the large nongovernmental organizations like Oxfam, World Vision, and Save the Children points to their significant role in addressing global poverty (Ronalds 2010). There have also been a range of new transnational actors in the promotion of development and poverty alleviation such as philanthropy organizations like the Bill and Melinda Gates Foundation and hybrid organizations comprised of governments, the private sector, and civil society, evident in the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Brown 2009).

The UN has also played an increasingly prominent role with respect to global poverty. While the IFIs have had the main responsibility for crafting the rules of the global economy and are largely controlled by wealthy states, there were attempts by LDCs during the 1970s to use the UN as a forum to advance a restructuring of the global economy in favor of developing countries interests. This attempt was called the New International Economic Order and the G77, which ultimately was not embraced by Western countries and the attempt dissipated. Since the 1990s the UN has attempted to engage more deeply with economic issues and proposed norms and standards for the global economy. The UN also plays a role in highlighting poverty as an important global problem and the need to articulate normative standards in relation to development in the form of socioeconomic human rights and other declarations. After all, the UN asserted the importance of addressing poverty in the UN Charter when it declared "WE THE PEOPLES OF THE UNITED NATIONS DETERMINED . . . to promote social progress and better standards of life in larger freedom" (UN Charter 1945) and reemphasized the importance via the development of socioeconomic human rights in the 1960s. More recently the UN's engagement with the issue of global poverty was highlighted in the *Millennium Declaration* in 2000 and the resulting Millennium Development Goals (MDGs).

The current normative standard is the Sustainable Development Goals which entail 17 Sustainable Development Goals (SDGs) established in 2016. These goals follow on from the MDGs, and both are overarching sets of goals for establishing development (Fakudu-Parr 2004; Fukuda-Parr and Hulme 2011). The turn of the century was a symbolic moment for the 189 Member States of the United Nations to articulate and affirm an animating vision for the organization in the form of the *Millennium Declaration* which stated "while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed" (United Nations, United Nations Millennium Declaration 2000). In 2000 the UN general assembly established eight goals (and clear targets for each goal) that were to be achieved by 2015. These goals reflected a human development

conception of development and, most importantly, were established to be a common standard for both the UN and the IFIs (Fakudu-Parr 2004). While not all of the goals were realized in the 15-year timeframe established by the MDGs, they were successful in generating unprecedented political support for human development and a shift away from only focusing on economic growth measures, having been agreed upon by every UN member state with the active support of global civil society. This means that the normative standard articulated by the SDGs/MDGs has significant purchase in discussions relating to global poverty – even with respect to states that do not support them enthusiastically.

For these reasons there was considerable support to continue on the MDG beyond the 2015 target in the form of the expanded SDGs. However, the international community did fall short in achieving the MDGs. The level of ODA has also not risen fast enough to support the development goals. Furthermore, the MDGs and SDGs have not addressed deeper questions of power given the political assumptions about development driving goals (Weber 2015) and that LDCs have not been included in decision-making processes more than what was previously the case. CSOs are quick to note that efforts to promote significant debt relief have been minimal and efforts to include the perspectives of LDCs in the structures of the global economy have been fairly modest. These development goals have not rewritten the rules of the global economy – the same underlying structures and problems prevail. The failure of the WTO to liberalize agriculture or the IMF to substantially reduce LDC debt, for example, remain as crucial problems facing efforts to promote development in LDCs.

There are differences in opinion as to how we can assess the SDGs and the preceding MDGs in addressing global poverty. Some would see free markets and global capitalism as being the keys to promoting development, and the SDGs/MDGs being peripheral to the drive of economic growth enabled by global capitalism. It must be mentioned that many free market economists still believe that economic growth is the best strategy to promote poverty reduction in the long run and the best way to promote economic growth is economic globalization and free markets and thereby continue the progress that we have seen in the last three or four decades. There are also some CSOs and governments which see the SDGs are being a crucial way to couple global capitalism with a social conscience which will address global poverty. They accept the core aspects of the prevailing global order coupled with the full and quick implementation of the SDGs by appropriately supporting these goals. In this context the role of scholarly critics and CSOs who want to put public pressure on governments and public attitudes relating to global poverty are extremely important. But there is also the position that the SDGs and the MDGs are insufficient. Thomas Pogge makes the argument that we need something more dramatic than the MDGs. He goes so far, to say in referencing the first goal of MDGs to halve the proportion of people being hungry, that we should imagine what somebody would have said in 1994 that we had plan to halve those dying in the genocide in Rwanda. He asks why should we treat deaths by poverty different from other acts of harm? (Pogge 2004). Pogge notes the contradictions between human rights set out in the Universal Declaration of Human Rights (that everyone should have access to food, water shelter) and the MDGs (the goal is only to half the proportion of poor who are extremely poor or starving). According to Pogge, human rights should be put at the center of the global economy so that the global poor's interests are considered and enforced in a more significant and sustained manner.

## Conclusion

Clearly it is easy to be skeptical about the past success of the MDGs and future of the SDGs, but they have created a common framework and standard by which global poverty is being addressed by the UN, the IFIs, and CSOs and states around the world. Yet despite the shortcoming of such standards for development, they are indications

that world leaders are aware that the combined impact of global poverty and inequality is not only an economic problem but a political and ethical problem as well. Ultimately, addressing global poverty is crucial to supporting the legitimacy of the current system of global capitalism.

## References


Annan K (2000) We the peoples – the role of the United Nations in the 21st century. http://www.un.org/en/events/pastevents/we_the_peoples.shtml

Brown G (2009) Multisectorialism, participation, and stakeholder effectiveness: increasing the role of non-state actors in the Global Fund to Fight AIDS, Tuberculosis and Malaria. Glob Gov 15(2):169–177

Collier P (2007) The bottom billion: why the poorest countries are failing and what can be done about it. Oxford University Press, Oxford

Fakudu-Parr S (2004) Millennium development goals: why they matter. Glob Gov 10(4):395–402

Food and Agriculture Organization of the United Nations (2015) The State of Food Insecurity in the World. http://www.fao.org/3/a-i4646e.pdf

Fukuda-Parr S, Hulme D (2011) International norm dynamics and the "end of poverty": understanding the millennium development goals. Glob Gov 17(1):17–36

IMF (2017) Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. http://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/11/Debt-Relief-Under-the-Heavily-Indebted-Poor-Countries-Initiative

Jolly R, Emmerij L, Ghai D, Lapayere F (2004) UN contributions to development thinking and practice. Indiana University Press, Bloomington

Jubilee Debt Campaign "Don't turn the clock back": analysing the risks of the lending boom to impoverished countries (2014). http://jubileedebt.org.uk/wp-content/uploads/2014/10/Lending-boom-research_10.14.pdf

Jubilee Debt Campaign (2017). http://jubileedebt.org.uk/countries

Pogge T (2004) The First UN Millennium development goal: a cause for celebration? J Hum Dev 5(3):377–397

Pogge T (2005) Recognized and violated by international law: the human rights of the global poor. Leiden J Int Law 18(4):717–745

Ronalds P (2010) The change imperative: creating the next generation NGO. Kumarian Press, Sterling

Sachs J, Ayitte GBN (2013) Can foreign aid reduce poverty? In: Hass P, Hird J (eds) Controversies in globalization, 2nd edn. CQ Press, Washington, DC

The World Bank Overview (2017). http://www.worldbank.org/en/topic/poverty/overview

UN Charter (1945) Preamble

UN Habitat (2013) Streets as public spaces and drivers of Urban prosperity. United Nations Human Settlements Programme, Nairobi. https://unhabitat.org/books/streets-as-public-spaces-and-drivers-of-urban-prosperity/

United Nations (2000) United Nations millennium declaration

United Nations Development Programme (1997) Human development report

United Nations Development Programme (2002) Human development report

United Nations Development Programme (2005) Human development report

United Nations Development Programme (2007/2008) Human development report

United Nations Development Programme (2010) Human development report

United Nations Development Programme (2015) Human development report

United Nations Development Programme (2017). http://hdr.undp.org/en/humandev

Weber H (2015) Reproducing inequalities through development: the MDGs and the politics of method. Globalizations 12(4):660–676

World Summit for Social Development, Copenhagen, 6–12 Mar 1995


# Global Public Goods

Caterina García-Segura and Pablo Pareja-Alcaraz
Pompeu Fabra University, Barcelona, Spain

Global Public Goods constitute a particular type of public goods characterized by three main features: nonrivalry consumption, nonexcludability, and international scope. First, they can be simultaneously consumed by several actors who maintain a nonrival relationship: the consumption levels of one actor do not necessarily constrain the consumption levels of others. This situation is clearly exemplified in the relationship individuals have with street lighting, the light provided by a lighthouse, or national security. Second, the benefits attached to the consumption of these goods are not limited to those who provide them or pay for them. This nonexcludability can be easily observed in the examples mentioned before, but also in the consumption of nonpolluted air resulting from environmental strategies or open access to Internet. Third, this type of goods should benefit at least a number of different States and should not discriminate

against any country, population, or generation (either present or future). This is the case of universal justice or international security. The first two features distinguish public goods from private ones that are provided by the market and whose consumption is both rival and exclusive to those who pay for them. The last condition separates Global Public Goods from Public Goods: whereas the former have an international scope, the latter are restricted to a smaller geographic area.

The notion of Global Public Goods gained academic attention in the late 1990s of the past century with the publication in 1999 of the seminal work of Inge Kaul, Isabelle Grinberg, and Marc Stern. This work was inspired by the economic theory of national public goods advanced by Paul Samuelson in 1954 and was mostly developed within the United Nations Development Program (UNDP). In essence, it urged for the adoption of this new term in order to successfully cope with the global challenges of the twenty-first century (Kaul et al. 1999). Since then, several authors such as Amartya Sen (1999), Peter-Tobias Stoll (2011), or Eric Brouseau (Brouseau et al. 2012) have explored the scope and limits of Global Public Goods from different disciplines and theoretical perspectives.

In addition to universal justice and international security, the list of Global Public Goods in the contemporary global society includes international peace, sustainable environment, cultural heritage, and global health, but also the stability of the international financial system, Information, and Knowledge. However, most of these goods cannot be considered pure or absolute Global Public Goods because they do not meet all three conditions mentioned above. The provision of most Global Public Goods is neither exclusively public nor exclusively private. More importantly, a large number of them only comply with one of the two first conditions (nonrivalry and nonexcludability). Among the vast group of impure or imperfect Global Public Goods it is possible to distinguish two different subgroups. The first one includes those whose consumption is nonrival, but excludable. Generally known as *Club Goods*, access to these goods is not rival for all members of the club but limited to them. This is the case of the military security and protection granted by NATO to all its member States, the economic benefits enjoyed by member States of regional trade agreements, or the advantages of the regional harmonization of trail transportation. The second group encompasses the so-called *Common Goods*: goods whose consumption is nonexcludable but rival. Access to these goods is open to all actors, but their consumption may eventually lead to their exhaustion. This is the case of the geostationary orbit: all countries can make use of it, but a sustained abuse of its capacity endangers its viability in the medium run.

The provision of Global Public Goods also differs from that of Global Private Goods or Public Goods. Global Private Goods are generally provided by private markets and tend to be guaranteed because of the economic returns they yield. In contrast, Public Goods – especially those with limited or no economic returns – are frequently the result of governmental strategies. The provision of Global Public Goods usually involves a plethora of different public and private actors and adopts several forms or models. (see, among others, the words of Kaul and Conceição, 2006, and United Nations Industrial Development Organisation, 2008). From this point of view, the public nature of Global Public Goods is not determined by their public provision, but by their public enjoyment. Some Global Public Goods such as pharmaceuticals or Internet are mostly provided by private nongovernmental actors, but they now play a key role in global affairs and access to them is gradually becoming less exclusive and rival. The participation of several actors in the production and provision of Global Public Goods has led Inge Kaul, Isabelle Grinberg, and Marc Stern to refer to them as multistakeholder goods (Kaul et al. 1999). Going one step beyond, Ravi Kanbur, Todd Sandler, and Kevin Morrison have suggested that it is possible to distinguish four different categories of Global Public Goods according to the so-called *aggregation technology*, that is, the relationship between the individual contribution of each actor and their overall

level of provision (Kanbur et al. 1999). The prevalent category is that of *Simple Summation Global Public Goods*, the provision of which is characterized by summation: each of the units contributed to a particular Global Public Good by an actor adds equally to the overall level of the good. This is the case of the reduction of each State's $CO_2$ emissions to the atmosphere. The second category comprises *Best-Shot Global Public Goods*, where the overall provision of the good equals the most-significant or largest individual contribution. The discovery of a vaccine or a medical cure for a global disease that is made available to several or all countries offers a very illustrative example of this category. The third category is less common and encompasses those goods that are produced through an aggregation technology where the overall level of a particular Global Public Good equals the smallest individual contribution. An example of these *Weakest-link Global Public Goods* is the control of a pandemic disease such as Ebola: the effectiveness of this control at the global level is very much determined by the country that shows the smallest capacity to address the challenge. Finally, the fourth category includes *Weighted-Sum Global Public Goods*, that is, those goods where each of the units provided by a particular actor does not equally contribute to the overall level of provision. All units make a positive contribution, but their weight varies. As a result, those actors who make the most significant contributions tend to benefit more from the existence of this type of Global Public Good. The individual contributions of States to a cleaner environment illustrates this case: those States who make larger efforts to sustain a clean environment and those who are close to them generally benefit more from the positive impact of their efforts, whereas those who make very limited contributions and those close to them tend to suffer the negative consequences of the ineffective provision at the global level (i.e., suffering the damaging effects of acid rain).

Global Public Goods can be classified also in accordance with the main source and the manner in which they are provided (Kaul et al. 1999, 2003; Kaul 2016). This initial difference has important implications for global governance. *Natural Global Public Goods* are those that can be found in nature and whose provision does not require human intervention. The preservation and enhancement of these goods may in some cases benefit from or require some human action, but their emergence is not directly connected to the latter. The ozone layer and climate stability are two Global Public Goods that fall within this category. Resulting from natural processes, their preservation faces the challenge of excessive human pollution, thus constituting an important governance challenge. *Human-Produced Global Public Goods* include those goods that are produced through social or technological processes that require human intervention. This second group encompasses goods as diverse as Human Rights, the World Cultural Heritage, Internet or Knowledge whose existence is primarily induced by social action and/or agreement. In contrast with the first category, the main challenge confronting the global provision of this group of Global Public Goods is restricted access that hinders their global or universal scope. This restriction can be motivated by several factors such as governmental repression (Human Rights), lack of access (Knowledge or Internet), and artificial barriers or controls (World Cultural Heritage). *Global Public Goods resulting from Global Strategies* constitute a third group whose emergence is closely linked to the last wave of globalization. These goods find their roots in the transnational nature of many global challenges, the complex interdependence that informs interactions between international actors and the gradual crystallization of cosmopolitan values. Examples of this category include international peace, international security, global justice, financial stability, or global equity. The main challenge confronting these goods is the difficulties surrounding their provision: in many cases actors make only partial contributions, whereas in others their contribution is nonexistent.

Debates on the definition, scope, and typologies of Global Public Goods have paid special attention to their interaction with global social processes over the past two decades. This has led to a gradual consensus on the socially

constructed nature of Global Public Goods, which find their opposite extremes in the so-called Global Public Bads. Acknowledging the conditions of nonrivalry, nonexcludability, and international scope, this consensus puts emphasis on the importance of perceptions and presents Global Public Goods as those that are given public priority (Macintosh and Wuyts 2002). The consideration of some goods as global public ones results from the convergence of values and interests between the majority or a group of highly influential public and private actors and authorities. In turn, the socially constructed nature of Global Public Goods allows for the emergence of potential tensions between some of them. This may be the case between those connected to environmental protection and sustainable development and those others built around notions such as global economic welfare or international financial stability.

These debates run parallel to controversies regarding the effective provision of Global Public Goods. This is severely affected by three complementary, mutually reinforcing gaps. The jurisdictional gap refers to the clash between the global and transnational nature of the several issues and challenges involved in the definition, prioritization, and provision of Global Public Goods and the national scope of most decision-making schemes. Individual State perceptions and interests sometimes relinquish to global concerns, but more frequently than not the former prevail over the latter. The participation gap makes reference to the difficulty to include nongovernmental actors in international discussions and negotiations on the definition, prioritization, and provision of Global Public Goods. Most of the existing fora are intergovernmental or place States in a very privileged position. However, the effective realization of some Global Public Goods requires the implication of a large and diverse number of nongovernmental actors that frequently struggle to make their voices heard. Finally, the incentive gap alludes to the lack of specific material incentives for some actors to engage in international cooperation in order to guarantee the provision of certain Global Public Goods. This situation allows some actors to behave as free-riders, especially those who do not share a strong moral commitment towards certain Global Public Goods. Even though this gap affects all goods, its impact is particularly salient in those with nonexcludable consumption and with high costs. The relevance of these gaps cannot be understated. Moreover, as Inge Kaul (2013) has rightly pointed out, in the current context of intensified globalization their effects are exacerbated by factors such as the multilevel process that characterizes the provision of Global Public Goods, the persistent crucial role of domestic initiatives, the varying preferences across international actors, and the centrality of development in confronting the most pressing global challenges.



## References


Brouseau E, Dedeurwaerdere T, Siebenhüner B (2012) Reflexive governance for global public goods. The MIT Press, Cambridge, MA

Kanbur R, Sandler T, Morrison K (1999) The future of development assistance: common pools and international public goods. Policy essay, no. 25. Overseas Development Council, Washington, DC

Kaul I (2013) Global public goods. A concept for framing the post-2015 agenda?. German Development Institute discussion paper no. 2/2013. GDI, Bonn

Kaul I (ed) (2016) Global public goods. The International Library of critical writings in economics series, no. 321. Edward Elgar Publishing, Cheltenham

Kaul I, Conceição P (2006) The new public finance: responding to global challenges. Oxford University Press, Oxford

Kaul I, Grinberg I, Stern M (eds) (1999) Global public goods. International cooperation in the 21st century. Oxford University Press, New York

Kaul I, Conceição P, Le Gouveln K, Mendoza RU (eds) (2003) Providing global public goods. Managing globalization. Oxford University Press, New York/Oxford

Macintosh M, Wuyts M (2002) Development policy and public action. Open University/Oxford University Press, Oxford

Samuelson P (1954) The pure theory of public expenditure. Rev Econ Stat 36(4):387

Sen A (1999) Development as freedom. Oxford University Press, Oxford

Stoll P-T (2011) Global public goods. Some considerations on actors, structures, and institutions. Global legal goods working paper, no. 3. Universidad Autónoma De Madrid, Madrid.

United Nations Industrial Development Organization (2008) Public goods for economic development. UNIDO, Vienna

# Globalization and Corruption

Anil Hira[1], Martin J. Murillo[2] and Anna Kim[1]
[1]Simon Fraser University, Burnaby, BC, Canada
[2]University of Notre Dame, South Bend, IN, USA

## Synonyms

Breach of trust; Bribery; Crime; Crookedness; Exploitation; Extortion; Fraud; Graft; Malfeasance; Misrepresentation; Nepotism; Profiteering; Racket; Rent seeking; Skimming; Squeeze; Venality

## Definition

Corruption is most often defined as "the use of public office for the pursue of private gain" (Galtung et al. 2013). This reflects a contractual relationship between the state and its bureaucrats and more broadly between the state and its citizens (Ledeneva 2009; Hira 2016). However, corruption increasingly refers to any breach of trust, malfeasance of intended duty, or failure to deliver in both practice and spirit for any agreement when the purpose is the gain of just one of the parties. Thus, corruption can occur at all levels of governance and include public, private, or nonprofit actors. Corruption is sometimes divided between petty, everyday corruption, and corruption scandals that occur on a large scale. Corruption can involve a wide variety of activities, from bribery to nepotism to favoritism.

## Introduction

Corruption, or misuse of office and abrogation of duties for pecuniary gain, has been common to all human societies. The development of the idea of a common interest, and subsequently a neutral bureaucracy looking out for the best interests of society, in the West helped to solidify the idea that corruption is something that could be rooted out, or minimized, though it has proven to be an ongoing process. In the postcolonial era after World War II, attention naturally turned to reforming developing countries, where widespread abuse of public finances and offices has taken place. Besides the wastage and misallocation of resources, corruption corrodes public trust and the legitimacy of government while reducing long-term investment. Attempts to reproduce Western-style bureaucracies and accountability mechanisms, and the spread of democracy as well as extensive monitoring efforts through global indices, have brought attention to the problem, but yielded limited results. Both the indices and much of the literature around corruption seem to point out the obvious – that corruption in the West is lower than in the developing world (Treisman 2007). Consensus around a causal theory that would lead to a more comprehensive reform effort has been contentious around whether an economics or cultural approach makes more sense. There is the possibility to see overlap between the two approaches, leading to a more effective corruption reform strategy.

## Theories on Sources of Corruption (Kim and Hira)

There are two main approaches to understanding the sources of corruption, economic and anthropological. The economic approach emphasizes the possibilities that cost benefit analysis of cheating, that is, the costs of enforcement vs. the private gains from stealing or engaging in favoritism (Lambsdorff 2002). The anthropological approach looks more at cultural norms as a source of behavior, that is, formal bureaucracy may not reflect long-standing loyalties, traditions, and relationships that lead to corruption.

The dominant approach from economics has a deep and rich literature behind it and has informed most of the effort behind corruption reform. The ubiquitous term "rent seeking" was popularized by economist Anne Krueger in 1974. Rent seeking refers to the pursuit of individual or group private interest at the expense of public interests. It is often used to reflect the pursuit of gains by special interest groups and thus tied to campaign

finance. Economists also tie corruption to transactions costs, or the costs or creating a link between and buyer and a seller (Lambsdorff et al. 2005). Oldenburg thus defines corruption as "the exchange of money or favor for a benefit disbursed by government official" (Oldenburg 1987, p.512). Government officials have an inherent conflict of interest in that they are to put national interests above their own individual or agency ones.

More complicating still is the fact that many transactions involve information uncertainty on the part of one or more parties to the transaction (Akerlof 1970). On top of this possibility for asymmetric information and the accompanying imbalance in power (e.g., the seller of a used car) is the principal-agent problem which comes up when one hires an expert in a field to act on their behalf and/or provide a service, such as a lawyer. The essential challenge is how to evaluate the role and performance of the agent when one lacks the expertise, no more so than in government decisions. In parallel, a middleman or broker in a transaction may benefit unduly from both of these phenomena. The Coase theorem (1960) suggests that property rights hold a key to reducing corruption since they internalize all transactions under one actor, such as a corporation that provides a beginning to end production process. However, many public activities, such as regulating environmental pollution or national security, are not possible to privatize.

Economics suggests that reciprocity is the basis of long-term cooperation. Reciprocity leads toward a generalized notion of social trust, giving an individual an incentive to play by the rules so that he/she does not suffer from violations. Thus, economists have a strong explanation as why both good and bad practices of corruption tend to be self-reinforcing. Repeated transactions and the need for transparency thus form the foundation for institutions, or organizations which bear and enforce rules of behavior for collective action.

It is hard to tell what role politics has on corruption. Though the general consensus is that vibrant democracies should be less corrupt (Treisman 2007), recent work on corrupt democracies such as India belies any simplistic notions (Riley and Roy 2016). There is contention about what types and activities of democracy reduce corruption. For example, Brunetti and Weder (2003) argue that the freedom of press is particularly important to expose corrupt officials and as a result will lead to the lower corruption over time. Kunicová and Rose-Ackerman (2005) claim that presidential systems have higher perceived corruption compared to their parliamentary counterparts.

From the cultural perspective, corruption reflects deeply embedded values and relationships. For example, some authors claim that power distance is a cultural value, reflecting the degree of tolerance from public and number of checks and balances against the abuse of power. In more egalitarian societies such as those in Scandinavia, therefore there is less corruption than in more unequal societies such as India and China (Hofstede and Hofstede 2005). However, those who study culture approach corruption in a very different way. Corruption is often viewed as a Western lens which unfairly judges developing societies (Torsello 2014). Authors such as Blundo (2007) therefore suggest studying culture as a reflection of more informal and less acknowledged cultural practices. Corruption is therefore understood as emanating from a clash between formal (Western) institutions and traditional ones based on more informal and less recognized personal networks. Such networks include long-term personal relationships which allow individuals to deal as a group with formal institutions and avoid uncertainty in an environment of scarcity through information exchange, political support, and bureaucratic favors (Lomnitz and Sheinbaum 2004; Jancsics 2014). Such networks can be found all around the world: in America it is called *pull*, in Russia *blat*, in Latin America *compadrazgo*, in Israel *protexia*, in Mexico *palanca*, and in China *guanchi* (Lomnitz 2004). Thus nepotism is not seen in the same negative light as it is in the West (Jaskiewicz 2013). The networks may also be vertical in the sense of a patron bestowing favors upon a client in exchange for loyalty or long-term debts (Boissevain 1989; Campbell 1989; Jackall 2010, pp. 18–44). Thus much of the formal movement toward democracy,

even in the West, covers up patron-client activity that tends to elicit corruption.

The general approach coming from economics that has informed most corruption reform efforts is to increase penalties, transparency of transactions and regulations, and set up oversight agencies to examine transactions. The transactions approach is embraced by the leading global actors on corruption reform such as Transparency International and the World Bank. While there have been improvements in general awareness, there is no real sign of general shifts away from corruption globally. Therefore, new studies call for some combination of the two approaches, recognizing and seeking to change and merge informal and formal approaches to corruption reform (Hira 2016).

## History of Corruption and Attempts to Fight It in the West (Hira)

If the West is the model to follow, how did it establish "clean" government? We can begin our review of the history of corruption in the West in a counterintuitive way: since corruption has been around since the beginning of time, the more interesting question is what are the roots of anti-corruption efforts? Along the lines of cultural approaches to corruption, it is still important to point out that anti-corruption has its roots in Western ideas around morality. Corruption in its broadest sense is any violation of accepted morality. In the West, the sources of morality are most proximately Judeo-Christian traditions, particularly the notion of sin. The most primordial story of the Garden of Eden is based on the devil's lies. Corruption was historically tied to sin through a sense of uncleanliness, a violation of purity through dishonesty, which then made everything else metaphorically unclean and diseased (Bayless 2012). This helps to explain why we have an instinctively repugnant response to even petty corruption in the West, which is much harder to observe elsewhere. We essentially see corruption as an individual failing and breach of trust. The breach of trust is exacerbated when such violations take place in the public sector, which has additionally packed in notions of social, public, and collective responsibility. Arguably, then, in the West, proscriptions against corruption are much stronger due to the overlap of both individual and social implications in public activities, whereas in more corrupt societies, there is a perceived long-standing breach between an individual bureaucrat's and public interests. Thus, ironically it is the focus on individual responsibility, regardless of context, in the West that allows for a strong sense of responsibility, whereas in societies which are more group-oriented, it is more understandable for an individual to take care of their clan or extended family before taking care of their public responsibility.

We can see in the West, therefore, that the justice and legal systems are built around the broader notion of dealing with moral violations. "The rule of law," whereby the law is above individual interests and decisions, is a key concept that enshrines moral codes into a standing set of reified rules, a phenomenon rarely found in the developing world. The concept has deep roots in Greek and Roman history. In terms of corruption, these are embedded in the well-accepted principles of codes of conduct, conflicts of interest, independent judicial and regulatory review, and whistleblowing, along with the overriding one of due process in investigating purported violations (Miller et al. 2005). Such notions were developed and supported during medieval times by the idea that even rulers were subject to God's law (Møller and Skaaning 2014, 131). Underlying these systems are the deeply embedded beliefs that the ends does not justify the means, the need for stable rules of behavior, above all for honesty. This is not to say that other societies are a- or immoral, only that their notions of corruption in practice do not match those of the West. In times where behavior in the West deviates from such guidelines, a correction inevitably ensues. For example, the turn of the twentieth century in the USA is sometimes looked upon fondly in terms of the machine politics of the big cities like Chicago or New York, where votes and contracts were frequently bought off from recent and often illiterate immigrants; however, the violence of the prohibition (with parallels in narco-trafficking today) era

demonstrated the problem that allowing the breaking of rules in one area of society would spill over into others and that social norms had to support the rules.

Corruption does occur in the contemporary West, as stories from cost overruns in Afghanistan by US defense contractors to the massive scandal around FIFA abound. Large parts of southern Italy are rife with extortion payoffs and control of certain subsectors of production by illegal groups. It is more the perception and pervasiveness of corruption that varies. In the West, most everyday transactions are generally stable and predictable, whereas in the developing world, they are more prone to changing conditions. The best examples of that are the regular and peaceful succession of governmental change after a fair election and the independent role of law enforcement and the judiciary, both things often lacking in the developing world. It bears examining, therefore, how the West developed the notions of corruption that it is now attempting to universalize.

It would be difficult to retrace the exact steps of the evolutionary process in the West that led to less corrupt bureaucracies. Nield (2002, 12) links it to the rivalry among European states, whereby efficiency and stability in the public administration supported military success. The foundation of Western notions of propriety relate to the rule of law, property rights, and the development of the Weberian bureaucracy. All of these can be seen as parts of the overall context of accountability by election and by checks and balances among branches of government. Behind these is the concept of a public interest that supersedes that of any individual or group, with the government as the embodiment of it.

The idea of the rule of law is designed not only to set up orderly and acceptable conduct in public administration, but also to give a sense of confidence to the population at large in terms of equal and fair treatment under transparent rules of behavior. The rule of law is much more forceful than enacting law. As the cases of Latin America and Russia attest, enforcement and the spirit of the law are equally important to having a legal code.

Property rights figure large in most accounts of Western propriety. Property rights are in essence contractual boundaries for ownership of the benefits deriving from a piece of land, business, etc., that are ultimately enforced by the state. Property rights are thus essential to the free trade/exchange of assets in a reliable fashion. Tying into the monetary system, valuations of them, and the ability to exchange property, goods, and services for financial reward is the heart of the capitalist system allowing for accumulation and long-term investment.

Behind these systems is the public bureaucracy. The modern Western bureaucracy is generally traced to developments in Western Europe around 1790–1850. Within the next 100 years, many of the attributes of a modern bureaucracy, including functional divisions and task allocation, nonpolitical personnel no longer appointed by sale of offices, ranking systems, and professional pay and pension systems developed (Raadschelders and Rutgers 1996, 75–80).

Weber's (1978) notion of advanced bureaucracy is central to Western propriety. Weber posited that traditional cultural systems would give way over time to a modern state where a merit-based neutral bureaucracy with strict rules on conflicts of interest and separate, stable budgets would make decisions in the best interests of society. This approach still represents our ideal view of the principles behind bureaucracies, though practices vary considerably. Yet, in practice, most Western bureaucracies are mixed systems, whereby political appointments occur at the highest levels (e.g., ministers or ambassadors), and merit-based hiring should take place at the lower levels. In some cases, such as local prosecutors or judges, there is a direct election. Historically, there has been a continual tension between these two systems, the first derided as the "spoils system," a term popularized by appointments under US Pres. Andrew Jackson of his cronies to high positions. A related area of ongoing tension is public procurement. The Western principle is that public contracts should be awarded in a public competition with the criteria clearly known. The development of auditors, whistleblowers, and transparency for public contracts reflects an ongoing concern. A more recent addition to accountability agents is the Ombudsmen, an office that

hears public complaints about corruption or poor service directly. In essence, such efforts are bound to be limited because of (a) the levels of expertise required to understand and weigh the different aspects of different proposals, (b) the number of contractors who can deliver on many contracts is bound to be limited and subject to collusion, and (c) the possibility of hijacking or otherwise marginalizing the accountability efforts. A perfect example of the latter is the conflict of interest that occurred by ratings agencies for junk US housing derivatives leading up to the 2008 financial crisis. The agencies had a basic conflict of interest because they wanted ongoing contracts from the issuers of the bonds (Hira 2015). What is underplayed in many discussions due to the prominence of the economics approach is the culture of bureaucracy in the West. Not only formal codes of conduct but a genuine spirit of public service abounds in Western bureaucracies.

The last piece for understanding Western approaches to corruption derives from the notion of checks and balances (Montesquieu 1748). This is often called "horizontal" accountability as opposed to the vertical accountability manifested through elections or appointments (where the supervisor has responsibility). The checks and balances approaches reflect the enshrinement of law enforcement and judicial independence. Along with that is the idea of overlapping roles, such as the need for the executive to propose budgets and the legislature to approve them. The overlap draws back to the basic history of democratic development in the West whereby European kings relied upon aristocratic landholding families in the Middle Ages to finance wars. This was the original source of power for a separate legislative branch as enshrined in the Magna Carta. Eventually, this evolved into the enshrined principle that the king should be accountable to oversight by the legislature and, over time, toward elected government. Elections are still considered the ultimate source of accountability. Perhaps an equally important role is played by the media, to uncover stories of corruption. The role of investigative journalism works hand in hand to allow whistleblowers access to a wider audience, as in the famous case of "Deep Throat" who revealed the Watergate scandal that was tied to US Pres. Nixon in the 1970s.

We see, then, that democracy itself is pervaded by the idea of accountability. Where transparency breaks down, such as the lack of oversight on privacy of security gathering of personal information following the 9/11 terrorist attack in the US, scepticism and distrust of government starts to creep in, undermining its effectiveness. The importance of values is underscored by noting that even when rules are not violated, violations of the spirit of propriety are quite serious. A contemporary example is the row over campaign donations by ultra-wealthy individuals in the US currently. While such notions are common throughout the West, the level of tolerance of violations varies greatly over time and space. In Canada, for example, Québec has a reputation for questionable public contracts. Propriety seems to break down often when Western companies work overseas as we discuss in the section on development and corruption. The boundaries of corruption are not as easy to discern in the West, then, as is commonly portrayed. The example of the Wikileaks scandal whereby a number of embarrassing classified communications were hacked and released publically demonstrates that there are still limits and controversy around transparency and accountability in the public sector.

Growing scepticism in the West about the role of government from the 1980s led to a series of reform movements which are discussed in detail in other sections of this volume. The first is called the New Public Management (NPM). NPM seeks to increase accountability by emphasizing a market approach to public services, where private providers can provide the service they are preferred. If not, the government should act like a private firm in terms of developing measures of performance, from setting up competition among providers to objective measures such as waiting times to allowing citizens ("clients") to evaluate the service. Government agencies may even compete against each other. The second is the whole-of-government approach which sees government agencies as too fragmented and lacking in communication across functional areas, in distinction with the separation of powers tradition. It sets up

integrated tasks forces and other means to improve integration and coordination. It is still too early to tell whether such reforms will make any dent on corruption, but there are reasons to be sceptical. While the NPM is helpful in creating a sense of performance, there are many functions outside of routine mundane functions, such as providing drivers' licenses that are difficult to measure. Horizontal efforts go against a variety of systems including recruitment that are designed to build functional specialization along vertical lines.

The history of corruption in the West is ongoing rather than resolved. While the West has relatively strong accountability and normative systems that reduce levels of corruption, we should be very cautious about finding solutions, or replicating systems that developed over hundreds of years in individual national circumstances. Ongoing scandals show that accountability systems must evolve over time as well.

## Global Measurements of Corruption (Murillo)

The measurement of corruption is a particular area of interest related to the need to map out corruption as part of general reform efforts. Quantitative approaches to tracking corruption allow cross-country comparison over time. These, in turn, have important and profound decisions on global economic transactions, particularly investment flows. However, the measurement of corruption has been an area of disagreement between stakeholders from different fields. The plethora of methodologies, measurement instruments, and indices represent in turn different conceptualizations of corruption. This section elaborates on three ways to measure corruption: surveys, expert assessments, and composite indices.

### Representative Surveys of Service Users

Measurement of corruption through nationally representative opinion surveys is a common method to assess corruption levels in a nation. The two general types are private sector (business) surveys and general population surveys. Nationally representative surveys of firms or households provide a good insight of apparent corrupt practices in the provision of government services to the citizen. The samples range from randomized general population samples to surveys of the private sector and segments of the public administration. The size and nature of the samples has varied considerably.

Private sector-led surveys measure only corrupt transactions happening between public officials and business firms. For instance, they enquire about bribes paid in tax collection or in business licensing and also identify the types of firms pay more in bribes. Business people are frequently surveyed since they are thought to be knowledgeable in this field (Knack 2006).

Overall, these types of surveys provide a specific corruption measure that can be used to shed light on aspects of corruption that are not emphasized by the more broad perception-based indicators, which focus primarily on administrative corruption.

Among the many private sector surveys, two large surveys are the World Bank Enterprise Surveys and WEF's Executive Opinion Survey. Both are parts of broader surveys of an economy's private sector. World Bank Enterprise Surveys capture the prevalence of different types of bribery in 135 countries. The results are based on surveys of more than 130,000 firms. The Enterprise Survey is carried out through face-to-face interviews with firm managers and owners regarding the business environment in their countries and the productivity of their firms. Corruption is one of the topics covered through questions on bribes paid for different government services and processes. Other topics include infrastructure, trade, finance, regulations, taxes and business licensing, crime and informality, finance, innovation, labor, and perceptions about obstacles to doing business (WB 2015). The World Economic Forum's (WEF) Executive Opinion Survey also has corruption as one of its topics. The survey is applied to a sample of firm managers in most nations of the world. Ratings are computed as the simple average of all executives' responses (Knack 2006).

### Citizen Surveys

There are a plethora of household surveys that address corruption issues. Some surveys are entirely focused to corruption, while others explore a wide gamma of variables, corruption being one of them. Each of them differs on the nations covered, the methodology utilized, and the sample characteristics.

Transparency International's Global Corruption Barometer (GCB) is an annual opinion survey of approximately 1000 people from each of 107 countries (for the sample taken from Sep. 2012–Mar. 2013) that tracks public opinion on corruption. Administered to a representative sample of the population, it addresses people's direct experiences with bribery and details their views on corruption in the main institutions in their countries. The survey also provides insights into how willing and ready people are to act to stop corruption. The survey is administered face to face in local languages, through computer-assisted telephone interviewing or online, depending on the country context (Hardoon and Heinrich 2013).

The World Values Surveys (WVS) is carried out by professional survey organizations, using face-to-face interviews. All national samples were drawn from the residential population of 18 years and older and have a minimum sample size of 1000 individuals. In most countries, some form of stratified multistage random sampling was used to obtain representative national samples. In the first stage, a random selection of sampling points was made based on the given society's statistical regions, districts, census units, election sections, electoral registers or voting stations, and central population registers. In most countries, the population size and/or degree of urbanization of these primary sampling units (PSUs) were taken into account. In the second stage, the list of addresses within each PSU was chosen using standard random route procedures. In the third stage, various methods were used to select respondents within households. In most countries, substitution of respondents was allowed (Kravtsova et al. 2014).

Another survey is Gallup International Voice of the People. As in the WVS, corruption is one of the many topics of the survey questions. The survey is conducted in 59 countries, with an approximate minimal sample size of 500 per country. Wherever possible, within each country a nationally representative sample of 500 adults, male and female, aged 18 years and over is used. In some emergent countries, where such research conditions are not possible, there may be stated variations to this (e.g., urban areas only). Similarly, in the developed world, interviews were conducted by telephone, while in emergent and underdeveloped countries, face-to-face interviews were conducted (Gallup 2012).

Similar types of surveys are International Crime Victim Surveys, New Democracy Barometer, Afrobarometer, Asia Barometer, Latinobarometer, and many others. These are characterized by focusing on different world geographies and economies and by having corruption only a part of the survey (Knack 2006).

### Expert Assessments

In contrast to citizen surveys, expert assessments are surveys given to a network of correspondents with country-specific expertise. Given the nature of the data sources, these assessments of corruption have been most widely used for comparisons across countries and over time.

These assessments differ in various aspects that can have important impacts on the survey results. For instance, they generally focus on specific geographical or economical regions, thus providing limited number of nations. They also differ in how the surveys are managed and processed. For instance, some surveys are very centralized approaches, with final ratings being determined by a very small number of people from views of a network of correspondents with country-specific expertise. Others follow a more decentralized approach where final ratings are directly determined from experts with experience in different countries. A hybrid version utilizes regional hubs in order that process information.

These assessments also differ on how transparent is their methodology and whether they have clear definitions of the various concepts. While some indices provide detailed documentation and qualitative details, others provide little

documentation, which raises important questions in regards to the nature of its data source and the rationale of the choice of the different parameters (Knack 2006).

An example of well-utilized expert assessment is the African Development Bank Governance Ratings 2014 (AFDB). Part of the Country Policy and Institutional Assessment (CPIA), the Governance Ratings assesses the quality of a country's institutional framework in terms of how conducive it is to fostering the effective use of development assistance. The index is characterized by maximum level of uniformity and consistency across all regional member countries surveyed. The CPIA is carried out by a group of country economists with vast experience in policy analysis. The knowledge of these experts is complemented with that of local contacts that provide both quantitative and qualitative insights. Peer discussions are also used to monitor the quality of the findings. Experts are asked to assess the transparency, accountability, and corruption in the public sector. Three dimensions are addressed: the accountability of the executive to oversight institutions and of public employees for their performance, access of civil society to information on public affairs, and state capture by narrow-vested interests. The assessment covers 40 African countries (TI 2015).

The Economist Intelligence Unit (EIU) Country Risk Ratings is another example of expert surveys. Country Risk Ratings are designed to provide in-depth and timely analysis of the risks of financial exposure in more than 140 countries. The EIU relies on teams of experts based primarily in London (but also in New York, Hong Kong, Beijing, and Shanghai) who are supported by a global network of in-country specialists. Each country analyst covers a maximum of two or three countries/territories. The economic and political reports produced by EIU analysts are subjected to a rigorous review process before publication. Scores are given as integers on a scale from 0 (very low incidence of corruption) to 4 (very high incidence of corruption). One hundred twenty-eight countries/territories were scored in 2015. Data is available to subscribers of EIU Country Risk Service (TI 2015).

### Composite Indexes

The assessment of corruption of citizen surveys, firm surveys, and expert assessments has various limitations. First, each is purposely defined too narrowly in order to capture different aspects of corruption. For instance, some might reflect only corrupt interactions between firms and public officials. Second, each is focused to various aspects of governance or other phenomena, corruption being only one of the components, frequently represented by a small number of questions. Third, each individual survey might introduce measurement errors due to bias, noise, or others. And fourth, each focuses on different sets of nations deepening on the organization's geographical or economical focus. No single source covers all world nations.

Composite indices seek to address some of these issues. Their rationale is that a combination of several sources helps capturing the different forms and dimensions of corruption, thus providing a more comprehensive measure of this complex phenomenon. The aggregation of several sources also reduces the margin of error, assuming that such errors are not correlated (i.e., sources are independent). Nation coverage also improves tremendously, however making indices interdependent.

The best-known example in this category is the Corruption Perception Index (CPI) that measures the degree to which corruption is perceived to exist among a country's public officials and politicians. The index is based on 17 surveys from 13 independent institutions that gather opinions of business people and country analysts.

The World Bank Institutes' Control of Corruption Index (CCI) is another well-known index that is also an aggregate of several sources. The index seeks to improve on the CPI by providing more nations, including nations where only one source of data was available. In contrast to the CPI which weights all sources equally, the CCI claims to weigh its sources objectively by attaching more importance to indices that correlate to one another. TI describes the measure as an indicator of perceptions of public sector corruption (administrative and political corruption) and not a measure of corruption levels of entire nations,

societies, their policies, or the activities of their private sector. Figure 1 illustrates the relationship between the PCI and the CCI. The indices correlate very well and seem to measure the same aggregate phenomena. Figures 2 and 3 also illustrate the relationship between these composite indices and regular citizen surveys. They clearly seem to measure different dimensions of corruption, national income appearing to have an effect on their scattering.

A common criticism of this framework is that aggregating corruption indicators from numerous sources – with the goal of increasing precision in measurement – does not always produce a more appropriate measure than using a single indicator or data source. One cost that should be considered is the loss of conceptual precision through aggregation (Knack 2006). Gains in statistical precision from aggregating sources of corruption data likely are far more modest than often claimed, because the assumption of independent error in measurement among data sources is violated (Knack 2006).

## General Criticisms and Limitations of Corruption Measurement

Both surveys and expert assessment have limitations beyond those already discussed. They are useful in presenting a general picture of where countries stand in terms of levels of corruption at a given time; however, they should not be mistaken for causal arguments, and their measurements should be looked at more as ordinal rather than continuous variables, thus limiting their statistical usefulness.

Firm surveys can be more appropriate for tracking changes over time than citizen surveys if the survey questions and sample design are identical in both periods and if other factors are controlled for where necessary. However, it is important to highlight that these measure only a small dimension of corruption, and they suffer of similar bias as citizen surveys do (Galtung et al. 2013). For instance, the surveying of firms and households is not effective in assessing the prevalence of corrupt transactions that occur entirely within the state, for example, when politicians bribe bureaucrats or when funds are illegally diverted. Furthermore, perceptions that corruption is an obstacle to doing business are potentially affected by optimism, or by prevailing economic conditions (Knack 2006). Many types of conflicts of interest also are not easily captured by firm surveys, for example, equity stakes of public officials, or employment promises to them by firms (World Bank 2000).

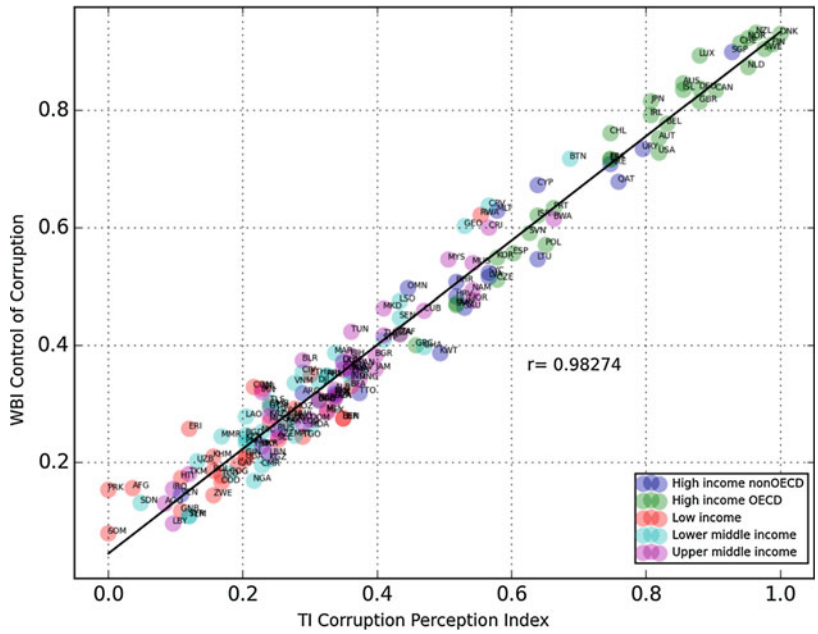


**Globalization and Corruption, Fig. 1** Two aggregate indicators based on expert surveys: Transparency International's Corruption Perception Index and World Bank Institute's Control of Corruption. Note that both indices are highly correlated. (Source: Author (Murillo))

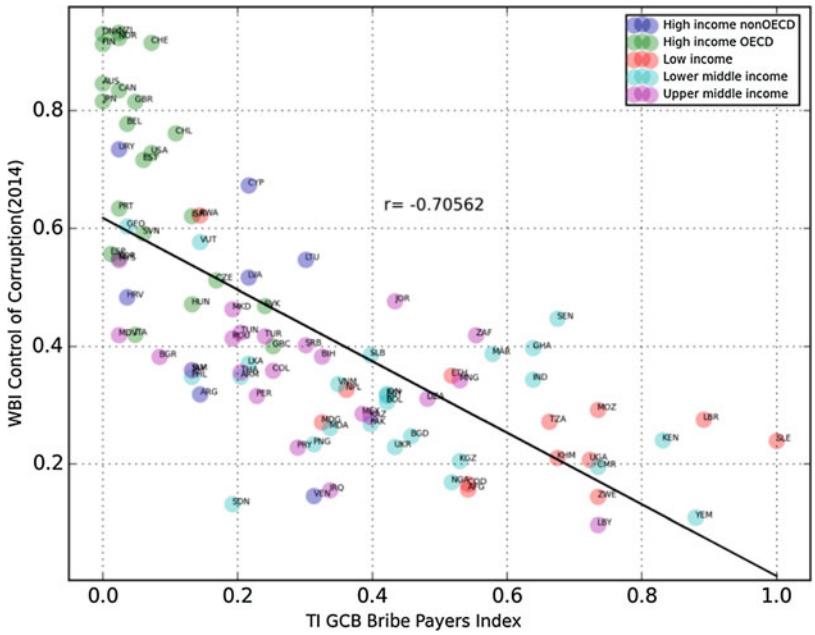


**Globalization and Corruption, Fig. 2** Relationship between one of the dimensions of the Global Corruption Barometer and World Bank Institute's Control of Corruption. (Source: Author (Murillo))

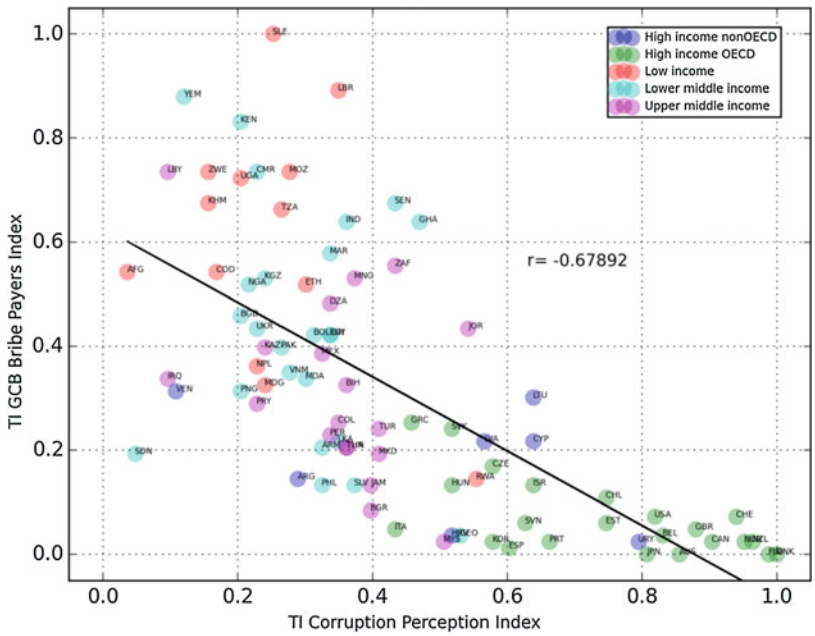


**Globalization and Corruption, Fig. 3** Relationship between TI's Corruption Perception Index and one of the dimensions of the Global Corruption Barometer. (Source: Author (Murillo))

Furthermore, in firm surveys and citizen surveys alike, there are difficulties in obtaining honest responses when addressing a social or cultural taboo or an issue in which the respondent has a high degree of complicity (Galtung et al. 2013). Similarly, the current political climate fueled by mainstream media, social media, or other communication mechanisms might introduce bias in the respondent's answers. The above biases can be complicated with the particular cultural background of respondents, their level of expertise in the subjects (i.e., education and awareness), whether they live or have lived in other nations, and whether they are rural or urban dwellers. Some surveys

might be overly focused to citizens of urban areas, thus introducing further bias.

Likewise, expert opinions about the extent of corruption might reflect the frequency of muckraking media reports, of government anti-corruption campaigns, or of politically motivated accusations by opposition politicians. Ratings by international business people and experts, disproportionately drawn from developed Western countries, might be influenced by Western preconceptions or by the raters' greater familiarity with certain cultures. Some of the organizations that prepare corruption ratings might also have ideological axes to grind. For all these reasons, "perceived corruption" may reflect many other things besides the phenomenon itself (Treisman 2007).

Most importantly, the different measures reflect differences in regard to the nature of corruption. They disagree on the definition, the rigor of the framework and survey, the sample size and characteristics, the role of culture, among many others. Overall, existing corruption indicators differ importantly in the aspects of corruption they purport to measure, in clarity and breadth of definition, and in the methods and transparency of their assessments. For these reasons, no one indicator or data source is best for all purposes (Knack 2006). The lack of a formal framework that will appropriately capture the concept of corruption stands out in contrast to the practices of measuring whatever dimension of corruption is readily available through existing tools. This leads to large bias and prejudgment that the funding organizations can set upon the methodology and measurement instruments. For instance, poor and simple societies tend to be more corrupt than rich and complex ones; however, this assumption largely ignores major corruption in developed nations and the elusive nature of lesser forms of corruption that could have permeated the complex Weberian system in evolved forms. The fact that visible corruption (such as bribes in public service) is more often associated with more primitive levels of economic and political development (Zimring and Johnson 2005) might be an indication that we are conveniently measuring what is obvious and not what is essential. That might be one of the reasons that complexity is associated with lower levels of corruption. Indeed, corruption is an evolving phenomenon that takes different forms depending on the controls that the system sets, adopting lesser visible behaviors in order to avoid the deterrents and preventions that grow with Weberian complexity (Zimring and Johnson 2005). Perhaps most concerning of all is that the indices are frequently used for policy-making without the requisite reevaluation needed for this new role (Ledeneva 2009). This takes us to innovation in the monitoring of corruption.

## New Technological Approaches to Corruption (Murillo)

If we want to move beyond the general perceptions of a country's overall levels, we find the monitoring of corruption challenging. Until the mid-1990s, most of the empirical findings on corruption in the academic literature were of an incidental or anecdotal nature. The evidence was based on particular, well-defined events or settings. Sometimes this was drawn from fieldwork and interviews, occasionally on legal and other primary sources and quite often on items and scandals reported in the media. The general problem in writing about corruption was that "the facts cannot be discovered, or that if they can, they cannot be proved." Even in our current context, major corruption can only be found through unofficial channels such as leaks, whistleblowers, "hackers," and other actors; this makes us rethink and ponder of the validity of current indices and also examine the role of modern technologies in incorporating other dimensions of corruption to current measurements.

### The Principal-Agent Framework, Adjusted

To better understand the relationship between the citizen and the government, political scientists have often utilized the principal-agent framework. This framework provides a useful representation of the asymmetric relationship between a government and its constituency, with an informational advantage on the side of the government and authority on the side of the agent (Miller 2005;

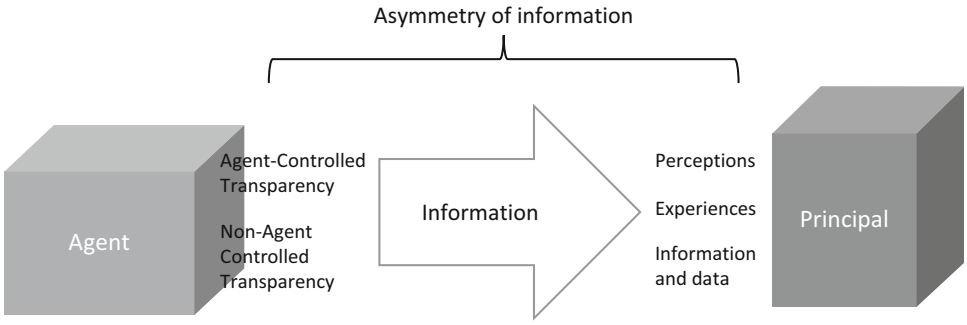


**Globalization and Corruption, Fig. 4** The agent, principal, and information asymmetry. (Source: Author (Murillo))

Lindstedt and Naurin 2010; Spence and Zeckhauser 1971; Miller 2005). In this framework, the principal (citizen) delegates authority to the agent (government); however, the preferences of the former are different from those of the latter. Corruption is one of the agent's activities that benefits its own interests rather than the principal's (Miller 2005). Transparency is therefore key to holding government accountable (Fig. 4).

Transparency can be categorized using two dimensions: *how* information is released and *what type* of information is released. These can be relevant for the identification and measurement of corruption.

Within the principal-agent framework, two types of transparency are identified, depending on who controls the release of governmental information (Lindstedt and Naurin 2010). *Agent-controlled transparency* is the agent's release of information about its activities as mandated by the agent itself or externally imposed by the principal. This mandate could be self-imposed by the agent in an effort to increase its legitimacy or imposed by the principal in order to increase control, as modern freedom of information or other mandates do. *Non-agent-controlled transparency* is the release of information through the work of an independent and investigative media or other third-party source such as whistleblowers. While agent-controlled transparency makes the life of the agent more complicated, non-agent-controlled transparency makes it more dangerous, as it may identify actual instances of corruption and illegal activity (Lindstedt and Naurin 2010).

The type of transparency depends on the type of information released. Two types of transparency can be identified, *economic and institutional transparency* and *political transparency*. Economic and institutional transparency is related to the content, accessibility, and usefulness of economic and institutional information. It deals with transparency of economic and financial information, the budget and its process, economic policy-making, and public administration, among many others. It also deals with the implementation of Freedom of Information Laws and other transparency enablers (Bellver and Kaufmann 2005; Knack 2006). This type of transparency can be highly relevant in the context of an ever increasing globalized market and the opportunities for corruption at new scales, which seem to be growing. Political transparency is related to open debate and accountability in political institutions. It relates to transparency in political funding, openness and competitiveness of political participation, independence of the media, disclosure of politician's assets, voting records, etc. (Von Alemann 2004; Bellver and Kaufmann 2005; Knack 2006).

With the principal-agent framework in place, we now identify the various approaches to measure corruption, including what we measure, how we measure, and where we measure.

As illustrated in Fig. 4, corruption could be directly identified (thus measured) by monitoring the agent and the agent's actions at all times. However, this would be prohibitively expensive and unfeasible, as postulated by the principal-agent framework. For instance, some US states

have required to police officers to carry out body cameras in order to document their dealings while in duty in the field. Similar requirement to all public office holders would certainly make their visible actions more transparent; however, the costs of the processing of information resulting from monitoring the actions, activities, documents, messages, dealings, and other activities of every single public servant would be extremely high. Thus, as the principal-agent framework postulates, gathering complete information on the agent's actions is regarded as prohibitively expensive (and not feasible, at least for now), thus resulting in a preference for shirking.

A second manner of measuring corruption is by monitoring the information that the agent makes available proactively (agent-controlled) and finding incongruencies through different types of analyses, work generally done by civil society, investigative media, or other stakeholders. As the principal-agent framework assumes, the nature of the agent makes him withhold information in order to satisfy its own interests (i.e., hide inefficiency and corruption). Freedom of Information Laws and digital technology are facilitating the possibility of having more information available proactively, in a timely manner, and with technical sophistication that would facilitate its processing.

However, there are still various barriers to utilize information for measuring corruption. First, in most nations, the availability of information that is relevant for identifying corruption is highly reactive, generally obtained through highly bureaucratic Freedom of Information processes can take long time. And, second, specialized online portals that claim to make governments more transparent are not sharing information that is relevant for the identification of corruption (Shkabatur 2013; Murillo 2014) and are not utilizing appropriate technical sophistication and tools that would allow different segments of the population identify instances of corruption (Murillo 2014).

There are various technical tools and other processes that could be relevant in making government actions transparent in order to curb corruption. For instance, the utilization of appropriate technical standards and the adherence of global processes (such as "open budgets" and "open procurement") will certainly have an effect in identifying occurrences of corruption; however, we argue that these will mostly have an effect in curving corruption or even changing the way that corrupt acts are being carried out.

Actors such as civil society, investigative journalists, and the international community can leverage the processing of data in order to identify instances of corruption. Tools such as "crowdsourcing," technical standards, and even artificial intelligence will certainly help in identifying corruption. While the monitoring of the agent might switch from prohibitively expensive to highly expensive, the evolving nature of corruption might make it even more hidden, to the depths of technical processes. There are some emerging frameworks and limited efforts to measure government's economical and institutional transparency, an important requisite for identifying corruption (Piotrowski 2010; Hollyer et al. 2012; Murillo 2012).

A third manner of measuring corruption is through non-agent controlled transparency, that is, through assessing acts that are exposed through whistleblowers, leaks, investigative journalists, hackers, or other major actors. The use of these actors to provide governmental information generally signifies that "grand corruption" is involved in such disclosures. Measuring corruption based on non-agent controlled transparency has two main issues. The first is that it generally measures major corruption (happening at various political and administrative levels of a nation), and the second is that it is highly biased, as the measurement is highly in function of the "capacity" of the nation to disclose information in unofficial manners, which might depend on whistleblower protection laws. Naturally, nations who do not have such laws might be harsher with the different actors present, thus presenting lesser number of non-agent-controlled transparency disclosures. The advent of the Internet, databases such as Wikileaks, and the spread of investigative journalism have been a key factors in disclosing corruption instances. Furthermore, with the evolving

nature of corruption that adopts lesser visible behaviors in order to avoid the deterrents (Zimring and Johnson 2005), non-agent-controlled transparency might be a key tool for identifying major corruption acts.

In conclusion, despite the increasing ease of sharing information through the Internet, the lack of data and the high cost of monitoring the agent impede progress. However, as the bureaucratic process gets more automated and as technical tools gradually become part of human interactions, the identification and measurement of corruption through agent-controlled transparency might become a reality (Galtung et al. 2013; Murillo 2014).

Thus, for now, we are obliged to utilize indirect methods and proxies in order to measure corruption, or properly put, perceptions of corruption. This is done through representative surveys of service users, expert assessments, and composite indices composed of the above methods, when data is available (Knack 2006; Ledeneva 2009).

More comprehensive measures of corruption should include objective measurements (of what is actually occurring) and subjective assessments (of how those involved perceive or understand what is occurring). The information is needed because the reactions of people to anticorruption efforts will be governed by their own perceptions (Galtung et al. 2013). Therefore, the approaches to culture also underline that compliance should be norm based as much as enforcement based. The two should in fact be mutually self-reinforcing (Hira and Shiao 2016). Thus, culture and norms can be reconciled with the economic approaches.

## Corruption, Development, and Globalization (Hira)

Corruption is synonymous with underdevelopment. Throughout the developing world, the ineffectiveness of government remains a major impediment to economic growth and citizen satisfaction. Corruption leads to declines in and misallocation of investment (Uhlenbruck et al. 2006). Concerns about corruption have led to ongoing spontaneous protests throughout the developing world, which increasingly evolve into more organized anti-corruption movements, such as the Hazare movement in India which sprang up in 2011. While NGOs such as Transparency International play a valuable assisting role, the role of international organizations and multinational corporations (MNCs) is more scrutinized.

By their charters, the World Bank and the IMF cannot engage in domestic politics. Yet, their activities speak otherwise. Numerous reform efforts, often tied to meeting international debt obligations, have followed the logical lines of creating a Weberian-type bureaucracy, meritocratic, transparent, and accountable to national interests. Moreover, since the 1980s, increasing emphasis has been placed on reducing the role of the government, including extensive privatization of state-owned enterprises, aka neoliberalism. The World Bank's own governance indicators have become a primary means to measure corruption. Measuring items such as days to open a new business, the indicators reflect the difficulties created by both bureaucratic inefficiency and corruption. At the same time, such surveys (including that of Transparency International) are often accused of being biased toward Western interests in market liberalization, to assure investors. As a result, the efforts have more recently attempted to engage in citizen surveys and broader indicators to reflect more domestic sentiment. Yet, the choice of indicators and how they are reported and used, despite warnings by the issuers, remains controversial. There is no indication based on indices that neoliberalism has had any effect on levels of corruption. In broad terms, international organizations as well as foreign NGOs have to deal with host governments in order to be able to operate, thus exposing them to tacit cooperation with often corrupt entities.

Certain international organizations have taken a more active stance. The United Nations, for example, created the UN Global Compact in 2000 to set up principles for MNC activity, including reducing collusion for corruption. The UN has also set up certain organizations such as CICIG

(International Commission against Impunity in Guatemala) which have acquired quasi-legal status, at the behest of the host government, to fight corruption and human rights abuses. The International Criminal Court, set up to deal with the latter, does not have any mandate for dealing with corruption.

Findings on MNC activities are blurry. MNCs are routinely accused of shady deals with corrupt governments, with trillions unaccounted for, such as the recurrent scandals around Nigeria's oil industry or many arms deals. MNCs often counter that they are merely following local practices and have a better record than domestic counterparts. Statutes in the West designed to curb such practices, such as the US Foreign Corrupt Practices Act, seem to have quite limited practical effect in reducing corruption. Some would go further and state that even some legal mechanisms, such as export financing, amount to effective subsidies. However, countries wanting to curb such practices find their MNCs complaining that they will be shut out of such markets by their competitors, including those from emerging markets who face minimal pressure, if they do so. MNCs frequently use their global nature, for example, through transfer pricing to subsidiaries, to reduce taxes and hide transactions from prying eyes. In turn, governments seeking to crackdown on unwanted MNC behavior face the possibility that they will lose work to countries willing to look the other way. In line with the Global Compact, MNCs have ubiquitously adopted corporate social responsibility platforms. However, analysis of such behavior indicates haphazard, at best, compliance, even when there are third-party monitors (Hira and Rea 2015).

The problem for curbing corruption on a global scale is even more daunting, given the setup of the global financial system. As revealed in reporting around the Panama Papers emerging from a hack of a legal firm in 2016, individuals and companies everywhere freely use non-reported offshore banking havens to hide assets from tax collectors and for use in illicit activities. Despite some increase in reporting requirements following the 2008 financial crisis, Western government are still unwilling to close down such havens.

## Conclusion and Recommendations

Developing countries clearly lack or are underdeveloped in terms of accountability and transparency, ranging from property rights to independent judiciaries. Yet, attempts to create such institutions as meritocratic recruitment have generally met with resistance, which can be explained by deeply embedded cultural norms. In considering the economic vs. the cultural approaches to corruption, we find that both work together. In the development of rule of law and good governance in the West, cultural and bureaucratic norms were established that were then reinforced through legal sanctions. The occasional scandal that grabs media attention in the West and bigger questions around campaign finance and procurement contracts demonstrate that such norms are not only alive and well but necessary for a legal regime to be effective. Emerging measurements of corruption seek to combine elements of objective transparency and accountability with perceptions, addressing the principle weaknesses of both survey- and expert-based assessments. The development of the internet also holds promise for increasing transparency, for example, by making budgets and procurement contracts publically available.

Acknowledging that culture or group norms have a direct impact on levels of corruption is not the same as finding causal mechanisms that would suggest reforms (Licht et al. 2007). Examining the history of anti-corruption in the West reveals that rule of law evolved over centuries and that vigilance must be constant. History cannot be reproduced, thus suggesting that while there may be some general lessons, it is likely that each region, or possibly each country, must find its own way forward. Complicating the situation even further in developing countries is the fragile nature of their states, postcolonial and fragmented along ethnic, religious, and class lines, traditional institutions persist in the shadow of formal Western ones (Hira 2016). The persistence of institutions over long periods of time suggests a far greater effort that is needed to make inroads on corruption (Acemoglu et al. 2001).

## References


(Baron de) Montesquieu CdeS (1748) The spirit of laws. Crowder, Wark, and Payne, London

Acemoglu D, Johnson S, Robinson JA (2001) The colonial origins of comparative development: an empirical investigation. Am Econ Rev 91(Dec):1369–1401

Akerlof GA (1970) The market for "lemons": quality uncertainty and the market mechanism. Q J Econ 84(3):488–500

Bayless M (2012) Sin and filth in medieval culture: the devil in the latrine. Routledge, New York

Bellver A, Kaufmann D (2005) Transparenting transparency: initial empirics and policy applications. World Bank Policy Research Working Paper

Blundo G (2007) Hidden acts, open talks. How anthropology can "Observe" and describe corruption. In: Nuijten M (ed) Corruption and the secret of law. Ashgate, Aldershot, pp 27–53

Boissevain J (1989) Patronage in sicily. In: Johnston M, Heidenheimer AJ (eds) Political corruption: a handbook. Transaction Publishers, New Brunswick, pp 307–325

Brunetti A, Weder B (2003) A free press is bad news for corruotion. J Public Econ 87(7–8):1801–1824

Campbell JK (1989) Village friendship and patronage. In: Johnston M, Heidenheimer AJ (eds) Political corruption: a handbook. Transaction Publisher, New Burnswick, pp 327–337

Coase RH (1960) The problem of social cost. J Law Econ 3:1–44

Gallup (2012) Voice of the people end of year survey. From http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/33504

Galtung F, Shacklock A et al (2013) Measuring corruption. Ashgate Publishing Ltd., Aldershot

Hardoon D, Heinrich F (2013) Global corruption barometer 2013. Transparency International, Berlin

Hira A (2015) Three perspectives on human irrationality. The Book Guild, London

Hira A (2016) Broken windows: why culture matters in corruption reform. J Dev Soc 32(1):1–16

Hira A, Rea MB (2015) Shirt off your back? Prospects for ethical clothing manufacture in the post-ran plaza era. PalgraveMacmillan, New York

Hira A, Shiao K (2016) Understanding the deep roots of success in effective civil services. J Dev Stud 32(1): 17–43

Hofstede G, Hofstede GJ (2005) Cultures and organizations: software of the mind, 2nd edn. McGraw-Hill USA, New York

Hollyer J, Rosendorff B et al (2012) Measuring transparency. Soc Sci Res Netw 2

Jackall R (2010) Moral mazes: the world of corporate managers. Oxford University Press, New York

James R, Hollyer B, Rosendorff P, James RV (2014) Measuring transparency. Polit Anal:1–22

Jancsics D (2014) Interdisciplinary perspectives on corruption. Sociol Compass 8(4):358–372

Jaskiewicz PU (2013) Is nepotism good or bad? Types of nepotism and implications for knowledge management. Fam Bus Rev 26:121–139

Knack S (2006) Measuring corruption in Eastern Europe and Central Asia: a critique of the cross-country indicators. World Bank, Washington, DC

Kravtsova M, Oshchepkov AY et al (2014) Corruption and social values: do postmaterialists justify bribery? Higher School of Economics Research Paper No. WP BRP 34

Krueger AO (1974) The political economy of the rent-seeking society. Am Econ Rev 64(June):291–303

Kunicová J, Rose-Ackerman S (2005) Electoral rules and constitutional structures as constraints on corruption. Br J Polit Sci 35:573–606

Lambsdorff JG (2002) Corruption and rent seeking. Public Choice 113:97–125

Lambsdorff JG, Taube M, Schramm M (2005) The new institutional economics of corruption. Routledge, New York

Ledeneva A (2009) Corruption in postcommunist societies in Europe: a re-examination. Persp Eur Pol Soc 10(1): 69–86

Licht AN, Goldschmidt C, Schwartz SH (2007) Culture rules: the foundations of the rule of law and other forms of governance. J Comp Econ 35(4):659–688

Lindstedt C, Naurin D (2010) Transparency is not enough: making transparency effective in reducing corruption. Int Polit Sci Rev 31(3):301–322

Lomnitz LA (2004) Informal exchange networks in formal systems: a theoretical model. Am Anthropol 10:2–26

Lomnitz LA, Sheinbaum D (2004) Trust, social networks and the informal economy: a comparative analysis. Rev Sociol 10:2–26

Miller GJ (2005) The political evolution of principal-agent models. Annu Rev Polit Sci 8:203–225

Miller S, Roberts P, Spence E (2005) Corruption and anticorruption: the applied philosophical approach. Pearson, Upper Saddle River

Møller J, Skaaning S-E (2014) The rule of law. Palgrave Macmillan, Basingstoke

Murillo M (2012) Towards measuring government transparency through measuring data openness

Murillo MJ (2014) Evaluating the role of online data availability: the case of economic and institutional transparency in sixteen Latin American nations. Int Polit Sci Rev 0192512114541163

Neild R (2002) Public corruption: the dark side of social evolution. Anthem Press, London

Oldenburg P (1987) Middlemen in third-world corruption: implications of an Indian case. World Polit 39:508–535

Piotrowski S (2010) Measuring municipal transparency. 14th IRSPM conference. Bern, Switzerland

Raadschelders Jos CN, Mark RR (1996) The evolution of civil service systems. In: Bekke HAGM, James LP, Toonen TAJ (eds) Civil service systems ion comparative perspective. Indiana U. Press, Bloomington, pp 67–99

Riley P, Roy RK (2016) Corruption and anticorruption: the case of India. J Dev Soc 32(1):73–99

Shkabatur J (2013) Transparency with(out) accountability: open government in the United States. Yale Law Policy Rev 31(1)
Spence M, Zeckhauser R (1971) Insurance, information, and individual action. Am Econ Rev 61(2):380–387
TI (2015) Corruption perceptions index 2015: full source description. Transparency International, Berlin
Torsello D (2014) Corruption as social exchange: the view from anthropology. University of Bergamo, Bergamo
Treisman D (2007) What have we learned about the causes of corruption from ten years of cross-national empirical research? Annu Rev Polit Sci 10:211–244
Uhlenbruck K, Rodriguez P, Doh J, Eden L (2006) The impact of corruption on entry strategy: evidence from telecommunication projects in emerging economies. Organ Sci 17(3):402–414
Von Alemann U (2004) The unknown depths of political theory: the case for a multidimensional concept of corruption. Crime Law Soc Chang 42(1):25–34
WB (2015) Enterprise surveys indicator description. The World Bank, Washington, DC
Weber M (1978) (orig. 1922) Economy and society. University of California Press, Berkeley
World Bank (2000) Anticorruption in transition: a contribution to the policy debate. World Bank, Washington, DC
Zimring FE, Johnson DT (2005) On the comparative study of corruption. Br J Criminol 45(6):793–809

# Globalization and Culture

Chantal Crozet
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Introduction

Given the wide interest in both globalization and culture from diverse academic fields such as anthropology, sociology, communication and media, cultural and language studies, colonial and indigenous studies, and political science and international relations, it is not surprising to find little consensus in the literature on the definitions of these two concepts, let alone consensus on how they relate to each other and on their role and impact on individuals and societies.

This entry provides insights into the links between globalization and culture, based on a selective review of the literature, aiming to offer some reference points for further reflection to professionals, researchers, and students in public administration and public policy. It reflects first on the concepts of culture and of globalization, what characterizes both and how they relate to each other. It then focuses on the links between culture, globalization, and language followed by concluding remarks.

## Culture and Globalization

The cultural dimension of globalization, or "cultural globalization" refers to the circulation and sharing of ideas and of meanings and values across countries; hence across cultures, with the effect of increasing social contacts (Paul 2006), this presumably leads to more positive human interconnectedness. Reflecting on how culture has been understood and used so far helps in turn understand issues associated with its global circulation and sharing.

### Culture

As humans, we produce culture to make and share meaning over everything we do, feel, think, and believe in. In this sense culture is an intrinsic part of human nature (Geertz 1973). Without culture Geertz (1973, p. 49) further argues, men (and women) would be "unworkable monstrosities" and "mental basket cases" incapable of making sense of themselves, others and the world they live in. Culture helps identify distinct collectivities (Grillo 2003). It can be thought of as a blueprint left to individuals to share and to adopt, or not. In any case, as pointed out by Hearn (2006):

> . . .. culture is not a private affair – it is by definition shared, however imperfectly with other people. (Hearn 2006, p. 170)

Traditionally a differentiation has been made between high and low culture. High culture refers to the dominant elitist form of a culture (e.g., its literature and its fine arts), dominant in the sense that it tends to be shared by a minority of people with the highest socioeconomic power. By contrast, low culture refers to the way of life shared by the majority of a given people of all social

backgrounds. It includes, for instance, national cuisines and its variations, national preferred sports, popular festivities including popular music, and fashion. However, democratic and global processes have watered down the divide between high and low culture by valuing all forms of cultural expression. Nonetheless it is still a useful distinction to capture power in culture dynamics in particular contexts.

French sociologist Bourdieu (1986) introduced the concept of "cultural capital," in the context of his work on class inequalities in education. It is however a useful concept in many other contexts. Cultural capital, according to Bourdieu, is acquired from one's particular socioeconomic background and degree of formal education and would determine one's place in social hierarchies. It includes three dimensions of culture: embodied, objectified, and institutionalized. For example, one's accent in speaking a national language is embodied culture (with all its possible social variables), the ownership of goods such as real estate is objectified culture, and educational qualifications represent institutionalized culture. Critics of Bourdieu have pointed out a lack of consideration given to individual agency in his theory of culture reproduction, as well as of consideration of the impact of the growth of the middleclass on class inequalities (see Goldthorpe 2007; King 2000). (For both praise and critics of Bourdieu's key theoretical concepts, see Coulangeon and Duval (2013)).

The concepts of high and low culture, of identifiable collectivities on the basis of culture, and of cultural capital, however useful they may be in understanding the plays of culture in societies and individuals, must take account of further characteristics of the nature of culture.

Academics, in particular anthropologists for whom culture is central to their discipline, have fought wars over this matter, trying to determine whether culture is a static/objective or a dynamic/subjective phenomena (see Grillo 2003; Matera 2016, for instance, for an account of these "culture wars"). The static/objective, also called *modernist*, view of culture represents a scientific and descriptive interpretation of culture, articulated first by the British anthropologist Edward Burnett Tylor and for who culture was a complex whole of fixed, clearly identifiable attributes, such as: knowledge, belief, arts, morals, law, and custom (Tylor 1871). The later more dynamic/subjective, also called *postmodernist*, view of culture is embedded in Geertz's (1973) early work. It focuses on the search for meaning in culture, rather than mere description and categorization, in his words:

> Man is an animal suspended in webs of significance he himself has spun. I take culture to be those webs and the analysis of it to be therefore not an experiential science in search of law but an interpretive one in search of meaning. (Geertz 1973, p. 6)

Since the 1970s, postmodern views on culture have been dominant in academia, aware of the unreliability of fixed metanarratives on what constitutes culture (see Lyotard 1979). Some academics, concerned that cultural discrimination is fed by modernist hence essentialist interpretations of culture (an essentialist interpretation of culture, also called "cultural essentialism" refers to an understanding and use of culture as static and bounded. It does not recognized the fact that all cultures have many variables, are diverse, dynamic, and changeable within themselves. Nationalist political movements commonly seek to promote essentialist perspectives on culture.), go as far as suggesting to abandon the concept altogether. Wikan (1999), for instance, proposes to consider instead only individuals and their rights. Wagener (2015) proposes to replace the culture concept with new theories capable of explaining better the complexities of daily life, which implies considering the role of power in the working of culture in social, ethnic, and political tensions.

The notion of "intersectionality" captures succinctly the interplay between power, culture, class, ethnicity, and gender. Intersectionality (or intersectional theory), as a concept, was first coined by Crenshaw (1991), in the context of discrimination and violence against women. It is now widely applied in other contexts requiring an understanding of the dynamics between power and cultural variables.

One way out of the controversy over the nature of culture and its complexity is to go back to

Williams' (1977) concept of culture as dynamic and contradictory interactions between *dominant*, *residual*, and *emergent* forms of culture, with the caveat that those three forms of culture can be both tangible and intangible. Tangible culture refers to visible aspects of culture such as traditional French cuisine, Japanese manga, or the practical dimensions of religious rituals. Whereas intangible culture refers to the less visible aspects of culture in the domain of beliefs, myth, ideologies (religious, political, and other), as well as aspirations and projections – what Appadurai (1996) coined "imaginary work" (see further discussion on this topic in the next section), intangible culture in this sense operates on a more subjective and also unconscious level; hence it is harder to capture.

The notion of dominant culture in Williams can help explain how dominant social structures are maintained but also how they can be subverted by dissident individuals or groups of individuals. Residual culture is the influence of old cultural patterns, either archaic, outdated but still influencing the current culture, can be dominant, or not. Emerging culture represents new cultural ideas and practices, including those produced by minority groups, potentially from all strata of society, and which can become mainstream or not. The hippie culture of the 1960s in Western countries is a good example of what amounted to emerging culture at the time. Some may consider that the hippie culture has now become residual, is outdated, but still influencing current Western culture. Jihadism as new forms of Islamist militant movements in the twenty-first century, or ecosustainability as an environmental movement, are other examples of new emerging ideological forms of culture, both with their varying national and local overtones.

In understanding varying approaches to conceptualizing culture, it is also important to acknowledge the significant gap between popular/public versus academic discourses on culture (see Grillo 2003; Steger 2014). In Grillo's words:

> . . .the disjunction between vernacular, common sense and essentialist conceptions of cultures which dominate public discourses and theorized and intellectualised accounts of academics and functionaries (postmodernist or modernist) with their very different social and political agenda has never been greater. Grillo (2003, p. 163)

Grillo makes this argument in the context of his call for a better understanding of why cultural essentialism is having such a popular grip in current times. Even though essentialist interpretations of culture are commonly dismissed in academic discourse to be no more than a "figment of the mind" (Wikan (1999) quoted in Grillo (2003, p. 158)), they are nonetheless real under currents which can undermine or make any political agenda. Brexit and President Trump's election testifies to the existence of popular essentialist sentiment toward British and American culture which are real, alive, and kicking and that neither politically nor academically correct agenda could predict.

The Franco-Lebanese and renowned essayist Amin Maalouf (2009), greatly concerned about the "imaginary certitudes" promoted by cultural essentialists, advocates a new role for culture which he equates to knowledge of cultural diversity for all, with no value distinction between high and low culture. He believes education urgently needs to promote this kind of inclusive global culture as "intellectual and moral tools" for global survival in the twenty-first century, in his words:

> Today the role of culture is to provide our contemporaries the intellectual and moral tools which will allow them to survive – nothing less. (Malouf 2009, p. 203)

Having discussed some different ways of approaching an understanding of culture and its uses, consideration is given next to the impact of globalization on culture. (Traduction from the author of the French original: 'Aujourd'hui, le role de la culture est. de fournir à nos contemporains les outils intellectuels et moraux qui leur permettront de survivre – rien de moins' Malouf (2009, p. 203).)

## Globalization and Culture

Globalization, alike culture, is very much a disputed and slippery concept, too complex Steger (2014) argues "to force into a single analytical framework." It is not the privileged study of any discipline. It concerns and challenges all disciplines.

However, there is consensus, at least in the literature, over the fact that *cultural* globalization (if not other global processes) intensifies social interactions across cultures, as mentioned earlier, and that current, as opposed to earlier, forms of global cultural interactions are of a new order.

This new order is the result of the increased global flow of populations, involuntary (i.e., forced migration) or voluntary (e.g., international trade and tourism), of larger access to mass media and of new technologies of communication. Appadurai (1996, p. 28) qualifies this new order as being "filled with ironies and resistances," meaning that the impact of globalization on culture is experienced with hiccups and contradictions by nearly every country on the planet. One reason for this is that, although globalization has an undeniable homogenizing effect on culture, it is always experienced in, and affected by, local contexts. Thus, it can reinvigorate local cultural practices rather than debunk them, especially when cultural globalization is perceived as a threat or produces forms of cultural hybridization, two different processes Robertson (1997) calls processes of "glocalization." For the postcolonial theorist Homi Bhabha (1994), there is however ever and only cultural hybridity, especially from the minority perspective. He warns not to read the representation of difference as "the reflection of pre-given ethnic or cultural traits set in the fixed tablet of tradition" (Bhabha 1994, p. 2).

The tension between the homogeneity versus heterogeneity/hybridity/and diversity of culture is a common popular concern, in particular in relation to cultural globalization. At the core of this tension is the fact that cultural globalization is perceived to be largely the Westernization, if not the Americanization (Appadurai (1996, p. 32) notes that cultural globalization should include not only the Americanization of other cultures. It should also consider other instances of dominance of a culture over another, as in the case of the Japanization of Korean culture or the Russianization of the people of Armenia and of the Baltic Republics.) of the world's cultures, creating a palpable hierarchy of cultures, especially in terms of the economic edge the production and diffusion of global culture can give.

Marin (2010) dates the start of the cultural Westernization of the world to the Crusades and the first discoveries of Africa and America. More to the point, he argues that these prompted the start of globalization of the economy, leading overtime to the imposition of the capitalist (neoliberalism) model as we know it today, worldwide.

Alike culture in a national context, cultural globalization has tangible and more intangible dimensions. The proliferation on the planet of American fast-food chains like Kentucky Fried Chicken, McDonald's, or Starbucks, what Rizer calls (1993) generally "the McDonaldization of society," are examples of tangible cultural global impact. Another example is the increase of the "migrant presence" (Martin 1985), which involves the increased visible presence of the culturally different others in people's neighborhood, at least in Western countries. This rapprochement of cultures as lived reality, or factual multiculturalism, can promote more understanding and appreciation across cultures, as well as more desire for the supremacy of the dominant culture. Hage (1998), for example, explored what he called "fantasies of white supremacy" in an Australian context, showing the limits of multiculturalism when it only tolerates cultural difference rather than embraces it.

Adding to the concept of "the migrant presence" is the notion of the "deterritorialization of culture" as the disembedding of social relations (see Giddens 1990; Papastergiadis 2000), that is, the fact that culture and space (as in countries) are no longer necessarily linked. The Irish cultural presence in New York, the Turkish cultural presence in Germany, or the Indian cultural presence in South Africa are examples of the deterritorialization of culture that is of cultural expression which has moved outside its original physical environment to new foreign contexts. The term "reterritorialization" is used when the migrant cultural community is deemed to have become part of the local culture.

Finally, the role of international mass media, satellite television, and other new technologies of communication are ought to be mentioned as they are commonly considered to be the primary cause

of global mass culture, this because of the common images and discourses they produce and diffuse worldwide. The label "mass culture" refers to the behavior, ideas, and values that are produced from common exposure to the same media.

Scholars disagree over the level of impact of global mass media on individuals and societies. Sparks (2000), for instance, argues that no such mass media can ever be so global in managing to reach a majority of people on a world's scale, even though more and more people have access to new technologies, such as Internet, but because it would have to constantly do so in a high number of languages. Kraidy (2002) argues that there are many alternatives to "media imperialism" on local levels and further that even when mass media and new technologies produce cultural hybridity, this very hybridity can defy structures of power. A point reinforced by Magu (2015):

> . . . cultures are not 'victims' of globalisation or the proliferation of mass media. Cultures actively adopt and integrate globalization's technological artefacts. Globalization's positive effects are dynamic and span cultural interactions and permeate structures of authority at personal, national and global levels. (Magu 2015, p. 630)

Appadurai (1996, p. 53) suggests that imagination has acquired a new role and power in social life, due greatly to the impact of global mass media on individuals. He argues that more and more ordinary people are provided with "a rich, ever-changing store of possible lives," a choice which can both empower or disrupt. Imagination, he further argues, which in the past was part of the creation of art, myth, and legend, is now part of the mental work for "the construction of imagined selves and imagined worlds":

> More persons throughout the world see their lives through the prisms of the possible lives offered by mass media in all their forms. That is, fantasy is now social practice, it enters, in a host of ways, into the fabrication of social lives for many people in many societies. (Appadurai 1996, pp. 53–54)

The freeing of individual imaginations intrinsic to global cultural growth no doubt impacts on the construction of self and identity. It also increases the opportunity for new collective transcultural ideologies to develop based on imagined worlds. A particular target for ideological reconfiguration is the realm of religious beliefs, beyond the scope of this entry to consider, though a key feature to a deep understanding of global, national, local, and individual culture making.

The many shapes and turns that cultural globalization can take are explored further in a final section which focuses on the important role language plays in relation to culture and globalization.

## Language, Culture, and Globalization

Language, culture, and communication are intimately linked as humans cannot help but categorize and express their experience of the world through linguistic and cultural filters (Kramsch 1998; Liddicoat 2009). However, the relationship between language, culture, communication, and globalization is highly complex.

Firstly, the majority of people on the planet, roughly 80%, are multilinguals (Blanchet 2016). Multilinguals use the various linguistic and cultural filters that they have at their disposal to communicate in variable and creative ways, constructing unique subjective realities and identities in the process (Kramsch 2009). Secondly, from a global standpoint, the relationship between language and culture is increasingly no longer one to one but one too many. That is, one language can express and represent different cultures, as in the clear cases of world languages such as English, Arabic, French, and Spanish.

For instance, Mexico and Central and South American countries share Spanish as their common dominant language, but they are all inhabited by different indigenous cultures (and languages) which have mixed with different versions of Hispanic nationalist history and culture. In a similar way though reversed process, migrants to a new country in time express the culture(s) of their original country through both their first language(s) and the new language they learn in their host country. In the current global era, the increasing number of individuals with complex linguistic and cultural biographies will keep intermeshing both.

Beyond the increase of linguistic and cultural hybrids among individuals, it is also important to note the impact of globalization on linguistic diversity on a collective level, that is, to note how languages are standing and evolving in relation to each other and how this in turn affects both cultural and biodiversity.

Two decades ago, Weber (1999) identified what he called *The World's 10 most influential languages* using as criteria: the number of native speakers, of secondary speakers, the number of population and countries using the language, the number of major fields using the language (science, diplomacy, etc.), the economic power of countries using the language, and socio-literary prestige. His classification, arguably still valid today, ranks the most influential languages internationally in the following order: English, French, Spanish, Russian, Arabic, Chinese, German, Japanese, Portuguese, and Hindi/Urdu.

English is the modern world lingua franca, it is ahead of all other world languages in terms of its global impact; however only one out of four users of English in the world is a native speaker of the language (Crystal 2003). Englishes, such as Chinglish or Indian English, have globalized English by importing into it cultural features originally foreign to it. English and Englishes as the dominant lingua francas contribute greatly to the reduction of linguistic diversity on the planet, but it has not erased multilingualism as the dominant feature of the logosphere (Krauss 2007), that is, the global web of cultural and linguistic diversity. It is for this very reason that the All-Party Parliamentary Group on Modern Languages in Britain warned in 2014, in its *Manifesto for Languages*, that English is necessary but not enough, not only for the conduct of international trade but for many other sociocultural and political benefits:

> English is an important world language, but the latest cutting-edge research shows that, in the 21st Century, speaking **only** English is as much of a disadvantage as speaking **no** English. (APPGML 2014)

The ten global languages mentioned above are among the only few hundred languages commonly taught through education systems, out of the about 7000 languages spoken in the world today (Paul et al. 2016). It is estimated that about half of these will be extinct by the end of the twenty-first century, an alarming loss if one considers the correlation between linguistic diversity and biocultural diversity.

Indigenous languages as smaller languages tend to struggle the most in surviving the force of global languages, and of globalization generally, their loss leading to the loss of biocultural knowledge on local natural environments (Robertson 2014). Evans (2010) further argues that the loss of indigenous languages leads to the loss of invaluable knowledge on how language works as a feature of humankind and on its role in human cognition. However, their relationship to the dominant and to other languages at a local level is complex, involving variable sociopolitical and historical factors, as well as local communities' choices.

What can be argued is that language rights for all language minorities (not only indigenous minorities) matter. The right to use one's mother tongue in particular is an existential issue, closely linked to one's identity and sense of self, hence of one's well-being. Further and to the point, in the complex domain of language rights, especially when it involves minority groups, Robertson (2014, p. 935) warns against "unhelpful dichotomies between modern/traditional and indigenous/non-indigenous" and further "to privilege cultural and linguistic 'nativism' and insularity over transcultural contact and exchange."

Tensions between the important gain in maintaining linguistic diversity and their associate culture(s), for existential reasons and in terms of safeguarding world knowledge/heritage, and the equal need for successful intercultural communication, facilitated by the use of English (and other lingua francas), and the watering down of cultural difference, are not easily solved.

## Concluding Remarks

To understand the complexities of issues at stake in cultural globalization, it is useful to understand first the nature, purpose, and uses of culture, as proposed in this entry. In summary, the nature of

culture is dynamic, its purpose is to create meaning and share it, and its uses intermix with matters of power, history, personal subjectivity, and collective identities, as well as other variables such as gender and social categorization. It is hard to contain culture within clear boundaries, and at the same time it is hard to dismiss its existence.

Cultural globalization can both increase and decrease human interconnectedness. This is because the global unleash of cultural information requires an increased capacity to make and negotiate meaning out of information about and across cultures. The negotiation of cultural meaning is complex; it involves the ability to *communicate* successfully across cultures (Wolton 2003). "Cultures" as abstract entities do not communicate between themselves, people do (Scollon and Scollon 2000), and people do not communicate in a vacuum. In the current global era, people communicate through increasing complex linguistic and cultural filters. When they do, not only language and culture come alive but also world, national, and local history as well as personal histories, with layers of positive outcomes but also unresolved issues. In order to maximize the positive impacts it can have, cultural globalization calls for the ability to understand how the big and small pictures interact, connect, or not. It calls for discernment and the choice of collaboration over power in approaching difference.

The active support of, and engagement with, linguistic and cultural diversity helps the growth of positive cultural globalization, but it is not enough. After all, as noted by Lo Bianco (2001, p. 458), there are many polyglot and multicultural fanatics, and conversely there are many "culturally sophisticated monolinguals."

It is the new work of the imagination as social act, as posited by Appadurai (1996), which will keep playing a major role in global cultural processes, feeding greatly, though not exclusively, from electronic resources and opportunities given to it to access cultures. However, the empowerment of the world imagination is double edged. It can create new patterns of connection across individuals and collectivities leading to increase positive international interconnectedness. It can also disconnect from the real as cultural globalization tends to facilitate more virtual than face-to-face contact, giving free range to imagined subjectivities. Globalization and culture will keep interacting in nonlinear and unpredictable ways. It will keep navigating between universalizing and localizing tendencies.

## References


Appadurai A (1996) Modernity at large: cultural dimensions of globalisation. University of Minnesota Press, Minneapolis

APPGML (2014) Manifesto for languages. Available at https://www.britishcouncil.org

Bhabha H (1994) The location of culture. Routledge

Blanchet P (2016) Discriminations: combattre la glottophobie. Editions Textuel, Paris

Bourdieu P (1986) The forms of capital. In: Richardson J (ed) Handbook of theory and research for the sociology of education. Greenwood, New York, pp 241–258

Coulangeon P, Duval J (2013) Trente ans après la Distinction de Pierre Bourdieu. La Découverte, Paris

Crenshaw K (1991) Mapping the margins: intersectionality, identity politics, and violence against women of color. Stanford Law Rev 43:1241–1299

Crystal D (2003) English as a global language, 2nd edn. Cambridge University Press, Cambridge

Evans N (2010) Dying words. Endangered languages and what they have to tell us. Wiley-Blackwell, Malden

Geertz (1973) The interpretation of cultures- selected essays. Basic Books, New York

Giddens A (1990) The consequences of modernity. Stanford University Press, Redwood City

Goldthorpe JH (2007) 'Cultural capital': some critical observations. Società editrice il Mulino, Bologna

Grillo RD (2003) Cultural essentialism and cultural anxiety. Sage, London

Hage G (1998) White nation: fantasies of white supremacy in a multicultural society. Pluto Press, London

Hearn J (2006) Rethinking nationalism – a critical introduction. Palgrave Macmillan, London

King A (2000) Thinking Bourdieu against Bourdieu: a 'Practical' critique of the habitus. Sociol Theory 18(3):417–433

Kraidy M (2002) Globalisation of culture through the media. In: Scherment JR (ed) Encyclopaedia of communication and information, vol 2. Macmillan, New York, pp 359–363

Kramsch C (1998) Language and culture. Oxford University Press, Oxford

Kramsch C (2009) The multilingual subject. Oxford University Press, Oxford

Krauss M (2007) Mass language extinction and documentation: the race against time. In: Miyaoka O, Sakiyama O, Krauss M (eds) The vanishing languages in the pacific rim. Oxford University Press, Oxford, pp 3–24

Liddicoat AJ (2009) Communication as culturally contexted practice: a view from intercultural communication. Aust J Linguist 29(1):115–133
Lo Bianco J (2001) Talking globally: challenges for foreign-language education – from new citizenship and economic globalisation. Forum Mod Lang Stud xxxvii(4):457–475
Lyotard J-F (1979) La condition postmoderne: rapport sur le savoir (the postmodern condition: a report on knowledge). Editions de Minuit, Paris
Magu S (2015) Reconceptualizing cultural globalisation: connecting the "cultural global" and the "cultural local". Soc Sci 4:630–645. https://doi.org/10.3390/socsci4030630
Malouf A (2009) Le dérèglement du monde. Editions Grasset & Fasquelle, Paris. English translation: Miller G (2011) Disordered world. Bloomsbury, London
Marin J (2010) Globalisation, Néolibéralisme, Education et Diversité Culturelle. Gina Thésée, Nicole Carignan et Paul R. Carr Les faces cachées de l'interculturel – De la rencontre des porteurs de cultures. L'harmattan, Paris, pp 223–240
Martin J (1985) The migrant presence. Allen & Unwin, Sydney
Matera V (2016) Understanding cultural diversity. Culture, cultural traits and cultural changes between global and local scales. In: Panebianco F, Serrelli E (eds) Understanding cultural traits. Springer International Publishing, Cham, pp 21–42
Papastergiadis N (2000) The turbulence of migration – globalization, deterritorialization and hybridity. Polity Press, Cambridge, UK
Paul J (2006) Globalism, nationalism, tribalism. Sage, London
Paul LM, Simons GF, Fennig CD (eds) (2016) Ethnologue: languages of the world, 19th edn. SIL International. Online version, Dallas. http://www.ethnologue.com
Rizer G (1993) The McDonaldization of society. Pine Forge Press, Los Angeles
Robertson R (1997) Glocalization: time-space and homogeneity-heterogeneity. In: Featherstone M, Lash S, Robertson R (eds) Global modernities. Sage, London, pp 45–68
Robertson S (2014) Sustaining linguistic diversity: biocultural approaches to language, nature and community. In: Steger MB, Battersby P, Siracusa J (eds) The Sage handbook of globalisation, vol 1. Sage, London, pp 927–940
Scollon R, Scollon S (2000) Intercultural communication: a discourse approach. Wiley-Blackwell, London
Sparks C (2000) The global, the local and the public sphere. In: Wang G, Servaes J, Goonasekera A (eds) The new communications landscape: demystifying media globalization. Routledge, London, pp 74–95
Steger M (2014) Approaches to the study of globalization. In: Steger MB, Battersby P, Siracusa J (eds) The Sage handbook of globalisation, vol 1. Sage, London, pp 7–22
Tylor EB (1871) Primitive culture. J.P. Putman's Sons, New York
Wagener A (2015) L'Echec culturel – Vie et mort d'un concept en sciences sociales. Europe des cultures, vol 11. Peter Lang, Bruxelles, Berlin, New York, Oxford, Wien
Weber G (1999) The world 10 most influential languages. AATF Natl Bull 24(3):22–28
Wikan U (1999) Culture: a new concept of race. Soc Anthropol 7(1):57–64
Williams R (1977) Marxism and literature. Oxford University Press, Oxford
Wolton D (2003) L'autre mondialisation. éditions Flammarion, Paris

G

# Globalization and Democracy

Kathleen C. Schwartzman
School of Sociology and Center for Latin American Studies, The University of Arizona, Tucson, AZ, USA

## Synonyms

Global contributions to regime shifts; International influence on national political regimes; International impacts on national forms of representation; Political regime changes from an international perspective

## Introduction

Democracy is one of several political forms that link civil society and the state. This essay focuses on the role of global dynamics in the emergence of democratic regimes. Conceptualizing globalization in historical terms offers the possibility of describing transitions to democracy including those from: monarchies, oligarchies, fascism, bureaucratic authoritarianism, colonialism, and socialism. This far from exhausts the scholarship on democracy, but due to space constraints, this essay excludes work on democratic collapses and coup d'états, as well as extensions of rights and franchise to citizens previously excluded on the basis of property restrictions, race, or sex. Likewise, the myriad "types/definitions/measurements" of democracy

are omitted. In short, this is a sample of cases in which global events created conditions for democratization.

## Globalization

Today's writers often invoke "globalization" to refer to the recent vertiginous growth of global commodity trade, foreign direct investment, and financialization. And, armed with this interpretation, they argue that globalization will lead to democracy – that free (or competitive) economic markets are associated free political competition. There is minimal consensus about the mechanism. It could be Lipset's (1960) classic notion of economic growth and the rise of a middle class, or it could be that technology allows ideas to spread. Somewhat problematic, however, is that the "open-market democracy" theory is silent about the episodic coexistence of "capitalism and authoritarianism." Eichengreen and Leblang (2006) judge that while there are a multitude of studies asserting both positive and negative relationships between democracy and globalization, there are also questions about their respective methodologies and the robustness of the findings. Their contribution, in addition to an exhaustive survey of the literature, is an empirical analysis of the two-way causality.

Viewing democracies from a global perspective means moving beyond the notion that political transitions can be understood solely in terms of endogenous factors such as a religious tradition, level of economic development, income equality, civic culture, or education. It also means, as Wallerstein argues (1992) going beyond explanations that are overly episodic, event-oriented and insufficiently structural or cyclical. Likewise, we must expand the concept of "external" beyond acts of foreign imposition. A global impact might take the form of an exogenous commercial shock, external forceful imposition, conspiracy, or "coercive persuasion." A world-system notion of globalization – an integrated world economic system beginning more or less in the 1500s – offers possibilities for a more inclusive review.

## General Principle

At a minimum, transitions involve the displacement of one ruling group. Democratic transitions are distinguished from royal successions or civil wars in which the successful contender rules utilizing the same political institution. Transitions to democracy entail a process in which one ruling group is displaced by another [either a different fraction of the elite or a previously marginalized rural and/or urban workers], and the victorious contender installs a new democratic political arrangement. The global context emphasizes the exogenous environment which offers challenges: depriving existing rulers of their source of economic or military power, enhancing the capacity of a previously disadvantaged elite fraction, or augmenting the organizational capacity of a subaltern population. The comparative advantage of democracy is not just that rulers are elected to represent the sovereign will of the citizens but also that democracy is an organizational form in which different fractions of the elite can arrive at a compromise (Przeworski 1985).

This essay presents brief descriptions of several countries grouped into five prototypes which demonstrate the globalization – democratization linkage. They range from the weakest global effect (an external commercial impulse) to the strongest (imposition through occupation). Between these extremes are cases in which global factors destabilized pre-democratic regimes or constituted an "incentive" for democratization. These are not historical conjunctures treated in an ad hoc, ex post facto fashion; rather they are exemplars of the effect of world-system shifts on democratization. They are presented more or less chronologically.

### Commercial Impulse

Perhaps the most cited work is Barrington Moore's *Social Origins of Dictatorship and Democracy* (Moore 1966). This classic work inspired replications, extensions, and modifications – all studying history from a social structural and power-conflict perspective. For Moore, democracy was the political outcome of one of the three routes to economic modernization. The

particular route to the modern world depended on the existing social structure and the resolution of the exogenous shock. The English transition from monarchy to a Western form of democracy was the political expression of conflict between a rising industrial elite and an entrenched and perhaps even feudal agrarian elite. For Moore, the pivotal factor is an influential bourgeoisie with economic autonomy from the landed aristocracy or the government.

The challenge was commercialized agriculture. Landed nobility could respond to this challenge by (1) leaving the traditional organization of agricultural communities intact, or (2) reorganizing to enter into the commercial market. Both the peasantry and the agrarian aristocracy must undergo a transition from nonspecialized and non-commercialized to specialized and commercialized agriculture. The English case involved the enclosures and the elimination of the peasantry.

For the commercial impulse, Moore cites the existence of markets in nearby towns paired with adequate transportation for goods. This could be considered the seed of the spread of the market economy changing power relationships among classes. In Moore's text, we find less attention to the origin of the commercial momentum. Certainly it came from the Middle Ages "global" wool trade which had made large houses very wealthy. In the 1250–1350 periods, wool trade was the backbone and driving force in the English medieval economy. Thus, the chief carriers of what was to be a modern England were men of commerce in both the countryside and the towns. The successful wool trade had spinoffs in manufacturing, finance, and the commercial sector that transported wool to countries outside of the United Kingdom. It is reasonable to say that the "global" export commodity, not just the presence of townships requiring agriculture from the countryside, was the global event which created conditions for democratization.

An excessive dependence upon export commodities contributed to democratization in Brazil. This may seem like an odd pairing with Moore, but it also illustrates the political consequences of globalization. Coffee was Brazil's commodity of global integration. Brazil had an incipient industrial sector, but the ruling oligarchy held a strong anti-industrial sentiment. Vargas' successful coup in 1930 replaced the oligarchy with a new political form including an Electoral Code, a secret ballot, proportional representation, and the franchise for women. The global commercial dynamic was the Great Depression. Between 1929 and 1931, the price of coffee plummeted; Brazil's foreign trade fell 37 % in volume and 67 % in value; the gold reserves disappeared by the end of 1930, and the exchange rate reached a new low. Disenchantment with the agro-export oligarchic model had reached a new high (Burns 1980). This was the commercial impulse for the overthrow of the oligarchy and the establishment of democracy.

G

### Territorial Expansion

Both China (1911) and Portugal (1910) shifted from monarchical to democratic rule at the beginning of the twentieth century. Certainly the internal dynamics and pressures for a republican form of government were distinct. However both monarchies were weakened and destabilized through British territorial expansion.

The Qing dynasty was unsuccessful in facing numerous challenges. At the end of the 19th century, the empire was weakened by international aggression, including, but not limited to, losing Hong Kong to the British, acquiescing to foreign concessions, and losing Taiwan following the Sino-Japanese war. Royal attempts to salvage the empire by modernizing the government and military bureaucracies were insufficient to placate domestic unrest. The Revolutionary Alliance, successful in 1911, rejected the King's constitutional monarchy "compromise" and declared the Republic of China. The 1897 foreign "scramble for concessions" in China was a global factor in the emergence of the republic.

Portugal, in the 1900s, was a monarchy. The loss of its Brazilian colonial monopoly (as the quid pro quo for English assistance in minimizing the effect of the Napoleonic invasion), followed by Brazilian independence in 1822, undermined the foundation of its absolutist monarchy. Although the Crown treasury was substantially depleted, revenue from the African colonies

allowed for some primary accumulation. In the European scramble for Africa, Portugal lost parts of its "claimed" territory to France and Germany. The 1890 British Ultimatum was the most costly. England demanded that Portugal relinquish its lands – between its African coastal colonies of Angola and Mozambique – or lose diplomatic relations with Britain followed by the probably use of force. Unable to cover its debts, Portugal declared bankruptcy in 1892. In 1898 an Anglo-German convention anticipated an economic partitioning of the customs revenues of Angola, Mozambique, and Timor, as collateral for a loan. And there was the possibility of a political partitioning. In 1910 the monarch was overthrown and replaced by the First Portuguese Republic.

The Great Depression of 1873–1896 unleashed a new age of imperialism in which core nations and contenders launched a phase of territorial expansion. These global events aided the anti-monarchical revolts in China and Portugal, creating conditions for democratization.

### Occupation and Democracy

Perhaps the most notable transition by occupation is post-WWII Japan. Following the Japanese surrender in WWII, democracy was imposed under the control of US troops. Gen. Douglas MacArthur, Supreme Commander for the Allied Powers arranged for a general election, suspended laws which restricted political, civil, and religious liberties and extended the franchise to women. The United States also provided billions of dollars of food aid. Washington ruled albeit through Japan's prewar government – the national legislature, the cabinet, and the bureaucracy.

American army and navy officers, partnering with Japan's pre-WWII government, drafted a Japanese constitution embodying elements of the British system, the American Bill of Rights, and some economic freedoms resembling those found in the US New Deal. Its success, some have argued, rested on the moral and legal legitimacy in the eyes of many shareholders: Americans, Allied powers, Asian neighbors, and a majority of the Japanese.

The global dynamic here is clear: following a global war and foreign occupation, a prefabricated institutional democratic structure was imposed.

### World-System Restructuring and Shifting Hegemons

The evolving nature of globalization was the stimulus for the democratic transitions in Greece, Spain, and Portugal. Despite internal variation in resistance to their authoritarian regimes, and varying success in attempts to reform or overthrow them, all three transitioned to democracy in the 1970s. Poulantzas (1976) explains these political transitions from an "imperialist world context." The new democratic forms were political accommodations to the shifting economic balance among the core nations. This exogenous global restructuring contributed to the endogenous growth of new classes, new class struggles, and a new balance of sociopolitical forces (Arrighi 1985; Logan 1985).

In the case of Portugal, the power bloc that ruled from 1928 until the 1974 revolution represented a coalition of colonial capitalists, foreign investors, and landed aristocracy. The colonial fraction functioned as a commercial and financial intermediary for foreign nations which exported capital to the African colonies for extraction of raw material. Portugal remained relatively rural with a small urban labor force.

This arrangement was upset by a global shift in the origin and destination of capital flows. In response to falling rates of profit, core countries directed a larger share of foreign investment away from resource extraction and toward a productive industrial sector. Although profits were mostly expatriated, such investments boosted the size of the Portuguese working class. Overtime, the European investment share in Portugal surpassed that of the United States. The two shifts (country source and sector destination) of global integration diminished the power of coalition represented in the authoritarian regime. Resistance to a renegotiated pact among fractions of capital within the authoritarian regime culminated in a complete overthrow and the establishment of a democratic form in 1974.

The global shifts intensified the internal struggles among fractions of the bourgeoisies in Greece, Portugal, and Spain. The triumph of democracy represented a redistribution of the balance of forces within the power bloc in favor

of the fraction of capital that veered toward the Common Market at the expense of the fraction affiliated with the United States. For Poulantzas, representative democracy (unlike authoritarianism) is that form of state which allows various class fractions to negotiate and resolve differences. And, the shift in the balance of power among capitalist fractions also included a place for the now more numerous and organized working classes.

### Corralled Transitions

In the 1980s and 1990s, a number of countries rejected their dictatorial rulers and embraced democracy. This period includes not only the transitions in Latin American but also in South Africa and in the former Soviet countries to name a few. The particular form of democracy adopted in this wave should be referred to as polyarchy, distinctly different from popular democracy or a ground up, invigorated civil society (Saul 1997). Rather than accentuating the will of the people and the common good, the polyarchic version of democracy stresses the institutional arrangements for selecting representatives who will make decisions.

The global impetus for this wave of democratic transitions was modified transnational production. It had evolved from an articulation of precapitalist modes of production with capitalists ones, to a single production system. Certainly technological innovations facilitated this global restructuring, but it would be erroneous to identify technology as the causal factor.

Robinson (1996) describes the link between the new economic restructuring and the new political form as follows. Transnational global production accelerated the breakup of precapitalist communities and contributed to labor displacement. In many countries, transnationalism gave rise to increased political mobilization, at times seemingly pro-socialist. Historically grassroots mobilization had been repressed by right wing dictatorships and US "client regimes." These regimes were acceptable to the United States. Occasionally this involved US military campaigns. Between WWII and the end of the Cold War, the United States employed military force across its borders more than 200 times. Intervention involved direct military force, counterinsurgency, as well as covert operations. Strategic alliances with authoritarian regimes accompanied U.S. Cold War concerns but more importantly were economic interests in the Third World, viz., access to raw materials, markets, and labor power.

Robinson supports his argument with the cases of the Philippines, Nicaragua, Chile, and Haiti. The impetus for the political transformation originated in the fact that those authoritarian regimes were no longer able to contain the popular movements. Polyarchy was judged best for mitigating the social and political tensions produced by the previous elite-based and undemocratic regimes and by the dislocations associated with modernization. Authoritarianism and dictatorships had become fetters to the emergent patterns of international capital accumulation. The United States withdrew its support from previously supported military dictatorships or authoritarian client regimes, such as Marcos and Duvalier. They no longer seemed to be guarantors of social control and stability.

Polyarchy represented the replacement of coercive control with consensus. This was reflected in the US government's diminishing use of the CIA and increasing use of the National Endowment for Democracy (NED). In 1983, Carl Greshman, president of NED argued that in a world of expanding communication, something other than force was needed to defend the US national security. The United States began promoting "democracy" as a way to relieve pressure coming from subordinate groups demanding change.

Various US government agencies disbursed funds, overtly and covertly, to organizations that assisted in building up institutions of political and civil society. NED funded activities such as new women's organizations and publication of a monthly magazine, trade unions, political parties, and churches. All were in an attempt to steer them toward the international order.

The transitions unfolded over time. The CIA came to support Mobutu in the Congo when he carried out his 1965 coup. He was part of the U.S.' anti-communist defense. Lewis (1997) writes that the United States neglected several opportunities

to press for reform and continued to help put down rebellions and refrained from encouraging Mobutu's retirement following a 1991 army mutiny. Only in 1997 did he become, in the words of a White House spokesman, a creature of history.

Whereas resource extraction and earlier forms of globalization allowed for the articulation of a myriad of political forms, contemporary globalization – a single system of economic production – necessitates political symmetry. Robinson offers an insightful description of the global events that created conditions for democratization.

## Conclusions

The global and local are intimately linked. The analysis of democracy must move beyond the idiographic and beyond abstract notions of culture, religion, or desire for freedom. There will not be an "end of history" based on a unilinear or nonreversible global march toward democracy. Rather, democratic systems (emergence, stability, and collapse) are the consequence of global historical processes: expansions, contractions, and shifts in hegemonic leadership have political consequences for nations.

## References

Arrighi G (1985) Fascism to democratic socialism. In: Arrighi G (ed) Semiperipheral development. Sage, Beverly Hills, pp 243–279

Burns BE (1980) A history of Brazil. Columbia University Press, New York

Eichengreen B, Leblang D (2006) Democracy and globalization. (NBER working paper series No. 12450). http://www.nber.org/papers/w12450

Lewis A (1997) Abroad at home; costs of the C.I.A. (New York Times, 25 Apr)

Lipset SM (1960) Political man. DoubleDay & Company, New York

Logan J (1985) The transitions from authoritarian rule to democracy 'democracy from above'. In: Arrighi G (ed) Semiperipheral development. Sage, Beverly Hills, pp 149–178

Moore B (1966) The social origins of dictatorship and democracy. Beacon Press, Boston

Poulantzas N (1976) The crisis of the dictatorships. NLB, London

Przeworski A (1985) Capitalism and social democracy. Cambridge University Press, Cambridge

Robinson WI (1996) Globalization, the world system, and "Democracy Promotion" in U. S. Foreign policy. Theory Soc 25(5):615–665

Saul JS (1997) Liberal democracy vs. popular democracy in southern Africa. Rev Afr Polit Econ 24(72):219–236. http://www.jstor.org/stable/4006431

Wallerstein I (1992) Geopolitics and geoculture. Cambridge University Press, Cambridge

### Suggested Readings

Poulantzas N (1976) The crisis of the dictatorships. NLB, London

Robinson WI (1996) Promoting Polyarchy: globalization, U.S. intervention, and hegemony.Cambridge University Press, New York

Stephens JD (1989) Democratic transition and breakdown in Western Europe, 1870–1939: a test of the Moore thesis. AJS 94:1019–1077

Therborn G (1977) The rule of capital and the rise of democracy. New left review. no. 103 (May–June). https://newleftreview.org/article/download_pdf?id=1453

# Globalization and Energy

Jan-Erik Lane
Public Policy Institute, Belgrade, Freiberg, Germany

## Introduction

The energy implications for country positions in the global system of states and nations have been much debated in the discipline of geopolitics. Here, one often encounters simple assumptions about what control over energy resources entails for state power and influence. But the large attention paid to energy today has two sources or reasons, namely:

1. Fear of a global *Hubbert peak* for the consumption of fossil fuels, especially oil
2. The negative effects of rising energy consumption upon the environment, especially climate change: global warming $>2°$

Whereas the first concern has eased considerably, the second one just keeps going up in

political relevance, comprising a lot of difficult and complicated policy issues. The common back ground here is the immense augmentation of energy consumption during the latest decades when the emerging economies managed to catch-up with the advanced capitalist economies, focusing more and more upon conspicuous consumption that is highly energy consuming. The environmental worries about the sharp rise in energy production and consumption pointed at several ecological menaces, but the center of interest has become the emissions of greenhouse gases stemming from anthropogenic sources in the economic, especially the burning of fossil fuels and cement constructions. Thus, energy is now the main topic in the globalization process; how to decarbonize the world economy without losing economic momentum?

## Energy and Social Systems

The concept of energy is complex, identifying several forms of energy. In general, energy is the capacity to do work. Thus, it is a central element of all social systems, from advanced economies to simple households. It is of course vital in politics and warfare. In the natural sciences, Einstein made energy the core of the universe with his famous formula, equating mass with energy. For the social sciences and economics, the importance of access to energy sources has increased with industrialization, urbanization, and the port-industrial society. The process of globalization has further underlined the centrality of energy sources and energy consumption for economic well-being and public policy. With more and more humans coming on the stage and people seeking higher standards of living, the demand for energy has exploded the recent decades. And stylized projections for the coming decades talk about another doubling of demand. The energy sector is in many countries the most important one in the economy, but also in poor countries the access to energy sources is said to be extremely important, for instance, for agriculture and access to water, sanitation and light.

Now, following the basic laws of physics, energy is indestructible. This entails that all now existing energy came forth on the Big Bang. However, energy can change form. Which is the key to understand why energy resources of whatever kind are so important to humans and their social systems, especially when globalization pushes up demand in an incredibly quick fashion? Energy can only become inactive in a state of entropy, which could be the final end predicament of the universe (cooling hypothesis or total entropy).

The basic forms of energy for the globalization period and its societies, rich or poor, comprise;

- Fossil fuels: coal, oil, natural gas
- Shale oil and gas: shale rock
- Traditional renewables: charcoal, peat, waste
- Modern renewables: solar, wind, geothermal
- Nuclear power: fission or fusion

Some of these sources of energy result in the emission of gases when consumed, the greenhouse gases (four to seven kinds), of which the $CO_2$:s constitute the largest bulk, although also methane is highly relevant in the globalized world due to the melting tundra and ice pockets under the oceans. Thus, we arrive at the crucial links, outlines the well-known Kaya identity model – $CO_2$:s = GDP per capita × population × energy intensity of GDP × carbon intensity of energy (Kaya and Yokoburi 1997):

1. Economic development or growth – energy consumption
2. Energy demand – greenhouse gases
3. Greenhouse gases – global warming at degrees X

The exact nature of these links is not fully known today, constituting one of the most important areas of new inquiries in the natural and social sciences. It is globalization that puts (1), (2), and (3) at the forefront, because the world economy has grown at a large average rate since 1945, acceleration actually in the last 35 years with the awakening of giants like China, India, Indonesia, Brazil, and Mexico inter alia.

## Two Energy Problematics Become One

In the controversy between ecologists and cornucopians that played out since the Ehrlich-Simon bet (Simon 2003), there was a hope among the former that the Hubbert peak oil – scarcity – would help solve the green damages from fossil fuel production and consumption. At the same time, the cornucopians with Wildavsky (1997) and Lomborg (2007) ridiculed the ecological concerns of environmentalists, stating that there was no problem, only empty rhetoric. Both camps failed to present the correct analysis. On the one hand, the Hubbert peak is a figment of the imagination, as fossil fuels are truly abundant. On the other hand, planet Earth faces severe environmental damages, including the lethal threat of climate change.

The ongoing shale rock revolution eliminated all Hubbert peaks, also for the USA. With huge deposits around the globe of shale rock, fossil fuel prices will stay low for a long time, which puts pressure upon the large scale development of modern renewables. Yet, the easing of energy prices due to falling oil prices just makes the other problematic more urgent, i.e., greenhouse gases and global warming.

## COP21 Process in Three Steps: Decarbonization

The governments of the world have finally come around to accept that climate change is not a positive for mankind and planet Earth. No one with certainty how dangerous global warming may be or what are the driving mechanisms behind it, as well as the possibilities or probabilities of positive and negative feedback lopes. Despite that climate change involves the well-known uncertainties and risks of economist F. Knight, 193 states have been committed to the objective of a major decarbonization process, which if implemented would completely alter the present patterns of energy production and consumption. The COP21 covers three stages of decarbonization:

- Phase One up to 2020: halting of the growth of emissions typical of the entire industrial era
- Phase Two up to 2030: reducing the $CO_2$ emissions by 40%
- Phase Three up to 2080: more or less elimination the $CO_2$ emissions

The task of the social sciences and economics is to inquire into the implementation of these goals as well as help devise management strategies that are conducive to the realization of these goals. Energy will be, I submit, the crucial variable in these COP21 unfolding games. Why is energy so important for globalization and the Earth's ecology?

## Energy Consumption Today

Not only may all forms of energy be measured, but all these measures are translatable into each other – a major scientific achievement. One may employ some standard sources on energy consumption and what is immediately obvious is the huge numbers involved – see Fig. 1.

Examining Fig. 1, one understands the size of the task of decarbonization. Complete decarbonization would mean the elimination of the energy consumption of fossil fuels and traditional renewables. This is a herculean task, impossible simply. But the mix of energy usage will change during this century toward more of carbon neutral energy sources.

## Future Energy: COP21 Breaking Crucial Links

When calling for decarbonization of economies in the widest sense, the COP21 envisages that decarbonization can be maximized with the constraint of continued economic development or growth. But is it really true?

Hitherto GDP and energy per capita have been most strongly connected. See Fig. 2 and GDP and GHG have also been strongly linked – see Fig. 3. But the COP21 process claims we can have declining GHC:s and augmenting GDP? True? It all depends upon the evolution of energy consumption.

Figure 1 shows that the richer a country, the more energy their inhabitants use. This entails that

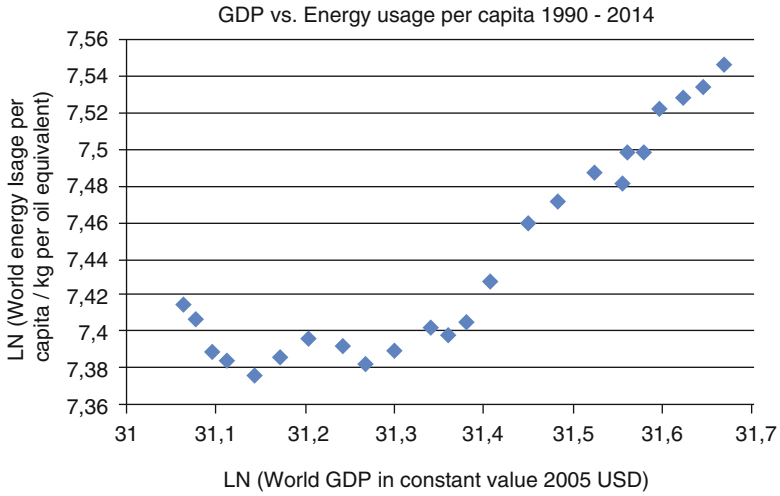


**Globalization and Energy, Fig. 1** First global decarbonization policy link; GDP – energy per capita: $y = 0.26x$, $R^2 = 0.81$. (Source: see references)

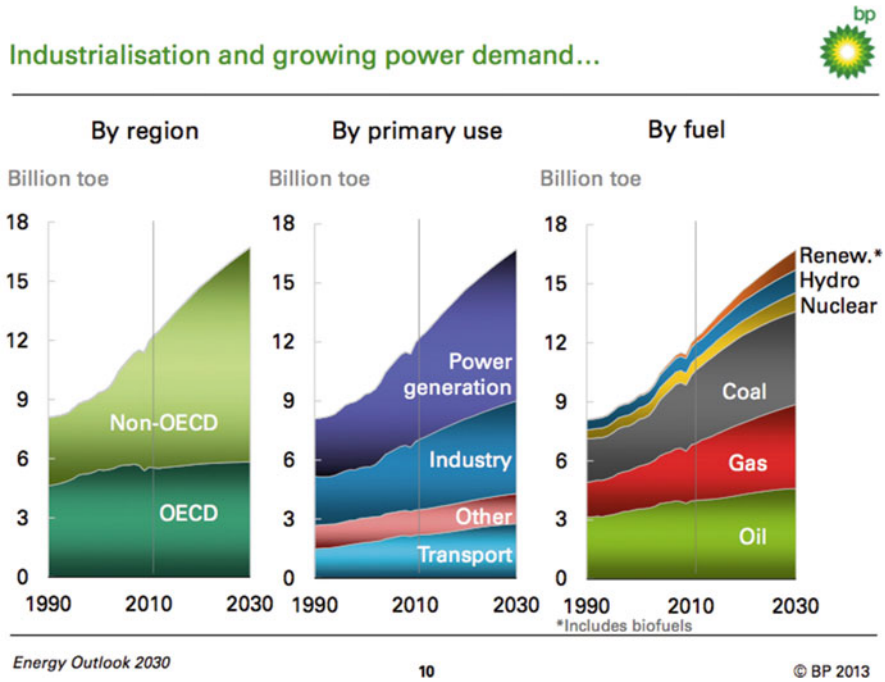


**Globalization and Energy, Fig. 2** Stylized energy projections

total energy consumption will be a straight function of affluence. Most of this energy comes from the burning of fossil fuels, as shown in Table 1.

The stylized projection for energy consumption in the globalized world speaks of unbelievably increases in the next decades to come, responding to the hopes for high economic growth in emerging economies and decent rates in mature ones. The objection to these predictions is simply that they fall outside of the COP21 approach that now starts.

There is much talk about moving toward GDP growth with little or no increase in carbon energy. From a micro-point of view, this is feasible but hardly from a macro-point of view, including the total aggregates for the globe. India, for example,

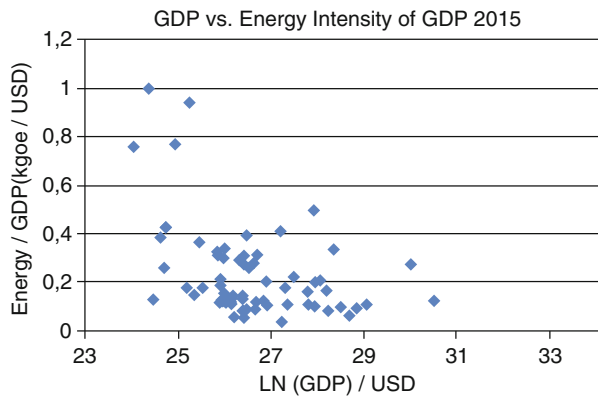


**Globalization and Energy, Fig. 3** Global energy intensity

**Globalization and Energy, Table 1** Energy consumption 2015 (million tons of oil equivalent)

| | Total | % |
|---|---|---|
| Fossil fuels | 1,1306.4 | 86.0 |
| Oil | 4331.3 | 32.9 |
| Natural gas | 3135.2 | 23.8 |
| Coal | 3839.9 | 29.2 |
| Renewables | 1257.8 | 9.6 |
| Hydroelectric | 892.9 | 6.8 |
| Others | 364.9 | 2.8 |
| Nuclear power | 583.1 | 4.4 |
| | 1,3147.3 | 100.0 |

Source: BP Statistical Review of World Energy (2016)

cannot do without coal or even charcoal (Ramesh 2015). Consider some of these stylized projections in Fig. 2.

If these predictions, and there are several like these, become true, the COP21 will fail miserably, because the predicted future in Fig. 2 entails more of carbonization. The energy producers speak of "energy needs," but for ordinary people, the environment comes first, at least when they do not act myopically.

Now, the existence of an energy negative relation between GDP on the one hand and GDP energy per GDP unit – energy efficient at macro-level – has raised to hope of a decoupling of the close link GDP energy. According to this inverted curve, energy per GDP unit slopes downward the richer a country becomes. However, this inverted curve in Fig. 3 does not entail its suggested entailment, because people simply use more and more energy, often in conspicuous consumption, and the number of people increases.

Now, we move to the core of the problems for the twenty-first century and the COP2, the second link between GDP and GHC:s.

## Decentralized Implementation or Global Management Strategy

People who argue for more and more energy put their hope for decarbonization with the uncoupling of GDP and GHG:s or $CO_2$:s. However, the present evidence does not at all support this claim – see Fig. 4. It shows that total $CO_2$:s follow GDP. As the more affluent the world, the more $CO_2$:s.

The hidden intervening variable here is of course energy or the needs for electricity allover in society and a variety of transportation needs.

Again, the hope for a decoupling of the link in Fig. 4 hinges on declining GHG – GDP ratios: the so-called environmental Kuznets' curve. Fig. 5 shows an example of such an equation for 2014 data on GDP and $CO_2$/GDP ratios in the countries of the world, i.e., cross-sectional evidence.

The findings in Fig. 5 of a cross-sectional evidence type render little supper for this hypothesis. And the entailment about a future declining GDP-$CO_2$ link does not hold.

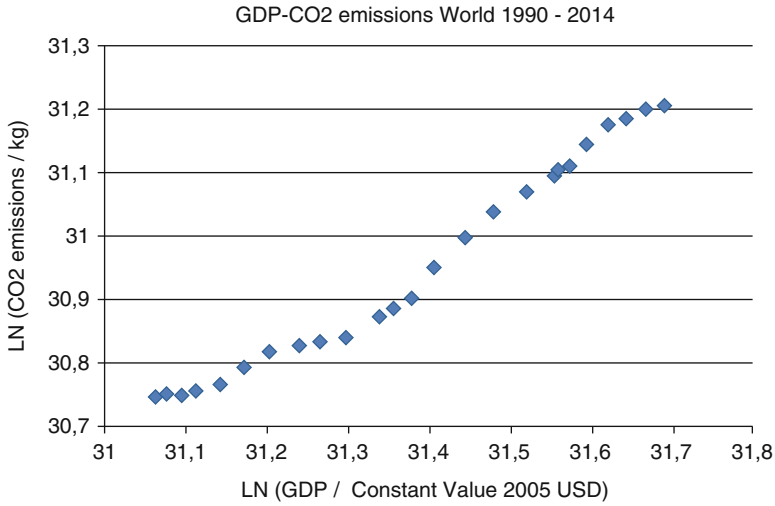


**Globalization and Energy, Fig. 4** Globalisation and emissions: Global GDP-$CO_2$ link: $y = 0{,}80x + 5{,}96$; $R^2 = 0{,}97$ (N = 59)

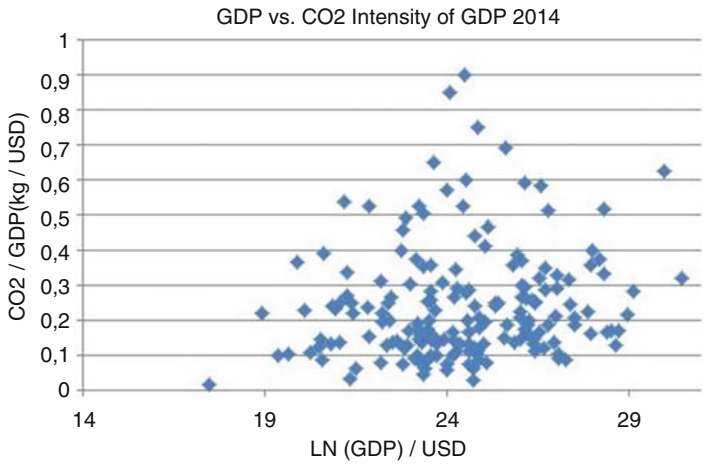


**Globalization and Energy, Fig. 5** An environmental Kuznets' curve (EKC): GDP – $CO_2$/GDP in 2014

## Conclusion

Energy in the twenty-first century will receive lots of political attention. Without energy, no work in our social systems. And work is the basis of affluence. Crucial issues about globalization and energy involves the following:

- Has shale rock finally killed the idea of Hubbert peaks globally and in the USA?
- Can decarbonization be accomplished within the COP21 approach?
- Is it possible to double energy consumption at the same time as decarbonization?

Moreover, one may ask: will traditional renewables be phased out?

- Can nuclear power make a comeback?
- Is fusion power feasible in this century?
- Can climate change be brought under some control by decarbonization policies?

It is readily admitted that fusion power would solve the problematic of energy and greenhouse gases as well as GDP growth and GHG:s in one strike. Unlimited clean energy would be available somehow from the most abundant element in the universe viz. hydrogen. But this is not likely.

When talking about energy in the twenty-first century, we speak about probabilities. And this calls for humbleness, caution, and environmentalist policy-making. After all, implementation of policy objectives like those of COP21 is fraught with difficulties (Pressman and Wildavsky 1984; Wildavsky 1987). And the hope for a sustainable global economy according to Sachs (2015b) is probably just utopian. The West is going to have to pay a lot for decarbonization in the Third World, as recommended by Stern in his idea of a Superfund (2007, 2016).

## References

### GDP Sources

OECD National Accounts data files
World Bank national accounts data – ata.worldbank.org

### GHG and Energy Sources

BP Energy Outlook 2016
British Petroleum Statistical Review of World Energy 2016
Energy Information Administration. Washington, DC
EU Emissions Database for Global Research EDGAR., http://edgar.jrc.ec.europa.eu/
EU Joint Research Centre Emission Database for Global Atmospheric Research – http://edgar.jrc.ec.europa.eu/overview.php
International Energy Agency. Paris
UN Framework Convention on Climate Change – http://unfccc.int/ghg_data/ghg_data_unfccc/time_series_annex_i/items/3814.php
World Bank Data Indicators data.worldbank.org
World Resources Institute CAIT Climate Data Explorer – cait.wri.org

### Literature

Kaya Y, Yokoburi K (1997) Environment, energy, and economy: strategies for sustainability. United Nations University Press, Tokyo
Lomborg B (2007) Cool it. Cyan and Marshall Cavendish, Singapore
Pressman J, Wildavsky A (1984) Implementation. University of Cal Press, Berkeley
Ramesh J (2015) Green signals: ecology, growth and democracy in India. Oxford University Press, Oxford
Sachs J (2015a) Sustainable development for humanity's future. http://jeffsachs.org/2015a/08/sustainable-development-for-humanitys-future/
Sachs J (2015b) The age of sustainable development. Columbia University Press, New York
Simon J (2000) A life against the grain. Transaction, Piscataway
Simon JL (2003) A life against the grain. Transaction, Piscataway
Stern N (2007) The economics of climate change. Oxford University Press, Oxford
Stern N (2016) What are we waiting for? MIT Press, Cambridge, MA
Wildavsky A (1987) Speaking truth to power. Transaction, Piscataway
Wildavsky A (1997) Is it really true? Harvard University Press, Cambridge, MA

# Globalization and Filial Piety

Julian C. H. Lee
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Asian values; Respect for elders

## Introduction

Filial piety, or the respect for and care of parents, is regarded as a key social value in many societies. This is so especially in Asia where it is widely regarded as a central "Asian value." The shared nature of this value in Asia is said to apply irrespective of ethnic and religious differences. Within Asia, filial piety is especially associated with East Asia, where the written character for filial piety is shared in Chinese, Korean, and Japanese writing. In Mandarin it is pronounced *xiao* and is constituted by a top character which is that for *lao* (old) and a lower character *zi* (young). "When combined to constitute *xiao*," writes Charlotte Ikels, this "ideograph communicates multiple messages of which the officially preferred one is that the old are supported by the young(er generation)" (Ikels 2004, p. 3; parentheses original). Ultimately, Ikels notes, "in the classics and in popular thought, support, subordination (or obedience), and continuing the family line have all been touted as the essence of filial piety" (Ikels 2004, p. 3; parentheses original).

Historically, cycles of intergenerational reciprocity in care have enabled societies to be sustainable and for members of societies to be emplaced within social structures that assure some level of care. This assurance has often worked through social pressures such as the shame that would accrue if care responsibilities were not adequately undertaken. The negative impact that parental neglect would have to individuals' social standing would mean the welfare of their parents was in their interest.

However, diverse processes associated with globalization are increasingly challenging some long-existing social values and practices that have ensured the welfare of older persons. Such changes have been described as "alarming policy makers" (Ikels 2004, p. 8). This entry will briefly discuss some of these processes and their impacts, some of the diversity of cultural attitudes toward filial piety, and government-led strategies for addressing filial neglect, and finally it will consider some prospective ways in which globalization might impact feelings about and the execution of filial obligations in the future.

## The Impact of Global Processes on Filial Piety

One process associated with globalization that can be readily seen to disrupt people's abilities to carry out their filial duties is the globalization of work and employment. People are increasingly able – and are often required to – acquire work in geographically distant places. The employment market place and competition for jobs has become globalized. On the campaign trail in 2008 to become president, Barack Obama illustrated this situation to supporters in Michigan when he said that "Michigan's children will grow up facing competition not just from kids from California or South Carolina, but also from young people in Beijing and Bangalore" (Obama 2008).

An associated process of globalization is the increasing ease of migration for many (but by no means all) people. Leaving the place of one's origin and family is frequently a relatively low-cost undertaking. The decreasing costs of transportation, including air travel, make migration accessible, whether for study or work. Such travel is often to major cities, which are themselves key nodes through which the global economy flows. Whether this travel is international or intranational, migration frequently disrupts family units and the cycles of intra-family and intergenerational reciprocity that have made many societies sustainable (e.g., Farrell 2016, p. 110). Cities, although dense with people, are also known to be places where social disconnection, anonymity, and anomie very readily occur (Klinenberg 2001).

In addition to the above, however, are less tangible impacts associated with globalization that are increasingly cultivating individualistic attitudes and identities, moving many away from more collectivistic attitudes and identities (e.g., Luxton 2010; Elliot and Lemert 2009). These values are often associated with the effects of the hegemonic sociopolitical and economic perspective that is frequently glossed as "neoliberalism." Neoliberalism seeks to reward individual efforts and success and promotes consumption by emphasizing self-gratification through the acquisition of goods and services, the satisfactions of which are advertising through diverse forms of marketing. Increasing orientations toward individualism and self-gratification steer people's decisions relating to the allocation their resources – both financial and other – away from their filial obligations.

## Culture and Filial Piety

Although the trends toward individualism are part of globalization (Elliot and Lemert 2009), it is certainly the case that there remain differences between countries in terms of the predominance of collectivistic or individualistic values and identities (Triandis 1988). Individuals in societies that are more collectivistic tend more to see themselves as part of a web of wider social relations, whereas those in more individualistic societies tend to derive their identities with reference to their own opinions, actions, and achievements.

However, although differences *between* countries might most immediately spring to mind when thinking about cultural differences such as those along the axis of collectivism and individualism, it is worth emphasizing that different ethnic and religious communities within countries exhibit different attitudes about filial responsibility. Indeed, Ikels notes that "the practice of filial piety, both its delivery and its receipt, is situationally dependent and shaped by local circumstances of history, economics, social organization, and demography and personal circumstances of wealth, gender, and family configuration" (2004, p. 2).

Within Indonesia, for example, cultural differences have considerable impacts on how responsibilities toward elders are conceived. Elisabeth Schröder-Butterfill and Tengku Syawila Fithry (2014) have described how Javanese Indonesians and those from Minangkabau communities – the latter of which are often described as matrilineal – view parental care responsibilities. Among their findings were that for both, adult children, but not their spouses, were important in aged-care provision and that daughters were preferred over sons in providing this care. However, the strength of this preference and the acceptance of people from other categories of relationship varied according to the ethnic community (Schröder-Butterfill and Fithry 2014, p. 370).

Ethno-religious differences relating to filial responsibility and respect were also found in Australia by Carr et al. (2015). Carr, Biggs, and Kimberly examined the religious traditions and practices of Australian Christians, Jews, Muslims, Hindus, Buddhists, and Confucianists and described differences in practices and attitudes between them. For example, they report that while there is within the Jewish community "a long and proud tradition of aged care [which] has resulted in aged support services catering for diverse needs," followers of Islam tended to regard caring for elders to be a responsibility to be undertaken by family (Carr et al. 2015, pp. 27–28). Overall, they found that the positive valuation of the contributions of older persons was strongest among those who held Jewish, Islamic, Hindu, and Buddhist beliefs.

## Filial Piety Laws

Although there are communities in which filial piety remains strong, it is the case that even in those where filial piety might be imagined to be strongest, such Chinese communities with strong Confucian traditions, diverse processes of globalization are eroding the ability or will of people everywhere to discharge filial obligations. The impacts of this can be considerable, both at personal and emotional levels, but also for governments. With respect to the latter, developments in social values raise questions relating to the State's obligations to look after elderly citizens who are not cared for or inadequately cared for by offspring. This is especially important in contexts where State welfare is limited or nonexistent, and also in the now ubiquitous situation where governments are seeking to cut spending in view of debts or a neoliberal philosophy that promotes "small government." Furthermore, with many nations facing the prospect of the increasing demographic proportions of the elderly, "any faltering in the performance of filial piety is regarded [by governments] as a disaster" (Ikels 2004, p. 9).

In view of the neglect of many parents, some States are considering implementing "filial piety laws." Muslim-majority Malaysia is one such country that has mooted this. Countries that have implemented such "filial piety laws" include France, China, and some States in the USA. With respect to the latter, Allison E. Ross has outlined some of the positive aspects – actual and potential – of "filial responsibility laws" (Ross 2008). Ross examined both the civil and criminal filial responsibility laws in operation within the United States and analyzed the benefits of having such laws effectively enforced. Ross noted the rising cost of US federal government funding for federal programs such as Medicaid and social security payments. With elderly Americans increasingly reliant on social security benefits, the funding of social welfare will be severely strained (Ross 2008, p. 184).

In this context, filial responsibility laws, according to Ross, have the potential to assist older Americans meeting basic needs and health care. Ross argues that effective enforcement of

filial responsibility laws, especially within the States of the US that still have such laws, can have two further benefits. First, they can reduce government expenditure and/or provide the elderly with care that supplements what the government can provide (Ross 2008, p. 185). Second, by shifting some of the financial burden of care for the aged onto their offspring, government expenditure could focus on those older persons who are without family or who have family that is unable to support them (ibid.)

A less favorable discussion of State-sanctioned compulsion on citizens to care for the parents is provided by Rita Jing-Ann Chou (2010) with respect to "Family Support Agreements" or FSAs in China. FSAs preceded China's 2013 implementation of a law titled the "Protection of the Rights and Interests of Elderly People," which requires citizens to tend to the "spiritual needs" of their parents and to visit them "often." Parents have successfully taken children to court in China under this law.

The notion of an FSA, however, was conceived in 1985 in Dafeng County and in the two decades that followed, FSAs were in use throughout rural China. Approximately 13 million such agreements were signed by 2005 (Chou 2010, p. 2). The FSA, according to Rita Jing-Ann Chou, represented an innovation to "meet the challenge" of elder support. However, several warnings have been sounded with respect to "filial piety laws" and the FSAs, which should be borne in mind by those who might consider deploying such policies or laws. Although the basis of the FSA rests on the shared moral value of filial piety, it's overtly explicit and narrow focus, relating to the provision of material support and/or emotional support, combined with the threat of legal sanctions, may be thought of as corroding the sincerity, "spontaneity" and "flexibility" that would otherwise be seen as part of filial piety. It also puts into question the place of filial piety as a "virtue" (Chou 2010, p. 9). Chou argues that this, along with the potential erosion of affection and mutual trust in intergenerational relations, should all be carefully considered before creating a social policy compels filial piety. Furthermore, complying with such laws may place a heavy financial burden on low income families who might suddenly find themselves needing to support three generations – their aged parents, themselves, and their children (Chou 2010, p. 9).

## The Future of Filial Piety

Although filial piety laws might be seen as indicating filial piety which remains an important social value that the society in question continues to uphold, we might alternatively view such laws as indicative that the opposite is increasingly the case. Such laws can be seen as demonstrating the extent to which those obligations are not being met (cf. Ikels 2004, p. 4). Furthermore, they might be seen as part and parcel of the effects of a globally hegemonic neoliberalism that is fostering individualism and a shrinking State.

Present and future job scarcity also threatens filial piety. Whereas in the present a globally mobile workforce can seek jobs that would previously been more likely to be filled by local candidates, job availability might in the future also be threatened by evermore-sophisticated technology, including robotics. Robotics has already impacted on employment in a number of fields, and authors (e.g., Dunlop 2016) have suggested that paid work may be so undermined that a "universal basic income" may be instituted in response to the political impacts of this unemployment. While this, and some of the following, is of course conjecture, a scenario of mass unemployment leading to a universal basic income might in fact have positive impacts on the ability of people to undertake their filial obligations by negating the need to migrate for work. Alternatively, of course, an unresponsive or under-resourced government may simply allow the recession of jobs to result in the financial immiseration of its citizens, irrespective of age.

The prospect of technological advancement might also mean that robots may be able to undertake the labor of looking after frail elders (Ross 2016). Advances in robotics, including the ability to mimic the expression of human emotion and to read emotion, may mean that some of the emotional and physical challenges of looking after

highly dependent older persons may be much alleviated. This would pose a reduced burden on individuals who may wish to pursue other interests (and whose parents may also wish them to pursue those interests). The adequacy of aged-care facilities and worries about the professionalism of staff are common concerns for those who must decide how their parents will be accommodated. Although impersonal and unfeeling, robots that are free from exhaustion, cruelty, and other human vices might be welcomed by all parties. How "society" feels about the prospect of human-to-human interaction being replaced by human-to-robot interaction will of course have to be a matter for public discussion and debate, but the likely immediate conclusion that this is an undesirable outcome will not necessarily be subscribed to by all, and attitudes may well change over time as people become more comfortable with and used to living with robots and technology.

The opportunities and challenges presented by technology in general, however, are not entirely in the future. Already, technology is playing an immense role in the lives of many families, enabling them to connect face to face through computers, tablets, and mobile phones through applications such as Skype. A study conducted by the present author for the Toyota Foundation (Toyota Foundation grant D14-R-0201, commenced in 2015 and concluded in 2017) explored how three families spread across Indonesia, Malaysia, and Australia continued to uphold their filial obligations. Among them all, technology was central to the ongoing maintenance of personal family ties as well as the transfer of financial remittances. Although technology is certainly enabling the exercise of filial responsibilities, it is also the case that many older citizens find even the most basic of current technologies too challenging to engage with, leaving them stranded across a "digital divide" (Annear 2014). This divide is one that social policy and State funding might be able to address.

The aforementioned study also revealed the importance of understanding and not assuming the subjective experience of having one's family internationally dispersed. One Chinese Malaysian father reported how his friends regarded him as "successful" because his children worked abroad. He, however, spoke through tears, saying that he doubted this because he enviously saw how his friends' children remained by their sides. Evident here is that social valuations of offsprings' migration for work can differ and could evolve, so society becomes either more or less accepting of it.

The study also made clear that, although technology was important in maintaining familial bonds, occasions that brought family members physically together were vital in strengthening bonds. Such occasions included rituals such as celebrating New Year or weddings. Although infrequent, the profundity of these events meant that deep connections and commitments were affirmed by them. For this to occur for families around the world, accessible travel is vital. Increasingly cheap airfares in many parts of the world have enabled less well-off people to visit kin in distant places. Although there might seem to be no threat to such airfares continuing into the future, air travel is a major consumer of fossil fuels, and thus low fares are dependent on the price of those fuels as well as potential global action that might seek to curtail carbon emissions, such as through taxation on fossil fuels.

## Conclusion

Returning the care given to them by their parents is important for many people around the world. The obligations of filial piety lead millions of people around the world to make sometimes difficult and heartbreaking life-choices regarding how they live their own lives: whether they follow dreams and opportunities, whether they entrust the day-to-day care of their parents to paid strangers, and whether they – through choice or the exigencies of circumstance – decide they cannot or will not fulfill their filial obligations. Similarly, for governments, care for the elderly is and will increasingly become a major social and economic concern which will necessitate potentially unpopular decisions.

For individuals and governments alike, decisions and actions will take place in the face of

diverse processes associated with globalization that have altered, are altering, and will alter in the future, the matrix of factors within which decisions will be made. Global trends in attitudes, developments in technology, demographic shifts, and the globalization of the economy and employment are some of the factors that will influence how we will and can think about and how we might fulfill our responsibilities to our nearest and dearest.

## Cross-References


- ▶ Globalization and Migration
- ▶ Healthcare Ethics
- ▶ Migration of Older Adults


## References


Annear R (2014) Old folks, new technology. Monthly. https://www.themonthly.com.au/issue/2014/march/1393592400/robyn-annear/old-folks-new-technology. Accessed 12 Apr 2017

Carr A, Biggs S, Kimberley H (2015) Aging, diversity and the meanings of later life: cultural, social and historical models. Contemp Read Law Soc Justice 7(1):7–60

Chou RJA (2010) Filial piety by contract? The emergence, implementations, and implications of the "Family support agreement" in China. Gerontologist 25. https://doi.org/10.1093/geront/gnq059

Dunlop T (2016) Why the future is workless. NewSouth, Sydney

Elliot A, Lemert C (2009) The new individualism: the emotional costs of globalization. Routledge, London

Farrell R (2016) On a global moral economy. In: Lee JCH (ed) Narratives of globalization: reflections on the global condition. Rowman and Littlefield International, London, pp 105–116

Ikels C (2004) Introduction. In: Ikels C (ed) Filial piety: practice and discourse in contemporary easy Asia. Stanford University Press, Stanford, pp 1–15

Klinenberg E (2001) Dying alone: the social production of urban isolation. Ethnography 2(4):501–531

Luxton M (2010) Doing neoliberalism: perverse individualism in personal life. In: Braedly S, Luxton M (eds) Neoliberalism and everyday life. McGill-Queen's University Press, Montreal, pp 163–183

Obama B (2008) Remarks at Kettering University in Flint, Michigan. The American Presidency Project. http://www.presidency.ucsb.edu/ws/?pid=77478. Accessed 12 Apr 2017

Ross A (2016) Industries of the future. Simon & Schuster, London

Schröder-Butterfill E, Syawilay T (2014) Care-dependence in old age: preference, practices and implications in two Indonesian communities. Aging Soc 34(3):361–387

Triandis H (1988) Individualism and collectivism: cross-cultural perspectives on self-ingroup relationships. In: Bagley C, Verma GK (eds) Personality, cognition and values: cross-cultural perspectives of childhood and adolescence. Macmillan, London, pp 60–95


# Globalization and Gender Frontiers


Larissa Sandy
School of Global, Urban and Social Studies, College of Design and Social Context, RMIT University, Melbourne, VIC, Australia


G

## Synonyms

Globalization and gender relations; Globalizing capitalism and gender inequality; Transnational feminist economics and development

## Introduction

This chapter needs a subtitle. It should read *Globalization and Gender Frontiers: Mind the Gap*. In the lead up to the 2016 World Economic Forum in Davos, Oxfam (2016) revealed two shocking statistics that went viral: eight men owned the same wealth as the poorest half of the world and the richest 1% had more wealth than the world's poorest combined. The year before, Action Aid (2015) tried to help the men of Davos understand exactly where women were placed in social and economic terms. They calculated US$9 trillion as the cost that women in developing countries bore each year due to unequal wages and ever-narrowing access to paid jobs. This, Action Aid (2015) claims, was equal to more than the gross domestic product (GDP) of Britain, France, and Germany combined. The organization went on to state that the global value of the gendered wage and workforce participation gap was equal to US$17 trillion each year (Action Aid 2015).

All over the world women and girls bear the brunt of globalization: women make up roughly 60% of the world's poor. In sub-Saharan Africa and South Asia, over 80% of women workers labor in unregulated and precarious sectors (ILO 2015). Although 80% of the world's garment workers are women (World Bank 2014), in garment factories in Bangladesh one in 20 supervisors is a woman (Filippo 2014). Globally, 83% of domestic workers are women (World Bank 2014). The vast majority of these laborers are not covered by labor laws and have no access to basic provisions like minimum wages, maximum hours, or maternity leave. While considerable emphasis has been placed on raising education levels, it seems that this alone is not enough. In 2013, double the amount of women with a secondary education were unemployed compared with men who had the same education levels in low-income countries. In countries where women also face multiple legal barriers that restrict their access to work (e.g., the Middle East and North Africa), almost 80% of unemployed women held advanced degrees (World Bank 2014). The same statistic for men was 20% (World Bank 2014). Unpaid (and undervalued) caring responsibilities overwhelmingly remain women's responsibility as women and girls are responsible for a disproportionate share of child rearing, domestic work, and caring for the sick and elderly. In Australia, in 2006 female parents spent 8 h and 33 min per day caring for children aged under 15 years compared with 3 h and 55 min for male parents (AHRC 2013). These additional responsibilities narrow women's choices, the types of jobs they can get, and the hours and times that they can work: 66% of employed women with children under the age of 6 years worked part time compared with 7% of employed men with children of the same age in Australia (AHRC 2013). The burden of childcare responsibilities, de Silva de Alwis claims, has created a "motherhood penalty" (de Silva de Alwis 2011, p. 309, see also Bloom et al. 2009). Using panel data from 97 countries, de Silva de Alwis demonstrated how birth reduces women's labor supply by almost 2 years. Australian research has highlighted substantial gender differences in caring responsibilities and work, observing that while men's full-time employment *increased* by about 27%, women's *decreased* by 20% when they had a child under the age of 5 (AHRC 2013).

On average women are paid between 10% and 30% less than men for work of an equal value (World Bank 2014). While this gender gap may be particularly acute in North Africa, the Middle East, and South Asia, persistent gaps exist in high-income OECD countries including Australia (currently at 17.3%) (World Bank 2014; WEGA 2016). The results are equally bleak with global labor force participation rates at 82% for men and 55% for women as at 2014 (World Bank 2014). Despite the enormous effort undertaken on gender mainstreaming, the World Bank (2014) stated that women's labor force participation rates have stagnated and any narrowing of the gap that has occurred is because of the decline in men's labor force participation. The labor force participation gaps vary by region; however, gaps occur across all countries: globally, men are twice as likely as women to have full-time jobs and in South Asia they are three times as likely (World Bank 2014). In looking at long-term labor force participation trends, the figure for women's labor force participation has actually gone down, falling by two points since 1990 (World Bank 2014). No country in the world has reached gender wage parity, and on all fronts, progress has stagnated over the last decade. According to the International Labor Organization (ILO) (2015), at the current rate of progress, it will take the world more than 70 years to achieve just one basic measure of gender equality in labor markets: equal pay for equal work.

Much has been written on how globalization has exacerbated gender inequalities in labor markets, as around the world women cannot and do not access labor markets equally as men do. Globally, wealth inequality continued to rise in 2016. When measured by the share of the world's wealthiest 10% of adults compared with the rest of the world, the bottom half of the world collectively owned less than 1% of the world's wealth, while the world's wealthiest 10% owned 89% of the world's assets (Credit Suisse 2016). Don't get me wrong, there is no doubt that wealth

inequalities and labor force participation rates are central issues; however, the problem with this analysis of globalization is its materialist underpinnings and the point that it is missing a large part of the picture. By asserting the centrality of production (as above), analyses of globalization tend toward economic reductionism or focus primarily on changes in relationships between markets and states. The problem with this, Marchand and Runyan suggest, is that when economic frameworks and analyses are privileged, "little attention is paid to global/local restructurings of social, cultural, racial, ethnic, gender, national, familial identities, roles and relations" (2001, p. 136). Although highlighting the importance of economic analyses, this chapter sets out to go beyond these conventional analyses, representations, and interpretations of globalization and the "add women and stir" approach. A gender analysis of globalization, Marchand and Runyan go on to claim, requires more than "inserting 'women' into already existing international political economy analyses" and their emphasis on macropolitical and macroeconomic interconnectedness (2001, p. 137, see also Sassen 2000). The gender analyses of globalization explored in this chapter expose not only the dichotomous ways of thinking, informing discourses of globalization, but also challenge the power of attributing meaning by highlighting how discourses on globalization and gender reproduce gendered dichotomies and stereotypes. It hopes to offer a different perspective and approach for understanding the multidimensionality of globalization and the centrality of gender and global circuits that increasingly incorporate growing numbers of women as well as highlighting the difficulties faced in doing theory in a globally inclusive way (Connell 2007; Sassen 2000).

## Imagining Globalization and Gender

In imagining globalization and gender, it is useful to consider definitions of globalization in the literature and the geopolitical patterning of knowledge that prioritizes the global North. Feminist analyses, particularly postcolonial and poststructural feminist perspectives, have long recognized this as a persistent problem in discourses of globalization. Most definitions take the 1980s as their referent point; define globalization in terms of "global interdependency," or as global economic, social, and political integration; and view the process as something that is unstoppable and irreversible. Globalization then is taken to be a "set of processes by which the world is rapidly being integrated into one economic space via increased international trade, the internationalization of production and financial markets, the internationalization of a commodity culture promoted by an increasingly networked global telecommunications system" (Gibson-Graham 1996, p. 1). Often, linkages are made between these social and economic changes and other radical transformations that occurred in the global political economy including the collapse of Soviet communism (the "fall of socialism"); Thatcher, Reagan, and populist right-wing politics in the UK and the USA; and the move away from the welfare state (the "rise of neoliberalism").

Although there are many different positions in the globalization debates, as Davids and van Driel note, a common denominator is that "globalization is, at the very least, about an increasing interconnectedness of the world through technology and flows of capital, commodities, people and culture" (2001, p. 154). Often, this comes with the idea of a "global society" in which the old boundaries of the nation-state are rapidly breaking down as modernity spreads across the world. These dominant frameworks for understanding globalization carry with them the idea of globalization as an economic strategy, but they also show how it is increasingly being viewed and interpreted as a new form of society (Connell 2007). This formulation is expressed by key globalization theorists as follows:

> We live in a world of transformations, affecting almost every aspect of what we do. For better or worse, we are being propelled into a global order that no one fully understands, but which is making its effects felt upon all of us. (Giddens 2002, p. 6–7)

> All remaining 'Chinese walls' the world over are being battered down. In this process, those cultural and political institutions that fettered capitalism are swept aside . . . Globalization . . . is unifying the

G

> world into a single mode of production and a single global system and bringing about the organic integration of different countries and regions into the global economy. (Robinson 2001, p. 159)

It is clear from these quotes that the dominant way of thinking about globalization is through a unilinear process and a macroeconomic perspective. Globalization orthodoxy is careful to state that these processes may be complex and set in many different fields, but as Davids and van Driel highlight, the unilinearity of these complex processes is "largely determined by a neoliberal logic based on a modernist way of thinking" (2001, p. 155). Although some in the field are critical of neoliberalization, as Davids and van Driel (2001) claim, the pattern of thought is almost always structured within the frame of a linear process, and this leads them to argue that globalization only gets its meaning in neoliberal and anti-neoliberal modes of thinking. Globalization, conceptualized as a "complex set of processes" (Giddens 2002, p. 12), is located in a global context but without the context being problematized: "It occurs as an 'out there' process, but what does that context envelop and who does it concern? Global from whose perspective and according to which process?" (Davids and van Driel 2001, p. 155). Theories on globalization see and speak from the global North, and feminism has learnt to question hegemonic gender-blind analyses and, within feminism itself, hegemonic gender-essentialist analyses that represent the problems and interests of privileged groups as quintessential and representative (Mohanty 2003; Narayan 1997). World-spanning generalizations, Eurocentric theories, and the masculinization of the discourses of globalization have become key issues for contemporary feminists as they struggle to unpack the picture of globalization and gender and resulting theoretical perspectives and political agendas that efface the perspectives of marginalized groups, particularly women.

## Discourses of Globalization as Gendered

Discourses of globalization are highly gendered and, as the feminist geographers Gibson-Graham note by reading globalization literature through the lens of poststructuralist feminist and queer writing, feature a "language of domination" and "tightly scripted narrative of differential power" (1996, p. 1). Some of the key themes in hegemonic representations of globalization include the seeming inevitability of capitalist penetration and naturalness of capitalism along with the scripting of capitalism as male/masculine. Feminist researchers have observed how gendered symbolism and metaphors serve to naturalize hierarches in discourses of globalization and that the relations of domination and power contained within these discourses cannot be sustained without drawing on gender symbolism (Marchand and Runyan 2001). In their insightful analysis Gibson-Graham (1996) argue that globalization narratives read like "rape scripts" (rape scripts are based on the notion that women and men play out fixed gender roles as aggressors (unable to control their behavior) and victims (unable to stop the act)). By undertaking a gendered reading of globalization narratives, Gibson-Graham (1996) show how capitalism is represented as inherently male and involving taking over "others" (e.g., "weaker" noncapitalist economic systems including developing/Third World economies, socialist economies, traditional economies, communal experiments) that are represented as sites of invasion, envelopment, and accumulation. Gibson-Graham claim it is a "script of non-reciprocal penetration" that ascribes the victim role to forms of noncapitalist economy as "capitalist social and economic relations are scripted as penetrating "other" social and economic relations but not vice versa" (1996, p. 6). In globalization narratives, certain states are scripted as being able to bond with capital and are thus granted a masculine status, while Southern and other subordinated states are forced to accept feminized states. Within states, sectors remain "domesticated" and are becoming increasingly disadvantaged or "feminized" (e.g., ministries of health, education, social affairs) as other sectors are internationalized or directly related to the global economy and "masculinized" (e.g., ministries of finance and economic affairs) (Marchand and Runyan 2001).

These feminist analyses are part of an important critique of globalization that attempts to counter dominant narratives that cast globalization as an irresistible (and masculine) force and use gendered constructs and symbolism to legitimate and rationalize neoliberal economic policies. Feminist theorizing attempts to think through alternative responses to globalization and the homogenizing claims made within it, which as Grewal and Kaplan (1994) suggest, needs to be scrutinized for its heavy reliance on gendered discourse and gender ideology. This not only serves to make globalization (and capitalism) appear as natural and inevitable but also scripts the possible forms of resistance to it or when coming from positions of passivity, victimization and conquest, an inability to resist. In the words of Gibson-Graham, feminists are pursuing this project in the hope of gaining "some purchase on globalization discourse, to become more active in the face of it, less prey to its ability to map a social terrain in which I and others were relatively powerless and inconsequential" (1996, p. 4).

## Discourses of Globalization and Representations of Women

The naturalization of capitalism and capitalist values in discourses of globalization is essential in creating the image of globalization as being something that is seen to simply happen and is beyond the power and influence of peoples. The flow-on effects of this logic add another layer to the gendering of discourses of globalization evident in dominant discourses on the feminization of poverty that rely heavily on gender essentialism in some of the main scripts employed. Although the term "feminization of poverty" was coined in the 1970s, it first started featuring in development jargon in the mid-1990s. This was largely through the UN's Conference on Women held in Beijing where it was announced that 70% of the world's poor were female, and, as a result, eradicating the persistent and increasing burden of poverty on women was adopted as one of the Beijing Platforms of Action (Chant 2008, p. 166). While Rodenberg (2004) has noted the lack of gender-specific data on incomes and our current inability to comprehensively break down women's income and poverty in relation to men, what was an "opportunistic shorthand," the feminization of poverty, quickly became an established fact in discourses of globalization and gender (Chant 2008). In the globalization literature, the feminization of poverty is a phenomenon resulting from the impact of structural adjustment policies (SAPs), internationalization of the labor market, and economic restructuring on the position of women (Davids and van Driel 2001). The concept not only drew attention to the number of women living in poverty but also to the existence and specific vulnerabilities of female-headed households. The concept has played a key role in giving gender a prominent place in globalization and development discourses; however, the way in which this has been incorporated in programs has been through the "feminization" of antipoverty and development programs (Batliwala 2007; Chant 2008). This, Chant (2008) claims, has not helped relieve women of the burden of coping with poverty in their households and at times has exacerbated this.

The feminization of poverty certainly helped raised awareness of the need to incorporate gender differences; however, the concept refers to a *process* and carries the idea that poverty is a *gendered experience*. Another largely unspoken aspect of this concept is that it also implies a counterpart, namely, the masculinization of power, privilege, and accumulation (Chant 2008). However, very little consideration has been given to this idea in analyses and programmatic responses. In practice, the feminization of poverty is commonly mistaken as equating to higher levels of poverty for women and the need to justify women in policies, nationally and internationally. Chant (2008) questions the concept and its neglect of the heterogeneity of women as it pays little attention to the differences among women. It also overemphasizes income at the neglect of other more complex factors, and men and gender relations are left out of the picture (Chant 2008). Intra-household power relations and gender inequalities are given scant attention as the thesis becomes:

globalization has resulted in the feminization of poverty, which is mostly found in female-headed households – the "poorest of the poor":

> The result is that female-headed households appear as a uniform category and that they are poor and require support. This statement has an implicit economic connotation concerning poverty as well as an implicit and explicit gender connotation. What is implied is that female-headed households are poorer than male-headed households. The question that is not asked, however, is whether women are better off in male-headed households. By making male-headed households the norm important contradictions vanish within these households, and so does the possibly unbalanced economical [sic] and social position of women compared to men. (Davids and van Driel 2001, p. 162)

Although the "feminization of poverty" highlights the impact of macroeconomic policies on women, as Chant (2008) highlights, an unfortunate by-product of this concept is that it presents women as victims. Feminist research has been critical of the victim status accorded to women and the practices and effects of globalization. By looking at the dynamic and conflicting relations between women workers, households, and the state and documenting women's stories of complexity and their multiple forms of resistance and struggles for rights, this research challenges representations of women as victims as the only one available (Davies and Dent 2001; Eisenstein 1998; Gibson-Graham 2006; Hooper 2000; Kempadoo 2005; Mills 1999; Ong 1987; Sandy 2014). It is critical of the casting of women as "victims" because the construction acts to justify and legitimate the involvement of states, NGOs, and other social actors in the lives of poor women around the world. It is a representation that also resonates with gendered discourses and assumptions about women's "natural" vulnerability, and in the globalization and development debates, passivity and victimhood have become associated with women in developing countries. As Mohanty highlights (2003), when this is situated in the context of Western researchers, particularly white, middle-class women, writing about Third World women, the writing in of women as victims serves to perpetuate the colonial gaze and the ongoing discursive colonization of women's lives and struggles. It is a framing that has also led to some very problematic representations in the area of sex work constructed around, and based on, women's passivity, sexual victimhood, and sexual exploitation (Kempadoo 2005; Sandy 2014). The construction of women as victims is also problematic because, shaped and structured around perceptions of the vulnerability of women, it promotes the view that women get "special support" rather than "equal rights" (Chant 2008).

The feminization of poverty concept has also been critiqued for failing to consider the feminization of responsibility and obligation (Chant 2008). The coupling of gender and poverty within this concept has given rise to an alluring promise, or a "win-win formula": in the processes of eradicating poverty, gender equality can also be achieved (Rodenberg 2004). The undue emphasis that is then placed on women's economic development has come at the expense of not adequately scrutinizing women workers in the global (and local) labor force. Although women may have the freedom to move to cities and take jobs in factories, these young mobile working women are often responsible for three to four generations. Many do not receive anything close to a living wage, and they must support themselves and pay for the education of their siblings and/or children, help their rural families buy the inputs required for cash cropping, and provide money for medical emergencies and healthcare costs, food for their families and children, and household bills, or purchasing land and making essential repairs to housing and access to consumer goods like televisions (Mills 1999; Sandy 2014). Many women workers meet these demands by living in squalid conditions, saving their money, delaying marriage, and having children in order to fulfil cultural, social, and familial obligations and be "dutiful daughters" (Sandy 2014). In developing countries there is no welfare system, and these obligations do not weigh as heavily on men as they do on women. Women's remittances and responsibilities to their families become central in understanding women's participation in the labor force and the "moral economies" of globalization (Sandy 2014).

## Women's Empowerment (as a Cliché)

Much has been written about how calls for women's empowerment have acted as justification for colonization, modernity or the protection of cultural traditions (Davia and Yuval-Davis 1995; McClintock 1995; Stoler 2002; Towns 2010; Yuval-Davis 1997). Gender is now ubiquitous as a category of analysis and programmatic focus in development, with the international community embracing feminist ideas through the mainstreaming of gender and focusing on women's empowerment. Indeed, during the 60th anniversary celebrations for the UN's Commission on the Status of Women, the UN Secretary-General commented: "The world is also starting to grasp that there is no tool for development more effective than the empowerment of women and girls . . . [N] o other policy is as likely to raise economic productivity, or to reduce infant and maternal mortality" (Annan, cited in Eisenstein 2010, p. 423).

The UN Secretary-General's strategic use of women's empowerment as a magic bullet for development is a worrying one. In development and globalization literature and discourse, women's empowerment has been adopted as a buzzword and has become code for development. This has had the effect of depoliticizing and subverting a process that challenges the deepest structures of power and obfuscates the feminist concern to radically transform structures of power, inequality, and oppression (Batliwala 2007). Feminists have rightly critiqued and challenged understandings of women's empowerment as a means toward economic development of a society at whole. Economic development, Narayan claims, is the "latest incarnation of the greater good that is to be served by the emancipation of women" (2010, p. 282). Eisenstein observed that the UN Secretary-General's statement is "deeply misleading" for, as she points out, there is a much more effective tool than women's empowerment for economic development, namely, state-led development (2010, p. 423). This is problematic rhetoric because it makes women the key to economic development while simultaneously masking huge inequalities and suggesting that the benefits of empowerment to women alone are not enough and need to be supported by other additional factors (Narayan 2010, p. 282). It is deeply unsettling for feminists because, as the deeper analysis of the feminization of poverty concept undertaken above shows, this renders women's empowerment as little more than a cliché. As part of the modalities of capitalism, "globalization" saw the introduction of SAPs in the 1980s. These were the practical tools used by international financial institutions like the World Bank and International Monetary Fund as a means to promote "globalization," and these policies have produced profound social, political, and economic changes in "emerging economies" (to use globalization parlance) (Pfeiffer and Chapman 2010; Sandy 2014; Sparr 1994). The forces contributing to the feminization of poverty act on a macro-level (including SAPs), and it is this which needs to be reversed in order to bring about the conditions necessary to change the status of women. The empowerment of women, however, becomes an impossible task as dominant discourses of globalization and gender construct women as having no power over these forces, indeed they are its victims. Ultimately, this renders the empowerment of women as a meaningless slogan, and, reduced to little more than a cliché, women are made into the instrument of the fight against poverty in globalization and development discourses and antipoverty programs while simultaneously scripted as having limited ability to make an impact (Davids and van Driel 2001).

## Conclusion

The naturalization of capitalism and capitalist values in discourses of globalization has profoundly influenced feminism, engendering a hegemonic, neoliberal, consumerist feminism largely preoccupied with women's advancement in the corporate world and focusing on financial equality between women and men (Hawkesworth 2004; Mohanty 2003). Yet, as Hawkesworth claims, feminism learned some hard lessons of "decentering white, middle-class Western women; acknowledging the

multiple voices in the movement, supporting the priorities of women of color and women of the global South; and fighting racism, homophobia, heteronormativity and cultural imperialism" (2004, p. 965). All of these lessons have been crucial in creating an inclusive, international feminism. The challenge in this emerging area of feminist theorizing and activism is understanding how globalization affects nations, races, classes, genders, and sexualities and the uneven and dissimilar circuits of culture and capital (Grewel and Kaplan 2006). Drawing on Third World, postcolonial, and poststructuralist feminisms, feminist theorizing and practice is attempting to interrogate social and spatial difference, while reflecting on local realities and transnational issues as part of the feminist project to create and stimulate dialog and activism aimed at destabilizing dominant structures like globalization and developing alternative conceptualizations of resistance that highlight women's economic agency and their cultural and political struggles (Dempsey et al. 2011; Grewel and Kaplan 2006).

Feminist research has played a crucial role in highlighting how globalization and gender, as a relation of inequality based on social constructions of masculinity and femininity, are intricately interconnected (Davids and van Driel 2001). In taking this work to the next frontier, feminists like Gibson-Graham (2006) are exploring the identity of capitalism and the ways in which this can be demasculinized. As they (1996: 18–9) suggest, this includes seeing it as fluid and malleable or to draw on the penetration metaphor, to penetrate and be penetrated, and how globalization may involve a variety of different economic paths so our frameworks for understanding globalization do not constitute economic development as capitalist development only and can recognize interconnections as working reciprocally or as two-way ties and global interdependencies.

## Cross-References


- ▶ Global Poverty and Inequality
- ▶ Globalization and Migration
- ▶ Globalization and Prostitution
- ▶ Globalization and Sex Trafficking
- ▶ Globalization and Violence
- ▶ Globalization and World Trade Organization
- ▶ International Monetary System and the International Monetary Fund, The


## References


Action Aid (2015) Close the gap! The cost of inequality in women's work. Retrieved from https://www.actionaid.org.uk/sites/default/files/publications/womens_rights_on-line_version_2.1.pdf

Australian Human Rights Commission (AHRC) (2013) Investing in care: recognising and valuing those who care. AHRC, Sydney

Batliwala S (2007) Taking the power out of empowerment – an experiential account. Dev Pract 17(4–5):557–565

Bloom D, Canning D, Fink G, Finlay J (2009) Fertility, female labor force participation, and the demographic dividend. J Econ Growth 14(2):79–101

Chant S (2008) The 'feminisation of poverty' and the 'feminisation' of anti-poverty programmes: room for revision? J Dev Stud 44(2):165–197

Connell R (2007) Southern theory. Polity, Cambridge

Credit Suisse (2016) Global wealth report 2016. Retrieved from http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=AD783798-ED07-E8C2-4405996B5B02A32E

Davia S, Yuval-Davis N (1995) Unsettling settler societies: articulations of gender, race, ethnicity and class. Sage, London

Davids T, van Driel F (2001) Globalization and gender: beyond dichotomies. In: Schuuman F (ed) Globalization and development studies: challenges for the 21st century. Sage, London, pp 153–175

Davies A, Dent G (2001) Prison as a border: a conversation on gender, globalization and punishment. Signs 26(4): 1235–1241

de Silva de Alwis R (2011) Examining gender stereotypes in new work/family reconciliation policies: the creation of a new paradigm for egalitarian legislation. Duke J Gend Law Policy 18:305–334

Dempsey S, Parker P, Krone K (2011) Navigating socio-spatial difference, constructing counter-space: insights from transnational feminist praxis. J Int Intercult Commun 4(3):201–220

Eisenstein Z (1998) Global obscenities: patriarchy, capitalism, and the lure of cyberfantasy. New York University Press, New York

Eisenstein H (2010) Feminism seduced. Aust Fem Stud 25(66):413–431

Filippo S (2014) Industrialisation and female empowerment: evidence from the Bangladeshi garments sector. In: Social Europe. Retrieved from https://www.socialeurope.eu/2014/11/industrialisation-female-empowerment-evidence-bangladeshi-garments-sector/

Gibson-Graham JK (1996) Querying globalization. Rethink Marx 9(1):1–27

Gibson-Graham JK (2006) Introduction to the new edition: ten years on. In: The end of capitalism (as we knew it): a

feminist critique of political economy. University of Minnesota Press, Minneapolis, pp vii–xxxvi
Giddens A (2002) Runaway world: how globalisation is reshaping our lives. Profile Books, London
Grewel I, Kaplan C (eds) (1994) Scattered hegemonies: postmodernity and transnational feminist practice. University of Minnesota Press, Minneapolis
Grewel I, Kaplan C (eds) (2006) An introduction to women's studies: gender in a transnational world, 2nd edn. McGrawHill, Boston
Hawkesworth M (2004) The semiotics of premature burial: feminism in a postfeminist age. Signs 29(4):961–985
Hooper C (2000) Masculinities in transition: the case of globalization. In: Marchand M, Runyan A (eds) Gender and global restricting: sightings, sites and resistances. Routledge, New York, pp 44–58
ILO (2015) Women and the future of work: Beijing +20 and beyond. Retrieved from http://www.ilo.org/wcmsp5/groups/public/%2D%2D-dgreports/%2D%2D-dcomm/documents/briefingnote/wcms_348087.pdf
International Labor Organization (ILO) (2012) Global employment trends for women. ILO, Geneva
Kempadoo K (ed) (2005) Trafficking and prostitution reconsidered: new perspectives on migration, sex work, and human rights. Paradigm Publishers, Boulder
Marchand M, Runyan A (2001) Feminist sightings of global restructuring: conceptualizations and reconceptualizations. In: Schuurman F (ed) Globalization and development studies: challenges for the 21st century. Sage, London, pp 135–151
McClintock A (1995) Imperial leather: race, gender and sexuality in the colonial conquest. Michigan, Ann Arbor
Mills MB (1999) Thai women in the global labor force: consuming desires, contested selves. Rutgers University Press, New Brunswick
Mohanty CT (2003) Feminism without borders: decolonising theory, practicing solidarity. Duke University Press, Durham
Narayan U (1997) Dislocating cultures: identities, traditions, and third world feminism. Routledge, New York
Narayan U (2010) Global gender inequality and the empowerment of women. Perspect Polit 8(1):282–284
Ong A (1987) Spirits of resistance and capitalist discipline: factory women in Malaysia. State University of New York Press, Albany
Oxfam (2016) An economy for the 1%: how privilege and power in the economy drive extreme inequality and how this can be stopped. Retrieved from https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf
Pfeiffer J, Chapman R (2010) Anthropological perspectives on structural adjustment and health. Annu Rev Anthropol 39:149–165
Robinson W (2001) Social theory and globalization: the rise of a transnational state. Theory Soc 30(2):157–200
Rodenberg B (2004) Gender and poverty reduction: new conceptual approaches in international development cooperation. German Development Institute, Bonn
Sandy L (2014) Women and sex work in Cambodia: blood, sweat and tears. Routledge, London
Sassen S (2000) Women's burden: counter-geographies of globalization and the feminization of survival. J Int Aff 53(2):503–524
Sparr P (ed) (1994) Mortgaging women's lives: feminist critiques of structural adjustment. Zed Books, London
Stoler AL (2002) Carnal knowledge and imperial power: race and the intimate in colonial rule. University of California Press, Berkeley
Towns AE (2010) Women and states: norms and hierarchies in international society. Cambridge University Press, Cambridge
Workplace Gender Equality Agency (WEGA) (2016) Gender pay gap statistics. Retrieved from https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet.pdf
World Bank (2014) Gender at work: a companion to the world development report on jobs. Retrieved from http://documents.worldbank.org/curated/en/884131468332686103/pdf/892730WP0Box3800report0Feb-02002014.pdf
Yuval-Davis N (1997) Gender and nation. Sage, London

G

# Globalization and Genocide

Hariz Halilovich
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Introduction

Broadly defined as acts committed with intent to destroy, in whole or in part, a national, ethnic, racial, or religious group, genocide had been an instrument of "purifying" territories by eliminating unwanted groups for much of the twentieth and continuing into the twenty-first century.

As defined in Article 2 of the United Nations Convention on the Prevention and Punishment of the Crime of Genocide issued in 1948, genocide refers to any of the following acts committed with intent to destroy, in whole or in part, a national, ethnic, racial, or religious group, by:

(a) Killing members of the group
(b) Causing serious bodily or mental harm to members of the group
(c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part

(d) Imposing measures intended to prevent births within the group
(e) Forcibly transferring children of the group to another group (United Nations General Assembly 1948).

Although many of these genocidal acts were and continue to be committed in various conflicts – and some might have been relatively well documented – proving the intent that these acts were planned in advance and aimed at destroying a social group "in whole or in part" has been a much more difficult task than confirming that they actually did occur (Halilovich 2016). Thus, in legal terms, the crime of genocide requires proving the intent through evidence accepted by an appropriate national or international court such as the International Criminal Court. Because of this, it is almost impossible to call a genocide-like crime genocide while it is in progress, which makes it difficult to prevent or stop such violence. Nonetheless, from an academic and activist point of view, it is important to understand why, when, and how genocide evolves from an abstract idea to a real mass grave.

## Genocide as Modern Crime

Genocide and similar acts of mass violence often get labeled "barbaric" or resulting from "ancient hatred," implying that they are somehow the inevitable rudiments of primordial times and incompatible with the modern way of life (Bowen 2002). However, as this paper describes, such arguments are misleading as they ignore the strong correlation between modernity and genocide, the two seemingly incompatible sets of values and ideas.

Indeed, genocidal violence as the ultimate crime against humanity has marked much of the modern history, though methods, victims, and perpetrators have differed from case to case. This does not imply that similar violence aimed at annihilating a whole people did not take place in premodern history. However, genocide became institutionalized and brought to perfection only in modern times (Watts 2016). As Zygmunt Bauman points out, "modernity was not the Holocaust's sufficient condition; it was however, most certainly its necessary precondition and an outcome of the modern bureaucratic culture" (1989, pp. 13–15).

At the peak of the technological and scientific advancement and a universal appeal of nationalist ideologies in the first half of the twentieth century, modern Europe experienced concentration camps and annihilation of whole peoples, most notably the European Jews through the Holocaust. As a result, in 1945, many nations pledged "never again" to such violence, and 3 years later the United Nations enshrined the pledge in The Convention on the Prevention and Punishment of the Crime of Genocide. It was then that the term genocide was used for the first time, coined by Raphaël Lemkin, a US lawyer of Jewish-Polish descent many of whose relatives perished in the Holocaust. Like many other modern terms, the word genocide was made of Greek and Latin words: the Greek *génos* (race, stock, kin, people) and the Latin suffix *-cide* (killing). Lemkin's concept of genocide – signifying "a coordinated plan of different actions aiming at the destruction of essential foundations of the life of national groups, with the aim of annihilating the groups themselves" (Lemkin 2002, p. 27) – provided the basis for the UN convention on genocide.

In defining the ultimate crime against humanity, Raphaël Lemkin observed that genocide does not necessarily mean the immediate destruction of a nation, except when accomplished by mass killings of all members of a nation. The objective, he noted, is the disintegration of the political and social institutions, of culture, language, national feelings, religion, and the economic existence of national groups, and the destruction of the personal security, liberty, health, dignity, and ultimately the lives of the individuals belonging to such groups (Lemkin 2002).

Twenty years after the Holocaust, the UN convention did not stop the genocide in Cambodia, and 50 years later, when the Western world was reaching its peak in promoting universal human rights and the Holocaust Museum in New York was opened, similar genocides were underway on the European continent, in Bosnia, in Africa, and

in Rwanda. A new term describing the genocidal politics of violence at the time was created – *ethnic cleansing* (Humphrey 2013). Since then, we have seen genocidal violence taking place in parts of Iraq, Syria, and Myanmar.

Bauman has drawn our attention to the two almost paradoxical sides of modernity, including the most recent stage of "liquid modernity" and the era of globalization (Bauman 2000). On the one hand, the goal of modernity's "civilizing project" was to free humans from premodern social organizations and backwardness by bringing reason to our understanding of human nature and behavior and creating sophisticated forms of social organization and way of life. The attribute *civilized* has become a synonym for everything that separates cultured, enlightened, and modern men and women from their primitive, brutish, and superstitious premodern ancestors. Or, as Emil Durkheim put it: "it is civilization that has made man what he is; it is what distinguishes him from the animal: man is man only because he is civilized" (1973, p. 149). Since Durkheim, reason, rationality, and science and their universal application are still widely seen as the key to human emancipation and happiness. As Ashe et al. (1999, p. 2) point out, "from the Enlightenment perspective, scientific knowledge liberates us from the shackles of dogma, leading us into freedom where we alone are in control of our destiny." Or, as Condorcet, the great philosophe of the eighteenth century, enthusiastically proclaimed, the Enlightenment is about "the abolition of inequality between nations, the progress of equality within each nation and the true perfection of humankind" (1955, p. 173).

On the other hand, modernity has not abolished violence as the most destructive and "uncivilized" form of human behavior. On the contrary, by the rationalization of violence, modernity has produced its most devastating forms resulting in the deaths of many millions of people and unhappiness for countless others (Watts 2016). Compared with warfare and killings in the premodern times, modern state-sanctioned killings are incomparably larger in their scope and number of victims. While freeing humans in some areas of everyday life, many of the modern achievements including technology, ideology, bureaucracy, and science have been used to perpetrate, rationalize, and justify human destructiveness on a large, "industrial" scale.

In their pessimistic account of modernity, Max Horkheimer and Theodor Adorno state that all the achievements of modern humans are nothing but their adaptation to this epoch. Humans have not abandoned their destructive nature – they have only sophisticated it. In their view, "men have not only overtaken their immediate predecessors, but thoroughly exterminated them in a manner which is not reflected in any other modern species, including the flesh-eating saurians" (Horkheimer and Adorno 1994, p. 222). According to these two modern thinkers, reason and rationality cannot be the source of human dignity because humans are capable of much more horrific forms of violence than nonrational animals.

Horkheimer and Adorno are echoing Michel Foucault (1982), who pointed out that political violence has been transformed into the modern state system by rationalizing it through a new theory of law and crime, a new moral or political justification of the right to punish. This included the disappearance of torture as a "public spectacle" and, instead, the rise of the process of "rationalization" of violence through institutionalized transformation as in the creation of the modern prison system and concertation camps. In this way, punishment becomes a complex social function and a political tactic, the aim of which is not only to indulge corporal punishment through physical pain but also to "discipline," "cure," or exterminate social deviants marked as criminals. The term criminal is, however, a very vague one and is defined differently in different legal systems, becoming a depersonalized bureaucratic category.

Max Weber famously argued that rationalization produced an "iron cage of bureaucracy" which regulates and controls all aspects of modern life (Waters and Waters 2015). Through control and regulations, bureaucracy alienates individual members of society by limiting their input into the rationalized legal system, while, on the other hand, it represents the most sophisticated form of "detached" authority where individuals are

functioning as part of a system that does not have any personal qualities. Or, as Hannah Arendt (1970) put it, bureaucracy is the form of the government in which everybody is deprived of political freedom and of the power to act and where guilt and responsibility are detached from individuals' actions. This form of modern power has helped to organize and carry out the most systematic cases of violence in modern history (Weber 1991; Arendt 1970).

Modern ideologies have also had a significant part in adding new qualities to the politics of violence. According to Arendt (1966), every full-fledged ideology has been created, continued, and improved as a political weapon and not as a doctrine. Ideologies have had a major part in mobilizing support and fighting for "their cause," leading to violent conflicts on small and large scales and the creation of totalitarian systems such as the Third Reich and Stalin's Soviet Union. By using state-sanctioned violence as means for political ends, these totalitarian regimes murdered more than 40 million people in the twentieth century (Arendt 1966).

This is not to say that the states that praise themselves for libertarian and democratic traditions are immune to political violence and genocide – as Geoffrey Robertson has addressed in his book *Crimes Against Humanity* (Robertson 1999).

## Genocide and Us

Almost all cases of genocide could be directly linked to nation state and nationalism as one of the dominant modern ideologies. While the nation-state formation might be associated with the early stages of modernity, that process is still very much alive today. Since the 1990s we have witnessed many state structures changing and disappearing and new states being created. For instance, 15 new states emerged from the former Soviet Union, and the collapse of Yugoslavia resulted in formation of 7 new states; Czechoslovakia split in Czech Republic and Slovakia, while Eritrea separated from Ethiopia and Southern Sudan split from the state of Sudan and East Timor from Indonesia. The process of the state formation was part of different nationalist projects and in many cases was accompanied by violence, including genocide.

The underpinning ideologies and means for achieving nationalist goals have not changed much in the last 200 years. The final and ultimate goal of nationalism as ideology and political project is still to create nation-state and to define its national territory, a process that is almost regularly accompanied with different forms of politically motivated violence. While defined in rational terms, nation, as a modern sociopolitical structure, remains a romantic idea based more on myths and imagination than on science and history and as such rather represents an "imagined community," as Benedict Anderson (1983) famously put it. However, the victims of nationalist ideologies are very real; in addition to those who are expected to give their lives for the nation state, the victims include those who do not share the exclusive national characteristics and are very often seen as barriers in national self-fullfilment. In the best-case scenario, such groups become minorities with limited rights, while in the worst these unwanted groups are persecuted and became subject to social and cultural marginalization, even physical annihilation.

Along with the modern ideologies, science and technology have been defining features of what it means to be modern. Science and technology have also resulted in the development of powerful and destructive weapons, greatly increasing the number of victims and the "quality" of killing itself. As Arendt (1970) points out, modern weapons have freed humans from the "natural" restraints we find in the animal kingdom, making killing from a distance "detached" and impersonal. She insists that "the specific distinction between man and beast is now, strictly speaking, no longer reason but science, the knowledge of the standards and the techniques applying them" (1970, p. 62).

Not much has changed since Arendt wrote this almost a half a century ago. With advancements in science and technology, the means for destruction and long-distance killings have become even more deadly, while the ideological justifications

and willingness of a critical number of people to participate in violence against others have not diminished over time.

## Collective Crime of Individuals

Since all genocides are large-scale and systematic attempts to eradicate populations, their execution is dependent upon large segments of a nation going along with the genocidal policies. It is a crime of many rather than of the few. The Holocaust, for example, has been called a "German national project" because it involved many participants and accomplices from all walks of life (Goldhagen 1996). Similarly, ethnic cleansing and genocide in Bosnia and Rwanda, while guided and orchestrated by nationalist politicians, nonetheless relied upon many ordinary citizens to facilitate the killing of members of the "unwanted groups," Bosniaks in Bosnia and Tutsis in Rwanda.

This raises the ontological question of why such acceptance takes place. How is it possible for genocidal states to gain popular support for their murderous policies? As Alex Alvarez (2001) comments, many of the individuals who participate are typically ordinary citizens who may well have values antithetical to violence and criminality. Nonetheless, ordinary individuals are not only potentially capable, but far too often engage in extraordinary collective crimes. In any genocide, the psychopaths and sadists are far outnumbered by individuals who can be considered "normal" in their psychological functioning. And this is what makes the crime of genocide more problematic than the other murderous acts classified as war crimes or crimes against humanity.

Putting aside Freud's (2000) argument that humans are intrinsically violent by nature, and that only constant repression, sublimation, and compromise on a subconscious level keeps us from killing each other, or being *homo homini lupus*, we need to look for the causes that bring modern human beings to such a destructive state of mind to perpetrate and tolerate genocide. At least some of the causes are to be found in the way modern society operates and the rationalization of violence that includes different phases such as planning, preparation, scientific and legal justification, and mobilization of the masses to support and carry out genocidal policies – as is elaborated in more detail later in the paper.

As seen from the Holocaust and the genocides in Cambodia, Bosnia, and Rwanda, genocide as a collective political crime receives much of its perceived legitimacy from scientists, professionals, and social elites who provide the ideological, intellectual, scientific, and legal underpinnings for the destruction of a specific group. They often justify genocide and other forms of political violence by providing "vocabularies of motive" – e.g., the Jews as inferior race during the Third Reich, intellectuals as anti-collectivist elements in Cambodia, Muslims as "genetically defect material" in Bosnia, and Tutsis as "cockroaches" in Rwanda – which frame genocidal actions in a way that makes it acceptable for the broader masses of society (Kuper 2002). They use a variety of scientific – or more often pseudo-scientific – ideas to justify and set the scene for later atrocities. Because they are "scientific" and promoted by people with a level of authority and expertise, they have a weight and power that would otherwise be lacking. These ideas are subsequently disseminated by intellectual elites such as scientists, doctors, and other professionals whose status gives weight and importance to their pronouncements (Hassner 1997).

Under the Nazi regime, for instance, medical professionals created a body of knowledge that was used as lethal instruments against Jews (Grodin and Annas 2007). They identified Jews as carriers of diseases and in fact as disease themselves. Typhus became known as a Jewish disease or *Judenfieber*. The two modern discourses, social Darwinism and Eugenics, gave the scientific backing for the elimination of "non-fit" individuals and groups from society and developed new techniques for more "rational" and "hygienic" killings. After such a systematic preparation, the Nazis were able to portray their discriminatory and genocidal actions as necessary to maintain the health and welfare of the German society (Friedlander 1995).

In a similar vein, the Memorandum of the Serbian Academy of Sciences and Art set the stage for a resurgent Serb nationalism years before ethnic cleansing and genocide actually took place. Published in 1986, the memorandum detailed a long list of "injustices" suffered by Serb people. It built on the nationalistic sentiments Serb intellectuals and academics had begun expressing in the 1970s and meetings of members of the Serbian Academy since 1983 to discuss the situation in Yugoslavia (Lampe 2000). The Memorandum asserted that, "...in less than fifty years, within two consecutive generations, twice exposed to physical annihilation, forceful assimilation, religious conversion, cultural genocide, ideological indoctrination, invalidation, and denunciation of their own tradition under the imposed complex of guilt, intellectually and politically disarmed, the Serbs were exposed to temptations that were too great not to leave deep scars on their spirit." Additionally, it asserted that "Serbs have a historic and democratic right to establish fully national and cultural integrity independently, regardless of republic or province in which they live" (Sugar 1995; Cigar 1995).

Essentially, the document legitimated the policies and actions of the ethnic cleansing and genocide which were to follow. From the Serb nationalist perspective, the perpetrators were not committing crimes against innocent people and their neighbors, but merely defending their people and asserting their rights (Anzulović 1999; Halilovich and Adams 2011). A similar pattern existed in the Rwandan and Cambodian genocide (Melvern 2004; Hinton 2002).

## Genocide as a "Legalized" Crime

Another powerful vehicle in legitimizing policies of persecution is the law and the modern legal system. By definition, everything that is proclaimed legal is legitimate and everything that is categorized as illegal is illegitimate. The Holocaust happened only after legal initiatives had over the years deprived Jews of their professions, their possessions, and their rights. Once their rights were removed, anything could and did happen to them (Glover 1999).

Similarly, during the 1990s in Bosnia, legal officials in the occupied parts of the country, self-declared as the Republika Srpska (Serb Republic), and enacted laws depriving the largest Bosnian ethnic group, the Bosniaks (Bosnian Muslims), of their rights and legal protection (Cigar 1995). Together with the Bosnian Croats and other non-Serbs, they were banned from management and senior positions in large businesses. Moreover, they were subjected to a 4 pm curfew and were banned from gathering in public places, making contact with relatives who did not live in the town, driving or traveling by car, selling real estate without going through Serb authorities, or leaving without permission (Maas 1996).

By legitimizing the discrimination and oppression, the Serb authorities pressured the non-Serb population into leaving Serb-controlled territory (Cigar 1995; Halilovich 2013). These legal decrees had the effect of socially and economically marginalizing the non-Serbs, making them vulnerable to more extreme measures that included being rounded up in concentration camps and physical extermination in summary. In Rwanda, Tutsis were subjected to similar policies imposed by Hutu nationalists, who killed 800,000 Tutsis and moderate Hutus within 100 days (Prunier 1998; Melvern 2004), while in Cambodia the Khmer Rouge regime established strict legal protocols as a part of the killing machinery which took the lives of two million people (Caswell 2014; Hinton 2002).

In all these cases of genocide, the law, instead of protecting the victims, was used as a tool of propaganda and incitement to violence, lending credibility to certain groups, actions, and behaviors and delegitimizing others. The ability to legally define certain people as criminals is to take away not only their rights, but also their identity as citizens. Criminals are by definition perceived as different and alien from the "law-abiding" and "decent" citizens of a society. The perpetrators of genocide, protected as they are by the state and its laws, see themselves as "good citizens" engaged in patriotic service to their nation. The victims of genocide, on the other

hand, are portrayed as devious and enemies who pose a threat to those being asked to kill them. In many cases, propaganda reverses the roles of victims and perpetrators, portraying victims as perpetrators while honoring perpetrators as innocent victims (Halilovich 2011). In other words, killers are provided with ideologies and propaganda that alter perceptions of reality in order to justify their behavior.

## Recognizing Stages of Genocide

Based on the discussion above, it is not difficult to agree with Gregory Stanton, a genocide scholar and President of Genocide Watch, an organization dedicated to identifying and preventing genocides, when he writes that genocide does not just happen, but represents a process. According to Stanton, this linear process develops in ten stages, and, ideally, by recognizing these different stages, we should also be able to develop preventive measures to stop genocide (Stanton 2017).

The stages involve the following set of actions:

1. Classification: creation of categories to separate people into "us" and "them" according to ethnicity, race, religion, or nationality.
2. Symbolization: giving derogatory names or using symbols for the targeted social groups.
3. Discrimination: using law, custom, and political power to deny the rights of other groups on the basis of nationality, ethnicity, race, or religion.
4. Dehumanization: denying humanity to members of other groups by equating them with animals, vermin, insects, or diseases.
5. Organization: behind every genocide there is a high level of organization and planning, usually by the state, often using militias to provide deniability of state responsibility.
6. Polarization: allowing extremists to drive the groups apart, dividing propaganda and hate speech, laws may forbid intermarriage or social interaction, intimidating and silencing the moderates from within the dominant group.
7. Persecution: identifying and separating victims based on their ethnic or religious identity, drawing up death lists, forcing members of victim groups to wear identifying symbols, expropriation of property, demographic segregation into ghettoes, deportation into concentration camps, or confinement to a famine-struck region and starvation.
8. Preparation: national or perpetrator group leaders plan the "final solution" to targeted groups, often using euphemisms such as "ethnic cleansing," "purification," or "counterterrorism"; building armies, buying weapons, and training their troops and militias.
9. Extermination: involves mass killing of the members of the target group by armed forces and militias.
10. Denial: the perpetrators of genocide dig up the mass graves, burn the bodies, try to cover up the evidence, intimidate the witnesses, block investigations of the crimes, deny that they committed any crimes, and often blame what happened on the victims (Stanton 2017).

If unpunished, genocide can also result in an eleventh stage. Building upon Stanton's ideas and basing it on my research on genocide in Bosnia, I call this stage "triumphalism." In this stage, perpetrators, their sponsors, and the politics behind genocide do not deny the killings anymore, but glorify them, celebrate their deeds, humiliate the survivors, build monuments to the perpetrators at the sites of the massacres, and create a culture of triumphalism such as has been seen in the parts of Bosnia where Serb militias committed genocide against Bosniaks (Halilovich 2011, 2013).

## Conclusion

Rather than cataloging all the cases of genocide and providing precise demographic, historical, or statistical records of them, this chapter has attempted to reiterate the connection between modernity (and globalization) with this most heinous form of politically motivated violence. To

paraphrase Baumann, genocide might not be directly caused by globalization – genocidal violence is usually very local and regional in its scope (Halilovich and Adams 2011) – however, neither is "liquid modernity" immune to the crime of all crimes. If anything, globalization typified by modern information and communication technologies has made us more aware of genocidal acts taking places in different corners of the globe, which in turn should make us all feel not just unconformable about having this knowledge, but also responsible to stop genocide. In this day and age, we cannot resort to saying to future generations: "we did not know what was going on."

## References


Alvarez A (2001) Governments, citizens and genocide: a comparative and interdisciplinary analysis. Indiana University Press, Bloomington

Anderson B (1983) Imagined communities. Verso, London

Anzulović B (1999) Heavenly Serbia: from myth to genocide. New York University Press, New York

Arendt H (1966) The origins of totalitarianism. Allen & Unwin Ltd., London

Arendt H (1970) On violence. Allen Lane The Penguin Press, London

Ashe F, Finlayson A, Lloyd M, Mackenzie I, Martin J, O'Neill S (eds) (1999) Contemporary social and political theory. Open University Press, Buckingham

Bauman Z (1989) Modernity and the holocaust. Polity Press, Cambridge

Bauman Z (2000) Liquid modernity. Polity Press, Cambridge

Bowen JR (2002) The myth of global ethnic conflict. In: Hinton AL (ed) Genocide: an anthropological reader. Blackwell, Oxford, pp 334–343

Caswell M (2014) Archiving the unspeakable: silence, memory, and the photographic record in Cambodia. University of Wisconsin Press, Madison

Cigar N (1995) Genocide in Bosnia: the policy of 'ethnic cleansing' in Eastern Europe. Texas A&M University Press, College Station

Condorcet M (1955) Sketch for a historical picture of the progress of the human mind. Weidenfeld and Nicholson, London

Durkheim E (1973) On morality and society. The University of Chicago Press, Chicago

Foucault M (1982) Discipline and punish – the birth of the prison. Penguin Books Australia Ltd., Ringwood

Freud S (2000) Civilisation and its discontents. Fisher, Frankfurt am Main

Friedlander H (1995) The origins of Nazi genocide: from euthanasia to the final solution. University of North Caroline Press, Chapel Hill

Glover J (1999) Humanity: a moral history of the twentieth century. Jonathan Cape, London

Goldhagen D (1996) Hitler's willing executioners: ordinary Germans and the holocaust. Knopf, New York

Grodin M, Annas G (2007) Physicians and torture: lessons from the Nazi doctors. Int Rev Red Cross 89(867): 635–654

Halilovich H (2011) Beyond the sadness: memories and homecomings among survivors of 'ethnic cleansing' in a Bosnian village. Mem Stud J 4(1):42–52

Halilovich H (2013) Places of pain: forced displacement, popular memory and trans-local identities in Bosnian war-torn communities. Berghahn Books, Oxford

Halilovich H (2016) Lessons from Srebrenica: the United Nations after Bosnia. In: Mayersen D (ed) The United Nations and genocide. Palgrave, London, pp 77–100

Halilovich H, Adams R (2011) Life and death on the border: local genocide in a global context. In: Kreso S (ed) Genocide in Bosnia and Herzegovina: consequences of the international court of justice. Institute for Research of Crimes against Humanity & International Law, Sarajevo, pp 596–625

Hassner P (1997) Violence and peace: from the atomic bomb to ethnic cleansing. Central European University Press, Budapest

Hinton AL (2002) A head for an eye: revenge in the Cambodian genocide. In: Hinton AL (ed) Genocide: an anthropological reader. Blackwell, Oxford, pp 254–285

Horkheimer M, Adorno T (1994) Dialectic of enlightenment. The Continuum Publishing Corporation, New York

Humphrey M (2013) The politics of atrocity and reconciliation: from terror to trauma. Routledge, London

Kuper L (2002) Genocide: its political use in the twentieth century. In: Hinton AL (ed) Genocide: an anthropological reader. Blackwell, Oxford, pp 48–73

Lampe J (2000) Yugoslavia as history: twice there was a country. Cambridge University Press, Cambridge

Lemkin R (2002) Genocide. In: Hinton AL (ed) Genocide: an anthropological reader. Blackwell, Oxford, pp 27–42

Maas P (1996) Love thy neighbor: a story of war. Vintage Books, New York

Melvern L (2004) Conspiracy to murder: the Rwandan genocide. Verso, London

Prunier G (1998) The Rwanda crisis, 1959–1994: history of a genocide. C. Hurst & Co. Publishers, London

Robertson G (1999) Crimes against humanity: the struggle for global justice. Allen Lane The Penguin Press, London

Stanton G (2017) The ten stages of genocide. In: Genocide Watch. Available via http://www.genocidewatch.org/genocide/tenstagesofgenocide.html. Accessed 28 Feb 2017

Sugar P (ed) (1995) East European nationalism in the twentieth century. American University Press, Lanham

United Nations General Assembly (1948) Convention on the prevention and punishment of the crime of genocide. Available via https://treaties.un.org/doc/

publication/unts/volume%2078/volume-78-i-1021-english.pdf. Accessed 28 Feb 2017
Waters T, Waters D (eds) (2015) Weber's rationalism and modern society: new translations on politics, bureaucracy, and social stratification. Palgrave Macmillan, New York
Watts R (2016) States of violence and the civilising process: on criminology and state crime. Palgrave Macmillan, London
Weber M (1991) In: Gerth HH, Wright Mills C (eds) From Max Weber: essays in sociology. Routledge, London

## Globalization and Global Trade

Dean Coldicott
School of Humanities and Social Sciences, Deakin University, Burwood, VIC, Australia

Trade is central to the process of globalization, as both a driver of globalization and a measure of the levels of global integration. States pursue freer international trade with the underlying intention of specializing in the production of goods and services they are proficient in generating while importing other goods and services they require. This trade by comparative advantage has been shown to create economic growth (Ortiz-Ospina and Roser 2016). This principle is the impetus for globalizing trade by states; however the growth generated is not experienced evenly within states, creating winners and losers from trade.

### Globalization

For many globalization is indistinguishable from an increasingly interconnected world economy. For others globalization is a much more complex phenomenon with patterns of integration and fragmentation that impact upon and is evidenced across many intersecting areas of human activity from the economic, political, legal, and ecological to the cultural and beyond (McGrew 2008, p. 256). The economic aspects of globalization are however of primary importance and perhaps none more so than that of increasingly global trade.

There is a discernible historical trend toward the globalizing of the world economy. Trade is a primary cause and one of the primary measures of this tendency. Having stated this, it must be noted that this globalizing trend is experienced unevenly within and across state borders. The scope, meaning, and effects of globalization of the world economy remain areas of disagreement within both the academic and wider community (McGrew 2008). The increase in the volume of trade and the deepening networks of trade are evidences of this interconnectedness that is driving processes of globalization, particularly economic globalization. These processes or tendencies are leading toward the development of a singular global economy. The current era of economic globalization has over the last three decades weathered numerous international economic shocks, the East Asian Financial Crisis and the 2008 Global Financial Crisis, that suggests an inherent resilience that some have argued is socially and institutionally embedded within international society. This resilience does not imply that economic globalization is unstoppable or irreversible, it does however suggest that it is a dominant tendency in the emerging global economy (McGrew 2008).

### International Trade: The Early Years

Trade can be seen to become much more internationally interdependent over the course of the last few centuries after a long period of consistently low levels of international trade. The first wave of globalization, caused by the technological advances of the industrial revolution, witnessed a significant growth in international trade. The violent upheaval of World War I halted this increase in trade which was then reversed by the Great Depression and the associated trade policies of states of the time (Ortiz-Ospina and Roser 2016).

The beginnings of the modern world economy can be traced to the late fifteenth and early sixteenth centuries. At this time, absolutist sovereign

states used international trade as a means to increase their material wealth and power by amassing resource reserves, especially gold, and focusing on creating trade surpluses at the same time as attempting to keep imports in check. Trade monopolies were created within colonial spheres of influence by the most powerful states, spreading the reach of international trade well beyond neighboring states (O'Brien and Williams 2016). Until the nineteenth century, international trade levels were routinely low with the total of all imports and exports never breaking 10% of world production in the years before 1800 (Ortiz-Ospina and Roser 2016). The main exception of this emergent period of international trade is the Netherlands, where trade was becoming an important component of the economy during the seventeenth century (Ortiz-Ospina and Roser 2016).

The industrial revolution increased the pace of internationalization of trade primarily through the advancement of manufacturing, transport, and communication technologies. These advancements enable faster and more efficient trade as well as a subsequent and even faster extension of the international division of labor. Over the course of the nineteenth century, trade dramatically increased; particularly from the 1870s, trade increases more quickly than production increasing the interdependence of economic markets (O'Brien and Williams 2016). Trade was internationalizing at an increasing rate. Within this increase, trade tended to be interindustry, meaning that countries were importing and exporting vastly different (Ortiz-Ospina and Roser 2016).

International trade volumes increased year on year by more than 3% for more than a century from 1800 to 1913 (Ortiz-Ospina and Roser 2016). By the early twentieth century, international trade had increased its expansion to the point where three regionally based core-periphery economies had developed centered in Western Europe, the United States, and Japan. These core economies had become the major manufacturing exporters with their related peripheries providing them with resources for this production. Trade at this time tended to be bounded within these regions with trade between the core economies kept low through the use of tariffs. Trade could be considered to be continuing to be increasingly interdependent internationally; however this tended to be more regionally based rather than global (O'Brien and Williams 2016). It is also important to note that at this point, a significant amount of increasing international trade could be accounted for within Europe (Ortiz-Ospina and Roser 2016).

World War I significantly interrupted the momentum of increasing trade integration of the previous centuries. European economies were devastated by the war, with recovery dampened further by the reparations Germany were required to pay by the British, in addition to the loan repayments by other European countries to the United States (O'Brien and Williams 2016). World War I marks the end of the "first wave of globalization", as a trend toward nationalism and the accompanying protectionist trade policies replace what had been an increasingly liberal and integrated internationalizing world economy (Ortiz-Ospina and Roser 2016).

Trade barriers increased in the interwar years, setting back the internationalization of trade even further. This phenomenon contributed to international economic instability, along with a lack of leadership from within the financial system, and a rising working class that were no longer willing to tolerate the economic pain of domestic market corrections (O'Brien and Williams 2016). The result was the Great Depression of 1929 that saw the United States and then its trading partners raise tariff barriers to their highest levels. This activity saw a steep decline in international trade by more than 60% in 5 years, with the rest occurring within colonial spheres. The United States eventually reversed this trend in the late 1930s by negotiating trade agreements with 20 of its major trading partners. These negotiations can be seen as a precursor to the post-World War II General Agreement on Tariffs and Trade (GATT) regime.

Toward the conclusion of World War II, states began to engage in planning for a new international economic architecture that would avoid the mistakes of the interwar years and reestablish the

trajectory of a liberal international economy through the creation of multilateral treaty-based institutions. These institutions were the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), and the failed International Trade Organization (ITO). The IMF and World Bank were created in 1944 at the Bretton Woods Conference, while the ITO and its General Agreement on Tariffs and Trade (GATT) were agreed to in 1947 at the United Nations Conference on Trade and Employment in Havana, Cuba. The ITO failed to receive the required level of ratification from state members, as a consequence the GATT regime moved forward in place of the ITO as a quasi-trade organization. The GATT was designed to be administered by the ITO which had a much larger mandate in the area of international trade governance.

## GATT

In spite of the failure of the ITO to materialize, the GATT represented the institutionalization of the liberal trade regime, and once again trade began to internationalize at an increasing pace. The world economy gathered pace in the decades following the creation of the IMF, World Bank, and GATT; within this period, trade increases at a more rapid rate than production.

The GATT operated by negotiating rounds among its contracting parties, beginning in 1947 with the Geneva Round with the original 23 contracting parties, through Annecy 1948, Torquay 1950, Geneva 1956, Dillon 1960–1961, Kennedy 1964–1967, Tokyo 1973–1979, to ultimately the Uruguay Round 1986–1994. By the Uruguay Round, the GATT had reduced the average tariffs on imports of goods from 40% to an average of approximately 5% (Winham 2008). By 1994, trade volume had risen to above 40% of world production (World Bank). This rise in world trade volume was at an increased pace than that witnessed in the nineteenth century, and trade has been uneven across countries; however the trends have been positive in most countries (Ortiz-Ospina and Roser 2016). With the success of the GATT in reducing tariffs for trade in goods, the contracting parties turned their attention during the Uruguay Round to expanding the scope of the regime to include services and intellectual property rights. As the negotiating round progressed, the idea of an international organization to administer the international trade regime was once again canvassed and agreed upon by the 123 signatory states with the Marrakesh Agreement establishing the World Trade Organization (WTO) at the conclusion of the Uruguay Round in 1994.

After 50 years of trade negotiations under the GATT that had significantly reduced tariffs, the WTO emerged in 1995 to take the principal role in removing national barriers to international commerce. The WTO embarked upon ambitious new areas of trade rules that have a much greater impact on other spheres of human life. With the completion of the Uruguay Round, negotiations of the international trade regime shifted significantly into a new era. Along with the renegotiated GATT agreement, the newly formed WTO also had the General Agreement on Trade in Services (GATS) and Trade-Related Aspects of Intellectual Property Rights agreement (TRIPS) to administer, greatly expanding the scope and reach of the organization.

## WTO

The WTO formally came into being on 1 January 1995. It is both an evolution of the GATT regime and a revolution. It is an evolution in that it institutionalizes many of the principles and customary practices of the GATT and continues much of its previous work and realizes the ambitions of the post-World War II economic institutional architects. It is a revolution in that the much-expanded scope of the WTO, particularly into services and intellectual property coupled with the legally binding dispute settlement mechanism, makes the new organization incredibly far-reaching and powerful.

The WTO has a broad mandate and the ability to enforce its rules; this is a tool that most international organizations lack and has led to pressure

and tensions with overlapping policy areas and concern of jurisdictional overreach. The WTO was thrust into the public eye with the failed ministerial meeting in Seattle in 1999 where politics both inside and on the street halted what was supposed to be the beginning of a development round.

The membership of the WTO has expanded from the 123 original members at the inception of the WTO in 1995 to 164 as of 29 July 2016. Within a very brief period, the WTO quickly assumed a central role within the international system envisaged for such a multilateral organization in the aftermath of World War II a half-century earlier. Through its Ministerial Conferences and ongoing negotiations, the WTO is now the setting for writing and rewriting the baseline rulebook of global trade and commerce. During this rise the WTO has been a victim of its own success in that it has attracted debate and contestation over a myriad of issues from an equally diverse group of state and non-state actors. As such it has born witness to an increasingly complex multilateral approach to global economic and political governance.

The early rounds of negotiation within the WTO sought to resolve many of the holdover issues from the Uruguay Round of the GATT. This momentum was essentially brought to a halt with Doha Development Round of 2001, with negotiations still dragging on almost two decades later. Even though negotiations have gone into a deep freeze, the trajectory of world trade has continued on the upward trend with total trade as a percentage of global production at almost 60% (World Bank). With this new era of trade interdependence, we are also witnessing a difference in what is being traded. Whereas nineteenth-century trade was predominantly interindustry trade, contemporary world trade is predominantly intra-industry trade. That is, post-World War II to today countries are now much more likely to be importing and exporting similar goods (Ortiz-Ospina and Roser 2016).

Negotiations within the WTO may have come to a deep freeze; however, the WTO has remained a pivotal forum for resolving trade disputes, with more than 500 complaints resolved through its dispute settlement mechanism (DSM). Early complaints in the DSM settled some major points of difference between the large developed economies, whereas the DSM has become widely used by WTO members, developed and developing alike (WTO 2017a). The issues in the Doha Round are proving very difficult to overcome among WTO members; however this does not mean that progressive trade liberalization and integration has come to a standstill. Parallel to the development of the WTO has been a proliferation of regional and bilateral preferential trade agreements that have propelled the momentum of global trade even further. During the period 1948–1994, contracting parties notified the GATT of 124 preferential trade agreements. During the period 1994–2017, the WTO has received 647 notifications of preferential trade agreements from its members (WTO 2017b). This suggests that preferential trade agreements are an important aspect of the globalizing trade regime even if the notion of their existence runs counter to the principles of the WTO.

## Bilateral, Regional, and Plurilateral Trade

Due to the stalemate in WTO negotiations, the framework for progressing the rules and norms of the international trade regime has shifted to bilateral, regional, and plurilateral trade forums in the last two decades. The difference in the approach of developed states that are pursuing increased trade liberalization and emerging states that continue to see an important role for government intervention in trade policy has largely contributed to the deep freeze within the WTO and other multilateral forums (Miller 2014). The response to this has been a proliferation of bilateral, regional, and plurilateral preferential trade agreements in pursuit of these goals.

Bilateral, regional, and plurilateral trade agreements are preferential or discriminatory trade agreements. This is in contradiction to the notions of free trade and nondiscrimination that are at the heart of the WTO's liberalizing trade regime that is enshrined in the principles of most-favored

nation and national treatment. Despite this inherent contradiction between the liberalizing WTO regime and the discriminatory nature of preferential trade agreements, the WTO and the GATT before it made allowances for these agreements through GATT Article XXIV, the enabling clause for preferential trade agreements between developing states, as well as the GATS Article V.

These allowances however require WTO members, and GATT contracting parties previously, to notify the organization of any preferential trade agreements they are party to. To date nearly all WTO members have notified the WTO of their involvement in at least one preferential trade agreement. A number of members have notified their engagement in more than 20 such agreements. WTO members engage in preferential trade agreements for a number of reasons even though it would be more politically efficient to conclude a large multilateral trade agreement rather than numerous bilateral, regional, and plurilateral agreements. The principle reason may be that it is easier to negotiate with smaller numbers of like-minded trade partners rather than trying to reach agreement among a large multilateral group. In terms of domestic political constituents, it can be easier for leaders to receive support for reciprocal trade agreements rather than attempting to explain the more complex benefits that accompany a larger trade agreement requiring unilateral reductions of tariffs. Bilateral and regional agreements may also improve relationships between states to improve regional security and economic stability. Preferential trade agreements can also create a larger market that can be attractive to investment, particularly from multinational corporations and multilateral development agencies. Many preferential trade agreements also go beyond trade policy, focusing on other areas that remain contentious within the WTO such as investment, environmental, and labor standards. Furthermore, electronic commerce has come a considerably long way since the inception of the WTO where it was largely in its infancy. Given the glacial pace of WTO negotiations, it should not come as a surprise that the rules and principles for trade in electronic goods and services have been developed primarily through preferential trade agreements where US trade negotiators have been very active in developing and cultivating the rules and practices in these areas through cumulative preferential trade agreements (Miller 2014).

Esteban Ortiz-Ospina and Max Roser (2016) illustrate that the vast majority of contemporary trade relationships are now bilateral, where most countries tend to export to and import from the same country (Helpman et al. 2007). Furthermore, much of the growth in world trade in the 50 years post-World War II was experienced within bilateral trade, even though many countries in the world do not still trade with each other (Ortiz-Ospina and Roser 2016).

During the GATT period (1947–1994), much of the preferential trade agreement activity was directed at linking developing countries together. In response to the processes of decolonization, African regionalism began to develop in the early 1960s. At the same time, regionalism began in earnest in South America, while the pace was much slower in the Asian region with the major exception of the development of the Association of South East Asian Nations (ASEAN) (O'Brien and Williams 2016). Regional trade agreements of this time were vehicles of state-led industrial development that fostered import substitution and sought to improve the negotiating power of member states with other regions, larger economies, and multinational corporations. Many of these regional agreements broke down relatively quickly, particularly in Africa, as the structure of the economies was historically created by colonial rulers to provide raw commodities to core economies. This had resulted in very low levels of trade between the states creating these regional trade agreements. The signing of these agreements did nothing to change this experience. The agreements did not generate significant benefits for members; in some cases this increased inequality between signatories to the agreements. Lesser developed members were not only forgoing the income from tariffs, but also the expected development benefits passed them by for the relatively better developed partners with superior infrastructure (O'Brien and Williams 2016). The eventual outcome of the

uneven distribution or relative lack of benefit from this regional trade agreement activity led to the breakdown and abandonment of many of these arrangements. Combined with the sluggish pace of the European Community and the economic shocks of the 1970s, regional trade and more broadly regional economic cooperation significantly slowed down until the end of the Cold War when a new emphasis for cooperation and change began to flourish yet again.

The end of the Cold War brought with it the opportunity to realize the vision of global economic interdependence that drove the creation of the IMF, the World Bank, and the GATT. Within this context new regional and bilateral trade agreements were created with a view to strengthen global economic interdependence. Preferential trade agreements in this instance were designed as a stepping stone toward the global economy for many former Soviet Bloc states seeking access to developed state markets as well as foreign investment (O'Brien and Williams 2016). Rather than being largely among developing nations, this second wave of preferential trade agreements in the late 1980s and early 1990s tended to include both developing and developed states.

Of particular note is the North American Free Trade Agreement (NAFTA) involving Canada, Mexico, and the United States that was negotiated and signed in parallel with the Uruguay Round of the GATT that established the WTO. The European Union (EU) gained momentum, and many developed countries entered into negotiations with the EU on preferential trade agreements, as many developing states began to establish preferential trade agreements with developed states such as Japan and the United States. The further economic and political integration of Europe into a single economic market can be viewed as a project to strengthen European-based multinational corporations in the face of an increasingly global economy (O'Brien and Williams 2016).

The significant rise therefore in preferential trade agreements, particularly since the emergence of the WTO, can be viewed as both a reflection of division within the WTO between the large and emerging trading economies in addition to a developmental tool for states to integrate into the globalizing world economy and a space for some states to increase the pace of trade and economic interdependence that they are unable to pursue at the multilateral level.

Since the 1980s, bilateral trade has continued to increase between developing states, while the proportion of trade between developed states has declined. For the period between 1980 and 2011, bilateral developing state trade volumes increased by more than 300% driven largely by China's increasing trade activity (Ortiz-Ospina and Roser 2016). In order to feed its own development, China has increased its trade with sub-Saharan African states from $1 billion in 1992 to $140 billion in 2011 (Ortiz-Ospina and Roser 2016; UNDP 2013). The emergence of trade and preferential trade agreements between developing states has been a significant trend in the last 30 years over the same period of time that we have seen increased institutionalization at the multilateral level. By the late 1970s, the majority of preferential trade agreements were between developed and developing states. By 2010, these "North-South" agreements made up approximately 25% of the total. The WTO reports that preferential trade agreements are more and more likely today to be between developing states (WTO 2011). Perhaps more importantly, this increase in trade and trade agreements between developing states has been accompanied by a change in the goods and services that are being traded. In particular, the reliance on food exports appears to be declining for a number of developing states (Ortiz-Ospina and Roser 2016).

The activity of a number of states in the area of preferential trade agreements around the Pacific Ocean cascaded into the start of negotiations for a Trans-Pacific Partnership Agreement (TPP) in 2008 between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, the United States, and Vietnam. These plurilateral negotiations concluded in late 2015; however the agreement has yet to come into force, and its status at present is not clear as the commitment of the United States remains in question (BBC 2017). The TPP is an attempt by the member states to pursue increasing levels of trade and investment interdependence based upon the principles and rules that have grown through the accumulation of preferential trade agreements between them. The TPP was designed by these

states to harmonize rules in areas such as e-commerce, state-owned enterprises, government procurement, investment, health, environmental and labor standards, intellectual property, and customs cooperation (DFAT 2017; Miller 2014). These provisions were made with the view to other members joining the TPP or implementing similar approaches and disciplines into other agreements and effectively establishing the direction for many of the areas that have not been dealt with effectively or at all within the WTO framework. In this context, Scott Miller (2014) suggests that the TPP, or something like it, represents the most likely scenario for developing a new trade architecture in a more "organic, bottom-up fashion" rather than holding out hope for a breakthrough within the multilateral framework of the WTO.

From the discussion above, it is clear that despite a globalizing tendency and a significant increase in the volume of world trade, bilateral, regional, and plurilateral trade is an important aspect of world trade that is not necessarily globalizing in nature. Corresponding to the increase in trade volume has been an increase in preferential trade agreements that by design are discriminatory rather than liberalizing (globalizing).

## Global Trade

The growth in volume of world trade has risen exponentially from the industrial revolution through to the contemporary period, so much so that the interwar decline in trade in the 1930s virtually disappears when viewed at this scale (Ortiz-Ospina and Roser 2016). There appears to be a convincing positive relationship between increasing levels of trade and economic growth; however Ortiz-Ospina and Roser (2016) caution that this is not necessarily a causal link as there are clear differences in trade openness across countries. Some countries may experience economic growth for reasons other than international trade while at the same time increase their trade. Frankel and Romer (1999) argue that there is a causal link between international trade and economic growth; however the direction between the two cannot be identified (does trade cause growth or does growth cause trade). Frankel and Romer further argue that geographic distance has a strong impact on economic growth from international trade; however others have noted other important factors for trade and economic growth in particular the institutions of property rights and the rule of law (Alcalá and Ciccone 2004; Ortiz-Ospina and Roser 2016; Rodrik et al. 2004).

The WTO's *World Trade Statistical Review 2016* (2016) provides an overview of the volume and trends in international trade, particularly over the period 2005–2015 that provide an insight into the makeup of "global" trade. The total value of annual world merchandise trade and trade in commercial services has risen from just under 14 trillion US dollars in 2005 to a high of over 24 trillion US dollars in 2014 with a decline to just under 22 trillion US dollars in 2015 (WTO 2016, p. 10). The WTO (2016, p. 11) attributes much of the 2015 decline to a decline in world commodity prices, particularly in the energy sector. This decade-long trend suggests a significant globalization of world trade given the near doubling of value of trade in goods and services in line with the longer-term trends discussed above. Beneath the world aggregate trade statistics, there is much more to the story than simply an increasingly globalized trade system. In 2015, China, the United States, Germany, Japan, and the United Kingdom were responsible for over one third of world trade with China, the United States, and Germany controlling more than one quarter of world trade (WTO 2016, p. 42).

In addition to the trading dominance of these states, 52% of all goods trade in 2015 occurred across ten economies. Fifty-three percent of commercial services trade in 2015 also occurred across ten economies (WTO 2016, pp. 14, 5). Not only is there a concentration of international trade among major trading nations; there are two other factors worth noting when trying to comprehend the nature of "global" trade: geography (the tyranny of distance) and production (global value chains).

Despite the trend toward a globalizing of international trade, geographical distance appears to maintain a gravitational impact upon trade flows with increasing distance (Eaton and Kortum 2002; Ortiz-Ospina and Roser 2016). Jonathan Eaton and Samuel Kortum (2002, p. 1775) have shown that geographic distance is still linked to the intensity

and volume of trade patterns and that these links are not simply a correlation but rather that despite the globalizing comparative advantage-driven practices of liberalizing trade, geographic barriers continue to restrict trade flows.

In addition to the continuing brake that geography places upon world trade, it is important to note not only which are the major trading economies but also what is being traded and by who. Transnational corporations (TNCs) are the majority of international producers and traders in raw materials, intermediary goods and services, as well as finished goods and services. In 2013, the United Nations Conference on Trade and Development (UNCTAD) *World Investment Report* found that 80% of world trade was coordinated by TNCs' global value chains. That is, the world economy is defined by global value chains where "intermediate goods and services are traded in fragmented and internationally dispersed production processes" that are usually controlled by TNCs "with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm's-length suppliers" (UNCTAD 2013, p. x). The rise in intermediate goods and services trade has been rapid with the Organization for Economic Cooperation and Development (OECD) reporting in 2009 that intermediate inputs made up 56% of goods trade and 73% of services trade, respectively (Miroudot et al. 2009). These activities by TNCs across borders yet within their own structures distort the world trade figures and make it very difficult for economists, observers, and policy makers to comprehend and make meaning out of "global" trade.

## Conclusions

International trade has experienced exponential growth historically that accelerated in the post-World War II GATT system, only to accelerate even more rapidly within the WTO system. If we end the story there, we could conclude that the world is globalizing and that global trade data affirms this. However, if we look more deeply into where this growth is experienced, we can see that trade is intertwined with increasingly regionally focused trade agreements as well as global systems of production and investment primarily though the actions of TNCs. These are sometimes complimentary and sometimes contradictory forces that shape the world economy and condition the systems of international trade.

Trade remains central to the process of globalization. Globalizing trade is a principle driver of globalization. Trade flows and patterns are an important measure of the levels of global integration. States continue to pursue freer international trade with the underlying intention of specializing in the production of goods and services they are proficient in generating while importing other goods and services they require. This has led to economic growth; however, as has been shown in the above discussion, the levels of trade integration are very uneven. A small number of states account for the majority of world trade. Most trade is concentrated in small groupings of states, often on a bilateral basis, despite the multilateral trade architecture developed within the GATT and then extended within the WTO. Geographical distance remains a constraint on trade in goods and services, although this is less so within TNC-controlled global value chains. Much of the growth in global trade of the last decade can be attributed to the vertical integration of the development of these global value chains (UNCTAD 2013).

When we speak about globalization and global trade, it is important to understand that we are not talking about one phenomenon or one process. We are looking at global, regional, and national forces involving complex networks that have economic, political, and cultural impacts.

## References

Alcalá F, Ciccone A (2004) Trade and productivity. Q J Econ 119(2):613–646

BBC (2017) TPP: what is it and why does it matter? BBC Business. http://www.bbc.com/news/business-32498715. Retrieved 1 Mar 2017

DFAT (2017) Trans-Pacific Partnership Agreement. Department of Foreign Affairs and Trade. http://dfat.gov.au/trade/agreements/tpp/pages/trans-pacific-partnership-agreement-tpp.aspx. Retrieved 4 Apr 2017

Eaton J, Kortum S (2002) Technology, geography, and trade. Econometrica 70(5):1741–1779

Frankel JA, Romer D (1999) Does trade cause growth? Am Econ Rev 89(3):379–399

Helpman E, Melitz M, Rubinstein Y (2007) Estimating trade flows: trading partners and trading volumes. National Bureau of Economic Research, Cambridge, MA
McGrew A (2008) The logics of economic globalization. In: Ravenhill J (ed) Global political economy, 2nd edn. Oxford University Press, Oxford, pp 277–313
Miller S (2014) The evolution of the global trading system. In: Cohen C, Gabel J (eds) 2015 Global forecast: crisis and opportunity. Center for Strategic and International Studies, Washington, DC, pp 83–85
Miroudot S, Lanz R, Ragoussis A (2009) Trade in intermediate goods and services. OECD trade policy working paper no. 93. OECD, Paris
O'Brien R, Williams M (2016) Global political economy: evolution & dynamics, 5th edn. Palgrave, London
Ortiz-Ospina E, Roser M (2016) International trade. OurWorldInData.org. https://ourworldindata.org/international-trade
Rodrik D, Subramanian A, Trebbi F (2004) Institutions rule: the primacy of institutions over geography and integration in economic development. J Econ Growth 9(2):131–165
UNCTAD (2013) Global value chains: investment and trade for development. United Nations Conference on Trade and Development, New York/Geneva
UNDP (2013) Human development report 2013. The rise of the South: human progress in a diverse world. United Nations Development Programme, New York
Winham GR (2008) The evolution of the global trade regime. In: Ravenhill J (ed) Global political economy, 2nd edn. Oxford University Press, Oxford, pp 137–171
WTO (2011) World trade report 2011. The WTO and preferential trade agreements: from co-existence to coherence. World Trade Organization, Geneva
WTO (2016) World trade statistical review 2016. World Trade Organization, Geneva
WTO (2017a) Dispute settlement. WTO. https://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm. Retrieved 20 Mar 2017
WTO (2017b) Regional trade agreements and preferential trade arrangements. WTO. https://www.wto.org/english/tratop_e/region_e/rta_pta_e.htm. Retrieved 20 Mar 2017

## Globalization and Globalism

Richard L. Harris
California State University, Monterey Bay, CA, USA

The sociologist Cesare Poppi (1997: 285) has noted that: "The literature stemming from the debate on globalization has grown in the last decade beyond any individual's capability of extracting a workable definition of the concept." But like many others who have grappled with the definition of globalization, Poppi does end up describing globalization as both an important historical process as well as a contested discourse about the global nature of human society. The contemporary literature and ideological debates on globalization and globalism involve a highly contested, complex, and multidimensional discourse on the nature of the present world order, its historical antecedents, underlying causative forces, and future evolution. Most theorizing and empirical research on this subject tends to be organized around the following key issues or questions: is globalization really taking place on a global scale; is it producing global convergence and integration or divergence and fragmentation, or both; is it undermining the authority and power of nation-states; will globalization continue to characterize the present era of human history; if so how does the present era of what some call "globality" differ from modernity (or postmodernity); and are globalization and globalism producing a single global culture and a global political system as well as a global economic system?

Generally speaking, globalization is regarded as a global (planet-wide) process of increasing cross-border flows of products, services, capital, people, information, and culture. Many observers call attention to the effects this global process is having on our sense of time and space. Roland Robertson (1992: 8) has argued that globalization "refers both to the compression of the world and the intensification of our consciousness of the world as a whole." Manuel Castells (2001: 52) has stressed the instantaneous informational and communications aspects of globalization and characterizes the global economic system that has emerged as a result of the information revolution as an economy with the capacity to work as a single unit in real time on a planetary scale. In the developing countries of the Global South, there are many "locals" who characterize globalization as the third phase of Western colonization (the second phase being neocolonialism), and they criticize the many negative local effects of globalization (e.g., see Adesina 2012). "Globalism" is generally used to refer to ideologies that advocate

globalization of one kind or another. "Globalists" advocate for globalization and they often favor freedom of immigration, free trade, lowering tariffs, humanitarian interventionism, democracy, human rights, global citizenship and/or global governance. Globalism and globalists are increasingly viewed as the opposite of nationalism and nationalists, and the clash between these two has become increasingly divisive in the politics of many countries (Miller 2017).

It is important to emphasize that globalization tends to be used to describe global integration that is occurring with increasing intensity "inside" societies and states as well as "between" them and the evolving global system (Robertson 1992: 104–105). In addition, it appears globalization gives rise to "glocalization." This concept is an amalgam of the terms globalization and localization and is used to refer to the end process in which global phenomena are adopted/imposed and then adapted and differentiated at the local level. It can be argued that in a very real sense all global phenomena originate in some location(s) of the world and become global (globalized) through distribution and/or diffusion to an increasing number of other locations around the world, where they take root and then become locally differentiated (localized) in the local conditions they encounter. In this conceptualization of the globalization process the localized variations of the globalizing phenomena are always a mixture or hybrid produced by the dynamic interaction (glocalization) that takes place between the global phenomena and the local conditions these phenomena encounter. The work of the well-known sociologist Roland Robertson (1991, 1994, 2009) has done the most to develop and popularize this important conceptualization of the transnational social transformations that are now regularly taking place around the globe and producing increasing hybridity.

## Globalization and Governance

A variety of structures promote, coordinate, and/or regulate economic globalization at the global level, e.g., the World Trade Organization (WTO), while others promote and regulate economic integration at the regional level. The best example of regional integration is the European Union (EU), and there are a growing number of regional organizations in other parts of the world (see below). They generally facilitate globalization by providing an intermediate level of integration between the local and global levels. Thus, various forms of economic integration are taking place at the same time within the overall process of global integration. The connecting linkages and coordination between these parallel processes of integration are provided by large transnational banks and corporations and to a lesser extent by intergovernmental entities such as the International Monetary Fund (IMF), World Bank, WTO, World Health Organization, and other similar international organizations. The latter can be considered emerging forms of global governance.

The existing system of nation-states is to a certain extent being transformed by the emerging global or globalizing structures, particularly by the large transnational corporations and the intergovernmental institutions such as the IMF, World Bank, WTO, and regional associations such as the EU (Cole 2017). The nation-states continue to be important structures and actors in the emerging global economic and political system, but their position in this system is increasingly subordinate to the complex array of transnational corporations and intergovernmental institutions which exercise increasing control over not only economic but political, social, cultural, and environmental conditions at the national and subnational levels (e.g., "global cities") of the emerging global order. In this multilevel global order, contemporary political and economic thought and action appear to be increasingly influenced by what Robertson refers to as "a globe-wide system of rules and regulations" and "a consciousness of the global economy as a whole" (Robertson 1992: 26). In fact, the decisions and actions of the main actors at the national and international levels of this emerging global order are clearly influenced to a considerable and increasing degree by their awareness of and concerns about the global economy.

Western/Northern economic, political, social, and cultural values, ideals, and interests are dominant in the contemporary globalization process

(Cole 2017). As a result, some critics call this process "globalization from above" or Western imperialism since it is essentially a top-down process of capitalist expansion and integration that is largely directed and imposed by the transnational corporate elites and their political allies in the Global North. In contrast, the opposing proponents of "alter-globalization" tend to represent the interests of the world's poor, working poor, and many social movement activists from both the Global North and the Global South. The latter tend to believe "Another World is Possible" (the slogan of the World Social Forum) and they advocate what some call "globalization from below." They seek to co-create an environmentally sustainable global order that reflects the interests of the majority of the world's population and that protects and preserves the planet's biosphere. The various social forces involved in this effort are sometimes referred to as "global civil society" and the "global social justice movement," which is an evolving and vast assemblage of environmental and social justice movements with overlapping interests operating across the world and beyond the reach of governments (Keane 2003). Many of them send delegations to the World Social Forum (WSF), which is the largest international gathering of global civil society representatives. They meet at the WSF to find solutions to "the problems of our time." The WSF started in 2001 in Brazil, and it brings together at each of its meetings tens of thousands of participants who engage in hundreds of workshops, conferences, artistic performances on various themes such as creating a solidarity economy, environmental sustainability, human rights, democratization, etc.

As far as the role of the state and public administration in the evolving global order are concerned, there in increasing evidence they are being affected dramatically by the globalization process (Srivastava 2009). A series of political and administrative reforms have taken place since the late 1970s under the aegis of globalization and the neoliberal ideology of the transnational corporate elites in the Global North and their allies in the Global South (Cole 2017). As Ali Farazmand stated in his seminal 1999 article on globalization and public administration: "the nature of the administrative state worldwide" has been changed by both globalization and globalism, and "the globalized economic structure, with its many superstructural changes, including superterritorial power structures, has led to profound implications for public administration" (Farazmand 1999: 510). Jamil Jreisat (2009) contends in this regard that: "the globalization processes underscore the urgency for adopting reforms [in governance and public administration] that work" in the globalized economy, and to do this successfully "public administrators have to expand their intellectual horizons, refine their operational methods, improve their communications and negotiation skills, and conform to higher standards of performance in all aspects of their responsibilities" (Jreisat 2009: 47).

Policy makers and administrators, influenced by the transnational corporate elites and their neoliberal ideological prescriptions, have promoted the deregulation of both commercial and financial markets by the state as well as the piecemeal privatization and reduction of the size and scope of the public sector in countries around the world, especially the privatization of social services. These so-called reforms have taken the guise of corporate managerial and entrepreneurial innovations with euphemistic labels such as New Public Management, which are generally distinguished by out-sourcing public services to private enterprises, public-private partnerships, and the privatization of public property and many public goods (Mohanty 2014). These so-called reforms use corporate managerial jargon and profess to treat the beneficiaries of public services as customers and the citizenry as shareholders. They have placed the emphasis on using private enterprise, private contractors, markets and marketing, business administration principles, and public sector partnerships with private and nonprofit organizations while at the same time reducing public services and public employees. These reforms have reduced the human and material resources, weakened the regulatory authority and downsized the public administrative systems in both the developed countries of the Global North and the developing societies of the Global South, while making at best only minor improvements in efficiency, technological innovation ("E Government"), and

cost reductions (Srivastava 2009; Brinkerhoff and Brinkerhoff 2015).

## Globalization, the Rise of China, and the Global South

The economies of the developing countries in the Global South now produce nearly half of the world's economic output measured in terms of Gross World Product (UNGA 2014: 2). In fact, a remarkable shift in the ongoing processes of economic globalization has taken place since the 1990s. This is evidenced by the fact the developing countries share of the Gross Word Product jumped from 23% to 40% between 2000 and 2012. Their share of total world trade also increased from 39% to 52% during this same period (WTO 2014: 60). In fact, the African countries have experienced higher economic growth than the developed countries of the Global North. Their average annual growth rate in terms of real output increased from 2.6% in 1990–2000 to 5.3% in the period 2000–2010. According to the World Bank, seven out of the ten fastest growing economies in the world during this decade were in Africa (Beri 2015). In fact, all regions of the South have experienced significant economic growth and they have done so in spite of the most severe recession in the North since the Great Depression of the 1930s. In addition, since 2009, the developing countries of the South have exported more to each other than to the developed countries, and since 2011, their total trade has risen to over $4 trillion USD (UNGA 2014: 2).

The remarkable growth of China's economy and its increasing trade with and investments in the developing countries have greatly contributed to these unprecedented achievements in economic development in the Global South. In three decades, China reduced its poverty rate from 84% in 1980 to 10% in 2013 and reached upper-middle-income status (Harris 2015; Schellekens 2013). In doing so, the country lifted over half a billion people out of poverty and contributed to the development of other developing countries, directly through bilateral trade and financial flows and indirectly through growth spillovers and terms of trade effects (Schellekens 2013).

These unprecedented economic developments in combination with the rapid spread of electronic communications connectivity across the South point to a new strength and potential for progress in this important part of the world. As a result, the United Nations (UNGA 2014: 2) has predicted that by 2025, the Global South is likely to have some 600 million households with incomes of over $20,000 USD per annum and total annual consumption of $30 trillion USD. By 2020, the economies of the three largest developing countries – China, India, and Brazil – are projected to produce a greater share of the Gross World Product than the six largest developed countries of Canada, France, Germany, Italy, the United Kingdom, and the United States of America combined (UNGA 2014: 2).

Increasing South-South cooperation is directly linked to the growing trade and flows of foreign direct investment between the developing countries, and both of these factors are transforming the world economy. The importance of South-South cooperation should not be underestimated (UNDP 2016). According to the United Nations Office for South-South Cooperation (UNOSSC 2016: 1) South-South Cooperation (SSC) is defined as the "collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains," and includes sharing "knowledge, skills, expertise and resources to meet their development goals through concerted efforts." While this form of cooperation generally involves two or more developing countries, it also increasingly takes place on a regional and interregional basis.

The past two decades have seen SSC grow rapidly in scale and intensity (UNOSSC 2016: 1). It has encompassed an "increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, financial and monetary cooperation and in-kind contributions." According to the United Nations Industrial Development Organization (UNIDO 2016) SSC has greatly facilitated "the exchange of knowledge, experience, investment,

information and capacity between and among Southern countries through government, civil society organizations, academic institutions, national institutions and networks to accelerate political, economic, social, cultural, environmental and technical development" (UNIDO 2016). UNIDO also points out that SSC is characterized by the pursuit of "mutual benefit between countries, respect for national sovereignty and ownership, establishment of partnerships among equals, non-conditionality and non-interference in the domestic affairs" of the countries involved (UNIDO 2016).

The traditional North-South pattern of international development assistance, referred to as Official Development Assistance (ODA), is increasingly being displaced by SSC. In the last decade and a half, the Peoples Republic of China has taken the lead in SSC. China's leaders believe that the globalization of trade, finance, and communications has produced a complex and interdependent world economy in which the hegemonic capitalist countries are losing their power to prevent or control the diffusion and redistribution of economic wealth and political power (Harris 2015). As a result, they believe a new multipolar world order is emerging, which is being shaped by China and other large developing countries (such as Brazil, India, and South Africa) with the support of most of the other countries in the Global South (Santander Campos 2013: 1229; see also Zheng and Lim 2017).

The rise of China can be regarded as the most important factor affecting the evolving world order in the twenty-first century (Zheng and Lim 2017). Indeed, a new alternative world order appears to be emerging with the proliferation of regional as well as inter-regional forms of intergovernmental economic and political cooperation in the Global South. These new forms of intergovernmental cooperation include: the inter-regional BRICS coalition (Brazil, Russia, India, China, and South Africa); the regional Union of South American Nations; and the ASEAN–China Free Trade Area (ACFTA), which is a regional free trade association that involves the ten member states of the Association of Southeast Asian Nations (ASEAN) and the Peoples Republic of China. In the Middle East, there is the regional Gulf Cooperation Council, which is comprised of the energy rich Persian Gulf states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. At the inter-regional level there is also the Community of Latin American and Caribbean States (known as CELAC) and the inter-regional cooperation forum that includes the CELAC nations and China (the China-CELAC Forum), as well as the Forum on China-Africa Cooperation (FOCAC). These two inter-regional forums focus on SSC and development issues of mutual concern to China and the developing countries in Africa, Latin America, and the Caribbean. They serve as a venue for planning and financing infrastructure projects; joint commercial ventures; various types of educational, technical, and cultural exchanges; as well as other forms of economic, political, social, and cultural cooperation.

There is also the India–Africa Forum, which is the official platform for African-Indian SSC (Beri 2015). It is focused on cooperation in trade, industry, investments, peace and security, good governance, and information and communication technology. The India-Brazil-South Africa Dialogue Forum (IBSA 2017) is a tripartite group of developing countries that promotes cooperation among their three large developing economies. They represent important poles for galvanizing SSC in the three largest regions of the Global South, namely, Africa, Asia, and Latin America. The IBSA Dialogue Forum has also played an important role in coordinating the foreign policies of India, Brazil, and South Africa with regard to reforming the United Nations, especially the membership of the UN Security Council, in which the Global South is under-represented. While they acknowledge the benefits that their countries have achieved through globalization and freer trade, they have common concerns about the negative effects of globalization on the developing countries and the reprehensible fact that a large part of the world's population has not benefited from globalization. In this regard, they are committed to pursuing negotiations through the UN, the WTO, and other intergovernmental venues to eliminate the protectionist and

trade-distorting practices of the developed countries of the Global North. They seek to create a level playing field for trade between the developing countries of the Global South and the developed countries of the Global North (IBSA 2017).

The proliferation of these new intergovernmental institutions of SSC appears to be changing the evolving governance of globalization and bringing about the transformation of the existing international order. They are subtly chipping away at the foundations of the global hegemony held by the major developed countries of the Global North (Harris 2015). Most of these SSC intergovernmental efforts are anti-neoliberal in orientation and they are based on win-win, South-South cooperation. In their aims and actions they go well beyond the neoliberal trade liberalization efforts that have been led by the transnational corporations and the governments of the USA and the other major developed countries. They seek to build and consolidate strategic economic and political partnerships between the developing countries to advance their mutual development while also contesting the inequitable aspects of the existing world order (ECLAC 2015; Fernandez and Hogenboom 2010; Harris and Arias 2017).

These structures and practices of SSC are increasing the power of the developing countries and their role in governing the world economy. They are also creating the foundations for a new nonhegemonic and multipolar, international order (Santander Campos 2013: 122; Zheng and Lim 2017). China has taken the lead in this effort, and although the socialist ideology of China's leaders profoundly influences their worldview and their political strategies (see Harris 2015), the Chinese government does not draw strict ideological lines in the PRC's economic relations and the assistance China gives to other developing countries. The Chinese government's official position is "various social systems and development models should coexist harmoniously in the world," and as a result in its trade relations and SSC, "China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of the recipient countries and fully respecting their right to independently choose their own paths and models of development"(Aho 2011; Lu 2014).

In the larger global context, China's increasing economic and political relations with the developing countries in Africa, Asia, Latin America, and the Caribbean and the increasing flow of trade, investments, loans, economic cooperation, and technical assistance between China and these countries has become a new driving force in the contemporary globalization process. As a result, according to a recent UN report, the "phenomenal rise of the South and the surge in South-South cooperation" have begun to transform the globalization process, and this transformation has now become an important subject of contemporary research and analysis, e.g., see the special report on South–South Cooperation prepared by the Secretary General for the 2014 session of the United Nations General Assembly (UNGA 2014: 8). It is also important to note that the "rise of the South" directly challenges the Western ethnocentric biases that underlie most existing ideologies of globalism and the expectations about the future direction of globalization held by most globalists in the developed countries of the Global North.

At the same time, a new wave of nationalistic and anti-globalization politics have gained ground in the Global North, notably in the UK, the USA, and some of the member states of the European Union (Esch et al. 2017). For example, the President of the USA Donald Trump frequently criticized globalism during his presidential campaign in 2016 and stated publicly afterwards that "we will no longer surrender this country and its people to the false song of globalism" (Miller 2017). As a matter of fact, the political elites in the Global North appear to be increasingly divided over globalization, and the rising tide of nationalism and nationalistic political leaders seriously casts doubt on the continued liberalization of international trade and finance. This situation would have seemed inconceivable only a few years ago, but a new era appears to be unfolding in which the political and economic certainties that have held constant for many decades since the end of World War II are seriously being challenged. In fact, top political leaders in the USA and UK no longer appear

to be interested in maintaining many of the features of the liberal world order that the leaders of these countries constructed after 1945 (Esch et al. 2017). This political shift in the West along with the increasing rise of China and the Global South will most likely diminish the momentum and quite possibly change the direction of globalization in the coming decades. It also contradicts the liberal assumptions that underlie Western-centric ideologies of globalism (Miller 2017).

## References


Adesina O (2012) The negative impact of globalization on Nigeria. Int J Humanit Soc Sci 2(14):193–201. http://nairametrics.com/wp-content/uploads/2013/02/the-negative-impact-of-globalisation.pdf. Accessed 27 Mar 2017

Aho M (2011) Chinese Vice Minister of foreign affairs Li Jinzhang on China's plans and strategy in Latin America. Am Q. http://www.americasquarterly.org/node/2449. Accessed 25 Mar 2015

Beri R (2015) 3rd India-Africa Forum Summit: rejuvenating relations. Institute for Defence Studies and Analyses, New Delhi. http://www.idsa.in/idsacomments/3rd-india-africa-forum-summit_rberi_291015. Accessed 27 Mar 2017

Brinkerhoff D, Brinkerhoff J (2015) Public sector management reform in developing countries: perspectives beyond NPM orthodoxy. Public Adm Dev 35:222–237. http://onlinelibrary.wiley.com/store/10.1002/pad.1739/asset/pad1739.pdf?v=1&t=j0timkn7&s=17fa25d90bbe219378aa145c2932f7bf9a5b91ed. Accessed 27 Mar 2017

Castells M (2001) Information technology and global capitalism. In: Hutton W, Giddens A (eds) On the edge living with global capitalism. Vintage, New York

Cole N (2017) The globalization of capitalism: the rise of capitalism's fourth epoch. ThoughtCo.com. https://www.thoughtco.com/globalization-of-capitalism-3026076. Accessed 27 Mar 2017

Economic Commission for Latin America and the Caribbean (ECLAC) (2015) First forum of China and the community of Latin American and Caribbean States (CELAC): exploring opportunities for cooperation on trade and investment. http://repositorio.cepal.org/bitstream/handle/11362/37578/1/S1421103_en.pdf. Accessed 2 June 2017

Esch C et al (2017) Assault on Europe: Donald Trump and the new world order. Spiegel Online, 21 Jan 2017. http://www.anixneuseis.gr/?p=160499. Accessed 27 Mar 2017

Farazmand A (1999) Globalization and public administration. Public Adm Rev 29(6):509–522. http://www.jstor.org/stable/3110299. Accessed 26 Mar 2017

Fernandez A, Hogenboom B (2010) Latin America facing China: South-South relations beyond the Washington Consensus. Berghahn Books, New York/Oxford

Harris R (2015) China's relations with the Latin American and Caribbean countries – a peaceful Panda Bear instead of a Roaring Dragon. Lat Am Perspect 42(6): 153–190

Harris R, Arias A (2017) China's South-South Cooperation with Latin America and the Caribbean. J Dev Soc 32(4):508–556

India-Brazil-South Africa Dialogue Forum (IBSA) (2017) IBSA: celebrating 10 years of partnership. http://www.ibsa-trilateral.org/. Accessed 27 Mar 2017

Jreisat J (2009) Administration, globalisation and the Arab states. Public Organ Rev 9(1):37–50. https://www.researchgate.net/publication/24008352_Administration_Globalization_and_the_Arab_States. Accessed 27 Mar 2017

Keane J (2003) Global civil society? Cambridge University Press, Cambridge

Lu H (2014) Full text: China's foreign aid. Xiuhuanet.com/English.news.cn, 10 July 2014. http://news.xinhuanet.com/english/china/2014-07/10/c_133474011_2.htm. Accessed 5 Sept 2016

Miller P (2017) 'Globalism' is the victory of western ideals. Foreign Policy Magazine, 10 Mar 2017. http://foreignpolicy.com/2017/02/10/globalism-is-the-victory-of-western-ideals/. Accessed 27 Mar 2017

Mohanty B (2014). Impact of globalization on public management. The Indian Economist, 26 Sept 2014. https://theindianeconomist.com/impact-globalization-public-management/. Accessed 27 Mar 2017

Poppi C (1997) Wider horizons with larger details: subjectivity, ethnicity, and globalization. In: Scott A (ed) The limits of globalization: cases and arguments. Routledge, London, p 285

Robertson R (1991) The Globalization Paradigm: Thinking Globally. In: Religion and Social Order. JAI Press, Greenwich, pp 207–224

Robertson R (1992) Globalization: social theory and global culture. Sage, London

Robertson R (1994) Globalisation or glocalisation? J Int Commun 1(1):33–52

Robertson R (2009) The conceptual promise of glocalization: commonality and diversity. http://artefact.mi2.hr/_a04/lang_en/theory_robertson_en.htm. Accessed 27 Mar 2017

Santander Campos G (2013) La Cooperación Sur-Sur en America Latina: implicaciones para el sistema de ayuda. https://halshs.archives-ouvertes.fr/halshs-00876619/document. Accessed 5 Sept 2016

Schellekens P (2013) A changing China: implications for developing countries. Economic Premise, Number 118. World Bank. http://siteresources.worldbank.org/EXTPREMNET/Resources/EP118.pdf. Accessed 27 Mar 2017

Srivastava M (2009) Globalisation and public administration: a study of the term 'globalisation', its nature, meaning, characteristics and impact on public


G

administration. SSRN Repository. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1508013. Accessed 27 Mar 2017

United Nations Development Program (UNDP) (2016) Human Development Index (HDI). http://hdr.undp.org/en/content/human-development-index-hdi. Accessed 15 Mar 2016

United Nations General Assembly (UNGA) (2014) State of South-South cooperation: report of the Secretary-General. 17 July 2014 (A/69/153). http://ssc.undp.org/content/dam/ssc/documents/SG%20Reports/SG-s%20report%20State%20of%20SSC_2014_%20English.pdf. Accessed 18 Sept 2016

United Nations Industrial Development Organization (UNIDO) (2016) South-South and triangular cooperation. http://www.unido.org/south-south.html. Accessed 21 Mar 2016

United Nations Office for South-South Cooperation (UNOSSC) (2016) What is South-South Cooperation? http://ssc.undp.org/content/ssc/about/what_is_ssc.html. Accessed 3 Mar 2016

World Trade Organization (WTO) (2014) World Trade Report. https://www.wto.org/english/res_e/booksp_e/world_trade_report14_e.pdf. Accessed 4 Mar 2017

Zheng Y, Lim WX (2017) The changing geopolitical landscape, China and the world order in the 21st century. China Int J 15(1):4–23. https://muse.jhu.edu/article/650097. Accessed 27 Mar 2017

# Globalization and Law

Paul Battersby and Rebekah Farrell
RMIT University, Melbourne, VIC, Australia

## Synonyms

Ethics; Geneva conventions; Governance; Human rights; International crime; International law; Legal futures; Norms; Rules; Transnational law

## Introduction

Statutory laws are products of legislative processes within sovereign nation states and are thus conventionally associated with the state-centered national and international affairs. However, principles encoded into formal multilateral agreements between nations influence the lives of billions of people and in multifarious ways shape global patterns of human interaction. Normative globalization means the spreading acceptance across international boundaries of rules governing all manner of political, social, economic, cultural, and environmental relations, made possible through the ratification of international treaties and the development of complementary national legal codes, but also through customary states' practice. To appreciate the relationship of law to globalization, we first need to recognize the dynamic processes by which such international laws are made, and remade, tested, and subverted by lawful as well as unlawful human agents. Globalization is not uniform, and thus, accordingly, the global landscape of law is marked by irregular patterns or contours of legal formation and declension, with towering summits of compliance matched by deep valleys of deviation from global norms. International law impacts upon administrative practice at all levels of government, and the organizational practices of private commercial and not-for profit actors. However, law is not simply a matter of codification and compliance. Law can also be conceived as a creative space in which social agents play a critical role in shaping global legal futures.

## Law: A Conventional International Perspective

There is no global sovereign power to enforce law in the international system, and there is ample evidence of consistent and extensive transgressions by states behaving contrary to their international legal obligations (Kratochwil 2014; Blakeley and Raphael 2013; Krasner 1999). The International Criminal Court is empowered to impose criminal penalties for war crimes, genocide, and crimes against humanity, but only where the persons charged are either nationals of a state that is party to the *Rome Statute* (Which therefore excludes nationals of the United States, which signed but withdrew intention to ratify in 2002 https://2001-2009.state.gov/r/pa/prs/ps/2002/9968.htm) or have committed a crime within the territorial jurisdiction of the Court. While international humanitarian norms have legal force at the

international level, international human rights norms stand on much shakier ground. The International Court of Justice (ICJ) has authority to determine if and where states have violated their obligations across the broad spectrum of international treaty law, but has no power to impose penalties for noncompliance. With the exception of international criminal law therefore, in order for international norms to be given effect, they must be adopted into national legal codes and enforced through national-level criminal and civil processes, except where regional courts have jurisdiction, such as the European Court of Human Rights. Observance is consequently uneven.

One could be forgiven for succumbing to the notion that the idea of international law as the embodiment of universally agreed principles of justice and right is simply too fantastical. Critics of a conservative and nationalist persuasion argue that humanist legal transnationalism shackles sovereign states and prevents democratically elected governments from implementing their mandate to protect their country from attack (Kyl et al. 2013, p. 125). Liberal transnationalists decry the fact that, for reasons of diplomatic process, representatives from states with poor human rights records can nonetheless serve on international human rights bodies like the UN Human Rights Council (The UN Human Rights Council comprises 47 national representatives elected for 3-year terms by the UN General Assembly which, so the Council claims, weighs "candidate States' contribution to the promotion and protection of human rights…" http://www.ohchr.org/EN/HRBodies/HRC/Pages/Membership.aspx (Accessed June 2, 2016) (Neuer 2016). In the post-development quarter, the so-called international human rights "empire" is denounced as an elite enterprise involving highly paid humanitarian lawyers and celebrity advocates for whom cases of human rights abuse are a cause célèbre (Hopgood 2013, p. 2, 119; Kapoor 2013). Worse still, arguably, the institutions of humanitarian and human rights merely uphold the status quo in a global system of extreme inequality represents an unconscionable denial of economic justice to the billions of people living in the Global South (Escobar 1995; Sklair 2002; Rajagopal 2004; Hardt and Negri 2000, 2005, 2009). International humanitarian and human rights regimes are criticized for undermining security and inhibiting justice, where the protection of fundamental rights becomes the pretext for military intervention (Duffield 2007, 2010).

Notwithstanding these omissions, deficiencies, or gaps, many bodies of international law are routinely effective, where they serve systemically significant ends, to keep money, goods, and people circulating around the world. The task, from a constructivist standpoint, is to realize the possibilities for "resistance" to the moral hegemony of global elites and for "recoding" laws to recognize the broad scope of human need and aspiration (Rajagopal 2004). International laws are made by global elites, but it is entirely possible to appropriate the discourses of liberal norms and use these to empower people to challenge unjust authority or the commercial exploitation of human vulnerability (Wheeler 2010; Falk 1999).

## International Law and Human Rights

In liberal institutionalist models of global justice, the principles that underpin a just international order are inscribed in key public international law instruments. Foundational to this international rule of law is the *United Nations Charter* (1945), binding on all United Nations member states, which institutes a collective commitment

- To reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small.
- To establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained.
- To promote social progress and better standards of life in larger freedom.

The *Universal Declaration on Human Rights* (1948) is the fundamental legal document underpinning the post-1945 human rights regime. Unlike the UN Charter, which binds member

states to act in accordance with its principles, the Declaration is nonbinding in that it does not incur any formal legal obligations, even though all UN members are automatically party to it. However, it sets out minimum expectations for the recognition of fundamental rights defined positively as freedom of speech, association, religion, and movement, and negatively as the freedom from political oppression, from exploitation, and from discrimination. The document establishes equality of rights as a benchmark, from the equal right to a fair trial; to the right to a reasonable standard of living; to education and health care irrespective of social class, ethnicity, language, or religion; and to engage in representative politics. Two covenants spell out what are categorized as first-generation and second-generation rights. The *International Covenant on Civil and Political Rights* (ICCPR) articulates the rights of individuals to, inter alia, freedom of speech and of trial by jury and freedom from torture – termed first-generation rights because their recognition is seen as essential for the enjoyment of all other rights. The *International Covenant on Economic, Social and Cultural Rights* (ICESCR) sets forth second-generation rights, including the right to fair wages, the right to work, and the right to food and shelter, enjoyed free of any discrimination based on gender, ethnicity, or religion. Indeed, there has been a significant enumeration of human rights since the Declaration came into force addressing the rights of refugees, the rights of the child, labor rights, women's rights, and the rights of peoples with disabilities (Clapham 2007).

What are called third-generation rights, the rights of peoples, emerged in recognition of the special collective rights of minorities and indigenous peoples. The principal instruments asserting this category of rights are the *African Charter on Human and Peoples' Rights* (1981), the *International Labour Organization Indigenous and Tribal Peoples Convention* (1989), and the *Declaration on the Rights of Indigenous Peoples* (2007). Indigenous rights also come within the purview of conventions addressing biological diversity and intellectual property. While genetic research delivers indisputable human health gains, biotechnologies have given food and drug companies the means to distil and manipulate the genetic structure of plants known to people in traditional communities for their medicinal qualities. This "traditional" knowledge, incorporating "cultural expressions and genetic resources" is an integral part of an emerging indigenous rights regime, but while the principle appears uncontroversial, its codification requires that distinctions be made between what is traditional and natural and what is adapted or created through the application of scientific and technical know-how (The World Intellectual Property Organization (WIPO) has prioritized the development of specific protections for traditional knowledge in intellectual property rights law. See, http://www.wipo.int/tk/en/igc/ (Accessed June 9, 2016). For draft principles on intellectual property and genetic resources see, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (2016) "Consolidated Document relating to Intellectual Property and Genetic Resources." 30th Session, Geneva May 30–June 3, WIPO/GRTKF/IC/30/4.).

Implementation of international human rights laws is contingent upon recognition of treaty obligations by states but also the capacity of national and local level institutions to adopt human rights into practice. The United Nations Human Rights Based Approach to Development Cooperation (HRBA) makes explicit the need to absorb knowledge of international human rights law (IHRL) across the UN system, at all levels of operation, and, through this, transfer human rights norms at multiple points of contact within national governments and social institutions (UNDG 2003). Institutional processes can, in this way, encourage the globalization of international norms by transforming routine or "mundane" organizational behaviors, and by encouraging greater individual awareness and regard for rights norms.

International law is a dynamic space, where laws are evolving through the interactions of many social and political actors. The identification and elevation of women's rights exemplifies this dynamism. In the Universal Declaration, the right to the presumption of innocence and a fair trial accords those charged the right to all legal means "necessary for *his* [emphasis added]

defence" (Article 11.1). Both the ICCPR and the ICESCR use gendered language to confer rights specifically upon men. For example, Part 3, Article 6.1 of the ICCPR expressly states that "no one shall be arbitrarily deprived of *his* life [emphasis added]" (1976). The ICESCR, while striving to be balanced nonetheless also specifically asserts the rights of men with regard to trades union membership (Part 3, Art. 8.1a) and living standards (Part 3, Art.11.1), echoing a time when men predominated in industrial workforces and were the principal breadwinners in the family home (1976). Feminist writers charge that human rights laws, while claiming to accord equal rights to all irrespective of gender, religion, ethnicity, or social class, fail to accommodate the reality that each influence how rights are enjoyed in practice. Foundational international human rights laws are silent on the informal and deliberate exclusion and victimization of women, for which reason the *Convention for the Elimination of all forms of Discrimination Against Women* (CEDAW) was brought into being (Brems 2003, p. 103). But even then, rights accorded to women in this document are not hailed as universal. Currents of national politics inevitably affect the extent to which rights are enjoyed, and by whom.

## International Humanitarian Law

How much harder is it to guarantee rights observances in armed conflict? One famous anti-war quote, from the American writer Ernest Hemmingway reads, "But never think that war, no matter how necessary, nor how justified, is not a crime" (1946, p. xv). Still, Hemmingway conceded that "to win a war you have to do things that are inconceivable in peace" (1946, p. xv). And yet bodies of law have emerged that seek to control the excesses of war, while falling short of outlawing war altogether. Whatever our views on the justifications for and the nature of armed conflict, war is a law-governed pursuit and military necessity is the caveat that permits the "inconceivable" to be conceived.

International humanitarian law (IHL), or the laws of war, is primarily concerned with conduct during and immediately after armed conflict (*in bello* and *postbellum*). The Geneva Conventions emerged out of a sense of common humanity and moral revulsion at the increasingly visible inhumanity of war. The first Convention (1864) established that the International Committee of the Red Cross (ICRC) should be granted access to war zones, where ICRC staff could provide medical aid to wounded soldiers on all sides – in effect codifying the principle of neutrality to the benefit of future generations of humanitarian workers – provided of course that neutrality can be established (Hilhorst and Pereboom 2016). Three more followed: the second codified protections (in effect rights) for shipwrecked and wounded sailors; a third established the rights of prisoners of war; and the fourth, in 1949, conferred specific protections on civilians in or near to combat zones. Central to the Geneva Conventions is the concept of protected persons being civilians or those with noncombatant status, who present no immediate military threat and are, therefore, not to be subjected to violence or inhumane treatment, and are entitled to safe passage or medical assistance or both within and beyond the field of battle. This requirement forms the substance of Common Article Three (so named because it is common to all four treaties). Two further protocols were included in the Conventions in 1977 to strengthen civilian and noncombatant rights, with the Second Additional Protocol refining and extending the scope of protection in noninternational armed conflicts (Cullen 2010).

The scope of humanitarian protection has increased markedly over the past century, creating global obligations to care of the wounded and the displaced in all forms of human conflict. The Geneva Conventions are binding on states parties but enforcement depends upon the willingness of states to recognize their obligations in practice and through their national justice systems. That said, Article Three is regarded as a peremptory norm which applies, in theory, to all states irrespective of whether they are signatories or not (Kolb 2015) (The *Vienna Convention on the Law of Treaties* (1969) defines peremptory norm as "a norm accepted and recognized by the international

community of States as a whole as a norm from which no legal derogation is permitted" (Article 53, UNTS, 1980, p. 344.). The Conventions also apply to nonstate armed actors which, where meeting the criteria for a combat force, are recognized as legitimate and whose armed combatants are entitled to the same observances offered to state armed forces personnel. In addition to conferring certain privileges on all those caught in the horror of war, the Conventions imply a general responsibility to not act contrary to their intent.

## International Criminal Law

In contrast to violations of nonbinding international laws, international crimes incur criminal penalties, meaning that persons found guilty of war crimes, crimes against humanity, and genocide, (The definitions of these crimes are lengthy but essentially in the Rome Statute the crime of genocide is the deliberate destruction "in whole or in part, a national, ethnical, racial or religious group" (Article 6); crimes against humanity include "murder," "extermination," "enslavement," "torture," and "rape" (Article 7); and war crimes are "grave breaches of the Geneva Conventions" (Article 8.2a).) as set down in the *Rome Statute of the International Criminal Court* (2002), face a custodial sentence commensurate with the harm or harms inflicted. These are crimes that, as the Preamble to the Statute claims, "threaten the peace, security and well-being of the world" (2002, p. 7). Besides the usual technicalities of sovereignty and jurisdiction, the effectiveness of the ICC and international criminal tribunals is limited by legal interpretation. Convictions for international criminal acts are rare but attention-grabbing cause célèbre, like the trial of former Bosnian President Radovan Karadzic, sentenced to 40 years in prison for complicity in the 1995 Srebrenica genocide (Borger and Bowcott 2016; Kendall 2015). The bar for proof of criminal complicity is set very high at international criminal tribunals, rightly so given the serious implications for those convicted. But this, and the ambiguities of the *Rome Statute*, leaves room for significant divergences of judicial opinion, and consequently significant obstacles to successful prosecution (Webb 2013) (Two such tribunals were established in the 1990s to try persons for genocide in the Balkans wars of 1992–1995, and the "Rwandan massacre" of 1994.). The ICC's defenders stress the demonstration effect of international criminal cases. The Court's existence "sends a message" that the perpetrators of international crimes will eventually be brought to justice. Political opposition to the ICC is gaining traction, however, with some African nations contemplating withdrawal for an alleged anti-Africa bias in Court proceedings (Monageng 2014; Robertson 2002).

## Transnational Criminal Law

Crime has become a globalized and globalizing phenomenon. Hence, transnational criminal law is growing in international significance, supported by the entry into force of key crime conventions, the *UN Convention Against Corruption* (2004), and the *UN Convention Against Transnational Organized Crime* (CTOC) (2004). The first strengthens the liberal norms governing international trade and investment relations by seeking to curb the influence of bribery and patronage in global business dealings. The second is recognition by states that they have a common security interest in cooperating to address the growth of transnational organized crime, inter alia, all forms of trafficking and smuggling, money laundering, embezzlement, fraud, and official corruption, which have a corrosive effect on governance and law enforcement. The CTOC's significance is amplified by international concern for the causes and the effects of globalized terrorism (Rice 2012). But while the CTOC furthers the hegemonic discourse of transnational organized crime as a convergent global security threat, it establishes international norms that can also potentially, and perversely, complement the pursuit of global justice.

Corruption undermines international development programs, skews wealth distribution, and weakens governance institutions. Victims of crime are entitled to protection and rehabilitation.

The duty to protect civilian populations extends to the reduction of gun violence and other firearms offences in peacetime, which can be achieved by restricting the global trade in weapons through more effective policing. Annexed to the CTOC are protocols, which encourage states parties to act in ways consistent with these priorities. For example, the Trafficking in Persons Protocol advises states to "*consider* [emphasis added] the physical, psychological and social recovery of victims," which, though falling short of requiring fair and just treatment imply an entitlement or right to specific protections (UNODC 2004, p. 43). The Trafficking in Firearms Protocol complements the *Arms Trade Treaty* (2014) in, among other things, calling for legislative and law enforcement steps to reduce the illicit manufacture and sale of "any portable barreled weapon" (UNODC 2004, p. 72). Admittedly, these norms are not couched in categorical language, leaving much latitude for states to determine how far they will comply, but they at the very least provide a basis for strengthening global justice claims.

## The Transnational Space of Laws

The preceding sections set out some of the basic premises and issues raised by the evolution of international law over the twentieth century. Thinking more holistically about law, as both codified norms and socially embedded practice, we can imagine that law does not "function" in a neutral space but rather exists in creative tension with the complex environments in which it evolves. Law is part of a larger social system, or social ecology (Luhmann 2008, 2013), the largest of which the planetary or global social system that all of humankind inhabits. Documented or codified laws are formed through a process of argument, judgment, and interaction between a range of influencers and not merely through acts of judicial decision making. Law is arguably an evolutionary process in which nonlawyers and laypersons play an important role in fashioning norms, although not always with palatable consequences (Kennedy 2004; Alverez 2005, pp. 611–616). So, we can approach global justice aims by first positing fields or spaces where laws intersect. At a very rudimentary level for example, a person's right to basic healthcare is affected by the degree to which international and transnational crimes are policed and minimized, the extent to which gender rights are valued and respected, and freedom of religion and other civil and political rights upheld.

Thinking divergently, and adopting an evolutionary and eclectic approach to law, development practitioners can discover fresh avenues for redress and new means to protect the vulnerable against abuses of power and privilege. This requires a basic grasp of the complementarities between bodies of international law, the capacity to connect law with practice, and a willingness to step outside legal convention.

## International Trade and Investment Law

International trade and investment treaties complement the pursuit of humanitarian and other normative ends, which we might for convenience refer to a sustainable development. The 162 states party to the Marrakesh Agreement (1994), the founding document for the World Trade Organization (WTO), agree, in principle, to make "optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development" (WTO 1994). While the language used does not impose binding obligations on WTO members, the Agreement implies an obligation to work in good faith towards the accommodation of sustainable development principles in the practices of international trade and investment. International treaties like the *Convention on the Illegal Trade in Endangered Species* (CITES) for example and national custom and environmental laws prohibiting importation of illegally sourced forest and marine resources demonstrate states' interest in both preventing environmental destruction and further constraining the scope for transnational organized crime. Even though countries

dependent upon timer and fisheries exports are concerned that the levels of documentation necessary to satisfy legal requirements stretch the limits of their regulatory and law enforcement capacities, such prohibitions do not constitute restraint of trade under WTO rules (Battersby 2014). Though we might expect all humanitarian, human rights, and sustainability norms to run second to state and private commercial priorities, these are not incompatible ends (Desierto 2015; Vadi 2010).

## Extraterritoriality

The responsibility to act in compliance with international treaty obligations is borne by juristic persons, individual and corporate, residing or registered in signatory states (Noortmann 2015; Wouters and Chané 2015). Extraterritorial provisions within national laws open opportunities for individuals and organizations to be called to account for their actions overseas where these transgress to treaty obligations of their state of residence, or business operation. One of the most well-known sources of extraterritorial authority, the US Alien Torts Statute (ATS) acknowledges US district courts' jurisdiction to hear cases on criminal matters concerning acts "committed within their respective districts, or upon the high seas" and to grant "alien" persons the right to pursue a civil law suit for "violation of the law of nations or a treaty of the United States" (*Annals of Congress* 1789, pp. 2242–2243; USC Title 28, Pt. IV, Ch. 85, 1350). There have been many such torts cases brought before US district courts since the 1990s as lawyer activists representing alleged victims of US-registered TNCs began testing the limits of the ATS (For example, *Wiwa v. Shell* (Ogoniland, Nigeria); *Sarai v. Rio Tinto PLC* (Bougainville, Papua New Guinea); *Doe v. Unocal* (Myanmar). Extensive details, documents, and commentaries, on ATS and other legal proceedings against corporate entities can be found at http://business-humanrights.org/en (Accessed June 3, 2016). While the tide of judicial opinion has shifted against an expansive interpretation of the scope of this statute, there is still ample opportunity for US-linked corporations to be held accountable for transgressions of international and national law in the US justice system.

On the question of knowing involvement in the crimes of corruption and fraud, the US *Foreign Corrupt Practices Act* (1977) invites the broadest possible interpretation, and the widest extraterritorial application. Here US criminal and civil law converge, and from which convergence, criminal penalties can arise, where a company's directors fail to keep detailed records of their financial dealings at home or overseas and where there is strong circumstantial evidence to presume guilt (15 USC 2B, 78mb 2–5). Litigation risk is heightened in the post-9/11 era where laws to control transnational crime and compel corporate entities to comply with anti-terror legislation in the USA and many other western countries have been used to punish international corporate unlawfulness (U.S. Congress. Senate 2012; U.S. Congress, HOR 2001; Battersby 2014).

## "Soft Law"

"Soft law" here encompasses the codes of conduct internal to transnational organizations which constitute yet further evidence of nonstate actor efforts to promote compliance with international laws (for example, Rio Tinto 2015). The specter of civil and criminal litigation is one reason for the increased attention given to human rights and humanitarian obligations by private companies (UKJCHR 2010). Leading the drive to encourage greater corporate respect for noncommercial norms, the *OECD Guidelines for Multinational Companies*, first issued in the 1970s, sets out a template for prudential transnational corporate governance which incorporates strong recommendations to uphold international sustainability and human rights principles (OECD 2008). The OECD's Investment Committee furnishes the global corporate sector with "risk awareness" tools for operations in "weak governance zones," which it defines as states in which the government "cannot or will not" govern according to their sovereign obligations, implicating many of the conflict-afflicted countries from which the world

derives much of its mineral resources (OECD 2006, p. 11). There are of course no serious penalties for noncompliance, and many major transnational corporations continue to operate very close to the edge of their legal and ethical responsibilities. Still, these statements of principle can be construed into a larger view of international customary practice, to which appeals can be made, and obligations attributed, in efforts to challenge the abuse of power and privilege.

## Case Study

### Unethical Offshore Clinical Trials

The development of new treatments for major diseases is undoubtedly a global human health good, but the means by which drugs are sometimes tested in faraway places violate fundamental human rights and conflict with established legal standards governing the use of human subjects in scientific research. Historically, clinical trials were activities undertaken by state governments upon citizens within their own borders. The most well-known examples of state-led unethical clinical trials are those undertaken in Nazi Germany and Tuskegee, USA. These cases and the codes of conduct that arose from them provide the modern day touchstone for ethical standards (Pressel 2003; White 2003). The world pharmaceutical industry has grown rapidly since the 1950s, with a current net worth of $300 billion per year (World Health Organization 2015). Choudhury (2005) considers this growth phenomenon to be largely a result of the pharmaceutical industry's ability to take advantage of the creation of the increasingly liberalized global market along with innovations in transport and communication so readily associated with the globalization process. Consequently, "Big Pharma" assumed a primary role in drug research and development (Choudhury 2005, p. 43). Gatter (2006, p. 352) notes that regions such as Latin America, East Asia, and Africa have become targets for offshore clinical trials, where North American, Japanese, and European pharmaceutical companies can take advantage of substantially decreased costs (DuBois 2003); lack of regulation (Gatter 2006) and access to a larger pool of human subjects (DuBois 2003) in a bid to generate favorable trial results.

The practice of conducting clinical trials in developing countries is not a new phenomenon. The clinical trials of radioactive drugs on Alaskan villagers is an example of the US government sourcing clinical trial subjects from an offshore location. A second, better-known example is the US conducted drug trials on Guatemalan citizens, which saw subjects deliberately infected with sexually transmitted diseases (Aljazeera America 2015). What is new, however, is the extent of this offshore practice. This is particularly so in the case of US pharmaceutical companies, following the relaxing of US laws in 1994 to legitimize foreign testing (Dubois 2003). Since 1990, the conducting of clinical trials in foreign countries has increased over 2000% (Schuster 2015). While the exact extent of the offshore movement remains unknown, a report conducted by the Inspector General of the Department of Health and Human Services, Daniel Levinson, titled *Challenges to FDA's Ability to Monitor and Inspect Foreign Clinical Trials* found that at least 80% of the drugs approved for sale in the US market had been trialed either wholly or at least in part, in a foreign country (Levinson 2010).

Ethical issues in clinical trials arise from questions of: informed consent, lack of independent oversight, and failure to respond to a patient's adverse reactions. Due to the cloaked nature of the clinical testing processes in developing countries, it is difficult to determine to what ethical standard these activities are being conducted. However, the well- documented activities of Pfizer in conducting medical experimentation in Kano, Nigeria, and the resulting litigation from these events (*Abdullahi v Pfizer, Inc., 562 F 3d 163 2d Cir.* (2009) provide insight into the type of unethical practices that are being carried out. In 1996, pharmaceutical corporation, Pfizer, hearing of an outbreak of meningitis in a small town of Nigeria, took the opportunity to test their drug Toxacin (also known as Trovan) on young children infected with the illness (Patterson 2010). At this time, Trovan was prohibited from being tested in the United States, having presented serious side effects including liver damage and a degenerative

bone condition (Patterson 2010). It is alleged that Pfizer was aware of the status of Trovan at the time but despite this recruited and tested the experimental drug on 200 Nigerian children. After conducting the trial for a period of 2 weeks, Pfizer left the site without any follow-up treatment (Patterson 2010). It has been reported that 11 children lost their lives as a consequence of the trials and a significant percentage of the 200 were left severely debilitated (Patterson 2010).

### Obstructions to Universal Accountability

During the Trovan trial, there were numerous ways in which "Pfizer researchers departed from research practices understood to be customary within the pharmaceutical industry" (Bahir 2006, p. 160). Customary practices can generally be found in "soft law," the formative sources of regulation that seek to control the conducting of clinical trials. The most notable of these include: *The Nuremberg Code* (1946), the *World Medical Association Declaration of Helsinki: Ethical Principles for Research Involving Human Subjects* (1964), and the *World Health Organization, Guidelines for Good Clinical Practice for Trials on Pharmaceutical Products* (1995).

Soft law offers little protection against human rights abuse by pharmaceutical companies (Macklem 2005, p. 285). Bahir (2006, p. 169) attributes this namely to the voluntary nature of the guidelines, which do not "compel companies to abide by the rules," imposing only a moral obligation to do so. Similarly, victims of unethical clinical trials can find little recourse in the context of international criminal law. While the ICC prosecutes the most serious abuses of human rights: crime of genocide, war crimes, and crimes against humanity, it is unlikely that unethical clinical trials would fall within these definitions, unless, according to Schipper (2009), their participants were coerced to take part in them by force. Further, the ICC does not have jurisdiction over legal persons, such as pharmaceutical companies.

Departure from these regulatory guidelines may, however, result in a violation of international human rights law, which, unlike soft law, does carry legal force and unlike international criminal law does have subject matter jurisdiction. There are various human rights standards pertaining to medical experimentation. The most prominent of these being: the Right to Freedom from Cruel, Inhuman and Degrading Treatment, the Right to Bodily Integrity, and the Right to the Highest Attainable Standard of Health. These rights are reflected within various international legal instruments including the UDHR, ICCPR, ICESCR, *The African Charter on Human and Peoples' Rights*, *The European Convention on Human Rights* (ECHR), and *The Convention on the Rights of the Child*.

However, the international human rights law framework, as it currently stands, lacks the ability to hold nonstate actors (such as pharmaceutical companies) directly accountable (Salazar 2004, p. 115). Thus, as argued, in order for international human rights law to be given effect, they must be adopted into national legal codes and enforced through national-level criminal and civil processes. The host state (this being the state, which "hosts" the activities of pharmaceutical companies) holds actual physical and immediate jurisdictional powers over the pharmaceutical company operating within its own borders. However, host states in enacting and enforcing laws that bind powerful nonstate actors, like global pharmaceutical companies, face significant challenges. The relationship between pharmaceutical MNCs and developing country governments is extremely complex. The fact that "a global pharmaceutical company can provide (strong) services to a (weak) state's people" (Lyons 2007, p. 8) by injecting health care delivery systems with necessary capital and providing what would otherwise be unaffordable drugs and services is something that cannot be ignored. It might be argued that developing countries should not be held hostage to the competitive interests of global pharmaceutical companies in serving the financial interests of their shareholders. Yet at the same time, movements towards the regulation of pharmaceutical companies' activities in developing countries should not forgo the necessary health care benefits that they provide nor should it exclude the developing world from important medical advances.

Home states (those being the states where the pharmaceutical company headquarters or holding

company is registered) have arguably minimal control over the offshore activities of pharmaceutical companies as evidenced by the lack of oversight of offshore trials. Dubois' work considers the inefficiencies of home state regulation in protecting the rights of offshore participants, and he uses the shortcomings of United States regulatory systems to illustrate this lack of oversight issue. The USA, upon permitting foreign testing, failed to supplement this with adequate safeguards for regulation and control and therefore ensure the wellbeing of subjects abroad as well as consumers within its own borders (Dubois 2003). Further, there is presently no regularly invoked legal framework that has a demonstrated capacity to hold pharmaceutical companies to account for their activities offshore. The ensuing litigation from the activities of Pfizer in Nigeria was brought as an Alien Torts Statute (ATS) action in the New York District Court. This was a landmark decision that expanded the jurisdiction of the ATS by holding that "the prohibition in customary international law against non-consensual human medical experimentation can be enforced through the ATS" (Abdullahi v. Pfizer, Inc., 562 F 3d 163 2d Cir. (2009)). While the ruling in *Abdullahi v Pfizer* was considered a remarkable achievement in the context of pharmaceutical corporate accountability, the hopes for future cases of this kind were short lived. The subsequent decision of *Kiobel v Royal Dutch Petroleum* (621 F 3d, 111 2d Cir. (2010)) appears to have significantly curtailed the operation of the ATS by holding that corporations do not fall within its jurisdiction.

## Transnational Legal Futures

Despite the obstructions to universal accountability for unethical offshore clinical trials as set out in the preceding paragraphs, optimism remains for curbing the unethical practices of pharmaceutical companies and achieving justice for their victims. The development of a transnational space of laws presents opportunities to clinical trial participants and, more broadly, to those who suffer human rights abuses at the hands of multinational corporations.

One of the more significant aspects to the evolution of this transnational space of laws is the development of transnational tort law made possible through the extended extraterritorial reach of domestic civil laws. This development is evidenced through the rise of transnational tort litigation, with advocacy organizations and tort lawyers experimenting with the jurisdictional boundaries of common tort law in an effort to attribute accountability to MNCs operating in developing countries. Since the decision in Kiobel, new cases are being brought before US district courts in an attempt to reinstate the broad scope of the ATS' jurisdiction. Progressive movements also appear in transnational tort law in European jurisdictions. The recent Dutch case of *Friday Alfred Akpan v Royal Dutch Shell* C/09/337050/HA ZA 09–1580 (2013) in finding that Dutch Royal Petroleum can be held accountable for human rights violations offshore may set a precedent for transnational tort litigation. In the UK context, plaintiffs seeking compensation for injuries sustained in South Africa and inflicted by the Anglo-American mining company have brought class actions against these companies in the South African High Court and through the use of transnational tort litigation in the UK High Court (*Vava & Ors v Anglo American South Africa Ltd*., Claim No HQ11X03245).

A second relevant development in the transnational legal space relevant to human rights abuses by pharmaceutical companies is the increase of bilateral and multilateral agreements. A pertinent example of bilateral agreements includes the 1993 *Agreement between the Government of Australia and the Government of Hong Kong for the Promotion and Protection of Investments (Hong Kong Agreement)*. This agreement has currently come into the public spotlight with the tobacco company, Phillip Morris' unsuccessful claim that the Australian Government's enactment of the *Tobacco Plain Packaging Act* 2011 (Cth) is in breach of its obligations under the agreement. Investor-state arbitration is on the rise by means of bilateral treaties, and there are concerns that disputes could increase further with the advent of new multilateral trade and investment agreements. The most recent of these is the controversial Trans-Pacific Partnership Agreement (TPP). The TPP contemplates a legal framework wherein

a foreign company headquartered in one of the 11 signatory states can seek compensation for loss of profit from the government of another of the 11 signatory states should that government enact legislation that will impact the company's future profit margins. While these examples of bilateral and multilateral agreements may not at this point bode well for the protection of human rights, they demonstrate how the space of international laws is constantly changing and the willingness of both states and nonstate actors to be held to account beyond nation-state borders.

However, the expensive, time consuming and uncertain nature of litigation demonstrates why the development of the transnational space of laws must go beyond the work of lawyers inside court rooms. In the context of unethical offshore clinical trials, important contributions are being made by academics, journalists, development workers, medical practitioners, and advocacy organizations. Investigative research is of critical importance in shedding light on the extent to which offshore clinical trials are being conducted unethically in developing countries. Journalist, Sonia Shah's (2006) preeminent work, *The Body Hunters: Testing Drugs on The World's Poorest Patients*, documents "how the multinational pharmaceutical industry, in its quest to develop lucrative new drugs, has begun quietly exporting its clinical research business to the developing world. . ." Dutch NGOs, *Wemos*, and the *Centre for Research on Multi-National Corporations* (SOMO) have undertaken a number of investigative reports on unethical clinical trials in developing countries (SOMO publications include: *Examples of Unethical Trials* (2008), Wemos publications include: *The Clinical Trials Industry in Kenya: Realities, Risks and Challenges* (2014); *The Clinical Trials Industry in South Africa: Ethics, Rules and Realities* (2013); *The Globalization of Clinical Trials: Testimonies from Human Subjects* (2010); and *Examples of Unethical Trials* (2008).). Further, the 2011 *Report on Non-Consensual Medical Research in Africa* published by the Rebecca Project details case studies of unethical clinical trials in Africa. These advocacy organizations further lobby their respective government bodies to seek better regulation and accountability. Wemos advocates for improved supervision at the European level to prevent unethically tested medicines to be marketed in Europe. SOMO's Schipper (2009) in her report for the European Parliament on *Clinical Trials in Developing Countries; How to Protect People against Unethical Practices?* makes a series of recommendations, all of which are within the realm of the European Union's regulatory powers and include investigations, marketing authorization processes, clinical trial databases, and penalties awarded against pharmaceutical companies. Similarly, The Rebecca Project, a US-based organization, proposes recommendations that involve lobbying US congress to direct the FDA to impose a stronger monitoring scheme, impose sanctions on countries and on individual practitioners, and hold congressional hearings. Schuster (2015) in her recent article *For the Love of Drugs: Another Way to Make Profit Off the Poor* proposes that a more significant role be played by the FDA by means of increased mandatory reporting with a public register and increased inspections in developing countries.

## Conclusion

The argument presented in this chapter is that despite the many – valid – criticisms of the international legal establishment, the scope to pursue global justice through law is not exhausted or futile. Knowledge of international law can be a means to raise public awareness of rights and of injustices, and enable lay persons to conceive different legal pathways towards the realization of development and humanitarian ends. Thinking of international law as a creative space where there is scope for imagination and legal or regulatory innovation can generate incentives for development practitioners to engage with legal issues and work in closer cooperation with legal experts. The relationship between international law to development stretches far beyond war crimes trials in The Hague, or the human rights agendas of Amnesty International or Human Rights Watch, or indeed the UN's Human Rights Based Approach. This relationship encompasses routine

legal investigation, monitoring, and advocacy, the discovery of new regulatory possibilities in existing international treaties governing trade and investment. While this approach might be rejected as merely toying with a system that is fundamentally flawed because it is loaded in favor of states and transnational commercial interests, at the very least it opens fresh avenues to expose, challenge, and to restrain the exercise of arbitrary power.

## References


Abdullahi v Pfizer, Inc., 562 F 3d 163 (2d Cir., 2009)

African Charter on human and peoples' rights ("Banjul Charter"), opened for signature 27 June 1981, CAB/LEG/67/3 rev. 5, 21 I.L.M. 58 (entered into force 121 Oct 1986)

Agreement between the Government of Australia and the Government of Hong Kong for the promotion and protection of investments 1993 (Cth)

Al Jazeera America (2015) Johns Hopkins Sued over STD Study. 1 Apr. http://america.aljazeera.com/articles/2015/4/1/johns-hopkins-sued-over-std-study-in-guatemala.html. Accessed 23 July 2016

Alverez JE (2005) International organizations as law-makers. Oxford University Press, Oxford

Amnesty International

Anderson MB (1999) Do no harm: how aid can support peace-or war. Lynne Rienner, Boulder

Annals of Congress (1789) Library of congress. http://memory.loc.gov/ammem/amlaw/lwac.html. Accessed 12 Nov 2013

Arms Trade Treaty (2014). https://unoda-web.s3-accelerate.amazonaws.com/wp-content/uploads/2013/06/English7.pdf. Accessed 4 June 2016

Baccaro L, Mele V (2012) Pathology or path dependence? The ILO and the challenge of new governance. Int Labour Relat Rev 65:195–224

Bahir S (2006) An international legal system regulating the trade in the pharmaceutical sector and services provided by human subjects. Asper Rev Int Bus Trade Law 6:157–170

Battersby P (2014) The unlawful society: global crime and security in a complex world. Palgrave Macmillan, Houndmills

Blakeley R, Raphael S (2013) Governing human rights: rendition, secret detention, and Torturn in the 'war on terror'. In: Harman S, Williams D (eds) Governing the world: cases in global governance. Routledge, London, pp 160–179

Borger J, Bowcott O (2016) Radovan Karadzic criminally responsible for genocide at Srebrenica. Guardian, 25 Mar. http://www.theguardian.com/world/2016/mar/24/radovan-karadzic-criminally-responsible-for-genocide-at-srebenica. Accessed 28 May 2016

Brems E (2003) Protecting the human rights of women. In: Lyons GM, Mayall J (eds) International human rights in the 21st century: protecting the rights of groups. Rowman & Littlefield, Lanham, pp 100–137

Cassese A (2008) International criminal law, 2nd edn. Oxford University Press, Oxford

(CEDAW) Convention on the Elimination of All Forms of Discrimination Against Women (1979). http://www.un.org/womenwatch/daw/cedaw/cedaw.htm. Accessed Feb 2007

Cheru F (2016) Developing countries and the right to development: a retrospective African view. Third World Q 37(7):1268–1283

Choudhury B (2005) Beyond the alien tort claims act: alternative approaches to attributing liability to corporations for extraterritorial abuses. NW J Int Law Bus 26(1):43–75

Clapham A (2007) Human rights: a very short introduction. Oxford University Press, Oxford, pp 42–51

Convention (I) for the Amelioration of the condition of the wounded and sick in armed forces in the field. Geneva, 12 Aug 1949. https://www.icrc.org/ihl.nsf/INTRO/365?OpenDocument. Accessed 15 May 2016

Convention (II) for the Amelioration of the condition of wounded, sick and shipwrecked members of armed forces at sea. Geneva, 12 Aug 1949. https://www.icrc.org/ihl.nsf/INTRO/370?OpenDocument. Accessed 15 May 2016

Convention (III) relative to the treatment of Prisoners of war. Geneva, 12 Aug 1949. https://www.icrc.org/ihl.nsf/INTRO/375?OpenDocument. Accessed 15 May 2016

Convention (IV) relative to the protection of civilian persons in time of war. Geneva, 12 Aug 1949. https://www.icrc.org/ihl.nsf/INTRO/380. Accessed 15 May 2016

Convention for the protection of human rights and fundamental freedoms, opened for signature 4 Nov 1950, 213 UNTS 222 (entered into force 3 Sept 1953), as amended by Protocol No 11 to the convention for the protection of human rights and fundamental freedoms, opened for signature 11 May 1994, ETS No 155 (entered into force 1 Nov 1998) ('ECHR')

Convention on the rights of the child, opened for signature 20 Nov 1989, 1577 UNTS 3 (entered into force 12 July 2002)

Cullen A (2010) The concept of non-international armed conflict in international humanitarian law. Cambridge University Press, Cambridge

Desierto DA (2015) The international mandate for development: building compliant investment within the State's development decision making processes. In: Schill SW, Tams CJ, Hofmann R (eds) International investment law and development: bridging the gap. Edward Elgar, Cheltenham, pp 333–368

Dominguez-Urban I (1997) Harmonization in the regulation of pharmaceutical research and human rights: the need to think globally. Cornell Int Law J 30(2):245–286

DuBois W (2003) New drug research: the extraterritorial application of FDA regulations, and the need for international cooperation. Vanderbilt J Transnational Law 36(1):161–207


G

Duffield M (2007) Development, security and unending war: governing the world of peoples. Polity, Cambridge
Duffield M (2010) The liberal way of development and the development-security impasse: exploring the global life-chance divide. Secur Dialog 41(1):53–76
Escobar A (1995) Encountering development: the making and unmaking of the third world. Princeton University Press, Princeton, NJ
Europol-INTERPOL (2016) Migrant smuggling networks: joint Europol-INTERPOL report (Executive summary). http://www.interpol.int/News-and-media/News/2016/N2016-062. Accessed 26 May 2016
Falk R (1999) Predatory globalization: a critique. Polity Press, Cambridge
Flynn M (2014) How and why immigration detention crossed the globe. Global detention project working paper no. 8. http://www.globaldetentionproject.org/sites/default/files/fileadmin/publications/Flynn_diffusion_WorkingPaper_v2.pdf. Accessed 4 June 2016
Friday Alfred Akpan v Royal Dutch Shell C/09/337050/HA ZA 09–1580 (2013)
Gatter R (2006) Conflicts of interest in international human drug research and the insufficiency of international protections. Am J Law Med 32(2–3):351–364
(GDP) Global Detention Project (2016) Global detention reports. Available at: http://www.globaldetentionproject.org/publications/country-detention-reports. Accessed 3 June 2016
Geneva Call (2014) Annual report 2014: protecting civilians in armed conflict. http://www.genevacall.org/wp-content/uploads/dlm_uploads/2015/05/2014-Geneva-Call-Annual-Report-Short-version.pdf. Accessed 21 May 2016
Greene A (2016) Save the children staff forcibly removed from Nauru should be paid compensation, Departmental review says. http://www.abc.net.au/news/2016-01-15/report-removal-charity-workers-nauru-recommends-compensation/7092338. Accessed 26 May 2016
Hardt M, Negri A (2000) Empire. Harvard University Press, Cambridge, MA
Hardt M, Negri A (2005) Multitude. Penguin, New York
Hardt M, Negri A (2009) Commonwealth. Harvard University Press, Cambridge, MA
Harris A (2015) Agenda 2030: recognition for the role of justice and governance in sustainable development. 2 Sept. https://www.opensocietyfoundations.org/voices/agenda-2030-recognition-role-justice-and-governance-sustainable-development. Accessed 14 May 2016
Hilhorst D, Pereboom E (2016) Multi-mandate Organisations in development aid. In: Sezgin Z, Dijkzeul D (eds) The new humanitarians in international practice: emerging actors and contested principles. Routledge, Abingdon, pp 85–102
Hopgood S (2013) The Endtimes of human rights. Cornell University Press, Ithaca
(ICCPR) International Covenant on Civil and Political Rights, Office of the High Commissioner for Human Rights. http://www.unhchr.ch/html/menu3/b/a_ccpr.htm. Accessed 24 Jan 2008
(ICESCR) International Covenant on Economic, Social and Cultural Rights, Office of the High Commissioner for Human Rights. Open for ratification and signature, December 16, 1966 (entered into force, January 3, 1976). Available at: http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx. Accessed 4 July 2016
(ILO) International Labor Organization (2007) Toolkit for mainstreaming employment and decent work. ILO, Geneva. http://www.ilo.org/wcmsp5/groups/public/%2D%2D-dgreports/%2D%2D-exrel/documents/publication/wcms_172609.pdf. Accessed 29 Jan 2015
International investment law and development: bridging the gap. Edward Elgar, Cheltenham, pp 390–452
Jefferson LR (2004) War as in peace. In: World report 2004. Human Rights Watch, New York
Kapoor I (2013) Celebrity humanitarianism: the ideology of global charity. Routledge, London
Kendall S (2015) Commodifying global justice. J Int Crim Justice 13(1):113–134
Kennedy D (2004) The dark sides of virtue: reassessing international humanitarianism. Princeton University Press, Princeton
Kennedy D (2006) On war and law. Princeton University Press, Princeton
Kiobel v Royal Dutch Petroleum, 621 F 3d, 111 (2d Cir., 2010)
Kolb R (2015) Peremptory international law – jus Cogens: a general inventory. Bloomsbury, London
Krasner S (1999) Sovereignty: organized hypocrisy. Princeton University Press, Princeton
Kratochwil F (2014) The status of law in world society: meditations on the role and rule of law. Cambridge University Press, Cambridge
Kyl J, Feith DJ, Fonte J (2013) The war of law: how new international law undermines democratic sovereignty. Foreign Aff 92(4):115–125
Levinson D (2010) Department of Health and Human Services, Challenges to FDA's ability to monitor and inspect foreign clinical trials. http://oig.hhs.gov/oei/reports/oei-01-08-00510.pdf. Accessed 1 Nov 2015
Luhmann N (2008) Law as a social system. In: trans: Zeigert KA. Oxford University Press, Oxford
Luhmann N (2013) Introduction to systems theory (trans: Gilgen P). Polity Press, Cambridge
Lyons T (2007) Globalisation, failed states and pharmaceutical colonialism in Africa. In: Paper presented at the building a common future: Africa and Australasia: proceedings of the African studies association of Australasia and the Pacific (AFSAAP) 31st conference. Monash University Melbourne, Clayton. 26–28 Nov 2008
Macklem P (2005) Corporate accountability under international law: the misguided quest for universal jurisdiction. Int Law Forum 7:281–289
Marrakesh agreement (also agreement establishing the World Trade Organization) (1994). https://www.wto.org/english/docs_e/legal_e/04-wto.pdf. Accessed 3 May 2016

Meron T (2009) The Geneva conventions and public international law. Int Rev Red Cross 91(875). http://www.icrc.org/eng/resources/documents/article/review/review-875-p619.htm. Accessed 10 Nov 2012

Monageng SM (2014) Africa and the international criminal court: then and now. In: Werle G, Fernandez L, Vormbaum M (eds) Africa and the international criminal court. Asser Press, The Hague, T.M.C, pp 13–20

Naqvi Y (2003) Amnesty for war crimes: defining the limits of international recognition. Int Rev Red Cross 851. Available at: www.icrc.org/Web/eng/siteeng0.nsf/htmlall/5SSDUX/$File/irrc_851_Naqvi.pdf. Accessed 27 June 2008

Neuer HC (2016) Reform or regression: ten years of the UN Human Rights Council. United Nations Watch. 17 May. Available at: http://www.unwatch.org/10837-2/. Accessed 1 June 2016

Noortmann M (2015) Non-governmental organizations: recognition, roles, rights and responsibilitties. In: Noortmann M, Reinisch A, Rynagaert C (eds) Non-state actors and international law. Hart Publishing, Oxford, pp 205–224

O'Callaghan M-L (2002) Weaving consensus: The papua new Guinea-Bougainville peace process. Conciliation Resources. http://www.cr.org/sites/default/files/Accord%2012_3The%20origins%20of%20the%20conflict_2002_ENG.pdf. Accessed 3 Feb 2014

Open Society Foundations (OSF) (2015) Justice programs for public health: a practice guide. https://www.opensocietyfoundations.org/sites/default/files/justice-programs-public-health-20150701_1.pdf. Accessed 3 Apr 2016

Open Society Foundations OSF (2015) Justice and development: the global goals. 9 Sept. https://www.opensocietyfoundations.org/projects/justice-and-development. Accessed 7 Mar 2016

Organization for Economic Cooperation and Development (2008) OECD guidelines for multinational enterprises. OECD Publishing, Paris. http://www.oecd.org/investment/mne/1922428.pdf. Accessed 2 Jan 2014

Organization for Economic Cooperation and Development (OECD) (2006) OECD risk awareness tool for multinational enterprises in weak governance zones. OECD, Paris. http://www.oecd.org/daf/inv/corporateresponsibility/36885821.pdf. Accessed 4 Mar 2013

Organization of the Islamic Conference (OIC) (1990) Cairo declaration on human rights in Islam. 5 Aug. www1.umn.edu/humanrts/instree/cairodeclaration.html. Accessed 28 Apr 2008

Patterson P (2010) Abdullahi v. Pfizer: the second circuit expands the scope of customary international law under the alien torts statute. Tulane J Int Comp Law 18(2): 503–522

Picciotto S (2011) Regulating global corporate capitalism. Cambridge University Press, Cambridge

Pressel D (2003) Nuremberg and Tuskegee: lessons for contemporary American medicine. Nat Med Assoc 95(12):1216–1225

Protocol against the illicit manufacturing and trafficking in firearms, their parts and components and ammunition, supplementing the United Nations Convention Against Transnational Organized Crime (2001) Entered into force. 3 July 2005. http://www.unodc.org/unodc/en/treaties/CTOC/countrylist-firearmsprotocol.html. Accessed 1 June 2016

(Protocol I) Protocol additional to the Geneva conventions of 12 August 1949, and relating to the protection of victims of international armed conflicts (Protocol I) 8 June 1977, International Committee of the Red Cross. Geneva. 1977, pp 3–87. http://www.icrc.org/ihl.nsf/INTRO/470. Accessed 5 Dec 2013

(Protocol II) Protocol additional to the Geneva conventions of 12 August 1949, and relating to the protection of victims of non-international armed conflicts (Protocol II) 8 June 1977, International Committee of the Red Cross. Geneva, 1977, pp. 89–101. http://www.icrc.org/ihl.nsf/INTRO/475. Accessed 5 Dec 2013

Protocol to prevent, suppress and Punish trafficking in persons, especially women and children, supplementing the United Nations Convention against transnational organized crime (2000) United Nations Treaty Series A-39574 entered into force 25 Dec 2003. https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=XVIII-12-a&chapter=18&lang=en. Accessed 1 June 2016

Rajagopal B (2004) International law from below: development, social movements and third world resistance. MIT Press, Cambridge, MA

Rawls J (1971) A theory of justice. Harvard University Press, Cambridge, MA

Rice S (2012) Statement by the president of the security council. United Nations Security Council, S/PRST/2012/16, 25 Apr. http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/IPS%20S%202012%2016.pdf. Accessed 16 May 2016

Rio Tinto (2015) The way we work. http://www.riotinto.com/documents/RT_The_way_we_work_ENG.pdf. Accessed 3 June 2016

Robertson G (2002) Crimes against humanity: the struggle for global justice, 2nd edn. Penguin, London

Rome Statute of the International Court (2002) The hague: ICC public information and documentation service

Salazar C (2004) Applying international human rights norms in the United States: holding multinational corporations accountable in the United States for international human rights violations under the alien tort claims act. St John's J Legal Comment 19(1):111–157

Sandy L (2014) Women and sex work in Cambodia: blood, sweat and tears. Routledge, Abingdon

Sarei v. Rio Tinto PLC 671 F.3d 736 Court of Appeals (9th Circuit, 2011). http://scholar.google.com.au/scholar_case?case=3657655203535349515&q=Sarei+v.+Rio+Tinto+PLC&hl=en&as_sdt=2,5&as_vis=1. Accessed 30 June 2013

Sarei v. Rio Tinto, PLC, 722 F. 3d 1109 – Court of Appeals, (9th Circuit 2013). http://scholar.google.com.au/

G

scholar_case?case=8730189957161081235&q=Rio+Tinto+v.+Sarei,+2013&hl=en&as_sdt=2006&as_vis=1. Accessed 12 Nov 2013
Schipper I (2009) Clinical trials in developing countries: how to protect people against unethical practices. Report for The Director General for External Policies of the Union, European Parliament
Schuster B (2015) For the love of drugs: using pharmaceutical clinical trials abroad to profit off the poor. Seattle J Soc Justice 13(3):1015–1067
Shah S (2006) The body hunters: testing new drugs on the world's poorest patients. The New Press, New York
Sklair L (2001) Transnational capitalist class. Wiley-Blackwell, Malden
Sklair L (2002) Globalization, capitalism and its alternatives. Oxford University Press, Oxford
Sonderholm J (2014) A critique of an argument against patent rights for essential medicines. Ethics Global Politics 7(3):119–136
Steger M (2009) The rise of the global imaginary: political ideologies from the French revolution to the global war on terror. Oxford University Press, Oxford
Tobacco Plain Packaging Act 2011. Commonwealth of Australia, No. 148, 2011. https://www.legislation.gov.au/Details/C2011A00148. Accessed 12 May 2016
Trials of War Criminals Before the Nuremberg Military Tribunals Under Control Council Law No. 10, Vol. 2, Nuremberg (Washington, DC: US Government Printing Office, October 1946–April 1949)
U.S. Congress. House of Representatives (2001) Uniting and strengthening America by providing appropriate tools required to intercept and obstruct terrorism (USA Patriot Act) Act of 2001. 107th Congress, 1st session, January. http://www.gpo.gov/fdsys/pkg/BILLS-107hr3162enr/pdf/BILLS-107hr3162enr.pdf. Accessed 14 Jan 2014
U.S. Congress. Senate (2012) U.S. Vulnerability to money laundering, drugs and terrorist financing: HSBC case history. July 17. http://www.hsgac.senate.gov/subcommittees/investigations. Accessed 31 Aug 2012
(UDHR) Universal Declaration on Human Rights (1948). http://www.un.org/en/universal-declaration-human-rights/. Accessed 24 Mar 2012
(UKJCHR) United Kingdom Parliament Joint Committee on Human Rights (2010) Any of our business? Human Rights and the UK private sector: government response to the committee's first report of session 2009–2010. HL Paper 66/HC 401, UK Parliament. http://www.publications.parliament.uk/pa/jt200910/jtselect/jtrights/66/66.pdf. Accessed 5 July 2012
(UN HBRA) 'United Nations Human Rights Based Approach to Development'. http://hrbaportal.org/the-human-rights-based-approach-to-development-cooperation-towards-a-common-understanding-among-un-agencies. Accessed 8 Nov 2015
(UNCAC) United Nations Convention Against Corruption (2004). Available at: https://www.unodc.org/unodc/en/treaties/CAC/index.html. Accessed 4 Nov 2012
(UNCLOS) United Nations Convention on the Law of the Sea (1982) United Nations Treaty Series I-31363, entered into force November 16, 1994. http://www.un.org/depts/los/convention_agreements/texts/unclos/UNCLOS-TOC.htm. Accessed 5 June 2006
(UNDG) United Nations Development Group (2003) The human rights based approach to development cooperation: towards a common understanding among UN agencies. UN practitioners' portal on human rights based approaches to programming. http://hrbaportal.org/the-human-rights-based-approach-to-development-cooperation-towards-a-common-understanding-among-un-agencies. Accessed 12 Sept 2014
(UNDRIP) United Nations Declaration on the Rights of Indigenous Peoples (2007) United National General Assembly A/Res/61/295. http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf. Accessed 9 July 2009
United Nations Declaration on the Right to Development (1986). Available at: www.un.org/en/events/righttodevelopment/. Accessed 2 May 2014
(UNODC) United Nations Office on Drugs and Crime (2004) United Nations convention against transnational organized crime and the protocols thereto. New York, UNODC. http://www.unodc.org/unodc/en/treaties/CTOC/. Accessed 4 July 2009
United States Criminal Code (USC) Foreign Corrupt Practices Act of 1977 (FCPA), as amended 15 USC 78dd-1 et seq. http://www.justice.gov/criminal/fraud/fcpa/statutes/regulations.html. Accessed 2 Jan 2015
United States of America v. HSBC and HBUS, Case 1:12, cr763, 1–3, December 11, 2012. http://www.gibsondunn.com/publications/Documents/HSBC_DPA.pdf. Accessed 4 Dec 2013
Vadi VS (2010) Access to medicines versus protection of 'investments' in intellectual property: reconciliation through interpretation? In: Perry-Kessaris A (ed) Law in the pursuit of development: principles into practice. Routledge, New York, pp 52–67
Vava & Ors v Anglo American South Africa Ltd, Claim No (HQ11X03245)
Vienna Convention on the Law of Treaties 1969. United Nations treaty series, 1980. https://treaties.un.org/doc/Publication/UNTS/Volume%201155/volume-1155-I-18232-English.pdf. Accessed 2 June 2016
Webb P (2013) International judicial integration and fragmentation. Oxford University Press, Oxford
Wemos: the clinical trials industry in South Africa: ethics, rules and realities 2013. Available from http://www.wemos.nl/Eng/publications.htm. 5 May 2014
Wheeler S (2010) Political consumption: possibilities and challenges. In: Perry-Kessaris A (ed) Law in the pursuit of development: principles into practice. Routledge, New York, pp 10–25
White R (2003) The Tuskegee syphilis study and consent. Ann Emerg Med 42(3):430–431
Wilson E, Goodman J, Steger M (2013) Justice globalism: ideology, crises, policy. SAGE, London
World Health Organization (1995) Guidelines for good clinical practice for trials on pharmaceutical products. In: The use of essential drugs 97–137 Technical report series no. 850

World Health Organization, Pharmaceutical industry, trade, foreign policy, diplomacy and health. http://www.who.int/trade/glossary/story073/en/. Accessed 1 Nov 2015
World Medical Association. Declaration of Helsinki: ethical principles for research involving human subjects (June 1964, last amended 2008)
Wouters J, Chané A-L (2015) Multinational corporations and international law. In: Noortmann M, Reinisch A, Rynagaert C (eds) Non-state actors and international law. Hart Publishing, Oxford, pp 225–252

## Globalization and Migration

Val Colic-Peisker
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

### Synonyms

Global mobility; Human mobility

### Introduction

Migration, in a meaning of transnational human mobility, is an important aspect of globalization (Castles et al. 2013). In recent decades, globalization is usually taken to mean the "latest wave" of globalization rather than a *longue durée* process spanning centuries. In the former meaning, globalization is defined as the acceleration of global economic, political, cultural, and environmental interconnectedness and interdependency over the past several decades, with different authors placing different starting times to it. In any case, globalization became an unavoidable buzzword in social sciences during the 1980s, and in the 1990s, it entered the public vocabulary, at least in the West (Steger 2009). While the process of globalization is not limited to the global expansion of Western capitalism, it is primarily driven by capital's inherent expansionism into new investment markets and new sources of cheap labor (Wallerstein 1979).

Starting from the 1980s, information and communication technology (ICT), epitomized in increasingly widespread use of computers and the Internet, has represented the technological basis for the most recent globalization growth spurt. We can call it thus because globalization is not something that only happened at the end of the twentieth century; it has been happening since the "age of discovery" and the dawn of capitalist modernity in the fifteenth and sixteenth centuries. More recently, the invention of the telegraph in the early 1830s and its widespread use in Europe and the USA by the mid-nineteenth century, followed by the telephone and railways, were every bit as revolutionary in connecting the globe and "making it smaller" as the ICT is today (Hobsbawm 1975/1996).

Even though globalization is not new, it is now more radical than ever before, as a process and as an ideology. Increasingly remote parts of the world's "periphery" join the intricate and intense global net of interconnectedness and interdependency not only through globalization but also as a consequence of migration. In fact, nowadays it is impossible to find a corner of the globe fully inhabited by people unaffected by the desire to venture into foreign lands in the search of security, economic opportunity, knowledge, or adventure. More people than ever before are on the move, at least in absolute numbers, and transnational migration and mobility more generally are diversifying into a multitude of forms, including settlers, temporary migrants, international students, seasonal workers, professional transients, asylum seekers, and tourists (Castles et al. 2013).

In recent decades, global migration has diversified. Until relatively recently, global migration comprised a large majority of settlers that typically moved from rural to urban areas. For over two centuries, low-skilled rural labor moved to growing industrial cities. While various other types of migration also existed, their proportion in the total migratory flows was small. While rural-urban migration may still predominate, especially if we count massive internal migrations within the most populous countries such as India and China, other types of migration are now counted in millions and have global economic, social, and cultural significance. For example, global education mobility and the global

education "market" have boomed over the past decades, benefiting primarily English-speaking countries due to English being the global lingua franca.

Yet, migration remains the most restricted aspect of globalization (Castles et al. 2013). In the words of the Australian Productivity Commission (2016: 21): "The movement of people across borders is distinct from the movement of goods and services given the broader economic and social flow-on effects associated with the former." Goods and capital travel freely across national borders – in recent decades, "free trade" has become a mantra for the governments of "core countries" (it remains to be seen whether the Trump presidency will actually change this), while unrestricted flows of capital through the main global stock exchanges and associated "financial markets" control the global economy. The flows of people, however, are much more controversial and at the time of writing (March 2017), migration is one of the most hotly debated political topics in the "First World."

Instead of "free flows of people," the mantra of the core countries seems to be "border control." The irregular, uncontrolled, and perhaps uncontrollable, flows of people have caused considerable anxieties to the citizens of the "core countries." In the words of Eric Hobsbawm (1999: 166–7), the latter, living in "[. . .] comfortable, protected and self-absorbed enclaves" seem determined to maintain their advantages and privileges vis-à-vis the "uncomfortable and unprotected larger world inhabited by the majority of humans." Of course, migration restrictions and increasing efforts to control transborder flows of people are never presented as unwillingness of the "First World" to share its privileges with the "Third World." Usually, the national security and concerns about terrorism are invoked (Kerwin 2016). It has been relatively easy to incite popular fear and anxiety and consequently gain support for the enforcement of the "sovereign right" of nation-states to control their borders, especially in the USA, Western Europe, and Australia.

There have been attempts to negotiate supranational approaches to migration and migration controls. Apart from managing permanent resettlement of a certain number of refugees through the UN High Commissioner for Refugees (UNHCR), such attempts have not succeeded. Not even the EU, with its well-developed supranational institutional framework and the formally controlled external "Schengen border," has been able to devise and enforce a unified approach to irregular immigration. The irregular migration has been reaching Europe from the south and the east, mainly by boats across the Mediterranean from Africa, and since 2015 also by land via Turkey, Greece, and the Balkans, with the largest recent wave of refugees comprising mainly Syrians escaping the protracted civil war.

In general, today's "managed migration" policy agenda encounters many obstacles. The International Organization for Migration (IOM) (founded in 1951 under a different name and formally incorporated into the UN system in 2016) is a forum for setting standards, hosting negotiations, collecting migration data, monitoring national policies, and helping create the international institutional migration management framework (Goldin et al. 2011). However, there is no regional, let alone global migration policy. National migration policies remain subordinate to exclusive national interests, as perceived and/or engineered by respective national governments at any given time. Therefore, irregular migration remains one of the many global problems without a global solution.

## Migration and the Nation-State in the Global Era

In spite of formidable technological means of surveillance and control, controlling the borders is a difficult task. Enforcing the "fortress Europe" (the fortress "European Union within its Schengen borders," to be precise) against migrant and refugee influx from Africa and Asia or stopping illegal migration from Mexico and Central American countries to the USA by building fences has been presented as increasingly urgent by politicians. Yet, stopping the undesirable migrant flows remains eminently unsuccessful. The exponential rise of irregular migration flows into Europe from the Middle East and Africa that

started in the autumn of 2015 (Kingsley 2015) could not be stopped without deploying the full-blown repressive apparatus of physical violence, which fortunately remain a frontier not yet crossed in the battle for "sovereign borders."

Controlling Australian borders has proven to be somewhat easier, due not only to the geographical isolation of Australia and the fully maritime border of the country-continent but also the readiness of the affluent country to spend inordinate sums on the maritime operation titled "Sovereign Borders" that started in 2013. Australia is also able to finance the "Pacific solution" to the "asylum seekers' problem," which mandates that they can never enter Australia but are instead transported to neighboring Pacific island countries (Nauru and Papua New Guinea) for processing of their asylum claims. The Australian way of countering the "unauthorized arrivals" by physically "turning back the boats" into Indonesian territorial waters is so far the most draconian method of controlling transnational migration into a "First World" country. Because of its success in reducing the asylum seeker arrivals, Australia is currently cited as an inspiration by some European and American politicians, adamant about restricting immigration and, especially, the irregular intakes.

The global system of nation-states with border controls, passports and visas allowing entry and restricting length of sojourn and rights of entrants, is ubiquitous and taken for granted at the present time. However, the guarded "sovereign" borders and state controls of immigration are only a century old, enacted during the First World War. Earlier, largely free or ad hoc restricted flows of people (e.g., restrictions to Chinese entry to some Australian British colonies during the late nineteenth-century Gold Rush) were "naturally" controlled by the difficulty and the prohibitive cost of international and intercontinental travel. At the time of the so far largest known migration wave in history (relative to population), the transatlantic migration of the late nineteenth-early twentieth centuries, the ocean crossing was a severely uncomfortable affair for people of limited means. A comfortable passage from London to New York on a steam liner enjoyed by the well-heeled was, at the time of the Titanic (1911), equivalent to 6 months of average wages. Therefore, for the working masses, there was no going back and forth. At that time, leaving Europe for America or Australia was the farewell to the homeland and one-way trip into the unknown.

Today's circumstances are vastly different. The global system of nation-states creates reasons for global flows of people and at the same time imposes a system of restrictions to migratory flows. Yet, nation-states seem only able to slow down the professedly unwanted intakes. The core countries are making it more difficult for the Third World dwellers to seek peace and economic opportunity at their doorstep but are unable to stop it. Even not-so-well-off citizens of peripheral and semi-peripheral countries are nowadays supplied by unstoppable information flows and global communication possibilities. They know where they want to go and why, and they also know how to get there; therefore, they do go, even though a human-smugglers-enabled sea passage or tracking through a desert often proves fatal. In recent years, thousands of people have died trying to reach the developed world. Global discrepancies in wealth and economic opportunity and a desire to flee from unsettled or war-torn countries in the Middle East, Africa, and Central America, present an extraordinary motivation for people to migrate, regardless of the risks involved.

Demographic imbalances between nation-states are also an important driver of global migration. High birth rates and lower life expectancy and consequently young populations of developing countries are juxtaposed to the aging populations of developed countries. The median age of the population (according to the 2016 estimate by the CIA World Factbook) of Somalia is 15 years, of Afghanistan and Nigeria just over 18 years, of Eritrea 19.4 years, of Pakistan 23.4 years, of India 27.6 year, and of Algeria 27.8 years. In contrast, the median age of Germans is 46.8, of Japanese 46.9, of the French 41.2, of Britons 40.5, of Americans 39.7, and of Australians 38.6. The Australian Productivity Commission (2016: 14) argues that the "demographic dividend" is one of the main "long-term impacts of immigration" [to developed countries,

in this particular case Australia], secured through migrant participation in the workforce and "reducing the impacts of population ageing" (ibid: 14).

Immigrants are needed in the First World countries, not just for the reason of aging populations and consequent labor shortages. They contribute to the prosperity of "core" countries also a source of cheap and precarious labor for the First World businesses. The USA, with estimated over 15 million of illegal immigrants, is a paradigmatic case of mixed feelings toward arrivals from the south. Many US citizens loathe the "invasion" as something that threatens the country and the civilization itself, fearing "Latinos" who are "splitting the country in two"; others subscribe to a more pragmatic view, though much less loudly expressed, which acknowledges that the country, and especially its better-off citizens and employers, no doubt profit from the "invasion," as they acquire cheap labor for their businesses and affordable "domestic help" for their households.

The issue of migration and the nation-state is not just about demographics and economics. An important consideration in public debates on immigration is the sociocultural consequence of immigration. What is at stake here is a cultural makeup of the nation and what an increasing ethnocultural diversity does to the (national) society. In the "New World" English-speaking settler nations, migration has been a method of nation building for centuries, a method that has always involved explicit or implicit, official or populist, ethnic and racial restrictions, and preferences. Canada, Australia, New Zealand, and the USA all had their versions of racial restrictions that formally ended in the 1960–1970s (in the USA in 1965, in Canada in 1967, in Australia in 1973) but linger on as "White privilege" in the declarations of populist politicians and immigration preferences by a considerable minority – occasionally even majority – of natives.

Since the abolition of formal restrictions to non-European (or "Oriental," as the Canadian Prime Minister called it in his 1947 speech) immigration, the proportion of "non-White" immigration to predominantly "white" core countries, including the main English-speaking countries, is getting steadily higher. Reoccurring debates on the size and composition of immigration intakes rarely mention "race" of immigrants and usually focus on "culture" and "values." For example, a fast growing proportion of "Latinos" ("Hispanics") in the USA gradually changes the census-captured demographic profile of the US population, but it also shows that this population, especially the second and further immigrant generations, is successfully assimilating into the American English-speaking "mainstream." In Australia, at various times since the 1970s, conservative politicians and political commentators have expressed concerns about assimilability of "refugees," "Asians," the "Lebanese," "Sudanese" (and other black Africans, especially refugees), and more recently "Muslims."

People of Islamic faith have represented the key "anathema group" in Western countries over the past decades and especially since the 2001 terrorist attack on the USA (the "9/11"). Western Islamophobia reached its peak in the first presidential decree by Donald Trump (January 2017), banning entry to the USA of citizens of seven majority Muslim countries, the ban that was revoked as unconstitutional shortly after being introduced and then introduced again (March 2017) in a slightly different form. In February 2017, an Australia senator called for an immigration ban from all countries stretching "from Greece to India," clearly targeting the Middle-Eastern majority Muslim countries. Such blanket ethnicity-based immigration bans are not likely to be reintroduced in the twenty-first century, but these calls, also present in the EU, reflect the fears about ethnocultural diversity and an enduring understanding of the nation as "ethnicity-based" and preferably homogenous, "one-nation-one-culture" entity. Such understandings imply an ongoing tension between globalization (leading to the intensification and diversification of migration) and the nation-state.

## Scholarly Approaches to Global Migration

"Migration studies" are an interdisciplinary social-scientific field that assumed a defined form in the 1980s, with a growing number of journals

publishing research in the field. However, research into migration and resulting "ethnic relations" started much earlier. In fact, empirical sociology started through research of migration at the University of Chicago, known as the "Chicago School of Sociology." This is where the first university sociology department started operating in 1892 and the first sociology disciplinary journal was founded (*The American Journal of Sociology*).

The Chicago sociologists of the *fin de siècle* were fascinated by the influx of predominantly rural migrants from central, eastern, and southern Europe into burgeoning American industrial cities. The cities became social laboratories as millions of European peasants escaping rural poverty were transformed into the industrial fodder of steel mills, abattoirs, and factories of the mid-West and elsewhere. The urban life in American cities was challenging for these settlers, and they themselves represented a challenge to the cities, as recorded by the new "science" of sociology. *The Polish peasant in Europe and America* by W. I. Thomas and F. Znaniecki, published 1918–1920 in five volumes, was a major landmark in American sociology. A considerable sociological debate was triggered again in 1928 by Robert Park's article "Human Migration and the Marginal Man." The debate on the effects of migration on migrants and their host societies continued into the 1950s. The early sociologists were eager to help governments and especially city authorities to deal with the challenges posed by large immigration. This is how the challenge of "social disorganization" was described by Herbert Blumer, as a comment to Thomas and Znaniecki's book:

> The Polish peasant reared in a primary group setting, develops a personality which is very dependent, for the regulation of conduct, upon habit and upon the immediate suggestions from his milieu. In a new situation, such as is represented by his residence in the US, he does not have the preparation which would permit him to develop a new life organization with such elements as abstract individualistic morality, religious mysticism and the legal and economic systems which he finds in America. In order to reorganize his life on a new basis, he needs a primary group as strong and coherent as the one he left in the old country. This he is unlikely to find. Consequently, confronted as he is with strange values [...] he is likely to incur demoralization, and this disorganization is likely to become progressive [...]. (Blumer 1939: 67–68)

It may be a legacy of the Chicago School of Sociology that global migration is a priori often seen as a social problem – the assumption is that there is a price to pay for the economic and demographic benefit of migration. So who benefits?

On this issue, the scholarship on global migration is divided into two broad paradigms: the classical migration theory that could be described as structural-functional started with German-British geographer E. G. Ravenstein trying to establish "laws of migration" in 1885. The classical migration theory espouses a "general equilibrium" view of migration: "push" and "pull" factors that propel migrants out of certain countries and places and attract them to certain countries and places work as a variant of the economic "invisible hand." According to this view, migration decreases unemployment in less developed countries while providing labor where it is needed, connecting it with capital in more economically dynamic countries; migration also helps in addressing demographic imbalances between more and less developed countries.

A more recent, critical view of migration perceives it as a process that provides significant benefit to developed countries while potentially harming less developed ones. Global migration provides cheap labor, as well as "brain gain" to developed countries and with the lure of better earnings and life conditions in general, lures the young and educated people from the developing countries, which develop a brain drain in the process. While there is evidence to support both theories, the last wave of globalization has created a tightly knit global capitalist economy where "core" and "peripheral" countries assumed unequal roles and reaped unequal benefits from migratory processes.

## Migration and Development

Migration and human mobility more generally have played a significant role in human history. Over the centuries, travelers and migrants served as conduits for the transmission of new ideas, which accelerated

technological innovation and cultural development (Goldin et al. 2011: 11–12). Since the early modern era's "age of discovery," migration and development accelerated simultaneously.

It can be reasonably assumed that technologically and economically more advanced countries appropriate most of the benefits of migration – even though it is clear that effects of migration are manifold and complex and therefore hard to measure. Over the centuries, more developed countries have profited from migration in various ways. Early forms of using migration for one-sided economic benefit include coerced migration of labor such as the slave trade that brought millions of Africans to the US plantations and thousands of indentured laborers to Australia and elsewhere. A contemporary way of directing the profit of migration to the core countries is through "brain drain" and "brain gain." Core countries attract the best young scholars, professionals, and entrepreneurs to the global technology hubs, the most famous of which is the US Silicon Valley, and to economically dynamic and cosmopolitan "global cities" such as London, New York, Paris, Sydney, Melbourne, Singapore, and many others.

Technological advances that characterize the latest wave of globalization and a transition to a "knowledge economy" in core countries made the tertiary educated migrants the most desirable section of the global workforce. Over the past decades, ICT developments created many new professions. Rapid urbanization and the expansion of tertiary education in the largest Asian countries, China and India, created large outflows and "brain drain," as many educated Asians migrate to the West in search of economic opportunities and better work environments. Asia and the Pacific are the most significant sources of highly skilled workers migrating to the West. For example, more than three-quarters of Indian migrants and more than half of South Korean migrants are tertiary educated.

Unfortunately, a considerable portion of the mobile "human capital" and "global talent" gets lost in transfer through a lack of skills recognition and language and cultural barriers that migrants face in their host countries, leading to a phenomenon known as "brain waste." The core countries have also used imperial expansion by first "discovering" and conquering foreign lands and then creating colonies with a critical mass of population sufficient to ensure efficient exploitation of natural resources of the colonized lands. During the last wave of globalization, more subtle neo-imperial and neocolonial methods are used in the exploitation of peripheral countries, including attracting their best and brightest to leave in search of better opportunities. This process can seriously impede the development of semi-peripheral and peripheral countries within the world system.

## Cross-References


- ▶ Global Poverty and Inequality
- ▶ Greek Refugee Crisis, The
- ▶ Immigration Polices: A Survey
- ▶ Immigration: End of Schengen Agreement?


## References


Blumer H (1939) An appraisal of Thomas and Znaniecki's the polish peasant in Europe and America. Social Science Research Council, New York. Bulletin No. 44 (with an summary and analysis by R. Bain)

Castles S, De Haas H, Miller M (2013) The age of migration: international population movements in the modern world, 5th edn. Palgrave Macmillan, London

Goldin I, Cameron G, Balajaran M (2011) Exceptional people: how migration shaped our world and will define our future. Princeton University Press, Princeton

Hobsbawm E (1975/1996) The age of capital. Vintage, New York

Hobsbawm E (1999) The new century: in conversation with Antonio Polito. Little, Brown and Company, London

Kerwin D (2016) Treating Syrian refugees as a national security threat: do the means fit the end? Center for Migration Studies, New York. Available at http://cmsny.org/publications/kerwin-syrians-national-security/

Kingsley P (2015) The new odyssey. Guardian Books and Faber & Faber, London

Steger M (2009) Globalization: a very short introduction. Oxford University Press, Oxford

The Australian Productivity Commission (2016) Migrant intake into Australia, a public inquiry report, Sept 2016. Available at http://www.pc.gov.au/inquiries/completed/migrant-intake#report

Wallerstein I (1979) The capitalist world economy. Cambridge University Press, Cambridge, UK

# Globalization and Nation-States

Klaas Dykmann
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia
Roskilde University, Roskilde, Denmark

## Synonyms

European Union; Global governance; Globalization; Human rights; International Criminal Court; International law; International organizations; International relations; Nationalism; Nations; Non-governmental organizations; States; United Nations

## Introduction

Modern globalization is associated with an increased interconnected world where border crossing is the order of the day. International trade and migration, pandemics, natural resource management, and environmental risks represent global challenges that single nation-states can hardly handle on their own. One of the paramount questions today thus seems to be whether globalization has weakened the nation-state. Or has globalization rather contributed to the nation-state's revival? How did nation-states emerge? And how does it relate to globalization? There has been much discussion about to what extent globalization has challenged nation-states or even made them superfluous in a supposedly more and more borderless and increasingly intertwined world. However, what is globalization and what does the nation-state entail?

The scholarship on "globalization" is vast (see Steger et al. 2014) and focuses on increasing trade flows, traffic of people, ideas, products, capital, diseases, and other tangible and intangible elements and developments. While some argue that the history of mankind can be seen as globalization from the start, others refer to phases of massive migration, expansion, imperial conquest, or beginning world trade. Most scholars, however, agree that modern globalization took off in the nineteenth century as a result of the revolutions in industry and transportation and experienced an accentuated acceleration since the 1970s with considerably increased global trade, air travel available to mass tourism, and a rise of study exchanges. The notion of globalization itself is rather new, however, and has various connotations and specifications, economic, cultural, and political (and occasionally environmental) globalization being the most prominent ones. Manfred Steger suggests adding "ideological globalization" to it, which could be considered as the global diffusion of ideas and concepts (Steger 2009). A widely referenced definition describes this process as follows: "Globalization can be taken to refer to [. . .] spatial-temporal processes of change which underpin a transformation in the organization of human affairs by linking together and expanding human activity across regions and continents" (Held et al. 1999: 15). Paul James (2005) provides another helpful definition with a more historical dimension: "Globalization is the extension of social relations across world-space, defining that world-space in terms of the historically variable ways that it has been practiced and socially understood through changing world-time." Globalization always constitutes a much generalized description and needs further differentiation as it aspires to depict processes that are not linear and take shape in various spaces at different speeds. The very wording indicates that globalization is world encompassing and thus per definition crossing borders of nation-states (or even making them irrelevant). A good argument for globalization as a relatively new phenomenon is the development of cyberspace and the Internet, enabling telecommunication at a breathtaking speed, which makes mass communication and social media available anytime anywhere in real time (if equipment, electricity, and a connection are provided). This has not only facilitated trade and produced new online business and changed most societies' and individuals' ways of communicating and using time but also affected diplomacy and international relations and thus the nation-state.

## The Origins of Nation-States and Globalization

International relations (IR) scholars have traditionally taken the nation-state as a starting point, while sociologists in the beginning often associated "society" with nation-states and anthropologists focused rather on local cultures and practices. Historians could be best equipped to analyze globalization and nation-states as the nation-state is only one of the actors and subjects of study among other competing units (O'Byrne and Hensby 2011: 3). The "nation-state" is a topic that has received attention by researchers for much more time than "globalization." "Nation" and "state" are often used synonymously (Wimmer and Feinstein 2010: 765), but this is not accurate as there are states harboring various nations (the Soviet Union or Yugoslavia), nations living in various states, and nations without a state (the Kurds or the Palestinians). It seems helpful to consider the concept of the nation-state as both replacement for and coexisting entity with uniform and patchy, smaller and bigger, more and less centralized, urban, rural, or other forms of organized social, economic, and political life in certain visible or intangible borders with more or less the same or varying rules for hierarchical, multilayered (castes, feudal systems, etc.), or fragmented societies (such as in empires). Throughout history, groups have always distinguished between "us" and "them". However, with more interaction at various levels and over long distances in the modern era, this distinction became more complex. Steven Grosby explains the belonging to a nation with the notion of kinship, where clearly perceptible links or biological bonds are essential. These bonds or links make kinship to a community in which the shared affiliation is so strong that it can also overcome internal disputes (Grosby 2005: 1, 13, 14). It is maybe telling that many currently used national anthems refer to blood or territory or both and thus relate to the mythical community, somewhat extending the imagination that "blood is thicker than water." In other words, family relations (same bloodline) are somewhat extended to the nation, which ideally lives within a certain territory, the state. This image has always tried to keep the "nation" together and perpetuated the "us" and "them" of former social groups. There had already been nations before nation-states came into existence. Paul James correctly states that the "nation" as a notion is much older than modern "nation-states," whose emergence in the nineteenth century accompanied globalization. Thus, it is only possible to understand nations and states by looking at the global historical background (James 2006: 369, 370). In the traditional literature, the birth of the nation-state and an international system built on this concept is – historically somewhat questionable – dated back to the Peace of Westphalia in 1648, following the 30-year war in Europe. A Europe of nations was supposed to supersede religious and other tensions. This seems to indicate that the concept of nation-states was of European origin, which did originally not address multicultural nations (but in a way rather the opposite). This view may, however, be challenged as nations existed all over the world and forms of organized societies somewhat resembled the notion of nation-states. So, was the nation-state a European invention that traveled the world or was Europe coincidentally the first to establish these? James argues that nations are not intrinsically European or western: "European imperial expansion, in the context of fundamental shifts in the modes of practice, was fundamental to nation formation, but this does not mean that Europe provided the blueprint for nation-state formation. Imperial expansion provided the context for a globalizing relation that saw nation-states formed across the world in relation to each other. Each nation-state was "unique," but only made sense in relation to other nation-states." Accordingly, Europe did not provide the blueprint for the formation of nations and nation-states per se. Nation-states emerged in the all but linear context of globalization, which was essential for the creation of nation-states in Europe and other parts of the world (James 2006: 374, 376, 377).

Nations are an important reference for individuals and groups in terms of identification. Benedict Anderson's classic study (Anderson 1983) described the construct of the nation as an "imagined community." Anderson convincingly claims

that the nation also emerged due to the great religions' failure to inspire people's imagination (James 2006: 371). This appears to be true even today, where nationalism appears to witness a reprisal and seems more appealing than religious affiliations, possibly with the exception of certain fundamentalisms. However, ethnicity seems not to be the main basis of modern nations (James 2006: 373). There are multi-ethnic and multinational states, and those nation states that are rather ethnically homogenous with a largely dominant nation. James argues that despite deviations, there were similar patterns in Western, Eastern, "First," and "Third World" nation formation, but it was not simply the imitation of an imported concept (James 2006: 379).

Moreover, it is necessary to look separately at nations, nationalism, and the relationship between globalization and nation-states. If one takes the nation, nationalism, and the nation-state as three interconnected notions, there are different ways to interpret their individual importance and interplay. Wimmer and Feinstein underline that most theories assume that the nation-state model emerged in the United States, France, or maybe earlier in Britain. Besides this rather common starting point, "...many classical authors are somewhat ambiguous as to whether their primary aim is to explain nationalism as a political movement, the spread of national consciousness among a population (i.e., nation-building), or the shift in the institutional set-up of the state (i.e., the creation of a nation-state)" (Wimmer and Feinstein 2010: 767). They all coincide that these three processes are interrelated, even though the interpretations of this interrelation vary. In Benedict Anderson's view, nationalism leads to nation-building and then to the nation-state. According to Gellner, nationalists established the nation-state and then constructed their nation within its border. While Gellner holds that the nation-state emerged via economic modernization, Anderson relates it to cultural modernization. Tilly (1994), Mann (1995), and Hechter (2000), on the other hand, connect the establishment of nation-states to political modernization (Wimmer and Feinstein 2010: 767–768). In their world polity theory, Meyer, Boli, Thomas, and Ramirez try to demonstrate that the nation-state model was a part of a world culture developing over the past 200 years: This "world culture" progressively pushed both elites and political competitors to embrace nationalism and the nation-state as legitimacy basis (Meyer et al. 1997; Wimmer and Feinstein 2010: 769). For Meyer et al., neither nationalism nor nations needed a nation-state to be established. Wimmer and Feinstein (2010: 767) pursue an historical-institutionalist approach, according to which nationalists create nation-states, regardless of previously existing nations. This approach assumes that the rise of new forms of political legitimacy is of exogenous origin and focuses on selection rather than mutation and thus does not encompass the global diffusion of nationalism. The United Kingdom, France, and the United States represented the most powerful first nation-states; therefore others imitated their model: "This diffusion process is neither driven by the hegemonic power of a uniform world culture, nor by domestic modernization process, but rather follows the logic of a decentralized contagion process." Wimmer and Feinstein conclude that the worldwide emergence of nation-states constituted a global trend as a result from uncoordinated local and regional developments that were not created by global social forces. This contagion effect affected the entire globe (Wimmer and Feinstein 2010: 769, 785–786). Meyer and his coauthors (1997: 173) argue that world-society models have formed nation-state identities, structures, and conduct through global "cultural and associational processes," resulting in the creation of nation-states with idiosyncratic features, but also quite uniform patterns (Meyer et al. 1997: 173). In other words, a globalizing trend led to the spread of the nation-state around the world. James holds that diverse forms of nation formation evolved throughout world history linked to different traditional, modern, and postmodern lifestyles. One can regard modern nations as "much more abstract communities" that are shaped by "globalizing practices of production, communication and enquiry, practices that change the nature of how people live in time and space" (James 2006: 369). Even though many "brief history" sections in political science articles hold that the

Peace of Westphalia in 1648 meant the birth of the nation-state, these nation-states did not suddenly appear, but evolved slowly and unevenly. In line with capitalist production, print communication, the exchange of commodities, bureaucratic organization, and rationalized analytical inquiry, nation-states arose in the period of increasing interconnectedness or, in other words, modern globalization. For James, this shows that globalization and nation-states are not opposed to each other, but emerged at the same time (James 2006: 370).

## Nation-States Doomed in the Age of Globalization?

In the late twentieth and early twenty-first century, many social scientists have argued about whether the nation-state is doomed in view of the challenges posed by globalization, neoliberal capitalism, supranational governance, and the need to protect the environment and tackle climate change. Some foresaw the end of the "Westphalian system of nation-states" in view of the rise of global firms, international intergovernmental and nongovernmental organizations, environmental politics, and global norms such as human rights (Suer 2003: vii). This discussion also referred to the end of the East-West block confrontation and the rearrangement of the "core and periphery" relationship between "North" and "South" within "global capitalism." Some authors argue that the nation-state has not been weakened, but adapted to new developments. They challenge the notion of an increasingly less important nation-state in times of "globalization" (O'Hearn and Wilson 2011). Krasner (2001) emphasizes that globalization and the imposition of border-crossing norms is not a new development, even though he holds that some features of the contemporary globalization are novel. Globalization has always been based on uneven, changing, and often contradictory processes, and the nation-states have witnessed various forms of adaptation to these. Besides global free trade, regional and international organizations, also internal forces like radical ideologies, religious fundamentalisms, separatisms, and also the increasing connectedness of global cities defy nation-states in the twenty-first century. All of these internal and external phenomena are a result of or induced by globalization to some extent.

The sovereignty of nation-states represents a most sensitive issue that is believed to be under threat by the effects of globalization, for example, free trade and free movement of products, capital, and people, transnational migration, or pooling of sovereign competences in regional and global governance. National sovereignty is an important feature of the modern state, even though nation-state and sovereign state are not the same concept. The sovereign state is defined by international law as a state with a permanent population, a demarcated territory, a government, and the ability to entertain relations with other sovereign states. However, it can be argued convincingly that there is no single concept of sovereignty. Thus, it is helpful to assume various forms of sovereignty – in terms of definition within the western world (domestic sovereignty, international legal sovereignty, etc.) and as a global phenomenon. As the European notion of sovereign states seemed to be transferred to other world regions in various ways and also varying in practice, it is fair to assume multiple sovereignties. This is also in connection with the notion of civilized states versus uncivilized or barbarian states, supposedly not (yet) fit to have their own national sovereignty. Decolonization formally ended this Eurocentric perspective, but we can identify similar paternalistic patterns in the debates on the North-South or developing versus developed states. An assumed hierarchy of civilizations was matched by different sovereignties (see Gong 1984).

To tackle globalization, international law has played a crucial role. According to the Vienna Convention on the Law of Treaties, no domestic rules may be used to justify a failed application of an international treaty. However, many states have approved international treaties only with reservations. In general, the difference between monistic and dualistic approaches matters; that is international and national law understood as either a single or as two separate legal systems. In

addition, we can critically assess that international law historically has tended to display a western concept of world order through legal rules that leave out alternative understandings and indigenous notions of justice, order, and normative behavior. A good example for this ideal of western norms to improve the world is human rights. International human rights, developed over centuries, have turned into a challenge to national sovereignty in the second half of the twenty-first century. In the aftermath of the Second World War, the Holocaust and in view of the newly established United Nations, human rights turned into a rhetoric reference system that, particularly since the 1970s, also could be used and abused to confront sovereign nation-states. Here, the notion of multiple sovereignties seems helpful as it mostly were countries in Africa, Asia, or Latin America and often smaller states that were criticized for their human rights records. In the 1970s and 1980s, this blame game took place within the East-West conflict and sometimes helped to put pressure on human rights-violating governments, while in other occasions, human rights were used to pursue other interests. Transnational activism, such as international operating nongovernmental organizations (NGOs) to protect human rights, has become part of regional and global governance systems that seem to challenge nation-states' authority to carry out domestic policies autonomously (see Keck and Sikkink 1998). A further development of the concept of humanitarian interventions to the so-called Responsibility to Protect (RtP) can be seen as connected to the human rights discourse and as a reaction to the "international community's" inaction during the Rwandan genocide in 1994. However, RtP was also criticized as a potential tool for western invasions in other world regions based on the pretext of human rights concerns. RtP mostly concerned countries that were classified as "failed states," and their peoples' protection thus considered to be a responsibility of the "international community," which implicitly meant that these states no longer were sovereign. A problem of the well-meant RtP approach was that it often came along with claims for regime change and democratization. To help a suffering population against hunger, chaos, or massive human rights violations is one issue. However, to promote regime change in these nation-states is certainly an understandable, but not uncontroversial call, which has often been perceived as western neo-imperialism to replace unwanted leaders. A similar argument was brought up by several African leaders against the International Criminal Court (ICC), established in 1998: These governments rejected the court as a western tool to try African heads of state in particular. Interestingly enough, the United States, traditionally also uneasy about too rigid human rights restrictions (death penalty, economic rights, torture of terrorist suspects abroad), denounced the ICC even though the Clinton Administration once had signed the Statute. Since the terrorist attacks in the United States in 2001, the guarantee of human rights and the fight against terrorism – both within the western societies and in wars abroad – has been a conflictive issue. Nation-states often circumvented national human rights legislature by using other nations' intelligence information on their own citizens or by sending terrorist suspects to third countries, where western human rights laws do not apply. This could be described as a peculiar form of deterritorialized security. In sum, global human rights campaigns by international NGOs and intergovernmental human rights bodies at regional or global level as well as the Responsibility to Protect increasingly challenge less strong nation-states' sovereignty. One international institution that holds up "European values" such as human rights, democracy, and the rule of law or gender equality, is the European Union. Some predicted the benefits of supranational governance (instead of national solutions) in an increasingly globalized world. In the second decade of the twenty-first century, it would be easy to discharge his optimism as untimely in view of "new nationalisms," the crises of the EU and the rise of other, often quite nationalistic powers in other world regions. Interestingly enough, the European Union has internally dismantled some features of national sovereignty by pooling certain traditional competencies of the nation-state to supranational organs (the European Commission above all) such as trade policy. Due to its

supranational features and complex structures, the European Union can be regarded as the most peculiar institution of global governance, but there are many other international organizations. These entities evolved first in the mid-nineteenth century as a (European) reaction to evolving challenges of increasing trade or the early modern forms of globalization. Several regulations; normative, measuring, and standardizing bureaus; commissions; and unions saw the light of day, and some of these early institutions still exist in a changed version today, such as the International Telecommunication Union or the Universal Postal Union. International institutions – in the nineteenth century until the twenty-first century – were considered to tackle border-crossing problems, prevent wars and facilitate transnational trade, security, and health cooperation, or improve economic conditions in certain parts of the world. The evolution of international organization and growth of intergovernmental and international nongovernmental institutions and transnational networks have been depicted as global governance – in the absence of a world government. Global governance is a contested notion as it is not clear if it exists or should exist and whether it promotes only western values such as democracy, human rights, or the rule of law to (further) dominate world politics. This notion of "governance without government" somehow diverges attention from organizations and actors (and their weaknesses) toward policy areas. Moreover, global governance promises a more positive connotation, even though the old actors and organizations are naturally participants as well. Is global governance thus an artificial notion that describes what has already been out there before? Old wine in new tubes? A charming advantage of global governance is that it blurs the western agents, even though the implied concepts and policies are by and large similarly western centric. The concept seems to demonstrate that nation-states seemingly no longer can address global challenges alone, while the more influential states still can make a difference in terms of advocating or blocking global initiatives. To tackle environmental problems, global warming and climate change are clearly among those challenges that both require global governance and provoke very different responses from individual nation-states. Historically, the Congress of Vienna, for many the prototype of modern international organizations, the League of Nations, and the United Nations all based on nation-states as principal members to legitimize their policies. This is one of the reasons why the UN has often been criticized to be an outdated institution that can hardly tackle the global challenges of the twenty-first century. Given its idiosyncratic structure with a Security Council that reflects power relations in 1945, it is hardly a flexible institution that can take action against in the most urgent policy areas (conflict, environment and natural resource management, global inequality, or migration) against the will of its most powerful members. Only twice, the composition of the "Permanent Five" changed: In 1971, when the People's Republic of China as a result of US-Sino rapprochement replaced the Republic of China (Taiwan) as member of the UN and Permanent Member of the Security Council and in 1991 when the Russian Federation "inherited" the dissolved Soviet Union's permanent seat on the Security Council.

However, the dramatic changes in communication have also affected nation-states and international organizations. While diplomacy now has to react in real time to events and threats, diplomatic communication between two or various nation-states (EU, NATO, for instance), international business, or even transnational intelligence cooperation seem to be routinely outwitted by private and stately organized hacking. To protect business secrets, intellectual property or diplomatic notes, and intelligence reports appears to be a never-ending Sisyphean fight against hackers and transparency activists like WikiLeaks, making nation-states to some extent untrustworthy as safe havens. Nondemocratic governments have tried to restrict access to critical websites or as China built the Great Firewall, but in general it seems difficult to regulate the Internet and telecommunication in a globalized world within

national boundaries. Terrorism, cyber criminality, organized crime, and cyber warfare in fact use the borderless virtual world. There emerged calls for an international institution to deal with these challenges and to regulate the Internet. Some suggested the rather old-fashioned International Telecommunications Union to do this, which mirrored the somewhat quixotic belief in intergovernmental solutions. But it seems clear that it is nearly impossible to apply national laws online as skilled users can succeed to servers in other countries. In cyberspace, the limits of nation-states have become obvious.

## Opposition to Globalization

Newer populist opposition to multilateral cooperation, global free trade, and continued immigration was also fueled by the impression that multinational companies were gaining more and more influence over the fate of people, while their national governments seemed to follow Margaret Thatcher's motto T.I.N.A. – there is no alternative (to market economy and free trade). Globalization has been perceived as multinational companies trumping over national interests as they could move on to the next country with better conditions. Transnational companies have been criticized as they have bigger financial clout than many smaller or midsized nation-states and thus can put pressure on these. The fact that foreign direct investments rather went to countries with low taxation, few corporate social responsibility (CSR) regulations, and cheap labor, ushered in disappointment, disorientation, and a sensation of powerlessness in view of citizens' democratic influence. There were some official, intergovernmental, and supranational attempts to address the negative repercussions of globalization in terms of social security in rich societies and worrisome working conditions in poorer societies. The International Labor Organization, built on the tripartite system (employer, employee, state) prevalent in western societies, had difficulties adapting to problems of workers in informal labor markets or other challenges related to a globalized labor market. The UN and multinational companies introduced in 2000 the Global Compact that together with CSR should put some moral pressure on firms to respect certain social norms when doing business in any world region, and the European Commission established in late 2006, for instance, a Globalization Adjustment Fund for workers made redundant by globalization effects. The International Standardization Organization also tackled the issue by launching new norms dealing with good management, environmental sustainability, CSR, and human rights concerns. Nevertheless, the impact of these initiatives was either too small or not felt by the people who saw themselves threatened by the consequences of globalization of the labor market or continued migration. As a result, the so-called anti-globalization movement(s) developed (mostly in richer societies at first) and promoted a variety of different approaches than the neoliberal dogma. The protests against a neoliberal economic world order started probably with the Mexican Zapatista uprising against the North American Free Trade Agreement between Canada, the United States, and Mexico in 1994. Several local and international movements followed, loosely organized in the World Social Forum. One of these organizations, Attac, was quite successful for a while, endorsing the so-called Tobin tax on all international stock market actions to discourage speculative short-term interests harming societies. Interestingly, this opposition was organized across borders as well, but in the end failed to mobilize larger groups in society and to develop sustainable and influential networks across borders and continents. Even though there was hope that a somewhat illusory global civil society would serve as a correcting element against neoliberal unfairness and other forms of injustice, it was almost impossible to reach international solidarity as the interests of the global justice movement(s) were quite diverse. The left-wing opposition to a globalization of markets, finance, trade, and labor was never alone in its skepticism of a neoliberal globalization that seemed to

weaken the nation-states. Populist and nationalist groups have always been critical and afraid of a borderless world. The recurrence to national and often related ethnic identities seemed to serve as an anchor of orientation in an otherwise chaotic and complex world. For some left-wing opponents of a neoliberal globalization and nationalistic critics, claiming the priority of the own citizens, a reorientation to the nation-state was considered to be the solution. A new combination of rather classic redistribution policies and a focus on the citizens of nation-states sometimes blurred the lines of right and left, as they affected parties across the board and demonstrated frictions within parties, bypassing traditional ideological divisions. While some challenge nation-states as somewhat coincidental or artificial "imagined communities" and thus cherish multicultural societies and corresponding multiple identities (national, ethnic, gender, cultural, sexual, etc.), others seem eager to reinvigorate the nation-state as the most powerful identity reference, often accompanied by skepticism or rejection of double or multiple citizenships. Many nations in all world regions have rhetorically reinforced the notion of national sovereignty in recent years, which also led to rethinking of regional and global trade, the influx of migrants, border security, civil and human rights, international treaties (refugees), and international cooperation as such. The most prominent example in recent times appears to be the British referendum on Great Britain's future within the European Union, commonly known as "Brexit": Here, EU-skeptical and populist politicians succeeded in convincing the electorate that Britain's interests would be best served without EU membership. Donald Trump's election as US president in 2016 and his proclamation to put the United States first and reconsider collaboration with multilateral agencies in view of national benefits can be seen in this light as well.

## Conclusion

It seems that the nation-state has always been a different imagination, concept, and practice in different regions and periods, challenged or enforced by changing internal and external developments. Globalization has also changed over time and meant something quite different in various regions at various times. The nation-state has neither emerged everywhere at the same time nor become eroded all of a sudden all over the world in the same manner as a result of globalization. In other words, the geneses are not clear and the same holds true for the supposed western origins. In a proto version, globalization can be traced back to imperialism or even the beginning of mankind, while nation-states developed along with the early modern phase of globalization in the nineteenth century. The nation-state has always been an evolving construct that changed and had to compete and interact with alternative ideas, ideals, and identities that produced new actors such as international organizations, NGOs, multinational companies, international courts, global terrorist and criminal networks, or transnational religious communities. In other words, there has been no linear process. The nation-state has become less influential in terms of decision-making in many policy areas, but seems to have gained importance with regard to the desperate quest for a stable identity in times of flux, complexities, and parallel societies, both virtual and real. This appears to be natural, even though the myopic focus on ethnic communities as only representatives of nation-states should be rejected. Globalization has in various ways relativized or even weakened, but at the same time strengthened the nation-state as an actor and reference point. Rather than seeing the relationship between globalization and nation-states as dichotomic, it seems reasonable to conclude that nation-states are part of and contribute to shaping globalization, while they are at the same time constantly challenged and transformed by the consequences of globalization. Nation-states and globalization have always been connected, and the nation-state will likely survive but continue to compete with other models and affiliations promoted by globalization processes.

## References

Anderson B (1983) Imagined communities. Reflections on the origin and spread of nationalism. Verso, London/New York
Gong GW (1984) The standard of civilization. Clarendon Press, Oxford
Grosby S (2005) Nationalism. A very short introduction. Oxford University Press, Oxford
Hechter M (2000) Containing nationalism. Oxford University Press, Oxford
Held D, Goldblatt D, McGrew A, Perraton J (1999) Global transformations. Politics, economics, and culture. Stanford University Press, Stanford
James P (2005) Arguing globalizations: propositions towards an investigation of global formation. Globalizations 2(2):193–209
James P (2006) Theorizing nation formation in the context of imperialism and globalism. In: Delanty G, Kumar K (eds) The SAGE handbook of nations and nationalism. Sage, London/Thousand Oaks/New Delhi, pp 369–381
Keck ME, Sikkink K (1998) Activists beyond borders. Advocacy networks in international politics. Cornell University Press, Ithaca
Krasner SD (2001) Abiding sovereignty. Int Polit Sci Rev 22(3, Transformation of international relations: between change and continuity. Transformations des relations internationals: entre rupture et continuité):229–251
Mann M (1995) A political theory of nationalism and its excesses. In: Periwal S (ed) Notions of nationalism. Central European University, Budapest, pp 44–64
Meyer JW, Boli J, Thomas GM, Ramirez FO (1997) World society and the nation-state. Am J Sociol 103(1): 144–181
O'Byrne DJ, Hensby A (2011) Theorizing global studies. Palgrave Macmillan, Houndsmills/New York
O'Hearn D, Wilson TM (2011) Introduction: "Globalization" and the nation-state in the modern world-system. Review (Fernand Braudel Center) 34(3):253–258. The resiliency of the nation-state in scholarship and in fact
Özkırımlı U (2000) Theories of nationalism. A critical introduction. St. Martin's Press, New York
Schattle H (2014) Governments and citizens in a globally interconnected world of states. In: Steger MB, Battersby P, Siracusa JM (eds) The SAGE handbook of globalization. Sage, London, pp 188–211
Steger MB (2009) Globalization. A very short introduction. Oxford University Press, Oxford
Steger MB, Battersby P, Siracusa JM (eds) (2014) The SAGE handbook of globalization. Sage, London
Suer K (2003) Global order and global disorder. Globalization and the nation-state. Praeger, Westport/London
Tilly C (1994) States and nationalism in Europe, 1492–1992. Theory Soc 23:131–146
Wimmer A, Feinstein Y (2010) The rise of the nation-state across the world, 1816 to 2001. Am Sociol Rev 75(5): 764–790

# Globalization and Organizations

Grant Walsh-Haines
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

International Monetary Fund (IMF); Transnational advocacy networks; United Nations; United Nations Millennium Development Goals; World Bank

G

## Definition

Globalization: the fast movement of people, commodities, and ideas in an ever-shrinking world.

International institutions: sometimes referred to as international governmental organizations (IGOs), typically constructed as an international alliance between state actors on the global stage.

International organizations: typically constructed as either international nongovernmental organizations (INGOs) or nongovernmental organizations (NGOs) that operate internationally.

## Introduction

In an increasingly connected world, international organizations that function outside of state boundaries play important roles in economic growth, development opportunities, peacekeeping, and crisis and humanitarian interventions. While state actors and the alliances they form (global organizations) are key to international relations, INGOs, NGOs, and transnational advocacy networks play key roles in the exchange of people, commodities, and ideas central to helping states achieve their goals. Alongside these types of organizations, there has also been an uptick in the number of terrorist organizations (for more information, see Globalization and Terrorism and Counter Terrorism and Community Resilience).

There are three major types or categories of international organizations: institutions, organizations, and regimes. International institutions are created by states to address issues in a narrowly defined agenda (e.g., the United Nations, the European Union, the World Bank). The UN and EU can be considered formally designated organizations comprised of state actors. International organizations are typically conceived as non-governmental organizations that work between state actors (e.g., the Red Cross, Doctors Without Borders). International regimes include the norms, rules, and expected behaviors on the global stage. If regimes are the rules of the game, international institutions and international organizations are the players (alongside state actors). Organizations relate to one another in complex ways, sometimes forming complex networks. The following discussion outlines the role of IGOs, INGOs and NGOs, international financial institutions, and transnational advocacy networks.

## Intergovernmental Organizations: The United Nations

The United Nations (UN) is an intergovernmental organization consisting of state actors. Five members, including, China, France, Russia, United Kingdom, and the United States comprise the United Nations Security Council, which gives those five states veto power in the UN. The United Nations Development Programme (UNDP), a branch of the United Nations focused on global development projects, established Millennium Development Goals in 2000 and outlined a quantifiable set of development goals for the world. The deadline for the following goals was 2015:

- Goal 1: Eradicate extreme hunger and poverty.
- Goal 2: Achieve universal primary education.
- Goal 3: Promote gender equality and empower women.
- Goal 4: Reduce child mortality.
- Goal 5: Improve maternal health.
- Goal 6: Combat HIV/AIDS, malaria, and other diseases.
- Goal 7: Ensure environmental sustainability.
- Goal 8: Develop a global partnership for development.

The United Nations Development Programme was successful because they brought to bear important human rights issues in an organized, global framework. The UNDP was criticized because the goals were formulated by developed nations, creating a top-down approach to solving these complex, global issues.

The new program proffered by the UNDP is a set of 17 Sustainable Development Goals in January 2016 (UNDP "Sustainable Development Goals" 2016):

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation, and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice, and strong institutions
17. Partnerships for the goals

Now that the era of Millennium Development Goals has passed, there has been a widespread call for establishing Sustainable Development Goals. One approach in creating and implementing Sustainable Development Goals is to continuously ask for and reflect seriously on input from developing nations, rather than the process of a few developed nations formulating development goals for less-developed states (Rosenbaum 2015). Traditionally, because rational state actors are considered the priority players on the global stage, IGOs are considered a priority organization type, with power to set the international agenda, control policy outcomes, maintain global peace and security, and establish international trade agreements.

## International Financial Institutions: World Bank and IMF

At the close of World War II, an internationally recognized need for global economic stability emerged. One result was the Bretton Woods Conference, which established the gold standard and international economic norms, including the International Monetary Fund and the International Bank for Reconstruction and Development (later, the World Bank). Establishing economic norms meant tying currency to a fixed gold standard and a system of fixed exchange rates. The result of the international meeting was an established global economic system aimed at increasing economic stability and economic security in the postwar world.

The International Monetary Fund and the World Bank are international financial institutions that provide lending services and aid to developing state actors. When funding strengthens accountability within a state, external aid has the potential to increase democratization efforts (Birchler et al. 2016). The goals of both organizations have shifted to include poverty reduction, alleviation of financial crisis, and assisting developing states to achieve their development goals. While both institutions share these characteristics and goals, the IMF is focused closely on maintaining repayment systems among states, whereas the World Bank is focused more on development.

An opposing perspective is that organizations like the International Monetary Fund have increased economic instability rather than lead to planned economic growth and development (Stiglitz 2004). When developing nations are dependent on funding from international financial institutions, serious problems can and do arise when the global economy shifts. While the role of the IMF in offering loans to developing nations in the face of financial crisis is an important one that needs to be fulfilled, short-term development loans to the poorest state actors have failed and lead to desperate conditions and failed markets in those states (Easterly 2006). Demands for increased transparency have largely been met by the World Bank, but the IMF lags in this regard; intermediaries play a key role in holding international financial institutions accountable (Gartner 2013). The primary goals of economic stability and development are needed functions served by the World Bank and the IMF.

## Nongovernmental Organizations: Amnesty International

The key difference between intergovernmental organizations and international financial institution organizations is that nongovernmental organizations do not formally include state or governmental actors. Thus, nongovernmental organizations work in between, against, or with state actors to enact change. Often, NGOs are issue bound.

Amnesty International is considered a watchdog organization, dedicated to keeping government actions and governmentally sanctioned injustices in check. They boast a membership of seven million and members are not bound to a specific nation, state, nation-state, or other formal affiliation. The organization supports international human rights, freedom from unjust imprisonment, and actively opposes torture. The organization has several goals: to conduct rigorous research, participate in advocacy and lobbying efforts, and promote campaigns and activism that fold into the organizational goals established by Amnesty ("What We Do," current). Amnesty International focuses on international social and political rights issues, including: corporate accountability, detention, disappearances, freedom of expression, indigenous peoples, international justice, sexual and reproductive rights, torture, and working with the United Nations ("What We Do," current) (Keck and Sikkink 1999).

To offer a specific example, Amnesty is dedicated to relieving unfairly imprisoned individuals from prison facilities and abolishing the death penalty. In the late 1970s, the organization pressured the Council of Europe (CE) to include abolition judicial death penalty in all member states to the agenda. While the measure failed (a version of it was later passed in 2002), this

example highlights the importance of NGO work to change an IGO agenda and highlights the ways NGOs and IGOs can work together (Sithole 2016). Nongovernmental organizations express power on the global stage in ways that are different from their IGO counterparts and state actors. Measuring the effectiveness of nongovernmental organizations is a difficult task and begs a central question in international relations debates: where is power located on the global stage?

## Transnational Advocacy Networks

International relations include several actors: states, non-state actors, and international organizations. Keck and Sikkink term networks of cooperative and activist international organizations *transnational advocacy networks* (TANs 1999). Central to the notion, TANs are the shared values and information exchange which make advocacy possible. TANs reach beyond the conceptualization of state actors as rational and are thereby able to advocate for state interests that are not rational. Further, activists and advocacy networks can work together to increase the voice of weaker state actors, shedding light on their concerns and bringing the concerns of weak state actors into international conversations. Advocacy can also result in changing the rules of the game by refocusing attention away from state actors and looking at complex issues from a moral rather than rational standpoint.

Transnational Advocacy Networks aim to maintain long-term and sustainable movement in relation to the narrowly defined issue. Rather than being defined by the actors included in the organizations, TANs emphasize a specific issue agenda. Often, these have moral or emotional appeal and a cosmopolitan or humanistic notion. This long duration and high degree of cooperation aims to foster coalitions, expanding the network and increasing the impact of the movement (Tarrow 2005). Often, long-term sustainability in movement is a good indicator of success for achieving the advocacy network's goals.

To offer a concrete example, climate change is a recent environmental paradigm focused on raising awareness of climate issues. Multiple networks serve as advocates for the issue, including gender equality advocates, indigenous peoples, and waste pickers, groups who build networks and advocate for change in the same issue area (Ciplet 2014). A question remains about how much impact these networks have: perhaps these organizations are successful at gaining recognition for climate injustice, but they seem to have little impact when it comes to combatting rigid international power structures (Ciplet 2014).

## Conclusion

Different actors and groups of actors on the international stage all embody different forms and functions. These state and non-state actors come together in different formulations to create organizations. The classification of non-state actors as organizations, institutions, or advocacy networks is a limited project. It is perhaps more important to understand the specific purposes and functions of a given organization. Many scholars in international relations carefully evaluate the successes and failures of those institutions and make careful observations about how organizations interact with one another. Knowing how and when organizations are successful or unsuccessful illuminates which actors and organizations have power to set the global agenda, influence policy, regulate economies, and advocate for a wide range of human and environmental rights. In an increasingly globalizing word, the role of organizations and institutions remains paramount to understanding the distribution of power on the global stage and how international norms are established and change over time.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Counterterrorism and Community Resilience
- ▶ Global Governance and National Governance
- ▶ Globalization and Public Administration

▶ Globalization and Terrorism
▶ Subjective Globalization
▶ United Nations and Crisis Management

## References

Amnesty International. What we do. https://www.amnesty.org/en/what-we-do
Birchler K, Limpach S, Michaelowa K (2016) Aid modalities matter: the impact of different World Bank and IMF programs on democratization in developing countries. Int Stud Q 60(3):427–439
Ciplet D (2014) Contesting climate injustice: transnational advocacy Network Struggles for Rights in UN Climate Politics. Global Environ Polit 14(4):75–96
Easterly W (2006) The White Man's Burden, Oxford University Press
Gartner D (2013) Uncovering Bretton woods: conditional transparency, the World Bank, and the International Monetary Fund. George Washington Int Law Rev 45(1):121–148
Keck ME, Sikkink K (1999) Transnational advocacy networks in international and regional politics. Int Soc Sci J 51(159):89–101
Rosenbaum B (2015) Making the millennium development goals (MDGs) sustainable: the transition from MDGs to the SDGs. Harv Int Rev 37(1):62–64
Sithole K (2016) NGO-IGO relations: Amnesty International, Council of Europe, and Abolition of the Death Penalty. Glob Gov 22:79–97
Stiglitz JE (2004) Capital-market liberalization, globalization, and the IMF. J Econ Geogr 20(1):57–71
Tarrow S (2005) The new transnational activism. Cambridge University Press, New York
United Nations Development Programme. Sustainable development goals. http://www.undp.org/content/undp/en/home/sustainable-development-goals.html

# Globalization and Pollution

Dave Mercer
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Food contamination; Greenhouse gas emissions; Health impacts; Limits to growth; Nuclear weapons testing; Risk society; Toxic waste trade

When the Club of Rome's influential report, *The Limits to Growth* (*LTG*) (Meadows et al. 1972), was first published, it provoked widespread criticism and, indeed, ridicule, on the part of many "pro-growth" advocates and technological optimists for both its methodology and unduly pessimistic conclusions about the trajectory of the world economic system and what the authors saw as the inevitable, environmental consequences. Focusing on five key elements, the document highlighted the ongoing exponential growth in *global population*, *resource depletion*, *food production*, *industrialization*, and *pollution*.

While this offering concentrates on the last item (defined, narrowly, in *LTG* as atmospheric carbon dioxide concentration), it is important to recognize that all five elements are intimately related and generate constantly changing and complex, nonlinear, feedback loops. Population growth, food production, and industrialization, for example, fuel accelerating resource depletion which then creates externalities in the form of pollution. This, in its turn, can often have serious negative consequences for productivity, population health, and growth, especially in low- and middle-income countries subject to runaway pollution from multiple sources.

For the purposes of the initial Club of Rome (*LTG*) exercise, a computer simulation model (World3) varied the metrics of the five variables noted above to produce three alternative scenarios – or "futures" – of the earth/economic system. Of these, two pointed to a dystopian future characterized by "overshoot and collapse" by the mid-twenty-first century. Controversially, the report's authors cast considerable doubt on the capacity of technological innovation ("clean coal," geoengineering for climate change, genetically modified crops, etc.) to address current trends and halt a coming ecological collapse.

## Pollution, Population, and the Anthropocene

In the intervening years since the report's release, much has happened to vindicate many of the core findings. Without precedent in human history,

G

world population growth progressed rapidly through the two, three, four, five, and six billion thresholds in the twentieth century. It now stands at 7.2 billion and is projected to exceed nine billion by 2050. Inevitably, this has spawned vastly increased – and ultimately unsustainable – consumption levels of energy, food, water, and natural resources of all kinds as well as associated waste production. Rapidly rising standards of living in some of the world's most populous nations (India, China, Indonesia, Brazil, etc.) are compounding the pressures. Each year the Global Footprint Network calculates what has become known as "World Overshoot Day." This is the precise date in that year by which the world has consumed a full 12 months' quota of renewable resources. For 2016, that day was August 8. In 1990, it was December 7 (www.footprintnetwork.org).

The concepts of "peak oil," "peak water," and "planetary boundaries" are now commonly invoked and widely accepted in many academic and policy circles (Hayha et al. 2016). In acknowledgment of the enormous power of human actions over the long term to bring about fundamental environmental changes, a working group of scientists is currently engaged in the process of deciding whether or not the current geological era should officially be named the "Anthropocene" (Casagrande et al. 2017).

One inescapable fact is that, following some 10,000 years of relative earth-system stability in the Holocene, we now appear to be in a phase of uncharted instability. Largely as a consequence of the large-scale (anthropogenic) mining and burning of fossil fuels, carbon dioxide levels in the atmosphere, for example, have been rising steeply in recent decades. In 1958, the level of concentration was 316 parts per million (ppm). But in 2016, the symbolic 400 ppm threshold was breached. The last time the earth had a concentration of this magnitude was three million years ago, and it translated into the hottest year on record since detailed readings were initiated in 1880. What is especially disturbing is that the increase in CO2 is now accelerating at around 2.1 ppm per year (Gaffney and Steffen 2017).

The Intergovernmental Panel on Climate Change (IPCC) represents arguably the most inclusive and successful enterprise in international collaboration and consensus building among scientists that the world has ever seen. If unchecked, under a business-as-usual (BAU) scenario, the alarming prognosis of the fifth and most recent (AR5) report of the IPCC (2014) is that the year 2250 could witness an elevated concentration level of the order of 2000 ppm. This would see a global temperature rise of some 9 °C above pre-industrial levels, with catastrophic consequences for sea-level rise, extreme weather events, crop production, the spread of diseases, and water scarcity. The IPCC's (2014: 8) assessment could not be more blunt. A continuation of the present growth trend in emissions, they note, will generate "severe, pervasive, and irreversible impacts for people and ecosystems." Indeed, all over the world – from the Arctic to sub-Saharan Africa and low-lying Pacific Island nations – we are already witnessing ominous signs of an unfolding, global "unliveability" scenario. What this highlights above all is the total inadequacy and outmoded nature of both the hegemonic narrative of progress and current global institutional arrangements (e.g., climate agreements struck in Kyoto (1997) and Paris (2015); numerous, aspirational UN environmental conventions; and the Green Climate Fund) to even start to deal with such serious global issues.

Turner's (2014) detailed analysis of the reliability of the Club of Rome scenarios finds that we are well on track to fulfilling many of the more pessimistic conclusions including impending, dramatic population decline. Building into his argument consideration of the recent, global financial crisis, a coming energy crunch, and the ongoing problem of unsustainable debt, he highlights the absurdity of economies constantly seeking to "grow" themselves out of the financial abyss. Short-term electoral cycles are a major, contributing factor. He concludes (p. 14) "...a relatively rapid fall in economic conditions and the population could be imminent."

A key point to emphasize at the outset is that there is no direct line of causation between absolute population numbers and pollution metrics. Individuals, as well as regions and nation-states, vary enormously in terms of their resource

consumption, waste generation levels, and ecological footprint. In addition, the worldwide, military/industrial complex has much to answer for in this regard.

## Risk Society: Chernobyl and Fukushima

Fourteen years after the release of *The Limits to Growth*, sociologist Ulrich Beck's best-selling book, *Risikogesellschaft*, was published in Germany. It later (Beck 1992) appeared in English as *Risk Society*. Building on the increasingly vociferous, and well-articulated, arguments of the global environmental movement over the previous decade, Beck's central argument was that in preindustrial epochs, people were overwhelmingly vulnerable to the dangers (pollution) posed by natural disasters, such as volcanoes, fires, floods, epidemics, and earthquakes, but that in modern times, we have become much more vulnerable to broadly defined "technological" risks (food contamination, nuclear power- and chemical-plant accidents, toxic oil spills, etc.). Invariably, these transcend national boundaries, cannot be insured against, and have proven almost impossible to regulate. Moreover, he argued the "new" environmental risks with their global reach are not merely a minor – and "manageable" – by-product of modernity but are its *central product*. Coincidentally – as if on cue – his book appeared in the same year (1986) as the catastrophic meltdown at the Chernobyl nuclear power plant in the Ukraine and only 2 years after the massive Bhopal pesticide plant industrial accident in India.

What Chernobyl underscored was that not only do technological disasters of this kind produce far-ranging impacts, but they also do not discriminate between victims on the basis of class, income, or nationality. The explosion at the plant contaminated an estimated area of 100,000 $km^2$ across Russia, Ukraine, and Western Europe with radioactive fallout. The effects are still being felt today in terms of ongoing health, cleanup, and infrastructure containment costs. Radioactive elements will remain in the soil, groundwater, and food for thousands of years. Plutonium, for example, a by-product of nuclear power generation, retains its radioactivity for some 250,000 years. One estimate is that, by now, at least one million premature deaths from various cancers, endocrine disorders, and child deformities can be directly attributed to the Chernobyl accident (Nesterenko et al. 2009).

The International Nuclear Event Scale (INES) ranks incidents on a scale of 0–7, where 7 is the most serious ("widespread health and environmental effects"). Chernobyl scored a 7 rating as did the March 2011 Fukushima Daiichi nuclear power station disaster in Japan. Interestingly, Fukushima provides an example where both uncontrollable "natural" forces (earthquake and tsunami) and a litany of major, human-induced, technological, and regulatory failures came together at the same time. Such a fatal combination is almost certain to erupt at some stage elsewhere in the world in the future. Over 150,000 people were evacuated immediately, and ongoing cleanup costs have so far amounted to USD 13 billion.

Every indication is that the caesium-137 and iodine-131 releases from Fukushima (where three reactors melted by comparison with only one in the Ukraine) have been far higher than from Chernobyl. Radioactive dust rose quickly to 5 km above the nuclear plant where the jet stream then moved it rapidly around the globe. Dust was identified over the western United States and British Columbia only 3 days later and in Europe a week after that (Chossudovsky 2012). The sea, too, has been seriously contaminated, with major repercussions for the fishing industry and public health. One "globalizing" consequence has been heightened anxiety about the dangers of nuclear power generation and expansion plans in such countries as the UK, Germany, France, and Italy. Fears of radioactive contamination have also had a serious impact on Japanese trade. Nissan's engine plant at Iwaki is only 40 km from Fukushima. As a consequence, following the accident, Japanese automobiles and car parts destined for the Russian market were confiscated at the port of Vladivostok because of almost certain irradiation.

## Air Pollution/Haze

In Southeast Asia, serious haze pollution episodes have been a common occurrence in recent years. Originating largely from slash-and-burn forest clearing on a massive scale in Indonesia, the resulting haze has frequently produced widespread health and economic impacts on some 75 million people in neighboring Singapore, Brunei, Malaysia, and Thailand and has severely strained relations between these countries and Indonesia. For Singapore alone, the especially serious 1997 haze event has been calculated to have totaled somewhere between USD 163.5 million and 286.2 million in health costs, lost productivity, and tourism revenue. Poor visibility in that year has also been blamed as the cause of Indonesia's worst airline disaster when 234 people died (Islam et al. 2016). Paradoxically, much of the slash-and-burn clearing is carried out by Malaysian and Singaporean companies with close ties to the Indonesian government.

As a rule more affluent countries have considerably higher average levels of resource consumption, but they also often display much stricter environmental regulatory standards. This means, for example, that the air quality in cities such as Paris or New York, while still not perfect, is generally far better than in the large metropolitan centers of China, Indonesia, or India. Needless to add, prior to concerted cleanup policies, cities in the "developed" world also experienced serious photochemical smog (or haze) episodes resulting in thousands of deaths. This was the case in Los Angeles in the 1940s and London in 1952. In the latter city, as many as 12,000 have been estimated to have died as a result of serious air pollution in December of that year.

More recently, there has been a serious deterioration of air quality in the UK generated by large-scale nitrogen dioxide emissions from diesel motors. This has prompted the European Union to order Britain and four other member countries to radically reduce their automobile emissions or risk prosecution in the European Court of Justice (de Freytas-Tamura 2017). With over 90% of the world's population now living in areas deemed to have a serious air pollution problem, and causing around three million deaths a year, the World Health Organization (2016) has recently identified ambient (outdoor) air pollution as the single most important risk to global health. (As an aside, this is already impacting on the willingness of many potential expatriate corporate employees to relocate their families for periods of employment in several Asian cities (Holliday 2014).)

Mongolia's capital, Ulaanbaatar, illustrates the clear connection between poverty and extreme air pollution levels. In the often severe winters, the tens of thousands of residents living in the city's poor slum districts turn to whatever heat source they can to keep warm. In addition to coal and wood, this often involves trash of all kinds, much of it contaminated. As a consequence the city experiences winter toxic smog that is among the worst in the world. The most harmful particles are known as PM2.5, and according to the WHO, an acceptable standard is 20–25 micrograms per cubic meter. Commonly, Ulaanbaatar experiences levels of between 800 and 1000. While Tianjin and Beijing do not reach levels of this severity, pollution in all major northern Chinese cities is becoming worse because of changing weather patterns caused by increased carbon dioxide levels in the atmosphere. In particular, average wind speeds have dropped dramatically over the last 50 years meaning that the haze now takes much longer to disperse (Li et al. 2016).

Interestingly, recent years have demonstrated the potential "reputational power" of such high-profile international sports' institutions as the Olympic Games' movement to initiate dramatic air and water quality improvements in normally highly polluted cities. In 2007 – caused, in large measure, by unregulated emissions from large numbers of aging coal-fired power stations – China had the dubious record of recording 16 cities on the list of the 20 most polluted places on earth. But then came the lure and prestige associated with hosting the world's most high-profile sporting event. In environmental terms, the 2008 XXIX Beijing Olympiad example is legendary and shows what can be achieved by an authoritarian regime in a very short period. Using temporary industrial plant closures and upgrades, as well as robust emission and traffic controls, an estimated

US$10 billion budget was allocated to clean up the city's atmosphere in time for the Games. This has been described as "arguably the largest natural experiment in air cleaning" (Chen et al. 2011: 2). Unfortunately, the improvement was only short lived. Within a year the air quality had deteriorated to its pre-2008 state.

## Transparency and the Global PR Machine

The Beijing case highlights an important feature of pollution, and that is its *highly political* nature. Historically – facing international outrage, embarrassment, or even potentially massive compensation payouts – both corporations and nation-states have often gone to great lengths to deny, cover up, or downplay the seriousness of pollution and related industrial accidents. Increasingly, this has involved the generous financial support of conservative think tanks, lobbyists, and global PR companies such as Burson-Marsteller (Miller and Dinan 2008). The extraordinary reach and power of a relatively small number of transnational corporations are a defining feature of our times. Operating across the globe in the resources, agrifood, energy, and chemical sectors, these conglomerates can and do exert disproportionate influence over individual nation-states, research institutes, and universities, as well as in the formulation or weakening of environmental standards, regulations, laws, and agreements (Starobin 2013).

Coal is Australia's leading export commodity. As, currently, in Germany, Bangladesh, and Thailand, it is also the focus of growing opposition from the renewable energy sector and environmental NGOs because of its unacceptable contribution to greenhouse gas emissions and climate change. But through the well-endowed Minerals Council's "COAL21" campaign, the industry is fighting back with a concerted PR and advertising push that saw it contributing AUD 2.5 million to the generation of a suite of "clean coal" advertisements in the lead-up to the 2016 federal election. In Australia, expenditure of over $13,000 on electoral matters by "third parties" must be declared to the Electoral Commission (Aston 2017).

Large corporations, too, are often greatly assisted by invoking the powers that exist under public law, investor-state dispute settlement (ISDS) legal regimes. When countries have entered into free trade pacts, ISDS grants corporations the right to sue individual states if regulatory controls are deemed to be negatively impacting on their commercial operations. There have been several instances of companies successfully suing countries for "excessive" environmental regulation. This is currently a highly contentious issue as the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union edges closer to full ratification. Amid widespread public demonstrations in Europe, one of many concerns is that Canadian mining companies operating in places like Arctic Finland potentially could flout exacting European standards with regard to the disposal and treatment of mine wastes but be legally protected by ISDS. Canadian tar sand developments in Alberta are some of the most polluted places on earth.

Through constant mergers, transnational corporations are becoming larger and ever more powerful as they secure tight control of webs of global supply chains. Shortly, we shall be discussing some of the recent activities of BHP Billiton, now the world's largest mining company. That corporate giant, with total assets of over USD 130 billion, was born in 2001 through the marriage of Australia's Broken Hill Proprietary Company and the Anglo-Dutch company, Billiton. And at the time of writing, negotiations are well under way for another proposed merger between Bayer and Monsanto. This would create an agribusiness and chemical megacorporation that would effectively control the majority of the inputs (seeds, fertilizers, pesticides) into the global food system. Monsanto-patented GE seeds now account for 90% of corn and 94% of soybeans grown in the United States. The implications for food security and farmers' rights in developing countries are profound.

Interestingly one of the first acts of the new, Trump administration in the United States was to

back the Bayer/Monsanto merger proposal and also ban the publication of Environmental Protection Agency (EPA) data until it had been thoroughly vetted by political appointees (Strom 2017). This is an agency that, critics point out, already has far too limited powers under the weak *Toxic Substances Control Act* (1976) to effectively regulate and adjudicate upon the safety of literally thousands of chemicals that are already widely used.

## Monitoring and "Naming and Shaming"

However, in this age of high-resolution satellite imagery and a range of other technologically advanced tools, hiding or distorting evidence of environmental harm is becoming much more of a challenge. The Chen et al. (2011) study, for example, did not blindly accept official Chinese government figures for Beijing's air pollution index (API) but compared these with high-quality aerosol optimal depth (AOD) data collected by NASA satellites. In addition, independent environmental monitoring by citizens, investigative journalists (e.g., the US-based Center for Public Integrity), environmental activists, and well-resourced NGOs is now commonplace. *Corporate Watch*, *Banktrack*, and *Carbon Underground 200* are but three of literally dozens of organizations that now forensically monitor and report upon the activities of corporate entities and nation-states. The last of these provides detailed and constantly updated information on the top 200 public companies that are investing in fossil fuel enterprises (www.fossilfreeindexes.com).

Two other non-state actor initiatives that are worthy of note are the online *Environmental Justice Atlas* (www.ejatlas.org) and *Pure Earth* (www.pureeart.org). The latter's mission is to "identify and clean up the poorest communities throughout the developing world where high concentrations of toxins have devastating health effects." Needless to add, the information gathered by such organizations and projects can now be transmitted around the world through social media platforms almost instantaneously. "Naming and shaming" is becoming an increasingly common feature of NGO environmental activism. In 2015, the oil multinational, Chevron, was a recipient of the *Lifetime Award* by a consortium of non-state agencies known as the "Public Eye on Davos" for its role in dumping toxic waste into the Amazon in Ecuador. Four years earlier – in a class action that had dragged on for almost a decade – Amazonian indigenous residents had been awarded USD 8.6 billion in the Ecuadorian courts in compensation for the environmental and health impacts of the company's operations. Invoking ISDS rights, Chevron has countersued.

## BHP Billiton, Adani, and the Polluter-Pays Principle

BHP Billiton has a similar history of textbook, environmental desecration in developing countries. Each year, between 1984 and 2013, for example, almost 100 million tonnes of untreated tailings from the company's Ok Tedi mine in western Papua New Guinea were discharged into the Fly River. The highly toxic contaminants killed valuable fish stocks, native forest, and food plantations over a 2000 $km^2$ area. The company was subsequently the target of an unprecedented global campaign on the part of environmental NGOs which – as in the Chevron/Ecuadorian case – eventually resulted in an out-of-court settlement to communities along the Fly River of almost USD 30 million. More recently – since November 2015 – the same company has again been embroiled in ongoing, legal action concerning its role in Brazil's most serious pollution event associated with mining activity. Two tailings dams collapsed at its joint venture, Samarco iron-ore mine, in southeastern Brazil on 5 November. The ensuing, massive mudslide killed 19 people and caused extensive damage in a downstream town, as well as seriously contaminating the Doce River and offshore waters in the Atlantic. At the time of writing, a class action against BHP Billiton and its partner Vale has been filed in the courts in New York on behalf of clients holding USD 2.2 billion in investments in banks that funded the doomed venture. Criminal

charges are also pending in Brazil against targeted corporate executives (Danchkert 2017).

At the time of writing, another mining giant – India's Adani corporation – is in negotiations with the Queensland and Australian governments over plans to open what would be by far Australia's largest coal-mining operation when fully operational. This is the proposed, AUD 22 billion, Carmichael mine in the Galilee Basin. The current plan is to access the estimated 2.3 billion tonnes of coal and transport it 400 km by rail to a new port on the Queensland coast whence it would be shipped to India. On the table is a $1 billion concessional loan from the Commonwealth government for the railway connection. Critics have slammed the mine proposal, arguing that granting the project the green light would make a mockery of Australia's commitment to reduce greenhouse gas emissions under the Paris Agreement (McKenzie et al. 2017). Concerns have also been raised about the impact of shipping and dredging on the adjacent Great Barrier Reef, already showing signs of serious deterioration as a result of climate change. However, a legal challenge to the granting of the mining lease on the part of environmental groups was overturned by the Queensland Supreme Court in 2016.

More recently, Environmental Justice Australia (2017) has released a detailed report of Adani's poor environmental law compliance record and illegal dealings overseas. These included a serious pollution offense 20 nautical miles off the coast of Mumbai in 2011 when an Adani-chartered coal vessel sank. The resulting pollution from 60,000MT of coal, as well as the ship's oil fuel, had a devastating impact on coastal ecosystems and commercial activities. Adani Enterprises took no responsibility for a cleanup and in August 2016 was fined AUD 975,000 by India's National Green Tribunal.

The BHP Billiton and Adani examples – widely separated in time and space yet sharing so many common characteristics – highlight the legal (and moral) complexity surrounding the definition of corporate and environmental "responsibility." The oft quoted "polluter-pays principle" for OECD countries makes it clear that the "mining entity" is always the one ultimately accountable for environmental damage and reparation (OECD 2001). Yet there are widely differing interpretations of "entity." Apart from the company director, does it also include shareholders and investment banks, for example? Adani's structure in Australia, for example, comprises 25 separate legal entities. And how, precisely, does one define "accountability" and assess "corporate responsibility?" (Johnson 2017). The latter may well entail the rights of future generations, plants and animals, and/or traditional spiritual connections to land and water. As well, complicating matters, in the Ok Tedi case, over time, there were numerous legal changes to details of the ownership structure and related responsibilities in the mining operation (Marychurch and Stoiannoff 2006). The PNG government assumed complete control of the mine in 2013. Its Parliament also repealed the legislation granting the right to sue BHP Billiton for the damage it had caused. That damage could last for hundreds of years, and mining still continues.

In stark contrast, New Zealand may well be setting a new international standard for such issues in the future. The *Te Urewera Act* (2014) and the soon to be legislated *Te Awa Tupua Bill* completely overturn the presumption of human sovereignty over the natural world and grant the powerful status of "legal personality" to rivers and their catchments. The wide diffusion of this entirely new legal construct around the world has the potential to seriously impact the environmentally and culturally damaging activities of global mining, agribusiness, and chemical companies in such places as South America and Canada.

## The Global Commission on Pollution and Health

The recently constituted, high-level, Global Commission on Pollution and Health (www.commissiononpollution.org) has as its aim the raising of global public awareness of the critical linkage between pollution and health and the surging health costs associated with pollution of all kinds. Its findings are due to be published in

*The Lancet* in 2017. It will be interesting to see if the Commission casts its net widely to include the abovementioned corporate activities, as well as the hugely under-researched, lasting environmental effects of over 500 atmospheric nuclear weapons' tests and armed conflicts around the world (Simon and Bouville 2015).

The latter is a key focus of the international Toxic Remnants of War Project (www.trwn.org). We have, for example, recently passed the 25th anniversary of the end of the first Gulf War. The deliberate ignition of over 700 Kuwaiti oil wells by Iraqi troops at that time created by far the most extensive oil spill ever recorded (1.5 billion barrels). The subsequent fires burnt for over 9 months and covered a 1000 $km^2$ area. Following the conflict, a United Nations Compensation Commission (UNCC) was hastily established to evaluate 170 so-called F4 claims from 12 states. These related to "environmental damage and depletion of natural resources." As a result of scientific uncertainty and evidentiary problems in apportioning cost and blame, a mere 6% of claims received compensation. The "Legacies of War" project, too, continues to highlight the ongoing problem of unexploded ordnance (UXO) in Laos, following the Vietnam War. That country has the distinction of being the most heavily bombed country in the world. The legacy is an estimated 75 million still unexploded bombs in 10 out of 18 of the provinces, resulting in one-third of the land area being classified as "severely contaminated" (www.legaciesofwar.org).

## "Natural" and "Unnatural" Contaminants

As would be clear by now, the umbrella term "pollution" is open to extremely wide interpretation. At one level it covers contaminants from both point and nonpoint sources and also encompasses a wide range of both naturally occurring and synthetic substances now routinely occurring (and persisting) in the soil, water, oceans, and the atmosphere, as well as energy in the form of heat and light. A complication is that many so-called contaminants do not pose a problem in small quantities; the damaging effects (as with asbestos) may take decades to make their mark, and that opinion is sharply divided on whether or not certain things should be classified as pollutants at all.

In industry circles, genetically engineered (GE or GM) crops and seeds, for example, are frequently heralded as "miracle" products promising to solve the problem of developing world malnutrition. For organic farmers the very same products are classed as pollutants with the capacity to cross-pollinate and seriously damage the legitimacy of their brand. GM maize (MON810) was first introduced into Spain in 1998 and has subsequently expanded rapidly in the northeast of the country, in particular. Because of the actual and potential contamination threat, the area sown to organic maize in Aragon fell dramatically by 75% between 2003 and 2007 (Herrero et al. 2017).

Some jurisdictions – most notably in many parts of Europe – have invoked the precautionary principle; a conscious decision has been made that we still do not have enough scientific evidence about the safety or possible harmful effects of GE crops and that, accordingly, they should either be disallowed altogether or subject to very strict controls and transparency about their field locations (Robin 2012). However, by a slender, five to four margin, in the high-profile Supreme Court of Canada case of *Monsanto Canada Inc. v Schmeiser* (2004), the court ruled that Monsanto had not accidentally "contaminated" Mr. Schmeiser's canola crop in Saskatchewan with its patented canola seed. This was a substantial victory for the principle of seed patenting by the chemical giant that, as we have seen, is currently in discussions with Bayer about a possible merger.

The case highlighted the absurdity of the "coexistence" model, the assumption that seeds could not routinely be transmitted over large distances by wind, and also challenged the fundamentals of the "patent rights versus property rights" debate. The *International Treaty on Plant Genetic Resources for Food and Agriculture* came into force in 2004 and currently has 139 contracting parties. The aim of the treaty is to guarantee farmer's rights and to recognize non-

patented seeds as the common property of mankind. The treaty has the potential to be one of the finest examples of collaborative global governance, but its weakness is that different countries have widely varying interpretations of the concept of "farmer's rights."

There is also a strong argument for including exotic plants, animals, and certain diseases (e.g., Ebola, foot and mouth disease) as "pollutants." Often – as with the introduction of rabbits and cane toads into Australia – this was carried out deliberately with the very best of intentions but without any real understanding of the untold ecological damage that would eventually unfold. But more commonly the plant and animal "invaders" make their way around the world in ship or air cargo and ballast water or are transported on the wind and by birds and ocean currents. If not quickly contained, the economic costs can be enormous. As a result, protectionism in the form of biosecurity is now an important concern for national governments everywhere though unfortunately states vary greatly in terms of their resources, openness to external scrutiny of threats, and commitment to action. To take one example of the damage that can be done, the cost estimate for dealing with exotic weeds that had already taken a strong hold in Australia in the 1990s was AUD 3.3 billion a year. This included lost production and eradication programs (Low 1999).

The serious BSE outbreak in the UK in 1986 and the SARS (severe acute respiratory syndrome) epidemic of 2002/2003 provide two other tragic cases of cross-contamination with widespread health and transboundary impacts. Bovine spongiform encephalopathy ("mad cow disease") first appeared in cattle eating contaminated feed. It also spread to humans and eventually caused 229 deaths in the UK and elsewhere. The subsequent eradication campaign involved the slaughter of 4.4 million cattle in the UK and a crippling 10-year ban on the import of British beef into the EU.

Like Ebola, and the earliest phase of HIV, SARS too is a zoonotic disease. In this case, it started in Guandong, southern China, in November 2002, when the SARS coronavirus was transmitted to humans via wild animals sold in local markets. Early failures of diagnosis, treatment, and notification to the World Health Organization on the part of the Chinese authorities meant that the disease quickly spread to Hong Kong, Taiwan, and elsewhere in China and then appeared in Toronto, Canada, in February of the following year. Largely through rapid transmission by air transport, an estimated 774 people in over 30 countries eventually succumbed to the disease before it was finally contained by a well-coordinated, though belated, global effort (Keil 2014).



## Persistent Organic Pollutants (POPS)

Clearly unanticipated at the time of their early deployment, many relatively recently developed toxic substances such as asbestos, the constituents of plastics, pesticides like dieldrin, the insecticide chlordane, and flame-retardant PCBs (polychlorinated biphenyls) stubbornly persist in the soil, oceans, atmosphere, and food chain for generations. The long-term impacts of the use of such products are truly global in scope. The herbicide 2,4-D/2,4,5-T ("Agent Orange"), used with such devastating effect by the US military in its "defoliation" campaign over some four million acres in Vietnam between 1965 and 1971, continues to this day to produce adverse health impacts (e.g., cancers, diabetes, and birth defects) among countless American veterans and Vietnamese civilians, as well as in populations of agricultural workers and rural communities, across both the so-called developed and developing worlds.

One of the components of "Agent Orange" was the highly toxic TCDD (or 2,3,7,8-*tetrachlorodibenzo para dioxin*) chemical. This is one of the dioxins that make up the "dirty dozen" group of so-called POPs or persistent organic pollutants. The insecticides aldrin, dieldrin, and DDT are also on the list. The latter was widely used by the US military during the Second World War as a defense against mosquito-transmitted malaria and dengue fever, but its serious health impacts were drawn to the public's attention by the publication of Rachel Carson's best-selling book, *Silent Spring*, in 1962. Subsequently it

was banned for most purposes in the United States in 1973. It continued to be used in the UK for another decade and is still widely used in India. This is despite the UN's Stockholm Convention on Persistent Organic Pollutants coming into force in 2004 in an attempt to stop the use and spread of POPs.

Dioxins are particularly dangerous by-products of many industries, including the production of pesticides and herbicides (widely used in industrial-scale agriculture), metal smelting, and paper bleaching. High-temperature incineration is the only effective method of dealing with these products that are often found in waste oil. But this an expensive exercise, well out of the reach of many poorer countries. Long-term storage in deteriorating containers, followed by leakage into the soil and waterways, is an all too common occurrence. PCBs were produced in large quantities (around 1.3 million tonnes) from the 1930s till the 1970s. By that time there was indisputable evidence of their harmful effects right through the food chain. Of this total approximately 35% is believed to be in or near the open oceans. A recent study found high concentrations of PCBs at depths of between 7000 and 10,000 m in Kermadec and Mariana trenches. It is thought that this may be related to the relative proximity to the North Pacific Subtropical Gyre, more commonly known as the "Great Pacific Garbage Patch" (Jamieson et al. 2017).

As global reserves of conventional oil rapidly approach exhaustion, the major multinational energy corporations such as ExxonMobil, Shell, and Statoil are diversifying into the exploitation of so-called unconventional oil deposits like shale oil and tar sands. Sometimes referred to as "extreme energy," for decades these were deemed to be too expensive and technically difficult to develop (www.extremenergy.org). They require enormous amounts of energy to extract and process, thereby adding considerably to carbon dioxide emissions and global warming. But in addition, hydraulic fracturing fluids and wastewater have been found to harbor scores of dangerous toxins (Elliott et al. 2017). These include benzene, arsenic, and mercury, the latter infamous for its link with Minamata disease, first identified in Japan in 1956. Minamata is contracted by eating contaminated seafood, and the victims are believed to number up to 200,000 so far. One positive outcome has been that – under the aegis of UNEP's Global Mercury Partnership – the Japanese government has taken on a strong global leadership role in terms of "mercury management" so that other countries can learn from the mistakes made over 60 years ago. A UN "Minamata Convention" is currently in the early stages of formulation (Ministry of the Environment, Japan 2013).

Evernden (1995: 525) reminds us that, broadly defined, pollution is by no means a modern phenomenon. Throughout history it has been seen by all societies to represent "the defilement of the purity or sanctity of something – but not necessarily only to the physical world." As such, polluting agents (e.g., countries, corporations) invariably are targeted as being "at fault" or – as in the contemporary field of "green criminology" – perpetrators of criminal acts (Lynch et al. 2016). Increasingly, for example, those judged to be responsible for marine oil spills (*Exxon Valdez* (1989); British Petroleum/*Deepwater Horizon* (2010)), the illegal trade in hazardous wastes from affluent to developing countries, or food contamination are the subject of legal prosecution. The latter was a major concern internationally in 2008 when milk, eggs, and infant formula products originating in China were found to have been deliberately adulterated with the chemical melamine by 22 companies. Some 12 countries eventually banned the import of dairy products from China, and subsequent trials in that country resulted in a number of lengthy prison terms and two executions of company officials.

## Waste

Pollution is often equated with "waste." This takes many different forms but is usually subdivided into "hazardous" and "nonhazardous" categories. It includes radioactive by-products (a form of *intractable* hazardous waste), decommissioned ships and military bases, food waste (to the tune of US$ 1 trillion a year), plastics and packaging,

mining tailings dams, used car tires, and the multiple subproducts of electronic goods. Comprising such items as used televisions, computers, and mobile phones, the latter (e-waste) was estimated to total 41.8 million metric tonnes in 2014. Involving a long and complex global chain of collection, transport, disassemblage, recycling, and resale, this is an industry estimated to be worth as much as USD 18.8 billion in 2014 (including a sizeable informal and illegal sector) and growing rapidly year by year (United Nations Environment Programme 2015). The United States, for example, discards up to 20 million personal computers annually, and, within a decade, predictions are for a sevenfold increase in mobile phone e-waste in China and more than double that figure for India (Olowu 2012). When broken down individual mobile phones yield small amounts of gold. Yet used electronic products also release large quantities of toxic by-products such as cadmium, arsenic, and mercury that can cause serious contamination problems at the point of end-of-life processing.

The legal and illegal trade in waste products of all kinds are now one of the fastest-growing items in global sea transport. The widespread uptake of containerization has made this possible. To a large extent, the trade is controlled by transnational crime syndicates, and under the terms of the 1992 *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes*, "illegal activity" is defined as a crime. As waste recycling, disposal, and related regulatory costs continue to rise in Western Europe and North America, West African countries, like Ghana, Cote d'Ivoire, and Nigeria, as well as Vietnam, China, and Bangladesh in Asia, have become increasingly favored destinations for wastes of all kinds. Product separation and recovery are usually carried out at the small-scale, informal level with minimal health and environmental controls. As well, there is ample evidence of illegal dumping at sea as well as on land (United Nations Environment Programme 2015).

In the mid-1990s, Canada sought to stop the export of PCBs on environmental grounds. Invoking ISDS and the NAFTA framework, the US company SD Myers Inc. (SDMI) challenged this ruling in 1998, seeking USD 70 million in compensation. SDMI is a waste management processing company that had planned to access Canadian-based PCBs for its American operations. In 2000, the United Nations Commission on International Trade Law (UNCITRAL) found in favor of SDMI and ordered the Canadian government to pay CAD six million to the company.

Most of this discussion focuses on human actions that have – and continue to exert – an adverse impact on the atmospheric and marine commons. But it needs to be stressed that "pollution" can also be caused by "natural" phenomena. Major explosive volcanic eruptions and accompanying tsunami events are a clear case in point. The scientific consensus is that, over the long geological timescale, there have been five previous mass extinction events and that we are currently living through the sixth. While the present phase appears to be largely attributable to multiple, accelerating human impacts on a global scale, volcanic eruptions, wildfires, and associated environmental changes over relatively short geological time horizons are now widely accepted as having played a major role in the past (Hance 2015). In other words, as earthlings, our hold on this planet is, at best, tenuous (Eckersley 2014).

## "Natural" Pollution: Volcanic Eruptions

When the island of Krakatoa off the coast of Java was so spectacularly annihilated by catastrophic natural forces in August 1883, the resulting toxic volcanic ash cloud reached deep into the stratosphere, by some estimates as high as 160,000 ft. The explosion was heard thousands of kilometers away. Fine particulate matter and sulfur dioxide circled the earth for months, resulting in spectacular sunsets in Europe and North and South America and a worldwide drop in temperature. The ash was eventually widely distributed as acid rain. A forerunner to the far more destructive 2004 Indian Ocean tsunami, the accompanying tidal waves at that time led to the deaths of some 36,000 people and contaminated vital freshwater supplies in low-lying coastal areas, often on the other side of the Indian Ocean, far from the initial

eruption site. This particular volcanic episode, which was by no means the largest that the world has experienced, of course occurred in pre-aviation times. Winchester (2003: 271) notes, "Few in Victorian times had begun to think truly globally. . .Krakatoa, however, began to change all that."

More recently, the world has experienced two major volcanic episodes, the first at Mount Pinatubo in the Philippines in 1991 and the second in Iceland in 2010. In the twentieth century, only Novarupta in Alaska exceeded the force and level of particulate emissions of Pinatubo, which rivaled those of Krakatoa. A high-level, sulfuric acid haze was generated over a wide area of Southeast Asia and lasted for more than a year. Agricultural production was severely affected, and the major US military bases at Clark and Subic Bay were subsequently abandoned.

Further – in April 2010 – the widely dispersed ash cloud from the Eyjafjallajokull volcanic eruption in Iceland seriously disrupted airline flights for more than a week across Europe and beyond. Over 100,000 flights, involving around ten million passengers, were subsequently canceled for safety reasons (Bye 2011). Although large, the Eyjafjallajokull event pales into insignificance by comparison with the Laki eruption in the same part of Iceland 227 years earlier. Laki erupted continuously for 8 months and has been estimated to have been around 100 times larger than the 2010 event (Thordarson and Self 2003). At its peak the volcano was forcing 17 Mt. of sulfur dioxide into the atmosphere every 3 days. In the summer of 1783, some 20,000 people in Britain alone died as a result of sulfur dioxide poisoning directly linked to the eruption. One can only speculate about the health and climatic impacts as well as the scale of disruption to air traffic and economic activity were such an eruption to occur today.

## The Aviation Industry

Air transport can, in many ways, be seen as synonymous with globalization. As it has evolved, it has greatly assisted in the ever-accelerated movement of people, goods, ideas, innovations, and humanitarian aid around the world. These are the indisputable, positive aspects. But as we saw in the example of SARS, aviation also facilitates the rapid transmission of diseases and – of central significance to the present discussion – adds to the total atmospheric load of greenhouse gas pollution on a truly massive scale. As such, the aviation sector can also be viewed as being emblematic of the growth/pollution dilemma and has, for many years, been the target of increasingly strident criticism by environmental campaigners. Put simply, while traveling, aircraft emit extremely large quantities of greenhouse gases, including sulfur dioxide, nitrogen oxide, and hydrocarbons. For example, a return flight from Melbourne, Australia, to London generates approximately 17 t of CO2 per passenger, and it has been estimated that for the period up to 2050, global carbon emissions from air transport could total around 43 Gt (Paradee 2015). This would make the aviation sector the fastest growing contributor to global warming and would come about largely as a consequence of the exponential expansion of airports, aircraft, flights, and passenger numbers. The latter have been projected by IATA to increase from 3.8 billion passengers in 2016 to 7.2 billion in 2035.

Much of the new growth will come from Asia. But this is only a very small part of the picture. One also needs to build into the equation the pollution load created by building and maintaining the aircraft and airports, extracting and transporting the fuel and passengers to and from airports, and so on. When combined, this could lead to the sector eventually contributing as much as 15% of greenhouse gases from all sources. Specifying national contributions to such a globalized industry is immensely challenging and so far has defied all attempts at building a robust global governance framework. Nevertheless, Austria represents an interesting development in this regard. In February 2017, that country's Federal Administrative Court ruled against a proposal to build a third runway at Vienna Airport on the grounds that this would contravene Austria's international commitment to reduce the quantum of its greenhouse gas

emissions (The Local/AFP 2017). A similar fight by environmental and resident's action groups against plans to increase the capacity of London's Heathrow Airport was lost the previous year.

## Concluding Remarks

The examples of airport expansion plans at Vienna and London highlight a fundamental conundrum at the heart of this chapter. While Austria, at least for the time being, has taken a bold symbolic stand in favor of reducing greenhouse gas emissions and setting an international example, the UK – as noted – has given the go-ahead for Heathrow to greatly increase its capacity and thus contribute to the already rapidly rising quantum of emissions from the aviation sector around the world. In China, Beijing's latest international airport has seven runways, and the country plans to build 66 new airports over the next 5 years. In short, Austria's laudable actions will have minimal impact on climate change. Given that there is no such entity as a "'World State," the core issue here, of course, in common with so many of the topics covered, is the absence of *enforcement* mechanisms.

The sanction of "naming and shaming" was discussed briefly, above. Barrett (2016: 14519) has recently focused on the potential power of this in the Paris Agreement on climate change, arguing that the real innovation in this treaty "is to embed voluntary contribution making within a framework of 'pledge and review.'" In other words, nation-states set transparent targets to commit to reducing carbon emissions which are then available for all to assess. However, the pledges made relate to the years 2025 and 2030, and there is considerable uncertainty surrounding the effectiveness of naming and shaming to bring about substantive behavioral change.

There are currently approximately 200 nation-states and a similar number of largely voluntary environmental treaties and conventions with limited sanctions attached. There are also "failed"/"fragile" states (approximately 65), as well as many experiencing ongoing armed conflicts. Illegal trade of all kinds is a common feature of these situations and includes toxic waste, banned pesticides, and radioactive material. We also need to add into this mix a weakening of environmental laws and regulations by new administrations in such countries as Canada and the United States. Finally, as we have seen, the world has a relatively small number of immensely wealthy and powerful transnational corporations whose activities are not constrained to any degree by national borders (Hertz 2001). In short, the prospects for effective global governance to resolve past and emerging pollution-related matters are not encouraging. Close scrutiny of all the key environmental indicators gives little cause for optimism.

G

## Cross-References


- ▶ Global and International Politics
- ▶ Global Governance
- ▶ Globalization and Energy
- ▶ Politics and Public Policy


## References


Aston H (2017) Miners paid for "clean coal" ads. The Age (Melbourne), 19 Feb, p 5

Barrett S (2016) Coordination vs. voluntarism and enforcement in sustaining international environmental cooperation. Proc Natl Acad Sci 113(51):1415–14522

Beck U (1992) Risk society, towards a new modernity. Sage, London

Bye BL (2011) Volcanic eruptions: science and risk management. Science 2.0. Retrieved 16 Jan 2017

Casagrande DG, Jones EC, Wyndham FS, Stepp JR, Zarger R (2017) Ecomyopia in the Anthropocene. Anthropol Today 33(1):23–25

Chen Y, Jin GZ, Kumar N, Shi G (2011) The promise of Beijing: evaluating the impact of the 2008 Olympic games on air quality. Working paper 16907. National Bureau of Economic Research, Cambridge, MA

Chossudovsky M (ed) (2012) Fukushima: a nuclear war without a war. Centre for Research on Globalization (CRG), Montreal

Danchkert S (2017) Banks sue BHP, Vale over disaster. The Age (Melbourne), 24 Jan, p 20

de Freytas-Tamura K (2017) A push for diesel leaves London gasping amid record pollution. New York Times 17:9

Eckersley, R. (2014) Anthropocene raises risks of Earth without democracy and without us. The Conversation, 1 Apr

Elliott EG, Ettinger AS, Leaderer BP, Bracken MB, Deziel NC (2017) A systematic evaluation of chemicals in hydraulic-fracturing fluids and wastewater for reproductive and developmental toxicity. J Expo Sci Environ Epidemiol 27:90–99

Environmental Justice Australia (2017) The Adani brief. What governments and financiers need to know about the Adani Group's record overseas, EJA, Melbourne

Evernden N (1995) Pollution. In: Paehlke R (ed) Conservation and environmentalism: an encyclopedia. Garland Publishing, New York, p 525

Gaffney O, Steffen W (2017) The Anthropocene equation. Anthropocene Rev. https://doi.org/10.1177/2053019616688022

Hance J (2015) How humans are driving the sixth mass extinction. The Guardian, October 20. Retrieved 18 Jan 2017

Hayha T, Lucas PL, van Vuuren DP, Cornell SE, Hoff H (2016) From planetary boundaries to national fair shares of the global safe operating space – how can the scales be bridged? Glob Environ Chang 40: 60–72

Herrero A, Binimelis R, Wickson F (2017) Just existing is resisting: the everyday struggle against the expansion of GM crops in Spain. Sociol Rural. https://doi.org/10.1111/sour.12166

Hertz N (2001) The silent takeover. Heinemann, London

Holliday K (2014) Transfer to Beijing ? Why expats are saying "no thanks". CNBC 24. Mar. www.cnbc.com

International Panel on Climate Change (2014) Climate change 2014: synthesis report. IPCC, Geneva

Islam MS, Pei YH, Mangharam S (2016) Trans-boundary haze pollution in Southeast Asia: sustainability through plural environmental governance. Sustainability 8(499):1–13

Jamieson AJ, Malkocs T, Piertney SB, Fujii T, Zhang Z (2017) Bioaccumulation of persistent organic pollutants in the deepest ocean fauna. Nat Ecol Evol. https://doi.org/10.1038/s41559-016-0051

Johnson CA (2017) Holding polluting countries to account for climate change: is "loss and damage" up to the task? Rev Policy Res. https://doi.org/10.1111/ropr.12216

Keil R (2014) Diseased. In: Adey P, Bissell D, Hannam K, Merriman P, Sheller M (eds) The Routledge handbook of mobilities. Routledge, London, pp 388–397

Li Q, Cheng K, Yang X (2016) Economic and social analysis of haze reduction dilemma in China. Environ Earth Sci Res J 3(1):14–22

Low T (1999) Feral future. The untold story of Australia's exotic invaders. Viking, Ringwood

Lynch MJ, Stretesky PB, Long MA (2016) A proposal for the political economy of green criminology: capitalism and the case of the Alberta tar sands. Can J Criminol Crim Justice 58(2):137–160

Marychurch JM, Stoiannoff NP (2006) Blurring the lines of environmental responsibility: how corporate and public governance was circumvented in the Ok Tedi Mining Limited disaster. Conference paper. Sixty-first annual conference, Australian Law Teachers Association, Lindfield

McKenzie N, Baker R, Ker P (2017) Gloves off in battle for coal. The Age (Melbourne), 15 Feb, p 1,8

Meadows DH, Meadows DL, Randers J, Behrens WW III (1972) The limits to growth. Universe Books, New York

Miller D, Dinan W (2008) A century of spin: how public relations became the cutting edge of corporate power. Pluto Press, London

Ministry of the Environment, Japan (2013) Lessons from Minamata disease and mercury management in Japan. Environmental Health Department, Tokyo

Nesterenko AB, Nesterenko VB, Yablokov AV (2009) Chapter II. Chernobyl. Consequences of the catastrophe for people and the environment. Ann N Y Acad Sci 1181:31–220

OECD (2001) Environmentally-related taxes in OECD countries: issues and strategies. OECD, Paris

Olowu D (2012) Menace of e-wastes in developing countries: an agenda for legal and policy responses. Law Environ Dev J 8(1):59–75

Paradee V (2015) Up in the air: how airplane carbon pollution jeopardizes global climate goals. Center for Biological Diversity, Tucson

Robin M-M (2012) The world according to Monsanto: pollution, corruption and the control of the world's food supply. New Press, New York

Simon SL, Bouville A (2015) Health effects of nuclear weapons testing. Lancet 1:407–408

Starobin SM (2013) Global companies as agents of globalization. In: Mikler J (ed) The handbook of global companies. Wiley, London, pp 405–420

Strom M (2017) Like Stalin: chief scientist lashes out at trump. The Age (Melbourne), 7 Feb, p 9

The Local/AFP (2017) Climate change worries halt Vienna airport's third runway, 10 Feb. www.thelocal.at/20170210/climate-change

Thordarson T, Self S (2003) Atmospheric and environmental effects of the 1783–1784 Laki eruption: a review and reassessment. J Geophys Res Atmos 108(D1):4011. https://doi.org/10.1029/2001JD002042

Turner G (2014) Is global collapse imminent ? An updated comparison of the limits to growth with historical data. Research paper no. 4. Melbourne Sustainable Society Institute, Melbourne University

United Nations Environment Programme (2015) Waste crime – waste risks. Gaps in meeting the global waste challenge. UNEP and GRID-Arendal, Nairobi

Winchester S (2003) Krakatoa. The day the world exploded. Penguin, London

World Health Organization (2016) Ambient air pollution: a global assessment of exposure and burden of disease. WHO, Geneva

# Globalization and Predatory Corporations

Judith Bessant and Rob Watts
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

Mainstream criminologists and many social scientists have little trouble talking about certain criminals as "super-predators" when referring to what comes to people's mind thinking about "crime," that is, working-class crime. Conventional criminologists have long complained how America has become home to "thickening ranks of juvenile 'super-predators' – radically impulsive, brutally remorseless youngsters, including ever more pre-teenage boys, who murder, assault, rape, rob, burglarize. . .." (Bennett et al. 1996: 27).

However any comparative assessment of harm reveals that the modern super-predators who cause the greatest harm are major well-known corporations, many working globally who deal out theft, physical violence, destruction, and death on a scale that makes blue-collar crime in comparison shrink to near invisibility. In 2000, e.g., the FBI's Uniform Crime Report identified some 407,842 robberies in the USA netting $US477 million or an average of $US1,170 per robbery. In 2000, one broker employed by Drexel Werner Lambert agreed to repay $600 m as part of a successful plea bargain in respect of 90 criminal charges for his insider trading, the creation of dummy companies, and secret offshore operations that netted him hundreds of millions of dollars. In the same year, major banks and investment houses (including Morgan Stanley, Goldman Sachs, Citigroup, Bear Sterns, Sun Life, UBS, and Bank of America) were fined or ordered to repay to clients over $US4.5 billion by the US Securities and Exchange Commission for a rich variety of fraudulent and predatory behavior (Forbes 2004).

## Corporations and Predatory Behavior

One difficulty when confronted by predatory corporate behavior is that understanding it requires acknowledging an array of conduct. It includes economic crimes like fraud, corrupt investment practices, selling dangerous products, bribery, and embezzlement, all of which have major economic consequences. Apart from such economic crimes, it includes tax evasion and corruption which deprive the community of public funding for education, health, and other essential services. Added to this are exploitative labor practices, forced labor, human trafficking and aiding and abetting sexual and other forms of violence, and the spread of drug abuse (Zerk 2012). It includes the systematic use of violence and terror by security companies generating major human rights abuses. It includes serious and sustained environmental or "Green crime" including toxic waste dumping (linked to negative impacts on health or water) and pollution of air, land, or water all of which impair people's rights to work, water, or health (Brisman et al. 2014; White 2014). Plus there is an array of economic sanctions violations which enable corporate actors to profit from human rights abuses, extortion (by abusive armed groups who control mine sites), and handling of stolen goods (Amnesty International and the International Corporate Accountability Roundtable 2014).

Another aspect of predatory corporate behavior which further frustrates research and prosecution is its legal invisibility, a feature linked to the impunity with which much predatory behavior by corporates is carried out. In effect, defining predatory corporate behavior requires acknowledging that when corporate entities or individuals, acting on behalf of a corporate, commit or are complicit in the commission of predatory and criminal conduct, they do so with impunity and little, if any, accountability. The failure or refusal of states to investigate let alone prosecute predatory activity makes assessing or researching its incidence even harder than is the case for ordinary crime where the problem (the "dark figure of crime") continues

to haunt criminology (Coleman and Moynihan 1996).

A related difficulty, developed later in this chapter, is how the category of corporate crime threatens to dissolve conventional understandings of the clear boundaries between "criminal conduct" and "normal" business behavior. Predatory corporate behavior erodes the belief that normal businesses including the business of governments is always law-abiding and would never include predatory or illegal conduct. As we see, recent moves to theorize parapolitics (e.g., Wilson 2009, 2015) explicitly acknowledge some of the conceptual errors this conceptual distinction relies on and perpetuates.

The tendency of markets to encourage predatory behavior was well captured in Akerlof's (1970) article about "lemons markets" in which he identified the regular use of deception and fraud in the economics literature. The frauds were possible because information was asymmetrical. The seller knew more about the true quality of the goods than the buyer, and the seller exploited that information advantage by misrepresenting the goods. Akerlof showed that this could produce supranormal profits for fraudulent sellers making it impossible for reputable sellers to compete. Over time, the normal well-functioning market would come to be dominated by fraudulent sellers of poor quality, even dangerous goods.

## Origins of Concept of Predatory Behavior

In related fashion, predatory crime by corporates has long been largely invisible in mainstream disciplines like criminology, political science, or economics. The significance of this can be recognized by considering Garland's (2009: 118) observation that "criminology's object [i.e., crime] is not a self-generated theoretical entity or a naturally-occurring phenomenon, but instead a state-defined social problem." This raises questions about the authorizing grounds which any of social scientific project investigating corporate crime relies on. This refers to the fact that most criminologists, economists, and political scientists define crime in terms paralleling whatever their governments define as criminal. Bourdieu highlighted the dangers of this practice:

> . . . one of the major powers of the state is to produce and impose . . .categories of thought that we spontaneously apply to all things of the social world – including the state itself. (1998: 35)

This points to the risks in trying to think about matters like predatory because we face the danger of applying "categories of thought produced and guaranteed by the state" (Bourdieu 1998: 35).

This is not to deny that many writers struggle against this problem. Veblen, e.g., highlighted how a predatory financial system organized monopolies and protected its major customers while adding to costs, making economies less competitive and denying workers and citizens the fruits of technological progress (1904). In the USA, Veblen's work was part of a movement of liberal reform from 1900.

Sutherland who coined the term "white-collar crime" went further, emphasizing the criminal conduct of "normal" business practices. He analyzed 70 of America's largest nonfinancial corporations including 15 public utilities (i.e., electric generation corporations) (1940). Sutherland identified systematic evidence of price-fixing; manipulation of patents, trademarks, and copyrights; misrepresentation in advertising; and unfair labor practices by these corporations. Sutherland described 44 cases in which state and federal laws were violated by public utilities and pointed out that despite widespread violations of laws, few if any of the utility corporations had been successfully prosecuted.

It would take many more decades before some social scientists agreed that "white-collar crime" was predatory crime and a greater problem than street-level crime. Even so predatory corporate behavior has been the work academics like Korten (1998, 2001), Falk (1999), and Galbraith (2006). Others asked how to strengthen legal and regulatory frameworks: Hadden et al. (2014) argue that if decades of neoliberal reform of company law and practice enabled the resurgence of predatory corporations, then new kinds of legislation and regulation are needed to prevent abuses in the corporate sector.

However even by the time like Wheeler and Rothman's (1982) studies of the corporation as a "weapon" and "shield" and Blumberg's (1989a, b) account of corporate predatory behavior in white-collar crime appeared, globalization processes were increasing the scale and scope of corporate predation providing new challenges to the social sciences to understand the growing array of corporate malfeasance taking place globally.

## Globalizing Corporate Predatory Conduct

The processes of globalization have increased the scale and scope of predatory corporations. If predatory company behavior was problematic when it was largely confined to one nation-state, its global spread expanded the problem. There are many ways in which globalization processes facilitated this. There are four key factors.

First the "financialization" in developed economies, like the USA, Europe, and more recently China, created new markets in which financial predation became the norm by the 2000s. Financialization refers to the way banks and investment corporations deliberately promoted the use of debt especially by low-income households and the increasing buying and selling of non-asset-based financial products which constitute the derivatives market (Mason 2015). It is a market based on future contracts and various speculative insurance products (like Credit Default Swaps) set against low-income families' mortgages, interest rates, foreign currencies, treasury bonds, and the like. In the USA, the derivative market was "worth" $1200 trillion in 2006 or nearly ten times the total values of US GDP in 2006 ($US12,456 trillion) (Bank of International Settlement 2007).

"Financialization" came to denominate the development of financial capitalism especially since the 1970s. As Epstein notes:

> . . .financialization refers to the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operation of the economy and its governing institutions, both at the national and international levels. (2002: 1)

This is evident in the dominance of financial transactions and financial products which account for an increasing share of national income relative to other sectors and/or to the flow of global finance. Krippner (2005) argues that there has been a shift from the production of real things to a "pattern of accumulation in which profit-making occurs increasingly through financial channels rather than through trade and commodity production". Evidence supporting this description is clear. Trading in US equity (stock) markets grew from $136.0 billion (or 13.1% of US GDP) in 1970 to $1.671 trillion (or 28.8% of US GDP) in 1990. A decade later, trading in US equity markets was $14.222 trillion (or 144.9% of US GDP).

Secondly, financialization mirrored the general movement of corporations becoming *transnational corporations* (TNCs). The evolution of *transnational corporations* saw large companies recognize the strategic value of moving into the spaces between nation-states thereby reducing state regulation of labor practices, tax liabilities, health and safety requirements, or product standards (O'Brien and Williams 2010).

In this respect, the globalization of predatory corporate behavior involved constant efforts to escape bids by states to regulate predatory behavior within nation-states. In particular globalization of finance has been accompanied by the centralization of control in the hands of a very few companies. As Vitali et al. (2011) revealed in research analyzing a database of 37 million companies and investors worldwide, all 43,060 transnational corporations shared ownerships that linked them. Their work revealed a core of 1318 transnational companies with interlocking ownerships. Each of the 1318 had ties to two or more other companies and on average was connected to 20. Although they represented 20% of global operating revenues, the 1318 collectively owned through shares the majority of the world's large blue chip and manufacturing firms – the so-called "real" economy – representing a further 60% of global revenues.

Central to this network of global control was a "super-entity" consisting of 147 companies; "all of their ownership was held by other members of the super-entity that controlled 40% of the total

wealth in the network. In effect, less than 1% of the companies were able to control 40% of the entire network" (Coghlan and MacKenzie 2011). Most of these entities were financial institutions including Barclays Bank, JPMorgan Chase & Co, and The Goldman Sachs Group.

As will become clear, this network is the center of the global predatory financial network that caused the 2008 Great Recession.

Thirdly the growth of global digital networks helped promote globalization and predatory behavior. The predatory buying and selling of derivatives central to financialization after 1998 and which triggered the 2008 Great Recession was enhanced by the use of algorithms and Net-based trading (Pasquale 2015: 101–139). Some like Mason argue that the shift to nontraditional Net-based business models like Wikipedia or Uber points to new possibilities of a postcapitalist order (2015). Others like Chamayou (2014) point to the possibility of extended forms of predatory behavior enabled by the networked surveillance of all citizens.

Finally the spread of a globalized preoccupation with security triggered by 9/11 and the American-led "war in terror" helped augment predatory behavior involving theft, militarized violence by transnational security companies (Watts 2016: 226–228). In each case, the role of states is evident. Globalization itself is inconceivable without the state: globalized predatory corporate behavior likewise have depended on long-standing "parapolitical" or "deep political" shadowy networks of overlapping connections between companies, state agencies, and organized crime (Scott 2008; Wilson 2015). As companies saw the benefits in moving offshore from their headquarters in a given nation-state, predatory behavior became easier. As any adequate account of globalization reveals, without state interventions, globalization and globalized predatory corporate behavior of the kind we now have would not be possible.

While it would be difficult to arrive at an accurate account of the human, economic, political, or environmental costs of globalized predatory business practices, a sense of its scale is evident in the following:

- In the USA, the antitrust Sherman Act saw 36 big global companies (including JP Morgan, British Air, Samsung, Bridgestone, Mitsubishi, Royal Bank of Scotland, and Hoffmann-La Roche) fined $US8,048 billion between 1998 and 2017 for global conspiracy, price-fixing, or fraudulent currency deals.
- In the UK, corporate fraud costs the UK economy £73 billion a year (Home Office 2012: 8).
- By 2015, American and global banks had paid more than $200 billion in fines for "questionable behavior." In 2014, British banks like Barclays, HSBC, and Royal Bank of Scotland paid nearly $1 billion in fines related to foreign exchange improprieties. Goldman Sachs and BNP Paribas also got hit with combined fines approaching $250 million in related cases.
- Major global pharmaceutical companies have been fined nearly $US14 billion for falsifying clinical trials or selling and distributing drugs that either had no medical value or led to death and injury. Over a 25-year period, GlaxoSmithKline paid $US7.9 billion, and Pfizer paid $US3.9 billion in fines. In 2004, alone Pfizer paid a $430 million settlement for its misleading claims about of the seizure drug Neurontin; Merck's was fined $US950 million for marketing Vioxx.

Such a list however only hints the scale of such practices which have become larger due to globalizing processes. The evolution of publicly listed companies into transnational entities increased the scale of predation due to their commitment to create black and gray legal holes between national legal frameworks.

One end of the predation spectrum can be described and explained as a failure to regulate. Understood in this limited way involves anti-competitive behavior, labor exploitation, production of dangerous goods, tax evasion or avoidance, and environmental harm. In what follows we consider some of these.

## Corporate Fraud

Fraud comes in various forms. Sometimes as with the American energy company Enron and a major TNC, it was sophisticated. In 2001, Enron

admitted its reported financial condition was sustained by institutionalized, systematic, and creatively planned accounting fraud involving the global accountancy firm Arthur Andersen. Taking advantage of deregulation in the US energy sector in the 1990s, Enron fraudulently conspired with the other large electrical energy trading companies and devised a deceitful scheme to take electrical generating capacity off-line during times of high usage thereby creating artificial capacity overloads in electrical transmission. The fraud caused huge increases in electrical energy costs in California, bankrupted two major utilities, and caused several blackouts (FERC 2003). It also produced real profits for the conspirators until 2001.

Montréal-born David Walsh founded a group of companies Bre-X Minerals in 1989 and declared personal bankruptcy in 1992, avoiding the payment of C$40,000 in debts. In 1993, he bought the Indonesian "Busang" gold mining site. Walsh's Philippine mine manager believed at the time the site contained two million ounces of gold. These estimations kept rising over the years, from 2 to 30 in 1995, to 60 in 1996, and to 70 million ounces in 1997, pushing Bre-X's market value to $US6 billion dollars. Companies fought to become partners with Bre-X, including Barrick Gold (US$1.2 billion in revenues in 1997) and Freeport-McMoRan Copper and Gold (US$2.2 billion in 2003). However, in 1997, Freeport found out, after performing technical analyses, that the core Busang samples had been salted with gold. This turned into the largest scandal in Canadian history and the largest mining fraud of all time. Billions of dollars were lost. Walsh stole US$25 million prior to the announcement, and his associate, John Felderhof, US$84 million. Among the victims were the Ontario Municipal Employees Retirement Board (loss of $US45m).

Bernie Madoff used a Ponzi scheme model from the late 1960s to thieve from investors. The Madoff investment scandal was a major case of stock and securities fraud discovered in late 2008 when his investment house crashed owing more than $US50 billion. Madoff founded the firm Bernard L. Madoff Investment Securities LLC in 1960, and by 2008, it was the sixth-largest investment house on Wall Street. He remained its chairman until his arrest in 2008 soon after he pleaded guilty to 11 federal crimes and admitted to operating the largest private Ponzi scheme in history. It was a Ponzi fraud that worked like most investment scams of this kind: an individual or organization pays returns to its investors from new capital paid to the operators by new investors, rather than from profit earned through legitimate sources. The scheme requires a continual stream of investment to fund higher returns; once investment slows, the scheme collapses as the promoter has problems paying the promised returns (the higher the returns, the greater the risk of the scheme collapsing). On June 29, 2009, Madoff was sentenced to 150 years in prison with restitution of $170 billion.

G

### Exploitation of Labor

To maximize profits by reducing their labor costs, major transnational corporations exploit workers by cheating on wages and pension funds. In 2016, it was reported that Australian workers in popular retail and fast-food outlets, including major TNCs like Hungry Jack's, McDonald's, and KFC, were underpaid more than $300 million a year in 2016. The international chain of convenience stores 7-Eleven that operates franchises and licenses around 56,600 stores in 18 countries was paying many of its mostly young precariously employed workers in Australia as little as $10 an hour before tax, with the company's own figures suggesting up to two-thirds of its stores were underpaying their workers. In Australia in 2016, about a third of Australian workers were also being swindled by rogue employers including major TNCs who were holding back some or all of their pension fund entitlements. The Australian Tax Office raised $670 million by issuing nearly 3000 default assessments to employers as a result of reports from employees, totaling approximately $171 million.

### Tax Avoidance

The case of the American technology company Apple is a well-known example of a TNC engaging in tax avoidance on a massive scale. Apple was estimated at a market cap of $US572 billion.

In the UK, e.g., Apple earned £10.5 billion in revenue from sales in the UK but paid £11.4 million in tax. In 2016, EU antitrust regulators ordered Apple to pay up to 13 billion euros ($A19.15 billion) in back taxes to the Irish government after ruling that a special scheme to route profits through Ireland was illegal.

In Australia out of 1539 of the largest corporate entities 985 of which are foreign owned and 554 Australian owned, 40% did not pay any tax in 2013–2014. The 1539 companies had a combined turnover of $1.6 trillion in turnover and $169.9 billion in profit and paid a combined $39.9 billion in tax. There were 579 local- and foreign-based companies that paid no tax in 2013–2014 which had a combined turnover of $405.9 billion and a taxable income of $4 billion. The nil tax effect is either because they did not pay any tax, had offsets against profits that reduced their tax to zero, or made a loss, which the Tax Office reports as nil (ATO 2015). In 2015, what has come to be known as "the Panama Papers" revealed how shadow economies of government leaders, businesses, and many other rich and powerful hide money in offshore jurisdictions – tax havens – to evade tax, facilitate bribes and embezzlement, and commit various other crime (Obermayer and Obermaier 2016).

### Making and Selling Dangerous, Harmful Products

In 2015, Volkswagen which is Europe's biggest carmaker admitted that 11 million of its vehicles were fitted with software capable of cheating emissions tests, including five million at its namesake VW brand, 2.1 million at luxury brand Audi, 1.2 million at Czech division Skoda, and 1.8 million light commercial vehicles. VW also admitted cheating in diesel emissions tests in the USA. Volkswagen has announced plans to refit up to 11 million vehicles and overhaul its namesake brand to try to move on from the scandal over its cheating on diesel emissions tests. The German carmaker began recalling 11 million cars for customers to have diesel vehicles that contained illegal software refitted, a move which some analysts said could cost more than $6.5 billion euros ($10.4 billion) (Ewing 2015).

In September 2016, Samsung, the world's largest information technology company, was forced to recall 2.5 million units of its oversized Galaxy Note 7 mobile phone. The batteries, which were exploding, were too large to fit into their casing. Replacement batteries had poor welds, which also caused phones to explode. Samsung's revenue in 2014 of $US305 billion was equal to 30% of South Korea's $1082 billion GDP. The global recall cost the South Korean company $5.3 billion (£4.2 billion) in lost profits (Chen and Sang-Hun 2016).

### Environmental Destruction

To maximize profits, predatory transnational companies that cause tremendous environmental damage always seek to avoid all environmental restraints. There are many cases of massive destruction around the globe. One small example is the Bayou Corne Sinkhole in Louisiana created when an underground salt dome cavern operated by Texas Brine Company and owned by Occidental Petroleum collapsed (Hochschild 2016). In June 2012, residents of Bayou Corne began noticing the ground was shaking and bubbles began to arise from the water. When the sinkhole first appeared, it spanned a hectare (or 2.5 acres). By late 2016, the sinkhole covered 35 acres. Three hundred fifty residents were evacuated, and methane gas seeped out creating a permanent threat of an explosion. The Oxy3 mining operation, owned by Occidental Petroleum, was over a mile below the surface and was less than 100 ft. from the nearest oil and gas storage dome. Salt mining had been going on in Louisiana since the nineteenth century. Occidental Petroleum Corporation (Oxy) is a transnational oil and gas exploration and production company with operations in the USA, the Middle East, and Latin America. Headquartered in Houston Texas, it is one of the largest US oil and gas companies based on 2015 market capitalization. Texas Brine has been held responsible although a class action against the company had not been resolved by late 2016.

### Financial Predation

Nothing speaks to the rise of predatory finance than the growth of the global derivatives market.

What began with predatory mortgages given to high-risk low-income home buyers ended in the 2008 recession as creditors called in derivative worth more than $US5 trillion. The devastating effects of financial predation were encapsulated when the lives of hundreds of millions of people around the world were affected by the collapse of the derivatives market in 2008 leading to global mass unemployment, poverty, and the imposition of austerity policies (Hellwig 2009; Rajan 2010).

Derivatives were created after the 1970s to manage risk and create insurance against inflation resulting from the 1974 oil shock and a 50% drop in the value of US stock market. The first derivatives included options. The dramatic growth in derivative contracts occurred after 1999 when the Glass-Steagall Act 1933 was repealed, which allowed banks to operate as brokerage houses, and the growth of derivatives exploded in 1999. Among the key derivatives were *credit default swaps*, which protect against a counterparty defaulting, and *collateralized debt obligations* which was a kind of insurance in case people who had taken out loans with underlying collateral (like housing mortgages) are pooled. Credit default swaps are not standard financial instruments and have always been traded in unregulated markets, i.e., over the counter, involving transactions between buyers and sellers rather than through a regulated exchange.

In the period preceding the financial crisis of 2008, the advantageous leverage and convenience of credit default swaps and *collateralized debt obligations* fueled high-risk speculation. The process began when predatory mortgage companies persuaded low-income earners to borrow money using variable credit interest loans. The issuers of credit default swaps were almost certainly beguiled by the utopian view (supported by ill-considered mathematical algorithms) that housing prices would always go up.

Dealers on the buy and sell sides rushed to issue and purchase credit default swaps and *collateralized debt obligations* written on debt they did not even own. In 1999, the value of derivative held by banks was $US33 trillion, and other institutions held $US34 trillion. By 2008, this blew out to $US212 trillion held by banks and $US293 trillion held by entities like Lehman Brothers. By October 2008, the notional value of the unregulated over-the-counter market was estimated to be in excess of $ 600 trillion.

Others worked out quickly how to make huge profits from buying and selling derivatives. In spite of the lessons that ought to have been learned after the 2008 crash, the estimated total value of the derivatives market was still around $US493 trillion between end-June 2015 and end-December 2015 (Bank for International Settlements).

G

## Corporate Predation and Parapolitics

Globalization and corporate predatory behavior entails the imbrication of states, corporations large and small, and criminal networks. This becomes evident by paying attention to parapolitical theory which enables a new account of predatory corporates. The term "parapolitics" was first used by Iyer (1979) to question the conventional ways politics was understood. According to Iyer, parapolitics involves continually rethinking the foundations and frontiers of political principles, systems, and issues. It transcends conventional politics while still being reflected in it. Proponents of parapolitics appreciate the distinction between acts of the state that are public and open to direct investigation and those that are concealed, secret, and on occasion conspiratorial such as Watergate (1971–1974), the Iran-Contra scandal (1984), or NSA surveillance of vast numbers of US citizens (2004–2016) and non-American citizens where the executive in this case the POTUS knowingly engages in activity it knows to be illegal. For Scott parapolitics or what he calls "deep politics" involves:

(i) A system or practice of politics in which accountability is consciously diminished
(ii) Patterns of covert politics and the conduct of public affairs not by rational debate and responsible decision-making but by indirection, collusion, and deceit
(iii) The political exploitation of irresponsible agencies or parastructures, such as intelligence agencies (1972: 137).

As Scott explained, a deep political system or process habitually resorts to decision-making and enforcement procedures outside and inside those publicly sanctioned by law and society. Collusive secrecy and lawbreaking are part of how the "deep political" system works. "What makes these supplementary procedures 'deep' is the fact that they are covert or suppressed, outside general awareness as well as outside acknowledged political processes" (Scott 1996: xi–xiii). These "indeterminacies" multiply when looking at the deep political economy of contemporary transnational corporations. "Corporations, like mobsters, find it profitable to corrupt those who are supposed to keep their behavior within legal limits" (Scott 1996 xiii). Scott argues for going "beneath public formulations of policy issues to the bureaucratic, economic, and ultimately covert and criminal activities that underlie them" (1996: 10). Such deep political analysis presupposes "an open system with divergent power centers and goals" (Scott 1996: xi).

One example was the collapse of the Italian Republic in the mid-1990s due to large-scale criminal influence in government (Stille 1995). Another is the history of CIA and US government collusion in managing the global heroin trade. McCoy, Read and Adams documented CIA complicity and aid to the SE Asian opium/heroin trade (1972). The thesis of their book was that most of the world's heroin was produced in the "Golden Triangle." The heroin was transported in the planes, vehicles, and other conveyances supplied by the USA through Air America an airline covertly owned and operated by the CIA, which was used to transport the illicit drugs. As McCoy makes documents unlike the French national intelligence agencies, the CIA did not dabble in the drug traffic to finance its clandestine operations. Nor was its culpability, the work of a few corrupt agents, eager to share in the enormous profits. The CIA's role in the heroin traffic was a part of its cold war tactics (ibid., McCoy 2003).

Similarly the "war on terror" and the invasion of Iraq in 2003 by US-led forces sponsored a cascade of predatory conduct committed by American military personnel, civilian administrators, and security companies (like Blackwater) and mercenaries (Risen 2006). The Bush Administration employed mercenaries like *Blackwater* in Iraq, in clear contravention of the *International Convention against the Recruitment, Use, Financing and Training of Mercenaries 44/34* (Whyte 2003; Haas 2008). As Hartung (2003) argued, the complex interdependency of state and corporate entities saw corruption flourish, enabling the misappropriation and theft of $US20 billion and billions of dollars lost in webs of corrupt dealings (Risen 2014).

The invasion also triggered catastrophic levels of violence and death. The post-invasion "reconstruction" project itself turned into a cycle of armed insurgencies generating a humanitarian crisis on a staggering scale involving a significant civilian death rate in excess of 160,000 and a major refugee crisis (Whyte 2009: 134). Haas (2000) identified a list of war crimes committed in Iraq, while White (2008) made a strong case for treating the use of "depleted uranium" weapons by US forces in Iraq as a war crime. In 2004, images documenting torture and other abuses of Iraqi prisoners at Abu Ghraib prison by coalition forces presaged the discovery of other documented cases of abuses at American prisons throughout Iraq (Roth 2005).

## Conclusion

As we argued, the processes integral to globalization have enabled dramatic increases in the spread, scale, and reach of predatory corporate conduct. The normality of globalization and predatory corporate behavior is the reason why it will be difficult to bring the problem of corporate criminality under control and why this needs to become a major focus of international political and legal intervention.

## References

Akerlof G (1970) The market for lemons: quality uncertainty and the market mechanism. Q J Econ 84(3): 488–500

Amnesty International and the International Corporate Accountability Roundtable (2014) The corporate crimes

principles. http://www.commercecrimehumanrights.org/wp-content/uploads/2016/10/CCHR-0929-Final.pdf
Australian Tax office (2015) Submission – Senate Economics Reference Committee Inquiry into corporate tax avoidance and minimisation. ATO, Canberra. file:///Users/judithbessant/Downloads/48.pdf
Bank of International Settlement (2007) BIS Quarterly Review, December. http://www.bis.org/publ/qtrpdf/r_qt0712.htm
Bennett W, DiIulio J, Walters J (1996) Body count. Simon & Schuster, New York
Blumberg P (1989a) The predatory society: deception in the American market place. Oxford University Press, New York
Blumberg PI (1989b) Nation-states and multinational corporations 646 P.L.I. Corp L Prac 149
Bourdieu P (1998) Practical reason: on theory of action. Stanford University Press, Palo Alto
Brisman A, South N, White R (eds) (2014) Environmental crime and social conflict. Ashgate, Surrey
Chamayou G (2014) A theory of the drone (trans: Lloyd J). The New Press, New York
Chen B, Sang-Hun C (2016) Why Samsung abandoned its Galaxy Note 7 Flagship Phone. The New York Times, 11 Oct
Coghlan A, MacKenzie D (2011) Revealed – the capitalist network that runs the world. New Scientist, 19 Oct. https://www.newscientist.com/article/mg21228354-500-revealed-the-capitalist-network-that-runs-the-world/
Coleman C, Moynihan J (1996) Understanding crime data: haunted by the dark figure. Open University Press, Milton Keynes
Epstein G (2002) Introduction financialization and the world economy. In: Epstein G (ed) Financialization of the world economy. Edward Elgar, Cheltenham, pp 3–16
Ewing J (2015) Volkswagen C.E.O. Martin Winterkorn Resigns Amid Emissions Scandal. The New York Times, 23 Sept. https://www.nytimes.com/2015/09/24/business/international/volkswagen-chief-martin-winterkorn-resigns-amid-emissions-scandal.html
Falk R (1999) Predatory capitalism: a critique. Polity, Cambridge
FERC (2003) (Federal Energy Regulatory Commission), 2003. Staff report: price manipulation in western markets. DOCKET NO. PA02-2-000, 26 Mar
Forbes (2004) Wall street fine tracker, 24 Aug. http://www.forbes.com/2002/10/24/cx_aw_1024fine.html
Galbraith J (2006) Taming predatory capitalism. Springer, New York
Garland D (2009) Disciplining criminology. Sist Penal Violencia 1(1):114–125
Haas R (2000) Imperial America. In: Paper presented at 'the Atlanta Conference' 11 November, Puerto Rico. http://www.brook.edu/views/articles/haass/2000imperial.htm
Haas M (2008) George W. Bush, war criminal? The Bush 776 administration's liability for 269 war crimes. Greenwood
Hadden T, Ireland P, Morgan G, Parker M, Pearson G, Picciotto S, Sikka P, Willmott H (2014) Fighting corporate abuse beyond predatory capitalism. Pluto Press, London
Hartung W (2003) How much are you making on the war, daddy?: a quick and dirty guide to war profiteering in the George W. Bush Administration. Nation Books, New York
Hellwig M (2009) Systemic risk in the financial sector: an analysis of the subprime mortgage financial crisis. De Economist 157:129–207
Hochschild A (2016) Strangers in their own land: anger and mourning on the American right. The New Press, New York
Home Office (2012) Annual fraud indicator 2012. http://www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/annual-fraud-indicator/annual-fraud-indicator-2012?view=Binary
Iyer R (1979) Parapolitics: toward the City of man. Oxford University Press, Oxford
Korten D (1998) When corporations rule the world. Eur Bus Rev 98(1):3–14
Korten D (2001) Predatory corporations. In: Moving mountains: communities confront mining and globalisation. Otford Press, Sydney
Krippner (2005) The financialisation of the American economy. Socio-econ Rev 3:173–208
Mason P (2015) PostCapitalism: a guide to our future. Allen Lane, London
McCoy A (2003) The politics of heroin: CIA complicity in the global drug trade, Afghanistan, Southeast Asia, Central America. Columbia. Lawrence Hill & Co., New York
McCoy A, Read C, Adams L (1972) The politics of heroin in Southeast Asia. Harper & Row, New York
O'Brien R, Williams M (2010) Global political economy: evolution and dynamics, 3rd edn. Palgrave Macmillan, London
Obermayer B, Obermaier F (2016) The Panama papers: breaking the story on how the rich and powerful hide their money. Oneworld Publications, London
Pasquale F (2015) The black box society. Harvard University Press, Cambridge
Rajan R (2010) Fault lines. Princeton University Press, Princeton
Risen J (2006) State of war: the secret history of the CIA and the Bush Administration. Free Press, New York
Risen J (2014) Pay any price: greed power and endless war. Houghton Miflin and Harcourt, New York
Scott PD (1972) The war conspiracy. Bobbs Merrill, New York
Scott PD (1996) Deep politics and the death of JFK. Berkeley University of California Press, Berkeley
Scott PD (2008) The road to 9/11: wealth, empire and the future of America. University of California Press, Berkeley
Stille (1995) Excellent cadavers: the mafia and the death of the first Italian republic by Alexander. Random House, New York

Sutherland E (1940/1994) White collar criminality. In: Jacoby J (ed) Classics of criminolgy, Waveland
Veblen T (1904) The theory of the business enterprise. Transaction Books, New Brunswick
Vitali S, Glattfelder J, Battiston S (2011) The network of global corporate control. https://arxiv.org/PS_cache/arxiv/pdf/1107/1107.5728v2.pdf
Watts R (2016) States of violence and the civilising process: on criminology and state crime. Palgrave Macmillan, London
Wheeler S, Rothman M (1982) The organization as weapon in white collar crime. Mich Law Rev 80(7): 1403–1426
White R (ed) (2014) Green criminology, Routledge major works collection, 4 vols. Routledge, London
Whyte D (2003) Lethal regulation: state-corporate crime and the United Kingdoms New Mercenaries. J Law Soc 30(4):575–600
Wilson E (2009) Government of the shadows; parapolitics and criminal sovereignty. Pluto, London
Wilson E (ed) (2015) The dual state: parapolitics, Carl Schmitt and the National Security Complex. Ashgate, Farnham
Zerk J (2012) Corporate liability for gross human rights abuses: towards a fairer and more effective system of domestic law remedies: a report prepared for the Office of the UN High Commissioner for Human Rights. UNHCHR, Geneva. http://www.ohchr.org/Documents/Issues/Business/DomesticLawRemedies/StudyDomesticeLawRemedies.pdf

## Globalization and Prostitution

Caroline Norma
Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

### Synonyms

Forced labor; Migration for sex work; Sex work

### Nineteenth-Century Globalized Prostitution

Both the nineteenth- and twentieth-century iterations of global capitalist consolidation brought widespread cross border sexual trading of women and girls and to a lesser extent boys. The nineteenth-century trade took four historically recognizable forms: (1) the transport of women into and within prostitution markets in colonial jurisdictions, such as European women shipped to South American colonies (Guy 1991) and Nigerian women taken to the Gold Coast (Aderinto 2015); (2) the shipping of women abroad for the purpose of venture capital raising, as in the case of Japanese women transported to Southeast Asia (Shimizu 1997); and (3) the trading of women by entrepreneurs taking advantage of commercial and military hubs established by their countrymen abroad, such as Chinese women taken to the USA (Hirata 1979) and Japanese women transported to occupied Manchuria (Howell 2004). Fourthly, legalized prostitution districts in countries like France and Belgium meant there was significant transport of women out of, for example, England, because of profits to be made in state-regulated jurisdictions (Machen 2011). Overall, the nineteenth-century sexual trading of women and girls did not reach the scale of that of the twentieth century, but its structural features are today recognizable in terms of trafficking, and its number of victims was significant, as summarized by Rachael Attwood (2015):

> By the 1890s, in line with mass migration from Europe following the Long Depression and the increasing persecution of Jews in and beyond the Pale of Settlement, a series of global trafficking networks was established that would flourish over subsequent decades. Hundreds of women were systematically transported from Continental, and particularly Eastern Europe, to destinations such as Johannesburg, Alexandria, Calcutta and Buenos Aires, and subjected to prolonged sexual exploitation in a lucrative multi-ethnic and multi-denominational trafficking industry. (p. 330)

The nineteenth-century trade at the time was significant enough to be recognized as a humanitarian emergency. From the late 1800s, it came to be condemned in terms similar to those evoked for the Atlantic African slave trade by so-called social reformers, including women's and child welfare groups, Jewish groups, Quakers, and Christians. Socialistic thought was influential among them; in 1848 the *Manifesto of the Communist Party* had called for the "abolition of the community of women springing from . . . prostitution both public and private." Humanitarian mobilization

against the trade began in Britain and extended to Europe and eventually reached as far as Japan (Shibahara 2014). This activism is historically well known in the transnational campaigning of Josephine Butler. After founding the International Abolitionist Federation in 1875, and before her death in 1906, Butler achieved extraordinary success in mobilizing women in a number of different European countries against prostitution who she then worked with in the League of Nations to enact a treaty against the international traffic. Sheila Jeffreys (2009) describes this history broadly as:

> a successful international campaign by women's groups and others against state regulation of prostitution from the late 19th century onwards. . .[that] intensified through the League of Nations committee on trafficking in persons between the two world wars and culminated in the 1949 Convention on Trafficking in Persons and Exploitation of the Prostitution of Others. (p. 2)

The groups and individuals who influenced the League of Nations and its drafting of treaties preceding the 1949 Convention understood trafficking as a trade in women and girls for prostitution. This coalition sought, as Magaly Rodríguez García (2012) writes, to "perfect. . .a 'global prohibition regime' against international sex trafficking and the direct or indirect recruitment for prostitution that endures to this day" (p. 98). Rodriguez Garcia explains that, after much discussion, they fixed upon the word "trafficking" to refer to the international sex trade in order that the fullest possible range of its proponents – including pimps, brokers, touts, and procurers, to be collectively referred to as "traffickers" – might be captured in measures against it. Members were anxious their work reach as far as possible into the business of prostitution to effectively combat trafficking. To this end, via the League of Nations Anti-trafficking Committee, they "insisted on the necessity of obtaining detailed information about national legal systems with regard to commercial sex and about the prostitution milieu in general" (p. 105). Subsequent international fact-finding missions led to the drafting of treaty provisions that reflected remarkable knowledge of the workings of the global sex trade. By 1927, Committee members saw trafficking as including:

> direct or indirect procuration of one or more other persons [for prostitution]. . .[and] the cases in which girls have been procured and transported to become mistresses of wealthy men. . .also. . .certain cases of the procuring of women as entertainers and artists, and exploiting them for the purposes of prostitution in foreign countries. . .. (Rodríguez García 2012, p. 107)

Campaigners understood their work in the League of Nations as supplementing that previously done toward the 1926 Slavery Convention. As Carole Moschetti (2005) explains, one influential campaigner, Nina Boyle, "criticised the framers of the [slavery] Convention and Governments they represented for constructing the definition of 'Slavery' in such a way that enabled the exclusion of forms of sexual slavery mostly affecting women and girls such as trafficking, prostitution and child marriage" (p. 136). According to Boyle, "[w]omen, unless they were wage earners, were virtually excluded from the definition." She objected that, by couching the definition of slavery in such terms as "none may own nor dispose of the person of a man, and more particularly the person of a wage-earner," the Convention effectively allowed that "the person of a woman may be lawfully and properly owed and disposed of so long as she be not a recognised wage-earner" (Moschetti 2005, p. 136). Anti-trafficking campaigning in the nineteenth century therefore functioned essentially as a gendered antislavery movement.

## Twentieth-Century Globalized Prostitution

This history of the nineteenth-century traffic and the campaigning it provoked sheds light on the subsequent twentieth-century trade and its contemporary political response. As a bridge to that past, the 1949 Convention still holds today, and so the United Nations formally condemns, for example, anyone who "Procures, entices or leads away, for purposes of prostitution, another person, even with the consent of that person," "Exploits the

prostitution of another person, even with the consent of that person," "Keeps or manages, or knowingly finances or takes part in the financing of a brothel," and "Knowingly lets or rents a building or other place or any part thereof for the purpose of the prostitution of others." Outside of the Convention, however, this nineteenth-century (antiprostitution) view of trafficking today has weak currency. Instead, it is now believed, as articulated in 2012 by the former United Nations Special Rapporteur on trafficking in persons, especially women and children, that "...there are dangers in associating trafficking in persons exclusively with sex trafficking, not least of these being the stereotyping of victims of trafficking as only women forced into prostitution or working in the sex industry" (Ezeilo 2012, p. 4). Accordingly, bodies like the United Nations Office on Drugs and Crime (UNODC) now rarely refer to the sex trade in their monitoring reports on trafficking.

The fashion now is to understand trafficking for the purpose of prostitution as heinous only alongside equal (or greater) concern shown crimes of forced labor in industries like construction, farm-work, and household service. It is alleged that narrowly understanding trafficking as a crime intrinsic to the business of prostitution is selfishly specific because a "focus on women and children who are trafficked for sexual exploitation can affect the identification and assistance of other trafficked individuals, particularly men" (Alvarez and Alessi 2012, p. 143). These "individuals" are not merely overlooked but positively shut out of consideration when advocates go about "inserting sex into trafficking" and orchestrating "the exclusion of other categories of trafficking and other categories of victims," as one anthropologist writes (Peters 2013, p. 221). Seeing trafficking as intrinsically linked to prostitution represents, moreover, an attempt by advocates to draw unwarranted attention to their cause through peddling "sensationalized morality tales of sexual abuse – highlighting lurid or disturbing cases," it is claimed (Weitzer 2014, p. 7). Much of this contemporary view is underwritten by the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, commonly known as the "Palermo Protocol," which was enacted in the year 2000. While this instrument still classifies trading for prostitution as a special category of trafficking crime and retains an understanding of trafficking as achieved through the "abuse of power or a position of vulnerability," it newly incorporates "forced labor" into industries like agriculture and hospitality into the definition of trafficking. This innovation at the turn of the century represents a fundamental break with the past and renders contemporary campaigning against trafficking no longer recognizable as a gendered antislavery movement.

At the same time that western governments and international organizations moved away from concern about trafficking in terms of the prostitution of women and girls, there developed in the twentieth century a global sex trade so large that comparisons with the nineteenth century became almost specious. Today, reports of the European Parliament describe, conservatively, a 21-million person trade where "[s]exual exploitation is the main purpose...both globally and in Europe" and in which, in the EU, "figures for sexual exploitation...represent...69% of victims (95%...women and girls)" (Voronova and Radjenovic 2016, p. 10). These figures show a dramatic expansion in the business of prostitution as having occurred in the half century since, among other historical factors, the lifting of capital controls with the end of the Bretton Woods system in the early 1970s. Kathleen Barry (1981) first described this reprised trade in women and girls as "sexual slavery" in 1979, but emphasized it was not the case that "international authorities d [id] not [earlier] know about these practices which violate the human rights of women" (p. 45). Rather,

> they refuse[d] to act against these violations or to expose them. For example, in 1974 the General Secretariat of the International Police Organization, INTERPOL, prepared and submitted to the United Nations a report on the 'Traffic in Women.' (Barry 1981, p. 45)

The trade that was left unacted upon in the late 1960s and in the 1970s included women organized for sex tourism by Japanese men in Taiwan

and South Korea (Norma 2014), Vietnamese and Thai women prostituted by US military men during the American war on Vietnam, (Boczar 2015), and German women traded to German men and British NATO troops in places like Hamburg (Sneeringer 2009). In the 1980s it included the sex tourism of European, Japanese, and American men in Thailand and the Philippines (Matsui 1999) and extensive sex trading in Latin American countries where, as one aid worker reported, in Peru, "about half of the one million adult prostitutes are in fact minors working with false identification cards," and, in Bogota alone, there was a "500 percent increase in child prostitution among children aged 18–13 years old between 1986 and 1993" (Beyer 1995, p. 36).

While innumerable historical links to wartime and prewar systems of prostitution and trafficking exist for these examples, Josh Sides (2006), in a discussion of prostitution in postwar San Francisco, points to factors nonetheless making the twentieth-century trade fundamentally different from that of the past:

> [T]he sex district of the 1960s and 1970s was not simply a relic from the first half of the twentieth century but rather a fundamentally new phenomenon. Infused by the libertinism of the sexual revolution, the eroding legal criteria of 'obscenity,' and the immense profitability of pornography and other forms of commercial sexual entertainment, owners of sex businesses brought an element of explicit, public sexuality to the streets of San Francisco and other American cities that had not existed since the nineteenth century-and then only to a much lesser degree. (p. 355)

His assessment of factors prefacing the "immense profitability" of the sex industry in the twentieth century, particularly in the rich world, is echoed in the 2009 publication *The Industrial Vagina: The Political Economy of the Global Sex Trade*, which similarly suggests that:

> [t]he forces that enabled the pornography industry to develop from a marginal activity, a secret men's business of stag films shown at private parties, to the mainstream industry of today included changes in government and community attitudes and technological developments. In the 1960s and 1970s in western countries censorship controls on pornography were progressively relaxed under the influence of the 'sexual revolution.' (Jeffreys 2009, p. 68)

The twentieth-century global American ascendance, which included worldwide promotion of the "libertinism of the sexual revolution" (Sides 2006, p. 355), delivered the destruction of socialist states like the Soviet Union. Economic "shock and awe" tactics paved the way for a subsequent mass traffic of women out of Eastern Europe into Western Europe and other northern hemisphere countries in the early 1990s. Before this, due to the abovementioned socialist condemnation of prostitution, women and girls had lived largely free of the trade and in societies mostly exclusive of pornography (and this latter environment is still maintained in most of China today) (Liang and Lu 2012). William Husband (2015) recalls that:

> [i]n the final months of Communism in 1991, the USSR Supreme Soviet was considering the resolution 'Urgent Measures to Halt the Propaganda of Pornography and the Cult of Violence and Cruelty' before the demise of the regime rendered it moot. (p. 6)

The subsequent trafficking of former Soviet women into the sex industries of the capitalist world was so widespread in the 1990s that the ethnically stereotyped female name "Natasha" came to refer to trafficking in general. Taking just the example of Ukrainian women, Saltanat Sulaimanova (2006) writes that the:

> Ukrainian Ministry of Internal Affairs. . .estimated in 1998 that 400,000 Ukrainian women were trafficked during the previous decade. The estimate of the International Organization for Migration. . .is that between 1991 and 1998, 500,000 Ukrainian women had been trafficked to Western countries. . .Ukrainian women are the largest group of foreigners engaged in commercial sex work in Turkey. (p. 54)

In the same decade, post-socialist Vietnamese women underwent a similar process of prostitutioni-zation by their countrymen and others:

> Under socialism, the state declared prostitution to be a vestige of counter-revolutionary regimes. Now, the new entrepreneurial class of Vietnamese men, and their business and identity practices fed the growth of the sex trade. These men used bought sex as an enactment of social domination befitting their class through the sexual domination of women. (Nguyen-vo 1998, p. viii)

While women from Vietnam and the former Soviet Union joined their Thai, Filipina, and Korean sisters in the global sex trade in the early 1990s, as the decade progressed, a range of countries outside the communist block similarly underwent the "shock and awe" of American-style capitalist economics (and war) and saw their female populations similarly reduced. Dismantled trade tariffs; deregulated finance, communications, and transport industries; privatized national assets; "structural adjustment" austerity programs; intensified urbanization; lowered taxes; deepening wealth inequality (particularly between women and men); weakened border controls; predatory transnational corporate activity; and technological developments in communications and transport set the stage for the corruption and weakened rule of law that Nils Gilman (2016) says fueled a new "deviant globalization" into the twenty-first century. This involves:

> entrepreneurs…arbitraging pre-existing differences in law enforcement or moral attitudes; that is, identifying goods or services that are illicit (and therefore highly valued) in one locale, and producing or procuring them in another locale where the moral attitudes and legal enforcements against such goods or services are more relaxed or limited. Moreover, once these entrepreneurs develop a secure channel for moving one sort of illicit good, they often diversify into trading other kinds of illicit goods, creating global networks. They use the profits they earn from these businesses to gain control over legitimate businesses. (para. 9)

Ideologically establishing the "deviance" or "high value" of this new globalization was America's "libertinism of the sexual revolution," which filled cultural and ideological vacuums opened up by economic- and military-imposed shocks. Catharine MacKinnon (2006) sees American pornography as having played a concrete role in this process. She writes that, because "the international pornography traffic means that American women are violated and tortured and exploited through its use," we now face a situation where "misogyny American style [now] colonizes the world" (p. 114). Accordingly, "[q]ualities characteristic of but not unique to the United States – including common and casual sexual violence and racism" – have been, through pornography, "promoted throughout the world as sex" (p. 114). This core aspect of twenty-first century deviant globalization is vividly evident in a description from Nigeria published in 2005:

> The impetus to take up sex work among Nigerian girls and women has been reinforced by the whirlwind of globalization, which has initiated intense political and economic changes as well as social transformation worldwide. More social mobility, newer systems of values and lifestyles which favour consumption, early sexual initiation, and access to explicit sexual materials, have caused changes in the everyday behaviour of peoples all over the world… the changing images of the practice of sex work resulting from the liberalization of private life, the commercialization of sex via sex shops, pornographic materials, escort agencies, internet sex sites and orgies, the disappearance of semi-formal limitations and sanctions from state institutions, and the changing value system which has increased materialism, make sex work one of the acceptable ways of getting money for consumer goods. (Izugbara 2005, p. 144)

As the world came to be fashioned in the image of 1970s San Francisco new turn-of-the-century trafficking routes emerged, including Mexican women transported to US border towns (Dalla et al. 2011), Nepalese girls to India (Gurung 2014), Nigerian women to Italy (Aghatise 2004), and girls from the hill tribes of Burma, Laos, and China to Thailand (Feingold 2003). The trade was bolstered by escalating rates of rich-world male sex tourism, such as Singaporean men in Indonesia (Williams et al. 2008), men traveling abroad more frequently for war and business (Onnis 2012; Maffai 2009), male colonization of urban cities (Davin 1998; Zheng 2009), and the development of special economic zones globally, which are now in 4000 locations (Stead 2016). Legacies enduring from postwar decolonization or national liberation struggles in some countries rendered women, and especially indigenous women (López-Entrambasaguas et al. 2013), vulnerable to predation by their freshly politically empowered countrymen (Zembe et al. 2013). Their collective fate is described in numerous Western-funded AIDS-related research studies of the past 20 years, typical of which is one about 83 Black South African women prostituted and drug addled in Pretoria in the year 2000 of whom:

> [a]bout 64%. . .reported that one or more out of their last 10 clients had been violent and 95% of these women reported that violent clients were often intoxicated. . .52% of the women reported that they had been beaten, cut, and/or raped by their clients in the past year. Of these, approximately 44% had been beaten, 19% had been cut, and 27% had been raped. (Wechsberg et al. 2005, p. 60)

## Twenty-First Century Globalized Prostitution

While the global trade in women and children between the twentieth and twenty-first centuries is marked by continuity, the proliferation of the Internet worldwide from the turn of the century now escalates its occurrence. This is the case for two reasons. Firstly, Internet-based promotion of businesses including sex tourism resorts (Todres 1999), mail-order bride agencies (Jones 2011), "webcamming" portals (Bleakley 2014), as well as domestic "escort" prostitution agencies (Wells et al. 2012) affords men exponentially greater access to the sex industry. As noted by researchers in 2013, "[a]dapted by traffickers, pimps, and pornographers, the global reach of the Internet has facilitated sex buyers' access to prostituted women and children, thereby increasing sex trafficking" (Farley et al. 2013, p. 1044). As a result, even rich countries like the USA are now seeing large numbers of their young female citizens trafficked domestically into sexual servitude (Williamson and Prior 2009). Prostitution business diversification, which involves the development of a range of 'semi-prostitution' feeder businesses like "compensated dating" and "sugar daddy" matching sites that lure and groom young women for entry into other parts of the industry (Swader and Vorobeva 2015), is enabled by cyber-connectivity. Finckenauer and colleagues in 2012 noted that, "countries that have lucrative commercial sex venues – brothels, massage parlors, karaoke lounges, topless bars, escort services, and so on – and/or that are tolerant toward or have legalized prostitution[,] create a simultaneous demand and pull for commercial sex" (Finckenauer and Chin 2012, p. 3).

Secondly, cyber-technologies accelerate the development of the global sex trade today because of the vastly expanded access to pornography that the Internet delivers men, particularly in rich countries. This link between pornography consumption and sex industry patronage is confirmed in a number of studies (Farley et al. 2011; Ng and Wong 2016). Pornography itself comprises a form of prostitution, moreover, because, as Jeffreys (2009, p. 2) notes, pornography is different from other forms of prostitution only by virtue of its filmed mode: it still "involves payment to girls and women for sexual access." Women are increasingly trafficked to achieve this access, and so the manufacture of pornography is recognized as a new driver of the global sex trade (Bailey and Shayan 2016). Further, Catharine MacKinnon (2005) highlights the fact that pornography itself, as a product that is traded, actually enacts sex trafficking:

> . . .pornography is one way women and children are trafficked for sex. To make visual pornography, the bulk of the industry's products, real women and children, and some men, are rented out for use in commercial sex acts. In the resulting materials, these people are then conveyed and sold for a buyer's sexual use. The injuries inflicted on real people to make the materials. . .[comprise] the trafficking constituted by the exhibition, distribution, sale, and purchase of [such] materials. . .. (p. 993)

## Contemporary Revival of the Gendered Antislavery Movement

As discussed, the twenty-first century anti-trafficking movement, different from that of the nineteenth century, sees the sex industry as equivalent to any other industry into which people might be contracted for labor or, alternatively, trafficked. It problematizes the latter but not the former. In other words, prostitution, even when organized by a third party, is conceptualized not as sexual slavery but as work. Only when this "work" is subject to nonpayment or force does the contemporary movement recognize it as a potential crime of trafficking. While this understanding of trafficking has not been upheld by all of the appointed United Nations Special

Rapporteurs on trafficking in persons, especially women and children (Sigma Huda did not during her service as Rapporteur between 2004 and 2007), it does appear to be so by the incumbent Maria Grazia Giammarinaro. Across the breadth of her publicly written and spoken statements, concern about trafficking appears to center wholly on the nonpayment of wages (Freedom Network Community 2016). In this way, while representatives of international organizations studiously delink trafficking from an anti-prostitution perspective, they are supported by the range of global organizations that emerged in the early 1990s, including the Network of Sex Work Projects and the Global Alliance Against Traffic in Women. They are further supported by researchers in Western academic institutions who have, over the past 20 years, produced scholarship creating great distance between trafficking and the organization of women and children for prostitution through emphasizing the "choice" and "agency" that is exercised by prostituted people. The notion is fetishized in scholarship to such an extent that even women sexually enslaved in brothels located within the grounds of Nazi concentration camps are these days deemed to have benefited from the experience:

> . . .the brothel was not simply a location where sexual intercourse occurred but rather an available physical space where both men and women were able to resist the processes of dehumanization. Sex and intimacy became a survival tactic that. . .should be considered another facet of "mutual assistance" – that is the formation of relationships between individuals for both material and emotional support. . .sex, even in the SS -supervised brothels, was not always abusive and in some cases helped prisoners to resist dehumanization and to reinvigorate them by providing the support needed to survive. (Anderson Hughes 2011, p. 21)

The understanding of trafficking as wholly delinked from the business of prostitution manifests in domestic country legislation tackling the crime. The Australian government, for example, in its federal anti-trafficking legislation, no longer deems trafficking into prostitution a special category of the crime. In line with this equalizing view of prostitution relative to all other legal industry sectors, countries like Australia, Germany, the Netherlands, and New Zealand maintain deregulated domestic sex industries and classify their proponents as business managers and consumers.

In parallel to these developments, since the turn of the century, there has, on the other hand, been a concurrent revival of the nineteenth-century view of trafficking as the business of prostitution. This revival began in 1999 when the Swedish government passed a law criminalizing all sex industry proponents, including customers, and simultaneously decriminalized prostituted people. Policymakers deemed prostitution a practice of gender inequality and designed public and school education programs as to the human rights harms of prostitution. Under Sweden's policy, prostituted people are afforded wide-ranging rights to welfare services and provisions. South Korea followed Sweden in enacting a similar policy in 2004, and then Norway (2009), Iceland (2010), Northern Ireland (2014), Canada (2015), France (2016), and Ireland (2017) all followed suit. This policymaking approach, commonly known as the "Nordic model," emerged in response to worsening rates of trafficking, especially in Europe, and growing problems of organized crime and violence against women. It is an approach supported by both radical feminists and Christians and particularly by Catholics since the appointment of Pope Francis who has made public gestures against the sex trade (Rome Reports 2016).

International civil society support for the policy centers on the Coalition Against Trafficking in Women, which was founded in the USA in 1988 with the support of abolitionist campaigners and organizations worldwide. These campaigners from early on subscribed to the nineteenth-century view of trafficking as the "supply chain for prostitution" (Jeffreys 2009, p. 155) and so saw prostitution as inevitably generating demand for trafficking, as explained by Melissa Farley (2009):

> . . .theoretical distinctions between prostitution and trafficking simply do not exist in the real world. Men's demand for trafficked women cannot be distinguished from the demand for prostitution. The same qualities in women that are sought by men

> who buy sex are also risk factors for trafficking; for example young age, low price, foreigner or 'exotic', and inability to speak the local language. (p. 314)

Conversely, this view is unyielding of the possibility of trafficking taking place in the absence of prostitution because "what we call sex trafficking is nothing more or less than globalized prostitution," in Dorchen Leidholdt's (2004, p. 177) words. It is a view of trafficking defined by MacKinnon (2011) as the "transportation, transfer, harboring, or receipt of a human being for purposes of sexual exploitation: it is straight-up pimping" (p. 279). In this formulation, in MacKinnon's (2011) words, the "sine qua non of trafficking. . .is third-party involvement" (pp. 299–300). In other words, trafficking is a transactional crime whereby a third party arranges another for prostitution by a customer (i.e., a prostitution buyer). Elements of "transport" or "transfer" attending the crime are understood relationally – they refer to the minimally triadic relationship existing between a pimp, prostituted person, and a customer. The prostituted person is "transferred" between the pimp and the customer; she is "transported" from one to the other or passed between the seller and the buyer like a transacted product or service. Activities bringing about this transaction comprise crimes of trafficking – carried out by various third parties including brokers, pimps, and procurers – and their consequential element is the sexual use of the trafficked person by the end user who is the prostitution customer. Rather than a distorted form of migration, or an industrial problem attaching to the new globalized world of work, therefore, in the revivalist view, trafficking is the means by which the global sex trade is organized.

## What Causes the Globalization of Prostitution?

Poverty, dislocation, and female desperation are routinely cited in explanation of prostitution, as well as the trafficking that organizes the trade. Rarely, however, is the question asked: in that case, how might women be enacting their own prostitution? In other words, how can any aspect of women – their circumstance, background, personal disposition, or anything else – really be understood as *causing* prostitution? After all, as MacKinnon (2011) writes, sex industry customers "are why this industry exists"; it is "[b]ecause of johns – called 'tricks', or 'dates', 'punters' in the U.K. . .[that] women are in prostitution" (p. 282). "If no one demanded the purchase of female bodies for sex, pimps would not supply them," in Swanee Hunt's words (2013, p. 2). It is taken as axiomatic that women will be organized in prostitution whenever they are poor and that trafficking is worsening because escalating numbers of women and children worldwide are affected by neoliberal economic policies of austerity, dislocation, and disadvantage. But, parallel to these global developments, what has caused growing numbers of men to prostitute women at greater frequency over the past 50 years, if we see the global sex industry as having burgeoned during this period? In other words, what has accelerated demand for prostitution among men? At this particular historical juncture, what has caused the fashion to emerge among men that buying someone for sex might be thought reasonable, or even desirable? Is it simply the case that, in biologically essentialist terms, demand was always there, and the workings of capitalism just caused the fetters to come off? Is it really the case that latent prostitution demand always lies dormant in men?

A number of commentators propose answers to these questions. Jeffreys (2009), for example, referring to prostitution directly, suggests that "men can be compensated for the loss of their status in countries where women have made strides towards equality, by outsourcing women's subordination to be consumed elsewhere or from imported poor women" (p. 6). Jeffreys believes that "traditional" forms of patriarchal control of women, such as that within subsistence or tribal forms of community organization, with the incursion of capitalistic, "modern" social pressures, crumbled, and formerly stable hierarchical sexual relations were undermined. Accordingly, men have sought to regain their gender-based standing through perpetrating prostitution and other "public" forms of violence against women. In a

different but related explanation, researchers in 2004 suggested that greater opportunity for travel outside of home environments, and the weakening of constraining factors such as familiarity and community scrutiny that the travel entails, facilitates greater rates of male prostitution buying (Askew and Cohen 2004).

Weakening forms of local, community-based socialization of men and boys is being replaced, on the other hand, by strengthening all-male cyber communities that are structured around pornography consumption and the sexual exploitation of women and children. These communities can positively reinforce sexually dominating behaviors that might have previously been suppressed as destructive to local community relations of dependence. With positive reinforcement comes normalization: a study of participants in an online reviewer forum for sex industry customers found that prostitution "[c]lients develop a dominant market fatalist approach to exchanges with sex workers, so that prostitution is constructed as 'just happening' [and] paralleling everyday consumption practices" (Adriaenssens 2010, p. 1). This banal sexual trading of women and children within the context of men's everyday lives as consumers is a twenty-first century reality that the gendered antislavery movements of neither the nineteenth nor the twentieth centuries have been able to prevent.

## References


Aderinto S (2015) Journey to work: transnational prostitution in colonial British West Africa. J Hist Sex 24(1): 99–124

Adriaenssens S (2010) 'Its all supply and demand': market fatalism and norm construction by prostitution clients in the Netherlands and Belgium. IDEAS working paper series from RePEc. pp 1–25

Aghatise E (2004) Trafficking for prostitution in Italy. Violence Against Women 10(10):1126–1155

Alvarez M, Alessi E (2012) Human trafficking is more than sex trafficking and prostitution: implications for social work. Affilia 27(2):142–152

Anderson Hughes JR (2011) Forced prostitution: the competing and contested uses of the concentration camp brothel. Doctoral dissertation

Askew M, Cohen E (2004) Pilgrimage and prostitution: contrasting modes of border tourism in lower South Thailand. Tour Recreat Res 29(2):89–104

Attwood R (2015) Stopping the traffic: the National Vigilance Association and the international fight against the 'white slave' trade (1899–c.1909). Women's Hist Rev 24(3):325–350

Bailey J, Shayan S (2016) Missing and murdered indigenous women crisis: technological dimensions. Can J Women Law 28(2):321–341

Barry K (1981) Female sexual slavery: understanding the international dimensions of women's oppression. Hum Rights Q 3(2):44–52

Beyer D (1995) Child prostitution in Latin America. In: US Department of Labor, Bureau of International Labor Affairs, Forced labor: the prostitution of children symposium Proceedings. pp 32–40. Retrieved from: http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1149&context=key_workplace

Bleakley P (2014) "500 tokens to go private": camgirls, cybersex and feminist entrepreneurship. Sex Cult Interdisciplinary Q 18(4):892–910

Boczar A (2015) Uneasy allies: the Americanization of sexual politics in South Vietnam. J Am-East Asian Relat 22(3):187–220

Dalla RL, Baker LM, Defrain J, Williamson C (eds) (2011) Global perspectives on prostitution and sex trafficking, vol 2. Lexington Books, Lanham

Davin D (1998) Internal migration in contemporary China. Palgrave Macmillan, Basingstoke

Ezeilo J (2012) Report of the Special Rapporteur on trafficking in persons, especially women and children. In: Human Rights Council, Twentieth session, Agenda item 3, promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development. Retrieved from: http://www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session20/A.HRC.20.18.Add.1_En.PDF

Farley M (2009) Theory versus reality: commentary on four articles about trafficking for prostitution. Women's Stud Int Forum 32(4):311–315

Farley M, Schuckman E, Golding JM, Houser K, Jarrett L, Qualliotine P, Decker M (2011) Comparing sex buyers with men who don't buy sex: "You can have a good time with the servitude" vs. "You're supporting a system of degradation." In: Paper presented at psychologists for social responsibility annual meeting, Boston, 15 July 2011. Retrieved from: http://www.prostitutionresearch.com/pdfs/Farleyetal2011ComparingSexBuyers.pdf

Farley M, Franzblau K, Kennedy MA (2013) Online prostitution and trafficking. Albany Law Rev 77: 1039–1643

Feingold DA (2003) Trading women [video]. Documentary Educational Resources, Watertown

Finckenauer JO, Chin K (eds) (2012) Selling sex overseas: Chinese women and the realities of prostitution and global sex trafficking. New York University Press, New York

Freedom Network Community (2016) Visit to the U.S.: United Nations special rapporteur on trafficking in persons. In: Freedom Network USA. Retrieved from:

http://freedomnetworkusa.org/visit-to-the-u-s-united-nations-special-rapporteur-on-trafficking-in-persons/
Gilman N (2016) Technology and the rise of deviant globalization. Brink. Retrieved from: http://www.brinknews.com/technology-and-the-rise-of-deviant-globalization/
Gurung SH (2014) Sex trafficking and the sex trade industry: the processes and experiences of Nepali women. J Intercult Stud 35(2):163–181
Guy DJ (1991) Sex and danger in Buenos Aires: prostitution, family, and nation in Argentina. University of Nebraska Press, Lincoln
Hirata LC (1979) Free, indentured, enslaved: Chinese prostitutes in nineteenth century America. Signs 5(1): 3–29
Howell P (2004) Race, space and the regulation of prostitution in colonial Hong Kong. Urban Hist 31(2): 229–248
Hunt S (2013) Deconstructing demand: the driving force of sex trafficking. Brown J World Aff 19(2):1–12
Husband WB (2015) Spanking Natasha: post-soviet pornography and the internet. Sex Cult 19(1):1–15
Izugbara CO (2005) 'Ashawo suppose shine her eyes': female sex workers and sex work risks in Nigeria. Health Risk Soc 7(2):141–159
Jeffreys S (2009) The industrial vagina. Routledge, New York
Jones J (2011) Trafficking internet brides. Inf Commun Technol Law 20(1):19–33
Leidholdt D (2004) Prostitution and trafficking in women. J Trauma Pract 2(3–4):167–183
Liang B, Lu H (2012) Fighting the obscene, pornographic, and unhealthy-an analysis of the nature, extent, and regulation of China's online pornography within a global context. Crime Law Soc Chang 58(2):111–130
López-Entrambasaguas O, Granero-Molina J, Fernández-Sola C (2013) An ethnographic study of HIV/AIDS among Ayoreo sex workers: cultural factors and risk perception. J Clin Nurs 22(23–24):3337–3348
Machen E (2011) Traveling with faith: the creation of women's immigrant aid associations in nineteenth and twentieth-century France. J Women's Hist 23(3): 89–112
Mackinnon CA (2005) Pornography as trafficking. Michigan J Law 26(4):993–1012
MacKinnon CA (2006) Are women human?: and other international dialogues. Belknap Press of Harvard University Press, Cambridge
MacKinnon CA (2011) Trafficking, prostitution, and inequality. Harv Civ Rights-Civ Libr Law Rev 46: 271–309
Maffai M (2009) Accountability for private military and security company employees that engage in sex trafficking and related abuses while under contract with the United States overseas. Wisconsin Int Law J 26(4): 1095–1139
Maitse T (1998) Political change, rape, and pornography in post-apartheid South Africa. Gend Dev 6(3):55–59
Matsui Y (1999) Women in the new Asia: from pain to power. Spinifex Press, Melbourne
Moschetti CO (2005) Conjugal wrongs don't make rights: international feminist activism, child marriage and sexual relativism. Doctoral dissertation. Retrieved from: https://minerva-access.unimelb.edu.au/handle/11343/39560
Ng J, Wong M (2016) Determinants of heterosexual adolescents having sex with female sex workers in Singapore. PLoS One 11(1). https://doi.org/10.1371/journal.pone.0147110
Nguyen-vo T (1998) Governing the social: prostitution and liberal governance in Vietnam during marketization. Doctoral dissertation
Norma C (2014) Demand from abroad: Japanese involvement in the 1970s' development of South Korea's sex industry. J Korean Stud 19(2):399–428
Onnis B (2012) The scourge of prostitution in contemporary China: the "Bao Ernai" phenomenon. Asian Cult Hist 4(2):91–98
Peters A (2013) "Things that involve sex are just different": US anti-trafficking law and policy on the books, in their minds, and in action. Anthropol Q 86(1):221–255
van der Poll L (2012) But is it speech? Making critical sense of the dominant constitutional discourse on pornography, morality and harm under the pervasive influence of United States first amendment jurisprudence. Potchefstroomse Elektroniese Regsblad 15(2): 417–452
Rodríguez García M (2012) The league of nations and the moral recruitment of women. Int Rev Soc Hist 57: 97–128
Rome Reports (2016) Pope to women rescued from prostitution: I ask forgiveness for men who abused you. Retrieved from: http://www.romereports.com/2016/08/16/pope-to-women-rescued-from-prostitution-i-ask-forgiveness-for-men-who-abused-you
Shibahara T (2014) Japanese women and the transnational feminist movement before world war II. Temple University Press, Philadelphia
Shimizu H (1997) Karayuki-san and the Japanese economic advance into British Malaya, 1870–1920. Asian Stud Rev 20(3):107–132
Sides J (2006) Excavating the postwar sex district in San Francisco. J Urban Hist 32(3):355–379
Sneeringer J (2009) "Assembly line of joys": touring Hamburg's red light district, 1949–1966. Cent Eur Hist 42(1):65–96
Stead V (2016) Mobility and emplacement in north coast Papua New Guinea: worlding the Pacific marine industrial zone. Aust J Anthropol 27(1):30–48
Sulaimanova S (2006) Trafficking in women from the former Soviet Union for the purposes of sexual exploitation. In: Beeks K, Amir D (eds) Trafficking & the global sex industry. Lexington Books, Lanham, pp 61–76
Swader C, Vorobeva I (2015) Receiving gifts for sex in Moscow, Kyiv, and Minsk: a compensated dating survey. Sex Cult 19(2):321–348
Todres J (1999) Prosecuting sex tour operators in U.S. courts in an effort to reduce the sexual exploitation of children globally. Public Interest Law J 9:1–23

G

Tyler M (2015) Harms of production: theorising pornography as a form of prostitution. Women's Stud Int Forum 48:114–123

Voronova S, Radjenovic A (2016) The gender dimension of human trafficking. In: European Parliament, briefing February 2016, Members' Research Service PE 577.950. Retrieved from: http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577950/EPRS_BRI(2016)577950_EN.pdf

Wechsberg WM, Luseno WK, Lam WK (2005) Violence against substance-abusing South African sex workers: intersection with culture and HIV risk. AIDS Care 17: 55–64

Weitzer R (2014) New directions in research on human trafficking. Ann Am Acad Pol Soc Sci 653(1):6–24

Wells M, Mitchell KJ, Ji K (2012) Exploring the role of the internet in juvenile prostitution cases coming to the attention of law enforcement. J Child Sex Abus 21(3): 327–342

Williams S, Lyons L, Ford M (2008) It's about bang for your buck, bro: Singaporean men's online conversations about sex in Batam. Indonesia Asian Stud Rev 32(1):77–97

Williamson C, Prior M (2009) Domestic minor sex trafficking: a network of underground players in the Midwest. J Child Adolesc Trauma 2(1):46–61

Zembe YZ, Townsend L, Thorson A, Ekstrom AM (2013) "Money talks, bullshit walks" interrogating notions of consumption and survival sex among young women engaging in transactional sex in post-apartheid South Africa: a qualitative enquiry. Glob Health 9(28):1–19

Zheng T (2009) Ethnographies of prostitution in contemporary China gender relations, HIV/AIDS, and nationalism. Palgrave Macmillan, New York

## Globalization and Public Administration

David Hayward
VCOSS-RMIT Future Social Service Institute, RMIT University, Melbourne, VIC, Australia

### Introduction

The impact of globalization on public administration has been the subject of considerable academic interest over the last 35 years (see, e.g., Farazmand 1999, 2002; Whitfield 2001; Raco 2013). This has paralleled interest in what has come to be known as Public Choice Theory in economics and the New Public Management in public administration (see Medury 2012: chap. 1; Farazmand 1999, 2007: 1145, 1148, 1162). Both of these are closely aligned with neoliberalism, favoring markets, competition, and private property as preferred vehicles for the delivery of public services.

Those on the right have advocated in favor of them and their embrace of privatization policies, which have become a dominant theme of public administration across much if not all of the western world. Privatization in turn has enabled some, although not all, public services to go global by encouraging and enabling multinational firms to bid for contracts across the globe (Whitfield 2001: 46). Its proponents have been disinterested in globalization as such, in that their main point is that privatization encourages markets, which in turn encourage efficiency and effectiveness (see, e.g., Shirley 1992). Some have argued that globalization has rendered government less relevant, with the degree of policy and budget freedom heavily constrained by flows of business investment (see, e.g., Ohmae 1995).

Those on the left have offered strong critiques, posing important questions about their assumptions as well as effects. Some have questioned the extent to which governments have lost their autonomy (see, e.g., Farazmand 2002; Langmore 2001; Hobson and Ramesh 2002; Rodrik 2011; Klein 2008). They have also expressed dismay at the impact of privatization, arguing that it mainly benefits the new private owners, leaving end users paying higher costs for depleted services while leading to deteriorating working conditions (see Whitfield 2002; Hudson 2014). They point to instances of major policy disasters as evidence while simultaneously drawing attention to the profits that have been pocketed by private shareholders and the high executive salaries that are paid (see, e.g., Walker and Walker 2001; Quiggin 2012; Hudson 2014). Globalization is portrayed negatively as a result, impoverishing the principles of sound public administration while harming governed populations simultaneously.

This chapter explores these competing views by exploring the central propositions at the center

of the debates around the privatization of public services using globalization as a pivot point.

## Globalization, Privatization, and Public Administration: Key Terms Defined

For the purposes of this chapter, globalization is "a process of expansion into new frontiers and opportunities [without constraints] for increasing capital accumulation at the global level. It also views globalization as a phenomenon caused by the process of capital accumulation – a phenomenon that has manifested its negative and positive effects almost everywhere" (Farazmand 2002: 357). The one limitation of this definition is that while it draws attention to globalization's economic dimension, it tends to downplay its cultural, political, and ecological dimensions (see Steger 2009). Also, it is important to acknowledge that there are different understandings and values that underpin approaches to globalization. To try to capture this, Steger (2009) usefully distinguishes between globalization and globality, with the latter being understood as the way differing ideologies imbue globalization with different meaning.

Public administration is both an academic discipline and a professional practice often governed by a robust and enforceable code of ethics and behavioral standards. It is a relatively new discipline, dating from the late nineteenth century and developed in response to the growth of western governments from that time onward. Its subject matter is the organization of public bodies so that they most efficiently and effectively service the public interest. As a professional practice, public administration involves those professions that deliver services on behalf of, and employed by, the state (see Ostrom 2008: chap. 1).

We can usefully distinguish between public administration and public services. The latter are publicly provided, regulated, and/or subsidized organizations that deliver services to citizens. These may be essential services, such as water and electricity. They might also be those associated with the state's responsibility to provide a legal framework, its monopoly over the right to use force, detain people against their will, and protect people in case of emergency. They might also involve the provision of services (or income) that are considered to be so important to human dignity and life that they are provided to all those who need them, free of charge or heavily subsidized. In all these cases, private markets are deemed to fail and left to themselves will either under or overprovide what is needed. Public services may be provided by state employees, or they may be provided by nongovernment agencies.

Privatization is a process involving a restructuring of public administration and public services. It changes the relationships between states and non-state actors so as to transfer the authority to deliver services and sometimes incomes from state-owned entities to for-profit and not-for-profit private entities, sometimes under delegation. It has different forms, including the reduction of regulations, asset sales, share issues, corporatization, contracting, the imposition of user charges, and the removal of subsidized pricing. Privatization rarely occurs in one form only. The sale of assets, for example, is often accompanied by a shift in the regulatory framework and the imposition of a new regime of pricing and user charges (see Whitfield 2001).

It should be noted that governments throughout the west have relied on contracting to deliver a range of services over the last several hundred years while not necessarily embracing privatization. Rather, they have often inherited services being delivered by not-for-profits and sometimes for-profits in essential services and ended up subsidizing and regulating them rather than replacing them with public sector entities. Faith-based and neighborhood organizations, for example, have played a very strong role in social service delivery in countries, such as Germany and the Netherlands, where they play a large role (see Smith 2011).

## Privatization and Globalization

During the 1970s, 1980s, and early 1990s, a rapidly growing literature celebrating privatization in its various forms encouraged governments to consider policy options that were previously almost

unthinkable (Cockett 1994). In addition to straight asset sales, either part of full, options were also developed to contract out work previously done in-house. Early work on contracting out led the British government to compulsorily require local governments to put out to tender large chunks of activity previously done in-house (Birrell and Gray 2017; Considine and O'Sullivan (eds.) 2015; see also Osborne and Gaebler 1992).

In subsequent decades, everything from energy, airports, and air traffic control through to the operation and maintenance of speed cameras, prisons, detention centers, primary and secondary schools, and vocational education was open to sale or private tender. This applies as much to the operation of public services as it did to the building, financing, and maintenance of public infrastructure. The list of privatized public services is extensive, as the incredibly detailed data base compiled and published by the World Bank amply demonstrates (see World Bank Privatization Data Base accessed at http://data.worldbank.org/data-catalog/privatization-database on April 3, 2017). Nellis (2012: 1) provides the following estimate of the number and value of asset sales and contracts in the two decades to 1999 while drawing attention to their remarkable geographical spread:

> Worldwide, between 1979 and the end of 1999, more than 130 countries divested, or turned over to private management, at least 75,000 medium and large enterprises formerly owned and operated by the state. These entities were found in all economic sectors: infrastructure (e.g., telecommunications, water and sewerage, electricity generation and distribution, ports, airlines, postal services, railroads and several facets of road transport), banking, insurance, tourism, and every manner of commercial, industrial and service activity, including a zoo in Argentina and a football team in Mexico. A roughly equal number of small business units was also privatized, the bulk of them in formerly socialist states in East and Central Europe, and Central Asia. Total proceeds to the sellers from privatization in this period are difficult to estimate, but, conservatively, exceeded $1 trillion US [in 2000 dollars].

Privatizations did not of course cease at the end of the 1990s. During the 2000s, the level of privatization activity initially declined but subsequently increased to reach a record high of over US$250 billion in the mid-2000s before falling again following the Great Recession. It has now climbed back up to record levels, with the geographical center of activity shifting decisively toward Asia and China in particular.

## Globalized Public Services

Writing in 1994, the British political scientist, Patrick Dunleavy, saw the implications of this trend to privatize for globalization. He pointed out that:

> Although privatization and contractorization have progressively created 'markets' of various kinds in public administration over the last fifteen years, the involvement of private corporations has overwhelmingly been organized on a single-country basis. Most political scientists and public administration writers currently seem to believe that national political system idiosyncrasies constitute irremovable barriers to the development of broader trans-national corporations dominating public services production. . . (T)he developments of the last decade strongly suggest that these barriers will not prove permanently substantial. (Dunleavy 1994: 37)

One area where this has occurred is finance. First, private advisory firms and associated investment banks have overseen and benefited from almost all asset sales. In addition, we know that globalized private capital has invested heavily in public infrastructure over the last 30 years, in both equity or ownership and debt, a trend that was disrupted momentarily following the Great Recession, but has subsequently resumed in force. Private debt funding of public infrastructure is estimated to be in the order of US$140–$250 billion annually, while equity investment rose to a peak of around US$39 billion by 2007 (Della and Gatti 2014: 20ff). According to Engel et al. (2014), the infrastructure fund industry (that invests in equity) is "quite concentrated. . . Macquarie has a share of about 40 per cent of the total and the top five managers control two-thirds of assets."

Australia was the first to use private financing of public infrastructure in the late 1980s, with the UK following in 1992 under the Private Finance

Initiative. Over the last 20 years, private funding of public infrastructure has picked up a considerable head of steam, reaching almost A$25 billion by 2013. The funds for these projects have been largely sourced from overseas, including bank loans, which have become the single most important source of finance over the last 5 years (Infrastructure Australia 2015). Britain has come to rely on private financing to an even great extent, raising over £56 billion in this way over the last 25 years (Booth and Starodubtseva 2015).

A second related area where privatization and the globalization of public administration have gone hand in hand is in policy advice, accounting, and financial advisory services. Here the increasing reliance on the four biggest global private consultancy practices – KPMG, PwC, Deloitte, and Ernst and Young – by governments across the OECD is especially striking. Collectively, these four firms employ 756,000 people and generate over $120 billion in annual revenues or around the same amount raised by the State of California. Advisory services account for over one third of work done (Big4.com 2014). The influence of these firms is not fully captured by their revenues, however. The projects they work on are worth far more than the value of the revenues they receive for their work. KPMG, for example, won an award for being PPP advisor of the year in 2014 on the basis of projects worth over US$14.7 billion undertaken in three continents and in nine different countries (see http://www.big4.com/news/kpmg-ppp-financial-adviser-of-the-year-accolades-for-kpmg/ accessed on April 4, 2017). Also, their influence extends to the two-way flow of high-level staff into and out of senior roles in the public sector, sometimes short term and sometimes for longer (Raco 2013: 1986).

These Big Four firms have become so large, partly on the back of government contracts, that in the USA, the UK, and Australia, they are now the largest employers of graduates, taking over the role previously dominated by public services (see, e.g., http://www.milkround.com/staticpages/12680/the-times-top-100-graduate-employers/; https://www.bloomberg.com/news/photo-essays/2011-05-17/50-top-employers-for-college-grads; https://gradaustralia.com.au/top-100-employers).

Public transport is another area in which privatization has led to the emergence of global providers of public services. Australia provides a useful. Under the pretext of using markets and competition to deliver more efficient and customer-friendly public transport, Australia's second most populous state, Victoria, puts its railways and tram services out to tender in 1999. Initially there were five franchises, two rail and two tram in the metropolitan area and one for country rail services. The five franchises were picked up by three firms. The first was the British-based National Express (a metropolitan rail line, a tram service, and the country rail service), which was itself a creature of the Thatcher government's privatization program in the UK during the 1980s. The second was Connex (a metro rail franchise), a subsidiary of Veolia, a giant French water, energy, waste management, and transportation company. The third firm was a partnership between a local engineering company, Transfield Services, and another giant French transport company, Transdev, which picked up a tram franchise.

The bids for the rail franchises especially were all based on optimistic assumptions around costs and patronage that proved catastrophically wrong and in 2001 were provided with a A$120 million bailout. Shortly afterward National Express returned its rail franchises for both the metropolitan and country rail services and the tram service. Two years later, it sold out of most of its bus businesses, selling its operations in Perth and Sydney to none other than Connex, the remaining metropolitan train operator in Melbourne. The Victorian government then decided to offer the rail and tram services as two modal franchises. Connex picked up the train franchise, while the remaining tram operator was awarded the sole tram franchise.

In 2009, the Government retendered, and this time new operators were selected. The new tram operator is Keolis Downer, half owned by another giant French transport company, Keolis, and Downer, a large Australian-owned engineering firm that also maintains the metropolitan trains. Downer in turn is owned by CIMIC, a giant engineering, construction, and infrastructure

conglomerate that specializes in privatized public infrastructure. The new rail franchisee, Metro, has three owners, Hong Kong's MTR Corporation, Australia's John Holland Group, and UGL Rail, a division of United Group Limited. MTR owns 60% of the stock.

According to its web site, MTR "was established in 1975 and in 2000. . .(was) listed on the Stock Exchange of Hong Kong. On 2 December 2007 the operations of the Government-owned rail operator, the Kowloon-Canton Railway Corporation, were merged into the MTR. . . In the Mainland of China, the Corporation has been involved in the construction of and now operates Beijing Metro Line 4 and Line 14, Shenzhen Metro Line 4 (Longhua Line) and Hangzhou Metro Line 1. The Corporation also operates and manages London Overground in the United Kingdom, Melbourne Metro in Australia, Stockholm Metro and intercity service between Stockholm and Gothenburg in Sweden,. . . the Crossrail Train Operating Concession in the United Kingdom. . . the Operations, Trains and Systems public-private partnership contract for the North West Rail Link project in Sydney" (http://www.metrotrains.com.au/who-we-are/ accessed on 7 April, 2017).

MTR is not the only publicly owned, globalized transportation giant operating in Australia. Keolis is also publicly owned, with 70% of its shares in the hands of the French National Railways Corporation and 30% resting with the Quebec government-owned pension fund, Caisse de dépôt et placement du Québec. As at December 2013, Keolis employed 54,600 people in France, Australia, Belgium, Canada, China, Denmark, Germany, India, Luxembourg, the Netherlands, Norway, Portugal, Sweden, the UK, and the USA.

Transdev is another of the major players that is majority owned by the public sector, with its main investor being the French government's investment bank, Caisse des Dépôts et Consignations. Transdev operates in 19 countries across five continents, with operations in France, the USA, Canada, the UK, Ireland, Holland, Sweden, Denmark, Finland, Portugal, Spain, India, and Australia. Its annual revenues are 6.7 billion Euros, and it employs 83,000 people.

Energy is another area where privatization has led to the globalization of public services, and Australia again provides a useful illustration. Up until the mid-1990s, Australian state governments operated government-owned integrated electricity and gas companies that operated as regional monopolies. In the mid-1990s, the Victorian government began a process of privatization, when it split up its energy companies into energy producers, distributors, and retailers and then sold them into, often foreign, private ownership. South Australia followed suit in the early 2000s, and although other states similarly split up and corporatized their energy companies, only NSW has gone down the path of privatizating them (in 2015). The federal government meanwhile has established with the support of the states a national electricity market in which a central clearing house facilitates the buying and selling of energy in 30 min blocks. Subsequent to the initial sale, most of these companies have been sold and some resold again, leading to a more concentrated industry structure, with the three biggest retailers accounting for approximately 75% of the electricity and gas markets and with majority ownership of generators, leading national regulators to express concerns about monopolization. A proposal is now being actively considered that will see "three out of five of Victoria's electricity distributors and two out of three of its gas distributors. . .controlled by. . .a single Hong Kong–based infrastructure business under a $7.4 billion takeover proposal. . .(T)he State Grid of China, a state-owned enterprise, already effectively controls electricity distribution in northwestern Melbourne. Along with Singapore Power, the State Grid of China also effectively owns Victoria's network of poles and wires, as well as electricity distribution in eastern Victoria, and gas distribution in western Melbourne and regional Victoria" (Gordon 2017).

Looking across the broad range of privatized services, ownership has tended to become more concentrated as well as more opaque. This is certainly the case with public transport and energy over time, with formerly government-owned and government-operated companies being sold, sometimes after having been split up, and then

subjected to mergers and acquisitions with and by very large overseas-owned companies that tend to dominate public service markets. These firms manage to gradually acquire substantial market power. This inevitably raises the question of whether or not privatization has led to improved efficiency and effectiveness in the way that its advocates claimed it would and ultimately whether or not consumers and taxpayers have been the main beneficiaries. The next section examines the evidence.

## The Evidence: The Jury Is in and the News Is Not So Good

There have been numerous meta-studies that have tried to measure whether or not privatized public services deliver efficiency gains. Their results are rather mixed. As Nellis (2012) points out, despite this variation, on balance the evidence shows that privatization has delivered efficiency gains. It is probably this is at least partly because the charters under which the nationalized entities were previously operating included a broader range of social objectives, such as those relating to the environment, training of apprenticeships, and the delivery of in-built and deliberately hidden cross subsidies to nonurban populations. When companies are no longer required to provide services to the poor or the remotely located and are able to de-unionize their workforces, it is not surprising that they are able to produce more at less cost. What this research has not been able to answer is the degree to which increased efficiency has been achieved at the expense of effectiveness and also who has benefited from the improved efficiencies. Have privatizations benefited consumers, workers, or the new owners? It is to this question that attention now turns.

### Private Financing of Public Infrastructure: Does It Make Cents?

The use of private finance to fund public infrastructure is sometimes justified on the basis that private financiers will be able to secure funding in a more efficient way than their public sector counterparts. These efficiency gains will help lower the cost of the infrastructure that is being financed.

As Engel et al. (2014) point out, however, this is a fallacy. Finance does not have any impact on economic efficiency. As they put it: "Ultimately, social value is created by the efficiency with which real capital is deployed and used – the real side of the balance sheet – not by the financial composition of the liabilities side" (p. 205). The argument suffers from a second problem in that private finance is more costly to secure than public finance. In the UK, the gap in 2013 was estimated to be a rather large 4% points (Booth and Starodubtseva 2015: 12). This gap arises because of the "riskless" nature of lending money to governments, which have the compulsory power to tax as a means of ensuring that they are always able to repay debts when they are due.

This in turn raises the question of why, if public finance is cheaper, governments bother to use private finance at all. The answer is basically to be able to keep the debt off the governments books and push it on to a private sector party (Engel et al. 2014). This does not alter the need to repay the debt. It just ensures that the costs end up being captured through leasing payments made over many decades, which figure as an operating cost on government budgets. And these can prove to be very costly. In the UK, 7 hospital trusts covering 21 hospital were close to becoming technically insolvent because of the size of the leasing payments that they had entered into in order to secure new facilities. As described by Youssef El-Gingihy (2016):

> Up and down the UK, Private Finance Initiatives (PFI) are destroying public services. . . .(T)he PFI policy was designed to use private financing to build and run public sector infrastructure projects. . . .The projects work like a mortgage, with repayments on the work completed made over decades. There is just one snag: the interest rates for PFI agreements are scandalously high. The NHS has more than 100 PFI hospitals. The original cost of these 100 institutions was around £11.5 billion. In the end, they will cost the public purse nearly £80 billion. The total UK PFI debt is over £300 billion for projects worth only £55 billion. This means that nearly £250 billion will be spent swelling the coffers of PFI groups. (Accessed at http://www.

independent.co.uk/voices/nhs-funding-pfi-contracts-hospitals-debts-what-is-it-rbs-a7134881.html on 10 April, 2017)

It is very unlikely we will ever know whether the privately financed infrastructure represents a good deal, due to commercial-in-confidence contracts that continue to ensure the schemes are anything but transparent, even to the House of Commons public accounts committee and the UK National Audit Office, which for many years now have been trying to find answers to these questions without success. A recent Briefing Paper by the British House of Commons Library points out that even the British Treasury has expressed concerns about the PFI (Booth and Starodubtseva 2015: 10).

Another problem with private financing is that the contracts are notoriously complex and can run to thousands of pages, as was the case with the London Tube in the early 2000s. Its contracts were so complex; it is estimated that £180 million was spent by the public sector and a staggering £275 million by the private bidders negotiating them (National Audit Office 2004). Their extremely technical nature requires government to turn to advisors to help structure schemes in the most effective ways. The Big Four advisory firms mentioned earlier have been significant players in this space, helping to design public-private partnerships throughout Australia and in the UK and in some cases helping government departments and bidders for contracts at the same time as they are responsible for auditing their finances (see Vasagar and Evans 2002; see also Raco 2013).

## Public Transport Winners and Losers: The Australian Case

The privatization and globalization of Australia's public transport has been a rather mixed experience, at best. For the first decade of privatization in Victoria, service standards proved difficult to improve and customer satisfaction levels remained low, although recently appear to have lifted, but they remain surprisingly difficult to monitor. The Victorian Auditor-General has pointed out that, "there are no targets for the reliability and punctuality of trains and trams. . . – the publicly reported reliability and punctuality figures are not directly connected to the bonus and penalty payments that franchisees receive" (2016: 17). While there are customer service standards, the public transport agency "has not held the franchisees to account for their compliance with these Standards" (2016: 19).

To this day, the private tram operator continues to monitor and report on its level of service rather than an independent auditor. A 2016 report by the Victoria Auditor-General concluded that: "the monitoring sites along each route do not provide enough data to accurately assess service performance for the entire length of a journey. . .there are longstanding problems and risks that affect the reliability of the (monitoring) system. It uses technology from 1987, and the risks and limitations of the technology may affect safety, operational performance and passenger information which in turn is crucial to unlocking state government performance payments" (p. 16).

There is then no clear pattern of sustained performance improvement to the extent that they have occurred critics point to large increase in subsidies. The promised cost savings to taxpayers (estimated to be $160 million when the system was privatized) have not materialized. Indeed, payments to the rail and tram operators have increased threefold, from $450 million in 2009 to over $1.45 billion in 2015. In real terms, it is costing more to run public transport today than was the case when it was privatized during the late 1990s (Mees et al. 2006; but see Allsop 2007 for a critique).

Controversy continues to bedevil the privatized system today. The public transport corporation has been the subject or a damning Auditor-General's report (Victorian Auditor-General 2015) for failing to put private bus contracts out to tender and for failing to develop and implement a performance funding regime, and Metro has been accused of trying to monopolize rail maintenance activity by stealth with the Government commissioning KPMG (another of the globalized public services) to review arrangements (*The Age*, May 2, 2015).

### Privatized Energy Winners and Losers: The Australian Case

Subsequent to privatizations, service standards and pricing have continued to be a major concern. Despite being regulated, price increases have been well in excess of inflation. According to the Australian Parliamentary Library: "In real terms. . .prices for households increased on average by 72% for electricity and 54% for gas in the 10 years to June 2013. Real electricity price increases for manufacturing businesses over the same period have been of a similar magnitude (60%). For gas, prices for manufacturing businesses have risen to a lesser extent" (accessed at http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook44p/EnergyPrices on April 10, 2017). More recent research by the Grattan Institute confirms this overall trend:

> Competition in electricity retailing hasn't delivered what was promised: lower prices for consumers. The failure is worst in Victoria, the state with the most retailers and the longest experience of deregulation. Profit margins appear to be higher than in other retail sectors. . . Lower price deals are available, but most consumers find the market so complicated that they have given up trying to find them. . . Electricity is an essential service without substitutes, so many consumers feel stuck and simply give up. (Wood and Blowers 2017: 3)

Australia has gone from being a low-cost energy producer by world standards to one of the most expensive (ABC News online, March 21, 2012, accessed at http://www.abc.net.au/news/2012-03-21/australians-pay-highest-power-prices-says-study/3904024). In addition, some of the big overseas-owned energy companies have been at the center of major disasters. The Kilmore East-Kinglake "Black Saturday" bushfires in 2009 resulted in 119 lives being lost and 1000 homes being destroyed in what was the worst day of bushfires in Victoria's history. Survivors won the largest class action in Australia's history, using evidence and conclusions reached by the Victorian Bushfires Royal Commission, which found the Kilmore East-Kinglake bushfire was caused by an aging power line maintained by SPAusnet, the Singapore government-owned monopoly (ABC News, 2015, accessed at http://www.abc.net.au/news/2014-07-15/black-saturday-bushfire-survivors-secure-record-payout/5597062 on April 10, 2017).

On 9 February 2014, fires broke out in the Hazelwood coal mine in the rural town of Morwell as a result of embers spotting from bushfires. The mine fire burned for 45 days, sending smoke and ash over residential neighborhoods for much of that time. It is possible that up to 11 people died as a result of the fumes they inhaled. The mine was owned by SDF Suez, one of the giant French companies with a foothold into Australia's utility industries as a result of privatizations (subsequently re-branded as Engie). Two state government-appointed Boards of Inquiry into the fire and its consequences were scathing about the company's role. The first Inquiry concluded that GDF Suez was, "inadequately prepared. . .(A)ll but one of the GDF Suez personnel nominated as an Emergency Commander. . .were out of Morwell on a weekend break or holiday. . . GDF Suez personnel failed to activate the mine's Emergency Response Plan until more than an hour after fire was first reported." It was also scathing about the Victorian government's palpable failure to establish a robust regulatory framework to ensure privatized operators met their OH&S and emergency fire responsibilities: "The Hazelwood mine fire was a foreseeable risk that slipped through the cracks between regulatory agencies" but nevertheless concluded that ". . .GDF Suez fell short of its obligations under OHS laws." Finally, the Board drew attention to GDF Suez's decision over many years to allow its firefighting and suppression infrastructure in the disused part of the mine to be maintained adequately, preferring instead to redeploy facilities to parts of the mine that were of economic value, leaving the mine open to precisely the sort of disaster that eventuated on (Hazelwood Mine Fire Inquiry 2014, accessed at http://report.hazelwoodinquiry.vic.gov.au/executive-summary.html on April 10 2017; See also Doig 2015).

Gas supplies have also come under increasing public scrutiny in recent years, with the new private owners of natural gas companies redirecting

gas to export-oriented LNG plants, which will see Australia become the world's second largest exporter of LNG. This in turn is leading to large price increases and the threat of gas shortages for the domestic market. One of the three large private owners that dominate local gas production has proposed establishing gas importing facilities, to reimport the gas they have sold onto the international market, demonstrating that the government-manufactured market is enabling all sorts of surprising profitable deals to be struck, at the expense of consumers (http://www.theaustralian.com.au/business/companies/agl-floats-gas-generation-as-fix-for-energy-woes-in-blackout-state/news-story/83aa7258a285b75545105296849321b2).

Australia's energy system is now under enormous stress, with blackouts or the threat of them becoming a regular summer event in states such as South Australia. After the most recent blackouts, the South Australian Energy Minister and Treasurer concluded that electricity privatization was the: "worst decision taken by any government in the state's history… We are now at the mercy of privately owned foreign-based companies who own all of our electricity assets. Half of your energy bill is the poles and wires. Poles and wires that South Australians built and put in place have now been sold to other companies" (quoted in *The Australian*, January 27, 2017).

Interestingly, the globalized and privatized public service providers feature strongly in the list of companies that pay little tax. In 2014/2015, Metro trains reported total income of $1.2 billion but taxable income of only $95.6 million, resulting in a tax bill of $28.7 million. Transdev reported total income of $485 million but taxable income of only $25 million, leading to a tax bill of $7.5 million. Ausnet services reported total income of $1.8 billion but taxable income of $256 million, resulting in a tax bill of $75 million (http://www.theaustralian.com.au/business/economics/ato-figures-show-36pc-of-big-firms-paid-no-tax-in-2015-year/news-story/5620bb2d1af3161882bcd17eab08c450).

Privatized public services are also notable because of the much more unequal distribution of income within their operations. The extreme examples are the private financiers of public infrastructure. The Victorian Treasury Corporation is the entity responsible for traditional public finance operations on behalf of the State government. It has six executives whose pay between them in 2015 and 2016 was a little over $2 million. By way of contrast, the top 11 Executives of the Royal Bank of Scotland, a major player in arranging private finance for public infrastructure, may receive in total £34.6 million (RBS Annual Report 2016: 111). The Commonwealth Bank, which is also a major player in lending for private infrastructure, paid its top 12 Executives over $42 million collectively in 2016 (Commonwealth Bank (2016), Annual Report to Shareholders, 2016).

## Privatization and Globalization: A Smaller or Larger State?

One of the key arguments put forward by advocates or privatization is that it will lead to a smaller state. This will occur because divestitures shift public sector entities into the private sector and because competition will drive efficiency gains. The end result is the need for less public spending. To what extent has this occurred?

Figure 1 shows aggregate general government spending for all OECD countries from 1972 through to 2014 as a percentage of GDP (a broad measure of the size of the economy). The figure shows that government spending has not in fact fallen but has continued to edge upward and this is despite governments across the OECD embracing privatization policies enthusiastically, as was shown earlier.

This tendency of the size of government to continue to expand has drawn the attention of a number of conservative commentators, who recognize that privatization policies have not been well implemented, serving the interests of a select group of business interests at the expense of consumers and taxpayers. They refer to this development as the arrival of "crony capitalism" (see, e.g., Sloan 2016; Hewson 2017; McCrann 2017). Remarkably, even those who were the most enthusiastic supporters of the reforms that have been implemented are coming to recognize that they have not delivered to consumers the benefits that were promised. A recent report by the Adam Smith Institute, one of the UK's leading advocates for privatization, recently concluded that:

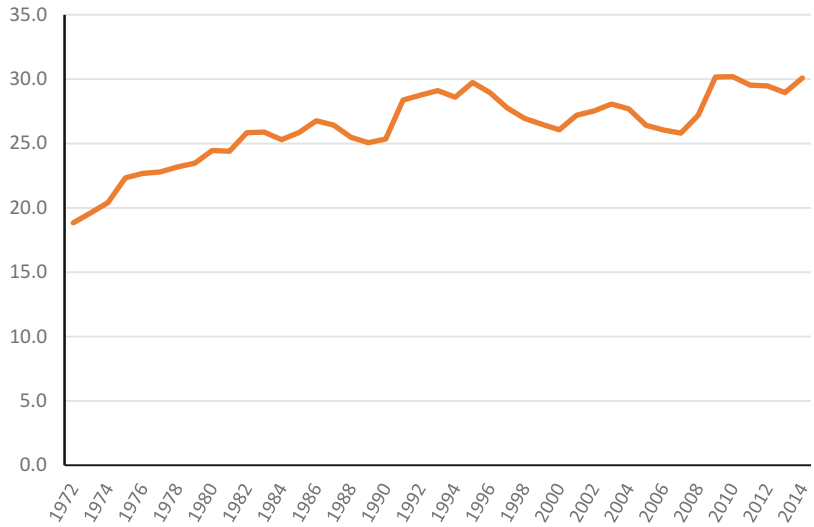


**Globalization and Public Administration, Fig. 1** General government spending for all OECD countries as % of GDP (left hand axis), 1972–2014. (Source: The World Bank database accessed at http://databank.worldbank.org/data/reports.aspx?source=2&series=GC.XPN.TOTL.GD.ZS&country=# on 10 April, 2017)

> For utility customers, privatization has had mixed blessings... Very few of the privatized utilities operate in a genuinely competitive market... long-term monopolies have been effectively endorsed whilst price regulation has had to be implemented rather more widely than many advocates of privatization had hoped. Importantly, too, except in telecoms, there have been marked real price increases – for varying reasons – over the period since privatization began in earnest. (Hawkins 2015: 15, 18)

## Conclusion

Privatization has been a major contributor to the globalization of public services and administration. Despite a very mixed track record for consumers and taxpayers, it continues to enjoy a surprisingly strong level of support among mainstream political parties. However, opinion polls show it is very unpopular with citizens and it has been that way for some time now. As Nellis observes, "The fact is that privatization has never been popular among citizenries or electorates in general; and workers, particularly in the public sector, and their union representatives detest it" (2012: 20).

This in turn raises a series of important issues that are at the heart of many of the fault lines that currently bedevil western democracies still trying to come to terms with Brexit and the election of the Trump Administration, widely interpreted as a set back for globalizers. There is a large gap between the promise of privatization and the reality. Its promise has been to use private markets to deliver efficiency gains that benefit taxpayers, as a result of falling government spending, and consumers, who get to choose. The reality is that privatization has lead to globalized industries for public services out of which the new owners seem more often than not to make a good return, with sustained fall in prices being hard to discern and government spending continuing to rise. Consumer choice on the other had has too often been a fiction, with privatized industries becoming progressively more concentrated and ownership structures opaque, with complex pricing regimes being put into place to make it almost impossible for consumers to be free to choose. The chorus of voices pushing for a change of policy direction is now becoming too loud to ignore. The coming decades promise to be the most interesting for public administration for a very long time, with much depending on how well our policy makers are able to listen rather than be led by the entrenched, globalized private interests that seem to have come to depend on privatization for a living.

## References

Allsop R (2007) Victoria's public transport. Assessing the impact of privatisation. IPA Backgrounder, Institute of Public Affairs, vol 19(1), Apr 2007

Big4.com (2014) An analysis of the 2014 financial performance of the world's largest accounting firms. http://www.big4.com/wp-content/uploads/2015/01/The-

2014-Big-Four-Firms-Performance-Analysis-Big4.com-Jan-2015.pdf. Accessed 3 Apr 2017
Birrell D, Gray AM (2017) Delivering social welfare. In: Governance and service provision in the UK. Policy Press, Bristol
Booth L, Starodubtseva V (2015) PFI costs and benefits. House of commons briefing paper, number 6007, May
Cockett R (1994) Thinking the unthinkable. Think tanks and the economic counter-revolution, 1931–1981. Harper Collins, New York
Considine M, O'Sullivan S (eds) (2015) Contracting out welfare services. Comparing national policy designs for unemployment assistance. Wiley, Chichester
Della Groce R, Gatti S (2014) Financing infrastructure – international trends, Financial Market Trends, 2014(1), OECD
Doig T (2015) The coal face. Penguin, Ringwood
Dunleavy P (1994) The globalization of public services production: can government be 'best in world'? Public Policy Adm 9(2):36–64
El-Gingihy Y (2016) If you think there's no money for NHS funding, you'd be right – PFI has sucked it dry. The Independent, 13 July
Engel E, Fischer R, Galetovic A (2014) Finance and public private partnerships. In: Heath A, Read M (eds) Financial flows and infrastructure financing. Proceedings of a Reserve Bank of Australian conference, 29 July. https://www.rba.gov.au/publications/confs/2014/. Accessed 11 Apr 2017
Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522
Farazmand A (2002) Privatization and globalization: a critical analysis with implications for public management education and training. Int Rev Adm Sci 68(3): 355–371
Farazmand A (2007) World crisis in public service and administration. In: Farazmand A, Pinkowski J (eds) Handbook of Globalization, Governance, and Public Administration. Taylor and Francis, Kindle Edition
Gordon J (2017) Melbourne's electricity and gas facing greater Chinese control. The Age, 9 April. http://www.theage.com.au/victoria/melbournes-electricity-and-gas-facing-greater-chinese-control-20170409-gvh84k.html. Accessed 12 Apr 2017
Hawkins N (2015) Utility gains. Assessing the record of Britain's privatised utilities. Briefing paper. Adam Smith Institute, London
Hazelwood Mine Fire Enquiry (2014) Hazelwood mine fire enquire report, 2014. Victorian Government Printer, Melbourne
Hewson J (2017) I'm no socialist, but markets need to work for the greater benefit of everyone. The Age, 16 March. http://www.smh.com.au/comment/when-services-are-privatised-there-must-be-accountability-20170315-guz660.html. Accessed 12 Apr 2017
Hobson J, Ramesh M (2002) Globalisation makes of states what states make of it: between agency and structure in the state/globalisation debate. New Polit Econ 7(1): 5–22
Hudson B (2014) Dealing with market failure: a new dilemma in UK Health and Social Care policy? Crit Soc Policy 35(2)
Klein N (2008) The shock doctrine. The rise of disaster capitalism. Picador, New York
Langmore JMA (2001) Globalisation and social policy. Soc Work Health Care 34(1):11–29
McCrann T (2017) Governments hand over key infrastructure on a silver platter. The Australian, 11 Feb 2017
Medury U (2012) Public administration in the globalisation era. The new public management perspective. Orient BlackSwan e-edition, Hyderabad
Mees P, Moriarty P, Stone J, Buxton M (2006) Putting the public interest back into public transport. GAMUT Papers, Melbourne
National Audit Office (2004) London underground PPP: were they good deals? Report by the Comptroller and Auditor General, HC 645 Session 2003–2004: 17 June 2004
Nellis J (2012) The international experience with privatization: its rapid rise, partial fall and uncertain future. School of Public Policy Research Papers, University of Calgary, vol 5(3), Jan
Ohmae K (1995) The end of the nation state: the rise of regional economies. The Free Press, New York
Osborne D, Gaebler T (1992) Reinventing government. How the entrepreneurial spirit is transforming the public sector. Addison Wesley, Reading, MA
Ostrom V (2008) The intellectual crisis in American public administration, 3rd edn. The University of Alabama Press, Tuscaloosca
Quiggin J (2012) Zombie economics. How dead ideas still walk among us. Black Inc. Books, Carlton
Raco M (2013) State led privatisation and the demise of the democratic state. Welfare reform and localism in an era of regulatory capitalism. Routledge, London/New York (Kindle Edition)
Rodrik D (2011) The globalization paradox: democracy and the future of the world economy. W. W. Norton, New York
Shirley MM (1992) The what, why, and how of privatization: a world bank perspective. Fordham Law Rev 60(6):2
Sloan J (2016) Taxpayers lose as crony capitalism takes over childcare, hospitals. The Australian, 10 Sept
Smith SR (2011) The non-profit sector. In: Edwards M (ed) The Oxford handbook of civil society, Oxford University Press, Kindle Edition
Steger M (2009) Globalization. A very short introduction. Oxford University Press, New York
Vasagar J, Evans R (2002) KPMG: the government's friend. The Guardian, 1 July
Victorian Auditor-General (2015) Tendering of metropolitan bus contracts. VAGO, Melbourne
Victorian Auditor-General (2016) Managing the performance of rail franchises. VAGO, Melbourne
Walker B, Walker B (2001) Privatization: sell off or sell out – the Australian experience. ABC Books, Sydney

Whitfield D (2001) Public services or corporate welfare. Rethinking the nation state in the global economy. Pluto Press, London
Wood T, Blowers D (2017) Price shock. Is the retail electricity market failing consumers? Grattan Institute, Melbourne

## Globalization and Public Health

Debbi Long[1], Elizabeth Kath[2] and Paul A. Komesaroff[3]
[1]Department of General Practice, Monash University, Notting Hill, VIC, Australia
[2]School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia
[3]Centre for Ethics in Medicine and Society, Monash University, Caulfield East, VIC, Australia

### Synonyms

Population health

### Introduction

The discipline of public health is concerned with the promotion of collective decision-making and actions aimed at improving the health of a community. Its areas of focus are very broad and include infrastructure programs such as sanitation, water, and housing; medical interventions such as vaccination programs, disease eradication, and development of response protocols; regulatory functions such as tobacco and alcohol control; education campaigns such as breastfeeding or hand hygiene; agricultural controls such as quarantine, livestock control, and border controls of plant and animal products; and injury prevention and mitigation.

The American Centers for Disease Control and Prevention (CDC) defines public health more precisely as "the science of protecting and improving the health of families and communities through promotion of healthy lifestyles, research for disease and injury prevention and detection and control of infectious diseases" (CDC 2017). The definition of the European office of the World Health Organization adds "prolonging life and promoting health through the organized efforts of society" (WHO 2017).

However it is presently defined, initiatives that may be associated with public health have extended across the world from ancient times – long pre-dating the emergence of public health as a formal discipline within Western medicine. Historians Schneider and Lilienfeld begin their chronology of public health in 500 BCE, with the construction of the Cloaca Maxima, or "Big Sewer," and the subsequent network of sewers, aqueducts, and baths that were built as the city of Rome expanded (2008, p. xix). Mays et al. show that large-scale public water storage and delivery systems date back even further, to at least 3,500 BCE (2013, p. 1916). Istanbul's famous Byzantine Basilica Cistern was part of an extensive system of cisterns and aqueducts that supplied Constantinople's water in the sixth century CE (2013, p. 1928). Cairo's water was supplied via an aqueduct from the southern desert from 890 CE (Schneider and Lilienfeld 2008, p. xix), and Becerril and Jiménez note that the Aztecs developed systems for collecting human waste and built aqueducts to bring potable water to Tenochtitlan from mainland springs in the mid- to late 1400s (2007). The late seventeenth and early eighteenth century saw the development of sewerage systems in European cities (Schneider and Lilienfeld 2008, p. xx).

Although full consensus is lacking on precisely when public health as a discipline first appeared, boards of health began to be formed throughout Europe and in America in the mid-nineteenth century, with the London epidemiological society being formed in 1850. In 1854, British doctor John Snow mapped the incidence of cases of cholera in London's epidemic against a map of drinking water sources. His removal of the handle of a drinking water pump ended the epidemic (Schneider and Lilienfeld 2008, p. xxi) and brought legitimacy to epidemiology, the branch

of medicine that studies the incidence, prevalence, and control of disease, and is most closely linked to public health.

## The Distinctive Nature of Public Health

Public health as a discipline possesses features that differentiate it from the rest of medicine in fundamental respects. The most conspicuous of these is its link with the official organs of social authority. Public health establishes a direct relationship between medicine as a civil society enterprise and the institutions of the state, bringing medicine and the state into a direct and open partnership.

The formation of public health did not occur in a vacuum: it came into existence as a part of the extensive process of reorganization of power and mechanisms of control within modern societies that marked the shift from sovereign monarchies to the emergence of the nation state. The power of the sovereign had gradually given way to systematic deployments of civil society and cultural institutions which legitimized and enforced disciplines imposed on European populations to ensure the functioning of economic and political institutions (Foucault 1973, 1977, 1978). The extensive array of microtechnologies of power that thereby emerged generated an internalization of disciplinary processes, forming the modern "panopticon/synopticon" (Foucault 1977; Matheison 2004). Public health contributes to this schema both by providing it with legitimating justifications and by adding a further mechanism of regulation in the form of "biopower" (Foucault 1980; Nadeson 2008). By constituting all citizens as "subjects" of health and healthy living, which is then defined by public authorities in terms of an ever-increasing array of adjustments in personal behavior, the compliance of the entire population is secured (Foucault 1978, 1980).

From this perspective, public health becomes a two-edged sword: on the one hand, it appears as a progressive force, because individuals are no longer cast as the passive subjects of medicine and science but instead are called upon to take control of their decisions. However, on the other, this new-found "autonomy" is seen to be illusory, because it really involves the extension of control of individual subjectivities into that of entire populations.

Although public health is seen as a Western, scientific endeavor, cross-cultural data show that all societies have established processes and technologies for collective health protection (Rivers 1924; Douglas 1966; Baer et al. 2013), with practices such as burning of houses and possessions of people who die of infectious diseases having been common in many societies (Rogers 2016). Even when they are similar to biomedical techniques, such as quarantining and separation for infection control, these are rarely acknowledged as public health practices.

## Health, Wealth, and Power

The relationship between wealth and health has long been documented in the public health literature. The 1838 Poor Laws Commission in London linked poverty to disease, poor housing, and sanitation (Schneider and Lilienfeld 2008, p. xxi). In an article in *Science* published in 1920, entitled "The Untilled Fields of Public Health," Winslow (1920) established a clear connection between poverty and ill health in North America. In the late 1990s, the British government commissioned a report into health inequalities: its main finding was that health inequalities are closely linked to economic inequality (Acheson 1998). Since global systems of production affect resource distribution across the world, it is important to consider this relationship between economic equality and health equality in the global context. Schrecker and Bambra, for example, argue that current global political and economic structures cause ill health (2015). Michael Marmot, a member of the scientific advisory group on the Acheson Inquiry, coedited the World Health Organization's volume *The Solid Facts: The Social Determinants of Health* (Wilkinson and Marmot 2003), which identified stress, early life, social exclusion, work, unemployment, social

support, addiction, food, and transport as factors in determining people's health. In addition, they identified people's positions on the social gradient, that is, how economically well off a person was compared to others in their community as well as how well off their community/country is compared to other communities/countries, as being a key determinant of health (2003, pp. 9–10).

The social determinants framework has been adopted by both the World Health Organization and the United Nations as being central to global public health policy; however, it sits alongside policies set within neoliberal growth paradigms which many commentators argue are key causes of the economic inequity central to social determinants (Shrecker and Bambra 2015; Brown 2015; Spaiser et al. 2016).

## Aspects of Public Health in the Contemporary Period

While early European and American innovations in public health were largely funded by philanthropic donations from "the wealthy" to ameliorate unhealthy living conditions of "the poor," by the middle of the twentieth century in Western-style democracies, public health was almost exclusively the domain of national, state/provincial, and/or local government bodies. From World War II to the end of the twentieth century, global public health activities were funded by nation states' contributions to transnational institutions, such as the World Health Organization and the United Nations. In 2000, private philanthropy re-entered the public health sector, with the Bill and Melinda Gates Foundation and what is now known as the GAVI vaccine alliance. Since then, private philanthropy has come to play an increasingly significant role in funding global public health programs.

The partnership with philanthropic organizations has, however, been controversial. Its advocates argue that transparent private philanthropic organizations such as the Gates Foundation can deliver programs more efficiently and effectively than multilateral agencies (Savigny and Adam 2009). On the other hand, critics of the entry of high levels of private money into the global public health sector raise concerns about connections with industry, most particularly the pharmaceutical industry (Hafner and Shiffman 2013). These concerns are reminiscent of experiences from the 1970s and 1980s "green revolution," in which industrialized agricultural development was seen as the "solution" to poverty, but which in fact was driven by the for-profit agricultural chemicals industry, with widespread disastrous effects (Clunies-Ross and Hildyard 1992). The shift from subsistence agriculture to cash cropping, and the enmeshment of smallholder farmers into global seed, fertilizer, pesticide, and herbicide markets, has resulted in questionable benefits and palpable drawbacks for many communities (Kimbrell 2012). Similarly, some advocates argue that market incentives provide the most effective way of delivering much needed pharmaceuticals to impoverished communities (Savigny and Adam 2009), while critics argue that "Big Pharma" is profiting at the expense of the poor (Bell and Figert 2012; Hogarth 2015; Gabe et al. 2015). Bell and Figert describe the "pharmaceuticalization" of global public health, in processes which link human rights discourses with a right to medication, with clear benefits for pharmaceutical manufacturers and distributers (2012). Clinical trials in impoverished communities have long been criticized for creating disproportionate burdens on poorer communities (Simpson et al. 2015) for the benefit of wealthier communities to whom the pharmaceuticals are then marketed (Bell and Figert 2012). Tying international trade agreements into global public health agendas, such as through the TRIPS agreement (World Trade Organization's Trade Related Property Rights agreement), has supported the access of pharmaceutical companies to impoverished communities for clinical trials (Sariola et al. 2015) with mixed benefits for local communities (Simpson et al. 2015). At its worst, this can be understood as continuing the reproduction of colonial relationships of structural violence and inequity that disproportionately impact vulnerable members of the global community (Connell 2012).

## Public Health Governance in the Global Era

The concept of "good governance" has become popular in recent decades and is increasingly being applied in relation to public health (Brand 2007). According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), good governance involves the satisfaction of eight criteria: participation, consensus orientation, accountability, transparency, responsiveness, effectiveness, equity, and abidance with the rule of law. Good governance also relates to the establishment of democracy and elimination of corruption and violence, all of which have been linked to population health and well-being (Brand 2007; Laaser et al. 2002).

The conditions of globalization present new problems in relation to how the health of populations is to be approached in an era of global interconnectivity. In the twenty-first century, global forces are exercising a rapidly intensifying influence on local health systems and indeed on the bodies of all people. These global forces include the emergence of institutional arrangements for multilateral public health decisions, as well as the broader social, economic, and political forces of globalization. The broader forces of globalization and the geopolitics of the global era permeate public health approaches from the local to the global. The term "global health governance" is now a well-established term used in discussion of how globalization affects the pursuit of public health at the national and international levels (Fidler 2002, p. 6).

## Strengths of the Global Health Perspective

Understood in its expanded sense, public health can provide access to valuable insights and actions not previously available. (The following is adapted from material published in Long et al. 2017.) The broader project of global health, within which global public health is articulated, presents an opportunity to explore the complex relationships between the health conditions of populations in different parts of the world. For example, Shrecker and Bambra (2015) demonstrate that many of the factors associated, directly or indirectly, with malnutrition or under-eating, can be linked to nutritional problems associated with overeating. Similarly, the appropriation of land for industrial monoculture affects the health of local communities by limiting local access to prime horticultural and agricultural land as well as access of multiple end users around the world, through the provision of cheap but highly processed diets (Clunies-Ross and Hildyard 1992; Kimbrell 2012). The demand in the West for cheap sugar and tobacco (dating to the colonization of the Americas) has adversely affected health in both Britain and the Caribbean and has contributed to loss of both quality and years of life (Thomas and Bean 1974, p. 914, in Austen and Smith 1990, p. 95). The broad perspective that the global health approach potentially makes possible allows us to perceive interconnected health implications for geographically separated populations involved in the same global production systems.

A global health approach is invaluable if we are to understand properly local health issues in a globalized world. Used critically, framing health in a global perspective can allow us to examine and acknowledge the impact on health systems and population health resulting from international development interventions, such as in the case of Haiti and Jamaica, where the IMF-led structural adjustment programs have badly damaged the health of local populations (Handa and King 2003; Pfeiffer and Chapman 2010).

## Limitations of Global Health

Against these strengths, the concept of global health and the mental models associated with it suffer from a variety of limitations. These include issues relating to the homogenization of culture, cultural biases, macroeconomic and macropolitical variables, the overestimation of Western contributions, and the overreliance on statistical markers of disease, medical dominance, and prevailing approaches to understanding cultural

difference. All of these factors apply to the global form of public health.

### Inappropriate Homogenization of Culture

Global health supports a tendency toward the homogenization of cultural knowledge and expertise. The very assumption that conditions of health can be described and addressed at a global level of generality stimulates theoretical formulations and practices that systematically ignore local cultural differences.

It cannot be taken for granted that somebody from an urban, wealthy, educated background in India, Sri Lanka, Australia, or Brazil can understand the daily lived realities of – let alone communicate effectively with – rural people or impoverished, socially excluded people of their own nationality, although this is frequently assumed. In many countries around the world, entry to medical, nursing, and/or allied health training is limited to those with educational and financial privileges not available to people born into poorer communities. This can create situations wherein health professionals do not readily understand the lived realities of their patients, causing communication barriers that make it even more difficult for the poorest and most disadvantaged populations to receive adequate and appropriate health care (see, e.g., Trugman 2000; DeSouza 2014; Barasa et al. 2017).

The assumption of a single, worldwide system according to which the meanings associated with health and illness and the causal relationships between "society" and health outcomes can be conceptualized fails to recognize the often critical importance of local systems of symbolization by which meanings and values are formed and developed. Kleinman argued that an essential part of every health practitioner's role is to be active in understanding the health belief systems of both themselves and their patients (1978). These are not insights that have fully permeated global public health practice.

### Cultural Biases

The concept of global health itself incorporates key assumptions about the nature of health and well-being and the meaning-construction processes around them that operate strongly in global public health. Despite formal acknowledgement of the importance of culture in relation to health practices and outcomes, much development health theory and practice continues to operate within a particular culturally constructed set of values and methods of analysis that is largely unquestioned. Despite its supposed democratic intentions, the implementation of health policies and services often intensifies the very relationships associated with colonialism and hierarchy that it claims to oppose. For all their radical-sounding language, global health and public health discourses remain embedded in a hierarchical and imperialist framework that upholds Western medical systems as templates for ideal health systems in non-Western countries.

The framework that emerges from these assumptions imposes a structural impediment on much development health practice. The cultural biases associated with the underlying concepts are never far from the surface, as the mere use of the word "global" shows. While this is generally taken to imply an acceptance of – and respect for – "non-Western" perspectives, the reality is that, in both theory and practice, populations are regularly classified in accordance with Western socioeconomic, class, and educational categories, the financial contributions and positive impact of donor countries are overestimated, and the unilinear direction of influence, policy, knowledge, and practice is disguised.

### Macroeconomic and Macro-political Factors

Although critiques of neoliberalism are far from new, they have only recently been meaningfully incorporated into discussions about global health and global public health (Brown 2015; Spaiser et al. 2016), and as a result, they remain peripheral and underdeveloped. Economist Susan George's insightful early critiques of the health costs of neoliberal economics and structural adjustment programs (1974, 1988) were not taken up widely in public health discourses. Similarly, Paul Farmer's (2004) articulation of "structural violence" (i.e., institutionalized disadvantage that prevents certain groups of people from meeting their fundamental needs), using Haiti as an

illustration of the harm caused by International Monetary Fund (IMF) policies (Farmer 2004), is recognized as a major contribution in critical medical anthropology (Baer et al. 2013, pp. 63–66) but has not yet penetrated deeply into international and global health theory. Global health discourses pay superficial attention to these critiques but rarely enter into serious analyses of how macroeconomic and macro-political factors and associated inequities in resource distribution are connected with health outcomes. For example, although the roles of transnational corporations in global systems of production have far reaching impacts on the health of individuals and communities across the world (Hawkes and Popkin 2015), these connections still do not feature prominently in global public health decision-making and policy.

Furthermore, while reference to the "social determinants of health" has been widely popular in discussions about international public health (Wilkinson and Marmot 2003; CSDH 2008; Marmot 2005, 2015), this has not generated a critical reflection on the need to address large-scale economic factors in determining WHO policy (Schrecker and Bamabera 2015). The uncritical adoption of a social determinants approach is embedded in the sustainable development goals (SDGs) and the preceding millennium development goals (MDGs). The MDGs contained eight goals and a total of 21 targets and were informed by health and education agendas as drivers of development, supported by economist Jeffrey Sach's argument that improving a nation's health is an investment rather than a cost and inevitably has flow-on effects measurable by an increase in economic growth (Brown 2015).

The MDGs were commonly regarded as a success, albeit with some qualifications. A number of the targets were achieved, with significant impact in several areas, although results in other areas were disappointing (Murray 2015). The SDGs saw new players enter the arena and were associated with a longer, more extensive, and more inclusive consultation process (Murray 2015; Fukuda-Parr 2016). The increased breadth and depth is reflected in the number of goals (17) and targets (169). One goal, containing 13 targets, is specifically health related, while another ten health-related targets arise from other goals (see Brown 2015, p. 1392).

Sach's argument has been widely accepted and was one of the central principles driving the MDGs (Murray 2015). The reverse idea – that economic growth as measured by GDP is a necessary driver for both development and improved global health – has been incorporated firmly into the SDGs in Goal 8: "Promote sustained and inclusive economic growth, full and productive employment and decent work for all." Economic growth is, in other words, enshrined as a stimulant for development and assumed to be able to underpin the pathway to environmental sustainability, which is central to seven of the goals. These assumptions have been the subject of widespread criticism. For example, in a piece scathingly titled "The Oxymoron of Sustainable Development," Brown (2015) roundly rejects the idea that environmental sustainability can be achieved through a neoliberal capitalist economic growth model. Similarly, Constanza et al. argue that the "single minded focus on GDP growth has exacerbated inequity and environmental damage in many countries" (2016, p. 59). As a result, Brown suggests that we "need aggregate metrics of human and ecosystem well-being to replace growth in Gross Domestic Product (GDP) as the primary development goal for nations" (2015, p. 1027; see also, e.g., Hawkes and Popkin 2015; Wanner 2015; Constanza et al. 2016).

In spite of extensive evidence of the flaws in the proposition that economic growth models are pathways to environmental sustainability, the SDGs incorporate the assumption that economic growth within global markets leads to improvements in individual, community health, and population health measures. This exposes the neoliberal paradigms embedded within global policy instruments, which remain unchanged despite decades of research demonstrating the damage of this model. Under these conditions, development practitioners risk becoming agents of economic globalization, particularly when they implement programs involving biomedically oriented clinics and hospitals, health technology, equipment, pharmaceuticals, and Western-trained

practitioners, all of which require ongoing relationships with global markets in order for health infrastructure to be maintained.

When it is conflated with the concept of "development health" – that is, the development of health infrastructure and resources – the expressions "global health" and "global public health" become misnomers. The focus of development health is unequivocally on one section of the world's population: the poorer section. Global health debates frequently apply only passing reference to health in wealthy industrialized countries, and then this is usually only by way of drawing comparisons to disease burdens in relatively disadvantaged contexts. University courses in global health and global public health frequently start with statistics about how people in the Euro-American countries are more likely to die of cardiovascular disease or cancer than those in poorer countries (WHO 2015) and a discussion about how the inhabitants of sub-Saharan Africa are more likely to die of infectious diseases, malnutrition, and respiratory illnesses (WHO 2015). Although lip service is paid to the fact that the USA spends the largest amount on health care per capita in the world and yet still significantly underperforms on most if not all indicators of equity and effectiveness of health delivery (Mintzberg 2012, p. 4), this is not seen as an impediment to US agencies being granted a major voice in global health policy. Critical evaluation of Western-style health systems (see, e.g., Lock and Nguyen 2010; Baer et al. 2013), increasingly a core component of health science curricula, is not generally included in the training of health development practitioners.

### Overestimation of Western Influence

The popularity of global health as a subject of study and public comment, and the dominance of Western practitioners among its key advocates, has created an exaggerated sense of the importance of the West in directing or controlling health outcomes around the world. As mentioned above, the IMF commitment to neoliberal reforms has greatly damaged the health systems of many poorer countries. However, this should not obscure the fact that the contribution of Western aid to health budgets in poorer countries is generally very limited. There are few instances where donor money supports a significant proportion of health needs. In a few isolated cases, external donations comprise up to a half of national health budgets (WHO 2016); however, overall the impact is far more modest. On average, less than 10% of African nations' health budgets came from external sources in 2014 (WHO 2016). The – largely self-serving – overemphasis of donor input and the undervaluing of local health systems and traditional health practices undoubtedly results in loss of opportunities for meaningful, sustainable health system improvement. Indeed, it is likely that a greater focus on support for existing, culturally appropriate, local health systems would enable development health programs to achieve significantly greater impact.

### Overreliance on Statistical Markers of Disease

The current philosophy and ideology of both global health in general and global public health in particular place excessive emphasis on quantitative measures of health. This leads – among other things – to distortions in health programs and to the deskilling of health development workers.

The establishment of an integrated system of concepts supported by an extensive body of "factual data" generated by a well-supported academic industry leaves little room for immersed cultural learning. Working from a deficiency model, statistics are collected, "causes" are identified, and interventions are designed and evaluated, usually with the aim of improving standardized quantitative measures. Health statistics can reveal important features of population health needs and outcomes. However, quantitative measurements always rely on qualitative assumptions about what is worth measuring and how those constructs are interpreted and conceptualized (Bowen 1996), and these constructs can be subject to political manipulation (Kath 2010). By their very nature, quantitative measures reflect averages across selected populations and can often obscure local discrepancies or inequities. Accurate, quantitative variables only represent measurable phenomena and in themselves can provide at best limited

information about causal relationships. Further, the ease of measuring quantitative markers has led to a focus on their use to guide not only global health theory but also the allocation of material resources, even where their limited utility in relation to assessment of desirable health outcomes is recognized. Such important deficiencies are rarely acknowledged.

### Medical Dominance

The conceptual hegemony of medical models of health care has also limited the development of global health and global public health discourses. In development theory and practice, Western concepts of medicine and "health" itself are widely conflated (Clark 2014, p. 1). Critiques of "medical dominance" have a decades-long history (Friedson 1970; Willis 1983) in social science research of health systems in Western contexts (e.g., Willis 2006; Long et al. 2006; Latimer 2013). However, the cultural biases associated with narrowly conceived concepts of health, health care, and "biomedical" science are rarely articulated in development health discourse. Indeed, when questions are raised about the application of Western medical models to non-Western cultures, they often portray the host culture as a problem to be overcome to allow the implementation of valid, "scientific," or "evidence-based" medical care. Rarely is there a genuine questioning of the appropriateness or effectiveness of the particular medical model itself.

Western professional training does not necessarily prepare health-care workers, especially doctors, to be culturally aware, responsive, or adaptable. Doctors, nurses, and allied health workers may be encouraged to reflect on their personal practices, but they also operate within a system where critical reflection on the deeper assumptions underlying their discipline is stigmatized and actively discouraged (Lock and Ngyen 2010). As Lakshmi et al. point out: "A hierarchy of systems of medicine, often unacknowledged, is exercised in most societies, with allopathy at the top, certain traditional, complementary and alternative systems of medicine systems next and local healing traditions last" (2015, p. 1067). Even where value is attributed to such systems and local healing approaches, the latter remain on the periphery. In spite of extensively researched and well-articulated work pointing out the limitations of "evidenced-based medicine" as defined within the conventional Western biomedical paradigm (Feinstein and Horwitz 1997; Greenhalgh 2014; Kirmayer 2012), this ideological construct remains sacrosanct (Lock and Nguyen 2010). As a result, approaches to health and well-being that are not based on Western biomedical science are frequently either dismissed or actively suppressed.

### Cultural Competency

Rather than working with a goal of shared understanding with existing local health systems, and adopting a role of collaborator, the role of development health workers is often assumed to be a superior cultural position that has the beneficent goal of intervening to improve behavior and practice.

The ability to adapt Western-trained technical skills and expertise to local cultural circumstances is often referred to as an important attribute of health workers in general (Purnell 2013). To this end, many nursing and medical courses now include components on "cultural competency" (Kleinman and Benson 2006). However, in practice, the supposed conceptual openness of Western medical science is strictly limited. In addition, the concept of cultural competency, which was originally devised for the purpose of supporting critiques of standards of care offered to diverse, non-dominant populations in Western medical systems, has not been effectively transferred into development contexts. The assumption of a generic "competency" or skill that can be applied across all cultures is in reality merely another version of the Western bias toward universalistic, instrumental characterization of culture and cultural practices (Kleinman and Benson 2006). Rather than generating openness, it can (and often does) serve as a barrier to authentic dialogues across systems of difference, according to which no theoretical assumptions can be excluded from critical scrutiny.

Underlying conceptions of global health – and, a fortiori, global public health – is a confidence in

the assumption that technocratic, instrumentally based modes of thought and action provide benevolent alternatives to the harshness of neoliberal market-based policies. This is expressed through the familiar preoccupations with large-scale public health campaigns – for example, mass vaccination campaigns – which make an important contribution but can come to be seen as all-encompassing solutions which distract from the importance of incorporating local knowledge. It is expressed through the emphasis on pharmacotherapy and "educational" programs to control HIV/AIDS, in the absence of consideration of the importance of the cooperative fostering of community capacity. It is expressed through military-style operations to control and quarantine populations to limit the spread of Ebola virus and other epidemic diseases. It is manifested in campaigns to control obesity and diabetes that depend on paternalistic strategies to direct dietary and lifestyle change rather than addressing the deep cultural, economic, and political roots of unhealthy diets. And it is evident in the reliance on instrumental, positivistic notions of causality in tracing the "social determinants" of ill health and proposing monocausal remedies that often compound the problems rather than ameliorating them.

We note in passing that the regime of "foreign aid" in general is based on the same pathology: that is, the implicit dependence on epistemological and ontological assumptions linked to constructions of Western culture, science, and medicine. Like cultural competency itself, rather than promoting mutual learning and teaching through fluid and open dialogues across cultures and belief systems, it imposes a systematic and impenetrable barrier.

## The Future of Public Health in a Global Era

Although admittedly possessing many positive features, the globalization of public health carries with it problems and dangers. Many of these are common to those encountered by the larger process of the globalization of health and health care. As discussed, these encompass cultural biases and the imposition of Western perspectives on the nature and concept of health in the developing world, as well as assumptions about what constitutes a healthy society and the prices that communities are prepared to pay in order to achieve adequate health outcomes. Also as with global health in general, global public health may be associated with an overreliance on abstract statistical measures of health and disease and on culturally biased tools of analysis.

The globalization of public health also introduces some additional specific risks. As the experiences of Western societies have shown, the institutions and structures of public health are linked directly to the ways in which power is distributed and exercised. The alignment effected by public health of the civil society institutions of medicine and the public apparatuses of authority can be overt, through actions taken by government and enforced by law, or it can be implicit, operating through the educational and cultural systems. The subjugation of medicine to the direct control of public authorities carries significant risks; the exercise of "biopower" also has the capacity to obscure the decisions that may need to be made as traditional societies negotiate their paths to modernity.

As part of the larger project of developing an effective and ethically secure global health methodology, the globalized forms of public health need to find ways of responding to non-Western health approaches while applying the powerful tools of population-scale and evidence-based epidemiological analysis. They need to be able to incorporate local concepts of health and disease and to remain sensitive to community practices and cultural attitudes. And they must take steps to avoid dogmatic applications of decontextualized, universalistic practices and ways of thought. As with global health in general, globalized public health programs need to support local, context-sensitive dialogues within communities that facilitate responses to the complex needs generated by rapid processes of change. These dialogues should seek to ensure the integration of different concepts, epistemologies, value systems, and their practical implications.

Any process of globalization should be subject to a strategy for the conduct of reconciliatory engagements, including those based on communicative discourses and other forms of interaction, and this applies with special force to the application in novel cultural environments of innovative technologies such as those associated with public health. Because of the inherent links between public health and politics, special care needs to be taken, even in relation to apparently neutral and benign programs such as mass vaccination campaigns. As in other contexts of globalization, however, there is no substitute for community dialogues in providing mechanisms for sustainable reshaping of cultural systems and structures of understanding.

The insights and practices of public health offer impressive opportunities for enhancing health and health care at the level of whole populations across the world, but the risks and potential pitfalls associated with them must be recognized and appropriately managed. If this is achieved, public health methodologies realized on a global scale will be able to deliver their intended outcomes of novel, effective practices in settings of a widely supported commitment to change, and respect for local cultures and for those who work within them.

## References


Acheson D (1998) Independent inquiry into inequalities in health report. United Kingdom Government Stationary Office, London

Austen RA, Smith WD (1990) Private tooth decay as public economic virtue: the slave-sugar triangle, consumerism, and European industrialization. Soc Sci Hist 14(1):95–115

Baer HA, Singer M, Susser I (2013) Medical anthropology and the world system: critical perspectives, 3rd edn. Praeger, Santa Barbra

Barasa EW, Molyneux S, English M, Cleary S (2017) Hospitals as complex adaptive systems: a case study of factors influencing priority setting practices at the hospital level in Kenya. Soc Sci Med 174:104e112

Becerril JE, Jiménez B (2007) Potable water and sanitation in Tenochtitlan: Aztec culture. Water Sci Technol Water Supply 7(1):147–154

Bell SE, Figert AE (2012) Medicalization and pharmaceuticalization at the intersections: looking backward, sideways and forward. Soc Sci Med 75:775–783

Bowen KA (1996) The sin of omission – punishable by death to internal validity: an argument for integration of qualitative and quantitative research methods to strengthen internal validity Ithaca. Cornell University Department of Policy Analysis and Management, New York

Brand H (2007) Good governance for the public's health. Eur J Pub Health 17(6):541

Brown JH (2015) The oxymoron of sustainable development. Bioscience 65(10):1027–1029

CDC (Centers for Disease Control and Prevention) (2017) What is public health? https://www.cdcfoundation.org/content/what-public-health

Clark J (2014) Do the solutions for global health lie in healthcare? BMJ 349:g5457

Clunies-Ross T, Hildyard N (1992) The politics of industrial agriculture. Earthscan Publications, London

Connell R (2012) Gender, health and theory. Conceptualizing the issue, in local and world perspective. Soc Sci Med 74(1):1675–1683

Costanza R, Fioramonti L, Kubiszewski I (2016) The UN sustainable development goals and the dynamics of well-being. Front Ecol Environ 14(2):59

CSDH (Commission on Social Determinants of Health) (2008) Closing the gap in a generation: health equity through action on the social determinants of health. World Health Organization, Geneva

DeSouza R (2014) One woman's empowerment is another's oppression: Korean migrant mothers on giving birth in Aotearoa New Zealand. J Transcult Nurs 25(4):348–356

Douglas M (1966) Purity and danger: an analysis on concepts of pollution and taboo. Routledge & Kegan Paul, London

Farmer P (2004) An anthropology of structural violence. Curr Anthropol 45:305–326

Farmer P (2005) Pathologies of power. University of California Press, Berkley

Feinstein AR, Horwitz RI (1997) Problems in the "evidence" of "evidence based medicine". Am J Med 103(6):529–535

Fidler D (2002) Global health governance: overview of the role of international law in protecting and promoting global public health (discussion paper). World Health Organization, Geneva

Foucault M (1973) The birth of the clinic: an archeology of medical perception. Tavistock, London

Foucault M (1977) Discipline and punish: the birth of the prison. Pantheon, New York

Foucault M (1978) The history of sexuality, vol 1. Penguin, London

Foucault M (1980) Body/power power/knowledge: selected interviews and other writing 1972–1977. Pantheon, New York

Friedson E (1970) Professional dominance: the social structure of medical care. Atherton Press, New York

Fukuda-Parr S (2016) From the millennium development goals to the sustainable development goals: shifts in

purpose, concept, and the politics of global goal setting fro development. Gend Dev 4(1):43–62
Gabe J, Williams S, Martin P, Coveney C (2015) Pharmaceuticals and society: power, promises and prospects. Soc Sci Med 131:193–198
George S (1974) How the other half dies. Penguin, London
George S (1988) A fate worse than debt. Penguin, London
Greenhalgh T (2014) How to read a paper: the basics of evidence based medicine, 5th edn. Wiley, Oxford
Hafner T, Shiffman J (2013) The emergence of global attention to health systems strengthening. Health Policy Plan 28(1):41–50
Handa S, King D (2003) Adjustment with a human face? Evidence from Jamaica. World Dev 31(7):1125–1145
Hawkes C, Popkin B (2015) Can the sustainable development goals reduce the burden of nutrition-related non--communicable diseases without truly addressing major food system reforms? BMC Med 13:–143
Hogarth S (2015) Neoliberal technocracy: explaining how and why the US Food and Drug Administration has championed pharmacogenetics. Soc Sci Med 131: 255–262
Kath E (2010) Social relations and the Cuban health miracle. Transaction, New Brunswick
Kimbrell A (2012) Corporate lies: busting the myths of industrial agriculture the fatal harvest: the tragedy of industrial agriculture. Island Press, Washington, DC
Kirmayer LJ (2012) Cultural competence and evidence-based practice in mental health: epistemic communities and the politics of pluralism. Soc Sci Med 75(2): 249–256
Kleinman A (1978) Concepts and a model for the comparison of medical systems as cultural systems. Soc Sci Med 12:85–93
Kleinman A, Benson P (2006) Anthropology in the clinic: the problem of cultural competency and how to fix it. PLoS Med 3(10):e294
Laaser U, Donev D, Bjegovic V, Sarolli Y (2002) Public health and peace. Croation Med J 43:107–113
Lakshmi JK, Nambiar D, Narayan V, Sathyanarayana TN, Porter J, Sheikh K (2015) Cultural consonance, constructions of science and co-existence: a review of the integration of traditional, complementary and alternative medicine in low- and middle-income countries. Health Policy Plan 30(8):1067–1077
Latimer J (2013) The gene, the clinic, and the family: diagnosing dysmorphology, reviving medical dominance. Routledge, London
Lock M, Nguyen V-K (2010) An anthropology of biomedicine. Wiley-Blackwell, Oxford
Long D, Forsyth R, Iedema R, Carroll K (2006) The (im) possibilities of clinical democracy. Health Sociol Rev 15(5):506–519
Long D, Kath E, Komesaroff P (2017) Global health and development practice. In: Battersby P, Roy RK (eds) International development: a global perspective on theory and practice. Sage, London
Marmot M (2005) Social determinants of health inequalities. Lancet 365:1099–1104
Marmot M (2015) The health gap: the challenge of an unequal world. Bloomsbury, London
Mathiesen T (2004) Panopticon and synopticon as silencing systems. Silently silenced. Essays on the creation of acquiescence in modern society. Waterside Press, Winchester, pp 98–102
Mays L, Antoniou GP, Angelakis AN (2013) History of water cisterns: legacies and lessons. Water 5(4): 1916–1940
Mintzberg H (2012) Managing the myths of healthcare. World Hosp Health Services 48(3):4–7
Murray C (2015) Shifting to sustainable development goals – implications for global health. N Engl J Med 375(15):1390–1392
Nadeson MH (2008) Governmentality, biopower and everyday life. Routledge, London
Pfeiffer J, Chapman R (2010) Anthropological perspectives on structural adjustment and public health. Annu Rev Anthropol 39:149–165
Purnell LD (2013) Transcultural health care. A culturally competent approach. F.A.Davis, Philadelphia
Rivers WHR (1924) Medicine, magic and religion. Kegan Paul, Trench & Trübner, London
Rogers P (2016) Resilience and the city: change, (dis)order and disaster. Routledge, London
Sarioloa S, Raindran D, Kuma A, Jeffery R (2015) Big-pharmaceuticalisation: clinical trials and contract research organisations in India. Soc Sci Med 131: 239–246
Savigny D, Adam T (eds) (2009) Systems thinking for health systems strengthening. World Health Organization, Geneva
Schneider D, Lilienfeld DE (eds) (2008) Public health. The development of a discipline. From the age of hippocrates to the progressive era. Rutgers University Press, New Brunswick
Schrecker T, Bambra C (2015) How politics makes us sick: neoliberal epidemics. Palgrave Macmillan, Basingstoke
Simpson B, Khatri R, Ravindran D, Udalagama T (2015) Pharmaceuticalisation and ethical review in South Asia: issues and scope of authority for practitioners and policy makers. Soc Sci Med 131:247–254
Spaiser V, Ranganathan S, Swain RB, Sumpter DJT (2016) The sustainable development oxymoron: quantifying and modeling the incompatibility of sustainable development goals. Int J Sustain Dev World Ecol
Trugden R (2000) Why warriors lie down and die: towards an understanding of why the aboriginal people of Arnhem land face the greatest crisis in health and education since European contact- Djambatj Mala. Aboriginal Resource and Development Services, Darwin
Wanner T (2015) The new 'passive revolution' of the green economy and growth discourse: maintaining the 'sustainable development' of neoliberal capitalism. New Political Econ 20(1):21–41
WHO (2015) World health statistics 2015. World Health Organization, Geneva

WHO (2016) Health expenditure ratios 1995–2014. WHO, Geneva
WHO (2017) Public health services World Health Organization Regional Office for Europe. http://www.euro.who.int/en/health-topics/Health-systems/public-health-services
Wilkinson R, Marmot (eds) (2003) Social determinants of health: the solid facts, 2nd edn. World Health Organization, Geneva
Willis E (1983) Medical dominance: the division of labour in Australian health care. Allen & Unwin, Sydney
Willis E (2006) Taking stock of medical dominance. Health Sociol Rev 15(5):421–431
Winslow C-EA (1920) The untilled fields of public health. Science 51(1306):22–33

# Globalization and Public Policy

Sharon Andrews and John Whyte
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Definition

- Globalization refers to the increased dynamics and complex interdependencies among people, governments, companies, and nongovernment organizations across and between local, national, and international levels. Globalization infers an opening up of perspectives and fields of action.
- Public policy can be defined as purposive action that is ostensibly in the public interest and has been legitimated by governments or quasi-governmental organizations.

## Introduction

Debates regarding the relationship between globalization and public policy engage with the question of how (to what extent/through what means) has globalization impacted public policy and the capacity of the nation-state to set and achieve its policy goals.

More simplistic responses have used the language of global forces and diagnosed a hollowing out of the state marked by a significant diminution of power. While it is clear that the economic, social, and political arrangements and relations that are shaping domestic conditions and outcomes are increasingly supranational, this does not mean that globalization has left the nation-state hamstrung. This misconception is too all encompassing, undifferentiated, and deterministic.

Kennett (2008) notes that states are differently positioned in regard to their capacity to exercise power – both internally and externally – cautioning that even those states able to exercise significant political and economic power are not unchallenged masters of their own and other domains. The global arrangements and relations that shape national and supranational policy goals and outcomes are not static or uncontested nor are they undifferentiated.

Arguably, the most appropriate perspective to take on the impact of globalization on public policy is that it involves processes that are complex, contingent, and ambiguous. Scholars and commentators may be able to pinpoint common themes and pressures but must also recognize that these do not always apply, may have varied effects, and are subject to change. The practices and outcomes of policy activity under the conditions of globalization have to be investigated rather than assumed.

Nonetheless, it is possible to identify a number of key exemplar dimensions with respect to the relationship between globalization and public policy. These dimensions include:

1. Globalization as an imperative
2. Globalization as a source of policy problems
3. Globalization as policy rhetoric/legitimating strategy
4. Globalization as policy opportunity

## Globalization as Imperative

Public policy never occurs in a local vacuum. However, the extent to which policy activity is shaped by global factors depends, in part, on the nature of the policy issue being addressed. Some

policy problems can only be understood and responded to within a globalized frame. For example, some dimensions of corporate tax avoidance are enabled by the capacity of multinational entities to "locate" profits and expenses within those jurisdictions most favorable to their tax minimization interests. In effect, globalization and the more permeable global economic order of contemporary times have provided opportunities for multinational entities to legally avoid paying tax in ways that negatively affect the revenue bases of national governments across the world.

The phenomenon of multinational tax avoidance does not necessarily create a global imperative to act. Some nation-states may be better positioned than others to benefit from profit shifting and tax minimization strategies. Where there is a will to act, globalization becomes a policy imperative, precisely because of the complex interdependencies implicated across and between local, national, and international levels. Multinational tax minimization is an issue that cannot be addressed at the level of the nation-state alone – it requires a global response.

There are numerous other policy issues for which it is imperative that policy actors generate a global response – including drug trafficking, human trafficking, terrorism, irregular migration and refugees, health epidemics, antibiotic resistance, and climate change, to name a few. The consideration common to all such issues is that although the policy responses to these issues are legislated within national jurisdictions, they have to be developed and implemented in concert with others from other policy contexts and arenas in order to be effective.

The imperative to generate such supranational responses to shared global problems has given rise to the concept and practice of global governance. Evans (2009, p. 256) contends that "Global governance refers to the process of political interaction aimed at solving problems that affect more than one state or region when there is no authority structure that can enforce compliance."

Viewed through a positive lens, such global governance can be viewed as a means to provide a negotiated convergence of policy, which allows for ample regulation. Critics, however, contend that such increased policy convergence at the supranational level can result in a democratic deficit at best, or in the worst case scenario, a race to the bottom (Drezner 2001). This latter critique reflects concerns about the outcomes of drastically reduced barriers to economic, political, and cultural exchange that is fundamental to globalization.

## Globalization as a Source of Policy Problems

The consequences of globalization have been hotly debated for decades. Supporters and critics have, respectively, aligned themselves behind claims relating to the positive and negative effects of changing relations and arrangements within the global sphere. Concerns about nation-states' capacities to respond to policy problems have been discussed in the previous section. This section reflects more on the substantive nature of some of the problems associated with globalization. These problems may be economic, environmental, cultural, or social.

### Economic Effects

In economic terms, most of the debate has concerned radical changes to life chances in terms of income inequality and disparities in employment opportunities. In effect, globalization can be broadly understood as contributing to significant shifts in the fate of communities within and across national territories. More specifically, the transnational mobilizations of capital, off shoring of employment opportunities, and international migration of labor have altered, and continue to alter, the distribution of opportunities and rewards for work. The distributional effects of globalization are not universal but are heterogeneous: for some, the effects constitute a change for the better, where others lose what they had previously.

Making sense of these varied distributional effects – both theoretically and empirically – is an ongoing challenge. Researchers have engaged the question of distributional effects at different levels of analysis: micro (kinds of firms/

employees), meso (particular sectors or occupations), and macro (kinds of economies/economic blocks).

For example, an individual positioned within a competitive firm (or one that is sheltered from competition in a particular sector), who has highly developed skills and is mobile, will be more likely to experience globalization as a positive because of their relative employment security, higher wages, and potentially lower prices on the goods and services they seek to purchase. In contrast, an individual positioned within sectors of decline (or companies who are unproductive) and who has less highly developed skills levels may be detrimentally impacted not only by these phenomena but also by competition for jobs through the off shoring or the migration of labor.

Whether such "adjustment" issues are seen as a problem for policy makers depends, in part, on the dominant discourses at play, including whether unemployment is viewed as a temporary outcome. The same is true with debates about rising inequality, with many arguing that poverty should be the issue that policy maker's focus on and absolute poverty should be the lens through which the effects of globalization are judged.

These discourses may seek to discourage an analysis of the relative wins and losses that globalization contributes to at subnational, national, or supranational levels. Nonetheless, it is clear that disparities in income, economic security, and power are contributing to social unrest, dissent, and political action.

## Globalization, Social Cohesion, and Cultural Diversity

Issues of social cohesion have long accompanied the changing nature of national and international relations and arrangements associated with globalization. Questions about globalization and social cohesion are not limited to issues of justice and fairness. For many, changing global relations also put into question social bonds and the ways in which people identify with themselves and others. Under intense processes of globalization, national affinities have given way to more hybrid and plural structures of identity (Scholte 2005).

One example of the possible impact of such plural structures of identify is put forward by Manual Castells (1997), who argues that when the national border loses its significance in terms of providing for collective identification, and the diversity of group identities grow in prominence, nation-states risk fragmentation which has the potential to narrow the prospects for trust, reciprocity, and solidarity. This perspective is useful when viewing, for example, the responses to the global financial crisis (GFC), which has been something of a conceptual lightning rod for social unrest as coalitions of fate and their supporters react to the perceived causes of the crises and the austerity measures imposed in many jurisdictions as a policy response. Social unrest has taken various forms "from riots, strikes and demonstrations, to the 'Occupy Wall Street' movement and its offshoots around the world" (Westaway 2012, p. 136).

With respect to the possible cultural impacts of globalization, the debate is still very much alive. Some commentators argue that new technological and communicative capacities enable cultural differences to be shared, celebrated, and maintained; others are concerned about cultural imperialism and the impact of a Western consumerist culture. This latter position suggests that the rise of the Internet and the spread of cable television has paved the way for the spread of values, norms, and cultural practices that promote Western ideals – particularly those that promote capitalism. Taken to its extreme, some commentators see or predict a global culture dominated primarily by a stereotypical "American" culture.

This concern for cultural homogenization is critiqued as a form of cultural imperialism that manifests in neocolonialism. More recent scholarship (Nederveen Pieterse 2015) argues for a paradigm of hybridity, which would see the development of new mixed forms of social cooperation and trans-local mélange of cultures. This hybridity perspective challenges supporters of the homogenization thesis and those that would catastrophize the prospects for social solidarity in the twenty-first century.

### Environmental Impacts of Globalization

For the most part, environmental concerns have been located within discussions of economic globalization and therefore conceptualized as an outcome of changing economic activity. This has been the site of some of the most contentious debates of our time with significant questions being asked about the compatibility between our current organization and ambitions of the global economy and the sustainability/future of the planet. Questions have also been raised about the efficacy of global environmental governance regimes and their capacity to engage with disparities of power in terms of decision-making as well as injustice in the distribution of benefits and harms associated with different patterns of global resource use (Newell 2012).

The list of environmental problems confronting policy actors at subnational, national, and global levels is extensive and confronting, from the disappearance of entire species to rainforest depletion, degraded farming land, and toxic levels of chemicals within people, locales, and environments, to name a few.

## Globalization as a Legitimating Strategy

Globalization is usually presented and analyzed as a complex set of material practices and processes across local, national, and international levels that give rise to an epochal transformation of contemporary capitalism (Rosamond and Hay 2002). This perceptual approach underpins the examination of globalization in terms of the imperatives it is seen to generate and the outcomes identified as part of the "reality" of a globalizing world.

Rosamond and Hay (2002) point to a discursive element that needs to be addressed over and above any "material reality." Namely, that "it is the ideas that actors hold about the context in which they find themselves rather than the context itself which informs the what in which actors behave" (Hay and Rosamond 2002, p. 148).

In what can be seen as an example of "perception shaping reality," whether policy actors deem globalization to constrain or determine policy prescriptions will matter more than the "truth" or otherwise of this discourse. Because of this, policy makers can find the discourse of globalization useful in mediating tensions that arise in response to policy prescriptions that have negative consequences for constituents of a nation-state. Whether "real" or not, the discourse of globalization may be a convenient "truth" for policy actors seeking to exercise power and maintain electoral support.

In effect, the discourse of globalization can serve as a useful foil for criticism. In the current era in which economic dimensions of globalization dominate, policy makers can take up a Janus-faced positioning, simultaneously arguing that they are subject to external constraints while also claiming credentials as good economic managers. These contrasting positions enable political actors to shift the locus of control for decision-making (and the responsibility for its consequences) depending on the prospects for political fallout or favor.

In this respect, the discourse of necessity associated with globalization – and the way in which it is contested – gives policy makers a forum and form of "plausible deniability" when it comes to the degree of authorship they hold over processes that are reshaping the economic landscape within and beyond their jurisdiction.

Herod (2009) identifies this as happening at the supranational level under the guise of equality and a "level playing field" and further argues that the discourse of equality enables some nation-states to plausibly deny power differentials and authorship of globalizing processes. Herod associates "plausible deniability" by policy makers at the supranational level with neo-imperialism.

The debate on globalization itself can be viewed as providing a repertoire of legitimating discourses for policy makers in warranting their decision-making power. Three dominant discourses have been identified in the literature. The first is a hyper-globalist account that posits that nation-states have "lost power and influence – even 'sovereignty' because they have to (or choose to) tailor their policies to the needs of mobile capital" (Martell 2007, p. 174).

The second is a more skeptical discourse that has responded to the hyper-globalist thesis with

more sober accounts which suggest that globalization is not all that new or truly global. Focusing on empirical evidence rather than abstract theorizing, the skeptics see confirmation of the continuing role of the state within and across national boundaries. Nation-states have gained as well as lost power (Martell 2007). However, this is uneven. As Martell (2007, p. 175) argues, "nation-states retain autonomy and sovereignty in many ways, but unevenly so."

More recently a "third wave" in globalization theory has positioned itself somewhere in between the hyper-globalists and the skeptics. Globalization is not all encompassing nor is it a myth (as some skeptics would suggest). Rather, globalization is an uncertain, uneven, and open-ended phenomenon. Nation-states both contribute to and experience the impact of significant change in the globalizing landscape. The outcome of these changes is not inevitable, predictable, simple, even, or deterministic.

This level of complexity and uncertainty highlights the challenge of making sense of the impact of globalization. It also points to the array of accounts available to policy makers when they seek to articulate and warrant the degree of power they have and their complicity in policy decisions that risk political backlash.

## Globalization as Policy Opportunity

As can be seen in the preceding discussion, the relationship between globalization and public policy can be in a number of ways: as an imperative, source of problems or legitimizing strategy. In addition to these, globalization can also be viewed as creating policy opportunities in terms of policy lessons.

The transfer of policy from one context to another has been conceptualized along a continuum, which places vicarious learning at one end and direct imposition at the other (Dolowitz and Marsh 2000). In other words, some transfers are more voluntary than others.

At the one end of this continuum, the imposition of policy initiatives may be an outcome of globalized power relations and the practices of supranational organizations such as the International Monetary Fund.

Moving along the continuum, more voluntary elements are captured by the concept of "lesson drawing." Lesson drawing means learning from the experience of others. This is a form of vicarious learning that has the potential to inform decision-making across national borders. Policy makers may make use of powerful insights gained by others in terms of "the problems others face, the objectives they seek, the routes they try, the results they arrive at and the unintended results they produce" (Schwille et al. 2007, p. 10).

In effect, the opening up of national borders and the development of global policy networks provide opportunities for policy makers to learn from the lived experience of others. Lesson drawing in a policy sense has the potential to support the diffusion of promising initiatives and reduce the risks of negative unforeseen and unintended consequences.

In practice, however, lesson drawing is complex, often partial, politically invested and no panacea to the challenges of implementing policy that delivers on its intent. Even when not ideologically driven, identifying the potential and limitations of a policy "lesson" can be difficult, as can the enabling conditions that supported success.

In terms of global policy networks, some of their key value lies in their opportunistic nature. Global policy networks tend to arise around areas of shared interest and can address knowledge, capacity, or will issues that may limit the effectiveness of national governments. Streck (2002) identifies a number of key functions of global policy networks:

- The capacity to set agendas by bringing new issues to light or increasing the prominence of an existing policy problem
- Standard setting through the development of "soft" or nonbinding agreements that support transparency and accountability
- Generating and disseminating data and information in a timely manner to support good decision-making

- Boosting the effectiveness and legitimacy of key policy making bodies within member organizations

Global policy networks can also bring together key stakeholders and broker agreements and negotiated outcomes to mediate potential stalemates thus supporting the development and implementation of important policy rationales.

## Conclusion

Making sense of the relationship between globalization and public policy is a challenging endeavor and will continue to be so. The global arrangements and relations that shape policy goals and outcomes both within the nation-state and beyond are not static, uncontested, or singular. In some circumstances, globalization represents a source of policy problems. In other instances, globalization manifests an opportunity to harness collective will, share information or data, and coordinate intervention strategies.

Not all policy actors or institutions are equally positioned to influence or resist policy agendas that have been initiated in transnational settings, and caution needs to be exercised when determining the extent to which a particular policy prescription represents a genuine imperative rather than one that has been named as such in order to garner greater legitimacy.

An increased desire for political legitimacy on the part of national policy makers is understandable in the context of backlash against economic liberalization and some of the social and cultural change that has been associated with globalization. An added difficulty of untangling whether policy initiatives are a genuine imperative rather than a means of foreclosing debate and the prospects of contestation is the self-referential nature of many supranational policy organizations. In many instances, policy makers are party to discussions and decision-making at the supranational level and then responsible for that policy portfolio at the domestic policy level. This dual positioning allows policy actors to manage their proximity to the exercise of political power in terms of the setting of policy agendas.

## Cross-References


- ▶ Economic Liberalization and Governance
- ▶ Global Governance
- ▶ Policy Failure
- ▶ Politics and Collaboration


G

## References


Castells M (1997) The power of identity, the information age: economy, society and culture, vol II. Blackwell, Cambridge, MA

Dolowitz DP, Marsh D (2000) Learning from abroad: the role of policy transfer in contemporary policy making. Governance 13(1):5–24

Drezner DW (2001) Globalization and policy convergence. Int Stud Rev 3:53–78

Evans M (2009) Policy transfer in critical perspective. Policy Stud 30(3):243–268

Herod A (2009) Geographies of globalization: a critical introduction. Wiley-Blackwell, Malden

Kennett P (2008) Governance, globalization and public policy. Edward Elgar Publishing, London

Martell L (2007) The third wave in globalization theory. Int Stud Rev 9:173–196

Nederveen Pieterse J (2015) Globalization and culture: global mélange. Rowman & Littlefield, Lanham

Newell P (2012) Globalization and the environment: capitalism, ecology and power. Polity, Chicago/Cambridge

Rosamond B, Hay C (2002) Globalisation, European integration and the discursive construction of economic imperatives. J Eur Publ Policy 9(2): 147–167

Scholte JA (2005) Globalization: a critical introduction. Palgrave Macmillan, New York

Schwille J, Dembélé M, Schubert J (2007) Global perspectives on teacher learning: improving policy and practice. International Institute for Educational Planning (IIEP) UNESCO, Paris

Streck C (2002) Global public policy networks as coalitions for change. In: Global environmental governance: options and opportunities. Yale School of Forestry and Environmental Studies, New Haven, pp 121–140

Westaway J (2012) Globalization, sovereignty and social unrest. J Polit Law 5(2):132–139

# Globalization and Public Relations

Krishnamurthy Sriramesh and Neva Štumberger
Brian Lamb School of Communication, Purdue University, West Lafayette, IN, USA

## Synonyms

Public relations and globalization; Public relations in a global world

## Definition

Public relations in a globalizing world is discussed in this chapter.

## Introduction

The term *public relations* usually conjures up pejorative images in the minds of most bystanders because it is seen as a manipulative activity on behalf of powerful interests at the cost of social good. Strategic public relations is far from the Machiavellian practice that is associated with this practice. Public relations has been practiced in different parts of the world for more than 4,000 years, even though in its present form, one can trace it to the latter part of the nineteenth century and the twentieth century. Therefore, this essay has the challenge of synopsizing scholarship that has developed over four decades of a practice that is perhaps as old as the human race. Public relations is better described than defined (McKie and Sriramesh 2017). Even so, public relations scholars have offered dozens of definitions of the term. For the purpose of this chapter, we see public relations as "the strategic communication that different types of organizations use for establishing and maintaining symbiotic relationships with relevant publics many of whom are increasingly becoming culturally diverse" (Sriramesh 2009). Most notable scholarly writings in public relations have appeared only from the late 1970s. The first attempts at conceptualizing what had long been a practically oriented field began with assessments of public relations at the individual practitioner level (roles research) and at the organizational level (models of public relations). These theoretical foundations were further developed in the Excellence study conducted in the late 1980s and early 1990s that assessed "how the public relations function should be structured and managed to provide the greatest value to organizations, publics, and society" (Grunig 2006, p. 153). Although the Excellence study has been hailed for its contributions to the field and other aspects, such as being the largest funded research project in the field, it can also be critiqued for focusing only on three Anglo-Saxon countries: the USA, UK, and Canada. Other perspectives have enriched public relations scholarship, most notably the rhetorical perspective, postmodern perspective, and critical cultural perspective.

At the dawn of the twenty first century, globalization forced the field to expand its horizons from predominantly focusing on American and Western European perspectives to a more global one (Sriramesh 2002, 2010) because organizations – for-profit corporations, not-for-profits, or governments – were forced to make forays into the hitherto neglected markets in Asia, Africa, and Latin America. The need for cross-national communication also provided the catalyst for public relations scholarship to expand its horizons by focusing on public relations practices in hitherto ignored regions of the world such as Asia, Latin America, and Africa. This also resulted in a growth in publications on the topic including books on global public relations (Sriramesh and Verčič 2003, 2009; Curtin and Gaither 2007).

As both public relations scholarship and practice continue to progress, especially in the past two decades, they have encountered particularly new challenges owing to globalization. The world has seen many recent changes such as shifts in the political arena (Brexit, the US elections, and the rejection of established parties in France being the most recent examples), the growth in the influence of international NGOs, spread of social movements, and greater concerns for environmental issues such as climate change. These are

forcing individuals and organizations to recognize the contributions that proactive public relations can make for organizations of all types. This increased demand from practitioners has challenged scholars to conduct research that can result in new and innovative ways of coping with various social, political, economic, and environmental shifts in a globalizing world. Indeed, public relations today might be in the unique position of being able to help organizations cope with this era of rapid globalization, which calls for an ongoing reflection and adaptation in their day-to-day practices. A holistic development of the field and a body of knowledge that is culturally sensitive are direly needed.

We begin this essay by reviewing current public relations literature particularly as it relates to positioning the field to cope with globalization. We then address the issue of ethnocentricity present in both scholarship and practice of public relations, as well as in public relations pedagogy. After providing an overview of some major contributions to the body of knowledge of global public relations, we discuss new opportunities and challenges that await scholars and practitioners and address how they may cope with these challenges in the future.

## Globalization

Globalization is a multidimensional and rather complex concept. With the popularity of this word in the twenty first century, and various notable writings such as Friedman's (2005) book *The Word Is Flat*, this term has been primarily used to explain the diminishing impact of national boundaries, and a shift in power centers globally. It is important to note that globalization is not new to the world because it has witnessed previous eras of globalization (Sriramesh 2010). While there are various definitions of what globalization means, it can be described broadly as the increase in "economic, social, and political interdependencies around the world" (Verčič et al. 2015, p. 785).

Sriramesh (2010) has posited that four factors have played a significant role in the current area of globalization thereby also contributing to the importance of global public relations. The first factor is the increase in democratization around the world that happened predominantly in the second half of the twentieth century. The second is the formation of trading blocks in the final decade of the twentieth century (EU, NAFTA, APEC, etc.) that "increased commercial interactions among countries around the world, leading to increased communication as well" (Sriramesh 2010, p. 693). The third factor is the development and spread of new media and technologies that "have not only provided increased channels for communication but also increased avenues for people to communicate across political and cultural borders, thus increasing pressure on organizations to recognize global voices" (Sriramesh 2010, p. 693). Finally, much of the world seems ready to unite in order to address common problems such as terrorism, environmental issues, nuclear nonproliferation, hunger, and human trafficking. Taking into account the challenges and opportunities of such changes for the public relations profession, it is not surprising that globalization has become an important topic in public relations research in the early decades of this millennium.

It is important to note that whereas globalization has affected public relations, public relations also has contributed to the spread of globalization (Sriramesh 2008). In recent years, scholars have taken into consideration other areas in which the process of globalization has either informed or shaped public relations and vice versa. Globalization has contributed to the professionalization of public relations while also pushing it to expand its horizons beyond the developed West. Yang and Taylor (2014) noted that various networks and systems have been formed as a result of greater and closer connections among practitioners, agencies, and associations, spreading across national borders. Such networks, the scholars suggested, have the potential to "shape how public relations is defined, practiced, and theorized" (p. 509), which may be critical if these networks become too homogenized, with little consideration of local understanding and practices of public relations. In addition, globalization had led to other changes in the profession, such as finding (new) ways for

organizations worldwide to address and meet critical demands by stakeholders, civil society, governments, and other social actors to operate responsibly and ethically sound in their day-to-day practices. For instance, there has been a rise in global standards and initiatives, such as the UN Global Compact, which have set minimal standards to be met voluntarily by organizations around the world.

## Ethnocentrism in Public Relations

The increased nexus between globalization and public relations has brought to fore a deficiency in the field of public relations – its ethnocentricity. Although the field has been making efforts to become more inclusive of diversity, until a decade or so ago, public relations scholarship was too focused on the West and thereby "not ready to help practitioners cope with the opportunities and challenges posed by globalization" (Sriramesh 2010, p. 695). Public relations scholarship has been predominantly based on empirical evidence from Western countries such as the USA, the UK, and Germany (Sriramesh 2002, 2009, 2010). Although public relations was practiced since pre-biblical times outside what is perceived today as the Western world of primarily Anglo-Saxon countries, public relations practice in non-Western national and cultural contexts have been given relatively little attention in public relations scholarship (Sriramesh 2008).

Indeed, one of the major critiques of the current public relations scholarship has been the lack of diversity (Rittenhofer and Valentini 2015; Sriramesh 2002, 2009). Sriramesh (2009) highlighted that globalization in particular has contributed to scholars and practitioners appreciating greater cultural diversity in public relations. He noted that it is critical to define public relations "in a manner that reflects the practice as a global activity involving diverse publics" (p. 2). Moreover, as observed by Rittenhofer and Valentini (2015), there is still little consideration of concepts such as "interdependence," "complexity," and "disembedding" that can help conceptualize "the drivers of globalizing processes" (p. 3). Ethnocentricity is also evident in public relations practice. It is only in recent years that the public relations profession has moved away from solely Western-based professional associations into more international and global ones. Yang and Taylor (2014) suggested that "European influences and regional and global centers have emerged, and these relationships will influence future practices" (p. 523). Public relations teaching and pedagogy have also been marked by ethnocentrism (Sriramesh 2002). Public relations textbooks have been predominantly authored by scholars from a handful of Western countries thereby including information and experiences from a few of these developed countries. Further, in the first 40 years of scholarship, most of the publications in the field focused almost exclusively on corporate public relations (there continues to be such a focus even now) ignoring government and nonprofit organizations (including IGOs, intergovernmental organizations).

## Global Public Relations

The focus of this essay is on the intersection between public relations and globalization, and therefore, it is best addressed in terms of global public relations. In recent years, there has been a growing interest in what has become known as *global* or *international* public relations. Verčič et al.'s (2015) study found that "international public relations is a part of daily business for more than 90 percent of Corporate Communication Officers (CCOs) in Europe, with nearly a quarter of them dealing with 20 countries or more" (p. 787). Not surprisingly, next to "globalization," terms such as "internationalization," "culture," and "intercultural communication" have raised interest among public relations scholars in considering ways in which these concepts could relate to public in a globalizing world (Rittenhofer and Valentini 2015).

With greater spread of globalization, one of the critical concerns among public relations scholars and practitioners has been whether, and how, to find a balance between cultural relativism and a

more generalizable, generic understanding of public relations practice and function across diverse countries and cultures (Sriramesh 2010; Sriramesh and Verčič 2003, 2009). In other words, a multinational organization has to consider whether it will have a one-size-fits-all approach to its global public relations activities or design a unique public relations program for each country where it operates. Obviously, the best approach is to find a middle ground where some aspects of global public relations programs can be centralized, whereas others need to be tailored to local cultures. A multinational study known as the Excellence study (Grunig 2006) offered an approach that blends the *generic* versus *specific* divide, that is, such organizations can benefit from setting some *generic* principles for their global public relations while also implementing these principles locally in different countries based on the *specific* culture (e.g., Likely 2013; Lim et al. 2005; Rhee 2002).

Sriramesh and Verčič (2003, 2009) proposed a theoretical framework for global public relations comprising of five environmental variables that can help multinational organizations set up their global public relations programs: the political system, economic system, media system, activism, and culture (societal and organizational). The basic idea is to bring together "global" and "local" elements to adopt an approach "where some universally applicable principles of public relations are harmonized to develop communication strategies that suit local cultures" (Sriramesh 2009, p. 4). In using the term "cultures," the reference is to the five environmental variables that are also interlinked. A brief overview of these environmental variables is presented next.

**Political system** is a key environmental variable that affects public relations practice in a multinational context. A pluralistic democratic system is a basic ingredient for strategic public relations practice. Public relations involves shaping public opinion, and it can be deduced that pluralistic systems are best able to harness true public opinion while also providing the opportunity to shape it. However, it would be erroneous to assume that public relations only can be practiced in pluralistic political systems. At the other end of the continuum, one finds authoritarian systems that also use public relations for controlling citizens through propaganda. So, on the democracy-authoritarianism continuum, one can find public relations practices ranging from the strategic to the propagandistic. It is to be noted that the democratic-authoritarian continuum is not the only type of political system that is discernible in the world. Other types of political systems such as corporatism, communitarianism, theocracy, and monarchy are evident, and they provide different contexts for the practice of public relations. A global public relations practitioner then needs to have the capacity to contextualize the organization's public relations in such diverse political environments.

**Economic System**: The level of economic development of a country plays a key role in the way public relations is strategized and practiced in that country. Traditionally, highly developed economies have tended to be capitalistic also. More recently, however, China offers an example of a booming economy without political pluralism. Capitalistic economies offer greater competition among investors and that the environment fosters a particular orientation to public relations – more strategic to cope with greater competition. Managed economies, as seen in many developing countries, tend to foster public sector enterprises that are controlled by the government. In such systems, the government becomes the sole public for communication professionals. In this era of globalization, we can discern quite a "leveling of the playing field" with the concentration of economic power shifting from traditional players to some new ones. These changes also have resulted in public relations being called upon to take on newer challenges in new markets. The infrastructure for practicing public relations also has improved in regions outside the traditional public relations power centers in the USA and a few Western European countries. All of these changes have heralded a shift in how public relations is conceptualized and practiced making it much more multicultural.

**Culture**: Edward T. Hall's (1959) famous statement about the interlink between culture and communication is relevant here. Communication

affects culture and culture in turn affects communication. Being fundamentally a communication activity, public relations has an innate link with culture, one that has not been explored much. The nexus between culture and public relations can be discerned in three ways: (a) culture as an antecedent for public relations practice by providing the "environment" in which public relations practice occurs, (b) public relations as an influencer of culture wherein public relations activities have a direct bearing on cultures of societies, and (c) public relations itself as a culture where one can identify public relations practitioners as having a professional culture of their own that distinguishes them from other communication-oriented professionals in journalism, marketing, advertising, etc. Unfortunately, scholarship in public relations has thus far only explored, to a limited extent, the first of these linkages with studies that have mostly used the dimensions of culture offered by Hofstede (1980, 1984, 2001) to explain public relations practices in a few countries. As has been widely critiqued, Hofstede's variables are not comprehensive and do not address *all* aspects of culture, something he himself admitted when he offered the first four dimensions in 1980. Further, he looked for *similarities* across cultures, whereas it is often the *unique* idiosyncrasies of a culture that play a key role in communication and thereby public relations. Public relations scholarship has yet to fully integrate culture into the body of knowledge and thereby is lagging behind in preparing the field for the challenges of globalization. Hofstede's cultural dimensions offer us a glimpse of *societal* culture but *organizational* (*corporate*) culture, which is distinct from societal culture, is equally important, and yet underrepresented in public relations scholarship.

**Media Systems**: Around the world, there is an assumption, albeit an erroneous one, that public relations only involves maintaining relationships with journalists on behalf of the organization – popularly referred to as "media relations." This assumption stems from the fact that public relations practitioners frequently use mass media as conduits for communicating their messages. Given that the mass media are such an important "public" for the field of public relations, it behooves us to address the mass media as an "environmental variable" that should be taken into account when discussing public relations in a global context. Until about 15 years ago, public relations scholarship had not addressed the different media environments that public relations practitioners need to contend with at all. Again, it should be noted that globalization has spurred public relations scholarship into giving greater importance to learning about the different media environments in different regions of the world. The normative theories of the mass media first introduced by Siebert et al. (1956) and then further refined by a variety of scholars in the 1970s and 1980s help us understand the different functions of the mass media in different political and economic systems. Almost 50 years after Siebert et al.'s seminal work, Hallin and Mancini (2004) offered a review of media environment in 18 European countries. With the onset of information and communication technologies (ICTs) and social media, different challenges have been posed to public relations practitioners who now have to balance *traditional* (print and broadcast) media as well as *new* media consisting of ICTs and social media and what Castelló et al. (2013) called "networked societies."

**Activism**: Except in the most repressive political systems, organizations around the world have to be responsive to activist pressure. Especially corporations often are challenged by activists when they are disenchanted with the negative consequences that corporations have on society. Activist pressure usually brings with it reputational consequences because activists usually seek the mass media as allies, and therefore, organizations seek help from public relations especially during such times. Activism adds to the dynamism of the organization's environment by creating pressure points in the public sphere. Activists, therefore, create opportunities for public relations professionals. In a global setting, the complexities of dealing with both domestic and international activist groups increase the challenge both for the organization and for the global public relations practitioner (Kim and Sriramesh

2009). Of course when one combines this environmental variable with particularly two others discussed above – political system and media system – the blend can be a potent reputational pressure point for organizations of all types.

Thus, it is important to reiterate that the five environmental variables are not discrete but very interdependent (Sriramesh and Verčič 2003, 2009). We have argued in an earlier essay that "political economy affects, and is affected by, societal culture just as media culture is affected by, and affects, societal culture, political culture, and economic culture. In other words, these variables are interrelated influencing each other but important enough to be studied individually in order to expand the body of knowledge" (Sriramesh and Duhé 2009, p. 368). It makes eminent sense to broadly define the term "culture" in this context, going beyond the anthropological notions of the term. Therefore, being sensitive "to diversity in culture, political economy, media system, and activism" is then not only needed in the context of global(izing) world – rather, it is "fundamental to every public relations enterprise... Only then can the profession and scholarship move away from the ethnocentricity that currently exists and make the profession more holistic and far more effective than it is today" (Sriramesh 2008, p. 423).

## Conclusion and the Future

Over the last four decades, the body of knowledge of public relations has grown from strength to strength. For a predominantly practice-oriented domain, this has been a welcome development because scholarship can help enhance practice. However, the field had remained largely ethnocentric until the turn of the millennium when the field has been enriched by more international perspectives. The past 15 years have seen a significant broadening of the horizons of the field owing principally to globalization. However, the glass is only half full, and there is a need for greater integration of global perspectives into both the body of knowledge and practice. Among other things, there is a need for scholars to empirically link the five environmental variables discussed here with public relations practice. Such evidence will help us *predict* which public relations strategies and techniques are optimal in certain cultures and thus be immensely helpful to practitioners who are coping with globalization either based on trial and error or anecdotal evidence.

There is also a need to empirically study the role of public relations in society. As mentioned earlier, public relations has an impact on the cultures of the world but such impact has not been studied empirically by public relations scholars. What contributions, positive or negative, is public relations practice having on the world? Further, the relationship of public relations to economic and power structures of different societies and political and economic systems is yet to be empirically studied. Public relations scholars also need to study some of the big issues facing the world such as those raised by the business leaders, think tanks, and politicians at the World Economic Forum. The implications of globalization, interdependence, and interconnection – going beyond social media networks – global shifts in power and complexity and the concomitant fallout such as the potential for intergenerational conflict, security, and resource wars and the inability of nations and organizations to deal with these issues offer opportunities for research. These issues have real impact on the lives of our practitioner colleagues who struggle with the implications of the ongoing economic crisis in Europe and the USA and the worldwide accountability and increasing youth and political activism.

Empirical evidence also needs to address public relations itself as a *culture*. Is it the remit for public relations to be a "hired gun" representing only corporations? This essay wishes to dispel such a myth. However, more evidence is required to establish the "social good" that can emanate from strategic public relations practices. So, we need evidence to establish public relations as a builder of communities, as an aid for national development and perhaps even nation building rather than a Machiavellian practice that does more harm than good to societies. Public relations

has played a role in all these desirable activities but those have just not been chronicled so far and need to be. NGOs "have become influential actors in creating awareness of international social, political, environmental and economic causes in global society" (Schwarz and Fritsch 2014).

Another important question is the applicability and relevance of the existing body of knowledge for government public relations. Public diplomacy, a segment of government communication, has received significant attention among public relations scholars in recent years. Yet, there has not been adequate chronicling of the nexus between public relations and public diplomacy, including cultural diplomacy. The overlap between public diplomacy and public relations is vastly underexplored by scholars even though it exists.

The current dynamism in the global environment has important implications for public relations practitioners. As Verčič et al. (2015) noted: "Diversity and international experience are keys for recruitment and composition of communication professionals in corporate headquarters as well as in decentralized communication teams" (p. 791). In fact, their study found that more than 90% of the CCOs in Europe in their sample experienced international communication routinely with nearly a quarter of them interacting regularly with more than 20 countries. Although "domestic" public relations (defined as public relations practiced within national borders) is not dead, it has certainly changed from what it used to be until the dawn of this era of globalization becoming ever more cross-cultural. In essence, globalization has transformed public relations practice making it truly intercultural and complex.

## Cross-References


- ▶ Culture and Organizations
- ▶ Diversity in Organizations
- ▶ Globalization and Culture
- ▶ Globalization and Democracy
- ▶ Globalization and Organizations
- ▶ Organizational Communications


## References


Castelló I, Morsing M, Schultz F (2013) Communicative dynamics and the polyphony of corporate social responsibility in the networked society. J Bus Ethics 118(4):683–694

Curtin PA, Kenn Gaither T (2007) International public relations: negotiating culture, identity, and power. Sage, Thousand Oaks

Friedman TL (2005) The world is flat: a brief history of the twenty-first century. Farrar, Strauss and Giroux, New York

Grunig JE (2006) Furnishing the edifice: ongoing research on public relations as a strategic management function. J Public Relat Res 18(2):151–176

Hall ET (1959) The silent language. Doubleday, Garden City

Hallin DC, Mancini P (2004) Comparing media systems: three models of media and politics. Cambridge University Press, Cambridge, UK

Hofstede G (1980) Culture's consequences. Sage, Beverly Hills

Hofstede G (1984) Culture's consequences: international differences in work-related values. Sage, Newbury Park

Hofstede G (2001) Culture's consequences: comparing values, behaviors, institutions, and organizations across nations. Sage, Thousand Oaks

Kim J-N, Sriramesh K (2009) A descriptive model of activism in global public relations research and practice. In: Sriramesh K, Verčič D (eds) The global public relations handbook: theory, research, and practice: expanded and revised edition. Routledge, New York, pp 79–97

Likely F (2013) Managing strategically: Canadian federal government communication branches evaluated against five of the generic principles of public relations. J Prof Commun 3(1):69–96

Lim S, Goh J, Sriramesh K (2005) Applicability of the generic principles of excellent public relations in a different cultural context: the case study of Singapore. J Public Relat Res 17(4):315–340

McKie D, Sriramesh K (2017) Public relations. In: Scott CR, Lewis L (General eds), Barker JR, Keyton J, Kuhn T, Turner PK (Associate eds) International encyclopedia of organizational communication. Wiley, Chichester

Rhee Y (2002) A cross-cultural study of the excellence theory in South Korea. J Public Relat Res 17(4): 159–184

Rittenhofer I, Valentini C (2015) A "practice turn" for global public relations: an alternative approach. J Commun Manag 19(1):2–19

Schwarz A, Fritsch A (2014) Communicating on behalf of global civil society: management and coordination of public relations in international nongovernmental organizations. J Public Relat Res 26(2):161–183

Siebert FS, Peterson T, Schramm W (1956) Four theories of the press: the authoritarian, libertarian, social

responsibility, and soviet communist concepts of what the press should be and do. University of Illinois Press, Urbana
Sriramesh K (2002) The dire need for multiculturalism in public relations education: an Asian perspective. J Commun Manag 7(1):54–70
Sriramesh K (2008) Globalization and public relations. In: Zerfass A, van Ruler B, Sriramesh K (eds) Public relations research: European and international perspectives and innovations. VS Verlag, Weisbaden, pp 409–425
Sriramesh K (2009) Globalization and public relations: an overview looking into the future. PRism 6(2) Retrieved: http://www.prismjournal.org/fileadmin/Praxis/Files/globalPR/SRIRAMESH.pdf
Sriramesh K (2010) Globalization and public relations: opportunities for growth and reformulation. In: Heath R (ed) The SAGE handbook of public relations, 2nd edn. Sage, Thousand Oaks, pp 691–707
Sriramesh K, Duhé SC (2009) Extending cultural horizons: political economy and public relations. Public Relat Rev 35(4):368–375
Sriramesh K, Verčič D (2003) The global public relations handbook: theory, research, and practice. Routledge, New York
Sriramesh K, Verčič D (2009) The global public relations handbook: theory, research, and practice: expanded and revised edition. Routledge, New York
Verčič D, Zerfass A, Wiesenberg M (2015) Global public relations and communication management: a European perspective. Public Relat Rev 41(5):785–793
Yang A, Taylor M (2014) A global perspective on public relations professionalism: mapping the structure of public relations associations' international networks. J Mass Commun Q 91(3):508–529

## Globalization and Sex Trafficking

Kaye Quek
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

Globalization, in its various manifestations, has both increased the incidence of sex trafficking to an unprecedented extent and fundamentally altered the form and process that contemporary sex trafficking takes. The enormous expansion of the sex trafficking industry can be directly traced to growing conditions of inequality created through policies of economic globalization, in particular trade liberalization, privatization, and reductions in state welfare services, which have characterized the global spread of Western capitalism since the 1980s. Technological advancements, especially in the areas of communication and transportation, resulting in the freer movement of people and capital, have further aided the exponential growth of the international sex trade. This entry documents how economic, political, and sociocultural aspects of globalization – taken here to mean the processes of growing interconnectedness between individuals, groups, and institutions worldwide – create push-pull factors that enable the crime of sex trafficking to flourish. It highlights the specific role of neoliberal or free market policies in contributing to the proliferation of sex trafficking internationally and the challenges that a globalized sex trafficking industry presents to states and international political institutions.



### The Crime of Sex Trafficking in the Era of Globalization

Sex trafficking, a modern form of slavery and sometimes known as sexual slavery, is the crime of recruiting, transporting, and/or receiving persons for the purposes of sexual exploitation. While most victims of sex trafficking are traded into brothel, street, or escort prostitution, others are exploited in different sectors of the commercial sex industry including pornography, in massage parlors, in strip clubs, and on sex tourism websites. Typically, traffickers recruit victims through false promises of work abroad or in another city or town. Victims leave their homes because of poverty, a lack of employment opportunities, or in search of the more affluent lifestyles of developed countries, only to find themselves indentured in situations of sexual slavery. The illicit nature of the crime makes it difficult to accurately identify the number of victims trafficked for sexual exploitation each year; however, estimates by major international organizations range from 600,000 to 4 or 5 million annually. Women and girls make up the vast majority of sex

trafficking victims, although men and boys too are victims of the crime.

Trafficking for the purpose of sexual exploitation is the most common form of human trafficking in the world, accounting for approximately 80% of all cases of trafficking in persons. The predominance of sex trafficking among the various forms of human trafficking is reflected in the only international legal definition of the crime. The UN 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (also known as the Palermo Protocol), establishes sex trafficking as a crime in international law and lists sexual exploitation first among the different purposes for which a victim may be trafficked (United Nations 2000, Article 3a). Importantly, the protocol does not distinguish between situations of trafficking involving the overt use of physical force or violence and those in which a victim has "consented" to be trafficked (United Nations 2000, Article 3b). The irrelevance of consent is significant to understanding the role of globalization in creating conditions of inequality which leave millions of women and girls worldwide vulnerable to being trafficked for sexual exploitation.

The crime of sex trafficking operates as a truly global phenomenon, with every country in the world affected as a point of origin, transit, or destination. Although pattern variations exist, victims tend to be recruited from economically poor regions of the globe and transported for exploitation to wealthier and more developed areas. In any one case of sex trafficking, there may be a number of actors initiating or facilitating the process across several locations, including the recruiters and traffickers themselves as well as corrupt police, border and law enforcement officials, organized crime syndicates, pimps, and brothel owners. The contemporary industry operates as a significant element of the global economy, with annual profits of the crime worldwide estimated to be in the tens of billions of US dollars.

Sex trafficking is not a new phenomenon; however, there are several factors that distinguish the globalized sex trade of today from those of earlier eras. The scale and form of the contemporary industry are of particular significance. Globalization has not only facilitated the expansive growth of the trade but has transformed the very processes of sex trafficking itself. Macroeconomic policies of trade liberalization and privatization in the developing world have created enormous populations of impoverished women and girls seeking improved economic opportunities elsewhere and vulnerable to the promises of traffickers. At the same time, technological advancements in communication and transportation have increased the speed and capacity of traffickers to transport victims en masse, making the practice of sex trafficking easier as well as more sophisticated, profitable, and geographically diverse than at any other points in history. The extent to which contemporary sex trafficking relies on the macrostructural elements of globalization has led scholars to argue that the crime exists not merely as an *outcome* of globalization but as *an aspect* of the process of globalization itself (e.g., Bales 2012; Clark 2003).

## Creating Supply: The Effects of Economic Globalization on Sex Trafficking

The worldwide proliferation of sex trafficking since the mid-1980s can be attributed in large part to the processes of economic globalization that took place in the same period. Economic globalization is taken here to refer to the spread of Western-style capitalism that occurred throughout the world during the 1980s and 1990s and is characterized by an emphasis on neoliberal or free market economics including trade liberalization, increased foreign investment (especially in developing countries), rapid privatization, and fiscal austerity principally in the form of cuts to social security. In her work *Sex Trafficking: Inside the Business of Modern Slavery*, Siddharth Kara (2009) explains how the enormous expansion of the sex trafficking industry is a direct result of the processes of economic globalization. While the global integration of markets and economies brought benefits to some in the developing world, its corresponding effect has been to greatly increase global slavery by exacerbating rural poverty, expanding the gap between rich and poor,

creating social instability, and facilitating the transfer of wealth and resources from poor economies to wealthy states. In the context of these conditions, women and girls are especially vulnerable to being exploited in sexual slavery due to the uneven and gendered consequences of neoliberal economic restructuring which result in women being disproportionately represented among the poor in a society, a phenomenon known as the feminization of poverty.

The transitions of former communist countries in Central and Eastern Europe to market economies illustrate the role of economic globalization in fueling the problem of sex trafficking. With the fall of communism, states in the region sought to restructure their economies to reflect Western free market capitalism by engaging in massive privatization initiatives, market liberalization, and substantial reductions in social welfare services and provisions. International economic governing bodies, in particular the International Monetary Fund (IMF), were in large part responsible for driving the changes by mandating structural adjustments in affected countries as a condition of lending. The rapid implementation of neoliberal economics led to unprecedented levels of poverty and unemployment in many former Soviet states, with women disproportionately bearing the burden of the transition to capitalism. Where women had previously been used to both working and raising children under communism, supported by a generous welfare state, they came to represent the vast majority of those unemployed and living in poverty with the shift to free market economies. In many former Soviet countries, women comprised 70% of the newly unemployed labor force, creating a boon for traffickers. Economic globalization had a direct role in the upsurge of sex trafficking by creating populations of women and girls living in poverty, searching for better economic opportunities abroad and susceptible to the false promises of traffickers. Today, countries in Central and Eastern Europe remain among the largest source countries for the sex trafficking industry.

The spread of free market capitalism to other regions of the world further attests to link between economic globalization and the proliferation of sex trafficking. In South and East Asia, economic restructuring in line with IMF requirements involving the liberalization of trade and markets, and significant privatization of public resources, has destabilized previously agrarian societies and subsistence economies. Throughout the region, rural poverty has worsened considerably as the introduction of large sums of foreign capital disrupted local forms of production and shifted the focus of state economies to large-scale production in urban centers. The destruction of agricultural land and the privatization of public resources such as water affected women in particular who formed the majority of laborers in the rural agricultural sector. In the context of these conditions, women become vulnerable to traffickers on two fronts: firstly, as a result of their loss of subsistence income and increased impoverishment and secondly, as they migrate in search of new opportunities in emerging urban areas. Traffickers are able to prey on women's economic desperation and isolation from support structures that existed in their home communities. The effect of economic globalization on sex trafficking is in this way twofold, as the shift to free market economies serves to exacerbate female impoverishment while holding the promise of improved economic prospects elsewhere (Purkayastha and Majumdar 2009).

## Fueling Demand: The Intersecting Effect of Economic and Sociocultural Globalization on Sex Trafficking

The exponential growth of sex trafficking in recent decades cannot be explained alone, however, by the supply of impoverished women and girls created by the implementation of neoliberal free market policies worldwide. Rather, the predominantly male demand for the international sex industry is integral to the current magnitude of the sex trafficking trade, and in this, the combined effects of economic and sociocultural forms of globalization play a crucial role. The widening disparity between the rich and poor within countries, as well as between states, is significant in accounting for the enormous demand that fuels

the international trade in sexual slavery. The uneven consequences of economic globalization mean that, at the same time as the spread of free market capitalism has increased the global poor, it has created affluent middle and upper classes possessing greater capital than before with which to buy sex from trafficking victims. Developing countries themselves, and international economic organizations such as the IMF and the World Bank, are also complicit in fueling the demand for sex trafficking by encouraging sex tourism as a development strategy. In countries such as Thailand, sex tourism was explicitly promoted by the state as means to attract foreign capital and increase gross domestic product (GDP). The demand created by these initiatives was met by traffickers, with Thailand emerging as a major hub of trafficking for sexual exploitation in the region.

Economic globalization is further implicated in facilitating the male demand that underpins sex trafficking through the consumer culture that it fosters. Under the free market economic principles of neoliberalism, everything and anything becomes marketable and consumable, including women and children as sexual commodities (Poulin 2003). The growing economic inequality between countries, as a consequence of global capitalism, is equally significant as men from the developed world possess the financial capacity to travel internationally to engage in sex tourism industries supplied with trafficked women. The directional flow of supply and demand in the sex trafficking trade reflects global economic inequalities exacerbated by the spread of free market capitalism, with trafficked women coming from the Global South and male demand originating predominantly from the Global North. The regions of North America and Western Europe, as well as countries including Japan and Australia, are among the largest users of trafficked women.

Structural inequalities heightened by processes of economic globalization intersect with elements of social and cultural globalization to actively encourage male demand for sex trafficking. The transformation of communication that emerged with the technological advancements of globalization is especially significant in this regard. Through the Internet and worldwide dissemination of mass media, trafficked women and girls are promoted as sexual commodities available for consumption by male buyers across the globe and especially those in industrialized states. Gender and economic inequalities overlap with racial and ethnic power imbalances in these mediums, as trafficking victims are advertised in specialized, segmented markets according to racist stereotypes of women in the developing world. Asian women, for example, are frequently represented as pliable and willing, while women from Eastern Europe are promoted as sexually forward and inviting. Through technologies that enable real-time social interaction and global connectivity, male buyers across the world are able to visually and virtually consume trafficked women who are in a different geographical location, while the medium at the same time acts as a broader marketing tool for international sex tourism. The rapid and widespread circulation of images of women as sexual commodities, enabled through channels of sociocultural globalization, has proven invaluable to traffickers who rely on such mechanisms to generate demand.

The normalization of international sex tourism itself can be identified as an additional factor sustaining the global demand for sex trafficking. In the same period that sex trafficking has flourished, so too has the business of international sex tourism. No longer occupying a marginal place in the global economy, the sex industry, in both its legal and illegal forms, has increasingly emerged and been cast as an ordinary sector of the economy, generating billions of US dollars in profits. The strategic positioning of sex tourism as a valuable and viable source of income for developing countries, noted earlier, is exemplary of this trend. With a flourishing sex industry, states stand to gain revenue not only from the purchase of trafficked women in sexual exploitation but from male buyers' use of hotels, airlines, restaurants, and other services in the course of their travel. The globalization of the sex industry is thereby implicated in facilitating the demand for sex trafficking by normalizing the treatment of women and girls as sexual commodities.

## Globalization and the Changing Form and Process of International Sex Trafficking

The effect of globalization on sex trafficking is not limited to factors resulting in the quantitative increase of the crime but extends to the very nature of contemporary sex trafficking itself. That is to say, globalization has *qualitatively* transformed the form and process of the current day trade in women for sexual exploitation. Economic globalization, for instance, has internationalized the allocation of profits deriving from sex trafficking. To the extent that the spread of global capitalism has facilitated the free flow of capital and finance, it has also allowed for financial gains from the industry to be dispersed worldwide among a range of actors including international crime syndicates as well as corrupt government agents and officials who are complicit in the trade. Technological developments in finance, most notably the digital transfer of capital, have aided this trend. Advancements in communication and transportation, as forms of social and cultural globalization, are equally significant. Global competition creating cheaper options for travel both within countries and across borders, coupled with technologies allowing for the faster, larger, and further movement of peoples, has profoundly altered the business of sex trafficking. Through such technologies, sex trafficking has transcended its earlier, more limited structure, to take on new global routes and facilitate the macro-movement of women and girls for sexual exploitation. The outcome is a far more sophisticated and profitable sex trafficking industry that goes beyond the local to take on a truly global form.

Processes of sociocultural globalization have, in particular, increased the ease of the activities of sex traffickers. New digital technologies such as cell phones allow traffickers to easily communicate with women they have indentured in sexual slavery as well as with customers and fellow traffickers, while facilitating their capacity to track and monitor victims under their control via Global Positioning System (GPS) functions. With access to a thriving market in relatively inexpensive cell phones and telecommunication services, traffickers can simply replace the phone they are using should they fear being traced by authorities. The Internet, too, has fundamentally changed the nature of contemporary sex trafficking. It not only forms a key space for the international marketing of commercial sex (discussed earlier) but provides new means with which to recruit victims, such as through social media, and with which to sell victims, such as in online pornography. Traffickers engage in online communication to connect with one another, operate their networks, and identify new locations from which to source sex trafficking victims and potential routes for transfer. Online functions relating to transportation, for instance, the capacity to buy aeroplane, boat, or train tickets via the Internet, further streamline the work of traffickers. Through such legal channels, sex traffickers can coordinate several of the logistical elements of their illegal trade with a lesser chance of detection by officials. Elements of political globalization, namely, in the form of less stringent immigration controls and more porous borders in unified economic regions, intersect with these aspects of social and cultural globalization to minimize obstacles to the crime of transporting victims for sexual exploitation. The increased and freer movement of people worldwide provides traffickers with greater cover for their acts and creates new challenges for detection. As a result, the crime of contemporary sex trafficking operates on a different scale and platform to those of earlier eras.

## Challenges to Combatting Sex Trafficking in a Globalized World

The processes of globalization present very significant challenges to efforts by states, international political institutions, and nongovernmental organizations (NGOs) to combat the international trade in sexual slavery. In the first place, sex trafficking today more often than not cuts across issues of national sovereignty. In the age of globalization, a single act of sex trafficking may involve citizens from multiple states and traverse numerous geographical locations, involve

financial transactions across different countries, and be subject to the laws of several jurisdictions. More so than ever before, the practice is likely to involve a diverse range of actors and places, which create difficulties in regard to data collection, detection, law enforcement, and prosecution. Related to these issues is the absence of coordination and, often, cooperation among states to effectively address the crime. Information sharing between countries is frequently hampered by political stonewalling, claims to sovereignty, and bureaucratic delays. In other cases, attempts to prosecute sex traffickers collapse in the absence of extradition treaties between states (Kara 2009). The extent to which the international community struggles to overcome such issues of national sovereignty stands in contrast to the highly globalized nature of the crime of sex trafficking itself.

Perhaps the single largest challenge to international efforts seeking to address the trade in sexual slavery is the widespread involvement of organized crime in the contemporary industry. With the advent of new technologies facilitating the globalization of the crime, trafficking has emerged as the third largest business for organized crime groups, behind only drugs and arms trading (UNRIC 2016). The participation of international organized crime in the industry is both complex and sophisticated. While not all cases of sex trafficking involve established criminal networks (a significant amount remains the work of individual criminals), those that do benefit enormously from the level of coordination and logistical support that international crime syndicates bring. This includes the capacity to traffic large numbers of women alongside illicit drugs, weapons, and other human beings destined for exploitation in forced labor. More so than individual traffickers, organized crime syndicates are able to adjust trafficking routes or methods of transportation should they find that authorities have blocked a particular pathway. Criminal groups from different countries frequently work together by overseeing different stages of the trafficking process or by renting out locations to one another for victims to be lodged or exploited in and then sharing the profits from the sexual exploitation of victims. The larger criminal networks also possess the capacity to set up fake businesses with which to recruit victims and/or use as a cover for their criminal activities in the sex trade. Equally, they remain better placed than small-time traffickers to procure or create false documents to facilitate the transportation aspect of sex trafficking. The broader challenge facing the international community is the capacity for organized crime to circumvent obstacles to the trafficking process when they arise, including those specifically aimed at deterring the crime by state authorities and international organizations.

The pervasive occurrence of official corruption, which is characteristic of present-day sex trafficking, compounds the problems created by the large-scale participation of organized crime. The exponential growth of the trade since the 1980s could not have taken place without the knowledge and complicity of state officials, ranging from police officers and border and customs authorities to ambassadors, judges, and political parties. Most often the corrupt behavior of officials in regard to the sex trade involves accepting bribes from traffickers in exchange for turning a blind eye to the crime in brothels or at border crossings or for warning criminal groups when investigations at the sites of women's exploitation are imminent. In more high-level situations, prosecutors and judges engage in corruption by seeking or handing down lesser penalties than those associated with trafficking for a one-off payment or longer-term share in the revenues. The intimacy and overlap between organized crime and official corruption in the sex trafficking trade is considered by many experts to be crucial in accounting for the health and unprecedented growth of the industry (e.g., Clark 2003; Kara 2009; Shelley 2010).

A further obstacle faced by states and international organizations attempting to combat the crime is the enormous profits that sex trafficking creates for traffickers in the era of globalization. Kevin Bales (2012), in his work *Disposable People: New Slavery in the Global Economy*, observes that a key difference in slavery between the present day and earlier eras is the fact that slaves are no longer a long-term investment but can be procured cheaply and are easily replaced.

The result, in the context of sex trafficking, is a profit margin greater than those of many of world's most commercially successful multinational businesses (Kara 2009). As potential victims are in plentiful supply due to increasing global inequalities resulting from the spread of free market capitalism, and technological developments and global competition in transportation industries have driven costs down, the expenses for traffickers are incidental compared to the revenues that the crime generates. If a victim should die during the process of transportation, they can be replaced with another trafficked woman at minimal inconvenience to the trafficker. The system of debt-bondage is another factor that distinguishes contemporary sexual slavery from earlier slavery practices and increases the profitability of the trade. Debt-bondage is the arrangement by which women are made to pay off an alleged "debt" to traffickers for their travel and living expenses through the sexual servicing of male buyers for little or no payment from those controlling them. In traditional slavery, the costs of enslavement were the onus of the slaver owner, whereas through debt-bondage sex trafficking victims are made responsible for the costs of their subsistence. In these conditions, there is little incentive for traffickers to cease engaging in the crime – despite the financial and incarceration related penalties associated with sex trafficking – because the risk is so far outweighed by the financial reward.

## Political Globalization and International Efforts to Address Sex Trafficking

Although the challenges to combatting a globalized sex trafficking industry are considerable, recent years have seen the emergence of an international community – made up of states, supra-state institutions such as the UN, and international NGOs – seeking to meaningfully challenge the trade and to support victims. In this sense, while globalization has undoubtedly been crucial in enabling the vast expansion of the sex slavery business, so too has it raised international awareness of the problem and underpinned efforts to create global solutions. Increasingly, the international mass media have played a critical role in the struggle against sex trafficking. Through the creation of documentaries, special news reports, and investigative journalism, the media have employed the many channels of globalized communications to great effect to inform individuals and societies of the devastation and human rights abuses that sex trafficking entails for its victims.

In recent decades, international humanitarian groups and NGOs, as an aspect of global civil society, have also taken on an evermore sizeable and important function in the fight against sex trafficking. The roles performed by international NGOs in relation to sexual slavery are diverse and vary significantly from group to group. While some organizations engage exclusively in victim-support, for instance, in relation to housing, resettling, and legal and counseling services, others focus their efforts on raising awareness and much-needed funds in the wider global community and especially in developed states. As many organizations conduct their work "on the ground" (i.e., in countries and locations where recruitment, transportation, or the sexual exploitation of victims is occurring), they have come to be recognized as key actors in the struggle against sex trafficking. This is due to their knowledge gained as a consequence of groups' proximity to where the abuses are taking place and in light of their interactions with victims and sometimes traffickers themselves. In many cases, NGOs take on the role of a "watchdog," observing the extent to which programs and policies directed at combatting sexual slavery are operating as planned. Based on their firsthand knowledge, many organizations have expanded their activities to include research and policy development, as well as advocacy, in an effort to support governmental efforts to combat the industry.

At the level of international multilateral governance, major initiatives have been developed, especially through the UN, in an attempt to stem the trade in women and girls for sexual exploitation. The most significant of these is the creation of the 2000 UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women

and Children. As noted earlier, the protocol identifies sexual exploitation first among the differing purposes for which human beings may be trafficked. As an instrument of international law, it is notable for establishing, for the first time, an international legal definition of the crime of trafficking in persons and enjoys widespread acceptance having obtained 117 signatories since it opened in Palermo, Italy, in December 2000 (UNTC 2016). The protocol enumerates the major goals of state parties. These are to engage in prevention and prosecution in relation to human trafficking and to provide victims with protections. The significance of the protocol lies in its role in clearly elevating sex trafficking (and other forms of trafficking in persons) to a global political issue, requiring action from all affected international actors in order to be meaningfully addressed. The treaty sits among a suite of measures undertaken by numerous UN agencies and regional political and governmental organizations to tackle sex trafficking. Examples include legislative initiatives, media campaigns, as well as improved law enforcement and border control.

A major criticism of existing international responses to sex trafficking is their failure to adequately account for the broader structural inequalities resulting from economic globalization in particular, which render millions of women and girls vulnerable to being trafficked for sexual slavery in the first place. Jacqui True (2012, p. 69) makes this point in her work *The Political Economy of Violence Against Women* where she argues that "[t]reating trafficking as a criminal justice issue has become the dominant international approach," rather than "addressing the gendered social and economic inequalities that feed trafficking" which remains the larger problem. At the same time, states' efforts to implement the UN trafficking protocol remain uneven, with many emphasizing the prevention and prosecution aspects without meaningfully attending to the protection element, which requires state parties to treat trafficked persons as victims of a crime and not as criminals themselves. In some jurisdictions, victims' reluctance or refusal to assist with prosecutions results in their being treated as an illegal immigrant and the subsequent refusal of services followed by deportation. On the whole, the international community has enjoyed much success in fostering a climate in which sex trafficking is widely recognized as a devastating abuse of human rights. However, significant questions remain not only in relation to the treatment of victims by states but in terms of extent to which current initiatives can effectively halt the crime in the absence of measures which address its root causes.

## Conclusion

The effect of globalization on sex trafficking has been to facilitate the enormous growth of the crime in recent decades and to profoundly alter the processes associated with the business of sexual slavery itself. Economic globalization, with its uneven and gendered consequences, has created unprecedented numbers of impoverished women and children vulnerable to being exploited by traffickers in prostitution and related industries. Qualitatively, sex trafficking has been transformed by elements of social and cultural globalization, such that the contemporary trade operates on a larger and more efficient scale than ever before. Processes of globalization have also resulted in new and significant challenges to effectively combat the crime, including increased corruption by officials and the widespread involvement of international criminal networks. These are in addition to obstacles created by issues of state sovereignty and growing profit margins for traffickers that far overweigh existing penalties. Forms of political globalization have initiated a great number of measures to combat sex trafficking, and although these are in no way insignificant, it remains to be seen how effective they can at dismantling the international trade in sexual slavery without addressing the structural and gender inequalities that underpin the crime. With millions of women worldwide being treated as little more than sexual commodities, it is vital that the international community continues its efforts to fight the globalized traffic in women for sexual exploitation.

## Cross-References

▶ Global Poverty and Inequality
▶ Globalization and Prostitution

## References

Bales K (2012) Disposable people: new slavery in the global economy. University of California Press, Berkley

Clark M (2003) Trafficking in persons and human security. In: Chen L et al (eds) Human insecurity in a global world. Harvard University Press, Cambridge, MA, pp 87–105

Kara S (2009) Sex trafficking: inside the business of modern slavery. Columbia University Press, New York

Poulin R (2003) Globalization and the sex trade: trafficking and the commodification of women and children. Can Woman Stud 22(3):38–47

Purkayastha B, Majumdar S (2009) Globalization and the sexual commodification of women: sex trafficking migration in South Asia. In: Wallimann I et al (eds) Globalization and third world women. Ashgate, Farnham, pp 185–204

Shelley L (2010) Human trafficking: a global perspective. Cambridge University Press, Cambridge

True J (2012) The political economy of violence against women. Oxford University Press, Oxford

United Nations (2000) Protocol to prevent, suppress and punish trafficking in persons, especially women and children. United Nations. https://treaties.un.org/doc/Publication/MTDSG/Volume%20II/Chapter%20XVIII/XVIII-12-a.en.pdf. Accessed 26 Mar 2017

United Nations Regional Information Center for Western Europe (UNRIC) (2016) Human tarfficking. United Nations. http://www.unric.org/en/human-trafficking. Accessed 26 Mar 2017

United Nations Treaty Collection (UNTC) (2016) Status of treaties. United Nations. https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=XVIII-12-a&chapter=18&clang=_en. Accessed 26 Mar 2017

# Globalization and Strategic Security

Joseph M. Siracusa
RMIT University, Melbourne, VIC, Australia

Concerns with terrorism, nuclear proliferation, and war dominated America's first decade of the twenty-first century. The nation's worldview was conditioned by the threat of global terrorism and fear of weapons of mass destruction in the hands of Iraq, Iran, and North Korea. President George W. Bush rallied the country after 9/11, helped develop an international network to thwart terrorist threats, and invaded Afghanistan and Iraq – the latter with the hope of spreading democracy throughout the Middle East. In dealing with Iran and North Korea, he engaged in various economic sanctions and antimissile systems designed to destroy incoming ballistic missiles. His missile defense program, however, was seen in Moscow and Beijing as being put in place to diminish their deterrent forces. Upon his departure from office, American military and foreign affairs were in considerable disarray.

President Barack Obama inherited tense relationships with both China and Russia, a need to negotiate a new treaty with Moscow reducing nuclear-tipped missiles, review the antimissile system, withdraw forces from Iraq, and bolster Afghanistan's inept government. Then, too, he faced other dilemmas: What to do with an Iranian government that might be building a nuclear weapon? How does one deal with a nuclear endangered South Asia? And what position should the United States take during the Arab Spring?

## Focus on Iraq

Presidential campaigns during 2000 set the stage for renewed conflict with Iraq. Vice President Albert Gore, the Democratic nominee, defended the Clinton record on Iraq but added: "I want to go further. I want to give robust support to the groups that are trying to overthrow Saddam Hussein." George W. Bush, the Republican nominee, declared, if as president he found Saddam manufacturing weapons of mass destruction, he would "take him out." Later, he warned on TV's Jim Lehrer News Hour: "If we catch him developing weapons of mass destruction in any way, shape, or form, I'll deal with that in a way that he won't like." Republican vice-presidential candidate Richard (Dick) Cheney warned that if Saddam considered possessing weapons of

mass destruction, "we'd have to give very serious consideration to military action to stop that activity."[1] The Republican platform strongly endorsed the Iraq Liberation Act. Some State Department officials favored new sanctions, but nowhere did the 2000 campaign resolve the question of Saddam's future. But George W. Bush's election would.

Many in the new Bush administration shared the muscular and unilateralist vision of the country's leading neoconservative pundits who advocated expanding the world's democratic arena with displays of US power. Charles Krauthammer, columnist for *The Washington Post*, demanded a "new unilateralism" that sought to "strengthen American power and unashamedly deploy it on behalf of self-defined global ends." Among those who dominated the new administration were self-defined neoconservatives such as Paul Wolfowitz, Deputy Secretary of Defense; Douglas Feith, Under Secretary of Defense; Richard Armitage, Under Secretary of State; and Condoleezza Rice, National Security Adviser. The administration's dominant spokesmen, Vice President Cheney and Secretary of Defense Rumsfeld, were not neocoms but rather assertive nationalists driven by perceptions of danger to US security. What rendered such distinctions irrelevant was the general agreement within the new administration that Washington pursue an aggressive foreign policy against the world's unacceptable regimes, based on incontestable military power and a readiness to use it. Only Colin Powell, the new Secretary of State, was reluctant to endorse the administration's assertive outlook on world affairs.[2]

As the curtain opened on the new administration, Iraq held center stage. At the initial meeting of the new National Security Council on January 30, 2001, there was a high degree of agreement that Saddam needed to go. Leading the anti-Saddam crusade were Wolfowitz, Rumsfeld, and Cheney. Critics noted the failure to uncover any Iraqi weapons program – the sole rational of the demand for action. But toppling Saddam found no consensus in the vast majority of the American people, no less than the world, generally. Iraq largely remained a dead issue.

## 9/11 Terrorist Attacks and Afghanistan Invasion

Plans to remove Saddam's regime were interrupted by the September 11, 2001 terrorist attacks on New York and Washington. The president declared that: "Those who make war on the United States have chosen their own destruction.. . . We will find those who did it. We will smoke them out of their holes. We'll get them running, and we'll bring them to justice." Even Russia's President Vladimir Putin condemned the attacks, defining them as "a blatant challenge to humanity." Britain's Prime Minister Tony Blair declared mass terrorism the new evil in world society, one "utterly indifferent to the sanctity of human life." Some Europeans hoped that the United States, in its pursuit of vengeance, would not push the world into a spiral of uncontrolled violence. Throughout much of the undeveloped world, however, the reaction to the 9/11 attacks was unsympathetic for they understood that Arab hatred toward the United States had driven the attacks. To many Arabs, the United States was an alien, oppressive, and corrupting influence throughout the Middle East. But most of the hatred flowed from the perennial US support of Israel. For Bush, however, Arab hatred of the United States lay not in what America did but in what it was. "They hate our freedoms," he told a joint session of Congress on September 20, "our freedom of religion, our freedom of speech, our freedom to vote and assemble and disagree with each other." Recognizing only American values as an explanation of terrorist action, the president relieved himself and his administration from any obligation to reassess the role of US power and behavior in Middle Eastern affairs.[3]

Following 9/11, Cheney and Rumsfeld proposed that the United States attack Iraq as well as al Qaeda in Afghanistan, but Powell opposed an immediate invasion of Iraq because it would inflame America's Middle Eastern Arab allies. The chairman of the Joint Chiefs of Staff General Henry B. Shelton agreed arguing that action against the Afghan terrorists be completed before launching other military strikes. Bush accepted their advice and delayed plans to attack Iraq. In

contemplating his opening move against terrorism, the president revealed that al Qaeda, a loosely affiliated terrorist organization, with its leader Osama bin Laden, had planned the attack. As bin Laden and his supporters resided in Afghanistan under the protection of that country's Taliban regime, Washington demanded that the Taliban government turn over al Qaeda leaders or face a US invasion.

With the Taliban's refusal, Washington, on October 7, launched its war against terrorism in Afghanistan. NATO had invoked Article 5 to provide military assistance, but the Pentagon preferred to act without major European support. It limited US forces to 60,000, with half retained in the Gulf Region, relying heavily on 15,000 Afghan Northern Alliance fighters and, after October, an equal number of Pashtuns in the south. Again, the American war centered heavily on precision bombing from aircraft, flying thousands of sorties, largely from carriers. The initial conflict was brief and US casualties few. The Taliban, along with al Qaeda leaders, retreated eastward to the cave complexes in the mountains bordering Pakistan. American-led forces seized control of Kabul by December 2001 and made Hamid Karzai head of Afghan's interim government. Bush's main problems were the failure to capture Osama bin Laden and to neutralize the Taliban – the latter would require nothing less than nation building. Unless reconstituted, the country would again become a haven for terrorists, but the fighting had rendered the entire region unstable. What the Afghan war achieved for America's war against terrorism remained tenuous.[4]

Its losses in Afghanistan deprived al Qaeda of its base, but it did not prevent the scattering of its leaders to Western Europe and throughout the Middle East, with less money and logistical support but still active. The thousands of men who had passed through the al Qaeda training camps in Afghanistan had returned to their homes around the world. After celebrating the Afghan victory in his State of the Union message on January 29, 2002, Bush said: "What we found in Afghanistan confirms that, far from ending there, our war against terror is only beginning." Americans must be patient in shutting down terrorist camps, disrupting their plans, and bringing them to justice. We must also prevent attacks by terrorist regimes "who seek chemical, biological or nuclear weapons" to threaten "the United States and the world." After citing North Korea, Iran, and Iraq as nations exporting terrorism and having weapons of mass destruction (WMD), Bush concluded: "States like these and their terrorist allies, constitute an axis of evil, arming to threaten the world." The United States "can't stop short—leaving terror camps intact and terror[ist] nations unchecked."[5] The administration's focus again was on Hussein.

G

## To the Bush Doctrine

Earlier, on November 21, President Bush had signed top-secret instructions to plan military options for an invasion of Iraq. At the same time, the president addressed Rumsfeld: "What kind of a war plan do you have for Iraq? How do you feel about the war plan for Iraq?"[6] With the overthrow of the Taliban, the Washington hawks demanded that the United States close in on Iraq. These demands prompted sharp differences over how to deal with Iraq, with Cheney and Rumsfeld claiming UN sanctions and weapons inspections had failed to remove or damage Saddam's regime for over 10 years, and diplomacy was a waste of time and money. In contrast, Powell said the Security Council's newly approved sanctions would weaken Saddam's control in Iraqi, because they would not only restrict Iraq's weapon's imports but also would help retain US alliances with Arab nations. He wanted to sponsor a Security Council resolution requiring Iraq to admit UNMOVIC inspectors, which Saddam had opposed since 1999. Meanwhile the Bush administration sought European support for a more aggressive policy toward Saddam. During a February 2002 NATO Conference on Security Policy at Munich, Republican Senator John McCain of Arizona declared: "The next front is apparent and we should not shrink from acknowledging it. A terrorist resides in Baghdad with the rich resources of the entire state" and is "proud of a decade-long record of

falsifying the international community's demands that he come clean on his programs to develop weapons of mass destruction." The American's hawkish position shocked European delegates. House of Commons member, Menzies Campbell, said Britain supported a stronger position against Iraq, but London "would require incontrovertible evidence in order to justify" a military operation. A member of the German Parliament (Reichstag), Gert Weisskirchen, wanted a "multilateral approach in US policy" toward Iraq, arguing America must involve its allies in planning and executing any battles ahead.[7]

Bush and British Prime Minister Blair met, in March 2002, where Bush insisted that Iraq must permit intrusive inspections of all its weaponry. A "Secret Downing Street Memo," dated July 23, 2002, made public in June 2005, summarized the status of Blair's partnership with Bush. It declared recent talks in Washington had concluded:

> Military action was now seen as inevitable. Bush wanted to remove Saddam through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around the policy. The NSC had no patience with the UN route and no enthusiasm for publishing material on the Iraqi regime's record. There was little discussion of the aftermath of military action.

Since Britain's attorney general had indicated that the desire for regime change "was not a legal base for military action," the memo continued; there remained "three possible legal bases: self-defence, humanitarian intervention, or UNSC authorisation." The prime minister added that if Saddam Hussein refused to admit UN inspectors, this could provide legal grounds for action. During a July 23 session, British principals concluded they would assume the UK would take part in any military action once American planning was known. In addition, they would begin British military planning, check on the role of UN inspectors, seek out the positions of Turkey and EU members, and obtain a complete intelligence update on Iraq.[8]

Inasmuch as Saddam would never provide Washington with an overt excuse for intervention, an Iraqi war would be a matter of choice. The administration found the elusive legitimacy for a US invasion in the doctrine of preemption, granting the United States the right to defend itself from an impending attack. At West Point, on June 1, President Bush advanced the doctrine of preemption by declaring deterrence and containment obsolete. He argued that "new threats" required "new thinking. . .. We must take the battle to the enemy, disrupt his plans and confront the worst threats before they emerge. . .. Our security will require all Americans . . . to be ready for preemptive action when necessary to defend our liberty and to defend our lives." Finally he said: "We will not leave the safety of America at the mercy of a few mad terrorists and tyrants."[9] While he did not mention Iraq, most observers correctly concluded Bush was ready to attack Iraq – his preemptive war concepts became policy on September 20, 2002, as part of the US National Security Strategy. Here, Bush warned: "We will maintain the forces sufficient to support our obligations, and to defend freedom. Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equalling, the power of the United States." The country would seek international support, he acknowledged, but it would not "hesitate to act alone, if necessary, to exercise [its] right to self-defence by acting pre-emptively." The document was ultimately a defense of American unilateralism, based on the supposition that the United States was sufficiently powerful enough to eliminate, alone, anything unacceptable in world politics.[10]

The preemption option was not new. (Every president since Harry Truman understood that he possessed it, but they refrained from emphasizing or employing it.) The rules regarding preemptive war had long been embedded in international law and practice. What defined and justified its acceptable exercise was that the danger be clear and imminently threatening based on specific and incontrovertible evidence. The danger had to be critical and unacceptable. Finally, it had to exceed the possibility of control by peaceful means. Such rules could always be open to questioning, but they were sufficiently stringent and precise to rule out most claims for

the right of preemption. Henry Kissinger declared in an attack on preemption: "It cannot be in either the American national interest or the world's interest to develop principles that grant every nation an unfettered right of preemption against its own definition of threats to its security."[11] Preemptive war, launched in advance of any visible threat, simply had no standing in international law.

## The Administration Prevails

During the spring of 2002, the Bush administration confirmed its decision to convert the war against terrorism into a preemptive strike against Iraq. In March, Vice President Cheney observed that it was no longer a question of if, but of when, the United States would attack Iraq. British intelligence, like that of the United States, could find no evidence of Saddam's alleged weapons program or his connection with al Qaeda. On July 23, Sir Richard Dearlove, the head of British intelligence, reported to Prime Minister Tony Blair that the president had decided on war to remove Saddam Hussein: "Military action was now seen as inevitable. Bush wanted to remove Saddam through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around policy." Rice declared in a BBC interview of August 15 that the United States and other nations had no choice but to seek the removal of Saddam Hussein. Her arguments were moral as well as strategic. "This is an evil man," she averred, "who, left to his own devices, will wreak havoc again on his own population, his neighbours and, if he gets weapons of mass destruction and the means to deliver them, on all of us." She noted that Saddam was close to acquiring nuclear weapons, had used chemical weapons against his neighbors and his own people, and, after 1998, barred UN inspectors from his country – all enough to make Iraq a prime case for preemption. "History," she argued, "is littered with cases of inaction that led to very grave consequences for the world. [Past experience revealed] how many dictators who ended up being a tremendous global threat and killing thousands and, indeed, millions of people, we should have stopped in their tracks." How exactly Saddam presented such a danger she failed to explain.[12]

"There is no doubt," Cheney declared on August 26, "that Saddam Hussein now has weapons of mass destruction. There is no doubt he is amassing them to use against our friends, against our allies and against us." In the hands of a "murderous dictator," Cheney warned, weapons of mass destruction are "as grave a threat as can be imagined. The risks of inaction are far greater than the risk of action." This nation, he assured his listeners, "will not live at the mercy of terrorists or terror regimes." The vice president concluded that, in facing such a determined antagonist, weapons inspections were futile. "A return of inspectors," he said, "would provide no assurance whatsoever of his compliance with UN resolutions."[13] Cheney's speech was harsh and unilateralist. He found, however, during his visit to a dozen Middle Eastern countries little support for Washington's unilateralist approach. Beyond eliminating Iraq's weapons of mass destruction, the administration adopted, under the preachments of Cheney and others, the broader and more ambitious object of creating a thriving democracy in Iraq as a model for all Arab and Muslim nations.

Although Powell accepted the notion of preemptive war, he believed the president should seek international support available only through the United Nations. Cheney, Rumsfeld, and other hawks argued that the United Nations, not the United States, should be the issue, especially its failure to enforce its Iraqi resolutions. Cheney and Rice agreed that the United Nations was becoming irrelevant, reduced in large measure to a debating society. But at the August 16 meeting of the National Security Council, the members agreed unanimously to give the UN another chance to perform before Washington would advocate war. Former advisors to George H. W. Bush, Brent Scowcroft and James Baker opposed a new war with Iraqi. Former NSC advisor Scowcroft argued there was "scant evidence to tie Saddam to terrorist organizations" because Saddam has little in common with terrorists. He opposed an Iraqi war

that would divert American military activity "from our war on terrorism." About the same time, former Secretary of State James Baker conceded a military attack could force Saddam out of office but insisted "unless we do it the right way, there will be costs to other American foreign policy interests, including our relations with practically all Arab countries," as well as "our top foreign policy priority, the war on terrorism." Baker wanted "a simple and straightforward" Security Council resolution demanding intrusive inspections in Iraq with authorization to use "all necessary means to enforce it." Both Scowcroft and Baker opposed the use of military force unless the "Big Five" permanent Security Council members approved as in 1990.[14]

On September 7, at Camp David, Britain's Tony Blair announced that new evidence revealed activity at Iraq's nuclear sites. Bush confirmed Blair's revelation, "I don't know what more evidence we need." On September 8, Cheney claimed that: "We do know, with absolute certainty, that [Saddam] is using his procurement system to acquire the equipment he needs in order to enrich uranium to build a nuclear weapon." That same day Rice warned that Saddam was "actively pursuing a nuclear weapon" and that the tubes, described in US intelligence reports as dual-use items, were "only really suited for nuclear weapons programs." She acknowledged that there would always be some uncertainty about how quickly Iraq could acquire nuclear weapons but, she added, "We don't want the smoking gun to be a mushroom cloud." Others took up the theme of the mushroom cloud. On September 28, Bush told members of Congress: "The danger to our country is grave.... The Iraqi regime possesses biological and chemical weapons.... [It]'s seeking a nuclear bomb, and with fissile material, could build one within a year." At Cincinnati, on October 7, he averred that Saddam possessed a "stockpile of biological weapons, thousands of tons of chemical agents, [and was] reconstituting his nuclear weapons program.... Facing clear evidence of peril," he added, "we cannot wait for the final proof—the smoking gun—that could come in the form of a mushroom cloud."

On October 10–11, Congress authorized the president to order an invasion of Iraq whenever he might choose to do so. That crucial decision came without serious debate; the outcome was preordained. The administration had captured Congress and the public. (Without any evidence of links between Saddam and al Qaeda, a Pew Research poll of October found that 66 percent of Americans surveyed believed that Saddam helped the terrorists in the 9/11 attacks.) The vote in the House was 296 to 133, with 126 Democrats voting against it. The Senate vote was 77 to 23. Resolution 114 granted the president the power to "use the Armed Forces of the United States as he determines to be necessary and appropriate in order to defend the national security of the United States against the continuing threat posed by Iraq." The president need not consult Congress for a formal declaration of war. Critics deplored Congress's desertion of its constitutional role in governing such powers.[15]

## Bush Goes to War

After Security Council Resolution 1441 was approved on November 8, 2002, the UN Monitoring, Verification and Inspections Commission (UNMOVIC) headed by Hans Blix and International Atomic Energy Agency (IAEA) led by Mohamed ElBaradei resumed inspection of Iraq. During the first week, the UN Commission and IAEA made 20 inspections and failed to find any Iraqi biological or chemical weapons. CIA personnel monitored the inspectors' activity because their findings were vital to any decision on war. Moreover, Bush, Cheney, and Rice feared Blix was not aggressively pressing the search for weapons. On January 9, 2003, Blix reported that his inspectors had found no "smoking gun" to show Iraq had any proscribed weapons.[16]

Soon after, Defense Secretary Rumsfeld informed Bush that the essential US and UK troops were deployed in the Gulf Region and ready for war. Meanwhile, Bush met with Iraqi exiles on January 10 and told them if Saddam doesn't disarm, "we will remove him." One of the delighted exiles declared the "people will

greet troops with flowers and sweets." On January 11, Cheney, Rumsfeld, and chairman of the Joint Chiefs of Staff General Richard Meyers asked Saudi Arabia's Ambassador Prince Bandar bin Sultan to allow US soldiers and planes to move through Saudi territory on their way into Iraq as in 1991; this time they promised Saddam would be removed. Subsequently, Bander obtained approval for the United States to use Saudi Arabia's Prince Sultan Air Base to direct the coalition's air command and control facilities over Iraq, but the Saudis denied US and coalition forces the use of their seaports, territory, or air bases for combat operations. British Prime Minister Blair met with Bush on January 31, 2003. According to a memo by David Manning, Blair's foreign policy advisor, an attack on Iraq would begin on March 10 with the bombing of Iraqi targets. The two leaders believed there would be a quick victory and Bush thought "it was unlikely there would be internecine warfare between the different religious and ethnic groups."[17] This was a monumental miscalculation.

Meanwhile, the inspectors provided the Security Council with a second report on January 27, 2003, after IAEA teams had inspected 230 sites, and UNMOVIC teams had searched over 300 sites. Blix indicated inspectors did not know whether or not Iraq had biological, chemical, or nuclear weapons, but they lacked evidence that Iraq did. He thought there were "strong indications" Iraq produced more anthrax than declared, but there was no compelling evidence that Iraq desired to activate anthrax. Finally, he said Iraq had tested Samoud 2 missiles with a range of more than the permitted range of 90 miles (150 km) set by the 1991 UNSC resolution. IAEA teams found no evidence that Iraq had an active nuclear weapons program. Finally, Blix concluded, UNMOVIC and IAEA investigators would continue their search with approval from the Security Council, a view both chief inspectors shared as "a valuable investment in peace."[18]

What quickly undermined any hope for avoiding war through inspections was the escalation of US threats against Iraq during January and February. The administration's move toward war was increasingly apparent, rendering inspections irrelevant. Washington's continuing effort to produce the intelligence needed to underwrite its rationale for war culminated in Colin Powell's television address, of February 5, before the UN Security Council and the world. Powell began with the assurance: "What we are giving you are facts and conclusions based on solid intelligence" and then followed a multimedia slide show, with photographs of secret Iraqi weapons factories, tapes of intercepted telephone conversations among Iraqi officials, and charts revealing clandestine links between Baghdad and al Qaeda operatives. The message was clear and graphic: Iraq was guilty of denial, deception, and failure to disarm. World leaders found the speech unconvincing. Powell's portrayal of the Iraqi danger came under immediate examination that revealed only fragments to be accurate.[19] Yet for the administration, Powell's speech achieved its purpose – public opposition to an Iraqi war began to melt.

Members of the administration became increasingly contemptuous of opinions not their own. The president declared that he owed no one an explanation of his policy preferences. Rice declared that the failure of the UN to support the United States in Iraq mattered little; the United States alone would "act to defend . . . the world and the United States." Such bellicose rhetoric emanating from Washington placed the Bush administration totally at odds with many of its historic European allies. France and Germany, joined by Russia, had long established themselves as Washington's primary opponents in its effort to obtain European support for an Iraqi war. Polls revealed that eight out of ten Europeans agreed with the Franco-German opposition. Joseph Joffe, editor of the German political weekly *Die Zeit*, observed that America's opposition was less concerned with Saddam than with the need to inhibit the United States. "This," he concluded, "is about controlling American power." What underwrote much of Europe's fear of the United States was Washington's assertion that no nation be allowed to challenge America's global power and primacy. Secretary Rumsfeld warned France and Germany that they were facing diplomatic isolation in their opposition to war. The secretary

faced biting rebuttals from French, German, and Russian officials, with warnings that the United States was in danger of overreaching badly. Rumsfeld noted that Poland, the Czech Republic, and Hungary supported President Bush. He termed the supportive states of Eastern Europe the "New" Europe, in contrast to the "Old" Europe of Germany and France, long reduced, he said, to a harmless tourist attraction – France with its vanity and pride, Germany stubborn and wrongheaded.[20]

The United States, Britain, and Spain, on February 24, 2003, submitted a resolution to the Security Council declaring that Iraq had missed its final opportunity to disarm peacefully and now faced the consequences. Immediately, Germany, France, and Russia circulated an alternative plan to pursue the peaceful disarmament of Iraq through strengthened inspections extended over another 5 months. French President Jacques Chirac warned that France would veto any resolution that opened the way for war. No UN resolution emerged. As the administration moved toward war, it repeatedly warned of Saddam's weapons of mass destruction and their intended use. As Secretary Rumsfeld expressed: "Any country on the face of the Earth, with an active intelligence program, knows that Iraq has weapons of mass destruction." Speaking on March 17, the president again warned: "Intelligence gathered by this and other governments leaves no doubt that the Iraq regime continues to possess and conceal some of the most lethal weapons ever devised." Vice President Cheney offered even more frightening news: "We believe [Hussein] has, in fact, reconstituted nuclear weapons." To the end, Saddam's alleged weapons comprised the sole and most terrifying rationale for war. Yet Hans Blix observed that those who purported to know with certainty that Iraq had weapons could never identify their locations. The inspectors, he declared, had found no prohibited weapons at any site suggested by intelligence agencies.[21]

What enhanced the appeal of an Iraqi war was the conviction that a regime change in Baghdad would transform the entire Arab world. The president, in late February, declared that the liberation of Iraq would not only lead to a new regime for all Iraqis but also unleash the spread of democratic values throughout the Arab world. When questioned by members of Congress, secretaries Powell and Rumsfeld offered sweeping assurances that postwar Iraq would have a representative government "that would help transform the region around it." For the administration, the creation of a thriving Iraqi democracy would become a model for all Arab and Muslim nations; the new moderation would become contagious and assure a peaceful settlement of the Palestinian question. On March 16, Cheney declared that the Iraqis want "to get rid of Saddam Hussein and they will welcome as liberators the United States when we come to do that." Washington apparently hoped to imitate in Iraq the successes of the US occupations in post-1945 Germany, Italy, and Japan, in establishing an exemplary democratic regime. Unfortunately, these three countries scarcely served as a model for Iraq since they possessed all the essential materials for democratic reconstruction: educated and industrious populations, surviving infrastructures, modern industrial experience, and no large, restive minorities. Iraq was an artificial country of many faiths, tribes, and ethnic groups, including Sunnis, Shiites, and Kurds. Nowhere was it apparent how the United States could transform the country, divided essentially by its historic rivalries, into a united liberal-democratic state.[22]

## Bush Goes to War

On March 17, 2003, the president gave Saddam 48 h to quit Iraq. American security, he said, demanded no less. Two days later, from the Oval Office, he announced his decision for war, declaring again that Saddam constituted a grave danger. "We will meet that threat now," he said, "so we do not have to meet it later . . . on the streets of our cities." An ABC News-*Washington Post* poll found American overwhelmingly in agreement with the decision. The subsequent invasion of Iraq predictably encountered no weapons of mass destruction nor were they expected. Those weapons, always elusive, were the rationale for the war, not the reason.[23]

Perhaps the Iraqi war produced the easiest victory in US history. Precision bombing eliminated the anticipated, potentially costly but limited struggle for Baghdad. So unequal was the contest that some US soldiers wondered why the Iraqis would throw themselves away against such impossible odds. American pilots were equally dismayed by the total lack of sophistication in the Iraqi air defenses. No one had predicted that the initial defeat of the Iraqi forces would be difficult. Aboard the USS *Abraham Lincoln*, on May 1, President Bush declared victory with the assurance that "major combat operations in Iraq have ended." Behind him a banner declared MISSION ACCOMPLISHED. The United States, he declared, had eliminated its Iraqi enemies, disposed of an ally of the al Qaeda, and liberated the Iraqi people. It was in control of events in Iraq and set to rebuild Iraqi society, with Iraqis celebrating the US presence. Rice added that the United States had achieved a "special opportunity to advance a positive agenda for the Middle East that will strengthen security in the region and throughout the world."[24] Winning the war against terrorism demanded no less.

The official anticipation was that the easy military victory in Iraq would leave no problems in its trail. Rumsfeld believed that the mere presence of a small occupying force would be adequate to establish order. "We continue to feel," he declared in mid-April, "that there's no need for a broader conflict if the Iraq leaders act to save themselves." Consequently, he rejected consideration of the State Department's postwar plan convinced that American forces would turn over control to new Iraq authorities and leave. Consequently, when the fighting ended in April, the Pentagon was not prepared for the collapse of Iraqi society or the destruction of the country's infrastructures through looting and sabotage. Washington had received repeated warnings that the elimination of the Iraqi military could unleash massive looting of Baghdad's famed National Museum, the National Library, the Religious Endowment Library, and other such institutions with their priceless antiquities. The administration did nothing to protect them. The cultural losses were staggering. By May the looting had run its course, with military buildings, palaces, and many factories and stores stripped bare. The looting then shifted to robbing, abducting, and harassing. This was merely a dramatic portend of what was to come. Pentagon planners believed their forecasts so completely that they failed to prepare for the collapse of Iraq's social, economic, and political infrastructure. This left a security and administrative vacuum that the US military was totally unprepared to fill. American forces lacked the personnel to secure the streets, tackle the crime, restore a sense of public order, or recreate the necessary governing apparatus. Basic necessities, especially electricity, water, and gasoline, were almost nonexistent. An American official lamented, "The planning was ragged and the execution was worse."[25]

## The Protracted Occupation

By July 2003, US forces were facing dozens of assaults daily. The postwar deaths began to exceed the number killed in the war itself, with far greater numbers wounded, many seriously. Almost every night C-17 transport jets arrived at Andrews Air Force Base outside Washington on medical evacuation missions. That month General Tommy Franks, commander of US forces in Iraq, acknowledged that the dangers facing American security forces in Iraq were likely to persist. By the late months of 2003, almost every day bought reports of deadly roadside bombs directed against US combat patrols and supply convoys. The US military played down the attacks as insignificant and as having no effect on day-to-day operations. As late as November, the president proclaimed: "We are not only containing the terrorist threat, we are turning it back." President Bush and his advisers continued to link the war in Iraq with the war on terror, and thus any US retreat from Iraq would seriously threaten the nation's security. He defined the danger on August 26, 2003: "Our military is confronting terrorists in Iraq and Afghanistan and other places so our people will not have to confront terrorist violence in New York and St. Louis or Los Angeles." Henry Kissinger, who often conferred with the president,

warned in *The Washington Post* of August 12, 2005: "Victory over the insurgency is the only meaningful exit strategy." There must be no withdrawal of US forces. Vice President Cheney warned that any retreat from Iraq would expose the country to increased terrorist attacks.[26] The administration remained in a state of denial – there would be no "victory," only exit.

## Obama and Nuclear Weapons

In addition to Middle East issues, especially Iraq and Afghanistan, President Barack Obama inherited a need to negotiate a new treaty with Moscow reducing nuclear weaponry, contend with nuclear proliferation (especially in Iran and South Asia), and review Bush's antimissile system. Even after the collapse of the Soviet Union, in 1991, one prolonged episode after another arose involving critical events. Senior civilian and military leaders in Washington and Moscow – as well as in Washington and Beijing – never quite seemed to shed the trappings of the Cold War's environment despite moments of good feelings. In otherwise polite speeches, these unreconciled attitudes frequently arose during the dealing with post-Cold War strategic nuclear weaponry. These symptoms could be found in Washington's continuing insistence on deploying missile defenses systems that Moscow, and to some extent Beijing, questioned as threatening their deterrent forces. Yet, there was recognition of certain mutual interests as found in the Cooperative Threat Reduction program and Global Threat Reduction Initiative aimed at securing stocks of dangerous nuclear material scattered around the former Soviet Union and elsewhere in the world. Then, too, former adversaries cooperated in the functioning of such unofficial international agencies as the Nuclear Suppliers Group that sought to control the export of material, equipment, and facilities that if diverted from peaceful uses could contribute to nuclear weapons or creating other weapons of mass destruction.

The Obama administration needed to act promptly to replace the expiring 1991 bilateral Strategic Arms Reduction Treaty (START I) since both the United States and Russia used its verification system to monitor each other's strategic nuclear weaponry. The Russians objected to George W. Bush's proposed expansion of US missile defenses – a program of dubious value – to Europe, which were needed, according to the administration, to counter a possible missile threat from Iran. But, Russian officials protested, this system could be used to counter their missile force as well. Bush's other missile defense system was located primarily in Alaska to intercept any missiles for North Korea, but Beijing viewed it was developed to counter their missiles. Both Moscow and Beijing were convinced the United States was attempting to negate their missile forces designed to deter a US nuclear strike. Although neither opponent was placated by American denials, the Russians did agree in 2010 to a New START Treaty that replaced START I and led to a significant reduction in nuclear warheads.[27]

At Prague, on April 5, 2009, President Obama outlined a path toward "a world without nuclear weapons." He directed attention to elements of the nonproliferation regime "to cut off the building blocks needed for a bomb." Working together, he said, "we will strengthen the nuclear Non-Proliferation Treaty as a basis for cooperation." Various nations had been persuaded to give up their nuclear weapons programs – South Korea, Taiwan, Brazil, Argentina, South Africa, Libya, and the former Soviet republics – the question was could the programs of North Korea, Iran, India, Pakistan, and Israel be restrained? The hope of abolishing nuclear weapons was raised much earlier at the UN, in June 1988, by India's prime minister, Rajiv Gandhi, who warned that nuclear war "will mean the extinction of 4000 million: the end of life as we know it on our planet earth." Yet, Indian officials viewing China's nuclear program as threatening ultimately developed their own nuclear weapons and missiles. New Delhi's program, while providing a deterrence strategy vis-à-vis China, aroused fears in Pakistan sufficient for its officials to develop nuclear and missile programs. With few means to influence events, Americans must watch the competition between India and Pakistan and worry it could

erupt in hostilities with potentially disastrous results that would reach far beyond their borders.[28]

North Korea's nuclear ambitions presented a more complex set of circumstances: the desire for additional security vis-à-vis the United States and greater international recognition of their status. Perceived American nuclear threats, according to Michael Mazarr in *North Korea and the Bomb*, "have pervaded North Korean strategic thoughts and actions since the Korean War, and may have played a decisive role in stimulating North Korean leaders to embark upon their own nuclear weapons program." Responding to numerous North Korean violations of the armistice, the United States sent nuclear-capable artillery shells, rockets, cruise missiles, and land mines to bolster the defense of South Korea. During the Clinton administration, the United States and South Korea sought to entice the North Koreans to cooperate with IAEA inspections at suspected nuclear weapons facilities. Washington worked out a pact with North Korea on October 16, 1994 known as the Agreed Framework; it subsequently floundered because of a continuing aura of mistrust. George W. Bush's labeling North Korea as one of the "axis of evil" and, in 2002, Secretary of State Colin Powell's demand for controls on North Korea's missile program essentially terminated meaningful negotiations. Pyongyang tested two nuclear devices, in 2006 and 2009, with varying degrees of success and began developing and testing missiles as possible delivery vehicles. Many foreign observers believed the otherwise desperate, hungry population (and failing regime?) that make up North Korea was best symbolized by its nuclear and missile programs, which gave rise to the basic question, what are the programs intended to provide offensive weapons: defensive ones or symbols of status? In spite of the prolonged diplomatic negotiations with Pyongyang officials over the past two decades, the question of motivation still remains elusive.[29]

For several years, Western nations and, of course, Israel have viewed Iran as posing twin threats: the construction of enhanced nuclear enrichment facilities as a first step in obtaining nuclear warheads and an ambitious missile program. In Washington, officials first began worrying about Iran's interest in nuclear weaponry during the 1970s. A 1975 State Department memorandum suggested "uncertainty over" Iran's "long-term objectives despite its NPT status." Indeed, a Central Intelligence Agency's 1988 report asserted that Tehran had undertaken nuclear weapons "design work" prior to the 1979 Islamic Revolution and that the revolutionary government had initially halted the program only to reinstitute 3 years later. By 1985, a National Intelligence Council report identified Iran as a potential "proliferation threat" and declared that the new regime was "interested in developing facilities that . . . could eventually produce fissile material that could be used in a [nuclear] weapon." It was estimated that it would take at least a decade for Tehran to produce a weapon. An International Atomic Energy Agency investigation, together with information supplied by Tehran after an October 2003 agreement, suggested "Iran had engaged in a variety of clandestine nuclear-related activities." The election of President Mahmoud Ahmadinejad, in 2005, resulted in Iranian intransigence regarding restrictions on their nuclear activities. Yet, the Supreme Leader Ayatollah Ali Khamenei declared on June 3, 2008, that Iran was opposed to nuclear weapons "based on religious and Islamic beliefs as well as based on logic and wisdom." Even President Ahmadinejad asserted on April 9, 2009, "those who accumulate nuclear weapons are backwards in political terms." Unconvinced Western leaders turned to the UN Security Council for economic sanctions, found in Resolutions 1803 (2006), 1747 (2007), and 1696 (2006) and Resolution 1929 (2010), intended to halt or regulate Iran's nuclear enrichment programs and allow its facilities to be inspected by the International Atomic Energy Agency.

With diplomacy and sanctions, the West and the United States, particularly, continued seeking to persuade or coerce Iran not to join the nuclear weapons club. For example, the US Nuclear Posture Review Report in April 2010 stated: "we seek to bolster the nuclear non-proliferation regime and its centerpiece, the NPT, by reversing the nuclear ambitions of North Korea and Iran, strengthening

International Atomic Energy Agency safeguards and enforcing compliance with them." By late 2011, diplomatic activity and sanctions appeared unable to achieve the UN and IAEA's desired goals. Additionally, intermittent diplomatic activities were caught up in a basic contradiction: how to acknowledge Iran's sovereign rights and, yet, deny it the right to nuclear weaponry. No previous attempt was ever made to apply this contradictory policy – not to the acknowledged nuclear weapons states, including Israel, Pakistan, and India.[30]

## Back to the Middle East

President Barack Obama presided over the withdrawal of US forces from Iraq, confronted new tensions in the Middle East with the arise of "Arab Spring, and bolstered Afghanistan's inept government. The United States left Iraq not certain of the legacy left behind." In late December 2011, the United States lowered its flag in Baghdad as the US military mission in Iraq came officially to an end. The low-key ceremony stood in sharp contrast to America's 2003 invasion. Americans at first had no clear idea as to whether they were to be liberators or occupiers. Consequently, the resilience and effectiveness of the insurgents caught civilian and military officials in Baghdad and Washington unprepared for the bloody years that followed.

Contributing to the insurgency was General Franks and Rumsfeld's failure to grasp the force requirements for internal security, the resources needed for reconstruction, or a plan for establishing a new governing structure for Iraq. Not until August 5, 2004 was a plan for Iraq finally issued calling for controlling insurgent attacks, training Iraqi security forces, rehabilitating the economy, persuading the Sunnis by coercion and cooperation to stop supporting the violence, and developing a counterinsurgency program. These actions only gradually disarmed local militias and slowed insurgent attacks on civilians and coalition forces – between 2003 and 2010, there were over 1000 suicide bombings with, Iraqi civilians suffering heavy losses. On September 7, 2006, the United States "formally" turned over control of Iraq's armed forces to Prime Minister Nouri al-Maliki's government, and the next year, Iraqi officials began demanding Washington to set a date for withdrawal of American forces. In November 2008, a Status of Forces Agreement was signed stipulating that all US forces would be completely out of Iraq by December 31, 2011. Almost 9 years after the US invasion of Iraq, the withdrawal was completed on December 16.

The costs of the Iraqi misadventure in blood and treasure were considerable. Coalition troops suffered a total of 4804 fatalities – 4486 US, 179 British, and 139 others – and some 32,000 US wounded. Estimates of Iraqi fatalities ranged from 100,000 to 600,000, while tens of thousands fled the country. Direct financial costs as of withdrawal reached more than $800 billion, but ongoing medical treatment, replacement of vehicles, etc. will push the cost to $4 trillion or more. (The national debt increased from $5.7 to $10.6 trillion during Bush's presidency.) It is most difficult to assess what was accomplished, other than the hanging of Saddam Hussein, as bombings attributed to the Sunnis have continued to kill and injure mostly Shiites.[31]

The popular protests and rebellions in various Moslem countries – beginning in Egypt, spreading to Libya, Syria, and the Gulf Emirates – also took American policy-makers by surprise, causing some to applaud what was seen as a move toward democracy. In May 2011, Obama stated that America had four essential interests at stake in the Middle East: the security of Israel, ensuring the flow of the Persian Gulf's oil and gas, combating terrorism, and halting the proliferation of weapons of mass destruction. Iran, clearly, threatened each of these vital interests but was deterred by the US Fifth Fleet, based in the Gulf. If the pre-Arab Spring policies, based on a partnership with stable autocracies in the region, were adequate, by 2011 the United States found itself connected to the least democratic regimes. Attempting to assess these uprisings prompted some to view them as a "cold war" between Saudi Arabia and Iran, others

as a struggle between revolutionary and traditionalist regimes. In either case, it has been difficult for the United States to choose sides, especially based on earlier assumptions. Infrequently now, according to Columbia University's Andrew Exum, "do U.S. interests in the region lead to clear policy preferences. Often, in fact, it is unclear how U.S. interests are best served in the long run. And more often than not, U.S. interests actually compete against one another, forcing policymakers to prioritize ruthlessly." The region is changing and US policy-makers will necessarily assume some risk, but what may well meet short-range objectives may carry long-term dangers.[32]

Meanwhile, the United States had been trying to deal with the resurgence of the Taliban in Afghanistan brought on by shifting Washington's attention to Iraq and starving operations aimed at creating a strong, stable Afghan government. Thus, as American forces were withdrawn from Iraq, Washington called upon its NATO partners and Pakistan to meet the mounting Taliban insurgency. Unfortunately, US military operations over the border impaired its relations with Pakistan and raised questions about that nation's ability to deal with terrorists and the security of its nuclear weapons. Since 2007 the Taliban and other insurgents have increasingly employed mines and improvised explosive devices as they expanded their operations. From 2001 to 2011, the United States spent more than $467 billion, and coalitions forces suffered 2847 military fatalities – the majority (1864) being American.

On May 2, 2012, the US-Afghan strategic partnership agreement, signed by President Obama and Afghan President Hamid Karzai, confirmed 2014 for the planned withdrawal of all US combat troops but pledged the United States would not abandon Afghanistan. The agreement, though not legally binding, demonstrated that by applying three key historic lessons, the Obama administration avoided the pitfalls that plagued Bush officials in Iraq. It recognized Afghan sovereignty, did not demand American military immunity, and, in separate understandings, defused such sensitive issues detention facilities and special operations.

## Rogue States and Stateless Rogues

American officials during the next decades, it seems evident, will find the nation's security challenged by rogue states arming themselves with weapons of mass destruction (WMD) and by stateless rogues inspired, individually or in groups, to commit terrorist acts. What policies will officials devise to meet these challenges? Will they understand that the US superior military capabilities cannot always dictate favorable outcomes? What past experiences will they draw upon? In dealing with complex, worldwide threats, should not Washington emphasize international cooperation in policy and practice to obtain mutual goals? "Disinclined to rely on multinational regimes and institutions that were seen as cumbersome and lacking decisiveness," as the distinguished academic commentator Lawrence Scheinman delicately phrased it, "the [George W.] Bush administration chose to counter" the perceived threats of rogue states and terrorists "by unilateral means or, where necessary or appropriate, non-institutionalized multilateral arrangements."[33] Buried in the history of American relations with foreign states, there has always lingered an urge for unilateral action when tangled affairs challenged domestic desires. The same may be said of Washington's enthusiasm for international law – it was often applied when politically useful, ignored when it was not.

Another serious observer reviewing past US policies urged Americans not to assume the superiority of their institutions and values. Reviewing Washington's policies in Iraq, correspondent Robert Kaiser, who had served in Vietnam, lamented that Americans had apparently learned little. "We twice took a huge risk in the hope that we could predict and dominate events in a nation whose history we did not know, whose language few of us spoke, whose rivalries we didn't understand, whose expectations for life, politics and economics were all foreign to Americans."[34] Few disagreed.

## Notes

1. Lemann N. The Iraq Factor. The New Yorker, January 22, 2001, 34. Portions of this essay have been adapted from my study, with Richard Dean Burns and Jason C. Flanagan, American Foreign Relations since Independence. Praeger, Santa Barbara, 2013.
2. See Ryn CG. The ideology of American Empire. Orbis 47:3 (Summer 2003): 383; James Mann offers brief biographies of Rumsfeld, Cheney, Powell, Rice, Wolfowitz, and Armitage – in Rise of the Vulcans: the history of Bush's War Cabinet. Penguin, New York, 2004.
3. Public Papers of President George W. Bush. Remarks in a meeting with the National Security Team and an Exchange with Reporters at Camp David, Maryland. September 15, 2001; The Economist (London) 350 (September 15, 2001): 15; Murphy C. The roots of hatred. Washington Post National Weekly Edition, September 24–30, 2001, 29; ibid., September 21, 2001, A24; see also World Press Review 48 (November 2001).
4. For Afghan war, see Bob Woodard's plan of attack (Simon & Schuster, New York, 2004) and Bush at war (Simon & Schuster, New York, 2002).
5. Public Papers of George W. Bush. State of the Union Address. January 29, 2002
6. Woodward. Plan of attack, 1
7. Rubin. NATO unconvinced on Iraq. Associated Press, February 3, 2002
8. Woodward. Plan of attack, pp 177–179; Danner M (2006) The secret way to war: the Downing Street Memo and the Iraq War' buried history. New York Review of Books, New York, pp 87–127
9. Bumiller E. U.S. must act first to battle terror, Bush Tells Cadets. New York Times, June 2, 2002, 1, 6
10. The National Security: strategy of the United States of America, September 17, 2002, 29–30; Zelikow P. The transformation of national security. The National Interest 71 (Spring 2003), 17–28
11. Schroeder PW. Iraq: the case against preemptive war. The American Conservative 1: 2 (October 21, 2002): 3
12. Danner M. The secret way to war. The New York Review, June 9, 2005, 70–71; Kessler G. Rice lays out case for war in Iraq. The Washington Post, August 16, 2002, A1, A20
13. Woodward B. A struggle for heart and mind. Washington Post National Weekly, December 2–8, 2002, 7
14. Woodward. Plan of attack, 163–166, 180–185; Sifry M, Cerf C. Iraq War reader: history, documents and opinions. Touchstone, New York, 2003, 295–300; Baker. The right way to change a regime. New York Times, August 25, 2002, WK-9
15. Woodward, Bush at war, 351; Brewer T. We the people, we the warriors. The Washington Post National Weekly, September 2–8, 2002, 26
16. Blix H (2004) Disarming Iraq. Pantheon, New York, pp 111–114, 232–233
17. Woodward. Plan of attack, 228–231 ff
18. Blix. Disarming Iraq, pp 117–118, 139–141
19. The Case Against Iraq. Washington Post National Weekly, February 10–16, 2003, 9; Kessler G, Pincus W. A flawed argument for war. ibid., February 9–15, 2004, 6
20. Washington Post, February 9, 2003, A1, A25, March 10, 2003, A15; Kaiser RG. The United States risks isolation and a loss of Key Allies. Washington Post National Weekly, March 24–30, 2003, 9; Lapham L. Harper's Magazine 306 (April 2003), 38
21. For the Rumsfeld quotation, see Mortimer B. Zuckerman's editorials in U.S. News & World Report, December 23, 2002, 56; ibid., January 27/February 3, 2003, 76; The Nation, 277 (July 21/28, 2003), 6.
22. Arnaud de Borchgrave, The American conservative 1:4 (November 18, 2002), 20
23. The Economist, 366 (March 22, 2003), 27; Morin R, Deane C. Rallying. Round the President. Washington Post National Weekly, March 24–30, 2003, 34

24. Rice C. Transforming the Middle East. Washington Post National Weekly, August 11–17, 2003, 26
25. Rieff D. Blueprint for a Mess. New York Times Magazine, November 2, 2003, 28–29; Chandrasekaran R. Ties to GOP trumped know-how among Staff sent to Rebuild Iraq. Washington Post, September 17, 2006, A1, A24–A25
26. Kaiser RG. Iraq and Vietnam, Rhyme and Reason. Washington Post National Weekly, January 5–14, 2004, 21; Peter Baker and Kim Vande Hei in ibid., September 4–10, 2006, 13
27. See Burns RD (2010) The Missile Systems of George W. Bush: a critical assessment. Praeger, Santa Barbara; Pifer S. New START: good news for U.S. Security. Arms Control Today (May 2010): 8–14.
28. Harvey C. Obama calls for nuclear weapons-free world. Arms Control Today 39 (May 2009). pp 28–30; Perkovich G. (2001) India's Nuclear Bomb: the impact on global proliferation. University of California Press, Berkeley, 2001, pp 139–42
29. Mazarr MJ (1995) North Korea and the bomb: a case study in nonproliferation. Macmillan, Berkeley, pp 17–21, 32; also see Pritchard CL (2007) Failed diplomacy: the tragic story of how North Korea got the bomb. Brookings Institution Press, Washington, DC, chapter 1; Bennett BW (2010) Uncertainties in the North Korean Nuclear Threat. RAND, National Defense Research Institute, Santa Monica, 14.
30. Kerr PK (2009) Iran's nuclear programs: status. CRS Report for Congress, RL34544 Congressional Research Service, Washington, DC, September 18, 2009, pp 1–3; see also Burr W (2009) A brief history of U.S.-Iranian nuclear negotiations. Bull At Sci (January/February 2009); Katzman K. Iran Sanctions. CRS Report for Congress, RS20871. Congressional Research Service, Washington, DC, June 23, 2010, pp 1–10.
31. Francis DR. Iraq war will cost more than World War II. The Christian Science Monitor, October 25, 201.
32. Exum A. No binary choices for U.S. in the Middle East. World Politics Review (April 25, 2012.
33. Scheinman L. Disarmament: have the five nuclear powers done enough? Arms Control Today 35 (January/February 2005), 6–11
34. Kaiser RG. Trapped by Hubris, Again. Washington Post National Weekly, January 22–28, 2007), 22.

G

## Globalization and Subnational Governments

Robert Agranoff
Indiana University, Bloomington, IN, USA

Subnational governments – states, regions, counties, municipalities, and metropolitan – regions – are increasingly impacted by cross-border influences. Once thought of as being programmatically subordinate to higher-level (national, federal, state) governments, they also increasingly operate within the context of cross-national contacts and influences, including globalization, familiar as "the sum of informal and formal values, norms, procedures, and institutions that help all actors. . . to identify, understand and address transboundary problems" (Weiss 2013: 2).

Globalization is a result of several boundary penetrating forces:

1. The influence of cross-national organizations, such as those connecting local governments
2. Within country trends that originate externally, for example, the municipal home rule or local powers/devolution movement
3. Substantive cross-national influences, such as the International Convention on Disabled Persons

4. Changes from the inside by professionals who have been influenced by international trends and standards, for example, in environmental management
5. Governing influences that are raised by international trends but implemented within a subnational government, for example, horizontal networks that support the elderly in their home.

For subnational governments (SNG), it is a matter of using knowledge, experience, and action in finding some equilibrium between cross-national influences on central policy making and administration and devolved local delegation/co-administration, identified as meta-governance by B. Guy Peters (2015).

Global forces, like much else in the contemporary world, impact SNGs because we live in a world of networks and networking, both horizontal and vertical. It is a world where increasing connectedness is at the core. Such a networked world exists above the state, below the state, and through the state. Horizontal networks link counterpart officials across borders. Vertical networks are relationships between national officials and supranational officials to which authority has been delegated. "Hierarchy and control lose out to community, collaboration, and self-organization" (Slaughter 2009: 97). Networks are not directed and controlled as much as they are managed and orchestrated. Power in networks flows from the ability to make the maximum number of valuable connections, based on the knowledge and skills to harness that power to achieve common purpose (Ibid: 100).

Put another way, in transnational governance networks are characterized by more non-binding "soft" rules, such as standards and guidelines, benchmarking and monitoring in contrast to legally based rules more characteristic of Westphalian (tiered) government, and emphasizing socialization, acculturalization, and normative pressures, along with more open access to membership and resources. Transfer is not unilateral or hierarchical but is ongoing and multidirectional, involving overlapping forces of policy and practice, largely engendered by multi-spaced social action (Kennett 2010).

Such networks, according to Manuel Castells (2012: 221–228), represent common features that characterize global movements. First, they are multimodal and decentered, maximizing opportunities for participating. Second, whereas they may begin communications on Internet social movements, they tend to occupy defined spaces, for example, urban space, making the Internet their core vehicle. Third, they generate their own form of "timeless time," eschewing clock time in anticipation of constant change. Fourth, they are called to action from the space of flows that easily create community. Fifth, these networked movements are virtual, in as much as the demonstration effects of several movements spring up in many places. Sixth, the deliberations that occur, if any, occur in the "space of autonomy," particularly when dealing with leaderless movements. Seventh, such horizontal, multimodal networks create elements of togetherness as a source of empowerment. Eighth, they are self-reflective networks, not necessarily in "assemblies" but through multiple internet forms, in a myriad of blogs and interactive discussions. Ninth, and finally, their demands are normally citizen-based and oriented- to deliberation-based consensus. Whereas Castell's global criteria were first defined for social protest movements, they also appear to apply quite well to global impacts on SNGs. He concludes that "The digital social networks based on the internet and wireless platforms are decisive tools for organizing" (229) (see also Wells 2015).

Subnationalism, that is, the actions of regions/provinces and similar second-order governments and localities like cities, counties, and city regions, is today considered to be primarily "bottom-up" engendered activity that adds on to national-level efforts in legal and economic policy. As Allen Scott (2002: 6) observes:

> . . . the local *can* be an important arena of social reconstruction in its own right, as being a conduit through which diverse national policies are mediated. The *local* is all the more important given the psychic and political distance of the central state from many of the constituencies that make up modern global city regions, as compared with the immediacy and relevance of the local community.

In this regard Scott's observations regarding global-local impacts include not only economic interests, but the impact of social movements, civic organizations, and increased emphasis on democratic participation and representation. The future course of globalization's impacts remains open. As Scott concludes, it will also be the "political debates that will be waged in the coming decades over its principal direction of change . . ." (Ibid: 7).

However, these impacts might be economic or social in force, contextually they are in the final analysis subject to state or central government action influence. They can only happen, as Michael Keating (2002: 386) observes, when there are clearly identifiable common interests and that political leaders are supportive. For example, with regard to promoting global city regions, Keating concludes:

> New demands are being placed on the political agenda, from strategies of economic development, through environmental concerns, to issues of social justice and identity politics. Yet the policy options available to city-regions as political systems are constrained by the external competitive environment. Here lies the dilemma of contemporary urban and regional politics. It is through politics that these tensions and conflicts will be resolved but this must be a democratic and inclusive politics, not one subordinated to a narrow policy agenda of boosterism and growth. The principal mechanism is government. Markets alone cannot substitute for government. Nor can vague notions of self-regulation or "governance," however soothing, help us resolve the conflicts of interest and values present in the urban context. Instead, the interests of business and development become synonymous with the general interest of the region. It is not surprising, then, that the issue of government keeps on reappearing on the policy agenda.

In regard to subnational governments, the state framework is thus very important, as are its political and bureaucratic elites. They cannot be outsourced. Slaughter (2009: 112) concludes, "Government officials must instead learn to orchestrate networks of these actors and guide them toward collaborative solutions."

This entry will examine global impacts in greater scope than those related only to cross-boundary economic activity. It will include supranational local-regional governing forces, the role of international organizations and networks, the impact of cross-national assistance projects, cross-government networks, new intergovernmental processes, and SNG dealing with network-induced complexity.

## Subnational Governments as Influential Actors on the Global Stage

First and foremost, subnational actors are increasingly seen as prominent actors in their own right. The actors of SNGs have opened up their abilities to operate independent of their national systems. Global forces in the post-welfare state era have moved away from the earlier welfare state orientation of principal-agent where the central state was the principal and regional and local authorities were agents, largely open to delivering services. Since the 1980s there has been a shift to greater local autonomy, "decongesting top-heavy regulatory and political and administrative systems by delegating some functions to lower levels", giving local authorities greater freedom to develop their own policy approaches. As John Loughlin et al. (2011: 5) conclude, Along with [The] ". . . growing realization that political decentralization and local autonomy were important elements of democracy itself. This can be seen in the development of the idea by a number of international organizations such as the Council of Europe and the United Nations" (Ibid).

Several notable bodies on the European scene have promoted SNG roles. The European Union (EU) Committee of Regions, established in 1994, was set up under the Single European Act (SEA) to help disadvantaged regions with regard to operating in the single market, providing several funding sources for disadvantaged regions, e.g., in Spain, Ireland, Italy, and Portugal, while reinforcing the principles of subsidiarity and partnership, recognizing the key roles of SNGs in policy implementation. "In practice this meant that regions and local authorities across Europe could access EU funding which, although tiny in comparison with total funding, could be significant for the locality in question" (Ibid: 7). Although the Council of Europe has paid focused

attention to local level democracy since 1957, in one form or another, it has maintained more concentrated interest in SNGs, now known as The Standing Conference of Local and Regional Authorities of Europe (CLRAE), most known for its Charter of Local Self-Government, defining the conditions of local autonomy in relation to regional and central authorities.

The charter (www.coefeleng/legaltext/122e.htm) is an important recognition of local governments in both federal and unitary systems. As Loughlin et al. (2011: 9) observe:

> The promulgation of the Charter may be interpreted as local authorities seeking to free themselves from the excessive regulation by central (and/or regional) governments. It is essentially concerned with laying out the conditions necessary for the exercise of local autonomy and the rights of local authorities vis-à-vis their national (or regional) governments. These conditions cover issues such as local fiscal autonomy, the right to adequate funding to carry out tasks designated by superior levels of government, the right to self-organization, etc. The importance of the Charter lies in the fact that it is a treaty-like document which, once signed and ratified by a member state, may be used by the Council to hold that state to account with regard to the Charter's implementation. The CLRAE monitors this implementation through a committee of independent experts, one from each of the forty-seven states.

Additionally, the Council of Europe has played core roles in the transitioning East and Central European Governments toward democracy, pushing that "the principle that effective decentralization is an element of 'good governance'" (Ibid: 9).

SNGs power to act domestically in a policy capacity has often been overlooked as independent actors or actors on the policy stage within the contexts of national policy. Policy implementation studies offer three important perspectives on the capacity of SNGs or their operatives to act: operational localism, majoritarian cities, and street-level bureaucratic discretion. First is the idea that policy aims maybe set nationally, but in the final analysis, they are put into place more remotely, leading to the risk of inconsistent or different realization of central goals. In regard to US education policy, Douglas Reed's (2014: 5) research concludes, "That localist politics is tied in important ways to local power structures and a local regime that must balance educational needs with other municipal and regional demands, which, in turn vary according to the local constellations and political contexts. Second, and related, are the local forces of majoritarianism. In Neil Kraus' (2013: 5) field study of local program responses concluded that local responses often run contrary to national policies, that majority-driven local policy decisions run against broader policies. In the Kraus study it was enforcement of equality, particularly in schools, but he found that "policy outcomes supported by majorities both demonstrate and exacerbate existing racial and economic inequalities" (5). Third, there is what has come to be known as government official-client use of in the field discretion in carrying out policies at the local (bureaucrat-client) level, bringing on "policy change." Policy implementation studies have come a long way in separating out the realities of policy at the street level. Anat Gofen's (2014) careful study of this phenomenon in Israel indicates that "divergence" leads to differing outcomes from formal policy. His detailed analysis of nurses, teachers, and social workers shows that policy divergent actions may contribute to policy change or "be legitimized through unofficial policy change" particularly when the street-level bureaucrat sees it as "other serving" (17). These down-the-line forces drive home the importance of "bottom-up" as well as "top-down" actions. Hence, one should not discount the continuing influence of SNGs at the policy implementation level.

These forces do not fundamentally change the increasingly pervasive influences of globalization on SNGs. To Nicolas Berggruen and Nathan Gardels (2013: 12), the complexity of global integration of trade, investment, production, and information flows requires greater political and technical capacity at local and other levels to manage the systemic links of interdependence. It means more power devolution where affected publics want a greater say in what is going on, balancing the SNG role with the central state as a primary actor, as the one ultimately responsible for guaranteeing social and economic rights (Felice 2010: 76). These guarantees must be balanced with devolutionary powers in a global era:

> That balance might be called "intelligent governance," which devolves power and meaningfully involves citizens in matters of their competence while fostering legitimacy and consent for delegated authority at higher levels of complexity. Devolving, involving, and decision-division are the key elements of intelligent governance that will reconcile knowledgeable democracy with accountable meritocracy. (Berggruen and Gardels 2013: 13)

It appears that to some degree most every governmental system needs to "reboot" their operating systems to meet such challenges.

## Beyond the Nation-State

In the past decades, particularly in Europe, SNG has become "internationalized" to a greater degree than ever before. Political scientists of earlier eras learned the concept of sovereignty in its more absolutist sense, based on the Hobbesian notion of a social contract between the people and the rulers in exchange of yielding some personal control for collective control, later understood to be limited by Lockean notions of limits based on public consent. Sovereignty today is bound up in the post-Westphalian notion of the nation-state as bounded externally within a territory, internally between structures of government and civil society and related interactions, and of course, by formal recognition on the part of other nations. Sovereignty in its traditional sense is now challenged by international activity that goes well beyond trade and diplomacy, includes actions of such international organizations as the United Nations and the European Union (EU) that are to take or set policies through which nation states surrender portions of their "sovereignty," in its earlier sense. For example, the EU is involved in considerably deeper political, economic, and social cooperation that reach well-beyond traditional notions of sovereignty. Most notable of these actions is the aforementioned activity with regard to local government. The European Charter of Local Self-government is a legal document. When signed by a country, the charter may be used to evaluate the health of local democracy in the state (Loughlin and Peters 1997).

Whereas the impact of trade and related economic activity is the most obvious force for internationalization, other cross-national issues also have increased global SNG involvement. Among others are concerns related to human rights, refugee resettlements, civic participation and representation at the subnational level, and governance of the Internet and Internet protocols.

Internet governance indeed highlights the emerging phenomena of global forces impacting SNG in bold relief (*Economist* 3/5/16, pp. 55–56). Crossing government and the private sector, the Internet Corporation for Assigned Names and Numbers (ICANN) is a new type of international organization that is a "global" attempt to standardize domain names and Internet protocol addresses. ICANN is operated by the 30-year-old Internet Engineering Task Force (IETF), which has been responsible for the Internet technical standards. Laura DeNardis's (2014: 69) research has captured the central global role of ITEF:

> The IETF's primary mission is the development of Internet protocol drafts. The organization has no formal membership. Participation is uncompensated activity and open to anyone. Agreement about standards does not involve formal voting but is based on what has long been termed in the IETF as "rough consensus and working code." Most work is accomplished in working groups organized around key problem areas via electronic mailing lists, although the IETF usually holds three plenary meetings annually. An area director (AD) leads each working group and these ADs, along with the chair of the IETF, comprise a governance body called the Internet Engineering Steering Group (IESG), which presents Internet draft standards to the Internet Architecture Board for consultation as formal Internet standards.

Perhaps foretelling future global organizations, ITEF's governance and procedures are an open organization "with processes that adhere to democratic principles of transparency and participation" (Ibid: 70). It represents a growing number of informal intergovernmental organizations characterized similarly by shared expectations, regular meetings but have no independent secretariat (Vabulas and Sindal 2013).

Internet global governance is revealing of how the traditional state is in transition. John Micklethwait and Adrian Woolridge (2014:

192–194) base global changes on overturning four misconceptions: all functions and services need to be conducted in house, decision-making should be centralized, public institutions like SNGs should be as uniform as possible, and that change in the public sector will not improve things. They suggest that global forces, like Internet governance, is about choice (210–220). Three trends are key. First, the "post bureaucratic state," with a small center and a multitude of public and private providers, will open state transparency, breaking the state to smaller and more innovative units. It means increasing purchaser-provided (or citizenship) distinction will continue to accelerate. Second, the state is becoming less uniform, teaching us that different sorts of organizations within the "public sector," organized by different principles. Third, the centralizing passion of the twentieth century is playing itself out as local governments are reasserting themselves, taking action(s) that control governments are normally unwilling or unable to face. In the emerging world, local reforms are laboratories for change, for example, in China and Southeast Asia cities are the focus of their knowledge economies and are forming relations with each other. "Ideas are also leaping from one local government to another. . . . over 300 cities have introduced bike sharing programs" (Ibid: 219). Fourth, albeit in some situations, "slowly bureaucrats and politicians are thinking differently, warding off their love of uniformity, as a new model emerges as the revolution is driven from below" (Ibid: 220).

## Organized Transnational SNG Networks

The Internet and email communication has given rise to a number of SNG organizations that are global, crossing traditional nation-state and regional lines. They are a product that in many ways supersede the border barriers of many NGOs, as they have come to the realization "that their efficiency requires international coordination" and hence networking with others sharing these beliefs; and new NGOs with a global focus have sprung up for similar reasons (Bhagwati 2004: 42).

Local governments have not only become closely embedded in their own country systems but are internationally becoming laboratories for broadening governance. Sue Goss (2001) once observed that isolated local governments were engaging in new sorts of interactions that involve "shared or negotiated processes," "changing the roles of managers," while "learning to accommodate mess" (pp. 3–4). "I suggest that what is emerging is a 'relationship organization' characterized by the capacity of all of its members to build and work within reciprocal relationships. A relationship organization is primarily connected outwards" (Goss 2001: 7). SNGs like local governments are no longer isolated from the broader trends of governing but extend up and down their system: cross-national, national, and intergovernmental. Regional and local governments are now enmeshed in a series of cross-national connections. For example, the European Union's Committee of Regions is comprised of nearly 350 regional and local governments, representing a shift in emphasis to recognize growth strategies of metropolitan zones and local growth strategies (Corijn 2009). To Benjamin Barber (2014: 113), cities worldwide are defined as "much by the networks they comprise as defining themselves through their bridging capital," outside of their jurisdictional domains, rather than that of their "bonding capital," unifying them internally. Networks of cities are prevalent engines of transnational cooperation, efforts that to Barber are easily overlooked because such efforts are voluntary and cooperative and often less formal (117).

Literally dozens of such SNG organizations are listed on the Internet. Those representing cities and city governments are most prevalent, ranging from the long-standing International City/County Management Association, founded in 1914, to C40 Cities, a climate change organization founded in 2005. A few of the more notable city-based transnational SNGs include:

1. ICLEI, Local Governments for Sustainability (www.iclei.org) involves over 1000 cities and metropolitan governments that connect leaders in strategic alliances promoting capacity for environmental sustainability.

2. Sister Cities International (www.sistercities.org) focuses on "citizen diplomacy in four main areas of exchange: arts and culture, youth and education, business and trade, and community development.
3. C40 Cities (www.c40.org) connects megacities, more than 75 of the world's largest cities, focusing on climate change and driving urban action that reduces greenhouse gas emissions and climate risks.
4. Organization of World Heritage Cities (www.ovpm.org) involving 250 cities listed on the UNESCO World Heritage list. Led by mayors, it encourages cooperation and the exchange of expertise on conservation management, particularly management and strategies of preservation and management of historic sites.
5. METROPOLIS (www.metropolis.org) with over 140 members provides an international forum for exploring issues and concerns of large cities, focusing on mutual learning and expertise building, promoting financial and technical assistance in developing countries, and promoting international political visibility to metropolitan interests.

Other SNG international organizations focus on international relations in Asia (www.clair.org.jp), world economic issues (www.weforum.org), local government in Southeast Asia (www.delgosea.ev/ems), urban development/redevelopment (www.inta-avin.org/en/), and public transport (www.vitp.org). Finally, ASEAN, the Association of Southeast Asian Nations (www.asean.org/asean), focuses on three areas: economic development, sociocultural exchange, and political security within democratic frameworks. Its charter includes ten member states and involves a legally binding agreement for community building.

What can these cross-national alliances bring to the SNG process? These organizations are regularly touted for their ability to expose actors to new skills and valuable forms of "policy learning," bringing together myriad of different skills and knowledge, creating unique learning opportunities (Inkpen 1998). However, the few studies that have been taken of such organizations show that their impact on policy change is less conclusive than often advanced. A study of Cities for Climate Protection concluded that "limited capacity to address climate protection locally is not primarily the result of an absence of information and knowledge, but rather stems from a lack of resources or powers to act, and tensions over how urban sustainability is to be interpreted." (Betsill and Bulkeley 2004: 489). The political must be factored into the technical. The study examines new policy discourses that were introduced but failed to permeate many aspects of the local authority. Moreover, they found that "the local politics of climate change involved multiple policy networks, many of which pre-date concerns for climate change specifically and which are entrenched around particular policy sectors" (Ibid). In a similar vein, a social network analysis study of C40 Cities (Lee and Van der Meene 2012: 215) work best when "learning ties are likely forums," "when cities create an internal committee of multiple stakeholders, have higher levels of experience and knowledge, and share a similar regional context and language". This study also concluded that learning ties in the C40 network are unevenly distributed making mutual learning problematic, particularly among nonstate decision-makers.

Needless to say globalization has its downsides and political limitations that impact governing. To begin, free trade may be hard to promote when its benefits and costs are balanced, the latter being the impetus for various types of protection seeking. Moreover, economic integration normally leads to harmonization of laws and regulations across countries, some of which lead to in-country resentment, particularly among those disadvantaged. In particular employment rules have had this effect, as has safety requirements. These integrative policies impact in-country democratic as SNG leaders, and processes are largely ignored raising conflicts between globally integrated regimes, sovereignty, and elected democratic bodies. These impacts are most applicable for SNGs. Moreover, large countries make it harder to satisfy voter preferences. Finally, rent-seeking businesses influence over trade regulations normally has harmful effects on workers and thwarts trade

liberalism. All of these forces normally lead to governments' increases in redistribution and investing in education, but the resultant inequality generally prevails. The risks of global impacts on those left behind are real (*Economist* 7/2/16, p. 67).

Despite any such limitations these transboundary organizations are here to stay, so to speak. As functions of what has been called polycentric governance, they are notably decentralized but not necessarily provided by a variety of organizations that expand the franchise to broaden the actors. "It is a new political game that is far more complicated and sophisticated, i.e., which no one player can dominate the field or determine the outcome, but where everyone has some power to affect the direction and flow of the process" (Rifkin 2005: 225). These organizations nevertheless raise the informational knowledge quotient needed for policentric governance working toward optimizing partnerships among global actors, taking into account the "array of actors at every level and the cumulative impact of networks of like-minded actors" (Weiss 2013: 36).

## Developmental Assistance

SNGs have been helped by NGOs that have expanded their traditional roles into non-humanitarian relief, to engaging in additional types of economic, and in technical and governmental aid. These developmental assistance programs involve longer-term commitments, in a sense redefining international affairs. Beginning with the UN Fund for Economic Development, it encouraged an institutional apparatus for studying developmental assistance, envisioning a network of countries and agencies around the world that would promote development. While initially aimed at economic development, working with central governments also meant close alignment with state policies, including the development of regional and local government capacities, ultimately integrating country units into the global economy. The programs were once known as involving "modernization" or social change that have occurred in developed societies that can be adapted in less-developed countries, particularly exchange programs that involved local officials and economic development specialists (Iriye 2002: 77–93).

Developmental assistance is also sponsored by a group originally founded by the Council of European Municipalities and Regions (CEMR). It was founded in Geneva in 1951 by a group of mayors. Later it opened its membership to regional governments. It is an umbrella organization of country associations of towns, municipalities, and regions from more than 30 countries, together representing some 100,000 SNG authorities. CEMR is primarily supported by national association fees, although the EU also supports the association through an annual grant. National associations that are not members of the Council of Europe or are from countries that do not hold free elections or subscribe to the European Charter provisions can only be associate members.

Basically CEMR promotes many of the same aims as that of the European Charter principles by trying to influence European law and policy, to exchange experiences with self-governance, and to engage in contacts with partners in other parts of the world. Its major working groups/policy areas include employment, energy, environment, equal opportunity, governance, the EU and the information society, local and regional democracy, north/south cooperation, employment in local government, procurement, regional policy, social affairs, transport, and urban and rural policies. It also promotes a very successful town-twinning network, involving over 26,000 European towns. In this activity, it works with the EU Director General of Education and Culture. It now forms the European section of a new multicontinental international organization, "United Cities and Local Governments." Finally, the association sponsors a wide range of seminars and issues a variety of reports. For example, it has conducted seminars on the impact of EU involvement on municipalities and towns for new members, along with promoting exchanges and best practices.

A prime example of subnational governance in this area was the work of many countries to reach across their borders to develop subnational

institutions in post-Soviet Ukraine through parliamentary development. A broad set of officials, university professors, and local government experts worked with the Ukrainian parliament to exchange ideas and strategies to develop subnational institutions and local governments. The focus was on issues of regionalism, given Ukraine's diversity and local government institutions, initially on constitution building but later on governing networks (Kolpakov 2014). The project built in options for oblast (region) and municipal autonomy and intergovernmental relations.

Developmental assistance with respect to SNGs includes but involves much more than building in government roles in trade and commerce. It involves exposure to and assistance in regional governments. It also involves the emergent linking roles of local governments, subventions, and contracts for services. In each country, SNG roles and responsibilities are both political and legal, needless to say which are difficult arenas of programs and policy, made more challenging by the connectedness now expected with globalization.

In addition to government institutions, there is increased focus on greater understanding of how networked systems work. Most important, as Ali Farazmand (2009: 10–12) concludes, is the need for government strategic adaptiveness, improved performance in service delivery, and to adopt development and advancement strategies. Strategic adaptiveness means capability building and looking beyond the status quo. Service delivery entails smart decisions on in-house production provision or contracting out. A development advancement strategy entails, as advanced countries do, "managing" their governance and administrative systems. This capacity entails forms of social learning with institutions, processes, and values that attract the most competent technical and process in-house operating capitol. It means, as Nicholas Berggruen and Nathan Gardels (2013: 157) conclude, to insert an international dimension into each country's domestic policy debate, in as much as "building a new order today is a matter not only for nation-states, but also for subnational entities. . ."

## Network Challenges

One overreaching force of impact is that in the network era that cross traditional Westphalian lines, the management of production, service, and regulatory networks "requires significant sophistocatory coordination and cooperation" that go "well beyond traditional concepts of outsourcing" (Abonyi and Van Slyke 2010: S36). As government enters new policy areas, a premium of emerging roles is placed on traditional government functions: learning and capacity building and understanding and mapping global value chains, such key devices of change as policy/regulatory prioritization, accelerating technological change, increasing capital (and knowledge) mobility, and increasing competition. As a result, global value chains and networks expand exponentially (Ibid: S35).

A first principle of involving government/non-government networks is that whereas the roles of governments are shifting with globalization, government cannot be dismissed as mostly absent or in some way hollowed out. The core importance of also keeping governmental bodies in the analytical mix in networked global impacts is continually relevant. The paradox of civil society, warns Michael Walzer (1998: 138), is to avoid the "anti-political tendencies that commonly accompany the celebration of civil society which are overstated; the network of associations incorporates, but it cannot dispense with the agencies of state power." The same would be true with regard to global networks. Walzer continues, "Citizenship is one of the many roles members play, but the state itself is unlike all other associations. It both frames civil society and occupies space within it, fixing boundary conditions and the basic rules of associational activity, compelling association members to think about the common good (138)." In these overarching respects, SNG activists and networked activity have not displaced government power nor necessarily hollowed out government. The degree to which external influences governments' role remains an open question.

The role of networks and network behavior here affecting SNGs is nevertheless in no way to

be minimized, particularly at the local or operating level, as they are now called upon to take the "wicked" problems facing governments (Rittel and Webber 1973) that are nettlesome, cross-boundary and highly interdisciplinary. Networks play a central role on focusing on difficult problems, where people live means looking for adaptable technologies, developing and managing knowledge, engaging in interactive programming and strategies, looking for feasible solutions, and in many cases the need to bank on their forms of joint programming and policy making.

In the *Oxford Handbook of American Bureaucracy*, Michael McGuire and Robert Agranoff (2010: 390) attempted to put meaningful parameters around this type of governance:

> Networks, however, have to be evaluated in light of the realities with which they operate. They –and for the for-profit and nonprofit actors comprising them—are limited in role, capacity, and authority relative to their public agency partners. These typically include legal mandates to take action to address the problem(s) targeted by the network, agency organizational and staffing capacity, the financial resources government control, the legitimacy government participation brings to the network, and the managerial responsibilities that public agencies assume in running them.

Networks also normally rely on the operations of their partners to implement programs. In virtually no ways are networks replacing government administrative agencies despite nonlinear relationships. The potential for new tools, methods, and theories to be devised to accommodate this stochasticity is considerable (Koliba and Zia 2013). In this regard, Koliba (2014) calls for capturing network theory building with computer simulation modeling, employing such techniques as system dynamics, agent-based modeling, social network analysis, and qualitative comparative analysis, as new data-mining programs are allowing large volumes of verbal and numerical data to be analyzed for emergent and often hidden patterns. These approaches will enhance network performance and will also extend knowledge in several different arenas. Other emergent techniques, including augmented mapping applied alone or coupled with public participative or collaborative GIS programming (Dragicevic and Balram 2004). Also, new sets of insights into the ways in which network members cluster around spatially related problems as well as the cleavages between network members are being developed (Mahmood et al. 2012).

Even more may be possible in solving some globalization impact riddles. In an interesting new volume on networked science, that is online interaction, Michael Nielson (2012) suggests that continued interactions can expand collaborative volume in some areas of inquiry, achieving what he calls conversational critical mass. This can be accomplished by modularizing collaboration by splitting up tasks into smaller subtasks that can be attacked independently. It will also encourage small contributions, reduce barriers to entry, and broaden the range of expertise. Thereby a rich and well-structured global SNG-related information commons may emerge, building on several persons' work incrementally as well as by collaborative means.

Open-source information has the potential to add to the deliberative power of interacting parties in networks, directing attention from information that participants already know to which they need to approach problems, serving the important function of "collective insight" (Nielson 2012: 66). To the extent that global networks operate in open cultures of sharing "where as much information is moved out of people's heads . . . and onto the network" (Nielson 2012: 183), the search for meaning may well undergird network processes.

In many ways the SNG research frontier appears to be most fruitful on the changing boundaries of the state in governing and how it works interactively with its partners. It is a matter of maintaining the changing perspectives on *government in governing*, since theories of the hollowed-out state and the end of bureaucracy appear to fall short of reality. Contracting and service delivery outside of government plus networks and other collaborative mechanisms are signature forms of the current age but continue to operate in the shadow of bureaucracy (McGuire and Agranoff 2010). As this entry has made clear, government has taken on new roles but it has not disappeared at any level.

Research makes clear that government agencies remain as central and authoritative partners in networked arrangements, guiding interacting partners toward decisions that respect law and political considerations and regulatory and fiscal concerns and promoting a fair-playing field among participants (McGuire and Agranoff 2011; Olsen 2006; Wondolleck and Jaffee 2000). Indeed, as Paul Hirst (2000) concludes, government remains the agent that pulls the various forces together, distributes power and responsibilities, is the focus of political identity, and is the main instrument of political legitimacy. It is within this context of the bounded state that contemporary SNGs can be understood. Although often thought of as at the bottom of SNG chains, at the core is the role of local governments operating within larger systems. Their roles in governing are indeed varied, ranging in some countries with considerable degrees self-rule whereas others are considered to be little more than delivery systems or agents of their central governments.

It is also important to maintain the idea that whereas networks not only perform different functions that many of them are limited in scope and powers. In the author's multiple site network study (Agranoff 2007: 10), a grounded theory research approach revealed at least four types of networks that varied considerably in their ability to meet interagency and interprogram expectations. They are identified here with a link to each by global-serving networks mentioned in this entry:

1. *Informational*, nonbinding exchange of programs and knowledge-related technologies, where any action is to be taken by participating agencies on a voluntary basis. An example is ILCEI, local governments for sustainability that connects leaders in cities and metropolitan areas for promoting independent capacity.
2. *Developmental*, where partner information and technical exchange are combined with member services that increase participant capability to operationally implement their own activities. METROPOLIS provides a cross-national forum for big cities focusing on mutual learning and capacity building.
3. *Outreach*, where partners not only exchange program knowledge and techniques but also design actual programs that are subsequently implemented by the varied government agencies and NGO implementers. The Council of European Municipalities and Regions (CEMR) develops strategic positions implemented by mayors and councils in employment, energy, social affairs, and transport, among others.
4. *Action*, where partners reach agreements relating to interagency adjustments, formally adopt courses of action and or deliver integrated services. This type of networked action happens in most development assistance programs, as they do not bypass but deal directly with potential local political and legal barriers and facilitators, such as most programs of the United Nations Committee for Industrial Development and many similar programs, as well as the country-level environmental action plans through the European Council.

With the exception of the *action* category, many networks prove rather limited in scope and power over real decisions. In particular, informational and developmental network are perhaps the most prevalent, but their power is more informal, leaving ultimate decisions to participants, particularly partnering governments (McGuire and Agranoff 2014). Emergent studies of governance have pointed to more realistic power-sharing models of governance. The complexities of the policy/program chain from either international regime or central/general government reveal a complex mix of legal, program, and fiscal controls that are filtered down the line, by second-tier governments in federal systems and regional administrations in unitary systems, to the local level where program design and operations not only go through governments and NGOs. Operations or implementation then adds strong potential for operational localism and street-level divergence. Conceptually, such cognitive strategic and organizational complexity (Koppenjan and Klijn 2014: 157) have made "administration"

substantially different from that of hierarchical or conventional bureaucracy, not necessarily as a replacement, but with the added dimensions of governing challenges in many situations, also compounded due to the nested governing positions of regional and local governments (see also Koliba 2010).

## Conclusion

The key to sound governance involving SNGs, we have learned, is to go far beyond contracting or outsourcing, particularly in creating government partnerships based on transparency and shared responsibility and authority. It is, as suggested, related to capacity development for governments at all levels:

1. Institutional self-organizing entities that include but go beyond bureaucratic organization
2. Organizing activity that encompasses process and structure for collaborative action
3. Policy capacity, or directional, and program guidance to manage under conflicting and interactive conditions
4. Administrative capacities, to run the machinery of system, executing policy decisions and translating collective will into actions through implementation and management

It requires, concludes Ali Farazmand (2009: 1017), elevation of public administration to encompass a broader scope, focusing on government as leader and empowering a multitude of institutional forms and networks. Politicians come and go, and public sentiments change and swing by forces of power, money, and elite manipulation, but it is "age-old administrative capacity that must maintain order with a full anticipatory capacity and stand ready to meet the challenges of increasingly unknown tomorrow . . ." (Farazmand 2009: 1017).

An emergent concern that is at the core of global impacts on SNG also builds on complexity theory concepts. For example, Joop Koppenjan and Erik-Hans Klijn (2014) conclude that persistent focus on the identification of linear, deterministic relationships that drive much of network performance to date may be limited. However, if networks are viewed as dynamic and complex, the challenge can be seen as taking place where art, craft, and science meet. Art brings in integration, craft makes the connections, and science provides the latter systematic analysis of knowledge.

## References

Abonyi G, Van Slyke DM (2010) Governing on the edges: globalization of production and the challenge to public administration. Public Adm Rev 70(Suppl): 533–545

Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

Barber BR (2014) If mayors ruled the world: dysfunctional nations, rising cities. Yale University Press, New Haven

Berggruen N, Gardels N (2013) Intelligent governance for the 21st century. UK Polity Press, Cambridge

Betsill MM, Bulkeley H (2004) Transnational networks and global and environmental governance: the cities for climate protection program. Int Stud Q 48:471–493

Bhagwati J (2004) In defense of globalization. Oxford University Press, New York

Castells M (2012) Networks of outrage and hope: social movements in the internet age. Polity Press, Cambridge, UK

Corijn E (2009) Urbanity as a political project: towards post-national European cities. In: Kong L, O'Connor J (eds) Creative economics, creative cities: Asian-European perspectives. Springer, New York

DeNardis L (2014) The global war for internet governance. Yale University Press, New Haven

Dragicevic S, Balram S (2004) A web gis collaborative framework to structure and manage distributed planning processes. J Geogr Syst 6(2):133–153

Economist (2016) Free exchange: the consensus crumbles, 7/2/16, p. 67 (Economist.com/blogs/freeexchange)

Farazmand A (2009) Building administrative capacity for the age of rapid globalization: a modest prescription for the twenty-first century. Public Adm Rev 69(6): 1007–1020

Felice WF (2010) The global new deal: economic and social human rights in world politics, 2nd edn. Rowman and Littlefield, Lanham

Gofen A (2014) Mind the gap: dimensions and influence of street-level divergence. J Public Adm Res Theory 24(2):473–494

Goss S (2001) Making local governance work: networks, relationships and the management of Change. Palgrave, Baskingstoke

Hirst P (2000) Democracy and governance. In: Pierre J (ed) Debating governance. Oxford University Press, Oxford, pp 13–35

Inkpen AC (1998) Learning and knowledge acquisition through international strategic alliances. Acad Manag Exec 12(4):69–80

Iriye A (2002) Global community: the role of international organizations. University of California Press, Berkeley

Keating M (2002) Governing cities and regions: territorial restructuring in a global age. In: Scott AJ (ed) Global-city regions. Oxford University Press, Oxford

Kennett P (2010) Global perspectives on governance. In: Osborne SP (ed) The new public governance. Routledge, New York

Klijn E-H, Koppenjan JFM (2016) Governance networks in the public sector. Routledge, Abington

Koliba C (2014) Governance network performances: a complex adaptive system approach. In: Keast R, Mandell M, Agranoff R (eds) Network theory in the public sector: building new theoretical frameworks. Routledge, New York

Koliba C. Personal correspondence

Koliba C, Zia A (2013) Complex systems modeling in public administration and policy studies. In: Gerrits L, Marks P (eds) COMPACT I: public administration and complexity. Emergent Publications, Litchfield Park

Koliba C, Meek J, Zia A (2010) Governance networks: public administration policy in the midst of complexity. Taylor and Francis, New York

Koliba C, Campbell E, Zia A (2011) Performance management systems of congestion management networks: evidence from four cases. Public Perform Manag Rev 34(4):520–548

Koliba C, Gerrits L, Rhodes ML, Meek JW (Forthcoming) Complexity theory, networks and system analysis. In: Ansell C, Torfing J (eds) Handbook of governance, Ch. 31

Kolpakov A (2014) Structural development of public management networks over time: where process meets structure. Ph.D. dissertation, SPEA, Indiana University, Bloomington

Koppenjan J, Klijn E-H (2014) What can governance network theory learn from complexity theory? Two perspectives on complexity. In: Keast R, Mandell MP, Agranoff R (eds) Network theory in the public sector. Routledge, New York

Kraus N (2013) Majoritarian cities: policy making and inequality in urban politics. University of Michigan Press, Ann Arbor

Lee T, van de Meene S (2012) Who teaches and who learns? Policy learning through the C40 cities climate network. Policy Sci 45:199–220

Loughlin J, Guy Peters B (1997) State traditions, administrative reform and regionalization. In: Keating M, Loughlin J (eds) The political economy of regionalism. Frank Cass, London

Loughlin J, Hendriks F, Lidstrőm A (2011) Introduction. In: The Oxford handbook of local and regional democracy in Europe. Oxford University Press, Oxford

Mahmood MN, Horita M, Keast R (2012) Using argumentative mapping and qualitative probabilistic network in resettlement planning process: a case study of padma multi-purpose bridge project. In: Proceedings of 2012 international conference on construction and real estate management, October 1–2. Kansas City, MO

McGuire M, Agranoff R (2010) Networking in the shadow of bureaucracy. In: Durant RF (ed) The Oxford handbook of American bureaucracy. Oxford University Press, New York, pp 372–392

McGuire M, Agranoff R (2011) The limitations of public management networks. Public Adm 89(2):265–284

McGuire M, Agranoff R (2014) Network management behaviors: closing the theoretical gap. In: Mandell M, Keast R, Agranoff R (eds) Network theory in the public sector: building new theoretical framework. Routledge, New York

Micklethwait J, Woolridge A (2014) The fourth revolution: the global race to reinvent the state. Penguin, New York

Nielson M (2012) Reinventing discovery: the new era of networked science. Princeton University Press, Princeton

Olsen JP (2006) Maybe it is time to rediscover bureaucracy. J Public Adm Res Theory 16:1–24

Peters GB (2015) Pursuing horizontal management: The politics of Public sector coordination. University of Kansas Press, Lawrence

Reed DS (2014) Building the federal schoolhouse: localism and the American education state. Oxford University Press, New York

Rifkin J (2005) The European dream. Penguin, New York

Rittel HWJ, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4(2):155–169

Scott AJ (2002) Introduction. In: Scott AJ (ed) Global city-regions. Oxford University Press, Oxford

Slaughter A-M (2009) America's edge: power in the networked century. Foreign Aff 88(1):94–113

Vabulas F, Snidal D (2013) Organization without delegation: Informal Intergovernmental Organizations (IIGOs) and the spectrum of intergovernmental arrangements. Rev Int Organ 8(2):193–220

Walzer M (1998) The ideal of civil society: the path to social reconstruction. In: Dionne EJ Jr (ed) community works: the revival of civil society in America. Brookings Institution Press, Washington, DC

Weiss TG (2013) Global governance: why? what? whither? Polity Press, Cambridge, UK

Wells C (2015) The civic organization and the digital citizen: community engagement in a networked age. Oxford University Press, Oxford

Wondolleck J, Jaffee SL (2000) Making collaboration work: lessons from innovation in national resource management. Island Press, Washington, DC

## Globalization and Terrorism

Robin Cameron
Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

*"All terrorism is international"*
*– Charles Kegley Jr. 1990*

Globalization and terrorism did not start at the end of the Cold War or after September 11 2001 attacks in New York. In fact, the account given here will entirely precede it, outlining the interaction between global processes and local resistances it generates. Globalization and terrorism have long been complex and intertwined. This chapter seeks to track the shift of terrorism from highly localized sites of anti-colonial and revolutionary struggle to globally mediated asymmetrical conflict. Underpinning this shift is a dialectic between the local and global whereby local resistance and nationalist movements seek to counter the asymmetry of systems of domination and control that existed previously under colonialism or in more recent years under other foreign interventions by utilizing emergent global media industries to deploy a political message. This is an important element not only of the effectiveness of terrorism as a tactic but also of the globalization of terrorism as a wider social phenomenon (Nacos 2002). Violent actions in distant localities have increasingly become sources of perceived solidarity or perceived danger for disparate audiences networked through digital communications technology (Lewis 2005). In this context, the contestation over the representation of violence to global audiences plays a major role in polarizing parties to the conflict.

The local and global dimensions of terrorism function as generative rather competing dynamics in this discussion. This chapter seeks to offer an interdisciplinary framework for understanding terrorism in an era where borders are often porous, information is increasingly unbounded, and strategic violence can be projected globally (Cronin 2003). While terrorism has increasingly come to operate in an era of highly diffuse communications systems, there is nonetheless a key role played by the state. State parties rely on sovereignty to make a claim to legitimacy when responding to terrorism, particularly when using force, whether it is in a domestic policing capacity or military intervention. States, however, can equally be supporters as well as counters to terrorism (Cohan 2002, pp. 85–88). Vital to understanding the globalization of terrorism that the measures required to create a monopoly over state violence and a demarcated space in which state violence occurs is not without consequences, one of which being terrorism as an asymmetrical strategy of resisting perceived illegitimate rule.

Defining terrorism has become a problem so entrenched that is unlikely to ever be resolved in a manner satisfactory to all (Hodgson and Tadros 2013). Nevertheless, I shall include one here, not to solve the puzzle and convince the diverse array of terrorism scholars and counter-terrorism policy-makers about the correctness of my definition, but rather to provide readers with a sense of how the term is being used in this chapter. Terrorism is a term in which the speaker is always taking a position in its rhetorical deployment; it can never be neutral or apolitical (Acharya 2009). Furthermore, the position that is being taken implicitly or explicitly in the definition and use of the term is subject to a divisive discursive structure in which there is very little middle ground and participants are perceived as taking a side (Cameron 2007; Schmid 2007). While it is highly contested, there is a broad set of tactics that can be articulated as a contemporary working definition for this chapter. Terrorism is a tactic of asymmetrical warfare employing strategic violence and communications campaigns to resist or attack a more powerful force that is perceived to be unjust or illegitimate. Violence functions as a tactic to enable the dispersal of the group's message rather than the end unto itself. A crucial element of the effectiveness of this tactic is to utilize available social and media networks to extend the impact of the message the group seeks to spread. With this in mind, the chapter

will suggest that as the scope of social and media networks has become increasingly global, so too has the scope of terrorism. This tactic, however, did not emerge in isolation but rather is an adaptation of tactics used historically by other actors.

## On Terror and Terrorism

The idea of terrorism can also be understood by examining the historical usage of the term "terror" by thinkers on the topic of political power. It is after all most often a contestation over political power by groups who engage this tactic (Pape 2005). A key thinker for whom the idea of terror played a significant role in his conception of power was Thomas Hobbes. Writing in response to the seventeenth-century English civil war, Hobbes contrasts what he refers to laws of nature, positive attributes of a society governed by a sovereign power, with natural passions, actions arising from a lack of restraint. Hobbes writes, "for the laws of nature, as justice, equity, modesty, mercy, and, in sum, doing to others as we would be done to, of themselves, without the terror of some power to cause them to be observed, are contrary to our natural passions, that carry us to partiality, pride, revenge, and the like" (Hobbes 1651 [1997], p. 129). Here, terror is the deterrent sense of awe experienced by citizens in the face of the Leviathan, the constituent agents of sovereign power. This terror functions as a rudimentary technique to control the movement, actions, and passions of the people, ultimately what was to emerge as an ordering principle of the modern state.

While terror can function as a means of maintaining order, it can also be used for the purposes of revolution and state formation. The key figure in this regard is Maximilien Robespierre and revolutionary reign of terror that was brought to eighteenth-century France. The use of fear was an explicit tactic of fear to enable change in the political order.

Robespierre declared, "it is time that equality bore its scythe above all heads. It is time to horrify all the conspirators. So legislators, place Terror on the order of the day! Let us be in revolution, because everywhere counter-revolution is being woven by our enemies. The blade of the law should hover over all the guilty" (quoted in Thorup 2010, p. 88). While in its initial iteration terror had a revolutionary function in order to found the first French Republic, it was equally seen as principle that could be brought to bear in order to maintain order and ensure justice. Robespierre again suggests, "terror is nothing other than justice, prompt, severe, inflexible; it is therefore an emanation of virtue; it is not so much a special principle as it is a consequence of the general principle of democracy applied to our country's most urgent needs"(quoted in Battersby 2003, p. 70). What at first glance seems to be a conception of terror opposed to that of Hobbes, insofar as it was deployed to overturn the rule of a king, it was subsequently redeployed in a more compatible fashion to maintain rule. The common thread through both modes of terror is that it represents the violence of the state both in its state formation mode and its state rule mode. While terror was a mode of state power advocated by Hobbes and Robespierre for the maintenance of order, it can equally be the power of the state brought to bear in its most destructive manner.

If one dimension of terror as a tactic of the state was social control, this mode of state violence was taken to its frightening apogee under twentieth-century totalitarianism. Responding to the rise of the German Third Reich in the 1930s and the atrocities committed against Jews and other minorities, Hannah Arendt undertook a study of the structures of control under totalitarian rule in Germany and the USSR. She suggested "if lawfulness is the essence of non-tyrannical government and lawlessness is the essence of tyranny, then terror is the essence of totalitarian domination" (Arendt 1951 [1996], p. 464). Law is positioned in this formulation as not only a means of ensuring the conduct of citizens but also a check on the exercise of power by the state. The absence of law is not in itself a cause of domination, but short of other restraints on the state or powerful citizens, they can act with impunity. The ability of powerful state or non-state actors to arbitrarily benefit themselves or harm others does not in itself entail totalitarian domination. Terror here is

the complete lack of control of one's fate in the face of immense and expansive state power. Total control was not just through the terror of physical violence by the totalitarian states of Nazi Germany and Stalin's USSR but also the erosion of the grounds for certainty to the point where people would "believe everything and nothing, think that everything was possible and nothing was true" (ibid., p. 382). This epistemological propaganda was so effective that it did not even have to be hidden from its citizens; indeed "they had known all along that the statement was a lie and would admire the leaders for their superior tactical cleverness" (ibid.). Terror under totalitarianism is complete physical and psychic domination.

Terror in this brief intellectual history is a function of state power. But how does this connect to the question of "terrorism" in a more contemporaneous sense? At first glance, this seems to run entirely counter to the understanding of contemporary "terrorism" received through counter-terrorism policy of most countries in the early decades of the twentieth century; the former is historically associated here with the exertion of various sorts of control by the state, whereas the latter connotes aberrant politics and ideology practiced by illegitimate non-state actors. Charles Tilly usefully warns against conflating the terms "terror," "terrorism," and "terrorists" (2004, p. 5). His corrective is that terror is a tactic of asymmetry adopted against enemies more powerful or populations larger than that of the actor. Terror can therefore be common to a Hobbesian Leviathan, a Robespierrean revolutionary, or a system of totalitarian domination or, as I will suggest momentarily, colonial violence. Equally, however, it may be adopted by resistance groups that seek to oppose it. In this latter respect, terror and terrorism begin to overlap. Terrorism is not a tactic but a strategy (ibid., p. 9). Tilly suggests this is a conceptually fluid category, as actors will always be participating in multiple fields of political fields of contestation and deploying a variety of tactics. So, not only are the terms terror, terrorist, and terrorism not synonymous, we should neither assume that all three apply in the same instance simultaneously or in exclusion of other tactics, actors, or strategies. While most states define terrorism in various ways as a crime against the state or its people, there is very rarely a pure ideological strand that unites all terror, terrorism, and terrorists while excluding other tactics or actors (Tilly 2005, p. 21). In this sense, the usage of the term "terrorism" reflects wider discursive formation and its consolidation into law rather than analytical utility.

Another way to understand the connection between terror and terrorism is through the contestation over state power especially in regard to the monopoly of violence. Terror can take the form of sovereignty, revolution, domination, or, as I will suggest in the following section, systemic violence. Each of the four observations of terror highlights a different emphasis within the repertoire of state power and its ability to exert control over a population. Across all four, however, the political tactic of terror has a fundamental relation to state power. This aligns with Weber's conception of violence as the foundational basis and ongoing constitutive necessity for the state. According to Weber:

> . . .a state is a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory. Note that 'territory' is one of the characteristics of the state. Specifically, at the present time, the right to use physical force is ascribed to other institutions or to individuals only to the extent to which the state permits it. The state is considered the sole source of the 'right' to use violence. (Weber 1919 [1947], p.78)

Terror, in the historical senses discussed to this point, functions as an attempt to either establish or maintain the monopoly of violence and furthermore to elevate it to an organizing principle. Prior to the contemporary discursive construction of terrorism as a specific strategy of non-state actors, terror functioned as a tool of state formation or state governance. The evolution of this notion of terror to that of terrorism, which is more common today, emerges from the use asymmetrical tactics as a counterclaim on territory through the undermining of the monopoly on the use of the violence, as occurred in many colonial and nationalist movements against colonialism.

## Colonial Age of Terrorism

The use of terror for the purposes of political control also functioned under the global structures of colonial rule. While the conceptual relationship between terror and terrorism has been articulated in the preceding section, this section seeks to connect this historical usage and the contemporary understanding. Namely, that the use of terror to maintain a subject population in a state of fear became generative of violent resistance in the twilight of the colonial era. This cursory historical overview of terror as a technique of state control may not seem to be immediately connected to the concept of globalization; it does highlight the geographical spread and transmogrification of the use of state violence to maintain order. Under the global structures of colonial rule by European nation-states, we can begin to see the basis for a more global understanding of terrorism as emerging transnational communications enabled a wider awareness of independence struggles. This section will suggest that while highly localized in the specificity of colonial struggles, there are nonetheless distinct global dimensions to the colonial age of terrorism that foreshadow greater degrees of globalization.

If the terror of totalitarianism was an extreme yet arbitrary form of domination, then under colonialism terror was systemic. Frantz Fanon was one of the most penetrating observers of the cruelty of the late stages of colonial rule, drawing attention to its essential dehumanizing effects in an era where European nations proclaimed the high ideals of human rights and equality. Writing in the context of the Algerian National Liberation Front (FLN) fight for self-determination and independence from French colonial rule, Fanon observed that terror was not only deployed by the state but was generative of similar violence among those being dominated. "Terror, counter-terror, violence, counter-violence: that is what observers bitterly record when they describe the circle of hate, which is so tenacious and so evident in Algeria" (Fanon 1961 [2004], p. 47). Counterterror emerges as the internalization of the violence of colonialism, which ensures the violence is not momentary but cyclical. This violence was explicitly evident in the resistance movement against the French, but the internalization of the violence was more expansive and penetrating than the violence of the civil war. In effect the cycle of violence or perhaps more accurately the circulation of violence becomes the currency of social relations. Introducing Fanon's *Wretched of the Earth* and speaking to his own experience as a Frenchman of the civil war, Sartre suggested "colonial aggression is internalized by the colonized as a form of terror. By that I mean not only the fear they feel when faced with our limitless means of repression but also that their own fury inspires in them" (Sartre in Fanon 1961 [2004], p. lii). In this colonial moment, we witness the shift from the historical mode of state terror sketched out in the preceding paragraphs to the tactic widely described as terrorism as a form of asymmetrical resistance against a government of authority that is perceived to be unjust.

The FLN actions against the French colonial presence in the Algerian War of Independence not only demonstrate the breakdown of the brutal use of terror as a means of control but also the use of terrorism as strategy for seeking independence. The FLN was inspired by the Brazilian insurgent Carlos Marighella's guerrilla tactics (Horne 1977, p. 118) and Vietnamese nationalist Ho Chi Minh's willingness to take greater casualties (Evans and Philips 2007, p. 56). The FLN adopted terrorist tactics in order to militarize the conflict, drawing the French into a massive overreaction that shifted the conflict from the domination of colonial policing and control to total war. The asymmetry of the conflict was represented in the casualties. While the FLN employed tactics of ambush and bombing civilian targets, their losses were far greater, most likely by a factor of 10 (Horne 1977, p. 122). This combined with the establishment of camps, controls on movement, and shutting down of borders served to bolster an Algerian nationalism centered on anti-French sentiment and focused the conflict into the urban setting of Algiers (Derradji 2002, p. 118). The more military power the French threw at the city, the more support the resistance gained at the expense of the legitimacy of the ongoing colonial occupation domestically and abroad (Talbott 1980,

pp. 78–80). Through sheer force of numbers and hardware from a purely military perspective, France won the war in Algeria, routing the FLN as a fighting force. The French, however, were ultimately brought to a stalemate by the asymmetrical terrorism strategy as the continued occupation became untenable. On top of this, the political battle was lost due to waning domestic public opinion in France (Whitfield 2005) and a lack of support from the wider international community.

The strategy of the FLN was not limited to strategic violence and coercion; it also adopted a political and diplomatic strategy designed to gain international attention for their cause. Given the overwhelming power of the French Army, the FLN adopted not only the violent asymmetrical terrorism but also combined this with attempts to shift international opinion in its favor through diplomacy. This involved two main strategies. The first took advantage of Cold War geopolitics to gain material and diplomatic support from communist-aligned countries who were willing to back it against the west (Connolly 2001, p. 223). This strategy was also supplemented by support from other anti-colonial states who had either recently achieved independence or were seeking it. The second involved participating in international negotiations and meetings, particularly the United Nations (Connolly 2002). This strategy was made explicit by a FLN representative who, in a speech at the UN, suggested "every time a bomb explodes in Algiers we are taken more seriously here" (Hutchison 1978, p. 91). FLN violence was not used abroad; it was only used against French forces in Algeria and, in this sense, was highly localized. But insofar as France was a late-colonial power, embedded in the wider international community, FLN terrorism had a wider intended global audience. This wider global strategy is one that would become central to modern terrorism strategies.

The shift from local to global concerns changes how terrorism ought to be conceptualized. As described earlier, Tilly suggests that there are a large number of actors willing to use terror as a tactic, far greater than those that would be described as terrorists in the contemporary era. Even of those that adopt the more recognizably strategy of terrorism, most also deploy a wide range of other strategies and there is no pure "terrorist." This means that over time or in different contexts, whether a group can be regarded as terrorists or not is likely to vary. Because a "remarkable array of actors sometimes adopt terror as a strategy, no coherent set of cause-effect propositions can explain terrorism as a whole" (Tilly 2005, p. 22). In order to better differentiate the tendencies within the array of actors, Tilly offers a typology of four styles of groups or networks based on two variables: their expertise with techniques of coercion and how far abroad they operate. The first are what he refers to as "autonomists," those actors who operate close to home and have low levels of expertise with violence. Second are "militias" who operate close to home but have significant expertise in warfare or violence. Thirdly, "zealots" are those whose attacks occur abroad but do not possess significant skills in warfare or violence. Finally and of greatest concern for western nations are "conspirators" whose operations are directed abroad and possess significant experience and expertise with violence tactics. In the emergence of more connected eras of terrorism, we can see all four actors in play, but the latter is certainly in the minority.

## "Golden" Age of Terrorism

Terrorism moved decisively to the global stage during the 1970s during what has been referred to as the "Golden Age of Terrorism" (Bergen 2015). As Brigitte Nacos suggests, it was during this era that figures such as Carlos the Jackal or Andreas Baader and Ulrike Meinhof became household names through news reporting around the world (Nacos 2002, p. 4). This occurred in part because of a greater willingness to direct attacks against western states or western interests in non-western states and in certain instances greater levels of skill in using coercive force or greater lethality resulting from attacks. Most crucially however, terrorism strategies were either intentionally or inadvertently feeding into an increasingly globally networked media. Resistance

movements such as the FLN ably demonstrated that coercive violence alone was not sufficient to succeed. Violence in this sense was not the end goal, nor was it really a tactic toward a military outcome. It was a much a medium of communicating a message to domestic and international audiences (Stohl and Stohl 2017, pp. 363–364). This also meant that tactics and strategies of resistance could be studied and learned, giving rise to the proliferation and replication of similar styles of groups around the world. The power of these public information channels for these groups could be seen in attempts by the UK government to limit displays of public support for the IRA in the mid-1970s (Viera 1988) and ultimately regulate media reporting of terrorism in the early 1980s (Edgerton 1996). Terrorism was also becoming global because the concerns were no longer just local; the influence of global revolutionary worldviews could give rise to local or international resistances.

When thinking about global terrorism during the 1970s, a figure such as "Carlos the Jackal" quickly comes to mind. Born Ilyich Ramirez Sanchez, he was a globe-trotting revolutionary active in the youth movement of the Venezuelan communist party and undertook guerrilla warfare training with the Cuban intelligence agency in Havana (Kusher 2003, p. 322). He lived in London while his mother was studying in the London School of Economics and then attended university in Moscow. He committed deeply and actively to the Popular Front for the Liberation of Palestine (PFLP), undertaking training in Lebanon and committing several attacks against western targets across Europe. After killing hostages in a mission gone wrong, he was expelled from the PFLP and formed his own "Organization for Armed Struggle" made up of a transnational band of rebels. He subsequently carried out operations for the German Stasi and Russian KGB against western targets. It is not clear to what extent cinematic depictions of the international spy are based on his exploits or vice versa, but he was first much of the 1970s one of the most notorious international fugitives. He is now serving multiple life sentences for murder in a French prison. The majority of his operations clearly fit the model of a conspirator in the Tillyian sense, with most occurring abroad and demonstrating a high degree of mastery of the means of coercive violence. He was for the most part an exception, as most other instances of terrorism occurred closer to home and generally.

The most notorious groups operating throughout the 1970s were nationalist or revolutionary groups (Audrey 2004, pp. 44–45). Groups such as the Provisional Irish Republican Army, the Italian Red Brigade, the militant factions of the Palestinian Liberation Organization, the Basque separatists ETA, and Colombian revolutionaries FARC operated primarily against occupying forces in regions where they sought independence but in some instances directed attacks against wider targets such as those by the IRA in England, by ETA in Spain and France, and by the Palestinian Black September siege in Munich. These groups were large in scale and can perhaps be better understood as paramilitary groups that employed asymmetrical terrorism against the states with which they were at war. In this respect they can very much be understood as "militias" in Tilly's typology. Smaller revolutionary groups such as the Baader-Meinhof group's Red Army Faction, the Japanese Red Army, the Italian Red Brigade, and the American students' group the Weather Underground had ambitious revolutionary aims and were responsible for considerable violence and destruction but were never in a position to challenge for territorial control and can be better understood as "autonomists." The Japanese Red Army also undertook actions abroad such as taking hostages at the French embassy at The Hague in collaboration with Carlos the Jackal but without the same level of expertise. In this expeditionary capacity, they could be understood as "zealots" according to Tilly's typology. While the concern of these groups at first glance seems for the most part local independence, there is, however, a common set of Marxist-Leninist or Maoist revolutionary anti-capitalist or anti-fascist beliefs and shared militant tactics that can be identified across these organizations (Moghadam 2006, p. 56). While these groups may not have been the product of globalization, the ability to draw on a global revolutionary ideology and learn

asymmetrical tactics from one another was definitely an enabling factor.

Terrorism as noted earlier is not an objective term; it is dependent on the political and geopolitical alignments of those who portray the actors in question. The globalization of terrorism occurred during this era as a result of various cold war geopolitical conflicts in which paramilitary and guerrilla were supported by one superpower in their fight against a state backed by the other superpower. This can be seen clearly in the ideological alignment of groups from this era that are described as perpetrating terrorism throughout the 1970s; they were decidedly left-leaning or socialist-inspired. To counter what was seen as a spreading popular support for left-wing revolutions, the USA became involved in supporting conservative and hard-line paramilitaries against socialist or communist governments, creating armed and battle-hardened groups in contested regions of the world. In particular, a number of right-wing coups in Latin America, in particular Bolivia in 1971 led by General Banzer (Kohl and Farthing 2006, pp. 50–51), Argentina in 1973 led by General Pinochet, and Chile in 1976 led by General Videlo (Wright 2006), were followed by widespread state terror in the form of torture, murder, and disappearances. Support for asymmetrical strategies became much more common throughout the 1980s, with the USA supporting pro-government death squads in El Salvador (Arnson 2002, p. 96; Bonner 1984) and Guatemala (McClintock 1984), as well anti-government contras in Nicaragua (Chamorro and Morley 1985). While the military forces behind coups and US-backed leaders and paramilitaries tended not to be referred to as terrorist groups, they clearly possessed significant military expertise that was used to enact coercive terror and would qualify in Tilly's terms as "militias" in their domestic operations or "conspirators" when operating abroad.

While there are many examples of foreign interventions by powerful nations across the globe for geopolitical goals, the most notorious and consequential example of this was in Afghanistan. Both the Cold War superpowers intervened in various ways to support their geopolitical ambitions. Following a coup in 1978 that led to unstable leadership, the Soviet Union formally intervened in 1979 initiating a coup and installing a loyalist. This generated both domestic and international opposition, with Sunni, Shia, and revolutionary factions fighting the occupation and the United Nations General Assembly passing a vote protesting the intervention. The USA sort to counter the Soviet Union's occupation by supporting the war efforts of the many mujahideen forces in Afghanistan throughout the 1980s by supplying weapons, money, and training. It is estimated that the CIA trained as many as 12,500 fighters in guerrilla tactics, bomb making, and sabotage (Burke 1999). Furthermore, in collaboration with Pakistan's ISI, the CIA encouraged as many as 35,000 foreign fighters from 40 Muslim countries to join the war against Soviet Union forces (Rashid 1999, p. 31). While this was highly effective in drawing the Soviet Union into a bloody conflict that destroyed Afghanistan, it had much longer-term ramifications. This not only actively gave rise to generations of terrorist attacks but crucially served to create a militant transnational solidarity and global identity among foreign fighters. It was in this era that the foundations of global terrorism were laid.

## Global Age of Terrorism

It is at this point that a clear definition of globalization should be offered, for in the post-Cold War era terrorism and globalization become inseparable processes. Manfred Steger usefully describes globalization as "the expansion and intensification of social relations and consciousness across world-time and world-space" (Steger 2013, p. 15). This definition encompasses both material (social relations) and ideational (consciousness) elements of globalization and that these dynamics are not only spreading (expansion) but also that there condensation (intensification) in particular sites, such as cities with implications that are both spatial (world-space) and temporal (world-time) across the world. Important to note is these effects do not need to be felt all around the world or in the same manner. The effects of globalization will

always be localized in some way. This can be seen in the preceding sections where global phenomena such as colonialism, revolutionary movements, counterrevolutionary strategies, and geopolitical competition gave rise to local manifestations, in particular the violent incorporation of or resistance to these early forms of globalization. While the emerging global media meant that there was an awareness of these events around the world, the advent of a properly global mediasphere meant that the effects of spectacular public violence become immediate and resonant.

The emergence of a global age of terrorism was made possible by the emergence of global media industries, instantaneous global communications, and the increased mobility of those seeking to counter foreign interventions. While the seeds of the latter had been laid throughout the 1980s and would begin to manifest throughout the 1990s, the rise of instantaneous global media industry became abundantly clear in the 1990–1991 Gulf War. French poststructural theorist Jean Baudrillard published three provocatively titled essays before, during, and after the war entitled, respectively, "The Gulf War will not take place", "The Gulf War is not really taking place," and most memorably "The Gulf War did not take place" in the French newspaper *Liberation* and the English newspaper *The Guardian*. At the time these were widely received as ironic wordplay that diminished the gravity of a large-scale war. With the benefit of hindsight, it seems clearer that Baudrillard showed some foresight into the nature of the conflict. Firstly, due to the overwhelming aerial bombardment that was brought to bare on the Iraqi forces, the conflict was so asymmetrical that Baudrillard suggested it should be more accurately described as an atrocity rather than a war. Secondly and more profoundly, what was being witnessed in the dense and ever-present real-time global media representations was not an experience of what happened in the conflict but rather a simulation based on distanciated and stylized propagandistic imagery or what Baudrillard referred to as "simulacra." Instead of the emergence of a post-Cold War style of just war unconstrained by Soviet deterrence as envisioned by victorious western nations, what was being witnessed was the early stages of highly mediated and contested world in which narratives were multiple and truth harder to discern.

The world of course was thus more complex than this narrative of liberal internationalism suggested. An initial attempt to articulate the relationship between post-Cold War global order and terrorism was in Benjamin Barber's "Jihad vs. McWorld" article published in *The Atlantic* (Barber 1992). Barber posits two new polarities that will shape world order, especially in the Middle Eastern region. The first, "McWorld," is a neoliberal evolution of western globalization no longer constrained by the Soviet Union and only further energized by the power of corporations. This vision of western globalization takes on a post-sovereign bent in which corporations not only seek to engage foreign markets but also exert increasing influence over foreign policy. The McWorld position was best represented at the time by hyperglobalist commentators such as Francis Fukuyama in his "End of History" essay (1989), Kenichi Ohmae in *End of the Nation-State* (Ohmae 1995), and Thomas Friedman in *Lexus and the Olive Tree* (Friedman 1999). Barber suggested that as these companies, supported by neoliberal economic policies, enter into new markets and place pressure on countries to adopt economically, politically, and culturally liberal policies, there would be an inevitable resistance and even violent pushback. This pushback as it was suggested would take the form of "Jihad," which Barber represented as a reactionary traditional values that might be inspired by either nationalist or religious beliefs. By incorporating the reactionary tribal response to western globalization, Barber managed to temper the hyperglobalist outlook with a dose of realism, structured like the Cold War, very much in the manner of Huntington's "Clash of Civilizations" argument. Here was a vision of globalizing world in which terrorism would pose a great threat to post-Cold War democratic aspirations.

While Barber brought the new trends of emergent reactionary violence against forms of western globalization to attention, its formulation was altogether too binary. "Jihad" was framed as a local, particular, and backward set of "narrowly

conceived faiths," in a word tribal. "McWorld" was positioned as imposed from above and entirely homogenizing. In practice, however, neoliberal globalization incorporates local particularities and tribalisms into its structures. When Roland Robertson (1992) speaks of "glocalization," he is referring to the way in which universalizing aspects of globalization tend to merge and interact with the particular qualities of that locality. This, however, can be taken one step further if we understand that the local tribal dynamics are themselves products of global processes or interventions, namely, colonialism and the geopolitics of the Cold War. Seeking to break out of the binary of "Jihad" and "McWorld," Mitchell (2002) seeks to bring these two dynamics into a more dialectical and mutually constitutive relationship, suggesting that if anything we live in an age of "McJihad" "in which the mechanisms of capitalism appear to operate . . . by adopting the social force and moral authority of conservative Islamic movements. It may be true that we need a better understanding of the local forces that oppose the globalization of capital. But more than this we need a better understanding of the so-called global forces of capital."

Informed by his prior studies of Egyptian modernization programs in which widespread perceptions of backwardness belie the extent to which a "techno-politics" informed by western governance is at play (2002), Mitchell highlights that both globalization itself and the reactionary violence against have been equally constituted by long-standing military support, trade in oil, and a willingness to turn a blind eye to human rights abuses throughout the region. Viewed in this light, globalization and terrorism in this sense are deeply intertwined.

The September 11, 2001, attacks were the moment when the global nature of terrorism and counter-terrorism measures employed by western nations became undeniably global. The unavoidable ways in which it was a global event serve to confirm much of what has been discussed to this point. As has been documented in numerous YouTube compilation videos and explicitly suggested in the documentary by film-maker Adam Curtis, *HyperNormalisation*, 9/11 was prefigured throughout the 1990s by a large number of Hollywood action films in which planes and alien spaceships collide into significant US buildings, wreaking havoc and rendering the unimaginable on billions of screens around the world. In this sense before 9/11 occurred, it was already a simulated global event. When all those eyewitnesses in New York and the millions watching live around the world instinctively uttered the phrase "it was just like a movie," they were quite literally correct. These prefigurative imaginings of foreign threats, many quite literally out of this world, play a vital role in what de Goede describes as premediation of security (De Goede 2008). In this scenario the nature of the threat and the presumed response have already been determined in the public and policy mindset. This goes a long way to understanding why risk does not realistically factor into counter-terrorism responses, in which the financial cost and limits to freedom greatly exceed the literal danger posed by the threat of terrorism (Mueller and Stewart 2011).

## Conclusion

In 1990 Charles Kegley Jr. stated that "all terrorism is international." In some respects this is not entirely true. There are still many cases of highly localized violence within states, which while still being regarded as terrorism, has no great bearing on international affairs, and can be responded to through regular law enforcement or policing measures. A contemporary example of this is the emerging threat of right-wing terrorism that is becoming more and more prevalent within many western nations. The concerns of these groups tend to be with preserving a specific racialized vision of the status quo unified around a highly masculinized nationalism. The terrorism in this instance is not especially international as it seeks an isolationist position and is directed toward those who are identified (rightly or wrongly) as foreigners. To the extent that right-wing terrorism is directed at the state, it is because it facilitates multicultural policies or seeks to restrain the violent behavior of nationalists. They are most likely to function close to home as autonomists or

militias and rarely will they seek to operate abroad as zealots or conspirators. The use of coercive violence in this manner is not really international terrorism. The discursive effects of 9/11, an archetypal act of conspiratorial, highly coercive terrorism that is directed abroad, have seen all forms of terrorism – and indeed all tropes that can be conceivably be linked to terrorism – be treated as international terrorism. The international interpretive frame means that threats (real or merely perceived) are treated as threats to national security that should be mediated using the diplomatic and strategic tools available for the conduct of foreign policy and war. Many instances of terrorism of course do not rise to this.

What can be said, however, is that all terrorism is now global. This distinction here is that while certain domestic forms of terrorism will not affect international actors, nor will the perpetrators likely be perceived as international actors themselves, terrorism cannot operate in a vacuum. All future acts of terrorism, from the most local and parochial act of asymmetrical violence to the most expansive ambitions of highly trained and well-traveled operatives, will occur in the context of immersive collective cultural awareness of things like 9/11, the subsequent war on terror including Guantanamo Bay, the killing of Osama bin Laden, and the deployment of drones. There is now a global cultural production of knowledge related to terrorism and counterterrorism that will have certain local specificities but also transnational commonalities. This can be seen even in the highly patriotic and isolationist beliefs of far-right extremist groups. While they decry forms of multilateralism abroad that might diminish national sovereignty or multiculturalism domestically that might diminish their conception of national culture, there is nonetheless a transnational learning and even at times solidarity among nationalist groups in different countries.

If a nationalist group uses coercive asymmetrical violence in a country that is not under occupation and does not target foreign nationals, it is not international, but it is likely to still be global. Far-right nationalist groups will share intellectual resources by reading each others' tracts in order to develop their own arguments. Far-right groups will also celebrate electoral success of nationalist groups in other countries. In some instances they will cooperate in supranational institutions of the EU or travel to other countries to give speeches. There is almost a contradictory transnational parochialism that rejects but at the same time mimics cosmopolitan solidarity among progressive movements. Far-right groups will also adopt common enemies in spite of being in countries that face very different patterns of immigration or geopolitical dangers.

This chapter has suggested that globalization and terrorism have come together in a way that creates global media events, which stage violent modes of communication between militarily, economically, and culturally asymmetrical actors. There is not sufficient space here to have detailed all the myriad ways in which globalization, the war on terror, and the post war on terror approach to counterterrorism have become so deeply enmeshed and intertwined. That would be the topic of a future chapter in itself. What this chapter has sought to do is to sketch out a conception of what is commonly recognized as terrorist acts, in spite of the conceptually imprecise nature of the terms terror, terrorist, and terrorism. The decline of colonialism and the rise of desire for national independence saw the emergence of a broadly common set of asymmetrical tactics to achieve these ends. As the world moved into a state of Cold War balanced precarity, these methods morphed, became more mobile, in some cases more militarized, and increasingly carried out against foreign actors or for global audiences. Tragically this period of increasingly violent competition between superpowers using asymmetrical proxy violence sowed the seeds of genuinely global and increasingly violent actors. The cycle of violent terrorist reprisal in the twenty-first century will be a key part of the story of the dark side of globalization.

## References

Acharya UD (2009) War on terror or terror wars?: the problem in defining terrorism. Denv J Int Law Policy 37(4):653–680

Arendt H (1951 [1996]) Origins of totalitarianism. Harcourt Inc., Orlando

Arnson CJ (2002) Window on the past: a declassified history of death squads in El Salvador. In: Campbell BB, Brenner AD (eds) Death squads in global perspective: murder with deniability. Palgrave Macmillan, New York

Audrey SM (2004) The new dimension of international terrorism. Hochschulverlag, Zurich

Barber B (1992) Jihad versus McWorld. The Atlantic. Accessed from www.theatlantic.com/magazine/archive/1992/03/jihad-vs-mcworld/303882/. On 11 Apr 2017

Battersby C (2003) Terror, terrorism and the sublime: rethinking the sublime after 1789 and 2001. Postcolonial Stud 6(1):67–89

Bergen P (2015) The golden age of terrorism. CNN. Accessed from http://edition.cnn.com/2015/07/28/opinions/bergen-1970s-terrorism/. On 11 Apr 2017

Bonner R (1984) Weaknesses and deceit: U.S. policy and El Salvador. New York Times Books, New York

Burke J (1999) Frankenstein the CIA created. The Guardian. Accessed from https://www.theguardian.com/world/1999/jan/17/yemen.islam. On 11 Apr 2017

Cameron R (2007) Self-discipline in a time of terror: U.S foreign policy and the U.S. self. Theoria J Soc Polit Theory 114:74–101

Chamorro E, Morley J (1985) Confessions of a 'contra'. New Republic. Accessed from https://newrepublic.com/article/70847/confessions-contra. On 11 Apr 2017

Cohan JA (2002) Formulation of a state's response to terrorism and state-sponsored terrorism. Pace Int Law Rev 14:77–112

Connolly M (2001) Rethinking the cold war and decolonialization: the grand strategies of the Algerian War for independence. Int J Middle East Stud 33(2): 221–245

Connolly M (2002) A diplomatic revolution: Algeria's fight for independence and origins of the post-Cold War era. Oxford University Press, Oxford

Cronin AK (2003) Behind the curve: globalization and international terrorism. Int Secur 27(3):30–58

De Goede M (2008) Beyond risk: premediation and the post-9/11 security imagination. Secur Dialogue 39(2–3):155–176

Derrradji AR (2002) A concise history of political violence in Algeria: 1954–2000. The Edwin Mellen Press, Lewiston

Edgerton G (1996) Quelling the 'Oxygen of publicity': British Broadcasting and the troubles during the thatcher years. J Pop Cult 30(1):115–132

Evans M, Philips J (2007) Algeria: Anger of the Dispossessed. Yale University Press, New Haven

Fanon F (1961 [2004]) Wretched of the Earth. Grove Press, New York

Friedman T (1999) Lexus and the olive tree: understanding globalization. Farrar, Straus & Giroux, New York

Fukuyama F (1989) End of History? National Interest 16: 3–18

Hobbes T (1651 [1997]) Leviathan: or the matter, forme and power of a commonwealth ecclesiasticall and civil. Touchstone, New York

Hodgson JS, Tadros V (2013) The impossibility of defining terrorism. New Crim Law Rev Int Interdiscip J 16(3): 494–526

Horne A (1977) A savage war of peace: Algeria 1954–1962. New York Review Books, New York

Hutchison MC (1978) Revolutionary terrorism: the FLN in Algeria, 1954–1962. Hoover Institution Press, Stanford

Kegley C (1990) International terrorism: characteristics, causes, controls. St Martin's Press, New York

Kohl BH, Farthing LC (2006) Impasse in Bolivia: neoliberal hegemony & popular resistance. Zed Books, London

Kusher HW (2003) Encyclopedia of terrorism. Sage, Thousand Oaks

Lewis J (2005) Language wars: the role of media and culture in global terror and political violence. Pluto Press, London

McClintock M (1984) The American connection: state terror and popular resistance in El Salvador. Zed Books, London

Mitchell T (2002) McJihad: Islam in the U.S. Global Order. Social Text 20(4):1–18

Moghadam A (2006) The roots of terrorism. Infobase Publishing, New York

Mueller J, Stewart MG (2011) Terror, security & money: balancing the risks, benefits, and costs of homeland security. Oxford University Press, Oxford

Nacos BL (2002) Mass-mediated terrorism: the central role of the media in terrorism and counterterrorism. Rowman & Littlefield, Lanham

Ohmae K (1995) End of the nation-state. Free Press, New York

Pape R (2005) Dying to win: the strategic logic of suicide terrorism. Random House, New York

Rashid A (1999) The Taliban: exporting extremism. Foreign Aff 78(6):22–35

Robertson R (1992) Globalization: Social Theory and Global Culture. Sage, London

Schmid AP (2007) The response problem as a definition problem. Terror Polit Violence 4(4):7–13

Steger M (2013) Globalization: a very short introduction, New edn. Oxford University Press, Oxford

Stohl M, Stohl C (2017) Communication and terrorist organizations. In: Scott CR, Lewis L (eds) International encyclopedia of organizational communication, vol 1. Wiley Blackwell, Chichester, pp 361–366

Talbott J (1980) The war without a name: France in Algeria, 1954–1962. Alfred P, Knopf, New York

Thorup M (2010) An intellectual history of terror: war, violence and the state. Routledge, Abingdon

Tilly C (2004) Terror, terrorism, terrorists. Sociol Theory 22(1):5–13

Tilly C (2005) Terrorism as strategy and relational process. Int J Comp Sociol 46(1–2):11–32

Viera JD (1988) Terrorism at the BBC: the IRA on British Television. J Film Video 40(4):28–36

Weber M (1919 [1946]) Politics as vocation. In: Gerth HH, Mills CW (trans and eds) From Max Weber: essays in sociology. Oxford University Press, Oxford

Whitfield L (2005) Algeria in France: French citizens, the war, and right-wing populism in the reckoning of the Republic in Languedoc, 1954–62. Proc West Soc Fr Hist 33. Accessed from http://hdl.handle.net/2027/spo.0642292.0033.025. On 4 Apr 2017

Wright TC (2006) State terrorism in Latin America: Chile, Argentina and international human rights. Rowman & Littlefield, Lanham

## Globalization and the Nuclear Nonproliferation Regime

Aiden Warren
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

Notwithstanding the significant reductions in nuclear arsenals made over the last several decades, it is evident that the risks emanating from nuclear weapons and their associated materials have actually expanded. More states in more unstable regions have attained such weapons, terrorists continue to pursue them, and the command and control systems in even the most sophisticated nuclear-armed states remain susceptible to not only system and human error but, increasingly, to cyber-attack (Evans and Yoriko 2009; Martin 1988; King 2009). Additionally, the failure of *existing* nuclear-armed states to disarm, the inability to impede *new* states obtaining nuclear weapons, the potential of non-state actors gaining access to such weapons and their concomitant material, and the challenge presented by the expansion of nuclear energy plants *all* present serious security challenges in the twenty-first century (Evans and Kawaguchi 2009).

As this chapter will elucidate, there has been an ongoing attempt to mitigate the continual proliferation of such weapons through a series of initiatives, organizations, and treaties. Through the creation of the Nuclear Nonproliferation Treaty in 1968, a regime emerged encompassing an assortment of instruments gauged toward addressing areas pertaining to and emanating from: proliferation, testing, nuclear-free zones, the security of nuclear material, nuclear terrorism, and the commercial application of nuclear materials (to name a few). While such mechanisms, explained over the course of the chapter, have made some important inroads, they remain precariously balanced, particularly as all nuclear states today continue to steadily modernize their respective stockpiles and flout their NPT obligations. Without a definitive set of restrictions on the pace and scope of nuclear modernization, the goals of deep cuts in, and eventual elimination of, nuclear weapons remain intangible and increasingly improbable. If the NPT regime cannot be *re*-emboldened, the unremitting reassertion of the significance of nuclear weapons, sustained by an amplified global nuclear rivalry and renewed arms race, threatens to extend the nuclear era indefinitely into the twenty-first century (Kristensen 2014).

### Defining the Nuclear Nonproliferation Regime

While the 1968 Treaty on the Nonproliferation of Nuclear Weapons (NPT), sponsored by the United Nations, emerged as the central pillar of the nonproliferation regime, it was preceded chronologically by *seven* supporting pillars. These encompassed (1) the *Atoms for Peace* program designed to share technology with nonnuclear states for peaceful uses, (2) the *International Atomic Energy Agency* (IAEA) needed initially to monitor Atoms for Peace activities but soon found to provide a vital role supporting other NPT activities, and (3) the *nuclear-weapon-free zones* (NWFZs), the first created in 1959, designed to control, monitor, or prohibit nuclear weaponry in a specific geographical area. Diplomatic efforts, beginning in the late 1950s, aimed at banning nuclear testing – long considered a vital pillar of nonproliferation – initially produced the (4) *Limited Test Ban Treaty* of 1963. Unfortunately, a comprehensive nuclear test ban (CTBT), although signed is still not in force well into the twenty-first century. Restraints on transferring materials necessary for the development of nuclear weaponry were established, in 1974, by the informal (5) *Nuclear Suppliers Group*. With

the collapse of the Soviet empire at the end of the Cold War, the US-sponsored (6) *Cooperative Nuclear Threat Reduction* program (1992) sought to prevent Russian and other states' nuclear materials and weapons from falling into the hands of rogue nations or terrorists. Additional measures have been added to strengthen IAEA safeguards in providing security for nuclear materials in transit and preventing a black market in weapon technology. The necessity of the latter was highlighted by the activities of Pakistani scientist Abdul Qadeer Khan's network. The tense situation in South Asia between India and Pakistan, and a March 2011 tsunami that destroyed Japan's Fukushima nuclear plant, has prompted recognition of the considerable dangers posed by an attack on civilian nuclear facilities during military hostilities leading to the need to revisit safety measures. The (7) *Missile Technology Control Regime* (1987), which seeks to restrict the traffic in missiles and missile technology – the nuclear weapon delivery systems – also complements nuclear nonproliferation activities (Burns 2009).

## The Nuclear Nonproliferation Treaty

Although several states recognized early the need for a formal arrangement to limit the spread of atomic and later nuclear weapons, progress was slow. Despite an initial lack of success, the United Nations eventually played a major role in the negotiations leading to the Nonproliferation Treaty (NPT). Beginning with its first session in January 1946, at London, the General Assembly unanimously decided to establish the United Nations Atomic Energy Commission (UNAEC). Specifically, the commission was charged with defining proposals for the control of atomic energy to ensure its use for peaceful purposes, for the elimination of atomic weapons from national arsenals, and for effective safeguards against violations. There were fundamental differences in the approach of nuclear and nonnuclear states to the formulas for limiting or halting the spread of nuclear weaponry; many of these differences would persist well beyond the signing of the Nonproliferation Treaty (NPT) in 1968 (Graham Jr 2002; Brands 2006).

With respect to negotiations, the Eighteen Nation Disarmament Committee's nonaligned members argued that a nonproliferation treaty must not simply divide the world into nuclear "haves" and "have nots" but must balance mutual obligations. They argued that in exchange for the nonnuclear states ending the "horizontal" proliferation of nuclear weapons, the nuclear powers should end their "vertical" proliferation. They listed the specific steps in the following order: (a) a comprehensive nuclear test ban; (b) a complete cessation of the production of fissionable material for weapon purposes; (c) a freeze on, and gradual reduction of, nuclear weapon stocks and their means of delivery; (d) a ban on the declared use of nuclear weapons; and (e) security assurances to the nonnuclear states by the nuclear powers. These nonaligned states' demands garnered the endorsement of some nonnuclear American and Soviet allies. While the two nuclear superpowers would not agree to listing these specific measures in the operative part of the treaty, they eventually accepted a compromise formula. After extensive negotiation and pressure, the USA and USSR agreed to a provision relating to halting and reversing the nuclear arms race – Article VI.

The agreed text of Article VI read: "Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control" (NPT text in Arms Control and Disarmament Agency 1990). Although several individuals and states still considered the draft NPT to be inherently discriminatory, they also believed that it was significant as a first step that could lead to the elimination of all nuclear weapons. The Nonproliferation Treaty was signed on July 1, 1968, but the arguments over Article VI were far from over.

## NPT Review Conferences

The NPT provided for conferences to be held every 5 years to review the operation of the Treaty, "with a view to assuring that the purposes of the Preamble and the provisions of the Treaty are being realized." The first four review conferences were held in 1975, 1980, 1985, and 1990. In accordance with Article X, a conference had to be held in 1995, to determine "whether the Treaty shall continue in force indefinitely, or shall be extended for an additional fixed period or periods." Indeed, many observers considered the 1995 conference as a significant juncture in creating a permanent NPT regime; a regime that would continue working toward halting the spread of nuclear weapons and facilitating peaceful nuclear cooperation. There were many states with divergent interests. Some wanted an "updated and legally binding negative security assurances – pledges by the nuclear weapons states not to attack non-nuclear states with nuclear weapons – and positive security assurances – pledges by the nuclear states to come to the aid of non-nuclear weapon states threatened or attacked with nuclear weapons." Other states, primarily those in the Middle East, underscored the problem of Israel not being an NPT party (Graham Jr 2002).

Despite some concerns, the final agreement was adopted by consensus on May 11, 1995, and encompassed three defining elements: the permanent extension of the NPT, the statement of principles and objectives on nuclear nonproliferation and disarmament, and a strengthened review process (Graham Jr 2002). The 2000 Review Conference occurred following a grim period for the nonproliferation movement. The Comprehensive Test Ban Treaty, signed in 1996, was rejected by the US Senate 3 years later; nuclear tests were held by India and Pakistan in 1998; the incoming George W. Bush administration threatened cancellation of the Anti-Ballistic Missile (ABM) Treaty; the USA, UK, France, and Russia still adhered to declared first-use nuclear options; and no progress on negotiated nuclear reductions had taken place. Despite this state of affairs, the conference was surprisingly one of the most successful in arriving at a positive consensus on issues indicating a continued worldwide commitment to the basic principles of the NPT. This respite was in large measure managed by the New Agenda Coalition – made up of Mexico, South Africa, Brazil, Ireland, Sweden, New Zealand, and Egypt – that pressed nuclear weapon states for progress on disarmament before the enthusiasm for nonproliferation dissipated.

As the 2005 Review Conference loomed on the horizon, the 2000 conference's 13 steps came to be seen as a triumph of optimism over reality. There had been a few successes during the previous 5 years. Washington listed the USA-Russia Strategic Offensive Reductions Treaty (2002), the USA's elimination of a number of missile submarines, heavy bombers and deactivation of the "Peacekeeper" ICBMs, removing its nuclear triad from alert status, and a moratorium on the production of fissile material for nuclear weapons (1992) as positive steps. Other nuclear weapon states pointed to their accomplishments. These, as listed by Scheinman, were: "Russia, the United Kingdom, and France have ratified the CTBT; France and the United Kingdom have taken steps making elements of their nuclear weapons consistent with the principle of irreversibility; and the United Kingdom and France have taken some steps toward reducing the operational status of their weapons systems. China had committed to a policy of no-first-use of nuclear weapons and, along with France and the United Kingdom, Beijing has ratified an Additional Protocol to its safeguards agreement with the International Atomic Energy Agency (IAEA)" (Scheinman 2005). Then, unexpectedly, Libya was persuaded in 2003 to dismantle its secret, yet nascent, nuclear weapon program and agree to IAEA inspections and to its Additional Protocol. There remained, nevertheless, several of the 13 steps that were not undertaken and, in some instances, a clear regression.

Disappointments outweighed achievements. In January 2003, North Korea announced its intent to withdraw from the NPT, and in December of the

said year, Iran was initially charged by the IAEA with clandestine nuclear activities. China and Russia's unsuccessful attempt during the past 5 years to tie negotiations for the prevention of an arms race in space with a fissile material cutoff treaty (FMCT) hindered progress on the latter. Additionally, China's modernization of its nuclear weapons and Russia's withdrawal of its pledge of no first use, along with its insistence on the right to use nuclear weapons in response to attack by any weapon of mass destruction (WMD), raised further doubts pertaining to these nuclear weapon states' commitment to disarmament. Further, Britain's 2000 pledge not to use nuclear weapons against a nonnuclear member of the NPT was complicated by its membership in NATO which reserves the right to use nuclear weapons first in a conflict. Although NATO believes such use was "extremely remote," British officials declared that nuclear weapons would be employed only in "extreme circumstances of self-defence" (Scheinman 2005).

The 2005 NPT Review Conference saw parties unable to agree on a final document, primarily based on the divisions between NWS and nonnuclear weapon states (NNWS). NWS were mainly focused on emboldening nonproliferation efforts and cases of noncompliance with the treaty, while NNWS concentrated more on the lack of advancement toward meeting disarmament obligations as stipulated in Article VI of the treaty. In the context of 2010, the conference's final document comprised an action plan of 64 items across the NPT's three columns – nuclear disarmament, nonproliferation, and peaceful uses of nuclear energy. The plan included a P5 unofficial directive in which they would report on progress made to the NPT in 2014 and take practical steps on implementing the 1995 Middle East resolution, such as summoning a 2012 conference that would bring together states from the region. While ultimately not achieved, it was an important step for the NPT because it was the first time a deadline for action had been included in a consensus decision (Nuclear Threat Initiative 2015). The ninth review conference of the Treaty on the Nonproliferation of Nuclear Weapons (NPT) was held in New York on 27 April–22 May 2015 under the presidency of Ambassador Taous Feroukhi of Algeria. Like its predecessors in 1980, 1990, and 2005, it was unable to attain a consensus final document. Unlike 2005, when it was evident from the beginning that there would be limited successes, there was an anticipation in the lead-up to 2015 that it might be possible to expand on the 2010 consensus final document, which was both progressive and practical. Many analysts believed it could be possible for the 2015 conference to evaluate the application of the 2010 Action Plan (including a set of recommendations in the context of the Middle East), and perhaps leading to the prioritization of next steps (Potter 2016).

## Negotiating a Comprehensive Nuclear Test Ban

Despite attempts by many officials in Washington to ignore the fact, the nonnuclear states had made it evidently clear that a comprehensive nuclear test ban had become a central tenet to maintaining the Nonproliferation Treaty. The four previous NPT review conferences repeatedly, and each time more stridently, emphasized the superpowers' apparent lack of effort to achieve a total ban on testing. Since the only conclusive evidence that a state had acquired or built a nuclear weapon would be a test explosion, it could secretly prepare a small stockpile of plutonium or of highly enriched uranium and, at a time of its choosing, embark on a testing program. As such, a total ban on testing, coupled with inspections by the IAEA, could greatly reduce this scenario.

For the CTBT to enter into force, however, it had first to be ratified by 44 nuclear states and nuclear threshold states, many of which were waiting for the USA to act. Unfortunately for its supporters, the US Senate rejected ratification on October 13, 1999, by a vote of 48–51 – failing to gain even a majority in support of the treaty and, of course, significantly below the two-thirds needed for approval. The CTBT's defeat, according to one observer, was "an accident of politics, an executive-legislative stalemate that resulted from clashing institutional interests, partisan struggle, intraparty factionalism, and

personal vindictiveness. Certainly it was a story of zealotry, conspiracy and incompetence in which all the key players share responsibility for an outcome that only a minority really desired." Underlying all of the political activity was an issue of substance – "the effectiveness of the stockpile stewardship program, the capabilities of monitoring and challenge inspections" and the future of deterrence – that in some minds were uncertain factors (Deibel 2002).

Three years after the Senate's action, the National Academy of Sciences reviewed the arguments offered by critics of the treaty, particularly those that questioned the adequacy of international monitoring and long-term effectiveness of the US nuclear stockpile without new tests. The panel of experts concluded: "the U.S. nuclear stockpile can be safely and reliably maintained without explosive testing." Although surveillance of weapon components and retention of high-quality scientists is imperative for the upkeep of U.S. nuclear weapons, "[N]o need was ever identified for a program that would periodically subject stockpile weapons to nuclear tests." A separate 2009 study by JASON, an independent technical review panel, reported that the "lifetimes of today's nuclear warheads could be extended for decades, with no anticipated loss in confidence" (Kimball 2011; NAS Executive Summary 2002).

When Russia ratified the CTBT in 2000, international attention (and blame) became focused on the USA as the nation primarily responsible for the failure of the treaty to enter into force. Thus, the CTBT has languished in the US Senate, as neither President George W. Bush, an opponent of arms control measures, nor President Barack Obama who has been sympathetic to the CTBT, have been able to revive it. While the Bush administration found the International Monitoring System (IMS), with its stations in Russia, China, and other sensitive regions, provided useful information, it reduced America's annual dues assessment, thus making it difficult for the CTBT Preparatory Commission to collect dues from other nations. Nonetheless, in 2011, more than 80% of the IMS facilities had been completed. Despite the failure of the CTBT to enter into force, a general moratorium on nuclear testing in effect since 1993 has been more or less honored. From 1945 to 2011, a total of 2052 nuclear tests have taken place worldwide: the US 1,030; USSR/Russia 715; UK 45; France 210, all prior to 1993; China 45 with six since 1993; India three with two since 1993; Pakistan two since 1993; and North Korea five since 1993 (Coyle 2012). As of August 2016, 183 states had signed the CTBT and 164, including Russia, had ratified it. India, North Korea, and Pakistan have not signed the treaty. Nine conferences have been held to facilitate entry into force, every other year, most recently on September 29, 2015. In years between these conferences, varying foreign ministers meet to encourage entry into force of the CTBT. A ministerial meeting was held on June 13, 2016, to observe the twentieth anniversary of the signing of the CTBT (Nikitin 2016).

## Nuclear Weapon-Free Zones

Nuclear weapon-free zones (NWFZ) are logical members of the nonproliferation regime because they commit member states to follow the regime's basic principles – forsaking production, testing, stationing, or any use of nuclear weaponry. What gives these organic agencies significance is that they are translating nonproliferation principles from documents to action. Moreover, nuclear weapon-free zones comprise a significant pillar supporting the nonproliferation regime since they are a means of limiting or neutralizing the activities of the nuclear weapon states in stipulated geographical areas. While there is no authoritative definition of a nuclear weapon-free zone, there are certain accepted elements implicit in the concept. These include (1) no manufacture or production of nuclear weapons within the zone, (2) no importation of nuclear weapons by nations within the zone, (3) no stationing or storing of nuclear weapons in nations within the zone, and, preferably when obtainable, (4) a pledge by nuclear weapon states not to use or to threaten to use nuclear weapons against nonnuclear nations within the zone. While each nation within the zone might create nuclear energy facilities for peaceful uses, they must agree to comprehensive

safeguards established by the International Atomic Energy Agency (IAEA), to verify that the treaty members were not acquiring illicit nuclear weaponry. Finally, the NWFZs are to be in force indefinitely, and none of the parties is to be permitted special conditions.

The frequently denigrated multilateral Antarctic Treaty (1959) became de facto the first nuclear weapon-free zone. In addition to assuring that the continent would be set aside for peaceful uses, Article 1 prohibited all types of military activities, and Article 5 specifically prohibited any nuclear explosions or the disposal of nuclear wastes without international assent. Signatory "compliance with the disarmament mandate throughout the Antarctic has clearly been met," Christopher Joyner has noted. "Since 1961, the Antarctic Treaty system has functioned exceedingly well as the institutional framework for preserving peace and stability, fostering scientific cooperation, and promoting standards for environmental preservation and conservation." The Antarctic Treaty has been successfully monitored because of the stipulated total prohibition rather than ceilings or ratios (Joyner 1993).

Other multilateral agreements that prohibited nuclear weapons in a specific, non-populated area – outer space (1967) and the seabed (1971) – succeeded in gaining general approval and became essentially nuclear weapon-free zones. The UN, in December 1979, sponsored an elaborate pact that sought to augment the demilitarization of "the moon and other celestial bodies" by prohibiting the placing in orbit of "objects carrying nuclear weapons or any other kinds of weapons of mass destruction or place or use such weapons on or in the moon." Also forbidden was the establishment of any military installations, fortifications, or testing of military devices on the moon. The Outer Space Treaty committed signatories "not to place in orbit around the Earth any objects carrying nuclear weapons or any other kinds of weapons of mass destruction, install such weapons on celestial bodies, or station such weapons in outer space in any other manner." In addition, the article prohibited "the establishment of military bases, installations and fortifications, the testing of any type of weapons and the conduct of military maneuvers on celestial bodies." Bolstering the pact, the nuclear test ban accords – and the abrogated ABM treaty (1972–2002) – added constraints against testing various weapons in outer space. Arms control treaties dealing with strategic weapons prohibited interference with national technical means of verification, thereby permitting the use of reconnaissance satellites; however, antisatellite weapons have not been banned and pose a serious, continuing concern. The Seabed Treaty prevents the installation of nuclear weapons on the ocean floor beyond national territorial waters, and, since no nation contemplated any such deployment, the treaty met with little opposition. No reported violations of these agreements have been found (Goldblat 1983; Garthoff 1980/1981; Ramsberg in Burns 1993; United Nations 1985).

The unsuccessful Rapacki proposals – offered by the Polish Foreign Minister in 1957 and 1962 – to prevent nuclear weapons being stationed in Poland, Czechoslovakia, and West and East Germany ultimately became a model for *five* negotiated nuclear weapon-free zones in populated regions. Each designated zone includes the entire territory of all of its parties, including all land holdings, internal waters, territorial seas, and archipelagic waters. The territorial clauses have caused some differences. The Treaty of Tlatelolco (1967), for example, claims to extend hundreds of kilometers from the signatories' territories into the Pacific and Atlantic Oceans. Consequently, the nuclear weapon states, citing their freedom at sea rights, assert that these limits do not apply to their ships and aircraft that might be carrying nuclear weapons. The Rarotonga Treaty (1985) posed a similar freedom of the seas issue for Washington. The inclusion of the Chagos Archipelago, which includes the US military base at Diego Garcia in the Indian Ocean, as part of the African nuclear weapon-free zone, prompted yet another dispute. Neither the USA nor the UK accepted the claim that Diego Garcia was subject to the restrictions stipulated in the Pelindaba Treaty (Warren and Siracusa 2017).

Prompted by the Cuban missile crisis, 33 nations in Latin America and the Caribbean

agreed not to test, develop, or import nuclear weapons and not to permit foreign-controlled nuclear weapon bases in the region. Compliance with the treaty obligations is overseen by the Agency for the Prohibition of Nuclear Weapons in Latin America, and the Caribbean (OPANAL), based in Mexico City. The treaty initially confronted the Brazilian military's efforts to develop nuclear weapons; however, the "Bilateral Agreement for the Exclusively Peaceful Uses of Nuclear Energy" (1991) pledged Brazil and Argentina to adhere to the Tlatelolco pact. The Treaty of Rarotonga (1985), designed to dissuade France from testing nuclear devices in the Tuamotu Archipelago which succeeded in 1996, includes Australia and New Zealand, along with nearby island states, and was modeled after the Tlatelolco Treaty. It prohibits nuclear testing and waste disposal in the region and allows regional ports to prohibit the entry of ships carrying nuclear weapons. In addition to the Tlatelolco prohibitions, Rarotonga relies on the IAEA to verify any nuclear materials present in the treaty region. The USA signed but delayed ratifying the agreement, fearing it would restrict the movement of the navy's warships carrying nuclear weapons. The Reagan administration's talk of a winnable nuclear war prompted New Zealand, in February 1984, to ban a US destroyer from its ports because the USA refused to indicate whether or not it carried nuclear weapons. The episode caused a rift between the two countries prompting the USA to severe diplomatic contacts with New Zealand from 1985 to 1993 (Redick 1993; Siracusa and Coleman 2006).

The Treaty of Bangkok (1995) completed a quest for a Southeast Asia Nuclear Weapon-Free Zone that began in November 1971, when the Association of Southeast Asian Nations issued a Declaration on a Zone of Peace, Freedom, and Neutrality. Signatories to the treaty pledged "not to develop, manufacture or otherwise acquire, possess or have control over nuclear weapons; station nuclear weapons; or test or use nuclear weapons anywhere inside or outside the treaty zone; not to seek or receive any assistance in this; not to take any action to assist or encourage the manufacture or acquisition of any nuclear explosive device by any state; not to provide source or special fissionable materials or equipment to any non-nuclear weapon state." In addition to IAEA safeguards, verification occurs through reports and exchange of information among the member states and oversight by a Commission for the Southeast Asia Nuclear Weapon-Free zone. The Pelindaba Treaty (1996) arrived 32 years after the Organization of African Unity formally declared its aim to create a nuclear-free Africa. In 1990, South Africa's unilateral dismantlement of its nuclear bombs played a leading role in the final negotiations. As with the other NWFZs, signatories pledged not to conduct research on, develop, test, or stockpile nuclear explosive devices; to prohibit the stationing of nuclear devices on their territory; to maintain the highest standards of protection of nuclear materials, facilities, and equipment; and to prohibit the dumping of radioactive waste. The pact also created an African Commission on Nuclear Energy (Warren and Siracusa 2017).

The Central Asian States of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan created a nuclear weapon-free zone in 2006 – the Treaty of Semipalatinsk. In the past, these states had nuclear weapons stationed on their territories and still "live in a nuclear-armed neighborhood" that consists of Russia, China, Pakistan, India, and Israel. Additionally, Russia and the USA have military facilities in the Central Asian states (SIPRI Yearbook 1998; Parrish and Potter 2006). During the Cold War, the Soviet Union generally supported NWFZ proposals, while the USA more often than not posed reservations. Washington refused to even consider the Rapacki proposals for Central Europe, though this was mainly because NATO's defense was anchored to the use of nuclear weapons. Since the Rarotonga Treaty could restrict the passage of the USA's nuclear weapons equipped warships, Washington refused to consider ratification of the pact. The USA joined France in objecting to the Treaty of Bangkok's unequivocal security pledges and to its definitions of area; Washington also insisted the provisions regarding the innocent passage of its warships and aircraft were "too restrictive" and has insisted on modifications. Initially, a

serious obstacle to completion of the Pelindaba Treaty was the status of Diego Garcia, a large island in the Indian Ocean, administered by London and employed as a military base by Washington. Consequently, neither nuclear power recognized Diego Garcia as being within the area covered by the treaty, and thus, Russia refused ratification until the status of Diego Garcia had been resolved. While Russia and China accepted the Treaty of Semipalatinsk's final agreement's provisions, the USA, the UK, and France were critical of several provisions of the treaty and indicated that they would not sign those protocols unless their concerns were resolved (Warren and Siracusa 2017).

In May 2011, President Barack Obama asked the US Senate to ratify the disputed protocols of the Pelindaba and Rarotonga treaties because they would "extend the policy of the United States not to use or threaten use of nuclear weapons against regional zone parties" that are members of the Nuclear Nonproliferation Treaty. Republican Senator Jon Kyl of Arizona immediately objected to this revision of George W. Bush's secret 2002 National Security Presidential Directive-17 that explicitly stated the USA would consider nuclear weapons among retaliation options if it were the target of any weapons of mass destruction. He feared that Obama's approach, as stated in the president's 2010 revised Nuclear Posture Review Report, "would limit the instances in which the President would use nuclear weapons to defend the United States and its allies from attack." In this regard, the administration argued that advances in US military capabilities actually allowed Washington to forego the nuclear response option. Washington's original objections regarding the two NWFZ treaties apparently had been resolved. The US state department review of the Pelindaba pact concluded that "Diego Garcia is not part of the 'territory' of the zone," a position also taken by Russia in ratifying the treaty in March 2011, with a reservation that its responsibilities would not apply to Diego Garcia. As for the Rarotonga treaty, Washington pledged not to station or test nuclear weapons in the US territories of American Samoa and Jarvis Island (Nurja 2011).

## Other Initiatives That Support the Global Nonproliferation Regime

If the global nonproliferation regime can be considered a broad church with the NPT as its central and defining pillar, there are also a myriad of other initiatives, organizations, and political instruments, both formal and informal, that work to support the regime's central goal of mitigating WMD threats. It is here that the next section looks briefly at the Cooperative Threat Reduction Program, the Global Threat Reduction Initiative, and the Nuclear Suppliers Group.

### Cooperative Threat Reduction Program

The sudden demise of the Soviet Union and the chaos that ensued lead to the USA's Cooperative Threat Reduction (CTR) program (otherwise referred to as the Nunn-Lugar program after its sponsors Senators Sam Nunn (D-GA) and Richard Lugar (R-IN)). The Nunn-Lugar legislative Act of November 12, 1992, provided US financial assistance to the Commonwealth of Independent States, especially Russia, to consolidate the former Soviet nuclear arsenal and ensure their custodial safety. The 10-year, four billion dollar program was designed to:

1. "Destroy nuclear weapons, chemical weapons, and other weapons."
2. "Transport, store, disable, and safeguard weapons in connection with their destruction."
3. "Establish verifiable safeguards against the proliferation of such weapons."

In two decades of CTR efforts, much has nevertheless been accomplished: 7519 nuclear warheads deactivated; 768 intercontinental ballistic missiles (ICBM), 498 ICBM silos, 148 mobile ICBM launchers, 651 submarine launched ballistic missiles (SLBM), 476 SLBM launchers, 32 ballistic missile-capable submarines, 155 strategic bombers, 906 air-to-surface missiles, and 194 nuclear test tunnels have been destroyed; 24 security upgrades implemented at nuclear weapon storage sites; and 469 train shipments of nuclear weapons were moved to more secure, centralized storage sites. The program purchased

500 metric tons of highly enriched uranium from dismantled warheads and helped remove all nuclear weapons from the Ukraine, Kazakhstan, and Belarus – states that once held the world's third, fourth, and eighth largest nuclear arsenals. Additionally, 19 biological-agent monitoring stations have been established (Walker 2006; Chuen 2007; Cooperative Threat Reduction Annual Report to Congress 2008).

In 2009, a Congressional-mandated report by the National Academy of Sciences – "Global Security Engagement: A New Model for Cooperative Threat Reduction" – recommended expanding the Nunn-Lugar program to provide a more global engagement to counter twenty-first century terrorist threats. The CTR program continues "to make us safer by achieving meaningful progress in the destruction and dismantlement of massive Soviet weapons systems and the facilities that developed them," Senator Lugar declared. However, "there is much more work to do in combating biological, nuclear, and chemical threats" through the global cooperative program (National Nuclear Security Administration 2011). In this regard, the program continues to play a significant role in impeding threats posed by terrorist organizations or those proliferant states seeking to attain weapons of mass destruction material, equipment, and expertise. In adapting to new and emerging twenty-first century theaters of conflict and tension, the global threat reduction programs now focus on "front-line states such as Iraq and Yemen, critical states such as Indonesia, Philippines, and Egypt, and in regions where terrorist threats are on the rise, such as South Asia, the Middle East, and North Africa" (Office of Cooperative Threat Reduction 2016).

### Global Threat Reduction Initiative

Established in May 2004, the Global Threat Reduction Initiative (GTRI) is a collaborative program aimed at securing vast stocks of dangerous nuclear material scattered around the world. Where the CTR's focus is on nuclear weapon material in states of the former Soviet Union, the GTRI is a complementary program involved in "repatriating or otherwise securing nuclear fuel" from peaceful use facilities and converting these facilities "to use new, more proliferation-resistant technology." According to Eric Hundman, "...promoting peaceful nuclear technology and selling nuclear fuel creates a logical contradiction, however, often nuclear technology is inherently dual-use" (Hundman 2006). As such, in seeking to reduce and protect susceptible nuclear and radiological material situated at civilian sites globally, the GTRI undertakes a tri-pillar approach in mitigating terrorist's access to nuclear and radiological materials. Firstly, it aims to *convert* research reactors and isotope production facilities from the use of highly enriched uranium (HEU) to low-enriched uranium (LEU) or authenticate their closure; secondly, it *removes* or sanctions the composition of excess nuclear and radiological materials; and thirdly, it *protects* high-priority nuclear and radiological materials from theft (National Nuclear Security Administration 2014).

Since its beginning, the GTRI has made substantial progress in decreasing the danger posed by susceptible civilian nuclear and radiological materials, which could be used by non-state actors to make an improvised nuclear device or a radiological dispersal device (RDD) or "dirty bomb." The GTRI and its precursor programs have converted or verified the closure of 88 HEU research reactors and isotope production facilities; removed or ascertained the nature of more than 5140 kg of HEU and plutonium, ample material for more than 205 nuclear bombs; safeguarded more than 775 bombs worth of HEU and plutonium linked with the BN-350 reactor in Kazakhstan; secured more than 1700 radiological sites globally containing millions of curies, a sufficient quantity to produce tens of thousands of large dirty bombs; recuperated more than 36,000 "orphan and disused radiological sources in the United States; and recovered 810 radioisotope thermoelectric generators from Russia containing millions of curies of activity" (National Nuclear Security Administration 2014; U.S. Department of Energy 2014).

### Nuclear Suppliers Group

Between 1971 and 1974, delegates from 15 nations met informally at Vienna, headed by

Professor Claude Zangger of Switzerland (hence, also known as the Zangger Committee), to control exports of nuclear materials. In August 1974, the committee established guidelines, adopted by consensus, that were implemented through national export control systems. The guidelines included a "trigger list" – so-called, because their proposed export triggered the Group's concern. The list consisted of material, equipment, and facilities that if diverted from peaceful uses could contribute to a nuclear weapons program. Following the 1974 Indian nuclear test, the USA, the Soviet Union, the UK, France, West Germany, Canada, and Japan replaced the Zangger Committee with the Nuclear Suppliers Group (NSG) and began meeting in London in April 1975. In September 1977, the group adopted an expanded version of the Zangger list, *Guidelines on Nuclear Transfers*, which was sent to the IAEA in January 1978. A 1992 meeting of the group resulted in a reexamination of thousands of items on the dual list and a tightening of export restrictions (Mendelson 2002; Horner 2010).

As an informal multinational organization with 48 members, the NSG is operated by consensus without any arrangement for resolving differing interpretations of its guidelines. These are quite broad and provide loopholes; for example, Russia made and conducted arrangements with India for reactors and fuel, justifying their transactions on the basis of Moscow's interpretation of NSG guidelines that other members thought overly expansive. In 2008, India was granted an exception to the guidelines, urged by the USA, allowing it to receive nuclear exports, although it is not a member of the NPT and did not have full-scope safeguards. Additionally, in 2010, a question of NSG member China's planned sale of two reactors to Pakistan became a contentious issue since the said state is not a member of the NPT or under IAEA safeguards. In response to these developments, the NSG has discussed the creation of more rigorous standards for exports relating to enriched uranium and spent fuel reprocessing, including adherence to the NPT, full-scope safeguards, and enhanced IAEA inspection privileges. Despite the lack of a consensus, Canada, France, Germany, Italy, Japan, Russia, the UK, and the USA decided in June 2010 to implement these proposed standards as national policy for a year (Mendelson 2002; Horner 2010).

According to James Goodby, the NSG has become "a clearinghouse for nuclear-related exports" and remains "one of the most effective international anti-proliferation tools." Of course, not everyone agrees with this enthusiastic endorsement. "NPT parties have good reason to complain," former state department official Fred McGoldrick writes, "because the actions of NSG members have made a mockery of Article IV of the NPT by giving non-NPT parties India and Pakistan the same benefits as NPT parties without the accompanying obligations." He charges both Moscow and Washington with undermining "the norm that only states with comprehensive nonproliferation commitments should benefit from international nuclear cooperation." The NSG failed to halt "Iran, Iraq, North Korea, Pakistan, or South Africa from acquiring a nuclear weapons capability or sensitive nuclear technology," he points out, because of their clandestine activities in securing the requisite materials and weak national controls. In the future, McGoldrick argues, "to maintain the role of the NSG as an effective multilateral barrier to proliferation, its members need to press forward to reach agreement on requiring an additional [IAEA] protocol, to strengthen their own national export control systems, and to help non-members to implement effective export control systems" (Goodby 2006; McGoldrick 2011).

Perhaps it was these robust sentiments that contributed to India's failure to attain Nuclear Suppliers Group (NSG) membership in June 2016. Current NSG members remain intensely separated on whether India – or other states that have not signed and ratified the Nuclear Nonproliferation Treaty (NPT), including Pakistan – should be considered for membership. For many analysts, India's membership pursuit was unsuccessful because many NSG members were in simple terms not convinced that India embodies their views on nuclear nonproliferation. While the diplomatic drive from the likes of Modi and Obama, as well as ongoing bilateral consultations with China (the main objector), may make some

progress, it will only be tangible and definitive actions by India that will enable it to secure membership. For example, it could sign the Comprehensive Test Ban Treaty, end the production of weapons-grade nuclear fuel, and extend comprehensive safeguards to all civilian nuclear facilities. Some NSG members also argue that it is imperative that India ratify the Nuclear Nonproliferation Treaty as a nonnuclear weapon state before even being admitted to the NSG (Williams 2016). As stated by Laura Williams, "India faces an important choice. It can stay on its current path – focusing on politics rather than substantive policy concerns – knowing that this approach is unlikely to ease the current gridlock. Or it can address NSG members' concerns . . . and increase the odds of gaining membership. Unless and until Indian officials choose the second path, Delhi is unlikely to achieve the consensus it seeks – in 2016 or beyond" (Williams 2016).

## Nuclear Modernization and the Challenge to the NPT

Notwithstanding many of the abovementioned positives pertaining to the expansion and in many ways, emboldening of the NPT regime, concern with nuclear weapon proliferation and fear of their possible use continue deep into the twenty-first century. Recent substantial investments by nuclear weapon possessor states in the upkeep and modernization of their nuclear postures indicate a return of the nuclear factor in international politics – where deterrence is clearly taking precedence over nuclear arms control and disarmament and the ultimate global goal of nuclear abolition (Reif 2017). The nuclear reductions of Russia and the USA are slowing; US offers to resume bilateral arms control negotiations with Russia have been ignored; France reduced its arsenal by a third after 2008 but seems determined to retain its capability for the long-term; India and Pakistan continue to upgrade their delivery and weapon capabilities; and China is also adding to its arsenal and is believed to be deploying multiple warhead (MIRVed) missiles.

Aside from slowing down its nuclear stockpile reductions during its second term in office, the Obama administration embarked on an overhaul of its entire nuclear weapon enterprise, encompassing the development of new weapon delivery systems and modernizing its enduring nuclear warhead types and nuclear weapon production facilities in a program that scholars estimate could cost more than a trillion dollars (Wolfsthal et al. 2014; Reif 2017; Broad and Sanger 2014). The modernized B61–12 warhead, for example, will be able to strike targets more accurately with a smaller explosive yield and reduce the radioactive fallout from a nuclear attack and could thus become more militarily attractive and increase the likelihood of use. Other modifications under consideration, such as interoperable warheads that could be used on land- and sea-based ballistic missiles, "could significantly alter the structure of the nuclear warheads" and require nuclear test explosions and thus potentially introduce new uncertainties into the global nuclear order (Kristensen 2014). Simply put, work is under way to design new weapons to replace the current ones that will – of most concern – introduce new military capabilities to the weapon system.

While some analysts and writers from the think tank and media domains have expressed their concerns about modernization, there is a lack of substantive analyses. Most have correctly argued that without some form of defined limitations on the pace and scope of nuclear modernization, the goals of deep cuts in, and eventual elimination of nuclear weapons, will remain elusive as the continued reaffirmation of the value of nuclear weapons threatens to extend the nuclear era indefinitely (Kristensen 2014; Tanya Ogilvie-White 2013; Wolfsthal et al. 2014; Reif 2017). Others also contend more vigorously that what we are seeing today lies somewhere between parallel efforts to refurbish Cold War arsenals and the emergence of a new arms competition fueled by enhancements to existing weapons or production of new or significantly modified types (Kristensen 2016; Warren 2014). Much of the writing has focused on Washington's upgrading of the B61–4 bomb, a version that would equip the

device with a tail assembly, turning it into a precision-guided standoff weapon (Mecklin 2015; Kristensen 2016). The administration has merged four old B61 models into a single version (B61 Model 12) that greatly reduces the range of destructive power. It would have a "dial-a-yield" feature where the lowest setting would only be 2% as powerful as the bomb dropped on Hiroshima in 1945. Initially, the plan seemed plausible, until attention fell on the bomb's new tail section and steerable fins. The Federation of American Scientists (FAS) have argued that the high accuracy and low destructive settings mean that military commanders could press to use the bomb in an attack, knowing the radioactive fallout and collateral damage would be limited (Broad and Sanger 2016; Robinson-Avila 2014).

Proponents of modernization (and many within the US nuclear establishment) have argued that such changes are *merely* refurbishments/improvements rather than wholesale redesigns and, thereby, fulfill the president's pledge of not producing a new nuclear weapon (Malenic 2015; Kroenig 2015a, b). However, much of the recent literature has focused on the newer "agile" applications with concern. These analysts argue that while the explosive innards of the revitalized weapons may not be entirely new, given their smaller yields and better targeting the bombs might be seen as *more* conceivably usable in a limited or tactical conflict – even to use first, rather than in retaliation (Mecklin 2015; Broad and Sanger 2014). While official statements continue to justify nuclear modernization as simply extending the service life of existing capabilities, the "Pentagon now explicitly paints the nuclear modernization as a direct response to Russia" (Federation of American Scientists (FAS) 2016). As such, the US amplified modernization strategy scrambles the calculus of nuclear disarmament and nonproliferation efforts, challenging the aging underpinnings of the NPT itself (Mecklin 2015). As stated by Hans Kristensen, "Despite significant reductions in the overall number of nuclear weapons compared with the Cold War era, all of the world's nine nuclear-armed states are busy modernizing their remaining nuclear forces for the long haul. None of the nuclear-armed states appears to be planning to eliminate its nuclear weapons anytime soon. Instead, all speak of the continued importance of nuclear weapons... Perpetual nuclear modernization appears to undercut the promises made by the five NPT nuclear-weapon states" (Kristensen 2014).

## Conclusion

The amount of nuclear weapons on a global scale has decreased markedly since the end of the Cold War, down from a peak of approximately 70,300 in 1986 to an estimated 15,350 in late 2016. While this is clearly a positive, the second nuclear age encompasses a multiplicity of nuclear powers with interlinking connections of cooperation and conflict, delicate command-and-control systems, precarious cyber susceptibilities, threat perceptions occurring among three or more nuclear-armed states concurrently, asymmetric perceptions of the military and political utility of nuclear weapons, and, as a result, "a greater complexity of deterrence relations" (Thakur 2016). If a world without nuclear (in)security is at all attainable, it is precariously dependent on delicate conditions that require the presence of cogent decision makers behind each nuclear arsenal, as well as the "absence of any rogue launches, human-error incidents, or system malfunctions" (Thakur 2016). For nuclear stability to be assured, deterrence and fail-safe mechanisms must work every single time; for a nuclear devastation to take place, they only have to fail once. Clearly this is not a reassuring calculation, particularly as states evidently continue to attain nuclear weapons and, even more so, continue to busily modernize their stockpiles (Thakur 2016). It is with such scenarios in mind that a robust and enduring nonproliferation regime should be strengthened. However, the very present open-ended nuclear modernization drive is clearly at odds with the declarations made by the five NPT nuclear weapon states five decades ago. Here, they agreed to pursue negotiations in good faith on active measures to end the "nuclear arms race at an early date and to nuclear disarmament promises that have been reaffirmed

every five years at the NPT review conferences" (Kristensen and Norris 2014). It is unclear whether the global nuclear nonproliferation regime will survive the fractures that are opening up as a result of these developments. If nuclear force modernization programs continue apace without a renewed focus on arms control and disarmament, the future prospects of the NPT – which is almost universally acknowledged to be the cornerstone of the nuclear nonproliferation regime and one of the most important pillars of international security – look increasingly bleak.

## References


Appendix 10B: The Nuclear Weapon-Free Zones in South-East Asia and Africa 1998 SIPRI Yearbook 1998: armaments, disarmament and international security. Oxford University Press, Oxford

Brands H (2006) Progress unseen: U.S. arms control policy and the origins of Détente, 1963–1968. Dipl Hist 30:2

Broad WJ, Sanger DE (2014) U.S. ramping up major renewal in nuclear arms. The New York Times, 22 Sept 2014

Broad WJ, Sanger DE (2016) As U.S. modernizes nuclear weapons, 'Smaller' leaves some uneasy. New York Times, 11 Jan 2016

Burns RD (2009) The evolution of arms control: from antiquity to the nuclear age. Praeger, Santa Barbara

Chuen CH (2007) Russian nuclear-powered submarine dismantlement and related activities: a critique. Center for Nonproliferation Studies, 24 May 2007

Coyle PE (2012) CTBT or not, nuclear test detection and monitoring remains critical. World Politics Rev, 16 Apr 2012

CTR (2008) Cooperative threat reduction annual report to congress, Fiscal Year 2008, 3

Deibel TL (2002) The death of a treaty. Foreign Aff, Sept/Oct 2002

Department of Energy (2014) Washington, DC, 29 May 2014. https://nnsa.energy.gov/mediaroom/factsheets/reducingthreats

Evans G, Kawaguchi Y (2009) Eliminating nuclear threats: a practical agenda for global policymakers. International Commission on Nuclear Non-proliferation and Disarmament, Canberra/Tokyo

Federation of American Scientists (FAS) (2016) Pentagon portrays nuclear modernization as response to Russia. 11 February. https://fas.org/blogs/security/2016/02/russiajustification/

Garthoff RL (1980/1981) Banning the bomb in outer space. Int Secur 5:25–40

Global Threat Reduction Initiative (GTRI): Reducing Nuclear Threats (2014) Office of Defense Nuclear Nonproliferation, National Nuclear Security Administration, U.S. Department of Energy, Washington, DC

Goldblat J (1983) Arms control agreements: a handbook. Praeger, New York, pp 231–236

Goodby JB (2006) At the borderline of Armageddon: how American presidents managed the atom bomb. Rowman & Littlefield, Lanham

Graham T Jr (2002) Disarmament sketches: three decades of arms control and international law. University of Washington Press, Seattle

Horner D (2010) NSG makes little headway at meeting. Arms Control Today 40, July/Aug 2010

Hundman E (2006) The global threat reduction initiative's first two years. Center for Defense Information, 6 Sept 2006

Joyner C (1993) The Antarctic treaty: 1959 to present. In: Burns, encyclopedia of arms control and disarmament, II, pp 817–826

Kimball DG (2011) Reconsider the nuclear test ban. Arms Control Today, Apr 2011

King P (2009) Undermining proliferation: nuclear winter and nuclear renunciation. The Centre for Peace and Conflict Studies, Working Paper No. 09/1, October

Kristensen HM (2014) Nuclear weapons modernization: a threat to the NPT?" Arms Control Association. https://www.armscontrol.org/act/2014_05/Nuclear-Weapons-Modernization-A-Threat-to-the-NPT

Kristensen HM (2016) Video shows earth-penetrating capability of B61–12 nuclear bomb. FAS Blog, Federation of American Scientists

Kristensen HM, Norris RS (2014) Slowing nuclear weapon reductions and endless nuclear weapon modernizations: a challenge to the NPT. Bull At Sci 70(4). http://bos.sagepub.com/content/70/4/94.full.pdf+html

Kroenig M (2015a) How to approach nuclear modernization? A U.S. response. Bull At Sci 71(3):16–18

Kroenig M (2015b) Why U.S. nuclear modernization is necessary. Bull At Sci online, 8 Jan 2015. http://thebulletin.org/modernizing-nuclear-arsenals-whether-and-how/why-us-nuclear-modernization-necessary

Malenic M (2015) U.S. completes first B-61 LEP flight test. Janes Defense Weekly, 8 July 2015

Martin B (1988) Nuclear winter: science and politics. Sci Public Policy 15(5)

McGoldrick F (2011) The road ahead for export controls: challenges for the nuclear suppliers group. Arms Control Today 41:30–36

Mecklin J (2015) Disarm and modernize. Foreign Policy (211):2015

Mendelson J (ed) (2002) Arms control chronology. Center for Defense Information, Washington, DC

NAS Executive Summary (2002) Technical issues related to the comprehensive nuclear test ban treaty. Arms Control Today, Sept 2002

National Nuclear Security Administration Fact Sheet (2011) GTRI: reducing nuclear threats, 1 Feb 2011. http://nnsa.energy.gov

Nikitin MBD (2016) Comprehensive nuclear-test-ban treaty: background and current developments, CRS Report for Congress, RL33548. Congressional Research Service, Washington, DC
Nuclear Threat Initiative (2015) 2015 NPT review conference backgrounder, 4 May 2015. http://www.nti.org/analysis/articles/2015-npt-review-conference-backgrounder/
Nurja A (2011) Obama submits NWFZ protocols to Senate. Arms Control Today 41:37
Office of Cooperative Threat Reduction (CTR) (2016) Bureau of International Security and Nonproliferation (ISN). U.S. Department of State, Washington, DC. http://www.state.gov/t/isn/offices/c55411.htm
Parrish S, Potter W (2006) Central Asian nuclear weapons-free zone, 2006, James Martin Center for Nonproliferation Studies, Monterey Institute of International Studies, 5 Sept 2006. http://cns.miss.edu/pubs/
Potter WC (2016) The unfulfilled promise of the 2015 NPT review conference. Survival: Global Politics and Strategy 58(1):151–178
Ramsberg B (1993) The seabed treaty: 1971 to present. In: Burns R (ed) Encyclopedia of arms control and disarmament, 3 vols. Scribner's Sons, Encyclopedia, II, New York, pp 887–894
Redick JR (1993) Nuclear weapon-free zones. In: Burns RD (ed) Encyclopedia of Arms Control and Disarmament, 3 vols. Scribner's Sons, Encyclopedia II, New York, pp 1081–1085
Reif K (2017) U.S. nuclear modernization programs, Arms Control Association. https://www.armscontrol.org/factsheets/USNuclearModernization
Robinson-Avila K (2014) Overhauling the nation's Nuclear Arsenal: Sandia National Labs achieves B61 milestone. Albuquerque J. https://www.abqjournal.com/402297/sandia-national-labs-achieves-b61-milestone.html
Scheinman L (2005) Disarmament: have the five nuclear powers done enough? Arms Control Today, 35, Jan/Feb 2005
Siracusa JM, Coleman DG (2006) Real-world nuclear deterrence: the making of international strategy. Praeger Security International, Westport
Ogilvie-White T (2013) Great power responsibility and nuclear order. Non-proliferation Rev 20:1
Thakur R (2016) Why Obama should declare a no-first-use policy for nuclear weapons. Bull At Sci, 19 Aug 2016. http://thebulletin.org/why-obama-should-declare-no-first-use-policy-nuclear-weapons9789
The text of the NPT may be found in Arms control and disarmament agreements: texts and histories of the negotiations (1990) U.S. Arms Control and Disarmament Agency, Washington, DC, pp 98–102
United Nations (1985) The United Nations and disarmament: 1945–1985. UN, New York
Walker PF (2006) Nunn-Lugar at 15: no time to relax global threat reduction efforts. Arms Control Today, May 2006
Warren A (2014) The Obama Administration's nuclear weapon strategy: the promises of Prague. Routledge, New York
Warren A, Siracusa JM (2017) Weapons of mass destruction: the search for global security. Rowman and Littlefield, New York
Williams L (2016) Politics or policy? What's thwarting India's nuclear suppliers group ambitions. Bulletin of the Atomic Scientists. 14 Oct 2016. http://thebulletin.org/politics-or-policy-what%E2%80%99s-thwarting-india%E2%80%99s-nuclear-suppliers-group-ambitions10040
Wolfsthal JB, Lewis J, Quint M (2014) The trillion dollar nuclear triad. James Martin Center for Nonproliferation Studies, Jan 2014

# Globalization and the Spatial Politics of Cities

Ani Landau-Ward
School of Global Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Comparative urban studies; Global studies and urbanization; Urban politics; Urban studies and globalization

## Definition

### Globalization

Globalization in this entry is conceived as described by Steger and Wahlrab (2017) as a range of both objective and subjective conditions and processes, moving toward increased globality. This chapter also assumes the newer understandings of globalization that recognize its unevenness. This means that not all political, social, or economic processes are moving toward a condition of increased globality at the same time. Some process or conditions may in fact become less global in the face of globalization (Ibid, p. 29). Nation-states, for example, remain very important actors although globalization may mean their roles change.

### Politics

This article takes as a starting point an "ethico-political" understanding of politics. Of particular relevance in this view is the understanding that politics are both related to contestation and cooperation, which are, in turn, implicated in both interests and ideals. Politics in this sense is about negotiating/making human futures as well as present conditions and is conceived of as present in a range of registers and not strictly in an overarching sovereign. Most importantly for this entry, the political is seen as tied up with alternate visions and struggles for the future that are increasingly enmeshed in complex global to local relations, processes, and conditions. (For an introduction to politics, see Alexander in press, this volume.)

### City

This paper recognizes that there is not an adequate or established theory of the city that describes what one is or how far one extends or applies across contexts (Aminy 2002; Amin and Thrift 2002 provide some much-cited groundwork for this perspective). Overall this view sees the city in a global context as unable to be defined as a type, or bounded in its reach and relations. This perspective is generally established in contemporary urban theory and sociology (see Harding and Blokland 2014; Parker 2015, pp. 227–228); however, there are some exceptions (so for a counterpoint, see Scott and Storper 2015).

## Introduction

Urbanization is said to be the hallmark of the contemporary era. The majority of people, as it is widely stated, now live in cities (UN 2014). Cities are variously seen to epitomize the peaks and troughs of development, house and provide playgrounds to the wealthiest elites, and, in their vast sprawls, contain the majority of humanity. More generally, the global future of humanity, as far as one can be described, is now widely understood and presented as an urban future. A future of cities and their successes and failures that is tied into global processes, social, economic, cultural, and environmental.

These processes are often, also, political and enmeshed in globalization. While cities are increasingly seen to create transnational networks and alliances, they also become islands differentiated from their regions in political as well as economic terms. Cities, and the processes that influence them, are broadly understood as now caught up in increasingly global flows of capital and culture that dislodge them, at least partially, from the politics of the nation-state. This presents new forms of territory and politics beyond and alongside the state, both in the sense of politics as contests of interest and in the more nuanced sense of politics as differing ideals of social organization, rule, and imagining, as defined above.

This is always, however, a manifestly partial account, because cities are not constant, or able to be bounded, or defined consistently, across time and space. From within, cities are lived and known in disparate ways. As such, statements and frameworks that describe cities in the above terms risk conflating vastly different contexts through the label of the city. These frameworks and understandings of the city in turn inform policy and governance and are increasingly global. Accordingly they wield great power in both influencing the direction of cities, through globally circulating policy approaches, and in defining what is counted as valid and desirable. As such the politics of describing cities must also be engaged.

The field of spatial approaches to cities, globalization, and their politics, while certainly established as of crucial relevance across a range of academic and practice domains, is not a discipline containing a discrete body of knowledge or theory. Indeed the hallmark of many spatial approaches is that they necessarily bring together interdisciplinary perspectives. As such, like the processes and contexts engaged, scholarship in this area is hotly debated and contested and is rapidly emerging. It is also extremely extensive. In order to address this topic adequately, yet within the scope of this chapter, the following text introduces a diverse set of recent work at this juncture and explains important current debates and scholarship at the nexus of cities, globalization, and politics. These contain

contestations and rarely lend themselves to singular discourses, overarching frameworks, or straightforward conclusions. However, as geographer Doreen Massey asserts, "an insistence on complexity leaves open more opportunities for politics" (2007, p. 11), and it is in this spirit that the following text introduces the topic.

## Section A: Important Trajectories and Debates

Many popular texts on the city justify their focus by starting with an outline of the importance of the urban as a rapidly expanding form. They do this through leaning on the much-cited statistic that this century, for the first time in history, more humans will be urban dwellers than ever before (Parker 2015, p. 227). They cite the economic power of cities and draw on a range of scholarship that positions cities as crucial nodes in the transformation of the world into a global economy. Reflecting this established focus, in Section A this paper firstly introduces the concepts of Global and World Cities. It then explains the need for a multifaceted understanding of their power as more than economic. Secondly, it introduces the importance of understanding the Global City concept as performative and imaginary. Thirdly, it introduces the idea of cities as politically enmeshed in global ethical and social spheres. The text moves in Section B to introduce a range of perspectives that problematize the usefulness of overarching frameworks to explain the spatial politics of cities and posit the adoption of critical, ethnographic, and comparative approaches. The text concludes with a discussion of some relevant theory related to the spatial turn more generally.

### Urbanization and Globalization

The first work that is important to understand is the work that utilized spatial approaches to understand the urban as produced in and productive of globalization in the form of economic expansions. Most urban theory introduces the shift to understanding the city as part of larger social relations using Manuel Castell's *The Urban Question* (1977) as a starting point. However, while this and other works that challenged earlier "ecological" approaches certainly set urban theory on the road to situating cities in broader social relations, it was arguably David Harvey's *The Condition of Postmodernity: An enquiry into the origins of social change* (1989) that for the first time linked this intrinsically to globalization. His work was influential both in globalization theory more generally (especially his coining of the Marx-inspired term "time-space compression") and in much work on cities and urbanization. Drawing on French philosopher Henri Lefebvre, Harvey articulated perhaps the first overt link between globalization and urbanization as related processes in the formation of capitalist expansion. Importantly Harvey's ongoing work insisted on the relevance of spatial thinking for approaches attempting to understand the production of injustice and exploitation in the contemporary era. These approaches became established in urban theory and urban sociology during the 1980s and 1990s.

### Global Cities, World Cities

In tandem with the high point in the early stages of globalization theory, there were also two related works that proved extremely influential in the scholarship around cities and globalization. These were Friedmann's (1986) *The World City Hypothesis* and Saskia Sassen's (1991) *Global Cities* (and her continuing work throughout the years thereafter). These both, aligning with aspects of Harvey's work, can be somewhat superficially explained as describing the Global City as a highly concentrated, strategic, and economic node in an increasingly global market economy. Sassen's recent description is informative:

> The Global City is not a bounded unit, but a complex location in a grid of cross-boundary processes. Further, this type of city is not simply one step in the ladder of the traditional hierarchy that puts cities above the neighbourhood and below the regional, national, and global. Rather, it is one of the spaces of the global, and it engages the global directly, often bypassing the national (Sassen 2016, p. 107).

It is well established that these trajectories cemented the "Global City" as an influential conceptual lens. The Global City concept has since remained highly influential albeit undergoing

many transformations and refigurations since its inception in the 1980s (see Brenner and Keil 2006). While this work presents a range of competing explanatory frameworks and theories, much has (a) characterized globalization as largely an economic process associated with the spread of free market capitalism, the lowering of trade barriers, and the regulation, to facilitate economic growth, and (b) of cities, or more specifically some cities, as crucial nodes or sites of power and concentration within these global capitalisms. The key premise of this theorizing of the city remains important when thinking through the politics of cities, as it situates some cities, and certain aspects of some cities, as a fundamental part of globalization. However, some of these lenses have also been problematized as, firstly, too partial because they strongly emphasize the sphere of the market at the expense of other spheres. Secondly, they have been problematized as attempting to provide explanatory frameworks too encompassing to rigorously engage the actual complexities of city life and in so doing to silence other accounts.

## Global City Imaginaries and Identities

The *idea*, or *imaginary*, of the Global City has also been shown to have great power and influence. It has had a role in shaping regional and national policies, planning regimes, and fostering massive spatial and strategic changes in cities worldwide. The cities, as described above, where the processes and resources of the global economy are seen to agglomerate and concentrate most are labeled World Cities or Global Cities. They are also often seen as exemplars of modernization and development. As such they are, in narratives of development and modernization, often promoted as *ideal* cities. In this way the World or Global City concept must also be understood as a *performative* concept with concrete material, social, and cultural effects. A range of scholars since the late 1990s have noted the promotion of the World City as instrumental in the building of national, regional, local, and individual identities (see Yeoh 2005 for an excellent introduction to a range of this literature; see also Brenner and Keil 2006). Importantly for this chapter, a number of scholars have shown that the aspiration of becoming a Global City has led to massive slum clearances, the building of information corridors and tech highways, and the construction of cultural precincts and iconic buildings. This local, national, global identity is complex politically, because, for example, it introduces a realm of cultural contestation raising questions about what happens when the imaginary of the Global City contrasts the politics or policies of the national or regional.

## Cosmopolitan Alliances and Networks

One aspect of this is the various movements to link cities into globalized ideals and networks of morality and ethics. These are often in the form of international human rights regimes and international standards of environmental and social protections. Beyond being aspirational these can increasingly be seen to shape concrete aspects of rule within and between cities. There are, for example, a range of city alliances that voluntarily bind cities both to each other and to globally aspirational agreements, ratifying and meeting targets that play out as law and regulation within these cities. These range from immigration and diversity issues, as in the networks of Sanctuary Cities in the USA and Europe, which can also be seen as more deeply political than solely providing sanctuary to immigrants, and are sometimes presented as embodying a new political ethos, remaking political membership/citizenship (see Ridgley 2008). To environmental regulations with planetary scale intentions such as on issues of climate change, for example, the C40 network (see Fraundorfer 2017 for an excellent overview). These alliances unite cities across National jurisdictions, often as economic or cultural powerhouses and/or conglomerations. Importantly they demonstrate global scale visions and intentions that contrast or contend national ones (Fraundorfer 2017, p. 23). Some cities are seen to ratify international laws, even when the states they reside in do not. This complication of territorial arrangements raises questions regarding sovereignty, citizenship, and security and as such is deeply political (see Benhabib 2008 for an extended account of the conditions and political implications of these changes).

### The State and Populism

The politics of these alliances are often discussed in terms of global citizenship and cosmopolitanism and are contrasted, culturally, with the nation-state (Benhabib 2008). However, it is important not to downplay the role of the state in the spatial politics of cities. Wacquant (2008, 2009) has demonstrated that instances of extreme urban marginalization, segregation, and exclusion, in both the USA and France, are closely entwined with, and produced by, the changing role of the state in the context of neoliberal globalization. In these texts Wacquant shows that as the welfare state is "rolled back," a penal one is "rolled out" and as the poor are punished, the areas they live in demonized. This then is an instance of state politics producing a spatial politics in the city. In the same vein, it is also worth noting recent returns to political/cultural nationalism, because the above-described alliances and agreements situate cities as politically contesting the power and logic of the state. Representatively, a vote after Brexit by Londoners to remain in the EU and leave Britain termed the "Londependence" petition raised 170,000 signatures (82,000 in 1 day) in the weeks after the Brexit vote (Oliver 2016). In the USA, sanctuary cities have vowed to defy federal policy, notwithstanding the threat of federal funding cuts (Robbins 2017). At the time of writing, it remains an ongoing question to what extent, and in what arenas, networks of regulatory, economic, and cultural power, in the form of city alliances/networks, wield sufficient political influence to resist national agendas. The context of populism highlights the politics of where city contrasts state. As such the resurgence of populist sentiment presents forthcoming questions about the power and influence of the city in the context of globalization as well as about the reach of the state into cities.

### Hospitality and Social Justice

The tensions described above have significant consequences for spatial politics inside cities. Raised questions are as follows: Are certain bodies or lives welcome to take up space? How is a right to a place in the city, a home, or a neighborhood ensured? Is there an intergenerational right to a place in the city? Who participates in the city? These questions are taken up both in academic discussions of hospitality and forgiveness, for example, the city conceived as "*Villefranche*," where *hospitality and ethics* and *ethics and politics* are intrinsically linked or at times substitutable (Derrida 2001), and in the "Just cities" movements and the push for a human right to housing. These latter are often cited as drawing on the "right to the city" discourse of Henri Lefebvre (see Purcell 2003 for an in-depth discussion of this) and also engaged by Harvey (2015). They center on "a politics in which inhabitants (instead of capital and state) take a central role in the decisions that produce the space where they live" (Purcell 2003, p. 583). However, it is worth noting that both of the above, while often described in the language of these French and American social theorists, are also situated in much more diverse movements and grassroots campaigns.

### Who's Cosmopolitan City?

A related aspect of the politics of these ostensibly cosmopolitan agendas is that in these Global, World, or Mega cities, the particular narrative of globality, and the type of globalization promoted, may also be one tied up with global inequalities and exploitation. Massey (2007) explains that the foregrounding of London's ethos of hospitality and diversity, by the Mayor and the media in the wake of the 2005 terror attacks, is a foregrounding of just one aspect of London's role as a World City. Massey points out how among those who migrate, there are many who do so because their "livelihoods have disappeared in the maelstrom of neoliberal globalisation" (p. 8) and that London and other global cities are the seat of power of many of the processes that have caused such migrations (Ibid, p. 11). From a largely economic development-grounded perspective scholars, Florida (2005), who coined the well-known term "spiky world," have demonstrated how some cities thrive and become highly connected, while the regions around them do not. In this analysis these cities can be seen as spikes of wealth, technology, and development, while other regions languish in troughs of poverty and underdevelopment. This aligns with increasing unevenness and inequality in economic globalization more generally.

Others such as Saskia Sassen (2014) have provided more nuanced interrogations of unevenness. Demonstrating, for example, that this unevenness extends into and through cities, Sassen goes further to argue that the exclusions and marginalizations played out in and around the Global City are in fact intrinsic to the processes of the Global City. They are, she argues, essential to the maintenance of various predatory formations of global finance capitalism. Sassen insists that new transborder formations of power can be seen as, alongside the state, becoming crucial to governance and rule. These are fundamentally market-related assemblages that are able to take advantage of new deregulation and privatization conditions that are increasingly global in spread. This expansion of governance into these spaces is something that Sassen argues is crucial in understanding the spatial politics of the city. Furthermore, Sassen argues that it is only in the city that there is the complexity to resist such process, aligning with Lefebvre (1996) and Harvey (2010) to posit that the urban holds the potential to produce change. However, she also suggests that urbanization in the form of privatization and unfettered development is stripping the urban out of the city, creating spaces that are undemocratic and hold little potential for resistance or struggle (Sassen 2014).

### The Complexity of Exclusions, Inequalities, and Expulsions

Sassen's work, aligning with a broad swathe of urban theory since Castells (1977) and especially Harvey (1989), is presenting a politics that is often intrinsically tied to economic and material processes. Much of this work can appear in one sense apolitical or neutral in its frameworks. As, in its Marxist roots, it presents the analysis of social relations (in this case urbanization and globalization) as material, factual, and analytical. The political is in one sense seen as the class struggles within this, albeit in new forms. However, the question of who is left out is deeply complicated by spatial understandings of urban conditions and globalization processes. The question of who is excluded can, for example, refer to categories of people dispersed throughout landscapes or grouped into segregated areas. It can refer to entire regions, and these may range in scale from the local to the global. Increasingly in the context of the global economy, it is seen that extreme inequalities, linked into global processes, are situated side by side in the city. Perhaps more importantly, in these conditions, the crucial question arises about left out of what?

When emancipatory or political processes are seen as about resource distribution, then questions are often framed as redistributive and about labor and resource allocation. But if they are about inclusion in the making of, imagining, and ruling of the city, then they require attention to different aspects of politics, such as participation in the social and political spheres of city life. This necessitates a focus on where power and the political are located and what moral and social purposes they are mobilized for. This concern has been echoed in recent urban theory conversations that ask "where is politics" (Rodgers et al. 2014 provides an excellent introduction to this). A concern with exclusion, or inequality, requires an engagement with both material and economic processes, as well as cultural and ideological ones. The second section of this text will introduce some recent trajectories of research and thought that engage this further.

## Section B: Situating the Spatial Politics of Cities

In his recent work on Mumbai slum clearances, Asher Ghertner (2015) shows that it is impossible to situate the planning choices of city makers in Mumbai outside of semi-shared visions and aesthetics of the World-Class city. Mapping the trajectories of land governance, planning, and clearance in Mumbai since the late 1990s, Ghertner demonstrates that above all it is the image of the city as a "globally competitive, aesthetically appealing metropolis" (p. 184) that has driven and enabled extensive change. He situates this as "rule by aesthetics" (ibid), highlighting the political aspect of shared imaginaries and visions of the city and showing that they have overridden and overruled, in the case of Mumbai, the city's

more established avenues of political influence such as planning schemes and regulatory regimes (ibid). Spatial politics in this case, as discussed in the section above, are therefore tied closely into visions and hopes for the future city.

Ghertner's research however also highlights that these visions hold out differing promises and reflect different hopes depending on who is imagining them. Showing how the World-Class or Global city is imagined is subjective and situated. This situated research (along with other similar studies) suggests that there is extensive agency in the movements of the poor. Ghertner explains that while widespread displacements were, in the slum clearance high point of the early 2000s, premised on the vision of the World Class, so too are new hopes and struggles for inclusivity and ownership of the city (pp. 197–198). He demonstrates the ways in which the urban poor of Mumbai refuse to give up the promise of the World-Class city that includes them, stating that "the urban poor's experimentations with dominant ways of seeing and saying suggest that they are prepared politically to force inclusion." Likewise in her recent study of Madrid's squatter and housing rights movement, Gonick (2016) argues that "we are witnessing an anticipatory politics that fundamentally challenges hegemonic relationships between everyday citizens and regimes of property ownership" (p. 833). Aligning with work that will be discussed below, her thesis argues that state-based explanations of power and coercion, and the broad explanatory frameworks of many social theorists, potentially silence the actual politics of the everyday and the agency of the poor (Gonick 2015, p. 9).

Ananya Roy's work in Mumbai has also engaged the politics of slum clearances and the lives of the global urban poor (Roy's work aligns with and is often drawn on in the abovementioned work). Her work also shows how slum dwellers' resistance and agitation for a place in the city is tied into South-South networks such as the slum dwellers federation. These solidarities stretch from Cape Town to Mumbai to Detroit and draw on both local and increasingly global understandings of justice, innovation, and resistance. These sorts of global solidarities (which are deeply political in their implications because they challenge the status quo and agitate for change) tie into broader social movements and transnational solidarities in the context of globalization. However, importantly, Roy's work asserts an emphasis on learning from these struggles and emphasizes that a critical attention to poverty is important in approaching the politics of capitalisms, stating in a recently edited book that just as "we must rethink capitalism and its futures, so we must rethink the established geographies and vocabularies of resistance" (Roy and Crane 2015, p. 25). This sets apart the work of theorists, researchers, and scholars such as Roy, who often take ethnographic and comparative approaches, from the much of the work covered in Section A above. Attending specifically to the everyday practices of becoming global in cities of the majority world, Roy and Ong (2011) describe these practices as forms of Worlding. Contrasted with earlier conceptualizations of Worlding practices as colonization and imperialism, they instead "focus on the urban as a milieu that is in constant formation . . . inherently unstable, inevitably subject to intense contestation, and always incomplete, Worlding is the art of being global" (Ibid, p. xv). Becoming global (subjective globalization) in the city is then, in this account, experimental.

The above discussions align with, and at times draw upon, broader discussions of the politics of subjectivity and citizenship in the context of globalization. Spivak (2000), Butler and Athanasiou (2013), and Brown (2000) have all engaged the conundrums of how those struggling for representation and recognition take up and negotiate liberal democratic notions of political sovereignty and individualism, in the context of long-standing colonial and imperial regimes of power. Such conversations emphasize the role/emergence of new forms of cosmopolitanism that stretch the political out to global or transnational scales, yet cannot easily be explained through explanations of the political based in the cannons of Western Liberalism or political theory. They emphasize the need to "provincialize Europe" (Chakrabarty 2000; Roy 2009; Robinson 2006, 2011), which in a simplified way means to see and position the (often) dominant Western or European cannon,

and frames of analysis (such as modernization and development) as just one among many. They decenter or dethrone them. They also emphasize the need to pay attention to the ways that new forms of the political, seen in the struggles of those presented as marginal and disadvantaged (who often in fact make up most urban dwellers in the world), both take up and at the same time subvert these traditions.

In understanding the spatial politics of cities, the underpinnings of the approaches presented in this section have led to strong calls in urban theory for comparative and situated inquiry into what Jenny Robinson has coined "Ordinary Cities" (2006, 2011), emphasizing the need to study cities that might not conform to the analytical and knowledge frames of urban theory or sociology but that in fact make up the majority world. These approaches are founded in a deep skepticism about the usefulness and the analytical rigor of approaches that attempt to construct meta-narratives or explanatory frameworks of analysis that can be deployed across contexts. The call to pay attention to Ordinary Cities challenges many of the urbanization thesis of the past, including many of the Global City approaches. In one sense the call for attention to the power of explanatory frameworks politicizes the *theory* of the city.

## Political Implications of the Spatial Turn

Globalization brings extreme challenges to thinking through and theorizing politics. No longer do the frames of nation-states and established, formal systems of rule bound the inquiry (if indeed they ever usefully did). Traditional political science registers that locate concentrations of power in agents and actors, in sovereign powers of various kinds, are challenged by conditions that illuminate, and perspectives that forefront, difference and contextuality. From the more traditional political perspectives, urban politics can be situated in three registers, those that situate power in the state, those that situate it in markets or economic relations, and those that situate it in citizens or subjects or (as is more usual) those that see it as situated in a combination of these, but approach it as a contestation or conflict between them (see Magnusson 2013). However, the politics of cities according to spatial approaches demands more than this.

The student or practitioner of public administration, interested in the politics of cities, must learn as a starting point that the "urban" often aligns with the lean in the humanities and social sciences to what has been known as the spatial turn. This can be briefly explained as the move to an inclusion of the philosophy of the *spatial* rather than or alongside the *historical* (or as it is often termed *temporal*) (Soja 1989). One of the key aspects of the spatial turn was to see space as produced in social relations, rather than neutral, or given. As such the city was now seen as produced by a range of processes, structures, or relations that are social. It is *social space* (De Certeau 1984; Lefebvre 1991). Furthermore, however, the spatial is not just seen as produced by social relations but is also implicated in the production of social relations. This shift, when employed in understanding political and social processes, is thought by many to provide deep challenges to modernist and technocratic perspectives that are grounded in theories of progress and history. At least in part, this is because an attention to space, to context, reveals a multiplicity of simultaneous conditions.

A multiplicity of spaces illuminates the differences between different spaces, from the personal space of bodies to the intercontinental spaces of geopolitics, and global capitalism. In the 2005 text *For Space*, Doreen Massey points out that difference sheds light on inequality and also on struggle, in turn making (social) space obviously political. She asserts that the political implication of this multiplicity is that there is more than one future. There are instead futures. This breaks significantly with linear narratives of development and progress, because no longer is a city, a suburb, a group, or an individual situated at or moving through some point on a trajectory from one state or condition to another, for example, from developing to developed, from industrial city to cyber city, or from manufacturing to service industry. This in turn interrupts the often utopian, aspirational, condition of being developed/modern.

It highlights the construction of this vision as a narrative, rather than a truth (Soja 1989). This multiplicity of simultaneously existing conditions that are different also brings serious challenges to the project of creating describing frameworks of meta-narratives that explain what is happening in cities and how to manage them.

In urban studies some go so far as to suggest that it is the practices and processes of the urban that are politics (see Magnusson 2013); that politics, democracy, and citizenship are best articulated and understood through the negotiations, struggles, and compromises of the everyday life of the city; and that in the making of life in the city, we can reorient inquiry into the political to a more productive emphasis than traditional political science registers. So while some spatial approaches to urbanization have on the one hand bought to light the politics of complex actor network relations and processes of agglomeration and financialization, there are also spatial approaches that conceive of the political as deeply embedded throughout the practices of cities. In these approaches the praxis of public administration, for example, becomes political as it strives to implement policy. The struggles of squatters and the strategies of elites (whether resisting displacement or fostering gentrification) are part of the spatial politics of the city.

## Conclusion

This text has introduced the beginning reader to a range of work that complicates traditional perspectives on the spatial politics of cities. It can be seen that while most current thinking on urbanization and cities engages theory ostensibly of the "spatial turn" in some form, these approaches have been taken up and deployed in different ways. Most importantly there have been tensions and ongoing debates between those that seek to describe or explain the social production of cities (using spatial approaches) to construct wide reaching analytical frameworks such as Global Cities and those that insist that a spatial approach in fact renders such "grand narratives" incoherent and problematic in the face of globalization. Instead of asking where urban politics is enacted. Embodying these approaches Gonick (2016) asserts that:

> politics 'happens' in locations often left off the map of both scholarship and popular imaginaries, and, crucially . . . [these] locations can, in fact, illuminate shifting political arrangements elided by other methodologies. (p. 833.)

As such of particular relevance in understanding the political aspects of social space and cities is a range of recent work that eschews so-called meta-narratives or explanatory theories of the city yet does not forgo politics, instead combining empirical and theoretical work on cities with an overt and intrinsic attention to politics as praxis.

## Cross-References

▶ Global Civil Society or Networked Globality
▶ Power and Politics: Basic Concepts
▶ Subjective Globalization

## References

Alexander J (in press) Power and politics basic concepts. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer
Amin A, Thrift N (2002) Cities: reimagining the urban. Polity Press, Cambridge
Aminy A (2002) Spatialities of globalisation. Environ Plan A 34(3):385–399
Benhabib S (2008) Another cosmopolitanism. Oxford University Press, Oxford
Brenner N, Keil R (2006) The global cities reader. Routledge, Abingdon, Oxon
Brown W (2000) Suffering rights as paradoxes. Constellations 7(2):208–229
Butler J, Athanasiou A (2013) Dispossession: the performative in the political. Wiley, Hoboken
Castells M (1977) The urban question. Edward Arnold, London
Chakrabarty D (2000) Provincializing Europe: postcolonial thought and historical difference (Princeton studies in culture/power/history). Princeton University Press, Princeton
De Certeau M (1984) The practice of everyday life [1980] (trans: Rendall S). University of California Press, Berkeley
Derrida J (2001) On cosmopolitanism and forgiveness (thinking in action). Routledge, New York

Florida R (2005) The world is spiky. Globalization has changed the economic playing field, but hasn't levelled it. Atl Mon 296(3):48
Fraundorfer M (2017) The role of cities in shaping transnational law in climate governance. Global Pol 8: 23–31. https://doi.org/10.1111/1758-5899.12365
Friedmann J (1986) The world city hypothesis. Dev Chang 17(1):69–83
Ghertner DA (2015) Rule by aesthetics: world-class city making in Delhi. Wiley-Blackwell, Oxford
Gonick SL (2015) At the margins of Europe: homeownership, inclusion, and protest in contemporary Madrid. Unpublished doctoral dissertation, Berkeley. Permalink available at: https://escholarship.org/uc/item/4wp1q3kb
Gonick S (2016) From occupation to recuperation: property, politics and provincialization in contemporary Madrid. Int J Urban Reg Res 40:833–848
Harding A, Blokland T (2014) Urban theory: a critical introduction to power, cities and urbanism in the 21st century. Sage, London
Harvey D (1989) The condition of postmodernity: an enquiry into the origins of social change. Blackwell, Malden
Harvey D (2010) Social justice and the city, vol 1. University of Georgia Press, Athens
Harvey D (2015) (Originally pub 2008) The right to the city. In: LeGates RT, Stout F (eds) The city reader. Routledge, pp 270–278
Lefebvre H (1991) The production of space, vol 142. Blackwell, Oxford
Lefebvre H (1996) The right to the city. In: Writings on cities. Blackwell, London, pp 63–181
Magnusson W (2013) Politics of urbanism: seeing like a city. Routledge, London
Massey D (2005) For space. Sage, Thousand Oaks
Massey D (2007) World city. Polity Press, Cambridge, UK
Oliver T (2016) Forget independence for London: but the capital now needs its own devolved government more than ever. British Politics and Policy Blog at LSE. Retrieved from: http://blogs.lse.ac.uk/politicsandpolicy/london-needs-its-own-devolved-government. Accessed 20 Mar 2017
Parker S (2015) Urban theory and the urban experience: encountering the city. Routledge, London
Purcell M (2003) Citizenship and the right to the global city: reimagining the capitalist world order. Int J Urban Reg Res 27:564–590. https://doi.org/10.1111/1468-2427.00467
Ridgley J (2008) Cities of refuge: immigration enforcement, police, and the insurgent genealogies of citizenship in US sanctuary cities. Urban Geogr 29(1): 53–77
Robbins L (2017) 'Sanctuary city' mayors vow to defy Trump's immigration order. The New York Times January 25th
Robinson J (2006) Ordinary cities: between modernity and development, vol 4. Psychology Press, Hove
Robinson J (2011) Cities in a world of cities: the comparative gesture. Int J Urban Reg Res 35(1):1–23
Rodgers S, Barnett C, Cochrane A (2014) Where is urban politics? Int J Urban Reg Res 38(5):1551–1560
Roy A (2009) The 21st-century metropolis: new geographies of theory. Reg Stud 43(6):819–830
Roy A, Crane ES (eds) (2015) Territories of poverty: rethinking North and South. University of Georgia Press, Athens
Roy A, Ong A (eds) (2011) Worlding cities: Asian experiments and the art of being global, vol 42. Wiley, New York
Sassen S (1991) The global city: New York, London, Tokyo. Princeton University Press, Princeton
Sassen S (2014) Expulsions. Harvard University Press, Cambridge
Sassen S (2016) The global city: enabling economic intermediation and bearing its costs. City Community 15(2): 97–108
Scott AJ, Storper M (2015) The nature of cities: the scope and limits of urban theory. Int J Urban Reg Res 39(1): 1–15
Soja EW (1989) Postmodern geographies: the reassertion of space in critical social theory. Verso, London
Spivak GC (2000) Megacity. Grey Room 01:8–25. http://www.mitpressjournals.org/doi/10.1162/152638100750173038. https://doi.org/10.1162/152638100750173038
Steger MB, Wahlrab A (2017) What is global studies? : theory and practice. Routledge, New York
UN (2014) World urbanization prospects. Department of Economic and Social Affairs [online]. Available at: http://esa.un.org/unpd/wup/Highlights/WUP2014-Highlights.pdf. Accessed 12 May 2017
Wacquant L (2008) Urban outcasts: a comparative sociology of advanced marginality. Polity, Malden
Wacquant L (2009) Punishing the poor: the neoliberal government of social insecurity. Duke University Press, Durham
Yeoh BS (2005) The global cultural city? Spatial imagineering and politics in the (multi) cultural marketplaces of south-East Asia. Urban Stud 42(5–6):945–958

G

# Globalization and US Education Policy

Neena Banerjee
Department of Political Science, Valdosta State University, Valdosta, GA, USA

## Synonyms

Inequality; Privatization; Public schools; School choice; Technology

## Introduction

The United Nations in its Universal Declaration on Human Rights proclaims education as a fundamental human right, calling on member nations to provide their peoples not only compulsory and free elementary education but also an equal opportunity to access technical, professional, and higher education opportunities on the basis of merit. The Declaration further stipulates that education should promote understanding, tolerance, and friendship among all nations and racial or religious groups and that parents should have the right to educational choices for their children (UDHR, Article 26). As nations around the world struggle to reform their national education systems to meet the goals articulated in Article 26, there is a widespread disagreement regarding strategies and actions that are needed. The challenges faced by nation-states in their quest to educate the masses have been complicated by the potent force of globalization. Globalization has fueled the spread of basic education universally by transforming schooling into a global cultural norm and by simultaneously placing education into the national and global agendas (Chirico 2014; Torres 2002). It has pushed societies to rethink the purposes of education in an increasingly interdependent world where welfare of nations are tied to each other by economics, the environment, politics, culture, information, and technology (Merriman and Nicoletti 2008).

The USA has been one of the driving forces behind globalization due to its technological and scientific leadership. However, there are concerns if the country will be able to sustain its leadership in the twenty-first century given the myriad challenges that the public education system is facing. There is a growing dissatisfaction over the quality of learning in the US schools in terms of both low graduation rates and the consistent poor performance of students in reading, mathematics, and science as compared with their international peers. The 2012 results from the Program for International Student Assessment (PISA) that is administered to 15-year-olds in 65 countries show that students in the United States ranked 17th in Reading, 20th in Science and 27th in Mathematics among Organization for Economic Cooperation and Development (OECD) countries (see www.oecd.org unitedstates/ for more on this). Socioeconomic disparities in student achievement and the inequities in the quality of schools persist despite successive reform efforts that have been implemented over the past several decades. While there is a consensus that public schools in the USA need reform, the content and mechanism of reforms are widely contested (Ravitch 2010).

## Globalization

The term globalization is difficult to define as it draws diverse interpretations. These diverse interpretations of globalization range from political, social, economic, technological, and cultural transformations that have blurred national boundaries and intensified international interactions (Rizvi and Lingard 2013). Globalization, through the lens of politics, is a process that brought "uniformity of political ideas and practices" such as a preference toward neoliberal policies that value markets over the state (Rizvi and Lingard 2013, p. 421). From a societal perspective, globalization takes the meaning of "increasing interconnectedness between societies such that events in one part of the world more and more have effects on peoples and societies far away (Baylis and Smith 2001, p. 7)." From an economic perspective, globalization is referred to as the product of the emergence of a global economy that is managed through multinational institutions such as the International Monetary Fund (IMF) and the World Bank (Torres 2002). On the technology side, globalization is synonymous with intensification of transnational communications and the diffusion of technology that has resulted in a world that is flat, without borders, with instant communication, and with open financial markets (Merriman and Nicoletti 2008, p. 8; Friedman 2005). From a cultural standpoint, globalization refers to the dissemination of cultural symbols and significations through the seamless flow of the Internet and various other forms of mass media

(Marginson 1999; Clark 1997). Lastly, globalization is distinct from internationalization. While the latter presumes nations as the essential unit, the former refers to the formation of world systems without negating the nation-state (Marginson 1999; Taylor et al. 1997, p. 56). Although different countries have experienced such restructuring of the nation-state in different forms, some common ideological features have emerged. These include a commitment toward market-based services, a leaner role for the state, and a renewed focus on the individual consumer and the choices they make (Henry 1999; Taylor et al. 1997).

## Globalization and Schooling in America

### Globalization and the Changing Purposes of a School Education in the USA

Public education in the USA has always served as an important site of struggle for civic assimilation and socioeconomic equalization (Ravitch and Viteritti 2001). During the late nineteenth century, the common schools fostered civic values and contributed to democratic nation building through civic assimilation of immigrants. During the second half of the twentieth century, public schools were at the forefront of efforts in eliminating racial segregation in schools and democratizing educational access. By the 1950s, the country achieved highest literacy rate with greater opportunities for higher education for its citizens. All this helped create a vast pool of human capital for sustaining economic productivity at an unprecedented level (Hill et al. 1997). By the end of the twentieth century, however, public schools started to falter on their commitment to civic assimilation. Many believe that the forces of globalization have altered the purposes of education and the role public schools play in upholding them.

While globalization has intensified large-scale human migration to the USA, it has also led to greater economic and social polarization within the country and complicated social identities (Henry 1999). This phenomenon has stimulated public debate on how the nation's public schools should tackle pluralism in its curriculum and pedagogy (Sutton 2005). The decades of 1980s and 1990s saw public schools gradually embracing diversity and multiculturalism at the cost of its foundational principle of blending a diverse population into a common citizenry through civic assimilation Ravitch and Viteritti (2001). This shift is a key reason for devaluation of civics in school curriculum and a decline in the basic understanding of government and the US Constitution among young Americans in the decades that followed. For example, the National Assessment of Educational Progress (NAEP) Civics Assessment scores have remained stagnant for the past two decades with the most recent scores collected in 2014 showing that only 23% of America's eighth-graders are "proficient" in their civic learning. Furthermore, the results continue to indicate ethno-racial and gender inequality in civic education outcomes (National Center for Education Statistics 2015). The opponents of multiculturalism believe that globalization has led to a divided culture in America. It has diminished "the prospect of a society in which the once-common school of a common civil society is no longer so common, and is in measure replaced by different schools selected by parents who hold different values and different orientations on schooling and society (Glazer 2001, p. 168)."

Globalization has also led to commodification of education to the detriment of other broader purposes of education (Henry 1999). Public schools across the USA are increasingly focusing on economic and vocational goals that would create skilled workers ready to compete in the global economy of the twenty-first century. This has led to increasing standardization and narrowing of the curriculum in many high schools with emphasis being given to language, science, and mathematics and neglect shown toward arts, civics, environment, and health education. This narrowing of the curriculum through standardized testing has also led to higher inequity in learning outcomes among students. Dropout rates and student disengagement have also increased for many students who feel a fundamental disconnect between what they are learning in schools and the world around them (Reimer 2006).

## Globalization and the Growing Inequity in Educational Access and Outcomes

Historically, Americans have perceived education to be a great equalizer that helps even the most disadvantaged students overcome seemingly impossible obstacles (Manna 2011). It is one of the reasons why education is considered integral to achieving the American Dream. Concerns about equity in educational opportunities, however, have been a consistent force since the 1960s. These concerns have led to federal policy interventions in education which has traditionally been the domain of the state and local school districts (Manna 2011). While the country has made impressive strides in many aspects of education such as abolishing segregated schooling by law, overall improvement in achievement levels for all groups, decline in dropout rates, and greater equity in resource allocation, the progress has remained slow. According to the US Department of Education, about 70% of White students attend schools that are at least 75% White, and over 50% of Black children attend schools that are predominantly minority. Moreover, in large urban neighborhoods, about 90% of Black children attend schools that are primarily non-White (US Department of Education 2004; Orfield and Yun 1999). These findings clearly indicate the existence of segregated educational opportunity in the country. The data further reveals that in inner cities, 61% of Black students attend school where over 75% of students are eligible for free and reduced lunch, an indicator of their low socioeconomic status. While the opportunity gap remains in spite of targeted efforts, the picture is even more discouraging for educational outcomes.

There are significant racial and socioeconomic differences in educational outcomes. Recent studies show that as early as when children enter kindergarten, there are already significant achievement gaps as a result of their socioeconomic status (Garcia 2015). According to the 2000 National Assessment of Educational Progress (NAEP) statistics, by the end of Grade 4, Black kids are almost 2 years behind their White peers (Cooley 2009). The high school completion rates are 90.1% for Whites, 81.5% for Blacks, and 58.5% for Hispanic students. There is scholarly unanimity that socioeconomic status is the single largest predictor of children's school readiness and achievement trajectories over time.

Globalization has played its role in part in these educational inequities in the USA by exacerbating poverty, unemployment, and income disparities (Marginson 1999). Lowering of minimum wages, unemployment particularly in manufacturing, dismantling of safety nets, and poverty are some of the detrimental effects of globalization that the US economy has experienced. Given the country's history with race relations, such socioeconomic polarization has impacted racial minorities adversely. The geographic segregation of families by race and income has multiplied the effects of family resources on children's educational outcomes (Farkas 2003). Data from the US Department of Education shows that around 17.3% of households with children under the age of 18 years lived below poverty level in the year 2004. The persistence of poverty among some racial groups and the concentration of these groups in particular neighborhoods have affected the academic performance of children who belong to such neighborhoods.

The neighborhoods where Black and White kids live are fundamentally different from each other due to residential segregation. Per 2002 US Census report, Blacks are still the most residentially segregated among all ethno-racial groups. Low-income Black families are largely concentrated in low-income neighborhoods in central cities across the country. The concentration of poverty and crime in these neighborhoods along with the lack of basic amenities such as good schools, day-care centers, public libraries, recreational facilities, and social service providers have all contributed to create an adverse impact on the academic success of Black adolescents. In addition to this, the degree of social interaction and cohesion among families in such neighborhoods is rather limited. This is due to very high residential turnover rates, lack of ethnic homogeneity,

and the presence of large number of immigrant population in these neighborhoods. The absence of a positive neighborhood environment has resulted in fewer social controls over children and fewer role models for children to follow. As a result, children from these neighborhoods are less likely to do well in school and are more likely to engage in crime, dropout of schools, and remain unemployed (Pebley and Sastry 2008). Such disparities need to be eliminated because they have enormous implications, both generational and intergenerational (Levin 1999).

## Globalization and Privatization of School Education

Globalization has also led to greater commitment to market-based provision of services and a greater focus on individualized consumerist ethos (Henry 1999, p. 88). In the context of school education, such a shift has manifested through a restructuring of educational governance from a bureaucratic activity to more as a market with greater focus on parental choice. Although private schools and other forms of private instruction existed in the USA prior to public schools, the past few decades have witnessed a growing debate over the usefulness of a government-provided public school system in this country (Belfield and Levin 2005). This debate over educational privatization is also known as the school choice movement.

Milton Friedman in his 1955 classic essay titled *The Role of Government in Education* made a case for school choice through voucher programs. He questioned the role of government in the provisioning of education and called on the government to restrict itself to funding education through vouchers and ensure minimum regulations so that schools are aligned to the social goals of education. The school choice movement, however, got a boost many years later in the early 1990s when John E. Chubb and Terry M. Moe published their book *Politics, Markets, and America's Schools*. Chubb and Moe (1990) called for institutional reform by applying the choice mechanism that, according to them, would bring a new institutional framework within the public school system without necessarily privatizing public schools (Chubb and Moe 1990, p. 225).

School choice since then has largely taken the form of voucher schools, privately managed schools, and charter schools. Proponents of school choice argue that competition would increase efficiency by restructuring incentives both within and across schools. Since schools would have to compete in order to attract students and survive in a competitive marketplace, each school will try to operate at a lower cost and become more efficient in the process. Moreover, competition would enhance individual liberty by allowing parents the option to choose an education for their children that matches best with their own values. Furthermore, the matching of consumers (parents and students) and suppliers (schools and districts) would lead to better student achievement. School choice advocates also believe that choice would advance equity by leveling the playing field for poor minority students through open enrollment. If choice programs are properly designed, it would offer a way out for students from failing public schools, particularly minority students from intercity schools (Belfield and Levin 2005).

Opponents believe that school choice would benefit children from wealthy families disproportionately because their parents have the information advantage, and they can make the most use of it through their social networks, unlike parents with limited resources and education who may find it difficult to exercise choice in a timely and appropriate fashion. It could also lead to resegregation as families tend to prefer schools that have students from their own race and socioeconomic background. A massive outflow of students from poorly functioning schools due to choice would eventually close down many schools on account of higher fixed costs. Limitations in terms of alternatives could seriously undermine the choice program as will be the denial of admission (Belfield and Levin 2005).

The evidence of school choice on educational outcomes however has been mixed. For example,

a review of more than 40 studies conducted between 1972 and 2002 to examine the effects of interdistrict, intradistrict, as well as competition between public and private schools shows a modest but positive relationship between increased competition and improvement in test scores, no effect on dropout rates, and a positive effect on public school graduation rates. The effect of competition on spending is inconclusive. Studies on the impact of charter schools have found that these schools are less likely to enroll the neediest students than regular public schools, and they do not perform any better than traditional public schools (Ravitch 2010; Belfield and Levin 2005).

### Globalization and Technology Needs in Schools

Globalization has prompted concerns about digital divides in American schools. Access to latest technologies and information is seen as a powerful tool for students to fully reap the benefits of globalization through education. Unequal access to technology, both at school and at home, can exacerbate the already existing ethno-racial and socioeconomic gaps in academic achievement in schools and future life trajectories of young Americans by preparing them differently for the global labor market (Warschauer et al. 2004).

In the USA, computer and Internet access is distributed unequally by race, income, and education (US National Telecommunications and Information Administration 2002). Available data indicates that both use of and access to technology are important. For example, home computer access raises the academic achievement of high-SES students more than it does for low-SES students. Furthermore, high-SES students with home computers are much more likely to use them to complete school assignments than are low-SES students with home computers (Becker 2000; Attewell and Battle 1999). Inequalities also exist with regard to quantity and quality of computer equipment in schools although these gaps are gradually being narrowed. For example, compared to 1998 when the ratio of students to instructional computers with Internet access in US schools was 17.2 in high minority schools, in 2001 that ratio declined to an average 6.4 students per computer in similar schools. The ratio declined from 10.1 in 1998 to 4.7 students per computer in low-minority schools. The gap between low- and high-minority schools has declined in other areas such as students per computer, students per multimedia computer, students per networked computer, schools with high-speed Internet access, schools where the majority of teachers are using the Internet, and schools with laptop computer programs (Warschauer et al. 2004, p. 564; Kleiner and Farris 2002).

Research has documented the variation in computer use by socioeconomic groups and within-school practices that reinforce such inequality in schools. In many schools, only the advanced students enjoy the privilege of internet use. Furthermore, studies have found that while high-SES or White and Asian students use computers in schools for research intensive activities in the science subjects, low-SES or Black and Hispanic students are more likely to use computers for remedial or vocational courses (Warschauer et al. 2004, p. 564; Becker 2000) Overall, technology usage in schools has not mitigated the existing inequalities in school and society.

## Conclusion

In conclusion, globalization has impacted the socioeconomic and political landscape of the USA. Expectedly, it has also affected several aspects of its school education, including its purpose and inherent inequities in access, outcomes, resources, and privatization. While some of it may be positive, there are also areas of concern. There is evidence that globalization has exacerbated the socioeconomic and ethno-racial gaps in educational opportunity and learning outcome in the USA in direct and indirect ways. However, more documentation is needed to flesh out the extent of globalization's impact among several other forces that have shaped the educational opportunity structure in the USA. It is also important to document the new forms of inequalities that are emerging due to increased role from market and

technological forces in education provision. More studies would need to document educational programs, policies, and approaches that are useful in the global context.

## References


Attewell P, Battle J (1999) Home computers and school performance. Inf Soc 15(1):1–10

Baylis J, Smith S (2001) The globalization of world politics: an introduction to international relations, 2nd edn. Oxford University Press, New York

Becker HJ (2000) Who's wired and who's not? Futur Child 10(2):44–75

Belfield C, Levin H (2005) Privatizing educational choice: consequences for parents, schools, and public policy. Paradigm Publishers, Boulder

Chirico J (2014) Globalization: prospects and problems. Sage Publications, Inc, Thousand Oaks

Chubb J, Moe T (1990) Politics, markets and America's schools. The Brookings Institutions, Washington, DC

Clark I (1997) Globalization and fragmentation: international relations in the twentieth century. Oxford University Press, Oxford

Cooley J (2009) Desegregation and the achievement gap: do diverse peers help? Unpublished manuscript. Department of Economics, Duke University, Durham

Farkas G (2003) Racial disparities and discrimination in education: what do we know, how do we know it, and what do we need to know? Teach Coll Rec 105(6): 1119–1146

Friedman M (1955) Economics and the public interest. In: Solo R (ed) The role of government in education. Rutgers University Press, New Brunswick, pp 123–144

Friedman TL (2005) The world is flat: a brief history of the twenty-first century. Farrar, Straus & Giroux, New York

Garcia E (2015) Inequalities at the starting gate: cognitive and noncognitive skills gaps between 2010–2011 kindergarten classmates. Report. Economic Policy Institute, Washington, DC

Glazer N (2001) Some problems in acknowledging diversity. In: Ravitcch D, Viteritti JP (eds) Making good citizens: education and civil society. Yale University Press

Henry M (1999) Working with/against globalization in education. J Educ Policy 14(1):85–97

Hill PT, Pierce LC, Guthrie JW (1997) Reinventing public education: how contracting can transform America's schools. The University of Chicago Press, Chicago. http://www.epi.org/publication/inequalities-at-the-starting-gate-cognitive-and-noncognitive-gaps-in-the-2010-2011-kindergarten-class/. Accessed 26 Mar 2017

Kleiner A, Farris E (2002) Internet access in U.S. public schools and classrooms: 1994–2001. National Center for Educational Statistics, Washington, DC

Levine DI (1999) Choosing the right parents: changes in the intergenerational transmission of inequality between the 1970s and the early 1990s. Working paper, no 72. Institute of Industrial Relations, University of California, Berkeley

Manna P (2011) Collision course: federal education policy meets state and local realities. CQ Press, Washington, DC

Marginson S (1999) After globalization: emerging politics of education. J Educ Policy 14(1):19–31

Merriman W, Nicoletti A (2008) Globalization and American education. Educ Forum 72:8–22

National Center for Education Statistics (2015) The Nation's report card: 2014 US history, geography, and civics at grade 8. Institute of Education Statistics, Washington, DC. http://nces.ed.gov/nationsreportcard/subject/publications/main2014/pdf/2015112c.pdf. Accessed Mar 2017

Organization for Economic Cooperation and Development (OECD) Country note: United States. https://www.oecd.org/unitedstates/PISA-2012-results-US.pdf. Accessed 27 Mar 2017

Orfield G, Yun J (1999) Resegregation in American schools. Harvard Civil Rights Project, Cambridge, MA

Pebley A, Sastry N (2008) Social stratification: class, race, and gender in sociological perspective. In: Grusky D (ed) Neighborhood poverty, and children's well-being. Westview Press, Boulder

Ravitch D (2010) The death and the life of the great American school system: how testing and choice are undermining education. Basic Books, New York

Ravitch D, Viteritti JP (2001) Making good citizens: education and civil society. Yale University Press

Reimers F (2006) Citizenship, identity and education: examining the public purposes of schools in an age of globalization. Prospects XXXVI(3):275–294

Rizvi F, Lingard B (2013) Globalization and education: complexities and contingencies. Educ Theory 50(4): 419–426

Sutton M (2005) The globalization of multicultural education. Indiana J Glob Leg Stud 12(1):97–108

Taylor S, Rizvi F, Lingard B, Henry M (1997) Educational policy and the politics of change. Routledge, London

Torres CA (2002) Globalization, education, and citizenship: solidarity versus markets? Am Educ Res J 39(2): 363–378

United Nations Universal Declaration of Human Rights (1948) Article 26. http://www.un.org/en/universal-declaration-human-rights/index.html

US Department of Education and National Center for Educational Statistics (2004) The condition of education. U.S. Government Printing Office, Washington, DC

US National Telecommunications and Information Administration (2002) A nation online: how Americans are expanding their use of the Internet. Washington, DC. https://www.ntia.doc.gov/legacy/ntiahome/dn/anationonline2.pdf. Accessed 27 Mar 2017

Warschauer M, Knobel M, Stone L (2004) Technology and equity in schooling: deconstructing the digital divide. Educ Policy 18(4):562–588

# Globalization and Violence

Arnaud Blin
French Institute for Strategic Analysis, Paris, France

## Introduction

A century ago, at the outset of the conflict which is known to us as World War I, the English philosopher Norman Angell published one of the most influential political texts of the twentieth century, *The Great Illusion* ((Angell 1911) the title would subsequently be borrowed by the great movie director, Jean Renoir, for his cinematic masterpiece of the interwar years (1937) bearing that same name). *The Great Illusion* sought to analyze the impact of economic interdependence on war, Angell arguing that logically, should statesmen and the people who elect keep their wits about them, global interdependence, or, as we refer to it today, globalization, should alter the nature of international relations to the point of putting an end to wars. Of course, history was to quickly inflict a crushing blow to Angell's optimistic vision of the future, though it did not invalidate the core of his analysis. In effect, Sir Norman Angell had not predicted the end of war but forcefully suggested that, in a rational political environment, such should be the outcome of globalization that statesmen would understand that armed conflicts would be detrimental to the national interest of the countries they were entrusted to lead.

## The Changing Nature of Globalization and Conflict

International relations, however, are not all about rational actors. Miscalculations, brewing resentments, hubris, and miscommunication all play a role which, at times, can mean the difference between the peaceful resolution of a conflict and a global war. The multiple causes of World War I all point to a conflict which, rationally speaking, should have been avoided but that no one was able to prevent. The globalization of the nineteenth century had taken the form of a competitive struggle between a handful of industrially advanced European states that sought to exploit the economic riches that came about with globalization to enhance their power and influence. At the same time, it left those that did not join the bandwagon to be either crushed or sucked into a position of dependence vis-à-vis more powerful nations. Practically speaking, this situation caused the crumbling of old empires such as Austria, Russia, or the Ottoman Empire that, ultimately, played a significant part in igniting conflicts small (the Balkanic Wars) and great (World War I), as well as destructive revolutions, such as Russia's.

Still the effect of globalization on war and peace is conditioned by the environment in which it occurs. The late nineteenth century was a volatile period of great upheavals that saw the restored Westphalian order of 1815 prove vastly inadequate in a geopolitical environment dominated by nationalism and competing political ideologies. Or course, most observers at the end of the nineteenth century would have been in accord with Norman Angell's vision of "globalization" as a force for peace. Notwithstanding the strength of the idea of progress that dominated, indeed pervaded, the times, many of the conflicts of the day would have been interpreted as vectors for progress and, ultimately, for lasting peace. Such was the idea behind colonialism, and while London always saw the process of subjugating foreign subjects primarily as an economic one based on the circulation of goods – a basic tenet of globalization – that served the national interest of Great Britain, Paris did see its colonial wars as an instrument of its *mission civilisatrice*, its civilizing mission to educate the world about the ways of French culture, including its devotion to human rights; in other words, the circulation and dissemination of ideas which, in due time, would also come back in the other direction, from the colonies to the *métropole*.

Although not everyone at the time, as exemplified by that insightful observer of unfolding history, Alexis de Tocqueville (Tocqueville 1841), basked in the glory of colonization, many

did believe that these brutal colonial wars would in the end advance the cause of humanity. As such, these wars were seen as a primary instrument of globalization. Strategists of colonial war such as Joseph Gallieni and Hubert Lyautey concurred, and their idea of a spreading "oil stain" approach was based on the remarkable force, that is, interdependence and interconnectivity. People and governments, however, were not always convinced about the benefits of waging wars of conquest in faraway lands, and the economic benefits of colonization were never proven to be as great as was advertised by those who advocated foreign invasions. The idea put forth by V.I. Lenin that imperialism may have been the last stage of capitalism largely overstated the benefits that imperial ventures may have brought capitalism in general (Lenin 1975). Still, this idea gained much traction at the time and still lives on in one form or another today, most notably through the discourse of antiglobalization activists. Be that as it may, at least in France, colonization was indeed perceived by many to enhance globalization, while globalization itself was seen by most as a manifestation of progress. Of course, colonization was never a peaceful activity, and even the euphemistically named strategy of "pacification" involved much violence, including violence against civilian populations. In due time, colonization brought upon decolonization, with more blood spilled around the globe through the various wars of independence that marked the geopolitical landscape of the 1940s, 1950s, and 1960s, right through the 1970s, with the retreat of Portugal from Africa.

What of globalization in its latest iteration? Although globalization as such is historically not a new phenomenon, its latest incarnation can be traced back to the Cold War and its aftermath. As such, it has been largely perceived or construed as the opposite and perhaps even as the antidote to the power politics that characterized the bipolar rivalry between the East and the West. Although, in effect, the Cold War tensions, coupled with the threat of nuclear Armageddon, did produce in the end a certain type of peace, albeit one based, in the words of Albert Wohlstetter, on the "balance of terror" (Wohlstetter 1958) or, at least, a stability of sorts, this period is unequivocally associated with the idea of violence, conflict, and war. And, although the world as such did not collapse, "limited" wars erupted here and there for the greater part of the period.

Against this backdrop, the unleashing of the forces of globalization that resulted from the easing of tensions between the Soviet/Russian block and the US-led Western alliance initially generated a sentiment that the age of perpetual peace had at last arrived. The massive closure of military bases that were transformed into theme parks or other such peaceful venues fueled this feeling of hope for a while. This was corroborated by the fact that the post-Cold War transition was altogether smooth, with little if any violence erupting in the dismantling of former Soviet Union. The violent and ugly conflicts of the former Yugoslavia were somehow circumscribed, while the Rwandan genocide was largely understood as an isolated aberration. Given the dramatic circumstances around the unexpected collapse of one of the two superpowers, the result was indeed encouraging.

Still, the end of the Cold War did produce some "indirect" violence, though this violence may have had little to do with globalization. The sudden ease of tension between the two blocs left some proxy allies hanging out to dry, resulting in some nasty struggles for power in places like Zaïre (subsequently renamed Democratic Republic of the Congo). What the collapse of the Soviet Union did result in, however, was a geopolitical reconfiguration of the global balance of power. This, in turn, loosened the alliances of the Cold War and provided greater freedom to the vast majority of states that had been forced to pick one side or the other. This, in turn, pushed several countries to embrace democratic reforms and/or capitalism, with a resulting push for consumerism enhanced by the forces of globalization, one and the other thus feeding on each other. The rise of China, and to a lesser extent of other emerging countries such as India, Brazil, or Vietnam, put a strain on the exploitation of natural resources needed to sustain fast-paced economic growth. This strain, though it had the potential to produce some degree of violence, did not. The wars

resulting from the competition for resources or for water, for example, have not materialized even if tensions between countries, China and Vietnam in the Mekong Delta come to mind, have indeed taken place.

## Globalization, the State and War

But let us now briefly examine the theory that the laissez-faire mechanisms that are behind globalization might enhance the democratic process which, in turn, leads to a more peaceful environment. This idea is founded on three premises. The first one, notably developed in the eighteenth century by the Baron de Montesquieu (1949), asserts that trade between countries will encourage them to avoid wars that might damage their economies. The second premise states that trade, and capitalism in general, enhances democracy. The third premise is that democracies are peaceful, the idea being that the more democracies there are, the more peaceful the world will become.

The first idea, that commerce brings peace, has been refuted by history time and time again, most notably through the events that led active European trading partners to go to war on at least two major occasions in the twentieth century. Once again, this outlook is based on a rational vision of political relations that overlooks other important triggers of conflict. The second idea, that capitalism is a democratizing force, popular from the 1950s to the 1980s, might be true in some instances, but many examples, first and foremost that of China, also show that economic liberalism and political autocracy are not incompatible nor that the forces of capitalism will inevitably push a society toward democracy. The third idea, that democracies are peaceful, is true but only partly and conditionally so (Doyle 1997; Doyle 2011; Russett 1993; Weart 1998). That democracies rarely, if ever, go to war against each other is an irrefutable fact of history (although that history is only a century or so old). But this is only true if we are talking about full-fledged democracies (definitions of which are somewhat tentative) and not what observers refer to as "ill-liberal democracies" which may actually be characterized as even more inherently bellicose than dictatorships. More importantly, although democracies may be at peace with one another, they tend to be trigger happy toward non-democracies. So, while it could be argued that globalization may have enhanced the push toward democratization, the fact that this process is, both from a quantitative and qualitative perspective, unfinished means that, since this process is indeed unfinished, peace through democracy is not altogether a global phenomenon.

Let us now examine another issue that is at the heart of globalization and war: the state. Globalization has been regularly characterized as having had the effect of eroding the state. Until recently, perhaps as late as the end of the Cold War or even the end of the twentieth century, the state (as in "nation-state") enjoyed its longtime status of being the dominating element of the "grand chessboard," to use the apt expression coined by Zbigniew Brzezinski (1998), namely, the geopolitical and geostrategic landscape. And, as such, the nation-sate enjoyed what Max Weber famously described as the "monopoly of legitimate use of force" (Weber 1919, 2015). In other words, nation-states and their representatives, elected or nonelected governments, were deemed the only authority that could legitimately use force. The erosion of the state, although most certainly overamplified, can be qualified as a real phenomenon even if actually measuring this erosion is both difficult and problematic. But the emergence, through the forces of globalization, of economic actors that bear some weight in world affairs is indeed palpable. Some multinationals, for instance, weigh more economically than many small countries, and their political influence is a reality. But while multinationals may occasionally lobby a government to intervene militarily, their impact in these matters is always indirect. Thus, in terms of the practical and legitimate use of force, the state still enjoys a primacy that no other actor is close to contesting just yet. Collective security organizations such as the United Nations of NATO that have some authority on these matters are not independent organizations but, rather, are constructed around groups of states that decide when and where to

intervene militarily and who are the purveyors of the human and material resources to intervene.

Still, there is one area where the state has lost some of its luster, which is in its capacity, individually or collectively, to tackle and, potentially, solve all problems that fall outside of the realm of national sovereignty. Until fairly recently, most problems that occurred in that area we call "international" were within the grasp of states, whether they acted independently, multilaterally, or as part of larger organizations such as the United Nations. But one of the effects of globalization is to have generated issues and problems that states, or organizations comprised of states, have until today been largely unable to cope with due to a lack of institutional structures designed to deal with such problems. These include environmental issues, economic and financial issues, security issues, migration, and a host of new and growing problems that states are ill equipped to resolve, sometimes even to understand or accept, or lack the power, the means, or the legitimacy to try to overcome. This sometimes frustrating reality has produced two reactions. The first one is a genuine attempt to get together and tackle certain issues, such as the deterioration of the global environment. Such a reaction produced the COP 21 accords of Paris in 2015 which has been construed either as a groundbreaking event or as a lost opportunity to do much more. Whatever one's opinion on the matter, an effort was indeed mustered to move, or try to move, in the right direction. The second reaction has been one of fallback or withdrawal, as exemplified by the Brexit vote of 2016 that saw the United Kingdom pull out of the European Union and, the same year, the populist vote that projected the jingoistic Donald Trump to the Oval Office. Although it is too early at the time of this writing to tell how these developments might generate any kind of violence in the future, these events, both produced by the democratic process, can hardly be described as promoting the type of interstate cooperation that will be needed to deal with the effects of globalization. Nor will this move toward a more traditional and restricted vision of the national interest roll back the progressive erosion of the state. To the contrary, chances are that this trend, which might or might not gain traction elsewhere, will precipitate the demise of the state with few options left in the horizon for other institutions to grab the mantle.

But, while the state still enjoys it monopoly on the "legitimate" use of force, other entities have claimed their right to use political violence regardless of whether their authority to do so is considered (by established governments) legitimate or illegitimate. Such groups, be they guerrilla groups, urban guerillas, or what are commonly described as "terrorist groups" (a more accurate, if tedious, description would be "groups that employ techniques destined to inflict terror"), of course, predate globalization. But, with globalization, such groups have emerged or morphed into transnational outfits or, at least, into entities with a transnational outreach and perspective. The more famous of these disruptive transnational groups, Al-Qaïda and ISIS (Islamic State of Iraq and Syria, also known as ISIL (Islamic State of Iraq and the Levant) or Daesh), have both indirect and direct links to globalization.

Al-Qaïda emerged in the aftermath of the Soviet intervention in Afghanistan (1979–1989) as an offshoot of the resistance fighters that had fought the Russians. In this respect, Al-Qaïda was not initially a product of globalization but more simply of the Cold War rivalry. Nevertheless, the effects of globalization after the Cold War gave it a new purpose and new tools and means for its recruitment, its propaganda, and its deeds. ISIS, which was created in the year 2006, is itself an offshoot of Al-Qaïda. ISIS prospered and came into its own thanks to two unrelated events: the decision, somewhat murky if not unclear, by President George W. Bush to invade Iraq in 2003 and the domino effects of the Arab Spring (2010/2011) on Syrian politics. While the first event cannot be directly linked to globalization but to a combination of personal resentment, hubris, greed, and political miscalculation, the second one can be qualified as a consequence, at least in part, of the effects of globalization on a region that was rocked by a random series of cascading events that swept several countries after the self-immolation of a Tunisian street vendor.

The general malaise that grips a good portion of the Arab world can be blamed at least in part on the effects of globalization. Globalization no doubt contributed to vast discrepancies between those regions that did, and those regions that did not, climb on the bandwagon of globalization, for whatever reasons, most of them complex. Indeed, many Arab countries in North Africa and in the Middle East have been unable to create or sustain the type of economic growth enjoyed by countries in other parts of the world. Many of them have also endured governments often prone to corruption and guilty of mismanagement and, generally, bad governance. This has resulted in vast portions of the young population being unemployed, a recipe for resentments, social conflict, and violence. In the most extreme cases, such as Syria or Yemen, this has generated civil war and a power vacuum which radical groups have been quick to occupy. It is among this disenfranchised, and – not to be overlooked – often bored, population that radical Islamist groups have aggressively recruited members. Far from touching so-called failed states like Somalia, this latest form of totalitarianism has also affected countries which long appeared immune to these developments. Tunisia, for example, which for years was portrayed as a successful example of a newly independent, well educated, rapidly modernizing, and vibrant nation, has surprisingly become one of the main breeding ground for terrorists.

These radical groups, whose religious discourse has alienated the greater part of mainstream Muslims, have utilized globalization as a tool for propaganda while exploiting some of the technical advantages offered by the communications revolution that is an integral part of globalization. Globalization has invariably been portrayed by these groups as the symbol of a decadent Western world prone to exploit other regions to sooth its greediness and its devotion to crass consumerism. In opposition to this tentacular model which, according to these groups, is driven by a desire from the Western nations to impose their hegemony on the entire world, they offer an alternate model that harks back to the golden age of Islam and the Great Caliphate, an antithesis to an immoral, atheistic, corrupting, and impure globalized West. These groups have also made good use of the Internet and various devices such as smart phones (sometimes used, also, to detonate bombs) that allow transnational flows of information that are unhampered by traditional borders. This wave of terrorist activity, though it has provoked a limited number of victims in the West, especially if one compares the figures with events such as World War I or World War II, has had a profound psychological effect on the countries and populations directly touched and on their neighbors. It is also, in part, responsible for the resurgence of nationalism and populist politics in Europe and North America, which, though it is too early to tell at the time of this writing, may significantly diminish the global geopolitical stability of the planet.

Just as important, on the regional level, transnational terrorism has greatly contributed to the general instability of the Middle East and, increasingly, the Sahel and the northern parts of sub-Saharan Africa. In the Middle East, in particular, this has led to a resurgence of the power struggle between the great regional powers competing for regional hegemony: Iran, Turkey, and Saudi Arabia. This dangerous game, which inevitably involves other regional actors as well as external players, only adds more volatility to a region already prone to conflict and instability.

Lastly, let us now look at another aspect of the violence/globalization conundrum: the effects of wars on globalization. Tarik Barkawa, who has written extensively on the topic, argues convincingly that "by means of the interconnections it occasions, war is transformative of world politics and of the people and places it reaches out and touches," with globalization being defined as "a general property of the 'international,' as relations of interconnection and mutual constitution" (Barkawa 2006, 167). For Barkawa, this means that "From a war and society perspective, war can be seen as an occasion for interconnection, as a form of circulation between combatant parties. In and through war, societies are transformed, while at the same time societies shape the nature of war. War is refigured as a globalizing force, as a multidimensional form of connection and constitution between peoples and places" (Barkawa 2006, 169).

In this respect, the dramatic events that unfolded with the collapse of Syria in the year 2010 have provided grist to the mill of this argument. The outflow of refugees from Syria who reached Europe and America for asylum pushed the governments and peoples of various countries that found themselves on the receiving end to react. The attitudes adopted varied immensely, from callousness, rejection, and indifference to generosity, acceptance, and hospitality. Whatever the long-term consequences might be in the future, including for the European Union, this refugee crisis undoubtedly increased and indeed changed the nature of the relationships between Europe, North America, and the Middle East while heightening the level of interconnectivity between them, in ways that may be found to be negative by some, positive by others.

## Conclusion

While traditional wars pitting large armies against one another have become extremely rare, the new types of conflicts which are now characteristic of the twenty-first-century warfare will in many different ways impact regional and global interconnectivity between countries, regions, and peoples. At the same time these conflicts will, in all probability, have a lesser propensity than in the past to be circumscribed to one zone or area. As a consequence, collective violence, whatever form it may take, will in all likelihood reverberate far beyond its initial source. Throughout history, wars have been with commerce and religion, one of the main conveyors of cross-cultural interconnectivity. In the age of globalization that is ours, collective forms of violence old and new will continue to play this role, in ways that probably only future generations of historians will be able to assess and comprehend to their fullest extent.

## References

Angell N (1911) The great Illusion: a study of the relation of military power in nations to their economic and social advantage. Putnam, New York

Barkawa T (2006) Globalization and war. Littlefield, London

Brzezinski Z (1998) The Grand Chess Board. American primacy and its geostrategic imperatives. Basic Books, New York

de Montesquieu B (1949) The spirit of the laws. Hafner Press, New York

de Tocqueville A (1841) Travail sur l'Algérie. In: Œuvres, vol I. Gallimard, Bibliothèque de la Pléiade, Paris, 1991, pp 688–759

Doyle M (1997) Ways of war and peace: realism, liberalism and socialism. Norton, New York

Doyle M (2011) Liberal peace. Selected essays. Routledge, London

Lenin VI (1975) Imperialism, the highest stage of capitalism. A popular outline. In: Tucker RC (ed) The Lenin anthology. Norton, New York, pp 204–274

Russett B (1993) Grasping the democratic peace. Principles for a post-cold war world. Princeton University press, Princeton

Weart SR (1998) Never at war. Why democracies will never fight each other. Yale University Press, New Haven

Weber M (1919) Politics as vocation. In: Weber's rationalism and modern society (Translated and Edited by Tony Waters and Dagmar Waters). Palgrave Macmillan, New York, 2015

Wohlstetter A (1958) The delicate balance of terror. The RAND Corporation, Santa Monica

G

# Globalization and War

Joseph M. Siracusa
RMIT University, Melbourne, VIC, Australia

The Obama administration came into office determined to reverse what it saw as the Bush administration's mistakes and "rebalance [the United States'] long-term priorities so that we successfully move beyond today's wars, and focus our attention and resources on a broader set of countries and challenges" (Barack Obama, "The National Security Strategy of the United States of America," The White House: Washington DC, 2010, p. 9. Portions of this essay have been adapted from my recent study, with Aiden Warren, *Presidential Doctrines*: *U. S. National Security from George Washington to Barack Obama*, New York: Rowman & Littlefield, 2016). Under the leadership of his predecessor, George

W. Bush, the United States had witnessed the first attack upon its soil since Pearl Harbor and, in response, waged a "War on Terror" that would ultimately become the defining legacy of the president's tenure in office. Of course, within this war, the Bush administration aggressively contested and debunked the enduring mainstays of international law, including the legal rationalization for military engagement via its interchangeable use and interpretation of preemption/prevention and the disposition in which recidivists of war could be captured, questioned, and tried (The estimates for the costs of the wars in Iraq and Afghanistan range from 1.5 to 6 trillion dollars, while a 2010 estimate by the Washington Post suggests that "some 1,271 government organizations and 1,931 private companies now work on programs related to counterterrorism, homeland security and intelligence in about 10,000 locations across the United States." National Priorities Project, "Cost of National Security," *National Priorities Project*, January 24, 2014, available at: http://nationalpriorities.org/cost-of/; Ernesto Londono, "Iraq, Afghan Wars Will Costs to $4 Trillion to $6 Trillion, Harvard Study Says," *The Washington Post*, March 29, 2013, available at: http://www.washingtonpost.com/world/national-security/study-iraq-afghan-war-costs-to-top-4-trillion/2013/03/28/b82a5dce-97ed-11e2-814b-063623d80a60_story.html; and Dana Priest and William M. Arkin, "A Hidden World, Growing beyond Control," *The Washington Post*, September 2010, available at: http://projects.washingtonpost.com/top-secret-america/articles/a-hidden-world-growing-beyond-control/). In contrast, Obama sought to restore the US position *away* from what he saw as debatable expeditions and – as a key focus of this chapter – the legal obfuscation pertaining to the way it wielded its unilateral use of force (*see* Aiden Warren and Ingvild Bode, *Governing the Use-of-Force in International Relations. The Post-9/11 US Challenge on International Law*, Basingstoke: Palgrave Macmillan, 2014, p. 84).

In enunciating the broad terms of his foreign policy transformation early in his first term, Obama stated that he would work to reestablish America's international standing, particularly in the Muslim world, encourage multilateralism, increase cooperation with China on global issues, end the wars in Iraq and Afghanistan, participate in dialogue with Iran and North Korea as part of his nonproliferation goals, establish lasting peace in the Middle East, address climate change through innovative legislation and international agreements, and help assuage global poverty. While covering a broad and ambitious canvas, it was clear that the new president "sought nothing less than to bend history's arc in the direction of justice, and a more peaceful, stable global order" (Amitai Etzioni and Alexandra Appel, "Book Review: Martin S. Indyk, Kenneth G. Liberthal, and Michael E. O'Hanlon, Bending History: Barack Obama's Foreign Policy," *Society*, volume 49, Number 5, August 21 2012, available at: http://icps.gwu.edu/files/2012/09/D85_Bending_History.pdf). For many analysts, the election of Obama appeared to be a long delayed "straightening up" of America. Having dissipated the "world's sympathy" in the period after 9/11, making the securitization of terrorist threats the centerpiece of its foreign policy, coercing other states to support its agenda in Iraq and beyond, and disregarding its mission to rebuild failing states, the 2008 electoral victory was an opportunity in which the United States could reinstate its international integrity, regardless of the situation inherited from the predecessor. Without a doubt, part of Obama's appeal to the rest of the world was his apparent denunciation of the Bush administration's effort to proselytize about the American model or the unilateral "democracy agenda" (David E. Sanger, *The Inheritance*, London: Bantam Publishers, 2009, p. 447).

For the Bush administration, the international order was centered solely on US unipolar preeminence, with America exercising its unimpeded power to keep others in check. In the Obama prescription, the international order would ascend from the connection of America's preeminence with its formation principles, in which the United States would use its power to shape consensual and legitimate mechanisms of global governance (G. John Ikenberry, "America's 'security trap,'" in Michael Cox and Doug Stokes (Eds.), *U.S. Foreign Policy*, Oxford: Oxford University

Press, 2008, p. 431. *See*, Aiden Warren, *The Obama Administration's Nuclear Weapon Strategy*: *The Promises of Prague*, Routledge, New York, 2014, p. 3). This ostensible transition, Obama argued, necessitated a move in which the United States would reassert its "soft power" and attract support through ethical leadership (Joseph S. Nye Jr., "The Decline of America's Soft Power," *Foreign Affairs* 83, no. 3, 2004, available at: http://www.foreignaffairs.com/articles/59888/joseph-s-nye-jr/the-decline-of-americas-soft-power). In pursuing this line, the dual preservation of American security and ideals during Obama's time in office would reciprocally underpin and feature regularly in his speeches and public declarations. However, despite these marked sentiments, this chapter will argue that while the Obama Doctrine has encountered very distinct challenges in pursuing such ambitious goals – the departure from Iraq and Afghanistan, the Arab Springs and subsequent instability in those states, the Syrian crisis, the Ukraine crisis, the P5 + 1 negotiations with Iran, the emergence of ISIS, and the deterioration of bilateral relations with Russia (to name a few) – it has also demonstrated a tendency to be ambivalent, at times prevaricative, compromising, and cautious in its doctrinal approach. And while Obama's disposition was initially greeted by many as a refreshing departure from the unrestrained unilateralism of Bush, the aforementioned tendencies have often led the president into vacillating waters. In examining the Obama Doctrine's ambivalence, the chapter will specifically assess its use-of-force approach. It will argue that despite rhetoric suggesting that the administration would move decisively *away* from the Bush position, it has continued and – in specific instances – even expanded force (i.e., drones), while also displaying a degree of inconsistency in dealing with Libya, Syria, and the non-state actor, ISIS.

## Doctrinal Dualism

The election of Barack Obama as the 44th President of the United States pledged important vicissitudes to US foreign policy and the overall approach to international affairs. Not surprisingly, the new president's first concern was to address the financial crisis, and to some extent, he has been able to get the economy in decent working order. As stated by John Cassidy, "even accounting for the roughly five million jobs that were lost during the Great Recession and its aftermath, about seven million more Americans now have work than when the President took office, in January, 2009." Additionally, the budget deficit "sits at 2.8% of G.D.P., less than it was in the last year of the Bush administration, when it was 3.1%. Stock prices and corporate profits, as Obama pointed out, have never been higher" (John Cassidy, "Obama's Well-Earned Victory Lap on the Economy," *The New Yorker*, March 19, 2015, available at: http://www.newyorker.com/news/john-cassidy/obamas-well-earned-victory-lap-on-the-economy). In the United States' core security areas, however, things have not fared as well.

In Iraq, Obama replaced the delicate stability attained via the "surge" for a methodical and comprehensive military withdrawal in late 2011; taking a major risk that the inroads made could continue on indefinitely without a significant US presence or prominent US involvement. Iraq's sectarian and ethnic divisions – subdued toward the end of the 2003–2011 US military intervention in Iraq – have reemerged to spur a significant challenge to Iraq's stability and to US policy in Iraq and the broader Middle East region. The antipathy of Iraq's Sunni Arabs toward the Shiite-dominated central government contributed to the seizure in 2014 of nearly one-third of Iraqi territory by the Sunni Islamist extremist group, Islamic State (also known as the Islamic State of Iraq and the Levant or ISIL). Iraq's Kurds have been separately entangled in political and territorial disagreements with Baghdad, although those differences have been somewhat deflected with the focus on the mutual fight against the Islamic State (Kenneth Katzman and Carla E. Humud, "Iraq: Politics and Governance," Congressional Research Service report, November 13, 2015, available at: https://www.fas.org/sgp/crs/mideast/RS21968.pdf). In Afghanistan, at the end of 2014, the United States and allied states completed a

transition to a smaller mission comprising mainly of training and advising the Afghanistan National Defense and Security Forces (ANDSF). However, based on assessments that the ANDSF was having difficulty thwarting advances by the Taliban and other militant groups (exemplified by the insurgent overrunning of the northern city of city of Kunduz in late September 2015), President Obama announced on October 15, 2015, that approximately 10,000 US military personnel would stay on in Afghanistan through 2016 (Kenneth Katzman, "Afghanistan: Post-Taliban Governance, Security, and U.S. Policy," Congressional Research Service report, October 15, 2015, available at: https://www.fas.org/sgp/crs/row/RL30588.pdf).

Not surprising, the struggle to secede from these two theaters has deeply impacted Obama's responses to other security situations during his time in the White House. Presented with new and emerging scenarios for major military interventions, the president's doctrine has either repudiated or authorized only the minimum required to achieve what can be deemed as imperfect – and at times – unclear goals. His management of the "red line" on Syria's use of chemical weapons – first proclaiming a significant pledge, then irresolute about living up to it, then frantically deferring to Congress for a decision – was an example "in embarrassingly amateurish improvisation." Additionally, his attempt at an "immaculate intervention" in Libya essentially repeated – albeit on a much smaller scale – the Bush administration's basic error in Iraq, ousting a government without a clear strategy for what comes next, leaving behind a vacuum for chaos (Gideon Rose, "What Obama Gets Right: Keep Calm and Carry on the Liberal Order On," *Foreign Affairs*, September/October, 2015, p. 10). Indeed, from Syria to Ukraine and Yemen to Iran, the Obama administration has been resolute in its drive to avoid another entanglement. However, in avoiding boots on the ground or even bombers in the air, Obama's national security suite – while encompassing sanctions and negotiations (Ibid., pp. 6–7) – has veered in unsettling directions through the amplification of drones or a proclivity to be somewhere "in the middle."

Indeed, Obama came to office with a belief that reducing the United States' substantial military and political involvement in the Middle East was an important national security interest objective. The occupation of Iraq and the immoderations of the war on terrorism had left the United States overstretched, particularly at a time of economic calamity. "Rightsizing" the United States' imprint in the region necessitated not only reducing its physical presence but also undertaking a more restrained diplomacy, seceding back and galvanizing allies to play a greater role in looking after their own security. Obama has for the main extent adhered steadily to this strategy and has resisted most efforts to force it off track, particularly from a Washington that is so "hard-wired for the exercise of American power" (Marc Lynch, "Obama and the Middle East: Rightsizing the U.S. Role," *Foreign Affairs*, September/October, 2015, pp. 18–19). Yet for all of Obama's analytic perspicacity, the application of his policies has often struggled to meet the promises of his rousing speeches. The administration has not always communicated its policies effectively to varying publics – at home, in the Middle East, and broader international community – and has more often than not been viewed by many as embodying ongoing hypocrisies and stark contradictions. Certainly, efforts to remain balanced and non-interventionist – yet include a preparedness to use force from a distance – have frustrated "partisans on all sides who wanted unconditional U.S. support rather than an honest broker" (Ibid).

Of course, the downsizing of the US global role and the withdrawal from exposed forward positions have led to a situation where instead of being mollified, the United States' adversaries have become emboldened and American interests and values have increasingly been challenged. But as the administration argues, it has not abandoned traditional US grand strategy; it has been more willing perhaps "to sacrifice the periphery, both functional and regional" (Rose, "What Obama Gets Right," pp. 6–7). As Obama stated in 2010, the United States "created webs of commerce, supported an international architecture of laws and institutions, and spilled American blood

in foreign lands, not to build an empire, but to shape a world in which more individuals and nations could determine their own destiny, and live with the peace and dignity they deserve" (Lynch, "Obama and the Middle East: Rightsizing the U.S. Role," pp. 18–19). In order to get back to that task, however, the nation needed to "pursue a strategy of national renewal and global leadership – a strategy that rebuilds the foundation of American strength and influence" (Ibid). This would require delineating between wants and needs, while putting some issues and areas to the side (Rose, "What Obama Gets Right," pp. 6–7). Of course, as the chapter will further discuss, in attempting to attain some semblance of balance, the doctrinal pathway has found itself in precarious areas where it has clearly been caught "somewhere in-between," evident in its "pick and choose" approach to the use of force and penchant to *partially* partake in new and emerging theaters of conflict.

## Earlier Signs of Dualism

As indicated thus far, the election of Obama "raised the hopes" that there would be a "dramatic shift in the U.S. attitude towards international law" (Shirley V. Scott, *International Law, U.S. Power*: *The United States' Quest for Legal Security*, Cambridge: Cambridge University Press, 2012, p. 6) and the way it conducted its use-of-force approach and an overall transformation in US foreign policy. The emphasis on US soft power had already been exhibited in many of Obama's campaign public pronouncements and was punctuated during his very first week as president through Executive Orders 13,491 and 13,492 (President Barack Obama, "Executive Order 13491; Ensuring Lawful Interrogations," *The White House*, January 22, 2009, available at: http://www.whitehouse.gov/the_press_office/Ensuring_Lawful_Interrogations; President Barack Obama, "Executive Order 13492 Closure Of Guantanamo Detention Facilities," *The White House*, January 22, 2009, available at: http://www.whitehouse.gov/the_press_office/ClosureOfGuantanamoDetentionFacilities). Executive Order 13941 rescinded the previous Executive Order 13440 that the Bush administration had used to justify its forcible and enhanced interrogation methods by the CIA and, fundamentally, transformed the common Article 3 (Article 3, shared by all four Geneva Conventions, establishes fundamental rules for all varieties of non-international armed conflicts, such as humane treatment of prisoners without distinction. International Committee of the Red Cross, "Convention (III) Relative to the Treatment of Prisoners of War. Geneva, 12 August 1949," *ICRC Treaties and Documents*, 1949, available at: http://www.icrc.org/ihl/INTRO/375?OpenDocument) of the four Geneva Conventions. Executive Order 13491 emphasized legal interrogations and prompted the termination of clandestine CIA detention facilities that elicited extensive criticism during Bush's two terms (However, Executive Order 13941 does not explicitly revoke the Bush administration's rendition practices. This point is considered in more detail at the end of the chapter). When asked about the conditions in which the president may be permitted to disregard international human rights treaties in a campaign questionnaire, Obama responded that "it is illegal and unwise for the President to disregard human rights treaties that have been ratified by the United States Senate, including and especially the Geneva Conventions" (Charlie Savage, "Barack Obama's Q&A," *The Boston Globe*, December 20, 2007, available at: http://www.boston.com/news/politics/2008/specials/CandidateQA/ObamaQA/). In a questionnaire on the role of international law in US foreign policy issued by the American Society on International Law (ASIL), Obama maintained this line in stating that the United States "can detain and interrogate suspected terrorists – lawfully and humanely – without amending the laws of war" and should be "championing the Geneva Conventions, instead of looking for ways to evade or rewrite them" (American Society of International Law, "International Law 2008 – Barrack Obama." As the survey is no longer available on the ASIL website, quoted from Duncan Hollis, "President Elect Obama on International Law," *Opinio Juris*, November 6, 2008, available at: http://opiniojuris.org/2008/11/06/president-elect-obama-on-international-law/).

In his thorough evaluation of the first year and a half of the Obama administration, Bob Woodward described the then president-elect's surprised response when informed by the CIA of the six "enhanced" interrogation techniques it was still using (Bob Woodward, *Obama's Wars*, New York: Simon and Schuster, 2010, p. 65). As such, Obama proceeded to eliminate the CIA's enhanced interrogation program and made the organization adhere to the requirements of the Army Field Manual, which strictly abides by the Geneva Conventions in a strict sense (Ibid., p. 66). Despite these measures, however, an indication of Obama's doctrinal behavior during the course of his two terms in office quickly came to the fore. That is, Executive Order 13491 did not repeal the controversial practice of rendition, i.e., passing purported terrorists to third states for interrogation and (indeterminate) detention. Instead, Executive Order 13491 inaugurated a Special Task Force charged with reviewing US interrogation and transfer policies (Obama, "Executive Order 13491 – Ensuring Lawful Interrogations"), which published its report in the summer of 2009. While endorsing a closer scrutiny of their detention and interrogation conditions, the report also argued that "when the United States transfers individuals to other countries, it may rely on assurances from the receiving country" (Special Task Force on Interrogation and Transfer Policies, "U.S. Task Force Report on Interrogations and Transfers," *The American Journal of International Law* 103, no. 4, October 1, 2009, p. 762), a clear perpetuation of the Bush administration's comparable "assurances" caveat (Stephen L. Carter, *The Violence of Peace*: *America's Wars in the Age of Obama*, New York, NY: Beast Books, 2011, p. 52). Notwithstanding the considerable legal condemnation this practice has received in the context of violating basic human rights – prohibition of torture, arbitrary arrest, and forcible transfer that are preserved in the defining international human rights treaties such as the 1984 *Convention against Torture and Other Cruel*, *Inhuman or Degrading Treatment or Punishment* and the 1966 *International Covenant on Civil and Political Rights* – rendition is still considered by many administration officials as a viable option (Nahal Zamani, "Rendition Program to Continue Under Obama's Watch," *American Civil Liberties Union*, August 27, 2009, available at: https://www.aclu.org/blog/human-rights-national-security/rendition-program-continue-under-obamas-watch; *See*, Warren and Bode, *Governing the Use-of-Force in International Relations*, p. 84) and a "practice [that] has continued under President Obama in only cosmetically varied guises" (Dan McLaughlin, "The Obama Administration Goes Big On Extraordinary Rendition: It Is More Important That We Pretend To Virtue Than That We Practice It," *Red State*, October sixth, 2015, available at: http://www.redstate.com/2015/10/06/obama-administration-goes-big-extraordinary-rendition/).

By relying on the assurances that detainees will not be subject to torture or inhumane treatment, questions pertaining to the president's position need to be asked (NYU Center for Human Rights and Global Justice, "Briefing: Torture by Proxy: International Law Applicable to 'Extraordinary Renditions'" NYU, December 2005, 6, available at: http://www.chrgj.org/docs/APPG-NYU%20Briefing%20Paper.pdf). Why else would the United States continue to send individuals to destinations where torture is probable, rather than detaining them themselves, if not because it relies on this practice as a useful means of attaining intelligence? This point has also been highlighted by Stephen Carter who has argued that the "temptation to torture" has been intrinsic to the demands that the "War on Terror" places on procuring information (Carter, *The Violence of Peace*, p. 50). In this regard, he defines Obama's policy on coercive interrogation as being "tragically" logical, where in continuing to pursue "the War on Terror, he had no choice but to decide, also, to continue to press, and press hard, for information" (Ibid., p. 67). In a more forthright fashion, Dan McLaughlin argues that Obama is simply "handing over vastly larger civilian populations to be annihilated by notoriously brutal foreign regimes in the name of keeping America's hands apparently clean of atrocities we intend to wink-and-nudge encourage." By "using unscrupulous allies to do things we dare not do ourselves," this

"may explain the Obama administration's foreign policy in ways that go far beyond interrogation and detention policy" (McLaughlin, "The Obama Administration Goes Big On Extraordinary Rendition").

Indeed, the embedded queries and "finer" points of Obama's action against enhanced interrogation *are* very much characteristic of his use-of-force policies and illustrative of his broader foreign policy/doctrinal position. When looking at his speeches in Prague in April 2009, in which he promoted a nuclear-weapon-free world, and at Cairo University in June 2009, which called for "a new beginning between the U.S. and Muslims around the world" (President Barack Obama, "Remarks by the President on a New Beginning," *The White House*, June 4, 2009, available at: http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-Cairo-University-6-04-09), dualisms abound. While the type of rhetoric used in these speeches exemplifies Obama's ambition and preparedness to undertake the diplomatic route through engagement and multilateral settings, they only tell part of the equation. If one reads between the lines, is it evident that such speeches or responses display another propensity. As noted by Peter Bergen, Obama's fervent criticism of the US intervention in Iraq does by no means make him a pacifist nor does it necessarily make him opposed to the unilateral use of force (Peter L. Bergen, "President Obama, Warrior in Chief," *The New York Times*, April 28, 2012, sec. Opinion/Sunday Review, available at: http://www.nytimes.com/2012/04/29/opinion/Sunday/president-obama-warrior-in-chief.html). Obama's penchant to hedge was on display as far back as 2007 when in a Presidential nomination speech, he argued that the Bush administration chose to fight the "wrong war" in Iraq at the expense of focusing on the "right war" against Al-Qaeda and affiliates in Afghanistan/Pakistan. In specific reference to the terrorist safe havens in Pakistan's tribal areas, Obama argued that if "actionable intelligence about high-value terrorist targets" is available "and President Musharraf [then President of Pakistan] won't act, we will. . . . I will not hesitate to use military force to take out terrorists who pose a direct threat to America" (Barack Obama, "Obama's Speech at Woodrow Wilson Center," *Council on Foreign Relations*, August 20, 2007, available at: http://www.cfr.org/elections/obamas-speech-woodrow-wilson-center/p13974).

Other signs of then presidential candidate Obama's stance on the use of force were also on display in early 2008. Asked about his views on the preemptive use of force doctrine championed by his predecessor, Obama replied that he would "not hesitate to use force, unilaterally if necessary, to protect the American people or our vital interests whenever we are attacked or imminently threatened." In making his case, he pointed to those "circumstances beyond self-defense" where "using force" is an acceptable option, particularly when participating in "stability and reconstruction operations, or to confront mass atrocities." However, "when we do use force in situations other than self-defense, we should make every effort to garner the clear support and participation of others – as President George H. W. Bush did when we lead the effort to oust Saddam Hussein from Kuwait in 1991" (Quoted from Hollis, "President Elect Obama on International Law"). In this regard, Obama unequivocally emphasized the US prerogative to use force "unilaterally if necessary" in conditions covering self-defense situations in which the United States or its "vital interests" are "imminently threatened." Additionally, he seemingly expanded the potential unilateral use of force to "circumstances beyond self-defense," in other words, for humanitarian and post-conflict-related purposes. Legal scholars such as Christian Henderson highlight the consequences of depicting the use of force as "necessary" in this respect (Christian Henderson, "The 2010 United States National Security Strategy and the Obama Doctrine of 'Necessary Force,'" *Journal of Conflict & Security Law* 15, no. 3, 2010, pp. 403–434). A Security Council decree with regard to using force in these instances is not clearly stated, which suggests that the Obama administration chose to view unilateral humanitarian intervention as a feasible policy option – an option not supported by international law. Further, while Obama references multilateral support as being key when using force in situations other

than for self-defense purposes, this is prefixed by a provisional – "we *should* make every effort to garner the clear support and participation of others." Despite choosing to remove the terms "preemptive use of force" in letter, the sentiment remained (*see* Warren and Bode, *Governing the Use-of-Force in International Relations*, p. 84).

## The National Security Strategy (2010)

It was the Obama administration's *National Security Strategy of 2010* that articulated the doctrine's official position pertaining to the use of force and the ongoing conflict with Al-Qaeda. With continuous allusions to the significance of international co-operation and commitment to international norms and the rule of law, the document appeared to be unequivocally different to the formulations used by his predecessor (President Barack Obama, "The National Security Strategy of the United States of America 2010," *The White House*, May 2010, available at: http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf). Bush's "War on Terror" platform was, for instance, replaced with the more palpable war against the specific Al-Qaeda network and its affiliates (Ibid., p. 20), while a clear break in the context of the detention practices and the goal of promoting constructive relations with Muslim groups across the globe was also conveyed. In simple terms, the *NSS 2010* once again attempted to "connect" US soft power and efficacious global leadership in strengthening its commitment to democracy, human rights, and the rule of law (Ibid., p. 2). In emphasizing that such values should not be "compromised in pursuit of security" (Ibid., p. 10), nor involve "brutal methods of interrogation" (Ibid., p. 36), the document stipulated four key commitments: firstly, to "principled engagement;" secondly, to diplomacy; thirdly, to "strategic multilateralism;" and fourthly, to the notion that living through its values makes the Unites States stronger and safer, by following rules of domestic and international law; and "following universal standards, not double standards" (Harold Koh, "The Obama administration and International Law," *U.S. Department of State*, March 25, 2010, available at: http://www.state.gov/s/l/releases/remarks/139119.htm;Christine Gray, "President Obama's 2010 United States National Security Strategy and International Law on the Use of Force," *Chinese Journal of International Law* 10, no. 1, 2011, p. 32).

In contrast to the 2006 Bush *NSS* where there was not an explicit reference to international law, the *NSS 2010* referred to it on three occasions (Obama, "The National Security Strategy of the United States of America 2010," 12, 13, 38), giving predilection to the terms, "international norms" or "international standards" ("International norms" are mentioned a total number of 15 times while "international standards" are mentioned twice throughout the NSS 2010). This was also evident in Obama's Nobel Peace Prize acceptance speech in which he referred to "*standards* that govern the use-of-force" and the "rules of the road" (President Barack Obama, "Remarks by the President at the Acceptance of the Nobel Peace Prize," *The White House*, December 10, 2009, available at: http://www.whitehouse.gov/the-press-office/remarks-president-acceptance-nobel-peace-prize), although on this point, he remained equivocal in the context of where international law sat in the use-of-force domain (Gray, "President Obama's 2010 United States National Security Strategy and International Law on the Use of Force," p. 48). As Christine Gray argued, while this "may not seem a significant difference. . . in a policy instrument such as the NSS, this choice of wording must have been deliberate" (Ibid). Moreover, the three references to international law in the *NSS 2010* were made in the context of applying it – which parenthetically is also the most common setting for references that the document makes to international norms: "We are strengthening international norms to isolate governments that flout them and to marshal cooperation against non-governmental actors who endanger our common security" (Obama, "The National Security Strategy of the United States of America 2010," p. 18; and Gray, "President Obama's 2010 United States National Security Strategy and International Law on the Use of Force," p. 37). Despite some departure regarding the significance of

international law/standards, the *NSS* also argued that military force "may be necessary to defend our country and allies or to preserve broader peace and security, including by protecting of civilians facing a grave humanitarian crisis" (Obama, "The National Security Strategy of the United States of America 2010," p. 22). While the United States would be dependent on an approach encompassing diplomacy, development, international norms, and institutions to help resolve conflicts and thereby "mitigating where possible the need for the use-of-force" (Ibid), the document stated that "... we will exhaust other options before war *whenever we can*, and carefully weigh the costs and risks of *action* against the costs and risks of *inaction*" (Ibid, own emphasis). In essence, the administration appeared to opt for a use-of-force approach that would be a last resort and only used if there was a high probability of victory, very much commensurate with the principles of the just war tradition. Qualifications in the wording and the propensity to uphold a hegemonic disposition, where "[the United States] must reserve the right to act unilaterally if necessary to defend the nation and its interests, yet it will also *seek to adhere* to standards that govern the use-of-force," create all sorts of uncertainty. As Gray further laments, "the formulations 'seek to adhere' and 'whenever we can' are indications of a rather weak commitment" (Gray, "President Obama's 2010 United States National Security Strategy and International Law on the Use of Force," p. 48. The 2003 European Security Strategy (ESS) does not contain explicit references to the use of force but affirms its strong commitment to upholding and developing multilateral institutions and thus the Charter's *jus ad bellum* regime, above all the United Nations, in countering global threats: "The United Nations Security Council has the primary responsibility for the maintenance of international peace and security. Strengthening the United Nations, equipping it to fulfill its responsibilities and to act effectively, is a European priority." European Council, "European Security Strategy: A Secure Europe in a Better World" European Union External Action, December 12, 2003, available at: http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf. The 2009 Russian security strategy contains negative references to the "one-sided use of force in international relations" and explicitly notes that "[o]n the world stage, Russia will act from a position founded on an unchanging course . . . on the unacceptability of use of military force in contravention of the United Nations Charter." President of the Russian Federation, "National Security Strategy to 2020," *ETH Zuerich Digital Library*, May 2009, available at: http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?id=154915; *See*, Warren and Bode, *Governing the Use-of-Force in International Relations*, p. 88).

Indeed, as one moves through the *National Security Strategy of 2010*, it soon becomes evident that the document is both a redirection and continuum. The redirection is most evident through the type of rhetoric Obama used and the frequent references to the legitimacy of US actions. Here, force would be used "in a way that reflects our values and strengthens our legitimacy and we will seek broad international support, working with such institutions as NATO and the UN Security Council" (Obama, "The National Security Strategy of the United States of America 2010," p. 20). However, force would be permitted if *necessary*, even on a unilateral basis. For legal scholar Christian Henderson, this necessity-based rationale has been the defining feature of Obama's use-of-force policy (Christian Henderson, "The 2010 United States National Security Strategy and the Obama Doctrine of 'Necessary Force,'" pp. 418–421), where despite Obama seemingly adhering to standing international law with regard to self-defense, he has often diluted the concept of necessity in the context of humanitarian intervention (Ibid., p. 419). In the context of preventive and preemptive use of force, the *NSS 2010* did not contain any specific stipulations. While the document did actually include a distinct section entitled "Use-of-force" (Obama, "The National Security Strategy of the United States of America 2010," p. 22) – unlike Bush's National Security Strategies – there was little substantive discussion or material, leaving many of the contentious issues of its predecessor unresolved. The only pointers were found in a passage relating to

denying safe havens to Al-Qaeda, where in the context of Yemen, Somalia, the Maghreb, and the Sahel, the United States would "disrupt terrorist operations *before they mature*. . . [and] take root" (Ibid., p. 21 own emphasis). The *NSS 2010* also discussed "new practices to counter evolving adversaries" (Ibid), offering one of the few references to the administration's amplified drone usage. Aside from stipulating that the use of force must be a last resort, the *NSS 2010* remained noncommittal on the extent to which the United States still asserted the right of preemptive self-defense or whether it was now pronouncing a right of unilateral humanitarian intervention (*see* Warren and Bode, *Governing the Use-of-Force in International Relations*, p. 90).

Assumptions relating to Obama's ostensible muted prolongation of many of Bush's positions on the use of force in counterterrorism are further highlighted when examining the strategic statements of the president himself, as well as government officials. From the day of his inauguration, Obama repeatedly emphasized the enduring nature of the conflict with Al-Qaeda and the constant threat the organization posed. In an early speech focusing on a new approach for Afghanistan and Pakistan, Obama stated that "multiple intelligence estimates have warned that Al-Qaeda is actively planning attacks on the U.S. homeland from its safe haven in Pakistan" (President Barack Obama, "Remarks by the President on a New Strategy for Afghanistan and Pakistan," *The White House*, March 27, 2009, available at: http://www.whitehouse.gov/the-press-office/remarks-president-a-new-strategy-afghanistan-and-pakistan. Compare also for similar references President Barack Obama, "Remarks by the President after the Trilateral Meeting with President Karzai of Afghanistan and President Zardari of Pakistan," *The White House*, May 6, 2009, available at: http://www.whitehouse.gov/the-press-office/remarks-president-after-trilateral-meeting-with-president-karzai-afghanistan-and-pr; and President Barack Obama, "Remarks by the President in State of Union Address," *The White House*, January 25, 2011, available at: http://www.whitehouse.gov/the-press-office/2011/01/25/remarks-president-state-union-address). As such, this imminent threat to the United States justified the continued use of force in self-defense: "And we will insist that action be taken – *one way or another* – when we have intelligence about high-level terrorist targets" (Obama, "Remarks by the President on a New Strategy for Afghanistan and Pakistan," own emphasis). The focus on the continuing imminence of the threat was regularly combined with accentuating that the United States did not enter into the Afghanistan war voluntarily but necessarily had to use force in self-defense. As stated at the time, "We did not choose this war. This was not an act of America wanting to expand its influence; of us wanting to meddle in somebody else's business. We were attacked viciously on 9/11" (President Barack Obama, "Remarks by President Obama to the Troops in Afghanistan," *The White House*, May 1, 2012, available at: http://www.whitehouse.gov/the-press-office/2012/05/01/remarks-president-obama-troops-afghanistan). Although repeatedly championed by Obama as a "war of necessity" in contrast to the "war of (bad) choice" in Iraq, the war in Afghanistan was at best a preemptive war and at worst a preventive war of self-defense. It was certainly not waged in response to an imminent attack but rather a preventive response to an attack that *might* happen sometime in the future, at an unknown time or place (Carter, *The Violence of Peace*, p. 23. *See*, Warren and Bode, *Governing the Use-of-Force in International Relations*, p. 91).

## Compromises and Ambivalence in Obama's Use-of-Force Doctrine

In building on the seminal foreign policy speeches, such as in Prague in April 2009 and at Cairo University in June 2009, the Obama administration made many references to its commitment to international law, its predilection for multilateral cooperation, and its strong belief in international organizations, such as the United Nations (compare, e.g., Zbigniew Brzezinski, "From Hope to Audacity: Appraising Obama's Foreign Policy," *Foreign Affairs* 89, no. 1, 2010, pp. 16–30). However, when it came to interpreting

the right to use military force in self-defense, the changeover from the Bush Doctrine to the Obama Doctrine can be more sufficiently defined as a change in style rather than in substance. Despite never articulating an explicit doctrine of preemptive/preventive force similar to that encompassed in the *NSS 2002*, Obama's counterterrorism campaign continued and extended some of the most dubious facets of the Bush administration in practice, particularly in the expanded context of its drones (*see* Aiden Warren and Ingvild Bode, "Altering the Playing Field: The U.S. Redefinition of the Use-of-force," *Contemporary Security Policy*, 36:2, p. 182).

While Obama administration officials conveyed a variety of legal arguments in the context of Libya, Syria, and its drone program, these have paradoxically led to more ambiguity. In attempting to argue that military force used was in full accordance with international humanitarian law, officials fused so-called *jus ad bellum* and *jus in bello* self-defense in justifying the use of force against terrorist targets inside and outside established theaters of conflict. Interestingly, the second line of argument accounted for much more space than the self-defense arguments – although these worked with an increasingly distant imminence concept, making them clearly preventive in nature. In the context of Libya, the administration came to a relatively quick decision to sanction and use force. In response to Qaddafi's threat to commit atrocities in the rebel stronghold Benghazi in early March 2011, the Security Council authorized a NATO military incursion to "use all necessary means" to protect civilians in Libya via resolution 1973. In contrast, the Syrian crisis saw a rather prolonged response from the administration and only came to a head when it was discovered that the Assad regime had used chemical weapons in the summer of 2013. In this instance, the Obama administration came very close to the use of military force for Syria's violation of a key principle of international law relating to the general prohibition of biological and chemical weapons. Of course, the decision *not* to intervene prompted questions about the subjectivity of intervention conditions, particularly Obama's so-called "red line" on chemical weapons (Glenn Kessler, "President Obama and the Red Line on Syria's Chemical Weapons," *The Washington Post*, 6 September 2013, available at: http://www.washingtonpost.com/blogs/fact-checker/wp/2013/09/06/president-obama-and-the-red-line-on-syrias-chemical-weapons/). Because the United States would not approve these unilateral use-of-force considerations if assumed by other member states, it is evident that it was supporting an exception to the rules pertinent only to *itself* and *its* own interests (*see* Warren and Bode, "Altering the Playing Field," p. 184).

## The Augmentation of Drones

Not surprising, the most contentious aspect of Obama's use-of-force approach relates to the augmentation of drone use. Originally used for surveillance and reconnaissance purposes, armed Predator and Reaper drones have been deployed in Afghanistan since 2001. Targeted killing operations through drone strikes have, however, only become an intrinsic part of US counterterrorism policy since Obama entered the White House in 2009 and have increasingly extended outside of traditional, territorially bound theaters of conflict. While the program's confidentiality makes it difficult to attain precise numbers, it is evident that drone strikes have been targeting "confirmed terrorist targets at the highest level" (John F. Kerry, Remarks at Youth Connect: Addis Ababa Featured by BBC's Hardtalk, Washington, DC: U.S. Department of State, 26 May 2013). In Pakistan, the number of drone strikes sanctioned in Obama's first year in office (52) surpassed the number authorized by Bush during his entire two terms in office(41) (The majority of drone strikes under Bush's leadership, a total of 36, took place during his last year in office in 2008. This indicates the beginning of an emerging trend. New America Foundation, "DroneWars Pakistan: Analysis," 12 April 2015, http://securitydata.newamerica.net/drones/pakistan/analysis.html). The number of drone strikes in Pakistan reached the astonishing levels of 122 in 2010, although these have somewhat decreased (22 drone strikes in the year

2014) as the administration broadened its strikes to other theaters. Indeed, the same period has seen as increasing number of drone strikes in Yemen, peaking at 47 in 2012, as well as a limited number in Somalia (For Yemen see New America Foundation, "Drone Wars Yemen: Analysis," *New America Foundation*, 22 April 2015, available at: http://securitydata.newamerica.net/drones/yemen/analysis.html; for Somalia see General Assembly, *Report of the Special Rapporteur on the Promotion and Protection of Human Rights and Fundamental Freedoms While Countering Terrorism*, *UN Document A/68/389*, 18 September 2013).

While public acknowledgement of drone strikes outside theaters of war only began to garner traction during 2011–2012 – when senior administration officials addressed the issue in a series of speeches – the Obama administration has often used the "successes" of its drone program as a selling point for its broader counterterrorist effort (*see* Warren and Bode, "Altering the Playing Field," p. 185). In the context of Obama's legal justifications on the use of force in the form of such strikes, it is evident that they are based on a diffused standard of imminence, typical of arguments posited during the Bush administration. Here, the legal rationale championed by senior officials has typically combined "state of non-international armed conflict" with "self-defense" arguments. On one hand, the country is in a state of "armed conflict with Al-Qaeda, as well as the Taliban and associated forces and may use force consistent with its inherent right to self-defense under international law." (Harold Koh, "The Obama Administration and International Law," Washington, DC: U.S. Department of State, 25 March 2010). Through this reasoning, the use of force in self-defense is lawful wherever Al-Qaeda is in the process of preparing and executing attacks, be it inside or outside declared theaters of conflict (compare John O. Brennan, Remarks of John O. Brennan, "Strengthening Our Security by Adhering to Our Values and Laws," Washington, DC: The White House, 16 September 2011; Koh, "The Obama Administration and International Law" (note 84); Leon E. Panetta, Remarks of Director of Central Intelligence Agency, Leon E. Panetta, at the Pacific Council on International Policy, Langley, VA: U.S. Central Intelligence Agency, 18 May 2009). Similar to arguments made by its predecessor, the Obama administration has also justified its targeted killings campaign with a legally dubious, preventive version of self-defense which it states is imperative in its quest to "address" terrorists (*see* Warren and Bode, "Altering the Playing Field," pp. 185–186).

Since August 2014, the Obama administration's military operations against the Islamic State in Iraq and Syria have been rationalized in a similar fashion to that of Al-Qaeda, where the United States "would hunt down terrorists who threaten our country, wherever they are. [. . .] This is a core principle of my presidency: If you threaten America, you will find no safe haven" (President Barack Obama, "Statement by the President on ISIS," *The White House*, September 10, 2014, available at: http://www.whitehouse.gov/the-press-office/2014/09/10/statement-president-isil-1). In maintaining this approach, the United States has used military force in the forms of air and drone strikes on the sovereign territory of four states with who it was *not* at war: Pakistan, Yemen, Somalia, and Syria. The administration argued that forcible actions against non-state actors who were orchestrating attacks on the territory of a state who was not sponsoring or supporting them was *still* legal if that state consented to the use of force or was "unwilling or unable" to fulfill its international counterterrorism obligations. The legality of the subjective "unwilling or unable" formula was questioned during the Bush administration's two terms in office. Additionally, the "quality" of state consent deemed necessary has proven elusive; despite Pakistan's persistent expressions of dissent with the Obama administration's use of force on its territory since November 2011, drone strikes continued (compare Declan Walsh, "Pakistani Parliament Seeks End to Drone Strikes," *The New York Times*, March 20, 2012, available at: http://www.nytimes.com/2012/03/21/world/asia/pakistani-parliament-demands-end-to-us-drone-strikes.html; and Ben Emmerson, "Statement of the Special Rapporteur Following

Meetings in Pakistan," *Office of the UN High Commissioner for Human Rights*, March 14, 2013, available at: http://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=13146&LangID=E). In looking at this approach in rawer terms, Rosa Brooks argues "that [. . .] when a government claims for itself the unreviewable power to kill anyone, anywhere on earth, at any time, based on secret criteria and secret information discussed in a secret process by largely unnamed individuals, it undermines the rule of law" (Rosa Brooks, "Testimony of Rosa Brooks, US Senate Judiciary Committee, Subcommittee on the Constitution, Civil Rights and Human Rights, Hearing on Drone Wars: The Constitutional and Counterterrorism Implications of Targeted Killing," Washington, DC: U.S. Senate Judiciary Committee, 23 April 2013). Notwithstanding the precarious precedents, this may establish for other states to follow; it is evident that the Obama administration is not overly perturbed with subjecting its drone program to use-of-force standards enshrined in international law. Aside from the damaging effects US arguments and actions on the use of force have on the legitimate and fundamental standards of international law, questions have been asked on whether this approach is the appropriate strategy to follow when the objective in the long run is combating terrorism (Audrey Kurth Cronin, "Why Drones Fail: When Tactics Drive Strategy," *Foreign Affairs*, 92, 2013, pp. 45–47). While the killing of terrorist actors made for "quick fix" success stories for both administrations, developments on the ground, such as rising membership of Al-Qaeda in the Arabian Peninsula and surges in the numbers of foreign fighters joining the Islamic State, indicate that this approach has not succeeded in defeating their adversaries and, in fact, has more than likely spurred greater (in)security (compare Ivan Eland, "United States Accelerates a Counterproductive Drone War in Yemen," *Huffington Post*, April 23, 2014, available at: http://www.huffingtonpost.com/ivan-eland/united-states-accelerates_b_5198396.html; and Jomana Karadsheh, Jim Sciutto, and Laura Smith-Spark, "How Foreign Fighters Are Swelling ISIS Ranks in Startling Numbers," *CNN*, September 14, 2014, available at: http://www.cnn.com/2014/09/12/world/meast/isis-numbers/index.html).

## Redefining the Use-of-Force in Response to ISIS

The prevarication in Obama's use-of-force approach is further evident when looking at his administration's use-of-force response to ISIS. In his August 2014 notifications to Congress pertaining to the deployments and airstrikes in Iraq, Obama stated that his powers as commander in chief and chief executive under Article II of the Constitution provided him with the authority to execute military action. In subsequent notifications to Congress for airstrikes and other actions in Iraq and Syria posited in September 2014, however, it was argued that two ratified authorizations for use of military force (AUMFs), the Authorization for Use of Military Force (2001 AUMF; P.L. 107–40) and the Authorization for Use of Military Force Against Iraq Resolution of 2002 (2002 AUMF; P.L. 107–243), in essence, also sanctioned certain types of US strikes against the Islamic State in Iraq and Syria, as well as the Khorasan Group of Al-Qaeda in Syria. Notwithstanding this authority, the president indicated on November 5, 2014, that he wanted to open the dialogue in Congress so as to develop a newer version of the AUMF that would "right-size and update whatever authorization Congress provides to suit the current fight, rather than previous fights" authorized by the 2001 and 2002 AUMFs. In his January 2015 State of the Union address, the President called on Congress to ratify an AUMF version, and on February 11, 2015, Obama sent through a draft resolution to Congress to authorize the use of force against the Islamic State of Iraq and the Levant (Matthew C. Weed, "A New Authorization for Use of Military Force Against the Islamic State: Issues and Current Proposals in Brief', Congressional Research Service report, 20 February 2015, pp. 1–2, available at:http://fas.org/sgp/crs/natsec/R43760.pdf). According to the Department of Defense, the resolution aimed to provide the

United States with the authority to address "the terror group in Iraq and Syria" and updated authorizations last passed after the 9–11 attacks (Jim Garamone, "Obama Sends Resolution for Use of Force Against ISIS to Congress," *DoD News*, Defense Media Activity, available at: http://www.defense.gov/news/newsarticle.aspx?id=128167).

In articulating the rationale behind the adjustment, Obama stated that the resolutions would support a strategy in of "systemic and sustained. . .airstrikes against ISIS in Iraq and Syria," including "support and training for local forces on the ground. . .[and] moderate Syrian opposition." In thwarting ISIS attacks, the administration sought to continue its support for an inclusive Iraqi government that united the Iraqi people and strengthened Iraqi forces against ISIS. At the core of the Obama pronouncements was the belief that the resolution provided the necessary balance in terms of "flexibility we need for unforeseen circumstances" (Brookings Institution, "President Obama's Authorization for Use of Military Force (AUMF) against the Islamic State," 24 February 2015, available at: http://www.brookings.edu/events/2015/02/24-obama-aumf-islamic-state). Specifically this applied to scenarios where if "actionable intelligence about a gathering of ISIS leaders" was available, the United States would be prepared to order its Special Forces to take action so as to prelude terrorists from attaining a safe haven (President Barack Obama, "Remarks by the President on Request to Congress for Authorization of Force Against ISIS," 11 February 2015, available at: https://www.whitehouse.gov/embeds/footer). As stated,

> we need flexibility, but we also have to be careful and deliberate. And there is no heavier decision than asking our men and women in uniform to risk their lives on our behalf. As Commander in Chief, I will only send our troops into harm's way when it is absolutely necessary for our national security (Brookings Institution, "President Obama's Authorization for Use of Military Force (AUMF) against the Islamic State").

The Authorization for Use of Military Force (AUMF) against the self-declared Islamic State would authorize the president "to use the Armed Forces of the United States as the President determines to be necessary and appropriate against ISIS or associated persons or forces" but with certain restrictions, reporting requirements to Congress on mission developments biannually, and would only be for a defined period that would "sunset" in 3 years. While some Washington policy analysts and legal experts argued that the AUMF did not give the president ample tractability, others argued that it was balanced and provided Obama with the requisite authorization to execute the current strikes against ISIL (Ibid).

To some analysts, however, the new resolution could potentially re-define the AUMF, give greater impetus and legitimacy in *actually* using force, and "broaden the purpose of military force to include unspecified U.S. national security interests" (Weed, "A New Authorization for Use of Military Force Against the Islamic State: Issues and Current Proposals in Brief," p. 6). In an apparent stretching of the theaters of conflict, there would be no geographic limitations on where the United States could take the fight. While Defense Secretary Ashton Carter described this inclusion as being "wise," given the indications that ISIS had the capability to expand outside of Iraq and Syria, it presented some concerns on where the use-of-force threshold would end up should the United States continue on a trajectory of adjustment (Brookings Institution, "President Obama's Authorization for Use of Military Force (AUMF) against the Islamic State"). Additionally, the definition of "associated persons or forces," particularly the addition of the phrase "fighting . . . on behalf of . . . ISIS," could be interpreted to be lacking in precision and, thereby, possibly lead to confusion in the projected assessments pertaining to what *actually* constitutes a lawfully targeted entity. Further, in contrast to the preceding AUMF proposals, the Obama 2015 version did not specify a purpose or objective for the use of US Armed Forces against the Islamic State in the authorization rhetoric itself. Again, this created concerns that the authorization did not sufficiently direct the president's actions or provide

a definition of victory and therefore "authorizes military operations without an endpoint or measurable goal" (Weed, "A New Authorization for Use of Military Force Against the Islamic State: Issues and Current Proposals in Brief," p. 6).

In attempting to find some semblance of balance, a variety of members of Congress put forward their legislative proposals for the new AUMF in the 113th and 114th Congresses, arguing that prevailing legislation authorizing military force is out of date and inadequate to address the Islamic State. Some articulated the view that a new authorization is essential to prevent the president from becoming embroiled into a large-scale, extended conflict similar to those in Afghanistan and Iraq. Conversely, others have argued that the existing 2001 and 2002 AUMFs, which approved the use of military force against Al and the Taliban after 9/11, and the incursion in Iraq, respectively, are now too inadequate in their scope and unnecessarily impede Obama's capacity to defeat terrorist and extremist threats to US national security and interests (John W. Rollins and Heidi M. Peters, "The Islamic State – Frequently Asked Questions: Threats, Global Implications, and U.S. Policy Responses," Congressional Research Service report, November 25, 2015, pp. 5–6). As stated by Lauren Weatherby, "Congress is clearly divided. Many Democrats and some Republicans fear a fresh AUMF would lead to wider and more extensive military involvement. But many Republicans, and some Democrats, fear an AUMF would be too limited – tying the president's hands in the fight against a significant new enemy" (Lauren Weatherby, "Whatever Happened To The Debate Over Use Of Force Against ISIS?" *NPR*, June 17, available at: http://www.npr.org/2015/06/17/415203016/whatever-happened-to-the-debate-over-use-of-force-against-isis). While the dichotomy is not directly related to the Obama administration, it is somewhat symbiotic of the congressional paralysis that has hindered his foreign policy approach – leaving many analysts to debate the extent to which Obama has induced these responses or been unfairly impacted by actions that are politically motivated.

## New Technologies and the Use of Force

Not surprisingly, the complexities surrounding the United States' doctrinal ambivalence – both forced and induced – and the way it proposes "new" interpretations of international legal standards governing its use of force may also lead to further global security issues as new technologies emerge. A particular technology to consider in this context is "lethal autonomous robots," also called "lethal autonomous weapon systems" (LAWS) and "fully autonomous weapon systems" (for a summary of the various definitions that have been used, see Fabian Wegmann, Autonomie unbemannter Waffensysteme. Das CCW-Expertentreffen zum Thema "Lethal Autonomous Weapons Systems" und der gegenwa¨rtige Stand der Technik, IFAR Working Paper (Hamburg: Institute for Peace Research and Security Policy at the University of Hamburg, June 2014), pp. 7–8). The term "human out of the loop" (terminology for a man or human "in the loop," "on the loop," and "out of the loop" is used widely in the field of robotics; *see* Nils Melzer, Human Rights Implications of the Usage of Drones and Unmanned Robots in Warfare. EU Document EXPO/B/DROI/2012/12, Brussels: Directorate-General for External Policies of the Union, Directorate B, Policy Department, May 2013, p. 6) has proven uncomfortable for some translators. No one quite knows what the robots of the future will look like or what actions they might be able to perform, but roboticists, soldiers, politicians, lawyers, and philosophers must ask some very complex and interdisciplinary questions regarding the future use of LAWS. Unlike drones, fully autonomous robots would make their own decisions and act independently from humans. As former UN High Commissioner for Human Rights, Navi Pillay, has said, "So called 'killer robots' – autonomous weapons systems that can select and hit a target without human intervention – are no longer science fiction, but a reality" (Navi Pillay, "A 20-20 Human Rights Vision Statement by the UN High Commissioner for Human Rights, Navi Pillay for Human Rights Day," Geneva: Office of the High Commissioner

for Human Rights, 10 May 2013). While international humanitarian law mandates that the use of violence must be proportional and circumvent indiscriminate damage and killings, the use of "killer robots" has engendered fears that they "will be unable to adequately assess proportionality and precision," that is, where discerning decisions of proportionality of force are needed to evaluate "dynamic environments" and "require highly qualitative and subjective knowledge – just the things that robots could lack" (Denise Garcia, "The Case Against Killer Robots. Why the United States Should Ban Them," *Foreign Affairs*, 10 May 2015). The question on how the United States will react to this new area is not very clear nor is how it will regulate such use or treat international law regulating such force (*see* Warren and Bode, "Altering the Playing Field," pp. 190–191).

For Shirley V. Scott, however, one thing is clear: US decision-makers *will never* consider "surrendering decision-making regarding the use-of-force" and will be even less likely to with the ambiguity deriving from lethal autonomous weapons. As she argues, it is deemed vital that the United States retain the freedom to use force when it perceives it as an interest to do so, "and for international law to evolve so as to prevent the United States using force should it wish to do so," it would be a severe "incursion on US legal security" (Shirley V. Scott, 'Looking Back to Anticipate the Future. International Law in the Era of the United States,' in Rowena Maguire, Bridget Lewis, and Charles Sampford (eds), *Shifting Global Powers and International Law*: *Challenges and Opportunities*, London: Routledge, 2013, p. 17). Existing armed unmanned aerial vehicles are the precursors to lethal autonomous robotics – devices that could choose targets without further human intervention once they are programmed and activated. While this may appear farfetched, the Pentagon is already planning for them "envisioning a gradual reduction by 2036 of the degree of human control over such unmanned weapons and systems, until humans are completely out of the loop. As technology continues to expand and as the human role moves from being "in the loop" of the decision-making process with such devices (making all the key calls) to "on the loop" of the decision-making process, where the role pertains to overseeing operations rather than actually directing, complexities and debate will continue to emerge as the human role moves ultimately to "out of the loop." In considering Scott's argument, it must be noted that in the use-of-force domain, the rise of new forms of technology and shifting security scenarios (e.g., ISIL) may see the United States further reinterpret the rules governing the use of force and continue to challenge the very regime of international law and international order that it played a defining role in creating after World War II.

## Conclusion

Upon receiving the Nobel Peace Prize in 2009, Obama stated that United States could not "insist that others follow the rules of the road if we refuse to follow them ourselves" and that "adhering to the standards strengthens those who do, and isolates and weakens those who don't" (Barack Obama, "Remarks by the President at the Acceptance of the Nobel Peace Prize," Washington D.C.: The White House, 10 December 2009). In examining the doctrinal transition between the Bush and Obama administrations and the extent to which both have legitimized the use of force in their efforts to thwart the threat of non-state actors, terrorism, and WMD proliferation, it is evident there has been greater continuities in the "treatment" of the "rules" rather than actual departures. Additionally, US policies after 9/11 have continued to be defined by long-standing contradictions and opacities that have engendered widespread analysis and new critical questions in international relations and international law discourse. While the dualism is not necessarily unexpected, the ubiquitous theme of uncertainty and inconsistency poses concerns on where this will actually leave the international legal regime and the broader global order should the United States continue with an approach that has deviated between stated intentions and tangible outcomes, what it conveys in the context of international rule

of law and what it actually is in certain scenarios, its promotion of the principle of sovereign equality and US exceptionalism, what it seems to think other states should do and what it does itself, US engagement at different points in time, and where it stands in regard to adhering to the principles on the use of force, to what it actually does.

As this chapter has articulated, the apparent contradictions, marked elements of continuity, ongoing dichotomies, and various departures that the Obama administration has undertaken in the context of the use of force are emblematic of Obama's overall doctrine. In what was deemed by many to be a marked contrast, President Barrack Obama was elected on a platform of change that included a departure from his predecessor in the foreign policy domain. While this transition in 2009 came with a much-touted reversal of his predecessor's policies, very little has *actually* changed when it comes to the doctrinal pillar pertaining to the use of military force. Given the destabilizing potential such interpretations of otherwise widely accepted use-of-force standards represent – particularly in the absence of an independent judicial system capable of enforcing international law – it is evident that the United States pursues "a general authorization of the use of force" (Kirsten Schmalenbach, 'The Right of Self-Defense and the War on Terrorism', *German Law Journal*, Vol. 3, No. 92002, p. 22) *for itself*, when *it* chooses to do so, rather than in pursuit of its general prohibition. Although Obama's policies in relation to the Arab Spring were cautious, he still, and unsurprisingly, reserved the right to use force unilaterally to defend US security interests and came remarkably close to doing just that after chemical weapons had been used in Syria in the summer of 2013. And notwithstanding the Obama Doctrine's greater reluctance toward using large-scale force, as illustrated by his administration's cautious policies toward the conflicts in Libya, Syria, and Syria/Iraq (in the context of ISIS), this has paradoxically led to an even greater reliance and an associated lower threshold for using force in the form of targeted killings through new technologies. Indeed, drones have clearly proven to be alluring for a president interested in keeping American troops out of harm's way, reducing the number of ground forces, and the precise, "dehumanizing" targeting qualities this form of warfare offers (James Traub, "U.S. Foreign Policy: What Does Obama Believe? United Nations University Conversations Series," Tokyo, 11 March 2015; compare also James Traub, "When Did Obama Give Up?" *Foreign Policy*, 26 February 2015, available at: http://foreignpolicy.com/2015/02/26/when-did-obama-give-up-speeches/). Overall, when appraising the broader Obama Doctrine and its ostensible penchant to adjust, comprise, and hedge, the use-of-force arm within the doctrine provides a case illustration.

G

## Globalization and World Trade Organization

Harry Blutstein
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

### Synonyms

Globalization; Rule of law; World Trade Organization

### Definition

The World Trade Organization is a key institution that applies the rule of law to international trade and had liberalized trade in goods, services, and created protections for intellectual property and foreign investment.

### Rule of Law

The World Trade Organization (WTO) is more than a supranational institution that supports the liberalization trade. It is built on a radical idea that has taken globalization to a new apogee of authority and ambition.

The WTO was the last major international body created, completing the institutional architecture that buttressed the rule of law, a key foundation of what we now call globalization (Blutstein 2016). For WTO's first director-general, Peter Sutherland, the WTO represented the "belated completion of the Bretton Woods structure of IMF, World Bank and the WTO," which he hoped would turn "words about a new world economic order into reality." The new global order was unique, he argued, because for the "first time a stable system was built on consensus, not on conquest, and on principles of equity and legality" (Sutherland 1994).

The WTO was created as part of the Uruguay Round of negotiations, which had been launched by the General Agreement on Tariffs and Trade (GATT) in Punta del Este in September 1986. These negotiations led to Marrakesh Agreement, signed on 15 April 1994, which created the WTO, as series of rules, administrative arrangements, and specific trade agreements, which included an enhanced GATT.

The WTO employs the rule of law to restrain governments from gaming the trading system and imposing economic harm on other countries. Its rules oil the wheels of global trade, reducing friction that in the past has led to trade wars in which there were no winners. Most importantly, GATT and its successor, the WTO, have contributed to postwar prosperity by opening markets.

Where the Marrakesh Agreement takes globalization into new territory is by including a groundbreaking mechanism to resolve disputes, with coercive powers that punish countries for breaking its rules.

## WTO Outlined

Trading rules are contained in a series of agreements and annexes that are designed to be updated, reflecting the mission of WTO to continue to liberalize trade.

The Marrakesh Agreement contained four major agreements. They are on goods (General Agreement on Trade and Tariffs or GATT) and include investment measures and antidumping measures, services (General Agreement on Trade in Services or GATS), intellectual property (Trade-Related Aspects of Intellectual Property Rights or TRIPS), and dispute settlement (Understanding on Rules and Procedures Governing the Settlement of Disputes or DSU). Finally, there are the detailed schedules of commitments made by individual countries in which they grant access to their markets for specific foreign products and services.

Central to implementation of the Marrakesh Agreement is its Article III, which sets out the primary functions of the WTO. It has executive functions that include "implementation, administration, and operation" of the trading framework and trade agreements. It has a legislative function in which the WTO provides a "forum for negotiations among its Members concerning their multilateral trade relations." And it an adjudicative function, in which the WTO administers the arbitration mechanisms contain in the DSU (WTO 1994a).

A core principle of the WTO is that each member should treat other members equally and that a concession offered to one trading partner is offered to all others (the Most Favored Nation principle). In addition, foreign business should be treated no less favorably than a domestic business (the National Treatment principle).

Most of the WTO obligations are prohibitory; they tell a country what it cannot do. Some obligations, however, are conditionally permissive; they tell a country what it can do if, but only if, the country meets certain prerequisites, such as its rules on when antidumping duties can be imposed.

One of the WTO agreements – Trade-Related Aspects of Intellectual Property Rights (TRIPS) – goes further. It required countries to meet minimum standards to protect intellectual property rights of private actors. Moreover, many countries, developing countries in the main, were forced to strengthen their legislative protections of intellectual property, creating international standards on the protection of intellectual property and even setting out the role of governments to enforcing those standards, prompting Govaere and Demaret (2001), to describe the TRIPs

agreement as an "exercise in global regulatory coercion."

The organization behind WTO is designed to be dynamic and continue to liberalize trade. This is driven by WTO's executive body: the Ministerial Conference. This body meets every 2 years and is responsible for reviewing policy and launching new trade rounds, aimed at expanding world trade.

Decisions, however, on agreements and rules are made by the General Council, with each country having a single vote. As of 29 July 2016, the WTO had 164 members, which has made decision-making much more difficult, particularly as the organization prefers to operate by consensus.

## Jewell in the Crown

WTO authority to impose the rule of law is contained in the DSU (WTO 1994b). It is left to states to initiate action when WTO rules are breached and they believe they have suffered a material loss. WTO provides independent trade tribunals to arbitrate disputes when conciliation fails. It also has a body to consider appeals.

The enforcement is unique by not directly issuing penalties, which could be seen as infringing a country's sovereignty. Instead, it allows the injured party to retaliate with WTO-sanctioned tariffs or other measures to recover its losses.

Former director-general, Pascal Lamy, heralded the dispute resolution mechanism as the "jewel in the crown of the WTO" (WTO 2009). Others agreed. "The first step towards the rule of law in international trade was the greatest achievement of the Uruguay Round," Nobel prize-winning economist, Joseph Stiglitz (2007, p, 76) added. "Without the rule of law, brute power wins." According to Peter Sutherland (1994): "effective multilateral rules and commitments are what stands between them [developing countries] and the law of the jungle."

For the first time, countries could use the DSU to address measures that unfairly limited their access to trade. Certainly, many developing countries appreciated the introduction of WTO's coercive dispute settlement mechanism, which was preferable to the law of the jungle by which major trading powers had savaged and cheated them.

Should conciliation fail, under the DSU, an aggrieved WTO member can bring a formal case against any other country that it believes breached WTO rules. Such disputes are heard by semi-judicial trade panels that adjudicate on the merits of each case. After hearing the case in private, the panel issues a report of its findings. If the panel believes that a member has violated an agreement, it usually recommends that the member withdraw the offending measure. If a panel's findings are not implemented then the Dispute Settlement Body will automatically authorize retaliation. As a safeguard, parties can appeal a panel ruling to a seven-member Standing Appellate Body within the WTO.

Where WTO declares a domestic measure – whether a law or policy – contrary to its rules, rather than directly requiring the measure to be withdrawn, WTO allows that injured party to legally launch retaliatory trade sanctions to recover damages. These damages continue until the offending measure is withdrawn, providing a strong incentive for a government to reverse the measure.

The DSU is designed so that the WTO cannot by accused of undermining democracy by forcing a government to change its legislation or policy. However, if a government chooses to continue with a measure that is declared illegal, it needs to be willing to pay for the privilege. Many have not, and instead have rescinded "illegal" measures.

Regardless of the nimbleness in which the DSU works around the problem of directly eroding a country's sovereignty, this has not stopped it being criticized for being antidemocratic and compromising a country's sovereignty (Barfield 2002). This has led Chayes and Chayes (1995) to argue that sovereignty needs to be redefined for an interdependent world. Other than a few self-contained nation-states, they posit that "sovereignty no longer consists in the freedom of states to act independently, in their perceived self-interest, but in membership in good standing in the regimes that make up the substance of

international life. To be a player, a state must submit to the pressures that international regulations impose.... Sovereignty, in the end, is status—the vindication of the state's existence as a member of the international system."

When it comes to trade in a globalized world, decisions by one country can harm the welfare of others. It may be a subsidy that lowers world prices for a commodity or an environmental, health, safety, or labor regulation that is designed to disadvantage foreign competitors or antidumping duties based on engineered data.

Only a supranational body with the necessary coercive powers can created legal remedies for injured parties. While the decision to adopt harmful trade policies may be legislated by a democratic government, if harm spills over into another country then the DSU provides a practical legal avenue to other countries to protect themselves.

There are plenty of examples of countries using their laws and policies as weapons to put importers at a disadvantage, and these have generated a high number of disputes.

This tactic was honed during the 1980s when countries became adapt at creating such regulations with the primary aim of excluding competitors from their markets rather than address real risks (Runge 1990).

To decide which regulations are genuine, dispute resolution tribunals look to two WTO agreements that are designed to ensure local rules are nondiscriminatory and do not create unnecessary obstacles to trade. One is the Sanitary and Phytosanitary Measures (SPS), which addresses food safety and animal and plant health measures. The other is the Technical Barriers to Trade (TBT), which addresses product testing and standards. The objectives of these agreements are to encourage countries to adopt international standards, guidelines, and assessment procedures, which are prepared by international standardizing bodies like the Codex Alimentarius and the International Standards Organization.

Whenever a country argues that there is no appropriate international standard to address a particular risk and that it needs to introduce a domestic law, it needs to produce hard evidence from risk assessments that backs its case, should a dispute arise.

While the DSU was an improvement on the law of the jungle, its design is flawed when, after a successful judgment, smaller economies try to use retaliatory measures. Magna Shahin (1996), who represented Egypt during the Uruguay Round, explained the problem faced by most developing countries. "China could [use it], but what about a country like Egypt or even a smaller one against the US, the EU or even Japan?"

This remark was made in 1996, and since then either developing countries have not bothered using it or when they do, find that it is ineffective.

There is no better example than the experience of Antigua and Barbuda. In 2007, it won a ruling over the USA on its prohibitions against offshore internet gambling. Its first problem was that the small Caribbean nation, with a population of around 90,000 people, had insufficient imports from the USA to recover $21 million per year, as per the WTO judgment. When it decided retaliate by suspending US intellectual property rights, which meant that they could sell to the world US patented and copyright products free of royalties, it found itself threatened by Nkenge Harmon, a spokeswoman for the US Trade Representative's office, who warned its government that such action "would serve as a major impediment to foreign investment in the Antiguan economy, particularly in high-tech industries" (Palmer 2013). Frustrated, on 25 April 2014, Antigua and Barbuda issued a statement that accused the dispute settlement mechanism of denying "the ability of small economies to obtain any meaningful recourse when wronged by others" (New and Saez 2014). Soon after this statement was released, the government accepted token compensation when the USA offered to establish a satellite visa office in the country and grant additional scholarships for the American University of Antigua (Stradbrooke 2014).

## One Cheer for the WTO

Not only does the DSU have its weaknesses, but the rules it enforces have their own biases and special deals that inhibit genuine free trade.

Economist Dani Rodrik (2002) pointed out that "[g]lobal economic rules are not written by

Platonic rulers, or their present-day pretenders, academic economists. If WTO agreements were truly about 'free trade,' as their opponents like to point out, a single sentence would suffice ('there shall be free trade')."

Evidence that the WTO did not deliver free trade is not hard to find. Within the final package of around 60 agreements, there are 560 pages of complex legalese and another 23,000 pages of codicils, many of which are special deals and exceptions that serve vested and national interests of the major trading powers.

As well as being winners of these special deals, there were also losers. Stiglitz (2007, p. 62) concluded that the Uruguay Round "left them [developing countries] worse off than they would be with a truly free and fair trade regime." In particular, developing countries received few concessions when it came to products in which they had a competitive advantage, particularly in the area of agriculture, steel, and textiles Lipson (1982).

During the Uruguay Round, while there were more participants than earlier GATT rounds, the major powers still dominated, with the USA, European Union, Canada, and Japan setting the agenda on tariff reductions, with powerful local producers putting their interests ahead of consumers. One example was how the antidumping section of the Marrakesh Agreement was shaped by the US steel manufacturers (Barringer and Pierce 2000).

> Big Steel . . . maintained inordinate influence over the U.S. government's bargaining positions in the Uruguay Round of multilateral trade negotiations and trade case administration by the Department of Commerce. . . .. Big Steel thus gains a substantial advantage in pressing its entreaties, at the expense of consumers' and taxpayers' broader interests.

In should come as no surprise that domestic lobbyists would try and shape the position of their country's trade negotiators. However, during the Uruguay Round, new players exerted considerable influence over the Final Act. In coordinated campaigns, transnational corporations in certain industries lobbied a number of Western governments for special deals that served their interests. According to Diana Tussie (2007), Director of the Latin American Trade Network, "trade rules have been dominated by behind-the-curtain global corporate interests."

One of the new agreements introduced during the Uruguay Round was TRIPS, which was not on the agenda when the round was launched in 1986, and it succeeded despite strong opposition from developing countries.

One of the lobbyists who spent some time working on TRIPS was James Enyart (1990) from Monsanto, who provided an insider's account of negotiations. "Changing foreign IP laws was viewed by many as impossible," he wrote. "It took a few fanatics in some big companies to take on the impossible." As well as Monsanto, lobbyists from the pharmaceutical, software, entertainment sectors, and other transnational companies with major investments in intellectual property participated in a campaign to have TRIPS included in final agreement.

In a chilling display of hubris, Enyart (1990) concluded that "the rules of international commerce are far too important to leave up to government bureaucrats and their academic advisors." Instead "[i]t's time for the people who actually make development happen to have an appropriate voice."

Rather than promoting free trade, experts have condemned TRIPS. Jagdish Bhagwati (2004), Sutherland's economics policy advisor, was scathing. "For virtually the first time, the corporate lobbies in pharmaceuticals and software had distorted and deformed an important multilateral institution, turning it away from its trade mission and rationale and transforming it into a royalty collection agency." By royalties, Bhagwati means that corporations use legislative monopolies provided by patents, trademarks, and copyrights to sell or license products at premium prices not set by the marketplace.

Former Chief Economist at the Asian Development Bank. Arvind Panagariya (1999) argued that TRIPs "promises to lower the welfare of not just developing countries but the world as a whole. As such, it is an efficiency reducing, redistributive exercise."

This was not the only example of a campaign launched by a network of transnational corporations working together. Another loose alliance of transnational corporations helped shape GATS,

which opens up new business opportunities for those corporations to operate primary welfare services such as health and education. There would also be opportunities to either own or operate water and sewerage works, banking, transport, and telecommunications around the world. Governments in developing countries, in particular, worried that GATS would pressure them to privatize essential services and limit their ability to provide affordable welfare and services to their people, particularly to the poor (Yen 2003).

## Loss of Faith in the Rule of Law

WTO was created on the premise that it would continue to drive the liberalization of trade, and it intended to launch a new round of negotiations during third Ministerial Meeting, held in Seattle between 30 November and 3 December 1999.

In the 5 years since the WTO's creation, there was a growing crescendo of complaints with the existing agreements. These manifest themselves in a series of demonstrations, the largest being large scale protests in Seattle, with 40,000 people on the streets. For all the noise and fury, the movement lacked coherence. There were those who wanted to reform the WTO by making it more democratic. Others wanted the WTO to do more to promote public welfare and protect the environment. And some protesters attacked the WTO for treating developing countries unfairly. There was also a strong theme running through many of the critiques coming out of Seattle: that transnational corporations had captured the WTO.

The protesters blockaded the venue where the ministers were meeting and WTO had little choice but to call off its meeting. This meant that its main agenda item – launching a new trade round – was postponed.

The next Ministerial Meeting was held in Doha, between 9 and13 November 2001. It was an astute choice. As the host, Qatar was both remote from the main centers of protest and its government made sure that foreign demonstrators did not entered the country.

For all the concessions they yielded during the Uruguay Round, the least developed countries were led to believe that the next round of negotiations would be more to their liking. It was not, as a report from the Third World Network (2001) explained:

> At the conclusion of the Uruguay Round, developing countries fully expected that in return for agreeing to expand the mandate of the GATT system to areas such as intellectual property rights and services (in which they were expected to make obligations without getting reciprocal gains) they would benefit significantly from increased access to developed countries" markets, especially in agriculture, textiles and clothing. However, since the WTO came into being, these benefits have mostly not been forthcoming, while traditional problems such as low commodity prices and declining terms of trade continue to plague developing countries" trade performance. Developing countries also complain that developed countries still apply non-tariff barriers to their products, such as anti-dumping measures. This lack of benefit from the trade system has led to a growing disillusionment among policymakers and the wider public in many developing countries.

A particular area of friction is over agricultural subsidies. The Agreement on Agriculture, part of the Marrakesh treaty, capped agricultural subsidies at their 1994 level. Moreover, WTO members committed to gradually reduce them. This provision legitimized high subsidies in place in the USA and European Union. On the other hand, developing countries had no or few subsidies in place when this agreement took effect and were unable to introduce new subsidies so that they could compete on a level playing field. Moreover, International Monetary Fund and the World Bank loans contained conditions that required recipients, developing countries in the main, to reduce the few agricultural subsidies they had in place.

At the same time as the cap has been applied to developing countries, using sleight of hand, the European Union and USA increased their effective level of protection by an estimated 61% and 44%, respectively, through nontariff barriers (Scott and Wilkinson 2011).

Stiglitz and Charlton (2005) analyzed the agenda of the Doha Round. They concluded that "[t]he round of trade negotiations that began in Doha does not yet deserve the epithet of a "Development Round". Indeed once again, as in the past, the agenda for the new round reflected the

interests of the advanced industrial countries. The new issues that have been added to the agenda are not priorities for developing countries; indeed some of their provisions would have actually been harmful to them." Their report also found that measures to further liberalize GATS and expand TRIPS would inflict further injury the interests of developing countries.

Developing countries tried to include items they wanted to pursue on the Doha agenda, such as agriculture and textiles, but were filibustered by the USA, Japan, and the European Union.

The next Ministerial Conference was in Cancun, Mexico, from 10 to 14 September 2003. With little progress made on their issues, the chasm between developed and developing countries widened and the Doha was left on life support.

Any chances of developed countries softening their position ended with the global financial crisis. With their economies significantly weakened, developing countries increased protection. Since 2009, G20 countries have imposed 1583 trade restrictive measures, and while a quarter of these have been withdrawn by 2016, and those remaining still affected over 6% of all G20 imports and 5% of global imports (WTO 2016).

Despite this spurt of protectionism, the USA and European Union continued to pay lip service to Doha. At the same time, they quietly transferred most of their energy into two mega-regional trade agreements, where they could have greater control over the agenda. One of these trade agreements is the Transatlantic Trade and Investment Partnership (TTIP) between European Union and the United States. The other was the Trans-Pacific Partnership Agreement (TPP), a 12-country grouping led by the USA and Japan.

Whether by design or otherwise, the countries involved in negotiating these agreements do not include the so-called the BRICS: Brazil, Russia, India, China, and South Africa. This opened the way for major developed countries, particularly the USA, the European Union, and Japan, to set standards for world trade without the bother of having to compromise with the larger developing countries who could challenge them.

According to Indian trade expert, Geethanjali Nataraj (2015), once these agreements have been finalized, "third world countries will presumably be compelled to adapt to their standards and regulations."

Even these mega-regional agreements are now in doubt with the rise of populism, with the USA withdrawing from the TPP. At the same time, the TTIP faced noisy opposition in Germany, Austria, Luxembourg, France, and Italy. While the USA has not withdrawn from the TPP, its language has changed to one that sounds very much like mercantilism. This agreement is no longer "trade liberalization," according to Wilbur Ross, US commerce secretary, but about "correcting" trade "imbalances" (Donnan and Beesley 2017), presumably in the favor of the USA.

As a toxic brew of populism, mercantilism and crude protectionism are bubbling away, the *Wall Street Journal* (Bacchus 2017) warned that these forces "would unleash weapons of mass economic destruction world-wide."

If the rule of law is eroded, and the institutions that buttress it endangered, then the law of the jungle might well result in economic warfare. And history has shown that economic warfare can easily descend into open warfare. It was the experiences of engineered currency devaluations and erection of tariff walls in the 1930s that helped contribute to the Second World War (Førland 1993).

## Cross-References


- ▶ Global Governance
- ▶ Globalization and Organizations
- ▶ Globalization and Public Policy


## References


Bacchus J (2017) Trump's challenge to the WTO; the tariffs he promised and the retaliations that would ensue could unravel the global trading system. Wall Street J (online), 4 Jan, https://www.wsj.com/articles/trumps-challengeto-the-wto-1483551994

Barfield C (2002) WTO dispute settlement system in need of change. Intereconomics 37(3):131–135


G

Barringer W, Pierce K (2000) Paying the price for big steel $100 billion in trade restraints and corporate welfare. American Institute for International Steel, Washington, DC, p 10
Bhagwati J (2004) In defense of globalization. Oxford University Press, Oxford, p 183
Blutstein H (2016) The ascent of globalisation. University of Manchester Press, Manchester
Chayes A, Chayes AH (1995) The new sovereignty. Harvard University Press, Cambridge, MA, p 27
Donnan S, Beesley A (2017) US reopens door to reviving EU trade talks. Financial Times, 24 Apr. Available at https://www.ft.com/content/7996f226-282a-11e7-9ec8-168383da43b7
Enyart J (1990) A GATT intellectual property code. Les Nouvelles XXV(2):54–56
Førland TE (1993) The history of economic warfare: international law, effectiveness, strategies. J Peace Res 30(2):151–162
Govaere I, Demaret P (2001) The TRIPs agreement: a response to global regulatory competition or an exercise in global regulatory coercion? In: Esty DC, Geradin D (eds) Regulatory competition and economic integration. Oxford University Press, Oxford, pp 364–380
Lipson C (1982) The transformation of trade: the sources and effects of regime change. Int Organ 36(02): 417–455
Nataraj G (2015) How can BRICS survive amidst TTIP? Financial Express, 5 Jan 2015. Available at http://www.financialexpress.com/opinion/how-can-brics-survive-amidst-ttip/26068/
New W, Saez C (2014) Antigua questions efficacy of WTO Dispute System over IP-related case. Intellectual Property Watch, 26 Apr 2014
Palmer D (2013) U.S. warns Antigua against government-authorized piracy. Reuters, 28 Jan
Panagariya A (1999) TRIPs and the WTO: an uneasy marriage. In: Bhagwati J (ed) The next negotiating round: examining the agenda for Seattle, proceedings of the conference held at Columbia University, July 23–24, 291–102, chapter 11
Rodrik D (2002) Feasible globalizations. National Bureau of Economic Research, working paper no. W9129, p 18
Runge CF (1990) Trade protectionism and environmental regulations: the new nontariff barriers. New J Int Law Bus 11:47
Scott J, Wilkinson R (2011) The poverty of the Doha Round and the least developed countries. Third World Q 32(4):611–627
Shahin M (1996) From Marrakech to Singapore: the WTO and developing countries. Third World Network, pp 22–27
Stiglitz J (2007) Making globalization work. WW Norton & Company, New York/London
Stiglitz JE, Charlton A (2005) Keynote address. A development round of trade negotiations? In: Bourguignon F, Pleskovic B, Sapir A (eds) Are we on track to achieve the millennium development goals. Oxford University Press, New York, pp 31–60
Stradbrooke S (2014) Antigua fires attorney Mark Mendel, makes new $100m offer to end US WTO dispute. CalvinAyre.com, 9 Sept. Available at http://calvinayre.com/2014/09/09/business/antigua-fires-attorney-mark-mendel-makes-new-100m-offer-to-end-us-wto-dispute/
Sutherland P (1994) The New Multilateral Trading System: what is at stake. Speech delivered to the Swedish-American Chamber of Commerce in New York on 3 Mar 1994
Third World Network (2001) The multilateral trading system: a development perspective. United Nations Development Programme, December
Tussie D (2007) The WTO and development: the challenges of trust and empowerment in governing global trade. The Geneva Lectures on Global Economic Governance, Global Economic Governance Programme, University College, delivered in Oxford on 3 Oct
World Trade Organization (1994a) Marrakesh Agreement establishing the World Trade Organization, Article III: 1–3. Available at https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm
World Trade Organization (1994b) Understanding on rules and procedures governing the settlement of disputes, Apr 15, 1994, WTO Agreement, Annex 2 Legal Instruments-Results Of The Uruguay Round vol. 31, 33 I.L.M. 1226 (1994)
World Trade Organization (2009) WTO disputes reach 400 mark, 2009 Press Release 578, 6 Nov 2009. Available at https://www.wto.org/english/news_e/pres09_e/pr578_e.htm
WTO (2016) Report on G20 Trade Measures (mid-October 2015 to mid-May 2016), 21 June 2016. Available at https://www.wto.org/english/news_e/news16_e/g20_wto_report_june16_e.pdf
Yen GC (2003) Developing countries cautioned against Services Liberalisation Commitments in GATS/WTO, Report on the UNCTAD Commission on Trade meeting in Geneva 3–6 Feb. Available at http://www.twn.my/title/twninfo8.htm

## Globalization of Health and Human Rights

Maithri Goonetilleke[1] and Paul A. Komesaroff[2]
[1]Monash University, Clayton, VIC, Australia
[2]Centre for Ethics in Medicine and Society, Monash University, Caulfield East, VIC, Australia

The progressive extension of both the concept and application of human rights over the last 70 years has opened up new possibilities for opposition to

oppressive political regimes, the defense of individual freedom, and the broadening of personal opportunities for people around the world. Of particular importance has been increased support for the provision of the basic constituents of health and health care for both individuals and communities.

Accompanying the extended reach of human rights discourses has been the globalization of capital and culture, which has generated unprecedented international movements of money, people, and information. These social, economic, and cultural interactions have themselves produced a variety of effects on both health and human rights. On the one hand, increased wealth and better communication have led to significant improvements in health status and human rights in many settings. On the other hand, the pervasive infiltration of neoliberal principles and practices has increased inequalities, eroded public support for health care, and challenged traditional systems of value and care.

## Human Rights: Conceptual Constraints

Despite the common assumption that the understanding of human rights has advanced seamlessly and triumphantly since the end of the Second World War (Howard-Hassmann 2010), the reality is in fact that the achievements have been relatively modest. Indeed, over this period major deficiencies have emerged in both the conceptual and practical domains. The concept of "human rights" itself has been shown to be flawed, as has its links to practical systems of implementation, which have sometimes been found to generate paradoxical outcomes. The abstractness of the claims has often meant that they have lacked substantive content, and the supposed universality – central to the core idea of human rights – has limited their ability to reflect local cultural variation.

Further, human rights discourses usually attribute the key agency in defending and implementing the supposed entitlements to the nation-state, with rights violations being construed as a political failure by a state to honor its obligations to its citizens. In a globalized world, however, the policies and actions of states are commonly the outcomes of complex networks of relationships and interests involving government and nongovernment stakeholders across a wide geographical areas (Chapman 2016). Human bodies have been subjected to the pressures of globalization almost as much as have markets, highlighting the fundamental role in ill health and disease of structural as well as biological factors.

## The Role of Human Rights Agreements in a Globalized World

Immediately following World War II, several charters, including the Universal Declaration of Human Rights (UDHR), were created to proclaim the inherent, fundamental, inalienable rights of all human beings. For their boldness, vision, and humanity, these documents have been extravagantly praised, as "a family of post World War II rights instruments that attempted to graft social justice onto the tree of liberty" (Glendon 1997). In spite of this, in the decades since their enunciation, the inherent difficulty of upholding these rights across the globe, including of introducing changes to actually enhance the health of citizens, has become increasingly apparent. In response to these difficulties, the critics have been less generous, describing the UDHR variously as merely "a collection of pious phrases" or, as the former United States' UN ambassador Jeane Kirkpatrick put it, no more than "a letter to Santa Clause" (Kirkpatrick 1981).

The highly contested evaluations of formal human rights agreements are mirrored in debates about the nature and effects of the great variety of movements for change across the world. The complex social transformations associated with globalization cannot be characterized by any single theoretical formulation. Rather, the forces are multiple and variable. For example, as Richard Falk has argued, globalization processes can be simultaneously both "top down" and "bottom up" (Falk 1999). Bottom-up processes are those "directed by people, based on equality, and motivated by cooperation," while top-down processes

are "directed by capital/markets, powerful states, and corporate media, based on inequality and motivated by competition." But even classifications such as this can be difficult: despite the attractiveness of binary distinctions, they risk excessive simplism as the boundaries between capital and labor, state and civil society, and competition and cooperation, and the realms of the individual and the social become increasingly blurred over time. What is more, even the distinction between "local" and "global" has now become uncertain, as bottom-up movements increasingly make use of cyber connectivity, social media, and other information technologies to bolster their causes. In an era of mass, instant dissemination of information, the capacity has grown for sudden, unpredictable effects – both harmful and beneficial – on struggles for rights and social change.

The expansion of global economic capacity has generated the possibility – and in some cases the reality – of moving substantial groups of people out of extreme poverty. While this has generally been interpreted in favorable terms, on occasions it has been falsely assumed that improvements in economic well-being lead inevitably to the enhancement of human rights. This is in fact not at all the case. In reality, the conditions of increased economic wealth have often resulted in increased exploitation, especially among poor laborers. In Bangladesh, for example, over the last 30 years, increasing international demand has led to a continuing, rapid expansion of garment factories, which has in turn generated employment for millions of workers, 80% of whom are women (Rahman and Siddiqui 2015). However, female Bangladeshi factory workers are commonly cruelly exploited, not only in terms of almost starvation wages but also lack of union and collective bargaining rights, absence of maternity and sick leave rights, and widespread verbal and physical abuse in the workplace.

An extreme example of the suffering produced by the apparent beneficent process of economic development is provided by the collapse, on April 24, 2013, of the Rana Plaza, an eight-story building in Savar, Bangladesh. The structure had housed six garment factories which produced apparel for international labels such as Benetton, Bon Marche, Primark, and Walmart, as well as a bank and shops. The previous day, government authorities had been made aware of profound structural faults in the building infrastructure and had closed the bank and shops. However, the garment workers had been forced to return to work and threatened with loss of income if they did not do so. The next morning the entire complex collapsed, killing 1129 garment workers (Akhter 2014). The Asia director of Human Rights Watch lamented that the tragedy had been "predictable" because many other deaths had already occurred over the preceding decade in Bangladeshi garment factories owing to inadequate attention to safety standards. He also pointed out that, perhaps intensifying the injustice, in this and similar cases, the responsibility for the violations of human rights is often placed on under-resourced labor inspection departments and officials, with minimal consequences for the multinational fashion conglomerates which continue to reap immense profits from their subcontracted factory workers.

## Health as a Human Right

The 25th article of the UDHR proclaims a "right to a standard of living adequate for the health and well-being of [a person and his or her] family, including food, clothing, housing and medical care and necessary social services." A similar commitment is echoed in the constitution of the World Health Organization, written 2 years prior, in 1946, which declared that all people have a right to the "enjoyment of the highest attainable standard of health." In the preamble to the same document, WHO had adopted its famous "holistic" definition of health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." Partly in response to the latter formulation, broad understandings of health as dynamic, nonlinear, and incorporating a recognition of the intimate interconnection between biological disturbances and environmental and sociopolitical conditions have

now been adopted by public health institutions around the world (Chapman 2016).

Despite the expansive aspirations and the apparent enhanced recognition of the complexity of the tasks associated with health and health care, the achievement of global health outcomes is in many cases even more elusive than ever. As previously, this reflects both conceptual and practical impediments. While the hypothesis that health is intricately linked to social variables is a powerful one, simplistic theories that assume linear, causal relationships between individual "social determinants" and biological outcomes fail to accommodate the multidimensional complexity that characterizes the actual operation of cultural and biological systems. In addition, larger structural processes in which such determinants may be imbedded, such as the neoliberal forces driving globalization and the avoidance of mechanisms to ensure effective surveillance in relation to social and ethical values, are generally ignored altogether. At the practical level, upholding a "right to health" cannot be achieved without concurrent action to realize a wide range of other rights and freedoms and to implement the social changes necessary to ensure access to clean water, adequate housing, transport and education, effective sanitation, a clean and unpolluted environment, and safe working conditions.

## Historical Globalization and Health

Despite the greatly increased recent awareness of it, globalization is not a new phenomenon. Historically, human health and well-being have been heavily influenced by interactions across national borders. Communicable diseases were often transmitted along trade routes. A well-studied example of this was the rapid, uncontrolled cross continental spread of bubonic plague by rats which accompanied the expanded reach of land and sea merchants in the sixteenth and seventeenth centuries (Cohen and Kennedy 2012). When the historical record is examined from the vantage point of the broad biopsychosocial understanding of health that is currently promoted by the WHO and the global public health establishment, however, far more pervasive health effects of globalization over the centuries are revealed. Between the sixteenth century and the late twentieth century, European colonization of Africa, Asia, Oceania, and the Americas facilitated not only the transmission of epidemic diseases to immunologically naive indigenous peoples but also a wide range of adverse biological, psychological, and social consequences that stemmed from the systematic dismantling of freedoms it brought with it. Among these consequences were the theft of arable lands, which had provided sustainable nutrition, water, safe housing, and a healthy environment – in some cases, such as Australia, for thousands of years – and frontier violence and physical, psychological, and sexual abuse associated with slavery and segregation.

The process was briefly interrupted during the 1960s, in response to the postwar process of decolonization and reconstruction, and over the next several decades, health indicators improved in many settings, largely driven by widespread and far-reaching improvements in education, sanitation, and water access. However, the improvements were disproportionately distributed and in some cases short-lived. The fastest growth in measures of health status and indicators such as life expectancy and infant mortality occurred in the developed world, increasing the discrepancy between rich and poor countries; the flourishing of dictatorships in Latin America and Africa – many of them sponsored by the developed countries – prevented any major redistribution of wealth; and new epidemics and environmental factors, such as HIV and droughts and famines in the Horn of Africa, overcame many of the gains that had been made.

## Contemporary Globalization and Improvements in Health

Over the past three decades, what is known as the "contemporary period of globalization," sometimes referred to as "the great acceleration" (McMichael 2013) or "hyper-globalization," has been characterized by a rapid intensification of

transnational interactions and exchanges in the areas of economy, culture, and population. Drawing on vast data sets from over 120 countries, economist and inequality scholar Branko Milanovic demonstrated an exacerbation of national economic differences between the late 1980s and 2008 (Milanovic 2016). His findings identified two groups which had benefited most conspicuously from this accelerated process of globalization. The first comprised a large population in countries such as India, China, and Brazil which had emerged as a new global middle class. The second was the "global elite," the members of which were able to preserve their historical status as the prime beneficiaries of transnational capital flows.

The upward economic mobility of large segments of populations within countries such as China and, more recently, India has contributed to widespread and genuine improvements in global health status. Indeed, the relationship between poverty and poor health outcomes has long been established. In addition to millions being brought out of extreme poverty over the last three decades – in the case of China, as a result of socialist economic development and of India of traditional capitalist accumulation – global health projects have made important and enduring contributions. The latter have included large-scale vaccination programs against smallpox, polio, measles, and other infections, medications for HIV and malaria, and enhancement of access to routine health care within national and regional contexts. These have resulted in significant improvements in many indicators of global health status. In particular, across all regions, life expectancy has improved; the under-five child mortality rate has dropped by almost half from 1990 to 2013 (11.6–6.3 million deaths); and maternal mortality has decreased by about a third over a similar period (359,000 in 1990 to 255,0000 in 2010) (Zimmerman et al. 2016). Closely linked to these crucial advances, there has been a rapid and enduring enhancement in data collection and the efficiency of communication of health information, contributing to significantly improved capacity to respond both to humanitarian disasters and to the threat of novel international epidemic crises.

## The Impact of the Pharmaceutical Industry (Howard-Hassmann, 2010): HIV Therapy

Despite these undoubted improvements, however, the health needs of many populations, particularly those in very low development settings, have often also been severely limited by the operations of the global economy. While this may at first sight seem paradoxical, it is in fact a natural and unexceptional result of the normal operation of international markets generally. It is also a well-recognized consequence of the conventional regimes of foreign and humanitarian aid which, contrary to their stated intentions, have often actually undermined development, intensified dependency, increased corruption, and exacerbated the disenfranchisement of poor and marginalized groups (Moyo 2009; Easterly and Easterly 2006). More specifically still, the established institutions of health and health care – including the production and distribution of medicines and other technologies – have often imposed major structural barriers to the improvement of the living conditions of the people most in need.

A particularly egregious example illustrates the potential influence of the pharmaceutical on global health. It is well known that this industry constitutes collectively the largest capital enterprise in the world, with several mega-companies monopolizing the development, manufacture, and distribution of all kinds of medications, including those applied in established, essential use and innovative, novel preparations. A recent challenge has come from the globalization of chemical technologies, which has allowed mass production of generic medications in a manner that could provide affordable medications to large populations. The resulting tension between a flourishing neoliberal pharmaceutical agenda and the determination of certain nations to make cheap generic medications has exerted significant impact on the global health conditions, especially in poor nations. In 1996 the World Trade Organization concluded a multilateral trade agreement on intellectual property known as the "Trade-Related Aspects of Intellectual Property Rights Agreement" ("TRIPS") (Farmer et al. 2013),

which guaranteed a 20-year period of patent protections for new technologies, including pharmaceuticals. A significant part of the rationale behind such patent protection was to generate incentives to support innovation and research and development of new technologies. Patenting of pharmacotherapies, however, also means increased costs to consumers, which for some populations dangerously limits access to life-saving medicines.

At the height of the HIV epidemic, in the mid- to late 1990s, a number of novel antiretroviral medications were invented which revolutionized therapy, to the extent that it was now possible to save millions of lives. Near the turn of the century, as a consequence of patenting laws such as the TRIPS agreement, the cost of supplying a combination of three antiretroviral medications was estimated between USD 10,000 and USD 15,000 per annum. For the vast majority of patients living with HIV across the globe, especially sub-Saharan Africa which has continuously recorded the highest prevalence of the virus, the costs of treatment represented an insurmountable obstacle. In 1997, the South African government responded to the crisis by importing generic antiretroviral medications from India and Brazil, an intervention which created competition and thereby drove prices down dramatically. In 1998 39 multinational pharmaceutical companies instigated litigation against the South African government for violation of intellectual property rights, and the United States placed the South African government on a "priority watch list," a precursor to trade sanctions. These and similar actions generated a wave of global activism and awareness campaigns, which in 2001 led to a compromise agreement referred to as the "DOHA Declaration," which affirmed aspects of the TRIPS agreement but also allowed countries in a state of national emergency to apply for a "compulsory license." This arrangement allowed alternative producers to manufacture items in their own country, which in a pharmaceutical context referred to the production of bioequivalent generic medications. Compulsory licensing, however, required that countries had the domestic technological and fiscal capacity for such mass production to occur – which was, of course, often not the case in the very places where the need for new medications was most urgent. It was not until the "General Council Decision" made by the WTO in 2003 (and confirmed in 2005, but not permanently accepted until 2017) that compulsory licenses ordered by low-income countries could be used to produce and import medications from other countries. Over the many years during which these multilateral trade and intellectual property agreements were being negotiated, untreated HIV ravaged sub-Saharan Africa and other areas of the developing world, resulting in unprecedented – and preventable – loss of human life (Hickel 2012).

G

## The Impact of the Pharmaceutical Industry (Chapman, 2016): Research and Development

The pressure on multinational pharmaceutical companies to maximize profits – an elementary and natural aspect of the capitalist economy – has generated a distinct geographic bias in relation to decisions about which diseases are selected for research and development of novel therapies. The World Health Organization lists 17 neglected tropical diseases (NTDs) which together affect over one billion people and account for hundreds of thousands of deaths each year, while costing the economies of developing countries billions of dollars. As a result of market pressures, between 1975 and 1999, no more than 1% of new drugs worldwide were designed specifically for NTDs. Even following significant global awareness campaigns from 2004 to 2014, this number increased only marginally to 4%.

The human consequences of the structural biases imposed on global health outcomes by this aspect of the operation of world capital can be illustrated by further examples. A neglected disease such as schistosomiasis, which is caused by a parasitic flatworm found in contaminated water sources, affects 210 million people worldwide and can cause permanent kidney, liver, and neurological damage. Like many NTDs, schistosomiasis has only one main pharmacological treatment. The lack of research and development

has generated a widely recognized risk that drug-resistant forms of the disease will emerge. The disastrous consequences of drug resistance are already being experienced in relation to other diseases such as tuberculosis, of which extremely virulent multidrug-resistant (MDR) and extremely drug-resistant (XDR) strains are already widespread. The development of novel, treatment-resistant forms of schistosomiasis and other diseases is an imminent, potentially catastrophic, danger.

Another example of skewed priorities systematically generated by the normal functioning of the neoliberal health agenda is the current shortage of snake antivenom in sub-Saharan Africa, where every year an estimated 30,000 deaths and 8000 amputations occur as a result of snakebite. For several years a Sanofi Pasteur antivenom named "Fav-Afrique" has been the best available product, providing a wide coverage of African snakes with relatively few side effects. Owing to poor capital yields, however, production of Fav-Afrique has recently been discontinued, with the last batch of the antivenom having expired in June 2016. It is estimated that a replacement generic product will take at least 2 years to appear on the market, during which time it is expected that both mortality and morbidity from snakebite in sub-Saharan Africa will have drastically – and unnecessarily – increased (Chippaux et al. 2015).

While globalization has generated inequitable patterns of medical innovation, the possibility should also be recognized that, if handled properly, forces within it could be mobilized to stimulate improvements in pharmaceutical research and development. "Open innovation models" offer the possibility of enhancing capacity by sharing aspects of research and development among diverse entities, instead of maintaining them, from inception to market, within closed, internal company processes. An example of a success already achieved using this model can be found in the area of antimalarial therapy. Amyris, a biotechnology company at Berkeley University laboratories in California, stimulated certain bacteria to excrete the chemical compound artemisinin, which is used in antimalarial therapy in developing world settings, and the Gates Foundation, a non-state actor, both funded production of the drug at Amyris and connected the company with Sanofi International for distribution (Chesbrough and Euchner 2011). This example illustrates how rather modest changes to global economic practice, if harnessed appropriately, can help reduce health inequities through enhanced efficiency of drug research and sharing of diverse capacities to support development of therapies for neglected diseases.

## Noncommunicable Diseases

The neoliberal organization of global trade practices has supported the widespread dissemination of many commodities that actively impair health, such as highly processed foods and drink with low nutritional value and addictive, harmful substances, such as tobacco. It is well recognized, largely from the experience of developed countries, that consumption of such products is closely linked to increasing rates of noncommunicable diseases, such as cardiovascular disease, obesity, diabetes, stroke, and lung cancer. For some time the burden of these conditions has been shifting from wealthy to poorer countries, and it is already the case that 80% of deaths in the world from chronic, noninfectious diseases occur in low- and middle-income settings. It is likely that, under continuing pressure from the globalized economy, their incidence will continue to rise.

Tobacco use is a particular area of concern. Expensive, large-scale public health campaigns in many developed countries over the last two decades have led to modest reductions in tobacco consumption. These campaigns combined legislative, marketing, and advertising strategies, along with various public health policy initiatives, and have been shown to have led to significant improvements in health outcomes. In response to the success of these programs, tobacco companies have now shifted their focus to developing countries, where both health legislation and awareness of the dangers of tobacco smoking are more limited. Because between 70% and 80% of the world's one billion smokers currently live in

developing countries, this has already produced a geographic shift in disease burden.

In 2005 WHO initiated an international treaty called the "Framework Convention on Tobacco Control" (FCTC), which encouraged increased attention on tobacco taxation, advertising restrictions and health promotion material on packaging and public policy modifications to limit passive smoking (World Health Organization 2009). However, countries that have sought to implement these measures have faced a vigorous backlash from multinational tobacco corporations, which have used bilateral investment treaties to oppose reductions in their capital flows from national smoking regulations. In 2010, Uruguay faced court action from tobacco corporation Philip Morris for seeking to require graphic warning labels on cigarette packaging. Philip Morris used its links to Switzerland to suggest that Uruguay had breached bilateral trade agreements. Similar cases were launched against the governments of Canada and Australia for health regulations which transnational tobacco companies argued violated bilateral investment treaties (Ottersen et al. 2011).

## Trade Liberalization and Food Insecurity

The majority of people living on less than USD1.25 per day populate rural areas of low-income nations and subsist on agriculture. In the 1980s, the same wave of neoliberal economic pressures described above generated a widespread privatization and deregulation of the agricultural sectors of many developing countries, often facilitated by Bretton Woods Institutions in the name of leveraging foreign debt. The deregulation policy rapidly reduced tariffs and subsidies on imports, allowing wealthy nations to sell surplus agricultural produce to poor countries. For the latter, this has displaced local food markets, along with many other effects. As a result the poverty and food insecurity of their citizens have been significantly intensified (Ottersen et al. 2011).

The impact of intensified trade and industrialization upon global climate patterns also threatens the food security of populations. Droughts jeopardize regional agriculture, while marine food sources are diminished by acidification and increased temperature of marine environments, ultimately posing significant threats to child and adult nutrition. Other environmental changes affecting food supply are also intensified by human industry such as water shortages, changes in soil fertility, nitrogen balance, and altered pest-pollinator ratios.

## Globalization, Climate Change, and Human Health

The impact of international commerce and trade upon the earth system cannot be overstated. The current geological epoch known as the Anthropocene period is understood as the time when human activity has been the predominant influence upon climate and the environment (McMichael 2013). Climate change engenders various risks to human health, including intensified and more frequent climate events such as droughts, floods, and fires; increased air pollution, leading to respiratory illness; water shortages, leading to reduced drinking water and sanitation and infectious disease; and the previously mentioned threats to global food security.

An intense heat wave accompanied by wildfires which Russia endured in the summer of 2010 precipitated a reduction of one third in the nation's wheat production. This event had international consequences, with the government banning export of wheat products, thereby increasing the global price of wheat and exacerbating food shortages both in Russia itself and in low-income countries such as Pakistan and Egypt (McMichael 2013).

As temperatures, humidity, and rainfall increase in certain regions, numbers of disease-bearing mosquitos increase causing concomitant rises in the prevalence of various diseases, such as malaria, dengue fever, and Zika virus. Furthermore, increased human travel leads to infiltration of mosquitos carrying a particular disease to previously disease-naive areas. Researchers have suggested, for instance, that Zika virus arrived in

Brazil in 2014 from French Polynesia during a world sporting event (Musso 2015).

## Toward an Ethical Globalization

The large-scale transnational transactions associated with the globalized economy, and the culture accompanying it, have generated considerable wealth but have also increased poverty, dependence, and inequality. Narratives favoring both human rights and global health have helped raise awareness of the extent and complexity of the tasks of enhancing health and health care and in some cases have provided support for actual practical initiatives.

The successes have been impressive: millions of people have been able to move out of poverty, and in certain regions, enhanced exchanges of information and technologies have led to large-scale, tangible improvements in health. At the same time, however, in many other regions, the problems have only been exacerbated. The rift between rich and poor has widened, access to medicines has decreased, food security has been threatened, the incidence of noncommunicable diseases has increased, and dependency and corruption have intensified. Global climate change has also emerged as one of the most pernicious by-products of globalization, and its potential health effects are vast.

The universalization of rights in the form of treaties and multilateral agreements provides civil society instruments and information to challenge state apparatuses which endanger basic individual freedoms. However, implicit in any universalization of values is an ethnocentrism which could potentially limit the space for appreciation and respect for diverse cultural understandings and behaviors. Furthermore international trade agreements can move power away from the governments and citizenry of low-income countries toward multinational conglomerates.

Paradoxically, exactly as it advances the recognition of the importance of both health and human rights, globalization also engenders the very opposite. Recognition of the intricate, dynamic relationships between the forces that affect health, human rights, and accompanying social and cultural effects may facilitate an improved understanding of the paradox, but they do not actively generate a solution.

The critiques of "globalization," "human rights," "health," and "health care" suggest the need for more complex formulations that can respect and preserve the richness and variety of local experience, the creativity of community, and the plurality of values and meaning-creating discourses relating both to ethics and health care. While the old "consensus" view was not complete without beneficial effect, a more contemporary appreciation of this heterogeneity may open the way for novel strategies to address the barriers to effective health care and to support civil liberties and human dignity.

## References

Akhter S (2014) Endless misery of nimble fingers: the Rana plaza disaster. Asian J Women Stud 20(1): 137–147

Chapman AR (2016) Human rights, global health, and neoliberal policies. Cambridge University Press, Cambridge

Chesbrough H, Euchner J (2011) The evolution of open innovation: an interview with Henry Chesbrough. Research-Technology Management 54(5):13–18

Chippaux J-P, Massougbodji A, Diouf A, Baldé CM, Boyer LV (2015) Snake bites and antivenom shortage in Africa. Lancet 386(10010):2252–2253

Cohen R, Kennedy P (2012) Global sociology. Palgrave Macmillan, New York

Easterly W, Easterly WR (2006) The white man's burden: why the West's efforts to aid the rest have done so much ill and so little good. Penguin Books, New York

Falk RA (1999) Predatory globalization: a critique. Polity Press, Cambridge

Farmer P, Kim JY, Kleinman A, Basilico M (2013) Reimagining global health: an introduction. University of California Press, Berkeley

Glendon MA (1997) Knowing the universal Declaration of human rights. Notre Dame L Rev 73:1153

Hickel J (2012) Neoliberal plague: the political economy of HIV transmission in Swaziland. J South Afr Stud 38: 513–529

Howard-Hassmann RE (2010) Can globalization promote human rights? Pennsylvania State Press, State College

Kirkpatrick JJ (1981) Establishing a viable human rights policy. World Affairs 143(4):323–334

McMichael AJ (2013) Globalization, climate change, and human health. N Engl J Med 368(14):1335–1343

Milanovic B (2016) Global inequality: a new approach for the age of globalization. Harvard University Press, Cambridge
Moyo D (2009) Dead aid: why aid is not working and how there is a better way for Africa. Farrar, Straus and Giroux, New York
Musso D (2015) Zika virus transmission from French Polynesia to Brazil. Emerg Infect Dis 21(10):1887
Ottersen OP, Frenk J, Horton R (2011) The Lancet-University of Oslo Commission on global governance for health, in collaboration with the Harvard Global Health Institute. Lancet 378(9803):1612
Rahman MH, Siddiqui SA (2015) Female RMG worker: economic contribution in Bangladesh. Int J Sci Res Pub 5(9):1–9
World Health Organization (2009) History of the World Health Organization framework convention on tobacco control, Geneva
Zimmerman RS, RJ DC, Society for Public Health Education, Andrus JK, Hosein EN (2016) Introduction to global health promotion. Wiley, San Francisco

# Globalization of Public Budgeting

Angela E. Pool-Funai
Southern Utah University, Cedar City, UT, USA

## Synonyms

Fiscal administration; The act of managing budget processes in the public and nonprofit sectors

## Introduction

Around the world, demand for greater transparency in government activities has taken root and blossomed. One hot button, in particular, has become a focal point of discussion in recent years: public budgets. Democratic systems across the globe are faced with the dilemma of making fiscal administration more transparent to the public, and one tool that many local governments, in particular, have found successful is participatory budgeting.

Participatory budgeting (PB) is gaining traction worldwide as a best practice toward the goal of greater accountability in government, as it offers the public sector an opportunity to engage constituents in the budget process. Increasing pressure on democratic governments to be more transparent in their dealings begs the question: If government is a public good, then should not it involve the public? Lerner (2011, p. 35) explains that among its many strong points, "Perhaps most important, PB can help establish government as a valuable public good – an idea that is very much under attack."

## Responsiveness Through Participatory Budgeting

In an age when citizens feel that government is unresponsive to their needs, PB offers an alternative to local governments by welcoming input from constituents within the community. Beginning with a discussion of the democratization of the public sphere and demands around the globe for citizens' voices to be better heard in government, this entry will offer an overview of participatory budgeting and its contribution to the overarching objective of public sector transparency.

## Democratization of the Public Sphere

Although definitions of PB are as varied as the governments implementing the practice, in a nutshell, "[PB] allows the participation of non-elected citizens in the conception and/or allocation of public finances" (Sintomer et al. 2012, p. 2). Furthermore, "PB concerns the right to be heard in politics" (Ganuza et al. 2014, p. 2275). It is not enough to simply invite public feedback, if that input is not recorded or seriously considered. PB stems from the democratic process at its core.

Citizen participation dates back to the days of direct democracy in ancient Athens, but the modern iteration of participatory budgeting became rooted in Brazil in the late 1980s. It has primarily focused on municipal governments, based on the sheer numbers involved in gleaning public input. PB is a close cousin to direct democracy, which

seems to work best in relatively small populations. The practice took off in Brazil and has since spread around the globe, with hotbeds of activity currently concentrated in Latin America, Europe, Asia, and Africa.

PB has been credited with increasing democratic principles in areas where the practice has been executed. "The globalization of [participatory budgeting] may have a lot to do with this democratization of public space and, although the experiment's procedures may vary greatly according to context, PB almost always involves a deepening of democracy in terms of local political history" (Ganuza et al. 2014, p. 2275). After all, a government that exists for the people, by the people, should experience a deepening of those principles when the people are actually engaged in the workings of the government. Furthermore, PB provides a forum to increase legitimacy and offer fresh perspectives in the public decision-making process through its inclusion of everyday citizens. "Non-organized individuals would bring non-strategic knowledge, a practical knowledge that could endow politics with common sense or, at least, distance it from sectarianism" (p. 2281). Imagine a budgetary process that invites fresh ideas and novel approaches to problem-solving: that is PB.

PB also presents a new framework for public discourse. Old models delegated decision-making to associations and elected officials to coordinate on behalf of citizens, but PB invites input from the citizenry directly. "The problem has been the democratization of the public sphere, because in the new institutional framework associations have to share their voice. If associations used to be the actors that structured informal public opinion, PB offers a new way of structuring public opinion where citizens are directly invited to get involved in public decisions. This relation between the associations and PB conceals a friction with important consequences for the democratic life of cities, as it presents itself as a battle for representation of the citizenry's voice" (Ganuza et al. 2014, p. 2276). In other words, when citizens have the opportunity to speak for themselves as unaffiliated individuals, the power of associations that may or may not have been working toward the citizens' best interests is diminished. This is not to say that the voice of associations would be no longer welcomed; rather, organizations must work alongside individuals toward common goals and objectives concerning the public budget. Although citizens used to have to delegate their wishes to incorporated powers, PB offers a platform for individual voices to make their priorities known.

This shift in power dynamics within a civil society sparks a new way of engaging the public. "The clashing positions of politicians, citizens and associations thus present us with two extremes, which we can view as an opposition between deliberative and representative democracy" (Ganuza et al. 2014, p. 2288). As aforementioned, the onus for decision-making falls on associations in representative models; whereas, deliberative democratic models make it feasible for new participants to engage in the political process. PB fosters an environment conducive debate in the public sphere, which bolsters societal relations. "These new political practices apparently have much to do with the sorts of relations that have historically been attributed to civil society (for example, horizontal power relations, dialogue and tolerance)" (p. 2276). Those citizens who may feel that government was on an opposing side now have an opportunity to join the debate as individuals, thereby disbursing the decision-making power within the community.

Deliberative democracy lends itself naturally to improved dialogue among participants, as they become more involved in the decision-making process. In turn, neighbors can develop tolerance toward new ideas and each other. For example, Chicago, Illinois, served as the first testing ground for PB in the United States, and despite some challenges along the way, ". . . the Chicago experiment illustrated ways to bring people together to make tough decisions. Sure, residents had conflicting ideas about how the money should be spent, But now they had space to negotiate these differences and focus on the common good" (Lerner 2011, p. 35). Diverse voices contributed to the success of PB in Chicago, rather than detracted from the process.

PB offers six core benefits, according to Lerner (2011): democracy, transparency, education, efficiency, social justice, and community (p. 31). As mentioned above, PB can bolster democratic principles by involving the people in the decision-making process. The Chicago example also shows how community members became better educated about priorities within the metroplex, as a whole, which led to better perceptions of community and a higher regard for social justice. Arguably, PB contributes to the notion of improved transparency in the public sector, and as Justice and McNutt (2013) explained, "Fiscal transparency can generally be understood as one requisite for extending the practice of democracy" (p. 5). The following section will explore some best practices of PB and its contribution to fiscal transparency in the public sphere.

## Participatory Budgeting

From its beginnings in Brazil, various iterations of PB have stretched across the globe, with the primary focus at the municipal level. "In the past 20 years, PB has captured the imagination of people around the world thanks to its core concept: citizens deciding public spending" (Lerner 2011, p. 32). Ideally, PB could be implemented at the federal level, but it would require a tremendous undertaking to provide opportunities for a representative cross-section of society to be included in the process. Realistically, democratic systems have a hard enough time encouraging citizens to vote, much less invest time reviewing budget documents and becoming involved in the fiscal decision-making process. PB has experienced success at the local level, perhaps due in part to the close-to-home perspective of residents within the community.

In its 2005 publication on global PB, the United Nations noted five principles of best practices concerning this novel approach to budgeting: "(1) accountability and result orientation; (2) professionalism; (3) proportionality; (4) transparency; and (5) independent check and balance, monitoring institution" (p. 44). Simply holding a town hall meeting and inviting a few public comments on the draft budget is a paltry example of PB in practice; a truly deliberative process incorporates dialogue, as mentioned previously. An exemplary PB endeavor will go even further and treat participants professionally, incorporate accountability and feedback measures, as well as welcome input from a cross-section of the community. Although the logistics of PB vary as widely as the communities utilizing the process, the United Nations' best practices are broad enough to incorporate different PB models.

The United Nations document goes on to explain that performance-based budgeting is a key to improving budgeting processes through accountability. After all, local citizens are the ones impacted by municipal budgets, so it stands to reason that they would be in the position to determine the effectiveness of such budget items. "The performance-based budgeting needs some criterions to evaluate performance and evaluation. It avoids duplication of work plan and budget of state ministries/institutions/unit policies. It needs an integration of performance accountability system in budgeting" (United Nations 2005, p. 45). Involving local citizens through PB can provide a new perspective on what aspects of the budget need to be assessed for performance evaluations.

PB permits citizens to play a role in evaluating budget performance for the purpose of determining future spending by adding another layer of accountability. This local measure of accountability drives the budget process close to home by including those most intimately affected by it. "Through PB, citizens have decided how to spend part of the city budget through an annual series of neighborhood, district, and citywide assemblies" (Lerner 2011, p. 30). Because PB has been instituted primarily at the local level, it encourages networking between community groups that previously may have functioned at odds with one another.

Through dialogue and debate among citizens who have the opportunity to learn about needs and priorities in other areas of their communities, PB provides ". . . a logic of collective action different from what has been the usual fare in cities – one based on proposal rather than demand" (Ganuza et al. 2014, p. 2274). This new communication

dynamic is not without controversy, however. As noted above, associations that previously held the bulk of decision-making power must step aside to allow new voices at the table, which requires relinquishing some control. Likewise, elected officials must be open to hearing input from new sources, which can be a difficult transition for incumbents who have ruled the roost term after term. "PB also requires that politicians, public employees, and citizens adapt to new roles. Politicians need to give up control over some decisions in order to gain community support" (Lerner 2011, p. 34). Although incumbency reelection rates remain extraordinarily high, new practices like PB may put pressure on elected officials to be held accountable to their fiscal decisions more closely than they may have been required in the past.

Lerner (2011) also notes that PB efforts around the world share common ground in terms of establishing needs assessment, deliberation, decision-making, and implementation (p. 31). As with the Chicago example above, citizens from different parts of the community will not likely be on the same page concerning the city's priority spending areas – at least initially, but through a deliberative process of assessing the needs within the greater community and engaging diverse voices in decision-making, municipalities the world over have demonstrated that it is possible to come to agreement on how to parcel out the budget.

As citizens become more aware of the issues at hand and get involved in PB, the seemingly mysterious proceedings of government can become clearer and less intimidating, such that they are more at liberty to express their own ideas and concerns. Grimmelikhuijsen (2012) described it this way: "Transparency leads to demystification of government, a development that is catalyzed by the rising expectations of citizens" (p. 297).

## Transparency

Kopits and Craig (1998) define fiscal transparency as ". . . openness toward the public at large about government structure and functions, fiscal policy intentions, public sector accounts, and projections" (p. 1). The key to this openness lies in the level of public access concerning government activities, which the authors describe as needing to be "reliable, comprehensive, timely, understandable, and internationally comparable information" (p. 1). Providing an executive summary or snapshot of the budget is not enough to consider PB; the information provided to the public must be comprehensive and easily accessed and understood by lay persons. Too often, municipalities may make budgetary information available to the public through a municipal website, but deciphering the poorly labeled spreadsheets is too laborious for many individuals to bother attempting to understand.

Transparency is not simply a blanket, one-dimensional concept suggest Kopits and Craig (1998). In fact, they have identified three dimensions of transparency: aggregate, government operations, and behavioral aspects. The aggregate level covers the disbursement of reliable information to the public about public policy matters. This feature is important to let the public know what priorities or obligations are coming down the pike. Government operations include more specific details about budget documents, including the detailed spreadsheets that some lay persons may not readily understand but still should have access to view. Lastly, behavioral aspects relate to the government's responsiveness to issues such as information requests, codes of conduct, performance assessments, and similar accountability measures (p. 1). When a government entity replies promptly to Freedom of Information requests and similar inquiries, it can reflect positively on the organization because there seems to be nothing to hide.

Nurturing an environment of transparency in the public sphere requires effort on the part of elected officials as well as the public. "Transparency does not just happen," explained Berliner (2014); "such efforts usually require existing principals to commit to institutional reforms that are costly to themselves" (p. 490). When an incumbent implements transparency protocols, they expose their own administrations to the same critiques that they expect other elected officials to

undergo. In other words, opening government operations to public scrutiny may build rapport with the public, but it also makes public officials more vulnerable to criticism. Berliner (2004) also suggested that the incentive for incumbents to jump on the transparency bandwagon and pass policies such as Freedom of Information laws is to gain the support of constituents who hold such promises in high regard (p. 484). The tradeoff between vulnerability and good governance is a worthwhile and necessary step toward deliberative democracy.

While transparency is a popular buzz word among government watchdog groups, it has also gained support on both sides of the partisan aisle as an important practice to implement, regardless of political leanings. "Transparency in government is an issue that has the bipartisan support of progressives and the right" (Justice and McNutt 2013, p. 18). Put another way, transparency helps to keep political friends close and enemies closer. "Transparency increases the likelihood that principals will detect malfeasance on the part of agents and will exact punishment, thereby deterring the abuse of public power" (Bauhr and Grimes 2014, p. 292). Transparency allows political opponents to hold each other in check, not to mention empowering the public with means to keep elected officials on their toes.

"The new era of transparency will increasingly expose gaps between governments' rhetoric and reality, empowering domestic and international audiences to hold leaders more accountable for their decisions" (Larkin 2016, p. 6). Transparency opens closed doors (quite literally, through policies such as Open Meetings Acts) and helps to ensure that public servants are doing just that: serving the public good. In a transparent political environment, campaign promises give way to reality checks, particularly in terms of fiscal responsibility.

When processes like PB are implemented according to best practices and increased transparency in the public sphere, robust public policy is an expected outcome. "Fiscal transparency, in each of its three dimensions, is a necessary condition for sound economic policy," explained Kopits and Craig (1998). "Nontransparent fiscal practices tend to be destabilizing, to create allocative distortions, and to exacerbate inequalities" (p. 2).

Grimmelikhuijsen (2012) equates transparency in government with the Wizard of Oz, in that he seemed almighty until the curtain was opened. "Instead of being seen as powerful and special, government organizations are demystified by transparency" (p. 293). This can be a positive side effect, because everyday citizens become empowered to participate in a process that previously seemed intimidating and elite. However, as Grimmelikhuijsen proposed, individuals may feel disillusioned by the realities of government in practice. "If people can see all mistakes behind the scenes of government, they may become disenchanted with it thus decreasing both the trust in and legitimacy of governments" (p. 295).

One way that citizens can have their idealistic hopes dashed, according to Grimmelikhuijsen (2012), is through the slow and laborious decision-making process itself. "Despite the irrational and incremental nature of public decision making, it is presented to the public as if it is rational and the model of 'rational choice' is being used," noted Grimmelikhuijsen. "Decision-makers lack the ability and resources to find the optimal solution so they apply their 'rationality' only after having greatly simplified the choices available" (p. 298). PB participants who expected to jump into the process with both feet and make sweeping changes may be disappointed to realize that policy making can be a lengthy process.

## Conclusion

In conclusion, participatory budgeting and transparency go hand-in-hand. As local governments strive to meet the increasing demands of a technologically capable public, they would do well to consider incorporating PB into their budgetary processes. Citizens who invest time into the PB process may gain a greater appreciation for the inner workings of the bureaucracy and become better informed, more engaged residents of their communities.

## Cross-References

► Accounting Principles

## References

Bauhr M, Grimes M (2014) Indignation or resignation: the implications of transparency for societal accountability. Gov Int J Policy Adm Inst 27(2):291–320

Berliner D (2014) The political origins of transparency. J Polit 76(2):479–491

Ganuza E, Nez H, Morales E (2014) The struggle for a voice: tensions between associations and citizens in participatory budgeting. Int J Urban Reg Res 38(6): 2274–2291

Grimmelikhuijsen S (2012) A good man but a bad wizard. About the limits and future of transparency of democratic governments. Inf Polity 17:293–302

Justice JB, McNutt JG (2013) Social capital, E-government, and fiscal transparency in the states. Public Integr 16(1):5–23

Kopits G, Craig J (1998) Transparency in government operations. International Monetary Fund, Washington, DC

Larkin SP (2016) The age of transparency. Foreign Aff 95(3):136–146

Lerner J (2011) Building community agreement around tough budget decisions. Nat Civic Rev 100(2):30–35

Sintomer Y, Herzberg C, Röcke A, Allegretti G (2012) Transnational models of citizen participation: the case of participatory budgeting. J Public Deliberation 8(2): 1–32

United Nations Department of Economic and Social Affairs (2005) Participatory planning and budgeting at the sub-national level. UN, New York

# Globalization, Security, and Drones

Aiden Warren
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

It is evident over the course of history that human beings have had the ingenuity to create varying ways to kill each other, where death can be wrought in a face-to-face fashion or via the direct result of using weapons in immediate propinquity. In the context of war and violence, the advent of technology has provided an expanded corporeal detachment through the use of projectiles with a sling, a bow, or a rifle. Of course, over the last hundred or so years, this detachment has continued to widen as the modern arteries of violence have attained longer range through the use of planes and cruise missiles and, in recent times, the use of uninhabited aerial weapons (Strawser 2013, 3). As this chapter will illustrate, the continual advancement of these new technologies in theaters of conflict pose immense complications and challenges for international security in the twenty-first century. Controlled remotely from virtually anywhere on the planet, such weapons have come to the fore in the military suite and contributed significantly to what has been termed as the further "dehumanization of death" (Strawser 2013, 3). Indeed, referred to as unmanned aerial vehicles (UAVs), remotely piloted vehicles (RPVs), unmanned military systems (UMS) or simply, "drones," these new forms of technology illustrate that "we are currently in the midst of an epochal transformation" of violence (Lathan and Christiansen 2014, 767) in response to what has been deemed a "new species of war" (Mundy 2011, 280).

In looking at this critical juncture in international security, the chapter will begin by looking at the key debates associated with their increasing use after 9/11, including what can be referred to as the "threshold enticement." It will then consider the legal, moral, and ethical discourse surrounding their utility, including those who are complicit in the decisions on when and where to use them, as well as those involved in their science and construction. In the context of humanitarian interventions and state incursions, the chapter also interrogates the varying debates pertaining to the potential of drone usage and the security dilemmas that will continue arise should they remain a significant option in a states' security calculi. Lastly, as technology rapidly advances and drones become wholly autonomous and "off the loop" in the form of "killer robots," the chapter examines the additional complexities that may arise in future security scenarios.

## The Rise of Drones

The use of drones in their varying forms has a lengthy history extending back to World War II; however, it was in the second half of the twentieth century that they became a regular feature in state incursions. (States having employed drones for military purposes during that period include the United States in the Vietnam War (1965–1975), the First Gulf War (1991), and the wars in Bosnia (1995) and Kosovo (1999), Israel in the Lebanon War (1982), and Iran in its war with Iraq (1980–1988).) While the initial inceptions of military drones were used principally for aerial reconnaissance, their applications progressively extended to areas such as communications systems relay, search and rescue, destruction of aggressive air defenses, and direct attacks against designated targets (US Department of Defense 2011, 46). Over the course of the last decade or so, the utility of armed drones has augmented exponentially, beginning with the Second Intifada in the Israeli-occupied areas (since 2000), continuing in the second Iraq War (2003–2011), and attaining its recent status in the context of the United States' war against Al-Qaeda and affiliate groups in Afghanistan, Pakistan, Yemen, and Somalia (since 2001), and against Islamic State of Iraq and Syria (ISIS) (since 2014).

The trajectory that the drone form of operation has obtained in comparison to other alternative means and methods of warfare is quite remarkable, particularly their systematic use for the targeting of preselected persons in the territory of other states. By 2012, the US Department of Defense was in possession of approximately 7000 drones (Stanford/NYU 2012, 8) that performed 20,000 missions per year, with a total of one million combat hours achieved already in 2010 (US Department of Defense 2011, 22). Additionally, it is estimated that between 2004 and 2012, drones operated by the CIA carried out approximately 350 attacks in Pakistan alone, killing somewhere in the vicinity of 2000 and 3000 individuals (European Union 2013, 7). The number of drone strikes in Pakistan reached the astonishing levels of 122 in 2010, although these have somewhat decreased (22 drone strikes in the year 2014) as the US administration broadened its strike to other theaters. The same period has seen as increasing number of drone strikes in Yemen, peaking at 47 in 2012, as well as a limited number in Somalia (New America Foundation 2015a, b).

Of course, with the amplification of drone use, predominantly under the Obama administration, there has also been an evolving division in the discourse pertaining to their legality, strategic utility, and proportionality. In particular, the continued use of drones by the United States in Afghanistan, Yemen, and the Federally Administered Tribal Areas (FATA) of Pakistan and in response to ISIS in Syria/Iraq has presented some moral implications (Strawser 2013, 9). One of the main concerns pertains to the practice known as "targeted killing," a tactic that should otherwise be referred to as an assassination as it is practically identical to an extrajudicial execution. The moral and legal debates deriving from this form of killing itself are extensive and remain markedly complex, particularly as theaters of conflict continue to become more asymmetrical and newer actors enter the scene – the evolving Syria/Iraq conflict being a case point. Notwithstanding their widespread use and moral questions surrounding the practice, however, the perceived efficiency of targeted killing via drone strikes has become evidently acceptable in the public domain in the United States. Indeed, despite the "association of drones and targeted killing [being] inseparable," their acceptance to a war weary and war wary America has evidently been embraced by the "popular imagination" (Strawser 2013, 12).

In the face of this apparent approval, often in the vicinity of 50–60%, there is sufficient evidence to indicate that the use of drones is exceedingly problematic, particularly in regard to their questionable accuracy on what can be termed appropriately as liable targets and non-liable people. While many advocates extol their precision, the targeting proficiencies of their use in many instances have actually yielded disproportionate "collateral harm" (i.e., unintended death) to civilians and noncombatants and, thereby, do not adequately conform with the rules of *jus in bello*. Not surprisingly, assessing the efficacy of the present use of drones remains contentious. The Obama

administration's *jus in bello* arguments, for instance, reflected this uncertainty in what has been termed the "drone myth" (Brunstetter and Braun 2011, 347) – that drones can actually lower the risk of civilian casualties "[b]y loiter[ing] and gather[ing] intelligence for long periods of time before a strike, coupled with the use of precision-guided munition" (General Assembly 2014, 7). The main problem here is that determining the accuracy is dependent on information supplemented by informants in the field, who may or may not be reliable sources of intelligence on the ground. In other words, "the strikes are only as accurate as the intelligence that goes into them" (Mayer 2009). Or, as Sarah Kreps and John Kaag state: "Some observers wrongly conflate increasingly sophisticated technology with increasingly sophisticated individual judgment" (Kreps and Kaag 2012, 2). Additionally, as noted by the UN Special Rapporteur Alston, these accuracy claims are "impossible for outsiders to verify" (Human Rights Council 2010). Simply put, the data that could be considered as the most applicable for evaluating the extent to which particular strikes or a policy of strikes is morally justifiable (i.e., the specifics of who is killed and whether such people were morally liable to be killed) is the type of data that is most lacking, uncertain, non-conclusive, or contradictory (Strawser 2013, 13).

Further criticism of drones pertains to the argument that remote control killing engenders a degree of asymmetry between actors in a conflict. Here, the conflict not only becomes a newer form of warfare but transcends a threshold that, while not discounting the method's acceptability in principle, spurs morally insuperable concerns in a real context. Some analysts claim that this asymmetry does not necessarily make drones inherently "bad," nor they argue, is asymmetry morally applicable if the killing is concise and most importantly, justified. However, there are concerns associated with the marked disparity in risk of harm between *the killed* and *the killer*, brought about by the operators of drones themselves who are not in physical proximity to the vulnerability of combat in which they partake. Philip Alston posits that drones represent a significant change in the conduct of warfare because they "mak[e] it easier to kill targets, with fewer risks to the targeting state" (Human Rights Council 2014). Similarly, Peter Singer argues that the remoteness of the person pulling the trigger may make the act of killing easier as it dehumanizes victims, impersonalizes the battle, and reduces personal accountability (Singer 2009).

In this regard, therefore, targeting actions are executed by people who are not, and never have been, even in close physical proximity to their targets and in most instances have no "real-life" experience of the war zones they only encounter on-screen (Warren and Bode 2014, 114). But while many maintain the view that drones make war more likely by making it "too easy," there is an emerging literature by scholars, such as Julian Savulescu and Zack Beauchamp, who see their use as potentially providing an actual net gain by permitting states to engage in humanitarian military intervention without the risk aversion and, thereby, removing the "threshold" objection against drone employment altogether (Galliott 2015).

## Drones, the Use-of-Force in Interventions and Incursions

As discussed in the above, the most common criticism pertaining to the proliferation of drones is the argument that in removing humans from the combat equation, the costs of going to war are reduced, and thereby, the instigation of war by states that possess drones will become more likely. While there is minimal evidence that the use of drones have actually lowered the threshold to war – any more than, say, cruise missiles or regular aircraft – it is plausible to argue that as the technology progresses and as drones increasingly take the place of humans in combat roles, this critique may gain traction. Notwithstanding this common viewpoint, a contrasting argument has suggested that lowering the threshold is *not* necessarily a bad thing and that drones have the potential to actually advance the practice of

humanitarian intervention, i.e., the use of military force to protect citizens from mass violence such as genocide or ethnic cleansing (Beauchamp and Savulescu 2013, 106). Much of this view stems from the fact that states have a poor track record in intervening in states when there was a very strong justification. While the most defining cases of genocide – Rwanda in 1994 and Darfur from 2003 to 2007 – were not met with international intervention (This cutoff point of 1990 is non-arbitrary because (1) 1990–2000 saw more humanitarian interventions than any other 10-year period in history and (2) modern understandings of humanitarian intervention have shifted considerably in the post-Cold War period. *See*, Martha Finnemore, *The Purpose of Humanitarian Intervention: Changing Beliefs about the Use of Force*, Ithaca, NY: Cornell University Press 2003.), there are persistent and contemporary conflicts involving extraordinary suffering that have also not resulted in intervention. Even in instances where intervention has taken place, mass atrocities have been allowed to go on for an extensive period of time (e.g., Kosovo and Timor-Leste, both in 1999). (Libya 2011 is a rare exceptive case where intervention was premised on the imminent risk of mass atrocities rather than evidence of ongoing atrocities. For evidence that views of the morality of intervention are shifting, see International Commission on Intervention and State Sovereignty (ICISS), The Responsibility to Protect, Ottawa: International Development Research Centre, 2001; Weiss 1995.)

The Obama administration's nonintervention in Syria is a further case in point. Over the course of the Syrian conflict, many commentators have supported intervention on humanitarian grounds in line with the emerging norm of the responsibility to protect (R2P). Although the Obama administration regularly declared that force should be used as a last option in Syria after "exhausting a host of other measures," (Rice 2013) it was only the revelation that Asaad had used chemical weapons on innocents that an intervention was seriously considered in the conflict that up until that point had seen 150,000 people perish. The humanitarian rationale for an intervention continued to be present well after the Obama administration decided to vie for political resolution in September/October 2013 (BBC News 2013). Neither the indiscriminate bombing of Aleppo by the Syrian regime in mid-December of the said year (Eddy and Cottrell 2014) nor any subsequent reports on grave human rights violations and crimes against humanity coming from Syria (Human Rights Council 2014) shifted the positions of both Democrats and Republicans. This raises questions about the subjectivity of intervention conditions, in particular Obama's so-called red line on chemical weapons (Kessler 2013). Moreover, because the United States would not endorse these unilateral use-of-force considerations if undertaken by other member states, it appeared as though it was supporting an exception to the rules applicable only to *itself* and *its* own vested interests.

Clearly, there is a disinclination on the part of industrialized democracies – the only states with the capacity to undertake a successful intervention – to risk their own soldiers for foreign lives. There are a myriad of reasons for this aversion, ranging from what is perceived to be the moral responsibilities to their own soldiers' and nation's interests, to the political inhibition posed by the predominance of differing beliefs among their respective domestic public or political factions (Beauchamp and Savulescu 2013, 109). If casualty aversion has been deemed to be a significant constraint, then by removing combat roles away from humans, drones may enable military decision-makers, generals, and policymakers to actually execute strategies gauged toward minimizing civilian deaths *rather* than being focused on averting their own casualties. So while drones significantly lower the threshold in going to war, it is argued by some proponents that their significance in reducing the need for humans in risky combat roles can, thereby, ameliorate the effect of casualty aversion in the consideration of intervention and mitigating genocide.

In other words, if drones can be effective enough in conflict that states are prepared to use them in lieu of humans, then they can be effectively deployed in humanitarian interventions and

enable the development of a strategy for protecting civilians with less impediments presented by the prospect of human casualties. UAVs, such as the Predator and Reaper, have illustrated their utility for humanitarian intervention in Libya (Beauchamp and Savulescu 2013, 119). In this regard, proponents argue that UAVs are able to differentiate between adversaries and noncombatants and can engage ground troops in ways that would be limited through the use of a manned aircraft. Additionally, surveillance drones can provide important advantages to peacekeepers in the context of information-gathering activities near populations at risk, identify potential arms smugglers and embargo breakers that could have thwarted their efforts, and provide overall situational awareness and therefore the capacity to respond promptly when people were at risk – evident in Chad in 2009 (Whetham 2015, 199–200). Likewise, in 2013, the UNSC granted the Department of Peacekeeping Operations (DPKO) permission to bring in surveillance drones to support the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) (Whetham 2015, 199–200). According to Colum Lynch, these drones were "equipped with infrared technology that could detect troops hidden beneath forest canopy or operating at night, allowing them to track movements of armed militias, assist patrols heading into hostile territory, and document atrocities" (Lynch 2013). While signifying to adversarial actors that they *can be seen wherever they are* cuts against standard surveillance practice (where the idea is generally to watch without the actor being aware), it does provide a form of deterrence insofar that if they can be seen, they can be caught, and they can also be killed (Whetham 2015, 199–200). (This may be part of the political calculation in the publicity surrounding the deployment of observation drones to the Ukraine by the Organisation for Security and Cooperation in Europe. See Jason Hovet and Jan Lopatka, "OSCE says will Use Drones for Ceasefire Monitoring in Ukraine," *Reuters*, 10 September 2014, available at, http://www.reuters.com/article/2014/09/10/usukraine-crisis-osce-idUSKBN0H50Q920140910.)

## Drone Proliferation

Despite some of the potential advantages of using technology in humanitarian interventions mentioned here, other broader security concerns have been raised pertaining to a potential arms race. While China's acquisition of drone technology has already engendered consternation in hawkish circles, other states have also entered debates in their own active push to acquire drones for military applications. On September 7, 2015, Pakistan officially became the world's ninth state to efficaciously develop its own unmanned combat aerial vehicle, used in an incursion against the Taliban in the northwestern tribal area near its border with Afghanistan. Aside from furthering Pakistan's advance against the Taliban, in which three militants perished, the drone strike pointed to a potential shift in the theater's equation, where the era of Washington's own drone actions within Pakistani sovereignty may be drawing to a close (Fazl-e-Haider 2015).

Moreover, the fleet of armed drones has emboldened the Pakistani states' military strength against both internal and external threats. Apart from the internal Taliban-led insurgency in its northwest, and a separatist insurgency in its southwest, Pakistan faces an external volatile situation on both its eastern border with India and its western border with war-torn Afghanistan. With both armed and unarmed UAVs, it can better monitor the security developments on its borders and undertake missions including intelligence gathering and target detection and destruction. Not surprisingly, any justification endorsing the use of drones will only be further complicated as states like Pakistan join the "drone club." It is already evident that Pakistan's participation has spurred a race in South Asia, with India recently amplifying the production of its own unmanned aerial vehicle development program, the Rustom-2. It has purportedly accelerated its work on weaponizing the Rustom-1 medium-altitude long-endurance UAV, which it tested in 2016. Additionally, New Delhi has reportedly endorsed the acquisition of ten armed UAVs from Israel Aerospace Industries under a $400 million deal (Fazl-e-Haider 2015).

In response to the burgeoning desire and real acquisitions of drones by an increasing number of states, Buchanan and Keohane have proposed the establishment of a drone accountability regime to ensure better compliance with the existing law and to prevent the rules being undermined through an apparent lack of accountability. For a plethora of reasons states have been disinclined to publicize the specific details of their actions when using lethal drones, "especially extraterritorially" (Whetham 2015, 204). However, this can understandably create the view that the rules are being contravened and the law ignored. Even if the action has been undertaken with the best of intentions and a justification based on a clear self-defense requirement in the face of an imminent threat, with the absence of a credible explanation, it might as well be considered an assassination or murder – there is no way for the rest of the world to tell the difference. Buchanan and Keohane's intention, therefore, is to build toward a position in which an impartial ombudsman can review the legal justification for an attack and has the right to hold actors to a standard in meeting their responsibilities. While conceived for a different context, such a regime, if expanded to cover observer missions of the type, might address many of the political problems with deploying drones to monitor and prevent human rights abuses in the case of an intervention (Whetham 2015, 204).

## The Precursor to New(er) and Evolving Technologies

Further complexities regarding the evolving role drone technology may play in international security are evident with the advent and continued emergence of lethal autonomous robotics. The reality is that existing armed unmanned aerial vehicles are clearly the precursors to what is termed as autonomous robotics; devices that can choose targets without further human intervention once they are programmed and activated. While this may appear somewhat exaggerated, the Pentagon is already planning for them, "envisioning a gradual reduction by 2036 of the degree of human control over such unmanned weapons and systems, until humans are completely out of the loop" (Garcia 2015). Referred to as "lethal autonomous robots" (LARs), "lethal autonomous weapons systems" (LAWS), and "fully autonomous weapons systems" (FAWS) (Wegmann 2014, 7–8), the former UN High Commissioner for Human Rights, Navi Pillay, has said that these "so-called 'killer robots' – autonomous weapons systems that can select and hit a target without human intervention – are no longer science fiction, but a reality" (Pilay 2013). Unlike drones, fully autonomous robots would make their own decisions and act independently from humans. The term "human out of the loop" (Melzer 2013, 6) has proven uncomfortable for both policymakers and analyst alike (Belarus 2014). While no one is exactly sure how these robots of the future will evolve, or what actions they might be able to perform, roboticists, soldiers, politicians, lawyers, and philosophers must ask some very complex and interdisciplinary questions regarding the future use of LAWS, particularly if considered to be a device used in a humanitarian context.

Notwithstanding the varying delineations in the discourse, it is evident that as such weapons continue to evolve *out of* present-day UAVs to the truly autonomous kind, debates relating to the morals and ethics of war fighting and interventions will increasingly become more complex (Strawser 2013, 16). Certainly, the advent and deployment of autonomous weapons systems that have the capacity to wield deadly force without the involvement of a human actor engenders a distinguishing set of ethical concerns. Some of these concerns pertain to the extent to which they may further lower the threshold for military action, the accountability for deaths produced by these devices, and the prospect that autonomous weapons could – as farfetched as this may sound now – turn against those who have designed them (Sparrow 2007, 62–77; Merchant 2011, 272–315; Sharkey 2008, 4–17; Asaro 2008, 50–64). An array of contemporary security theaters signify that such weapons will continue to play an increasingly important role in future conflicts, particularly given that many states in the context of the wars of choice rather than necessity are

concerned by casualty and subsequent political fallout. In this light, unmanned systems provide the scope in which states may conduct military campaigns and minimize the risk of their citizens perishing, e.g., by providing real-time video of the terrain they review, thereby allowing force to be used more accurately.

An additional appeal to states pertains to the economic aspect. Many militaries are under budgetary pressure and unmanned systems are viewed to be more cost efficient than those they replace. While these can be considered as the political merits of LAWS, there are a number of important military-strategic benefits (as mentioned in the above) that "greatly reduce the fog of war" in enabling strategic operations, accelerating the tempo of battle, and which subsequently places pressure on adversarial militaries to adapt to these systems and new forms of conflict (Adams 2001, 57–71; Sparrow 2013, 87). Overall, the prevailing view from proponents is that unmanned systems can actually help keep warfighters out of harm's way and thus enable decision-makers to embolden the strength of their forces, while fulfilling the responsibility to protect the lives of those under their command. It is this rationale that will see a "greatly increased role for unmanned systems in the future of the armed services" (Singer 2009; Sparrow 2013, 88). Of course, the almost revolutionary like advancement in new technologies – particularly as they become *truly* autonomous and "off the loop" – will pose immense quandaries in the context of future asymmetrical and ambiguous conflicts. While advancements are not yet at the stage where machines and robots are completely "off the loop" and make their own decisions on when and where to go to war, the current Iraq War 3.0 has multiple actors – the US, ISIS, Iran, and Iraqi government forces – who are using various forms of drones with some autonomous capabilities (Singer 2015).

## Conclusion

It is evident that "drones, for both civilian and military applications, are here to stay" (Kreps 2016, 1). In the military context, many states have observed the United States' usage of combat drones and have sought to add them to their own military suite. Indeed, the capacity to use force at no risk to a states' own troops while avoiding political and domestic criticism at home is clearly a tantalizing option, signified by the expanding proliferation of drones across many states. Russia has indicated that its creation of a combat UAV that will be ready to use in 2017/2018 is meant to "balance" the amplified usage of the United States in Afghanistan and Pakistan. As indicated above, there are a plethora of other states, Israel, India, China, Pakistan, Turkey, and United Arab Emirates, which are also trying to acquire – if they have not already – armed UAVs for military applications (Kreps 2016, 5–6). As the forerunner to lethal autonomous robotics (LAWS), concerns deriving from the expanding use of UAVs in the context of legalities, ethical procurement, privacy and data protection, transparency and informed consent, and collateral damage will continue to be subject to extensive debate, particularly in regard to the evolving and asymmetrical nature of conflict (D'Onofrio 2014).

As technology continues to expand and as the human role moves from being "in the loop" of the decision-making process (with such devices making all the key calls) to "on the loop" of the decision-making process (where the role pertains to overseeing operations rather than actually directing), complexities and debate will continue to arise as the human role moves ultimately to "out of the loop" (Gilman 2014). Additionally, as cyber-conflict, artificial intelligence, and software algorithms that increasingly make most of the decisions at digital speed continue to expand, the question of where this will fit in the context of current and future conflicts, humanitarian interventions, international law, and considerations regarding the further "dehumanization of death" remains problematic to say the least. The issue has already drawn the attention of the international community, underlined with three expert meetings on LAWS held by state parties of the Convention on Certain Conventional Weapons (CCW) at the UN office in Geneva in 2014 and 2015 (UN Mission to the UN 2014). While

international humanitarian law mandates that the use of force must be proportional and circumvent indiscriminate damage and killings, the use of "killer robots will be unable to adequately assess proportionality and precision," that is, where discerning decisions of proportionality of force are needed to evaluate "dynamic environments" and "require highly qualitative and subjective knowledge, just the things that robots could lack" (Garcia 2015). Given that international law is ill-equipped to deal with the myriad of advances in such weapons technology (by the time law is adjusted for one set of technologies, a new set emerges), the regulation of drones, let alone "killer robots" in the context of complex and evolving conflicts, will clearly remain an ongoing security challenge deep into the twenty-first century.

## References


Adams TK (2001) Future warfare and the decline of human decision-making. Parameters: US Army War College Quarterly, Winter: 57–71

Asaro P (2008) How just could a robot war be? In: Brey P, Briggle A, Waelbers K (eds) Current issues in computing and philosophy. IOS Press, Amsterdam, pp 50–64

BBC News (2013) Syria death toll rises above 100,000. 25 July. http://www.bbc.co.uk/news/world-middle-east-23455760

Beauchamp Z, Savulescu J (2013) Robot guardians: tele-operated combat vehicles in Humatarian military action. In: Strawser BJ (ed) Killing by remote control: the ethics of an unmanned military. Oxford University Press, Oxford

Belarus "CCW Closing Statement" (2014) UN Office at Geneva: 2014 meeting of states parties to CCW., 14 Nov. http://www.unog.ch/__80256ee600585943.nsf/(httpPages)/700bd7373a1fe2bcc12573cf005afc00?OpenDocument&ExpandSection=21

Brunstetter D, Braun M (2011) The implications of drones on the just war tradition. Ethics Int Aff 25(3):337–358

D'Onofrio A (2014) Drones 'R' us? Reflections on the use of UAVs in humanitarian interventions. International Rescue Committee. 4 Sept. http://www.rescue.org/blog/drones-r-us-reflections-use-uavs-humanitarian-interventions

Eddy M, Cottrell C (2014) Human rights watch criticizes inaction on Syria. The New York Times (21 Jan.) http://www.nytimes.com/2014/01/22/world/middleeast/rights-group-assails-inaction-on-syria.html

European Union, Directorate-General for External Policies of the Union (2013) Human rights implications of the usage of drones and unmanned robots in warfare. Brussels, http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/410220/EXPO-DROI_ET(2013)410220_EN.pdf

Fazl-e-Haider S (2015) Pakistan's own drones. Foreign Affairs, 4 Oct. https://www.foreignaffairs.com/articles/pakistan/2015-10-04/pakistans-own-drones

Finnemore M (2003) The purpose of humanitarian intervention: changing beliefs about the use of force. Cornell University Press, Ithaca

Galliott J (2015) Military robots: mapping the moral landscape. Ashgate, London

Garcia D (2015) The case against killer robots. Why the United States Should Ban Them. Foreign Affairs, 10 May, http://www.foreignaffairs.com/articles/141407/denise-garcia/the-case-against-killer-robots

Gilman D (2014) Unmanned aerial vehicles in humanitarian response. United Nations Office for the Coordination of Humanitarian Affairs (OCHA), Geneva, June., https://docs.unocha.org/sites/dms/Documents/Unmanned%20Aerial%20Vehicles%20in%20Humanitarian%20Response%20OCHA%20July%202014.pdf

Human Rights Council (2010) Report of the special rapporteur on extrajudicial, summary or arbitrary executions, Philip Alston. Addendum: Study on Targeted Killings. UN Document A/HRC/14/24/Add.6, 28 Mar. http://www2.ohchr.org/english/bodies/hrcouncil/docs/14session/A.HRC.14.24.Add6.pdf

Human Rights Council (2014) Report of the Independent International Commission of Inquiry on the Syrian Arab Republic. UN Document A/HRC/27/60, 13 Aug

Kessler G (2013) President Obama and the "Red Line" on. Syria's Chemical Weapons. The Washington Post. 6 Sept. http://www.washingtonpost.com/blogs/fact-checker/wp/2013/09/06/president-obama-and-the-red-line-on-syrias-chemical-weapons/

Kreps S (2016) Drones: what everyone needs to know. Oxford University Press, Oxford

Kreps S, Kaag J (2012) The use of unmanned aerial vehicles in contemporary conflict: a legal and ethical analysis. Polity 44(1):1–26

Latham A, Christensen J (2014) Historicizing the 'new wars': the case of Jihad in the early years of Islam. Eur J Int Rel 20(3):766–786

Lynch C (2013) U.N. wants to use drones for peacekeeping missions. The Washington Post. http://www.washingtonpost.com/world/national-security/un-seeks-drones-for-peacekeeping-missions/2013/01/08/39575660-599e-11e2-88d0-c4cf65c3ad15_story.html

Mayer J (2009) The predator war. The New Yorker (26 Oct.) http://www.newyorker.com/reporting/2009/10/26/091026fa_fact_mayer

Melzer N (2013) Human rights implications of the usage of drones and unmanned robots in warfare. EU Document EXPO/B/DROI/2012/12, Brussels: Directorate-General for External Policies of the Union, Directorate B, Policy Department, May

Merchant GE (2011) International governance of autonomous military robots. C Sci Technol Law Rev 12:272


G

Mundy J (2011) Deconstructing civil wars: beyond the new wars debate. Secur Dialogue 42(3):219–237
New America Foundation (2015a) Drone wars Pakistan: analysis. 12 Apr. http://securitydata.newamerica.net/drones/pakistan/analysis.html
New America Foundation (2015b) Drone wars Yemen: analysis. New America Foundation 22 Apr. http://securitydata.newamerica.net/drones/yemen/analysis.html
Pillay N (2013) A 20–20 human rights vision statement by the UN High Commissioner for Human Rights Navi Pillay for Human Rights Day. 10 May. http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=14074
Rice SE (2013) Remarks as delivered by National Security Advisor. 9 Sept. http://www.whitehouse.gov/the-press-office/2013/09/09/remarks-prepared-delivery-national-security-advisor-susan-e-rice
Sharkey N (2008) Cassandra or false prophet of doom: AI robots and war. IEEE Intell Syst 23(4):4–17
Singer PW (2009) Wired for war: the robotics revolution and conflict in the 21st century. Penguin Books, New York
Singer PW (2010a) The ethics of killer applications: why is it so hard to talk about morality when it comes to new military technology? J Mil Ethics 9(4):299–312
Singer P (2010b) The ethics of 'killer apps. J Mil Ethics 9(4):314–327
Singer PW (2015) The future of war will be r. CNN News, 23 Feb. http://edition.cnn.com/2015/02/23/opinion/singer-future-of-war-robotic/index.html
Sparrow R (2007) Killer robots. J Appl Philos 24(1):62–77
Sparrow R (2013) War without virtue. In: Strawser BJ (ed) Killing by remote control : the ethics of an unmanned military. Oxford University Press, Oxford, p 2013
Stanford Law School (International Human Rights and Conflict Resolution Clinic) and NYU School of Law (Global Justice Clinic) (2012) Living under drones: death, injury, and trauma to civilians from US Drone Practices in Pakistan
Strawser BJ (2013) Introduction: the moral landscape of unmanned weapons. In: Strawser BJ (ed) Killing by remote control: the ethics of an unmanned military. Oxford University Press, Oxford
U.S Mission to the UN (2014) U.S. delegation opening statement at CCW informal experts meeting on lethal autonomous weapons systems, Geneva. https://geneva.usmission.gov/2014/05/13/u-s-delegation-opening-statement-at-ccw-informal-experts-meeting-on-lethal-autonomous-weapons-systems/
UN General Assembly (2014) Report of the special rapporteur on the Promotion and Protection of Human Rights and Fundamental Freedoms While Countering Terrorism, UN Document A/68/389
US Department of Defense (DOD) (2011) The unmanned systems integrated roadmap FY2011–2036. Department of Defense, Washington, DC. available at: http://www.acq.osd.mil/sts/docs/Unmanned%20Systems%20Integrated%20Roadmap%20FY2011-2036.pdf
Warren A, Bode I (2014) Governing the use-of-force in international relations: the post 9/11 US challenge on international law. Palgrave Macmillan, London
Wegmann F (2014) Autonomie unbemannter Waffensysteme. Das CCW-Expertentreffen zum Thema "Lethal Autonomous Weapons Systems" und der gegenwärtige Stand der Technik, IFAR Working Paper, Hamburg: Institute for Peace Research and Security Policy at the University of Hamburg, 7–8 June
Weiss TG (1995) Overcoming the Somalia syndrome-operation rekindle hope? Glob Gov 1:289–298
Whetham D (2015) Legal and ethical implications of drone warfare. Int J Hum Rights 19(2):105–126

# Goal-Setting Theory of Organizations

Randall S. Davis
Southern Illinois University, Carbondale, IL, USA

## Synonyms

Goal ambiguity; Goal conflict; Goal multiplicity; Role ambiguity

## Definition

Goal-setting theory, as applied to organizations, is a theory of human motivation that explains how and why individual work performance increases when organizations establish specific and challenging goals valued by employees.

## Introduction

Goal-setting theory, originally formulated by Locke and Latham (1990), draws from research across a wide range of disciplines to explain how and why individuals are motivated to achieve goals. In goal-setting theory, the term goal refers to an object that directs action, and each goal is comprised of content and intensity (Locke and

Latham 2013). Goal content is defined as the result one seeks to achieve. Goal intensity, on the other hand, "refers to the effort needed to set a goal, the position of a goal in an individual's goal hierarchy, and the extent to which a person is committed to goal attainment" (Locke and Latham 2013, p. 5). Additionally, the locus of generation changes across goals. The distinction between self-set, participatively established, and assigned goals acknowledges variation in the location of goal generation (Locke and Latham 2013). Self-set goals refer to an object that directs action imposed by an individual on oneself, participative goals refer to an object that directs action established through collaboration between the individual responsible for goal attainment and other interested stakeholders, and assigned goals are objects that direct action externally imposed on the individual responsible for attainment in the absence of consultation regarding demands. Although these concepts apply across a range of circumstances, a goal-setting theory of organizations employs the basic tenets of the theory in two ways. First, some research focuses on cultivating a better understanding of how the relationship between employee and organization influences work attitudes. Second, research examines how an organization can leverage goals to elevate individual performance. Given the importance of goal-setting theory for employee and organizational performance, the remainder of this entry proceeds in two steps. First it describes the psychological processes through which goals motivate employees and the individual-level outcomes of goal setting. Second, it describes the application of goal-setting theory in public administration literature.

## Outcomes of Goal Setting for Individuals and Organizations

Organizational behavior research consistently illustrates that specific, challenging goals enhance job performance and the psychological well-being of employees (Locke and Latham 1990). The motivating potential of goals stems from three interconnected assertions. First, clear goals send signals to employees regarding what an organization demands of them as well as the organization's strategic orientation. These features provide a mechanism through which employees can direct effort to appropriate activities and appraise work effort in relation to organizational expectations (Locke and Latham 1990, 2013). Second, increased self-efficacy, or one's belief that they have the capacity to succeed, influences one's commitment toward goal attainment due to the enhanced expectation by employees that they can achieve goal-related tasks (Bandura 1997). Employees exhibit favorable emotional responses when they achieve established goals and display negative emotions when they fail to meet goals (Locke and Latham 1990). As such, self-efficacy influences one's drive to pursue goal demands because the effort one expends is contingent upon their belief that effort will lead to goal achievement. Third, clear goals foster employee persistence, where persistence refers to the time an individual is willing to expend in attempt to achieve a goal (Locke and Latham 2002). The persistence one invests toward achieving goals stems from the extent to which the expectations embedded in the goal are clear and precise. Ambiguous goals are less able to encourage persistence because the individual cannot determine whether their effort is directed at an appropriate object. The ability of clear, challenging goals to enhance employee motivation and performance has encouraged organizations, public and private, to implement several reforms (e.g., performance measurement and strategic planning) designed to clarify goals for employees.

Perhaps the most important outcome of goal setting for individuals and organizations is heightened levels of employee performance (Locke and Latham 1990). Research consistently illustrates that clear, challenging goals encourage employees to exhibit higher performance as compared to vague, "do-your-best" goals. As illustrated above vague or ambiguous goals are less able to enhance performance because they do not direct the attention and action of an employee to an objective performance expectation. Performance becomes highly subjective when goals lack a specific behavior referent, which compromises the

ability of the individual to understand task expectations. However, in addition to the direct influence of specific, challenging goals on performance, goals also indirectly influence performance through a host of intervening variables.

First, the effects of unclear goals spill over into employee roles, leading to heightened role ambiguity for the employee. Role ambiguity refers to a circumstance where employees lack the information necessary to appropriately fulfill work roles (Rizzo et al. 1970). Heightened role ambiguity subsequently reduces self-efficacy, or the employee's belief that they can achieve the expectations set forward by the organization, which reduces motivation to pursue goal expectations. Importantly, increased role ambiguity damages performance directly, but it also represents a form of occupational stress with deleterious physical and emotional side effects. First, research indicates that role ambiguity increases chances of physical illness, which results in increased turnover and work absence (Rizzo et al. 1970). Second, role ambiguity exacts an emotional toll on employees in the form of increased anxiety, depression, and fear (Kahn et al. 1964). Both the physical and psychological effects of role ambiguity undermine the ability of an employee to perform.

Second, employees exhibit an emotional response in reference to goals. When individuals successfully meet goal expectations, they exhibit favorable emotions, whereas when individuals fail to achieve tasks set forth in goals, negative emotions result (Locke and Latham 1990). Job satisfaction represents one of the primary favorable emotions that result from goal attainment. Job satisfaction is defined as an emotional response to work that occurs when an individual appraises their action in relation to some work-related value standard (Locke 1969). Since goals serve as a value standard upon which employees appraise their effort (Locke and Latham 2013), the emotional satisfaction one experiences during goal attainment arises because one appraises their action as facilitative of achieving preferred values. Although some debate the importance of job satisfaction as a predictor of performance, evidence suggests that increases in satisfaction lead to moderate performance gains.

Finally, the strength of the relationship between setting clear, challenging goals and physical, emotional, and performance benefits is conditioned on a host of moderating variables. One's ability to perform a task, the performance feedback they receive, their commitment to the goal, resource constraints experienced, complexity of the task, and personality traits of the individual all influence the ability of challenging specific goals to influence performance (Locke and Latham 1990, 2013). While the theoretical explanations regarding how each of these moderators influences performance vary across scholars, each hinges on the notion that the individual responsible for goal attainment must possess two pieces of information:

1. The individual must be provided with the information necessary to know that they have completed task expectations to the satisfaction of the organization (e.g., through feedback).
2. The individual must possess the personal attributes (e.g., personality traits and goal commitment) and the means (e.g., ability and external resources) required to achieve the tasks set forward in the goal.

When one possesses necessary informational, personal, and organizational resources, establishing clear, challenging goals will foster favorable psychological responses to work and increased performance. Alternatively, the absence of these resources dampens the effect of clear goals on performance and performance-related variables. Given these basic tenets, public administration research regularly seeks to adapt goal-setting theory to understand the complex interaction between public organizations, their political environment, and employee performance.

## Goal-Setting Theory in Public Administration

In public administration, research that employs goal-setting theory is somewhat more limited as compared to research examining goals in the

broader field of organizational behavior. While the basic theoretical assumptions of goal-setting theory apply equally to public and private organizations, researchers in the public administration tradition often employ goal-setting theory to examine the importance of the relative clarity or ambiguity of assigned goals for individuals in public organizations (Chun and Rainey 2005a, b). Indeed, one of the most common, although contested, assertions in public administration is that the political environment encourages goals that are more numerous, conflicting, and vague as compared to private organizations. The limited focus of public administration scholarship on the relative ambiguity of assigned goals stems from two interrelated factors: the "wicked" or complex nature of public problems and the salience of the political environment for public organizations.

First, the overarching goals public organizations seek to meet address public policy problems are "wicked," defined as highly technical and complex with multiple plausible solutions, few of which are clearly correct or incorrect (Head 2008). Unfortunately, goal clarity evades organizations responsible for resolving wicked problems because those responsible for setting goals possess little certainty that a given organizational action will result in meaningful progress toward problem resolution. In the face of intractable problems, public organizations are forced to embrace ambiguity because society expects government organization to work toward solving complex problems.

Second, the overarching goals public organizations must meet are defined in the form of policy expectations established external to the organization by elected officials. The observation that the primary goals of public organizations emanate from the political environment suggests that most of the goals public organizations are expected to meet are established externally. Ultimately, this leads to the more narrow focus in public administration on externally established or assigned goals. Additionally, public administration scholars often attribute goal complexity and ambiguity to the politically assigned goals of public organizations. The policy goals imposed on public organizations by elected officials often lack the clarity necessary for facilitating organizational performance because the elected institutions of government have become increasingly unable to meaningfully debate and resolve the most pressing policy issues society faces (Meier 1997; Wildavsky 1988). As such, the conflicting interests present in increasingly contentious political environments contribute to fundamental disagreements between elected officials that prohibit elected officials from articulating and communicating definitive implementation goals to public organizations.



## Conclusion

Goal-setting theory applies to a broad range of contexts, and empirical research consistently indicates the utility of goal-setting theory for understanding human motivation. When applied to organizations, goal-setting theory specifically focuses on the favorable employment outcomes associated with clear, challenging goals that employees value. In the context of public administration, however, much of what we know about goals and goal setting is associated with the concept of goal ambiguity. The assumption within the public administration literature on goals is that complexity and contention in the political environment lead to vague, conflicting, and numerous goals. Unfortunately, political complexity undermines the ability of public organizations to leverage the characteristics of goals to motivate employees. While research certainly suggests that public managers do possess the capacity to clarify goals for public employees, examining the political context of public organizations accounts for the wider array of contingencies that shape the goals of public organizations. To the extent politics complicates the goal-setting process for public organizations, it is important to understand the mechanisms through which managers can clarify goals for public employees.

## Cross-References

► Expectancy Theory in Organizations
► Motivation-Based Theories of Organization

▶ Organizational Citizenship Behavior
▶ Organizational Turnover
▶ Performance Management and Culture
▶ Social Psychology of Organizations

## References

Bandura A (1997) Self-efficacy: the exercise of control. Freeman, New York
Chun YH, Rainey HG (2005a) Goal ambiguity and organizational performance in U.S. federal agencies. J Public Adm Res Theory 15(4):529–557. https://doi.org/10.1093/jopart/mui030
Chun YH, Rainey HG (2005b) Goal ambiguity in US federal agencies. J Public Adm Res Theory 15(1):1–30
Head BW (2008) Wicked problems in public policy. Public Policy 3(2):101–118
Kahn RL, Wolfe DM, Quinn RP, Snoek JD, Rosenthal RA (1964) Organizational stress: studies in role conflict and ambiguity. Wiley, New York
Locke EA (1969) What is job satisfaction? Organ Behav Hum Perform 4(4):309–336
Locke EA, Latham GP (1990) A theory of goal setting & task performance. Prentice-Hall, Englewood Cliffs
Locke EA, Latham GP (2002) Building a practically useful theory of goal setting and task motivation: a 35-year odyssey. Am Psychol 57(9):705
Locke EA, Latham GP (2013) Goal setting theory, 1990. In: Locke EA, Latham GP (eds) New developments in goal setting and task performance. Routledge, New York, pp 3–15
Meier KJ (1997) Bureaucracy and democracy: the case for more bureaucracy and less democracy. Public Adm Rev 57:193–199
Rizzo JR, House RJ, Lirtzman SI (1970) Role conflict and ambiguity in complex organizations. Adm Sci Q 15: 150–163
Wildavsky A (1988) Ubiquitous anomie: public service in an era of ideological dissensus. Public Adm Rev 49: 753–755

# God, Science, and Organizations

Heidi O. Koenig
Department of Public Administration, Northern Illinois University, DeKalb, IL, USA

## Synonyms

Organizations; Scientific reasoning; Spirituality

## Definition

God: The one spiritual force behind a single religious tradition. The defining factor of this concept is that it is universally recognized with that faith community as the foundational representation of spirit.

Science: Knowledge gained using a specific type of analytical questioning. Science is both the process of gaining knowledge with the overarching, agreed-upon goal of rigorous investigation and the useful knowledge that is produced following the use of the agreed-upon method.

Organizations: Societally acknowledged entities, designed and crafted to fulfill one or more purposes for the individuals involved in the construction of the organization.

## Introduction

Our simplest understanding of the words "God" and "science" are provided by the definitions to this chapter. By placing each of these concepts in the parameters of how tradition has allowed us to incorporate them, we are able to clarify for ourselves the very nature of the concept. What does "God" mean without a faith tradition? And what is "science" without the underlying concept of having the ability to develop knowledge? At times our thinking is reduced to the dichotomous "faith" and "scientifically proven." This can easily become a mere dialectic – are you a man of science or a man of God? Do you believe in what you know to exist or do you believe in those things unseen? In this light, the existence of one precludes the other – either you believe in God or in science. It is also possible to see that both may exist. We are able to accept the existence of each when we recognize different realms of knowledge. As long as the limits of the realm are kept, there is no problem. Barbour identifies these categories (2000), and they have become the dominant structure for examining the way the relationship occurs. A different position is taken when asserting that we should understand the concepts through dialogue about the existence of God and science and the idea that it is possible to integrate our understanding of God and science into a

single explanation of the world. Integration is not often proposed by scholars as the metaphysics of this process is too great. Instead, many people thinking and writing about the God/Science interaction adopt the perspective of dialogue.

It is preferable that rather than resting on positions that highlight the dichotomy, we need to find a new way of seeing relationships. If we are to find relationships, it is important we move forward to several points of where God and Science can come to a shared space to inform public action. Barbour (2000) recommends approaching this relationship from the perspective of a dialogue. We won't be able to reconcile all concepts within both traditions, but we should be able to identify points at which God and Science inform each other. His writings assert the need for dialogue between areas in the physical sciences and God. Still, Barbour's work provides an interesting starting point for the discussion of the ways we may see how God and Science relate to each other, at times using the organization as a place for the dialogue to take place.

We have studied organizations since the inception of the discipline of public administration. Three philosophical eras will be used to examine the God, Science, and organization relationship. The first of these is writings from classical public administration. The second setting for these questions is new public administration. The third setting is new public service and some examples from the literature that marks that system of thinking.

This chapter identifies public administration's perspective on the questions of God and Science as an underlying argument involving the acceptance of science as the basis for all public administrative action. Our willingness to adopt the position of conflict, independence, and dialogue about the "God vs. science" relationship is carried out in how we structure our organizations and use those organizations achieve public purposes.

## The Classical Period: The Rise of Science

Public administration, acknowledged as an area during the early twentieth century, was clearly identified as "not politics." With the rise of progressivism, public administrators found a ready path toward scientific logic in taking action – it was possible to view the good that was expected to occur by looking at systematic methods of attaining those results. Right from the beginning of modern public administration, we have been oriented toward adopting a science-driven understanding of the world (Nelson 1998). The individuals who guided the ideals of the progressive movement into public administration did so understanding that the underlying promise of progressivism led away from personal expressions of power and relationships and focused toward the benefits of government action that had been removed from individual influence.

The writings of the field's earliest contributors focused on the details of administration. Leonard White, in *Introduction to the Study of Public Administration* (1926), began with the assumption that "administration is still primarily an art but attaches importance to the significant tendency to transform it into a science" (pp. vi–vii). Perhaps it is not surprising that the earliest writings in the field are vacant in reference to the existence of God and of religious or spiritual forces in the processes of the administration of public goods and services. White's reference to public administration as an art is a sign that administration could be viewed as something unique created by the individual, an indication of a spiritual force. Indeed, there is little said about the role of God in the workings of public administration and by moving so quickly to a position emphasizing science it would appear this area of thought was not developed. Careful consideration of the God vs. science tension could only have occurred prior to much of the writing in the area of public administration, particularly as the discipline had joined into the popular scientific management movement. Apparently, confirming the importance of public administration as a systematic way of accomplishing a particular end took away all impetus to discovering different attributes of the motivation to engage in this type of public activity. In this light, Simon's (1945) critique of the scientific management movement was not a point of redirection but instead was the next step in moving the discipline of public administration toward a true statement of scientific

principles. Although Simon and the other scholars who adopt a behaviorist approach do not develop a challenge the belief in God, their writings indicate that the realm of public action is governed completely by scientific principles. At this point in public administration, God and science are independent from one another. Indeed, the literature doesn't refer to God. For all intents and purposes, God may not even exist, much less be a bone of contention.

Our organizations have been created and replicated to ensure the ideals that the public administrator is part of a process that requires the use of science to ensure equivalent treatment of all individuals who come into contact with the organization. The influence of progressivism, adoption of the logic of scientific management, critique of the use of scientific management, and rise of modern behaviorism are all part of the process of discovering the best way to provide services through the use of public organizations. The phenomenon is self-reinforcing. Without those structures, it wouldn't be possible to do the work of the public administrator, and it is through the creation of structures that rest on the philosophy of differentiation of the individual and the provision of services that public administration is possible.

This is a cycle anticipated by Polkinghorne (2011) when he notes that science without an external frame of reference engages in the process of acting as a manner of science without creating knowledge. Polkinghorne's writings focus on the natural sciences but apply here as well. When public administrative organizations are created to facilitate action that relies on the success or failure of organizations similarly created through science, we find ourselves in a cycle we cannot escape through our organizations.

## The New Public Administration Challenge: Opening Public Administration to Dialogue

The new public administration (NPA) movement purposefully offers the opportunity to build discussions on the rule of science in the public sector. The structure of the "values" of NPA – responsiveness, decision-making processes that include workers and citizens, social equity, citizen power with regard to the bureaucracy, and administrative responsibility – (Frederickson 1980) creates an opening where dialogue about God and science might occur.

The work of Dwight Waldo, H. George Frederickson, and Frank Marini documents the beginnings of NPA, and their work is still the focus of much of the literature utilizing a new public administration. Frederickson, comparing new public administration and new public management, notes that the rise of NPA was based on the need to have organizations that respond to the environment of public action (Frederickson 1996). He argues that "new public administration calls for shifting the emphasis from managing the insides of an organization to managing boundary relations with citizens, other government agencies, interest groups, and elected executives and legislators" (Frederickson 1996, p. 267). These changes would require change in the structure of public organizations to allow the different relationships between public administrators and citizens. The organizations were not to be demolished but were instead reoriented in a way that services could be provided in an effective manner to those who needed them rather than a way that was predetermined by the history of the organization. This change in the role of organizations is one of the most significant differences between classical public administration and new public administration.

The challenges posed by NPA have led to a wide variety of literatures that emphasize the "other" as part of the administrative process. Literature on including benevolence as part of the decision-making process (Gawthrop 1997; Frederickson 2002) and the rise of social equity literature (Wooldridge and Gooden 2009) are instances when the public administrator considers the interests of the citizen or service recipient.

New public administration fits as a change that Polkinghorne (2011) would acknowledge as a portion of public administration moving toward an external framework. In the classical (behaviorist) era of public administration, organizations are created to fill a need and the need then becomes the definition of the organization. New public administration's challenge to the traditional

organization structure relies on the recognition of values outside the ones already used in creating those structures. The organization has to change to satisfy the needs of the people outside the boundaries of the organization.

## New Public Service: Dialogue?

The new public management movement followed the new public administration movement in the United States. New public management is, in many ways, a return to Simon's challenge to classical public administration. While Simon challenged the models generated from scientific management, new public management challenges the models of bureaucratic action that existed at the end of the classical public administration. Osborne and Gaebler's (1992) concepts that led to the development of new public management defines the public administrator as an entrepreneur rather than waiting for the organization to determine a course of action. Economic thought guides new public management, although the study of the practice is scientific in nature. Rather than building a different base for action following the critique of classical public administration, new public management returns to business models for guidance. New public management was similar to the scientific management movement in public administration during the early twentieth century, except rather than adopting the business techniques into public administration, new public management espoused the practices and values of business as appropriate to run public organizations.

At the same time new public management was gaining strength, other scholars began to examine public administration from disciplines outside the traditional organizational models. Denhardt and Denhardt (2000) note that this process was many faceted and resulted in the recognition that "because we depend on one another in the postmodern world, governance must be based on sincere and open discourse among all parties, including citizens and administrators" (p. 553). This is the point at which the dialogue about God and science can occur because the organizational structure is created that will allow multiple views to be expressed and considered sincerely. The perspective is embedded in the new public service movement.

New public service is the model that brings together new public administration and current management models. The argument that new public service makes is that we have to restructure our thoughts and our organizations to make sure that public administrators are responsive to citizens' needs and at the same time are accountable for decisions administrators make. The normative model contained in Denhardt and Denhardt's book is an argument that responds to the classical model of public administration and the new public management model (Denhardt and Denhardt 2011). In the book they argue that public administrators need to be able to identify and address problems and that citizens must be part of that process. The argument is profound in its simplicity. It opens the question: what is "new" about current public service models and how do we incorporate information and practices from public administration and other disciplines so that we can have a discussion? The topics of discussion range from questions of the impact of the use of networks in public organizations (Weber and Khademian 2008) to ways to build rates of participation to solve problems that occur at the level of the community (Lasker and Weiss 2003) to the potential for impact of democracy as the new public service is layered onto existing models of government processes (Perry 2007).

Beginning a dialogue about God and science in public administration can only take place under a model that accommodates multiple voices without forcing public administration to favor one about another and acknowledging that organizations may exist as the setting where the needs identified by the different parties are discussed. It is possible new public service can be that the framework required to allow discussions necessary to the opening dialogue about God, science, and organizations.

## Conclusion

Organizations provide structure. We rely on them to accomplish agreed-upon goals and at times to

identify the goals needed. During different periods in public administration organizations have taken on different roles. During three models of public administrative thought (classical, new public administration, new public service), the way organizations are used by public administrators reflect the ways in which we think about science and at times God. Models that challenge what organizations exist and how those organizations affect the work of the public administrator provide us the opportunity to reflect on what we know and how do we know it. Organization change may broaden our ability to incorporate diverse voices and identify new intersections between public administration and other fields of study. Currently, the new public service model provides public administration with the broadest coherent framework through which to engage these diverse voices in an effort to achieve a broader understanding of the work of the public sector.

This chapter began with a discussion of God, science, and how they relate to one another. Different ways of understanding that relationship include conflict, independence, dialogue, and integration. Conflict and independence rely on complete separation of the concepts of God and science – conflict requiring an individual dominance understanding and independence requiring recognition that both may exist although not in the same realm of knowledge. Integration is a metaphysical challenge and is beyond this research. Dialogue is necessary to develop our understanding of the relationship between science and God. In public administration, our dialogue occurs in organizations and broadening our understanding through that dialogue is found in addressing the challenges we pose to those organizations.

## Cross-References

► Leading Organizational Change

## References

Barbour IG (2000) When science meets religion: enemies, strangers or partners? Harper San Francisco, San Francisco

Dehhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Denhardt JV, Denhardt RB (2011) The new public service: serving, not steering. M.E. Sharpe, Armonk

Frederickson HG (1980) New public administration. University of Alabama Press, Tuscaloosa

Frederickson HG (1996) Comparing the reinventing government movement with the new public administration. Public Adm Rev 56(3):263–270

Frederickson HG (2002) Confucius and the moral basis of bureaucracy. Adm Soc 33(6):610–628

Gawthrop LC (1997) Minnowbrook: the search for a new reality. Int J Public Adm 20(4–5):837–855

Lasker RD, Weiss ES (2003) Broadening participation in community problem solving: a multidisciplinary model to support collaborative practice and research. J Urban Health 80(1):14–47

Nelson RH (1998) Rethinking scientific management, Discussion Paper 99-07. Resources for the Future, Washington, DC

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming government. Adison Wesley Public Company, Reading

Perry JL (2007) Democracy and the new public service. Am Rev Public Adm 37(1):3–16

Polkinghorne J (2011) Science and religion in the quest for truth. Yale University Press, New Haven

Simon H (1945) Administrative behavior. McMillan, New York

Weber EP, Khademian AM (2008) Wicked problems, knowledge challenges, and collaborative capacity builders in network settings. Public Adm Rev 68(2): 334–349

White L (1926) An introduction to the study of public administration. Macmillan Company, New York

Wooldridge B, Gooden S (2009) The epic of social equity: evolution, essence, and emergence. Adm Theor Praxis 31(2):222–234

# Going from Government to Governance

Christian Lo
Faculty of Social Sciences, Nord University, Bodø, Norway

## Synonyms

Governing without government; Transformation thesis

## Definition

*Going from government to governance* describes a shift in the processes of public decision-making and the governing of society and economy. In this context, *government* refers to the hierarchal regime characterizing traditional visions of the unitary state. *Governance*, meanwhile, points to multilayered points of policy-making involving a plurality of public and private actors.

## Introduction

The phrase *going from government to governance* describes a shift within public management where networked forms of *governance* are claimed to be replacing traditional hierarchical modes of *government*. Known also as the *transformation thesis*, this notion of a general transformation in public management in the western world is a both central and contested issue in the network governance literature (see particularly Osborne 2010; Rhodes 1997; Sørensen and Torfing 2007).

While the content and application of the term "governance" varies in the literature, the notion of a transition from *government* to *governance* generally conflates *governance* with the concept of *network governance*, here understood as pluricentric forms of governing processes contrasted to multicentric forms (i.e., the market) and hierarchical forms (*government,* e.g., the state) (Kersbergen and Waarden 2004). As such, network governance is understood as a *mode of coordination* regulating the patterns of negotiated interaction between a plurality of public, semi-public, and private actors in the production of public policy (Sørensen and Torfing 2007). Within governance theory the term *network governance* is widely used to describe collaborative relations both between different public actors and between public and private actors. In this chapter, the concept of network governance is applied broadly to encompass related terms applied in the network governance literature, including "the new public governance" (Osborne 2010) and "interactive governance" (Torfing et al. 2012).

This chapter begins with a brief outline of the basic premises informing the notion of a transformation from *government* to *governance* in early – often labeled *first wave* – governance theory. This claim of a general transformation has been subjected to substantial critique in more recent governance theory, which is also presented this chapter. One central strain of such critique questions the novelty of network governance and argues that the post-traditional claims underpinning the transformation thesis lead to a troublesome normative and deterministic bias toward network governance in the literature. A second central strain of critique addresses the suggestion that governance is simply *replacing* government and argues that this suggestion leads to the erroneous conclusion that the role of the state is diminishing. To avoid the latter conclusion, a *second wave* of governance theory, discussed in the second part of this chapter, has reintroduced the state by formulating an alternative model of transformation where the state has a continued hand in governance through engaging in *meta-governance*. In this part of the chapter, attention is also given to some seminal perspectives attempting to diversify and advance governance theory beyond the single account of going from *government* to *governance*. The final section of the chapter summarizes the analytical implications of the academic debate about the transformation thesis.

## State of the Art

Most of the early literature and theory on governance networks has been developed in relation to the British political context of increased public-private cooperation during the neoliberal doctrines of governing brought on by Thatcherism since the late 1970s and also in the comprehension of the collaborative form of interstate relationships within the European Union. In this literature, the employment of network-based steering forms, *network governance*, is understood as a response to this increased complexity in power relations and management systems, causing a general shift within western public management

toward networked forms of *governance*. This shift is frequently described as a three-stepped evolution in governing regimes, where new public management (NPM) is understood as an intermediate phase between traditional hierarchical government and the emerging emphasis on network governance (see particularly Osborne 2010).

In sociological terms, the understanding of a shift from government toward networked governance can generally be related to Anthony Giddens's and Ulrich Beck's theories of post-traditional society and reflexive modernity and particularly to Giddens's (1994) descriptions of the diminishing role of the state and Beck's (1992) rise of the risk-based society. These can both be understood as preconditions of public decision-makers surrendering hierarchical government in favor of inclusive network governance as steering tools.

Simplified, it can be argued that in post-traditional society, where individualization and common notions of risk have caused a breakdown of old traditions and cleavages, reflexive modes of steering have not only become possible but also necessary, in steering a state undermined by individualization from below and globalization from above. Flexible modes of steering through trust-based networks and working "with the grain" of market forces have therefore become government's response to steering a public sector – also further fragmented throughout the 1980s and 1990s doctrines of NPM – deemed ungovernable through traditional means (see discussion in Davies 2011). The emergence of network governance thus becomes an expression of a post-traditional and reflexive condition, free from the ossified hierarchical structures associated with traditional government. Within early governance theory, the ideas of the diminishing state along with emergent network steering have been particularly echoed in the influential notions of the "hollow state" (Milward and Provan 2000) and the developing condition of "governing without government" (Rhodes 1997).

The question of whether the notion of network governance represents a qualitatively new approach to public management is met with a certain ambiguity in the literature. Particularly in early, *first wave*, network governance theory, idiomatic phrases emphasizing the novelty of "new" and "emergent" governance arrangements were frequent (e.g., Agranoff and McGuire 2001; Kersbergen and Waarden 2004; Rhodes 1997). As critical voices have later objected, the novelty of present-day governance practices might, however, hinge on a distortion of the past: Governance networks is by no means a new phenomenon, and the interdependence between governmental and nongovernmental actors can be considered axiomatic to any governing system (Davies 2011; Bevir and Rhodes 2010; Sørensen and Torfing 2007).

Most theorists do, however, agree that there has been a change in how networked forms of governance are perceived and understood. While the hand of private interests in public policy decisions, in particular, has previously been viewed with suspicion, networked modes of policy-making involving both private and public actors have increasingly become perceived as both legitimate and effective ways of governing – endorsed by both central decision-makers and academics (Torfing et al. 2012). In his critical analysis of the network governance literature, Jonathan Davies (2011) argues that what is new is the ideological celebration of networks that, from a neo-Marxist viewpoint, can be interpreted as an integral part of a neoliberal hegemonic project. Davies, in his analysis, attributes network theorists themselves a significant role in the emerging emphasis on network governance, arguing that the celebration of networks has become orthodoxy in a dialectic relationship between academic and political discourses.

Through the transformation thesis, governance theory has tended to portray hierarchical *government* as an obsolete form of governing, incapable of managing the complexity of modern society. The emergence of *networked governance* thus becomes both a product of the diminishing *government* and an axiomatic solution for governing the complexity of modern society, providing

*governance* with both normative and deterministic flavors. By accepting the premises of the transformation thesis without exploring its empirical relevance, governance theorists, according to Davies (2011), conform not only to a bias toward networks but also to a bias in how networked interactions are interpreted. As noted by other theorists (see, e.g., Torfing et al. 2012), many of the somewhat exaggerated promises ascribed to network governance in the literature are simple inversions of the problems associated with traditional forms of hierarchical government. In particular, Davies (2011, see also Davies and Spicer 2015) points to how the general understanding of governance networks as egalitarian game-like interactions, rooted in trust and enacted by reflexive participants, seldom seems to comply with empirical realities. Rather, networks can function as vehicles of hegemonic power, reproducing, or even concealing, the hierarchical structures they are presumed to replace.

## Governments Continued Hand in Governance Through Metagovernance

The claim that *governance* is replacing *government* has also been substantially challenged and modified in later literature. Torfing et al. (2012) identify three implicit dangers of such a simplistic narrative of transition: First, it creates an oversimplified picture of a linear development where the government has gone from a state of omnipotence to suddenly being stripped of all its powers. Second, the narrative builds on the problematic assumption that governance can only expand at the cost of hierarchical government. Finally, related to the two arguments above, it seems to deny, or at least obfuscate, governments' role in public governance.

To avoid these pitfalls, more recent governance theory has tended to emphasize government's continued hand in governance. Rather than replacing hierarchical government, network governance is, in this view, understood as a supplement representing a third layer of government alongside hierarchical government and the market regulation introduced by NPM (Osborne 2010; Torfing et al. 2012). Understood as the "governance of governance," *metagovernance* (Jessop 1997; Kooiman 2003) is a central concept within this *second wave* of governance theory.

Metagovernance can be understood as the deliberate attempt to facilitate and manage more or less self-regulating processes of networked governance (Sørensen and Torfing 2007). While some perspectives do acknowledge that other actors may act as such "metagovernors," the role of the state is commonly emphasized. Within the *second wave* of governance literature, concerned with conceptualizing a coexistence and connection between *government* and *governance*, metagovernance is thus applied as an "umbrella concept" in the effort to describe the role of the state and its policy instruments in processes of network governance (Bevir and Rhodes 2010).

The concept of metagovernance enables an alternative to the suggestion that governance is *replacing* government: Through exercising metagovernance, *government* still plays a crucial role in *governance*. In this view, the exercise of network governance also affects government, but not by creating a hollow state. Rather, the exercise of network governance is transforming the overall role and function of the state that is taking upon itself the role of metagovernor in recognition of the limits of unilateral state action (Torfing et al. 2012). Instead of a one-way movement from *government* to *governance*, the idea of transformation becomes a dialectic process of coexistence and transformation between the two. Torfing et al. (2012) argue that this transformation has produced several irreversible changes to the governing of society and economy. Broadly, these changes include that stakeholders now have expectations to become actively involved in policy processes, that public agencies have become relatively "open organizations" involved in collaborative efforts, and that the legitimization of interactive governance has made governance a more reflexive enterprise.

Other theorists have objected against the attempts to provide a single comprehensive account of a general transformation toward network governance, made by both the first and the second "waves" of governance research. Most noticeable, the "decentered" approach developed in a series of publications by Mark Bevir and R. A. W. Rhodes has gained increased momentum in recent years as a *third wave* of governance research (see Bevir and Rhodes 2010; Turnbull 2016). The decentered approach challenges the new institutionalism and the "craving for a generality" (Bevir and Rhodes 2010, 82) they see as characteristic of the earlier waves of governance research. Instead of reducing governance networks and metagovernance to manifestations of (macro)social logic and institutional path dependencies, they develop a decentered approach focusing on the actors' own interpretations of their actions and practices. The proponents of this approach thus advocate a bottom-up approach that investigates how (often contested) beliefs and traditions inform a diversity of governance practices. By doing so the decentered approach explores how the changing nature of the state takes diverse forms, thereby refuting both the "myth" of a monolithic state and the attempts at a single, comprehensive, theory of transformation.

Relatedly, Davies and Spicer (2015) have called for a more inductive and agnostic approach to governance research. The basic premise of their suggested approach is that concrete governing processes involve a synthesized mix of elements of hierarchy, markets, and networks. By inductively treating such categories as inputs (or "building blocks") rather than outcomes or types of institution, a greater diversity of governance configurations in play can be identified (Davies and Spicer 2015). In turn, this enables a more detailed examination of their mechanisms and of the strengths and weaknesses of different governance practices in different contexts.

## Analysis and Conclusions

As outlined above, the notion of "going from government to governance" as presented by the *first wave* of governance theory has been met with substantial critique and modification in more recent work.

In Davies' account of a dialectic relationship between network governance theory and public decision-makers, the question of transformation itself becomes a discussion of whether the dialectics between theory and practice dismisses the theory (Davies 2011, 31–32). While this discussion might seem to be descending into a discussion of the chicken or the egg, the important question posed is rather how the normative implications of the transformation thesis shape not only our understanding of such an alleged transformation but also the practices associated with it.

Importantly, such critique does not necessarily dismiss the idea that governance networks can, in some settings, be efficient and appropriate tools of governance. Nor does it dismiss the useful analytical application of the two concepts as modes of governing. Rather, it questions the assumptions that an incipient post-traditional and reflexive modern condition has rendered traditional structures and modes of government obsolete and that network governance has thus emerged as the only appropriate tool for managing the complexity of modern society. As such, this critique (Davies 2011; Davies and Spicer 2015) addresses the troublesome normative and analytical biases toward networks advocated by the notion of going from *government* to *governance*.

The critique of a normative bias in governance theory is also relevant to the aforementioned reconfiguration of the transformation thesis emphasizing an interplay between *government* and *governance*. While the notion of metagovernance provides an important reminder that the state remains relevant in processes of network governance, proponents of the *second wave* of governance theory accept the basic premise from the *first wave* of governance theory: the claim that the "traditional" tools of hierarchical government

are increasingly being rendered obsolete due to macroenvironmental changes (e.g., Torfing et al. 2012). While the generalizability of the latter claim is debatable, such a comprehensive narrative, of networked governance being propelled by macroenvironmental changes, reproduces the normative and deterministic biases toward networks identified by Davies (2011).

In summary, the debate that has followed the original claims of the transformation thesis provides a substantial warning of the dangers of interpreting a priori all practices of networked governance as manifestations of a general transformation from government to governance. The analytical implication is that the relevancy of the transformation thesis, the relation between different modes of governance, and their nature and desirability need to remain open questions for investigation in each case and context. In this endeavor, bottom-up approaches (e.g., Bevir and Rhodes 2010; Davies and Spicer 2015) may provide a fruitful way to explore how the shifting patterns of governance can take diverse forms.

## Cross-References

► Networks of Governance
► New Public Management and Governance

## References

Agranoff R, McGuire M (2001) Big questions in public management research. J Public Adm Res Theory 11(2):295–326
Beck U (1992) Risk society: towards a new modernity. Sage, London
Bevir M, Rhodes RAW (2010) The state as cultural practices. Routledge, London
Davies JS (2011) Challenging governance theory: from networks to hegemony. Policy Press, Bristol
Davies JS, Spicer A (2015) Interrogating networks: towards an agnostic perspective on governance research. Environ Plann C Gov Policy 33:223–238
Giddens A (1994) Beyond left and right: the future of radical politics. Polity Press, Cambridge
Jessop B (1997) Capitalism and its future: remarks on regulation, government and governance. Rev Int Polit Econ 4(3):561–581
Kersbergen KV, Waarden FV (2004) Governance as a bridge between disciplines: cross disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy. Eur J Polit Res 43(2):143–171
Kooiman J (2003) Governing as governance. Sage, London
Milward BH, Provan KG (2000) Governing the hollow state. J Public Adm Res Theory 10(2):359–379
Osborne SP (2010) Introduction, the (new) public governance: a suitable case for treatment? In: Osborne SP (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London/New York
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity, and accountability. Open University Press, Buckingham
Sørensen E, Torfing J (eds) (2007) Theories of democratic network governance. Palgrave Macmillan, Basingstoke
Torfing J, Peters BG, Pierre J, Sørensen E (2012) Interactive governance, advancing the paradigm. Oxford University Press, Oxford
Turnbull N (ed) (2016) Interpreting governance, high politics, and public policy: essays commemorating interpreting British governance. Routledge, New York

G

# Good Budgeting: Design and Development of a Budgeting Model Based on Good Governance Indices in Iran

Heidar Ahmadi
Faculty of Business and Economics, Persian Gulf University, Bushehr, Iran

## Synonyms

Effective budget; Goal-oriented budget

## Definition of Good Budgeting

Achieving good governance and establishing a prudent governmental system has turned into one of the essential goals of communities and

governments. Accomplishing this goal is largely dependent on efficient resource allocation to its respective objectives. Being a tool for efficient allocation of fiscal resources to national policies and programs, the budgeting system of a country is of undeniable gravity. Therefore, we aim to identify and define the components and characteristics of budgeting systems that promote good governance through good budgeting. Components that provide a context for good governance should their modification and adoption be considered in budgeting policymaking.

## Introduction

The complexions of the current era in a variety of social, political, and economic domains have put the factors impacting economic growth and development through transformation and complexions. Political economists count several reasons why economic growth and development can vary significantly on two sides of the same geographical boundary. Firstly, the extent of available resources of the two areas might be different from each other; secondly, the resource management might differ over the boundary; thirdly, the two regions might have different social capital reserves; and finally, the economic and political institutions might be different over the boundary. Apparently, the management manner of the resources available to a nation, the quality and quantity of institutions, and social capital reserves can provide and maintain welfare and prosperity for the nation (Khezri 2008: 41). Thus, the alterations and complexities of the present era highlight the necessity of logical incentives by governments, specifically in terms of proper planning, scientific management and decision making, and coordination of issues regarding communities' requirements. This has put the employment of innovative approaches for budgeting in the public sector, while taking the aforementioned complexities into account, through new challenges since it requires aggregation of data obtained from multiple resources, putting various viewpoints together, and taking various stakeholder groups into account. However, not only do these innovative budgeting approaches prevent the sluggishness of governmental agencies and wasting public properties, but they also perform extremely effectively in advancement of economic and social goals, through which governments can distribute national resources justly and efficiently among the community's favorable goals (Shah 2007: 109). The budgeting system can, therefore, be considered the most significant factor contributing to efficient and effective resource management. The government's budgeting is, in fact, the center of the country's public policymaking and national development vision (Azar and Amirkhani 2011: 40). On the other hand, promoting budgetary efficiency has always been interesting to scholars of this field since budget – as the government's financial expression – is the single most important governmental document helping the executive organizations realize national development programs and vision goals and is, in fact, a mirror reflecting all governmental activities and programs, playing a central part in the national economic development (Cardos 2014: 1167).

On the other hand, there is an international agreement that paying efforts toward achieving good governance is among the most essential objectives of the governments and communities, and the budgeting system bears an undeniable gravity in accomplishing this goal since it is a tool for efficient allocation of fiscal resources to every country's programs and policies. Therefore, paying efforts toward modifying and improving the national budgeting system is essential to achieving good governance. Wildavsky (1978: 502) believes that public budgeting is a procedure through which individuals decide what governments will or will not do, how obtained resources are allocated, and how they are employed to reach the goals. Budgeting is thus both a rational and political process, which means it draws from both economic sciences and political sciences. Therefore, it can certainly be argued that budget is placed at the center of the governance structure of countries, is anything but a mere legal

document, and must reflect every component of good governance (Azar and Amirkhani 2011: 41). Therefore, the important question is what the essential elements of a budgeting system that advocates good governance (good budgeting) are considering the budgeting system's aforementioned functions and the significance of this planning system.

## Good Governance

Good governance is one of the extremely important yet novel concepts introduced to development literature since the 1980s. It has found a specific place in developing countries among aid policies aimed at the establishment and initialization of civil society. Good governance has been introduced aiming to achieve sustainable development through which poverty alleviation, sustainable employment and welfare creation, environment conservation and revitalization, and growth and development of women are highlighted, all of which shall realize through good governance. Although there is a dialogue about good governance in many scientific conversations, it is frequently observed that those using this term mean different things by it. Analyzing governance's concept reveals a vast conceptual domain encompassing every form of governance including corporate governance, local governance, national governance, (the government, civil society, and the private sector), and international governance (Danaeifard et al. 2012: 49; Gowda and Kumar 2013: 83). Governance is not solely about actors or organizations, rather, more importantly, it encompasses the quality of governance measured through dimensions and indicators (Moghimi and Ardakani 2011: 174). The concept of governance has been explored by various international institutions that have each proposed indicators for measuring it including The International Monetary Fund (IMF) focused on the economic dimension, the United Nations (UN) focused on the political dimension, and the World Bank (WB) focused on investment (Hwang 2011: 5).

The World Bank's definition of governance is how the economic management and social resources of a country are implemented to develop its power. Therefore, governance is defined as the institutions and traditions through which national power is enforced seeking public interest. This definition comprises the following three components:

1. A process through which authorities are elected, monitored, and replaced.
2. The government's capability to manage the resources and regulate, establish, and enforce proper regulations and policies efficiently.
3. The respect that government and the citizens have for institutions that regulate the economic and social interactions between them (Kaufmann et al. 2000: 1000).

Further along, a political dimension encompassing characteristics such as governmental legitimacy, governmental accountability, the realization of human rights through law enforcement and governmental merits was added to good governance besides the pre-existing economic dimension. Accordingly, six indicators including political security and absence of violence/terrorism, voice and accountability, government effectiveness, regulatory quality, rule of law, and control of corruption were measured in the World Bank's reports assessing the status of good governance in various countries (World Bank 2007; Kaufmann et al. 1999: 4). Each of the aforementioned indicators was built on several other variables obtained from diverse sources (31 sources). Data regarding governance is obtained through surveying the government, individuals, the private sector, and the civil society (Kaufmann et al. 2010: 4). The World Bank considers bad governance to be the equivalent of personalizing the power, undermining human rights, corruption institutionalization (indigenousness), and unresponsive and illegitimate governments; and naturally considers good governance to be the opposite (Weiss 2000).

## Budgeting

A simple definition of budgeting comprises a systematic method for resource allocation. Budgeting aims to present the fiscal value of the government's programs and objectives, make the procedures measurable, and turn strategic programs into operational plans (Cardos 2014: 483). From a historical perspective, budgeting aims to fund the monitoring responsibilities and, in other words, to ensure parliament rights; but governmental activities have expanded significantly over the course of time and the role of government's budget has become more complex (Allen and Tommasi 2001: 43; Shah 2007: 58). The societal needs and the growing expectations from the government to steer the economic management of the country, directing development programs, and providing relative welfare in addition to taking historical missions on one hand, and adopting favorable fiscal policies for providing the financial resources on the other have turned budgeting into a tool for managing national affairs or developing fiscal policies to address social and economic issues, and its outcomes regarding public sector responsibilities have surpassed the temporal and fiscal boundaries of traditional budgeting.

Various types of budgeting systems are used to achieve various objectives such as fiscal control, managing, prioritizing, and planning for scarce resources and responsiveness in using public resources, coordination in organizational activities, resource allocation, and adjusting to the social norms; these objectives also include fiscal control, determining priorities, government accountability, effectiveness and efficiency, economic planning and management, and political tools (Wilson et al. 2001: 4). Thus, governments clearly employ the budgeting tools to realize their annual objectives in proportion to their size and economic role. Considering that the public budget is developed by the government and ratified by the legislative power, it can be considered as parliament's leverage used for guiding political, social, and economic affairs as well as satisfying the voters and taxpayers. Therefore, it becomes obvious that the budget is closely intertwined with national governance.

## Good Budgeting

Public finance and budgeting theories used to be founded on the simple and generalizable presumption that maximizing the public interest is the sole mission of the governments. The national government's structure was not paid much attention to this point of view, and no clear definition was provided regarding what public interest is and what measures should be taken to maximize it. Analyses regarding issues such as the theoretical contexts of governments' origins, evaluation of election principles, and public finance and budgeting policies underwent transformations along with the development of political concepts and the transformation of governmental structures. The modification aimed to achieve good governance through making government's activities transparent and establishing monitoring frameworks to fight corruption and rent-seeking, whose operational measures are confined to taking technical measures or budget ratification and enforcement, Treasury institutional reformation, promoting public resource management and establishing effective audit procedures.

The United Nations' publications, works of Walters and Watterson, and other credible documents point out the shortcomings and imperfections of the budgeting organizations of underdeveloped countries, and many articles addressing development programs also point out these issues and a great majority of them suggest that the resolving of these issues is highly dependent on the rule of logic and the incentive system of the national administrative system. This is while many developing countries are suffering from unfavorable and usually dysfunctional governance organizations involved in rents, breaking the law, and poor public services. To resolve these issues, development assistance communities in general and the World Bank in particular, have taken measures to achieve better methods for

doing what must be done and preventing what must be refrained from to improve governance, one of these methods of modifications and improvements is related to the budgeting systems (Shah 2007: xvii).

A sound budgeting system is one through which the government gains the trust of the citizens through hearing their concerns, planning for the accomplishment of their favored goals, and using resources effectively and efficiently in the right time and place, and budget governance addresses the procedures, regulations, structures, and institutions through whom a sustainable and cohesive budgeting system can realize the aforementioned objectives. In this regard, good budgeting must encompass all the characteristics of general good governance such as cohesion, transparency, participation, responsiveness, and a strategic approach to plan for and attain national goals. Therefore, budgeting is an essential factor contributing to trust being built between a government and its citizens (OECD 2014: 1). It can be inferred from the aforementioned that modification of the budgeting system can, in fact, result in improvement of good governance indicators since there is a belief that while the budgeting system might not be a direct tool for accomplishing every goal, financing the resources required for all programs and objectives including achievement of good governance is accomplished through the budgeting system (Lytvynchenko 2014: 577) and it would be safe to claim that the public expenditure management system can both influence and be influenced by the general atmosphere of a country's governance (Shah 2007: 57).

This relationship which is claimed to exist between the budgeting system and good governance has been explored by the present research, and a two-way relationship was observed between good governance and good budgeting (Egbide and Agbude 2012: 55). In confirmation of the budget quality's influence on the quality of good governance, some scholars also believe that good governance is essentially comprised of the budgeting process management, and governance goals will not be realized if the budget is not well prepared, regulated, ratified, enforced, and monitored. Governmental institutions require good budgeting for resource allocation; a budgeting system that works under the rule of law has a cohesive accounting system in addition to an auditing system ensuring the quality of financial and information organizations. Besides, a good budgeting system must include financial resources and assets that are managed transparently and responsively, moving toward national and macrolevel interests (Osisioma 2013: 5). Also, since the budgeting process has an effective relationship with other governmental activities such as planning and management, it contributes to quality improvement of financial decisions and programs and results in improved governmental performance. A process that includes all stakeholders such as the elected authorities, public affairs actors, employees, and their representatives, citizen groups, NGOs, business owners, etc., and reflects and covers the needs of all groups contributes to the improvement of the relationships between the government, the citizens, and other social actors, which will eventually realize good governance (National Advisory Council on State and Local Budget 1999: 2). This means the higher the quality of the budgeting process is, the higher the quality of good governance will be. In this regard, scholars believe that good governance entails improvements in all the aspects of the public sector including the institutions regulating the rules of the game for economic and political interaction, decision-making structures responsible for determining the priority of issues and allocating resources to them, organizations managing the administrative system of providing the citizens with goods and services, the human resources of the state bureaucracy, the interaction and confrontation of citizens and governmental authorities in bureaucracy and political domains (Huque 2013: 399).

Therefore, as mentioned earlier, there is a mutual relationship between good governance and budgeting, to an extent that some scholars believe budgeting to be a part of politics and governance if the politics are defined as "who attains what, how and when" since the resource allocation process fits exactly in the framework of

this definition. Good budgeting cannot be imagined in the absence of good governance and vice versa since the development of good governance is the premise of achieving good budgeting, and good budgeting can, in turn, improve the quality of good governance. Therefore, if a government claims to have good governance, its budgeting system can determine whether or not this claim is true. For instance, the most essential properties of good governance, which were mentioned earlier, include efficiency, effectiveness, transparency, responsiveness, and discipline, all of which are also characteristics of good governance and establish values for the citizens (Egbide and Agbude 2012: 55) (Fig. 1).

To achieve this goal and realize good governance through modification of the budgeting process, the budgeting system must be designed rationally and transparently, offering equal voice and participation to citizens, monitoring the orientations of the representatives, and being accountable in terms of performance. Medium-term expenditure frameworks and operational budgeting are embedded in the rational budgeting paradigm to reach this end and are currently being employed by many countries (Radin 1998: 309).

Additionally, according to a research conducted in Iran by Moghimi and his colleagues (2017), the ground for good budgeting will be achieved if spatial planning and justice are addressed in the budgeting system, the political structures are modified and the management structure is decentralized, budgeting rules and regulations are prepared and approved aiming to realize good governance, the entire budgeting process is made transparent, and stakeholder management is executed properly.

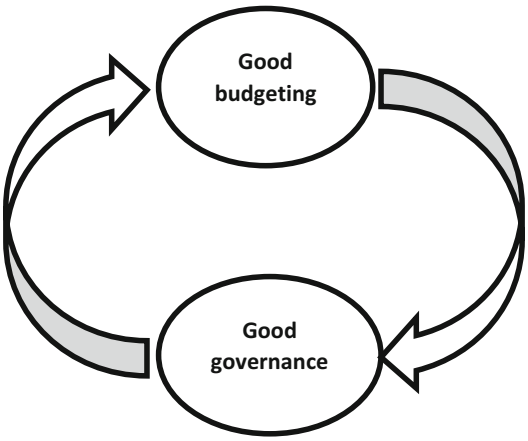


**Good Budgeting: Design and Development of a Budgeting Model Based on Good Governance Indices in Iran, Fig. 1** The relationship between good governance and good budgeting (Egbide and Agbude 2012)

## References

Allen R, Tommasi D (2001) Community governance community governance. OECD Publication, Paris

Azar A, Amirkhani T (2011) General budgeting: local budgeting and budgeting institutions. Samt Publications, Tehran

Cardos IR (2014) New trends in budgeting: a literature review. Pract Appl Sci 2(2):483–490

Danaeifard H, Babashahi J, Azar A, Kordanaij A (2012) Transformation in national welfare: does good governance play an important role? Manag Res Iran 16(4): 45–62

Egbide B-C, Agbude GA (2012) Good budgeting and good governance: a comparative discourse. Public Admin Soc Policies Rev 2(9):1–12

Gowda AN, Kumar STP (2013) A study on good governance: an overview. Asian J Res Soc Sci Human 3(11): 82–92

Huque AS (2013) Can public management contribute to governance in developing countries? Evidence from Hong Kong. Public Organiz Rev 13:397–409

Hwang Y (2011) Comparative analysis of Indonesian and Korean governance. Asia Research Centre, Korea, pp 1–28

Kaufmann D, Kraay A, Zoido-Lobatón P (1999) Governance matters: policy research working paper. World Bank, Washington, DC

Kaufmann D, Kraay A, Zoido-Lobaton P (2000) Governance matters from measurement to action. Finance Dev 37(2):1–4

Kaufmann D, Kraay A, Mastruzzi M (2010) The worldwide governance indicators:methodology and analytical issues. World Bank Policy Res Work Paper 5430: 1–31

Khezri M (2008) The political economy of rent-seeking in Iranian government budgeting. J Political Sci 12:39–72

Lytvynchenko G (2014) Programme management for public budgeting and fiscal policy. Procedia Soc Behav Sci 119:576–580

Moghimi SM, Ardakani MA (2011) Assessing the characteristics of good governance and the role of e-government in promoting it. IT Manag 3(8):171–188

Moghimi SM, Pourezzat AS, Danaeifard H, Ahmadi H (2017) Design and Explain the Budgeting model based on Indices of Good Governance in Iran. Journal of Public Administration 8(4):645–664

National Advisory Council on State and Local Budge (1999) Recommended budget practices: a framework for improved state and local government budgeting. National Advisory Council on State and Local Budgeting: Government Finance Officers Association, Chicago
OECD (2014) The principles of budgetary governance. Public Governance And Territorial Development, Paris, pp 1–16
Osisioma BC (2013) Budgeting, auditing and governance: implementing the accountability framework. February. Available at: http://works.bepress.com/prof_ben_osisioma/6
Radin BA (1998) The Government Performance and Results Act (GPRA): hydra-headed monster or flexible management tool? Public Adm Rev 58(4): 307–316
Shah A (2007) Budgeting and budgetary institutions. The International Bank for Reconstruction and Development/The World Bank, Washington, DC
Weiss TG (2000) Governance. Good governance and global governance, conceptual and actual challenges. Third World Q 21(5):795–815
Wildavsky A (1978) A budget for all seasons? Why the traditional budget lasts. Public Adm Rev 38(6): 501–509
Wilson G, Hager G, Hobson A (2001) Performance – based budgeting: concept and example. Committee for Program Review and Investigation, Frankfort
World Bank (2007) A decade of measuring the quality of governance: worldwide governance indicators, 1996–2006. The International Bank for Reconstruction, Washington, DC

# Good Governance

Md. Shafiul Islam
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Fair governance; Sound governance

## Definition

Good governance is such governance where everything is managed by rules and regulations and also it is run fairly.

## Introduction

Governance is not a new concept to this present world. It was present in the ancient society where there was no concept of State. That means governance is a process to run or manage something. In the primitive age, people lived in a group. They were moving from one place to another for living. For this, they prefer hunting animals, collecting fruits, and so on. There was governance. The activities were run with the guidance of a leader. He/she defines division of labor. Male people were selected for hunting animals and colleting fruits from forest on one hand. Female were selected for less hard working jobs on the other hand. They lived in a community. It was continued and governance process was also changing. With the growth of population, community flourished. In the meantime, Monarchy was established. People were being governed by rulers. Trend in governance process was being changed. With the emergence of civilization, the living style of people was also being changed. It further brought changes in governance system as well. With the passage of time, people entered into a new era of invention. They invented many new instruments for improvement of living standard. Invention of "steam engine" was one of the great inventions. Time does fly fast. People entered in modern society with the embedded modern facilities, improving management system in daily life. People again entered into the era of modern technology, improving quality of management in the managerial tasks from local administration to central administration of a country. It also brought changes in quality of life. Now people are living in the era of super information and communication technology. As invention brings changes in life, it also brings changes in running or managing administration. Therefore, governance process has become a burning issue around the present world. Academics and practitioners are of opinion that prevailing governance system is not fair enough for development as well as management of a country. Despite controversy or lack of uniformity among them, they are of the opinion of good governance.

## Governance

The concept of "governance" is not new. It is as old as human civilization. Simply governance means: the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as, corporate governance, institutional governance, national governance, and local governance.

It is considered that governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors, involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implemented the decision. Government is one of the actors in governance. Other actors involved in governance vary depending on the level of governance that is under discussion.

According to World Bank, governance is a method through which power is exercised in the management of a country's political, economic, and social resources for development (World Bank 1992: 1).

The United Nations Development Program's (UNDP) definition of good governance is set out in a 1997 UNDP policy document entitled "Governance for Sustainable Human Development." The document states that governance can be seen as the exercise of economic, political, and administrative authority to manage a country's affairs at all levels.

It is explained that governance has three dimensions: economic, political, and administrative. Economic governance includes the decision-making processes that affect a country's economic activities and its relationships with other economies. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation.

## Good Governance

The term "governance" has received extra flavor in the current discourse of development in developing countries by having the term "good" added to it. "Good Governance" entered the vocabulary of development administration and international development cooperation in the 1990s.

In the report titled "Sub-Saharan Africa: From Crisis to Sustainable Growth" published by World Bank (WB) in 1989, the term "good governance" first appeared in the development arena. Since then, good governance is a much discussed issue. But it lacks clear definition. International Development agencies see it in one way whereas academicians describe it in other ways. There is no universally accepted definition of good governance.

After 3 years of emergence of good governance, WB further in its report titled "*Governance and Development*" published in 1992 developed the concept of good governance elaborately. According to the Bank, good governance requires: (a) sound public sector management (efficiency, effectiveness, and economy); (b) accountability; (c) exchange and free flow of information (transparency); and (d) legal framework for development (justice, respect for human rights, and liberties). Another international development agency DFID defines good governance focusing on: (a) legitimacy (government should have the consent of the governed); (b) accountability (ensuring transparency, being answerable for actions, and media freedom); (c) competence (effective policy making, implementation, and service delivery); and (d) respect for law and human rights. So, it assures that corruption is minimized, the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

According to UNESCAP, good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law.

In a policy paper titled "Governance: Sound Development Management," Asian Development Bank (1995) outlined its policy on this topic. Good governance is defined as "the manner in which power is exercised in the management of a country's economic and social resources for development."

In a study, the WB presented six dimensions of good governance: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption (Kaufmann et al. 2005). These six indicators of good governance are:

- Voice and Accountability – "captures perceptions of the extent to which a country's citizens are able to participate in selecting their government as well as freedom of expression, freedom of association and a free media."
- Political Stability and Absence of Violence – "captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, politically motivated violence and terrorism."
- Government Effectiveness – "capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and the credibility of government's commitment to such policies."
- Regulatory Quality – "capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development."
- Rule of Law – "captures perceptions of the extent to which agents have confidence in and abide by the rules of the society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence."
- Control of Corruption – "capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests" (Kaufmann et al. cited in Khan 2012).

Actually there is no universally accepted definition of good governance. As Andrews (2008) rightly says, "it means different things in different countries."

There are major divergences between the concept "governance" which was propounded in the academic world during last four decades and the concept of "good governance" championed by the World Bank and other development agencies. The academic concept of "governance" is positive while "good governance" is a normative concept. The concept of governance emphasizes "the hollowing of state" and "third party government" or "governing without government." The proponents of good governance, on the other hand, are advocates of stronger and more effective states (Khan 2012).

In general, good governance is associated with efficient and effective administration in a democratic framework. It is equivalent to purposive and development-oriented administration, which is committed to improving the quality of life of the people and enlarging the scope of people's participation in the decision-making process of development. In short, it is citizen-friendly, citizen caring, responsive, decentralized local government system, an autonomous political society, an efficient and accountable bureaucracy, strong civil society, and a free media.

Overall, there is a growing consensus that governance is important to development and that governance is likely to have an impact on how well and effectively policies are being exercised.

## Elements of Good Governance

Different international agencies and scholars set a number of elements for good governance. Some of the elements are discussed below. According to the World Bank (1994) report titled "Governance: The World Bank's Experience," there are four different aspects for good governance. These are:

(a) Public sector management. This is the most readily identified dimension of the World Bank's governance work. The language of public sector management is predominantly technical, changing the organizational structure of a sector agency to reflect new objectives, making budgets work better, sharpening civil service objectives, and placing public-enterprise managers under performance contracts.

(b) Accountability. Governments and their employees should be held responsible for their actions.
(c) Legal framework for development. Appropriate legal systems should be created that provide stability and predictability, which are the essential elements in creating an economic environment in which business risks may be rationally assessed.
(d) Transparency and information. The themes of transparency and information pervade good governance and reinforce accountability. Access to information for the various players in the market is essential to a competitive market economy.

According to United Nations Development Program (UNDP), good governance comprises the existence of effective mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences. Its essential characteristics are:

(a) Participation. All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as on the capacity to participate constructively.
(b) Rule of law. Legal frameworks should be fair and enforced impartially, particularly the laws on human rights.
(c) Transparency. This concept is built on the free flow of information. Processes, institutions, and information should be directly accessible to those concerned, and enough information should be provided to render them understandable and monitorable.
(d) Responsiveness. Institutions and processes should serve all stakeholders.
(e) Consensus orientation. Good governance should mediate differing interests in order to reach broad consensus on the best interests of the group and, where possible, on policies and procedures.
(f) Equity. All men and women should have equal opportunity to maintain or improve their well-being.
(g) Effectiveness and efficiency. Processes and institutions should produce results that meet needs while making the best use of resources.
(h) Accountability. Decision-makers in government, the private sector, and civil society organizations should be accountable to the public as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization.
(i) Strategic vision. Leaders and the public should have a broad and long-term perspective on good governance and human development, together with a sense of what is needed for such development. There should also be an understanding of the historical, cultural, and social complexities in which that perspective is grounded.

The ADB has identified four basic elements of good governance. These are:

(a) Accountability. Public officials should be answerable for government behavior and responsive to the entity from which they derive authority. The accountability of public sector institutions is facilitated by evaluation of their economic performance. The suggested specific areas of action would be in the building of government capacity through, for example, public sector management, public-enterprise management and reform, public financial management, and civil service reform.
(b) Participation. Government structures should be flexible enough to offer beneficiaries and others affected the opportunity to improve the design and implementation of public programs and projects. The specific areas of action would be in the development of participatory development processes through, for example, participation of beneficiaries, a public/private sector interface, decentralization/empowerment of local government, and cooperation with non-governmental organizations (NGOs).

(c) Predictability. Laws and policies should exist that regulate society and that are applied fairly and consistently. Predictability requires the state and its subsidiary agencies to be bound by and answerable to the legal system in the same way as private enterprises and individuals. The specific area of action could be the development of predictable legal frameworks for private sector development.
(d) Transparency. Information should be made available to the general public and there should be clarity as to rules and regulations. Access to timely information on the economy can be vital to economic decision-making by the private sector and can also serve to inhibit corruption.

All the above elements are interlinked, and mutually supportive and reinforcing. Accountability is often related to participation and is also the ultimate safeguard of predictability. Transparency and predictability in the functioning of a legal framework would serve to ensure the accountability of public institutions.

On the other hand, International Development Agency (IDA) contains six elements of good governance. These are: (a) sustainability of structural reforms, (b) property rights and rule-based governance, (c) quality of budget and public investment process, (d) efficiency and equity of revenue mobilization, (e) efficiency and equity of public expenditures, and (f) accountability and transparency of the public service.

However, the four major pillars against which governance can be judged are stated to be:

(a) Accountability. At the macrolevel this includes financial accountability, in terms of an effective, transparent, and publicly accountable system for expenditure control and cash management, and an external audit system. It encompasses sound fiscal choices, made in a transparent manner, that give priority to productive social programs – such as basic health services and primary education vital to improving the living standards of the poor and promoting economic development – over nonproductive expenditures, such as military spending. At the microlevel it requires that managers of implementing and parastatal agencies be accountable for operational efficiency. Auditing systems should meet international standards and be open to public scrutiny.
(b) Transparency. Private sector investment decisions depend on public knowledge of the government's policies and confidence in its intentions, as well as in the information provided by the government on economic and market conditions. Transparency of decision-making, particularly in budget, regulatory, and procurement processes, is also critical to the effectiveness of resource use and the reduction of corruption and waste.
(c) The rule of law. A fair, predictable, and stable legal framework is essential so that businesses and individuals may assess economic opportunities and act on them without fear of arbitrary interference or expropriation. This requires that the rules be known in advance, that they be actually in force and applied consistently and fairly, that conflicts be resolvable by an independent judicial system, and that procedures for amending and repealing the rules exist and are publicly known.
(d) Participation. Good governance requires that civil society has the opportunity to participate during the formulation of development strategies and that directly affected communities and groups should be able to participate in the design and implementation of programs and projects. Even where projects have a secondary impact on particular localities or population groups, there should be a consultation process that takes their views into account. This aspect of governance is an essential element in securing commitment and support for projects and enhancing the quality of their implementation.

## General Discussion About Governance and Good Governance

The foregoing discussion makes us clear that governance is not a new concept to present world. We find that it was in ancient society and also in

present day. But there are many differences, we find, in practice of governance between ancient society and present society. For example, one matter which was exercised traditionally in ancient society is exercised scientifically in present society.

Development practitioners, researchers, and academics argue that it happens due to invention of technology. But it is believed that there is another important factor which is "religious belief" in the practice of governance. It is also firmly believed that no religion teaches to "tell a lie." It is considered that in many cases corruption, mismanagement, lack of accountability, and transparency, which are deemed as important factors for good governance, happen due to greed and telling lie. So, practice of good governance will be easy if religious norms and values are exercised in daily life as well as in every day works.

## Conclusion

Basically governance consists of many factors and actors especially traditions and institutions by which authority and power in a country is materialized. As governance consists of many things, it needs a sound process by which everything or a decision is implemented properly. But in many cases loopholes and mismanagement become a common phenomenon in implementing the decisions in every day works. Then it urgently needs good practices of doing these every day works. Good practices require good indicators that can be measured whether it is good or not. These indicators should be judged in different ways in different context. However, good practice is labeled as good governance. Therefore, good governance is now a common phenomenon in development arena. It is required not only in project management but also in running administration smoothly. It is perceived that if the norms of good governance are materialized properly, people will be benefitted and ultimately the desired goals will be achieved.

Now the question is: Is it possible to materialize all perceived components of good governance to all countries all over the world? The answer is "no." More clearly and elaborately we can get the answer from the statement of Gisselquist (2012) as he pointed out that good governance "means different things to different organizations and different actors within these organizations." So, it can be said that perception or indicators or components (what we say) of good governance can be found differently in different countries all over the country. For example, one of the indicators of good governance may be exercised as "good governance"in developing countries which is exercised normally in developed countries. More specifically, such as Rule of Law, it is no matter in developed countries like USA, UK, etc. It is well perceived and established that everybody has confidence in and abide by the rules of the society. But it is a matter in developing or least developing countries. Nobody has the confidence to get equal treatment although there is rule of law in paper.

Finally, it can be said that good governance is many things in many countries due to context, geographical location, norms, values, education, and so on. Therefore, practice of religious norms and values in many cases can contribute to make good governance fruitful in present society.

## Cross-References

► Accountability
► Participatory Governance
► Principles of Good Governance, The

## References

ADB (1995) Governance: sound development management. Asian Development Bank, Manila

Andrews M (2008) Good government means different things in different countries. John F Kennedy School of Government – Harvard University, Cambridge, MA. RWP 08-068

Gisselquist RM (2012) Good governance as a concept, and why this matter for development policy. UNU-WIDER, Helsinki

Kaufmann D, Krary A, Mastruzzi M (2005) Measuring governance using cross-country perceptions data, world bank, Washington, DC. doi: 10.1.1.181.1206

Kaufmann D, Krary A, Mastruzzi M (2010) The worldwide governanace indicators: methodology and

analytical issues draft policy research working paper, world bank, Washington, DC.
Khan AA (2012) The relevance of "Good Governance" concept: revisiting goals, agenda and strategies, conference paper. MPPG international conference, NSU, Dhaka.
Sheng: what is Good Governance, poverty section, UNSECAP, UN Building, Bangkok
UNDP (1997) Governance for sustainable human development. United Nations Development Program, New York
World Bank (1994) Governance: the world bank's experience. World Bank, Washington, DC
World Bank Report (1992) Governance and development. World Bank, Washington, DC

## Good Governance, Building Capacity in Post Revolution

Mohamed Touhami Gallala[1] and Hassen Soukni[2]
[1]Tunisian Administration, Carthage, Tunis, Tunisia
[2]National School of Administration of Tunis, Mutuelleville, Tunis, Tunisia

### Synonyms

Agent of change; Building capacity; Change management; Coaching; Comparative governance; Corruption; Evaluation; Good governance; Governance principles; Government agency; Public administration; Public organization; Public policy; Public services quality; Sound governance; Training

### Definition

**Governance** "The manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank 1992).

**Good governance** There is a common agreement on the following key-elements of good governance; those are accountability, transparency, combatting corruption, participatory governance, an enabling legal and judicial framework (Sam Agere 2000).

**Sound governance** An alternative theory or concept of governance, it takes into consideration the social dimension, it includes the normative, the technical and rational features of governance, as well as new dimensions such us complexity, diversity, and tension. It is mainly based on administrative policy and innovation (Farazmand 2004, 2017).

**Capacity development** "The enhancement of the competency of the range of social actors to engage in activities in a sustainable manner for positive development impacts such as poverty reduction, improvements in governance quality or meeting the millennium development goals" (Kempe 2009).

**Revolution – Tunisia** (17 December 2010–14 January 2011) This revolution is considered to be essentially nonviolent. The explosion of anger is framed by deep regional inequalities and disparities in development that feed a sense of injustice and humiliation experienced by the economically, socially, and politically discriminated subproletariat in the interior regions of the country.

**Change management** It's the approach that prepares, coaches, and supports individual and organization to achieve an

G

organizational change in such highly competitive and continuously evolving environment (Vandangeon-Derumez et al. 2018).

**Agent of change** The person who operates the change. Principally, it is someone who contributes in putting into practice a policy of change in an organization.

**Corruption** Corruption is unfair behavior by those in positions of power, such as managers or government officials.

**Reform** Make change in something in order to improve it. Usually, reforms are structural actions operated in a long-term process. They could cover the political, the economic, the social and the administrative system.

## Introduction

Since its independence, Tunisia has reshuffled its governance system throughout several structural reforms, in economic, social, political, and administrative paths.

These reforms aim to reshuffle governance, in a good and sound manner towards a country political, economic and administrative profiles reforming. Despite a political ideology showing a socialist background through the labor union leading position in the political scene, the elites' governing ideology did not lose the globalization compass toward an opening economy – in fine leading to 2011 revolution under the request of dignity, democracy, and work slogans.

After the revolution, Tunisia has adopted profound political, social, and economic reforms, the constitution of 2014; naturally these changes should impact positively Tunisians' well-being.

It should also be recalled that one of the main demands of Tunisians during the revolution was to fight corruption by establishing good governance in all areas. Thus, Tunisia has plummeted in the globalization agenda of good – bad and ugly governance thesis.

In the same vein, governance reforms, presenting a historical issue since the ancient time, are continuously under criticism (Setyadiharja et al. 2017); for instance, the Tanzanian President Julius K. Neyerere, before the UN Conference in Africa in 1998, said that "good-governance is no more than imperialist and colonialist, good-governance will only degrade the structure of developing countries, while the world's law enforcement business is getting bigger."

Referring to literature on governance concept, (Assaduzzamen and Virtanen 2016) proposed an analytical re-reading pf the literature, an alternative concept or theory of "sound governance" (see Professor A. Farazmand works) has grown; simply sound governance concept is more comprehensive than good governance, it includes the normative as well as technical and rational features of governance.

While good governance approach focuses on promoting good governance principles under the capitalism agenda, sound governance focuses on targeting results with a large vision to stakeholders by adding the global actors, especially by giving more attention to the social reality and to the global context through new dimensions, i.e., diversity, complexity, and tension (Farazmand 2017).

This conceptual blur leads, especially a developing country, to reconsider them reforms agenda especially in a global period characterized by the global pandemic, Covid-19, a recession tendency of the global economy, a global financial system under tension, and a high social expectation.

In fine, Tunisia has adopted the goal of achieving good governance to promote the Tunisians' well-being; this requires the will and the capacity to take actions, to implement measures and policies, and principally to promote good governance principles. This depends on the capacity of the legal and institutional framework to implement these policies. Capacity development has become

recognized as underpinning a number of critical prerequisites for sustaining development in the South (developing country, for example). High on the list of those prerequisites is good governance, without which the quest for development is a fruitless goal (Kempe 2009).

To sum up, according to Farazmand, sound governance is a concept covering an increasingly global complexity, challenges, threats, and opportunities that will affect a nation state, local government, citizens, organizations, and systems of administration. The key to all these elements is administrative policy and innovation.

Meanwhile, the public administration, the private sector, and the civil society in Tunisia work on creating a dynamic around the objective of promoting good governance principles. This was supported by the creation of the International Academy of Good Governance in the National School of Administration of Tunis.

The question to answer is: what type of governance to adopt in Tunisia in such complex national and international environments? Answering this question gives a conceptual delimitation to the governance system in Tunisia, whether it is good, bad, ugly, or even a sound or sick one . . .

In the following, the entry gives a comprehensive picture about the Tunisian administrative system in relation to the promotion of good governance principles. Moreover, it highlights a specific experience launched as a training academy for civil servants, public sector, and civil society as Agents of Change to conceptualize Projects of Change and follow up its implementation. Since the ultimate objective of this Academy is to impact positively the citizen's life via public services quality, this entry proposes some recommendations after an assessment conducted based on OECD/DAC criteria.

The first part analyzes the good governance promotion environments in Tunisia especially according to the entities related to the field. Then, there is a presentation of the Tunisian-German project of cooperation named "The International Academy of Good Governance" (IAGG). Finally, the entry gives recommendations and perspectives to support the Academy project throughout an assessment based on OECD/DAC criteria.

## Tunisian Administrative System, Good Governance Promotion

After the 2011 revolution, **Tunisia** adopted a pack of policies to promote good governance principles and to fight corruption.

In fact, the new **constitution of 2014** comprises principles and rules to achieve good governance. As found in the preamble of the constitution, the objective is to build a republican, democratic, and participatory system in conformity with the principles of pluralism, an impartial administration, and good governance.

In the same way, several measures have been taken especially in the legal framework and institutional framework. The legal framework in relation to good governance has taken an exponential trend, may be in relation to a new mindset calling for a better management of public affairs and anti-corruption.

Reciprocally, and since the independence, Tunisia established a number of institutions to achieve good governance. Some of them are in charge of designing, setting-up, control, and auditing. Besides, Tunisia has adopted tens of systems and processes to achieve good governance, namely, the e-government through website, e-platform, e-purchasing, and e-payment, also open government through open-data and new local governance paradigm via participation in the decision-making process, i.e., participative budget, e-participation platform, e-people, and so on. . .

To sum up, the Tunisian governance system consists of a number of laws, institutions, systems, and processes in charge of achieving a certain number of fundamental principles of good governance.

Actually, the main missions played by each institution in promoting the principles of good governance in Tunisia are listed as follows: Training and Awareness, Design and conception,

Executive and implementation, Legislative, Control and jurisdiction, Regulation and reinforcement.

To accomplish these missions, these various organizations use the following mechanisms: training and sensitization, designing laws, regulations and codes, monitoring, evaluation, mediation, regulation, and Jurisdictions.

Regarding the main principles that organizations promoted, these entities mainly promote the following principles: Integrity, Transparency, Accountability, Participation, and Impartiality.

As a matter of fact, the entry chapter propose the Tunisian mapping for entities involved in good governance public policies (GGPP) by structures typology (missions). These policies are oriented to the citizen; so to plot the result's chain and to highlight the implementation process of GGPP in Tunisia, the following figure presents a comprehensive and fair image about these entities, by mission and its interactions (Fig. 1).

Moreover, the literature review shows that the lack of good governance has been demonstrated to have corrosive effects on the development process. **Tunisia currently lacks the capacity**, as opposed to the will, to achieve and sustain a climate of good governance (Steinich et al. 2017).

Thus, the public administration in Tunisia needs structural reforms. It's Elites claim better allocation of human and financial resources, innovative procedures, and mechanisms via an innovative meritocracy system.

This is a national demand and it needs a national reform program in accordance in fine with citizens' aspirations. Lastly, bureaucracy is on the top five of the most blamed concept in Tunisia. Actually, this was supported by a capitalism agenda in Tunisia and elsewhere, targeting a wider crop filed.

According to Farazmand (2017), in a paper about governance reforms, it is a hypocrisy to claim democracy and governance without bureaucracy, it is needed by all parties, it is a machinery of government and governance – both public and private – and it is also a central instrument of rule and control as an organization of power, a conduit of exercising power in governance – all forms – and administration in capitalism and socialism. "Bureaucracy is the most effective instrument of power" by both Karl Marx (1966) and Max Weber (1947, 1984).

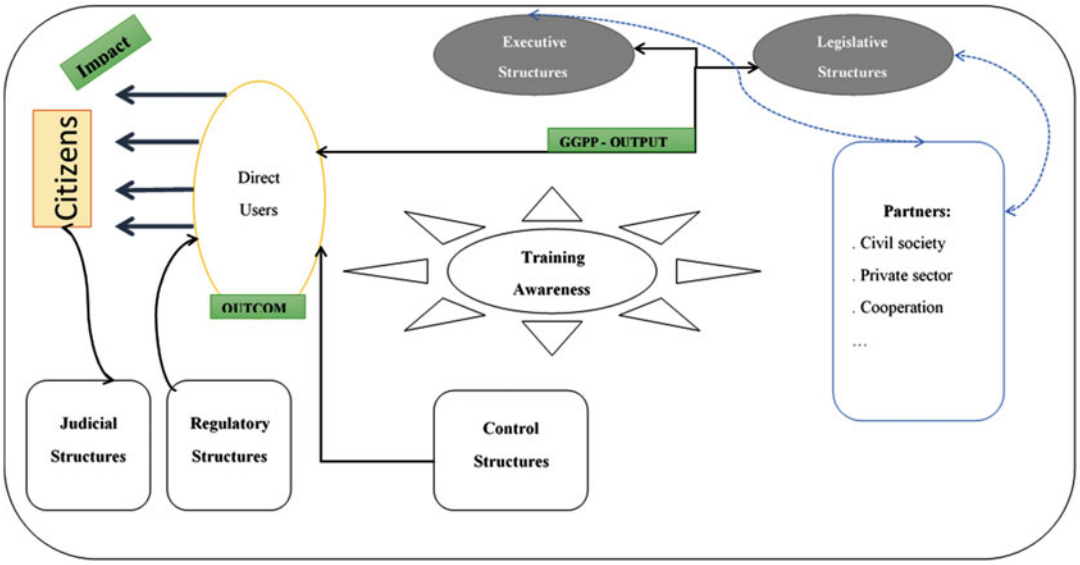


**Good Governance, Building Capacity in Post Revolution, Fig. 1** Cartography of relation between involved institutions in good governance public policies in Tunisia

To sum up, bureaucracy is the effective instrument to all forms of Sound governance systems. Nevertheless, an effective instrument needs capacity, competence, knowledge, and so on.

Capacity building is much more than improving the abilities and skills of individuals. It is more than simply training, mentoring, or organizational restructuring; it is also about strengthening the performance capabilities of individuals, organizations, and societies.

For a similar purpose, the Tunisian government created **the International Academy of Good Governance (IAGG).**

The decree no. 2013-3803 dated 17 September 2013 established and organized the IAGG of Tunis. This decree was repealed and replaced by the decree no. 2014-4568 dated 31 December 2014, fixing the administrative and financial organization of the **National School of Administration (ENA)**.

## The International Academy of Good Governance, Building Capacities

Earlier, in 2012, after the revolution, Tunisia had started a profound transition. The transition should lead to the rule of law based on freedom, democracy as well as a regional and social equal economic development.

These structural reforms depend on the will and the ability of all decision makers and actors to enforce the process and the responsibility of citizens to support this process.

The idea of founding the IAGG was to initiate practitioners from the Tunisian administrative and related sectors in the concepts and methods of democratic governance following the international standards, as well as giving them a practical view of good practices in Germany.

Indeed, trainees found, once back to their offices, the same old dysfunctional structures and procedures. They simply were unable in these conditions to realize what they had learnt.

So, for the German partner and the Tunisian Government, it was clear that it was necessary to readjust the conception of the project. The objective enlarged from achieving changes at the level of the knowledge and competencies of people to a level of the so-called "collective brain" of organization these people were working in.

In addition, the services of good governance at the Presidency of Government (Tunisia) expected that the project should continue to profit to a good number of people working in the Tunisian administration and that the Academy should be located henceforth in Tunisia.

This first phase of the project from January 2012 to December 2014 called "Tunisian-German Academy of Good Governance" was executed by the European Academy of Berlin and financed by the German Foreign Affairs (Transformation partnership program).

Finally, the decision was taken in favor to host the academy at the National School of Administration.

### The Vision – The Main Mission

The vision of the International Academy of Good Governance as announced is:

> A performing and a cooperative administration, at the service of the citizens.

Specifically, a performing participation in building a responsible culture of governance and the spreading of public management good practices, through the organization of training sessions, with the objective that participants gain new knowledge and competencies and be used to governance terms, rules, ethics. Its principal role is to reinforce good practices and to limit corruption and bad governance.

This vision is based on rules, systems, references, procedures, and performing mechanisms, which help to improve the administration capacity and its quality.

The general mission of the academy is to support the Tunisian Government reforms in the area of good governance.

In terms of being specific, Article 26 second (new) of the Decree 2007-1885 as modified by the Decree 2014-4568 states:

> The International Academy of Good Governance is in charge of reinforcing and developing the capacities of high officials of the administration, at the

G

central, regional, and local levels, within the framework of conventions of international cooperation with foreign institutions and countries relating to support of good governance.

### Attributions

The academy does not deliver classic training programs. The ultimate purpose of the academy is to train. The Agents of change are trained and coached to put into practice what they learn once they are back in their offices. They also propose a number of Projects of change. The chosen Projects of change will be implemented by the administration while the follow-up is ensured by the Academy. It should ensure its implementation with the appropriate stakeholders and then its evaluation.

The attributions of the IAGG could be resumed in three main strategic axes: Training – Follow up, Research – Innovation, and Partnership – Cooperation.

### Structure

The IAGG shall be run by a high official whose rank and advantages are similar to those of director or general director of central administration.

A scientific committee is created within the IAGG. Its competence consists mainly in:

- Fixing the programs of training, research, and studies
- Giving its opinion regarding the policy of the academy and any cooperation agreement with the different parties

The IAGG comprises (Fig. 2):

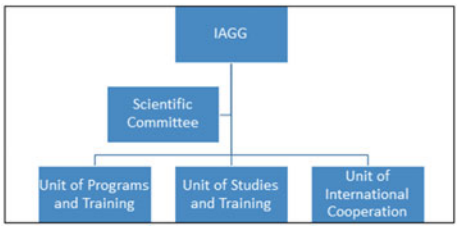


**Good Governance, Building Capacity in Post Revolution, Fig. 2** IAGG organization

## The International Academy of Good Governance

### Toward Sound Governance in Tunisia

The assessment of the Academy project (Gallala and Soukni 2019), using the DAC principles for the evaluation of development assistance (OECD 1991), leads to a comprehensive analysis based on the following criteria: Relevance, Effectiveness, Efficiency, and Sustainability.

Using a participative approach via interviews with high civil servants in the top management positions at the Tunisian Administration and private sector in relation with the Academy project, the assessment lists a number of factors that have an important impact on the project.

The **scientific committee** is a source of sustainability for the Academy's project through its representativeness of the public administration in its highest decision-making positions, the private sector and especially civil society.

There is a high level of **appropriation** both in the ENA and in its authority of supervision through the assessments. The appropriation of the project reinforces its **sustainability**.

The choice of **local experts** by remunerations that are not up to the international range could affect the sustainability of the project. It was a choice of sustainability from the beginning to **set up a group of national experts** in the field. This will promote development even if the partner stops providing financial support.

According to the competitiveness rule, it is difficult to attract the right experts in change management or other disciplines with remunerations that are not adequate with the profile. This limit is difficult to overcome.

The use of new methods, i.e., the DSM (**new Dynamic Systems Methods**), makes the project more sustainable since it fuels the reputation of the Academy.

There are also many limits, the most important ones are as follows:

- There is a **lack of communication** about the project, especially to the general public.

**Good Governance, Building Capacity in Post Revolution, Table 1** A matrix summarizing the recommendations

| Criteria | Recommendations |
|---|---|
| Relevance | The elaboration of a development strategy |
| | The orientation toward corporate governance theme in training |
| | The creation of a good governance magazine by the Academy |
| | A steering committee to manage and to follow up Projects of Change implementation |
| | A selection list criteria for Projects of Change |
| Effectiveness | The clarification of the Scientific Committee attributions and composition |
| | A detailed list contact of the alumni members |
| | A dashboard for strategic axes monitoring |
| | A process of dashboard feeding |
| | The training target implication, by a symbolic contribution at training fees and a bonus system depending on attendance |
| | A monitoring dashboard for Projects of Change implementation |
| | Electronic system management (ECM) for better access to information in training |
| Efficiency | The exchange of financial data should be carried out using ECM library |
| | A training cost formulae has to be adopted |
| | The follow up of tasks could be carried out using ECM |
| Sustainability | A communication role to be assumed by the Scientific Committee |
| | Capacity building for Academy managers |
| | Alumni involvement in the implementation process of the Projects of Change |
| | Financial perspectives |
| | A detailed list of experts by theme assumed |

- There may be a **funding problem** with the end of the Academy support project now being funded by the donor.
- The change of cultures must be accompanied by efforts to orient toward **the new generations.**

Hereafter, a summary matrix presenting the final recommendations (Table 1):

Regarding these recommendations, it is relevant to adopt a package of operational actions to support the management of the IAGG. Even more, it is important to propose axes to amelioration throughout system critics.

Eventually, it is important to highlights the archaic system of building capacity in the Tunisian Administration, which needs structural reforms via a vertical and a horizontal learning view. This refers to a new perspective called by the author a "T" perspective. This is about a feedback system oriented horizontally and vertically to best practices across the country, the region, and even globally. A sound learning process shared with all stakeholders involved in the objective of overcoming cultural, social, and economic inequalities.

## Outlooks and Insights - Innovation

Since the revolution of 2011, Tunisian citizens claim social equality, prosperity via purchasing power consolidation and so on. This needs an economic and social capacity of governance and government systems to answer its citizens' aspirations, even political will and capacity. The will and the capacity need structural reforms in accordance to all stakeholders, national and international stakeholders, policies, orientations, and aspirations.

Thus, a national dialogue is proposed as the solution to the political, economic, and social crises that Tunisia sails through since the revolution.

Hence, Tunisia has adopted a social and economic council of dialogue where the government, trade unions structures, employer union, and the civil society sit in order to propose solution to all conflicts of interest regarding public policies and structural reforms.

Could Tunisia escape time? Could Tunisia make up for it?

Beyond ideology, the reshuffle of the Tunisian governance model needs a pragmatic approach. Indeed, Tunisia needs the will and the capacity to invent a comprehensive vision, in which sound governance could play the role of the neo-governance system in the country based on the couple: innovation – moral values.

## Conclusion

This entry concludes that this Academy project presents a strategic scope in the process of promoting the culture of a sound governance in Tunisia with regard to democracy and accountability. However, to guarantee the continuity of the project and above all to focus on the ultimate beneficiary, the citizen, a development strategy must be put in place in line with the Tunisian institutional framework without losing the compass.

The proper orientation of public policies toward the aspiration of the citizen depends on the performance of the process of implementing these policies. In a program management approach, it is therefore necessary to value the monitoring and evaluation phase of the program to ensure flexibility in intervention and reorientation if necessary.

Eventually, it is important to underline the importance of building capacity in the public administration to achieve good governance climate and to positively impact the administrative governance system.

To buckle this entry, the governance system recovery depends on innovative system and administrative policies oriented to citizens' aspirations and according to stakeholders' orientation.

## Cross-References

▶ Building Reform Capacity
▶ Comparative and Development Public Administration and Policy

## References

Agere S (2000) Promotion good governance: Principles, practices and perspectives. Managing the public services: Strategies for improvement series 11:25–35

Assaduzzaman M, Virtanen P (2016) Governance theories and models. In: Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 1–13

Farazmand A (2004) Sound governance: policy and administrative innovations. Praeger/Greenwood Press, Westport

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17(4):595–617

Gallala M, Soukni H (2019) Good Governance: the International Academy of Good Governance. The National School of Administration of Tunis, High Cycle – End of Study proposal, August 2019

Kempe RH.Sr, (2009) Capacity development for good governance in developing societies: lessons from the field. Routeldge, development in practice 19(1):79–86, Taylon and Francis

Marx K (1966) Capital, vol III. International Publisher, Moscow

OECD (1991) OECD/DAC criteria for evaluating development assistance. OECD, Paris

Setyadiharja R, Kurniasih D, Nursnaeny PS, Nengsih NS (2017) Good governance vs sound governance: a comparative theoretical analysis. In: International Conference on Democracy, Accountability and Governance (ICODAG 2017), Advances in Social Science, Education and Humanities Research (ASSEHR), vol 163. Atlantis Press, Amsterdam

Steinich M, Fiegle T, Hitzegrad A, Wiedemann A (2017) Reforming the legacy of an authoritarian state: the case of Tunisia. In: Kirsch R, Siehl E, Stockmayer A (eds) Transformation, politics and implementation. Nomos Verlagsgesellschaft mbH, Baden-Baden

Vandangeon-Derumez I, Djedidi A, Szendy E (2018) An experiential approach to learning about change management. J Manag Dev. https://doi.org/10.1108/JMD-03-2018-0110

Weber M (1947) The theory of social and economic organization (trans and ed: Henderson AM, Parsons P). Oxford University Press, New York

Weber M (1984) Bureaucracy. In Fischer F, Sirianni C (Eds.), Critical studies in organization and bureaucracy (pp.24–39). Philadelphia: Temple University Press

World Bank (1992) Governance and development. The International Bank for Reconstruction and Development / The World BANK, April 1992

# Governance

Saeed Siyal[1] and Denisha Hobbs[2]
[1]School of Economics and Management, Beijing University of Chemical Technology, Beijing, People's Republic of China
[2]College of Public Affairs, University of Baltimore, Maryland, United States

## Synonyms

Command; Control; Influence; Jurisdiction

## Definition

Governance refers to the formation of policies and continuous monitoring to implement them properly by the governing body. It is the decision-making process by which the decisions are executed or not.

## Introduction

In today's modern era of globalization, the individuals' strive and urge to shape their carrier is increasing more day by day as compared to the earlier times. Their pursuit of new and more effective governance is bringing basic variations through which people and private as well as the public organizations strain to synchronize their vast interests via the complex and interactive process of making the decisions. As the link among the public administration and citizens or common people is being rationalized and reformed in the present era globally, the perception of governance is also in the phase of reforms and restructure. The new concept of governance needs and necessitates the government and citizens to interact mutually, which will be feasible for both the governance and the citizens in order to understand each other and act accordingly.

Literature suggests that the term governance has a great diversity in meanings and usage (Kooiman and Bavinck 2005). The concept and practice of governance is not a recent one; it's known to be as old as the human civilization. Governance is the process of making the decisions as well as practice of implementing those decisions (maybe implemented or not). It is the ability of the government to form and implement rules and regulations and deliver the services irrespective of its nature whether it is democratic or some other. However, there exists a baseline precedent agreement which indicates that the governance attributes to develop its style that blurs the boundaries which create any restrictions among the private and public organizations. It's the aspect of governance to emphasis on its mechanism which don't rely on the remedy to authority and approvals of the government. The core idea of the governance refers to form a structure which isn't able to be enforced externally but that results from the interaction of the diversity of governing and having influence on each other (Kooiman and Van Vliet 1993, p. 64).

It is of interest how the governance is being used in a wide range of practitioners and academic settings to grab the shift and transformation in the thinking and working styles. In the Britain and the USA, the governance is undoubtedly in the minds of all the officials regardless of whether they are elected or unelected officials of their state. Besides, the governance also owes a resonance and significance in the debates regarding policies in other western democratic states. It has come into the policy arena of the developing countries too. At certain times, for the World Bank, the governance is condensed to the commitment of the competent, efficient and well-organized, and accountable government. In other circumstances, the governance is used to identify the dependence of the public and private as well as voluntary organizations within the developing nations.

Jessop (1995) argues that governance has a diverse, disjointed, and incoherent academic literature which is very hard to understand and synchronize. It has numerous theoretical roots which include institutional economics (IE), international relations (IR), organizational studies (OS), development studies (DS), political science (PS), public administration (PA), and the Foucauldian-inspired theorists. The precursors and antecedents of

governance will comprise of corporatism, communities related to policy, along with the wide range of economic exploration and analysis which is relevant to the advancement and evolution of the economic systems.

The concept of governance has not yet contributed in the perspective of the theories at a certain pivotal analysis level, either it proposes any new theory of the normative nature. It only provides an organizing and unifying framework which is of the utmost value. The core value of the perspective of governance lies in the capability to offer and deliver a certain effective unifying framework which is always useful to understand the fluctuating procedure of governing. It is argued by Judge et al. (1995) that such conceptual and unifying frameworks deliver a sort of language along with a frame of the references that assists to examine the reality and lead the theorists to raise the questions which might not otherwise come across or arise. And if the outcome is successful, it will give new insights which would be as useful and unique that might not be yielded by any other frameworks and perspectives. These conceptual frameworks are such effective that they can establish and form a shift in the paradigm. The importance of these frameworks can be seen in their establishment and recognition of what is considered worthy to study.

The perspective of the governance seems functional when it is helpful to pinpoint the essential questions, as well as provides a number of suitable and useful responses to those raised questions. Besides, it also offers point of reference that becomes a challenge for a number of assumptions and conventions of the traditional and outdated public administration. The traditional style of public administration is very old as indicated by its name and is not likely to be in practice in this modern era of globalization.

In the preliminary conceptualization, the eminence and excellence of the governance differ from the end where it is intended to justify and accomplish. Precisely, governance is all about the agents' performance in executing the wishes and aspirations of the principals, rather than the goals set by the principals. The government is the organization that may perform its roles better or worse, while governance is only concerned with the execution and also deals with the matters traditionally falling under the jurisdiction of the public administration opposed and conflicting by politics.

Governance signifies a shift from the form of relationship wherein the one side is governed by the other side to a certain unified set of relationships in which both the sides interact mutually so as to make the necessary and favorable choices for people. Hence, the governance shapes political and economic as well as the administrative authority and power which is later used by the societies to administer and oversee their activities. Governance comprises of the mechanism, tools, processes, and the institutions which are utilized by the citizens, individually or in groups, and the societies to make decisions and implement them, express their interest and fulfill their responsibilities and commitments, and solve conflicts and clashes. Relatively, the governance idealizes and specifies the nature of reciprocal interaction among the social actors and the interaction of social actors with public administration which lead to form the concept of joint government.

In most of the countries, all of the actors excluding government and military collectively form the civil society. Additionally, some of the states are found to have "structured crime syndicates" which also have influence on the decision-making, especially found country-wide in urban areas. In the same way, formal government structure is one of the means through which the decisions are also made and implemented, whereas the informal decision-making bodies may exist across the country which include kitchen cabinets (also known as the informal advisors). The organized crime groups known as the "Land Mafia" are found in some urban areas which also have some impact on the decision-making, while in some rural areas, the local powerful families and groups are also found to have certain impact on the decision-making process. These sort of informal decision-making syndicates and groups are usually the result of corrupt and unfair practices or may result in the same. These practices are found in most of the under-developed and developing countries and sometimes in the developed economies as well, which ruin the system of their

surrounding communities and the state as a whole, leading to poor governance.

## Output Measures of Governance

Good and virtuous processes along with the strong durable capacity are never the ends in themselves. People mostly demand their government to perform and deliver schooling system, improve education, and provide basic health, security, and defense at the national level. This recommends an alternate measure of the quality of measure which is considered as the final output. The performance of the government can be easily assessed by looking at the literacy rate; the education system at primary, secondary, and college or university levels; health; and security systems. All these factors give a clear idea of how is the government and its performance for the betterment of the state. These factors, being the attractive ones to have an idea about the government and the governance, are not always enough as the output measures of the governance. There are numerous drawbacks in the use of these factors. The very first and fundamental outputs such as the education and health are not usually the outcome of the poor governance, rather these get worse as a result of the actions of the public, as the public sectors interact with its surrounding environment which includes the people and society with whom it deals to yield the outcomes. For instance, in the 1960s the Coleman Report on the education system of the USA indicated that the outcomes related to the education depended more on the family and friends surrounding it in the society rather than the inputs of the public sectors and governance.

The second issue regarding the measurement of the output seems to be problematic itself in the perspective of methodology. The public sectors usually offer services which might be extremely difficult to measure accurately. Say, for example, the test scores have been a very common method to evaluate and assess the outcomes of educational system which have been under severe criticism and considered as the output measures of the education system. The measures of the rule of law, similar to trial time, frequency of the clearance of the cases, etc. clarify and say nothing much concerning the justice and its quality being offered by the legal system of the state.

Lastly, it's not possible to separate the measures of outcome from the procedural as well as the normative measures. The police-owned countries may be successful in controlling and minimizing the street crimes if they take immediate, unbiased actions and arrest the criminals as well as torture the suspects massively, while the liberal democracy accepts the crimes at the higher level in return of the procedural defense of the rights at individual level. Though, someone who is neutral about whether the torture is also justified as a procedure of the police, it would be interesting to know if that is employed regularly in assessing the government.

## Good Governance and Its Characteristic: Do They Really Matter?

There are eight main characteristics which collectively define the concept of good governance. It assures the minimization of corruption, considers the views of every citizen including the minorities, takes into account the voice of the helpless citizens of the society, and reflects them in the decision-making. In addition, it shows responsiveness and is approachable to the current and future desires and needs of the society in particular and state as whole. Each of the eight characteristics is defined briefly as follows.

### Participation

Participation of both the male and female is equally important and acts as a basic component of the good governance. It forms the foundation of the good governance. It may be directly or via the accredited intermediate institutes, associations, and representatives. It is necessary to mention that the democratic representatives don't usually mean to consider the concerns and issues of the most vulnerable citizens of the society in making the decisions. Rather they give equal consideration to every citizen of the society. The participation which is informed and well-organized

proves to be the effective characteristic of the good governance. This means and gives the concept of two different sides. On one side it shows the freedom to join and associate, and on the other side it refers to the well-organized and structured civil society.

### Rule of Law

A fair legal system which may be enforced impartially in the society regardless of any external influence and unfair means is the perquisite for good governance. This is also important to protect the human rights within the society, especially the citizens of the minorities so as to keep the society happy and having the sense of equality, security, and justice. To do so, an independent judicial system and incorrupt police are required which enforce the laws impartially. Both these law-enforcing bodies play an important role in making the society crime-free and unbiased, leading to promoting the good governance.

### Transparency

Transparency is defined as the decision-making which follows the proper rules and regulations in fair and unbiased manner. It ensures the free and direct availability of the information to the people or citizens who are related to or have effect from this decision and enforcement of the law. In addition, it also ensures that enough information regarding the law enforcement and decisions is delivered and that it is easy to understand.

### Responsiveness

Responsiveness is one of the characteristics of good governance which requires the service and response of all the institutions and procedures within a time span which is rational and reasonable. Timely and proper response is very important in making the governance good as it shows a sense of responsibility.

### Consensus-Oriented

A society has numerous actors and multiple viewpoints. Mediation of diverse interests within the society is required for good governance which leads to a wide consensus and helps to determine the best and common interest of the society as well as identifies the way to achieve that. Additionally, it entails a general and long-lasting perspective on the prerequisite to make a sustainable development of the human and also suggests the methods to accomplish such developments within the society. All this is possible only if the society is studied in perspective of its history, culture, and social life; this will be useful to identify the society in a proper manner.

### Equity and Inclusiveness

The well-being and happiness of any society rests on the feeling that every citizen of the society owes a stake and is not excluded from the society's mainstream. This needs every citizen in general and the neglected groups in particular to avail the chances of improving and maintaining their living, happiness, and well-being so as to stand with the society or community in the same line. This increases the outlook of the society which in turn represents the sign of good governance over there.

### Effectiveness and Efficiency

Good governance is meant as the procedures and institutes that yield outcomes which cope with the desires and needs of the society and utilize the resources at their best in the interests of the society. The paradigm of efficiency in the perspective of good governance refers to sustainable utilization of the natural resources as well as protection and fortification of the environment to keep the citizens and society safe and healthy.

### Accountability

Accountability has been a basic constraint of good governance. It is compulsory for both the government and private organizations equally to be accountable to their respective institutions or stakeholders. The accounting body differs from organization to organization and also depends on the scenario whether the decisions and actions which have been taken are internal or external. Generally, the institutions are accountable to those who have been affected by their decisions and actions. It's almost impossible to enforce the

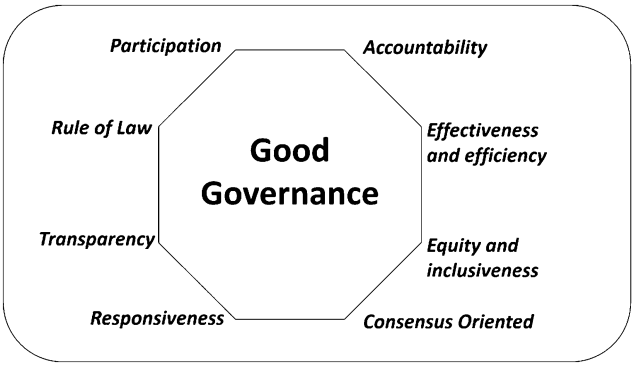


**Governance, Fig. 1** Characteristics of good governance

accountability if the transparency and law are not there in the society or community.

By discussing all the eight characteristics (refer to Fig. 1) which join to form good governance, it will not be wrong to call good governance as an ideal that is pretty hard and challenging to achieve as a whole in the society. A very few societies and states have stepped close to attaining good governance completely as a whole. Yet, there is a great need to take initiatives and serious actions in order to ensure the sustainable development of the human to let this ideal become reality.

## Global Context of Good Governance

Based on the facts and figures which have been released by the World Development Report in 2017, the number of citizens across the globe living in democratic states touched to its peak points in 2015. This report also shows some data and clues which confirm the spreading of the electoral democracies across the globe. However, several adverse tendencies and challenges are influencing those positive trends globally. The democracy index of 2015 has shown the low frequencies of the political participation and weak position of the democratic cultures. The watch report of the civil society further illustrates that more states are being unsuccessful to fulfill their commitments of defending and enabling the civil society to form in real. The space of the civil society is getting shrink because of the uncertain peace situations and prolonged conflicts, the growth of population, and limitations against the engagement of the community in the affairs of the public.

In several developing economies, malpractice of law and order situation affects the local government and its transparency in decision-making, which is usually associated with the abuse and misuse of power and corruption. Insecurity of the tenure and grabbing of land are one of the key issues which have adverse impact on the sustainable growth and development of rural as well as urban areas in general and poor communities in particular. Estimation by the World Bank declares that only 30% of the land rights are on record across the world which is a very low ratio worldwide. That means the remaining other 70% of the people around the world are deprived of their housing and rights of land ownership documentation which make them liable to the issues of land grabbing. This also makes it easy for the land grabbers as the people owning it don't have the rights in documentation; besides, the rule of law is not that much effective and implemented there which may stop the grabbers from doing so. Therefore it becomes a free zone for them to do on their will and affect the citizens specially the poor ones. Recently, a report on the Association Agreements of the EU and DCFTA (Deep and Comprehensive Free Trade Agreement) with some countries including Ukraine, Moldova, and Georgia delineated the challenges and issues in implementation of political reforms in the Eastern partnerships wherein the PIN (people in need) utilizes the experience of transition. All these challenges are deprived of the political

**Governance, Fig. 2** Main challenges of governance

willingness to take active part and be transparent enough, inadequate capacities and aptitudes of the local government along with CSO to be capable of delivering quality evaluation of the fundamental policies. Regardless of the challenges, the released report confirms the crucial role and participation of local civil society in bringing the reforms. The civil society organizations (CSOs) strive to match and counter the needs and desires of the local citizens with the peripheral requirements of the European Union (UN); besides, the CSOs illuminate the reforms along with its paybacks to the state's population and offer them the required expertise.

Within the contemporary global context of good governance, the sustainable growth and development has also been challenged by fierceness and inter-state as well as intra-state conflicts which greatly affect the poverty levels and migration ratio. The countries implying PIN in the good governance are included as a part of index of fragility. In the fragile economies, the governments become usually unsuccessful in providing access to fundamental services along with the protection and security of the citizens. In the meanwhile, the tendency of the communities towards the principles of good governance leads them to attain sustainable growth and development of their states.

## Main Challenges of Governance

The main challenges which are discussed below are being faced by both the transition economies and the fragile states. These challenges occur in the context of governance, endeavoring to democracy along with resolution of conflicts. All the challenges are delineated in Fig. 2 for better understanding.

### Lack of Participation and Engagement

Local authorities (abbreviated as LA) usually flop in implementing the reforms associated to political transition and resolution of conflicts which have low capacity and provision. Deficiency of willingness and knowledge of the paybacks of being cooperative restricts the active engagement and participation of the surrounding communities in the decision-making process. This together with the deficit of effective planning based on evidences leads to outcomes wherein the local authorities, being the duty deliverers, make decisions that often don't reflect the community's interests and the desires and needs of the most vulnerable groups in the communities.

### Lack of Accountability

Accountability has been considered as the key factor to attain good governance. Shortcomings

in the accountability give rise to a gap among the community and decision-makers and become responsible for the delivery of services. This has great impact on the trust of communities in their local and national governments.

### Low Transparency

Rules and regulations are not usually followed in making decisions and later in implementing the same. Simultaneously, the provided information is not sufficient and also not in a form that is easy to understand. Therefore, deficit of mechanism which ensures such a process of decision-making that is transparent and followed by rules and regulations may result in increase of the corruption as well as limit the access to fair and justice in the society.

### Lack of Awareness of Active Citizenship

Communities experiencing conflict and the establishments that are non-democratic are usually deprived of trust in the abilities of their own to have influence on the affairs of public which describe the circumstances of their life. Additionally, they don't have much understanding of the civil society as well as the paybacks arising from the active engagement that leads them to take part in the process of decision-making.

### Weak Role of Civil Society

Inadequate performance of the civil society organizations results by the limitations of law, deficit of capacity and funding in several countries give rise to limited representation of the communities plus their needs in the process of decision-making. Pathetic roles in combination with low potential of the CSOs leave adverse impact on their accountability in the perspective of their beneficiaries. This generally results in dearth of trust in CSOs' communities.

### Gender Inequality

Low participation of women in politics leads to the rise in gender inequalities and creates space for biased rules and laws which affect wages, practices of the customary (including the rights of property and marriage), systems of social welfare, and others which are necessary for both men and women. To bring change, women should be supported on individual basis as well as on community and national levels. This will be an effective initiative towards making the environment favorable for the participation of women in leadership.

## Global Governance and Global Rules: Why Do They Need Reform?

The term governance has long been used to represent nurturing the relations which are dependent on each other in the deficiency of predominant political authorities as seen in global systems. It also incorporates institutes, policies, customs, processes, and initiatives by which the citizens and countries strive to get more predictability, steadiness, and direction of their reactions against the global challenges. It's nearly impossible to attain effective and efficient global governance without having effective global cooperation. In addition to being an indicator of transnational solidarity, global cooperation is a source of promoting mutual interests and common values and minimizing vulnerabilities created by the amplified interdependence, which is also one of the obligations of the legal system.

The centrality of the transnational cooperation has already been recognized by the member countries of the UN in 1945, so as to solve the issues related to economic, social, culture, or the humanitarian basis; besides, it also endorses as well as encourages the respect for rights of human and basic sovereignty for everyone irrespective of race, sex, language they speak, and religious beliefs. After adopting the Universal declaration regarding the human rights in 1948, and following the transnational treatises which let the declaration come into practice, it becomes a legal requirement for countries to ease the awareness of human rights by all via transnational cooperation. However, the main concern of the country is to accomplish the human rights, and there exists a transnational obligation for countries to eradicate the hindrances which are afar from the range of the individual nations and that hinder the occurring of situations as well as social provisions essential for the accomplishment of the human

rights (Fukuda-Parr 2006). In the meantime, the declaration regarding the right to develop (United Nations, General Assembly 1986) clearly calls on countries to perform jointly and individually to form an empowering atmosphere for growth and development, predominantly by eradicating obstacles and generating opportunities and prospects (Ibid., Preamble, articles 1, 2, 4, and 7).

## Conclusion

Governance is a perspective which offers a structured framework or map and guide to the moving world of the governments globally. Besides, it also pinpoints the trends as well as developments in this modern era. Governance promotes the development of human via prominent participation along with the equalities in social and economic perspective. Its main objective is to create a society with proper rules and regulations, equality, participation, accountability, and transparency. Governance is the fundamental factor which builds the nation.

## Cross-References

► Global Governance and National Governance

## References

Democracy Index 2015, Democracy in an age of anxiety, report by The Economist Intelligence Unit, page 2. Retrieved from https://www.yabiladi.com/img/content/EIU-DemocracyIndex-2015.pdf

Fukuda-Parr S (2006) Millennium development goal 8: indicators for international human rights obligations. Hum Rights Q 28:966

Governance and the law, world development report (2017). Retrieved from http://www.worldbank.org/en/publication/wdr2017#

Jessop B (1995) The regulation approach, governance and post-Fordism: alternative perspectives on economic and political change? Econ Soc 24(3):307–333

Judge D, Stoker G, Wolman H (1995) Urban politics and theory: an introduction. In: Theories of urban politics. SAGE, London, pp 1–12

Kooiman J, Bavinck M (2005) The governance perspective. In: Fish for life: interactive governance for fisheries, vol 3. Amsterdam University Press, Amsterdam, p 11

Kooiman J, Van Vliet M (1993) Governance and public management. In: Eliassen K, Kooiman J (eds) Managing public organisation. SAGE, London

United Nations, General Assembly (1986) Declaration on the right to development. Resolution 41/128 of 4 December 1986. http://www.un.org/documents/ga/res/41/a41r128.htm

# Governance and Aid

Ludo Cuyvers[1,2] and Reth Soeng[3,4]
[1]University of Antwerp, Antwerp, Belgium
[2]North-West University, Potchefstroom, South Africa
[3]American University of Phnom Penh, Phnom Penh, Cambodia
[4]Centre for ASEAN Studies, University of Antwerp, Antwerp, Belgium

## Synonyms

Foreign aid and governance; International assistance and public administration

## Definition

Governance is broadly defined as the government's ability to make and enforce rules and to deliver services, regardless of whether that government is democratic or not. Being multi-faceted, governance encompasses all aspects of the exercise of authority through formal and informal institutions in the management of the resource endowment of a state.

Foreign aid consists of the financial and other resources voluntarily transferred by a donor country/organization to a recipient country/organization.

## Introduction

The effects of official development assistance (ODA), and foreign aid in general, and its impact

on the quality of governance in the recipient countries are a matter of both scientific and political debate. It has attracted considerable attention of academics, development policymakers, donors, and other stakeholders. "Good governance" is required by international institutions as a condition for international assistance to developing countries, but it has been argued that the ODA conditions of globalization and privatization as a part of structural adjustment programs have increased, rather than reduced, corruption in less-developed countries.

Although foreign aid is aiming to combat poverty and to promote economic, social, and human development in the recipient county, some studies indicate that it is ineffective in promoting economic activities and growth, that it failed to improve the institutions and the governance in these countries, and that it promotes opportunist behavior and rent-seeking. In contrast to these criticisms, a large body of empirical studies exists that gives evidence of the important role of foreign aid in enhancing economic growth, reducing poverty, and in improving institutions and governance. Moreover, it has also been shown that the contradictory statistical evidence on the effectiveness of foreign aid has suffered from measurement problems, as well as from methodological flaws.

## Foreign Aid and Governance: The Optimist and Pessimist Views

Theoretically, foreign aid supplements government tax revenues in the aid-receiving countries, thus lessening binding financial constraints. Although not leading directly to improved governance, it might do so indirectly, since it will allow the recipient governments to focus attention more on improving governance, which includes rule of law, law enforcement, maintenance of social order and security, the fight against corruption, improvements of public service delivery, etc. Some forms of foreign aid, such as aid-for-trade, are providing technical assistance to the recipients, thereby contributing more directly to the improvement of the quality of their institutions, governance, and accountability.

The arguments in favor of the mentioned indirect relationship include (e.g., Bräutigam and Knack 2004):

1. More ODA makes more funds available for the recipient countries' development agendas for improving public services, for enhancing effective policy formulation and implementation, and for establishing strong and effective institutions.
2. Foreign aid can be utilized for enhancing state capacity through training and technical assistance to the public development administration in the recipient countries, possibly leading to the enhancement of the quality of public administration and the use of public resources and thus to greater effectiveness of governance and better institutions.
3. Foreign aid can be used to strengthen procedures and institutions for state-society linkages, including support for judicial reforms and the rule of law, as well as the fight against corruption.
4. Some foreign aid is directly made to empower non-governmental organizations and civil society organizations with genuine development agendas in their missions, allowing these organizations to engage more productively with their host governments for the benefit of the general public and possibly for the interest of the aid-giving countries.

In contrast, the pessimist views on foreign aid suggest that foreign aid may result in the deterioration of governance quality in the receiving countries in several ways (Knack 2001; Bräutigam and Knack 2004):

1. Aid-funded projects siphon off talented but low-paid employees of the public sector, encouraging them to have multiple jobs, thus distracting their attention and reducing their commitment in their government workplace.
2. Foreign aid may undermine existing institutions, encourage rent-seeking behavior, foment conflicts over the control of aid funds and/or aid-funded projects, and alleviate pressure to make necessary reforms of the existing inefficient political institutions and policies.

3. Dependence on foreign aid may create moral hazard by aid-receiving governments who believe that they may be bailed out by the donor community when facing fiscal constraints.

Recently, Addison et al. (2017) have taken stock of the large empirical literature on the aid effects and the effectiveness of foreign aid since the establishment of the foreign aid programs in the late 1940s. The results of these empirical studies were mixed (especially those related to macroeconomic aid-growth effects of aid) and inconclusive, but more recent findings are more converging, and the pessimist views that aid is ineffective and harmful receive much less empirical support in the existing literature. Also, in an in-depth review of the existing aid-growth literature, Arndt et al. (2015) take note of the positive role that aid has played in promoting economic growth for the aid recipients over the longer time horizons.

## Empirical Studies

The empirical literature on the effects of foreign aid on governance is relatively scarce. Often an econometric specification is used with the quality of aspects of governance explained by foreign aid, controlling for other variables that are influencing governance quality, such as per capita income, openness of international trade, foreign direct investment, and the quality of democracy, sometimes supplemented with a binary indicator of "British legal system origin" in the aid-recipient countries.

Governance indicators used in the empirical literature are mostly government effectiveness (GE), measuring the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies; regulatory quality (RQ), capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development; rule of law (RL), capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence; and control of corruption (CC), measuring perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Using data from 32 African countries over 1982–1997, Bräutigam and Knack (2004) found that aid deteriorated governance and that the negative relationship between high aid levels and the worsening governance is statistically significant and robust. Their findings also suggested that higher aid levels resulted in a lower tax share of GDP, which is confirmed by a number of studies. Similarly, Busse and Gröning (2009) examined the aid-governance nexus based on a sample of 106 aid-receiving countries over the period 1984–2004, using the generalized method of moments (GMM) estimation strategy. Their estimation results suggested that aid negatively affected governance in these countries. Their findings are robust to different specifications.

Using cross-sectional data from 80 recipient countries, Knack (2001) found that aid dependence hurts the quality of institutions and governance (proxied by rule of law, bureaucratic quality, and control of corruption in the government). Asongu and Nwachukwu (2016) investigated whether foreign aid has had any impact on governance in Africa. With the governance data from the World Bank's Worldwide Governance Indicators covering 52 African countries, they found that ODA undermined these countries' quality of governance, measured by indexes of government effectiveness, regulatory quality, control of corruption, and rule of law. Other aspects of governance, such as voice and accountability and political stability, did not seem to be negatively affected by aid.

Following Knack (2001), with different data sources and somewhat improved estimation methods, Ear (2007a) tried to replicate Knack's results, using indexes of the World Bank's

concept of governance which is disaggregated into six dimensions, namely, control of corruption, government effectiveness, rule of law, regulatory quality, political stability, and voice and accountability. Using data from more than 200 countries and territories, Ear's estimation results suggest that only the rule of law is found to be negatively related to aid, but its statistical evidence is rather weak. The findings are not robust and largely sensitive to the model specification. Another paper by Ear (2007b) used Cambodia as a case study to look into the relationship between aid and governance. Based on a survey of just 43 respondents who, as indicated by Ear, were "development experts" working for donor agencies, international NGOs, local NGOs, and the Royal Government of Cambodia, he concluded that aid did not have a positive impact on governance in Cambodia and may even have contributed to its further deterioration (Ear 2007b). However, these results may suffer from methodological flaws, and the interpretations of the results, therefore, have to be made with great caution, due largely to the very small sample size of a survey of only 43 informants that, in any case, cannot represent the population of Cambodia.

In contrast, Jones and Tarp (2016) found that foreign aid exerted a positive net effect on political institutions, which was largely generated by the conditionality that aid was allocated for the enhancement of the quality of the recipients' governance. Their finding is in line with that of other researchers of the long-run aid effect on democracy. Dutta et al. (2013), who examined the nexus of aid and political institutions, concluded that aid contributed to making already democratic countries more democratic, but also that aid can be used to strengthen democracy in countries where democracy is weakly practiced. In turn, investigation of the effects of multilateral aid on corruption showed that higher aid levels were correlated with lower corruption but found no effects of bilateral aid.

Many previous studies investigating the links between foreign aid and the quality of governance or determinants of governance have used cross-sectional data, i.e., a dataset that contains information on the sample of individual countries taken at a given point in time only. However, it has been recently argued that the use of cross-sectional data analysis leads to biased results due to unobserved individual country-specific heterogeneity.

Studies that use a set of country data over time (panel data) have to deal with the so-called endogeneity problem, i.e., aid having impact on governance, but donors also rewarding good governance performance with more aid. Some recent studies of panel data sets report mixed results. Okada and Samreth (2012) investigated the impact of foreign aid on corruption in 120 developing countries for the 1995–2009 period, applying the quantile regression methodology, and found evidence that foreign aid generally reduces the levels of corruption. Soeng et al. (2018) applied Hausman-Taylor methodology to estimate the impact of foreign aid on governance in a panel data set from ASEAN member countries over 1996–2015 and found a significant positive impact on control of corruption. However, Mohamed and Azman-Saini (2015) analyzed a panel data set of 52 African countries over 1996–2010 by means of both the two-stage least squares instrumental variable estimation technique and the system generalized method of moments and reported that foreign aid tends to have a statistically significant negative impact on control of corruption but also reduces the corruption perception.

## Conclusion

In sum, more recently, the previously dominant pessimist views that aid is ineffective and harmful have received much less empirical support. Many empirical studies on the impact of foreign aid on governance found evidence of a negative impact. However, most were based on cross-sectional data analysis and therefore have biased results. Recent panel data research reports a positive impact. It can be concluded that foreign aid appears to be important for the developing world as it tends to help address the development bottlenecks of the countries. Despite different results were reported in the literature, the positive effects of aid on aid-

receiving countries, in particular those that had suffered from civil war, internal conflicts, and enduring upheavals and are in dire need of capital for their reconstruction and development, should not be overlooked. This merits the question: What would have happened to these countries' governance in the absence of assistance from richer countries?

## Cross-References

► Effectiveness of Local Government, The
► Regulatory Policy

## References

Addison T, Morrissey O, Tarp F (2017) The macroeconomics of aid: overview. J Dev Stud 53(7):987–997
Arndt C, Jones S, Tarp F (2015) What is the aggregate economic rate of return to foreign aid? World Bank Econ Rev 30(3):446–474
Asongu SA Nwachukwu JC (2016) Foreign aid and governance in Africa. Intern Rev of Appl Economics 30(1):69–88
Bräutigam DA, Knack S (2004) Foreign aid, institutions, and governance in sub-Saharan Africa. Econ Dev Cult Chang 52(2):255–285
Busse M, Gröning S (2009) Does foreign aid improve governance? Econ Lett 104(2):76–78
Dutta N, Leeson PT, Williamson CR (2013) The amplification effect: foreign aid's impact on political institutions. Kyklos 66(2):208–228
Ear S (2007a) Does aid dependence worsen governance? International Public Management Journal 10(3):259–286
Ear S (2007b) The political economy of aid and governance in Cambodia. Asian Journal of Political Science 15(1):68–96
Jones S, Tarp F (2016) Does foreign aid harm political institutions? J Dev Econ 118:266–281
Knack S (2001) Aid dependence and the quality of governance: cross-country empirical tests. South Econ J 68(2):310–329
Mohamed MR, Azman-Saini WNW (2015) Effect of foreign aid on corruption: evidence from sub-Saharan African countries. Int J Soc Econ 42(1):47–63
Okada K, Samreth S (2012) The effects of foreign aid on corruption: a quantile regression approach. Econ Lett 115(2):240–243
Soeng R, Cuyvers L, Sok, S (2018) Foreign aid and domestic governance: evidence for ASEAN countries. CAS Discussion Paper No 104, Antwerp: University of Antwerp, Centre for ASEAN Studies, forthcoming

# Governance and Buddhism

Aka Firowz Ahmad
Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

## Synonyms

Buddhist governance; Buddhist perspective of governance; Governance in Buddhism

## Definition

Based on the spirit of ***Sobbe satta shuketa vabantu*** meaning all entities be happy, Buddhist governance offers a total system perspective of governance to steer human action, both individual and collective, including everything within its functional purview.

With ***Nirvana*** (ultimate freedom) as the overall goal, Buddhist governance includes four noble truth, eightfold path, three shelters (Trissarana), Patimokkha (accountability), and Barshabsa (moral and intellectual development process) from systems perspective.

**Buddhist governance** refers to the vision of wholeness as well as the interrelationship and functional connectivity among all entities, living and nonliving. Basing on *sila,samadhi* and *prajñā* it integrates everything from complicated individual human mind to all inanimate bodies and forces into a system to attain the of *Nirvana*. It refers to the final goal of Buddhism where there is no desire, suffering or sense of self and the soul is released from the cycle of karma, death and rebirth.

## Introduction

Governance as a system of steering human actions ranging from decision making to decision implementation through the use of power/authority involving different institutions, mechanism, process, and traditions within the environmental

supra-system is always present in all human activities both at individual and collective levels. It is as old as human being and human society. But the nature of governance has been remarkably changed in the different stages of social evolution from the primitive communism to modern capitalist society characterized by globalization and open market economy, and it becomes very complicated. Consequently governance failure followed by the urge for good governance has become a universal phenomenon throughout the world. In the case of developing countries, major donors and international financial institutions are increasingly basing their aid and loans on the condition that reforms ensuring good governance are undertaken. The World Bank views good governance and anti-corruption as central to its mission. It is also remarkably represented in the academic and intellectual discourses as well as different prescriptions, and reform moves have been also made in different countries. But the situation related to good governance did not improve in most of the countries. Moreover, corruption is found to increase and assume an endemic form. The governance system fails to maintain dynamic equilibrium and attain the desired goals, faces disorder, and eventually turns into bad governance. The prescriptions so far made emphasizing only on the structural, procedural, and the legal issues of the organization with a view to combating corruption and increasing efficiency neither consider governance from holistic perspective nor focus on the value issues emanating from the internal weaknesses of capitalism and incongruence of the strong capitalistic values with the surrounding realities.

Within capitalistic framework, consumerism driven by market forces has appeared as a new world religion. But the crisis of consumerism is infecting every culture and governance system of the world and invalidates its two basic assumptions, i.e., "(i) growth and enhanced world trade will benefit everyone, and (ii) growth will not be constrained by the inherent limits of a finite planet" that uphold urgent need for constructing alternative perspective of development and governance considering the multifarious realities of the society concerned. Since Buddhism had a glorious heritage in human and social development in Asia and still, despite of all religious differences, it has enormous normative influence on social values and culture, this paper makes an attempt to analyze Buddhist system of governance with a view to developing an alternative perspective of good governance based on Buddhism. With the Nirvana (ultimate freedom) as the overall goal, the theoretical framework has been constructed from systems perspective including the four noble truth, eightfold path, three shelters (Trissarana), Patimokkha (accountability), Barshabsa (moral and intellectual development process), and so on. Buddhist governance refers to the vision of wholeness and the interrelationship and functional connectivity among all entities, living and nonliving as well as material and nonmaterial. It integrates everything from complicated individual human mind to all inanimate bodies and forces into a system. *Nirvana* refers to the final goal of Buddhism where there is no desire, suffering, or sense of self and the soul is released from the cycle of karma, death, and rebirth (Buddharakkhita 1985). ***Sobbe satta shuketa vabantu*** meaning all entities be happy offers a total system perspective of governance to steer human action, both individual and collective, including everything within its functional purview. Blended by the principles of decentralization, participation, and accountability, the Buddhist perspective, contrary to consumerism, strives toward a sacrifice-oriented integrated development through a corresponding system of governance for ensuring holistic peace and progress in the society.

Gautama Buddha, once the crown prince Siddhartha of Shakya Kingdom of Northern India and afterward, Buddha who from the peak of the state governance and from the palace came down to the bottom of the society and to the common people, introduced a new system of governance. Buddha organized people under the *Sangha*-centered governance system which paved a way for masses historically exploited under rigid caste and class system for salvation and thereby significantly changed the stratified social system. This social governance system had been in practice in Indian society including

Bangladesh for centuries together, and its approach still can contribute in constructing social governance in modern time.

## Background of Buddhist Governance

Gautama Buddha, the crown prince of Shakya Kingdom in the Northern India, introduced his religion as a revolt against the governance system prevailing in a strongly stratified feudal society characterized by the dominance rigid class and caste system (Asvaghosha 1883). Centralization of authority based on tradition and coercive power, dependency, discrimination in the distribution of resources, and status and dignity sustaining exploitation in institutionalized forms legitimized by strong religious belief system were the basic features of that governance system. This system was generating sufferings of millions of downtrodden people termed as *Sudras or Dassha*. Gautama realized the sufferings of these people along with the common suffering of all human beings during their impermanent life time. One day Gautama Buddha would become the number one man in that system assuming supreme power to steer the kingdom, he would become the head of that governance system based on the prevalent Vedic values and norms, but it was quite clear to him that it was not possible to ensure the salvation of the oppressed human being materially and mentally within the existing system of governance and/or by using the prevalent power structure.

The power he inherited was externally exposed and exercised, bestowed on him due to his position in the social structure where individual self was uncounted and ignored. Buddha moved on to a different way, he took individual as basic point of reference and basic source of power, and lastly he explored a new way of life and new type of power with a corresponding system of governance. His contemplative intellectual ability with higher-level mental makeup helped him clearly understand the evils of the state governance that left the crown, palace, and his family in search of alternative system for the salvation of all entities including human being. He took a declassed form, and after being enlightened through a hazardous process, he revealed a new lifestyle within new system of governance.

Buddha introduced this revolutionary governance system during his lifetime without encountering any opposition from the vested interest group. Because of universal and massive conversion of common people into his system, Buddha did not encounter any resistance to introduce the system. Later on during the period of *Ashoka*, Indian society in general predominantly became under the social governance system of Buddhism (Chimoa and Chattopadhyaya 1980). Historical record shows that in the third century four fifth of the total population of India Buddhist who would lead *Sangha*-centered life. Due to a theoretical weakness emanating from the principles of prohibiting killing of any living being and winning enemies through friendship, Buddhist governance could not develop any mechanism to protect and sustain itself in the birth place of Buddha. But in Bangladesh, it survived unto mid twelfth century, and the period from 750 to 1150 during Pala kingdom may be termed as the most glorious period of Buddhist governance throughout the history all over the world.

The regime started with Gopal who was elected by the community or community leaders. The rulers adopted the title *pala*, the word derived from Bengali word *palon* meaning nursing and rearing with attention and devotion. The title of the kings in fact upholds their objectives in regard to their role as the head of the kingdom. Buddhism, contrary to the Arian hierarchical and centralized authority both in social and state formations, presented a decentralized society-based governance structure within the framework of *Sangha* which assumed the role of social governance and eventually took the responsibility of the kings at the social levels. The *Sangha* does not only provide the social foundation of Buddhism but also provide an institutional framework of social governance which is responsible for maintaining social peace and harmony involving the members of the society. The role of the king within the scaffold of *palon* was to facilitate this governance. This period experienced community-based development cloth and other industries and

institutionalized growth of Viharas as seats of higher education equivalent to modern university that attracted foreign Buddhist personalities like Fa hien, Hu en shang to visit Bangladesh to be enshrined with Buddhist wisdom. World famous scholar Atisha Diponkar is the product of the foundation of the sociocultural values of Bangladesh society that was led by this social governance during this period. It faced the same fate of extinction as happened in India in the sixth century built in weaknesses and seizure of state power by the Vedic *Sen* Dynasty. The social governance as well as Buddhist people could not stand before Sen's aggression. A bulk of the population was killed, some fled way from the main land and migrated to non-Vedic society in Java, Sumatra, and other places, and the rest was coercively converted into *Sudras*, the neglected caste in Hinduism.

## Framework of Buddhist Governance

Buddhism which is termed as Dhamma Vinaya by Buddha himself provided a comprehensive alternative system of governance with normative and institutional framework which is directed to ensuring the human equality, freedom, and salvation from holistic perspective (Buddhist Monsatic Code 1993). *Dhamma Vinaya* is the foundation of Buddhist governance where Dhamma means truth and Vinaya means discipline. These two need to work together as guiding principles to achieve the goal of governance. Buddhist governance is characteristically a system of social governance which is exercised socially by Sangha within the framework of the four noble truth, trisharana, silla, samadhi, and prajna. Buddha's objective was not to provide a new governance system but to uphold happiness for all entities phrasing within "*sobbe satta shuketa vabantu*" meaning all entities be happy. It offers a total system perspective of governance to steer human action, both individual and collective, including everything within its functional purview. It upholds the vision of wholeness and the interrelationship and functional connectivity among all entities, living and nonliving as well as material and nonmaterial. It integrates everything from complicated individual human mind to all inanimate bodies and forces into a system. It does not only emphasize for the happiness of human being or all animal or living being rather strives for the happiness of all entities which functionally refers to provision of scope to the entities to properly play their role without disturbing dynamic equilibrium in the system.

### *Arjjasatta*, the Philosophy of Policy Formulation

Buddhist system of governance is primarily founded on *Arjjasatta*, the four noble truths comprising *(i) suffering exists*, (ii) *there is a cause for suffering*, (iii) *there is an end to suffering*, *and (iv) there are ways to end suffering* that provides a framework to analyze the dynamics of changing individual and social life. The first two truths explore two universal realities existing in individual human being and in human society, while the last two noble truths assure that the sufferings are not unsurpassable and confirm that there are ways to overcome the sufferings and act as the basis of all efforts as way forward. Arjjasatta is a rational, realistic, positive, and forward-looking approach to solving human problems at all levels and making human being dynamic and peaceful. It recognizes continuous changes in all beings following the law of *Anicca* for which there always arises problems in individual human being and in human society resulting in sufferings. The transitory nature of the system inherently accompanies problems and sufferings with it. There is no scope to think that any state, position, or any role is constant. If anyone thinks himself as constant within his role and position and starts acting accordingly, that essentially causes suffering for himself and others as well. This happens only for mental and intellectual incapability of persons or entities concerned. The second truth refers to the causal relationship of suffering and exploring the causes. Sufferings are the product of the causes and none of the suffering is out of nothing. The third truth creates hope and drives toward efforts for salvation by directing that there is an end of sufferings. Sufferings, according to Buddhism, decreases with the increase of freedom in respect of mind, intellect, and resources. The fourth truth

holds that there are ways to get rid of sufferings, and it necessarily refers to a system of governance that provides individual and society the capacity to control individual and social self and to uphold mental, intellectual, and financial freedom by using different institutions, norms and values, principles, and mechanism.

The main focus of governance is decision making and implementation through the interaction of different forces. Arjjasatta is a pragmatic model decision making from holistic perspective. Available models of decision making strive normally for reaching solution whereas arjjasatta explores the philosophical roots of problem along with environmental dynamism.

### *Kamma*, the Focus of Governance

Work occupies central position in all types of governance, and perception of work eventually molds nature of governance system functioning at any level. Based on the differences in the perception governance also varies resulting in different output and impact. This issue could not receive due or comprehensive attention in the present governance thinking. Buddhism defines work as karma and emphasizes on it with the assumption that human being is capable of changing his/her status by dint of work and individual should be measured based on work not on birth or caste or class belongingness. Unlike conventional definition/interpretation of work only from physical point of view, Buddhism gives a holistic perspective of kamma or work by the concept ***kayamonobakkya*** which is the combination of *kaya (body)*, *mono (mind)*, and *bakkya*, and correspondingly there are three types of work such as *(i) kayek (physical)*, *(ii) manashik (mental)*, and *(iii) bachanik (oral)*.

Mental work shapes individuals thought pattern, mental framework, personality makeup, and intention. Oral works are related to speech and interpersonal communication that affect interpersonal relationship and concerted efforts. Behavior of any individual is primarily manifested by his/her oral and physical works which is always guided by mental work. In Buddhism since mind is considered as the chief and forerunner of all conditions, mental work holds the central position in the work system. "If, with an impure mind, one speaks or acts, then pain follows one, even as the wheel follows the hoof of the ox" (Barua 2004). In the present framework of governance, only physical work is considered; the other two sectors of work, mental, and oral are equally ignored and all the measures, guidelines, rules of business, evaluations, and trainings for the betterment of governance center round this work.

### *Trissarana*, the Structure of Governance

*Trissarana*, also called Triratna or three jewels, consisting of *Buddha*, *Dhamma*, and *Sangha* corresponding to enlightenment, discipline, or code of behavior and community organization, respectively, constitute the broader structure of governance giving it an institutionalized form with the capability to solve continuously emerging problems and sufferings in individual and social life. *Sarana* means shelter and *Trissarana* refers to three types of shelter related to mind, behavioral code, and organization. All these three shelters form a system as a unitary whole and work inseparably to achieve the ultimate goal of solving problems and removing suffering. The trisharna-like oath is always recited or kept in mind as (i) *Buddhaṃ saraṇam gacchāmi*, (I take refuge in the Buddha) (ii) *Dhammaṃ saraṇam gacchāmi* (I take refuge in the Dharma), and (iii) *Saṃghaṃ saraṇam gacchāmi* (I take refuge in the Sangha) by the followers.

The term *Buddha* has its origin on word "budh" which means realization with understanding and feelings. In Buddhism, *Buddha*, the first shelter as the first jewel/ratna, refers to enlightenment based on supreme form of knowledge and morality to encompass intellectual and mental capability. Intellectual capability enables to analyze the problematic situation and develop solution, while mental ability helps to decide what is right and what is wrong, i.e., the normative dimension of decision. Bad governance, resulting in inefficiency and corruption, emerges when there is any limitation in these capabilities. Mental or moral incapability of stakeholders is instrumental to any corruption in governance. For good governance all individuals or stakeholders need to be committed and directed to enlightenment and

attain a level of concomitant intellectual and moral development.

*Dharma* in its broadest sense refers to the natural order or universal law that underpins the operation of the universe in both the physical and moral spheres. In Buddhism it denotes the totality of Buddhist teachings that are thought to accurately describe and explain the underlying universal law so that individuals may live in harmony with it (Bukkyo Dendo Kyokai 1992). In *Abhidharma Pitaka* it refers to the individual elements that collectively constitute the empirical world. Some of these elements (dharmas) are external to the perceiver, and others are internal psychological processes and traits of character (Harold 2003). In its totality *Dhamma* provides a code of behavior related to physical and mental psychological interaction of individual. The most significant characteristics of this code are that it tries to make consistence and balance with the universal laws of nature and codifies the mental and psychological aspect of human behavior that are ignored in the existing codes of good governance.

*Sangha* refers to the community or organization consisting of monks, nuns, and other community people who accept the trissarana (the three jewels or ratna). In Buddhist terminology common people are *upāsaka* and *upāsikā*. Based on a monastery *(vihara)* as its center, Sangha is a social unit of religion, administration, and education. It upholds a community-based and participatory system of social governance under an intellectually and spiritually developed self-sacrificing, discipline, and committed leadership. The commitment of leadership is to enhance "*sobbe satta shuketa vabantu*," happiness for all entities. *Sangha* is the institution responsible for steering the society involving its members following the behavioral codes of *Dharma*.

*Bihara* is the secretariat of the *Sangha* headed by a monk or Vikkhu named *Sthabira*. He teaches Shila, Samadhi, and Prajna and responsible for maintaining social harmony, peace, and development. In the society, larger type of Bihara is called *Mahabihara* and the head is designated as *Mahasthabir*. There are some basic codes to run the different activities of Bihara that provides a framework of participatory and accountable system of community-based governance. The leadership of the Sangha is selected through massive consultation and consensus basis from among the Vikkhus of the Bihara who is senior and more closer to Nirvana and who has the capability to run the Sangha.

### *Nirvana* and the Codes of Governance

Founded on the philosophical premise of Nirvana Buddhist codes of governance, it encompasses all the three dimensions of karma or human behavior within the framework *Pancasila*, *Austtamagga*, *Patimukkha*, and so on. Literary meaning of Nirvana is "to blow off" (The teaching of Buddha 1992). It is the highest forms of enlightenment based on intellectual capabilities and mental capabilities. It upholds a state of freedom from all exploitative relationship and exploitation where individual is free from personal ill motives and desires that cause harm for him/her and also for others. The goal of governance in Buddhism is to lead human being individually and human society as a whole toward freedom. The pattern of behavior or kamma at the stage of nirvana is guided by four principles (Table 1) such as (i) metta (loving kindness), (ii) karuna (compassion), (iii) mudita (sympathetic joy), and (iv) upekkha (equanimity).

Nirvana makes man impersonal endowed with wisdom which is necessary to take rational and realistic decision in accomplishing kamma. It refrains the human being in committing

**Governance and Buddhism, Table 1** Main features of metta, karuna, mudita, and upekkha

| Ideals | Main features |
|---|---|
| Metta | Cultivation of loving kindness toward all, including the vanquished |
| Karuna | Compassionate thought arising on seeing the sufferings of other, helping suffering people with material and nonmaterial assistance, devoting time, thought, and energy to remove the causes of sufferings of other |
| Mudita | Detaching joy by means of which one rejoices over the prosperity of others and does not entertain any jealousy toward them |
| Upekkha | Psychological balance of an individual during the time of gain and loss |

corruption. Due to *mudita* and *karuna* it is always responsive to the problems and sufferings of other.

### Pancasila

Pancasila, the five basic principles included in the Vinaya Pitak, may be described as commandments applicable in the field of social governance. While the eightfold path emphasizes mostly on governance at individual level, *Pancasila* focuses on the basic dimensions of collective governance and constitutes the basic framework of human, economic, and environmental relationship (Bu-ston 1931). The five principles include (i) not to kill any living being, (ii) not to take what is not earned, (iii) not to commit sexual misconduct, (iv) not to make false speech, and (v) not to become intoxicated.

Buddhism, in its literary sense, prohibits killing of both human and all other living being, but practically it is not possible because every act of eating at least causes killing of herbs and plants. Killing of living being other than man may be done for protection from harm or to gain necessary subsistence for survival. But for maintaining biodiversity and ecological balance, destruction of herbs, plants, and animal is no way it can be allowed without extreme necessity. Killing of human being in most of the cases takes place out of rivalry, jealousy, and greed for power, resources, and benefits. It destroys social harmony, balance and peace. Restrictions on killing in Buddhism are directed to maintaining social and environmental balance.

Material and interpersonal relationships are two most dominant types of relationships in governance system. The second principle lays the foundation of material relationship by giving bar on taking or using unearned income in the forms of goods and service. Resources gained through stealing, robbing, hijacking, gambling, bribery, interest, cheating, corruption, and exploitation are unearned income. These types of incomes generate exploitation and injustice in the society and make it stratified. Corruption as means of unearned income has been infecting the current governance system throughout the world.

Male and female relationship constitutes the core of interpersonal relationship. If this relationship drives toward sexual misconducts, then the total interpersonal relationship becomes at a stake and brings chaos in the social governance. Sex is only allowed in Buddhism within the marital family bondage. Although in most of the Western societies following consumerist spirit encouraging free sex, allowing homosexuality and in many societies legitimacy is given to prostitutions in the name of sex work, but all these are sexual misconducts and prohibited in Buddhism by the third sila. These misconducts destroy family system, the basic unit of the society, and creates psychosocial anarchies.

The fourth sila prohibits distortion of facts through false statement. Interaction among individuals based on false statement destroys trust in the organizations. Trust is the basic capital in all organizations and in all interactions. False statement or false message throws all interactions into validity, objectivity, and reliability crisis. Corruption at any level cannot take place without distortion of fact, and when facts are distorted participation cannot play effective role, and transparency disappears in the system. Peace and discipline cannot exist amidst falsehood (Bapat 1962). Consequently bad governance engulfs everything producing unintended outputs.

The last sila directs people not to become intoxicated since it disturbs the internal discipline in the individual being. Effects of internal disorders do not remain confined within individual only, moreover affect the whole system. When person involves in substance abuse, she/he gradually loses all the capability to lead a normal life and appear as a problem in the family and society. Since in drug trade profit margin is very high, a group of powerful international traders are engaged in this business; they are so powerful that they hardly care for the global governance.

### *Austta Magga*, the Eightfold Path

Buddhism prescribes three sets of behavioral codes needed to guide the kamma or work effective through the exercise of good governance (Table 2). These are (1) wisdom (Sanskrit, *prajñā*; Pāli, *paññā*), (2) ethical conduct (Sanskrit, *śīla*; Pāli, *sīla*), and (3) concentration (Sanskrit and Pāli, *samādhi*). These three sets of behavioral

**Governance and Buddhism, Table 2** Eightfold paths under sila, samadhi, and prajna

| Division | Eightfold path | Different dimensions in the paths |
|---|---|---|
| Wisdom (Sanskrit: *prajñā*, Pāli: *paññā*) | (1) Right view | The understanding of the four noble truths about the universality of suffering (unsatisfactoriness), of its origin, its cessation, and the path leading to that cessation |
| | (2) Right intention | Thoughts free from sensuous desire, from ill-will, and cruelty |
| Ethical conduct (Sanskrit: *śīla*, Pāli: *sīla*) | (3) Right speech | Abstaining from lying, tale-bearing, harsh language, and foolish babble |
| | (4) Right action | Abstaining from killing, stealing, and unlawful sexual intercourse |
| | (5) Right livelihood | Abstaining from a livelihood that brings harm to other beings, such as trading in arms, in living beings, intoxicating drinks, poison, slaughtering, fishing, soldiering, deceit, treachery, soothsaying, trickery, usury, etc. |
| Concentration (Sanskrit and Pāli: *samādhi*) | (6) Right effort | The effort of avoiding or overcoming evil and disadvantageous things and of developing and maintaining advantageous things |
| | (7) Right mindfulness | Mindfulness and awareness in contemplating body, feelings, mind, and mind objects |
| | (8) Right concentration | Concentration of mind associated with advantageous (kusala) consciousness, which eventually may reach the absorptions |



codes include the great eightfold of paths. *Praj*na is wisdom comprising of right perspective and right commitment. *Sila* is related to a set of behavioral codes that include: right speech, right deeds, and right livelihood. *Samadhi* includes another set of behavior – right smriti (memory), right exercise, and right meditation.

For good governance a clear perspective consistent with the universal law and commitment to that perspective is required first. Prajna or wisdom ensures these basic aspects. Governance exercised in most of the cases due to the absence of perspective or perspective theoretically only without applications fails to achieve its objective and eventually appears as bad or evil governance. Sila manifests the guidelines of oral works and physical works so that these are performed righteously for earning right likelihood. This is necessary for material self-reliance of individual without depending on others and for avoiding any exploitative material relationship (Ilaiah 2010). Samadhi is related to right memory that keeps individual aware of the past and history. Smriti helps in taking proper decision based on past experience. Samadhi emphasizes on exercise for upholding dynamism and forward movement, while meditation directs the mental works and leads people to mental salvation. Prajna is wisdom, consisting of clear perspective and simultaneously commitment to the perspective.

### *Patimokkha,* the Accountability Code

In the Buddhist community-based system, the most important instrument for ensuring good governance is the exercise of Patimokkha for making an accountable society. Patimokkha is a treatise on crimes. It contains 227 rules related to crimes divided into eight sections (The Buddhist Monastic Code 1993).

1. Parajika – defeat
2. Sanghadisesa – formal meeting
3. Aniyata- undetermined
4. Nissaggiya pacittiya – forfeiture and confession
5. Pacittiya-confession
6. Patidesaniya-acknowledgement
7. Sekhiya-training
8. Adhikarana-samatha- settlement of issues

In each fortnight people of the society are to visit the Sangha. Vikkhu, the leader, reads out the Patimokkha. If anyone has committed any crimes enshrined within the 227 rules, the crime is properly analyzed and the persons concerned in this regard is corrected. This is perhaps a very

effective form of social accountability and transparency.

### Education for Governance

Education is an integral part of Buddhist governance. It is the responsibility of the Bihara to conduct education program both for the *Sramanas* and general masses. The Buddhist approach to education is also community based in nature and consists of *Guru* (teacher), deshana (teaching), and *dhan* (meditation). Guru is more than a teacher, but a model before students. In addition to the three refuges, functionally the guru is considered as an additional refuge to the formula, since access to the other three refuges is considered to be dependent upon the kindness of a teacher.

Besides teaching and learning, meditation gets highest emphasis in the system of education which is devoted to total knowledge and wisdom. For massive education and enlightenment of the sramanas and vikkhus, 3 months are reserved popularly known as *Barsh Basha* for intensive involvement in education and meditation. The larger *Biharas* are responsible for rendering higher education.

## Conclusion

Buddhist governance, centering round Sangha, is essentially social governance. Like the absence of the reference of God in the different discourses on Buddhism including nirvana, shilla, magga, and so on, there is no reference of central state governance in Buddhism. Buddha's observation on the failure and helplessness of central governance in removing sufferings of individual and collective life and its role in sustaining rigid stratified and exploitative social relationship legitimized by religion would perhaps make him disinterested to pay any attention to the state governance. In his governance man is the basic point of reference within the social system. The concept of governance lies on the assumptions that human beings are capable of changing their positions by dint of their kamma if it is performed systematically following proper codes within the framework of Sangha or society. Social governance cannot be effective in the stratified society or where inequality dominates the society. Buddha started with denying with all conceptual and functional stratification remaining in the society. This gave a solid foundation to establish a sustainable social governance system which remained effective in the different parts of India including Bangladesh and Sri Lanka for centuries together. The system was from within the society and the members of the society also owned it.

Buddhist governance holds a comprehensive perspective complying with its objective to work for the happiness of all entities, human, and other beings. This governance operated following a philosophical model of policy/decision making within the framework of arjjasatta or four noble truths. Thus governance needs here to remain always alert to encounter problem and increase tolerance level. It also helps emerge dynamic governance. Since it was based on holistic perspective, it could establish operational sense of connectivity among individuals and all other entities. Nirvana-oriented worldview turned the connectivity into strong and sensitive bondage in the society where it was in practice. One of the unique traits of this governance is loving impersonality and functioning in unbiased manner. Present governance system is based on capitalism which gets momentum through consumerism. While the crisis of consumerism is now infecting every culture and governance system of the world and invalidates its two basic assumptions, i.e., "(i) growth and enhanced world trade will benefit everyone, and (ii) growth will not be constrained by the inherent limits of a finite planet," the nirvana-directed sacrifice-oriented governance model has immense potentiality to develop alternative system of governance.

The governance addresses the structure of the society, the structure which is convenient for running sound social governance system by the principles of *Pancasila*. It draws up the boundaries of material relationship, human relationship, and environmental relationship along with consistent behavioral pattern of social governance. Any governance, state, local, or social always demands structural context of the society. Taking lesson from Buddhist social governance in the present efforts for good governance either at central

administration or at the local one, this issue should be treated with serious attention.

## References

Asvaghosha (1883) A life of the Buddha, trans. Samuel Biel, Sacred Books of the East. Claredon Press, p 21
Bapat PV (1962) The Buddhist conception of Pancha-Sheela, Int Stud 4(1), Sage Journals
Barua BP (2004) Buddhism a modern perspective. Homeland Press Publications, Chittagong
Buddharakkhita A (1985) The Dhammapada: the Buddha's path of wisdom. Buddhist Publication Society, Kandy
Buddhist Promoting Foundation (1992) The teaching of Buddha. Buddhist Promoting Foundation, Tokyo, p 300
Bukkyo Dendo Kyokai (1992) The teaching of Buddha. Bukkyo Dendo Kyokai, Tokyo, p 38
Bu-ston (1931) A history of Buddhism, trans. E. Obermiller, Heidelberg
Chimoa L, Chattopadhyaya A (1980) In: Chattopadhyaya D (ed) History of Buddhism in India. Calcutta
Harold CG (2003) Encyclopedia of science and religion. The Gale Group. Available online http://www.encyclopedia.com/topic/dharma.aspx#2-1O108:Dharma-full. Accessed 03 July 2016
Ilaiah K (2010) God as political philosopher: Buddha's challenge to Brahminism. Kolkata, p 62
The Buddhist Monastic Code (1993) The Mahamakuta Educational Council, Bangkok: The Buddhist University, p 2. http://www.religioustolerance.org/buddhism1.htm. Accessed 06 Aug 2016

# Governance and Citizenship

Md Nurul Momen
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Anti-corruption; Civil society organizations; Corruption; Governance' Government

## Definition

Corruption simply refers to fraudulent practices conduct by powerful people for their private gain.

Civil society organizations (CSOs) are the nongovernmental organizations, without a significant government control and management, that exists in many different forms, some informal and some as formal organizations such as nongovernmental organizations (NGOs), professional association, community-based organizations (CBOs), trade unions, and faith-based organizations (FBOs) come together to pursue for a shared interest and collective action.

## Introduction

Corruption exists in all societies at different scales and forms, and many countries are now confronting with it. Corruption always poses threats to the vision of a state in their sustainable development process. Although there is an awareness of the consequences of corruption on sustainable governance and development, different kinds of anti-corruption strategies are now a priority agenda in the civil society organizations (CSOs) around the world. Added to that, there is also the existence of legal, policy and institutional framework introduced to curb corruption, efforts of CSOs are largely not getting success, where autocratic and oligarchic system of government exists. Corruption even exists in democracies, but its nature and dimension is basically different from the high corruption prone in countries run by autocrats in dictatorships. Furthermore, the varying nature of political and administrative reasons in the different countries of the world has also impacted to the effectiveness of CSOs. It is worth to note that people in the whole world has seen quite a good number of citizens' movement who raised their voices for a transparent and accountable government. For instance, common citizens from the countries, including South Korea, India, Brazil, Egypt, and others, acknowledged that corruption caused incalculable damage to integrity and every fabric of their societies, therefore, demanded for an effective solution of this social menace called corruption.

CSOs have achieved some noteworthy success across the world on what should work in fighting corruption. As a justification behind the

involvement of CSOs in anti-corruption fight, when the level of trust over the commitment of government is low or declining slowly, in that case, it is essentially required to allow CSOs in the war against corruption. However, to say that if CSOs are involved in the fight against corruption, in that case, in holding government to account will be easy. Given the context, The UN Convention against Corruption (UNCAC) recognizes the role of CSOs in fighting corruption by putting pressure on governments to increase accountability and transparency, to promote free flow of information, and to encourage citizens' participation in government decision-making processes. On a particular note, the UNCAC is the only binding international legal instrument in fighting corruption, and article 13 of it says that CSOs should take part in the struggle.

However, the paper focuses on identifying challenges to the failure of CSOs in the process of anti-corruption efforts. Relying on qualitative data, the paper argues that with limited resources the CSOs are working in the war against corruption for maintaining governance for sustainable development. However, as findings in the paper, CSOs are found to be very restricted in the regulatory framework, furthermore, effective strategies lacks within or outside of the organization itself as far as their involvement in the fight against corruption is concerned. On the other hand, it is observed that the spaces for CSOs activities are highly restricted in countries run by transitional government which makes it difficult for them to enjoy the benefits of freedom of association and of assembly. However, the paper explains the failures of CSOs in fighting corruption that will be critically analyzed.

## Constitutional Framework on Civil Society

Many countries in the world in their constitutional framework provide a guideline for the activities of CSOs. For instance, the Constitution of the people's republic of China through Article 35 guarantees freedoms of association and of assembly, but in enforcing these constitutional guaranteed freedoms, the government may use discretionary power that has been mentioned in the separate law; moreover, there are no mechanisms to enforce these constitutional guaranteed rights and privileges of CSOs. The above case of state discretion in case of China can be found in many other countries in Asia, having examined the constitution of the Asian countries that have protections for rights of freedom of association and of assembly, for example, Afghanistan (Arts. 34–36); Bangladesh (Arts. 37–39); Cambodia (Arts. 41–42); India (Art. 19); Japan (Arts. 16, 21); Indonesia (Arts. 28, 28E); Kazakhstan (Arts. 5, 23, 24); Malaysia (Art. 10); Nepal (Art. 17); Pakistan (Art. 17); Singapore (Art. 14); Myanmar (Para. 354); and many others (Sidel and Moore 2015, p.4). However, it is to be noted that all of these Asian countries' constitutional framework, protection for freedom of association, and peaceful assembly are available for the activities of CSOs, but when these rights are explored into a more detailed laws and regulations, and when it comes into execution, these freedoms are determined and shaped through the discretion of the government. Note also that in some other countries, textual protection of the constitution itself provides reasons for restrictive freedoms.

## Understanding Corruption and Governance

To operationalize the concept, governance as the process and institutions by which authority in a country exercise power and manage resources effectively for the purpose of common good. By contrast, corruption is narrowly defined as fraudulent practices conduct by powerful people for their private gain. However, there are the variations on broader definitions of corruption, despite the debate; the boundary of governance system must be broader than that of corruption. Undoubtedly, governance and corruption is related, but they are different in views. The framework of governance is based on legal-rational authority which simply contradicts with any forms of corruption. Governance and corruption remain contested topic, but they have received increasing

attention in sustainable development strategies. However, to say that when the state is failed to solve crisis in governance, these failures have sometimes been used to explain the justification of involvement of CSOs in the war against corruption.

There are many models or theory that provides a conceptual clarification of corruption. Spence (2007, p. 36, cited by Al Zadjali 2010) analyzed common characteristics of different forms of corruption. When it comes to clarifying the Myth of Gyges, which is explained by Glaucon to Socrates in Book II of Plato's Republic, five factors that characterize corruption:

1. The possession of power is considered as the capacity to act in a way to bring about the desired outcomes.
2. There is disposition to purposefully exercise that possession of power.
3. There is an opportunity of exercising that power or to be engaged in exercising power in some activities.
4. There is invisibility or concealment of the actions.
5. There is a monetary or non-monetary self-regarding gain to the individual or groups.

Apart from the five Gyges model, Spence points out one more feature, that is "*...a socially pre-established fiduciary relationship of trust between the corrupt person or group and the person or persons or group who are harmed in some way by the corrupt person's or the corrupt group's action*" (Spence 2007, p. 39, Al Zadjali 2010).

Given the philosophical foundation, corruption is a secret act which is unable to coexist with good accountable and transparent system. Elaborately, there are incapacities of governance condition which may allow corruption to occur, such as political instability, bureaucratic complexity, and absence of accountable and transparent legislative and judicial systems. Hence, corruption is an important challenge to any states on which sustainable political and economic development or failure depends to a large extent on their success in eradicating it. The argument has also been echoed in a workshop on corruption in Australia held in 2010, "*Corruption is a serious challenge in the contemporary world. It undermines good government, fundamentally distorts public policy and leads to the misallocation of resources. Controlling it is only possible with the cooperation of a wide range of stakeholders*" (Al Zadjali 2010).

However, during the 1970s, economy grew stagnant, and many social scientists blamed to "government failure" for bad policies that demanded accountability and transparency on the process of governance, highlighting the importance of partnership of diverse actors in complex policy actions such as the inclusion of government as one side, and other actors as private organizations, and the CSOs and other stakeholders (Warren and Weschler 1999, cited by Dhakal 2007, p. 62), depending on the nature of the policy problems. Since then, there has been an increased number of CSOs, and also brought partnership between government, nonprofit and the profit-oriented organizations. However, CSOs can respond to many social and political ills of a country, but the nature and functions of CSOs and its co-relations with the other stakeholders can develop some challenges that weaken the performance of CSOs to further continue their advocacy programs.

## Understanding the Failure of CSOs in Anti-Corruption

Many social scientists in their research findings pointed out that the failure of contemporary anti-corruption efforts are not only the consequences of lack of resources, rather it could be blamed for the absence of multi stakeholders partnerships (MSPs) such as the absence of cooperation between the government and civil society, non-governmental organizations, and ordinary citizens and, obviously, lack of enforcing strict laws and its enforcement (Riley 1998; Robinson 1998; Kpundeh 1998, 2004; Johnston 2005; Amundsen 2006; World Bank 1994, cited by Persson et al. 2010, p. 10). This insightful finding came up with a commonly perceived notion that without

having a strong political will, campaign for anti corruption efforts are doomed to fail.

For instance, immediately after taking power, most political regimes in Africa have committed to bring the corrupt cases of their predecessors into justice, and they have also given a promise to end unethical behavior, as a part of the justification for their claim on office. Independent political analysis and expert evaluation reports from the African countries as well as from the reports published in every year from Berlin based transparency International reveal that many anti-corruption efforts in African countries are embedded in the structure of corrupt networks in their society. The other way around, political leaders often talk about the establishment of integrity in public office, but political words do not always relate into a genuine commitment towards the establishment of a model for building national integrity. That means that there is a gap between rhetoric and reality in the anti-corruption efforts. For example, many high-profile corruption scandals emerged in many countries in Africa in the recent past years, but in most cases, no prosecution has taken place seriously yet, for instance, the Goldenberg and Anglo Leasing scandals in Kenya and the Global Fund scandal in Uganda (Persson et al. 2010, p. 10). The following section analyzes to the challenges that CSOs face in the contemporary world, as they are responsible to take larger roles in anti-corruption struggles.

### Political Reasons

There are many political reasons why anti-corruption struggles do not take root in society. Having reviewed the literature, it is observed in many countries in the world, anti-corruption reform was never considered a serious attempt from the governments. Imagine that if a government simply reacts to corrupt behavior, it may not put the appropriate course of actions into the anti-corruption strategies. As a consequence, this will bring in the struggles not having any serious impacts on changing behavior of corrupt practices. For example, in 2013 when the Turkish Parliament began investigating allegations of unethical behavior of its former Prime Minister, at the beginning it looked like a zero tolerance on ending corruption in political settings. But it made clear as soon as the Turkish Parliament cleared them of these charges that fueled speculations among the ordinary citizens that the anti-corruption campaign was simply a political motive.

On a particular note, in a transitional democratic country, a government may also use an anti-corruption war to oppress opponents' views. For this kind of anti-corruption efforts, at the very beginning, citizens do not comprehend the real motives for such a political exercise. For instance, in the recent past, some south Asian countries adopted strategies including a tough anti-corruption law and setting up independent anti-corruption commission. But later on, due to the controversy of the corruption charged against its opposition leaders and their supporters, under such circumstances, citizens became quite skeptical about the true nature of the political motive, and perceived knowledge of the citizens would quickly blow the credibility of such an anti-corruption effort. In order to contribute for a further conceptual clarity, anti-corruption struggles can also be used to justify military coups to topple democratically elected governments. The recent case of Thailand, Egypt, and Zimbabwe are being ruled by military governments as a justification of the coup in the war against corruption.

In some countries, a government may be truly serious about ending corruption, but before adopting new strategies or reforms, governments do not spend much time and efforts to initiate a dialogue or consultation with other stakeholders. However, to say that earlier researchers proved that without a national consensus, even a genuine anti-corruption effort driven by a government may not be supported by the society. For instance, in Bolivia, a national anti-corruption plan drew attention by local experts on a point of departure that there had not been a wide participation in formulating the said plan. Later on, it was found that on certain points, some of the church groups resisted the anti-corruption move, as a consequence, the Bolivian government had to step back from anti-corruption struggles and compelled to organize a new policy dialogue at

national level in order to get fully consensus support against fighting corruption.

A government may genuinely start an anti-corruption agenda, but beforehand they have to make sure that opposition parties must also be on board for the war. Whenever there is a transition of power, as a consequence, the opposition will either come into power or as opposition put pressure over the government for their anti-corruption efforts. The importance of involving the opposition parties are illustrated by what happened in Japan as a case. The opposition-proposed bill on receiving goods in return for providing political favors to their citizens, even the bill, later on, mobilized to some of the members of the ruling political party to take stern action on this endeavor (UN 2000, p. 2–3).

### Administrative Reasons

Despite of political will is in place to fight against corruption, there are often failures in regards to administrative issues (in terms of time and resources), that cause to lose hope in anti-corruption efforts. For instance, it is an unfortunate reality that in many cases, countries with bad governance adapt a complete model of anti-corruption strategy from the developed economies where corrupt behavior is significantly low. Therefore, it is suggested to spend sufficient time to adapt strategies and methodology into a specific context of a recipient country. It is also worth to point out that lasting reforms are not an easy task, given the consideration; many anti-corruption defenders and experts suggest that countries must begin their nationwide exercise, which is absolutely crucial to mobilize popular support from their citizens. When it comes to formulating and disseminating regulations, and policy manuals, these activities seem to be tedious work and require huge time and resources than its anticipation. By the time, anti-corruption reforms become derailed. In summing up, the problem lies with the administrative system for failure in anti-corruption efforts should not be ignored; if they are not analyzed properly, it will have some negative consequences on the mission of its efforts (UN 2000, p. 3–4).

### Internal and External Challenges

In developing economies, the state still have a natural monopoly in providing public goods and service delivery, apart from that, the despotic state has always the tendency of maintaining bureaucratic complexity in the service delivery, and very unresponsive and slow to any societal transformation that is inherent in the philosophy of state power. When it comes to the inherent internal challenges of the CSOs, its inevitable challenges vary from authoritarian regimes to democratic governments due to the varying political structure, institutional performance, and values and norms in society. However, there are some explicit internal challenges in regards to the failures of CSOs that emerge as restricted focus in advocacy programs, shortage of resources in reaching out to citizens, fragmentation and parochialism in policy. These said challenges weaken the mission or performance of CSOs to accomplish its stated goals. Now let me share an international survey on non-profit sectors conducted by Salamon and Anheier in 1994, they found that the activities and performance of the CSOs are highly influenced by some external factors that includes regulatory system, the centralized nature of the government, and extent of social and economic development of the concerned countries (Waddell 1997; World Bank 1997; Brown and Ashman 1996, cited by Brown and Kalegaonkar 1999, p. 2–3). Now I am going focus on some external challenges of CSOs such as public legitimacy, government, and business relations.

#### Public Legitimacy

If a state has a long history of public acceptance of CSOs, their advocacy programs and opinions are generally respected. In India, for example, many voluntary organizations working on social problems have institutional history going back centuries, and there have been substantial popular support for their activities. In many other countries, however, there is relatively little public understanding or recognition of the legitimacy of CSOs. Without the mass support or acceptance, other sectors in the state machineries can challenge to the activities of CSOs. Even sometimes the vulnerabilities are observed within the CSOs (Brown and Kalegaonkar 1999, p. 5).

There is no denying the fact that public legitimacy is associated with the existing legal framework, and its system of regulation that establish rights of CSOs. In other countries, support for civil society is "*limited by the lack of clear, coherent, and supportive regulations*" (CIVICUS 1997, cited by Brown and Kalegaonkar 1999, p. 5). In the absence of government recognition, CSOs does not get any safeguards against arbitrary decisions and actions by state actors. NGOs in Bangladesh, for instance, have been subject to arbitrary rulings, and even cancellation of their registration, when state actor find them posing threat to the interests of the regime (Bebbington 1997:1758).

### Government Policies

Relationship between CSOs and the government always presents conflicting in nature in many transitional democratic countries. It is commonly observed that despotic state is deeply doubtful about the activities of the CSOs. To the state actors, activities of CSOs can be considered a potential competitor in providing service delivery to the electoral constituents and relate them as a major critics of government policies and actions. The state actor also felt afraid of channeling assistance to CSOs received from international donors, or CSOs may act as whistleblower of bad public policies and actions. Summing up, CSOs may initiate a wide range of strategies in dealing with bad governance, but there is a deep mistrust in the countries run by autocratic regime where power of the state is highly centralized.

### Business Sector Relations

The question is about joint working between the CSOs and with business sector that is determined by the perceived notion of both sectors. In general, business sector does not influence to any advocacy programs of CSOs, but they will create obstacles over the functionaries of the sector as soon as they found them as a potential threat to their self-regarding business interests. For example, in many countries, there are some CSOs who are involved with consumer advocacy rights for stopping business development projects; in that case, there are ample evidences that anti-corruption efforts of CSOs may find themselves subject to persuasion, pressure, and at the final stage outright coercion (Brown and Kalegaonkar 1999, pp. 6–7).

Donor countries are now quite aware of the potential role of CSOs in the democratic transition process. CSOs are, in many countries, considered a foreign aid funding model or prescription. Authoritarian governments always attempt to present CSOs with the societal realities of their countries that can pose serious challenges and interrogation to the activities of CSOs. Apart from this, in many countries, where CSOs are dominated by foreign assistance, and the programs are endorsed by the donors, CSOs can easily be portrayed as an agent for fulfillment of foreign agenda. In that case, the state may easily question the legitimacy and identity of CSOs, and then they are considered as new "imperialist" to state sovereignty. So, if CSOs somehow fails to link up their programs and activities to the local values and ideals, then it is easily perceived as illegitimate as on a national ground. Furthermore, with an excessive dependence on foreign support and their assisted programs can challenge to the identities of CSOs in the eyes of skeptical national observers and political analysts.

## Conclusion

It is concluded that CSOs intends to play a catalytic role in the war against corruption, but in order to meet the requirement, CSOs will have to develop their internal capacity and resources in order to encounter with these discussed challenges. In brief, this article has explored some political and administrative factors and issues that affect the performance of CSOs in regards to anti-corruption struggles. It also analyzed some of internal challenges that emerged from the consequences of the nature of the CSOs that includes limited focus and scarcity of resources. It also examined some external challenges that are embedded with the relationship between CSOs and with other sectors, including regulatory framework and its relations with the government, the business, and the global contact.

## Cross-References

▶ Civil Society Organizations
▶ Governance

## References

Al Zadjali MKS (2010) The nature, causes, consequences, and mitigation of corruption: a new paradigm and role for accounting. Thesis submitted in partial fulfillment of the requirements for the degree of doctor of philosophy in accounting at Lincoln University, pp 1–207

Bebbington A (1997) New states, new NGOs? Crises and transitions among rural development NGOs in the Andean region. World Dev 25(11):1755–1765

Brown LD, Kalegaonkar A (1999) Addressing civil Society's challenges: support organizations as emerging institutions. Inst Dev Res Rep 15(2):1–22

Dhakal TN (2007) Challenges of civil society governance in Nepal. J Adm Gov 2(1):61–73

Persson A, Rothstein B, Teorell J (2010) The failure of anti-corruption policies – a theoretical mischaracterization of the problem, QoG Working Paper Series 2010:19, the Quality of Government Institute, Department of Political Science, University of Gothenburg, pp 1–29

Sidel M, Moore D (2015) The law affecting civil Society in Asia: developments and challenges for nonprofit and civil society organizations. Report prepared by the International Center for Not-for-Profit Law (ICNL), pp 1–41

UN (2000) Why anti-corruption crusades often fail to win lasting victories, anti-corruption summit 2000, United Nations Presentation

# Governance and Corruption in India

Sujata Balasubramanian
Division of Social Science, Hong Kong University of Science and Technology, Hong Kong, China

## Definition

Governance: "The set of traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored, and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them" (World Bank 2016). Since 1996, the World Bank has also published a set of indicators which attempt to measure six key dimensions of governance – political stability, control of corruption, governmental effectiveness, the extent of the rule of law, regulatory quality, and finally, voice and accountability.

Corruption: Transparency International defines corruption as "the abuse of entrusted power for private gain."

## Introduction

When evaluating the quality of governance in India, most observers appear to agree that the country has succeeded in promoting democratic participation and freedom of expression, especially in comparison to other developing countries. For the most part, India has also managed to preserve the rule of law and political stability – a notable achievement when considering the variety of different ethnic, religious, and linguistic groups that make up this multitudinous democracy.

On the other hand, both control of corruption and, even more critically, government effectiveness have been identified as major weaknesses. This lack of effectiveness is manifested in various ways, including the failure to develop basic infrastructure, as well as glaring deficiencies in the delivery of essential social services. For example, with regard to child immunization, a common indicator of the quality of public health provision, while other developing countries are making progress, India may even be regressing. The third round of the National Family Health Survey reported that the percentage of fully immunized children had fallen in several large states between 1999–2000 and 2005–2006, and data from a 2011–2012 survey seems to show that there was a declining trend for the entire decade of the 2000s.

The challenges of governance in India are thus irretrievably linked to the critical, developmental problems faced by the country – malnutrition and poor health, illiteracy and low levels of education, as well as widespread poverty. In 2014, the country ranked 130th out of 188 countries on the United Nations' Human Development Index, which provides a composite measure of average attainment on three dimensions of a country's development – per capita income, education levels, and life expectancy. This rank is far lower than that of other large developing countries such as Brazil (ranked 75th) or China (ranked 90th). Even within the South Asian region, India's average life expectancy is, at 68 years, lower than that of either Bangladesh or Nepal, both of which have much lower per capita income levels. India has seemingly been unable to translate the benefits of political stability and participatory democracy, as well as relatively rapid economic growth since the 1990s, into commensurate improvements in the well-being of its citizens.

## Federalism and Politics

After gaining independence from Britain, India adopted a Westminster-style parliamentary system, with two houses of Parliament – the Lok Sabha or lower house and the Rajya Sabha or upper house. Elections to the Lok Sabha are held every 5 years, for single-member constituencies, using a first-past-the-post voting system. India has built a strong tradition of electoral democracy, with free and fair elections resulting in orderly changes of government, for almost the entire seven decades since its independence in 1947. While this does confer a degree of legitimacy on elected governments, flagrant corruption, among both politicians and public officials, has seriously undermined this authority. Consequently, even democratically elected representatives are not perceived as either impartial or necessarily working for the good of citizens or the progress of the country.

Moreover, electoral politics, even at the national level, has been driven to a considerable extent by the demands of multiple interest groups competing for largesse from the state in the form of job reservations, subsidies, or other handouts. Rather than emphasizing broad objectives such as economic growth, or even attempting to attract voters using class-based arguments, political parties have often attempted to appeal to voters using caste, religion, language, or other narrow grounds. This identity politics is typically tied to the provision of privileges for specific groups, further diluting the legitimacy of elected governments.

The Indian federation was not the result of a voluntary "coming together" of existing political entities at the time of independence from the British, but rather was imposed from above. In order to ensure the stability of the emerging nation, the framers of the Indian constitution were in favor of a very centralized power structure. Power was vested to a much higher degree in the hands of the national government (the "Centre") as opposed to the regions or provinces (the "states"). The Indian federal system also includes a number of "union territories" which are geographical units directly administered by the central government.

The states have no freedom to secede from the union, and the Indian constitution makes it clear that even advocacy of secession is not protected by the right to freedom of expression. The Centre even has the power to unilaterally alter the boundaries of a state, through a simple majority in the national Parliament. Moreover, this power has been used quite frequently to meet the demands of various cultural, ethnic, and linguistic groups for greater self-determination and cohesiveness. The pressures of electoral politics have compelled parties governing at the Centre to accede to such demands, since they must compete in state elections against regional parties, which may make appeals to local identities and sentiments.

The first major restructuring of state boundaries, mostly on a linguistic basis, was carried out by the Indian Parliament in the fifties: the States Reorganization Act of 1956 reduced the number of states from twenty-seven to fourteen. In the six decades since then, there have been increasing and vociferous demands for greater

autonomy from various groups, including calls for secession. In response, the boundaries of states have been redrawn several times, and some union territories have also been upgraded to the status of states. In January 2017, therefore, the republic of India consisted of twenty-nine states and seven union territories.

The Indian Constitution specifies the distribution of legislative and administrative powers between the Centre and the states in three lists – the Union list, the State list, and the Concurrent list. Only the central government is entitled to pass laws on all subjects contained in the Union list – such as national security and defense, nuclear energy, and foreign affairs. State governments have control over and sole authority to pass legislation on subjects in the State list – such as agriculture, the police, and public order. While both the states and the Centre can legislate on subjects in the Concurrent list, in the case of any conflict between these laws, the legislation passed by the Centre takes precedence. All residual powers are vested in the Centre, and, in times of crisis or emergency, the Centre is also entitled to pass legislation on any subject in the State list.

Similarly, with regard to taxation, the Centre and states are entitled to levy taxes on all sectors covered by the Union and State lists, respectively; there are no powers of taxation linked to subjects on the Concurrent list. In addition, every state is also entitled to receive a share of all Central taxes deriving from the Union List, based on the recommendations of an appointed Finance Commission. The Finance Commission is expected to achieve an equitable distribution of tax revenues between the Centre and the various states, after taking into consideration their levels of economic development and relative performance. States may also receive grants, as well as loans, from the Centre. Perhaps inevitably, political considerations have crept into these fiscal arrangements between the Centre and the states, and the political party in power at the Centre has often been accused of favoring states which are also governed by that party.

Much of the money transferred to states is related to what have been termed 'Centrally sponsored schemes' – schemes largely funded by the Centre, but implemented by the states, and related to subjects included in the State List. In effect, they represent attempts by the Central government to get the states to prioritize certain issues. There were almost 150 such schemes in the first half of the current decade, with the number being drastically reduced to 30 schemes after 2015 (partly through the merging of some schemes).

With both guaranteed revenues from the Centre and independent revenue-raising powers, state governments have had a high degree of autonomy with regard to the implementation of development schemes, and also substantial room to design their own initiatives. Accordingly, there has been considerable variation in the patterns of regional development, which are often directly related to the quality of governance at the state level. For instance, there is a striking difference in developmental outcomes between the four Southern states (Tamil Nadu, Kerala, Karnataka, and Andhra Pradesh) and the Northern states, especially the states of Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh (collectively referred to by the derogatory acronym 'BIMARU' states).

Kohli and Singh (2013) point out that health and education indicators in the four Southern states are at par with those achieved by industrialized countries, whereas the BIMARU states have social development indicators worse than the countries of sub-Saharan Africa. They emphasize that while initial conditions and the extent of economic growth can explain part of the difference between the two regions, the key distinguishing factors may lie in both the nature of politics and the extent of politicization of the bureaucracy in these states. They suggest that Southern political parties were able to generate more broad-based support from lower castes and classes which encouraged them to pursue poverty reduction and other populist policies to a much greater extent than parties in the Northern states. Moreover, bureaucracies in the South were less politicized and therefore retained a much stronger sense of public purpose, leading them to be more professional and efficient when it came to implementing welfare schemes (Kohli and Singh 2013).

## The State and the Economy

India has often been unfavorably compared to China and other East Asian countries, where the state has played a much more active role in spearheading growth and development. For instance, in South Korea and Taiwan, land reforms were undertaken in the initial stages of development, which raised income levels in the countryside and laid the foundation for the structural transformation of these economies. In India too, given the huge inequalities in income and land ownership in rural areas, land reforms could arguably both have alleviated rural poverty and raised agricultural productivity levels. However, despite enacting a great deal of legislation, India failed to implement substantial land reform, especially in terms of redistributing land to the landless. This has been attributed to the fact that the Congress party, which was the dominant political party at both the Centre and in most states until the mid-sixties, relied on large landowners to mobilize votes for it in rural areas. Despite the passing of land ceiling acts in many states, which legally limited the permissible size of landholdings, large landowners were mostly able to use their political influence to resist attempts to take over their excess or surplus landholdings (except in a few states like West Bengal and Kerala).

In terms of coordinating the process of industrialization too, the Indian state has not demonstrated the kind of strength shown by East Asian governments, which were able to shape and control business interests to serve policy ends. In the early stages of India's development, a very direct and ambitious role was envisaged for the state, in keeping with Prime Minister Nehru's vision of a self-reliant economy, based on central planning, in which the public sector would occupy the "commanding heights." The Industrial Policy Resolutions of 1948 and 1956 gave public enterprises a monopoly in certain sectors of the economy such as atomic energy and aircraft production, as well as in railways, coal, mineral oils, iron and steel, shipbuilding, and telecommunications. All remaining industries were to be open to investment by both the state and private enterprises in this 'mixed economy' model.

The government therefore had a direct impact on the private sector through its role as the almost sole supplier of crucial inputs such as steel, coal, and later petroleum, as well as its monopoly in power, railways, airlines, and telecommunications. After the nationalization of most banks and insurance companies (by 1969), the public sector was also the chief source of finance for private companies, and its policies on interest rates and the pricing of inputs directly affected the profitability of private firms. With its towering presence in the economy, the public sector was also an important source of demand for the products of the private sector, especially capital goods.

Moreover, to monitor and control the activities of private companies, the government enacted comprehensive legislation which ensured that practically all decisions made by private firms – on setting up a unit, expanding, pricing, distribution, etc. – required government permission. No new undertaking could be set up or any existing one expanded without securing a license from the government. In addition, all transactions with the international economy were regulated through tariffs and import quotas, exchange controls, and restrictions on foreign investment. All imports other than those covered by the Open General License required an import license as well as foreign exchange clearance.

This pervasive government regulation encouraged the growth of corruption related to 'rent seeking'. The term 'rent seeking' comes from the economic concept of 'rent', which is the part of the profit earned by the sellers of a good (or factor of production) that derives from the relative scarcity of that good or factor. For example, government restrictions on the quantity of vehicle imports will drive up the price of imported cars in a country, creating 'rents' (higher than normal profits) for the sellers of these foreign cars. Sellers then have an incentive to devote time and resources to securing import licenses through lobbying and may also resort to outright bribery: thus 'rent seeking' is both an unproductive form of economic activity and can also result in active corruption as bribes are paid to officials in order to secure rents.

While it was intended to avoid the wasteful over-production of goods generated by a free-market economy, the system of industrial licensing in India created exactly the opposite problem – artificial shortages of a wide variety of goods. Once licenses had been issued to companies for the establishment of factories with a total specified production capacity of a particular good, no further licenses were issued for the production of that good: this was irrespective of whether the factories actually began producing and selling the good in question. This system made it lucrative for large business conglomerates to invest in securing licenses to produce a wide variety of goods, simply as a way of cornering the market and keeping competitors out.

The procedure for securing a license was both lengthy and cumbersome with applications being vetted by as many as 30–40 officials spread across various ministries and government agencies. Given multiple and sometimes contradictory criteria for project selection, these bureaucrats had vast, discretionary powers, and many of the larger companies maintained substantial 'industrial embassies' in the capital, New Delhi, in order to plead their cases more effectively with these officials. Lobbying and liaison activities by companies often involved under-the-counter payments to both bureaucrats and politicians, with amounts paid depending on seniority as well as the importance of the project. Smaller firms, which could not afford to spend as much on lobbying, lost out in the race to secure licenses. The licensing system thus benefited the larger business houses, as well as politicians and bureaucrats.

While the licensing system acted to limit domestic competition, import quotas, combined with extremely high rates of customs duties, gave producers considerable protection from foreign competition. The underlying argument was that 'infant' industries, in new sectors, required protection for an initial period so that they could develop and become competitive. However, attempts at liberalization of this state-directed system only began about three decades later, in the 1980s, and gained traction in 1991. Since larger Indian businesses had benefited from both the protected domestic market as well as the subsidized provision of credit and other inputs from the state, there was substantial resistance from business leaders to those aspects of the reforms which required them to give up some of these benefits. In particular, there was considerable opposition from domestic business groups to the lowering of tariffs on imported goods and the opening up of the domestic market to foreign investment: these aspects of the liberalizing reforms proceeded much more slowly, with significant restrictions still in place as of 2016.

Along with attempts to liberalize the economy, successive governments have also made attempts to simplify the administrative procedures which companies have to comply with, and reduce the amount of related paperwork. Nevertheless, in 2016, India was still ranked 130th out of 190 countries by the World Bank on an 'ease of doing business' indicator.



## Experiments in Governance

In attempting to increase the welfare of the more remote, rural, and impoverished parts of the country, the Central government has occasionally experimented with new approaches to governance. Two experiments which are worth noting are the decentralization of power through the Panchayati Raj Institutions Act and the simultaneous reservation of seats in local government for women. Together, these initiatives have the potential to engender significant change in the country over the longer term.

Although the Indian constitution had originally proposed some devolution of powers to local governments at the sub-state level, this was left to the discretion of state governments. In practice, therefore, power remained highly concentrated at the levels of the Central and state governments for well over four decades after independence. A few states did, however, take steps towards decentralization, based mostly on India's traditional mechanisms of local government.

By tradition, India had had a form of local self-government in the villages in which *panchayats* consisting of a group of five male elders, would meet to discuss village affairs and settle disputes

(the term *panchayat* literally means an assembly or gathering of five people). The 73rd amendment to the Indian constitution, ratified in 1993, required all states to enact or amend existing legislation related to the panchayats to institute a new system of local government in rural areas. The *gram* or village was to be the basic unit of this system, which would comprise elected representatives at both the village and district levels (the district is the administrative unit one level below the state or province in rural areas). If deemed necessary, there would also be a third, intermediate level of government between the village and the district. The system was thus expected to have a three-tiered structure in the larger states and a two-tiered one in smaller states. This structure, along with its associated advisory bodies, is commonly referred to as the Panchayati Raj Institutions (PRIs).

All local governments were to be directly elected for a term of 5 years, and an independent Election Commission was set up in every state to supervise this process. It was hoped that this process of political decentralization would encourage more direct participation by citizens in the formulation and execution of development plans at the grassroots levels, thus ensuring greater accountability and better developmental outcomes. In particular, greater participation by previously marginalized social groups such as women and people belonging to the scheduled castes and scheduled tribes was expected to lead to a more equitable sharing of the benefits of economic progress, furthering the cause of social justice.

Specific mechanisms were put in place to facilitate these outcomes. At the village level, a *Gram Sabha*, consisting of all adults registered to vote in the *Gram Panchayat* elections, was constituted as a sort of supervisory council. These *Gram Sabhas* were mandated to meet regularly and to scrutinize the reports and accounts presented by the elected *Gram Panchayats*. They were also required to approve all village-level development projects prior to implementation, as well as to identify the beneficiaries of national, antipoverty programs. These measures were expected to improve the targeting and delivery of antipoverty programs, as well as making development projects more responsive to the felt needs of local communities.

In order to encourage greater female participation, one-third of all seats in the newly created village panchayats were reserved for women, as were one-third of the positions of the president of the *Panchayat*. While it was feared that seat reservations for women would be just a token gesture, with female leaders becoming either puppets of locally powerful players or mere mouthpieces for their male relatives, the accumulated evidence of over twenty years seems to show that this has not been the case.

Despite anecdotal suggestions of tokenism, research has shown that women leaders appear to have their own views and initiatives and to become increasingly competent after they have gained a few years of experience – to the point that they are at least as effective as their male counterparts. Female leaders may also prioritize issues which are of greater importance to women, and deliver more of the types of public goods valued by females. Other positive effects of the female quotas appear to be a greater willingness of other women in the village to speak up in meetings, as well as a higher likelihood that crimes against women are reported. In spite of the noticeable success of these leadership quotas for females, however, attempts to expand this initiative to seat reservations for female leaders at the state and national levels have so far been stalled.

As an exercise in political representation, the new system of local government may be viewed as a success: elections have been held regularly every five years, and the quotas for women and other marginalized groups have had a definite impact in raising the social status of these groups. In terms of other substantive outcomes, however, the record is more mixed. While financial transfers to local governments have increased substantially in the past two decades (in addition to their oversight of the spending related to the national antipoverty programs), much of this money is earmarked for particular projects. Local governments are also severely limited in their ability to raise revenues by levying taxes.

Additionally, moves towards administrative decentralization, in terms of making bureaucrats

accountable to the local government, have been resisted both by state governments and the civil service. Finally, problems of capture of resources and power by local elites as well as by dominant political parties are widespread, limiting the impact of these reforms in empowering the poorer and weaker sections of rural society.

## The Battle against Corruption

In India, political corruption often takes place on a grand scale, with thousands of dollars in kickbacks from contracts for all kinds of government procurement ('kickbacks' refer to the practice of suppliers making undeclared payments to those who help them secure a contract – often the same politicians and officials responsible for awarding the contract). These instances tend to be highlighted by the media and, relatedly, generate the most public anger. A massive public outcry, for instance, surrounded the uncovering of corruption related to the Commonwealth Games hosted by India in 2010.

From the point of view of government effectiveness, however, an even more worrying form of corruption may be the hierarchical and multilayered corruption *within* the bureaucracy, of the kind documented by Robert Wade. Wade (1985) describes in detail how the transfers of engineers in the Irrigation Department of an Indian state were based on a system of corrupt payments which went upward from junior to senior officers and were ultimately recovered from the farmers who paid for the irrigation services.

Ordinary citizens are most familiar with the more small-scale, 'petty' corruption which can, in some regions, permeate almost all their interactions with government officials. This has often become institutionalized to the point where there are standard, commonly known rates and charges for particular transactions. Because of the routine and predictable nature of these payments – almost like a sales tax for a retail transaction – this is sometimes referred to as 'retail corruption'. In most cases, however, these bribes are coercive, in that the giver of the payment is legally entitled to the good or service and is forced to pay a bribe in order to receive it.

Two of the more common examples of voluntary or collusive payments by citizens involve bribes to taxation authorities in order to avoid paying taxes and kickbacks by businessmen securing government contracts. In both cases, the act is illegal, and both parties gain from the transaction – it is the public which loses. By not contracting the supplier who offers the best terms, for example, the government is wasting public money. In the case of tax evasion, too, vast sums of money may be lost to the public exchequer. However, according to an estimate by the World Bank in 2007, the size of the 'shadow economy' in India as a percentage of official GDP was only 20.7%, which compared favorably with the average of approximately 31.3% for the 151 countries in the sample. The 'shadow economy' has been taken to mean "all market-based legal production of goods and services that are deliberately concealed from public authorities" – the concealment may help to evade taxes, or circumvent labour regulations, for example (See World Bank 2010).

'Speed money' (a bribe or payment used to speed up the administrative process for what may be an entirely legitimate transaction, e.g., getting a telephone connection or a driving license more quickly) may also fall under the category of voluntary/collusive payments if it is given willingly. It has frequently been argued that where administrative procedures are needlessly lengthy and cumbersome, this kind of bribe may actually increase economic efficiency by persuading officials to expedite or skip unnecessary processes. However, such payments can also become coercive if bureaucrats deliberately create delays in order to force service recipients to pay bribes – what has been termed a 'harassment bribe'.

The former Chief Economic Adviser to India's Department of Economic Affairs, who coined the term 'harassment bribe', has argued that this kind of corruption by public officials can be reduced by amending Indian law to make only the *taker* and not the *giver* of the bribe subject to prosecution (Basu 2011). Currently, under India's Prevention of Corruption Act, both parties to a harassment

bribe are subject to punishment, including imprisonment, for anywhere between 6 months and 5 years. Basu (2011) argues that amending the law would encourage the bribe-payer to denounce the bribe-taker once the transaction had been completed, thereby also dissuading the bribe taker from taking the money. He suggests that the incentive to the bribe-giver to denounce the bribe-seeker could be further increased by refunding the amount paid as a bribe.

In the battle against corruption, one notable victory has been the enactment of a national Right to Information (RTI) Act in 2005, partly as the result of a grassroots movement spearheaded by the National Campaign for People's Right to Information. The passing of the national law was preceded by the enactment of similar laws by several different states. The law entitles citizens to file applications for information from all public entities, which are required to respond within a period of 30 days (in cases involving the life or liberty of citizens, the deadline is 48 h).

The number of applications filed under the RTI Act now runs into the hundreds of thousands each year, with requests for information on a wide range of subjects. The Act is widely believed to have helped ordinary citizens to secure their rightful entitlements from the government and to have forced public officials to be accountable for their performance. It has also been credited with helping to expose major corruption scandals such as those linked to the Commonwealth Games (mentioned earlier), the sale of 2G telecom spectrum licenses, and the sale of flats in a cooperative housing society in Mumbai (the exposure of this last scam actually caused the resignation of the Chief Minister of the state).

Grassroots protests against corruption in 2011, led by the social activist, Anna Hazare, also pressurized the government into enacting a Lokpal (Ombudsman) Act which was passed in 2014. While the provisions of this Act were considerably less stringent than the demands made by civil society groups, it did require all public servants to make annual declarations of their income and assets.

Apart from these measures pushed for by civil society, governments at the Centre have also proactively initiated measures to improve governance. This has often involved a reliance on technology to remove or reduce the number of intermediaries in a transaction or to close other loopholes which make corruption feasible. For example, the recently introduced *Aadhar* identification scheme proposes to use biometric markers to uniquely identify all citizens, which can, among other things, help to reduce fraud. Relatedly, the current government proposes to provide various benefits in the form of cash transfers made directly to beneficiary bank accounts, so as to reduce the scope for corruption by intermediaries. It remains to be seen whether these technical fixes can significantly reduce corruption in public schemes or whether it will simply take another form, as argued by sceptics.

## References

Basu K (2011) Why for a class of bribes, the act of giving a bribe should be treated as legal. Working Paper, Economic Division, Department of Economic Affairs, Ministry of Finance, Government of India

Kohli A, Singh P (2013) Introduction: politics in India – an overview. In: Kohli A, Singh P (eds) Routledge handbook of Indian politics. Routledge, London/New York

Wade R (1985) The market for public office: why the Indian state is not better at development. World Dev 13(4):467–497

World Bank (2010) Shadow economies all over the world: new estimates for 162 countries from 1999 to 2007. Policy Research Working Paper 5356, Development Research Group, The World Bank

World Bank (2016) Worldwide governance indicators. Retrieved from: http://info.worldbank.org/governance/wgi/index.aspx#faq-1

# Governance and Democracy

Md. Aklasur Rahaman
Department of Government and Politics, Asian University of Bangladesh, Dhaka, Bangladesh

## Synonyms

Administration; Equality; Rule

## Introduction

Governance and democracy are important issues to understand the politics of any state. In the community of nations, governance is considered and treated as "good" and "democratic" to the degree in which all the institutions and processes of state are accountable, transparent, and effective. Governance is always responsible to make the unique and necessary decisions or policies for a given political system, a state, or an organization. Democracy is one of the legal ways of governance of state. Bryce says, "Democracy is that form of government in which the ruling of a state is legally vested, not in any particular class or classes, but in the members of the community as a whole" (Bryce 1929). Actually there is a reciprocal relation in between governance and democracy. When we relate governance to democracy, then it refers the democratic governance that ensures mainly participatory governance, upholding of human rights, eradicating poverty, and ensuring gender equality, accountability, responsiveness, efficiency, and effectiveness of government actions. Democratic governance is the earnest expectation of the citizens of any state. People are strongly inspired by democratic ideals and values. For the significant role of governance nowadays, it has become one of the most household words in political issues. Mostly a post-cold war development, the governance discourse is more connotative and inclusive than the traditional concept of government (Islam 2016). Now the term good governance is used in political and governance studies as the latest fashion of governance. Good governance encompasses a broad reform strategy to strengthen the state institutions where government is more responsible, more open, more dedicated, and more democratic. Peoples expect equity, transparency, accountability, independent judicial system, rule of law, and fair election system in a manner that is effective, efficient, and sustainable to the democratic governance.

## Meaning of Governance

Governance is a theoretical concept referring to those actions and processes, by which sustainable practices of organizations arise, continue, and persist. These actions and processes may operate in formal and informal organizations of any size; and they may function for any purpose, for good or evil, or for profit or not. One can apply the concept of governance to states, to corporations, to nonprofit, to NGOs, to partnerships and to other associations, to business relationships, and to social, cultural, and any other human-engaged activities. The World Bank defines governance as "the manner in which power is exercised in the management of a country's economic and social resources." The Bank refers to the three aspects of governance: (i) the form of political regime, (ii) the process by which authority is exercised in the management of a country's economic and social development, and (iii) the capacity of government to design, formulate, and implement policies and discharge functions (Weiss 2000). In a report in 1997, the UNESCO recognizes governance as a process whereby citizen needs and interests can be articulated for the positive social and economic development of the entire society and in the light of a perceived common good. Governance means more than government; it refers to a political process that encompasses the whole society and contributes to making citizen's active contributors to the social contract that bind them together. This sense of political efficacy is one of the indicators of democratic governance (Ahmed 2004). According to the International Institute Administrative Sciences, "governance is a process whereby elements in society wield power and authority and influence and enact policies and decisions concerning public life, and economic and social development" (Weiss 2000). The USAID considers governance as an element of the democratic process. It is in favor of a strong state which will be able to provide essential services and support the private sector while remaining free from corruption and arbitrariness (Guhathakurata and Karim 1998). Nowadays governance promotes equity, participation, pluralism, transparency, accountability, democracy, and the rule of law in a manner that effective, efficient, and enduring. Governance is many bases of its verities natures, such as corporate governance, participatory governance, regulatory governance, etc. Corporate governance consists of the set of

processes, customs, policies, laws, and institutions affecting the way people directly administer or control a corporation. Participatory governance focuses on deepening democratic engagement through the participation of citizens in the process of governance with the state. The idea is that citizens should play more direct roles in public decision-making or at least engage more deeply with political issues. Regulatory governance reflects the emergence of decentered and mutually adaptive policy regimes which rests on regulation rather than service provision or taxing and spending. Besides these at present, contract governance, information technology governance, land governance, environmental governance, etc., are more familiar.

## Democracy: A Theoretical Issue

Democracy has been defined by different political scientist and writers in their own ways. Some have stated democracy as a system of government, a system of society, and a way of life. Some writers and political scientist are reluctant to consider democracy as a system of government; rather according to them, it is mainly a method of determining the rulers through an electoral process. Democracy refers to such an institutional arrangement by which people can participate in political process freely. It means fair and equal treatment of everyone in an organization and their right to take part in making decisions (Goswami 2005). But it is also true that all the people of the state or majority of the population cannot take part in ruling process. And it is never possible. In this connection, Professor R. M. MacIver says, "Democracy is not a way of governing, whether by majority or otherwise, but primarily a way of determining who shall govern and broadly, to what end" (MacIver 1965). Regarding the future of democracy he also says, "Democracy is a form of government that is never completely achieved . . . democracy grows into its being." Professor Carle. J. Friedrich has pointed out that "democracy presupposes a fundamental agreement as to the methods by which political and social changes shall be brought about" (Friedrich 1950). Lord President Abraham Lincoln has defined "Democracy is a government of the people, by the people and for the people." Democracy is "a state where political decisions are taken by and with the consent or the active participation even, of the majority of the People" (Parveen 2001). What is important about democracy is that it espouses certain values which are fundamentally different from the values upheld by any form of dictatorial government.

## Historical Aspect of Democracy

In different periods of history, democracy connoted different things to different political philosopher and scientists. In ancient Greece particularly, the city state of Athens symbolized the concept and working of direct democracy which could not work for a long time, and with the demise of Socrates, Athenian democracy received a serious blow which made his disciple, Plato, critical of democracy was reflected in his political philosophy. Although Aristotle became the ardent advocate of constitutional government, democracy, and sovereignty of law, after his death democracy started to decline. The Roman system was another version of representative government, known as the republic, and in this system, there was also no room for women, slaves, and teenaged children. After declining that stage of democratic governance, it was further established in the seventh century under the leadership of the last Prophet of Islam. At the middle age of the history of political thought, Arab Social philosopher Al-Farabi spoke of liberty, equality, and rule based on the consent of the governed (Safty 2003). The idea was further sharpened by T. H. Green and John Stuart Mill in the nineteenth century. Most of the modern writings of the democracy, therefore, owe a great deal to their democracy in Europe and in the United States. It was flourished on basis of the philosophical writings of renowned philosophers and political scientists there. And then democracy was possible especially after the French revolution and American declaration of Independence.

## Governance and Good Governance

Governance has been the focal point for appreciation and condemnation from the day state was formed, and nowadays, good governance has become the matter of great concern, but the long recorded history of organized sociopolitical life of human being witnessed that it is not a new concept at all. Human concern with governance is as old as civilization itself, and it has been in the literature on politics since the days of Confucius, Plato, and Aristotle. However, good governance as a prime condition of politico-administrative modernization gained wider currency in the near past. The World Bank that is the pioneer of "good governance" concept in the late 1980s called for a focus on governance for development. Good governance is an elusive concept, a fashionable term, and a dynamic concept which refers qualitative one. Different people have stated it in different ways (Rahman 2007a). Actually, good governance requires an effective executive, a functioning legislature, and an independent judicial system. Consequently it is noted that good governance requires effective democratic governance. Good governance ensures the legitimacy of power of the government which gives emphasis on some important matters and attributes as accountability, transparency, empowerment, participation, sustainability, capacity, equity, and justice. European Union stated that "Good governance is the transparent and accountable management of human, natural, economic and financial resources for development." United Nations Development program defines it as, good governance is the existence of a network of institutions of government to exercise the economic, political and administrative authority to manage a country's affairs at all levels.

## Conditions for Success of Democracy and Governance

To make the democracy a success in governance, it needs to fulfill the certain determinates. Juan Linz and Alfred Stepan argued that five interrelated conditions exist in democratic governance. First, the conditions must exist for the development of a free and lively civil society. Second, there must be a relatively autonomous and valued political society. Third, there must be a rule of law to ensure legal guarantees for citizens' freedoms and independent associational life. Fourth, there must be state bureaucracy that is usable by the new democratic government. Fifth, there must be an institutionalized economic society (Linz and Stepan 1996). Advancement of literacy rate, establishment of separation of judiciary, increasing human resource development, arrangement of periodical election, establishment of women empowerment, increasing of per capita income of citizen, etc., are the prime conditions of democratic governance. It is noted here though Britain is called the motherland of democracy, it was not come in a day there. It had to overcome thousands of barriers and obstacles to be the model of democratic excellence. From the experiences of democracy in developed areas, it is indicated that democratic values depend on enlightened and educated nation; human consciousness; spirit of cooperation and coexistence; equality; tolerance; practice of moral and ethical values; spirit of patriotism; disciplined and sound party system; social, political, and economic security; good administration; effective law and order situation; independent, free, fair, and periodical electoral system; capable leadership; effective parliament; etc. Political analyst and political scientist are unanimous that these are the essentials or prerequisites of democratic governance.

## Present Challenges of Democratic Governance

At present, all the internal and external actors of politics, administration, and development of most of the countries of the world are emphasizing the need for good governance and democracy. But the actual picture of democracy and governance in those countries do not prove to be good and satisfactory. Politics is gradually becoming muscle man business because of weak administration. Most of the political parties create the situation of confrontation, and they often instigate

violence. The ruling party and the opposition parties often complain to each other on various political and nonpolitical issues as well. Opposition parties complain that the government is using state machinery to repress opponents. Similarly the ruling party complains against the oppositions that they create the undemocratic situation in state and violate the rules of laws and order. Sometimes nations are divided into many segments on political and religious issues. Similarly all the political parties are divided and deviated from each other based on these contradictory issues. Regarding religion's role in politics, most of the political parties are being degenerated. As a result, most of the political leaders have been dominated by different ideologies which create the situation of arrogance, enmity, and intolerance in overall sociopolitical environment. It has also made permanent division in political arena, and that also creates obstruction of democracy and governance.

Corruption and politicization are the major problems and hindrances toward development, governance, and democratic goals. Bureaucracy, judiciary, and other important governmental and state institutions are also affected by these. Massive corruptions are the result of the absence of the rule of law. Corruption is being continued in most of the countries in various degrees and tempos because of evil, unethical, and immoral practices of some politicians, business personnel, as well as some governmental and nongovernmental employees. Besides these, sometimes the bureaucratic and governmental interference to each other creates great problems in governance system. Maladministrative policy and functions are the causes of nepotism which attributes corruption and create challenges for practicing democratic values as well as expected governance.

Tolerance is a crying need for establishment of democratic governance in every political system. Leaders of political parties and activists profess a belief in the principles of democracy, but most often they are unwilling to tolerate opponents' views. Always they try to defeat each other. In fact intolerance in political life has been increased day by day in state politics and governance. The democratization process, rather than achieving greater tolerance, seems to have created a new culture of political intolerance where there has developed a high level of enmity and strong sense of seeing political opponents as threats. In such an environment, peaceful resolution of conflict and coexistence of opponents becomes difficult. Most of the political leaders in third world countries are not tolerant to each other. Often they do not show respect to those who belong to a different ideology of politics. Political leaders here most of the times are disintegrated even on important national issues. Political beliefs, attitudes, and behavior are most important in the functioning of governance and democracy. A peaceful resolution of conflicts cannot be occurred without political tolerance. Coexistence of contending views in governance system may accelerate the state in the wrong way. As a result, the system of democracy degrades and leads to instability and disharmony in all functions of the state.

Political parties are inevitable and the key agents of the democratic process. Without the existence of political parties, it is impossible to practice democratic values in governance. Basically political parties provide the essential links between citizens and government that help to function the governance according to the democratic principles and ideologies. But there is a widespread realization that if the internal practices and the procedures of the political parties are undemocratic, then it will be difficult to establish democratic governance.

Though ethics and values are prerequisites of establishing democratic governance, the contemporary politics of the world suffers from a deep and inescapable element of tragedy on account of not practicing these in politics. Most of the political leaders act for their personal and party interests. The actions which they undertake in the name of people or country often violate their most valued moral principles. Not only the political leaders but also people in our society rarely care for morality, ethics, and values. The immoral

activities of citizen are also the causes of practicing undemocratic activities.

## Conclusion

Political parties have a great role and responsibilities for the establishment of democracy, making the parliament effective as well as to avoid the confrontational natures of politics. The government also should have the ability and proper efficiency to make the parliament more attractive and effective. A corrupt leader can never produce ethical activities. Similarly an unethical leader can never produce any moral valued activities. So, leader should be ethical, moral, and principled. And when these leaders direct the society with all these values, they will be honored.

At the end of discussion, it can be said that the leaders of political parties should have the proper initiatives of establishing democratic values in all spheres of governance. The need for reforms in political parties at this stage of democracy in world politics is felt more urgently than ever. Emphasis needs to be given to reform of political parties so that they are able to grow and act as responsible and accountable institutions doing good to the people. However for acquiring the certain levels of democratic goals and governance, the following steps may be considered:

1. Political parties and leaders should be tolerant, committed, dedicated, and moral if they want to make democracy as the successful institution of governance. As democracy is one of the best and acceptable systems of governance, it should be nurtured properly. For good governance, the state has to make good leadership which can ensure a better today and a brighter tomorrow for the state.
2. The future challenges of democracy and governance are to accumulate the peoples' welfare into the mainstream of state politics as well as to achieve all the techniques of governance, good leadership, values, ethics, and principles of democratic politics. Because of the lack of proper socialization, most of the politicians are not able to achieve moral and ethical values. So, values and ethical practices should be started from family ground. And then it must be nurtured in all educational, social, economic, as well political institutions in state.
3. It is essential to establish a culture of showing respect to all those politicians and leaders who have minimum contributions for state and society. It can also help to run the governance in a democratic way.
4. Every political party needs to practice intraparty democracy and external accountability.
5. In spite of belonging to different ideologies, all political leaders of different parties should be integrated on basic national issues.
6. A certain level of respect, consideration, and cooperation among the ruling parties and opposition parties as well as general people can create an environment of democratic governance.
7. Political leaders need to learn political socialization if they want to meet up with sociopolitical values. Without vigorous socialization and political reforms in the major political parties, it is not possible to reach to democratic goals of governance.
8. Establishing democratic norms and values may be the major guard against the lack of proper institutionalization, lack of transparency and accountability, noncooperation between the government and the opposition parties, as well as all undemocratic activities of political leaders.
9. Every man is not born tolerant but must learn to be tolerant. Tolerance can create consolidated atmosphere among the citizens as well as political parties. World has now entered a new phase of democratic politics where it has to deal with the "values and processes" that are essential for consolidating democracy and governance.
10. For ensuring democracy and governance, civil society can play a vital role. Besides

this, legislature, executive, and judicial branch of a state are the key institutions of governance which can ensure effective parliament, establishment of democracy, and good governance.

However, democracy and establishment of good governance are not a matter of 1-day business. It may take generations and perhaps centuries to build an effective and successful democratic system.

## References

Ahmed E (2004) Democracy and governance. In: Kalam A (ed) Bangladesh in the new millennium: a University of Dhaka study. UPL, Dhaka

Bryce L (1929) Modern democracies. Macmillan, New York

Friedrich CJ (1950) Constitutional government and democracy. Ginn, Boston

Goswami AK (2005) Passage to democracy: the Bangladesh experience, perspectives in social science, a compilation volume of seminar papers, Centre for Advanced Research in Social Sciences, University of Dhaka, Bangladesh

Guhathakurta M, Karim S (1998) Perceptions of governance by bilateral and multilateral donors. In: Sobhan R (ed) Toward a theory of governance and development: learning from East Asia. UPL, Dhaka

Islam MN (2016) Political culture and governance In Bangladesh. In: As-Saber S, Ahmad AKAF, Khan NA (eds) Innovation in governance, lesson from transition economy. Osder Publication, Dhaka

Linz JJ, Stepan A (1996) Problems of democratic transition and consolidation: Southern Europe, South America and Post-Communist Europe. The Johns Hopkins University Press, Baltimore/London

MacIver RM (1965) The web of government. Macmillan, New York

Parveen KN (2001) Democracy in crisis: the case of Bangladesh, social science review, The Dhaka University Studies, Part-3, vol 18, no 1. Dhaka, Bangladesh

Rahman AHMA (2007a) Good governance in Bangladesh, Bangladesh political science review, A Journal of the Department of Political Science, vol 5, no 1, Dhaka University, Bangladesh

Rahman A (2007b) Essays on democracy and leadership. Bangladesh Political Science Association, S.N Printers, Dhaka

Safty A (2003) The global advance of democracy. Bahcesehir University Press, Istanbul

Weiss TG (2000) Governance, good governance and global governance: conceptual actual challenges. Third World Q 12(5):795–819

# Governance and Development

Mohammad Samiul Islam
Department of Public Administration, Shahjalal University of Science and Technology, Sylhet, Bangladesh

## Synonyms

Development; Governance; Interconnect

## Introduction

The concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors. It encompasses the functioning and capability of the public sector, as well as the rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships. It is argued that modern nation states in their early stage and for many years subsequently remained responsible for "governance" only or mainly through formal organs. The apparent appeal of the term "governance" for policy-makers such as those in the World Bank was the term's elasticity in referring to the complexities of political structures within the broader process of administration and management. It was a term that connected the concepts of politics and administration (Uddin 2010). The quality and effectiveness of governance depend mostly on how judiciously the government uses the said instruments to help people achieve the ultimate goal of their progress – justice, equity, and peace (IDPAA PRIA 2001). Without effective governance functions, it is assumed that the benefits of the reforms will not reach to the poor and the funds will not be used effectively (Azmat and Coghill 2005). On the other hand, the concept of development is neither new nor old. Development is a continuously

changing and dynamic concept. Since the beginning of civilization, it has been taking different shapes and dimensions. To be practical, there is a fine line exists between the concept of good governance and development. The efficient application of good governance ultimately results in bringing development in various sectors.

## Understanding of Governance

The concept of "governance" is old as human civilization, and therefore, it means different things to different people. Simply put "governance" means the process of decision are implemented (or not implemented). Actually, governance is the exercise of political, economic, and administrative authority to manage a nation's affairs, and it is the complex mechanisms, processes, relationships, and institutions through which citizens and groups eloquent their interests, exercise their rights and obligations, and mediate their differences (UNDP).

Land-ell-Mills and Serageldin, governance may be taken to denote "how people are ruled how the affairs of a state are administered and regulated; it refers to a nation's system of politics and how this functions in relation to public administration and law" (Khan 1996). World Bank conceptualize governance as the way "...power is exercised through a country's economic, political, and social institutions" (The World Bank's PRSP Handbook 1992). This includes (1) the process by which governments are selected, monitored, and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them" (Kaufman et al. 1999).

The Asian Development Bank (ADB) expressed that the term "governance" is the "manner in which power is exercised in the management of a countries economic and social resource for development" (ADB 1995). On this meaning, the concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors. It encompasses the functioning and capability of the public sector as well as rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships. In broad terms, then, governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials (IDPAA PRIA 2001).

Governance is the process whereby societies or organizations make important decisions and determine whom they involve and how they render account (Canada Institute of Governance 2002). In fact, governance encompasses every institution and organization in the society, from the family to the state and embraces all methods – good and bad – that societies use to distribute power and manage public resources and problems. The working definition used by the British Council, however, emphasizes that "governance" is a broader notion than government (and for that matter also related concepts like the state, good government, and regime) and goes on to state: Governance involves interaction between the formal institutions and those in civil society. Governance refers to a process whereby elements in society exercise power, authority, and influence and enact policies and decisions regarding public life and social development (The British Council 1991).

Governance refers to "all of processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through the laws, norms, power or language" (Bevir 2013). It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions" (Hufty 2011).

Governance is said to have three legs: economic, political, and administrative. Economic governance covers decision-making processes that affect a country's economic activities and its relationship with other economies. Political governance includes the formulation of policy, while administrative governance is the system of

policy implementation. As can be seen from this and similar definitions used by international development agencies, governance is an all-encompassing concept. It permeates all sectors, and it makes no distinction between governance, policy-making, and policy implementation (Hyden and Court 2002).

Governance can be more understood by examining the functional dimensions of governance and their institutional arenas:

| Dimension | Institutional arena | Purpose of rules |
|---|---|---|
| Socializing | Civil society | To shape the way citizens raise and become aware of public issues |
| Aggregating | Political society | To shape the way issues are combined into policy by political institutions |
| Executive | Government | To shape the way policies are made by government institutions |
| Managerial | Bureaucracy | To shape the way policies are administered and implemented by public servants |
| Regulatory | Economic society | To shape the way state and market interact to promote development |
| Adjudicatory | Judicial system | To shape the setting for resolution of disputes and conflicts |

Source: Hyden and Court (2002)

Governance can be also termed as the operation of three key actors, namely, state, market, and civil society (Fig. 1).

So therefore, governance refers to the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and societal actors interact to make decisions.

## Conceptualization of Development

The concept of development is neither new nor old. It is a continuously changing and dynamic concept. Since the beginning of civilization, it has been taking different shapes and dimensions. It could be defined as the capacity of a state to increase its human resource with the aim of achieving higher outcome of production for the satisfaction of the basic needs of majority of its citizens and empowering them to make demands on the government (Sapru 2002).

Development is called a multidimensional concept. It should not be discussed in terms of economic development alone (John 1996). There are various dimensions along with components of development. The political component of development seems to consist of increasing rationality, secularization, equality, and participation in the political system. In broad sense, development is a complex phenomenon comprising many dimensions such as political, economic, social, administrative, and cultural (John 1996). Amartya Sen argues development should include a broad range of freedoms or rights such as the basic capabilities to avoid starvation, undernourishment, or premature mortality, as well as rights to education and being able to engage in participation in the political process. This argument is also reflected in the discussion in the 2000 Human Development

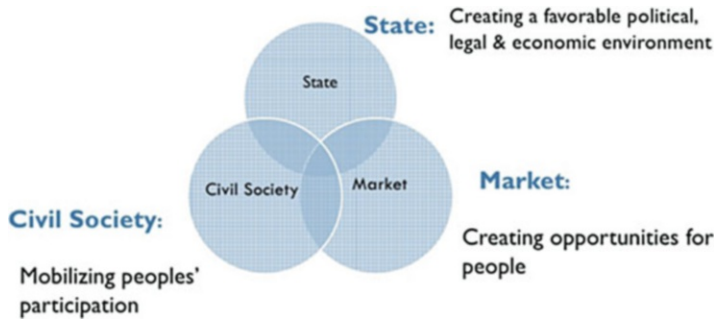


**Governance and Development, Fig. 1** Three key actors of governance (Source: http://www.slideshare.net/nayanarenu/good-governance-6268274)

Report of the relationship between human rights and human development approaches.

Development is a process which enables human beings to realize their potential, build self-confidence, and lead lives of dignity and fulfillment. It is a process which frees people from fear of want and exploitation. It is a movement away from political, economic, or social oppression. Through development, political independence acquires true significance. And it is a process of growth, a movement essentially springing from within the society that is developing (The Challenge to the South: Report of the South Commission 1990).The Brandt Commission report stated that, "Development never will be, and never can be, defined to universal satisfaction" (The Brandt Commission Report 2001).

In addition define the concept of development in different way. Weidner defines development as a process of growth in the direction of modernity and particularly in the direction of nation-building and socioeconomic progress. A famous scholar named Michael Todaro defines development as a multidimensional process involving changes in structures, attitudes, and institutions as well as the acceleration of economic growth, the reduction of inequality, and the eradication of absolute poverty.

In brief, development is a process of improving the well-being of the people. It is about raising the standard of living of the people, improving their education and health, and also opening out to them new and equal opportunities for a richer and more varied life. Better health – a longer life with less sickness – is crucial to a better standard of living.

## Relationship Between Governance and Development

### Needs and Rights Approach to Development

A rights-based approach to governance and development has many advantages. First of all, it shifts the focus from government to citizen. Good governance is a public good that citizens should be entitled to. Secondly, by focusing on entitlements, it recognizes that poverty is not just a matter of being economically deprived. It is defined and sustained by a sense on the part of the poor of helplessness, dependence, lack of opportunities, and lack of self-confidence and self-respect. The language of rights makes clear that the poor are not the subject of charity and benevolence by governments or the rich but that they are entitled to a decent standard of living and that rights are the vehicles for their participation and empowerment. The third thing about a rights-based approach is that it draws attention to the importance of norms and rules. How a society is governed and how it achieves its development is as important in this perspective as what these processes accomplish. That is why this study is justifiably focusing on rules, not just results. The quantitative indicators of development – social or economic – should be analyzed in terms of how they were achieved. Regimes, and how they are governed, are important in this context. What scope do they leave for citizens to enjoy their rights? It is how these rules, aggregated into a particular political regime, are perceived that gives us the clues to how good governance is (Hyden and Court 2002).

Guiding the analysis of governance is a series of basic principles that reflect the emerging consensus at the global level of what should, and could, constitute "good governance":

- *Participation*: the degree of involvement and ownership of affected stakeholders
- *Decency*: the degree to which the formation and stewardship of rules are undertaken without humiliation or harm of the people
- *Fairness*: the degree to which rules apply equally to everyone in society regardless of status
- *Accountability*: the degree to which public officials, elected as well as appointed, are responsible for their actions and responsive to public demands
- *Transparency*: the degree to which decisions made by public officials are clear and open to scrutiny by citizens or their representatives
- *Efficiency*: the degree to which rules facilitate speedy and timely decision-making

### Provision of Infrastructure Development

Governance and development are interrelated and interdependent. Overall development of a country depends on effective governance. By this process, a country achieved their ultimate social and economic goals. If government takes proper initiatives to both social and economic sector, the development of countries will be ensured. So, they have inner relationship, for example, infrastructural development of Bangladesh, construction of Padma Bridge, roads and highway, culvert, hospital, school, college and university, etc.

### E-Governance and Development

E-governance is recently common phenomenon all around the world. The Government of Bangladesh is committed to establish Digital Bangladesh within 2021 which is called "vision 2021." For example, Access to Information (A2I) is the project of the Government of Bangladesh which is maintained by the Prime Minister Office. They take various projects to develop IT sector. E-service center is now available for their firm attempts.

- District E-service Centre
- Upazila E-service Centre
- Union E-service Centre or Union Digital Center

### Level of Correlation with Development Outputs

There is a linkage between development institutional features of government that are designed to perform governance effectively and efficiently. The important thing for us is to demonstrate how an elite survey of governance perceptions in transitional societies now and 5 years ago correlates with objective development indicators contained in the World Development Report and the Human Development Report. If governance is important, assumed in international development circles, one would expect that wherever governance scores are high, rules enjoy legitimacy and should translate into outputs that indicate the effectiveness of the political process in serving economy and society. The analysis would also examine which dimension of governance may show the highest level of correlation with development outputs (Hyden and Court 2002).

### Governance as a Means to Enhance Human Development

The definition of governance has centered on what makes institutions and rules more effective and efficient in order to achieve equity, transparency, participation, responsiveness, accountability, and the rule of law. These aspects are crucial for human development and the eradication of poverty since ineffective institutions usually result in the greatest harm to those who are poor and vulnerable. Whatever form the framework takes, it must both be premised on and support governance for peaceful, inclusive, and responsive human development. In particular, it should lead member states and development actors to:

- Focus on strengthening institutions and human resource capacities at all levels, concentrating on parliaments, electoral bodies and related processes, the security and justice sectors, public services, and promoting coherence across institutions
- Support a state-society compact and culture grounded in constitutionalism, access to justice, equality, and human rights
- Assist public institutions to become more effective, responsive, accountable, and representative through e-government and other means, foster public sector capacities and public-private partnerships at national and subnational levels, prevent corruption, and promote the transparent and sustainable management of public goods and financial and natural resources
- Support capacity for cross-sectoral, integrated, and inclusive decision-, policy- and law-making, at all levels
- Ensure the strengthening of citizen participation and civil society organizations' engagement, including through e-participation, to ensure accountability and transparency and better inform decision-making
- Support transparency and the right to access information about public affairs, encouraging states to adopt and implement legislation

ensuring broad access to information by the public, including through the use of mobile, social media, and other appropriate technologies
- Strengthen the environment for an independent and pluralistic media and ensure that the media serve the needs of society by reflecting a diversity of political views, cultures, languages, and beliefs (UN Development Agenda 2015)

### Linkage Between Governance and Development

Fair and effective governance is critical to ensuring that development benefits both people and the planet. Governance should entail processes, decisions, and outcomes that sustain natural resources alleviate poverty and improve the quality of life. A governance lens offers a powerful impetus for promoting reforms in policies and programs for sustainable development. These include open and transparent opportunities for poor and disadvantaged citizens to access information and secure their rights over land, forest, and energy resources and to encourage governments to adopt policies that are more friendly to people and the environment. The massive injection of public funding for mitigation and adaptation and the complex political processes that underpin climate change negotiations can benefit from governance perspectives to shed light on the power, interests, and resources at stake in order to bring about better outcomes (Weber 2015).

### Institutional Arrangements of Governance Performing in Development Sectors

Institutions of governance include public administration and public services connected, in particular, with the sound management of resources, delivery of and equitable access to public services, responsiveness to the views of citizens, and their participation in decisions that concern them. Strategies adopted in response – including better personnel management, transparency in public finance, a curb on corruption, citizen participation, and enhanced accountability – have since become common currency in public administration dialogue. In addition, performance norms have been the subject of debate in the fields of education, health, finance, and other development sectors (UN Development Agenda 2015).

### To Maintain Efficient Market as a Component of Economic Development

Government capabilities for delivering effective governance were now argued to be essential for maintaining efficient markets and restricting the activities of states to the provision of necessary public goods so as to minimize rent seeking and government failure. The importance of markets in fostering and enabling economic development is not in question. Economic development is likely to be more rapid if markets mediating resource allocation in any country become more efficient. The policy debate is rather about:

- The extent to which markets can be made efficient in developing countries
- Whether maximizing the efficiency of markets (and certainly maximizing their efficiency to the degree that is achievable in developing countries) is sufficient to maximize the pace of development

For example, the successful East Asian developers of the last five decades, where strong governance capacities existed, were typically very different from the governance capacities necessary for ensuring efficient markets (Khan 2010).

### Provide a Means of Early Development through Growth-Enhancing Governance

Growth-enhancing governance capabilities are capabilities that allow developing countries to cope with the property right instability of early development, manage technological catching up, and maintain political stability in a context of endemic and structural reliance on patron-client politics (Khan 2010). Effective growth-enhancing governance capabilities can create the preconditions for achieving greater economic efficiency over time.

### Growth-Enhancing Governance and Economic Growth

There are some structural features of developing countries that require very different governance

capabilities if developing countries are to make successful and sustainable transformations into higher productivity economies.

- The first governance capability is required to manage the structurally weak property rights that characterize developing countries.
- Secondly, emerging capitalists in developing countries face a structural problem with acquiring the tacit knowledge and learning that is essential for achieving international competitiveness.
- Thirdly, developing countries suffer from structural political corruption due to the difficulty of managing political stabilization using fiscal processes.

Success in economic transformation has rather required governance capabilities in managing patron-client politics in ways that allow political stability sufficient for capitalist accumulation to continue (Khan 2010). The growth-enhancing governance is a result of the capabilities of governance which result in economic growth that is a fundamental element of development.

## Governance and Participatory Development

The goal of economic and social development in developing countries is to set in motion a process of self-reliant and sustainable development through which social justice will be realized. "Self-reliant development" means building the endogenous mechanisms of society that will enable developing nations ultimately to achieve growth without aid. Participatory development as a form of development heightens sustainability and self-reliance and aims for the realization of social justice by improving the quality of people's participation. Governance as an ideal orientation of the state does not have a direct cause-and-effect relationship with participatory development, but the government should assume the role of a provider of a proper environment for market economy, extensive promoter of people's capabilities, builder of efficient administrative structures, and reflector of the popular will (JICA 1995).

## Policy Links to Governance Approach Resulting to Development

Contemporary governance and economic policy reform strategies are derived from different links. An important theoretical development was the idea that pro-poor service delivery was a way not only of directly attacking poverty but also of empowering the majority and creating expectations that would drive a popular demand for greater accountability (Fig. 2).

The importance of the governance perspective in informing contemporary development policy and discourse cannot be overemphasized. A powerful way of evaluating the appropriateness of the relationships between growth and

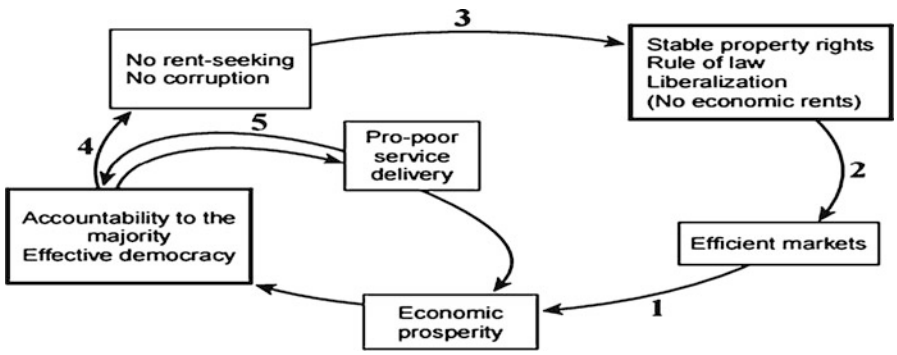


**Governance and Development, Fig. 2** Policy links to good governance approach. (Source: http://www.grips.ac.jp/forum/DCDA/Chapter05.pdf)

governance asserted in the governance agenda is to look more carefully at some of the data and evidence that is used by proponents of the agenda to support the program (Khan 2010).

### Governance and the Management of Political Stability Contributing to Development

The governance challenge is to understand how, in specific contexts, the management of political stability is being achieved using the historical endowments of institutions and power structures and whether feasible changes in political institutions and political organizations can assist in strengthening political stabilization. Here too, the priorities of market-enhancing governance may be misplaced. What we need is a much better understanding of the types of patron-client networks through which political stabilization and political accumulation take place in different countries, so that governance interventions can be designed to improve sustainable growth and development outcomes (Khan 2010).

## Conclusion

Governance relates to the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions. Development is the process in which someone or something grows or changes and becomes more advanced. The view of development is purely an adjustment of the initial view of the concept that is governance. Governance provides an alternative to democratization which is a precondition for development. It has a direct link with the development outputs. Governance can also be used as a means to enhance human development and to promote sustainable development. An important component of economic development is efficient market which can be ensured by effective governance functionaries. It is also related to participatory development and policy measures liked with development. Governance can bring political stability and serve as an enduring area in development studies. So, the two terms governance and development are intimately related to each other.

## References

Asian Development Bank (1995) Governance: sound development management. Retrieved from https://www.adb.org/sites/default/files/institutional-document/32027/govpolicy.pdf. Accessed 21 June 2016

Azmat and Coghill (2005) Good governance and market-based reforms: a study of Bangladesh. https://doi.org/10.1177/0020852305059602. Accessed 20 June 2016

Bank Conference on Development Economics. Oxford University Press/World Bank, Oxford. Retrieved from http://www.wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000160016_20040518162841. Accessed 27 May 2016

Bates RH (2001) Prosperity and violence: the political economy of development. New York. Retrieved from http://gallatin.nyu.edu/content/dam/gallatin/documents/syllabi/2013/SP/IDSEM-UG1636.pdf. Accessed 27 May 2016

Fukuyama F (2013) What is governance? CGD working paper, 314. Center for Global Development, Washington, DC. Retrieved from http://www.cgdev.org/content/publications/detail/1426906. Accessed 27 May 2016

Ganore P (1998) Types of governance. Retrieved from http://www.esds.co.in/blog/types. Accessed 21 Apr 2011

Glaeser EL et al (2004) Do institutions cause growth? Working paper, no. 10568. National Bureau of Economic Research, Cambridge, MA. Retrieved from http://www.nber.org/papers/w10568. Accessed 28 May 2016

Grindle MS (2004) Good enough governance: poverty reduction and reform in developing countries governance. Int J Policy Adm Inst 17:525–548. Retrieved from http://portals.wi.wur.nl/files/docs/File/MSDGhanaGuyana/Grindlegoodenoughgovernance2004.00256.pdf. Accessed 17 June 2016

Hufty M (2011) Investigating policy processes: the Governance Analytical Framework (GAF). In: Wiesmann U, Hurni H (eds) Geographica Bernensia, pp 403–424. Retrieved from SSRN: https://ssrn.com/abstract=2019005. Accessed 20 Dec 2016

Hyden G, Court J (2002) World governance survey discussion paper: governance and development. Retrieved from http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4094.pdf. Accessed 4 Jan 2016

Independent Commission on International Development Issues (Under the Chairmanship of Willy Brandt), North-South: A Program for Survival (London: Pan Books, 1980), p 48, Cited from Sapru, R.K (2002) Development administration. Sterling Publishers, New Delhi

Institute for Development Policy Analysis and Advocacy (IDPAA) is Proshika's Policy Institute, Participatory Research in Asia (PRIA) (2001)

Japan International Cooperation Agency (1995). Retrieved from https://www.jica.go.jp/jica-ri/IFIC_and_JBICI-

G

Studies/english/publications/reports/study/topical/part/part_5.html. Accessed 11 Nov 2016
Kaufmann D et al (2005) Governance matters IV: governance indicators for 1996–2004. Retrieved from http://www.worldbank.org/wbi/governance/pubs/govmatters4.html. Accessed 27 May 2016
Khan HM (2010) Governance and development: the perspective of growth enhancing Governance. Retrieved from http://www.grips.ac.jp/forum/DCDA/Chapter05.pdf. Accessed 5 June 2016
Olson M (1997) The new institutional economics: the collective choice approach to economic development. In: Clague C (ed) Institutions and economic development. Johns Hopkins University Press, Baltimore. Retrieved from http://encyclo.findlaw.com/0530book.pdf. Accessed 10 June 2016
Participatory development and good governance report of the aid study committee. Retrieved from file:///F:/new%20fldr/JICA%20Research%20Institute_.html. Accessed 28 June 2016
Piece T (2012) Governance and development UNDESA. UNDP, UNESCO. Retrieved from http://www.un.org/millenniumgoals/pdf/Think%20Pieces/7_governance.pdf. Accessed 27 May 2016
Rapley J (2007) Understanding development: theory and practice in the third world, Chapter 1, 3rd edn. Lynne Rienner Publishers. Retrieved from https://www.rienner.com/uploads/47e2d55b15183.pdf. Accessed 27 May 2016
Robinson JA et al (2009) Governance and development. Retrieved from http://eprints.soas.ac.uk/9957/1/Governance_and_Development.pdf. Accessed 5 June 2016
Sapru RK (2002) Development administration. Sterling Publishers, New Delhi
The British Council (1991) Understanding the concept of governance. Retrieved from https://www.gdrc.org/u-gov/governance-understand.html. Accessed 15 July 2016
The Law Teacher Website (2017) The Good Governance in Bangladesh. Retrieved from https://www.lawteacher.net/free-law-essays/administrative-law/the-good-governance-in-bangladesh-administrative-law-essay.php. Accessed 19 Jan 2017
The United Nations Development Agenda: Development for All-2015. Retrieved from http://www.un.org/esa/devagenda/UNDA_BW5_Final.pdf. Accessed 10 June 2016
Uddin SM, Anowar (2010) Impact of good governance on development in Bangladesh. Retrieved from http://ndc.gov.bd/lib_mgmt/webroot/earticle/2207/Impact_of_GG_on_Development_in_Bangladesh.pdf. Accessed 25 May 2016
United Nations Economic and Social Council (2006) Definition of basic concepts and terminologies in governance and Public Administration. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan022332.pdf. Accessed 30 Jan 2017. Cited from Canada Institute of Governance (2017). Defining Governance. Retrieved from http://iog.ca/defining-governance/. Accessed 28 May 2017
Weber M (2015) The role of good governance in sustainable development. Retrieved from http://www.wri.org/blog/2015/02/qa-mark-robinson-role-good-governance-sustainable-development. Accessed 20 July 2016
World Bank (1992) Governance and development. Retrieved from http://documents.worldbank.org/curated/en/1992/04/440582/governance-development. Accessed 5 June 2016
World Bank Institute (2002) Good governance and its benefits on economic development: an overview of current trends. Retrieved from website http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/1740479-1149112210081/26043891149699431307/edouardpresentation_munich_inwent.pdf. Accessed 27 May 2016
World Resources Institute (1997) World development report: the state in a changing world. Retrieved from website http://wdronline.worldbank.org/worldbank/a/c.html/world_development_report_1997/abstract/WB.0-1952-1114-6.abstract. Accessed 27 May 2016
World Resources Institute (2015) Q&A with Mark Robinson: the role of good governance in sustainable development. Retrieved from website www.esds.co.in/blog/types. Accessed 21 Apr 2011

## URL

http://iog.ca/defining-governance/
http://www.businessdictionary.com/definition/governance.html
http://www.cio.com/article/2448788/governance/what-does-governance-mean-.html
http://www.gdrc.org/u-gov/governance-understand.html
http://www.goodgovernance.org.au/about-good-governance/what-is-good-governance/
http://www.merriam-webster.com/dictionary/governance
http://www.worldbank.org/depweb/beyond/beyondco/beg_01.pdf
http://www1.aucegypt.edu/src/engendering/good_governance.html
https://www.ids.ac.uk/files/dmfile/themeaningofdevelopment.pdf

# Governance and Good Government in Latin America

Manuel Villoria
Rey Juan Carlos University, Madrid, Spain

## Synonyms

Integrity and anti-corruption policies in Latin America and the Caribbean

## Definition

A good government is one that generates a set of formal and informal rules that, being legitimate, equitable, efficient, stable, and flexible, constrain inefficient, inequitable, arbitrary, corrupt, and illegal behaviors among its leaders and employees, and that incentivize the contrary, efficiency, impartiality, accountability, transparency and integrity.

## Introduction

Most of the Latin American and Caribbean (LAC) governments have deficiencies in its regulatory framework, organizational structure, personnel system, and technical competence. They have also problems in planning, financing, and implementing administrative reforms. Although these problems are not generalizable to all LAC countries, where they appear are a consequence of institutional limitations. And these institutional limitations have their roots in the abuse of power, entrenched impunity, and corruption of political and economic elites. As a consequence, fighting corruption and strengthening the institutional framework, especially fostering impartiality, integrity, accountability, and transparency, is the best way to have a more responsive, professional, and efficient public administration and a good government.

This article will attempt to answer the question: what has been done to prevent corruption and promote a "good government" in LAC, what are the results and what explains the current situation? Concerning methodology, the meta-evaluation required a review and validation of findings and data from existing evaluations. This led us to a comprehensive desk review of other previous articles and reports; we conducted five focus groups with around 40 political appointees from 8 LAC countries. Sometimes we did in-country project consultations with civil servants on the ground, thanks to different academic courses and invitations from universities and Institutes of Public Administration; finally, we included triangulation of the available data and information.

## Theoretical Framework

According to different studies, the crisis of the 1980s and part of the 1990s in LAC was due to the overdevelopment of the state and the infinite and fragmented social expectations of society. This theory led to the implementation of reforms based on the Washington Consensus: deficit control, public debt reduction, privatization, reduction of public spending, etc. But the limits that this strategy imposed for sustainable development, the quality of the democracy, and the rule of law led to a reassessment of state institutions in the mid-1990s. The essential solution to ensuring economic development is not to eliminate the state, but to generate good institutions that guarantee property rights and legal certainty and check excessive government power (World Bank 1997). (Institutions according to Elinor Ostrom are, "prescriptions that human beings use to organize all kinds of repetitive and structured interactions" (2005, p. 3). According to North, they would be, "the rules of the game in a society; formed by formal (laws, constitutions) and informal (behavioral norms, conventions) restrictions, and the characteristics of their implementation and enforcement. Taken as a whole, they constitute the incentive structure of societies (1990, p. 3). The acceptance of appropriate institutions as engines of growth and welfare has become commonplace. This is what the World Bank currently describes with the concept of **good governance** and measures by the global indexes of good governance. The World Bank Institute (Kaufmann et al. 2006) defines it as the sum of: "...institutions and traditions for which the power to govern is executed for the common good of people" (Kaufmann et al. 2003, p. 2). In other words, it would be those formal and informal institutions that incentivize the government and society to act cooperatively and efficiently and discourage extractive behaviors from leaders. It includes voice and accountability, stability and absence of violence, governmental effectiveness and regulatory capacity, rule of law, and control of corruption.

From the concept of good governance, we can now derive the concept of **good government**

G

*stricto* sensu. A good government is one that generates a set of **formal and informal rules** that, being legitimate, equitable, efficient, stable, and flexible (Alonso and Garcimartín 2011; North 2005), constrain inefficient, inequitable, arbitrary, corrupt, and illegal behaviors among its leaders and employees and that incentivize the contrary, efficiency, impartiality, accountability, transparency, and integrity. This set of rules needs coherent processes for application. Further, they need organizations that are not only rational actors but also moral actors that assume the values and goals – logic of appropriateness – that justify them and ensure the respect and impartial application of the assigned rules and processes (Selznick 1992; March and Olsen 1984, 1989).

## Analysis and Results

In order to achieve the diagnosis of the situation, we will follow this order: first we will analyze the transparency policies and next the accountability and the integrity policies developed in the last years in the LAC region, and we will conclude trying to see the impact of these efforts.

### Transparency

According to the approach of professors Bauhr and Grimes, there are three components that are considered essential elements of transparency policies: (1) open government data and the right of citizens to access government data, (2) protection for corruption and fraud whistle-blowers, and (3) publicity (2012). The first component is expressed through laws that require the government to actively publish its data and which recognize citizens' right to access it. However, the existence of these laws, in and of itself, does not guarantee transparency by any means. It could bring us closer to a nominal sort of transparency, but not one that is effective, which requires far more (Heald 2006, p. 34). In January 2017, at least 110 countries in the world had established the right of freedom of information. In Latin America, there were 17. Although progress in the generation of standards and transparency bodies has been very high (see Table 1) (http://www.rti-rating.org/country-data/), the implementation and institutionalization of transparency and access to public information policies have been uneven in Latin America. In a first category are Mexico, El Salvador, Uruguay, and Chile, countries that have had the best results – although not optimal – considering that they have systems that work fairly well; that they have strong regulatory bodies; and that they have had, sometimes, controversial situations and the system has managed to overcome them. The opposite case is represented by Cuba, Haiti, Bolivia, and Venezuela, which are right now the only four countries that do not yet have an access to information law.

Concerning the systems of whistle-blowing protection, most of the LAC countries does not have a formal system in place to protect whistle-blowers, and where it is formally established, the implementation is weak and poorly financed. Finally, talking of publicity, according to Freedom House, journalists in the Americas faced an increase in violence, lawsuits, and police interference in recent years. Brazil, Colombia, Honduras, and Mexico remain among the world's most dangerous places for journalists. The percentage of those enjoying a free media in 2016 remained at its lowest level since 1996, when Freedom House began incorporating population data into the findings of the report. Considering all these data together probably only Chile, Costa Rica (although its FOIA is very recent) and Uruguay enjoy an acceptable level of transparency.

### Accountability

Concerning accountability, there are two distinguishing dimensions to evaluate: (1) the obligation of public officials to inform about their decisions and publicly justify them and (2) the ability to impose sanctions on public officials who have violated their duties or breached their obligations. This dimension of sanction is considered a crucial aspect of the very idea of accountability: there cannot be accountability if the principle that demands action does not have the institutional capacity to apply sanctions to

**Governance and Good Government in Latin America, Table 1** FOIA in Latin America

| Country | Law | Year | Source |
|---|---|---|---|
| Panama | Ley de Acceso a la Información Pública | 2002 | http://www.antai.gob.pa/legislacion/ |
| Mexico | Ley Federal de Transparencia y acceso a la información pública | 2002[a] [1] | http://inicio.inai.org.mx/SitePages/marcoNormativo.aspx |
| Jamaica | Access to Information Act | 2002 | http://portlandpc.gov.jm/sites/default/files/resources/atiact_1.pdf |
| Peru | Ley de Acceso a la Información Pública | 2002[b] | https://www.mef.gob.pe/es/normas-legales/298-portal-de-transparencia-economica/normas-legales/830-ley-nd-27806 |
| Ecuador | Ley orgánica de transparencia y acceso a la información pública | 2004 | http://www.seguridad.gob.ec/wp-content/uploads/downloads/2015/04/ley_organica_de_transparencia_y_acceso_a_la_informacion_publica.pdf |
| Dominican Republic | Ley de Acceso a la Información Pública | 2005 | http://www.digeig.gob.do/transparencia/index.php/base-legal |
| Honduras | Ley de Acceso a la Información Pública | 2006 | http://www.tsc.gob.hn/biblioteca/index.php/leyes/17-ley-de-transparencia-y-acceso-a-la-informacion-publica |
| Nicaragua | Ley de Acceso a la Información Pública | 2007 | http://legislacion.asamblea.gob.ni/Normaweb.nsf/($All)/675A94FF2EBFEE9106257331007476F2 |
| Chile | Sobre acceso a la información Pública | 2008[c] | http://www.consejotransparencia.cl/conozca-el-significado-de-la-ley/consejo/2012-11-27/154153.html |
| Guatemala | Ley de Acceso a la Información Pública | 2008 | http://www.pdh.org.gt/secai-pdh-ente-regulador.html |
| Uruguay | Ley de Acceso a la Información Pública | 2008 | https://legislativo.parlamento.gub.uy/temporales/leytemp9456795.htm |
| Bolivia | Política Nacional de Transparencia | 2009[d] | http://www.comibol.gob.bo/images/politicatransparencia.pdf |
| El Salvador | Ley de Acceso a la Información Pública | 2011 | http://www.iaip.gob.sv/?q=ley-y-reglamento/ley-de-acceso-la-informaci%C3%B3n-p%C3%BAblica-decreto-no-534 |
| Brazil | Ley<br>Ley de Acceso a la Información Pública | 2011 | http://anterior.cdc.gob.cl/wp-content/uploads/documentos/Medicion-y-efectos-de-acceso-a-info-publica-(Brasil)-AFarias-JSchuenck.pdf |
| Colombia | Ley de Acceso a la Información Pública | 2014[e] | http://www.secretariatransparencia.gov.co/secretaria/Paginas/marco-normativo.aspx |
| Paraguay | Ley de Acceso a la Información Pública | 2014 | http://www.stp.gov.py/v1/transparencia-ley-5-189/ |
| Argentina | Ley de derecho de Acceso a la Información Pública | 2016 | https://www.boletinoficial.gob.ar/#!DetalleNorma/151503/20160929 |
| Costa Rica | Transparencia y Acceso a la Información Pública- | 2017– | http://gobiernoabierto.go.cr/eje-de-transparencia-y-acceso-a-la-informacion/ |
| Venezuela | – | – | |
| Cuba | – | – | |
| Haiti | – | – | |

Source: Own elaboration based on Global Right to Information Center
[a]Repealed and replaced by the new Ley General de Transparencia y Acceso a la Información (LGTAIP) on the 4th of May of 2015
[b]Modified in 2003 by the law N° 27.927
[c]Modified in 2016 by the Law 20.880 on integrity and prevention of conflicts of interest
[d]The legal status of this norm is lower than the others mentioned in this table
[e]Modified in 2015 through Law 1494

G

**Governance and Good Government in Latin America, Table 2** Voice and accountability[a] in Latin America

| Country Name | Series name | 2011 [YR2011] From −2.5 to +2.5 | 2016 [YR2016] From −2.5 to +2.5 | Change 11–16 | Ranking 2016 |
|---|---|---|---|---|---|
| Argentina | Voice and Accountability: Estimate | 0.34 | 0.54 | + | 4 |
| Uruguay | Voice and Accountability: Estimate | 1.12 | 1.18 | + | 1 |
| México | Voice and Accountability: Estimate | 0.11 | −0.08 | – | 13 |
| Bolivia | Voice and Accountability: Estimate | −0.06 | 0.01 | – | 11 |
| Brazil | Voice and Accountability: Estimate | 0.51 | 0.46 | – | 6 |
| Chile | Voice and Accountability: Estimate | 1.07 | 0.99 | – | 3 |
| Colombia | Voice and Accountability: Estimate | −0.05 | 0.09 | + | 10 |
| Costa Rica | Voice and Accountability: Estimate | 1.05 | 1.13 | + | 2 |
| Cuba | Voice and Accountability: Estimate | −1.61 | −1.62 | – | 20 |
| Dominican Republic | Voice and Accountability: Estimate | 0.09 | 0.18 | + | 9 |
| Ecuador | Voice and Accountability: Estimate | −0.29 | −0.24 | + | 14 |
| El Salvador | Voice and Accountability: Estimate | 0.04 | 0.27 | + | 8 |
| Guatemala | Voice and Accountability: Estimate | −0.31 | −0.30 | + | 15 |
| Honduras | Voice and Accountability: Estimate | −0.46 | −0.42 | + | 16 |
| Nicaragua | Voice and Accountability: Estimate | −0.57 | −0.62 | – | 17 |
| Panama | Voice and Accountability: Estimate | 0.53 | 0.52 | – | 5 |
| Paraguay | Voice and Accountability: Estimate | −0.08 | −0.03 | + | 12 |
| Peru | Voice and Accountability: Estimate | 0.13 | 0.27 | + | 7 |
| Venezuela, RB | Voice and Accountability: Estimate | −0.93 | −1.13 | – | 19 |
| Haiti | Voice and Accountability: Estimate | −0.74 | −0.72 | + | 18 |

Source: World Bank: Worldwide Governance Indicators series

[a]Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. The standard normal units of the governance indicator ranges from around −2.5 to 2.5

those agents engaged in illegal or nonethical behavior. According to the "Voice & Accountability" Index of WB (see Table 2), the situation is not very positive in general.

Speaking of control and sanctions, it is necessary to highlight the role played by the Supreme Audit Institutions (SAIs) in the rendering of accounts. Of the 22 countries of the region that

have this type of organization, 27% of them are collegiate bodies, and 73% are a sole authority; 22% are Courts of Accounts, 14% of Audit, and 64% are Comptroller General Agencies. In general, these bodies are very bureaucratic and lack enough budget and competences to do a very effective job.

But today, transparency, accountability, and participation can go hand in hand, thanks to the new technologies. It's what we call open government. Open government includes instruments, processes, and bodies that contribute to transparency, accountability, collaboration, and citizen participation, thanks to the intelligent use of new technologies. In the LAC region almost 75% of the countries have developed a digital strategy, although only 60% of them reported using performance indicators to monitor progress in the implementation of e-government. Sixty-one percent of the LAC countries have developed online portals. Moreover, the XVII Ibero-American Conference of Ministers of Public Administration and State Reform approved in July 2016 in Bogotá, Colombia, the Ibero-American Open Government Charter. According to a recent survey carried out by the OECD, 62% of the LAC countries have adopted a wide-ranging strategy in OG that in many cases refers to the action plans presented in the framework of the Open Government Partnership (i.e., Paraguay, Mexico, Chile, Costa Rica).

## Integrity

We will now move on to a broad study of the measures adopted by Latin American governments to strengthen integrity. In the words of the OECD, "public integrity refers to the constant alignment and appropriation of ethical values, shared principles and norms, to protect and prioritize the public interest over private interests in the public sector" (OECD 2016, p. 7). In global terms, the most relevant document defining integrity for the Latin American region is the Ibero-American Code of Good Government (*Código Iberoamericano de Buen Gobierno*), which hopes that "governmental action consists of the practice of promoting the general interest, and departs from the reprehensible abuse of public resources for private or partisan interests." (CLAD 2006, p. 1). The code is aimed at senior politicians and political appointees. It includes a detailed set of principles, values, and norms that promote the impartiality, effectiveness, legitimacy, and integrity of government. Unfortunately, it does not have instruments for ensuring compliance. The assessment of its implementation provides dismal reading, albeit it has fulfilled its role as driver of a discussion and as generator of other codes.

Although unethical actions go beyond the corrupt and fraudulent ones, it is necessary to prevent and fight corruption to build integrity in the public sector. Concerning corruption there have been significant advances in Latin American cooperation in preventing and fighting it, for example, (a) *Convención Interamericana Contra la Corrupción* [Inter-American Convention Against Corruption, by the Organization of American States] (Caracas 1996), (b) *Foro Iberoamericano de Combate a la Corrupción* [Ibero-American Forum for Combating Corruption, CLAD] (Santa Cruz de la Sierra, Bolivia, June 1998), and (c) *Convención Anticorrupción de la ONU* [United Nations Anti-Corruption Convention] (October, 2003) (One result of this fórum was the creation of the Red de Instituciones de Combate a la Corrupción y Rescate de la Ética Pública (RICOREP) that coordinates CLAD). Also, the conventions have mechanisms of periodic evaluation of implementation through demanding peer reviews. Now the priority is to guarantee the implementation of the conventions and the effective development in all areas of intervention. This takes us once again to the problems of effective implementation of agreements.

Concerning the integrity frameworks, the Colombian government, led by the Secretary of Public Function, and following OECD recommendations, made the decision to review and restructure the Institutional Integrity Policy of public entities as a strategy to take on the challenges presented by the institutional and political situation (Función Pública de Colombia 2018). Peru has approved in May 2017 an integrity plan that in the implementation chapter reproduces the OECD model too. Last but not least, in the last

18 years, Chile has adapted its regulations regarding integrity through a robust legislation that protects the impartiality, transparency, and values of the public sector. The distrust in public institutions, despite the low levels of corruption in the country, was considered a relevant problem that should be overcome, and, therefore, based on the proposals submitted by the Presidential Advisory Council against Conflicts of Interest, Traffic of Influences and Corruption, the Former President of the Republic, Michelle Bachelet, presented an Agenda on Probity and Transparency in Business and Politics. This Agenda incorporated 18 legislative and 14 administrative measures, and among them it was established the public services obligation to draft a code of ethics (https://www.serviciocivil.cl/codigos-de-etica/).

The development of appropriate **codes of conduct** for officials is an increasingly common trend in LAC. The Chilean model is characterized by the generation of ethical codes by organization without a general code defining the system. However, the current Colombian model is based on generating a general code and, subsequently, allowing adaptations. In Mexico there is also a basic general code of ethics, with a very detailed system of instructions, and, subsequently, a Committee on Ethics and Prevention of Conflicts of Interest is required in each organization; the Committee must prepare a code of conduct for the members of the corresponding organization. Panama, Brazil, and El Salvador already have implemented a generic code and, also, specific codes in specific units or for certain professions within the public service.

## Impacts

Tackling corruption is part of one of the objectives of the United Nations' Sustainable Development Goals (SDGs) – an ambitious set of 17 global goals – UN calls on governments to "substantially reduce corruption and bribery in all their forms" (Goal 16.5). Latin American countries are strongly concerned with this problem. According to Transparency International (https://www.transparency.org/news/feature/perceptions_remain_unchanged_despite_progress_in_the_americas), "in the last few years, Latin America and the Caribbean made great strides in the fight against corruption. Laws and mechanisms exist to curb corruption, while legal investigations are advancing and citizen anti-corruption movements are growing in many countries across the region. However, according to the Corruption Perceptions Index (CPI) 2017, the region continues to score poorly for corruption. While progress has been made to combat corruption in several countries, there are still no overarching policies in place to address the historic and structural causes of corruption throughout the region." In most of the countries, the scores have worsened in the last years, and where there are improvements, they are still slight (see Table 3).

Considering the results of the victimization indexes, the situation is not better. According to the Global Corruption Barometer 2017, from Transparency International, those who had had contact with six key public services in the last 12 months were asked whether they had paid a bribe, given a gift, or done a favor to the public official in order to get access to the services that they needed. TI found that just under a third of citizens who had come into contact with a public service in the previous 12 months had paid a bribe (29%) (TI, 2017, 16). Seven years before, in 2010, the average respondent that stated having to pay a bribe in the last 12 months in Latin America was 23%, the six points increase is worrisome. These results, linked to the multiple scandals that came to light in the last years, have created a pessimistic view of the job the government is doing fighting corruption. The Global Corruption Barometer survey of 2017 asked people whether they thought the level of corruption in their country had increased, decreased, or stayed the same in the 12 months prior to when the survey was conducted. More than six in ten people living in Latin America and the Caribbean thought that the level of corruption had increased (62%). Moreover, Transparency International asked people to tell them how well or badly they thought their government was doing in fighting public sector corruption. They found that just over a half of citizens in the region said "that their government was doing badly (53 per cent) while just over a third said that their government was doing

**Governance and Good Government in Latin America, Table 3** Corruption Perception Index Americas[a]

| Rank 2016 | Country Americas | 2016 Score | 2014 Score | 2012 Score |
|---|---|---|---|---|
| 9 | Canada | 82 | 81 | 84 |
| 18 | United States | 74 | 74 | 73 |
| 21 | Uruguay | 71 | 73 | 72 |
| 24 | Bahamas | 66 | 71 | 71 |
| 24 | Chile | 66 | 73 | 72 |
| 31 | Barbados | 61 | 74 | 76 |
| 35 | Saint Lucia | 60 | 71 | 71 |
| 35 | Saint Vincent and the Grenadines | 60 | 62 | 62 |
| 38 | Dominica | 59 | 58 | 58 |
| 41 | Costa Rica | 58 | 54 | 54 |
| 46 | Grenada | 56 | N/A | N/A |
| 60 | Cuba | 47 | 46 | 48 |
| 64 | Suriname | 45 | 36 | 37 |
| 79 | Brazil | 40 | 43 | 43 |
| 83 | Jamaica | 39 | 38 | 38 |
| 87 | Panama | 38 | 37 | 38 |
| 90 | Colombia | 37 | 37 | 36 |
| 95 | Argentina | 36 | 34 | 35 |
| 95 | El Salvador | 36 | 39 | 38 |
| 101 | Peru | 35 | 38 | 38 |
| 101 | Trinidad and Tobago | 35 | 38 | 39 |
| 108 | Guyana | 34 | 30 | 28 |
| 113 | Bolivia | 33 | 35 | 34 |
| 120 | Dominican Republic | 31 | 32 | 32 |
| 120 | Ecuador | 31 | 33 | 32 |
| 123 | Honduras | 30 | 29 | 28 |
| 123 | Mexico | 30 | 35 | 34 |
| 123 | Paraguay | 30 | 24 | 25 |
| 136 | Guatemala | 28 | 32 | 33 |
| 145 | Nicaragua | 26 | 28 | 29 |
| 159 | Haiti | 20 | 19 | 19 |
| 166 | Venezuela | 17 | 19 | 19 |

Source: Transparency International CPI Series
[a]Data sources are standardized to a scale of 0–100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption

well (35 per cent). High levels of disapproval were found in Chile, Paraguay and Peru where over two thirds of citizens in these countries gave their government a poor rating" (TI, 2017, p. 12).

The persistence of the aforementioned institutional problems seems to correlate with the confidence in the institutions and with the support for democracy expressed by the respondents in Latinobarómetro (2016 and 2017) (www.latinobarometro.org/). Confidence in the institutions, particularly in the political and governmental institutions, registered a decrease since the measurement of 2015. It should be noted the fall in citizen confidence on the electoral institutional framework, which, in 2 years, passed from 44% to 29% (people saying they have a lot or some confidence); confidence in the government dropped from 33% to 25%, the confidence in the judicial power decreased from 30% to 25%, the public trust in Parliament dropped from 27% to 22%, and confidence in political parties went from 20% to 15%, this being the institution that generates less confidence among citizens.

## Conclusion

The most important factor explaining the failures of design and implementation of institutional reforms in LAC is the presence of a social and political trap. The social trap is expressed by the incoherence of society itself which on the one hand demands honesty from government but in practice incentivizes corruption by paying bribes, breaching rules, demanding privileges within the framework of clientelist networks, etc. According to the collective action theory, corruption is self-reinforcing in nature, as explained by Persson et al. (2012), and when corruption is highly perceived, it creates a larger problem than when it is not perceived because the high perception of corruption may create "a second-order collective action dilemma," (Ostrom 1998, p. 7) wherein rational actors are highly dependent on shared expectations about how other individuals will act. Thus, as long as a large enough number of actors are expected to engage in corruption, everyone has something to gain personally from engaging in corruption, and there is little possibility of being caught and punished (Morris and Klesner 2010; Bardhan 1997). Failures to contain corruption and over-perception of its existence may, thus, have wider societal consequences, affecting institutional and social trust and acceptance of rule

breaking in those societies (Villoria et al. 2013). Those societies will face a "social trap" that will preclude them from building the necessary social consensus to adopt public policies that would nurture a generalized social solidarity and trust (beyond private groups).

Finally, there is a political trap, because to improve the economic development and the social welfare, governments have to cede power and privileges to an honest, professional, and accountable administration, and to do that they have to face opposition from its own clientele when crushing the expectation that this may have created hoping to enjoy the spoils of power. Nevertheless, LAC has examples of countries and institutions that have succeeded in the process of building good governance and good administration. It is necessary to learn from them.

## References

Alonso JA, Garcimartín C (2011) Causas y consecuencias de la corrupción: una revisión de la literatura. In: Alonso JA, Mulas-Granados C (eds) Corrupción, cohesión social y desarrollo. El caso de Iberoamérica. Fondo de Cultura Económica, Madrid

Bardhan P (1997) Corruption and development: a review of issues. J Econ Lit 35(3):1320–1346

Bauhr M, Grimes M (2014) Indignation or resignation: the implications of transparency for societal accountability. Governance 27(2):291–320

CLAD (2006) Código Iberoamericano de Buen Gobierno. CLAD, Caracas

Colombia FP (2018) Código de Integridad: antecedentes, construcción y propuestas para su implementación. Secretaría de la Función Pública, Bogotá

Heald D (2006) Varieties of transparency. Proc Br Acad 135:25–43

Kaufmann D, Kraay A, Mastruzzi M (2003) Governance matters III: governance indicators for 1996–2002. World Bank, Washington, DC

Kaufmann D, Kraay A, Mastruzzi M (2006) Governance matters V: governance indicators for 2002–2006. World Bank, Washington, DC

March JG, Olsen JP (1984) The new institutionalism: organizational factors in political life. Am Polit Sci Rev 78:734–749

March JG, Olsen JP (1989) Rediscovering institutions: the organizational basis of politics. The Free Press, New York

Morris SD, Klesner JL (2010) Corruption and trust: theoretical considerations and evidence from Mexico. Comp Pol Stud 43(10):1258–1285

North D (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge

North D (2005) Understanding the process of economic change. Princeton University Press, Princeton

OECD (2016) OECD Recommendation of the Council on Public Integrity. http://www.oecd.org/gov/ethics/OECD-Recommendation-Public-Integrity.pdf

Ostrom E (1998) A behavioral approach to the rational choice theory of collective action. Am Polit Sci Rev 92:1–22

Ostrom E (2005) Understanding institutional diversity. Princeton University Press, Princeton

Persson A, Rothstein B, Teorell J (2012) Why anti-corruption reforms fail. Systemic corruption as a collective action problem. Governance 25(4):449–471

Selznick P (1992) The moral commonwealth: social theory and the promise of community. University of California Press, Berkeley

Villoria M, Van Ryzin G, Lavena C (2013) Social consequences of government corruption: a study of institutional disaffection in Spain. Pub Adm Rev (PAR) 73(1):85–94

World Bank (1997) World development report 1997 – the state in a changing world, vol 1. World Bank, Washington, DC

# Governance and Government

Amiya Kumar Das
Department of Sociology, Tezpur University, Tezpur, Assam, India

## Synonyms

Administrator; Authority; Governance; Governing; Government; Power; State

## Categories

Governance and Government

## Definition

Governance is the process of governing and ruling or the act of governing. It is different from government in the sense that government, refers to a

structured system to govern a region, state, or country. It could also be defined as a body which formulates laws and has a legal right to enforce it within a given territory.

## Introduction

In common parlance, governance and government are treated as synonyms by many, but in recent decades, studies have established that these concepts are disparate, both theoretically and empirically. In theoretical terms, governance is the process of governing. It is what government does to their citizens. But it is also what corporations and other organizations do to their employees and members. Whereas government refers to political institutions, governance refers to processes of rule wherever they occur (Bevir 2012, 3). Chhotray and Stoker write: "governance is about the rules of collective decision-making in settings where there are plurality of actors or organizations and where no formal control system can dictate the terms of the relationship between these actors and organizations" (Chhotray and Stoker 2009, 3). Governance is more than government; it consists of the combined efforts of all sectors in the "steering" of society. Governance "describes the processes and institutions through which social action occurs, which might or might not be governmental" (Kettl 2002, 119). Governance is a generic term to describe decision-making in organizations such as corporations and universities, while government implies rule and control of political institutions over its citizens. It is different from government and is a new process of governing based on market and civil society along with the state.

In social science research, defining a concept before taking it up for study is very important since every term has its own definitive connotation. Hence, delineation of the meaning of both the concepts is pertinent, although a precise definition of both is arduous. Various scholars have given their own definitions depending on their disciplinary locations and have argued that contemporary governance needs to be understood from a novel perspective. Various authors suggest that apart from state, market and society also have a stake in the process of governance. The process of governance is getting more into networks and interdependence (Rhodes 1997; Bevir 2012; Pierre 2000).

This entry provides a concise view of the transpose of government to governance. It begins with the theoretical perspectives which provide the internal logic of the aforesaid shift. The ensuing section then discusses the debate of the feasibility of governance and the diminishing role of the state. The article concludes that the new model of governance lacks certain structural preconditions which have resulted in serious democratic pitfalls which deserve attention and discourse as well.

## Perspectives

Society does not comprise of social beings and entities alone. Lievens demonstrates an idea by quoting French political theorist Claude Lefort who argues that it is imperative to have an order of representations through which the society gains a meaning in order to understand themselves as individuals or as social groups and relate to each other. It is this pursuit of symbolic and imaginary representation of society from a panorama view that an entity or a position external to the society is signified. And it is in that entity where power is vested, which serves the role of both steering and social regulation of society (Lievens 2015).

But to have a perceptible idea on government and governance, in this context, the concept of "government" can be placed which in common parlance includes the following characteristics: exercise of power in a state context, sovereignty, territoriality, and citizenship that is hierarchical control of the state exerting sovereign control over its citizens. Accordingly, government is the office or authority of governing, and "governance" is the act of governing with the leadership and management of the government. In most dictionaries, government and governance are treated as synonyms and in recent decades, the term "governance" has been taking different

dimensions where government has come to mean governance.

Mark Bevir outlines the broad characteristics of governance. He defines that firstly, it combines the administrative arrangements with features of market mechanism and nonprofit organizations. Secondly, it has a multi-jurisdictional or transnational character. Governance combines people and institutions across different policy sectors and different levels of government like local-regional, national, and international. For example, in controlling food policy and quality, different levels of government bodies are needed to be involved. Thirdly, governance has developed the characteristic of increasing range of stakeholders from different sectors like third-party organization to deliver state services. Governing has become increasingly hybrid multi-jurisdictional and plural phenomenon (Bevir 2012, 5–7).

Lefort's theory gives an interesting backdrop to understand the symbolic transition of society from government to governance through the linear comparative analysis of three forms of society: pre-modern societies, democratic societies, and society of governance. Pre-modern societies had rulers who incorporated knowledge, power, and law. Gradual differentiation between social spheres (economy, culture, politics), especially politics, led to the emergence of the democratic societies. And it is in this political sphere where the meaning of society is created. The parliament, the public sphere, and the voting process along with the other elements structuring society including principles of equality, freedom, and solidarity, become visible and an image of the society is engendered. This divides the society into various groups (holding knowledge on law, politics) horizontally and between the society and the government vertically. Now there occurs an alteration within the society in regard to the way it deals with transcendence. Lefort maintains that in pre-modern societies, the image of the society was manifested in a place external to the society, and hence its transcendence was very strong. In democratic societies that imaginary place came to be located within the society yet continuing to be superior which is termed as "immanent transcendence" (Lefort quoted in Lievens 2015, 5–10).

Governance moves one step further and dismisses the remaining form of transcendence such as sovereignty, the nation, or the people. Here the ideological and political constructs like citizenship, sovereignty, and nation become increasingly symbolic fictions that are not "real" in relation to the social reality characterized by social inequality, hierarchies, and divisions. This growing disenchantment between social reality and symbolic fictions gives way to the dissolution of the state or government (Lievens 2015, 5–10).

The replacement of the concept of government with governance that seems to be immanent in society, seems to encompass both the political and the social sphere and blurs the distinction between the private and the public. It results in the withering away of the concept of nation-state and the establishment of the networks of public actors or public authority. The process of substantial subsumption of government under governance needs to be assessed from a different angle and not just a linear analysis of a society progressing from pre-modern societies, democratic society, and finally the society of governance as theorized by Lefort. Here it is precursory to understand the internal logic of this accidental slippage of government to governance (Bonnafous-Boucher 2005, 522–523).

Governance consists of the state which has the sole responsibility of assisting the markets and the communities; civil society consisting of the citizens, NGOs, and the groups outside the government but within the public arena (representing and articulating the voices of the excluded); and the market creating wealth for distribution. It implies leadership toward societal development rather than mere control orchestrated on the citizens by the act of government. The concept of governance provided the government to search for new rules and processes between networks of public actors, instead of focusing on an entity having the sole responsibility of governance. This was termed as the "governmental rationality of liberalism" by Foucault. This is the turning point of political philosophy as well. The classical political

philosophy of state, sovereignty, and relation between the governors and the governed is shed, and a theory of domination sets in. Governmental rationality or "reason of state" began to characterize sovereign authority, independent, administrative apparatus, and most notably an entity upholding power and stability, unlike liberal governmental rationality (Bonnafous-Boucher 2005, 521–529).

This leads to an outgrowth of governmental practice that outcries "do not govern too much." The management of the public affairs need not be seen as the exclusive domain of the government. The affairs of the government are problems of all, and hence the various segments of society are involved in steering the society (Carino 2017). This approach facilitates the permeability between the government of public affairs and the private affairs of the market which unleashes legitimated forms of political and economic subjectivation and also modes of action that affect the actions of the individuals. Foucauldian perspective, thus, provides us with an internal logic of the transformation of the nature of state from democratic ideals to ideals-based decentralization of power, i.e., on networks of actors and civil society (Bonnafous-Boucher 2005, 525–527).

## Seamless Cooperation or Conflict

Social scientists have observed a shift in the model of governance since the 1970s. There has been a shift from a hierarchical, sovereign control of the state over its citizens to a model where non-state actors and market participate in the formulation and implementation of public policy. Old governance is state-centric, whereas new governance is society-centric. This transpose has also generated two contending groups as well. Some scholars argue that the state and the society influence each other. From this perspective they support the participation of society in governance, where community and the people influence the government and participate in policy making. They believe in an approach that includes various non-state actors and the market in steering the society in contrast to the traditional model of governance that dealt primarily with the government in formulating and implementing public policy. This shift saw the state looking up to the market for political steering, and market principles became the political ideology which ultimately led to the introduction of neoliberal policies (Carino 2017; Mayntz 2006).

But it is not always practically viable. The cooperation between the state and civil society has been taking many forms and dimensions. This entry argues that the constituents of modern governance (market, civil society) could not fulfill the basic preconditional and structural necessities on which the aforesaid model rests. They have failed to represent different functional and socio-economic interests of the society mainly because of the absence of societal self-regulating system. This system means that the private organizations need to fulfill regulatory functions that are ultimately in the interest of the public. Hence these actors who represent the public in decision-making process tend to dominate the marginalized. Here, the role of the state within governance is lacking. The state has failed to perform its structural role of providing strong self-regulation, so that the public interests gain precedence over private interests. Therefore, it is difficult to say that the shift from government to governance has been beneficial. Of all the debate on this topic, much discontentment and apprehension has been vented out toward the shift for governance. However, it is too early to consider this makeshift in defeatist lines specifically, since it also allows the market and the civil society to make its own decisive contributions.

But here, it is also pertinent to comprehend why the unleashing of the upper hand of the markets or rather laissez faire policy has exacerbated social equalities, and the state is reduced to terms synonymous to "class state" or "state for class." To understand this chaos, we can fall back on Foucault's concept of governmentality. He maintains that governmental rationality prescribes a form of law in order to limit the unlimited objectives or "excessive governance" that the state aspires to, for its, self-preservation. Hence

the law takes the form of a structure of mediation between law and morality. On the other hand, the rationality of liberal government derives from the production of rule itself and sets its objectives based on various actions, agendas, and non-agendas that come up in the civil society, and hence their self-limitation is not definitive. But this absence of self-limiting rule is also slowly understood as a double-edged sword. Liberal rationality confirms the emergence of political economy. The adjunct of economic rationality to political rationality thus comes to characterize contemporary governmental rationality. And their policies and actions are designed in terms of effects rather than in terms of original rights. "Governmental practices are not examined from a legal point of view in order to determine whether or not they are legitimate," but are judged by their results and effects. This break in the structure of mediation between law and morality and the consequent social tensions and inequalities that followed have put "governance" on defeatist lines, more so because it has caused some serious democratic pitfalls (Lievens 2015, 5–10).

## Is the State an Autonomous Actor in This Paradigm Shift?

In recent times the nature of governance has changed. Due to transnational transaction of cultural, political, and economic affairs, a new form of governance has emerged, which social scientists think might weaken the state capacity to govern. In this context, Jessop argues, "there is a general trend towards the denationalization of the state (or, better, statehood). This structural trend is reflected empirically in the 'hollowing out' of the national state apparatus with old and new state capacities being reorganized territorially and functionally on sub-national, national, supranational and trans-local levels" (Jessop 1997, 573). But this trend was not intrinsic to the concept of "governance" because the state would never cease to be omnipotent. The political sphere needs to sustain democratic essence so that it would democratically legitimate the elected representatives so that they reflect the interests of the socioeconomic, ethnic, and religious groups in the society and not in the interests of the major dominant groups.

Jessop outlines that "state power has become less important in key respects in contemporary capitalism – as governance has become more important however, countering this trend is the survival of the national state as the principal factor of social cohesion in societies and its associated role in promoting social redistribution" (Jessop 1997, 573–574). Khan marks that international agencies have failed to recognize the basic problem of corruption and governance in developing countries. They have overlooked the construction of capitalism, which is inherently divisive. It often rewards and deprives individuals in arbitrary ways. Ignoring this issue, it is not possible to understand the roots of political instability, political corruption, and the extant political clientelism (Khan 2002). These developments and processes have raised the debate whether the state is an autonomous actor. This slippage of the entity government within governance has led to the domination of the marginalized people by the dominant private actors.

Assuming that the state has lost its autonomy is not legit because the state has been taking a different character by controlling its subjects through technology and withdrawing from public provisions. More developed information technology, use of mobile phones and Internet might put surveillance on people. Subjects surrender themselves to the scrutiny of the state. The more civilized one becomes, the more is the surrender to the modern state. Scott rightly argues that those who stay outside of the state domain may not be civilized but are away from the modern governance structure (Scott 2009). The central argument is that the role of government, which is also a part of governance, cannot be downplayed substantially. It has its own mechanism on how to control the subjects. Even if it is governance, government still holds the upper hand. Some social scientists argue that the state has been hollowed out. But Bevir explains, "the states have expanded the mix of policy instruments. As the older coercive and regulatory instruments became less important, states developed softer

instruments by which to realize their intentions and control other actor. In this view the state has emphatically not been hollowed out" (Bevir 2012, 76). On the other hand, Bang (2004) writes that culture governance is about how political authority must increasingly operate through capacities for self-governance and co-governance. There is a need to act upon, reform, and utilize individual and collective conduct, so that it might be amenable to its rule. For Bang, culture governance represents a new kind of top-down steering approach. It is neither hierarchical nor bureaucratic but empowering and self-disciplining.

State plays the key role in enabling and facilitating the participation of other elements of the society. It provides the legal and democratic framework within which the non-state actors and the civil society can act and plan in steering the society. It is evident from the World Bank report that it wants to establish democracy in the developing parts of the world. It has mentioned in the report that its main aim is to establish democracy and weed out corruption. Though there is a dominant argument which has become prominent in the discourse of governance in favor of less government and more governance, the actual delivery of governance is dependent on the grassroots situation. At the local level, it is seen that leadership holds a decisive position in delivering services. But governance at the ground level (which is supposed to be impartial and neutral) is embedded within various social categories like caste, class, religion, ethnicity, and gender.

## Conclusion

The failure of the reformist policies adopted after World War II and the immediate postwar reconstruction period thwarted the faith on the state and were instrumental in creating an instant predilection toward non-hierarchical and cooperative form of governance. In the 1970s economic growth also slowed down, and it led to the search of alternative ways of socioeconomic development. Thus the steering of the society fell into the model of governance where the state, the market, and the civil society would effectively cooperate in the political steering of the society (Mayntz 1994). But the lack of self-regulating rule on the private actors has resulted in the transcendence of the interests of the private rather than the public. This deserves attention, as at the grassroots level, the civil society which is assumed to be a homogenous society is not a social reality per se and is embedded in different social categories like caste, class, religion, ethnicity, and gender. This deficit needs a conscious analysis to avoid serious democratic pitfalls.

## Cross-References

► Governance and Public Administration

## References

Bang HP (2004) Culture governance: governing self-reflexive modernity. Public Adm 82(1):157–190

Bevir M (2012) Governance: a very short introduction. Oxford University Press, Oxford

Boucher BM (2005) From government to governance, ethical perspectives. J Eur Ethics Netw 12(4):521–534

Carino VL. The concept of governance, Chap. 1. In: "From government to governance" UN Public Administration Network. http://unpan1.un.org/intradoc/groups/public/doucuments/eropa/monograph-worldcog-chap1.pdf. Accessed on 06 November 2017

Chhotray V, Stoker G (2009) Governance theory and practice a cross-disciplinary approach. Palgrave Macmillan, London

Jessop B (1997) Capitalism and its future: remarks on regulation, government and governance. Rev Int Polit Econ 4(3):561–581

Kettl DF (2002) The transformation of governance: public administration for twenty-first century America. Johns Hopkins University Press, Baltimore

Khan MH (2002) Corruption and governance in early capitalism: World Bank strategies and their limitations. In: Pincus J, Winters J (eds) Reinventing the World Bank. Cornell University Press, Ithaca

Lievens M (2015) From government to governance: a symbolic mutation and its repercussions for democracy. Polit Stud 63(S1):2–17

Mayntz R (1994) Governing failures and the problem of governability: some comments on a theoretical paradigm. In: Kooiman J (ed) Modern governance, New Government-Society Interactions. Sage, London

Mayntz R (2006) From government to governance: political steering in modern societies. In: Scheer D, Rubik F (eds) Governance of integrated product policy. Greenleaf, Sheffield, pp 18–25

G

Pierre J (2000) Debating governance: authority, democracy, and steering. Macmillan, London
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Scott JC (2009) The art of not being governed: an anarchist history of upland Southeast Asia. Yale University Press, New Haven/London

# Governance and Human Development

Maria Rosaria Garofalo[1], Flor Avila Hernandez[2] and Silvia Marinella Fontana[3]
[1]University of Salerno, Salerno, Italy
[2]Universidad Catolica de Colombia, Bogotà, Colombia
[3]University of Padua, Padua, Italy

## Synonyms

SDG16; Strong Institutions; Sustainability

## Introduction

Governance and human development decodified as good governance and sustainable human development (SHD) (Anand and Sen 2000; Knack 2002) and their multiple interactions (Sundaram and Chowdhury 2013) are the core of the development thinking from the 1990s, although they belong to different disciplines (political philosophy, science of public administration, international law, development economics). The cross-fertilized literature emerged from a coevolution of theories and policies, shifting the focus from increasing GDP, employment, "growth from distribution," "growth with distribution" toward the "people-value-place-based" development from which the Sustainable Development Goals (SDGs) are framed. Section "Overview: Theories and Operational Approaches" discusses methodological questions on the interdisciplinary literature and policy implications; section "SDG16 on Peace, Justice and Strong Institutions," according to the evolution from Millennium Development Goals (MDGs) to SDGs, discusses good governance as mean and goal of SHD focusing on SDG16; section "Conclusion" refers on open questions for future research.

### Overview: Theories and Operational Approaches

There is not a predominant paradigm on the relation governance and human development, but many combinations. (i) From A. Smith the dimensions of governance – rule of law, transparency, accountability, lack of corruption – are presumed merely for market performance and for growth's paths: the determinants of processes and reasons for these dimensions are not explained, and the underlying heterogeneous values are not contested. From the new institutional economics (NIE), they matter as means for economic development: according to an asymmetric power's distribution across individuals/groups, the quality of governance reflects efficiency and accountability of the involved actors and political negotiations of their voices (North et al. 2008). (ii) From the end of 1980s, contradictions between pro-market design of structural adjustment policies and the call for government in their implementation challenge orthodox views looking for a pattern of "adjustment with a human face" (UNICEF 1987) and for bottom-up institutional reforms. Built on Sen's capability approach (CA), human development profile over *n* dimensions of well-being – i.e., freedoms to live lives that person's value – becomes the ultimate goal of development, consistent with four principles: equity, efficiency, sustainability, and empowerment. (iii) Multiple equilibria approach (Ray 2000) *might* bridge NIE and CA: history and subjective aspirations are drivers of change, while policies and rules of governance are mechanisms of propagation of externalities created by roles and responsibilities across actors.

At operational level, development organizations suggest different working definitions and indicators on governance of/for human development (Human Development Index by UNDP and Worldwide Governance Indicators by World Bank); however, there is no consensus. Moreover,

casual relations between governance and human development are not clear. Following Bruntland Report (1987), "development meets needs of present without compromising the ability of the future generations to meet their own needs." Its underlying idea of "fulfilling basic needs" of each person is "too strong" because the moral and cognitive burdens for SHD are on individuals and "too light" because it does not specify what should be sustained and how needs evolve in valuable aspirations (Leßmann and Rauschmayer 2012).

The role of governance emerges here explicitly; the sustainability becomes a bridge between governance and human development, built on public actors' responsibility to provide merit goods and conditions for rule of law, transparency, accountability and higher participation, and on interdependent individuals/groups (Sachs 2012). The first Human Development Report (1990) is about "the process of enlarging people's choices"; subsequent HDRs focus on "the expansion of people's freedom to live long, healthy and creative lives" and on equitable provision of merit goods; the latter HDRs expand these dimensions of freedoms by including "freedoms to," "intrinsic freedoms" (e.g., multiculturalism, gender equality), and governance. Therefore, human development is not reductively legitimated within the economic well-being domain, but philosophically founded, for example, on Aristotelian ethics. In this line, the evolution from MDGs to SDGs is from measures against economic poverty toward universalistic entitlements to development, globally shared with intergenerational responsibility (Fukuda and Parr 2016). The paradigm of human development is translated into one of sustainable human development where a positive level of "genuine saving," enforced by good governance, is required to maintain economic productive base.

Anand and Sen (2000) contested that sustainability is implied by optimality; Ranis and Stewart (2005) investigate the two-way chains "growth-human development" providing a taxonomy of virtuous versus vicious countries. Dasgupta (2007) disentangles SHD determinants in capital assets (manufactured, natural, human, and their imperfect rate of substitution) and enabling factors (institutions); Neumayer (2012) classifies countries on different combinations of (high/low) level of human development and sustainable development. From these perspectives, SHD is not a spontaneous order because the paths from micro to macro well-being and from current to future well-being require shared knowledge, coordination, and cooperation. Moreover, the steering logic of governance is complex according with specific "theories and circumstances of justice" (Leßmann and Rauschmayer 2012). From "Governance and Development" (WB 1992), governance is part of the post-Washington Consensus as "the manner in which power is exercised in the management of a country's economic and social resources for development." Subsequent WB Development Reports are on "institutions for sustainable development," "centrality of citizens," "equity and development," and "conflict in fragile states." The 2017 report defines governance as "a process within a given set of rules (formal and informal) that shapes and is shaped by power" to implement policies World Bank (2017). Good governance as governance for development consists of seven components: democracy, human rights, rule of law, effective management, transparency/accountability, developmentalist goals, and a varying mix of policies (Gisselquist 2012).

NIE defines governance as a cluster of political institutions, state capacity, and regulation of economic institutions and suggests the nexus "governance-sustained improvement in human well-being"; governance matters to explain why countries "fail to choose policies that economist argue are Pareto-improving" (North et al. 2008). However, there is no a unique theoretical pattern of good governance for SHD but a "good enough governance" (Grindle 2002) because of the different institutional contexts and resources endowments. As Sundaram and Chowdhury discuss, there is no general empirical evidence on causal relations from governance to SHD (2013); however, two governance alternative strategies for development are identified: the "market-enhancing governance" and the "growth-enhancing governance" (Kahn 2009).

## SDG16 on Peace, Justice, and Strong Institutions

The 2030 Agenda for Sustainable Development (2030 Agenda) was adopted by 193 United Nations (UN) member states in September 2015 to address the global challenges of poverty, conflict, inequality, and environmental depletion. With the definition of specific goals that refer to the most pressing issues of our world, from the access to water to hunger, education, and health for all, it provides a framework of action and monitoring of progress in terms of economic, social, and environmental development for each country. The 2030 Agenda builds on the MDGs (UN 2015), by providing a more comprehensive framework with 169 targets referred to 17 SDGs (UN General Assembly 2015). With the ultimate goals to end poverty by 2030 worldwide and pursue a sustainable future, the Agenda presents an integrated view on people, planet, prosperity, peace, and partnership.

In particular, the SDG16 refers to peace, justice, and good governance and institutions as crucial elements of sustainable development (Fig. 1).

SDG16 defines as primary goal for sustainable development to *promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.*

**Governance and Human Development, Fig. 1** Sustainable Development Goal 16

With the SDG16 the UN wanted to underline (i) the importance of societies free from conflict and violence to achieve sustainable development and (ii) the importance of strengthening institutions at national level on rule of law and justice for all, transparency and higher and inclusive participation and, at international level, with the participation of developing countries in the global governance.

SDG16 calls for a multidimensional plan of actions to promote peace in terms of absence of violence (negative peace, targets 16.1 and 16.2) and build and enforce good institutions for more inclusive and resilient societies, sustaining positive peace as "attitudes, institutions and structures which create and sustain peaceful societies (IEP 2016)."

Effective, accountable, and inclusive institutions are key actors for the progress of humanity as a whole and in relation with the environment. Institutions, as primary organizations of societies and "rules of the game," matter for the capacity of the state to deliver basic services and the definition of concrete actions toward conflict prevention and long-lasting peace, resilience, and inclusion at national level.

SDG16 comprises 12 targets and 33 related indicators on **direct violence**, **drivers of violence**, **governance**, and **justice**.

The following are the SDG16 targets (Table 1):

The systemic approach needed represents itself the intrinsic challenge for the achievement of SDG16, with actions from different institutions and stakeholders at different timing and a high degree of coordination.

Institutions at governmental level have complex and sometimes highly bureaucratized structures that do not enable the correct provision of services. The management of power in many institutions is not balanced, and it represents a brake to effective actions and participation. The principle of interconnectedness, pillar of 2030 Agenda, is translated in the SDG16 in complex relations among and within different structures of power. To this regard, it is important to underline the role at playing by politics in institutions.

**Governance and Human Development, Table 1** SDG16 targets

| | |
|---|---|
| 16.1 | Significantly reduce all forms of violence and related death rates everywhere |
| 16.2 | End abuse, exploitation, trafficking, and all forms of violence against and torture of children |
| 16.3 | Promote the rule of law at the national and international levels and ensure equal access to justice for all |
| 16.4 | By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime |
| 16.5 | Substantially reduce corruption and bribery in all their forms |
| 16.6 | Develop effective, accountable, and transparent institutions at all levels |
| 16.7 | Ensure responsive, inclusive, participatory, and representative decision-making at all levels |
| 16.8 | Broaden and strengthen the participation of developing countries in the institutions of global governance |
| 16.9 | By 2030, provide legal identity for all, including birth registration |
| 16.10 | Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements |
| 16.a | Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime |
| 16.b | Promote and enforce nondiscriminatory laws and policies for sustainable development |

Source: UN General Assembly 2015, page 25

The strategies followed by those who dominate the political settlement in using or neglecting institutions impact greatly on development outcomes (Whaites 2016). The political willing is crucial to put in place actions toward positive change in the formal structuring of institutions and on how the institutional powers are used and managed. Politics represents another strategic challenge that might hinder or empower sustainability and the coherence necessary to implement a comprehensive SDG16 policy program. Another element for the SDG16 paradigm is the political dimension of civil society movements to pressure governments on improvements at institutional level, requesting transparency and accountability of the system and/or at policy level on actions against direct violence or drivers of violence (i.e., human trafficking and arm trade campaigns). At institutional level, progress can be monitored analyzing advancement (if any) in service delivery and performance of the civil service as a whole. To this regard, changes in the administrative process as well as improvements in the structural and technical mechanisms within the institutions are determinant to achieve the goal.

SDG16 calls therefore for an integrated approach where the political dimension might be the push factor of change in the structure, organization, and mechanisms at institutional level, being different stakeholders involved from the public and the private sector.

Technical challenges refer to the measurement of SDG16 and to the monitoring of related actions. Data availability and reliability might represent obstacles to this regard. Moreover, as underlined by IEP, many National Statistical Offices (NSOs) do not possess statistical capacity and resources necessary to measure SDG16: a strong investment is needed to develop NSOs capabilities and techniques of measurement, escaping the potential for a capability trap. Third-party organizations already active in data collection and analysis on direct violence, drivers of violence, governance, and justice might play active roles as independent verification and additional support for NSOs (e.g., Small Arms Survey, the World Justice Project, Transparency International, the Peace Research Institute Oslo, Uppsala University).

## Conclusion

The nexus Governance–SHD represents a challenge from different points of view.

At methodological level for "reversal imperialism" and pluralism challenges, there is a need to map and define intra- and interdisciplinary perspectives that best contribute to explain the complexity of the nexus, to disentangle the relational and behavioral components of the different actors

involved, according to their power position and interests, by analyzing the evolution of capabilities through intersectional inequality. Further analysis on the multi-level governance is needed to better understand the networking mechanisms, formal and informal rules of such a system embedded in specific contexts.

At policymaking level, the influence of politics on institutions and governance should be more investigated through the lenses of the normative theories of justice and well-being, ex ante in policy making design and ex post in political bargaining. Referring to the SDG16 framework, a deeper analysis and a shared knowledge on factors of negative and positive peace should be integrated in a capability approach.

## Cross-References

▶ Governance and Development
▶ Institutional Governance
▶ Sustainable Development Administration

## References

Anand S, Sen A (2000) Human development and economic sustainability. World Dev 28(12): 2029–2049
Dasgupta P (2007) Measuring sustainable development: theory and application. Asian Dev Rev 24(1):1–10
Fukuda-Parr S (2016) From the millennium development goals to the Sustainable Development Goals: shifts in purpose, concept, and politics of global goal setting for development. Gend Dev 24(1):43–52
Gisselquist RM (2012) Good Governance as a concept, and why this matters for development policy, UNU-WIDER working paper n. 30, Helsinki
Grindle MS (2002) Good enough governance: poverty reduction of reforms in developing countries. Governance 17(4):525–548
Institute for Economics and Peace (IEP) (2016) Sustainable Development Goal 2016, From now to 2030: what is needed to measure goal 16 (IEP, 2016). http://visionofhumanity.org/app/uploads/2017/02/Goal16_2016_webfile.pdf. Accessed 27 June 2017
Khan MH (2009) Building Growth Promoting Governance, UNCTAD, Background paper n.2/2009
Knack S (2002) Governance and growth: measurement and evidence, IRIS Center discussion papers, vol 2, n 5
Leßmann O, Rauschmayer F (2012) Re-conceptualising sustainable development on the basis of the capability approach: a model and its difficulties, UFZ-Diskussionspapiere n 3
Neumayer E (2012) Human development and sustainability. J Hum Dev Capab 13(4):561–579
North D, Acemoglu D, Fukuyama F, Rodrik D (eds) (2008) Governance, growth, and development decision-making. The World Bank, Washington, DC
Ranis G, Stewart F (2005) The priority of human development. In: Hershberg E, Thornton C (eds) The development imperative: toward a people-centered approach. Social Science Research Council, New York
Ray D (2000) What's new in development economics. Am Econ 44(2):3–16
Sachs JD (2012) From millennium development goals to Sustainable Development Goals. Lancet 379:2206–2211
Sundaram J, Chowdhury A (eds) (2013) Is good governance good for development? DESA, New York
UNICEF (1987) Annual report, New York
United Nations (2015) The millennium development goals report. United Nations, New York
United Nations General Assembly (2015) Resolution adopted by the general assembly on 25 September 2015, ref. A/RES/70/1. Annual Report, New York
Whaites A (2016) Achieving the impossible: can we be SDG16 believers? OECD, Govnet background paper, no 2. http://www.oecd.org/dac/accountable-effective-institutions/Achieving%20the%20Impossible%20can%20we%20be%20SDG16%20believers.pdf
World Bank (1992) Governance and development, Washington, DC: The World Bank
World Bank (2017) World development report, Governance and the Law. The World Bank Group, Washington, DC: The World Bank

# Governance and Indigenous Peoples: New Challenges to Their Conceptualization and Implementation

Verónica Figueroa Huencho
Institute of Public Affairs-INAP, University of Chile, Santiago, Chile

## Synonyms

Indigenous institutionally; Indigenous people's development strategies

## Definition

A model that arises from the interaction of different actors, defined based on consensus, where spaces of power are shared from the establishment of rules defined from different epistemic, cultural, or political frameworks, with the aim of generating beneficial results for the whole of the society.

## Section

Latin-American and Caribbean.

## Introduction

In Latin America, indigenous peoples have acquired greater visibility due to cultural, territorial, economic, and/or political claims, emerging a new social and political actor that challenges not only the traditional ways of doing politics but also the institutional arrangements defined to accommodate them within the states (Bengoa 2000; Pairican 2014; Figueroa 2014, 2017a, b). However, the persistence of gaps in different fields shows the need to continue deepening the definition and application of relevant concepts aimed at improving its main development indicators.

According to the latest World Bank report on the progress in the Sustainable Development Goals (2017), Latin America presents the worst indicators associated with child mortality, access to water, health, and literacy, among others. Studies also show that the isolation of indigenous peoples from state formation processes, together with political decisions that affect their development, have affected the loss of land, the breakdown of community economies, and the loss of rights and representativeness, generating conditions of poverty (Kymlicka 2007). With this, the nation-state model is stressed, generating the need to seek new forms of interrelation between indigenous peoples, public and private actors, among others. It is here that governance emerges as an approach that can give useful answers to new demands of coexistence between indigenous peoples and majority societies, expressed in the interrelations that are generated between actors from the public, private, third sector, and indigenous peoples. The existence of unsatisfied demands, the tension between political institutionality, and the *cosmovisions* or ancestral expressions of these peoples, together with the persistence of conflicts in different contexts, realize the need to delve into mechanisms that not only improve the understanding of the process of indigenous public policies but also identify the critical nodes of it, to generate lessons and recommendations that contribute to an intercultural dialogue. In this context, emerging analytical frameworks such as those that arise from the "governance approach" can favor a better interpretation of the needs of these peoples, where their design and implementation acquire vital importance (Hufty 2008).

From this approach, Bevir (2013) points out that governance considers the processes undertaken by governments and that affect the lives of individuals, families, and formal and informal organizations, executed through laws, regulations, or other mechanisms that imply the exercise of power, where institutions are understood as structures composed of actors with different positions and roles that affect their results (Tsebelis 2000). Therefore, governance is not only a design where roles are assigned to the different actors involved in it but also to pay attention to the implementation processes, where the institutional framework will be impacted in turn by the governance model and where the relationship between the two will not always be virtuous. According to Van der Steen et al. (2015), the problems in the implementation of public policy may be in the policy itself but also in the institutions that make up the context of that policy, such as governance.

In that sense, it is necessary to promote an agenda that contributes to a conceptual clarification around the governance approach and its dynamics of implementation around indigenous peoples, which can support the decision-making of political actors to favor processes virtuous of

development and coexistence, always considering those cultural, social, political, or economic dimensions that arise from indigenous peoples. For this, it is necessary to advance in the following aspects: (a) what the governance approach means; (b) what are the challenges that arise in its design and implementation from the perspective of indigenous peoples; and (c) what are the implications of a research agenda in this area.

## Governance: New Challenges to Its Conceptualization from Indigenous Peoples

In societies increasingly permeable to the influence of international, national, local, and regional actors, it is necessary to account for the diversity of their environment, which has forced governments to seek novel forms of interaction with multiple actors, as well as design public policy interventions that require coordinated action between public, private, and/or third sector organizations (Zurbriggen 2011). This has led to the emergence of new approaches where we can locate governance, which has been defined in various ways in the literature as a "slippery" concept (Pierre and Peters 2000, p. 7) but where its conceptual imprecision has been the "secret of its success" (Schneider 2004, p. 25). The academic interest in this concept is relatively recent and is presented as a paradigm shift, being described as a model in which government, business, community groups, and citizens work together and share spaces of power to achieve beneficial results for all based on consensus (Hye 2000). In that sense, governance is a dynamic concept, so it is relevant to advance in both theoretical and empirical understanding (Farazmand 2012, p. 351).

From a political perspective, the World Bank defines governance as the set of traditions and institutions through which authority is exercised, which includes processes through which its authorities are selected, monitored, and replaced, the capacity of governments to formulate and implement public policies and respect for citizenship for the state, and the institutions that regulate economic and social interactions (World Bank 2016). For Pierre and Peters (2000), governance is the totality of interactions between public bodies, the private sector, and civil society, aimed at solving social problems or creating opportunities for society (Pierre and Peters 2000). From there, governance models are derived, understood as the mode of coordination exerted by governments on social actors, in order to solve collective action problems (Kooiman 2003). That is, governance tries to establish, promote, and support a specific type of relationship between governmental and nongovernmental actors (Howlett and Ramesh 2014). For Graham et al. (2003), governance is the interaction between structures, processes, and customs that determine how power is exercised and responsibilities are distributed, how decisions are made, and how citizens together with other actors can express their opinion. In that sense, governance is about power, relationships, and accountability.

However, in this discussion the tension of incorporating the worldviews of indigenous peoples into the theoretical and empirical discussion of the concept of governance is relevant. These worldviews, understood as the set or system of shared meanings through which reality is perceived and interpreted and that serve as a parameter to assess decisions and actions for a given group, community, or people (Gavarrete 2012), constitute a substantive analytical framework to identify tensions, gaps, and misinterpretations from Western political, institutional, and/or administrative designs. However, this also requires an ethical, political, and epistemological positioning (Melin et al. 2016). An example of this is the Az Mapu of the Mapuche people in Chile, a concept that refers to the organization of life and its complex relationship with "el che" (the Mapuche person), as well as its interaction with the *wallmapu space* (*Walmapu space* is the name that Mapuche people gives to their ancestral territories, located from central to southern part of Chile.) and its internal distribution, which can be an important reference for the generation of an effective governance approach.

For Cornell et al. (2004), when it comes to indigenous peoples, governance implies the establishment of defined rules from different epistemic,

cultural, and even political frameworks, on which we can depend to generate coordinated actions and achieve the proposed objectives, where these rules are the critical piece of the puzzle, because if they are not consensual and legitimized, it is likely that decision-making and its implementation are inconsistent, conflicting, and difficult. Governance is also valuable to indigenous peoples, even if the concept itself must be redefined in the light of its own epistemological frameworks.

In that sense, there are three factors considered crucial: the exercise of sovereignty (real power for indigenous peoples to make decisions); institutions with the capacity to generate governance (creating an environment conducive to sharing and implementing ideas, resources, and actions from the institutions of indigenous peoples); and the "cultural adjustment" (between the participating institutions and the cultures of the indigenous peoples, regarding how authority should be organized and exercised). To these factors must be added the need for strategic orientations (such as a vision that allows thinking, planning, and acting in the long term of indigenous peoples) and leadership (people with the capacity to influence, persuade, and generate confidence in decisions, especially from the point of view of indigenous peoples) (Cornell et al. 2004).

Therefore, governance cannot be treated as a neutral concept, since for indigenous peoples the control of their own interests (understood as the exercise of their autonomy), managed jointly with capable government institutions, with culturally appropriate processes and effective, is essential. However, autonomy is not only important for indigenous peoples, because, in the framework of a governance approach, synergy is also essential between the parties that make up the system. Thus, a governance approach must be understood as a system that involves politics itself in relation to its environment, with the organizations and with the actors that participate, where even being different entities, with different cultures, their acts and consequences are highly entwined (Van der Steen et al. 2015).

This allows us to talk about a "good governance," where the network of relationships should tend to have development being a decentralized system, friendly to the citizens, and attentive to their needs; with levels of political autonomy; with efficient and responsible institutions; and with an empowered civil society (Huque 2001; Minocha 1998). The incorporation of contemporary analytical models such as the governance approach can, therefore, favor improvements in the implementation of indigenous public policies and extract learning for other contexts. This means relieving the role of the state, political institutions, interactions between actors, and the influence of social, economic, or cultural environment factors, among others. In that sense, given the complexity of the problems that current societies must face, it is important to incorporate new dimensions into the analysis of governance, with the understanding that their implementation cannot be analyzed only from an individual perspective, since their results can be based on structural determinants of the political system, of the public sector, or in the interactions between the two (Peters 2015).

According to McConnell (2016), the governance approach provides a broader vision of analysis when considering the convergence of aspects of political design, the identification of the problem, the actions developed by the organizations involved, the interactions that occur between them, as well as the actors that participate and that even influence their configuration by putting their own values and interests into play. Therefore, the implementation of governance is crucial due to the multiplicity of interests and visions that are contrasted but especially because of the incorporation of different worldviews, valuations, and knowledge, typical of each indigenous people, often of an ancestral nature, which are not considered in the analysis frameworks coming from Western epistemological frameworks.

## Implementing Governance from an Indigenous Perspective

The Latin American experience shows that governments have sought different strategies for implementing public policies, giving rise to different governance models. In this way, although

several states have given recognition to these peoples in their political constitutions (such as the cases of Bolivia, Colombia, Venezuela, Ecuador, or Peru) or have ratified International Covenants or Agreements (those that have an impact on the normative or legal configuration of each country) (Fuentes and de Cea 2017), one of the main challenges they have faced is the search for the most appropriate institutional designs to specify, through implementation, the rights there they recognize.

Indeed, progress in indigenous rights has had a direct impact on the institutional configuration. It is there where we see experiences of countries that have established territorial spaces with certain degrees of autonomy (such as Panama, Bolivia, Ecuador, or Colombia), or have modified political institutionality by defining parliamentary quotas or specific judicial systems (as is the case from Ecuador or Colombia), or have adjusted administrative institutionality, creating organizations with responsibilities to formulate and/or implement public policies (at the ministerial level or of agencies and/or public services), or cooperation networks between diverse organizations have been articulated (both inside and outside the public administration), or the inclusion of indigenous managers has been promoted in order to promote greater representation of their interests, among other strategies.

The implementation of governance can be considered space where actors compete and negotiate to obtain control of resources, affecting their results but also leading to the introduction of adjustments to this approach (Hasenfeld and Brock 1991). In that sense, this implementation seeks the execution of a set of activities aimed at achieving the goals established for state interventions (Olavarría-Gambi 2017a), which is the complex process of putting political decisions into practice, through a variety of mechanisms and procedures. In that sense, governments have the prerogative to design a large part of the scope that governance will have in terms of its implementation because they control the allocation of resources, provide rules, manage institutions that establish "who gets what, where, when and how," and administer the symbolic resources that are the basis of the legitimacy of their actions (Howlett and Ramesh 2014). For Peters (2015), the governance approach also shows the multiple biases that are present in the political and bureaucratic institutions and that will have a correlation in the implementation.

Some authors suggest that, from a governance approach, the implementation process should be analyzed as a consequence of three "imperatives": respect for the spirit of laws, public servants' concern for instrumental rationality, and coherence between the organizational and political-institutional design. Van Meter and Van Horn (1975) point out that the implementation will be characterized by financial resources, political support, economic and social conditions, the type of organizations involved, communications between management and political level, and the provision of the functionaries. For their part, Hasenfeld and Brock (1991) established five types of dimensions that influence the implementation process from a governance approach, identified as "domains of driving forces": the search for rationality, the adjustment of the organization and the bureaucratic politics, discretion and adaptation, power relations, and leadership and competence level. According to Olavarría-Gambi (2017b), these driving factors are directly related to the sector in which public policy is located, which vary from aspects associated with leadership to others linked to power.

Mazmanian and Sabatier (1989) point out that the success or failure of public policy will depend on the regulatory and management structure adopted in its implementation and to what extent they respond to the characteristics of the target group. Vancoppenolle et al. (2015), in a comparative study of public policies, identified a series of dimensions that should be considered in the analysis of their implementation from governance: organizational and interorganizational behaviors, level of skills and interests of bureaucrats, interest group expectations, and the incidence of power actors. For its part, May (2012) points out four aspects that can be considered: (a) values, interests, and contents of public policies; (b) policy instruments; (c) ways in which the implementation structure generates "alerts" about the courses

that the policy should have; and (d) the target group. Therefore, the process of implementing public policies is complex, being influenced by the selected policy instruments, the organizations that will administer it, the type of participating actors, the recipients, but especially by the relationship with the political-institutional design.

In the case of indigenous peoples, it is relevant to consider systemic implementation strategies, where the Hufty model (2008) has been especially useful as it clearly identifies the collective, formal, and informal processes that determine how decisions are made and proposes a model of analysis from the governance centered on five categories: (1) the problems (what is at stake), (2) the actors (individuals or mobilized groups understood as counterparts or "stakeholders"), and those who undertake collective actions (agreements or decisions) that lead to the formulation of (3) rules (or rules of the game or decisions) that guide the behavior of the actors and are modified by this collective action. For this author, this collective action results from the interaction between the actors, whether conflictive or cooperative, of the transactions, agreements, and decisions that are made and their application. Interactions can be observed in (4) nodal points (physical or virtual interface spaces where problems, processes, actors, and norms converge) and (5) processes (successions of states through which the interrelation between actors, norms, and nodal points). The processes, the actors, and the norms can be formal, that is, recognized by the actors carrying authority in the observed society (this recognition is "legal" at the level of the societies endowed with a positive right), or informal, defined by the practice of the actors (Benavides and Duarte 2009). The characterization of the interactions between these elements will be equally relevant (McConnell 2016).

However, as noted, the indigenous dimension involves considering new analysis variables to models of this type, in order to capture the dynamism and complexity involved in the design and implementation of governance in multicultural contexts. Cornell and Kalt (2000) argue that the analysis of governance from an indigenous perspective implies considering the effectiveness and legitimacy expressed in the institutional framework that originates in its implementation. This means that the definition of the participants and their interactions, their definitions of power, and the mechanisms to adopt and implement decisions must be appropriate to the reality of indigenous peoples. For these authors, Western governments tend to be much more interested in effectiveness than in legitimacy when designing governance models.

On the other hand, for indigenous peoples, although effectiveness is relevant, they tend to be focused mainly on legitimacy as a basis for their survival, so the elements of a governance model must be analyzed from indigenous perspectives. Also, recent studies in the USA and Australia show that governance can be more effective if it considers aspects such as (a) stable and broadly representative organizational structures of indigenous peoples; (b) capable and effective institutions; (c) corporate governance systems with territorial presence; (d) separation and limitation of powers; (e) fair and reliable conflict resolution and appeal processes; (f) effective financial management and administrative systems; (g) simple and relevant information management systems at the local level; (h) effective development policies and realistic strategies; and (i) cultural adjustment of practices and processes (Sullivan 2007).

In the Latin American case, a study by the Indigenous Fund (2007) shows that institutional designs around indigenous peoples require progress in participation, relevance, and resources for real effectiveness, given that the nature, physiognomy, and contents of state institutions that they have dealt with indigenous affairs have followed a path of marginalization of them (Indigenous Fund 2007). Therefore, implementation is critical in the success or failure of a governance model. An interesting conclusion of this study is that there is broad participation of indigenous representatives in the formulation, but not in the implementation of the policy, thus losing their emphasis and guidance. The World Bank (2014) indicates that indigenous public policies need to be rethought at all stages, especially in implementation.

This is important because it is in this process of implementation that deficiencies can arise that

stress the character of the governance approach and can lead to the emergence of new demands around them. While it is virtually impossible to isolate the effect of political institutions from the success or failure of a policy, most research tends to treat these effects as secondary, compared to the nature of the design itself. In other words, the causes of the failure (and success) of governance tend to be seen as endogenous, leaving aside the analysis of the impact that institutional design can have on it (Peters 2015).

Therefore, it is important to consider that the diversity that indigenous peoples bring could suggest that there is no single concept of governance that adapts to all circumstances or contexts, which requires openness to identify dimensions that may be stable, as well as others that require territorial, ancestral, or other adaptations. This allows us to think about the possibility of multiple frameworks and areas from different potential causes, testing the governance approach itself.

## Governance as a Concept in Reconstruction: Implications for a Research Agenda

In the field of indigenous peoples, both literature and empirical evidence show that governance approaches have influenced the achievement of varied results, which have often influenced the persistence of multicultural claims due to poor adequacy of Western decision frameworks to the needs of important population groups that have differentiated epistemological frameworks. As noted, indigenous peoples are political actors that have influenced the political agenda of several governments and that in the Latin American case continue to press for modifying homogenizing institutional designs, not appropriate for diversity contexts.

In that sense, the definition and implementation of governance are complex due to the nature of its aims and the actors involved, both in its execution and those who are recipients of it. In general terms, aspects such as the lack of institutional adaptation; the scarce integration of cultural, value, historical, and social elements in the programs and projects; the ignorance on the part of political or bureaucratic actors; as well as the diversity of visions of these peoples have been indicated as factors that influence their results (Parvin 2009).

However, little is known about the way in which these dimensions interact to influence their characterization. Various studies realize this. Alkire (2005), in a study on indigenous poverty and public policies, focuses his criticisms on the following aspects: (a) limited and biased scope of the programs linked to policies by not understanding the cultural influence of a people, assuming erroneous positions about behaviors or values; (b) imposition of values, deliberately attempted to change cultural norms or practices that are considered negative but are not understood in diverse cultural contexts; (c) existence of untapped resources, especially for not taking into account their working methods, forms of relationship, cultural wealth, etc.; and (d) unpredictability of unwanted impacts, where the results of the policies can generate new problems.

In that sense, the diversity of strategies in which political decisions are implemented, as well as the multiple actors involved in them, can cause tensions to the governance system or to the results. In the case of indigenous peoples, the diversity of strategies chosen by governments has resulted in dissimilar results. As some authors point out, it is required not only to question the governance models but also structural aspects of the context, because "state projects are still caught in old concepts, where there is no real political will to arbitrate the relevant measures in terms of the latter having real possibilities of development" (Walsh 2006, p. 8).

Advancing an agenda that can put tension on defined concepts from a single epistemological framework can favor better effectiveness in decisions about governance and its implementation, which also advocates a discussion from different disciplinary fields, considering one's own indigenous peoples and their demands, as essential parts of the analysis model (Tuhiwai Smith 2008). Research in this area is still incipient. However,

its progress could generate diverse contributions to a better understanding of the emerging problems around indigenous peoples, from making new dimensions of the problem visible to providing diverse solutions to long-standing demands.

## Cross-References


- ▶ Ethics and Public Administration in Latin America
- ▶ Ethnoracial Politics
- ▶ Governance
- ▶ Latin American Governance
- ▶ Minority Groups and Politics


## References


Alkire S (2005) Subjective quantitative studies of human agency. Soc Indic Res 74(1):211–217

Banco Mundial (2014) Los Pueblos Indígenas en América Latina. Balance político, económico y social al término del Segundo Decenio Internacional de los Pueblos Indígenas en el Mundo. BM, Washington, DC

Banco Mundial (2016) Worldwide governance indicators. Retrieved from: http://info.worldbank.org/governance/wgi/index.aspx#faq1

Benavides C, Duarte C (2009) Gobernabilidad política, gobernanza económica y gobiernos indígenas. Límites estructurales e interpretaciones divergentes de los derechos pluriétnicos en el sistema general de participaciones, análisis político n° 68, Bogotá, enero-abril, pp 26–42

Bengoa J (2000) La emergencia indígena en América Latina. Fondo de Cultura Económica, Santiago

Bevir M (2013) Governance: a very short introduction. Oxford University Press, Oxford, UK

Cornell SY, Kalt J (2000) Where's the glue: institutional and cultural foundations of American Indian Economic Development. J Socio-Econ 29:443–470

Cornell S, Curtis C, Jorgensen M (2004) The concept of governance and its implications for first nations. In: Joint occasional papers on native affairs, The Harvard Project on American Indian Economic Development. https://hpaied.org/sites/default/files/publications/The%20Concept%20of%20Governance%20and%20its%20Implications%20for%20First%20Nations.pdf Accessed 05 Sep 2019

Farazmand A (2012) Governance in the age of globalization: challenges and opportunities for South and Southeast Asia. Public Org Rev 13:349–363

Figueroa V (2014) Formulación de políticas públicas indígenas en Chile. Editorial Universitaria, Santiago

Figueroa V (2017a) Pueblos indígenas y derechos: una discusión a la luz de las políticas públicas desde el caso chileno. Rev Anal Univ Chile, séptima serie 13:97–114

Figueroa V (2017b) Institucionalidad pública, participación y representación política de los pueblos indígenas en Chile. In: Aninat I, Figueroa V, González R (eds) El pueblo mapuche en el Siglo XXI: propuestas para un nuevo entendimiento entre culturas en Chile. CEP, Santiago, pp 227–264

Fondo Indígena (2007) Tendencias de la institucionalidad estatal y las políticas públicas respecto al desarrollo indígena en América Latina y el Caribe. Bolivia. http://www.fondoindigena.org/wp-content/uploads/2011/08/SerieDesarrollo3.pdf. Accessed 12 July 2018

Fuentes C, de Cea M (2017) Reconocimiento débil: derechos de pueblos indígenas en Chile. Perfiles Latinoam 25(49):1–21

Gavarrete ME (2012) Modelo de aplicación de Etnomatemáticas en la Formación de Profesores para Contextos Indígenas de Costa Rica. Tesis Doctoral no publicada, Universidad de Granada, España

Graham J et al (2003) Governance principles on protected areas in the 21st century. A discussion papers. Institute on Governance, the Fifth World Bark Congress, Dublin

Hasenfeld Y, Brock T (1991) Implementation of policy revisited. J Adm Soc 22(4):451–479

Howlett M, Ramesh M (2014) The two orders of governance failure: design mismatches and policy capacity issues in modern governance. Policy Soc 33(4): 317–327

Hufty M (2008) Una propuesta para concretar el concepto de gobernanza: el marco analîtico de la gobernanza, Hubert Mazurek (éd) Gobernabilidad y gobernanza en los territorios de América Latina. La Paz, IFEA-IRD. A paraître

Huque AS (2001) Governance and public management: the South Asian context. Int J Public Adm 24(12): 1289–1297

Hye HA (2000) Governance: South Asian perspectives. University Press Limited, Dhaka

Kooiman J (2003) Governing as governance. SAGE, Thousand Oaks

Kymlicka W (2007) Las odiseas multiculturales. Las nuevas políticas internacionales de la diversidad. Paidos, Buenos Aires

May P (2012) Policy design and implementation. In: Peters G, Pierre J (eds) The SAGE handbook of public administration. SAGE, Los Angeles, pp 279–291

Mazmanian D, Sabatier P (1989) Implementation and public policy. University Press of America, Lanham

McConnell A (2016) A public policy approach to understanding the nature and causes of foreign policy failure. J Eur Public Policy 23:667–684

Melin M, Coliqueo P, Curihuinca E, Royo M (2016) AZMAPU Una Aproximación al Sistema Normativo Mapuche desde el Rakizuam y el Derecho Propio.


G

https://bibliotecadigital.indh.cl/bitstream/handle/123456789/984/azmapu.pdf?sequence=1
Minocha OP (1998) Good governance: new public management perspective. Indian J Public Adm XLIV(3): 271–280
Olavarría-Gambi M (2017a) Policy implementation: lessons from the Chilean policy on public management modernization. Cent Eur J Public Policy 11(1):41–54
Olavarría-Gambi M (2017b) Implementación de políticas públicas: lecciones para el diseño. Análisis de los casos de modernización de la gestión pública y de la reforma de salud en Chile. Rev CLAD Reforma Democracia 67:95–124
Pairican F (2014) Malón: la rebelión del movimiento mapuche 1990–2013. Pehuén, Santiago
Parvin P (2009) Integration and identity in an international context: problems and ambiguities in the new politics of multiculturalism. Polit Stud Rev 7(3):351–363
Peters G (2015) State failure, governance failure and policy failure: exploring the linkages. Public Policy Adm 30(3–4):261–276
Pierre J, Peters BG (2000) Governance, politics and the state. Macmillan, London
Schneider V (2004) State theory, governance and the logic of regulation and administrative control. In: Warntjen A, Wonka A (eds) Governance in Europe. Nomos, Baden-Baden
Sullivan P (2007) Indigenous governance: the Harvard project, Australian aboriginal organisations and cultural subsidiarity. Working paper 4. Desert Knowledge CRC, Alice Springs
Tsebelis G (2000) Veto players: how political institutions work. Princeton University Press, Princeton
Tuhiwai Smith L (2008) Decolonizing methodologies: research and indigenous peoples, 12th edn. Zed Books, Malaysia
Van der Steen M, Scherpenisse J, van Twist M, Hart PT (2015) How to see failure: attempts by the inspectorate of education to detect and disarm failure in Dutch education policy. Public Policy Adm 30: 320–341
Van Meter DS, Van Horn CE (1975) The policy implementation process, a conceptual framework. Adm Soc 6(4):445–488
Vancoppenolle D, Sætren H, Hupe P (2015) The politics of policy design and implementation: a comparative study of two Belgian service voucher programs. J Comp Policy Anal Res Pract 17(2):157–173
Walsh C (2006) Interculturalidad y (de)colonialidad. Diferencia y nación de otro modo. In: Desarrollo e interculturalidad, imaginario y diferencia: la nación en el mundo Andino. Académica, Quito
World Bank (2017) The Sustainable Development Goals Report. https://unstats.un.org/sdgs/files/report/2017/thesustainabledevelopmentgoalsreport2017.pdf Accessed 23 Oct 2019
Zurbriggen C (2011) Gobernanza: una mirada desde América Latina, Perfiles Latinoamericanos, núm. 38, julio-diciembre, pp 39–64

# Governance and International Development, China

Zinan Lin
University College London, London, UK

## Synonyms

Public diplomacy; Sino-US relations; Soft power; Transition

## Definition

Public diplomacy is a strategic way to disclose the government to the domestic and international public. The aim of public diplomacy is to form a good image of the government and thus the power of attraction. Public diplomacy is seen as an efficient way to exert soft power. By the means of media and social media, diplomacy becomes the hilarity among the public and the important channel for the government to be close to civilian with certain political intent.

## Introduction

It is difficult to deny that the relation between China and the United States has an influence on world affairs. The United States is the superpower in the world and China is also a giant who is chasing after it. China replaced Japan as the world's second largest economy in 2010 and has been projected to surpass the US economy by 2030 (Barboza 2010).

These two countries have much cooperation in areas such as energy, security, and trade. The fortunes of China and the United States are tying together. Communication, therefore, becomes essential between these two countries. In the new era, public diplomacy is regarded as an effective way to communicate and interact with foreign countries and its publics. On the one hand, public diplomacy is different from traditional diplomacy which is from government to government – the elite to elite; instead, it actively builds a bridge

between government and foreign publics, between publics and foreign publics – elite to mass and mass to mass. It aims to build mutual understanding and respect through dialogue.

On the other hand, it is the important instrument in wielding soft power. It has the side of strategic communication. As McQuail (2010) defines it as "a term to describe the efforts by nations to win support and a favorable image among the general public of other countries, usually by way of news management and carefully planned initiatives designed to foster positive impressions" (p. 568). Moreover, Nye (2008) pointed out politics has become the competition of credibility (p. 100). Similarly, Ronfeldt and Arquilla (2007) suggested that politics in the information age is about whose story wins explicitly or implicitly.

Whether public diplomacy is used as general communication or strategic communication, media play an important role. Media are the direct and influential channel for public diplomacy to work, because it can reach to the worldwide audience rapidly. Moreover, social media can help deliver an exchanged diplomacy because social media are featured by trans-geographical, real-time transiting, interactive and networked. In fact, public diplomacy through social media such as Twitter has become popular since the Obama administration took office (Cull 2013, p. 132).

Public diplomacy by social media is embraced by the Department of State; Secretary of State Hillary Clinton has a team of bloggers to post her activities on blog and Twitter (Khatib et al. 2012, p. 454). Also, US diplomats open blogs or use Twitter to reach out to people (ibid., p. 454). In China, the US Embassy in China has launched its Weibo (Chinese version of Twitter) to communicate with the Chinese people (Zhong and Lu 2013, p. 542). In the information age, however, the flow of information is difficult to control.

To a large extent, it is both a challenge and opportunity for doing public diplomacy through social media. Moreover, in coincidence with the information age, the world power is transiting from the West to Asia, especially the rise of China (Nye 2011a). Then in the context of power transition, how the United States exerts public diplomacy by social media to China is necessary to be analyzed.

## Soft Power

In the seminal work *Soft Power*, Joseph Nye (1990) analyzed the changing face of power in the post-cold war period. In that article, he argued that the traditional way of testing power which is to measure military power is becoming less important, while factors such as technology, education and economic power are becoming more important in the interdependent world (ibid., pp. 153–154). Moreover, power is diffusing from governments and great power to private actors and small states (ibid., p. 162).

According to Nye (1990), there are five factors contributing to the diffusion of power: "economic interdependence, transnational actors, nationalism in weak states, the spread of technology, and changing political issues" (p. 160). After identifying these trends, he suggested a more attractive way to exert power – " ... One country gets other countries to want what it wants might be called co-optive or soft power in contrast with the hard or command power of ordering others to do what it wants" (ibid., p. 166).

In his following books on soft power, Nye (2004) defined soft power as "the ability to get what you want through attraction rather than coercion or payments" (p. x). Put another way, it is the ability to make others want what you want without force or payments. According to Nye (2011b), soft power can use attraction to change one's existing preferences, to make an agenda seen as legitimate and shape one's initial preferences (p. 91). Meanwhile, agenda-setting, persuasion and attraction are three kinds of soft power behaviors which can help soft power to achieve the preferred outcomes (ibid., pp. 91–92). These three behaviors coordinate with each other. Attraction can generate from persuasion which is to use argument to influence the beliefs and actions of others without force or payment; setting agenda can help argument more persuasive by emphasizing on messages you desired while falling others by the wayside (p. 94).

Furthermore, Nye (2011b) pointed out that attraction derives from three fundamental resources: culture, political values and foreign policies (p. 84). Goldsmith and Horiuchi (2012), however, criticized that the resources of soft power described by Nye are invariant (p. 558). Likewise, Hayden (2013) suggests that "a soft power resource like 'culture' is more than a stable guarantor of attraction, but contestable medium for influence" (p. 202). After these critiques, Nye (2011b) has further developed an updated concept which is called smart power. He defined smart power as "the ability to combine hard and soft power resources into effective strategies" (ibid., pp. 22–23). He found that sometimes, military resource can generate soft power but a misuse of hard power will undercut soft power (ibid., p. 89). For example, he argued that the initial American military invasion of Iraq in 2003 might generate admiration from others; however, the scenes of mistreatment of prisoners undercut that soft power (ibid., p. 89).

Similar but different understanding, Mingjiang Li (2009) argued that "soft power does not exist in the nature of certain resources of power but rather it has to be nurtured through a soft use of power" (p. 3). Based on those ideas, Chen and Chang (2013) developed four categories of the application of power: soft power, soft use of soft power; soft hard power, soft use of hard power, for example, economic and military aid; hard power, the hard use of hard power, such as war and economic sanction; and hard soft power, the hard use of soft power, for example, institutional coercion could be the promotion of a change of regime and cultural coercion such as wars of Propaganda (p. 11).

## Public Diplomacy

Public diplomacy is the channel for soft power to be generated and exerted.

Malone (1985) defined that public diplomacy is "one of direct communication with foreign peoples, with the aim of affecting their thinking and, ultimately, that of their governments" (p. 199). That definition worked better in cold war period. At that time, Voice of America (VOA) constantly broadcasted programs to the Soviet Union and had changed people's attitudes toward America (Cowan 2004, pp. 233–234).

Cowan (2004), however, pointed out that the VOA was not the key to success rather it was the broadcasting of the good policies that worked (p. 234). In the information age, the definition of public diplomacy is not that direct and simple, since contemporary concept of public diplomacy has included the new public diplomacy and soft power (Cull 2009, p. 10). The new definition is that "an international actor's attempt to manage the international environment through engagement with a foreign public" (ibid., p. 12). Engagement, the process of interaction and dialogue with foreign publics, has become the core of new public diplomacy (Comor and Bean 2012, p. 204).

According to Cull (2009), there are mainly five aspects that constitute engagement: listening (engaging a foreign public by listening and then adjust one's policy), advocacy (engaging a foreign public by explaining one's points of view), cultural diplomacy (engaging a foreign public by exporting one's culture), exchange diplomacy (engaging a foreign public by helping direct contact between one's own people and foreign people), and international broadcasting (engaging a foreign public by providing news and information) (pp. 17–21).

There are other important aspects related to new public diplomacy. Communication has become more fluid, multi-directed and networked because of the development of communication technologies and internet. It enables the public to engage with each other without the barriers of geography and time. In addition, the communication revolution has increased the importance of public opinion in the process of conducting foreign policy. Therefore, the term for the public diplomacy use of online media – public diplomacy 2.0 has joined the term of new public diplomacy by 2008 (Cull 2013, p. 124). According to Cull (2013), there are three key features in public diplomacy 2.0: it utilizes the capacity of technology to facilitate online relation building; it depends on user-generated content; and it enables the horizontal networks of information exchange

rather than the traditional vertical hierarchical exchange (p. 125). Because of these characteristics of online public diplomacy, Cull (2013) argued that public diplomacy 2.0 can cover all principal areas of engagement as discussed above to facilitate public diplomacy work (p. 125–126).

Public diplomacy 2.0 is a form of exchange diplomacy which operates through networks and people-to-people connection (ibid., p. 126). It departs from the "actor-to-people Cold War-era communication" and arrives to an emphasis on "people-to-people contact for mutual enlightment" (Cull 2009, p. 13).

Moreover, in the information age, new public diplomacy needs to attract people's attention. It is because there is an explosion of information which has produced a "paradox of plenty" (Simon 1998, pp. 30–33). "...people are overwhelmed with the volume of information confronting them, it is hard to know what to focus on, attention rather than information becomes the scarce resource and those who can distinguish valuable information from background clutter gain power" (Nye 2008, p. 100).

## Social Media and Public Diplomacy

Social media, to a large extent, can both achieve engagement and catch people's attention. For example, its successful use in Obama's election campaign in 2008 has been seen as a new important element in affecting politics, for its attraction to young people and connectivity to many (Harfoush 2009, p. VIII).

On the one hand, new media has enabled a new social environment. It changes the nature of participation in online reading and writing "where the online audience moves beyond passive viewing of web content to actually contributing to the content" (Sweetser and Weaver Lariscy 2008, p. 179). Moreover, the use of social media like Twitter has the potential to achieve the goal of the excellence theory in public relations (Grunig et al. 2002). The theory classifies public relations practice into four models: one way or two way and symmetrical or asymmetrical (Gilboa 2008, p. 65).

It finds that it is useful to use the concept of two-way asymmetrical communication and two-way symmetrical communications to study public diplomacy (Yun 2006, pp. 287–289). Two-way asymmetrical means communication is sent and received but with limited effects on the receivers and no effects on the senders, while two-way symmetrical means both senders and receivers are affected through communication although might not be equally affected (Yepsen 2012, pp. 9–10).

There is one trend that argues that social media can be strategically used in public diplomacy. Zhang (2013) analyzed several public diplomacy cases from the United States to China; she identified four phases of social media use in public diplomacy: (a) issue ferments and goes viral (signs of issue emerge on social media and diplomats decide to act or not, at this phase, a triggering issue could make the event go viral); (b) proactive phase (diplomats could do research on the viral trends, to reinforce the preferred trends by using traditional or social media to form the agenda and crystallize the public opinion; (c) reactive phase, (diplomats' actions could cause conflicts on targeted country's social media and attempt to negotiate); and (d) issue recedes and a new issue ferments, (the issue starts to fade, but organizations can still communicate with its key audiences to build long-term relationships through social media, meanwhile new issue could ferment on social media) (p. 1325).

Similarly, Li and Wang (2010) suggested that America's e-diplomacy uses strategic communication to "set media agenda, create new frames, design news context, and form speculative narratives about sensitive topics" (p. 9). It imposes its own value system to the rest and leads to spiraling public opinion pressure in target countries, therefore, causes confrontation or ethnic unrest within those countries (ibid., p. 9).

Yet, in practice, it should be cautious about public diplomacy 2.0. For the reason that media is a two-edged sword. The information is difficult to control. Kelley (2010) suggested that practitioners of public diplomacy 2.0 should realize that the proliferation of ICTs leads to a loss of government control in information flows (p. 296).

The grassroots nature of social media makes it both "difficult and somewhat undesirable to control them" (Dale 2009, p. 8).

Another trend is to examine the contradiction between the discourse of public diplomacy 2.0 and its practice in the real world. Edward Comor and Hamilton Bean (2012) argued that the engagement described by the US government as interaction and dialogue with foreign publics, mutual understanding and mutual respect is in fact to use social media and related technologies to persuade "skeptical audiences to empathize with American policies" (p. 203). They argued an alternative ethical public diplomacy which embraces genuineness, and not a sophisticated manipulative dialogue should be pursued (p. 203). They think, however, it might be difficult if the United States does not do an explanation "explaining not just to the World but also to itself the reasons for its repeated hypocrisy concerning human rights, its political-economic priorities in the Middle East, and its ongoing support of corrupt and oppressive regimes around the world" (p. 215). An examination of the performance of the US Digital Outreach Team (DOT) in the Middle East which uses social media to explain US foreign policy and to counter misinformation shows that DOT posts generate more negativity and DOT itself is not popular on the analyzed sites (Khatib et al. 2012, p. 466).

As Nye (2008) writes "even the best advertising cannot sell an unpopular product. Policies that appear as narrowly self-serving or arrogantly presented are likely to prohibit rather than produce soft power" (p. 102).

From the perspective of strategic communication, Cull (2011) explains that Web 2.0 enables "someone like me" – like-minded people – to constitute a tribe which is a tailored environment with their own tastes (p. 4). Therefore, it might be counterproductive if that intervention is seen as at odds with the identity of the site (ibid., p. 4).

## Twitter and Public Diplomacy

Twitter has the dialogic nature. It meets the public diplomacy requirement of bidirectional engagement and high interactive speed with little time (Yepsen 2012, p. 14). Boyd et al. (2010, p. 1) argued that a retweet is a type of conversation: "While retweeting can simply be seen as the act of copying and rebroadcasting, the practice contributes to a conversational ecology in which conversations are composed of a public interplay of voices that give rise to an emotional sense of shared conversational context." Most study on Twitter focuses on social influence.

Cha et al. (2010) identify three types of Twitter influence: indegree influence, retweet influence, and mention influence. Indegree influence refers to the number of followers a user has; retweet influence shows a user's ability to generate content with spreading value; mention influence measures the ability of a user to join a conversation (ibid.). The other trend of influence study suggests to identify topic-related hashtags (user-generated coding for searchable terms) about a particular issue such as #ObamainBrazil and then measuring the frequency of related posts, the number of followers and retweets or the comments related to the topic (Fisher and Montez 2011). Moreover, there are studies on why people use twitter; Zhao and Rosson (2009) identified three motivations: (a) personal updates about their life in order to keep touch with friends and colleagues, (b) allow posting real-time information, and (c) gather information useful for their work and other personal interests (p. 247). In addition, because of these characteristics of Twitter such as real-time information updates, high speed of interaction, and availability in searching for hashtags, Twitter and other social media are thought to play an important role in political activism.

Arab Spring in the Middle East and North Africa gave inspiration to the assumption that social media can change politics and overthrow the authoritarian (Khondker 2011, pp. 675–676).

However, Khondker (2011) reminds us that it works partly because of the absence of an open media and a civil society in that region (p. 675). Moreover, Burns and Eltham (2009) examined Twitter's role in Iran's 2009 election crisis, in which the United States used social media and Twitter to intervene the crisis and provided technology support to the Iranian activists; however,

they reveal that Twitter can also be used by Iran's "violence specialists" to identify and hunt down pro-democracy protestors (p. 306).

## Findings

The tweets sent by the US Embassy in China are in Chinese simplified characters. If there appear English words, it will provide corresponding Chinese translations. At the starting year of 2010, tweets about *Sino-US relation* and *American politics* are dominant categories. The category of *Other*s, however, follows after those two categories, ranking as the third dominant part in 2010. Category *Figures* rank the fourth (Fig. 1).

In 2011, *American society* is the dominant message, followed by *Sino-US relation*, *Figure*s, and *American politics* (Fig. 2).

In 2012, the top one category is still *American society*. The other tops are *Figures*, *American politics*, and *Sino-US relation* (Fig. 3).

In 2013, *American society* category ranks the first. The other top four are *Customer service*, *American politics*, and *Science* (Fig. 4).

In 2014, the top four are *American society*, *Science*, *Figures*, and *Environment* (Fig. 5).

From these five charts, it can conclude that *American society* is the dominant content in the tweets from US Embassy in China. That category ranks as the top one in 4 years except the first year of 2010. *American politics* and *Figures* categories also dominate the top four in 4 years. Topics about

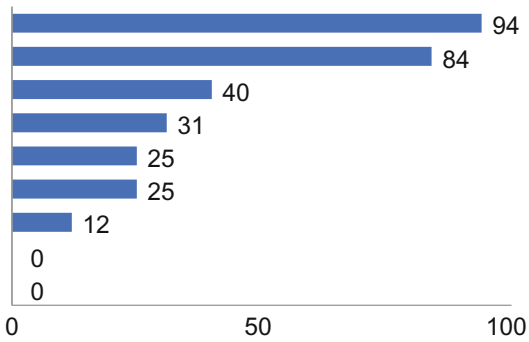


**Governance and International Development, China, Fig. 1** Tweets in 2010 by themes. (http://weibo.com/usembassy)

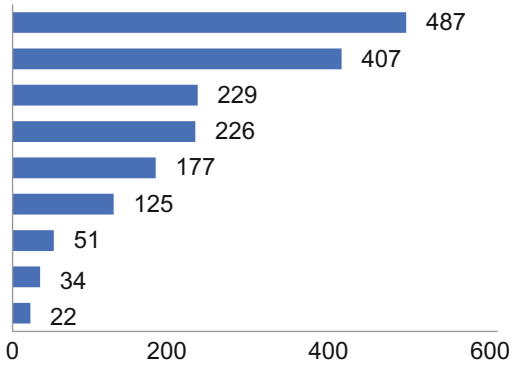


**Governance and International Development, China, Fig. 2** Tweets in 2011 by themes. (http://weibo.com/usembassy)

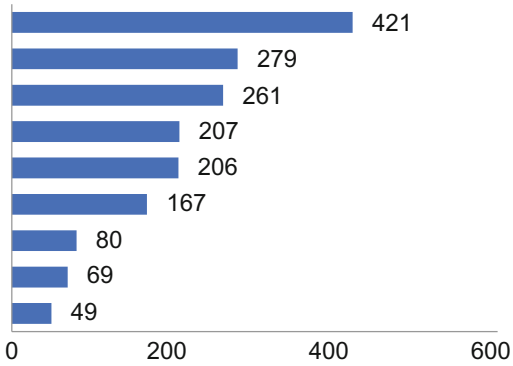


**Governance and International Development, China, Fig. 3** Tweets in 2012 by themes. (http://weibo.com/usembassy)

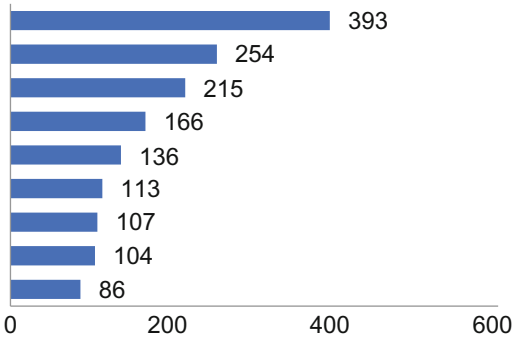


**Governance and International Development, China, Fig. 4** Tweets in 2013 by themes. (http://weibo.com/usembassy)

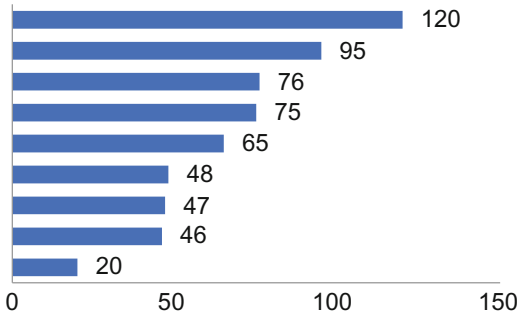


**Governance and International Development, China, Fig. 5** Tweets in 2014 by themes. (http://weibo.com/usembassy)

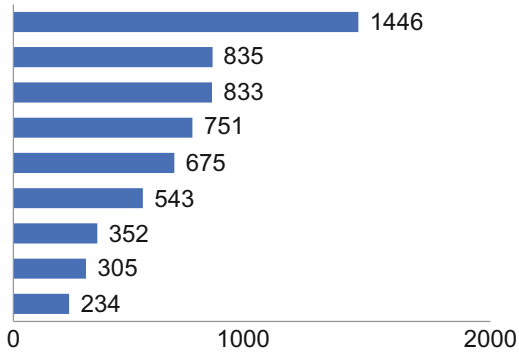


**Governance and International Development, China, Fig. 6** Total tweets by themes. (http://weibo.com/usembassy)

*Sino-US relation* is decreasing from top one in 2010 to the last one in 2014. Tweets about *Science* have increased greatly in the last 2 years. Environment issue also ranks up to the fourth in 2014.

In Fig. 6, we can see the frequency of the themes of the overall data across 5 years. Stories about American society are overwhelmingly more than the other categories which account for more than 20% of the whole tweets analyzed in this research. However, *Others* category is more than *Science*, *Environment*, and American history.

The frequency of top 10 retweeted topics by themes in each year has a similar pattern with the one in Figs. 6 and 7.

The analyzed tweets are categorized into nine themes. The category with the most tweets is *American Society* (1446, 20%). American society is the core message delivered to the public in

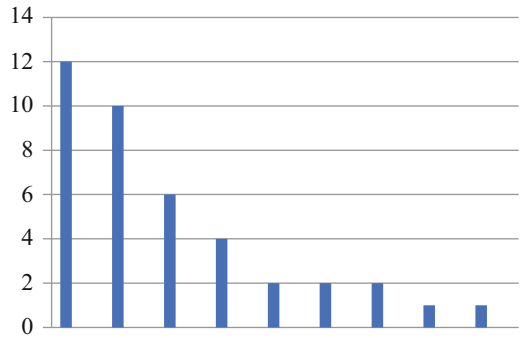


**Governance and International Development, China, Fig. 7** Top 10 retweets by themes from each year. (http://weibo.com/usembassy)

China. The large number of tweets describing American society can be interpreted in two ways. The superficial meaning is to give the Chinese population a precise picture of American society which can promote a better understanding about the United States. Moreover, the positive portrayal of American society creates the sense of attraction. The implicit meaning is to form a comparison with the Chinese society. To some extent, it generates an impression that American society is superior to Chinese society.

According to online polls conducted ahead of China's annual parliamentary and political advisory sessions in 2011, the top 10 concerns by netizens are social security system, judicial justice, personal income, fighting corruption and building a clean government, environment protection, housing price control, healthcare reform, stabilizing prices, food safety, and reform of education ("Housing and social security" 2011).

In the analysis of these tweets, it is not difficult to find that some tweets are specific to those concerns. For example, tweets about housing: "What do you spend in buying a house in Washington... houses as shown below, 3 bedrooms with 2.5 bathrooms, living area of 250 square meters, covering an area of about 2 mu, 30 minutes' drive from downtown Washington. The single-family house, at present the market price is 400000 US dollars" (6066 retweets) (translated by the author, http://weibo.com/usembassy). Tweets about food security:

> "America's food safety: many years ago once visited a poultry slaughter houses in State of Delaware, there are two things that cannot be forgotten. One is that the mixed feather and manure wastewater in the abattoir can discharge directly into the stream outside the factory after a strict treatment. The factory technician challenged us: how about having a drink of the water? We looked at each other, no one dares. Then he bent down to pick up the water and drunk up" – 1393 retweets (translated by the author, http://weibo.com/usembassy)

These tweets are not innocent since they appear when certain topics are hot debated in Chinese society. They are very responsive to issues that happened in Chinese society. If these tweets appear in countries with the same developed level, it might not catch people's attention. However, in a developing country like China, its development is not mature and balanced; more important, its society has some problems. The appearance of those tweets is likely to be interpreted as a superior American society, at the same time, embarrassing the Chinese government.

Moreover, it often introduces American culture such as festivals (since America is an immigrant country, it will present varieties of cerebration activities from different ethnicities). It could generate a feeling that American society is cultural pluralism, inclusiveness, and openness. The introduction of American music, famous literature work, Hollywood, the Oscars, and the description of beautiful scenes of the 50 states in the United States are to build a good image of the United States.

Categories *American politics* and *Sino-US relation* have similar amounts of tweets (835,833). They share the second and third highest number of tweets. These two categories have a distinct change in the ranking order in the yearly chart. In the first year of its launch of Weibo account, these two categories are overwhelmingly majorities. In the following years, although they still remain a large number, the category of *American society* becomes dominant.

By a close reading of these tweets about American politics, especially in the first year, it seems that the messages are rather aggressive which demonstrate the superiority of American political and legal system or it can be seen as the dissemination of American "democracy." For example, in 2010, it listed all the ten amendment Bill of Rights in both Chinese and English. In 2012, it posted tweets with hashtag such as "#American Presidential Election," "#Knowledge of American Presidential Election," and "#Terminology of American Presidential Election." These tweets have a detailed description of the process of election, the regulation, and law for preventing illicit campaigns. Moreover, tweets about the local government budget and finance, individual income tax of the president, and property declaration system for government officials show the transparency of the US government.

This, with no doubt, gives its counterpart the Chinese government a hit, since the Chinese government is often criticized as non-transparent and for the lack of a system to supervise its officials. One of the top retweeted tweets in 2013 is "In the United States, although the majority's salary is confidential, but there is a small number of people's salary must let the public know. They include the President, Vice President, Members of congress, the head of government departments and the federal court etc. Moreover, staff in the White House also needs to publicize their wage. According to 2011 report, the lowest salary of staff working in the White House is $41000 and the highest is $172200" (2,273 retweets) (translated by the author). Moreover, from 2011, the air pollution bothered the public and government officials in Beijing. The disputation between the US Embassy in China and the Chinese government about the measurement of air pollution has dominated Chinese media (Zhang 2013, p. 1323). Chinese officials argued that the US data might confuse the Chinese public since they use a different method to measure and demanded the US Embassy in China to stop monitoring the air quality (Chin 2012). During the disputation period, the US Embassy in China had sent a tweet to explain American measurement criteria for air pollution which is to counter the misinformation. In the end, the Chinese government urged that all urban areas in China must measure PM 2.5 by 2016 (Zhang 2013, p. 1325). Thereafter, tweets about American regulations and laws for food security and air pollution are increasing.

Therefore, in the coding scheme, it has to categorize the environment.

Tweets on international issues focus on American contribution to international problems, such as American funding for aids. If it is related to politics such as World Human Rights Day, it will reinforce and promote their political stance and value. This would give people the impression that the United States is playing a constructive role in world affair.

In terms of figures, Obama is portrayed as a brave and smart president in addressing serious issue, a good husband and father, and friendly, easy-going, and approachable to his public. There are many good photos about Obama and Michelle posted under the tweets; this can be analyzed by semantic methodology, however, beyond this research. The most retweeted post in 2011 is

> "Today Vice President Biden and his fellows – 5 people, they ordered five bowls of noodles, 10 steamed stuffed buns… the total cost is 79. Vice president Biden said to the shopkeeper that I have brought a lot of inconvenience to you. He took out 100 yuan to check out; in American custom, he gives the rest as tips to the shopkeeper" Retweets (47099) comments (23181) (translated by the author, http://weibo.com/usembassy).

The second one is a tweet with a picture of "Biden accompanied by Ambassador Gary Locke, tasted Beijing noodles with his granddaughter and say "hello" to other customers" (retweets 6,259, comments 2,630) (translated by the author).

The images of US government officials are portrayed as humble, saving, and approachable. They are in sharp contrast to Chinese officials who are regarded by the public as corrupted at that time.

The other main topic in figures is women. It tells stories about successful women and that they have equal right with the man; American women have political rights, for example, tweet that tells that women won more congressional seats in 2012. Stories about African-American leaders and Asian-pacific American figures, disabled people who can take part in election, can demonstrate that people living in the United States have equal right.

In the analysis of the category of customer service, it finds that it helps to connect the online information with offline environment. Some activities are to reinforce what has mentioned in tweets from other categories. For example, when talking about environment issue, the activity of that week might be to view a film about environment problem. This behavior could reinforce its online ideology and value and attempt to affect the offline life of the public in targeted countries.

In the last 2 years, we see a different change in the ranking of themes. Category *Science* and *Environment* increased sharply, while *American politics* and *Sino-US relation* has decreased. This is probably related to the change that a new Chinese government led by President Xi Jinping is smashing corruption and leading economic and political reform with the campaign of "China Dream" (Hatton 2014). Now the whole Chinese society is inspired by China Dream; therefore, the decreasing of *American politics* and *Sino-US relation* might be a self-adjustment of the US Embassy in China according to the change of Chinese society. The *Science* category has increased radically. This might be an attempt to sell the soft power of technology.

The pattern of the top 10 retweets from each year remains roughly the same with the one of the whole data. *American politics*, *American society*, *Sino-US relation* and *Figures* dominate the first four. The five most retweeted posts by the netizens are as follows:

- 2010 Obama's speech about education equity, work dignity, and freedom of beliefs (745 retweets)
- 2011 Biden visit in China, buy buns eat in a shop (47,099 retweets)
- 2012 Visa information updates (18,878 retweets)
- 2013 New Year greetings retweets (56,372 retweets)
- 2014 Attack at a Kunming train station (42,753 retweets) (http://weibo.com/usembassy)

The last two tweets have led to debates in China. The New Year greeting is "Gold snakes are dancing out the old year, and ten thousand horses are galloping to welcome the New Year! We wish

everyone a happy new year." If you see the comments below, you will find many comments are "repay immediately" which indicates China owns much US debt. The tweet in 2014 has incurred anger from the Chinese netizens, since it says attack in Kunming which left 29 dead and over 140 injured as a "horrible and totally meaningless act of violence" ("Legislators urge US" 2014). The netizens are angry about this; they rephrase the sentence by replacing the Kunming attack to Boston bombing in the United States to show their anger. The officials also criticize the United States using double standard on terrorism (ibid.).

## Conclusions

The relation between the rising power-China and the superpower - the United States is complex. On the one hand, they have different ideologies, political systems, and cultures. On the other hand, they are close cooperative partners in many fields. In this context, communication between these two counties becomes important and subtle. This research has studied the use of public diplomacy 2.0. It primarily answers the question of how the United States uses Weibo to do public diplomacy in China. It collected 5,974 tweets across 5 years from the Weibo of the US Embassy in China. It used content analysis to see the patterns. It also identified the top retweeted posts by the netizens. It found that American society, American politics, Sino-US relation, and Figures (people in America) are the main messages sent to Chinese publics. *American society* has the highest number of tweets. In the analysis, it found that the content of the tweets are the narrative of good things in America. Some tweets are very responsive and specific to what has happened in China. In describing how the United States dealt with such problems such as food problem and air pollution in the past and what America now looks like, it implicitly sends a message of a superior America. It formed a comparison with China. In the aspect of politics, it catches problems in the Chinese government and political systems such as a lack of transparency and corruption. By narrating the stories of the American government, political system, and their law and regulation, the Chinese government seems to be discredited. Meanwhile, it reinforces the American political value. Sino-US relation category is mainly about high-level exchange visit and communication activities. Tweets in Figures category portray a good image of President Obama; high officials have good virtues and women and disabled people have political rights, which have formed a contrast with those who have unequal rights and corrupted officials in China. To sum up, the US Embassy in China uses tweets to tell stories specific to what China lacks of and what problems are dissatisfying Chinese public. The pattern of the top 10 retweeted posts is similar to the one of the whole data. The four categories mentioned above are also the most retweeted themes. From this perspective, the agenda-setting seems successful. However, by examining most retweeted posts in the last 5 years, it finds that controversial tweets can lead to anger among netizens in China. In the case of China, the United States has to change its attitude when anger has spread and Chinese people and the government stand together. In addition, from the reaction of the netizens, it is not hard to see the rising power of China. Since the new Chinese government came into power in 2013, Chinese society has been inspired. The new government is tackling problems that concerned its public; in this case, it used by the US Embassy in China to build a good image of the United States and embarrass the Chinese government. The slogan of China Dream is helping China to gain soft power. This can partly explain why after 2013, the tweets about American politics and Sino-US relation are decreasing. It has a touch on a further research on how public diplomacy is done in the period of power transition and how it deals with the change when they have different ideologies, values, and political system.

## References

Barboza D (2010, August 15) China Passes Japan as Second-Largest Economy. New York Times. Retrieved from http://www.nytimes.com/2010/08/16/business/global/16yuan.html?pagewanted=all&_r=0

Boyd D, Golder S, Lotan G (2010) Tweet, Tweet, Retweet: conversational aspects of retweeting on Twitter. Paper

presented at 43rd Hawaii International Conference. https://doi.org/10.1109/HICSS.2010.412
Burns A, Eltham B (2009, November 19th–20th) Twitter Free Iran: an evaluation of Twitter's role in public diplomacy and information operations in Iran's 2009 election crisis. Paper presented Communications Policy & Research Forum 2009, University of Technology, Sydney
Cha M, Haddadi H, Fabricio B, Gummadi KP (2010) Measuring user influence in Twitter: the million follower fallacy. Proceeding of the Fourth International AAAI Conference on Weblogs and Social Media. Retrieved from http://www.aaai.org/Conferences/ICWSM/icwsm.php
Chen Z, Chang L (2013) The power strategy of Chinese foreign policy: bring theoretical and comparative studies together (NFG Working Paper Series, No. 03). Retrieved from https://www.asianperceptions.eu/system/files/private/NFG_Working_Paper_03_2013_6.pdf
Chin J (2012, June 5) China to U.S.: Stop monitoring our air. Wall Street Journal. Retrieved from http://blogs.wsj.com/chinarealtime/2012/06/05/u-s-air-monitoring-in-china-vienna-violation/
Comor E, Bean H (2012) America's 'engagement' delusion: critiquing a public diplomacy consensus. Int Commun Gaz 74(3):203–220
Cowan G (2004) Can we make them love us? Public diplomacy after 9/11. In: Kamalipour YR, Snow J (eds) War, media, and propaganda: a global perspective. Rowman & Littlefield, Maryland, pp 227–237
Cull NJ (2009) Public diplomacy: lessons from the past (CPD perspectives on public diplomacy). University of Southern California, Figueroa Press, Los Angeles
Cull N (2011) WikiLeaks, public diplomacy 2.0 and the state of digital public diplomacy. Place Brand Public Dipl 7:1–8
Cull NJ (2013) The long road to public diplomacy 2.0: the internet in public diplomacy. Int Stud Rev 15:123–139
Dale HC (2009) Public Diplomacy 2.0: Where the U.S. Government meets "new media". The Heritage Foundation. Retrieved from www.heritage.org/Research/PublicDiplomacy/bg2346.cfm
Fisher A, Montez D (2011) Evaluating online public diplomacy using digital media research methods: a case study of #ObamainBrazil. InterMedia Global Research Network. Retrieved from http://www.intermedia.org/evaluating-online-public-diplomacy-a-white-paper
Gilboa E (2008) Searching for a theory of public diplomacy. Ann Am Acad Pol Soc Sci 616(1):55–77
Goldsmith BE, Horiuchi Y (2012) In search of soft power: does foreign public opinion matter for US foreign policy? World Polit 64(3):555–585
Grunig LA, James EG, David MD (2002) Excellent public relations and effective organizations: a study of communication management in three countries. Lawrence Erlbaum Associates, Mahwah
Harfoush R (2009) Yes we did! An inside look at how social media built the Obama brand. New Riders, Berkeley
Hatton C (2014, March 9) China's Xi Jinping: what has he achieved in his first year? BBC. Retrieved from http://www.bbc.co.uk/news/world-asia-china-26463983
Hayden C (2013) Logics of narrative and networks in US public diplomacy: communication power and US strategic engagement. J Int Commun 19(2):196–218
Housing and social security top issues of Chinese people (2011, February 22) Peopledaily. Retrieved from http://english.peopledaily.com.cn/90001/90776/90882/7295070.html
Kelley JR (2010) The new diplomacy: evolution of a revolution. Diplomacy Statecraft 21(2):286–305
Khatib L, Dutton W, Thelwall M (2012) Public diplomacy 2.0: a case study of the US digital outreach team. The Middle East J 66(3):453–472
Khondker HH (2011) Role of the new media in the Arab Spring. Globalizations 8(5):675–679
Legislators Urge US to Abandon Terrorism Double Standard (2014, March 3) Chinadaily. Retrieved from http://www.chinadaily.com.cn/china/2014-03/03/content_17319202.htm
Li M (2009) Soft power: nurture not nature. In: Li M (ed) Soft power: China's emerging Strategy in International Politics. Lexington Books, Lanham, pp 1–19
Li X, Wang J (2010) Web-based public diplomacy. J Int Commun 16(1):7–22
Malone GD (1985) Managing public diplomacy. Wash Q 8(3):199–213
McQuail D (2010) McQuail's mass communication theory, 6th edn. Sage, London
Nye JS (1990) Soft power. Foreign Policy 80:153–171
Nye JS (2004) Soft power: the means to success in world politics. Public Affairs, New York
Nye JS (2008) Public diplomacy and soft power. Ann Am Acad Pol Soc Sci 616(1):94–109
Nye JS (2011a) The future of power/Interviewer Myers, J. (Transcript). Retrieved from http://www.carnegiecouncil.org/studio/multimedia/20110210/index.html
Nye JS (2011b) The future of power. Public Affairs, New York
Ronfeldt D, Arquilla J (2007) The promise of noöpolitik. First Monday 12(8). https://doi.org/10.5210/fm.v12i8.1971
Simon HA (1998) Information 101: it's not what you know, it's how you know it. J Qual Particip 21(4):30–33
Sweetser KD, Weaver Lariscy R (2008) Candidates makes good friends: an analysis of candidates' use of Facebook. Int J Strateg Commun 2(3):175–198
Yang G (2012) Power and transgression in the global media age: the strange case of twitter in China. In: Kraidy MM (ed) Communication and power in the global era: orders and border. Routledge, New York, pp 166–183
Yepsen EA (2012) Practicing successful twitter public diplomacy: a model and case study of U.S. efforts in

Venezuela (CPD perspectives on public diplomacy). University of Southern California, Figueroa Press, Los Angeles
Yun S (2006) Towards public relations theory-based study of public diplomacy: testing the applicability of the excellence study. J Public Relat Res 18(4):287–312
Zhang J (2013) A strategic issue management (SIM) approach to social media use in public diplomacy. Am Behav Sci 57(9):1312–1331
Zhao D, Rosson MB (2009) How and why people Twitter: the role that micro-blogging plays in informal communication at work. In: Proceedings of the ACM 2009 international conference on supporting group work
Zhong X, Lu J (2013) Public diplomacy meets social media: a study of the U.S. Embassy's blogs and micro-blogs. Public Relat Rev 39(5):542–548

# Governance and International Regimes

Paolo Magri
Italian Institute for International Political Studies (ISPI), Milan, Italy

## Definition

International regimes are classically defined as a set of principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area of international relations. International regimes emerge when states realize that, in the pursuit of their own national interests, some objectives are better achieved by, or may not be achieved without, cooperating with other countries.

In the 1990s, the concept further evolved towards that of "global governance". This concept postulates that the traditional predominance of nation-states in international affairs is increasingly challenged by a variety of non-state actors, and that the interactions between state and non-state actors, and among non-state actors themselves, give rise to a complex network of interdependences that may raise both the incentives for cooperation, and the chances of conflict and negative spillovers.

## From World Government to International Regimes

While the concept of "international regimes" only emerged in the late 1970s, at a very peculiar junction of the bipolar confrontation, its origins reach far deeper in the history and theory of international relations (IR).

IR theory was only formalized in the 1920s, but utopian thinkers had advocated for the creation of a world government for centuries. Such a government should serve the purpose to enforce global norms and maintain world peace. Recognizing the far-fetched nature of such an ideal, Immanuel Kant sided in favour of national governments self-regulating their own actions, outlawing secret diplomacy and standing armies (Kant 1795). Even in the face of the recurrent collapse of attempts at establishing "peaceful coexistence" (such as the Congress of Vienna in 1815), Kant's idealistic principles have resurfaced at the end of every major conflict of the XX Century.

In 1918, US President Woodrow Wilson outlined his Fourteen Points, calling for the end of secret diplomacy and a reduction in armaments. It spearheaded the creation of the League of Nations, an intergovernmental organization tasked with improving negotiations and coordination between world governments. However, the US ended up not joining the League, and the League itself could not prevent the emergence of nationalist and revanchist movements and parties in Europe, culminating in the Second World War. WWII brought a number of scholars to formalize what would come to be seen as the realist approach to international relations (Morgenthau 1948), maintaining that states, in their pursuit of power and the protection of national interest, are inevitably prone to conflict.

At the same time, WWII spurred the re-emergence of a tempered version of idealism – international liberalism – that tried to foster cooperation through the creation of a network of multilateral institutions. The victorious Allied Powers set the stage for a new international order, which hinged upon the United Nations for maintaining

peace and security, and on the Bretton Woods institutions (the World Bank and the International Monetary Fund, soon flanked by the General Agreement on Tariffs and Trade) for safeguarding international economic cooperation. This renewed attempt at regulating international coexistence among nations was short-lived as well, due to the onset of the Cold War. In just a few years the UN came to a standstill, while power politics was back in the driving seat. The Bretton Woods multilateral economic institutions continued to operate, but effectively only for the Western bloc.

As zero-sum realpolitik dominated relationships between the Western and Soviet bloc, realist scholars moved to structural explanations of international politics, shifting the blame from a pessimistic view of human nature to the anarchical state of the international system (Waltz 1979). Rational leaders that sought to maximize security for their own country inevitably fell prey to the logic of arms races, as no other competitor on the international stage could be trusted to keep its international commitments unless they matched its own national interests.

Meanwhile, *International Organization*, a journal founded in 1947 with the specific purpose to set the intellectual way for a new world of cooperation among nation-states, retrenched in rigorous scholarly work attempting to find narrow logical and empirical grounds for the possibility of peaceful coexistence in the international context. It was in this milieu that the concept of "international regimes" started to take shape (Krasner 1983; Keohane 1984). Neo-institutional scholars showed that, even when reduced to single states acting rationally in their own self-interest, in a number of occasions states cooperate with each other, choosing to be bound by international norms and to punish states that do not respect them (Bull 1977). Some international rules could prove "persistent", constraining activity and shaping expectations above and beyond what simple self-interest would dictate (Keohane 1989). These rules ranged from the development of international law regulating the actions allowed during war against soldiers and civilians (*jus in bello*), to the coordination of international economic policies via the Bretton Woods institutions, to the nuclear non-proliferation regime. In sum, international regimes were intervening variables, born out of nation's self-interest, that could then influence state behaviour, limiting the range of options available to governments without incurring in international condemnation, stigma, or even sanctions.

In the late 1970s and early 1980s, the Cold War threatened to become "hot" as the USSR invaded Afghanistan and US President Ronald Reagan fell back to the logic of arms races. Paradoxically, it was right around this time that events converged to show that international organizations retained a degree of effectiveness and legitimacy even at the height of the bipolar confrontation. From 1978 onwards, a number of recently-independent post-colonial states rebelled against the conditional policies imposed by the IMF when lending to countries in crisis. These countries chose to rely on the inflow of "petrodollars" made possible by high hydrocarbon prices after the 1973 oil shock. Borrowing at unsustainably high and volatile interest rates caused a series of major debt crises in the early-1980s, and eventually the IMF was called upon to intervene in Latin American and African countries to avoid or manage debt defaults. This political backlash allowed the IMF to attach even stricter conditionality to its lending. At around the same time, the World Bank increased its lending and granting activities to least developed countries to manage a sudden shortage of commodities, especially food during famines. And, a few years later, new specific international regimes started to emerge, such as the Montreal Protocol (1987) aiming to phase out the production of those substances responsible for ozone depletion.

This newfound importance of new and old international regimes was just the starter for a broader trend, which was only waiting for the Iron Curtain to come down to become a properly global phenomenon.

## The 1990s: From International Regimes to Global Governance

With the end of the Cold War, "international regimes" boomed, but the term was rapidly losing

ground as the concept of "global governance" emerged. This conceptual shift signalled a move from a focus on narrow, specific sectors in which international cooperation between nation-staes was deemed feasible, to an overarching and universal "way of managing" international cooperation, expanding the number of issues and actors. The UN itself heralded this change, establishing in 1992 the Commission on Global Governance, which in 1995 issued a seminal report, *Our Global Neighborhood*. Above all, the report stated that global governance was "the sum of the many ways individuals and institutions, public and private, manage their common affairs" (Commission on Global Governance 1995).

Four factors help explain the shift from international regimes to global governance. First, the collapse of the Soviet Union left only one superpower dominating the world stage. The US had invested heavily in the existing international regimes, especially in multilateral economic institutions, and therefore had a specific interest in supporting and bolstering them.

Second, societal changes in advanced economies – higher living standards and workforce specialization – allowed the middle class, scientific communities, and political elites to become increasingly aware of problems that needed to be tackled at the global level, such as climate change, environmental degradation, poverty and hunger, and human rights violations.

Third, the collapse of the Soviet bloc enabled many countries to access world markets, while trade was increasingly liberalized. In 1995, GATT was upgraded from simple treaty to a formalized international organization, i.e. the World Trade Organization. As globalization took off, increasing economic interdependence, coupled with the Asian economic crisis of the late 1990s and the 2001 global recession originated from the US dot-com bubble, showed that no country could consider itself as completely insulated from developments in the wider global economy. Bearing this in mind, countries entered in an increasing number of international agreements. The number of international governmental organizations (IGOs) almost doubled between 1989 and 2009 (UIA 2015).

Fourth, and most important, national diplomacies and ministries were increasingly eager to recognize the role of non-state actors on the global stage, starting from multinational corporations (including financial corporations managing huge capital flows able to destabilise countries), non-governmental organizations (NGOs), the scientific community, civil society representatives, and even individual figures (such as rich donors). Non-state actors had a more and more important role in shaping policies, setting standards, and monitoring their enforcement (Miller and Rose 1990). They were also important in order to legitimize agreements reached at the level of national governments (Scholte 2002).

The expansion of formal and less formal international organizations and *fora* (such as the G7, an annual summit of rich advanced economies), together with the newfound role for non-state actors, connected with the debate on globalization and its critics. This brought about a polarization in the debate on international regimes and global governance: for some scholars, these concepts acquired a very positive, almost utopic meaning; for others, they became synonym for everything that was wrong with globalization.

In the positive sense, "global governance" could be intended as a neutral ground in which even non-state actors could shape national agendas, influence policies, and monitor outcomes for global public goods. One example for this is the global governance of environmental policies, ushered in by the 1992 Earth Summit in Rio de Janeiro, which saw countries finding common grounds on a set of targets for reducing carbon emissions with the support of research from the scientific community (Young 1999).

Outside policy circles, Rosenau (1995) conceived of "global governance" as a structural change in the way in which nations and international relations were governed: as societies were becoming more complex, it was inevitable that the state left the stage for new non-state actors, and a looser, deeper network of self-coordinating groups. Around the same time, David Held (1995) conceptualized global governance as a means to foster the expansion of democratic and cosmopolitan values, ushering in a new role for civil society.

On the contrary, those who saw globalization forces as a tool for big-power dominance contested that "global governance" and "international regimes" only implied "rule by a few, big actors", be they states or multinational corporations (Scholte 2002; Wilkinson and Hughes 2002). For Robert Cox and Timothy Sinclair (1996, eds.), globalization was bringing about the emergence of a "transnational managerial class" that furthered the development and implementation of neoliberal economic and social policies. The rising trend of civil society movements contesting globalization and the role of the ruling classes exploded at the 2001 G8 protests, and reached its apex at the 2007 Atlanta Social Forum.

During the early 2000s, debate around global governance was therefore subsumed within the debate for or against globalization, and the term – that thrived when used as implying the possibility for international coordination and peaceful coexistence – appeared to be in decline.

## Today and Tomorrow: International Regimes and Global Governance in a Multipolar World?

Over the past decade, a new boost to the concept of global governance has come from two of the biggest crises affecting the "Western liberal order," which had supported multilateral institutions beforehand: the Great Financial Crisis (GFC) and the rise of new powers on the world stage.

The GFC brought the world to the brink of the greatest economic depression since 1929, persuading countries to address this global threat together. Meanwhile, a decadal shift in the international economic balance of power did not bestow to advanced economies the necessary credibility and firepower to tackle the crisis alone. At end-2008, the Group of 20 (G20), including G7 countries plus a number of major emerging economies representing most world regions, was upgraded to a summit at the level of Heads of State and Government.

Successful action by the G20 in avoiding the worst consequences of the global recession – mainly by committing to and enacting monetary and fiscal stimulus policies – was hailed by policymaking circles and academia alike as the symbol of the rise of a more inclusive, more effective mechanism for global governance.

The crisis brought about a number of explicit and subtle changes to the concept of global governance, and at the same time exposed a number of new, serious hurdles to its functioning and effectiveness. Compared to the 1990s, one of the main changes was the newfound centrality of state actors, both in diplomacy and power politics. States regained prominence not only in the annual G20 summits from 2008 onwards, as national governments representing about 80% of the world GDP convened to decide how to coordinate a host of national policies, but also in the central role national diplomacies played to reach the consensus of the 2015 Paris Agreement on climate change.

Overall, this change appeared to mark a deeper shift in the way global governance is conceived, moving from an idealized cosmopolitan community of policy actors to a more pragmatic view in which the functioning of global governance is affected by the international balance of power, relegating non-state actors to a secondary – albeit still crucial, especially in the most technical matters – role. This view was bolstered by the fact that, initially, pragmatism brought results. However, as time passed and the economic crisis subsided, such a flexible approach focused on nation-states appears to have reached its limits, essentially for three reasons.

First, as the G20 group moved from crisis fighting to the management of global problems in ordinary situations, a large number of issues crept on its agenda. As a consequence, the overall efficiency and effectiveness of the Summit declined markedly (Smith 2011). Second, as crises receded, differences between national governments started to resurface. Thus, global governance *fora* experienced increasing difficulties in coordinating action, pointing to common

solutions, or at times even in singling out specific global public goods to be safeguarded, such as economic growth, financial stability, or economic sustainability (Henning and Walter 2016). Third, advanced economies, first and foremost the US, were slow to respond to the shift in the world's economic centre of gravity by reforming existing multilateral institutions, especially economic ones. For instance, shareholder quotas in the IMF, which translate into voting power, have been reformed three times since 2008 (even in the face of US Congress hostility), but still do not reflect the current economic power of some emerging economies such as China and India, while as a whole European Union countries remain the most overrepresented group. This has reignited attempts by emerging economies to coordinate through alternative *fora*, such as the BRICS summits between Brazil, Russia, India, China and South Africa, and to launch new multilateral institutions. In 2014, for instance, BRICS countries launched the New Development Bank, while at end-2015 China spearheaded the Asian Infrastructure Investment Bank.

The challenge for the future of global governance in this narrower, intergovernmental sense is whether new institutions will act as complements to, or substitutes for the current system. Were they to act as complements, this may even benefit – for instance – lending activities by the IMF or the WB. On the opposite, if ambitious emerging countries chose to rely on new institutions to launch an open challenge to the current system, the jury will still be out on whether global governance will be able to survive in its current form.

## References


Ba A (2005) Contested spaces: the politics of regional and global governance. In: Ba A, Hoffmann M (eds) Contending perspectives on global governance: coherence, contestation, and world order. Routledge, London

Bull H (1977) The anarchical society. Columbia University Press, New York

Commission on Global Governance (1995) Our global neighborhood: the report of the Commission on global governance. Oxford University Press, Oxford

Cox RW, Sinclair TJ (1996) Approaches to world order. Cambridge University Press, Cambridge

Griffiths M (2005) Encyclopedia of international relations and global politics. Routledge, London

Held D (1995) Democracy and the global order: from the modern state to cosmopolitan governance. Polity Press, Cambridge

Henning CR, Walter A (eds) (2016) Global financial governance confronts the rising powers: emerging perspectives of the new G20. Centre for International Governance Innovation, Waterloo

Hewson M, Sinclair TJ (eds) (1999) Approaches to global governance theory. State University of New York Press, Albany

Kant I (1795, reprint 2003) To perpetual peace: a philosophical sketch. Hackett Publishing Company, Indianapolis

Keohane RO (1984) After hegemony: cooperation and discord in the world political economy. Princeton University Press, New York

Keohane RO (1989) Neoliberal institutionalism: a perspective on world politics. In: Keohane RO (ed) International institutions and state power: essays in international relations theory. Westview Press, Boulder

Krasner S (ed) (1983) International regimes. Cornell University Press, Ithaca

Miller P, Rose N (1990) Governing economic life. Econ Soc 19(1):1–29

Morgenthau H (1948) Politics among nations: the struggle for power and peace. Alfred A. Knopf, New York

Murphy CN (2000) Global governance: poorly done and poorly understood. Int Aff 76(4):789–803

O'Brien R, Goetz AM, Scholte JA, Williams M (2000) Contesting global governance: multilateral economic institutions and global social movements. Cambridge University Press, Cambridge

Rosenau JN (1995) Governance in the twenty-first Century. Glob Gov 1(1):13–43

Ruggie JG (1998) What makes the world hang together? Neo-utilitarianism and the social constructivist challenge. Int Organ 52(4):855–885

Scholte JA (2002) Civil society and democracy in global governance. Glob Gov 8(3):281–304

Smith J (2011) G7 to G8 to G20: evolution in global governance. CIGI G20 Papers, 6

Union of International Organizations [UIA] (2015) Yearbook of International Organizations

Waltz KN (1979) Theory of international politics. McGraw-Hill, New York

Wilkinson R, Hughes S (eds) (2002) Global governance: critical perspectives. Routledge, London

Woods N, Betts A, Prantl J, Sridhar D (2013) Transforming global governance in the 21st century. UNDP, occasional paper 2013/09

Young OR (ed) (1999) The effectiveness of international environmental regimes: causal connections and behavioral mechanisms. MIT Press, Cambridge

# Governance and Knowledge

Amiya Kumar Das
Department of Sociology, Tezpur University, Tezpur, India
Centre for Public Policy and Governance, Tezpur University, Tezpur, India

## Synonyms

Adaptive Governance; Contingency Approach; Knowledge Governance; Reflexive Governance

## Definition

Governance knowledge could be defined as the knowledge or experience required to manage resources (material, nonmaterial, and human) and actors within systems to enable people achieve their interests as well as objectives. Governance and knowledge both are the essential attributes of an effective governance process. It may entail political, social, economic, and administrative rules through which policy-making processes are planned and implemented.

## Introduction

Governmental institutions in developed and developing countries have been facing complex challenges regarding the diverse communities they govern. Different communities represent diverse interests within the larger sociopolitical context. There are certain principles which determine the role of governance and the mechanisms of knowledge that can sustain and strengthen it. Good governance can be conceptualized in accordance with the values by which social actors interact in a certain context of participation, rule of law, transparency of decision-making, coherence, and effectiveness. These principles lay the foundation for sustainable development and often involve negotiations for all members of the society as key actors in the governance process. In addition to participation, the knowledge systems of various stakeholders are invigorated into the governance process through roles in decision-making. But, the question largely relies on – how governance and knowledge mutually constitute each other in terms of the complex layers of governance at local, national, and transnational levels.

Generally, a governance mechanism entails some important dimensions to manage the process. Caluser and Salagean (2007) emphasize on some of the dimensions which are important: "technical dimension" consisting of the economic aspects of governance such as the transparency of government accounts, the effectiveness of public resource management, etc.; "social dimension" consisting of strengthening mechanisms to promote democratic institutions and tolerance throughout society; and "political dimension" consisting the legitimacy of the government, the political elements of government, and respect for human rights.

It has been realized that knowledge is very crucial in the governance process. Drawing from such concerns, a new area of research erupted in the form of "knowledge governance." This can be considered as an evolving concept which focuses on organizational coordination of knowledge processes of using, sharing, integrating, and creating knowledge in accordance with set objectives through governance initiatives (Pemsel et al. 2014). However, the degree and nature of knowledge governance varies across different countries and time, in accordance with the acquisition of knowledge and organizational behavior through environments such as academic disciplines and expert groups. But, it is important to recognize the distinction between action and knowledge which is often bounded into complication without clear-cut formations. Knowledge lies beyond the application of policies, culminating it in different systems of hierarchy, as there is no single method of conducting evidence for policy research.

Accordingly, governance and knowledge mutually overlap each other in effective planning

and implementation of projects, international and transnational politics. Collective action is impossible without agreement of some kind. For instance, the usage of information and communication technology in enabling "digital" mode of governance, during the COVID-19 pandemic, can serve as a living example of such integrations. Education, health, and policy actors effectively manifested knowledge tunnels in designing social security and social protection schemes, while negotiating collective and individual circulations of interest at global levels. So, knowledge acts as a critical resource in identifying solutions of certain issues and exploring the nature of knowledge from each individual in an information-rich environment of complex social realities. But the role of knowledge in governance is difficult to delineate as different models require different theoretical articulations and casual mechanisms, leading to conceptual difficulties in comparing the models. For instance, any welfare models might come into conflict with interest groups. People belonging to different professions might participate in decision-making and governance within various spaces.

Jane Jacobs (2005) considered that in the context of American cities and urbanization, people of a neighborhood often work in self-governance, as an integral unit of power and opinion. She cited an example where the proposal to dissect the Washington Square in Manhattan's Greenwich Village and the decision asserted in favor of highways were unanimously criticized by the urban residents on the one hand and favored by influential leaders on the other hand. The contribution of knowledge governance crucially performs in deciding the degree of inclusiveness, openness, and opaqueness in policy making and organizational activities. Inclusive knowledge-generation also reflects its own share of challenges. The illuminating diversity of knowledge and fragmentation in complex governance sheds lights on the distortions in appearances of things. The discussion on the identification of the problem cannot be solved merely by facts but by how actors observe and make a sense of deeper levels of disagreements. Consensus is also reached based on definition and interpretation of factual knowledge as facts should be validated. It is the generation of validation which is often ambiguous and lies at the discretion of various interest groups. Arwin Van Buuren (2009) analyses multiple processes of knowing in the process of governance and how different conflicts present challenges on the successful implementation of the collective action. The WOK (ways of knowing) is how "one interprets the elements in a policy space and makes sense of the relationships among them. It is a narrative or story that holds all the pieces together in a relatively coherent way. The elements include people, objects, ideas, and relationships among them" (Schneider and Ingram 2007, p. 2). So, the mechanisms of knowledge should not lead to the dispossession of marginalized groups or the powerless, from their basic access to services, but enhance moral and community regeneration.

## Perspectives

In a generic sense, governance is the shift of power which relates to the interdependence between various avenues, either governmental or nongovernmental, leading to the distribution of effective functionalities in the management of state-subjects and political machineries. It might acquire a normative concept in relation to transparency, accuracy, accountability, however, exposing the intricate complexities in the proliferation of knowledge – systems, cutting across several disciplinary frameworks. The sharing of knowledge plays a pivotal role in organizations, leading to the mutual exchange of individual tacit knowledge, which is not easy to express (Kogut and Zander 1992). There might be unsurmountable obstacles in the transfer of knowledge leading to knowledge governance. While several network connections stress on knowledge systems for competitive dynamics, international strategies, resource building, and

management needs, there might be agreements on comprehensive formulations and pluralism in terms of governance of human capital, working in governmental sectors and other organizations. Human capital organizations significantly added value to humans and their specialized skill set rather than physical asset. The boundaries of firms radically transform not only as firms disaggregate, but also as the boundaries of firms become problematic when the human capital dominates physical capital (Foss and Foss 2002). It is the knowledge sharing and generation that take into account the human capital while shaping the patterns of organizational routines, behavioral conditions, individual factors, and knowledge sharing performance. The interaction between individual cognition and driving forces necessitates the materialization of formal prescriptions and even self-governance. But the use-value of human capital in large organizations is not without contradictions. For instance, the multinational corporations employ large number of employees belonging to diverse nationalities and ethnicities but are caught between the institutional pressures to conform to the company norms and values, and the cultural and social influences of its local national environment (Westney 1993). So, the broader diffusion of markets and consumer culture led to the formation of human capital as an instrument of knowledge sharing and governing the nexus of decision-making in corporate houses.

Consequently, governance moved from unilateral strategic planning to meta-governance, enabling collaborative processes of governance. These decisions and validation of collaboration are often mapped through the capacity of organization, decided by the authority at various levels of "collaborative capacity." Collaborative or organizing capacity leads to the ability of the people and institutions to deal with collective problems, leading in turn to perceptions that are practice-oriented and foster actions. It emphasizes on how knowledge serves as a means of changing the world. It also aims to overcome the fragmented segmentalization of organization as the complex problems are no longer only solved by the government within the bureaucratic forms but also dispersed among actors in their own locations and capacities (Koppenjan and Klijn 2004). For instance, several voluntary organizations, such as health clubs, political clubs, and religious congregations, have enough capacity of changing the life processes of individuals who join it and establish the collective identity of the people entering into relationship with others on the basis of their commonality and work equations. These institutions can serve as creating functionalities for the people to effectively exercise certain forms of power with knowledge. But certain conflictive choices might appear within the threads of cohesiveness. Different actors might have to make a decision on who gets to express their opinions and in what contexts. It depends upon differential ways of knowing and upholding the values of being and discovering the nuances of everyday lived experiences within the complex coordination kinship, caste, class, ethnicity, etc. Even if fair play, equity, and reciprocity are important for facilitating an inclusive process of action, joint activities often delimit the ability of one to strategize their own demands. Actors frame and reframe their priorities through the framing process, which is an act of balancing consensus and institutional arrangements together and provides a mechanism for implementing diverse knowledge mechanisms and models for future collaboration. The dominant framework of knowledge can be dented for a more possible mechanism of locally situated knowledge.

Knowledge is complex, and several disciplinary backgrounds, such as sociology, organizational economics, organizational behavior, and cognitive psychology, entered into several debates on the theoretical formulations of categorizing knowledge governance and redefinition of it. It cannot be relegated to the dimension of philosophical treatises but can provide a variety of linkages, across the cross-disciplinary domains. Various management researchers led to renewing of old traditions either in

implementing schemes of knowledge in built environmental projects or academic scholarship, international strategies, and multistage collaboration of firms. But, policy-making is often made into contradictory outcomes through the stakes of academicians, government officials, and workers from international organizations, working through conferences, seminars, and colloquiums. Drawing the concerns of academicians' contribution in policy agendas, Turner considered the marginal position of sociology in important policy decisions. Sociology, as an academic discipline studying human organization, should have been the major player in public policies but is left "standing on the side-lines, while presidential historians, economists, political scientists, lawyers, and even psychologists engage the public and whisper in the ears of those who have the power to make decisions that affect the organization of society and, hence, people's lives" (Turner 2005, p. 27). This leads to an imperative consideration that the transfer of knowledge is also influenced by the designs of the organizations and the multilevel governmental structures, placing it within the influential power hierarchies. The structures of domination and subordination within systems of knowledge accumulation are often generated through the units holding the means of economic and social production.

Knowledge governance has also been effectively utilized by the institutions which act as a basic mechanism of social, political, and cultural development across variegated actors, producing experiential frameworks of thought and practices. Research institutions facilitate opportunities for knowledge governance where innovations, modes of network processes, and peer-group researches brought significant transformations over the centuries. While in the pre-globalization era, epistemologies were concretized through the interactions between professors and students, the process of writing also added value on the process of knowledge dissemination. But, with the advent of digital technologies, the governance of knowledge constituted a complex mechanism, operating through the global transactions of knowledge across strong and wider research communities. It is quite apparent that the nodes of Internet are revolutionizing the spaces of work and life and obscuring the visionary domain of professional and private circles. John Wilbanks and Carolina Rossini (2009) considered how knowledge governance in the contemporary and traditional systems complement each other, potentially distributing knowledge as a public good across and beyond boundaries and limited spheres. While following the transformations chronologically, they stated that the "modern governance of knowledge in institutions covers a complex ecosystem of government, funders, universities, professors, students, textbooks, network – accessed content, software, research tools, research methods, and more" (Wilbanks and Rossini 2009, p. 3).

Articles, books, and theses, as a recognized unit of knowledge, have been preserved without significant changes, coexisting with the ability of digital networks to facilitate rapid and widespread knowledge structures such as online library systems. For instance, SWAYAM is an initiative by the Government of India enabling learners a lifelong learning through Massive Open Online Courses (MOOC). It provides learners an opportunity to choose from hundreds of courses from high school to PG level including skill-based training facilities. The governance of knowledge through digital repertories often engages people from wider networks, leading to the emergence of knowledge eco-systems and self-governance of each and every individual within their specific roles, rights, and responsibilities. Large indexing companies often serve as a generator and buyer of knowledge, subjected to policy mandates, terms, and agreement. They facilitate the research community through new discoveries, paper contributions, and research strategies. It is the strategic role played by large information companies which attempted to leverage knowledge in order to enhance performativity.

Knowledge management system is also dependent upon organizational cultures, enhancing the performance management of employees as well as

the larger exchange community. The leaders within organizations influence the organizational culture through their attitudes, management, and professional attitude, while also fostering positive climate and task achievement (Zyngier et al. 2016). The Information Technology is seen as an important discourse in enhancing the capacity of organizations to leverage knowledge. It led to the fast transfer and efficient reuse of knowledge. The role of IT has undergone a vast set of transformations over the course of developmental stages in generations such as the first-, second-, third-, and fourth-generation innovations simultaneously. The specialized process of coding and decoding information facilitated better access to knowledge and developed social capital to enable organizational learning across communities of practice. The communities of practice (COP) can be actualized for describing "a group of people naturally created inside an organization oriented towards sharing experiences about professional expertise (tacit and explicit) as a 'knowledge space' developing a process about 'training in working' (Orr 1990) or 'cognition in practice'" (Lave 1987). The technological platforms require a set of objectives to work to measure the impact of businesses, which is not only based upon resources but also the organization of human factors. Even "supplier evaluation," according to Olga Rivera Herna′ez and Eduardo Bueno Campos, is an important component of community of practice, where "a common certified supplier's database allows saves in the evaluation process, avoiding an evaluation per plant ... complemented by technological functions to control certification deadlines, cross-section analysis, supplier incident reports, etc." (Herna'ez and Campos 2011, p. 26). COP is mostly influential in creating formal evaluations, internally as well as externally as an important role lies in the retention of knowledge for the next generations. Most of the knowledge systems are susceptible to lose their value over the course of new advancements. So strong communities of practice can ensure stability of an organization through knowledge governance. They share knowledge among themselves which enables them to learn the work patterns of the others. So it is a bridge between working and learning, which circulates simultaneously across different workers working at different levels to obtain innovations. The flow of knowledge is also dependent upon the social environment which facilitates positive stimulus among workers. This can be referred through Albert Bandura's social learning theory, which is based on the idea that one learns from the interaction with others in a social context, as after observing the behavior of others, people assimilate and imitate that behavior if the observational experiences are positive ones and include rewards, leading to cognitive learning, retaining memory, and motivation (Nabavi 2012).

Consequently, strategic approaches to business management follow the basic principle of what can be posited as observation, learning, and sharing. In a more broad light, these processes can be explicated through the third-generation knowledge management, which encapsulates organically embedded systems, with applications such as business platforms, networks of actors, and technical systems devolving into social entrepreneurship. For instance, as per the report titled "The Future of Commerce in India," the social commercial sector in India ranges from $1.5 to $2 billion gross merchandise value (GMV) market. The growth of these markets has been facilitated through the conversational commerce on chat-platforms to video-commerce and social reseller community (Sheth 2020). So knowledge governance has been realized for its strategic benefits, as it helps to strike the right balance between people, process, and technology, and resulted in the standardization of operations for better collaboration and corporate governance along social ethics.

## Knowledge Governance: Challenges and Prospects

Knowledge functioned as the bedrock of governance across various historical trajectories of revolutions, changes, and resistance. It appeared as the major component and tool for struggles and enabled marginalized communities to portray their narratives through different forms of objective and subjective disbursal of realities. In the years following World War II, the policy sciences

reiterated the need for sciences and expertise within the field to discover facts, and make observations and judgments to implement new methodologies and principles of technical knowledge. This can be argued with reference to the work of several international organizations such as the World Bank, which funded projects for preservation and acceleration of knowledge across developed and developing economies. It served as the largest development research institute in the world (Gilbert and Vines 2000). President Wolfensohn stated that the World Bank embarked on a new vision in 1996 to become the knowledge bank that spurs knowledge revolution in developing countries and acted as a global catalyst for creating and sharing the cutting-edge knowledge necessary for poverty reduction and economic development (World Bank 2001). The dissemination of knowledge was mostly concentrated on the basis of developmentalist paradigm but acted as a global knowledge paradigm governing the social, political, and economic issues across national and local governments. The disciplinary policy actions from organizations such as the World Bank, International Monetary Fund, UNICEF, UNESCO, etc., made it possible for different stakeholders in civic institutions to obtain upgraded data on how a specific system is functioning and dimensionally integrating governance mechanisms with the protection of rights, public health systems, education, and even elementary well-being. These functionalities strengthened the rhetoric of knowledge governance.

Notwithstanding the relevance of nonlinear and linear forms of governance models, governance is a challenging process lying across the significant linkages between governmental decision-making and conflicts, often represented through political instabilities, violence, authority, and lack of stability. The dynamics of such conflicts and rules of sovereign power massively transformed with the transnational political economy of responsibilities and negotiations in relations of trade and market integration. While knowledge governance is considered as an economic activity, it is also a measure of well-being in social development indicators. Strong and effective governance is important for economic activity, enhancing the capabilities of global market mechanisms in developed and developing nations. The elements of governance, physical, human, and social capital, become intrinsically inter-linked through institutional qualities. These estimations can be realized with reference to M.H. Khan's (2007) work on "Governance, economic growth and development since 1960s." He states that liberal economists tend to think of governance as market-enhancing capabilities that reduce transaction costs and enable markets to work more efficiently, whereas economists following heterodox governance have the capacity to overcome entrenched market failures. Such forms of governance are linked to the economic growth of the nation in enhancing productivity, but Khan considered the knowledge mechanisms and subsequent governance are unequally processed in developed and developing countries. But, the suitability of the local context makes certain modes of governance adaptable. Governance is not related to being universal but has heterogeneous modes of operations across diverse sociopolitical contexts that shape the fabric of administrative ideologies.

It may be quite evident that, through governance, citizens are generally concerned with the government's responsiveness to the needs and protection of their rights. Good governance pertains to the management of public issues and problems while involving the intensive participation of citizens themselves. For instance, environmental movements and land-use planning characterize the involvement of the "public" in increasing the effectiveness of the planning process and legitimation of taking the decision on what is imperative for one. While planning has always been extolled on the basis of an instrumentalist parameter, scholars from various folds of academic scholarship stressed the need for a more humanistic perspective in institutional conduct. There is a need for different kinds of participation and organization, inviting issues and concentration on the local context. The larger question which arises is – how citizens are to be represented and involved in varying situations and how consensus-creating signifiers can be achieved in the backdrop of multivariegated

locations of the knower? Communities of interests and practices might be based on the individuals within organizations, professional communities, who share practices and even consequences. It refers to constellations involving standardized norms. Wenger identifies that "when a social configuration is viewed as a constellation rather than a community of practice, the sustaining of constellation must be maintained in terms of interactions among practices involving boundary processes" (Wenger 1998). Members of the community become full participants engaging as mediators between different communities of practice. Their role involves the tensions between agency and opposition of interests.

Management practices can be considered as an effective practice, where varying groups are involved in the complex process of production and consumption of knowledge, acquiring multiple memberships. In mutual engagements, business schools and managements led to the diffusion of new management knowledge, supplying education, MBAs, DDAs, practitioners, etc., for the maintenance of professional associations. Language, styles, and performance techniques disseminate systems of surveillance in organizations, forming different contexts for knowledge governance across interested communities with specific goals. The business media interacts and forms partnerships across other organizations, for drawing information on designing strategies and integrating packages for sale and profits. For instance, several business enterprises enter into partnerships with advertising agencies for the marketization of their products. Advertisements produces a vital visual medium of knowledge, integrating general masses with the products of opinion and choices. Competitiveness of managers, consultants, and business schools further provides more impetus to the process of management knowledge. Building a knowledge system can lead to decreasing cost of support, increasing consumer happiness, and improving overall customer experience and success. Providing these resources can help the customers to spend more time on high leverage activities and help people utilize knowledge to achieve better tasks. For instance, the mew mechanism of product grading enables the consumer to receive benefits of offers and enhance their level of satisfaction. The benefit of knowledge management systems lies in the way in which best practices are available to the customers. Even chats with customer support agents can lead to a way of knowledge transmission, integrating opinions and choices along the systems of product consumption. Even membership cards of popular brands and the small-scale knowledge on product utilization lead to a better consuming experience and increase the popularity of the brand by allotting discounts for the consumers. So, the knowledge management systems include characteristics such as commercialization, market modeling, privatization, training programs, structural modeling, etc.

Drawing from such forces of market management, knowledge governance can be supplemented across micro- and macrolevels, individual and collective dimensions, respectively, focusing not only on the generation of tools but also attitudes and motivations at the workplace or organizations sustaining such forms of governance. The differential elements achieve competitive positioning in the market, which received a large impetus with the emergence of globalization. The spaces of participation can be organized beyond geographical considerations, forming incentives and protocols of secured relationships with others. Globalization induces discussions on the corporate governance models resulting in dispersed ownership, strong legal protection of stakeholders, freedom to merge businesses, etc. It ensures possibilities of stability on the one hand, while on the other hand posing formidable challenges for the communities with poor incentives. The pressure of standardization often marginalizes groups with diachronic forms of arrangements and legal protocols. For instance, with the privatization policies in India in the 1990s, several small and petty businesses lost their ray of hope to large brands, which brought with them use as well as status values. The LPG (liberalization, privatization, and globalization) model of development led to significant sources of generation for employment, creating avenues for financial and technical support. So, globalization processes led to a worldwide network of multilateral organizations producing efficient

governance standards, along with taking into account the historical, cultural, and political organizations.

## Conclusion

In the age of competitiveness and complexities of organizations, knowledge governance remains an essential process consisting of several elements at disposal ranging from the community of practices, shared knowledge, policy spaces, work culture, management practices, etc. It enables the participation of different stakeholders in unique elements while developing insights for stability and dynamicity of boundary experiences. The potentiality of conflictive processes always remains through certain "ways of doing" in maximizing fruitful cooperation and synergy, mobilizing content, managing a collaborative governance process, and facilitating interaction. So knowledge and governance form an exclusive combination in fostering relationships between actors in the process of dissemination and creation of knowledge, while championing the connections across human resources and the larger structures of administration and technological disciplines.

## References


Caluser M, Salagean M (2007) Good governance in multiethnic communities: conditions, instruments, best practices, ways to achieve and measure good governance at the local level. Ethnocultural Diversity Resource Center and the King Baudouin Foundation, Brussels

Foss K, Foss NJ (2002) Economic organization and the trade – offs between productive and destructive entrepreneurship. In: Foss NJ, Klein PG (eds) Entrepreneurship and the firm: Austrian perspectives on economic organization. Edward Elgar, Cheltenham, pp 102–127

Gilbert CL, Vines D (eds) (2000) The World Bank: structure and policies. Cambridge University Press, New York

Herna'ez OR, Campos EB (2011) Handbook of research on communities of practice for organizational management and networking: methodologies for competitive advantage. Business Science Reference, pp 1–505

Jacobs J (2005) The uses of city neighborhoods. In: Lin J, Mele C (eds) The urban sociology reader. Routledge, pp 43–50

Khan MH (2007) Governance, economic growth and development since the 1960s. DESA working paper no. 54, Economic and Social Affair, pp 2–21

Kogut B, Zander U (1992) Knowledge of the firm, combinative capabilities, and the replication of technology. Focused Issue: Manage Technol 3(3):383–397, INFORMS

Koppenjan JFM, Klijn EH (2004) Managing uncertainties in networks. Routledge, London

Lave J (1987) Cognition in practice. Cambridge University Press, New York

Nabavi RT (2012) Bandura's social learning theory & social cognitive learning theory. In: Theories of developmental psychology, pp 3–22. https://www.researchgate.net/publication/267750204_Bandura's_Social_Learning_Theory_Social_Cognitive_Learning_Theory

Orr JE (1990) Sharing knowledge, celebrating identity: community memory in a service culture. In: Middleton D, Edwards D (eds) Collective remembering. Beverly Hills, CA, Sage Publications, pp 169–189

Pemsel S, Wiewiora A, Muller R, Aubry M, Brown K (2014) A conceptualization of knowledge governance in project – based organizations. Int J Proj Manag:1–12. https://doi.org/10.1016/j.ijproman.2014.01.010

Schneider A, Ingram H (2007) Ways of knowing: implications for public policy. Paper presented at American Political Science Association

Sheth H (2020) India's social commerce sector can reach $60 to $70 billion in revenue by 2030: report, December 9. https://www.thehindubusinessline.com/info-tech/indias-social-commerce-sector-can-reach-60-to-70-billion-in-revenue-by-2030-report/article33287440.ece

Turner JH (2005) Is public sociology such a good idea? Am Sociol 36:27–45, Springer

van Buuren A (2009) Knowledge for governance, governance of knowledge: inclusive knowledge management in collaborative governance processes. Int Public Manag J 12(2):208–235. https://doi.org/10.1080/10967490902868523

Wenger E (1998) Communities of practice. Cambridge University Press, Cambridge/New York

Westney DE (1993) Organization theory and the multinational corporation. St. Martin's Press, New York

Wilbanks J, Rossini C (2009) An interoperability principle for knowledge creation and governance: the role of emerging institutions. In: Creative commons attribution share – alike license. Berkman Center, Harvard, pp 1–34

World Bank (2001) Knowledge management. www.worldbank.org/whatwedo/strategies.htm

Zyngier S, Burstein F, McKay J (2016) Knowledge management governance: a multifaceted approach to organizational decision and innovation support. pp 889–899. https://doi.org/10.4225/03/57DB7527BFC4F


G

# Governance and Leadership

Ian Thynne
Crawford School of Public Policy, Australian National University, Canberra, ACT, Australia
Department of Politics and Public Administration, University of Hong Kong, Pokfulam, Hong Kong

## Synonyms

Accountability; Governance; Integrity; Leadership; Organizations; Public action; State-market dualism; State-market-civil society synergism; Statism

## Introduction

Governance and leadership are essential in public life and, accordingly, are very worthy of practical and scholarly attention. Their efficacy must be a matter of considerable public interest. They complement one another, while also being interdependent. This is so irrespective of their types or modes, which are diverse within and across countries and political systems.

Governance and leadership are, and have always been, fundamentally about goal-oriented alignments of people, structures, processes, resources, and place (Gulick 1937; Simon 1946; Peters 2010, pp. 139–154). Such alignments, which are usually even more diverse than the governance and leadership around which they are configured, inevitably involve forms of organization as instruments of public action. Consequently, and significantly, most types of governance and leadership are both organizationally founded and organizationally dependent, with organizations as instruments concomitantly being means, centers, and results of governance and leadership as purposeful constructs and endeavors (Thynne 2015, 2016).

## Governance and Organizations

Very broadly, governance comprises "the totality of interactions" (Kooiman 2003, p. 4) of the state, market, and civil society as interrelated sectors of activity. Its multidimensional organizational bases embody various patterns of integration and autonomy, coordination and specialization, and accountability and control (Thynne and Peters 2015, pp. 77–79; Thynne 2017). The patterns are shaped and conditioned by a multitude of people, legal foundations, relationships, decision-making, and spatial considerations, which become intermingled in practice as organizations crosscut sectoral boundaries. As such, they involve a "shifting mix of deliberate design and adaptive behaviour" inherent in the duality of organizations as "deliberately created and reformed in order to achieve substantive ends" and "social organisms that evolve over time as an unplanned result of historical processes" (Olsen 2010, pp. 18–19). A consequential task is to understand and interconnect differing legal prescriptions, structures, norms, decision approaches, and delineations of people and place to maximize goal achievement in the public interest (Thynne 2015, p. 268).

More specific notions of governance include "the minimal state; corporate governance; the new public management; 'good governance'; socio-cybernetic systems; and self-organizing networks" (Rhodes 1996, pp. 652–659). All have organizational dimensions, with actual or potential mixes of intra- and interorganizational arrangements that can heighten tensions especially of integration, autonomy, accountability, and control. They can exist alone or be intertwined in the one organizational arena. In their differing guises, they are examples of, and testimony to, the scope and breadth of governance in theory and practice (Grindle 2016; Osborne 2010).

Associated conceptions of governance are manifest in interrelated approaches to how public action can be organized. The approaches are "statism," "state-market dualism," and "state-market-civil society synergism" (Thynne and Peters 2015). They, too, have significant organizational bases, with distinctive features, as well as existing alongside and often complementing one another in various arenas. This gives them a mutually supportive quality in collectively embracing all

forms of action involved in the design, delivery, and review of policies, programs, and projects concerning goods and services of public significance.

Statism is classic "interventionist governance" (Knill and Tosun 2012, p. 210), with the state owning, producing, providing, regulating, and facilitating a wide array of goods and services. It accords with the "welfare state" (Wilensky 1975), "administrative state" (Waldo 1948), and "developmental state" (Johnson 1982). Hierarchy involving command and control is its dominant mode of governance (Pierre and Peters 2000, pp. 15–18). This mode is used comprehensively and extensively as the state serves society and manages the economy, as enabled and shaped by a large body of law (Thynne and Peters 2015, pp. 79–80).

State-market dualism, largely as "regulated self-governance" (Knill and Tosun 2012, pp. 210–211), recognizes the value of strategic alignments of the state and the market in serving a society and managing an economy. It embraces the "regulatory state" (Majone 1999; Oliver et al. 2010) and the "state under contract" (Boston 1995). Command and control continue to be significant but are relaxed and complemented by contracts based on exchange as a market mode of governance (Pierre and Peters 2000, pp. 18–19). The aim is to maximize the relevant, interconnected attributes of the state and market in relation to the ownership, production, provision, and regulation of many goods and services in the public interest (Thynne and Peters 2015, p. 80).

State-market-civil society synergism, essentially as "cooperative governance" (Knill and Tosun 2012, p. 211), sees inter-sectoral alliances and conflation as keys to the effective provision, regulation, and facilitation of various goods and services of public importance. It is variously "interactive" (Torfing et al. 2012), "collaborative" (Emerson et al. 2011), "constellational" (Thynne and Massey 2013), and "holistic" (Perri et al. 2002). Accordingly, with networks as its main mode of governance (Pierre and Peters 2000, pp. 19–20), the expectation is that knowledge, skills, and related resources will be effectively dovetailed and shared in the pursuit of common goals, as supported where relevant by contractual exchanges and flexible means of command and control (Thynne and Peters 2015, p. 81).

The approaches to organizing public action involving differing modes of governance have distinctive state-based organizational arrangements: see Table 1. Organizations in statism and state-market dualism are distinguishable largely by their legal-structural foundations, while those in state-market-civil society synergism are distinctive in having significant capacities which need to be developed and applied whatever their

**Governance and Leadership, Table 1** Approaches, organizations, and roles. (Source: Thynne and Peters (2015, p. 82))

| Approaches | Distinctive organizations | Main roles |
|---|---|---|
| Statism | Ministries and departments | Policy advice provision |
| | | Social service provision |
| | | Social and economic regulation/facilitation |
| | Statutory corporations | Public utility ownership/production/provision |
| | Review and audit bodies | Administrative and financial regulation/facilitation |
| State-market dualism | Executive agencies | Social service provision |
| | Government companies | Public utility ownership/production/provision |
| | Regulatory authorities | Public utility, social, and economic regulation/facilitation |
| State-market-civil society synergism | Service collaborators | Social service provision |
| | Network synthesizers | Social service provision |
| | | Social and economic regulation/facilitation |
| | Instinctive adaptors | Social service provision |
| | | Social and economic regulation/facilitation |

foundations, roles, and commitments. This makes the latter more structurally variable and potentially more operationally dynamic in how they address the provision, regulation, and facilitation of goods and services (Thynne and Peters 2015, p. 82).

Where hierarchy-command and contract-exchange are the prominent modes of governance, as they are in statism and state-market dualism, respectively, the organizations differ in their levels of integration, autonomy, coordination, specialization, accountability, and control. The differences are reflected in the organizations which characterize the approaches, as depicted in Table 1. Not surprisingly, there are important variations within and across the approaches in response particularly to the roles being performed. At the same time, the arrangements are sufficiently distinctive to confirm the extent to which modes of governance and forms of organization are normally quite closely aligned in practice.

Issues of alignment and associated levels of integration, autonomy, coordination, specialization, accountability, and control are also applicable to the network mode of governance which underpins organizations and their relationships in state-market-civil society synergism. The mode includes a "self-governed network," a "lead organization network," and a network with a "network administrative organization" (Popp et al. 2014, p. 38). Each represents a specific form of organizational coordination in a network, with corresponding levels of autonomy, integration, accountability, and control. Thus, a self-governing network involves all organizations in it together coordinating with one another; a network with a lead organization sees one of the organizations in it being the endorsed coordinator; while a network with an administrative structure has an organization at its center or above it with formally prescribed coordinative responsibility. Such arrangements are influenced significantly by the capacities, obligations, and resources of the organizations involved, with important implications for the efficacy with which the organizations in the network interact with one another and achieve their individual and collective objectives (Popp et al. 2014, pp. 37–40; Thynne 2017).

## Leadership and Organizations

Whatever the modes of governance and forms of organization, governance and leadership have continually to cope with the needs and dynamics of continuity and change. Strategies, policies, and processes should coalesce organizationally around what has proven over time to be effective and worthy of retention and what requires adjustment, more substantial transformation, or complete replacement. This invokes a mix of "exploitation" and "exploration" in which making the most of "rules, routines, and knowledge that are known to work" is coupled with "a willingness and an ability to experiment with rules, routines, and knowledge that might, but often do not, provide improvements" (Olsen 2010, p. 21). The astuteness and subtlety of the mix affect the extent to which the needs of continuity and change are effectively blended and met.

Various types of leadership and leaders are possible in governance. For example, identified "organizational leadership in the public sector rather than political or policy-making leadership" entails "leading for results," "leading followers," "leading organizations," "leading systems," and "leading with values" (Van Wart 2013, pp. 553, 555). The leaders involved, as cast, in "classical management and role theory," "transactional leadership theory," "transformational leadership theory," "horizontal or collaborative leadership theory," and "ethical and critical leadership theory," respectively, face corresponding challenges concerning administrative and financial performance, people and their responses to management, technological and structural imperatives, collective action and cooperation, and ethics and public trust (Van Wart 2013). Such challenges, while individually significant, combine to highlight the considerable extent and importance of what has to be addressed and achieved by leaders across the

approaches to organizing public action through the adoption of modes of governance and forms of organization.

Similar and other challenges are seen as requiring "political, administrative, and citizen leadership" with "competencies which governments need in order to cope with volatile environments" in an increasingly complex and ever-changing world of governance and organizations (Bouckaert 2010, p. 51). Especially challenging are the demands of securing public legitimacy and trust and of strategically fostering policy and service integration through a diversity of interrelated structures and alliances in local, national, and international arenas. Essential competencies are foresight, vision, and an ability to facilitate appropriate change and reform (Bouckaert 2010).

Perspectives on change and reform in governance embrace leaders and leadership in the design, use and evaluation of organizations, other instruments, and action. Possibilities include "architects" and "builders" (Thynne 2010, pp. 71–72), who align, respectively, with the architecture and construction approaches outlined in Table 2. Accordingly, architects address deciding, taking, and reviewing as interrelated but separate phases of activity which need to be managed sequentially. By contrast, builders respond to deciding, taking, and reviewing as intertwined phenomena to be managed as an iterative process of creation, assessment, and adjustment. Of course, the differences are abstractions, with inevitable overlaps and interdependencies in practice. But they do highlight how leaders can variously respond to the design, use and evaluation of organizations, other instruments, and action in governance (Thynne 2016, p. 67).

All leaders, irrespective of their particular dispositions in governance and organizations, are bound by stringent integrity requirements. Integrity, as "a quality of individuals as well as of organizations," entails performance "in accordance with relevant moral values, norms, and rules" (Lasthuizen et al. 2011, p. 387). It demands internal self-discipline and right practice, coupled with external control and review (Huberts et al. 2008; Lawton et al. 2016). Its essential publicness has to be complemented by accountability, which "involves establishing facts and assigning causality and responsibility, formulating and applying normative standards for assessing conduct and reasons given, and building and applying capabilities for sanctioning inappropriate conduct" (Olsen 2015, p. 425). This supports the question "does public accountability work" frequently being revisited from "democratic," "constitutional," and "learning" perspectives alike, with their respective concentrations on "control by citizens' elected representatives," "prevention of corruption and abuse of power," and "enhancing government effectiveness" (Bovens et al. 2008, pp. 225, 230–232).

**Governance and Leadership, Table 2** Contrasting approaches to deciding, taking, and reviewing. (Source: adapted from Thynne (2016, p. 68))

| Phases | Architecture approach | Construction approach |
|---|---|---|
| Deciding on organizations, other instruments, and action | Blueprint deciding: organizations, other instruments, and action are decided on independently of taking and reviewing | Pilot deciding: organizations, other instruments, and action are decided on by trialing taking and reviewing |
| Taking action through/ by using organizations and other instruments | Sanctity taking: organizations, other instruments, and action must accord fully with the blueprint | Adjustable taking: organizations, other instruments, and action can be modified in response to relevant circumstances |
| Reviewing organizations, other instruments, and action | Summative reviewing: organizations, other instruments, and action are reviewed only when considerable experience has been gained | Formative reviewing: organizations, other instruments, and action are reviewed on a regular ongoing basis |

## Concluding Comment

Governance and leadership matter greatly for, and well beyond, reasons embedded in this discussion. Organizations are a common foundation, with significant consequences for the scope and efficacy of public action. The alignments involved are complex and diverse, in respect of which comprehensive thinking, research, and analysis remain essential, building on the very extensive literature already available. This applies alike to governance and leadership through organizations and to how organizations themselves are governed and led in public life.

## References


Boston J (ed) (1995) The state under contract. Bridgett Williams Books, Auckland

Bouckaert G (2010) New public leadership for public service reform. In: Pierre J, Ingraham PW (eds) Comparative administrative change and reform: lessons learned. McGill-Queen's University Press, Montreal

Bovens M, Schillemans T, t'Hart P (2008) Does public accountability work? An assessment tool. Public Adm 86(1):225–242

Emerson K, Nabatchi T, Balogh S (2011) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29

Grindle MS (2016) Good governance, R.I.P.: a critique and an alternative. Governance. https://doi.org/10.1111/gove.12223

Gulick L (1937) Notes on the theory of organization. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration/Columbia University, New York, pp 3–45

Huberts LWJC, Maesschalck J, Jurkiewicz CL (eds) (2008) Ethics and integrity of governance: perspectives across frontiers. Edward Elgar, Northampton

Johnson C (1982) MITI and the Japanese miracle: the growth of industrial policy 1925–1975. Stanford University Press, Stanford

Knill C, Tosun J (2012) Public policy: a new introduction. Palgrave Macmillan, Basingstoke

Kooiman J (2003) Governing as governance. Sage, London

Lasthuizen K, Huberts L, Heres L (2011) How to measure integrity violations: towards a validated typology of unethical behaviour. Public Manag Rev 13(3):383–408

Lawton A, van der Wal Z, Huberts L (eds) (2016) Ethics in public policy and management: a global research companion. Routledge, Abingdon

Majone G (1999) The regulatory state and its legitimacy problems. West Eur Polit 22(1):1–24

Oliver D, Prosser T, Rawlings R (eds) (2010) The regulatory state: constitutional implications. Oxford University Press, Oxford

Olsen JP (2010) Change and continuity: an institutional approach to institutions of democratic government. In: Pierre J, Ingraham PW (eds) Comparative administrative change and reform: lessons learned. McGill-Queen's University Press, Montreal, pp 15–47

Olsen JP (2015) Democratic order, autonomy, and accountability. Governance 28(4):425–440

Osborne SP (ed) (2010) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, Abingdon

Perri 6, Leat D, Seltzer K, Stoker G (2002) Towards holistic governance. Palgrave Macmillan, Basingstoke

Peters BG (2010) The politics of bureaucracy: an introduction to comparative public administration, 6th edn. Routledge, London

Pierre J, Peters BG (2000) Governance, politics and the state. Macmillan, Basingstoke

Popp JK, Milward HB, MacKean G, Casebeer A, Lindstrom R (2014) Inter-organizational networks: a review of the literature to inform practice. IBM Center for the Business of Government, Washington, DC

Rhodes RAW (1996) The new governance: governing without government. Pol Stud XLIV(4):652–667

Simon HA (1946) The proverbs of administration. Public Adm Rev 6(1):53–67

Thynne I (2010) Leaders and leadership in administrative reform. In: Pierre J, Ingraham PW (eds) Comparative administrative change and reform: lessons learned. McGill-Queen's University Press, Montreal, pp 68–87

Thynne I (2015) Alignments of instruments and action in governance: a synthesis. Asia Pac J Public Adm 37(4): 264–272

Thynne I (2016) Alignments of instruments and action in governance: a synthesis – revisited and extended. Asia Pac J Public Adm 38(1):60–73

Thynne I (2017) (forthcoming) Fundamentals of government structure: alignments of organizations at and beyond the center of power. In: Thompson WR (ed) Oxford research encyclopedia of politics. Oxford University Press, New York

Thynne I, Massey A (2013) Globalism and constellational governance: challenges for service in the global public interest. In: Argyriades D, Timsit G (eds) Moving beyond the crisis: reclaiming and reaffirming our common administrative space. Bruylant, Brussels, pp 295–326

Thynne I, Peters BG (2015) Addressing the present and the future in government and governance: three approaches to organising public action. Public Adm Dev 35(2): 73–85

Torfing J, Peters BG, Pierre J, Sørensen E (2012) Interactive governance: advancing the paradigm. Oxford University Press, Oxford

Van Wart M (2013) Lessons from leadership theory and the contemporary challenges of leaders. Public Adm Rev 73(4):553–565

Waldo D (1948) The administrative state: a study of the political theory of American public administration. The Ronald Press, New York

Wilensky HL (1975) The welfare state and equality: structural and ideological roots of public expenditures. University of California Press, Berkeley

# Governance and Leadership, China

Yaxin Li
Environmental Protection Agency, Benxi, Liaoning, China

## Synonyms

Adaptive leadership; Followers; Leaders; Motivation; Social leadership

## Definition

Leadership is a process in which leader and followers interact in a way that enables the leader to influence the actions of the followers in a non-coercive way, toward the achievement of certain aims or objectives (Rollinson and Broadfield 2002).

## Introduction

Research on leadership focuses in the activity in which followers consent to a leader exercising influence with a view to achieving something. Also, one leader's influence cannot be coercive; at the same time, subordinates must accept to be influenced. A wonderful leadership is a significant factor to a victorious group or a successful organization and even to a flourishing nation. Leaders usually have the powerful influence on the performances and behaviors to members of organizations. It's distinguished to naked use of power. There are rising interests on leadership in recently two or three decades. It is worth to note that Pettinger (2002) has emphasized the importance of leadership in integrating motivation in the working process. Similarly, Jones and George (2003) were proponents of the idea that motivation from leaders can be defined as, according to its nature, psychological forces which influence and even determine the direction of people's behavior in organizations.

The purpose of this entry is to provide a common overview of what is under the debate of the role that leadership acts in the process of governing process. This begins with the theoretical perspectives that focus on the understanding of adaptive leadership and social leadership. Then, the second part of this entry is to identify the leadership in public organization. Finally, it concludes the perspective on Leadership and Governance.

## Theoretical Perspectives

Difference management is usually regarded as getting things done through subordinates to achieve the goals of organization. The manager may react to specific situations and be more concerned with solving short-term problems. Leadership doesn't necessarily take place within the hierarchical structure of the organization. A leader often has sufficient influence to bring about longer-term changes in people's attitudes and to make change more acceptable (Mullins 1996). Leadership can be seen primarily as an inspirational process (Hunt 1992).

Managers and governors are concerned with doing things right: to master routines and maintain control so that they can achieve their assigned goals in the most efficient manner. Leaders, on the other hand, are more concerned with being effective: doing the right things to accomplish the organization's mission (Hunsaker 2001).

Both leaders and governors are all needed within organizations. If people want to be effective managers, it is necessary to cultivate the role of leadership. Many methods of management training can also be used as a means of measuring leadership style.

Supportive leadership involves leader behavior that shows concern for subordinates' well-being and personal needs. Leadership behavior is open, friendly, and approachable, and the leader creates a team climate and treats subordinates as equals, such as policy "fair treatment of employees" and "fair management without discrimination."

Directive leadership occurs when the leader tells subordinates exactly what they are supposed to do. Leadership behavior includes planning, making schedules, setting performance goals and behavior standards, and stressing adherence to

rules and regulations. Participative leadership means that the leader consults with his subordinates about decisions. Leader behavior includes asking for opinions and suggestions, encouraging participation in decision-making, and meeting with subordinates in their workplaces.

Achievement-oriented leadership occurs when the leader sets clear and challenging goals for subordinates. Leader behavior stresses high-quality performance and improvement over current performance. Achievement-oriented leaders also show confidence in subordinates and assist them in learning how to achieve high goals (Daft 1997).

## Leadership in Public Organization

Existing literature on adaptive leadership distinguishes between technical challenges (solved through the application of expertise and past experience and requiring no change in values or culture) and adaptive or wicked challenges (underlying dynamics which require a new evolutionary step in problem-solving processes) (Heifetz 1994; Rittel and Webber 1973; Grint 2005). Adaptive leadership theory has diagnostic strength in distinguishing between technical and adaptive issues. However, it has less strength in revealing the type of actions which can be taken to address adaptive challenges.

By 2000 it was estimated that there were around 35,000 definitions of leadership in academic literature (Dubrin 2000). Leadership research has traditionally been placed into three broad approaches (Heifetz 2004, pp. 16–17). Firstly, the trait approach, best known as the "heroic" or "big men" approach, focused on individual personality, talents, and skills. Secondly, the situationalist approach essentially attributes leadership to the extraordinary times in which events occurred, hence relying on the context in which leadership is exercised. Thirdly, the transaction approach based on reciprocity. This focuses on the interactions between leaders and followers based on expectations and influence.

Leaders' responsibilities are to increase followers' motivation and confidence to achieve personal goals and organizational targets. And now, we usually find: first of all, leaders carry out open communications with subordinates in order to make common goals or even particular targets together. Organizational goals are also individual missions. As a result, employees get the profile of annual assignment of the organization and direction of their work. According to individual characteristic and competence, managers allocate specific roles to them, encourage employees' creativities, develop their knowledge and professional skills, and build up confidence to face challenges. On the other hand, through the communications between leaders and followers, the former certainly get acquaintances about needs of the employee. Therefore, requirements are satisfied by leaders via establishment of comfortable work environment, carrying out generous benefits programs, labor management consultation, and formal system of promotion and appraising (House and Mitchell 1974).

Such approaches, especially the heroic notions of leadership, have been seriously questioned in the context of community development and collaboration where the nexus between leadership and agency was seen as inseparable (Raelin 2014, pp. 1–5). Moreover, the outcome of community collaborative practices began to challenge traditional leadership theories which consistently failed to make progress on difficult underlying issues (Chrislip and Larson 1994, pp. 15–36). In contrast, the theory of adaptive leadership provides greater clarity as to the practical diagnosis and potential actions in engaging a community.

Although "adaptive leadership" is a more recent term, parallels can be found throughout history. Adaptation as a concept spans many disciplines from Charles Darwin (1859) in his *On the Origin of Species* to Thomas Kuhn (1962) in *The Structure of Scientific Revolutions*. However, difficult contemporary adaptive problems were first labeled as "wicked" problems by Rittel and Webber (1973) and later expanded on by Grint (2005). Such problems could not be solved through the application of technical knowledge and expertise but required constant experimentation. This framing gave some further clarity to the nature of such challenges, but potential responses to wicked problems remained elusive.

A more formal theory of "adaptive leadership" was outlined by Heifetz and Sinder (1988) and extended by Heifetz (1994) in *Leadership Without Easy Answers*, basing it on the biological analogy – adapt or perish. While the term "wicked" was more descriptive of the problems, the term "adaptive" gives a better appreciation of how to approach such challenges (requiring a new evolutionary step in problem-solving processes). Adaptive challenges represent competing values in society (often expressed as tension and conflict) and require engaging different perspectives and questioning basic values and assumptions. In this context, leadership clarifies values by asking challenging "questions" rather than having "answers." Communities tend to avoid difficult questions, and the role of leadership is to engage that resistance through confronting problematic realities to promote learning.

Social leadership contributes to understanding how communities can engage in this adaptation. Placed in the context of social learning and action learning, social leadership helps reveal the critical local dynamics which act as obstacles but which can also mobilize people to action. This is important when communities are facing stressful periods in which social capital is strained. During periods of stress, leadership too often becomes reduced to an extension of "managerialism" – a focus on increased efficiency, performance management, mission statements, strategic planning methodologies, and ten-point plans and processes. This may lead to greater efficiency on limited tasks but does not improve the ability to engage people in facing difficult realities. In contrast, understanding the nature of adaptive or "background" challenges and dynamics at a local level gives clearer insight into potential paths for progress through collaboration. Social leadership becomes not a "tool" to apply but a way of engaging, exploring, and discovering these underlying dynamics which act as obstacles to progress. Additionally, it draws out the potential for reinforcing what is valuable in the cultural narrative and helping communities "let go" of practices which contradict their aspirations. Social leadership contributes to the study of adaptive leadership through four key perspectives:

1. Learning: Instead of framing social challenges as "problems," they are reframed as potential "learnings." That opens up new opportunities and allows communities to see the reality of threats and opportunities more clearly.
2. Sustaining purpose: Purpose needs to be dynamic and constantly unfolds as the environment changes, as values shift in the community and as new obstacles are encountered and overcome.
3. Localism: Local responses embed an understanding of the underlying dynamics and competing values at stake and the extent to which people are prepared to confront a new reality.
4. Collaboration: Instead of competing agendas, the focus shifts to the creative activity of adapting to new environments and discovering how competing values can be modified to make progress rather than avoiding tough conversations and just seeking sanctuary in a like-minded group.

## Parting Shot of Leadership and Governance

Social leadership does matter as a way of helping communities under stress work through some of their most difficult underlying issues. A social leadership approach puts emphasis on discovery, diversity, and local experience. This generates the necessary "learning" that needs to be orchestrated among competing values and interests through surfacing contradictory assumptions, beliefs, and values. This reframes issues and allows for continuing adaptation to a changing environment, as new obstacles are encountered and overcome. It is a dynamic approach which goes beyond strategy, process, and solutions to instead expand a community's problem-solving capacity. In practice, that means diagnosing a situation, building partnerships, crafting interventions as experiments, and monitoring a constantly changing environment. The key finding of this thesis is that social leadership contributes to a deeper understanding of underlying dynamics and increases communities' capacity to work difficult adaptive challenges.

A social leadership approach reveals underlying dynamics work at multiple levels. This means that if we can learn to address problems facing our local communities, we will be better able to progress them nationally and globally. Conversely, if our local communities cannot successfully deal with issues of poverty, inequality, injustice, violence, child abuse, alienated youth, and race relations, then we are unlikely to successfully deal with similar issues at a national or international level. If our communities are mired in conflict, discrimination, and an intensely individualistic approach that promotes a "them and us" attitude, then we should not be surprised when it flows through to conflict and "them and us" competition at the national or international level. Social leadership is required as a catalyst for the social learning required to progress these issues.

Exercising social leadership goes beyond being a bystander and instead engages people, communities, and nations around complex realities. Our responsibility to the future is to engage with the underlying problems we face today rather than just bequeath them to future generations. The trauma of people currently facing conflict, poverty, and inequality is passed on from generation to generation. The values which initially helped build a nation might actually retard its progress, as the environment changes and new threats and opportunities emerge. Simply allowing systems to replicate themselves will not provide an answer. Rather, social leadership requires that we intervene into systems, to make them more resilient and at the same time more responsive, not only to the challenges we currently face but also for those yet to arise.

## References

Chrislip D, Larson C (1994) Collaborative leadership: how citizens and civic leaders can make a difference. Jossey-Bass, San Francisco

Daft LR (1997) Management, 4th edn. The Dryden Press, Fort Worth, pp 509–527

Darwin C (1859) On the origin of species. New American Library, New York. (1958 edn)

Dubrin J (2000) Leadership. Houghton Mifflin, London

Grint K (2005) Leadership: limits and possibilities. Palgrave Macmillan, Basingstoke

Heifetz R (1994) Leadership without easy answer. Belknap Press, Cambridge, MA

Heifetz R, Sinder R (1988) Political leadership: managing the public's problem solving. In: Reich R (ed) The power of public ideas. Ballinger, Cambridge, pp 179–203

House RJ, Mitchell TR (1974) Path-goal theory of leadership. J Contemp Bus 3:81–97

Hunsaker PL (2001) Training in management skills. Prentice-Hall, Upper Saddle River

Hunt JW (1992) Managing people at work, 3rd edn. McGraw-Hill, London

Jones GR, George JM (2003) Contemporary management, 3rd edn. McGraw-Hill Higher Education, New York, p 405

Kuhn T (1962) The structure of scientific revolutions. University of Chicago Press, Chicago

Mullins J (1996) Management and organizational behaviour, 4th edn. Pitman Publishing, London, p 247

Pettinger R (2002) Introduction to management, 3rd edn. Palgrave, London, p 341

Raelin J (2014) Imagine there are no leaders: reframing leadership as collaborative agency. Leadership 12:1–28

Rittel H, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4(2):155–169

Rollinson D, Broadfield A (2002) Organisational behaviour and analysis – an integrated approach, 2nd edn. Prentice Hall, Harlow, p 357

# Governance and Network Formation Triggers

Karen Heard-Laureote
Faculty of Humanities and Social Sciences, School of Social, Historical and Literary Studies (SSHLS), University of Portsmouth, Portsmouth, UK

## Definition

Policy networks are formal and informal linkages between and among clusters of policy-makers and those who are in positions to influence.

## Introduction

Policy network has come to be used most often as an umbrella term to describe any network that works to influence policy. They can be described

as formal (i.e., institutionalized) and informal (i.e., ad hoc and/or noninstitutionalized) contacts or linkages between and among clusters of policy-makers and those who are in positions to influence, i.e., policy agents from the business community as well as from civil society. These contacts are structured around shared albeit continuously negotiated beliefs and interests, for example, in policy-making and implementation. They often bring together a range of scholars; experts, advocates, and professionals congregate around issues and concerns impacting society. Importantly, these actors have a shared assumption about the appropriate course of policy action.

Policy networks tend to emerge around specific policy issues and their in/formal interactions shape policy decisions and the directions taken by policy-makers.

In most cases, policy networks are primarily associated with modern, democratic and pluralistic political entities. They often replace or successfully compete with traditional notions of hierarchy or the neoconservative ideal of privatization as the main vehicles for shaping and delivering policy. Policy networks actually infer a kind of hybrid arrangement for policy-making in modern, democratic governance, where a range of actors are involved at all stages of policy from agenda setting to decision-making and implementation.

Policy network analysis is the field of research in political science developed to study policy networks. The field focuses on the links and interdependencies between policy-makers and societal actors, aiming to understand the policy-making process and public policy outcomes. In modern government, policy outcomes can be explained by investigating how networks are structured in a particular policy sector. Various taxonomies of policy networks exist and have been diversely used to describe or model patterns of state-interest group relations, i.e., corporatism and pluralism, iron triangles, subgovernment and clientelism, policy communities, and issue networks. The key differences between these differently labeled network arrangements lie in their degree of integration, the nature of state-interest group relations with in them, their boundaries (i.e., included and excluded actors), their membership size, and the distribution of resources in the network.

Policy networks are increasingly omnipresent in transnational systems like the EU and the USA and have also progressively coalesced around international organizations such as the UN, WTO, and IMF. They are a product of a wider and growing movement of "transnationalism," a term which broadly refers to the numerous and increasing ties and connections that link people and/or institutions across borders, be they national, regional, or local. This dynamic movement responds to the basic processes of globalization.



## State of the Art and Future Perspectives

### Network Formation

An interesting question pertaining to policy networks is why do they form? Despite the increasing prevalence of policy networks and their role in transnational political mobilization noted above, little is actually known about their formation. Investigations into the origins of networks are often hindered by limited access to the early, developmental stages of networks by researchers. Notwithstanding these hindrances in studying network formation, it is important that we do so given the substantial impact formation processes can have on future network structures as well as their effectiveness. Moreover, policy networks are continuously evolving and change activities, remit of action, and membership. Within this perpetual evolutionary process, the past is a primary shaper of new choices because policy networks develop in a path-dependent manner. As such, network formation will have an impact on their subsequent development and indeed their outcomes. It is during the formation process that network traits are established and which might turn out to be persistent as the network evolves. Thereafter, these network traits may affect their future effectiveness and success such as their ability to influence policy. The upfront, high costs of network formation also underline the importance of research into this area. The costs often include for example time, human, and financial investments associated

with instigating interactions among previously unlinked actors. As a return on any onerous up-front investment of time and resource, it is important to ensure that policy networks deliver policy impact. By developing understandings of how networks form, their participants, including policy officials, can engage in effective decision-making processes within the resulting networks.

In short, policy network formation is significant and understanding what initiates these phenomena and warrants further investigation. The key question is what spurs a group of otherwise autonomous actors and/or organizations to begin interacting with each other and to form a policy network? The discussion now turns to those triggers, which are important in understanding network formation and subsequent network evolution.

## Network Formation Triggers

Network formation and network evolution are contingent on (a) a mix of internal pressures in *and* between organizations and (b) on external pressures. As such, we can distinguish between (a) environmental and (b) organizational network formation triggers. Organizational triggers refer to the influence, incentives, and pressures of member organizations involved in the network building process, whereas environmental triggers refer to, for example, key external events such as policy changes that occur at the same time the network is established and becomes formalized. Although the key triggers of policy network formation have been disaggregated here into two distinct categories – organizational and environmental triggers – it is noteworthy that disaggregation is used as a heuristic device. Sometimes, triggers are both environmental and organizational in their nature.

### Environmental Triggers for Network Formation

Environmental triggers for network formation are those occurring outside the network and contributing to its formation and development. They are, for the most part, beyond the control of the network and its members. Despite occurring externally, these environmental triggers can have a significant influence on the activities and long-term sustainability of the resulting network because they determine the focus of the network's work (aims, objectives, mission) and the political agendas it may seek to respond to through advocacy, lobbying, or influence.

In terms of key environmental triggers, a policy network may be activated where certain conditions are present. For example, where there is a ripe external setting such as an active political culture, which promotes interest group involvement in politics. Political culture refers to the set of attitudes, beliefs, and sentiments, which give order and meaning to a political process and which provide the underlying assumptions and rules that govern behavior in the political system. It encompasses both the political ideals and the operating norms of a polity. A policy network may also emerge where there are formal institutional structures in place, such as clear regulations governing the policy field and its decision-making processes. Networks are also likely to develop in environments where there is a strong external coordinating function in the delivery of governmental programs by the emerging network. Where policy networks are involved in implementation, they are more likely to emerge where there are clear and definable programs requiring operationalization. In addition, and to reduce uncertainty and promote problem solving, networks will form more readily where all of the stakeholders responsible for implementation are included in decision-making discussions.

Three further key environmental triggers can be highly significant in activating policy networks. First is the release of new data on a given policy issue, which can provide a strong incentive for interested actors to coalesce in response. Second, policy networks can emerge more readily where there is a role-model example of network formation to emulate. This role-model network is likely to be considered more established or perceived as functioning in a highly effective manner. Third is the existence of (a) competitor network(s). The emergence of a new network – which is perceived as a competitor in terms of its core mission – can provide an incentive for another group of actors to coalesce and form an alternative network.

### Organizational Triggers for Network Formation

Organizational triggers refer to the influence, incentives, and pressures of the member organizations involved in the network building process. These triggers are therefore internal to the

network and indicate the way that societal organizations are conceived of or established individually or are already working together on the basis of loose ties.

In terms of key organizational triggers, a policy network may be activated where certain conditions are present. For example, where there is a high internal management capacity within the network such as a formalized steering group. Another key trigger is the existence of similar belief systems among network members such as the perception of a situation as a crisis. A policy network may also emerge in an environment, which promotes discursive practices such as face-to-face interaction for consensus building. The presence of actors with strategic oversight capabilities or the existence of one or two focal actors within the network is also a key trigger for network formation.

Three further organizational triggers can assist with the emergence of a policy network. First is the existence of network entrepreneurs. The long-term success of initiatives to build networks is not a given. Networks sometimes fail for a number of reasons, including lack of interest/buy-in from potential members, time and resource constraints, and an inability to coalesce around shared problems. Indeed, network formation processes are often kick-started and assured over time by key actors, who, by exerting their influence and providing momentum, drive the process forward. Such actors can be described as network entrepreneurs. These are often individuals instrumental in organizing, facilitating, and managing a network from the outset and doing so with considerable personal initiative and risk. Second is the existence of network mentors. The role of a mentor in introducing individuals to networks is commonplace. Yet the presence of an effective mentor is also a key driver in creating new networks. Third, the presence of a network member organization, formally or informally recognized by other members as the network leader, is key to network formation processes.

## Future Perspectives

Key future perspectives for network formation research focus on applying these triggers to comparative cases in order to test their broad applicability and to help establish patterns of generalizability. Two approaches are intrinsic to this. First, we need to learn more about how transnational networks form in specific regional integration contexts like the EU and second whether the same processes are present across international settings. Only by exploring the relevance of environmental and organizational triggers for network formation on this wider scale is it possible to have a better understanding of processes linked to network formation. Network formation triggers could also be tested in comparative contexts across novel as well as more established networks. Such comparison could bring out the relevance of these triggers in network formation in wider contexts. Future research could also explore whether the response of network members to formation triggers shapes the ever-evolving structure and outline of new networks and their effectiveness. Finally, additional qualitative work into individual organizational and environmental triggers to explore overlaps between categories of triggers will be important. Disaggregating triggers and studying them individually may achieve further insights. For example, the role of network mentors is a potentially crucial organizational trigger for new network formation, and it would be interesting to explore the role of such mentors in facilitating the formation of multiple networks.

## Conclusion

Policy networks characterized by a group of actors linked formally or informally around common concerns are omnipresent in society. Little is known however about the manner in which such networks form and develop at the earliest stages. To explain what spurs a group of otherwise autonomous actors and/or organizations to begin interacting with each other to form a policy network end, a range of triggers, categorized as either environmental or organizational, can be identified and have been explored in this piece.

This exploration was not however exhaustive. Additional network formation triggers exist, which point to the benefits of being part of a network and which consequently act as drivers for their formation. These include the opportunity

of burden sharing by operating as part of a network; the prospect of mutual assistance and information exchange between organizations operating as a network on complex issues such as legal compliance and technical advice; the increased access to resources individual actors achieve by operating in a network; the prospect of more intense (informal) communication, diverse knowledge, and trust relationships that can be achieved as part of a network; and the overall reduced uncertainty in decision-making which networks can provide. It is also worth highlighting that individual organizations are more likely to access policy-makers via a network, because advocacy messages are amplified in network settings.

Although there is a great deal of research into the contexts in which policy networks are manifestly flourishing such as specific political contexts like the USA or in international organizations like the EU, we know little about their internal workings. This is particularly true of internal cooperation among members, including their bargain-striking practices, which often reshape decisions, day-to-day operations, or broader impact on world-politics. So although policy networks may play out differently in different international organizations or political contexts depending, for example, on the political system type, whether they can be characterized as more neo-corporatist or pluralist or whether their society can be defined as monocultural or multicultural and so on, policy networks provide a useful lens through which we can better understand these aspects.

## Cross-References


- ▶ Comparative Public Governance and Management
- ▶ Comparative Public Policy
- ▶ Global Civil Society or Networked Globality
- ▶ Globalization and Public Policy
- ▶ Globalization and Subnational Governments
- ▶ Governance Theories and Models
- ▶ Governing and Managing International and Global Nonprofit Organizations
- ▶ Issue Networks: The Policy Process and its Key Actors
- ▶ Network Structures
- ▶ Networks and Networking
- ▶ Policy Networks as a Form of Governance
- ▶ Politics and Public Policy
- ▶ Stakeholder Analysis and Wicked Problems


# Governance and Power

Piero Mastroberardino and Giuseppe Calabrese
Department of Economics, University of Foggia, Foggia, Italy

## Definitions

| | |
|---|---|
| Governance | Governance can be defined as a process of negotiation among different bundles of interests in which actors (individual or coalitional) pursue a mutually acceptable outcome. The governance (of an organization) is a result of a power game based on continuous individual and coalitional strategies. It appears as the effect of a complex network of interdependent actions, as a never-ending continuous construction. |
| Power | Power is a sort of exchange value. It can be defined as a set of processes by which certain actors (individuals or coalitions) interact, cooperating and/or conflicting in a complex social work of construction of fields of strategic action. |

## Introduction

The management literature shows a sort of continuum between two main approaches to describe the processes of governance and power (Mastroberardino 2010):

1. On one hand, the traditional view of top management as the helmsman of the organization, which has all the relevant information and all the levers needed to lead and coordinate, organically and harmoniously, all the parts and activities of the business. Wide and referenced scientific studies define the "true" or the "best" rules of governance and determine the strategies for success and development.

   Smart groups of leaders, supported by technicians and experts, enlightened by science, conceive and design a rational strategic road map and the compliant organizational structure and operative mechanisms. Governance is a top-down process, interpreted in a prescriptive pattern, as it should be or as we would like it to be, coming to a complete explanation of the organizational phenomenon. Within this view, organizations are fully designed entities, starting with the vision of a designer's mind, able to define, according to a model of exante rationality, both strategies and operations, both organizational modules and their functions, and both differentiation and integration mechanisms. In one word, the equilibrium. Under this light, power is a key factor for the process of governance; particularly power is intended as a strength: "A has power over B to the extent that he can get B to do something that B would not otherwise do" (Dahl 1957). Power is also defined "as the ability of an individual or group to achieve their own goals or aims when others are trying to prevent them from realizing them" (Weber 1978). The hierarchical power is the only healthy form of power. Any other source of power is qualified as dysfunctional.
2. On the other hand, using biological metaphors, there are many approaches that show the process of governance as a spontaneous ordering process, due to the phenomena of self-organization and able to create virtuous development processes. Models of self-government (of the firm, of the territory, of the country) should then come out, according to a bottom-up pattern, able to eliminate any power effects and reduce to unity the multiplicity of interests of the actors. The concept of power itself tends to blur; the organization evolves according to its organic life cycle.

All the cited approaches refer to the same paradigm, which is widely dominant in management studies, the so called as "unified approach" (Burrell and Morgan 1979). This paradigm, although with significant differences between the "board of designer" option, or top-down perspective (Bertalanffy 1968; Beer 1966, 1967; Scott 1981), and the "self-organization" one or bottom-up perspective (Morin 1990; Prigogine and Stengers 1981), reifies the organization and interprets it as a collective entity with its own identity and strategic thinking aiming at generating order, harmony, and integration. In other words, organizations are defined as a "predetermined system with respect to the actors" (Maggi 1990; Mastroberardino and Calabrese 2013). This paradigm is characterized by the interpretation of each organization as a system, which is divided into subsystems at lower levels and is part of inclusive, higher-level systems. In this way, all the social actors are interconnected in a total and charming – at first glance – representation of functioning of the whole society. The actors, in the frame of predetermined systems, operate for common good of the organization. The healthy forces of cooperation and convergence are projected to prevail over individual diverging interests. The strategic goal becomes the survival of the system. The actors operating within the organizations become human components.

In the following, according to previous considerations, an alternative paradigm is shown to understand the processes of governance and power. It is called "the Situationist View of the Organizations" (SVO). In a situationist view, some new topics – institutional processes, coalitional games, and power dynamics – suggest different considerations about the processes of governance and power. Two theoretical approaches, seemingly divergent, are linked to these roots (Barley and Tolbert 1997; Mastroberardino 2006): the political approach and the neo-micro-institutionalism in organizational studies. The political approach emphasizes the strategic action of the actors (individual or coalitional) oriented to protect their own specific interests. On the other hand, neo-micro-institutionalism focuses on "material and symbolic constraints that institutions make on human

behavior" (Bonazzi 2000). Within the SVO, the concept of actor (or strategic actor or local actor) is particularly relevant. It refers to an individual (human actor) or, more often, a coalition of individuals able to act strategically for the protection of their specific interests. The concept of strategic actor goes far beyond the organizational boundaries, as often a coalition is composed by both internal and external members.

## The Situationist View of the Organizations

Prior to present the peculiar meaning of governance and power, as provided by the situationist view, it is appropriate to briefly introduce and epistemologically locate the framework itself (Sparti 2002).

First of all, let's point out its clear distinction from the contingency theory, which is – in organizational studies – also called "situational approach" (Burns and Stalker 1961; Lawrence and Lorsch 1967). The distance is relevant: the paradigm of "concrete system built by the actors" refers to the micro-actionist epistemological framework, in particular, social phenomenology (Berger and Luckmann 1966), symbolic interactionism (Mead 1934), and ethnomethodology (Garfinkel 1967).

This different paradigm, a synthesis between political and neo-institutional perspective, qualifies each organization as a space of games, a place of different interests and different strategies, and a place of interaction, negotiation, and conflict among actors and their coalitions (Mastroberardino et al. 2013).

On one hand, the neo-institutionalism (Powell and DiMaggio 1991) allows to take distance from the settings of strong rationality (both individual and systemic) which populate the management literature, and to focus our attention on the institutional framework (beliefs, rules, constraints, pressures, practices, and myths) and institutional pressures that work on the actors of a specific "field of concrete action" (Thompson 1967). On the other hand, deepening the concept of power (Crozier and Friedberg 1978; Pfeffer 1981), the complex coalitional dynamics that really orient innovative action within the organizations come in evidence, beyond the pseudo-engineered and naive representation proposed by some school contributions. The situationist view leaves the "pretense of knowledge" (Hayek 1989) that characterizes the epistemological framework of the prevailing paradigms in management and their integrated and coherent idea of the organizations. On the contrary, the effort is oriented toward a weaker vision, less desirous of catching – sooner or later – the general laws of explanation of the governance phenomenon, and oriented to understand, case by case, the complex institutional and power dynamics that produced certain results.

The organizations do not exist as strategic actors. They are not qualified as a "predetermined system with respect to the actors" but as a "concrete system built by the actors." The organizational strategies, then, become rationalized myths, an intersubjective construct not assisted by an aura of objectivity and functionality to the interests of organization itself. It is the result, influenced by unintended effects, of the strategic action of a protempore dominant coalition. The situationist view of the organizations is focused on the processes of "action" and "institutionalization," based on the concrete contexts of human action in everyday life. The continuous work of these two processes produces building, breaking, and reconstruction of social reality (Giddens 1984; Searle 1995). Between action and institutionalization arises the vision of an actor who, even institutionally constrained, does not surrender to act strategically (Fig. 1).

The strategies of the actors contribute to – even not strictly determine – the construction of the complex social reality that we call organization. In a situationist point of view, an organization is therefore defined as a "concrete system built by the actors," never a "predetermined system with respect to the actors."

## Governance and Power in a Situationist View of the Organizations

Shifting from the paradigm of the "predetermined system with respect to the actors" to the paradigm of the "concrete system built by the actors," the concepts of governance and power radically

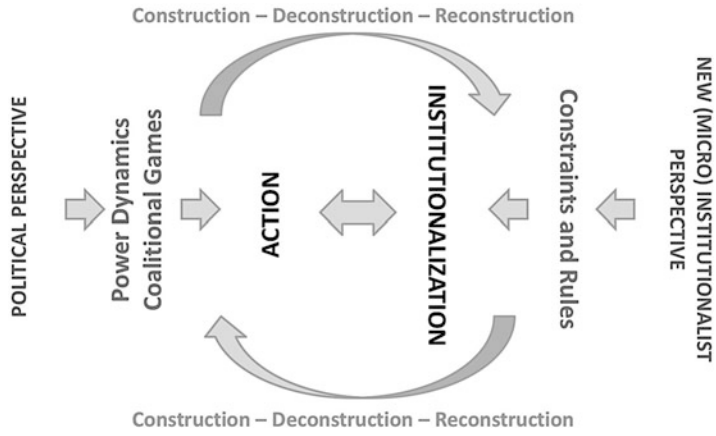


**Governance and Power, Fig. 1** (Source: our elaboration)



change. Understanding the organization as a "concrete system built by the actors" means focusing on the political and institutional dynamics among different interests from which interaction, conflicts, and negotiations arise. The process of governance, therefore, cannot be seen as the solid and rational effect of a rational strategic planning: it has to be considered as a pro tempore local order, that is, at the same time, product and constraint of human interaction between action and institutionalization.

The actors (individual or coalitional) work to structure social interactions within a "field of concrete action" for their own advantage, in order to gain, preserve, and increase their degrees of freedom and unpredictability (Friedberg 1994). Strategic action is accomplished by using power and political mechanisms (communication, negotiation, cooperation, and conflict) in order to increase their influence. So they contribute, even not wholly intentionally, to create, preserve, or change structures of organizational governance, which are only protempore stable.

The concept of power with respect to a specific field of concrete action is central to this approach. Power is defined as power-exchange and not as power-strength (March 1994), a social work of construction of fields of strategic action and degrees of freedom with respect to the constraints of a specific local context and not just a struggle among opposing groups.

On the other hand, neo-micro-institutionalism focuses on material and symbolic constraints that institutions generate on human behavior, institutional frameworks, and institutional pressures that work on the actors of a specific field of concrete action. Institutions, however, are not natural entities: they appear as the non-deterministic result of strategic action of the actors who, even unintentionally, end up creating a pro-tempore coercive local order. With respect to this order, the strategic actors, with the aim of achieving legitimacy, adapt their strategies to institutionalized rituals and behaviors to common practices and procedures, reinforcing the "iron cage" of institutional isomorphism (DiMaggio and Powell 1983).

The process of governance, even building an institutional framework defined by the balance of power among actors and compelling to them, never produces a definitive and irreversible outcome. It appears as the effect of a complex network of interdependent actions, as a never-ending continuous construction. In other terms, governance can be defined as a process of negotiation among different bundles of interests in which actors (individual or coalitional) pursue a mutually acceptable outcome (Pruitt 1981). As well as social order is a product of negotiations, so negotiating is in turn limited by previous interactions. Rules and constraints, thus, on one hand create order and minimize uncertainty while on the other hand generate new conflicts, contradictions, and ambiguities.

The natural, social, cultural, and economic characteristics of the environment, the indeterminacy of human action, and the political nature of the phenomenon do not allow an approach

to governance aiming at defining its general laws. On the contrary, priority should be given to qualitative research methods aiming at understanding, hic et nunc, the specific power relations among the actors. The pretense of knowledge inherent in the paradigm of "predetermined system with respect to the actors" is weakened, as well as the idea of governance as a consistent, defined, purely technical perspective. Exante rationality of strategic planning is replaced by expost rationality of the "dynamic, contextual and practice dimension of acting of the actors" (Ogien and Quéré 2005).

This approach does not deny the existence of strategic planning processes or other systematic mechanisms of management, but debunks them and switches them among the "strategic games" that characterize the process of governance as a process of social construction of reality. The process of governance, therefore, looks like a general frame which has few, blurred requirements of a map, to be followed by actions that resemble a path to open along the way and not a track on predetermined rails. In this perspective each pattern of corporate governance shows the coding of a social and political negotiation and, at the same time, the crystallization of certain power relations among local individual or coalitional actors. The actors evaluate, select, and use these patterns depending on the objective to be pursued. Each pattern, in fact, is not merely a technical vehicle for governance but underlies a symbolic dimension and a political dimension that, in concrete, produces asymmetric consequences among different local interests. Moreover, once adopted a pattern, the actors, with respect to their perception of the constraints and opportunities resulting from its adoption indefatigably work to limit its effectiveness or adapt its consequences. On one hand, the adoption of a pattern of governance creates a push toward the institutionalization; on the other hand, it triggers new power strategies (actions) through which the actors try to become the masters of the game.

These considerations invite us to overcome the temptation to obtain an explanation model of the dynamics of governance and, finally, maybe a general theory of governance. The process of governance is not the result of a specific cause, is not induced by any objective set of resources or constraints, and cannot be abstractly planned. On the contrary, it is a political and institutional process among the actors, different and divergent stakeholders, working strategically to obtain resources within the constraints generated into the institutional framework.

| Unified approach | | Situationist view |
|---|---|---|
| The organization is a predetermined system with respect to the actors<br>The organization is reified, as a strategic actor itself, with a proper strategic thinking | | The organization is a concrete system built by the actors<br>The organizations do not exist as strategic actors |
| Top-down perspective (board of designers) | Bottom-up perspective (self-organization) | |
| Governance is a rational process, driven by a small group of people, oriented to optimize the value of the system with the aim to pursuit the common good | Governance is a spontaneous process that generates order through which the organization goes toward higher levels of complexity both in terms of organizational structure and operations | Governance is a process of negotiation and conflict among different bundles of interests in which actors (individual or coalitional) pursue a mutually acceptable outcome |
| Power is a strength, particularly: A has power over B to the extent that he can get B to do something that B would not otherwise do. Power is also defined as the ability of an individual or group to achieve their own goals or aims when others are trying to prevent them from realizing them | The concept of power itself tends to blur; the organization evolves according to its organic life cycle | Power is an exchange value and can be defined as the set of processes by which certain actors (individuals or coalitions) interact, cooperating and/or conflicting in a complex social work of construction of fields of strategic action |

Source: our elaboration

## Conclusion: Power and Institutional Dynamics about Model of Governance

Through these lenses, the process of governance becomes a result of a power game based on continuous individual and coalitional strategies. Communication and negotiation processes structure a protempore local order, that is, at the same time, product and constraint of human interaction. Putting these different lenses on, a deep pattern of political actions comes in evidence, aiming at protecting the interests of specific coalitions but systematically communicated as functional to the harmonious development of the organization in order to pursue "common good."

The protempore dominant coalition works to give an identity to the organization, helpful to a looked-for positioning and to the acknowledgment of the role of collective actor in a wider institutional framework. In this institutional work (Lawrence and Suddaby 2005), this coalition in pursuit of legitimacy and consistency with the institutional framework tries to connect with the key players, evaluates the available options, and chooses a path rather than another based on the opportunities that aims to catch.

The available options are undoubtedly influenced by certain characteristics of the environment, but the strategic choice of a specific development path is the result of political and institutional games among the actors who later on, in a justificatory perspective, build a coherent and rational story that strengthens – or weakens – the social construction of corporate vision and mission.

The objective character of some strategic decisions fades. It rather appears as a social construct, emerging from a complex institutional work in which specific strategies of power and communication are compared (Cyert and March 1963).

Once erected and appropriately justified, a certain model of governance becomes a specific dimension of meaning for the actors, who are pressured to conform their behavior to gain legitimacy and not be excluded from local practices of distribution of value (funds, institutional roles, etc.). In this perspective, a model of governance, like any other form of social construct, is an instrument of power – cognitive, semantic, and cultural – through which it is possible to steer the behavior of the actors and the dynamics of business development.

For example, the opportunity to obtain some funds for a department project, linked to a certain model of governance, applies a pressure with respect to middle management choices and increases the degree of institutional thickness toward the model of governance embedded in those plans, generating the well-known phenomenon of self-fulfilling prophecy (Merton 1948). Through these processes of isomorphism, strategic actors reinforce the model of governance. Macrolevel (model of governance as a social construct) and microlevel (individual or coalitional strategies and power dynamics) are inextricably intertwined.

In other terms, once institutionalized, a certain model of governance generates and endorses socially correct beliefs and practices, becoming a rationalized myth (Meyer and Rowan 1977). A rationalized myth is a powerful taken-for-granted rule or belief system that embodies stories about cause and effect and successful solutions to problems. It appears rational because it specifies what the actors must do to be efficient, but it's a myth because its effectiveness depends on the fact that it is widely shared rather than inherently correct (Scott 1983). A rationalized myth is expressed in various forms: classifications, evaluation criteria, performance criteria, quality or environmental standards, product standards, contracts, and so on. A rationalized myth challenges the notion of an objective rationality, arguing that concepts of rationality are socially constructed by widely accepted norms and patterns of behavior.

On the other hand, rationalized myths are not immutable but constantly changing: the actors (individual or coalitional) continuously challenge a certain model of governance – which obstructs or damages their interests – to build a new, different one, where they could have wider degrees of freedom. The potential for change depends on the degree of cultural persistence. In particular, there are three fundamental aspects to understand: generational uniformity of cultural understandings, maintenance of these understandings, and resistance of these understandings

to change (Zucker 1977). The higher is the degree of objectivity and exteriority of a rationalized myth, the more effective will be the transmission of cultural values to the actors and the smaller the potential for change and the probability of break-up of the institutional framework.

In the situationist perspective, a model of governance provides a temporary general screenplay to the actors. In relation to this screenplay, coherent scripts are written (vision, mission, strategic plan, development projects, etc.) emphasizing some aspects rather than others. Roles, behavioral expectations, schemes, and procedures emerge to regulate the relationship among the actors.

## References


Barley SR, Tolbert PS (1997) Institutionalization and structuration: studying the links between action and institution. Organ Stud 18(1):93

Beer S (1966) Decision and control. The meaning of operational research and management cybernetics. Wiley, Chichester

Beer S (1967) Cybernetics and management, 2nd edn. English University Press, London

Berger PL, Luckmann T (1966) The social construction of reality. Doubleday and Co, Garden City/New York

Bertalanffy L v (1968) General system theory. Foundations, development, applications. Braziller, New York

Bonazzi G (2000) Presentazione. In: Powell WW, DiMaggio PJ (eds) Il neoistituzionalismo nell'analisi organizzativa. Edizioni di Comunità, Torino

Burns T, Stalker GM (1961) The Management of Innovation. Tavistock, London

Burrell G, Morgan G (1979) Sociological paradigms and organizational analysis. Heinemann, London

Crozier M, Friedberg E (1978) Attore sociale e sistema. Etas Libri, Milano

Cyert RM, March JG (1963) A Behavioural theory of the firm. Prentice Hall, Englewood cliff

Dahl R (1957) The concept of power. Behavioural Science 2(3):201

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. In: Powell WW, DiMaggio PJ (eds) (1991). The new institutionalism in organizational analysis. The University of Chicago press, Chicago

Friedberg E (1994) Il potere e la regola. Dinamiche dell'azione organizzata. Etas Libri, Milano

Garfinkel H (1967) Studies in ethnomethodology. Prentice Hall, Englewood cliffs

Giddens A (1984) The constitution of society. Outline of the theory of structuration. University of California Press, Berkeley

Hayek FAV (1989) The pretense of knowledge. Am Econ Rev 79(6):3–7

Lawrence P, Lorsch J (1967) Differentiation and integration in complex organizations. Adm Sci Q 12:1

Lawrence TB, Suddaby R (2005) Institutions and institutional work. In: Handbook of organization Studies. SAGE, London

Maggi B (1990) Note epistemologiche. In: Maggi B (ed) Razionalità e benessere. Studio interdisciplinare dell'organizzazione. Etas, Milano, pp 186–190

March JG (1994) A primer on decision making. How decisions happen. The Free Press, New York

Mastroberardino P (ed) (2006) Lobbying. Agire tra vincoli. Edizioni Scientifiche Italiane, Napoli

Mastroberardino P (2010) La governance del sistema impresa tra istituzionalizzazione e azione del soggetto imprenditoriale. Dermatol Sin 81:135–171

Mastroberardino P, Calabrese G (2013) Ripensare l'epistemologia dell'impresa. Razionalità indebolita, potere, quadro istituzionale. In: Annali 2012–2013 dell'Università Telematica G. Fortunato. Giappichelli Editore, Torino, pp 349–380

Mastroberardino P, Calabrese G, Cortese F (2013) La vocazione territoriale come mito razionalizzante. Dermatol Sin 91:103–119

Mead GH (1934) Mind, self and society. The University of Chicago Press, Chicago

Merton RK (1948) The self-fulfilling prophecy. Antioch Review 8:193–210

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. In: Powell WW, DiMaggio PJ (eds) (1991). The new institutionalism in organizational analysis. The University of Chicago Press, Chicago

Morin E (1990) Introduction à la pensée complexe. Edition du Seuil, Paris

Ogien A, Quéré L (2005) Le vocabulaire de la sociologie de l'action. Ellipses, Paris

Pfeffer J (1981) Power in organizations. Ballinger Publishing Company, Cambridger

Powell WW, DiMaggio PJ (eds) (1991) The new institutionalism in organizational analysis. The University of Chicago press, Chicago

Prigogine I, Stengers I (1981) The new alliance: metamorphosis of science. Cambridge University Press, Cambridge

Pruitt DG (1981) Negotiation behavior. Academic Press, New York

Scott WR (1981) Organizations. Rational, natura1 and open systems. Prentice-Hill, Englwood Clifds

Scott WR (1983) Unpacking institutional arguments. In: Powell WW, DiMaggio PJ (eds) (1991). The new institutionalism in organizational analysis. The University of Chicago Press, Chicago

Searle J (1995) The construction of social reality. The Free Press, New York

Sparti D (2002) Epistemologia delle scienze sociali. Il Mulino, Bologna

Thompson JD (1967) Organizations in action. Social sciences bases of administrative theory. McGraw Hill, New York

Weber M (1978) Economy and society. An outline of interpretative sociology. University of California Press, Berkeley
Zucker LG (1977) The role of institutionalization in cultural persistence. In: Powell WW, DiMaggio PJ (eds) (1991). The new institutionalism in organizational analysis. The University of Chicago Press, Chicago

# Governance and Professionalism

Domenico Salvatore[1] and Dino Numerato[2]
[1]Department of Accounting, Economics and Organization, Università degli Studi di Napoli "Parthenope", Naples, Italy
[2]Department of Sociology, FSV, Charles University in Prague, Prague, Czech Republic

## Synonyms

Professional control; Professional governance; Professional self-regulation

## Definition

Professionalism is a form of governance that is often used to organize and control work performed by occupations with specialized competencies, skills, or knowledge and the ability to provide society with especially important services. Professionals are able to organize and control their own work thanks to a set of interconnected institutions providing economic support and social organization.

## Introduction

Organizational theory uses the term "professionalism" to explain how the work of specific occupational groups is organized and controlled. Doctors, nurses, lawyers, advocates, teachers, social workers, and journalists are typical examples of occupational groups whose work is organized and controlled through the logic of *professionalism*. To distinguish professionalism from managerial and bureaucratic forms of governance, Freidson (2001) defines this form of social control, professionalism, as a "third logic": "Professionalism may be said to exist when an organized occupation gains the power to determine who is qualified to perform a defined set of tasks, to prevent all others from performing that work, and to control the criteria by which to evaluate performance" (Freidson 2001, p. XI).

From a functionalist perspective, professionalism emerges as a superior form of governance when (1) the job is based on technical (not scientific) knowledge acquired only through long prescribed training and (2) the professionals adhere to a set of professional norms (Wilensky 1964, p. 138).

From this perspective, the professional autonomy of workers using complex technical knowledge descends from the ineffectiveness of bureaucracies and markets in overseeing professional work. Unlike market-based and bureaucratic models of governance, professionalism represents a primarily non-hierarchical model of governance. Hence, professionalism is based on collegial relations, skills, competencies, and expertise, on shared social identities, professional values, and moral obligations (Evetts 2003). Markets and bureaucracies are two ineffective modes of control for work that requires a vast body of highly specialized knowledge; this work is also complex in the sense that it cannot be formalized in complete written procedures, because it relies on the application of complex tacit knowledge to specific situations. Neither clients nor bureaucrats can master the complex knowledge needed to evaluate ex ante or ex post what is the best decision in a specific work situation involving complex and tacit technical knowledge. Under this contingency, social control of work requiring professional autonomy can only be left to the professional community of workers performing that specific kind of work. To execute such control, the professional community sets up a set of interconnected social, cultural, and economic institutions to monitor, evaluate, and discipline the professional behavior of each member. Professional associations, certifications, licensure, conferences, professional standards, and professional ethics are examples of such institutions.

As stated by Noordegraaf (2007, p. 766), "Professional associations determine who is 'in' and who is 'out' and what professionals ought to do; when professionals do things, they reinforce professional associations. As content and control reinforce each other, classic professionalism is a matter of controlled content that sets professional work apart from nonprofessional work. This occupational closure is a matter of both functional, as well as social closure; it is about membership criteria as well as professional identity."

On the one hand, social control of professionals happens in professionalism-based governance arrangements through what Ouchi calls *clan control*, a "relatively complete socialization process which effectively eliminates goal incongruence between individuals" (Ouchi 1979, p. 833). Long training processes and professional closure have two functions; they serve to transmit complex technical knowledge and to socialize occupational workers through a set professional norms (Kendall et al. 1957; Salvatore 2006). Professional norms, ethics, and best practices aim at guaranteeing that the members of the profession act in the interest of their clients even when the client is unable to effectively control the work of the professional (Carr-Saunders and Wilson 1933; Goode 1957). From this perspective, the elevated economic and social status traditionally enjoyed by professionals has the function of letting professional workers focus on the client's interest rather than having to worry about their own mundane financial needs (Konzelmann et al. 2007).

On the other hand, professionalism happens when, at the collective level, an organized occupation gains the power to determine who is qualified to perform a defined set of tasks, to prevent all others from performing that work, and to control the criteria by which to evaluate performance (Freidson 2001, p. XI). This power ultimately depends on the power of the State, because it emerges and is maintained through laws and regulations passed by law- and policy-makers who support the occupation's quest for self-control (Sarfatti-Larson 1978).

The "third logic" of professionalism therefore requires the bureaucratic logic of public authority in order to operate: the State protects the tasks in the profession's jurisdiction from those outside the profession using its laws and law-enforcement institutions. Moreover, professionalism alters the governance mechanisms that are typical of markets and bureaucracies, but it is not entirely an alternative logic: professionals either are self-employed (i.e., in market arrangements) or work in public, private, or private not-for-profit organizations (i.e., in bureaucratic arrangements).

## The Rise of Professionalism

Some of the characteristics of contemporary professions may be traced back to eleventh-century Europe, when a great movement toward associations of workers (e.g., doctors, teachers, merchants, or craftsmen) created institutions such as guilds and corporations in order to defend their tasks from those outside the occupational community (Carr-Saunders and Wilson 1933, p. 289).

Magali Sarfatti-Larson (1978) describes the *professional projects* of occupational groups aimed at establishing their professional status with the support of the State and of corporate capitalism. Rather than taking a functionalist perspective, she focused on social mobility, power, and inequality and examined how occupations organized themselves to attain market power in the nineteenth and twentieth centuries in England and in the United States. From this perspective, she shows that professional knowledge is a "crucial element in the structure of modern inequality and professionalism appears *also* as a collective assertion of special social status and as a collective process of upward social mobility" (Sarfatti-Larson 1978, p. xvi).

The rise of professionalism as a form of governance of a specific economic activity, therefore, depends on the (ever-changing) nature of knowledge used in the activity and on the success of the collective action of an occupational group in having its professional project recognized by the wider society and by the law.

Professional groups claim jurisdiction over the use of a specific set of expert knowledge to gain

status from the public, but they also pursue intra-professional status; the result of the actions of these groups is a complex *system of professions* (Abbott 1988) defining the set of tasks reserved for each group and the status of each group compared to that of other professional groups.

## De-professionalization

Professionalism has recently been exposed to significant changes and subjected to external influences. In a sense, professions have increasingly been governed. In other words, we can speak about a move from the governance *through* professionalism to the governance *of* and *through* professionalism. Occupations' new and existing professional projects face many obstacles in obtaining or preserving their professional status. Professional self-regulation has come under critical scrutiny in many different contexts, and the word *de-professionalization* has been used to label a set of phenomena leading to the diminished monopoly of tasks in the professional jurisdiction, autonomy in work performance, or authority over clients (Haug 1988).

A threat to professional projects is the rising level of public schooling and computerized access to information, which may erode the monopoly of esoteric knowledge as a basis for professional autonomy (Haug 1988). Education and the availability of information contribute to the de-professionalization of occupations by changing the professions' monopoly over knowledge and increasing clients' power.

Moreover, from an economic perspective, professional licensing artificially restricts the supply of services and raises prices (Friedman and Kuznets 1954). Indeed, many critics charge that professional self-regulation inhibits competition, is unable to regulate transnational work effectively, and facilitates professional misconduct (Adams 2016, p. 70). The "new public management" (NPM) movement, with its focus on making serving provision more efficient and effective through the introduction of competition and managerialization, is most often seen as the main driver of changes to the organization of professional work. These processes inspired the introduction of the notion of hybrid professionalism (Noordegraaf 2007).

## Future Perspectives

Managerialization of professional work has drawn attention from scholars of NPM-based reform, and an ontological *clash of cultures* (Raelin 1986) between professionalism and managerialism has been posited, on the grounds that a core characteristic of professionalism is that members of a profession use their autonomy in the best interests of their clients, whereas a core characteristic of managerialism is a concern with efficiency. Recent studies suggest that scholars should move away from this binary approach to acknowledge a more nuanced perspective (McDonald 2015; Numerato et al. 2012), because reviews of empirical studies show that strategic adaptation, cooptation, and negotiation among the two logics of managerialism and professionalism are much more frequent than hegemony and resistance. Many authors have described the hybridization processes of professionals in managerial roles (Kitchener 2000; Noordegraaf 2007; Kuhlmann et al. 2013; Spyridonidis et al. 2014; Thomas and Hewitt 2011; Thomson et al. 2014), suggesting that managerialism and professionalism should be viewed more as overlapping discourses than as competing logics (Olakivi and Niska 2017; Toren 1976).

Moreover, further research will examine the scenarios of collaborative, networked, and highly dynamic professional communities. Market and organizational pressures will not necessarily be seen as principles, which are averse to the logics of professionalism. On the contrary, market and hierarchy have recently been viewed as vehicles that stimulate collaborative and frequently multidisciplinary work with possibly innovative outcomes (Adler et al. 2008). We can expect that further perspectives will also critically examine their performance of selected clusters of clients, customers, and citizens who are knowledgeable

about various aspects of professional work. In this regard, professionalism faces not only the challenge of managerialism but also the challenge of critical public involvement. The voice of citizens is heard thanks to emerging institutional arrangements and deliberative public policy. In this vein, professionalism will listen to the citizens' voice (Renedo et al. 2018). Finally, the role of digital technologies in these processes will be explored. Digital technologies not only enhance the collaborative professional communities but can also increasingly serve as bridges between professional communities and clients who benefit from professional services.

## Cross-References


- ▶ Professional Ethics
- ▶ Social Work and Governance
- ▶ Workplace Relevance of Professional Standards to Practitioners


## References


Abbott A (1988) The system of professions: an essay on the division of expert labor. University of Chicago Press, Chicago

Adams TL (2016) Self-regulating professions: past, present, future: table 1. J Prof Organ 11(6):jow004. https://doi.org/10.1093/jpo/jow004

Adler P, Kwon S, Hecksher C (2008) Professional work: the emergence of collaborative community. Organ Sci 19:359–376

Carr-Saunders AM, Wilson PA (1933) The professions. Clarendon Press, Oxford

Evetts J (2003) The sociological analysis of professionalism: occupational change in the modern world. Int Sociol 18(2):395–415

Freidson E (2001) Professionalism: the third logic. University of Chicago Press, Chicago

Friedman M, Kuznets S (1954) Income from independent professional practice. National Bureau of Economic Research, New York

Goode WJ (1957) Community within a community: the professions. Am Sociol Rev 22(2):194–200

Haug MR (1988) A re-examination of the hypothesis of deprofessionalisation. Milbank Q 66(Suppl 2):48–56

Kendall PL, Merton RK, Reader GG (1957) The student-physician introductory studies in the sociology of medical education. Harvard University Press, Cambridge, MA

Kitchener M (2000) The 'bureaucratization' of professional roles: the case of clinical directors in UK hospitals. Organization 7(1):129–154

Konzelmann SJ, Wilkinson F, Mankelow R, Konzelmann SJ, Wilkinson F, Mankelow R (2007) Work intensification and employment insecurity in professional work. Working paper. Centre for Business Research, Cambridge, UK

Kuhlmann E, Burau V, Correia T, Lewandowski R, Lionis C, Noordegraaf M, Repullo J (2013) "A manager in the minds of doctors": a comparison of new modes of control in European hospitals. BMC Health Serv Res 13(1):246. https://doi.org/10.1186/1472-6963-13-246

McDonald R (2015) Beyond binaries: reflections and a suggestion on the subject of medical professional satisfaction. Prof Professionalism 5(1)

Noordegraaf M (2007) From "pure" to "hybrid" professionalism: present-day professionalism in ambiguous public domains. Adm Soc 39(6):761–785

Numerato D, Salvatore D, Fattore G (2012) The impact of management on medical professionalism: a review. Sociol Health Illn 34(4):626–644

Olakivi A, Niska M (2017) Rethinking managerialism in professional work: from competing logics to overlapping discourses. J Prof Organ 4(1):20–35. https://doi.org/10.1093/jpo/jow007

Ouchi WG (1979) A conceptual framework for the design of organizational control mechanisms. Manag Sci 25(9):833–848

Raelin JA (1986) The clash of cultures: managers and professionals. Harvard Business School Press, Boston

Renedo A, Komporozos-Athanasiou A, Marston C (2018) Experience as evidence: the dialogic construction of health professional knowledge through patient involvement. Sociology 52(4):778–795. https://doi.org/10.1177/0038038516682457

Salvatore D (2006) Physician social capital: its sources, configuration, and usefulness. Health Care Manag Rev 31(3):213–222

Sarfatti-Larson M (1978) The rise of professionalism: a sociological analysis. University of California Press, Los Angeles

Spyridonidis D, Hendy J, Barlow J (2014) Understanding hybrid roles: the role of identity processes amongst physicians. Public Adm 93:395–411

Thomas P, Hewitt J (2011) Managerial organization and professional autonomy: a discourse-based conceptualization. Organ Stud 32(10):1373–1393

Thomson I, Grubnic S, Georgakopoulos G (2014) Exploring accounting-sustainability hybridisation in the UK public sector. Acc Organ Soc 39:453–476. Department of Accounting Economics and Finance, Heriot-Watt University, United Kingdom

Toren N (1976) Bureaucracy and professionalism: a reconsideration of Weber's thesis. Acad Manag Rev 1(3):36–46

Wilensky HL (1964) The professionalization of everyone? Am J Sociol 70(2):137–158

# Governance and Public Administration

Sadik Hasan
Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

## Synonyms

Governance; Government; Public Administration

## Introduction

Governance and public administration are two key issues, which can be described as two sides of a coin. These two concepts are intertwined through another one – government. The traditional use of "governance" and its dictionary entry define it as a synonym for "government" signifying the exercise of authority over a territory or system, or in an institution, a state, or an organization (Stoker 1998). Governance, to Badun (2004), "refers primarily to government, and one of the pillars of government is public administration." Yet the growing work on governance comprises a variation in its use and construction. It would not be far from truth to say that in recent times "governance" has become a buzzword, replacing commonplace "government."

## Governance: Meaning

The concept of governance draws attention of different sets of stakeholders, e.g., social scientists, donor agencies, philanthropists, and civil society, who have come up with their own understandings of the concept. Such attempts have made it a bit difficult to agree on a universal definition of governance.

The situation can be understood from the words of Kohler-Koch and Rittberger (2006) when they opine that the conceptualization of governance still faces "confusion." For Pierre and Peters (2000), the concept of governance is "notoriously slippery," while Schneider (2004) views the conceptual vagueness of governance as the "secret of its success."

However, the attempts to conceptualize governance produce two major perspectives: the aid agency-driven perspective and the academic perspective (Haque 2011). State-market relations and technical issues like better management, state capacity both in policy formulation and facilitating implementation, etc. are the focus of the aid agency-driven perspective. On the other hand, academic perspective concentrates on "developing a better understanding of different ways in which power and authority relations are structured in different contexts" (Haque 2011). Despite that, the conceptualization of the term seems inconsistent as it has generated various definitions and meanings as discussed below.

To Jon Pierre (2000), "governance refers to sustaining coordination and coherence among a wide variety of actors with different purposes and objectives". For Hirst (2000), "governance can be generally defined as the means by which an activity or ensemble of activities is controlled or directed, such that it delivers an acceptable range of outcomes according to some established standard."

Institute on Governance (2018) in Canada offers a general definition of governance by saying that "governance is how society or groups within it, organize to make decisions." Beate Kohler-Koch (1999) relates governance to the process of policy-making. Adrienne Heritier (2002) defines governance as a "mode of political steering."

Pierre and Peters (2000) focusing on state observe: "governance relates to changing relationships between State and society and a growing reliance on less coercive policy instruments. . .the State is still the centre of considerable political power." To Rhodes (1996), governance signifies "a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed."

Lynn et al. (2000) provide a substantive definition of governance: "[as the] regimes of law, administrative rules, judicial rulings, and

practices that constrain, prescribe, and enable government activity, where such activity is broadly defined as the production and delivery of publicly supported goods and services." This definition indicates that distinct but interrelated elements formed governance. These elements include organizational, financial, and programmatic structures; statutes and laws; policy mandates; available resources; administrative rules; and institutionalized rules and norms. For Frederickson and Smith (2003), "the combined elements that make up Lynn et al.'s concept of governance are argued to describe the ends and means of governmental activity and how these ends and means connect."

Stoker (1998) also provides a detail definition of governance as five propositions of governance: "governance refers to a set of institutions and actors that are drawn from but also beyond government; governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues; governance identifies the power dependence involved in the relationships between institutions involved in collective action; governance is about autonomous self-governing network of actors; governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide." These propositions indicate the "need for a collaborative action involving the state, market and civil society" (Thynne 2000).

After the World War II, Bretton Woods Institutions, i.e., the World Bank and the International Monetary Fund, promoted their own model of governance as a precondition of lending loan. Another international organization, United Nations Development Program, also promoted a theoretical framework of governance for both developed and developing nations. Moreover, aid-agency perspective of governance theme received a momentum after the disintegration of Soviet Union and the fall of communist rule in the Central and Eastern Europe in 1989–1992 (UNESC 2006).

In this context, the World Bank (1989) defines governance as the "...exercise of political power to manage a nation's affairs." In another definition, the World Bank (1992) observes, "...use of power in management of a country's economic and social resources for development." This definition incorporates the nature of functioning of a state's institutional and structural arrangements, decision-making processes, policy formulation, implementation capacity, information flows, effectiveness of leadership, and the nature of the relationship between rulers and the ruled (Landell-Mills and Serageldin 1991).

United Nations Development Program (UNDP 1997) defines governance as "the exercise of political, economic, and administrative relationships, and institutions through which citizens and groups articulate their interests, exercise their rights and obligations and mediate their differences." This definition focuses on three key domains of governance: the state (political and governmental institutions), civil society organizations, and the private sector (Farazmand 2013).

The Asian Development Bank (1995) also provides its own definition: governance is "the manner in which power is exercised in the management of a country's economic and social resource for development." Here, the focus is on management of the development process, involving both the public and private sectors. International Monetary Fund (2017) describes governance as a "broad concept covering all aspects of how a country is government, including its economic policies, regulatory framework, and adherence to rule of law."

Lastly, combining most of these definitions, Frederickson (2007) opines that governance is: the way government gets its jobs done; structure of political institutions; shift from bureaucratic state to the hollow state or to third party government; market-based approaches to government; the development of social capital, civil society, and high levels of citizen participation; the work of empowered, muscular, risk-taking entrepreneurs.

## Public Administration: Meaning

The literature on public administration find a wide variety of definitions of the term. Perhaps

"the rapid growth in the twentieth century of public administration, which today seems to be encompassing" is one of the major difficulties of arriving at a precise and universally accepted definition (Stillman II 1996). Some view public administration in the executive branch of government providing a narrower traditional approach while some believe public administration has some responsibilities in formulating governmental policies, besides executing them reflecting the modern approach. Despite that, the following definitions are noteworthy in defining the discipline:

To John J Corson and J P Harris, "Public administration. . .is the action part of government, the means by which the purposes and goals of government are realized."

Dwight Waldo observes: "The process of public administration consists of the actions involved in effecting the intent or desire of a government. It is thus the continuously active, 'business' part of government, concerned with carrying out the law, as made by legislative bodies (or other authoritative agents) and interpreted by the courts, through the processes of organization and management."

According to James W Fesler, "Public administration is policy execution and also policy formulation."

For Felix and Lloyd Nigro, "Public administration: (a) is a cooperative group effort in a public setting; (b) covers all three branches—executive, legislative and judicial—and their interrelationships; (c) has an important role in the formulation of policy, and is thus part of the political process; (d) is different in significant ways from private administration; and (e) is closely associated with numerous private groups and individuals."

Besides, international agency like UNDP (2003) views that public administration has two closely related meanings: (a) the aggregate machinery (policies, rules, procedures, systems, organizational structures, personnel, etc.) funded by the state budget and in charge of the management and direction of the affairs of the executive government, and its interaction with other stakeholders in the state, society, and external environment; and (b) the management and implementation of the whole set of government activities dealing with the implementation of laws, regulations, and decisions of the government and the management related to the provision of public services.

However, to understand the present status of public administration as a discipline, it is useful to have a look into its development in historical perspectives. Nicholas Henry (2012) has described the development of public administration through six overlapping paradigms: (a) Paradigm 1: The Politics/Administration Dichotomy (1900–1926); (b) Paradigm 2: The Principles of Administration (1927–1937); The challenge (1938–1947) and Reaction to the Challenge (1947–1950) (c) Paradigm 3: Public Administration as Political Science (1950–1970); (d) Paradigm 4: Public Administration as Administrative Science (1950–1970); (e) Paradigm 5: Public Administration as Public Administration (1970–present); and (f) Paradigm 6: Governance (1990–present). As Golembiewski (1977) opined, these six paradigms of public administration may be characterized and understood in terms of their *locus* (institutional "where" of the field) and *focus* (specialized "what" of the field).

## Governance and Public Administration: Supplementing or Supplanting?

Governance and public administration are as old as human civilizations, and Rhodes (2000) has identified seven applications of governance in the domain of public administration. These are: the new public management or managerialism; good governance, as in efficiency, transparency, meritocracy, and equity; international and interjurisdictional interdependence; nongovernment-driven forms of sociocybernetic systems of governance; the new political economy, including shifting from state service provision to the state as regulator; and networks.

Even then the domains of academics and practitioners are witnessing the rise of a worldwide trend of replacing governance with public administration (Farazmand 2013). To be specific, industrialized democracies have undergone a basic change in terms of purposes and methods of government during the last quarter century. Elements

like "increasing deficits, economic stagnation, disenchantment with the intermittently met promises of the welfare state, and a general sense that government was encroaching on individual liberty" have played key role in producing this change (Frederickson and Smith 2003). Frederickson and Smith (2003) opine that these changes, however, raised questions about the scope and nature of public administration, both as an academic discipline and practice, and existing theories of public administration as they redesigned the core concepts of the discipline. Thus, administrators are to shift from the bureaucratic state to what is called the "hollow state" (UNESC 2006). Hollow State is a metaphor for government that contracts out public service to network of nonprofit organizations and reduces government's role as a direct supplier of public goods (Milward and Provan 2000).

According to Frederickson and Smith (2003), "The hollow state literally redefines what the "public" in public administration means. At a minimum, the definition of public must now include a broad variety of institutions and organizations traditionally considered outside the realm of government, as well as the relationships these organizations have with each other and with policymaking authorities." Frederickson and Smith assert further that, with more emphasis on governance, "the administrative state is now less bureaucratic, less hierarchical and less reliant on central authority to mandate action. Accountability for conducting the public's business is increasingly about performance rather than discharging a specific policy goal with the confines of the law." Moreover, American Society for Public Administration (ASPA) conference of 2012 adopted "governance" as a major thematic area reflecting the growing use of "governance" in the scholarly literature of public administration (Farazmand 2013).

However, Farazmand (2013) raises question about this trend of replacement: "The contemporary shying away from, or hesitation with, the use of the traditional public administration concept, and the more inclusivity of governance may have some advantages, but they also raise problems or confusion—for example, like management, governance applies to corporate and business governance, and should we not use the prefixes of 'public' or 'private' governance—we should."

Despite that, this expansion of scholarly domain of public administration reflects as the growing interest on the concept of governance (Frederickson and Smith 2003). To Frederickson and Smith (2003), "The linguistic morphing of public administration into the study of governance acknowledges the new realities of the administrative state and is argued by some to herald a new and theoretical orientation for the discipline." As for example, Garvey (1997) uses the concept of governance to distinguish between a theory built on the politics-administration dichotomy and a new theory based on understanding the diffuse networks increasingly responsible for providing public service. Frederickson and Smith (2003) opine that such concepts of governance expand and complicate the challenge of developing public administration theory.

Although the need for public administration theory to clarify the changes in the role and practice of government is recognized, it is uncertain whether a theory of governance would be able to meet this challenge. Frederickson and Smith (2003) assert that "the Weberian model of bureaucracy and management are undoubtedly less relevant to public administration than they once were, yet they remain a sharper set of intellectual tools that the still-fuzzy concept of governance." However, it is seen that various literature of public administration nowadays lack the definition of the term "governance" and perhaps the reason for that it is understood naturally and intuitively (Osborne and Gaebler 1992).

Finally, the lack of universal definition makes governance a recognition of the empirical reality of changing times that it is a body of comprehensible theory. Yet, some believe in the potential of governance to reshape public administration as an academic discipline as inevitable (Frederickson and Smith 2003).

## Concluding Remarks

The concepts of governance and public administration have received unprecedented attention in contemporary literature. However, it seems there

is no consensus as to what they mean. Some view these concepts as synonymous while some like to keep a line between them. The nature of relation between governance and public administration – supplementing or supplanting – depends solely on the potentials of the dominant themes in the governance debate to provide the theoretical tools required to comprehend and explain public administration in today's context.

## References


Asian Development Bank (1995) Governance: sound development management. Asian Development Bank, Manilla

Badun M (2004) Governance and public administration in the context of Croatian accession to the European Union. In: Ott K (ed) Croatian accession to the European Union: institutional challenges. Institute of Public Finance and Friedrich Ebert Stiftung, Zagreb

Farazmand A (2013) Governance in the age of globalization: challenges and opportunities for south and southeast Asia. Public Organization Review 13:349–363

Frederickson HG (2007) Whatever happened to public administration? Governance, governance everywhere. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Frederickson HG, Smith KB (2003) The public administration theory primer. Westview Press, Boulder, Colorado

Garvey G (1997) Public administration: the profession and the practice. St. Martin's Press, New York

Golembiewski RT (1977) Public administration as a developing discipline, part 1: perspectives on past and present. Marcel Dekker, New York

Haque STM (2011) The normative roots of governance theories: prospects and challenges from Bangladesh perspective. In: Jamil I, Aminuzzaman SM, Askvik S, Haque STM (eds) Understanding Governance & Public Policy in Bangladesh. MPPG Program, North South University, Dhaka

Henry N (2012) Public administration and public affairs. Routledge, London

Heritier A (2002) New modes of governance in Europe: policy-making without legislating? In: Heritier A (ed) Common goods: reinventing European and international governance. Rowman & Littlefield, Lanham

Hirst P (2000) Democracy and governance. In: Pierre J (ed) Debating governance: authority, steering and democracy. Oxford University Press, New York

Institute on Governance (Canada) (2018) What is governance? Institute on Governance. Retrieved from https://iog.ca/what-is-governance/. Accessed on 20 Mar 2018

International Monetary Fund (2017) IMF and good governance. Retrieved from http://www.imf.org/en/About/Factsheets/The-IMF-and-Good-Governance. Accessed on 20 Mar 2018

Kohler-Koch B (1999) The evolution and transformation of European governance. In: Kohler-Koch B, Eising R (eds) The transformation of governance in the European Union. Routledge, London

Kohler-Koch B, Rittberger B (2006) Review article: the 'governance turn' in EU studies. J Common Mark Stud 44(S1):27–49

Landell-Mills P, Serageldin I (1991) Governance and the external factor. World Bank, Washington DC

Lynn L Jr, Heinrich C, Hill C (2000) Studying governance and public management: why? How? In: Heinrich C, Lynn LE Jr (eds) Governance and performance: new perspectives. Georgetown University Press, Washington DC

Milward HB, Provan K (2000) How networks are governed. In: Heinrich C, Lynn LE Jr (eds) Governance and performance: new perspectives. Georgetown University Press, Washington DC

Osborne D, Gaebler T (1992) Reinventing government. Addison-Wesley, Reading

Pierre J (2000) Debating governance: authority, steering, and democracy. Oxford University Press, New York

Pierre J, Peters GB (2000) Governance, politics and the state. St. Martin's Press, New York

Rhodes RAW (1996) The new governance: governing without government. Political Studies 44:652–667

Rhodes RAW (2000) Governance and public administration. In: Pierre J (ed) Debating governance: authority, steering, and democracy. University of Oxford Press, Oxford

Schneider V (2004) State theory, governance and the logic of regulation and administrative control. In: Warntjen A, Wonka A (eds) Governance in Europe. Nomos, Baden-Baden

Stillman RJ II (1996) Public administration: concepts and cases. Houghton Mifflin Company, Boston

Stoker G (1998) Governance as theory: five propositions. Int Soc Sci J 50(155):17–28

Thynne I (2000) The state and governance: issues and challenges in perspective. Int Rev Adm Sci 66(2):227–240

UNDP (1997) Reconceptualizing governance. Discussion Paper 2. United Nations Development Program, New York

UNDP (2003) Public administration reform: practice note. United Nations Development Program, New York

United Nations Economic and Social Council (2006) Definition of basic concepts and terminologies in governance and public administration. United Nations Economic and Social Council, New York. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan022332.pdf. Accessed on 2 Feb 2018

World Bank (1989) From crisis to sustainable growth: the long-term perspective study on sub-Saharan Africa. World Bank, Washington DC

World Bank (1992) Governance and development. World Bank, Washington DC

# Governance and Punishment

Sultana Jahan
Stamford University Bangladesh, Dhaka, Bangladesh

## Synonyms

Bangladesh; Justice; Penal governance

## Introduction

Governance is "the process of decision-making and the process by which decisions are implemented (or not implemented)." Governance in the context of penal policies is a matter of adjudications and execution of the criminal justice system of any state and execution of such adjudication through proper punishment if any. From the very emergence of the institutions whatever in nature in early age of civilization, governance was there for proper functioning of those very actions of the institution (society or state). Theoretically, punishment oriented in the society to prevent the crime, by its preventive and deterrent way, and to a greater extent for reaching the people's sentiment was retributive in nature (Code of Hammurabi); but always the state or government was and is very much authoritative to impose punishment in the name of better interest of the society or state. Retributive justice is a system of criminal justice based on the punishment of offenders rather than on rehabilitation. So punishment and governance and governance of punishment are to be interlinked and studied from a common "welfare-of-state" perspective, since the punishment process and punishment itself depend on socioeconomic resources of the state, though punishment and governance follow distinct procedure to fulfill their purposes and objectives. Punishment is dealt with largely by moral theorists. The neglect of punishment on the part of political theorists suggests the implausible assumption that political systems need not to worry about the issue beyond punishment. This silence is surprising given that deliberative democrats have both internal and external reasons to address the issue of punishment.

In this entry, to articulate the significance of indirect connection between two disciplines, the notion of governance is assumed as a term that refers mainly to running governments and other public agencies or private ones with social purposes of management of a country's economic and social resources.

Thus, evidently, management of economic and social resources are essential components of governance, and how far a government is executing its function in punishment policies for utmost utilization of its resources should be taken into consideration. It comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests and exercise their legal rights. It's undeniable that the idea of good governance and punishment policies can go hand to hand to ensure respect for human rights and the rule of law, strengthen democracy, and promote transparency.

Another term in the realm of governance very much linked with criminal justice system is "humane governance" as it involves those structures and processes that support the creation of participatory, responsive, and accountable political governance. This process has a potentiality to be successful in punishment policies. It's true that for real execution of governance in penal policies, at first a country is likely to have an obligation to accommodate the elements necessary for establishing governance and then rearranging the penal system to ensure these elements. A developing country like Bangladesh does not clearly accept the obligation of maintaining good governance. However, it has put emphasis on good governance in its strategic development plan. Additionally, Article 77 of the Constitution of Bangladesh provides the notion of Ombudsman – an official appointed to investigate individuals' complaints against a company or organization, especially a public authority, to ensure transparency and accountability of public administration and pre-people governance. Many developing countries have prepared their own Poverty Reduction Strategy Paper (PRSP). Good

governance is an essential component in implementing the plans and strategies to achieve the targets set forth by PRSP. Good governance to enhance access to justice for the poor and improve sectoral governance has been deemed as one of the PRSP's "policy priorities."

This short write-up is the prime attempt to articulate the necessity of examining penal policies from the good governance mechanism since there is only punishment for the crime in question rather than reduction of causes and probabilities of criminal activities by proper administration of justice.

This entry also refers to justice reinvestment, a data-driven approach to improve public safety, examine corrections and related criminal justice spending, manage and allocate criminal justice populations in a more cost-effective manner, and reinvest savings in strategies that can hold offenders accountable and decrease crime.

## Connecting Dots Between Governance and Penal Polices

Since this entry concentrates on reflection of humane governance in the penal course of action, government initiatives on making use of resources in the punishment procedure as well as the effectiveness of the usage are observed and questioned. For linking the idea of governance with penal policies, people's participation is a striking point to be talked about. In addition, the responsiveness of the penal institution through crime control measures is argued here.

It can be simply started from the proposition that as far as the rule of law is concerned, each stands separately but is related to and dependent upon the others. The quality and enjoyment of each builds on the strength of the other. In this regard, sociological, economical, and political aspects of punishment are pointed out.

## Sociological, Economical, and Political Aspects of Punishment

If we look into the enforcement measures in the criminal justice system, we will observe differences in the method of penalizing offenders. For example, in some social systems, the reaction to law breaking is annihilation, in some systems severe corporal punishment, in others imprisonment or probation, and so on. Similarly the number of variations in the official policies for implementing the social reactions to crime is enormous. However, it is only the forms of punishment that have undergone historical change, not the functions. At present, modern sanctions – such as imprisonment – are considerably less severe than the terrible punishments of medieval or ancient societies, from its basic raison d'être. Interestingly, the imprisoning system is also facing criticism for its failure in certain cases. Most prisoners are not reformed, new generations of criminals go undeterred, and national crime rates are not forced into decline, so that by all these criteria, the prison is deemed an inefficient instrument. Despite recurring hopes and the exaggerated claims of some reformers, the simple fact is that no method of punishment has ever achieved high rates of reform or of crime control – and no method ever will. All punishments regularly "fail" in this respect because, as Emile Durkheim and others have pointed out, it is only the mainstream processes of socialization (internalized morality and a sense of duty, the informal inducements and rewards of conformity, the practical and cultural networks of mutual expectation and interdependence, etc.) that are able to promote proper conduct on a consistent and regular basis. Punishment, so far as "control" is concerned, is merely a coercive backup to these more reliable social mechanisms, a backup that is often unable to do anything more than manage those who slip through these networks of normal control and integration. For penal governance, the criminal justice sector generally comprises the police, judiciary (including courts, prosecutors, and defense counsel), traditional and nonformal conflict resolution mechanism, and the prisons. In addition, a number of civil society organizations also carry out activities such as legal aid in the sector. In fact, in the system of governance, judicial systems and civil society organizations perform as accountability arrangements to maintain check and balance of the government. More or less, policies of

punishment depend on the cultural and legal values behind each country's policies, because a penal system is not only deeply embedded in a state's budget but also in its political, cultural, legal, institutional, and social fabric. The criminal justice system in Bangladesh which inherits the common law system is essentially impoverished (confidential system of Bangladesh): crime is under-reported and poorly investigated by the police, the court system is slow and inadequate, and the prisons are dilapidated and overcrowded. It is not uncommon to have views expressed that the criminal justice system is a burden and part of the "problem" rather than the solution to deteriorating law and order problems. Hence a drawback in penal policies of a country which is related to political, institutional, and social factors fatally affects the society at large. To solve these problems, governance of penal policies should not be a separate factor but rather related to governance policy of a state in financial and social matter which plays a pivotal role in this regard. For better achievement of justice in the true sense of the term, we have to take a holistic approach to detect common purposes of these two separate systems (governance and penal policies) in respect of penal procedure in trial and posttrial more specifically the social and psychological impact on the accused and his family which is barely considered in any legal system.

Not only are the prisons grossly overcrowded, but the problem is exacerbated by the high number of prisoners incarcerated because of delays in the judicial system. There is no effective classification system in Bangladesh prisons, and remanded and convicted persons are often not separated. The conditions for women and juveniles held in detention require considerable improvement to ensure appropriate levels of classification, security, and humane confinement. Medical, rehabilitation, and vocational facilities are also inadequate. This element denies responsiveness of a government towards it citizens. It's true that rights of privacy, free speech, etc. are restricted for criminals and that deprivation of liberty is the sine qua non of legal punishment, in the sense that it and it alone comprises defensible legal punishment for serious offenders, but apart from that they are subject to vulnerable situations that deny their right of dignity and reintegration in society. Offenders are likely to face harm beyond imprisonment especially to the prisoner's family which is an entirely neglected topic in public policy. Though incarceration can stop the offender from drug or alcohol abuse and help him to be disciplined, study reports that problems resulting from the incarceration were more extensive. For instance, having an incarcerated parent is correlated with emotional and behavioral disturbances, such as depression, anxiety, and aggressiveness of children, and they are more at risk of becoming criminal offenders themselves. In a study it is articulated that characteristic of anger is that its action tendency is to attack if triggered by unfair behavior. An individual who experiences unfairness can have various reasons to punish the initiator of the unfair action. A reason to punish could simply be to harm the other party.

## Inquiring Rationality of Fear-Based Penal Governance

Compared to authoritarian government, a democratic government is unlikely to be arbitrary and corrupted. However a change in political system merely cannot assure the rule of law which is ultimate aspiration of governance. For instance, the majority of Latin Americans regard the law and the judicial system mainly as instruments of oppression on behalf of the elites; fear and mistrust of the justice system are common. The inefficiency and lack of credibility of the law and the justice system are crucial factors that at least partially explain the contested legitimacy of Latin American states and the feeble embeddedness of democracy in the region. But at the same time, the law and justice systems in many Latin American countries are ineffective and arbitrary precisely because the political regimes in which they are grounded have been traditionally authoritarian and exclusionist. In fact, when the government, in the name of reform, reduces complex social problems to a policy of social control, it actually weakens the rule of law and increases violence in

the region. Fear is also a fundamental element as far as the punitive policy of Bangladesh is concerned. It's true that fear of painful punishment was a strategy generally applied in the medieval ages, but with the development of democratic norms, its application decreases. Basically the role of fear is very marginal. So penal policies based on fear with the expectation that harsh punishment would be successful in prevention of crime is an outdated idea.

## International Obligation on Access to Justice and Its Significance in Penal Policies

The Universal Declaration of Human Rights 1948 deals with access to justice in Articles 7–11 where it has declared that everyone is equal before the law and has a right to get equal protection of the law and everyone has a right to an effective remedy by a competent tribunal.

The Constitution of the People's Republic of Bangladesh 1972 provides the provisions of access to justice as fundamental rights in Articles 31, 32, 33, and 35, where it has provided the right to protection of the law, protection of the right to life and personal liberty, safeguards as to arrest, and detention and protection in respect of trial and punishment as the fundamental rights of every citizen or person. The right to move the High Court Division to enforce the fundamental rights is also declared as fundamental rights in the Constitution. The UNDP has got its own standard to assess the access to justice of a particular judicial system. UNDP determines five operational aspects of access to justice. For assuring access to justice, the right of the victim as well the right of the accused should be counted as it is the fundamental principle of criminal law that the quantum of punishment should be regulated by the principle of proportionality between the sanction and the gravity of the offence. A rational sentencing policy proportionate to the magnitude of harm inflicted on the society is prerequisite for a sound criminal justice system. Furthermore, only implication of harsh punishment is unlikely to response effectively in crime prevention as potential offenders commonly do not know the legal rule either directly or indirectly.

## Governance Through Participation and Its Impact on Criminal Punishment

It is undeniably true that larger involvement of citizens and civil society is necessary for proper function of governance. "Engaged governance" is another key ingredient in advancing poverty eradication and broad-based development by promoting greater participation of citizens and civil society institutions in public governance. The rule of law refers to a principle of governance in which all persons, institutions, and entities, public and private, including the state itself, are accountable to laws that are publicly promulgated, equally enforced, and independently adjudicated and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness, and procedural and legal transparency. In other words, application and accomplishment of the principle of governance in punishment measures immensely depended on the presence of accountability and transparency of the authority concerned as well as active participation of the community. Restorative justice is a glaring example of governing penal policies through participation of the people and authority concerned to ensure rule of law. Restorative justice is a system of criminal justice which focuses on the rehabilitation of offenders through reconciliation with victims and the community at large. In Bangladesh, restorative justice is practiced under the Village Court Act 2006. Although a village court can only pass order for compensation, it creates space for the community to apply, to a great extent, community sentiments, understanding values and preference in the decision-making process. It focuses on the root causes of disputes in participation of the community representatives and looks for win-win solution so that no spiral of

further disputes takes place. What is more, the communities are responsible for situations which are causing or encouraging crime so consequently, and accountability of the community can be examined. Ideally, restorative justice can provide a catalyst and forum for exploring and assigning these needs and responsibilities. On the other hand, in the formal judicial process which is based on more retributive principles, the system requires the punishment of the offender, focusing on the law that has been violated, rather than taking into account the victim's interest or priorities. In this system the victims and offenders have an active role and right to participate in the choice of adjudicators. These positive effects contribute towards minimizing social conflict and human rights violation and improving respect toward each other. The village court process can successfully address the underlying problems that emerge as crime and disputes, rather than continuing the criminal justice system's focus on the offenders only. The type of motivations must be present, among the punishers and the punished, for punishment to be an effective institution for the promotion of cooperation.

## Social and Economic Development Results into Crime Prevention

It is widely believed that job creation can reduce crime. Participants in CWP, most of whom are women, receive CWP wages that enable women in poor communities to better provide for their children. The possible impact of CWP wages may be in reducing childhood risk factors for involvement in crime. In addition, emotions are an essential component of decision-making. So, a decision under emotional redress and economic insecurity carries the possibility of causing antisocial activities. Reducing the economic uncertainty and emotional redress is possible as CWP works against poverty and economic instability. Another significant impact is increasing women's economic resources which empower her to bargain for a better situation for herself, therefore reducing her risk of abuse. Consequently an economically solvent woman is unlikely to be a victim of gender-related crime. In this way resources of a state can be utilized for ensuring social and economic development as well as preventing potential crime. A government should think about probable socio-economic impact on crime prevention before prioritizing budgetary allocation in this regard.

## Reinvesting Justice

As a philosophy, justice reinvestment holds that money spent on incarceration instead could be much better spent on community-based development. Justice reinvestment can be understood best as a broad strategic plan of action; incarceration rates are purposefully reduced through new sanctioning policies and practices, and the money saved by doing so is invested in local communities hard-hit by crime and cycles of incarceration.

## Conclusion

The criminal justice system has a broader goal of both crime control and crime prevention rather than simply the reaching of judgement. Unfortunately the criminal justice system of Bangladesh has excessively focused on goal of crime control through imposition of harsh punishment rather than its prevention. Harsh criminal laws and colonial and pre-independence statutes tend to create serious human rights implication for those accused under these laws. In keeping with the growth of human civilization, social values and knowledge of criminal behavior, the penal philosophy has shifted its emphasis from retribution to deterrence and finally top reformation and social regeneration of the deviants. Therefore, penal laws need to be re-examined in the light of current penal philosophy of reformation. Establishing restorative justice, access to court, and crime prevention should also be acknowledged and fully integrated in the criminal justice system. In this way political notion of governance can play a vital role by ensuring its true

response to crime, participation of the community concerned, and arranging penal policies with keeping into mind moral, sociological, and financial aspects of both the victim and the offender. It's undeniably true that a society cannot be absolutely exempted from crime; nevertheless, with the holistic approach of the state through proper utilization of socioeconomic resources in development activities, reintegration of the offender in society can ensure accountability of the state to maintain the rule of law in society.

## References


Arditti JA, Lambert-Shute J, Joest K (2003) Saturday morning at the jail: implications of incarceration for families and children. Fam Relat 52:195–204

Article 44 of the Constitution of the People's Republic of Bangladesh 1972

Bruce D (2015) Preventing crime and violence through work and wages: the impact of the community work programme. S A Crime Q 52:32

Bülow W (2014) The harms beyond imprisonment: do we have special moral obligations towards the families and children of prisoners? Ethical Theory Moral Pract 17(4):776

Clear TR (2011) A private-sector, incentives-based model for justice reinvestment. Crim Pubc Policy (CPP) 10(3). Special Issue on Justice Reinvestment 585

Comfort M (2007) Punishment beyond the legal offender. Ann Rev Law Soc Sci 3:271–296

Commission on Global Governance (1995) Our global neighborhood. Oxford University Press, Oxford, p 2

Faruque AA (2007) Goals and purposes of criminal justice system in Bangladesh: an evaluation. Special issue: criminal justice system. Bangladesh J Law 2007:30

Foucault M (1995) Discipline and punish: the Birth of prison. Vintage Books, Newyork, p 6

Garland D (1991) Sociological perspectives on punishment source: crime and justice 14:115–165. Published by: The University of Chicago Press, p 123, 158

Gottschalk M (2011) The past, present, and future of mass incarceration in The United States University of Pennsylvania. Crim Pub Policy Gottschalk 10(3):484

Greiff P (2002) Deliberative democracy and punishment. Buffalo Crim Law Rev 5(2):374

Hopfensitz A, Reuben E (2009a) The importance of emotions for the effectiveness of social punishment. Econ J 119(540):1535

Hopfensitz A, Reuben E (2009b) The importance of emotions for the effectiveness of social punishment. Econ J 119(540):L1549

http://Hlwww.soc.titech.ac.jp/uem/governance.html

http://www.soc.titech.acjp/uem/governance.html

Huq R (2007) Criminal law and The Constitution revisited. Bangladesh J Law Spec Issue Crim Justice Syst 64

Hyden G (1992) Governance and the study of politics. In: Hyden G, Bratton M (eds) Governance and Politics in Africa. Lynne Rienner, Boulder, pp 1–26

Iturralde M (2010) Democracies without citizenship: crime and punishment in Latin America. New Crim Law Rev Int Interdiscip J 13(2):310

Ivancevich JM, Duening TN, Gilbert JA, Konopaske R (2003) Deterring white-collar crime. Acad Manage Exec (1993–2005) 17(2):125

Jacobs JB, Larrauri E (2012) Are criminal convictions a public matter? USA Spain Punish Soc 14:19

Loewenstein G (2000) Emotions in economic theory and economic behavior. Am Econ Rev 90(2):426–432

Marty Price JD (2001) Personalizing crime. Dispute resolution magazine. Act No.19 of 2006

Report of the Secretary-General on the Rule of Law and Transitional Justice. (S/2004/616)

Review Report on Village Courts Legal Framework, Published by Activating Village Courts in Bangladesh Project Local Government Division Ministry of Local Government, Rural Development and Cooperatives Government of the People's Republic of Bangladesh (2012) p 18

Robinson PH, Darley JM (2004) Does criminal law Deter? A behavioral science investigation. Oxf J Leg Stud 24(2):173–205

Sutherland EH, Cressy DR (1960) Principles of criminology, 6th edn. J.B. Lippincott Company, Philadelphia, p 254

The Mahbub ul Haq Human Development Centre (1999) Human development in South Asia 1999: the crisis of governance. Oxford University Press, Oxford, p 28

UNDP (1997) Governance for sustainable human development. UNDP, New York, pp 2–3

UNDP (2004) "Access to justice" Practice Note, UNDP publication, dated 9-03-2004

Vyas S, Watts C (2009) How does economic empowerment affect women's risk of intimate partner violence in low and middle income countries? A systematic review of published evidence. J Int Dev 21(5):579

Weisis TG (2000) Governance, good governance and global governance: conceptual and actual challenges. Third World Q 21(5):803

Weiss TG (2000) Governance, good governance and global governance: conceptual and actual challenges author(s): Source: Third World Q 21(5):795–814. Published by: Taylor & Francis, Ltd

World Bank (1994) Governance, the World Bank's experience. The World Bank, Washington, DC, p 14

Wray LR (2007) The employer of last resort programme: could it work for developing countries? ILO, Geneva, p 3. http://www.ilo.org/public/english/employment/download/elm/elm07-5.pdf. Accessed 16 June 2015

# Governance and Regulations

Md Nurul Momen
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Governance; Government; Regulation; Regulatory governance; Regulatory framework

## Definition

*Governance* may be described as the rules and processes of decision-making that affect the way in which powers are exercised.

*Regulation* is the diverse set of instruments through laws, formal and informal orders, and subordinate rules by which all levels of governments use to intervene in the economy and life of their citizens.

## Introduction

Regulation is placed at the important debates and discussion in public administration. It refers to a process under the rule of the government, usually in the centralized nature and in more or less independent regulatory agency. This agency makes decisions in certain conditions where there are conflicting of interests in economy and society. The idea behind the regulation is that decision-making is so complex and dynamic in today's world; as a consequence, a specialized regulatory agency will be well equipped to perform, compared to the regular bureaucrats (Kleinsteuber 2004). The domain of regulation is continuously expanding that could be the regulation of financial systems, regarding food intake, or criticism of red tape; debates about the appropriate level of regulation are never far away (Lodge 2016). Hence, it is pointed out that it is increasingly a necessary mode of political intervention which is being applied to many areas ranging from agriculture to health and environment and even touching on the new areas of technologies.

However, the late twentieth century witnessed the rise of the regulatory state, in the case of introducing regulatory institutions, rules, and processes of governance in many of the developed countries. On the other hand, it is also witnessed the delegation of power in the nature of state intervention has been pointed out by challenges to traditional ideas about the role of the centralized nature of the government in regard to its dominance in some areas such as collection of revenue and maintenance of law and order and promotion of the rule of law and democratic process, as transnational and non-state power have received growing importance in society (Scott 2001). However, the paper shortly discusses regulation and its relationship with governance and the factors for emergence and importance of regulatory policy and finally examines the necessity for good regulatory governance for the sake of economy and society.

## Relationship Between Regulation and Governance

Regulation is not easy to define due to its highly contested topic. It is found different interpretation to different people. Hence, the notion needs extensive clarification and determines its boundary. From the critical perspective, regulation refers to the hands of authoritarian governments and their formulated rules that limit human or national liberties (Levi-Faur 2010). The first point regarding regulation and governance, it is more or less as synonyms. In this sense, regulation and governance both refer to systems and process that aim at influencing public goals. It could be explained in a way that regulation is a subset of activities that is encompassed with the overarching term governance. However, regulation indirectly affects the distribution of scarce resources in society by introducing monitoring and enforcing norms and standards. On the other hand, governance refers to both direct and indirect attempts to achieve public goals by way of "providing, distributing, and regulating" (Mascini and van Erp 2014).

## Importance of Regulatory Policy

No doubt, regulatory policy as a discipline is a comparatively new area of social science. In regard to the question, why should governments have a regulatory policy? These questions need to be debated and explored against the earlier complex economic and societal sectors. Over the last three decades, the introduction of regulatory policies to promote effective regulation is now an important agenda as policy objective in the governance process in the OECD countries. The continuous financial crisis and recent debates on climate change focused on the importance of effective regulatory policy, as the countries faced serious regulatory failures. Furthermore, business sector and citizens continue to complain that excessive red tape inside of bureaucracy stops the better performance in economy and makes ordinary people suffer for excessive time filling out government paperwork. Therefore, it needs to focus on the current regulatory institutions, tools, and processes on why they have been failed to deliver consistently better performance (OECD 2011).

As already stated, regulation is important to the proper functioning for financial institutions and in societies. Added to that, effective public governance creates a boundary of relationship among citizens, business, government, and civil society, which protect the civil and political rights and maintain safety and security of citizens and develop the delivery of various public goods and services. A good regulatory policy helps to achieve economic objectives, the fulfillment of wide range of societal goals including social services and environmental protection and preservation, as well as maintains the rule of law. For doing so, regulations and its legal frameworks need to maintain high-quality policy objectives. It supports the policy-makers to reach a rational decision-making about what to regulate, whom to regulate, and how to regulate (OECD 2011).

The use of regulatory policy to develop decision-making process has various tools and processes. It is pointed out that different kinds of tools and processes should be deployed in a systematic so that quality improvement is easily maintained. However, different tools include analysis of regulation, the design of regulatory alternatives, simplification of administrative procedures, maintaining transparency in regulatory process, and ex post evaluation of the current regulation.

## Rationality of Regulatory Governance

Sound regulatory governance maximizes the benefits which deliver regulations in such a way that supports transparency in activities and active participation of citizens in the application of regulatory powers, through the uses of public opinion and open communication. It is important to note that complexity of regulatory governance such as the absence of transparency in introducing new regulations and inefficient and improper execution of regulations provides a scope for corruption; hence, in some developed countries, they adopt regulatory policy in such a way which may lessen the scope of opportunities for corrupt behavior and reduce its negative impacts on economy and overall society (OECD 2012).

Why does the central government, in these days, decide to delegate some administrative decision-making power to other bodies? In replying to the question, there are varieties of debates and discussion about why political actors should voluntarily transfer important power to other. Having reviewed the arguments, three points could be highlighted. Firstly, it refers to the credibility of a regulatory decision, also called the credible commitment rationale (Westrup 2007). If, it is felt that regulatory decisions are withdrawn suddenly due to changing public opinion or policy of the government, the consequence will certainly be considered a less desirable policy outcome. Given the context, the credible commitment rationale is justified, for instance, the main function of the central banks are given independence to conduct regulatory decision regarding monetary policy, claiming that it helps to establish a lower rates of inflation than a monetary policy regime directly adopted by the government (Grilli et al. 1991). This argument provides a rationale for the current regime to hold the future governments not to change the existing policies.

The second justification is that it helps the government not to be criticized for unpopular decisions; rather, the blame could be shifted to the regulator (Egan 2004). However, regulators must provide decisions in important policy issues, so there will be political advantage of the governments to take the responsibilities for decisions they made that could bypass movement of civil society and interest groups (Westrup 2007). As the third rationale, it requires a high level of technical expertise in the regulatory decision-making. It is pointed out that regulation and regulatory bodies involve complex policy issues with high technical requirement that pose significant challenges to the existing departments of the government, as they suffer sufficient expertise (Majone 1997). Hence, the new establishment of an independent regulatory body provides the cultivation of technical expertise, both in terms of allowing for high levels of trained officials and in the ability to appoint outside of normal public service staff (Westrup 2007).

## Need for Good Regulatory Governance

Features of a good regulatory regime refer to effective regulatory institutions, tools, and processes. It is argued for the establishment of legitimacy of the bodies (through law or government order) as indictors of regulatory effectiveness. Many studies found that a good performance of a sector depends on whether it maintains sound regulation. Apart from that, it is pointed out that shortage of resources for the regulatory body, absence of legal authority to get important data and information, and poor management or union constraints or intervention from the executive correspond to poor performance of a sector, although regulatory tools and processes are effective (Berg 2009). In the OECD countries, regulatory policy is grounded on the perspective that it is the role of the government who operates the "rules of the game." In this regard, every government must be fully involved in improving the quality of regulation, and the approach must not always be reactively responded to the non-execution of regulation (OECD 2011).

Regulatory governance is based on the principles which encourage inclusion of different stakeholders, namely, the legislature, the judiciary, subnational and supranational levels of government. Effective regulatory governance reaps the benefits of regulatory policy which positively impacts on economic growth and development and societal advantages, which fulfill public policy goals (OECD 2011).

Financial system oversight agencies recognize the importance of sound regulatory governance. In order to counter economic recession, there has been a growing importance on tools and processes of financial system, which is developed by regulatory decision-making authority (Das et al. 2004). Das and Quintyn (2002), for the first time, introduced a systematic approach regarding the significance of regulatory governance in order to maintain financial stability. They pointed out three views which are necessary for effective regulatory governance: (i) an operational framework on regulatory governance; (ii) the process of financial governance for the standard – setting activities of the nonfinancial sector – and (iii) the existing operating practices in regard to the tools, processes, and institutions of regulatory governance.

Effective regulatory bodies have a dominant role in overseeing the execution activities in the financial institutions. However, it is expected that in order to achieve the policy objective in financial sector, regulatory bodies themselves need to maintain sound governance practices. It is pointed out that effective regulatory governance relates to good performance of financial institutions which runs through the credibility of regulatory agencies. If regulatory agencies fail to operate democratic principles, they must lose the hope of upholding the credibility, thus a resultant moral hazard to operate sound practices in the financial institutions under their oversight (Das et al. 2004). Sound regulatory governance is explained as (a) the capacity to manage scarce resources efficiently and to design and execute sound policies and regulations which are considered as the duty to attain the delegated responsibilities and (b) the fulfillment of objectives of the regulatory bodies which is decided under the policy of elected regime (Das et al. 2004).

### Transparency and Accessibility

Transparency and accessibility to regulatory institutions are the important agenda for effective regulation. It holds the regulators into account for their activities which show confidence among the citizens toward the legal environment of local jurisdiction. This will make regulatory institutions more accessible and will not be influenced by special interest groups or group lobbying. However, transparency of regulatory bodies involves a range of activities covering clear process or steps for making any changes in regard to regulations, watchdog procedure, and provision of regular reporting that will be applied consistently by regulators, effective communication channels and wide dissemination of regulations and simple language drafting, controls on the excessive use of administrative discretion, and effective grievance reprisal and appeal procedure. It is also argued that public opinion and prior consultation of appropriate stakeholders for the formulation of new regulation help to engage citizens that develop the quality of regulations. Therefore, there has been a recent phenomenon to the introduction of e-government to improve the transparency of regulatory bodies.

It is to be noted that regulations contain much information in regard to the rules of the political game. If common citizenry and businesses access easily and clearly understand regulations and, furthermore, if the steps or processes for regulatory decisions are transparent and maintain standardized procedures, in that case, public officials may face difficulties to apply arbitrary rules. Furthermore, strong oversight mechanisms maintain quality controls, and provision of regular public reporting must ensure compliance with the tools and processes of regulatory institutions (OECD 2012).

### Impact Analysis of Regulatory Agencies

Regulation adopted by the government is sometimes very complex and not easy to understand; therefore, it requires plain drafting in language. If otherwise, governments will be in trouble in executing regulatory decision-making, as regulatory tools and processes are unnecessary complexities or badly designed. As already mentioned, the resultant unnecessary complexities of regulation can potentially encourage corrupt behavior in offices that brings failure to the desired policy outcome. This provides privilege to the vested interests of specific groups at the expense of maximum social advantage. This poor quality of regulation may engage and support to the opportunistic behavior of public officials, which may promote them for their own private gain but at a cost to public office. Therefore, a systematic evaluation over the regulatory agencies on a regular basis is essentially required; otherwise, it may disproportionately benefit to a specific interest group (OECD 2012).

### Avoidance of Complexity

If it is found that regulatory rules and processes are too complex; in that case, it may create excessive regulatory burdens to citizens and businesses and ample of opportunities for corrupt behavior in public office which encourage the growth of informality in economy. It is worth to mention that there is a negative relationship between regulatory quality and corruption. Considering the issues in mind, the OECD introduced a "Guiding Principles for Regulatory Quality and Performance" which ask to the governments to reduce the aggregate regulatory burden in an objective to lessen administrative costs to those affected, especially for citizens and businesses, as a part of policy to promote growth and economic efficiency (OECD 2012).

There is no doubt that the more complex the regulations are, the more opportunities for public officials and specific interest groups to find alternative paths on how to ignore the regulation through adopting unfair means. Furthermore, excessive complexities of the regulation make users unable to understand easily. This condition creates a possibility for public officials or regulators to "be creative" to those affected citizens and businesses who depend on it. Hence, it requires proper guidelines, appropriate tools, and clear processes of regulation, if, otherwise, it may create confusion and lead to arbitrary and unreasonable administrative discretion, thus potentially discriminatory exercises (OECD 2012).

The above conditions can be explored on business sector. For instance, if there is a complex

system as regards business licenses and permits that required approval from several institutions to start a business, steps and requirements for obtaining those permission are not clearly mentioned, in this regard, the whole process may be delayed and have complications to get approval. No doubt, these conditions may create a perfect incentive to public officials for using bribes to speed up the handling of licensing or permitting procedure that is a typical example. Note also that in some other countries, the license or permit procedure is further complicated due to additional intermediaries (e.g., notaries) which are required to deal with the approval process (OECD 2012).

### Effective Inspection

Regulatory bodies act in increasing public trust and integrity in economy and society. Regulatory bodies are those public agencies that are primarily focused on execution and inspection. In this regard, inspection is an important issue for a successful implementation of public policy by pointing out that their regulated areas function effectively and regulators are accountable for their actions, transparent in their activities and responsive to any claims, and also not prone to wastage of public money and unethical and corrupt behavior.

Inspection, as an important public policy instrument, allows regulatory agencies to monitor and regulate the activities whether they have legitimacy, are efficient in discharging responsibilities, properly respond to public interest, or are prone to wastage of money, criminal activities, and corrupt behavior. It is also important to note that inspection conducted and organized by regulatory bodies helps to comply with the regulatory guidelines and enhances enforcement levels. This condition obviously strengthens the rule of law but also lessens the informal economy and illegality which are the main promoter of corruption (OECD 2012).

However, a number of strategies and requirements should be deployed by on businesses and citizens (de Luiz 2016). If this is a motto to fight against corruption effectively, first thing, government should discard any scope for incentives and opportunities that cause corruption. In this process, a regular but professionally performed inspection can identify systemic risks and failures which provide possibilities for wastage of public money and bribe while on official duty. Note also that skilled and trained inspectors offer comprehensive and effective solutions in the designated reports to solve risks and failures. For taking action, regulatory authorities notify to the concerned institutions including public prosecutor's office and/or anti-corruption agency in regard to corrupt practices and to bring those accused who have been involved in corruption before the judiciary (OECD 2012).

## Cross-References


- ▶ Coordination and Effective Governance
- ▶ Governance
- ▶ Governance and Citizenship
- ▶ Public Organizations and Regulations


## References


Berg SV (2009) Characterizing the efficiency and effectiveness of regulatory institutions. University of Florida, PURC. Mar 2009

Das US, Quintyn M (2002) Crisis prevention and crisis management: the role of regulatory governance. In: Litan R, Pomerleano M, Sundararajan V (eds) Financial sector governance: the role of the public and private sectors. Brookings Institution, Washington

Das US, Quintyn M, Chenard K (2004) Does regulatory governance matter for financial system stability? An empirical analysis. IMF working paper, © 2004 International Monetary Fund, WP/04/89, May 2004, pp 1–44

de Luiz M (2016) Ensuring regulatory quality, OECD perspectives Public Governance and Territorial Development, OECD, Sao Paulo, 15 Feb 2016

Egan M (2004) Creating a TransAtlantic marketplace. Manchester University Press, Manchester

Grilli V, Masciandaro D, Tabellini G (1991) Institutions and policies. Political and monetary institutions and public financial policies in the industrial countries. Econ Policy 6(2):42–392

Kleinsteuber HJ (2004) Self-regulation, co-regulation, state regulation. The Internet between regulation and governance. Retrieved from https://www.osce.org/fom/13844?download=true

Levi-Faur D (2010) Jerusalem papers in regulation & governance. Jerusalem papers in regulation & governance working papers series, working paper no. 1, Feb 2010

Lodge M (2016) Regulation scholarship in crisis? Published by the centre for analysis of risk and regulation at the London school of economics and political science, Houghton Street, London WC2A 2AE
Majone G (1997) From the positive to the regulatory state: causes and consequences of changes in the mode of governance. J Publ Policy 17(2):139–167
Mascini P, van Erp J (2014) Regulatory governance, experimenting with new roles and instruments. Recht der werkelijkheid 35(3):3–11
OECD (2011) Regulatory policy and governance: supporting economic growth and serving the public interest. OECD Publishing, Paris
OECD (2012) Regulatory policy: improving governance. July 2012, pp 1–16
Scott C (2001) Analyzing regulatory space: fragmented resources and institutional design. Public Law, Summer, pp 283–305
Westrup J (2007) Regulatory governance. UCD Geary Institute, Discussion Paper Series, 12 November 2007, This paper is an output of the Governance Research Programme at UCD Geary Institute, funded by PRTLI 3

# Governance and Social Enterprise

Simone Baglioni and Francesca Calò
Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK

## Synonyms

Social cooperatives; Social entrepreneurs; Social entrepreneurship; Social ventures

## Definition

The governance of social enterprise includes systems and processes ensuring the overall direction, supervision, and accountability of an organization.

## Introduction

In organization and management studies, the term "governance" refers to the processes, rules, and structures used to govern an organization and ensure its accountability. It includes mechanisms for balancing the interests, or answering the needs, of a range of stakeholders including shareholders, employees, clients, suppliers, donors, communities, and governments. Governance structures are used to govern all types of organizations, including social enterprises.

However, due to the hybrid nature of social enterprises, in which both a social mission (similar to non-profit organizations) and a financial mission (similar to for profit organizations) co-exist, an ad hoc governance structure applies, which reflects their organizational complexity.

G

## Defining Social Enterprise

Different people in different countries at different times have understood the concept of social enterprise in distinctive ways (Kerlin 2013; Sepulveda 2015; Teasdale 2012). The term was initially used in the 1990s in Western Europe and the USA, and different traditions within and shared by the two continents have shaped the meanings assigned to social enterprise (Defourny and Nyssens 2010).

In Western Europe, social enterprise has been seen as a (partial or total) nonprofit-distributing organizational form, operating with democratic governance, which works mainly in partnership with the state to address specific societal goals (Defourny and Nyssens 2010; Poledrini 2014). This definition was principally developed by the EMES network (EMergence des Entreprises Sociales en Europe), which started as a European research network and emerged from a mainly cooperative tradition. Social enterprise has also been conceptualized as the managerialization or "hybridization" of nonprofit organizations which aim to deliver public services (Evers 2005; Haugh et al. 2010). It has also been recognized as a means of developing local communities, which is why the term "community business" or "community enterprise" was previously used (Pearce 2003; Taylor 2003). From more of a US-based perspective, social enterprise in Europe has also been framed in relation to business organizations aiming to provide goods and services addressing societal needs (Leadbeater 2007).

In the USA, social enterprise has implied an increased reliance of nonprofit organizations on commercial revenue sources (Kerlin 2013; Alter 2007; Dees 1998; Dees and Anderson 2006). Alongside this conceptualization, another definition focuses upon the role of individual innovators pursuing social change (Dees and Anderson 2006). Here, a strong emphasis is placed upon the idea of "heroic" entrepreneurs as change agents creating social value and operating to provide public or social goods (Dees 1998). Finally, a "mission-related impact" approach has also been promoted, in which both for-profit and nonprofit organizations can operate as social enterprises. In this view, their mission is to provide "disruptive change" in answering the societal needs of their targeted group and/or of society at large (Martin and Osberg 2007).

Differences in the definitions of, and the traditions within, organizations operating for a social purpose have been observed by Teasdale (2012) as occurring in two dimensions: on the one hand, in collective versus individualistic governance, and on the other hand, in reliance on commercial versus social goals. Democratic governance is important in the European conceptualization because of its historical roots in collective action and participation in cooperative and mutual traditions (Evers and Laville 2004; Peattie and Morley 2008). The American approach focuses more on individualism and entrepreneurship, and here, social entrepreneurs play a key role in fostering innovation and acting as "change makers" (Dees 1998). In terms of commercial and social goal orientation, in Europe the public sector represents one of the favorable areas within which to pursue social goals through contractual agreements (Alter 2007; Borzaga and Defourny 2001; Defourny and Nyssens 2010; Kerlin 2010). However, drawing on both the USA and European traditions, in recent years an approach has emerged which identifies any organizational form which aims at achieving positive societal impacts as a social enterprise (Doherty et al. 2014; Ridley-Duff 2015; Teasdale 2012). This conceptualization includes both social enterprises that trade with the public sector and organizations that aim to achieve a positive societal impact in distinct markets.

Among all these conceptualizations, only two common characteristics exist: the primacy of the social mission and the adoption of some form of trading (Defourny and Nyssens 2010; Doherty et al. 2014; Peattie and Morley 2008; Peredo and McLean 2005). Therefore, an inclusive definition is one which sees social enterprise as a market-based activity which aims to further a social purpose (Hayllar and Wettenhall 2013; Kerlin 2006). Governance mechanisms must therefore reflect both of these characteristics.

## The Governance of Social Enterprise

Corporate governance has been defined as: "[A] set of relationships between a company's management, its Board, its shareholders and other stakeholders [. . .] also (providing) the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined" (OECD 2004, p. 11).

In corporate governance theory, paradigms are defined by building either on a competitive or a collaborative relationship between boards and management. Conceptualizations that emphasize competition dynamics consider boards and management as bodies responding to different interests which are inspired by different goals. Therefore, governance mechanisms are set either to ensure a board's control over management or, from the opposite perspective, to ensure that managers have a large space in which to maneuver in setting organizational goals and the means to reach them. Conceptualizations that focus on the cooperation between boards and managers, on the other hand, see governance as a means by which to ensure that both the board and the managers fine-tune their interests and mutually support each other for the overall wellbeing of the organization.

A similar theoretical elaboration has occurred in social enterprise studies. Among the theoretical approaches emphasizing competitive dynamics, the agency theory model understands governance as a means for a board to ensure that management always acts in the organization's best interests. In

other words, in the agency model, the aim of a social enterprise's board is to make sure that the social purpose of the organization remains at the core of its activities, while management may tend to prioritize profit-making instead (Spear et al. 2014). Among the models focusing on the cooperation between boards and managers, the stewardship model of governance considers managers and boards as partners each with their own, complementary, task: boards focus on strategic organizational direction, while managers contribute their managerial skills, as well as their own ideas, to organizational success (Muth and Donaldson 1998). When stewardship theory is applied, it focuses on the role of noneconomic factors in facilitating the achievement of the social mission, such as the quality of the relationships within the organization (Mason et al. 2007).

Other theoretical models include the democratic perspective, in which organizational governance is conceptualized as ensuring the adoption of the decision-making mechanisms typical of democratic settings (a board and management appointed by open elections; pluralism in the representation of interests and ideas; accountability). Here, boards represent the range of the organization's interests and adopt policy decisions respecting and reflecting such differences. In this model, all the organization's members can put themselves forward for board appointment, as the board composition prioritizes membership representation over candidates' expertise (Spear et al. 2014).

From a different perspective, stakeholder theory emphasizes the variety of social interests which a social enterprise may represent; therefore, according to this paradigm, governance mechanisms should ensure an optimal combination of the relevant different social interests when boards and managers are appointed. Boards have the power to take decisions in case of conflicting interests and to decide which interests should be prioritized. When stakeholder theory is applied in a social enterprise perspective, the organization's interests are explicitly recognizable, and governance processes should prioritize them over others. A combination of the stakeholder approach with a democratic governance will allow stakeholders to be directly involved in organizational operations, contributing to realizing the mission upon which the organization has been founded (Pestoff and Hulgård 2016). However, this may raise the issue of prioritizing the needs of different stakeholders as well as the risk of shifting away from the needs of the intended group of beneficiaries.

Another approach is proposed by resource-dependency theory, which considers governance as a tool by which to secure the resources the organization needs. As such, boards' members, along with managers, have to contribute their personal social capital as well as their professional skills to maintain a vibrant set of ties with potential public and private funders, communities, activists, volunteers, and clients (Spear et al. 2014).

Another theoretical approach, managerial hegemony theory, assumes that due to the increasing professionalization and formalization of social enterprises, the management is the key decision-making actor in the organization, due to possessing the competences and skills the organization needs to succeed. Therefore, the governance structure of social enterprises should ensure that boards are mere executors of the management decisions (ibid.).

Because of the variety of organizations in the social enterprise sector, a wide variety of governance structures can be found, with different levels of formalization, board size, and composition. Board structures are also influenced by the client group, the size of the organization, the typology of the market served, and the main resources being accessed (Spear et al. 2014). Client group issues can influence important aspects of governance such as users' involvement (e.g., if the organization deals with mental health patients or intellectually disabled people, getting them involved in the organization's functions might be challenging or sometimes inappropriate). The size of the organization directly influences the levels of formalization and professionalization needed, and therefore the degree of "managerialism" requested. A start-up organization may operate with a small, informal governance structure, while a large organization managing more significant sums

of money would require adequate expertise and skills to do so, and therefore a more complex governance structure. Finally, the type of market served and resources required influence governance models with respect to risk (Spear et al. 2014). An organization providing services for the public sector should be ready to face risks arising from policy and political changes, and also to manage service delivery compliance issues, all of which requires well-developed governance. Similarly, if a social enterprise operates in the health sector, it should apply clinical governance standards that imply a heavier level of governance (ibid.).

Another aspect through which the governance of social enterprises can be understood is the system of board reproduction (Spear et al. 2007). Models include:

- *Self-selecting* boards: New board members are appointed by existing board members. Board members derive their power from being accountable to themselves, as usually these types of organizations have no or very few members (e.g., foundations, trusts). Their power may be mitigated by their social mission drive.
- The *democratic member-based structure*: Board members are democratically elected by the wider membership of the organization. This type of social enterprise should pay attention to its membership's involvement in activities, but also to how they control the management. The democratic model emphasizes how governance mechanisms make board members and managers accountable to them.
- The *hybrid* structure: Board members and the wider membership both exert influence over board recruitment and appointment, and the board is composed partly by elected and partly by co-opted members. While board members manage selection, it is the wider membership that manages appointment, thus ensuring democratic accountability and the harnessing of members' support, but still leaving space for maneuver to the board with respect to hiring competent or well-connected individuals (ibid.).

## Conclusion

Governance is an important aspect of social enterprises, as it provides them with the structure and mechanisms they need to govern their actions and ensure accountability. But it is also a means by which to ensure that the organization achieves the social purpose for which it was funded. Governance mechanisms allow social enterprises to penetrate societal needs and to reach a range of interests and ideas, by adopting a multistakeholder model in which different actors become the organization's points of reference. When governance is inspired by democratic principles, social enterprises can also foster people's participation, simultaneously increasing civic values and strengthening their own social legitimacy.

However, governance is also an area in which challenges and potential conflicts arise, especially at a time of rapid change in the economic, social, and political landscapes in which social enterprises operate. For example, the increasing professionalization and formalization of social enterprises due to the complex co-production of public services may generate conflicts between boards and managers. It may also lead social enterprises to prioritize their own survival as a business operator regardless of their social impact. Finally, governance is also the mechanism allowing social enterprises to find those energies and ideas which will enhance beneficiaries' and communities' participation and providing them with the tools to re-invigorate their original purpose of contributing to the common good.

## References

Alter K (2007) Social enterprise typology. Virtue Ventures LLC, Wilmington

Borzaga C, Defourny J (2001) The emergence of social enterprise. Routledge, London

Dees JG (1998) The meaning of social entrepreneurship [WWW Document]. http://www.caseatduke.org/documents/dees_sedef.pdf. Accessed 10 Jan 14

Dees JG, Anderson BB (2006) Framing a theory of social entrepreneurship: building on two schools of practice and thought. In: Mosher-Williams R (ed) Research on social entrepreneurship: understanding and contributing to an emerging field. ARNOVA occasional paper

series. Association for Research on Nonprofit Organizations and Voluntary Action, Indianapolis, pp 39–66
Defourny J, Nyssens M (2010) Conceptions of social enterprise and social entrepreneurship in Europe and the United States: convergences and divergences. J Soc Entrep 1:32–53
Doherty B, Haugh H, Lyon F (2014) Social enterprises as hybrid organizations: a review and research agenda. Int J Manag Rev 16:417–436. https://doi.org/10.1111/ijmr.12028
Evers A (2005) Mixed welfare systems and hybrid organizations: changes in the governance and provision of social services. Int J Public Adm 28:737–748. https://doi.org/10.1081/PAD-200067318
Evers A, Laville J-L (2004) The third sector in Europe. Edward Elgar, Cheltenham/Northampton
Haugh H, Domenico MLD, Tracey P (2010) Strategic partnerships: results from a survey of development trusts in the UK. In: Hockerts K, Mair J, Robinson J (eds) Values and opportunities in social entrepreneurship. Palgrave Macmillan, London, pp 203–220. https://doi.org/10.1057/9780230298026_11
Hayllar MR, Wettenhall R (2013) As public goes private, social emerges: the rise of social enterprise. Public Organ Rev 13:207–217
Kerlin J (2006) Social enterprise in the United States and Europe: understanding and learning from the differences. Voluntas 17:247–263
Kerlin JA (2010) A comparative analysis of the global emergence of social enterprise. Voluntas 21:162–179. https://doi.org/10.1007/s11266-010-9126-8
Kerlin JA (2013) Defining social enterprise across different contexts: a conceptual framework based on institutional factors. Nonprofit Volunt Sect Q 42:84–108. https://doi.org/10.1177/0899764011433040
Leadbeater C (2007) Social enterprise and social innovation: strategies for the next 10 years (A social enterprise think piece for the Office of the Third Sector). Cabinet Office. Office of the Third Sector, London
Martin RL, Osberg S (2007) Social entrepreneurship: the case for definition. Stanf Soc Innov Rev 5(2):28–39
Mason C, Kirkbride J, Bryde D (2007) From stakeholders to institutions: the changing face of social enterprise governance theory. Manag Decis 45(2):284–301
Muth M, Donaldson L (1998) Stewardship theory and board structure: a contingency approach. Corp Gov Int Rev 6:5–28. https://doi.org/10.1111/1467-8683.00076
OECD (2004) OECD Principles of corporate governance, Paris. Available at: https://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf
Pearce J (2003) Social enterprise in anytown. Calouste Gulbenkian Foundation, London
Peattie K, Morley A (2008) Eight paradoxes of the social enterprise agenda. Soc Enterp J 4:91–107
Peredo AM, McLean M (2005) Social entrepreneurship: a critical review of the concept. J World Bus 41:56–65
Pestoff V, Hulgård L (2016) Participatory governance in social enterprise. Voluntas 27:1742–1759. https://doi.org/10.1007/s11266-015-9662-3
Poledrini S (2014) Unconditional reciprocity and the case of Italian social cooperatives. Nonprofit Volunt Sect Q. https://doi.org/10.1177/0899764013518844
Ridley-Duff R (2015) Understanding social enterprise: theory and practice. Sage, London/Thousand Oaks
Sepulveda L (2015) Social enterprise – a new phenomenon in the field of economic and social welfare? Soc Policy Adm 49:842–861. https://doi.org/10.1111/spol.12106
Spear R, Cornforth C, Aiken M (2007) For love and money: governance and social enterprise. National Council for Voluntary Organisations, London
Spear R, Cornforth C, Aitken M (2014) Major perspectives on governance of social enterprise. In: Defourny J, Hulgård L, Pestoff V (eds) Social enterprise and the third sector. Routledge, London, pp 133–156
Taylor M (2003) Lo Stato, il Terzo Settore e la Cultura del Contratto: l'Esperienza del Regno Unito. In: Ascoli U (ed) Il Welfare Mix in Europa. Carocci, Rome
Teasdale S (2012) What's in a Name? Making sense of social enterprise discourses. Public Policy Adm 27:99–119. https://doi.org/10.1177/0952076711401466

G

# Governance and the Entrepreneurial Society

Oluwagbemiga Oluwaseun Ajayi
Department of Sociology, Osun State University, Osogbo, Osun state, Nigeria

## Synonyms

Authority; Business; Human development; Leadership

**Governance**: The social and political context within which people interact, and by which activities are coordinated

**Entrepreneurial Society**: A society where the habits of entrepreneurship which include identifying, creating, and maximizing opportunities are widespread and deeply ingrained, and in which the structures and institutions support these habits.

## Introduction

What is the entrepreneurial society? What is its link with governance? What is the link between entrepreneurship and social transformation?

Academic literature is replete with information on the role and importance of entrepreneurship in the society, but relatively little attention has been paid to the concept of the entrepreneurial society. The pertinent questions are, given the importance of entrepreneurship, how can an entrepreneurial society be created and what, if any, is the role of governance in the process? These questions constitute the central idea of this article.

In the following paragraphs, a new and modern definition of entrepreneurship shall first be presented, while contrasting this with the classical definition of entrepreneurship. The entry will then move on to a discussion of the entrepreneurial society, focusing on its description, characteristics, and importance. The focus of the entry then shifts to governance by comparing governance with government. This is important so as to clear up any confusion that may arise due to the similarity of the two terms. That section concludes with a discussion of the concepts of governance and leadership. The rest of the entry will then discuss the role of governance in entrepreneurship development. The entry concludes with the argument that the future of the world, particularly the developing world, is in the creation of entrepreneurial societies.

## A New Definition of Entrepreneurship

The classical definition of entrepreneurship originates from the Frenchman J.B. Say who defined the entrepreneur as someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. The agent who unites all means of production and who finds in the value of the products.... the re-establishment of the entire capital he employs, and the value of the wages, the interest and the rent which he pays, as well as the profits belonging to himself" (Say 1816). Say thus set the stage for the entrepreneur to be regarded primarily as someone whose activities are confined to the economic arena. Hence, Schumpeter (1934) initially suggested that "The carrying out of new combinations we call 'enterprise'; the individuals whose function it is to carry them out we call 'entrepreneurs'," and later defined entrepreneurs "as individuals who exploit market opportunity through technical and/or organizational innovation" (Schumpeter 1965). Onuoha (2007) sees entrepreneurship as "the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities" and Bolton and Thompson (2000) defined an entrepreneur as "a person who habitually creates and innovates to build something of recognized value around perceived opportunities." Following these definitions, the entrepreneur creates businesses and attempts to maximize profit. This classical view of entrepreneurs and entrepreneurship binds the entrepreneur with two limitations: her activities are confined to the commercial arena. Secondly, she only seeks to maximize profits.

But the definition of entrepreneurship has since become more inclusive, allowing activities apart from the economic to be included into the term. The modern definition encompasses all activities involved in identifying, creating, and maximizing opportunities in any social sector. This modern viewpoint sees entrepreneurship as possible in all areas of life. This is what Westlund (2011) calls multidimensional entrepreneurship. Thus, contemporary scholarship recognizes terms such as religious entrepreneurship, political entrepreneurship, social entrepreneurship, and entrepreneurial governance.

A number of differences can be noted between the old and the modern conceptions of entrepreneurship. In the past, the entrepreneur is the one who starts a personal business. Now there are those who start new lines of businesses for large established companies. These are called intrapreneurs. In starting a new business within an established organization, intrapreneurs must be as adept and innovative as those who start companies for themselves. Intrapreneurs must eliminate of greatly minimize both the internal and external risks of the organization while fully exploiting all the relevant advantages of the parent company. In this way, large established companies may be entrepreneurial themselves. A large, established company can deliberately create internal structures that allow it to be nimble and agile so as to be able to quickly identify, create, and exploit new market opportunities. Or it may create

what is called a skunk works, a small section of the company which is allowed to work without the internal constraints facing the other parts of the company. In this sense, size need not be a hindrance to entrepreneurship.

Secondly, size is no longer a factor. An entrepreneur may own a small, large, or medium sized company. If in actual fact, "innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service" (Drucker 1985), then most new, small businesses are not entrepreneurial. They do the same thing as thousands of other similar businesses and add no real value to the market. A small, new company is not entrepreneurial when it totally lacks innovation in any of the aspects of its business: funding, product, distribution, marketing, sales, customers, pricing, and management. In a nutshell, small is not synonymous with entrepreneurial. This is why Drucker (1985) argues that entrepreneurs are few among new businesses. According to him, "entrepreneurs create something new, something different; they change or transmute values."

Thirdly, profit is no longer the sole motive. Now entrepreneurs start and are found in all types of organizations: for profit and not for profit. Religious organizations, universities, and charities can be entrepreneurial. Once again, the yardstick is innovation and maximization of opportunity. A not-for-profit organization is entrepreneurial when it identifies and implements new ways to serve the public.

## The Entrepreneurial Society

In 1985, Peter Drucker predicted the coming of the entrepreneurial society. He described revolutions as the outcome when the need for renewal is denied in the society. The antidote he prescribed is the promotion of entrepreneurship in the society. He proposed that society need to be so organized as to quickly discard what is no longer working and also encourage attempts at innovation and entrepreneurship. Precisely, he stated that, "What we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous. . .innovation and entrepreneurship have to become an integral life-sustaining activity in our organizations, our economy, our society." In this way, the cycle of change will run unhindered and the need of revolution will be eliminated. Given the potential benefits of the entrepreneurial society, what can be done to create such a society deserves attention. But first, there is need to explain in more detail what the entrepreneurial society means. To do that what it does not mean shall first be clarified. It needs to be noted that this is not meant to be an exhaustive treatment of the concept, but only an introduction. In any case, a much more comprehensive analysis would be beyond this book.

The entrepreneurial society is not a society where a lot of new, small businesses are being created. The crucial question to ask here is "what is the value of the businesses being created?" All over Africa, people are starting millions of micro-businesses which add little or nothing to the economy. There is thus a lot of activity with little or no worth. At best, these subsistence entrepreneurs make enough profit just to keep their families living from day to day. In actual fact, many of these businesses have negative impact on the economy due to their waste of resources. The new firms must add value for them to be truly entrepreneurial.

An entrepreneurial society is not focused on the economy alone as an indicator of development. This realization, in a sense, is what led to the emergence and acceptance of the concept of human development. According to the United Nations, human development "is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. It is an approach that is focused on people and their opportunities and choices" (UNDP website). Every society has other resources beyond the economic. These other resources include the social(cultural), spiritual (religious), and mental(intellectual). The aim, therefore, in an entrepreneurial society is to fully develop and exploit all these resources. This idea of holistic human development, beyond the merely economic, is a central tenet in entrepreneurial societies. It goes beyond mere intellectual realization and acceptance. It drives policy

formulation and implementation. It drives the functioning and interaction of institutions. This is important because every kind of society includes social, psychological, cultural, and technological aspects. The human development tenet realizes all of these aspects must develop together.

Having established what the entrepreneurial society is not, what it is may then be considered. The most important features of the entrepreneurial society are that it is flexible, practices continuous learning, and promotes change. Any society that would be entrepreneurial in thought, attitude, and practices must be flexible. This flexibility means that such society does not rest unduly on the familiar and comfortable, but must be willing to try out the new and uncomfortable. Then it must possess enough social capital to be able to quickly readjust to new realities. A society that is too rigid cannot make meaningful progress. Flexibility is in degrees and may be viewed as being on a continuum, with absolute rigidity on one end and absolute flexibility on the other end. Neither of the two extremes are desirable. Indeed, extreme flexibility may be difficult to cope with. Some rigidity is needed by society so as to be able to provide a stable and familiar context within which people may live out their lives.

Secondly, the entrepreneurial society promotes change. The entrepreneurial society not only is flexible, so that it can absorb new cultural elements and adjust to them, it also promotes change by its members. While the former is macro, the latter is micro. The structure of the society is flexible, and the members of the society are open to change. No part of such society is exempt from these changes including politics, religion, education, entertainment, and law.

Thirdly, the entrepreneurial society promotes and rewards continuous learning. In the past, there wasn't much need for new information in order to live a fairly good life. A printer's son grew up to be a printer. A cobbler's son grew up to be a cobbler. Likewise, a manager's son grew up and was trained to become a manger. In addition, by the late teen or early twenties, the child had learnt all there is to know about the craft. All that was subsequently required is for the child to faithfully continue in that path. Also, there was no need for the child to learn anything new. What has been learnt would be continued unchanged throughout the child's life. Thus, the child was trained and would not depart from it. In an entrepreneurial society, the child must learn new things well after well after adulthood so as to stay relevant. For the child to truly prosper, then she must keep learning new things even at a faster rate, for such a society not only changes, but does so quite rapidly. It is therefore imperative for anyone who would thrive in such a context to embrace continuous education. The need to keep up with changes in the society will require adults to learn new things and adapt to new realities. This manifests as continuous learning all through adult life.

## Importance

Three major factors make the entrepreneurial society an important ideal for the society. One, it provides an antidote to social unrest by providing a safe avenue for nonviolent change. A major cause of social revolutions is social and institutional resistance to change. When the status quo is rigidly defended and maintained, even in the face of widespread and deep-seated calls for change, the consequence is violent outbreaks such as revolutions. Though this may seem simplistic at first glance, it is the major cause of many of the bloody revolutions that the world has known. If only the leaders of such societies had been more flexible, some of these revolutions may not have happened.

The entrepreneurial society also provides a relatively safe context for the unconventional and eccentric, without whom significant progress is almost impossible. Real progress is often instigated by those who think differently, see the world differently, and therefore act differently. The initial reaction of the society is to label them as eccentric and unusual. And many times, the social opposition becomes more active. History is replete with persecutions suffered by many who propagated unconventional ideas. Many of the ideas, which are mainstream today, were violently rejected at their beginnings. Classical examples of these include the scientific ideas of Copernicus and Galileo Galilei in the field of astronomy, which were initially rejected by the Catholic Church.

The entrepreneurial society also provides for the full development of the individual. This is the

human development concept that was referred to earlier. People have many dimensions. People also want to satisfy all the needs in Abraham Maslow's hierarchy, and not necessarily one after the other. Many times, the restrictions preventing people from fulling developing and utilizing their capabilities are structural. These structural difficulties are removed in the entrepreneurial society. Such a society would have a high level of social mobility, removing the roadblocks confining people to one class or station in life. Such a society would allow for the maximum expression of individual freedom. Such a society would allow new ideas to be tested, proven, and implemented. Such a society would allow the coexistence of different – even opposing – groups and allow people to freely drift in and out of these groups to settle in whichever best suits them and their purposes.

## Governance

It is difficult to find one predominant definition of governance or even an agreement on what the definition should include. Therefore, the term is used according to the context within which the word is employed. Grande (2012) identified five key elements in governance concepts: "(1) new nonhierarchical structure and mechanisms; (2) governing and the criticism of hierarchy as steering principle; (3) emergence of new actors, either private or nonprofit; (4) increasing complexity of political actions, and (5) increasing cooperation and collaboration among stakeholders."

As suggested by Ysa et al. (2014), governance is an ancient concept. The etymology of the word is found in "kybernan," a Greek word that means to steer a ship. A related concept is found in the word "gubernare," a Latin word meaning to direct. Over the passage of time, the meaning of the word now broadly includes the interaction between the major actors within the state by which policies are formed and implemented. These major actors include trans-national and sub-national authorities as well as private organizations. In effect any group that can influence policy decisions and implementation is included in the governance structure. Two major forces which have influenced this decentralization of power are globalization and the internalization of problems (Ysa et al. 2014). As a result of this, authorities beyond the nation states, such as the UN, have very real roles to play in the organization of the planet. Concurrently, smaller actors, such as private firms, also play important roles within their local contexts.

Governance goes beyond government. "In its widest sense, it refers to the various ways in which social life is coordinated" (Heywood 1997). This point of view makes government one of the institutions in governance. The term also includes civil-society actors who are important players in the society (Mette Kjaer 2004). Therefore, governance is not limited to the existence of government. In fact, governance is possible where there is no government. Governance is thus the social and political context within which people interact and participate in the society. Also, these two concepts can be separated by associating government with "control and domination," and governance with "decentralization and relational management" (Tamayao 2014). In this sense, government is a centralized political authority exercising power over citizens, while governance is about decentralization of power. Government holds on to power and uses it for the purposes it deems fit, while governance spreads authority among various state actors and recognizes a broader participation in civic life.

Following are some definitions of government:

> "the process of governing through which decisions are made that are intended to affect societal outcomes, including economic, social, environmental and other important outcomes." (Wolman et al. 2011).

> "the formulation and execution of collective action at the local level. Thus, it encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action." (Broadway and Shah 2009)

> "The office, authority or function of governing. Governing: having control or rule over oneself." (Fasenfest 2010)

On the other hand, governance has been defined as:

> "structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of

G

law, stability, equity and inclusiveness, empowerment, and broad-based participation. Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive" (Hewitt de Alcántara 1998).

"power relationships', 'formal and informal processes of formulating policies and allocating resources', 'processes of decision-making' and 'mechanisms for holding governments accountable'" (2009 Global Monitoring Report).

"A set of decisions and processes made to reflect social expectations through the management or leadership of the government" (Fasenfest 2010).

## Governance as Leadership

In effect, governance is about leadership. If leadership is about making decisions, communicating with the group to enlist them in the collective project and analyzing the results of actions in order to modify or continue with prior decisions, then governance is about effective leadership. It is a decentralized process in which capable members of the group are allowed to participate in the decision-making process. In this process, the task is not left for a central authority of committee. Rather it is diffused. And the effect is that just as leadership can be dynamic or conservative, so also can governance be dynamic or conservative. Dynamic leadership actively creates what is needed. It sets the pace. Conservative leadership is reactionary. It manages to respond to changes forced upon the organization. Just as leadership sets the pace, tone and direction for the group, so also is the nature of the governance structure reflected in the entire system.

## Governance and Entrepreneurship Development

Entrepreneurship development is about social change. Social change may be viewed as alternations in culture, social structure, and behavior happening over time. This refers to modifications in any aspect of society, both of material and nonmaterial culture. Social change may then be regarded as a normal feature of society, as change is regarded as a normal part of the human experience. Regardless, change is not always welcome. In fact, change is often resisted. However, change continues to happen, with or without its acceptance. Entrepreneurship development is about teaching entrepreneurial habits, encouraging the adoption of these habits and creating social structures that support these habits. In other words, entrepreneurship development is about teaching and supporting people to behave in new ways. This makes entrepreneurship development a program of social change.

There are two broad ways in which social change happens. It may be unplanned and unprompted, or it may be planned and deliberate. Fashion fads are many times unplanned, despite the desire of fashion companies to do so at will. The changes in the American diet during the Second World War, which made organ meats a staple American food, were deliberately planned and executed.

Entrepreneurship development is about teaching habits of entrepreneurship. These include: risk management, independence, innovation, idea generation and implementation, sales and marketing, hard work, resilience, and excellence as seen in high quality service. Developing entrepreneurship is about promoting these habits in members of the society, with a view to attaining development. Much more than merely teaching entrepreneurship practices, this is about creating the proper social and economic context for identifying, creating, and exploiting opportunities. That is at the macrolevel. At the microlevel, individuals learn to habits that enable them to create and exploit opportunities for themselves.

The decentralized and inclusive nature of governance thus makes it important in this regard. Adequate governance makes it possible to create, implement, and monitor the right mechanisms for teaching the social habits of entrepreneurship. The central government is usually too far removed from the arena of everyday lives where millions of microdecisions aggregate eventually into macrooutcomes. However, by the time the micro turns macro and is noticed by the agents of government, the government can only play catch up. The solution once more is an adequate governance structure that involves a wide array of social agents and is equipped to view and respond to micro level occurrences in the society.

## Conclusion: Development and the Entrepreneurial Society

Economic development has always been led by entrepreneurs. They create new jobs by starting new firms, and they exploit opportunities that expand the economy and bring economic prosperity. But beyond the economic, development must be all inclusive, hence, the idea of human development. This is why an entrepreneurial society is needed. All sectors of human life need individuals who will do for their own sectors what entrepreneurs do for the economy. Schools and hospitals need entrepreneurs. The military as well as religious institutions need entrepreneurs. Politics and law need entrepreneurs. Comprehensive social transformation is dependent on entrepreneurs in all areas. The entrepreneurial society is that which most fully guarantees continued development with as little waste as possible. The development of the entrepreneurial society is particularly important for the underdeveloped societies of Africa, Asia, and south America. A very important step in this regard will be to set up governance structures that can oversee real entrepreneurship development.

## Cross-References


- ▶ Decentralization and Governance
- ▶ Governance and Human Development
- ▶ Public Policy Entrepreneurship
- ▶ Public Sector Entrepreneurship


## References


Bolton WK, Thompson JL (2000) Entrepreneurs: talent, temperament, technique. Butterworth Heinemann, Oxford

Broadway R, Shah A (2009) Fiscal Federalism: Principles and Practice of Multilevel Governance. Cambridge. Cambridge University Press

Drucker PF (1985) Innovation and entrepreneurship. HarperCollins Publishers

Fasenfest D (2010) Government, governing, and governance. Critical Sociology 36(6):771–774

Grande E (2012) Governance-Forschung in der Governance-Falle? - Eine kritische Bestandsaufnahme. PolitischeVierteljahresschrift 53(4):565–592. *(PDF)* What is governance. Available from: https://www.researchgate.net/publication/269107473_What_is_governance [accessed March 2021]

Hewitt de Alcántara C (1998) Uses and abuses of the concept of governance. International social science journal 50(155):105–113

Heywood P (1997) Political corruption: problems and perspectives. Pol Stud 45(3):417–435

Kjaer AM (2004) 'Old Brooms Can Sweep Too!' An overview of rulers and public sector reforms in Uganda, Tanzania and Kenya. Journal of Modern African Studies 389–413

Onuoha G (2007) Entrepreneurship, AIST. Int J 10:20–32

Say J (1816) A treatise on political economy. Sherwood, Neeley and Jones, London

Schumpeter JA (1934) The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle. Oxford University Press, New York

Schumpeter JA (1965) Economic theory and entrepreneurial history. In: Aitken HG (ed) Explorations in enterprise. Harvard University Press, Cambridge, MA

Tamayao MJ (2014) "What is Governance?" retrieved from https://tamayaosbc.wordpress.com/2014/08/21/what-is-governance/

United Nations Development Programme. Human Development Reports. Accessed at http://hdr.undp.org/en/humandev on 5 Dec 2020

Westlund H (2011) Multidimensional entrepreneurship: theoretical considerations and Swedish empirics. Reg Sci Policy Pract 3:199–218

Wolman H, Levy A, Hincapie D (2011) Government, Governance, and Regional Economic Growth. George Washington Institute of Public Policy

Ysa T, Albareda A, Forberger S (2014) What is governance. In: Reframing addictions: policies, processes and pressures, vol 8. Palgrave Macmillan, Basingstoke


# Governance and the State: Theory and Russian Specifics


Dmitry Zaytsev
Public Policy Department, Faculty of Social Sciences, National Research University Higher School of Economics, Moscow, Russia


## Synonyms

Civil identity; Decentralization; Democratic government; Effectiveness of government; Functioning of government; Multilateralism; Nation; National identity; New management system; New public management; Sovereignty; State capacity; State failure; State fragility; Statehood; Stateness

## Definition

State is a type of polity that is characterized by two main dimensions: "statehood" and "stateness." Statehood is the recognition of the state by other states as independent nation, equal to others to participate on international arena; receiving and having the "statehood" for country mean that it is a part of the "concert of nations," such as the member of the United Nations organization. Stateness is a state capacity to sustain its territory, nation, and citizens' welfare; it is not enough being recognized by other states as such, but also important to support this status in time.

## Introduction: The Problem of the Loss of Centrality by the State

Governance and the state are two concepts that we use in public policy and public administration to highlight both the process of policy-making and government capacity to solve policy problems effectively.

These two concepts try to capture and explain the oldest phenomena of government and decision-making in society, which have existed since Ancient times. That is why "governance" and "the state" since Ancient Greek philosophers have a long history of conceptualization; therefore, diverse definitions of governance and state coexist with each other. Old understandings of governance and the state meet and mix with the new ones (e.g., interactive governance, new management system, global governance, multilateral governance).

Furthermore, the tendency of last decades in public policy is the loss of centrality by the state. If, for centuries, state was the central actor of policy-making, in the last decades scholars identify the tendency of the state to move from this central role and position. It was discovered by theorists both of "the state" (Linz and Stepan 1996) and of "governance" (Lenoble and Maesschalck 2010; Stivers 2008). The tendency to lose centrality by the state is indicated by the raise of the importance of identity issues in the contemporary world, the blurring of nation-state identity, and the increasing importance of local and global identifications of citizens, as well as other identities (gender, identification with particular subculture, religion, etc.) which have become more equal to national identity that was dominant for last two to three centuries (Semenenko 2012). For governance a similar shift is observed: from the state which has to govern effectively to participation and knowledge, which have become the key indicators of "participatory governance" (Kohler-Koch and Quittkat 2013; Malena 2009) and "reflexive governance" (Lenoble and Maesschalck 2010).

There are continued attempts to measure empirically the quality of governance and state capacity by scholars and international comparators (*The World Bank* "Government Effectiveness Index," "Property Rights and Rule-based Governance," "Index of Objective Indicators of Good Governance," and "Governance Indicators"; *the Freedom House* "Functioning of Government Index," *the Bertelsmann Stiftung* "Stateness Index" and "Management Index," *the World Peace Foundation* "Index of African Governance"). These indices are used not only by scholars in their research but also by practitioners (public, stakeholders, and policy-makers), who are trying to solve policy problems. These indices help them to orient in a complicated world of policy-making, to trace policy process, and policy transfer and learning from the "best examples" of decision-making in other countries and policy sectors. They need these rankings to choose more effective policy options and tools to manage social problems.

Indices can be biased not only from theoretical and methodological points of view but also because of interests of sponsors and values of international comparators, who are involved in the creation of these rankings. That is why they can also be used as tools for manipulation or the legitimation of government decisions.

The existence of diverse understandings of what governance and the state is, as well as empirical measures of their quality and capacity, confuses both scholars and practitioners as mutual crossing and mixing of the meanings of the concepts, methodological and political biases of the scholars and international comparators can lead to absurd conclusions in research and inefficient policies.

The identification of clear boundaries between the concepts, traditions to define them, and their diverse meanings, as well as contemporary dynamics in development of quality of governance and state capacity, will help both scholars and practitioners to understand policy variation and change and increase the effectiveness of policy-making in the very complicated contemporary world.

## Theories of the Governance and the State: From a "State-Centric" to "Participatory" Understanding

Territory or polity is conceded as the state, when it is recognized as such by other states as independent nation, equal to others to participate on international arena. "Statehood" is a concept that is used to define this characteristic of the state. Receiving and having the "statehood" for country mean that it is a part of the "concert of nations," such as the member of the United Nations organization.

Theories of state do not stop on reflections about "statehood" as an essential characteristic of state, but also reflect about the state capacity to sustain its territory, nation, and citizens' welfare. This aspect of the state which adds other dimensions – that it is not enough being recognized by other states as such, but also important to support this status in time – is known in political theory as "stateness." If "statehood" can be easily measured, as the UN has the formal procedure of recognition of new members of the organization, "stateness" is not so easy to assess as it is combined by several meanings.

"Stateness" as a "conceptual variable" was first used by J. Nettl (1968). Conceptualizing stateness, Nettl focused on state activity, structures, and functions and also defines historical, intellectual, and cultural dimensions of this phenomenon. Stateness is a more contestable concept than statehood as it had more dimensions; therefore, it is defined differently depending on the aspect of the state capacity that an author tries to explain. We can identify four theoretical traditions or approaches to define stateness.

The first tradition to define stateness pays attention to such aspects as being independent and autonomous from other actors: primacy, autonomy, and sovereignty of the state. These unique characteristics of stateness obtained during the historical process of the formation and development of the nation-state in modern times happened mostly in Western Europe since sixteenth century (Tilly 1975). The nation-state had replaced the "old" forms of polity (polis, empire). That is why we can call this approach the ***"historical tradition."*** It refers to the well-known definition of state expounded by Max Weber "a monopoly of the legitimate use of physical force" (Weber 1921). Tilly, analyzing the formation of nation-states in Western Europe, by stateness meant "the degree to which the instruments of government are differentiated from other organizations, centralized, autonomous, and formally coordinated with each other" (Tilly 1975, 32).

The second tradition is the "functional approach" which is a logical continuation of the historical approach to define stateness. It highlights such aspects of stateness as the capacity to perform governmental functions, establish effective structures, and concentrate recourses (or capital) for state-agency activities. This tradition refers to Bourdieu's classic analysis of state-building as a process of the concentration of capital: physical force, economic, informational, juridical, and symbolic (Bourdieu 1994). Bartolini (2005) continues this ***"functional tradition."*** He defines four dimensions of stateness: "(a) creation of the organization for the mobilization of resources: bureaucracy and tax burden; (b) external consolidation of the territory: army; (c) maintenance of internal order: police and judiciary; and (d) state activism in regulatory activities and in economic and social interventionism" (Bartolini 2005, 71). If the "historical tradition" pays more attention to the process of formation and development of modern states as independent, sovereign, and as a supreme center, whose decisions are binding on other actors and society at large, the authors of the "functional approach" took this argument as the starting point and made the step forward by drawing a more dynamic picture where the state has certain functions that

it has to establish regularly to maintain the central status.

An alternative understanding to these traditional concepts of stateness was proposed by Linz and Stepan (1996), who argue that stateness is an undertheorized concept: "our point about undertheorization concerns in particular the triadic inter-relationship between the modern state, modern nationalism, and modern democracy" (Linz and Stepan 1996, 16). They continue that "a modern democratic state is based on the participation of the demos (the population), and nationalism provides one possible definition of the demos, which may or may not coincide with the demos of the state" (Linz and Stepan 1996, 16). An analysis of state capacity is the study of the "stateness problem": when there is a difference between actual territorial boundaries of the state and territorial boundaries of the political community of citizens, who identify themselves with the state. The "stateness problem" is as big as, as much citizens of the population of the state territory are not recognized by the state as citizens or as many of the citizens do not identify themselves with the state. Linz and Stepan define stateness through "identification with the state" when "large groups of individuals in the territory" do not want "to join a different state or create an independent state" (Linz and Stepan 1996, 7). This definition should be specified by adding such indicators of high state capacity as a low level of citizen identification with alternative state identities (global and local), the lack of public wish to emigrate (including inner migration), and other identifications with the state (national pride, knowledge, use of national symbols, etc.). This tradition to identify stateness can be called the ***"socio-cultural approach"*** as it raises the identity issues – not only the question of citizens' identification with the state – but also the questions of national and civil identity of the people.

The fourth tradition for state capacity analysis is the ***"synthetic approach"*** that tries to combine all three above approaches or traditions and give a generic definition. One of the attempts to synthesize these traditions was made by Russian political scientist Il'in (2008). He compared different dimensions of stateness with Aristotle's "four causes of change": driver or moving cause (kinoyn), substance or material cause (hyle), prototype or formal cause (eidos), and aim or final cause (telos). Accordingly, there are four aspects of the state: statehood as being a part of community of recognized independent states; stateness as the capital and resources which allow the state to function; stateness according to Linz and Stepan as citizens' identification with the state; finally, the state's aspiration for autonomy, self-sufficiency, independency, and sovereignty. In other words, state capacity is high, when, first, it is recognized by the other states as an actor in the international arena; secondly, the state has successfully concentrated enough recourses to govern; third, as the result of the first and second, the state is recognized by its citizens as the motherland; and based on all these three dimensions state became a central actor in the national political system.

**The concept of governance** is much more complex and complicated than the notion of stateness. More complexity is added because of the close tie between the phenomenon of state as "in political and administrative theory, governance used to imply statecraft" (Stivers 2008, 15). The universality of the phenomenon of governance leads to the existence and multiplication of many definitions of governance. Rod Rhodes (1996) identifies six, Kees van Kersbergen and Franz van Warden (2004) – nine different meanings of governance. Endless lists of governance concepts lead Claus Offe to conclude that governance is "an expression without any precise content" (Torfing et al. 2012, 12–13). The notion of governance is used in many different contexts and often in conjunction with a particular adjective: global governance, corporate governance, good governance, etc. But this makes things even more complicated (Torfing et al. 2012, 12–13). To manage this complexity the governance definitions can be summarized in four general approaches.

***The first approach*** in defining governance can be called ***"state-limited"*** as it first of all argues for a shift in governing from rowing to steering, from command and control regulation to "soft" regulatory regimes, paying attention to government accountability, transparency, client orientation, the

reduction of corruption, and other features of "good governance." This approach correlates with using the concept of governance in Developmental Studies and Legal Theory, to grasp the processes of the limitation of state functions and authority and a new public management movement.

*In Developmental Studies* governance is defined with reference to the "less developed countries," which need to develop "good governance." It means that the government has to reduce corruption and establish other elements of more accountable and transparent government, like free and fair elections, increased administrative and fiscal capacity, following the rule of law principle in public administration, and opposed to nepotistic and clientelistic structures, a personalistic form of governing and informal patterns, and institutions (Torfing et al. 2012, 36–38). This approach to conceptualizing governance is very close to the historical and functional approaches to define stateness.

*Legal theory* does not propose an alternative conceptualization of governance but focuses on the interaction between governance and other related notions of "rule of law" (that "good governance" is viewed as an element of effective governance), "reflexive law," and "soft law." The pathos of this discourse is a switch from command and control regulation to "the use of instruments such as benchmarks and voluntary agreements" (Torfing et al. 2012, 45–47). Government has to base its decisions on rules and regulations developed in interaction with other stakeholders and nongovernmental actors. Thus, "rule-based governance" (World Bank 2016a) and "regulatory governance" (Levi-Faur 2011; Minogue and Cariño 2006) are the notions with adjectives, which try to specify this aspect when the government needs to coordinate the interests of diverse policy actors to establish rules for policy-making.

In *Public Administration* there is the widespread understanding and practice of delegation of public services to governmental agencies which are more or less autonomous from higher state-officials and to nongovernmental agencies (market organizations or NGOs). Through contracts, public-private partnerships, or networking these agencies are becoming involved in policy-making. The new public management movement is an example of the "variety of "governance" approaches to public administration" (Torfing et al. 2012, 40–42).

***The second approach*** defines governance as a process of bargaining with different institutional levels of decision-making (local, regional, national, supranational, and global). This approach was developed in *Urban Politics Studies* and is connected with the process of decentralization and can be called ***multilevel governance***. In the literature, this precise concept is used with an adjective – decentralizing governance (Cheema and Rondinelli 2007). The multilevel character of governance first means that cities have to establish dialogue with higher regional and state authorities to solve specific municipal issues, then was used to explain relations between diverse levels of government in such supra-national institutions like EU. This understanding of governance means not only "vertical" interactions between governmental institutions of diverse levels (local, regional, national, supra-national), but also "horizontal" relations of government with other nongovernmental actors (businesses, corporations, NGOs, civil associations, etc.) to increase the efficiency of policy-making (Torfing et al. 2012).

***The next approach*** has close ties with the multilevel governance approach as it is rethinking governance in the context of decentralization and democratization processes and figure out such dimension of governance as multilateralism. ***Multilateral governance*** is a process of interaction between governmental and nongovernmental actors "in order to formulate, promote, and achieve common objectives by means of mobilizing, exchanging, and deploying a range of ideas, rules, and resources" (Torfing et al. 2012, 15). The concept of governance within this tradition is used in *International Relations studies* (IR) and *Economics*. Interactive Governance and Democratic Governance are the concepts "with adjectives" which establish a more precise understanding of this aspect of the concept of governance.

Study of governance in *IR* developed differently than in Developmental studies, Legal theory,

or Urban studies because of the specificity of international relations, when there is no hierarchy between states, and there is no "global government" that rules despite conspiracy theorists. That is why governance in IR was developed as "governance without government" (Torfing et al. 2012, 35–36), where at least formally equal states have to negotiate and agree about the ways to solve global problems (such as global security, poverty, climate change). Main mechanisms in global policy-making are soft power instruments, as the use of force and coercion is restricted or directly prohibited by international law. Globalization strengthens the role of global nonstate actors (e.g., global NGOs, global corporations, global media) that have become an integral part of the modern policy-making processes on an international level. The idea of the interaction among all these actors appeared and dominated the conceptualization of governance, which was documented by such concepts as global governance. The last conception is very close to "interactive governance" as a process of the interaction of governmental and nongovernmental actors to reach public goals and "multilateral governance" (or multilateralism) that has become a key feature for this approach to define governance (Torfing et al. 2012, 35–36).

*In Economics* an important discovery was made by Elinor Ostrom (1990; Ostrom et al. 1992) that institutions (rules and procedures) for governing the limited resources or commons (such as oil, joint grazing areas, and water for irrigation that are limited and easily exhausted) "are argued to emerge from voluntary cooperation without the use of formal governmental interventions from the public sector" (Torfing et al. 2012, 40–42). This discovery is very close to the idea of "governance without government" in IR.

Finally, a ***new approach*** to governance conceptualizes it as a more impartial, more reflexive, and more responsive process based on ***effective participation*** of government, private, collective and public actors, and learning operations that allow citizens to act collectively, redefine public interest, and reach public good more effectively. This approach is summarized using the concept of governance in contemporary political philosophy, which can be seen in producing new concepts "with adjectives" – "reflexive governance" (Lenoble and Maesschalck 2010), "governance of the common ground" (Stivers 2008), or "governance from the ground up" (Stivers 2008).

The conclusion from this brief analysis of theories of governance and the state is that the position of the state and government with appearance of new theories over time being rethought from state-centric understandings, where the state has a monopoly in policy-making (the historical approach to stateness) towards more state-limited conceptions, where the state is limited by the effective implementation of their functions or by some principles of "good governance" or by "vertical" and "horizontal" governmental or public control (functional and synthetic approaches to stateness and state-limited and multilevel governance), and finally to an understanding that state is important but only one of many other significant actors, and only their interaction and participation can effectively solve collective problems (sociocultural approach to stateness and multilateral and participatory governance traditions).

## But Why Has This Shift of Meanings of the Concepts of State and Governance Happened?

This happened due to **several processes** over the last three decades: globalization and the New Public Management (NPM) movement of the 1990s, which can be put in the broader processes of the Neoliberal movement in economics and politics starting from 1980s (Harvey 2005) and also because of decentralization and increasing participation in policy-making.

The advocates of ***new public management*** argued that "governments should 'steer rather than row' and oversee service provision rather than deliver it directly; further, governments should encourage local groups to solve their own problems by deregulating and privatizing those activities that could be carried out by the private sector or by civil society organizations more efficiently or effectively than by public agencies" (Cheema and Rondinelli 2007, 4).

***Decentralization*** in the 1970s and 1980s was understudied as the deconcentration, devolution

and delegation of authority, responsibility, recourses, and functions within government (e.g., from national to supranational (regional) and local authorities); in the mid-1980s the power of policy-making was actively shared with the private sector; during the 1990s decentralization became very close to democratization as it "was seen as a way of opening governance to wider public participation through organizations of civil society" (Cheema and Rondinelli 2007, 2–3).

Moreover, in the literature we can find the argument that the ***democratization*** processes within governance developed through the shifting from empowerment of nongovernmental actors by the state to the construction of equal partnerships between government and civil society actors to improve public policy (Stivers 2008, 115).

That is why the evolution of governance as a concept connected with a rethinking of the term and the development of ***participation***. Previous conceptions of governance (especially within NPM framework) proceed from the "transformation of citizen to customer," new concepts of governance deny this "economic thinking" and return us to "citizen thinking" on governance, which puts citizens into the core of policy-making. Participation of nongovernmental actors in governance should be not on the basis of public contract but through the creation of "common ground" between government and nongovernmental actors (Stivers 2008, 106). To do so another quality of participation in policy-making in needed. Not simple involvement (inclusion) and participation in governance lead to the "unconscious repetition" of old patterns and practices and does not allow real private, collective, and public interests to be identified, and finally prevent the finding of optimal solutions to public problems in public interest. What is needed is "reflective participation" based on learning operations that "puts forward an epistemological shift from one type of attention, a rational attention focused on actors' 'ability-to-do', to another type of attention, focused on actors' 'collective identity making'" (Lenoble and Maesschalck 2010, 15). In other words participation has to start, first, with "public building" (Stivers 2008, 115), which is the process of building a common identity of the participants of the policy process, when they agree about common values, goals, and interests. An integral part of this common identity is agreement about common democratic ideals and practices. Common identity became the ground for any further collective actions. Public-building and collective actions are repeated activities as through this repetition public learning and knowledge accumulation by participants about policy-making takes place. Participation through reflection on participants' identity, mission, and results of collective actions brings a new level of understanding of governance.

G

## The Practice of Measurement of the Governance and the State Capacity: "State-Centric" Biases of International Comparators

International comparators that produce indices of stateness and governance are using only some of the theoretical approaches and traditions which were described above (see Tables 1 and 2).

Within the "historical approach" to define state capacity, the Stateness Index was developed by specialists of Moscow State Institute of International Relations (MGIMO-University) and published in 2007 (Melville 2009). This index covered 192 states. Stateness is defined as the "state's capacity to maintain its existence, sustain its independent development, and deal with domestic and external problems, that is, to exercise the prerogatives of a sovereign" (Melville 2009, 53).

The "functional approach" to the conceptualization of stateness is represented by Stateness Combined Index by Bartolini (Cheema and Rondinelli 2007, 318). Within this approach we can find other indices: e.g., State Fragility Index and State Failure Index developed by the Center for Systemic Peace (2014), Government Effectiveness Index of World Bank (World Bank 2016b), Functioning of Government Index of Freedom House (Freedom House 2016).

We already know how Bartolini define stateness. As for the State Fragility Index – stateness or more precisely "a country's fragility is closely associated with its state capacity to

**Governance and the State: Theory and Russian Specifics, Table 1** Stateness indices and corresponding approaches to stateness conceptualization

| | Approaches | | | |
|---|---|---|---|---|
| Associated meanings or dimensions | Historical | Functional | Sociocultural | Generic or synthetic |
| Being independent and autonomous from other actors; primacy, autonomy, and sovereignty of the state | Yes | | | Yes |
| Capacity to perform governmental functions, establish effective structures, and concentrate recourses (or capitals) for state-agency activities | | Yes | | Yes |
| Citizens' identification with the state, problems with national and civil identity within state | | | Yes | Yes |
| EXAMPLES OF AUTHORS | M. Weber. Ch. Tilly | P. Bourdieu S. Bartolini | J. Linz, A. Stepan | M.Il'in |
| EXAMPLES OF INDEXES | **The Stateness Index** (MGIMO) | **Stateness Combined Index** (S. Bartolini), **State Fragility Index**, State Failure Index (Polity IV Project), Government Effectiveness Index (World Bank), Functioning of Government Index (Freedom House) | – | **Stateness Index (Bertelsmann Stiftung)** |

manage conflict; make and implement public policy; and deliver essential services and its systemic resilience in maintaining system coherence, cohesion, and quality of life; responding effectively to challenges and crises, and sustaining progressive development" (Marshall and Elzinga-Marshall 2015, 7).

The next indices – State Failure Index, Government Effectiveness Index, and Functioning of Government Index – do not precisely measure stateness. The State Failure Index measures such specific aspects of stateness such as political instability (ethnic war, revolutionary war, adverse regime change, and genocide/politicide). Government Effectiveness Index and Functioning of Government Index mix performance of governmental functions parameters with governance indicators. Also, the latest index, strictly speaking, was developed for the measurement of democracy and used as a subindex for the Freedom House index of democracy (Freedom House 2016).

The Stateness Index of Bertelsmann Stiftung is trying to measure stateness in the Generic or Synthetic tradition to conceptualize stateness (Bertelsmann Stiftung 2016a). Stateness here is "examined through questions specifically dealing with the state's monopoly on the use of force and basic administrative structures" (Bertelsmann Stiftung 2016b) and also with the legitimacy of citizenship and the acceptance of the nation-state.

International comparators do not work within the "Socio-Cultural Approach" to define stateness. The Bertelsmann Stiftung as one of four indicators of stateness uses "state identity" by asking the experts: "To what extent do all relevant groups in society agree about citizenship and accept the nation-state as legitimate?" But this is not the same as what Stepan and Linz mean, when they established their "stateness problem" as an "identity crisis" at a personal level with nation-state and when a citizen has a problem identifying him/herself with the nation and chose other forms of identity (global, local, etc.).

**Governance and the State: Theory and Russian Specifics, Table 2** Governance indices and corresponding approaches to governance conceptualization

| | Approaches | | | |
|---|---|---|---|---|
| Associated meanings or dimensions | State-limited governance | Multilevel governance | Multilateral governance | Participatory governance |
| Steering society and economy using soft regulation on the basis of accountability, transparency, client orientation, reduction of corruption, and rule of law | Yes | Yes | Yes | |
| Bargaining with different institutional levels of decision-making (national, supranational, regional, local, and global) | | Yes | Yes | |
| Interaction between governmental and nongovernmental actors | | | Yes | Yes |
| Reflexive participation of government, private, collective, and public actors through learning operations | | | | Yes |
| EXAMPLES OF CONCEPTS "WITH ADJECTIVES" | Good governance, rule-based governance, regulatory governance | Decentralizing governance | Global governance, interactive governance, democratic governance | Reflexive governance, governance of the common ground, governance from the ground up |
| EXAMPLES OF DISCIPLINES | Developmental studies, legal theory, public administration | EU studies, urban politics studies | IR studies, economics, urban politics studies | Political philosophy |
| EXAMPLES OF PROCESSES | NPM movement | Decentralization | Decentralization, democratization | Democratization in advanced countries |
| EXAMPLES OF INDEXES | Functioning of Government Index (FH), Index of African Governance (World Peace Foundation), property rights and rule-based governance, index of objective indicators of good governance, governance indicators (WB) | – | Management Index (Bertelsmann Stiftung) | – |

Indices of the governance can be associated with only two out of four approaches to define governance (see Table 2).

The most popular for international comparators (or agencies that make indices to compare countries on different societal parameters of development) is the "state-limited governance" approach, within which a lot of governance indices are made: Functioning of Government Index (Freedom House, FH), Property Rights and Rule-

based Governance (World Bank, WB), Index of African Governance (World Peace Foundation), Index of Objective Indicators of Good Governance (WB), Governance Indicators (WB).

The most popular governance comparator – the World Bank – defines governance as "the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them" (World Bank 2016b). The Worldwide Governance Indicators (WGI) project measures six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption – and does not aggregate it in an averaging index.

Also the World Bank assesses indices of Property Rights and Rule-based Governance – "the extent to which private economic activity is facilitated by an effective legal system and rule-based governance structure in which property and contract rights are reliably respected and enforced" (Teorell et al. 2016, 387). The three dimensions of this type of governance are: "(a) legal basis for secure property and contract rights; (b) predictability, transparency, and impartiality of laws and regulations affecting economic activity, and their enforcement by the legal and judicial system; and (c) crime and violence as an impediment to economic activity" (Teorell et al. 2016, 387).

Index of Objective Indicators of Good Governance by the World Bank (Knack and Kugler 2002) consists of nine indicators: "the regulation of entry, contract enforcement, contract intensive money, international trade tax revenue, budgetary volatility, revenue source volatility, telephone wait times, telephone faults, and the percentage of revenues paid to public officials in bribes, as reported in surveys of business firms" (Teorell et al. 2011, 85).

Index of African Governance by the World Peace Foundation (Rotberg and Gisselquist 2009) defines governance very broadly but still puts the state and its responsibility to provide and deliver political, social, and economic goods and services for citizens in the center. This index is based on five subindicators: "safety and security; rule of law, transparency and corruption; participation and human rights, sustainable economic opportunity; human development" (Teorell et al. 2016, 347).

Index of Functioning of Government by Freedom House examines to "what extent the freely elected head of government and a national legislative representative determine the policies of the government; if the government is free from pervasive corruption; and if the government is accountable to the electorate between elections and operates with openness and transparency" (Teorell et al. 2016, 275).

"Multilateral governance" could be illustrated by Management Index by Bertelsmann Stiftung and consist of five criteria: level of difficulty – structural difficulties (such as poverty, disasters, pandemics), civil society traditions, and social, ethnic, and religious conflicts intensity; steering capability – "the government manages reforms effectively and can achieve its policy priorities"; resource efficiency – "the government makes optimum use of available resources"; consensus-building – "the political leadership establishes a broad consensus on reform with other actors in society, without sacrificing its reform goals"; international cooperation – "the political leadership is willing and able to cooperate with external supporters and organizations" (Donner et al. 2016).

International comparators do not conduct any rankings to evaluate countries' success or failure in establishing multilevel and\or participatory governance.

## Russian Specifics: Failures of "State-Centric" Approach in Practical Policy-Making

According to the main indices of stateness provided by international comparators, Russia has good and moderate positions. For comparison we took the three main indices that measure stateness directly (The Stateness Combined

**Governance and the State: Theory and Russian Specifics, Table 3** Positions of Russia in international indices of stateness

| | The Stateness Index (Melville 2009) | | The State Fragility Index (Center for Systemic Peace 2014) | | The Stateness Index (Bertelsmann Stiftung 2016a) | |
|---|---|---|---|---|---|---|
| | Rank | Decile[a] | Rank | Decile[a] | Rank | Decile[a] |
| Russia | 27 (192) | 2 | 91–102 (167) | 6 | 43–47 (129) | 4 |
| Brazil | **9 (192)** | **1** | 59–67 (167) | 4 | 38–42 (129) | 3 |
| India | 81 (192) | 5 | 118–130 (167) | 8 | 62–75 (129) | 5 |
| China | **12 (192)** | **1** | 68–75 (167) | 5 | 28–31 (129) | 2 |
| South Africa | 30 (192) | 2 | 86–90 (167) | 6 | 48–61 (129) | 4 |
| USA | **1 (192)** | **1** | 42–50 (167) | 3 | – | – |
| Norway | 31 (192) | 2 | 29–41 (167) | 2 | – | – |
| Poland | 32 (192) | 2 | **1–22 (167)** | **1** | **7–10 (129)** | **1** |

[a]Country got 1st position, if less than 10% of states have the same position; 2nd – less than 20%, 3rd – less than 30%; etc.



Index by Bartolini measured the stateness directly but was not included here as limit its "sample" only by Western European states.) (the Stateness Index by MGIMO, the State Fragility Index by the Center for Systemic Peace, and the Stateness Index by Bertelsmann Stiftung) and compared Russia with seven countries (other BRICS countries: Brazil, India, China, and South Africa; the USA, because Russia always was challenging US ambitions as superpower; Norway, like Russia, one of the largest producer of oil and gas in Europe; Poland, like Russia, one of the post-communist bloc country) (see Table 3).

The highest position Russia takes on the Stateness Index (7.5 points out of 10 and 27th place out of 192 countries), which put it in the top quintile.

Russia has more moderate positions according to the State Fragility Index. Here Russia got 9 points out of 25, where ranges differ from 0 "no fragility" to 25 "extreme fragility." The State Fragility Index provides its rankings in dynamics: Russia little improves its state capacity from 10 points in 1995 to 9 in 2015 but not significantly. Russia shares 91–102 rank with other 12 countries and belongs to the top 60% of countries in the world, like South Africa, and enjoys a better position than India.

The Stateness Index by Bertelsmann Stiftung has fewer countries in its sample (it excludes "developed countries" like the USA and Western European states). Russia here is in the top 40% of countries, like South Africa, ahead of India, and behind Brazil, China, and Poland. The stateness of Russia in the Bertelsmann Stiftung interpretation did not change significantly (index value changed from 7.5 out of 10.0 in 2006 to 8.0 in 2016).

From these indices of international comparators we can conclude that Russia is independent enough from other actors, enjoys its primacy, autonomy, and sovereignty; has moderate problems with state capacity to perform governmental functions; but in general has a stable place in first 40% of "developing countries."

However, political scientists and public policy analysts highlight that the main problem of policy-making in Russia is its reduction to the distribution of social benefits obtained from the high revenues from oil and gas sales. Serious social reforms cannot be properly contested and deliberated by different political actors and stakeholders; policy options and tools became the product of backstage coordination within a closed system of high-level federal bureaucracy. Therefore, any social reforms beyond distributive policy are faced with public protests or sabotage by local elites or stakeholders, who were excluded from the policy-making process. In case of sabotage, the policy change remains on paper and is never implemented. The main style of policy implementation when protests arise is "manual government": "direct and personal intervention from the highest levels in order to respond effectively" and "constant manual control by top leaders" is required. "This is because the increasingly centralized system gives very little incentive

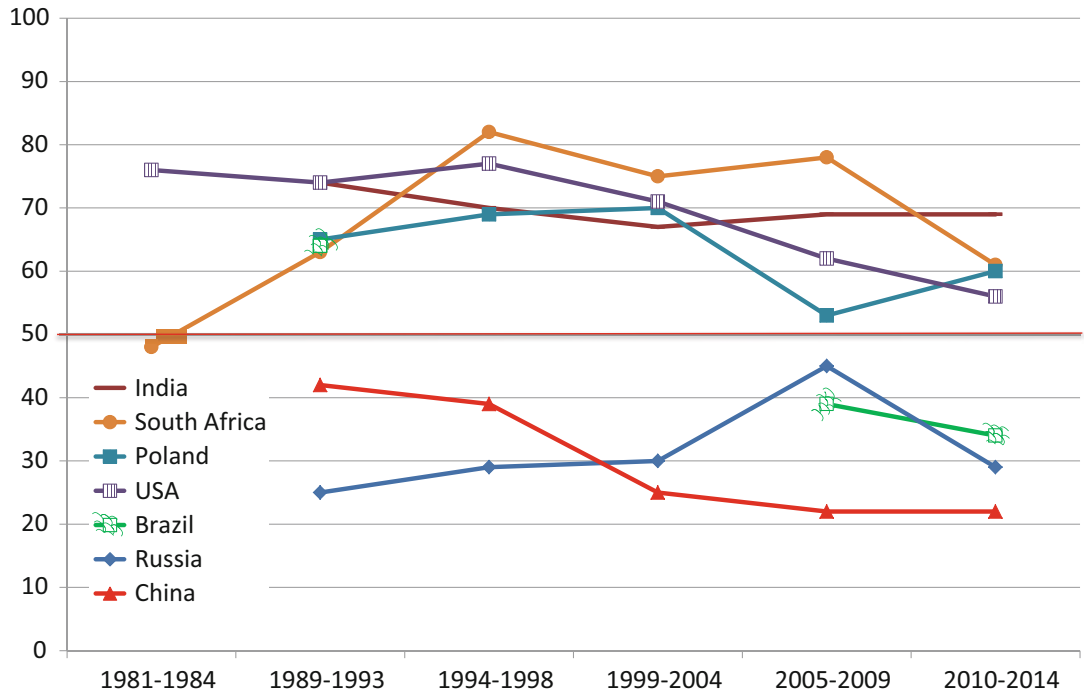


**Governance and the State: Theory and Russian Specifics, Fig. 1** How proud are you of your nationality? (% of respondents said "very proud"). (Source: World Value Survey 2016)

for lower levels of government [and to other policy actors] to try something new and, more importantly, gives them little real authority to do so – even when it comes to resolving local problems" (Petrov et al. 2010, 22–23). Examples of such "manual government" are the cash-for-benefits reforms in 2005, policy of banning all right-hand-drive cars in Russia in 2005–2006, and restrictions on housing policy in 2006 (Greene 2014).

Moreover, the analysis of stateness using the "sociocultural tradition" gives us more insights to the main "stateness problem" for Russia: the lack of citizen identification with the nation-state. Because international comparators do not work within the "sociocultural tradition," we used as a proxy-parameter the perceptions of national pride to illustrate this problem (see Fig. 1).

Less than one third of Russians are very proud of their nationality, and this has not changed significantly over time (only in 2006, 45% of Russians were very proud of their nationality). In other countries (India, South Africa, Poland, the USA) majority of the population are "very proud" of their nationality. Together with Russia other leaders of "state consistency" rankings Brazil and China have problems with "national identity." For Brazil it can be temporary phenomenon, as in 1991 the majority (64%) of Brazilians were "very proud" of their nationality; for two authoritarian polities with the elements of former empires – China and Russia – this problem is more persistent.

About 20% of Russians would like to emigrate outside the former USSR for permanent residence (Levada center 2016). The number of potential emigrants has the tendency to grow, as in 1990 only 11% wanted to do so. Willingness to emigrate is declared more by the youth (18–24 years old) and respondents with higher education (Levada center 2015).

Therefore, we can conclude that international indices do not show the real contemporary problems of stateness, because they still work in a "state-centric" paradigm to measure stateness and do not capture such important questions as

**Governance and the State: Theory and Russian Specifics, Table 4** Positions of Russia in international indices of governance

| | Functioning of Government Index (Freedom House 2016) | | Governance Indicators (World Bank 2016b)[b] | | Management Index (Bertelsmann Stiftung 2016a) | |
|---|---|---|---|---|---|---|
| | Rank | Decile[a] | Rank | Decile[a] | Rank | Decile[a] |
| Russia | 141–159 (195) | 8 | 157 (202) | 8 | 114 (129) | 9 |
| Brazil | 71–84 (195) | 4 | 99 (202) | 5 | 14 (129) | 2 |
| India | 56–70 (195) | 3 | 104 (202) | 6 | 24 (129) | 2 |
| China | 160–170 (195) | 9 | 130 (202) | 7 | 74 (129) | 6 |
| South Africa | 71–84 (195) | 4 | 76 (202) | 4 | 27 (129) | 3 |
| USA | 31–55 (195) | 2 | 24 (202) | 2 | – | – |
| Norway | **1–19 (195)** | **1** | **3 (202)** | **1** | – | – |
| Poland | 31–55 (195) | 2 | 41 (202) | 2 | **5 (129)** | **1** |

[a]Country got 1st position, if less than 10% of states have the same position; 2nd – less than 20%, 3rd – less than 30%; etc.
[b]Data available for 2015, here the average of six indicators of governance was calculated

G

citizen identity with the state, including "national identity." The "state-centric" approach to policy-making can lead to state failures, if it ignores the "sociocultural" dimension of stateness and state-building.

To illustrate Russian specifics with governance we took three indices that provide indices for all or the majority of the countries (Index of African Governance by World Peace Foundation is made for 53 Africa's countries; Property Rights and Rule-based Governance by World Bank is made for 80 countries, mostly of African continent; Index of Objective Indicators of Good Governance by World Bank was made only in 2002 (Knack and Kugler 2002)) (Table 4).

Russia has low positons according to all three indices of governance. The situation for Russia is worsening if we move from "government-based" definitions of governance towards more "polycentric" conceptions, which is trying to measure not only government success in public administration but also democratic governance and non-governmental actors involvement in the policy-making process.

Functioning of Government Index by Freedom House gives to Russia three points out of 12 (where 0 is the worst performance of government and 12 is the best). The position of Russia in this ranking has not changed during the last 10 years.

According to the Governance Indicators, ranging from −2.5 (weak) to 2.5 (strong) for governance performances, World Bank assesses Voice and Accountability in Russia at −1.07 points; Political Stability and Absence of Violence/Terrorism −1.05 points; Government Effectiveness −0.18 points, Regulatory Quality −0.52 points; Rule of Law −0.72 points; Control of Corruption −0.86 points. The average of all six indicators is −0.73 points. During the last 10 years of observations this assessment does not change significantly, except for a decrease in Voice and Accountability, which "reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media" (World Bank 2016b).

During the 10 years of observation the Management Index of Bertelsmann Stiftung for Russia decreased from 3.86 to 3.17 (out of 10); in 2006 it was 87 out of 129 developing countries (BTI in its rankings does not include "developed countries" of North America, Western Europe, Australia, etc.), and in 2016 Russia was in 114 place. Negative changes occurred in all five categories of the management index, except recourse efficiency, which stays the same. If we look into subcategories we see that most of all, the quality of management in Russia suffered due to the decrease in the assessments of Civil society traditions, GNI per capita, government policy learning capability, the ability of reformers to overcome the antidemocratic veto actors, civil society

participation, effective use of international support, and credibility of the government in relations with international community. These subcategories, except civil society traditions and policy learning capability in 2016 get the lowest grades (1 and 2 out of 10). The majority of them related to a multilevel and multilateral understanding of governance.

The Russian political leadership recently lost control over such antidemocratic actors as the Russian Orthodox Church, whose influence on policy-making became more and more significant (e.g., Church supports Russian "anti-gay legislature," introducing religious studies at schools) (Soroka 2016); some governors of Russian regions (e.g., Ramzan Kadyrov, the head of the Chechnya) pursue a policy of violating human rights in the region and became known for their extremist statements in relation to the political opposition (Dubnov 2016); oligarchs – high state officials, who control big state corporations, and businessmen, who had friendly relations with high state officials – enjoy privileges and profits due to their close ties with power (Kolesnikov 2015); governmental nongovernmental organizations, GONGO (such as the "Night Wolves" movement, which is financed by the government to conduct "patriotic" public campaigns sometimes using violence against political opposition). Civil society participation become more and more restricted, for example, by implementing draconian legislation towards NGOs independent from government (such as "foreign agent law" and "antiextremist laws" that are used to close independent NGOs and abuse opposition activists) (Greene 2014). After the annexation of the Crimea by Russia and the armed conflict in Eastern Ukraine, where Russian troops were involved, and the sanctions imposed by the USA and EU against Russian policy in Ukraine, Russia as an international partner is not considered credible and reliable. In Russia any hint of agreement with "Western countries" or disagreement with official state positions on the burning political issues (such as the Ukrainian crisis, repressions of political opposition, election results) will automatically make you a "foreign agent" and an "enemy of the state," which are becoming synonymous.

As we can see from this brief analysis of the Russian specifics of governance, the problem to raise its effectiveness is on the level of democratization. The problem also is that we have no instrument to measure a country's success in the introduction and development of the advanced version of governance – participatory governance – which has become an empirical fact in "embedded democracies" and increasingly demanded by public in "developing countries." What we have is different indices of democracy, where Russia has very modest positions (Russian politics in the last 25 years has changed considerably. Political regime in Russia is called differently "partly free" (1991–2003) and "not free" (2004–2015) (Freedom House 2016); "open anocracy" or "hybrid regime" (1992–1999 and 2007–2015) and even "democracy" (2000–2006) – Polity IV project (Center for Systemic Peace 2014); "hybrid regime" (2006–2010) and "authoritarian regime" (2011–2015) (Economist 2015); "defective" "nonliberal" democracy in relation to the presidency of Boris Yeltsin (Merkel and Croissant 2002) and "plebiscite bureaucratic regime" in relation to the presidency of Vladimir Putin (Holodkovsky 2009). Nevertheless, common place is that the Russian political regime has highly personalized nature and political dynamics of the last 25 years was towards the strengthening of authoritarian tendencies.), and sociological surveys, based on which we can conclude that even Russian citizens are very skeptical about the level of democratic governance in their own country (see Fig. 2).

Compared with BRICS countries, the USA, and Poland, Russia is assessed as the least democratically governed country. Next to Russia to the level of public skepticism about democratic governance performance in the country is Brazil. Here, they have similar rankings as they did in their level of national pride. Thus, we can assume that both countries have a "stateness problem" and a democratic governance performance problem. Surprisingly, China appeared in the cluster of countries, where citizens are more satisfied with

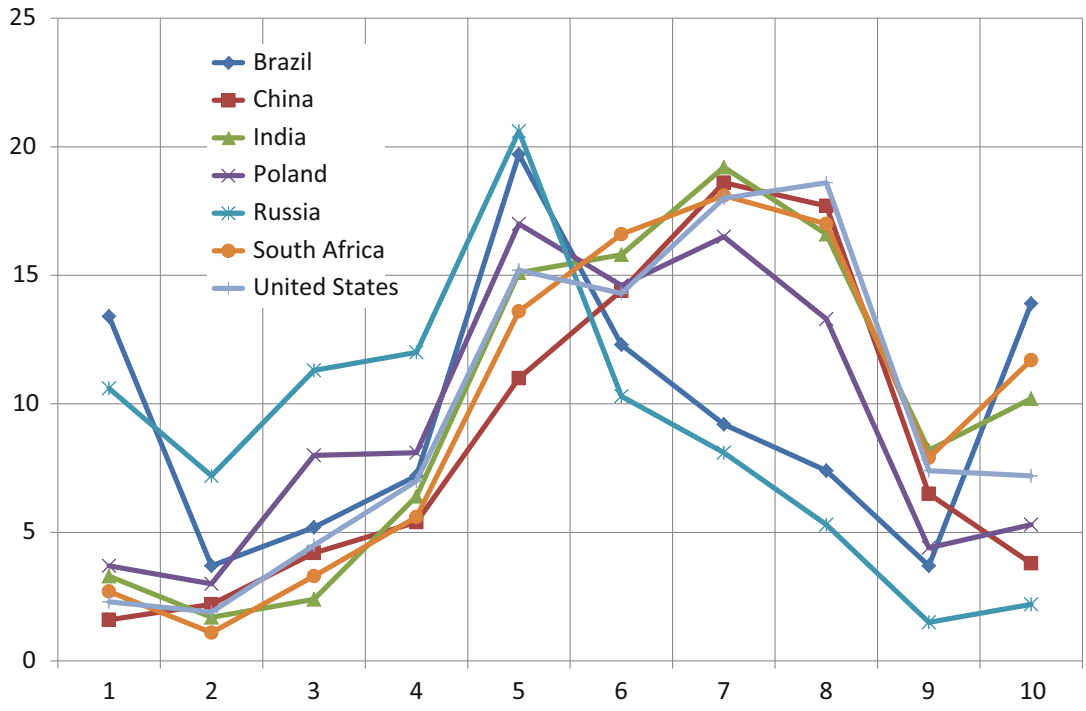


**Governance and the State: Theory and Russian Specifics, Fig. 2** How democratically is this country being governed today? (1 – "Not at all democratic," 10 – "Completely democratic," % of respondents). (Source: World Value Survey 2016)

democratic governance performance. Because China in the democracy rankings is considered an authoritarian country, as is Russia, we can assume that Chinese citizens are just more optimistic about their governance. This puzzle also proves that we need more instruments to measure such new forms of governance as democratic and participatory governance.

## Conclusion

The main watershed between the different traditions of the conceptualization of stateness is between the "old" ("historical" and "functional" approaches to define stateness) and the "new" ("sociocultural" approach). The "old" tradition pays attention to such dimension of stateness as autonomy of government (from other states and international actors or from actors within state through effectively providing governmental functions). This tradition goes back to the notion of sovereignty. The "new" tradition concentrates on such dimensions of stateness as the identification of the citizens with the state (through participation in the political process, nation- and state-building). Therefore, this tradition works with and is based on such notions as, first of all, "identity," "nation," and "democracy."

International comparators mostly work within the "old" tradition and prefer "historical," "functional," or "synthetic" approaches to define stateness, which is reflected in the domination of this discourse in stateness studies. Alternative discourse and research program for stateness studies should be developed within the "new" tradition or the "sociocultural approach" to define stateness.

To develop it there are some limitations or conceptualization problems. First is the under-theorized (or under-conceptualized) position of stateness as a concept including its positioning

around such notions as identity, democracy, and nation. Second is the under-operationalized character of the concept of "stateness as identity," that means few attempts were made to understand and calculate the parameters and terms which could help to describe "stateness as identity" that will help to switch from parameters to measurable indicators.

For the concept of governance, the line of demarcation lies between the "government-centric" tradition to define governance (state-limited, multilevel, and multilateral governance approaches) and the "participatory governance" approach.

The first tradition gives the government a central role in governance through *steering society and economy using soft regulation on the basis of accountability, transparency, client orientation, reduction of corruption, and rule of law*, despite some upgrade of the concept through adding such dimensions of governance as *bargaining with different institutional levels of decision-making (local, regional, national, supranational, and global)* and *interaction between governmental and nongovernmental actors*.

The second tradition pays attention to learning operations and knowledge as core elements of governance and participation based on knowledge of government, private, collective, and public actors. The key idea here is that knowledge in contemporary societal systems could not be monopolized by one actor (government, business, or civil) – everybody has knowledge, and the one of the main purpose of governance is to actualize this knowledge for decision-making.

The first tradition is dominated in discourse about governance. International comparators work only within this paradigm. The limitations and conceptualization problems, the under-theorized, or under-conceptualized, and under-operationalized character of governance as *reflexive participation of government, private, collective, and public actors through learning operations* can be fixed.

Therefore, governance practices of some states (as we illustrated in the Russian example) and governance instruments (such as indices of international comparators) have not kept in step with recent developments in the theory of state and governance and with the demands of civil society and different publics for more responsive and participatory governance. State and government are no more the centers of the policy-making universe.

## References


Bartolini S (2005) Restructuring Europe: centre formation, system building, and political structuring between the nation state and the European Union. Oxford University Press, Oxford

Bertelsmann Stiftung (2016a) Transformation Index. https://www.bti-project.org/en/home/. Accessed 26 Nov 2016

Bertelsmann Stiftung (2016b) Transformation Index, Methodology. https://www.bti-project.org/en/index/methodology/. Accessed 26 Nov 2016

Bourdieu P (1994) Rethinking the State: genesis and structure of the bureaucratic field. Sociol Theory 12(1): 1–18. http://www2.southeastern.edu/Academics/Faculty/jbell/bourdieu1.pdf. Accessed 23 Nov 2016

Center for Systemic Peace (2014) The Integrated Network for Societal Conflict Research (INSCR) Data Page. http://www.systemicpeace.org/inscrdata.html. Accessed 26 Nov 2016

Cheema G, Rondinelli D (eds) (2007) Decentralizing governance: concepts and practices. Brookings Institution Press, Washington, DC

Donner S, Hartmann H, Schwarz R et al (2016) Transformation index of the Bertelsmann Stiftung, Codebook for country assessments. https://www.bti-project.org/fileadmin/files/BTI/Downloads/Zusaetzliche_Downloads/Codebook_BTI_2016.pdf. Accessed 26 Nov 2016

Dubnov V (2016) Chechnya's new contract with the Kremlin. Carnegie Moscow Center. http://carnegie.ru/2016/10/27/chechnya-s-new-contract-with-kremlin-pub-64955. Accessed 26 Nov 2016

Economist (2015) Democracy Index 2015, Democracy in an age of anxiety. A report by The Economist Intelligence Unit. http://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf. Accessed 26 Nov 2016

Freedom House (2016) Freedom in the World. https://freedomhouse.org/report/freedom-world/freedom-world-2016. Accessed 26 Nov 2016

Greene S (2014) Moscow in movement. Power and opposition in Putin's Russia. Stanford University Press, Stanford

Harvey D (2005) A brief history of neoliberalism. Oxford University Press, Oxford

Holodkovsky K (2009) About political system of current Russia. http://old.politstudies.ru/fulltext/2009/2/2.htm. Accessed 15 July 2016

Il'in M (2008) The formula of stateness. Politeia 50:67–78
Knack S, Kugler M (2002) Constructing an index of objective indicators of good governance. PREM Public Sector Group, World Bank: Washington, DC. http://www1.worldbank.org/publicsector/anticorrupt/FlagshipCourse2003/SecondGenerationIndicators.pdf
Kohler-Koch B, Quittkat C (2013) Civil society and democracy in the EU: high expectations under empirical scrutiny. In: De-mystification of participatory democracy: EU-governance and civil society. Oxford University Press, Oxford
Kolesnikov A (2015) The Russian middle class in a besieged fortress. Carnegie Moscow Center. http://carnegie.ru/2015/04/06/russian-middle-class-in-besieged-fortress-pub-59655. Accessed 26 Nov 2016
Lenoble J, Maesschalck M (2010) Democracy law and governance. Ashgate Publishing Group, Farnham
Levada center (2015) Yuri Levada Analytical Center, Press release, Suitcase mood. http://www.levada.ru/old/sites/default/files/emigraciya.pdf. Accessed 26 Nov 2016
Levada center (2016) Yuri Levada Analytical Center, Press release, Emigration. http://www.levada.ru/2016/07/19/emigratsiya/. Accessed 26 Nov 2016
Levi-Faur D (2011) Regulation & regulatory governance, Chapter 1 in the handbook on the politics of regulation. Edward Elgar, Cheltenham/Northampton
Linz J, Stepan A (1996) Problems of democratic transition and consolidation: Southern Europe, South America, and post-communist Europe. The Johns Hopkins University Press, Baltimore
Malena C (ed) (2009) From political won't to political will: building support for participatory governance. Kumarian Press, Sterling
Marshall M, Elzinga-Marshall G (2015) State fragility index and matrix. Center for Systemic Peace. http://www.systemicpeace.org/inscr/SFImatrix2015c.pdf. Accessed 26 Nov 2016
Melville A (ed) (2009) Political atlas of the modern world: an experiment in multidimensional statistical analysis of the political systems of modern states. Institute for Public Projects, Expert Magazine, MGIMO – University Press, Moscow. http://mgimo.ru/files2/y04_2011/186294/politatlas_eng.pdf. Accessed 26 Nov 2016
Merkel W, Croissant A (2002) Formal and informal institutions in defective democracies (in Russian). Political Stud 1–2(6–17):20–30
Minogue M, Cariño L (2006) Regulatory governance in developing countries. Edward Elgar, Cheltenham/Northampton
Nettl J (1968) The state as a conceptual variable. World Polit 20(4):559–592
Ostrom E (1990) Governing the commons: the evolution of institutions of collective action. Cambridge University Press, Cambridge
Ostrom E, Walker J, Gardner R (1992) Covenants with and without a sword: self-governance is possible. Am Polit Sci Rev 86(2):404–417
Petrov N, Lipman M, Hale H (2010) Overmanaged democracy in Russia: governance implications of hybrid regimes. Carnegie Endowment for International Peace, Washington, DC. http://carnegieendowment.org/files/overmanaged_democracy_2.pdf. Accessed 20 Aug 2016
Rhodes R (1996) The new governance: governing without government. Political Stud 44(4):652–667
Rotberg R, Gisselquist R (2009) 2009 index of African Governance Data Set. Strengthening African Governance: Index of African Governance – results and rankings 2009. Kennedy School of Government, Harvard University; and World Peace Foundation, Cambridge, MA. http://www.nber.org/data/iag.html. Accessed 23 Nov 2016
Semenenko I (ed) (2012) Political identity and identity politics. IMEMO RAS, Rosspen, Moscow
Soroka G (2016) Putin's patriarch. Does the Kremlin control the church? Foreign affairs, 11 Feb 2016. https://www.foreignaffairs.com/articles/russian-federation/2016-02-11/putins-patriarch. Accessed 26 Nov 2016
Stivers C (2008) Governance in dark times: practical philosophy for public service. Georgetown University Press, Washington, DC
Teorell J, Samanni M, Holmberg S, Rothstein B (2011) The QoG Standard Dataset version 6Apr11. The Quality of Government Institute, University of Gothenburg. http://www.qog.pol.gu.se. Accessed 24 Mar 2013
Teorell J, Dahlberg S, Holmberg S, Rothstein B, Khomenko A, Svensson R (2016) The quality of Government Standard Dataset, version Jan16. The Quality of Government Institute, University of Gothenburg. http://www.qog.pol.gu.se. https://doi.org/10.18157/QoGStdJan16. Accessed 24 Oct 2016
Tilly C (ed) (1975) The formation of national States in Western Europe. Princeton University Press, Princeton
Torfing JB, Peters G, Pierre J, Sørensen E (2012) Interactive governance: advancing the paradigm. Oxford University Press, Oxford
van Kersbergen K, van Warden F (2004) 'Governance' as a bridge between disciplines: cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy. Eur J Polit Res 43(2):143–147
Weber M (1921) Politics as a vocation. Muenchen. http://polisci2.ucsd.edu/foundation/documents/03Weber1918.pdf. Accessed 23 Nov 2016
World Bank (2016a) CPIA property rights and rule-based governance rating (World Bank Data). http://data.worldbank.org/indicator/IQ.CPA.PROP.XQ. Accessed 26 Nov 2016
World Bank (2016b) The Worldwide Governance Indicators (WGI) project (the World Bank Group). http://info.worldbank.org/governance/wgi/index.aspx#home. Accessed 26 Nov 2016
World Value Survey (2016) World Value Survey Database. http://www.worldvaluessurvey.org/wvs.jsp. Accessed 26 Nov 2016

# Governance and Trust

Adila Reza Hasan
Department of Public Administration,
University of Dhaka, Dhaka, Bangladesh

## Synonyms

Administration; Citizen-government relationship; Governance capital; Public commitment; Regulatory institutions; Social capital

## Definition

Governance and trust refers to the civic trust on the government's implementation of public affairs including policy formulation and execution.

## Introduction

Trust in governance is crucial to manage future change and to engineer innovations and reforms that help citizens to get access to reliable and quality public services and also facilitate subjective well-being. The government cannot meet the future challenges if there exist "trust deficit" so it is important to restore trust in governance. Researches on cross- and within country exhibits individual and organizational specific determinants of trusts. Numerical studies found that trust is associated with religiosity, education, demography, accessibility of public services, institutional quality, and involvement in political-democratic system. Moreover several studies expressed that trust in government is linked with citizen's assessment of government performance. In different literatures multifaceted definitions and determinants of trust have been developed.

The purpose of this entry is to provide a succinct overview of trust and governance as these two are inextricably linked and are crucial to explain citizen's satisfaction with political-administrative system and nongovernment institutions and services. It begins with an introduction which demonstrates a brief introductory notes on the topic. It then provides a concise literature review on governance and trust. It then turns to overview the interface between leadership, change, and trust and with trust and governance. Furthermore, it provides an overview of the reasons and consequences of decline of trust from a public sector perspective. Finally the entry is enclosed with a conclusion.

## Governance and Trust: Conceptual Framework

### Governance

There have been numerous attempts to define the term governance by scholars and international donors. As a result multifaceted definitions of governance have emerged with different connotations. Governance is not synonymous to government. Government is an organization and governance is about implementation of nation affairs and management of social and economic issues. Governance is a process of coordinating and integrating multifaceted actors and institutions to discourse, determine, and accomplish policy goals in a complex political realm. Governance is the government's ability to formulate and reinforce law and distribute public services regardless of the democratic or undemocratic nature of the government (Fukuyama 2013). Fukuyama (2013) identified four comprehensive approaches to evaluate quality of governance: *procedural measures* (evaluation of recruitment and promotion processes, technical expertise, and overall formalism in bureaucratic procedures), *input or capacity measures* (measuring degree of professionalization in bureaucracy), *output measures* (measuring the quality of output of the government services), *and measures of bureaucratic autonomy* (assessing the degree of political influence in bureaucracy or degree to which bureaucrats are unconstrained by political mandates).

The United Nations Development Programme (UNDP 1997) define governance as social, political, and administrative authority to run the state. According to the World Bank (1994) there are three facets of governance: (1) nature of political

regime, (2) use of power in the management of a country's economic and social resources for advancement, and (3) ability of government to plan, formulate, and execute public policies and nation affairs. The definition of UNDP coincides with World Bank's definition as both give importance to the role of political actors in the process. Governance involves power and authority relationships through which government officials are held accountable for their actions by the stakeholders. With time the term governance has been expanded to corporate governance, global governance, local governance, institutional governance, project governance, environmental governance, and so on. Scholars have defined governance as *hard (formal and structural aspect*) and *soft (behavioral and relational aspect)*. In short, governance encompasses processes, mechanisms, norms, values, and institutions through which the citizens can formally and informally arbitrate their conflicts or disagreement, divulge their interests, and exert their legal rights.

The legitimacy and credibility of the government can be achieved through effective and accountable institution, democratic representation, and fair electoral process and responsive governance structures. Governance can be determined from different modes such as governance as network (governance through actors involved in policy web, i.e., collaboration or partnership), governance as structure (governance through political and economic institutions), governance as market (governance through empowering economic actors, i.e., buyer-supplier transaction), and governance as hierarchies (governance through top-down steering state structures, i.e., bureaucratic organization). The failure of government resulted from failure in governance process, i.e., *knowledge problems* (lack of insights)*, implementation problems* (lack of efficacy), *capability problems* (lack of mechanisms), and *motivation problems* (lack of compliance) (Dixon and Dogan 2002).

## Trust

Many scholars have expressed that trust is difficult to define as it is context or situation specific; besides there is absence of universal applicability of the definition of trust. Citizen's trust in the government may vary due to ideological differences and stereotypical and generic images. However, trust can be defined as reciprocal relationship based on mutual cooperation and commonly shared norms and expectations that others will restrain from securing personal advantage and will act efficiently and equitably. Kramer (1999) defined trust as *choice behavior* (individual decisions to make rational, calculative, or relational choices) and *psychological state* (perceptual or attitudinal view on trust). In a nutshell trust is the expectations, beliefs, and assumptions of other people who are embedded in the social system to act fairly without being detrimental to one's interest. The common characteristics of trust found in different literatures are *vulnerability*, *risk-taking*, and *expectations.*

According to Mayer et al. (1995: 712), trust is "willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party." Moreover, in the opinion of Mayer et al. (1995), there are three antecedent factors that determine trustee's trustworthiness, i.e., *ability* (expertise needed to perform a job), *benevolence* (positive relationship based on selflessness and loyalty), and *integrity* (adherence to sound ethical and moral principles). Thus, it can be concluded that trust in the government depends on the level of integrity and benevolence attitudes of the elected and non-elected actors as well as their ability to effectively implement public policies and programs.

Hoy and Moran (1999) in their empirical study identified five faces of trust: willingness to take risks, benevolence, reliability, competence, honesty, and openness. This study is similar to the study done by Mayer et al. (1995) which identified three antecedent factors of trust where "integrity" is related with "honesty" and "ability" is related with "competence." Barney and Hansen (1994, cited in Blomqvist 1997) identified three scales for measuring trustworthiness: *weak-form trust* (found in competitive commodity market where low scope for opportunism and no liabilities exist*), semi-strong-form trust* (parties behave non-opportunistically in fear of losing reputation),

and *strong-form trust* (internalized values, principles, and behavioral standards of the parties which neutralize opportunism). According to OECD (2017) there are two dimensions of trust: *cognitive trust (national or experience-based trust) and affective trust (emotional trust).*

Most of the public administration literatures are predominantly based on citizen trust in public sectors or government administrators. Scholars have identified three forms of trust: *interpersonal* (trust in colleagues, leader, supervisors, etc.), *organizational* (individual trust in workplace), and *institutional* (individual trust in institutions like police, parliament, etc.). Many empirical surveys have examined the influence of trust in public or private organizations and institutions like school, parliament, police, health, and hospitals (Holmberg et al. 2017; Boateng 2012; Zayim and Kondakci 2015; Platt et al. 2017). Trust is important when complexity, uncertainty, and risks surface in governance and governance networks. Trust stimulates learning and also reduces uncertainty by enabling innovation, knowledge transfer, and information sharing among the actors.

## Leadership, Change, and Trust Interface

Empirical studies exhibit that there is positive correlation between leadership style and trust in the leader. People who perceive their leader as effective, trustworthy, empowering, participative, and supportive will feel valued and show more willingness to support change. Transformational leadership facilitates trust building; stimulates learning, productivity, commitment, and morality of employees; and also inspires for goal accomplishment. Leader's integrity and ethical leadership are positively associated with trust in leader and employee engagement, performance, and growth. Ethical leadership can stimulate employee commitment and trust, thus fostering welfare and growth of the overall community (Bligh 2017; Engelbrecht and Mahembe 2017). Notwithstanding, leadership commitment regardless of style is crucial to drive the process of governance and trust, to create effective context for change, and to carry quality policy decision-making.

Scholars have expressed that there is a crucial role of trust in successful implementation of change strategies. Change is likely to be successful in the organization that exhibits values like trust and openness. Individuals show trust in management when treated fairly which reduces uncertainty and increases interpersonal relationship and commitment to change (Zayim and Kondakci 2015; Komodromos 2014). The success of any change efforts largely depends on the leader's ability to motivate employee by enhancing their capacity and to stimulate trustworthy climate to sustain support during transformation process. Leaders need to efficiently manage the human resource by focusing on subjective commitment, trust, participation, coalition, and empowerment for leading innovation in organization. Lack of leadership support can create distrust and unwillingness of employee to comply with change. The sustainability of trust is affected by strong control-oriented management system. Trust is a crucial factor between leader-follower relationships for successful implementation and management of change efforts. Leadership theories have identified three core bases of leader-member trust: *ability, benevolence*, and *integrity* (Bligh 2017).

## Governance and Trust: Interrelationship

Trust is related with the overall quality of governance and bureaucratic efficiency. Comprehensively, trust is a pervasive element across the governance system including policy making and policy implementation. Higher level of public trust in public organizations establishes good governance and effective execution of public policy. Trust is essential to minimize risks, complexities, and uncertainties as the public sector is gradually moving from traditional bureaucracy (stability) to new public governance with multiple actors involved in public service delivery and policymaking process (complexity) (Walle 2013; Dickenson 2016). Many literatures have studied trust from different dimensions of governance. According to Asadullah (2013), inadequate and substandard social and legal institutions are expected to impair institutional and social trust.

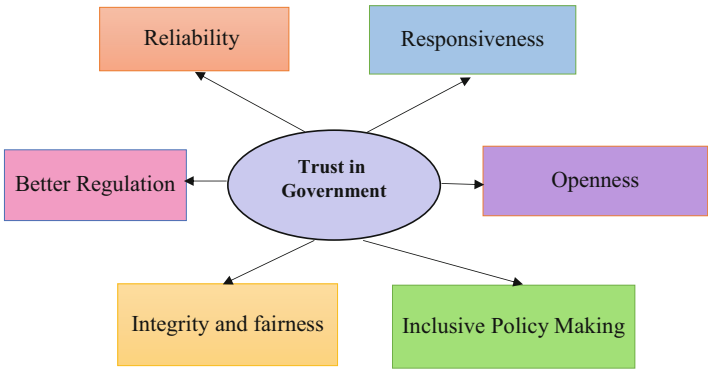


**Governance and Trust, Fig. 1** Six areas of government trust. (Source: OECD (2017) Trust in Government, OECD, France)

The individual's confidence on social and legal institutions is affected by the nature of political regime. OECD (2017) has identified six crucial areas to uphold trust in the government as shown in Fig. 1.

That is, openness and fairness in service delivery, law-making, policy, budgeting, and decision-making processes, integrity and sense of justice among public officials, reliable and transparent government, and citizen empowerment and engagement in all stages of political process and policy cycle are crucial elements to uphold trust in the government. The relationship of a citizen with the government should be based on trust not on contracts. Good public services system may not necessarily promote trust, but bad public services system certainly promotes distrust (Bouckaert 2012). Empirical study has found that there is a positive relationship between public service performance and trust in the government (Walle and Bouckaert 2003).

Distrust is the outcome of failure in governance, i.e., public policies are enforced without transparency and citizen engagement. Government needs to retain citizen trust consecutively, and the citizen needs to have trust and confidence in the government as public trust steers ethical decision-making and proper execution of government plans, programs, and projects. Contradictory results have been found in some empirical studies. Some studies demonstrate a negative correlation between trust and governance, while others report a positive correlation. According to Puranam and Vanneste (2009), trust enhances governance. In an empirical study conducted by Muller et al. (2014), it was revealed that high level of trust among project managers and teams is positively correlated with supportive governance structures (i.e., the structures that provide project managers and teams with authority to implement their own decisions).

## Reasons and Consequences of Decline of Trust in Governance: From a Public Sector's Perspective

Trust in government is an essential element of growth and performance. Public commitment and cooperation are a prerequisite for strengthening domestic tax mobilization, successful implementation of policies and programs, acceptance of judicial and legislative decisions, and achieving sustainable development. However, to accelerate public commitment and cooperation, there is a need for fair exchange of information; enhancing core governance systems in fields like public procurement and financial management; impartial and equitable distribution of public services; and effective evaluation of government performance. The root cause of mistrust resulted from unaccountable and unresponsive government, lack of citizen engagement, and lack of proper regulation. "Bureaucratic corruption, excessive red-tape, inefficient and ineffective delivery of public resources, wastage of public resources, poor leadership, lack of reform mind-sets, and lack of integrity in government" are the reasons for decline of trust in the government (Brillantes and Fernandez 2011).

The reason for decline of trust in the public sector are government fails to provide what they promise and the citizen's consideration of public administration as an inefficient institution to solve

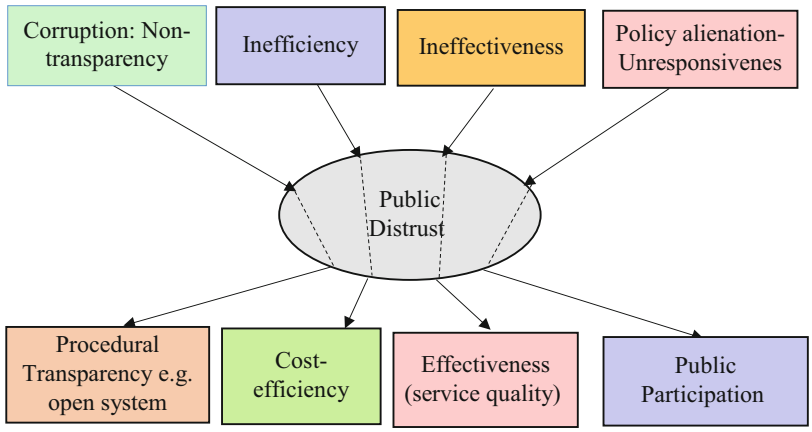


**Governance and Trust, Fig. 2** Causes of public distrust. (Source: Adopted from Moon 2002)

contemporary problems of globalization. Empirical studies also found that the reason behind decline of trust are gap between expected economic and political performance outcome and actual performance outcome, erosion of institutional norms and ethics, rise in political scandals, filtering information by mass media, and dysfunctional political system. Public distrust is due to numerous reasons; however such distrust can be mediated if some affirmative measures are taken as shown in Fig. 2.

The widespread discontentment and lack of efficacy of the political process give rise to political cynicism and decline in trust. Public trust in the government is contrarily related with degree of citizen perception of corruption. Lack of trust is closely associated with corruption (Brillantes and Fernandez 2011). Low level of trust not only results in low level of loyalty in public sector, lack of willingness to comply with laws and regulations, and unwillingness to involve in the democratic process moreover, public sector are held in low esteem discouraging meritorious to join different governmental services. The key to development of high-level trust and improved performance is providing scope for civic participation in the decision-making process (Bligh 2017). Many public administration literatures have labeled low trust in public sector as "undesirable" and "problematic" as it deteriorates public service pride.

Trust in public officials is a manifestation of legitimacy and effectiveness of democratic regime and popular support (Jamil and Ashvik 2013). The stability of the political regime becomes questionable if there exist high-level distrust among citizens. According to social capital proponents, when governance actors build social trust, cooperation, networks, and civic norms, public policies can be effectively implemented, quality services can be rendered, and government reforms and innovations efforts will become more viable and acceptable. Nevertheless, such networks need to be built on non-opportunistic behavior of the political agents. In the opinion of Fukuyama (2013), trust can be restored by building social capital. Contrary, in some other studies scholars have found no empirical correlation between trust and social capital. This is because of complex dimension of trust and social capital; moreover, social capital may vary due to institutional, attitudinal, and socio-cultural differences. However, it can be concluded from different literatures that trust is embedded in social capital and inclusive and cooperative formal and informal social networks are crucial in generating social trust though several studies on interrelationship between trust and social capital from different contexts lead to confusion and differing perspectives.

In today's era of globalization, the public service ethos like trust and integrity is becoming obsolete and restoration of public trust has become imperative for quality governance and democratic stability. To restore trust and to build integrity in the system of governance, it is imperative to redesign public administration structures, procedures, and

processes by making it responsive and conclusive, people-centric, and value congruence. The two key elements to public trust are *competence* (ability of government to deliver quality services to the citizen) and *value* (principles that guide government action) (OECD 2017). Trust fosters well-functioning and performance-driven public sector which primarily leads to increased satisfaction among citizens.

## Conclusion

This entry has provided an overview of trust and governance and the role of trust in shaping public perception toward government functionaries. It began with a conceptual overview on governance focusing on different forms (soft and hard governance) and modes of governance such as governance as structure, governance as network, governance as market, and governance as hierarchies. In order to meet the complex governance challenges of the twenty-first century, the government needs to work collaboratively with citizens and communities in order to enhance participation, transparency, commitment, and trust.

Next the entry puts light on the conceptual formulation of trust by focusing on various scales, faces, forms, and antecedent factors of trust. The entry draws findings from different literatures which provide multifaceted definitions of trust and identify multiple faces and valid and reliable measure to trust. This provides a useful foundation to understand different trust-related factors in the governance.

This entry also discussed about the interface between leadership, trust, and change. Trust plays a crucial role in organizational change, and change management plans can fail if trust is not present. When a leader poses certain traits like integrity, benevolence, and competency, then the leader can drive transformation and can create value for change.

Moreover, the entry also presented an interrelationship between trust and governance. A number of factors can foster public trust in government: *equal and ethical treatment, good leadership, and management and quality services* (Eccles 2015). Public administrators need to follow a democratic approach while designing and implementing public policy and need to share power and listen to citizen's voices in order to win trust.

Finally, the entry provided a comprehensive reason for decline of trust in the public sector and its consequences. Trust is central in reconciling the tension between citizen and public administration created by complex governance structures. Understanding public trust will help leaders to identify the factors behind the crisis of trust in the whole governance system. A government needs both accountability and transparency to gain citizen's compliance and trust. The establishment of well-trusted public administration is imperative to meet citizen's expectation and to keep in pace with global trends.



## Cross-References

► Ethics and Trust

## References

Asadullah MN (2013) Who trusts others? Community and individual determinants of social capital in Bangladesh. IGS Working Paper Series No. 12/2013, Institute of Governance Studies, BRAC University, July 2013. Accessed 2 Feb 2018

Bligh MC (2017) Leadership and trust. In: Marques J, Dhiman S (eds) Leadership today, springer texts in business and economics, pp 21–42

Blomqvist K (1997) The many faces of trust. Scand J Manag 13(3):271–286

Boateng FD (2012) Public trust in the police: Identifying factors that shape trust in the Ghanaian Police. IPES, Coginta and DCAF Working Paper 42, June 2012

Bouckaert G (2012) Trust and public administration. Administration 60(1):91–115

Brillantes AB Jr, Fernandez MT (2011) Restoring trust and building intergrity in government: issues and concerns in the Philippines and areas for reform. Int Public Manage Rev 12(2):55–80

Dickenson H (2016) From New Public Management to New Public Governance: The implications for a 'new public service'. In: Butcher JR, Gilchrist DJ (eds) The three sector solution: delivering public policy in collaboration with not-for-profits and business. ANU Press, Australia, pp 44–55

Dixon J, Dogan R (2002) Hierarchies, networks and markets: responses to societal governance failure. Adm Theory Praxis 24(1):175–196
Eccles C (2015) Restoring trust in government. In: Wanna J, Lindquist EA, Marshall P (eds) New accountabilities, new challenges. ANU Press, Australia
Engelbrecht AS, Mahembe B (2017) Integrity, ethical leadership, trust and work engagement. Leadersh Org Dev J 38(3):368–379
Fukuyama F (2013) What Is Governance? In: Center for Global Development Working Paper No. 314, Center for Global Development, Washington, USA, January 2013. Accessed 2 Jan 2018
Holmberg S, Linberg S, Svensson (2017) Trust in parliament. J Public Aff 17:1–2
Hoy WK, Moran MT (1999) Five faces of trust: an empirical confirmation in urban elementary school. J School Leadersh 9(3):184–208
Jamil I, Ashvik S (2013) Citizens' trust in public officials: Bangladesh and Nepal Compared. In: Jamil I, Ashvik S, Dhakal TN (eds) Search of better governance in South Asia and beyond, public administration, governance and globalization. Springer, New York, pp 145–163
Komodromos M (2014) Employees' perceptions of trust, fairness, and the management of change in three private universities in Cyprus. J Hum Resour Manag Labor Stud 2(2):35–54
Kramer RM (1999) Trust and distrust in organizations: emerging perspectives, enduring questions. Annu Rev Psychol 50:569–598
Mayer RC, Davis JH, Schoorman FD (1995) An integrative model of organizational trust. Acad Manag Rev 20(3):709–734
Moon (2002) Can IT help government to restore public trust?: declining public trust and potential prospects of IT in the public sector. Paper presented at Hawaii International Conference on System Sciences, Hawaii, USA, 6–9 January
Muller R, Turner R, Andersen ES, Shao J, Kvalnes O (2014) Ethics, trust, and governance in temporary organizations. Proj Manag J 45(4):39–54
OECD (2017) Trust and public policy: how better governance can help rebuild public trust. OECD Public Governance Reviews, France. Retrieved from: http://www.oecd.org/governance/trust-and-public-policy-9789264268920-en.htm
Platt JE, Jacobson PD, Kardia SL (2017) Public trust in health information sharing: a measure of system trust. J Pers Med 5:3–21
Puranam P, Vanneste BS (2009) Trust and governance: untangling a tangled web. Acad Manag Rev 34(1):11–31
UNDP (1997) Governance for sustainable human development. UNDP, New York, pp 2–3
Walle SVD (2013) The role of trust in public services and public sector reform. In: Madureira C Asensio M (ed) Handbook de Administração Pública. Instituto Nacional de Administração, Oeiras, pp 145–158
Walle SVD, Bouckaert G (2003) Public service performance and trust in government: the problem of causality. Int J Public Adm 29(8 & 9):891–913
World Bank (1994) Governance- the world bank's experience. World Bank, Washington, DC, p xiv
Zayim M, Kondakci Y (2015) An exploration of the relationship between readiness for change and organizational trust in Turkish public schools. Educ Manag Adm Leadersh 3(4):610–625

# Governance and Urban Regeneration

Alessandra Ricciardelli
Faculty of Economics, Università LUM Jean Monnet, Casamassima, BA, Italy

## Synonyms

Capacity building; Community development; Governance; Growth management; Network-based governance; Planning

## Definition

Urban regeneration refers to the extent to which a community's capacity matches the territory's conditions for reversing urban decline and aiming at an overall development of the community.

## Introduction

Urban regeneration has been fertile ground for the governance debate. Research on urban regeneration focuses on the degree to which a community individual's capacity matches the territory's conditions and resources existing in a specific environment, as well as the values (cultural, economic, and social) and the organizational system (based on formal and informal rules) that enable the adoption of regeneration schemes. A number of questions remain about the effectiveness of regeneration schemes whose attempt is to reverse any form of decline by both improving the physical structure and the economy of territorial areas.

How can top-down government programs gain the support and engagement of local people that is

usually crucial to their success? How can regeneration schemes prevent displacing problems from one area to another? Different types of urban regenerations explored in the literature include the focus on the approach which regulates the mechanisms lying at the basis of regeneration programs and which more adequately govern such complex processes of renewal and revitalization. That is governance.

The concept emerged in a specific historical context but is now utilized for a multitude of purposes. Scholarly attention to governance is relatively recent, with much of it emerging in the last two to three decades, and it stands as a paradigm shift in the public management realm. It can be described as a model whereby government, business, community groups, and citizens work together and leaders share power to reach collaborative consensus-based decisions. Governance has been subject of discussion in the literature, both at the theoretical and practical level, and as a theory has been revised and reassessed to explain new emerging governance systems and practices.

Nowadays, governance includes theoretical and practical methodological bases, which offer the promise of greater citizen participation and empowerment (Kooiman 2000, 2003), greater social capital and solutions to community problems, and a sharp shift from a centralized and technocratic decision-making to a distributed and participatory governance. It is from this standpoint that the politics of urban regeneration leading to development, although being a microcosm of the wider governance debate, finds its legitimization in the perspective of governance. Urban regeneration is usually consultative, and its successes or failures are inextricably connected to the governing models used for conducting practices of urban development. A notable argument here, which builds up on Rhodes' assumption (1996, 1997, 1999, 2000) that networks are high-trust mechanisms rooted in trust and subject to rules negotiated by network participants, is found in the work of Stoker (1998a). The latter provided his definition of governance, emphasizing the value of networks and partnerships in integrating individuals and other actors drawn from, but also beyond, the government into the decision-making.

The purpose of this entry is to provide a concise overview of what is the relation between governance and urban regeneration, more specifically, what is known about the politics of urban renewal/regeneration and the role that it has played in having shaped, as evidence shows, a sustainable future of entire communities by generating many positive effects and public values. This entry begins with a discussion of theoretical perspectives that inform the understanding of governance as a public management theory and the role it plays in the support and development of policies such as urban regeneration. It then turns to an overview of the effects that governance produces on urban regeneration as a process aimed at adopting measures attempting to reverse economic, social, and material decline of a given urban system.

G

## Theoretical Perspectives

There is an ample debate on the definition of governance since it gives order to a manifold of concept's contents and denotations. A number of interrelated theoretical approaches and perspective of governance, its workings, distinctive elements, problems, and agenda, have been used to explain the relationship between individuals, their territory and decision-making. This rich literature demonstrates the elasticity of governance as a concept, which denotes a new process of governing in the modern era. Nevertheless, what remains central to all theoretical approaches mentioned above is that the interest in governance represents, in part, a response to the recognition that improvement in the capacity of government is not, by itself, sufficient to ensure better outcomes from government actions. Governance implies, inherently, the commonly held view of the pivotal role played by the community, intended as people working together. For the purposes of this entry, it would be appropriate to concentrate on the definition of community governance (CG) as linked, *in primis*, to the local dimension, that is, local governance (LG).

LG denotes a more specific meaning that unleashes the idea of self-organizing and interorganizational networks, as Rhodes postulated (1996) where networks are nurtured by continuous interdependence among network members. Interdependence stands as a mechanism offering valuable linkages between individuals who create a system of multiple interactions, rooted in trust, in the absence of hierarchy (Rhodes 1998). The established continuing interactions, subject to rules negotiated by network participants, are characterized by a significant degree of autonomy from the state which, having lost its sovereign position, acts as a steering agent for the decision-making (Rhodes 1996). LG owes its definition to the pervasiveness of networking (Rhodes 2000), whereas the LG approach gives emphasis to a relation/interaction between civil society and government in determining bottom-up policymaking and strengthening local accountability. Since LG expresses itself in a socially and culturally defined local context, it is founded on the creation of knowledge which is later shared among the heterogeneous participants taking part of the network relationships.

In other words, the ultimate achievement of LG hinges on the notion social capital (it will be reviewed in the following section) that is an asset produced/stocked in a well-defined territorial context linked to the concepts of trust, generosity, and collective action, as Putnam asserted (1993), the latter being necessary elements for solving social disputes. It is just in this latter attempt of finding tailor-made solutions to the local community arising problems that local governance shifts into the notion of community governance.

Community governance (CG) relies on the concept of community, and it better captures the aspects of a good governance which explains the popularity of the concept of social capital emphasizing on what actors do and what type of relationships they held. CG becomes an alternative framework to public governance since it is founded on behavioral and social elements and aims at filling the gap following the failures of both the State and the market. After the government's retreat, the community plays an important role to the extent that its members are the repository of all that precious and pivotal information material regarding the needs and capacities of other community individuals. Therefore, the communities, defined according to their relational and geographical contours (Rudkin 2003), represent real structures of governance. By this perspective CG makes reference to the fundamental social steering decision-making through which government and society, within the state's institutional framework, frame and design specific public policies and services in order to address particular social demands and contingencies. Some authors, such as McKieran et al. (2000), simply defined CG as collaboration, since it is based on the recognition that the complex issues facing communities cannot be solved by any one person or sector alone but requires collaboration.

At its core, CG seeks to create a trusted community-based entity which integrates the mutual knowledge gained through collaborative actions to the benefit of the community involved as a whole. As such, it gathers a broad range of stakeholders together: community residents, elected officials, businesses, and civic actors as well as professional services. By the same token, Bowles and Gintis (2002) preferred using CG in alternative to social capital by claiming that it better captures aspects of good governance. Also, it emphasized on people's actions in accomplishing a goal of mutual social benefit and in addressing certain problems that single individuals cannot face alone. Importantly, the CG dominant logic focuses on the relationship's evaluation between action resources and their effectiveness (Osborne 2010). In particular, it is important to better understand the role of social capital as an asset which expresses the capacity of communities to act together in the pursuit of public policy outcomes.

Social capital, as Bourdieu postulated (1983), represents an asset that a social actor owns, expressed in terms of relationships of mutual knowledge or mutual recognition. Similarly, Coleman (1988) defined social capital as a specific term connoting interactions since it captures qualities inherent in social relationships. For it, social capital represents a necessary relational resource for action. The concept has recently been widely used in the literature to describe the

nexus of social factors that define a community's social life and fabric so that it has become a pillar of CG and stands as a sine qua non condition to define and encourage interactive, relational, and partnership-based actions, in other words, to support community building. Scholars have argued that CG contains community building as a central issue and can be viewed as the soul work of governance. The attitudes, behaviors, and relationships that develop as a result of social interactions within the community are increasingly seen as the elements of a community's social capital.

This conception of CG identifies, then, the community as an essential factor for producing good government. At turn, to increase the community's capacity to produce social capital, government unleashes policies that encourage investments on projects that are likely to improve the condition of the urban environment and, at the same time, would ensure high-quality living standards for the community. This vision of a built community is one in which individuals look out for both themselves and for others and where they are connected meaningfully with one another by developing and utilizing the existing social fabric.

The central tenet is that exploiting a plentiful resource from the social life of the community is a key step in catalyzing collective action, building collaborative relationships among key community members, in other words, building community capacity. Most researchers contend that the sense of community and community capacity to build itself tends to be significantly high in places that are residentially stable and associated with neighborhoods that have high rates of homeownership or are characterized as safe and orderly. This assumption connotes that community building begins with an investment in the neighborhood's social infrastructure. A neighborhood could be perceived as a complex adaptive system, the so-called urban system as it consists of many components that interact with each other and with the environment of the neighborhood. This means that processes that take place in a neighborhood can never be reduced to the action of one single individual. Of course, such an urban system stands as the ground for setting up development projects leading to an improvement of life and to ensure a safer and qualitatively wealthier urban community where positive outcomes are evaluated in terms of the quality of public services delivered.

## Stet of the Art: Effects of Governance on Urban Regeneration

As noted above, CG is believed to be most helpful theory in explaining and determining new associating networks within urban systems and regeneration processes. Hence, CG produces a number of effects on an urban system. When individuals share similar value systems, they are more likely to share a sense of community, an attraction to place, and a sense of trust and mutuality. Because governance makes reference to a rather complex system of different interactions among actors (having different interests, resources, and interdependencies), hence, it creates a structure that deals with a collective challenge (Heylighen 2006); it can be qualified as a tool for analyzing the politics of urban regeneration. Carr et al. (1993, p. 344) have asserted that "When public spaces are successful [. . .] they will increase opportunities to participate in communal activity . . .. . .and the growth of public life, is stunted by the social isolation of ghettos and suburbs. . . ..

In the parks, plazas, markets, waterfronts, and natural areas of our cities, people from different cultural groups can come together in a supportive context of mutual enjoyment. As these experiences are repeated, public spaces become vessels to carry positive communal meanings."

Regeneration, as a concept, embeds the significance of renewal which refers to action of revitalization or redevelopment of a given setting. If referred to urban renewal, urban regeneration becomes a widened concept since it is associated mainly with economic and infrastructural development. Currently, it represents an umbrella term which conveys the meaning of promotion of the social, economic, and environmental well-being of an area.

Urban regeneration is a very multidisciplinary issue for researchers and practitioners interested on the vital topic of the proper and effective way to govern regeneration processes despite the

pressing challenges of sustainability. However, as a practice attempting to manage public space in ways that restoration of the urban setting and its connectivity is made through building sociality and civic engagement, it starts from the analysis of a close relationship: the public dimension and the community. The former should not be merely intended as a spatial and social setting but as a value-generating space where the public value created is shared as well as the benefits of accessing to collective public resources; the latter refers to the community living within a well-defined territorial space that expresses its continuous commitment and attempts to engineer social interactions oriented toward the design of welfare service which responds to its needs.

Recognizing urban regeneration as starting from the community potential, it implies the understanding that it is a community planning activity, which suggests a strong link between an urban public space and an urban civic virtue and citizenship. In this communitarian and urban conviviality's approach to planning, where urban policies toward public space are socially inclusive, the public space responds to the same people's willingness. And people, at their turn, reply to the same setting to the point that a strong bond between the community and the setting is created. Such thinking would lead to assume, as some authors have, that a well-designed and well-managed space is free from the armor of the daily life allowing individuals to see others as whole people (Carr et al. 1993).

The due premise about the definition of urban regeneration planning as the process of a shared understanding and goal sharing by self-organized initiatives that originate in the civil society from community-based networks implies that governance produces effects on urban regeneration which makes the latter deeply problematic.

It could be argued that the effects are of three types. Firstly, because cities and urban systems show an undoubted complexity for their being adaptive entities (Baynes 2007).

Secondly, because urban renewal upholds overlapping areas of policy concerns.

Thirdly, the topic becomes very critical when it comes to terms with issues of partnerships and patterns of regular interactions which are, yet, a distinctive mode of governance but could also end up in a lack of collective consensus on specific urban regeneration policies.

Claiming that an urban system is a complex adaptive system would imply that the urban setting, if it is true that it resembles a system of governance as Elinor Ostrom (1990) proclaimed, should be adapted to the specific context. In fact, as a polycentric institutional arrangement and multi-actor decision-making unit (Brugge 2009), an urban public space measured the rhythm of collective interaction and endurance through three key elements: coevolution, emergence, and self-organization. The first element alludes to the fact that complex adaptive systems coevolve with the systems' environment through interdependency and feedback loops. The second one ascribes to the rising of new structures, within the system, from the inside out, within the lines or borders of the system. The third one recalls the meaning of governance, referring to the ability of developing system structures as a result of the system's internal constitution. For this purpose, it could be argued that all three elements that make together the direction of change, adaptation, and development of a system depend upon what the actors within the system itself expect in reaction to the changes of endogenous and exogenous and external conditions.

Having accounted for the key features that describe the complex urban system as evolving, adaptable, and developing, the second effect that governance produces on urban regeneration deals with existence of overlapping areas of policy concerns. This argument is true when, facing urban regeneration-related policymaking and interventions, it becomes very difficult to define a priority due to issues clashing and overlapping. In fact, the acknowledgment of an environment as a whole requires the integration of many disciplines and evaluation of the complex interactions between single systems within the overall urban system such as transport networks, housing infrastructure, water and energy supply, and social networks. On top of that, policy issues find themselves clashing with a plethora of actors' claims, which are heterogeneous and fragmented by nature, with the result that public managers, practitioners, and experts find it difficult to synthesize and systematize such crowded and disordered information.

The third effect on urban regeneration relates to the issue arising when coping with the analysis of a complex system such as the urban system, more specifically in the definition of the problem or perceptions of problems by actors gathered in a network. Certainly, perceptions can be several and heterogeneous since they reflect open, disorderly, diverse, incomplete, improvised, crowded views and values depending on which partnerships actors belong to. Such differences also mirror the key elements at the core of the urban regeneration's governing process, being also at the basis of the governance as a concept: the partnerships.

Partnerships, which offer a sophisticated neo-pluralist understanding of local networking (Davies 2000), are of different types, and their categorization can be made not only on the basis of their status but also on their factors of success. Stone (1989) asserted that governing power in urban regeneration's realm depends on sustained interorganizational collaboration around agreed objectives; other authors, such as Elkin (1987), put forward that the urban policy agenda tends to reflect the preferences of people organized in partnerships due to policy convergence, as some authors have explained (Evans and Davies 1999).

## Perspectives on Urban Regeneration and Its Challenges

The politics of urban regeneration has used theories on partnerships to analyze the dynamics of interorganizational governance in order to explain the value of partnerships (see Lawless 1994; Stoker and Mossberger 1994; Harding 2000; Davies 2001) that go beyond public service delivery, as argued by the articles on "Theory of Organizational Partnerships" (Mcquaid 2010).

Along these lines, the likeness of partnerships has to be associated with two factors that affect their performance: the participants and sustainability. According to participants, partnerships would be expected to include key public sector and private economic actors cooperating through informal networks that would enjoy a high level of practical autonomy from political influences at other geopolitical levels. Partnerships involve collaboration between a range of organizations from the public and private sectors. Like governing networks, they are built on trust and diplomacy, and for that, they also denote a set of stable of relations, that is, long-term collaboration to coordinate collective action around an agreed set of goals.

As far as sustainability is concerned, partnerships are sustainable entities, meaning that their survival depends on their ability to command and create value, and partnerships would also enjoy considerable reach in their efforts to influencing politics across the policy spectrum. Gerry Stoker (1989), for example, famously argued that partnerships create added value, to the extent that individuals and organizations must collaborate if governing outputs are to be achieved. Therefore, collaborative synergy is an important issue for theories of partnerships.

However, a clear distinction between policy and implementation partnerships, as some authors have emphasized, becomes useful at this point (Skelcher et al. 1996). Collaboration among actors tends to be structured in two ways so that, at one side, it produces policy partnerships responsible for establishing goals, and at the other side, it creates implementation partnerships responsible for project delivery.

In the first case, as policy partnerships, these work for facilitating and coordinating processes based upon cooperation mutualism, symbiotic interdependence, and trust, no matter whichever nature they can be (i.e., public-private partnerships and related forms). Here comes the assumption by Erik-Hans Klijn (Klijn 2008), who in his article, "Trust in Governance Networks," emphasized the value of trust for the functioning and performing of networks and partnerships marking that "trust reduces transaction costs, facilitates cooperation and stability, stimulates learning, knowledge exchange, innovation." In the case of implementation partnerships, their working aiming at project delivery is very much dependent upon their key success factors. These latter lie in the definition of a strategic focus, type of leadership, the extent of partnership actors' capacity to jointly develop products and services, and the degree of sharing risks, costs, and resources which are connected with service development.

Needless to say, nevertheless, that partnerships, whether they are policy or implementation type, they are exposed to face challenges. These can be related to relationship's complexity (of issues, deals, contracts); the roles that the government adopts, especially with reference to public-private partnerships (PPP); the long-term contract ("incomplete contracts" problem); and the fundamental democratic aspects of PPP (participation, transparency, accountability, control) which might not have been, a priori, institutionally resolved. Taken together, the attempt made in identifying partnerships as a distinctive mode of governance can represent the evidence of a culture of partnership working at the basis of an urban regeneration practice (Healey 2006). Partnership offers a greater potential for the growth of networking as they are created on local concerns, initiatives, and resources; therefore, the main effect that governance produces on urban regeneration is its ongoing capacity to produce favorable conditions for networking. In other words, the politics of urban regeneration can be seen as the politics of governance by partnership (Davies 2002).

## Conclusion

This entry has provided an overview of what is known about governance and the role that it plays in shaping policymaking and decision-making in a given territory. It began with a discussion of theoretical perspectives on governance, with a specific focus on local governance and, later, on community governance. Because governance makes the most of the sense of community developed within a territory, it emphasizes on the importance of community engagement in networks for an effective community change. Within this entry, some essential theories to understand and value the complexity of the urban system, whether that is called city or neighborhood, have been reviewed.

Besides, both the local and community governance frameworks are introduced to help determining the dimensions of a network and actors' involvement in the definition of the problem, policymaking, working on the development and implementation of plans in order to influence the desired direction of public service delivery. As the desired direction is complied by actors empowered by the ability to adapt to arising changes occurring inside out their environments and develop and implement actions in a system's network, institutions and authorities within that system are taking part in shaping and determining what is desirable as agents of community empowerment.

Next, the entry turned to a discussion of the effects of governance on urban regeneration. Tangential to all effects, there is an array of community actions, facilitated by values such as trust, solidarity, cooperation, and generosity that are congruent with those of other network's actors for developing and improving both the social and physical characteristics of the urban space thy live in. Community development initiatives are cognizant of the importance of goals' sharing and shared powers which make it easier for the people, as individuals or as organized in networks and partnerships, to achieve their objective in taking part of the public service delivery.

This entry also discussed the partnerships' framework which adds to the basic understanding of governance as networks in fostering community engagement in shaping policymaking especially when referred to urban regeneration. The explanatory range of partnerships indicates that collaborative governance generates an added value for actions of urban regeneration which are oriented toward the attainment of quality, as a whole, within a community, then, in specific urban setting.

## Cross-References

► Public Values in Public Organizations
► Social Capital and Organizational Change

## References

Baynes T (2007) The complex dynamics of urban systems project at CSIRO. In: The 8th Asia-Pacific complex systems conference, Queensland

Bourdieu P (1983) The forms of capital. In: Halsey AH (ed) Education: culture, economy, society. Oxford University Press

Bowles S, Gintis H (2002) Social capital and community governance. Econ J 112:483

Carr S, Francis RL, Stone A (1993) Public space. Cambridge University Press, Cambridge
Coleman J (1988) Social capital in the creation of human capital. Am J Sociol 94(Suppl):95–120
Davies JS (2000) The hollowing-out of local democracy and the 'fatal conceit' of governing without government. Br J Polit Int Rel 2(3):414–428
Davies JS (2001) Partnerships and regimes: the politics of urban regeneration in the UK. Ashgate, Aldershot
Davies JS (2002) Urban regime theory: a normative-empirical critique. J Urban Aff 24(1):1–17
Elkin SL (1987) City and regime in the American Republic. University of Chicago Press, Chicago
Evans MG, Davies JS (1999) Understanding policy transfer: a multi-level, multi-disciplinary perspective. Public Adm 77(2):361–385
Harding A (2000) Regime formation in Manchester and Edinburgh. In: Stoker G (ed) The new politics of British Local Governance. Macmillan, pp 54–71
Healey P (2006) Transforming governance: challenges of institutional adaptation and a new politics of space. Eur Plan Stud 14(3):299–320
Heylighen F (2001) The science of self-organization and adaptivity. In: Kiel LD (ed) Knowledge management, organizational intelligence and learning, and complexity. The Encyclopedia of Life Support Systems
Klijn EH (2008) Governance and governance networks in Europe: an assessment of ten years of research on this theme. Public Manag Rev 10:4
Kooiman J (2000) Societal governance: levels, models and orders of socio-political interaction. In: Pierre J (ed) Debating governance. Oxford University Press, Oxford
Kooiman J (2003) Governing as governance. Sage
Lawless P (1994) Partnership in urban regeneration in the UK. Sheffield Central Area Study Urban Stud 31(8): 1303–1324
McKieran L, Kim S, Lasker R (2000) Collaboration: learning the basics of community governance. Community 3:23–29
McQuaid R (2010) Theory of organizational partnerships: partnership advantages, disadvantages and success factors. In: Osborn SP (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London, pp 127–148
Osborne SP (2010) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London
Ostrom E (1990) Governing the commons: the evolution of institutions for collective actions. Cambridge University Press, Cambridge
Putman R (1993) The prosperous community: social capital and public life. Am Prospect 4:13
Rhodes RAW (1996) The new governance: governing without government. Political Stud XLIV:652–667
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press
Rhodes RAW (1998) The formation of policy networks: preferences, institutions and actors' choice of information and exchange relations. J Theor Polit 10:4
Rhodes RAW (1999) Foreword: governance and networks. In: Stoker G (ed) The new management of British Local Governance. Macmillan, Basingstoke, pp xii–xxvi
Rudkin JK (2003) Community psychology: guiding principles and orienting concepts. Prentice Hall, Upper Saddle River
Skelcher C et al (1996) Community networks in urban regeneration. Joseph Rowntree Foundation
Stoker G (1998a) Governance as theory: five propositions. Int Soc Sci J 155:17–28
Stoker G (1998b) Public-private partnerships and urban governance. In: Pierre J (ed) Partnerships in urban governance. Macmillan, Basingstoke, pp 34–51
Stoker G, Mossberger K (1994) Urban regime theory in comparative perspective. Environ Plann C: Govern Policy 12:195–212
Stone C (1989) Regime politics. Lawrence University Press, Kansas
Van Der Brugge R (2009) Transition dynamics in socio-ecological systems: the case of Dutch water management. DRIFT, Erasmus University Rotterdam

G

# Governance by Network and Its Applicability to National Aid Policies and Local Governance

Hideaki Ashitate
Kyoto Sangyo University, Kyoto, Japan

## Synonyms

Creating support, trust, confidence, and satisfaction; Improving local democracy; Official development assistance (ODA); Participation; Reforms in local legislative bodies

## Definition

Governance by network; decision-making, where various kinds of actors are involved; a hybrid of governance by hierarchy and governance by market.

## Introduction: Three Types of Governances

This article interprets changing Japanese governance, especially foreign aid policies and local

**Governance by Network and Its Applicability to National Aid Policies and Local Governance, Table 1** Three types of governances and their characteristics

| | Markets | Hierarchies | Networks |
|---|---|---|---|
| Basis of relationships | Contract and property rights | Employment relationship | Resource exchange |
| Degree of dependence | Independent | Dependent | Interdependent |
| Medium of exchange | Prices | Authority | Trust |

Source: Rhodes (1999, xviii) is edited

legislative bodies, by the framework of governance by network.

Rhodes (1999) identifies three types of governances: governance by hierarchy, governance by market, and governance by network. Table 1 clarifies some of the characteristics of the three. The first and the third types are not mutually exclusive. One may notice that private companies, which can be among members of a large network, are important factors contributing to market as well. In fact, literature review reveals that governance by network is a hybrid of two other forms of governances.

According to the third row of the table, networks are based on members' mutual trust just as markets function well via prices, and "trust" is a keyword here. It is sure that Nye and Zelikow (1997, 254) criticize that, in survey questions, there are no distinction between "trust," "confidence," and "satisfaction." However, surveys and researches using perfectly rigid distinction are hard to find, and this article considers these three terms to be interchangeable.

## Reforms of Public Sector and Governances by Market and by Network

Extant studies such as Johnson (1986) assume that Japanese public administration is bureaucratic, meaning that Japan is governed by hierarchy. However, market-oriented reforms of public administration, such as privatization of governmental corporations, have been proceeding since the mid-1980s. Japan Railway Company (JR), Nippon Telegraph and Telephone Corporation (NTT), and Japan Tobacco Incorporated (JT) are currently large private companies in Japan, but all of them had been owned by the government until the mid-1980s.

Postal services are another example. As a fruit of reforms begun by Prime Minister Hashimoto in the late 1990s, the Ministry of Posts and Telecommunications was downgraded to a governmental corporation in 2001. After tremendous victory in the general election of the House of Representatives in 2005, Prime Minister Koizumi privatized the corporation.

In addition to governance by market, recent trend shows involvement of more kinds of actors, which seems sympathetic to the framework of governance by network.

Taking an example from official development assistance (ODA), one can recognize that a variety of actors, such as NGOs and universities, have been engaged in aid policies (e.g., implementation of projects) in the name of "participatory ODA" since the 1990s. This change results in an increase of the funding to Japanese NGOs; for instance, "Grant Assistance for Japanese NGO Projects was established in 2002 as a program independent from the previous Grant Assistance for Grassroots Projects," which had been originally begun in FY 1989 with the budget of 300 million yen (Ministry of Foreign Affairs of Japan (MOFA) 2013, 6). The "amount of funding provided by the scheme has increased [. . .] from FY 2002 (approx. 600 million yen)" to FY 2016 (about 4350 million yen) (Ministry of Foreign Affairs of Japan (MOFA) 2013, 6). In addition, by January, 2017, Japan International Cooperation Agency (JICA), who is responsible for implementing ODA projects, has sent more than 50 thousands of Japanese citizens as volunteers in developing countries (Japan International Cooperation Agency (JICA) 2017, 2).

One can witness reforms consistent with governance by network in local governments as well as in the central one. Local governments are encouraging participation of residents when making decisions.

## Governance by Network and Its Outputs and Outcomes

A next question is about differences that governance by network makes. This is because one can easily remember that the framework of "veto players" argues that the more stakeholders participate, the more dominant the status quo is (c.f. Tsebelis 2002). Bouckaert et al. (2010) emphasize that proliferation of public organizations accelerates consolidation or, in other words, coordination. Their argument is mainly about new public management (NPM), but it is applicable to governance by network as well.

It is sure that the argument of governance by network is said to be about a process rather than a result, but this does not mean that there has been no research whose interest is in results (outputs and outcomes), especially positive ones. Klijn and Koppenjan (2000, 109), for instance, explicitly mention "three motives for the introduction of [the] new forms of participation." They are "creating support," "improving quality," and "improving local democracy." Klijn and Koppenjan (2000, 109) are consistent with Rhodes (1999) since the latter assumes that trust comes with networks as shown in Table 1. As an example of citizens' support, Klijn and Koppenjan (2000, 109) deal with a case of the Bijlmermeer, Netherlands. This suggests that the first and the third motives are not entirely separable. This article focuses mainly on the first one and next on the third one.

The next section reviews a research on the connection between "participation" and "trust" in the context of Japanese ODA. The fourth section mentions relationship between "participation" and "local democracy," the third motive Klijn and Koppenjan (2000, 109) point out.

## Citizens' Participation in ODA and Increase of Support

With regard to Japanese ODA, there have been some studies that deal with an effect of "participatory development," where Japanese government involves people in developing countries when implementing Japanese ODA projects for those developing countries. Tonami (2009) is a good example. It is a study on the environmental aid project, including subprojects such as management of garbage, in Thailand, funded by the Japanese government. One of the conclusions of Tonami (2009) was that citizens' participation could make local citizens more responsible at least for a short time period.

Extant studies on Japanese foreign aid suggest that participation seems to increase public support of governmental aid policies. As an example, Ashitate (2015) is reviewed here. Ashitate (2015) uses Japan General Social Surveys conducted in 2006 (JGSS-2006), where Japanese citizens were asked to answer various questions such as those about participation in aid related activities as well as Japanese policies and institutions.

The survey includes questions about whether people think that Japanese foreign aid is inevitable for economic growth of developing countries. People chose one from four answers: "1" is "agree to the statement," "2" is "closer to agreement than to disagreement," "3" is "closer to disagreement than to agreement," and "4" means "disagree." Excluding answers of people without clear opinions, Ashitate (2015) utilizes answers to this question as a dependent variable (named "OPADVITAL").

There are three independent variables, and two of them are related with participation of Japanese citizens. One is "XADDONAT," an answer to the next question: "Have you given donations for supporting developing countries or sent goods for the countries?" The other is "XADVOL," an answer to the next question: "Have you done any jobs helping less developed countries or volunteer activities for those countries?" In both questions, positive answers are coded "1," and negative ones are "2." Also, in the similar way as extant studies using JGSS data, numbers of groups they regularly take part in are controlled (named "MEMBER"). The maximum number of it is six, and the minimum is zero.

As a control variable, general trust in the government is a candidate since if people distrust the government and dislike its policies, they do not highly evaluate specific policies, either. It is unfortunate that JGSS-2006 does not have such information. Therefore, Ashitate (2015) utilizes the best available ones, meaning answers to the question

asking general trust for central ministries in Japan (TR3BCRAZ) and political parties respondents support (XX8PLPTY). With regard to TR3BCRAZ, "1" means much trust, "2" is a little trust, and "3" means no trust. As another control variable, political parties that people usually support are used since if the respondents support one of the political parties making the coalition government, they are highly likely to support governmental policies. Therefore, in order to make dummy variables, Ashitate (2015) codes in the following way. If a person supports the Liberal Democratic Party (LDP) or *Komeito* Party, XX8PLPTY is one. Otherwise, the value equals zero.

Ashitate (2015) estimates coefficients by ordinary least squares (OLS). The results are as follows (Table 2). Holding other variables constant, in the first model, those who have participatory experiences are more likely to recognize importance of Japanese foreign aid by 0.288 point out of the full range of three. In the second model, the change is smaller (0.131), but the coefficient is statistically significant.

## Governance by Network and Local Democracy

Yashiro (2013, 188) insists that a collaboration between nonprofit organizations (NPOs) and city governments might be successful if they trust each other. Yashiro (2013) is a study about trust, or the first motive of Klijn and Koppenjan (2000). One may wonder about their third motive, meaning whether local democracy is strengthened by governance by network as Klijn and Koppenjan (2000) suggest.

Research Institute of Manifest at Waseda University gives helpful information. The institute ranks around 1500 of, or most of, local legislative bodies based on progresses of reforms by themselves, and local governments are conscious about the ranking list. Specifically, the institute evaluates "publicizing information," "citizens' participation," and "strengthening local bodies visa vie core executives," and computes general ranking based on the three factors. The second factor is closely related with "improving local democracy." Legislative body in Machida city, Tokyo, is a good example to see proceeding attempts to engage many citizens. For example, the legislative body admitted stakeholding citizens to make a speech in the relevant committee. In the realm of citizens' participation, Machida city was ranked at the 8th place in 2013, the 5th in 2014, and the 3rd in 2015. As a result, Machida city was given high composite points as a whole, too. The city was at the 11th place in 2013, the 10th in 2014, and the 9th in 2015. Another example is Memuro town in Hokkaido, which allowed citizens to monitor its legislative body. The town has been ranked at the first place as a whole since

**Governance by Network and Its Applicability to National Aid Policies and Local Governance, Table 2** Determinants of public support for Japanese ODA

| | Model 1 | Model 2 |
|---|---|---|
| Constant | 1.444*** (0.108) | 1.632*** (0.172) |
| Independent variables | | |
| Participation (XADDONAT) | 0.288*** (0.039) | |
| Participation (XADVOL) | | 0.131* (0.076) |
| Participation (MEMBER) | −0.023 (0.018) | −0.040** (0.019) |
| Control variables | | |
| Trust in national ministries | 0.142*** (0.035) | 0.142*** (0.036) |
| (TR3BCRAZ) | | |
| Party they support (XX8PLPTY) | −0.123*** (0.041) | −0.121*** (0.042) |
| Adjusted R-square | 0.057 | 0.025 |
| Number of observations | 1524 | 1526 |

Standard errors are in parentheses
***$p < 0.01$; **$p < 0.05$; *$p < 0.10$ (two-tailed test)
Source: Ashitate (2015, 16) is translated from Japanese to English

2014, and quite a few local legislatures visited there. Such progressive cities function as a frame of reference for other local governments, and it is expected that diffusion of reforms occur.

## Concluding Remarks

Using the framework of governance by network, this article analyzes Japanese foreign aid policies and reforms in local governments. The results seem to be as extant studies suggest: increasing support of policies and enhanced local democracy. However, there exist some limitations. Opinion surveys have been rarely conducted to measure supporting rate of specific policies in local governments. Further research on results of governance by network remains to be seen.

## References

Ashitate H (2015) Enjo-gyousei eno Sanka to Seisaku eno Shiji no Kankei: JGSS-2006 Deeta kara [Does participation in Japanese foreign aid activities increase political support for Japanese foreign policies?: An analysis of Japanese General Social Survey (JGSS)-2006 data]. Sandai Law Rev 48(1/2):1–24

Bouckaert G, Peters BG, Verhoest K (2010) The coordination of public sector organizations: shifting patterns of public management. Palgrave Macmillan, New York

Japan International Cooperation Agency (JICA) (2017) Crossroads, July 2017. JICA, Tokyo

Johnson CA (1986) MITI and the Japanese miracle: the growth of industrial policy, 1925–1975. Stanford University Press, Redwood City

Klijn EH, Koppenjan J (2000) Interactive decision making and representative democracy. In: van Heffen O, Kickert WJM, Thomassen JJA (eds) Governance in modern society: effects, change and formation of government institutions. Kluwer, Dordrecht/Boston/London, pp 109–134

Ministry of Foreign Affairs of Japan (MOFA) (2013) International cooperation and NGOs: partnership between the Ministry of Foreign Ministry of Japan and Japanese NGOs. MOFA, Tokyo

Nye JS Jr, Zelikow PD (1997) Conclusion: reflections, conjectures, and puzzles. In: Nye JS Jr, Zelikow PD, King DC (eds) Why people don't trust government. Harvard University Press, Cambridge, MA, pp 253–281

Rhodes RAW (1999) Forward: governance and networks. In: Stoker G (ed) The new management of British local governance. Palgrave, New York, pp i–xxvi

Tonami A (2009) Kankyo-enjo Jigyou to Juumin-sanka ni Kansuru Ichi-kousatsu [Evaluating local participation in environmental aid: the environmental fund project in Thailand]. J Int Dev Stud 18(1):79–96

Tsebelis G (2002) Veto players: how political institutions work. Princeton University Press, Princeton

Yashiro R (2013) NPO to Gyousei no "Kyoudou" Katsudou ni Okeru "Seikou -youin" [What makes collaborating works between NPOs and local governments successful?: How to manage processes to the final achievements]. Kojin no Tomo sha, Tokyo

# Governance Failure

Amiya Kumar Das
Department of Sociology, Tezpur University, Tezpur, India
Centre for Public Policy and Governance, Tezpur University, Tezpur, India

## Synonyms

Complex governance; Governance crisis; Ineffective governance; Mismanagement

## Definition

Governance failure may be defined as the undesirable or adverse outcome from a governance process. It may happen during designing, planning, and implementation of a policy. This idea is also expressed in terms of policy failure or state failure.

## Introduction

Governance failures tend to occur when there is a miscoordination or disjunction between various stakeholders in a governance process. Frequent consultation and seamless coordination could lead to a greater success in implementation whereas ignoring stakeholders during the process may result in a policy failure. Knowledge is essential in any field to carry out a function effectively. Experts are consulted and given responsibility to

design public policy. Sometimes it becomes successful and sometimes it is not. In this context James Scott has shown how expert knowledge is also prone to failure. Generally, policies are made without taking account of the local specificity. Similarly, Timothy Mitchell has argued how the rules of the experts have failed in the context of Egypt (Scott 1998; Mitchell 2002).

Governance failure could also be seen in the process of social engineering. The modern technocratic idea of changing social things with technological intervention has backfired with the process of social engineering. Most well-meaning policies and programs intended for the poor have also failed in some parts of India. Jessop observes in the context of governance management that, "most of the time there are tendencies of governance failure like market, state and even meta-governance. Even then public–private partnership is essential in securing the stability in terms of social, economic and community development. There should be greater commitment to participatory politics based on stake holding and to sustainable economic and community development" (Jessop 2000, p. 32). In a similar line, Malpas and Wickham contemplate that governance seeks control of its objects and therefore failure itself will always remain obscure from within any particular governing practice (Malpas and Wickham 1995) and the issue of failure is also perceived in the similar manner by Chhotray and Stoker who argue that governance failure might occur because of irresolvable conflict between interests, a lack of trust between agents, and inept steering by state actors (Chhotray and Stoker 2009, p. 48).

## Governance in the Grassroots

Governance has often been equated with the representational values of influence and power at the discretion of political authorities and their enforcement of rule. The success of governance mechanisms is difficult to empirically define and envisage through definitive criterion of sovereignty and territoriality with the intervention of transnational systems within the scenario of political, economic, and social affairs. Neoliberal responses largely involved the market and revolved the nature of state and political consciousness. But economic inflations and market failures limited the assertion of state institutions and made it difficult to adjust to private–public partnerships. The mixed economy model adopted by India, to a long-term "establishment of rules and laws which were aimed at controlling and regulating the economy and instead ended up hampering the process of growth and development . . . The economy was facing problems of declining foreign exchange reserves, growing imports without any rise in exports and double-digit inflation" (Bhaduri 2013). Even, political culture is increasingly disparate, which lies within the governmental structures of self-regulation but more within the regimes of governance. Political culture can be described as the psychological dimension of political systems, including politically relevant beliefs, values, and attitudes (Welzel 2009, p. 299). It presents a constant interaction between the individual and collective agents under the affairs of administration, moving from social structures to the legitimacy of political institutions interlinked with it. It is within these structures of objective dissemination of egalitarian beliefs that governance fails in attempts of homogenization and marginalization of knowledge. Although governance and government has often been equalized, the intrinsic meanings for both are differently placed through situations of transcendence in specific political cultures. Governance "is a generic term to describe decision-making in organizations such as corporations and universities, while government implies rule and control of political institutions over its citizens" (Das 2020).

Decision-making often results in controversies and inconsistencies due to the protection of interests of multiple agents across regional, national, and transnational networks. The ethics of development glorifies models of infrastructures on one hand, while legitimizing the internal logic of hierarchical social structures within democratic regimes. The historical transition of political ideologies with economic structuration ensured the patterns of negotiations between actors with "power" in concrete and abstract forms, acquiring

more potential to dominate the scene. Power is represented in system of rules and legal principles, which acquires a dynamic reality in the context of democratic societies such as India. The attempt to initialize superior power of mainstream government on local-level political structure would be complex and might lead to failure of governance across micro levels.

Taking cognizance of these features, governance is the shift of power in all directions – upward, downward, and sideways. The relationship between governmental as well as non-governmental entities creates avenues for interdependence and distribution of power, which can be self-limiting in terms of political functions and machinery. Rhodes stated that "the growth of governance reduced the ability of the core executive to act effectively" (Rhodes 2007). The mechanisms of governance will be a failed approach if the sense of responsibility among different actors is not turned into a co-responsibility. The rise of new forms of digital governance also changed the dynamics of life-processes, creating an over-regulation of state subjects while blurring the lines between the public and private domains. For instance, the Global Positioning System (GPS) rules out governance structures of constant surveillance in urbanized conglomerations, depicting a system of successes as well as crisis of entrenched realities such as social pathology. So, "social reality is an environment of development: human relations according to rules and institutions of power and order, codes of communication, symbols, etc." (Sánchez-Bayón 2014, p. 196).

This entry provides a view on how the underlying phenomenon of mechanisms of governance enacted at the level of varying power structures often suffers from inconsistent planning and strategy implementation. The debatable point is the consideration of stakeholders for governmental as well as civil society programs, which might lead to democratic pitfalls. The conflict among stakeholders limits the possibilities of understanding the problem as well as its solutions. The entry concludes that a considerable amount of ambiguity in the conceptualization of governance might lead to misappropriation of norms, policies, and its outcomes.

## Perspectives

The meaning of governance varies across disciplines, approaches, and theoretical contexts such as political sciences, sociology, public administration, law, and economics. The Report of the Commission on Global Governance, titled "*Our Global Neighbourhood*" defined governance as the sum of the many ways through which individuals and institutions, public and private, manage their common affairs. It is a continuing process of conflictive diverse interest that may be accommodated and through which cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest (Commission on Global Governance 1995). Governance is a normative concept of transparency, accountability, and values where actors interact in specific social contexts for effective distribution of sociopolitical and legal recourses. But the perpetuation of anarchy is often possible with respect to unaccountable governance, corruption, human rights violations, and no clear delineation of political and economic agendas. Governance is narrowly perceived within interorganizational practices, and problems related to inter-systemic steering will produce implicit or explicit effects on interorganizational relations, even if belonging to different institutional orders. Hierarchies are entangled reducing the role for the other. The contestability and limits of the institutional boundaries are transcended in the contemporary era, which may magnify or destroy mutual coherence within the garb of competitiveness and social complexities.

Accountability in governance resorts to sustainable development, which might increase equity and efficiency in governmental targets. The goals of sustainable development encompass social, environmental, and economic aspects, which depends to a large extent on the implementation efforts and long-term governance, applying rules within a defined organization of operation. But, it is difficult to allot differential regimes to governance and government, as government

serves as the political and administrative structure, which constantly negotiates policies and schemes to the point of significant estimations. The imbalance in such estimations might lead to failures in distributing resources and ensuring access to vulnerable populations. Right strategy in right direction requires not only profit-based but also people-based models, catering to generating capabilities. Capability is a broad avenue seeking the need for developing functions and abilities of the people. Amartya Sen in his "capability approach" considered capability and functioning as core ideas, as he defines – "a functioning is an achievement whereas a capability is ability to achieve. Functionings are, in a sense, more directly related to living conditions, since they are different aspects of living condition. Capabilities in contrast, are notions of freedom" (Sen 1994, p. 273). Destruction of capabilities can be projected as a failure of governance not only at the discretion of the legitimate political authorities but also other agencies – regional or national, participating in the process of dispatching governance and its objective structures. The larger question lies in the social and cultural settings, which determine possession of capabilities and well-being. So, failure in governance threatens individual's state of being and can perpetuate structured poverty.

Governance is not only a limited term in application to governmental structures or political parties, it is an act of regulation at the discretion of any organization, association, or institutions. The ability of the government in exercising its authority is lower when trilateral rather than when bilateral arrangements are involved, as in these cases governments may be dominated by markets and network actors (Howlett and Ramesh 2014). The creation of public values by the civil society organizations often disburses accounts of hegemonization in the form of information gaps, lack of incentives, and political interference within local and delimited contexts. The infrastructure projects through increases in productivity and production, however, lead to involuntary displacement, creating untold miseries while affecting both developed and developing countries. For instance, most of the developmental projects in the state of Orissa were constructed in areas leading to the displacement of the people from their homeland. Statistically representing, the number of people who were displaced in India and have not been rehabilitated properly between 1950 and 1980 ranges to over 11.5 million (Mohanty 2011). These forms of state failures can be linked to the specific procedural factors that block effective policy-making and implementation. The states involved in the developmental projects are subjected to the structures of bounded rationality, characterizing limited information, uncertainty, and time pressures. They often pursue multiple contradictory goals, which are inherently feasible with ill-defined nonmarket outputs (Jessop 1999).

While neoclassical economists provide solutions for market failures in the form of more markets, welfare economists call for more state intervention. This is intended to correct market failures. The ethics of market rationality in free and equal exchanges rather than the careful rules of economic regulations place the success or the failure of the market forces in terms of substantive criteria such as the market forces, uneven impact on wealth, income, life-chances, or regional balance. But the conditions of "rationality" within the markets often make it difficult to observe inequalities, which are attributed to market inadequacies rather than failures (Jessop 1999). The institutional redesigning of the state along with the self-correcting policy cycles can redefine division of labor in the state and wider political systems, not detached from market networks and agents of governance. The reforms feature administrative restructuring, privatizations, deregulation, decentralization, and other efforts with degrees of reversals across differential patterns, leading to apparent failure of reforms (Ramesh and Howlett 2006). The government per say is perceived as a more overregulating force and efforts are often directed to direct transition into a structure less controlled by the government, such as allocation of markets and private actors in nonstate efforts. The recent developments have been made from hierarchical and market forms of governance to network-centered governance modes (Lange et al. 2013). This is beneficial for an economy based on welfare models where social protection

measures and safety nets need to be allocated across differential regimes. Collaborative governance combined aspects of both governmental and market-based arrangements by bringing private and public actors in policy sectors (Rhodes 1997). But the successful interpretation of such arrangements hase little authority of stance. Hybrid elements are introduced into the governance structures but such diffused networks of governance is difficult to reform than traditional hierarchical structures having a concrete root.

However, with governance arrives the contradictory distinction between the state and the society. The exact definition of state and society is ambiguous as the boundaries of state are transient across time and space. The understanding of political institutions, events, and behavior is essential to produce an analytical frame of reference for state. Randal Collins in following Weberian analysis of comparative politics framed that Weber rejected notions of interdependent parts within a social unit. The primary analytical concepts of Weber are the material and ideal interests of individuals, groups, and organizational structures to further their interests. Weber considered the analytical framework of "state" and "society" where groups forms the constellations of interest by which parties act together voluntarily for mutual benefits occurring at the sphere of society. On the other hand, the sphere of state characterizes coordination that is based on the dominance in which one individual or group is placed in a position to enforce his/her will on the other. Collins rejected the structural-functional paradigm of understanding political processes, which correlates political, economic, and cultural organizations for social division of labor. He conceived that the principle of action in each sphere is not contingent on those of the other (Brand 1973). The political and economic structures must be analytically separated from each sphere and cannot always be exclusively conceived to be dependent on each other. The failure in governance is often caused by ambiguity and collision of interests in different spheres and ideologies. Ideals and values are disparate for different groups such as business, labor unions, or governmental agencies, and disagreements exist on how to put ideals into practice. So, governance is based on political contours and practices where the failure results from the dichotomy of relationships between means and end relationships.

## Social Protectionism and the Dilemma of Governance

Social protectionism as an ideology and practice reflects the usages of strategic decision-making within the purview of reasoning, reflection, and relevance. Social protectionism varies with reference to the nature of communities deprived and culture of policy making. A generalized indicator of social protectionism are the "public actions taken in response to levels of vulnerability, risk and deprivation, which are deemed socially unacceptable within a given polity or society" (Norton et al. 2001, p. 21). The key component of social protectionism works within the purview of rights-based approach, which must be available to all individuals without discrimination of any kind. It is the context that determines which modes of governance and design issues can be supplemented. The COVID-19 pandemic exposed the preexisting gaps in the provisions of social protectionism in India as well as across the globe. The pandemic made far-flung impacts beyond the severity of health and potentially devastated social, economic, and political fronts with long-standing implications. Debt burdens, inadequate health systems, informal economies, high population densities, rural and urban migration, resulting from social distancing and subsequent lockdown made the crisis more acute. The United Nations estimates that developing countries would require $ 2.5 trillion in rescuing funding to avoid the catastrophe of health and economy (UNCTAD 2020). Even prior institutional bottlenecks turned the situation into an ambiguous state of affairs. Governance within a contradictory dimension of internal disruption and external struggle and dialectics can entail integration of market and state into society.

However, while considering failures for policy actions, it cannot be relegated merely to the structural determinants but also to the individual context of the problem. State failure can be conceived

not only through a lack of institutional design, social pacts, or public services but also a failure of governance. The two forms of governance failure is the lack of capacity to provide systematic stability of society and economy and failures of organizations within the bureaucracy to coordinate functioning abilities (Peters 2015). These failures might operate even if the political entities are legitimate, stressing the need for envisaging governance and government in their own right. Governance is not bounded within narrow departments but comingles along departmental lines, so success of governance is not only fulfilling a narrow target but also making comprehensive assessments of the problem. The failures are produced through the incapability of addressing "more than a portion of the problem confronting the public sector and the society" (Peters 2015). The failure of specific public policies cannot be considered as a governance failure. Strongly positioned states might provide opportunities for implementing policies, which can be estimations of being successful.

Nevertheless, delivering a program might have negative consequences even within the same policy area designed as per the intervention. While social protection measures have been implemented in the Indian context with regard to the cash-based transfers under the National Social Assistance Programme and Pradhan Mantri Jan Dhan Yojana, food vouchers under the Antyodaya Anna Yojana, public works under the Mahatma Gandhi National Rural Employment Guarantee Act (NREGS), National Legal Services Authority, an organization of legal governance, stated that the nationwide lockdown led to a rapid increase in cases of domestic violence. The Times of India recorded the highest number of domestic violence cases during the phases of lockdown (Times of India 2020). Even lack of specific facilities for childcare during the COVID-19 led to more disastrous consequences. According to the reports from the Assam State Commission for Protection of Child Rights (ASCPCR), a total of 216 cases have been registered since the lockdown of which 113 cases were related to the sexual abuse of children, 13 cases were related to the child labor, 3 cases of abduction, 47 cases of child marriage, and more than 40 cases of offence against children were registered (Karmakar 2020). So, governance failure cannot be subjected to policy-making but also relegates to the effective designing of policies in order to deal with specific problems. Interventions lie not only at the discretion of the state but also organizations and branches within the state, which perpetuates through diverse domains of civil societies, market, and economy. The concept of civil society lies within the interstitial space of the public–private debate. The "public" refers to not only the government but also civil society, which is pre-conceived as a community arena. Karen Bakker, in his work on the politicization of water within an urbanized ecology, relegated to the domains of the "private and public" demarcation, which is often blurred in the potential of civil society. The "private" provision is blurred when the informal, unregulated, small-scale water supply business meets the majority of the people's needs and work alongside the community organizations. The organizations are mostly nongovernmental as well as not-for-profit in nature, identifying public ethos (Bakker 2010). This increase amplifies the dialectic of the public–private realm involved in the provisioning of water and stating authority through "water" and portals of access, as a component of governance. The analytical framework of the public–private debate within the context of the modern society, works beyond the binary categorization to include more overlapping of realms – private, public, or mediating realm of the community–corporate institutions. So, governance works within varying realms that produces different intensity of effects over time with complex realities of social equities and decision-making systems.

## Conclusion

Guaranteeing an absolute and effective governance is difficult. The complexity increases more within the multigovernance issues, its limits, and exploration of social solidarity, which raises

ethical debates. Policy and governance failure may or may not be correlated. Larger governance issues remain undermined while focusing on the micro-policy failures, its designs, as well as its mechanisms. Even short-term and short-sighted policy-making systems may relegate difficulties in coping with broad governance visions and the cognizance of geopolitical identities within multidimensions. The failure of specific policies might increase possibilities for options available in the market and civil society, while at the same time increasing the necessity for studying the dynamicity of actors involved in the governance along with their capabilities to form an alternative framework in case of governance failure. The intensity of search increases with policy failures, while culminating in leadership failure and knowledge strengthening at the same time.

Mayntz opines that governance failure might occur from implementation of policies and policy makers' deficient knowledge of causal relationships (knowledge problem), or from governability problem (Mayntz 1994, p. 13). Jessop similarly asserts that governance is always exposed to failure. One cannot ignore the issue of failure in analyzing governance. These governance failures are mainly concerned with the role of markets, states, and networks in capitalist social formations rather than more amorphous interpersonal relations (Jessop 2000). Malpas and Wickham emphasize the need for sociology of failure. They draw their argument from Foucault. How failure is centered on both known and unknown objects. Further, they argue that social life is made up of innumerable attempts to control all known objects, which sets the ground for failure to feature as a crucial element in the governance process. They emphasize that governance is necessarily incomplete and failure is the result of targeting full control or total control of governance object (Malpas and Wickham, pp. 40–45).

## Cross-References


- ▶ Leadership Failures
- ▶ Policy Failure


## References


Bakker K (2010) Privatizing water: governance failure and the world's urban water crisis. Cornell University Press, Ithaca/London, pp 1–182

Bhaduri D (2013) Privatisation in India since 1991. WordPress. https://debabratabhaduri.wordpress.com/2013/06/08/7/

Brand CM (1973) State and society: a reader in comparative political sociology. University of California Press, Berkeley, pp 2–641

Chhotray V, Stoker G (2009) Governance Theory and Practice A Cross-Disciplinary Approach. London: Palgrave Macmillan

Commission on Global Governance (1995) Our global neighbourhood: the report of the Commission on Global Governance. Oxford University Press, Oxford, UK

Das AK (2020) Governance and government. In: Farazmand A (ed) Global encyclopaedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_1796-1

Howlett M, Ramesh M (2014) The two orders of governance failure: design mismatches and policy capacity issues in modern governance. Policy Soc 33(4):317–327

Jessop B (1999) The changing governance of welfare: recent trends in its primary functions, scale, and modes of coordination. Soc Policy Adm 33(4):348–359

Jessop B (2000) Governance failure. In: Stoker G (ed) The new politics of British local governance. Palgrave Macmillan, London, pp 11–32

Karmakar S (2020) Over 200 child rights violation cases in Assam during lockdown and coronavirus pandemic. https://www.deccanherald.com/national/east-and-northeast/over-200-child-rights-violation-cases-in-assam-during-lockdown-and-coronavirus-pandemic-859040.html

Lange P et al (2013) Governing towards sustainability – conceptualizing modes of governance. J Environ Policy Plan 5:1–23

Malpas J, Wickham G (1995) Governance and failure: on the limits of sociology. J Sociol 31:37

Mayntz R (1994) Governing failures and the problem of governability: some comments on a theoretical paradigm. In: Kooiman J (ed) Modern governance: new government-society interactions. Sage Publications, London

Mitchell T (2002) Rule of Experts: Egypt, Techno-Politics, Modernity. Berkely and Los Angeles: University of California Press

Mohanty R (2011) Impact of development project on the displaced tribals: a case study of a development project in Eastern India. Orissa Review, pp 67–73

Norton A, Conway T, Foster M (2001) Social protection concepts and approaches: implications for policy and practice in international development. Overseas Development Institute, London, pp 7–40

Peters BG (2015) State failure, governance failure and policy failure: exploring the linkages. Public Policy Adm 30(3–4):261–276

Ramesh M, Howlett M (2006) Deregulation and its discontents: rewriting the rules in Asia. Edward Elgar Publishing, Cheltenham, pp 1–264
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Rhodes RAW (2007) Understanding governance: ten years on. Organ Stud 28(8):1243–1264
Sánchez-Bayón A (2014) Global system in a changing social reality: how to rethink and to study it. Beijing Law Rev 5:196–209
Scott James C (1998) Seeing like a state: how certain schemes to improve the human condition have failed. New Haven and London: Yale University Press
Sen A (1994) Capability and well-being. In: Housman D (ed) An anthology, 1st edn. Cambridge University Press, Cambridge, MA, pp 270–295
Times of India.com (2020, May 18) Domestic violence cases in India on the rise during lockdown, says report. Retrieved from https://timesofindia.indiatimes.com/life-style/relationships/love-sex/domestic-violence-cases-in-india-on-the-rise-during-lockdown-says-report/articleshow/75801752.cms
UNCTAD (2020) UN calls for $2.5 trillion coronavirus crisis package for developing countries. United Nations Conference on Trade and Development. https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2315
Welzel C (2009) Political culture. In T. Landman, & N. Robinson The sage handbook of comparative politics (pp. 299–318). SAGE Publications , https://doi.org/10.4135/9780857021083.n17

# Governance in Crisis Management

Fatih Demiroz
Sam Houston State University, Huntsville, TX, USA

## Synonyms

Administration; Good government; Government; Networks; Partnerships

## Definition

Governance, in the context of crisis management, refers to (1) government capacity to deliver services and manage crises and (2) cross-sector collaboration and interorganizational networks.

## Introduction

Governance is a term that is used in a variety of contexts. The goal of this chapter is to provide an overview of crisis and disaster management and how it is related to multiple aspects of governance. The following sections will define disasters and relevant aspects of governance and then lay out the theoretical and practical definition of governance in crisis management: (i) governance as government capacity and (ii) governance as cross-sector collaboration and interorganizational networks.

## Understanding Crises, Disasters, and Disaster Management Systems

Disasters are incidents that cause disruptions in societies as consequences of natural or man-made hazards. Disasters and hazards are interrelated terms, but they are not the same. Events such as hurricanes, floods, or hazardous material spills are hazards. What turns them into disasters is the impact (i.e., disruption) that they create on human social systems, such as the economy or local communities. For example, if a flood impacts an area where there is no people, that cannot be a disaster. On the other hand, if a small flood influences a two-block area in a densely populated city, the results can lead to significant disruption. Although closely related to disasters, crises encompass a broader meaning than disasters. Crises occur "when member of a social system sense that the core values of life-sustaining features of a system have come under threat" (Boin et al. 2017, p. 5). Disasters are examples of crises, but they are not the only source of crises. An influx of refugees from a neighboring country, the political destabilization of a region, or infrastructure failures are not typical disasters like hurricanes or terrorist attacks, but they can be classified as crises as well.

Historically, the management of disasters and crises has been a collaborative effort. In the early twentieth century, disasters were viewed as "acts of God," and managing them was not always at the top of the political agenda in the United States.

Churches, local community organizations, and nonprofits usually dealt with disaster relief, while the input from state and local governments was limited (Rubin 2012). Changes in the political environment (e.g., Cold War, catastrophic disasters) pushed governments to be proactive and to initiate efforts for minimizing impacts of hazards on communities. As a result, disaster management systems have developed over time. Disaster management systems have developed over time. In the early years, a militaristic top-down approach was embraced due to Cold War; however, changing public sector paradigms (especially the adoption of New Public Management and cross-sector partnerships) transformed bureaucratic hierarchies into horizontal and networked administrative systems. As this structural changes occurred, the term governance became increasingly used in crisis and disaster management contexts.

## Governance and Disaster Management

### Governance as Government Capacity

Governance is related to several important topics. First, it refers to a government's capacity to deliver services. Government capacity is critical for minimizing physical and social vulnerabilities and impacts of hazards through managing four phases of emergency management (i.e., preparedness, mitigation, response, and recovery). The ways that government agencies reach their goals are quite complex. Governments can deliver services directly via bureaucracy and public servants. Governments can also use indirect tools such as grants, vouchers, contracts, and cross-sector collaborative partnerships (Kapucu 2008; Kapucu et al. 2010; Salamon 2002). Bureaucratic capacity (i.e., direct government) is critical for delivering core government services, especially services that protect the safety and security of citizens. The management of indirect government tools (e.g., contracts, vouchers, grants) is equally important, if not more as the management of direct government capacity. This is because indirect government tools are not under the complete control of government agencies, which makes it difficult to ensure transparency and the accountability of the third parties that have a role in service delivery. Significant problems may occur if the government's capacity to manage indirect tools is not adequate. In such situations, these government tools may turn into a source of risk, as opposed to creating benefits to society. For example, when government agencies do not properly manage contracts with risky businesses or when government agencies do not regulate risky industries appropriately (both contracts and economic regulations are indirect government tools), the negative consequences could be dramatic for society.

An example of the type of tragedy that can be caused by poor contract management and regulation occurred in Turkey. In 2014, a coal mine collapsed in the Soma region of Turkey, killing 301 miners. The coal industry had mostly been under the control of two government corporations, TKI and EUAS. These corporations mostly contracted out mining operations to private companies across the country. The mine that collapsed in Soma region was contracted out to Ciner Holding in 2006. Between 2006 and 2009, Ciner Holding produced about 250,000 tons of coal every year. The company decided to transfer its contract to another company because of the high risk of methane gas and fire. The successor company, Soma Komur AS, increased coal production to 2.6 million tons in 2010. The company also reduced the per ton coal production costs from $140 to $23.8 at the expense of employee safety. The mine was inspected several times between 2010 and 2014 and passed all inspections without any problem. Even the Minister of Energy and Natural Resources visited the mine 9 months before the accident and praised the mine's safety and technology. The last time the mine was inspected was 4 months before the accident (Demiroz and Kapucu 2017). Moreover, TKI gave a purchase guarantee to Soma Komur AS, which means that the government would buy all the coal that was produced without a quota or limitation. Independent government agency reports indicated that Soma Komur AS delivered tons of coal below the designated calorie level; however, TKI continued buying sub-par coal. The government's poor contract management and lack of proper inspections and regulations created

incentives for Soma Komur AS to produce more coal at the expense of employee safety. The high risk at the Soma mine was a joint production of government agencies and private sector organizations (Demiroz and Kapucu 2017).

### Governance as Cross-Sector Collaboration

The second term that governance refers to in the context of disaster and crisis management is the coproduction of services with private and nonprofit sectors. The management of disasters and crises cannot be accomplished by any single government agency or program. When disasters and crises happen, their impacts are not bounded by jurisdictions. Rather, the complex and uncertain nature of disasters and crises requires actors from various backgrounds to collaborate to prepare for, mitigate, respond to, and recover from adverse impacts of natural and man-made hazards. For example, about 85% of the critical infrastructure in the United States is owned by the private sector (Government Accountability Office 2006). It is impossible to prepare for or prevent crises without collaborating with the private sector. Similarly, nonprofits also play important roles as support agencies during a disaster response. For example, the American Red Cross (ARC) and National Voluntary Organizations Active Disaster (NVOAD) are designated as support agencies for the Emergency Support Function No 6 (mass care, emergency assistance, temporary housing, and human services) in the third edition of the National Response Framework (Federal Emergency Management Agency 2016). Collaborative and interdependent relationships occur between local emergency management agencies and nongovernmental actors (e.g., private infrastructure companies and first responders) as well as between different nongovernmental actors (e.g., American Red Cross and school districts). As these examples indicate, the complex nature of disasters and crises requires government authorities to establish horizontal collaborative partnership networks with various actors across all sectors.

Kapucu and his colleagues (Kapucu 2008, 2012; Kapucu et al. 2010) use the term collaborative emergency management to define the complex and interdependent nature of crisis management. Collaborative emergency management is an extension of the collaborative public management field. Collaborative public management concentrates on coproduction of various services and solving complex problems using cross-sector partnerships. More specifically, Eugene Bardach (1998) defines collaboration as "any joint activity by two or more agencies that is intended to increase public value by working together rather than separately" (p. 8).

The use of collaboration in the context of crisis management is different than its use in other policy areas. During a crisis, collaboration includes coordination, information sharing, and even shared cognition depending on what phase of disaster management is being managed. For example, in the preparedness phase, various partners may get together to develop crisis response and relief plans. Such plans create a general understanding of how to act in times of crisis and create a shared mental map among partners. Various roles and responsibilities are distributed among partners, and they are expected to perform such roles in times of crisis. For example, in the United States, emergency management agencies prepare plans for coordinating crisis response. These plans identify several emergency support functions (ESFs), such as communication, sheltering, transportation, volunteer management, and search and rescue. For each of these support functions, the plans also identify primary and supporting agencies. For example, at the local government level, the local American Red Cross chapter opened and managed shelters. Usually, public schools serve as shelters in time of crisis, which require the American Red Cross to collaborate with local school districts in order to get access to school buildings. When a crisis occurs, emergency management agencies coordinate the activities of primary and support organizations as defined by respective ESFs.

The partnerships developed and used in hazard mitigation and disaster recovery have different characteristics than preparedness and response. Mitigation and recovery efforts are directed toward the elimination of social and physical vulnerabilities in communities. Economic development, urban development, social services, and

management of vulnerable populations are some of the key goals of partnerships developed for mitigation and recovery. Such partnerships have long-term goals and, unlike response activities, do not function in a limited time frame. For example, disaster recovery efforts can last for decades, and economic redevelopment (i.e., recovery) is an indispensable aspect of such efforts.

## Potential Challenges

Crises and disaster management systems are built upon networks of agencies from multiple sectors that work as equal partners for achieving a common goal. Networks are used in the delivery of a wide variety of services, including, but not limited to, mental health, social services, education, and disaster relief. Like other service delivery networks, crisis management networks are indirect government tools that are used to accomplish complex policy goals. It is important to note that there is overlap between governance as government capacity and governance as networks (i.e., indirect government tools). Government capacity is not limited to the capacity of bureaucrats or government agencies but also includes the management of indirect government tools. Managing network performance, ensuring accountability, and having harmony among participants in a network are challenging tasks for which there are no easy solutions. Every network is unique, and their effective management will require the use of different tools. Although networks provide flexibility to public officials for handling complex policy problems, they also pose challenges that are quite different than the challenges that posed by traditional government settings.

## Conclusion

Governance is a term that is used in many public sector areas. In the crisis and disaster management contexts, governance means (i) the government's capacity to execute its functions and (ii) the government's coproduction of services in collaboration with private and nonprofit organizations. The government's capacity to use direct and indirect tools for the delivery of services plays a crucial role in crisis management. When governments do not have necessary capacity to manage these tools, they can become a source of risk for their citizens.

Cross-sector collaboration is the second definition of governance, which also has important implications for crisis management. The management of crises and disasters is inherently a collaborative job. It is a multifaceted policy problem that requires significant contributions from all stakeholders (i.e., individuals, private companies, nonprofit organizations). Emergency management agencies strive to develop networks of stakeholders that can work as equal partners toward the effective management of crises events. Networks are widely used policy tools, especially in areas such as mental health and social services. However, it is not easy to management such networks. This is because networks are fluid, horizontally organized, and complex, as opposed to rigid, hierarchical, and relatively simple bureaucratic hierarchies.



## Cross-References


- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Socio-Technological Aspects in Disaster Mitigation


## References


Bardach E (1998) Getting agencies to work together: the practice and theory of managerial craftsmanship. Brookings Institution Press, Washington, DC

Boin A, 't Hart P, Stern E, Sundelius B (2017) The politics of crisis management: public leadership under pressure. Cambridge University Press, New York

Demiroz F, Kapucu N (2017) Emergency and crisis management: Soma mine accident case, Turkey. In: Klassen TR, Cepiku D (eds) The Routledge handbook of global public policy and administration. Routledge, New York, pp 207–216

Federal Emergency Management Agency (FEMA) (2016) National response framework, 3rd edn. Emergency support function #6 – mass care, emergency assistance, temporary housing, and human services annex: Retrieved April 18, 2017 via: https://www.

fema.gov/media-library-data/1470149820826-7bcf80b5dbabe158953058a6b5108e98/ESF_6_MassCare_20160705_508.pdf
Government Accountability Office (GAO) (2006) Critical infrastructure protection: progress coordinating government and private sector efforts varies by sectors' characteristics (report to Congressional Requesters No. GAO-07-39): Washington, DC: U.S. Government Accountability Office. Report available via http://www.gao.gov/new.items/d0739.pdf
Kapucu N (2008) Collaborative emergency management: better community organizing, better public preparedness and response. Disasters 32(2):239–262
Kapucu N (2012) Disaster and emergency management systems in urban areas. Cities 29:S41–S49
Kapucu N, Arslan T, Demiroz F (2010) Collaborative emergency management and national emergency management network. Disaster Prev Manag 19(4):452–468
Rubin CB (2012) Emergency management: the American experience 1900–2010. CRC Press, Boca Raton
Salamon LM (2002) The tools of government: a guide to the new governance. Oxford University Press, Oxford/New York

# Governance in Higher Education in Europe and Greece

Rossidis Ioannis[1], Tsiotas Dimitrios[2], Aspridis George[3], Belias Dimitrios[3] and Sdrolias Labros[3]
[1]University of the Aegean, Athens, Greece
[2]Polytechnic School, University of Thessaly – Technological and Educational Institute of Thessal, Larissa, Greece
[3]Department of Business Administration, Technological and Educational Institute of Thessaly, Larissa, Greece

## Synonyms

Governance; Higher education; Public management; Public sector

## Definition

Analyzing external and internal governance in higher education in Europe and Greece. Trends and prospects.

## Introduction

Higher education is considered important for the socioeconomic development, both in the European and in the international level. The global socioeconomic developments led the educational systems, and especially these in the field of higher education, into extensive changes (Amaral et al. 2009). Such changes concern the increase of access into the higher education (e.g., in 2004, an amount of 132 million students entered the higher education, whereas in 1991 this amount was just 68 million students) (OECD 2008), the emergence of new forms of education (such as the remote education and the e-learning), the reconfiguration of the students' population-structure (concerning the increase of women participation, the socioeconomic and cultural heterogeneity, the deepening of the educational level, the increase of average students age), the promotion of internationalization in higher education, and the interest of the higher education institutions to the research and development aiming in the consolidation of innovation. At the same time, a tendency appeared in such institutions for self-financing support, which sets the conditions of their independence from the public funding (OECD 2010).

Such developments have led to the reconsideration of the concept of management in higher education and they have introduced a new approach, this of governance. Governance in higher education aims to succeed higher levels of effectiveness, to strengthen the cohesiveness of society, and to integrate the educational needs with the structure of the job market. Therefore, the decision of the most suitable governance models suggests a critical factor for the accomplishment of the higher education institutions' mission, which sets the configuration of the proper administrative environment into a major concern in the education policy's agenda targeting to high levels of organizational, administrative, and functional efficiency (FEIR 2017).

## Governance in Higher Education

The continuously evolving environment and more precisely the effect of globalization, the increasing

competition, the technological developments, and the intense changes in the labor market have led the systems of higher education to reconsider their managerial perspective and to develop a different approach, the governance, in order to improve their effectiveness, efficiency, and transparency. The theory of governance aspires to redefine the administrative reality. Conceptually, it refers to a modern administrative culture, which mainly determines the decision making and implementation processes and generally the administrative and organizational function. Governance seeks to combine the accountability and legality with efficiency and effectiveness (Karkatsoulis 2001). In the light of this new administrative system, the approach about the centralized administrative forms has been revised, promoting a new, more democratic, administrative perception. According to Stoker (1998), the essence of governance regards the administrative mechanisms being permanent in action, aiming to achieve an increasing performance of services, which is supported by autonomous and self-managed administrative networks. In the relative statement of the United Nations (UNESCO 1998), the concept of governance is acknowledged as the process through which public organizations, companies, and social groups interact (in order to promote their interests) and exercise their rights and obligations and they mediate in order to solve their differences. The components of the concept of proper governance are shown in Fig. 1.

According to the annual report of HQA (2016), the concept of governance in higher education includes the structures, the relations, and the processes through which the educational policies are developed, applied, and revised, both in national and in intra-university level. Thus, the conceptual complexity of governance is rather high, and it is composed by the legislative framework, the particular characteristics of higher institutions, the interconnection between the institutions and the educational system, the financing system, and the type of the financial and administrative control of these organizations (OECD 2008). Within this framework, governance suggests a modern administrative system aiming to improve the general function of higher education (OECD 2003). Through governance, the levels of effectiveness, efficiency, economy, and quality are increased, while the overall position of the educational institutions is strengthen, in an effort to support the human rights and to strengthen the transparency, legality, account, and meritocracy (COE 2018). Therefore, the system of governance introduces a new administrative reality ruling the most modern educational systems internationally.

## Analysis of the Higher Educational Institutes' Function

Governance in higher education is distinguished into external and internal, determining the total function of higher education. According to the European Commission (2008), the external and internal governance are further composed by

**Governance in Higher Education in Europe and Greece, Fig. 1** Determinative factors of a proper governance (UNESCAP 2009)

some elements described in more detail at the following sections.

## External Governance

The approaches of external governance in higher education vary among countries, and they are based on management systems from national and international bodies. National bodies may regard relevant ministries (such as the Ministry of Finance, Education), which undertake either the total responsibility for the higher education or partial administrative responsibilities (e.g., public policies, strategic planning) and economic duties (e.g., approval of budget, management of economic data). Indicatively, in Denmark three different ministries undertake the responsibilities depending on the type of the academic institution. In the United Kingdom, independent bodies have been established to distribute and to control distributed funds in order to avoid direct political control (European Commission 2008).

In most cases, the responsible ministries of education undertake to plan the public policies and generally the strategy for the higher education, either by configuring directly the strategic and developmental plans or by selecting the members composing the administrative bodies of the academic institutions. A particular mention should be made about the significant contribution of the national quality-assurance bodies, which they conduct evaluations and certifications, they set quality standards, and they guide the higher education institutions regarding quality issues. Also, each country has established a national body involving all the executive agencies, which is usually called the Conference or Council of the Rectors. Additionally to the national level, there are some international or regional bodies that have a significant impact on the external governance of the higher education, such as the European Commission, the European University Association (EUA), the Francophone University Organization, the Danube Region Rector's Conference, the University of European Capital Cities Network, the Rectors' Conference of the Universities of the Alpine-Adriatic Region (European Commission 2008).

An additional component of external governance is the external regulations of the higher education governance structures. Despite that most of the academic institutions are administratively autonomous, they are submitted to national or regional regulations (e.g., in Belgium, Germany, and Spain, the legislative powers for higher education have been transferred to the autonomous communities or federal states). In many countries, the official regulations are listed in the constitution or founding act of each institution. The effort needed for further reformation of the governance structures has been the subject of dialogue in many countries.

Another factor that significantly affects the configuration of the external governance is the external regulations for the institutions strategic planning. Provided that the academic institutions are autonomous, they are therefore responsible to accomplish their mission, within a particularly competitive environment with increasing social requirements. Thus, the strategic planning is more than necessary in order to determine the mission, the directions, the priorities, the vision, and the aims of the higher institutions. Within this context, the strategic approach facilitates the development of new conditions in the management of material, immaterial, and human resources (such as motivation, encouragement to participate in the academic and administrative personnel, configuration of new organizational culture, funding, funding management), while it attempts to promote the quality assurance and to focus on the information exchange systems. In most countries, the academic institutions are obliged to draw strategic plans (in some cases they should be coordinated with the current educational policy). On the other hand, there are countries where the academic institutions are not obliged to conduct strategic plans, such as the Francophone Belgium Community, the German-speaking Belgium Community, the academic institutions in the Flemish Belgium Community.

In spite of the fact that the institutions of higher education enjoy autonomy, since they receive public funding both the State and their sponsors have the legal interest to supervise their function. For this reason, the academic institutions have to

submit reports of their activities. However, both the way and the methods of submitting such reports differ among countries. In most countries, the submission of annual report is required, which is usually conducted and submitted to the ministry by the responsible executive body of each institution (e.g., the Rector, the Chairman, or the Director of the academic institution). Annual reports usually include data concerning educational activities, student, student-services, personnel, and relevant issues, public relations and international affairs of the institution, and many times budget issues that mainly regard the educational and other activities. For many countries, the annual reports include evaluation reports of the academic institution, an assessment for the institution's strategic planning, and some financial data (e.g., Portugal, Romania, and Norway). In many countries (e.g., Austria, Portugal, and UK), institutions also submit data for their strategies and their objectives.

Additionally, in many countries, the academic institutions are obliged regularly to keep the national databases updated with their activities, study programs, personnel, number of admissions, cost per student, etc. The national databases are used by the relevant ministries for the planning, supervision, and conduct of the academic institutions' budgets. Moreover, in other countries, the academic institutions are submitted to self-evaluation and they have publish their results, while some additional exchange information methods exist, such as (a) common meetings among representatives of the ministry, the educational institution, the funding body, and the job market, (b) public announcements through the Internet and Institutions library uploads, (c) quarterly budget reports, (d) reports on the study programs, and (e) external evaluation reports.

Table 1 shows various institutional planning and exchange information mechanisms in the public and sponsored by the state education for the year 2006/2007 (European Commission 2008).

## Internal Governance

In all the countries, the higher education institutions are autonomous entities and they have the main responsibility for their operation, economic management, activities, and personnel. The administration of the educational institutions was always implemented by the academic staff, the researchers, or the experts in the framework of collective management. Today, where in most countries the academic institutions have undertaken plenty of governance responsibilities, which previously belonged to the ministries, the administration structures of such academic institutions have been considerably changed.

Table 2 shows the main internal governance bodies of the public academic institutions and of those sponsored by the state. Cases of mixed composition (constituted by both external and internal bodies) are also shown.

According to Table 2, academic institutions in Europe have (a) an executive body, called Executive Director of the institution, (b) a collective Academic Body, usually called Senate or Academic Council, (c) a Decision-Making Body, which is responsible for the long-term and strategic planning and for the policy making of the academic institution, while it is also observed (d) a tendency to establish advisory or supervisory bodies, which supervise or observe the operational, educational, and economic activities of the academic institutions and they exclusively or mainly consist of external bodies. Obviously, in almost the one third of the countries, the Supervisory Body it is also the decision-making body.

More specifically, in the structure of the internal governance of the academic institutions, the Executive Director is, in the majority of cases, either the Rector or the Chairman of the institution, or in a few cases the Vice Rector of the institution. The Executive Director represents the institution in the legal transactions and the economic agreements, he is generally responsible for the strategic planning (such as the planning and development, organization, management, and supervision) of the institution, whereas he exercises his duties in close cooperation with the responsible governance bodies. The Executive Director is supported by an executive body, usually called Management Rectorship (or Deanery). This body is usually composed by the Vice Rectors, the Head of Administration, the General

**Governance in Higher Education in Europe and Greece, Table 1** Institutional planning and information exchange mechanisms in the public and sponsored by the state education for the year 2006/2007

| Country | Strategic plan | Annual report | National data base | Self-evaluation | Meetings/ Internet/other | Country | Strategic plan | Annual report | National data base | Self-evaluation | Meetings/ Internet/ other |
|---|---|---|---|---|---|---|---|---|---|---|---|
| BE fr | ○ | ● | ● | ○ | ○ | LT | ● | ● | ○ | ○ | ○ |
| BE de | ○ | ● | ○ | ● | ● | LU | ● | ○ | ○ | ○ | ● |
| BE nl | ○ | ● | ● | ● | ○ | HU | ● | ● | ● | ● | ○ |
| BG | ● | ● | ● | ● | ● | MT | ○ | ● | ○ | ○ | ○ |
| CZ (a) | ● | ● | ● | ● | ○ | NL | ● | ● | ● | ● | ○ |
| CZ (b) | ● | ● | ● | ● | ○ | AT | ● | ● | ○ | ○ | ● |
| DK | ● | ● | ○ | ○ | ● | PL | ○ | ● | ● | ● | ○ |
| DE | ● | ○ | ○ | ○ | ● | PT | ● | ● | ● | ● | ● |
| EE | ● | ● | ● | ● | ● | RO | ● | ● | ● | ○ | ○ |
| IE (a) | ● | ● | ● | ● | ○ | SI | ● | ● | ○ | ● | ● |
| IE (b) | ● | ● | ○ | ● | ● | SK | ● | ○ | ● | ○ | ● |
| EL | ● | ● | ● | ● | ● | FI | ● | ● | ● | ● | ○ |
| ES | ● | ● | ○ | ○ | ○ | SE | ● | ● | ● | ○ | ○ |
| FR | ○ | ○ | ● | ○ | ● | UK | ● | ● | ● | ○ | ○ |
| IT | ● | ○ | ● | ● | ● | IS | ● | ● | ● | ○ | ○ |
| CY | ○ | ● | ○ | ○ | ○ | LI | ● | ● | ○ | ○ | ○ |
| LV | ● | ● | ○ | ○ | ● | NO | ● | ● | ● | ○ | ● |

● Official requirement; ○ Not obligatory or without regulation
Source: Eurydice (2007, 2008)
**Amplifying Notes**
Nomenclature according to the EU glossary country codes (Eurostat 2018)
**Belgium (BE de):** Refers to the Autonome Hochschule
**Czech Republic (CZ):** (a) Academic institutions of ISCED 5A level, (b) higher education professional training schools of ISCED 5B level
**Germany (DE)**, **Estonia (EE)**, and **Austria (AT):** Refers to Universities
**Ireland (IE):** (a) Refers to Universities (b) Refers to Technological Institutes
**Luxemburg (LU):** Unverified data in national level
**Malta (MT):** Data refer to the University of Malta
**Poland (PL):** The national data base is restricted mainly to positive sciences

**Governance in Higher Education in Europe and Greece, Table 2** Main internal governance bodies of the public academic institutions and of those sponsored by the state

| | **Executive director** | **Academic Body** | **Decision Making body** | **Consulting/Supervisory Body** |
|---|---|---|---|---|
| BE fr | Rector | Academic Council | Educational Management Council | Management Board |
| BE de | Director | Academic Council | Management Board | |
| BE nl | Rector (Executive Board) | Academic/Scientific Council | Management Board | ⊗ |
| BG | Rector | Academic Council | General Assembly | Audit Board |
| CZ (a) | Rector | Academic Senate | | Board of Directors |
| CZ (b) | School Director | | | ⊗ |
| DK | Rector | Academic Council | | Board of Governors |
| DE (a) | Rector | University Council | Senate | Management Board |
| DE (b) | Director | Conference | Dual Senate | Management Board |
| EE (a) | Rector | Council | | Board of Governors |
| EE (b) | Rector | Council | | Advisory Body |
| IE (a) | Chairman/Provost | Academic Council | Executive Body | |
| IE (b) | Chairman/Director | Academic Council | Executive Body | |
| EL | Rector | Senate | | ⊗ |
| ES | Rector | University Senate | Executive Board | Social Council |
| FR | Rector | Academic/Scientific Council/ Council of Studies & University Life | Management Board | ⊗ |
| IT | Rector | Academic Senate | | Board of Directors |
| CY | Rector | Senate | Council | |
| **LV** | Rector | Senate Academic Assembly | | Advisory Board Meeting(*) |
| **LT** | Rector | Senate/Academic Council | | University Council |
| **LU** | Rector | University Council | Executive Board | |
| **HU** | Rector | Senate | | Economic Council |
| **MT** | Rector | Council | Council | ⊗ |
| **NL** | Rector magnificus | Executive Board | | Supervisory Board/ Principal Representative/ Advisory Board |
| **AT (a)** | Rector | Senate | University Council | |
| **AT (b)** | *Erhalter* | Collegium | | Board of Directors (*) |
| **PL** | Rector | Senate | | Council (*) |
| **PT (a)** | Rector | University Senate | | University Assembly |
| **PT (b)** | Rector | General Council | | Board of Directors |
| **RO** | Rector | Senate | | ⊗ |
| **SI** | Rector | Senate | | Management Board (*) |
| **SK** | Rector | Academic Senate | | Management Board |
| **FI(a)** | Rector | Senate | | ⊗ |
| **FI(b)** | Rector / Organizational Body | Polytechnic Council/Organizational Body | | ⊗ |
| **SE** | Vice Rector | Senate | Management Board | |
| **UK** | Vice Rector | Academic Body/Senate | Management Body/Council | Assembly (*) |
| **IS** | Rector | Senate | | ⊗ |
| **LI** | Rector | Assembly/Senate | Council | |
| **NO** | Rector | Senate (*) | Council | |

⊗ No bodies exist

(*) Not compulsory for all academic institutions

G

Source: Eurydice (2007, 2008)
**Amplifying Notes**
Nomenclature according to the EU glossary country codes (Eurostat 2018)
**Belgium (BE fr, BE nl):** Private universities sponsored by the State define internal governance bodies, which differ among Universities
**Belgium (BE de):** Refers to governance bodies of Autonome Hochschule
**Czech Republic (CZ):** (a) Academic institutions of ISCED 5A level. (b) Higher education professional training schools of ISCED 5B level
**Germany (DE):** (a) Refers to Universities (b) Refers to Higher Education Professional Training Institutions (Berufsakademien)
**Estonia (EE):** (a) Refers to Universities (b) Refers to Higher Education Professional Training Institutions
**Ireland (IE):** (a) Refers to Universities (b) Refers to Technological Institutes
**Luxemburg (LU):** Unverified data in national level
**Malta (MT):** Data refer to the governance body of University of Malta
**Austria (AT):** (a) Refers to Universities (b) Refers to Applied Science Universities (Fachhochschulen). The Rector is the chairman of Body, but not the Executive Director of the academic institution. The Rector and the Council participate in the decision-making process. The Erhalter, the body that supports and supervises the academic institution, is usually an association, institution, or limited liability company. Not all Fachhochschulen have Supervisory Body
**Portugal (PT):** (a) Refers to Universities (b) Refers to Polytechnic Schools
**Finland (FI):** (a) Refers to Universities (b) Refers to Polytechnic Schools
**United Kingdom (UK eng/wls/nir):** The assembly has restricted powers and it only exists in some academic institutes
**United Kingdom (UK sct):** The assembly is the governance body of the academic institutions existed prior 1992

Secretary, and the Economic Director. In most of the countries, the election system of the Executive Director is validated by the Academic Body of the institution. However, in Denmark and the UK, the institutional body that nominates the executive director is mainly composed by external institutions, whereas in Austria and in the Netherlands this body is composed exclusively by external institutions.

The Academic Body is mainly composed by members of the institution's academic staff, in which usually participate students' representatives and, in some cases (e.g., in France and Malta), some members that may not belong to the academic staff. Further, the Academic Body is primarily responsible for issues related to education and research, while in more than the half countries listed in Table 2, it has a relatively limited decision-making power, since the field of its direct competences does not include the policies, directions, or the strategic development of the academic institution. In the countries in which the Academic Body has not decision-making responsibilities, its mission is to take advantage of the knowledge and the experience of its members towards the university development. Furthermore, the Academic Body supervises the quality assurance procedures and the internal operational rules of the schools and their main departments, whereas in Bulgaria, Germany, and Cyprus the Academic Body has broader powers since it is responsible for the budget of the institution and for the internal allocation of funds.

The Decision-Making Body is in charge for the strategic planning, the general policy for the education and research, and the total growth of the academic institution, and it is usually empowered to approve or amend the statute and the internal regulation of the academic institution and most of the Executive Director's decisions. The Advisory/Supervisory Body (e.g., in Estonia, Spain, and Hungary) acts as an external guidance mechanism aiming to enrich the internal governance process with the experience of its external actors. However, there is no obligation for such a body to approve decisions, and thus, the main reason for its existence is to support the communication and cooperation between the academic institutions and the ministry, to promote closer links between higher education institutions and the society, and to improve the definition of guidelines and strategy with the support of external expertise.

Finally, there are also intermediate internal governance bodies of the academic institutions, as they are reflected in the structure of the governance of the main academic units, such as the

Faculty, the Department, the Institute. An intermediate administrative body is the institution of the Dean, who performs at the school level executive tasks comparable to those of the executive director, while at the level of the Department the management is conducted by the Chairman or the Director.

## Higher Education Governance in Greece

In most European countries, the governance of higher education systems is undergoing over the last 30 years a process of permanent restructuring, aiming at achieving a high level of efficiency capable of contributing to the fulfillment of its crucial role. A similar effort has been given in the Greek higher education recently. The strong impact globalization, the rapid technological changes, the increasing demand for high levels of efficiency, and the recent impact of the economic crisis in conjunction with the increasing competition have also led Greece to the need to incorporate a new public administration aiming to maintain the consistency with the international trends and developments (FEIR 2017).

Within this context, Greece has launched over the last decade some significant changes to the existing higher education governance system. Some of these changes, which have taken place since 2000 and they have significantly contributed to the configuration of the current governance environment in higher education, are shown in Fig. 2 and outlined below. In 2001, the Technological Educational Institutions (TEI) were integrated to the higher education of the country, under the form of the technological education sector (Law 2916/2001). In 2007, a substantial change in the governance system of higher education was attempted with the Law 3549/2007, by reducing the influence of the student factions on the administration of the academic institutions, in accordance with the provisions of the Law 1268/1982. In 2008, the framework for the organization and operation of postgraduate studies was revised, which led to an increase of the number of the postgraduate programs and students and to the consequent emergence of resources due to the establishment of tuition fees (Law 3685/2008). During this decade, the number of academic institutions was significantly increased through the establishment of new departments mainly in the region. In 2010, the minimum grade threshold 10/20 (the so-called "base of 10"), which was introduced in 2005 (with Law 3404/2005) for the admission to universities, was decided to be abolished with the next year's Law 4009/2011.

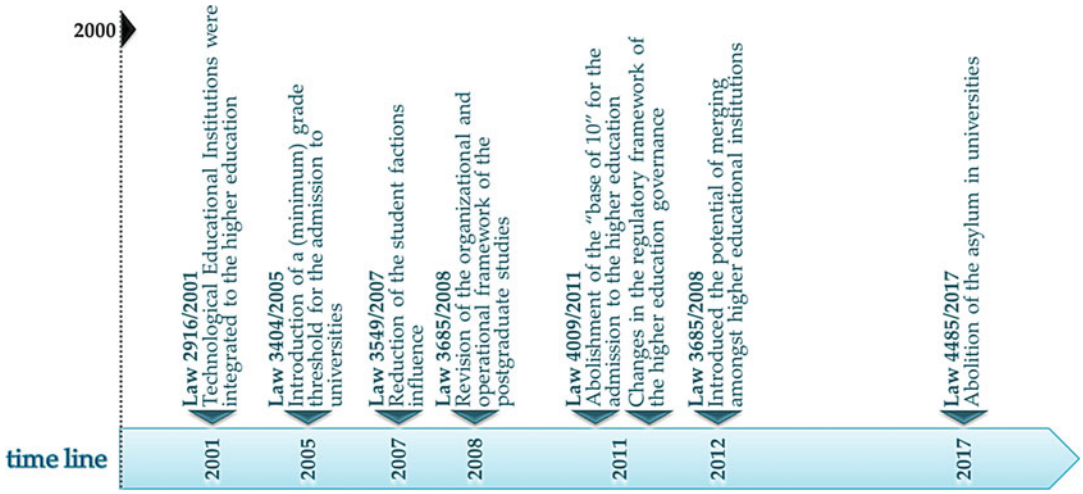


**Governance in Higher Education in Europe and Greece, Fig. 2** Time frame with the modern changes (after 2000) contributed to the current governance environment in higher education

In the period of the economic crisis, a particularly important restructuring effort was carried out, with the integrated intervention in the governance framework of the higher education. This effort was achieved through (a) the updating of the overall regulation framework of the higher education system and (b) the quality upgrading and the overall strengthening of the extroversion, operating under the standards of a new governance based on the fundamental principles of the modern public management (i.e. focus in the result, application of private economy criteria, use of methods operational management) (Rossidis 2014).

The adoption of Law 4009/2011 induced significant changes to the regulatory framework of the governance of higher education through: (a) the strengthening of the institutions autonomy, by transferring responsibilities from the State (Ministry of Education) to the administration bodies of the institutions, (b) the enhancement of the internal organizational flexibility (e.g., organization in schools with different curricula, distance learning), (c) the promotion of the administrative efficiency, by enhancing the decision-making process, (d) the establishment of private legal parties to manage the property and the research funds of universities, (e) the promotion of the internal accountability and funding transparency by linking it with the results achieved by institutions, (f) the enhancement of the internationalization of the academic institutions (h) the establishment of the national strategic planning for higher education by the Ministry of Education, and (i) the strengthening of the Quality Assurance and Certification Authority in Higher Education. In 2012, as a part of the implementation of the so-called "Athena" project, an inverse trend was promoted, which consisted of a merging act among higher educational institutions (Law 4076/2012). In the period 2014–2017, the restructuring efforts were limited to the complete abolition of the role of the student factions and to the abolition of the asylum (Law 4485/2017) legislation existed for the higher education institutions.

In the light of the these recent developments, the current system of governance in Greek higher education has gradually configured, having obvious influences from the international and European governance systems, but also many deficiencies in comparison with the prevailing European trends.

## Conclusions

Changes occurred in the management of the higher education institutions in the EU are many and multidimensional. Regardless of the individual differences between countries, we can observe a wider convergence of administrative restructuring. Among these common trends, some essential components of governance appear, according to the previous consideration (FEIR 2017), such as:

(a) The promotion of the strategic management and the further development of the academic institutions' autonomy, while establishing the obligation of accountability
(b) The improvement of the administrative organization, by reducing the bureaucratic rigidities
(c) The enhancement of the decision-making process
(d) The improvement of the funding efficiency through the commitment to achieving predefined goals
(e) The enhancement of institutions' internationalization perspective (e.g., the participation in international classification systems, the attracting of foreign students and research programs)

By comparing such trends at the European level with the case of Greece, we can observe that significant deviations exist, which mainly concern the Greek introversion, the high degree of dependency on the state administration, the inadequate use of the modern administrative methods and tools (e.g., the strategic planning, performance management, motivation methods), and the limited commitment to the evaluation procedures. However, the restructuring path of the recent years highlights a prospect of incorporating the successful governance practices into the Greek higher education, addressing some promising future aspects.

Overall, the way in which higher education is governed is directly related to the prevailing administrative perspective of each country, while it largely reflects the national objectives, not only from the educational policy but also from the wider socio-economic strategy. The dominant trend about the application of the modern public management principles is related with a culture emphasizing on the results, enhancing the administrative and organizational flexibility, and promoting the extroversion.

The development of such an administrative system aims to better serve the role of higher education institutions and to contribute decisively to the substantial improvement of the educational level. The development of such a system may lead to multiple long-term outcomes, as Austin and Jones (2016) rightly state. Under this perspective, the restructuring efforts at an international level focus on the development of parallel structures of internal and external governance, which will easily promote the missions of the higher education institutions, within a wider strategic higher education plan, a fact which verifies the claims of Shattock (2006). Trends in governance systems refer to the effort to develop higher education performance through practices that are more business-driven, by shaping strategic plans, linking funding to the results, promoting transparency and accountability, improving organizational structures and decision-making, etc (Zechlin 2008).

While Greece attempts to follow the current trend, it has undergone a period of intense change, showing significant progress, but it still has significant deviations from the European model, which highlights the need for further restructuring efforts.

## Cross-References


- ▶ Education Reform and Governance
- ▶ Governance of Higher Education Institutions in Algeria: Inventory and Assessment
- ▶ Governance of Higher Education System in Iran: The Elongated Road to New Public Management
- ▶ Higher Education Governance and Reforms
- ▶ Public Higher Education as Social Policy


## References


Amaral A, Neave G, Musselin C, Maassen P (2009) European integration and the governance of higher education and research. Springer, Dordrecht

Austin I, Jones G (2016) Governance of higher education global perspectives, theories, and practices. Routledge, New York

Council of Europe – COE (2018) Higher education governance. Available at the URL. www.coe.int/t/dg4/highereducation/Governance/Default_EN.asp. Accessed 23 May 18

European Commission (2008) Higher education governance in Europe. Policies, structures, funding, and academic staff. European Commission Publication, Brussels

Eurostat, Eurostat, Statistics Explained, Glossary (2018) Country codes. Available at the URL. ec.europa.eu/Eurostat/statistics-explained/index.php/Glossary:Country_codes. Accessed 29 May 2018

Eurydice (2008) Governance of higher education in Europe. Policies, structures, funding, and academic staff. European Commission Publication, Brussels

Eurydice, Special Report (2007) The structure of higher education in Europe – national trends within the framework of bologna procedure. European Commission Publication, Brussels

Foundation for Economic and Industrial Research – FEIR, Higher Education in Greece (2017) Crisis effects and challenges. FEIR Publications, Athens [in Greek]

Hellenic Quality Assurance and Accreditation Agency – HQA (2016) Annual Report. HQA Publications, Athens [in Greek]

Karkatsoulis P (2001) Governance as a content and procedure in decision making for public affairs. Science and Society, Vol. 7. [in Greek], 205–224

Rossidis I (2014) Implementations of business Management in Greek Public Administration. Ath. Stamoulis Publications, Athens [in Greek]

Shattock M (2006) Managing good governance in higher education. Open University Press, Maidenhead

Stoker G (1998) Governance as Theory: Five Propositions. International Social Science Journal, Vol. 50, No. 1, 17–28

The Organization for Economic Cooperation and Development - OECD (2008) Higher education for the knowledge society, vol 1. OECD Publications, Paris

The Organization for Economic Cooperation and Development - OECD (2010) Governance and quality guidelines in higher education, a review of governance arrangements and quality assurance guidelines. OECD Publications, Paris

The Organization for Economic Cooperation and Development – OECD (2003) Education policy analysis. OECD Publications, Paris


G

UNESCO (1998) World declaration on higher education in the twenty-first century, vision and action. UNESCO Publications, Paris
UNESCAP (2009) https://www.unescap.org/sites/default/files/good-governance.pdf Last access 12 th August 2018
Zechlin L (2008) Strategic planning in higher education. international encyclopedia of education, 3rd edn. Elsevier, Amsterdam

## Governance in Tajikistan

Edward Lemon
Regional Studies, Daniel Morgan Graduate School of National Security, Washington, DC, USA

In the broadest sense, "governance refers to all processes of governing" aimed at "the creation of rule and order in social practices" (Bevir 2013: 1). Governance can be seen as a more encompassing phenomenon than government because it embraces not only governmental organizations but also informal, nongovernmental mechanisms (Rhodes 1996; Rosenau 1995). Governance as a concept is usually applied to denote more democratic forms of rule involving "decentralization, a people-oriented governance system, and enhancement of people's participation through networking governance" (see ▶ Governance Theories and Models). While democratic forms of governance govern through freedom, authoritarian governance is based on citizens' complete obedience to political authority (Dean 2010; Sigley 2006). Democratic forms of governance involve the devolution of power, allowing for the existence of counter-narratives from civil society and rival political parties. Authoritarian governance is highly centralized and attempts to maintain a monopoly on knowledge production. Unlike liberal governments, who view space as a source of economic, social and political competition, authoritarian regimes see space as a securitized resource that the state must closely control (Cerny 1997; Lewis 2015: 143).

Despite the efforts of foreign donors and civil society to stimulate Tajikistan's transition toward democracy and "good" governance, Tajikistan functions like a one-party state. President Emomali Rahmon has ruled the country since November 1992. When the country gained independence from the Soviet Union in 1991, it was the poorest post-Soviet republic with an economy based largely on agriculture and cotton production. Quickly the country fractured along regional lines and alone among the Central Asian republics descended into civil war between May 1992 and June 1997, which resulted in the deaths of between 20,000 and 50,000 people (see Epkenhans 2016; Heathershaw 2009). Rahmon, a collective farm head from the country's south who became head of state at the height of the civil war, reasserted government control, recapturing the capital city in December 1992. By mid-1993, the most intense period of fighting was at an end. Since then, Rahmon has slowly consolidated his regime (see Heathershaw 2009). Many outside observers view Tajikistan as a state characterized by weak governance and a brittle regime. But the regime has proved relatively resilient.

Johannes Gerschewski argues that authoritarian governance rests on three pillars: legitimation, co-optation, and repression (Gerschewski 2013). Governance in Tajikistan is based on all three. It involves a range of formal and informal measures involving state and nonstate actors at the local, national, and transnational levels. While government-backed governance aims to maintain the authoritarian system, although embattled, civil society still has the opportunity to push for greater transparency and accountability especially at the local level.

### Legitimizing Rahmon's Rule

The government has legitimized its form of governance through a combination of elections, constitutional amendments, and narratives about the appropriateness of its rule. The People's Democratic Party of Tajikistan (PDP) has dominated every election since the party was established in 1994. Although the 1994 Constitution and 1999 Law on Elections provide the basis for competitive elections and a multi-party system, elections

have been repeatedly criticized by the OSCE for "significant shortcomings." The PDP holds 51 seats out of the 63-seat of the parliament's lower house, the *Majlis Namayandagon.* Five nominally independent parties hold seats in parliament. But the government's most vocal opponents, the Social Democratic Party and Islamic Renaissance Party, have no seats. All 33 seats in the upper house, the *Majlis Milli*, are held by government appointees. The president appoints the governors of the country's four provinces (*viloyat*) and its 58 districts (*nohiya*).

Although he became Chairman of the Supreme Council and head of state in November 1992, President Rahmon was first elected to the presidency in 1994 with 59.5% of the vote. Five years later, he was re-elected with 97.6% of the vote. Since 2000, Rahmon has managed to strengthen the power of the executive through a series of constitutional amendments. In 2003, the government organized a plebiscite to approve amendments that would allow Rahmon to rule until 2020. Constitutional amendments approved through plebiscite in 2016 declared Rahmon to be "Leader of the Nation." This effectively allows him to rule indefinitely by abolishing term limits and grants his family lifelong immunity from prosecution.

Contemporary Tajik politics cannot be understood without reference to the civil war. Although critical discussion of the war itself remains limited, government officials frequently refer to the potential of a return to "suicidal war" (*jangi khudkushi*) if the government's rule is challenged. President Rahmon has been officially styled the "Founder of Peace and National Reconciliation" through the 2016 constitutional amendments. Officials have effectively erased the role of the opposition, and external agents including Russia, Iran, and the Organization for Security and Cooperation in Europe (OSCE), in negotiating the war's settlement. State media and the education system portray Rahmon as the nation's father, a benign ruler who has brought the country out of chaos and is leading it to a bright future (Mostowlansky 2013). A cult of personality has begun to develop around the president. State television airs documentaries glorifying the president's achievements, the state media are legally required to use his full name, "The Founder of Peace and National Unity, Leader of the Nation, President of the Republic of Tajikistan, His Excellency Emomali Rahmon," and billboards around the country display his public messages.

The government has also encouraged citizens themselves to become engaged in governance and public life. But instead of being involved in decision-making and holding officials accountable as in more democratic models of governance, through the involvement of citizens the government usually aims to re-enforce its own power and authority. Through education and indoctrination via the state media, the government aims to produce citizens who monitor others, and themselves, for the signs of radicalization and dissenting views (Lemon and Thibault 2018). These "model" citizens act as defenders of national culture. The government has encouraged citizens to monitor each other's online activities, co-opted students into protesting against foreign governments who have given asylum to political exiles from the country and held scripted meetings between the public and government which given the impression of accountability.

## Co-opting the Elite

Tajikistan is a nepotocracy, a state in which governance of the economy and politics is dominated by members of the president's extended family. Efforts by civil society to promote transparency and accountability within the government have faced resistance from the government. Like other post-Soviet states, Tajikistan conforms to Henry Hale's concept of "patronal politics." According to Hale, "patronal politics refers to politics in societies where individuals organize their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments through chains of actual acquaintance" (Hale 2014: 9). Networks of patronage based on kinship, regional, or other ties form the center of politics in Tajikistan. Tajikistan is a "single pyramid" system with President Rahmon sitting atop as the ultimate power broker.

When Rahmon came to power, he was in a position of relative weakness, although he had a powerful patron in Sangak Safarov, a convicted murderer and warlord from Kulob in the country's south. The northern elite hoped they would be able to sideline him. But Rahmon proved an adept political player. He incorporated those who placed him into power into his government, and then offered 30% of government posts to the opposition as part of the 1997 Peace Accord. But slowly he pushed the former commanders and powerbrokers out of the regime, arresting, killing, or exiling them (Driscoll 2015). In their place, politics in Tajikistan has come to be dominated by members of Rahmon's family and his kin from Danghara, his hometown in the country's south.

Emomali Rahmon has an extensive family, with seven daughters and two sons. His son, 30 year-old Rustam Emomali, was appointed mayor of the capital city Dushanbe in January 2017. Many analysts expect him to be the chosen successor to his father. The 2016 constitutional amendments also lowered the age a candidate can stand for election as president from 35 to 30, allowing Rustam to run in the next election scheduled for 2020. Rahmon's daughter Ozoda is the chief of staff in the president's office. Other members of the extended family control important sectors of the economy. Rahmon's brother in law, Hasan Asadullozoda, owns the largest private bank and airline. Ozoda's husband, Jamoliddin Nuraliyev, is deputy director of the National Bank. Faroz, which has significant investments in pharmaceuticals, mining, tourism, and energy, is controlled by the Sohibov family, which is related through marriage to Rahmon.

The elite have engaged in kleptocratic practices, leveraging their relationship with the state to amass private fortunes. Far from being a backwater, Tajikistan is well-integrated into transnational flows of capital. Tajikistan experienced an estimated capital flight of over 60% of its GDP in 2011, according to the IMF. The Talco aluminum smelter, the country's largest industrial enterprise which accounted for 48% of export revenues, is controlled by Talco Management Ltd., a shell company registered in the British Virgin Islands under president Rahmon's direct control (Heathershaw 2013). The toll road between the country's two main cities, which generates over $200 million each year in revenues, is controlled by another offshore shell company Innovative Road Solutions, linked to the president's son in law Nuraliyev. As well as taking advantage of secretive tax havens the elite have generated rent-seeking opportunities from foreign donors. Murodali Alimardon, who headed the National Bank from 1996 to 2008 and now controls the country's largest bank Agroinvestbank, distributed $854 million ($241 million given to it by the IMF) in uncollateralized loans between 2004 and 2008 through private bank KreditInvest, with much of the money going to the cotton sector. Kreditinvest was established in 2004 as a subsidiary of Agroinvestbank, controlled by Alimardon. While using KreditInvest to generate profit from interest payments by cotton farmers, he loaned $116 million to HIMA, a cotton company he was rumored to own, none of which was paid back. Through such practices, the elite enrich themselves and their networks, creating incentives to maintain the status quo.

## Governance Through Repression in Tajikistan

Governance in Tajikistan also relies heavily on repressive measures. Tajikistan's judicial system remains highly politicized. Laws are used selectively to target opponents. Trials of political opponents take place behind closed doors and the proceedings lack transparency. Charges are often fabricated against individuals. Torture by law enforcement remains widespread. The government has adopted amorphous definitions of "extremism" and "terrorism," allowing it to justify its crackdown on independent voices in the name of counter-terrorism. Adopted in 1999, the "Law on the Fight against Terrorism" defines terrorism as: violence or the threat of violence against individuals or legal entities [. . .] actions which have socially dangerous consequences and are implemented with a view to violating public security. Legislators do not elaborate on what "socially dangerous" or "public security" mean. Crimes

that are considered "extremist" under the 2003 Law on Extremism include insulting national dignity, unsanctioned rallies, and calling for the overthrow of the government.

Authoritarian governance in Tajikistan rests on the government's attempts to control the flow of information. With 17% of Tajiks now using the internet on a regular basis, the state-run Communications Service regularly blocks websites that criticize the regime. Libel laws and accusations of corruption have been used by the government to target independent journalists, resulting in a widespread culture of self-censorship. The government is particularly concerned about the flow of information about Islam, which 98% of the population professes to practice. In April 2017, the Ministry of Culture decreed that no books are allowed in or out of the country without its permission. Access to Islamic education has also been curtailed by the government. Studying Islam abroad has required permission from the Ministry of Education since 2011. While 19 madrassahs operated in the country until 2009, the government refused them registration and then finally announced the closure of the country's last maddrassah in September 2016.

The government has created a division between "good," state-sponsored Islam and "bad," unofficial, extremist Islam. Since 2014, the government has paid imams a salary, and imams are required to read sermons prepared by the authorities. While the state sponsors its own form of Islam, it has cracked down on believers whose practices are not under its direct control, labelling them "extremists." A 2009 Law on Religion places restrictions on the registration of religious organizations, opening of mosques and access to religious education. Using the law, for example, the State Committee for Religious Affairs closed 1938 mosques in 2017. The 2011 Law on Parental Responsibility bans under 18 s from praying in mosques with the exception of funerals. Officials have also dissuaded citizens from displaying signs of piety, framing this as "foreign" to national culture. Hijabs and beards have formed the most visible targets of the government campaign. In 2007, the Ministry of Education adopted a decree to prohibit women from wearing hijabs in educational institutions and in 2015 the mayor of Dushanbe instructed a ban on the import of "foreign clothing." Such formal measures coexist with more informal measures adopted by local law enforcement officers. Since 2010, men with beards have reported being forcibly shaved and accused of being "extremists" by police. In January 2017, officials in Khatlon claimed to have "encouraged" 13,000 men with beards to shave, to have closed 160 shops selling hijabs, and to have convinced 1773 women to stop wearing the hijab. Over 8000 women in hijabs were stopped in early August 2018 in the capital city Dushanbe and told to remove their headscarves.

The government has also repressed registered political parties. Formed in 1973 in southern Tajikistan by five Islamic activists, the Islamic Renaissance Party of Tajikistan, as it would become in 1991, fought with the opposition during the country's civil war. As part of the peace process, the party was legalized in 1999, winning two seats in the parliament's lower house, the *Majlis Namayandagon,* the next year. At its height, the party claimed over 50,000 members and officially secured 8.2% of the popular vote in the 2010 parliamentary elections. Party leadership consistently declared their commitment to democracy and secularism, particularly after Muhiddin Kabiri became leader in 2006. Nonetheless, the party came under intense pressure from the government. In the 2015 elections, it lost its two seats in the *Majlis Namayandagon,* officially securing just 1.6% of the vote. The Supreme Court declared the Islamic Renaissance Party a "terrorist organization" in September 2015 following what the government described as a coup attempt by former deputy defense minister Abduhalim Nazarov. In the aftermath, hundreds of party members, including 13 members of the party's Supreme Council, were arrested.

This repression has not stopped at Tajikistan's borders. Thousands of journalists, academics, and opposition activists have fled the country in recent years. In 2017, for example, 3320 Tajiks applied for asylum in the European Union, up from 605 in 2014. Since 1993, the government of Tajikistan has targeted at least 73 of its citizens living abroad, subjecting them to harassment,

intimidation, attack, detention, kidnapping, and assassination (Lemon and Thibault 2018). Most incidents, 49 in total, occurred in Russia, with a further 14 in Turkey. The government has also used international organizations to pursue opponents in exile. Tajikistan has 2528 citizens on Interpol's wanted list, one of the highest per capita in the world. As many exiles have found sanctuary in Europe and North America, the government has targeted their relatives, denying them medical treatment, seizing their property, and confiscating their passports in an effort to pressure the exiles into returning home.

Governance in Tajikistan also entails restrictions on civil society more broadly. Following amendments to the Law on Public Associations, all nongovernmental organizations must report foreign funding to the Ministry of Justice. The government uses the Tax Committee and Labor Regulator to place pressure on NGOs working on sensitive topics such as human rights. Following the introduction of a new licensing system by the Ministry of Justice in 2015, the number of registered lawyers in the country has fallen from 1500 to 600.

## The Curtailed Space for Civil Society

Governance is not fully centralized in Tajikistan. Although it operates within an increasingly restricted space, a civil society consisting of 378 independent media outlets, 2773 registered nongovernmental organizations, entrepreneurs, religious organizations, and community-based organizations provide services, conduct advocacy, and attempt to increase government accountability (see ▶ Civil Society Organizations, ▶ Community-Based Organizations). Community-based organizations have worked with government agencies to support those with HIV, provided gender expertise to the Migration Service, lobbied to have new legislation to protect victims of domestic violence and people with disabilities, documented human rights abuses by law enforcement, reported on bribe-taking resulting in officials being fired and established online platforms for citizens to report problems to local government, to name just a few noteworthy initiatives. Not all development assistance has created a more accountable and transparent government; assistance to the security sector, for example, has arguably strengthened the government's coercive power. While efforts to create system-wide changes in governance have proven difficult, civil society has managed to promote more transparent and accountable governance practices in certain local contexts where government officials have been more receptive.

Since 1991, international donors have provided assistance to Tajikistan as part of their efforts to assist former Soviet republics in their transition to pluralism and free market economies. Official Development Assistance totaled over $1.4 billion by 2014, equivalent to 3% of the country's gross domestic product. But as in the rest of the world, development assistance from non-OECD states is on the rise. China has also become a leading development partner, offering $270 million in grants and concessionary loans to fund infrastructure projects between 2007 and 2015. Saudi Arabia has given $200 million in aid since 1991, recently building new training facilities for the Committee on Emergency Situations and pledging to construct 66 new schools. Qatar is funding the construction of Central Asia's largest mosque. Such donors do not have the same governance-based conditionality attached to their assistance. Coupled with the scale of assistance on offer, such interventions will likely serve to strengthen authoritarian governance in Tajikistan.

## Conclusion

Twenty six years after gaining independence from the Soviet Union, Tajikistan is a consolidated authoritarian regime. Rather than being characterized by decentralization and the increased role played by non-state actors in taking decisions on matters of public concern, the government of Rahmon has slowly centralized power on the executive through legitimation, co-optation, and repression.

This system of authoritarian governance has become relatively entrenched. Fear of a return to civil war keeps much of the population quiescent.

Efforts by civil society actors to stimulate good governance practices within the government and to involve citizens more actively in public life have faced resistance from the regime with some notable successes at the local level. At the same, the government has largely failed to offer economic opportunities to its population. Migration to Russia provides the best opportunities for many young Tajiks; remittances sent from abroad were equivalent to 30% GDP in 2017. With Rahmon's son, Emomali Rahmon, being groomed to take over, this situation looks set to continue. But this is in no ways inevitable. Shavkat Mirziyoyev, who became president of Uzbekistan in 2016 after the death of Islam Karimov, who had ruled since 1989, has introduced reforms aimed at slowly opening the economy to investment and improving governance. The potential success of these tentative moves may influence the government of Tajikistan into improving its governance practices and increasing the role of citizens in public life. At present, the country's trajectory is in the opposite direction.

## References


Bevir M (2013) A theory of governance. University of California Press, Berkeley

Cerny P (1997) Paradoxes of the competition state. Gov Oppos 32(2):251–274

Dean M (2010) Governmentality: power and rule in modern society. Sage, London

Driscoll J (2015) Warlords and coalition politics in post-Soviet states. Cambridge University Press, New York

Epkenhans T (2016) The origins of the civil war in Tajikistan: nationalism, Islamism, and violent conflict in post-soviet space. Lexington Books, Lanham

Gerschewski J (2013) The three pillars of stability: legitimation, repression, and co-optation in autocratic regimes. Democratization 20(1):13–38

Hale H (2014) Patronal politics: Eurasian regime dynamics in comparative perspective. Cambridge University Press, New York

Heathershaw J (2009) Post-conflict Tajikistan: the politics of peacebuilding and the emergence of legitimate order. Routledge, London

Heathershaw J (2013) The global performance state: a reconsideration of the central Asian "weak state." In: Reeves M, Rasanayagam J, Beyer J (eds) Performing politics in Central Asia: ethnographies of the state. Indiana University Press, Bloomington, pp 39–61

Lemon E, Thibault H (2018) Counter-extremism, power and authoritarian governance in Tajikistan. Central Asian Survey 37(1):137–159

Lewis D (2015) "Illiberal spaces:" Uzbekistan's extraterritorial security practices and the spatial politics of contemporary authoritarianism. Nationalities Papers 43(1):140–159

Mostowlansky T (2013) 'The state starts from the family': peace and harmony in Tajikistan's eastern Pamirs. Central Asian Survey 32(4):462–474

Rhodes R (1996) The new governance: governing without government. Polit Stud 44(4):652–667

Rosenau J (1995) Governance in the twenty-first century. Glob Gov 1(1):13–43

Sigley G (2006) Chinese governmentalities: government, governance and the socialist market economy. Econ Soc 35(4):487–508


G

# Governance in the Dutch Caribbean


Genève Phillip-Durham
University of St. Martin, Philipsburg, Sint Maarten
University of the West Indies, St. Augustine, Trinidad and Tobago


## Synonyms

Caribbean; Governance; Netherlands Antilles; Small island developing states; Sub-national island jurisdictions

## Definition

The notion of governance alludes to the movement and inclination toward a minimalist state which began in the mid-twentieth century. It can be defined as a multilevel process which involves the networking of government or state enterprise, private sector, and civil society to administer resources within a jurisdiction and simultaneously manage the political economy of development.

## Introduction

Prior to October 10, 2010, governance and administration in the Dutch Caribbean had been customarily studied on a macro-level, with attention paid

primarily to what took place in the Willemstad capital of the Netherlands Antilles, situated in Curacao. However, the dissolution of the country previously known as the Netherlands Antilles in 2010 resulted in a new political status for the territories of which it comprised. The smaller islands, Bonaire, St. Eustatius, and Saba, became municipalities within the Kingdom of the Netherlands, while the larger islands, Sint Maarten and Curacao, became constituent states. This arrangement warranted not only the revisiting of the administrative structures but also the way in which governance practices and processes were executed, particularly in Sint Maarten and Curacao, which successfully negotiated for greater autonomy from the Netherlands than their significantly smaller counterparts. The protracted autonomy among the BES islands was inevitable, as they became constitutionally integrated into the Netherlands, inheriting Dutch laws and the Dutch administrative structure. These new developments called into question the meaning invoked in the term governance, when assessed against the backdrop of varying degrees of sub-nationalism and autonomy, as experienced by the territories in question.

## The Kingdom Charter and Its Implications for Governance

The modus operandi for governance within the Dutch Kingdom is legally enshrined in the Kingdom Charter of 1954. Governance and administration within the Kingdom of the Netherlands, in what can be referred to as the pre-dissolution era, were shaped on the central level, by much of the discussions that were ongoing in The Hague, Netherlands, and on the local level, by conversations taking place in Willemstad, Curacao. By the turn of the twenty-first century, it became increasingly evident that the structure of the Kingdom was regarded as untenable and unfavorable to the progress of all partners within the Kingdom. As such, the failure of the old structure to appease the interests of all stakeholders contributed to the reassessment and reevaluation of the relationship among them. This reassessment ushered in accelerated discussions, relating to questions including but not limited to autonomy, independence, governance, and administration. According the Veeneendaal (2015: 20):

> Whereas the Charter of the Kingdom legally entrenches. . .autonomy. . .thus largely preventing Dutch political intervention – the Charter simultaneously identifies the safeguarding of human rights and good governance as a responsibility of the Kingdom as a whole. Mounting Dutch frustration with this equivocal state of affairs and enduring financial and economic problems on the islands resulted in a yearning for more political tools to intervene in the case of perceived problems in the sphere of good governance.

In order to glean a thorough understanding of the governance outlook in the contemporary context of the Dutch Caribbean, it is important to look at the evolution of the constitutional framework which governs these territories as a point of departure. The Charter for the Kingdom of the Netherlands in principle and practice provides the basic framework for how government and administration operates within and across the Kingdom. Amendments to it can only be agreed upon where consensus exists among *all* the territories within the Kingdom. The dissolution of the Netherlands Antilles on 10.10.10 radically altered the governance landscape in the Dutch Kingdom and by extension, the Dutch Caribbean leading to the emergence of many new administrative and governance systems and structures. The amendments to the Kingdom Charter which were forthcoming at the time of 10.10.10 gave way to greater political autonomy for Curacao and Sint Maarten to conduct their own internal administrative and governance affairs, while curtailing the freedom of the BES islands to do the same. However, matters of common interest such as defense, international relations, and the judicial system would continue to be jointly addressed at the level of Kingdom government.

## Amendments to the Kingdom Charter and Its Implications for Governance

Based on the premise that greater direction and structure would be needed in order to effectively govern their internal affairs, developing their individual constitutions became the preoccupation of Curacao and Sint Maarten. Notwithstanding their

newly attained political autonomy, however, the Kingdom Charter superseded the Constitutions of both Curacao and Sint Maarten, as well as Aruba, another Dutch Caribbean territory, which attained its autonomy from the Netherlands since 1986. Though the term governance alludes to a process wherein government operates *along* with other key stakeholders, in the context of many Caribbean small island developing states and subnational island jurisdictions, governments continue to maintain a key position in dictating the governance structure and by extension governance outcomes. Such was also the case in the context of the Dutch Caribbean territories, following the dismantling of the Netherlands Antilles.

The level of enthusiasm among local politicians to finally be able to govern their own affairs eclipsed the need to involve private stakeholders and civil society groups in key decision-making processes which would have implications for the successful governance of the territories. What quickly followed the dominance of the government and state enterprise in the governing process on the island level was the increased supervision of decision-makers in The Hague, stemming from allegations of corruption, mismanagement, maladministration, and bad governance in the newly autonomous territories.

In the view of the Dutch authorities, for example, there was much mismanagement of internal administrative affairs on the island of Sint Maarten since 10.10.10, and the Committee of Financial Supervision became one of the tools which would be used to curb it. This was also the case with Curacao which came under immense scrutiny by policy makers in the Netherlands that were preoccupied with the state of internal governance and administrative practices on the island. The CFT is a financial supervision law which came into effect via The Hague, in the aftermath of Curacao and St. Maarten gaining autonomy. Its principal aim has been to monitor the territories' handling of internal budgeting and financial matters. In the words of Minister Plasterk, Dutch Minister of Home Affairs and Kingdom Relations, the financial supervision law was in the "best interest of the countries" (www.thedailyherald.sx). It is important to note that since 10.10.10, the autonomous territories have attempted to have the approval for consecutive budgets, none of which have been fully approved by the Committee of Financial Supervision (CFT), the latter citing ongoing concerns and challenges related to the achievement of good governance.

## Revisiting Governance in the Post-Dissolution Era

Prior to 10.10.10, there was sufficient evidence to suggest not only that a great degree of stability existed in the realm of governance but also that the political economy of development in the non-independent Dutch Caribbean islands had far outpaced that of their counterparts in the Anglophone Caribbean as well as in other independent jurisdictions across the region. This was often attributed to the influence of the metropolitan Netherlands in the region and the ability of the mother country to implement and sustain stability and structure, specifically where matters of governance were concerned. Cementing this trend of thought, scholars with an interest in the study of small island territories and subnational jurisdictions such as Giacalone (2001), Ramos and Rivera Ortiz (2001), and Bishop (2009) have noted that Caribbean non-independent territories have enjoyed a relatively higher standard of living than the independent nations in the region. Certainly, the tutelage of metropolitan rule has helped them, a point which Ramos and Rivera Ortiz (2001: xiv) stresses by stating that "the developmental upswing of metropolitan powers was extended to their territories. . .most colonies have reached a developmental level that distances them from the neighbouring independent societies." After 10.10.10 however, this pattern of growth and development took an unprecedented downward turn, amidst mounting pressure from The Hague to get governance right on the island territories of Curacao and Sint Maarten.

In a recent study of governance in the island territories of Curacao and Sint Maarten, it was noted that the conversations about governance in Sint Maarten were dominated by sentiments of lack of agency and "the political dominance of the metropolitan Netherlands" (Veenendaal 2015: 16). Concern was also expressed over the fact that

Curacao's dominance in the old constitutional and political order had left Sint Maarten in a disadvantageous position post-10.10.10, since administratively, almost everything was done in Curacao prior to the dissolution. Having served as the administrative headquarters of the country of the Netherlands Antilles prior to the dismantling, Curacao possessed many of the requisite structures and systems in place to make the transition to an autonomous constituent state. In Sint Maarten, for instance, 76% of the research participants expressed the view that they were much less equipped than Curacao to deal with the increasing demands that came with their new status due to a lack of experience and familiarity. According to one research participant, 10.10.10 produced a setting where local actors on the island of Sint Maarten were still grappling with the complexities of understanding governance in a new constituent state and the implications of the same for establishing and sustaining proper administrative structures.

Notwithstanding the ongoing reprimands and words of caution from The Hague, since the dissolution of the Netherlands Antilles, the governance systems and structures, namely, in the two territories, Curacao and Sint Maarten, have become cumbersome and in some cases evidently chaotic and messy. Though Curacao was seemingly better poised to manage its own affairs, the fact that consecutive governments had fallen apart in both Curacao and St. Maarten, in both cases, at least five times over a 6-year period, made this postulation questionable. While there have also been challenges in St. Eustatius, Saba, and Bonaire, with strong sentiments being expressed about the curtailment of their freedom with the new political arrangement, their constitutional status as municipalities meant that the Netherlands had a greater measure of control over them and was better able to manage, monitor, and influence the way in which governance was practiced.

## Conclusion: Why Have Administrative and Governance Challenges Prevailed Since 10.10.10?

One of the first tasks to be undertaken as constituent states was to decide how the territories would manage their administrative systems and economy, for the first time, outside of the relationship with its former Antillean counterparts. In theory, the newly acquired constitutional status meant that administrative and economic matters in Curacao and Sint Maarten were no longer to be a concern of the Netherlands, since matters of internal affairs were to be carried out autonomously by their respective governments (Romney 2013). However, in practice, The Netherlands became preoccupied with addressing issue areas that went beyond the scope of the Kingdom Charter, seemingly stretching the limits of what it meant to uphold "proper administration" Kingdom wide (ibid: 3). Amidst the pressures coming from The Hague, the contention in the newly autonomous countries was that they were constantly being denied the opportunity to define their own destiny and autonomously determine the policy paths they would pursue in order to achieve good governance and stabilize their economies.

In addition to this, public administration was largely executed by civil servants from the Netherlands, a situation which became the source of much frustration for local civil servants (Veenendaal 2015). However, the fact that successive governments continued to collapse made it increasingly difficult to convince Kingdom partners on the other side of the Atlantic that the territories were capable of sustaining administrative and governance mechanisms that would yield positive outcomes for the autonomous territories. On the one hand, it was clear that with the exception of the BES islands, the territories no longer wanted to be subordinate to the Netherlands or regarded simply as appendages of their metropole. On the other hand, however, the need to be continuously supervised and monitored was reaffirmed by consistent blunders at the government level, which also made it virtually impossible to incorporate stakeholders at the private sector and civil society level that could positively contribute to the overall governance process. The future of the governance and administrative landscape in Curacao and Sint Maarten is largely dependent on the ability of the newly elected coalition governments in 2016, to survive until elections are constitutionally due. Undeniably, a stable government would be able to forge and

sustain a meaningful relationship with other stakeholders that are crucial to the overall governance process.

## References

Bishop M (2009) In: Clegg P, Pantojas-Garcia E (eds) The French Caribbean and the challenge of neoliberal globalization: the silent death of Tricolore Development. Ian Randle, Kingston

Clegg P, Pantojas-GArcia E (2009) Governance in the non-independent Caribbean: challenges and opportunities in the twenty-first century. Ian Randle, Kingston

Giacalone R (2001) The political status of Curacao at the end of the twentieth century. In: Ramos AG, Rivera Ortiz ÁI (eds) Islands at the crossroads: politics in the non-independent Caribbean. Ian Randle, Kingston

Ramos AG, Rivera Ortiz ÁI (2001) Islands at the crossroads: politics in the non-independent Caribbean. Ian Randle, Kingston

Romney J (2013) St. Maarten: our constituent state constitutional framework. IAAS Publishers, Hyattsville

Veenendaal W (2015) The Dutch Caribbean municipalities in comparative perspective. Island Stud J 10(1):15–30. https://thedailyherald.sx/islands/52550-financial-supervision-will-remain-in-place. Accessed 10 Sept 2016

# Governance of Disaster Management

Ivano Bongiovanni[1] and Denis Fischbacher-Smith[2]

[1]PwC Chair in Digital Economy, Queensland University of Technology, Brisbane City, QLD, Australia

[2]Adam Smith Business School, University of Glasgow, Glasgow, Scotland, UK

## Synonyms

Disaster governance; Disaster risk reduction; Governance of emergency management

## Definition

The governance of disaster management encompasses a broad range of public, private, and not-for-profit organizations, international institutions, national and transnational regulations, guidelines, and practices intended to guide concerted actions to prevent, prepare for, respond to, and recover from man-made and natural disasters, by limiting their consequences or reducing their likelihood.

## Introduction

The current century has seen the convergence of a number of extreme events, to the point in which the concept of disaster has become one of the defining tenets of our age (Fischbacher-Smith 2006). Events in 2017 highlighted the nature and scale of the problem as Hurricanes Harvey and Irma devastated large parts of the Caribbean and the US states of Texas and Florida. Both of these disasters, which occurred within weeks of each other, highlighted a range of governance issues across three stages of these events. Prior to a disaster, there is a need to ensure that plans are in place to deal with the task demands that can arise from the consequences associated with particular threat vectors. The key governance challenge here relates to the ways in which the worst case scenario is considered within the planning process. Many organizations will deny the worst conceivable case, arguing that there is no a priori evidence for such an outcome. Such a constrained view of the potential consequences of a catastrophic event can have significant impacts on subsequent attempts at mitigation. This was evident in the aftermath of Hurricane Irma where there were allegations that governments were ill-prepared to evacuate their citizens who were caught up in the disaster and where other governments refused to evacuate the citizens of other countries. There are also governance issues during the active phase of a disaster. There are, for example, significant challenges for local government and law enforcement in maintaining law and order under such conditions along with the provision of emergency care for victims. Finally, the aftermath of the disaster inevitably raises a series of questions around organizational learning and the processes by which issues of accountability are dealt with. These natural hazards illustrate the complex interconnections between the concepts of risk, vulnerability, disaster, and crisis and the processes

and principles of governance can be seen to permeate all of these terms. The governance issues that are raised concern the role that expert judgment plays in the prediction of hazardous events, the effectiveness of pre-disaster planning on mitigating the effects of any catastrophe, the effective communication of the hazards to those people deemed to be "at risk," and the transparency of the calculative processes that are used to assess the nature, likelihood, and consequences of any catastrophic event (Smith 1990, 2005).

Traditionally, societies have approached disasters and major emergencies in different ways and this has been shaped by a number of factors including religion, cultural influences, and a range of vulnerability factors. A fatalistic view of disasters prevailed for centuries, as natural hazards were conceived of as *acts of God*, against which human action was considered futile at best. The *Enlightenment*, with its secular view of the world, gave rise to a different perspective on the origins of disasters, one that conceived them as *acts of nature*. This new approach led to the diffusion of some forms of what is called today *disaster management*, and involved actions to mitigate the impacts of a disaster by means of improved engineering techniques. The social conception of disasters (Dynes 1999) emerged in the mid-twentieth century, when natural disasters started to be conceived as *acts of society*. From such a perspective, and as a direct or indirect product of human activities, disasters could be magnified in likelihood and consequences by human actions, such as building non-earthquake proof facilities in seismic areas or settling in floodplains (Quarantelli 2000). With the raising of awareness that disasters were not solely acts of God or nature, there came the necessity for humans to engage in direct actions to deal with the task demands that they generated. Institutional responses aimed at mitigating, and responding to, large-scale events affecting significant portions of populations were eventually perceived as a requirement for well-managed organizations and government bodies. An early example of such a response was the creation of organizations whose main objective was the protection of civilians from the hazards of wartime, and especially the use of nuclear weapons (see, for example, *Civil Defense*, Groven et al. 2012). During the latter part of the twentieth century, however, and with the growing role of the so-called civil society, increasing efforts were concentrated on supporting populations affected by natural as well as human-generated calamities from within the communities themselves.

At the same time, public and organizational awareness around the toll exacted by disasters has increased. The UNISDR estimates that economic losses deriving from major disasters range nowadays between US$250 and 300 billion every year (UNISDR 2016). This dramatic situation is likely to be exacerbated in the near future, mainly due to the interaction of several trends including: rapid economic development resulting in environmental degradation, progressive concentration of populations in relatively smaller areas (urbanization), exacerbation of socioeconomic inequalities, and the pace of climate change. In the light of these alarming dynamics, key actors are asking for more effective governance provisions to support them with channeling even scarcer resources and their deployment into those areas where they are needed the most. These decisions have the potential to change the shape of the consequences associated with any catastrophe but they can also increase them. As a result, it is important that effective governance arrangements are in place to ensure the transparency and accountability that is required.

## Disaster Management: A Governance-Based Analysis

In liberal democracies, the safety of citizens is traditionally considered to be a function provided by the state and is, therefore, one of the priorities of both central and local government. Public organizations play a threefold role when it comes to risks and disasters (Drennan et al. 2015). As *regulators*, public organizations are required to establish protocols that are intended to shape the ways in which individuals and businesses engage in a range of activities, some of which may be deemed to be hazardous (e.g., urban planning to regulate

the types of buildings that can be erected in disaster-prone areas). Public organizations also play a role as *stewards*, or the insurers of last resort, where they are in charge of loss compensation in case of events for which responsibility cannot be immediately specified (e.g., an earthquake; Drennan et al. 2015). Finally, public organizations play a key role as *managers*, where they organize risk management activities and resources intended to mitigate the impact of events that individuals and businesses cannot normally face on their own (Drennan et al. 2015). It is worth noting that, while playing a key role in the response to the task demands of disasters as both rescuers and agents of recovery, public organizations can also generate some of the conditions that could escalate the impacts of a disaster through poor preparation and planning (Smith 2005).

Modern disasters are complex phenomena that escape a strict taxonomy (Quarantelli and Perry 2005). The complexity of modern disasters unfolds at different levels. These include: *etiological* (e.g., natural or man-made disasters, safety-related or security related, slow- or sudden-onset); *geographic* (local, national, or transnational disasters); (Quarantelli and Perry 2005; Turner and Pidgeon 1978) *developmental* (pre-disaster, disaster, and post-disaster phases; Smith 1990, 2005); and *socioeconomic* (e.g., the underlying vulnerability of the affected populations). There has been debate, for example, as to whether the term disaster should be reserved for those catastrophes that have a significant physical trigger rather than a socio-technical one and the distinction can be used to determine which agencies are responsible for managing the catastrophe. However, the term is commonly used to describe both types of event, irrespective of the nature of the triggering process. The degree of complexity of modern disasters requires flexibility in the approaches taken to manage them, and a concerted effort needs to be orchestrated by a variety of actors. Monolithic responses invariably prove to be inefficient in providing adequate relief and there is a need to bring together a range of resources in order to deal with the task demands that a catastrophe generates. Collaborative responses involving an enlarged spectrum of stakeholders have been demonstrated to be more effective than more narrowly configured approaches. In common with other forms of public management, the protection of citizens from calamitous events has progressively shifted away from increasingly under-resourced public sector organizations to both private and not-for-profit actors. This has intensified the need for those involved to be more effective in harmonizing their efforts by shifting the focus from the basic delivery of disaster relief services towards a more coordinated organization of disaster management activities. In a self-reinforcing loop, this has led to the development of the humanitarian industry, nurtured in turn by a significant growth in number of humanitarian agencies (in particular, from the 1980s through the year 2000; Calvi Parisetti and Kiniger-Passigli 2000).

Other trends such as globalization and technological innovation have also produced a new set of hazards and, through the increased dependence on extended supply chains, have increased the distances over which they have to be managed (Fischbacher-Smith and Smith 2015). This has forced contemporary disaster management governance models to reshape and constantly adapt to deal with the changes in the threat matrix. Because the world is more interconnected, it enables improved communication among the involved stakeholders, resulting in prompter mobilization of resources to face localized emergencies. In contrast, this causes the center of gravity of disaster management to constantly move all the way from the local, through the national, to the global level and back. This can have the effect of consuming resources in coordination efforts and multiplying the challenges of duplicating decision-making, generating a slow response to the disaster, and perpetuating ill-defined roles and unclear responsibilities. The resulting picture is of "an amalgam of loosely related regulatory instruments, policies and processes, with a 'yawning gap' at its core" (Lane and Hesselman 2017, p. 94) which denotes a certain inadequacy of present day disaster governance architectures. The "glue" of such architectures is constituted by a range of frameworks, processes, and

mechanisms which vary in nature from entirely voluntary to legally binding.

It is possible to summarize some of the most relevant trends at different levels of granularity from the global to the local. At each level, the issues of governance generate different challenges for the ways in which disasters are managed.

### Global

The globalization phenomenon and the exacerbation of modern natural disasters have led to an increasing need for societal and international assistance in case of large-scale calamities. International and global institutions such as the United Nations (e.g., the UN Office for Disaster Risk Reduction – UNISDR, established in 1999 or the UN Office for the Coordination of Humanitarian Affairs – OCHA, established in 1998) and the World Bank (e.g., the Global Facility for Disaster Reduction and Recovery – GFDRR, established in 2006) have become fundamental actors in the discussions and practices around disaster governance, and especially with regards to the assistance for developing countries. When effectively incorporated into the context of development aid, then the processes of governance at the global level cover a wider spectrum of stages in the hazards cycle. They also provide a more complete coverage of the various disaster sectors, as they provide developing countries with resources to effectively prepare for, face, and respond to the many aspects of disaster mitigation and response. Launched by the UN in 2005, the "cluster approach to disaster response" (Lane and Hesselman 2017) revolves around the idea that different humanitarian organizations (UN and non-UN) contribute to the delivery of disaster management services across the different disaster stages (e.g., from prevention to reconstruction) and are also seen to encompass all aspects of disaster response (e.g., emergency communication, logistics, food, health, shelter, etc.). Despite a predominant focus on the role played by public organizations in disaster governance, the importance of stakeholder involvement is broadly acknowledged at the global level. Many types of organizations support international bodies in disaster relief efforts, namely regional platforms, multilateral coalitions, domain-specific mechanisms, and global action networks. A recent example of how such multi-stakeholders platforms can effectively respond to a regional disaster is represented by the 2014 Ebola crisis, in which the World Health Organization was effectively supported in its disaster response by the capabilities of ad-hoc, agile networks (Jensen et al. 2015).

### National

Based on the principle of national sovereignty, international law indicates that the organization of disaster relief on national territories is primarily a state's responsibility. However, a range of factors can impact a state's ability to fulfil its mandate. Firstly, the complexity of modern disasters invariably renders them *wicked*, transnational issues which require the concerted action of multi-stakeholders platforms. Secondly, in developing countries, central governments may not have the resources necessary to deal with the task demands of major catastrophes. This results in developing countries generally suffering from a higher death toll when affected by natural disasters, compared to more developed nations. Even the latter, however, are not exempted from problems in terms of response as the 2017 hurricanes hitting the United States so clearly illustrated. In extreme circumstances, they may be overcome by the magnitude of some disasters (see, for instance, the earthquake, tsunami, and nuclear accident that affected Japan in 2011) where the disasters exceed the capacity of the country to mitigate the impacts (usually as the result of a lack of early warnings). Thirdly, the highly debated topic of the "decline of the state" seems to provide an argument for the center of gravity of disaster governance being shifted away from the national level, to supranational entities such as the European Union. The principle of vertical subsidiarity indicates a preference for the delivery of public services to the closest level to the citizens and in this regard disaster governance is no exception. There is an argument that says that affected populations are better served by rapidly deployable, locally based resources, where those that provide the relief are aware of local conditions and cultures, and where

the chain of accountability is clearly defined. On a similar note, horizontal subsidiarity implies the involvement of new actors in the delivery of services traditionally provided by the government, a trend that has been largely acknowledged in the disaster response environment (e.g., private organizations and NGOs).

### Local

At the local level, sub-national entities ranging from local governments to private businesses, NGOs, and individuals also contribute in disaster relief. As noted by Aldrich and Meyer (2015), neighbors and family members usually provide first assistance in case of disasters, by leveraging the benefits of social capital networks established on the basis of proximity and kinship. These actors can prove particularly effective in short-term disaster response, but have undeniable limits when it comes to provide long-term disaster risk reduction, largely due to the limited resources at their disposal. This has contributed in shaping the modern concept of civil society which has been considered as a substitute for the more central provision of governmental disaster response, especially where the latter was reputed to be insufficient. The 2010 earthquake that affected Haiti provided an example in which international and local NGOs were capable of overcoming the governmental paralysis by mobilizing extensive resources. This receding role and centrality of public authorities includes different areas of life, not only disaster governance, and also involves other actors beyond NGOs. Private, for-profit organizations have recently managed to leverage the flexibility of their business models and a range of digital technologies to enter the "humanitarian aid market" by proposing quick disaster response (e.g., by using unmanned aerial vehicles or "drones" to assist victims of calamities), improved knowledge management systems (e.g., crowdsourcing to support disaster relief efforts), and more customized disaster relief services (for instance, in the form of comprehensive insurance packages). At the lowest local level, individuals' contribution to disaster relief has been profoundly changing, to the point in which single citizens often have a well-defined role in disaster governance. This is the case of disaster volunteering, a phenomenon that is experiencing two interesting dynamics (McLennan et al. 2016): a shift from a traditional, life-long commitment to a short-term, individualistic and episodic type of volunteering; and the emergence of *digital disaster volunteering*, in which volunteers offer their data and data-analysis capacity to create meaningful information through local reporting on disasters. These dynamics, combined with the support for disaster volunteering initiatives that some governments are demonstrating (e.g., Australia and New Zealand), reveal the increasingly relevant role that individuals are playing in the disaster governance scenario.



## Analysis and Conclusions: Where to Next?

Interestingly, state-driven disaster response has recently received renewed momentum from a global level initiative, *Disaster Risk Reduction* (DRR), an approach intended to minimize vulnerabilities and risks associated with disasters. In recent years, DRR has enjoyed significant traction, with two initiatives under the aegis of UNISDR: the Hyogo Framework for Action (HFA) 2005–2015, a 10-year plan to improve global response to natural hazards; and its successor, the Sendai Framework for Disaster Risk Reduction 2015–2030, which is a 15-year, voluntary, nonbinding agreement. The Sendai Framework in particular recognizes that the objective of reducing the impact of calamitous events should primarily sit with the state. Nonetheless, the framework acknowledges that such responsibility should also be shared with an enlarged range of stakeholders, including the private, local government, and not-for-profit sectors, among others.

The resulting picture for the future of disaster management indicates a scenario in which flexible governance arrangements will need to be the norm, rather than the exception. The focus of governance is not expected to be on the administrative tier at which disaster response efforts are spent, but on the platforms that are able to build capacity to manage disasters (Jensen et al. 2015),

regardless of their institutional location (e.g., public, private, NGO). Considering the current environment, this last element entails an undeniable need for more agile and adaptive forms of disaster governance, as also acknowledged by the World Economic Forum (2017). Nonetheless, amidst the fluidity of the disaster governance milieu, and in the presence of progressively more stringent requirements of accountability and transparency, the optimal mechanisms for allocating authority and responsibility of disaster management have to be further investigated. As a governance principle, subsidiarity can provide a useful lens to explore such mechanisms, as recent research has shown (Melo Zurita et al. 2015).

At the global level, a necessity to design and embed disaster management in sustainable development practices is an acknowledged priority. Some of these practices have been considered capable of directly producing effective risk management as in the case of reduced usage of fossil fuels that has the potential to diminish the impact of climate change. In order for this to happen, however, a twofold shift is necessary (UNISDR 2015). First, the focus should be on managing risks, rather than on managing disasters as a negative externality deriving from poorly managed risks. Second, further efforts should be placed on managing *intrinsic* risks (for example, those deriving from socioeconomic activities intended to enhance development), rather than *external* hazards. This change in perspective entails a longer-term perception of disaster management and a *proactive*, rather than the current *reactive*, approach to disasters (Tierney 2012). Finally, digital technologies have proven to be a powerful element in the support of disaster management organizations, allowing them to shift their efforts and investments from pure disaster response and recovery to prevention and preparedness. Digital technologies will, however, also bring with them emergent governance issues around the control and protection of information and its dissemination. What is clear is that the governance arrangements for disaster management will need to keep evolving to keep pace with the challenges and solutions to catastrophic events.

## Cross-References


- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Governance in Crisis Management


## References


Aldrich DP, Meyer MA (2015) Social capital and community resilience. Am Behav Sci 59(2):254–269

Calvi Parisetti P, Kiniger-Passigli D (2000) Coordination in crisis response and reconstruction. ILO Press, Geneva

Drennan LT, McConnell A, Stark A (2015) Risk and crisis management in the public sector, 2nd edn. Routledge, New York

Dynes RR (1999) The dialogue between Voltaire and Rousseau on the Lisbon earthquake: the emergence of a social science view. Preliminary Paper # 294. Disaster Research Center, University of Delaware, Newark

Fischbacher-Smith D (2006) Crisis management – practice in search of a paradigm. In: Smith D, Elliott D (eds) Key readings in crisis management: systems and structures for prevention and recovery. Routledge, London, pp 1–12

Fischbacher-Smith D, Smith L (2015) Navigating the 'dark waters of globalization': global markets, inequalities and the spatial dynamics of risk. Risk Manage 17(3): 179–203. https://doi.org/10.1057/rm.2015.12

Groven K, Aall C, van den Berg M, Carlsson-Kanyama A, Coenen F (2012) Integrating climate change adaptation into civil protection: comparative lessons from Norway, Sweden and the Netherlands. Local Environ 17(6):679–694

Jensen S, Feldmann-Jensen S, Johnston D, Brown N (2015) The emergence of a globalized system for disaster risk management and challenges for appropriate governance. Int J Disaster Risk Sci 6(1):87–93. https://doi.org/10.1007/s13753-015-0043-8

Lane L, Hesselman M (2017) Governing disasters: embracing human rights in a multi-level, multi-duty bearer, disaster governance landscape. Politics Gov 5(2):93–104. https://doi.org/10.17645/pag.v5i2.899

McLennan B, Whittaker J, Handmer J (2016) The changing landscape of disaster volunteering: opportunitites, responses and gaps in Australia. Nat Haz 84(3): 2031–2048. https://doi.org/10.1007/s11069-016-2532-5

Melo Zurita ML, Cook B, Harms L, March A (2015) Towards new disaster governance: subsidiarity as a critical tool. Environ Policy Gov 25:386–398. https://doi.org/10.1002/eet.1681

Quarantelli E (2000) Disaster planning, emergency management and civil protection: the historical development of organized efforts to plan for and to respond to

disasters. Preliminary Paper #301. University of Delaware, Disaster Research Center, Newark
Quarantelli EL, Perry RW (2005) What is a disaster? New answers to old questions, Volume two in the International Sociological Association Research Committee on Disasters Series. Xlibris Press, Philadelphia
Smith D (1990) Beyond contingency planning – towards a model of crisis management. Ind Crisis Q 4(4): 263–275
Smith D (2005) In the eyes of the beholder: making sense of the system(s) of disaster. In: Quarantelli EL, Perry RW (eds) What is a disaster? New answers to old questions, Volume two in the International Sociological Association Research Committee on Disasters Series. Xlibris Press, Philadelphia, pp 201–236
Tierney K (2012) Disaster governance: social, political, and economic dimensions. Annu Rev Environ Resour 37:341–363. https://doi.org/10.1146/annurev-environ-020911-095618
Turner B, Pidgeon N (1978) Man-made Disasters. Wykeham Publications, London
UNISDR (2015) The Pocket GAR 2015. Making development sustainable: the future of disaster risk management. United Nations Office for Disaster Risk Reduction (UNISDR), Geneva
UNISDR (2016) UNISDR strategic framework 2016–2021. Retrieved 22 Aug 2017 from http://www.unisdr.org/files/51557_strategicframework.pdf
World Economic Forum (2017) The global risks report 2017. Retrieved 22 Aug 2017 from https://www.weforum.org/reports/the-global-risks-report-2017

# Governance of Global Public Policies and Science Diplomacy

Francesco Amoretti[1] and Domenico Fracchiolla[2]
[1]Department of Political, Social and Communication Sciences, University of Salerno, Fisciano, Italy
[2]University of Salerno, Fisciano, Italy

## Synonyms

Cyber diplomacy; Science and technology

## Definition

Science diplomacy can be applied to the role of science, technology, and innovation in three dimensions: *science in diplomacy, diplomacy for science*, and *science for diplomacy*. The first relates to the function of informing foreign policy objectives with scientific advice, the second concerns the role of facilitating international science cooperation, the third refers to the use of science cooperation to improve international relations between countries (The Royal Society 2010).

## Introduction

The relationship between science and diplomacy is determined by a long-term history of intersection and positive externalities. It is also an old discussion with much rhetoric. As the US House Committee on International Relations stated in 1977 "Science and technology have had a significant impact on the foreign policy-making, specifically with regards to the methodology and the management of information adopted by the diplomatic apparatus." Moreover, science and technology have been shaping the intellectual training of diplomats, mirroring the prospective evolution of foreign policy objectives in the international political system. Over the years, the relationship between science and diplomacy has become more important to the conduct of foreign policy, increasing the need for proper strategies (Cooper et al. 2008). Mirroring the underway *Renaissance* on how science can be used to inform statecraft more effectively, the latest analyses emphasize the need to develop a *global science diplomacy agenda* and to strengthen the "*Multilateralism 2.0* where states allow other actors more and more involvement in global policy-making." In other words, the scientific community as well as the multilateral system should trigger the development of a new form of science diplomacy.

Global challenges require therefore a governance structure that "moves away from the traditional Westphalian model" where sovereign states block effective actions, and a more effective mobilization of S&T community to support such a *Multilateralism 2.0* that is in the making (Van Langenhove 2017). The actions of many actors exemplify the relevance of this process: several governments – acting as individual players and/or

G

as collective players at the intergovernmental level when promoting international conferences – as well as some international organizations, like the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Organisation for Economic Co-operation and Development's Science and Technology Ministerial conferences, and nongovernmental agencies, like the American Association for the Advancement of Science and World Science Forum. With the transnationalization of policies and the rise of transnational policy networks, it can be assumed that the growing relevance of SD in international relations can foster coalition building and conflict resolution for sensitive global issues, some of which – such as environmental change, nuclear proliferation, human health, sustainable and inclusive development – are consolidated on the political and diplomatic agenda, while others – such as international terrorism, (*cyber*)security, and Internet Governance – are increasingly raising new challenges to all actors involved in the international arena.

## State of Art

Despite a long historical association between science and international cooperation, science diplomacy *as a concept* is rather new and reflects the fusion of two previously distinct elements: *science* as an evidence-based form of knowledge acquisition and *diplomacy* as a nonviolent approach to the management of international relations (Turekian and Kishi 2017). More precisely, it dates back to the 2010, thanks to the contribution of the *Royal Society* and the *American Association for the Advancement of Science* who identify three main types of activities or analytical dimensions: *science in diplomacy, diplomacy for science*, and *science for diplomacy*. The first relates to the function of informing foreign policy objectives with scientific advice, the second concerns the role of facilitating international science cooperation, the third refers to the use of science cooperation to improve international relations between countries (The Royal Society 2010). This perspective is shared by others scholars and oriented the debate at academic and institutional level. The overall idea is that countries are seeking to achieve some or all of the three Es of science diplomacy: *expressing national power or influence, equipping decision makers with information to support policy, and enhancing bilateral and multilateral relations* (Turekian 2012). More recently, analyzing the relationship between science and diplomacy, Paul Dufour (2016) highlights five traditional rules of engagement: the so-called "invisible college," the informal international community of scientists that form a *highly networked global enterprise*; the contribution of mutual understanding through science as an organized activity in discussions held in relevant international organizations like NATO, WHO, UNESCO; as a strategy for building political bridges when it is difficult to do so through the usual channels (there are several examples during the Cold War, like the talks between China and the USA with the so-called ping-pong diplomacy and the creation of the International Institute for Applied Systems Analysis); as an input to solve global problems like climate change; and as a way to link national pride with the growing international economic prowess, like BRICS countries made to increase their global standing.

Multistakeholderism has become more and more a third dimension of diplomacy, in addition to bilateralism and multilateralism, and the diplomacy field has broadened its boundaries. Indeed, considering more closely the actors it can be deemed as the many issues of science diplomacy are central to the agenda of multilateral fora like G7 and G20 and the forum for Asia-Pacific Economic Cooperation (APEC) (Turekian and Kishi 2017) or at bilateral level. For example, the USA and Japan collaborate in biomedical research since the 1960s, and they both support cooperation with countries of the former Soviet Union at the International Science and Technology Center. The Foreign Ministry Science and Technology Adviser Network held in September 2016 is a recent example (Turekian and Kishi 2017). Many states have scientific attaches in their embassies or have science diplomacy programs. The more structured cases are the USA and the UK who created the American Academy for the Advancement of Science (AAAS) with the

subsequent Center for Science Diplomacy and the US "Science Envoy Program" with Obama administration, and the establishment of the Royal Society in the UK.

New players have emerged attempting to make the link between science and diplomacy more immediate. Particularly, nongovernmental organizations (NGOs) have played an essential role in international negotiations, building linkages across countries (Betsill and Corell 2007). This can be defined as a whole – society approach extending beyond traditional interagency coordination and engaging with other actors of society that are extending their traditional reach. Although the conditions under which NGOs make a difference have not been elucidated, NGO diplomacy has made relevant contributions to the democratization of the intergovernmental decision-making process. By achieving incredible results as opposed to those obtained by state actors, they have proven to be rather efficient in the conduct of science diplomacy (Turekian and Neureiter 2012).

In recent years, discussion on global diplomacy is exploring the possibilities that technology bring to revolutionize diplomacy and mobilize governments and nongovernmental actors to solve global challenges by employing new communication technologies to diplomacy. According to Hocking and Melissen (2015), "*newness* in diplomacy today has everything to do with the application of new communication technologies to diplomacy" (9). The multiple challenges of globalization are sustained, in other words, by the processes of digitalization that are reshaping international relations and global power relations, modifying the meanings, the practices, and the tools of diplomatic activities (Kurbalja 2016).

## Main Issues

Science diplomacy is an instrument of global policy. On the one hand, there is the "traditional area of action" of science diplomacy, a set of policies that have been managed over the years. On the other hand, there are "new policies" declined within science diplomacy in the recent years, related basically to the diffusion of digitalization, like digital diplomacy. Moreover, science diplomacy fosters soft power and country branding, serving as a communication channel when diplomatic relations are difficult, though this effect is more evident in the "new" trends of science diplomacy, such as cyber.

The growing awareness of global problems is one of the most salient developments of science diplomacy, considering that global items like climate change, pandemics, natural disasters, nuclear proliferation as well as food security, water treatment and purification, health and hygiene, energy poverty, and shortages are connected to scientific and technological issues. In order to exemplify the importance of the science diplomacy in the "traditional" area of intervention, three cases will be presented: the climate change, the sustainable development, and the nuclear proliferation.

The proposed cases fit the three dimensions of science diplomacy relating to the scientific advising of foreign policy objectives, the function of facilitating international science cooperation, and the contribution to improving international relations at bilateral as well as multilateral level (cfr. The Royal Society 2010). In this way, both the insight of "traditional" science diplomacy in expressing the national power of states (cfr. Turekian 2012) and the five rules of engagements proposed by Dufour (2016) are empirically confirmed.

Since the 1960s, the climate change and the environmental degradation have informed the "traditional" policies of science diplomacy. Thanks to the work of some OOII, such as the World Meteorological Organization (WMO) and the International Council of Scientific Unions (ICSU), the problem of the increase of greenhouse gas in the atmosphere has been monitored, forming by 1985 a general consensus about the rise in the global average of temperature between 2000 and 2050 (Van Langenhove 2016). The UN multilateral system obtained encouraging results with the help of science diplomacy with the ratification of the Montreal Protocol on the phasing out of chlorofluorocarbons (CFCs), responsible for the "ozone hole" in the upper atmosphere. At

the same time, in 1988, the establishment of the Intergovernmental Panel on Climate Change (IPCC) represents another good example of the effectiveness of science diplomacy's approach on climate change, involving states, traditional OOII, and science community. The IPCC is a UN body responsible to prepare – based on available scientific information – a report on all aspects of climate change. The contribution of science diplomacy is helping the reforming process on climate change encouraging energy liberalization, the development of renewables, a better regulation, and technological transfers, alongside climate change mitigation and adaptation. The Global Strategy of the EU (2016), for example, clearly states that the EU will take the lead on the ongoing changes, increasing climate financing, driving climate mainstreaming in multilateral fora, raising the ambition for review foreseen in the Paris agreement, and working for clean energy cost reductions (Van Langenhove 2016).

Another traditional issue of science diplomacy is the sustainable development (Saner 2015). The role of SD in supporting innovation and economic development has been included as essential in the agenda of almost every country of the international community, at different stages of development. Beside developed countries like Germany, Japan, USA, UK, Australia, Canada, also the new economic giants of twenty-first century like China, India, Brazil, South Korea, and Singapore are looking for the right policies and investments to foster innovation and competitiveness using SD. At the same time, also countries like Chile, South Africa, Indonesia, Czech Republic, Malaysia, and Vietnam are on this path, exploiting the positive externalities of science diplomacy for sustainable development (UNESCO 2015). Indeed, science diplomacy is considered as a mean to reduce the many imbalances. For the three dimensions of sustainable development such as social, economic, and environmental sustainability, science diplomacy could greatly support countries' efforts in achieving their goals. While in industrial and middle-income countries science diplomacy can improve economic competitiveness in the international arena, in lower income countries it can be supportive of economic and social progress for promoting local production and home-grown services that incorporate modern technologies. The expression "science leapfrogging diplomacy" exemplifies a fundamental contribution that science diplomacy can give to sustainable development, suggesting innovative solutions that bypass political stalemate or contrast (Kjellen 2014). In this realm, the Global Sustainable Development Reports (GSDRs) produced within the 2030 Agenda promoted by the UN are a great opportunity for strengthening science diplomacy in economic development. A second opportunity for involvement by the scientific community is the Technology Facilitation Mechanism (TFM), created by the 2030 Agenda, representing science and civil society appointed by the UN secretary general to work with the UN agencies and multilateral institutions on the role of science diplomacy for sustainable development.

The nuclear security is a third example of how science diplomacy has traditionally shown its effectiveness and its long-standing success, giving a fundamental support to the international community in establishing confidence in the Threshold Test Ban Treaty control system, fostering the non-proliferation efforts, and blocking violent responses to provocative threats posed by some actors. The success in science diplomacy between the United States and the Soviet Union on the limitation and then reduction of nuclear weapons is one of the best results of science diplomacy. On a general scale, examples of classical scientific cooperation are those between the USA and the Soviet Union, the establishment of the European Organization for Nuclear Research CERN, and recently the nuclear agreement between the USA and Iran that has revitalised aspects of US diplomacy as a bridge-building strategy (Moedas 2016).

Today, the contribution of science diplomacy in this area is of highest importance, considering that nuclear threats are still high. Because of the technical complexities of nuclear fuel cycle and its interest for terrorist, science diplomacy is very supportive in establishing a variety of policy measures and physical safeguards to prevent nuclear proliferation and nuclear terrorism. Moreover, verification of treaties, including nuclear arms reductions and test bans, and cooperation on

ballistic missile defense (BMD) are valuable topics in which science diplomacy has an essential role to play, building confidence and identifying technical options for cooperation. This aspect is verified also when science diplomacy is applied to bridging the societal domain (governance, economy, and values) and the natural domain (ecosystem, water quality, and water quantity).

Beside the multiple and diversified area of policies of "traditional" science diplomacy, in the last years the digital revolution has brought to a reconsideration and a rethinking of the most assumptions regarding the interaction between diplomacy and the soft power. The main transformations under way reflect the re-imaging of diplomacy in light of the digital communication revolution. *Digital diplomacy* is a good example of the "new wave" under way. Being defined as the use of social media for diplomatic purpose, digital diplomacy established a central role within science diplomacy in a few years, reshaping the meaning and tools of public diplomacy. Policy innovation and institutional adaptation are its main features affecting both the core functions of diplomacy (representation, communication, and relationship management) and the capacity of bureaucratic and political apparatus of government to adapt to the social media age. Indeed, the innovative features of digital diplomacy can be envisaged considering the scope of its activities and the depth of the reforming influence exerted in different features of the foreign policy of the countries deeply involved in the digital revolution. It contributes to influencing a country's international agenda setting, and it is used as a tool for shaping and representing the images of countries with official social media accounts. According some scholars, these new tools, like social media platform for diplomats or innovative two-way communication process, allow some level of participation for ordinary citizens, letting diplomacy out of its traditional ivory tour of secrecy (Bjola and Holmes 2015).

## Future Trends

In the emerging international scenario, both "traditional" and "new" global issues will be reformulated, and the need of a *global science diplomacy agenda* and the strengthening of the *Multilateralism 2.0* can be deemed as the major future trends consolidating the increasing relevance and the evolution of science diplomacy. According to Langenhove (2016), the global science diplomacy can be divided in three different strands, considering the science in global diplomacy, the diplomacy for global science, and the global science for global diplomacy. The first area of intervention regards the working of scientists serving as science diplomats; the second one concerns the conceding of scientific advice included in the policy-making process at multilateral level as well as at state level, aimed at facilitating science diplomacy managing global problems; the third area imply advocacy networks and funding for the support structures in order to deliver S&T advice at a global level. On the other hand, multilateralism 2.0 grants more opportunities to actors different from states of giving the input in the process of dealing with current global problems. This evolution for the traditional multilateralism is characterized by the growing diversification of multilateral organization, the increasing relevance of nonstate actors, the horizontal interconnectivity between policy domains, a major involvement for civil society, and new modes for diplomacy, such as cultural diplomacy. Even if not yet well recognized by scholars of SD, the policy field where such developments are becoming increasingly essential is the *Internet Governance* that is not just a technical issue but about market economy, political power and influence, human rights, government institutions, and so on (Brousseau and Marzouki 2012). Indeed, the *disruptive* potential of digital technologies will become a hot topic in the next years, claiming a radical change of diplomatic activities, tools and strategies to facilitate coalitions building and conflict resolution for such sensitive and critical problems. Beside traditional global policies, the intersection between IG and science diplomacy can be therefore deemed as the last frontier of the long-term process of intersection between scientific knowledge and political decision-making at national and global level. The evolution of Internet Governance domain shows the rising relevance of *cyber security*

issue (DiploFoundation 2016). Historically integral part of government's national defense and foreign and security policies and doctrine, cyber security strategies have acquired an international salience, reorienting the overall political agenda both at bilateral and multilateral level (Christou 2016).

This development is not a temporary phenomenon, but it is a dimension of policy being consolidated thanks to intensified threats posed by cyber-aggression or cyber-conflict, mainly fueled by the certainty that, on one side, there is an increasing number of states using cyberspace to achieve strategic ends, and, on the other side, that also nonstate actors are exploiting cyber-tools potentialities for disruptive activities. Dealing with these complex processes requires new structures and forms of global governance and, consequently, new diplomacy's capacity is needed. In response to these threats, a number of multilateral organizations have indeed proven useful in developing or coordinating cyber security policies. The *Fifth UN Group of Governmental Experts (GGE)* and the launch of the *Global Commission on Stability in Cyberspace (GCSC*) at the Munich Security Conference (February 2017) exemplify these efforts to exchange best practices and expertise on *cyber capacity building to normalize* the cyberspace. This is only the beginning. Cyber security, as a *new complex domain of policies*, will trespass on other IG issues, changing the environment of diplomatic discourses and practices to achieve international agreements to *protect the Internet* from its enemies (Maurer and Ebert 2017).

## Conclusions

Global challenges require scientific evidence in order to understand and find sustainable solutions, as well as a new governance structure that "moves away from the traditional Westphalian model," and a more effective mobilization of S&T community to support the rise of such transnational policy networks. Diplomats have to be prepared to work in fast-changing geopolitical and geoeconomic spaces where science diplomacy is becoming increasingly relevant. Part of this development mirrors the changing nature of international negotiation and also the character of processes marked by its technical qualities and uncertainty. In the new environment, new knowledge and mutual understanding among actors involved are needed. The diffusion of digital technologies, with its *disruptive* capacity, is opening a new scenario, with the growing engagement between actors in multilateral diplomatic organizations but also at national level. The rise of Internet Governance issue and, in particular, of the cyber security as a critical problem that threat the survival of the contemporary market economy and social order will shape international relations and policy outcomes. This complex agenda will require inventive modes of global governance, where diplomacy will be not what it was and what it is.

## Cross-References

► Policy Networks as a Form of Governance

## References

Betsill MM, Corell E (eds) (2007) NGO diplomacy. MIT Press, Cambridge, MA

Bjola C, Holmes M (eds) (2015) Digital diplomacy, theory and practise. Routledge, London

Brousseau E, Marzouki M (2012) Internet governance: old issues, new framings, uncertain implications. In: Brousseau E, Marzouki M, Méadel C (eds) Governance, regulations and powers on the Internet. Cambridge University Press, New York, pp 368–397

Christou G (2016) Cybersecurity in the European Union resilience and adaptability in governance policy. Palgrave Macmillan, London

Cooper AF, Hocking B, Maley W, Neumann BI (eds) (2008) Introduction, global governance and diplomacy. Worlds apart? Palgrave–Macmillan, London

DiploFoundation (2016) Towards a secure cyberspace via regional co-operation. Overview of the main diplomatic instruments. Geneva Internet Platform. https://www.diplomacy.edu/cybersecurity

Dufour P (2016) Carnegie group at twenty-five: diplomacy and science at a high level. Sci Dipl 5(1):23

Hocking B, Melissen J (2015) Diplomacy in the digital age. Clingendael Institute, The Hague

Kjellen B (2014) A new diplomacy for sustainable development: the challenge of global change. Routledge, London

Kurbalja J (2016) From harmonising cyberpolicies to promoting twiplomacy: how diplomacy can strengthen

Asia-Europe's digital connectivity. ASEF outlook report 2016/2017
Maurer T, Ebert H (eds) (2017) Cyber security. Oxford Bibliographies, Oxford, UK
Moedas C (2016) Science diplomacy in the European Union. Sci Dipl 5(1):15
Saner R (2015) Science diplomacy to support global implementation of the sustainable development goals (SDGs). https://sustainabledevelopment.un.org/content/documents/6654135-Saner-Science%20diplomacy%20suggested%20revisions%203%20final.pdf
The Royal Society (2010) New frontiers in science diplomacy. The Royal Society Policy document 01/10. The Royal Society, London
Turekian VC (2012) Building a national science diplomacy system. Sci Dipl 1(4):14
Turekian VC, Kishi T (2017) Science and technology advising in today's foreign policy. Sci Dipl 6(1). http://www.sciencediplomacy.org/perspective/2017/science-and-technology-advising-in-todays-foreign-policy
Turekian VC, Neureiter NP (2012) Science diplomacy: the past as prologue. Sci Dipl 1(1):23
UNESCO (2015) UNESCO science report. Towards 2030. UNESCO, Paris
Van Langenhove L (2016) Global science diplomacy as a new tool for global governance. FOCIR, Barcelona
Van Langenhove L (2017) Tool for an EU science diplomacy. Publication Office of the EU, Luxemburg

# Governance of Higher Education Institutions in Algeria: Inventory and Assessment

Houari Benchikh
Department of Management Sciences, Faculty of Economics, Business and Management Sciences, Oran, Algeria

## Synonyms

Higher education in Algeria; Institutional reform; Quality assurance; Self-evaluation and evaluation; University

## Introduction

At the era of knowledge societies and economies, no doubt that higher education has a great importance in the development of nations. Indeed, the development and transfer of knowledge and know-how which are useful for the state, communities, and firms is conducted through higher education. The advanced skills and knowledge necessary to build competitive, prosperous, and sustainable communities are prepared within the higher education institutions. As last link of the educational chain, the higher education institutions boost and reinforce the other levels of the national education systems (Dejean 2007).

Everywhere in the world, departments, teachers, as well as other structures of higher education understand that they must take complex challenges. On one hand, we notice an increasing complexity of the social-economic and political demands on the higher education services. These demands require great efforts to tailor the offers of education courses, pedagogic practices, and research methods. On the other hand, we notice a cumbersome tendencies characterized by the scarcity of specialized resources and transformational pressures of management executives and organizational structures (Jambart 2001). This dual finding is part of a world dynamic driven by the ideological, social-economic, and competitiveness challenges affecting the national and international institutional programs and which severally test the architecture of the traditional governance of higher education institutions (Brennan and Shah 2000). While Algeria keeps the national features and priorities in terms of studies contents and organization, it faces (or at least must face) the same problems of higher education governance.

In this context, a new education policy and a new procedure of drafting education courses offers have been adopted following the progressive implementation of the LMD system in 2004. The last education courses were integrated definitively in 2010 upon order from the Algerian Ministry of Higher Education and Scientific Research. The changes in laws and legislations occurring afterwards have made a radical change. The switch to the LMD system has greatly forced the financial (and human) resources dedicated to education to be fed henceforth to steering, readability, and quality. It is worth to mention that the Algerian higher education institutions are not all endowed with a pure establishment project. However, the strategic

goals of education (such as those relevant to governance and research) are determined by the policy of the Algerian Ministry of Higher Education and Scientific Research (*World Bank Group* 2012).

In order to make an evaluation about the degree of progress of the reform and establish the current situation of the Algerian university, we have conducted this study.

The Algerian context incited us from the start of our research to use the inductive approaches. The use of inductive approaches is justified by the poor level of researches about higher education governance in Algeria, in particular from the point of view of management sciences. The used inductive methods consisted of participant observation, semi-structured interview attempts with the managers of universities in Algeria, and documentary researches. This technique allows building a problematic and hence to overcome the difficulty of an inductive research which resides in the lack of a defined purpose of the research from the beginning. This does not prevent from considering a second approach for future researches, namely, the deductive method. It starts from suggestions made by the theory. This latter is based on a set of concepts, which constitute the basis of a model reproducing a coherent interpretation of the observed phenomena. The set of hypotheses is ultimately tested in practice to ascertain whether the proposed suggestions correspond to reality or not.

However, it is important to remind the sectoral objectives of the Higher Education and Scientific Research in Algeria. These objectives are set in the light of the Algerian-European Program of Support to the sectoral policy of Higher Education and Scientific Research in Algeria (The aim of this program consists of supporting and accompanying the Ministry of Higher Education and Scientific Research in Algeria in its modernization scheme of the sector with a period of execution extending to 72 months (5-year plan 2009–2014)) (PAPS-ESRS program) (Benziane and Benchikh 2014). This program was set around six sectoral objectives, namely:

- Reinforce and rapidly extend the access to higher education.
- Ensure an education of quality fulfilling the international standards.
- Enhance the research capabilities.
- Support a better integration of the higher education institutions in their social-economical environment by increasing the relevance of the proposed education courses.
- Promote and diversify the national and international exchanges and cooperation.
- Set the base for good governance based on the involvement and coordination of all actors in the university community.

The Algerian university entered a qualitative phase requiring from it to adopt measures, mechanisms, and practices in line with its environment, not only national but international as well. Consequently, new notions are becoming common in the speeches of all stakeholders of the academic community (teachers, students, and administrative staff). Words like quality, quality assurance, referential, benchmarking, standard, criterion, and evaluation are now used in the comprehensive management of universities. Moreover and in order not to miss the train of innovation, quality, and the continuous improvement of its processes, the Algerian university decided to address directly the challenges of the twenty-first century, namely, visibility, excellence, and transparence. This synthetic study of the governance modes of some Algerian universities try, in a limited way but certainly sufficiently objective, to address maybe in a non-exhaustive but systematic manner, the strengths and weaknesses of the Algerian university in the sectors under its management, namely, education of students, development and research, and improvement of governance (Ghalamallah 2014).

## The Institutional Context

### University and the Context

Article 53 from the Constitution of 1996 stipulates that the state must organize the education system, and it makes it clear that for all Algerians:

- The right of education is ensured.
- Education is free of charge within the conditions defined by law.
- A compulsory basic education.

The higher education system is subject to the authority of a minister of the government, who draws up and implements the policy of the government about higher education and scientific research.

## Higher Education Institutions

There are two types of higher education institutions:

- Public institutions of scientific, cultural, and vocational nature, under the tutelage of the Ministry of Higher Education and Scientific Research:
- Universities.
- University centers.
- Ecole Normale Superieure (Higher education college).
- Ecole Nationale Superieure (Higher national education college).
- Public institutions belonging to other ministries however their pedagogic tutelage is ensured by the of Higher Education and Scientific Research:
- National institutes of higher education.
- Colleges of engineers.

Universities are organized in the form of faculties, and these latter are themselves subdivided into departments and even sections. They may include also one or more institutes. The university centers are decentralized components of a university. The national colleges (ecole nationale) and the national institutes are dedicated for the education of engineers in a given sector of activity. The role of the higher education colleges (ecoles normales superieures) consists of educating teachers of primary, intermediate, and secondary schools. It is worth to mention the existence of a university of continuing education (UFC), created by the decree dated 1990, allowing students non-holder of secondary school certificates to access to higher education thanks to 50 centers of continuing education spread over the entire national territory (Berkane 2014).

## University Governance

The Algerian universities are organized in the form of:

- Chancellor's office.
- Four vice-chancellor's offices:
- Vice-chancellor's office assigned for the graduate higher education, continuing education and degrees.
- Vice-chancellor's office assigned for the postgraduate higher education, academic qualification and scientific research.
- Vice-chancellor's office assigned for external relations, cooperation, and animation and communication, and scientific events.
- Vice-chancellor's office assigned for development, prospecting, and orientation.
- General secretariat assigned for administrative and financial management of the establishment.

The chancellor of the university is appointed by the responsible ministry. Universities are managed by a board of directors, chaired by the minister or his representative, and a scientific board chaired by the chancellor. The elected officials, representatives of all teaching staff, personnel, and students all participate in the management and organization of studies within the board of directors and scientific board of the university, boards of the faculties, institutes, and departments. It is worth to mention that persons from outside the university and social-economic sectors serve in the board of directors.

In order to execute his education policy, the minister relies also on some authorities, such as:

- CNU (National Conference of Universities), an authority in which serves all heads of higher education institutions. It is chaired by the minister of higher education.
- CRU (Regional Conferences of Universities), an authority in which serves the heads of institutions within each one of the three regions: CRU west, CRU center, CRU east.
- A board of academic ethics and deontology.

- CNH (National Commission of Qualification) and CRE (Regional Commissions of Evaluation), whose duties consist of validating the education courses offers emanating from universities and authorize these latter to issue corresponding degrees.
- CUN (National Universities Commission) assigned with the duty of qualifying teachers in the ranks of senior lecturers and professors of universities.
- CNEVAL (National Board of Evaluation of Higher Education Institutions).
- Commission of deans and chairmen of scientific boards.
- Commission of the officials in the field.

## Financing Universities and the Financial Support Given to Students

Universities are entirely financed by the state. Accordingly, they receive a budget allocation fixed by the state; however, they may also mobilize resources, from public or private origin. The expenses are subject to a financial control (a priori and a posteriori). The financial support given to the students is made in two ways: indirectly through a housing subsidy (+50% of students are accommodated in a university residence), catering, transport, and coverage of health expenses but also directly by granting scholarships (about 85% of students receive scholarships) (World Bank Group 2011).

## Admission, Organization, and Evaluation of Teachers (Professors)

Higher education can be accessed, as of right and free of charge, by students having completed the three full stages of primary, intermediate, and secondary education (in total: 12 years of education) and who have succeeded at the end in the examinations of the secondary school certificate. Any Algerian holder of a foreign certificate equivalent to the secondary school certificate is also entitled to be enrolled free of charge in a university institution. The number of students enrolled in the higher education institutions (all stages together) exceed the figure of 1,300,000, almost 60% are girls (MESRS).

The executive decree dated August 29th 2004 governing the organization and operation of universities and the law of orientation of higher education dated February 23rd 2008 have introduced a reform in that sector by implementing a new architecture and organization of the courses in all fields (except the medicine) based on a system composed of three levels: licentiate (bachelor)/ master/doctorate (commonly called LMD system).

Universities determine the education curricula of the specializations belonging to their competence. There is a common-core stage for all institutions for each domain at the national level. Since 2004, universities issue bachelor degrees (secondary school certificate +3 years) with 180 credits (first stage), master degrees (secondary school certificate +5 years) with 120 additional credits (second stage), and then the doctorate degree (third stage "postgraduate"). In this system, education became biannual and composed of saved and transferable education units.

This new context allowed more professionalism in some courses of bachelor and master degrees. Regarding the evaluation of LMD system, it is made each semester, where in each semester there is a final exam and many continuous tests including watched assignments, homework, practical work tests, reports, presentations, etc. At the end of each examination session and in case of failure, the student may be admitted to redo one or more examinations or a second session (MESRS).

## Appraisal

### Goals and Objectives of the University

The Algerian university strives, since its creation, to primarily face the challenge of increasing numbers of admitted students, and this permanent challenge reduced considerably the initiatives of the faculties and the quality of courses and services. As public institution of higher education, it

strives to fulfill efficiently its leading role as a venue of education. It is true that it attempts also, sometimes with limited means, to operate according to international rules in order to carry out appropriately its state teaching duties: democratization of education, development of a high-standard education system, institutionalization of research (giving all teachers the status of teacher-researcher), inserting its actions within a universalist approach, and training teachers as per state of art methods and technologies (Baddari and Herzallah 2012).

## Means

It is understood that it is not enough to set targeted goals and objectives. The means, even if huge, may sometimes hinder the teaching and management processes. The agenda of the university includes, from structural and organizational point of views, as well as within its developed activities and executed actions, elements which may facilitate the attainment of its goals and objectives, namely, an information system and a functional numerical system. If the organizational structure of the Algerian university does not greatly differ from other international universities, however, we should recognize that the central departments have sometimes established their own structures (doctoral house, pedagogy monitoring center, psychological-pedagogic counseling unit) as well as positions charged with ad-hoc duties non-stipulated by the regulation to carry out activities closely related to the ultimate objectives of the institution. The university has also created various entities through cooperation such as the Francophone Numeric Campus of the Francophone University Association (Commission Europeenne 2009).

From the management and governance point of view, and though the Ministry dictates a binding regulation whereas they are the realities in practice which are restrictive, the university reacted appropriately to the problems imposed on it. Regarding the implemented quality management system, it is noticed that the non-reactivity or the delay in fulfilling the tasks are slowing down the measures and actions taken at all levels.

A fundamental dimension of the university consists of the continuing training of its staff. By drawing inspiration from governance questions at the faculties, it is clear that a continuous training remains a priority for these faculties, and all of them say that they undertake the promotion and advancement of their staff. However, there is no systematic approach of the process. Continuous training is the fort of individuals who attend courses in order "to be trained." For teachers, a training course is the only means of training. Hence a kind of drawback may appear regarding the professionalization of the sector: there is a great lack of initial training of the clerks and teachers even though training courses are offered each year. It is true that internally, the professional advancement depends to a large degree on the concerned persons and not the central or faculty administration. The administrative clerks are greatly penalized in their internal promotion from individual training point of view. As a consequence, this affects negatively the quality of services. Nonetheless, teachers have more chance to be trained, if they desire to do so. The training courses abroad for teachers are conducted to the detriment of the scientific internships which are becoming less desirable. There is a chronic lack of policy for the training of trainers which affects negatively the quality of the process.

On the other hand, the services to the community still remain minor if not nonexisting (all structures say that they lack training schemes for the categories of the social-professional sector), beyond the education of the large numbers of students. It is true that the social-cultural, economic, and political environments remain insensitive to the universities/academic skills. A kind of distrust persists within the society or the firms towards the university. As for the transfer of knowledge, we can think that it is working properly (though the central departments and faculties recognize unanimously that they lack strategies for the training of pedagogy to teachers); the refresher courses, postgraduates' courses, and the availability of research laboratories compensate somewhat what this lacks (all teachers are

considered teachers-researchers, but in fact only 60% conduct researches). However it is worth to mention that some teachers do not make lot of change in the contents of their course over the years. One of the evident objectives of the internal policy of the university consists of the internationalization of its practices (postgraduates' training courses, multiform relations with foreign institutions, co-supervision, co-graduation, foreign lecturer. . .). The increase of interuniversity conventions and agreements with foreign institutions helped in raising the standards (Bakouche 2014).

## Conclusion

Due to the requirements of the knowledge society and the knowledge economy, huge transformations efforts, whether initiated or imposed, are being deployed globally by public and private universities and colleges. At the center of the mutations engendered by such institutional transformations, we have the notion of "results." This requires continuous efforts of adaptation, in particular regarding the official organization of management and the structures rendering training and research services.

In Algeria, a significant university reform was started in 2004. The goals and objectives of many relevant projects consist of overcoming the complex challenges imposed by the modernization of the management and organizational structures of higher education sector. From management side and in return of more independence demanded by the officials of the higher education institutions in Algeria, the Algerian public authorities call for justifying the results and outcomes obtained by the institution. In this institutional context, we have conducted studies about the state of governance of some Algerian universities. The results of the studies underline the importance to continue the reform of governance of the Algerian universities, by relying on their strengths and improving their weaknesses. Furthermore, it is more than necessary to initiate significant investments in order to provide the higher education institutions in Algeria with information systems and skills needed by the new frame of management required by their modernization, based on a continuous improvement of the results, measured and evaluated objectively, and also based on the development and modernization of the sector of higher education and scientific research in Algeria. In the era of competitiveness between states and nations, it is a vital issue to develop the higher education section and as a consequence the entire society and economy.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Law Judges and Politics
- ▶ Administrative Reform
- ▶ Public Policy in Algeria
- ▶ Reforms and Governance


## References


Baddari K, Herzallah A (2012) maîtriser les indicateurs de la formation. OPU, Alger

Bakouche S (2014) Efficacité et efficience de l'enseignement supérieur en Algérie. CREAD, Alger

Benziane A, Benchikh H (2014) Guide d'évaluation et d'auto-évaluation axées sur les résultats des établissements d'enseignement supérieur Algérien. CRASC, Oran

Berkane Y (2014) L'université algérienne : entre réalisations et défis. CREAD, Alger

Dejean J (2007) Les démarches qualité dans l'enseignement supérieur, entre évaluation et contrôle. In: Heldenbergh A (dir.) Les démarches qualité dans l'enseignement supérieur en Europe, L'Harmattan, Paris

Ghalamallah M (2014) Université, savoir et société en Algérie. CREAD, Alger

Jambart C (2001) L'assurance qualité. Economica, Paris


### Journals


Brennan JL, Shah T (2000) Managing quality in higher education: an international perspective on institutional assessment and change. Society for Research into Higher Education and Open University Press, Londres


### Reports


Commission Europeenne (2009–2010) « Etat du processus de Bologne dans les pays tempus du sud de la Méditerranée », 60 pages

MESRS: Rapports du Ministère d'Enseignement Supérieur et de la Recherche Scientifique Algérien (2012)
World Bank Group (2011) « carte de positionnement de la gouvernance des universités »
World Bank Group (2012) « Universities through the looking glass »

## Governance of Higher Education System in Iran: The Elongated Road to New Public Management

Hassan Danaeefard[1] and Ghasem Salimi[2]
[1]Faculty of Management, Tarbiyat Modares University, Tehran, Iran
[2]Faculty of Education, Shiraz University, Shiraz, Iran

### Synonyms

Academic governance; Higher education systems

### Definition

Academic governance, as a new topic from recent years, refers to a complete set of relations which drives policy-making systems in academic settings. The emergence of this concept in the field of higher education has led to the development of different models of academic governance. Therefore, evaluating the efficacy of different models of academic governance is of great importance.

### Introduction

Studies have shown that university governance is an important and significant matter. Indeed, public interests grow more through university governance than through corporate governance in the business world. It is not only a question of ensuring the honesty and transparency of the processes, but also a question of allowing society to invest more heavily in education, knowledge, and intellectual innovation (Prondzynski 2012). The constant growing of the number of public and private institutions makes higher education systems more complicated. This entails the task of management and monitoring the sectors to become more specialized. Consequently, old models of the full control from the central ministries of education have proved unsustainable in the long run and are being replaced by other new models (2008). Academic governance, a new topic of interest from recent years, emphasizes a complete set of relations which drives policy-making systems in academic settings. The emergence of this concept has led to construction of different governance models which have affected the survival of higher education in different periods of time. Regarding this, some scholars have predicted a long-standing presence for the concept in the field of higher education (Shattock 2008).

Higher education literature includes different models of academic governance which have been used in higher education settings for many years. However, the insufficiency of some of these models has led to the emergence of new models. From among these models, university governance by the academic staff, corporate governance, trustee governance, and stakeholder governance (Shattock 2008), and also amalgam models of governance (Birnbaum 2004) have been especially paid attention to by different scholars. The present study is first to examine a number of governance models in higher education. The study is, then, to investigate the relationship between the existing governance methods and the optimal methods of governance in higher education. In line with these, five models of university governance, namely university governance by the academic staff, corporate governance, trustee governance, stakeholder governance, and amalgam models of governance have been introduced. The study also discusses the practicality of each of these models, which is considered as a challenging issue in higher education. The results of analyses done in Iranian higher education society have indicated that there are several different purposes beyond the application of each governance

model in different situations. Indeed, universities and higher education institutions of the third millennium undertake different missions, and thus one model is not efficient in and does not fit all academic settings. But the multiplicity of missions of universities in the country impels higher education planning to benefit from other models in the governance and management of universities. This study introduces and clarifies a number of governance models and examines their efficiency in relation to higher education in order to improve management methods and practices in managing centers of knowledge production. In line with its objectives, the present study is an attempt to answer the following questions:

1. What are the major international academic governance models?
2. How can academic governance models be utilized in practice? In other words, can the experiences obtained through the implementation of global models in universities and higher education institutions be used for designing an amalgam model of the governance?
3. What are the main consequences of trustee governance to Iran's higher education system?

## The Concept of Academic Governance

Although there seem to be large differences between definitions given for governance, a careful look at these definitions reveals that a single concept of governance has been emphasized in all of them (Harman and Treadgold 2007). Consider governance in educational settings as a conceptual framework through which higher education systems and institutions are organized and managed. Some scholars believe that defining governance is both simple and complex. Indeed, governance is an answer to the question: "Who makes university-related decisions?" (Goedegebuure and Hayden 2007, p. 2).

Shattock (2002) believes that academic governance is related to the responsibility for determining university strategy. In his recent book, *Managing Good Governance in Higher Education*, the researcher refers to the point that although governance is defined differently in different fields, governance in relation to universities and higher education institutions refers to the forms and processes through which universities can manage their academic activities. The researcher further believes that although the two terms "governance" and "management" are theoretically different, there is a close relationship between them in academic settings. If we believe that teaching and research are the primary responsibilities of university, therefore, improving faculty members' motivation and facilitating coordination among them are considered as a governance tool which can help in fulfilling these responsibilities. Accordingly, governance as part of the organizational regulations of all institutions, including university, can be defined as follows:

– The way public or private universities are naturally structured and organized
– The way universities develop policies and strategies and benefit from them in working out their operational plans
– The way universities are legally adapted to their setting and operating systems
– The way university interacts with external sectors (Wicker, as cited in Shattock 2008)

It is worth mentioning here that governance in public universities is significantly affected by government policies which have a special emphasis on efficient governance. Some experimental evidence in 1990s emphasized management effectiveness and governance settings at universities. In this regard, three guiding principles, namely institutional autonomy, academic freedom, and openness, have been paid attention to. Consequently,

- Institutional autonomy of universities should be respected.
- Academic freedom should be supported within the law.
- Academic governance plans and arrangements should be open and responsive (Trakman 2008).

Based on an operational definition of the aim of the academic governing body, a leading

organization is totally responsible for monitoring institution activities, determining its future course, and provision of an environment in which the institutional mission is to exploit learners' full potential. According to Prondzynski (2012), university's management responsibilities include:

- Careful monitoring of university in order to provide sustainable security in short- and long-run
- Undertaking university's mission and offering improved services to the public
- Securing optimal use of funds
- Ensuring the participation of the *broader community* in the organizational performance

It is noteworthy that these governance principles can be applied in academic strategic planning, efficient monitoring, financing and auditing, and other academic tasks. Now that the concept of governance has been clearly defined, we overview a number of international academic governance models. It should be mentioned, however, that from among the academic governance models, trustee governance has been being used in the field of higher education for several decades. Therefore, the present study tries to describe it in more detail and shed some light on some of the organizational and meta-organizational challenges faced by it.

## Models of Academic Governance

As it was mentioned before, with the emergence of research interest in the field of academic governance, researchers and higher education administrators showed an interest in the methods and models of academic governance. The complexities of higher education systems lead to the complexity of governance processes and methods in these systems. Therefore, a focus on the theoretical foundations of these models seems necessary for their clear identification and leads to a better understanding of their nature and functions. Considering these, five models of academic governance along with their characteristics are described in the following parts.

### University Governance by the Academic Staff

University governance by the academic staff, which is sometimes referred to as the Oxbridge Governance Model, points to the most obvious form of self-governance (Shattock 2008). Based on this model, which is the oldest model of academic governance, universities should be basically managed by their faculty members. The model is also sometimes referred to as collegial governance. Philosophically, *governance* of *faculty members* is a manifestation of academic democracy in academic settings (Trakman 2008).

### Corporate Governance

To achieve accomplishment, corporate governance requires all participants, including board of trustees, managers, faculty members, staff, and students, to make firm commitments and concentrated efforts over time. The model has been commonly applied in many academic settings, such as Australian universities and higher education institutions (Harman and Treadgold 2007). The main criticism against corporate governance model is that its use might lead to a co-modification approach and irregular commercialization in higher education. To sum up, the selection of the corporate governance model by a university depends on the university's background and context.

### Trustee Governance

The first boards of trustees were created in European universities and also in the prestigious US universities in the fourteenth and seventeenth century, respectively. Nowadays, boards of trustees are the governing bodies of many European and American Universities (Davari 2010). Boards of trustees, as the heads of the Universities' *and higher education institutions' academic structure*, have many heavy responsibilities. Preserving university independence and safeguarding its authority, supporting academic freedom of scientific faculty members, and guaranteeing effectiveness and efficiency of both their policies and practices are from among the most important duties and functions of a board of trustees who is a *governing* body of *university or higher education institution and who plays an*

*important role in directing academic institutions towards more efficient systems* (Duryea 2000; Campbell 2002). Some researchers have mentioned that clarifying university's mission; assuring academic planning; setting academic goals; evaluating academic performance; *approving academic programs*; ensuring the well-being of faculty members, staff, and students; *providing financial resources*; and preserving academic independence are from among the major responsibilities of a university's board of trustees who plays an important role in the survival of the university (Ingram and Weary 2000). In the trustee governance model, success of governance is achieved through developing trust between members of a board of trustees. Therefore, building trust between members is considered to be very important for the use of this model. The pros of trustee governance believe that following of this model can help in providing assurance about the high quality of governance. However, some scholars believe that trustee governance model is vague because few instances have been reported with respect to learning this model in public higher education centers (Trakman 2008).

### Stakeholder Governance

The stakeholder governance model is different from collegial, corporate, and amalgam models of governance. When governance affects a wide range of stakeholders such as students, faculty members, graduates, government, and the society as a whole, this model is used in universities and higher education centers. Stakeholder governance is the manifestation of a wide range of environmental, value-related, and other general interests. The cons of this model, however, ask questions about whose interest is served more than the others in university decision making (Trakman 2008).

### Amalgam Models of Governance

Robert Birnbaum (1991) was the first person who proposed the idea of amalgam models of governance as a combination of academic governance models of university governance by the academic staff, corporate governance, trustee, and stakeholder governance models. In one of his articles, he points to the end of corporate governance (Birnbaum 2004). Some researchers believe that amalgam models of governance are related to multilevel governance in academic settings (Meier et al. 2004). Accordingly, the governance objectives of amalgam models include:

1. The creation of a knowledge-based society
2. Efficient allocations of financial resources, to achieve specific objectives, by the government
3. Economic development, which can occur though fostering innovations
4. Protection of academic freedom of university faculty members
5. Critical mass creation in the academic disciplines or in other professional domains, which the university tries to conquer
6. Creation of an academic environment, which allows students to achieve what they deserve

Therefore, the amalgam models of governance entail experiencing innovation in academic governance and moving away from a focus on the number of students enrolled to a focus on environmental reponses. These models try to benefit from the strengths of other governance models to meet academic needs (Trakman 2008).

## Consequences of Trustee Governance to Iran's Higher Education System

Several studies have been conducted on the consequences of trustee governance to Iran's higher education system (Davari 2010; Azargashb et al. 2007; Kaskeh and Mohebzadegan 2011). The results of their study showed that the trustees' decisions were mostly on areas related to the academic staff affairs and financial and transactional ones, and just 14% of the approvals were related to the academic policy making. It is a problem whose enforcement is related to the authorization of policy making to the trustees within the framework of the ministry's macro policies. The researchers believe that one of the issues to which the trustees should pay much more attention is policy making

to increase revenue while approving administrative, financial, and transactional affairs, because this issue is considered the infrastructure of more financial independence and less dependence on state resources. Another point emphasized in this study is related to the trustees' nonuse of the legal capacity of article 49 of the country's Fourth Developmental Plan (Azargashb et al. 2007). One of the most comprehensive projects conducted by Kaskeh and Mohebzadegan (2011) to analyze the performance of the trustees in the country is "the evaluation of the performance of the trustees of the ministry of Science, Research and Technology." This project evaluated the performance of the trustees through considering the functions and the composition of the trustees. The results showed that:

Upstream laws and regulations effectively limit or increase the power of the trustees. Mentally, they create a climate which helps this institution to be more conservative or creative. Moreover, the research findings showed that the trustees can perform better through sufficient authority, and higher education experts explained the legal capacity of article 49 of the Fourth Developmental Plan and the implementation challenges it faces with. From the researcher's point of view, among the main challenges facing trustees are lack of acculturation of academic senior managers for full deployment and maintenance of legal order, institutionalization, and improvement of the middle managers and academic staffs' knowledge concerning the details of the trustees' legal authority. According to the abovementioned points and the main challenges facing the trustees' performance in the last decades, a noteworthy issue is that in the light of the use of trustee governance model in the governance of universities and higher education institutions in the past decades and the practical experiences gained through using this model, isn't it necessary to use other governance models, such as academic governance, university governance by the academic staff, corporate governance, stakeholder governance, and amalgam models of governance, in higher education system in the years ahead, and particularly in the sixth Developmental Plan?

## Conclusion

In an era when environmental changes are happening at a very high speed, universities and academic environment management have become vital elements; using the governance models in the efficiency of education and research in the scientific environments has played a significant role. On one hand, experts believe that higher education is a system that is challenged. In the previous decades, universities and higher education institutions enjoyed a prestigious status. Therefore, they were known as *knowledge pioneers* in production and distribution of knowledge (Rowley 1997). However, this central role is changing; on the other hand, some pointed to the credulity of pretending that the increasing pressures on universities implemented by government, employers, and university students in recent decades will decrease. Even academics are faced with greater pressure to be accountable for educational competition through the challenges of new learning methods, new teaching technologies, and new requirements. Above all, uncertainty about the proper role of tasks and the performance of various universities in higher education system is prevalent. Some experts pointed out that educational institutions are *loosely coupled* (Bush 2003, p. 103). If the abovementioned issues are true in higher education system, there is an inevitable need to reconsider the organizational structures and procedures of the institution. Moreover, universities must seek to recreate their governance structures. Extensive studies have been conducted on academic governance and its various models in universities and higher education institutions around the world. However, few studies have been conducted on the use of these models in the country's universities, and as mentioned above, the academic governance approach has focused on the analysis of the trustees' performance in Iran in recent years, and little attention has been paid to other academic governance models in the country's higher education system. This gap in the literature indicates the necessity of using new models and frameworks in higher education

institutions with the richness of literature, especially in the third millennium. Therefore, based on the findings of the study, some recommendations are presented to the authorities of higher education system, including government, the ministry of Science, Research and Technology, and senior managers of universities and higher education institutions so that they can adopt basic strategies in university development planning and policy making, as follows:

1. Understanding the features and complexities of higher education system, recognizing the independence of universities and academic freedom are urgent requirements to implement the effective governance in universities and higher education institutions.
2. To develop a strategic understanding of governance models in the international and valid universities, university administrators should imitate and improve the implementation of other governance models through the development of new public management perspectives.

## References


Azargashb E, Arasteh H, Sabaghian Z, Towfighi J (2007) An evaluation of boards of trustees' functions in public universities affiliated to Ministry of Science, research, and technology (1991–2006). Q J Res Plan Higher Educ 4(46):1–20

Birnbaum R (1991) Editor's notes. N Dir High Educ 1991: 1–6. https://doi.org/10.1002/he.36919917502

Birnbaum R (2004) The end of shared governance: looking ahead or looking back. N Dir High Educ 127:5–22

Bush T (2003) Theories of educational leadership and management, 3rd edn. Sage, London

Campbell (2002). Governance structures: academic senate and trustee boards, p 2. Available at: http://www.asstudent.unco.edu/students/ae-extra

Davari A (2010) The position of the Board of Trustees in Iranian higher education system. Majlis Rahbord 15(59):7–34

Duryea ED (2000) The academic corporation: a history of college and university governing boards. Flamer Press, New York

Goedegebuure L, Hayden M (2007) Overview: governance in higher education – concepts and issues. Higher Educ Res Dev 26(1):1–11

Harman K, Treadgold E (2007) Changing patterns of governance for Australian universities. Higher Educ Res Dev 26(1):13–29

Ingram RT, Weary WA (2000) Presidential & board assessment in higher education: purposes, policies, & strategies. Association of Governing Boards of Universities & Colleges, Washington, DC

Kay Harman K, Treadgold E (2007) Changing patterns of governance for Australian universities. Higher Edu Res Dev 26(1):13–29

Kaskeh S, Mohebzadegan Y (2011) Strategic development of universities explanation of functional elements of Board of Trustees and Trend Analysis of Function & Combination. Soc Dev Welf Plan 5:118–165

Meier KJ et al (2004) Multilevel governance and organizational performance: investigating the political-bureaucratic labyrinth. J Policy Anal Manage 23(1): 31–47

Prondzynski FV (2012) Report of the review of higher education governance in Scotland. Scottish Government, Edinburgh

Rowley DJ (1997) Strategic change in colleges and universities: planning to survive and prosper, Jossey-Bass higher and adult education series. Jossey-Bass Inc, San Francisco

Shattock M (2002) Re-balancing modern concepts of university governance. High Educ Q 56(3):235–244

Shattock M (2008) Managing good governance in higher education. Open Univesity Press, Maidenhead

Trakman L (2008) Modelling university governance. High Educ Q 62(1/2):63–83


# Governance of Intellectual Property

Laurent Manderieux and Gabriele Gagliani
School of Law, Bocconi University, Milan, Italy

## Synonyms

Creativity; Economic governance; International regulation; International trade; Inventions; Policies

## Definition

The international regulation of rights and obligations relating to intellectual property (IP) protection; the international regulation of the protection of inventions and creations of the mind; the complex body of international agreements and conventions, international

jurisprudence and case law and States and international organizations' actions, and initiatives concerning intellectual property.

## Introduction: Intellectual Property Rights

Efforts to establish a set of rules addressing intellectual property at the international level represent early historical attempts to regulate international economic relations. And yet, internationally, intellectual property remains still highly fragmented both theoretically and in practice. From the theoretical point of view, one might safely say that overall, intellectual property rights protect creativity, by affording creators the possibility to exclusively control (i.e., the exclusive commercial exploitation of) their creations. Creators are thus afforded incentives to create and innovate, while, in exchange of the exclusive control they are granted, society generally benefits from the diffusion of innovation and intellectual creations.

This *do ut des*-like relationship is declined in and through a number of intellectual property rights that have different purposes and disciplines. Intellectual property rights are commonly divided into the two groups of industrial property (including patents, distinctive signs, and industrial designs) and copyright and related rights. However, already at the theoretical level, the dividing line between these two categories and the contours of each intellectual property right might vary significantly from country to country. For instance, the Spanish concept of "propiedad intelectual" does not fully coincide with the Anglo-Saxon concept of "intellectual property," and the Anglo-Saxon concept of "copyright" does not fully match with the French concept of "droit d'auteur," with the Spanish "derecho de autor," the Italian "diritto d'autore," or the German "Urheberrecht," just to give but a few examples. This theoretical gap translates as well into a practical one, the regulation and necessary criteria to obtain the protection of the same intellectual property rights widely differing across different legal systems. Moreover, along history, a range of diverse policy objectives, economic imperatives, and even ideologies and political organizations' structures have driven the adoption of diverging regulations of intellectual property. With these premises, it is clear already that any attempt at regulating intellectual property at the international level has been difficult and has come at a heavy price without a fully coherent and consistent system being established as of yet.

Though one might talk about the international governance of intellectual property in general, as already mentioned, intellectual property rights have different aims and disciplines both at the national and international level. Thus, for the sake of clarity, before turning to the historical evolution of the international governance of intellectual property, it seems appropriate to address briefly both industrial property and copyright and related rights' aims and disciplines in turn.

Within the category of industrial property, a patent is a document granted, upon application, by the State or a regional organization, giving the patent holder the exclusive rights to control the patented invention (i.e., the possibility to exclude others from commercially exploiting the invention through manufacturing, sale, and/or export). The exclusive control is generally granted, where certain conditions are met (the invention has to be a patentable subject matter, industrially applicable, new, nonobvious, and sufficiently disclosed in the patent application), for up to 20 years.

Industrial property also includes distinctive signs, that is, trademarks and geographical indications. A trademark is a sign that allows to distinguish goods and services of an enterprise from goods and services of another enterprise. In order to be protected, trademarks have to be distinctive and not to be contrary to morals and public order. A trademark owner has the exclusive right to use his trademark (and/or to license it to third parties). In turn, geographical indications (GIs) are signs used on products that have qualities related to their specifically identified place, area, or region of origin. Generally, those subjects that have the right to use a GI can prevent the use of the GI to others whose products do not comply with the specific GI (quality and/or place of origin) standards.

Lastly, traditionally industrial designs are also included within the industrial property category. Industrial designs protect the two-dimensional or three-dimensional visual appearance (i.e., ornamental or aesthetic elements) of a product. In principle, to be protected, industrial designs have to be new and original. Owners of an industrial design enjoy the exclusive right to prevent third parties from commercially exploiting their industrial design.

Copyright and related protect literary, scientific and artistic expressions, including articles, films, computer programs and advertisements. Copyright-related rights protect works such as choreographies, phonograms, musical interpretations and radio and television broadcasts. It is worth noting that copyright and related rights do not protect an idea, but the specific expression of an idea or the ways in which an idea is expressed insofar as it is original. Copyright commonly grants two types of rights: (i) moral rights, that is the right of the author to its noneconomic interests (recognition of paternity and preservation of the integrity of its work) and (ii) economic rights, that is the right of the copyright holder to obtain economic rewards from third party-uses of its copyrighted work.

The above-mentioned rights do not exhaust the list of intellectual inventions and creations protected. Besides plant breeders' rights and layout designs (topographies) of integrated circuits, other forms of protection of innovation concern undisclosed information or trade secrets and the protection against anticompetitive practices (through competition law or, depending on the circumstances, even under criminal law). Also, the advent and expansion of the Internet and the adoption of a *Domain Name System* (DNS) for the naming of resources connected to the Net have transformed domain names. From user-friendly Internet addresses used to locate computers, people, and resources on the Net, domain names have become business identifiers, thus potentially conflicting with trademarks.

It is not to be excluded that new intellectual property rights or forms of protection will come to life in the future, following technological progress, the ever-changing needs of our economies, and even paradigm shifts in the way our societies conceive culture and innovation.

## Historical Evolution of IP Protection

The idea of protecting creativity and innovation first emerged in the Mediterranean basin. Around 500 B.C., the sovereign of the Kingdom of Sybaris (located in what is now the south of Italy) granted creators the exclusive control (i.e., a "legal" monopoly) of their culinary and luxury creations. Somehow similarly, with regard to distinctive signs, Greek and Roman pottery bore marks that identified the maker of that particular pottery and its origin in order to distinguish it from copies. Later in time, more sophisticated traces of intellectual property protection can be found in the northern part of the Italian territory. Indeed, the first patent appears to have been granted to the famous architect Filippo Brunelleschi in 1421, while the first patent legislation in the world (the Venetian Patent Statute) was issued in Venice in 1474. Concurrently, on the island of Murano (within the then-territory of the Venetian Republic) the peculiar techniques used to create blown glass were jealously protected as a trade secret. On this point, one should not forget, however, that trade secrets had already successfully appeared in various forms in history, one of them being silk production in China.

With the creation of the printing machine in Central Europe, the discovery of the American Continent and the ensuing shift in economic power and creativity from the Mediterranean to Central and Northern Europe, a big change occurred. Among other countries, France and the United Kingdom took the reins in the furtherance and refinement of intellectual property protection. With its 1623 Statute of Monopolies the United Kingdom officially afforded patent protection to inventors, while France significantly molded the *droit d'auteur* in a way subsequently followed by several other countries.

At the end of the eighteenth and the beginning of the nineteenth centuries, the Industrial Revolution, with the creation of large-scale, standardized economies and related technical and technological

advancements represented both an element of expansion for intellectual property protection systems and posed a challenge in terms of creativity and innovation protection beyond national borders. The last straw pushing for an international concerted action on intellectual property was the lack of success of the 1873 International Exhibition of Inventions in Vienna (Austria), due to inventors' fears to be copied and lose their inventions' commercial advantages in other countries. This event made the need for international regulation of industrial property evident. Almost simultaneously, an international movement led by the French *Association littéraire et artistique internationale* and the famous writer Victor Hugo in person, driven by concerns about unauthorized uses and copies of literary works abroad, pushed for the negotiation of an international convention regarding copyright.

## The Current Status of International Governance of IP

The international negotiations of two separate conventions on industrial property and copyright, respectively, resulted in the adoption of the 1883 *Paris Convention for the Protection of Industrial Property* and the 1886 *Berne Convention for the Protection for Literary and Artistic Works* (both lastly revised and amended in 1979). These two conventions are undoubtedly the first two historical instances of international multilateral economic governance and the rules and principles they lay down still constitute the backbone of international intellectual property regulation.

In this sense, under Article 2 the Paris Convention, nationals of Contracting States are entitled to enjoy in other Contracting States "the same advantages that their respective laws now grant, or may hereafter grant, to their nationals," with regard to industrial property (national treatment obligation); further, under Article 4, the Paris Convention sets forth that where an application for patent, utility models, trademarks, and industrial designs protection is filed in one Contracting State, the applicant enjoys period of time during which if he applies in another Contracting State his application will be considered as if it had been made on the day of the first application (right of priority).

Somehow similarly, under Article 5 of the Berne Convention authors of one Contracting State enjoy the same rights that other Contracting States grant to their own nationals (national treatment obligation). The same provision provides that the enjoyment and exercise of these rights cannot be subject to any formality (i.e., authors receive automatic protection) and that the enjoyment and exercise of these rights by protected authors is independent of the existence of protection in the country of origin of the work.

Two Secretariats had been created to administer each of the two above-mentioned Conventions. However, in 1893, following the perceived need of a somehow common approach, the two Secretariats merged to form the *Bureaux internationaux réunis pour la propriété intellectuelle* (BIRPI). The creation of the BIRPI effectively set in motion the machine that led, in 1970, to the creation of (i.e., transformation of the BIRPI into) the *World Intellectual Property Organization*. In 1974, WIPO became the specialized agency of the United Nations working on intellectual property matters. Since then, WIPO has been one of the most active UN agencies, serving as a forum for:

(a) *The discussion of relevant IP issues, such as the link between IP and development and the adoption of the WIPO* Development Agenda in 2007.
(b) The negotiation and adoption of important treaties on IP rights (such as the Patent Cooperation Treaty, concluded in 1970) and on the harmonization of national regulations and procedures for the protection of IP rights (such as the Trademark Law Treaty, adopted in 1994).
(c) The discussion of problems and challenges to IP determined by the Internet and the digital economy, discussions that have resulted in important instruments (such as the s.c. "WIPO Internet Treaties," that is the *WIPO Copyright Treaty* (WCT) and the *WIPO Performances and Phonograms Treaty* (WPPT)).

(d) The resolution of disputes, through its Arbitration and Mediation Centre for domain-name disputes.

Its key role in the international governance of IP notwithstanding, WIPO has not been the only intergovernmental organization or UN agency working on IP matters. Other UN agencies, such as the *United Nations Educational, Scientific and Cultural Organization* (UNESCO) and the *World Health Organization* (WHO) have addressed IP-related questions relating their fields of actions, i.e., culture and health, respectively. Also, and more importantly, IP has always been connected to international trade. The link, already exposed at the multilateral level in the GATT 1947 (in its Article XX (d)), was later officially exposed with the creation of the *World Trade Organization* (WTO) and the adoption of the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS).

Though the TRIPS Agreement is administered by the WTO, it has built on and partly incorporated other IP conventions, such as the 1883 Paris Convention and the 1886 Berne Convention. The TRIPS Agreement contains some general obligations such as national treatment and most-favored nation (MFN) treatment obligations (Articles 3 and 4) that apply with regard to all IP rights it covers, i.e., copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout designs (topographies) of integrated circuits and, though in a rather different way, plant breeders' rights and undisclosed information (Article 1). In this respect, it is worth noting that while the other two most important WTO Agreements (the *General Agreement on Tariffs and Trade 1994* and the *General Agreement on Trade in Services*) contain specific exceptions allowing for preferential treatment to be accorded within the framework of Regional Trade Agreements (RTAs), the TRIPS Agreement does not. This means that, in light of the MFN obligation in Article 4 of the TRIPS Agreement, any advantage granted by one WTO Member to another State in the framework of an RTAs with regard to IP protection has to be immediately and unconditionally multilateralized, i.e., extended to all other WTO Members. Also, the TRIPS Agreement requires a "minimum level" of protection for IP rights, but WTO Members may afford IP rights a more extensive protection than the one required under the Agreement, insofar as such protection is not inconsistent with the Agreement (Article 1.1). This is also in line with the principle, expressed in the same provision of the TRIPS, that WTO Members are free to choose the method of implementing the Agreement within their own legal systems.

Three last points concerning the TRIPS Agreement are worth mentioning. First, the TRIPS Agreement has to be interpreted and applied according to the objectives (including technological innovation and a balance of rights and obligations) and principles (such as the protection of public health or the promotion of public interest) that the Agreement lays down itself (Articles 7 and 8, respectively). Second, unlike the international IP conventions negotiated under the aegis of WIPO, the TRIPS Agreement explicitly addresses IP rights enforcement both within a WTO Member territory and at the border. However, whether TRIPS has a direct effect in WTO Members legal systems remains an open question. Second, any dispute regarding the rights and obligations of WTO Members under the TRIPS Agreement may be subject to the dispute settlement mechanism of the WTO. This means that, since the TRIPS Agreement partly incorporates the 1883 Paris Convention and 1886 Berne Convention, the dispute settlement system might be resorted to with regard to these conventions to the extent that they are incorporated.

The international regulation of IP provided by the TRIPS Agreement has brought to the fore a number of relevant questions. Among them, the protection of some IP rights such as GIs, and the relationship between IP protection and development and IP regulation and public health have been prominent. The sensitivity of this latter relationship has even led to the adoption of the Declaration on the TRIPS Agreement and Public Health at the 2001 WTO Doha Ministerial Conference. Also, while developed nations have not been fully satisfied with the TRIPS, arguing that

the Agreement has not done enough, developing and least-developed countries have generally complained that the Agreement has done too much, providing too strong a protection of IP rights. This wide dissatisfaction has led to international IP regulation being negotiated on a bilateral or plurilateral basis in RTAs (also called free trade agreements (FTAs) or preferential trade agreements (PTAs)) outside the WTO. As a result, nowadays, RTAs often contain s.c. TRIPS-plus and TRIPS-minus obligations, providing for a stronger and/or weaker protection of IP if contrasted with TRIPS obligations, respectively. In addition, IP rights are commonly included among protected "investments" under bilateral investment treaties (BITs) or the investment chapters of FTAs and are concurrently protected human rights under several conventions (being already included and referred to in the 1948 Universal Declaration of Human Rights).

The preceding considerations make it clear that, notwithstanding the key centralizing role of the WIPO and the WTO, current issues and questions concerning the international governance of IP are addressed as well outside international organizations.

## Future Perspectives on the International Governance of Intellectual Property

The general picture of the international regulation of IP currently appears fragmented and, at times, even contradictory. Different agendas are pursued by different actors and no unified, overarching goal has emerged as of yet. A brief look to the future reveals new challenges ahead.

The explosion of the Internet has raised the question of who should manage the Net. The answer is not foregone, bearing in mind that the managing organization of domain names, the *Internet Corporation for Assigned Names and Numbers* (ICANN), is controlled by one single country, the United States of America, while it is not an overstatement to say that its services affect the entire world. Also, the Internet and technological progress pose both great problems and great opportunities for IP – the idea to revise our conception of the entire system of IP rights is thus not to be excluded.

Moreover, similarly to other fields of international governance and law, the need to address rapidly emerging questions and the problems relating to reaching consensus at the international level has brought about the adoption of soft law instruments, i.e., nonlegally binding international instruments, on which common agreement might be more easily reached and that might develop into a legally binding instrument at a later stage.

Lastly, as noted, new trends are already verifiable in the international IP arena. On the one hand, thanks to technological innovation and the ensuing possibility to share and diffuse knowledge on a larger scale, open models where no single appropriation of literary and artistic contents (through, for instance, copyright), are becoming more and more common. On the other, while IP rights have commonly focused on and rewarded innovation and they have been based on proprietary models, attention is currently paid to traditional knowledge (TK). With its community-related dimension and open-control (to some extent) model, possibilities to apply IP to TK are currently explored.



## References

Gagliani G (2017) International economic disputes, investment arbitration and intellectual property: common descent and technical problems. J World Trade 51(2):335

Grosse Ruse-Khan H (2016) The protection of intellectual property in international law. Oxford University Press, Oxford

Kwakwa E (2002) Some comments on rulemaking at the world intellectual property organization. Duke J Comp Int Law 12:179–195

Manderieux L (2010a) Intellectual property rights as a means for competitiveness. In: O'Connor A (ed) Managing economies, trade and international business. Palgrave Macmillan, Basingstoke

Manderieux L (2010b) Issues related to the judicial implementation of the TRIPS agreement within the EU. In: Dordi C (ed) The absence of direct effect of the WTO in the EC and in other countries. G. Giappichelli, Torino

Taubman A, Wager H, Watal J (eds) (2012) A handbook on the WTO TRIPS agreement. Cambridge University Press, Cambridge

# Governance of Labor Market Services and Employability

Mattia Martini[1], Laura Mariani[2] and Dario Cavenago[1]
[1]Università Milano-Bicocca, Milan, Italy
[2]Università Alma Mater Studiorum, Bologna, Bologna, Italy

## Synonyms

Capability to work; Employment outcomes; Employment policies; Employment services

## Definitions

| | |
|---|---|
| Governance | Establishment of policies and continuous monitoring of their implementation by the members of the governing body. |
| Labour market services | Services to assist people in finding work, providing training, and facilitating contact between employers and those seeking employment. |
| Employability | The capability to move self-sufficiently within the labor market to realize potential through sustainable employment. |

## Introduction

The rapid changes in economic environment and the global economic crises are challenging the stability of labor markets; consequently, the issue of employability is assuming ever-greater importance. Careers are becoming more instable, and subject to changes, as consequence the ability of being employable is decisive for individuals. In the context of the governance of labor market, in particular, different actors are involved in the provision of services for workers, aimed at reducing unemployment. While the amount and the quality of services is the first output of the actors' network, the overall reduction of unemployment is the expected outcome of the overall policy. The conceptual connection between these outputs and outcomes is the employability, defined as the ability for individual to realize a sustainable working career path.

The aim of this work is to explain the concept of employability and its role within the public policies for labor market.

This contribution is organized as follows: after defining the concept of employability (Section "Definitions"), an historical excursus of this concept in the political debate is presented (Section "Introduction"). Section "Defining Employability" describes the employability as a personal resource, while section "Employability in the Political Debate: An Historical Perspective" assesses it as a component of the wider labor market. Section "Employability and Personal Resources" section presents some issues related to policy-making and the measurement of employability. Finally, the last section includes some concluding remarks (Section "Governing Employability").

## Defining Employability

Employability is a multifaceted concept that can be assessed from alternative perspectives. Nevertheless, the definitions of employability are about work and people's ability to be employed. A distinction between external and internal employability can be made. The first focuses on the career path that the person is able to achieve within a specific organization; in this context, employability is conceived as the capability of employees to maintain a job over time even changing roles and functions if necessary. The latter focuses on the career paths of people in the external labor market (among firms) and considers employability as the ability of individuals to access a first job and to find a new one in the labor market if this becomes necessary. In recent years, the attempt of literature has been to reach a definition that could include both the external and internal perspectives of employability.

Employability is "the capability to move self-sufficiently within the labour market to re*alize potential through sustainable employment*" (Hillage and Pollard 1998). Accordingly, employability refers simultaneously to the capability to gain initial employment, to maintain employment, and to obtain new employment, if required, both in the internal and external labor market. Moreover, employability is not reduced to the capability of a person to find and keep a job, rather it implies the possibility of gaining and maintaining a satisfactory job and achieving an adequate level of employment continuity, having more working experiences, and realizing a sustainable career growth in the long term. To complete the picture, other significant definitions of employability are provided in Table 1.

**Governance of Labor Market Services and Employability, Table 1** Definitions of employability in literature

| Authors (year) | Definition of employability |
|---|---|
| Hillage and Pollard (1998) | Employability is the capability to move self-sufficiently within the labor market to realize potential through sustainable employment |
| Lefresne (1999) | The probability, for a given group, at a given time, of finding a job or emerging from unemployment |
| Groot and Maassen (2000) | The capability to do different tasks to get a new occupation in the same organization |
| Harvey (2001) | Employability is the ability of graduate to get a satisfying job. Employability is a process of learning |
| Forrier and Sels (2003) | An individual's chance of a job in the internal and/or external labor market. |
| Fugate et al. (2004) | A form of work specific active adaptability that enables workers to identify and realize career opportunities |
| Fugate and Kinicki (2008) | A constellation of individual differences that predispose individuals to (pro)active adaptability specific to work and careers |
| De Grip and Sanders (2004) | The capacity as well as the willingness to be and to remain attractive in the labor market, by anticipating on changes in tasks and work environment and pro-acting on these changes |
| Van der Heijde and Van der Heijden (2006) | The continuously fulfilling, acquiring, or creating of work through the optimal use of competencies |
| Arnold and Rothwell (2007) | The ability to keep the job one has or to get the job desires |
| Berntson (2008) | Employability refers to an individual's perception of his or her possibilities of getting new, equal, or better employment |

## Employability in the Political Debate: An Historical Perspective

The concept of employability has established internationally since the 1990s playing a central role within the current public debate. Over the years, the idea of employability, however, has changed, according to different policy purposes, interventions, and target groups (McQuaid and Lindsay 2005). Table 2 synthetizes the main features of employability within the political debate, by distinguishing different phases of its historical evolution until 1990s.

In the early decades of the twentieth century, "dichotomic employability" and "socio-medical employability" were used to distinguish between "employable" and "unemployable" people, focusing on the differences between the work abilities of socially, physically, or mentally disadvantaged people and the work requirements of employment. This was a period characterized by a substantial economic growth and this simplistic version of employability was used exclusively to orient the public financial expenditures towards the integration of disadvantaged people. Between 1960s and 1970s, the economic situation dramatically changed, making the access to employment quite problematic. In this period, the term *manpower employability* was introduced in the policy discourse to identify the alignment/misalignment between a person's abilities and the skills required by the employers, while *flow employability* defined the probability that a person looking

**Governance of Labor Market Services and Employability, Table 2** The historical evolution of employability

| | 1970s | 1980s | 1990s |
|---|---|---|---|
| Questions | Employability seen as flexibility of a society | Employability seen as flexibility of a company | Employability seen as flexibility of workers |
| Purpose of employability | Full employment and decrease of collective financial burden | Efficient and effective human resource management without a lack or surplus of personnel | Individual opportunity for a job on the internal or external labor market |
| Interventions at what level | Central or local authorities | Public or private (larger) companies | Individual employees |
| Major target groups | School leavers without useful studies and underprivileged people | Large groups of personnel in lower and middle ranks in companies under reorganization | Everybody, employed or unemployed, who wants employment |
| Important measures and activities | Through governmental programs, employers are supported in carrying responsibility for employment by increasing the labor market qualifications of the people with a weak position in the labor market | The "flexible firm" implies the management of intraorganizational staffing problems, assuming both quantitative flexibility (number of periphery workers) and qualitative flexibility (employability or functional flexibility of core workers) | The individual's ability to cope with labor market problems implies career self-management that has to be encouraged by someone's employer. Companies will offer facilities to improve the responsibility and initiative of employees |

Source: Versloot et al. 1998

for a job could have of finding one. In this period, employability became an integral part of the labor market policy. The concept of *labor market performance employability* was also introduced to assess the labor market outcomes (measured in terms of hours worked, payment, and sustainability of employment) achieved by policy interventions to address employability. The period between 1980s and 1990s was characterized by an increased demand for flexibility by the employers and a substantial reduction of the employment security for individuals. Accordingly, at the beginning of the 1980s, the term *initiative employability* emerged, reflecting an acceptance amongst individuals and organizations that successful career development requires the development of skills that are transferable and the flexibility to move between tasks, roles, and jobs. The focus was on the individual responsibility, with the onus on workers to develop their skills and networks in the workplace, so strengthening their position when they wish, or are required, to move. In the same period, the concept of *interactive employability* also emerged, that maintained the emphasis on individual initiative, but acknowledging that employability is partially influenced by the rules and the behaviors of institutions governing and operating in the labor market.

In policy terms, "employability" formed one of the four original pillars of the European Employment Strategy from 1997, remained an important goal for the revised European Employment Strategy from 2003, and is expected to play an important role in achieving employment, education, and social targets in the EUROPE 2020 strategy. Since the late 1990s, employability has also emerged as one of the key political pillars of (and remains central to debates on) social and labor market policies in many EU states (e.g., UK, Nederlands, Denmark). In Denmark, in particular, training and retraining interventions aimed at promoting the employability of the unemployed are at the basis of the success of a flexicurity policy model, which was aimed at guarantee a balance between the flexibility required by companies and the security desired by workers. Employability has also assumed a renewed role in the current international political debate, as consequence of the changes of the labor market in the direction of greater flexibility and the negative effects that the recent international economic crisis has

generated on employment. By integrating the initiative and interactive perspectives, employability is now understood as both an individual and institutional responsibility. On the individual level, employability is deemed as an individual's own responsibility to acquire knowledge, skills, abilities, and other characteristics valued by current and prospective employers in order to become more employable. On the institutional level, different organizations that govern and operate in the labor market – e.g., employers, labor market intermediaries, and public authorities – should play a role for enhancing individual employability by providing adequate development opportunities to both unemployed and employed people, and support such development in a life-long perspective.

## Employability and Personal Resources

From the perspective of the individual, employability is built upon a number of personal characteristics, attitudes, skills, and abilities. Recent research focuses on identifying "employability skills" and those personal and transferable competences and attitudes that can increase individuals' employment chances by helping them to deal effectively with changes in the labor market. Accordingly, some personal attributes – such as resilience, anticipation and optimization, flexible cognition, entrepreneurship, career self-efficacy, and openness to change – seem to be particularly critical for employability.

These personal attributes include elements of human capital (know-how), social capital (know-who), and psychological capital (know why), which form a person's "movement capital," significantly influencing her/his chances of mobility in the labor market (Forrier and Sels 2003).

*Human capital* typically includes the set of knowledge, capabilities, and individual skills needed to be successful in the labor market. The degree of employability of a person depends in particular on:

- Professional knowledge and skills – related both to the specific role or to the sector domain – that are useful for getting and keeping a job, as well as for a carrier development within the organization;
- Transversal skills (i.e., reading, calculation, problem solving, leadership, communication, adaptability, group work, learning); these are qualities particularly appreciated by the majority of companies, whose possession guarantees greater simplicity of access and mobility in the labor market.
- The level of education and qualification, socio-demographic characteristics (i.e., age, gender, citizenship) and the physical and mental health condition, as well as the well-being of the person, which in turn affect personal motivation and the possibility of getting and completing a job.
- Knowledge and skills related to job search that may require, for example, market orientation, information on job opportunities, ability to use the main research channels, writing a curriculum vitae, and knowing how to present it into an appropriate manner.

To support personal employability, the importance of cultivating, maintaining and effectively using formal and informal ties is often emphasized. In this context, *social capital* is the set of relational and permanent resources that an individual can use, together with other resources, so as to pursue his professional goals. Social capital has a leading role on the process of job search: it is believed, in fact, that improvements in status in the labor market is positively affected by the individual number of social bonds (strong or weak), as well as by the ability to get in touch with many people.

Finally, *psychological capital* refers to individual character and personality that can condition the trajectories of employees' career progressions. In order to move successfully in the labor market – facing positively the changes, challenges, and difficulties, self-awareness (concerning strengths and weaknesses) is essential. At the same time, the role of motivation and career expectations appropriateness to the context are crucial (Fugate et al. 2004). Other aspects related to the psychological capital include a strong spirit of adaptation – that is the precondition to accept temporarily working conditions lower than expected – and the

development of a proactive attitude towards work and personal growth.

## Governing Employability

After introducing the concept of employability from the individual perspective, the next section focuses on the context in which the individual aptitudes of employability are rooted. In particular, moving from the individual perspective of employability to a systemic approach means recognizing that employability is not only about individual resources and attributes, but it is the result of process through which context-related and external factors affect the individual's chance of career progression in the labor market. The education system, the employers' practices, the activities of labor market intermediaries, and labor market policies are examples of external factors that may affect the development of human, social, and psychological capital.

Such a systemic approach can be explained through a policy and management cycle model in which the actors involved are characterized within an input-output representation of public service provision (Bouckaert and Van Dooren 2009). In this way, the governance of employability can be represented (Martini et al. 2017).

The policy cycle initiates through the identification of strategic public aims that are general end purposes derived from the policy statements. Such aims are then translated into operational objectives that are fulfilled within the management cycle. This second cycle embraces the conversion of the inputs into outputs through a transformation process that can be performed by public and private organizations engaged in providing services for labor market.

The inputs include the resources required to provide services – human capital, infrastructure, and finances – in contrast the output is the result of service provision. While the outputs are what the private or public actors do, the outcomes are the consequences of these actions, in terms of events, occurrences, or changes in the initial conditions, behavior, or attitudes of individuals. A further distinction can be made between intermediate outcome and final (or end) outcome focusing, respectively, on the accomplishments which are expected to lead to the final results and, on the ends of the policies ultimately desired.

Figure 1 includes an example of the translation of the general aim of reducing unemployment into programs for the development of job opportunities for young people (policy cycle) (Martini et al. 2017).

The actors involved in the policy cycle are national and/or local policy-makers. The program fulfilment requires the design and implementation of appropriate initiatives through the management cycle. In this second cycle, counselling, training, and career guidance services are provided. The output of this process is a number of young people that received these supporting services. The output becomes the intermediate outcome of employability, in the medium term that is expected to affect positively the end outcome of young people actually employed. In this perspective, employability is the intermediate outcome of the policy and management cycle model for the governance of labor market.

In the following subsections, we focus on the processes and actors of both the political and management cycle so as to show how the system can affect the development individual employability.

### Policy-Making for Labor Market

The chance for people to be able to increase their resources for employability over time depends on the virtuous interaction between personal commitment and the opportunities for professional growth offered by the social and economic environment of reference.

National and Local policy makers, in particular, are the actors in charge for the governance of the policy cycle of labor market. Through employment policies, and in particular active labor policy programs, policy makers can offer opportunities for personal resources development for employability through effective programs to support the unemployed and the weakest people in the labor market.

Two contrasting approach to policy-making for labor market can be identified (Lindsay et al.

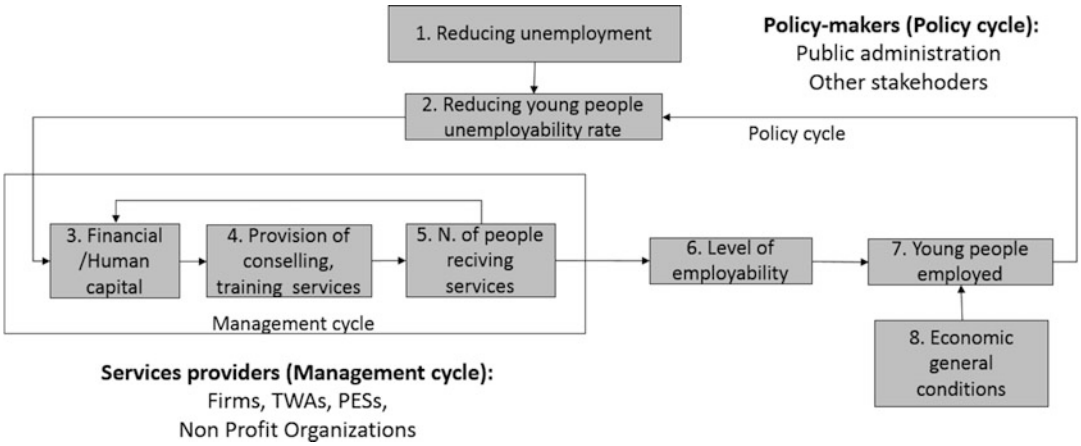


**Governance of Labor Market Services and Employability, Fig. 1** The governance of labor market through the input-output model

2007): the Work-first approach, on one hand, and the Human Capital Development approach, on the other hand. The Work-first approach aims at reducing the period of unemployment and promoting rapid labor integration; in contrast, the Human Capital Development approach aims at encouraging active policy models focused more on the development of human capital and the support of the unemployed in a long-term perspective. Table 3 compares these approaches with a specific focus on the aims, the focus, main activities, relationship with the labor market, and human relationships.

The Human Capital Development approach seems to be the most suitable for the promotion of individual employability. In this venue, the most suitable interventions to support employability should:

- Provide for investments in training to strengthen professional and transversal skills, as well as assistance and support activities to ensure the effective integration of the worker
- Favor the quality of employment, rather than the speed of job integration, in order to guarantee job continuity over time, opportunities for learning and career
- Combine traditional support services and consultancy for job search, long-term training courses (basic, professional, cross-cutting, and continuous training)
- Integrate labor policies and welfare policies, so as to reduce the factors that can limit people's access to the market (i.e., welfare services to facilitate childcare, territorial mobility, social/health care)
- Rely on highly qualified personnel able to respond to the diversified personalized needs of the unemployed

Together with initiatives inspired by the Human Capital Development approach, the active involvement of different stakeholder represents a second important pillar for the development of policies able to support employability.

The advantages associated with policy initiatives based on cooperation between different actors have been widely demonstrated (i.e., McQuaid 2009). Such evidences highlight how most effective initiatives at local level in supporting employability are those that include, on one hand, the broad involvement of different stakeholders in the phases of policy planning and, on the other hand, the establishment of policy networks. Aimed at allowing the effective introduction of labor market policies, policy networks include public, private, and nonprofit actors that cooperate and share information and strategic resources through more or less formal agreements. These actors can be engaged in phases of both decision-making and services' provision. The governance models based on cooperative

**Governance of Labor Market Services and Employability, Table 3** Work-first approach versus human capital development

| | Work first | Human capital development |
|---|---|---|
| **Aims** | Facilitate the access (and re-access) in the labor market, through short-term search and training (instrumental to employment) | Improving the employability and the work path of the individual in the long term, through continuous training and assistance services |
| **Focus** | Immediate access to the labor market and reduction of the unemployment period | Sustainable transitions in the labor market and career paths in the medium to long term |
| **Main activities** | Constant search activity, Short-term training, instrumental to the work activity | Long-term training activities, assistance services (family, transport, health, etc.), personal and specialized tutors |
| **Relationship with the labor market** | Responding to the needs of businesses, through the placement of job seekers in the jobs available on the market | Increase the skills and professionalism of job seekers, broadening the range of job opportunities, encouraging and supporting the creation of growth paths in the workplace |
| **Human relationships** | Use financial sanctions and/or incentives to encourage immediate access to the labor market | Encourage job seekers to participate in training activities, emphasizing the benefits of higher quality job opportunities |

approaches both in the planning and in the implementation phases, demonstrated to guarantee, over time, a better understanding of the needs of the population, a better definition of the objectives and actions to be undertaken, and the realization of innovation processes in services and interventions realized with the guarantee of a rationalization of costs.

The next section focuses on the role of the actors of these policies network, with a specific attention on those involved in the management cycle.

## The Actors of the Management Cycle

The actor involved in the management cycle are the labor market intermediaries (LMI) – temporary work agencies (TWAs), Public Employment Services (PES), Nonprofit Organizations (NPOs) – as well as private firms. In particular, TWAs, PES, and NPOs provide services aimed at favoring human capital development directly, while private firms give to workers the opportunity to develop skills and competences on-the-job.

LMIs are entities or institutions that interpose themselves between workers and firms to facilitate, inform, or regulate how workers are matched to firms; how work is accomplished; and how conflicts are resolved. Their role in the labor market is growing taking place along two different lines. On one hand, LMIs carry out their activity in the private market by offering matching, placement, and other human resource services to client companies and job seekers. On the other hand, LMIs – Public Employment Services in particular – operate within the policy cycle by offering support for the implementation of employment policy programs.

In particular, with reference to the first line of activities, LMIs play a critical role in sustaining individuals' employability mainly through: (1) matching and placement services, and (2) career support services (Benner et al. 2007).

1. Job matching consists in linking workers interested in new jobs with employers seeking to hire new employees. A precondition for individuals to be employable, at least in the internal labor market, and to get development opportunities on the job, is represented by the performance that they are able to carry out in the workplace. LMIs should boost workers' performance on the job by providing an effective matching. The latter, in turn, depends on the accuracy of the recruiting and selection activities, the extent to which the LMIs inform candidates of both available employment opportunities, and the techniques and tools used when selecting job applicants. In this

perspective, LMIs should support the effectiveness of workers on the job also offering placement services, including on-the-job-assistance, to check the progress made on the job and to solve any emerging problem with the employer, as well as extra-work assistance (i.e., social and welfare services), to facilitate the access to work of disadvantage people and work-life balance.

2. LMIs, particularly in the public and nonprofit sectors, manage activities that go beyond their basic matching-making role and that support people to achieve a career progression in the labor market. LMIs invest on human capital by providing pre-employment training designed for workers who are particularly disadvantaged in the labor market, life-long training, focused on developing of soft skills needed by people with limited labor market attachment, and vocational training, to fill up the gaps between the technical skills of prospective workers and the requirements of firms. Moreover, LMIs can support the development of the Social and psychological capital of disadvantaged people. In this venue, LMIs provide networking initiatives that allow the creation of contacts between candidates and potential employers increasing their chances to get a job, counselling and coaching programmes to support workers in achieving specific personal and professional goals, and job search support for promoting individual autonomy when looking for a new job.

Private firms that hire personnel also play a critical role in enhancing workers' employability as employers. Indeed, workers' employability can improve over time if they are engaged in different type of developmental activities in the workplace that enhance workers' suitability for work within and outside the organization. Companies may adopt a wide range of human resource and work design strategies and practices to develop the skills, competences, knowledge, and attitudes of employees and help them face fluctuating demands for numerical and functional flexibility. In this perspective, employability becomes a critical requirement for enabling competitive advantage at the firm level, as it might supplant long-term job security as the basis for reciprocal commitment from employees. In particular, studies on High Performance Work Systems (HPWS) highlight that promoting and making space for skills development to enhance employability can increase the employers' ability to attract, motivate, and retain valued employees. Moreover, a broader societal effort to encourage employability can generate strategic advantage to the firm through the development of intangible assets, as well as being of broader societal value.

In order to enhance workers' employability, the human resource management practices considered most effective largely concern training activities, job design, and career development support. Firstly, training activities are aimed at updating employees' knowledge, skills, and abilities. Accordingly, workers' employability can grow depending on the amount of training provided by the employer, distinguishing between training in general skills – which can be used both within and outside the company – and training in job-related skills – which are useful in the current job or in a similar job. Secondly, the opportunities for employees to develop their employability also depend on how work is designed by the organizations. Indeed, workplace learning encompasses both informal and nonformal learning embedded in the workplace, in job-related processes and tasks, and may be fostered through job rotation, workgroups, task variety, and/or challenging jobs. Employers can promote workplace learning also by expanding internal mobility opportunities and stimulating horizontal and vertical flows, i.e., flow to other functions on the same level (horizontal) or to a different level (vertical) in the organization. Finally, workers' employability can occur also as result of career development support and on the extent to which supervisors encourage their subordinates to work on their careers and develop themselves. Employers can ensure career development support in many ways. For example, they can provide coaching and mentoring initiatives, helping employees in developing critical skills and expertise, as well as design performance evaluation systems and implement consequent improvement plans. They can further offer

counselling and outplacement services, aimed at helping their employees clarify their career expectations, broadening knowledge of the labor market and bringing individuals into contact with the right networks.

## Measuring Employability

The governance of employability requires the implementation of a performance measurement system able to support policy-makers in the definition and the implementation of labor market policies. Different performance indicators can be derived from the input-output model focusing, alternatively, on input, output, intermediate outcome, and end outcome indicators (Bouckaert and Van Dooren 2009), and through the comparisons of the model's items, some indicators can be formulated, measuring different dimensions of productivity, economy, efficiency, effectiveness, and cost-effectiveness. Irrespectively of the focus of performance measurement, the characteristics of trustable indicators have been widely discussed. The usefulness of performance measures, in particular, depends on their reliability, validity, verifiability, intrinsic cost-effectiveness, relevancy, comparability, and aptitude to be attributable.

With the aim to assess the relationship between employability and employment in the context of the labor market policies and governance, a specific focalization on both the nature of the indicators of intermediate and final outcomes, and the effectiveness assessment is provided. In this context, the distinction between lagging and leading indicators is crucial. Different authors in the field of strategic management, public policies, economics and finance, and operation management, highlight the different nature of leading and lagging indicators. Lagging indicator are measures focusing on results at the end of a period, normally characterizing historical performance. Even if they are normally easy to identify and capture, their historical nature is not able to reflect current activities. According to Kaplan and Norton (1996), in the development of balanced scorecard, Lagging indicators and long-term strategic objectives are formulated for the strategic core issues of each perspective derived from the strategy of the business unit. Lagging indicators thus indicate whether the strategic objectives in each perspective were achieved. In contrast, leading indicators are performance indicators able to predict the outcomes. They are measures driving the performance of lag measures, normally focusing on intermediate processes and activities. Even if they are difficult to identify, leading indicators are predictive in nature and, facilitating the introduction of possible adjustments, they monitor if the tasks are being performed that will "lead" to results. In contrast, lagging indicators monitor whether the results or outcomes that have been achieved.

With a specific reference to the measures of employability, the distinction between objective and subjective approach is significant (Forrier et al. 2015). An objective approach measures employability considering the employment outcomes achieved by individuals in the labor market, and a subjective approach that focuses on the individual belief about their employability. Following the discourse on the policy and management cycle, objective measures of employability (i.e., transitions achieved in the labor market, employment continuity, employment conditions, perceived career success) are the final outcomes of a policy program aimed at promoting employability, while the subjective measures, also referred as perceived employability, are the intermediate outcomes that may predict individuals' employment outcomes. In this vain, employability has to be considered an intermediate outcome that mediates the relationship between supportive services for labor market (the output) and final outcome (the reduction of unemployment rates). Such an intermediate position in the policy and management cycle suggests that employability measures act as leading indicators able to predict the overall performance of public initiatives aimed at reducing unemployment, and measured with lagging indicators. In the following, some examples of measures of employability belonging to the two approaches are presented.

The underlying assumption of the objective approach is that a person who is able to move in the internal and the external labor market and to

achieve a successful career over time is more employable. Accordingly, the objective approach measures employability considering the transitions that an individual achieves in the labor market. The starting point is represented by one initial employment situation. This assessment allow to distinguish between employed and unemployed people, or even consider different unemployment and employment conditions, by the unemployment duration, type of employment contract (i.e., temporary employment contract vs. permanent employment contract), job tenure, hierarchical positions within the organization, payment, etc. The degree of employability is than measured by looking at the employment transitions that a person has achieved in the external and internal labor market, including shifts from unemployment to employment, from one job to another job, from a temporary job to a permanent job, or even changes in roles and hierarchical positions within the organization. Moreover, within the objective approach, some authors consider every transition to or between jobs as an indication of employability, while others only look at the transitions that allow an improvement of the employment conditions, in terms of salary, job position, job security, and career prospects. The underlying assumption of this second group of researchers is that who is employable is not only able to find a job, but in addition their job is "fulfilling." Likewise, a broader interpretation of employment outcomes takes account of individual career aspirations assuming that those who have a job that fulfils their wishes demonstrate employability (Forrier and Sels 2003). Adopting this interpretation requires the use of more qualitative and inevitably, more subjective indicators of employability. Subjective career success, for example, measures individuals' satisfaction on how well their past career met a range of criteria important to them in terms of skills development, professional growth, employment continuity, and income (Arnold and Rothwell 2007), where past career outcomes can be considered a proxy of the degree of worker's employability.

A subjective measure of employability, also considers perceived employability, focusing on the individual's perceptions of available employment opportunities with the current employer and/or in the external labor market. Perceived employability is widely diffused in the organizational literature as it is portrayed as an upcoming critical resource for workers in times of high job insecurity providing them with a sense of career self-management and promoting a proactive attitude vis-à-vis changes in the internal or the external labor market. An important distinction can be made between internal and external employability. With reference to the internal labor market, perceived employability concerns workers, considering their expectations of maintaining and/or changing job within their current employer. Employability in the external labor market refers to workers and unemployed people, focusing on their belief regarding the likelihood of finding a new and a better job in the labor market (with a new employer). Another stream of subjective measure of employability is defined "competence-based." It has been developed in the field of psychology and requires that individuals evaluate their employability skills and motivational attitudes. Competence-based measures mainly focus on personal resource for employability and assess individual perceptions about human, social, and psychological capital (i.e., Van der Heijde and Van Der Heijden 2006). Different types of measures have been developed in this area, each focusing on different set of personal resources. The most widespread measures include self-assessment of transversal skills (i.e., confidence, problem solving, interpersonal skills, communication), personal traits (i.e., openness to work changes, self-efficacy, career adaptability, and resilience), work culture, social networks, and knowledge of the labor market (i.e., job search techniques, information on available job opportunities). In order to increase the reliability of the subjective measures of employability, the opinion of direct supervisors in the workplace has been added in some empirical studies.

## Conclusion

From the systematization of the contributions on employability, an indication of rethinking

work – not as a static position but as a professional path made of different opportunities – is emerging. One of the most critical elements that employability evokes is the need to find a balance between the flexibility required by employers, on the one hand, and the security needed by people, on the other. Moving from the concept of employment to that of employability requires an effort, a commitment and a cultural change that involves all the actors of the labor market: people, businesses, LMIs, and public institutions.

First, people can no longer count on the "lifelong" employment and on a linear career progression within the same organization; in contrast they undertake working careers that realize in different jobs, organizations, and economic sectors. In this context, the term flexibility should be understood as availability, on the part of the workers, to update and adapt their knowledge, know how to match the demand side of the labor market, and feeling empowered in their own working life. A new approach to work is then required for employability that is rooted in a culture based on continuous learning. Secondly, companies are no longer able to guarantee the employment security to workers and should reciprocate the commitment, loyalty, and trust of their employees throughout the supply of adequate opportunities for growth and professional development. However, this is not just a mere problem of social responsibility, but rather it should be a deliberate strategy that can lead to achieve positive organizational performance in the long term.

Thirdly, labor market intermediaries, whether they are private, public, or nonprofit organization, have a critical role to play in sustaining workers long-term employment outcomes. In this perspective, LMIs should provide professional employment services – placement services, support for employment continuity, human and social capital development, career guidance, and active job search – that go beyond the simple intermediation of jobs, supporting people disengaged from the labor market, those in transition, and employed persons, to improve their employability all along their professional career.

Finally, the public institutions must identify and apply policy systems that are capable to jointly ensure economic development and social protection. They are therefore asked to design labor policies aimed at supporting flexicurity, thus trying to balance the flexibility required by companies and the security needed by individuals.

Supporting employability, in fact, implies a certain degree of innovation in the models and systems of governance of labor policies and services and in active policy programs defined at national, regional, and local levels. The collaborative effort required of the four actors can generate virtuous circles. This, in particular, should make possible to overcome the traditional models of labor market policy, based on a "hierarchical" logic and without necessarily slipping into an extreme "market" logic. In this venue, it could left a more decisive openness to the bottom-up approach for the governance of employment policies, that promote the participation of different stakeholders and public, private, and nonprofit institutions, in all strategic phases of definition, planning, and implementation of policies. To ensure employability rather than employment, an innovative approach is also required in the design of active labor market policy programs. These policies should focus on the medium- to long-term development of human, social, and psychological capital and aim at supporting the people's ability to find and maintain good jobs and to achieve sustainable working careers paths over time.

## Cross-References

► Economic Development Policy
► Social Exclusion and Vulnerability in Crisis
► Youth Unemployment in Egypt

## References

Arnold J, Rothwell A (2007) Self-perceived employability: development and validation of a scale. Pers Rev 36(1):23–41

Benner C, Leete L, Pastor M (2007) Staircases or treadmills? Labor market intermediaries and economic opportunity in a changing economy. Russell Sage Foundation, New York

Berntson E (2008) Employability perceptions. Nature, determinants, and implication for health and well-being. Department of Psychology, Stockholm University, Stockholm
Bouckaert G, Van Dooren W (2009) Performance measurement and management in public sector organizations. Public Manag Gov 2:151–164
De Grip A, Sanders J (2004) Training, task flexibility and the employability of low-skilled workers. Int J Manpow 25(1):73–89
Forrier A, Sels L (2003) The concept of employability: a complex mosaic. Int J Hum Resour Dev Manag 3(2):102–214
Forrier A, Verbruggen M, De Cuyper N (2015) Integrating different notions of employability in a dynamic chain: the relationship between job transitions, movement capital and perceived employability. J Vocat Behav 89:56–64
Fugate M, Kinicki AJ (2008) A dispositional approach to employability: development of a measure and test of implications for employee reactions to organizational change. J Occup Organ Psychol 81(3): 503–527
Fugate M, Kinicki AJ, Ashforth BE (2004) Employability: a psycho-social construct, its dimensions, and applications. J Vocat Behav 65(1):14–38
Groot W, Maassen H (2000) Education, training and employability. Appl Econ 32(5):573–581
Harvey L (2001) Defining and measuring employability. Qual High Educ 7(2):97–109
Hillage J, Pollard E (1998) Employability: developing a framework for policy analysis. DfEE, London
Kaplan RS, Norton D (1996) Using the balanced scorecard as a strategic management system. Harv Bus Rev 74(1):75–85
Lefresne F (1999) Employability in the heart of the European Employment Strategy. Eur Rev Labour Res 5(4):460–480
Lindsay C, McQuaid RW, Dutton M (2007) New approaches to employability in the UK: combining 'Human capital development' and 'Work first' strategies? J Soc Policies 36(4):539–560
Martini M, Cavenago D, Mariani L (2017) When the outcome is employability: leading indicators for the governance of labour market services. Public Organ Rev. https://doi.org/10.1007/s11115-017-0393-3
McQuaid RW (2009) Theory of organisational partnerships – partnership advantages, disadvantages and success factors. In: Osborne SP (ed) The new public governance: critical perspectives and future directions. Routledge, London, pp 125–146
McQuaid RW, Lindsay C (2005) The concept of employability. Urban Stud 42(2):197–219
Van der Heijde CM, Van der Heijden BI (2006) A competence-based and multidimensional operationalization and measurement of employability. Hum Resour Manag 45(3):449–476
Versloot AM, Glaude MT, Thijssen JGL (1998) Employability: a multiform labour market phenomena. MGK, Amsterdam

# Governance of Migration

Jennica Larrison[1] and Jos C. N. Raadschelders[2]
[1]School of Public and International Affairs, University of Baltimore, Baltimore, MD, USA
[2]John Glenn College of Public Affairs, The Ohio State University, Columbus, OH, USA

## Synonyms

Public Administration

G

## Introduction

Migration has emerged as a key issue for governments in the twenty-first century. While multiple disciplines address migration, the study of public administration (PA) has been slow to do so. Given the complexities of migration policy implementation, and the multiple levels of government involved, PA can add significantly to current understandings of the phenomenon. This entry examines what is known on migration, what still needs to be understood, and how PA can assist in understanding migration.

Migration policy is complex because it involves multiple levels of government, multiple nonprofit and private stakeholders, and is not an issue that can be understood, analyzed, and dealt with in an isolated fashion, i.e., as if it is something that is not embedded in a larger political, social, cultural, and economic environment. The study of public administration (PA) can add significantly to the current understanding of the nature of migration and the challenges that migration policy faces, so that policy makers can develop more holistic policies. Migration is directly connected to key PA concerns, including but not limited to street level bureaucrats, local level implementation, social equity, wicked problem analysis, the effects of globalization on domestic government policies, and – as an approach – comparative PA. Moreover, as domestic considerations continue to matter in a transnational space, it is important to consider policy

implementation within a domestic/international continuum and, thus, migration implementation within this framework.

## What We Know

There is much research into migrant patterns and statistics, causes of migration, and types of migration and government control. While this entry will briefly review contemporary migration patterns, the literature on the history of human migration is vast and will not be summarized herewith (see, for accessible overview, Manning and Trimmer 2013).

## Migrant Patterns and Statistics

The modern migration era is often cited as beginning in the middle of the twentieth century, after World War II and before the oil crisis of 1973 (Keeley 2009; Koser 2007). Massey (1999) divides modern international migration history into four periods, starting in the 1500s and continuing into the twenty-first century. He identifies the postindustrial migration period, beginning in the 1960s as the fourth and latest migration era. In his interpretation, migration only began to occur on a global scale within the last 50 years, with immigrants moving from countries in Africa, Asia, and Latin America, or the developed world. In the previous period (1830s–1950s), the majority of migrants originated from Europe. Segal et al. (2010) argue that a fifth period is developing at the turn of the twenty-first century. While immigrants still originate from across the globe, increasing economic interdependencies have widened the gulf between the rich and the poor, causing developed countries to tighten immigration policies. This has both direct and indirect effects on individual decision-making.

News media in the past several years report on migrant flows with vivid images of people in distress. With these images, some citizens in receiving countries have the impression that they are "flooded" with migrants. On the surface, the numbers of migrants seem to reinforce this impression, as the world has experienced a 49% increase in international migration since 2000. In 2017, approximately 258 million individuals lived in a country outside of their birth. However, this accounts for only 3.4 percent of the world population, a 0.6% increase in the number of international migrants globally since 2000. Of these, 25.4 million are refugees; and another 10 million are stateless people (United Nations High Commissioner for Refugees 2018).

## Reasons for Migration

Theories about why people move to other countries range from neoclassical economic understandings to historical-structural explanations connecting globalization to migration (knowledge of opportunities elsewhere, the Internet, etc.) and to theories centering on migrants themselves.

Neoclassic economic theories generally explain migration in terms of economic push-pull models, based on the idea that stark inequality between countries acts to motivate individuals to migrate. Push factors include poverty; unemployment; (perception of) overpopulation; political and religious repression by government through torture, detention, and killing (e.g., China, El Salvador, Cambodia, Somalia); natural disaster; and (civil) war. Another push factor concerns a country's incapacity to govern and the extent of corruption. Pull factors include the search for personal advancement (job opportunity, moving to country with rapid economic growth) and/or improving family life (e.g., sending earnings to family back home), the search for political and/or religious freedom, the search for educational opportunity (through, e.g., study abroad) (see, e.g., Sabharwal 2011, 2013), active outreach of developed countries seeking foreign labor to counteract dropping birth rates and aging populations, existing family links, and just plain curiosity.

More recently the reasons for migration have been examined as larger household coping mechanisms, where the choice to migrate is made by the larger household rather than an individual. As such, migration serves as an important coping mechanism for shocks, such as natural disasters or economic instability (Murrugarra et al. 2011). The concept of migration as self-fulfilling can be

found in social network theory that examines social capital, transnationalism that examines formation of identity, and migration systems theory that examines exchange structures as mechanisms that affect migration paths (Castles et al. 2013; Glick Schiller 2013; Kritz et al. 1992; Massey et al. 1999). De Haas (2010) argues that while migration is a process with its own dynamics, it is also an important component of larger development processes. As such, migration processes affect not only future migration processes but also development processes. Lokshin et al. (2011) found that to decide whether to embark on migration, households in Nepal compare expected net benefits of each receiving location and select the location with the highest utility payoff. Thus, migrating within or outside Nepal is largely dependent on the exposure of migration networks, household characteristics, and household location.

While these theories focus on voluntary migration, forced migration is also an important concern for governments. State fragility or the inability of a state to protect its citizens is argued to be the cause of most forced migration. Global factors increasing state fragility include the end of the Cold War, the spread or imposition of democracy in countries that have little to no experience with it, increases in technology that are destabilizing as people know much more about living standards elsewhere, the increased value of natural resources (Betts and Collier 2017), and predatory globalization (Falk 1999; Farazmand 2017, 214). What is known as neoliberalism in the guise of the Washington Consensus refers to a hard to untangle mix of privatization, outsourcing, dropping expenditures for public goods, tightening of financial discipline, free flows of capital, control of organized labor, and tax reductions, among many other things (Falk 1999, 2). The complexity of various business arrangements is so large that it is very difficult to recognize their predatory character. The subprime mortgage market developed by high finance is a good illustration of this (Sassen 2017). Since the 2010s, and across the political spectrum, various scholars have warned against "regulatory capture" (Stiglitz 2013, 59), "repatrimonialization of the state" (Fukuyama 2014, 28), and "corrosive capture" of the state (Hacker and Pierson 2016, 93).

## Migration Policy as Messy, Complex, and Divergent

Despite all that is known about migration, there has been little systematic research on the administration of migration policy for a number of reasons. These include the multiple levels of government in which migration must be addressed to ensure successful implementation of migration policy (Larrison et al. 2019), as well as the varying types of migration that must be addressed in terms of both migration control and migrant integration.

Migration policy is defined at all levels of government.

## International Engagement

A number of United Nations (UN) agencies are involved in addressing migration, such as the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), the International Labor Organization (ILO), the UN Development Program (UNDP), and the UN Department of Economic and Social Affairs (UNDESA). In addition, international organizations, such as the Red Cross, humanitarian organizations, and international financial institutions, such as the World Bank, are also concerned with migration issues.

At the beginning of the twenty-first century, international engagement addressing the governance of migration exploded in the form of international cooperative dialogues with states at the forefront. The most prominent include the Berne Initiative in 2001, the Global Commission International Migration (GCIM) in 2003, the Global Forum on Migration and Development (GFMD) began in 2006, and the UN High-Level Dialogue on Migration and Development that began meeting in 2007 and continued through 2013.

## Regional Engagement

The regional economic integration frameworks address economic mobility and liberalization and include the Southern Common Market

(MERCOSUR) with five member states, the Economic Community of Western African States (ECOWAS) with 15 member states, the Southern Africa Development Community (SADC) also with 15 member states, and the European Union (EU) with 28 member states.

## Bilateral Agreements

Beyond international and regional governance components, states can employ form and/or informal bilateral agreements. These are often less associated with international governance concerns and more closely connected to the goals states pursue unilaterally.

Under bilateral agreements, a state does not cede the power to determine issues around the migration process, but instead comes to an agreement with another state affected by the migration process.

## National Policy

Migration policy at the national level assumes the presence of a sovereign [receiving] state with the capacity to control migration processes. The state then has a number of mechanisms at its disposal to affect the decision-making processes of the economic migrant. These may be direct, such as documentation and identification including national passports and visas that authorize states to control movement across borders, border control by police or state military and the building of surveillance systems and fences, and the ability to retain and return migrants. Policies may also be indirect, such as tailoring foreign assistance to increase economic growth in sending countries, or using military or diplomatic channels to affect change.

## Local Policy

While national migration policy principally focuses on issues of control, local migration policy largely addresses implementation and integration efforts. As such, many of the policies implemented at the local level are palliative in nature (Larrison et al. 2019). Often, local palliative policies are pursued in public-private-nonprofit partnership.

## Migration Classification Within Policy

Beyond the level of government in migration policy-making and implementation, the type of migration affects how policies are made and implemented. While the complexity of migration creates difficulty in rendering an accurate analysis of all types and policies, governments largely distinguish between highly skilled migration, low-skilled migration, irregular migration, and forced migration in policy-making.

Public opinion in receiving countries also affects migration policies and implementation. In Gallup polls conducted between 2012 and 2014 of over 183,000 adults worldwide, 52% of Europeans, 40% of Africans, 39% of Latin Americans, and 39% of North Americans believed immigration levels should be decreased in their country (International Organization for Migration 2015). At the forefront today are tensions between anti-immigrant public opinion and national interests of economic growth and global competitiveness that often require immigrant labor.

Given the multiple levels of government, the multiple types of migration, and the concerns within the state and among the public regarding the issue, migration policy-making is complex, messy, and divergent. Implementation of migration policy is equally so but is far less studied and understood. Global problems cannot be addressed by domestic effort or intergovernmental collaboration only.

In practice we must recognize that state capacity actually varies with national political culture and atmosphere and with the extent to which the state has deregulated its oversight of the market. Attention for policy-making and implementation tends to focus either on the international or the national level. Migration is actually a policy area of which issues and challenges not only play at all levels of national and international governance but a policy area where (re)solution of issues and challenges assumes the development of transnational policy communities and regulatory frameworks. Indeed, we need to look at

migration as a multilevel, multi-actor policy field that connects the international and global with the domestic and local scenes of response (see Larrison et al. 2019). Finally, PA scholars could go beyond administrative questions only and address the administrative challenges in the larger context of international and domestic political and economic developments. No policy or policy tool can be of any use, unless it is developed and implemented in a context that is favorable to helping migrants in a longer-term perspective (as is argued in Larrison et al. 2019). This means that PA scholars should not only focus on structure and functioning of government and its public servants itself but also include attention for government in society. Policies will have benevolent outcomes when the larger political and economic environment in origin and destination countries is conducive to that. In fact, only government has the regulatory, administrative, and authoritative capacity to develop an effective, efficient, and equitable migration policy. Only a strong government-driven oversight and regulatory framework can assure that private corporations are kept in check. Predatory globalization is only possible in a political, social, and economic framework of institutional arrangements where government has abdicated its responsibility of looking after people and society as a whole through deregulation (Piketty 2014, 260–261, 297). Surely, there is more PA can do, but what is suggested above will keep its scholars busy for quite a while. It is time to get started, because the administrative challenges of international migration flows are not to diminish any time soon.

## Cross-References

► Economic Development Policy

## References

Betts A, Collier P (2017) Refuge: rethinking refugee policy in a changing world, 1st edn. Oxford University Press, New York

Castles S, De Haas H, Miller MJ (2013) The age of migration, fifth edition: international population movements in the modern world, 5th edn. The Guilford Press, New York

De Haas H (2010) Migration and development: a theoretical perspective. Int Migr Rev 44(1):227–264. https://doi.org/10.1111/j.1747-7379.2009.00804.x

Falk R (1999) Predatory globalization. A critique. Blackwell, Oxford

Farazmand A (2017) Ethics and accountability in the age of predatory globalization. An impossibility theorem? In: Jurkiewicz CL, Giacalone RA (eds) Radical thoughts on ethical leadership. Information Age Publishing, Charlotte, pp 199–220

Fukuyama F (2014) Political order and political decay. From the industrial revolution to the globalization of democracy. Farrar, Strauss and Giroux, New York

Glick Schiller N (2013) The transnational migration paradigm: global perspectives on migration research. Migr Organ Civil Soc Rethink Natl Policy:25–43. https://doi.org/10.4324/9780203103821

Hacker JS, Pierson P (2016) American amnesia. How the war on government led us to forget what made American prosper. Simon & Schuster, New York. https://doi.org/10.1080/02673030902938389

International Organization for Migration (2015) How the world views migration. International Organization for Migration, Geneva. Retrieved from https://publications.iom.int/system/files/how_the_world_gallup.pdf

Keeley B (2009) International migration: the human side of globalisation. OECD, Paris

Koser K (2007) International migration: a very short introduction. Oxford University Press, Oxford/New York

Kritz MM, Lim LL, Zlotnik H (1992) International migration systems: a global approach. Clarendon Press, Oxford

Larrison J, Raadschelders JCN, Thapar AV (2019) Refugee migration as wicked problem: controlling, palliative and governance policies in the United States. World Aff J 182(3):228–255

Lokshin M, Bontch-Osmolovski M, Glinskaya E (2011) Work-related migration and poverty reduction in Nepal. In: Migration and poverty: towards better opportunities for the poor. World Bank, Washington, DC. Retrieved from http://proxy-ub.researchport.umd.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=64994452&site=eds-live

Manning P, Trimmer T (2013) Migration in world history. Routledge, London/New York

Massey DS (1999) International migration at the dawn of the twenty-first century: the role of the state. Popul Dev Rev 25(2):303–322

Massey DS, Arango J, Hugo G, Kouaouci A, Pellegrino A, Taylor JE (1999) Worlds in motion: understanding international migration at the end of the millennium. Oxford University Press, Oxford/New York

Murrugarra E, Larrison J, Sasin MJ (2011) Migration and poverty: toward better opportunities for the poor. World Bank, Washington, DC

Piketty T (2014) Capital in the twenty-first century. The Belknap Press of Harvard University Press, Cambridge, MA

Sabharwal M (2011) High-skilled immigrants: how satisfied are foreign-born scientists and engineers employed

G

at American universities? Rev Public Pers Adm 31(2):143–170. https://doi.org/10.1177/0734371X11408572
Sabharwal M (2013) Introduction: immigration and its impact on human capital development. J Comp Policy Anal 15(4):293
Sassen S (2017) Predatory formations dress in Wall Street suits and algorithmic math. Sci Technol Soc 22(1):1–15
Segal U, Elliott DS, Mayadas N (2010) Immigration Worldwide. https://doi.org/10.1093/acprof:oso/9780195388138.001.0001
Stiglitz JE (2013) The price of inequality. How today's divided society endangers our future. W.W. Norton, New York/London
United Nations High Commissioner for Refugees (2018) Figures at a glance. Retrieved September 26, 2018, from http://www.unhcr.org/figures-at-a-glance.html

# Governance of Ocean Beyond National Jurisdiction

Md. Mostafa Hosain
School of Law, BRAC University, Dhaka, Bangladesh

## Synonyms

Area Beyond National Jurisdiction (ABNJ); Maritime zone of high sea and the area; Ocean spaces outer the continental shelf and EEZ; Water area beyond jurisdiction of States

## Definitions

| | |
|---|---|
| ABNJ | According to UNCLOS, ABNJ includes high sea covering water column of the ocean beyond 200 nm from the baseline and the area which consists of the ocean floor, sea bed, and subsoil of area beyond outer limits of continental shelf. |
| Bioprospecting | Article 1, Act No 10 of 2004 of National Environmental Management Biodiversity Act of South Africa defines bioprospecting as "any search on, or development or application of, indigenous biological resources for commercial or industrial exploitation, and includes the systematic search, collection or gathering of such resources or making extractions from such resources for purposes of such research, development or application." |

## Introduction

Ocean covers seven tenths of the planet (World Ocean Assessment I, 2016). It is highly diverse with resources and rich variety of organisms apart from having immense significance for the transportation. Accommodating habitat of diverse forms of unique life forms like hydrothermal vents, cold water seeps, seamounts, and deep-water coral reefs have enhanced the significance of ocean and its regulation (Tullio Scovazzi 2010). Oceans host around 32 phyla on earth out of the discovered 34. Living organisms of around 6000 m below the sea level are considered potential sources of novel bioactive compounds for their extreme surviving conditions. In recent years, with the advancement of new technologies, international community has become increasingly aware about marine ecosystems and its rich biodiversity particularly of Areas Beyond National Jurisdiction (ABNJ). It is undoubted that the future resources and opportunities will be surrounded with the ocean. The urge of governance of ABNJ has been quite long (R. Y. Jennings 1971). The current principal legal regime of governing ocean is the United Nations Convention on the Law of the Sea (UNCLOS) 1982. However, the convention does not provide any clarity on the regulation of biological resources in ABNJ including bioprospecting, status of genetic resources, etc. Although the preamble of the convention mentions "living resources," it has not been

further elaborated in the operative body of the convention to cover MGRs and processes. Countries having technology to explore the resources and thereby commercializing have already indulged in activities of such nature.

Therefore, it is very demanding to have proper governance mechanism in ABNJ. Before considering of a proposed legally binding instrument, it has to be kept in mind that the successful management of any activity requires an adequate understanding of the activity and of the context in which it takes place (WOC I, 2016). The present study will depict available legal and institutional mechanism for regulating ABNJ.

## International Instruments on Ocean Governance

### UNCLOS and Implementing Agreements

UNCLOS, also called the Law of the Sea Convention or the Law of the Sea treaty, is the international agreement that resulted from the third United Nations Conference on the Law of the Sea (UNCLOS III), which took place between 1973 and 1982. The Convention provides a comprehensive regime of law and order in the use of ocean and resources therein. It is considered as the cornerstone in the field of international law of the sea and the constitution of the ocean (Tullio Scovazzi 2010). It advocates that issues of ocean area are closely linked and connected. It also provides legal framework to comprehensively address the protection of marine biodiversity (Kamrul Hossain, 2016).

The UN Agreement for implementing provisions of UNCLOS pertinent to the conservation and management of Straddling Fish Stocks and Highly Migratory Fish Stocks is another instrument governing the fishing resources of the ocean. The agreement lays down principles for the conservation and management of those fish stocks and also establishes that the management must be maintained on the basis of precautionary principle and available scientific information. It urges States to cooperate in conserving and promoting optimum utilization of fisheries resources both within and beyond the area of EEZ.

In order to mitigate the difficulties of seabed mining provisions under Part XI of UNCLOS, a series of informal consultations were convened in 1990 which helped in adopting the Agreement in July 1994 which entered into force in July 1996. The agreement mainly deals with the procedural aspects including signature, entry into force, and provisional application.

### Geneva Conventions

On 29 April 1958, the United Nations Conference on the Law of the Sea opened for signature of four conventions and an optional protocol. The first one is the Convention on the Territorial Sea and the Contiguous Zone (CTS) which sets out in detailed provisions the main rules on the territorial sea and the contiguous zone. The next is the Convention on the High Seas (CHS) which defines the high seas as all parts of the sea not included in the territorial sea and internal waters. It also contains two early and pioneering provisions on pollution by the discharge of oil and of radioactive wastes. Third is the Convention on Fishing and Conservation of the Living Resources of the High Seas (CFCLR). It focused upon principles and mechanisms for the rational management of fisheries in the high seas. It insists upon cooperation between States engaged in the same fisheries, recognizes the special interest of the coastal State when the fisheries are in the high seas adjacent to its territorial sea. Fourth is the Convention on the Continental Shelf (CCS) which sets out rules on the notion, limits, and regime of the continental shelf.

### CBD and Nagoya Protocol

CBD is the global key instrument to conserve biological resources of the planet. The convention got the largest number of ratification from all over the world. In the same vein, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity provides mechanism for the access and benefit sharing mechanism if biological resources are being utilized. For the governance of ABNJ, both instruments have jurisdictional limitation in terms of their application

within the national sphere only. Although they are inapplicable, the *modus operandi* and mechanism of regulation of resources provided in both instruments can be of great useful to adopt any pertinent instrument for the governance of ABNJ.

Regional instruments and mechanisms are brought for specific areas with specific purposes. The Antarctic Treaty System (ATS) is one of such mechanisms to ensure conservation of ecosystem and adopt precautionary approaches in order to initiate activities in the Antarctic area (Vierros and Arico 1997). The principles and contents of ATS would be relevant in the context of adopting a mechanism for the ABNJ.

## Governing Principles of ABNJ

### Common Heritage of Mankind

The development of the principle of common heritage of mankind was driven by three key factors which are determining the status of the sea-bed (ensuring that world community as a whole is the owner of the sea-bed, the demand that the marine resources should be used for the benefit of the developing countries, and the establishment of a respective institutional regime (Rüdiger Wolfrum, 1983)). The Preamble of UNCLOS clearly declared the purpose and prospect of the principle of common heritage:

> Desiring by this Convention to develop the principles embodied in resolution 2749 (XXV) of 17 December 1970 in which the General Assembly of the United Nations solemnly declared *inter alia* that the area of the seabed and ocean floor and the subsoil thereof, beyond the limits of national jurisdiction, as well as its resources, are the common heritage of mankind, the exploration and exploitation of which shall be carried out for the benefit of mankind as a whole, irrespective of the geographical location of States.

In the same tune, Article 136 of UNCLOS states that the Area and its resources are the common heritage of mankind. It has been committed further by States in Article 311 (6) that States Parties agree that there shall be no amendments to the basic principle relating to the common heritage of mankind set forth in article 136 and that they shall not be party to any agreement in derogation thereof. However, the rules of common heritage of mankind are related to minerals of the Area including manganese, cobalt, nickel, nodules, etc. According to Tullio Scovazzi, the common heritage of mankind regime under UNCLOS does not include the nonmineral resources of the Area (Tullio Scovazzi 2010).

### Freedom of High Sea

Traditionally, the activities including freedom in the high sea has been influenced by the principles of free use and exclusivity of flag state jurisdiction (Churchill and Lowe 1999). Article 87 of UNCLOS provides about the freedom of the high seas as the high seas are open to all States, whether coastal or land-locked. Freedom is exercised under the conditions laid down by this Convention and by other rules of international law. It comprises, inter alia, both for coastal and land-locked States: (a) freedom of navigation; (b) freedom of over flight; (c) freedom to lay submarine cables and pipelines, subject to Part VI; (d) freedom to construct artificial islands and other installations permitted under international law, subject to Part VI; (e) freedom of fishing, subject to the conditions laid down in section 2; (f) freedom of scientific research, subject to Parts VI and XIII. The freedoms are not exhaustive in both 1958 Geneva Convention as well as 1982 UNCLOS (Churchill and Lowe 1999). In fact, developing countries have rejected to this freedom during 1960s and 1970s since it will bring negative distribution effect and benefit the nations having equipped technology to explore and exploit the ocean (Rüdiger Wolfrum 1983). However, these freedoms are not absolute. States are not permitted to enjoy according to their wish and will. They must maintain due regard for the interests of other States and for the rights of conducting activities in the Area.

### Marine Scientific Research

Adequate and effective Scientific Research is a basic precondition for the rational exploitation of the resources of the sea. MSR helps immensely in preservation of environment, military use of the sea, and exploring the abundance of resources

available (Churchill and Lowe 1999). Part XIII of UNCLOS deals with MSR particularly about mineral and biological resources. MSR is different than any other investigation in the marine environment for the absence of commercial purpose. It is primarily aimed at furthering humankind's knowledge at the marine environment, marine resources, and various phenomena and shall not be used to search for commercial purposes. Article 238 of UNCLOS provides right to all States and competent international organizations to conduct MSR subject to the rights and duties of other States as provided in UNCLOS including rights in the Area and High Seas. Article 256 and 257 of UNLCOS provides for MSR in the Area and in the water column beyond the Exclusive Economic Zone, respectively. MSR under UNCLOS requires to be conducted with certain conditions including information on the nature and objectives of the project; the right for the coastal State to participate in the project and have access to all data and samples derived from the project as well as to assessment and interpretation of such data and results; and making available internationally the research results (Article 248 and 249 of UNCLOS). Article 248 imposes "duty" upon the concerned state to provide information to the coastal state.

## Institutional Mechanisms

### Division for the Ocean Affairs and the Law of the Sea

The division for the ocean affairs and the law of the sea is working under the legal affairs of General Assembly of UN and working as the secretariat of the UNCLOS. The core mandate of this body is "to carry out the responsibilities entrusted to the secretary general of the UN upon the adoption of UNCLOS and fulfill the associated functions" (referred in the General Assembly of the UN and the Bulletin of the Secretary General). Core function encompass providing advice, conducting research, and gathering information on the application of UNCLOS and issues surrounding to the law of the sea; conferring services to the General Assembly and State parties to UNCLOS and agreements under UNCLOS; reviewing developments and reporting the same to the General Assembly, providing services to the Commission on the Limits of Continental Shelf; coordinating among different geographical maritime zones; liaison maintenance with bodies established under UNCLOS; capacity building assistance to the developing countries; maintaining comprehensive information system and voluntary trust fund; and studying state practices in this regard.

### International Seabed Authority

The International Seabed Authority (ISA) is established under the UNCLOS and the Agreement of 1994. The authority is a body through which state parties have to organize all activities concerned with the seabed minerals beyond the territory of national jurisdiction (Churchill and Lowe 1999). It is an autonomous body brought to implement part XI of UNCLOS. The crucial point is that the authority is entrusted to deal with mineral resources only. After taking over the facilities in Jamaica, the ISA became fully operational as an international organization with autonomy in 1996. The authority is served by two bodies, i.e., the Legal and Technical Commission and the Finance Committee (Churchill and Lowe 1999).

### Food and Agriculture Organization (FAO)

FAO is an intergovernmental organization having largest number of member States strives to support improving governance system. It works with governments, IOs, NGOs, and scientific community to improve fisheries management practices. The most pertinent task is to protect vulnerable areas in the high seas and deep sea. Currently, with the support of Norway, FAO facilitates for the implementation of the international guidelines on the management of deep sea fisheries in the high seas. With the support of Japan, it is engaged in fisheries management and marine conservation within a changing ecosystem context deep-sea fisheries component.

### BBNJ Working Group

Efforts have been undertaken by UN since 2004 onwards. UN General Assembly established an

Ad Hoc Open Ended Informal Working Group to study issues pertinent to conservation and sustainable use of marine biological diversity beyond the areas of national jurisdiction (BBNJ Working Group) with the task of identifying possible options and approaches. It met in 2006 and 2008. Since 2010, it has been meeting annually and working with the General Assembly. States are also committed in 2012 in Rio+20 that they will take action on an urgent basis for conservation and sustainable use of marine biodiversity beyond national jurisdiction particularly by taking decision under UNCLOS at the latest in August 2015. BBNJ Working Group agreed in 2013 to recommend General Assembly for this purpose. A proposal is made that within the framework of UNCLOS, a new agreement will be adopted for implementation and management, and facilitating access to MGRs in ABNJ by managing a clear house for data and information related to bioprospecting activities in ABNJ.

### Informal Consultation Process

In 1999, the General Assembly decided to establish the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea (the Consultative Process) in order to facilitate the annual review by the General Assembly, in an effective and constructive manner. The purpose is to focus on the developments in ocean affairs and the law of the sea by considering the report of the Secretary-General on oceans and the law of the sea and by suggesting particular issues to be considered by it. It is emphasized on identifying areas where coordination and cooperation at the intergovernmental and interagency levels should be enhanced (Resolution 54/33).

### Dispute Settlement Bodies

Dispute settlement mechanism is one of the fundamental criteria in order to ensure the objectives settled for the said instrument. UNCLOS is no exception to this. Article 279 of UNCLOS declares that states will settle their dispute by peaceful means as referred to Article 33 of UN Charter. The following article requires that states will have the right to settle any dispute between them by peaceful means of their own choice. This principle will apply to non-state entities such as ISA (Churchill and Lowe 1999).

### International Court of Justice

Article 287 of UNCLOS prescribes for forwarding disputes before the International Court of Justice (ICJ). The ICJ is the principal judicial organ of the United Nations (UN) established in June 1945 under the UN Charter and began to function in April 1946. The primary role of the Court is to settle legal disputes submitted to it by States and also to give advisory opinion referred by authorized United Nations organs and specialized agencies. There are plenty of instances where ICJ has settled disputes relating to delimitation of maritime areas between and among nations. The questions and challenges arising out from the ABNJ can also be brought before the ICJ. However, ICJ has some challenges including the abundance of workload, structural prolonged procedure, and less autonomy of parties (Churchill and Lowe 1999).

### The International Tribunal for the Law of the Sea

The International Tribunal for the Law of the Sea (ITLOS) is an independent judicial body established under UNCLOS for the purpose of adjudicating disputes arising from interpretation and application of the UNCLOS. The Tribunal is composed of 21 members from around the world. Article 21 of the Statute states:

> The jurisdiction of the Tribunal comprises all disputes and all applications submitted to it in accordance with this Convention and all matters specifically provided for in any other agreement which confers jurisdiction on the Tribunal.

State parties will bring dispute before the tribunal. However, it has been provided that the Tribunal shall be open to entities other than State Parties in any case expressly provided for in Part XI or in any case submitted pursuant to any other agreement conferring jurisdiction on the Tribunal which is accepted by all the parties to that case (Article 20 of the ITLOS Statute).

### Arbitral Tribunal

Article 287 (1) (c) refers to the arbitral tribunal formed according to annex VII. Article 2 of Annex VII stipulates about a list of arbitrators which shall be maintained by the Secretary General of UN. State parties are entitled to choose four arbitrators having experience in maritime affairs and enjoying the highest reputation for fairness, competence, and integrity. In cases where the nomination by States is less than four, the parties shall be entitled to propose further nomination.

### Special Arbitral Tribunal

Article 287 (1) (d) mentions about Special Arbitral Tribunal (SAT) to be constituted in accordance with Annex VIII of UNCLOS. Article 1 of Annex VIII provides:

> Subject to Part XV, any party to a dispute concerning the interpretation or application of the articles of this Convention relating to (1) fisheries, (2) protection and preservation of the marine environment, (3) marine scientific research, or (4) navigation, including pollution from vessels and by dumping, may submit the dispute to the special arbitral procedure provided for in this Annex by written notification addressed to the other party or parties to the dispute. The notification shall be accompanied by a statement of the claim and the grounds on which it is based.

There shall be total five members in the SAT consisting two from each side and finally a president. The rules and regulations of SAT will be similar to the arbitration provided in Annex VII.

## Conclusion

The use, utility, and benefit of ocean for human survival are becoming more necessary with the passage of time due to the advancement of science and technology. The ABNJ is the source of innumerable opportunities for the global community as a whole. Therefore, it is significant that this area warrant comprehensive legal regulation so that no individual or group exploits the resources while depriving others from the benefit. The complete solution to the governance of ABNJ is not possible by the existing regime of UNLCOS. The current effort at the UN to adopt the proposed international legally binding instrument (ILBI) is a significant step in this regard. The new instrument would help better in encompassing newly emerged challenges in the area. However, countries must be ready to accept and committed to comply with the measures proposed at UN for the sustainable regulation and governance of ocean area beyond national jurisdiction.

## References

Bioprospecting and Marine Genetic Resources in the high seas; A series of Papers on policy options prepared for the third meeting of the Global Ocean Commission, November 2014, Policy Options Paper 4

Churchill RR, Lowe AV (1999) The law of the sea. Juris Publishing, Manchester

Convention on the Territorial Sea and the Contiguous Zone (CTS) 1958

Hossain K, Arctic Marine Biodiversity in Areas Beyond National Jurisdiction: Framing a Legally Binding MPA Regime, volume 20, Issue 14, August 31, 2016. Available at https://www.asil.org/insights/volume/20/issue/14/arctic-marine-biodiversity-areas-beyond-national-jurisdiction-framing. Accessed 15 Jul 2017

Intergovernmental Oceanographic Commission (of UNESCO) (1983) Ocean Science for the Year 2000, Twelfth Session of the Assembly, Paris, November 3–20 1982, Reprinted in Ocean Yearbook

Jennings RY (1971) Jurisdictional adventures at sea – who has jurisdiction over the natural resources of the seabed? Nat Res Lawyer 4(4):829–840

Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity 2010

National Environmental Management: Biodiversity act, Act no 10 of 2004

Scovazzi T (2010) Is the UN convention on the law of the sea the legal framework for all activities in the sea? The case of bioprospecting. In: Vidas D (ed) Law, technology and science for oceans in globalisation; IUU fishing, oil pollution, bioprospecting, outer continental shelf. Martinus Nijhoff publishers, London, p 316

The Convention on Biological Diversity 1992

The Convention on Fishing and Conservation of the Living Resources of the High Seas (CFCLR) 1958

The Convention on the Continental Shelf (CCS) 1958

The Convention on the High Seas (CHS) 1958

The Wildlife Resources Conservation and Protection Act of Philippine, 2001

UN doc. A/63/79 of 2008

United Nations Convention on the Law of the Sea 1982

Vierros M, Arico S, Governance of Marine Areas beyond National Jurisdiction, https://ourworld.unu.edu/en/governance-of-marine-areas-beyond-national-

G

jurisdictions http://www.un.org/depts/los/doalos_activities/about_doalos.htm#Bulletin ST/SGB/1997/8
Wolfrum R (1983) The Principle of the Common Heritage of Mankind, Max-Planck-Institut für ausländisches öffentliches Recht und Völkerrecht. Available at http://www.hjpp.de/43_1983/43_1983_2_a_312_337.pdf. Accessed 24 Jan 2018
http://www.oxforddictionaries.com/definition/english/bioprospecting. Accessed 15 Nov 2014
http://www.fao.org/about/who-we-are/en/
http://www.icj-cij.org/en/jurisdiction
http://www.un.org/depts/los/doalos_activities/about_doalos.htm
https://pca-cpa.org/en/services/arbitration-services/unclos/
https://www.isa.org.jm/authority
https://www.itlos.org/en/jurisdiction/

# Governance of State-Owned Enterprises

Joshua Jebuntie Zaato
College of Humanities and Social Sciences, Zayed University, Dubai, United Arab Emirates

## Synonyms

Agency theory; Autonomy; Ghana; Neoliberalism; Regulation/deregulation; State-owned enterprises

## Definition

Governance of state-owned enterprises (SOEs) is a complex and simultaneous act of one the one hand, granting SOEs enough autonomy (to let them manage), while on the other hand, establishing a robust regulatory framework (to make them manage): The objective is to create SOEs that are effective and efficient, yet democratic and accountable.

## Introduction

According to NPM and neoliberalism, deregulation and liberalization are important for letting the managers manage. On the other hand, corruption, poor accountability, and mismanagement of public resources have ushered in a wave of regulations, monitoring, and controls by policymakers in the management of public agencies. This therefore creates a conundrum and raises important questions: How can and should state regulators simultaneously regulate and deregulate to improve performance of public agencies? Using the example of the State Enterprises Commission (SEC) in Ghana, this chapter critically examines the challenges of creating an enabling environment capable of simultaneously letting and making the managers manage in the complex public agency sector. It concludes that if policymakers can devolve enough qualitative and quantitative power to regulatory agencies, then they can create regulatory systems that are effective yet democratic. In the case of Ghana, however, several challenges have rendered the SEC toothless.

## Letting and Making the Managers Manage

Contemporary public sector reform efforts have an ethos to liberalize, introduce greater flexibility, and in the process, reduce the chain and shackle of rules that are accused of stifling innovation and change in public agencies. As such, reform models and efforts like liberalization and privatization which emanate from the stables of the new public management (NPM) have been introduced as agents of reform and change in the management of public agencies to make them more efficient. To produce a withdrawn and minimalist state, therefore, regulation and controls have been conceived and constructed as antithetical to efficiency and effectiveness by these reformists (Harvey 2005). The consensus in neoliberal theory is therefore a conscious attempt to grant more autonomy and managerial and managerial freedom to managers of public agencies so that they can turn inputs into improved and measurable outputs (Harvey 2005).

In developing countries, the Washington Consensus (WC) and the Structural Adjustment Program (SAP) of the 1970s and 1980s were very

instrumental and pushed for the introduction of these policies in the public sector in general and state-owned enterprises (SOEs) in particular. This drive is referred to in this chapter as the "deregulate to improve performance school," and it has become very popular in the management of most SOEs globally.

Despite the prominence of the "deregulate to improve performance school," however, there has been a correspondent increase in state regulatory duties, roles, budgets, and agencies in most public sectors (Levi-Faur 2005; Moran 2001). Thus, there is a corresponding increase in the types, forms, and layers of regulations that have come to be closely associated with public agency reforms (Power 1997). One author refers to this explosion of rules, regulations, monitoring, and controls in the public sector as the audit explosion (Power 1997). Proponents of these arguments claim that it is only effective and proper monitoring, regulation, and controls that can prevent shirking and opportunistic behaviors of managers of SOEs (Power 1997). These renewed efforts of regulation will be referred to in this chapter as the "regulate to improve performance school."

This renewed push for regulation and monitoring therefore raises some important questions that are of concern and interest to this study: How can and should the state simultaneously regulate and deregulate to improve SOE performance? Do regulatory agencies, especially those in developing countries, have the skills, resources, and methodological sophistication to perform their dual roles effectively? Using the State Enterprises Commission (SEC) of Ghana, the main state regulator of SOEs, as an example, this chapter critically examines the challenges inherent in regulating public agencies in the era of NPM and neoliberal reforms within a developing country context. It argues that if policymakers and practitioners can simultaneously balance these demands, then they can create SOEs that are efficient and effective, yet accountable, democratic, and citizen centered. But this dream of reformers will be a mirage if state regulatory agencies like the SEC are not empowered and protected from the pressures of regulatory capture.

## Regulation and Deregulation in the Public Sector: Insights from Agency Theory

Agency theory analyzes the way "a principal in a contractual relationship can design a contractual system to motivate an agent to behave in harmony with the economic interest of the principal" (Wallis et al. 2007, p. 66). Principal agency theory examines how governments, acting on behalf of citizens, can design a contract for the provision and delivery of public services and programs that will motivate managers of SOEs to secure both the economic and political objectives. Furthermore, principal–agent theory is concerned with what motivates entrepreneurial and human behavior especially in a contractual relationship (Christensen and Lægreid 2007). A principal–agent relationship "arises when a principal delegates tasks to a contracted agent whose conduct directly affects the welfare of the principal agent" (Wallis et al. 2007, p. 66). Thus, there is both an implicit and explicit principal–agent relationship between governments (as principals) and managers of SOEs (as agents).

In principal–agent theory, the main reference point between the principal and the agent is the contract governing their relationship. To be effective, the contract, especially explicit contracts, must be clear and specify inputs and outputs as well as remunerations and consequences for meeting or failing to meet performance targets between principals and agents (Hubbard et al. 1999). This attention to detail is important to prevent agents from cheating and committing moral hazards due to information asymmetry inherent in principal–agent relationships (Dollery 2009).

A major criticism of agency theory is that it assumes power in the contractual relationship that is evenly distributed and that it is only the agents that are opportunistic, suspicious, and prone to cheating using information asymmetry (Boston 1991). Another criticism of agency theory is the concept of information asymmetry between principals and agents. Due to the lack of perfect information in the market, information asymmetry "opens the way for agents to exploit principals by engaging in shirking or opportunistic behavior

directly contrary to the interests of principals" (Dollery 2009, p. 37). To address information asymmetry and its attendant problems, agency theory proposes that incentive alignment, monitoring, controls, and regulations should be employed and enforced to keep the agent under control. Herein lies the principal–agency conundrum in SOE reforms and management. For instance, neoliberals and NPM adherents call for the shrinking of the administrative state, reducing its supervisory, regulatory, and monitoring roles to induce superior performance (Shields and Evans 1998). The question, then, is how can such a reduced and limited state adequately monitor, control, and regulate contractual relationships between the principal and agent to prevent shirking and opportunistic behaviors?

This partly accounts for why so many resources have been invested into the regulatory, monitoring, and auditing roles of the government in both developed and developing countries. In short, demands for the regulatory state are probably higher now than ever because of different means of public service production and provision from central agencies to dispersed and decentralized ones. As Power (1997) stipulates, this "disaggregation and devolution of public service provision require the specific technologies of re-aggregation and re-centralization which accounting and auditing (regulation) promises" (p. 44). This is because as public agencies get more structural, legal, and financial autonomy and independence from their parent ministries (most SOEs operate under a sector minister who performs supervisory roles and has final say on policy), power and authority become disperse to frontline service providers. In most cases, however, these power and authority do not come with accompanying accountability measures. Still, in some cases, the methodological sophistication and technology needed for this may be absent or inadequate. The case for increase regulation and monitoring in the SOE sector can therefore be summed up as follows. Due to opportunistic and shirking behaviors of managers of SOEs, increased and improved regulations and monitoring is needed to protect the public interest in the management and operations of these SOEs.

## Core Features of Principal–Agent Theory

From the above, four main characteristics or core features of principal–agent theory can be gleaned. These are an enforceable contract, independence/autonomy between principals and agents, biting teeth for the principal, and finally, resourcefulness (Wallis et al. 2007).

The cornerstone of any principal–agent relationship is not just a contract, but an enforceable contract (Hubbard et al. 1999). There must be an explicit contract that defines tasks, time periods, payment levels, and circumstances under which the contract might be renewed or terminated (Hubbard et al. 1999). Such an explicit contract is important to guide the relationships between principals and agents. The need for enforceability is difficult in implicit contracts, but a necessity in explicit contractual situations is important because of the need to both monitor and measure performance in a principal–agent relation.

The second major feature of agency theory is independence and/or autonomy of the agent and the principal from external influence and control. The concept of agency autonomy is frequently used in the study of public organizations and involves the art and act of devolving discretionary, legal, financial, policy, and structural freedom between principals and agents (Christensen and Lægreid 2007). Such an autonomy or independence is important to prevent undue pressure and influence of that might prevent principals and agents from performing their respective roles. It is also important to enable both parties to perform their duties and keep to their commitments in the contract.

The third feature is that the principal must have biting teeth or "teeth to bite." This means that the principal must have the power to enforce the contract, apply sanctions, withhold payments and promotions, and use other relevant coercive measures to enforce the contract and keep the agent in line. Not only should the principal have these teeth, the principal must be able to use them as and when necessary (Boston 1991; Dollery 2009). Teeth as used here may come in the form of legal mandates, the power to withhold payment and bonuses, sanction errant behavior, and above all use the coercive power of the state at its disposal to keep the principal in line and in check.

The final characteristic is resourcefulness on the part of both principals and agents to perform their roles as per the contract. For the agent, resourcefulness means funding, technology, skills, and time. On the other hand, and for the principal, it means legal backing, political support, dedicated/timely funding, and technological advancement. Political support is a very powerful tool for any state regulatory agency to perform its duties without fear or favor (Table 1).

These core features of agency theory will be used later to evaluate and analyze the activities of the SEC in Ghana. But in the next section, the analysis will shift to the methodological approach used to collect and analyze data for the study.

**Governance of State-Owned Enterprises, Table 1** A framework for analyzing regulatory governance from an agency perspective

| Core feature | Institutional design |
|---|---|
| Enforceable contract | Clearly defined tasks, timelines, and mandates |
| | Managerial accountability |
| Independence/ autonomy | Legal, financial, policy, and managerial freedom/autonomy between principals and agents |
| Biting teeth for the principal | Contract enforcement and apply sanctions |
| | Legal accountability |
| Resourcefulness | Secure funding, skills/expertise, and time |
| | Competitiveness to attract/retain the best skills |



## Methodology

Various qualitative approaches were used to collect and analyze data in the study. The first part of the qualitative approach was the use of semi-structured questionnaires to interview participants. The interviews were conducted at the premises of the participants in Ghana in the summer of 2016. Each questionnaire was made up of open-ended questions. Such questions gave the respondents enough leeway to answer the questions fully while providing enough explanations and clarity. It also allowed for follow-up questions to gain further clarification.

The actual interview process involved directly engaging and talking to respondents to obtain their views about the SOE reform process in general and the role of the SEC as a regulator. About 20 individuals, representing ten public and private organizations and institutions including the SEC, Public Utilities Regulatory Commission, Ministry of Finance, Parliament of Ghana, Association of Ghana Industries, Trades Union Congress, Public Services Commission, Attorney-General's Department, and the Auditor-General's Department, were interviewed.

Two people, made up of senior officers (director to deputy director level) with an average of 5 years' experience, were interviewed in these departments. The selection of participants and organizations for the study and interviews was done by purposive sampling or what is also known as non-probability sampling (Northrop and Arseneault 2008). Compared to probability sampling, this approach granted me more control, freedom, and influence over the choice of organizations and personnel that better suits the needs of the research. Recruitment for the interviews was done by mailing letters to the leadership and senior management of the above organizations, explaining the objective of the study, inviting them to participate in the study, and setting appointments. The letters therefore served as a "snowball sampling" instrument. All the interviews took place at the office premises of the interviewees and were recorded and later transcribed.

## Regulating and Deregulating in the Public Sector: The Debate Continues

This section critically examines the competing dual roles of the "regulate and deregulate to enhance performance" debate in public agency reform.

### Deregulation Is the Problem: The Case for the "Regulate to Improve Performance" School

Power (1997) in an illuminating study makes a perfect case for the institutionalization of audits

and regulations in the public sector. He argues that as governments strive to reform using market-type principles and neoliberal-inspired ideas like privatization, deregulation, contracting, and liberalization, there is an equal commitment to governance through "internal control systems" (p. 42) of organizations aimed at ensuring that governance principles like accountability, transparency, and rule of law are not sacrificed on the altar of value for money considerations. This, according to him, involves attempts to "push control further into the organizational structures, inscribe it within systems which can then be audited or regulated" (Power 1997, p. 43). He argued that these audits and regulations are aimed at providing comfort and assurances for policymakers and citizens that scarce public resources are been used parsimoniously. It is this movement toward further internal controls and system audits that have ushered in the regulatory state in the post-reform period. As such, the performance state has assumed and is actively engaged in a process variously known as the globalization of regulation, the regulatory state, the governing through regulation, and an audit explosion (Power 1997; Levi-Faur 2005; Moran 2001).

Within the discipline of public administration, regulation can be conceptualized as an attempt to temper the value for money objectives (economy, efficiency, effectiveness) of public agencies with their social and political objectives and improving governance in general. Regulations can therefore be conceived as purposive attempts by governments to build trusts and assurances between governments and citizens that scarce public resources are being used judiciously and parsimoniously (Yang and Holzer 2006). Beyond conforming and assurance, therefore, regulations and audits are also aimed at securing or protecting democratic governance values such as public accountability, transparency, and equity/fairness while protecting public agencies from corrupt practices and waste of scarce public resources.

Nevertheless, the emergence of neoliberalism as a dominant economic and political ideology, coupled with the rise of NPM and the reinventing government movements of the 1990s, has questioned the efficacy of regulations and ushered in what is referred to here as the "regulate to improve performance" school.

### Regulation Is the Problem: The Case for the "Deregulate to Improve Performance" School

Letting the managers manage and greater managerial autonomy are the undergirding creeds of the NPM and reinventing government, but its roots can be traced to the concept of neoliberalism and its impact on public sector reforms (Harvey 2005). Neoliberalism has been the dominant theory influencing economic and political thinking and reforms since the 1970s and calls for the shrinking of the state (Shields and Evans 1998). Politically, neoliberalism is a "theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets, and free trade" (Harvey 2005, p. 2).

Neoliberals abhor numerous regulations, controls, and the proverbial red tape as the main causes of underperformance in the public sector. In many developed and developing countries, neoliberalism came to mean "deregulation, privatization, and withdrawal of the state from many areas of social provisions" (Harvey 2005, p. 3). To create a citizen centered, competitive, and participatory state and public agency, therefore, there is the need to reduce the chain of rules, and shift from an emphasis on inputs, and processes to that of outputs and results. Reformers all over the world have treated this publication and similar ones as a tool kit of reforms and have adopted and in some instances adapted them to restructure their public agencies.

Both the "regulate to enhance performance" and the "deregulate to enhance performance" schools pose a big challenge and anticipated superior performance to governments, especially those in developing countries. This is because these dual responsibilities demand certain skills, funding, technology, and other legal and political mandates that might be present but insufficient or completely absent to governments of these countries.

## The State Enterprises Commission and the Making of the Regulatory State in Ghana

In the colonial and immediate postindependence periods in Ghana, SOEs emerged as unique policy instruments suitable for the command and control economic and political system that was created. The immediate postindependence era witnessed one of the most drastic expansions of SOEs in Ghana and was driven by the ruling party's ideological inclination of pursuing state-led economic development (Killick 2010). Thus, there was a stated political ideology that was anchored on socialism to use SOEs and by implication increase state intervention as engines of growth, development, and industrialization of the new independence state (Hutchful 2002). To navigate these contours, between profits and sociopolitical objectives of SOEs, therefore, it was important that the ownership of SOEs be firmly in the grips of the government so that they can be deployed and employed effectively to achieve their dual and complex objectives.

As early as 1951, the colonial government enacted the Ghana Industrial Development Corporation (GIDC) to, among other things, monitor, regulate, and coordinate industrial policies in government-owned or controlled corporation in the colony (SEC 1997). The GIDC played its role until after independence when in 1964 its mandate and legal framework were changed with the creation of the State Enterprises Commission (SEC). (The State Enterprise Commission is different from the subsequent State Enterprise Commission that was created but their mandates are similar.) Like the GIDC, the SEC was mandated to supervise, coordinate, monitor, and protect government interests in state-owned or joint enterprises where the state had a stake. Its role was therefore confined to the monitoring, supervision, and regulation of SOEs in Ghana (SEC 1995). Unfortunately, it did not have any effective means of enforcement. This limited mandate of the SEC and subsequent inabilities to effectively play its role led to the creation of the Ghana Industrial Holding Company Limited (GIHOC) in 1967 (SEC 1995). GIHOC was mainly used to prosecute the government's import substitution policy agenda and had responsibility over the manufacturing sector which was the mainstay of the economy (SEC 1997).

Growing complexities of the manufacturing sector, underperformance, and the realization that GIHOC was challenged in its capacity and expertise led to the creation of the State Enterprise Commission (SEC) (the State Enterprise Commission (SEC) was the first time SEC was changed from a corporation to a commission to better regulate the SOE sector) in 1981 to replace GIHOC. Like the State Enterprises Commission before it, "the assigned role of the 1981 Commission was essentially advisory and included no direct authority over SOE operation" (SEC 1995, p. 18). But once again, SOEs were not bound by the advice of the SEC and could decide, as most of them did, to disregard the advice of the SEC (SEC 1997).

This lame duck SEC was later transformed into the National Trust Holding Company (NTHC) in 1976 to specifically deal with issues on investment management; underwrite shares, bonds, and securities; and manage stock brokerage (SEC 1997). However, instead of facilitating an enabling institutional framework and environment for SOE governance and performance, these agencies were rather engaged in "overlapping responsibilities and by entrenched practices of ad hoc intervention in operational decision making" of SOEs (SEC 1995, p. 33). Consequently, they succeeded in creating an environment of "an absence in SOE autonomy, an unsatisfactory and ineffective diffusion of accountability for performance and overall, an ineffective system for governing the SOE sector" (SEC 1995, p. 33).

It was to correct these institutional anomalies, constraints, and paralysis while creating an enabling environment for SOE governance and management that the present State Enterprises Commission (SEC) was created in 1987 under PNDC Law 170 (SEC 1997). Under the State Enterprises Commission Law, 1987 (PNDCL 170), the SEC is mandated to present two annual reports to the government. These are the report on the performance of the commission for the

preceding fiscal year and the report on the performance and operations of the SOE sector (SEC 1998). These annual reports usually outline the current state of SOE reforms and their financial performance, performance contracts, and trends.

The SEC is therefore mandated to monitor, supervise, and regulate the corporate governance, financial performance, and internal auditing of SOE management and operations in Ghana. They are also responsible for advising government on the criteria for establishing new SOEs, appointment, and removal of the chief executives and boards of SOEs (SEC 1997). It is therefore fair to state that the failure or success of the SEC sector in Ghana depends to a very large extent on the SEC. The SEC has therefore been clothed with the law and operational authority to create an enabling environment for SOE management and performance and to supervise, regulate, and monitor them to ensure accountability. In NPM parlance, the SEC is responsible for letting and making the managers of SOEs manage effectively and democratically in Ghana.

## A Closer Look at the SEC in Ghana

In this section, the four key features/characteristics of principal–agent theory discussed above will be used to examine and assess the performance and relevance of regulatory the SEC as the regulators of SOEs in Ghana.

The first feature is an enforceable contract to regulate the activities of both the principal (SEC) and the agent (SOEs). Ghandan and Eberhard (2007), using the case of utility management in Tanzania, have written about the challenge of enforcing contracts in the public sector in developing countries. Similarly, Larbi (2001) examined the challenge and difficulty of enforcing performance contracts in the SOE sector in Ghana. Due to organizational amnesia or ineptitude, the SEC is unable to effectively negotiate a performance contract with the SOEs under its contract, and even when it does, it cannot enforce them. The main problem is the lack of expertise in contract law and other critical aspects of contract negotiation and enforcement. For instance, as one respondent lamented:

> When I joined the commission, at consultation all the consultants will be there to contribute to the negotiations because varied expertise and opinions are needed. But this present management will select only one person to go and negotiate. This gives the SOE a numerical strength and negotiation leverage.

Another responded that "in most cases, we lack lawyers and accountants who understand contracts and contract law to analyze and negotiate performance contrasts with clients SOEs". But as Domberger and Rimmer (1994) argue, enforceable contracts involve "the costs of contract design and negotiation as well as the monitoring and enforcement costs" (Domberger and Rimmer 1994, p. 443). The monitoring and enforcement argument is particularly salient in public sector contracting because of "an expectation that contractors will attempt to shade quality unless deterrence is made through intensive and costly monitoring activity" (p. 443). Unfortunately, poor or nonexistent strict enforcement mechanisms mean that the SEC is unable to perform this important duty of protecting the public interest in SOE governance and management.

The second principal–agent characteristic is independence and/or autonomy of the principal or what Moran (2001) describes legitimacy and accountability. This is concerned with autonomy and discretionary powers vested in regulatory agencies and their leaders in a democratic dispensation and raise potential conceptual and theoretical questions for public administration and democratic governance. Liberal democracies thrive on the principles of majority rule, public participation, and in Ghana the separation of powers between the different arms of government serves as check and balances. However, because of the vast powers that regulatory agencies like the SEC have, especially discretionary powers, they can operate virtually above control

from both the executive and parliament even though they are a creation of the system.

As Christensen (1999) explains, autonomy and increased discretionary powers have unintended consequences by making agencies unresponsive, unaccountable, and resistant to change. The potential fear of misuse of discretionally power on the vulnerable in society is also a valid political concern of increased autonomy of regulatory agencies. In the case of the SEC, this poor accountability framework is compounded by the fact that it does not regularly submit its reports to the government and to the parliament. It is therefore difficult for policymakers and by implication, citizens, to hold it accountable since they have little or no information to work with.

Still with regard to the SEC, it neither has an independent source of funding nor does it have any income from uses fees (SEC 1997). As one respondent stated:

> We are under government so the government controls the funding. Everything we do come from government. This means that the independence of our source of funding is a big problem.

The effect is that annual budgetary allocations are not released at all or on time and if they are released at all, they are inadequate. This puts a lot of pressure on the SEC to perform its constitutional duties efficiently. The lack of funding also exposes the SEC to capture by the same SOEs that it is supposed to monitor and regulate. This leaves the SEC overstretched, extended, and incapacitated to effectively perform its numerous and complex functions in a highly competitive SOE sector.

The ability to enforce contracts using sanctions, penalties, and fines, also referred to as teeth to bite, is the third feature of agency theory. Unfortunately, the law establishing the SEC has also rendered it incapacitated and powerless in regulating and monitoring the SOE sector. This is because the SEC can only advice board of directors (BODs) of SOEs but cannot enforce its findings (SEC 1997). Over the years, the SEC's role has been "advisory, limited to corporate planning, performance management, governance and consultancy services to both Government and Prescribed Bodies" (SEC 1997, p. 15). Several reasons could account for this. One could be that policymakers are unwilling to cede power to unelected heads of the SEC, considering that they will be held accountable for lapses and failures. Another could be the distrust of the market by politicians deeply suspicious of a perceived or real close alliance between the SEC and managers of SOEs. Irrespective of the reasons, the lack of enforcement powers has left the SEC weak and incapacitated in the performance of its core duties.

The fourth and final feature is resourcefulness or what Moran (2001) referred to as efficiency and effectiveness to regulate. Unfortunately, the SEC is ill equipped to perform its core regulatory and supervisory duties primarily because it lacks the required expertise and human recourse and low morale due to poor remuneration and incentives and has no functioning for board of directors for over a decade. As one interviewer agonized during the field work:

> There is a problem in the area of the required skills, expertise and knowledge to perform. Currently we are only about 11 consultants. And the majority is in the performance monitoring and evaluation department (PME) which actually does sub-work contracts. So to summarize the staff expertise and skills situation in a word or two, I will say it's very bad.

On this same topic of the lack of personnel, another interviewee stated that:

> When you need to negotiate properly, it's not there. So we are mostly not fully prepared for the negotiations considering the other party's. So currently, I don't think we are doing a very good job of negotiation these performance contracts. Because of that too, the workload becomes higher, leading to inefficiencies.

Remunerations and emoluments are important factors for attracting and retaining more qualified expertise to work in an organization. But in the case of the SEC, their salaries and other benefits are so woeful that it is difficult to both attract and retain quality personnel to perform key roles. As one respondent put it succinctly:

> I will say our remuneration and management is very bad. But I think its management. If management is good, despite the remuneration, things can be improved. Management is not encouraging, they are not motivating, they are actually self-seeking and don't see to the interest of the commission and the staff.

Political support is a critical resource especially for regulatory agencies. But in the case of the SEC, politicians and policymakers have little interest in resourcing it and making it succeed. For instance, a respondent complained that:

> Since I joined this commission in 1997, nobody has appointed a Board of Directors (BOD). So we don't have a BOD. Those directors at the top, they tell us what to do. We have been fighting for a BOD and it is affecting us.

This lack of political support is strange in Ghana because politicians are normally eager to appoint people to BODs when they come to power. That is why patronage appointments have been identified as a major problem in the SOE sector. Apart from the BOD, the SEC also lacks a full-time BOD chairman. As another respondent stated during the interviews:

> The chairman retired four years ago, and we have a new chairman who has retired but has his term extended. But so far, there are no plans to appoint a full-time chairman any time soon.

Under such circumstances, it is hard, if not impossible, for the SEC to perform its mandated roles. That means it is in no position to ensure and enforce standards, assess performance, supervise the operations of SOEs managers, and in the end, create a hospitable environment for SOE reform and performance.

## Conclusion

The study has contributed to the knowledge and understanding of SOE regulatory governance by stressing on numerous legal, institutional, capacity, political, and governance challenges governments in developing countries face when dealing with SOEs that have both commercial and political objectives. It demonstrates that policymakers and practitioners might have good intentions of creating an enabling environment for SOEs, but that creating agencies to both regulate and deregulate SOEs to achieve these stated objectives remains a mirage in most cases due to unwillingness of policymakers to transfer power to regulatory agencies and regulatory capture by private competitors. It also provides important knowledge and insights on agency theory in developing countries and the public agency sector in general. Finally, for governments in developing countries seeking creative ways to simultaneously regulate and deregulate their SOE sectors for national development, Ghana's case provides some useful insights. For instance, establishing the SEC, setting annual performance targets, and giving it managerial and policy freedom are all worth emulating. Furthermore, the long delay in granting independent sources of finance for the SEC, giving it real power in terms of investing in technology, demonstrates the difficulties that governments, especially those in developing countries, face when dealing with regulation and deregulation in the public sector. These are all lessons others can learn from the Ghanaian case. A caveat though is that while they can learn from Ghana's approach, it must be said that one-size-does-not-fit-all and blindly copying what Ghana is doing may be a disaster because of different environment contexts.

## Cross-References

► Comparative Public Administration and Globalization

## References

Boston J (1991) The theoretical underpinnings of public sector restructuring in New Zealand. In: Boston J, Martin J, Pallot J, Walsh P (eds) Reshaping the state: New Zealand's revolution. Oxford University Press, Auckland

Christensen JG (1999) Bureaucratic autonomy as a political asset. Paper presented at the workshop. Politicians, Bureaucrats and Institutional Reform, ECPR Joint Sessions of Workshops, Mannheim, March 26–31

Christensen T, Lægreid P (2007) Autonomization and policy capacity: the dilemmas and challenges facing political executives. In: Painter M, Pierre J (eds) Challenges to state capacity: global trends and comparative perspectives. Palgrave, Basingstoke
Dollery B (2009) The influence of economic theories on government failure on public management reform. In: Goldfinch FS, Wallis LJ (eds) International handbook of public management reform. Edward Elger, Cheltenham
Domberger S, Rimmer S (1994) Competitive tendering and contracting in the public sector: a survey. Int J Econ Bus 1(3):439–453
Ghandan R, Eberhard A (2007) Electricity utility management contracts in Africa: lessons and experience from the TANESCO-NET group solutions management contract in Tanzania, 2002–06. MRI working paper, Management Programme for Infrastructure Reform and Regulation, Cape Town
Harvey D (2005) A brief history of neoliberalism. Oxford University Press, New York
Hubbard M, Delay S, Devas N (1999) Complex management contracts: the case of custom administration in Mozambique. Public Adm Dev 19: 153–163
Hutchful E (2002) Ghana's adjustment experience: the paradox of reform. James Currey, Oxford
Killick T (2010) Development economics in action: a study of economic policies in Ghana, 2nd edn. Routledge, London
Larbi G (2001) Performance contracting in practice: experience and lessons from the water sector in Ghana. Public Manag Rev 3(3):305–324
Levi-Faur D (2005) The global diffusion of regulatory capitalism. Ann Am Acad Pol Soc Sci 598(12):12–32
Moran M (2001) The rise of the regulatory state in Britain. Parliam Aff 54:19–34
Northrop A, Arseneault S (2008) Sampling data collection. In: Yang K, Miller JG (eds) Handbook of research methods in public administration, 2nd edn. CRC Press, Boca Raton
Power M (1997) The audit society: rituals of verification. Oxford University Press, Oxford
Shields J, Evans M (1998) Shrinking the state: globalization and public administration "reform". Fernwood Publishing, Halifax
State Enterprise Commission (1995) SOE reform program 1984–1994: review and recommendations for 1995–2000. SEC, Accra-Ghana
State Enterprises Commission (1997) Final report: state-owned enterprises sector 1997 annual report. SEC, Accra-Ghana
State Enterprises Commission (1998) "Final Report: State-owned Enterprises Sector 1999 Annual Report" Accra-Ghana
Tom C, Per L, Roness PG, Røvik KA (2007) Organization theory and the public sector: instrument, culture and myth. Routledge, London
Wallis J, Dollery B, McLoughlin L (2007) Reform and leadership in the public sector: a political economy approach. Edward Elgar, Cheltenham
Yang K, Holzer M (2006) The performance-trust link: implications for performance measurement. Public Adm Rev 66(1):114–126

# Governance of the National Maritime Jurisdiction in Developing Coastal Countries

Thomas D. Morelli
Marine Affairs Policy Planning and Strategy, Vero Beach, FL, USA

G

## Synonyms

Governance: Control; Administration; Authority; Governing; Government; Management; Regime; Supervision
Jurisdiction: Domain; Territory; Area; Region; Zone; Sector

## Definition

Governance of the National Maritime Jurisdiction: The attainment of governance pertaining to the sovereign maritime domain of a nation-state, contingent on the strategic outcomes to control, secure, develop, and manage its marine territory.
Governance: The holistic effect of legitimate policy outcomes implemented comprehensively through lawful process in the administration of sovereign nation-state affairs.
Jurisdiction: A bordered territorial unit within a nation-state inclusive of airspace, surface, and subsurface dimensions of the domain where governing systems are implemented as processes intentional to attaining the outcome of governance.

## Introduction

Governance is the holistic effect of legitimate policy outcomes implemented comprehensively

through lawful processes in the administration of sovereign nation-state affairs. Implementation effectiveness in achieving declared policy outcomes is the essential factor in distinguishing "governing processes" from the perception that governance is being attained. The legitimacy of governance attained in a country is therefore measurable by policy implementation outcomes and populous perceptions of their efficacy and fairness.

The responsibility to ensure that governance outcomes serve the public interest belongs to the sovereign state, which must remain persistently engaged to perform leadership and steerage as elements of strategic management. The state, through its governmental institutions, performs those functions regardless of the extent to which market and civil society stakeholders may be involved in actionable roles of collaborative governing. Implementation processes of administration and management increasingly involve diverse and complex networks of stakeholders engaged collaboratively in governing actions (Bevir 2012, pp. 1–7). Certain functions however remain the exclusive performance of responsibility of government, by necessity.

The *traditional* governance regimes for the national maritime jurisdiction (NMJ), however, are configured with implementation processes being primarily the responsibilities of the state. The *traditional* governance regime is comprised of conventional institutional structures, deploying resources along narrow lines of effort comprised of only government agencies in expedient action at the operational level. Absent from the *traditional* governance regime is a comprehensive maritime engagement strategy to align implementation processes effectively to desired outcomes. The resulting tendency of *traditional* service delivery is reactive to local issues pressured from stakeholder networks, instead of response being characterized by proactive, comprehensive, systemic, and strategic qualities. The *traditional* leadership has aversion to risk associated with change in governing structures and functions, overlooking design-evolution as opportunity for progressive innovations in capacity development for improving service delivery methods. The *traditional* performance outcomes, consequently, are inefficient and of limited efficacy, compounded insidiously by diminished governance legitimacy as perceived by the populous.

In contrast, a *preferred design* for achieving governance of the NMJ in developing coastal countries is based on strategic outcomes envisaged with consideration to policy-makers aspirations ascending from policy outcomes achieved by effective sustainable implementation. The *preferred design* identifies four strategic outcomes as fundamental to a country attaining governance of the NMJ: they are capacity to control, secure, develop, and manage its sovereign marine territorial waters. The *preferred design* improves the policy posture by viewing the NMJ as a s*ystem of systems* conducive to an integrative framework for organizing the structures and functions of governance capacity (Joyce 2015, pp. 263–273; Bevir 2012, pp. 73–79). A system-of-systems approach is enabling to a comprehensive maritime engagement strategy to focus the capacity of governance modalities with greater efficacy for achieving policy outcomes and facilitates implementation across the boundaries of social, economic, and environmental dimensions (USJFCOM 2006, pp. II-1-5). In addition, the *preferred design* is agile in accommodating the complex composition of state, market, and civil society interests and values at play in the NMJ. And it is conducive to the collaborative engagement of relevant stakeholder networks. Stakeholders motivated by service offer potential for collaborative engagement to improve efficacy and budgetary efficiency of governance outcomes (Emerson and Nabatchi 2015, pp. 20–26).

## National Maritime Jurisdiction: What, Where and Who

The NMJ is a complex system of dynamic processes of social, economic, and environmental dimensions influencing the need for a systemic comprehensive approach to governance. The NMJ system of systems consists of capacity interactions at all scales of policy or performative operation and across boundaries of state, market,

and civil society stakeholders. The following is a general overview description of the NMJ physical and operational characteristics.

### Physical Characteristics

The political geography of the NMJ boundaries is codified by the United Nations Convention on Law of the Sea (UNCLOS). The law provided by UNCLOS enables delineation of the NMJ as sovereign marine territory of the state, including shared borders with adjacent maritime states and the legal standing to negotiate with inland states desiring ocean access. The UNCLOS has been ratified by 164 UN Member States and several more parties in observer status.

The UNCLOS provides for each country to discriminate the territorial boundaries of its NMJ seaward to the limits of its exclusive economic zone (EEZ), and as delimited from the international waters (i.e., *high seas*) beyond the demarcation of sovereign states. UNCLOS also provides a rational methodology for the legal delimitation of NMJ boundaries, measured in nautical miles (nm). The UNCLOS measurement of national maritime territory originates from a country's coastal points designated as baselines, extending seaward until the territory is delimited by the EEZ of the country. In the absence of nearby neighboring maritime states, full extension of boundaries is permitted as follows:

- Territorial sea (12 nm), including internal waters
- Contiguous zone (12–24 nm)
- Exclusive economic zone (200 nm)
- High seas (beyond EEZ)

### Operational Characteristics

The operational characteristics of the NMJ occur within the context of its physical characteristics. They are generalized to consist of: governance scope, policy dimensions, systemic interactions, and capacity priorities. These operational characteristics are foundational to the Governance System Context discussed in the next section of this chapter.

**Governance Scope** of the NMJ consists of national and international components. Drivers affect the Governance System Context and influence domestic and foreign policy pressures. Governance is contingent on the capacity for effective implementation of four fundamental outcomes: to control, secure, develop, and manage the NMJ. Challenges to governance of the NMJ are compounded by its physical characteristics, for example, the total nautical mileage which may exceed the size of the country's terrestrial territory. State leadership and steerage in collaborative participatory arrangements with appropriate market and civil society stakeholder networks willing and able for governance roles is increasingly recognized as an effective form of engagement in the NMJ.

**Policy Processes** of the NMJ are engaged by myriad issues of social, economic, and environmental dimensions. Populations of coastal countries tend to be more acceptant to the assimilating effects of international trade and travel, particularly those segments who are stakeholders in the NMJ. Particularly in developing coastal countries, the resources, capacities, and comparative advantages of the NMJ are more readily recognized as critical to integral development outcomes. So too, these populations are more attuned to the complex dynamic of the marine ecosystem as a source of policy drivers and pressures.

**Systemic Interactions** occur in spatial and functional processes which tend to form patterns by their effects. Specialized capacities interact to inform policy processes for enabling decision advantage which tends to improve the formation, implementation, and evaluation of policy action. These interactions involve networks comprised of state, market, and civil society stakeholders, which increasingly engage collaboratively in activities – as trusted networks operating in mutual interest and purposes – to accomplish goals of common good in the NMJ.

**Capacity Priorities** are focused on comprehensive efforts to attain governance of the NMJ. Capacity is transformed into governance modalities by implementation processes composed of actionable lines of effort. An application of capacity is accomplishment of maritime sustainable development goals specific to the country's NMJ, which are constituent to its governance.

In facilitation of that purpose, the United Nations General Assembly (UNGA) Sustainable Development Goal No. 14, *Conserve & Sustainably Use the Oceans, Seas & Marine Resources for Sustainable Development* and its numerous targets and indicators, is intended to guide implementation by each Member State. Further guidance is provided by UNGA in defining sustainable development as – *development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs*. The UNGA sustainable development goals are focused through social, economic, and environmental dimensions, and their balanced implementation is considered essential to achieving sustainable development.

*Implications for Capacity Priorities* and NMJ operational characteristics generally are intrinsic in the target objectives of UNGA Goal No. 14, which pertain to the following topics:

- Prevent and significantly reduce marine pollution.
- Sustainably manage and protect marine and coastal ecosystems.
- Effectively end overfishing, illegal/unreported/unregulated fishing.
- Implement science-based management plans.
- Conservation of an additional 10% of coastal and marine areas by 2020.
- Increase economic benefits to small island developing states (SIDS) from sustainable use of marine resources and sustainable management.
- Increase scientific knowledge, develop research capacity, and transfer marine technology to enhance the contribution of marine biodiversity to the development of developing countries, in particular SIDS.
- Provide access for small-scale artisanal fishers to marine resources and markets.
- Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in UNCLOS, which provides the legal framework for the conservation and sustainable use of oceans and their resources.

### Typical NMJ Industry Sectors

The physical and operational characteristics of the NMJ provide the venue where governance must be implemented comprehensively and in consideration of the continuous dynamic processes of the country's social, economic, and environmental dimensions. For example, in the economic dimension, the market, i.e., the *ocean business community*, includes industry sectors which benefit directly and indirectly from the strategic outcomes to control, secure, develop, and manage the NMJ. In addition to state roles in governance outcomes, some may be performed by market or civil society stakeholders in collaboration with government agencies. The following are typical NMJ industry sectors comprising a diverse *National Ocean Enterprise* in which the state has prominence in leadership, steerage, or regulation:

- Customs administration and export control
- International trade and commerce facilitation
- Commercial fisheries
- Marine pharmacology
- Tourism trade
- Marine transportation system infrastructure
- Offshore energy
- *National Ocean Enterprise* Education, Training, and Research
- Cross-sectoral synergy – "innovation clusters"
- Regional "Maritime governance cluster"

## Governance System Context

The Governance System Context in which the NMJ must be governed is a complex of dynamic processes that challenge state capacity to control, secure, develop, and manage the NMJ with sufficient efficacy to attain governance legitimacy. This section presents the dynamic processes of the Governance System Context in a simple framework of several factors (Emerson and Nabatchi 2015, pp. 26–30) affecting the NMJ. The factors are listed as follows:

- Drivers
- NMJ characteristics
- NMJ governance regime

- Actions
- Outcomes
- Evaluative adaptations
- Four outcomes fundamental to governance of the NMJ

### Drivers

Drivers affecting the Governance System Context may be geographically global or local in scale, domestic or international, and continuously arriving with the unfolding future to affect conditions in which governance of the NMJ must be implemented. Drivers affect the Governance System Context by their potential for causing or escalating unforeseen challenges to governance by their influence on pressures and trigger events, with strategic implications for national governments. Drivers are transboundary in mobility and occur across the social, economic, and environmental dimensions of a country. Drivers influence change by creating effects such as migration of human culture, innovative adaptations of human systems for self-determination, and ecosystem stress affecting human habitats. Risk is always prevalent in governance endeavors at every level and must be managed by design, rather than by aversion. The critical components of risk are threats, vulnerabilities, consequences, opportunities, and uncertainty.

### NMJ Characteristics

The NMJ characteristics discussed in the preceding section provide insight into the potential implications affecting the Governance System Context. NMJ characteristics are susceptible to unforeseen challenges to governance resulting from seemingly inconsequential trigger events.

### NMJ Governance Regime

The NMJ governance regime is conceptualized as eight essential integral systems which orchestrate as an ensemble of governing capacities, enabling comprehensive maritime engagement strategy for achieving policy outcomes. These *Essential Integral Systems*, introduced by name here, are elaborated in a later section: International Governance Regimes, National Governance, Maritime Domain Awareness, Economic Development, International Engagement, Policy Analysis, Policy Implementation, and Policy Evaluation.

The most fundamental strategic outcomes of the NMJ Governance Regime are to control, secure, develop, and manage the NMJ. Without these outcomes, the attainment of broader policy aspirations and governance of the NMJ itself are not feasible. Policy aspirations envision freedom of capacities and comparative advantages of the NMJ as aggregation from the achievement of policy outcomes. Attaining governance of the NMJ is a subjective perception based on the legitimacy of authority and resilience of implementation processes. Legitimacy therefore is consequential to the combined judgements of state, market, and civil society stakeholders (Margolis 2012, pp. 16–20). The NMJ Governance Regime dynamics include the following constituent subsidiary processes:

- **Capacity Interactions** – collaborative engagement among the *Essential Integral Systems* operating in a continuous cycle of observation, orientation, decision, and action.
- **Informational Sense-Making** – the penultimate plateau of intellectual products enabling decision advantage and a capacity fundamental to each *Essential Integral System*.
- **Change Theory** – an action initiative of policy processes contingent on: enlightened insight; intentionality of will for movement to action; envisioning the action to be implemented; and courage to adapt implementation until policy outcomes are achieved.

### Actions

Actions are outputs of the NMJ Governance Regime processes, enabling advancement from a position of policy oscillation by providing propulsion to desired outcomes. Actions ideally result from proactive policy initiative guided by a change theory. However, it is common for governing authority actions to be reactionary in mode to circumstantial factors which "drive" policy requirements. The reactionary style detracts from the efficacy of actions by causing the trajectory of policy intentionality to stall in oscillation or perhaps even to regress (Fritz 2011, pp. 16–27).

### Outcomes

The trajectory of policy implementation must always move in the direction of outcomes, measured by strategic and operational indications. Outcomes focus the shared motivation of governance modality resources in actionable policy implementation processes directed by proactive design (Fritz 2011, pp. 29–42). The priority of the NMJ Governance Regime capacity is actionable policy implementation which achieves the outcomes to control, secure, develop, and manage the NMJ. Achievement of these policy outcomes is fundamental to accomplishment of NMJ sustainable development goals, realization of aspirational impacts envisioned by policy makers, and the penultimate outcome – attaining governance of the NMJ.

### Evaluative Adaptations

Evaluative adaptations are based on a continuous cycle for systemic measurement of effectiveness and performance among *Essential Integral Systems* of the NMJ Governance Regime. A cycle of observation, orientation, decision, and action (OODA Cycle) enables a continuous operation conducive to collaborative engagement. The OODA Cycle (Osinga 2005, pp. 1–12) should occur among all *Essential Integral Systems* from the policy level to the field. Key to the OODA Cycle is continuous observation of the *current reality* and its comparison to the *desired outcome*, and the identification of discrepancies which may be impeding or obstructing accomplishment of the goal (Fritz 2011, pp. 47–52).

### Four Outcomes Fundamental to Governance of the NMJ

Governance depends on capacity to control, secure, develop, and manage the NMJ. These fundamental outcomes focus the actionable policy implementation of governmental structures and functions deployed as governance modalities. And as appropriate, processes to achieve these outcomes include the collaborative engagement of market and civil society stakeholders.

The outcomes to control and secure the NMJ are implemented as primary roles of State responsibility. The outcomes to develop and manage the NMJ are implemented in shared arrangements of collaboratively engaged state, market, and civil society stakeholders guided by public administration leadership and steerage.

Ethical values enable a framework of risk management practice as the foundation of principled engagement and are catalytic to the efficacy and legitimacy of governance outcomes (Emerson and Nabatchi 2015, pp. 58–60). The practice of ethical values is imperative in all processes to control, secure, develop, and manage the NMJ. Fundamental ethical values include: strategic vision; rule of law; transparency, accountability, integrity, and corruption-countermeasures; effectiveness and efficiency; responsiveness; participatory inclusiveness; collaborative innovation; consensus polity; democracy praxis; power balance; fairness/justice/peace, and legitimate tax policy.

**Control** is the outcome of structures and functions of governance deployed in the NMJ to *establish positive governmental control for enabling governance outcomes in all areas of the national maritime jurisdiction*. The structures and functions of control are comprised of state authority, resilience, and legitimacy that are contingent on implementation through principled engagement adherent to ethical values.

*State level* authority is implemented to control through capacity enabled by the operational agencies of a country's legislative, judicial, and executive branches. Resilience requires capacity for agile service delivery. Legitimacy of governance is the outcome of capacity for consensus approval of authority and resilience perceived by civil society and market stakeholders.

*Institutional level* imperatives of control are: performance, enabled by its capacity for proactive effectiveness; capacity for adaptability in effective mitigation and response; and capacity to create stability as an outcome contingent on the trust and confidence of the populous in the state to achieve declared objectives (UNDP 2011, pp. 270–273, 289).

**Secure** is the outcome of actionable policy implementation to e*stablish a security regime* which enables the sustainable development of integrity and value of the NMJ.

*State level* outcomes are contingent on the capacity to deploy governance modalities in the NMJ for ensuring citizen safety, protection of commerce, and preservation of marine ecosystems.

*Institutional level* outcomes are indicated by effective performance in the implementation of the NMJ security strategy.

The outcome of a secure NMJ may require actionable policy implementations pertaining to: territorial integrity and border security, maritime situational awareness, citizen security and political stability, contraband and ungoverned places of informal markets, illegal nonstate actors and transnational criminal organizations, export controls, and smuggling and revenue loss. Therefore, to secure the NMJ requires capacity for *Maritime Law Enforcement with Integrated Coastguard Functions* at strategic and operational levels.

**Develop** is the outcome of actionable policy to *design and implement a sustainable development plan* for investments in building and developing capacity requisite to accomplish social, economic, and environmental goals of the NMJ. A strategy for this purpose would include desired outcomes resulting from the accomplishment of sustainable economic development goals and measurable indications of improvement in the prosperity of civil society.

*State level* role of government is most appropriate in capacity development of the *basic factors of production* – such as skilled labor, natural resources, research, and infrastructure – and are necessary for NMJ competiveness in any industry sector engaged in domestic or international commerce. Typically, corporations underfund investment in the research factor, and development outputs of research are too market-specific to instigate nationwide innovations. State incentives for basic research and development are therefore instrumental to NMJ capacity development for innovation outputs. The state can steer research investments in the *National Ocean Enterprise* for integral development of potential applications to maritime commerce sectors that are sufficiently diverse to be considered a *public good*, for example, maritime domain awareness.

*Institutional level* roles of government include: *Administrative Development* of the internal capacity (i.e., capabilities in key competencies) of government agencies engaged in the administration of NMJ development projects; and D*evelopment Administration*, which deploys capacity of governance modalities composed of stakeholders from government, ocean business, and civil society communities engaged collaboratively in the field to implement NMJ policy actions and manage the achievement of policy outcomes. In the absence of market competitiveness or relevant ethical values, a responsible resilient government will administrate appropriate regulatory mechanisms to ensure equity and that civil society interests are represented.

**Manage** is the outcome of actionable policy to *establish a management regime* with capacity for sustainable management of the NMJ across its social, economic, and environmental dimensions. A management regime extends from policy implementation and is essential to achieving sustainable policy outcomes. The effectiveness of an NMJ management regime will involve collaborative engagement among government, ocean business, and civil society stakeholders.

*State level* roles of government are leadership and steerage provided through the structures and functions of public administration agencies engaged in the NMJ Governance Regime. This includes engaging the capacity of the NMJ Governance Regime for enabling a comprehensive strategy to include vision, policy, planning, organization, effective implementation, the monitoring and evaluation of outcomes, and a system for instigating adaptive adjustments as may be necessary in order to maintain alignment of strategy execution with envisioned outcomes.

*Institutional level* roles of government also provide leadership and steerage in the form of field operations in the NMJ delivered through the principled engagement of appropriate governance modalities. The agenda of actionable policy implementation is particularly focused on stewardship of marine ecosystems and the living/nonliving resources of the NMJ environment.

The outcome to manage is facilitated by *Marine Spatial Planning* processes, which provide a step-by-step approach toward ecosystem-based management. *Marine Spatial Planning* is

deployable as a line of effort from policy-to-field levels, making it a critical element of strategy for achievement of NMJ Management as a policy outcome. As an International Governance Regimes public resource, the United Nations Educational, Scientific, and Cultural Organization has published a manual to guide countries in the processes of *Marine Spatial Planning*, from the development of a plan to management of its implementation in the field. *Marine Spatial Planning* provides an integral framework for establishing collaborative governance regimes to enable public participation in deliberative decision making processes focused on specific goals constituent to governance of the NMJ.

## NMJ Governance Regime

The complexity of the Governance System Context described above demonstrates the need for the NMJ Governance Regime to be organized in a system-of-systems architecture, with emphasis on enabling action through joint capacity and shared motivation. A system-of-systems approach enables necessary synergy among diverse governance modality performing actionable policy implementation. Integration and guidance of a system-of-systems architecture enables comprehensive maritime engagement strategy designed by the country where it is to be implemented. In this section, the NMJ Governance Regime is abstracted to eight *Essential Integral Systems* of capacity forming an integrative framework focused on achieving the four fundamental policy outcomes: to control, secure, develop, and manage the NMJ.

### Essential Integral Systems of the NMJ Governance Regime

Each *Essential Integral System* of the NMJ Governance Regime is a resource pertaining to a different type of governing capacity for achieving policy outcomes constituent to governance of the NMJ. The capacity of each *Essential Integral System* is transformative to specific types of governance modality (Immordino 2010, pp. 127–142) fundamental to control, secure, develop, and manage the NMJ as strategic outcomes fundamental to its governance. The eight *Essential Integral Systems* are introduced above in the section on Governance System Context and will be elaborated in subsequent sections of this chapter and are again listed below.

- International Governance Regimes
- National Governance
- Maritime Domain Awareness
- Economic Development
- International Engagement
- Policy Analysis
- Policy Implementation
- Policy Evaluation

The eight *Essential Integral Systems* are conceptualized as an ensemble, providing decision makers a multispectral lens for enhanced visibility of integral capacity resources of the NMJ Governance Regime available to perform critical functions. This view facilitates improved performance of state and institutional leadership practice in the decision making processes for policy, implementation, and evaluation that is transformative to flexible and innovative methods of service delivery. Orchestrated as an ensemble, the eight *Essential Integral Systems* enable correlated performance in resilient adaptive configurations of form purposed to functional efficacy, with potentially mitigating effects on instability agents engaged in the NMJ operational arenas.

The strategic outputs of each *Essential Integral System* are information and performance and vary in proportions of primary or secondary depending on the functional priorities of a particular system. They are thus integral and essential equally to both policy decision-makers and to operational policy-implementers. This concept of the eight *Essential Integral Systems* as resources of capacity both *Informative and Performative* to policy is depicted below in Table 1.

### Essential Integral Systems: Roles in Policy Action

This subsection charts the capacity interactions of the eight *Essential Integral Systems* arranged by functional relationship with the strategic outcomes to control, secure, develop, and manage

**Governance of the National Maritime Jurisdiction in Developing Coastal Countries, Table 1** Essential Integral Systems of the NMJ Governance Regime

| Policy Customers: Decision-Makers and Operational Implementers | |
|---|---|
| *Primary capacity* | *Primary capacity* |
| *Informative to policy*<br>International Governance Regimes<br>National Governance<br>Maritime Domain Awareness<br>Economic Development | *Performative to policy*<br>Policy Analysis<br>Policy Implementation<br>International Engagement<br>Policy Evaluation |

the NMJ. The chart abstractly portrays the entire NMJ Governance Regime capacity as a dynamic system of systems, persistently engaged – directly and indirectly – in processes deploying actionable lines of effort to control, secure, develop, and manage the NMJ. The chart further identifies the *Essential Integral Systems* in roles as either direct-action systems or indirect-action systems, listed descending to those most remote from the field of operational implementation.

Control

*Direct-Action Systems*:

- International Engagement (lead operational implementer)
- Maritime Domain Awareness
- National Governance
- Policy Analysis
- Policy Implementation
- Policy Evaluation

*Indirect-Action Systems*:

- Economic Development
- International Governance Regimes

Secure

*Direct-Action Systems*:

- International Engagement (lead operational implementer)
- Maritime Domain Awareness
- National Governance

*Indirect-Action Systems*:

- Policy Analysis
- Policy Implementation
- Policy Evaluation
- Economic Development
- International Governance Regimes

Develop

*Direct-Action Systems*:

- International Engagement (joint-lead operational implementer)
- Economic Development (joint-lead operational implementer)
- Maritime Domain Awareness
- Policy Analysis
- Policy Implementation
- Policy Evaluation

*Indirect-Action Systems*:

- National Governance
- International Governance Regimes

Manage

*Direct-Action Systems*:

- International Engagement (joint-lead operational implementer)
- Policy Evaluation (joint-lead operational implementer)
- Maritime Domain Awareness
- Economic Development

*Indirect-Action Systems*:

- Policy Analysis
- Policy Implementation
- National Governance
- International Governance Regimes

## Capacity Applied Integrally in an Ascending Pathway

The efficacy of policy outcomes achieved is most sustainable when policy implementation processes of the NMJ Governance Regime are orchestrated integrally, systemically, and

strategically. A planning method facilitates that purpose based on a conceptualization of sequential echelons of *capacity applied integrally in an ascending pathway*. They function in successive interdependence as six Echelons of Capacity, each enabling the more compound echelon in an ascending sequence, applied throughout the NMJ Governance Regime.

**Six Echelons of Capacity** as a sequential process commences with Decision Advantage and culminates with Governance of the NMJ Attained. This concept theorizes intrinsic synergy in the structure of the NMJ Governance Regime conducive to the alignment of strategy. Applied as planning method within each *Essential Integral System*, the six Echelons of Capacity form a rational pathway for designing effective sustainable implementation processes. The six Echelons of Capacity are listed below in ascending hierarchy, followed by elaboration.

1. *Governance of the NMJ Attained*
2. *Aspirational Impacts Realized*
3. *Policy Outcomes Achieved*
4. *Actionable Policy Implementation*
5. *Governance Modality*
6. *Decision Advantage*

*Governance of the NMJ Attained* is the pinnacle outcome perceived from the NMJ Governance Regime successes in policy outcomes achieved and aspirational impacts realized.

*Aspirational Impacts Realized* are state desired outcomes envisioned by policy makers, as a product of *strategic vision*. When attained they create governance value-added attributes beneficial to state, market, and civil society stakeholders. They represent the holistic effect and synergy of accumulated successful policy outcomes achieved.

There are two aspects of aspirational impacts realized – *Freedom of Capacity* and *Comparative Advantage* – which pertain to each *Essential Integral System* and to the NMJ Governance Regime overall as a system of systems. Their rationale is illustrated by the hypothetical converse, whereas inadequate capacity constrains the freedom to achieve policy outcomes; similarly, failure to achieve policy outcomes would result in comparative "disadvantages." Determined by their measurability, *Freedom of Capacity* is the more objective and *Comparative Advantage* the more subjective. In applying this concept, the following are nominal examples of these two aspects of *Aspirational Impacts Realized* designated for the NMJ Governance Regime as a system of *Essential Integral Systems*:

- Freedom of Capacity for Governance of the National Maritime Jurisdiction
- Comparative Advantage of Achieving Maritime Sustainable Development Goals

*Policy Outcomes Achieved* Is capacity resulting from the ways and means of *Actionable Policy Implementation* that aggregates to enable capacity for *Aspirational Impacts Realized*.

*Actionable Policy Implementation* Is the capacity to transform policy-makers intent to execute performative action through governance modality, planned and organized into ways and means of implementation. For example, the *Essential Integral System* for International Engagement provides the NMJ Governance Regime the primary ways and means to focus lines of effort for achieving *Actionable Policy Implementation*.

*Governance Modality* Is capacity transformed by implementation processes, composed of actionable lines of effort, into deployable performative ways and means. The paramount purpose of performative capacity is to control, secure, develop, and manage the NMJ.

*Decision Advantage* Is the capacity instrumental to all ascending echelons of capacity in the NMJ Governance Regime. The capacity for decision advantage is enabled by developing information confidence, knowledge, understanding, and sense-making.

### Summary of Aspirational Impacts Realized

The following are hypothetical but nominal statements of "State desired outcomes envisioned by policy makers," i.e., *Aspirational Impacts Realized*, for each *Essential Integral System* (EIS) and the entire NMJ Governance

Regime (repeated from above). Each statement expresses a comprehensive integration of EIS outcomes. These examples serve to guide developing coastal countries in crafting their own *Freedom of Capacity* and *Comparative Advantage* statements.

**NMJ Governance Regime**

- Freedom of Capacity for Governance of the National Maritime Jurisdiction
- Comparative Advantage of Achieving Maritime Sustainable Development Goals

**EIS for International Governance Regimes**

- Freedom of Capacity for International Consensus
- Comparative Advantage of Cooperative Governance

**EIS for National Governance**

- Freedom of Capacity for Governance Legitimacy
- Comparative Advantage of National Equilibrium

**EIS for International Engagement**

- Freedom of Capacity for Performative Governance
- Comparative Advantage of Operational Implementation Efficacy

**EIS for Economic Development**

- Freedom of Capacity for Integral Development
- Comparative Advantage of Maritime Sustainable Development

**EIS for Maritime Domain Awareness**

- Freedom of Capacity for Science-based Governance
- Comparative Advantage of Information Confidence

**EIS for Policy Analysis**

- Freedom of Capacity for National Vision
- Comparative Advantage of Proactive Policy Options

**EIS for Policy Implementation**

- Freedom of Capacity for Goals Accomplishment
- Comparative Advantage of Policy Synergy

**EIS for Policy Evaluation**

- Freedom of Capacity for Agile Governance
- Comparative Advantage of Policy Efficacy

## Each Essential Integral System: Elaborated

This section provides a practical perspective to each *Essential Integral System* (EIS) as governance modality and "capacity applied integrally in an ascending pathway" toward attaining Governance of the National Maritime Jurisdiction. A brief description of each EIS and its capacity interactions adds to understanding their roles in the NMJ Governance Regime.

### EIS for International Governance Regimes

The *Essential Integral System for International Governance Regimes* provides capacity which is *informative to policy* vis-a-vis numerous documentary instruments produced by international intergovernmental organizations. These informative documents comprise a comprehensive scope of topics applicable to the NMJ of coastal countries, in addition to the high seas of international waters. The *International Governance Regimes* system is an informative reference resource of regulatory frameworks, guidelines, and best practices. The *International Governance Regimes* system is readily available to the capacity interactions of the NMJ Governance Regime. The value enables decision advantage by government ministries and agencies of countries engaged in developing, implementing, and evaluating foreign policy for maritime affairs and relations vis-à-vis their own national maritime jurisdictions.

Marine fisheries management is an exemplary application of *International Governance Regimes* system capacity that includes many topical subdivisions such as the issue of participation in decision making by fishers and other persons with an interest in fishing. The United Nations Food and Agriculture Organization *Code of Conduct for Responsible Fisheries* guides coastal countries in the development of information, knowledge, understanding, and sense-making on fisheries issues that enable their policy makers with actionable decision advantage.

The rule of law framework provided by UNCLOS provides guidance enabling coastal countries to engage in effective diplomacy vis-à-vis matters of the marine environment and

shared natural resources. In particular, a common dilemma is the transboundary movement of migratory fisheries across the political boundaries. Adjacent national maritime jurisdictions are often habitats to migratory fisheries that do not abide human lines of demarcation. Instead, remediation is intrinsic in the collaborative engagement of affected states to establish bilateral and multilateral cooperative arrangements. The practice of successful diplomacy has included agreements involving shared responsibilities in satisfying mutually recognized obligations.

### EIS for National Governance

The *Essential Integral System for National Governance* provides capacity which is *informative to policy* vis-à-vis its advisory guidance in all endeavors of state pertaining to governance of the NMJ. This resource is continuously relevant in all cycles of policy processes and in the other *EIS*. The capacity interactions of the *National Governance* system guide the State structures and functions on a pathway of legitimacy enabled by the practice of principled engagement throughout the NMJ Governance Regime.

The capacity of the *National Governance* system provides important leadership to the NMJ Governance Regime based on three subsystems of "governance qualities" that function as criteria for measurable indicators (UNDP 2011, pp. 278–283). They are state level – authority, resilience, and legitimacy; institutional level – performance, adaptability, and stability (UNDP 2011, pp. 271–273, 289); and a set of ethical values guiding principled engagement that are to be practiced pervasively at all levels.

**State level indicators** are:

- Authority – capacity to implement state roles in society and all national territory.
- Resilience – capacity for agile service delivery to civil society and market constituencies.
- Legitimacy – capacity for consensus of authority and resilience.

**Institutional level indicators** are:

- Performance – capacity for proactive efficacy in service delivery; a measure of authority.
- Adaptability – capacity for mitigation and response effectiveness; a measure of resilience.
- Stability – capacity for trust and confidence of the populous in the state to achieve declared objectives; a measure of legitimacy.

**Ethical Values indicators** enable a framework of systemic risk management practice as the foundation of principled engagement at state and institutional levels throughout the NMJ Governance Regime. They are catalytic to the efficacy and legitimacy of governance outcomes. Fundamental ethical values include:

- Strategic Vision
- Rule of Law
- Transparency, Accountability, Integrity, and Corruption-countermeasures
- Effectiveness & Efficiency
- Responsiveness
- Participatory Inclusiveness
- Collaborative Innovation
- Consensus Polity
- Democracy Praxis
- Power Balance
- Fairness/Justice/Peace
- Legitimate Tax Policy

### EIS for Maritime Domain Awareness

The *Essential Integral System for Maritime Domain Awareness* provides capacity which is *informative to policy* vis-à-vis its advisory guidance in all endeavors of the state pertaining to governance of the NMJ and to market and civil society stakeholders as may be appropriate. The capacity of the *Maritime Domain Awareness* system is fundamental to control, secure, develop, and manage the NMJ. Actionable policy implementation, for example, relies on the *Maritime Domain Awareness* system in deployment of tactical afloat units.

The capacity interactions of the *Maritime Domain Awareness* system provide policy makers with evidenced-based decision advantage developed through the systemic processes of information confidence, knowledge, understanding, and sense-making pertaining to the social, economic, and environmental dimensions of the NMJ. The spatial extent of the NMJ consists of its legal

specifications delimited by UNCLOS inclusive of sovereign surface, subsurface, seabed, airspace, internal marine waters, and relevant shoreline areas.

**Spatial Data Infrastructure** is a component of *Maritime Domain Awareness* system capacity to inform policy that is compiled at multiple scales by systematically surveying the geospatial attributes of the NMJ. These compilation and analysis requirements are enabled by computerized geographic information system technology. The interdisciplinary methods of geography guide this process to compile necessary information based on five thematic categories:

- Location
- Place
- Human-environment interactions
- Movement
- Region

**Maritime Situational Awareness** is an outcome of the *Maritime Domain Awareness* system that supports the strategic interests of actionable policy implementation and the field-level execution of operations through governance modality. This outcome requires the capacity of an *ocean surveillance information system* (OSIS) capable of detection and monitoring functions. An OSIS provided of coordinated operational decision-making structures and functions enable actionable responsiveness. Additionally, the supporting processes of information fusion, analysis, and reporting dissemination are critical to efficacy of outcomes intended to serve strategic, operational, and tactical requirements.

**Lost Foreign Trade Revenue and Informal Commerce** can be minimized by the *Maritime Domain Awareness* system. For example, evasion of customs regulations violates national law and renders even legal goods to be declared contraband and subject to seizure by the customs administration. The national treasury loses customs revenue and badly needed foreign trade income also from undocumented voyages and cargoes. Consequences for the country's economy include erosion of commercial trade-capacity development, and emergent ungoverned places harboring informal markets in contraband trade. These conditions instigate vulnerabilities to criminal exploitation and the potential disenfranchisement of affected places and populations. Their detection and monitoring are imperative.

### EIS for Economic Development

The *Essential Integral System for Economic Development* provides capacity which is *informative to policy* vis-à-vis its advisory guidance in all endeavors of the state pertaining to governance of the NMJ and to market and civil society stakeholders as may be appropriate. The *Economic Development* system is also *performative to policy* vis-à-vis its joint-lead role with the *International Engagement* system as operational implementer to develop the NMJ.

The capacity interactions of the *Economic Development* system enable the convergence of the political processes of the state and the economic processes of the market to engage collaboratively in the implementation of investment outcomes and integral development beneficial to their mutual interests and to civil society. Instrumental to the efficacy and sustainability of the other EIS capacities and comparative advantages are the policy outcomes achieved by the *Economic Development* system. The importance of NMJ economic development capacity for developing coastal countries is significant and amplified for *small island developing states*.

A fundamental role of the state in economic development capacity is to provide a legal and regulatory environment enabling fairness and justice among market competitors and civil society laborers/consumers. Balance among state, civil society, and market stakeholders engaged in sustainable development across social, economic, and environmental dimensions is intrinsic to efficacy of the *Economic Development* system. Requisite legislated structures and functions include a regulatory regime for ensuring property rights and contracts based on rule of law principles, procedures, and judicial process. The rule of law outcomes can be facilitated by leveraging the socio-economic effects of raising living standards of individual citizens and advancing the aggregate progress of civil society (UNDP 2011, pp. 281–285).

The *National Ocean Enterprise*, previously explained in the subsection on typical NMJ industry sectors, provides intrinsic capacity for potential cross-sectoral integral development and comparative advantage of the NMJ. A distinguishing role of the market is the provision of employment for the nongovernmental labor segments of civil society. The market stakeholders of the ocean business community engage in this process, endeavoring to achieve individual enterprise competitiveness while also striving to be relevant in the economic development and comparative advantage of the NMJ. The collaborative engagement of the ocean business community, civil society, and government agencies as stakeholders of mutual interest facilitates their understanding of the market forces impacting the competitiveness of *National Ocean Enterprise* industries.

**The Cross-Dimensional Characteristics of the NMJ Governance Regime** occur as social, economic, and environmental issues that focus priorities on the accomplishment of sustainable development goals as constituent to policy outcomes achieved. The coordination of the *Economic Development* system across industry sectors improves the efficacy of actionable policy implementation and policy outcomes achieved by the NMJ Governance Regime.

Cross-dimensional characteristics, vis-à-vis the *Economic Development* system, provide a range of investment goals which necessarily involve collaborative engagement among diverse stakeholder networks to achieve complex outcomes. They illustrate the necessity for subsidiary system capacity in *marine spatial planning* to enable requisite implementation processes. Nominal examples of investments are presented below in brevity:

- *Social Dimension Priorities* near-term civil society goals; long-term development of sustainable capacity to raise living standards.
- *Economic Dimension Priorities* near-term increase in *National Ocean Enterprise* productivity; long-term sustainable development of capacity for increased international competitiveness.
- *Environmental Dimension Priorities* near-term marine ecosystem risk mitigation, protection, and development of its capacity for goods/services productivity (e.g., fisheries subsistence/commerce); medium-term remedial actions enabling stabilized/restored processes; long-term development of resilience capacity.

### EIS for International Engagement

The *Essential Integral System for International Engagement* provides capacity which is both *informative and performative to policy* in all endeavors of state pertaining to governance of the NMJ. The capacity interactions of the *International Engagement* system form a coherent framework of Governance Modality for directing processes to control, secure, develop, and manage the NMJ. It serves as the lead operational implementer for that purpose. Pertaining to develop the NMJ, the *International Engagement* system shares the lead role jointly with the *Economic Development* system. To manage the NMJ, the *International Engagement* system shares the lead role jointly with the *Policy Evaluation* system. Further, the *International Engagement* system is conceptualized as a capacity compatible to partnering with other coastal countries, enabling performative functions in maritime affairs of foreign relations such as cooperative engagement or international assistance.

The *International Engagement* system is the *performative* nexus of NMJ Governance Regime ways and means by focusing lines of effort to achieve Actionable Policy Implementation in the field and those of policy-level processes for the alignment of strategy and operations. Therefore, the *International Engagement* system is the key enabler of Policy Outcomes Achieved for all EIS (USJFCOM 2006, pp. IV-1-2). Indicative of its *informative* role, the *International Engagement* system supports the *Maritime Domain Awareness* system through the operational presence of deployed personnel in the field.

The capacity for *Maritime Law Enforcement with Integrated Coastguard Functions* (MLE-ICF), for example, is of crucial importance to the operational efficacy of the NMJ Governance

Regime to control, secure, develop, and manage the NMJ. The *International Engagement* system capacity as a Governance Modality is enabled by MLE-ICF, comprising lines of effort for "waterways management" operational outcomes including marine environmental protection; response operations; boarding and arrest; marine safety/inspection/licensing processes; search and rescue operations; systems of aids to navigation; and maritime, port, and harbor security.

### EIS for Policy Analysis

The *Essential Integral System for Policy Analysis* provides capacity which is both *informative and performative to policy* in all endeavors of state pertaining to governance of the NMJ. The *Policy Analysis* system consists of diverse activities which support actors in their policy development-team efforts. The *Policy Analysis* system emphasizes the explicit orientation of policy to action and intervention. It is intentional to achievement of future desired outcomes, envisioned policy goals, and strategic objectives (Thissen and Walker 2013, pp. 3–5, 157–167).

Paramount focus of the *Policy Analysis* system is on Actionable Policy Implementation and Policy Outcomes Achieved, engaging a comprehensive scope of capacity interactions in its processes. These outcomes are the pathway to Aspirational Impacts Realized and the ascent ultimately to Governance of the NMJ Attained. These reasons empower the *Policy Analysis* system as epicenter of state leadership and steerage in the NMJ Governance Regime. However, effectiveness of the *Policy Analysis* system is enhanced by method adherent to the following principles (USJFCOM 2006, pp. vii–ix; I–4):

- *Visualizing the Operating Context* – the NMJ, as an interconnected system-of-systems consisting of collaborative stakeholders, adversaries, and unaligned interests.
- *Harmonizing and Synchronizing* – courses of action across the full spectrum of Governance System Context and NMJ Governance Regime in applying EIS capacity particularly at policy, strategy, and operations levels; synchronizing ways and means in the process.
- *Appreciating Strategic and Operational Effects* – as integral outcomes (desired and undesired), separated spatially and temporally in the NMJ from their causative actions.
- *Assessing System Behaviors and Capabilities* – emphasizes attaining strategic and operational effects, rather than mere task accomplishment.
- *Collaborating More Extensively* – engaging superiors, subordinates, the interagency community, multinational partners, commercial industry, and civil society stakeholders.
- *Establishing a Definitive Baseline* – in applying an effects-based approach, the discrepancy between *current-reality* versus *desired outcomes* is a latent source of motivation for policy trajectory to advance in the direction of Policy Outcomes Achieved (Fritz 2011, pp. 47–52).

The *Policy Analysis* system capacity is accommodating to policy makers in their aspirational intent of envisioning national goals and desired ends, and their design of Actionable Policy Implementation intended to enable Policy Outcomes Achieved. Support to policy makers begins with the resources for their Decision Advantage. Support is augmented by methods accommodating to policy-makers innovation that enable inclusion of their own intuition, experience, and judgment into the processes of the *Policy Analysis* system.

### EIS for Policy Implementation

The *Essential Integral System for Policy Implementation* provides capacity which is both *informative and performative to policy* in all endeavors of state pertaining to governance of the NMJ. The *Policy Implementation* system processes are a proactive and foresighted variant of the postaction processes of the *Policy Evaluation* system. The *Policy Implementation* system engages in diverse capacity interactions to develop Decision Advantage for transforming the outputs of the *Policy Analysis* system into feasible Actionable Policy Implementation.

*Policy Implementation* system methods include relational studies of existing policies and policy proposals to estimate the potential effects of implementation. Scenarios can be modeled and

simulated to estimate potential outcomes before policy initiatives are approved and authorized for delivery in the field. The intervention to study opportunities, options, and decision choices in advance of deployment enables the application of risk management practice to improve the effectiveness of outcomes.

A highly collaborative interagency planning process increases the repertoire of capabilities available to be integrated into contingency planning or a crisis situation. In a collaborative NMJ Governance Regime, outputs of policy makers are understood to be proposed desired outcomes, i.e., *aspirational initiatives* until validated as feasible through rigorous processes engaged by the *Policy Implementation* system.

The practice of feasibility validation includes development of a change theory, one of the subsidiary processes dynamic throughout the NMJ Governance Regime that is particularly prominent in the *Policy Implementation* system. As an element of the orientation function of the OODA Cycle, a change theory frames the rationale for optional courses of action and guides contingency planning as a risk management practice. The proposed goals, objectives, ways, and means are examined in relation to the desired outcome. The intent is to improve the design of implementation processes for increasing the probability of policy-outcome success. Methods may involve investigation using local-level surveys and participant observation.

The *Policy Implementation* system capacity occurs ideally as an intervention prior to Actionable Policy Implementation is made operational through field-deployed Governance Modality by the *International Engagement* system. This advantages a proposed policy with an advisory reach-back cycle in which any confirmed faults are remanded with sense-making justifications for adaptations intended to improve the feasibility of Policy Outcomes Achieved.

**Planning Processes** are crucial to the initiative of the decision-making team creating successful outcomes by increasing the probability for effective actionable policy implementation. In planning complex endeavors for the NMJ Governance Regime, an effects-based approach (EBA) provides decision makers a wider range of options and potentially more integral capacity to deploy in the operating environment. An EBA increases precision and rigor in the planning, decision making, and coordination of integral courses of action before and during operations. In addition, EBA facilitates subsequent evaluation of outcomes by improving the structural coherence of planning design (USJFCOM 2006, pp. III-1-5).

The forward-thinking processes of the *Policy Implementation* system are coordinated with those of the *Policy Evaluation* system for testing prototype assessment tools and their indicators as metrics of effectiveness and performance in terms of measurability-to-manageability. These capacity interactions enable the *Policy Implementation* system to improve the effectiveness of Actionable Policy Implementation and Policy Outcomes Achieved, and they also improve the functions of the *Policy Evaluation* system.

### EIS for Policy Evaluation

The *Essential Integral System for Policy Evaluation* provides capacity which is both *informative and performative to policy* in all endeavors of state pertaining to governance of the NMJ. The *Policy Evaluation* system engages diverse processes of capacity interactions for measuring the effectiveness and performance throughout the NMJ Governance Regime. However, the echelon priority of the *Policy Evaluation* system is Policy Outcomes Achieved, seconded by its enabling echelon Actionable Policy Implementation (Immordino 2010, pp. 181–189). Among control, secure, develop, and manage as the four outcomes fundamental to governance of the NMJ, the *Policy Evaluation* system is joint-lead operational implementer for the outcome to manage, a role it shares with the *International Engagement* system.

**Assessment of Outcomes** is the paramount capacity of the *Policy Evaluation* system and is guided by principles of managerial accounting to detect and monitor activity-based control metrics. Timely assessment processes must operate systemically in a continuous cycle of observation, orientation, decision, and action (OODA Cycle) enabled by collaborative engagement throughout

the capacity interactions of the NMJ Governance Regime. The OODA Cycle is elaborated below:

- *Observation* processes are the crux of the *Policy Evaluation* system, obtaining information pertaining to the new *current reality*; the OODA Cycle begins and ends with observation.
- *Orientation* processes are informative to policy and enable managerial adaptations to feedback; new *current reality* is compared to policy-makers *desired outcomes* for discrepancies obstructing accomplishment of the goal (Fritz 2011, pp. 47–52).
- *Decision* processes are the outcome of observation and orientation, enabling managerial adaptations intentional to improve the effectiveness of subsequent iterations of Actionable Policy Implementation, and thereby also the efficacy of Policy Outcomes Achieved.
- *Action* processes are the performative transformation of the observation, orientation, and decision processes. Guided by the ethical values of principled engagement, decision makers so informed are more likely to *do the right things for the right reasons*.

The OODA Cycle (Osinga 2005, p. 270) should include an engagement loop of timely feedback among the capacity interactions of each *EIS*, from policy to field levels, for systemic monitoring of progress. The systemic awareness developed from proactive internal assessment processes of the OODA Cycle enables development of resilience and adaptability in each *EIS* and the NMJ Governance Regime as a system of systems.

## Conclusions

The **Introduction** presented an interpretation of governance as the holistic outcome of effective governing implementation outcomes sufficiently effective to persuade perceptions of consensus by the populous. The *preferred design* features of an NMJ Governance Regime were outlined in contrast to the hallmarks of traditional governing approach. The *preferred design* was presented to conceptualize the NMJ as a system of systems, conducive to an integrative framework of structures and functions of governance orchestrated in comprehensive maritime engagement strategy, and instrumental to implementing effective outcomes. The *preferred design* noted potential value in assimilating relevant stakeholder networks into implementation processes, including improved effectiveness and budgetary efficiencies (Bevir; Joyce; USJFCOM; Emerson and Nabatchi).

The section on **National Maritime Jurisdiction Characteristics** provided insights to the complex dynamic Physical and Operational challenges confronting developing coastal countries in their efforts to attain governance of the NMJ. Although UNCLOS brings a framework of legal order to the NMJ, the operational characteristics of governance scope, policy processes, systemic interactions, and capacity priorities combine to emphasize the requirement for a comprehensive and systematic approach to governance of the NMJ.

The section on **Governance System Context** presented a composite of internal and external factors impacting or influencing the NMJ that include the Governance Regime itself. The NMJ Governance Regime is introduced as eight *EIS* orchestrated as an ensemble that enable comprehensive maritime engagement strategy for achieving policy outcomes. The subsection on four outcomes fundamental to Governance of the NMJ explains that governance of the NMJ depends fundamentally on capacity to control, secure, develop, and manage the NMJ. These four fundamental outcomes create a systemic focus for applying the structures and functions of actionable policy implementation processes intentional to attaining governance of the NMJ (Emerson and Nabatchi; Margolis; Fritz; Osinga; UNDP).

The section on the **NMJ Governance Regime** abstracted the governing structures and functions to an integrative framework of eight *EIS* of capacity for actionable policy implementation processes. The EIS are presented as a system of systems orchestrated as an ensemble for achieving the four policy outcomes – to control, secure, develop, and manage the NMJ as fundamental to

its governance. This abstraction enables the systemic capacities for ways and means to be separated and generalized from specific applications and facilitates understanding the resilient adaptability of the ensemble to compound and complex problems (Immordino). This integrative framework for a NMJ Governance Regime facilitates design of comprehensive maritime engagement strategy by developing coastal countries, tailored to their specific requirements.

Further in the section on the NMJ Governance Regime, the subsection on EIS roles in policy action charts capacity interactions of each system as relational processes to control, secure, develop, and manage the NMJ. The subsection on capacity applied integrally in an ascending pathway theorizes intrinsic synergy in the structure of the NMJ Governance Regime conducive to the alignment of strategy that is instrumental to Policy Outcomes Achieved, Aspirational Impacts Realized, and Governance of the National Maritime Jurisdiction Attained.

Finally, the section on **Each Essential Integral System – Elaborated** provides perspective to each *EIS* of the NMJ Governance Regime and their capacity interactions, exampled by practical applications. The functions of each EIS are presented, both as a distinct capacity resource of Governance Modality and in context of its role in enabling the NMJ Governance Regime to operate as a system of systems (UNDP; USJFCOM; Thissen and Walker; Fritz; Immordino; Osinga).

### Utility for Developing Coastal Countries

The *preferred design* for Governance of the National Maritime Jurisdiction (NMJ) presented in this chapter is encompassed in the label of *comprehensive maritime engagement strategy* (CMES). The NMJ Governance Regime structure as a system of systems featuring an ensemble of *essential integral systems* enables CMES to focus capacity development and implementation processes on the strategic priorities for governance of the NMJ. The fundamental priorities are to control, secure, develop, and manage the NMJ.

A systematic approach is essential to the planning and policy making processes of mobilizing, coordinating, and calibrating means and resources integral to effective implementation that create desired outcomes for attaining governance of the NMJ. CMES integrates systems and aligns their capacity interactions in actionable policy implementation processes, enabled by the planning method of capacity applied integrally in an ascending pathway.

CMES utilizes concepts of operation and doctrine for enabling ingestion of interdisciplinary methodologies, tools, and techniques in agile arrangements to create synergy and holistic effects. These basic elements of CMES enable the deployment of common tools and interoperable techniques, synchronized and utilized in persistent engagement throughout the NMJ.

CMES is adaptable at national or regional scales, utilizing implementation methods intended to be cost-effective and sustainable, and designed with systemic measures of effectiveness and performance operating in a cyclical process of continuous evaluation. The generic framework presented in this chapter provides guidance to any developing coastal country interested in designing a *country-specific CMES* to improve the governance of its own NMJ.

## Cross-References

► Development Administration

## References

Bevir M (2012) Governance: a very short introduction. Oxford University Press, Oxford, UK

Emerson K, Nabatchi T (2015) Collaborative governance regimes. Georgetown University Press, Washington, DC

Fritz R (2011) The path of least resistance for managers. Newfane Press, Newfane

Immordino KM (2010) Organizational assessment and improvement in the public sector. CRC Press, Boca Raton

Joyce P (2015) Strategic management in the public sector. Routledge, New York

Margolis JE (2012) Estimating state instability. Stud Intell 56(1):13–24

Osinga F (2005) Science, strategy and war: the strategic theory of John Boyd. Eburon Academic Publishers, Delft

Thissen WA, Walker WE (eds) (2013) Public policy analysis – new developments. Springer Science+Business Media, New York

UNDP (2011) Governance principles, institutional capacity and quality. In: *Toward Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty*. United Nations Development Programme, Bureau for Development Policy, New York, pp 268–290

USJFCOM [U.S. Joint Forces Command] Joint Concept Development and Experimentation Directorate (2006) Commander's handbook for an effects-based approach to joint operations. U.S. Department of Defense, Washington, DC

## Governance Theories and Models

Mohammed Asaduzzaman[1] and Petri Virtanen[2]
[1]Department of Public Administration, Islamic University, Kushtia, Bangladesh
[2]School of Health Sciences, University of Tampere, Tampere, Finland

### Synonyms

Administrative theories; Governance philosophies; Principles of governance; Theoretical analysis of governance and good governance

### Introduction

Pollitt (2005) has – somewhat ironically – argued that there are certain "hardy perennials" of contemporary public policy and public management. According to our reading, these "hardy perennials" include conceptual entities such as bureaucracy, network, decentralization, power, and governance. The last one of these, governance – profoundly anchored in the New Public Management and New Public Governance doctrines – has virtually been an unassailable concept in the management and public policy sciences for decades now. Governance definitely has a kind of pivotal place in recent public management and public policy discourses. Governance has a long conceptual history, to include multifaceted meanings and to act as counterpart of (often unspoken) alternative for "public sector management" and "public sector leadership." Governance has gained popularity in management sciences and in academic public policy discourse because of its multivalency – its ability to link up with many other arguments and theoretical concepts.

Although interest for the concept governance has increased tremendously during the last two decades, the term is not new, but rather as old as the civilization or the human history (Farazmand 2013, p. 349). As a concept, governance incorporates with the very long history of governing, rule, authority structures, and domination (Tiihonen 2004). Currently, it not only occupies the central stage of development discourse but it is also considered as the fundamental component to be incorporated in the development policy of both developed and developing nations (Hye 2000). Despite its growing importance to the researchers, development practitioners, policy makers, and international aid agencies, governance is far from a "finished product." Rather it is a dynamic concept and worth examining analytically and systematically (Farazmand 2012, p. 351). Pierre and Peters (2000, p. 7) have claimed that the term governance is notoriously slippery, and for good reason. Schneider (2004, p. 25) then has put forward the idea that the conceptual vagueness of the term "governance" is actually the "secret of its success." Farazmand (2012) highlighted governance from three faces, for example, the good, the bad, and the ugly, and concluded that none of these offers a full-scale and comprehensive perspective of the concept. Similarly, Kohler-Koch and Rittberger (2006) have argued that despite decades of huge efforts there is still confusion about the conceptualization of the concept.

The last decades have brought about tremendous changes in global politics and the emergence of service space, constituting of various institutions from public, private, and the third sector (e.g., Virtanen et al. 2016). Moreover, the rise of third sector organizations in developing countries, the changing role of the international aid agencies towards the aid receiving countries, and the significance of people's participation in development projects and action enforce to retheorize the role of public administration. Similarly, excessive political influence and bureaucratic control over central and local governance have been blamed for conditions of massive poverty, corruption, economic stagnation, political instability, confused priorities,

chaos, and violation of human rights of citizens and noncitizens alike (Jreisat 2004). It is also evident that the wealth or poverty of any nation goes hand in hand with the state of governance and not merely with, e.g., the natural resources (Werlin 2003). On the other hand, it is clear that the ground realities or country specific contextual realities play vital role in order to theorizing governance, which has always been overlooked.

As a result, despite its colossal recognition and importance, a universal or acceptable theory of governance has not yet been emerged. Debates prevail and conceptual differences exist in respect of its theoretical formulations, policy prescription, and conceptualization across the world (Hye 2000). Adding "good" with governance has paid much attention to the international aid agencies since 1990s. Good governance becomes an official aid agenda for the aid recipient countries of Africa and Asia. In fact, it has become a common phenomenon in the literature of international aid agencies as a precondition for aid receiving countries (Rhodes 1997). The truism is that good governance is a condition rather than creating better democracy of the developing nations. As a result, a common consensus about its theoretical framework does not exist yet.

Terms, theory and model need clarification here, however. With theory, we refer to Giere (1998, p. 415), who argues that theories are generalized theoretical hypothesis. Notable in this definition is that justifying a theory is actually about justifying a theoretical hypothesis or a set of hypothesis. Models, then, in our semantic and analytical dictionary refers to a kind of conceptual and partly theoretical frameworks, which helps to understand conceptually the topic under scrutiny. Popper (1963) calls this as a discovery of axiomatic systems, a model that consists of a set of things, relations, operations, or functions.

This entry intends to discuss the different theories and models of governance and its conceptual framework in the light of both developed and developing nations through interpreting and reinterpreting the contemporary management and public policy literature. This entry has three sections. First, we take an analytical look into the definitional image and theoretical framework of the concept of governance. Secondly, we discuss the dimensions of theories related to governance. Thirdly, we present our conclusions and discuss our findings.

## Theoretical Framework for Governance

Numerous scholars have come up with definitions concerning the concept of governance. The unified interpretation seems to be, despite the multiple perspectives of the definitions, that as a term, governance refers to the political field and political activity as the vital task of every national government. At the outset, however, we would like to emphasize that the terms government and governance are not same. That is, government and governance are not synonymous terms, although both share goals-oriented objectives. Government occurs when those with legally and formally derived authority and policing power execute and implement activities; by contrast, governance refers to the creation, execution, and implementation of activities backed by the shared goals of citizens and organizations, who may or may not have formal authority or policing power (Rosenau 1992 in Bingham et al. 2005, p. 548). According to Richards and Smith (2002), government is bureaucracy, legislation, financial control, regulation, and force. Governance, on the other hand, refers more like to a growing use of non-regulatory policy instrument. This policy instrument aspect focuses the attention towards proposed, designed, and implemented cooperation by nonstate actors working together with state actors (Jordan et al. 2003).

As a whole, governance is a growing phenomenon. The literature on governance is definitely considerable and expanding (Aminuzzaman 2010, p. 19). Back in history, in the fourteenth century for instance, the term governance referred to an action, method, or function of governing (Halfani et al. 1994). For Landell et al. (1991), governance denotes how people are ruled, how the affairs of the states are administered and regulated, as well as a nation's system of politics, and how this functions in relation to public administration and law. According to Graham et al. (2003),

governance is seen as interaction among structures, processes, and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens and other stakeholders have their say. Therefore, governance is about power, relationship, and accountability: it addresses the questions like who has the influence, who makes the decisions, and how decision-makers are held accountable.

Halfani and his colleagues (1994) highlight governance as a system of government concentrating on effective and accountable institutions, democratic principles and electoral process, representation and responsible structures of government in order to ensure an open and legitimate relationship between the civil society and the state. They emphasized on the relationship between the civil society and the state, which is very crucial. This is in fact and an important notion since this differentiates the study of governance from the study of government. The nature of the relationship between the civil society and the state is the most important feature in their definition. They believe that credibility and legitimating of government can be achieved effectively and efficiently through decentralization and sharing, people's participation, accountability, transparency, and responsiveness. In the same way, Organization for Economic Co-operation and Development's (OECD) (1995) definition of governance includes public administration and the institutions, methods and instruments of governing and also incorporates relationship between government and citizen (including business and other citizen groupings) and the role of the state. In order to cope with the challenges of the twenty-first century, to understand the relationship in-between the state and non-state agencies is thus important. This is because of the economic globalization, massive corruption of state agencies, failure of centrally planned economy, elitist bureaucracy, remarkable breakthrough of information technology, and the rising role of the third sector, popularly known as the Non-governmental Organizations (NGOs) across the developing world (e.g., Hossain 2001; Salomon and Anheier 1996; Anheier and Seibel 1990).

Interpreting and reinterpreting the contemporary public management and public policy research literature, we have pinpointed two different approaches. According to our analytical rereading of the existing literature, these two approaches derive their origins from (1) international aid agencies and (2) European scholars. Both approaches seem to have constituted the conceptual framework for governance from their own perspectives.

As an example from the first conceptual dimension, we take the World Bank (1994) as an example. The World Bank defines governance as the manner in which power is exercised in the management of a country's economic and social resources for development. In fact, in its definition, World Bank highlights the administrative aspects of governance, which emphasizes the following major issues: civil service reform, public sector downsizing, service delivery, contracting out public interventions, as well as institutional capacity building. Furthermore, the World Bank affiliated researchers address governance from three perspectives (e.g., Kaufmann et al. 2000). They are: the process, by which governments are selected, held accountable, monitored, and replaced; the capacity of the governments to manage resources efficiently and formulate and implement and enforce sound policies and regulations; and the scope of people's participation in the affairs of the state and access to the administration.

Secondly, as an example from the second conceptual dimension, Kooiman (1993) defines governance as the forms in which public or private sectors engage in problem solving, not separately, but in conjunction with other actors in society. This approach, therefore, views governance as forms of multiorganizational action rather than involving only state institutions. In fact, these kinds of definitions have redefined the role of the state and distinguished governance from the traditional public administration and this is the intellectual and conceptual starting point for the emergence of the New Public Governance, breakthrough public sector management paradigm since the beginning of the millennium. In the same vein, March and Olsen (1995) presented a framework for democratic governance from a new-institutional perspective of political science.

Their perspective is that the enhancement of democracy improves political governance. The task demands developing: democratic identities; capabilities for appropriate political action among citizens, groups, and institutions; accounts of political events; and an adaptive political system, which copes with changing demands and environment.

Hyden (1992) has widened discourse of governance on the level of theoretical generality. To him governance concerns mostly the rules of the game of political rule. Governance, according to him, is a conscious management of regime structures with a view to enhancing the legitimacy of the public realm. He pays attention to the political legitimacy of governance contrary to economists, who give emphasize economic factors and efficiency. Hyden's views are further elaborated by Bratton and Rotchild (1992) into the following five interpretations:

- Governance is a conceptual approach that frames a comparative analysis of macropolitics.
- Governance concerns big questions of a "constitutional" nature that establish the rules of political conducts.
- Governance involves creative intervention of political actors to change structures.
- Governance emphasizes interaction between state and social actors.
- Governance refers to a particular type of relationships among political actors, that is, those which are socially sanctioned rather than arbitrary.

Rosenau and Czempiel (1992) discussed governance in a very comprehensive manner. According to Rosenau (1992), governance is a more encompassing phenomenon than government. It includes non-governmental institutions and informal, non-governmental mechanisms and how they move ahead, satisfy their needs, and fulfill their wants. He emphasized that governance is a process whereby an organization or society steers itself. It includes many channels through which commands flow in the form of goals framed, directives issued, and policies pursued. It is a process where communication is central (Rosenau 1995). In addition, for him global governance is a sum of myriad – literally millions of – control mechanisms driven by different histories, goals, structures, and processes. Rhodes (2001) found different interpretations for governance though his interpretation is not so faraway than others. He used governance as: (1) a minimal state; (2) a corporate governance; (3) a new public management; (4) good governance; (5) a sociocybernetic system, and (6) self-organizing network. The key concern of all these are the role of the state, not only in political field but in all policy sectors as well.

To summarize, we can say that the concept of governance applies to multiple forms of collective action. However, it is about more strategic aspects of steering of a society: the larger decisions about direction and roles. That is, governance is not only about *where to go* but also about *who should be involved in deciding* and in what capacity. Therefore, we found four areas or zones where the concept is particularly relevant.

- ***Governance in "global space," or global governance***, deals with issues outside the purview of individual governments.
- ***Governance in "national space***," i.e., within a country: this is sometimes understood as the exclusive preserve of government, of which there may be several levels: national, provincial or state, indigenous, urban or local. However, govern*ance* is concerned with how other actors, such as civil society organizations, may play a role in taking decisions on matters of public concern.
- ***Organizational governance*** (governance in "organization space"): this comprises the activities of organizations that are usually accountable to a board of directors. Some will be privately owned and operated, e.g., business corporations. Others may be publicly owned, e.g., hospitals, schools, government corporations, etc.
- ***Service space governance*** reflecting the idea of governing local, regional, and national service spaces, consisting of various service providers from private, public, and the third sector.

- ***Community governance*** (governance in "community space"): this includes activities at a local level where the organizing body may not assume a legal form and where there may not be a formally constituted governing board.

Based on our analysis, we feel that the concept of governance is often referred for more rhetorical rather than substantive reasons. In early 1990s, governance appears to be used in place of government as if government was a difficult word to sell in a privatized, market-oriented society. Governance is about a reinvented form of government, which is better managed (e.g., Osborne and Gaebler 1992). In this perspective, governance is about the potential for contracting, franchising, and new forms of regulation. Hood (1991) refers to this kind of governance as the New Public Management (NPM), and this kind of thinking also applies in the domain of New Public Governance.

We think governance is a lucrative concept, since it contains a promise to bring public administration and public services – and politics for that matter – "closer to the citizens." The other side of this coin is accountability. Governance incorporated with decentralization of political authority make politicians and top management at public administration more visible and thus more accountable (Bourgon 2011). Governance thus links with the concept of accountability and thus sheds light to the accountability processes at public service systems level and especially to the trajectories, differences, and anomalies of vertical and horizontal accountability dimensions (e.g., Schillemans 2011).

From the above discussion, it is clear that all definitions are closely related and mutually reinforcing. Despite narrow differences in its meanings, the proponents of governance emphasize three important issues. These are decentralization, a people-oriented governance system, and enhancement of people's participation through networking governance. Therefore, it can be said that as a system, governance is rarely static and it should be politically neutral, locally reliable, and contextually acceptable. The outcomes of governance cannot be assessed by its theoretical aspects and romantic assumptions only. As Ahrens (2002, cited in Jreisat 2004 and Archibugi et al. 1998) points out, there is no evidence that either democratic or nondemocratic states are better suited to initiate and consolidate policy reforms effectively and to promote sustained economic development. The outcomes of governance in any country have to be considered by its results. Good performance is inescapably related to satisfaction of criteria such as the participation of people in decisions affecting them, the capacity to aggregate and coordinate various interests in order to bring about consensus on policies, and managing of institutions and regime structures with efficiency, accountability, and transparency (Jreisat 2004).

In this entry, we have measured the term governance based on the above statement. In addition, from a broader perspective, it is considered as a continuous process of the state: a participatory form of governance whose existence and effectiveness depend on how it perceives the needs and demands of the locality, promoting people's participation in the decision-making process and decentralizing power to the local institutions. The above is comparatively true because the main concern of public administration is the cooperative group behavior of different actors of the state (Simon et al. 1974).

The term "governance" has been topped with extra ingredient in the research discourse of development in developing countries by having the term "good" added to it. "Good Governance" entered the vocabulary of development administration and international development cooperation in the 1990s. Therefore, it is important to discuss the term, since it has become an important policy agenda of international aid agencies across the developing world.

## A Normative Dimension of Governance: What Makes Governance Good?

In this section, we ask what makes governance good. This question is highly appropriate since the term "good governance" has apparently become a strongly desired value (Zafarullah and Huque 2001), driving force of the time (Farazmand 2012) and an obsession of current development debates in

both developed and developing countries (Williams and Young 1994 cited from Jamil 1998a). It has become a common phenomenon in the literature of international aid agencies as a precondition for aid recipients during the last three decades (Rhodes 1997). An overview of the research literature provides various interpretations of the term.

As a concept, "good governance" does not have a straightforward definition, though it has been expanding rapidly in the discourse of development (Vartola et al. 2010). In general, good governance is associated with efficient and effective administration in a democratic framework. It is equivalent to purposive and development-oriented administration, which is committed to improving the quality of life of the people and enlarging the scope of people's participation in the decision-making process of development. In short, it is a citizen-friendly, citizen-caring, responsive, decentralized local government system; an autonomous political society; an efficient and accountable bureaucracy; strong civil society; and a free media (Huque 2001; Minocha 1998; Stowe 1992). Coproduction of services in-between public service providers and service users has been quite often noted as a relevant newcomer, as an ingredient in the making of good governance (e.g., Tuurnas 2016).

Conceptually speaking, according to the Human Development Report of 2002, there is no single answer to the question of what is good governance. However, the factors that make institutions and rules more effective, such as transparency, participation, responsiveness, accountability, and the rule of law, may be regarded as the characteristics of good governance. The world leading aid institutions such as the World Bank (1994, 1997), UNDP (1997, 2002), and the OECD (1995) have become the great proponents and frequent users of this concept, especially for the aid receiving countries, to promote democracy, decentralization, accountability, transparency, rule of law, and people's participation in their development.

The World Bank (1997), for instance, from its lending experience in many developing countries, has realized that good governance is central in creating and sustaining an environment, which fosters strong and equitable development and its essential complements to sound economic policies. The World Bank has also identified a number of aspects of good governance, such as political accountability, freedom of association and participation, rule of law and independence of the judiciary, bureaucratic accountability, freedom of information, a sound administrative system, partnership between the government and the civil society organizations, and the like (e.g., Blunt 1995). These aspects have been considered as preconditions in ensuring good governance in aid receiving countries. The OECD uses the World Bank's views of good governance and defines it similarly.

The UNDP's apprehension of good governance is more or less similar to that of the World Bank. According to the UNDP (1997), good governance means equal participation of all citizens in decision-making. It is transparent, accountable, and equitable, and it promotes the rule of law. It allows the local people and the most affected to be heard when decisions are being made and when resources are handed out. In fact, unlike other aid agencies, the UNDP emphasizes more on identifying the basic characteristics of good governance. These characteristics include participation, power decentralization, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability, strategic vision, and so on.

Although the UNDP has given the above characteristics of good governance, it believes and recommends that the societies should determine which of the core characteristics are important to them, considering their contemporary (both internal and external) socioeconomic and political situations. The UNDP (2002) further argues that good governance advances sustainable development for three reasons. Firstly, enjoying political freedom and participating in the decisions that shape one's life are fundamental human rights. Secondly, it helps to protect people from economic and political catastrophes. And finally, because it can promote sustainable development by empowering citizens to influence policies that promote growth and prosperity and reflect their priorities (see, e.g., Hope 2005).

It needs to be pointed out from the above discussion that the notion of good governance is still

developing in terms of its definition, its ethical connotations, and its usefulness (Kruiter 1996). In addition, critics suggest that the theory of good governance is often used as a tool – just as human rights and democracy – to gain advantage politically rather than to genuinely help the people. Farazmand (2013, p. 355) identified the deficiencies of the concept of good governance from two perspectives. For example, firstly, interaction of only three forces or elements are considered to constitute good governance – the interaction among the state, civil society, and the private sector. But the governance in developing countries is more influenced by global and regional forces rather than domestic forces. Secondly, the term "good governance" is heavily loaded by normative values – what is good and what is bad and for whom? – as defined by global power politics. As a result, in order to meet and manage the challenges of globalization, Farazmand (2013, p. 350) proposes the concept of "sound governance" in the place of "good governance."According to him (2013, p. 356) sound governance means more than the term government and governing and good governance. Sound governance includes the state as an enabling institution, the constitutional framework, the civil society, the private sector, the engaged citizens, and the international/global institutional structure within limits. He further argues that it is "inclusive and promotes participation and interaction in an increasingly complex, diverse, and dynamic national and international environment (ibid)."

Therefore, the meaning of good governance cannot be confined in a timeframe. Cultural heritage, traditional values, environmental realities, political culture, and economic structure have to be taken into account in defining and determining characteristics of good governance (Asaduzzaman 2011).

## The Plethora of Governance Theories and Models

We think it is evident that the term "governance" is still far from mature in the domain of public administration. During the last three decades, it has been under growing debate as a theory and practice among the scholars, practitioners, and especially within the framework of international aid agencies, and this is because of the concept's dynamic, culture-bound, and time-related nature. We have also found out – echoing Jessop's (1995) argumentation – that the academic literature on governance is very diverse and incoherent. As a result, its theoretical roots are various such as institutional economics, international relations, organizational studies, development studies, political science, public administration, and Foucauldian-inspired theorists. In this section, we highlight the conceptual insights with regard to governance as a "model" from four perspectives – that of Stoker (1998), Mintzberg (1996), Peters (2001), and Heady (2001).

Analyzing and criticizing the role of traditional public administration, Stoker (1998) discussed the theory of governance under five broad propositions, which are complementary rather than contradictory. These five propositions are:

1. Governance refers to a set of institutions and actors that occupy government bodies and "beyond" – that is, they are also from the private and the third sector.
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective actions.
4. Governance is about autonomous self-governing networks of actors.
5. Governance recognizes the capacity to get things done which does not rest within the power of government to command or use its authority.

Stoker (ibid.) further argues that each proposition has associated with it a certain dilemma or critical issues. They are:

1. There is a disparity between the complex reality of decision-making associated with governance and the normative codes used to explain and justify government.

2. The blurring of responsibilities can lead to blame the avoidance or scapegoating.
3. Power dependence exacerbates the problem of unintended consequences for government.
4. The emergence of self-governing networks raises difficulties over accountability.
5. Even where government operates in a flexible way to steer collective action, governance failure may occur.

These propositions provide a broader canvas to the changing world of government and emphasize on power decentralization, as well as on local self-government and involvement of all sectors in the governance process.

Henry Mintzberg, one of the leading management scholars of the last century, has asked a very appropriate question. If we acknowledge the "blurry" conceptual starting point of "governance," then we might ask, in order to shed light to this conceptual confusion by asking, how should governance be managed and led? In order to give answer to this question, Mintzberg (1996, pp. 80–82) critically discusses five models. They are as follows: the government-as-machine model, the government-as-network model, the performance-control model, the virtual-government model, and finally the normative-control model.

1. ***The government-as-machine model*:** According to this model, government is viewed as a machine dominated by rules, regulations, and standards of all kinds. Although this model gained popularity earlier in this century, it lacked flexibility and responsiveness to individual initiatives.
2. ***The government-as-network model*:** This model is contrary from the earlier one. This model suggests government as an intertwined system, a complex network of temporary relationships fashioned to work out problems as they arise and linked by informal channels of communication. It intends to connect, communicate, and collaborate. However, this model is also holographic in that the parts function like the whole: Individual projects function within a web of interrelated projects.
3. ***The performance-control model*:** According to this model government is more like business. This model assumes that the overall organization consists of business units, which are assigned performance targets for which their managers are held accountable. On the other hand, performance model decentralizes in order to centralize; it loosens up in order to tighten up. This comes at the expense of flexibility, creativity, and individual initiative.
4. ***The virtual-government model*:** in order to overcome the limitations of machine model and provide better services to the people, virtual government model intends to privatize, contract, and negotiate. According to this model, the microstructures would no longer exist within government rather all that kind of work would take place in the private sector.
5. ***The normative-control model*:** Compared to other models, this model is more values and norms oriented rather than structure and systems. This model has five important elements such as: (1) *Selection*: people are chosen by values and attitudes rather than just credentials; (2) S*ocialization*: this element ensures a membership dedicated to an integrated social system; (3) *Guidance*: guidance is by accepted principles rather than by imposed plans, by visions rather than by targets; (4) *Responsibility*: all members share responsibility. They feel trusted and supported by leaders who practice a craft style of management that is rooted in experience; and (5) *Judgment*: performance is judged by experienced people, including recipients of the service, some of whom sit on representative oversight boards.

Our third "governance model" example is provided by Peters (2001), who has presented four renowned models of governance in his scholarly book, *The Future of Governing*. These models are:

1. ***The market model*,** according to which the private sector can provide better services than the traditional public sector.
2. ***The participatory state model*,** which is different from the market model as it puts more

emphasis on greater individual and collective participation by segments of government organizations that have been commonly excluded from decision-making.

3. ***The flexible government model***, according to which the government should be contextual and flexible. In order to face environmental challenges and changes, and to meet the people's demands, appropriate and suitable policies should be made by the government.
4. ***The deregulated government model***, which focuses on less bureaucratic control, more managerial freedom, and recommendation based on societal needs and collective decision-making.

Peters' models of governance have paved the way for viewing governance from broader perspectives. For instance, Farazmand (2012, p. 227) has claimed that although each Peters' model has significant structural, managerial, policy making, and public interest implications distinct from others, it overlaps on many features.

Finally, we turn to Heady (2001), who recognizes – as a leading theorist of comparative public administration – three theories of governance. Heady's approach is rather different than that of Stroker, Mintzberg, and Peters, because Heady focuses more on theories which help to understand "governance" as a phenomenon rather than building a typology – as Stoker, Minzberg, and Peters have done – of variations of power structures and institutional settings that embody governance policies and actions. Heady (ibid.) underlines the usefulness of three theoretical approaches which are deployable when assessing the role and nature of governance. They are as follows:

1. ***Organizational theory*:** this is a finely ordered system of superordination and subordination, in which higher offices supervise lower ones. In fact, this theory grounds heavily on the Max Weber's concept of rationality and bureaucracy. During the twentieth century, organizational theory evolved and multiplied to the extent that from the current perspective the notion of one single organizational theory would be a huge oversimplification.
2. ***Cultural theory*:** this theory is associated with the Rigg's theory of Prismatic Society. According to Heady, Rigg's theory of Prismatic Society is the most notable single contribution in comparative public administration. Cultural theory is a particularly prominent approach to scrutinize semifeudalistic system of government. This theory is also influenced by the work of Parsons (1951), who described a "traditional way of life" as including ethnocentricity; primordial rather than functional associations; the sanctification of customs, beliefs, and practices; the discouragement of individualism; an emphasis on authority by birth rather than merit; customary rather than contractual relations; supematuralism; the unwillingness to accept personal responsibility for development; and social rather than legal sanctions. "Until people (particularly leaders) can escape a traditional way of life, they cannot substantially improve governance and living conditions" (in Werlin 2003, p. 331).
3. ***Structural-functional theory*:** this theory argues that the success of political systems in maintaining political support depends on political structures' capacity to perform various functions, including interest articulation, interest aggregation, rule making, rule application, rule adjudication, and communication.

Assessing and criticizing Heady's perspective on governance, Werlin (2003) highlights governance from a different viewpoint and proposes his own theory, which is known as the "political elasticity theory of governance." According to Werlin, this theory attempts not only to reduce the confusion and tension of public administration but also to link comparative administration to comparative politics and development studies (Werlin 2003). He emphasized governance as an integrated system between the soft form and the hard form of political power and decentralization of power by various methods that affect the behavior of wider circles of citizens, participants, and subordinates.

We understand from the above that the theories of governance have been prescribed by the

various academics and aid agencies from various perspectives. Therefore, it is difficult to find a single ideal model of governance for all seasons, applicable to all nations and communities across the world (Farazmand 2013, p. 361). It is important to keep in mind that the condition of any development model may remain unrealized given the social economic, political, and cultural complexities of a particular society. The main challenges which arise from both the academic and aid agencies' models of governance is applicability in the cases of developing countries, where socioeconomic and political features are complex (Haque 2011, p. 62). Farazmand (2013, p. 361) highlights that "local regional and cultural distinctiveness demands application of governance models that are suitable to local conditions." For example, South Asia has a long colonial history and its administration has therefore been heavily influenced by the colonial rule. As a result, the administrative and political systems of South Asia are incompatible with its indigenous social, economic, political, and cultural contexts (Vartola et al. 2010, p. 7, Haque 1996).

## Conclusion

The dynamic nature of society is one of the reasons why the concept of "governance" has remained blurry. If the context is constantly evolving and radically changing – global economy, institutional changes, military status quo, global trade agreements, societal values, and so on – no wonder if the theories and models of governance constantly shape their contents. For instance, the complexity of society has evolved as a huge topic within management, political, and social sciences (to name only few branches of science) but very little is actually known what actually constitutes this complexity, how public policies deal with the complexity issue, and how does the domain of governance fit into this picture. We feel that the problem of existing public policy evaluation paradigms and program evaluation models in particular is that they do not fit in with the current societal challenges, the emergent nexus problems, and the explicated models and theories for governance. Therefore, it is easy to foresee that the academic as well as the practical discussion around the concept of governance will continue as a polyphonic exercise.

However, despite interpretational and contextual differences, the above discussed theories and models of governance are closely related, as they focus on a more people-oriented, integrated, and decentralized local governance system as well as global-level managing of networks. However, it is quite difficult to judge which theory would guarantee:

- Development and sustainable development
- Poverty eradication
- Reducing/combating corruption
- Promotion of people's participation in development
- Decentralization and innovative/democratic local governance
- Democratic governance or good governance

According to White and Killick (2001), there is no accepted theory of poverty that establishes a hierarchy of causes, nor is there any widely adopted model that might serve the same purpose (cited from Werlin 2003). Jamil Jreisat (2004, p. 1006) more precisely states that for any national governance system to succeed in an increasingly interconnected, rapidly changing world, it needs to develop a governance system based on a learning and decision-making process, in order to be able to grow and adapt to citizens' expectations, as well as to operate effectively across shifting boundaries. He further argues that in fostering reform activities, public institutions must rely on their own internal learning process, while adapting to international standards and practices (Jreisat 2004, p. 1006). Farazmand (2002) very succinctly expresses this idea as "thinking globally and acting locally."

Research implications of this study are thus various. They are listed in detail as follows:

- The built-in flexibility and agility of the "governance concept" taking into account (a) political-cultural hierarchies in-between policy regimes and systems as well as (b) vertically

disperse governance and management levels of public administration at local, regional, national, and transnational levels
- The role of governance "applications" at different levels of government taking place at various organizational settings and public service spaces taking into account the role of combining theoretical, conceptual, and empirical research agendas
- The leadership paradigms and power structure hierarchies vis-á-vis network-based institutional settings within the domain of governance as well as the resilience of governance policies in the current era of complex nexus problems and severe systemic governance challenges (such as the Internet of Things, technology, digitalization, and robotics) (Virtanen and Kaivo-oja 2015).

## References


Ahrens J (2002) Governance and economic development: a comparative institutional approach. Cheltenham and Northampton, Edgar Elgar

Aminuzzaman SM (2010) Governance and development discourse in Bangladesh: a diagnostic assessment of challenges and concerns. In: Vartola J, Ismo L, Asaduzzaman M (eds) Towards good governance in South-Asia. Tampere University Press, Tampere, pp 19–24

Anheier HK, Seibel W (eds) (1990) The third sector comparative studies of non-profit organizations. Walter de Gruyter, New York

Archibugi D et al (1998) Re-imagining political community: studies in cosmopolitan democracy. Polity Press, Cambridge, UK

Asaduzzaman M (2011) Innovation in local governance: decentralization and citizen participation in Bangladesh. In: Anttiroiko AV et al (eds) Innovative trends in public governance in Asia. ISO Press, Amsterdam, pp 220–233

Bingham LB et al (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65(5): 547–558

Blunt P (1995) Cultural relativism, good governance and sustainable human development. Public Adm Develop 15:1–9

Bourgon J (2011) Responsive, responsible and respected government: towards a New Public Administration theory. Int Revi Adm Sci 73(1):7–26

Bratton M, Rothchild D (1992) The institutional bases of governance in Africa. In: Hyden G, Bratton M (eds) Governance and politics in Africa. Lynne Rienner Publishers, Boulder

Farazmand A (2002) Privatization and globalization: a critical analysis with implications of public management education training. Int Rev Adm Sci 68(3): 355–371

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Org Rev 12:223–241

Farazmand A (2013) Governance in the age of globalization: challenges and opportunities for South and Southeast Asia. Public Org Rev 13:349–363

Giere RR (1998) Justifying scientific theories. In: Klemke ED et al (eds) Introductory readings in the philosophy of science. Prometheus Books, New York

Graham J et al (2003) Governance principles on protected areas in the 21st century. A discussion paper. Institute on Governance, the Fifth World Bark Congress, Dublin

Halfani M et al (1994) Towards and understanding of governance: the emergency of an idea and its implication for urban research in developing countries. The Center for Urban and Community Studies. University of Toronto, Toronto

Haque MS (1996) The contexless nature of public administration in third world countries. Int Rev Adm Sci 62(3):315–329

Haque SKTM (2011) The normative roots of governance theories: prospects and challenger from Bangladesh perspectives. In: Jamil I et al (eds) Understanding governance and public policy in Bangladesh. North-South University, Bangladesh, pp 47–70

Hood H (1991) A public management for all seasons. Public Adm 69:3–19

Hope KR (2005) Towards good governance and sustainable development: the African peer review mechanism. Int J Policy Adm Inst 18(2):283–311

Hossain F (2001) Administration of development initiatives by non-governmental organisations: a study of their sustainability in Bangladesh and Nepal. Published doctoral dissertation. University of Tampere Press

Huque AS (2001) Governance and public management: the South Asian context. Int J Public Adm 24(12): 1289–1297

Hyden G (1992) Governance and the study of politics. In: Hyden G, Bratton M (eds) Governance and politics in Africa. Lynne Rienner, Boulder, pp 1–26

Hye HA (2000) Governance: South Asian perspectives. University Press Limited, Dhaka

Jamil I (1998a) Good governance: tensions between tradition and modernity in Bangladesh Public Administration. Asian Profile 26(5):399–430

Jamil I (1998b) Transational friction between NGOs and public agencies in Bangladesh: culture or dependency? Contem South Asia 7(1):43–69

Jessop B (1995) The regulation approach and governance theory: alternative perspectives on economic and political change. Econ Soc 24(3):307–333

Jordan A et al (2003) Has governance eclipsed government? Pattern of environmental instrument selection and use in eight states and the EU, CSERGE working paper EDM 03-15. University of East Anglia, Norwich

Jreisat J (2004) Governance in a globalizing world. Int J Public Adm 27(13&14):1003–1029
Kaufmann D et al (2000) Aggregating governance indicators, World Bank policy research paper. http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1999/10/23/000094946_99101105050593/Rendered/PDF/multi_page.pdf. Accessed 2 Oct 2014
Kohler-Koch B, Rittberger B (2006) Review article: the governance turn, in EU studies. J Common Mark Stud 44(S1):27–49
Kooiman J (1993) Modern governance: new- government society relations. Sage, London
Kruiter A (1996) Good governance for Africa: whose governance? Unpublished paper, Maastricht, European Center for Development Policy Management
Landell MP (1991) Governance and external factors. In: Proceeding of the World Bank annual conference on development economics. World Bank, Washington, DC
March JG, Oslen JP (1995) Democratic governance. Free Press, New York
Minocha OP (1998) Good governance: new public management perspective. Indian J Public Adm XLIV(3): 271–280
Mintzberg H (1996) Managing government, governing management. Harv Bus Rev 74(3):75–83
OECD (1995) Governance in transition: public management in OECD countries. OECD, Paris
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Basic Books, A Plume Book, USA
Parsons T (1951) The social system. Routledge (Reprinted in 1991)
Peters BG (2001) The future of governing. University Press of Kansas, Lawrence
Pierre J, Peters GB (2000) Governance, politics and the state. St. Martin's Press, New York
Pollitt C (2005) Decentralization. A central concept in contemporary public management. In: Ferlie E et al (eds) The Oxford handbook of public management. Oxford University Press, Oxford
Popper K (1963) Conjectures and refutations. Routledge and Kegan Paul, New York
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Rhodes RAW (2001) What is government and why does it matter? In: Hayward JES, Menon A (eds) Governing Europe. Oxford University Press, Oxford
Richards D, Smith M (2002) Governance and public policy. Oxford University Press, Oxford
Rosenau J (1992) Governance, order, and change in world politics. In: Rosenau J et al (eds) Governance without government: order and change in world politics. Cambridge University Press, Cambridge
Rosenau JN (1995) Governance in the twenty-first century. Global Govern 1(1):13–43. http://www.jstor.org/stable/27800099
Rosenau JN, Czempiel EO (eds) (1992) Governance without government: order and change in world politics (Cambridge studies in international relations). Cambridge University Press
Schillemans T (2011) Does horizontal accountability work? Evaluating potential remedies for the accountability deficit of agencies. Adm Soc 43(3): 387–416
Schneider V (2004) State theory, governance and the logic of regulation and administrative control. In: Warntjen A, Wonka A (eds) Governance in Europe. Nomos, Baden-Baden
Simon HA et al (1974) Public administration. Reprinted. Alfred A. Knof, New York
Stoker G (1998) Governance as theory: five propositions. Int J Soc Sci 50(155):17–28
Stowe K (1992) Good piano won't play bad music: administrative reform and good governance. Public Adm 70(3):387–394
Tiihonen S (2004) From governing to governance. Tampere University Press, Tampere
Tuurnas S (2016) The professional side of co-production. Acta Universitatis Tamperensis 2163. University Press, Tampere
UNDP (1997) Good governance and sustainable human development, a UNDP policy documents. www.magnet.undp.org/Docs/cricis7monograph.htm. Accessed 2 Sep 2015
UNDP (2002) Human development report, deepening democracy in fragmented world. Oxford University Press, New York. (on line collection)
Vartola J et al (2010) Towards good governance in South Asia: an introduction. In: Vartola J, Lumijarvi I, Asaduzzaman M (eds) Towards good governance in South Asia. University of Tampere Press, Finland
Virtanen P, Kaivo-oja J (2015) Public services and emergent systemic societal challenges. Int J Public Leadersh 11(2):77–91
Virtanen P, Kaivo-oja J, Ishino Y, Stenvall J, Jalonen H (2016) Ubiquitous revolution, customer needs and business intelligence. Empirical evidence from Japanese Healthcare Sector. Int J Web Eng Technol. Forthcoming, accepted to be published
Werlin HH (2003) Poor nations, Rich nations: a theory of governance. Public Adm Rev 63(3):329–342
White H, Killick T (2001) African poverty at the millennium: causes, complexities and challenges. World Bank, Washington, DC
Williams D, Young T (1994) Governance, the World Bank and liberal theory. Polit Stud 42(1):84–100
World Bank (1994) Governance: The World Bank. http://documents.worldbank.org/curated/en/1994/05/698374/governance-world-banks-experience. Washington, DC
World Bank (1997) World development report 1997. http://www.decentralization.ws/srcbook/overview.pdf. Decentralization: an overview. Accessed 6 Apr 2015
Zafarullah H, Huque AS (2001) Public management for good governance: reforms, regimes, and reality in Bangladesh. Int J Public Adm 24(12): 1379–1403

# Governance, Brazil

Fernando Filgueiras
National School of Public Administration, Brasília, Brazil
Department of Political Science, Federal University of Minas Gerais, Belo Horizonte, Brazil

## Synonyms

Authority; Institutions; State structure

## Definition

Governance is an institutional process of building political and administrative authority, defining who governs, under what conditions and with the duty of accountability to society.

## Introduction

The institutional building of governance in Brazil stems from a complex historical process of construction of the state and a set of reforms that were carried out throughout the twentieth century and the beginning of the twenty-first century. This trajectory of institutional building was posed as the confrontation of patrimonialism and the rupture with the colonial past, elevating the Brazilian state to modernity.

The challenges facing today's governance arrangement of the Brazilian state are to improve the efficiency and effectiveness of the administration and a higher quality of the public service provided to citizens, at the same time as it confronts corruption and increase the legitimacy of governmental action in society. These challenges are essential for the governance arrangements set up in Brazil, in order to promote incremental reforms that add value to the public performance of the state.

This entry deals with governance in Brazil from the perspective of the path of institutional change and construction of arrangements for the implementation of public policies and services, in addition to the most important structural challenges in Brazil.

The first section will outline the analytical framework for governance. In the second section, we will discuss the building of the Brazilian state and the governance problems that mobilize the change agenda. Finally, the main challenges for the institutional construction of governance in Brazil will be presented in the last section.

## Framework and Problems

The New Public Management perspective to administrative reforms is a universal tool to improve results in public policy. The New Public Management understands that competition among government agencies, slackening operational standards in public policy formulation and implementation, result-oriented control, budget definition according to performance, and the outsourcing of support activities are of fundamental importance and applicable to different administrations in different contexts. The applicability and universality of those propositions for various political and economic contexts are questionable, especially in the developing countries (Pollitt and Bouckaert 2004; World Bank 2004). The main element that defines New Public Management is the construction of the institutional autonomy of the bureaucracy (Barzelay 1992).

New Public Management starts from a conception of erroneous public management autonomy. The New Public Management ignores the dynamics of public sector and the connection with a democratic political system. The New Public Management considers that autonomy is a detachment between public administration and political system. The premise of governance perspective is that a balance between management autonomy and a democratic order is needed to provide institutional improvement and reforms (Olsen 2009). The concept of governance, in this sense, goes beyond a conception of public management but considers that institutional reforms should promote improvements not only in management

mechanisms but also enhance democratic legitimacy. Governance means how institutions promote solidarity and management capacity, how institutions are accountable to citizens and adapt and learn from their own mistakes, and how institutions promote values that spread development (March and Olsen 1995).

In theory, governance is an institutional arrangement that allows the efficiency and legitimacy work in a political system and society to improve the state capacity (Peters and Pierre 2008). This definition is the first wave that sought to understand the constituent elements of improving the state's capacity to implement public policies. Primarily, governance is about the collective interests in government, evolving state and society to define and implement collective objectives. The governance concept is not new. However, contemporary reforms in public administration and political system consider the governance perspective because it promotes a process of change focused on the govern process and the relationship between government and society (Stoker 1997).

The development of the concept of governance had a second wave. The second wave focused attention from a social perspective. In the face of fragmentation and the interests of society, this governance perspective considers that social actors are capable of building networks and influencing decision-making and policy implementation (Rhodes 2012). Networks are a governance structures and expand the perspective about the role of public administration. The network governance is not government-centric to public administration, but a growing complexity within the state and society and a perspective to improve institutions with a political participation and enlarge the democratic channels.

The definition of governance transcends the managerial and administrative mechanisms. It represents a process that connects mechanisms of administration to the political and infrastructural aspect of authority (Fukuyama 2013). Thus, state capacity and autonomy of public organizations are a vital element of the governance. State capacity must be related to the degree of institutional autonomy. Autonomy consists of the institutions' capacity to conduct public actions regardless of particularistic directives. The interaction of capacity and autonomy constitutes an optimum point at which it is possible to constitute government and administration processes of the highest quality (Fukuyama 2013).

Unlike New Public Management, the governance perspective does not provide a universal solution for public sector reforms. The central concern is to promote a more robust institutional arrangement that enables the improvement of the quality of public services in the context of a democratic public administration and subject to mechanisms of compliance and accountability. The governance perspective focused the institutional development in context, without a universal solution to public administrations.

More than a closed perspective of a theory, the perspective of governance is a strategy. The governance strategy is a way for the institutional improvement of public services and public policies. Essentially, the governance strategy seeks to make the actions of public organizations align with the interests of society and make it more capable of achieving its mission (Capano et al. 2014). The governance strategy means conducting a process of institutional change that recognizes the role of bureaucracy in the formulation and implementation of public policies and services, associated with a political system that ensures greater openness and connection with society.

There are three elements of a governance strategy: Firstly, improving transparency and accountability to achieve compliance; secondly, the creation of channels of participation and networks with society; and, thirdly, the creation of mechanisms of political coordination in multilevel organizations. These tools, together, have an objective of strengthening the legitimacy of public policies and administration by government action in society (Peters and Pierre 2016).

Governance embraces not only the development of economic aspects but also criteria that seek to qualify its management mechanisms. These qualities are noneconomic factors such as subjective happiness, citizen support for government, and democratic stability. The governance perspective recognizes the qualitative aspect of government in the light of public policies and

services supply that recognizes the value of equity as a founding principle of the political regime and a fundamental public value of the administration (Rothstein and Teorell 2008).

Governance is the administration in governing process that goes beyond the managerial sphere and in which the quality of public services matters for citizenship (Peters and Pierre 2000). Governance means administering *in* public. This meaning is that legitimacy of state's action matters, in addition to efficiency and efficacy, bearing in mind public policies and services capable of fostering equity and adding public value. Embracing that concept of governance is the affirmation that the quality of government matters, taking quality to be its capacity to act and produce equitable results for society at large, impermeability to corruption, and the fully legitimate exercise of public authority (Rothstein 2010).

The governance strategy has tools that promote an institutional change. These tools are transparency and accountability, participation, and policy coordination. The governance tools challenges the public administration.

The problem of transparency is ensuring the information to citizens. Transparency is linked to accountability to promote a political responsibility. Political responsibility is the adherence between government action and public interest. Political responsibility is impossible without transparent institutions and a reduction in the informational deficit between the citizen and institutions. Governance presupposes some kind of free knowledge from the part of the citizen. In this case, for this knowledge to be possible, it is essential that public organizations are clear, informative, and accountable to the citizen. Transparency becomes an instrumental value toward the exercise of accountability.

However, it is important to consider the limits of the idea of transparency. Transparency requires freedom of information so that citizens can then assess and make judgments about policies implemented by governments. But the cognitive capacities of citizens and the process of information production are not considered in this process of transparency. An adverse effect of transparency is to produce a policy of scandal because private reasons end up being most important for the issuance of judgment by citizens. The transparency can affect the trust in institutions.

Accountability, in other hand, depends on the existence of institutions that are authorized and willing to control, supervise, rectify, and punish the actions undertaken by public agents, which are considered illegal by other, independent agencies and represent a departure from the public interest (Filgueiras 2016). The accountability institutions must be autonomous and recognized by their personnel as bearers of a public authority for the supervision, control, correction, and punishment of illegal acts, in order to preserve the public interest.

In this way, the accountability institutions imply a complex network, in which institutional competences are specific, but the actions of each institution depend on a process of sequencing and institutional cooperation with other institutions. Conceptually, accountability is the duty of public agents to be accountable to their principals, who, in a democratic regime, are citizens. In a democracy, accountability is an institutional mechanism by which citizens must influence and control their elected representatives, non-elected officials, and other power holders (Olsen 2017).

Like transparency, accountability can have unintended consequences. The accountability challenges the governance. While elections are assumed to be capable of enforcing the accountability of elected officials, dealing with career expert officials in the bureaucracy presents is a more difficult challenge. A wide array of instruments for enforcing accountability have been developed (Bovens et al. 2014), all intended to provide elected officials, and ordinary citizens, the means of controlling their public administration. Accountability is a normative principle aimed at promoting information and transparency and ensuring the publicity conditions of public organizations in the context of a democracy (Filgueiras 2016; Bovens et al. 2014). In this sense, the greater the accountability, the greater the possibility of institutional learning in the context of democracies.

The problem, however, is that it can promote unintended effects that affect the efficiency of

public policies. The accountability institutions can create overcontrol that produces undersupply of public goods because public managers prefer the paralysis of governing process. Accountability can promote red tape effects within the over-regulation of policy process in the public organizations and pass the buck behavior of the public managers.

Accountability and transparency should be thought of as tools for the institutional development of governance, so that greater availability of information for citizens and enforcement mechanisms for compliance will result in greater learning for government officials and managers.

Another tool to achieve governance is participation. Governance requires participation and deliberation mechanisms capable of aligning the public interest with the mechanisms for planning projects related to policies and services that government provides to society. Political participation and deliberation mechanisms enhance the legitimacy of the governance process and serve to constitute a perception of greater equity in decision-making processes.

Participation is based on a pragmatic process that creates participative institutions that make the decision-making processes less permeable to the interests of big groups and other less inclusive interests of society. Participation expands democratic inclusion, creating a perception, on the part of the community, of a greater degree of fairness/justice. In governance perspective, public administration is a place to democratization of the state.

Another form of the participation that achieves governance is co-creation of public services. The improvement of services depends on the open government that can influence citizens in the design of public services (Osborne et al. 2018). The co-production and co-creation of public services enable the citizen to intervene in the design of public services, so as to provide citizen participation in the creation of all stages of services to facilitate the delivery process to society (Bovaird et al. 2015).

Finally, a key tool for achieving governance is the coordination of public policies. The solution to the constant problems identified by the different stakeholders in relation to public policies would be not only in the use of information but also in the coordination challenges between the actors and the organizations that formulate and implement them. However, this is not a problem restricted to governments but concerns all large organizations, whether public or private (Peters 1998). Citizens and the business community need to go from agency to agency to have access to the benefits to which they are entitled. Many government programs are contradictory, and others may have gaps that fail to provide services to which citizens are entitled. These failures result from coordination difficulties (Bouckaert et al. 2016). Going further, reforming public policies has a mantra: we need more coordination.

The coordination of public policies is also required between organizations and political and bureaucratic actors that comprise the same level of government (horizontal coordination) or that comprise different levels of government (vertical coordination). In the sense of coordination, these actors and agencies play different roles in different phases of the same public policy. Coordination is a problem of collective action involving different public organizations, policy stakeholders, and the provision of services to citizens. If one aspect of governance is to perform policies and services to achieve collective goals, coordination necessarily means a problem of collective action.

How can organizations and actors cooperate so that government achieves collective goals and objectives? Coordination requires policy-monitoring tools and strategic planning to mitigate the adverse effects of noncooperation. In this case, political authority is fundamental so that coordination activities can solve the problems of collective action. Coordination activities, therefore, are critical to achieving legitimacy and must be carried out at the center of government (Bouckaert et al. 2016).

The governance perspective seeks to ensure that governments and public administration act in the public interest and that this action has legitimacy vis-à-vis society. Governance takes place in the context of a public administration that is more permeable to society and, at the same time, more autonomous in relation to private interests and, also, in a more capable administration to perform

policies and services that produce impact, equity, and justice. This analytical framework of governance will be applied in the analysis of the Brazilian case, according to the next section, which examines the historical building of governance in Brazil.

## The Path of Governance in Brazil

The literature on governance in Brazil recognizes that the construction of the Brazilian state and public administration responds to three phases: (1) patrimonialism, (2) the Weberian bureaucratic, and (3) the New Public Management (Bresser-Pereira 2001). These three phases should be understood as an analytical mechanism. Each of them preserves historical specificities and circumstances. And each of these phases does not completely replace. There are still traces of patrimonialism in Brazilian public management, while the mechanisms of the New Public Management have advanced in the context of a Weberian bureaucracy. The understanding of these three phases is the constitution of historical challenges for governance in Brazil and the process of institutional development of public administration.

Beginning with patrimonialism, it has been a concept of fundamental importance in Brazil as an analytical and theoretical instrument to build an interpretation of the formation of the state. The assumption is that Brazilian political tradition does not respect the separation of the public and the private, and the Brazilian state is not an example of a modern state legitimized by impersonal and rational norms. Patrimonialism, more than a type of organization, would be more of a system that legitimizes the government in the light of privileges, in the context of society of the realm type, inherited from the Iberian world. Patrimonialism is a typical problem of the state and embraces a structural vision that enables it to reproduce itself, albeit with some hints of modernization.

The meaning of patrimonialism in Brazil is built in a society governed by the bureaucratic privileges. In the process of colonization of Brazil, the state created society in a hierarchical and rigid social structure based on the exploitation of privileges. Once the state overlaps with society, the bureaucracy has become the locus of the privilege structure. In Brazil, a bureaucratic state was formed before society. This made it possible to create a hierarchical society and moved by patronage, clientelism, and corruption (Faoro 2000).

The Brazilian state and public administration were formed during the colonial period. This is especially true in 1808, when the Portuguese Royal Family arrived in Rio de Janeiro. The arrival of the Royal Family and the bureaucracy of the Portuguese state promoted the "metropolitan inversion." Due to the circumstances of the Napoleonic wars, the conduct of the Portuguese state apparatus took place from Brazil, which assumed the functions of metropolis and, consequently, national state. In the Brazilian imperial period, the first attempts were made to organize careers in public administration, especially in the field of finance and the armed forces (Costa 2018).

However, the public administration was founded by the patrimonialist conception. The state bureaucracy in Brazil was institutionalized by personalism and political hierarchies, and in this context, there was no separation between the means of administration and politics. In the context of patrimonialism, corruption is an informal institution because it constituted a rule for government and relations between the public and the private (Faoro 2000).

Patrimonialism persisted from the colonization process to the modernizing reforms of the 1930s. In the course of the twentieth century, Brazil gradually took on a modernizing posture. This modernization project was centered on the pursuance of elements of rationalization and cultural transformation capable of orientating a project intended to design the public sphere in accordance with the principles of capitalism and development. The modernization of the state and the creation of a Weberian public administration took place in the context of an authoritarian political system. The argument for the adoption of an authoritarian regime to promote the modernization project was that change should occur through the exercise of state authority for the transformation of society and the break with inherited patrimonialism of the colonization process.

The transformations in public administration occurred in an authoritarian state, in the context of Vargas dictatorship, changing the administrative structure by adopting the Weberian model. The modernizing project in Brazil would have the state bureaucracy as principal actor. The bureaucracy consolidated the separation of the means of administration from the exercise of government posts and positions. The state, over and above society, took on the role of the Republican subject, capable of creating a public policy doctrine; a project for democracy that involved the transformation of society to combat corruption promotes economic modernization and cultural change.

The change effectively took place with the adoption of a bureaucratic Weberian model for the organization of the state. The first moment was the creation of the Department for Public Service (Departamento Administrativo do Serviço Público (DASP)) in 1938. The creation of the DASP was based on the personnel system reform and the establishment and simplification of administrative systems and government budgeting activities in alignment with a bureaucratic model. The aim is improving the efficiency of the public service. Within the project of modernization from the top, the Brazilian public administration reform was centered on the Executive Branch and its technical capacity to which it attributed the task of conducting the reforms in accordance with a project that was centralizing and authoritarian, aiming at formal rationality.

Two groups were essential in this process of creating and transforming public organizations: First, the military that acted as political actors in the modernization of public administration, coordinating the major projects of change of the organizations, and, second, the financial area, considering the performance of economists in development and industrialization projects in Brazil. The presence of these two central actors takes place since the imperial period, when these two organized groups began to work for modernization. The performance of military and economists formed the hierarchical structure and careers of the public sector, as well as a modern rationality for public organizations.

The return of democracy in 1946 kept the DASP going. However, it meant an institutional breakdown of public organizations. The increasing disorganization of the DASP that accompanied the reconstruction of democracy in 1946 led to the nomination of non-career employees in the civil service, the disorganization of government budgets and of purchasing and control mechanisms, and, lastly, the burgeoning inefficiency of the management model implemented.

There were no major organizational changes during this period. But the strengthening of the Weberian framework was consolidating. In 1964, there was a new context of change with the return of a dictatorship. Again, the project of modernization of the state and of society took place through authoritarianism, which promoted new changes in public organizations. The justification for an authoritarian regime was to address corruption and the poor quality of government, as well as to promote cultural change within society. From the period between 1930 and 1964, the political regime lacked legitimacy and lived with permanent political instability. In this context, a bureaucratic-authoritarian state was formed in Brazil, with bureaucracy playing a central role in the development process.

With the enactment of 1967 Decree 200, during the military dictatorship, the Weberian public administration model was replaced by a development-oriented model. In the context of developmentalism, the expansion of the state intervention in the economy and the setting up of indirect administration were fundamental elements for ensuring the continuity of the modernizing project and the elimination of the patrimonialism of the past (Bresser-Pereira 2001).

In addition, there was a de-bureaucratization project that would seek to facilitate bureaucratic processes and reduce red tape mechanisms, making them more agile and in that way consolidating a greater degree of efficiency and agility in the administration. However, the developmentalist model became a hostage in a process of interaction with a society strongly impregnated with privatization. The constitution of "bureaucratic rings" connected state and society around private interests, maintaining, yet with some modernizing

features, the system of privileges typical of the patrimonialist regime.

The advance of the transformations of the public organizations during the dictatorship occurred with a technocratic perspective, especially in the economic area and in the infrastructure policy, creating a Weberian bureaucracy associated to a conception of development led by the state. But on the other hand, part of the state bureaucracy became permeable to patronage and corporatism, with corruption as an informal rule in the public-private relationship.

With the end of authoritarian rule and the transition to democracy, from 1985 on, the administrative model set up by the Decree 200 fragmented by its increasing disorganization and disarticulation. Authoritarianism had created a technocratic vision and aggravated Brazilian public administration's historical problems, resulting in loss of financial control, lack of accountability of authorities and bureaucrats, improper political influence in the bureaucracy, in addition to excessive fragmentation of public companies, and a loss of focus on governmental performance.

Against that historical background, a profound criticism of the Brazilian bureaucratic apparatus emerged and drove a reform of the administration associated to a management appeal. The criticism was that bureaucracy was eroding the efficiency of organizations due to its internal dysfunctions. Literal adherence to the rules in the form of strict compliance with the regulations had led to a Weberian bureaucracy and a vision of the world that produced adverse side effects that boosted problems. Furthermore, the bureaucratic model was said to have fostered the appearance of a series of sub-organizations within the overall bureaucratic organization, leading to the total de-coordination of activities and policies. In the light of such criticism, the New Public Management model came to the fore, gained vigor in the Brazilian experience and was adopted as the horizon of change.

The administrative reform redefined the sectors of state activity, reinforcing ideas of the democratization of the state and managerial mechanisms configured around the adoption, by the public sector, of private sector administration models (Bresser-Pereira 2001). The administrative reform of the Fernando Henrique Cardoso government adopted the New Public Management model whose objective was to adapt Brazilian public administration to the needs that had emerged from the globalization of the markets, to the increasing presence of international legislation in trade, and to the improvement of managerial mechanisms. The changes were implemented in a way that ensured that government activities would be based on a form of public administration similar to the administration conducted by the private sector, which meant that the citizen would become a client of the services provided by the state (Bresser-Pereira 2001).

The implementation of the New Public Management model in Brazil assumed that public management should be based on the professionalization of public service, a preference for quantitative indicators and explicit performance standards, quantitative control over results, distribution of resources according to policy performance, decentralization of bureaucratic activities, competition among the state's agencies, managerial flexibility, discipline in expenditure, cuts in direct costs, and the establishment of limits to the costs of bureaucratic transactions (Pollit 2003: 27–28). Thus, by assuming that public administration should be based on private sector administration, the New Public Management in Brazil also assumes that policy should be based on the economy, in alignment with the theory of market failures which has the question of efficiency.

In Brazil, the New Public Management brought with it a series of marginal gains that were incorporated to the state's public actions. It did not, however, represent a complete break with the Weberian model. Although the managerial changes that were introduced did lead to institutional, cultural, and administrative changes, it cannot be considered that a rupture with the bureaucratic model occurred because, among other reasons, it can reasonably be questioned whether the Brazilian experience ever actually composed a bureaucratic model in the Weberian mold.

The reform brought with its economy of scale, a reorganization of the public service, and a redirecting of the policy agenda toward changes in the administrative machine. Those changes made it possible to achieve efficiency gains in public policies, better planning and budget control mechanisms, and the introduction of public service regulatory mechanisms and practices that were new to Brazil. Since 2003, new changes have taken place in the public administration, reconstituting a Weberian perspective for the government.

The advance of state reform outlined a Weberian redemption of the bureaucracy, in order to strengthen the professionalization of the public service, to build the autonomy of bureaucracy and the solidification of careers. The reform strategy was to strengthen the center of government, promoting the thrust of the strategic core careers by creating the careers of the Management Cycle. In addition, there was a strong recomposition of the workforce with the valorization of salaries in the public sector and creation of new professional and specialized careers, such as in the area of social policies, infrastructure, and regulation.

The government has favored competitions for the careers of Management Cycle in order to strengthen the management mechanisms, value the income obtained by these careers, and ensure institutional autonomy of the bureaucracy. The reform has followed up on a fundamental aspect of New Public Management, which is to ensure bureaucratic autonomy for careers with decision-making power and responsible for the implementation of public policies.

By strengthening the center of government through the provision of careers outlined in the Management Cycle, the government opted to ensure bureaucratic autonomy, associated with the delineation of the insertion of this bureaucracy and the strengthening of participatory institutions. The aim was to build synergy and insertion of this bureaucracy with society, in order to solidify a conception of public interest capable of qualifying policies and services, in order to establish means for democratic governance.

This synergy between bureaucratic autonomy and participatory institutions would strengthen the capacity of the state to formulate public policies, in order to establish complementary links. Capacity building would occur in accordance with the increased autonomy of the bureaucracy, associated with its political and participatory insertion in the implementation arrangements. The perspective of strengthening governance would occur with the sum of bureaucratic autonomy and political and relational capacities with civil society.

The challenge at that time was to address the problem of political legitimacy. At the same time that the professionalization of the public service has made progress, the state has lived with different corruption scandals, which has greatly affected the legitimacy of the political system and public administration. The reforms changed the career structure and valued the management cycle. However, it was an uncoordinated and unplanned action, maintaining a complex picture of different capacities and autonomy among public organizations. The Brazilian trajectory of the construction of the governance implied in the constitution of robust organizations, autonomous and able coexisting with organizations fragile and captured by private interests.

The long road to governance in Brazil was the result of advances in the structure of the public service and in the definition of public organizations, especially in authoritarian periods, with the process of democratization of the state. This trajectory of public organizations created a very specific concept for governance in Brazil. Governance in Brazil means the association of the development of a Weberian bureaucracy with organizational elements of New Public Management and the need for democratization of the state and greater synergy of public policies with society. This historical trajectory makes the concept of governance complex and multifaceted for the process of change and consolidation of public organizations in Brazil.

Reforms were promoted, aligning bureaucratic development and New Public Management mechanisms and transparency. Associated with this, a governance perspective that promoted the synergy between an autonomous bureaucracy and participatory institutions in civil society was developed. These changes represented necessary, but not sufficient, conditions for scheduling a

comprehensive conception of management reform. Institutional changes, within the federal bureaucracy dimension, occurred. However, they were apart from a comprehensive, coordinated, and solid agenda of institutional change.

The result of this trajectory of construction of public organizations in Brazil was the existence of a multifaceted and complex structure. On the one hand, this structure of organizations has constituted "islands of excellence," while there are inefficient and ineffective organizations permeable to corruption and patronage (Bersch et al. 2016).

The long trajectory of the modernization project of public administration in Brazil has created some "islands of excellence," with autonomous organizations in relation to private interests, little permeable to corruption and with high capacities for the formulation and implementation of public policies. Examples of such organizations are the tax and audit area. On the other hand, several organizations are permeable to corruption, inefficient in providing public services, and with a low capacity for the formulation and implementation of public policies. There are several examples of these organizations, which are present in areas such as health and social.

In this institutional context, with organizations with so much autonomy, capabilities, and results, there are problems regarding the provision of public services and the quality of government. In this context, governance appears in Brazil as a reformist perspective, promoting incremental changes that seek the institutional improvement of the public service. The various problems presented today create a critical juncture for change. In particular, confronting corruption, face the performance of public organizations, and improving the quality of the public service catalyze incremental proposals for reform, which have in the concept of governance the fundamental theoretical model.

## Problems and Challenges of Governance in Brazil

The main problem related to the building of governance in Brazil is the promotion of a robust institutional arrangement that is capable of strengthening the quality of the state's performance in society and, at the same time, promoting greater openness and connection between the state and society. Governance should be understood as an incremental process of state reform in order to improve the performance of public organizations and the legitimacy of governments (Christensen et al. 2016).

The first issue that arises is the deepening of accountability and transparency. The trajectory of these two fundamental themes of governance in Brazil derives from democratization since the Federal Constitution of 1988. Democracy promoted an incremental process of institutional change, in which the organizations responsible for the accountability process were deepening their autonomy and capacity.

Associating high organizational capacity with autonomy, accountability institutions in Brazil were empowered to promote auditing of public policies and organizations, to combat corruption and promote transparency. The capacity of these organizations in Brazil is very robust, having solid career structures, recognition through the best wages, and capillarity to attract the best trained to compose their staff.

Accountability institutions can fulfill an important role of institutional change in the Brazilian public administration. However, this ability to produce change depends on the capacity of the accountability system to generate institutional learning that modifies practices, norms, and organizations. Institutional learning cannot produce the unintended effects generated by the asymmetry of power between accountability and implementation, nor result in instability that promotes the effects of red tape and pass the buck within public organizations. There is an indistinct border between the production of institutional learning and the paralysis of public administration. This is the very challenge of governance in Brazil.

There is an asymmetry in the capacities and autonomy between the organizations responsible for implementing public policies and the organizations responsible for promoting accountability. This asymmetry makes the process of corruption control, audit, and promotion of transparency not

always result in institutional learning for public organizations but in a process of management paralysis and the creation of incentives for behaviors related to the red tape and pass the buck. In addition, the accountability institutions have challenging the political order in Brazil.

Transparency may also affect the quality of decisions being made in the public sector. If decision-making is made more open, then political leaders may find it difficult to make the tough decisions needed for good governance and will instead make more politically palatable decisions. Further, the availability of government information and policy indicators has shifted accountability concerns to performance and away from the process. Transparency is assumed to deliver both democracy and efficiency, and that may be too much to expect of any one instrument, and important elements of democratic processes may be undermined.

Accountability, on the other hand, has produced an undersupply of public goods and services. The reforms conducted in Brazil provided changes that encouraged public servants to take risks. The autonomous and qualified performance of accountability institutions in Brazil reversed this logic. The processes of auditing and control of corruption have promoted a behavior of risk aversion, by public servants. This has created in public organizations an aversion to standard deviation and an organizational culture that discourages innovation. Accountability in Brazil has challenged public management as well as political order. Strengthening the control of corruption has widened society's distrust of institutions.

The second challenge for promoting governance in Brazil is participation. Since the Federal Constitution of 1988, there have been advances in political participation. It occurred not only in the context of electoral participation but also in the formulation of public policies and elements of societal accountability. Brazil is a hybrid institution in which civil society participates through representation in policy-making fora such as public policy councils and policy sector conferences.

The development of participatory institutions has promoted a better quality of the formulation process. However, it faces the same ambiguities and limits that any process of political participation presents. The decisions taken in participatory institutions are not always implemented in the public policies. And, on the other hand, the implementation of policies is isolated from the formulation process, and there is no greater openness in the designs provided in the formulation in activities through services and the provision of public goods. In other words, although there have been many advances in the formulation process with the participation of society, there has not been the same progress in implementation.

The structure of public services and the supply of public goods need more innovative mechanisms on the supply side. Initiatives of co-production and co-creation of public services are still timid and with few effects measured. Initiatives of co-production and co-creation of public services could represent an advance in Brazil, especially in strategies of redesign and digital transformation of services.

Finally, policy coordination challenges governance in Brazil. Governance implies that government must be able to implement policies and services directly to the citizen in order to produce equitable outcomes associated with efficiency and effectiveness for problem solving (Peters 1998). Coordination means a permanent dialogue with society, the production of monitoring mechanisms, and permanent evaluation of public policies and dialogues with the various institutional actors in a complex context (Peters and Pierre 2016).

The main challenge of policy coordination in Brazil is to create institutional conditions for complex and asymmetric federalism, where states have little economic and institutional autonomy vis-à-vis the union. In addition, the implementation of policies occurs with the performance of 5570 municipalities that are considered by the 1988 Constitution as federated entities. In the context of a complex federalism, with several institutional actors, the task of coordination becomes vital in the arrangement of Brazilian governance.

The use of these three tools for the construction of governance in Brazil has encountered difficulties in what concerns the unintended effects of a

strategy of institutional change. Overcoming these challenges means that a governance strategy is capable of promoting institutional learning to ensure a more democratic public administration intertwined with more legitimate governments with enhanced confidence and capacities to meet the diverse challenges of the public service.

The main challenge of governance in Brazil is to address the structural problems of society at the same time as institutional changes are made. Institutions matter to promote more equitable and egalitarian societies, and governance arrangements can be a good response to this, provided they are able to deal with mistakes, promote constant improvements, and strengthen the democratic linkage of public administration.

## Cross-References


- ▶ Accountability Systems, Brazil
- ▶ Federalism, Brazil
- ▶ Local Governments, Brazil
- ▶ New Public Management
- ▶ Participation in Public Policy: Brazil
- ▶ Policy Coordination, Brazil


## References


Barzelay M (1992) Breaking through bureaucracy. A new vision for managing in government. University of California Press, Berkeley

Bersch K, Praça S, Taylor M (2016) State capacity, bureaucratic politicization, and corruption in the Brazilian State. Governance 30(1):105–124. https://doi.org/10.1111/gove.12196

Bouckaert G, Peters BG, Verhoest K (2016) Coordination of public sector organizations. Palgrave Macmillan, London

Bovaird T, Stoker G, Jones T, Loeffler E, Pinilla-Rocancio M (2015) Activating collective co-production of public services: influencing citizens to participate in complex governance mechanisms in the UK. Int Rev Adm Sci 82(1):47–68. https://doi.org/10.1177/0020852314566009

Bovens MAP, Hart P'T, Peters BG (2000) Success and failure in public governance. Edward Elgar, Cheltenham

Bovens MAP, Goodin RE, Schillemans T (2014) Oxford handbook of public accountability. Oxford University Press, Oxford

Bresser-Pereira LC (2001) Gestão do Setor Público: Estratégia e Estrutura para um Novo Estado. In: Bresser-Pereira LC, Spink P (eds) Reforma do Estado e Administração Pública Gerencial. Editora da FGV, Rio de Janeiro, pp 21–38

Capano G, Howlett M, Ramesh M (2014) Re-thinking governance in public policy: dynamics, strategy and capacities. In: Capano G et al (eds) Variaties of governance. Dynamics, strategies, capacities. Springer, New York

Christensen T, Lægreid P, Rykkja LH (2016) Organizing for crisis management: building governance capacity and legitimacy. Public Adm Rev 76(6):887–897. https://doi.org/10.1111/puar.12558

Costa FL (2018) História, Narrativa e Representações da Administração Pública Brasileira. Revista do Serviço Público 69(special number):31–52

Faoro R (2000) Os Donos do Poder. Formação do Patronato Político Brasileiro. Globo, São Paulo

Filgueiras F (2016) Transparency and accountability: principles and rules for the construction of publicity. J Public Aff 16(2):192–202. https://doi.org/10.1002/pa.1575

Fukuyama F (2013) What is Governance? Governance 26(3):347–368. https://doi.org/10.1111/gove.12035

March JG, Olsen JP (1995) Democratic Governance. Free Press, New York

Olsen JP (2009) Democratic government, institutional autonomy and the dynamics of change. West Eur Polit 32(3):439–465. https://doi.org/10.1080/01402380902779048

Olsen JP (2017) Democratic accountability, political order, and change. Exploring accountability processes in an era of European transformation. Oxford University Press, Oxford

Osborne S, Strokosch K, Radnor Z (2016/2018) Co-Production and co-creation of value in public services. A perspective from service management. In: Brandsen T, Peters BG, Pierre J (eds) Comparative governance. Rediscovering the functional dimension of governing. Cambridge University Press, Cambridge

Peters BG (1998) Managing horizontal government: the politics of coordination. Public Adm 76(2):295–311. https://doi.org/10.1111/1467-9299.00102

Peters BG, Pierre J (2000) Citizens versus the new public manager: the problem of mutual empowerment. Adm Soc 32(1):9–28. https://doi.org/10.1177/00953990022019335

Peters BG, Pierre J (2008) Governance and social complexity. Statsvetenskaplig Tidskrift 110(3):239–248

Peters BG, Pierre J (2016) Comparative Governance. Rediscovering the Functional Dimension of Governing. Cambridge: Cambridge University Press.

Pollitt C (2003) The essential public manager. Open University Press/McGraw-Hill, Londres

Pollitt C, Bouckaert G (2004) Public management reform: A comparative analysis. Oxford University Press, USA.

Rhodes RAW (2012) Waves of governance. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, pp 33–48

Rothstein B (2010) The quality of government. Corruption, social trust, and inequality in international perspective. The University of Chicago Press, Chicago

Rothstein B, Teorell J (2008) What is quality of government. A theory of impartial institutions. Governance 21(2):165–190. https://doi.org/10.1111/j.1468-0491.2008.00391.x
Stoker G (1997) Governance as theory: five propositions. Int Soc Sci J 50(155):17–27. https://doi.org/10.1111/1468-2451.00106
WORLD BANK (2004) World development report: making services work for poor people. Washington: World Bank

# Governance, Japan

Masahiro Mogaki
Keio University, Tokyo, Japan

## Synonyms

Contemporary political history, Japan; Executive politics in Japan; Japanese politics; Public policy and administration in Japan; The Japanese state and society

## Introduction

In the past 30 years, there has been a significant growth in the literature on governance within political science, in part as a response to the decline of the state's traditional role and capacity in developed countries. The governance literature seeks to offer new forms of governing system analysis in the transforming political arenas after the 1980s. This set of new approaches in political science literature has prompted the renewed debate on the state. The debate on governance has helped bring the state back in to political science literature partly because the period of the government in which it was supposed to address many of key political issues in society was replaced by a new era in which the term "governance" is employed to address the set of governing processes. Namely, examining "government" does not always respond to the issues of governing any longer. Elsewhere, the concept of the state, which was not always been heeded by political research despite its traditional significance, has reemerged as a topic of debate to address political issues in transforming society. For example, one school of literature has proposed a hollowing out of the state (e.g., Rhodes 1997), while others have argued for the transformation or reconstitution of the state (e.g., Marsh et al. 2001). However, the debate on the state and governance has not extensively been addressed in the literature regarding power and politics in Japan. This entry addresses the changing governance in Japan with specific attention to power and the state focusing in particular the period after the 1980s, when political science literature start debating the change of governance in political arenas. In so doing, it unfolds the nature and development of governance in Japan, heeding the extent to which the transformation of the state has been influential. Referring to previous governance literature including those within this encyclopedia (e.g., "▶ Governance Theories and Models"), this entry defines "governance" as the set of political systems that governs the state and society; the scope of the term covers the nexus of public administration actors and structures influential over policy-making and implementation, both those within the government and beyond.

This entry first reviews the challenges for states emerging after the 1970s, which prompted the interest in governance instead of government among political scientists. It is followed by the specific examination of how governance has changed in Japan's political arena, heeding key political events such as the 1994 political reform and the 1997 administrative reform. The final section pulls the above together and reveals the extent to which the governance of Japan can be characterized as a variation of the emerging mode of governance in political arenas elsewhere under a specific political tradition.

## From Government to Governance

The era of governance has been preceded by that of government after World War II, which can be characterized by the expanded state pursuing full employment and social welfare. The left's significant contribution to the war efforts against

fascism and the widespread belief that the Great Depression facilitated the rise of fascism made full employment and social welfare the top priority of the political agenda (Chang and Rowthorn 1995: 3). As key industrial countries rebuilt their societies, the size and scope of governments unprecedentedly expanded with the emergence of the welfare state. Indeed, the welfare state in this period accounts for in excess of 50% of GDP and 15% of the total workforce (Hay and Lister 2006: 6). The governments of developed countries in this period can be characterized by increasing government expenditure – expenditure in the 1990s was double that in the 1930s (Hay and Lister 2006: 2–3), expanding government projects, and growing political intervention in markets, the extent of which varied (Pierre and Peters 2000: 2). The government of this period was the appropriate, legitimate, and unchallenged solution for social change, equality, and the economic development, with regulation, economic redistribution, and, more generally, an expansion of the political sphere of society; indeed, in the view of the 1950s and early 1960s social scientists "political issues would be transformed into administrative and non-controversial routines" given the long-term economic growth (Maier 1987: 4). The state of the developed world of this period can be exemplified by Bob Jessop's Keynesian Welfare National State, whose core theme aims at the management of the economy and society by the state, which was supposed to address market failure and be responsible for developing and managing welfare programs.

However, the state with its expanded scope and activities encountered significant challenges after the 1970s, the key points of which are in Table 1:

This set of challenges led the state to adapt to its new environment by changing its internal and external power relations with key actors. For example in Japan, the significant public antagonism against the system and elites in politics resulting from enduring financial scandals and the failure of the traditional government machine to effectively address the economic downturn and extravagant government debt emerged as key challenges after the 1990s, together with the piecemeal but creeping rise of neo-liberal approaches such as contracting and privatization and the increasing complexity of society involving growing number of NGOs and the call for devolution. The adaptation has undermined the previous mode under which the governing system was controlled by government and prompted the new ones in which the networks of relevant actors play a major role in policy-making. The changes also prompted political science literature to reexamine the governing system, employing the term "governance" instead of the previous focus on "government." The origin of the term "governance" was an old French word "*gouvernance*" in the fourteenth century, in the focus of interest to explain the state's adaptation in response to the challenges outlined above (Pierre and Peters 2000: 1, 18). The concept of governance emerged as a new vehicle to address the changing politics and society throughout disciplines. A wide range of topics has been debated by governance literature across disciplines, including development economics, international institutions and regimes, organizational management such as corporate and public sector governance, NPM, and the new practices of coordinating activities through networks, partnerships, and deliberative forums, which took over the role of the state until the 1970s (Hirst 2000: 14–19; see "▶ Governance Theories and Models"). If one turns to governance literature specifically aiming at politics, power, and the state, what appears is the following two approaches: state centric or society centric (Richards 2008: 96–98). The former highlights the state's political and institutional capacity to steer and how its role relates to the interests of other influential actors, focusing on the responses of the state to challenges; the latter pursues the coordination and various forms of formal or informal public–private interaction, such as policy networks, focusing on the network of actors to formulate policies responding to the challenges. An example of key approaches within the course of debate is the concept of the core executive, drawn from the debate within the Anglo-Governance School – a group of scholars whose position is affected by R. A. W. Rhodes' idea that the concept of governance be integrated "into a

**Governance, Japan, Table 1** Key challenges to the modern state (Pierre and Peters 2000: 52–67)

| | |
|---|---|
| Financial crisis | The state confronted its increasing expenditure and difficult prospect to increase tax revenue |
| The rise of the new right | The manifestation of neo-liberal ideology emerged in the governments in a number of developed countries. They employed monetarist economic policy together with deregulation, privatization, drastic reductions in the civil service, the introduction of "managerialism" in the public sector, and institutional restructuring of the state creating semiautonomous public organizations to typically replace government organizations |
| Globalization | Globalization has partially stripped the traditional authority of the state but offered new opportunities to exercise influence through regional and international organizations and through international institutional coordination such as transnational harmonization of regulation. It has contributed to the transformation of the state's traditional approach to private firms. The effectiveness of the state's traditional approach to its economy and private firms has waned |
| Failure of the state | The expectation for the governments to address societal problems in developed countries exceeded the actual capacity of the governments |
| NPM (New Public Management) | The rise of NPM challenged the traditional approaches of the state in the developed world and brought a shift from government based on direct service provision with top-down bureaucracy to government with fragmented segmentation providing the services through private sector suppliers by contracting and privatization |
| Social change, increasing complexities, new source of governance, and legacy of traditional political accountability | The more complicated nature of society, such as blurring the public–private sector boundaries, rendered the policy-making process to seek alternatives to the previous approach. The complexities are contributed by the emergence of new public actors such as enhanced local governments and regional organizations such as the European Union. The emergence of new societal actors such as the NGOs brought a challenge to the traditional chain of accountability through democratically elected officials; they struggle to be represented through the traditional chain of accountability designed for the traditional societal actors |

conceptual model of contemporary government, its evolution and its relationship to political and wider social processes" (Marinetto 2003: 594; see also "Core Executive in Japan"). The concept aims at the core mechanism of the state based on its ontological view of power that is fluid and relational within the core executive. What is common among this set of ideas is the change of the body of governing from a single and centralized government to the nexus of actors engaging in policy-making either within the core of the governing mechanism or the network involving key actors in both the state and society.

The impact of the change of governance can be observed in a variety of examples, whose specific outcomes have been formed under respective political traditions. The following section will examine the development of governance in Japan, heeding key political issues specifically affected the course of the country's political development.

## Political Development and Governance in Japan

The analysis of Japan's political arenas was dominated by approaches focusing on central government officials as key before the 1980s (e.g., Tsuji 1969; Johnson 1982). This reflects the period dominated by the stable administration of the Liberal Democratic Party (LDP), which enjoyed a continuous tenure since its establishment in 1955. In particular, the 1960s and early 1970s saw the significant economic development called "High Growth Period" under the Hayato Ikeda (PM: 1960–1964) and Eisaku Satō (PM: 1964–1972) Governments, in which the impact of government policy was regarded as a significant factor contributing to the rapid rise of living standard of the country. Although the nature of the rapid economic growth is a contentious topic many recognize policy-making processes steered by government officials and overseen by LDP

politicians as influential (e.g., Johnson 1982; see also "Politics Administration Relations"). This set of governing mechanism steered by government officials had analogues to the Weberian state model. What was unusual in Japan is the significant impact of the ruling party politicians outside the Cabinet: they inserted influence over policy-making within the LDP's informal policy-making bodies including the Policy Affairs Research Council (PARC). They belonged to the community in which a group of politicians specialized in specific fields (*zoku gi'in*), many of whom were former Cabinet Ministers responsible for the affairs (Inoguchi and Iwai 1987). In the 1970s, Japan encountered significant political and economic crises. The emergence of corruption scandals in politics culminated the financial scandal involving then Prime Minister Kakuei Tanaka (PM: 1972–1974) and the following Lockheed bribery scandals in 1976, part of which directly involved Tanaka. This set of scandals resulted in public anger against the LDP and undermined its popular support. What came together was the 1973 Oil Crisis and the series of economic measures by then US President Nixon called "Nixon Shock," which led to the end of the Bretton Woods system of monetary management. The concomitant economic turmoil prompted corporate scandals including the price controls of daily commodities by trading companies and cartels. The response to this set of political and economic crisis was the gradual transformation of the LDP and political and economic structures. The financial scandals in the 1970s involving LDP politicians prompted the strong antagonism against "money politics" [*kinken seiji*], which significantly exacerbated the public distrust of the political system and politicians. The economic crisis prompted the call for the administrative reform, which was the prioritized project by the Yasuhiro Nakasone Government (1982–1987). However, although the resulting privatization of three public corporations (telecommunications & tobacco 1985, railways 1987) attracted significant attention the impact of neo-liberal policies were generally limited in the 1970s and 1980s because established and persistent political and economic structures resisted neo-liberal reforms (see "Governance: Privatization and Deregulation in Japan Since the 1980s"). Indeed, Japan has sometimes partially evoked policies based on a market oriented philosophy, but it has been reluctant to thoroughly embrace them (Pierre and Peters 2000: 3) so that it could protect its embedded structure. As such, governing in the 1980s retained the traditional approach mobilized by the government although the influence of *zoku gi'in* enhanced its impact on policy-making processes (Inoguchi and Iwai 1987).

Transformation gradually emerged in the 1990s prompted by a set of reforms including the 1994 political reform and the 1997 administrative reform with concomitant societal changes. The 1994 political reform set out to address public anger against the LDP prompted by rampant scandals involving a number of top LDP politicians in the late 1980s such as the Recruit scandal in 1988 and Tokyo *Sagawa kyūbin* scandal in 1992. A key component of the reform is the replacement of the traditional SNTV (single nontransferrable voting) system with the MMM (mixed member majoritarian) system together with the introduction of public funding for political parties. The impact of the electoral system change reshaped the system and organization of political parties. As the member of the House of Representatives [*Shūgi'in*] are now selected from single member districts (SMD), where only a single candidate is elected as the representative, and the proportional representative (PR) system drawn from the party's PR candidate list, top political party officials obtain significant leverage to administer their party through authorizing candidates. The introduction of the government subsidy to political parties and concomitant restriction of private entities' direct funding toward each politician have set the framework regulating Japan's political parties finances. Under the new system, the party management receives government funds to allocate local party branches headed by Diet members or their candidates. A key outcome of the 1994 political reform was the centralized power of the party management within their respective party, which has contributed to shaping the stronger Prime Minister and Cabinet after the 2000s. Another key contributory factor shaping a strong central government

was the 1997 administrative reform adopted by the Ryūtarō Hashimoto Administration in 1997, which strengthened the power of the Prime Minister and the Cabinet in relation to bureaucracy together with the reorganization of the government organizations and the establishment of independent administrative agencies [*dokuritsu gyōsei hōjin*]. After its implementation in 2001, the 1997 administrative reform transformed the civil service, which had been a key body of administrative power, into a set of organizations more systematically administered by the Prime Minister and the Cabinet. The explicit impact of this set of reforms was observed in the political project under the Jun'ichirō Koizumi Administration (2001–2006). The enactment of the 1998 NPO (non-pofit organization) Law also established the institutional foundation of nongovernment organizations in Japan, which have a potential to cover activities traditionally overseen by the government. Although it has augmented the development of the sector, the organizations have not significantly affected the development of governance in Japan with neither sizable professional groups nor clear strategies influential over the public sphere and policy-making (McCargo 2013: 179–180).

Although Japan's transformation of the state and governance attracted scholarly attention in the 1990s, its explicit impact was widely observed in the 2000s including the tenure of the Koizumi Administration. The LDP Administration in the 2000s saw the gradual and piecemeal development of elected officials, e.g., the Prime Minister and the Cabinet Ministers, who mobilized popular support through engaging in politicization, and the contrasting decline of ruling party politicians outside the Cabinet although some Cabinets had comparatively short tenure. A key issue of the LDP Administration in the 2000s was the party governance. Indeed, a major challenge to the Koizumi Government was their internal opponents within the LDP itself rather than opposition parties. The change of power relations within the LDP from its politicians outside the Cabinet to Koizumi, the Prime Minister's Office (*Kantei*), and his Ministers culminated in the 2005 postal reform and his victory over internal enemies within the LDP. After Koizumi's landslide victory of the 2005 general election, he dominated the country's political arena with unchallengeable power within the LDP in addition to the LDP's overwhelming majority in the National Diet. Koizumi's example exhibits the growing power of the Prime Minister and the Cabinet vis-à-vis politicians outside the Cabinet.

Elsewhere, the transformation of the relationship between the state and society after the 1990s through the reforms of regulation and public spending gradually changed the nature of government officials in policy-making. As typically observed in information and communications regulation, the bureaucratic approach gradually shifts its focus from discretional measures including market entry permissions to those based on rules such as overseeing network interconnection disputes (Mogaki 2015). In particular, the policy projects explicitly mobilized by neo-liberal rhetoric with the mantra of "*Kan kara min e*" [from the official to the private] under the Koizumi Administration aimed to reform established economic structures, exemplifying reformist politics in the 2000s. The administration pursued spending cut in public investment, privatization (e.g., highway, postal services), deregulation, and devolution through its prioritized structural reform projects. Together with the impact of the 1997 administrative reform, this set of measures reshaped the nature and power of civil servants in policy-making, who gradually refrained from acting as the strategist. Government change from the LDP to the DPJ (Democratic Party of Japan) resulted from the landslide victory of the 2009 general election offered an explicit landmark of this trend.

Despite the significant popular support in the 2009 general election, governance under the DPJ Administration between 2009 and 2013 can be characterized by its unsystematic approach to governing and resulting turmoil, the insignificant impact of its domestic policies, and unpopular crisis management (e.g., RJIF 2013). The administration intended to replace the previous public policy-making processes

under the LDP Administration with its own, in which the Cabinet functioned as a sole body responsible for policy-making; for this purpose it abolished its Policy Research Committee (PRC), the equivalent to the LDP PARC. This measure did not work because of the DPJ's failure to smoothly incorporate bureaucracy into its policy-making machine. Rather, what the DPJ actually did is the gradual regression to the traditional approach established by the LPD through the revival of the PRC and its enhancement. In this way, the impact of the DPJ Administration was not as striking as many observers initially expected. However, it also marked a clear disjuncture between the traditional governing under the LDP and a new period in which policy-making is steered by the Prime Minister and the Cabinet. The gradual decline of the power of the LDP politicians outside the Cabinet in the 2000s was accelerated by the emergence of the DPJ Administration. The impact of their power has never recovered within policy-making arenas as party politicians outside the Cabinet have never played a key role in policy-making after 2009 in both the DPJ and LDP Administrations. Elsewhere, the power of the core, i.e., the Prime Minister, the *Kantei*, the Cabinet, and its Ministers, has grown in the 2000s including the LDP Koizumi Administration. The DPJ Administration enhanced this trend but did not demonstrate a new mode of governance. What happened instead was the emergence of unstable conditions rather than new equilibrium. Indeed, the DPJ Administration has often been criticized for its lack of governing ability, e.g., the failure to form a consensus within the party and to mobilize bureaucracy to achieve its goals, which resulted in the failure of its governance reform initiatives including its policy-making system led by elected officials (e.g., RJIF 2013). Together with their status as a minority government within the House of Councillors resulting from the failed election in 2010, the administration exhibited insufficient ability to generate strong policy outcomes. Elsewhere, in spite of remarkable political disputes between the DPJ and opposition parties within the National Diet, under the DPJ led Coalition Government the state retained its significance in policy-making like the LDP led Coalition Government in the 2000s although its core experienced the fluid change of power between key actors.

The 2012 government change from the DPJ to the LDP restored the LDP's previous policy-making framework including the PARC's preliminary examination system. The ostensible outcome of the event was the restoration of the previous regime and approaches. However, a broader trend that reshaped the governance of Japan has significantly affected the LDP Administration after 2012. As of 2017, the power of the Prime Minister is regarded as key in Japan's policy-making processes together with his aides such as the *Kantei*, the Chief Cabinet Secretary, and other Cabinet Ministers. Although the ruling party politicians outside the Cabinet have regained their previous position as an actor in policy-making, few commentators identified the cases in which their impact is comparable to that in the 1980s (Yomiuri online 2014). Likewise, few argue for the impact of government ministries as the key strategist. Indeed, different from Johnson's (1982) equivalent in the 1970s the explicit impact of government ministries was limited after 2012. This could reflect the fact that the institutional foundation of the Prime Minister's power has been enhanced by the 1997 administrative reform and successive measures including the establishment of the Cabinet Bureau of Personnel Affairs that oversees the appointments of senior civil servants in 2014. The resulting performance of the LDP Abe Administration is, however, a topic of examination. The LDP Administration after 2012 has experienced few internal conflicts within their own party because not only the LDP President/Prime Minister authorizes the registration of a candidate but also he has not engaged in policy projects that significantly undermine the interest and power of fellow LDP politicians (Pekkanen et al. 2016). The administration also enjoyed significant advantages caused by the weakness of opposition parties such as the DPJ/DP

(Democratic Party: the successor of the DPJ established in 2016) (Noble 2016). Whether or not the dominance is sustainable without either of these factors is a question to be seen.

## Conclusion: The Nature of Governance, Japan

The past 30 years has seen the transformation of governance in Japan, which can be regarded as a version of changing governance in a specific political tradition. Key characteristics include the significance of ruling party politicians outside the Cabinet, i.e., those outside formal lines, the increasing power of the core, the changing role of government officials, and the piecemeal entrenchment of neo-liberal approaches. Power within the community of ruling party politicians fluidly moved from those outside the Cabinet to the core: the Prime Minister, the Prime Minister's Office, and the Cabinet. The power transfer was accompanied by the transformation of the nature of government officials as a state actor. With this set of changes mobilized by the reforms after the 1990s, the core executive as a network of key actors engaging in policy-making has thus retained its dominance in political arenas mobilized by established policy-making structures and the prevalent interest in a stronger core among political elites. Elsewhere, in spite of neo-liberal policy measures – or reformist projects – from the 1980s onwards that attracted significant public attention, the impact of nonstate actors such as the business, NPOs, and local governments has been limited in policy-making. An example could be the long-lasting efforts aiming at devolution [*chihōbunken*]. Although both the LDP and DPJ have explicitly called for the transfer of authority and fund to local governments, observers recognize the enduring power of the central government (e.g., Kanai 2007). The transformation of governance in Japan has resulted in not the empowerment of actors outside the core but the continual dominance of the core executive with flexible change of internal power relations.

The LDP Government after 2012 has widely been regarded as strong with ineffective opposition parties and no strong internal rivals. Some attribute its strength to the culminated structures surrounding the Prime Minister. Elsewhere, one can remember the facts that even before the 1970s, Prime Ministers such as Ikeda and Satō exercised significant power within the political arena of the day and that the power of the DPJ Administration (2009–2013) was not very strong even though it was under the same institutional framework as the LDP Administration's after 2012. These previous examples suggest the significance of agency in the strength of the LDP Administration after 2012 rather than that of structures.

The change of governance in Japan has come with the increasing politicization of policy issues dominated by the core and the transformation of the traditional Weberian state; they are widely recognized as key characteristics of the transformation of governance elsewhere. However, it has also been shaped within the specific political conditions such as the lack of an explicit and collective framework that administers political parties, the normative division between the legislature and the executive under a parliamentary system, and the entrenched tradition of bureaucracy's generalist approach. Whereas a strong administration mobilized by populist approaches and politicization has a potential to extend its engagement beyond the institutional and conventional limitation of democracy, the intensified specialism in contemporary public administration could offer unprecedented challenges to the generalist administrative apparatus. For example, significant regulatory failures such as the 2011 Fukushima Dai'ich Nuclear Power Plant and the frequent scandals of earthquake-resistant design forgery in large apartments after the mid-2000s can cast doubt regarding the regulatory competency of the Japanese government. Looming financial difficulty of the country's pension system offers another example. In spite of the relative strength of the core executive within the domestic political arena, the governance of Japan is confronting challenges that impose on the country the serious examination of its governing capability.

## References

Chang H, Rowthorn R (1995) Introduction. In: Chang H, Rowthorn R (eds) The role of the state in economic change. Clarendon Press, Oxford

Hay C, Lister M (2006) Introduction: theories and the state. In: Hay C, Lister M, Marsh D (eds) The state: theories and issues. Political analysis. Palgrave Macmillan, Basingstoke/New York, pp 1–20

Hirst P (2000) Democracy and governance. In: Pierre J (ed) Debating governance: authority, steering, and democracy. Oxford University Press, Oxford, pp 13–35

Inoguchi T, Iwai T (1987) Zoku gi'in no kenkyū – Jimintō seiken o gyūjiru shuyaku tachi (A study of tribe members of the Diet: the major player dominating the LDP Administration). Nikkei, Tokyo

Johnson C (1982) MITI and the Japanese miracle: the growth of industrial policy, 1925–1975. Stanford University Press, Stanford

Kanai T (2007) Jichiseido (gyōseigaku gyōsho) (The institution of local government). University of Tokyo Press, Tokyo

Maier CS (1987) Introduction. In: Maier CS (ed) Changing boundaries of the political. Cambridge University Press, Cambridge, pp 1–24

Marinetto M (2003) Governing beyond the centre: a critique of the Anglo-governance school. Pol Stud 51: pp 592–608

Marsh D, Richards D, Smith MJ (2001) Changing patterns of governance in the United Kingdom: reinventing Whitehall? Palgrave, Basingstoke

McCargo D (2013) Contemporary Japan, 3rd edn. Palgrave Macmillan, Basingstoke

Mogaki M (2015) The evolving power of the core executive: a case study of Japan's ICT regulation after the 1980s. Pac Aff 88(1): pp 27–49

Noble GW (2016) Abenomics in the 2014 election: showing the money (supply) and little else. In: Pekkane RJ, Reed SR, Scheiner E (eds) Japan decides 2014: the Japanese general election. Palgrave Macmillan, Basingstoke, pp 155–169

Pekkanen RJ, Reed SR, Scheiner E (eds) (2016) Japan decides 2014: the Japanese general election. Palgrave Macmillan, Basingstoke

Pierre J, Peters BG (2000) Governance, politics and the state. Political analysis. MacMillan, Basingstoke

Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Maidenhead

Richards D (2008) New labour and the civil service: reconstituting the Westminster model. Palgrave Macmillan, Basingstoke

RJIF (Rebuild Japan Initiative Foundation) (2013) Minshutō seiken shippai no kenshō: nihon seiji wa nani o ikasu ka (The examination of the failure of the Democratic Party of Japan Administration: lessons for Japanese politics), chūkō shinsho. Chūōkōron shinsha, Tokyo

Tsuji K (1969) Shinban Nihon kanryōsei no kenkyū (The study of Japan's bureaucracy, new edition). University of Tokyo Press, Tokyo

Yomiuri online (2014) 'Seikōtōtei' naze: Jimintō gi'in chin'moku no riyū (Why "strong Cabinet & weak Party"?: the reason for Liberal Democrats' silence). Yomiuri Newspaper Co., Tokyo. Available from: http://www.yomiuri.co.jp/feature/shinso/20140417-OYT8T50015.html. Accessed 5 May 2014

# Governance, Local Communities, and Citizens Participation

Alessandra Ricciardelli
Faculty of Economics, Università LUM Jean Monnet, Casamassima, BA, Italy

## Synonyms

Capacity building; Citizen engagement; Citizen participation; Network-based governance

## Definition

Governance and local community's participation refers to the citizens' capacity of engaging in public management affairs not merely through participating in voting and other democratic-based processes which keep policymakers accountable to the public interest, but, more significantly, by taking part in decision-making that would ultimately respond more proactively to citizen concerns.

## Introduction

The most powerful force propelling the Governance paradigm forward is citizen participation, which amounts to a significant hosting of new emerging consultative systems and practices. The paradigm of Governance, indeed, implies, inherently, the commonly held view of the pivotal

G

role played by the community, intended as people working together. Shared values in the same setting influence attitudes, behavior, and relationships between individuals. This occurs through the creation of a shared understanding of the goals to be achieved and the use of instruments and mechanisms that facilitate the decision-making. A significant subject matter pondered in the ample governance debate is the "governing without government" postulation that Rhodes introduced (1996, 1997, 1999). Hence, the Governance perspective offers the promise of greater citizen participation and empowerment by successfully integrating single individuals within the network through the establishment of goal and value convergence, as Skelcher (1998) assumed, in order to effectively respond to newly arising conditions.

As argued, modernization (Newman 2002) and Governance (Rhodes 1996) are terms that actually reflect the implications of participation, inclusion, partnering, and democratization in the delivery of public services, where the Leviathan State is relentlessly hollowed out at the bottom level (because of networks), from the above (due to international interdependence), and from both sides (due to the rise of agencies and professional actors). The rise of such a new perspective in the literature has unleashed an incredible wave of innovation, much of it driven by self-organized local communities. One reason is that Governance has allowed low-cost social communication and organization on a local scale by enabling local communities to out-compete by out-cooperating. This has represented a great value shift in the life of local communities since it has meant a deep structural change in how value is created at the level of each single local community by the sole intertwining of trust, people, and networks.

The greatest innovation that Governance has brought in is the emergence of practices of collective action being more effective and decentralized since not relying on a managerial structure for coordination. In this system of citizens-based peer production and open platforms, government has suddenly become unnecessary to create something that has great value. In fact, social organizations within local communities have progressively been driven to a shift not only in terms of organizational behavior, but also in the very definition of wealth and public value.

## Theoretical Frames

Existing theories and approaches to Governance that nurture the literature today are so abundant that create problems for those looking for a clear and simple definition. Nevertheless, it should be noted that there is a common denominator in the understanding of Governance, which refers to the setting, application, and enforcement of rules (Kjaer 2004). Kjaer suggests that Governance has a twofold focus: the first is the input side that is concerned with democratic procedures; the second refers to the output side, which deals with efficient and effective institutions.

In general terms, it could be argued that Governance, if read through the lens of the ***New Public Governance*** perspective (NPG), starts when the Government abandons its role as provider of leadership that is believed necessary for governing. Hence, the State, or better the Government, in its transformed role, plays a decisive role in influencing all the actors engaged in the decision-making process. The centrality of the State still remains as firm but its public performing role becomes a key factor of Governance since the State stands as the guarantor of collective interests.

This story tells about the decline of the rational goal's logic advocated by Taylor (1911) and Weber (1924) in favor of the rise of an open system's logic represented by the metaphor of networks emphasizing the theme of opportunism as well as plural and utilitarian partnership-based policies. The NPG model, in order to perform efficaciously, upholds not only trust but also democratic and self-governance mechanisms as well as bureaucratic procedures. Some authors such as Wiseman (2005) contended that the shift from thinking through the government's lens to multi-level governance has also implied a change of emphasis, in the policymaking, from economic priorities to social values while respecting the

concept of integrity and interdependence. In fact, as Rhodes argued, trust, reciprocity, and collaboration are all Governance needs since it involves government plus the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve mutual and desired outcomes (Hambleton 2004: 50). In addition, the face of the local government changes and becomes as an enabler rather than a mere provider of services.

Whereas the NPG model mainly relies on a reformist and innovative bottom-up approach to developing communities, through popular participation and engagement of different stakeholders setting up self-governing and interdependent networks, it produces effective and efficacious results if applied to the local dimension. The NPG, embodying the core values of a local community such as participation, inclusiveness, fairness, and accountability, seeks to combine those with production, consumption, and governance into an integrated paradigm of change that shifts towards ***Local Governance (LG)***.

Emphasizing on interactions between civil society and government in determining bottom-up policy making, strengthening local accountability and responsiveness of government to citizens, as Rhodes (2000) argued, LG expresses itself in a socially and culturally defined local context where the knowledge produced is collective and shared. The implication of adopting the tripartite model of trust, reciprocity, and collaboration not only sparks off a serious intellectual framework and discourse that validate human cooperation within the community. More importantly, it prompts an interest in setting in place different mechanisms leading to an organization based on the community which becomes self-sufficient, self-reliant, and sustainable (Clarke and Stewart 1999).

To continue this reasoning in the perspective of LG, the greatest innovation that Governance has brought in is the emergence of a decentralized and more effective collective action. LG, therefore, becomes a very different value proposition: one that is dedicated to generating indivisible, socially embedded common wealth and public value. Such a phenomenon, which has reached its fullest extent in the realms of the locale, implies collaborative and nonproprietary systems, which are based on sharing resources and outputs among widely distributed, loosely connected individuals who cooperate with each other. In this system of citizens-based peer production and open network platforms, government becomes unnecessary to create something that has great value. In fact, social organizations within local communities are forcing a shift not only in organizational behavior, but also in the very definition of wealth and public value. Through citizen participation at the local level, LG is able to generate a public value that is a socially created value because it is shared, evolving, and accessible to everyone. Such a socially created value, although it has always existed, has not ever been culturally legible or consequential. In its broad sweep, LG offers a powerful way to reconceptualize governance, economics, and policy by attempting to revitalize democratic practice at a time when conventional political institutions are dysfunctional, corrupt, resistant to reform, or all three.

This approach emphasizes on the well-being of local community rather than on an encouraging efficiency through customer-oriented service delivery (Taylor 2000). As Stoker pointed out (2007), this approach merely has encouraged the redefinition of local government's role while offering a broader vision of local governance as based on *networked governance*.

As Stoker emphasized, a networked community that is positioned in the realm of local governance is able to offer solutions to complex service and policy issues that presuppose an active intervention of the community. All this bearing in mind that people have rights to: "*respect of themselves, a quality of life, decent public services and the opportunity to influence their environment, and about responsibilities to respect others, make a contribution to supporting their environment and their fellow citizens and engaging in and accepting as legitimate the outcomes of the* democratic process" (Stoker 2005: 7).

It would be important to put forward the underlying key concepts of LG paradigm that would explain, in theory, practices and mechanisms of governing communities: ***new localism,***

***community engagement, community empowerment***. Starting from the concept of ***new localism***, it draws on the theory of devolution and was conceived, as Stoker has argued (2005: 2), as a strategy aimed at devolving powers, resources, and structures away from central power of control towards local democratic communities within an agreed framework of national minimum standards and policy priorities. Such a new localist policy could be assumingly viewed as a response to the complexity of modern governance to the extent that it calls for a more engaging form of democracy while enabling the dimensions of trust, empathy, and social capital. In other words, decentralization is not primarily about the passing down of responsibilities from the central government to the local one but it involves a parallel, and more substantial, process of passing power to communities, neighborhoods, and citizens. The focus of new localism, as an approach, has shifted from governing organizations to governing communities (Clarke and Stewart 1999). The increased emphasis on community governance, that – by definition – is concerned with networks, and so a key theoretical attribute is collaborative relationships and partnerships between organizations, can be explained as a response to diminished citizenship created by the new public management approach and the growth of managerialism. The move to reinvigorate notions of civil society, citizenship, and democracy were linked to concerns that existing models of government were inadequate (Gaventa 2006; Denhart 2007). It is also reflected in the influence of leading political scientists such as Robert Putnam (1993) who wrote about social capital and importance of a "civic community" if a democracy is to work.

This has also meant a change in giving priorities: from an emphasis on prescribed number of services as a traditional practice of NPG, to a focus on the well-being of local communities. This approach builds on the practices and experiences coming from New Zealand and United Kingdom that started a process of reforms of local government reform, started in 1996 under the New Labour, originally aimed at encouraging efficiency and customer-oriented service delivery. However, such reform turned to be, as Stoker pointed out (2007), a rethinking and redefinition of local government's role. It led to a broader vision of community governance as networked governance that can apply at all levels of government and focuses on the local/community level.

It is worth pointing out that the local dimension leverages on the principle of subsidiarity whose definition, borrowed by Galligan (1998: 209), refers to wherever possible government functions should be performed by the sphere of government closest to the people. Subsidiarity, as an antidote toward a frequent appeal to state action, reflects the circumstance in which the center interacts with society and there is a significant demand for people and civic participation. At this level, subsidiarity calls for more self-steering in networks, as Kjaer argued when defining the new notions of Governance (2004: 11), so people are encouraged to engage in making their communities better places for themselves and those around them.

In UK, *the new localism* agenda sets the premises for the development of what is called ***neighborhood governance*** (NG) which, at turns, leverages on key challenges analyzed in terms of capacity, competence, diversity, and equity.

Seen as sites for innovation in both governance and service design (Kennett and Forrest 2006; García 2004), neighborhoods are, today, the focus of significant policy attention across Europe as they have now moved onto the mainstream local government agenda. Generally speaking, the neighborhood is portrayed as the place in which local government (and other agencies) can establish new paths for citizen engagement and improved accountability (Pratchett et al. 2006).

To get into the meaning of NG, a definition of neighborhood is fundamental to have an idea of its applicability to governance's aspects. Although there is no ideal definition of it, two ways may help clarifying its conceptualization: the first is merely abstract and refers to a physical space in which a complex interplay between different activities and actions shapes the living conditions for people living therein. The second one is more pragmatic and describes a well-defined physical space which shares some formal recognition in terms of policies, political structures and that is

physically distinct from its surrounding areas. Hence, neighborhood problems are those issues arising from living together in a locally defined and shared space. Engagement with partnerships can also generate vital new resources of social capital for the community. Social capital consisting of trust relationships between a community and its leaders can contribute to the effectiveness of neighborhood regeneration partnerships (Putnam 1993).

Applying the concept of governance in neighborhoods leads to focus on interactions which are captured in the concept of participatory democracy while, at the same time, asking questions about how neighborhood processes relate to formal democratic structures and processes and to what extent residents are involved in shaping the perspectives of the agencies delivering services in the neighborhood.

As Lowndes and Sullivan (2004) advanced, there are four predominant rationales for neighborhood governance: the empowerment of citizens and communities (the civic rationale – that will be dealt with at a later stage in this section); partnership to take a holistic approach to an area (social); government through new forms of representation and participation (political); and management in terms of more effective local service delivery (economic). Initiatives have increasingly stressed the civic rationale in terms of encouraging neighborhood-level ownership of problems and of attempts to resolve these (Lowndes et al. 2006).

Therefore, NG is physically accessible to citizens. And democratic neighborhood governance rests on the idea that residents can make their voice heard in determining the pattern of services delivered to the neighborhood by resolving conflicts, from one hand, among groups of residents and, from the other hand, by using collaboration among residents and professionals as a prerequisite to meeting these two broader aims (Pill and Bailey 2013). Effective NG is very difficult to achieve because conflicts can arise between residents and institutions, through mistrust, misunderstanding, or misguided approaches adopted by institutions. In fact, different forms of conflict are embedded in the diversity of agencies and individuals involved in the neighborhood, each with a different perspective.

As it has been argued, effective NG requires to pay attention to a set of processes (e.g., consultation, co-ordination, mobilization, conflict resolution), but also to formal arrangements (e.g., arenas for information, communication, and decision-making, and the relation between agencies and organizations operating in the neighborhood – Dönitz and Meyer 2004). In some cases, improved NG can be achieved by improving the performance of existing arrangements (processes and structures) in the neighborhood. Alternatively, in other cases, new arrangements that could contribute to improving public services, building community capacity and promoting joint local outcomes and services and making them more responsive to local needs, may be preferable.

The second key concept of LG's paradigm is ***community engagement***. Before analyzing its definition, it would be important to set the word *community* in place. Positioned in the framework of local government, the word raises some extremely complex and difficult issues partly because it is used for very different purposes, and to some other extent because there is no agreed understanding of what a natural community actually is.

There is no agreed definition of community (Chisholm and Dench 2005) since it can be explained in various ways highlighting a number of different characteristics that, in varying degrees, determine the understanding of community (Totikidis et al. 2005). However, in all cases it refers primarily to a group of people living in the same geographic area (Blokland 2003). Questions of what is the community can vary, though, whether the context is a rural or an urban area. In the first case, where clear geographical boundaries and people's understanding of what constitutes their communities are both easily understood, the concept of community may be relatively straightforward. In the second case, instead, the boundaries and the factors, which collectively constitute a sense of community, may both be much less obvious. In urban area, in fact, what it is known is that people establish strong

attachments to their place and seek collective means of influencing or taking decisions about how that place should be managed.

Other definitions would see the term as referring to different communities of interest and identity including ethnic communities, faith communities, the business community, as well as traditional communities of place (Blacher 2005). Some other scholars would agree with the distinction of *relational* communities and *geographical* communities (Rudkin 2003) to the point that the presence of *virtual* communities is also contemplated. From a comparative and institutionalist approach (Bowles and Gintis 2002), a community is described as an entity that, due to the social interactions occurring within its boundaries, is capable of solving problems that both states and markets are ill-equipped to address. In fact, community enjoys not only a great amount of private information that other public actors, including all levels of government, banks, and other formal organizations, do not possess but also the benefit of monitoring itself behavior of its members making them accountable for their actions.

From this standpoint, it could be observed that the definitions above all contribute to approximately explain the pattern of local communities established in the territory of a local authority where, increasingly, the main demand that citizens advance to their local governments is for the right to be involved in place shaping for their community. Uncertainties over what constitutes a community and how to define its boundaries can be very tough when there is a difficulty in understanding the way in which people themselves actually function. Nevertheless, there are some examples of approaches used by some authors (i.e., Stoker 2007 – when presenting the case for a new localism based on community) which simply assume that there is sufficient consensus on the meaning of community. Provided that the concept is of practical application it is needless of a further explanation and precise definition. However, there are some situations where there is a need, because governments of whatever level require legal authority, for a more formal approach.

Having said that, it could be assumed that *Community engagement* has represented, in the whole discourse about Governance, a step forward from the earlier practice of community consultation. Such a shift toward a more refined form of community participation has naturally occurred due to the increasing involvement of a wider range of community actors in public decision-making – both from the perspective of strengthening democracy and protecting public interest (Smyth et al. 2005). The partnership aspect of LG could be viewed as a response to poverty and social exclusion that eventually require new approaches and new methods of community engagement (Geddes 2006) including deliberative democracy techniques that are vital to achieving successful engagement in decision-making. Partnership resulting from active collaboration goes beyond consultation needed for immediate purposes to anchor the need for a pattern of long-term alliances among people from different social and culture backgrounds and their organizations (Brown 2002). Nevertheless, as Aulich (2009) observed after having conducted an investigation in a series of Australian local governments on participatory governance, there are few examples where effective engagement has been established and accepted as a citizen's right whereas the occurred changes to legislation to facilitate engagement within communities did not fulfill the initial expectations. Arguably, at this stage, it would also be valuable to examine the extent to which local governments are building long-term alliances based on a shared governance approach. This will be analyzed in the following paragraph "*Citizens at work. Participation in local communities*."

Nowadays, the term of ***community empowerment*** is the core concept in governance theory. Assuming that, in the modern world, representative democracy on its own is an increasingly inadequate institutional method to achieve democratic accountability, it has been supplemented with more participatory forms in which citizens are empowered to contribute actual governance decisions for their public institutions (Kjaer 2004: 14). Community empowerment originates from the concept of citizen participation viewed as an all-encompassing concept that includes voting, direct democracy, participating in advisory committees,

and deliberating on government's decisions. As it has been argued, input from citizens have resulted in better, more effective governance decisions and have also concurrently helped improve the image of government with citizens (King et al. 1998).

With effective mechanisms of citizen participation in place, public management becomes more dynamic as it responds more proactively to citizen concerns and ultimately is better able to meet the challenges of constantly shifting political and policy environments (Denhardt and Denhardt 2015). Without effective citizen participation, public management often becomes static and fails to recognize and respond to the important political and policy challenges of the day (Leighninger 2012).

By embracing a wider conceptualization of citizen participation in public management, linkages between people's own assets and the democratic dimensions of their participation can be clarified in the conceptualization of community empowerment aimed at solving policy challenges of government. Empowerment builds up on a very clear-cut idea of community, according to the modern literature of Governance, as citizens organized in a group that makes usage of effective bottom-up tools for addressing local communities' needs and that embodies a plethora of formal institutions, interests, and activities to meet the ever-changing conditions. By their very nature, a community as such is oriented to coproduction and, as such, aims at making the most of unused local resources like human, financial, and material ones. There is an emphasis on the unique capability of communities and it is a significant endorsement of the need to engage communities in decision-making over the delivery of important services at the local level.

Having accounted for the definition of community as a precondition for acknowledging *community empowerment*, it could be assumed that the latter refers to a process whereby communities are committed to gaining control over factors and decisions that shape their lives while enabling themselves to gain access and voice, create partnerships, increase their assets, resources, and attributes necessary to gain control.

From a theoretical viewpoint, these newer processes focusing on the evolution in the use of citizen participation in public management shows the significant value of the citizen who is, hence, defined as a collaborator in governance (Thomas 2012). It is arguably a process of building oneself capacities whereas empowerment cannot be adduced by others but it is about people enabling themselves, through the acquisition of more of power's different forms (Laverack and Labonte 2008) in order to become empowered. Power, hence, is a central concept in community empowerment that is more than involvement, participation, or engagement of people (Levine 2007; Putnam 2001; Skocpol 2003). It is about encouraging discussion and debate that result in increased knowledge and awareness and a higher level of critical thinking. It implies community ownership and action that explicitly aim at addressing social, cultural, political, and economic determinants for change. Operating within the arena of a power struggle, community empowerment involves continuous processes of power's renegotiation and status reformulation meaning that it recognizes that if some people are going to be empowered, then others will be sharing their existing power and giving some of it up (Baum 2008).

Community empowerment uses various dimensions of citizen participation in formal and informal networks of governance. What is included in these collaborations are networks of citizens, interest groups, other governments, nonprofit and for-profit organizations where different types of specialties could bring forth the knowledge and implementation power to meet the challenge of a wicked problem (Agranoff 2005). In such a participatory environment, therefore, the role that external agents play in community empowerment is also to be considered as pivotal in catalyzing, facilitating, and accompanying the community in acquiring power. In many ways, the success or failure of twenty-first-century public management rests on the effective citizen participation in governance decisions (Kettl 2002). Moreover, the ability of governments is not merely related to steering people's decisions (Denhardt and Denhardt 2007) but to empowering

individuals and organized groups in enhancing their own sense of agency and making the structural changes to institutions and policies that are needed for realizing their vision of change and development.

## Setting the Framework for Collaborative Working and Community Action

Building on the use of the citizen participation in public management, citizens have been gradually given more opportunities near the end of the twentieth century. Citizens are, hence, the kernel of the truth of the above-mentioned "theories of change" (Sullivan et al. 2002) demanding that for developments to be sustainable they have to be "bottom-up" and emerge from the interaction of the stakeholders with ownership of the process. Along these lines, to strengthen local democracy and advance community well-being, local government needs to find the right blend of community engagement, governance/decision-making processes, and management frameworks.

In order to understand how interdependencies work between them it is important to acknowledge the pattern of their relationships and how they are operationalized in a working model, called as GEM (Governance, Engagement, Organisation), as the figure below explains.

According to the model, **G** stands for **democratic Governance** and it is used to refer to deepening democratic engagement through the participation of citizens in the processes of governance with the government. There is evidence of a strong relationship between governance and democracy which, lying upon a solid ethical basis that generates and maintains a strong foundation of trust between the community and those who govern, is regulated by the legal framework within which local government operates. Democratic Governance, in other words, expresses the leadership that the elected enjoy as well as their decision-making capacity that is based on the commitment to effective community engagement in the political and decision-making process.

The letter **E** stands for **civic Engagement** meaning that local governments struggle to find the necessary and effective techniques to enable active citizens to influence the formulation and implementation of public policies that affect their daily lives. Indeed, if most citizens ignore or actively disregard this dimension of citizen participation, then the future of public management in a democratic society may be in peril. After all, in an ideal democratic society, citizens help to solve community problems (Levine 2013). Moreover, with the power of voting and direct democracy, citizens are informing policymakers of their preferred solutions to existing community problems while concurrently showing their faith in government to solve them. Such commitment from citizens is significantly important whereas administrators rely on direct citizen input to make decisions and solve policy challenges.

Letter **M** stands for **organization Management**. It refers to where public value management policies and practices are embedded in the workplace culture, acknowledge citizen participation rights, and ensure that the outcomes of

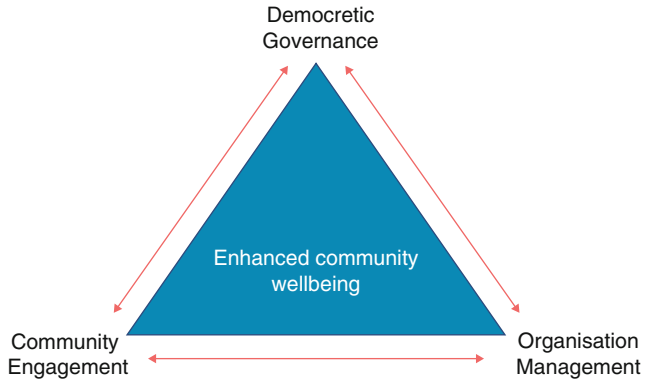

community engagement inform decision-making. Organization Management requires mobilizing external stakeholders and communities not just mobilizing internal organizational capacity in the perspective that leadership is redefined and hierarchical approaches are replaced with a collaborative approach towards common goals.

Collaborative approaches to governance, in fact, are becoming increasingly important and widely used for addressing multi-jurisdictional and cross-boundary problems, complex planning, and public policy issues (Margerum and Robinson 2016). Nevertheless, while much literature has focused on case studies of success and best practices for effective collaboration, there has been less interrogation of the challenges to effective collaboration. In fact, contextual, societal, political, institutional and other factors which, ultimately, make successful collaboration difficult are prone to missteps or likely to fail. From this standpoint, in addressing the aspects of collaboration in public management and services, the rising of general barriers to building collaborative partnerships do represent a significant challenge in ensuring a fully enhanced community well-being. In order to overcome those barriers, which are rooted in the practices and cultures of organizations, collaborative capacity is necessarily stringent and, as it has been suggested, it should be developed through five levels: strategic capacity, governance capacity, operational capacity, practice capacity, and community and citizen capacity (Sullivan and Skelcher 2002: 112).

*Strategic capacity* refers to the aptitude of establishing the vision and key themes pertaining to its achievement.

*Governance capacity*, from a network perspective, leverages on issues of dialogue, involvement, and support. It refers, most clearly, to the capability to govern or to intervene in societal processes in order to realize collective goals while ensuring collaborative action between actors on different administrative levels and policy domains. It aims at securing the accountability and establishing means of monitoring performance and the agreed framework within which all actors work. Realizing the necessary governance capacity is a cornerstone for legitimacy.

The notion of *operational capacity* is related to the capacity of conduct activities that will help deliver the vision.

*Practice capacity*, being the capacity for change, refers to the ability and willingness to undertake change. It is an organizational characteristic with potential to foster quality management.

*Citizen capacity*, as a community feature, was popularized in the USA in the late 1990s by researchers from the Civic Capacity and Urban Education Project who studied how local communities tackle the issue of educational reform. This is the capacity of individuals to become active citizens, to work together to solve collective problems, and of communities to encourage such participation in their members. Understood as an individual characteristic, this capacity refers to a citizen's ability and aptitude for participation in the political decision-making process. It is, hence, a property of individuals as well as of communities, such as associations, neighborhoods, cities, or nations, which enables to mobilize their members (both individual and institutional) into collective action. However, it is necessary to point out that levels of civic capacity are dependent on the degree of consensus reached by various agents. Communities with high levels of civic capacity more easily initiate reforms and maintain their consequences. In other words, civic capacity is a key element of social sustainability.

## Participation and Collaboration's Structures: Community Organizations

How do citizens organize themselves in order to ensure participation and deliver collaborative arrangements to solve policy challenges? Is it correct to simply assume that citizens are organized in communities? The answer is yes, but as it has been suggested, citizens have unconsciously built throughout the time what has been formally defined community-based organizations – CBOs

(Dill 2010). These institutional blueprints are considered as governance institutions aimed at improving citizen's abilities to make choices, based on local sociocultural conditions, through open and public discussions and their direct involvement in the design and implementation of programs.

However, CBOs do not exist in a vacuum. Because they are typically organized at the grassroots level and participation tends to be broad-based, CBOs must establish local relationships and partnerships with the local government, agencies, and organizations throughout the public, private, and non-profit sectors (West 2005) as they serve as platforms for identifying and investigating particular issues in more depth, gaining community level information and community impact assessment. Along this perspective, CBOs could be intended as a model of development whereas they are oriented to empower citizens vis-à-vis development at the local level (Evans 2005: 55). Citizens working together and within these realms express their ability to work with the grain of the local sociocultural environment and its endogenous values in order to have an effective impact on institutions. An important question to answer in reviewing the new governance approaches where CBOs function along the operationalized pattern of relationships of the GEM model is how effective it is, from the perspective of those who should ultimately benefit, the citizens.

Participation in local contexts such as neighborhoods can be seen as having several strands that contribute to promoting social inclusion since engagement of people is transversal and inclusive. Participatory activities, because democratic in nature, can be viewed as an action of encouraging social integration that enhance, primarily, the capabilities of actors, and, ultimately, the quality of residents' lives and the better delivery of the most relevant services.

Most of the forms of participation, which are associated with neighborhood governance, are closely entwined with creating, developing, and strengthening networks in neighborhoods: among residents, between residents, professionals, and agencies, and among institutions and civil society (Goss 2005). Looking at building participation and collaboration is a way of seeing the dynamics of network creation, aiming at enhancing the social capital of groups of people, in a more detailed way than is otherwise possible.

However, participation varies from place to place, although there is a widespread commitment to the idea that working with community residents is positive and desirable. It could be argued that the effective engagement at the local/neighborhood level is most likely where there is a tradition of community group activity (Nabatchi 2012). Clearly, this tradition is not present in every community within the neighborhood. Where it is not, resources need to be geared initially to capacity building in order to develop these strong foundations. This adds to the resource commitment required to make for effective community or neighborhood working. As observed, capacity building is complementary to community and neighborhood governance approach (Sullivan 2008), more specifically in the way in which it supports development and learning, contributing to the management of change within organizations and communities.

There are many different forms of neighborhood arrangements carrying out different functions and tackling different issues. The forms, functions, and issues in a particular area change over time, as the local situation changes, and the environment in which they operate evolves. In all cases, participation reflects the relationships among individuals themselves and the social dynamics occurring between formal/informal infrastructures and resident citizens in the community or neighborhood. Social relationships among citizens develop according to axes of social differentiations such as ethnicity, gender, age, kinship relationships, and occupational status. These are relevant because they create proximate links with individuals belonging to the same group and encourage motivations for engaging in capacity building activities to help individuals improve their own circumstances. What is crucial to know is that in order to reach all groups, information and knowledge about the day-to-day aspects of social groups is fundamental. Diffusing knowledge about different organized social groups is a key first step in bridging the social

divisions which social differentiation can engender.

The importance of working, at the spatial level of the community or neighborhood, in the pursuit of securing sustainable improvements in public services through the engagement of citizens with government's institutions requires compliance to those critical success factors for effective community working. These reflect the intertwining of five broad principles that lead to the achievement of an effective and sustainable community participation:

1. Information
2. Consultative – management at the community level
3. Responsible accountability – representative forms offering opportunities for citizen engagement
4. Collective choice – community capacity for engagement
5. Service control – that is capacity and commitment in the wider governance arrangements to build community engagement into their decision-making

These principles give plenty of scope for neighborhood arrangements along the spectrum of responsibility (see figure below) and any consideration of those must be in the context of both of this spectrum and an understanding of what is meant by a neighborhood.

The figure also indicates that where arrangements appear to be based on strong responsibility so that to ensure the empowerment to service control service delivery, the efforts are evidently oriented towards local regeneration and renewal, which mainly occurs in urban areas. This suggests the need for concerted efforts to improve links between neighborhood and authority-wide governance arrangements.

However, at the basis of all, the information diffusion is that powerful to spark off actions towards community gathering and engagement. For residents, communication plays an irreplaceable role in diffusing information and making it socially accessible: ethnicity, language, and approachability are key characteristics for workers in them. Oral communication also diffuses through social networks, so discovering or creating and linking the widest possible range of networks, activities, and groups are important elements in strategies for information diffusion (Skelcher et al. 1996).

Provided the necessary information, the element of consultation becomes pivotal in supporting people about reflecting on their situation, articulating their ideas and opinions, and discussing them. As argued, this is a precondition for building both individual and collective capacities. However, consultation does not always have to be top-down. It can also be horizontal, neighborhood groups consulting other neighborhood groups (Gallop 2007).

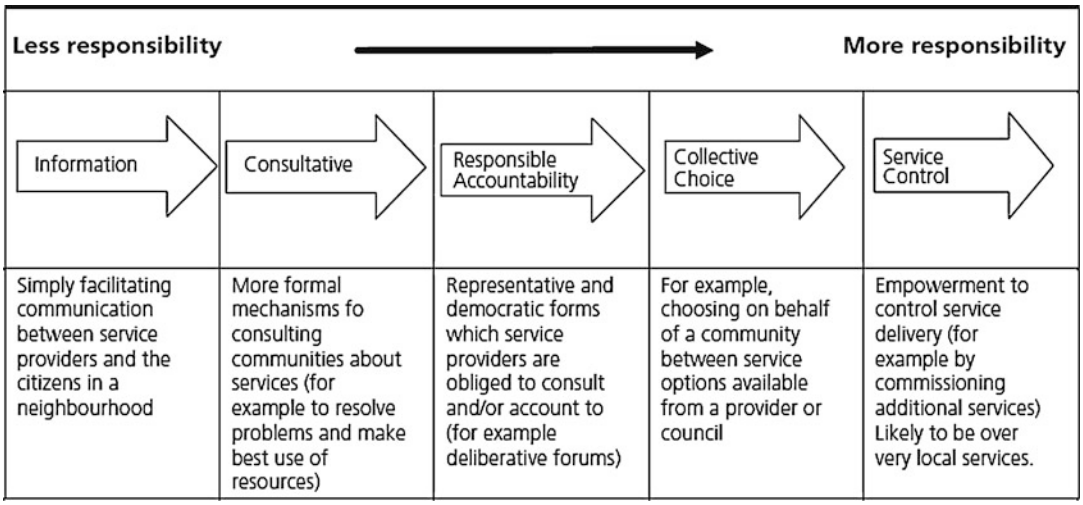

The immediate step forward consultation is empowerment that has a twofold meaning. Firstly, it means ensuring that people can act because of their understanding of the issues occurring in the context where they live; secondly, it refers to the fact that people have the skills and tools to act in an institutional context within which they can act. Such institutional contexts can form small groups through to larger organizations and large, formal situations. However, what is important is that empowerment is a learnt behavior and it needs to be practiced within relatively secure environments.

To conclude, significant range of benefits can be achieved from neighborhood working both in terms of service improvement and engaging citizens but what remains important is that local areas do need the space to develop their own arrangements and that one size does not and cannot fit all areas. In all cases, provided all actors engaged are clear about the functions to be carried out in their own community, appropriate forms can be developed to take the agenda forward and could also involve interventions to change traditional approaches.

## Conclusions

Opportunities for citizens to engage in policymaking and delivery have increased considerably over recent years. Various aspects of community working and governance need to be taken into account in the design and delivery of policy interventions and practices to meet community challenges. Nevertheless, good governance is founded on good engagement. With proper Governance, which becomes a very different value proposition – one that is dedicated to generating indivisible, socially embedded common wealth and public value, citizens become highly generative. This could be viewed as a serious innovation, not innovation as a brand new technology or product. Rather, it is innovation as a socioeconomic management paradigm of generating value.

As a new way of generating value, it accomplishes useful things outside the government, such as the ability to manage shared resources, participation, and inclusion, in order to rebuild a social fabric that neither the Market nor the State have been capable of rebuilding. At a time when the old structures and narratives simply were not working, the community gives a reason to be hopeful for development. The particular Governance structures for generating value differ from one community to another. Yet, what all communities have in common is an ability to manage shared resources, participation, and inclusion. Governance, read though the lenses of a local empowered community or neighborhood, stands as a kind of policy platform that can interconnect with other communities and begin to scale. If neighborhood working is to be effective in securing sustainable improvements in public services and re-engaging citizens with the institutions of government, it must reach the range of communities that exist locally and engage with them in ways that recognize their different needs, capacities, and interests.

At its core, community-based models challenge and transform democratic institutions. In the framework of Local Governance, community-based organizations amounts to a new social organism and metabolism, as new species of governance they decentralize power and invite citizens to participate and contribute with their creativity on a decentralized, horizontal scale. LG, therefore, demonstrates that societies can actually leverage cooperation and bottom-up energies to solve problems, and it points to new modes of governance beyond, or in constructive partnership with, representative democracy.

From this standpoint, there is the assumption that LG produces innovation in what could be defined as "the vernacular domain" (Illich 1983) that is the space in people's life in which they can create, shape, and negotiate their lives. The created innovation, although as small and marginal because referring to a local scale, is meant to translate into sustainably real local models which would eventually scale to larger sizes depending upon the type of resource and social coordination found possible within the locality.

As a system of governance, common-based initiatives that start from the local community offer several critical capacities. These include the ability: to empower people to take charge of the resources they need; to reduce inequality and

insecurity and seek self-sufficiency; to reconnect people to each other and to the local sociocultural environment; to provide a new framework for development, opening up interesting new possibilities and synergies.

## References


Agranoff R (2005) Managing collaborative performance: changing the boundaries of the state? Public Perform Manag Rev 29(1):18

Aulich C (2009) From citizen participation to participatory governance in Australian local government. Commonw J Local Gov 2:1–17

Baum F (2008) The new public health, 3rd edn. Oxford University Press, Melbourne

Blacher Y (2005) Changing the way governance works. Public Adm Today 5:38

Blokland T (2003) Urban bonds. Polity Press, Cambridge

Bowles S, Gintis H (2002) Social capital and community governance. Econ J 112(483):F419–F439

Brown K (2002) Innovations for conservation and development. Geogr J 168(1):6–17

Chisholm M (2000) Structural reform of British local government. Rhetoric and reality. Manchester University Press, Manchester

Chisholm M, Dench G (2005) Community identity: literature review and analysis. UK Electoral Commission

Clarke M, Stewart J (1999) Community governance, community leadership and the new local government. York Publishing Services, York

Denhardt R, Denhardt V (2007) The new public service: serving not steering, expanded edn. M.E. Sharpe, Armonk, New York/London

Denhardt R, Denhardt V (2015) Managing human behavior in public and nonprofit organizations, 4th edn. Sage

Dill B (2010) Community-based organizations (CBOs) and norms of participation in Tanzania: working against the grain. Afr Stud Rev 53(2):23

Dönitz U, Meyer C (2004) Space and time: barriers between professionals and residents in the neighbourhood? In: Selle K, Rösener B (eds) Planning communication. Experiences and recommendations from practice to practitioners, Aachen. Article, Germany

Evans DG (2005) Community engagement: a challenge for probation/parole. Correct Today 67(6):117–119

Galligan B (1998) Local government reform in Victoria. State Library of Victoria, Melbourne

Gallop G (2007) Towards a new era of strategic government. In: Wanna J (ed) A passion for policy: essays in public sector reforms. ANU E Press, Canberra, pp 75–89

García M (2004) The city and its restorative urban development. In: Deben L, Salet W, Van Thoor M-T (eds) Cultural heritage and the future of the historic inner city of Amsterdam. Aksant, Amsterdam, pp 54–70

Gaventa J (2006) Triumph, deficit or contestation? Deepening the 'deepening democracy' debate. IDS working paper in conjunction with LogoLink and the Citizenship DRC, Brighton, UK

Geddes M (2006) Evaluating English experience of governments and communities in partnership: the empire strikes back? Paper for Governments and Communities in Partnership Conference Centre for Public Policy, University of Melbourne, 25–27 Sept 2006. Melbourne, Australia

Goss S (2005) Leadership, LSP issues paper, national evaluation of LSPs. ODPM, London

Hambleton R (2004) Beyond new public management – city leadership, democratic renewal and the politics of place. Paper to the City Futures international conference, Chicago, 8–10 July 2004

Illich I (1983) Vernacular values and education. Springer US. Springer Science + Business Media, New York

Kennett P, Forrest R (2006) The neighbourhood in a European context. Urban Stud 43(4):713–718

Kettl D (2002) The transformation of governance: public administration for twenty-first century America. Johns Hopkins University Press, Baltimore

King CS, Feltey KM, O'Neill B (1998) The question of participation: toward authentic public participation in public administration. Public Admin Rev 58(4): 317–326

Kjaer A (2004) Governance. Polity Press, Cambridge, MA

Laverack G, Labonte R (2008) Health promotion in action: from local to global empowerment. Palgrave Macmillan, London

Leighninger M (2012) Mapping deliberative civic engagement: pictures from a (r)evolution. In: Nabatchi T, Gastil J, Weiksner GM, Leighninger M (eds) Democracy in motion: evaluating the practice and impact of deliberative civic engagement. Oxford University Press, New York, pp 19–39

Levine P (2007) The future of democracy: developing the next generation of American citizens. Tufts University Press, Medford

Levine P (2013) We are the ones we have been waiting for: the promise of civic renewal in America. Oxford University Press, New York

Lowndes V, Sullivan H (2004) Local partnerships and public participation. Local Gov Stud 30(2):51–73

Lowndes V, Pratchett L, Stoker G (2006) Local political participation: the impact of rules-in-use. Public Adm 84(3):539–561

Margerum RD, Robinson JC (2016) The challenges of collaboration in environmental governance. Barriers and responses. Edward Elgar Publishing, Cheltenham

Nabatchi T (2012) Putting the public back in public values research: designing participation to identify and respond to values. Public Adm Rev 72(5):699–708

Newman J (2002) The new public management, modernisation and institutional change. Disruptions, disjunctures and dilemmas. In: McLaughlin K, Osborne SP, Ferlie E (eds) New public management: current trends and future prospects. Routledge, London, pp 77–91

Pill M, Bailey N (2013) Community empowerment or a strategy of containment? Evaluating neighbourhood

governance in the City of Westminster. Local Gov Stud 38(6):731–751
Pratchett L, Lowndes V, Stoker G (2006) Local political participation: the impact of rules-in-use. Public Admin 84(3):539–561
Putman R (1993) The prosperous community: social capital and public life. Am Prospect 4(13):35
Putnam R (1993) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton
Putnam RD (2001) Bowling alone: the collapse and revival of American community. Simon & Schuster, New York
Rhodes RAW (1996) The new governance: governing without government. Polit Stud XLIV:652–667
Rhodes RAW (1997) Understanding governance. Policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Rhodes RAW (1999) Foreword: governance and networks. In: Stoker G (ed) The new management of British local governance. Macmillan, Basingstoke, pp xii–xxvi
Rhodes RAW (2000) Governance and public administration. In: Debating governance. Oxford University Press, Oxford
Rudkin JK (2003) Community psychology: guiding principles and orienting concepts. Prentice Hall, Upper Saddle River
Skelcher C, McCabe A, Lowndes V (1996) Community networks in urban regeneration: it all depends who you know. The Policy Press, Bristol
Skelcher C (1998) The appointed state: quasi-governmental organisations and democracy. The Open University Press, Buckingham
Skocpol T (2003) Diminished democracy: from membership to management in American civic life. University of Oklahoma Press, Norman
Smyth P, Reddel T, Jones A (eds) (2005) Community and local governance in Australia. UNSW Press, Sydney
Stoker G (2005) What is local government for? Refocusing local government to meet its challenges of the 21st century. New Local Government Network, London
Stoker G (2007) New localism, participation and networked community governance. University of Manchester, Manchester
Sullivan H (2008) Meta-evaluation of the local government modernisation agenda, the state of governance of places: community leadership and stakeholder engagement. Department of Communities and Local Government, London
Sullivan H, Skelcher C (2002) Working across boundaries, collaboration in public services. Palgrave Macmillan, Basingstoke
Sullivan H, Barnes M, Matka E (2002) Building collaborative capacity through 'theories of change'. Sage, London
Taylor FW (1911) The principles of scientific management. Harper, New York
Taylor M (2000) Communities in the lead: power, organisational capacity and social capital. Urban Stud 37:1019–1035
Thomas JC (2012) Citizens, customers, partners: rethinking the place of the public in public management. M.E. Sharpe, Armonk
Totikidis V, Armstrong AF, Francis RD (2005) The concept of community governance: a preliminary review. Paper presented at the GovNet Conference, Monash University, Melbourne, 28–30 Nov 2005
Weber M (1924) In: Roth G, Wittich C (eds) Economy and society: an interpretive sociology, 2 vols. Bedminister Press, New York
West W (2005) Administrative rulemaking: an old and emerging literature. Public Adm Rev 65(6):655–668
Wiseman J (2005) Designing public policy after neoliberalism? In: Smyth P, Reddel T, Jones A (eds) Community and local governance in Australia. UNSW Press, Sydney

# Governing and Managing International and Global Nonprofit Organizations

Barry D. Friedman
University of North Georgia, Dahlonega, GA, USA

## Synonyms

Leadership and operation of international nonprofit organizations (INGOs)

## Definition

Needs for and approaches to organized global activity to address resource inequity, threats to the environment, animal abuse, warfare and other violence, criminal activity, natural disasters, famines, epidemics, human-rights violations, and other causes of suffering.

## Introduction

Around the world, and especially in developing countries, there are innumerable individuals who are suffering because of poverty, illness, natural disasters, and warfare and other sources of violence, among other sources of misery. Other individuals – especially sympathetic people in developed countries – have established international nongovernment organizations (INGOs) to

move resources to areas where suffering abounds, to marshal world opinion, and to lobby governments and international government organizations for resources and reform. Various circumstances determine how activists structure their INGOs and how they distribute influence among leaders, professionals, other employees, volunteers, and other members of the organizations.

## Rationale of Multinational Activity

While the borders that separate nations have towering political significance, there are any number of human behaviors and natural phenomena whose effects migrate across those borders. Droughts, famines, storms, earthquakes, pollution, business-cycle fluctuations, criminal conspiracies, ideological and religious movements, terrorist bands, and warfare frequently cross national borders and affect populations of multiple nations. The interactions of national governments through international relations, including discussions under the auspices of such international governmental organizations (IGOs) as the United Nations, are often insufficient to resolve such mobile challenges. Indeed, it is not unusual for national governments to lack the resources or, perhaps, the incentive to address the suffering of their own respective populations and of neighboring societies.

Multinational corporations may carve out a role in the alleviation of some of these problems. But such private-sector, for-profit entities answer to their shareholders and are loath to commit more resources than their financial conditions can withstand. The remaining difficulties capture the attention of the nonprofit segment of the private sector.

Nongovernment organizations in the nineteenth and early twentieth centuries focused on efforts to mitigate and eradicate disease, especially in impoverished societies, and on efforts to prevent or alleviate the suffering associated with warfare. Christian missionary roles (originating in the sixteenth century) expanded to encompass the delivery of medical services and medications. On the secular side, the Geneva-based International Committee of the Red Cross fostered diplomatic proceedings that developed guidelines to delegitimatize warfare strategies that obstructed the efforts of medical services to treat wounded soldiers and civilians and that caused needless suffering for prisoners of war and civilian populations – hence, the Geneva Conventions.

Since the 1970s, the modern theme of international nongovernment organizations (INGOs) can be described, in general terms, as the efforts of Northern-hemisphere activists to improve the quality of Southern-hemisphere life. While INGOs have a long history of providing disaster and famine relief, which they continue to do, these organizations have undertaken new tasks which include "roles centered around economic and social development; political roles such as advocacy (including lobbying), agenda setting, and public education; monitoring of international agreements; and interacting with intergovernmental organizations . . ." (Ahmed and Potter 2006, p. 37). These new functions have elevated the nonprofit voluntary sector to a higher level of influence in international politics.

A vast assortment of INGOs has arisen to come to the aid of the world's most unfortunate inhabitants (human and otherwise) and, indeed, of the earth itself. Accordingly, CARE addresses the worldwide problem of poverty, the International Committee of the Red Cross reduces some of the suffering caused by warfare, Medécins Sans Frontiéres (Doctors Without Borders) sends medical resources into places in which illnesses and injuries abound, Amnesty International advocates human rights and exposes cases in which governments hold political prisoners in captivity, the Humane Society International battles mistreatment of animals and preaches for humanitarianism, and Greenpeace intervenes when the earth's ecosystems are being despoiled.

The unmistakably political emphasis of the modern nongovernmental organizations has prominent effects on international relations, the global economy, and the operations of national governments. There are a number of noteworthy aspects of this political machinery. Nongovernment organizations, for example, expose the neglect of the poorest populations. "In the parlance of current scholarship, [INGOs] engage in naming, framing, blaming, and shaming" (Ahmed and Potter 2006, p. 37). This frustrates

the desire of many national governments to conceal the plight of their lowest socioeconomic classes. In addition, nongovernmental organizations actively advocate for disadvantaged populations and lobby governments and international (government-sponsored) organizations. Furthermore, INGOs network and, through their information channels, disseminate data and commentary about problems that they want resolved. In so doing, these organizations pressure governments to live up to the commitments – concerning matters of equity and justice – to which those governments have previously committed themselves. They also engage in "public education and consciousness raising." As Ahmed and Potter write, "[INGO] mandates cover a broad spectrum and usually include outreach activities to educate local, national, or international governments and institutions. Indeed, [INGOs'] most important work may lie in the area of political socialization" (Ahmed and Potter 2006, p. 46).

While INGOs raise funds from governments, for-profit firms, foundations, and individuals and thus transfer resources to places where dire need exists, they also perceive a pressing need to focus attention on worldwide problems, inspire others to become activists, and influence government policies. Therefore, they carry out the functions of knowledge, networking, and advocacy. As a matter of practicality and necessity, INGOs have routinely banded together into coalitions. They have been aided by modern communication technologies that facilitate networking. Examples of such coalitions are the Jubilee 2000 campaign for debt relief, the Coalition for an International Criminal Court, the Coalition Against Landmines, the International Human Rights Network that addresses trafficking of sex workers, the Rainforest Action Network, and the Maternal and Child Health Movement. They are now instrumental in allowing the nonprofit sector to make an impact on daunting worldwide adversities. "... [I]ssues like human rights, women's rights, and environmental protection that have dominated UN meetings/platforms did so mostly because of the active role of influential [INGOs]" (Ahmed and Potter 2006, p. 82). Accordingly, national governments, IGOs, and multinational corporations find that their freedom to maneuver as they please may be constricted by the agitation of INGOs that spotlight ruthless or insensitive policies and behaviors. In multiple contexts, INGOs and their activities have become a noteworthy independent variable in the determination of what governments do and how they do it.

## Economic Rationale of INGO Activity

Some of the principles of economics help to explain why INGOs have the opportunity to serve the public because government agencies and for-profit firms pass on providing certain goods and services to the public or actually generate the need for the goods and services.

As public-choice theory suggests, government officials act rationally to serve their self-interests. In 1975, economist Burton A. Weisbrod explained that public officials find it expedient to provide a level of service that will satisfy the typical voter. As a result, those citizens whose need exceeds that of the typical voter remain underserved. This circumstance can be labeled as discrimination against disadvantaged minority groups. The underserved citizens will look elsewhere to obtain the additional units of service that they need. If the nonprofit sector is willing to compensate for the government's insufficient service provision, it has a basis for soliciting donors to help make up the difference.

Nonprofit organizations also have a role because of externalities. Externalities may occur when there is a transaction between two parties. In the free marketplace, many such transactions take place and, in theory, all of them produce net benefits to the parties directly involved because, in the absence of such benefits, the parties would not consummate the transactions. But the free market is not perfect, and uninvolved bystanders might be affected by side-effects of those transactions.

Externalities may be positive or negative. When there are positive externalities, third parties may benefit from the transactions that they did not initiate. An example is a local park built by a neighborhood association with voluntary donations. The transactions occur between the association and the donors; if other residents are allowed

to enjoy the park, they benefit – as "free-riders" – from positive externalities. When there are negative externalities, third parties may sustain damage because of the transactions that they did not initiate. Say that, in the aforementioned park, there is a music system that blasts loud recorded music and static as well. Neighbors who are disturbed by the racket, but had no role in the park's creation, thus suffer from negative externalities.

Some kinds of positive externalities are labeled as "public goods." Governments provide some public goods – such as parks, law enforcement, and environmental protection – because of a consensus that all citizens should contribute to their cost on the basis that all benefit. When the government is hesitant to supply public goods or is willing to supply less than the number of units needed, a need for the nonprofit sector to serve the unfilled demand may be perceived. Members of unserved or underserved minority groups may clamor for the nonprofit sector to compensate for government's inattention.

The government is considered to have a role in protecting individuals from negative externalities. However, if some citizens feel unprotected, they may reach out to the nonprofit sector and ask that it advocate for their unprotected interests.

Economic theory assumes that the voluntary marketplace transactions occur between parties who possess perfect information, so that they are fully informed about the implications of the transactions. In so far as markets are imperfect, complete information is not necessarily available. In fact, conceivably it is deliberately withheld by either or both parties. Some individuals – such as consumers and donors – may prefer to enter into transactions with nonprofit organizations because those organizations have no owners who anticipate profit and, presumably, no compelling incentive to emit deceptive promotional messages.

## Distribution of Influence Among INGOs' Participants

In the for-profit sector, a proprietorship or partnership is owned and governed by one owner or a small number of owners who direct the employees. The structure of stockholder-owned corporations involves a board of directors that appoints a chief executive who oversees a bureaucracy. Government executive branches are structured as bureaucracies reporting to chief executives. Clearly, what these organizational forms have in common is concentration of policy- and decision-making authority in a small number of individuals, while the role of the vast majority of members is to receive and carry out directions. This occurs even in democratic countries, in which hierarchical organization would seem to contradict the operative principle of equality.

INGOs have a wider variety of structural forms, but researchers have identified some common patterns. Many INGOs originated as membership organizations using democratic rules such as some form of parliamentary procedure so that all members have the same amount of decision-making authority. There are countless factors that cause all organizations – other than those that choose to remain local and small – to reorganize in a way that creates differential levels of influence. Should a US-based INGO wish to obtain recognition from the Internal Revenue Service as a Section 501(c) (3) organization or become required to seek such recognition because its large amount of revenue necessitates it, it must devise an articles-of-incorporation document that prescribes the periodic appointment or election of a board of directors that has governing authority. Other pressures that cause INGOs to depart from democratic decision-making are these:

- The most influential members of the organization may persuade the other members that accomplishment of its mission requires a board populated by experts, such as an accountant, a banker, a lawyer, a public-relations expert, an experienced fund-raiser, a practitioner licensed in a field relevant to the INGO, an accomplished manager of another INGO, and so forth.
- The most influential members of the organization may persuade the other members that accomplishment of its mission requires that it reorganize along the lines of corporate,

managerialistic forms that include a professional staff.

- As the small organization successfully attracts attention, expansion may be a logical next step. The expansion may involve, for example, the creation of chapters or national affiliates in other nations in which donations can be solicited and the opening of field offices in countries where the organization now feels capable of delivering services directly. The expansion may require an end to decision-making by as many members who can assemble in one room because the membership is scattered nationwide or worldwide.
- The organization may opt to make contracts with one or more governments to deliver public services desired by, among others, the organization's own members. The members may agree to the creation of a governing board whose members include officials of those governments along with practitioners and experts in the organization's field.

Those and other kinds of reorganization will reduce or even eliminate the influence of most individual members, detaching them from the decision-making process. Thereinafter, when a member seeks to renew her membership and pay her dues, she may receive a membership card that is a receipt for the donation and otherwise has no significance in terms of influencing the organization's procedures. In some organizations, individual members may have a vote when board members are elected. In many large organizations, the boards reelect or reappoint themselves at specified intervals. Indeed, many INGO entrepreneurs found their organizations by placing relatives and friends on the governing boards, excluding subsequent members and donors from decision-making at the outset.

INGOs that set up national affiliates must settle on procedures for voting and other mechanisms of policymaking. Decision-making at the INGO's international level will likely involve representatives of the national affiliates. A variety of approaches is used. Each national affiliate may have one vote or the same number of votes in the international organization's "house of delegates." Alternatively, the votes may be distributed by taking into account the various nations' numbers of members or their production of fundraising proceeds. Within the national chapters or affiliates, voting may be democratic – either on actual resolutions or in elections of board members. In most of Greenpeace's national branches, Anheier (2014, p. 479) reported, members do not vote: The board of Greenpeace US appoints and reelects itself while other members have no influence in determining who will govern the US branch. Members of Greenpeace Spain elect some of the members of the branch's General Assembly. These differences arise because of variations in historical experience and national laws.

The tendency of INGOs to abandon any democratic processes with which they may have started out raises the concern of many observers about their susceptibility to elite control. Oligarchical approaches deprive individuals – including active field volunteers – of the opportunity to develop skills in such categories as advocacy, organizing, and capacity building. It is troubling to some to contemplate that donors, who make the organization's work possible, have no input into the organization's policies. Another concern is that members of the neediest elements of the population and their representatives may have no voice in influencing how the organization's service delivery is carried out, notwithstanding that they have by far the largest stake in what the INGO does. *Their* disenfranchisement raises the most serious questions about INGOs' preference for top-down policymaking and policy execution.

## Role of Professionals

### INGOs Experience Pressure for Professionalizing

Voluntary nonprofit organizations routinely experience pressure to be more "professional." In the United States, the Internal Revenue Service requires meticulous recordkeeping and reporting that all-volunteer organizations can find difficult to perform to the IRS's satisfaction. Governments, foundations, and businesses that offer grants to nonprofit organizations may require a

professional staff that is skilled in such processes as sophisticated program evaluation. Researchers, professors, and managers who focus on the nonprofit sector may advocate for nonprofit professionalism. There is not much of a faction that advocates persistently for democratic, volunteer-driven structures in the nonprofit sector. But those who stand to benefit from professionalism are numerous, powerful, and persuasive.

### Professionalism Is a Concept Imported from the Business Sector

The amount of research and publishing devoted to business-sector management and organization swamps the amount devoted to nonprofit leadership. Nonprofit organizations have been influenced by for-profit management concepts, such as management by objectives (MBO), that became popular in the 1970s and strategic planning in the 1990s. Several researchers document how INGOs are becoming more "business-like" (Lewis 2014; Stroup 2012).

### Professionalism May Take Away from the Uniqueness of the Nonprofit Sector

In so far as the rationale for the creation of nonprofit organizations is that they fill gaps in societal needs not suitably addressed by government agencies and business corporations, the effort to cause nonprofits to act like the organizations of the first and second sectors of the economy may seem misguided. The public's interests might more effectively be served were INGOs to be flexible and free of rigid bureaucracy. Professionalism can suppress experimentation, outside-the-box thinking, and challenges to establishment policies (Stroup 2012). Another matter is that the organizational theories underlying the drive for professionalism reflect Western approaches to business administration and may actually interfere with INGOs' service delivery in places like central and southern Africa.

### Professionalism Has Inherent Costs

Professionalism's elephant in the room is its inherent costs. The existence of such theories as Parkinson's Law and the Peter Principle should, perhaps, set off alarm bells about the adoption of bureaucratic structure. Hiring experienced professionals can drive up the budget for salaries. Bureaucracy is associated with such practices as red tape, paperwork, pass-the-buck avoidance of responsibility, and redundancy and duplication. Tina Wallace, Lisa Bornstein, and Jennifer Chapman wrote, "Many staff in both north and south complained that they felt more like bureaucratic aid administrators than development workers and that more time was spent on paperwork than development" (quoted in Lewis 2014, p. 236).

### Businesses Are Slowly Adopting Participatory Management

Lewis (2014) has reported that some businesses have been incorporating participatory management. Participatory management is a "novel" idea proposed *a century ago* by the visionary organizational theorist Mary Parker Follett. Barbara Parker wrote, "In a rapidly changing global world where flexibility is a critical variable, resources are less than abundant, and learning and thinking at all levels have become important, lower level employees also have become involved in all aspects of organizational change and development" (quoted in Lewis 2014, p. 223). Lewis (2014, p. 223) adds, "Most up-to-date management thinking now stresses many of the characteristics associated with the ideal type of third sector management – open systems thinking, flexibility, reduced hierarchy and decentralized structures." He observes that many businesses are now involving employees in decision-making, while, curiously, many INGOs continue to practice obsolete top-down management practices.

If the nonprofit sector were to abandon participation – the central logic of voluntarism – just as some businesses are recognizing its value, the loss of truly collective thinking and problem-solving could be a most unfortunate development for global civil society.

## Perspectives of Institutional Theory

Institutional theorists state that an organization has become an institution when it has developed its own system of norms, mores, traditions, and

customs. By the time a small nonprofit organization has expanded into a full-fledged INGO, it has certainly developed such a system of "organizational culture." The members of an institution know what are considered appropriate processes and conduct, what processes and conduct attract disapproval, and how to structure messages that conform to the organization's culture.

Organizational theorist Charles Handy identified four organizational-culture styles:

- In a *power culture*, a leader is the focal point of the organization. How members of the organization should act is defined by the leader's cues, so that roles and rules are de-emphasized.
- In a *role culture*, the organization has a bureaucratic structure that establishes roles from which, in accordance with role theory, members derive guidance about how to behave.
- In a *task culture*, there is expert power that empowers experts to signal what actions and conducts are acceptable.
- In a *person culture*, the purpose of the organization is to serve the interests of the members who work in it. Decisions are made by mutual consent. Handy said that many nonprofit organizations operate with this culture (cited in Lewis 2014).

Alongside the institutional-theory research that explains how organizations develop distinctive culture, there is institutional-theory research that describes *isomorphism*: the phenomenon that causes organizations to imitate each other's cultures. Stroup (2012, p. 7) wrote, "We can identify at least three paths by which INGOs worldwide might converge upon shared norms and practices – exposure to the same world culture, reliance on the same financial resources, and work on the same problems. . . ."

Anheier (2014) says that, in terms of INGOs' internal structures, "forms cluster around various models of federations, a version of the multidivisional form. . . . Together, federations and network structures seem to emerge as signature elements of organized global civil society" (p. 479). Anheier describes other patterns of isomorphism among INGOs:

- A number of INGOs have agreed to voluntary guidelines for self-regulation.
- A "world culture" has arisen that legitimates mainly Western forms of INGO organizing.
- An international professional elite has arisen. Taking cues from their professional training and experience, these individuals develop common cultures and structures in the INGOs that they lead.
- The global funding environment imposes influence on INGOs' cultures and, especially, structures. "Competition [for funding] brings with it calls for reduction of administrative costs, greater professionalization, and flexibility."
- As INGOs increasingly collaborate with other INGOs and government agencies, they experience a "need to create conditions for mutual understanding and language." This need leads to convergence of organizational forms.
- "[T]he high cost of operating globally on limited budgets, combined with a strong competitive environment, encourages mimetic isomorphism as INGOs seek to imitate successful organizations" (Anheier 2014, pp. 483–484).

## Perspectives of Systems Theory

Prior to the 1930s, inquiry in the social sciences was greatly influenced by concern about institutions. For example, political scientists examined in exhausting detail the structures and internal processes of governments' legislative, executive, and judicial branches. Max Weber, a father of sociology, scrutinized governments' executive-branch bureaucracies, describing such features as hierarchy and chain of command, unity of command, division of labor and specialization, the merit basis of decisions about employment, and impersonality of decisions. These orthodox institutionalism approaches reflected very limited recognition of the institutions' interaction with entities outside of the institutions. In the 1930s, social scientists seemed to find those approaches to have run out of steam in their explanatory capacity. Political scientists developed, as

alternatives to the orthodox theoretical approaches, theories centered on a behavioralism theme and, beginning in the 1960s, researchers from across the social sciences embraced the notion of organizations as *open systems*. Open systems theory, commonly referred to as *systems theory*, recognized that the boundary between an organization and its task environment is not impermeable. Rather, the organization influences entities in its task environment and, in turn, those entities influence the organization.

The newly devised systems theory inspired extensive thought about the kinds of influences that an organization's task environment imposes on it, who in the organization are responsible for dealing with the task environment and its influences, and what these individuals do.

The sociologist James D. Thompson memorably described each organization's management as the instrument responsible for managing the environmental pressures. Furthermore, Thompson explained, it is management's role to absorb the pressures, thus buffering the organization's technical core so that the technical core can operate routinely and remain oblivious to the environmental influences.

Anheier (2014) explains that INGOs, operating in the global sphere, encounter a variety of complex task environments in various regions of the world. Business-cycle fluctuations, national tax laws, and other factors can influence prospective donors' motivation and ability to deliver donations to an INGO. The variety of task environments directs varying demands to an INGO, based on how regions of the world interpret the organization's mission. Various national governments enforce laws and regulations appropriate for their respective societies. Also varying from region to region is the level of competition from other INGOs. An INGO's management must decide how to adjust its organizational formats, communications, and service delivery region by region to obtain the resources, visibility, and cooperation that the INGO needs to be successful (Anheier 2014).

Members of the organization whose role it is to manage relationships with the task environment, even if they are not actually managers, can include public-relations specialists, salespeople, employment recruiters, college admissions recruiters, and donation solicitors. One specific role of boundary spanners is surveillance of the environment (see, e.g., Lewis 2014, p. 222), so that the organization is not caught by surprise by societal trends and developments, appearance of new competition, and economic developments, in accordance with this proverb: "There are three kinds of organizations: those that make things happen, those that watch things happen, and those that wonder what happened."

In the nonprofit sector, boards of directors have boundary-spanning responsibilities. Describing understood functions of boards of British charities, organizational psychologist Margaret Harris included the duty of "mediating between organization and environment, representing the organization to outside actors and bringing information and ideas back in from outside" (quoted in Lewis 2014, p. 226). Undoubtedly, a major, *legal* role of nonprofit boards is to ensure that the organizations that they govern are operating in accordance with laws and regulations and to intervene in practices that can call the organization's trustworthiness into question.

## Structure

The structure of nonprofit organizations varies very widely. Consider some of the options for board governance. Some nonprofit boards are *family boards*, which Lewis describes as a small operation in which the members are family-like in terms of relationships based on camaraderie and mutual trust. Some boards are *invisible boards* – a founder places relatives and friends on the board, assuming that they will go along with the founder's preferences. *Staff boards* are populated by the staff members. A common problem is that, over time, there is significant inbreeding of ideas. When *professional boards* are assembled, the members are experienced practitioners and experts (Lewis 2014).

Observers note that, in general terms, there has been an evolution in the structure of nonprofit organizations. The first stage in the evolution was the use of the bureaucratic form. Histories

of nonprofit organizations indicate that a century ago large organizations used the bureaucratic structure. Anheier reports that scholarly associations, the International Chamber of Commerce, the International Federation of Red Cross and Red Crescent Societies, and a variety of political-party alliances adopted the format of bureaucracy (Anheier 2014, p. 477).

In subsequent decades, many nonprofit organizations adjusted their structures. Moving away from hierarchies organized primarily by function – such as production, promotion, and finance –organizations adopted a multidivisional form that was relatively decentralized and allowed parts of the organization to operate with some autonomy. The multidivisional form offered the organizations the benefits of both economies of scale and economies of scope.

A modern structure involves the relational form or network organization. According to Anheier, relational forms balance some of an organization's centralized decision-making process with accommodation of local-level determination of needs specific to the localities. "Relational forms are somewhat 'fluid' organizations that are particularly suited for highly variable organizational environments" (Anheier 2014, p. 476). The placement of authority in employees at local levels allows them to manage the organizations' relationships with the communities that they serve and understand. This arrangement helps an INGO manage a worldwide task environment more effectively than more centralized structures.

Nonprofit organizational theorists recognize the current development of the hybrid/federation structure as the likely future structure of large INGOs. The federation aspect is the existence of a central governing and administrative level. The hybrid aspect is the nature of the organization's semi-autonomous components, which may be commercial enterprises, consulting-service providers, and sheltered workshops.

Anheier (2014) reports an increase in interorganizational cooperation in the form of partnerships, coalitions, networks, and movements. North–South INGO partnerships have proliferated. Partnerships between developed-country INGOs and developing-country INGOs call for the former to focus on advocacy and fundraising in the "North" and the latter to focus on program implementation in the "South" (Anheier 2014, p. 480).

## Effects of National Origin

Although a nonprofit organization founded in a given community may succeed in expanding into an organization of international scope, the INGO can be expected to retain the characteristics of other organizations in the country of origin, Sarah S. Stroup (2012) found. There are conditions and characteristics of a nation that may give an INGO headquartered there a direction. For example, in so far as governments deliver public goods in such a quantity that typical voters are satisfied, according to public-choice theory, a nation's distribution of wealth can determine the size of the disadvantaged socioeconomic class that will be left in need and the volume of its appeals for assistance. The North–South dynamic of INGO activity is well known. But, further, "different patterns of state-society relations create substantial variation in voluntary association membership in developed countries" (Stroup 2012). Having examined INGOs in the United States, Britain, and France, she discovered country-specific patterns of understanding of what charity and activism are about and of what structures and strategies to use. She writes, "... CARE [founded in the United States], Oxfam [Britain], and MSF [Medécins Sans Frontiéres, France] resemble other charities from their home countries more than they do humanitarian relief groups around the world. ... CARE is an American organization first, and only then a relief and development organization" (Stroup 2012, p. 4).

Based on Stroup's observation, she finds national patterns of the three countries.

- *United States*. The US national government is "generous but demanding," and American INGOs work closely and cooperatively with the government. INGOs conduct some "insider lobbying" in the government. But INGOs do not consider themselves to be particularly

political, and they rarely encourage grassroots activity. American INGOs experience a lot of pressure to be demonstrably efficient. Thus, they are "highly professionalized . . . with well-compensated staff." US charities are munificently funded and are larger than British and French INGOs. American INGOs "target their fundraising efforts that offer the most bang for the buck" and control overhead costs.

- *Britain*. The British government is "willing to engage" INGOs and is relatively uninterested in controlling them. In turn, British INGOs are relatively cooperative with the government. The British public is generous to INGOs and is attuned to international affairs. Large INGOs rely on "many modest private donations, consistent with British habits of charitable giving. . . ." While American INGOs limit their advocacy, the British recognize the appropriateness of advocacy and support it: "Oxfam and Amnesty are recognized in their respective fields as worldwide leaders in raising awareness and driving policy change. . . . British INGOs see themselves as part of a broader social movement where individuals work voluntarily to change the society around them." While increasing their numbers of salaried professional staff members, they have maintained their multiple opportunities for members of the public to be involved as volunteers.
- *France*. The French government provides hardly any financial support to French INGOs, and French INGOs reciprocate by relating to the government with "antagonism." Because of France's welfare-state orientation, the public's charitable offerings are minimal. French INGOs have little alternative but to rely on the modest donations that arrive, other than to solicit from the European Union and people in other countries. INGOs offer few policy recommendations, assuming that the government would repel them anyway. Instead, French INGOs concentrate on protest politics. They focus on advocacy and "serve as 'alarm bells' for states, alerting institutional authorities to their failures and demanding that states take responsibility." The protests and advocacy demonstrate how French political activity focuses on the national government's ultimate influence in determining the direction of the state of society. As in Britain, INGOs have hired more salaried staff but maintain and value their volunteer staff (Stroup 2012, pp. 191–193). Stroup concluded that the distinct environment for INGOs in the three countries arises from four dimensions: "the regulatory framework, the political opportunity structure (including both formal and informal opportunities for interaction, the availability of resources, and social networks" (Stroup 2012, p. 18).

G

## Conclusion

National borders can prevent the spread of neither the problems that afflict suffering populations nor the humanitarian impulses of those who wish to alleviate the suffering. There is now a bustling presence of INGOs that are delivering relief to victims of misfortune and that are operating in political circles at the subnational, national, and international level to advocate for victims and to apply pressure for government assistance and policy reform. There is a dynamic international system of nonprofit activity that advocates for the redistribution of resources and that pressures governments and intergovernmental organizations for changes in policy. INGOs vary widely in how democratic or hierarchical they are, how centralized they are, and whether they are professionalized or whether volunteerism is encouraged. As suggested by institutional theory, there is an isomorphic pressure that causes organizations to imitate the structures of the more successful organizations. Also, INGOs reflect the cultures and legal requirements of their countries of origin. Just as there is interest in international government organizations such as the United Nations and the European Union, so is much attention directed at the wide-ranging activity of INGOs and their noteworthy influence on relief efforts, policymaking, and international relations.

## Cross-References

▶ Advocacy and Policy Influence
▶ Institutional Theory and Nonprofits

## References

Ahmed S, Potter DM (2006) NGOs in international politics. Kumarian Press, Bloomfield
Anheier HK (2014) Nonprofit organizations: theory, management, policy, 2nd edn. Routledge, Abingdon
Lewis D (2014) Non-governmental organizations, management and development, 3rd edn. Routledge, Abingdon
Stroup SS (2012) Borders among activists: international NGOs in the United States, Britain, and France. Cornell University Press, Ithaca

# Government and Corruption in Context of Growth

Ivan P. Yamshchikov[1] and Aleksandra Detkova[2]
[1]Max Planck Institute for Mathematics in the Sciences, Leipzig, Germany
[2]University Leipzig, Leipzig, Germany

## Synonyms

Administration; Bribery; Capital deterioration; Capital erosion; Crime; Development; Public sector

## Definitions

Corruption by definition of Gottschalk (2010) is the abuse of entrusted power for private gain. It can be classified as grand, petty, and political, depending on the amounts of money lost and the sector where it occurs.

Public sector by definition of *Cambridge Dictionary* (2018) is businesses and industries that are owned or controlled by the government.

## Introduction

Different aspects of corruption are always interesting for economists and social scientists. This article addresses the influence of corruption on the capital formation. Corruption is widely perceived to be inversely proportional to growth. This is shown by Mauro (1995) or Mo (2001), whereas Bai et al. (2013) show that the growth can reduce the corruption. Such methods that regard the phenomenon from empirical point of view could be classified as *descriptive*. Despite the fact that descriptive approach leads to interesting results, it is hard to generalize it, i.e., to incorporate several empirical results, which describe different aspects of the phenomenon, in one broader model.

The *normative* approaches to the phenomenon, on the other hand, aim to build a mathematical model for the corruption and could be more promising for policymakers because such frameworks could be broadened iteratively with more and more aspects of the phenomenon taken into consideration. Indeed, there are a number of attempts to provide a generalized model of corruption. For instance, Banerjee et al. (2012) or Bardhan (1997), as well as Mo (2001), proposes different normative frameworks. One of the first agency models was offered in Barro (1973) and was followed by other agency models created by Ackerman (1978) and Becker (1983). The model of Cadot (1987) is applicable to the decision process of a certain bureaucrat but does not allow to spread the obtained results to a macroeconomic level.

This article proposes an approach to corruption in the macroeconomic framework of an aggregate production function that is described in detail in Yamshchikov et al. (2017). In this particular work, only two aspects of corruption are taken into consideration: the percentage of the labor employed in the public sector and a percentage of capital that is "consumed" by corrupt officials. The analysis shows that despite a widespread notion, there seems to be no connection between the size of the government sector and the level of corruption in the country. Using OECD member data, one can even demonstrate an inverse relationship, when countries with "bigger" governments actually enjoy lower levels of corruption. This study proposes an aggregate model that could be used as a baseline to incorporate other aspects of corruption. Under several constraints one can show that there is an optimal level of

government employment that corresponds to the maximum capital intensity in a steady state.

## Government and Corruption: Common Sense and Data

To measure corruption one can consider a "corruption tax" that erodes a certain share of capital on every business cycle. This is a feasible assumption since some of civil servants are connected with corruption scandals that involve offshores or foreign jurisdictions (see, e.g., Christensen 2012); therefore it is safe to say that a certain level of corruption causes an erosion of the capital when a share of it leaves the economy.

Conventional wisdom tends to connect "bigger" government with higher levels of corruption. In particular, one can hear this line of argument from a number of right politicians who, among other ideas, base their campaigns on the general principle that "smaller" government is more effective and less corrupt as a rule. Despite the fact that this assumption seems intuitively correct, it is not so easy to find comprehensive empirical or theoretical studies that could support this statement. This study tries to test this assumption.

In order to do that, it is necessary to obtain data on the sizes of the government sector in different economies and to compare these sizes with the levels of corruption attributed to the corresponding states. The number of workers in public sector in different countries for this study is obtained from International Labour Organization. A direct measurement of a "corruption tax" is far more difficult as any other measurement within a "shadow" economy. Here the Corruption Perception Index (or CPI) is used. CPI is measured on a yearly basis by the Transparency International and is one of the most disseminated measures of corruption among policymakers (see Svensson 2005).

CPI is a debatable measure but has a number of advantages important in the scope of the research question. In general, CPI is higher if a country is less corrupt. This means that CPI is in some sense inversely proportional to the "corruption tax." The question of establishing a quantitative connection between CPI and the "corruption tax" is challenging itself; however the clear qualitative "inverse" connection should be sufficient to test the common wisdom assumption that smaller governments tend to be less corrupt. To do so one can look at CPI across different counties as a function of the percentage of the population employed in the public sector. This overview of CPI as a function of the government "size" can be seen in Fig. 1.

These are data-points on 9 years 1999–2008 across 72 countries (this period satisfies the consistency requirements because calculation method for CPI has been changed several times outside of this period). Two linear regression lines are added for the participants of the OECD (with $R^2 = 0.38$) and for the non-OECD countries ($R^2$ is negligibly small). The CPI is an index that might depend on a number of factors, so it would be naive to expect higher values of $R^2$ in such a simplistic one-parameter approach. Yet the data is illustrative enough to state that despite the conventional wisdom, countries with smaller governments do not enjoy lower levels of corruption (i.e., higher CPI), and the connection between the corruption and the size of the government, if existent, is the opposite. Indeed, OECD countries, which proclaim the reduction of corruption as their strategic initiative, tend to have lower levels of corruption associated with bigger governments and not vice versa, whereas non-OECD members do not demonstrate any significant connection between the size of the government and the levels of corruption. Further in this chapter, a mathematical model that could be based on this interesting notion is developed and discussed. This model associates the inverse connection between the size of the government and the level of corruption and helps to draw several interesting conclusion concerning growth in this framework.

## General Framework

The standard Cobb-Douglas aggregate production function is defined (see Cobb and Douglas 1928) as

$$Y = AL^{1-\alpha}\boldsymbol{K}^{\alpha}, \tag{1}$$

where $Y$ is a final real output, $A$ is a total factor productivity that captures technological progress,

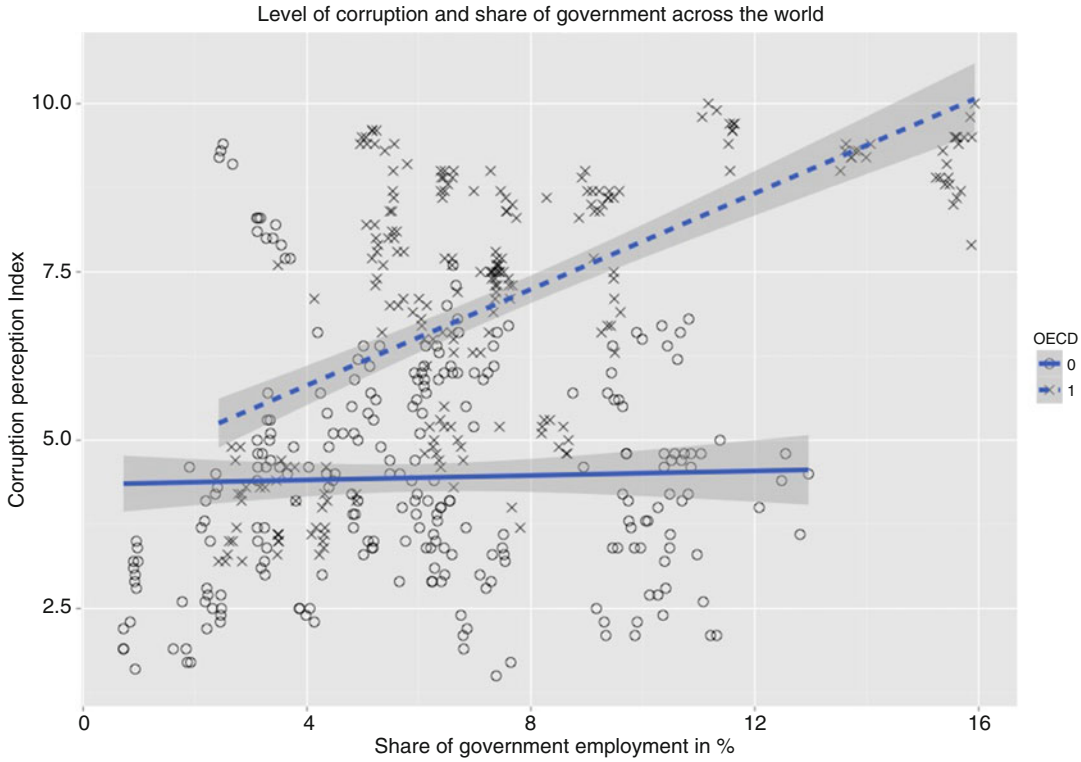


**Government and Corruption in Context of Growth, Fig. 1** Corruption Perception Index and the percentage of labor employed in the public sector. The data-points corresponding to the members of OECD are marked as crosses, and the data-points for the non-OECD countries are circles. The dashed linear regression line corresponds to OECD members, and the solid line corresponds to non-OECD countries

$L$ is a labor input, $K$ is an input of capital, and $0 < \alpha < 1$ is a constant parameter that influences the shape of the production function; it could be as well regarded as a partial elasticity of the output with respect to the capital. It is important to note here that the structure of capital is not in the focus of this paper, so out of three macroeconomic frameworks described by Garrison (2002), it is neither the labor nor capital framework but rather a neutral-money framework. For the sake of simplicity, it is also assumed from now on that $A$ is constant.

Let us now assume that a certain percentage of labor $g$ is employed within the public sector and does not directly contribute to the total production. One can regard $g$ as the labor resources that are "taken" from the market by the government and do not create any additional real output. This means that total labor input is $(1 - g)$ times lower and equals to $(1 - g)L$, where $1 - g$ is a share of workers not employed by the government.

One may further assume that corruption "absorbs" certain share of capital that is denoted as $c$. This coefficient cannot be measured directly, but it is a very typical situation for any quantitative value used to describe a shadow economy. One can understand this factor as the level of "greed" of the corrupt officials or the level of "corruption tax" on the capital. Though this variable lacks direct measurability, it is standard for corruption models. Corruption lowers the total capital input $(1 - c)$ times and makes it equal to $(1 - c)K$, where $1 - c$ is a share of capital available for the economy after the "corruption tax." There are a considerable number of papers that show the outflow of the corrupt capitals offshore; see Hampton (1996).

Now, in presence of these two factors, Eq. (1) looks as follows:

$$Y = A(1-g)^{1-\alpha}(1-c)^{\alpha}L^{1-\alpha}\boldsymbol{K}^{\alpha}. \quad (2)$$

Out of (2), one obtains a connection between a capital intensity $k_{\text{solow}}$ from the model proposed by Solow (1957), i.e., the capital stock per unit of effective labor, and a capital intensity for model, adjusted to the effect of corruption that will be denoted as $k_{\text{corrupt}}$:

$$k_{\text{corrupt}} = (1-g)^{\frac{1-\alpha}{\alpha}}(1-c)k_{\text{solow}}. \quad (3)$$

Since it is assumed that $g$ and $c$ are time-independent, the same adjustment would hold for a steady state in Solow model, which means that:

$$k^*_{\text{corrupt}} = (1-g)^{\frac{1-\alpha}{\alpha}}(1-c)k^*_{\text{solow}} \quad (4)$$

where $k^*_{\text{corrupt}}$ denotes the steady-state value. Further reasoning in this article will be based on Eq. (3).

## Corruption and Government Employment

Let us now closely look on the coefficients of (3) that depend on $g$ and $c$. Let us assume that $c = c(g)$, meaning that the level of "greed" of corrupt officials can depend on the size of the government.

Let us take a partial derivative of $k_{\text{corrupt}}$ with respect to $g$ and keep in mind that $c = c(g)$:

$$\frac{\partial k_{\text{corrupt}}}{\partial g} = \left(-(1-g)^{\frac{1-\alpha}{\alpha}}\frac{\partial c}{\partial g} - \frac{1-\alpha}{\alpha}(1-g)^{\frac{1-\alpha}{\alpha}-1}(1-c)\right)k_{\text{solow}}. \quad (5)$$

If there is an optimal value of $g$ such that $k_{\text{corrupt}}$ (i.e., capital intensity in presence of corruption) is maximal, that means that in this point $g_{\text{optimal}} = g_0$ the first derivative of capital intensity with respect to $g$ is equal to zero, and the second derivative with respect to $g$ is negative. The condition $\frac{\partial k_{\text{corrupt}}(g_0)}{\partial g} = 0$ essentially means that:

$$-(1-g)^{\frac{1-\alpha}{\alpha}}\frac{\partial c}{\partial g} - \frac{1-\alpha}{\alpha}(1-g)^{\frac{1-\alpha}{\alpha}-1}(1-c) = 0, \quad (6)$$

or writing it in another way:

$$\frac{\partial c}{\partial g} = -\frac{1-\alpha}{\alpha}\frac{1-c}{1-g}. \quad (7)$$

that is always not positive because $\alpha$, $c$, and $g$ are less than one by definition. In our framework $c = c(g)$, so Eq. (6) is actually an ordinary differential equation and can be solved keeping in mind that $\frac{\partial c}{\partial g} < 0$. One can find a more detailed solution in Yamshchikov et al. (2017). The solution of this equation in terms of $g$ is:

$$g_0 = 1 - \sqrt{\beta(1-\alpha)}. \quad (8)$$

where $\beta$ is an arbitrary constant. The found $g_0$ maximizes $k_{\text{corrupt}}$.

## Discussion of the Model

A simple model proposed above has four interesting implications.

The first one is that there is an optimal "size" of the government that provides the biggest capital intensity in Eq. (8). This size is bigger for capital-intensive countries and smaller for labor-intensive ones.

The second implication is following from the formula (6). At least in the neighborhood of the optimum point $g_0$ (obviously, the model cannot handle extreme cases, when $g$ is too close to 1 or to 0), a bigger government leads to a smaller corruption "tax." If one thinks in the framework of institutions rather than of individuals, then it can be explained by the competition within government structures; this competition might lead to the reduction of total level of corruption.

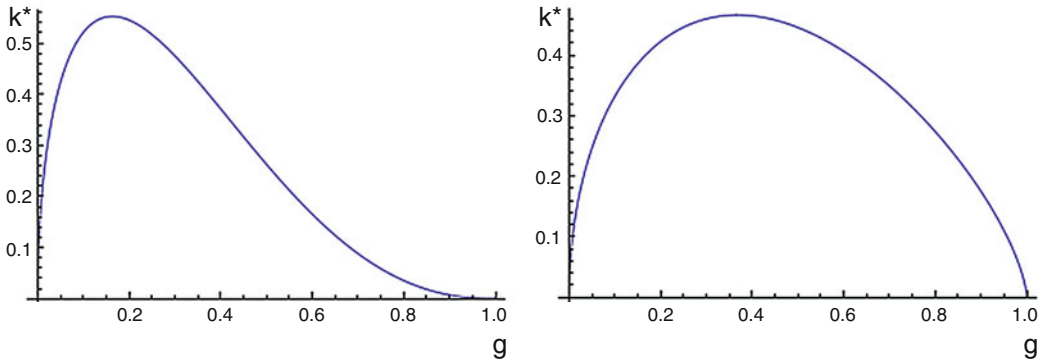


**Government and Corruption in Context of Growth, Fig. 2** The model for a dependence of the steady-state capital intensity k∗ on the side of the government g for a labor-intensive country (to the left, $\alpha = 0.4$) and a capital-intensive one (to the right, $\alpha = 0.6$)

The third implication directly follows from the second one. Since $c$ cannot be measured directly and around the optimal state $\frac{\partial c}{\partial g} < 0$, there is always a temptation to increase the size of the government that in return can actually reduce corruption but will be suboptimal for the output of the economy and a personal capital intensity.

The last and arguably the most interesting implication directly follows from Eq. (4). The negative effect of the government that differs from an optimal one ($g \neq g_0$) tends to be stronger for a labor-intensive country (see Fig. 2). This is due to the fact that the level of corruption "tax" has a linear influence on the capital intensity, while the level of government employment influences it nonlinearly, and the influence of $g$ grows drastically as $\alpha$ gets smaller. This also means that capital-intensive economies might fight corruption at the expense of the growth, whereas labor-intensive ones cannot afford this luxury.

## Conclusion

This study empirically demonstrates that a widely disseminated notion that countries with smaller governments tend to have smaller levels of corruption does not have a solid empirical background. In fact, according to the provided data, for 72 countries the connection, if existent, is the opposite.

A broadened framework of an aggregate production function is used to describe a relation between the employment in the government sector and the level of corruption "tax." Assuming that there is a connection between the corruption tax and the size of the government, it demonstrates an existence of optimal size of the government that corresponds to the highest capital intensity of the economy.

The model combines mathematical and economic simplicity with a possibility to describe certain phenomena associated with corruption. In particular it shows that to enjoy higher capital intensity, labor-intensive countries should have lower percentage of labor employed in the public sector in comparison to capital-intensive ones. The model also shows that it is crucial for a labor-intensive country to have a size of the government that would be close to the optimal size, since the capital intensity decreases steeply if the government size differs from the optimal one. For the capital-intensive countries, this aspect is, however, far less important, and suboptimal size of the government that can be too big or too small would still correspond to a comparable capital intensity. Finally, due to the simplicity and generality of the model, it can be used as an integrating framework that can help to take a phenomena associated with

corruption and the size of the government into consideration within more complicated multifactor models.

## Cross-References

▶ Bureaucracy and Economic Growth
▶ Typology of Agency Models of Corruption

**Acknowledgments** This research is supported by the European Union in the FP7-PEOPLE-2012-ITN Program under Grant Agreement Number 304617 (FP7 Marie Curie Action, Project Multi-ITN STRIKE – Novel Methods in Computational Finance). Short reference for contract: PITN-GA- 2012-304617 STRIKE.

## References

Ackerman SR (1978) Corruption: a study in political economy. Academic, New York
Bai J, Jayachandran S, Malesky EJ, Olken BA (2013) Does economic growth reduce corruption? Theory and evidence from Vietnam, vol 19483. National Bureau of Economic Research, Cambridge, MA
Banerjee A, Mullainathan S, Hanna R (2012) Corruption, vol 17968. National Bureau of Economic Research, Cambridge, MA
Bardhan P (1997) Corruption and development: a review of issues. J Econ Lit 35:1320–1346
Barro RJ (1973) The control of politicians: an economic model. Public Choice 14(1):19–42
Becker GS (1983) A theory of competition among pressure groups for political influence. Q J Econ 98(3):371–400
Cadot O (1987) Corruption as a gamble. J Public Econ 33(2):223–244
Christensen J (2012) The hidden trillions: secrecy, corruption, and the offshore interface. Crime Law Soc Chang 57(3):325–343
Cobb CW, Douglas PH (1928) A theory of production. Am Econ Rev 18:139–165
Dictionary, C (2018) Cambridge dictionaries online
Garrison RW (2002) Time and money: the macroeconomics of capital structure. Routledge, London
Gottschalk P (2010) Categories of financial crime. J Financ Crime 17(4):441–458
Hampton MP (1996) Where currents meet: the offshore interface between corruption, offshore finance centers and economic development. IDS Bull 27(2):78–87
Mauro P (1995) Corruption and growth. Q J Econ 110:681–712
Mo PH (2001) Corruption and economic growth. J Comp Econ 29(1):66–79
Solow RM (1957) Technical change and the aggregate production function. Rev Econ Stat 39:312–320
Svensson J (2005) Eight questions about corruption. J Econ Perspect 19(3):19–42
Yamshchikov IP, Detkova A, Tikhonov A (2017) Government and corruption: scylla and charybdis. Int J Public Adm 1–8. https://doi.org/10.1080/01900692.2017.1299761

# Government and Nonprofit Relationships

Nick Juliano
University of Nebraska Omaha, Omaha, NE, USA

G

## Synonyms

Civil society; Nongovernmental organization (NGO); Third party government; Third sector; Voluntary society

## Definition

Government and nonprofit relationships: Ways in which government entities and nongovernmental, nonmarket based entities relate to one another in the delivery of goods and services to populations.

Marketization: When nonprofit organizations adopt approaches and values of the private market.

## Introduction

The relationships between government and nonprofits are as dynamic as the array of the institutions that exist in each sector. Many factors influence the shifting nature of government nonprofit relationships including, an individual nonprofit's organizational and legal form, the specific national context in which nonprofits are embedded, and the traditions and role of nonprofits

within a society. In addition, the dual role of government as collaborator and regulator inherently creates a tension which often defines how the sectors interact to provide goods and services to society.

This entry will examine government nonprofit relationships and their key features. It will begin with a discussion of the theoretical perspectives that inform our understanding of these relationships. Then current trends are identified which affect government and nonprofit relationships in the United States and globally. Finally, the implications of these relationships and how theory and practice suggest reconciling their contradictory nature are discussed. For this entry, the term nonprofit will be used to represent other common terms including nongovernmental organizations, international nongovernmental organizations, civil society, and third sector.

## Theoretical Perspectives

Theoretical perspectives are a set of assumptions which guide our thinking on a particular topic. Theoretical perspectives help give meaning to specific observations and inform questions as we explore topics further. Sometimes theoretical perspectives are referred to as a "lens" bringing "focus" to an aspect of a topic. Since government-nonprofit relationships are multifaceted, constantly changing, and involve inherent tensions, we are unlikely to find a single coherent theory explaining these relationships and emphasize the need to explore multiple theoretical perspectives.

Government nonprofit relationships are developed within diverse political, economic, social, and historical contexts. For example, while there are many examples of government support and development of nonprofits throughout US history, our contemporary understanding of how government and nonprofits increasingly rely on one another continues to evolve in new ways. In fact, nonprofit organizations were viewed as the private sector until the late nineteenth century despite their role in serving the public purposes. It was only after US legislation began to establish tax exemption for certain organizations, tax deductions for charitable contributions, and the nonprofit corporate structure that clearer distinctions between government, for-profit, and nonprofits were established. While this discussion implies that government and nonprofit entities are distinct and separate, in reality the boundaries are blurred. For example, some US nonprofits have taken on characteristics of business organizations by creating for-profit subsidiaries to subsidize their charitable work. In the European context hybrid, administrative arrangements which exhibit both public and private characteristics are common in healthcare, education, and other human services organizations and systems. Some Asian countries have grown substantial nonprofit sectors while maintaining them under government control.

Despite this complex reality, Young (2000) presents a useful conceptualization of nonprofit government relationships. Young's approach accounts for the complexities described above and correctly suggests that while any single lens lacks full explanatory power of nonprofit government relationships, certain themes continue to be relevant over history and in both US and global contexts. Specifically, Young incorporates strands of economic theory perspectives to describe nonprofit relationships as supplementary, complementary, or adversarial to government, and suggests these roles can and do exist simultaneously. For example, it is common for a nonprofit to be funded by government to provide a service it cannot provide while subjecting the nonprofit to rigorous oversight and accountability measures. Likewise, many government funded nonprofit service agencies advocate for public system policy change on behalf of their constituents.

### Supplementary

Classic economic theories were first applied to explain the presence of nonprofit agencies in the market and then were further developed to explain the government-nonprofit relationship. Contract, market, and government failure theories suggest nonprofits meet demand for goods and services that cannot be met by government and therefore take on a supplementary role. For example,

healthcare services are largely provided by nonprofits due to the public's need to trust that the quality of and access to medical services will be maximized even when not profitable. At times, nonprofits step in and provide services, such as support for refugee populations, when government cannot meet the needs of a diverse population base due to limits of the political system. In both the United States and Israel, nonprofits played a critical supplementary role in meeting the needs of society prior to the development of that state.

Supply theories suggest that nonprofits have access to resources not available to government, like donors and moral entrepreneurs, which are necessary to provide services in the absence of personal or financial rewards (Smith and Gronbjerg 2006). This theory predicts nonprofit supplementation of government services when public preferences are volatile or demand is heterogeneous. For example, as the desire to address mental health issues moved from institutional approaches to community-based solutions, nonprofit service provision for mental health treatment expanded.

### Complementary

Salamon (1993) used economic theories to explain government-nonprofit partnerships and interdependence. This approach suggests that nonprofits have corresponding failures that complement those of government. This complementarity has defined this partnership for most of US history and is also evident in Europe (Salamon and Toepler 2015). Complementary nonprofit government relationships are commonly found in social services, arts and culture, community and civic development, education, research, and healthcare. Nonprofit agencies have a unique ability to provide these services where local preferences and differentiation of services to diverse groups are required. However, nonprofits often lack the ability to fully fund their activities through philanthropy and require government funding. Government agencies, on the other hand, need to be responsive to the public demand for services which are differentiated by geography and meet the needs of diverse constituents, but are unable to grow the public bureaucratic structure necessary to accomplish this goal. From a funding perspective, the presence of this complementary relationship is highlighted by the fact that across 32 countries public sector support on average accounts for 35% of nonprofit revenue – nearly three times that of philanthropy (Salamon et al. 2004). Public support for US nonprofits is more than double philanthropic support, accounting for 32.5% of revenue (McKeever 2015).

### Adversarial

Government nonprofit relationships can be expressed as adversarial when nonprofits engage in some forms of advocacy, make proposals for new programs not supported by most of the public, or where a minority group of citizens organize. Furthermore, complementary relationships can have an adversarial aspect as government agencies license and regulate nonprofit agencies they fund for service provision. In some cases, nonprofits and government may simply oppose one another due to having different missions or priorities necessary to serve their constituencies. Nonprofits may also be perceived as threats to governmental power when considering their role in calling for government accountability in more controversial social issues like race relations, the environment, and immigration.

### Alternatives to Economic Theories

Smith and Gronbjerg (2006) offer alternatives to economic theories which are based on supply and demand frameworks. The first is civil society and social capital perspectives, which address the need to examine the distinctive values and social relations embedded in the nonprofit sector and therefore government nonprofit relationships. Civil society, referring to networks of associations, groups, and informal activities that exist apart from the state and the market, is recognized in the literature for its contribution to democracy and freedom. Within this theory, concepts like responsiveness, cooperation, obligation, social capital, and citizen responsibility are embodied by the nonprofit sector and seen as central to democracy. Volunteer-driven nonprofit clubs and societies, while not providing public goods like other nonprofit service agencies, may serve as

important mechanisms in communities to build networks assisting citizens in becoming economically viable and addressing issues of mutual concern. These networks are increasingly being recognized by government agencies for their unique role in building community capacity, which complements larger scale initiatives to tackle poverty, crime, and other social problems.

Another alternative theory is the neo-institutional perspective, which focuses on ways the institutional environment impacts nonprofits. This theory predicts that environments with ineffective government, lack of public funding, and stringent government regulations will negatively impact nonprofits. Likewise, more favorable government regulations and incentives will favor nonprofits. An example is the US tax code, which establishes a significant advantage – tax exemption – to encourage groups to organize as a nonprofit. Furthermore, this theory reinforces the interdependence of the public and nonprofit sectors. As the nonprofit sector grows, it will likely invite more regulation and monitoring from the public sector. This approach begins to explain, to some extent, the blurring of lines between government and nonprofit agencies.

## Trends Affecting Government and Nonprofit Relationships

### Devolution

Devolution is the process of transferring power from federal to state and local governments. Devolution is most common in the United States and may be particularly relevant in relation to social welfare programs. Devolution in the United States began nearly four decades ago and has resulted in partnerships between nonprofits and state and local government to grow programs while limiting the growth of government (Kettl 2000). One of the drivers of devolution in the United States is the feeling that despite significant government investment, federal programs have been largely ineffective as intractable social problems persist. This process often facilitates not only a shift of funding but also discretion from government entities to nonprofit agencies.

Privatization is one example of a government tool implemented with some public service provision where government contracts out services to nonprofit providers. Services are increasingly delivered through vast networks with multiple layers separating the government funder and the nonprofit service delivery entity. Traditional hierarchical structures have been replaced by complicated networks, and government decision makers increasingly need more sophisticated skills – contract negotiation, performance management, and information technology – to ensure that publicly funded services are being delivered equitably, effectively, and efficiently. While privatization often allows private nonprofit agencies to assume significant discretion for service development and delivery, it may also restrict nonprofit autonomy with burdensome reporting requirements and increased expectations beyond what the public agency was held accountable. Often privatization is accompanied by increased accountability for performance and contracting arrangements where pay for performance replaces fees for services.

Beyond service provision, government nonprofit partnerships extend to diverse arenas such as economic development and regional transportation planning initiatives. One of the concerns with this shift in discretion is that nonprofits are gaining decision making capacity for use of public funds and the delivery of public services and that government agencies no longer have the more direct, traditional lines of political accountability to the public. In many cases, state and local governments have responded to criticism of its indirect administrative methods by increasing direct control on nonprofit agencies, which has the potential to stifle the independence needed to deliver the innovative services needed to address complex social issues.

### Globalization

Globalization is the international exchange and integration of ideas, cultures, and information. While some consider globalization to be a modern phenomenon, globalization likely began in the early nineteenth century (O'rourke and Williamson 2002). It has become more readily

recognized and discussed in the past two decades. In many parts of the world, domestic philanthropy and nonprofits have grown to have transnational influence. Nonprofit organizations around the globe have become powerful catalysts of policy change and have acquired significant influence as information is more readily available and no longer collected and managed solely by government entities. The influence of nonprofits is amplified in developing countries where government infrastructure and formal governance structures may lack the capacity to shape emerging societal issues. For example, nonprofits known as nongovernment organizations (NGOs) or international nongovernment organizations (INGOs) outside of the United States have significantly influenced international policy related to reducing greenhouse gases, foreign-investment rules, and reducing debt in the world's poorest countries (Kettl 2000). INGOs also play an important role in these countries providing health services, access to clean water, education, and emergency relief to disasters and crises.

### Collaboration to Address Complex Issues

Nonprofit government relationships often utilize public, private, and voluntary collaborations to address the complex nature and scale of societal problems. In the United States, public–private collaborations are employed to address a wide range of public concerns like hazardous waste reductions, youth employment initiatives, and predatory lending practices in disadvantaged neighborhoods. Significant government nonprofit collaborations are also common within child welfare reform in the United States. This is influenced, in part, by a political environment favoring downsizing of government bureaucracy to deliver human services as well as the ability of nonprofits to innovate and deliver services to unique populations and geographies (Martin 2004).

Several general pathways have led government and nonprofits to collaborate in the United States and globally. As described by economic frameworks, government and nonprofits have some complementary strengths and weaknesses, which make collaboration functional and effective. Other pathways include significant government subsidy of nonprofits in some European countries, the growing use of privatization as a strategy to reduce government structure and increase efficiency, and dissatisfaction with government performance leading to reform efforts (Salamon and Toepler 2015). Contemporary approaches to addressing significant social problems presume the complexity of the issues being addressed require collaboration and typically government and nonprofit entities are key participants in the process.

Effects of this collaboration can be seen in its economic impact. The majority of US government expenditures are related to social welfare. As contracting out of government services has increased, so has the nonprofit share of the workforce. Today, nonprofits account for almost 10% of the US labor force (Boris and Steuerle 2017). Salamon and Toepler (2015) note this trend is also evident in Europe where governments finance up to 70% of nonprofit budgets and nonprofit sectors account for as much as 15% of the labor force (Salamon and Toepler 2015, p. 2166). In both the United States and Europe, employment growth in the nonprofit sector has more than doubled overall employment growth over the past two decades. This is important because government is able to expand the diversity and geography of social and health services without expanding the government workforce, which is often unable to meet the needs of unique constituency groups. In addition, social entrepreneurs can work through nonprofits to develop innovative services, which often become part of the public service delivery system.

### Performance-Based Expectations

The growth of government support of programs delivered by nonprofits has affected the intensity of the public demand for better performance. The preference for performance-based contracts reflects the political environment, particularly in the United States, where many are growing impatient with the persistence of social problems despite decades of substantial government investment in programs to address poverty, child abuse, crime, and other social problems. This is a

challenge for both the government sector, which is accustomed to management practices designed for direct service provision, and the nonprofit sector, which lacks funding for costly information technology infrastructure required for performance-based measurement and reporting. The result is increasing competitive pressures to deliver results for intractable public problems.

Increased performance expectations highlight the need for clear expectations and explicitly defined outcomes, particularly for service provision. Unfortunately, it is often the case that outcomes are not clearly defined or measured effectively. As an example, the federal Child and Family Service Review (CFSR) standards measure the performance of child welfare agencies in accomplishing safety, permanency, and well-being for children. The measures include multiple composites and are difficult to match with discrete child welfare services like family preservation services. Several issues may arise when government standards are imposed on individual nonprofit service providers. First, because composites measure populations being served by multiple providers and different services, it is difficult to link provider performance with individual families to accountability efforts. Second, it may be difficult to understand how the individual components of a composite measure interact and how explicit practices relate to both. Also, if broad composite measures determine financial incentives or penalties, there may be an incentive for a provider to diverge from established best practices in an attempt to improve performance on the indicator. Despite this serious limitation, the CFSR is a common measure of performance-based child welfare contracts in the United States.

## Policy Advocacy by Nonprofits

High levels of government nonprofit collaboration tend to create interaction between the policy and funding environments and as a result nonprofits are adapting advocacy activities. For instance, Mosely (2012) has shown that an increase in nonprofit advocacy is positively related to increases in government funding, which can result in some human service agencies shifting advocacy efforts from clients and populations toward increasing their own funding. In some instances, this reflects the complexity of the work being undertaken by nonprofits dependent upon government funding. Nonprofits may also be important intermediaries within the legislative process in the promotion of innovative local and state policies if one branch of government is reluctant to become adversarial with another.

Thus, while the nonprofit sector has a long-standing role in advocating for public need, Hasenfeld and Garrow (2012) note that trends such as contracting out and privatization may be limiting nonprofit service organizations' scope of advocacy activities to seeking benefits for the organization and its local beneficiaries. Local government funders may adopt policies and practices inconsistent with the needs of vulnerable populations leaving nonprofit service delivery agencies unable or unwilling to directly challenge a funder through advocacy efforts. Nonprofit advocacy may lead to an adversarial relationship with its primary funder and put its operation at risk. This tension has led to state agencies repressing nonprofit agencies in sub-Saharan African countries but is also common in Russia, Egypt, and Pakistan (Rutzen 2015). One strategy nonprofits employ to address this inherent conflict is to incorporate participant voices as part of their policy advocacy. For a service provision agency, this means having a recipient of services speak on the agency's behalf and often assume a formal role in advocacy activities after receiving training on the process. This strategy serves the dual purpose of advocating for policy support and providing opportunities for citizen engagement in the democratic process.

## Marketization

Another trend affected government nonprofit relationships is marketization, or the increasing competitive pressures that have contributed to nonprofit agencies adopting approaches and values traditionally found in the private market. Salamon (1993) refers to marketization as the tendency for nonprofits to adopt market practices in order to respond to the changing environment and competition. Government agencies are faced with increased accountability for performance in

the provision of public services. As a result, they may implement practices like risk-based contracts where the contractor is held financially responsible if public service outcomes are not satisfactory. This fundamentally changes the government nonprofit relationship by introducing new competition from for-profit agencies accustomed to sharing financial risk and performance accountability expectations. This may also increase competition within the nonprofit sector by encouraging subsector participants, like healthcare entities with significant information management infrastructure and expertise, to compete for contracts in child welfare, foster care, and other traditional human services. Administrative procedures accompanying government rules and contracting procedures tend to require staff capabilities and service provision capabilities that smaller nonprofits are not able to provide.

As nonprofits respond to competition by adopting private market approaches, their ability to create and maintain civil society may be diminished (Eikenberry and Kluver 2004). Marketization can lead to mission drift and a diminished ability to represent and meet organizational commitments to constituencies, eroding the very strengths which are often sought by government in partnerships. As this occurs there is also a tendency for nonprofits to look at constituencies more as consumers rather than beneficiaries, which has implications for how vulnerable populations are viewed and provided assistance.

## Implications for Practice and Theory Development

As the social and political landscape continues to evolve, government nonprofit relationships will have to respond to increasingly challenging realities. Volatile world political arenas, devolving governments, globalization, and information sharing technologies create challenges and opportunities for government nonprofit relationships to provide public goods and services to citizens around the world. The neoinstitutional perspective informs an understanding of why nonprofits in unsupportive or hostile political environments face a number of issues in addressing complex social problems, including government constraints on activities. One of the most common ways governments constrain or control nonprofits, particularly outside of developing countries, is to restrict foreign funding by requiring nonprofits receiving funds to register as "foreign agents." Most recently, this has occurred in Uganda and Nigeria but is not necessarily dependent on a country's level of development as seen in Russia, India, and Israel. In addition to positioning nonprofits as adversaries to government, this control also hinders philanthropy as globalization has increased cross-border flows of capital and nonprofit activities. Other challenges nonprofits face in hostile political environments include burdensome registration and reporting requirements, restrictions on activities, and limits on freedom of the media. As the complexity of the world's challenges continue to grow as expressed by development initiatives, welfare advances, and human rights campaigns, philanthropic support has not kept pace. In the absence of government policies encouraging public support of nonprofits it will be difficult to continue to expect nonprofits to make significant contributions toward addressing societal issues. Economic theories suggest that continued direct government support of nonprofits is likely necessary given the interdependence of the sectors and their supplementary and complementary relationships. This is particularly relevant to public service delivery capacity, which resides primarily within the nonprofit sector.

In systems where government nonprofit relationships are well established, attention must be paid to the structure and management of these relationships so as not to diminish the fundamental strengths of the nonprofit sector. Calls for increased accountability are justified and expectations for increased performance in addressing wicked problems are necessary. Government has an obligation to require effective and equitable performance from nonprofits in the delivery of publicly financed services. Likewise, the government has a legitimate role in fostering public trust in nonprofit agencies delivering public services to vulnerable populations by implementing

accountability measures for quality of service and access. However, these imperatives can constrain nonprofits through burdensome requirements and accelerate mission drift, hindering their impact on the very constituencies that government partners desire them to reach.

Nonprofits will increasingly be challenged to maintain their core values and missions, which make them distinctive and represent the interests of their constituencies. In democracies, governments are politically accountable to the public for the services provided by the nonprofits it funds. In nondemocratic societies, nonprofits are often viewed as threats to government particularly when advocating for equality, human rights, or government protection of vulnerable populations. In both instances, there is a possibility for government intervention to require nonprofits to give up independence, mission focus, or faith- based orientation as a condition of public funding. These two issues are at the core of the government nonprofit relationship when they leverage one another to provide high quality goods and services to diverse populations in ways that neither could accomplish separately. A civil society perspective explains that when nonprofits are allowed to take initiative, and apply their unique expertise to effectively address a human need in cooperation with government, society at large benefits and nonprofits are strengthened in their ability to continue to innovate and create social capital.

## Conclusion

There are several types of nonprofit government relationships which are illustrative of its contradictory and dynamic nature. Government has created the autonomous existence of the nonprofit sector through unique legal structures and tax benefits while maintaining close oversight and regulation of it activities, including advocacy and lobbying efforts. There are important factors which influence the nature of this relationship including the governance environment. The entry discussed how theory is used to investigate particular dimensions of these relationships or to make predictions about the effects of these relationships on nonprofits. Yet, it is difficult to identify one coherent theory substantially explaining the complexities of government nonprofit relationships.

A dominant theme in modern society is widespread collaboration between government and nonprofit institutions to address contemporary economic and social problems. The continued need for collaboration in tackling complex social issues, particularly in developing countries, will sustain the trends of government not only funding but shifting discretion to nonprofit agencies to provide necessary goods and services. At the same time, increased expectations and performance-based measures are becoming an expectation, and often a stipulation, of stakeholders and funders particularly within social service reform efforts.

Devolution and globalization are trends significantly shaping government nonprofit relationships and influencing the continued presence of collaboration to address complex social issues. Both trends contribute to forms of government nonprofit collaboration where sharing of power and funding is necessary. In contrast to traditional hierarchical relationships, public services are often delivered through vast networks where nongovernmental entities have increased discretion for use of public resources and government agencies have less direct methods of political accountability to the public for outcomes. As a result, the intensity of public demand for performance accountability is changing government nonprofit collaboration and increasing competition for limited public funding. Nonprofits have responded by broadening advocacy strategies to include influence with funders and adopting market practices to remain relevant.

The interdependence of the government and nonprofit sectors in addressing significant social problems predicts the need for continued government support of nonprofits. Management of established government nonprofit relationships must account for preserving the fundamental strengths of each while increasing accountability and fostering public trust in the collaboration. Nonprofits will continue to be challenged to maintain core values and missions while responding to

competitive pressures and increased performance accountability. Society at large benefits with the presence of strong nonprofits able to innovate and create social capital.

## Cross-References

- ▶ Advocacy and Policy Influence
- ▶ Contracting with Government
- ▶ Philanthropy and Nonprofit Organizations, Russia
- ▶ Public Organizations and Nonprofit Organizations

## References


Boris ET, Steuerle CE (eds) (2017) Nonprofits and government: collaboration and conflict, 3rd edn. Rowman & Littlefield, Lanham

Eikenberry AM, Kluver JD (2004) The marketization of the nonprofit sector: civil society at risk? Public Adm Rev 64(2):132–140

Hasenfeld Y, Garrow EE (2012) Nonprofit human-service organizations, social rights, and advocacy in a neoliberal welfare state. Soc Serv Rev 86(2):295–322

Kettl DF (2000) The transformation of governance: globalization, devolution, and the role of government. Public Adm Rev 60(6):488–497

Martin LL (2004) The privatization of human services: myths, social capital, and civil society. J Health Hum Serv Adm 27(2):175–193

McKeever BS (2015) The nonprofit sector brief in 2015: public charities, giving, and volunteering. Retrieved from Urban Institute website: http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000497-The-Nonprofit-Sector-in-Brief-2015-Public-Charities-Giving-and-Volunteering.pdf

Mosley JE (2012) Keeping the lights on: how government funding concerns drive the advocacy agendas of nonprofit homeless service providers. J Public Adm Res Theory 22:841–866

O'rourke KH, Williamson JG (2002) When did globalisation begin? Eur Rev Econ Hist 6(1):23–50

Rutzen D (2015) Civil society under assault. J Democr 26(4):28–39

Salamon LM (1993) The marketization of welfare: changing nonprofit and for-profit roles in the American welfare state. Soc Serv Rev 67(1):16–39

Salamon LM, Toepler S (2015) Government-nonprofit cooperation: anomaly or necessity? Voluntas 26: 2155–2177

Salamon LM, Sokolowski SW, List R (2004) Global civil society: an overview. In: Salamon L, Sokolowski S, Associates (eds) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian Press, Bloomfield

Smith SR, Gronbjerg KA (2006) Scope and theory of government-nonprofit relations. In: Powell W, Steinberg R (eds) The non-profit sector: a research handbook, 2nd edn. Yale University Press, New Haven, pp 221–242

Young DR (2000) Alternative models of government-nonprofit sector relations: theoretical and international perspectives. Nonprofit Volunt Sect Q 29(1): 149–172


# Government Budget Laws in Russia


Natalia Ermasova
Public Administration, Governors State University, University Park, Chicago, IL, USA


## Synonyms

The laws that govern the budgeting process

## Definition

The laws that govern the budget execution process.

## Introduction

The budget process in Russia is comprehensively regulated by the Budget Code of the Russian Federation, which sets the rules and procedures for the preparation, approval, and execution of federal, regional, and municipal budgets. The Budget Code of the Russian Federation specifies the general principles of the budgetary legislation of the Russian Federation. It identifies the organization and functioning of the Russian budgetary system. The Budget Code of the Russian Federation states legal status of the subjects of budgetary legal relations. It defines the fundamentals of the budgetary process and inter-budgetary relations in the Russian Federation.

## The Budget Code of the Russian Federation

The Budget Code of the Russian Federation N145-F3 from July 31, 1998 (with amendments up until July 23, 2013), governs fiscal policy making, budget preparation and execution, and accounting and audit. This Budget Code and subsequent amendments have established a comprehensive legal framework for fiscal management at all levels of government. Also the Budget Code identifies the procedure for executing court decisions on levy of execution on funds of the budgets of the budgetary system of the Russian Federation. It sets out the contents of the annual budget laws, defines the jurisdictions of the federal and regional governments and regulates their financial relations, prescribes the annual budget preparation and execution time schedule, and lays down rules for the public debt. This comprehensive legal framework in the Budget Code ensures consistent classification and treatment of expenditure and revenue and enables strong central control over government finances. The Budget Code of the Russian Federation states the grounds and types of liability for the violation of the budgetary legislation of the Russian. The Tax Code N146-F3 from July 2008 (with amendments up until October 2013) provides a comprehensive legal framework for taxation in the Russian Federation. The Ministry of Finance produces Main Tax Policy Guidelines each spring summarizing the main tax policy and administration changes anticipated over the coming 3 years. In addition to the Budget Code and Tax Code, there is separate legislation regulating government accounting and reporting and financial control, including a law on the Accounts Chambers (supreme audit institution).

## Tax Code in Russia

Regional governments and local self-governments of the Russian Federation shall adopt normative legal acts regulating budgetary legal relations within the scope of their jurisdiction in compliance with the Budget Code. The national government prescribes the responsibilities of these subnational governments and also assigns the revenue sources available to them. Article 3 of the Tax Code of the Russian Federation states that "the taxes and fees of the subjects of Russian Federation, local taxes and fees are established, amended or cancelled, accordingly, by the taxation and fee laws of the subjects of Russian Federation and normative legal acts of representative institutions of local government about the taxes and fees pursuant to the Tax Code of Russian Federation." Federal laws specify revenue authority, rate ranges, and allowable exemptions and deductions for each revenue source, and the Federation Ministry of Taxation administers them all. All taxes, regardless of whether they are federal, regional or local, are based on federal legislation. Within this federal framework, regional and local governments have a degree of autonomy within the constraints set by federal legislation concerning the rate structure, payment dates, and exemptions in regional and local taxation (Bird 2000). Regional and local taxes go entirely to the regions or municipalities, while federal taxes go to different levels depending on the tax-sharing arrangement set in the federal legislation (Ermasova 2008). Regions may share their tax revenues with local governments by establishing their own regional tax-sharing system. Municipal districts may do the same vis-à-vis their municipal settlements.

Article 12 of the Tax Code establishes limits on tax rates, as well as the order, time period of tax payment, and reports for given regional or local taxes, within which the statutory (representative) bodies of the subjects of Russian Federation or representative institutions of local government may adopt taxes. Their revenue laws, last reformed in 2004, provided for greater source revenues of their own than previously until late in 2008. A new article was introduced into the Budget Code (Art. 130) in 2008, setting up conditions and in some cases sanctions restricting regional budget policies. These restrictions aim to encourage regions to develop their own tax base and to improve fiscal discipline. The article distinguishes various categories of regions on the basis of the share of grants in their budget revenues. In terms of expenditure responsibilities, subnational governments have

the normally expected assignments. Their role predominates for all education before higher education, housing, fire safety, agriculture and fishing, transportation, housing, environmental protection, health care, and sport. The federal role is dominant in the judicial system, international relations, national defense, basic research, higher education, and pensions (Federal Tax Service Russia 2014; Federal Treasury 2012; Ministry of Finance 2014).

The following concepts and terms are applied for the purposes of the present Code:

- **Budget** means a form of generation and spending of monetary funds intended for financial implementation of the tasks and exercise of functions of the state and local self-government.
- **Consolidated budget** means a collection of budgets in the budgetary system of the Russian Federation on the respective territory (except for budgets of state extra-budgetary funds) without account taken of inter-budget transfers between these budgets.
- **The budgetary system** of the Russian Federation means the totality of the federal budget, regional budgets of constituent entities of the Russian Federation, local budgets, and budgets of state extra-budgetary funds, based on economic relations and the regional structure of the Russian Federation.

## Budgetary Funds in Russia

The budgets for the three federal extra-budgetary funds – Pension Fund, Social Insurance Fund, and the Federal Mandatory Health Insurance Fund – are submitted together with the budget (Budget Code Article 192, Paragraph 5) and approved by the legislature. According to Article 146 of the Budget Code, the following revenues shall be entered to budgets of the budget of the Pension Fund of the Russian Federation:

1. Tax revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation from the minimum tax collected in connection with application of the simplified taxation system – at 60% normative
2. Insurance fees for obligatory pension insurance
3. Insurance fees on the basis of an additional tariff for employing organizations which use the labor of members of civil aircraft air crews
4. Penalties and fines in respect of contributions to the Pension Fund of the Russian Federation
5. Revenues from placing resources of the Pension Fund of the Russian Federation.
6. Fines, sanctions, and amounts received as a result of compensation for damage, gratuitous receipts
7. Inter-budget transfers from the federal budget passed over to the Pension Fund of the Russian Federation
8. Gratuitous receipts from nongovernmental pension funds

According to Article 146 of the Budget Code, the following revenues shall be entered to budgets of the Social Insurance Fund of the Russian Federation:

1. Uniform social tax – at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to the Social Insurance Fund of the Russian Federation
2. Revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation from payments of the following taxes envisaged by special tax regimes
3. Tax collected in connection with the application of the simplified taxation system – at the 5% normative
4. Tax collected in the form of the cost of a patent in connection with application of the simplified taxation system – at the 5% normative
5. Minimum tax collected with application of the simplified taxation system – at the 20% normative
6. Uniform tax on imputed earnings for some kinds of activities – at the 5% normative.
7. Uniform agricultural tax – at the 6.4% normative

8. Insurance fees for obligatory social insurance against industrial accidents and professional illnesses
9. Penalties and fines in respect of contributions to the Social Insurance Fund of the Russian Federation
10. Revenues from placement of temporarily available funds of the Social Insurance Fund of the Russian Federation
11. Fines, sanctions, and amounts received as a result of compensation for damage
12. Inter-budget transfers from the federal budget passed over to the Social Insurance Fund of the Russian Federation

According to Article 146 of the Budget Code, the following revenues shall be entered to budgets of the budget of the Federal Obligatory Medical Insurance Fund:

1. Uniform social tax – at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to the Federal Obligatory Medical Insurance Fund
2. Revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation from payment of the following taxes envisaged by special tax regimes
3. Tax collected in connection with the application of the simplified taxation system – at the 0.5% normative
4. Tax collected in the form of the cost of a patent in connection with application of the simplified taxation system – at the 0.5% normative
5. Minimum tax collected in connection with application of the simplified taxation system – at the 2% normative
6. Uniform tax on imputed earnings for some kinds of activities – at the 0.5% normative
7. Uniform agricultural tax – at the 0.2% normative
8. Penalties and fines in respect of contributions to the Federal Obligatory Medical Insurance Fund
9. Revenues from placing temporarily available assets of the Federal Obligatory Medical Insurance Fund
10. Fines, sanctions, and amounts received as a result of compensation for damage
11. Inter-budget transfers from the federal budget passed over to the Federal Fund of Obligatory Medical Insurance

According to Article 146 of the Budget Code, the following revenues shall be entered to budgets of territorial state obligatory medical insurance extra-budgetary funds:

1. Uniform social tax – at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to territorial funds of obligatory medical insurance
2. Revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation which received as a result of paying the following taxes envisaged by special tax regimes
3. Tax collected in connection with the application of the simplified taxation system – at the 4.5% normative
4. Tax collected from the cost of a patent in connection with application of the simplified taxation system – at the 4.5% normative
5. Minimum tax collected in connection with application of the simplified taxation system – at the 18% normative
6. Uniform tax on imputed earnings for some kinds of activities – at the 4.5% normative
7. Uniform agricultural tax – at the 3.4% normative
8. Penalties in respect of contributions to territorial funds of obligatory medical insurance
9. Revenues from placement of temporarily available assets of territorial funds of obligatory medical insurance
10. Fines, sanctions, and amounts received as a result of compensation for damages
11. Inter-budget transfers from the Federal Obligatory Medical Insurance Fund
12. Inter-budget transfers from budgets of constituent entities of the Russian Federation provided to territorial funds of obligatory medical insurance, including receipts in the form of insurance fees for obligatory medical insurance of the unemployed population

According to the Budget Code, the national accounting rules take into account international standards for financial reporting of public units such as GFSM 2001 and IPSAS. Under the Budget Code, Russia produces two sets of annual accounts: (1) a cash-based annual budget execution report shows government revenues, expenditure, and financing for the previous year; (2) an accrual-based financial statement provides an income statement, balance sheet, and cash flow statement for the previous year. Cash-based budget execution reports provide a detailed breakdown of revenue receipts, expenditure payments, and financing. Cash-based budget execution reports are produced on a monthly basis and published within 30 days of the end of each month. The financial statements record individual revenue, expenditure, and outstanding amounts of assets and liabilities on an accrual basis, e.g., expenses and the related payables are recorded when goods and services are delivered and not when government makes cash payment. Fiscal reports include an administrative, economic, and functional classification.

## Inter-budget Transfers

According to Article 129 of the Budget Code, inter-budget transfers from the federal budget to budgets of the budgetary system of the Russian Federation shall be provided in the following forms: (1) grants for leveling the budget supply to constituent entities of the Russian Federation; (2) subsidies granted to budgets of constituent entities of the Russian Federation; (3) subventions granted to budgets of constituent entities of the Russian federation; (4) other inter-budget transfers to budgets of constituent entities of the Russian Federation; (5) Inter-budget transfers to budgets of state extra-budgetary funds. The goal of general grants is leveling of regional governments' financial opportunities. These general grants include federal grants to equalize fiscal capacity and federal grants to balance the regional budget. It is a formula-based financial aid. Subventions to budgets of constituent entities of the Russian Federation from the federal budget provided for the execution of individual expenditure obligations of municipal formations are spent. According to the procedure specified in the federal laws, normative legal acts of the Government of the Russian Federation adopted in pursuance of them and/or normative legal acts of the subjects of the Russian Federation. Subventions to budgets of constituent entities of the Russian Federation from the federal budget are distributed among all subjects of the Russian Federation according to the uniform method for the appropriate type of subventions in proportion to the amount of population (individual groups of population), consumers of appropriate region (municipal) services, other indices subject to the normative standards of forming budgetary appropriations for the discharge of the appropriate obligations, and objective conditions affecting the cost of regional (municipal) services in the subjects of the Russian Federation. The plan of distributing grants for leveling the constituent entities' budget supply to constituent entities of the Russian Federation shall be introduced to the State Duma within the composition of the draft federal law on the federal budget for the next financial year and planning period and shall be endorsed when considering the said draft federal law in the second reading (Article 132).

Subsidies for balancing the budget are the most opaque type of financial aid. Their goals vary across the regions: (1) financial funding to most politically troubled North Caucasus republics, (2) support of depressed areas (Ural and Volga regions), (3) compensation for regions that had financial problems due to the reduction of corporate income tax in budget (Tyumen region), and (4) compensation for regions with high level of expenditures due to natural and weather conditions (Chukotka Autonomous area). The choice of regions to receive subsidies proceeds in an opaque fashion, and the amounts allocated are not determined by objective criteria or by formula. Russian transfer policies have suffered in the past from both a lack of transparency and a "soft" adjustment to current budgetary needs, thereby weakening incentives and responsibility at lower levels of government (Ermasova and Mikesell 2016).

A revision in the Budget Code in 2003 created the Oil Stabilization Fund, and a 2004th year revision reformed fiscal relations with the regions

and prescribed fiscal rules for subnational governments. The government's Budget Code and fiscal rules provide robust procedures for the management of the risks from volatile oil and gas revenues, government guarantees, and subnational governments.

## Budget Laws in Russia

The annual budget law covers the vast majority of tax, nontax, and nonrefundable revenue (Budget Code Article 41) collected by the federal government. The revenue from the delivery of certain non-statutory and demand-driven goods and services (e.g., health and education) is not included in budget revenue. Federal and subnational borrowing is authorized by law, and the government's debt management strategy is set out in the Ministry of Finance's Public Debt Management Report (PDMR). The budget law for the year ahead and the 2-year planning period thereafter sets ceilings on domestic and foreign debts, as well as programs for domestic and foreign borrowings. The external debt is defined by the Budget Code as debt in foreign currency, while according to international standards, it should refer to the holdings of debt by nonresidents.

The budget documentation also includes a consolidated forecast of general government revenue and expenditure (Budget Code Article 192, Paragraph 44). The government produces regular, detailed, and credible medium-term macroeconomic forecasts as part of the preparation and presentation of the annual budget (Budget Code Article 192.4). Russia has had a comprehensive and detailed medium-term budget framework mandated by the Budget Code since 2008. Budgets at the federal, subnational, and municipal level cover the upcoming year and 2-year forward planning years. The government publishes four documents which outline its fiscal strategy ahead of the preparation of the upcoming budget: (1) the President's Budget Address (required by Article 170 of the Budget Code), (2) Main Directions for Budget Policy, (3) the Main Directions for Tax Policy, and (4) Midyear Performance Report. The President's Budget Address was issued in June and outlined the key issues and the main directions of budget policy for the upcoming year. The Main Directions for Budget Policy and the Main Directions for Tax Policy contain fiscal projections for the general government, federal budget, extra-budgetary funds, and subnational budgets, an allocation of the federal budget to government programs for the upcoming year. In the Midyear Performance Report, the government reviews economic developments and fiscal performance midyear and provides prospects for the remainder of the year. According to the Budget Code (Article 192, Paragraph 1), the government should send the draft budget, including all the accompanying documentation, to the legislature (Duma) no later than October 1, 3 months before the start of the budget year. According to Article 196 of the Budget Code, the Duma should adopt the budget in three readings within 60 days of its submission, i.e., by late November. Following adoption by the Duma, the budget is sent to the upper house – Council of Federation – within 5 days. The Council of Federation should adopt it within 14 days (Article 208, Paragraph 1) and send it to the president for signature within 5 days (Article 208, Paragraph 2). In the event that budget is not adopted by the start of the financial year, monthly expenditure not exceeding 1/12 of the previous year's budget can be executed (Article 190). According to IMF (2014, p. 8), "while the Federal budget is relatively comprehensive, 14 percent is currently classified as secret for national security reasons, and there are plans for extra-budgetary expenditure and lending via sovereign wealth funds."

## Conclusions

Fiscal restructuring, including changes in relationships between governments within the nation, has been part of the change, but these changes often involve a confusing mixture of measures for greater subnational autonomy and with measures increasing central control. Problems with fiscal federalism have been a major

obstacle to economic transition in the Russian Federation. Following the revision of the Budget Code in 2004 and 2008, Russia has introduced a modern system of equalization based on indicators for tax and service capacity. The system is designed to bridge the great disparity in prosperity of the Russian regions. The system is transparent but rather complicated, especially as far as the financial incentives for tax base development are concerned. The transfer system would need to be clearly defined as redistributive and not subject to political overrides or negotiations. In the absence of such a revision, the disparities will continue, some regions will be dramatically more vulnerable to economic decline and changes in resource markets than others will, and the leaders of these vulnerable regions will lack tools to correct the results of any declines.

## Cross-References


- ▶ Constitution of the Russian Federation, The
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia


## References


Bird R (2000) A perspective on fiscal federalism in Russia. Working Paper. CEPRA, Ottawa

Budget Code of the Russian Federation N145-F3 from July 31, 1998 (with amendments up until July 23, 2013) [online]. Available from: http://www1.worldbank.org/publicsector/pe/BudgetLaws/Budget_Code_Russia_Eng1998.pdf

Ermasova N (2008) Budget system, 3rd edn. Urait, Moscow

Ermasova N, Mikesell J (2016) Fiscal disparity and equalization in the Russian Federation. Post-Communist Econ 28(1):1–15

Federal Tax Service Russia (2014) Regional tax and non tax revenue [online]. Available from: http://analytic.nalog.ru/portal/index.en-GB.htm. Accessed 14 July 2014

Federal Treasury Russia (2012) Financial reports [online]. Government of the Russian Federation, Moscow. Available from: http://www.roskazna.ru/byudzhetov-subektov-rf-i-mestnykh-byudzhetov/. Accessed 14 July 2014

IMF (2014) Russian Fedration fiscal transparency evaluation. IMF Country Report No. 14/134 [online]. Available from: http://www.imf.org/external/pubs/ft/scr/2014/cr14134.pdf

Ministry of Finance (2014) Public debt management policy of the Russian Federation for 2012–2014 [online]. Available from: http://www1.minfin.ru/common/img/uploaded/library/2011/09/Debt_policy_2012-2014.pdf. Accessed 9 Sept 2014


# Government in the Spanish Communities


Antoni Seguí-Alcaraz and
Antonio Sánchez-Ándres
Faculty of Economics, Department Applied Economics, University of Valencia, Valencia, Spain


## Synonyms

Authority; Directorate; Executive; Incumbency; Leadership; Management; Public administration; Self-determination; Self-government; Self-rule

## Definition

Government of a Spanish administrative territorial entity that, within the state constitutional legal system, is endowed with certain legislative autonomy with its own representatives and competent executive and administrative powers.

## Introduction

Rules of good governance, public information, and transparency are fundamental tools for all political action. Only when citizens know the decisions that affect them, under what criteria our institutions act or how public funds are managed can we talk of the beginning of a process in which public authorities respond to a critical and

demanding society which wants greater participation. In this way, there is a better scrutiny of public activity, thereby contributing to the much needed democratic regeneration and promoting the effectiveness and efficiency of the state and favoring economic development.

Only when the action of public officials is subject to scrutiny can citizens know what decisions are being taken that affect them, how public funds are handled, or with what criteria our institutions act. This is the starting point of a process in which public authorities respond to a society that is demanding, critical and that seeks participation with public authorities. In order to do this, first a review of legislative development is carried out, in order to later develop a comparative empirical analysis and draw conclusions.

## Clarity: Application to Economic Policy

Vergara (2007) emphasizes that the practice of clarity increases legitimacy, credibility, and trust; decreases information asymmetries; allows for better internal overseeing of politicians and officials; and prevents acts of corruption. In addition, it is considered that clarity reinforces the democratic control that citizens have the right to exercise over public administration (Pérez 2005).

Thus, greater clarity and better accountability mechanisms of the state become key criteria of legitimacy. The model of democracy that we have as a reference seeks, respecting the essence of democratic aggregations, to improve the mechanisms of representation and respond to the demand for proximity (Rosanvallon 2010), a feature of more established democracies, favoring the evaluation of economic policies.

As De León (2008) points out, there is a strong consensus in the world that clarity is an important part of the democratic process. Government clarity reduces uncertainty in decision-making thus improving governance and reducing corruption, which may favor foreign investment in the country.

Merino Cuesta (2010) says that for the evaluation of public policy, it is necessary to develop a clarity that gives legitimacy to the political decision-makers and guarantees greater independence and quality in the decision-making process. Clarity provides an incentive that can be used to increase efficiency by favoring competition for social approval by public services. Hence, it can become a stimulus to improve performance and a way of generating trust. This results in a flow of timely and reliable information from a social, economic, and political point of view that is accessible to all those involved.

## Regulations in the Autonomous Communities

All the legislation developed in the different autonomous communities is based on the Royal Decree 1418/2006 of December 1, in which the statute of the National Agency for the Evaluation of Public Policies and the quality of services is approved. The autonomous communities must use the evaluation laws in line with the regulations to demonstrate participation and cooperation with the administrations of the autonomous communities. In this section, the various legislations of the autonomous communities are detailed. First, some of their most relevant characteristics are pointed out, and then more details of the characteristics are presented in a table format (Table 1).

In Galicia, Law 4/2006, of June 30, on Transparency and Good Practices in the Galician Public Administration, already repealed in favor of a new regulation, Law 1/2016 of January 18, emphasizes the obligation of the autonomous public sector to collaborate with citizens in meeting their requests. New obligations of proactive publicity on institutional information are established, such that the General Administration of the autonomous community must set up annual and multiannual programs in which the specific objectives and activities and means necessary to execute them are defined. To this end, questionnaires are used to allow people can participate in the design and development of programs. The degree of compliance with the objectives set in the programs is evaluated periodically by the relevant bodies within the scope of the General Administration of the autonomous community. In the Balearic

**Government in the Spanish Communities, Table 1** Current situation of regulations in the autonomous communities

| Autonomous communities | State | Law/regulatory proposal |
|---|---|---|
| **1. Andalucía** | In force | Law 1/2014 of 24 June, of Public Transparency in Andalusia |
| **2. Aragón** | In force | Law 8/2015 of 25 March, of Transparency of Public Activity, and Citizen Participation in Aragon |
| **3. Islas Baleares** | In force | Law 4/2011 of 31 March, of Good Administration and Good Governance of the Balearic Islands |
| **4. Cataluña** | In force | Law 19/2014 of 29 December, of Transparency, Access to public information, and Good Governance |
| **5. Canarias** | In force | Law 12/2014 of 26 December, of Transparency and Access to public information |
| **6. Cantabria** | In force | Law 1/2018 of 21 de marzo, of Transparency of Public Activity |
| **7. Castilla-La Mancha** | In force | Law 4/2016 of 15 December, of Transparency and Good Governance of Castilla-La Mancha |
| **8. Castilla y León** | In force | Law 3/2015 of 4 March, of Transparency and Citizen Participation of Castile and León |
| **9. Comunidad de Madrid** | Bill | Open Government Bill. Citizen Participation and Transparency of the Community of Madrid, 5 April, 2016 |
| **10. Comunidad Foral de Navarra** | In force | Provincial Law 11/2012, of 21 June, on Transparency and Open Government Modified by the Law 5/2016, of 28 April |
| **11. Comunidad Valenciana** | In force | Law 2/2015, of 2 April, of the Generalitat, on Transparency, Good Governance, and Citizen Participation of the Valencian Community |
| **12. Extremadura** | In force | Law 4/2013, of 21 May, of Open Government of Extremadura |
| **13. Galicia** | In force | Law 4/2006, of 30 June, on Transparency and Good Practices in the Galician Public Administration repealed in favor of Law 1/2016, of 18 January, on Transparency and Good Governance |
| **14. País Vasco** | Bill | Bill of Transparency, Citizen Participation and Good Governance, of the Basque Public Sector |
| **15. Principado de Asturias** | In force | Law of the Principality of Asturias 8/2018, of 14 September, on Transparency, Good Governance, and Interest groups |
| **16. Región de Murcia** | In force | Law 12/2014, of 16 December, on Transparency and Citizen Participation of the Autonomous Community of the Region of Murcia |
| **17. La Rioja** | In force | Law 3/2014, of 11 September, on Transparency and Good Governance of La Rioja |

Source: compiled by the authors

Islands, Law 4/2011 of March 31 focuses attention on awarding recognition to those entities or bodies that endeavor to achieve better results in the improvement of public services by establishing measures to control and prevent conflicts of interest, along with a record of activities, assets, and interests of senior officials of the Public Administration and the Government. It also proposes the evaluation of public policies through a systemic process of observation, integrity, and transparency.

In addition, Law 3/2015 of March 4 on Transparency and Citizen Participation of Castile and León closely follows the basic regulations. Furthermore, it develops citizen participation through the Open Government Portal, where the General Administration of the Community and its autonomous organizations must submit for citizen participation any draft laws, decree projects, strategies, plans, and programs. It includes the right for citizens to comment on regulation proposals or make suggestions. To do this, the General Administration uses surveys and opinion studies on matters of interest and public debates, and groups are created by the Public Administration whose purpose is to carry out an analysis of the effects of a certain policy.

In contrast, Law 8/2015 of 25 March on Transparency of Public Activity and Citizen Participation of Aragon works to create an open

government model, expanding on aspects relating to state regulations, information on public employment, the execution of contracts and political transparency, etc. It also refers to specific agencies that are used, provided with staff and financial resources, and given scope to review decisions and establish a level of sanctions. Special emphasis is placed on the reuse of public information. Thus, all information published or made available to the public by the Government of Aragon will be reusable without prior authorization. One new inclusion is that of database records, where the program will identify when the last modification occurred and who made it.

In La Rioja the Law 3/2014 of September 11 incorporates the importance of linking administrative services, albeit with different departments or different administrative units. Electronic processing according to the provisions of Article 14 will be mandatory for legal entities or groups of individuals who, because of their economic or technical capacity, have access to technological resources.

The Valencian Community Law 2/2015 of April 2 offers very little innovation with reference to state legislation, only the inclusion of a specific regulation regarding the conditions of reuse of public information, the administrative organization of the Administration of the Generalitat and its instrumental public sector in matters of transparency, and, especially, the regulation of the Transparency Council. Law 12/2014, of June 24 of Andalusia, and of December 16 of Transparency and Citizen Participation of the Autonomous Community of the Region of Murcia, or Law 12/2014 of December 26 of the Canary Islands has content and structure similar to the state regulations.

In the community of Andalusia, it is a requirement that public administrations, public foundations, and mercantile societies publish annual and multiannual plans and programs in which specific objectives are established, as well as the activities, time, and means to meet these objectives. The degree of compliance and the results must be subjected to periodic publication and evaluation using qualitative and quantitative indicators. The evaluation of public policies is considered to be the systematic process toward an integral understanding, incorporating public intervention in order to reach an evaluative judgment based on indicators regarding policy design, implementation, impact, and results. Its purpose is to contribute to the improvement of public involvement and promote accountability and transparency.

In Cantabria the Law of Transparency of Public Activity aims to promote an open and socially responsible model of government. In its general principles on transparency, it incorporates the principle of technological neutrality, opting for the use and promotion of open-source software in its operation as well as the use of open and neutral guidelines in technology and information technology. It also imposes a series of conditions for the reuse of public information and includes a complete chapter on statistical information that citizens may request if this is not available on its Transparency Portal. This gives citizens a better understanding of the activity of the public sector and facilitates the use of data to encourage more competition in the open market. Of particular relevance is the section regarding transparency of public procurement, which indicates that information regarding building project contracts offered must be made public.

The Foral Law 11/2012 of June 21 of Transparency and Open Government of the Autonomous Community of Navarra, modified by the Law 5/2016 of April 28, makes two important additions to the basic legislation of its regulations. Firstly, it seeks to encourage citizen participation and collaboration through certain instruments such as the Citizen Participation and Collaboration Registry. It includes a series of specific rights of participation and collaboration, such as the right to participate in the evaluation of public policies and the quality of services. This gives citizens the right to be consulted periodically and regularly about their degree of satisfaction with public services and with the activities managed by the Public Administration as well as participation in the development of general regulations, to propose regulatory initiatives and the right to seek the collaboration of the Public Administration in citizen activities.

Catalonia, in the Law 19/2014 of December 29, places the emphasis on interest groups, including them in the scope of application of this Law. In addition, it contemplates the creation of a Register of interest groups, in order to make public the names of those who fulfil activities of influence or intermediation. It also establishes the obligations with which interest groups must comply, among which is the obligation to comply with or accept a code of conduct that must ensure respect for the legal framework. Castilla- La Mancha requires interest groups to register in order to demand from them a code of conduct that guarantees correct use of their ability to influence. The system of guarantees is completed by an external evaluation procedure, which is entrusted to the "Síndic de Greuges," responsible for the preparation of a general annual report to be presented to the autonomous parliament. The evaluating body must establish the key indicators that should serve as a reference for performing the evaluation task. In addition, the "Síndic de Greuges" can prepare specific evaluation reports in relation to the entities and organizations that fall within the scope mentioned in the specific regional law.

Law 4/2013 of May 21 of the Open Government of Extremadura aims to promote citizen participation in the autonomous community. The Extremeño Council of Citizens, formed by all groups and individuals wishing to take part and attend its meetings, is created for the promotion of citizen participation. Citizens have the right to submit to the Administration, based on certain requirements, proposals for processing initiatives of a regulatory nature. Reuse of this information will be done in an orderly manner and following priority criteria. Priority is given to business and commercial information, to legal information, to geographic information, and to social statistical information.

The Principality of Asturias currently has the Law 8/2018 of September 14, of Transparency, Good Governance, and Interest groups, which aims to promote a governance model that moves toward a modernizing of the Administration through criteria of open government, contributing to socially responsible behavior. La Rioja devotes an entire chapter to the reuse of information of the public sector, being able to authorize exclusive rights on certain documents. The entity that authorizes them is responsible for carrying out an annual periodic review to justify its continued authorization. In addition, an Inventory of reusable public information is created which allows access to a variety of reusable information resources available through the Transparency Portal. Its scope is extensive, exceeding that provided by the state regulations in terms of the principles and obligations of proactive publication by also encompassing political parties, trade unions, and business organizations at a regional level as well as private entities that receive subsidies or public subsidies of an amount lower than that provided for by the basic regulations. The development and approval by the Governing Council of a Strategic Transparency Plan initiative that addresses the measures which contribute to promoting and developing regional policies in this area is a positive development. Of particular interest is the free access offered to digital resources of scientific and administrative output, made available for consultation and for their use in supporting the creation of products and services, through the Institutional Repository of Asturias. There is also a chapter dedicated exclusively to the evaluation of public policies. Thus, the Asturian public administrations advocate the completion of surveys of citizen opinion on transversal or specific aspects in the respective areas of competence.

The Law 4/2016 of December 15, of Transparency and good governance of Castilla-La Mancha makes its institutional and organizational information publicly available. The publication of the work agendas of the heads of the administrative support bodies of the Administration is mandatory. In addition, the entities of the regional public sector are obliged to make public their accounts.

The Basque Country is currently processing a draft law on the subject of transparency. Regarding citizen participation, it establishes a series of specific rights, such as the right to participate in the evaluation of public policies and the quality of public services, the right to participate in the preparation of general provisions, governmental planning and significant actions, the right to

promote regulatory initiatives, or the right to request the collaboration of the public sector of the Autonomous Community of Euskadi in citizen activities.

## Conclusions

After carrying out extensive central legislative research, we can see that there is a regional impact, with all autonomous communities having legislation in place and some choosing to develop their own regulations, which suggests that there is a legislative interest in transparency. The evolution of Information Technologies (ICT) has favored making public information available to citizens, thus meeting with most of the obligations contained in the regulations. We find that the disposition for transparency is irregular and not particularly advanced, and most autonomous communities, at best, play lip service to developing a portal that includes regulatory content. This regulation does not seem to be fully interpreted in the publication of the information on the different web pages. We observe that a priori what was intended in Law 28/2006 is not fully implemented. Thus, Extremadura, Castilla-La Mancha, Cantabria, and Castile and León are the autonomous communities that least develop transparency despite the fact that Extremadura and Castilla-La Mancha have regulations in place.

## References

De Leon PC (2008) Towards a concept of transparency: origins and importance. Available at: http://ca-bi.com/blackbox/wp-content/uploads/downloads/2012/08/Transparencia1.pdf. Searched 2 Sept 2019

Merino Cuesta M (2010) Fundamentals of public policy evaluation. Ministry of Territorial Policy and Public Administration (AEVAL), Madrid

Pérez J (2005) Implications of transparency in the field of public accounting and internal control. Budget Public Expend 38:113–122

Rosanvallon P (2010) La société des égaux, París: Seuil

Vergara R (2007) La Transparencia como Problema. Instituto Federal De Acceso a la Información Pública (IFAI) 5:5–43

# Government Reforms and Public Administration Quality

Mohammad Nurunnabi
Department of Accounting, College of Business Administration, Prince Sultan University, Riyadh, Saudi Arabia

## Synonyms

Corruption; Government reforms; Public administration; Quality

## Definition

Regime change refers to the replacement of one administration or government by another, especially through political or military action or force. Reforms in government refer to change and improvement in socioeconomic status, law, and institutions.

## Introduction

Globally, "many governments have embarked on administrative reforms of one kind or another, engaging in rhetoric that resonates with the global paradigms of 'new public management' and 'good governance'" (Cheung 2005, p. 257). Research on public administration quality are not limited (Robinson 2015; Overeem 2008, 2015; Mihaiu et al. 2010; United Nations 2007; Scott 1995, 2005; Tampieri 2005; Mihai 2005; Samier 2005; Zafarullah 1987). There is mixed evidence of public administration quality under various political regimes. For instance, Cho et al. (2013, p. 131) suggest that "bureaucratic professionalism is the only feature to consistently and positively affect the quality and effectiveness of government, regardless of context. However, perhaps more interestingly, bureaucratic professionalism functions differently within different democratic contexts. More specifically . . . bureaucratic

professionalism works better in less democratic countries in terms of its impact on bureaucratic performance." Cheung (2005) also highlights that political challenges to the old regime were on the rise in Asia, which trigger nation-specific conditions shaped or dictated by institutional and path-dependency factors. He also argues that the factors may be determined by changing politics-bureaucracy relations, regime change and transition, and government-society interaction (e.g., whether public pressures can induce more proactive response from government leaders).

The purpose of this entry is to provide a concise overview of what is known about government reforms and public administration quality. It begins with our understanding of political regimes, government reforms, and public administration quality based on prior research. It then turns to a global evidence of public administration quality and government integrity. Finally, this entry concludes with practical considerations of policy.

## Prior Research and Theory

Zafarullah (1987) finds that Bangladesh's performance of administration quality after the first decade since independence exhibits a multifaceted government had deep impact upon the administrative dimensions including corruption and unstable political leadership. Later, Islam (2005, p. 1022) argues that:

> Due to the socioeconomic and political realities, the role of public bureaucracies in development in Bangladesh and Nigeria has always been complicated. . . . have been deterred by administrative corruption, the elitist characters of bureaucrats, and the lack of political commitment. He also finds that the civil servants in Bangladesh and Nigeria have been more interested in serving their own interests than in protecting the democratic rights of the public. Bureaucracies in Bangladesh have always been conservative, self-preservative, parochial, elitist, non-participative or undemocratic, and anti-development. Likewise, the bureaucracies in Nigeria are also nonparticipative and anti-developmental. Lack of administrative accountability and coordination and the reluctance of bureaucrats to delegate administrative responsibilities . . ..

Scott (1995) addressed three dimensions in discussing the regime change and bureaucratic response in Hong Kong: "(a) the traditional values of the Hong Kong public service, some of which have been maintained despite historical changes to the tasks of government; (b) the effect of Chinese resumption of sovereignty on these values; and (c) what lessons, if any, maybe drawn for public administration in other transitional, especially small, states." He stresses that bureaucracy is deeply rooted in Hong Kong.

Cheung (2005) discusses Asian administrative reforms against the background of international influence, policy diffusion, domestic politics, institutional dynamics, and administrative traditions and legacies. It has been argued that the bureaucracy-dominated nature of policy-making is seen in many Asian countries. Two types of "failures" were being addressed by such reforms. For example, "the failure (as in India and the Philippines) to create an effective and relatively incorrupt Weberian bureaucracy, and the putative failure of Weberian bureaucracies in more advanced countries such as Japan and Korea" (p. 257). The study reveals that the "old" public administration regime largely coexisted with the "new" public management approaches and tools.

Tampieri (2005) discusses performance indicator systems of Austria, Italy, and Slovenia. She argues that the Italian public administration reform is based on the principle of *buon governo*. For instance, the reforms of the public sector in Canada were based on improving human resource management, enhancing staff training and development, using performance incentives, making government more efficient, improving quality of services, partnerships with organizations/agencies outside central government, management of finance, and more effective managing in public administration. In Germany, performances of public administration are mainly oriented to outputs (objectives and outcomes) rather than inputs with the introduction of NPM. In Netherlands, significant management reforms involve decentralization to organizations at subnational level, devolution of responsibility and wider managerial autonomy, commercialization

of the public sector, and a public/private partnership.

Mihaiu et al. (2010) examine the performance of the public sector in Romania against the EU average and find that that the total score of Romania is below the EU average. Importantly, Romania has the first six indicators below the EU average with the except of economic performance that is above average.

Cho et al. (2013, p. 120) argue that the principal-agent model supports NPM. The principal is believed to reduce corruption and improve delivery of services through bureaucratic agents. However, there is a drawback in the principal-agent approach to NPM in developing countries. This is due to "political will to engage in vigorous monitoring is lacking, or worse yet, the principal is corrupt . . .In other words, the standard assumption of such a principal agent approach is that the principal is not corrupt, . . .. . . World Bank is better suited to less developed countries than NPM when considering the political context of those countries."

From a theoretical perspective, Weberian bureaucracy has been heavily criticized from the perspective of new public management (NPM). This is because the NPM advocates the pursuit of bureaucratic reforms that ostensibly intend to alter through the inception of "market principles" (Pollitt 2009). Drawing on the original insight of Weberian bureaucracy, Evans and Rauch (2000) investigated the model of bureaucracy through specific factors including recruitment, internal promotion, career stability, and competitive salaries. Evans (1995) argues that governments in less developed countries should form Weberian bureaucracy.

## Global Evidence on Public Administration Quality and Government Integrity

This inquiry provides global evidences based on the World Bank data (World Bank 2017). The data on CPIA quality of public administration rating (1 = low to 6 = high) has been used. According to World Bank (2017):

> Quality of public administration assesses the extent to which civilian central government staff is structured to design and implement government policy and deliver services effectively. Accordingly, higher scores can be attained by a country that, given its stage of development, has a policy and institutional framework that more strongly fosters growth and poverty reduction. The country teams that prepare the ratings are very familiar with the country, and their assessments are based on country diagnostic studies prepared by the World Bank or other development organizations and on their own professional judgment.

Each cluster of CPIA has equal weight (25% weight) in the overall score, which is obtained by averaging the average scores of the four clusters. For each of the 16 criteria, countries are rated on a scale of 1 (low) to 6 (high). The scores depend on the level of performance in a given year assessed against the criteria, rather than on changes in performance compared with the previous year. All 16 CPIA criteria contain a detailed description of each rating level (World Bank 2017).

However, there are some limitations in the CPIA scoring. For example, the CPIA exercise is intended to capture the quality of a country's policies and institutional arrangements. It means that CPIA score focuses on key elements that are within the country's control, rather than on outcomes (such as economic growth rates) that are influenced by events beyond the country's control. In addition, the CPIA measures the extent to which a country's policy and institutional framework supports sustainable growth and poverty reduction and, consequently, the effective use of development assistance.

On the other hand, government integrity means the extent to which the country has freedom from corruption. According to Heritage Foundation (2016), "Corruption erodes economic freedom by introducing insecurity and uncertainty into economic relationships . . . The score for this component is derived primarily from Transparency International's Corruption Perceptions Index (CPI), which measures the level of corruption in

183 countries." For instance, the CPI is based on a 10-point scale in which a score of 10 indicates very little corruption and a score of 0 indicates a very corrupt government. In scoring freedom from corruption, the index converts the raw CPI data to a scale of 0–100 by multiplying the CPI score by 10. If a country's raw CPI data score is 5.5, its overall freedom from corruption score is 55.

Table 1 provides CPIA quality of public administration rating for 69 countries (see also Fig. 1). Nine of the countries were subject to the lowest score (below 2.5). The score is based on the average between 2005 and 2016. Zimbabwe is the worst performer for public administration quality with a score of 1.96.

| | |
|---|---|
| Zimbabwe | 1.96 |
| Solomon Islands | 2.08 |
| Sudan | 2.25 |
| Afghanistan | 2.27 |
| Congo, Dem. Rep. | 2.29 |
| Togo | 2.29 |
| Timor-Leste | 2.32 |
| Comoros | 2.33 |
| Cote d'Ivoire | 2.38 |

On the other hand, 11 countries were subject to the best performer of public administration quality (a score 3.50 and above). In particular, three countries were found to be the highest scorers, namely, Samoa (3.92), Bhutan (4.00), and Cabo Verde (4.00).

| | |
|---|---|
| Burkina Faso | 3.50 |
| Dominica | 3.50 |
| Ghana | 3.50 |
| India | 3.50 |
| Maldives | 3.50 |
| Senegal | 3.50 |
| Rwanda | 3.54 |
| Georgia | 3.78 |
| Samoa | 3.92 |
| Bhutan | 4.00 |
| Cabo Verde | 4.00 |

Table 2 presents the CPIA quality of public administration rating according to World Bank Country and Lending Groups. In terms of region, four regions scored 3 and above. These are as follows:

- Europe and Central Asia (3.13)
- Latin America and Caribbean (3.10)
- South Asia (3.22)

The lowest performing regions were:

- East Asia and Pacific (2.92)
- Middle East and North Africa (2.69)
- Sub-Saharan Africa (IDA and IBRD countries) (2.87)

By income classification, it is understandable that the countries with higher income contribute to higher level of public administration quality. In this case, the highest score was found in upper middle-income group followed by lower middle-income and low-income group countries.

In the case of government integrity, eight countries were found to be the lowest scorer (higher level of corruption):

The lowest score 20 and below:

| | |
|---|---|
| Sudan | 11.0 |
| Afghanistan | 12.0 |
| Eritrea | 18.0 |
| Uzbekistan | 18.0 |
| Guinea-Bissau | 19.0 |
| Haiti | 19.0 |
| Yemen | 19.0 |
| Burundi | 20.0 |

In addition, 10 countries were subject to the highest score (40 and above) (low level of corruption):

| | |
|---|---|
| Sao Tome and Principe | 42.0 |
| Senegal | 43.0 |
| Ghana | 48.0 |
| Lesotho | 49.0 |
| Rwanda | 49.0 |
| Georgia | 52.0 |
| Samoa | 52.0 |
| Cabo Verde | 57.0 |
| Dominica | 58.0 |
| Bhutan | 65.0 |

**Government Reforms and Public Administration Quality, Table 1** CPIA quality of public administration rating ($n = 69$)

| Country name | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Afghanistan | N/A | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.27 |
| Bangladesh | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Benin | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Bhutan | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4.00 |
| Bolivia | 3.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | N/A | 3.05 |
| Burkina Faso | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.50 |
| Burundi | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Cabo Verde | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4.00 |
| Cambodia | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Cameroon | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Chad | 2.5 | 3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.54 |
| Comoros | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.33 |
| Congo, Dem. Rep. | 2.5 | 2.5 | 2.5 | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.29 |
| Congo, Rep. | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Cote d'Ivoire | 2 | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 | 2.38 |
| Djibouti | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Dominica | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.50 |
| Eritrea | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.5 | 2.5 | 2.92 |
| Ethiopia | 3 | 3 | 3 | 3 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.33 |
| Gambia, The | 3 | 3 | 3 | 3 | 3 | 3 | 3.5 | 3 | 3 | 3 | 3 | 3 | 3.04 |
| Georgia | 3.5 | 3.5 | 3.5 | 4 | 4 | 4 | 3.5 | 4 | 4 | N/A | N/A | N/A | 3.78 |
| Ghana | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.50 |
| Guinea | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Guinea-Bissau | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Guyana | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Haiti | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| India | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | N/A | N/A | N/A | 3.50 |
| Kenya | 3 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.46 |
| Kiribati | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Kosovo | N/A | N/A | N/A | N/A | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 2.88 |
| Kyrgyz Republic | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.92 |
| Lao PDR | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.96 |
| Lesotho | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Liberia | N/A | N/A | N/A | N/A | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.50 |
| Madagascar | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 3.00 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Malawi | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3 | 3 | 2.5 | 2.5 | 2.5 | 3.13 |
| Maldives | 4 | 4 | 4 | 4 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3 | 3 | 3 | 3.50 |
| Mali | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.79 |
| Mauritania | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Moldova | 3 | 3 | 3 | 3.5 | 3 | 3 | 3 | 3 | 3.5 | 3.5 | 3.5 | 3.5 | 3.21 |
| Mongolia | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3.5 | 3 | 3.42 |
| Mozambique | 3 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.96 |
| Myanmar | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 2.5 | 3 | 2.5 | 2.5 | 2.63 |
| Nepal | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Nicaragua | 3.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.04 |
| Niger | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Nigeria | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.75 |
| Pakistan | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3.46 |
| Papua New Guinea | 3 | 2.5 | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.83 |
| Rwanda | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 4 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.54 |
| Samoa | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 4 | 4 | 3.92 |
| Sao Tome and Principe | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Senegal | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.50 |
| Sierra Leone | 3 | 3 | 3 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.96 |
| Solomon Islands | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2.08 |
| Sri Lanka | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | N/A | 3.00 |
| Sudan | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2 | 2 | 2 | 2 | 2 | 2 | 2.25 |
| Tajikistan | 2.5 | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.83 |
| Tanzania | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3.5 | 3.25 |
| Timor-Leste | N/A | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2 | 2 | 2 | 3 | 2 | 2 | 2.32 |
| Togo | 2 | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 3 | 2.29 |
| Tonga | 2.5 | 2.5 | 3 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.29 |
| Uganda | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Uzbekistan | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.88 |
| Vanuatu | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.88 |
| Vietnam | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3 | 3.5 | N/A | 3.45 |
| Yemen, Rep. | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.5 | 2 | 2.88 |
| Zambia | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Zimbabwe | 2 | 2 | 1.5 | 1 | 1.5 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 1.96 |

Note: *N/A* the data are not available
Source: World Bank (2017)

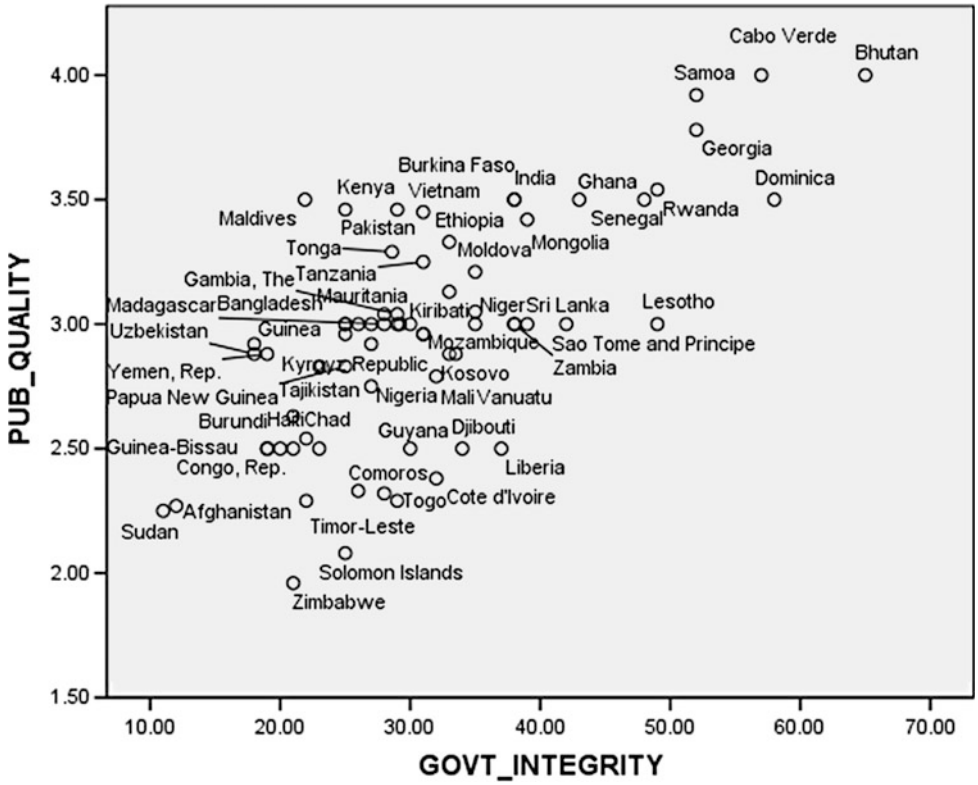


**Government Reforms and Public Administration Quality, Fig. 1** Public administration quality and government integrity

Table 3 presents descriptive statistics of public administration quality (PUB_QUALITY) and government integrity (GOVT_INTEGRITY) for 69 countries. The mean score of PUB_QUALITY was 2.9587 with standard deviation of 0.4565. The mean score of GOVT_INTEGRITY was 31.2058 with standard deviation of 10.6909.

A one-sample t-test was run to determine whether the score of PUB_QUALITY was different to the score of GOVT_INTEGRITY (as presented in Table 4). Both scores of PUB_QUALITY and GOVT_INTEGRITY were normally distributed, as assessed by Shapiro-Wilk's test ($p > 0.05$), and there were no outliers in the data, as assessed by inspection of a boxplot.

PUB_QUALITY score was statistically significantly lower than the population normal score, $t(68) = 53.842$, $p = 0.001$. GOVT_INTEGRITY score was statistically significantly lower than the population normal score, $t(68) = 24.246$, $p = 0.001$. In this case, $p < 0.001$ ($p = 0.001$). Therefore, it can be concluded that the population means are statistically significantly different.

Table 5 shows the results of bootstrap for one-sample test. For PUB_QUALITY, $p < 0.001$ with 95% confidence interval (2.8536–3.0589) and mean difference of 2.9587, and for GOVT_INTEGRITY, $p < 0.001$ with 95% confidence interval (28.8104–33.7234) and mean difference of 31.2058.

Table 6 presents the correlation results. Based on the Kendall's tau_b, GOVT_INTEGRITY is positively correlated with PUB_QUALITY 0.486 ($p < 0.01$). From Spearman's rho, it is found that GOVT_INTEGRITY is positively correlated with

**Government Reforms and Public Administration Quality, Table 2** CPIA quality of public administration rating according to World Bank Country and Lending Groups

| By region | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| East Asia and Pacific | 2.95 | 2.92 | 2.91 | 3.00 | 3.00 | 3.05 | 2.88 | 2.86 | 2.83 | 3.00 | 2.83 | 2.75 | 2.92 |
| Europe and Central Asia | 3.10 | 3.00 | 3.06 | 3.25 | 3.17 | 3.17 | 3.13 | 3.19 | 3.25 | 3.10 | 3.10 | 3.10 | 3.13 |
| Latin America and Caribbean | 3.22 | 3.11 | 3.11 | 3.11 | 3.06 | 3.11 | 3.11 | 3.06 | 3.06 | 3.06 | 3.11 | 3.13 | 3.10 |
| Middle East and North Africa | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.50 | 2.25 | 2.69 |
| South Asia | 3.43 | 3.25 | 3.25 | 3.25 | 3.19 | 3.19 | 3.25 | 3.25 | 3.19 | 3.14 | 3.14 | 3.08 | 3.22 |
| Sub-Saharan Africa (IDA and IBRD countries) | 2.88 | 2.89 | 2.91 | 2.86 | 2.91 | 2.92 | 2.88 | 2.83 | 2.82 | 2.86 | 2.84 | 2.87 | 2.87 |
| By income | | | | | | | | | | | | | |
| Lower middle-income | 3.00 | 2.97 | 2.99 | 3.04 | 3.01 | 3.04 | 2.99 | 2.99 | 2.98 | 3.01 | 2.96 | 2.90 | 2.99 |
| Low-income | 2.87 | 2.83 | 2.83 | 2.78 | 2.84 | 2.86 | 2.84 | 2.78 | 2.78 | 2.78 | 2.76 | 2.79 | 2.81 |
| Upper middle-income | 3.33 | 3.25 | 3.35 | 3.40 | 3.35 | 3.35 | 3.25 | 3.18 | 3.14 | 3.20 | 3.15 | 3.15 | 3.26 |
| High-income | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| By lending | | | | | | | | | | | | | |
| IBRD only | 3.33 | 3.21 | 3.22 | 3.28 | 3.28 | 3.28 | 3.13 | 3.19 | 3.19 | 3.00 | 3.17 | N/A | 3.21 |
| IDA total | 2.95 | 2.92 | 2.95 | 2.95 | 2.96 | 2.98 | 2.95 | 2.91 | 2.90 | 2.95 | 2.90 | 2.89 | 2.93 |
| IDA blend | 3.10 | 3.06 | 3.06 | 3.09 | 3.09 | 3.16 | 3.13 | 3.13 | 3.13 | 3.19 | 3.16 | 3.09 | 3.12 |

Note: *N/A* the data are not available
Source: World Bank (2017)

**Government Reforms and Public Administration Quality, Table 3** Descriptive statistics

| | | | Bootstrap[a] | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% confidence interval | |
| | | Statistic | Bias | Std. error | Lower | Upper |
| PUB_QUALITY | N | 69 | | | | |
| | Mean | 2.9587 | −0.0021 | 0.0533 | 2.8536 | 3.0589 |
| | Std. deviation | 0.4565 | −0.0058 | 0.0357 | 0.3768 | 0.5193 |
| | Std. error mean | 0.0549 | | | | |
| GOVT_INTEGRITY | N | 69 | | | | |
| | Mean | 31.2058 | −0.0122 | 1.2524 | 28.8104 | 33.7234 |
| | Std. deviation | 10.6909 | −0.1405 | 1.09778 | 8.4043 | 12.6521 |
| | Std. error mean | 1.2870 | | | | |

[a]Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

**Government Reforms and Public Administration Quality, Table 4** One-sample test

| | Test value = 0 | | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% confidence interval of the difference | |
| | t | df | Sig. (2-tailed) | Mean difference | Lower | Upper |
| PUB_QUALITY | 53.842 | 68 | 0.001 | 2.9587 | 2.8490 | 3.0684 |
| GOVT_INTEGRITY | 24.246 | 68 | 0.001 | 31.2058 | 28.6376 | 33.7740 |

**Government Reforms and Public Administration Quality, Table 5** Bootstrap for one-sample test

| | | Bootstrap[a] | | | | |
|---|---|---|---|---|---|---|
| | | | | | 95% confidence interval | |
| | Mean difference | Bias | Std. error | Sig. (2-tailed) | Lower | Upper |
| PUB_QUALITY | 2.9587 | −0.0021 | 0.0533 | 0.001 | 2.8536 | 3.0589 |
| GOVT_INTEGRITY | 31.2058 | −0.0122 | 1.2524 | 0.001 | 28.8104 | 33.7234 |

[a]Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

**Government Reforms and Public Administration Quality, Table 6** Correlations

| | | PUB_QUALITY | GOVT_INTEGRITY |
|---|---|---|---|
| Kendall's tau_b | PUB_QUALITY | 1 | |
| | GOVT_INTEGRITY | 0.486[a] | 1 |
| Spearman's rho | PUB_QUALITY | 1 | |
| | GOVT_INTEGRITY | 0.639[a] | 1 |

[a]Correlation is significant at the 0.01 level (two-tailed)

PUB_QUALITY 0.639 ($p < 0.01$). Because of this, it can be concluded that there is a statistically significant correlation between PUB_QUALITY and GOVT_INTEGRITY. It means that the countries with high level of corruption are subject to lower quality of public administration.

## Conclusion

This entry has provided an overview of regime changes, government reforms, and public administration quality. It began with a discussion of political regime changes, government

reforms, and public administration quality. From a theoretical perspective, the development of public sectors was mixed around the globe. This depends on various factors including government quality, economic freedom, and social-institutional settings. Based on the evidence of the global data (69 countries), it is found that several countries were subject to poor public administration quality (Zimbabwe, Solomon Islands, Sudan, Afghanistan, Congo, Dem. Rep., Togo, Timor-Leste, Comoros, and Cote d'Ivoire), while several countries were found with the highest public administration quality like Burkina Faso, Dominica, Ghana, India, Maldives, Senegal, Rwanda, Georgia, Samoa, Bhutan, and Cabo Verde. Interestingly, the countries with higher income contribute to higher level of public administration quality. For example, upper middle-income group had higher quality of public administration compared to lower middle-income and low-income group countries. In addition, some countries were with higher level of corruption like Sudan, Afghanistan, Eritrea, Uzbekistan, Guinea-Bissau, Haiti, Yemen, and Burundi.

This entry concludes that government integrity is positively correlated with public administration quality. It means that countries' higher level of corruption was exerting lower quality of public administration. The entry has major implications for policy-makers locally and internationally on how to improve the public administration quality.

## Cross-References


- ▶ Corruption
- ▶ Regime Changes and Public Administration in Ghana


## References


Cheung ABL (2005) The politics of administrative reforms in Asia: paradigms and legacies, paths and diversities. Governance 18:257–282

Cho W, Im T, Porumbescu GA, Lee H, Park J (2013) A cross-country study of the relationship between weberian bureaucracy and government performance. Int Rev Public Adm 18(3):115–137

Evans P, Rauch J (2000) Bureaucratic structure and bureaucratic performance in less developed countries. J Public Econ 75(1):49–71

Evans P (1995) Embedded autonomy: states and industrial transformation. Princeton University Press, Princeton

Heritage Foundation (2016) 2016 Index of economic freedom. Government Integrity. Available at: http://www.heritage.org/index/download. Accessed 8 Jan 2018

Islam R (2005) Bureaucracy and administrative development Bangladesh and Nigeria: a comparative analysis. Int J Public Adm 28(11–12):1009–1030

Mihai A (2005) Romanian Central Public Administration and the challenges of Europeanisation, Working Paper, FG 2, 2005/03. SWP, Berlin

Mihaiu DM, Opreana A, Cristescu MP (2010) Efficiency, effectiveness and performance of the public sector. Rom J Econ Forecast 4:132–147

Overeem P (2008) The concept of regime values are revitalization and regime change possible? Paper presented at Netherlands Institute of Government annual conference, Enschede, 20–21 Nov 2008

Overeem P (2015) The concept of regime values: are revitalization and regime change possible? Am Rev Public Adm 45(1):46–60

Pollitt C (2009) Structural change and public service performance. Public Money Manag 29(5):285–291

Robinson M (2015) From old public administration to the new public service implications for public sector reform in developing countries. UNDP Global Centre for Public Service Excellence. #08-01, Block A, 29 Heng Mui Keng Terrace, 119620, Singapore

Samier E (2005) Toward a Weberian public administration: the infinite web of history, values, and authority in administrative mentalities. Halduskultuur 6:60–94

Scott I (1995) Regime change and bureaucratic response: Hong Kong in transition. Public Adm Dev 15(3):225–231

Scott I (2005) Public administration in Hong Kong: regime change and its impact on the public sector. Public Administration in Asia. Marshall Cavendish International, Singapore

Tampieri L (2005) Performance evaluation indexes in public administration: some issues of their actual usefulness. Uprava, letnik III(2):59–82

United Nations (2007) Public administration and democratic governance: governments serving citizens. 7th Global forum on reinventing government building trust in government, 26–29 June 2007, Vienna, Austria

World Bank (2017) CPIA quality of public administration rating. Available at: https://data.worldbank.org/indicator/IQ.CPA.PADM.XQ. Accessed 8 Jan 2018

Zafarullah HM (1987) Public administration in the first decade of Bangladesh: some observations on developments and trends. Asian Surv 27(4):459–476

# Government Spending Priorities in Uganda

*Evidence from Panel Data*

Hamid Eltgani Ali[1,2] and Omong Mark Donald[1]
[1]Department of Public Policy and Administration, The American University in Cairo, School of Global Affairs and Public Policy, New Cairo, Egypt
[2]Doha Institute for Graduate Studies, Doha, Qatar

## Synonyms

Defense spending-military spending; Economic growth-economic progress; Economic growth-fiscal growth; Human capital-human resource; Public spending-civic spending

## Definition

The World Bank Group defines gross domestic product (GDP) as a monetary measure of the market value of goods and services produced in a year.

SIPRI (2014) defines military spending as all current and capital expenditure on the armed forces, including peacekeeping forces; defense ministries and other government agencies engaged in defense projects; paramilitary forces when judged to be trained, equipped, and available for military operations; and military space activities.

## Introduction

Government spending priorities and patterns in developing countries have continued to change dramatically over the past decades which makes it important to analyze the contribution of various government expenditures toward stimulating production and growth and ensuring poverty reduction (Fan and Zhang 2008). The management of the public sector as well as public expenditure plays a significant role in poverty reduction. However, this raises substantial challenges to countries with weak political commitment to pro-poor policy reforms as well as ineffective budget and planning systems (Williamson and Canagarajah 2003).

Pieroni (2009) argues that various economic growth theories tend to imply that government spending plays an important role in the long-term economic growth rate. However, the impact largely depends on the size and nature of the intervention and the different sectors of public spending because different sectors usually exhibit heterogeneous impact toward economic growth. Dakurah et al. (2001) have argued that spending in sectors like defense can impact economic growth either negatively through crowding out investment or positively through expansion of aggregate demand. This article brings to light the experience of Uganda which will be of great value to policy makers as it will illustrate how spending in certain government sectors affects economic growth.

## What the Literature Says About Government Spending

The literature on government spending is generally divided into three broad perspectives. One argues that government spending can stimulate economic growth, another argues that government spending can slow growth, and the third argues that government spending can have a neutral effect on economic growth.

### Determinants of Economic Growth

There has been an increase within the past 5 years in the quantity of research carried out to assess the factors driving economic growth in the OECD countries (Bessanini and Scarpetta 2001). Some of the determinants of economic growth that are connected to government spending include the following.

#### Physical and Human Capital

Barro (2001) argues that since the 1980s, most of the focus of macroeconomics has been toward stimulating long-term economic growth. Human

capital can be determined by the educational level that the citizens of the country attain. Chen and Feng (1998) argue that human capital is important toward achieving economic growth. To add on, the government needs to build more schools, produce better quality students, and also improve on the health-care services. Physical capital can be a major factor in determining the amount of real output per capita although this may depend on the level of technological innovation (UNTCAD 2012). It is therefore imperative for governments to direct public funds in sectors that are more productive and promote the welfare of the people.

### Expenditure on Research and Development

Petrakos and Arvantidis (2008) assert that government emphasis on research and development with consistent innovation can play a very important role in increasing production, growth, and general progress of the economy. This is because of the trend of adoption of technology which facilitates the application of efficient and effective superior ways of producing goods and services. An increase in government spending on research and development can lead to the development of new technologies as well as more effective and efficient strategies of utilizing resources and capital (Bessanini and Scarpetta 2001).

### Financial Development

Better financial systems with fewer costs encourage business and economic growth, whereas bad financial systems tend to discourage investment and growth. Khan (2001) states that there are normally costs associated with provision of financial services especially as regards borrowers and lenders. When better financial policies are made, there will be an increased number of businesses which gain access to the finance sector which then reduces the original cost of intermediation and leads to an increase in the investment returns.

## Negative Effects of Government Spending

Alsharani and Alsadiq (2014) argue that several studies investigate the relationship between government spending and economic growth using different empirical methodologies, and yet the results are inconclusive. Ramey (2009) notes that it is crucial for us to understand the positive and negative effect of government spending on GDP. Cullen and Fishback (2006) argue that analysis of spending on local retail sales generally shows a negative effect of government spending on private consumption. Miron (2010) reasons that other expenditures like Medicare and Social Security account for most of nonmilitary, non-interest expenditure. Much of the other expenditure, however, has negative effects that plausibly outweigh any positive effects. These programs have modest direct effects on the debt outlook and also reduce economic efficiency, which contributes to the debt indirectly by lowering economic growth. One example of wasteful federal spending is agricultural subsidies, which pay farmers to leave their fields fallow, reducing supply and raising agricultural prices which is a loss for consumers. Subsidies also change the amount and manner of farming, distorting the use of land for farming versus other activities. Also as regards education, the argument for government subsidy holds that private demand is insufficient, because education might generate positive externalities, implying the social benefit exceeds the private benefit. In that case, individuals purchase less than is socially optimal. Also private demand might be too low because some people cannot afford education or borrow to finance it. This is less efficient than an alternative method of vouchers. Under a voucher system, governments provide students with pieces of paper that schools accept as payment because the government redeems them for money which becomes more efficient.

## Factors Hindering Economic Growth in Africa

Some of the factors that hinder the progress of economic growth in Africa include the following.

### High Public Spending

Chen (2006) argues that public spending tends to be either productive or consumptive in nature. Huge public spending that is productive can lead to economic growth, whereas huge consumptive public spending does not lead to economic growth. Sub-Saharan African countries have tendency to carry out excessive public spending which is bad for the economy (UNTCAD 2012).

### Defense Spending and Economic Growth

Gerace (2002) argues that the nexus between defense spending and economic growth is not easy to generalize. However, there is great deal of literature published by political scientist and economists that does not depict any general consensus on whether defense spending affects economic growth positively or negatively. Aizeman and Glick (2003) have also noted that the effect of defense spending on economic growth is a non-linear function.

Yakovlev (2007) states that under the Keynesian effect, defense spending increases aggregate demand with extra capacity which increases on utilization of capital and reduces on unemployment, hence stimulating growth through infrastructure development, education, and research and development among others. On the supply side, the defense sector strains the civilian sector for human capital, physical labor, and even natural resources.

Smaldone (2006) argues that the concept of military spending in Africa just like other regions denotes to a relationship where the defense sectors financially compete with other public sectors, which in turn affects the distribution of available goods and social economic outlook, hence the concept of guns versus butter.

### Positive Impact of Defense Spending

Cuaresma and Reitschuler (2004) advance the argument that defense spending can stimulate growth and that defense cuts can have negative effect on economic growth of a country. This kind of argument has been very popular in the United States. This can be explained by a strong link to the multi-industrial complex of the politics.

### Negative Impact of Defense Spending

Hannah (2003) argues that the single biggest obstacle to development is the worldwide expenditure on the military. This is because the military crowds-out the civilian investments that are more productive, and if the military imports are substantial, then this will even create a balance of payment problem for the country. The econometric model asserts that increased military spending discourages investments as it could signal the existence of underlying tension that contains the potential of conflict (Arunatilake et al. 2001).

### Drivers of Economic Growth in Africa

Most African countries have been experiencing economic growth at a faster rate since the beginning of the millennium. Their economic growth has been experienced in the areas of trade, increase in government revenue, infrastructural development, and provision of better social services. Between 2001 and 2008, Africa was one of the fastest growing regions in the world. But despite all the progress, the current growth rate is neither sustainable nor inclusive. African countries rely heavily on natural resources as their economic drivers. However, most of these resources which include minerals and non-minerals are being exhausted at a fast rate. Africa still experiences low per capita agriculture output compared to the global average. More so, it is estimated that about 30% of the sub-Saharan population is malnourished. This means that more effort should be made toward intensifying agricultural production in the African region [UNCTAD (2012)].

## Data Sources

The article reflects panel data from the World Bank Database and Stockholm International Peace Research Institute from 1988 to 2012 because this time frame has got available data from the World Bank and Stockholm International Peace Research Institute. It was made up of GDP, GDP growth, GDP per capita and military spending, spending on health, spending on education, spending on agriculture, and spending on industry as a percentage of GDP. The regression used both the fixed effects model and dynamic panel data model. The article reflected the regression analysis which entailed

GDP Growth it = $f$ (Military $\text{Spending}_{it}$, Military $\text{Spending}^2_{it}$, Agricultural $\text{Spending}_{it}$, Industrial $\text{Spending}_{it}$, Spending on Research and $\text{Development}_{it}$, spending on $\text{health}_{it}$, spending on $\text{education}_{it}$, spending on $\text{exports}_{it}$, $\xi_{it}$).

## Spending Priority Sectors and Their Significance

The regression results are presented using both fixed effects model and dynamic panel data

model. These models were chosen because the fixed effects model provides room for diagnostic information about the extent of heterogeneity in the panel data. Furthermore, the dynamic panel data model allows for greater heterogeneity in the parameters in comparison to the fixed effects model. The dynamic panel data has also got the advantage of controlling for the effects of unobserved or missing variables.

Under the fixed effects model in Table 1, the variable of military spending is significant at 10% in model 1. In model 2, military spending is also significant at 10%. Military spending$^2$ becomes significant at 5% in model 1, and in model 2, it is not significant. Industry value added is statistically significant at 1% in model 1, while in model 2, industry value added is significant at 5%. Agriculture value added is significant at 5% in model 1 and is also significant at 5% in model 2. The health, education, and export variables are not significant in both models 1 and 2

As regards the coefficient, the variable of Lag $GDPl_{it-1}$ is not significant in model 2. Regarding the interpretation of the model, an increase in military spending on model 1 by 1% lowers GDP by −025% as derived from Bm1 + 2-(Bmilex$^2$) = −0.1832821 + 2(−0.032626) = −0.25%.

In model 2, an increase in military spending by 10% impacts GDP by 0.08%. As the variable of industry value added increases by 5%, it will negatively impact GDP by −0.65% and by −0.42% in model 1 and model 2, respectively. The health variable is not statistically significant in both model 1 and model 2. Also, the education variable is not statistically significant in model 1 and model 2.

Agriculture value added is significant at 5% and negatively impacts GDP by 0.43% in model 1 and model 2; agriculture value added is significant at 5% and negatively impacts GDP by 0.37%. The export variable in model 1 is not significant.

Model 1 shows the effect of military spending$^1$, military spending$^2$ industry value added, and agriculture value added which have a statistical significance on the GDP. Model 2 shows the effect of military spending$^1$, industry value added, and agriculture value added which are significant variables and affect economic growth.

Interestingly, military spending negatively affects the level of economic growth for Uganda which connects with previous studies of Ali (2012), Dunne (2010), and Eric and Hamid (2009) who have advanced arguments that military spending has a negative impact on economic growth.

Furthermore, previous studies have argued that spending in public sectors which are productive stimulates economic growth. In model 1, education and health were depicted as not significant to economic growth. Model 2 did not show the significance of the health variable, while education

**Government Spending Priorities in Uganda, Table 1** Panel data estimates with GDP as a dependent variable

| Variables | Model 1: fixed effects | Model 2: dynamic panel data model |
|---|---|---|
| Lag GDP $L1_{it-1}$ | | −0.2322212 (0.70) |
| Military Spending, $Milex1_{it}$ | −0.1832821 (1.6)[a] | 0.0756912 (1.77)[a] |
| Military Spending, $Milex^2_{it}$ | −0.032626 (2.71)[b] | |
| Industry Value $Added_{it}$ | −0.6456302 (2.88)[c] | −0.4237822 (2.14)[b] |
| $Health_{it}$ | −0.0576703 (0.31) | 0.2151931 (1.1) |
| $Education_{it}$ | −0.1335256 (0.22) | 0.7122911 (1.48) |
| Agriculture Value $Added_{it}$ | −0.4323112 (2.73)[b] | −0.3696432 (2.41)[b] |
| $Export_{it}$ | 0.1687213 (1.33) | |
| $Constant_{it}$ | 22.21375 (3.02)[c] | 19.903123 (2.17)[b] |
| F | 0.0021 | 0.0252 |
| $R^2$ | 0.4216 | |
| N | 60 | 40 |

[a]Statistical significance at 10% significance level
[b]Statistical significance at 5% significance level
[c]Statistical significance at 1% significance level

was also not significant. This could be attributed to explanations like corruption which is high within the government systems. Others include poor policy management and implementation which downplays the impact of resources that are channeled to some of the public sectors like education, industry value added, health, and agricultural value added. For instance, most industries in Uganda are small-scale industries which continue to receive funds from the government, and yet they have low output. In addition, the agricultural sector receives funds which are channeled to support subsistence rural agriculture instead of supporting mechanized modern agriculture. As regards the health sector, the government has been focusing on channeling most of the funds allocated to the health sector to control infectious disease like HIV/AIDS and malaria among others. This strategy is more of a curative approach but not preventive which most times negatively affects growth as it is not sustainable. This contradicts with the arguments raised by sources like UNCTAD (2012) and The World Bank (2014) which advocates for more spending in the health and education sectors as a strategy for driving economic growth in sub-Saharan Africa.

## Conclusion

This article highlights the importance of government spending priorities in Uganda. By far the biggest public spending in Uganda is directed to military programs. However, this has affected other sectors like health, education, and agriculture. Spending in civilian sectors can stimulate economic growth.

## References

Aizeman J, Glick R (2003) Military expenditure, threats and growth. NBER Working paper 9618

Ali H (2012) Military expenditures and inequality in the Middle East and North Africa: panel data analysis. Def Peace Econ 23(6):575–589

Alshahrani Saad A, Alsadiq Ali J (2014) Economic growth and government spending in Saudi Arabia: an empirical investigation. International Monetary Fund/Fiscal Affairs Department, WP/14/3

Arunatilake N, Jayasuriya S, Kalegema S (2001) The economic cost of the war in Sri Lanka. World Dev 29(9): 1483–1500

Barro RJ (2001) Human capital and growth. Am Econ Rev 91(2):12–17

Bessanini A, Scarpetta S (2001) The driving forces of economic growth. Panel Data Evidence for the OECD Countries. OECD economic studies no. 33, 2001/II. http://hal.archives-ouvertes.fr/halshs-00168383/

Chen B, Feng Y (1998) Determinants of economic growth in China: private, enterprise, education, and openness. China Econ Rev 11(2000):1–15

Cuaresma JC, Reitschuler G (2004) A non-linear defence-growth nexus? Evidence US economy. Def Peace Econ 15(1):71–82. https://doi.org/10.1080/1024269042000164504

Cullen J, Fishback PV (2006) Did big government largesse help the locals? The implications of WWII spending for local economic activity, 1939–1958. NBR working paper no 12801

Dakurah HA, Davies S, Sampath R (2001) Defense spending and economic growth in developing countries: a causality analysis. J Policy Model 23(6):651–658

Dunne JP (2010) Military spending and economic growth in Sub Saharan Africa. University of Cape Town

Eric L, Hamid A (2009) Military spending and inequality: panel granger causality test. Evidence and an application to employment equations. Rev Econ Stud 58: 277–297

Fan S, Zhang X (2008) Public expenditure, growth and poverty reduction in rural Uganda. Afr Dev Rev 20(3)

Gerace MP (2002) US military expenditures and economic growth: some evidence from spectral methods. Def Peace Econ 13(1):1–11. https://doi.org/10.1080/10242690210966

Hannah G (2003) The impact of defence spending on the economic growth of developing countries: a cross-section study. Def Peace Econ 14(1):51–59

Khan A (2001) Financial development and economic growth. Macroecon Dyn 5:413–433

Miron JA (2010) The negative consequences of government expenditure. Working paper no 10–55. Mercatus Center at George Mason University, pp 10–55

Petrakos G, Arvantidis P (2008) Determinants of economic growth. University of Thessaly, Pedion Areos

Ramey VA (2009) Identifying government spending shocks: it's all in the timing. Working paper 15464. National Bureau of Economic Research

Smaldone JP (2006) African military spending: defence versus development? Afr Secur Rev 15(4):17–32. https://doi.org/10.1080/10246029.2006.9627618

United Nations Conference on Trade and Development (2012) Structural transformation and sustainable development in Africa. Economic development in Africa, report UNCTAD/ALDC/AFRICA/2012. United Nations Publication

Williamson T, Canagarajah S (2003) Is there a place for virtual poverty funds in pro-poor public spending reform? Lessons Uganda PAF. Dev Policy Rev 21(4)
World Bank (2014) World bank indicator. World Bank, Washington, DC
Yakovlev P (2007) Arms trade, military spending, and economic growth. Def Peace Econ 18(4):317–338

# Government Structure in Russia

Natalia Ermasova
Public Administration, Governors State University, University Park, Chicago, IL, USA

## Synonyms

Authority; Governance

## Definition

Forms of governance, refers to the set of political systems and institutions that make up the organization of a specific government.

## Introduction

In 1991, after the Union of Soviet Socialist Republics' dissolution, Russia began transitioning to self-rule as the Russian Federation. The new government adopted its constitution on Dec. 12, 1993. Russia is a federal state with a three-tier governmental structure: the federation, the regional level, and the local level. Each subject of the federation possesses its own foundation laws (constitutions for the republics, charters for all others), political institutions, and legislation. In recent years, significant progress has been made toward greater consistency between the regional and federal legal systems and a more unified economic and security space across the federation. The government's structure has undergone several major changes since 2003. The main changes were reforming the system of local self-government in Russia. The lowest governmental level is the local level (or local self-government level). Local governments are established to govern urban and rural settlements and other territories mindful of historical and other local traditions.

## Russian Government Structure

The government of the Russian Federation consists of the Chairman of the Government of the Russian Federation, Deputy Chairman of the Government of the Russian Federation, and federal ministries. The President is elected directly by the population through universal suffrage. The Parliament consists of two houses, the State Duma and the Council of Federation. The Duma has 450 members and is elected directly by universal suffrage. According to Art. 105 of the Constitution of the Russian Federation, federal laws have to be adopted by the State Duma and approved by the Council of Federation. This also holds for the annual budget law. The government is the subject of the 6th chapter of the Constitution of the Russian Federation. According to the constitution, the government of the Russian Federation drafts and submits the federal budget to the State Duma; ensures the implementation of the budget and a uniform financial, credit, and monetary policy and state policy in the areas of culture, science, education, health protection, social security, and ecology; manages federal property; implements measures to ensure the rule of law, human rights and freedoms, the protection of property and public order, and crime control; and exercises any other powers vested in it by the Constitution of the Russian Federation, federal laws, and presidential decrees.

The Russian government has three layers: federal, regional, and local. The 83 subjects of the federation includes 21 republics, 46 *oblasts* (provinces), 9 *krays* (territories), 4 autonomous *okrugs* (areas), 1 autonomous okrugs, and 2 federal cities of Moscow and Saint Petersburg.

(A policy of amalgamation reduced the number of subjects from the initial 89 in 2013.)

According to IMF (2014), the Russian public sector comprised 81,954 separate institutional entities of various legal forms:

- 12,402 budgetary central government entities including federal government ministries, agencies, budgetary organizations, and legislative and judiciary bodies that receive all of their funding from the federal budget and keep their accounts with the Federal Treasury
- 4,389 central extra-budgetary organizations as autonomous and semiautonomous government entities that are partially financed by transfers from the federal budget and partly by payments from the beneficiaries of their services
- 87 social security funds including the Federal Pension Fund, Social Insurance Fund, and Mandatory Medical Insurance Fund as well as 84 regional governments
- 23,185 subnational governments including 83 state (regional) governments and 23,102 local governments (municipalities)
- 31,092 public corporations comprised of 22,440 unitary enterprises, 308 government corporations (11 financial and 297 non-financial), and 8,344 joint stock companies
- 10,799 other, unspecified government-controlled entities

This structure may be explained with the following example. Belgorod oblast is 1 of the 83 regional governments. Within the Belgorod oblast, there are 309 primary localities, including 19 municipal districts; 3 urban districts, one of which is Belgorod City; 25 urban settlements; and 262 rural settlements.

## Formation of Government Structure in Russia

The Russian federal government created its subnational governments in 1996. The Russian Federation is a federal republic with a presidential system of government since the dissolution of the Soviet Union in 1991. The Russian Federation, in accordance with Article 5 of the 1993 Constitution of Russia, consists of equal subjects of the Russian Federation with equal rights in their relations to federal authorities (Arts. 5.1 and 5.4). Each subject of the Federation possesses its own foundation laws (constitutions for the republics, charters for all others), political institutions, and legislation.

The President of Russia does not belong to the executive or any other branch of power, although he has enough authority to influence governmental activities. The President is a guarantor of the constitution, of the rights and freedoms of humans and citizens. He takes measures to protect the sovereignty of the Russian Federation, its independence and state integrity, and ensures coordinated functioning and interaction of all the bodies of state power. He also determines the guidelines of the home and foreign policies of Russia and represents the Russian Federation within the country and in international relations.

An additional layer – the Federal District – was created by President Putin in 2000, but the districts are not a constitutional part of the administrative-territorial division of the Russian Federation and were created by analogy with military districts (Decree of the President of Russia Vladimir Putin № 849 "On the Plenipotentiary Representative of the President of the Russian Federation in the Federal District" on May 13, 2000.) The federal districts have no revenue and expenditure authority; they are only for administrative supervision and control. There are more than 24,000 local governments, with dramatically different levels of economic strength, level of development, and institutional capacities. Moscow and Saint Petersburg (cities of federal significance) are given separate special treatment. The very existence of Russian local government arises more from administrative convenience and outside pressure than from popular demand for independent local governments (Evans and Gelman 2004). Soviet-era local administrative districts ("raiones") are the primary geographic basis for the units of Russian local governments. The federal and regional governments charter Russian local governments.

## Revenue Sources

The national government prescribes the responsibilities of these subnational governments and also assigns the revenue sources available to them. Article 3 of the Tax Code of the Russian Federation states that "the taxes and fees of the subjects of Russian Federation, local taxes and fees are established, amended or canceled, accordingly, by the taxation and fee laws of the subjects of Russian Federation and normative legal acts of representative institutions of local government about the taxes and fees pursuant to the Tax Code of Russian Federation." Federal laws specify revenue authority, rate ranges, and allowable exemptions and deductions for each revenue source and the Federation Ministry of Taxation administers them all. All taxes, regardless of whether they are federal, regional, or local, are based on federal legislation. Within this federal framework, regional and local governments have a degree of autonomy within the constraints set by federal legislation concerning the rate structure, payment dates, and exemptions in regional and local taxation. Regional and local taxes go entirely to the regions or municipalities, while federal taxes go to different levels depending on the tax-sharing arrangement set in the federal legislation (Budget Code 2008). Regions may share their tax revenues with local governments by establishing their own regional tax-sharing system. Municipal districts may do the same vis-à-vis their municipal settlements.

Article 12 of the Tax Code establishes limits on tax rates, as well as the order, time period of tax payment, and reports for given regional or local taxes, within which the statutory (representative) bodies of the subjects of Russian Federation or representative institutions of local government may adopt taxes. Their revenue laws, last reformed in 2004, provided for greater source revenues of their own than previously until late in 2008. A new article was introduced into the Budget Code (Art. 130) in 2008, setting up conditions and in some cases sanctions restricting regional budget policies. These restrictions aim to encourage regions to develop their own tax base and to improve fiscal discipline. The article distinguishes various categories of regions on the basis of the share of grants in their budget revenues. In terms of expenditure responsibilities, subnational governments have the normally expected assignments. Their role predominates for all education before higher education, housing, fire safety, agriculture and fishing, transportation, environmental protection, and health care and sport. The federal role is dominant in the judicial system, international relations, national defense, basic research, higher education, and 219 pensions (Constitution of the Russian Federation 1993).

The most important two taxes are the profit tax and the personal income tax, both producing more than 30% of total tax revenue. National and regional corporate profit taxes are collected together, with the rate split into a 2% national rate and an 18% regional rate, although regional legislatures are permitted to reduce the rate to 13.5% for certain categories of taxpayers.

The personal income tax is only a subnational tax, with a flat 13% rate for all taxpayers, with 70% of revenue to regional budgets and 30% to local budgets. Excises and mineral extraction taxes are split between national and subnational budgets, and property, vehicle, and land taxes are assigned to subnational budgets, but these taxes provide relatively small shares of total tax revenues. Recently, subnational revenues from the profit tax have fallen considerably, a problem for the governments because so much of their total tax revenue comes from that tax. The value-added tax is exclusively a federal tax.

The tax on personal income (PIT) provides the main contribution to regional revenues of the budget of developed regions. In regions producing alcohol and beer (Kaluga, Tula, Tver, Novosibirsk, Kabardino-Balkaria) and petroleum products (Omsk, Yaroslavl, Bashkortostan), the share of revenue from excise taxes was two to three times higher than the federation average of 5%. The tax on personal income (PIT) provides the main contribution to regional revenues of the budget of developed regions (35–39%). Next important source of regional revenue is the corporate income tax. This tax brings around 25–35% in less developed regions and 40–50% in developed

regions. It was the reason of budget shortfall during the financial crisis 2008–2009 when the corporate income tax revenue showed a large decline in 2009 and uneven growth across regions in 2010–2011. This tax also was the reason that the real revenues of local budgets collapsed by 9.8% in 2009. The biggest source of this collapse was from corporate income tax, which fell by 28.9% (Ermasova and Mikesell 2016).

## Conclusions

The operation of the Russian revenue system, combined with the considerable range in economic capacity of the regions, gives some regions enormous revenue advantages in comparison with others. Neither revenue nor transfer systems provide a balancing from the differences in economic capacity. This disparity means that the residents of regions with high resource endowment will receive substantially greater services from their government than will those in regions with lower endowment. If the Russian government seeks a system with more balanced opportunity for all its citizens, without regard to where they might live in the country, its fiscal treatment of the regions would need to change. Because it is difficult to change basic economic resource endowment with a tax structure, any change would need to come through aggressive base equalization transfers, transfers designed to provide substantially greater resources per capita to regions that are less resource rich – those resource endowments are the product of geographic accident and not special productivity of the residents of those regions. The transfer system would need to be clearly defined as redistributive and not subject to political overrides or negotiations. In the absence of such a revision, the disparities will continue, some regions will be dramatically more vulnerable to economic decline than others, and the leaders of these vulnerable regions will lack tools to correct the results of any declines.

## Cross-References

► Russian Political System, The

## References

Constitution of the Russian Federation (1993) http://www.constitution.ru/en/10003000-01.htm

Ermasova N, Mikesell J (2016) Fiscal disparity and equalization in the Russian Federation. Post-Communist Econ 28(1):1–15

Evans A, Gelman V (2004) The politics of local government in Russia. Rowman & Littlefield Publishers

# Government Support of Small Business in Russia

Sergei Kvitko[1] and Tamara G. Nezhina[1,2]
[1]National Research University Higher School of Economics, Moscow, Russia
[2]Department of Public and Municipal Administration, School of Social Science, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Development institutions; Entrepreneurship development institutions; Entrepreneurship development; Small business support; SME support; Startup ecosystem in Russia; State SME development policies; Support of the entrepreneurship

## Definition

Government support of small and medium-size enterprises involves state policies to create supportive and enabling environment and facilitate access to resources, capital, markets, and know-how to small and medium-size enterprises.

## New Economic Order

The transition of Russia from state to market economy, which began in 1991, was rough and painful. Although state policies encouraged business development, the population was not ready to take risks in an unpredictable and volatile

economic environment. Russian government had to take the leading role again to facilitate the enabling environment for small and medium-size enterprises (SME), to organize state-funded institutions to select and train promising entrepreneurs, to help them obtain modern technology, to provide access to start-up capital and technology. This encyclopedia entry provides an overview of the state-facilitated infrastructure created to support SME in Russia.

Russia is a legal successor of the Union of Soviet Socialist Republics (USSR). The USSR was a socialist state, which after the socialist revolution in 1917 has rejected the capitalist way of development, banned private property for the means of production, and limited private entrepreneurship. But already in 1987, Russia went through another turmoil, the "capitalist" revolution, which reinstated the idea of personal enrichment and the right to own means of production and develop an individual private business. However, after 70 years of the state ownership of the means of production, the enforcement of new laws and reinstatement of personal business initiative has become a challenge. This encyclopedia entry briefly discusses the history of small and medium-size private enterprise (SME) development in Russia before the Russian socialist revolution and then after the capitalist revolution. The entry provides the nuanced description of the post-Soviet government efforts to restore the entrepreneurial spirit and the development of SME in modern Russia.

Small farms existed in Russia in the form of individual entrepreneurship and in the form of cooperatives, known in Russia as *artels*. The *artels* started in Russia as early as in 1860 to compensate for the shortage of agrarian land, instruments, and horses among the poorest peasants. The *artels* helped survival of poor families rather than enriched the peasants. Existing feudal land ownership prevented the development and growth of agrarian SMEs. In Russia, after the Great Socialist Revolution of 1917 and Civil War in 1918–1921, all large business has been nationalized and declared state property. However, *artels* were preserved primarily to help wounded soldiers to survive in times of after-war starvation and unprecedented hardships. The provision of needed food products and consumer goods was partly secured by *artels* and partly by government-run agro-farms and factories. In order to build factories and other industrial facilities and attract business technology, new Soviet government invited foreign concessions to Russia in 1922–1927, the early years of Soviet power. Foreign concessions helped to restore industrial and agricultural production facilities destroyed during the time of the Civil War (Butkovsky 1928). Foreign concessions were allowed in Russia as a temporary measure until Russian state-run industry becomes sustainable. All large industries in the Soviet Union were owned by the state and were run and procured by government appointed managers.

Small *artels* continued producing limited amounts of consumer goods throughout the history of the USSR with varying success. From 1921 *artels* were reregistered as cooperatives with equal membership rights, where members had a voice in decision making and a freedom to leave and withdraw the shares. Artels and cooperatives started to spread from agriculture to other industries: retail, services, and consumer goods production. It had flourished in Stalin's era, and in 1953 cooperative's share in total GDP was 6%, while SME produce most of toys, 80% of metalware, 40% of furniture, 30% of textile, etc. However, several years after Nikita Khrushev came to power, in 1961–1962, the cooperatives (*artels*) and individual small farms were banned. Since, only few trades such as mineral extraction in remote areas of the country and consumer service production, such as shoe repair, customized tailoring, cleaning service, continued working as *artels*, relatively independent of state control.

In the USSR, all industries worked to fulfill state contracts; individual production was limited by the state laws. State-owned production system rejected market philosophy, which entailed luring a customer, producing goods to meet customers' needs, and tricking customers to buy whatever business wanted to sell. State planners focused on satisfying basic needs like garments, food, and shelter. Soviet industries produced goods for all. In the long run, it became clear for all that state-run enterprises were neither effective nor efficient. Therefore, in 1987 Russian government

has made a decision to introduce limited market mechanisms through the reincarnation of cooperatives, which in the short run helped reducing some of the deficits of Russian national economy.

The new law "On individual entrepreneurial activity" came into power in 1987. This law regulated individual profit-making entrepreneurship and prohibited the entrepreneurs to hire labor. In 1988 another law "About cooperation in the USSR" regulated the registration of new cooperatives. However, old laws that prohibited individual ownership of the means of production handicapped the development of productive cooperatives. Besides, old Soviet traditions were hostile to new ideas of profit-making and individual enrichment. The changes were slow and ineffective. New cooperatives were too small to satisfy the urgent public need for goods and groceries and contributed insignificant tax proceeds to the central budget. Yet, the idea to develop small business was popular among the reformers of the country.

In 1991, the USSR was peacefully dismantled. Russia has become the legal successor of the Soviet Union. New Russian government declared capitalism a new economic philosophy. To change the socialist economy into capitalist, Russian government relied on the expertise of major global financial institutions – the World Bank (WB), the International Monetary Fund (IMF), and the International Finance Corporation (IFC).Yet, no individual nor any international institution in the world knew how to orchestrate this change orderly. The WB economists have suggested the theory of "shock therapy." The "shock therapy" meant giving Russians an economic "electric shock" by forcefully and quickly changing the economic system from socialism to capitalism. For millions of Russians the shock therapy was fatal. Within 10 years of shock therapy reforms about 10 million Russians died. During first 2 years of transition, Russia "...lost close to 30% of its real gross domestic product (GDP), a decline reminiscent of the Great Depression of the 1930s in the United States. Russia also suffered very high rates of inflation – over 2,000% in 1992 and over 800% in 1993..." (Cooper 2009). The WB, IMF, and IFC experts advised budget cuts as the best and simplest economic measure. Primarily, budget cuts severely affected pensioners, children, and sick and unemployed people. The international financial institutions provided credits, which were used to pay the service of foreign experts to the large extent.

Those days the need for consumer goods and food products in Russia was high. The institutions and supporting laws were needed to establish property rights, build private bank system, stimulate entrepreneurship, regulate competition, ensure free flow of information, initiate credit and bankruptcy laws, and many others. The institute of private property has been introduced through the "privatization" program. New "liberal" government of Russia privatized national property quickly, massively, and fraudulently. For a decade, instead of building market institutions, Russian government kept cutting budget expenses and selling national property. Government issued vouchers for every government-owned small and medium-size enterprise, which only few people in Russia understood. Privatization institutes, stock exchange, and independent assessor institutions were in the teething state and could not provide for open and transparent sale of the assets. While Russian lawyers have been drafting privatization laws, the privatization was already dangerously underway (Hoff and Stiglitz 2004).

Russian people had no historical experience neither proper understanding of capital markets and could not claim their fair share of national property. Privatization benefited a small group of top managers of privatized industries, government top ranks, and criminals. The privatization program robbed 98% of the population in Russia, took their jobs and their money, and created the highest level of mistrust in government and its reforms (Volkov 2002). Russian people had no starting capital to enterprise. Thus, small and medium-size enterprises started growing from limited means and the desperation energy of former industrial and agricultural workers.

After the first wave of market institutions building through privatization waned, the second wave of individual entrepreneurship started rising. In the absence of most basic consumer goods, many jobless men and women organized unregistered import/export activities. People

started traveling to China, Turkey, and Eastern Europe to sell Soviet-made inexpensive electronics and buy dress and shoes to sell back in Russia. These trades were informal and served the survival of most Russians. The imported goods were cleared at customs as personal consumption items, and, therefore, contributed no taxes to the central budget of Russia.

In 1998, Russian government declared default on external debt. At this point, Russia could not continue using inflation to compensate for budget deficit and pay external debt. Economic activity in the country was unstable. Few working industries skillfully evaded taxation, the country had no concentrated industrial or financial assets, and individual informal business activities were impossible to tax.

## From Capitalist Oligarchy to State Oligarchy

Under the condition of limited government capacity, large privatized businesses and new financial conglomerates have become the key actors in the newly established market and political sphere (Guriev and Rachinsky 2005). In early 2000 Russian government faced the following challenges:

- to reduce the influence of large business and financial groups on the federal budget spending
- to control the macroeconomic indicators such as inflation and the exchange rate
- to regulate and control taxes of large businesses to sustain the central budget
- to reduce social tension in the country

The underdeveloped system of tax administration and collection posed a problem of the continuing budget deficit. Existing small and medium-size businesses developed skillful tax-evasion schemes. Tax authority was underdeveloped and needed to hire, educate, and train a large number of tax inspectors. The number of tax collectors has increased exponentially, and government was spending tax receipts to support this growing workforce. Budget problems looked overwhelming and unsolvable. The only way out was to increase tax burden for large business companies. To reach budget sustainability, Russian government issued new laws, established law enforcement agency, and insisted on direct management involvement of state-dominated mineral extraction companies, where the state share was higher than 50%. Politically influential owners of big companies, who opposed government pressure, were forced into exile or otherwise distanced from the Federal government.

"Creative" application of Russian tax law has led to the nationalization of the second-large oil company "Yukos." Government also forced the owner of large media-holding "Media-Most" to sell the holding to the state company "Gasprom-media." The acute attention of tax auditors and tax collectors to the activities of the largest industrial-financial companies has provided for fuller tax contribution to the state budget.

Throughout the first decade of the second millennium, Russia continued its economic development through constant legal and institutional reinvention to continue keeping an eye on large business operations. Graph 1 below illustrates successful government control over the exchange rate of the Russian Rouble.

Following the Central Bank anti-inflation measures, the annual inflation decreased from 84.47% in 1998 to 20.13% in 2000, and to 8.78% in 2010 as Graph 2 below illustrates.

Average annual wage in the country has increased from 2223 roubles per month in 2000 to 20,925 roubles per month in 2011 as Graph 3 demonstrates below.

Russian GDP grew up in 10 year by 62.33%, which in monetary terms constituted 24,799.9 billion roubles in 2000 and 39,762.2 billion roubles in 2010. The Graph 4 below presents the GDP numbers by years from 2000 to 2011.

The growing price for oil and gas, and the inflow of foreign investment to Russia have contributed to macroeconomic success. The price of oil grew 2.7 times in the period from 2000 to 2010. Foreign investors discovered various business opportunities in the country that lacked the advanced technologies for the production of

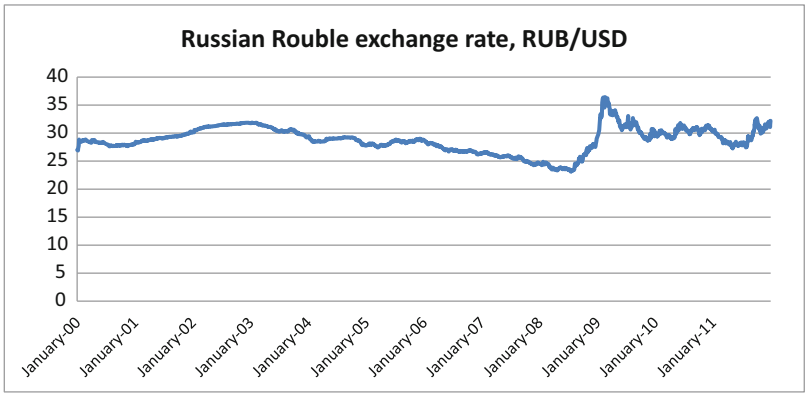


**Government Support of Small Business in Russia, Graph 1** The dynamic of the exchange rate of Russian currency. (Source: Rosstat (Russian Statistic Agency))

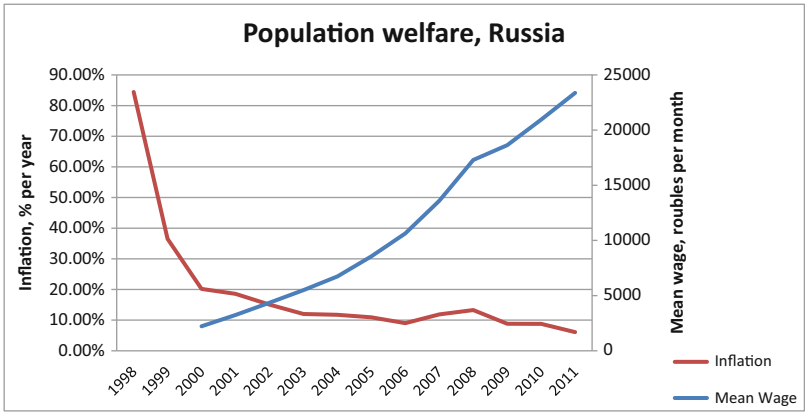


**Government Support of Small Business in Russia, Graph 2** Annual inflation in Russia 1995–2010. (Source: Rosstat (Russian Statistics Agency))

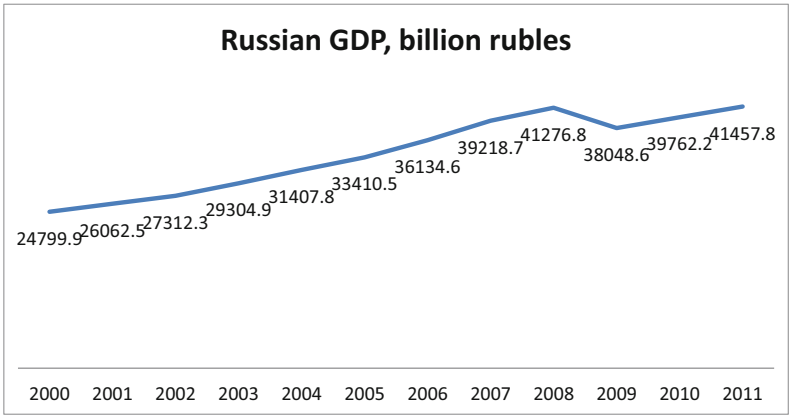


**Government Support of Small Business in Russia, Graph 3** Dynamics of average monthly wages in Russia from 2000 to 2011. (Source: Rosstat (Russian Statistic Agency))

consumer goods. The spillover effect of the mineral resource price increase and the improved administration of tax collection have positively influenced the Russian economy. The Russian central government has become major economic player in the country again. In 1999–2003 government has initiated several legal acts to streamline tax deduction and to stimulate activities and tax collection from new enterprises.

To achieve budget stabilization and the reinstatement of public services to the population, Russian government continued changing laws

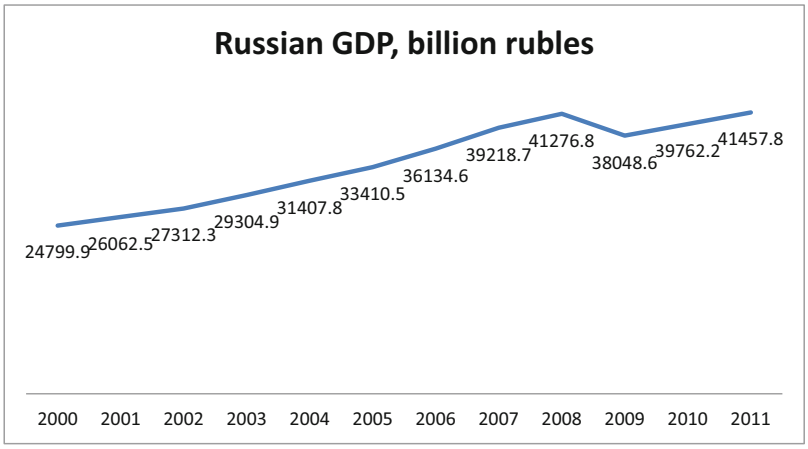


**Government Support of Small Business in Russia, Graph 4** Dynamic of Russian GDP. (Source: Rosstat (Russian Statistic Agency))

and state institutions. Legal and fiscal instability has led to the development of nepotism within businesses affiliated with high-rank public officials and state-run enterprises, which negatively affected market competition. The problems of excessive government involvement, bureaucratic control, and procedural limitations were increasing. The information from the Federal Antimonopoly Agency indicates that the combined share of GDP from businesses with state majority shares increased from 35% in 2005 to 70% in 2015.

In 2007 the state initiated the stimulation of the development of small and medium-size enterprises. New Federal legislation #209-FZ "About the development of small and medium-size enterprise in Russian Federation" was signed into law on July 24, 2007. This law formulated a legal definition of the terms "small enterprise" and "medium-size enterprise." It delineated and limited state involvement and laid the responsibility on local governments to facilitate the development of small and medium-size businesses.

## First Development Institutions in Russia

In the early days of the transition from socialism to capitalism, the Russian government started to establish development institutions and foundations in Russia. The oldest development institution was developed in 1994, the Foundation for Assistance to Small Innovative Enterprises (FASIE) that has come to be known as Bortnik Foundation in 1994. Ivan Bortnik left the position of the Deputy Minister of Science, Higher Education and Technology of Russia to put all his energy into the creation of the foundation. At the time when the Russian government has stopped funding scientific research, this foundation provided monies for this purpose. The foundation supported applied scientific research. The research community recognized Bortnik Foundation as an effective development institution. This foundation is among the few stable and effective supporters of science and SME in Russia till today.

In 2006 the government established the Russian Venture Company (RVC) to provide capital to active entrepreneurs. In 3 years, the RVC established eight joint-ventures, one of which was a joint-venture with Bortnik Foundation. In 2000–2007, Russian market was attractive for foreign investments. The inflow of foreign direct investments has contributed for the increase of Russian GDP, technology imports, management innovation, and the growth of employment opportunities. Those days the prevailed opinion was that to boost industrial growth, the Russian market needed only access to capital (Graph 5).

The Russian government funded the opening of two other development institutions in addition to RVC. The Rusnano State Corporation (Rusnano) and Bank for Development and Foreign Economic Affairs "Vnesheconombank" (VEB) grew up from the USSR "Vnesheconombank." The main function of all three institutions was to inject fast money into

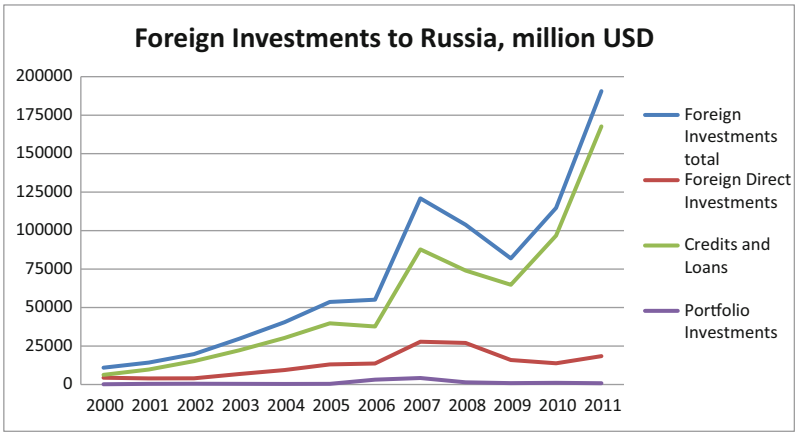


**Government Support of Small Business in Russia, Graph 5** Foreign direct investments to Russia, in millions of US dollars. (Source: Russian statistics agency)

the growing market. The VEB facilitated quick access to funding for entrepreneurs engaged in infrastructure development. The Rusnano supported businesses in nanotechnology projects. The RVC created subsidiaries that financed innovative technologies. The RVC is currently the most dynamic funding and development institution of the three. The RVC was established to raise Russian domestic venture capital, to evaluate and develop promising business projects, and to support foreign partners, business angels, and business accelerators. However, foreign partners did not have the intellectual capacity to support the number of available investment projects (Zaslavskaya 2009). Therefore, the RVC took the role of developing these complex institutions.

## Federal Institutions for the Support of Entrepreneurship

We identify four groups of state entrepreneurship development institutions. All four have been established with the federal budget allocations. Therefore, they qualify as government-funded institutions.

### Group 1. Federal Agencies

Federal agencies subordinated to the Russian Federal Government and reported to the President's administration. These are the Ministry of Economic Development, the Ministry of Industry and Trade, the Ministry of Agriculture, Federal Agency of Strategic Initiatives, and others. The functions of Group 1 were as follows:

- Determine priorities for the stimulation of entrepreneurship
- Develop strategic ongoing stimulation programs
- Create and reorganize development institutions
- Fund stimulation programs
- Control over programs implementation and expenditure

The Agency for Strategic Initiatives was established with a special mission to reduce the administrative government control over new business ventures.

### Group 2. State Development Institutions

State development institutions were subdivided into two functional groups.

Subgroup 2.1. Institutions for loan provision. This group included a variety of corporations and banks with state funding for the development and growth of small and medium-size business.

Subgroup 2.2.Corporations and investment foundations provided free funding or subsidies.

Functions of Group 2 institutions:

- Selection and evaluation of investment projects
- Finding or co-funding
- Investments for co-funding

- Training of entrepreneurs and investors
- Provision of information

**Group 3. Development Infrastructure**

There were the enterprises for creating business infrastructure with government shares. This group represented the infrastructure development institutions such as regional agencies for technology development, export centers, free economic zones, special economic zones, industrial parks, and business incubators.

Group 3 functions: Institutions for development and support of the infrastructure

- Selection and evaluation of projects
- Infrastructure and technology access on favorable terms
- Reduced taxation
- Training
- Provision of information

**Group 4. Noncommercial Organizations (NCO) and Public Associations**

This group describes NCOs and business nonprofit associations, various types of public entities that work as representatives of business interests and lobbies. These associations are established as nonstate instruments that facilitate market development and represent the interests of new businesses. The associations support their members through the following instruments:

- Legislation and practical guidance
- Tax subsidies
- Protection from hostile takeovers
- Monitoring of business climate
- Training programs for small-business

Unfortunately, affiliation of biggest NCO of entrepreneurs with authorities has made them insufficient as an "entrepreneur unions," therefore their activity have limited impact on business climate in the country.

The functions of government support agencies and companies demonstrate government effort to stimulate business in Russia. The aforementioned activities are directed at large, medium, and small businesses.

## Best Practices: Federal Development Institutions

In one encyclopedia entry it is impossible covering all government agencies in support of development in Russia, instead here comes the description of the most active and productive state agencies. The most active among them are the Agency for Strategic initiatives (ASI), Russian Venture Company (RVC), and the Internet Initiative Development Foundation (IIDF).

The RVC is the oldest support agency, whose goals are to provide funding. In 2006–2007, experts believed that the provision of funds was the major instrument for building market economy. The rest was entrusted to the "invisible hand of the market." However, the disillusionment came fast. The emerging market lacked the entrepreneurial spirit and knowledge of business technology. Small business investment funds were nonexistent. Until now, these problems have not been fully solved. Therefore, government took upon itself to help the market. The Russian government continued providing funding to the most vigilant investment agencies such as RVC, RosNano, and Skolkovo. Currently these agencies work to develop necessary business infrastructure. The RVC transformed into a complex development agency with three major priorities: investment, innovation ecosystem, and technology development. Below we provide brief description of the RVC activities results (Table 1).

The RVC continues to coordinate the creation of ecosystems for technology developing entrepreneurs. Starting from 2010, the RVC focused on innovative business technology. The RVC established venture capital fund, organized training programs, conferences, and round tables for business angels and venture capitalists. A new line of the RVC initiative has become the development of business incubators in partnership with established businesses and corporations. Corporations benefitted from working with business incubators via access to innovation and new ideas. Start-ups, in turn, got access to funding and the infrastructure of a large partner, which potentially might become the client. The RVC is not the

**Government Support of Small Business in Russia, Table 1** RVC development results

| Investments stimulation | Development of innovation ecosystem | Development of the technological market |
|---|---|---|
| The RVC created 23 venture funds capitalized at $462.4 million in partnership with private investors<br>The RVC share in the venture capital constitutes $273million<br>191 new businesses received financial support of $236 million<br>The RVC sold shares in fully supported projects<br>The RVC provided expert support to 22 regional foundations | The investor training programs educated 264 business angels, 202 venture funds, 318 employees for corporate investment funds<br>The RVC in partnership with regional accelerators trained 800 start-ups<br>The RVC established interregional accelerators<br>The RVC funded early start-ups, at the seed stage<br>The RVC involved mass media to promote technological programs and venture entrepreneurship<br>The RVC organized special events to involve a triad of entrepreneurs, investors, and universities | The RVC, ASI, and new businesses have established the project development office for new technologies<br>New technological markets have been founded<br>The RVC continues to develop plans for new markets, ecosystems, and new technologies |

Data source: Annual report of the RVC for 2015

largest government agency, but it is more visible and active than many comparable development institutions. Government venture foundations continue working with various business projects at all stages of progress (Graph 6).

A noticeable addition to the RVC activity is the Internet Initiative Development Foundation (IIDF). IIDF was established in 2013 by the Strategic Initiative Agency to compliment the activities of the RVC. The IIDF was initially conceptualized as a support institution for start-ups at an early stage of development, such as pre-seed and seed businesses. The IIDF experts soon found that quality projects were only a few. To generate quality business projects IIDF started developing business infrastructure: business-accelerators, business angels, corporate partnerships, training courses and practices, and business-events aimed at the establishment of business ecosystem. Soon the IIDF has attracted large corporations in banking, oil production, technological ship-building, and tourism to participate in venture-partnership projects. The IIDF provided expertise for the assessment of small business capacity and to facilitate the partnership.

In 3 years, the IIDF provided investment funds for 193 projects at pre-seed level, 13 projects at the seed level, and 3 Round A projects (the level of project development). Yet, both agencies – the RVC and the IIDF – have been criticized for keeping large deposits in the banks, which suggested that many projects were not selected or underfunded. However, two agencies argued that their role was not to create but to support existing businesses. The two agencies succeeded in creating stable venture capital market in Russia (Graph 7).

The economic recession and Rouble devaluation in Russia decreased the number and value of business deals. Yet, the state foundations managed to meet the goal to maintain stable operations of private venture capital.

Business infrastructure is unevenly distributed on the territory of the Russian Federation. This irregularity is compensated by active interaction and regular communication among the affiliated institutions. The Russian business ecosystem is supported by the state. The state provides support to the entrepreneurs as suggested by the scheme below:

Most of the instruments in Scheme 1 are well known and self-explanatory. Yet, the tax privileges deserve further explanation. The Russian government determined several types of tax privileges for development agencies and special purpose technological areas and territories. Among those are free economic zone, special economic zones, fast development territories, industrial

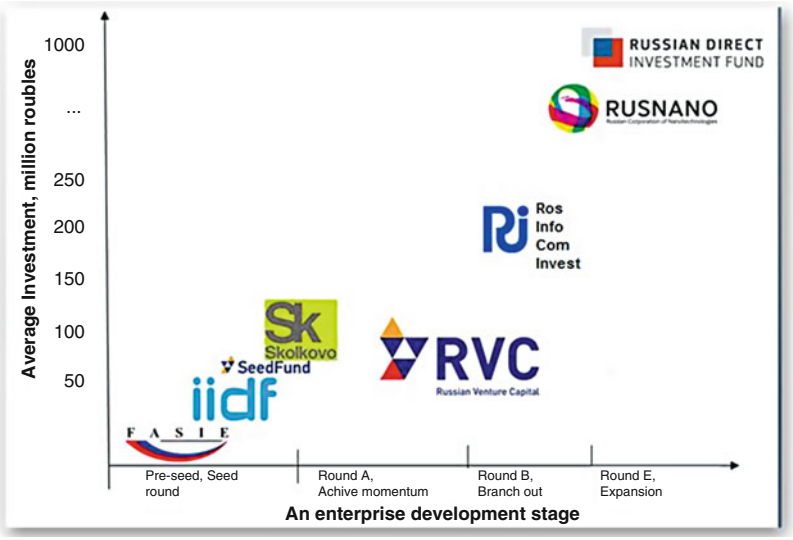


**Government Support of Small Business in Russia, Graph 6** Relative achievement positioning of state venture funds. (Adopted from: Rosinfocominvest)

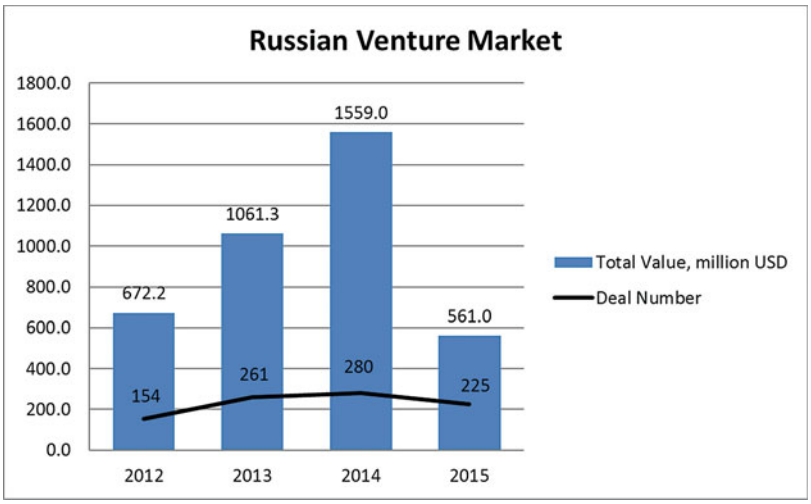


**Government Support of Small Business in Russia, Graph 7** Russian venture market in million USD by years. (Source: The Internet Initiative Development Fund 2016)

clusters, industrial parks, and techno-parks. The tax privileges consist of the following instruments: reduced profit tax, property tax, special customs tax, and payroll tax, which are especially valuable for IT companies.

## The Combination of Policy Support and Market Conditions

Lundstrom and Stevenson (2005) suggested the typology of four types of state support instruments: E-extension policy, new strategy for business development, new business establishment, and "niche" entrepreneurship policy. The goal of these support measures is to stimulate innovative business technologies such as social entrepreneurship, new technology development, and holistic entrepreneurship support. The effort is focused on changing the culture, the context, and the infrastructure for growing entrepreneurship. The government first chose to support innovative entrepreneurship, but actually extended the support to all types of businesses. Two development agencies that we discussed earlier, the RVC and the IIDF were established to support the

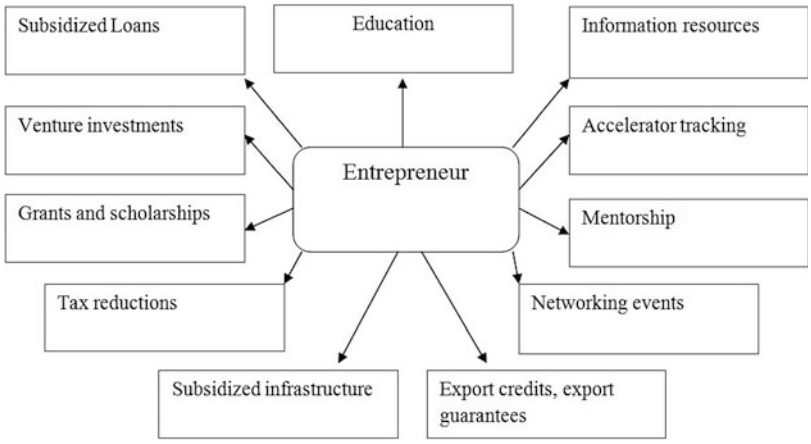


**Government Support of Small Business in Russia, Scheme 1** The state support instruments

innovative clusters, but later took responsibility of other new businesses and the infrastructure development. All of these support measures were provided to selected industries on the basis of innovativeness success measures.

Russia measures low on entrepreneurial activities, only 3.5% of Russians 18–64 years old express the interest in starting new business within three coming years. Established, starting, and nascent entrepreneurs all together constitute 13.4% of adult population in Russia. Russia's index of entrepreneurship activity is among the lowest listed by the Global Entrepreneurship Monitoring (GEM 2014). This fact explains the continuing growth of government involvement in economic stimulation and support of complex development institutions. The challenge that Russia currently faces is to find and stimulate independent innovative businesses rather than supporting rent-seeking private institutions that make profit on the services mandated by local governments. The complex stimulation of entrepreneurial activities includes consumer management, taxation, competition and migration policy (Storey 2008). Other measures constitute the education of new entrepreneurs and the creation of favorable business climate (Lundstrom and Stevenson 2005).There are few efforts to use complex entrepreneurship development strategy in Russia, while niche approach (development policies focuses in an industry sector or territory basis) is still prevalent.

The Agency for Strategic Initiatives (ASI) is an important player in the field of entrepreneurship development. It is larger than other development agencies in terms of its goals and scale of activities. Its goals include the improvement of investment climate, co-funding of business projects, development of human capital to meet the demand of innovative industries, and the establishment of new technological companies. ASI is unique among other institutions in partnership development that include governments, universities, business, and social assistance institutions. The ASI ranking and administrative capacity is high. The President of Russia sits on its Board of Directors. The ASI implements the initiatives in administrative regulation, creates and moderates communities, supports the infrastructure development, educational and social projects. The central mission of the ASI is to modernize the society, to reach all parts of the country through the inclusion of the maximum of population in its sphere of activity. The ASI aims at the improvement of the entrepreneurial climate by the following means:

- Reduction of regulations
- Improvement of public administration quality
- Massive involvement of business and society in the ongoing change projects

The most visible impact of the ASI has been the public service reforms. The most prominent

projects were in reduction of administrative barriers for business through the shortening of acquisitions and proprietary legal procedures, the speeding of engineering connections, customs procedures, etc. The ASI reformed regional public administration by changing the organizational charter, introducing modern management procedures and initiating project management offices. Finally, it has introduced the ranking system of regional governments for the business climate improvement. In 2016, the unified government quality measure – the investment climate national ranking – is in the process of implementation in all regions of Russia. However, the modernization of regional government system and the reduction of entry barriers are not sufficient for market development in the absence of business spirit, large labor market, and human capital (Van Stel et al. 2007).

## Conclusion

Small and medium-size business development has become the priority for Russian government in the 2012–2016. To stimulate the SME development, government has established state-funded development institutions and infrastructure agencies. The most active among them were the Agency for Strategic initiatives (ASI), Russian Venture Company (RVC), and the Internet Initiative Development Foundation (IIDF).Several development institutions were purposely established to support innovative activities of small businesses. However, the SME and individual entrepreneurs still face difficulties because of unstable external economic situation (turbulent exchange rate, fiscal policy), weak protection of property rights, and high internal administrative barriers. Until nowadays, the SME might choose to go informal to avoid taxation and exit expense. Macroeconomic conditions often slow down the expansion of the SME in Russia. However, the activities of the ASI and other state development institutions to establish favorable conditions for SME development and to improve the investment climate raise careful optimism for the evolution of prosperous small and medium-size business to create a solid foundation of a market economy in Russia.

## Cross-References

▶ Development Administration
▶ Governance in Crisis Management
▶ Small Enterprises and Development

## References

Butkovsky G (1928) Foreign concessions in national economy of the USSR. [Inostrannie concessii v narodnom khozyaistve SSSR] Gossudarstvennoye Izdatelstvo, Moscow, 1928, Leningrad

Cooper WH (2009) Russia's economic performance and policies and their implications for the United States. Congressional Research Service. Library of Congress, Washington, DC

Guriev S, Rachinsky A (2005) The role of oligarchs in Russian capitalism. J Econ Perspect 19(1):131–150

Hoff K, Stiglitz JE (2004) After the big bang? Obstacles to the emergence of the rule of law in post-communist societies. Am Econ Rev 94(3):753–763

Lundstrom A, Stevenson LA (2005) Entrepreneurship policy: theory and practice, vol 9. Springer Science & Business Media, New York

Singer S, Amoros JE, Arreola DM (2015) Global entrepreneurship monitor 2014 global report. Global Entrepreneurship Research Association, pp 1–116

Storey DJ (2008) Entrepreneurship and SME policy. In World Entrepreneurship Forum. EMLyon Business School

The Internet Initiatives Development Fund (2016) The Internet Initiatives Development Fund's review. The Russian market of direct and venture investments on the Internet and IT in 2014–2015 [Rossiyskiy rynok pryamykh i venchurnykh investitsiy v segmente Internet i IT v 2014–2015. Fond Razvitiya Internet-Initsiativ, 2016] (in Russian). http://www.iidf.ru/upload/iblock/0f0/frii_venchur_otchet2015s.pdf

Van Stel A, Storey DJ, Thurik AR (2007) The effect of business regulations on nascent and young business entrepreneurship. Small Bus Econ 28(2–3):171–186

Volkov V (2002) Violent entrepreneurs: the use of force in the making of Russian capitalism. Cornell University Press, Ithaca

Zaslavskaya O (2009) Interview with Igor Agamirzyan. Inder the wing of business angels. Russian Business Newspaper, 27 Oct 2009, No 725 [Pod krylom biznes-angelov, Ol'ga Zaslavskaya, Interv'yu s I. Agamirzyanom, *Rossiyskaya Biznes-gazeta*, 27.10.2009, No 725] (in Russian).https://rg.ru/2009/10/27/venchur.html

G

# Government's Role in Entrepreneurial Business Activities: The Case of Fiji

Samantha Naidu[1], Jashwini Narayan[2] and Gurmeet Singh[3]
[1]School of Management & Public Administration, The University of the South Pacific, Suva, Fiji
[2]School of Management & Public Administration, Faculty of Business and Economics, The University of the South Pacific (USP), Suva, Fiji
[3]Graduate School of Business, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji

## Synonyms

Business risks; Competition; Entrepreneurship; Government policy; Innovation; Opportunity recognition

## Brief Definitions

*Franchise* (or franchising) – It is a method of distributing products or services involving a franchisor, who establishes the brand's trademark or trade name and a business system, and a franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system.

*Entrepreneurial orientation* – A process of organization management, administration, and the assessment of business risks.

*Autonomy* – Based on the notion of entrepreneurial independence in developing and bringing into effect an idea.

*Competitive aggressiveness* – The intensity of a firm's efforts to outperform industry rivals, characterized by a combative posture and a forceful response to competitor's actions.

*Innovativeness* – The willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership, and R&D in developing new processes.

*Proactiveness* – The forward-looking perspective with aggressive posturing relative to the firm's competitors.

*Risk taking* – A firm's propensity to take actions when the outcomes are uncertain such as moving into unfamiliar new markets.

## Introduction

Fiji is one of the most developed island nations in the Pacific. It is considered the hub of the South Pacific region due to many economic activities happening in the country despite its small size and given recent upgrades in infrastructure. Its positioning in the global frontier gives Fiji an added advantage to enjoy excellent connectivity with the rest of the world. This entry suggests how the Fijian government can support its retail franchise industry.

## Government Support/Involvement in Fijian Retail Franchisees

There is extensive evidence that sustained economic growth requires financial markets that can fund investment and entrepreneurship. While this conclusion applies to all types of entrepreneurial activity (from the largest companies to the smallest sole proprietorships and traders), studies have found that more underdeveloped financial markets particularly fail to provide funding to micro, small, and medium-sized enterprises. Large operations in Fiji are able to attract financing without a much difficulty. Banks are usually willing to lend to well-established companies, and the stock market is available for those on a rapid expansion path that have a track record. Smaller enterprises, however, are far less able to attract funding. This, in turn, impedes the growth rate of the economy as a whole. Moreover, it reduces the efficiency and competitiveness of many smaller Fijian companies. As a result, entrepreneurial talent often goes to waste.

However, there are no restrictions placed by the Fiji government on franchising arrangements. US firms operating in Fiji under franchise agreements include Independent Grocers Alliance

(IGA), Gloria Jean's Coffee, and McDonalds. The small market size imposes some limitations in Fiji, but many companies use Fiji as an export base to other Pacific Island countries. There are US branded/franchised hotels including Marriott, Doubletree, Hilton, Radisson Blu, Westin, Sheraton, Auberge, and Holiday Inn. US branded car rental companies including Avis, Budget, Dollar, and Hertz also operate in Fiji.

Further, the Honorable Minister for Tourism, Mr. FaiyazKoya declared that Fiji is open for businesses and said Fiji is the ideal base for investors who want to access the wider Pacific market of more than ten million people. The Starwood/Sheraton resort franchise is an example of innovativeness and value addition to attract customers. The resort has expanded its operations to Tokoriki Island where customers accommodated at the Sheraton can take advantage of watersports at Tokoriki Island. This paves the way for other franchises in the retail sector to be innovative through their product and service offering. It is evident that more and more investors are starting up businesses in the country; franchises being one of them where local businessmen acquire franchisee rights from the franchisor and are able to operate the global brand in Fiji.

## Methodology

This research employed the qualitative research method to obtain relevant information from managers and supervisors of retail franchisees in Fiji. This study utilized a convenience sampling technique. A total of nine in-depth interviews from eight franchisees were conducted through face-to-face and emails, with Operations Managers, General Managers, and Directors of franchisees. The key themes of the interviews are summarized in Table 1.

## Results and Discussion

The five-dimensional Entrepreneurial Orientation (EO) namely Autonomy, Proactiveness, Risk taking, Innovativeness and Competitive Aggressiveness was analyzed in this study. It was found that all five were positively related to franchisee performance. This finding is consistent with studies undertaken by Chien (2014), Coulthard (2017), and Dada et al. (2015), who indicated that there is a positive relationship between EO and firm performance.

### Autonomy

Findings reveal that autonomy depicted the strongest relationship with franchisee performance. Management clearly stated that the franchisee has freedom in terms of how it carries out business operations and are able to make decisions without constant interference from the franchisor. However, franchisors do exert control in order to protect the brand itself, which is an essential intangible asset for operations and present a stable system to customers. Managers interviewed mentioned that they did not have the freedom to sell non-franchisor products. It is clear that franchisors rely on franchisees' knowledge of the local market to appropriately adapt brand outcomes. However, franchisors often restrict the franchisees' ability to respond to local market conditions by controlling advertising, promotions, and territory (Jang and Park 2019).

### Proactiveness

The second strongest relationship with franchisee performance was reflected by proactiveness, as per findings. In Fiji, franchisees can offer unique and quality products/services. They have the resources and technologies that competitors may lack, are able to create demand for their products, able to forecast future demand of products and make necessary changes, and create new policies that help to sell more of franchisee products. In their research, Dada et al. (2015) also achieved high scores for proactiveness (termed "internal locus of control") and asserted that franchisees are proactive, self-reliant, self-determined, and self-confident, and believe that achievement is due to ability and effort.

### Risk Taking

The third strongest relationship related to franchisee performance was linked with risk taking. Management conveyed how the franchisee placed a high level of trust in the franchisor brand and

**Government's Role in Entrepreneurial Business Activities: The Case of Fiji, Table 1** Summary of Key Themes

| Category | Issue | Selected Illustrative Quote |
|---|---|---|
| Franchisee selection criteria:- | | |
| | Franchisor approached the potential franchisee<br>Personal acquaintance<br>Know-how of running a franchise | "The story first started off when the franchisor approached us and said we want to bring the franchise to Fiji."<br>"The franchisee was chosen through personal acquaintance with the franchisor."<br>"The whole idea was the passion behind the food industry which the directors and I had." |
| Franchisee agreement – Terms and conditions:- | | |
| Duration/renewal/ termination of franchise contract | Duration:<br>20 years<br>10 years<br>Renewal:<br>Profit figures<br>Performance reviews & brand standards<br>Termination:<br>No profits<br>Poor performance reviews<br>Unhappy franchisor | "Each restaurant signs a franchise agreement for 20 years."<br>"It is a 10-year lease."<br>"Pretty much a common agreement like are we making money?"<br>"It is basically a performance review and the brand standards review."<br>"We aren't making money."<br>"If we do not abide by their brand standards, they can shut us down any time."<br>"Franchisor is not happy with the way we run the franchise." |
| Franchise fees | Paid on a monthly basis | "Royalty fees paid on a monthly basis." |
| Startup capital | Large sum required | "A large start-up capital is required." |
| Franchisee location | Joint effort by franchisor/franchisee<br>Site misjudged | "We look for the location and take approval from them."<br>"If we misjudged a site and it resulted in losses, we would give that particular site some time to build up" or "move and find another location to make it work." |
| Supplies/equipment | No commission paid<br>Supplier approved items | "No, we do not pay commission for supplies of goods or materials to the franchisor."<br>"The franchisor has got approved suppliers from whom we can purchase equipment and products from." |
| Advertising/promotional costs | Incur full advertising cost<br>Cost sharing/percentage<br>Local advertising arrangement | "We incur the full advertising cost."<br>"Advertisement on international and group contracted media is charged at a certain percentage to the resort."<br>"Local advertising and promotional costs are incurred by us here in Fiji." |
| Selling the business | Allowed to sell<br>Not allowed to sell<br>Penalties | "The franchise agreement allows us to sell the business however the franchisor would be very much involved."<br>"Our franchise contract does not permit us to sell the business."<br>"There will be some penalties that the current franchisee will have to bear." |
| Training | Franchisor provides training<br>Franchisee provides training | "Certain areas that need specific training do underdo training with the franchisor or at other properties within the group."<br>"Our staff are trained by the franchisee." |
| Communication | Emails & intranet<br>Online portal (newsletters)<br>Get-togethers<br>Audit meetings and trainings<br>Workshops<br>Designated personnel based at the franchisor | "Through regular emails on any updates we have and our franchisee-franchisor intranet that connects us."<br>"We've got a portal whereby everyone has got the app in their mobile phones."<br>"We have a quarterly get-together of all franchisees in New Zealand and the Pacific islands."<br>"Our Fiji staff go overseas for training and meetings and we have the franchisor audit personnel visiting our hotel in Fiji."<br>"We do workshops and meetings."<br>"With the franchises, we do have people in charge who dedicate themselves to certain countries." |

(continued)

**Government's Role in Entrepreneurial Business Activities: The Case of Fiji, Table 1** (continued)

| Category | Issue | Selected Illustrative Quote |
|---|---|---|
| Exclusive rights | Moderate to high exclusivity<br>Cannot sell outside products<br>Can sell outside products | "We are 100% exclusive to the South Pacific."<br>"We have to only sell the franchisor products."<br>"We can use both local and international products to deliver our service so it is not only limited to the franchisor products." |
| Franchisor support | Support provided by franchisor<br>Instruction & operation manuals<br>Training<br>Assistance in operational problems | "The franchisor provides a lot of things in terms of support."<br>"The franchisor provides instruction and operation manuals."<br>"The franchisor provides us with training as part of the BPE audit."<br>"If we encounter operational problems, we will seek advice from the franchisor." |
| Delivering the promise | Staff training<br>No shortcuts<br>Regular audits<br>Quality | "We ensure that our employees are trained."<br>"We basically make sure that there are no shortcuts."<br>"We also get regular audits done on a quarterly basis."<br>"The quality of our output and past performance." |
| Affiliation with franchise association | Yes<br>No<br>Future plan to join<br>Setup of local franchise | "Our hotel is a member of franchise associations overseas."<br>"Our company is not a member of any franchise association."<br>"It would be something we would look at later."<br>"It would be good if we have a local franchise association because a lot of businesses are duplicating our products and we really want to protect our interest." |



does not hesitate to invest in new projects when opportunities arise. This finding is consistent with Evanschitzky et al. (2017) who found that seeking challenges and risk taking are associated with high levels of opportunism that lead to franchisee satisfaction.

### Innovativeness

Innovativeness also contributed to franchisee performance where managers are very concerned about catering consumer behaviors and consumer needs. A franchisees' ability to adapt to existing products or new ways of delivering products to the market has been said to be the most common type of innovation. Franchisee managers in Fiji said their companies introduced new products for customers, made changes to current products to appeal better to customers, produced quality products that highly benefit consumers, and ran promotions to grab consumer attention.

### Competitive Aggressiveness

While some managers felt that they were competing aggressively, overall, results indicate that competitive aggressiveness as an EO dimension did not significantly contribute to franchisee performance. This means that franchisees in Fiji need to engage more strategically, with a focus on: solving customer-related problems, quality, and availability of high consumer demand products, a need to stand out amidst competitors and show distinctiveness through products/services offered. It was evident that there is a real need to better understand the needs and requirements of consumers and to develop tailored promotions in line with their needs and requirements. The level of competitive aggressiveness depends on a country's economic environment as well as competition from individual competitors. In today's competitive landscape, firms cannot rely on internally controlled resources alone to pursue advantage-creating and advantage-enhancing strategies. They must collaborate with other firms to gain access to information, skills, expertise, assets, and technologies and thus leverage their internal resources.

### Sustainability of Franchisees

Only a handful of franchisees stood out among others and have sustained their operations in the

Fijian market. This is not only the case of Fiji. Ayup-Gonzalez et al. (2019) mention that this is a common problem in both developed and emerging countries. According to a comparative study of Mexico, Argentina, Chile, the USA, and Spain, over 70% of businesses, whether franchises or otherwise, never continued beyond their fourth year of existence. The true challenge is franchising continuity, rather than opening.

Croonen et al. (2016) stated that the local business context is an important expectancy consideration affecting franchisee entrepreneurial behavior. Hence, management needs to have a better understanding of its local environment and develop strategies that would assist in sustaining franchisee operations in Fiji. To illustrate the external environment in Fiji, factors such as the GDP of the country and its competitiveness index take into account the risk and uncertainty that affects business decisions. GDP growth during the same period has also been progressing at a respectable rate, partly reflecting at the normalization of agricultural and tourism export earnings following 2016's Cyclone. Likewise, contextual factors such as inter-bank interest rates, investment levels, political periods that determine public policies, and periods of crisis and commercial growth are all situations that affect the decisions and operations of franchisees in Fiji.

One of the barriers to franchisee sustainability is that businesses in Fiji have had to cope with increasing bureaucratic interference and a complex land ownership system (The Heritage Foundation 2020). This is fairly true for hotel franchisees who mostly operate on native land. For instance, one of the Managers from a prominent resort in Fiji stated that "major restriction is the local landowners." This could possibly be attributed to resort expansions and conflicts over royalties paid to the landowners. Members of the business community are often not consulted by the government on policies that affect them. Another barrier is that market openness to foreign investment is below average. The government will need to prioritize policies to lower tariffs, ease investment restrictions, and privatize state-owned enterprises. These improvements would then possibly improve franchisee operations in Fiji. By implementing positive steps and immediate response to challenges, franchisees can actually go further in the franchise retail industry (Doherty and Alexander 2004). Franchise firms should evaluate the population (market size), consumer ability to purchase, regulatory framework of the government for businesses, and the currency and legal system of the country.

## Conclusion and Recommendations

There is a need for a local franchise association. This could entail a public-private-partnership (PPP) to drive the association between complementary entrepreneurial networking and the entrepreneurial ecosystem for sustainable franchising in Fiji. Part of the authorized distributors' mutually beneficial networking is directly connected to multi-actor networks that continuously simplify their local access to affordable franchise financing, mentors, and supportive leaders. Also, the same association will be mediated through PPP supported franchise-business information and assist local franchisees in growth and progress. Also, since there is an absence of an entity in Fiji that gathers franchise information, it is suggested that there be an institute similar to the National Centre for Small and Micro Enterprise Development (NCSMED) that is specifically set up for SMEs in Fiji, with the view that they record franchisee information.

## Cross-References

▶ Governance and the Entrepreneurial Society
▶ Leadership and Innovation
▶ Leading Innovation

## References

Ayup-Gonzalez J, Calderon-Monge E, Carrilero-Castillo A (2019) The effects of management and environmental factors on franchise continuity. Econ Res 32(1):982–997. https://doi.org/10.1080/1331677X.2019.1592008

Chien S (2014) Franchisor resources, spousal resources, entrepreneurial orientation, and performance in a

couple-owned franchise outlet. Manag Decis 52(5): 916–933
Coulthard M (2017) The role of entrepreneurial orientation on firm performance and the potential influence of relational dynamism. J Global Bus Technol 3(1):29–39. https://doi.org/10.4225/03/5934daeaddb07
Croonen EP, Brand MJ, Huizingh EK (2016) To be entrepreneurial, or not to be entrepreneurial? Explaining differences in franchisee entrepreneurial behavior within a franchise system. Int Entrep Manag J 12(2):531–553
Dada O, Watson A, Kirby DA (2015) Entrepreneurial tendencies in franchising: evidence from the UK. J Small Bus Enterp Dev 22(1):82–98
Doherty AM, Alexander N (2004) Relationship development in international retail franchising: case study evidence from the UK fashion sector. Eur J Mark 38(9/10):1215–1235. https://doi.org/10.1108/03090560410548942
Evanschitzky H, Backhaus C, Blut M, Woisetschlager DM (2017) Efficacy of franchisee autonomy: an examination of boundary conditions. In: The customer is not always right? Marketing orientations in a dynamic business world, Proceedings from the 2011 World Marketing Congress, Reims
Jang S, Park K (2019) A sustainable franchisor-franchisee relationship model: toward the franchise win-win theory. Int J Hosp Manag 76:13–24
The Heritage Foundation (2020) 2020 Index of economic freedom – Fiji. [online] Available at: https://www.heritage.org/index/country/fiji?version=453. Accessed 18 May 2020

# Governmental Accountability

Tammie Clary and Clifford McCue
School of Public Administration, College for Design and Social Inquiry, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Accountability; Answerability; Confidence; Duty; Integrity; Liability; Responsibility; Trust

## Definition

Accountability is defined as accepting responsibility or accounting for one's actions.

## Introduction

A fundamental tenet of good governance is that we expect our elected and non-elected public officials to act honestly and with integrity. However, in far too many cases, personal self-interests, greed, and abuse of power have resulted in increasing calls for government reform. The focus of these reform efforts emphasizes creating an administrative environment that ensures government officials act in unity with society's basic notions of ethics and probity. Regulatory changes impacting such aspects as political party financing, rules governing administrative discretion, and how citizens interact and access government are all meant to ensure public officials are held accountable for their actions.

## What Is Accountability?

Accountability is an amorphous concept that has been defined in a multitude of ways. Although Merriam-Webster (2015) defines accountability as "an obligation or willingness to accept responsibility or to account for one's actions" (http://www.merriam-webster.com/dictionary/accountability), scholars have debated and pushed the examination of the issue of accountability to the forefront of governance. Since the epic Friedrich-Finer debate of the 1940s about the most effective way to ensure accountability of public officials in a democratic system, the overarching questions of *who* is accountable and *what* are they accountable for still remain largely unanswered (for an interesting discussion of the debate, please see Stewart 1985).

Broadly speaking, accountability exists when there is a relationship between an entity (such as an individual, group, or institution), which is subject to another's oversight or direction, where they provide information or justification for their actions. Under this conceptual lens, accountability involves two distinct groups: an agent and a principal. Therefore, government functions as the agent for its citizens, through public officials and agencies. Moreover, as an agent for the citizens, government must continually provide information

G

about their decisions and actions as justification to the citizens and those institutions charged with ensuring that the agents are accountable for their actions. Oversight suggests that the public, or those institutions tasked with ensuring accountability, can sanction the government or remedy the violating behavior. The rise of accountability has lead to an increase in auditing, supension, and monitoring (Michael 2005).

The fundamental basis for government acting as agent for its citizens is the concept of the social contract, where the social contract establishes the values society wants to enforce. In a democratic society, the social contract involves the retaining of certain natural rights, an acceptance of restrictions of certain individual liberties, the assumption of certain duties by both the governed and governing, and the merging of certain powers to be exercised collectively. *What* governments are accountable for is articulated in national and subnational constitutions and the subsequent legislative policies and administrative procedures created to implement those constitutional values.

The relationship between the governed and the governing manifests itself within the responsibility of elected and non-elected officials to act on behalf of society. Therefore, public officials have a responsibility to explain their decisions and actions, and they are held accountable for those decisions. Accountability is represented through the use of administrative structures (traditionally through legislative, judicial, and administrative structures) and administrative processes (transparency, access, oversight, and legal address) that are established to safeguard that elected and non-elected officials are answerable for their actions. When a public official violates some given constitutional or regulatory norm, such as embezzling public funds, new accountability requirements are created, which requires even more checks and balances to limit this type of fraud. Within this legalistic approach, governments create more regulations attempting to control behavior, which typically result in more red tape. Yet red tape does not ensure that government officials act ethically.

The traditional legalistic concepts of what government officials are accountable for overlooks the moral, professional, and ethical dimensions of accountability and focus on creating a regulatory environment that promotes legal and fiscal control. These controls are evident with increasing levels of red tape, which in turn creates even more opportunities for public officials to act unethically. Although this may seem counterintuitive, the increasing number of rules and regulations (red tape) necessary to limit corruption makes the system even less transparent. For example, the Federal Acquisition Regulation (FAR) establishes how the federal government acquires goods and services essential for delivering public services for the Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration. It contains over 2000 pages of regulations that have been variously labeled as "intractable," "overwhelming," and "impossible for any one person to understand" (2015). Only certain individuals possess the knowledge and skills necessary to weave through the complex accountability structures.

## New Public Management and Accountability

The evolving and expanding nature of modern government has questioned the efficiency and applicability of conventional political-administrative, superior-subordinate relationships under close supervisions with increasing rules and regulations (Romzek and Dubnick 1987a). Within a modernization framework, accounting for one's actions or pinpointing responsibility becomes obfuscated. More so, with varied interconnected relationships in a market-oriented environment, it becomes difficult to determine who is accountable and precisely what they are accountable for.

Through modernization and ideals of market-oriented management, privatization, originally a mechanism for maximizing economic efficiency by increasing the scope and quality of service, functioned as a solution to outsourcing accountability. However, contracting out, coupled with additional third-party contractors, has created

"nongovernmental governance," lacking the formal institutions of the state (Milward and Provan 2000). The autonomous nature of these relationships questions the responsibility of accountability. More so, varied or convoluted relationships enable organizations to carry out government business without visibility or accountability (Gilmour and Jensen 1998). A stealth mixture of government and third-party administration develops through the combination of nonprofit organizations, along with a network of providers. The desire for greater cost-efficiency for governments instead functions as a curtain for accountability. These varied relationships blur the ability to identify responsibility, questioning accountability by failing to identify *who* is accountable and *what* they are accountable for.

## Third-Sector Accountability

Along with the growth of nonprofits, cooperative organizations muddy the waters even further by providing additional layers of "bureaucratic undermining" adding to the complexity of accountability through the blurring of responsibility. With unclear relationships, historical notions of principal agent accountability are no longer applicable. Still the question arises: when decision-making authority is delegated to the agent, does responsibility and accountability transfer as well? (Jensen and Meckling 1976, p. 308). Additionally, when agents are self-serving and economically motivated, who should be ultimately accountable, the principal or the agent? Because decision-making involves multiple actors, public authorities are no longer assumed to possess the traditional authority ascribed to public organizations (Hansson and Longva 2014, p.93). Monolithic growth has expanded governance to include any business of the public, no matter the degrees of separation. Therefore, the notion of citizens holding elected officials accountable is challenged (Hansson and Longva 2014, p.93). Traditional notions of transaction cost economics (Williamson 1973) previously dictated the decision for in-house services versus contracting out. The lure to produce and achieve efficiency continued the growth of government, further questioning conventional notions of accountability. With the expansion of individuals, agencies, and sometimes governments involved, accountability becomes difficult because of the many layers burying who is accepting responsibility and accounting for one's actions.

Contractual agreements are paving the roads of accountability, specifying what and whom – relying on the level of specificity, between parties with divergent interests. Furthermore, even though contractual relations do not include formalized channels of accountability to citizens, the satisfaction of public services is also impacting the judgment of the final product, shifting to evaluation of outcomes and performance. Governance requires more than what public service delivers, and it must include the processes as well as the mixture of inputs (Dubnick 2005). Therefore, the means and ends function as measurements of effectiveness; however, they fail to demonstrate a mechanism for ensuring accountability.

Moreover, technology has brought forth a surplus of benefits, along with an array of challenges. E-governance contributes to greater transparency and has the potential to aid in the notions of accountability by providing linkages for responsibility. However, with the mass-produced and ever expanding availability of information, challenges to accessibility still remain. Furthermore, accountability through e-governance remains tied to integrity, impacting the overall public perception, specifically within an "environment of blameworthiness" (Dubnick 2005). The ability to pick and choose the specific information available, deciding between supporting reports as opposed to effectiveness measures, contributes to the frustration and overwhelming breadth of information present. Finally, the desire to inundate information availability has overshadowed the need for a coherent exchange of dialogue among stakeholders (Dumont 2013), further exacerbating Ebrahim's (2009) conclusion that transparency is a key component of accountability.

## Conclusion

In summary, unhappiness with the status quo leaves hierarchical and accountability for processes failing to achieve the level of governmental accountability desired (Heinrich 2002). Moreover, technology and advancements bring forth expanding notions of government employees and officials, increasing those conducting public business and, in turn, impacting accountability. Accountability within the public sector defines the philosophies of democracy (Romzek and Dubnick 1987b). Furthermore, accountability discussions aim at promoting behaviors that are socially or legally legitimated. Failing to live up to the public expectations, through mismanagement, unethical or corrupt behavior breaks down accountability from the foundations. Through the distribution and devolution of power to nontraditional government employees, accountability has taken a back seat. Together with information overload, specialized experts and specific areas of expertise conflate accountability on all levels. Relying on performance measurements for accountability, dispersion and empowerment are justified and endorsed. As accountability is defined as "accepting responsibility or accounting for one's actions," it is important to be able to identify who is accountable and exactly what they are accountable for (Merriam-Webster 2015). Privatization provides support for "doing more with less" while circumventing government incompetence and avoiding "rule-bounded inflexibility" (Ott and Dicke 2001, p. 322), further convoluting the identification of responsibility and accountability. With the presence of increasing challenges and opportunities, scholarship and practice can achieve the greater accountability envisioned within governance.

Regardless of who provides the service, those in governments are responsible for balancing citizens' needs with public outcomes. Varying structures with diversified relationships presents the growing need for accountability, along with the challenges. Recognizing and addressing the evolving nature of governance will help researchers, as well as practitioners, achieve a better level of accountability in the future.

## Cross-References


- ▶ Accountability: Breaches and Trust
- ▶ Administrative Responsibility
- ▶ Authority in Organizations
- ▶ Bureaucracy Responsiveness
- ▶ Federal Government, Russia
- ▶ Principal-Agent Theory of Organizations
- ▶ Transparency


## References


Accountability (2015) In Merriam-Webster's collegiate dictionary online. Retrieved from http://www.merriam-webster.com/dictionary/accountability

Dubnick M (2005) Accountability and the promise of performance: in search of the mechanisms. Public Perform Manag Rev 28(3):376–417

Dumont GE (2013) Symposium-transparency or accountability? The purpose of online technologies for nonprofits. Int Rev Public Adm 18(3):7–30

Ebrahim A (2009) Placing the normative logics of accountability in "thick" perspective. Am Behav Sci 52:885–904

Gilmour RS, Jensen LS (1998) Reinventing government accountability: public functions, privatization, and the meaning of "state action". Public Adm Rev 58(3): 247–258

Hansson L, Longva F (2014) Contracting accountability in network governance structures. Qual Res Account Manag 11(2):92–110

Heinrich CJ (2002) Outcomes-based performance management in the public sector: Implications for government accountability and effectiveness. Public Adm Rev 62(6):712–725

Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3(4):305–360

Michael B (2005) Questioning public sector accountability. Public Integr 7(2):95–109

Milward HB, Provan KG (2000) Governing the Hollow State. J Public Adm Res Theory 10(2):359–380

Ott S, Dicke LA (2001) Challenges facing public sector management in an era of downsizing, devolution, dispersion and empowerment – and accountability? Public Organ Rev 1(3):321–339

Romzek BS, Dubnick MJ (1987a) Accountability in the public sector: lessons from the Challenger tragedy. Public Adm Rev 47(3):227–238

Romzek BS, Dubnick MJ (1987b) Accountability. In: Shafritz JM (ed) International encyclopedia of public policy and administration, vol 1 (A-C). Westview, Boulder

Stewart DW (1985) Professionalism vs. democracy: Friedich vs. Finer revisited. Public Adm Q 9(1):13–25

Williamson O (1973) Market and hierarchies: some elementary considerations. Am Econ Rev 63:316–325

# Governmental Reform in Turkey

Can Umut Çiner[1] and Bilge Uz[2]
[1]Faculty of Political Sciences, Ankara University, Ankara, Turkey
[2]Ankara University, Ankara, Turkey

## Synonyms

Governmental reform; Presidential system; State reform

## Definition

The Republic of Turkey has put into practice one of the most important changes in its history with respect to its constitutional and administrative system on February 11, 2017. Turkey has changed the governmental system from parliamentary to presidential system through a long process that was initiated by the constitutional changes of 2007 and ended with latter arrangements such as Law No. 6771 as a final part of the changes. With these changes, the new arrangements aimed at harmonizing the new constitutional items with the existing administrative structures. Since the system is recently put into practice, it is not possible to conduct a policy analysis other than legal text analysis which constitutes a limitation of this entry. The aim of this entry is to examine this last cycle of the administrative revolution and to explain, in the simplest possible way, the elements and the implications of the changing structure brought with the Presidential system.

## Introduction

Existing studies on Turkey's administrative system and administrative law are now out of date. As the fields other than territorial organization have changed from top to bottom, we are at a time when even academic experts in the field find it difficult to follow and map out the changes. This period is marked by deep political and social transformations due to practices during the state of emergency period and the ongoing economic crisis. Therefore, the changes introduced along with rapidly implemented several regulations, all of which are quite extensive for transforming the system of government and the administration structure, should be considered within Turkey's unique conditions. However, these conditions will not be mentioned since they exceed the limits of this entry. In addition, it is not possible to survey the elements of the building blocks of the new system in practice since the adaptation of the bureaucracy to this new situation has not been yet completed. This entry is a one of the first stabs at mapping out the changing structure. Undoubtedly, like in the case for any dynamic phenomenon, this entry may potentially get out of date soon after it is penned.

Turkey has a long-established state tradition based on a parliamentary system. The parliamentary administration structure has been changed with the general elections of June 24, 2018 which took place after the constitutional amendment in 2017. The previous system was changed with a new administration system called the Presidential Governmental System.

In Turkey, the former system was a pure parliamentary system as the powers of the president had no significant effect on the overall system. This was because the use of power by the president depended on the rule of counter-signature of the council of ministers (Gözler 2018a). In the former structure, the constitution granted broad powers to the president. However, it is accepted in the doctrine that the president cannot be regarded as a head of administration and part of the central government given the impartiality of the president, the requirement of dismissal from her/his party in case of selection, and the irresponsibility of her/his actions (Duran 1982). It is also accepted that the President is an actor, who is outside the executive body and only in close relations with the administration (Gözler 2018c). The President is considered as a driving force and is an executive head overarching. The prime minister and the council of ministers are responsible for the overall administration of politics in the country (Günday 2017).

The academic literature has yet been developing about the changing governmental system in Turkey. Apart from a few analyses in Turkish, the analysis of this system in the English-speaking world is limited to newspaper articles (Gur 2017; Yılmaz 2018) and brief political assessments. Therefore, on the one hand, the literature offers a perspective that gradually dissolves the difference between government system discussions and regime change. This fact necessarily makes it difficult to monitor the changes realized under the name of the government system because it means making a political assessment without understanding the spirit and purpose of new developments.

## Transition to the New System

The transition to the new system in Turkey was realized with the Law No. 6771, after numerous adaptation arrangements made to reflect the constitutional changes in the existing administration structure. Following the amendments, the executive power and responsibilities of the president and the council of ministers in the former system are gathered at the president "'who was directly elected by public vote." The council of ministers, a body responsible for and against the legislative power, and the prime ministry, which coordinates this system were all abolished. In this sense, the relationship between the legislative and the executive powers are redrawn (Ardıcoğlu 2017).

In the new system, the executive body is monist and consists of only the president (Gözler 2018a). The establishment, abolition, duties, and powers of ministries; organizational structure; and the appointment of senior executives are regulated by the Presidential Decree in accordance with the new constitutional provisions.

The Presidential Decree, which is the basic regulatory mechanism of the system, does not have a clear definition in the Constitution. On the other hand, it can be defined as a regulatory instrument for the exercise of executive power, which is formed by the signature of the President and can be issued without authorization of TGNA. In this sense, it can be considered that the Presidential Decree is more than an ordinary administrative act, which has a legislative power. Granting the president the authority to issue law-making decrees is similar to that of the Decree-Law issued to enable the executive power to take quick decisions in parliamentary systems (Karatepe et al. 2017). However, in the system, it is noteworthy that the authority of the president to issue decrees is limited to executive affairs (Gülener and Mis 2017).

## The Presidential Organization: Building Blocks of the System

The Presidential decrees bring comprehensive regulations, which have the force of law, are very comprehensive and regulated by law. Within this scope, the Presidential Decree No.1 regulates the structure of the central organization of the Presidency, the institutions and organizations affiliated to the Presidency, the policy boards, and the working procedures and principles of offices and ministries.

## Policy Boards

The Policy Boards are composed of three persons. The President is the chairman of these boards and appoints one of the board members as vice president. Main duties of these boards are to develop recommendations on decisions and policies taken by the president.

The policy boards carry out the necessary work on the policy and strategy proposals deemed appropriate by the President. They monitor the implemented policies by taking the opinions of the relevant parties and report them to the president. In addition, some of the tasks of the policy boards are giving opinions to the public institutions and organizations related to their field of activity, monitoring, and reporting the activities of the ministries and institutions in terms of compliance with the President's program, conducting extended board meetings with the participation of related parties, and making an impact analysis of requests and needs related to their field of activity.

There are nine Policy Boards established by the Presidency by decree. The Boards are named as "Policy Board on Science, Technology and Innovation," "'Policy Board on Education and Training," "'Policy Board on Economic Policy," "'Policy Board on Security and Foreign Policy," "'Policy Board on Legal Policy," "Policy Board on Culture and Art," "'Policy Board on Health and Food," "Policy Board on Social Policies," and "'Policy Board on Local Government."

Policy Boards work directly with the President in relation to their fields of duty and follow instructions of the president. The ministries, public institutions and organizations, civil society and private sector representatives, academicians, and local or foreign experts can be invited to the meetings and studies related to the duties of the Boards. The issues that fall under the duties of more than one board are jointly studied and joint decisions formulated by the related boards in the expanded board meetings.

Policy Boards work in close cooperation with the ministries, the public institutions and organizations, the enterprises, and institutions that have similar characteristics with public institutions. The boards may request all kinds of information and documents related to their field of duty from ministries and public institutions and organizations. The Secretariat of the Policy Boards is carried out by the Administrative Affairs of Presidency.

Considering that the Policy Boards were established to carry out similar functions as the auxiliary and advisory boards such as the National Education Council, the Health Council, the High Planning Council, and the High Council of Science and Technology, it can be argued that they may serve as an auxiliary organization or advisory body (Gözler 2018c).

## Presidential Offices

Presidential Offices are the units attached to the Presidency to perform a set of preassigned duties. Offices have special budgets, public legal personalities, and have both administrative and financial autonomy. The "Digital Transformation Office," "Finance Office," "Human Resources Office," and "Investment Office" operate in areas requiring technical expertise. Offices expected to play a critical role in the development of technical projects that will be the basis of policies (Turan 2018).

The head of the Office is the highest authority of the office and is responsible to the President for the general management and representation of the office. The head of the Office manages the office, of which he is in charge, in accordance with the objectives, policies, and strategies set by the President. The organization of the offices consists of main service units and advisory and auxiliary service units. Offices authorized to coordinate all institutions and organizations in the issues within the scope of its duties and to hold meetings or to organize other activities required for the purpose of coordination. With the latest Presidential Decree (No: 48 issued on October 2019), the organizational structure and the functions of the Offices are regulated. Decree set out that the organizational structures of the Offices as in the Ministries, such as Departments, regional, and foreign organizations and standardized all of them in this sense. As the Decree states that the Offices has a direct official relationship with the President and has the authority to prepare legislation on their related areas, we can argue that the Offices are above the Ministries in the governmental hierarchy in the new system. Nevertheless, since the Offices are quite newly formed bodies, we need to pursue their implementation processes on practice.

## Ministries in the New System

Although there is no council of ministers and prime minister in the new system, the ministries continue to exist. However, they are very different from the ministries in the old system. In the old system, the ministries, as a part and essential element of the executive power, constituted a collective structure: the council of ministers. Under the chairmanship of the prime minister, who was herself a minister, the council of ministers, in other words the government, was the competent and responsible element of the executive body. After the amendment in 2017, a collective organ that gathers the ministries is not being formed. The principle of equality, not

hierarchy, applies as a rule between ministries (Gözler 2018b; Zengin 2019).

In the new system, the ministries are not responsible to the legislature, but to the president. The ministers are appointed and dismissed by the president. They are not partners of executive power. The main element and leader of executive power in the system is the president. In this sense, ministries are service units responsible to the president (Gözler 2018a). Since the ministers cannot exercise their executive power in the system, they serve under the president. In the system, the president is the hierarchical head of the ministers (Ardıcoğlu 2017). The number of ministries has been reduced to *16* from *21*. With the Decree, some ministries have been merged and some have been abolished. For example, the Ministry of EU Affairs was abolished and was structured as a unit within the Ministry of Foreign Affairs. The Ministry of Family and Social Policies and Ministry of Labor and Social Security were united under the name of "Ministry of Labor, Social Services and Family"; the Ministry of Development and Ministry of Science Industry and Technology were merged under the name of "Ministry of Industry and Technology"; The Ministry of Economy and the Ministry of Customs and Trade were united under the name of "Ministry of Trade." The Ministry of Food, Agriculture, and Livestock and the Ministry of Forestry and Water Affairs brought together as "Ministry of Agriculture and Forestry." The Undersecretariat of Treasury was included in the structure of the "Ministry of Treasury and Finance." Thus, the scope of the ministries was narrowed in terms of their personal and organizational structures through bringing together the service ministries operating in similar fields. This also demonstrates the standardization of the policy-making structures in similar areas on taking and implementing the same decisions.

With the Decree, the organizational structure of the ministries became uniform under the same regulations. The decree applies to all ministries and it stipulates that the ministries are composed of "central organization, provincial and foreign organizations, and affiliated organizations established according to the needs." Accordingly, the central organization of the ministries consists of hierarchical levels organized under the minister, deputy minister, general directorates linked to the deputy ministers, head of the committees, and departments (Gözler 2018b).

## Independent Institutions and Organizations

The Presidential Circular No. 2018/1 published on 15 July 2018 linked affiliated and related institutions to the ministries that are shown in relation to these institutions in list of the circular. It has stipulated that the affiliation and relevance, status of the institutions, and organizations that are not included in this list have specified in the related laws or Presidential Decrees.

Within the institutions in the scope of the list, while the Saving Deposit Insurance Fund, the Personal Data Protection Agency, and the Human Rights and Equality Institution of Turkey are related to the Ministry of Justice; the Capital Market Board, the Banking Regulation and Supervision Agency, which are among the regulatory and supervisory institutions, are related to the Ministry of Treasury and Finance. The independent institutions and organizations, which had independent decision-making and functioning mechanisms and whose relations with the central government were more distant in the previous system, have been directly involved within the Presidency or a ministry and have been included in the central administration system similar to other public institutions. At this point, this means that the centralized administration has been more expanded in comparison to the previous system, and that all public institutions are brought as close as possible to the center, being directly involved in the political decision-making process.

## Conclusion

In Turkey, the parliamentary system, the state tradition based on this system, and the administrative structure running approximately for 95 years have been entirely changed. The old

system was transformed into a new presidential system, which is a unique administrative model for Turkey. The most fundamental change brought by the new system in terms of public administration is the strengthening the central administration system through broad powers granted to the president, who has the executive authority. This means that the legislative and the judicial powers are conspicuously weaker. In this respect, in the new system, executive decisions can be taken by the President, as the head of administration. The powers of the president have been increased and the scope and area of implementation of presidential decisions have been expanded. It is possible in the exercise of this authority that the administrative procedures and possessions of the ministries and independent institutions shall be directed by the policy boards and the offices.

Within this scope, the coordination role of the central administration and decision-making process, which was previously carried out by the council of ministers and the prime minister, have been transferred to the policy boards and offices in the new system. In this sense, the central government is included in the policy making process with all its units and it becomes the implementer, as a whole and in the fastest way, of the decisions taken by the president. Since it is also possible to direct the system by introducing changes with the presidential decrees on the processes of set up and implementation of the new system, it is foreseen that the necessary changes can be made by administrative decisions whether there will be administrative or executive difficulties. This aspect suggests that the new system in Turkey will reshape in practice. Furthermore, whenever there will emerge systemic implementation difficulties, the new system will gradually converge onto a parliamentary system.

## References

Ardıcoğlu A (2017) Cumhurbaşkanlığı Kararnameleri. Ankara Barosu Dergisi 3:21–51

Duran L (1982) İdare Hukuku Dersleri. Istanbul Hukuk Fakültesi Yayınları, Istanbul

Gözler K (2018a) Türk Anayasa Hukuku. Ekin Yayınevi, Bursa

Gözler K (2018b) Anayasa Hukukunun Genel Teorisi. Ekin Yayınevi, Bursa

Gözler K (2018c) Türkiye'nin Yönetim Yapısı: TC. İdari Teşkilatı. Ekin Yayınevi, Bursa

Gülener S, Mis N (2017) Cumhurbaşkanlığı Sistemi. SETA Yayınları, İstanbul

Günday M (2017) İdare Hukuku. İmaj Yayınevi, Ankara

Gur S (2017) Presidentialism in Turkey: instability and change. Routledge, London

Karatepe S, Alkan H, Atar Y, Bingöl Y, Durgun-Bayraktar G (2017) Sorularla Cumhurbaşkanlığı Hükümet Sistemi. MemurSen Yayınları, Ankara

Turan M (2018) Türkiye'nin yeni yönetim düzeni: Cumhurbaşkanlığı hükümet sistemi. Soc Sci Res J 7(3):42–91

Yılmaz B (2018) The presidential system in Turkey: opportunities and obstacles. Palgrave Macmillan, Cham

Zengin O (2019) Cumhurbaşkanlığı Hükümet Sistemi ve İdari Yapıya Etkisi. Emek Araştırma Dergisi 10(15):1–24

G

# Greek Refugee Crisis, The

Nikolaos Zahariadis
Department of International Studies, Rhodes College, Memphis, TN, USA

## Synonyms

Greece; Immigration policy; Refugee crisis; Schengen agreement

## Definition

*Refugee policy* consists of measures taken by governments to regulate the transit across national borders of those people fleeing persecution or open conflict at home.

## Introduction

Efforts to address the refugee crisis in Greece (2012–2016) have mostly failed to produce the desired results with few prospects for improvement in the future. The complexity and transnational nature of the refugee issue coupled with austerity and lack of administrative capacity in

Greece pose nearly insurmountable problems to effective policy and implementation. The refugee crisis is important not only because it has received inadequate scholarly attention so far but also because at its core, the Syrian crisis represents what António Guterres, the UN High Commissioner for Refugees (UNHCR), claimed to be "the biggest humanitarian emergency of our era" (Edwards 2014). By the end of 2015, 1,015,078 migrants had crossed the Mediterranean into Europe rendering it the biggest movement of people in Europe since World War II. Of those, 3771 died (most drowned) in the process (UNHCR 2016). Moreover, the case deeply affects the Schengen Agreement, which is the current policy of free movement for persons across Europe.

## Migrants, Refugees, or Irregulars?

Since 2005, Greece has been an important first European Union (EU) country of arrival for migrants and refugees heading west to northern Europe. Perhaps the biggest obstacle with dealing with the influx of people across the Mediterranean has been language. Who are they and how should they be called? Labels matter because different rules apply to asylum seekers, legal (and illegal) migrants, and refugees. Asylum seekers are those who can demonstrate legitimate fear for their physical security in their home country. Legal migrants are those who obtain papers in their place of origin to migrate to the host country usually for economic or family reasons. Illegals cross national borders without papers for economic or other reasons. Refugees cross national borders legally or illegally because they flee armed conflict or persecution (IOM 2016a). Some experts use the term irregular migration to refer to sometimes temporary entry, residence, or work in a country without the necessary authorization or immigration documents; these migrants often fall prey to human smugglers (Triandafyllidou and Maroukis 2012: 5). The problem with the persons crossing the Mediterranean is that they are all of the above in many cases, making policy complex and difficult (in trying to document the undocumented), time consuming (in keeping records and distinguishing between criminal and legitimate elements), and highly contentious (in verifying who has legitimate fear of persecution at home). This article will use the generic term migrant and differentiate between types in the appropriate context.

## Why Greece?

An overview of flows of legal and irregular migrants and asylum seekers in 2015 shows that approximately 11.3% of Greece's total population are foreigners (IOM 2016b). However, the flow and sources of migrants have changed substantially over the years. Whereas the number of migrants crossing the Greek border has waxed and waned, it skyrocketed to almost ten times the average in 2015 (see Fig. 1). Moreover, there has been a shift between 2010 and 2014 from sea to land and back to sea since 2015. The majority of migrants used to arrive in Greece by boat mainly from Pakistan, Bangladesh, Iraq, and Afghanistan and by land through Albania and Turkey. Sources of migrants changed substantially in 2012 when Syrians broke in the top five nationalities of legal and illegal crossings. Fully 46.15% of all apprehended illegal migrants in the first 5 months of 2016 came from Syria, while the second largest group (23.9%) came from Afghanistan (Greek Police 2016).

The reasons for these shifts are highly complex and vary over time. Using the push-pull model of migration (Massey et al. 1998), we can track several reasons for mobility. On the pull side, the large influx of migrants from Albania and large parts of Asia and Africa prior to 2010 saw Greece as the gateway to the European Union (EU). Economic reasons propelled the majority of Albanians, Somalis, Palestinians, and Pakistanis to seek a better future in the EU. On the push side, many refugees made the perilous journey across Turkey to seek asylum in Greece, fleeing persecution and civil war in Afghanistan and Iraq. The ultimate hope was to take advantage of open borders within much of the EU (more precisely those countries which participate in the Schengen

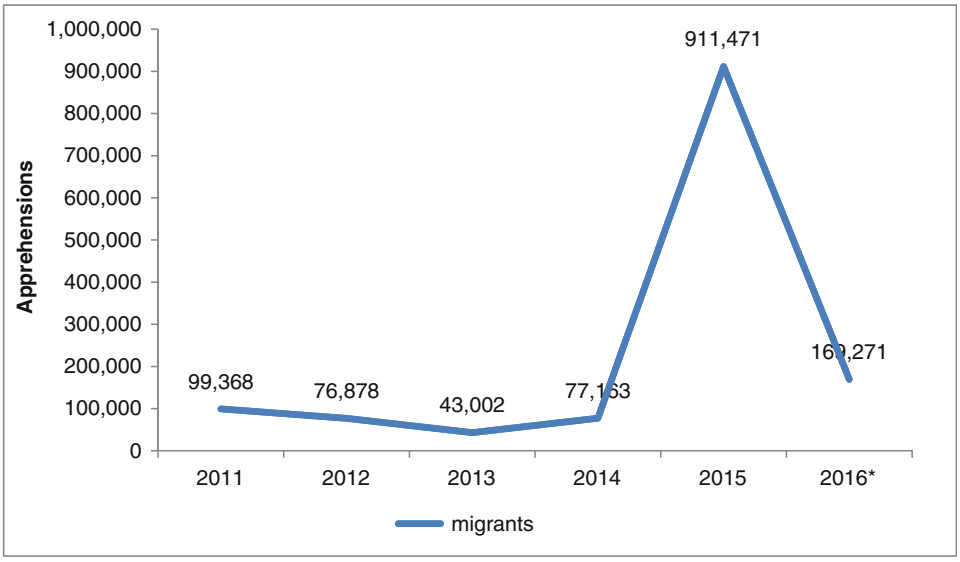


**Greek Refugee Crisis, The, Fig. 1** Number of apprehensions of illegal migrants crossing into Greece according to data from Greek Police (Land and sea) * January–May 2016. (*Data Source*: Greek Police (2016))

Agreement) to move over time to other EU countries.

## Why Now?

The situation, however, changed dramatically in 2012 for three important reasons. First, Greece tightened immigration procedures and brought drastic changes in detention and repatriation policies. Stung by a European Court of Justice decision in 2011, which found that 90 percent of all irregular entry into Europe was through the Greek borders (IOM 2016b), the Greek government began implementing more stringent detention policies and tightened security at the borders. The latter involved seeking assistance from Frontex, the EU's external border forces, to patrol sea routes in the Aegean (many Greek islands are just a few miles off the Turkish coast). Following the path of least resistance, crossings changed from sea to the land border with Turkey along the Evros river, where a security fence was constructed to dissuade migrants from coming. In addition, a bilateral visa agreement reduced the flow of illegal migrants from Albania. However, detention and repatriation policies became stricter to more closely follow EU directives and the Dublin II treaty, which deals with immigration in the EU (McDonough and Tsourdi 2012). The end result was a reduction in the flow of migrants with many of them going underground to avoid capture and repatriation by police and border patrols. Most of them, in other words, ended up stranded in a country in which they did not necessarily want to be raising the prospect of social tension.

Second, the economic crisis and consequent austerity measures had a significant impact on Greek policy. As the economy dove into a tailspin – Greek real income has fallen by more than one-fourth since 2009 and unemployment soared to more than 25% in 2012 (Zahariadis 2015) – social and political good will be evaporated. The far-right political party Golden Dawn capitalized on social discontent and set up food banks but only for Greek citizens. Despite initially showing solidarity with refugees, small communities quickly turned because they did "not wish to see the establishment of [relocation] camps in their neighborhoods/regions which have every chance of becoming permanent" (Economides quoted in Gill 2016). Moreover, government policy was heavily criticized for maintaining

inappropriate conditions in detention camps and following arbitrary and irregular repatriation policies.

Third, geopolitical developments in the region, especially the implosion of Qaddafi's regime in Libya and the civil war in Syria, reshuffled routes and sources of migrant origin. Italy bore the brunt of refugee waves in 2012–2013 largely following the deteriorating situation in Libya. However, as Syria's war intensified and as the number of deaths increased among those crossing the Mediterranean, refugees began seeking alternative and safer routes through Greece.

## Crisis Within a Crisis?

The year 2015 marked a turning point in migrant flows. A new government in Greece and heavy bombardment by Russian planes in Syria precipitated a mass exodus of Syrians seeking asylum in neighboring lands and in Europe. The Greek radical left-right coalition government clearly signaled a change in policy. The minister in charge of immigration, Tasia Christodoulopoulou, noted the government's intention to stop indiscriminate detentions, gradually releasing asylum seekers and illegal migrants that have been detained for long periods. The point was to follow a more humanitarian approach and offer alternatives to detention, such as open shelters, voluntary returns, and integration programs. Unfortunately, the government lost control of the situation as the numbers of refugees arriving from the Turkish coast surpassed every expectation. Indicative of the magnitude of the problem is the simple fact that in July 2015 alone, Greece received more refugees than the entire previous year. Moreover, the government proved unprepared and unable to find and fund alternative accommodations. Hundreds of thousands of refugees were left to fend for themselves in the streets of Athens and other big cities, while many residents of Greek islands bitterly complained of the lack of state administrative capacity, suitable accommodations, planning, and funding (Tagaris 2015). By August 2015, the UNHCR described the situation in the Greek islands as "total chaos" with completely inadequate accommodation, water, medical, and sanitation infrastructure (BBC 2015).

### The EU Steps In

Despite initial trepidation to concede failure, Greek Prime Minister Alexis Tsipras finally admitted Greece's inability to cope with the refugees calling the situation "a humanitarian crisis within a crisis" (Kambas 2015). After seeking EU help to address the problem and encountering stern reprimands for lack of infrastructure, preparation, and administrative competence, he made the decision to ease the strain on resources by transferring refugees to the Greek border *en route* to other European countries. The decision ended up being the straw that broke the camel's back.

On the one hand, volunteers filled the void left by government paralysis. This helped the situation but also generated confusion and disillusionment. Volunteers in many islands were able to man posts, welcoming refugees and transferring them to the main ports to be shipped to the mainland. But the initial ad hoc response eventually gave way to more professionally run networks of responders, such as the International Rescue Committee and Médecins Sans Frontières, stabilizing a precarious situation (Hernandez 2016). The problem was that the uneven registration process left huge gaps for criminal elements to slip through. Indeed, although all perpetrators of the Bataclan massacre in Paris in November 2015 are believed to have been EU citizens, two of the attackers posed as migrants to enter Europe through Greece using fake Syrian passports. More recently, the Afghan teenager who went on a slashing spree on a train in southern Germany in mid-July 2016 was an unaccompanied asylum-seeking minor. These and other incidents have raised fears that the waves of refugees and Greece's inability to stem the flow increased the risk of terrorist elements going undetected.

On the other hand, the incredible numbers of refugees walking their way to Germany and other countries in central and northern Europe prompted robust actions by several EU states. The

EU's collective failure to draw up a coherent strategy to deal with the huge movement of refugees illustrated in vivid terms Olson's (1965) well-documented impediments to collective action. As a result, individual member states unilaterally renationalized the EU's immigration policy. Up to October 2015, refugees made their way through member states relatively freely until they reached Germany where they sought asylum. At the same time, EU leaders tried to reach an agreement to allocate refugees among different member states. The sheer numbers, however – Germany was due to receive over 800,000 refugees in 2015 – raised suspicion among some governments that they would be stuck with what they considered to be unwanted trespassers. Hungary was the first to close its border to new migrants followed by a domino effect of other border closures reaching all the way south to Greece. As a result, Greece was stuck with hundreds of thousands of destitute and hungry refugees who kept on coming, did not want to stay, could not leave, and refused to go back. Any thoughts Prime Minister Tsipras may have entertained to use the refugee crisis as leverage to pressure EU creditors to ease up on imposed austerity proved to be misleading.

### The EU-Turkey Agreement

After months of negotiations, the EU finally struck a deal in March 2016 among member states and Turkey (Collett 2016). Turkey agreed to stem the tide of refugees flooding Greek shores in exchange for financial aid (€6 billion over 3 years, €3 billion more than what it was offered in October 2015), easing of EU visa controls, and accelerated negotiations for EU membership. Greece agreed to let NATO forces patrol the Aegean in search of refugee boats, stop prompting migrants to leave for other EU states, and build reception/registration camps ("hotspots") in the islands and relocation camps in the mainland that could provide adequate housing for thousands of refugees who waited to have their cases registered and assessed. Asylum seekers (normally from Syria) would receive priority, while the majority of remaining nationalities arriving after March 20, 2016, would be voluntarily or forcibly expelled to Turkey or repatriated to their country of origin. In the meantime, EU member states would have to agree on a formula to welcome migrants among themselves.

The agreement was met with substantial criticism by NGOs, international organizations, and some EU states (Collett 2016). Some NGOs and more spectacularly the UNHCR ceased operations in the Greek islands (but the UNHCR later returned), complaining the agreement did not do enough to protect the rights of refugees while forcible repatriation violated EU and UN principles. Others complained that Turkey did not provide enough safety protection to repatriated individuals, while still others thought the agreement did not do enough to address the causes of refugee movements.

## What's Next?

The situation remains precarious at the time of writing (July 2016), limiting Greek, and more generally EU, options (Lamb 2016). While the flow of refugees has stopped, all those interviewed (nine individuals from local and regional governments, volunteers, and academics) in the island of Lesvos (June 2016) expect it to fail. They believe the flow will resume once the weather improves – indeed refugee boats began to arrive again in June but not in the extreme numbers recorded in 2015. Moreover, Greek people feel abandoned by the Greek government and the EU because the economic crisis continues unabated while tourism has suffered dramatically in select islands affected by refugee flows, such as Lesvos, Kos, and Chios. This is all the more intriguing because islanders benefited enormously by the presence of paying volunteers in the non-touristic winter months – many volunteers have since left in protest or because of lack of incoming refugees. The situation in Turkey is precarious following the attempted military coup and the government's crackdown on judges, the military, academics, and generally civil servants. To make matters worse, the British decision to leave the EU

has also emboldened nationalist and xenophobic political parties in other countries, notably Hungary, France, Poland, Austria, and the Czech Republic, to block any EU-mandated refugee allocation scheme. Finally and in the absence of addressing the Syrian crisis, which may bring refugee numbers down to more manageable levels, it is highly likely that human waves of the destitute, desperate, and poor will continue to flood EU shores. The EU policy of open borders promised by the Schengen Agreement is likely to be revisited.

## Conclusion

The case demonstrates the value of Castles' (2010) argument that migration reflects significant social transformation brought about by what Hollifield (2008) hypothesizes is complex government policy calculations. Greece is the prime example of a society socially and politically transformed by extraordinary waves of migration. The case also reveals the power of migration as a political tool for affecting European discourse and reversing (or having the power to potentially reverse) transnational (EU) integration. The issue's complexity and the lack of political will amidst austerity coupled with poor administrative capacity have proven to be serious impediments to policy effectiveness.

## Cross-References


- ▶ Immigration Polices: A Survey
- ▶ Immigration: End of Schengen Agreement?
- ▶ Migration Impacts of State Policy


## References


British Broadcasting Corporation (BBC) (2015) Migrant 'chaos' on Greek islands – UN refugee agency. http://www.bbc.co.uk/news/world-europe-C33818193. Retrieved 10 July 2016

Castles S (2010) Understanding global migration: a social transformation perspective. J Ethn Migr Stud 36(10): 1565–1586

Collett E (2016) The paradox of the EU-Turkey refugee deal. Migration Policy Institute. http://www.migrationpolicy.org/news/paradox-eu-turkey-refugee-deal. Retrieved 19 July 2016

Edwards A (2014) Needs soar as number of Syrian refugees tops 3 million. United Nations High Commissioner for Refugees (UNHCR). http://www.unhcr.org/53ff76c99.html. Retrieved 10 July 2016

Gill O (2016) Refugee welcome begins to wear thin in Greece. Deutsche Welle. http://www.dw.com/en/refugee-welcome-begins-to-wear-thin-in-greece/a-19222123. Retrieved 19 July 2016

Greek Police (2016) Statistics of illegal immigration (in Greek). http://www.astynomia.gr/index.php?option=ozo_content&lang=%27..%27&perform=view&id=55858&Itemid=1240&lang=. Retrieved 19 July 2016

Hernandez J (2016) Refugee flows to Lesvos: evolution of a humanitarian response. Migration Policy Institute. http://www.migrationpolicy.org/article/refugee-flows-lesvos-evolution-humanitarian-response. Retrieved 19 July 2016

Hollifield JF (2008) The politics of international migration: how can we bring the state in? In: Brettell CB, Hollifield JF (eds) Migration theory: talking across disciplines. Routledge, New York, pp 183–237

International Organization for Migration (IOM) (2016a) Key migration terms. http://www.iom.int/key-migration-terms. Retrieved 19 July 2016

IOM (2016b) Greece. http://www.iom.int/countries/greece. Retrieved 19 July 2016

Kambas M (2015) Volunteers fill aid void in Greek 'crisis within a crisis.' Reuters.com. http://www.reuters.com/article/us-europe-migrants-volunteers-idUSKCN0QL0IH20150816. Retrieved 10 July 2016

Lamb IA (2016) The gates of Greece: Refugees and policy choices. Mediterr Q 27(2):67–88

Massey DS, Arango J, Hugo G, Kouaouci A, Pellegrino A, Taylor JE (1998) Worlds in motion: understanding international migration at the end of the millennium. Clarendon Press, Oxford

McDonough P, Tsourdi E (2012) The "other" Greek crisis; Asylum and EU solidarity. Refug Surv Q 31(4): 61–100

Olson M (1965) The logic of collective action. Harvard University Press, Cambridge, MA

Tagaris K (2015) Migrant influx strains Greece as economy suffers. Reuters.com. http://www.reuters.com/article/us-europe-migrants-greece-idUSKBN0NE2EM20150423. Retrieved 10 July 2016

Triandafyllidou A, Maroukis T (2012) Migrant smuggling: irregular migration from Asia and Africa to Europe. Palgrave, London

UNHCR (2016) Refugees-Migrants emergency response – Mediterranean. http://data.unhcr.org/mediterranean/regional.php. Last accessed 19 July 2016

Zahariadis N (2015) Greek austerity and EU influence. In: Eleanor EZ, Ellen BP (eds) The European Union and the Member States, 3rd edn. Lynne Rienner, Boulder, pp 169–188

# Green Procurement Awareness

Pastor Kiizah[1], Simeon Wanyama[2] and Joseph Ntayi[3]
[1]Faculty of Business Administration and Management, Uganda Martyr's University, Kampala, Uganda
[2]Uganda Martyr's University, Kampala, Uganda
[3]Makerere University Business School, Kampala, Uganda

## Synonyms

Climate conservation; Environmental change; Environmental procurement

## Definitions

| | |
|---|---|
| Green procurement | It is the consideration of the environmental, social, and economic consequences of design, materials used (renewable and non-renewable), manufacturing methods, logistics, and disposal. This is based on the belief that institutions can simultaneously benefit from all the three elements – economics, environment, and society – which are seen as vehicles for value creation. With this consideration, the negative environmental impacts of government operations are reduced while greening goals are promoted through integrating ecologically responsible practices as part of the government's commitment to improve the quality of life of its citizens. In this regard, it focuses on procuring goods, services, and works with reduced ecological impact throughout their life cycle when compared to goods, services, and works with the same primary function that would otherwise be procured. |

## Introduction

In recent years, we have witnessed a surge in global attention to environmental consciousness. Societies are meeting their needs for goods, services, works, and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to them but also to society and the economy, while minimizing damage to the environment. This is motivated by planet earth experiencing a severe crisis originating from various environmental problems such as natural resource depletion, global warming, and biodiversity loss. There is a concern over the likelihood that the environment will degenerate due to urbanization, population growth, economic growth, intensification of agriculture, increase in energy use, and increase in transportation, among others. Branded with different names – green industrialization, low-carbon industrialization, green economic growth, cleaner production, resource efficiency, sustainable manufacturing, and a number of others – the agenda to promote environmental awareness among procurement institutions has become critical both in research and practice. This has highlighted the need to promote procurement awareness in avenues such as industrial use of natural resources and ethical sourcing of labor and raw materials and the environment.

Green procurement activities in both the public and private sectors take four main approaches: procuring eco-labeled products or services, in-house product/service evaluations, third-party product/service evaluations, and supply chain initiatives. For example, in sub-Saharan Africa, the increasing demand for low carbon production and supply (procuring eco-labeled products or services) is emanating both from an increasingly environmentally conscious consumer and through political will to combat climate change. These are of great importance to

national and international biodiversity conservation and contribute numerous benefits (e.g., tourism revenue, water catchment functions, and provision of energy, food, employment, and income) for local communities. Yet, the estimated loss of high conservation value forests in Uganda is 900,000 hectares each year which constitutes 60% of the high conservation value forest loss in all of Uganda. Take a look at the production of charcoal for heat energy accounts for 80% of this loss while rampant felling of trees for firewood accounts for 5%.

The concept of green procurement seems to be a bit fuzzy in literature. For example, it has been used by some scholars to refer to purchasing of products and services with specific attributes such as energy or water efficiency or the use of bio-based or recycled materials or nontoxic chemicals, without necessarily taking other factors into account. However, not all scholars agree with this thinking. As a result a number of variations in meaning for the same concept exist. For example, some scholars define "green procurement" (formerly known as affirmative procurement) as the purchase of environmentally preferable products and services in accordance with one or more of the established "green" procurement preference programs. The typical green procurement program elements are recycled content products, energy-efficient products and energy-efficient standby power devices, alternative fuels, bio-based products, non-ozone-depleting substances, fuel-efficient vehicles, and environmental protection priority chemicals. Such variations seem to have created significant conceptual difficulties for both scholars and policy makers in the public and private sectors.

Irrespective of this conceptual vagueness, green procurement focuses on environmental conservation and economic and social development worldwide so as to promote the green procurement remediation to prevent contaminating soil, water, and depositing sediment. Particularly, green procurement awareness aims at reducing environmental risks and impacts, achieving greater profitability, better market share, and increasing their eco-efficiency. This is in line with the government's hopes of addressing the current heavy dependency on natural resources which is attributed to limited access to sustainable and renewable energy technologies through the use of Biogas and Lorena stoves across the country.

In Uganda, the government has demonstrated commitment towards the principles of green growth and sustainable development as indicated in various legal, policy, planning, and institutional frameworks. This is in line with the Uganda Vision 2040 aspiring to transform Uganda from a peasant to a modern and prosperous country by 2040 through strengthening fundamentals to harness existing environmental procurement opportunities. Consider the ongoing improved sustainable water resources that are accessed through valley tanks and community boreholes especially to the pastoral Ugandan communities. It further acknowledges that green growth is the approach desired for the implementation of sustainable development and wealth creation. Similarly, the second National Development Plan 2015/2016–2019/2020 (NDP II) seeks to strengthen Uganda's competitiveness for sustainable wealth creation, employment, and inclusive growth and achieve lower middle-income status by 2020 with a per capita income of US$ 1,039.

However, regardless of the several legal provisions that the country has adopted, there is a current debate regarding the degree to which Uganda's local governments have adhered to the needed practices of green procurement awareness. This raises concerns about whether the economic growth is attained at the expense of the environment and natural resources. National forest coverage as a percentage of the total land surface area declined from 24% in 1990 to 14% in 2015, while national wetland coverage as a percentage of the total land area declined from 15.6% in 1994 to 8% in 2014. The impacts of climate change have also plagued Uganda in the form of intense and more frequent prolonged droughts, torrential, and poorly distributed rainfall and a rise in temperatures, as demonstrated by a significant reduction in the volume of glaciers on Mount Rwenzori. To contain these impacts calls for a novel development approach that can sustain the economic growth while improving the social and

environmental development targets as demonstrated in the case of Mr. M below.

## The Case of Mr. M

When Mr. M rose to the mayorship of Rukungiri, he inherited a municipality characterized with hazardous and pollutants such as chemical materials and products which increased the risk of environmental contamination. Uncontrolled wastes could litter everywhere on the streets, verandas, and any other open places and ended up being deposited in human and animal food supplies. This was thought to be caused by the business community and passengers who habitually littered the environment. They lacked the sense of responsibility to have common dumping places or garbage collection centers or even collection bins. Oil spills including those from locomotives also covered big parts of the municipality roads and administration offices' compound. Community members would be seen carrying numerous polythene bags with the same contents or related foodstuffs as if carrying many bags would mean carrying more items. Thus, the "I don't care attitude" was the order of the day. Additionally, plastics and other chemical products which could possibly leak into our foods and drinks were routinely used. More so, pollutants such as fossil fuels have a negative impact on the climate, stay in the environment for over 100 years, and kill marine animals. The sense of the effect of these items seems not to have been known or, if known, was ignored. Toxic materials continued to be procured and issued, and fumes from old vehicles and those with dangerous mechanical conditions would be seen in the municipality. Mr. M has been putting emphasis on solving environmental problems facing our country today such as climate change, air pollution, resource depletion, waste disposal, etc. that have characterized the municipality caused by mass production, mass consumption, and mass disposal type of economic activities.

In respect to policy and regulatory aspects, the mayor ensured that most of procurement and other related positions as per the municipality establishment structure were filled to enable him achieve his goal of attaining green procurement awareness. These included accounting officers, procurement officers, and contract committee members, among others. In addition, the council and line ministries such as environment, urbanization, public account committees, etc. were fully operationalized. Planting of trees, grass, and flowers on all the main streets of the municipality was conducted. This was to consume carbon dioxide and produce oxygen for the people. The streets where the trees, grass, and flowers were planted included Republic, Rubabo, Go-down, and Rwamahwa roads. Permanent compost pits/dumping pits for solid waste situated in different areas around the municipality were demolished, and the community encouraged and sensitized to keep garbage in reusable sacks in their homes. On weekdays, the municipality vehicles pass around town to collect the garbage to a common dumping place according to a prearranged timetable. He encouraged the community to separate decomposing and non-decomposing garbage to be used as manure and for recycling or safe disposal, respectively. Garbage produced in shops and markets was put in trash cans that are also picked according to arranged schedule. Sensitization of owners of petrol stations, washing bays, and garages on the dangers of oil leakages and petroleum fumes to the environment was done. They were also advised to collect used oil and or divert it from joining main water bodies; enforce the service period for vehicles; and maintain proper mechanical condition to reduce fumes. The mayor used to move from door to door informing people about the purpose of keeping a clear environment. Some fines and penalties for those people who would not follow his advice and orders were put in place. With the great love he had for greening the municipality, the mayor was sometimes able to use personal resources to achieve this goal. He used to arrange radio talk shows that enabled him reach far and wide; met with different stakeholders such as community leaders, political leaders, opinion leaders, civil society, and municipality employees; and engineered everyone to be aware of the need to preserve the environment. Different people

including members of other municipalities from far and wide have come to benchmark his efforts. Community members have also taken this initiative beyond the municipality. This has resulted into reduced climate change, air pollution, and resource depletion, among others.

With his tireless efforts, Mr. M was able to plant the necessary gardens in the municipality that helped in reducing air pollution and could also act as windbreakers. Most streets looked more beautiful than before because of these gardens. Dust that used to cover all stock in the shop racks and shelves reduced tremendously which was observed by the majority of the business community. Shop owners and or operators were able to buy dust bins. The movement of very old vehicles and those in poor mechanical condition within the municipality was discouraged. Most community members were able to understand the dangers of using hazardous materials and polythene bags. Therefore, the use of the alternative deposable bags such as paper like envelopes, bags that can be reused, and recycling plastics that minimize generating waste or toxics was practiced. Innovations were adopted to convert plastic waste into high-value base materials with sufficient purity to displace virgin materials in high-value uses.

The mayor continued with his efforts to achieve green procurement awareness to the acceptable standards. At his office, he now works like a counselor and specialist for green procurement awareness, and various companies have started taking a fresh look at the environmental impacts of their products. Such examinations often focus on the research, development, and design phases, areas ripe for the growing trend of "design for environment." Simply put, this means corporate buyers are opting for materials that facilitate recycling or disassembly or that are less problematic when disposed of in landfills. They are leaning on their suppliers to help them find solutions – and taking a critical look at potential suppliers' environmental, health, and safety performance along with usual considerations such as price, quality, availability, and performance (Personal interaction with Mr. M on March 12, 2020).

## Theoretical Underpinning

The lessons derived from the action of Mr. M. in the context of **green procurement awareness** call for a theoretical review. According to Whetten (2000), a good theory is one that explains practice or behaviors. There are a number of theories that could explain this action. They include social capital theory, stakeholder theory, and institutional theory. A multi-theoretical approach is adopted due to the inherent limitations in each theory.

**Social capital theory** presumes that patterns of relations and positions in networks influence opportunities, constraints, and behaviors (Bourdieu 1986). Putnam (1993) contends that social capital indicates the features of social structure, such as networks, norms, and social trust which facilitates in coordinating and cooperating for mutual benefits. This theory facilitates networking as demonstrated by Mr. M. who collaborated with the business community, civil leaders, accounting officers, procurement officers, contract committee, and the technical heads at the district, and all worked together in enabling a green environment for the municipality. In this way, societal challenges of questionable conservation of natural resources are resolved, hence protecting the environment. This record notes that creating links does not guarantee that available resources are used in insuring environmental procurement awareness. Drawing from the case of Mr. M., the mayor with support from the government, business community, citizens, regulatory bodies, nongovernmental organizations, and municipality employees availed resources to manage the inappropriate environmental degeneration which had characterized the municipality. Nevertheless, the theory faces insufficient participants that are instrumental in promoting green procurement awareness. This can partly be explained by stakeholder theory.

**Stakeholder theory** asserts that the organization has relationships with several constituent groups that affect or are affected by its decisions (Freeman 1984). It is premised on the notion that "those groups who can affect or are affected by the achievements of an organization's purpose"

should be given the opportunity to comment and input into the development of decisions that affect them. In attempting to promote green procurement awareness, there are a number of stakeholders such as government agencies, private organizations, public accounts committees, local councils, and the line ministry of environment who work together to attain green procurement awareness. These are essentially a partnership between public sector organizations and private sector investors geared towards achieving a predetermined goal of environmental conservation. This is derived from the thinking that private organizations and individuals are generally more interested in making profits which is neutralized by the government's intervention in doing what is best for their citizenry and local communities. The theory pays less attention to well-organized structures that focuses on understanding what drives the institutions to act in attaining green procurement awareness which is partially addressed by institutional theory.

Institutional theorists assert that the organized environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. The theory assumes that most part of the supply chain level actions are the result of an external pressure of a coercive, normative, or mimetic (cognitive) nature. This theory focuses on understanding what drives the firms to act in the way they do. Relatedly, the mayor ensured institutionalization of government structures by filling most of procurement and other related positions such as accounting officers and contract committee members that enabled the attainment of green procurement awareness.

## Conclusion

In this era of globalization, the world is witnessing declining environmental awareness as reflected in the case of Mr. M. which may need to rejuvenate a stronger drive and positive pressure for green practices. From this entry, it emerged that enforcement of stringent laws is needed to promote conservation of the environment. This is attained through incorporating and practicing green procurement management strategies in local communities. The case upon which this research is anchored shows the merits of engaging different stakeholders in promoting green awareness through planting trees, purchasing dust bins, proper waste management, and constant sensitization of the masses in regard to the power of green procurement awareness. However, the study notes the lack of conservation procurement that ought to be strengthened in practice. Based on the merits of green procurement awareness, the entry recommends that more work needs to be done to roll out and mainstream specific green procurement legislation to all the populace in all municipalities.

All in all, if green procurement is to take residence in Uganda, education, training, capacity development, and utmost attention should be focused on awareness and extended to procurement and other decision-making officials from these local and technical leaders in Uganda. Conclusively, laws and regulations of green procurement management should be efficient and effective. Again, senior citizens and opinion leaders should be equipped with knowledge on how to support their citizens in promoting green procurement management.

## Cross-References

► Sustainable Procurement

## References

Bourdieu P (1986) The forms of capital. In: Richardson JG (ed) Handbook of theory and research for the sociology of education. Greenwood, New York

Freeman RE (1984) Strategic management: a stakeholder approach. Pitman, Boston

Putnam RD (1993) Making democracy work civic traditions in modern Italy. Princeton University Press, Englewood Cliffs

Whetten DA (2000) Developing "good" theory through articulation and examination. Brigham Young University, Brigham

# Group Power and Leadership

Jessica J. Tomory[1] and David E. Rast III[2]
[1]Claremont Graduate University, Claremont, CA, USA
[2]University of Alberta, Edmonton, AB, Canada

## Synonyms

Conformity; Social influence

## Definition

Entitativity: The degree to which members of a group are perceived as a coherent unit.
Power: The ability to direct the behaviors and attitudes of others.
Prototypicality: To embody the attributes of the group to which one belongs.
Social identity: People use the social group in which they belong to define their self-concept.

## Introduction

Humans are social creatures with an intrinsic psychological need to belong (Baumeister and Leary 1995). This need to belong is a fundamental motivation for joining a group. However, other factors certainly come into play when deciding what kind of group to join, such as member benefits, status, and self-esteem. As a group member, other factors contribute to the decision to stay in one's group, to be a good member, and even to lead the group. Groups also hold power and can be very influential, in that they can affect the thoughts, feelings, and behaviors of others. Along with a group comes the need for a leader to influence the group and direct it toward its desired goals. It is necessary for leaders to have groups to lead and for groups to have leaders to follow; the two go hand in hand. It is no wonder then why so much research has been conducted to better understand group processes, power, and leadership.

## Group Processes and Social Influence

A group is defined as a collection of three or more individuals who are all dependent upon one another in some way. Groups also have the ability to be socially influential in that a group can affect the actions, attitudes, and emotions of others. Along the same lines, groups can yield power to influence others or control certain events. Groups have the influence and authority that comes from its relative size and structure. Any collection of individuals with the same goals constitutes a group; otherwise, they are merely an assortment of individuals. Four people standing on a street corner would not necessarily constitute a group unless they had the same goals and were aware that the other members also considered themselves a part of the group. Members of a group must share the same destiny and the group must be of some significance to its members; it is not enough to think one is in a group without acknowledgement of and by others. For instance, maybe the people on the street corner were all holding the same signs, picketing the same grocery store, and thinking similarly about what they all stood for. If so, those people would constitute a group in that they were dependent upon one another, identified similarly, and held the same fate (Lickel et al. 2000). People come together all the time to try and influence the attitudes of others, knowing on some level that their message will be better accepted from a group rather than an individual. Having power in numbers is but one advantage of joining a group.

Group membership offers many advantages to the individual. Such advantages include a clear sense of identity, sense of belonging, increased self-esteem, socialization with others, social support, influence, information, and access to resources (Abrams et al. 1990). Such benefits would not otherwise be attainable if alone or in a loosely associated collection of people. One significant benefit is the increase in self-esteem that arises from having a clear role and knowing one belongs in the group (Abrams and Hogg 1988). In the picketing example, the people gain benefits from picketing together because they feel they belong in the group, they have the same beliefs,

and they are far more influential together with their signs than they would be separately. One person alone on a corner with a sign would not elicit the same powerful impact as a group, and having the ability to affect the thoughts, feelings, and behaviors of others is very satisfying and leads one to feel better about themselves and their group.

Groups also provide rules for their members, or norms, so that members know how to behave. Norms help prevent confusion through explicit rules about how to think and act. Military units have norms that are clear so its members know what is expected of them in any given situation – how to behave, how to speak, how to dress, and how to think. Norms ensure that everyone in the group is on the "same page." This is advantageous as uncertainty can arise when expectations are unclear. In fact, the degree to which a group is perceived as more of a coherent unit is referred to as entitativity. Groups higher in entitativity, such as the army or marines, are better at reducing uncertainty for group members compared to groups low in entitativity, such as people waiting at a train station (Hogg 2007). The ability to reduce uncertainty is very important as uncertainty is an aversive feeling individuals are motivated to reduce. Joining a cohesive group with clear norms about what to wear, how to speak, and what to believe with clear roles helps people to assuage the negative feelings of uncertainty and bolster self-esteem. By being part of something bigger than oneself, one can socialize with others who are like-minded and increase their self-esteem by defining themselves in part through their group membership. The interaction between one's psychological self-concept and the social process of belonging to a group is referred to as social identity (Turner and Oakes 1986; Tajfel 1974, 1982; Turner et al. 1979). That is, a person's sense of who they are is heavily influenced by their membership within a group.

While all groups have norms and expectations for their members, not all groups are structured in the same manner. The structure and entitativity of a group depends in part upon the type of group and the particular task at hand. Four varieties of groups have been identified in the literature and vary in their respective levels of entitativity: intimacy groups, task groups, social categories, and transitory groups (Lickel et al. 2000). Entitativity, or group cohesiveness, is highest for intimacy groups such as family members or close friends. In an intimacy group such as a family, all the members of the group are very similar, share the same interrelated outcomes, and will behave similarly. This type of group is the most cohesive. A task group is one that comes together for the specific purpose of achieving a goal. This type of group has high entitativity, but less so than an intimacy group. For instance, a group of marketers within an organization will come together for a new ad campaign, and the members will work closely, think similarly about their goals, but will likely dissipate after the task is completed. The third type of group has even lower entitativity because it is a social category. An example is the category of women. While women constitute a group and are relatively similar, they lack the same degree of cohesiveness that would be present in an intimacy or task group. Women may be similar in that they all fit in the same category, but there is much more variability of identity and behavior within such a group. All women do not necessarily have the same beliefs and goals, and while their outcomes may be related, they are not related to the same extent as other more entitative groups such as intimacy or task groups. Lastly, transitory groups have the lowest levels of entitativity due to their loose associations. Individuals waiting in line at a sandwich shop will all leave with a sandwich, but they will all leave at different times, with different sandwiches, and will eat their sandwiches in different locations rather than eating together. Types of groups, their levels of entitativity, and the extent to which they can provide benefits to their members are all factors considered when joining a group. Another important factor in the decision to join a social group is the presence of leadership.

## Leadership and Influence

Many theories on leadership exist in the literature as this construct has been studied from a variety of

perspectives. However, few leadership theories examine leaders as group members or leadership as an essential group process. One theory that takes a group-based perspective is transformational leadership theory (TLT). Transformational leadership occurs when leaders and followers within a group are interdependent upon one another and motivate each other to work toward common group goals (Kuhnert and Lewis 1987). It is the leader's primary responsibility to have a clear vision, to have an inspirational personality, and to lead by example in order to make change. TLT has since evolved to elaborate further on how leaders impact the group as a whole by gaining trust and respect from other group members (Bass 1990). One of the key components is that leaders must be well liked and have a certain personality style; otherwise, they will not be as effective in generating change or influencing group members. Nonetheless, TLT posits that all group members, including the leader, should look beyond their own self-interests and focus on what is best for the group as a whole. This approach has been studied largely in managerial contexts and boasts of many styles in which leaders can influence in a transformational manner.

Another similar theory is that of shared leadership. Shared leadership takes a group-based approach to leadership; however, rather than one sole leader being responsible for the vision and direction of the group, there are multiple leaders who "share" the role. Leaders are not appointed, rather they emerge from the members ablest and willing to influence the group toward a specific outcome. This allows for a flexible distribution of leadership meant to ensure whomever is most capable and prototypical of the group can readily and efficiently lead. This group-centered approach to leadership has been supported by the literature to be effective and advantageous, especially within team and organizational settings (Fausing et al. 2015; Grille et al. 2015). However, there are also instances when this approach to leadership can be problematic. It is pivotal to note that such a style is more effective when everyone in the group is in agreement about how leadership should be decided and who is most qualified to lead in a given situation.

Along the same lines, social identity theory of leadership (SITL) views leadership as a group process where the leader is a group member who has gained influence and power over the identity, attitudes, and behavior of the group members by embodying what the group stands for (Hogg 2001). Specifically, the main tenet of SITL is that group prototypical leaders are more strongly supported and trusted by other ingroup members compared to less prototypical leaders, especially when the group membership is of great value to group members' identity (Hogg 2001; Hogg et al. 2012; Thomas et al. 2013). Thus, the more strongly one identifies with their group, the more strongly one prefers a leader who exemplifies the core values, attitudes, and beliefs of the group. Power and influence in this theory come from prototypicality. For example, the leader of a political party will emerge when members who highly identify with the group perceive the leader as being the best embodiment of the group's values and ideals. They will trust him or her, be supportive of the leader, and will allow them to exercise their influence with the expectation that the leader will act in the best interest of the group. Members who are not strongly identified with the group may not be as likely to show a preference for a prototypical leader because their group membership may not be a central aspect of their own self-concept. Hence, the key components within this theory are leader prototypicality and group member identification, which are similar to the aforementioned theories. However, the key difference is that SITL is not limited to organizational settings. Rather, this conceptualization of the leadership process can be applied to almost any group.

Social influence and power can take a variety of forms but occurs when one's attitudes and behaviors are affected by others. Within transformational leadership theory, shared leadership theory, and social identity theory of leadership, leadership is best understood as a group process where the members and leaders are all interdependent and have a shared fate. Social identity is integral within the group because it fuels group's power to affect and influence others (Reicher and Levine 1994; Reicher et al. 2005). While the most prototypical group member often

emerges as the leader of the group, the leader has a great responsibility to be mindful of the group's vision and use the group's power and influence to direct the group toward its goals. As the old saying goes, "with great power comes great responsibility." In order for the leader to be effective and to use his or her power constructively, the leader must gain trust and support from other group members to be perceived as effective. There are occasions in which leaders may emerge who are not necessarily the most prototypical member of the group; however, these are typically extreme cases and prototypical leaders are almost always strongly preferred to non-prototypical leaders.

## Group Power and Individual Power

The power literature supports the notion that power can serve as a means for gaining advantage over other people and groups, which, in turn, satisfies the individual' self-concept. It is important, however, to note the distinction between group and individual power. Group power has to do with the degree of control a group has over its own fate and the degree of control and influence it has over other groups, while individual power comes from the way the group is structured and the importance of the role one holds within a group (Rubini et al. 2007). Because leaders are the most influential within a group and have the most important role, they tend to have the most power. This power can be used over other members of the group or it can be used to direct the group to influence other groups, depending on how much power that group holds. The presence or lack of power held by a group affects the extent to which it exercises and asserts its power and influence over others. Power as used by leaders is more harshly used against outgroup members than toward ingroup members, unless ingroup members are not conforming and deviate too far from the norms of the group.

Conformity is an important concept when discussing power and social influence. It is imperative for a group to appear as a cohesive unit, or highly entitative, so that others will perceive the group as significant and unified, thus giving the group more power. Every group has norms which inform members of what behavior is expected of them and conformity is the tendency abide by the norms and be like other members of the group. Group members conform to show they are prototypical. The prototype of the group prescribes the norms of the groups; it represents what the group stands for. Therefore, a group member who is prototypical embodies the values of the group and is, thus, more liked by other members and in no danger of being excluded. Potential exclusion from the group is a real threat to group members who are not prototypical as not conforming to norms makes the group look bad. As well, a member who does not go along with the group norms stands to lose all of the benefits gained from group membership. It is in such cases when a member is not conforming that the leader and other members will use their relative power to derogate the nonconforming members in the hopes that they will stop their nonconforming behavior (Marques et al. 2001; Hewstone et al. 2002).

As mentioned, a group that looks as though they are split or lacking cohesion loses its power and thus becomes less influential over other groups. One way a group gains and signals power to other groups is through its structure. Hierarchy is related to power in that groups with very clear structure are perceived as more organized, resourceful, and thus more powerful. Hierarchy provides group members with an even clearer idea of roles and norms because the hierarchy in itself dictates a power structure; some members will be nearer to the top and others lower toward the bottom. An example of a structured hierarchical group is the US Military. Within this group is a very clear and unambiguous hierarchy where roles and titles are explicit. Everyone knows who sits at the top, who the leader is, and what is expected of them in every situation. Hierarchical power structures are very commonplace within organizations, politics, and military environments. For example, a big box company is perceived as more powerful compared to a small business due to its own hierarchical structure, which conveys high status, prominence, and authority. As such, a big box company has more

power to influence other smaller companies and oftentimes will utilize that power to convince consumers to patronize their company over others, incidentally putting the smaller companies at great risk or altogether out of business.

## Related Concepts

While the leadership theories mentioned herein approach leadership as a group process, there are theories of leadership that are not group related. One example is leader-member exchange theory (LMX), which is organizationally centered and focuses on the dyadic, or two-person, relationship between a manager and his or her employee. This theory focuses on the importance of trust rather than norms and is applied to increase performance and develop a positive relationship between the leader and individual group members (Graen and Uhl-Bien 1995). Some of the terminology within this theory is similar to that of the social identity theory of leadership in that both use the terms "ingroup" and "outgroup," but LMX uses the terms "ingroup" and "outgroup" to describe close versus distant relationships between leaders and followers. For instance, an "ingroup" relationship in LMX means there is a high exchange relationship, while the same term in SITL refers to other people within one's own group. Furthermore, an "outgroup" relationship in LMX means there is a low exchange relationship, while the same term in SITL refers to other people who are not within one's own group, but in another group.

As noted, group power is distinct from individual power. Power as discussed herein has more to do with social influence; however, other forms of power are related and worth noting. Bertram Raven and John French developed the five bases of power, which include referent power, coercive power, legitimate power, reward power, and expert power (Raven and French 1958). These bases of power are largely thought of within organizational contexts involving leaders as managers, CEOs, and the like. Referent power comes from being liked and respected by others, while coercive power comes from intimidating tactics such as threats or punishment. Legitimate power tends to come from an official title or achieving a coveted position within a structured hierarchy. For example, the President of the United States is voted into office and this title affords the President with legitimate power. Reward power comes from offering incentives to group members such as raises or promotions at work, while expert power comes from extensive knowledge in a particular area. For instance, a manager of an engineering team has expert power if he or she knows more about engineering than others. When a leader is perceived as an expert, they are judged more favorably and are more trusted; however, that is tied to their expertise in a particular realm. While these various forms of power can be applied to group leadership and all serve a purpose, it is important to note that Raven and French's approach to individualized power did not necessarily equate power with leadership. That is, group power is distinct from individual power and individual power is distinct from leadership. In the leadership theories mentioned above, group power and social influence come more from the entitativity of the group, conformity of its members, and clear group boundaries than from the leader's personal power and leadership tactics. However, it is clear that these constructs are all related and deserve more empirical attention to better understand how they all interact.

## Conclusion

Groups are a part of our everyday life. As such is it pivotal to understand how they are composed, the way they function, and how they contribute to the psychological well-being of group members. Groups do not exist in a vacuum so one cannot overlook the importance of how leadership works as a group process to ensure the direction and future of the group. In order to understand how groups are influential and utilize their power, we must better understand how the various leadership processes operate. As well, other factors undoubtedly contribute to group power as mentioned

herein such as hierarchy and structure. The power of groups is the collective capacity of a group of like-minded and similar individuals to affect the thoughts, feelings, and behaviors of others. As such, group power is best conceptualized when all contributing factors such as identity, norms, leadership, and hierarchy are taken into account.

## Cross-References


- ▶ Leadership and Society
- ▶ Power and Leadership
- ▶ Theories of Leadership


## References


Abrams D, Hogg MA (1988) Comments on the motivational status of self-esteem in social identity and intergroup discrimination. Eur J Soc Psychol 18: 317–334. https://doi.org/10.1002/ejsp.2420180403

Abrams D, Wetherell MS, Cochrane S, Hogg MA, Turner JC (1990) Knowing what to think by knowing who you are: self-categorization and the nature of norm formation, conformity, and group polarization. Br J Soc Psychol 29:97–119

Bass BM (1990) From transactional to transformational leadership: learning to share the vision. Organ Dyn 18: 19–31. https://doi.org/10.1016/0090-2616(90)90061-S

Baumeister RF, Leary MR (1995) The need to belong: desire for interpersonal attachments as a fundamental human motivation. Psychol Bull 117:497–529. https://doi.org/10.1037/0033-2909.117.3.497

Fausing MS, Joensson TS, Lewandowski J, Bligh M (2015) Antecedents of shared leadership: empowering leadership and interdependence. Leadersh Org Dev J 36:271–291. https://doi.org/10.1108/LODJ-06-2013-0075

Graen GB, Uhl-Bien M (1995) Relationship-based approach to leadership: development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. Leadersh Q 6:219–247. https://doi.org/10.1016/1048-9843(95)90036-5

Grille A, Schulte E, Kauffeld S (2015) Promoting shared leadership: a multilevel analysis investigating the role of prototypical team leader behavior, psychological empowerment, and fair rewards. J Leadersh Org Stud 22(3):324–339. https://doi.org/10.1177/1548051815570039

Hewstone M, Rubin M, Willis H (2002) Intergroup bias. Annu Rev Psychol 53:575–604. https://doi.org/10.1146/annurev.psych.53.100901.135109

Hogg MA (2001) A social identity theory of leadership. Personal Soc Psychol Rev 5:184–200. https://doi.org/10.1207/S15327957PSPR0503_1

Hogg MA (2007) Uncertainty-identity theory. In: Zanna MP (ed) Advances in experimental social psychology, vol 39. Academic, San Diego, pp 69–126

Hogg MA, van Knippenberg D, Rast DI (2012) The social identity theory of leadership: theoretical origins, research findings, and conceptual developments. Eur Rev Soc Psychol 23:258–304. https://doi.org/10.1080/10463283.2012.741134

Kuhnert KW, Lewis P (1987) Transactional and transformational leadership: a constructive/developmental analysis. Acad Manag Rev 12:648–657. https://doi.org/10.2307/258070

Lickel B, Hamilton DL, Wieczorkowska G, Lewis A, Sherman SJ, Uhles AN (2000) Varieties of groups and the perception of group entitativity. J Pers Soc Psychol 78: 223–246

Marques JM, Abrams D, Serodio R (2001) Being better by being right: subjective group dynamics and derogation of in-group deviants when generic norms are undermined. J Pers Soc Psychol 81:436–447

Raven BH, French JJ (1958) Group support, legitimate power, and social influence. J Pers 26:400–409. https://doi.org/10.1111/j.1467-6494.1958.tb01595.x

Reicher S, Levine M (1994) Deindividuation, power relations between groups and the expression of social identity: the effects of visibility to the out-group. Br J Soc Psychol 33:145–163. https://doi.org/10.1111/j.2044-8309.1994.tb01015.x

Reicher S, Haslam SA, Hopkins N (2005) Social identity and the dynamics of leadership: leaders and followers as collaborative agents in the transformation of social reality. Leadersh Q 16(4):547–568. https://doi.org/10.1016/j.leaqua.2005.06.007

Rubini M, Moscatelli S, Albarello F, Palmonari A (2007) Group power as a determinant of interdependence and intergroup discrimination. Eur J Soc Psychol 37: 1203–1221. https://doi.org/10.1002/ejsp.391

Tajfel H (1974) Social identity and intergroup behaviour. Soc Sci Inf/Sur Les Sci Soc 13:65–93. https://doi.org/10.1177/053901847401300204

Tajfel H (1982) Social psychology of intergroup relations. Annu Rev Psychol 123:331–339. https://doi.org/10.1146/annurev.ps.33.020182.000245

Thomas G, Martin R, Riggio RE (2013) Leading groups: leadership as a group process. Group Process Intergroup Relat 16:3–16. https://doi.org/10.1177/1368430212462497

Turner JC, Oakes PJ (1986) The significance of the social identity concept for social psychology with reference to individualism, interactionism and social influence. Br J Soc Psychol 25:237–252

Turner JC, Brown RJ, Tajfel H (1979) Social comparison and group interest in ingroup favouritism. Eur J Soc Psychol 9:187–204. https://doi.org/10.1002/ejsp.2420090207


G

# Groupthink Processes and Problems

Gardenia Harris
Illinois State University, Normal, IL, USA

## Synonyms

Thought processes of groups

## Definition

Groupthink, a term created by psychologist Irving Janis, refers to "a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when members' strivings for unanimity override their motivation to realistically appraise alternative courses of action" (Janis 1972, p. 9). Janis fashioned the word "groupthink" after terminology from George Orwell's novel, *1984*, such as "doublethink" and "crimethink." Janis intended this Orwellian-like expression to convey similar undesirable consequences to those introduced in Orwell's novel (Janis 1972). Janis theorized the phenomenon of groupthink to explain the highly dysfunctional decision process that prompted US government officials to undertake such highly inadvisable military actions as the Bay of Pigs invasion of Cuba and the escalation of the Vietnam War (Sims 1994).

At its essence, groupthink is a process of social influence in which members of very cohesive groups desire and strive for in-group agreement to such a degree they directly or indirectly pressure members to conform to the prevailing group views and norms. To reach this high degree of uniformity, members ignore information that challenges the apparent group consensus, including the dissenting opinions of other group members. In turn, this lack of candid discussion leads to uncritical acceptance of the alternative most popular with the group (Hart 1990).

## Introduction

Following Janis' seminal work on groupthink, analysts attributed a variety of dubious corporate and governmental actions to groupthink among top executives' and presidents' advisors (Sims 1994). For example, President Kennedy's decision to launch the Bay of Pigs invasion of Cuba despite information indicating it would be unsuccessful is commonly cited as an example of groupthink. Similarly, President Johnson's decision to escalate the Vietnam War on the guidance of close advisors despite intelligence indicating the chosen strategy would not win the war has been attributed to groupthink (Janis 1972; Sims 1994). Likewise, the presidential committee that investigated the calamitous space shuttle Challenger launch in which the spacecraft exploded shortly after take-off identified a flawed decision-making process as the primary cause for NASA's failure to halt the launch despite evidence it was risky. In all of these instances, there was strong pressure toward work group agreement, which stopped people from raising controversial issues or correcting the distorted thinking behind risky actions (Sims 1994).

Janis theorized the following conditions are necessary for groupthink to transpire: (1) the belief the group is invincible, (2) disregard of contradictory information or rationalization for its existence, (3) indifference to the unethical and immoral consequences of decisions, (4) stereotypical views of other groups, (5) overt or subtle pressure for dissenters to adopt the majority point of view, (6) a shared belief all group members completely agree on the proposed course of action, (7) self-censorship and failure to disclose privately held views that deviate from the apparent group consensus, and (8) the willingness of "mind guards" to shield the group against the acknowledgment and consideration of information that contradicts the group consensus (Shaw 1981, pp. 443–444).

## Cohesion, Concurrence-Seeking, and Self-Censorship

There is widespread agreement that the foremost cause of groupthink is excessive group

cohesiveness (Hart 1990; Janis 1972; Sims 1994). Cohesiveness is the attractiveness of members to the group, along with the forces acting on members to stay in the group. Members can be attracted to the group for many reasons including the prestige of the group, their liking for other members, the productivity of the group, etc. Because members of highly cohesive groups desire the respect of other members, they are extraordinarily vulnerable to group pressure to conform to group standards and norms (Hart 1990).

Members of extremely cohesive groups worry that appearing confrontational will cause other members to lose respect and regard for them, so they work for in-group agreement at any cost. These group members also pay a lot of attention to what others say and do, to the degree that they may ignore their own beliefs and even say they believe what other people do. Psychologists refer to this behavior as concurrence-seeking. A high level of concurrence among members is often attained through a process called the "cascade effect." Cascading happens when group members base their statements and actions on the people who spoke and acted before them (Sunstein and Hastie 2015). In effect, group members suspend their own critical thinking in favor of their need to conform to the group (Sims 1994). Research demonstrates that proposed solutions that receive strong early support are more likely to be selected as the group's final preference, even if it those alternatives would have failed on their own merits without that initial support. In other words, if initial speakers favor a particular course of action, the group often ends up favoring that position, meaning that the group's conclusion may be an accident of who speaks first (Sunstein and Hastie 2015). Once there is group concurrence, the apparent presence of like-minded people reinforces each member's confidence in the decision and their belief they are right. Furthermore, groups also provide a measure of anonymity, lessening the sense of individual responsibility for an outcome. Thus, the mere presence of other decision makers can prompt increased risk taking, especially if members believe they will not be held individually accountable for the decision (Kowert 2002).

Highly cohesive groups typically devalue dissent (Hart 1990). Group members engage in self-censorship to avoid disagreement that could lead to rejection or separation from the group. When people self-censor, they do not disclose their reservations to others but remain quiet about their concerns or even convince themselves everyone agrees with the decision (Sims 1994). Furthermore, overt or subtle pressure to maintain consensus makes it hard for dissenters to voice criticism (Hart 1990). Obviously, self-censorship contributes to groupthink because when the group members who possess unique and relevant information that is unknown to others fail to divulge it (Sunstein and Hastie 2015), fewer suitable alternatives are considered (Kowert 2002). This increases the chances of making erroneous decisions, undertaking detrimental courses of action, and adopting ill-considered solutions (Kowert 2002; Sunstein and Hastie 2015).

Sims (1994) maintains that stress increases the level of cohesion. Groups operating in high-stakes environments are routinely called on to make decisions in short timeframes. This raises the level of stress the group is under, further enhancing group solidarity. Not surprisingly, Sims found the need to make decisions under time restrictions is associated with a greater likelihood of groupthink due to increased pressure on members to agree rapidly. To achieve speedy agreement, people censor themselves more than they normally would. Groups also find it more expedient to avoid engaging in time-consuming arguments, or taking the time to seek out and consider information or consultation from outside experts. Finally, time pressures reduce mental efficiency and judgment, further increasing the chances of groupthink.

## Groupthink and Ethics

In his book, *Ethics and Organizational Decision Making: A Call for Renewal*, Business Professor Ronald Sims (1994) hypothesizes that some of the unethical business decisions which have recently gained notoriety in the media are the byproducts of groupthink. He maintains that rather than

analyzing ethical decision making solely from an individual perspective, ethical behavior should be viewed from an organizational standpoint and examined as a reflection of organizational culture. Sims' analysis places considerable emphasis on the role groupthink plays in unethical behavior. From his point of view, groupthink helps explain why some organizations sanction groups knowingly committing unethical acts or intentionally ignoring organizational activities individuals actually believe are wrong. Moreover, Sims cites groupthink as the root cause of the perception no ethical alternative exists, as well as the failure to critically reexamine the chosen unethical alternative or other ethical alternatives.

## Combating Groupthink

Given the catastrophic consequences groupthink has for organizations and nations, its prevention is a primary concern. Analyst suggests an array of strategies for averting groupthink. Experts recommend work teams minimize social pressure toward self-censorship by explicitly encouraging members to voice their misgivings instead of suppressing them (Hart 1990; Sunstein and Hastie 2015). Group members can be directed to challenge others' assumptions rather than accepting them at face value. Furthermore, group members should be encouraged to disagree and debate when the answers they receive are not satisfactory (Hart 1990). Honest discussion can occur if groups communicate and demonstrate a genuine openness to differences (Sunstein and Hastie 2015) by actively seeking divergent viewpoints and valuing the resulting conflict. Finally, exploration of all relevant facets of the problem will help avoid the premature adoption of deleterious solutions. Teams can ensure a more thorough consideration of alternatives by the use of idea-generating techniques such as brainstorming (Sims 1994).

Although groups can do a lot of their own accord to deter groupthink, there is widespread agreement that leaders play the most salient role in its prevention since they have the power to institute structures unfavorable to groupthink. Therefore, it is essential that leaders stress that they want to hear the truth, even if it is unpleasant (Sunstein and Hastie 2015). Leaders must establish a norm of open-mindedness and honest discussion. Criticism should be encouraged by reassuring and showing subordinates it will be rewarded and not punished (Kowert 2002) or by creating incentives rewarding disagreement (Sims 1994). Research shows that meetings where superiors speak first tend to produce different outcomes than those when subordinates talk first. To avoid cascade effects, leaders ought to refrain from signaling a preference for a proposed course of action until sufficient information has been gathered and thorough deliberation has taken place (Sims 1994; Sunstein and Hastie 2015).

Experts offer special strategies to elicit members' private misgivings. They suggest simulation of conflict through devil's advocacy. The devil's advocacy technique involves assigning an individual or group the role of critically questioning the underlying assumptions of popular choices (Kowert 2002; Sims 1994). This role can be rotated among individuals. Likewise, groups of people can develop formal presentations that highlight potential concerns.

Furthermore, leaders may elect to designate specific roles to different group members, such as "magistrates" who encourage debate. "Custodians" manage the decision process in a way that ensures varieties of viewpoints are considered, alternative information is sought, and independent evaluation of each option occurs (Hart 1990). The leadership can also appoint ombudspersons to gather members' concerns or anonymous comment forms can be provided (Sims 1994).

Leaders can create conditions that support a multiplicity of opinions by broadening their circle of advisors, ensuring it is diverse (Kowert 2002). Likewise, they can establish an organizational culture that prizes diversity (Sunstein and Hastie 2015). Monitoring the effectiveness of their advisory group is an ongoing process. Its composition needs to be reassessed regularly, and when necessary, changes should be made (Kowert 2002). Exposure to ideas can be heightened by enlisting outside experts to challenge the group (Kowert 2002; Sims 1994). Finally, pressures toward

uniformity can be reduced by assigning advisors to separate work groups. Another advantage of this strategy is its ability to produce a wider range of alternatives (Kowert 2002).

## Conclusion

Although analysts like Hart (1990) greatly value the insight Janis' original conceptualization of groupthink provides, they believe it needs refinement to avoid over-generalization and misapplication of the concept. From their perspective, Janis failed to adequately account for the context in which decisions are made. His critics maintain additional intra- and interorganizational factors effect groupthink. For example, business and governmental organizations often signal that only one point of view is acceptable or right, and people who question or reject it, even for purposes of discussion, do so at their own risk. If persons who espouse a different point of view are disruptive or politically incorrect, they may refrain from speaking out in deference to organizational norms, rather than in response to direct group pressure (Sunstein and Hastie 2015). Therefore, groupthink may occur because group members are operating in an organizational and political hierarchy that inhibits them from expressing doubts or misgivings out of compliance to organizational standards and norms (Hart 1990).

Due to the wide range of problems they confront, all leaders of complex organizations have to rely on the support of advisers to make decisions (Kowert 2002). Furthermore, the emphasis modern organizations place on teamwork and work groups (Sims 1994) necessitates that organizations understand the nature of groupthink. Groupthink occurs in a variety of organizations in the public and private sector (Sims 1994), including religious organizations, corporations, and government agencies (Sunstein and Hastie 2015); future research will focus on ways it manifests in various types of organizations.

## Cross-References


- ▶ Leadership in Organizations
- ▶ Organizational Decision-Making
- ▶ Organizational Pathology
- ▶ Social Psychology of Organizations


## References


Hart P (1990) Groupthink in government: a study of small groups and policy failure. Swets & Zeitlinger, Inc., Baltimore

Janis IL (1972) Victims of groupthink: a psychological study of foreign-policy decisions and fiascoes. Houghton Mifflin Company, Boston

Kowert PA (2002) Groupthink or deadlock: when do leaders learn from their advisors? State University of New York Press, Albany

Shaw ME (1981) Group dynamics: the psychology of small group behavior, 3rd edn. McGraw-Hill Book Company, New York

Sims RR (1994) Ethics and organizational decision making: a call for renewal. Quorum Books, Westport

Sunstein CR, Hastie R (2015) Wiser: getting beyond groupthink to make groups smarter. Harvard Business Review Press, Boston

# H

## Harmonization

Josette Caruana
University of Malta, Msida, Malta

### Synonyms

Affinity; Comparability; Compatibility; Compliance; Compromise; Convergence

### Definition

Harmonization is a process of achieving compatibility while respecting the particularities of the entities or jurisdictions.

### Introduction

Harmonization implies that a willingness exists to converge toward common solutions in order to promote comparability. It is not the same as all-out standardization, which means that a single rule is applied to all situations (or "one size fits all"). Nobes and Parker (2000: 66) distinguish between harmonization and standardization:

> Harmonization is a process of increasing the comparability of accounting practices by setting bounds to their degree of variation. Standardization appears to imply the imposition of a more rigid and narrow set of rules.

Harmonization and standardization are processes: the former leading to more harmony, while the latter leads to more uniformity. Harmonization and standardization can be regarded as forming a continuum providing various levels of compatibility. The extent of harmonization that is achieved would depend on the existence and applicability of standards. However, the existence of standards does not guarantee harmonization and comparability because this would depend on external and internal factors. The external factors refer to how and to what extent the standards are enforced/enforceable on the entity/jurisdiction. The internal factors refer to the willingness of the entity/jurisdiction itself to adhere to the standards and also to the interpretation of these standards. Some researchers have tried to quantify the level of comparability achieved in business financial reporting due to compliance with international financial reporting standards (e.g., by constructing an "international harmony index" – see Canibano and Mora 2000).

National standards should provide a level of harmonization between entities in a particular jurisdiction, while international standards should provide a degree of harmonization across different countries. The development of the banking industry and sophisticated technology has made the financial world small, by bringing the countries around the world closer together, facilitating trade and the movement of funds and other resources between jurisdictions. This globalization has fuelled the need for harmonized financial

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

reporting, so that entities can operate with less restrictions across jurisdictions, and the money-lenders and investors have less problems to compare the performance and financial situations of investments around the globe. The demand for harmonized financial reporting has arisen in both the private sector and the public sector.

In the European Union (EU), harmonization exists in the financial reporting of business entities. Harmonization also exists in the macro financial reporting of member states to the EU Commission, but it appears to be rather elusive at micro level in the public sector.

## Different Facets of Harmonization

Harmonization can be observed (or may be pursued) across different planes.

Vertical harmonization refers to the process of reducing differences between entities at different levels in the same sector. In the private sector, vertical harmonization may be observed between entities belonging to the same group. In the public sector, it may be observed between different government levels, for example, between central and regional government.

Horizontal harmonization is the pursuit of converging practices within the same level (e.g., between all local government entities) or across different sectors (e.g., between private and public entities). Horizontal harmonization also includes conceptual harmonization, that is, the convergence of underlying concepts between different methodologies. In accounting systems, for example, financial reporting and budgeting could be based on the same concepts. In public administration, conceptual harmonization may also be considered between financial accounting, budgeting, and national accounting, even though the degree to which these are susceptible to influencing each other is not very well understood.

International harmonization is an ideal that ignores boundaries of jurisdictions. It is the process of getting different countries adhering to similar practices that promote comparability and compatibility. Given that a particular country's legal system and accounting traditions would affect both the development of national standards and their enforcement, international standards are required in order to start thinking along the lines of international harmonization, as has happened in the private sector.

Caperchione (2015) points out that the different kinds of harmonization do not always move in the same direction. For example, the pursuit of converging private and public practices (horizontal harmonization) may result in a divergence from international harmonization. A similar result may arise when focusing on harmonizing needs at a particular level – for example, the focus of reporting needs of regional governments (horizontal harmonization) may clash with other levels (vertical harmonization).

## Convergence Versus Uniformity

Harmonization and standardization are processes that start from the same position, that is, when a difference is observed and is sought to be overcome. The underlying need to reduce differences could be to maximize one's own welfare or to improve accountability in a more pluralistic sense. The two processes differ in the way that they tackle the actual reduction of differences.

Harmonization is the process of convergence toward applying similar practices, rather than a search for uniformity. The objective of harmonization is to move accounting and reporting away from total diversity by making a commitment to find shared solutions, but at the same time recognizing that inherent differences would still exist. Harmonization is a process of change that continuously searches for mutual recognition. It means that different standards may exist in different countries, which standards would not conflict.

On the other hand, standardization attempts to move toward uniformity, where an agreement is reached to apply the same rules. Some argue that standardization is an outcome (a goal to be achieved) rather than a process. The product of complete standardization is uniformity. Uniformity in accounting would mean that the same accounting rules apply, with no leeway for any

options. Mussari (2014: 307) refers to it as accounting unification:

> . . . (U)nification is an extreme form of standardization. It is an attempt to cancel any diversity. . . . In accounting, unification therefore requires a complete standardization of accounting systems and financial statements for all the organizations involved in the process in a given geographical area. Basically, this means not only common budget and financial statements formats as well as identical accounting standards but also a single chart of accounts, as well as identical recording rules, in short, accounting normalization.

Uniform reporting rules worldwide, with all entities treated the same, may seem a very equitable goal. But it may also prove impossible since practices and traditions differ among countries. Ball (2006) warns that uniform reporting rules would stifle international competition among financial reporting systems and the related standard setting processes. It may lead to financial reporting that focuses on the level of adherence to standards, rather than the quality of standard requirements themselves.

## Harmonization of Financial Reporting in the Private Sector

Since the 1970s, the International Accounting Standards Board (IASB) and its predecessors have focused on their main objective to streamline financial reporting of business entities across the globe by promulgating the International Financial Reporting Standards (IFRS). The IASB's work is a continuation of the tradition that had started in the USA in 1959 and adopted in the UK in 1970, to publish codified sets of accrual-based measurement and disclosure policies. The policies are set by nonprofit, nongovernmental, and nonpolitical bodies, which hold no power to enforce these rules. Compliance with these policies is then enforced through the audit requirement of financial statements, entrenched in national legislation.

The IASB's underlying aim is to enhance harmonization of financial reports of entities in the private sector, by developing IFRS that bring transparency, accountability, and efficiency to financial markets around the world. According to the IASB, IFRS strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted the money. IFRS also contribute toward economic efficiency by helping investors to identify opportunities and risks across the world, resulting in more efficient capital allocation.

Some countries voluntarily accepted these standards as the model to be followed by business organizations and enforced them through their respective company law. Other countries preferred to adapt the IFRS and produce their own national accounting standards. Some countries do not refer to IFRS at all and apply their own national accounting standards.

In 1995, an agreement was reached between the IASC (the predecessor of the IASB) and the International Organization of Securities Commission (IOSCO) whereby IASC agreed to develop a core set of accounting standards, and IOSCO in turn agreed to recommend that these standards be allowed for use in global capital markets. This agreement confirms that one of the primary reasons for international harmonization was to facilitate the operations of worldwide capital markets.

In 2002, the EU was the first major group of nations to consider the adoption of IFRS [1606/2002/EC], with the objective of harmonizing the financial reporting of listed companies. The underlying objective was to ensure a high degree of transparency and comparability of listed companies' financial statements in order to enhance the efficient functioning of EU capital markets and of the internal market. In 2005, the EU endorsed the IASB framework for member states' companies that are listed on a stock exchange. The result is that all EU companies (including companies from the other three European Economic Area countries – Norway, Iceland, and Liechtenstein), which have shares or other financial instruments that are traded on a regulated EU market, should prepare consolidated financial statements that comply with IFRS. The European Commission has stated that IFRS have raised the quality and consistency of financial reporting and brought benefits to companies and investors. This harmonization should result in a high level of

comparability and should also facilitate the work of audit firms in the EU member states.

The endorsement of the IASB framework by IOSCO and the EU made it more legitimate and encouraged the IASB to enhance its convergence program with the Federal Accounting Standards Board (FASB) of the USA in order to reduce differences between financial reporting standards applicable to US companies and the IFRS. It is generally noted that the underlying difference between the IASB and FASB standards is that the former are principles-based standards, making them more flexible and adaptable, while the US standards are more rules based and strict. As of 2015, it appears that the convergence process between the IASB and the FASB has slowed down. This may indicate a limitation on the standardization process strongly sponsored by the current globalization, due to increased national interests to protect the peculiarities of national economies and the competitiveness of private sector entities that drive these economies. Another limitation on the level of comparability achieved through this harmonization process is caused by the principles-based nature of IFRS themselves: the various options that are available in their application render the measurement provisions of assets and profits too inherently flexible to ensure an appropriate level of harmonization. Evidence from the private sector shows that despite the wide adoption of IFRS, divergences still arise due to policy options, enforcement practices, and language issues (Nobes 2013).

The EU has not endorsed the IFRS for small- and medium-sized entities and decided to establish its own common rules with the objective to simplify and harmonize the financial reports of medium, small, and micro businesses in EU member states. The "Single Accounting Directive" [2013/34/EU] replaces the Fourth [78/660/EEC] and Seventh [83/349/EEC] Accounting Directives on individual and consolidated accounts. Harmonization of financial reports at this level may be at a rather low degree because of the various options (90 options, according to the Federation of European Accountants) available to member states in the directive.

## Harmonization of Governmental Reporting at Macro Level

Harmonization of government finance statistics (GFS) in EU member states became necessary with the introduction of the single euro currency in 1992. Reference is being made here to reporting about the economy of a country as a whole, which requires a totally different type of accounting and reporting than for an entity. Economics is the basis for country reporting of the size and performance of the economy at macro level. This type of statistical reporting is quite misleadingly referred to as "national accounting," but is in fact not accounting at all, with one fundamental difference being the lack of auditability of the data used in the statistical reports.

The statistical measures report on the debts, deficits, and gross domestic product (GDP) and are harmonized at an international level by the conceptual framework laid down in the System of National Accounts (SNA) 2008, adopted by the United Nations Statistical Commission. More comprehensive compilation guidance on how to make statistics is provided by the International Monetary Fund's GFS Manual, and, in particular for EU member states, by the European System of National and Regional Accounts (ESA) 2010.

The ESA 2010 is derived from, and is broadly consistent with, the worldwide manual for national accounts (2008 SNA), thus maintaining international comparability. The distinctive characteristic of the ESA 2010 is that it is a legal act (enforceable by Regulation 549/2013/EU), with precise definitions, intended as a reference guide for EU member states.

The Maastricht Treaty of 1992 organized the way that multilateral fiscal surveillance would be conducted within the EU. The provisions regarding the excessive deficit procedure (EDP) are currently defined in the 2012 consolidated version of the Treaty on the Functioning of the EU (TFEU). The TFEU obliges all 28 EU member states to comply with budgetary discipline by respecting two criteria: a deficit to GDP ratio and a debt to GDP ratio not exceeding 3% and 60%, respectively, for the general government sector, as

defined in the Protocol on the EDP annexed to the TFEU.

Council Regulation 479/2009/EC (as amended by Regulations 679/2010/EU and 220/2014/EU) requires that EU member states report EDP-related data to Eurostat (a Directorate of the European Commission) twice per year. The data are reported in harmonized tables, designed specifically to provide a consistent framework, with a link to national budgetary aggregates and between the government net lending/borrowing and changes in government debt. Since 1994, Eurostat has been in charge of the mission to ensure a proper application of the ESA in order to obtain reliable and comparable statistics across the EU.

Despite this policy thrust toward harmonization and comparability, EU member states do have recourse to arbitrage, and such practices may have been brought in the limelight during the 2008 EU crisis. However, the framework that facilitates harmonization of macro reporting does exist.

## Harmonization of Governmental Reporting at Micro Level

> While it is necessary to be clear about the nature and amount of diversity across Europe, the governmental accounting systems in every country face essentially the same problems but sometimes solve these problems by quite different means, though very often with similar results. (Jones 2007: 109)

Harmonization in the public sector at micro level is complicated. The first problem is that it is difficult to define the public sector as it contains a variety of entities and organizations that have different legal structures and objectives. Whatever the type of entity, its ultimate goal should be the interest of the public (rather than private interests, as in the case of entities operating in the private sector). The provision of public goods and services could be done through a variety of organizational structures, and some may even be profit-oriented companies, partly or wholly owned by the government.

The second issue is that binding all these entities together, there would be the overall governmental administrative structure with government departments and ministries. This administration could be at various levels: central or federal, state or regional, and municipal or local government. The accounting and accountability requirements at these levels need to be considered as well.

For such a complex scenario that makes up the public sector, jurisdictions have traditionally developed their own individual accounting practices and formulated national accounting standards that would suit the political, social, and economic characteristics of the country. The budget has always been at the center of most public sector accounting systems, and traditional cash-based budget-oriented systems developed. As the structure of the public sector grew and became more complicated, certain public entities felt the need to adopt more private sector-like reporting and started referring to the business accounting framework, that is, accrual accounting. This happened especially for profit-oriented public entities, while non profit-oriented public entities found it more difficult to do this.

Having said this, studies show that accrual accounting and reporting practices are widespread throughout the EU at local government level; however, the central governmental administration of certain countries are reluctant to move from the traditional budget-oriented reporting to accrual accounting. The central governments that have made this move prefer to maintain their budgetary accounting and add on accrual financial reporting. The result is that, while basically having the same aims, financial reporting in the public sector is a mosaic of accounting systems that follow various financial reporting standards: some comply with IFRS or national accounting standards that are similar to them, while others apply national accounting standards that have nothing to do with IFRS. Researchers have tried to attribute the propensity of governments to adopt IFRS or similar frameworks for their reporting by classifying systems into Continental European and Anglo-American models, but such categories do not appear to apply at government level.

A recent study (Brusca et al. 2015) on governmental accounting systems in 14 European countries revealed substantial differences, but also

some similarities, across countries and within government levels. Vertical homogeneity is observed in budgeting systems since, in the majority of the countries included in the study, the same budgeting system is followed within the different levels of government in a given country. On the other hand, in the case of accounting systems, there is significant heterogeneity among different government levels, and vertical harmonization exists in only four of the countries covered in the study. The study highlights that the strong role of the rules set out by the EU emphasize the need for accounting harmonization. However, it recognizes the challenge presented in harmonizing budgeting, accounting, and auditing in Europe, especially in those countries where budgeting and reporting follow different accounting bases (i.e., there is lack of conceptual harmonization).

In the USA, state and local governments and government entities use accounting standards set by the Governmental Accounting Standards Board (GASB) for their financial reporting, which are different from the FASB standards applicable to business entities. The GASB was founded in 1984, with the objective of harmonizing governmental accounting practices and, in the process, improving the quality, transparency, and comparability of government financial information.

## The International Public Sector Accounting Standards (IPSAS)

The IPSAS project, launched in 1996, is aimed at developing a single accounting language for the public sector, as a means of harmonizing and aligning public sector accounting. The IPSAS are the public sector equivalent of the IFRS. In fact, the objective of the IPSAS Board (IPSASB) is to converge public sector accounting and private sector accounting. The IPSASB seeks to retain the accounting treatment and even the original text of the IFRS, when these take into account public sector requirements. Except for different terminology and examples given in the implementation guidelines, some IPSAS are a replica of the corresponding IFRS. There are of course IPSAS that concern only public sector issues, just as there are IFRS that concern only the private sector and are not necessary to be considered for the public sector.

The IPSASB recognizes the sovereign right of governments and national standard setters to establish financial reporting standards within their jurisdiction. Neither the IPSASB nor the accounting and audit profession can enforce compliance on their own. But the IPSAS are gaining international acceptance due to the support being given to them by international and supranational organizations. The fact that international and supranational bodies adopt IPSAS directly for their own financial reporting and relate financial aid given to developing countries with the implementation of procedures and structures based on IPSAS is another plus for the IPSASB in establishing its international recognition. But, unlike sovereign governments, these international bodies do not have the financial and legislative power to set their own standards. Having said this, however, it cannot be denied that the adoption of international accounting standards would ensure comparative and standardized information on finances and economic situations of public sector entities across jurisdictions. And since the IPSAS have been derived from IFRS, they are built on an accounting basis that has been well established in the private sector.

The operations of the EU, with its various processes of collection and reallocation of resources employed by different countries, have created the need for more transparency by the EU itself and for convergence between the different accounting systems used by member states. The IPSAS were recommended as a reference model for government accounting reform in the EU member states, especially following the EU crisis of 2008.

## The European Public Sector Accounting Standards (EPSAS)

The Budgetary Framework Directive [2011/85/EU] addresses two requirements from member

states: to implement public sector accounting systems covering all sectors of general government as defined in the ESA, which generate the accrual data needed for ESA purposes, and to subject national public sector accounting systems to internal control and external audit. This regulation does not clarify whether the public sector accounting systems themselves need to be accrual based or whether the accounting systems are only required to be able to generate the accrual data needed for ESA purposes.

The same Budgetary Framework Directive required Eurostat to assess the suitability of IPSAS for EU member states, in order to see whether it could be possible for all member states to apply a single set of public sector accounting standards. It is claimed that the objective of such harmonization is to improve accountability, efficiency, and effectiveness of public sector management; it should indirectly also improve the efficiency and effectiveness of public sector audit; and better fiscal transparency is expected to affect the information available to financial markets. Eurostat examined the situation in 2012 and the Commission issued its report in 2013 (EC Eurostat 2013).

Given that the main sources of national accounting statistics are the accounting records and reports of the various government entities, reliable government financial accounts are deemed essential for the preparation of national accounts. According to the Commission's report (EC Eurostat 2013), the system for fiscal statistics has not sufficiently reduced the risk of low-quality data being notified to Eurostat. The Commission believes that the current system of reconciling the data from the various public sector accounting systems at micro level with the data submitted according to ESA at macro level may no longer be sustainable.

According to the Commission (EC Eurostat 2013), harmonized accrual accounting at micro level is essential because the data at macro level that is used for fiscal monitoring is already accrual based. The Commission, therefore, is promoting the adoption of accrual accounting systems for the public sector to complement the cash accounting systems. Cash accounting systems are still considered important, particularly for the purposes of budgeting and budgetary control.

The Commission's report (EC Eurostat 2013) also states that, similar to private listed companies, government entities have an obligation to provide quality financial reporting to market participants, that is, owners of government debt securities and potential investors. Therefore, since private sector accounting standards are harmonized within the EU, the same thing should apply for the public sector.

Eurostat is thus promoting a system of harmonized accrual-based accounting standards, consistent with ESA, for all entities of the general government sector. IPSAS are the only internationally recognized set of public sector accounting standards and, hence, their consideration.

Based on Eurostat's study, the Commission concluded that IPSAS are not suitable for direct implementation by the member states (EC Eurostat 2013). The reasons given include the alternative accounting treatments that IPSAS offer, the fact that IPSAS are still being developed, the question surrounding their governance, and IPSAS do not take sufficient account of specific needs, characteristics, and interests of public sector reporting. For example, the IPSAS do not deal with budgeting and budgetary control, and the reporting entity definition in IPSAS is not in line with the core concept of general government as defined in ESA. In spite of all this, the Commission's report (EC Eurostat 2013) expresses the understanding that IPSAS provide a good basis for the development of public sector accounting standards that would cater for the specific needs of EU member states.

Since most member states are not comfortable with IPSASB's governance and due process, the EU Commission is setting up its own governance structure with the necessary powers to legislate its own accounting standards, namely, the European Public Sector Accounting Standards (EPSAS). However, the Commission (EC Eurostat 2013) emphasizes the need to keep close links with the IPSASB and the importance of maintaining a minimum level of global comparability by not creating unnecessary

differences between EPSAS, IPSAS, IFRS, and ESA. The resulting EPSAS would therefore provide a very interesting combination of accounting, economics, and statistical principles: a harmonization of multidisciplines? The idea is not original because, since 2005, the IPSASB has had an ongoing project examining the possible convergence of ESA and IPSAS. The EPSAS project appears to be an attempt to formalize this convergence, but the outcome still needs to be assessed. Eurostat harbors reservations about the extent of IPSAS and ESA convergence, especially when it comes to the consolidation rules. Such rules would identify which entities are to be included in the ensuing consolidated financial reports.

The Commission (EC Eurostat 2013) draws attention to the fact that a set of harmonized EPSAS on their own are not the solution to guarantee the quality of accounting data. The underlying governance structure needs to be strengthened and this needs strong political support, effective internal control, and external financial audit.

## Conclusion

Attempts are made to promote harmonization of financial reporting for entities in the private sector, entities in the public sector at micro level, and between private and public entities. Harmonization is also deemed useful for macro statistical reporting produced by jurisdictions for their economies.

Some regard harmonization as an unavoidable challenge for accountability. In the EU, the framework that supports harmonization of governmental reporting at macro level already exists. However, harmonization of government financial reporting at micro level is difficult to envisage, especially since a jurisdiction would probably wish to maintain a certain level of autonomy in order to produce financial reports that suit its particular national requirements.

> Every society keeps the records most relevant for its major values. (Lazarsfeld 1959: 108, cited in Hopwood 1984: 167)

The limitation of the standardization process noted in the private sector may be stronger in the public sector. In the public sector, the constitutional and socioeconomic implications of governmental financial reporting cannot be ignored. Attempts to harmonize private and public sector accounting may be criticized because the obligations of accountability of a private entity are very different from the obligations of accountability of a government. It would therefore be quite difficult to expect acceptance of accounting practices developed for businesses and the attendant reporting standards, because they may not fulfill the accountability obligations for public sector entities.

Ellwood and Newbury (2006: 31) argue that an attempt to converge private and public sector concepts "would not do justice to the inherent differences between the sectors." The result may be just an "illusion of convergence" because the mere adoption or interpretation of private sector (business) accounting standards would not focus on the uniqueness of government accounting. Particular features relating to government accounting (e.g., tax revenue and debt capacity) cannot be dealt with properly as mere afterthoughts. It is also counterproductive to apply terms that have been developed for business entities and give them a different interpretation so as to apply for public sector entities.

The demand for harmonization between countries (international harmonization) mainly emerged as a result of globalization. Thus the usefulness of international harmonization for the private sector can be appreciated, especially by the participants in capital markets. In an increasingly globalized world, some degree of convergence seems desirable, if not inevitable. The differences between the accounting rules among nations need to be narrowed, but the optimal degree of uniformity is not clear and "is a long-unresolved issue" (Ball 2006: 25).

In the case of the public sector, particularly for governmental accounting, the desirability of international harmonization is debatable. In spite of the support for international harmonization, European governments appear reluctant to strive

toward Europe-wide harmonization and prefer to work within their country to achieve internal vertical or horizontal harmonization. According to Caperchione (2015: 4),

> This is no surprise. Public sector accounting is one aspect of a country's sovereignty, which cannot be disposed of without very compelling reasons.

## Cross-References

► International Public Sector Accounting Standards (IPSAS)

## References

Ball R (2006) International Financial Reporting Standards (IFRS): pros and cons for investors. Account Bus Res 36(Suppl 1):5–27

Brusca I, Caperchione E, Cohen S, Manes Rossi F (2015) Public sector accounting in Europe. Palgrave Macmillan, Hampshire

Canibano L, Mora A (2000) Evaluating the statistical significance of de facto accounting harmonization: a study of European global players. Eur Account Rev 9(3): 349–369

Caperchione E (2015) Standard setting in the public sector: state of the art, Chapter 1. In: Brusca I et al (eds) Public sector accounting in Europe. Palgrave Macmillan, Hampshire

EC Eurostat (2013) Report from the Commission to the Council and the European Parliament – towards implementing harmonized public sector accounting standards in Member States, COM(2013)114. [Online]. Available at: http://epp.eurostat.ec.europa.eu

Ellwood S, Newbury S (2006) A bridge too far: a common conceptual framework for commercial and public benefit entities. Account Bus Res 36(1): 19–32

Hopwood A (1984) Accounting and the pursuit of efficiency. In: Hopwood A, Tomkins C (eds) Issues in public sector accounting. Philip Allan, Oxford, pp 167–187

Jones R (2007) The functions of governmental accounting in Europe. Rev Estud Politécnicos Polytech Stud Rev IV(7):89–110

Mussari R (2014) EPSAS and the unification of public sector accounting across Europe. Account Econ Law 4(3):299–312

Nobes C (2013) The continued survival of international differences under IFRS. Account Bus Res 43(2): 83–111

Nobes C, Parker R (2000) Comparative international accounting, 6th edn. FT-Prentice Hall, London

# Head of the State and Public Administration, Russia

Ivan Leksin
School of Public Administration, Lomonosov Moscow State University, Moscow, Russian Federation

## Synonyms

Chief official of the Russian Federation; Federal president; President of the Russian Federation

H

## Definition

Currently the head of the Russian state is officially titled the President of the Russian Federation. Under the Constitution of the Russian Federation, this official is vested with numerous powers in various spheres including international policy, national security, legislation, and public administration. As a head of the state, the President of the Russian Federation:

- Represents the latter in international relations and within the country
- Is responsible for coordinated functioning and interaction of governmental institutions and personally controls a number of them
- Makes certain decisions on behalf of the Russian Federation

Immense concentration of authority in the federal President's hands makes him one of the most powerful officials in the modern world. This fact also presumes enormous scope of responsibility of the President of the Russian Federation and predetermines high dependence of the Russian politics on the personality of the head of the state, importance of the system of informal checks and balances, and political significance of advisory bodies (Avtonomov 1999) and of the presidential Administration.

## Introduction: Historical Background

For the most part of statehood history, Russia had a monarchical system of government. Following the February Revolution of 1917, the last Emperor abdicated from the throne. In September 1917 the Provisional government declared Russia a republic. Soon afterwards the Great October Socialist Revolution originated the Soviet period of the Russian history. Collective character of the Soviet political system applied to both representative and higher administrative bodies. The functions of the head of the Soviet state had been long performed by collective institutions as well until 1937 that was the All-Russian General Executive Committee (a legislative body, despite its name). Subsequently the Presidium of the Supreme Council (the newly established legislative body) played this role. The individual head of the Soviet Russian state had not existed until 1990 when the office of the President of the Supreme Council was established.

Shortly thereafter, the functions of the head of the state passed from the legislative branch to the chief executive, the President of the Russian Soviet Federative Socialist Republic (RSFSR) that was popularly elected in 1991. The current federal Constitution enacted in 1993 still names the President of Russia the head of the State, although he is no longer designated as the chief executive (see ▶ Federal Government, Russia).

## Elections and Impeachment of the President of the Russian Federation

Originally the President of RSFSR had been being elected for the term of 5 years and could not stay in office for more than two consecutive terms. The Constitution of 1993 reduced this term to 4 years, and the constitutional amendment of 2008 changed it to 6 years. The rule regarding the number of terms in office remains in force.

Basic requirements for the nominees for the office of the President of the Russian Federation are listed in the Constitution of the Russian Federation. These are the following: Russian citizenship (either by birth or by naturalization), minimum age of 35, and a permanent residence record in the Russian Federation of not less than 10 years.

The Federal Law No. 19-FZ dd. 10 January 2003, "On Elections of the President of the Russian Federation," sets a number of additional requirements to the nominees regarding criminal and police records and to their public support. According to the said Law, a citizen can be either nominated for election by a political party or at the conference of not less than 500 voters. Besides, not less than 100,000 voters' signatures should be collected in order for the partisan nominee to be registered (this requirement does not apply to the parties that received at least 5% votes at the last federal parliamentary election) or 300,000 voters' signatures in case of self-nomination.

The impeachment procedure is outlined in Art. 93 of the Constitution of the Russian Federation. According to it this procedure shall be initiated by the State Duma (the lower chamber of the federal parliament), by two thirds of the deputies, on charges of high treason or another grave crime. These should be confirmed by the Supreme Court of the Russian Federation, while the Constitutional Court of the Russian Federation should confirm that the rules for advancing the charges were observed. Given these steps passed, the President may be impeached by the Council of the Federation (the upper chamber of the federal parliament), by two thirds of its members. This procedure had been initiated only once, in 1998, with no success.

## Functions of the President of the Russian Federation

Under provisions of Chapter 4 of the Constitution of the Russian Federation, its President is the head of the State, the "guarantor" of the Constitution of the Russian Federation and of the rights and freedoms of man and citizen, and the Supreme Commander-in-Chief of the Armed Forces of the Russian Federation. Noteworthy, no explicit affiliation of the President of the Russian Federation to any of the branches of government can be found in the text of the federal Constitution. Consequently,

a number of theories describing his political role exist (Chirkin 2014; Kutafin 2013).

According to the first, a popular, but not the most sophisticated one, the President does not belong to any branch of government but towers over them. In support of this vision, the guarantor's identification of the President is commonly mentioned. Besides, the Constitution of the Russian Federation declares that the President shall fulfill numerous functions. He shall adopt measures to protect the sovereignty of the Russian Federation, its independence, and state integrity, determine the guidelines of the internal and foreign policies, and represent the Russian Federation within the country and in international relations. Besides, he has a certain role in electoral process, as according to the Federal Law "On the Basic Guarantees of the Russian Citizens' Electoral Rights and the Right to Participate in Referenda," and he appoints one third of the voting members of the Central Election Commission of the Russian Federation.

The second theory concentrates on the arbitrary function of the President (that allows to place him either above or between the branches of government). The constitutional provisions grounding this point of view are the ones vesting the President with the powers to ensure coordinated functioning and interaction of all the governmental bodies (Art. 80, Para. 2) and to use conciliatory procedures to solve disputes between the governmental bodies of the Russian Federation and of the constituent units of the Russian Federation, as well as between regional governments (Art. 85, Para. 1).

Thus, the President appears to act as an arbiter between the federal governmental bodies, between the orders of government, and between regions. Since 2000 an advisory, nonconstitutional (established by the presidential Decree No. 1602 dd. 1 September 2000) body, the State Council of the Russian Federation, exists under the President of the Russian Federation that is destined to assist him in fulfilling coordinative and arbitrary functions. Currently the State Council comprises the leaders of all constituent units of the Russian Federation, as well as a number of representatives of the Federation.

Under the third approach, the President of the Russian Federation is the head of the federal executive. This vision seems to be reasonable, as most of the presidential powers are of administrative nature. He plays the pivotal role in formation of the executive, as well as in performance of the executive functions. The President of the Russian Federation appoints and dismisses all members of the collegial executive body constitutionally titled the Government of the Russian Federation (see ▶ Federal Government, Russia). Under Constitution the head of the State has the right to chair the sittings of the Government of the Russian Federation and can cancel its decisions. Virtually, the President acts as a chief executive of the Russian Federation by issuing bylaws.

Besides, he forms and heads the Security Council of the Russian Federation, approves the military doctrine of the Russian Federation, appoints and dismisses the supreme command of the Armed Forces of the Russian Federation, and has the power to introduce martial law or a state of emergency in the Russian Federation or in certain parts thereof.

The President of the Russian Federation also governs the foreign policy of the Russian Federation; appoints and recalls diplomatic representatives of the Russian Federation in foreign states and international organizations upon consultations with corresponding committees and commissions of the chambers of the Federal Assembly; holds international negotiations; signs international treaties and agreements of the Russian Federation, as well as ratification instruments; and receives credentials and letters of recall of diplomatic representatives accredited to him.

The President of the Russian Federation helms the system of law enforcement. Apart from appointment of the federal Minister of Internal Affairs, he proposes nominees for the positions of the Procurator-General of the Russian Federation and his deputies and appoints and dismisses public prosecutors of constituent units of the Russian Federation (Art. 129 of the Constitution of the Russian Federation), as well as the Chairman of the Investigation Committee of the Russian Federation (Art. 13 of the Federal Law

No. 403-FZ dd. 28 December 2010, "On the Investigation Committee of the Russian Federation").

Furthermore, he has considerable financial powers. Apart from the mentioned power to appoint all members of the Government of the Russian Federation (including the federal Minister of Finance) that is responsible for drafting of the federal budget and its execution, according to the Constitution of the Russian Federation, he proposes the nominee for the office of Chairman of the Central Bank of the Russian Federation to the State Duma. Besides, under the Federal Law "On the Accounts Chamber of the Russian Federation," all the members (the chairman, its deputy, and auditors) of this parliamentary body of financial control are appointed upon nomination by the President of the Russian Federation.

The President of the Russian Federation is not only an actual leader of the federal executive. Owing to the federal legislator, he exerts influence upon regional executives. Under Constitution of the Russian Federation, this influence is limited to the power to suspend decisions of the executive bodies of the constituent units of the Russian Federation that he considered to be unconstitutional, unlawful, etc., until the issue is solved by an appropriate court.

In addition to that, according to the amendments of 11 December 2004 to the Federal Law "On the General Principles of Organization of the Legislative (Representative) and Executive Bodies of Constituent Entities of the Russian Federation" and until 2012, all the heads of all regional governments had been being vested with authority by the legislatures of the respective constituent units upon nomination by the President of the Russian Federation. This procedure had been popularly interpreted as quasi-appointment by the President. This practice ceased to exist, yet there is still a strong inertia in relations between the President of the Russian Federation and regional leaders, as most of the governors elected in recent years had used to hold the same office as presidential nominees.

Currently chief executives are popularly elected officials in most constituent entities of the Russian Federation. However, the President retained the power to remove a chief executive of a constituent entity of the Russian Federation from his office in certain cases and to appoint an acting chief executive (see ▶ Regional Executives, Russia). Besides, shortly after popular elections of these officials had been provided for anew, an alternative procedure for vesting a citizen of the Russian Federation with the authority of a chief executive of a constituent entity of the Russian Federation was established. At present, in ten constituent entities of the Russian Federation chief executives are elected by the legislatures, while the President of the Russian Federation acts as an intermediate elector of the nominees (see ▶ Regional Executives, Russia).

According to the fourth theory, the President of the Russian Federation is a single-member body that simultaneously belongs to all the three branches of government, as the constitutional list of his powers refers to every of these branches. He takes part in formation (as well as dismissal or dissolution) of almost every federal body. The President announces elections to the State Duma and has the right to dissolve it in cases specified by the Constitution of the Russian Federation:

- Once the State Duma rejects the presidential nominees for the office of the Chairman of the Government of the Russian Federation thrice consecutively
- Once the State Duma votes an unsolicited no-confidence vote in the Government of the Russian Federation
- Once the State Duma refuses confidence in the Government in response to its Chairman's request

According to the constitutional amendment of 21 July 2014, he got a right to participate in formation of the upper chamber of the Federal Assembly, the Council of the Federation, which used to serve for regional representation since its establishment in 1993 (see ▶ Federal Government, Russia). The President of the Russian Federation appoints and dismisses all members of the Government of the Russian Federation. Besides, he personally appoints and dismisses some deputy

ministers, as well as directors and deputy directors of 15 federal executive bodies (titled "federal services" and "federal agencies").

The President actually forms the whole federal judiciary. He personally appoints the judges of all federal courts except two of the latter, the Constitutional Court of the Russian Federation and the Supreme Court of the Russian Federation (see ▶ Federal Government, Russia). These are comprised of judges appointed upon suggestions of the President. Besides, the President proposes the candidates for the positions of the chairmen and deputy chairmen of the Constitutional Court (since 2009) of the Russian Federation and the Supreme Court of the Russian Federation (since 2011).

Furthermore, the President of the Russian Federation exercises powers referring to all branches of government. According to the Constitution of the Russian Federation, he has the powers to announce referendums, to initiate bills, to veto the federal laws passed by the Federal Assembly, to sign, and to promulgate federal laws. Noteworthy, in the 1990s, the President used to legislate on some issues himself, and this practice received the sanction of the Constitutional Court of the Russian Federation. In section 4 of the reasoning part of its resolution No. 11-P dd. 30 April 1996, on verification of constitutionality of Para. 2 of the Decree of the President of the Russian Federation No. 1969 dd. 3 October 1994, "On the Measures on Consolidation of the Executive in the Russian Federation" and Para. 2.3 of the Regulations on the Head of Administration of a territory, province, city of federal significance, autonomous province, and autonomous area, approved by the mentioned decree, the Court validated the presidential decrees that fill gaps in legislative regulation, provided that such decrees do not contradict the Constitution of the Russian Federation and federal laws and that their duration is limited to the period prior to adoption of the federal law. For instance, up to the present, no federal legislation on the federal ministries and similar bodies subordinate to the President of the Russian Federation and to the Government of the Russian Federation exist. In the wake of this gap, the whole construction of the federal executive is decided upon unilaterally by the head of the State, with no consent of the parliament. Currently this construction is fixed in two presidential decrees, No. 314 dd. 9 March 2004, "On the System and Structure of the Federal Executive Bodies", and No. 636 dd. 21 May 2012, "On the Structure of the Federal Executive Bodies" (as amended).

Moreover, actually, the President of the Russian Federation can provide legal regulation on the matters of constitutional significance. For example, he determines the composition of the Government of the Russian Federation (i.e., the number of deputy Chairmen of the Government, and the list of federal ministers, as he is responsible for establishment of the ministries themselves). It is the head of the State who defined the status of its Administration that had gradually become the center of policy-making and is regarded as a parallel federal government. The President of the Russian Federation had also divided the territory of the country into supra-regional formations, the federal districts, and established the State Council of the Russian Federation (see ▶ Multilevel Governance and Public Administration, Russia).

On certain occasions the President of the Russian Federation acts as a judicial body. Under Art. 86 of the Constitution of the Russian Federation, he decides on pardoning. Besides, as mentioned above, one of his functions is to solve disputes between the governmental bodies of the Russian Federation and of the constituent units of the Russian Federation, as well as between regional governments. The head of the State can also cancel decisions of the Government of the Russian Federation on the ground of their inconsistency with the Constitution of the Russian Federation, federal laws, and decrees of the President of the Russian Federation and suspend decisions of the executive bodies of the constituent units of the Russian Federation in case they contradict the Constitution of the Russian Federation, federal laws, or international obligations of the Russian Federation or violate the personal rights and freedoms until the issue is solved by appropriate court. Thus, the President of the Russian

Federation and the Constitutional Court of the Russian Federation and regular courts possess concurrent jurisdiction.

Nonetheless, on the whole, the worded qualification of the President as a "multibranch" body is doubtful, as actually no governmental bodies exist whose functions would be confined to a single branch of government. Following this approach, one should assume that, along with the head of the State, the Council of the Federation and the State Duma of the Federal Assembly, the Government of the Russian Federation, and even the Constitutional Court and the Supreme Court of the Russian Federation each belong to several branches of government at a time.

The fifth concept places the head of the State at the helm of a separate, "presidential" branch of government. Formation of this branch traces back to the presidential decree No. 13 dd. 19 July 1991, "On the Administration of the President of the RSFSR," considered to remain in force nowadays.

## Administration of the President of the Russian Federation

In 1993 the Administration of the President obtained constitutional status. However, the Constitution of the Russian Federation stipulated in Art. 83 just that the President of the Russian Federation forms his Administration, leaving all the matters regarding its legal and political status at the President's discretion. Consequently, having started from a secretariat-type body, the presidential Administration evolved into a branched system of offices throughout the country.

Currently the Administration of the President functions under provisions of the decrees of the President of the Russian Federation No. 400 dd. 25 March 2004 and No. 490 dd. 6 April 2004, amended lately. It monitors the whole public administration including the regional and local levels and informally acts as a decision-making or an approval-granting center. On the level of federal districts, Administration's offices are the apparatuses of plenipotentiary representatives of the President of the Russian Federation. In constituent units of the Russian Federation and on the lower levels the federal inspectors, chief federal inspectors, and other officials of the Administration operate.

As of today, the Administration of the President of the Russian Federation is actually the main center of political and administrative decision-making in the country, as all the documents requiring presidential signature (either his own decrees, orders, instructions, etc., or federal laws, international treaties, etc.) pass through this body. This mere fact could be responsible for assuming by the Administration enough power for ruling the country informally. For instance, as far as dozens of thousands of key offices in the federal government are filled by the President of the Russian Federation, all the nominees for these offices can apprehend some dependence on the Administration, at least in a bureaucratic sense.

Moreover, the functions of the Administration of the President of the Russian Federation are not restricted to preliminary consideration of the President's decisions. The Administration has further levers of influence upon various bodies and officials referring both to the federal and to the regional levels of government, as it is entitled to monitor implementation of either decision taken by of the President of the Russian Federation. Moreover, since 2013, the Administration of the President can conduct inspections considering public officials' receipts and expenditures, foreign bank deposits, and other issues subject to restrictions according to federal legislation. These inspections may refer to the members of the federal parliament and of the Government of the Russian Federation, to other key politicians of the federal level, to key federal civil service offices, to the leadership of the national corporations, to the political offices of every constituent unit of the Russian Federation, and even to key offices in municipal areas and city districts (see ▶ Institutional Foundations of Local Self-Government, Russia).

## Conclusions

Regardless of the approach taken to describe the position of the President of the Russian

Federation within the Russian government, he undoubtedly helms the institutional system of public administration. Under the federal Constitution, he concentrates vast administrative powers that he executes either personally, by issuing decrees and other decisions of administrative nature, or via 20 federal executive bodies (ministries, services, agencies) that are directly subordinate to him. He actually rules the system of federal public service, as he personally appoints thousands of key officials, and is indirectly in charge of recruitment of millions of civil, military, and law enforcement servants.

Besides, indirectly, he guides the policy of the federal council of ministers (the Government of the Russian Federation) and of the leaders of the higher regional officials (chief executives) that are politically responsible and legally answerable to him (see ▶ Federal Government, Russia; ▶ Multilevel Governance and Public Administration, Russia; ▶ Regional Executives, Russia).

## Cross-References

- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia

## References

Avtonomov A (1999) Legal ontology of politics: towards a system of categories. Infograf, Moscow. (in Russian)

Chirkin V (2014) Head of the state. Comparative-legal study. Norma: INFRA-M, Moscow. (in Russian)

Kutafin O (2013) Head of the state. Prospekt, Moscow. (in Russian)

# Health Insurance and the Probable Left-Out: A Social Exclusion-Based Study

Vincent Ekow Arkorful[1], Benjamin Kweku Lugu[2], Anastasia Hammond[3], Evans Tetteh[1], Godfred Budu[4] and Ibrahim Basiru[2]

[1]Department of Government and International Studies, Hong Baptist University, Kowloon, Hong Kong

[2]School of Management, University of Science and Technology of China, Hefei, China

[3]Department of Psychology, University of Ghana, Accra, Ghana

[4]Department of Social, Political and Historical Studies, University for Development Studies, Wa, Ghana

H

## Synonyms

Developing countries; Health insurance; Social exclusion; Sustainable Development Goals; Universal health coverage

## Definition

Health insurance refers to a policy vehicle incepted to extend healthcare and unforeseen financial expenditure protection to vulnerable populations.

## Introduction

At the turn twentieth century, the prominence assigned to healthcare access by populations around the globe engendered a much-invigorated interest in healthcare policy and research. Healthcare as a social commodity is touted as an indispensable conduit for advancing human development in its multifaceted dimensions (Arkorful et al. 2018, 2020; Arkorful 2020). Essentially, the capability and capacity to pursue life devoid of premature deaths and illness, while

reducing deprivations and facilitating freedom, are all predicated on healthcare (Sen 1999). Equitable access to health service is the prime focus and pathway for reducing inequities that characterize social systems (Kizito et al. 2012). To a larger extent, the realization of these set of priorities, to a larger extent, is contingent on an effective and efficient distribution of healthcare benefits across a broader spectrum of populations and subpopulations.

Within the context of healthcare access and inequity reduction, health insurance is touted as an efficacious policy, especially in low and middle-income polities where it has enhanced improved access and extended protection from risk and other uncertainties regarding healthcare expenditure (Carrin et al. 2005). For instance, through the Universal Health Insurance Scheme implemented in 1993, Columbia has been able to extend financial protection to approximately 95% of its population (Escobar et al. 2010). The implementation of the Universal Coverage Scheme in Thailand ensured the coverage of 95% of Thai population by the year 2012 (HISRO 2012). Approximately 97% of the Taiwan population were also covered after the rolling out of the National Health Insurance Scheme (Hsiao and Cheng 2013).

The urgency to extend healthcare to Ghana's population, while shielding populations from unexpected expenditures precipitated by the out-of-pocket healthcare system, compelled the government of Ghana to implement the National Health Insurance Scheme in 2003. This was within the broader resolve of government to deploy proactive mechanisms to protect citizens, particularly, vulnerable populations by maximizing a universal access to affordable and quality health services guided by the principle of effectiveness, efficiency, and client-centeredness. However, the even distribution of health care benefits to promote primary healthcare (PHC) appears to be an Achilles heel in so far as the deployment of social healthcare protection policies by state and nonstate stakeholders in developing countries is concerned (Sulemana and Dinye 2014).

Moreover, health inequities and issues of inaccessibility are reported to restrain certain populations from benefiting. Among such populations are informal workers like head porters. In Ghana, informal sector workers constitute about 80% of the work force (Ghana Statistical Service 2008). The large population of informal sector workers, in the views of Berman et al. (2010), is precipitated by the effects of the Structural Adjustment Programme (SAP) of the 1980s and the ensuing inability of the formal sector to absorb the swelling unemployed population. Generally, informal sector workers are made up of self-employed or employees of entities established by private individuals. These employees are largely not only susceptible to shocks, but also more prone to precarious working conditions. For this reason, they may be exposed to uncertainties, including, but not restricted to, health expenditure uncertainties, which may further have dire consequences on their healthcare access and overall wellbeing (ILO 2009).

And while it is the case that informal workers like head porters have erratic and unsustainable source of income, it is also the case that, as part of the requirements to enjoy the benefits of the insurance scheme, they are required to pay premiums. Given the unlucrative trades, and the unstable incomes flows, head porters are unable to enroll, renew, and access healthcare services. Moreover, while the premium payments do not take into cognizance informal workers, it is also regressive. This makes it possible that a significant percentage of Ghana's population may be left uncovered under the health insurance scheme. Juxtaposing these contexts against the need to cover all population under an effective and efficient healthcare system sufficiently raises concerns about the attainment of universal health coverage goals.

As such, in the pursuit of UHC goals as enunciated under the Sustainable Development Goals (SDGs), it becomes imperative to address hurdles that confront populations, in their quest to enroll, renew, and access health services. The convergence of the hurdles, the probability of neglect of populations, and the urgency to pursue UHC Goals have essentially provided the motivation to explore enrolment, renewal, and healthcare access challenges of head porters in Ghana. On the basis of this study been the first of its kind to be carried

out within the Ghanaian context-particularly unique from a social exclusion perspective, findings generated will furnish policy makers, health sector players, and other stakeholders with relevant pointers and guidelines for decision making towards accelerating and improving coverage.

## Theoretical Underpinning of the Study

The usage of the term social exclusion has recently become too anchored concept in social policy research. The term originated from France (Lenoir 1974) where politicians of socialist provenance used it in reference to uncovered populations under the social security system. During the 1980s in France, social exclusion scope got broadened to include the term "*les eclus*," meaning the outcast of the nations. Social exclusion as a multidimensional concept is complex (Lister 2000). Overtime, the usage of the term has become synonymous with deprivity (Room 1995). Basically, the term lends itself to manifestation of poverty and marginalization characterized by unequal access to resources, rights, and capabilities which is likely to further entrench health inequalities (Popay et al. 2008).

It summarizes a representation of what can happen when people suffer; unemployment, low income, bad housing, and poor health (Social Exclusion Unit and Cabinet Office 2001). A social exclusion paradigm is needed in healthcare-related studies like health insurance operation and utilization among poor populations, especially in a developing country like Ghana. This is because poverty-induced inequity is sharp among poor and vulnerable populations in developing countries. On this basis, the study regards the theory as potent in helping to draw attention and further invite stakeholders to address exclusion in social protection policy deployment lie the health insurance scheme (Kabeer 2006).

Specifically, regarding this study, the social exclusion perspective is considered relevant in unearthing healthcare access-related hurdles, based on which countervailing measures will be identified and subsequently deployed to enhance development and general wellbeing among vulnerable populations like head porters. It must be succinctly emphasized that while healthcare access is challenging for these populations, most head porters are generally unskilled, live under precarious conditions (ILO 2001), and occupy the lower ranks of the workforce structure. As such, it is relevant in interrogating exclusion and correlated issues such as the disadvantages of impoverished populations which can disrupt the efficient functioning of social policies and lead to social isolation or lack of social integration (Arthurson and Jacobs 2004).

The social exclusion theory therefore fosters insight into the policies and measures which enable society to function, while eschewing undertones of deprivation (de Haan 1998). It is for these reasons that social exclusion is often used to conceptualize and/or interrogate social structures which affect poor, vulnerable, and disadvantaged and underprivileged populations. The focus on health insurance may be useful to understand challenges these populations encounter in trying to benefit. From the limited research available, the research suggests that there is likely to be an appreciably more complex social exclusion issue for head porters. Given the relevance of the health insurance scheme, the challenges of head porters and their right to health care, as well as the need to extend healthcare to all without leaving any one behind, it is apparent that on the road to realize UHC by 2030, there are deficits in poor population coverage to be addressed.

## Methodology

### Research Approach and Design

#### Type of Research Design and Inquiry

The purpose of the study was to explore factors of enrolment, renewal, utilization, and health access of head porters. For this present research, qualitative approach was employed to delve deep into knowledge, understanding, and experiences of study participants. A qualitative approach comes with the advantage of aiding researcher to gain much deeper insights into a phenomenon (Thomas et al. 2018). The study also used the

inductive and interpretivist approach. These approaches are suitable for context-specific discourses (Madill et al. 2000). At the same time, they are also suitable for gathering subjective experiences of populations on issues (Bryman and Bell 2015). Interpretivist essentially has two faces: epistemological and ontological. While the epistemological face focuses on subjectivity of knowledge, the ontological is hinged on the fact that the nature of reality varies across individuals (Creswell 2013). Precisely, phenomenological study design is appropriate for understanding the lived experiences of study participants (Zikmund et al. 2013). Therefore, the study used a qualitative phenomenological approach hinged on interpretivism and inductive reasoning. Furthermore, the study used a thematic content analysis to highlight themes and present participants responses. Thematic content analysis as an analysis method helps in the identification and categorization of homogenous entities within a defined context.

## Population and Sampling

### Participants and Sampling

The study participants included head porters in Accra, Techiman, and Kumasi. These participants were heterogeneous in characteristics such as age, gender, religion, and marital status. A total of 150 participants aged between 18 and 55 were interviewed. The study employed a purposive sampling technique to elicit data from 1 November 2019 to 15 January 2020. Giving the relevance of establishing contacts as underscored by Given (2008), as part of measures to introduce the study and the research team, prior to identification of participants, and data collection, preliminary contacts were established with individuals who belonged to the target group. The research team found out from these contacts if they have an organized group. Fortunately, it happened that there existed organized groups. The contacts were further asked to introduce the research team to their respective leaders where possible, for the introduction of the study. After meeting the leaders, a meeting day was arranged for the team to meet the target group, explain the study and its purpose, and also receive their approval for participation, which was willingly granted. The leaders and the team were involved in informing the target group about the study, the need for them to participate, and the how interviews will be conducted. During the meeting with the research group, the research team used the opportunity to recruit participants after which a day was fixed for interview and focus group discussions. Communication and data collection timelines for the various groups are presented in Fig. 1. Participation in the study was voluntary. This approach is convenient method to draw sample by a participant-based method, particularly for underserved populations (Salganik and Heckathorn 2004). The researchers exerted considerable efforts to ensure that many participants were interviewed. This was done with the need to have a maximum variation in the study sample by selecting a diverse population cutting across various sociodemographic divides.

The demographic characteristics of study participants are captured in Table 1. The nature of the study was exploratory. The aim was to uncover issues of enrolment, renewal, utilization, and health access of neglected workers like head porters.

| | Meetings to Explain Research | Project Launch | Pre-trial Participant Meetings | Interviews & Focus Group Discussions | Field Exit |
|---|---|---|---|---|---|
| KSI | 1.11.2019 | 10.11.2019 | 15.11.2019 | 20.11.2019 | 25.11.2019 |
| TECH | 30.11.2019 | 8.12.2019 | 10.12.2019 | 15.12.2019 | 18.12.2019 |
| ACC | 20.12.2019 | 25.12.2019 | 29.12.2019 | 5.01.2020 | 15.01.2020 |

**Note:** KSI=Kumasi, TECH=Techiman, ACC=Accra

**Health Insurance and the Probable Left-Out: A Social Exclusion-Based Study, Fig. 1** Communication and data collection timeline

**Health Insurance and the Probable Left-Out: A Social Exclusion-Based Study, Table 1** Background characteristics of study participants

| Variable | Category | Frequency (*n*) | Percentage (%) |
|---|---|---|---|
| Gender | Male | 45 | 30 |
| | Female | 105 | 70 |
| Age | 18–25 | 45 | 30 |
| | 26–35 | 59 | 39 |
| | 36–45 | 35 | 24 |
| | 46–50 | 6 | 4 |
| | 51+ | 5 | 3 |
| Educational background | None | 74 | 50 |
| | Junior high school | 47 | 31 |
| | Senior high school | 29 | 19 |
| Marital status | Married | 45 | 30 |
| | Single | 71 | 47 |
| | Divorced | 22 | 15 |
| | Widowed | 12 | 8 |
| Religion | Christian | 15 | 10 |
| | Muslim | 116 | 77 |
| | Others | 19 | 13 |
| Household size | <5 | 8 | 5 |
| | 5–10 | 29 | 20 |
| | 11–15 | 63 | 42 |
| | 16–20 | 35 | 23 |
| | 21+ | 15 | 10 |
| Living with child | Yes | 83 | 55 |
| | No | 67 | 45 |
| Monthly household income (GHC) | <50 | 20 | 13 |
| | 51–100 | 55 | 37 |
| | 101–150 | 36 | 24 |
| | 151–200 | 20 | 13 |
| | 200+ | 19 | 13 |
| Frequency of renewal | Regular | 55 | 37 |
| | Irregular | 95 | 63 |
| Current health insurance status | Active | 51 | 34 |
| | Inactive | 99 | 66 |
| Health insurance status prior | Active | 61 | 41 |
| | Inactive | 89 | 59 |
| Residential characteristics | Concrete structure | 22 | 15 |
| | Wooden structure | 93 | 62 |
| | Homeless | 35 | 23 |

## Data Collection

The present qualitative study used an in-depth semi-structured questionnaire to elicit data. This helps researchers to explore into various issues and experiences of study participants (Marvasti 2004). Prior to interview, participants were briefed on the overview of the study. After being told interview will be held once for all, participants were informed of their liberty to withdraw at any time and stage of the process. Participants were further assured of the anonymity, confidentiality, and privacy of information provided, before giving verbal consent of participation to the research team. Interviews were conducted according to the suggestions of McCracken (1988). In this regard, long interviews were held. This provided the basis for asking questions, probing further, and categorizing participants' responses. Based on this, a thematic interrogation was conducted. The interview guide for the study was reviewed by five researchers adept in qualitative research. Four tertiary student's adept at conducting qualitative interviews was engaged to assist with data collection. These assistants were briefed on the study at a 2-day training workshop. To assess their understanding of the research instruments and data collection techniques, research assistants were engaged in a posttraining pilot test, prior to data collection. The interview guide was subjected to three pilot tests among a sizeable sample of study participants after which the questions were refined in line with the results of the pilot study. These steps were taken to establish the reliability and validity of the questionnaire. The long interview sessions lasting for 25–30 min was similar to prior qualitative research on health insurance conducted by Arkorful et al. (2018). This method significantly offered participants the free will and space to express their views and shed light on the subject matter, while discussing other matters with significant bearing on the study objective (Creswell 2013). Interviews were recorded and transcribed. To establish rapport with study participants, the interview commenced with a warm up question where researchers asked personal and friendly questions interlaced with questions on participants experiences with the health insurance

policy. Based on participants' responses which were oriented towards gathering insights about the health insurance scheme and access to healthcare, the researchers proceeded with the interview. Among some key interview questions posed include: "what do you know about the health insurance?" "what do you think about the policy?" "what are your perceptions about the scheme?" "what issues do you have with the policy?" "how do you see the entire scheme?" "what would you say about the scheme?" "what are your personal assessment of the scheme?" and "do you have any problem or challenge with the scheme?" Further probing questions were posed to gather deeper insights and enrich the data. Among some include the following: "can you explain further?" and "can you give some practical instances or examples?" In the respective study areas, the research team continued with the data collection to a point that participants produced no further relevant data, which marked a saturation point.

### Coding of Interview Data and Analysis

The research team transcribed verbatim the audio-recorded interviews and entered them into Nvivo 11 Plus software. The qualitative responses were thematically analyses. Thematic analysis aids in the identification, analysis, and reporting of various emerging pattern of themes within a data (Braun and Clarke 2006). The responses of study participants captured in utterances and conversations were analyzed to develop patterns, classifications, and themes. At this stage, similarities and uniqueness of individual responses were ensured by the research team. After sorting and familiarization with the data, preliminary coding was done. Afterwards, substantive themes were identified. The themes were further revised to discard codes with lower frequencies and contribution to the research. After disagreements over the development of codes and the final reaching of consensus between the authors, emerging themes were finally developed. The process of coding and theme development was guided by the reflexive thematic analysis procedure suggested by Braun and Clarke (2019). To ensure data credibility and integrity, thoroughness and honesty were ensured. To avoid bias interpretation while avoiding misinterpretation, due consideration was given to reporting participants responses. This enhanced transparency and reporting responses that were true reflection of views shared by participants. Interview analysis was conducted by the authors and later autonomously validated by the other authors who did not participate in conducting interviews. This was to ensure reliability and validity (Mason 2002) and clarity (Richards 2009) of data and at the same time eschew bias and ensure that reports were steeped in participants' actual views.

## Results

The semi-structured nature of the questionnaire design and the qualitative approach of the study enabled participants to provide detailed responses to the interview questions as they are able to reflect and recall instances to buttress their narratives. In all, the study interviewed 150 participants, thus, 50 each from the three study areas of Kumasi, Techiman, and Accra. Forty-five participants were males and 105 were females. The ages of participants were ranged as follows: 18–25, 26–35, 36–45, 46–50, and 51+ years. Most participants were between 26 and 35 years. Majority of the participants has never received formal education. Forty-seven and twenty-nine had received junior and senior high school education, respectively. Christians and Muslims constituted 15 and 116 participants, respectively. Also, 63 participants had a household size ranging from 11 to 15. Most participants (55) had a monthly household income of 51–100 ghc. On the frequency of renewal, 55 and 95 participants were regular and irregular, respectively. Regarding current health insurance status, 51 and 99 of study participants were active and inactive accordingly. Regarding residential characteristics, while 22 participants lived crowded concrete structures, 93 lived in structures made of wood. The remaining 35 were homeless without any defined living space.

Furthermore, data on prior health insurance status showed that 61 were active. The other 89 participants were inactive. And finally, on the

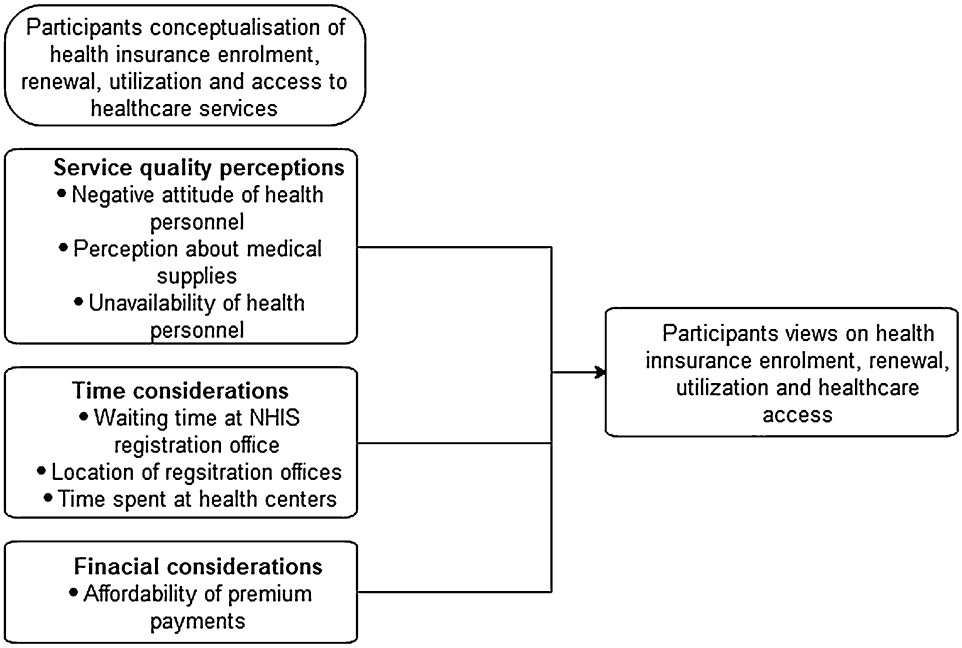


**Health Insurance and the Probable Left-Out: A Social Exclusion-Based Study, Fig. 2** Emerging themes and subthemes on participants views about health insurance enrolment, renewal, utilization, and access

residential status, while 22 participants lived in concrete structures, 93 lived in wooden structures. The remaining 35 were homeless people who had no defined place of residence. The findings presented represent participants' accounts and perspectives. These were structured and categorized into themes, with subthemes captured (Fig. 2).

## Service Quality Perceptions

In gathering responses from study participants, it became apparent that one of the factors that could either encourage or dissuade enrolment, utilization, renewal and further enhance access to healthcare services bordered on service quality perceptions. In the views of participants, the level of services rendered to them should commensurate with the value of investments made (thus the premiums paid). Among some of the service quality perceptions raised include perception about medical supplies, negative attitude of health personnel, and unavailability of health personnel.

### Negative Attitude of Health Personnel, Negative Experience of Relations

Participants recounted that negative attitude demonstrated by medical practitioners towards healthcare seekers is a major factor that dissuades them from enrolling on the health insurance scheme. In the views of participants, in addition to the insults some health practitioners' rain on them, some nurses also discriminate among patients, to the disfavor of health insurance card bearing members. Some subscribers recounted that:

> There was a day a nurse maltreated me in the hospital. I was asked to bring a urine sample for a lab test. On the day of the submission, I entered the room and she shouted at me as though I was a kid. Meanwhile, after that, some other people entered. And they never complained. I asked why? And I was told they are paying from their pockets. Is this fair?

> Some workers at the hospital don't respect health insurance card holders. At the hospital one day, the hospital authorities asked card holders and non-holders to sit separately. By then, I was in a queue close to see the doctor. But when this happened, the siting arrangement changed, and I found myself at

> the back. Why should this happen? We also pay money

Some study participants also indicated that the shared negative experiences of some health insurance subscriber friends are something that discourages them from getting enrolled. Others also stated that their personal ill experiences with card bearers they had escorted to the hospital do not motivate them to enroll. Other subscribers also advanced similar reasons for their failure or inability to renew subscription upon expiry. These narratives resonated with that of others shared during focus group discussion. Some participants said the following:

> What my friends go through, when they go to the hospital doesn't make it appealing for me to enroll. I can get to the medical shop and buy whatever I want. I just need to talk to the one at the counter. They will treat me nicely and serve me what I need, that is better

> Personally, I have been abused several times on my visit to the hospital. From my observation of events, and how I understood them, I think health insurance card bearers are the most abused clients at the hospital. I am not interested. When I am sick, I will buy herbal mixtures or boil some herbs. After taking them for a day or two, I will be fine. Nobody will have the chance to insult me

> My card has expired. But I am not thinking of renewing. To go to the hospital for treatment and find myself disrespected all because I came with health insurance card, then I am not renewing. Using card does not mean I have no dignity. Am not renewing. Insha Allah, am not going to be sick. Allah cares for the poor, not nurses, doctors or health insurance

### Perception About Medical Supplies

Other issues raised by participants bordered on perceptions about medical supplies at the hospitals. In the views of nonsubscriber participants, this offers them enough relief not to enroll. In the case of subscribers too, most participants ascribed their decision not to renew to the type of medications supplied. Almost all participants described the drugs supplied as substandard to requirement. As such, they either do not see the need to enroll or renew their expired subscriptions. As a social protection policy for the poor, participants expressed the notion that it should be done well, with the intention to provide protection to the poor, and not to complicate their health. A participant stated that:

> The drugs covered under the health insurance is not of high quality. They are cheap drugs. Sometimes, they are ineffective. And that is why people sometimes have had to visit the hospital several with same ailment. The drugs are not good

In expressing concerns about the medical supply challenges, some participants went further to express doubts about the efficacy of the drugs provided. Some compared the efficacy of the hospital supplied western medicines with locally manufactured herbal products. Some said that:

> When I went to the hospital, they gave me medicine and i never got well. But when I bought adutwumwaa herbal, after two days, the sickness was gone. So, I think the hospital drugs are not good. Maybe they are expired or not good

Others also shared the views that the prevailing situation whereby essential drugs are not covered under the health insurance scheme defeats the purpose for which the scheme was incepted. On the other breadth, another stressed that in times when pharmacies of health institutions are short of medical supplies, they are asked to get to accredited pharmacies to get the drugs, only to be told either the drugs are not covered or they are finished. For this reason, they are forced to buy. In their view, this discourages enrolment, renewal, and utilization and healthcare access. Participants said that:

> You know, under the scheme, not all drugs are covered. Even though it helps, I don't see the reason why I should renew. There are times that I don't even go to hospital for a whole year. So, if I don't use, I have wasted money. And if I renew, fall sick, go to hospital, and told the drugs are not covered, what is the meaning of this? Needless to renew then

> We were told to subscribe to get free care, but in actual fact, it is not free. We mostly spend more. You know we are poor people. Our work is not lucrative. We don't get much money. So how could we pay this money? Then this is not something for the poor

### Unavailability of Health Personnel

In the views of participants, the number of health personnel at the various health facilities was

insufficient to meet the health needs and demands of health seekers. Participants recounted that the number of health personnel is insignificant that the few ones have had to attend to a huge patient's population. And because this has been the situation, most patients complained of having to spend more time or almost a whole day trying to consult a health practitioner. Others also complained that this situation has mostly created congestion at the hospitals. Under this circumstance, patients claimed that they spend unreasonable hours which they could have used to work and get money to take care of themselves. In regards to this, some participants said that:

> The hospitals don't have enough workers to attend to us. One day, I went to the hospital and they told me, there was no doctor. I had to wait for a long time and doctor never came. I came back home and bought some drugs from the drug store

> There was a day I didn't go to work because I felt slight illness. I went to the hospital to seek for medical attention, and I spent more than eight hours to see the doctor. There was only one doctor on duty

Some participants categorically stated that they do not see the need to enroll on the scheme when there is no assurance of meeting health personnel. Other prior subscribers, who at the time of the interview had refused to renew their insurance, also attributed their decision to the unavailability of health personnel. Some said that:

> My decision not renew is because, there was a day I went to the hospital with my card and never met any health personnel. So, I came home and my friend gave me some drugs. After that, I got better

> Actually, I don't want to enroll because of the problem of medical experts. I once took a friend with health insurance to the hospital, and it was difficult for us to see a doctor

## Time Considerations

Another major theme that emerged from our interaction with study participants was time consideration. Essentially, it was obvious that participants were time conscious. As such, they were much concerned about the unreasonable waste of time at health and health insurance registration centers. Among specific subthemes that emerged include: waiting time at health insurance registration centers, location of registration centers, and time spent at health centers.

### Waiting Time at Health Insurance Registration Centers

Most participants expressed worry about the time spent at the health insurance registration centers. Given that participants were porters, with an unsustainable income dependent on their own productivity, they were worried about the long hours spent in queues at the various registration centers. This issue appeared as a challenge for both the enrolled and prospective enrollees. In the views of most participants, these hours spent are money. And they think these hours could fetch them some Cedis for footing personal bills. In expressing concerns, some recounted that:

> The long queues at the health insurance centers discourages us from registration. Every day, there are so many people there. When I go there, I waste much time. No matter how early I go, there is a queue. Even sometimes, the queue arrangement for the day before continues the next day

> There is always congestion at the health insurance centers. It takes a long time to either register or renew. Staying in the long queue is a waste of time for me. I can use that time to work. If I don't go to work, I cannot pay my rent and buy food and water

### Location of Health Insurance Registration Offices

Further interviews with and subsequent responses from participants underscored the fact that proximity to health insurance registration centers was a motivating factor underpinning enrolment, renewal, and utilization of the health insurance scheme among informal sector workers. This appeared as a common hurdle confronting not only already enrolled populations, but also, potential enrollees. Essentially, they both complained about the long distances they had to travel to access an agent's office. In this regard, some participants who are not enrolled remarked that:

> I don't have much time. I have to leave home as early as 4 am to get to the market to carry goods of my customers. I have little time to walk for long

> distance to locate the agent's office. It's very far from here, am told. I cannot have time to register

Other already enrolled participant whose insurance has expired but still not renewed said that:

> The insurance is very good and helpful. To be frank, I have benefited from the scheme over the years. Mine is expired now, but I feel lazy to renew because the distance from my home to the insurance office is very far

> I don't have time, my brother. I have to cook for my kids, prepare them for school, and leave the house for the market to work. I have little time to walk to the office to renew my insurance. Even when I renew, I don't fall sick, so I don't use. When I have time, I shall renew. Until then, am not going to renew

### Time Spent at Health Centers

Some participants bemoaned the time at the hospital during health seeking times. Actually, some participants attributed the situation to the dearth of health personnel. In the views of most participants, this has been the largest cause of congestion at the health centers. One comment that resonated across the response of most participants was that the time spent at the health centers could have been used for working to get money. And because this has been the situation, any time they think of this, they are discouraged from going to the hospital to seek for medical attention. Some participant stated that:

> The congestion at the hospitals results in waste of time. Most hospitals don't have enough doctors and nurses. Whenever we go there, we spend unreasonable time. We could have used this to work and get small money for our upkeep

> What I have always found painful in my experience with the health insurance and access to healthcare has been the long time spent at the hospital. Any time I think of this, I don't want to go to hospital. This is one reason why I prefer buying drugs from the counter on any day than, going to the hospital

Some other participants recounted on how the issue of congestion at the health centers has precipitated unprofessional and unethical practices like exploitation, bribery, and corruption among health practitioners in the various hospitals. These experiences bordered on the payment of illicit amounts to induce health personnel to facilitate their timely access to the see a doctor. On this note, some participants stated that:

> You know something? At the hospitals, to see the doctor quickly, sick people pay money to health personnel to help them see the doctor. This is not the best because it discourages us from going to the hospital. Why should this happen? And why should sick people be exploited?

> Because some patients want to come home early and don't want to waste time at the hospitals, they pay money to the health professionals to help them access health service. This is the bad thing happening. And it is discouraging people from going to the hospital

## Financial Consideration

### Affordability of Premium Payments

Generally, most participants raised issues about their respective capabilities to raise a substantial amount of financial wherewithal to get themselves enrolled, renew insurance packages upon expiry, and access medical services. From engagements with participants, it became obvious that, because their works were menial, for which reason they make small amounts of money, they hardly could raise funds for premium payments. Some if the comments raised by some participants include:

> The work I am doing is not lucrative enough. What I get on daily basis isn't enough to help me cover housing, feeding, water, electricity and other expenditures. How then can I make enough money to cater for health?

> The money I get from my work is what I send back to my hometown in Tamale to be used to take care of my sick mum, dad and sister in school. It is the same money I use to pay my bills. I am left with little to access healthcare. I wish I could renew my card, but I don't have enough money to do that. i am only praying I don't fall suck

## Discussion of Findings

In the face of the dearth of research focus on the well-being of head porter's healthcare-related studies, the study sets out to explore factors regarding enrolment, utilization, renewal, and access to healthcare of this group in Ghana. To

the best of the knowledge of authors, this is the first study to explore healthcare-related issues of a larger, yet marginalized group in Ghana. Therefore, we are convinced that by advancing valid and reliable evidence, this study will make unique contribution to not only public health policies, but also to the cause of sidelined groups and also inform the deployment of mechanisms to advance their overall human well-being within the context of Universal Health Coverage, as enshrined under the Sustainable Development Goal 3.

The existence of a strong and sustainable healthcare system, complemented with an effective health protection policy, is touted as cardinal to ensuring a healthy population, high productivity, and extending protection to poor populations and subpopulations (Byhai et al. 2015). This is part of the prime reasons why the Ghana health insurance policy was incepted (Arkorful et al. 2018, 2020; Arkorful 2020). However, our study revealed grave policy challenges pertaining to the efficacy of the policy to protect vulnerable populations from the scourge of health-related uncertainties. Precisely, it appeared that these populations, as part of their right to healthcare, encounter challenges. In the face of these challenges, it is obvious that the tendency to extend healthcare to global populations without anyone left outs, as captured in SDG 3, could be significantly impaired.

The results of this study revealed that among service quality perceptions, participants were restrained in terms of health insurance enrolment, renewal, utilization, and healthcare access. Participants confirmed the negative attitude of service providers as a barrier. Participants' perceptions about service providers negative attitude such as insults, rudeness, negligence towards patients, bars both enrollees and prospective enrollees from enrollment, renewal, utilization, and access to healthcare. The study participants by virtue of their status as vulnerable people are discouraged whenever they feel maltreated or not treated with the desired level of respect and dignity expected. These negative perceptions have actually been the cause of patients resort to purchasing unprescribed drugs from unapproved medical outlets. These perceptions actually were revealed to be demotivating. Our finding is consistent with (Arkorful et al. 2018; Ekirapa et al. 2008).

The negative perception of participants about the efficacy and the low to substandard quality of medications covered under the insurance scheme, demotivates enrollment, renewal, utilization, and access to healthcare service. Coupled with this, participant's perception that about drugs not covered under the scheme discourages them. Furthermore, the perception that health insurance card bearing members are served with medications different from what out-of-pocket paying patients are provided with also discourages interest in the scheme. In the views of Arkorful et al. (2018), these perceptions, real or perceived, could further fuel patient's knack for and purchasing intention of uncertified drugs. These study findings are in tandem with Dalinjong and Laar (2012).

Furthermore, our study findings revealed that the dearth of medical personnel at the hospitals, stifle health insurance enrolment, renewal, utilization, and healthcare access. In the views of participants, this situation creates congestion at the hospital. For this reason, they spend longer times in long queues which ultimately affects not only their work routine, but also daily income. The dearth of health professionals, the creation of congestion at health centers, and how these situations demotivate the uptake health insurance-related service are confirmed by Jehu-Appiah et al. (2011). The study also revealed other subthemes that dwelled on waiting time at the national health insurance registration office, location of health insurance registration offices, and time spent at the health centers.

Participants reported of long queues at the insurance registration centers. Some also complained of the long distances they had to travel from their various homes to the insurance registration centers. In a research, Asah (2013) corroborates the effects of these factors on health insurance and other allied services. Aryeetey et al. (2013) in another study also corroborate the strong correlation between perceived service benefits, convenience and service, and posits their

relevance to health insurance service uptake. Quite surprisingly, in sharing views on issues of congestion at the hospital, some participants revealed how this situation has created grounds for unethical behaviors among the rank and file of the health workers. In a study assessing the operational challenges of the national health insurance scheme among stakeholders in Ghana, Arkorful et al. (2018) confirm the prevalence of fraud, financial misappropriation, and exploitation among health personnel.

Given participants consideration for time and proximity, they preferred not to spend much time at the hospitals or health registration centers. In much the same vein, owing to long distances, they are also reluctant to exert much effort in locating health insurance registration centers. The cause of these could be attributed to participants' engagement in menial nonlucrative jobs, with their income flow largely based on productivity. As such head porters would not want to spend much time on engagements other than profiting activities. Factors of geographical proximity to healthcare services and their influence on usage in confirmed by Parez et al. (2010) and Schoeps et al. (2011). Du et al. (2001), Amoah (2014), and Buor (2008) also confirm the centrality of proximity factors to healthcare and service access among underprivileged and poor populations. In their views, the combined effects of these factors induce low patronage among poor populations. The consideration of nearness or proximity of health service dispensing structures to service seekers and their motivation or otherwise to service seekers confirms the validity of the distance decay theory which essentially opines that close things are likely to be used, while distant things are unlikely (Basaza et al. 2008).

The results of the study also revealed that though health insurance enrollment, renewal, utilization, and related healthcare access discourses converge around equity considerations such as affordability for all populations, coverage for subpopulations like porters is unappealingly minimal. Per the study results, the inability for people to afford health insurance was as a result of low income and poverty factors. These underscore possible wrong "targetization" that characterize the deployment of social protection policies (Derbile and van der Geest 2013). Jehu-Appiah et al. (2013) confirm the potency of affordability factors to health insurance service uptake and retention. The inability of populations to afford subscription or renewal entrenches exclusion. In essence, the issue of affordability at this point legitimately brings up the discourse of targetization for discussion. Kotoh and Van der Geest (2016) attribute the inability of the health insurance policy to serve the interest of the poor to the policy framework that actually restricts the framework of poverty characteristics in a way that tends to deliberately exclude the poor from enjoying benefits.

Though equity lies at the heart of the scheme's objective, there are however sufficient of exclusion. This is restraining the policy reach out to the poor who are to get exemption benefits. A critical interrogation of the exemption criteria is constricted to an extent that it disqualifies potential exempted populations. With reference to the 2004 health insurance regulations – which guides the operations of the scheme – specifically LI 1809:59, the parameters for the identification of the poor, among other things, state under regulation 1 (b) that a person shall not be classified as an indigent under the scheme, unless that person does not have a fixed place of residence determined by the scheme. The interpretation of fixed home or homelessness sets the grounds for disqualification of almost everyone in Ghana because the definition of home is set to an abode with a roof. This defeats the purpose of inclusion and equity within the context of health insurance objectives.

This implies that inhabitants in roofed structures are disqualified. Generally speaking, homelessness is a reality that head porters in Ghana contend with on daily basis. From our interaction with participants from their respective places of abodes, it was apparent that, in the best situations where participants lived in rented concrete structures, they were found living in crowded structures. Conversely, in the worst situations, they either lived in dilapidated wooden structures or occupied shops fronts as their

sleeping places. This situation makes it imperative for homeless populations to be covered granted waivers under the scheme. Aryeetey (2012) agrees that homelessness should be prerequisite for granting exemption waivers to the poor. Why the framers of the health insurance regulation would set an exclusion criterion that excludes the poor still remains an unanswered question. To enhance clarity, we intend to commission a study that seeks to interrogate the policy regulation document of the health insurance scheme and how it enhances inclusion, countervails population exclusion, and propels universal health coverage. Summarily, our findings reveal that though the health insurance policy is fraught with potentials, stakeholder's inability or failure to address the challenges confronting poor populations could snail-pace the attainment of universal health coverage by 2030.

## Conclusion

This study sets out to explore health insurance enrollment, renewal, utilization, and healthcare access of poor populations like porters in the Kumasi (Ashanti region), Techiman (Brong-Ahafo region), and Accra (Greater Accra Region) of Ghana. To the best of the knowledge of the authors, this is a seminal study within the Ghanaian context providing valid and reliable streams of study participants-based evidence. These are essential features that set our study apart from other prior health insurance policy-based studies. The presentation of a confluence of wide ranging factors including service quality perceptions, time and financial considerations offers sufficient evidence that health insurance enrollment, renewal, utilization, and health service access of vulnerable populations is underpinned by a myriad of factors which further undermines the attainment of universal health coverage goals, within the broader global framework of sustainable development goals. It is against this backdrop that authors entreat stakeholders to prioritize the issues raised in this study to guide the deployment of measures and mechanisms geared at enhancing inclusion.

## Implications for Policy, Practice, and Further Research

The study has implications for not only policy, but also, practice. Situating the study within the theory (exclusion theory) and the wider precincts of global goals (SDGs) makes it imperative for social policy, especially the need and urgency for government, policy makers, and stakeholders to reduce exclusion by removing barriers to enrollment, renewal, utilization, and increasing healthcare service access. And as the global comity of nations is preoccupied with pursuing universal health coverage to extend healthcare to all people without anyone been left out or behind, an insight into barriers and drivers regarding health insurance would be germane to help provide sufficient policy pointers and guidelines for designing appropriate countervailing measures and mechanisms. The study findings call for the need to take a neck turn to make the health insurance policy more pro-poor than it is now, to forge inclusion. Going forward, future studies on health insurance policy may consider quantitative or mixed studies to further explore the subject matter. Studies in the other regions are also recommended.

## Limitations of the Study

Given that the study focused on head porters in the three cities of; Kumasi, Techiman, and Accra, it is possibly apparent that the conditions of both existing and prospective subscribers as well as the contexts and dynamics regarding the operations of the national health insurance scheme may vary from other geographical areas. Notwithstanding, we are convinced that the drawing of inferences from participants responses, and their juxtaposition with prior findings, which are consistent with our study, reflects the legitimacy of the study and validates the findings. While we entreat a cautious replication and generalization of the findings, we encourage the conduct of further pro-poor studies targeted at contributing insights into the larger framework of health insurance policy.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance and Public Administration


## References


Amoah E (2014) The assessment of female migrant head porter's enrolment in NHIS and their access to healthcare in the Kumasi Metropolis. Master's thesis submitted to the Department of Public Health, Kwame Nkrumah University of Science and Technology

Arkorful VE (2020) Stakeholder-centric exploration of health insurance subscription. In: Global encyclopedia of public administration, public policy and governance. Springer, Cham

Arkorful VE, Basiru I, Amadu L, Hammond A, Pokuaah S, Agyei EK, Abdul-Rahaman N, Arthur E (2018) Public social policy efficacy assessment: operational challenges of the health insurance scheme in Ghana. J Public Policy Adm 2(4):71–83

Arkorful VE, Lugu BK, Hammond A, Basiru I (2020) Examining quality, value, satisfaction and trust dimensions of health insurance usage. In: Global encyclopedia of public administration, public policy and governance. Springer, Cham

Arthurson K, Jacobs K (2004) A critique of the concept of social exclusion and its utility for Australian social housing policy. Aust J Soc Issues 39(1):25–40

Aryeetey GC (2012). Targeting the poor in Ghana's National Health Insurance Scheme and benefits of enrolment. PhD dissertation, Radboud University, Nijmegen

Aryeetey GC, Jehu-Appiah C, Kotoh AM, Spaan E, Arhinful DK, Baltussen R, . . . & Agyepong IA (2013) Community concepts of poverty: an application to premium exemptions in Ghana's National Health Insurance Scheme. Globalization and Health, 9(1), 12.

Asah A (2013) The National Health Insurance Scheme and child healthcare delivery in the Ga East District. MPhil thesis presented to the Department of Geography and Resource Development, Faculty of Social Sciences, University of Ghana

Basaza R, Criel B, van der Stuyft P (2008) Community health insurance in Uganda: why does enrolment remain low? A view from beneath. Health Policy 87(2):172–184

Berman P, Ahuja R, Bhandari L (2010) The impoverishing effects of health care payments in India: new methodology and findings. Econ Polit Wkly XLV(16):65–71

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qual Res Psychol 3(2):77–101

Braun V, Clarke V (2019) Reflecting on reflexive thematic analysis. Qual Res Sport Exerc Health 11(4):589–597

Bryman A, Bell E (2015) Business research methods. Oxford University Press, New York

Buor D (2008) Analysing the socio-spatial inequities in the access of health services in sub-Saharan Africa: interrogating geographical imbalances in the uptake of health care. A professorial inaugural lecture, KNUST

Byhai S, Cottini E, Westergard-Nielsen N (2015) How productive is workplace health and safety. JEL codes C33, C36, D24, J28, L23

Carrin G, Waelkens M-P, Criel B (2005) Community-based health insurance in developing countries: a study of its contribution to the performance of health financing systems. Trop Med Int Health 10:799–811

Creswell JW (2013) Research design: qualitative, quantitative, and mixed methods approaches. Sage, Thousand Oaks

Dalinjong PA, Laar AS (2012) The national health insurance scheme: perceptions and experiences of health care providers and clients in two districts of Ghana. Health Econ Rev 2:1–13

de Haan A (1998) Social exclusion: an alternative concept for the study of deprivation. IDS Bull 29(1):10–19

Derbile EK, Van der Geest S (2013) Repackaging exemptions under National Health Insurance in Ghana: how can access to care for the poor be improved? Health Policy Plan 28(6):586–595

Du K, Zhang K, Tang S (2001) Challenges for child health in the Western Pacific. A draft report on MCHPAF study in China, World Bank

Ekirapa EK, Peterson S, Okui O, Mahman MH, Peters D, Pariyo GW (2008) Access to and utilisation of health services for the poor in Uganda: a systematic review of available evidence. Trans R Soc Trop Med Hyg 102:1067–1074

Escobar M, Giedion U, Giuffrida A, Glassman AL (2010) Colombia: after a decade of health system reform. Brookings Institution Press, Washington, DC

Ghana Statistical Service (2008) Ghana living standards survey: fifth report. Ghana Statistical Service, Ghana

Given LM (ed) (2008) The Sage encyclopedia of qualitative research methods. Sage, Thousand Oaks

Health Insurance System Research Office (2012) Thailand's universal coverage scheme: achievements and challenges. HISRO, Nonthaburi Holbrook

Hsiao Y, Cheng S (2013) Is there a disparity in the hospital care received under a universal health insurance program in Taiwan? Int J Qual Health Care 25(3):232–238

International Labour Organisation (ILO) (2001) Guidelines on occupational safety and health management systems. SafeWork, ILO, Geneva

International Labour Organization (2009) The informal economy in Africa: promoting transition to formality: challenges and strategies. ILO, Geneva

Jehu-Appiah C, Aryeetey G, Spaan E, de Hoop T, Agyepong I, Baltussen R (2011) Equity aspects of the National Health Insurance Scheme in Ghana: who is enrolling, who is not and why? Soc Sci Med 72(2):157–165

Kabeer N (2006) Social exclusion and the MDGs: the challenge of "durable inequalities" in the Asian context. In: Asia 2015 – promoting growth ending poverty,

Institute of Development Studies. http://www.asia2015conference.org/pdfs/Kabeer.pdf. Accessed 2 Aug 2007
Kizito J et al (2012) Improving access to health care for malaria in Africa: a review of literature on what attracts patients. Malar J 11:55
Kotoh AM, Van der Geest S (2016) Why are the poor less covered in Ghana's national health insurance? A critical analysis of policy and practice. Int J Equity Health 15:34
Lenoir R (1974) Les Exclus: Un Francais sur Dix, 2nd edn. Editions du Seuil, Paris
Lister R (2000) Strategies for social inclusion: promoting social cohesion or social justice. In: Askonas P, Stewart A (eds) Social inclusion: possibilities and tensions. Macmillan, London
Madill A, Jordan A, Shirley C (2000) Objectivity and reliability in qualitative analysis: realist, contextualist and radical constructionist epistemologies. Br J Psychol 91(1):1–20
Marvasti A (2004) Qualitative research in sociology, 1st edn. Sage, London/Thousand Oaks
Mason J (2002) Qualitative researching, 2nd edn. Sage, Thousand Oaks
McCracken G (1988) The long interview, vol 13. Sage, Thousand Oaks
Nyamongo IK (2002) Health care switching behaviour of malaria patients in a Kenyan rural community. Social science & medicine, 54(3):377–386.
Paez A, Mercado RG, Farber S, Morency C, & Roorda M (2010) Accessibility to health care facilities in Montreal Island: an application of relative accessibility indicators from the perspective of senior and non-senior residents. International journal of health geographics, 9(1):52.
Popay J, Escorel S, Hernández M, Johnston H, Mathieson J, Rispel L (2008) Understanding and tackling social exclusion. Final report to the WHO Commission on Social Determinants of Health from the Social Exclusion Knowledge Network, February 2008
Richards L (2009) Handling qualitative data: a practical guide, 2nd edn. Sage, Los Angeles
Room G (1995) Poverty and social exclusion: the new European agenda for policy research. In: Room G (ed) Beyond the threshold, the measurement and analysis of social exclusion. Bristol Policy Press, Bristol
Salganik MJ, Heckathorn DD (2004) Sampling and estimation in hidden populations using respondent-driven sampling. Sociol Methodol 34(1):193–240
Schoeps A, Gabrysch S, Niamba L, Sié A, Becher H (2011) The effect of distance to health-care facilities on childhood mortality in rural Burkina Faso. Am J Epidemiol 173(5):492–498
Sen A (1999) Development as freedom. Alfred Knopf, New York
Skov-Petersen H (2001) Indicators of accessibility and mobility, with special reference to recreational behavior in the landscape
Social Exclusion Unit and Cabinet Office (2001) What is social exclusion? Cabinet Office, London
Sulemana A, Dinye RD (2014) Access to healthcare in rural communities in Ghana: a study of some selected communities in the Pru District. Eur J Res Soc Sci 2:2056–5429
Thomas JR, Nelson JK, Silverman SJ (2018) Research methods in physical activity. Human Kinetics, Champaign
Zikmund WG, Babin BJ, Carr JC, Griffin M (2013) Business research methods. Cengage Learning, Boston

## Health Policy

Juwel Rana[1,2,3], Fariya Rahman[1,4] and Martine Bellanger[5,6]
[1]Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh
[2]Department of Biostatistics and Epidemiology, School of Health and Health Sciences, University of Massachusetts Amherst, Amherst, MA, USA
[3]Department of Research and Innovation, South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh
[4]Maternal and Child Health Division, icddr,b, Dhaka, Bangladesh
[5]MOS Research Unit, Department of Social Sciences, Ecole des Hautes Etudes en Sante Publique, Rennes, France
[6]Institutde Cancerologie de l'Ouest, Nantes, France

H

### Synonyms

Health policy: innovative; Health-care policy in America; Population policy

### Definition

Health policy refers to the governmental guidelines to translate decisions and plans into action to attain the national health goals, reflecting the population's health needs.

Juwel Rana and Fariya Rahman contributed equally with all other contributors.

## Background of Health Policy

Health policy is a holistic charter for maintaining the primary health care requisites such as nutritious food and safe drinking water, individual's access to quality health care services, and their cost, as well as national approach to any natural and man-made epidemic and its reversal. Thus, health policy has an unavoidable impact on an individual's health and the health status of a nation. Throughout the time, many political, philosophical, and economic events set bedrocks for the formation of today's health policies of individual countries (Navarro 2007; Immergut 2001; Gonzalez et al. 2009). The history of health policy is shaped and influenced by three perspectives: professional autonomy, social treaty, and neoliberal or free-market economy (Liang 2002; Walt 1994; Wilensky and Teitelbaum 2020).

*Professional Autonomy:* Since the late nineteenth century to the middle of the twentieth century, the notion and movements on establishing the ultimate authority of medical professions on regulating the health sector signify its position on historical value and shape health policy over the decades. The main argument of this movement was to hold supreme power by the physicians to determine the way and the means of treatments and decide the charge of treatments themselves. This practice includes having the autonomy on deciding which patient to treat, how to treat, which information to pass to patients, and how much money would be charged for any specific treatment. During that period, doctors held a favorable position to policy and lawmakers while designing the health policy.

*Social Treaty:* Social treaty or contract is a counterargument of the professional autonomy movement. This perspective guided the policymaking exactly right after (1960–1980) the professional autonomy movement period. It shifted the focus and benefits enjoyed by the medical professionals monopolistically. This perspective recognized medical professionals as one of the crucial stakeholders of health services rather than the supreme power and established patients' and society's power and role in deciding health expenses and patient care practices. This paradigm was built when civil rights movements and racial inclusion were lingering western, especially in the US air. Therefore, many acts like the Women in Labor Act, the Medicare and Medicaid Act, and the Anti-Discrimination Act in health care against racism got passed and improved health-care access by the general population regardless of socioeconomic background, gender, and race.

*Neoliberal Economy:* The notion of open marketplace and free economy shaped the health sector and related policies at the expense of criticizing the limitation of both previous perspectives – professional autonomy and social treaty – saying that the first one puts doctors in a higher position than patients (scope of severe malpractice and financial loss) and the second one allows patients to overutilize the health care. Hence, from 1980 to the present, the neoliberal economy is dominating the health sector and policy regime. The main idea of this perspective is to have a free health-care marketplace where the agreement will decide the cost of the treatments and services between health-care providers and seekers. The government has limited control over setting the costs of the service. However, few services and subsidies are provided through government funding, mostly in government facilities, and many are through health insurance and non-governmental or company funding. It does not dismiss the need for out-of-pocket expenditure for health-care services for patients. Thus, the neoliberal economy is maintaining an intertwined relationship with the universal health coverage (UHC) paradigm where the government or state is not liable to provide all the health-care services free of cost or ensure the same service at the same cost for all; however, UHC focuses on the importance of having access to health-care services and information for all (A History of Universal Health Coverage in the UN 2019).

## Provisions of Health Policy

Health policy is formulated based on broad provisions such as medical and health-care service provision, public health provision, and bioethics

(Wilensky and Teitelbaum 2020). *Medical and health-care service provisions* determine the facilities an individual is entitled to receive information of access to care (i.e., policy on one's ability to approach health care), health-care financing (i.e., who will and how to pay for the attained care), and quality of care (i.e., the care given in time, efficient and equitable). *Public health provisions* define the government's role and power relationship government practices with private entity and corporation to design and determine health and welfare in association with safety at the population level (i.e., protection from health threats, prevention of disease, and promotion of healthy behavior). *Bioethics* is an intersection point where the discussion over ethics and ethical practices in public health, medicinal and biomedical research, and health takes place to shape individual and organizational morals and societal values. This provision houses many intricate questions and determines a nation's attitude towards complex health issues (i.e., right of abortion, euthanasia, mapping genetic codes).

## Types of Health Policy

Health policy covers a vast area, and it is not easy to accommodate all types of health policy formed, existing, and currently practiced worldwide. Below are the few important types of health policy mostly available in all countries.

*Health-care or medical care policy:* Medical care or health-care policy discusses the process of decision-making, planning, and executing actions to achieve specific health-care goals within health-care settings such as hospitals and clinics. Health-care policy encompasses laws, research, rules, and regulations to improve the health-care experience of related stakeholders such as doctors, patients, and pharmaceutical and health insurance companies. Affordable Care Act and Prescription Drug Pricing Reduction Act are examples of health-care policies (Wilensky and Teitelbaum 2020).

*Public health policy:* Public health policy encompasses governments to prevent disease and control outbreaks and future public health threats. It focuses on the population's health regardless of age, sex, religion, and socioeconomic background (Wilensky and Teitelbaum 2020; Shi et al. 2009). This policy aims to meet health needs and prevent health issues by measuring the disease incidence and prevalence at the population level, providing treatments, and controlling any disease outbreak in the community setting. Health-care financing, health equity, and quality of life at the population level are the usual regimes discussed in public health policy, including vaccination policy and tobacco control policy.

*RMNCH policy:* The reproductive, maternal, neonatal, and child health (RMNCH) policy is an official statement from the government and other authoritative bodies that undertakes all the health areas from specific to broad such as health programs, campaigns, laws, and rules concerning reproductive, maternal, and child health. This policy's main goals are to form, promote, and adhere to essential reproductive, maternal, and child health programs and practices to improve overall health outcomes by reducing RMNC morbidity and mortality. Breastfeeding promotion and family planning policies are examples of this type of policy (WHO 2014).

*Mental health policy:* Mental health policy provides direction and guidelines for better and desirable mental health outcomes at the individual to the community level (Simon 2017). Like other types of policy, it also has specific vision, leading principle, and focused objectives. There are also sets of actions listed in the policy to achieve the decided objectives. It usually houses rules and laws related to mental health promotion, prevention, treatment, rehabilitation, financing, and research protocol. The Anti-discrimination Act and Excellence in Mental Health Act are examples of mental health policy.

## Critical Factors Associated with Health Policy

*Structural Factors*: The main structural factors associated with health policy include the political and economic structure of any country, including intervention at the public setting to form,

maintain, and strengthen structural determinants of health. Structural factors are mostly the inflexible sociopolitical and economic settings, denote the inclusion of the political system, and contribute to the extent that civil society is welcome in policy discussion and decisions (Buse et al. 2012). It shares a relation with the economy such as employment and economic opportunity an individual can avail. For example, the poor-quality cardiovascular disease (CVD) service in Nepal and the high service costs in Bangladesh may influence people from both countries to partake CVD services from neighboring India. It also takes account of environmental benefits and limitations a country owns. For example, China holds a top position for carbon emission, and due to a larger amount of carbon emission, the prevalence of chronic respiratory diseases (CRD) is high there. Therefore, Chinese health policy supports the management of CRD with high priority (Trogen and Xu 2018). These structural components are often vaguely acknowledged in policy and hard to maintain as they work in a community setting. Structural equity and quality, such as stable political atmosphere, balanced economy, lower socioeconomic status, and gender disparities, result in better health outcomes at the population level.

*Social and Cultural Factors:* Social and cultural practices, inequalities, and beliefs of a state often reflect in their health policy (Shi et al. 2009; Buse et al. 2012). For example, if a country suffers from a long-lasting fundamentalism burden, its policy has a greater chance to restrict women from availing health services individually or independently. Socialization and empowerment establish a relationship between individual and community approaches with a sense of shared responsibility to ensure good health at the individual level first and in community settings. This component encourages individuals to adopt a lifestyle or behavior promoting social welfare to improve overall health status, such as using condom at individual levels to reduce sexually transmitted disease prevalence at the community level.

*Lifestyle Factors:* Individual lifestyle and behavior determine individual health. It is often the most visible component of the health policies as policymakers habitually perceive health as an individualistic phenomenon and therefore consider it easy to maintain and deal with (Buse et al. 2012). Most of the world's health policies currently emphasize improving the lifestyle components over the structural components.

*Situational Factors:* Health is influenced by transient and idiosyncratic conditions like flood, drought, and outbreak of any disease, which also influence health policy to act in a certain way (Buse et al. 2012). For example, the global outbreak of COVID-19 infection shifted the health sector's priority and economy to focus and invest more on the services related to respiratory diseases. It again has a hard-wearing impact on culture by imposing social distance and gathering restrictions in communal settings.

## Policy Formulation Process

The policymaking, unmaking, and non-making processes yield an overly complicated, complex, and intertwined circle. There is no one stage or step-by-step process to formulate policy (Walt 1994). However, stages often collide, overlap with one another, and move in a vicious cyclic manner. Policy formulation starts with defining and prioritizing health problems based on available evidence in collaboration with multiple stakeholders. Assessment of an existing policy and development of alternative best options are emphasized in health policy formulation. Then, selecting the best approaches and implementation of health policy is the main step of policy formulation. Reformation options for policy according to the country's health needs should always be appreciated for the best health policy formulation (Seavey et al. 2014).

## Key Players and Stakeholders of the Health Policy

The stakeholder mapping for health policy does not simply draw a square box; instead, it is more brunched and perplexed. The policy elites, technocrats, caregivers, patients, and publics are only

a segment representing players of health policy (Simon 2017; Buse et al. 2012). However, it also contains codification to accommodate both state and non-state actors/groups like private health care and pharmaceutical industry, health insurance companies, social organizations, health researchers, employers, interest groups, and others. For example, to develop a policy on menstrual regulation in Bangladesh, certain actors, e.g., government organizations like the Ministry of Health and Ministry for Women and Child Affairs, nongovernment organizations like Marie Stopes and other faith-based organizations, international organizations like the World Health Organization (WHO) and UNFPA, funding organizations like the World Bank and SIDA, service receivers like the women of reproductive age and service providers like doctors, nurses, and paramedics, and researchers like the reproductive and child health researchers, play a role designated to them through particular power position and practice regime in the policy. Their influence over the policy depends on their perceived position and practice criteria. Power and practice again depend on the agency and structure an individual actor or organization is put into. Agency allows an actor to practice their influence over policy with authority, whereas structure, in contrast, restricts opportunities obtainable to that actor. Thus, the influence of each actor depends on an intertwined relationship between agency and structure. For example, minding the perspective of South Asian countries, mothers and children are important actors for maternal and child health policy. However, considering the lack of agency and unfavorable social structure, often mothers cannot avail the opportunities or services entitled to them by the policy.

## Health Policy Formulation Tools

Countries, regardless of their development status, suffer from bad policymaking experiences. For example, South Asian countries often suffer from bad health policymaking ideas and decisions. Previously, it was determined mainly by the decision of the political elites that rarely is supported by evidence from research. However, in the postindependence period, countries of the Indian subcontinent developed a tendency to follow the health policies of developed countries by emphasizing making tertiary level hospitals in big cities without having a proper maintenance budget. Thus, other preventive health measures often got oversight. Further, years of research developed effective tools to guide policymakers to develop relevant and logical health policies (Buse et al. 2012; Seavey et al. 2014). Three main policymaking tools are discussed below:

*The burden of disease:* The burden of disease draws a clear picture about the disease, disability, and death a specific health problem causes in a broad setting. Therefore, it guides policymakers to determine which health problem should be prioritized in allocating health services and budget.

*Cost-effectiveness of intervention:* The cost-effectiveness of intervention allows policymakers to analyze any intervention's effectiveness and compare the multiple interventions given for a specific health problem. It enables policymakers to modify and adapt the desired intervention that is low in cost and high in yielding better health outcomes.

*National health accounts:* National health accounts shift the focus from the only public expenditure of health and open new opportunities for private health expenditure by introducing policymakers to health insurance, employee's scheme, corporate arrangement, and out-of-pocket expenditure concepts. This helps policymakers decide on how much and which services should be funded by the government and how the individuals should arrange the rest of the service access and costs.

## Policy Implementation Process

It is often regarded as fuzzy to develop a specific health policy; however, implementing health policy in a real setting is even fuzzier. Many policy experts, and scientists often, developed different policy implementation models to understand the

effective way to implement health policy to achieve the best out of it (Wright 2017; Strehlenert et al. 2015). However, summing the simplest form, the health policy implementation process follows certain stages discussed below:

*Initiation of policy implementation by the acting agency:* The acting agency needs to develop a clear and consistent understanding of the policy objectives, needs to have background knowledge, and needs to determine financial resources allocation. It also needs to plan integration within and outside of the acting agency and hire staff to implement the policy.

*Compliance with the policy by target population:* The acting agency needs to install, maintain, and further reform proper and adequate channels to reach the target population. It is also the job of the implementation stakeholders to make a policy output best fitted and sensitive to any target community's local, cultural, and social beliefs.

*Assess the actual impact of policy:* The acting agency needs to understand the bottlenecks and track any existing problem, including technical difficulties, any specific troublesome behavior pattern or diverse behavior pattern of the target group, and the extent of behavior change required to make the policy successful.

*Acquired impact of policy:* Assessing the impact, it is imperative to recognize the non-statutory variables like socioeconomic condition, public support, government support, and leadership skills of the acting agency impacting the policy implementation, and the extent policy could change the health output of the target population.

*Reformation of policy:* After assessing the policy's acquired impact, the acting agency should reform the policy to change the output rate the policy is currently yielding to increase the policy's germane.

## Health Policy and Universal Health Coverage: Health Equity

From the onset of the term, Universal Health Coverage (UHC), coined by the World Health Organization in 2010, like many high-income countries, low- and middle-income countries are also thriving to achieve universal health coverage to improve population health (A History of Universal Health Coverage in the UN 2019). The main idea of UHC is to ensure access to quality and affordable health care for everyone, everywhere. Since then, WHO is urging all nations, international concerning bodies to focus on implementing UHC as national agenda and translating it into policy to provide quality health service access, particularly for the most impoverished community focusing on primary health care and social protection mechanisms. UHC is often promoted to integrate the concept of health equity in health policy; however, it is not easy to establish a difficult endeavor such as UHC into an already complex health system. Although UHC defines a broad outline for health service allocation, it vaguely touches the means of ensuring the health service quality and access and does not give proper guidelines about each stakeholder's role, including but not limited to the government, the beneficiaries, and the interest groups. Further, it lacks defining and addressing how to tackle financial and quality variation of service across the globe and does not talk with clarity on how to ensure the financial security one might have to access to the existing health services. If the gaps beneath UHC ideas are not properly addressed, it is very unlikely that UHC can come as an aid to ensure health equity for all.

## Successful Health Policy

Countries from different continents adopt different health policies depending on the socioeconomic and cultural background they reside on. To stretch the statement, one may focus on the policies acquired by the United States (the USA), United Kingdom (the UK), Nordic countries, and South Asian countries (Chen 2016). The USA embraces policies that are most influenced by neoliberal economic agenda, hence focusing more on the privatization of health care and, on that account, sometimes

limiting one's access to health-care services if not covered by health schemes like Medicare and Medicaid (Chen 2016). On the other hand, the UK emphasizes more on welfare health policy covered by the National Health Service (NHS) umbrella where services are free of cost (Grosios et al. 2010). However, this system struggles to satisfy service recipients in terms of service quality and patient waiting time (McIntyre and Chow 2020).

On the contrary, Nordic health-care policy intensifies the social welfare model's dual need that houses the notions of universalism and equity (Magnussen 2009). Therefore, it has a balanced feature covering egalitarian ideology that mainly shares the low level of shared cost and high tax-based health service financing. Contrarily, South Asian countries often struggle to form and implement any specific health policy due to corrupted imprudent behavior from high officials and lack of will to incorporate evidence and research-based findings into policy. Further, many times, health policies in this region, including India and Bangladesh, are often formed with inadequate knowledge about the existing bottlenecks at the community level, for example, the legislation of iodized salt policies in India and Bangladesh (Van Weel et al. 2016).

## Conclusion

Challenges in health policy implementation are due to negligence towards innovation and research, advancement of technology, globalization such as digital health and privacy of electronic health records, advancement of molecular biology, and health of migrants and immigrants.

## Cross-References


- ▶ Comparative Health Policies
- ▶ Health-Care Policy in America
- ▶ Health Policy: Innovative
- ▶ Indicators in Public Policy, Brazil
- ▶ Population Policy, China


## References


A History of Universal Health Coverage in the UN (2019). Retrieved from: https://www.uhc2030.org/un-hlm-2019/a-history-of-universal-health-coverage-in-the-un/

Buse K, Mays N, Walt G (2012) Making health policy, 2nd edn. https://doi.org/10.1163/9789004333109

Chen K (2016) Health-care policy in America. In: Global encyclopedia of public administration, public policy, and governance, pp 1–7. https://doi.org/10.1007/978-3-319-31816-5

Gonzalez-Block MA, Lucas A, Gomez-Dantes O, Frenk J (2009) 3.3 Health policy in developing countries. In: Oxford textbook of public health, January. https://doi.org/10.1093/med/9780199218707.003.0017

Grosios K, Gahan PB, Burbidge J (2010) Overview of healthcare in the UK. EPMA J. 1(4):529–34

Immergut EM (2001) Healthy Policy. In: International Encyclopedia of the Social & Behavioral Sciences. Elsevier Science Ltd.; p. 6586–91

Liang BA (2002) Health policy and law. Hematol/Oncol Clin North Am 16(6). https://doi.org/10.1016/S0889-8588(02)00092-8

Magnussen J, Vrangbaek K, Saltman RB (2009) Nordic health care systems: recent reforms and current policy challenges. Open University Press, Berkshire

McIntyre D, Chow CK (2020) Waiting Time as an Indicator for Health Services Under Strain: A Narrative Review. Inq J Heal Care [Internet]. 57:1–15. Available from: https://doi.org/10.1177/0046958020910305

Navarro V (2007) What is a national health policy? Int J Health Serv 37(1):1–14. https://doi.org/10.2190/H454-7326-6034-1T25

Seavey JW, Aytur SA, McGrath RJ (2014) Health policy analysis: framework and tools for success. Springer Publishing Company, New York

Shi L, Hopkins Primary J, Tsai J, Kao S (2009) Public health, social determinants of health, and public policy. J Med Sci 29(2):43–059. Retrieved from http://jms.ndmctsgh.edu.tw/2902043.pdf

Simon CA (2017) Public health policy. Public Policy, (January 2003), 207–233. https://doi.org/10.4324/9781315474458-11

Strehlenert H, Richter-Sundberg L, Nyström ME, Hasson H (2015) Evidence-informed policy formulation and implementation: A comparative case study of two national policies for improving health and social care in Sweden. Implement Sci 10(1):1–10

Trogen PC, Xu Y (2018) Population Policy, China. In: Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer International Publishing AG; p. 1–7

Van Weel C, Kassai R, Qidwai W, Kumar R, Bala K, Gupta PP, et al. (2016) Primary healthcare policy implementation in South Asia. BMJ Glob Heal [Internet]. 1(2):1–4. Available from: https://gh.bmj.com/content/bmjgh/1/2/e000057.full.pdf


H

Walt G (1994) Health policy: an introduction to process and power. https://doi.org/10.2307/3342629
WHO (2014). A Policy Guide for Implementing Essential Interventions for Reproductive, Maternal, Newborn and Child Health (RMNCH): A Multisectoral Policy Compendium for RMNCH [Internet]. Available from: http://www.who.int/pmnch/knowledge/publications/policy_compendium.pdf?ua=1
Wilensky SE, Teitelbaum JB (2020) Essentials of health policy and law, 4th edn. https://doi.org/10.1016/S0889-8588(02)00092-8
Wright A (2017) What's so important about health policy implementation? [Internet]. Available from: https://sp-bpren-prod-cdnep.azureedge.net/published/2017/9/7/What-s-so-important-about-health-policy-implementation-/What'ssoimportantabouthealthpolicyimplementation%3F.pdf

## Health Policy: Innovative

Christopher Stream, Justin Gardner and Jason Wasden
Greenspun College of Urban Affairs, School of Public Policy and Leadership, University of Nevada, Las Vegas (UNLV), Las Vegas, NV, USA

### The Role of Government in Healthcare

Even a cursory understanding of federalism can help clarify how state and local health policies often come to fruition within such governance systems. For example, in federal systems, (i) power is divided between central, local, state, and regional governments (Wilson and DiIulio 2007); (ii) central and constituent governments act directly upon their citizens; and (iii) direct democracy is often at work (Direct democracy occurs when governments are unable to meet the expectations of their communities and are consequently acted upon by them (e.g., via the development of interest groups, grassroots campaigns, and potential legislation that may be placed on ballots in states where referendums are permitted)). This federalism lens can be used to explain healthcare changes at various macro levels of government. For example, researchers have used it to demonstrate that safety-net hospitals (within federal systems) require financial support from local, state, and federal governments to provide consistent care to their constituents (Meyer 1999). In fact, Meyers has concluded that while safety-net hospitals focus on optimizing their resources, they would nevertheless likely collapse without government funding. Furthermore, when local governments spend money to promote healthy populaces, they reduce the burdens on county-level, safety-net hospitals (via reductions in the numbers of emergency room visits) (Fig. 1).

In the United States, there has been extensive debate over the role of the federal government in healthcare (e.g., via considerations of correlations between spending and the federal budget). During the 2015 fiscal year, Medicare spending accounted for 15% of total federal spending (Henry J. Kaiser Foundation 2016) and Medicaid spending increased by 13.9%, on average – largely due to new enrollments (which, on average, increased by 13.8% across all 50 states and Washington, DC, and were largely associated with the ACA) (Henry J. Kaiser Foundation 2016). In 2012, Medicare and Medicaid outlays totaled $733 billion (i.e., $478 billion for Medicare and $255 billion for Medicaid) within the president's proposed total budget of $3.7 trillion. Medicaid also imposes large financial burdens on states (Weil 2003). Indeed, many states are now facing uncertain financial futures (Weil 2003), which is partially due to demands by the federal government to increase Medicaid programs in return for certain federal subsidies.

The Patient Protection and Affordable Care Act (PPACA) requires states to increase Medicaid spending by 1.25% above what was projected between 2014 and 2019 (Angeles and Broaddus

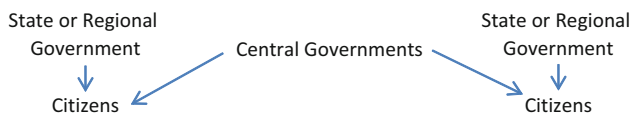


**Health Policy: Innovative, Fig. 1** Wilson and DiIulio's depiction of federalism (Wilson and DiIulio 2007)

2010). Since 2014, the new health reform law has also required states to expand coverage to individuals at 133% (vs. 235) of the poverty level; however, the federal government will absorb 96% of the costs of Medicaid expansion over the next 10 years, according to estimates from the Congressional Budget Office (Angeles and Broaddus 2010). Currently, states pay 57% of the costs; however, by 2020, the federal government will pay 90%. Indeed, over the next ten years, $434 billion of the costs of Medicaid expansion will be borne by the federal government and $20 billion will be borne by the states. By comparison, if states had been required to pay 43% of the costs, they would have ended up paying $195 billion (Angeles and Broaddus 2010).

As previously noted, the federal government also requires, via the PPACA, that states expand Medicaid to nonelderly individuals whose income is at 133% of the poverty level (or roughly $29,000 annually for a family of four) (Angeles and Broaddus 2010). However, this still leaves a gap in comprehensive, primary, and preventative healthcare coverage for working Americans who do not qualify for Medicare and Medicaid and do not work a sufficient number of hours to be covered by employer-provided health insurance policies. A reduction of 32 million in the number of uninsured people by 2019 will thus be attained via (i) the expansion of Medicaid and (ii) new premium credits (for individuals with incomes that are too high to otherwise qualify). Considering the changes to political environments since 2010 and major themes of the 2016 election cycle, significant modifications to PPACA can be expected before the next mid-term elections in 2018.

## Federalism in Healthcare Policy Innovation

Current implementation parameters of PPACA, as previously discussed, partially aligns with a Federalism approach through the requirement of Medicaid expansion by 1.25% in exchange for matching federal program dollars. Indeed, the federal system of governance in the United States necessitates that comprehensive healthcare policy attain a dynamic balance between the goals of the federal government and capacities of state and local governments to serve their constituencies. However, the aftermath of the Great Recession has made it more challenging for states to expand such services due to repeated budget cuts. While still driven by federal mandates and requirements, PPACA implementation structure offers an opportunity for policy revisions to further the federalist implementation structure to empower states with state-driven health policies and program design. Multiple Streams Framework (MSF) provides a robust lens of analysis to explain the advent of PPACA in 2010 with respect to both historical incremental changes in health policy and the opportunity, "policy window", for innovation in 2010 (Zahariadis 2007). The application of MSF to PPACA 2010 as displayed in Fig. 2 from a retrospective perspective also affords a predictive glimpse into the future of PPACA. Building from Fig. 2 and considering the current state of political affairs at the federal level following the 2016 election cycle, there is a substantive case to be made for a Federalist approach in any changes to PPACA.

## Incremental Changes

Indeed, the United States has experienced myriad healthcare evolutions over the past century. Prior to 1910, healthcare was often restricted to home remedies – even certain surgeries were performed at home. The Flexner Report confirmed the newfound popularity of evidence-based medicine in 1910; however, 19 years would pass before the widespread utilization of private insurance. In 1935, policy wheels were set in motion that would eventually lead to the adoption in 1965 of Medicare, which is a federal single-payer system and provides healthcare coverage to the elderly (i.e., 65 years of age and older) and disabled. Medicaid was also signed into law in 1965 and provides healthcare to indigent and disabled Americans (who previously received institutionalized care) (Medicaid 2003). Soon afterwards Health Maintenance Organizations (HMOs) would begin providing enrollees with a range of medical services from approved providers. This was followed by the creation of Preferred Provider

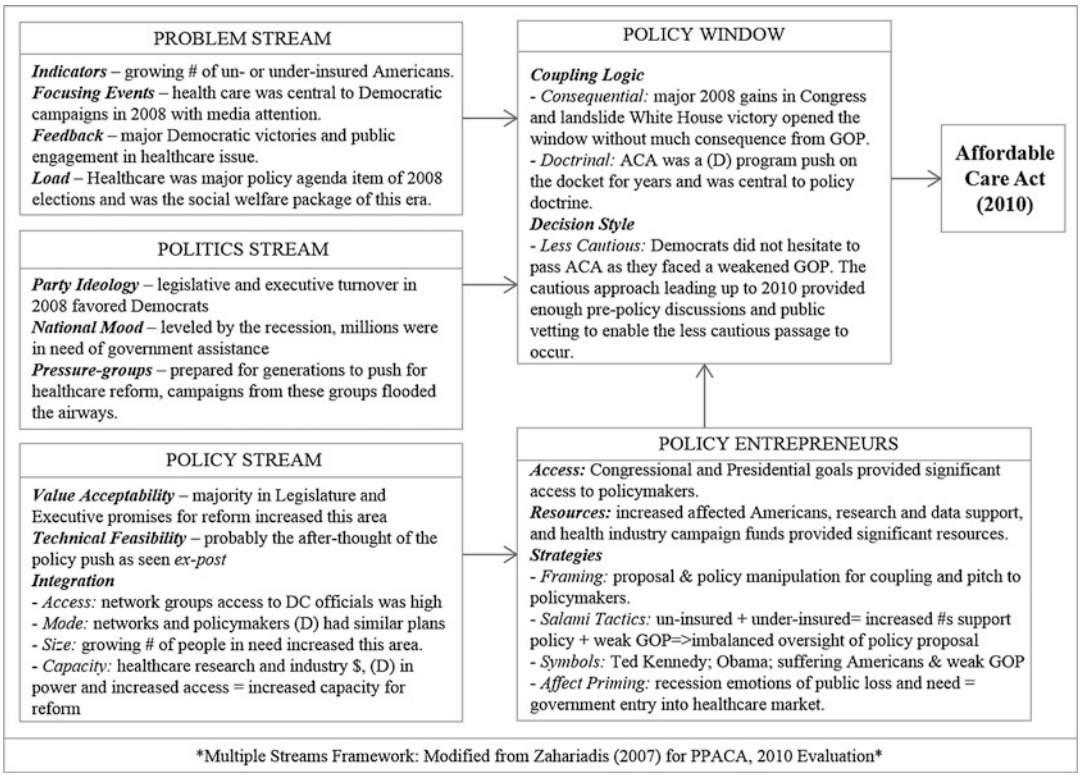


**Health Policy: Innovative, Fig. 2** PPACA, 2010 Health policy innovation from multiple streams framework lens

Organizations (PPOs) in 1980. In 1997, Diagnostic Related Groups (DRGs) were created and standardized the compensation of hospitals. Twelve years later, the PPACA was adopted. Within 6 years of PPACA adoption, major shifts in political power have occurred and successful campaigns in 2016 promised significant changes to current health policy. The next innovation in health policy should be anticipated before the next mid-term election and ought to involve a Federalist approach to empower state and local government healthcare innovation.

## A Case of Local Government Healthcare Innovation

Rosenbaum et al. (1998) have suggested that the federal government should continue providing funding for healthcare. Indeed, US emergency rooms, nationwide, are currently providing medical and sometimes dental care (e.g., oral surgery) to the working poor and indigent. However, there are myriad considerations when determining appropriate amounts of funding and levels of responsibility. For example, should the federal government continue providing such support during tough economic times? How should such funding be allocated relative to other comprehensive needs (e.g., the car allowance rebate system (CARS), bailout of banks and automobile industry, involvements in undeclared wars, and other foreign interests that require strong military presences)?

Additionally, the federal government is far removed from the general population and thus cannot know the needs in every part of the nation. Thus, state and local governments are primarily responsible for providing comprehensive healthcare to the indigent (Rich and White 1998). They (vs. their federal counterparts) are much closer to such constituencies, have better

knowledge of their needs, and are familiar with the associated regions. Therefore, a further exploration of the methods for providing comprehensive and preventative healthcare at the local level can potentially help further reduce health problems for enrollees and expenses for county taxpayers.

Currently, local and state governments (i) work to meet the healthcare needs of the indigent, working poor, and uninsured; (ii) typically utilize county hospitals to enable this level of healthcare; and (iii) push associated healthcare costs down to the counties and local governments. In response, many local governments have partnered with nonprofit and private healthcare providers. This type of purposeful collaboration often strengthens the abilities of communities to apply for federal support via grants, which can potentially promote statewide healthcare industries, new healthcare innovations, and stronger financial foundations for associated healthcare systems. Thus, it is common for counties to partner with external providers that can provide healthcare services and govern and financially support hospitals in their communities. As previously mentioned, Rosenbaum et al. (1998) have suggested that the (i) federal government needs to provide significant funding for community health-center models and (ii) states should continue supporting them. During tough economic times, the federal government should also contribute additional financial support via provisions of subsidies in medically underserved communities and thereby make up for losses accrued by states and ensure that care can be provided to those who do not otherwise have access.

## Federal, State, and Local Government Healthcare History

Considering the current status of health policy and potential changes in the near future, it is important to understand the history of health innovation. This historical assessment offers both reasons for policy changes as independent events and an example of system-based policy incrementalism. The Health Insurance Portability and Accountability Act (HIPAA) was signed into law in 1996 and its concept of administrative simplification was subsequently expanded upon in the Patient Protection and Affordable Care Act (PPACA) – commonly known as the Affordable Care Act (ACA). Furthermore, the Supreme Court determined that the new act's individual mandate could be thought of as a tax, as part of its ruling on *National Federation of Independent Business,* et al., *v. Sebelius, Secretary of Health and Human Services,* et al. on June 28, 2012. Thus, since Congress has the authority to levy taxes, a mandate for all citizens to participate in the act would be permissible. The PPACA also requires states to (i) expand Medicaid coverage to non-elderly individuals whose income is at 133% of the poverty level (or roughly $29,000 annually for a family of four) (Angeles and Broaddus 2010) and (ii) increase Medicaid spending by 1.25% above what was originally projected between 2014 and 2019 (Angeles and Broaddus 2010), which is further detailed below.

## Comprehensive Healthcare Innovation

Comprehensive, primary, preventative healthcare is a system of care that provides primary medical services, dental benefits, and preventative care to participants and includes health coverage for primary/preventative care, prescription medication, dental care, vision, outpatient hospital services, physical therapy, immunizations, disease management, durable medical equipment, family planning, chiropractic care, occupational therapy, and speech therapy (Wasden 2012). However, the disjointed and incremental US healthcare system relies on employers to provide insurance to their employees; thus, (i) this system is often taken for granted by those who have health coverage, (ii) the under- and unemployed often go without coverage, and (iii) a significant percentage of the US population goes without healthcare due to associated costs (Davis and Rowland 1983). In fact, by the time the uninsured seek treatment, they most often require hospital emergency room (ER) care. Universal access to comprehensive, primary, preventative care would likely reduce

the utilization of ERs as primary forms of healthcare for the uninsured and underinsured (Grumbach et al. 1993).

During the Reagan administration in the 1980s, many states showed a commitment to ensuring adequate provisions of healthcare services to their citizenry (Rich and White 1998) as the federal government cut healthcare funding. The Reagan administration intentionally created a gap in the healthcare system (Rich and White 1998); however, it incorrectly predicted that the private sector would sufficiently fill it. Comparisons of the rates for nonelderly, uninsured Americans from 1987 to 1996 reveal that this uninsured population has grown, is less likely to use preventative care, and is more likely to pay for preventative care out-of-pocket (Taylor 2001). Nevertheless, by the end of 2015, there were approximately 28.5 million uninsured nonelderly Americans in the United States; this was a decrease of approximately 13 million since 2013 (Kaiser 2016). Thus, the passage of the PPACA appears to have significantly narrowed the gap in healthcare coverage.

Since cost can still be a barrier, more healthcare coverage does not necessarily mean greater access to care (Long et al. 2011). Furthermore, single entities cannot solve the more significant issues (e.g., the need for better access, quality, and cost control) – especially within the complex, disjointed, continuously evolving, incremental system of healthcare in the United States. Indeed, there must be intentional collaborations between the federal government (Medicare), state governments (Medicaid), county governments, private for-profits (Blue Cross Blue Shield), and private nonprofits (e.g., health centers) that can promote effective, structured, focused, and cooperative partnerships. These collaborations have the potential to help reduce (or eliminate) gaps in the current healthcare system and include the nine-year-old Florida Health Choices, which (i) involves a purposeful collaborative between nonprofit and governmental organizations; (ii) helps provide nonelderly individuals – who are employed and underinsured – with comprehensive, primary, preventative care; and (iii) could enable the provision of such care to even more enrollees via partnerships with the state and federal government.

## Healthcare Policy Environment

Before the Great Depression (1929–1939), healthcare was an out-of-pocket cost for Americans and indeed much less expensive than what is seen today. The "Blues" (i.e., Blue Cross Blue Shield) (i) were created (Sultz et al. 2014) in response to threats of government expansion into healthcare during the Great Depression of 1929, (ii) provided private insurance that could be purchased by individuals, (iii) offered health insurance policies that cost 50 cents a month, and (iv) made it no longer necessary to anticipate and save for possible future medical costs associated with end-of-life care (Sultz et al. 2014). Thus, health insurance was a relatively new concept during this era; indeed, some physicians initially rejected it because they felt that individuals could save sufficient funds to cover their healthcare costs.

Healthcare costs increased long after the Great Depression due to the establishment of Medicare and Medicaid (in 1965) to cover the aforementioned, underserved populations (i.e., the elderly and indigent) (Sultz et al. 2014). Nevertheless, healthcare providers were beginning to reap great financial benefits from the establishment of health insurance firms (which began to charge higher-than-necessary rates) (Sultz et al. 2014). However, physicians have more recently claimed that they cannot profit from providing care to Medicare and Medicaid patients and their provider compensation levels are falling overall (Rich and White 1998). For example, insurance companies now contract with HMO and PPO organizations that subsequently contract with providers who offer qualified services to their enrollees. Thus, this type of care has also evolved to contain health insurance costs.

The HMO Act was adopted in 1973 and required employers, with 25 or more employees, to offer federally certified HMO options if the employer offers traditional healthcare options. HMOs grew rapidly from 1992 to 1999 (Sultz

et al. 2014); however, one major problem for HMO participants is that they cannot choose specialists without referral recommendations from their primary care physicians. This led to the physician-created PPOs in 2001, which (i) allow individuals to consult with specialists directly, (ii) provide better reimbursement rates for physicians (Sultz et al. 2014), and (iii) sometimes require a primary care physician to be assigned to a patient. By 2002, PPOs had captured more than 50% of the private health insurance market (Sultz et al. 2014).

## Healthcare Education and Nonprofit Donations

Before the growing prevalence of formally trained physicians in the nineteenth century, homemakers often addressed the healthcare needs of their families via the utilization of herbal remedies that they likely often learned from family members, friends, and other community members (Sultz et al. 2014). In 1893, Johns Hopkins Medical School opened its doors and was the first school to require 4 years of medical training. The other prominent medical schools in the country, such as Harvard, subsequently followed the lead set by Johns Hopkins, and these institutions ultimately set the standard for medical education across the United States (Sultz and Young 2010). While foundations and wealthy individuals supported medical schools during this time, schools with more favorable reports received most of the available funds and the majority of such schools were affiliated with universities (which had significant influence on medical education and its path towards an evidence-based healthcare model) (Sultz et al. 2014). Also, the Carnegie Foundation published the "Flexner Report" in 1910 (Flexner 1910) in *Medical Education in the United States and Canada* in 1910, which not only detailed abuses in medical schools (Sultz et al. 2014) but also shifted the focus of healthcare education towards evidence-based care. Prior to the report medicine was not centralized, medical education was not standardized, pre requisites for admission did not exist, the scientific method was not the standard for education, medical schools were not always affiliated with hospitals, and states did not regulate licensure of medical professionals.

During this time, there were still many individuals who could not afford healthcare (Sultz et al. 2014) and when the government threatened intervention in 1929, private insurance emerged (Sultz et al. 2014). Nonetheless, private insurance companies (Sultz et al. 2014) would ultimately begin to refuse insurance claims for procedures and treatments that they deemed unnecessary or due to pre-existing conditions; this, in part, led to the creation of HMOs. As previously noted, physicians subsequently formed PPOs when they saw the government getting involved in healthcare. However, from 1910 to approximately 1973, most physicians had very lucrative careers that did not involve extensive government intervention.

## Education and Physician Shortages in Rural Areas

There is currently a shortage of healthcare professionals worldwide (Clark et al. 2006), a migration of such professionals from the least to the most developed countries (where they can earn better wages), and migrations of healthcare professionals from rural to urban areas within developed countries (e.g., the United States) (Ricketts 2000). US healthcare educators are attempting to address the problem of shortages in rural areas. Furthermore, researchers have identified factors that both attract and dissuade healthcare professionals from entering rural practices (e.g., reasonable working conditions and spousal factors) (Rourke 1993). Still, the complexities within US healthcare – and the associated health education – systems have made this challenging.

One of the challenges is to maintain the standards of healthcare implemented after the Flexner report was issued. There were many medical schools operating in rural communities prior to the Flexner report. The problem at the time was there was not state regulation on licensure for

medical professionals or education. Now many of those problems have been solved and some of these rural locations may be ideal places to locate medical schools providing there is a patient base large enough to sustain the needs of medical educators.

## Collaboration in Healthcare

There is a large body of literature that focuses on the need for healthcare professionals to collaborate via interdisciplinary practices. For example, current collaborations in nursing and dentistry help to address the oral health needs of elderly patients (Coleman 2005), researchers have been able to address certain disparities via dental and medical collaborations (Mouradian et al. 2003), and collaboration models show how system dynamics can help communities organize cost-effective care for chronic illnesses (Homer et al. 2004). Thus, it is very apparent that collaborations will remain important – now and in the future of healthcare (Fuchs 1996). Physicians (vs. corporations) should ideally lead such collaborations, collaborate with participants system-wide for the benefit of patients (Fuchs 1996), and generate good – but not excessive – profits. Indeed, the need for collaborations among healthcare professionals is quite significant now due to (i) increased complexities within healthcare and healthcare education systems and (ii) the fact that comprehensive government control has a limited ability to solve the myriad of issues in modern-day healthcare (Fuchs 1996). Leathard (2004) also notes that collaboration is necessary for complex, international healthcare systems as well.

As healthcare professionals work with one another to optimize patient health, their partnerships could result in more efficient and quality healthcare. Furthermore, when healthcare providers concern themselves with values and collaborate with stakeholders, they tend to provide more personalized attention, concern, and guidance; as a result, their patients are better informed, motivated, and thus positioned to attain better health outcomes (Fuchs 1996).

## Conclusion

The US healthcare system is unique, complex, and massive and consists of various components and players that are interdependent and yet often incompatible. Market forces, the political need to care for vulnerable populations, and fragmented healthcare systems have generated intermittent demands for system-wide changes and required significant amounts of time, compromise, and persistence. Furthermore, there have been extensive debates in the United States over the (i) role of the federal government in healthcare and (ii) correlations between spending and the federal budget. For example, while federal systems involve a division of power between central, state, regional, and local governments (Wilson and DiIulio 2007), many states in the United States are now facing uncertain financial futures (Weil 2003) due, in part, to demands by the federal government to increase Medicaid programs (in return for certain federal subsidies). Revisiting the presentation of MSF applicability to the 2010 adoption of PPACA with respect to current political climate, an opening of a policy window for modifying PPACA could offer an opportunity for a Federalist approach to health policy (Fig. 3).

A substantial difference from the 2010 MSF assessment of the adoption of PPACA can be seen in the Policy Entrepreneur area where health insurance contributions to Democratic campaigns in preceding election cycles in 2010 have been replaced by national mood, higher than anticipated health costs, and fall-out from the 2016 election cycle. The 2010 adoption of PPACA was supported by several health industry agencies to create the HMO-based exchange health insurance options; there was little interaction with states outside of previously noted Medicaid expansion incentives. As previously posited, the 2016 election outcomes, campaign promises, and pressure from American voters will open a policy window and another opportunity to incrementally innovate health policy. Based on Fig. 3, there is a significant opportunity for health innovation to apply a Federalist approach to designing a market-based federal health policy that empowers state governments to administer the modified policy.

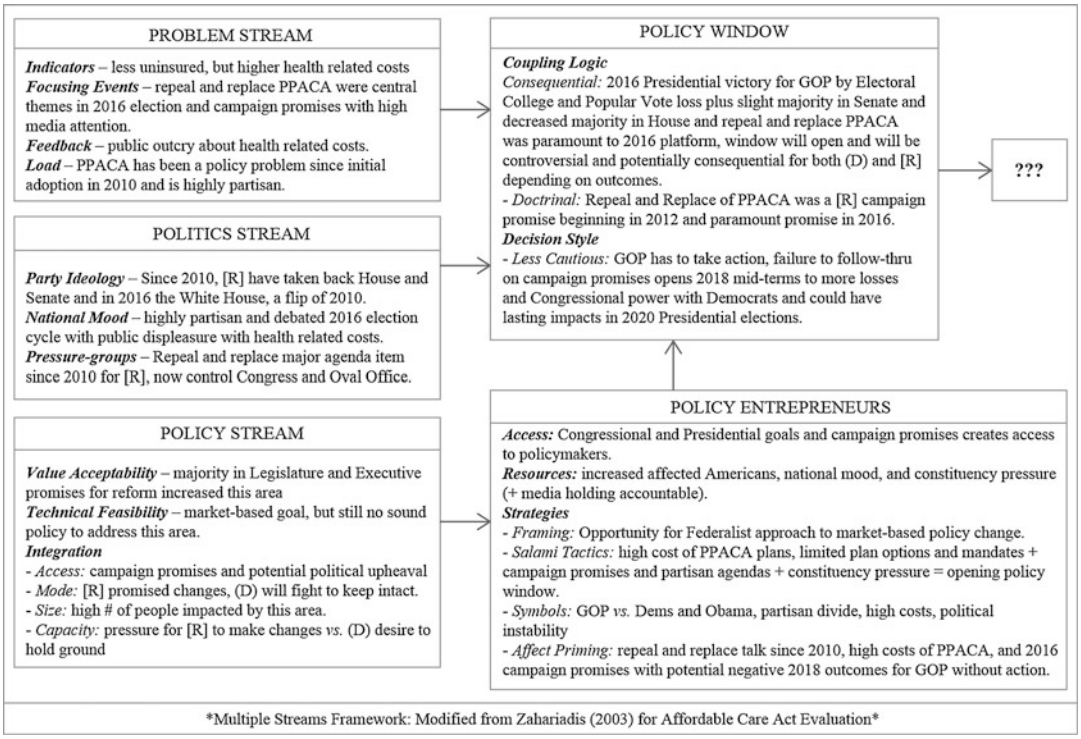


**Health Policy: Innovative, Fig. 3** 2016 multiple streams framework policy window for health policy innovation

The federal government could work toward solving many of these issues via collaborations with private for-profit enterprises, nonprofit organizations, state and local governments, and the input of associated stakeholders (e.g., voters, insurers, and providers). For instance, there would have been less conflict associated with the implementation of the PPACA (i.e., the ACA) if President Barack Obama had the support of the public before proposing such significant changes. Indeed, many Americans did not like the individual mandate that forced them to obtain health insurance; however, they looked favorably upon other parts of the act (e.g., their ability to (i) keep their children on their insurance plans longer and (ii) obtain health insurance with pre-existing conditions). President-elect Donald J. Trump will now have the opportunity to preserve positive aspects of the ACA, address some of the original issues, and resolve many of the other concerns delineated herein. A market-based Federalist approach to designing any adaptations or replacements for the ACA would be the next best innovation in health policy and offers the highest amount of state-to-state customization in an effort to provide quality and affordable health insurance and care to more Americans.

## References

Angeles J, Broaddus M (2010) Federal government will pick up nearly all costs of health reform's Medicaid expansion center on budget and policy priorities. Center on Budget and Policy Priorities, Washington, DC

Clark PF, Stewart JB, Clark DA (2006) The globalization of the labour market for health care professionals. Int Labour Rev 145(1–2):37–64

Coleman P (2005) Opportunities for nursing-dental collaboration: addressing oral health needs among the elderly. Nurs Outlook 53(1):33–39

Davis K, Rowland D (1983) Uninsured and underserved: inequities in health care in the United States. Milbank Mem Fund Q Health Soc 61(2):149–176

Flexner A (1910) Medical education in the United States and Canada: a report to the Carnegie Foundation for the advancement of teaching. Carnegie Foundation for the Advancement of Teaching, New York

Fuchs VR (1996) Economics, values, and health care reform. Am Econ Rev 86(1):1–24
Grumbach K, Keane D, Bindman A (1993) Primary care and public emergency department overcrowding. Am J Public Health 83(3):372–378
Homer J, Hirsch G, Minniti M, Pierson M (2004) Models for collaboration: how system dynamics helped a community organize cost-effective care for chronic illness. Syst Dyn Rev 20(3):199–222
Kaiser Family Foundation (2015) Medicaid enrollment & spending growth: FY 2015 & 2016. The Kaiser commission on Medicaid and the uninsured, Menlo Park. http://kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2015-2016/
Kaiser Family Foundation (2016) Key facts about the uninsured population. The Kaiser commission on Medicaid and the uninsured, Menlo Park. http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/
Leathard A (2004) Interprofessional collaboration: from policy to practice in health and social care. Routledge, Hove
Long SK, Stockley K, Shulman S (2011) Have gender gaps in insurance coverage and access to care narrowed under health reform? Findings from Massachusetts. Am Econ Rev 101(3):640–644
Meyer JA (1999) The role of local governments in financing safety net hospitals, Houston/Oakland/Miami
Mouradian WE, Berg JH, Somerman MJ (2003) Addressing disparities through dental-medical collaborations, part 1. The role of cultural competency in health disparities: training of primary care medical practitioners in children's oral health. J Dent Educ 67(8):860–868
Rich RF, White WD (1998) Federalism and health care policy. Univ Ill Law Rev 3:861
Ricketts TC (2000) The changing nature of rural health care. Annu Rev Public Health 21(1):639–657
Rosenbaum S, Hawkins DR Jr, Rosenbaum E, Blake S (1998) State funding of comprehensive primary medical care service programs for medically underserved populations. Am J Public Health 88(3):357
Rourke J (1993) Politics of rural health care: recruitment and retention of physicians. CMAJ 148(8):1281
Sultz HA, Young KM, Young KM (2014) Health care USA: understanding its organization and delivery. Jones & Bartlett Learning, Burlington
US Government, "Program History". Medicaid.gov.N.P., n.d. Web. 04 April 2017
Wasden JL (2012) CHOICES Florida's version of Obamacare (2012). UNLV theses, dissertations, professional papers, and capstones. 1788. http://digitalscholarship.unlv.edu/thesesdissertations/1788
Weil A (2003) There's something about Medicaid. Health Aff 22(1):13–30
Wilson JQ, DiIulio JJ (2007) American government: institutions and policies. Wadsworth, Boston
Zahariadis N (2007) The multiple streams framework: structure, limitations, prospects. In: Sabatier P (ed) Theories of the policy process, 2nd edn. Westview Press, Boulder, pp 65–92

# Health Services at the Primary Care Level

Kameel Mungrue
Public Health and Primary Care Unit, Department of Paraclinical Sciences, Faculty of Medical Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Principals; Value-system

## Introduction

In June of 2014, the Port of Spain Municipal Cooperation celebrated 100 years as an institution. Part of its remit is maintaining the Public Health (PH) of the capital city as well as setting trends and exerting influence on the wider community. Its core activities are enshrined in the Public Health ordinance Chapter 12, No. 4 of 1952, which exists to this day, unchanged. PH like all sciences must evolve with time as articulated by Rosen (1958), and as such this paper attempts to capture the achievements of the past 100 years PH practice in Trinidad.

## The Period 1914–2015

In 1914, Trinidad and Tobago (TTO) was a colony in the British Empire and therefore under colonial rule. Between 1914 and 1950, there was much turmoil; the world had experienced two world worlds and a global economic depression, which negatively impacted on social conditions and the delivery of health care. The labor riots of 1937 and the appointment of the West Indian Royal Commission in 1938, commonly known as the Moyne Commission, all impacted on health care in Trinidad.

One of the earliest challenges was the elimination of hookworm infestation. Through a system of chemotherapy, sanitation, the construction of pit latrines and health education during the period

1914–1925 hookworm was successfully eliminated as public problem (Tikasingh et al. 2011).

The next successful challenge was the eradication of the scourge of smallpox. TTO joined the smallpox eradication effort started by the World Health Organization in 1958 and by 1980 celebrated with the rest of the world in achieving the global eradication of smallpox. On 8 May 1980, during the eighth plenary meeting of the 33rd World Health Assembly, the president of the assembly, Al-Awadi, signed resolution WHA 33.3, which declared: "Having considered the development and results of the global programme on smallpox eradication initiated by WHO in 1958 and intensified since 1967 . . . Declares solemnly that the world and its peoples have won freedom from smallpox" (World Health Organization 1980; Fenner et al. 1988). Three important factors contributed to this success: (1) the vaccine used that was a heat-stable, freeze-dried vaccine allowing long-term storage without refrigeration, (2) humans who are the only known reservoir for the virus, and (3) the cost of eradication and the high level of social and political commitment supporting the initiative.

In this period also, rabies, malaria, and tuberculosis also had to be confronted as well maintaining control of cholera. Although the last case of cholera occurred in the mid-1880s, continued vigilance was imperative. This surfaced in 1992 when cholera was reported in Venezuela, on 31 January 1992 (Pan American Health Organization 1991). Venezuela is only seven miles west of Trinidad, and there are frequent travel and trade between the countries, which created a real threat. A strategy of (1) intensifying the surveillance of diarrheal diseases, (2) strengthening the inspection of food offered for sale, and (3) providing public education and heightening public awareness, all basic PH strategies proved successful (Hospedalas and Holder 1993). Cholera did not occur in Trinidad and has not occurred in the past 100 years, which can be attributed to successful PH efforts. The first and only epidemic of rabies occurred between 1923 and 1937, which resulted in 86 deaths (Chadee et al. 1992). In this epidemic, Pawan in a seminal paper established through several experiments the transmission by bats (Chadee et al. 1999). Although malaria was successfully eradicated from Trinidad since 1964, several imported and autochthonous cases have been reported emphasizing the importance of malaria control (Mungrue 2010; Pawan 1936). Yellow fever (YF) has also significantly impacted on PH practice in Trinidad. Monath reported 15 cases in 1954 (Monath 1989). Although the last reported case was in 1979 primarily due to effective immunization strategies, Trinidad continues to experience only repeated epizootics of yellow fever virus (YFV). It is clear that YFV in Trinidad is maintained for relatively long periods, and Auguste and colleagues have hypothesized that epizootics emerge from viruses maintained in enzootic cycles. This however is contrary to observations of less synchronous epizootics in the Americas and raises the issue of what mechanisms could account for this. There is currently no definitive answer, but the mechanisms are likely to involve complex interactions among multiple factors (Auguste et al. 2010).

Tuberculosis (TB) has had a long and continuing PH impact in Trinidad. The first and only West Indian Inter-Colonial Tuberculosis Conference of 1913, "The Tuberculosis Control Act (Ch 28:51)" of 1961, the discontinuation of BCG vaccine, the closure of the Cura sanitorium, and the arrival of HIV are only a few highlights of its impact. Consequently, it is beyond the scope of this study to address all the issues. Nevertheless after making huge efforts to control TD, in 2010, WHO reported that Trinidad and Tobago had the highest (30%) prevalence of HIV among incident TB cases (i.e., 25 per 100,000 population in the Americas (Tuberculosis in the Region of the Americas. Regional Report 2011).

While measles created an important challenge to PH in the 1980s, there were significant epidemics of rubella also. One such epidemic in 1983 reported 1159 cases and 20 neonates delivered at the Mt. Hope Women's Hospital between November 1982 and July 1993 were diagnosed with congenital rubella syndrome (CRS) (Rosen 1958). The public health burden of rubella is related to the risk of infection in pregnant women. In 1991, Lewis and Potter reported that 46.4% of a sample of 1838 pregnant women were negative for rubella antibody, a surrogate indicator of the potential risk for CRS in a population

(M. J. Lewis and I. Potter, Caribbean Epidemiology Center, unpublished data) (Orenstein et al. 1985). Thus, in 1988, the ministers of health of the Caribbean Community (CARICOM), a grouping of 13 independent states and six UK Caribbean overseas territories and Suriname, resolved to eradicate indigenous cases of measles from their countries, by means of mass vaccination targeting children 9–14 years. This resolution was implemented in May 1991. The measles, mumps, and rubella (MMR) vaccine (Schwarz strain of measles, Wistar RA-27/3M strain of rubella, Urabe strain of mumps) was used as it not only targeted measles but rubella and mumps. The occurrence of measles, mumps, and rubella in subsequent years (1994–2004) is shown in Table 1. There were a few sporadic cases of mumps between 1994 and 1999. Suddenly in 2000, there were 650 cases, which occurred predominantly among the age group 25–44 and among males than females (Table 2). This pattern continued in 2001, 2002, and 2003. There were no reported cases in 2004 (Fig. 1) (small number of cases between 1 and 5 not captured in the figure). Other vaccine-preventable diseases, i.e., neonatal tetanus, tetanus, pertussis, and diphtheria, have not occurred in Trinidad in the past 25 years. Polio is now eradicated from Trinidad as we partner with the rest of the world in efforts to achieve global eradication.

Public health over the past 100 years has had enormous triumphs in the field of infectious disease control, as illustrated by the elimination of hookworm, smallpox, malaria, cholera, typhoid, yellow fever, and the vaccine-preventable diseases such as measles, mumps, rubella, poliomyelitis, diphtheria, tetanus, and pertussis. The reduced burden of these infectious diseases, which were rampant during 1930–1950, can be attributed mainly to socioeconomic and PH interventions such as sanitation, water and food safety and improved nutrition, and living standards, all of which are standard public health practices.

In the last 50 years between 1950 and 2000, IMR was reduced by 80%, falling from 69.9 to 13.1 per 1000 live births. Over the same period, standardized mortality ratio also declined from 16.4 to 3.8 per 1000 population. Life expectancy increased from 56.3 to 68.2 for men and 58.5 to 73.6 for women. This is against a background in which GDP per capita rose from 407.8 (USD) to 19,800 (USD).

Globally, life expectancy doubled during the twentieth century (Riley 2005), largely as a result of reductions in child mortality attributable to expanded immunization coverage, clean water, sanitation, and other child-survival programs (Fenner et al. 1988). During the period 1960–2014, life expectancy in Trinidad increased among women from 64.3 to 74 years and 61 to

**Health Services at the Primary Care Level, Table 1** Reported cases of measles, mumps, and rubella (1996–2004)

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Measles | 1 | 26 | | 1 | – | – | 30 | 19 | 16 | 15 | – |
| Mumps | 1 | – | | 3 | 4 | 1 | 650 | 603 | 515 | 464 | – |
| Rubella | – | – | | 2 | 4 | 2 | – | 1 | – | – | – |

**Health Services at the Primary Care Level, Table 2** Reported cases of mumps for the period 2000–2003 by gender and age group 25–44 years

| | Male, *n* (%) | Female, *n* (%) | Age (25–45) years, *n* (%) | Total |
|---|---|---|---|---|
| 2000 | 413 (64) | 237 (36) | 404 (62) | 650 |
| 2001 | 378 (63) | 225 (37) | 374 (62) | 603 |
| 2002 | 310 (60) | 205 (40) | 314 (61) | 515 |
| 2003 | 278 (60) | 186 (40) | 274 (60) | 464 |

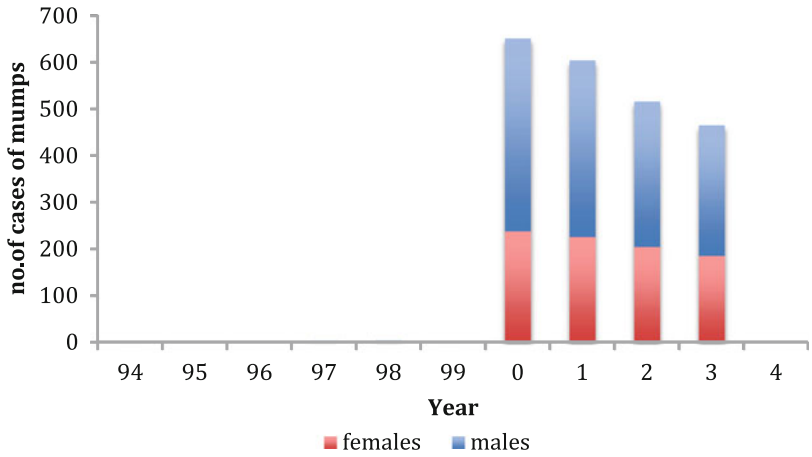


**Health Services at the Primary Care Level, Fig. 1** Number of cases of mumps reported by year since the start of the mass vaccination strategy

65 years in men; this gain can in part be attributed to public health interventions.

The epidemiologic transition from infectious diseases to chronic noncommunicable diseases (CND) in Trinidad and Tobago occurred as early as 1947 Mungrue (2012). The rising burden of CND particularly diabetes, hypertension, obesity, cancer, and injuries poses a challenge for all public health systems and requires innovative approaches to effectively improve population health. Tobacco use alone kills more than 5.4 million people per year – more deaths than HIV, tuberculosis, and malaria combined – and nearly 80% of these deaths occur in low- and middle-income countries [51]. If left unchecked, it is estimated to rise to eight million per year by 2030. Hypertension is the only condition that kills more people globally than tobacco use – more than nine million per year. CND pose a particular challenge to public health systems because of their multifactorial nature and the strong links to lifestyle-related factors such as smoking, diet, alcohol use, and physical inactivity, some of which arise from global environment. In the words of Richard Coker, "globalisation, inequality, migration, ecological shifts – these are the challenges facing public health today." No isolated institution can confront these massive societal forces; it will require a global response. Hence, the current core operations of traditional public health functions have become too narrow for this challenge. Public health must now engage with the broader spectrum of social, political, and economic foundations that determine population health.

## Conclusion

In conclusion much has been achieved over the past 100 years. A better understanding of diseases and scientific discoveries such as vaccines, penicillin, and streptomycin led to dramatic decline in both the morbidity and mortality of many diseases in Trinidad. The ambitious goal is to end the epidemic of HIV/AIDS by 2030 through the 90-90-90 strategy – i.e., 90% of HIV-infected individuals diagnosed, 90% diagnosed being treated, and 90% treated achieving viral suppression set by UNAIDS [53]. The resurgence of TB and drug-resistant tuberculosis (DRTP), the persistence of dengue fever, and the new challenges in chikungunya, ebola, and zika, severe acute respiratory syndrome (SARS), and Methicillin-resistant *Staphylococcus aureus* (MRSA) underscore the need for every country to have core public health functionality to identify a threat when it emerges, stop it promptly, and prevent it wherever possible. This requires highly trained and skilled public health professionals in epidemiology, laboratory sciences, logistics, disease surveillance systems, and rapid response teams with an enabling technological environment. In addition the strengthening of the global response capacity, establishing best practices and supporting research and development will also be needed.

## Cross-References

▶ Public Service Motivation

## References

Ali Z, Hull B, Lewis M (1986) Neonatal manifestation of congenital rubella following an outbreak in Trinidad. J Trop Pediatr 32:79–82

Auguste AJ, Lemey P, Pybus OG, Suchard MA, Salas RA, Adesiyun AA, Barrett AD, Tesh RB, Weaver SC, Carrington CV (2010) Yellow fever virus maintenance in Trinidad and its dispersal through the Americas. J Virol 84(19):9967–9977

Chadee DD, Le Maitre A, Tilluckdharry CC (1992) An outbreak of *Plasmodium vivax* malaria in Trinidad, W.I. Ann Trop Med Parasitol 86(6):583–590

Chadee DD, Beier JC, Doon R (1999) Re-emergence of *Plasmodium malariae* in Trinidad, West Indies. Ann Trop Med Parasitol 93(5):467–475

Fenner F, Henderson DA, Arita L, Jezek Z, Ladnyi ID (1988) Smallpox and its eradication. World Health Organization, Geneva

Horton R (2016) Offline: public health – when ideology trumps science. Lancet 388(10053):e11. https://doi.org/10.1016/S0140-6736(16)31794-9

Hospedalas J, Holder Y, Deyalsingh I, Paul R, Rosenbaum J (1993) Private sector response against the cholera threat in Trinidad and Tobago. Bull Pan Am Health Organ 27(4):331–336

Monath TP (1989) Yellow fever. In: Monath TP (ed) The arboviruses: ecology and epidemiology. CRC Press, Boca Raton, pp 139–231

Mungrue K (2010) The history of the only Rabies epidemic in Trinidad and Tobago 1923–1937. Hist Action 1(1). Online: uwispace.sta.uwi.edu

Mungrue K (2012) The changing face of death in Trinidad and Tobago, before and after independence. West Indian Med J 61(4):452–459

Orenstein WA, Preblud SR, Bart KJ, Hinman AR (1985) Methods of assessing the impact of congenital rubella infection. Rev Infect Dis 7(Suppl 1):522–528

Pan American Health Organization (1991) Cholera situation in the Americas: an update. Epidemiol Bull 12(4):43

Pawan JL (1936) Transmission of paralytic rabies in Trinidad by the vampire bat: *Desmodus rotundus murinus*, Wagner, 1840. Ann Trop Med Parasitol 30(1):101–129

Riley JC (2005) Estimates of regional and global life expectancy, 1800–2001. Popul Dev Rev 31:537–543

Rosen G (1958) A history of public health. MD Publications, New York

Tikasingh E, Chadee DD, Rawlins S (2011) The control of hookworm disease in Commonwealth Caribbean countries. Acta Trop 120:24–30

Tuberculosis in the Region of the Americas. Regional Report (2011) Epidemiology. Control and financing, PAHO/WHO. www.paho.org

WHO Report on the Global Tobacco Epidemic (2008) The MPOWER package. WHO, Geneva. ISBN: 978 92 4 159628 2

World Health Organization (1980) Declaration of global eradication of smallpox. Wkly Epidemiol Rec 55: 145–152

# Healthcare and Cultural Disparities

Joseph Sarcone
U.S. Department of Health and Human Services, Agency for Toxic Substances and Disease Registry, Anchorage, AK, USA

## Synonyms

Cultural determinants of health; Healthcare disparities; Health equity

Bias, in the context of prejudice for or against individuals or groups, is inherent in human choice and action. Systemic bias based on race, ethnicity, and culture creates inequality among peoples. This inequality can lead to disparities within a community in the availability and quality of education, public safety, healthcare, and services in other sectors. Cultural disparities in healthcare affect not only health but also quality of life; however, they can be resolved.

The purpose of healthcare is to maintain or improve health through diagnosing, treating, and preventing disease, illness, injury, and other physical and mental impairments in people. Cultural disparities in healthcare can create a pattern of inequality in maintaining or restoring the health of a sector of the population. In healthcare, cultural disparities result from overlapping deficiencies in cultural competency, social equality, the structure and function of communities of care, and the social conditions that influence well-being (Napier et al. 2014).

Health disparity generally refers to differences in the burden of illness, injury, disability, or mortality experienced by one population group relative to another group. Healthcare disparity refers

to differences among groups in health coverage, access to care, use of care, and quality of care. Health equity means providing all people what they need to be healthy and to optimize their quality of life. Access to comprehensive, quality healthcare is important for achieving health equity or fairness in the administration and delivery of healthcare.

## Disparities in Healthcare: The Role of Race, Ethnicity, and Socioeconomic Status

Healthcare disparities emerge from a complex set of contributing factors, including culture, race, ethnicity, sex, gender identity, age, disability, socioeconomic status, and geographic location (CDC 2016). Race sorts people into groups based on sets of physical characteristics. Ethnicity sorts people into groups whose members identify with each other based on a real or presumed common ancestry and culture.

Significant racial and ethnic disparities in healthcare can occur even when patients have similar insurance, comparable preferences or needs for treatment, and the ability to pay for care (IOM 2002). Healthcare disparities have been linked to higher death rates among racial and ethnic minorities (Stith and Nelson 2002). For example, compared to non-Hispanic white Americans, African-Americans are 40% more likely to die of stroke, 30% more likely to die of heart disease, two times as likely to die of cervical cancer, two times as likely to die from prostate cancer, and two and a half times as likely to die during pregnancy (Families USA 2014).

Health disparities are systematically linked with social disadvantage (Braveman et al. 2011), and socioeconomic status is a strong determinant of health-related outcomes (Edge 2006). In fact, socioeconomic differences in health outcomes have been widely documented for most health conditions in most countries (Crimner et al. 2004). While the measurement of socioeconomic status in relation to health can be complicated, culture as a determinant of health is even more complex (Pasick 2008).

## Culture as a Crucial Determinant of Health

Culture is the sum of attitudes, customs, and beliefs that distinguishes one group of people from another and is transmitted from one generation to the next through language, material objects, ritual, institutions, and art. Culture has been proposed as a more accurate explanation for differences in health outcomes within a population than race and ethnicity (Pasick 2008). Culturally based health beliefs explain what causes illness, how illness can be cured or treated, who will be involved in care and treatment, and when they will be involved. *The Lancet* Commission on Culture and Health claims that, "the systematic neglect of culture in health is the single biggest barrier to advancing the highest attainable standard of health" (Napier et al. 2014).

## A Structure for Culturally Competent Healthcare

Cultural competence is defined as the ability to understand, appreciate, and interact with persons from cultures and/or with belief systems other than one's own. Father Michael Oleksa, who has taught courses in cross-cultural communication for 35 years in the University of Alaska system, has said that communication across cultures is approximate and imperfect and that when miscommunication occurs, the non-dominant culture is always the one that suffers the consequences (Oleska 2014). To reduce cross-cultural miscommunication, cultural competence in healthcare requires acknowledging both the patient's and the healthcare provider's explanations and perceptions of illness and well-being.

Seminal work by Kleinman and associates (1978) proposes a structure for a culturally competent practice. A healthcare provider practicing in a cross-cultural setting must elicit the patients' view of their symptoms or illness (called an explanatory model). In this model, patients describe their illness in terms of their beliefs, personal or societal attitudes, expectations of the healthcare provider or treatment, and personal therapeutic goals. Identifying discrepancies

between the patient's model and the healthcare provider's model enables the clinician to identify problems for clinical management. Such comparisons help the healthcare provider give a clearer or more appropriate explanation of care to patients and families. More specifically, healthcare providers learn to recognize that conflicts can be based on different values and interests – not differing levels of knowledge. Part of the clinical process involves negotiations between the patient's and the healthcare provider's explanatory models.

Eliciting the patient's model of illness through a set of targeted questions is an important tool for facilitating cross-cultural communication. To ensure patient understanding and identify areas of conflict that need to be negotiated, the wording and number of questions used in the explanatory model approach vary. Depending on the characteristics of the patient, the problem, and the setting, a series of questions might include the following:

What do you think caused your problem?
Why do you think it started when it did?
What do you think your sickness does to you?
How severe do you think your sickness is? Will it have a short or long course?
What kind of treatment do you think you should receive?
What are the most important results you hope to receive from this treatment?
What are the chief problems your sickness has caused for you?
What do you fear most about your sickness?
(Adapted from Kleinman et al. 1978.

Cultural competency extends beyond the healthcare provider and into the institution administering and delivering healthcare services. Culturally competent healthcare systems include programs to recruit and retain staff who reflect the cultural diversity of the community served, interpreter services or bilingual providers for patients who do not speak the same language as the provider, a policy of cultural competency training for healthcare providers, linguistically and culturally appropriate health education materials, and delivery of services in culturally adapted healthcare settings (Anderson et al. 2003). Enhancing competency not only improves practices but also creates a more responsive and responsible clinical culture (Napier et al. 2014).

## Social Inequality: Reversing a Driver of Cultural Disparities

Equality aims to ensure that everyone receives the same treatment in order to enjoy full, healthy lives. However, social inequality is found in almost every society, demonstrated by unequal opportunities and rewards for different social positions or statuses within a group or society. It is shaped by a range of societal structural factors (e.g., family, education, religion) and supported by conversations about culture and identity that define, for example, whether members of a demographic group, such as the poor, are "deserving" or "undeserving" (Walker 2014). An adverse consequence of social inequality occurs when a people's culture limits their opportunity to become healthier.

The persistent inequalities in the health status of indigenous people are an important example. The 2014 World Conference on Indigenous Peoples reports that of all the barriers to health faced by indigenous people, the cultural barriers present the most complicated challenge (United Nations 2014a).

Social inequality in the healthcare of indigenous people is further influenced by inequities in the determinants of health (King et al. 2009). For example, extreme poverty is a social determinant of health that is significantly more prevalent among indigenous peoples than nonindigenous groups (United Nations 2014a). Other determinants include a lack of access to education and social services, destruction of indigenous economies and sociopolitical structures, forced displacement, armed conflict, and the loss and degradation of their customary lands and resources.

These forces are determined and compounded by structural racism and discrimination. Because

of these factors, indigenous peoples suffer from high levels of malnutrition, cardiovascular illnesses, HIV/AIDS, and other infectious diseases such as malaria and tuberculosis (United Nations 2014b). Indigenous women and children are particularly vulnerable to poor health, resulting in greater maternal and infant mortality.

Healthcare that encourages recognition, respect, and understanding of the social and cultural differences between peoples, as well as differences in their knowledge and resources, is necessary to achieve health equity. Comprehensive and relevant health strategies can actively include groups that have unequal opportunities to help them get quality healthcare and maintain good health (United Nations 2014b).

## Integrated Communities of Care and Overcoming Cultural Disparities

A community of care is defined by the collection of health activities that occur within a certain group, both clinical and sociocultural. The success of communities of care depends on a complex set of factors and hinges on addressing the difference between the rational knowledge of healthcare systems and patients' culturally influenced beliefs. The manner in which cultural disparities relate to the structure and function of communities of care can be observed in the medicalization of clinical care and the practice of evidence-based medicine (EBM).

Medicalization is the process by which conditions and problems come to be defined and treated as medical disorders or illnesses. Once defined, they become the subject of medical study, diagnosis, prevention, or treatment. Medicalization can be driven by new evidence or hypotheses about conditions, by changing social attitudes or economic considerations, or by the development of new medications or treatments (Newman 2011).

In medicalization, professionals and corporations play a powerful role. This process has an impact on ordinary people whose self-identity and life decisions may depend on the prevailing medical concepts of health and illness (Newman 2011). Once a condition is classified as "medical," care that addresses the broader social determinants of health tends to diminish as does the formation of integrated communities of care.

Evidence-based medicine (EBM) is an approach to medical practice that optimizes decision-making by using evidence from well-designed and well-conducted research. Although all biomedical science-based medicine has some degree of empirical support, EBM goes farther in classifying evidence by the strength of research methods, validity, and scope and bases strong recommendations on only the strongest types of evidence. As the concepts of EBM have evolved, the limitations of early models have become more apparent. Newer models for evidence-based clinical decision-making consider the patient's circumstances and preferences, as well as the best research evidence. In this approach, clinical expertise plays a central role in integrating these components (Newman 2011).

EBM has evolved to include an acknowledgment that clinical care alone does not sustain health and that health is best served by clinical care embedded in relationships of social and cultural meaning (Napier et al. 2014). Integrated communities of care function best when the diverse needs of multicultural groups are addressed in the biomedical setting. Here communities of care are not just defined by medical condition and place but by community consensus about cultural beliefs and attitudes toward health and healthcare.

## Social Conditions that Overcome Disparity and Influence Well-Being

The social conditions in which human beings develop and function influence their behavior, which in turn influences their health. The presence or absence of a general sense of well-being in any given cultural group can affect health, as can the presence or absence of social trust – a belief in the honesty, integrity, and reliability of others (Pew Research Center 2007).

Health is built upon person-to-person interaction. Clinical social engagement that allows time

to develop trust is key to both effective clinical care and to accurate diagnoses (Napier et al. 2014). Creating a culture that supports the formation of meaningful relationships of trust between practitioner and patient promotes health and well-being (Napier et al. 2014).

*The Lancet* Commission on Culture and Health (Napier et al. 2014) states that a healthy and happy patient is also a more trusting citizen who develops multiple binding contracts with others over time, for example, trusting social service institutions to meet their needs when necessary. Such patients are invariably more tolerant, more understanding, and more willing to accept the consequences of personal choices (Napier et al. 2014).

The Commission goes on to say that interpersonal trust is the central cultural value that enhances well-being and life satisfaction (Napier et al. 2014). Trust is measured in a society's ability to accommodate cultural diversity. Trust not only provides a measure of perceived wellness but also of where, when, and how diverse individuals build or fail to build strong relationships with health practitioners and with each other in the spaces where they live and work (Napier et al. 2014).

## Conclusions

Factors that contribute to healthcare disparities worldwide include culture, race, ethnicity, sex, gender identity, age, disability, socioeconomic status, and geographic location. A people's culture not only defines health but is also a crucial determinant of health that is distinct from race and ethnicity. Cultural disparities in healthcare happen within a mix of influences, including cultural incompetency, social inequality, the structure and function of communities of care, and the social conditions that undermine or enhance well-being. Cultural competency in healthcare addresses perceptions of illness and well-being so that caregivers and patients are able to negotiate attainable health goals. Social inequality in healthcare can be transformed into social equality when healthcare providers and systems adopt inclusive health strategies. Collective health activities succeed when communities of care form around clinical care embedded in relationships of social and cultural meaning that build trust. Overcoming cultural disparities in healthcare means confronting systemic bias in society to make health equally accessible to all.

## Cross-References

▶ Institutional Racism and the Public Sector
▶ Leadership and Social Justice
▶ Minority Groups and Politics

## References

Anderson LM, Scrimshaw SC, Fullilove MT, Fielding JE, Normand J (2003) Culturally competent healthcare systems: a systemic review. Am J Prev Med 24(Suppl):68–79

Braveman PA, Kumayika S, Fielding F, LaVeist T, Borrell LN, Manderscheid R, Troutman A (2011) Health disparities and health equity: the issue is justice. Am J Public Health 101(Suppl):149–155

Centers for Disease Control and Prevention (2016) Access to health services|Healthy People 2020. Retrieved from https://www.healthypeople.gov/2020/topics-objectives/topic/Access-to-Health-Services

Crimner EM, Hatwood MD, Seeman TE (2004) Race/ethnicity, socio-economic status, and health. In: Anderson NB, Bulatao RA, Cohen B (eds) National research council (US) panel on race, ethnicity, and health in later life. National Academies Press, Washington, DC

Edge LE (2006) Race, ethnicity, culture and disparities in health. J Gen Intern Med 21(6):667–669

Families USA (2014) African American health disparities compared to non-Hispanic Whites 2014. Retrieved from http://familiesusa.org/product/african-american-health-disparities-compared-to-non-hispanic-whites

Institute of Medicine (2002) Unequal treatment: what the healthcare system administrators need to know about racial and ethnic disparities in healthcare. National Academies Press, Washington, DC

King A, Smith A, Gracey M (2009) Indigenous health part 2: the underlying causes of the health gap. Lancet 374: 76–78

Kleinman A, Eisenberg L, Good B (1978) Culture, illness, and care: clinical lessons from anthropologic and cross-cultural research. Ann Intern Med 88(2):251–258

Napier AD, Ancarno C, Butler J, Calabrese J, Chater A, Chatterjee H, Guesnet F, Jacyna S (2014) The lancet commissions: culture and health. Lancet 384(9954): 1607–1639

Newman D (2011) Identities and inequalities: exploring the intersections of race, class, gender and sexuality. McGraw-Hill, New York
Oleska M (2014) Communicating across cultures, learning your stories so you can understand others. (YouTube video). United States: 360 North. Retrieved from https://www.youtube.com/watch?v=GjPxu5wCJ14
Pasick RJ (2008) Socioeconomic and cultural factors in the development and use of theory. In: Glanz K, Lewis FM, Rimer BK (eds) Health behavior and health education – theory, research, and practice 2. Jossey-Bass, San Francisco
Pew Research Center (2007) Social and Demographic Trends Americans and social trust: who, where and why. Retrieved at http://www.pewsocialtrends.org/2007/02/22/americans-and-social-trust-who-where-and-why/
Stith AY, Nelson AR (2002) Unequal treatment: confronting racial and ethnic disparities in healthcare. Institute of Medicine. Committee on understanding and eliminating racial and ethnic disparities in healthcare. Board on Health Policy, Institute of Medicine\National Academy Press, Washington, DC
United Nations (2014a) The health of indigenous peoples, 2014 world conference on indigenous peoples report. UN, New York
United Nations (2014b) Inter-agency support group on indigenous issues. Thematic paper on the health of indigenous peoples. UN, New York
Walker R (2014) The shame of poverty. Oxford University Press, Oxford

# Healthcare Ethics

Patricia M. Alt
Towson University, Towson, MD, USA

## Synonyms

Bioethics; Ethical codes; Professional ethics

## Definition

Healthcare ethics covers a wide range of major principles and philosophies examining the availability and provision of appropriate health care by professionals, caregivers, researchers, and institutions while taking into consideration the preferences of patients/research subjects.

## Introduction

Going back at least as far as Hippocrates, there has been an effort to ensure that the provision of health care is conducted with the best interests of the patient at the center. Initially, paternalism called for practitioners to decide what was best for patients, based on their medical knowledge. Over time, this has evolved to include an array of philosophical and cultural approaches, and many legal requirements, as well. This entry will summarize the most common categories of ethical theories, examine the major principles which emerge from them, and their impact on the delivery of health care. In the process, key areas of interest are patient consent and privacy, licensure requirements for practitioners, regulatory and financial pressures, and organizational ethics regulation. Concerns about healthcare ethics range throughout the lifespan, from genetics and reproductive areas, through an array of treatment choices, to end-of-life care.

## Basic Categories of Healthcare Ethics Theories

There is general agreement that the healthcare system's primary duty is to provide good patient care and protect patients from harm. The field of ethics overall includes personal moral standards based on culture, religion, family, and society, as well as professional and legal categories by which appropriately ethical behavior is measured. Healthcare ethics is the area specifically related to the practice of medicine, including patients, caregivers, healthcare professionals, administrators, researchers, and the general public. Bioethics is a type of applied healthcare ethics focused primarily on ethical choices stemming from advances in medical care and research.

While some authors may use slightly different terminology, the primary categories of ethical theories used in health care are:

1. Utilitarianism or Teleology, coming from the Greek word "telos" for "end or result." In this approach, the right or wrong of an act depends

H

on how much happiness it creates compared to another choice. "The end justifies the means" says that the rightness or wrongness of an act depends on how much happiness it creates compared to another choice. It is most commonly linked with John Stuart Mill and includes: (a) act utility – each decision one at a time, and (b) rule utility – patterns of decisions with a cost/benefit balance over all of them.

2. Duty-based ethics or Deontology, coming from the Greek word "deon" for "duty." In this approach, there is an independent right and wrong which leads to a duty to one's fellow humans. One must treat people as the end of actions, not just as means to your success. Good will and a sense of duty are the key. It is usually linked with Kant. The golden rule of "do unto others as you would have them do unto you" is central to this approach.
3. Virtue-based ethics is based on the view that a rational man can discern what is good and evil, and will choose to do good, in the pursuit of happiness. A series of philosophers from Aristotle to Aquinas described this view, but there is concern about being too trusting that others will always produce good results.
4. Justice-based ethics or Social Contract theory is based on John Rawls' theory that rational people would always choose to do good but that we have a "veil of ignorance" and cannot always know exactly what the good is. Therefore we should always protect the least well off, since we could be in that position ourselves.
5. Rights-based ethics is based on the belief that all people have individual rights, purely because of being human, and that there is a collective responsibility to protect them. It is central to many aspects of American democracy, such as freedom of speech. In health care, it can include equal access to protections (such as under the Occupational Safety and Health Act), but it can be difficult in situations with limited resources (Fremgen 2016).

## Major Principles in Theoretical Reasoning

When examining ethical concerns for health care over all, there are four major principles which emerge. They include respect for persons, beneficence, nonmaleficence, and justice.

1. Respect for persons is a key principle in health law and ethics. It encompasses four subcategories, each of which is also crucial:
   (a) Autonomy – Individuals should be able to govern themselves as much as possible. This has an innate tension with paternalism in medical care and in public health attempts to get us to behave in healthier ways. How much right does one have to make bad decisions?
   (b) Truth-telling – Healthcare providers are expected not to lie to their patients.
   (c) Confidentiality – People expect some right to privacy, but how does that fit with having accurate medical records, for example, as information is shared electronically?
   (d) Fidelity – This centers on keeping promises to provide proper care. This can be important in contract law as well as in licensure of practitioners.
2. Beneficence focuses on always acting with charity and kindness. It includes providing benefits while seeking to balance benefits with any potential harm from health care.
3. Nonmaleficence has the same root word as "malevolent" or "malicious." It centers on avoiding harm, both for patients and staff. Some questions it raises might be whether a bruise from a transfusion is acceptable versus getting a blood-borne disease due to a lack of proper screening.
4. Justice – This category varies according to the philosophy being applied. . .but is a principle of fairness and equity. How do we allocate supplies and services in an equitable manner? For instance, how are potential organ recipients ranked?

## Ways in Which Ethical Approaches Affect Healthcare Delivery

The provision of ethical health care is strongly affected by the internal and external regulation of organizations and professionals, the protection of patients' rights, and financial support (or the lack thereof) for care.

### Codes of Ethics

Codes of ethics, for example, have long existed for doctors, based on standards including respect, honesty, integrity, fairness, compassion, and loyalty. They have also been created for other health professions and for researchers, with varying, but increasing, levels of legal enforcement over time. Key areas included in these codes, and in laws aimed at enforcing them, are the practitioner's obligation: to provide the patient with clear and truthful information; to avoid conflicts of interest, including financial incentives to provide unneeded care; and to keep his/her training and licensure up to date.

### Patients' Rights

Patients' Bills of Rights are another effort to ensure ethical care (and to protect both the patient and the organization providing the care). In one form or another, patients' privacy rights have been in existence for over a century, but more recently they have been more firmly codified under laws including the Health Insurance Portability and Accountability Act (HIPAA) of 1996. The growing emphasis on electronic health/medical records, providing easier access to patient information when necessary, has also raised many ethical questions and privacy concerns.

Security issues are in the forefront in implementing these systems, while laws about them vary from state to state, raising potential ethical dilemmas when patients travel, for example. The Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009 includes measures to modernize the use of technology for private health information but also requires that patients be informed of their privacy rights, including being informed about when and how their information is being used.

### Appropriate Care Provision

There are multiple legal structures to enforce ethical behavior by care providers, all of them aimed at the primary goals of promoting professional competence and reducing paternalism. State licensure laws require particular levels of training and ongoing maintenance of competence for practitioners. They also require proper attention to the needs of the patients and the maintenance of appropriate confidentiality in their care.

Other laws, such as the Federal Emergency Medical Treatment and Active Labor Act (EMTALA), enacted in 1985, prohibit hospitals from "dumping" patients in emergency situations, whether they have insurance or not. This is called the "duty to treat." The "duty to not abandon" patients includes the responsibility to not terminate their care improperly without adequate referral and formal notification.

Another evolving area of ethical concern is the expansion of access to quality care while balancing it with improving efficiency in care delivery. There is no universal right to care in the United States, and healthcare administrators have both a fiduciary duty to keep their organization afloat and an ethical responsibility to the patients they serve. With the wide variation among states in the implementation of the Affordable Care Act, access to insurance (public or private) is far from guaranteed.

Similarly, developing and maintaining a steady supply of well-trained and ethical clinicians is critical to ongoing care provision. There is concern about the growing need for clinicians as the population grows older, and the likelihood of their experiencing challenges to their integrity, leading to burn out.

Providers do have ethical obligations (and legal protections) for "whistle-blowing" when they observe improper care being given by others and report it. The fear of lawsuits, however, can have a negative "defensive medicine" effect by creating pressure on providers to provide unnecessary and costly care. Balancing out the best interests of the patient, the practitioner, and the organization can be ethically challenging when

there are obligations both to provide appropriate care and to contain costs.

### Organizational Review Committees

In healthcare settings, there are three categories of review committees, including ethics committees, institutional review boards (IRBs), and infant care review committees. Of course, they only exist where appropriate, but most healthcare organizations now have at least an ethics committee structure to discuss tricky cases and to advise families and staff in difficult decisions.

(a) Hospitals are now required by the Joint Commission on Accreditation of Healthcare Organizations to have ethics committees. These committees include a variety of members from many healthcare fields, as well as lawyers, ethicists, administrators, and community representatives. They meet to advise the practitioners, families, and facilities about their options when faced with complicated situations.
(b) Institutional Review Boards (IRBs) for the protection of human research participants are set up to protect patients who are in research protocols. All facilities which receive federal research funds are required to have them. These boards meet to review proposed and continuing research projects, evaluating the balance between potential benefits and risks for the patients/subjects involved and potentially valuable improvements in overall medical knowledge. Ensuring proper informed consent procedures is a critical aspect of these reviews.
(c) Infant care review committees are aimed at protecting vulnerable patients from mistakes by the organization or its practitioners. They only exist in facilities with neonatal/pediatric programs.

## Ethical Issues in Health Care Through the Life Span

### Beginning of Life Care

There are numerous ethical issues which arise around care at the beginning of life, and they are only increasing as the combination of politics, media, and research continues to focus on them. This is an area where personal values often conflict, and the healthcare system needs to be particularly sensitive to their role in patient-provider interactions. One key area is the issue of when life actually begins, and it shapes multiple ethical and legal conflicts. A few of them include: genetic testing and counseling, assisted reproduction, sterilization, contraception, and abortion. Brief overall descriptions of these topics follow, but the ethical dilemmas in a given situation will vary depending on the individuals and organizations involved.

(a) Genetic testing and counseling – As our knowledge of the human genome has expanded, it is now possible to evaluate individuals' likelihood of passing on a defective gene to their offspring. If this is done before pregnancy, potential parents can make informed decisions about whether to conceive or not. If done during pregnancy, choices about pregnancy termination or preparation for dealing with potential genetic defects can arise.
(b) Assisted reproduction – Various methods of artificial or assisted reproduction exist, including artificial insemination. Legal concerns can arise, particularly about the legitimacy of the offspring and the connection (if any) to the sperm donor. Ethical considerations often center around proper maintenance of private records.

    In another type of assisted reproduction, in vitro fertilization (IVF), the ovum and sperm cells are combined in a lab outside the woman's body. One big concern in this setting is the status of multiple fertilized eggs, which are often frozen and saved for future attempts, used for research, or eventually destroyed. Another concern is with the use of "surrogate mothers" who agree to bear a child for the legal parents. This can lead to legal and ethical struggles over the rights of all concerned in choosing to continue the pregnancy and/or to claim or refuse to claim the offspring.
(c) Contraception – Although the Catholic Church does not approve of contraception, it is legal in most countries and in all American states for adults. In most ethical discussions

other than religious ones, however, the key area which is discussed is involuntary sterilization, including for criminals or the cognitively impaired. Does the society as a whole have an obligation to deter reproduction when the offspring will be a burden to the nation?

(d) Abortion – Abortion is the termination of a pregnancy before the fetus is viable. The laws and ethical beliefs about it have varied over time. In the United States, a key Supreme Court case was *Roe v. Wade*, in 1973. This case decided that a Texas law prohibiting abortions not necessary to save the mother's life was a violation of a woman's right to privacy under the 14th Amendment. In the decision, the Supreme Court adopted a process linked to the trimesters of the pregnancy and the viability of the fetus. It proclaimed abortions prior to viability to be a decision between the woman and her physician, but after viability the state would have a compelling interest in saving the life of the child, unless to do so would harm the life or health of the mother. There have been a steady flow of cases ever since, clarifying women's rights, but also wrestling with such issues as "partial birth abortions" in which relatively late-term pregnancies are ended by inducing delivery and aborting the fetus on the way out. Another area of controversy is the "Plan B" contraceptive pill which can prevent implantation of a fertilized egg if taken within 72 hours of intercourse. To many opponents, this is seen as a form of abortion, but (for instance) others see it as a particularly valid response to rape situations. There are also a multitude of laws about employees' rights to refuse to participate in abortions, as well as strict rules about using public funds to pay for them. These are strongly tied to the ethical beliefs of the lawmakers, as well as trying to uphold the ability of practitioners to abide by their consciences when making medical decisions.

### Care Throughout the Life Span

As medicine advances, and new research appears, new ethical dilemmas are constantly arising. Some areas of concern which are not solely focused on beginning or end of life care are organ/tissue donations and transplants, genetic engineering (including stem cell research), and the therapeutic use of medical research, particularly in crisis situations.

(a) Organ/tissue donations and transplants – In the United States, individuals may voluntarily donate organs or tissues and indicate their willingness to do so in advance directives or on their driver's license. Since 1999, there has been a nationwide database, the United Network for Organ Sharing (UNOS), covering all donations and transplants since 1986. It is responsible for allocation of organs, using a formula based on considerations of medical need and considerations of justice. However, given a substantial shortage of organs, individuals have resorted to various methods to obtain them, including the internet, and "medical tourism" in which they travel to another country and pay to acquire one. Ethically, this is considered totally wrong, but the complicated process of rising on the list of potential recipients can also be ethically questionable.

(b) Genetic engineering and stem cell research – While the field of genetic engineering is still evolving, there have been some useful therapies developed, and great hope remains for future results, particularly from stem cell research. There is ethical concern that gene therapy might be used for some unnecessary reasons (to make a person taller, perhaps) but also hope that genetic diseases might be corrected. Stem cell research has been an area of interest since the 1990s, raising ethical questions about the sources of the stem cells, particularly when they are embryonic. Most recently, there have been attempts to combine human induced pluripotent stem cells (iPS) with those of animals in order to advance research and potentially to grow needed human organs in the bodies of animals.

(c) Medical research – As stated above, the federal government requires all institutions receiving federal research funds to establish institutional review boards (IRBs) to oversee human research. A central aspect of the IRB's role is to ensure that participants in therapeutic research are given the opportunity to consent,

based on full information about the project. In some emergency situations, research can go on without consent, but only if absolutely necessary. In addition, the protection of private information is central to the review process, ensuring that individuals are not publicly harmed by participating.

## End-of-Life Care

Another area of central importance in healthcare ethics is care at the end of life. While death is inevitable, the ability of medical intervention to sustain existence has raised multiple ethical questions, particularly about the need to preserve the patients' dignity and abide by their choices. In addition, the legal definition of death has become more complicated due to the variety of treatments available. One example is the case of Karen Ann Quinlan, whose family won a case allowing the removal of her respirator in 1976, although she remained in her permanently comatose state for another 10 years before dying. Similarly, Nancy Cruzan was in a vegetative state for 8 years, while her family fought the legal battle to allow the removal of her feeding tube, winning their battle in 1990.

Another well-known case is that of Terri Schiavo, whose family members fought for years in court over the proper decision after she had been in a vegetative state for 15 years. In the Schiavo case, the Florida governor and legislature also became involved, leading to repeated insertions and removals of her feeding tube before she finally died in 2005. These cases, and many others, highlight the conflicts between perceptions of the right to refuse treatment and to have a natural death, and the sense of obligation among families, practitioners, and institutions to maintain life at all costs. Some key ethical areas include the use of advance directives, the treatment of the terminally ill, and the right to physician assistance in dying.

(a) Advance Directives – Often known as living wills, these documents record individuals' preferences for care should they become incompetent and have a poor prognosis. After the Federal Self-Determination Act of 1991, all healthcare facilities which receive funding from Medicare or Medicaid must ask patients on admission whether they have advance directives or wish to have information about them. These documents can include do not resuscitate orders, durable powers of attorney for health care, or their state's equivalent of the Physician's Orders for Life-Sustaining Treatment (POLST) form. If a patient has not documented his/her wishes, the "substituted judgment rule" is applied, in which a person, committee, or institution will try to determine what the patient would have wanted. Most often, lacking an advance directive, the patient will be given all possible interventions in order to protect the medical organization from lawsuits.

(b) Treatment of the terminally ill – Considerable thought has been given to ethical questions about the quality of life in persons with terminal illness. This can be tied into decisions about types and levels of treatment, medications, preserving mental health, etc. Pain treatment, in particular, is a topic of much controversy, with reluctance to overprescribe medications and potentially create addiction being balanced against wanting to control suffering at the end of life. One area in which a great deal of effort has been placed is in hospice and palliative care. It is meant to allow patients to live comfortably when their disease is no longer able to be cured. However, there is some concern that with Medicare coverage for hospice available since 1983, some patients might be inappropriately placed in hospice care, particularly when it is provided by for-profit organizations. Under the Affordable Care Act, the Centers for Medicare and Medicaid Services have expanded their oversight of Medicare-funded hospice programs to ensure that proper care is being provided.

(c) Physician assistance in dying – While active euthanasia, or the intentional killing of the terminally ill, is illegal and generally considered unethical in the United States, it is permitted in some other countries under strict guidelines. The closest equivalent in the

United States is generally referred to as physician-assisted suicide, in which the doctor provides the terminally ill patient with a prescription for a lethal dose of medication. It is up to the patient to have the prescription filled and to self-administer it. A few states (Oregon, Washington, Vermont, Montana) have passed laws allowing this procedure, under strict guidance. However, no practitioner is compelled to participate in it if it goes against his/her beliefs. The question is being explored in other states' legislatures, as well.

## Conclusion

While ethical issues will always arise in the provision of healthcare services, there is considerable attention being paid at this point to clarifying the need for patient autonomy and informed consent at all levels of care. In addition, practitioners and health organizations are being monitored by federal and state agencies to ensure that they are abiding by rules connected with public funding under Medicare, Medicaid, and the Affordable Care Act. The Affordable Care Act includes some provisions allowing states to regulate what services will be covered by insurance coming through their health exchanges. However, it also requires that services not be denied due to preexisting conditions and explicitly leaves medical decisions in the hands of patients and their doctors. Lawsuits continue over how and whether organizations sponsored by religious groups are required to offer birth control coverage for their employees, although states do have the right to prohibit abortion coverage through these plans.

The regulation of care through public laws, professional codes of ethics, and ongoing support for individual patients' rights does provide a framework for the discussion of key issues in health care. Given the varied perspectives individuals have on what is ethical in any given circumstance, there will need to be some latitude about care provision. However, monitoring will always be required to ensure that conflicting interests do not endanger the maintenance of competent care and the validity of ongoing research efforts to provide better options.

## Cross-References


- ▶ Code of Ethics
- ▶ Ethical Frameworks
- ▶ Ethical Issues in Nonprofit Organizations
- ▶ Ethical Issues in Regulating Reproductive Technologies
- ▶ Ethical Values and Personal Integrity


## References


Darr K (2011) Ethics in health services management, 5th edn. Health Professions Press, Baltimore

Fremgen B (2016) Medical law and ethics, 5th edn. Pearson, Boston

Pozgar G (2016) Legal and ethical issues for health professionals, 4th edn. Jones & Bartlett, Burlington

Quill T (2005) Terri Schiavo: a tragedy compounded. N Engl J Med 352:1630–1633

U. S. National Library of Medicine, MedLinePlus website. Available at https://www.nlm.nih.gov/medlineplus/medicalethics.html. Accessed 22 May 2016


# Health-Care Policy in America


Ke Chen
Department of Political Science, International Affairs and Public Administration, East Tennessee State University, Johnson City, TN, USA


## Synonyms

Health policy

## Definition

Health-care policy refers to the decisions, plans, and actions that are undertaken by a government to achieve specific health-care goals within a society.

## Introduction

The health-care system in the USA is facing great challenges of increasing expense and decreasing affordability. In the year 2014, it spent 17.1% of gross domestic product (GDP) on health services, leading all other nations (World Bank 2016). In comparison, its northern neighbor, Canada, spent only 10.5%, and countries in the European Union (EU) spent 10.0%. Per capita health expenditure in the USA is $9402, far exceeding $5291 in Canada and $3612 in EU countries (World Bank 2016).

Yet, despite greater spending on health care, the USA does not perform better than other developed countries in health outcomes. Of 17 high-income countries studied by the National Institutes of Health (NIH) in 2013, it does not fare well compared to other developed countries on indicators such as infant mortality, heart and lung disease, sexually transmitted infections, average lifespan, etc. Also, the USA does not compare favorably on health-care resources, including doctor and hospital capacities. For instance, in 2009, the USA had 2.4 doctors per 1000 residents, compared to 3.6 in Germany, 3.3 in France, and 2.7 in the UK (OECD 2016).

Therefore, the US health-care system is often described as inefficient and wasteful (McClellan and Rivlin 2014). Although multiple factors such as high drug cost, high physician cost, and high obesity rate contribute to the expensive and ineffective system in the USA, few can deny that health-care policy plays an important role in influencing or regulating the health-care system and the resulting health-care cost and outcome.

In this article, we first examine the health-care policies in the developed countries. We continue to discuss the historical development of health policies in the USA, including Medicare and Medicaid and more recent Affordable Care Act. Then we move on to discuss the challenges and problems that the US health-care market faces. Finally, we make a brief conclusion and explore the future direction for health-care policies.

## Health-Care Policies: International Experiences and National History

### International Experiences

It has been over a century since Germany started the first social insurance law on health in 1883. Some neighboring countries, including Austria, Hungary, Norway, Britain, Russia, and the Netherlands, followed the German path after seeing the benefits of initiating a compulsory insurance on the protection of the working class against wage loss due to sickness (PNHP 1999).

After the end of World War II, universal health-care systems began to be set up around the world. The UK launched its universal National Health Service in 1948 amid a broad consensus that health care should be made available to all. Under the universal health-care system, all legal residents have free access to most health-care services, which are funded through taxes and overseen by the government. In the following years, various forms of universal access to medical services were gradually established by most developed countries to cover all population, except in the USA (OECD 2016).

Among the countries that provide universal health care, there is a significant difference on government roles, financing sources, and delivery methods (Patel and Rushefsky 2014). Some countries have a health-care system that is mostly public, where health care is paid through taxation and is provided by publicly owned hospitals. Countries like Great Britain, Sweden, and Italy use such a model (Patel and Rushefsky 2014). Some countries adopt a hybrid model that combines both public financing and private markets. In such a system, health care is mostly public financed through taxes but is delivered by private hospitals and doctors. Germany, Japan, Canada, and France take this path (Patel and Rushefsky 2014).

### USA: Pre-social Insurance Era

While universal health care was well recognized and gradually established in all other developed countries, the twentieth-century USA evolved from a society without compulsory health insurance to a market with a partially functional private health-care system.

At the early twentieth century, health insurance was extremely rare and most Americans paid for health care on a fee-for-service basis. With the advancement of medical technology, health care and particularly hospital service became more expensive and gradually unaffordable to the poor. As a result, some political parties tried to help citizens gain more access to quality care with affordable cost. Early efforts include 1912 Teddy Roosevelt's Bull Moose presidential campaign for National Health Service and 1915 Progressive's push for more specific health insurance programs in state legislatures (PNHP 1999).

In the 1930s, a third-party system started with the establishment of the Blue Cross and Blue Shield (BCBS) insurance plans, which transformed health-care financing and led to employer-based health insurance programs (Patel and Rushefsky 2014). With the intention of providing affordable health care in the nonprofit context, BCBS plans expanded patients' coverage to hospital networks across the country, thus filling significant holes in the health-care system (Consumer Union 2013).

After WWII, President Truman called for a universal and compulsory health insurance and health-care system with federal funding (Jacobs and Skocpol 2015). However, earlier efforts to nationalize health care were opposed by various groups, such as the American Medical Association and private insurance companies for fear of communism (Jacobs and Skocpol 2015). Meanwhile, medical expenses kept increasing and private insurance remained unaffordable or simply unavailable to many, particularly the poor, the unemployed, and the elderly.

In 1950, the first federal program was established to provide federal matching funds for state payments to medical providers on behalf of individuals receiving public assistance payments. In 1960, the Kerr-Mills Act created a new program called "Medical Assistance for the Aged." This means-tested grant program provided federal funds to states that chose to cover the "medically needy" who were defined as elderly individuals with incomes above levels needed to qualify for public assistance but in need of assistance for medical expenses (US Department of Health and Human Services 2000).

## Medicare and Medicaid

In the mid-1960s, it was found that only about half of all elderly persons had health insurance, and many of private policies were not comprehensive but very expensive. Clearly, the private health insurance market was not working for elderly Americans (National Academy of Social Insurance 1999). Consequently, interest persisted in creating public health insurance for those left out of the private marketplace. Finally, President Lyndon B. Johnson signed the Medicare and Medicaid programs into law in 1965, creating publicly run insurance for the vulnerable groups of the poor, disabled, elderly, veterans, and children.

Medicare is administered by the federal government and supported by mandatory contributions from workers and employers and payments from program beneficiaries as well as general tax revenues (National Academy of Social Insurance 1999). US residents who or whose spouses are at least 65 years old with at least 40 quarters of coverage through employment are eligible for Medicare. Since inception in 1965, the number of individuals enrolled in Medicare has doubled from 19.5 million persons in 1967 to 38.6 million in 1997 (National Academy of Social Insurance 1999).

In comparison, Medicaid serves as the nation's primary source of health insurance coverage for low-income populations. Under the program, the federal government provides matching funds to states, offering medical assistance to eligible residents whose incomes are insufficient to meet the costs of necessary medical services. Overseen by the federal Centers for Medicare and Medicaid Services, each state administers its own Medicaid program, establishes eligibility standards, determines the scope and types of services it will cover, and sets the rate of payment (Hoffman et al. 2000). Since 1965, Medicaid enrollment and expenditures have grown substantially. According to the US Department of Health and Human Services in 2000, Medicaid enrollees numbered 39.9 million Americans, the largest group being children.

Despite these social insurance and protection programs, problems remained at the end of the twentieth century. First, there were a large number

of individuals who did not have any private health insurance and were not qualified for public insurance programs. In 2008, 66.7% of Americans were covered by private insurance, 14.3% by Medicare, and 14.1% by Medicaid, but around 15.4% of American people did not have any health insurance (Census 2009). People with no health-care insurance receive less preventive care and early treatment. Therefore they are more likely to develop disease at advanced stages and thus end up using hospital emergency care. This results in worse health outcome for uninsured individuals, inefficient use of emergency rooms, and higher financial cost for hospitals that are required by law to provide emergency care to the uninsured without any federal funds (Jacobs and Skocpol 2015).

Second, despite Medicare coverage, elderly people face considerable financial risk from health-care expenses at the end of life (Kelley et al. 2013). It was estimated that on average, out-of-pocket health-care costs for elderly Medicare beneficiaries accounted for about 19% of annual household income (National Academy of Social Insurance 1999) and about 43% of senior citizens' medical spending surpassed their non-housing assets due to out-of-pocket expenditure in the last 5 years prior to their death (Kelley et al. 2013).

### Affordable Care Act

By the early twenty-first century, the USA was the only industrialized economy that did not provide universal health care to its citizens, while spending more on health care but not achieving better health outcome among citizens. To address this issue, after a long and controversial political and legislative process, the Patient Protection and Affordable Care Act (ACA) became law in 2010. ACA provides for major changes in health insurance in the USA after Medicare and Medicaid was passed in 1965.

One essential aspect of ACA is that it requires all individuals not covered by an employer sponsored health plan or other public insurance programs to purchase a private-insurance policy or otherwise pay a penalty. ACA also requires businesses with over 50 employees to provide health-care insurance or pay a penalty. In addition, individuals between the ages of 19–25 years are allowed to remain on their parents' health insurance plans. Regarding health insurance providers, ACA prohibits insurers from denying coverage to individuals due to pre-existing conditions but requires insurers to offer the same premium price to all applicants of the same age and geographical location.

The marketplace for the health insurance under ACA with federal subsidy is a system of health-care exchanges, which are established by individual states or the federal government to provide health-care insurance for individuals with limited means or for small businesses. Individual subsidies are provided to those qualified in the state or federal health-care exchanges, extending from 100 to 400% of the federal poverty level. ACA also expands Medicaid to include up to 133% of the federal poverty level, although individual states are given the option not to participate in this expansion.

After years of implementation, the ACA has increased the rate of health-care insurance. In 2014, the insured rate was estimated to be 89%, a 4% increase compared to the year of 2008. Together, 7.3 million people remain enrolled in private coverage through the online marketplaces, 85% of whom qualified for federal subsidies to help pay premiums. For those who are qualified for subsidies through the federal exchange, the subsidies lowered the cost by 76% on average.

However, affordability of health insurance continues to be a concern for many people and disparities persist by geography, race, ethnicity, and income (French et al. 2016). Moreover, middle-income families who don't qualify for subsidies are more likely to have difficulties with premium costs (French et al. 2016). In addition, patients insured through ACA programs have encountered challenges such as narrow networks, increased premiums, and higher out-of-pocket costs (Rosenthal 2016). One of important reasons is that health-care exchanges are losing commercial insurers. As of August 2016, some major insurers such as Aetna, UnitedHealthcare, and Humana are pulling out from health-care exchanges due to huge financial losses (Leonard

2016). Overall, it was estimated that the number of insurers in the health-care exchanges will drop from 298 to 228 or 23.4% from 2016 to 2017 (Luhby 2016). Furthermore, premiums for health-care plans under the ACA are rising an average of 22% in 2017, making health care less affordable for tens of thousands of Americans (Luhby 2016).

## Problems and Challenges

Despite some changes that were brought out by ACA, some fundamental challenges remain in the health-care market in the USA. These challenges include but are not limited to rapidly increasing medical costs, changes in the medical practice, and health problems caused by obesity. The future success of health-care policies may need to address these problems.

### Increasing Medical Cost

Although ACA aims to decrease health-care costs (Fernando 2015; French et al. 2016), national spending on health care continues to rise. In 2016, US health-care spending increased 5.3% in 2014, exceeding growth of 2.9% in the previous year. The faster growth occurred in the public programs, as Medicare spending grew 5.5% and Medicaid spending increased 11.0%. The increased spending in the public programs was largely driven by the newly eligible enrollees under the ACA (Medicare and Medicare Services 2016). The trend is expected to continue. For the 10 years between 2014 and 2024, health spending is projected to grow at an average rate of 5.8% per year, 1.1% higher than the projected GDP growth (CMS 2016). This presents a huge problem to the nation, as other consumption and investments in future economic growth will be sacrificed.

Various factors contribute to increased medical cost (CMS 2014). While higher physician fees and greater use of advanced technology in medicine are important components of high medical costs, the USA also spends much more money in health-care administration when compared to other countries (Woolhandler et al. 2003). It was estimated that in 1999, health administration costs averaged $1059 per capita in the USA, as compared with $307 in Canada. Between 1969 and 1999, the share of the US health-care labor force accounted for by administrative workers grew from 18.2 to 27.3%. In Canada, it grew from 16.0% in 1971 to 19.1% in 1996 (Woolhandler et al. 2003). Around 2010, administrative costs accounted for 25% of hospital spending in the USA, more than twice the proportion seen in Canada and Scotland (Himmelstein et al. 2014).

One important reason for high administrative cost in the USA is multi-payer health-care system. The US system of per-patient billing requires a large team of clerical and management staff and special information technology systems. In addition, billing specialists are needed to determine how to bill to meet the varying requirements of multiple insurers, since each hospital must negotiate payment rates separately with each payer and conform to a variety of requirements and billing procedures. In comparison, countries like Canada that have a single-payer system don't require this level of staffing to administer health care (Himmelstein et al. 2014).

High drug cost is another important contributor to ever increasing medical cost. From 2013 to 2014, hospital care, physical and clinical services, professional service, home health care, and nursing care all experienced cost growth between 2.4 and 5.2%. In contrast, prescription drugs saw the highest cost growth rate of 12.2% during the same period (CMS 2014). It is found that most drugs in the USA are more expensive than similar products in other developed countries (WSJ 2015). Lack of government regulation on pharmaceutical companies is argued to be the major cause of high drug cost (WSJ 2015).

Some scholars also argue that many expensive health-care procedures generate much greater cost than benefit but provide little or no benefit to patients. For example, there may be overemphasis on extending life rather than improving the quality of life (Blackstone and Fuhr 2016). Furthermore, patients' poor adherence to treatment regimens has long been recognized as a substantial barrier to achieving better health outcomes but produces additional medical cost. It is found that as many as half of all patients do not adhere faithfully to their

prescription-medication regimens, and the result is more than $100 billion spent each year on avoidable hospitalizations (Cutler and Everett 2010).

### Changes in Medical Practice

The implementation of the ACA has produced a profound effect on the health-care delivery system in terms of the organization, finances, and clinical aspects of medical practice (Birk 2016). For instance, ACA instituted the Accountable Care Organizations (ACOs), a health-care organization to coordinate care and control costs, since the present health-care system is fragmented, with patients seeing various types of physicians with little communication among the providers. Despite some observed benefits in ACOs, they are also found to encourage mergers and consolidations of insurance companies and health providers, which in turn increases market power and the consequent ability to raise prices for health-care services (Blackstone and Fuhr 2016).

Moreover, there is a trend that for-profit hospitals are becoming major health-care providers. Traditionally, both not-for-profit and for-profit organizations operated hospitals in a cooperative manner. Today, however, the number of nonprofit hospitals has rapidly diminished as corporate entities assume control to reap the clear financial benefits of for-profit hospitals. In 2005, nearly 67% of all US urban hospitals were nonprofit (Horwitz 2005), while 10 years later in 2015, this number dwindled to less than 50% (Birk 2016).

Meanwhile, institutional and large group practices have become increasingly attractive to young physicians, especially those who want to ease burdens of finance, regulation, and retirement benefits (Birk 2016). As a result of declining number of private practice, hospitals exert control over not only inpatient care but also over a significant portion of outpatient care. In that setting, hospitals have absorbed the physician-insurance link. The consolidation trend toward larger institutions controlled by business executives and geared toward generating profit making will continue to grow, resulting less competition and possibly increased health-care cost for patients (Bai and Anderson 2015; Birk 2016).

### Obesity Problem

Eventually, no matter which trend in health spending prevails, the nation would be better off if Americans were healthier and health resources were used more efficiently. However, data show that an increasing percentage of Americans is considered unhealthy due to their body weight and the associated health problems.

In 2012, 35.3% of population aged 15 years and over are obese in the USA, the highest among all OECD countries (OECD 2014). In contrast, the corresponding numbers for Canada, Germany, and Japan are 25.4, 14.7, and 3.6%. From the historical perspective, the obesity rate in the USA has seen significant increase from less than 15% in the 1970s to over 30% after 2000. A similar trend is observed in the childhood obesity rate.

Obesity causes severe health problems such as diabetes, heart disease, stroke, and arthritis, producing a significant economic impact on the US health-care system. Direct medical costs to diagnose and treat diseases related to obesity are estimated at around $147 billion a year in 2015 (CDC 2016). Since people with less education and lower socioeconomic status are more likely to be obese, publicly funded programs such as Medicare and Medicaid are paying half of direct medical costs for people with obesity (Finkelstein et al. 2009).

One major cause of obesity is lack of physical activities. Sedentary lifestyle such as reliance on cars to drive, few physical demands at work due to modern technology and convenience, sitting in front of TV and computers after work, and lack of physical education classes in schools are all reasons of inactivity resulting in obesity (NIH 2012).

Built environment and social environment in the USA don't support healthy lifestyle either. As people are living farther away from work places due to urban sprawl, people don't have time to exercise as much time is spent commuting by cars. In 1980, the average daily commute time was estimated at 21.7 min, and in 2013, the number increased to 25.8 min (PRB 2014). Longer

commutes are associated with less physical activity, lower cardiorespiratory fitness, higher rates of obesity, and elevated blood pressure (PRB 2014).

Lack of recreational space is another reason for inactive lifestyle. Many neighborhoods do not have safe sidewalks or neighborhood parks for exercise (Durand et al. 2011). For economically disadvantaged people in particular, as they may not be able to afford gym membership, limited free space for walking or exercising makes it hard for them to be physically active (NIH 2012).

Oversized food portions and lack of access to healthy food are blamed for the obesity epidemic as well. Americans are exposed to huge food portions. Some people don't live in neighborhoods with supermarkets that sell healthy foods, such as fresh fruits and vegetables. In some circumstances, some people just cannot afford healthy foods (NIH 2012).

Realizing the significance of the obesity problem, some health-care policies have been initiated to prevent obesity from spreading further. Under ACA, several states have expanded coverage in Medicaid and introduced co-payments that can be waived when beneficiaries comply with specific wellness targets (OECD 2014). However, to reverse the obesity epidemic, a more comprehensive and coordinated approach in policy change is required to transform communities into environment that supports and promotes healthy, active lifestyle choices for all.

## Conclusion

While all other industrialized countries adopted universal health-care system after World War II, the USA only started publically funded medical insurance programs in the 1960s but leaving a sizable population uncovered by any health insurance. The Affordable Care Act in the early twenty-first century aimed to provide more affordable health care to people who could not do so otherwise. However, after a few years of implementation, the act needs to further improve health-care service for all people in need and requires more effort in retaining commercial insurers in the government-run health insurance market. Furthermore, it needs to address some fundamental problems in the American health-care system, including rapidly increasing medical costs and the obesity epidemic. Overall, successful future health-care policies should take a more comprehensive approach to decrease health-care cost and improve the health condition of American people.

## Suggestions for Future Research

The Affordable Care Act is going to expire in 2020. If the medical cost keeps accelerating and the health-care exchanges keeps losing participating insurers, the ACA will face challenges to get renewed around the expiration time. Also, how about the large population of undocumented immigrants? How shall they be considered in the health-care market? Essentially, what are feasible public policies to promote more active lifestyle and make American healthier? These are all important and relevant research questions.

## Cross-References

► ACA Design: Rethinking Selznick
► Health Policy: Innovative

## References

Bai G, Anderson GF (2015) Extreme markup: the fifty US hospitals with the highest charge-to-cost ratios. Health Aff 34:6922–6928

Birk HS (2016) United States National Healthcare Policies 2015: an analysis with implications for the future of medicine. Cureus 8(1):e451

Blackstone EA, Fuhr JP Jr (2016) The economics of medicare accountable care organizations. Am Health Drug Benefits 9(1):11–19

CDC (Center for Disease Control) (2016) Adult obesity causes & consequences https://www.cdc.gov/obesity/adult/causes.html

Census (2009) Income, poverty, and health insurance coverage in the United States: 2008. https://www.census.gov/prod/2009pubs/p60-236.pdf

CMS (Centers for Medicare and Medicare Services) (2014) National Health Expenditures 2014 highlights. https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf

CMS (Centers for Medicare and Medicare Services) (2016) NHE Factsheet. Retrieved on July 12, 2016, from https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nhe-fact-sheet.html

Consumer Union (2013) Blue Cross and Blue Shield: a historical compilation. Retrieved from https://consumersunion.org/wp-content/uploads/2013/03/yourhealthdollar.org_blue-cross-history-compilation.pdf

Cutler DM, Everett W (2010) Thinking outside the pill-box – medication adherence as a priority for health care reform. N Engl J Med 362:1553–1555

Durand CP, Andalib M, Dunton GF, Wolch J, Pentz MA (2011) A systematic review of built environment factors related to physical activity and obesity risk: implications for smart growth urban planning. Int Assoc Stud Obes 12:e173–e182

Fernando DG (2015) How Obamacare will affect you: an editorial. Neurosurgery 62:81–91

Finkelstein EA, Trogdon JG, Cohen JW, Dietz W (2009) Annual medical spending attributable to obesity: payer and service specific estimates. Health Aff 28(5):w822–w831

French MT, Homer J, Gumus G, Hickling L (2016) Key provisions of the patient protection and affordable care act (ACA): a systematic review and presentation of early research findings. Health Serv Res 51(5): 1735–1771

Himmelstein DU, Jun M, Busse R et al (2014) A comparison of hospital administrative costs in eight nations: U.S. costs exceed all others by far. Health Aff 33(9): 1586–1594

Hoffman ED, Klees BS, Curtis CA (2000) Overview of the medicare and medicaid programs. Health Care Financ Rev 22(1):175–193

Horwitz JR (2005) Making profits and providing care: comparing nonprofit, for-profit, and government hospitals. Health Aff 24:790–801

Jacobs L, Skocpol T (2015) Health care reform and American politics: what everyone needs to know. Oxford University Press, Oxford

Kelley AS, McGarry K, Fahle S, Marshall SM, Du Q, Skinner JS (2013) Out-of-pocket spending in the last five years of life. J Gen Intern Med 28(2):304–309

Leonard K (2016) Aetna's exit from Obamacare constricts insurance choices. USnews, 16 Aug 2016

Luhby T (2016) Obamacare premiums to soure 22%. CNN Money, 24 Oct 2014

McClellan M, Rivlin A (2014) Improving health while reducing cost growth: what is possible? The future of U.S. Health Care spending conference, 11 Apr 2014

National Academy of Social Insurance (1999) Medicare and the American social contract, Washington, DC

NIH (2013) U.S. Health in international perspective: shorter lives, poorer health (2013) National Institutes of Health Committee on Population, Board on Population Health and Public Health Practice. Retrieved from http://www.nap.edu/read/13497/chapter/1#xviii

NIH (National Institute of Health) (2012) What causes overweight and obesity. http://www.nhlbi.nih.gov/health/health-topics/topics/obe/causes

OECD (2014) Obesity update. http://www.oecd.org/health/obesity-update.htm

OECD (2016) OECD reviews of health systems: a series of country reports. Retrieved from http://www.oecd.org/els/health-systems/reviews-health-systems.htm

Patel K, Rushefsky KE (2014) Healthcare politics and policies, 4th edn. M. E. Sharpe, New York

PNHP (Physicians For A National Health Program) (1999) A brief history: universal health care efforts in the US. Retrieved from http://www.pnhp.org/facts/a-brief-history-universal-health-care-efforts-in-the-us

PRB (Population Reference Bureau) (2014) In U.S., new data show longer, more sedentary commutes. http://www.prb.org/Publications/Articles/2014/us-commuting.aspx

Rosenthal E (2016) Sorry, we don't take Obamacare. New York Times, 15 May 2016

U.S. Department of Health and Human Services (2000) A profile of Medicaid. Retrieved from https://www.cms.gov/

Woolhandler S, Campbell T, Himmelstein DU (2003) Costs of health care administration in the United States and Canada. N Engl J Med 349:768–775

World Bank (2016). http://data.worldbank.org/indicator

WSJ (The Wall Street Journal) (2015) Why the U.S. pays more than other countries for drugs. http://www.wsj.com/articles/why-the-u-s-pays-more-than-other-countries-for-drugs-1448939481. 1 Dec 2015

# Heritage Assets

Natalia Aversano
Department of Mathematics, Computer Science and Economics, University of Basilicata, Potenza (PZ), Italy

## Synonyms

Artistic assets; Cultural assets; Historical assets

## Definition

In this notion fall the assets that have intrinsic historical, artistic, scientific, technological, geophysical, or environmental qualities (i.e., historic buildings, monuments, archeological sites, nature reserves, protected areas, and works of art).

## Introduction

In the international scene, there is no single definition of heritage assets. The word "heritage" is generically referred to as resulting "from the past," while with the word "asset" refers to goods, activities, or resources. In Italy heritage assets are translated as *beni di interesse storico – culturale*, but, in a wider meaning, this term could also encompass the faunistic heritage, flora, natural places, etc. In France it is called *patrimoine culturel*, in Germany *Kulturerbe*, and in Spain *Patrimonio Cultural*.

Heritage assets are resources with respect to which each country establish a regulatory system designed to protect them, as typical public goods. At the international level, UNESCO (United Nations Educational, Scientific and Cultural Organization) is the organization set up by the United Nations which has the task to identify, protect, and safeguard the cultural and natural heritage around the world in order to pass to the future generations the heritage of the past. The definition of heritage assets is to be found in the Convention concerning the Protection of the World Cultural and Natural Heritage, signed in Paris in 1972, which gives a separate definition to the cultural heritage and natural heritage: *Cultural heritage* is represented by *monuments*, *groups of buildings*, *or historical*, *esthetic*, *archeological*, *scientific*, *ethnological*, *or anthropological sites* (Art. 1); *natural heritage*, however, *can be defined considering their relevant physical*, *biological*, *and geological characteristics*, *as well as the habitat of endangered plant and animal species and areas of special scientific and esthetic value (Art. 2)*.

On the basis of this international treaty, UNESCO has recognized 1031 sites (802 cultural, 197 natural, and 32 mixed present in 161 countries around the world (www.unesco.org).

## The Characteristics of Heritage Assets

Heritage assets present some particular characteristics (Carnegie and Wolnizer 1995): (1) it's very difficult to identify a book value based on market prices that fully reflect their cultural, environmental, educational, or historical value; (2) there are legal or statutory restrictions that prohibit or limit the sale; (3) they are often irreplaceable, and their value may increase over time, even if their physical condition deteriorates; (4) it may be difficult to estimate their useful life, even if it may also be indefinite in some cases.

The most relevant characteristic of heritage assets is that they are held for "social purpose" with the possibility of handing down a particular richness to future generations. Moreover, the heritage assets give visibility to the country holding them, increasing the attractiveness of the country and culture tourism, which will certainly generate treasure for the nation.

Heritage assets primarily have a social, cultural, and historical value, and, for the community, their value is based on their ability to shape the identity, origin, and culture of a country.

Heritage assets are controlled and kept for an indefinite period of time by governments or other public or third sector bodies to make them available for current and future generations, and they must be preserved and maintained in a good state in such a way as to ensure a long and indefinite life (Barton 2005).

Public entities have to inform the community about the activities they carry out in managing heritage assets, in order to allow the collectivity to express an opinion on the choices politicians make on the matter. The information-related needs of those using governmental financial reporting tools are represented by the information concerning the features of heritage assets, the performance levels in managing them, as well as the costs connected with specific policies, maintenance, and conservation.

A core set of information needs common denominators to all categories of stakeholders, such as the following: the assessment of the efficiency and effectiveness of services provided, evaluation of social and environmental impacts of public policies implemented, the degree of fiscal pressure, as well as the degree of achievement of the objectives and of programs' implementation.

In addition to these information-related needs, the management of heritage assets requires

additional disclosures concerning their specific features.

The importance of heritage assets creates a heavy debate about their recognition in the balance sheet and creates the need of accounting rules for the recognition, valuation, and disclosure for these types of assets.

Regarding the *recognition* of heritage assets, there is some common ground in relation to the usefulness of including heritage assets on the balance sheet. A number of national and international accounting standard boards consider that bringing heritage assets on the balance sheet would improve the quality of the information reported (Micallef and Peirson 1997).

The inclusion of heritage assets in the balance sheet could provide the opportunity for governments that hold them to obtain useful information about their nature and potential, in order to facilitate the achievement of objectives for decision-making and performance measurement (Barton 2005), whether this is for narrow economic purposes or for the wider social good.

The inclusion of heritage assets in the balance sheet points out the need to determine a book value that emphasizes the importance of their artistic, historical, and cultural features (Barton 2000). One issue in allocating a monetary value to these assets is that it focuses attention on market value, i.e., an exit value, rather than emphasizing their importance in artistic, historical, and cultural terms (Carnegie and Wolnizer 1995).

In terms of different methods of valuation for heritage assets, "fair value" is not generally a reliable measure. It is also costly and difficult to carry out. Where a market exists, an appropriate value for some heritage assets can be determined by considering their market price (e.g., a picture). Other valuation techniques such as replacement cost, reproduction cost, net present value, and deprival value are also difficult to carry out because they assume the existence of a ready market (Barton 2000).

Therefore, in many cases, "commercial valuations cannot serve as a reliable proxy for social valuation." The "reproduction cost" often is unknown and almost certainly irrelevant. The possibility of reconstructing the value of the asset may not lead to a reliable estimate of its original value (Barton 2000).

When no market exists, the traditional approach would be to use historical cost, as usually this is an objective way to measure asset value. However, in the case of heritage assets, unless they have been purchased recently, using historical cost may be devoid of meaning as even if it is possible to find such purchase cost, many of these assets are very old (Carnegie and Wolnizer 1995).

The historical cost could be representative of the value of a picture, of a collection, or a historical asset for the first recognition, but it cannot be representative of the current value because, due to their characteristics, the value of the heritage assets increases in the course of time. This implies the impossibility of finding a satisfactory evaluation method to be used for these goods that meet the objectives of financial reporting (Carnegie and Wolnizer 1995), although many methods of valuation that meet other purposes, e.g., insurance, agreed value, open market valuation, private treaty, are available.

The problems connected with the evaluation and recognition of heritage assets highlight the need to increase the relevant *disclosure requirements*. The information system for heritage assets should provide for the presence of more descriptive information, i.e., nonfinancial information relating to the objectives of entities holding the assets, the nature and features of the heritage assets owned, their physical condition, as well as the performance indicators (e.g., the number of visitors) (Stanton and Stanton 1997).

Nonfinancial and qualitative key performance measurements have an important role because they can be used by the users for assessing if the activities are carried out in an effective and efficient way.

## Accounting Practices in the International Scenario

Heritage assets are by a long time the subject of attention of authoritative standard setters in the international panorama. The IPSASB (International Public Sector Accounting Standard Board) addressed to the heritage assets two IPSASs (International Public Sector Accounting

Standards): the IPSAS n. 17 "Property plant and equipment" (2001) and IPSAS n. 31 "Intangible assets" (2010).

Two other important documents made their presence felt in the international scenario. They are the FRS (Financial Reporting Standard) n. 30 "Heritage Assets" issued in 2009 by the ASB (Accounting Standards Board) and the SFFAS (Statements of Federal Financial Accounting Standards) n. 29 "Heritage Assets and Land Stewardship," released in that same year by the FASAB (Federal Accounting Standards Advisory Board). These documents have the United Kingdom and the USA, respectively, as their context of reference.

## IPSAS n. 17 "Property Plant and Equipment"

The IPSAS document n. 17, issued in December 2001 and titled "Property plant and equipment," addresses the broad category of tangible assets. Within this category, the attention given to heritage assets is severely limited (paragraphs 9–12). This standard provides for a general definition, recalling a few examples and highlighting some distinctive features. Heritage assets are defined as activities possessing a particular cultural, environmental, or historical importance (IPSAS 17, paragraph 10) such as historical building, collections, monuments, archeological sites, and the like. The standard mentioned above does not require or prohibit their recognition (as seen in the aforementioned paragraphs 9–11) and allows (but does not require) the application of the regulations provided for tangible assets (paragraph 9). However, should a government decide to disclose heritage assets in its balance sheet, a number of disclosure requirements (paragraphs 88 to 94) are prescribed by IPSAS 17 and should be complied with (e.g., the measurement basis and the depreciation method used, as well as the gross-carrying amount). Concerning the first recognition, par. 26 refers to the costs incurred, which are assumed to be coincident with the fair value at the acquisition date (paragraph 37). In the cases of a donation, these assets must be estimated at fair value on the acquisition date (paragraph 27). Value measurements after the recognition may occur following two alternative criteria: either their historical cost (following the cost model) or their fair value (according to the revaluation model) recognized at the balance sheet date (paragraph 42). Depreciation and impairment losses must be taken into account in both cases. Finally, the choice of the evaluation criterion must also consider the potential services the heritage assets are able to provide, as it is, for example, the case of historic buildings also used as offices (paragraph 11).

Existing disclosure requirements imply that if alternative approaches to those given in that standard are applied to the valuation of inalienable and historic assets, then adequate disclosures should be provided by the different treatment, in relation to the age, scale, and nature of the assets held. IPSAS 17 divides disclosure requirement in:

- Existing information that the public entity should provide for each class of fixed assets (e.g., the measurement bases used for determining the gross-carrying amount; the depreciation methods used; the useful lives or the depreciation rates used)
- Information that the public entity should provide a presence of tangible fixed assets carried at revalued amounts (i.e., fair value) (e.g., the effective date of the revaluation; whether an independent valuer was involved; the methods and significant assumptions applied in estimating the assets' fair values)
- Additional information that the public entity should provide for a greater transparency and comprehensiveness (e.g., the existence and amounts of restrictions on title; the amount of expenditures recognized in the carrying amount of an asset in the course of its construction; the amount of contractual commitments for the acquisition of asset)

## The Consultation Paper "Accounting for Heritage Assets Under the Accrual Basis of Accounting"

The IPSASB has issued in 2006 a Consultation Paper (CP) entitled "Accounting for Heritage

Assets Under the Accrual Basis of Accounting." The document is largely predicated on the Discussion Paper (DP) "Heritage Assets: can accounting do better?" issued in the 2006 by the British standard setter; the CP was created with the goal of starting a debate that could culminate with the issue of a new standard, specific for heritage assets (or at least with a substantial revision of the contents of IPSAS 17). Its structure, therefore, essentially revolves around the contents of the DP of the ASB.

Regarding the recognition of heritage assets in the financial statements of public companies, the DP proposes three different methods (par. 3.1): mixed capitalization approach, full capitalization approach, and non-capitalization approach. Through their comparison, the ASB proposes to identify the one that is able to provide significant and useful information.

According to the mixed capitalization approach, in accordance with FRS 15, all material assets are recorded in the accounts on condition that there is an appropriate ratio "cost-benefit information to search for a value" (para. 3.2). Otherwise, the detection can be avoided. The evaluation of the cost-benefit ratio is done by the public entity, which will have to take decisions unambiguous in time and space.

The second methodology, the full capitalization approach, requires that all heritage assets have been registered in the balance sheet (par. 3.7) to a value that can be historical cost, the current value, or, in the cases allowed by individual national contexts, a figurative value (par. 3.8). In this way is reached the homogeneity of representation in the balance sheet of all heritage assets, even though there are possible inconsistencies between valuation methods.

Finally, the last methodology, non-capitalization approach, moves from the consideration that the heritage asset should not be recognized in the balance sheet, even in cases where they have been the object of recent transactions (par. 3.9). This will avoid the search for a value and ensures the adoption of an accounting policy unitary. In any case, it becomes necessary to identify an accounting treatment for acquisitions and disposals occurred in the current period. The choice is between a consideration of them as expenses to be included in income and expenditure account or a representation of them separately. The document encourages the use of this last solution.

Finally, paragraphs 5.6 and the following require the entities to provide some additional information, independently of the accounting method used (capitalization approach or non-capitalization approach). The information are represented by the accounting treatment adopted (in the case of use of non-capitalization approach, entities should indicate the reasons that prevented the capitalization), the origin of the resources used for the acquisition of these assets (distinguishing between transfers from the State, cash donations, donations of goods), the value assigned to sets of similar assets evaluated as a unit (collections), the transactions involving individual assets that belong to the set (i.e., new acquisitions), etc.

## IPSAS 31 "Intangible Assets"

The IPSAS No. 31 "Intangible Assets," issued in 2010, concerns the accounting treatment of intangible assets. Within the broad category of intangible assets, this standard dedicates its paragraphs 11–15 to intangible heritage assets, providing a fleeting definition thereof, some illustrative examples, and a reference to the rules provided by the standard setters for the evaluation and disclosure of tangible goods. Some intangible assets are considered to be a heritage because of their cultural, artistic, and historical relevance; for example, references are made to "records of significant historical events and rights to use the image of a public figure out, for example, stamps or coin collections public" (paragraph 12). Concerning the recognition of this specific category of assets, the standard does not require it (IPSAS 31, paragraph 11). However, if the heritage assets have been recognized, the same evaluation criteria provided for all other intangible assets should be applied. With regard to disclosure, the IPSAS No. 31 (paragraph 15) requires that the following information should be provided: evaluation

criteria used, the depreciation method used, if available, etc. With regard to the evaluation criteria, IPSAS 31 points out that it should revolve around the cost or fair value (IPSAS 31, paragraphs 31); this standard reiterates the choice between cost and fair value for the subsequent measurements as well (IPSAS 38, paragraph 71).

## FRS 30 "Heritage Assets"

The FRS 30 was issued by the ASB in 2009 and was applied to those accounting periods beginning from April 1, 2010 onwards. This principle subordinates the recognition of heritage assets in balance sheets to the availability of reliable information on their costs or values. If these information are available, heritage assets should be recognized separately from all other tangible assets (paragraph 19). In the absence of such information, heritage assets should not to be included in balance sheets (paragraph 20), but they should be an object of the disclosure, according to the directions set by paragraphs 6–15. Concerning book value, this principle extends the evaluation criteria provided by FRS 15 for tangible assets to heritage assets as well. In particular, it requires the use of appropriate and relevant criteria; if the current value has been used, carrying out a periodic review of these values is also required, in order to warrant the representation of "up to date" values. Paragraphs 6–15 set out the disclosure requirements to be provided for all heritage assets, be they recognized or unrecognized in balance sheets; further information should be provided for those assets not recognized, in order to compensate for the absence of relevant financial data.

Examples of disclosure requirements are nature and types of heritage assets owned; acquisition policies, conservation, management, and disposal; accounting policies and valuation criteria used; the reasons for non-recognition (for the assets not recognized), with reference to donations not evaluated; the reasons for which it is not possible to obtain a valuation of the assets donated; etc..

## SFFAS 29 "Heritage Assets and Stewardship Land"

The FASAB issued the SFFAS 29 standard in July 2005. This principle distinguishes heritage assets from stewardship land. This distinction is not only reflected in the relevant definitions but in the recognition criteria and disclosure requirements as well.

*Heritage assets* are (1) assets collectibles, such as museum collections, art collections, and library collections, and (2) noncollectible heritage assets, such as parks, monuments, and buildings (par. 15).

In addition to their intrinsic cultural function, some heritage assets are used for operational functions as well. An example thereof is given by those heritage assets used as office locations (the so-called multiuse heritage assets, described in paragraph 18 of this standard).

Concerning their evaluation and recognition criteria, those specified in paragraphs 19–21 are applied to heritage assets, while the criteria contained in paragraphs 22–24 apply to multiuse heritage assets. Regarding the recognition and evaluation of heritage assets, the SFASS 29 standard merely requires to insert the cost of their acquisition, improvement, reconstruction, or renovation in balance sheets, without any reference to their fair value. In the case of a donation, no value should be recognized.

In the case of donation, no value should be recognized; in support of this assertion, it carried out a reference to the paragraphs 258–259 of SFFAS 7, "Accounting for Revenue and Other Financing Sources," in which, in fact, it is stated that the assets are recognized only if they have been the object of acquisition and not when received in donation.

For multiuse heritage assets, the cost of their acquisition, improvement, reconstruction, or renovation must be capitalized and subsequently depreciated considering their estimated useful life. The goods received through donations must be recognized at fair value, to be determined at the date of receipt of the asset.

Finally, concerning disclosure, the SFFAS No. 29 standard prescribes that the entities

owning heritage assets and multiuse heritage assets have to provide information in their notes concerning the purposes of the entity, the policies connected with the specific heritage assets, the physical condition of the assets, and the like.

The concept of *stewardship land* is related to those tracts of land owned by the US federal government, such as forests, parks, and land used for wildlife and grazing. Should this land be purchased to build a property, a plant, or for any kind of equipment, it has to be accounted for in compliance with the specific rules defined for these categories of assets; on the contrary, should these connections be absent, the land stewardships should be acknowledged within the total cost incurred for land acquisition and preparation for its destined use.

Also, for the stewardship land received in donation, with reference to the paragraphs 258–259 of SFFAS 7, no value should be recognized. At the end of the day, disclosure is made up of the following information (as detailed in paragraphs 40–41): the purpose of the entity; the policies provided for the acquisition, maintenance, the use and disposal of the concerned land stewardship; as well as the main acquisition methods used for the stewardship land owned.

## Conclusion

Among the responsibilities that typically are handled by the government is the protection and enhancement of heritage assets.

Heritage assets are particular goods, which require the preparation of accounting rules ad hoc (Barton 2000). Information tools implemented in relation to those elements of capital are insufficient to reflect their specificity. Furthermore, even academics and accounting and legislative bodies do not seem to devote to heritage assets the attention they deserve in relation to their concrete.

In particular, about the information to be produced in the governmental financial reporting, often there are regulations that simply transpose concepts and methods from the private sector to the assets of the public sector, without considering most of the specific characteristics of heritage assets (Stanton and Stanton 1997). Particularly with reference to the evaluation aspects, there are found rules and behaviors that do not fit with the features of uniqueness and non-repeatability, typically of heritage assets.

There was an effort specifically addressed to resolve the account problems of the heritage assets, but, after an initial enthusiasm, the process has been halted and no action was carried out.

In any case, it is strongly increased the role of the supplementary disclosure that tends to become substitute of accounting information in the strictest sense. Some progress in the measurement of the economic values of heritage assets could be found in the use of new tools such as the contingent valuation method, the travel cost method, and the cost-benefit analysis.

## Cross-References


- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Financial Statements
- ▶ Harmonization
- ▶ International Public Sector Accounting Standards (IPSAS)


## References


Barton AD (2000) Accounting for public heritage facilities – assets or liabilities of the government? Account Audit Account J 13(2):219–235

Barton AD (2005) The conceptual arguments concerning accounting for public heritage assets: a note. Account Audit Account J 18(3):434–440

Carnegie GD, Wolnizer PW (1995) The financial value of cultural, heritage and scientific collections: an accounting fiction. Aust Account Rev 5(1):31–47

Micallef F, Peirson G (1997) Financial reporting of cultural, heritage and scientific and community collections. Aust Account Rev 7(1):31–37

Stanton PJ, Stanton PA (1997) Governmental accounting for heritage assets; economic, social implications. Int J Soc Econ 24(7/8/9):988–1006

# Heroic Leaders

Scott T. Allison, Kara E. Cromwell and Smaragda P. Spyrou
Department of Psychology, University of Richmond, Richmond, VA, USA

## Synonyms

Ethical leaders; Personal transformation; Servant leaders; Transforming leaders

## Definition

Heroic leadership is the zenith of leadership, founded on the principles of heroism science.

## Introduction

Heroic leadership is the zenith of leadership, founded on the principles of heroism science (Allison et al. 2017). A hero is defined as an individual who (a) voluntarily takes actions that are deemed to be exceptionally good or that are directed toward serving a noble principle, (b) makes a significant sacrifice, and (c) takes a great risk. Franco et al. (2011) offer this definition: "Heroism is the willingness to sacrifice or take risks on behalf of others or in defense of a moral cause" (p. 13). Allison and Goethals (2011) define heroism as "doing the right thing at a critical moment," with the right thing involving a combination of great morality and great competence (p. 9). Heroes do the right thing and do what they must do, regardless of authority, tradition, and consequence (Allison and Goethals 2017). Merriam-Webster's definition of hero also adds that a hero draws admiration from others, a recognition aspect of heroism that most scholars do not include in their definitions.

## The Heroic Leader's Life Journey

Campbell (1949) described the classic hero's journey as follows: "A hero ventures forth from the world of common day into a region of supernatural wonder: fabulous forces are there encountered and a decisive victory is won: the hero comes back from this mysterious adventure with the power to bestow boons on his fellow man" (p. 30). Hero tales from antiquity to modern times follow the same clear and predictable pattern. The hero is an ordinary person who is summoned on a journey away from her or his safe, familiar world to a new and special world fraught with danger. At the outset of the journey, the hero is missing an important quality, usually self-confidence, humility, or a sense of her true purpose in life. The hero journey is always a voyage toward self-realization and transformation (Allison and Goethals 2014; Allison and Smith 2015). Receiving assistance from enchanted and unlikely sources, the hero develops remarkable cunning, courage, and resourcefulness to triumph. Once successful, the hero returns to her original familiar world ready to bestow a boon to society. In all, the hero's journey describes a transformative process that turns ordinary people into heroic leaders.

## The Role of Transformation

The hero transformation occupies a central place in the heroic leader's journey, and it serves five purposes. First, hero transformations foster developmental growth. The hero's journey is seen as a metaphor for successful passage through the various stages of life from birth to death. Early human societies recognized the value of initiation rituals in promoting the transition from childhood to adulthood (Allison 2015). Campbell (1988) lamented the failure of postmodern society to recognize the psychological importance of rites and rituals. Coming-of-age stories are common in mythic hero tales about children confronting new worlds, fraught with danger, that must be conquered for entry into later developmental

stages. The second purpose of hero transformations resides in their ability to promote healing. The simple act of sharing stories about hero transformations can instill hope, foster self-awareness, relieve stress, and cultivate a sense of meaning. The third purpose of hero transformations resides in their ability to deepen spiritual and cosmic understanding. Campbell (1988) observed that the hero's transformation involves learning "to experience the supernormal range of human spiritual life" (p. 152). Hero myths, he said, "bring us into a level of consciousness that is spiritual" (p. 19).

The fourth purpose of hero transformations lies in their capacity to cultivate social unity. Campbell (1972) argued that hero transformations "drop or lift [heroes] out of themselves, so that their conduct is not their own but of the species, the society" (p. 57). The transformed individual has moved "from the lesser, secondary knowledge of himself as separate from others" to "the greater, truer truth, that we are all one in the ground of our being" (p. 151). Transformed heroic leaders are "selfless, boundless, without ego." No longer isolated from the world, transformed individuals enjoy a feeling of union with others. In describing the hero's journey, Campbell (1949) wrote, "where we had thought to be alone, we shall be with all the world" (p. 25).

The fifth purpose of hero transformations is they advance society. The culmination of the hero's journey is the hero's boon, or gift, to society. This gift is what separates the hero's journey from merely a test of personal survival. For the voyage to be heroic, the protagonist in myth must use her newly acquired insights and gifts to better the world. The heroic boon to society follows the successful completion of the individual quest, making the social boon dependent on the hero's personal transformation needed for the personal quest to succeed. Hero mythology, according to Campbell (1972), is designed to teach us that society is not a "perfectly static organization" but represents a "movement of the species forward" (p. 48). During the process of experiencing personal transformation, the hero obtains the "elixir" that empowers and enables her to help guide others on their personal transformative journeys. This idea is consistent with contemporary theories of leadership that focus on the role of enlightened leaders to transform their followers, elevating them toward greater levels of motivation and morality (Burns 1978).

## Transformational Patterns

There are three patterns that characterize the transformations undergone by heroic leaders. First, there is a shift in mind-set from egocentricity to sociocentricity (Allison and Goethals 2017). According to Campbell (1988), "when we quit thinking primarily about ourselves and our own self-preservation, we undergo a truly heroic transformation of consciousness" (p. 155). Campbell believed that one of the central functions of hero mythology is to connect the hero with the greater social world. In most hero narratives, the hero begins the journey as a disconnected, self-centered, prideful individual whose sole priority is establishing identity, career, and material goods. The primary goal of the heroic leader's journey is to awaken the hero to the larger, deeper task of thinking beyond herself, to developing communion with everyone and with everything. In short, the heroic life is one that nurtures a compassionate unification with all of humanity.

The second pattern of heroic transformation describes heroic leaders as undergoing a form of social growth that can be described as a shift from dependency to autonomy (Allison and Goethals 2017). Campbell (1988) believed that western cultures promote dependency by emphasizing a preoccupation with safety, security, socioeconomic well-being, and entertainment. The untransformed person's behavior and identity are steeped in consumerism, materialism, competition, violence, and nationalism. This emphasis on the lower-level needs in Maslow's (1943) hierarchy stunts people's transformative growth. A person's willingness to deviate from the dominant cultural pattern is essential for heroic transformation. Heroes do the right thing and do what they must do, regardless of authority, tradition, and consequence. Maslow called this characteristic autonomy. "There are the 'strong' people," wrote Maslow, "who can easily weather

disagreement or opposition, who can swim against the stream of public opinion and who can stand up for the truth at great personal cost" (p. 379). Fulfillment of the lower needs in the pyramid is essential for autonomy to develop in individuals. The world's greatest heroic leaders have been fearless in their autonomy. Jesus of Nazareth was a revolutionary who defied the conventions of his culture. Other similar examples are Martin Luther King, Jr., Joan of Arc, Malcolm X, Harvey Milk, and Mahatma Gandhi.

The third heroic transformation is the change from stagnation to growth (Allison and Goethals 2017). One can be sociocentric and autonomous but not necessarily growing toward realizing one's full potential. The hero must leave home and venture on the journey to obliterate a status quo that is no longer working. The pre-transformed hero resists change, and severe setbacks and considerable suffering may be her only impetus to grow. Without a prod, she will remain comfortable in her stagnation, oblivious to the idea that anything needs changing. For this reason, many spiritual traditions call the hero's journey an awakening to one's true calling in life, also described as the death of the false self and the birth of the true self. Campbell (1988) described the process as "killing the infantile ego and bringing forth an adult" (p. 168).

## The Heroic Leader as Mentor

A pivotal social event during the hero's journey is the arrival of the mentor figure. In classic myth, the mentor is often a magical outsider, an elder, an exotic person, or a creature whom one would least expect to possess the wisdom needed for the hero to succeed. The majority of people who are asked to name their heroes mention a mentor or coach who had a transformative effect on them (Allison and Goethals 2011). As legendary football coach Tom Landry observed, a mentor is someone "who tells you what you don't want to hear, who has you see what you don't want to see, so you can be who you have always known you could be" (Farcht 2007, p. 294). Famous mentors in hero tales include Merlin the Magician giving King Arthur the knowledge to rule England, Yoda helping Luke Skywalker defeat Darth Vader, and Mr. Miyagi training the Karate Kid. Good mentors equip the hero with what she/he needs, but there can also be dark mentors who steer the hero down a dark path of self-destruction (Allison and Smith 2015). Examples of dark mentors include the serpent in Genesis 3:4, Sauron in *The Lord of the Rings*, Terence Fletcher in *Whiplash*, and Tyler Durden in *The Fight Club*.

## Temporal Sequencing of Mentoring

The temporal sequencing of mentorship is an important element of the hero's journey. Mentors help heroes become transformed, and later, having succeeded on their journeys, these transformed heroes then assume the role of mentor for others who are at earlier stages of their quests. In short, "transformed people transform people" (Rohr 2014, p. 263). Mentors can have a transformative effect with their words of advice, with their actions, or both. Words can fall on deaf ears, but one's actions, attitudes, and lifestyle can leave a lasting imprint. St. Francis of Assisi conveyed it this way: "You must preach the Gospel at all times, and when necessary use words" (p. 263).

The hero's journey prepares people for leadership and mentoring roles by offering a transformative experience that can be shared later with others. Burns (1978) argued that transforming leaders make an effort to satisfy followers' lower needs (e.g., survival and safety), thereby elevating them for the important work that everyone must do together to produce significant higher-level changes. Leaders create a "new cadre of leaders" (p. 20). This conception is consistent with Campbell's ideas about the role of mentorship during the hero's journey, with the mentor elevating the hero, thereby preparing her to become a mentor later. Burns' framework also makes explicit a notion that is largely implicit in Maslow's (1943) model, namely, that the self-actualized person has become an elder, a mentor figure, and a moral actor who wields transformative influence over others.

Other theories also point to the transformative effect of mentoring and leadership. Hollander (1995) has proposed a two-way influence

relationship between a leader and followers aimed primarily at attaining mutual goals. Hollander defined leadership as "a shared experience, a voyage through time" with the leader in partnership with followers to pursue common interests. For Hollander, "a major component of the leader–follower relationship is the leader's perception of his or her self relative to followers, and how they in turn perceive the leader" (p. 55). Tyler and Lind (1992) have shown that these perceptions are critically important in cementing good follower loyalty. Followers will perceive a leader as a "legitimate" authority when she adheres to basic principles of procedural justice. Leaders who show fairness, respect, and concern for the needs of followers are able to build followers' self-esteem, a pivotal step in Maslow's (1943) pyramid, thereby fostering followers' transformative movement toward meeting higher-level needs.

Mentors and leaders can also use their charisma to exert a transformative effect on their followers. Goethals and Allison (2014) reviewed the transforming leadership of three heroic leaders from the twentieth century whom they dubbed the three kings of heroic leadership: Muhammad Ali, Elvis Presley, and Martin Luther King, Jr. These kings radiated powerful charisma that transformed their followers. All three kings had exceptional personas. The three also made an emotional connection with their audiences, and all three related and embodied compelling stories. Moreover, the three kings enacted theatrical leadership that gave people what they wanted and needed. Two of them, King and Ali, used words, delivered in riveting styles, often touching on religious themes, to influence their followers' thoughts, feelings, and behavior. The three kings used their charisma to transform others, through both their words and their example.

## Transforming Others

Burns (1978) proposed that leaders and followers raise each others' motivation and morality, and he suggested mechanisms that are backed by recent research. Heroic leaders lead by example, demonstrating high degrees of competence and morality to followers (Allison and Goethals 2011, 2013). Heroic leaders are moral exemplars who evoke a unique emotional response which Jonathan Haidt and his colleagues have called elevation (Haidt 2003). Haidt borrowed the term "elevation" from Thomas Jefferson, who used the phrase moral elevation to describe the euphoric feeling one gets when reading great literature. When people experience elevation, they feel a mix of awe, reverence, and admiration for a morally beautiful act. The emotion is described as similar to calmness, warmth, and love. Haidt argues that elevation is "elicited by acts of virtue or moral beauty; it causes warm, open feelings in the chest." Most importantly, the feeling of elevation has a concomitant behavioral component: A desire to become a better person. Elevation motivates people to behave more virtuously themselves. A form of moral self-efficacy, elevation transforms people into believing they are capable of engaging in significant prosocial action. Abundant research evidence supports this idea (Allison et al. 2017; Csikszentmihalyi et al. 2017).

The importance of leaders and leadership in cultivating a heroic motive in followers is highlighted by Howard Gardner (1995). Gardner proposed that leaders influence significant numbers of their fellow human beings through their words and example and that they do so through stories that they both relate and embody. Furthermore, the most powerful stories are stories about identity, about the leader's identity and followers' personal identities and the identity of their group. The story concept underlines the fact that leaders frequently offer a dynamic perspective about where a group has come from, where it is going, and what obstacles it has faced and is facing. Leaders and followers are central and heroic figures in these dramatic narratives. Gardner's examples include Robert Oppenheimer who successfully led the Manhattan Project to completion by relating, through what he said and what he did, a story of dedicated scientists pushing back the frontiers of knowledge to build a weapon that would win the war against despotism but also, perhaps, make future wars unthinkable. That story was important in mobilizing thousands of

young scientists toward the common goal of creating the atomic bomb. Another example is Pope John XXIII, who reached back to the early teachings of Jesus to relate a story about a caring, nonhierarchical, inclusive church that concerned itself with uplifting the human condition.

## Conclusion

The world's most revered leaders have traveled the hero's journey of personal transformation and, in turn, have used their gifts to transform others (Allison and Goethals 2017; Rohr 2011). Martin Luther King, Jr., came from humble origins to organize the American civil rights movement. He transformed himself and then heroically transformed others, as evinced in his famous quote: "Life's most persistent and urgent question is: what are you doing for others?" (King 2001, p. 3). The hero's journey also characterizes the lives of indirect leaders such as Helen Keller. Born with illness that left her without sight or hearing, Keller overcame her severe disability to achieve a life of extraordinary philanthropy and humanitarianism. She said, "I long to accomplish a great and noble task, but it is my chief duty to accomplish humble tasks as though they were great and noble" (Wallis 1983, p. 240). Keller's personal transformation played a role in transforming the world.

The heroic leader's journey is the human journey, replete with struggle, growth, learning, transformation, and an ascendency from followership to heroic leadership (Goethals and Allison 2016). Those who dare to transform, or who are compelled to do so by circumstance, grow into fully developed human beings ready, willing, and able to transform others (Rohr 2011). The transformed hero represents the pinnacle of human maturity, the state of well-being that allows people to flourish (Seligman 2011) and experience eudaimonia (Franco et al. 2016). For Buddhists, the highest state of enlightenment is nirvana, a state of bliss when one is reborn into a new life and free from all suffering. For Hindus, this ultimate state of bliss is ananda, and for Muslims it is taqwa. Peterson and Seligman (2004) identified six universal human character virtues: wisdom, courage, humanity, justice, temperance, and transcendence. The six virtues closely match Campbell's (1949) description of the transformed heroic leader. As a result of their journeys, heroic leaders acquire wisdom about themselves and the world; they develop the courage to face their inner dragons, they are in union with all of humanity, they pursue justice even at a cost to themselves, they are humbled and tempered, and they use their acquired gifts to unify the world.

## Cross-References

► Ethical Leaders
► Servant Leadership

H

## References

Allison ST (2015) The initiation of heroism science. Heroism Sci 1:1–8
Allison ST, Goethals GR (2011) Heroes: what they do and why we need them. Oxford University Press, New York
Allison ST, Goethals GR (2013) Heroic leadership: an influence taxonomy of 100 exceptional individuals. Routledge, New York
Allison ST, Goethals GR (2014) "Now he belongs to the ages": the heroic leadership dynamic and deep narratives of greatness. In: Goethals GR et al (eds) Conceptions of leadership: enduring ideas and emerging insights. Palgrave Macmillan, New York. https://doi.org/10.1057/9781137472038.0011
Allison ST, Goethals GR (2017) The hero's transformation. In: Allison ST, Goethals GR, Kramer RM (eds) Handbook of heroism and heroic leadership. Routledge, New York
Allison ST, Smith G (2015) Reel heroes and villains. Agile Writer Press, Richmond
Allison ST, Goethals GR, Kramer RM (eds) (2017) Handbook of heroism and heroic leadership. Routledge, New York
Burns JM (1978) Leadership. Harper & Row, New York
Campbell J (1949) The hero with a thousand faces. New World Library, New York
Campbell J (1972) Myths to live by. Viking, New York
Campbell J (1988) The power of myth. Anchor Books, New York
Csikszentmihalyi M, Condren M, Lebuda I (2017) Deviant heroes and social heroism in everyday life: activists and artists. In: Allison S, Goethals G, Kramer R (eds) Handbook of heroism and heroic leadership. Routledge, New York

Farcht J (2007) Building personal leadership. Morgan James Publishing, Hampton
Franco ZE, Blau K, Zimbardo PG (2011) Heroism: a conceptual analysis and differentiation between heroic action and altruism. Rev Gen Psychol 15(2):99–113
Franco Z, Efthimiou O, Zimbardo PG (2016) Heroism and eudaimonia: sublime actualization through the embodiment of virtue. In: Vittersø J (ed) Handbook of eudaimonic wellbeing. Springer, New York
Gardner HE (1995) Leading minds: an anatomy of leadership. Basic Books, New York
Goethals GR, Allison ST (2014) Kings and charisma, Lincoln and leadership: an evolutionary perspective. In: Goethals GR et al (eds) Conceptions of leadership: enduring ideas and emerging insights. Palgrave Macmillan, New York. https://doi.org/10.1057/9781137472038
Goethals GR, Allison ST (2016) Transforming motives and mentors: the heroic leadership of James MacGregor Burns. In: Goethals GR (ed) Politics, ethics and change: the legacy of James MacGregor Burns. Edward Elgar Publishing, Northampton, pp 59–73. https://doi.org/10.4337/9781785368936.00012
Haidt J (2003) Elevation and the positive psychology of morality. In: Keyes CLM, Haidt J (eds) Flourishing: positive psychology and the life well-lived. American Psychological Association, Washington, DC, pp 275–289
Hollander EP (1995) Ethical challenges in the leader–follower relationship. Bus Ethics Q 5:55–65
King CS (2001) The words of Martin Luther King, Jr. William Morrow Publishers, New York
Maslow A (1943) A theory of human motivation. Psychol Rev 50:370–396
Peterson C, Seligman MEP (2004) Character strengths and virtues. American Psychological Association, Washington, DC
Rohr R (2011) Falling upward. Jossey-Bass, Hoboken
Rohr R (2014) Eager to love. Franciscan Media, Cincinnati
Seligman MEP (2011) Flourish. Atria Books, New York
Tyler J, Lind J (1992) A relational model of authority in groups. Adv Exp Soc Psychol 25:115–191
Wallis CL (1983) The treasure chest. HarperCollins, New York

# Heroic Leadership

Scott T. Allison
Department of Psychology, University of Richmond, Richmond, VA, USA

## Synonyms

Consummate leadership; Heroism; Leadership

## Definition

Heroic leadership is the pinnacle of leadership, conducted by a transformed and enlightened leader who seeks to transform and enlighten others.

## Introduction

Heroic leadership is the pinnacle of leadership, founded on the principles of heroism. A hero is defined as an individual who (a) voluntarily takes actions that are deemed to be exceptionally good, or that are directed toward serving a noble principle or the greater good; (b) makes a significant sacrifice, and (c) takes a great risk. Franco et al. (2011) offer this definition: "Heroism is the willingness to sacrifice or take risks on behalf of others or in defense of a moral cause" (p. 13). Allison and Goethals (2011) define heroism as "doing the right thing at a critical moment," with the right thing involving a combination of great morality and competence (p. 9). Merriam-Webster's definition of hero also adds that a hero attracts admiration from others, a *recognition* aspect of heroism that most scholars do not include in their definitions.

## The Journey of the Heroic Leader

Campbell (1949) described the classic hero's journey in this way: "A hero ventures forth from the world of common day into a region of supernatural wonder: fabulous forces are there encountered and a decisive victory is won: the hero comes back from this mysterious adventure with the power to bestow boons on his fellow man" (p. 30). Hero tales from antiquity to modern times follow the same clear and predictable pattern. The hero is an ordinary person who is summoned on a journey away from her safe, familiar world to a new and special world fraught with danger. At the outset of the journey, the hero is missing an important quality, usually self-confidence, humility, or a sense of her true purpose in life. The hero journey is always a voyage toward self-realization and

transformation (Allison and Goethals 2014; Allison and Smith 2015). Receiving assistance from enchanted and unlikely sources, the hero develops remarkable cunning, courage, and resourcefulness to triumph. Once successful, the hero returns to her original familiar world ready to bestow a boon to the entire community. In all, the hero's journey describes a transformative process that turns ordinary people into heroic leaders.

### The Role of Transformation

The hero transformation occupies a central place in the heroic leader's journey, and it serves five purposes. First, hero transformations foster developmental growth. The hero's journey is seen as a metaphor for successful passage through the various stages of life from birth to death. Early human societies recognized the value of initiation rituals in promoting the transition from childhood to adulthood (Allison 2015). Campbell (1988) lamented the failure of postmodern society to recognize the psychological importance of rites and rituals. Coming-of-age stories are common in mythic hero tales about children confronting new worlds, fraught with danger, that must be conquered for entry into later developmental stages. A second purpose of hero transformations resides in their ability to promote healing. The simple act of sharing stories about hero transformations can instill hope, foster self-awareness, relieve stress, and cultivate a sense of meaning. A third purpose of hero transformations is they deepen spiritual and cosmic understanding. Campbell (1988) observed that the hero's transformation involves learning "to experience the supernormal range of human spiritual life" (p. 152). Hero myths, he said, "bring us into a level of consciousness that is spiritual" (p. 19).

A fourth purpose of hero transformations lies in their ability to cultivate social unity. Campbell (1972) argued that hero transformations "drop or lift [heroes] out of themselves, so that their conduct is not their own but of the species, the society" (p. 57). The transformed individual has moved "from the lesser, secondary knowledge of himself as separate from others" to "the greater, truer truth, that we are all one in the ground of our being" (p. 151). Transformed heroic leaders are "selfless, boundless, without ego." No longer isolated from the world, transformed individuals enjoy a feeling of union with others. In describing the hero's journey, Campbell (1949) wrote, "where we had thought to be alone, we shall be with all the world" (p. 25). The fifth purpose of hero transformations is they advance society. The culmination of the hero's journey is the hero's boon, or gift, to society. This gift is what separates the hero's journey from simply a test of personal survival. For the voyage to be heroic, the protagonist in myth must use her newly acquired insights and gifts to better the world. The heroic boon to society follows the successful completion of the individual quest, making the social boon dependent on the hero's personal transformation that made the personal quest a success. Hero mythology, according to Campbell (1972), is designed to teach us that society is not a "perfectly static organization" but represents a "movement of the species forward" (p. 48). During the process of experiencing personal transformation, the hero obtains the "elixir" that empowers and enables her to help guide others on their personal transformative journeys. This idea is consistent with contemporary theories of leadership that focus on the role of enlightened leaders to transform their followers, elevating them toward greater levels of motivation and morality (Burns 1978).

### Transformational Patterns

There are three patterns that characterize the transformations undergone by heroic leaders. First, there is a shift in mindset from *egocentricity* to *sociocentricity*. According to Campbell (1988), "when we quit thinking primarily about ourselves and our own self-preservation, we undergo a truly heroic transformation of consciousness" (p. 155). Campbell believed that one of the central functions of hero mythology is to connect one with the greater social world. In most hero narratives, the hero begins the journey as a disconnected, self-centered, prideful individual whose sole preoccupation is establishing identity, career, and material goods. The primary goal of the heroic leader's journey is to awaken the hero to the larger, deeper task of thinking beyond herself, to developing communion with everyone and with everything.

In short, the heroic life is one that nurtures a compassionate unification with all of humanity.

A second pattern of heroic transformation describes heroic leaders as undergoing a form of social growth that can be described as a shift from *dependency* to *autonomy* (Allison and Goethals 2017). Campbell (1988) believed that western cultures promote dependency by emphasizing a preoccupation with safety, security, socioeconomic well-being, and entertainment. People's behavior and identity are steeped in consumerism, materialism, competition, violence, and nationalism. This emphasis on the lower-level needs in Maslow's (1943) hierarchy stunts people's transformative growth. A person's willingness to deviate from the dominant cultural pattern is essential for heroic transformation. Heroes do the right thing, and do what they must do, regardless of authority, tradition, and consequence. Maslow called this characteristic *autonomy*. "There are the 'strong' people," wrote Maslow, "who can easily weather disagreement or opposition, who can swim against the stream of public opinion and who can stand up for the truth at great personal cost" (p. 379). Fulfillment of the lower needs in the pyramid is essential for autonomy to develop in individuals. The world's greatest heroic leaders have been fearless in their autonomy. Jesus of Nazareth was a revolutionary who defied the conventions of his culture. Other similar examples are Martin Luther King, Jr., Joan of Arc, Malcolm X, Harvey Milk, and Mahatma Gandhi.

The third heroic transformation is the change from *stagnation* to *growth*. One can be sociocentric and autonomous but not necessarily growing and stretching toward realizing one's full potential. The hero must leave home and venture on the journey to obliterate a status quo that is no longer working. The pre-transformed hero resists change, and severe setbacks may be her only impetus to grow. Without a prod, she will remain comfortable in her stagnation, oblivious to the idea that anything needs changing. For this reason, many spiritual traditions call the hero's journey an awakening to one's true calling in life, also described as the death of the false self and the birth of the true self. Campbell (1988) described the process as "killing the infantile ego and bringing forth an adult" (p. 168).

## The Heroic Leader as Mentor

One of the most essential social events of the hero's journey is the arrival of the mentor figure. In classic myth, the mentor is often a magical outsider, an elder, an exotic person or creature whom one would least expect to possess the wisdom needed for the hero to succeed. The majority of people who are asked to name their heroes mention a mentor or coach who had a transformative effect on them (Allison and Goethals 2011). As legendary football coach Tom Landry observed, a mentor is someone "who tells you what you don't want to hear, who has you see what you don't want to see, so you can be who you have always known you could be" (Farcht 2007, p. 294). Famous mentors in hero tales include Merlin the Magician giving King Arthur the knowledge to rule England, Yoda helping Luke Skywalker defeat Darth Vader, and Mr. Miyagi training the Karate Kid. Good mentors equip the hero with what she needs, but there can also be dark mentors who steer the hero down a dark path of self-destruction (Allison and Smith 2015). Examples of dark mentors include the serpent in *Genesis 3:4*, Sauron in *Lord of the Rings*, Terence Fletcher in *Whiplash*, and Tyler Durden in *The Fight Club*.

### Temporal Sequencing of Mentoring

The temporal sequencing of mentorship is an important element of the hero's journey. Mentors help heroes become transformed, and later, having succeeded on their journeys, these transformed heroes then assume the role of mentor for others who are at earlier stages of their quests. In short, "transformed people transform people" (Rohr 2014, p. 263). Mentors can have a transformative effect with their words of advice, with their actions, or both. Words can fall on deaf ears but one's actions, attitudes, and lifestyle can leave a lasting imprint. St. Francis of Assisi conveyed it this way: "You must preach the Gospel at all times, and when necessary use words" (p. 263).

The hero's journey prepares people for leadership and mentoring roles by offering a transformative experience that can be shared later with others. Burns (1978) argued that transforming leaders make an effort to satisfy followers' lower needs (e.g., survival and safety), thereby elevating them for the important work that they – leaders *and* followers – must do together to produce significant higher-level changes. Leaders create a "new cadre of leaders" (p. 20). This conception is consistent with Campbell's ideas about the role of mentorship during the hero's journey, with the mentor elevating the hero, thereby preparing her to become a mentor later. Burns' framework also makes explicit a notion that is largely implicit in Maslow's (1943) model, namely, that the self-actualized person has become an elder, a mentor figure, and a moral actor who wields transformative influence over others.

Other theories also point to the transformative effect of mentoring and leadership. Hollander (1995) has proposed a two-way influence relationship between a leader and followers aimed primarily at attaining mutual goals. Hollander defined leadership as "a shared experience, a voyage through time" with the leader in partnership with followers to pursue common interests. For Hollander, "a major component of the leader–follower relationship is the leader's perception of his or her self relative to followers, and how they in turn perceive the leader" (p. 55). Tyler and Lind (1992) have shown that these perceptions are critically important in cementing good follower loyalty. Followers will perceive a leader as a "legitimate" authority when she adheres to basic principles of procedural justice. Leaders who show fairness, respect, and concern for the needs of followers are able to build followers' self-esteem, a pivotal step in Maslow's (1943) pyramid, thereby fostering followers' transformative movement toward meeting higher-level needs.

Mentors and leaders can also use their charisma to exert a transformative effect on their followers. Goethals and Allison (2014) reviewed the transforming leadership of three heroic leaders from the twentieth century whom they dubbed *the three kings* of heroic leadership: Muhammad Ali, Elvis Presley, and Martin Luther King, Jr. These kings radiated powerful charisma that transformed their followers. All three kings had exceptional personas. All three made an emotional connection with their audiences. All three related and embodied compelling stories. All three enacted theatrical leadership that gave people what they wanted and needed. Two of them, King and Ali, used words, delivered in riveting styles, often touching on religious precepts, to influence their followers' thoughts, feelings, and behavior. The three kings used their charisma to transform others, through both their words and their example.

## Transforming Others

Burns (1978) proposed that leaders and followers raise each others' motivation and morality, and he suggested mechanisms that are backed by recent research. Heroic leaders lead by example, demonstrating high degrees of competence and morality to followers (Allison and Goethals 2011, 2013). Heroic leaders are moral exemplars who evoke a unique emotional response which Jonathan Haidt and his colleagues have called *elevation* (Haidt 2003). Haidt borrowed the term "elevation" from Thomas Jefferson, who used the phrase *moral elevation* to describe the euphoric feeling one gets when reading great literature. When people experience elevation, they feel a mix of awe, reverence, and admiration for a morally beautiful act. The emotion is described as similar to calmness, warmth, and love. Haidt argues that elevation is "elicited by acts of virtue or moral beauty; it causes warm, open feelings in the chest." Most importantly, the feeling of elevation has a concomitant behavioral component: A desire to become a better person. Elevation motivates people to behave more virtuously themselves. A form of moral self-efficacy, elevation transforms people into believing they are capable of engaging in significant prosocial action. Abundant research evidence supports this idea (Allison et al. 2017; Csikszentmihalyi et al. 2017).

The importance of leaders and leadership in fostering a heroic motive in followers is highlighted by Gardner (1995). Gardner proposed

that leaders influence significant numbers of their fellow human beings through their words and example and that they do so through stories that they both relate and embody. Furthermore, the most powerful stories are stories about identity, about the leader's identity and followers' personal identities and the identity of their group. The story concept underlines the fact that leaders frequently offer a dynamic perspective, about where a group has come from, where it is going, and what obstacles it has faced and is facing. Leaders and followers are central and heroic figures in these dramatic narratives. Gardner's examples include Robert Oppenheimer who successfully led the Manhattan Project to completion by relating, through what he said and what he did, a story of dedicated scientists pushing back the frontiers of knowledge to build a weapon that would win the war against despotism but also, perhaps, make future wars unthinkable. That story was important in mobilizing thousands of young scientists toward the common goal of creating the atomic bomb. Another example is Pope John XXIII, who reached back to the early teachings of Jesus to relate a story about a caring, nonhierarchical, inclusive church that concerned itself with uplifting the human condition.

## Conclusion

The world's most revered leaders have traveled the hero's journey of personal transformation and, in turn, have used their gifts to transform others (Rohr 2011). Martin Luther King, Jr. came from humble origins to organize the American civil rights movement. He transformed himself and then heroically transformed others, as evinced in his famous quote: "Life's most persistent and urgent question is: what are you doing for others?" (King 2001, p. 3). The hero's journey also characterizes the lives of indirect leaders such as Helen Keller. Born with illness that left her without sight or hearing, Keller overcame her severe disability to achieve a life of extraordinary philanthropy and humanitarianism. She said, "I long to accomplish a great and noble task, but it is my chief duty to accomplish humble tasks as though they were great and noble" (Wallis 1983, p. 240). Keller's personal transformation played a role in transforming the world.

The heroic leader's journey is the human journey, replete with struggle, growth, learning, transformation, and an ascendency from followership to heroic leadership (Goethals and Allison 2017). Those who dare to transform, or who are compelled to do so by circumstance, grow into fully developed human beings ready, willing, and able to transform others (Rohr 2011). The transformed hero represents the pinnacle of human maturity, the state of well-being that allows people to flourish (Seligman 2011) and experience eudaimonia (Franco et al. 2016). For Buddhists, the highest state of enlightenment is *nirvana*, a state of bliss when one is reborn into a new life and free from all suffering. For Hindus, this ultimate state of bliss is *ananda*, and for Muslims it is *taqwa*. Peterson and Seligman (2004) identified six universal human character virtues: *wisdom, courage, humanity, justice, temperance*, and *transcendence*. The six virtues closely match Campbell's (1949) description of the transformed heroic leader. As a result of their journeys, heroic leaders acquire wisdom about themselves and the world; they develop the courage to face their inner dragons; they are in union with all of humanity; they pursue justice even at a cost to themselves; they are humbled and tempered; and they use their acquired gifts to unify the world.

## Cross-References


- ▶ Collective Dimensions of Leadership
- ▶ Ethical Leadership
- ▶ Leadership and Social Justice
- ▶ Leadership Development
- ▶ Leadership Effectiveness
- ▶ Leadership Group Coaching
- ▶ Motivating Ethical Behavior
- ▶ Motivation and Leadership
- ▶ Organizational Excellence
- ▶ Positive Leadership Behavior
- ▶ Servant Leadership

## References


Allison ST (2015) The initiation of heroism science. Heroism Sci 1:1–8

Allison ST, Goethals GR (2011) Heroes: what they do and why we need them. Oxford University Press, New York

Allison ST, Goethals GR (2013) Heroic leadership: an influence taxonomy of 100 exceptional individuals. Routledge, New York

Allison ST, Goethals GR (2014) "Now he belongs to the ages": the heroic leadership dynamic and deep narratives of greatness. In: Goethals GR et al (eds) Conceptions of leadership: enduring ideas and emerging insights. Palgrave Macmillan, New York. https://doi.org/10.1057/9781137472038.0011

Allison ST, Goethals GR (2017) The hero's transformation. In: Allison S, Goethals G, Kramer R (eds) Handbook of heroism and heroic leadership. Routledge, New York

Allison ST, Smith G (2015) Reel heroes & villains. Agile Writer Press, Richmond

Burns JM (1978) Leadership. Harper & Row, New York

Campbell J (1949) The hero with a thousand faces. New World Library, New York

Campbell J (1972) Myths to live by. Viking, New York

Campbell J (1988) The power of myth. Anchor Books, New York

Csikszentmihalyi M, Condren M, Lebuda I (2017) Deviant heroes and social heroism in everyday life: activists and artists. In: Allison S, Goethals G, Kramer R (eds) Handbook of heroism and heroic leadership. Routledge, New York

Farcht J (2007) Building personal leadership. Morgan James Publishing, Hampton

Franco ZE, Blau K, Zimbardo PG (2011) Heroism: a conceptual analysis and differentiation between heroic action and altruism. Rev Gen Psychol 15(2):99–113

Franco Z, Efthimiou O, Zimbardo PG (forthcoming, 2016) Heroism and eudaimonia: sublime actualization through the embodiment of virtue. In: Vittersø J (ed) Handbook of eudaimonic wellbeing. Springer, New York

Gardner HE (1995) Leading minds: an anatomy of leadership. Basic Books, New York

Goethals GR, Allison ST (2014) Kings and charisma, Lincoln and leadership: an evolutionary perspective. In: Goethals GR et al (eds) Conceptions of leadership: enduring ideas and emerging insights. Palgrave Macmillan, New York

Goethals GR, Allison ST (2017) Transforming motives and mentors: the heroic leadership of James MacGregor Burns. In: Goethals GR (ed) Politics, ethics and change: the legacy of James MacGregor Burns. Edward Elgar Publishing, Northampton, MA

Haidt J (2003) Elevation and the positive psychology of morality. In: Keyes CLM, Haidt J (eds) Flourishing: positive psychology and the life well-lived. American Psychological Association, Washington, DC, pp 275–289

Hollander EP (1995) Ethical challenges in the leader–follower relationship. Bus Ethics Q 5:55–65

King CS (2001) The words of Martin Luther King. William Morrow Publishers, New York, Jr

Maslow A (1943) A theory of human motivation. Psychol Rev 50:370–396

Peterson C, Seligman MEP (2004) Character strengths and virtues. American Psychological Association, Washington, DC

Rohr R (2011) Falling upward. Jossey-Bass, Hoboken

Rohr R (2014) Eager to love. Franciscan Media, Cincinnati

Seligman MEP (2011) Flourish. Atria Books, New York

Tyler J, Lind (1992) A relational model of authority in groups. Adv Exp Soc Psychol 25:115–191

Wallis CL (1983) The treasure chest. HarperCollins, New York


H

# Higher Education Governance and Reforms


Elias Pekkola and Jussi Kivistö
School of Management, University of Tampere, Tampere, Finland


## Synonyms

Tertiary Education Management and Policy Changes

## Introduction

In many countries, higher education systems have gone through a significant and rapid transition from being elite to being mass or universal in a relatively short period of time. "Elite" higher education can be understood as a historical approach to providing higher education to only a privileged few that preceded the transition to higher education for all (Trow 1974). It was characterized by limited and selective access based on birth, talent, or both of these; highly structured curricula; uninterrupted, full-time studies directly after secondary education; a small number of homogenous universities; institutional governance of small elite groups who shared basic values and assumptions in decision-making; and broadly shared and relatively high academic standards. In contrast, modern mass higher education is characterized

by larger access with meritocratic criteria, flexible curricula, direct or delayed entry after secondary education, comprehensive institutions with diverse standards, and structured institutional governance with a broad representation of various stakeholders (Trow 2006; Kivistö and Tirronen 2012).

The transformation from elitist to universal has made higher education an increasingly important topic on policy agendas in many countries. The common expectation that a well-functioning higher education sector is a significant driver of economic growth, societal stability, and national economic competitiveness in an increasingly knowledge-driven global economy has increased the importance of higher education as a policy priority at the highest level. However, higher education policymaking is connected to the general political culture and general policy traditions of each nation. Higher education policy, as other policy fields, imports ideas and agendas from both abroad and from home as it searches for alternative ways of improving system performance.

In line with these developments, the objective of this chapter is to introduce higher education in the context of public policies, reforms, and institutional governance. In doing so, the chapter also presents views about the past, present, and future roles of higher education in modern societies in general and in the context of public sector reforms in particular.

## Characteristics of Higher Education as a Field of Public Policy

Higher education policy can be broadly defined as a course of government action or inaction in response to public problems (directly or indirectly) related to higher education (cf. Kraft and Furlong 2006). Due to the interconnected nature of higher education, its thematic demarcation as a specific policy field is challenging. There are three main reasons for this. Firstly, higher education as an institutional sector houses three distinct but interwoven missions, namely education (teaching and learning), research, and societal service. These functions may or may not be steered from different ministries under different policies. Typically, higher education institutions or part of their functions fall under the auspices of the Ministry of Education; the Ministry of Science, Technology and Innovation; or the Ministry of Skills and Employment. Secondly, higher education is closely linked to the professions and the core tasks of the state. This means that some higher education institutions and fields of education can operate directly under several sectorial ministries (e.g., military or defense academies, police academies, universities of technology, medical schools, law schools, etc.). Lastly, higher education policy is a combination of research, innovation, technology, education, trade, skill, and competition policies. Professions, administrative sectors, and sectorial ministries all have a strong interest in defining the higher education policy in their own field of knowledge, so higher education institutions are also in their interest.

The high policy relevance of higher education is based on the multiple roles it plays in modern societies. One of the key roles of higher education is to increase the level of human capital in a society by offering and disseminating knowledge, skills, and competencies. In doing so, from an economic perspective, higher education institutions produce outputs that can be categorized as "public" or "private" goods (Samuelson 1954). Higher education creates multiple social and economic public benefits, thereby justifying significant public investments in higher education. This includes economic benefits, such as greater national productivity and development, reduced risk of unemployment, and lower reliance on public support, but, more importantly, it has noneconomic benefits, such as lower crime rates, better health, more social cohesion and mobility, more informed citizens, societal stability, and improved primary and secondary education (Steier 2003). At the same time, higher education (both research and/or teaching) may play an important role as an exported service. The higher education market is becoming increasingly global and highly competitive. In some countries, like in Australia, higher education is one of the major fields of export. However, in many cases, higher education is a tight part of the national

economy and mostly funded with tax revenues and/or tuition fees paid by local students.

The higher education sector plays a dual role in broader administrative reforms affecting the public sector. On the one hand, it is an *object* of different policies concerning higher education. In addition, to the extent that public higher education institutions are part of wider body of public administration, they are also often subjected to those administrative reforms which are affecting public administration in general. On the other hand, higher education sector is often an important *actor* in reforms due to its expertise in creating the knowledge base for policy development. For instance, higher education institutions train most policymakers, conduct research supporting evidence-based policymaking, offer to advise legislators, and participate in evaluating the impacts of reforms.

Higher education is linked with many vital policy fields, and it has strong connections with professional work and societal power. Because of its relations to important resources and privileges, higher education is a policy field of strong national interest. For example, national qualifications, the right to grant degrees, curricula, and institutional prerogatives are often considered strategically important functions for society and are therefore often strictly regulated at national level. At the same time, academic research as an activity is a highly international endeavor, and the professionals within academia are strongly committed to their global disciplinary networks where people, ideas, knowledge, and the latest trends in epistemological paradigms are moving across national borders. These two elements make the steering and policy implementation in the higher education sector challenging for the state. The strictly regulated national side of the higher education systems is often directed in a more top-down fashion, and the administrators of higher education institutions work under this framework like "public servants." At the same time, academic staff mostly work in the context of global science, where the implementation of narrow top-down policies is difficult and the role of academic profession as an object of loyalty is pronounced. This has created a strong contrast between administrative staff (who are loyal to their institution and its regulation by the state) and academic faculty (who are loyal to their profession and disciplinary network) working within the same institutions.

## Steering Forces of Higher Education

Over the years, there have been many attempts to develop useful steering system typologies to deal with the variation and complexity of national steering arrangements between different countries (Braun and Merrien 1999; Santiago et al. 2008). For example, in 1983, American sociologist Burton R. Clark published his seminal and widely cited book *The Higher Education System*, which can be considered as a turning point in the higher education literature. In his book, Clark introduced the now well-known "triangle of coordinating forces," which depicts how different forces influence the direction of higher education systems. According to Clark, three of the most important steering forces are state, markets, and academic oligarchy (i.e., the academic profession) and that the national higher education systems can be grouped into the following three "ideal types" according to the role that these forces play in steering the system.

1. *Systems strongly coordinated by the state* include systems which are mostly or totally publicly funded and within which higher education institutions operate as public agencies under the direct and strict influence of ministries or other government bureaus. Academic and administrative staff hold civil servant status, further underlining the strong link between the state and institutions. Coordination takes place through government plans, norms, and regulations as well as through financial incentives promoting government objectives (funding model).
2. *Systems strongly coordinated by the market* incorporate systems which are mostly privately funded and in which higher education institutions operate as independent legal entities. The government has only a supervisory role to play

in coordinating and monitoring the system, and the level of autonomy of higher education institutions is high. Market-based incentives and competition for prestige are the forces which primarily direct the behavior of the institutions.

3. *Systems strongly coordinated by the academic profession* are arrangements where the academic profession plays a central role in decision-making. In these systems, higher education institutions are insulated from direct political interference and market-based incentives and are guaranteed a high level of autonomy and public funding without significant accountability requirements. Individual areas of study enjoy high levels of academic freedom and professional autonomy. Universities as organizations act as "ivory towers" and gate keepers of academic profession.

Clark's model can be criticized as outdated and too simple for depicting the complex coordination of modern higher education systems. As such, the model assumes coordination forces to be mutually exclusive in the sense that it does not allow for multiple coordination forces to act in unison, such as the state together with the market (e.g., quasi-market mechanisms where the state is exercising some control, such as vouchers for students or companies). Another limitation for Clark's model is its inability to capture the multiplication of actors involved in higher education steering. For instance, some steering responsibilities of the "state" are delegated to intermediate bodies, such as research councils or quality assurance agencies. At the same time, "state" cannot be viewed as a unitary actor, but it is composed of multiple, even rivalrous policymakers, such as other levels of the public sector (regional and local) and administrative sectors (e.g., the Ministry of Economic Affairs or the Ministry of Labor) that have reinforced their roles in the steering process. Parallel to this, external stakeholders (industry, employer organizations, labor unions, etc.) are being increasingly included in coordination and steering processes both within and without state steering activities (Santiago et al. 2008). Nevertheless, Clark's triangle still has heuristic value, especially when it is combined with more recent and multidimensional models, frameworks, and approaches.

One way to supplement the triangle of coordination is to focus on important instruments of steering, not only the power bases of steering. The steering of higher education involves using agreed-upon policy instruments, particularly resource allocation, to promote greater coordination and rationalization, improved quality, efficiency, and results (Santiago et al. 2008). From this vantage point, it is not a surprise that two instruments in particular have gained importance in modern higher education systems, namely the quality assurance and funding models. Quality assurance – in the form of institutional quality systems, audits, accreditation, and other mechanisms – has started to play an increasingly important role in the steering of higher education toward "massification." Auditing and quality assurance have been observed, especially in Western countries, in all fields of public administration and services, as accurately described by Michael Power in his book, *The Audit Society*: *Rituals of Verification* (1999). The role of audits has been increasing in both education and research. However, in higher education, especially in Europe, the increased role of quality assurance has not been only caused by the changes in national steering and funding; they are also related to the new structures of multilevel governance. In Europe, the Bologna process has aimed to ensure comparability in the standards and quality of higher education and has played a very important role in the restructuring of higher education. This development can also be seen now on other continents. For instance, in Africa, the European Union is supporting a Tuning Initiative that is focused on the harmonization of educational structures and quality assurance.

One of the most well-known models for classifying the funding mechanisms of higher education systems was developed by the Dutch researcher Ben Jongbloed. In his paper "Funding higher education: options, trade-offs and dilemmas" (2004), Jongbloed categorized higher education funding models according to two questions: (1) "What is funded by the government?"

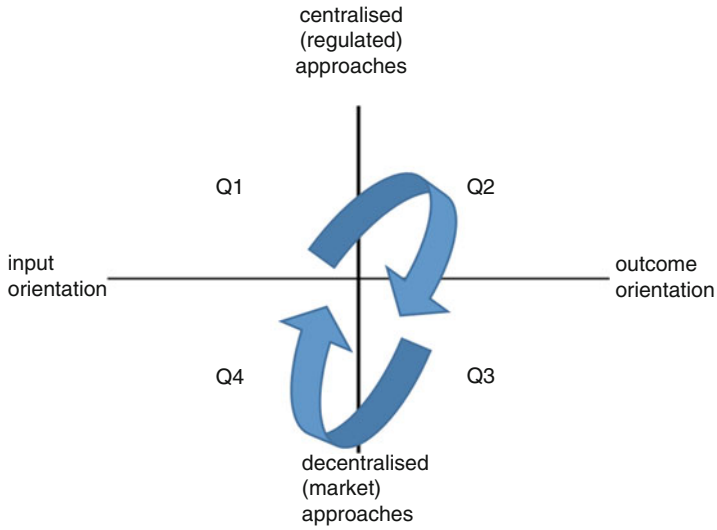


**Higher Education Governance and Reforms, Fig. 1** Trends in funding models (Jongbloed 2004)



and (2) "How is it funded?" The first question concerns the funding base for the government allocations to higher education institutions (inputs or outcomes), whereas the second question relates to the degree of market orientation in funding arrangements (centralized regulation vs. decentralized market competition; see Fig. 1).

Using these two dimensions, the development of funding practices can be divided into four categories (quadrants Q1, Q2, Q3, and Q4) to classify types of funding arrangements:

The first of these (Q1) represents a centralized system of funding. It is a more traditional type of budgeting, where allocations are based on budget requests (activity plans, etc.) submitted to the budgetary authorities and then decided upon through negotiations. The budget allocation is often based on the previous year's allocation of specific budget items like staff salaries, material requirements, building maintenance costs, and investments – that is, inputs – for production processes. The second (Q2) dimension covers all systems where performance-based funding plays a central role. Performance-based funding rewards higher education institutions on the basis of what they have produced – i.e., outputs. Performance-based funding for teaching is often based on graduate-related criteria (degrees and study credits) and research-based criteria, for which indicators related to publications, external research funding, or results of the peer-review process are normally taken into account.

The third dimension (Q3) covers models which combine output and market orientation. In these models, higher education institutions are invited to submit tenders for a given supply of graduates or research activities, and they are encouraged to compete with one another to provide education, training, and research to meet national needs. Also, allocation of competitive research funds through national research councils and other financiers can be fitted into this category. However, funding arrangements which are based on user-driven allocations such as vouchers (student vouchers and knowledge/innovation vouchers for companies and other organizations) can be considered the most decentralized form of funding systems (Q4). This is because it is "consumer" demand that drives the system, and higher education institutions have to maintain the quality of their teaching and research what courses they should offer because unattractive programs and services will not receive sufficient funding. The voucher system can be combined with a system of tuition fees, where the voucher only partly covers the cost of tuition.

The general trend in funding models across the globe suggests that governments are moving away from historical and negotiated line-item budgets and replacing them at least partly with

performance-based funding arrangements and competitive funding mechanisms. Often these approaches are accompanied by study fees and other "user-pay" type of arrangements. The extent to which this trend is realized still varies greatly across countries, but it represents a gradual shift from centralized regulation to more decentralized, performance-driven, and multi-dimensional steering practices.

## Higher Education Reforms: Overall Characteristics

Higher education reforms are commonly associated with changes in the balance between the main sources of steering outlined previously (i.e., the state, markets, and academic profession). The content of reform typically includes reforming legislation and other regulations as well as modification of the funding model. However, more recently, this content has also included revision of quality-related polices and mechanisms that are more or less comparable to "information steering" (for steering by norms, finance, and information, see Vedung 1998). The reforms can be approached from two perspectives. On the one hand, reforms can be studied from the historical perspective and linked to the changes and development trends in public administration as well as its goals and values (i.e., Greve 2015). On the other hand, reforms can be studied from the perspective of the mechanisms and activities conducted during the reforms (i.e., Pollitt and Bouckaert 2004). In the following paragraphs, the overall picture of higher education reforms in the Western world is described from a historical perspective.

The changes and reforms of higher education systems and their role as a government instrument run parallel to general development and reforms in public administration. Reforms of public administration can be divided into four distinctive phases: (1) legalistic public administration (until the 1940s), (2) welfare and planning (1950–1980s), and (3) new public management (1990s onwards). The future of the managerial paradigm is still unclear, but several attempts have been made to define the next "big thing" (see reviews by Greve 2015 and Bryson et al. 2014).

Legalistic public administration, or traditional bureaucracy-oriented public administration, provided a good foundation for academicians to build upon. During the era of development of modern nation states (late nineteenth century), higher education played an important role in building up the national identity (language, history, and religion), legislation, administration, and military as well as agriculture, the economy, and other important sectors of society, by educating civil servants, priests, and other members of the elite. In addition, higher education was used to nationalize the elite of the society by providing an alternative (degree) to inherited social status (estate) in legitimizing societal positions (Brante 2010). It was typically regulated and came with societal privileges. The state primarily provided the authorization and status that enabled higher education to operate and influence the academic profession (as part of the elite), thereby steering the system.

After the Second World War, the societal role of the public administration changed considerably. The legalistic orientation of the administration was amended with welfare and planning-oriented approaches. Public administration was given several new tasks, especially regarding public service provision, including social services, healthcare, and education. As a part of this transition, higher education systems were also reformed in many countries to meet the new demands of the growing and developing welfare states. This meant (among other things) the training of new welfare and technical professionals (see, for example, Elliot 1972 and Etzioni 1969), massification of higher education (see Trow 1974), politicization of higher education (see Ben-David 1977), diversification of the tasks/missions of university (see Kerr 1963), and professionalization of the management of the universities (see Clark 1983). Over a 40-year period after the Second World War, higher education was transformed from small elite sector that had enjoyed considerable autonomy and independence to a sector considered to be important for social mobility and regional equality as well as serving as a foundation for the systematic

development of societies, services, and national economies.

New public management was introduced as a development doctrine for the public administration in many countries in the 1980s and 1990s. The change in the ideological atmosphere was also evident in higher education policy and the implementation of higher education reforms. At the same time, the size of the higher education systems was still expanding. In general, higher education policies were directed to gain more "value for money," that is, economy, efficiency, and effectiveness. Greater accountability demands were supplemented with a higher emphasis on "excellence." In line with these changes, government policy interests with respect to the mission of higher education shifted from education towards research and societal services. The outcome of this development has been that higher education sector is considered to be one of the most important factors in the increase in wealth and competitiveness of a society. This has meant developments in the interaction between higher education institutions and society. These developments include, but are not limited to, changes in the knowledge production processes from discipline-based basic research to transdisciplinary and more applied research (Gibbons et al. 1994), changes in norms of science (e.g., Ziman 1994, 1996), the appearance of managerial fads in higher education (e.g., Birnbaum 2001), an increase in the role of international actors (especially the European Union and the Organisation for Cooperation and Economic Development [OECD]) in facilitating policy diffusion and transfer (e.g., Corbett 2011, and Kallo 2009), and a change in the role of government from regulative to supportive (Neave and Van Vught 1991). These changes have been predicted to lead to a higher emphasis on the entrepreneurial activities of universities (Clark 1998); intensification of university, industry, and governance linkages (Etzkowitz and Leydesdorff 1998); universities' more crucial role in innovation systems (Lundvall 1992), a disconnection of nation states and their universities (Readings 1996), an emphasis of quasi-markets and external funding for science (Slaughter and Leslie 1998), and an increasing role of stakeholders (Burrows 1999).

Like other sectors of society, higher education is required to be more efficient, more effective, and more economical than before. Government structures have been reformed to increase accountability (and autonomy at same time), efficiency, and relevance as well as the economic capacity of the nation (Teichler 2000; Henkel 2000). In Table 1, a typology of the main characteristics of higher education reforms in Western countries (especially continental Europe) is described.

## Internal Governance

There is a wide consensus that universities are distinctive organizations. However, there are only a few characteristics that are broadly accepted, and thus often cited, as indicative of

**Higher Education Governance and Reforms, Table 1** Characteristics of higher education reforms

| | Pubic administration ethos | Policy goals | Steering priority | Funding model | University organizations |
|---|---|---|---|---|---|
| Up to the 1940s | Bureaucratic (legalistic) | Legitimatization of the elite, national identity | Profession, state, markets | – | Autonomous, professional |
| 1950s to 1980s | Professional (welfare) | Equity, democracy, planned welfare society | State, profession, markets | Negotiated, incremental line-item budgets | State funded/ regulated, professional |
| 1990s to the present | Competitive (market) | Accountability, innovation capacity, research excellence, economic growth | Markets, state, profession | Performance, contractual, and demand-driven model | State subsidized, professional |

universities as organizations. These organizational characteristics are good starting points for analyzing university governance at large. Universities as organizations (public or private) are considered to be:

- Matrix organizations (i.e., Galbraith 1971; Sayles 1976)
- Loosely coupled organizations (see Weick 1976)
- Bottom-heavy professional bureaucracies (see Mintzberg 1983)
- Boundedly rational organizations (see Simon 1957; Williamson 1975)

These features, which are typical of any organization formed for the coordination of autonomous professional work, have been transferred to and popularized in the field of higher education research by the previously mentioned book, *The Higher Education Systems* (Clark 1983) and Robert Birnbaum's *How Colleges Work* (1988). In the university context, the matrix structure refers to the institutional and disciplinary dimensions of both universities and higher education systems, where the crossing cells are basic units belonging simultaneously to both the institution and the scientific discipline. Both dimensions are highly specialized: basic units to subject matters and the central administration of the institution to administrative unity. Because of the matrix structure, the faculty has two reference groups to which they owe loyalties: their disciplinary community inside and outside their basic units and their university in the form of the central administration. Sometimes these loyalties may be in conflict with each other, and in these situations it has been suggested that it is the discipline rather than the institution that tends to become the dominant force in determining priorities (Clark 1983).

The term "loose coupling" refers to connections between organizational subsystems that may be infrequent, circumscribed, weak in their mutual effects, unimportant, or slow to respond (Birnbaum 1988; Weick 1976). The loosely coupled nature of academic organizations has been viewed as strong independency and autonomy of the organizational units based on disciplinary departmentalization. In fact, the roots of loose coupling can be found in the content diversity of academic work itself. Due to these differences, academic basic units, such as departments and faculties, may live their private lives under the same institutional label but with very few mutual ties or little need for cooperation. In fact, the connections of basic units to their external stakeholders may be even tighter than their relationship to other basic units of the same institution (Hölttä 1995; Kivistö 2007).

The role of the academic profession has been highlighted as the "academic heartland" of a university organization (Clark 1998). The irrationality or anarchy within universities has been also emphasized when discussing on decision-making, management, and planning in universities. The commitment of academic workers is often bent towards the disciplinary dimension, not to the organizational one. At the same time, management and decision-making in academic units is rooted on ad hoc structures, collegial bodies, rotating managerial positions, and random discussions.

Universities' internal governance structures have been subjected to changes in the overall policy environment and administrative reforms. Thus, there have been many attempts to theorize different aspects of changes and continuities in university governance and management. By proposing a heuristic typology of university governance, Farnham (1999) has made one of the best attempts at this. His typology is based on the academic professions' role in decision-making and professional autonomy in universities (Fig. 2). These heuristic models – collegial, bureaucratic, managerial, and entrepreneurial – can be chronologically linked to the administrative reforms mentioned earlier (see Table 2).

The most traditional model of administration and management in universities, the "collegial model," is based on high autonomy and participation of academics in decision-making. This model can be related to the time before the Second World War when the most of the universities were small, elite institutions. The collegial model is based on the equality of the full members of academia; there is no power hierarchy, only individual

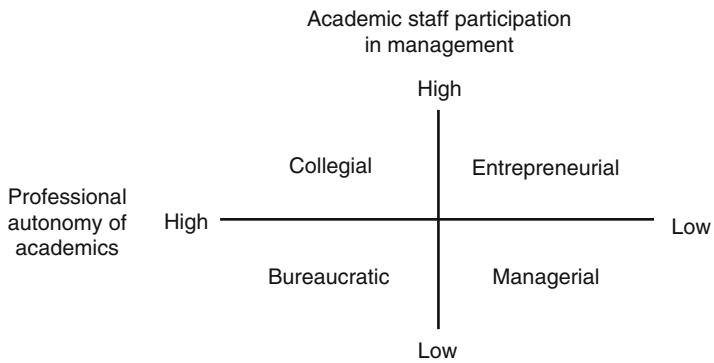


**Higher Education Governance and Reforms, Fig. 2** Model of university management (Farnham 1999)

**Higher Education Governance and Reforms, Table 2** Characteristics of higher education governance models

| | Management model | Decision-making structure | Role of academic profession |
|---|---|---|---|
| Up to the 1950s | Collegial | Consensus by professors | Autonomous and self-regulating |
| 1950 to 1980 | Bureaucratic | Democratic by administrators, students, professors, and other employees | Autonomous, but steered |
| 1990 to 2010 | Managerial | Strategic by professional managers | Autonomous, but measured and evaluated |

statuses, and decisions are made by applying a principle of consensus.

The "bureaucratic model," on the other hand, can be associated with the time after the Second World War and to the time of development of welfare states. In many countries, the universities were tightly connected to the state bureaucracy and policy goals defined by governments. The role and size of support services and administration (top-down implementation structures) grew, and the matrix dividing the institutional and disciplinary structures deepened. The decision-making was partly transferred from academics to the hands of funding bodies, governments, students, and administrators. However, the individual academics were still professionally autonomous and often, in public systems, their autonomy was supported by their civil servant status. The developments included expansion of new professional groups like student affairs; teaching and research services; the growing size and increasing complexity of the university organizations; establishing new, more democratic decision-making structures; and implementing new budgeting models to enable the steady growth of resources.

The "managerial model" is linked to the development of new public management and more market-oriented state administration. The managerial model highlights the importance of professional management, economic efficiency, new technologies, and controlled workforce, which in turn have led to diminishing professional autonomy and weaker possibilities to participate in decision-making. Managerial practices have been widely implemented in higher education for two reasons. First, in many countries, the public sector reforms have also impacted the higher education sector. Second, funding bodies, supranational policy authorities such as the OECD and other actors like consulting companies have supported policies for stronger managerial orientation which have, in some cases, turned into "management fads." The developments have included the introduction of CEO-type rectors who are responsible to the board, not to the university community: a stronger managerial role of deans and department heads (full-time

management positions); new performance-based management structures (salary systems, evaluation of individual performance, etc.); more strategic orientation in institutional decisions and profiles; and expansion of the role of external stakeholders and funding bodies in decision-making (external board members).

The discussion on the "entrepreneurial model" of university administration, which falls somewhere between the collegial and managerial models, has been ongoing already for two decades Clark (1998). However, so far there is no clear evidence that there would be strong empirical counterpart in the development of university governance towards the entrepreneurial ideal type. However, many of the managerial fads have been implemented in higher education under the bureaucratic and managerial management models. According to Birnbaum (2001), almost all major fads prevalent in business and public sector have been transferred to the higher education context, just with a minor delay.

## Conclusion: "Quo Vadis Higher Education?"

Greve (2015) proposes that three emerging management paradigms in public sector are identifiable based on the literature: collaborative governance (or new public governance), digital governance, and public value management (see Table 3). Collaborative governance holds that public sector organizations should collaborate with other actors in society to find efficient policy solutions, whereas digital-era governance proposes that collecting, storing, and utilizing the collection of Big Data change public administration and provide new possibilities to manage and develop public services. In turn, public value management provides insight that the main task of public (or non-for-profit) managers is to strategically define the value of service and that the value can be managed through performance measurement and dashboards. These trends can also be seen in the higher education literature.

Collaborative governance has been connected, in the higher education context, to the so-called third mission of the universities. Third mission has many names and includes many aspects. It is referring, for example, to public service function, social engagement, technology transfer, and innovation activities in universities. In short, it means nontraditional teaching and research activities done with and for external stakeholders. Because of the growing importance of third mission, the role of external stakeholders has been highlighted in higher education reforms and internal governance (Jongbloed et al. 2008).

**Higher Education Governance and Reforms, Table 3** Emerging management paradigms and the higher education sector

| | Collaborative governance | Digital-era governance | Public value management |
|---|---|---|---|
| System changes | Inclusion of third mission in the functions of universities, expanding the funding base | Emphasis on open-access publications, data archives and registers, steering towards digital services | Demand for strategic management and clear profiles of universities; emphasis on societal relevance and effectiveness<br>Performance measurement, ranking lists, and league tables |
| Internal governance | Increasing role of external stakeholders and customers in quality assurance, in administrative bodies and in research and teaching | New kind of control of work. Online feedback on teaching; distinction of product and academician (i.e., recorded lectures, online courses, etc.); immaterial property rights; control of research by citations and other bibliometric mechanisms | Managers managing and measuring effectiveness. Top management's (rector, vice chancellors) and middle management's (dean) strategic roles in working with stakeholders and funding agencies for legitimization and resource generation |

New digital solutions and the role of Big Data have become apparent in higher education teaching (i.e., massive open online courses) and research (open-access publishing and data archives) and in management of these activities (management information systems, institutional research, etc.). Because of the strong position of publishing houses and other companies providing digital services for higher education institutions, the governments have taken a more active role in steering the digital development in the sector.

Until recently, higher education has been in a position of growing budgets and funding and, at the same time, has had a monopoly in providing degrees (formal qualifications) and creating scientific knowledge. However, this situation is changing rapidly. Higher education institutions need to show their societal value as a justification for the resources they receive. This is causing practices that can be associated, although they have not been analyzed, with a public value management framework (Moore 1995). Practices can be observed, for example, as a strengthened emphasis on the strategic management, positioning, and profiling of higher education institutions. Developing performance management and measurement has been one of the main governmental interests in recent higher education policies throughout the world. This has gone hand-in-hand with the appearance and development of university ranking lists and league tables (U-Multirank, Academic Ranking of World Universities, QS World University Rankings, and Times Higher Education World University Rankings).

It is too early to say, what is the next major trend or a management paradigm in higher education. The market-oriented, managerial-type of administration is still going strong, and most of the governments and funding agencies have policies and instruments that support the managerial structure in higher education. However, some crucial changes in the development of higher education systems can be observed.

The size of higher education is still growing, and student numbers are increasing in most countries. However, there are signs that higher education's growth has reached its limits in some Western countries, especially in those that have already gone through the "massification" phase. It is still unclear what this will mean for higher education and higher education policy in the future. However, what can be said is that there are no signs that the importance of higher education is decreasing (even if it is not growing) for national knowledge economies now or in the near future. Thus, we can expect that governments are eager to fund and steer their higher education systems in the future. Subsequently, trends and emerging ideas in public sector management will, most likely, continue to also be evident in higher education institutions.



## References


Ben-David J (1977) Centers of learning: Britain, France, Germany, United States. McGraw-Hill, New York

Birnbaum R (1988) How colleges work: the cybernetics of academic organization and leadership. Jossey-Bass, San Francisco

Birnbaum R (2001) Management fads in higher education. Where they come from, what they do, why they fail. Jossey-Bass, San Francisco

Brante T (2010) State formation and the historical take-off of continental professional types: the case of Sweden. In: Svensson L, Evetts J (eds) Sociology of professions: continental and anglo-saxon traditions. Gotherburg, Daidalos

Braun D, Merrien FX (1999) Governance of universities and modernisation of the state: analytical aspects. In: Braun D, Merrien FX (eds) Towards a new model of governance for universities? A comparative view, Higher education policy series, 53. Jessica Kingsley Publishers, London/Philadelphia, pp 9–33

Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. Public Adm Rev 74(4):445–456

Burrows J (1999) Going beyond labels: a framework for profiling institutional stakeholders. Contemporary Edu 70(4):5–10

Clark BR (1983) The higher education system. University of California Press, Berkeley

Clark BR (1998) Creating entrepreneurial universities: organizational pathways of transformation. IAU Press/Pergamon, Oxford

Corbett A (2011) Ping pong: competing leadership for reform in EU higher education 1998–2006. Eur J Educ 46(1):36–53

Elliot P (1972) The sociology of the professions. Herder & Herder, New York

Etzioni A (ed) (1969) The semi-professions and their organizations: teachers, nurses and social workers. Free Press, New York

Etzkowitz H, Leydesdorff L (1998) The endless transition: a "triple helix" of university-industry government relations. Minerva 36:203–208

Farnham D (1999) Managing universities and regulating academic labour markets. In: Farnham D (ed) Managing academic staff in changing university systems, international trends and comparisons. The Society for Research into Higher Education & Open University Press, Buckingham, pp 4–31

Galbraith JR (1971) Matrix organization designs: how to combine functional and project forms. Bus Horiz 14(1): 29–40

Gibbons M, Limoges C, Nowotny H, Schwartzman S, Scott P, Trow M (1994) The new production of knowledge: the dynamics of science and research in contemporary societies. Sage, London

Greve C (2015) Ideas in public management reform for the 2010s: digitalization, value creation and involvement. Public Org Rev 15(1):49–65

Henkel M (2000) Academic identities and policy change in higher education. Jessica Kingsley, London

Hölttä S (1995) Towards the self-regulative university. University of Joensuu, Joensuu

Jongbloed B (2004) Funding higher education: options, trade-offs and dilemmas. Paper for fulbright brainstorms 2004: new trends in higher education, 24–25 Sept 2004, Lisbon

Jongbloed B, Enders J, Salerno C (2008) Higher education and its communities: interconnections, interdependencies and a research agenda. Higher Educ 56:303–324

Kallo J (2009) OECD education policy. A comparative study focusing on the thematic reviews of tertiary education. Finnish Educational Research Association, Jyväskylä

Kerr C (1963) The uses of the university. Harvard University Press, Cambridge

Kivistö J (2007) Agency theory as a framework for the government-university relationship. Tampere University Press, Tampere

Kivistö J, Tirronen J (2012) New elitism in universal higher education: the building process, policy and the idea of Aalto University. In: Ahola S, Hoffman D (eds) Higher education research in Finland. Finnish Institute for Educational Research, Jyväskylä, pp 69–88

Kraft M, Furlong S (2006) Public policy: politics, analysis, and alternatives. CQ Press, Washington, DC

Lundvall BÅ (ed) (1992) National systems of innovation: towards a theory of innovation and interactive learning. Pinter Publishers, London

Mintzberg H (1983) Structure in fives: designing effective organizations. Prentice-Hall, Englewood Cliffs

Moore M (1995) Creating public value. Strategic management in government. Harvard University Press, Boston

Neave G, van Vught FA (1991) Conclusion. In: Neave G, van Vught FA (eds) Prometheus bound. The changing relationship between government and higher education in Western Europe. Pergamon Press, Oxford, pp 239–255

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, Oxford

Power M (1999) The audit society: rituals of verification. Oxford University Press, Oxford

Readings B (1996) The university in ruins. Harvard University Press, Cambridge, MA

Samuelson PA (1954) The pure theory of public expenditure. Rev Econ Stat 36(4):387–389

Santiago P, Tremblay K, Basri E, Arnal E (2008) Tertiary education for the knowledge society. In: Special features: governance, funding and quality, vol 1. OECD, Paris

Sayles LR (1976) Matrix organization: the structure with a future. Organ Dyn 5(2):2–17

Simon HA (1957) Administrative behavior. A study of decision-making process in administrative organization, 2nd edn. The Macmillan Company, New York

Slaughter S, Leslie L (1998) Academic capitalism: politics, policies and the entrepreneurial university. Johns Hopkins University Press, Baltimore

Teichler U (2000) The relationships between higher education research and higher education policy and practice: the researchers perspective. In: Teichler U, Sadlak J (eds) Higher education research: its relationship to policy and practice. Pergamon and IAU Press, Oxford, pp 3–34

Trow M (1974) Problems in the transition from elite to mass higher education. In: Policies for higher education, from the general report on the conference on future structures of post-secondary education. OECD, Paris, pp 55–101

Trow M (2006) Reflections on the transition from elite to mass to universal access in modern societies since WWII. In: Forest JJF, Altbach PG (eds) International handbook of higher education. Springer, Dordrecht, pp 243–280

Vedung E (1998) Policy instruments: typologies and theories. In: Bemelmans-Videc ML, Rist RC, Vedung E (eds) Carrots, sticks, and sermons: policy instruments and their evaluation. Transaction Publishers, New Brunswick, pp 21–58

Weick KE (1976) Educational organizations as loosely coupled systems. Adm Sci Q 21(1):1–19

Williamson OE (1975) Markets and hierarchies: analysis and antitrust implications. A study in the economics of internal organization. The Free Press, New York

Ziman J (1994) Prometheus bound: science in a dynamic steady state. Cambridge University Press, Cambridge

Ziman J (1996) "Postacademic science": constructing knowledge with networks and norms. Sci Stud 9(1): 67–80

# Higher Education Governance and Student Participation

Md Shahabul Haque[1] and Monira Sultana[2]
[1]Department of Political Studies, Shahjalal University of Science & Technology, Sylhet, Bangladesh
[2]Institute of International and Comparative Education, Educational Leadership and Policy, Beijing Normal University, Beijing, People's Republic of China

## Synonyms

Higher education governance and student participation; Students' involvement in higher education governance; Students' voice in university management

## Definition

Student participation in higher education governance refers investing students' labor and talents in the institution. It also indicates students' engagement in the decision-making process of higher education administration.

Student participation refers to what a student brings to higher education in terms of expectations, ambitions, values, and beliefs as well as how their experiences as a student shape and mediate these characteristics.

## Introduction

Research on student participation in higher education governance focuses on student involvement in the university administration. It includes students' physical as well as psychological attachment in the institution. Scholar attention to student participation is relatively recent, much of which has emerged in the last two to three decades. The notable definition has been provided by Planas et al. (2013); it argues participation is a dimension of "people's quality of life, closely related to processes of social inclusion and identity (p. 571)." It indicates that student participation in university governance upgrades students' life and it emphasizes that students are considered a vital part of society who can also play an important role through their participation. Besides, the Council of Europe highlights the significant role of higher education institutions in transmitting collective leadership, which also is called as democratic values (Planas et al. 2013). Seale (2009) also recognizes the student participation; authority needs to listen to students' voice actively regarding their education. Effective communication with the students and working partnership with the students empower "students to be actively involved in the development of their education." Considering students' suggestions and views increase their trust and satisfaction toward the university (Li and Zhao 2018).

Students have several kinds of participation in higher education levels, which includes student participation in extracurricular activities, higher education administration, dormitories, departments, faculty, student organizations, and student unions/councils. Beyond this, students also participate at the national and policy level and in politics and social work. Extensive varying terminology of "participation" has emerged in recent years. It varies in different kinds of literature, and it has also overlapped with the connected concepts of "involvement," "engagement," and "participation." Anyhow, students are considered as one of the essential stakeholders of higher education. As a stakeholder, they have participated in higher education institutions. Above all, student participation is the combination of "engagement" and "involvement" where students can show several different types of academic activities besides their regular study. It includes attending meetings with the university administration to contribute their role, participating in curriculum design and developments, making efforts to improve the university's learning environment, and taking part in knowledge creation that students can add to the learning and teaching with the faculties. These matters imply that student participation is one kind of shared and distributed leadership where students and academic staff contribute

together in higher education institutions (Mafa 2016).

## Conceptual Framework

Higher education governance refers to managing and organizing the higher education institutions. It is a combination of three main pillars of higher education: students, faculties, and staff. In the Bologna process and the Prague declaration, students are considered as key stakeholders of higher education institutions (Mafa 2016; Prague Declaration 2001). Higher education governance is also considered as a complex networking among its above-mentioned stakeholders based on the legislative frameworks. The "complex networking" illustrates that higher education administration has several functions. For instance, the functions include planning, organizing, directing, coordinating, controlling, and evaluating. It is challenging to accommodate the whole functions smoothly. Amadi (2008) argued education governance as "the process of bringing people and materials together for effective and functional teaching and learning in the school." Its main aim is to enhance teaching and learning. Besides, higher education governance is seen as providing direction as well as prioritizing the way of achieving fixed goals. The higher education institutions may have many goals and objectives to attain as well as the state whose principal purpose is to enhance teaching and learning.

In the initial stage of the establishment of the world's oldest universities, students were the key players in the setting up of universities and the pay of their teaching staff as a dominant force in managing institutions. Later, student lost their dominating power, and the decision-making authority in universities has been delegated to administrators and the faculty. In the 1700s, 1800s, and 1900s, students were dissatisfied because they lacked influence and control over their decisions. During this time, they had less freedom and more rules and restrictions. The administration and faculty of higher education kept a close eye on every aspect of students' lives (May 2010). The university administrators believed that students would remain obedient, and they were not to be given equal power as the faculty or even other citizens. These dissatisfactions prompted students in Latin American universities to stage a violent protest in the late 1700s and early 1800s (Klemenčič 2012). As a result, a major change in university administration regarding student engagement in Western Europe, North America, and Commonwealth countries was accomplished. The universities included new provisions on student engagement in administration. A study by De Boer and Stensaker (2007) mentioned that critical changes were made in Germany among the European countries. Germany introduced a tripartite model of university administration with the professoriate, nonprofessional academics, and students. Students represent equal participation in most institutional decision-making bodies. Accordingly, other countries introduced a shared leadership model in most of the higher educational institutions. At present, it has been considered internationally as a key policy issue for higher educational institutions.

Various scholars articulated student participation in a variety of ways. Coates (2007) pointed out that student engagement intends to encompass salient academic and certain nonacademic aspects of the student experience in educational setting. RAISE (2010) maintained that student engagement is constructed and reconstructed through the lenses of perceptions and identities held by students. Coate's (2007) views on student participation comprises the following characters: active and collaborative learning; formative communication with academic staff; participation in challenging academic activities; involvement in enriching educational experiences; and feeling legitimated and supported by university learning communities. This definition has been broadened to include academic and social integration, student learning, student happiness, student representation, student interaction, performance, extracurricular activities, collaborative learning, feedback, and so on.

It notes that students need to take permission from the university to find out where they can engage and where they cannot. Many of the higher educational institutions in industrialized countries

have stable guidelines regarding student engagement in university governance. Acknowledging these issues that empower relations between university students and academic staff are challenging as well as unequal (Robinson 2012). Mann (2008) supported this statement and reported that if anybody wants to understand the student experience, he/she has to know the university power dynamics.

On the other hand, some academics see the student participation in higher education governance from a consumerist view point. Students are considered as clients, consumers, co-producers, and users of higher education, where universities act as service providers. Several industrial countries, for instance, the USA, UK, Canada, Australia, and some others, believe in commodification of education wherein students are viewed as products, clients, or customers (Guilbault 2018). It is considered that higher education is a well-established business, and higher education is putting an advertisement to collect students and also branding their products (Hemsley-Brown and Oplatka 2006). However, one study (Guilbault 2010) disagreed with the previous views by quoting a professor, "*my student is not my customer*." Therefore, in another aspect, many countries do not see education as a business and students as products, while they consider it a service (Ostrom et al. 2011). This statement is justified by the president of the UK National Union of Students in 2008 when he warned about the dangers of consumerism. He argued that if university administration treats students as customers it will put the relationship between students and academics on the wrong footing – it should be a partnership between the student and professional member of staff rather than a customer relationship; otherwise, it will distort the relationship and create a "customer is always right" mentality (cited in Carey 2013).

From that perspective, students are not to be treated as customers or clients. They are the partners of higher educational institutions (Sutherland and Lenihan-Ikin 2019) wherein students are the junior scholars, and academic staff stand as senior scholars. Students would actively participate in universities through representatives or other sophisticated ways. Students will seek the interest of higher educational institutions and contribute to enhancing the image of the institution, but students may not do it as customers' attitudes. They will do it to respect the higher educational institutions.

Higher education has a variety of formal and informal frameworks for the involvement of students in governance. To begin with, student feedback is an important mechanism to participate in governance, most of the cases it happens through student councils or committees. Besides, students participate in governance through raising student voice (Lizzo and Wilson 2009). In this regard, most universities require formal student participation on the university-level committees (e.g., academic senate and disciplinary committees) to ensure proper representation of constituencies. On the academic level, students are invited to join the staff of a school or departmental committee as full members. Organized student representation in different levels of higher education institutions is useful to solve many problems at the local level. However, different higher education institutions have different guidelines how students participate in the university governance.

There are some areas of student participation in higher education governance. It comprises participation in teaching, learning, and research; participation in student affairs; and participation in institutional finance, policy, and strategy (Luescher-Mamashela 2013). Participation in teaching, learning, and research through student representation depends on the level and background of university administration, such as course, program, department/school, faculty, and university-wide academic policy. It also varies on the nature of issues, for example, timetable setting, student assessment, academic recruitment, quality assurance, and faculty awards. Participation of student affairs includes extra-curricular affairs of students such as leisure, student residences, health and sports, and so forth. Students can directly participate if they are interested and make an impact on other members of the community. And students can also participate in institutional finance, policy, and strategy. It is relatively

difficult to participate in this level due to lack of competence and impermanence among students.

## Trends of Students' Participation

European countries are at the forefront in terms of student participation in higher education governance. It is an old phenomenon. For instance, in the renaissance period, students had much power over the higher educational institutions, including hire and fire the university staff. It has been shirking the students' dominance over the time. But still, the students have the opportunity to play a significant role in the higher education decision-making process. Student participation is considered one of the foundation values in European higher education. In this aspect, the Bologna process plays a key role; it recognized students as key stakeholders. The Prague Communiqué also declared that students are to be considered full members of higher education committee (Prague Declaration 2001).

Most of the European countries follow Bologna process. In particular, in the UK, students are represented in higher education institutions at the national, institutional, and course level. National representation is frequently coordinated with the National Union of Students, whose functions are more political and less local. At the institutional level, the university's Student Union plays an important role. In the UK, by law, Student Unions are independent of their parent universities (Little et al. 2009), and their elected students advocate for that university's students. And finally, for representation at the course level, students individually referred to course representatives. In the USA, student associations practice with full power within an administrative framework. A study by Trowler (2010) revealed that the US university students enjoy more freedom compared with other countries. It has been broadly accepted that student participation in the administration was introduced in the 1970s. In the USA, 77% of university boards include students, and students comprise almost 10% of each university board (Zuo and Ratsoy 1999). In Canada, decision-making processes at universities are more open and transparent, allowing more faculty and student participation. Students comprised 78% of Canadian university boards (Jones et al. 2010).

In the developing countries, students have a participation in the higher education governance but it does not come under any set of rules. Besides, student participation does not get any recognition from the university. For instance, students have participation at the residential dormitories, they look after the seating arrangement of the university dormitory, and they also supervise the dormitory canteen. Students also meet with the university administration at different times to make different demands. If it does not work, students assemble on the streets to demonstrate in favor of their demands.

## Benefits and Challenges of Student Participation

In recent years, studies have been carried out that highlight the significance and relevance of student participation in higher education governance (e.g., Haines 2019). It also displays some commonalities in different countries. A survey indicates the student participation is close to universal but has some considerable variability between and within institutions (Little et al. 2009). The various studies demonstrate the rationality of student participation in university governance. A research argues that participation is a dimension of people's quality of life, closely related to processes of social inclusion and identity (Planas et al. 2013). It indicates that student participation in university governance upgrades people's life and it points out that a student considers himself as a vital part of society who can also play an important role through their participation.

Studies have elucidated several arguments of student participation in the university administration (Haines 2019). Students are directly affected by the decision of the university administration, and the governing body takes the all decisions. In addition to this, the Council of Europe highlights the significant role of higher education institutions in transmitting collective leadership, which is also

called democratic values (Planas et al. 2013). Besides, scholars stress that the value of student engagement is no longer questioned (Trowler and Trowler 2010). It is also recognizing the student participation, authority needs to listen to student voice actively regarding their education (Seale 2009). Effective communication with the students and working partnership with the students empower them to be actively involved in the development of their education. Considering students' suggestions and views increase their trust and satisfaction toward the university (Li and Zhao 2018).

There are two lines of counter arguments regarding student participation in university administration. The study highlights the several positive benefits of student participation in university which has a direct impact on students (Menon 2003). The participation of students in higher educational institutions is the preparation of students for their democratic ideals and practices (Boland 2005). Students would learn the democratic socializations and it contributes to the personal growth and development of individuals. The thing about democracy is that if students get a good idea about democracy and start its practice from the beginning of their life, it would impact their future activities. And through this, the individual as well as the family, society, the state all benefit. Because students are more in number in a community, they will lead the country in the future. Besides, student feedback can facilitate the assessment of curricula and teaching practices by identifying gaps in higher education programs and instruction (Menon 2005). Moreover, involvement of students in decision-making plays a significant role in fostering an environment of transparency and trust in universities that leads to a positive organization (Mafa 2016). It can be expected that a positive climate will reduce the possibility of confrontation between the board and students or the board and staff. Through this process, when students realize that they are part of higher education institutions and universities evaluate students' voices positively, students consider the educational institution as their own. Thus, the students consider this institution's good and bad aspects, and students try to increase the institutions' image. Furthermore, student participation promotes distributed leaderships model, which help to build a relationship between students and university administration (Menon 2003).

Student participation has been shown to have a positive impact on educational gains and academic achievement and retention. Students are the important stakeholders of the higher education institutions; they are the key factors, and the principal educators in the process of higher education. Likewise, many countries have measured student outcomes through student participation in the university decision-making process, and stated that student engagement can act as a proxy of quality. Thus, many higher educational institutions are encouraging in providing spaces for the students' participation in the university administrations in different capacities (Mafa 2016). It is also proved that students are able to manage their own affairs, meet the needs of different students, and protect the political interests of students (Zuo and Ratsoy 1999).

However, some educational studies bring several arguments to not include students in the higher education management (see, e.g., Menon 2003; Wood 1993). For example, students are not in a position to participate in any policy-level meetings due to their age and experience (Zuo and Ratsoy 1999). Age is an important issue in many cases, especially in formulating policies. Formulating a policy is a complex issue. Besides, the higher education policy level deals with several complex problems where students might not contribute efficiently. Further, students are considered as "transient members," they come at the higher education institutions for a limited time and they have short time interest and visions of institutional development. Moreover, students in all higher education institutions are not equally capable of influencing university decisions (Acharya 2015). Moreover, a number of reasons for the exclusion of the student participation in university administration have been frequently explored (Zuo and Ratsoy 1999; Wood 1993). According to the study (1993), students may not represent effectively to promote the interests of the student community. Their participation in

university can lead to conflict of interest among the students. Just as students may have various demands, they also have different factions. As a result, students cannot present their needs to the higher education's administrations considering their predominance. The literature also shows that students may not have sufficient knowledge and experience to participate in such kinds of board where the authority takes important decisions and formulates policies. Some studies also argue that students could participate in decision-making process of higher education institutions but they should have limited involvement (Menon 2003; Zuo and Ratsoy 1999). Students may also lack interest to participate in such activities in the university as their participation could also affect their academic performances. Besides, students have a time constraint to participate in different policy-level programs due to their academic activities. Some policy-level meetings have some agendas on student grading and faculty performance and promotion where student representatives should be excluded. The issues are usually accepted by the academicians of students' inadequate knowledge to participate in the university's decision-making process. Also, it will lead to psychological conflict between students and the academic staff (Menon 2003). Many academic staff often do not feel comfortable working with students outside the classroom. The classroom has a different teaching environment, and other places do not have that atmosphere where students and academics feel comfortable.

## Conclusion

From the above discussion it could be said that student participation in the higher education institutions is considered as a substantial component of success in higher educational institutions. It has received extensive discussion in the last few decades. Though there are distinctions in student participation among different regions and different institutions, it has several positive aspects, through which the learning institution benefits and at the same time both the student and teachers benefit. Students' participation also ensures positive organization climate of higher education institutions, which creates trust and respect among the students, teachers, and administrators. Besides, it is also seen that when students engage in university activities, student perform academically well, and they are also in a better position psychologically. Moreover, engaging students in university increases their skill and other qualities. Especially students learn how to deal with the university administrators, which would be benefitted by the students in future. However, there is a lot of controversy over this issue, whether it is good or bad. It can be said that student participation in higher education governance brings out positive outcomes for the higher education institutions. Even after this, the debate on this issue will continue, the future will tell us what it will be like.

## References

Acharya SL (2015) Student participation in university governance: a comparative study between Tribhuvan University and Kathmandu University, Nepal, Master's thesis

Amadi EC (2008) Introduction to educational administration: a module. Harey Publications, Port Harcourt

Boland J (2005) Students participation in shared governance: a means of advancing democratic values? Tert Educ Manag 11(13):199–217

Carey P (2013) Representation and student engagement in higher education: a reflection on the views and experiences of course representatives. J Furth High Educ:71–88. https://doi.org/10.1080/0309877x.2011.644775

Coates H (2007) A model of online and general campus-based student engagement. Assess Eval High Educ 32(2):121–141

De Boer H, Stensaker B (2007) An internal representative system: the democratic vision. In: Maasen AJPAM (ed) University dynamics and European integration. Kluwer, Dordrecht, pp 137–163

Guilbault M (2010) Customer mind-set: investigating a measure of market orientation using higher education as the context. DBA dissertation, Anderson University

Guilbault M (2018) Students as customers in higher education: the (controversial) debate needs. J Retail Consum Serv:1–4. https://doi.org/10.1016/j.jretconser.2017.03.006

Haines K (2019) Student perspectives on joining student organizations. PhD dissertation, Northeastern University Boston, Boston

Hemsley-Brown J, Oplatka I (2006) Universities in a competitive global marketplace: a systematic review of the literature on higher education marketing. Int J Public Sect Manag 19(4):316–338

Jones GA, Shanahan T, Goyan P (2010) University governance in Canadian higher education. Tert Educ Manag 7(2):135–148
Klemenčič M (2012) Student representation in Western Europe: introduction to the special issue. Eur J Higher Educ 2(1):2–19
Li X, Zhao G (2018) Democratic involvement in higher education: a study of Chinese student E-participation in university governance. High Educ Pol:1–23
Little B, Locke W, Scesa A, Williams R (2009) Report to the HEFCE on student engagement. Higher Education Funding Council for England, Bristol
Lizzo A, Wilson K (2009) Student participation in university governance. Stud High Educ 31:689–703
Luescher-Mamashela TM (2013) Student representation in university decision making: good reasons, a new lens? Stud High Educ 38(10):1442–1456
Mafa O (2016) Involving students in university governance: perceptions of open and distance learning students. IOSR J Res Method Educ (IOSR-JRME) 6(2): 49–54
Mann S (2008) Study, power and the university. Open University Press, Milton Keynes
May P (2010) The history of student governance in higher education. Coll Stud Aff J 28(2):207–220
Menon ME (2003) Student involvement in university governance: a need for negotiated educational aims? Tert Educ Manag 9(3):233–246
Menon ME (2005) Students' views regarding their participation in university governance: implications for distributed leadership in higher education. Tert Educ Manag 11(2):167–182
Ostrom AL, Bitner MJ, Burkhard KA (2011) Leveraging service blueprinting to rethink higher education: when students become 'valued customers,' everybody wins. Retrieved November 21, 2019, from Center For American Progress: https://www.americanprogress.org/issues/economy/reports/2011/10/31/10512/leveraging-service-blueprinting-to-rethink-higher-education/
Planas A, Soler P, Fullana J, Pallisera M, Vila M (2013) Student participation in university governance: the opinions of professors and students. Stud High Educ 38(4):571–583. https://doi.org/10.1080/03075079.2011.586996
Prague Declaration (2001) Towards the European higher education area: Communiqué of the meeting of European Ministers in charge of higher education in Prague in May 19th. http://accreditation.org/accords/prague-declaration-communiqu%C3%A9-2001. Retrieved October 15, 2019
RAISE (2010) Researching advancing & inspiring student engagement. Retrieved November 16, 2019, from http://raise-network.ning.com
Robinson C (2012) Student engagement: what does this mean in practice in the context of higher education institutions. J Appl Res Higher Educ 4(2):94–108
Seale J (2009) Doing student voice work in higher education: an exploration of the value of participatory methods. Br Educ Res J 36(6):995–1015
Sutherland KA, Lenihan-Ikin I (2019) The value of working with students as partners. In: Winstone SL-B (ed) Engaging student voices in higher education: diverse perspectives and expectations in partnership. Palgrave Macmillan, Cham, pp 37–54
Trowler V (2010) Student engagement literature review. The Higher Education Academy, York
Trowler P, Trowler V (2010) Student engagement evidence summary. Department of Educational Research, University of Lancaster
Wood D (1993) Faculty, student, and support staff participation in college governance: an evaluation. Paper presented at the Annual Conference of the Association of Canadian Community Colleges. Association of Canadian Community Colleges, Edmonton
Zuo B, Ratsoy EW (1999) Student participation in university governance. Can J High Educ 29(1):1–26

H

# High-Performance Work Teams and Organizations

Francesca Flood[1] and Michael Klausner[2]
[1]Hope Verdad, LLC, Lake Frederick, VA, USA
[2]University of Pittsburgh Bradford, Bradford, PA, USA

## Synonyms

Excellent collaborators; High performing groups

## Definitions

| | |
|---|---|
| Organizational Climate | The collective personality, values, and ethos that create the internal and external image of the organization (Rao and Bullayya 2017). |
| Values | Defined in behavioral terms they describe how team members should behave in pursuit of team goals (Edmonds 2010). |

## Introduction

Although public and private sector organizations differ in a variety of ways, there are strong similarities in key values such as: accountability, expertise, reliability, efficiency, and effectiveness (Van der Wal et al. 2008). In some areas, public

and private sector organizations may compete and must rely on organizational and team performance (Rao and Bullayya 2017). According to the Blanchard Institute (2014), there are five common elements in both the public and private sector. These include: communication, cultivating creativity, removing obstacles, support, and providing resources, contributing to high-performance work teams and organizations.

High-performance organizations delineate themselves through sustainable growth, market leadership, employee retention, and producing value to stakeholders (Blanchard Institute 2014). These organizations identify changes in their industry landscape and undergo transformation to stay relevant (Cancialosi 2015). Specific characteristics such as: organizational climate and human resource management have been identified as integral to the success of these organizations (Anderson and Caldwell 2018; Rao and Bullayya 2017).

Fostering high-performance teams who thrive in these environments requires subset features that cultivate such teams. Such features include: clearly defined goals, alignment of values, communication, collaboration, autonomy and authority, and effective leadership (Abdallah and Ahluwalia 2013; Blanchard Institute 2014).

## High-Performance Organizations

Radical changes in technology, globalization, and the changing generation of workforce have caused organizations to undergo major transformation in structure, policy, procedure, market response, and value alignment with all stakeholders (Blanchard Institute 2014). A high-performance organization (HPO) is only sustainable when it can sense shifts in the market, adapt, respond, and seize opportunities to remain relevant (Powell and Felin 2016).

### Culture-Climate

Organizational/agency culture drives the behavior and performance of the group (Cancialosi 2015; Rao and Bullayya 2017). Climate develops through shared values and formal/informal group and individual behaviors, whether sanctioned or not (Gupta 2009). Cultures are distinguishable by the sum of attitudes, customs, roles, norms, values, and beliefs (Flood 2017). To achieve long-term and sustained growth, high-performance agencies have shifted from top-down authority to a polyarchy workforce, where authority is widely distributed, autonomy is encouraged, and social proofing fosters peer alignment (DeWaal 2007; Powell and Felin 2016).

Communicating goals, transparency, and building trust throughout the agency create an environment where all stakeholders feel safe to provide feedback, make recommendations, and commit to action (Cancialosi 2015). When the culture of an organization inculcates commitment and trust, accurately measures performance, and embraces esprit de corps, it may outperform others (Anderson and Caldwell 2018).

According to a recent Gallup study surveying more than 30,000 team members (Abdallah and Ahluwalia 2013), quality leadership, communication, effective performance management systems, customer centric focus, and training were identified as vital to an HPO culture.

### Human Resource Management

To create and sustain an HPO, human resource management plays an integral role through hiring practices and establishing policy, procedure, and programs that foster employee commitment, retention, and empowerment (Anderson and Caldwell 2018; Rao and Bullayya 2017). When training, compensation, performance measurements, and clearly defined goals are aligned to administrative practices that reinforce the larger objectives of the agency, high performance can emerge.

Cooperative behavior between the organization and its stakeholders is maximized when core values and strategic priorities are aligned. According to Bundy et al. (2018), a *fit* between the two dimensions of value and priorities increases trust, predictability between the parties, exchange of ideas, and heightened communication.

## High-Performance Work Teams

Teams are a ubiquitous feature of virtually all work organizations regardless of the entities'

nature or mission. Unlike a group which is comprised of individuals who act independently of others, teams function cohesively, utilizing complementary skills, holding mutual accountability, and focusing on a common goal (Cancialosi 2015; Katzenback 1996; Katzenback and Smith 2005). To a large degree, the success and/or failure of an organization is dependent on the quality of its people and their performance as a team. Certain subset factors must be present in high-performance work teams (HPWTs). Such factors include: clearly defined goals, alignment of values, communication, collaboration, autonomy and authority, effective leadership, and support (Abdallah and Ahluwalia 2013; Powell and Felin 2016).

### Clearly Defined Goals

Goal clarity is one of the most important features of high-performance teams. Indeed, it has been cited as *the* most pivotal feature (Sidebottom 2017). This requires that team members understand their goals and tasks in relation to broader goals (Anderson and Caldwell 2018). Without goal clarity, measuring and rewarding performance would be difficult (Larson and LeFasto 1989). Goals must be specific, meaningful, challenging, realistic, and measurable to assess if targets are being met.

Meaningful goals refer to the degree they are relevant to the organization's larger mission and the impact achievement might have on society. As an example, Richard Feynman, one of the physicists on the Manhattan Project that was charged with developing the first atomic bomb (1942–1946) indicated that his team behaved differently when members became aware of its purpose. When they learned that successful completion could result in defeating the enemy, a "complete transformation" occurred. The pace, quality, and quantity of their work improved given the stakes of their work (Goleman: 1998, p. 228). When HPWTs recognize the implications of their work are beyond the boundaries of the organization, a deeper sense of purpose and mission can be built (Fisher and Thomas 1996).

Goal specificity has the advantage of timely feedback, enabling the team to gauge progress and make necessary corrections. Another benefit of shared goals is reduced interpersonal conflict, having members focus on goal attainment rather than on internal squabbling. The best teams come together in a shared commitment, operating in a collective performance (Katzenback and Smith 2005). Team cohesion forms when there is a shared mission statement, purpose, and understanding of how work performance contributes to the success of the organization (Fisher and Thomas 1996).

### Alignment of Values

Organizations may create grandiose mission and purpose statements that, while noble, are not clearly understood by employees and more specifically, what they can do to accomplish them. According to Edmonds (2010), there are three integrated steps required for a values-aligned culture: clear performance expectations, define value in behavioral terms, and accountability of leadership and staff. "Values defined in behavioral terms describe how team members should behave as they pursue their team goals" (Edmonds 2010, p. 3).

Clearly defined roles are aligned to performance expectations. If team members do not have a clear understanding of their role within the team, feelings of uncertainty, frustration, anxiety, and conflict may develop. Conversely, when members understand what is expected of them individually and as a collective part of the team, the concept that no one individual is as strong as the team develops (Fisher and Thomas 1996). HPWTs integrate the individual and collective team knowledge for a common purpose (Cancialosi 2015). When the economic imperatives of the organization are tied to value-based priorities, high-performance teams emerge (Anderson and Caldwell 2018). Behaviors, such as integrity, commitment to service, and dedication are seen and experienced rather than viewed as abstract concepts (Edmonds 2010).

### Communication

Good communication serves two essential roles: disseminating the information employees need to do their job and creating relationships

between team members (Doyle 2018). High-performance teams require access to data through information technology structure, hearing from leadership, and transparency in the workplace. If the agency is on fire, that is in trouble, knowledgeable employees can be recruited to help put out the flames (Anderson and Caldwell 2018).

Open, honest, shared, and nondefensive communication are vital to individual and team performance. Such features inspire trust, which is essential to competing in today's world (Anderson and Caldwell 2018). Lack of shared information and easy access are major roadblocks to effective teamwork (Fisher and Thomas 1996). In addition to technical skills, HPWTs utilize effective communication characterized by interpersonal skills, honesty, assertiveness, confidence, listening, empathy, respect, and open-mindedness (Doyle 2018; Nelson and Quick 1997).

HPWT members exhibit effective persuasion skills, using logic and empirical data to support their views. Additionally, team members must possess empathic skills and able to read the emotional states of others (Doyle 2018). Empathic understanding provides an astute sense of what is important to other members, conveying an understanding of their position (Conger 1998). Persuasive skills are a key factor that differentiate HPWTs from average ones, pulling team members together to advance ideas, galvanize action, and develop constructive solutions (Goleman 1998).

### Collaboration

According to Guzzo and Salas (1999, p. 3), "Task-required interdependence is an essential element of teams." Effective teamwork requires ongoing interaction, exchanging information, sharing resources, assisting with workloads, and maintaining mutual accountability. Such activity inculcates a trusting environment that encourages growth and development (Abdallah and Ahluwalia 2013).

In a collaborative environment, the goal has been internalized by team members as the personal goal of each person (Larson and Fasto 1989). Trust conveyed through communication generates collaboration versus competition. Collaboration between team members fosters problem solving where efforts are synergistic, successively building on presented ideas. When HPWTs collaborate, the sum of the efforts exceeds the sum of individual contribution (Maznevski 1995).

A team's performance is the combined outcome of contributions from members who have the requisite skill set plus positive socio-emotional factors such as morale, open communication, and commitment, resulting in team chemistry that facilitates goal attainment. When the socio-emotional factors are positive the "...results can be more than simply additive – they can be multiplicative with the best talents of one person catalyzing the best of another, to produce results far beyond what any one person could have done" (Goleman 1998, p. 205).

A collaborative climate is produced from a high degree of psychological intimacy among members, involving feelings of "affection, warmth, unconditional positive regard, opportunities for emotional expression, and emotional support" (Nelson and Quick 1997, p. 265).

Mutual accountability is an essential feature of collaboration and occurs when team members believe that everyone on the team bears responsibility for the team's performance. (Katzenback and Smith 2005). Such mutual accountability must be deeply felt by the team for a team to exist. Members can self-police and are not dependent on outside influence to motivate them. They hold themselves accountable individually and collectively to the overall result.

### Autonomy and Authority

Market dynamics have forced agencies to rethink organizational structure. Hierarchical style management has given way to disbursed empowerment (Cancialosi 2015). Authority is no longer exclusively seated at the top tier of the organization, but rather imbued as a polyarchy. Here, employees who are closer to fast moving developments in market conditions are enabled to rapidly respond (Powell and Felin 2016). Such flexibility enables organizations to adapt to changes quickly and compete in cycle time, delivery, and sustainability (DeWaal 2007).

The rapidity of changes in technology, social media, customer preferences, and product development requires individual specialists and response teams to have true autonomy to address issues and leverage opportunities (Powell and Felin 2016). Although leadership in many agencies would like to retain authority while paying lip service to autonomy and polyarchy, high-performance teams will not thrive without alignment between action and words.

While disbursed autonomy and authority are vital to high-performance teams, without adequate, formal structure, such organizational construct could lead to chaos. To prevent this, organizations have incorporated social proof mechanisms such as the rule of three, where individual capabilities are bound by social influence that fosters harmonized and accepted behaviors (Powell and Felin 2016).

### Effective Leadership and Support

Effective leadership is a key element of HPWTs and has become less hierarchical, command-and-control oriented (Benett et al. 2013). Teams perform better than their peers, when leaders loosen the reins, demonstrate competence and knowledge, and possess interpersonal skills (Anderson and Caldwell 2018). When leaders demonstrate their confidence in a team's ability through autonomy and empowerment, staff flourish (Larson and LaFasto 1989).

Effective leaders cultivate leadership qualities in others by providing each member of the team an opportunity to lead in an area of his/her expertise (Katzenback and Smith 2005). Leaders that encourage the team to engage in self-observation, self-evaluation, and self-reinforcement were found to be characteristic of HPWT leaders (Manz and Sims 1987).

When leaders acknowledge the value of the team's contribution and convey the relationship between their performance and the mission of the larger organization, performance can be maximized (Fisher and Thomas 1996). Goleman (1998, p. 223) posited that the relationship between emotional intelligence and leadership harmonizes when, "…the best team leaders are able to get everyone to buy into a common sense of mission, goals and agenda…it may be the single most important contribution of a good leader."

While teams may have autonomy or work remotely, they are not isolated entities, but rather part of and dependent upon the larger organization for support. Reliability becomes an essential factor, where teams know they can depend on their leadership through consistency, follow-through, and congruency between action and words (Anderson and Caldwell 2018). Without this support, morale can suffer, erode confidence in the organization's commitment to the team, and adversely impact performance. Support can include: providing sufficient training, giving access to needed tools and information, and encouraging teams to become the best possible version of themselves (Anderson and Caldwell 2018).

Additionally, when a team is working at its optimum performance, recognition is essential. Whether psychic income such as praise, encouragement, or symbolic gesture, or tangible recognition such as financial incentive, acknowledgment, or lack thereof will impact the team's performance (Larson and LaFasto 1989). While individual rewards can be provided at the onset of work based on skill sets brought to the team, once the teamwork begins, financial incentives must be linked to the collective outcome of the team's performance rather than any individual (Caudron 1994). As the team begins to coalesce and develop a sense of collective identity, a team-based reward structure can be implemented. This in turn facilitates team identity and cohesiveness.

Organizations characterized by HPWTs have a cordial, collaborative, and congenial relationship with their teams. Team members are viewed as stakeholders with a vested interest in the organization (Cancialosi 2015). This results in the essential trust required for any high-performance endeavor and outcome.

## Conclusion

High-performance organizations and work teams are not mutually exclusive or random occurrences. These are inextricably linked phenomena

that require specific characteristics to inculcate a culture of flexibility, empowerment, and adaptability to embrace change. Today's global economy and technological advances require rapid respond. High-performance organizations utilize the talents and skills of their staff through empowerment and authority. Agencies have become structurally flatter enabling teams to problem solve, develop ideas, and adapt to the market. Optimizing the next generation of workforce will require dismantling the legacy organizational constructs that no longer apply or work. Like the private sector, public agencies are evolving to meet the demands of an ever-changing landscape.

## Cross-References


- ▶ Authority in Organizations
- ▶ Culture and Organizations
- ▶ Flattening Organizations
- ▶ Performance Management and Culture


## References


Abdallah E, Ahluwalia A (2013) The keys to building a high-performance culture. Retrieved http://news.gallup.com/businessjournal/166208/keys-building-high-performance-culture.aspx

Anderson V, Caldwell C (2018) High performance organizations and human resource management. In: Anderson V, Caldwell C (eds) Strategic human resource management. Nova Science Publishers, Inc., New York, pp 159–176

Benett A, Barksdale M, O'Reilly A (2013) The talent mandate: why smart companies put people first. St. Martin's Press, New York

Blanchard Institute (2014) Public vs. private sector: the big give elements of effective leadership and the five corresponding outcomes. Retrieved https://howgovleads.com/2014/10/22/public-vs-private-sector-the-big-five-elements-of-effective-leadership-and-the-five-corresponding-outcomes/

Bundy J, Vogel RM, Zachary MA (2018) Organization–stakeholder fit: a dynamic theory of cooperation, compromise, and conflict between an organization and its stakeholders. Strateg Manag J 39:476–501. https://doi.org/10.1002/smj.2736

Cancialosi C (2015, June 15) How exceptional companies create high performance cultures. Retrieved https://www.forbes.com/sites/chriscancialosi/2015/06/15/how-exceptional-companies-create-high-performance-cultures/#b514ba75fd16

Caudron S (1994) The individual pay to team success. Pers J 73(10):40–46

Conger J (1998, May–June) The necessary art of persuasion. Harv Bus Rev. Retrieved from http://www.kpcolorado.net/sites/default/files/2011_01_06_art_of_persuasion.pdf

DeWaal A (2007) The characteristics of high performance organizations. Business Strategy Series 8(3):1–11. https://doi.org/10.1108/17515630710684178

Doyle A (2018, March) Communication skills for workplace success. The Balance. Retrieved from https://www.thebalance.com/communication-skills-list-2063779

Edmonds C (2010) Creating a high performance, values-aligned culture. The Ken Blanchard Companies. Retrieved from https://www.kenblanchard.com/getattachment/Leading-Research/Research/A-Values-Aligned-Culture/Blanchard_Creating_a_High_Performance_Values-Aligned_Culture.pdf

Fisher B, Thomas B (1996) Real dream teams. St. Louis Press, Delray Beach

Flood F (2017) Social psychology of organizations. In: Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Meteor, pp 1–9

Goleman D (1998) Working with emotional intelligence. Bantam, New York

Gupta A (2009) Organizational culture. Retrieved from http://practical-management.com/Organization-Development/Organization-Culture.html

Guzzo R, Salas E (1999) Team effectiveness and decision-making in organizations. Jossey Boss, San Francisco

Katzenback JR (1996) The myth of the top management team. Harv Bus Rev 75:83–91

Katzenback JR, Smith DK (2005, July–August) The discipline of teams. Harv Bus Rev. Retrieved from https://hbr.org/2005/07/the-discipline-of-teams

Larson CE, LaFasto F (1989) Teamwork: what must go right, what can go wrong. Sage, Newbury Park

Manz CC, Sims HP (1987) Leading workers to lead themselves: the external leadership of self-managing work teams. Adm Sci Q 32:106–129

Maznevski M (1995) Process and performance in multicultural teams. Western Business School, University of Western Ontario, Ontario

Nelson D, Quick J (1997) Organizational behavior. West Publications, Minneapolis, MN

Powell T, Felin TC (2016) Dynamic organizations. Univ Calif, Berkeley 58(4):78–96

Rao GV, Bullayya L (2017) The influence of business restructuring in public sector unit on the relationship between organizational climate, perceived performance and job satisfaction. Acad Strateg Manag J 16(2):1–12

Sidebottom D (2017, May 11) The importance of goal clarity. The Breakout Project. Retrieved from http://thebreakoutproject.com

Van der Wal Z, De Graff G, Lasthuizen K (2008) What's valued most? Similarities and differences between the organizational values of the public and private sector. Public Adm 86(2):465–482. https://doi.org/10.1111/j.1467-9299.2008.00719.x

# High-Tech Age and Public Sector HRM, The

Siegrun Fox Freyss
Department of Political Science, California State University, Los Angeles, Los Angeles, CA, USA

## Synonyms

High-tech epoch; Information age; Postindustrial age; Postmodern stage; Supermodernity

## Definition

High tech refers to the changes brought about by computer hardware and software and related innovations.

## Introduction

The high-tech revolution is bringing about many changes in human resource management (HRM) both in the public and private sector. However, laws governing HRM are quite different for the two types of employers, which affects the way they can make use of high-tech innovations. One of the most important differences is job security versus at-will employment. Other personnel principles and practices divert as well due to the different job security policies. The purpose of this article is to shed light on personnel procedures in the public sector that are changing due to the high-tech revolution. The article focuses on four developments:

- Job classification systems
- Recruitment and selection
- Human resource information systems
- Communication with the public

It is important that job classification systems are current, consistent, and fair since they are the foundation of important personnel decisions, such as, recruitment and selection decisions. Public Personnel Departments have important roles to play improving government performance, and human resource information systems can help in that effort. The internet provides excellent tools to communicate with the public, but there are potential pitfalls; the Human Resources Department can spearhead the training to ensure that all communication channels are handled in a professional way.

Other terms in need of clarification are public personnel administration, human resource management, and human capital management. The changes reflect different roles assigned by employers over time. Public personnel administration has been used for decades, when the Public Personnel Department had the role of managing payrolls and benefits. They were transactional functions. When Personnel Departments were asked to assume a strategic vision and make fundamental contributions to the growth of the agency, the term human resource management was widely adopted by employers. More recently, primarily in the private sector, the term human capital management emerged. This entry uses the terms interchangeably.

## Changes in Job Classification Systems

Job classification systems are the backbone of traditional bureaucracies. The systems assign all jobs to a class of jobs, based on information like this:

- The nature of the job
- Essential tasks to be accomplished
- Supervision given or received
- Educational background, and
- Previous work experience

Due to US Supreme Court rulings, the description of job classes has to be carefully researched using a well-crafted job analysis because the description has to be used for important personnel decisions, such as the announcements of open positions and the development of testing procedures. The Supreme Court ruled in *Griggs v. Duke*

*Power Company* (1971) that qualifications for a position have to be job-related and employers cannot require unrelated competencies (Tompkins et al. 2009, p. 10; Naff et al. 2014, p. 246; U.S. Office of Personnel Management 2017).

Job classification systems, currently, tend to have several shortcomings. First, they are too detailed and confusing. Human resource specialists can reduce the confusion by combining job classes. It is not uncommon to collapse 4000 classes of jobs into 1000. The National Academy of Public Administration (NAPA) went to the extreme by recommending a reduction of the number to three ranks/bands and seven classes. The bands are called developmental, full performance, and senior/expert. The seven classes are: office services, general support, technical, administration/analysis, engineering/sciences, health, and law enforcement. Pay schedules are collapsed as well. The NAPA study has received a lot of attention as a model, but employers have not adopted the extreme recommendation (Tompkins et al. 2009, p. 25). Research on the success of more moderate approaches in the form of best practices studies, as well as on principles and practices, is lacking (U.S. Government Accountability Office 2014).

Another shortcoming of job classification systems is due to the rapid changes in hardware and software. Job descriptions are supposed to be based on job analysis, which by its very nature focuses on past and present conditions. To deal with the uncertainty of the future, new questions can be added when conducting a job analysis:

> What changes in this job can be expected in 1 year, 5 years, and 10 years?

Other questions can ask:

> What changes in education and qualifications should be required of new job applicants in 1 year, 5 years, and 10 years?
>
> What changes in future knowledge, skills, abilities (KSAs) do you foresee?

Asking an individual employee these questions may not yield a lot of good information, but a panel consisting of employees from different departments and ranks may be very productive.

The reduction of job classes to a reasonable number makes sense in a high-tech environment that generates complex challenges. Like in the private sector, work in the public sector has gotten more complex, and a team approach is recommended because it is thought that teams are better suited than individuals to master the complexity and improve government performance (Flaherty 2013; U.S. Office of Personnel Management n.d.). The reduction of classes and ranks puts the team members on a more equal footing and avoids the resentment that is likely to occur when team members are pretty much doing the same work but receive substantially different pay. In the private sector, pay can be kept confidential, but not in the public sector, where it may be posted online or readily available through Freedom of Information requests. A second benefit of collapsing ranks and job classes is flexibility. The high-tech economy brings about changes quickly; and traditional job titles and pay may not reflect the new work that needs to get done.

## Recruitment and Selection

In government, human resource specialists are in a bind. On the one hand, job announcements are supposed to clearly describe job contents and required qualifications, but on the other hand, because of the ongoing high-tech revolution, the nature of future work cannot always be predicted. In the private sector, where at-will employment is common, employers can simply let "obsolete" employees go and replace them with new ones who have the latest competencies.

In contrast, in the public sector, civil servants have job security. Accordingly, the public employer needs to use different hiring strategies to find applicants who do not only have excellent KSAs in their field, but who are also willing to be live-long learners and whose KSAs therefore will not become obsolete over time (IPMA-HR HR2020 Task Force 2017). The questions above, asked in the context of a job analysis, can also be asked during the employee selection process either in an interview or as essay questions. However, job applicants

should be informed in advance about the inclusion of these questions so that they can prepare for them.

If the work will be done in teams, applicants will have to be tested accordingly, since not all individuals thrive in a team environment (Goleman 2005). Working in groups is common, and extensive research has been done on how to find the best candidate in an applicant pool (Robinson 2017. Team work can be greatly improved using social media because of the immediacy of the communication. However, one question deserves more research: Can high-tech equipment improve effective collaboration, or are employees tempted to waste time on unrelated texting, tweeting, and other social media?

## Human Resource Information Systems

Because of the many high-tech advancements, public personnel administrators are asked to think strategically, and human resource information systems (HRISs) can assist in that mandate (U.S. Office of Personnel Management 2016). Some of the capabilities are:

- Records of pay and benefits entered by HRM into a personnel data base; pretty much 100% of employers do so.
- Relatively new is the recommendation to enter records of each employee's competencies in a separate data base, such as college degrees, certificates, second language, performance evaluations, and past work projects.
- Use of the information on competencies to recommend preparation for a possible promotion, such as, job shadowing, mentoring by senior employees, attending workshops on supervisory skills, or executive leadership skills.
- Use of the information on competencies to let employees know that their performance is below expectations and how they can improve; the bad news may be easier to accept when it is coupled with learning opportunities.
- Perhaps poor performing employee is in a wrong job; learning about an alternative career path and making the career change may improve performance.

The high-tech age is also called the information age and for good reason. The computer in its various permutations is a device that excels in collecting and disseminating information, and Human Resource Departments have an important role to play since they control important data bases about their employees. Organizations like the International Public Management Association for Human Resources (IPMA-HR) do an effective job researching the benefits of HRISs, as well as possible pitfalls (Deep 2017).

## Communicating with the Public

The internet provides excellent tools that governments can use to communicate with the public (Mergel and Bretschneider 2013). In a democracy, government activities are supposed to be open and transparent, so that the government can be held accountable. Before the internet, it was difficult to find out what public agencies were actually doing. Nowadays, well-designed websites can become the virtual city hall, state capitol, or federal agency, often providing much better information than the yield from a visit to the bricks and mortar building. However, one needs to be aware that government can obfuscate information; external information sources may provide a correction or further play into the misrepresentation.

Email is another way to communicate with employees and the public. It pretty much has replaced the letter. However, government employees should not use their private account for public business, a rule that the presidential candidate Hillary Rodham Clinton violated, and she found out belatedly the unintended consequences of violating the rule. And vice versa, employees are not supposed to use their work email for personal business.

President Trump uses Twitter extensively, which gives him the opportunity to communicate with the public in an unfiltered way. Correctly done, social media can be time-consuming because one cannot jump into a Twitter exchange occasionally; instead, one needs to stay on top and add to the discussion before it dies down.

President Trump does not fall under this constraint considering that his tweets tend to start a chain.

In general, governments need to determine which agency or individuals should be responsible for the social media accounts. Human resource specialists can provide guidance to managers by creating new classes of jobs that identify the nature of the job, the essential tasks to be accomplished, etc. as described above in the section "Changes in Job Classification Systems." In addition, the Human Resource Department can provide the training on the proper use of social media. The training should be seen as a form of risk management. In the case of a violation, for instance, in a sexual harassment case, the employer may not be held culpable when it can prove that the offending party was trained and violated known employment rules.

## Conclusions

The high-tech developments have made management more complex by constantly introducing new issues into the substance of work and in the methods of accomplishing it. Human Resource Departments have the challenge of turning high-tech resources into applications or platforms that government agencies can use to become better performers internally in interaction with their employees and externally in interaction with the public (Freyss 2004).

The high-tech age is also called the information age, which reminds us that high-tech capabilities are supposed to make government a better employer and better service provider through information development. Human Resource Departments have the challenge of providing learning opportunities for others in the workforce, while simultaneously educating themselves, what is called training the trainers or building the airplane while flying it. Websites, emails, and social media have proven themselves as good vehicles among the national and international community of human resource experts and scholars in spreading useful or best practices but also identifying gaps in the knowledge base.

## Cross-References


- ▶ Executive Development
- ▶ Human Resource Information Systems
- ▶ Innovation and the Public Workplace
- ▶ Leaders and Innovations in Public Organizations
- ▶ Public Employees as a Strategic Resource
- ▶ Skill Requirements for City Administrators


## References


Deep S (2017) Technology and innovations in human resources. HR News (August), pp 22–23

Flaherty MP (2013) Effective supervisory practices: better results through teamwork, 5th edn. ICMA Press, Washington, D.C.

Freyss SF (2004) Local government operations and human resource policies: trends and transformations. In: The municipal year book 2004. International City/County Management Association, Washington, DC, pp 17–25

Goleman D (2005) Emotional intelligence: why it can matter more than IQ. Bantam Books, New York

IPMA-HR HR2020 Task Force (2017) HR2020. Shifting perspectives: a vision for public sector HR. IPMA-HR, Alexandria

Mergel I, Bretschneider SI (2013) A three-stage adoption process for social media use in government. Public Admin Rev 73(3):290–400

Naff KC, Riccucci NM, Freyss SF (2014) Personnel management in government. Politics and process, 7th edn. CRC Press, New York

Robinson A (2017) The best team wins: build your business through predictive hiring. Greenleaf Book, Austin

Tompkins J, Stapczynski A, Freyss FF (2009) Planning and paying for work done. In: Freyss SF (ed) Human resource management in local government: an essential guide. ICMA Press, Washington, DC, pp 1–34

U.S. Government Accountability Office (2014) Human capital. OPM needs to improve the design, management, and oversight of the federal classification system (July). Retrieved 25 Oct 2017 from http://www.gao.gov/assets/670/665200.pdf

U.S. Office of Personnel Management (2016) Open government plan version 4.0. Retrieved 24 Oct 2017 from https://www.opm.gov/about-us/open-government/reference-materials/governmentplan_v40.pdf

U.S. Office of Personnel Management (2017) Classification and qualifications. Retrieved 24 Oct 2017 from https://www.opm.gov/policy-data-oversight/classification-qualifications/

U.S. Office of Personnel Management (n.d.) Building a collaborative team environment. Retrieved 24 Oct 2017 from https://www.opm.gov/policy-data-oversight/performance-management/teams/building-a-collaborative-team-environment/

# Hiring Regulation and Public Administration

Pamela Gallahue
Naperville City Clerk's Office, Naperville, IL, USA

## Synonyms

Employment rules; Management of human capital; Personnel standards

## Definition

Laws that govern the solicitation, hiring, training, promotion, and termination of public sector employees.

## Introduction

Up to the late nineteenth and early twentieth centuries, all levels of government had earned the reputation of being corrupt political machines that took care of the members of their own party in reward for loyal service. Individuals were appointed to positions regardless of their education, experience, or competence. This overt political patronage and disregard for the constituents lead to a demand for hiring regulations and overall public service reform. The goal of implementing regulations was to ensure a professional, qualified, and nonpartisan civil service force. Hiring regulations consisted of non-biased exams, merit-based promotions, and prohibitions on political activities. Agencies were also created to review hiring practices and to hold those accountable when policies were violated. The model of hiring regulations and oversight that was created in the 1970s is still in effect today.

## In This Chapter

There are many reasons that people are attracted to a career in public service. The determination to effectuate change at local, state, and federal levels, the chance to work in a variety of areas such as transportation, human resources, and public safety, intellectual collaboration with bright and talented peers, and the opportunity to apply creative solutions in response to shrinking budgets, growing bureaucracy, and the inevitable red tape are just a few. Regardless of the individual, the desire to have an impact on, and make difference in, a person's life is ultimately at the heart of the motivation.

In the 1800s, the incentive to pursue a career in public service was not so altruistic, and earning a government job was not extremely difficult. Given the corrupt nature of politics and public service, there was an outcry for reform from not only the general public but also the nation's political scholars. In 1887 Woodrow Wilson introduced the debate of defining the role between politics and administration. Frank Goodnow followed Wilson's lead and weighed in on the need to separate politics from the day-to-day management of government responsibilities. Wilson and Goodnow, the founding fathers of this school of thought, believed that separation of duties was critical to the success of the other's function. They also supported a neutral civil service that was free of political influence, making government more efficient by implementing businesslike practices and striving to professionalize the public sector through training and improved hiring regulations. Finding the appropriate balance between the roles and responsibilities for politicians and professionals sparked an argument that continues today.

This chapter will discuss the chain of events that occurred in the late 1800s which ultimately lead to the reform of the civil service system. It will also examine when the theory of public administration was introduced into the political arena and how the nexus of these two subjects have influenced the education, hiring, selection, and protection of today's public servants.

## The Spoils System

Andrew Jackson was elected president in 1828. He believed that a number of his initiatives were

not being recognized because of political influence of civil servants. Under the guise of reform, he began rotating people out of their job posts. According to the administration, Jackson was justifiably removing individuals that had been hired nearly four decades earlier (McNamara 2014). However, Jackson opponents reported that approximately 700 federal employees were fired in 1829 which had a negative effect on commerce and other operations in Washington (McNamara 2014). Stating political cronyism and corruption as the reasons for removal, Jackson began replacing the vacated positions with individuals that had supported his campaign. In 1832, New York Senator William Marcy responded to criticisms of patronage by stating, "to the victor belong the spoils" (Miller Center of Public Affairs).

Although the label of "spoils system" ultimately degenerated into a philosophy where political service meant more than competence, rotating employees out of service did work relatively well with a small government responsible for delivering a limited scope of services (Shepherd 2003). However, small government did not last long, and after the Civil War, America ushered in the Gilded Age. The rail system spawned massive business growth and the invention of items such as the telephone and automobile. This expansion in commerce and communications resulted in the need for increasingly complex and diverse government functions. Federal agencies and state governments were multiplying and becoming more involved in specialized areas such as agriculture, industrialization, education, and public health (Finkelman 2001).

Similarly, as the levels of government diversified and entered these areas, the civil service also needed to grow quickly and place people in much needed positions. These new fields drew interest from college-educated, experienced individuals who believed they had earned the right to compete for a position in government. At the same time, citizens pressed for more qualified, honest, and responsive representation. These individuals also believed that elected officials should be subject to public scrutiny and held accountable for their actions. Regardless of rank or position, proponents of change wanted assurance that any violation of public duty would be subject to legal, financial, or constitutional sanctions (Thayer 1997). Lastly, reformers held that additional benefits of a more professional and accountable government would not only be a reduction in wasteful spending but also a more efficient administration.

## The Civil Service Reform Effort

In March 1871, President Ulysses S. Grant capitalized on a lame-duck session of Congress and succeeded in getting an important appropriations bill passed. The bill included a provision allowing for the creation of the US Civil Service Commission. The Commission was charged with drafting rules for federal employee hiring exams. After the initial request of $100,000 was denied, Congress ultimately appropriated $25,000 to fund the Commission for 2 years (Kennedy 2001). The Commission operated without any legal authority, and the regulations that were passed would only apply to future office holders. As a result of the avalanche of congressional criticism and staunch resistance to change, President Grant was forced to abandon his reform efforts. Funding was discontinued in 1875 and the rules were indefinitely suspended the following year. However, in the Commission's short-lived existence, it was successful in drafting rules aimed at creating a more fair and professional workforce by designing specific and detailed screening protocols for federal job applicants (Kennedy 2001).

The next president, Rutherford B. Hayes, requested funding but was denied. Instead, without legislative authority or support, he took up the cause and issued an executive order in 1877 prohibiting civil servants from managing several types of political activities such as events and campaigns. Unfortunately, the order was not consistently followed, and President Hayes removed several individuals from office that continued to ignore it and investigated federal agencies suspected of profiting from contracts in violation of the order. Civil service reform legislation did not pass during President Hayes' time in office, but he made significant progress to further the

awareness and importance of the initiative. His efforts were also successful at laying the groundwork for sweeping legislation in the following decade.

Roscoe Conkling, a senator from New York, was the head of the Stalwart faction when James A. Garfield was elected in 1880. Conkling was opposed to reform; however, the faction needed to support a presidential candidate. The senator believed that Garfield was a better choice than James G. Blaine because Blaine was the leader of the Stalwart's rival, the Half-Breed party. Without Conkling's backing, Garfield would have been defeated by Winfield S. Hancock, the candidate for the Democratic Party. While Garfield relied on Conkling's advice during the campaign, he chose to ignore it after the election when appointing members of his administration. Garfield disliked patronage and had campaigned in favor of the reform movement. However, he understood that he was elected by a narrow margin and knew it was critical that he appeal to the opposition by creating a bipartisan staff. In the end, after all of the appointments had been named, one party faction, the Stalwarts, received fewer nominations. Senator Conkling tried unsuccessfully to block Garfield's choice for the Collector of the Port of his home state of New York and ultimately resigned in protest (Kennedy 2001).

After the conclusion of the confirmation hearings, Garfield began to move forward with his reform agenda. On July 2, 1881 he was fatally shot in the back at a train station by Charles J. Guiteau. Guiteau, a member of the Stalwart faction, did not receive an appointment in the Garfield administration. He was later identified as having emotional issues which may have contributed to this tragedy. Nonetheless, the president died from the gunshot wound on September 19, 1881. His death revitalized interest in the need for civil service reform. Garfield's successor, Chester A. Arthur, also advocated for change and relied heavily on Senator George Hunt Pendleton to guide reform legislation through Congress. Finally, in 1883, Congress passed the Pendleton Act.

The Pendleton Act provided for the creation of a permanent, three-member Civil Service Commission. This Commission would operate independently of the executive branch and be charged with enforcing the rules set forth in the Act. Although some of the most flagrant political machines existed at the state and local levels, the Civil Service Commission's efforts were largely constrained to bringing about change at the lower, entry levels of the federal government. Because the Act provided that jobs shall be awarded on the basis of merit and that employees could not be fired for political reasons, the Commission focused on fair and open competition for federal jobs. The Commission also concentrated on admission to the service based on the results of an exam and protecting employees from political patronage and partisan behavior once hired (Ingraham and Rosenbloom 1990). In 1883, New York was the first state to adopt the civil service philosophy. Other states such as Illinois and Wisconsin (1905), Colorado (1907), New Jersey (1908), and Ohio (1912) began adopting merit-based systems within two decades (Cayer and Parkes 2001).

## The Politics and Administration Dichotomy

At about this same time in history, Woodrow Wilson was teaching at Bryn Mawr College. Professor Wilson brought attention to the fact that colleges were introducing courses focused on the science of administration. While related to the science of politics, Wilson explained that the science of administration was different and stated that "it is the object of administrative study to discover, first, what government can properly and successfully do, and, secondly, how it can do these proper things with the utmost possible efficiency and at the least possible cost either of money or of energy" (Wilson 1887, p. 197). New areas of trade, finance, personnel, and commerce made it clear that running a government was becoming more difficult. Actions from the prior several years had sent an unmistakable message that the American public recognized this complexity and also desired a government that exhibited more accountability and

responsiveness. Wilson believed that a science of administration was critical in order to straighten the path of government, make government more businesslike, and improve the organization of the government (Wilson 1887, p. 201).

He supported the current civil service reform movement and the need to separate corrupt political practices from the activities of day-to-day administration. He too was concerned with partisan influence, ineffective congressional oversight, inefficient and wasteful government operations, a lack of citizen involvement, and the hiring of unqualified personnel. To that end, he argued for a clear delineation between politics and administration. In his seminal article, The Study of Administration, Wilson theorized that politics and administration should operate as independent and separate functions (Wilson 1887). Specifically, he stated that the civil service movement was simply the beginning of more sweeping administrative reform and that it was "clearing the moral atmosphere of official life by establishing the sanctity of public office as a public trust, and, by making the service unpartisan, it is opening the way for making it businesslike" (Wilson 1887, p. 210). To Wilson, the "field of administration is the field of business, it is removed from the hurry and strife of politics, and that administration lies outside the proper sphere of politics" (Wilson 1887, p. 18 and 210). This separation later became known as the politics-administration dichotomy, and the extent to which the two functions can, and should, interact with each other has been debated for decades.

The first to support Wilson's theory was Frank Goodnow. He stated that the powers of the three branches of government could be distilled down the two primary responsibilities of expression of will and the execution of that will. He argued that the function of politics was to express the popular will and the role of administration was to execute that will (1900). While he believed that a strict separation between politics and administration was not possible and that interaction between the two functions was necessary, he still supported the need for a civil service free of political motives and manipulation.

Over the years scholars have put forth their own models of the dichotomy. For example, some interpret the dichotomy as a severe separation between politics and administration. In their view, administrators are to provide expert advice to officials in a myriad of areas while maintaining political and policy neutrality (Kaufman 1956). This model is best exemplified in the council-manager form of government at the municipal level. Here, a professionally trained administrator operates outside the sphere of politics and is charged with implementing the policies of the elected city council members. Others see administration as inextricably linked to the political process. Ineffective legislation and politicians' general lack of technical knowledge require administrators to have an active role in the policy-making process (Lipsky 1980). A third group of scholars represent a hybrid model and believe politicians and administrators should operate in a highly collaborative environment. This group acknowledges the two areas have different values, backgrounds, and goals, but stresses that each has a critical role in delivering sound governance to the public. Here, elected officials and administrators maintain distinct roles, but the functions overlap in a mutually supportive way (Svara 2001).

Each school of thought has attracted support, critical reviews, and identification of shortcomings. For example, those that support the interactive philosophy will draw reproach for being vulnerable to questionable political involvement and ultimately exhibiting the very behavior that the dichotomy, and civil service reform, was intended to prevent. A flaw in the strict separatist model is that it assumes the professional administrator operates with a reasonable moral compass. A second weakness in the model is that it also presumes the policies that are to be implemented are clearly written and can be easily interpreted.

Offering a definitive model for the appropriate level of interaction, or lack thereof, between politics and administration is a daunting task. The discussion has continued for more than 100 years and is still taught in colleges for students to debate today. Whether or not politics and administration

are linked in practice, the literature has assured that they will forever be linked in theory.

## Striking a Balance: The Civil Service Reform and Dichotomy Nexus

As scholars continued to debate the politics and administration relationship in the early twentieth century, the reform movement soldiered on and tried to strike the appropriate balance between the two. On August 2, 1939 the Hatch Act was passed. Named for Senator Carl Hatch of New Mexico, it expanded the Pendleton Act to include restrictions on political activity for federal employees. Generally it held that employees cannot take "an active part" in political campaigns and elected officials cannot employ manipulative measures such as employment, monetary rewards, or the promise of contractual awards to coerce political support (Schultz 2009). Less than 1 year later, on July 19, 1940, the Act was revised to include employees at the state and local levels whose pay was supplemented by any federal funding. For example, the Social Security Act required that state employees involved in nationally funded programs be covered by merit systems so in order to participate in Social Security, it was necessary for the states to create merit systems for their employees (Cayer and Parkes 2001).

In some states, merit systems and other reform efforts were modeled after the federal government and featured a central personnel office with a multimember Civil Service Commission. Other states created a personnel office with a single director and no board. Regardless of the structure of the system, hiring and employment reform was occurring at the state level and would eventually be expanded to local governments (Cayer and Parkes 2001). And, just like at the state level, the development and structure of civil service reform varied at the local level. By the mid-1900s, most large cities had developed some sort of merit system. However, they were not as prevalent in smaller cities and counties because the number of government employees was not as great.

In the late 1960s and early 1970s, America's political and personnel landscape was being challenged. In addition to the proliferation of civil service reform, the civil rights and women's rights movements were demanding additional government change. In light of the new issues facing elected officials and the rising distrust of government, the Carter Administration believed it was time to evaluate the federal Civil Service Commission and make modifications as necessary. Because the relationship between politics and administration had evolved into a strict separation, the civil service system was found to have become inefficient, unresponsive to, and insulated from, political direction. The system had also accumulated a myriad of bureaucratic procedures and was not demographically representative of the United States. An examination also revealed that the Commission was not protecting employee rights against allegations of discrimination nor providing a mechanism for independent oversight of labor management issues. Lastly, the Commission had become "pressured by its dual mission of administering the personnel function and serving as the president's personnel advisor" (Rabin 2003, p. 197).

Taking a cue from the more decentralized management approach employed by the states and the need to relieve the Commission of its conflicting mission, President Carter passed the Civil Service Reform Act (CSRA) in 1978. The CSRA abolished the Civil Service Commission and replaced it with three new organizations. The Office of Personnel Management (OPM) was established to research, examine, and direct personnel regulations. The Merit Systems Protection Board (MSPB), which included the Office of Special Counsel, was charged with processing the appeals of civil servants and civil service applicants, and the Federal Labor Relations Authority (FLRA) addressed employee collective bargaining and union matters.

In addition to the obvious structural changes aimed at improving efficiencies, the CSRA reaffirmed the government's commitment to improving the effectiveness of the federal hiring system. A number of public administration values were also reinforced by the CSRA. Among the most important was the focus on the appropriate relationship between politics and administration

and ensuring a professional civil service. The CSRA stressed the proper implementation of the merit system. This section of the Act specifically discussed hiring, performance, equal pay, retention, training, whistle-blowing, protection from partisan politics, and using the workforce as efficiently and effectively as possible (Coggburn 2003). Additional public administration principles identified in the CSRA included a list of prohibited personnel practices, executive oversight of the personnel policies, a demographically representative workforce, decentralization of responsibilities to line level agencies, and private sector management techniques addressing performance evaluation and pay for performance (Coggburn 2003).

The goal of the CSRA was to create a more efficient, effective, and responsive personnel system. It has been roundly criticized in the literature for failing to deliver in several areas. However, the CSRA is still regarded as one of the most prominent pieces of legislation because it established the framework for federal personnel management that is still broadly applied (Coggburn 2003). Today's Office of Personnel Management has been built upon a foundation of respect for its history. A cursory examination shows how reform history has been preserved and woven into the current mission. By providing policy oversight, healthcare and insurance, retirement services, and assistance to other federal agencies in the hiring process, the OPM continues to be the torchbearer of service professionalization and a daily practitioner of the politics-administration dichotomy.

## Conclusion

Through practice and literature, a clear argument was made for the separation of politics and administration which helped justify much needed civil service reform. Sweeping public sector change was achieved by defining parameters for each function and developing fair and impartial hiring, promotion, protection, and termination regulations. While implementation and organizational structure varied between the levels of government, the message was consistent and the goal was universal, to develop a more professional and efficient civil service insulated from political gamesmanship. This philosophy that was first put forth more than 100 years ago by Woodrow Wilson and early reformers still holds firm today and continues to be reflected in public sector hiring regulations.

## References

Cayer JN, Parkes SJ (2001) Human resource management change in state and local government. In: Liou K-T (ed) Handbook of public management practice and reform. Marcel Dekker, New York

Coggburn JD (2003) Civil service reform act of 1978. In: Rabin J (ed) Encyclopedia of public administration and public policy: A-J. Marcel Dekker, New York

Finkelman P (2001) Civil service reform. In: Encyclopedia of the United States in the nineteenth century. Retrieved 3 Mar 2016 from: http://ic.galegroup.com/

Goodnow F (1900) Politics and administration: a study in government. Russell and Russell, New York

Ingraham P, Rosenbloom D (1990) The state of merit in federal government. Occasional paper. National Commission on the Public Service, Washington, DC

Kaufman H (1956) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50:1057–1073

Kennedy R (2001) On this day. New York Times. Retrieved 1 Apr 2016 from: https://www.nytimes.com/

Lipsky M (1980) Street level bureaucracy: dilemmas of the individual in public services. Russell Sage Foundation, New York

McNamara D (2014) The spoils system. Retrieved 3 Mar 2016 from: http://history1800s.about.com/

Miller Center of Public Affairs, University of Virginia. February 28. Andrew Jackson: Domestic Affairs. Accessed February 28, 2016. Retrieved 22 Apr 2016 from: http://millercenter.org/president/biography/jackson-domestic-affairs

Rabin J (2003) Encyclopedia of public administration and public policy: A-J. Marcel Dekker, New York

Schultz D (2009) The encyclopedia of the United States Constitution. Facts on File, New York

Shepherd G (2003) Civil service reform in developing countries: why is it going badly? In: 11th international anti-corruption conference. Seoul, 25–28 May 2003

Svara JH (2001) The myth of the dichotomy: complementary of politics and administration in the past and future of public administration. American Society for Public Administration 2:176–183

Thayer F (1997) The US Civil Service: 1883–1993 (R.I.P). In: Farazmand A (ed) Modern systems of government: exploring the role of bureaucrats and politicians. Sage, Thousand Oaks

Wilson W (1887) The study of public administration. Polit Sci Q 2(2):197–222

# Historic Black Colleges as Social Policy

Victor Eno
Department of History and Political Science, Florida Agricultural and Mechanical University, Tallahassee, FL, USA

## Synonyms

Education for political empowerment; Historic black colleges and universities (HBCUs) in the United States; Social engineering; Social mobility

Historic Black colleges and universities or (HBCUs) emerged after the end of the American Civil War in 1865 to offer opportunity to freed Black slaves to gain education. These colleges also served as vehicles for newly emancipated Blacks to obtain education and learn skills that enabled them to function in the new American society based on freedom and emancipation from slavery. Prior to the Civil War, higher education (and any form of formal education for that matter) for African Americans was virtually nonexistent.

## History

During slavery, slave states were very deliberate in barring enslaved African Americans from acquiring literacy, that is, the ability to read and write. These states enacted legislation that made it a crime for slaves and their offspring to receive education; they could not be found with books, neither could they be taught to read and write or even attempt to teach themselves to read and write. The intention was to keep them in darkness and perpetual servitude because white slave owners, and indeed white society, feared that if the enslaved became literate they would ask questions and demand freedom. It was in the strategic, enlightened self-interest of slave owners to keep the enslaved illiterate so that they would not threaten the social order.

In spite of all the efforts to prevent the enslaved from obtaining literacy, a few slaves struggled to read and write by devising a number of covert measures to get books to read and learn to write. In the period before the Civil War, a few groups and individuals with good conscience worked to help African Americans obtain literacy. They organized schools, or institutions that looked like schools, which provided enslaved black youth the opportunity to read and write and obtain basic education and training to become teachers or tradesmen. One example was a group of Philadelphia Quakers who, in the 1830s, established the Institute for Colored Youth which afforded African Americans the opportunity to receive education. The Institute, which opened on a farm outside of Philadelphia in 1837, could be regarded as the precursor to historically black colleges in the United States. It later became Cheyney University of Pennsylvania, which is presently a part of the Pennsylvania State System of Higher Education.

Another pre-Civil War effort to establish schools for black was made in 1854 with the founding of the Ashmun Institute in Philadelphia, which offered theological training and basic education. It became Lincoln University in 1866 in honor of President Abraham Lincoln and remained a private institution until 1972 when it became a member of the Pennsylvania State System of Higher Education. However, Wilberforce University in Ohio is arguably the oldest full-fledged private historically Black university in the U.S. It was founded in 1856 by the Methodist Episcopal Church as a coeducational institution for black who had escaped slavery in the South through the Underground Railroad. It closed in 1862 but was reincorporated in 1863 under the auspices of the African Methodist Episcopal (AME) Church, a historically African American Methodist denomination.

In the period following the end of the Civil War, increased efforts were made in other parts of the country to establish institutions for education of freed blacks. For example, barely six months after the end of the Civil War, three like-minded men -John Ogden, the Reverend Erastus Milo Cravath, and the Reverend Edward P. Smith

-united by a strong purpose to advance the condition of Black people in the post-slavery era, established the Fisk School in Nashville, Tennessee. The Fisk School, which later became Fisk University, was founded for the education of freed descendants of enslaved Africans. It was named in honor of General Clinton B. Fisk of the Tennessee Freedmen's Bureau, who provided the institution with facilities in the former Union Army barracks. The university's first class was held on January 9, 1866, with students who ranged from the age seven to seventy years. All students were victims of slavery and poverty but shared a common interest in learning (See the Fisk University History page at https://www.fisk.edu/about/history).

It should be noted that all through these periods, i.e., the pre- and post-Civil War years, racial segregation had placed a heavy burden on African Americans and prevented them from attending the then existing majority institutions. The only schools that African Americans could attend were the ones they established. And whatever schools blacks were able to establish were few and far between. They could not really fit the description of the typical standard schools of the day. They were poorly resourced. They could only offer elementary education and training in vocational skills. This explains why all the existing schools, that is, schools in the real sense of the word, were founded by whites. Also, concerned white people directly founded or were behind the founding of all of the early historically black colleges in the years before and immediately following the Civil War.

According to (Allen et al. 2007, p. 267), African Americans staffed their own schools and used literate and semi-literate members of the community to educate newly freed slaves. The majority of the institutions established by blacks themselves in the post-War period were funded by churches, specifically American Missionary Association, Disciples of Christ, and African Methodist Episcopal Church. But those early HBCUs received little to no state and federal support and often suffered from shortage of financial resources and adequately trained staff; therefore, they had to rely on White philanthropic and missionary societies to function and continue to serve the black community.

In the course of the Civil War, and with the eventual abolition of slavery on the horizon, there was growing awareness among the political elite, and some in the dominant culture, that the country would be beset with a ticking time bomb. The country would face the specter of a large mass of illiterate formerly enslaved individuals who would be expected to exercise democratic rights of voting as citizens and function effectively in an emerging industrial society. Many people had begun to wonder what should be done about freed blacks who could not read or write and had no functional education. This was because, as freed people, illiterate African Americans would be a liability to the country, and it was widely realized that they must be educated.

This dilemma obviously motivated the long-serving U.S. Republican legislator from Vermont, Senator Justin Smith Morrill (1810–1898), to propose legislation that later became the Morrill Act of 1862. He had the creative idea that federal lands could be granted to states to incentivize them to established schools and colleges for the training and education of freed black people, or if they could not use the land themselves they, could sell them to commercial interests and use the proceeds for educational enterprises. Morrill served 12 years in the House of Representatives (1855–67) and 31 years in the Senate (1867–98).

Named the Morrill Land-Grant College Act of 1862, or simply the Morrill Act of 1862 in honor of Senator Morrill, it provided grants of land to states to finance the establishment of colleges specializing in "agriculture and the mechanic arts." It granted each state 30,000 acres for each of its congressional districts. Funds from the sale of the land were used by some states to establish new schools; other states turned the money over to existing state or private colleges to create schools of agriculture and mechanic arts (known as "A&M" colleges or Agricultural & Mechanical colleges/universities). (See "Land-Grant College Act of 1862" in Encyclopedia Britannica at

https://www.britannica.com/topic/Land-Grant-College-Act-of-1862).

The Act had a military training component. The military training required in the curriculum of all land-grant schools led to the establishment of the Reserve Officers' Training Corps (ROTC), an educational program for future army, navy, and air force officers. The Morrill Act of 1862 was a significant first step that led to other developments in higher education in America, and in particular, the education of freed blacks. A combination of factors including the Morrill Act (1862), the end of the Civil War (1865), the promulgation of the landmark Thirteenth Amendment (1865) which abolished slavery, and Reconstruction (1865–1876), heralded change in America's socio-economic, political and cultural landscapes. That short period of a little more than a decade represented a significant milestone in America's history regarding the turnaround in the fortunes of African Americans.

The end of the Civil War was followed by Reconstruction, a period of national reconciliation and re-building from the ruins of the War. Reconstruction and the Morrill Land-Grant Act created an enabling environment that ushered in the era of the historically black colleges and universities (HBCU). It should be added that the Freedmen's Bureau was another significant factor that enhanced the fortunes of black people in terms of its contribution to the education and rehabilitation of free black people.

The Freedmen's Bureau was a federal agency that operated during Reconstruction to help former slaves adjust to freedom. The support provided by the Bureau, alongside with the Morrill Act, was instrumental for the establishment of HBCUs throughout the South and other parts of the country. Historic black colleges established in the immediate post-War years, that used the resources of the Morrill Act and the support of the Freedmen's Bureau, included Atlanta University founded in 1865 and now called Clark Atlanta University; Howard University, chartered in 1867, and named in honor of Major-General Oliver Otis Howard, a leading pioneer of the Freedmen's Bureau; Morehouse College also founded in 1867, originally called the Augusta Institute, among others.

These institutions provided a liberal arts education and trained students for careers as teachers or ministers and missionaries, while others focused on preparing students for industrial or agricultural occupations under the framework of the A&M colleges. In the Atlanta, Georgia area, Morehouse was and continues to be an all-male while Spelman College established in 1924 (originally founded in 1881 as Atlanta Baptist Female Seminary) remains all-female. These are just a few examples of HBCUs that adopted single-sex educational model but most are coeducational.

However, the early HBCUs were struggling financially and could not fill the yawning gap in educational opportunity between the majority population and masses of recently freed black people who yearned for education. A great number of black people lacked opportunity and the means to attend schools and colleges because racial segregation remained a severe reality: Black youths were turned away from the better-resourced state public schools and private schools and colleges.

The second Morrill Land-Grant Act of 1890, (an amendment of the 1862 Act), was an attempt to solve this problem. It specified that states using federal land-grant funds must either make their schools open to both black and white or allocate money for the establishment of segregated black colleges to serve as an alternative to white schools. The 1890 Act resulted in the establishment of a few more predominantly African American colleges and a number of American Indian colleges. It also stipulated regular Congressional appropriations that not only supported but also breathed a new lease of life into the land-grant colleges.

In spite of the funding and other challenges (including controversies as to the direction they should follow) that they have faced from the 1860s through the 1890s, which have persisted even to the present, HBCUs have fulfilled enormous responsibilities in the socialization and education not only of blacks in the United States but also citizens of other nations in the world. They remain a driving

force in socio-economic mobility, political empowerment, and cultural advancement in the United States.

## Historic Black Colleges and Universities as Social Policy

From the beginning, the historic black colleges and universities have managed to survive many adversities. They were founded to fill the urgent need of educating freed black. This was against the background of the fact that, prior to the Emancipation Proclamation in 1863, every slaveholding state in the United States had some form of legislation that forbade blacks from learning to read and write, so when freedom beckoned, African Americans who had been denied the opportunity to learn craved to take the new educational opportunities offered by the HBCUs. It is should be emphasized that only the HBCUs provided such opportunities. They have continued to provide educational and training opportunities for not only African Americans but also other racial/ethnic groups in the United States for over one hundred and sixty years.

The HBCUs have served as veritable instruments of social policy and social engineering. They have helped black people lift themselves from their bootstraps. They were founded under the most impossible conditions and despite stiff opposition of Southern conservatives, before and after Emancipation, who viewed educational access for freed slaves as a threat to White supremacy. All of the obstacles put in the way of the HBCUs did not dampen the aspirations of freed black who believed that education was the "ultimate emancipator" that would enable them to distance themselves from slavery, move past their subordinate status in society, and achieve social mobility (Allen et al. 2007, p. 267).

Early on in the history of HBCUs, controversy arose as to whether they should be focused on teaching basic vocational skills and social etiquette to black or whether they should be engaged in liberal arts education that would entail the teaching the classics, history, philosophy, and modern science. Two schools of thought emerged led by two accomplished African Americans: Booker T. Washington and W.E.B. DuBois. Washington, a distinguished entrepreneur and industrialist, believed that the black colleges should be focused on vocational education that would equip black youth with relevant skill-sets to gain employment and make a better life for themselves. DuBois, a Harvard-trained sociologist and an advocate for civil rights, thought that black colleges should not only be focused on vocational education but they should also promote liberal education in the classics, political education for enlightenment and empowerment so that black can better assert their rights and citizenship.

Perhaps, the journeys that these two men took in life, given their background, explained why they were on different sides of the 'industrial' versus 'classical' education argument. Washington, a freed slave from Virginia, attended the Hampton Normal and Agricultural Institute (later renamed Hampton University), which focused on preparing young Blacks throughout the South to fill jobs in the skilled trades. Washington became an apprentice of Hampton's president and decided to establish his own school after graduating. In 1881, he founded and led Tuskegee Institute which later became Tuskegee University. Tuskegee became famous for its practical curriculum and focus on preparing black for many agricultural and mechanical trades. Washington was applauded by some and criticized by others for his advocacy of black advancement through vocational training and racial conciliation. He believed that the best way for freed slaves and other black to attain equality in the United States was through the accumulation of power, wealth, and respect by means of hard work in practical trades. (See Hannah Purnell, "The History of Historically Black Colleges and Universities: A Tradition Rich in History" at http://www.collegeview.com/articles/article/the-history-of-historicallyblack-colleges-and-universities).

DuBois, on the other hand, was raised in Massachusetts and was first exposed to segregation during his undergraduate work at Fisk University (Purnell). He felt that Washington's advocacy for universal vocational training only perpetuated the

servitude of slavery. He argued that equality and a sense of purpose would only come if talented black were allowed to study the arts and sciences – the need for cultivating a "talented tenth" of well-educated African American community leaders.

This ambivalence as to what educational trajectory they should follow has defined the journey of HBCUs. However, overall they have done very well. They have acquitted themselves in fulfilling the three basic functions of an educational system: the tooling, socializing and politicizing functions (LeMelle 2002). The tooling function entails preparing citizens to translate the internalized values of the community into an economic reality for achieving maximum well-being. The socializing and politicizing function involves creating, maintaining and propagating the political and social values and interests of the community. Within the context of the political and economic power realities of black/white relations in the United States, and given the tremendous difficulties that they have historically faced, it can be asserted that both private and public HBCUs have been successful. And even though they still have to grapple with these difficulties and re-invent themselves, the future looks bright for these colleges.

## References


Allen WR, Jewell JO, Griffin KA, Wolf D'SS (2007) Historically black colleges and universities: honoring the past, engaging the present, touching the future. J Negro Educ 76(3):263–280. http://www.jstor.org/stable/40034570. Accessed 20 Dec 2016

Fisk University History. https://www.fisk.edu/about/history. Accessed 20 Dec 2016

Historically black colleges and universities (HBCU). Encyclopædia Britannica online. Encyclopædia Britannica Inc. https://www.britannica.com/topic/historically-black-colleges-and-universities. Accessed 23 Jan 2017

Land-Grant College Act of 1862. Encyclopedia Britannica. https://www.britannica.com/topic/Land-Grant-College-Act-of-1862. Accessed 17 Jan 2017

LeMelle TJ (2002) The HBCU: yesterday, today, and tomorrow. Education 123(1):190

Purnell H. The history of historically black colleges and universities: a tradition rich in history. http://www.collegeview.com/articles/article/the-history-of-historically-black-colleges-and-universities. Accessed 20 Dec 2016


# Historical Analysis of Third Sector


Gabriela Vaceková[1] and Michal Plaček[2]
[1]Faculty of Social Science, Charles University, Prague, Czech Republic
[2]National Museum of Agriculture, Prague, Czech Republic


## Synonyms

Civil society; Independent sector; Nongovernmental sector; Nonprofit sector; Voluntary sector

H

## Definition

The third sector is an umbrella term that covers a range of different nongovernmental nonprofit organizations with different structures and purposes, belonging neither to the public sector (i.e., the state) nor to the private sector (profit-making private enterprise).

## Introduction

Nonprofit organizations play an important and irreplaceable role in building a civil society. There has been a considerable surge of interest throughout the world in a broad range of organizations that operate outside the market and the state. Known variously as the nonprofit, nongovernmental, voluntary, civil society, third, or independent sector, organizations that can demonstrate that their activities generate a public benefit or common social good exist in some form of special incorporation or registration in every country (Casey 2016).

In recent decades, the activity and influence of nonprofit organizations have grown exponentially. Salamon (1994) wrote about a global "associational revolution" focusing primarily on the growth of nonprofit organizations and their increasing role in service delivery. Nonprofit organizations have become central to policy

making, the promotion of civic action, and the delivery of new quasi-public services, as well. In addition to being more numerous, modern nonprofit organizations are markedly more secular and nonpartisan in their affiliations, more universalist in their service delivery and policy-making aspirations, and more professionalized and commercialized in their operations than earlier iterations rooted in religious charities, political movements, or grassroots collective and voluntary action.

Collective social endeavors that do not seek direct personal gain for individual participants are as old as human civilization itself (Casey 2016). The term civil society dates to ancient Greek and Roman philosophers who considered societas civilis "one in which good citizenship collectively shapes the nature of a society" referring to both the state and non-state elements of a society. Later, the focus of the discourse shifted to non-state societal structures and their relationship to the state. Currently, the term civil society appears frequently as a general equivalent for the nonprofit sector. However, unlike the concept of the third sector, which focuses on organizational structures, civil society is primarily conceived as the space or sphere between the market, state, and family in which people organize, uncoerced, to pursue their interests.

## Definition of Nonprofit and Third Sector

The most widely accepted definitions of nonprofit organizations and the nonprofit sector are based on a combination of structural and functional characteristics that describe the organizational forms they adopt and the activities they undertake (Casey 2016). The Johns Hopkins Comparative Nonprofit Sector Project definition, later adopted by the United Nations for the purpose of creating comparable national surveys of nonprofit institutions, uses the following five criteria for defining a nonprofit organization (Salamon and Anheier 1998):

- Organized, i.e., institutionalized to some degree in terms of their organizational form or system of operation
- Private, i.e., institutionally separate from government
- Nonprofit distributing, i.e., not returning any profits generated to their owners
- Directors but plowing them back into the basic mission of the agency
- Self-governing, i.e., equipped with their own internal apparatus for governance
- Voluntary, i.e., involving some meaningful degree of voluntary participation in the operation

In the "structural-operational" definition by Salamon and Anheier (1998), the non-distribution constraint is identified as a structural feature of nonprofit organizations. The non-distribution constraint allows nonprofit organizations to make profits but does not allow the distribution of the profit to managers or employees of the organization. A nonprofit organization that earns a profit in any period may direct these resources in one of three ways: increase expenses so that the profit is used up in current operations, invest in fixed assets which presumably will be used in providing mission-oriented services, or retain the profits as a source of internal capital.

An alternative definition for the "extended" third sector was proposed by loosening the "structural-operational definition" (Salamon and Anheier 1998) and replacing "not profit distributing" with "totally or significantly limited from distributing any surplus they earn to investors, members, or other stakeholders," while keeping the other four features of the third sector virtually unchanged. Salamon and Sokolowski (2016) also suggest that not only organizations but also informal and individual components are important elements of the extended third sector. They propose five conditions, the first three of which being mandatory, that organizations in the extended third sector must fulfill to meet the "significant limit on surplus distribution" requirement. Those are:

1. An explicitly and legally binding social mission.
2. Prohibition from distributing any more than 50% of any profit to outside stakeholders.

3. A capital lock that requires all retained surplus to be used to support the organization or to support other entities with similar social purposes.
4. At least 30% of their employees and/or beneficiaries are individuals with specified special needs.
5. Prohibition from distributing any profit they may earn in proportion to capital invested or fees paid.

This broader concept has remained under-conceptualized in reliable operational terms. Salamon and Sokolowski tried to correct this shortcoming and presented a consensus operational reconceptualization of the third sector created by a group of scholars working under the umbrella of the European Union's Third Sector Impact Project (http://thirdsectorimpact.eu/). This re-conceptualization goes well beyond the widely recognized definition of nonprofit institutions from the *Handbook on Nonprofit Institutions in the System of National Accounts* (United Nations 2003) by including additional institutions and forms of direct individual activity in a way that meets the demanding criteria of comparability, operationalizability, and potential for integration into official statistical systems. The Third/Social Economy (TSE) model proposed by Salamon and Sokolowski (2016) builds on major advances in scholarly work on nonprofits, volunteering and related concepts and seeks to build the foundation for new advances.

A related approach is to focus on what makes nonprofit organizations distinctive from organizations in other sectors. First, there is a three-sector framework (see Fig. 1). In order to describe the organizations operating within the third sector, nonprofit scholars use the term "private nonprofit organizations" as the most accurate one for expressing the fact that these organizations result from a three-sector economy. The concept of a distinct third sector emerges from the analyses that separate government from nongovernment and for-profit from nonprofit. The sectors are distinct, but also linked and overlapping. By convention, government is identified as the first sector, business as the second, and nonprofit as the third. The three sectors are also often characterized as "the Prince, the Merchant, and the Citizen" (Casey 2016). The existence of a trichotomy of three distinct sectors (or social domains, spheres, or realms) permeates Western thinking (Casey 2016). Classical liberal theorists emphasize the separation between public and private, whereas poststructuralists focus on the continuities and cross influences.

The institutional framework focuses on the structures and processes that continue to shape the dynamics of the nonprofit sector and its relationships with the public and for-profit sectors. A related approach concerns what makes

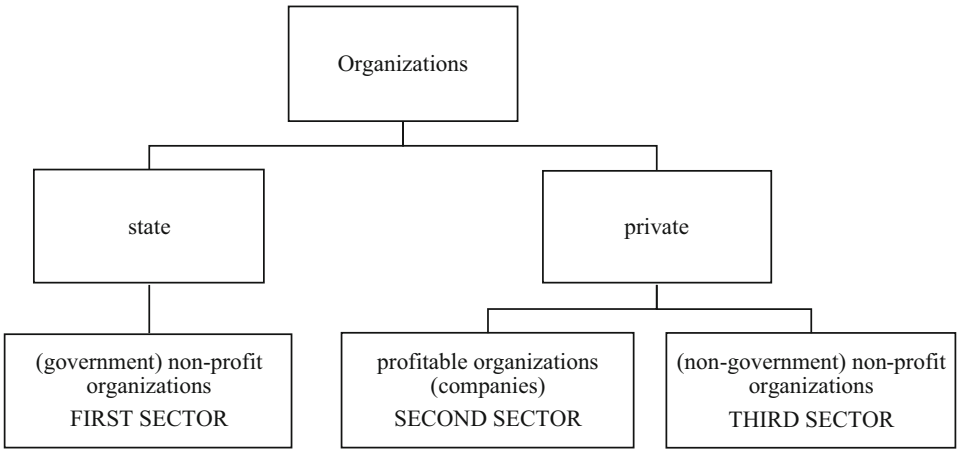


**Historical Analysis of Third Sector, Fig. 1** Scheme of three sectors of the national economy

nonprofit organizations distinctive from organizations in other sectors. Nonprofit organizations differ from government entities and for-profits due to their unique combinations of production functions, governance structures, revenue sources, staffing, and their legal and tax system. As they are neither governmental nor for-profit, nonprofit organizations have been seen as potentially combining the best of the two sectors: "the public interest, responsibility, and wide perspective of government, melded with the efficiency and knowledge of business" (Etzioni 1973). All of the characteristics ascribed to the sector have their own gray areas of definitional disputes. Clear definitions are elusive and the various attempts to find neat fault lines between the sectors have only served to underline the demarcation challenges.

Nonprofit organizations fulfill a large variety of functions in democratic. Following Boris and Mosher-Williams (1998), social, civic, and economic functions can be detected to describe the roles of nonprofit organizations. Kramer (1981) identified four key roles and functions: service provider, innovator, guardian of values, and advocate. However, a closer look at the categorizations of nonprofit functions offered in literature shows that they are manifold and differ greatly. Nonprofit organizations may fulfill two major functions in contributing to the security and stabilization of society while at the same time stimulating societal advancement. In many countries, nonprofit organizations assume a mainstay role in integrating disadvantaged groups through the provision of social services and hence constitute "social mollifiers." Simultaneously, nonprofit organizations assume an "expressive function" by giving a voice to societal issues such as the protection of the environment.

The nature of the services that private nonprofit organizations provide can be as follows:

- Mutually beneficial services: private nonprofit organizations implement the interests of their founders, direct their activities at meeting the needs of a small group of people (an interest group), and are established on a membership basis; for example: civic associations, political parties and movements, chambers, clubs, and associations.
- Generally beneficial services: private nonprofit organizations meet generally beneficial objectives and serve everybody under the same conditions that are known in advance; for example: civic associations, foundations, non-investment funds, and nonprofit organizations providing generally beneficial services, in particular as follows:
  - Provision of health care
  - Provision of social assistance and humanitarian care
  - Creation, development, protection, restoration, and presentation of spiritual and cultural values
  - Protection of human rights and fundamental freedoms
  - Education and development of physical culture
  - Research, development, scientific and technical services, and information services
  - Creation and protection of the environment and protection of public health
  - Services in support of regional development and employment
  - The provision of housing, management, maintenance, and renewal of the housing stock
- Public utility services: private nonprofit organizations carry out tasks related to public interest, fulfill the tasks of the municipality or the state, or secure other public functions; they are subject to public scrutiny and usually have financial relations with public budgets.

## Theoretical Approaches (a Historical Analysis)

The existing theoretical approaches to nonprofit organizations can be classified into three groups: those reflecting the limitations of the economic system; those reflecting the limitations of the political system; and those that cannot be attributed to the failure of any specific functional system. The third group may seem vague, but it can be conveniently conceptualized in terms of the

societal values that are reinforced by the missions of the particular nonprofit organizations. As Valentinov (2012, p. 83) wrote, "the role of the nonprofit sector is in reconfiguring the allocation of societal resources, as it is evolving in the for-profit sector, so as to bring it in congruence with the broader societal values, including those of human dignity, environmental preservation, and care for disadvantaged people. The for-profit sector needs to be supplemented by the non-profit sector not because of market failures, but because of its failure to take due account of the relevant societal values." An advantage of the proposed classification is that specific nonprofit theories may be assigned to several groups at the same time.

### Failure-Based Theories

Economic theories that seek to explain the existence of nonprofit organizations focus on the concepts of public versus private goods and the various "failures" that drive the demand for them (Salamon 1987). The first reconciliation of the persistence of nonprofit organizations with classical economic theory was offered by Burton Weisbrod (1977). His theory of government failure parallels the more established theory of market failure. Nonprofit organizations flourish when either, or both, "market failure" (for-profit firms have no interest in a good, or few trust that it can be delivered with equity and accountability) and "government failure" (the government cannot deliver a public good efficiently) have occurred. Weisbrod (1977) argued that the nonprofit organizations that were not motivated by making profits had goals that differed from the goals of profitable businesses and that those nonprofit organizations would not skimp on the quality or quantity of the services provided at the expense of poorly informed consumers. The advantage of the provision of those services by private nonprofit organizations, compared to profitable companies, lies, inter alia, in reducing the degree of the information asymmetry on the part of the consumer.

### Trust Theories

When focusing on "failures," Hansmann (1987, 1990) described a "contract failure" that posits that consumers prefer nonprofit organizations because governments fail to provide services to all, and for-profit businesses fail to offer assurances against exploitation. Hansmann introduced the label "contract failure" to describe the role of nonprofit ownership in markets with asymmetric information.

The preference for nonprofit service is driven by the trust that nonprofit organizations will deliver responsive and nonexploitative services and will not abuse information asymmetries. The "trust hypothesis" is based on the claim that asymmetric information in the markets for certain goods and services can explain the existence of nonprofit enterprise in those markets. Assuming that profit-maximizing producers might not have an incentive to deliver the quality of goods and services they promised consumers and/or donors.

### Supply-Side Theories

Another theoretical approach treats the unsatisfied demand for public goods resulting from state and market failures as a necessary but insufficient condition for the existence and importance of nonprofit organizations in a socioeconomic context. This supply-side theory argues that another condition is needed, namely, "the presence of people with an incentive to create NGOs to meet such demand" (James 1987). Nonprofit organizations benefit by access to economic advantages, including a reduced tax burden, the workforce contribution of volunteers, and access to government grants and private donations.

### Interdependence Theory

The welfare state theory, both failure theories (underlying the heterogeneity) and supply-side theories, "take as given that the relationship between the non-profit sector and the state is fundamentally one of conflict and competition" (Salamon and Anheier 1998). Nonprofit organizations also face failure if they cannot deliver results. Salamon (1987) noted that nonprofit organizations are hampered by four potential failures: insufficiency (they cannot meet needs), particularism (their activities focus on a limited constituency), paternalism (they set the agenda with little end user input), and amateurism (they do not have the capacity to effectively

manage programs). Nevertheless, close cooperative relationships can occur between nonprofit organizations and governments.

### Rurality Theory

A new theory to explain the role and existence of nonprofit organizations in the economy and society is the rurality theory. This theory, which is a type of market failure theory, was formulated by Vladislav Valentinov (2009) and assumes that, generally, the existence of the nonprofit sector is a result of the limited abilities of for-profit firms to satisfy human needs. Valentinov adds to this theory that there are specific characteristics of rural areas with specific human needs resulting in "rurality-specific costs." The rural theory's general hypothesis is that rurality-specific transaction costs led to the emergence of rural nonprofit sector organizations. Based on Valentinov's assumptions, the recognized empirical relevance and the growing political popularity of the rural nonprofit sector have not yet been matched by a corresponding development in nonprofit sector economic theories (Valentinov 2012).

## Cross-References

► Advocacy Groups
► Leadership Challenges in Civic Engagement

## References

Boris E, Mosher-Williams R (1998) Nonprofit advocacy organizations: assessing the definitions, classifications, and data. Nonprofit Volunt Sect Q 27(4):488–506
Casey J (2016) Comparing nonprofit sectors around the World: what do we know and how do we know it? J Nonprofit Educ Leadership 6(3):187–223
Etzioni A (1973) The third sector and domestic missions. Public Adm Rev 33(4):314–323
Hansmann H (1987) Economic theories of nonprofit organization. In: Powell W (ed) The nonprofit sector: a research handbook. Yale University Press, New Haven, pp 27–42
Hansmann H (1990) When does worker ownership work? ESOPs, law firms, codetermination, and economic democracy. Yale Law J 99(8):1749–1816
James E (1987) The nonprofit sector in comparative perspective. In: Powell WW, Steinberg R (eds) The nonprofit sector: a research handbook. Yale University Press, Yale, pp 398–399
Kramer RM (1981) Voluntary agencies in the welfare state. University of California Press, Berkeley
Salamon LM (1987) Of market failure, voluntary failure, and third-party government: toward a theory of government-nonprofit relations in the modern welfare state. Nonprofit Volunt Sect Q 16(1–2):29–49
Salamon LM (1994) The rise of the nonprofit sector. Foreign Aff:109–110
Salamon LM, Anheier HK (1998) Nonprofit institutions and the 1993 system of national accounts. Johns Hopkins University Institute for Policy Studies, Baltimore
Salamon LM, Sokolowski SW (2016) Beyond nonprofits: reconceptualizing the third sector. Volunt Int J Volunt Nonprofit Org 27(4):1515–1545
United Nations Statistical Division (2003) Handbook on non-profit institutions in the system of national accounts, vol 91. United Nations Publications, New York
Valentinov V (2009) Managerial nonpecuniary preferences in the market failure theories of nonprofit organisation. Int J Soc Econ 36(1/2):81–92
Valentinov V (2012) The economics of the nonprofit sector: insights from the institutionalism of John R. Commons. Soc Sci J 49(4):545–553
Weisbrod BA (1977) The voluntary nonprofit sector. Lexington Books, Lexington

# History of Korean Urban Development

Hyejin Wang and Chad David Anderson
Department of Public Administration, Incheon National University, Incheon, South Korea

## Synonyms

Joint redevelopment; Korean history; Urban development; Urbanization; Urban redevelopment; Urban regeneration; Urban renewal

## Introduction

The concept of urban development is broad, encompassing the formation and expansion of urban spaces (urbanization) as well as the expansion and elaboration of urban society and

economy (urban development), new development to replace old (urban redevelopment), making old urban spaces new (urban renewal), and the process of bringing dying urban spaces back to life (urban regeneration). A unifying element in urban development is the movement towards urbanism as a dominating value in society and the idea that development represents a sort of progress from less developed to more developed.

This chapter tries to see how that process has happened in South Korea. The nation has undergone a remarkable set of transformations in the past century, from the anti-Japanese independence struggle inaugurated 100 years ago through national liberation in 1945 to its status as one of the advanced economies of the twenty-first century. Korea moved from national division in 1945 through civil war in the early 1950s and a succession of authoritarian regimes up to the democracy movement of the 1980s and the current democratic system. South Korea went through a process of intense national development, massively pushing for state-led industrialization from the 1960s, then moving to liberalization of the economy in the 1990s, a debt crisis and IMF bailout at the end of that decade, and the current neoliberal economic order.

Through this time, all of these trends have been accompanied by urban development, first through urbanization and then also through development of already-urbanized spaces. Urbanization followed a pattern of inertia under the last dynasty, and then increased under Japanese rule as the economy was developed for integration into the modern Japanese economy. Urbanization then intensified following the Korean War and the destruction of much of the nation as displaced people and refugees poured into cities, accelerating their growth. Korea experienced dramatic urbanization along with economic development from the 1960s as the push for industrialization attracted people to move to take advantage of economic opportunity in the cities. South Korea became urbanized in the 1970s as the urban population moved past 50% and cities have continued to grow and develop since.

The push for reconstruction after the Korean War and the drive for national development began when South Korea was one of the poorest nations in the world. Therefore, it operated under the assumption that speed, efficiency, and economic development had to come before all else. The Comprehensive National Territorial Plan (CNTP) was introduced to develop both urban and rural areas in a balanced way to improve efficiency in utilizing territory for the safety and affluence of the public (Ministry of Land, Infrastructure and Transport 1971). This plan was initiated by combining with the First 5-Year National Economic Development Plan in 1962. This plan had huge impacts on urban development as well as overall land use. It left cities that were crowded, polluted, and planned without attention paid to parks, green space, comprehensive transportation, and local centers of entertainment. This left ample room for further development within cities, particularly through renewal, redevelopment, and regeneration.

Through all of this, the city of Seoul plays a unique and special role within the urban development process in South Korea. The city is even called a special city in Korea and has a special administrative and political status under South Korean law. Beyond that, however, the city holds a special place in the national culture and economy. The city's population accounts for about a fifth of the nation's population and the metropolitan area makes up about half. The city's dialect is the nation's standard dialect. Major media and cultural outlets are concentrated in the capital, along with a disproportionate number of the major universities. The nation's capital is also home to a disproportionate share of the economy and the nation's financial and economic resources. Prior to the establishment of Sejong City as a new administrative capital, central government organizations were located almost exclusively in Seoul. Even today, civil servants prefer placement in Seoul and those working for ministries located in Sejong are reported in the media as complaining about the physical distance of their ministry from the other centers of power in Seoul.

Seoul is also the urban government with the most resources and autonomy from the national government. All of these factors have led to the pattern of urban policy in Seoul being the de facto urban policy for the nation as other cities look to

trends in Seoul and follow them or as the national government sees what is happening in Seoul and makes national law and policy for the entire country in response.

This chapter will trace urban development from liberation to the present in South Korea and draw further conclusions.

## Liberation to 1950

The Joseon Dynasty of the 500 years before the Japanese annexed Korea in 1910 was ruled by a king and a class of *yangban* scholar-nobles and scholarly government bureaucrats who did not emphasize practical economic development. As a result, the drivers of urbanization had much to do with the capital and other cities as concentrations of state bureaucratic and military power rather than with economic development generated by commerce, trade, and industry. This led to cities that grew and developed, though more slowly than they may have under a government that stressed economic development.

The Japanese upended these concerns and stressed economic development, though the priorities were skewed in the direction of integrating Korea into the Japanese economy for the purpose of meeting Japan's economic needs. Liberation and national division between North and South threw this system into chaos. The natural growth of urban areas under Joseon and the Japanese continued through a process of inertia though most people stayed in rural areas and the rural way of life was the common style.

At the same time, the Japanese largely left Korea to return to Japan. Industry and manufacturing were disproportionately concentrated in the North and agriculture was concentrated in the South, and both were structured to serve Japan with raw materials and food. The end of the Japanese Empire thus left many people stranded in places that no longer made economic sense and people shifted to find new economic opportunities. Meanwhile, the creation of competing political regimes and eventual separate nations also found many people on the wrong side of a border that had never before existed, leading many right-wing and wealthy individuals to move south while many left-wing advocates moved north. These migrants left rural and urban places they abandoned all over the nation, while mostly relocating to major urban centers, particularly Pyeongyang in the North and Seoul in the South.

## 1950s

As the Korean War broke out in 1950, the suffering and destruction it wrought laid a new basis for urbanization. Most of the capital area was repeatedly fought over and leveled. Large numbers of refugees fled the fighting in the central part of Korea and concentrated around the southern port of Busan, the main port for landing UN/US forces and supplies. Busan remained under South Korean control throughout the war and swelled in size as a result. It provided a safe haven from the war and, with ships coming and going, it provided an escape route for those leaving the country. It also provided economic opportunity for people working for the government and for the UN/US forces.

After the end of the war, displaced people moved from all over the country back into urban centers looking for work and housing. This pseudo-urbanization expanded cities and increased the population of urban areas, though it did not change social patterns in the way that later urbanization would.

Before, during, and after the war, most people moving into the cities concentrated in unauthorized shantytowns where they did not have title to the land. These shantytowns often became urban slums as more people came from rural areas, outstripping available economic opportunities. Due to the destruction of the war, these shantytowns and urban slums were often located on attractive plots of land near the city center that had been cleared by waves of fighting. Seoul included major shantytowns around the Cheonggye Cheon and other streams as well as along the banks of the Han River flowing through the center of the city. These included areas that would later become prime real estate.

The response of the government to these developments included slum clearance policies that would endure for decades. Although the government attempted a trial welfare housing project to draw people out from slums, this was short-lived

and the major urban development effort involved clearing unauthorized shantytowns and urban slums. Slum clearance provoked the resistance of residents. With an authoritarian government that lacked outlets where shantytown residents could complain, resistance became physical so the pattern quickly developed of soldiers forcibly clearing people from their homes. The soldiers were then immediately followed by bulldozers from companies that would then build on the land. This process of resident eviction and shantytown clearance was common in Korean cities and opened up much of central Seoul to development.

### 1960s

A military government took power through a coup d'état in 1961. The military government put its priority on economic development and launched the First 5-Year National Economic Development Plan in 1962. This plan initiated a planned industrialization of the Korean economy, with urbanization following industrial developments concentrated in cities.

The rural population increased but urban population growth accelerated and outstripped it during this decade. The absolute rural population started to decrease in 1968 (Cho 2010). Labor-intensive light industry was a major driver of economic development in the 1960s. Rural people suffered from hardships and came to cities for jobs as the government controlled agricultural prices to keep them low for export. The government implemented policies to control the massive population influx into cities from the countryside during this period. The policy proved to be ineffective; however, as industry flourished around Seoul and economic development attracted people to move to cities in general to search for jobs (Lee et al. 2011).

Government developed plans to relocate residents of illegal urban slums by legalizing their residences through a system of apartment options. However, people living in slums were not able to afford new housing. As a result, eligible residents mostly sold their housing options to those who could afford them and then moved to other areas. They were ousted to the periphery of the city and made other slums there (Lee and Anderson 2013). There were also protests by residents against government eviction and displacement.

Gwangju Daedanji was the first major organized protest movement of the urban poor. The Park Chunghee Administration enforced a rehabilitation policy in 1969 in order to move urban poor living near the Cheonggye Cheon stream and Yongsan in Seoul to Gwangju in nearby Gyeonggi Province. The government promised housing and jobs for the poor but provided no infrastructure once people moved to Gwangju. In addition, land prices soared and the poor were asked to pay much more for housing, prompting demonstrations. The protests ended after 3 days and government accepted the demands of the organized residents' committee. The negotiations did not resolve the suffering of the poor, though.

The previous slums were replaced by modern commercial architecture when the government built the Sewoon Electronic Complex located along the Cheonggye Cheon in Seoul to replace shanties along and near the stream. It was the first complex of buildings with apartments and stores in South Korea and covered all types of electronic products until the 1990s when the digital industry started to develop.

### 1970s

Population relocated faster as an expressway linking Seoul and Busan was constructed from 1968 to 1971. This expressway polarized populations, with people concentrating in the capital area and the southeastern area, including Busan and Daegu (Cho 2003, 2010). People also concentrated in Daejeon, Incheon, and Gwangju. Seoul and the capital region developed export-oriented industry while the southeast, previously known for light industry, started developing chemicals and heavy industry. Urbanization accelerated during this decade, reaching 52% in 1977 (UN World Urbanization Prospects 2018).

The first Comprehensive National Territorial Plan (CNTP) was announced in 1971, covering next decade from 1972 to 1981. It adopted a nodal system that meant certain central cities in each region were designated to lead development of the region. This was done because both

population and economic development were already polarized as they were concentrated in the two major cities of Seoul and Busan. The plan emphasized more balanced territorial development. To do so, the government divided the national territory into eight regions: the Capital area centered on Seoul, an area centered on the city of Taebaek in northeastern Gangwon Province, an area based on the west-central North and South Chungcheong provinces, an area centered on the city of Jeonju in southwestern North Jeolla Province, an area centered on the city of Gwangju surrounded by southwestern South Jeolla Province, an area centered on the city of Daegu surrounded by the southeastern North Gyeongsang Province, an area based on the southeastern city of Busan, and an area covering the southwestern island of Jeju.

Regulations were drafted to specify site usage according to purposes announced by law in order to promote balanced development. Green belts were designated to control reckless development. CNTP was implemented to develop each area based on its natural resources and economic function. Since it was the first plan, most of the projects covered built infrastructure for further development. As a result, the area designated as industrial sites increased 3.3 times from 102 $km^2$ in 1971 to 332 $km^2$ in 1980. Highways were built connecting and crossing the eight areas. Dams were constructed to supply water for residential and industrial uses. However, the effect did not result in more balanced development. By the end of the first CNTP, Seoul accounted for 22.3% of the whole population of South Korea.

During this period, housing protests continued as most residents were not able to afford to buy an apartment when given a housing option to encourage relocation when slums were cleared. People formed new shantytowns in other areas once they were evicted from their original residence. This pattern had the effect of igniting a civil movement to address the housing problems of the poor.

For example, Bogeumjari originated from urban slum removal in the 1970s. As government cleared slums near the Chenggye Cheon, people lost their homes and moved on to Yangpyeong-dong but were not able to establish stable residences there. A number of people decided to create their own village and community called Bogeumjari supported by funds from Catholic and German aid organizations. About 170 households relocated from Yangpyeong-dong in Seoul to Sincheon Village in neighboring Gyeonggi Province (Korea Democracy Foundation 2014). Ultimately, people from Sillim-dong, Siheung-dong, and Bongcheon-dong in Seoul came to Bogeumjari Village where people built houses by themselves and made an affordable economic community and realize democracy. Its success became a model for other cases.

### 1980s

The second CNTP covered the period from 1982 to 1991 which covered the fifth Republic of following a military coup in 1980, the democracy movement that opposed it, and the present sixth Republic following democratic elections in 1987. The second CNTP had multiple goals building on the foundation of the first CNTP. The second CNTP wanted to encourage population growth outside of the capital area to address the continuing concentration of population in Seoul and Busan with the related goal of expanding development potential across the whole nation. The plan also had the goals of improving citizen welfare and preserving the environment (Ministry of Land, Infrastructure and Transport 1981). It divided the national territory into 28 living areas that included a few central cities for development. However, in contrast to the stated goal of balanced development, this goal was undercut by an emphasis on efficiency in development to maximize scarce resources.

The pace and scale of urbanization was intensified as heavy, chemical, and export-oriented industries were emphasized. The decade started with 56.7% of the population in cities but the proportion reached 72.1% by 1989 (World Bank Data 2018). The new electronics industry sprang up in the early 1980s and the capital area grew even more based on the new high-tech industry. Big cities outside of the capital area such as Cheongju (the capital of central North Chungcheong Province), Daejeon (west-central), Gwangju (southwest), Jeonju (capital of southwestern North Jeolla Province),

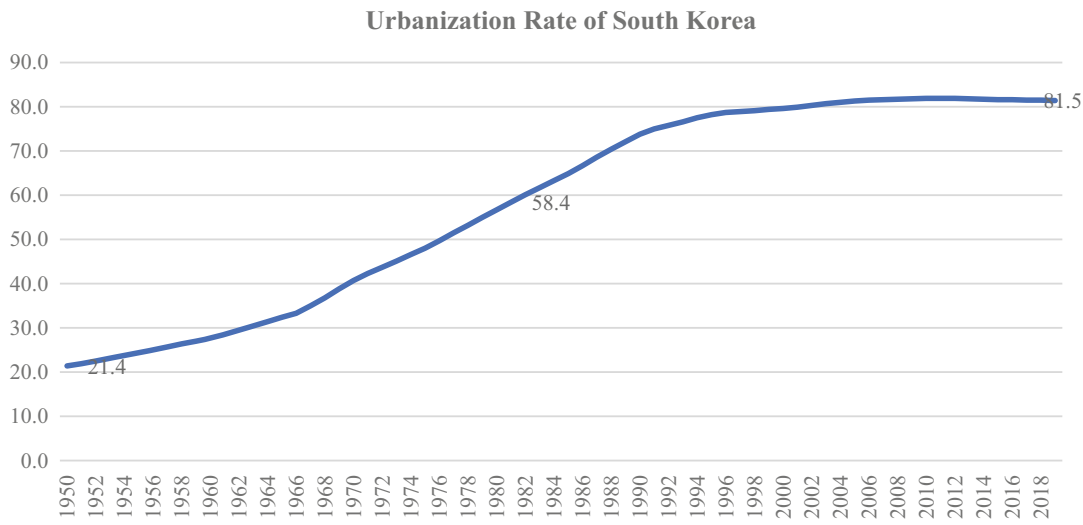


**History of Korean Urban Development, Fig. 1** Urbanization Rate of South Korea, 1950 to 2019. (Source: KOSIS)

and Ulsan (southeast just north of Busan), along with small- to medium-sized industrial cities grew rapidly while the southeast focused on chemicals but heavy industry showed less growth by comparison (Cho 2003) (Fig. 1).

Government planned and implemented the First New Town policy in order to address housing problems in the capital area, diffuse population and industry, and improve transportation and the environment (Lee et al. 2011). New cities were constructed within an hour's distance of Seoul, including Anyang, Gunpo, Bucheon, Seongnam, and Goyang. These cities simply functioned as bed towns in the beginning but came to attract business and have their own economic functions beyond successfully providing housing for the capital region. On the other hand, the policy was criticized as reckless land development as well as for further concentrating development in the capital region (Lee et al. 2011).

Government also initiated joint redevelopment, jointly involving government, construction firms, and housing owners. While the policy significantly expanded participation in urban development by including anyone in a redevelopment area with the title to their home, the majority of residents who did not have a title were not able to express their opinions, and were ignored, sometimes resulting in massive protests. These cases included Sanggye-dong in 1985 and Mok-dong in 1986.

The South Korean government hosted the Asian Games in 1986 and the Olympics in 1988. The government prepared for these events by clearing slums with mass evictions by force for the purposes of realigning, cleaning up, and beautifying the city. Sanggye-dong and Mok-dong were both targets for clearance. Government asked people to leave by giving them a small subsidy and priority tickets for purchasing replacement housing. However, it did not provide much help for the people asked to leave so a large number of people demonstrated against the policy. The discontent added to a larger movement against the narrow top-down orientation of redevelopment policy where the priorities for development were decided by narrow elite government and business interests without a voice for the urban poor who paid the cost of displacement throughout the city. The protests in Sanggye-dong and Mok-dong provoked a crisis in each case that lasted for months, though residents were dispersed in the end. Some of the people evicted from Mok-dong moved to Bogeumjari.

### 1990s

The third CNTP was announced in 1991. It covered the decade from 1992 to 2001. The first two

CNTPs did not succeed in addressing regional imbalance and population across the country became even more seriously polarized and the imbalance intensified. Environmental pollution was raised as an issue during this period. The population of the capital area accounted for 42.7% of the national population, which increased difficulties related to transportation, housing, pollution, and crime. Consequently, the third CNTP was initiated to control concentration in the capital area and develop outside the capital area by moving government agencies and structuring tax incentives. This coincided with the beginning of elected local government independent of the national government through a new system of local autonomy. Culture and leisure started to be emphasized as living standards increased with rising national development. Direct connections were made with North Korea and building infrastructure for unification started becoming a topic for discussion.

Urbanization matured and the rate reached 75% in the 1990s with the rate of increase slowing. Cities with a population over a million showed less growth while medium-sized cities expanded. This did not decrease population concentration as these were mostly cities near Seoul such as Suwon, Seongnam, Bucheon, and Anyang. On the other hand, small cities with less than 200,000 people lost population. The noticeable imbalance between the capital region and the rest of the nation grew worse. Though cities in the capital area in general kept growing, there was imbalance there as well. Sprawl appeared as housing and other lower-density functions were diffused to medium-sized cities in the region. Green belts were used to help limit sprawl and contain growth around metropolitan cities.

The decade began with the first elections for local councils in 30 years. With the beginning of local autonomy, local governments were given independent authority to implement their own development policy so smaller-scale policies and projects joined the massive nation-wide policies. New partnerships were formed between companies and civil society to conduct urban development policy. At the same time, joint redevelopment became more active, widespread, and brought about wider participation in urban development to supply more housing, particularly in the capital region. A majority of housing owners in an area would approach a construction company and form a joint corporation to split the profits from redevelopment. Approval of projects brought opportunities for business and future tax revenue for local government. Even so, the opinions of residents continued to be neglected, particularly among those without title to land. The process generated substantial housing, though the biggest profits were to be had in high-end housing, leading to a growing imbalance as low-income residents were not able to afford the housing options available to them. Protests continued.

Local autonomy prompted local governments to take a more active role in developing their own brand for purposes of urban development. For example, Bucheon, originally designed as a satellite city of Seoul, set a long-term plan from the beginning of local autonomy to become a cultural city (Anderson and Wang 2018). The city hosted the first Bucheon International Fantastic Film Festival in 1997 which is the most famous of its cultural festivals that also include the Bucheon International Animation Festival and the Bucheon International Comics Festival. These have been ongoing and growing and have contributed to substantial new development in the city. Bucheon has become known in South Korea as a representative cultural city.

### 2000s

Urbanization reached 90.8% in 2009, with nine of ten people living in cities (Korean Statistical Information Service 2018). The Second New Town Policy was implemented in 2000. Government designed this policy to solve problems raised by the First New Town Policy and to supply more housing in the capital region (Lee et al. 2011). The capital region continued to grow and expand as resources as well as population became more concentrated in the area. The imbalance between the capital region and the rest of the country became more serious. Combined with a decreasing birth rate, the rest of the country had even fewer working-age people. At the same time, economic competition had intensified after market

deregulation in the 1990s as well as the restructuring following the IMF bailout in the wake of the "Asian Flu" currency crisis of 1997. Areas that were not able to compete on the new economic terrain went into decline. This intensified aging and recession in rural areas outside of the capital region.

In 2004, the Roh Muhyeon Administration suggested moving the capital from Seoul to a new city called Sejong in the middle of the country to promote balanced development. However, the Constitutional Court rejected the law covering the move as unconstitutional. The compromise was that Seoul would remain the permanent capital with the presidential Blue House and the National Assembly while Sejong City would become the administrative capital housing other government offices.

The Kim Daejung and Roh Muhyeon administrations addressed ongoing urban redevelopment protest through lengthy negotiations that decreased the violence that had often been associated with intense urban conflicts over evictions in redevelopment zones. The Seoul Chief of Police under the new Lee Myeongbak Administration authorized direct action to overcome a building occupation on a major artery in the center of Seoul, resulting in the deaths of five protesters and one police officer. This led to a widespread search for ways to deescalate housing conflict and to Seoul Mayor Oh Sehoon suspending all ongoing projects (Lee and Anderson 2013).

Culture was raised as a new force for development. Seoul led cultural and environmental urban development under Mayor Lee Myeongbak and his successor, Mayor Oh. Urban regeneration was advanced as a new paradigm for revitalizing deteriorated parts of cities physically, culturally, and in environmentally friendly ways making use of existing resources. Mayor Lee advanced a "New Developmentalism" to improve the urban environment of Seoul while meeting the needs of residents. A highway overpass was removed and traffic restructured to restore the Cheonggye Cheon stream passing through the central part of Seoul. The stream had been covered and become a de facto sewer but was restored to create green space and improve the environment at the center of Seoul. Merchants displaced by the project were removed though the mayor's office and the mayor personally were actively involved in resolving conflicts. Though also criticized for cost overruns, the project contributed to making a landmark that helped Seoul become recognized as a global city (Lee and Anderson 2013). Mayor Oh put in place the policy of "Culturenomics" as a new urban development paradigm to use culture to develop the city on a smaller and less expansive scale and succeeded in getting the city named as an international design capital (Lee and Anderson 2013). The central role Seoul plays in urban development in South Korea means that these policies had an impact around the nation.



### 2010s

Mayor Oh's cultural policy stopped as soon as he resigned and his successor Mayor Park Wonsoon was elected on a promise of advancing urban welfare and citizen participation. Mayor Park stressed free school lunches and cutting tuition in half at Seoul municipal colleges and universities in his first term. However, his "Platform Administration" paradigm in his second term included urban regeneration to revitalize old urban areas not only physically but also culturally.

The Seoullo (Korean for "Seoul Road") project opened in 2017 and recycled a 40-year-old overpass going by in Seoul Station into a pedestrian park to attract more visitors to and serve the area. Modeled after the High Line in New York and other similar urban projects, it was designed to link old and declining areas near Seoul Station to bring visitors to those neighborhoods. The major conflict during the project seemed to involve a lack of trust of the city. Even though part of the purpose of the project was to attract visitors to the area, merchants from Namdaemun Market near one of the entrances were afraid that the number of visitors to the market would decrease once construction began and required greater inclusion in the process before they gave their assent. Though the Seoullo project was constructed according to Platform Administration, the distinction between it and earlier paradigms was not totally clear.

Other local governments have tried an urban regeneration approach and the Moon Jaein campaign also advanced urban regeneration as part of his platform and has been working on it in his presidency. However, it is unclear the extent to which urban regeneration represents a set of different urban development mechanisms (like Seoullo) or is more a new way of modifying or branding existing urban development mechanisms. For example, the central government announced plans for a new Third New Town Policy in December, 2018.

The government announced the Third New Town Policy would address transportation problems and the excessively high density of development in the capital region. However, it allows for expansion of the capital region in the name of reducing density so there is indication that this may not be for solving over-concentration but more for continuing the status quo.

## Conclusion

South Korea has undergone a remarkable transformation from being one of the poorest nations at liberation into one of the leading economies of the twenty-first Century and one of the most urbanized nations in the world. Even so, the nation's cities still face a number of major issues. These include global competitiveness, the imbalance between the capital region and the rest of the nation, an imbalance between an excess of luxury housing and a lack of affordable housing, and uneven development including overconcentration choking off growth versus urban decline. In addition, there remains traffic congestion, pollution, and the need for a sustainable transformation of the urban environment.

These problems have been addressed, along with the nation's political development from authoritarianism towards increasing democracy, with methods that have gradually followed the same trajectory from more authoritarian, unilateral, and centralized to more participatory, broader, and more decentralized. Methods stressing efficiency have gradually given way to processes that try to balance interests and respect rights. Development at any cost has given way to paying attention to the human and environmental costs. The first CNTP was written so that concentration in the capital area and the problems that resulted should be addressed within the capital area, reflecting the perspective of governments dealing with this issue. This perspective has continued through the CNTPs and laws related to development. As a result, concentration in the capital area and related problems remain unsolved. Old methods did not completely disappear once established but have been modified and updated. At the same time, new methods have been added to supplement the old ones where they could not be modified to meet evolving concerns, needs, and interests.

## Cross-References

► Local Autonomy in South Korea

## References

Anderson CD, Wang HJ (2018) Fantasia Bucheon. Paper presented at 2018 Midwest Sociology Society, Minneapolis

Cho MR (2003) Trend and prospect of urbanization in Korea: reflections on Korean cities. Econ Soc 60:10–39

Cho MR (2010) Urbanization of Korea and fate of local. Hwanghae Rev 69:32–53

Han JS. Go to the City of Jeong-gu Jae (Korea Democracy Foundation, 2014). http://www.kdemo.or.kr/blog/location/post/902. Accessed on 30 Dec 2018

KOSIS. Urbanization Rate (Korean Statistical Information Service, 2018). http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_2KAA204. Accessed on 26 Dec 2018

Lee JY, Anderson CD (2013) Cultural policy and the state of urban development in the capital of South Korea. In: Grodach C, Silver D (eds) The politics of urban cultural policy: global perspectives. Routledge, London, pp 111–119

Lee SH, Moon MS, Jang YB, Park IS, Chae MJ, Choi SW (2011) A comparative study on the urbanization process between Korea and China. Gyeonggi Research Institute, Gyeonggi-do

Ministry of Land. Infrastructure and transport, The 1st comprehensive national territorial plan (Ministry of Land, Infrastructure and Transport, 1971). http://www.molit.go.kr/USR/WPGE0201/m_36668/DTL.jsp. Accessed on 3 May 2019

Ministry of Land. Infrastructure and transport, The 2nd comprehensive national territorial plan (Ministry of Land, Infrastructure and Transport, 1981). http://www.molit.go.kr/USR/WPGE0201/m_36668/DTL.jsp. Accessed on 3 May 2019

United Nations. Percentage of population in urban and rural areas (United Nations, 2018). https://population.un.org/wup/Country-Profiles/. Accessed on 26 Dec 2018

World Bank. Urban population (% of total) (World Bank, 2018). https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?contextual=default&end=2017&locations=KR&name_desc=false&start=1960&view=chart. Accessed on 26 Dec 2018

# History of Organizations

Shugo Shinohara
School of Public Affairs and Administration, Rutgers University, Newark, NJ, USA

## Synonyms

Associations; Evolution of organizations; History of institutions; Management system

## Definition

The general history of a group of people who work together in an organized way for a shared purpose.

## Introduction

The history of organizations describes an evolutionary flow of the methods by which human beings structure the activities necessary to their survival. Organization is essential for human activities that provide the basic physical needs of food, clothing, and shelter. Under conditions of chronic change, humanity has endeavored to develop the most effective method of organizing these activities to compete for survival and meet the challenges of a particular era. The rise of organizations is marked by the constant adaption to changes in the technological, cultural, political, and economic environments. The story of the historical changes in the form and nature of organization is inevitably linked with the current changes to organizations, which are occurring in a more accelerated fashion than ever before.

## Early History

In the early stages of human history, organization was confined through simple tasks involving the most basic human needs: food, clothing, and shelter. As a mean of increasing the food supply, prehistoric people organized foraging and hunting activities and, later, agricultural activity as well. The transition from the anarchy of hunting, gathering, and horticultural societies to the first agricultural civilizations, with cities and states, began approximately 6000 years ago. Historians have long argued the primal cause for the emergence of large-scale social organizations. Karl Wittfogel (1956) presented an influential theory that the development of irrigation projects in such areas as Mesopotamia and Egypt led to the use of mass labor. In these semiarid areas, village farmers suffered from unstable water supply with small-scale irrigation. This shared concern drove autonomous villages to merge into a single large political unit of carrying out irrigation on a broader scale. Irrigation brought a surplus of food, which enabled some individuals to divorce from food production and to become potters, weavers, and masons, thereby creating a division of labor in ancient cities. Wittfogel's theory, however, has been modified by some scholars who argue that the formation of cities and states was a response to several factors including geographical features, distribution of natural resources, and relations with neighboring communities (e.g., Carneiro 1970).

## Middle Ages

Given a more stable food supply, populations expanded and the power of the central authority continued to grow through feudalization from antiquity to the Middle Ages. Cities were the large centers of settlement where more people

were disconnected from subsistence activities and carried out such functions as administration, production, exchange, and religious ceremonies (Carneiro 1974). Although diverse forms of organizations for different purposes appeared in these cities, the growth of commercial organizations was remarkable in terms of scale. This growth was coupled with advances in technology during the Middle Ages. Of central importance was the application of wind power and waterpower, which marked the beginning of the replacement of human labor with the power of machines.

The cloth industry is one of the best examples to illustrate that technology changed the nature of work and led to large-scale production in the Middle Ages. Up until the thirteenth century, the fulling of cloth had entailed trampling the cloth or beating it with wooden hammers. Such time-consuming processes were carried out within the farming household. The invention of the fulling mill using waterpower allowed only one person to keep the cloth moving in a trough. The mechanization of fulling led home manufacturers of cloth to live along streams, promote the concentration of workforce, and organize the production in a larger scale. Mechanization also advanced the specialization of labor in the Middle Ages. In the large-scale metal mining industry, there was a hierarchy of clerical and technical personnel and craftsmen and mechanics who specialized different phases of the mining operations. For instance, various types of pump, such as crank-operated, treadmill-operated, and water-powered, were used for mine drainage, with each type operated by specialized mechanics. Large-scale production and the specialization of labor represent the genesis of the factory system.

## Industrial Revolution

The steam-driven machinery introduced in the eighteenth century led many industries to transform from the old handcraft tradition to the factory system. The mechanization coupled with the factory system further promoted the specialization of labor. In his seminal book *The Wealth of Nations*, Adam Smith (1776) described the new production process in a pin factory: "One man draws out the wire; another straightens it; a third cuts it; a fourth points it; a fifth grinds it. . ." Smith wrote that a single worker could not certainly make 20 pins in a day, whereas these new methods enabled a pin factory to produce 4800 pins a day. Unlike the medieval home manufacturing, the increase in productivity depended far more on the organization of the production process rather than individual skills. This led to the use of more inexpensive labor such as women and children especially in the early textile factories.

The high cost of machinery created a hierarchy between the owner of machines and the employees who operated them. The owner often placed the workers, especially women and children, under strict working conditions with long labor hours set by the pace of the machines. In the early textile factories, the workers spent 14–16 h every day to perform repetitive tasks in noisy, foul-smelling, and unsanitary environment. The workers' homes were unhealthy. It was at this point that labor unions began to form. Labor unions organized strikes and negotiated with employers for better pay and working conditions. During the Industrial Revolution, such union activities grew larger in scale and often became more violent. This led governments in Europe and the USA to enact labor laws and safety regulations from the late eighteenth to the mid-nineteenth century.

The factory system contributed to the growth of urban areas. A large number of peasants and home manufacturers migrated from the rural areas into the cities in search of factory work. For instance, London had a population of one million in 1801, which doubled by 1851. Large-scale urbanization required governments to expand their roles by facilitating infrastructure development, opening schools, and providing health services and water facilities. Urbanization during the Industrial Revolution set the premise for the subsequent era of mass production and consumption.

## From the Mid-Nineteenth Century to World War II

Some scholars identify the 1870–1914 period as the "Second Industrial Revolution." Given the rapid population growth, the innovations during this period advanced mass production –

the method of producing identical goods in large quantities at a relatively low cost per unit. Mass production was further expanded by the large-scale demand for standardized, uniform products during the first and second world wars.

The development of machine tools enabled a small workforce to precisely cut and shape hard metals at low costs, which was essential in the mass production of standardized goods. The new system of manufacturing coupled with these precise tools and equipment dramatically increased productivity. Henry Ford, the American automobile manufacturer, designed a revolutionary assembly line that reduced the manufacturing time of the chassis under the old system to half. The core idea of this innovation was to break down complex tasks into simpler ones using specialized tools. In addition to expediting the process, simpler tasks created interchangeable parts in factories. This allowed an assembly line to increase adaptable flexibility and meet the changing needs of the product. Ford's method was named Fordism and spread throughout American industry.

By the early twentieth century, the theoretical approach to organization management had been elaborated. American industrial engineer Frederick Taylor (1911) advocated a new management approach – scientific management. Taylor believed that the role of factory managers was to detect the most efficient way for workers to do a job, to provide the proper tools and training, and to increase incentives for good performance. To pursue efficiency in a work process, Taylor suggested the use of scientific principles and measurement. Taylor broke down each job into its constituent motions, timed the workers' motions with a stop watch, and analyzed these motions to determine which were essential or redundant. Taylor's scientific principles were named Taylorism, and these have been further developed by his followers ever since. Both Fordism and Taylorism represent the advancement of systematic approaches to organization management in the early industrialization.

Although scientific management was being widely applied in American industry, it was often the subject of criticism. Labor unions became powerful agents who present complaints on behalf of workers, who were subjected to an accelerated work pace, lower standards of workmanship, and lagging wages. Some scholars also fueled the criticism against scientific management that treated workers like machines. American social scientist Elton Mayo (1933, 1945) conducted a series of experiments in a plant and offered evidence that better working conditions, such as lighting, temperature, rest periods, and wages, increased productivity. Mayo explained that such better treatment made the workers feel an important part of their job or company, thus improving productivity. Mayo's findings led his followers to seek various means of improving workers' motivation and productivity. These are the basis of contemporary human resource management.

## Post-World War II

Following the end of World War II, a global economic expansion occurred in the 1950s and 1960s. Unlike the prewar industrialization, which centered on the UK and USA, the high economic growth during this period was enjoyed particularly in the countries devastated by the war, such as Japan, Germany, France, and Italy. Advances in technology during the wartime, including telecommunication, computing, and jet engines, largely contributed to this worldwide economic boom.

Although the process of economic growth differed in individual countries, the rise of the service sector was a common trend throughout the twentieth century. In the USA, for example, the number of workers in the service sector in the 1950s exceeded those in the manufacturing industry and this proportion increased thereafter. The service sector is marked by diversity. It includes truck transportation, hospitals, business consulting, internet providers, and public agencies that engage in education, health care, and security. Unlike the mass production of identical goods in industry, these organizations are required to respond to individual needs in a timely manner. Management theories in the twentieth century suggest that decentralized structures and flexible

work boundaries are advantageous for service organizations rather than hierarchical and strict divisions of work (e.g., Gronroos 1990).

Under the growing trend of globalization, public and private organizations have been more intertwined across national borders than ever before. The New Public Management (NPM) movement in the 1980s and 1990s led the worldwide transition of public organizations. The core assumption of NPM is that the application of business models to the public sector increases efficiency in public goods and service provision. NPM emerged in the UK under the leadership of the Prime Minister Margaret Thatcher, who attempted to introduce market mechanism into public service delivery through reforms such as privatization, contracting out, and performance measurement. This NPM movement first spread to other European countries and North America and then expanded to Africa, Asia, South America, and other regions by the late 1990s. NPM remains influential on the argument regarding the appropriate form and nature of public organizations. This ongoing movement has obscured the distinction between public and private organizations in a global scale.

## Conclusion

The history of organizations presents the sequential efforts of human begins to adapt to environmental changes led by politics, economics, culture, and technology. On the one hand, it reveals the unaltered nature of humanity to confront challenges in an organized way. In the twenty-first century, most emerging issues in organization management, such as diversity, information technology, and the growing demand for specialized services, have been shared between both public and private organizations across countries. Given the accelerated fashion of globalization and technological advancement, the importance of networks linking organizations and organizational change have been emphasized in recent management studies. Individual workers in contemporary organizations are also required to gain more diverse skills, such as leadership, communication, and computing, compared with those in the Middle Ages and the Industrial Revolution. Beyond the discrepancy between the old and modern circumstances, however, organizations have been at the core of human life throughout history.

## Cross-References


- ▶ Models of Organizational Change
- ▶ Organizations and Environment
- ▶ Scientific Management Theory of Organizations


## References


Carneiro RL (1970) A theory of the origin of state. Science 169(3497):733–738

Carneiro RL (1974) A reappraisal of the roles of technology and organization in the origin of civilization. Am Antiq 39(2):179–186

Gronroos C (1990) Service management and marketing: managing the moments of truth in service competition. Lexington Books, Boston

Mayo E (1933) The human problems of an industrial civilization. Macmillan Co., New York

Mayo E (1945) The social problems of an industrial civilization. Harvard University, Boston

Smith A (1776) The wealth of nations. W. Strahan and T. Cadell, London

Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York

Wittfogel KA (1956) The hydraulic civilizations. University of Chicago Press, Chicago


# History of Procurement in Public Sector in Russia


Nadezda Demina

South Ural State University, Chelyabinsk, Russia


## Synonyms

Contracting out; Outsourcing; Products supply for state needs; Public tendering

## Definition

The process of obtaining goods and services for public agency that includes preparation and processing of a demand as well as the end receipt and approval of payment.

## Introduction

Carrying out economic activities requires material resources. Under market conditions of economic management, a purchaser of resources is motivated to buy goods with the optimum "price-quality" ratio; however, if a customer of products and its consumer are different subjects, there is a problem of effective procurement management. In the world practice, there is a developed procurement system that allows to meet the demands of the customer in the process of procurement to the greatest possible extent. Improving terms of a contract for resources supply for the customer is achieved by creating conditions for competition between suppliers.

## Products Supply for State Needs in Pre-revolutionary Russia

Historical archives still retain data on the first documents related to supply organization for state needs, as such a document historians name the Decree of Tsar Alexei Mikhailovich, dated July 7, 1654, on the contracting price to ensure supply of breadcrumbs and flour in Smolensk city. The basis of the purchasing system functioning in Russia was formed by Peter I, when the special department called the Chancellery of contract works, subordinate of the Senate, was formed.

The closest to the modern understanding of the regulation of the state order system was a document which was in force in 1900–1917 "Regulations on treasury contracts and supplies." Such elements of procurement system as mandatory bids, advance payment from the customer, the possibility to involve subcontractors in performance of a contract, as well as basic concepts about contract performance security in the form of pledge or warrantee appeared that document (Belov V.E. Supply of goods, works and services provision for state needs: legal regulation - M.: Norma, Infra-M, 2011).

## Procurement in Russia in the Soviet Period

The economy of Russia in the Soviet period was functioning on the principles of so-called command administrative system; under these conditions, the formation of economic relations was centralized, i.e., the central government determined the amount and destination of products supply. As a concept competing was absent, the pricing system was functioning outside the market mechanisms, so it can be stated that procurement did not exist in Soviet Russia. This thesis is also confirmed by the information about methods of determination of import production supplier for needs of the Soviet Union. Determination of supplier depended not on procurement efficiency criterion, but on political considerations; the priority was given to the countries of the socialist bloc (State order in Russia and Altai: history, development, prospects/edited by Eng.Sc.D., Prof. M.P. Shchetinin. – Barnaul: Azbuka, 2007. – 140 p.).

## Market Economy Establishment in Russia in 1991–1996

Significant problems of the planned economy development of the Soviet Union in the early 1990s resulted in a serious consumer crisis; aggravation of goods deficit problem was caused by the release of information about price liberalization in October 1991. Fear of hyperinflation and lack of goods in shops impelled people to quickly buy all products delivered to the stores. Companies of the country were in the process of changing the form of ownership: it was necessary to turn from widespread state property to private property. Continuing to carry out economic activity demanded establishment of products supply chain on a market basis, but one of the essential characteristics of

a market economy is the existence of goods producer competition, whereas at the beginning of the 1990s, there was no competition on most markets. It was impossible to implement any procurement elements because apart from the lack of competition, there was the acute problem of insufficient amount of money supply, which was solved by barter system. As there is no way to satisfy state needs by barter, in the context of the emerging market foundations of public procurement, system formation was laid. One of the first documents regulating public procurement was the Law of the Russian Federation No. 2859–1 "On the supply of products and goods for state needs," dated May 28, 1992. In order to clarify the provisions of the law, the RF Government Decree No. 638 "On the organization of work for the implementation of the Federal Law" "On supply of products and goods for state needs," dated August 27, 1992, was enacted. Paragraph 7 of this Decree indicated the following: "State customers shall ensure competitive placement of orders for goods supply for state needs by holding open and close bids, tenders and competitive tenders." These documents were in force until the adoption of the Constitution of the Russian Federation in 1993; during 1994, legislation was revised for compliance with the new constitution. The new basic law regulating public procurement was adopted in December 1994 "On products supply for federal needs» No.60-FZ dated December 13, 1994. This legislative act with numerous amendments is effective up to the present day (2016); it establishes the general principles of federal state need satisfaction; still, there are no clear requirements to the placement of orders through a series of mandatory procedures in the law.

## Decree No. 305 as an Important Stage of Reforming the Public Procurement System

The first document developed on the basis of international procurement principles in Russia was the Decree of the President of Russia No. 305 "On urgent measures to prevent corruption and reduce budget expenses during organization of production purchase for state needs," dated April 8, 1997. This document for the first time introduces mandatory placement of orders at the expense of the state budget and extrabudgetary funds on a competitive basis. The Decree No. 305 approved "Regulations on the organization of goods, works and services procurement for state needs," which regulated the procedure of the competitive tender based on the principle of openness and equality of bidders. The announcement of bidding procedures to be mandatory is a significant step toward the formation of a civilized market; however, because of the nature of business mentality, the real situation in the field was far from fair competition among suppliers. One of the major reasons for this situation was the lack of sanctions for failure to comply with the provisions of the Decree No. 305. Attaining the purpose of corruption prevention, identified in the title of the decree, at this stage of economic development, was impossible; nevertheless, admission of this problem appeared to be an important step toward creating an effective public sector.

## Step Back with the Law No. 97-FZ "On Competitive Tenders for Placement of Orders for the Goods Supply, Works Performance, Rendering Services for State Needs," Dated May 6, 1999

The document adopted at the end of the 1990s puts the development of the order placement system a few steps back. A significant number of laws enacted in that period were distinguished by complexity of unambiguous interpretation and contradictions in the statements contained in various documents, resulting in a lack of progress in economy reforming. However, this document is characterized by deficiencies stated in the text that could not but have an impact on the process of reforming the order placement system. The main downsides of the Federal Law No. 97-FZ are the following:

- Nonobligatoriness to place orders on a competitive basis.
- A limited number of customers falling within the scope of the law: federal executive body.
- Exclusion of trade organizations from the list of potential suppliers.
- Lack of criteria for determining the winner of the competitive tender in the law that undermines the sense of the procurement system.

## Start of Creation of a Civilized Contract System with the Federal Law No. 94-FZ "On Placement of Orders for Goods Supply, Works Performance, Rendering Services for the State and Municipal Needs," Dated July, 21, 2005

In comparison with the previous law No. 97-FZ, the Federal Law No. 94-FZ can be considered a breakthrough in reforming the order placement system; there are several reasons to confirm that, namely:

- The law has an effect on all market participants funded by taxpayers, including the municipal level.
- The scope of regulation of the law included a variety of ways to place orders both competitive ones like a competitive tender, an auction, a request for quotations, and single source purchasing.
- The law sets clear requirements to the organization of the order placement procedure based on competition protection and the principles of openness and transparency.
- The law introduced the criteria for determining the winner.

The critical disadvantage of the order placement system during operation of the law No. 94-FZ is the lack of the purpose to organize effective functioning of public sector resources; the main purpose of the introduction of strict regulation of order placement procedures and reporting was to prevent corruption while spending budget funds. Along with the law No. 94-FZ, the Code of Administrative Violations imposed a significant number of sanctions; the system of violation detection and punishment judgment was developed.

The Federal Antimonopoly Service played one of the main parts in the development and implementation of the Law No. 94-FZ, which even more distracted from the main purpose of the purchasing system functioning and substituted it with purpose of competition promotion. Of all the methods of purchasing, the competitive tender was the only option which allowed to use as criteria for determining the winner not only price but qualitative characteristics of products purchased. However, in practice, there were situations when the bidder lodged an application; his qualitative characteristics were unanimously assessed by the commission at a zero rate, while he became the winner, because the main criteria weight was given price. Later, with the adoption of the new Law No. 44-FZ, anti-dumping measures were established, which allowed to exclude such a situation. The possibility of using the competitive tender as a method of order placement was highly restricted; if the goods, works, or services fell into the auction list (the RF Government Decree No. 236-r "On the list of goods (works, services), placement of orders for supply (execution, rendering) of which is carried out through an auction," dated February 27, 2008), then their purchase by the competitive tender was forbidden. Consequently, in most cases, the price was declared the main criterion for purchase, whereas the opportunity of customers to establish permissible characteristics of the goods purchased was limited, in particular, a ban on the use of brand was imposed. Perhaps, if there were no peculiarities of Russian mentality, consisting in internal motivation to cheat the state, implementation of the Federal Law No. 94-FZ would lead to budget expenditure reduction and corruption decrease. Unfortunately, it did not happen. In spite of the announced price minimization criterion, the situation when in the framework of the state or municipal contract products purchased at prices higher than the average ones was ubiquitous. The most common cause of this situation was the absence of real competition among the suppliers; all the

bidders lodged an application, offered the price higher than the market price, and among them was chosen the bidder who offered the lowest price. Significant impact on the effectiveness of public purchasing had a motivation of entrepreneurs to increase their market share. In general, vivid, result-oriented personalities move to Moscow and other big cities; in small towns and villages entrepreneurs stay who tend to be satisfied with total revenue of their business, and they often refuse to participate in the system of state and municipal orders. The most serious problem was the lack of electronic platforms to place orders, when municipal bodies placed an announcement about products purchased in local printed issues.

Another significant disadvantage of the Law No. 94-FZ was the lack of regulation of such an important stage of purchasing as the contract execution; the technology of acceptance of goods and matching with those stated in the contract were developed by each customer on his own, which often had a negative impact on final services recipients, for example, the supply of infant food of low quality that provoked children allergic reactions. In the field of construction, works purchase under the criterion of price minimization often had disastrous effects; the use of the cheapest materials in construction led to impossibility of subsequent operation of an object commissioned.

## Modern Contract System in Russia

The modern stage of reforming the purchasing system in the public sector starts from the adoption of the Federal Law No. 44-FZ "On the contract system in state and municipal purchasing of goods, works and services" in 2013. This law for the first time included in the scope of regulation all the stages of purchasing activities from planning to execution of the contract. During development of the law, the provisions of regulations adopted by the UN Commission on International Trade were taken into account. One of the main problems of the previous period of public purchasing system was the lack of transparency in the public purchasing processes; thereby, the suppliers who have informal relationships with the customer, obtaining more information and receiving it earlier, were able to significantly increase their chances of winning the tenders. Within the framework of the law No. 44-FZ, a unified information system, i.e., a portal, was created. It contains public information related to public purchasing from purchasing plan of individual customers to analytical materials on the evaluation of the results of contracts concluded. The practice of the Law No. 44-FZ implementation confirmed the thesis on inefficient work of law provisions, for violation of which there are no sanctions; therefore, in 2016, the administrative responsibility for violations related to planning, rationing, justification of purchasing, and contract execution was established (the Federal Law No. 318-FZ "On amendments being made to the Code of the Russian Federation on Administrative Violations," dated July 3, 2016).

Protectionism, which was limited earlier, recently, due to the increasing complexity of the global political situation, has been expanded, which resulted in the introduction of legislative provisions restricting the supply of certain import goods; in particular, the following goods are under access restriction: medical products, pharmaceuticals, and food products. The ban on the purchase of import goods for ensuring state and municipal needs concerns such groups as light industrial goods (the RF Government Decree dated August 11, 2014, No. 791, "On a ban on the admission of light industry goods originating from foreign states and (or) services rental of such goods for the purposes of purchasing for federal needs, needs of subjects of the Russian Federation and municipal needs," engineering goods (the RF Government Decree dated July 14, 2014, No. 656, "On a ban on the admission of certain types of engineering products originating from foreign states for the purposes of purchasing for federal and municipal needs," software (the RF Government Decree dated November 16, 2015, No. 1236, "On a ban on the admission of software originating from foreign states for the purposes of purchasing for federal and municipal needs," and the goods, works, and services for the needs of national defense and security (the RF Government Decree dated December

24, 2013, No. 1224, "On a ban and restrictions on the admission of goods originating from foreign states, works (services) performed (rendered) by foreign persons for the purposes of purchasing of goods, works (services) for the needs of national defense and security."

In addition to statutory restraints, during purchasing of complex devices, there is often a situation of "economic" barriers. For example, the customer wants to buy a stair-climbing wheelchair for wheelchair users, a device for lifting upstairs a wheelchair with a man. The specifications prescribe characteristics of a device required, the characteristics reflect the quality of such devices made in Europe, and the initial contract price is calculated based on the price of a prime quality product. However, as the specifications must not include the brand and the country of origin, there is a high probability that at an auction, the supplier of cheaper products and products of lower quality made in Russia or China will win. This problem existed when the law No. 94-FZ was in force and is still relevant during implementation of the law No. 44-FZ; it is virtually impossible to draw up specifications so as to ensure the purchase of a prime quality product; according to formal characteristics in most cases, cheaper counterparts will match the criteria stated in tender documentation.

The Federal Law No. 44-FZ, as well as the previous law No. 94-FZ, provides for situations of single source purchasing; thus, in these situations, the use of procurement principles based on competition is not initially foreseen. As an example can serve placement of an order for construction of a bridge over the Kerch Strait, works that cost more than 228 billion rubles were purchased by force of the order of the Government of the Russian Federation.

If you consider the proportion of the use of different ways of the supplier determination, the sole supplier takes only the second place; the first place is taken by an electronic auction; in the first half of 2016 with the use of this method, 53.4% of the contracts were signed, which indicates the real expansion of the procurement principle application in purchasing activities of the public sector.

## Conclusions

In order to implement procurement principles in Russia, first of all, it is necessary to change the conceptual framework of the purchasing legislation formation. In many branches of the public sector, this reformation direction is already being put into action by the force of integration of results-based funding. The main problem of procurement is still corruption, rather than the degree of satisfaction of public goods recipients. The ideas of corruption prevention and competition development form the basis of the purchasing legislation, but the current law No. 44-FZ differs from previous regulations in this field in such an item as the analysis of the contract execution result, i.e., the system reform, is moving toward the implementation of international principles.

## Cross-References


- ▶ Federal Government, Russia
- ▶ Government Budget Laws in Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Multilevel Governance and Public Administration, Russia


# History of Public Administration in Russia

Elena Leonidovna Popchenko
Department of Management Organization, Stolypin Volga Region Institute of Administration, Saratov, Russia

## Synonyms

Historical stages of development of governments; The centralization of power; The implementation of public policy during centuries

## Definition

The history of public administration is the main historical stage of development of civil service in Russia.

## Introduction

This article examines the historical aspects and stages of the civil service management system in Russia: formation and development of public service in the period of the Old Russian state, especially the prince's service vigilantes; the specificity of public service in the period of feudal fragmentation of Rus; the public service in the Novgorod and Pskov republics; and the Tatar influence on Mongol invaders in the process of civil service reform in Russia.

Every historical stage of development of Russia is characterized by a kind of social and political characteristic, and the success of the reforms largely determines that people are an important resource of any nation and that public servants perform practical tasks to achieve the objectives set by the company to the state.

## The Origins of Public Service of Russia

The Russian Public Service has deep, centuries-old historical and cultural origins. It is inseparably linked with the creation of a centralized Russian state, which has evolved in complex geopolitical conditions. The Russian historical literature is dominated by a variety of views on the origins of the formation of Russia as a state, but it is possible to identify common stages of development of the Russian state and the public service:

1. The emergence and establishment of the civil service in the ancient Rus (ninth century)
2. The princely state service (ninth century–the first quarter of the twelfth century)
3. Public service in the period of feudal fragmentation of Rus (the second quarter of the twelfth century–the fourteenth century)
4. Sovereign courtyard (Muscovy state) (fifteenth–seventeenth centuries)
5. The state service of the Russian Empire in the period of absolutism (eighteenth century–the middle of the nineteenth century)
6. The state service of the Russian Empire in the period of transition to a bourgeois monarchy (the middle of nineteenth century–beginning of the twentieth century)
7. Public service in transition to bourgeois monarchy (the middle of the nineteenth century–the beginning of the twentieth century)
8. Public service during the constitutional monarchy (1905–February 1917)
9. Public service in the period of the bourgeois-democratic republic (February–October 1917)
10. Public service in the USSR (twentieth century)
11. Public service in the period of perestroika – the formation of a new type of public service (1985–1999 years)
12. The modern period of development of the civil service in the Russian Federation

## Public Service in the Old Russian State

This article focuses on summary of public administration of the first three stages that characterize the emergence and development of public service in the Old Russian state.

The stage of "the emergence and establishment of the civil service in the ancient Rus (ninth century)" process is characterized by the formation of large commercial cities. "The main commercial cities of Russia were themselves to assume the defense of their trade and trade routes". From that moment, they began to arm encircling walls and administer a military unit reserved by military men. So industrial centers and warehouses of goods were turned into strongholds of armed seekers (key). This process is characterized by the destruction of the tribal union of the Slavs and dissolves it in the yard. In the Old Russian state, "Russian court" (householder's family with his wife, children, parents, and other relatives) served as a stepping stone from the ancient to the modern kind of a simple family and corresponded to the ancient Roman "names."

Tribal unions united – in the military and political purposes – to even larger formation (association), the so-called union of unions or super unions.

The emergence of large commercial cities was the impetus to education in Russia in the first half of the ninth century, a form of political development as a "policeman region." The area was known as the city (city of Smolensk, Smolensk Oblast; the city of Chernihiv, Chernihiv region; the city of Novgorod, Novgorod region, etc.). The policeman region is a shopping area managed by the city. Later in the process of formation of principalities policemen area previously independent, it became part of the Duchy of his administrative district, served as ready units of the regional division, established in Russia at the first prince of Kiev to the half of the eleventh century.

The process of consolidation of the Slavic tribes in Rus political union is considered to be the beginning of the registration of a single East Slavic state. In the historical literature, it mentions three important political centers in Russia: Cuiaba (Kuyavia), South Slavic group of tribes with the center in Kiev; Slavia, northern group, Novgorod land; and Artania, the southeastern group, Ryazan.

Old Russian state was a kind of federation of tribes; in its form, it was an early feudal monarchy. Russian statehood of that time was based on two forms of spatial territorial organization: the rural communities and cities and urban settlements.

Thus, we can state the fact that the need to protect towns and villages from external enemies was the basis of the birth of the civil service in ancient Russia. It is the prototype of a modern type of public service – military service.

## Stage "Princely State Service"

The stage of "princely state service" was in the ninth century–the first quarter of the twelfth century. "Many sources of information can be found on the history of Russia that the date of formation of Russia state is 882 years old, when the Russian Prince Oleg united North of Fame and Kiev into a single administrative and political entity – Kiev's Rus. In Kiev's Rus, it laid the foundation of governance and "public service," which were originally inseparable from a military organization and were based on the principles of vassalage. During this period, the support of the prince is a princely retinue, which had the name of the prince.

The brigade was unprofessional service vigilantes possessing the moral bond and friendship between the members of squads and the prince set up to enforce the powers of prince. The guards received the service and maintenance of the spoils of war from the prince. The number of guards is also largely dependent on the personal qualities of the prince: the prince was braver, and his squad was more numerous. The prince consulted with all members of the squad on military matters. Regarding the state of internal control, the prince consulted only with a select number of people who entered the council of the prince.

Duke squad had two levels: higher and lower. The higher (senior) squad, "boyars," had some privileges (nobles had their own small squads and others). The lower (younger) squad, "greedy," held at the princely court lower-level positions. Military and civil service was for the younger brigade tool transition into the senior squad. Duke squad is not a closed class – access to squad opened Russian and foreign soldiers who have good military skills.

Thus, we can conclude that the period under review was characterized by ancient Rus state management system – military democracy, which determined the content of the "civil service" of the time. In fact, the Old Russian state was a federation of land under the sovereignty of the prince of Kiev. With the proliferation of the grand princes of Kiev, the family practiced the selection of individual lands – principalities – in the reign of his sons. They were gradually replaced by the princes of the local dynasties. For some time, it strengthened the grand power. The stage of "public service in the period of feudal fragmentation of Rus (the second quarter of the twelfth century to the fourteenth)" is characterized by the reform of public administration – the Russian land is divided into multiple inheritance (patrimony). The second half of the twelfth

century in Russia existed with 15 independent principalities and lands that have received their names by city. Gradually, it formed the palace and patrimonial management system. This is due to the fact that the Russian princes are willing to strongly develop land belonging to them and fix them for their children and grandchildren. As a consequence, there is a change in the prince's retinue. Squad members gain osëdlost together with the princes, entering into a closer relationship with one or the other area. With settlement princely combatants disappears former friendship and moral way of life guards. Osëdlost isolates individual members of the squad, and they appear with new relations and areas of interest in addition to the military (trade, agriculture, crafts, etc.). The prince now has to deal not with a team but as a single whole and with individual members of the squad – the boyars.

The fragmentation of Russia leads to the formation of small specific states (principalities and provinces). Under the public service mainly refers to military service on general rules: the boyars in wartime had people living in their areas to join the prince's troops.

However, many of the boyars and the prince served in peacetime, holding various positions at the palace and regional management. Also the lord had the right to "refuse" from the service and go into the service of another prince. Until the sixteenth century, the nobles retained the right to inherit their land, even in the case of transfer to the service of the enemy of his former prince and handed them to the state possession of their new prince. They had in their fields all the fullness of administrative, judicial, and military authorities. Such rights have been assigned to them in the documents (charters).

One of the main jobs was as a butler. Butler ran Duke Estate, which at that time was not separated from the state economy. The chief butler was in charge of the palace of the prince in the city, was subordinated to the butler, and was in charge of the palace of the prince in small towns. There was also a post "courtier." Okolnichy accompanied the prince during the war and in peacetime (a trip to the state management, hunting, prayer, entertainment).

The prince bestowed the boyars of the civil service "feeds" or "paths." These were some of the types of property of the prince and of state property, which have been allocated to specific departments. The chiefs of these departments also held high positions. All locate such "ways" as a falcon (bird hunting), stables (horses, meadows), the cup (beekeeping, drinks, forests), and stolnichy (fishing, vegetable gardens). Villages that have been assigned to the "ways" were completely isolated from the overall regional management: management is concentrated in one department, all cases concerning the population (administrative, judicial, economic, social). All the nobles who led the agency were directly subordinated to the prince.

Thus, the public service in the period of feudal fragmentation of Rus – it's unprofessional service undertaken servants. The relationship with the prince was based on property or enslaving addiction. The prince's office was divided into:

1. The voluntary military and civilian service boyars landowners
2. The court service prince's servants

The transition to feudal fragmentation was not accompanied by the decline of Russia. It is characterized by positive changes in the socioeconomic, political, and cultural development, contributed to the lifting of certain Russian land, the growth of cities. However, the adverse effects of the onset of fragmentation include strengthening the princely strife and weaken the military power of the country.

## The "Public Service" in the Novgorod and Pskov Feudal Republics

In the twelfth century in Novgorod region, republican bodies were formed that were standing on the prince's power. Novgorod took to his princes, based on their own choice and under certain conditions. The prince and his retinue were hired by armed forces of the republic. The prince was responsible for the protection of the Novgorod region from external enemies, was the rule of

law, and was the highest court. However, the prince of administrative and judicial actions committed not alone but in the presence and with the consent of the elected person of Novgorod – "mayor."

Lower-stage management in Novgorod was the unification of neighbors who have chosen the elder. Five urban districts of Novgorod were self-governing territorial-administrative and political units. The supreme authority, representing the interests of all people, was the town meeting (chamber) of free citizens, owners of urban households, and farmsteads.

Veche invited the prince and his retinue, elected the chief officials of Novgorod, and chose the head of the Novgorod Church – archbishop.

Pskov feudal republic was characterized by the same as in Novgorod, a model of republican life, which began to emerge in the second half of the thirteenth century.

Thus, the republican service acts as a special type of service in the period of feudal fragmentation of Rus and has the following features:

- Public service is determined by the feudal democracy of the republic.
- Public service is unprofessional service; it is based on belonging to a noble family.
- Public service is carried out in favor of the aristocracy.
- Public service is carried out with the help of national authorities.
- The civil service is divided into military service, civil service, and the service of the archbishop.

Centralization of power in the Russian state and the subsequent annexation of Novgorod and Pskov have led to the liquidation of the republican system.

## Public Service in the Period of Feudal Fragmentation of Rus

One great factor that influenced the development of public service was that in the 1930s–1940s of the thirteenth century, Russia was conquered by the Tatar-Mongols and fell into vassalage to the Golden Horde. De jure, Russia was not an independent government. In this period, it was built with the new principle of the transfer of state power. The Russian transfer custom prince power of seniority was replaced by the Mongolian issue "label" – the mandate of the public administration and the right to collect tribute for the Golden Horde from other Russian principalities. Issuance label evolved into an important political instrument of the khans of the Golden Horde, which pushed the interests of Russian princes. Fueling the princely strife, the Golden Horde has strengthened its dominance over Russia.

De facto, the internal political life of Russia did not stop but adjusted to the khan of the Golden Horde. Thus, under the influence of Mongol control, the organization of the Russian army and military service significantly changed:

- The army was divided into five major divisions (regiments): the large regiment, the right-hand regiment, the left-hand regiment, the advanced guard regiment, and a regiment.
- It was established as a compulsory military service, including the rural population, which has not participated in military campaigns in the Kiev period.
- Change of the structure and purpose squad: senior squad turned in free prince's servants and became known as the nobles, and the younger combatants were his servants, who were attached to the service for a while or forever.

With the collapse of the Golden Horde, own political force Russia out from under Mongol control and began to gain new strength. The Mongols contributed to the elimination of democratic institutions in Russia and the absolute power of the feudal princes. This, in turn, has led to non-admission to the power of the boyars, gradually turning them into servants of the princes of Moscow. Subsequently, with the strengthening of the power of the prince of Moscow, the transfer of state power began to be carried through the generations – from father to son.

Thus, the Tatar-Mongol rule contributed to the formation of a qualitatively new "public service" Asian type:

- State – the patrimony of the prince; officials – servants of the prince.
- The presence of the prince's court.
- The military and the civil service – the duty of the boyars and nobles.
- The army is recruited from among the people.

To summarize the origin and development of public service in Russia:

## Conclusions

With the establishment and development as an independent state, Russia formed the mechanisms and institutions of public administration. To ensure the activities of the state and the decision of its external and internal issues, public servants have become necessary. The first employees in Russia were vigilante princes. The specific nature of public service in this period has Novgorod and Pskov republic (power assembly – veche). The period of feudal fragmentation of Rus, which began in the twelfth century, and the Mongol conquest of Russia contributed to the reform of the control mechanism in the Russian principalities and led the formation of the state apparatus, having the features of the eastern rigid centralized management. The capture of Russia by Tatar-Mongols had serious consequences for the development of Russian statehood. It was one of the reasons for the backlog of Russia from European countries, contributed to the further strengthening of political fragmentation, and, most importantly, has played a crucial role in determining the nature of the future of the Russian statehood, strengthening the "Asiatic" despotic principle in its development.

## References

Klyuchevskii VO. The course of Russian history. http://www.kulichki.com/inkwell/text/special/history/kluch/kluch09.htm

Vytsenets TN. History of the Russian civil service development in the IX-XVIII centuries. http://ist-konkurs.ru/http://ist-konkurs.ru/raboty/2008/996-istoriya-razvitiya-rossijskoj-gosudarstvennoj-sluzhby-v-period-ix-xviii-vv

# History of Public Administration, Brazil

Frederico Lustosa da Costa
Administration – Graduate Program, Fluminense Federal University, Niterói, Brazil

## Synonyms

Brazilian public administration; History of State, Brazil; Insitutional History, Brazil

## Introduction

The study of the history of Brazil's Public Administration is part of a historiographical tradition that goes back to the emergence of the Nation. In fact, institutional history constitutes a very important aspect of the construction of the national identity itself, which passes through the (selective) memory of the acts, facts, and interpretations of Brazilian political-administrative life. For this very reason, although with less intensity in recent years, much has already been written about the teleology, morphology, and functioning of the Brazilian State and its functional apparatus.

The purpose of this entry is to present and critically discuss the evolution of historical studies on Brazilian public administration. It is not a question of presenting a panorama of the institutional history of almost two centuries of independence, as already attempted in other publications (Bresser Pereira 2001; Lustosa da Costa 2008). It is rather a matter of identifying the established narratives and interpretations and pointing out possible gaps, omissions, and misconceptions crystallized over the years that continue to inform the understanding of Brazilian public administration.

Therefore, in addition to the record of the main bibliographic antecedents, it is necessary to point out inescapable theoretical and methodological issues (of a historiographical nature), the reference framework for the inauguration of this administrative history, the problems of periodization, and the prospects for the renewal of Brazilian institutional history. At this stage, rather than initiating a literature review, with direct consultation with primary sources, it is necessary to delimit the field in light of the milestones of contemporary historiography.

Thus, the sections that follow try to fix the frame of the object, giving account of its nature, identifying the historiographical issues that concern it, resuming the bibliographic antecedents, and seeking ways to work the chronology from the new conceptions of time and duration. This entry represents a modest contribution in this sense. It briefly and objectively presents the theoretical and methodological bases and the state of the art of historical studies in the area of Public Administration in Brazil.

## Framework – History of State and Public Administration

*Public Administration* is a polysemic expression because it designates a part of the State that is, at the same time, an institution, a staff, and a management process. In this context, the institution is the administrative apparatus that gives consequence to government decisions, that is, that implements public policies. It is the set of organisms that administers the *res publica;* the body of officials that gives life to these entities. It is the directory of government activities aimed at achieving the public interest or common good of a community.

The history of Public Administration is also a History of the State and must contemplate, in the long term, the institutional apparatus – political, normative, and operational – and its collective representations and understand it in its relations with society. It should understand, without segmenting, the different figures of the modern state – the democratic Leviathan, the instigator of the social, providence, the regulator of the economy (Rosanvallon 1990, pp. 15–16), and the bureaucratic ogre (Paz 1979).

The first four figures of the Modern State correspond to different dimensions of its relations with society – the democratic institutions that shape the contract state; the rules, symbols, and practices that produce social cohesion and constitute the Nation; the social security instruments and welfare actions; and the different forms of intervention in the economic domain.

The fifth figure paraphrases the expression "philanthropic ogre," coined by Otávio Paz (1) to refer to the distortions of the welfare state. *Bureaucratic ogre* would be that figure of the State that contemplates its adjective aspects, that is to say, the whole set of norms, bodies, and positions at the service of the needs of the State itself.

The processes of transformation of these figures obey a double movement – from society to the State and from the State to society. Thus, its history can seek, on the one hand, to understand the changes in the state apparatus as responses to movements in society itself, as a product of the power relations between the interests of parts of society and, on the other hand, to map the institutional processes of policy formation that make up the decision-making process in the context of government bureaucracies.

In this sense, a History of Public Administration must emphasize the process of functional differentiation of the State, whose historical stages are marked by different institutional formats that translate into various "policies" or policy instruments. Although these two processes may be the result of transformations that are born "outside" the State, they seek to show how institutional changes determine the emergence of new policies or how the need to create new policies (required by society or even by the "institutional" market – the set of demands born within the State itself) brings about important institutional transformations within its apparatus.

It thus offers scholars the possibility of reflecting on the nature of these transformations and, at the same time, examining what is recurrent in the morphology and functioning of the Brazilian governmental organization, discussing the changes in the nature of

intervention in social life, the (permanent) growth of its apparatus, the cycles of centralization and decentralization, the processes of democratization and bureaucratization (which, it is believed, still left a residual space for the patrimonialist heritage), and the expansion of supply and, eventually, of access to the services it provides.

## Historiography Issues

The twentieth century produced great transformations in modern historiography, opening new theoretical and methodological perspectives and incorporating new objects. Until then, the only transformations in the historical sciences had occurred in the preceding century, with the advance of positivism over scientific thought, the emergence of Marxist doctrine, and the emergence of national historical schools (Cardoso 1982, p. 30).

In fact, although a certain "methodological rigor" can be identified in historians of Greek-Roman antiquity, such as Tulcíades and Políbio, the historiography of antiquity and the Middle Ages was almost always apologetic, destined to glorify the great men who could serve as an example to new generations.

Although positivism did not reserve the status of science for history, it imposed a rigorous examination of the sources and fidelity to the *facts*, which were a matter for sociology. Positive science refuted the causal explanation in history because its object is unique, unrepeatable, and therefore not verifiable. In other words, they are facts excluded from scientific interest. Although more precise and documented, the story consisted of a chronicle of events; it was still an *événementielle* narrative.

Marxist thinking had a dynamic conception of social reality, asserting that change from one state to another could be understood through cognizant laws. Dialectical materialism was the key to understanding this dynamism, because it allowed us to identify the contradictions present in a stage, its forces of transformation. This approach put the economic determinations (*infrastructure*) in the foreground, minimized the freedom and importance of action of the individual subject, and gave rise to the adoption of a long-term perspective. However, Marxism only came to be configured as a historiographical current in the twentieth century to the extent that, before that, it had little influence on "professional" historians.

At the end of the twenties, the great renewal came with the emergence of the School of the *Annales*, a heterogeneous group of historians (and geographers) that gathered around the journal *Annales d'histoire économique et sociale*, founded in 1929 by Marc Bloch and Lucien Febvre. According to Cardoso, the main characteristics of this historiographical trend were

- The conception of history as a science
- The identification of problems and the establishment of hypotheses (overcoming the "story-narration")
- Approximation and exchange with other social sciences
- The broadening of the scope of the object – "global structural synthesis of all aspects of social life: 'material civilization', power and mentalities"
- The emphasis on "social, collective, and repetitive" aspects, rather than biographical, individual, and episodic ones
- The use of various sources, not just written documents
- The construction of multiple temporalities
- The awareness of the relations between the present and the past and of the relations of implication of the historian (*op. cit.*, pp. 37–38)

Some of these elements are close to the Marxist approach, especially with regard to the pretensions to a global synthesis of social reality as a structured totality, to the recognition of the specificities of each era, to the interest in economic aspects and statistical data (serial history), and to the awareness of the social (and historical) constraints of knowledge (historical). However, most of the members of the group were not Marxists and the influence of the *Annales was* felt throughout French historiography and later throughout the world.

After the Second World War, France remained at the forefront of historical studies. In the fifties and sixties, following on from the previous movement, research continued to emphasize the great historical syntheses, making use of the macroeconomic approach, the study of social structures, the articulation of secular tendencies with short conjunctures. The main methodological resource was descriptive statistics, erected as a reference model for data construction. The problems posed for study revolved around a central question – how the social transformations took place, in which rhythms and which groups benefited from them (Lepetit 1995, p. 10).

In the 1970s and 1980s, another cycle of renewal took place with the emergence of *New History*, a designation borrowed from the title of the dictionary published in 1978 by Jacques Le Goff (1990) that constitutes a collection of the immense variety of studies that adopted new objects and new methods of work. History was now closer to anthropology than to geography, demography, economics, and sociology, both in terms of themes and methods of data collection. Themes such as the body, love, table manners, odors, rituals, and fashion became part of the repertoire of historical studies, which also began to make use of new sources – archaeological remains, verbal accounts (oral memory), images, subjective data. These aspects of reality were related to the ways of thinking, appropriating the world, and acting, configuring other schemes of collective representation and temporality and were thus often inscribed on the level of mentalities and long duration, themselves notions subject to all kinds of ambiguity. Having been criticized for its excessive comprehensiveness and lack of precision, the history of mentalities was gradually replaced by the History of Representations or Cultural History, which accounts for the singularities of social class, gender and age groups (Chartier 1988). In any case, the interest in very specific aspects of reality and the diversity of themes under examination led critics of *New History* to refer to a *history in crumbs* (Lepetit, *op. cit.*, p. 11).

In the 1990s, the linguistic shift (*liguistic turn*) in the social sciences and the criticism of New History and, above all, of the History of Mentalities led to the establishment of a new program, the main points of which can be summarized as follows:

- The resumption, in a new perspective, of some themes and methods from previous decades
- The recognition of the plurality of problems, methods, languages, and approaches in the social sciences, which enrich each other and favor interdisciplinarity
- The awareness that history is neither a duplication of reality nor a mere narrative discourse; it is, at the same time, discourse and technique of research, narration and operation of critical procedures, point of view and mapping of representations
- The emphasis on the study of practices and representations (uses of identity) referenced in the various forms of identification and social insertion – gender, age, social class, region, etc.
- The recognition and articulation of multiple temporalities, in function of the historical time under examination and the dynamics of the social aspect analyzed

What are the consequences of these transformations in the world of historiography for the project of a history of the State, the government, and the Public Administration in Brazil?

To try to answer this question, it is necessary, in the first place, to reiterate that historiographical production in this field has been practically immune to these changes in the theoretical-methodological perspective. Administrative history is an *evenementielle* history, a repertoire of acts and facts, where the voluntarism of monarchs, politicians, and administrators stands out. It continues to use the same sources of written documentation, but descriptive statistics are of little value. Thus, considered from the point of view of contemporary historiography, the history of the State and Public Administration must redefine its object in the sense of taking it in its entirety and complexity and apprehend it, at the same time, as legitimation, sovereignty, empire, structure, heritage, bureaucracy, and agency.

It is a story of the power instituted, of its sources and manifestations, which, according to the Rosanvallon (op. cit. pp. 11–14), obeys four methodological imperatives that give it precision and uniqueness, namely:

- ***Deglobalization*** – consists in avoiding taking the State as a coherent whole, a unified structure, a block, as happens when certain statistics are used that do not allow us to understand the realities of subsets
- ***Hierarchy*** – consists of integrating and hierarchizing the different levels of apprehension of the phenomenon, separating different dimensions, historical diachronic realities, and national specificities
- ***Articulation*** – between two levels of reality (administrative apparatus and abstract political form) and two historiographical perspectives – the history of administration, the objective face of the State, and the history of ideas and representations
- ***Totalization*** – which avoids "slicing" the State into sectors – social policies, economic regulation, police, currency, public service, reinforcing a purely instrumental conception. The history of the state is not a sum of the histories of the executive branch ministries or the policies embodied by them

The adoption of these imperatives prevents the reification of the State, the sectorial or chronological cut and expands the levels of analysis.

Secondly, we should remember the problem of multiple temporality and how it applies to the history of the State. It is known that worldviews and collective representations of society change more slowly than social processes, which, in turn, undergo slower transformations than economic structures. It was precisely because of this difference in rhythms that the so-called History of Long Duration aroused interest in the study of people's mentalities (Vovelle 1987), more recently nuanced in the history of social representations (Chartier 1988). In the same historical context, certain representations informed by tradition may coexist with new institutions and emerging social practices. Thus, there is no sequential logic in the emergence of institutions, practices and representations.

As a Brazilian example, one could take the description of patrimonialism (as a historical reality or representation of the relations between State and Society) as a chapter in the history of the Mediterranean, Iberian, or Latin American mentality. According to the perspective of the analysis inaugurated by Faoro (2001), the Brazilian modernization, conducted within the framework of the patrimonial domain, never managed to undermine the bases of oligarchic and estamental interests that benefit from it. The strength of tradition (Meyer 1987) that legitimizes the privatization of the State prevailed and remains the main arena of group politics. The strength of tradition – this is because it has always been – is felt as a persistent representation that still informs analyses and diagnoses of reformers. The permanence of patrimonialism (as social representation) offers a distorted view of the historical process and of the democratic institutions imported from other countries after the proclamation of the Republic.

Third, contemporary historiography makes it possible to define as an object a conception of the State itself as social representation, as a collective construction of a set of symbolic images that introject values and establish mental predispositions and reflective attitudes in the individual and collective treatment with the various categories that account for the relations between the State and Society – citizenship, authority, sovereignty, democracy, etc. Thus, the history of the State is the history of its institutions and the appropriation that citizens make of them, between practices and representations.

Finally, the new historiographical perspectives favor the incorporation of other sources and the processing of previously neglected statistical data. At the same time, they open up to new sources and more frequent use of statistical series that account for changes in important variables.

## Background

Since the birth of Brazil Nation, besides the political facts, the institutional and administrative

aspects of the national reality have been objects of interest to historians. Francisco Adolfo de Varnhagen (1956), the first great historian of the country, dedicated several chapters of his *General History of Brazil* to talk about the organization and administration of the Colony. Oliveira Lima (1996), Dom João VI's biographer, also dedicates important parts of his book to the political-administrative organization of the United Kingdom of Portugal, Brazil, and Algarves.

Already in the twentieth century, Max Fleiuss (1922) published the first synthesis of Brazil's administrative history, inaugurating a tradition that was consolidated in the following years and was culminating in the publication of the monumental *Administrative History of Brazil*, in almost 40 volumes by various authors, begun in 1956, in the former DASP and later republished and continued by the extinct FUNCEP, now the National School of Public Administration (ENAP), in partnership with the editor of the University of Brasília (Unb), since the late 1970s. In parallel to these more in-depth works, numerous textbooks on the economic and administrative history of Brazil were published during the 1950s, 1960s, and 1970s for use in high schools (Andrade 1950; Avellar 1970; Garcia 1956; Lacombe 1984; Lobo 1978; Macedo 1964; Tapajós 1984; Taunay 1984).

Thus, the last great chapters of the history of Brazilian public administration were published in the early 1980s, when the great recent advances in historical science had not yet been sufficiently disseminated in Brazil. Most of the works published until then were limited to the registration of political and administrative facts, constituting a typical example of the so-called history of events.

It is, as the name implies, an administrative history, occupied, above all, with presenting the structures and facts of the administration, without intending to understand, among many other aspects, the logic of State intervention in social life, the mechanisms of extraction and allocation of resources of society, and the movements of concentration and deconcentration in the distribution of power among levels of government.

It is true that this incursion into the history of institutions cannot be dissociated from the very history of Brazilian formation, solidly established for a long time and largely enriched in recent years. The great interpretative summaries on colonelism (Leal 1997; de Queiroz 1976), patrimonialism (Faoro 2001) and formalism (Guerreiro Ramos 1983), the works of some Brazilianists (Bethel 1985; Bethel and Carvalho 1985; Graham 1997; Morse 1988), and the thematic monographs of social scientists (Uricoehchea 1978; de Queiroz 1976; Weffort 1978; Schwartzman 1988) and historians (Carvalho 1996; Castro Gomes 1988; Dolhnikoff 2005; Lessa 1999; Linhares 1990; Martins 2007; Rohloff de Mattos 1999; Wehling and Wehling 2004) (An excellent panorama of historiography in the field of public administration was made by Lúcia Guimarães (2010) in her "Brief Notes on the History of Public Administration in Brazil".), in presenting their selection of important acts, facts, and processes, offer some findings and teachings that cannot be neglected by the history of public administration.

However, understood as a phenomenon of superstructure or expression of the autonomization of the political sphere, institutional change follows, at its own pace, the cycles of politics, economy, society, and culture, in the short and, above all, in the long term. For this reason, the national state can be a separate object, whose history is not to be confused with the chronology of political events.

In Brazil, the inexistence of more systematic and specific studies leads to the updating of ideas made and the establishment of hurried judgments, crude simplifications, and unreasonable generalizations. Although many contemporary analysts resort to Brazilian theories and the great theses of Brazilian social thought to explain the "dysfunctions" of the state and resistance to change, most studies on public administration resort to the categories established in these socio-historical syntheses as abstract entities, without seeking empirical evidence and relevant correlations. They present themselves more as obstacles (contingents) to administrative reform than as objects of analysis and intervention.

There are, for example, no historical series or statistical inferences on the relationship between these problems and the number of employees (and their social origin), the share of public revenues in GDP, the distribution of charges and resources among levels of government, tax evasion, and the targeting of public spending, which point to any evidence worthy of note. There is a very large gap between the recognition of well-established theories and the knowledge of past reality.

On the other hand, there is a tendency to simplify the analysis of the processes of transformation of public power from the institution of hereditary captaincies to the Revolution of 1930. It is claimed that we live four centuries under the tutelage of the patrimonialist, authoritarian and centralizing Leviathan, immense and unapproachable organism. Everything is happening as if the stagnation had taken over a vegetative apparatus that only grew in size, multiplying by scissiparity; as if the colonizing company did not suffer the influx of the transformations of the economy and European politics; as if the creation of the General Government – fragile that it were, the nationalization of the administration of the captaincies themselves, the regulation of the exploitation of gold, the institution of the states of Brazil and Maranhão and Grand Pará, the repression of regional revolts and insurrections, the advent of the United Kingdom, Independence, the strengthening of provincial governments, the functioning of the Council of State, the proclamation of the Republic; the emergence of the power of the "republican" oligarchies had no significant impact on the state apparatus; as if transformations only began to occur with the advent of the New State.

In recent decades, along with more permanent initiatives, such as the continued work of the MAPA Project (Memory of Public Administration) of the National Archives, in the wake of the celebration of anniversaries, such as the 200th anniversary of the transfer of the Portuguese Court to Rio de Janeiro, there have been occasional (but significant) efforts that attest to the renewed interest in historical studies in the field of public administration (Cabral 2011). Thus, several recent publications have joined the vigorous historiographical production that flourished in the area until the 1980s.

By way of example, it is enough to mention the holding, in 2008, of the seminar *Brazil: 200 years of the State, 200 years of public administration*, a joint initiative of the Getúlio Vargas Foundation (FGV), the Casa de Rui Barbosa Foundation and the Court of Auditors of the City of Rio de Janeiro (TCMRJ), which offered a vast historical overview of the evolution of Brazilian public administration and its historiography and resulted in the publication of the book of the same title (Lustosa da Costa and Zamot 2010). In the year of publication of this first compilation, another one with more modest objectives, edited by Christina W. Andrews and Edison Bariani, entitled *Public Administration in Brazil: brief political history*, with various texts of historical interest (Andrews and Bariani 2010), was also organized. Two years later, at the General Archives of the City of Rio de Janeiro, on the initiative of the National Archives and the Public Archives of the State of Rio de Janeiro, the *State and Administration: Research Perspectives* seminar was held. The objective of the seminar was to discuss the history of the State and of Brazilian public administration and to present historiographical advances in this area. This event resulted in the publication by the National Archives of a thematic dossier on State, Power and Administration in the magazine *Acervo* (2012), with texts on various themes and different historical times.

Despite the advances made in recent years in the resumption of historical studies in the area of Public Administration, much remains to be done in order to incorporate the main achievements of contemporary historiography into this historiographical production. In fact, most of the recent works that have contributed to the renewal of the field have contributed little to overcoming the limitations indicated by the critics that addressed the monumental *Administrative History of Brazil*, initiated by DASP still in the 1950s (Lustosa da Costa 2010; Lustosa da Costa and Lustosa da Costa 2016).

## Frame of Reference

To take the disembarkation of the Portuguese Crown in Rio de Janeiro in 1808 as a milestone for the beginning of the construction of the National State does not mean that nothing existed in terms of institutional and administrative apparatus. In the colony, there was a broad, complex, and branched administration.

Caio Prado Júnior (1979, pp. 299–300) warns that, to understand it, it is necessary to get rid of contemporary notions of the State, public, and private spheres, levels of government, and different powers. The state represented by the colonial administration is, at the same time, an undifferentiated whole that encompasses the individual in all aspects and a myriad of instances and jurisdictions that go from the king to his most modest servant, whose attributions overlap, confuse, and contradict each other. It is a Cipoal of general rules, charges, powers, constituencies, special provisions, and extraordinary missions which did not comply with uniform principles of division of labor, symmetry and hierarchy. Legislative chaos gave rise to functions in one place that did not exist in others; competences were given to a server when they already belonged to third parties, direct subordinations that subverted the hierarchy and undermined authority.

The historical synthesis of Caio Prado Júnior (1979), taken up by Arno and Maria José Wehling (Wehling and Wehling 1999), points to centralization, the absence of differentiation (of functions), mimicry, the profusion and detail of norms (legalizing fury), formalism, and slowness as main characteristics of colonial administration. These dysfunctions result, to a great extent, from the transplantation into the Colony of the existing institutions in the metropolis and the vacuum of authority (and obedience) in the immense territory, constituting an authoritarian, complex, fragile, and ineffective organism.

This is not to say that there has not been a process of gradual rationalization of colonial rule over three centuries. From the pombaline administration, the paternalistic empiricism of traditional absolutism was gradually replaced by the rationalism typical of enlightened despotism. This change was mainly expressed in the working methods and processes that gave rise to the emergence of a bureaucracy.

The centralization of decisions in the Portuguese Crown apparently emptied the power of the governors and judges. Everything was prescribed in detailed regulations and nothing was excluded from the competence of a higher authority which could decide at first instance or on appeal. But the enormous distance from the seat of power and the slowness in the exchange of messages created a void of legal authority that opened space for the discretion of its representatives in the Cologne. It was attempted to limit the action of the Crown's preposts with the detail of regulations that ended up becoming repetitive, overlapping, contradictory, and confusing. As they statued institutions symmetrical to those of the administration of the metropolis, they sinned by the mimetic artificialism that made the norms superfluous and ineffective. The formalism of the rules, the short arm of authority, and the widespread corruption gave rise to the authoritarianism of those who had to impose themselves on the subjects abandoned, with the very means that they were able to extract from them.

## The Construction of the National State

The transfer of the Portuguese royal family to Brazil, despite an alleged sense of strategy conferred by some historians, was confusing. Until the very last moment, the Prince Regent hesitated to leave in the face of the remote possibility of the French accepting another bribe. It was only decided when Junot's troops were already on Portuguese soil, on the verge of Lisbon. The uproar described by some of the accounts of the moments that preceded the long crossing is not consistent with the detailed planning that the unprecedented move from one court to another continent should deserve (Wilcken 2005, pp. 35–38). First of all, the very choice of the ten to fifteen thousand people, who would

make up the capacity of the ships, says something about the institutions and spaces of power that were being transplanted. In the second place, the selection of goods that could be carried included, in addition to the treasures and objects of unquestionable material value, books, papers, artifacts, instruments, and symbols necessary for administration. Thirdly, the establishment of a simulacrum of government on European soil, which took the form of a regency, which was then overthrown by the occupier.

> The entire administrative collection was on board, archives, documents and government papers, and so arranged that, upon disembarking in Rio de Janeiro, no special fault or difficulty was felt, and the work of directing the monarchy continued on the New Continent as normally as if the regent had been in Lisbon. What better proof do you require of the foresight, the lengthy preparation, and the observance of the most detailed orders to organize the transfer plan? (Calógeras 1980, p. 59).

The conditions of arrival are also indicative of the possibility of setting up the administrative, military, protocolary, and symbolic apparatus of a European court. The first problem was evidently the existence of buildings to accommodate the residences of the exiled nobility and the new offices of the Kingdom. This was done by dislodging the rulers of the Crown, the few noblemen, and the rich merchants who willingly, willingly, some others, gave up their houses and palaces. On the other hand, the patrimonial tendency to gather in the same building, the domicile, and the place of work was accentuated.

The Regent arrived in Rio de Janeiro with a government formed by the ministries of the Kingdom or of the Businesses of the Kingdom, whose holder also acted as assistant minister to the Cabinet Dispatch and as President of the Royal Treasury; of the War and Foreigners (or of the War and Foreign Affairs); and of the Navy (or of the Navy Businesses) and Overseas Domains; that is, three ministers for six portfolios. Three days after his arrival, he replaced the ministers, replacing them with a team more identified with the Anglophilic faction.

The establishment of the Court led to the creation of a series of organisms that existed in the old headquarters of the Kingdom, some of which were not as necessary as others that were urgently needed in the new metropolis. The government arranged in accordance with the Almanaque of Lisbon gave the opportunity to create positions and honors for so many who had made the sacrifice of accompanying His Royal Highness. This is how the Desembargo do Paço, the Finance Council and the Trade Board were created, when the country needed, according to Hipólito da Costa, "a mining council, an inspection to open roads, a map writing, an examination of river navigation" (Vinhosa 1984, p. 167). But it also took care of the Government to create useful and necessary institutions and organisms, such as the Navy Academy, the Artillery and Fortifications Academy, the Military Archive, the Royal Typography, the Gunpowder Factory, the Botanical Garden, the National Library, the Academy of Fine Arts, the Bank of Brazil, and the iron establishments of Ipanema. There are many creations and institutional, legal, and administrative innovations that have had a broad impact on Brazil's economic, social, political, and cultural life, both at the national and regional levels. They are laws, cities, industries, roads, buildings, taxes, jails, parties, and customs that were introduced in the quiet daily life of the old colony.

The fact is that the transfer of the Court and later the elevation of Brazil as an integral part of the United Kingdom of Portugal constituted the basis of the national state, with all the apparatus necessary for the affirmation of sovereignty and the functioning of self-government. The elevation to the condition of court of a transcontinental empire made the new Brazilian administration, now properly equipped, the expression of the power of a national state that could never again become a mere subsidiary of an overseas metropolis. This is in fact what happened.

## Periodization Problems

One of the main challenges in the construction of a history of the State and of public administration is to define the milestones to be taken as

a reference for the establishment of its major constitutive stages.

Almost all historical narratives adopt practically the same periodization, with small variations resulting from the perception of the degrees of depth of the changes made. They take up indications suggested in classics such as Calógeras (1980) and Prado Júnior (1979), contemplating brief references to the long period before the 1930 revolution, and, more recently, in Guerreiro Ramos (1966), Wahrlich (1974), and Marcelino (1988), suggesting three, four, or five subsequent phases.

It has already been said that, since 1930, Brazil has lived in the Vargas era (Camargo) – one was Vargas with Vargas (1930–1954), one was Vargas without Vargas (1955–1989) and, since 1990, one was Vargas against Vargas. That is to say, the major reforms carried out in the 24 years that Vargas was at the center of national politics have shaped the Brazilian economy, society and the state, guiding the subsequent reforms. Since then, political forces on the right and left of the ideological spectrum have tried to capture or deny their heritage.

The Vargas with Vargas era, which goes from the liberal revolution of 1930 to the death of the president in 1954, corresponds to the period of accelerated modernization that initiated the process of economic growth, based on industrialization via import substitution. It is an era characterized by the strong presence of the State in the economy, making direct investments, offering subsidies and incentives, regulating labor relations, and coordinating economic decisions.

The same development strategy, despite the sudden political and ideological changes that took place in the country after 1954, prevailed in the Vargas without Vargas era. Although this model had been in crisis since 1974 as a result of the second oil shock, Brazil persisted in the policy of industrialization via import substitution and state dirigisme until the end of the military dictatorship and even the transition government (1985–1990). Therefore, this period can be considered a Vargas era without Vargas because it kept all the structures created in the first phase intact.

Since 1990, with the Collor administration, there has been a deliberate movement to break with the retail heritage through trade liberalization, privatization, abolition of monopolies, socio-economic deregulation, welfare reform, and administrative reform. However, all these measures have not yet laid the foundations for a new model of economic growth, have not profoundly altered the social structure, nor have they redefined the framework of the political pacts that have been signed since then. It is, as has been said, an era of Vargas versus Vargas.

This periodization centered on the figure of the president who represents the turning point in the process of modernization in Brazil does not allow us to understand the movements of institutional and administrative reform that took place in shorter cycles, making it necessary to identify other phases, intermediate or not, in order to refer to the narratives. Another periodization, still centered on the great transformations of the twentieth century, is the one proposed by Martins (1995, p. 82), which identifies five periods in the "modernizing trajectory" of Brazilian Public Administration, namely:

- From 1808 to 1930 – the "Traditional" Administration
- From 1930 to 1945 – the Modernisation "Daspeana"
- From 1945 to 1964 – the advent of the "Parallel Administration"
- From 1964 to 1985 – the "Administration for Development"
- From 1985 to 1994 – the "Age of Demodernisation"

In addition to being intrinsically linked to the idea of modernization, this sequence has the disadvantage of classifying the periods of the mandates of Presidents Figueiredo, Sarney, Collor, Itamar, and Fernando Henrique Cardoso under different criteria. The period identified as the "era of demodernization" (1985–1994) could designate both the paralysis of the

import substitution process (Figueiredo Government: 1979–1985) and the inflationary and recessive crises of the New Republic (Sarney Government:1985–1990), both the abrupt changes in Brasil Novo (Collor Government: 1990–1992) and the busy transition experienced after the *impeachment* process (Itamar Franco Government: 1992–1994), as well as the Reform of the State Apparatus begun in 1995 (Fernando Henrique Cardoso Government: 1994–2002).

Although both periodizations are useful to reference the perceptions of continuities and discontinuities in the process of "evolution" of the Brazilian State in the republican period, for the development of this work, it is convenient to adopt a temporal perspective that privileges, at the same time, the political and institutional changes that transform the figures of the national State, it is worth saying the representations of the changes conveyed by the historical narratives themselves, as follows:

- From 1808 to 1840 – the construction of the national state
- From 1840 to 1889 – the monarchic "representative" state
- From 1889 to 1930 – the State in the first Republic
- From 1930 to 1945 – the "bureaucratization" of the national state
- From 1945 to 1964 – the national-developmentalist state
- From 1964 to 1989 – the State and authoritarian modernization
- From 1990 to 2002 – the State in the era of managerialism

Before the first period, there was the great vestibular stage of the Colonial Administration (1500–1808). From 1808 to 1840, Brazil is in the stage of affirming sovereignty, suffocating revolts and rebellions, and forming national institutions, from the constitution of self-government, a stage that has as its initial mark the arrival of the Portuguese relational family in Rio de Janeiro. The second moment (1840–1889) corresponds to a prolonged period of political stability, within competitive oligarchy politics. The third period (1889–1930) corresponds to the so-called Old Republic and coincides with the establishment of republican institutions and the formation of the Federation. The fourth period (1930–1945) is equivalent to the first Vargas government, marked by profound transformations in the economy, in society and, above all, in the Brazilian State. The fifth period (1945–1964) is a kind of second phase continuation of the previous stage, with the accentuation of some characteristics and the attenuation of others. This is an acceleration of the modernization process with emphasis on supplementary and promotional action by the State. The sixth period (1964–1989) was marked by the rise and fall of the military regime, which maintained the modernizing project and intensified the presence of the State in the economy, the centralization, and the technocratic bias of decisions. The seventh period (1990–2002), characterized by economic stabilization, structural adjustment, and economic opening, introduces neo-liberal and managerialist reforms.

Of course, no periodization is free of controversy. Even among the "new" reformers, who identify with the project of the first FHC government (1995–1998), there will be those who believe that some of these transformations began in the Sarney government (1985–1990) and others who argue that the Master Plan for the Reform of the State Apparatus constituted a break with previous governments. In any case, everyone would agree that the logic behind PDRAE represents a paradigm shift in relation to many of the principles enshrined in the 1988 Constitution.

## Closing Remarks

This entry is an approximation to the theme of the history of the State, of the governmental organization, and of the Brazilian public administration, within a contemporary historiographical perspective. It sought to present a brief overview of historical studies and to offer a contribution to a project to develop a new history of public administration that meets the following aspects and needs:

- The incorporation of the theoretical and methodological contributions of New History
- The construction of a periodization that takes into account the great transformations that took place before 1930
- The attempt to overcome sectoralization in ministries of transitional existence, favoring the examination of permanent or almost permanent macro functions
- The use of new sources and data
- The introduction of themes related to dimensions and representations of the modern state

This last aspect allows us to conceive the very object of administrative history as social representation, that is to say as a collective construction of a set of symbolic images that introject values and establish mental predispositions and reflective attitudes in the individual and collective treatment with the various categories that account for the relations between the State and Society – citizenship, authority, sovereignty, democracy, etc. Thus, the history of the State is the history of its institutions and the appropriation that citizens make of them, between practices and representations (Lustosa da Costa 2010, p. 38).

## Cross-References

► Gender in Public Administration, Brazil

## References

Andrade A (1950) História Administrativa do Brasil, vol 2. José Olympio Editora, Rio de Janeiro

Andrews CW, Bariani E (orgs) (2010) Administração pública no Brasil. Editora Unifesp, São Paulo

Avellar HA (1970) História Administrativa e Econômica do Brasil. Fename, Rio de Janeiro

Bethel L (ed) (1985) The Cambridge history of Latina America. Press University of Cambridge, Cambridge (UK)

Bethel L, JM de Carvalho. Do Estado Bethel (1985) Brasil from the Independence to Middle of the Nineteenth Century. In: Bethel L (ed) The Cambridge history of Latina America. Press University of Cambridge, Cambridge (UK)

Bresser Pereira LC (2001) Do Estado patrimonial ao gerencial. In: Pinheiro PS, Wilheim J, Sachs I (Orgs) Brasil: um século de transformações. Companhia das Letras, São Paulo

Cabral D (2011) Fontes para uma história política-institucional: a experiência do Arquivo Nacional e a memória da administração pública brasileira. In: Simpósio Nacional De História – Anpuh, 26., 2011, São Paulo. *Anais.* Anpuh, São Paulo

Calógeras JP (1980) Formação histórica do Brasil. Companhia Editora Nacional, São Paulo

Cardoso CFS (1982) Uma introdução à História. Brasiliense, São Paulo

Carvalho JM (1996) A construção da ordem/Teatro de Sombras, 2nd edn. Relume Dumara, Rio de Janeiro

Castro Gomes Â (1988) A invenção do trabalhismo. Vértice, São Paulo

Chartier R (1988) *A História cultural*: entre práticas e representações. Difel, Lisboa

de Oliveira Lima M (1996) D. João VI no Brasil. 2ª edição. Topbooks, Rio de Janeiro

de Queiroz MIP (1976) O mandonismo local na vida política brasileira e outros ensaios. Alfa-omega, São Paulo

de Uruguai V (2002) Ensaio sobre o Direito Administrativo, in José Murilo de Carvalho, *Visconde de Uruguai*, São Paulo, Editora 34

de Varnhagen FA (1956) História geral do Brasil. Edições Melhoramentos, São Paulo

Dolhnikoff M (2005) *O pacto imperial:* origens do federalismo no Brasil. Globo, São Paulo

Faoro R (2001) Os Donos do Poder. Editora Globo, São Paulo

Fleiuss M (1922) História Administrativa do Brasil. Melhoramentos, São Paulo

Garcia R (1956) *Ensaio sobre a história política e administrativa do Brasil* (1500–1810). José Olympio, Rio

Graham R (1997) Clientelismo e política no Brasil do século XIX. UFRJ, Rio de Janeiro

Guerreiro Ramos, A (1966). Administração e estratégia do Desenvolvimento. Rio de Janeiro, Fundação Getúlio Vargas

Guerreiro Ramos A (1983) Administração e contexto brasileiro. Fundação Getúlio Vargas, Rio de Janeiro

Guimarães LMP (2010) Breves apontamentos para a história da administração pública. In: Lustosa da Costa F, Zamot F (Orgs) *Brasil*: 200 anos de Estado, 200 anos de administração pública. Editora FGV, Rio de Janeiro

Holanda N (1993) A crise gerencial do Estado brasileiro. In: dos Reis Velloso JP (org) Brasil; a superação da crise. Nobel, São Paulo

Lacombe LL (1984) *Organização e administração do Ministério do Império*, coleção História administrativa do Brasil. Funcep, Brasília

Le Goff J (org) (1990) A História Nova. Martins Fontes, São Paulo

Le Goff J, Nora P (orgs) (1995) História: novos problemas. Francisco Alves, Rio de Janeiro

Leal VN (1997) Coronelismo, enxada e voto. Nova Fronteira, Rio de Janeiro

Lepetit B (1995) Les formes de l'expérience. Éditions Albin Michel, Paris
Lessa R (1999) *A invenção republicana*: Campos Sales, as bases e a decadência da Primeira República Brasileira, 2nd edn. Topbooks, Rio de Janeiro
Linhares MY (org) (1990) História geral do Brasil. Elsevier, Rio de Janeiro
Lobo RH (1978) História econômica e administrativa do Brasil. Atlas, São Paulo
Lustosa da Costa F (2008) 200 anos de Estado, 200 anos de administração pública, 200 anos de reformas. Revista de Administração Pública, Rio de Janeiro, Fundação Getúlio Vargas, 61(3):269–286, jul.-set. 2008
Lustosa da Costa F (2010) Preâmbulo a uma nova história da administração pública brasileira. In: Lustosa da Costa F, Zamot F (Orgs) *Brasil*: 200 anos de Estado, 200 anos de administração pública. Editora FGV, Rio de Janeiro
Lustosa da Costa F, Lustosa da Costa EM (2016) Nova história da administração pública brasileira – pressupostos teóricos e fontes alternativos. *Revista de Administração Pública,* Rio de Janeiro, Fundação Getúlio Vargas 50(2):215–236, mar./abr
Lustosa da Costa F, Zamot F (Orgs) (2010) *Brasil*: 200 anos de Estado, 200 anos de administração pública. Editora FGV, Rio de Janeiro
Macedo R (1964) História administrativa do Brasil. DASP, Brasília
Marcelino GF (1987) Evolução do Estado e reforma administrativa. Sedap, Brasília
Marcelino GF (1988) Governo, imagem e sociedade. FUNCEP, Brasília
Martins HF (1995) A modernização da administração pública brasileira no contexto do estado. Dissertação de mestrado apresentada à Escola Brasileira de Administração Pública. Fundação Getulio Vargas, Rio de Janeiro
Martins MFV (2007) *A velha arte de governar:* um estudo sobre política e elites a partir do Conselho de Estado. Arquivo Nacional, Rio de Janeiro
Mayer AJ (1987) *A força da tradição:* a persistência do Antigo Regime, 1848–1914. Companhia das Letras, São Paulo
Morse R (1988) O espelho de próspero. Companhia das Letras, São Paulo
Paz O (1979) El ogro filantrópico. Joaquim Mortiz, México
Prado Júnior C (1979) Formação do Brasil contemporâneo. Braziliense, São Paulo
Rohloff de Mattos I (1999) O tempo saquarema, 4th edn. Access, Rio de Janeiro
Rosanvallon P (1990) L'État em France: de 1789 à nos jours. Seuil, Paris
Schwartzman S (1988) As bases do autoritarismo brasileiro. Campos, São Paulo
Tapajós V (1984) Organização política e administrativa do Império. Coleção História Administrativa do Brasil, Brasília
Taunay A d'E (1984) Organização Política e administrativa do Império Brasileiro, Coleção História Administrativa do Brasil. DASP- Centro de Documentação e Informática, Brasília
Uricoehchea F (1978) O minotauro imperial. A burocratização do Estado patrimonial brasileiro no século XIX. Difel, São Paulo
Velloso JPR, Albuquerque RC (orgs) (1995) Governabilidade & Reformas. José Olympio, Rio de Janeiro
Vinhosa FLT (1984) *Brasil, sede da monarquia Brasil reino (2ª parte),* História administrativa do Brasil. FUNCEP, Fundação Centro de Formação do Servidor Público, Brasília
Vovelle M (1987) Ideologias e mentalidades. Brasiliense, São Paulo
Wahrlich, Beatriz Marques de Souza (1974) Reforma administrativa federal brasileira: passado e presente. Revista de Administração Pública, (8), 27–75
Weffort F (1978) O populismo na política brasileira. Paz e Terra, Rio de Janeiro, p 1978
Wehling A, Wehling MJCM (1999) Formação do Brasil Colonial. Nova Fronteira, Rio de Janeiro
Wehling A, Wehling MJCM (2004) Direito e justiça no Brasil colonial – o Tribunal da Relação do Rio de Janeiro (1751–1808), 1st edn. Renovar, Rio de Janeiro
Wilcken P (2005) Império à deriva. Objetiva, Rio de Janeiro

# History of Public Law

Alison Staudinger
University of Wisconsin-Green Bay, Green Bay, WI, USA

## Synonyms

Constitutional and administrative law; Government law

## Definition

Canon law: Religious code and doctrine, especially Roman Catholic.
Private law: Law that concerns relationships and claims that do not involve the government or citizens in their civic capacity.
Liberalism: A theory and practice of government rooted in private property, negative individual rights, and limited government.
The public good: A shared vision of flourishing for the entire political community.

## Introduction

Public law concerns the relationships between citizens and governments and rules that govern how public institutions work. This simple definition is complicated by the variation and complexity of public laws and how the development of public law has varied greatly among different countries and their associated legal traditions. Those states with a common-law tradition may have public law that intersections and overlaps private law, while civil law often include two separate systems of law for public and private. In both types of system, defining what public means is complicated. It might mean simply legal matters concerning entities that are themselves public; while this is simple when considering purely governmental entities, it is difficult to separate out when private or civil society actors act in a public capacity or in coordination with a public entity. Or the concept of the public may have a normative and shared conception of a legal and political order and its incumbent sense of flourishing. To understand some of these tensions, the development of public law in relation to broader material trends and the history of political thought is useful.

In general, administrative and constitutional law form the two central categories of public law and shape public institutions and the behavior of public officials. Within these categories, and sometimes overlapping, are other domains like civil liberties or criminal law and particular instantiations in a place or system like European Union law or international law. Although the development of public law follows a broad growth narrative of secularization and judicial creep into broader areas of society and politics, recent developments challenge this narrative as the boundaries between public and private law are blurred, both conceptually and by global development. The future of public law, both as it exists in the world and as a subject of intellectual inquiry, is uncertain given the pluralistic sources and the mutual imbrication of the public and private that continues to gain in complexity.

## Religious Roots of Public Law

Although it is perhaps premature to label it public law as such, the Code of Hammurabi, from approximately 1750 B.C.E., did lay out a set of punishable offenses and their punishments. By virtue of its circulation and consistency, these codes, preserved on clay tablets, regulate the behavior of citizens and government, particularly about crimes and property disputes. There are many such early legal codes, most of which are produced by systems of early kingship and, as such, often focus on the behavior of citizens to the exclusion of checks on power.

It is with the development of Ancient Greek and Roman law that law's public character blossoms. The Roman notion of the *res publica*, the root of republican government in Western political theory at least, is an early conceptualization of central justification for public law as a concept or independent body of rules. That there might be a "public thing" that concerns a society communally, rather than private citizens or leaders only, was defined by Cicero in his dialogue *De Republica* (2013) as resulting from the unity of the people around a shared conception of justice. For Cicero, law must be respected because it reflects the divine sources of natural law and contains moral guidance for a good life. Cicero's conceptions of laws codeveloped with the actual laws of the Roman Republic, codified in the Twelve Tables of 449 B.C.E. which, despite many rules that seem harsh today, did reflect the notion that citizens are equal before the law. The Roman tradition of expanding citizenship opportunities to conquered people also contributed to the notion of law as productive of political relationships and citizenship itself. Although Cicero and others argued that an implied constitution contained in these and other roman traditions and precedents, this belief was sorely tested by the rise of the Roman Empire, even as these early emperors made reference to such a constitution. The Emperor Justinian compiled a digest of 50 volumes of Roman law in the sixth century, and in this compendium public law is understood as that relating to the administration of the

Commonwealth – and served as a model for some later German legal codes.

The Roman Republic is strongly identified with the development of public law in part because Ancient Greek laws, including those of Athens, included only very minor distinctions between public and private lawsuits in the fourth and fifth centuries. There may be in Aristotle's theories of citizenship, expressed in *The Politics* (1985), some antecedents for the Roman conceptions of republican involvement in public life. For Aristotle, the constitution of a state was the combination of the institutions, habits, and citizens of a particular regime and the understanding of justice at which this regime aimed and whose interests it served. Laws could and would change the orientation of a society but only in relation to the rest of their constitution; for example, one might draw lots for public positions in an attempt to increase the possibility that citizens would "rule and be ruled in turn." Each Greek city state had its own expression of public law, making speaking of Ancient Greek public law as a whole difficulty; however, the fourth century system in Athens is one of the better known and includes a system of popular courts and specialized trials for different aspects of justice. Just as in Aristotle's theories, the citizens as a whole were eligible for this work; of course, the Greek notion of citizenship was much more limited than the Roman and, as in Aristotle, relied on an opposition between the free public person in the agora and the private woman, slave, or laborer in the household.

While the Roman and Greek models were often important to later scholars in finding justification for public law and its limitations on power, the formation of legal traditions itself happens in clearest relation to the rise and fall of Christianity in the Medieval world. After the Roman Empire's collapse, developments of public law intertwine with religious law and the development of the nation-state. For example, papal bulls, issued by the Vatican since at least the sixth century, sometimes created institutions or public positions. Canon law emerged from the early Christian church and is legitimately understood as one of the earliest legal systems in Western Europe. Adapted from the Code of Justinian, canon law included the concept of a set of rules for the common good and regulated behavior of both church and congregant. While today we might consider canon law, still operative in the Catholic, Eastern Orthodox, and some Anglican structures, as nonpublic, it was initially developed when distinctions between Christendom and government in the West were difficult to draw.

Outside Western Europe, law was also intertwined with religion, as with Sharia or traditional Islamic law. After the death of Muhammad in A.D. 632, Islamic Caliphs codified and expanded on the interpretations of judicial matters that Muhammad has offered during his lifetime and developed a system of jurisprudence. The Charter of Medina served as a founding document and written constitution for Islamic law. However, public law was in this and in following jurisprudence often left open. One exception was the Ottoman Empire's legal code, evolving even in pre-Islamic times but codified after Constantinople fell in 1493.

## Public Law and the Early Nation-State

Both Christian and Islamic sources of legal relationships were intertwined with the development of the nation-state and the establishment of a system of sovereign political entities outside of their religious justifications, as well as the secularization of political power and legitimacy. For example, the Treaty of Tordesillas in 1494, prompted by the voyages of Christopher Columbus, established boundary lines in the Atlantic and included papal bulls as well as a lateral agreement between Spain and Portugal. And under Islamic law, the scribes or what we might call clergy, for much of its history, served a proto-representative function as a check on the power of the emperor or sultan.

The nation-state itself is rooted in theological concepts and legal rules. With the 1555 "Peace of Augsburg," early Europe responded to the growth of Protestantism and established that political boundaries should follow those of faith, so that

"each prince determined the religion of his subjects." The developing norms of sovereignty over a particular territory were linked conceptually to the legitimacy of faith. Of course, it was the Treaty of Westphalia, still seen as a central framer of the contemporary nation-state, which looms largest in the category of political developments that matter for public law. The Westphalian Treaty of 1648 is credited with framing the system of nation-state interaction we (arguably) still have today and with subordinating religious power to that of the state while still limiting the ability of state sovereigns. The treaty signals, with some degree of accuracy, the shift from unified Christian Europe to the contemporary anarchic state system, although as many have suggesting, identifying this shift with one moment may be too neat. Still, the eighteenth century saw much concurrence around a vision of public law as combining the positive rules that regulate state action in harmony with a national law, often religious, and also with laws between sovereign nations.

Public law and its complications highlight the ways in which the developing nation-state had various and sometimes competing goals. Some theorists viewed the state as directed towards a communal way of life for its citizens, either rooted in positive or natural law, while others began to describe the liberal state as an aggregator of disparate preferences of citizens seeking private goods. The Roman Empire fell in part as fourth and fifth century Germanic peoples, such as the Goths, and then later groups like the Vandals and then the familiar groups like the Anglo-Saxons invaded and settled in the Empire and began to develop from tribal societies into competitive kingdoms. These kingdoms were influenced by the Roman traditions and their relationship with the Church. By the time the papal dominance began to wane, in the fifteenth century, the offspring of these kingdoms were developed into kings who bean to proclaim their independence from paper rule. This notion was reflected in the writings of thinkers like Marsilius of Padua in the thirteenth century (2005), who explored the notion of secular authority in government. In light of the "Great Schism" where multiple applicants competed to be pope, kingdoms became independent political unites in their own rights.

Public law, at this point, became both about defining the borders and relationships of nation-states and expressing the absolutist notion of monarchy that dominated the development of European states until at least the eighteenth century. While a great deal of the kings worked hard to develop systems of vassaldom wherein feudal bonds held together and made possible the preservation and running of a kingdom, these relationships were focused on particular connections and localized regimes, rather than public law in a strict sense. Reynolds (1996) in fact argues that the Germanic tribes who developed this system had no concept of the "res publica," and instead this was a period of focus on autonomous local communities.

However, this changed, as did the character of public law, with the development of the hereditary monarchy and the consolidation of power in the late medieval period and the reinvention of the notion of a public good. Even some monarchs had agreements that protected their citizens, the most famous of which, of course, is the English Magna Carta – although the Spanish King Alfonso IX had a previous version. The Enlightenment, in the seventeenth and eighteenth centuries, along with large-scale shifts in economic processes caused by the Industrial Revolution, shifted the framing of public law in theory and deed.

There are also important theoretical sources for the development public law, such as Hugo Grotius, a sixteenth century legal scholar whose ideas about natural law still resonate today. Grotius, who is called the father of international law, wrote *On the Law of War and Peace* (2012) to explore the question of just war and advance a theory of nascent human rights. Samuel Pufendorf et al.'s. (1991) work was particularly important for public law in relation to public administration, because his theory of natural law included the idea that human nature is shaped by the roles and duties legally created – we create moral entities out of natural ones. Yet states were particularly important for Pufendorf and he advanced the

idea that their interests and rights superseded those of individuals. These two conceptions come together in the work of Henri Grégoire, priest and Jeremy Bentham early nineteenth century. Grégoire collected and described the way in which ideals such as nonintervention, self-defense, equality, and independence were supposed to function in a system of sovereign states. Bentham created a draft declaration about the independence of states, promoting the idea that laws or other legal documents could include notions of rights and duties – the content of public law.

Yet one last way to conceptualize the shift from the rather limited conception of the role of royal government towards a modern state that includes administrative capacity is the notion of "governmentality" that Michel Foucault offers (2009). For Foucault, the state becomes responsible for the well-being of the citizen and, indeed, their very soul. Foucault differentiates between juridical power and disciplinary power, the former indicating a set of formal power relations not reducible to public law or to law at all. For example, Foucault explores in *Discipline and Punish* (2012) the way in which punishment changes from a substantiation of the divine body of the king to an internalized set of produced behaviors that do not require enforcement but only imagined enforcement. This gives way in his later work to a concept of governmentality that also rooted in the diffuse nature of power as relational and rooted in knowledge regimes and what they make legible in a particular historical movement.

## Enlightenment Liberalism and Tensions in Public Law

Although the notion of the public good enshrined in public law has defenders in the enlightenment, this is also a period where liberalism is on the ascendant, and with it, individualism. Thinkers like John Jacques Rousseau (1997) championed the common good above all; indeed, for Rousseau (1997), the best social contract is one in which private interest is completely subsumed under the general will. Rousseau (1997) takes the earlier theological basis of natural law and shifts it to a purely political realm, rooting the state in principles of political right and self-government. This view echoes the conception of the city in Aristotle, and, as Rousseau 1997 notes, the Roman republican ideals of civically minded participants. Rousseau advises an intensive program of civic religion and myth building to attach individuals to public law and the state, a measure that began to appear as coercive as prominent liberals developed alternative notions.

These early liberals argued that the aggregation of private interests could, if managed in a system of limited government, serve as a proxy for the common good. For Adam Smith this was an economic good, produced through the workings of an "invisible hand" that responded to demand with the production of supply and set prices accordingly. No coordinating state was required to determine the common good; it was whatever citizens purchased and the protection of the system that make the invisible hand possible. John Locke saw the pursuit of individual (enlightened) self-interest as the basis of the social contract that made government possible and legitimated a government to protect the property rights that allowed private citizens to pursue their own life goals. Although public law retained its distinction from the purely private in these conceptions, it did not always retain a strong connection to the public good as such and to the notion of the publically minded citizen. Instead, it became about a way of governing a set of procedures that were to regulate these relationships.

Indeed, the US Declaration of Independence in 1776 is a powerful expression of the idea of recognizing and guaranteeing rights and duties between states and citizens, and the tensions that remained between the state as oriented towards a specific purpose and instead a set of processes and rules for conduct which admitted of many purposes. While the declaration itself is not a formal legal document, it grounds the notion of governmental legitimacy in both a theoretical basis in rights *and* in a legalize process of listing grievances. The fingerprints of Locke are

everywhere on this document, despite Thomas Jefferson's shift to "life, liberty and the pursuit of happiness" for Locke's blunter mention of property. Yet, along with Lockean liberalism, the Declaration suggests that government's protection of natural and inalienable rights is also a protection of popular sovereignty and rule of law, in part by indicating that Great Britain has failed by refused to pass laws "for the common good." Indeed, the notion that public law should not only express relationships between the powerful but in fact apply to citizen and leader alike is the most striking development of eighteenth century public law. This is also clear in the 1789 Declaration of the Rights of Man from France, which *explicitly* discuss law as "the expression of the general will" and, despite robust descriptions of rights and rule of law, frequently note the idea that they might be abrogated for the good of all.

## Constitutionalism

Although the eighteenth century formally kicked off an age of constitutional government, the first glimmers of this way of organizing public law come much earlier. As noted above, Aristotle used "constitution" to express the notion of a system of higher law as well as a way to express regime type. The Magna Carta, signed in 1215 in England, followed religious documents like the Islamic Charter of Medina as discussed above. All of these constitutions, or covenants, expressed the notion of a dual-system of law where one set of rules were higher than the other and therefore took precedence. They also began to codify, although not always in writing, the idea that higher law should check the power of the state. The Magna Carta was taken up in the seventeenth and eighteenth centuries by figures like Sir Edward Pope as a tool of critique of the monarchy, which claimed a divine right of kings. Although the Magna Carta initially regulated the relations between the crown and rich barons, Pope reframed it as a protector of the individual liberties for everyday Britons. This same framing inspired the American colonists, whose list of grievances included items like habeas corpus and trial by jury that many believed were guaranteed by the Magna Carta. The notion of a higher law that could be used to call power to account was transformative; when combined with the innovation of a written expression of the higher law, it became modern constitutionalism, now operative to some degree in nearly every country in the world.

Constitutional law creates the divisions of political power or branches in modern democratic states, in that both judicial and representative power emerge as function of the political, first in relation to ecclesiastical processes and then to the more secular development. As early representative bodies such as the assemblies of medieval England grew in formality, their power and autonomy increase. In tension with these development is the development of the first "rights" conceived of as potential checks on these political actors, although at the same time the creation or recognition of rights and their universality produced and circulated legitimacy for both right-bearing subjects and the states that recognized these rights.

After an initial boom in constitutionalism in the eighteenth century, as first Poland, then France, and eventually the rest of Europe wrote constitutions, often inspired by the US example; there was a lull until the early nineteenth century independence and constitution writing of much of Latin America. For example, Haiti had the second constitution in the western hemisphere, even before its revolution against the French, and then a sequence of new constitutions to match the many forms its government has taken since then, with a total of 24 with the last one approved in 1987. There was a spate of recreated or new constitutions of note written in the wake of World War II, including those written in part by occupiers in Germany and Japan and postfascist constitution making in Italy and soviet in the USSR. However, the bigger boom followed the independence of much of the world's former colonies, on every continent, first in the postwar period, but continuing on through the 1960s and 1970s.

## Administrative Law

Administrative law concerns the behavior of government actors in specific and includes rules as well adjudication and regulation. Agencies, tribunals, and committees make up the entities under administrative law, often organized as part of the executive branch, and things such as labor, tax, public utility, pollution, agriculture, and land usage restrictions are all part of administrative law, which is deeply intertwined with the regulatory state. Most common-law countries have processes of judicial review that include considerations of administrative law, such as through a due process protection in a constitutional or other documents. Civil law countries are more likely to have a completely separate system of adjudication of regulatory bodies and, sometimes, even nongovernmental organizations which function in the realm of governance. Administrative law was traditionally understood to function in relation to the democratically created legislation, but the notion that it merely translates legislative ideals wears thin. This is because members of the bureaucracy have a certain degree of discretion in how they apply their rules, creating a question of the legitimacy of regulatory regimes. Many theorists have questioned the role of bureaucracy in a democratic state, worrying that civil servants lack the public responsibility that other elected government actors may have (Waldo 2006).

Administrative law exists in part because of the increased expectations in the modern world that states will provide various protections and services to their citizens. Some of these relate to the rights guaranteed by constitutional law, as when administrative law regulates or makes access to education possible. Others, like the rules who govern workplace safety, the environment or food and drugs, came into existence after struggles by constituencies and policy makers, as well as legislation in many cases. These areas are often underneath the executive function of the government, which means that there is a certain discretion – varying by policy domain and the political salience of the issue, as well as, of course, the ability of citizens or other stakeholders to access and respond to policymakers. Administrative law sometimes serves to control bureaucratic excesses in that it can provide structures for exploring complaints or a lack of transparency.

In some common-law systems, judicial review of Administrative law occurs through the same channels as review of other types of law, with much variation depending on the particular history and priorities of each state. For example, Australia uses a modified common-law system though which many separate commissions and tribunals, rather than the general legal system, has the power of review. In a council of states system, like France's, the legal systems are entirely separate to preserve the separation of powers between the branches. Thus, the judicial branch cannot act on executive prerogative, but rather legal processes internal to the civil system of administration adjudicate. Other states do not have a "Council of State," which is the special body in France which rules on these cases and advises the executive branch but still have separate systems for administrative and other types of law.

As with constitutional law, administrative law is frequently created or enacted in complex and overlapping jurisdictions and policy domains. International bodies and the market integration often discussed as globalization force or allow states and policy-makers to adapt to a wider range of actors who matter, including international bodies like the World Trade Organization (WTO) or even supra-national bodies like the European Union (EU) which then, in some cases, have their own practices and officials of administrative law.

## Conclusion

Public law, on one hand, continues to be an important topic of study and set of rules, legislation and litigation, suffused through many levels and sites of policy-making on local, national, and global scales. On the other hand, it is difficult to precisely tease out the distinctness of public law itself given

this legal pluralism and the many diffuse sites at which either policy or even new legal rulings or norms can occur. Although scholars like Ran Hirschl (2004) have convincingly argued that, given the developments discussed in the last two sections above, there is a tendency towards "juristocracy," where elites use constitutionalism to insulate themselves from democratic impulses. Still, this shift of all political questions into legal questions may in part be a shoring of a notion of juridical rights and status that itself produces the subjects it purports to control.

## Cross-References

► Bureaucratic Power

## References

Aristotle (1985) The politics, New edn (trans: Lord C). University of Chicago Press, Chicago
Cicero MT (2013) "On the republic" and "On the laws". Cornell University Press, Ithaca
Foucault M (2009) Security, territory, population: lectures at the Collège de France 1977–1978. Macmillan, London
Foucault M (2012) Discipline & punish: the birth of the prison. Knopf Doubleday Publishing Group, New York
Grotius H, Neff SC (2012) Hugo Grotius on the law of war and peace: student edition. Cambridge University Press, Cambridge, UK
Hirschl R (2004) Towards juristocracy: the origins and consequences of the new constitutionalism. Harvard University Press, Cambridge, MA
Marsilius of Padua (2005) Marsilius of Padua: the defender of the peace. Cambridge University Press, Cambridge, MA
Reynolds S (1996) Fiefs and Vassals: the medieval evidence reinterpreted. Oxford University Press, Oxford
Rousseau JJ (1997) The social contract and other late political writings (trans: Gourevitch V). Cambridge University Press, Cambridge, UK
von Pufendorf SF, Tully J, Silverthorne M (1991) Pufendorf: on the duty of man and citizen according to natural law. Cambridge University Press, Cambridge, MA
Waldo D (2006) The administrative state: a study of the political theory of American public administration. Transaction Publishers, Piscataway

# HIV/AIDS and Urban African Americans in Housing Sustainability: The Case of Jackson, Mississippi

Talya D. Thomas[1], Cassandra Hawkins[2] and Christopher Roby[3]
[1]Department of Urban and Regional Planning, Jackson State University, Jackson, MS, USA
[2]Department of Social Sciences, Mississippi Valley State University, Itta Bena, MS, USA
[3]Mississippi Health Alliance, LLC, Byram, MS, USA

H

## Synonyms

Black Americans; Community development; Venereal disease

## Definition

Sustainable housing, in general, has been defined in terms of whether an individual is currently housed or not.

## Introduction

For more than 35 years, HIV has affected millions of Americans, of whom more than 700,000 have died. Approximately 1.2 million people in the USA are living with HIV today. About 14% of the (1 in 7) don't know it and need testing (Minority HIV/AIDS Fund 2020). According to the Center for Disease Control, HIV Diagnoses are not evenly distributed. From 2014 through 2018, the annual number and rate of diagnoses of HIV infection in the USA decreased but continued to see increases in southern states (United States Department of Health and Human Services n.d.). Therefore, a plan was put into action to End the HIV Epidemic, "A Plan for America," which prioritized seven states that have substantial rural HIV burden. These states included Alabama,

Arkansas, Kentucky, Mississippi, Missouri, Oklahoma, and South Carolina.

The Jackson Metropolitan Area is considered the largest area in the State of Mississippi. Of the almost three million people living in Mississippi, about 161,000 live in Jackson, Mississippi. African Americans comprise about 82% of the Jackson population. Males account for about 46% of the community. Additionally, 27% of Jackson's residents live in poverty. About 16% of Jacksonians under the age of 65 do not have health insurance (United States Census Bureau n.d.)

Mississippi continues to experience high rates of HIV/AIDS infections despite all efforts to address this chronic condition. In 2018, Mississippi ranked number 7 among states with the highest HIV/AIDS diagnoses (Elfein 2020). As with the rest of the country, Mississippi men, who have sex with men, especially African American men, are at exceptionally high risk for HIV/AIDS, as are bisexual men and drug users.

Based on data retrieved from 2017, approximately 2614 people are living with HIV/AIDS. African Americans accounted for about 81% of individuals with HIV in Jackson, MS. As Fig. 1 highlights, 1.9% were Hispanic/Latinx, and 14.4% were White (AIDSVu n.d.). The number of African American males living with an HIV diagnosis in Jackson is 5.2 times that of White males. The number of African American females living with HIV/AIDs is 10.2 times that of White females with HIV/AIDS in Jackson, MS (AIDSVu n.d.).

In September of 2019, CDC published an Issue Brief, "HIV in the Southern United States," where they stated that southern states accounted for an estimated 51% of new HIV cases annually (Centers for Disease Control and Prevention 2019). Like the rest of the country, the vast majority of HIV diagnoses in the South occur in urban areas. However, the South has a higher proportion of new diagnoses (24%) in suburban and rural areas than other regions in the U.S., which poses unique challenges to HIV prevention, primary care, and supportive services efforts. (Centers for Disease Control and Prevention. HIV Surveillance in Urban and Nonurban areas through 2017 (slide set). Available at https://www.cdc.gov/hiv/pdf/library/slidesets/cdc-hiv urban-nonurban-2017.pdf. Accessed November 13, 2020.)

This submission aims to understand the plight of African Americans living with HIV/AIDS, who reside in urban communities like Jackson, Mississippi and focuses on the complex nature of the

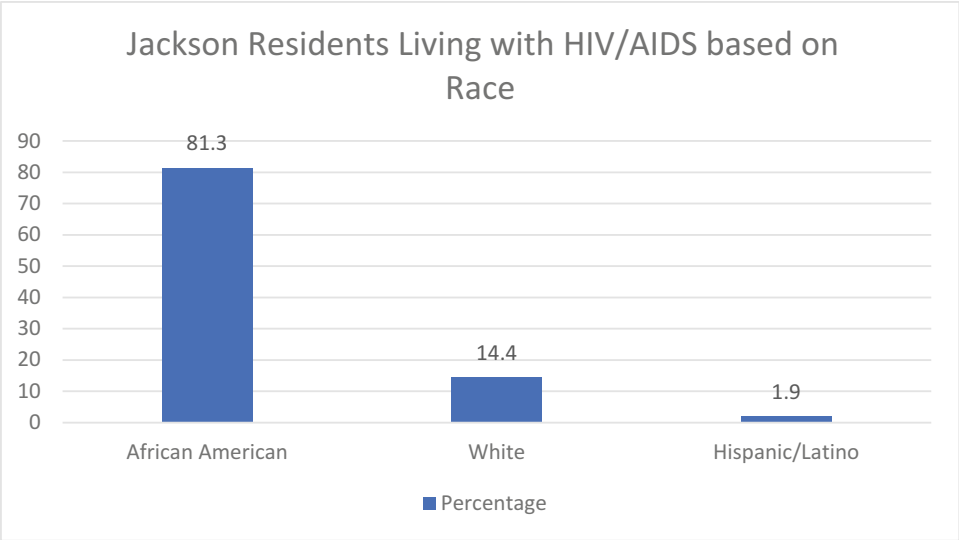


**HIV/AIDS and Urban African Americans in Housing Sustainability: The Case of Jackson, Mississippi, Fig. 1** Jackson Residents Living with HIV/AIDS based on Race

problem: urban African Americans with HIV/AIDS in Jackson, Mississippi, regarding housing sustainability. First, an overview will be provided of the housing challenges in urban areas for African Americans living with HIV/AIDS. Next, housing programs will provide insight into addressing housing sustainability for urban African Americans with HIV. Lastly, the discussion explores how sustainable housing plays a role in providing a needed service to these urban African Americans infected and affected by HIV/AIDS. Urban African Americans, who are living with HIV/AIDS, require long-term engagement for sustainable solutions, which leads to the receipt of needed services, such as housing, care, and treatment.

## Sustainable Housing

Sustainable housing is the process of less waste, more recycling, and re-use of materials to lower the environmental impacts and costs. Some benefits of sustainable housing are health, warmth, comfort, and investment. According to Grieb, Davey-Rothwell, and Latkin (2013), stable housing is a house or an apartment that an individual either rents or owns. Unstable housing includes renting a room in someone's home, living with someone for free, living on the street, and living in transitional, recovery, or drug treatment house.

The association between housing and HIV/AIDS has been widely demonstrated across settings, samples, and time frames. The HIV/AIDS epidemic among African Americans is complicated. Still, the disproportionate rates of lower socioeconomic status and poverty among African Americans enable individual- and structural-level risk factors for HIV and creates barriers to access for health care services (Grieb et al. 2013). National surveys have demonstrated that people with unstable housing have more inadequate access to health care than the general population with stable housing (Grieb et al. 2013). Having a regular medical care source is one of the strongest predictors of access to health care services in general.

Persons living with HIV/AIDS (PLWHA) often face tremendous discrimination when searching for decent, safe, and affordable housing. This discrimination occurs regardless if the individuals are using public and private housing programs, purchasing a home, or renting in a housing unit. For example, in focus groups with persons living with HIV/AIDS, Bonuck and Drucker (1998) found that discrimination because of HIV seropositivity and experience with the criminal justice system or drugs posed formidable barriers to obtaining and maintaining housing. Also, Brooks et al. (2004) found that although most unemployed PLWHA, about 74%, were thinking of re-entering the workforce, an overwhelming number (66%) feared workplace discrimination. Since discrimination impacts a PLWHA to obtain and keep a job, housing options become limited.

The literature has revealed the importance of housing for PLWHA, but it has been noted that providing housing for PLWHA can be challenging and expensive. Nevertheless, such strategies are essential to pursue because individuals benefiting from dedicated housing for PLWHA are likely to experience reduced stress, and therefore likely to have improved health, mental health, and social support networks such as emotional support from neighbors in similar circumstances; moreover, they are likely to have increased ability to increase medically adherent (Derose et al. 2010). From a societal perspective, providing housing services for low-income PLWHA may be cost-beneficial as the healthcare system's savings may offset housing costs. The costs to the health care system of ongoing HIV transmissions and HIV treatment failure are substantial. Furthermore, providing housing services may have synergistic effects on other aspects of people's lives. For example, it is much easier to maintain employment if a person has stable housing, and it is easier to access medical services and adhere to medication regimens. Finally, individuals' psychological state may also influence their housing status. Homeless or unstably housed people must focus on day-to-day survival; therefore, competing needs may be challenging to deal with a chronic illness like HIV/AIDS.

## Urban African Americans Living with HIV/AIDS

Housing is a fundamental human right paramount for individuals' dignity, survival, and ability to increase their health outcomes. It is well established that housing is significant for HIV prevention and the health of PLWHA. Stable housing supports prevention and primary care efforts as it reduces drug usage, reduces situational sex in exchange for security, and increase access to mental health and other social assistance. The federal government recognizes housing's crucial role to people living with HIV in the National AIDS Strategy (White House Office of National AIDS Policy 2020).

Some solutions to the problem of housing for PLWHA would be to address the structural and institutional barriers to housing for persons living with HIV. By addressing the barriers, persons living with HIV/AIDS are provided an opportunity to become part of the decision-making process. Consider the needs of women and children who may be impacted and reduce barriers that may cause social isolation. It can be helpful to look beyond HIV-related housing for women and families. Women who have experienced challenges such as domestic violence, pregnancy, incarceration, and substance have options available. The available opportunities are also short-term alternatives but not permanent solutions.

In the Mississippi Jurisdictional Plan, housing was identified as one of the resources that person living with HIV/AIDS were unable to access. The Mississippi Jurisdictional Plan is a document developed out of the work of the Mississippi HIV Planning Group (MSHPG) for HIV Prevention to establish and assist the Mississippi State Department of Health (MSDH) in its HIV prevention process. MSHPG members consist of representatives from state and local agencies, non-governmental organizations, and individuals at risk for or affected by HIV. Identified barriers for PLWHA include limited access to housing assistance, the lack of housing assistance, and limited access to reliable long-term housing (Mississippi State Department of Health 2015).

## Programs to Support Urban African Americans with HIV/AIDS

Despite the need for a housing program to increase the health outcomes of a person living with HIV/AIDS, several programs are available in the Jackson Metropolitan area. However, these programs do not fully address the housing needs of persons living with HIV/AIDS. The Housing Opportunities for Persons with AIDS (HOPWA) Program was established under the AIDS Housing Opportunities Act (42 U.S.C. 12901) in 1990 and amended by the Housing Community Development Act of 1992 (United States Department of Housing and Urban Development n.d.)

Persons living with HIV/AIDS can apply for assistance through the Housing Opportunities for Person Living with AIDS. This program was established to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families. There are two types of grants awarded under the HOPWA program. HOPWA formula grants are made using a statutorily mandated formula to allocate approximately 90% of HOPWA funds to eligible cities on behalf of their metropolitan areas and eligible states. HOPWA competitive funds are awarded based on a national competition (United States Department of Housing and Urban Development 2020).

The HOPWA Program is the only Federal program dedicated to addressing the housing needs of persons living with HIV/AIDS and their families. The program provides States and localities with the resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income persons with acquired immunodeficiency syndrome and their families. Through the Mississippi HOPWA program, 542 individuals received housing assistance in 2015. Among HOPWA clients served in 2015, 79% were African American, 63% were male, and 49% were between 25 and 44 years of age (State Of Mississippi n.d.). Females, despite race, only comprised 37% of individuals who receive HOPWA services.

In Mississippi, tracking a person living with HIV/AIDS in relation to their housing status is a

very complex problem. One way of monitoring housing status among this population is through the Ryan White HIV/AIDS Program (RWHAP) Annual Client-Level Data Report. Approximately 8% of RWHAP clients have temporary housing, and 5% have unstable housing. In the RWHAP, people with temporary or unstable housing consistently have lower retention into care and viral load suppression. Retention in HIV medical care includes people with HIV/AIDS, who had at least one OAHS visit by September 1 of the measurement year, with a second visit at least 90 days after. Viral suppression refers to the most recent viral load test result of <200 copies/mL compared with people with stable housing (Health Resources and Services Administration 2019). In 2018, 4353 persons were living with HIV in Mississippi who received services through a Ryan White Program, of which 95.3% indicated they had stable housing, 2.4% indicated temporary housing, and 2.3% stated that they had unstable housing (Health Resources and Services Administration 2019). Yet, only 84.5% of those patients were retained into care.

The HOPWA program is administered by the Development Assistance Division (DAD) in the Office of Housing and Community Development, which receives annual formula grants from the US Department of Housing and Urban Development (HUD). DAD contracts with three (3) Project Sponsor(s) to deliver service, serving Hinds, Copiah, Simpson, Rankin, and Madison Counties areas. The Mississippi Home Corporation (MHC) in Jackson, MS, is currently funding two agencies to provided HOPWA. These organizations are Grace House and Mississippi United to End Homelessness (MUTEH). These agencies' services are short-term rent, mortgage and utility-tenant-based rental assistance, permanent housing placement, short-term housing, and master lease.

Different housing programs help individuals based on their specific needs. Despite the availability of programs to support housing for persons living with HIV/AIDS, individuals may still choose to forgo these services due to stigma and disclosing their HIV status. The Eligibility requirements are the conditions one has to meet to be considered for a specific housing program. If they do not meet these requirements, they do not qualify and will not be considered for the program. It is important to know that, even if these individuals meet all of a program's eligibility requirements, they may not be accepted into the program (e.g., they may not have space). Some of these eligibility requirements include but are not limited to:

- Income level
- HIV status and stage of their illness
- Age
- Gender
- Criminal Record
- Other health issues, such as mental illness or substance abuse

In the South, there is still a stigma associated with HIV. Even when individuals utilize housing programs, the landlord may discriminate against them because of their race, sexual orientation, physical disability (including HIV), or income source.

## Conclusion

The HIV/AIDS crisis resonates as a deadly reminder that it is disproportionately impacting African American communities. The available data indicates a strong correlation between the risk for HIV transmission for PLWHA and housing status. PLWHA in urban communities, especially African Americans, combat more than just health challenges. The acquisition of sustainable housing presents an immense challenge for PLWHA. Barriers to sustainable housing in urban areas, like Jackson, create drastic issues, including limited access to health care and increased drug abuse and risky sexual behavior. Housing services and options provide an opportunity for widespread HIV prevention services and information.

Furthermore, data collection regarding sustainable housing for African Americans who have HIV/AIDS contributes to understanding the phenomenon. Even though data collection methods are available for urban areas, like Jackson,

obtaining current and accurate data remains a challenge. The limited access to recent data impacts both government programs and nonprofit organizations' ability to address sustainable housing for PLWHA successfully.

Several short-term solutions are available from nonprofit organizations and governmental organizations. However, long-term solutions are necessary to transform the housing status for PLWHA in urban areas adequately. These long-term solutions must tackle the housing needs of PLWHA, especially in places like Jackson, Mississippi. Subsequently, an evaluation of available programs should ensure that they are adequately addressing the housing needs and providing specific outcomes that ensure that PLWHA has a place to call home.

## References

AIDSVu (n.d.) Local data: Jackson – rates of persons living with HIV, 2017. Retrieved from AIDSVu: https://aidsvu.org/local-data/united-states/south/mississippi/jackson/

Bonuck KA, Drucker E (1998) Housing issues of persons with AIDS. J Urban Health 75:170–183

Brooks RA, Martin DJ, Ortiz DJ, Veniegas RC (2004) Perceived barriers to employment among persons living with HIV/AIDS. AIDS Care 16:756–766

Centers for Disease Control and Prevention (2019, February) Estimated HIV incidence and prevalence in the United States 2010–2016. Retrieved from HIV Surveillance Supplemental Report: https://www.cdc.gov/hiv/pdf/library/reports/surveillance/cdc-hiv-surveillance-supplemental-report-vol-24-1.pdf

Derose K, Dominguez B, Plimpton J, Kanouse D (2010) A faith-based effort to provide housing for persons with HIV/AIDS. J HIV/AIDS Soc Sci 9:90–105

Elfein J (2020, March 30). U.S. states with highest rates of HIV diagnoses 2018. Retrieved from Statista: https://www.statista.com/statistics/257734/us-states-with-highest-aids-diagnosis-rates/#:~:text=The%20states%20with%20the%20highest,4%2C398%20people%20diagnosed%20with%20HIV

Grieb SM, Davey-Rothwell M, Latkin CA (2013) Housing stability and HIV testing housing stability, residential transience, and HIV testing among low-income urban African Americans. AIDS Educ Prev 25:430–444

Health Resources and Services Administration (2019, December). Ryan White HIV/AIDS program annual client-level data report. Retrieved from http://hab.hrsa.gov/data/data-reports

Minority HIV/AIDS Fund (2020, June 30) United States statistics. Retrieved from HIV.GOV: https://www.hiv.gov/hiv-basics/overview/data-and-trends/statistics

Mississippi State Department of Health (2015, July) Jurisdictional plan. Retrieved from Mississippi State Department of Health: https://msdh.ms.gov/msdhsite/_static/resources/5116.pdf

State Of Mississippi (n.d.) 2015 STD/HIV Epidemiologic Profile. Retrieved from Department of Health, STD/HIV Office: https://msdh.ms.gov/msdhsite/_static/resources/7543.pdf

United States Census Bureau (n.d.) Quick facts: Jackson City, Mississippi. Retrieved from United States Census: https://www.census.gov/quickfacts/fact/table/jacksoncitymississippi/HSG445218#HSG445218

United States Department of Health & Human Services (n.d.) Ending the HIV epidemic. Retrieved from HIV.GOV: https://files.hiv.gov/s3fs-public/Ending-the-HIV-Epidemic-Counties-and-Territories.pdf

United States Department of Housing and Urban Development (2020) HOPWA: housing opportunities for persons with AIDS. Retrieved from HUD Exchange: https://www.hudexchange.info/programs/hopwa/hopwa-eligibility-requirements/

United States Department of Housing and Urban Development (n.d.) Retrieved from HUD EXCHANGE: https://www.hudexchange.info

White House Office of National AIDS Policy (2020) National HIV/AIDS strategy for the United States. Retrieved from https://www.hiv.gov/sites/default/files/nhas-2020-action-plan.pdf

# Homeless and Social Policy, The

Cara Robinson
College of Public Service, Tennessee State University, Nashville, TN, USA

## Synonyms

Destitute; Displaced; Houseless; Itinerant; Unhoused

## Definition

an individual who lacks housing (without regard to whether the individual is a member of a family), including an individual whose primary residence during the night is a supervised public or private facility (e.g., shelters) that provides temporary living accommodations, and an individual who is a resident in transitional housing." A homeless

person is an individual without permanent housing who may live on the streets; stay in a shelter, mission, single room occupancy facilities, abandoned building or vehicle; or in any other unstable or non-permanent situation. – United States Department of Health and Human Services

## Introduction: The Problem of Homelessness

Homelessness is the state of not having a permanent, safe, adequate residence. The problem of homelessness, however, is much more complex. Today, over 750,000 individuals are homeless on any given night in the United States (Department of Housing and Urban Development 2015). Some of these individuals are homeless for that night alone, many are homeless for weeks or months at a time, and a few are chronically homeless. The paths that led these individuals to homelessness are built on joblessness, familial breakup, medical expenses, domestic violence, mental health conditions, substance abuse, etc. Individuals find themselves homeless for a variety of reasons; therefore, the solutions to solving the homelessness problem are as complex and diverse as the issue itself.

The problem of homelessness has existed in modern society for centuries. Street rat, vagrant, and hobo are a few of the names the homeless have been called throughout this time. Modern homelessness became a key issue in the American public sphere during the 1970s and 1980s due to its growth in many inner city neighborhoods. A combination of the closing of state-owned mental health facilities, a rise in the abuse of hard street drugs, the significant number of veterans returning from Vietnam without adequate support systems, and the loss of wages due to the decline in stable, union blue-collar jobs created a convergence of social factors leading to a growth in homelessness.

### What Is Homelessness?

Homelessness has many faces. The National Alliance to End Homelessness distinguishes between the following populations: chronic homelessness, families, veterans, youth, rural homelessness, domestic violence, mental/physical health, and prisoner reentry. One group of homeless citizens that have received targeted attention over the past decade are the chronically homeless. To be chronically homeless, one must be an unaccompanied individual (not a family) that has a disabling condition who has been homeless for one continuous year and/or four times in the last 3 years. The national rate of chronic homelessness is 10% (of the total homeless population).

### Institutional Landscape

Homeless citizens seek services from agencies ranging in size from small volunteer-based faith--based food closets to large affiliates of multinational nonprofit organizations. The unique diversity of agencies serving the homeless lends itself to a wide range of employee qualifications, educational attainment, and previous experience. For example, church volunteers at a faith-based food closet will most likely not have formal education in organizational leadership, public policy, or human services. They are also less likely to be fluent in the processes of public benefits administration and eligibility. The diversity of agencies within the homeless service sector does benefit individuals facing unique issues and, therefore, seeking unique options for treatment, housing, and supportive service delivery. Moreover, all sectors (nonprofit, public, and private) are increasingly involved in providing services for homelessness (Levinson and Ross 2007). Specifically, many homeless clients are receiving benefits from social service agencies in state and local government agencies. Public mental health, substance abuse, housing, veterans, and human service agencies as well as nonprofit street outreach, mental health, counseling, educational training, and housing agencies all serve homeless citizens. The private sector also participates in homeless service provision in health care, housing, counseling, and employment. This diversity necessitates the enhanced efforts at agency coordination currently taking place in Continuums of Care (CoC) across the nation. These efforts are aimed at integrating services between all agency types to ensure clients have access to accurate information and pathways toward assistance.

## Who Are the Homeless?

Homelessness does not discriminate. Men, women, and children of every race and religion facing a diverse number of health and economic needs experience homelessness each day. This diversity further necessitates the need for cross-agency and cross-sector service coordination (Jencks 1995). This collaboration includes the elimination of some geographic boundaries as homeless individuals experience transient lives; therefore, many seek services from city and suburban districts during the same day or week. The more intensive and comprehensive the regional collaboration of providers, the better the ability to meet needs and avoid duplicative service delivery. These delivery systems are constantly changing as information regarding client needs and demographics are being collected and analyzed. Moreover, professional training is being modified to ensure that staff can better serve clients facing unique challenges through culturally competent and appropriate procedures (Finfgeld-Connet 2010).

As previously alluded to, over the past 30 years, researchers pinpointed specific categories in homeless client diversity – type of homelessness (Burt et al. 2001). Type of homelessness refers to transitional, episodic, or chronically homeless. Transitional homeless clients are individuals or families in short-term homeless situations due, most often, to an unforeseen economic or familial event which temporarily displaces them. The transitional homeless are best served through a combination of temporary housing placement with concurrent referrals to public aid, employment opportunities, and/or other case-specific needs (e.g., legal services, credit counseling, rental assistance programs). Individuals and families considered episodically homeless experience consistent, medium incidents of homelessness often created by entrenched, long-term economic, health, familial, and/or legal concerns. The episodic homeless individuals and families need transitional housing placement (6–12 months) accompanied by wide-ranging supportive services and case management. Finally, the chronically homeless are those individuals who have experiences 1 year of homelessness and/or four bouts of homelessness in 3 years and have an accompanying disability. Qualifying disabilities include physical and mental disabilities as well as HIV/AIDS and substance abuse addiction. The chronically homeless are individuals who require long-term, often permanent, housing placement with broad supportive services, medical care, and case management. Single males between the ages of 30 and 60 constitute the majority of chronically homeless clients. The large majority of the chronically homeless have co-occurring mental health and substance abuse disabilities and have spent years in and out of homeless and housing programs as well as hospitals, treatment centers, and jails.

Due to the Great Recession in the United States (2007–2010), the fastest growing homeless demographic are families with children. Job losses coupled with lost housing equity, lack of savings, and crippling household debt, many working and middle class families fell into homelessness during and following the Great Recession. The robust economy and housing markets of the 1990s and much of the 2000s resulted in a significant number of families living with seemingly stable incomes without the accompanying stable savings. The harsh blow of the Great Recession helped swell the numbers of the homeless ranks. These clients usually face transitional homelessness and were specifically targeted by the American Reinvestment and Recovery Act of 2009 through the Homeless Prevention and Rapid Re-Housing Program (HPRP) administered through the Department of Housing and Urban Development (HUD). HPRP focused on preventing homelessness before it occurred by providing eligible clients with monies needed for rent, arrears, legal fees, utility fees, and other items contributing to the threat of homelessness. The rapid rehousing portion of the program focused on getting clients into long-term, stable housing right away rather than emergency shelter or transitional options.

Another population facing increasing rates of homelessness are veterans. The economic and medical effects of the wars in Iraq and Afghanistan created a new subpopulation among veterans. Veterans face unique needs, and collaborative

efforts between the Veterans Administration and social service organizations are imperative to ensure that an appropriate plan of action is established for each client.

### Homeless Service Systems

HUD divides the country into Continuums of Care (CoC) jurisdictions. These jurisdictions range from large cities (e.g., Philadelphia) to entire states (e.g., Delaware). The CoCs are in charge of planning for homeless services in their respective communities. Each CoC also coordinates the application for federal HUD homeless service funding (a large chunk of funding for homeless services in each community). The governance of CoCs differs greatly. Some CoCs are governed by a 501©3, others by a government entity, and still others by a loose nonofficial affiliation of providers. The difference in governance is accompanied by large differences in activity.

CoCs were developed as part of the McKinney-Ventro Act which was the first major legislative action focused on homelessness and homeless service delivery. The Act was established in 1987 and created fifteen programs for homeless programming. In FY 2015, the McKinney-Vento Act programs allocated $1.6 billion in total funding to CoCs across the United States. McKinney-Vento remained the only major homeless service legislation until the passage of the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act) in 2009. The HEARTH Act altered the management structure of homeless programs while expanding homeless services and operational definitions of homelessness. In addition to the programs offered via the McKinney-Vento and HEARTH Acts, homeless citizens rely heavily on public benefits and the War on Poverty programs for medical, monetary, and food services.

To address the changing environment and provide more local resources to meet the increased need, critical support was provided by the American Recovery and Reinvestment Act of 2009 (ARRA), through the introduction of the Homelessness Prevention and Rapid Re-Housing Program (HPRP). HPRP provided an unprecedented $5 billion dollars of 3-year time-limited assistance for local communities to prevent and rehouse people experiencing homelessness. These funds coupled with existing Continuum of Care (CoC) resources and other stimulus program funds comes with an even greater need to measure the impact of this new assistance on how communities deliver homeless services.

Homeless clients face varying and unique needs; therefore, assistance programs must develop systems allowing the homeless to access diverse services to meet those specific needs. Within CoCs, largers agencies are able to provide a plethora of those services on-site or within the organizational structure. CoCs rely on the coordination amongst large and small agencies alike to ensure equitable access of those services. Within any given CoC, one organization may serve as the lead agency for the provision of substance abuse counseling while another is the primary provider of domestic violence counseling. This coordination is built by breaking down sectoral boundaries or 'silos' of service delivery. Over the last ten years, one of the ways in which CoCs have tried to break down those boundaries is though the federally-mandated Homeless Management Information System (HMIS). The HMIS is a CoC-wide database utilized by all HUD-funded agencies which collects information on the clients they serve. This data collection streamlines the intake process while, concurrently, providing jurisdiction level information on homelessness and service needs. This process aids planning, funding allocation, and program improvements.

### Homeless Management Information System (HMIS)

With the advancement of computer technologies in the 1990s, several academic researchers and policy leaders began to envision a coordinated system of data collection for homeless service delivery. This coordinated system ideally links agencies and streamlines the registration process for clients while also providing communities with longitudinal data about the usage of services within their Continuums. The longitudinal data could help communities design systems better suited to serve clients (i.e., pinpointing programs gaps for subpopulations) and save costs

(i.e., reducing duplication of services and maximizing cooperative efficiencies). However, HMIS numbers reflect the diligence in which service providers enter data.

In 2001, Congress directed the Department of Housing and Urban Development (HUD) to begin the process of mandating HMIS implementation in all Continuums of Care across the United States. All jurisdictions were asked to have a functioning system by 2004. As a result, many street bureaucrats faced a new, and potentially overwhelming, task as communities were forced to forge ahead. A prescribed template for HMIS implementation was not mandated and discretion was left to localities. While federal monies were made available to lift the cost burden of implementation (e.g., software purchase, training, staff salary, etc.), some jurisdictions chose not to take monies away from direct service in order to enhance HMIS capacities. Some CoCs simply get together to coordinate and submit the federal funding application, while others conduct research and advocacy efforts for the entire jurisdiction. These differences can create difficulty when mandates, such as the one to create a HMIS, are required of the CoC.

### Cost of Homelessness

Cities across the nation conducted cost studies and found that, depending on the population served, the cost of providing services for a homeless person is higher or pretty much the same as the cost of providing housing coupled with services for that person. Especially studies that focused on high utilizers of ER and hospital services, medical detox, and jail systems found significant cost savings in providing permanent supportive housing (housing plus case management) for these individuals.

By definition, the chronically homeless have a long-term health condition which contributes to their homelessness (e.g., mental health diagnosis, substance abuse addiction, physical disability, HIV/AIDS). The most ambitious and comprehensive attempts to house the most vulnerable of the country's homeless in long-term, permanent housing with ongoing, wrap-around supportive medical and health services focus on cost savings. This model of housing delivery for the chronically homeless has been shown to reduce costs for homeless service providers, hospitals, rehabilitation/treatment facilities, and other stakeholders (e.g., jails). For example, in Los Angeles, studies found that this model saved communities $42,000 per client in 1 year. In addition, these services have proven success in serving homeless citizens. In New York, 18-month post-housing placement, 84% of clients with substance abuse addiction served by one housing first program maintained their housing placement (Morgenstern 2010). The How's Nashville campaign links homeless citizens with targeted health services while reducing system costs. Analyzing its success while identifying areas for improvement will help ensure that future phases of the campaign will continue to strengthen the homeless service community's capacity to provide appropriate services to clients.

## Conclusion

The policies and programs governing homeless service delivery are a complex web of partners, organizations, public benefits, landlords, and government agencies. This complexity mimics the complexity of homeless citizens themselves. To this end, it is imperative that individuals working across homeless service arenas are well educated on the complexity of issues, policies, and programs to better ensure the appropriate provision of services.

## Cross-References

► Domestic Violence
► Nonprofit Organizations and Social Policy
► Poor and Social Policy, The
► Public Sector Collaboration and Social Policy

## References

Burt M, Aron L, Valente J (2001) Helping America's homeless: emergency shelter or affordable housing? Urban Institute Press, Washington, DC

Finfgeld-Connet D (2010) Becoming homeless, being homeless, and resolving homelessness among women. Issues Ment Health Nurs 31:461–469
Jencks C (1995) The homeless. Harvard University Press, Cambridge, MA
Levinson D, Ross M (2007) Homelessness handbook. Berkshire Publishing Group, Great Barrington
Morgenstern J (2010) 'Housing First' and helping the homeless. Los Angeles Times, Opinion, 15 Aug
United States Department of Housing and Urban Development (2015) Annual homeless assessment report. Retrieved from https://www.hudexchange.info/resource/4832/2015-ahar-part-1-pit-estimates-of-homelessness/

# Homelessness Among Persons with Disabilities in Urban Areas

Abu-Sadat Rabbi
University of Education, Winneba- Ghana, Winneba, Ghana

## Synonyms

City; COVID-19; Destitution; Differently abled persons; Disability; Disabled persons; Gender; Pandemic; Vicious cycle; Zones

## Definition

Homelessness is defined as living in housing that is below the minimum standard or lacks secure tenure. People can be categorized as homeless if they are living on the streets (primary homelessness); moving between temporary shelters including houses of friends, family, and emergency accommodation (secondary homelessness); living in private boarding houses without a private bathroom or security of tenure (tertiary homelessness).

## Introduction

In urban areas, homelessness is a growing global problem affecting millions of people. Homelessness means a group of people with extreme lack of access to housing or access to housing rights, requiring people to leave their homes and some belongings. The poor and other disadvantaged groups are forced to live on the streets, which is detrimental to human development. The World Report on Disability (2011) reports that between 15.6 and 19.4% of the global population is made up of people with disabilities. The ratio is higher at 18% of the population in lower-income countries compared to 11.8% in higher-income countries. Thus, there are more than 1 billion people with disabilities worldwide. In most low-income nations, this estimate of individuals with disabilities is made poor and homeless. The WHO CBR guidelines (2010) note that for persons with disabilities, the cost of renting suitable accommodation can be higher than for others. This leads to an increase in the everyday living expenses of persons with disabilities with little or no jobs, driving them into the streets and homelessness. When persons with disabilities leave home to attend school, seek jobs, or start a small business in another place, accessible accommodation can also become an issue. People with disabilities may not be able to afford or use the accommodation available because it is inaccessible or because of financial difficulties. This entry discusses the issues of homelessness in urban communities, particularly among people living with disabilities, its causes and consequences, and the intersection between disability and homelessness.

## Concept of Homelessness

Globally, the United Nations reports that over one billion people worldwide need shelter. 100 million of these people are homeless without housing. In 2014, Madrid had about 1905 homeless people in the capital city of Spain. An estimated 1141 of them slept either in care centers or public shelters and 764 disbursed their sleeping room on highways (Panadero and Vázquez 2016 cited in Opare 2018). Homeless people are seen as deviants because they withdraw from the standards of society, drill through trash, beg for alms, and sleep in the open outside. However, this may not be a benchmark for their recognition since only the

undesirable side of homelessness is recorded (Boydell et al. 2000; Opare 2018). Housing that ties homelessness to "houselessness" is a common component in the concept of homelessness that runs through scholarly works (Springer 2000).

Homelessness is characterized differently by various nations. The definition of homelessness often relates to one's culture. Althusser (1974) cited by Opare (2018) attests that people in a community understand and act around the philosophies they have accepted in society. Shinn (2007) asserts that homelessness can be perceived as lacking social policy and social-cultural values and practices.

Shinn further states that in European countries and the United Kingdom, the fluidity and complexities of the definition of homelessness are based on people who are deprived of a residence. The subjective subcategorization of evaluations of people in need marginalizes and stigmatizes homeless people. Homeless people fear accessing agencies for assistance for fear of prioritizing them (Minnery and Greenhalgh 2007; Opare 2018). As a consequence of the lack of access to appropriate accommodation, Amore (2013) cited in Opare (2018) describes homelessness as living in sternly insufficient housing. A home exists in three "domains," according to the European Federation of National Organizations Working with the Homeless. Having a home constitutes having a modest dwelling (space), sufficient enough to satisfy the needs of the person and his or her family (Edgar et al. 2004; Opare 2018).

## Causes of Homelessness

Homelessness affects both the social, political, and economic phase of a nation. The origins of the problem must be dealt with or investigated before strategies can be drawn up. Homelessness is affected by systemic and individualistic variables (Anderson and Christian 2003). The systemic and individual vulnerability viewpoints have often been framed as diametrically. Beer, Baker, Lester, and Daniel (2019) point out that there are procedures and circumstances that put people at risk of homelessness not just on systemic and individual variables but also on institutional circumstances. These structural obstacles include laws and regulations that prohibit the tenancy of individuals under the age of 18 (Burt 1992; Wong 2013). These variables combine to cause homelessness (Pleace 2000).

The **systemic perspective** focuses on the perception of causes and influences associated with the increase in homelessness since the 1970s. The perspective on **individual vulnerability** focuses on personal characteristics and risk of homelessness among people living in insecure or marginal (Wong 2013).

In furtherance, the structural causes of homelessness emphasises that, the emergence and growth of homelessness is as a result of changes in societal forces that are beyond the control of individuals. Structural forces that are associated with the growth of homelessness and its spatial distribution include but not limited to: (a) Poverty (b) Natural disasters (c) Urbanization (d) Political Issues and Evictions (e) Unemployment (f) Lack of Affordable Housing (Wong 2013).

### Poverty

Poverty is inseparable from homelessness. People are more likely to become homeless without the resources to fulfill their basic requirements. In Opare (2018), Akindola (2009) defines poverty as the lack of economic resources that are necessary for the food, shelter, and clothing needs needed for one's physical well-being. Homelessness is often exacerbated by poverty, which is dictated by macro-level socioeconomic factors such as welfare programs, lack of affordable housing, and labor markets, causing people to go out and become homeless (Stephens and Fitzpatrick 2007; Lee et al. 2010).

### Natural Disasters

Natural disasters worldwide are unavoidable, increasingly becoming more frequent, expensive, and threatening. Many natural disasters have left millions dead, with the loss of their homes, and the rest homeless. Since the 1950s, the global economic rate associated with natural disasters has risen 14-fold (Guha-Sapir et al. 2004). In places of economic challenge and developing

countries, natural disasters have a complex impact as overcrowded areas remain homeless, an example of which is the 2004 Indonesian earthquake that displaced millions of people.

### Urbanization

The problem of homelessness has been advocated by urbanization. Half of the world's population resides in urban centers in cities (Bahns 2005). Urbanization is a transfer of people from rural areas to metropolitan areas with population growth (United Nation 2008; cited in Issifu 2015). Rapid urbanization poses an economic threat to poor and low-income earners and their health. The United Nations reports that Africa has the highest rate of urbanization, with an estimated annual increase of 4.0% (Huchzermeyer and Karam 2006) and 6% annual growth in urban population in African countries such as Ghana (Accra), Nigeria (Lagos), and Kenya (Nairobi) (Bahns 2005). The prevalence of rural-urban migration has driven rapid population growth in the urban centers of many developing countries (Agesa and Kim 2001). The manifestation of rural urban migration is triggered by socioeconomic forces that drive people into the streets of urban centers and render them homeless (Ajaero and Onokala 2013).

Numerous studies conducted by researchers such as Ajaero and Mozie (2011) have shown that insufficient wages, lack of productive and stable employment, and poverty are systemic factors that pull people from rural areas to urban centers in search of livelihood strategies by soliciting alms and cobbling up menial jobs such as shoe shining. McCatty (2004) argues that violence, weak infrastructure, and poor services such as sanitation and drinking water are the result of excessive urbanization. Most migrants arriving in urban areas lack formal education and are unqualified, thus not having the right requirement for employment. And often without any asset to grow any form of business, they become vulnerable and end up living on the streets (Awumbila and Ardayfio-Schandorf 2008) and are vulnerable to many health problems such as depression, rape, malaria, suicide ideation, and many others (Issifu 2015).

### Political Issues and Evictions

Homelessness is an indication that housing prices are not properly delivered. When state's political institutions fail to meet the requirements of the most disadvantaged individuals, people are left without adequate homes and taken to the streets to become homeless (Majale 2002). Thus social and political policies fail to address and respond effectively to homelessness issues as a national problem. In Ghana, for example, an eviction by the Accra Metropolitan Assembly (AMA) on 21 January 2011 on railway line structures in Accra could have made millions homeless. Habitat International Coalition (2011) prevented the evacuation, which defied the then incumbent government's initiative. President Mugabe's "Operation Murambatsvina" or "Operation Restore Order" left 2.4 million homeless in the clean up the cities move. Zimbabwe also saw a case of 700,000 displaced citizenry (Tibaijuka 2005). Instead of resolving the related problems causing homelessness in their region, governments address homelessness in the developing world to receive international aid and funding, and this leaves the homelessness phenomenon to increase (Toro 2007).

### Unemployment

Homelessness could exist as a result of a lack of employment, and income inequality is far from being improvised (Ajaero and Onokala 2013). Wright-Howie (2003) notes that unemployment is a structural proponent that pulls people to the street to end up as homeless people. In addition, Awumbila and Ardayfio-Schandorf (2008) added that unemployment is a product of a lack of knowledge and skills to obtain and maintain meaningful jobs, which can drag people into the streets and make them homeless. Most homeless people found on the street are young people who are unskilled and not well educated. Unemployment is often the product of the weakening of the economy, and as a result, the factors and causes of homelessness continue to exist and increase (National Coalition for the Homeless 2009).

### Lack of Affordable Housing

Homelessness is exacerbated by high housing shortages, which raise housing supply demands. This puts strain on the few housing supplies that do not fulfill people's housing needs, thereby making people homeless (Brux 2008 in Opare 2018). Other researchers, such as Lee, Price-Spratlen, and Kana (2003) and Quigley et al. (2001), have shown a shortage of affordable housing that leads to a high rate of homelessness in urban centers. Because of the high cost of housing, the inability to pay rents or buy housing pulls people into taking shelter on the street. In addition, GSS (2005) noted that only 43% of the population in Ghana owns a house and that one in ten Ghanaians has access to stable housing. This indicates that housing insecurity and tenure conditions exist with potential evictions among many Ghanaians that can make them homeless (NDPC 2006). There is a propensity for them to be pushed to the street where they become homeless if they cannot afford accommodation.

The perspective of **individual vulnerability** focuses on the identification of person-level and household-level characteristics. Certain aspects of relationships and individual dynamics can lead to the probability of an individual being homeless. Vulnerability to harmful aspects of homelessness is linked to individual factors, including drug abuse, family violence and trauma, personal crises, and those leaving parental homes at a young age (Caton et al. 2005, 2007; Wong 2013).

### Mental and Health Challenges

Mental health is a problem in life that can happen to anybody and can be episodic, relatively long, and temporary. Mental illness is a gateway to homelessness and can also intensify with persistent homelessness. Mental well-being may include depression, anxiety, paranoiac, hallucinations, schizophrenia, and bipolar disorders. These may lead to homelessness due to restricted family interaction, lack of social support and networking, inadequate preparation, alcoholism, substance abuse, frequent hospitality, cultural disparities in mental illness, poor care, and poor acceptance of mental distress (National Coalition for the Homeless 2009). Mentally ill people with a lack of social and economic benefits and family support are those at risk of homelessness. They may be pushed by their situation to live on the streets. Opare (2018) citing Forson et al. (2005) and Stefanick and Tsemberis (2007) suggested that mentally ill people are unable to form and sustain any relationship of stability as they are frequently mistaken to cause people around them to respond often deliberately and to drive families, friends, and caregivers away leaving them in a state of homelessness.

### Substance Use or Abuse

Many studies show that there is a correlation between drug abuse as an indicator and homelessness as an impact. Substance abuse contributes to the problem of homelessness as substance use kills friendship through addictive orders. These addictions will cause people to lose their jobs and homes and cause family problems, leading them ultimately to homelessness (Didenko and Pankratz 2007 in Opare (2018). Fisher and Roget (2009) also report that drug misuse frequently occurs concurrently with mental health disease. Without care, people with mental disorder turn to the street for drugs and self-medication and end up on the streets as homeless. The dependency on opioid use and drug misuse exhausts the financial reserves of individuals. The failure to pursue and use assistance for drug addictions drives them to the street (Embleton et al. 2013).

### Broken and Abusive Relationships

Broken and abusive relationships are individualistic variables that drive individuals to the streets, leaving them homeless. This contributes to the downward spiral that pulls people into homelessness when an important relationship is broken or ends. After divorce, some women are frequently vulnerable to homelessness and poverty as they lose approximately 40% of their economic stability (Boakye-Boaten 2008). In a study of homeless street children in South Africa, Ward and Seager (2010) confirm that many of these children were forced to the street and became homeless with the loss of either parent. 75% of street youth in Tanzania also reported that due to the death of their parents, they lived on the streets. Thus these

fractured marriages forced these kids to the street to survive, leaving them homeless.

### Family Violence and Sexual Abuse

Many individuals have endured family violence or sexual assault that forces them to leave and live on the street. Subsequently, 47% of homeless women researched reported sexual and physical violence as the justification for leaving home (Toro et al. 2007). Ferguson (2009) as quoted by Asante (2015) and Opare (2018) eludes that parents' use of drugs has intensified family violence, resulting in physical and sexual assault, causing young people to leave their homes and live on the streets at an early age. McCreary Centre Society (2002) and Bray (2010) report on prevalent family disturbance and childhood violence among street youth in Vancouver that led to their homelessness. They also cited the constant turmoil and tension at home pushed them onto the streets. It has also been pointed out that income affects housing choices as women and children who are deprived of an independent income are impacted by family abuse. Women and children impacted by family violence and sexual exploitation will become vulnerable to homelessness, if there is no independent income that affects one's housing choices.

## Types of Homelessness

Homelessness is complex in nature and is of a sort. The entry discusses the following three forms of homelessness;

- Chronic homelessness
- Episodic homelessness
- Situational/transitional homelessness

### Chronic Homelessness

They are people who live on the streets for a longer period of time and have little or no resources at their disposal to improve their condition. These people are crippled by mental health problems and opioid abuse. Unless assistance is offered by others, they are unable to improve their situation. Sometimes older and injured people who are homeless also fall into this group (Culhane and Metraux 2008 in Opare 2018).

### Episodic Homelessness

There are persons who during their lives encounter recurrent and ongoing homelessness events. They are more likely to face intricate problems including mental well-being, addictions, crime, and health and are often unemployed for a long period of time. They therefore have a high frequency in and out of shelters and a limited time there. Episodically, homelessness can be applied to someone who has endured homelessness for 3 or more years and is currently homeless.

### Situational or Transitional Homelessness

In this form of homelessness, due to some tragic conditions such as the inability to afford accommodation, lack of wages, service exhaustion, loss of the breadwinner of a family, unemployment, violence, and separation, a person becomes homeless for a brief time in their life. Before moving to or transiting into permanent housing, they spend a brief period becoming homeless and leaving their homelessness status with little to no interference.

## Homelessness in Ghana

A rather recent concept is the notion of homelessness in Ghana. Homelessness differs from the culture of Ghana because there is no word for homeliness in the language (DFID 2017 cited in Opare 2018). The Ghana Statistical Services recognizes and uses a criterion based on the quality of accommodation, which means that individuals who reside in roofed buildings are not homeless (GSS). Subjects related to institutional consistency or suitability are not evaluated, and the complex essence of homelessness is overlooked (Tipple and Speak 2004; Opare 2018). Ghana's homelessness stems mostly from housing deficits exacerbated by other causes, such as changes in the Ghanaian family structure, poverty, rural-urban migration, rapid population growth and urbanization, and housing shortages due to continuous government reform.

The issue of homelessness was not visible in Ghana until the present urbanization of the cities led to people migrating to the big cities in search for job opportunities. In Ghana, the home and family are used interchangeably; the breakdown of the extended family as a result of migration, urbanization, nucleation of families, and modern capitalist system has brought changes to the Ghanaian family system (Korboe 2000); and ethnic violence has given rise to the homeless phenomenon. It is a common sight to find two household families leaving under one roof however due to the above factors; there is a breakdown of social relations and a manifestation of high living cost for extended family due to the economic demands (Assimeng 1999). However the essence of homelessness is rather urban, as a result of the relocation of rural families and neighborhoods, where elderly people care for individuals; teach values, ethics, and knowledge of customs; and offer punishment and incentives, and the structured structure of social security to help keep individuals out of the streets is lost. Urban public spaces are avenues that provide the physical services that impoverished street people use to support their daily lives. Young people move to big cities and are not even able to take care of the elderly. When they take up residence on streets in major cities, the youth are at the leniency of this homeless phenomenon. Homeless people are most commonly relegated and viewed as "beggars" or "mentally ill," but only a rare number of homeless people participate in the act of soliciting charities. On the other hand, they were interested in some minor tasks and employment to earn their regular income in Ghana (Speak and Tipple 2006; Opare 2018).

## Gender and Homelessness

Gender is very reflective of the homelessness phenomenon as there is a distinction between how men and women experiences and copes with their homelessness situation, which lead not just to their pathways into homelessness but also as a means out of it. However in the state of homelessness, women are more vulnerable than men (National Coalition for the Homeless 2009).

A greater proportion of secret or unseen homeless people in the homeless subculture are more homeless women who may also have children in their care (National Coalition for the Homeless 2009). Women often don't turn to be rough sleepers than men. Men's homelessness is most often noticeable than not, as they are found sleeping roughly on open streets or in shelters compared to women's homelessness, which is obscured from the perspective of the public (Novac 2001). Homeless men are the largest number of the homeless population and unlike women, are not sheltered (The Annual Homelessness Assessment Report (AHAR) to Congress 2015). In contrast to their fellow homeless men, homeless women are more likely to suffer harassment and sexual and physical assault, turning to sleep in areas and places that are vulnerable to rape and attacks. Their weakness, substance use, and mental illness have a negative effect on the willingness of the person to be vigilant and self-conscious to escape risky circumstances (Wenzel et al. 2000). In addition, homeless women are more likely than homeless men to participate in sex crimes involving the commercial trade of sex for food and shelter in order to survive (Meanwell 2012). Another differentiation between homeless women and homeless men is their reproductive health. In particular, women face challenging reproductive health problems, such as monthly menstrual cycles and having to clean up, being pregnant, giving birth, and taking care of a baby on the streets, unlike men (National Coalition for the Homeless 2008).

## Persons with Disabilities and Homelessness in COVID-19

While the COVID-19 pandemic affects all members of society, the attitudinal, environmental, and structural barriers replicated in the COVID-19 response affect people with disabilities disproportionately. Many individuals with disabilities have pre-existing health problems that make them more vulnerable to virus infection, with more serious

symptoms following infection, contributing to higher levels of death. In the context of the COVID-19 crisis, persons with disabilities who are dependent on assistance for their daily lives may find themselves isolated and unable to survive during locking measures. People with disabilities often continue to face discrimination and other obstacles to access to livelihoods and income support, to engage in online education, and to seek protection from abuse. There are also greater threats facing particular categories of people with disabilities, such as inmates and those who are homeless or without appropriate housing.

Owing to overcrowded living conditions, lack of access to water and sanitation, and due to their pre-existing health conditions, homeless people with disabilities and those living in emergency shelters and informal settlements are especially vulnerable to COVID-19 contracting. Homeless people, including those with disabilities, were forced by the COVID-19 emergency to seek refuge and assistance, overcrowding emergency shelters and spreading the virus. People who because of their living conditions, do not comply with physical distance are also in a disadvantageous position (United Nations Human Rights Commission 2020).

In Ghana, due to their living conditions, the vulnerable, especially the homeless (including PWDs), are more susceptible to COVID-19 than any other category. The destruction of the homes of some of Old Fadama's slum residents (especially during the lockdown) meant that many, including children, had to sleep outdoors. This condition puts these people at greater risk of contracting the virus because they have little to no way of following the rules of social distance and little access to running water and other basic hygiene facilities. Although the Metropolitan Assembly of Accra vowed that temporary accommodation would be given to the displaced people, many are still sleeping on the streets as these temporary measures do not meet the basic needs of the homeless (Abu-Salia et al. 2015; Morgan 2020; Africanews 2020).

Homelessness reaction in the United States has been introduced by unique guidelines that provide a communication component of impairment. In Chile, the government has stated that it is strengthening its commitment to providing health services to homeless people on the streets. Over 1,000 beds have been built in a large facility in Argentina to provide emergency shelter for those who may need physical distance without high medical requirements (United Nations Human Rights Commission 2020). The point, therefore, is that relief from COVID-19 should be more inclusive of the homeless persons with disabilities and offer permanent interventions to any given community (Anadolu Agency 2020).

## Homelessness and Disability

To date, to a large degree, homelessness study has largely overlooked people with disabilities. Chamberlain and Mackenzie (2008) argued that the pathways to homelessness that affect people with disabilities vary from those of the general population, but the pathways have not been completely articulated by studies.

Globally, in the homeless population, persons with disabilities are overrepresented. Persons with disabilities are at risk of homelessness due to low wages, reduced labor market participation, and limited capacity in the private rental sector (Beer and Faulkner 2009). Importantly, however, people with disabilities are not a standardized category, and their paths to homelessness differ by form of disability, place and nature of their disability. It is therefore important to develop a much better understanding of the intersection between disability and homelessness (Beer et al. 2019).

## Homelessness and Disability in a Vicious Cycle

Counts of individuals in a group experiencing homelessness on a single night show that about a quarter of people with homelessness have a disability, including physical, intellectual, and developmental disabilities, as well as conditions of mental well-being and/or substance abuse. In reality, homelessness affects persons with disabilities overwhelmingly. Disability also leads to

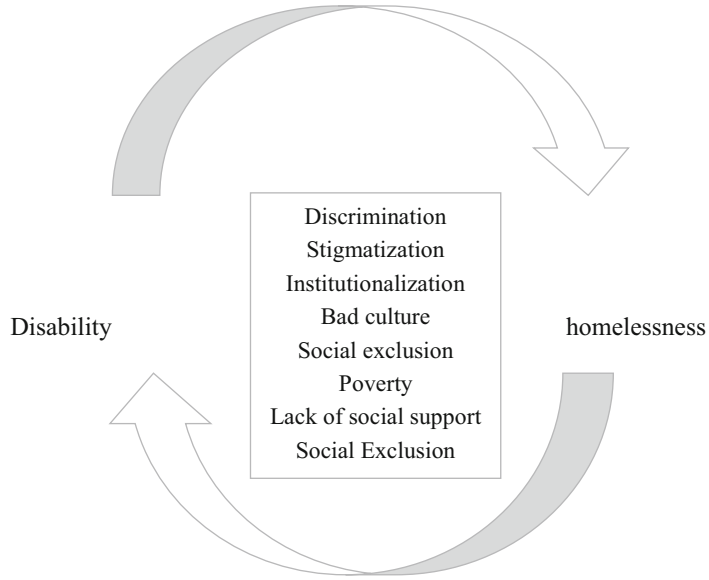


**Homelessness Among Persons with Disabilities in Urban Areas, Fig. 1** Homelessness and disability in a vicious cycle

homelessness in a vicious spiral, and homelessness in turn generates or exacerbates impairments and external obstacles. The cycle of events is seen in Fig. 1.

Owing to the prevalence of institutionalization, inequality in access to care, insufficient housing and social assistance, a shortage of accessible and affordable housing stock, and cheap rentals, people with disabilities are at increased risk of being homeless and socially excluded.

## Effects of Homelessness on Persons with Disabilities

It is difficult to underline the impact of homelessness on persons with disabilities. Homeless persons with disabilities face discrimination, stigmatization, health conditions and challenges in obtaining healthcare, criminalization, and social isolation and lose job rights while living on the streets (National Alliance to End Homelessness 2009; Opare 2018). Chamberlain and MacKenzie (2006) conclude that unemployment is a social limitation for homeless people and that the lack of sufficient income and services prevents homeless people from achieving adequate accommodation and caring for their basic needs and living their lives at risk of communicable diseases, malnutrition, poverty, and even death. Often, homeless persons with disabilities are faced with various health problems criteria. The challenges faced by the homeless in accessing healthcare are due to the geographical position of the health service, mental health, timely access, low esteem, stigma and prejudice, fear, denial, and turmoil of life, resulting in a high risk of morbidity (Opare 2018). With several economic limitations, the homeless are at a disadvantage and are unable to finance their healthcare because income would impair their ability to receive healthcare services. It is also difficult for the homeless to access health services and care in the geographical location of health services, especially when they have to travel long miles and there is a need for transport that they can barely afford (Opare 2018). In various contexts, homeless people face more prejudice, stigmatization, and discrimination, including jobs, housing, education, and even access to healthcare, and these are the characteristics of their poor health (Opare 2018). Studies often indicate the negative effects of stigmatization of the homeless due to their feelings of shame, self-denial, depression, and suicidal thoughts (Barry et al. 2014). Philippot et al. (2007) suggested that groups that are frequently marginalized and stigmatized elsewhere are vulnerable to homelessness.

In addition, homeless people are criminalized as temporary interventions. However this does not

address the problem of homelessness, since these imprisoned homeless people always go back to the streets after being detained for a brief period of time without housing or housing to return to. Such criminal convictions of minor offenses will subsequently act as a barrier that prevents the homeless from accessing jobs, housing, and public services, thus exacerbating the exit from homelessness. The constant cycling of the arrest of homeless people just to get them out to the street does not fix the homeless problem but instead uses the resources of the public to implement these measures instead of supplying homeless people with accommodation to keep them off the street (NLCHP 2014 cited in Opare 2018).

## Conclusion

Overall, it is concluded that there is a higher risk of homelessness in persons with disabilities than in the general population. Individuals with some types of disability (mental illness, leprosy, mobility deficiency, visual impairment, etc.) are more vulnerable to homelessness and may require additional housing assistance, which tends to be lacking in many low-income countries. In conclusion the author recognizes that while this entry highlights homelessness and its intersection with disability, it is worthy to note that discrimination in housing provision is often encountered by persons with disabilities, and the entry could have shed light on what provisions the CBR matrix makes for individuals with disabilities who are homelessness.

## References


Abu-Salia R, Osmannu IK, Ahmed A (2015) Coping with the challenges of urbanization in low-income areas: an analysis of the livelihood systems of slum dwellers of the Wa municipality, Ghana. Curr Urban Stud 3(02): 105–118

Africanews (2020) African countries applying lockdowns over COVID-19 spread. Available at: https://www.africanews.com/2020/03/30/african-countries-applyinglockdowns-over-covid-19-spread/. Accessed 8 Nov 2020

Agesa R, Kim S (2001) Rural to urban migration as household decision: evidence from Kenya. Rev Dev Econ 5: 60–75

Ajaero CK, Mozie AT (2011) The Agulu-Nanka gully erosion menace: what does the future hold for population at risk? (No. 15, pp. 72–79). Working Paper

Ajaero CK, Onokala PC (2013) The effects of rural-urban migration on rural communities of southeastern Nigeria. Int J Popul Res 2013(610193):1–10

Anadolu Agency (2020) COVID-19: homeless struggle in Ghana lockdown. Available at https://www.aa.com.tr/en/africa/covid-19-homeless-struggle-in-ghana-lockdown/1810151#

Anderson I, Christian J (2003) Causes of homelessness in the UK: a dynamic analysis. J Community Appl Soc Psychol 13:105–118

Asante OK (2015) Health and well-being of homeless youth in Ghana (Doctoral dissertation). University of kwazulu - natal

Assimeng M (1999) Social structure of Ghana: a study in persistence and change, 2nd edn. Ghana Publishing Corporation, Publishing Division Tema, Tema

Awumbila M, Ardayfio-Schandorf E (2008) Gendered poverty, migration and livelihood strategies of female porters in Accra, Ghana. Nor J Geogr 62(3): 171–179

Bahns MK (2005) Rural-to-urban migration in developing countries: The applicability of the Harris Todaro Model with a special focus on the Chinese economy (Doctoral dissertation). University of Konstanz

Barry CL, McGinty EE, Pescosolido BA, Goldman HH (2014) Stigma, discrimination, treatment effectiveness, and policy: public views about drug addiction and mental illness. Psychiatr Serv 65:1269–1272. https://doi.org/10.1176/appi.ps.201400140

Beer A, Faulkner D (2009) The housing careers of people with a disability and carers of people with a disability. AHURI research paper. Australian Housing and Urban Research Institute, Melbourne

Beer A, Baker E, Lester L, Daniel L (2019) The relative risk of homelessness among persons with a disability: new methods and policy insights. Int J Environ Res Public Health 16:4304. https://doi.org/10.3390/ijerph16224304

Boakye-Boaten A (2008) Street children: experiences from the streets of Accra. Res J Int Stud 8:76–84

Boydell KM, Goering P, Morrell-Bellai TL (2000) Narratives of identity: representation of self in people who are homeless. Qual Health Res 10:26–38

Bray JH (2010) Helping people without homes: the role of psychologists and recommendations to advance research, training, practice, and policy. Presidential Task Force on Psychology's Contribution to End Homelessness

Burt MR (1992) Over the edge: the growth of homelessness in the 1980s. Urban Institute Press, Washington, DC. Retrieved April 30, 2007, from the Urban Institute, publications orders, http://www.urban.org/publications/104602.html

Caton CLM, Dominguez B, Schanzer B, Hasin DS, Shrout PE, Felix A, McQuiston, Opler LA, Hsu E (2005) Risk factors for long-term homelessness: findings from a longitudinal study of first-time homeless single adults. Am J Public Health 95(10):1753–1759

Caton CLM, Wilkins C, Anderson J (2007) Characteristics and interventions for people who experience long-term homelessness. In: The 2007 national symposium on homelessness research. U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services, Washington, DC

Chamberlain C, MacKenzie D (2006) Homeless careers: a framework for intervention. Aust Soc Work 59(2): 198–212

Chamberlain C, Mackenzie D (2008) Counting the homeless, Australia 2006. Australian Bureau of Statistics, Commonwealth of Australia, Canberra

Didenko E, Pankratz N (2007) Substance use: pathways to homelessness? Or a way of adapting to street life? Hous Homelessness 4(1):9–10

Edgar B, Doherty J, Meert H (2004) Immigration and homelessness in Europe. The Policy Press, Bristol

Embleton L, Mwangi A, Vreeman R, Ayuku D, Braitstein P (2013) The epidemiology of substance use among street children in resource-constrained settings: a systematic review and meta-analysis. Addiction 108(10): 1722–1733

Ghana Statistical Service (2005) Population data analysis reports, volume 2; policy implications of population data trends. GSS, Accra

Guha-Sapir D, Parry L, Degomme O, Joshi P, Arnold J (2004) Risk factors for mortality and injury: post-tsunami epidemiological findings from Tamil Nadu. CRED-UNISDR Report, CRED, Brussels

Habitat International Coalition (2011) Global network for the right to habitat and social justice http://www.hic-gs.org/articles.php?pid=3814. Accessed 16 Nov 2020

Huchzermeyer M, Karam A (2006) Informal settlements: A perpetual challenge? UCT Press, Cape Town

Issifu AK (2015) An analysis of conflicts in Ghana: the case of Dagbon chieftaincy. J Pan Afr Stud 8(6): 28–44

Korboe D (2000) Social cost and benefits of "family-houses": some notes from Kumasi. J Centre Soc Policy Stud 1(1):1–68

Lee BA, Price-Spratlen T, Kanan JW (2003) Determinants of homelessness in metropolitan areas. J Urban Aff 25: 335–355

Lee B, Tyler K, Wright J (2010) The new homelessness revisited. Annu Rev Sociol 36:501–521

Majale M (2002) Towards pro-poor regulatory guidelines for urban upgrading. In: Regulatory guidelines for urban upgrading, Bourton-On-Dunsmore, Conference Held on May 17–18, 2001

McCatty M (2004) The process of rural-urban migration in developing countries. An Honours essay submitted to the Department of Economics, Carleton University, Ottawa

McCreary Centre Society (2002) Between the cracks: homeless youth in Vancouver. The Society of U.S. Conference of Mayors, Vancouver. A status report on hunger and homelessness in America's cities: 2006. Available for $15.00 from the U.S. Conference of Mayors, Washington, DC, 20006-4005, 202/293-7330

Meanwell E (2012) Experiencing homelessness: a review of recent literature. Sociol Compass 6(1):72–85

Minnery J, Greenhalgh E (2007) Approaches to homelessness policy in Europe, the United States, and Australia. J Soc Issues 63(3):641–655

Morgan AK (2020) Making COVID-19 prevention etiquette of social distancing a reality for the homeless and slum dwellers in Ghana: lessons for consideration. Local Environ 25(7):536–539

National Alliance to End Homelessness (2009) Testimony of Nan Roman at congressional briefing on ending family homelessness, December 2009; Nan Roman, The homelessness connection in health care. The Huffington Post, October 16, 2009. http://www.huffingtonpost.com/nan-roman/the-homelessness-connecti_b_324047.html. Accessed 16 Nov 2020

National Coalition for the Homeless (2008) Why people are homeless. http://nationalhomeless.org/publications/facts/Why.pdf. Accessed 20 Nov 2020

National Coalition for the Homeless (2009) Who is homeless? http://www.nationalhomeless.org/factsheets/who.html. Accessed 20 Nov 2020

NDPC (2006) Implementation of the growth and poverty reduction strategy (2006–2009): annual progress report, (2006). Government of Ghana, Accra

Novac S (2001) Women's health and homelessness: a review of the literature. In: Kappel Ramji Consulting Group (ed) Common occurrence: the impact of homelessness on women's health (appendix 2). Brown Books, Toronto

Opare B (2018) Life on the street: a study of the coping and survival strategies of homeless people in Tema community one. Unpublished master's thesis. Department of Sociology, University of Ghana, Legon

Philippot P, Lecocq C, Sempoux F, Nachtergael H, Galand B (2007) Psychological research on homelessness in Western Europe: a review from 1970 to 2001. J Soc Issues 63(3):483–504

Pleace N (2000) The new consensus, the old consensus and the provision of services for people sleeping rough. Hous Stud 15(4):581–594

Quigley JM, Raphael S, Smolensky E (2001) Homeless in America, homeless in California. Rev Econ Stat 83: 37–51

Shinn M (2007) International homelessness: policy, socio-cultural, and individual perspectives. J Soc Issues 63(6):657–677

Speak S, Tipple G (2006) Perceptions, persecution and pity: the limitations of interventions for homelessness in developing countries. Int J Urban Reg Res 30(1): 172–188

Springer S (2000) Homelessness: A proposal for a global definition and classification. Habitat Int 24(4):475–484

Stephens M, Fitzpatrick S (2007) Welfare regimes, housing systems and homelessness: how are they linked? Eur J Homelessness 1:201–212

The Annual Homelessness Assessment Report (AHAR) to Congress (2015). Part 1: Pointing-Time Estimates of Homelessness. The U.S. Department of Housing and Urban Development

Tibaijuka AK (2005) Report of the fact findings mission to Zimbabwe to assess the scope and impact of operation Murambatsvina by the UN special envoy on human

settlements issues in Zimbabwe. United Nations, New York, pp 1–100
Tipple G, Speak S (2004) Definitions of homelessness in developing countries. Habitat Int 29:337–352
Toro PA (2007) Toward an international understanding of homelessness. J Soc Issues 63(3):461–481
Toro PA, Sylvie L, Pierre P, Hilde N, Benoit G, Natascha S, Nadine S, Yanelia Y, Marc B, Linda M, Kate H (2007) Homelessness in Europe and the United States: a comparison of prevalence and public opinion. J Soc Sci 63(3):505–524
United Nations Human Rights Commission (2020) Covid-19 and the rights of persons with disabilities: guidance; human rights at the heart of response topics in focus. Available at https://www.ohchr.org/documents/issues/disability/covid19_and_the_rights_of_persons_with_disabilities.pdf
Ward CL, Seager JR (2010) South African street children: a survey and recommendations for services. Dev South Afr 27(1):85–100
Wenzel SL, Koegel P, Gelberg L (2000) Antecedents of physical and sexual victimization among homeless women: a comparison to men. Am J Community Psychol 28:367–390
Wong YLI (2013) Homelessness: addictions and substance use, human behavior, policy and advocacy, populations and practice settings, poverty. https://doi.org/10.1093/acrefore/9780199975839.013.182
Wright-Howie D (2003) Homelessness strategies in Australia: do they make a difference? Council to Homeless Persons, Victoria

# Homeschooling as Social Policy

Stephen M. King
Department of Government, History, and Criminal Justice, College of Arts and Sciences, Regent University, Virginia Beach, VA, USA

## Synonyms

Education; Home education; Public policy

## Definition

Homeschooling, or home education, is the education and training of school-age children, between ages 5 and 17, occurring in a nonpublic or registered private school setting.

## Introduction: Brief Overview of Homeschooling in the USA

Although it as old as education itself, homeschooling, as a formal, institutionalized means of educating children, began in the late 1970s, with only a few thousand adherents. By 2012; however, latest estimates calculate over 1.7 million children homeschooled (National Center for Education Statistics 2013). According to the US Department of Education, children between ages 5 and 17 who were homeschooled increased 61.8% or equivalent to 3.4% of the total number of elementary- and secondary-aged school children. After battling early on for educational, cultural, and legal legitimacy, homeschooling, particularly with the assistance of organized legal lobbying groups, such as the Homeschool Legal Defense Association (HSLDA 2016), can no longer be considered a fringe element of public school alternatives (Cooper and Sureau 2007). Given its meteoric rise and staying power, it is now a fully institutionalized alternative to public school education and an important contributor to education choice specifically and social policy broadly.

Many questions abound regarding homeschooling as social policy: What are the primary motivations or reasons for homeschooling? Are homeschooled students adequately prepared socially and civically? Is there sufficient state regulatory oversight of various homeschooling activities, including curriculum choice, testing, student development, and the like? What is the future of homeschool education? This essay will address these questions.

## What Are the Primary Motivations or Reasons for Homeschooling?

Homeschooling, or home education, recognizes the education and training of school-age children in a private setting. Why do nearly two million children homeschool in the USA today? Three primary explanations for engaging in homeschooling are religious identification, ideological affirmation, and pursuit of higher levels of student academic achievement. Several secondary explanations include parent educators provide an

active and positive role model for children, help develop a strong sense of efficacy for assisting children in learning, and help to provide strong and positive perceptions of life, and for African-American parent educators, especially, it is to protect their children from overt forms and displays of racism that often occur in public schools. These motivations or reasons are discussed in more detail.

First, beginning in the 1970s, the initial interest in homeschool education arose from a dedicated and sincere constituency, who were generally politically and ideologically conservative, largely evangelical Christian, predominantly white, and primarily middle to upper middle class (Gaither 2009). Living mostly in rural communities and the expanding suburbia, this demographic core believed strongly in the biblical mandate (e.g., Deuteronomy 6:7; Proverbs 22:6; Ephesians 6:4) to educate, train, and discipline their children at home, away from what they considered the negative influence of the institutionalized school system. Supporting this position was the fear by many in the fledging homeschool movement that public education was not only a failed system but was antagonistic to their core beliefs: faith in God, traditional family values, and solid pedagogy (Kunzman and Gaither 2013). Bolstering homeschool families' beliefs and practices, organizations, such as the nonprofit legal advocacy group, Homeschool Legal Defense Association (HSLDA), established by Michael Farris in 1983, have provided legal support and advice to homeschool families. HSLDA has successfully defended the rights of homeschool families in all 50 states to practice home education, largely unimpeded from allegedly onerous state regulations.

Second, homeschooling practices and constituent groups are becoming more diversified. Initially concerned with the lack of adequate rigor in the basic areas of education – reading, writing, and math skills – home educators have broadened their approach to include a variety of educational and pedagogical models, such as classical, service, and apprenticeship. Homeschool networks and cooperative groups of homeschool educators, primarily "stay-at-home moms," exploded during the 1990s and 2000s. These venues provided the opportunity for replication of institutionalized educational settings, dividing according to age, subject matter, or both. Larger homeschool gatherings appeared, such as state conventions, where curriculum vendors marketed and sold their wares, and workshops provided hands-on training for what and how to teach specialized subject areas, such as math and science, and how to address the demands of special needs children. These conventions oftentimes met in state capitols or other large cities.

Third, in addition to the growing diversity of pedagogy and curriculum is the demographic and social diversity of homeschool participants. Although recent evidence suggests that close to 75% of the total homeschool population is white, a growing percentage of African-American and Hispanic-American families are drawn to homeschooling. Homeschooling is no longer the domain of a select white, middle- to upper-middle-class clientele. Homeschooling among African-American families has increased to about 8% of the approximately two million K-12 homeschooled children in the USA (Ray 2015). Recent research strongly suggests that segments of the African-American community have grown extremely frustrated with the inability of public school systems, especially those in large cities, to address the educational needs of African-American students. Sizable numbers of African-Americans surveyed strongly approve of inventive options within the public arena, including use of tax credits, vouchers for use at private or parochial schools, and public charter schools. More recent surveys indicate a slow, steady movement toward nonpublic education venues, including private and homeschool options. The real question is "Why are African-American families slowly gravitating toward homeschooling?"

Like most Caucasian home educators, African-American parents desire better learning achievement results, provide religious and moral instruction than is provided in public school settings, customize each child's educational needs, and many more. Unlike Caucasian homeschool parents, African-American home educators are motivated to homeschool for what is termed "racial

protectionism," i.e., "to protect their children from the ill effects of school-related racism" (Mazama and Lundy 2012). In addition, African-American families who homeschool often use the venue to use specialized curriculum that emphasizes the historical importance of Afrocentric contributions in a wide variety of fields and endeavors. And regardless of race or ethnicity, the public school and homeschool community interaction and cooperation has increased across the USA. Greater cooperation enhances not only working toward improving educational achievement levels but in dispelling myths that homeschool students do not engage or socialize at a rate equal to their public school counterparts (Dahlquist et al. 2006).

## Are Homeschooled Students Adequately Prepared Socially and Civically?

A major criticism of homeschooling is the alleged ill-preparedness of children socially and civically. The argument is largely centered on the lack of social interaction and community development by homeschool families' children. Fundamental to public education is the environment created by interaction within not only the classroom but in social activities and events that initiate and develop socially engaged individuals. Home-educated families vigorously deny these allegations, contending that through cooperatives, social events, community engagement opportunities, clubs, and athletic events and associations, homeschool families have ample opportunities for enhancing socialization (Kunzman and Gaither 2013, 19). The long-term effects of the socialization of homeschool are realized in a number of ways including generational transfer of the homeschooling ethos, successful completion of higher education, and higher levels of political and civic knowledge.

Social interaction and community building for the homeschool family, however, is not limited to developing sound playground etiquette with the neighbor next door, but it also revolves around the need to identify and develop religious values. As mentioned earlier, this is also an important explanation for why homeschool families home educate in the first place, but it also helps explain a critical component of their religious ideological development: fostering cultural and civic engagement according to these highly developed and protected religious-cultural values.

Engaging in religious-oriented cooperatives, for example, is one way to enhance homeschool families' ability to counter the cultural challenges to not only their faith but to corresponding cultural and civic outgrowths of their faith, such as ideological and philosophical opposition to controversial policy issues such as abortion, same-sex marriage, transgenderism, and legalization of drugs.

Homeschool children often have strong sense of courage of conviction and a greater motivation to be politically and civically engaged, primarily because they have a more highly developed value structure than their non-homeschooled peers. Although some are critical of homeschooling not for encouraging and developing a sound, civic, and constitutional awareness (Ross 2010), others complement homeschooling for promoting sound principles and values of citizenship, nationhood, and democratic values (Arai 1999). Additional empirical evidence is required, though, to determine the impact of sustained civic and social contribution of homeschooling to the greater public good. If early evidence is any indication, the prospects for the future are encouraging.

## Is There Sufficient State Regulatory Oversight of Homeschooling?

This third question is critical to our discussion of homeschooling as social policy. In large part because homeschooling is a departure, some would say a radical departure, from the institutionalized educational process, it should require greater governmental oversight. Ironically, though, this freedom from government regulation is a particularly important reason for pursuit of homeschooling. In this third section, the role and function of the Homeschool Legal Defense Association (HSLDA) in securing and protecting the legal right to homeschool is examined; voices and arguments for regulation of homeschool practice

are critiqued; and, lastly, general conclusions and implications for homeschooling are provided.

Homeschooling is no longer a fledging movement, but an institutionalized and highly successful example of teaching and training children in the confines of their homes. Homeschooling has a strong political and social base, both here (Cooper and Sureau 2007) and in other countries, such as Canada (Basham et al. 2007). The question becomes how effective is its legal standing. The short answer is very well; the long answer is a bit more complex.

To date the US Supreme Court has not weighed in on the constitutionality of homeschooling. Certainly First Amendment's free exercise clause claims have been made declaring the right of parents to withdraw their children from public schools (e.g., *Pierce v. Society of Sisters; Wisconsin v. Yoder*), whereas the Fourteenth Amendment's due process clause has long recognized the right of parents to raise their children (Gaither 2009; Kunzman and Gaither 2013). Still, even with the lack of constitutional declaration, homeschool advocacy organizations, such as the HSLDA, continue to pursue all legal avenues to remove state restrictions regarding parental pursuit of homeschooling.

The HSLDA, which was founded in 1983, aimed to defend and protect the legal, if not constitutional, right of parents to be the sole authority and overseer of their children's education. Over the last 30 years, the HSLDA has litigated, counseled, lobbied, and otherwise legally defended the right of homeschool parents to educate their children unhindered by state opposition. State resistance was strong in the beginning, but after several victories in the 1990s and early 2000s, HSLDA solidified their standing as the primary legal pro-homeschool defense organization, promoting their philosophical vision of the state, and public schools, as the enemy of freedom, rather than the promoter of the common good: which is described as the well-rounded education of society's children (Gaither 2009; Kunzman and Gaither 2013).

According to HSLDA, the US states are divided into four categories of regulation: "no regulation," "low regulation," "moderate regulation," and "high regulation." These regulatory categorizations, although broad and somewhat vague, reflect levels of state requirements for monitoring and regulating home education. These levels range from no notification to the state or local school district required on the part of the parent that they intend to homeschool to extensive oversight of homeschool families, including curriculum approval, teacher qualifications for parents, or even home visits by state education officials.

As of 2014 HSLDA reported 11 states have no regulation for parents to initiate contact with state or local officials their intention to homeschool (i.e., Alaska, Idaho, Texas, Oklahoma, Missouri, Iowa, Illinois, Indiana, Michigan, Connecticut, and New Jersey); 15 states only require parental notification, usually in writing (i.e., California, Nevada, Utah, Arizona, New Mexico, Kansas, Nebraska, Wyoming, Montana, Wisconsin, Kentucky, Mississippi, Alabama, Georgia, and Delaware); 19 states require parents to send written notification, submit test scores, and/or validate professional evaluation of student progress, particularly if the primary educator does not have a certified teacher license or a formal education (i.e., Washington, Oregon, Colorado, North Dakota, South Dakota, Minnesota, Arkansas, Louisiana, Tennessee, Florida, North Carolina, South Carolina, Virginia, West Virginia, Ohio, Washington DC, Maryland, New Hampshire, and Maine); and 5 states require all of the preceding requirements and require an in-home visit by a state education official (i.e., Pennsylvania, New York, Vermont, Rhode Island, and Massachusetts).

Since 2011, HSLDA has successfully fended off attempts by various states to further restrict the opportunity of parents to homeschool. This ranged from New Jersey, Pennsylvania, Michigan, and Ohio's failed attempts to pass legal protections for "at risk children," effectively requiring parents to seek and gain approval from the state before homeschooling children that the state deemed as "at risk," such as abused or neglected, to Iowa's attempt to restore state oversight regarding notification and assessment requirements (www.hslda.org/laws). Too often HSLDA is viewed as critical of any type of contact, positive or otherwise, with states and local

school districts. However, this is simply not true. As of 2016, for example, one important regulatory area that is embraced by both HSLDA and most states (e.g., 43 as of April 2016) is the participation of homeschool students in public school organizations, clubs, and activities, such as band, chorale, and sports. These joint partnerships between homeschool families, cooperatives, and other homeschool organizations and public schools are indicative of (a) the intentionality of both homeschool advocates and public school organizations and officials to initiate meaningful community and (b) the continuation of both parties to meet common ground, whether it is culturally or academically.

Still, there are important arguments to consider, both philosophical and policy oriented, which argue against lifting all forms of regulatory oversight of homeschooling. One of the primary voices is Rob Reich, a professor of political science, Stanford University. Reich makes compelling philosophical and policy arguments in favor of a tripartite responsibility for a child's education: the child, the parent, and the state (Reich 2008).

First, Reich argues there is a threefold relationship between philosophy and public policy: (1) political theory provides for element of policy prescription; (2) political theory limits range of "permissible policies" in a liberal democratic state; and (3) political theory generates values that "structure the democratic process," which ultimately leads to implementation of public policy (2008, 19). Some form of state regulation of homeschooling is appropriate when it is defending and promoting, for example, the rights of parents to homeschool, the "independent voice of the child" (i.e., what are her interests, particularly the older the child is) not to be homeschooled, and the authority and responsibility of the state to ensure that the right of education is guaranteed for all, thus advancing the common good. Thus, for Reich it is inappropriate from a liberal democratic position to permit little to no regulation of homeschooling, assuming that the parents' interests are solely for the defense, safety, and security of their child and not for the betterment of society, for which education is a critical element.

Second, Reich disagrees with the analogy between the state's regulatory position over education and parental authority over their children's welfare. Some critics, such as Perry Glanzer, contend that Reich (1) "places an unjustified burden on the parents to show adequacy of homeschooling arrangements" and (2) that he "...underestimates the state's tendency to use regulation to weaken the civil society essential for liberal democracy" (Glanzer 2008, 1). Reich disagrees. It is not that the state trumps or supersedes parental authority and oversight of the child's welfare, but when it comes to education, which has a compelling civic and social impact and outcome, the state's authority is different. The state's authority and thus regulatory oversight is necessary because for Reich, unlike homeschool parents, education is a privilege, not a right.

Others, such as Robert Kunzman (2009), seek a balanced regulatory framework: one "...that strives to balance principle and practicality, and that seeks to accommodate diverse beliefs about the purposes of education while protecting the basic interests of children..." (323). For this balance to work, three conditions are required from formulating to implementing homeschool regulatory policy: (1) recognize that vital interests of the children are at stake; (2) general consensus is necessary for defining and meeting these "vital interests"; and (3) there must be "effective ways to measure the criteria" (324). This would be extremely difficult, if not impossible; however, in the US' federal system of governance. To date most education policy is conducted at the state level, and so to bring about the conditions Kunzman iterates would require substantial cooperation between all three levels of government. Based on recent history regarding disjointed governmental cooperation of educational policy, i.e., *No Child Left Behind*, future prospects do not look good.

## Conclusion

Homeschooling, dormant in the USA from the early 1920s through the 1960s, reemerged in the 1970s, primarily as both an ideological and pedagogical alternative to the traditional

institutionalized public school system. In addition, homeschooling parents, who in the beginning were largely Caucasian, conservative, and Christian, embraced homeschooling as a critical opportunity to protect and care for their children's well-being, something the vast majority did not believe the public school system did.

Today, homeschooling is more diverse, embracing families from various racial and ethnic backgrounds, including African and Hispanic-Americans, while at the same time broadening its appeal geographically, ranging from rural Southern states to urban and suburban New England states. Homeschooling has staunch advocates in all 50 states, especially state legislative assemblies and governors' offices. State legislation is being passed in almost all 50 states that enhance the appeal of homeschooling, including lessening requirements for parental certification of teaching merit to promoting partnerships and innovative relationships between homeschool parents, cooperatives, and other organizations and the public school systems. These partnerships bridge the divide once found in sports, arts, and music and other organizational opportunities where homeschool students can now interact with their public school peers.

Legal advocacy organizations, such as Homeschool Legal Defense Association (HSLDA), defend the privilege (and/or right) of parents to homeschool. With membership nearing the 100,000 mark, and a long list of successful court cases that protect the right of homeschool families and students to pursue homeschooling as a legitimate public school alternative in its wake, HSLDA continues to pressure state governments not to pass laws and regulations that inhibit this right.

By 2000, the first Christian liberal arts university, which primarily targeted toward homeschool students, opened. Today, 16 years later, Patrick Henry College (PHC) boasts an enrollment nearing 500 full-time residential students, with numerous programs and majors. Situated in Loudon Country, only 50 miles from downtown DC, PHC boasts several majors, such as prelaw, government, public policy, strategic intelligence, and political journalism, whose students intern, study, and research in governmental and political agencies and organizations, demonstrating their academic and vocational strengths and acumen.

Homeschooling is a vital and contributing element in today's social and educational policy milieu. It will continue to grow and strengthen as public perception of the US public school system continues to deteriorate. Regulatory oversight will continue to be a contentious subject. Balance between extreme oversight and complete laxity of the state toward homeschooling is critical. Some type of middle-ground approach is necessary, one that balances the rights and privileges of the homeschool family and child with the state's responsibility to pursue the common good for all of its citizens.

## Cross-References

▶ K-12 Education as Social Policy
▶ Politics and Public Policy

## References

Arai AB (1999) Homeschooling and the redefinition of citizenship. Educ Policy Anal Arch 7:27

Basham P, Merrified J, Hepburn CR (2007) Home schooling: From the extreme to the mainstream. The Fraser Institute, Vancouver

Cooper BS, Sureau J (2007) The politics of homeschooling: new developments, new challenges. Educ Policy 21(1):110–131

Dahlquist KL, York-Barr J, Hendel DD (2006) The choice to home school: home educator perspectives and school district options. J School Leadersh 16:354–385

Gaither M (2009) Homeschooling in the USA: past, present and future. Theory Res Educ 7(3):331–346

Glanzer P (2008) Rethinking the boundaries and burdens of parental authority: a response to Rob Reich's case study of homeschooling. Educ Theory 58(1):1–16

Homeschool Legal Defense Association (2016). www.hslda.org

Kunzman R (2009) Understanding homeschooling: a better approach to regulation. Theory Res Educ 7(3):311–330

Kunzman R, Gaither M (2013) Homeschooling: a comprehensive survey of the research. Other Education 2(1): 4–59

Mazama A, Lundy G (2012) African American homeschooling as racial protectionism. J Black Stud 43(7): 723–748

National Center for Education Statistics (2013). www.nces.ed.gov

Ray B (2015) African American home school parents' motivations for homeschooling and their black children's academic achievement. J Sch Choice 9:71–96

Reich R (2008) On regulating homeschooling: a reply to Glanzer. Educ Theory 58(1):17–23
Ross CJ (2010) Fundamentalist challenges to core democratic values: exit and homeschooling. William Mary Bill Rights J 18(4):2012–2104

## Horizontal Accountability to Prevent Corruption

Nurul Huda Sakib
Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

### Synonyms

Outwards accountability; Parallel accountability; Uniform accountability

### Defining Horizontal Accountability

Horizontal accountability contrast with traditional vertical accountability system where *the accountee is not hierarchically superior to the accounter* (Schillemans 2011). It may alternatively be understood as a form of accountability to third parties. For semiautonomous agencies, independent evaluators, boards of stakeholders or commissioners, journalists, interest groups, and clients can all act as horizontal accountees. In other words, remain accountable to similar status authority. The word "outwards" is key to understand the notion because it infers the accountability of two or more separate, independent authority, where both is under surveillance by each authority (Mulgan 2003). For example, the performance of the election commission accountability can be monitored by judiciary or parliament.

### From Vertical to Horizontal Accountability

Accountability often regarded as "buzzword of the modern era" because of unclear meaning and diversity of the terminology (Mulgan 2003). In simplest term, accountability is a method of keeping citizens informed and authority in check doing misconduct (Aldons 2001). In political science words like transparency, equity, democracy, efficiency, responsiveness, responsibility, integrity, and so on are simultaneously used as synonyms to accountability (Schillemans 2011). There are two ways accountability works: vertical and horizontal accountability (Fig. 1). Vertical accountability denotes a more traditional form of meaning where someone at upper position demands accountability to his subordinates. It is a kind of principal-agent relationship where the principal always asks for the answer to his agents. For example, in a democratic system people (principle) elect a political party (agent) to govern for a period. If they are not satisfied with the government, they withdraw them from power either by the ballot box or demanding resignation or punishment (Head et al. 2016). However, these conventional vertical mechanisms have been criticized by many for limited success holding officials less accountable. The problem is lying within the agency (party in power) as they abuse power, involved in wrongdoing.

Pope (2000) argued that the trajectory of vertical accountability itself proved too inadequate throughout history. There is always a big difference between the party in power and remaining in opposition. In most cases, especially in developing countries, political parties came to power with a lot of promises. But on many occasions, they failed to keep those promises and fear of losing the election. Therefore, they create a system of patronage to reelect. Within the system, they misappropriated or stole public funds. Bureaucratic class (who remain isolated from the public) on the other hand routinely demand bribes and create a nexus with the political and business class. They together control public contracts and public posts, involved in unfair recruitment. Even in some countries, despite political pressing effective reforms does not sustain due to rigid bureaucratic practice. Therefore, public services may be poorly delivered (Pope 2000).

Limitations of holding public officials accountable in "vertical accountability" form pioneered by O'Donnell (1998) who argued that any

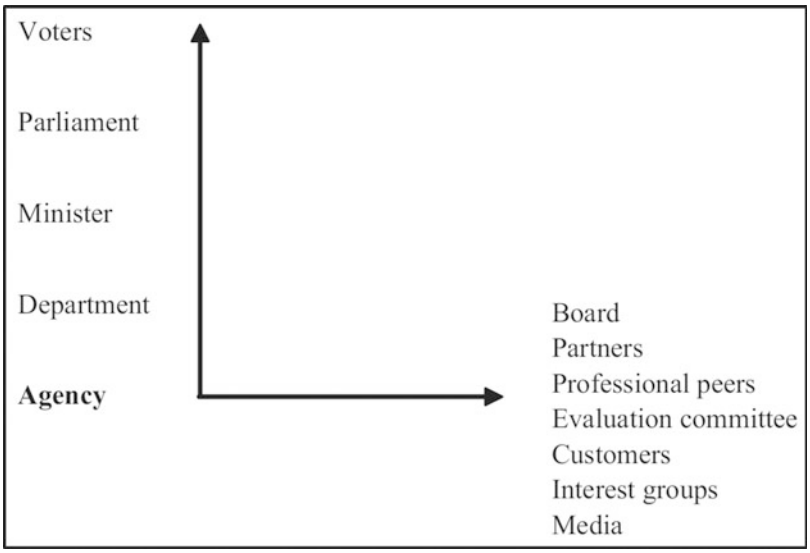


**Horizontal Accountability to Prevent Corruption, Fig. 1** Vertical and horizontal lines of accountability. (Source: Schillemans 2011, p. 391)

unlawful activities by any state agencies or agent can be routinely oversight by other state agencies. Therefore, these agencies need to be legally enabled and empowered. His concept can be traced down the as effective separation of power; where "the diverse agencies of government would be unable to defend their autonomy against encroachment" (Kenney 2003, p. 5). Although O'Donnell broadly focuses on the scope of the horizontal accountability to state agencies. Nowadays, non-state actors like media, trade union, political party, business peak associations, mass social movements, and so on are also a crucial part of horizontal accountability. According to Schmitter (1999, p. 60) who portrays the importance of non-state actors in horizontal accountability that "not only denounce the infractions of officials but even bring appropriate sanctions to bear on them."

## National Integrity Systems as Horizontal Accountability Model to Prevent Corruption

The notion of horizontal accountability in contemporary time acknowledges by many researchers and practitioners. Their main attempt is to ensure good governance in a democratic system. The National Integrity Systems (NIS) is one of such models that was developed in the 1990s by Jeremy Pope, who as the co-founder of Transparency International (TI) introduced it as a system of "horizontal accountability." Thus, Pope favored "horizontal accountability" and introduced the NIS to elaborate on this concept. Under the system of "horizontal accountability," the organs of the government and indicators of governance are the key indicators that Pope called "pillars." The NIS is different from conventional vertical accountability systems because each pillar is interlocking with each other in a "virtuous circle." Each "pillar" is "both watcher and is watched, is both a monitor and is monitored" (Pope 2000) (Fig. 2). Pope's NIS framework may best be described by the following diagram, which is commonly called the "Greek Temple."

The NIS framework adapted from Pope indicates that all the institutions side by side is accountable to each other in a certain way. For example, the role of the watchdog agencies is to focus on corruption in all the sectors. The role of civil society or media, on the other hand, is to criticize those efforts if they are not doing their jobs. Similarly, the judiciary or legislature controls civil society or media so that they might not be biased. The temple rests on foundations comprises of public awareness and social values. At the roof, there are three balls – sustainable development, the rule of law, and quality of life –

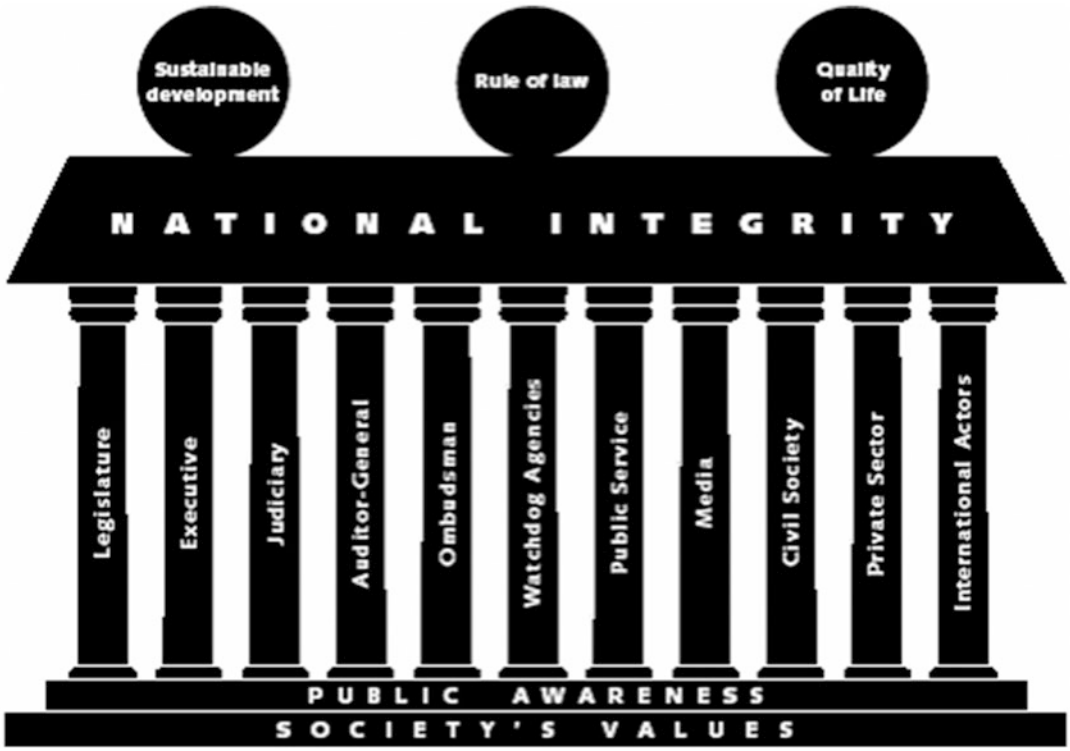


**Horizontal Accountability to Prevent Corruption, Fig. 2** Institutional pillars of the NIS framework "Greek Temple." (Source: Pope 2000, p. 35)

indicating that all the pillars should remain level with each other so that these balls can stay static (Head et al. 2016; Pope 2000). The pillars of the framework may differ from culture to culture. However, the common integrity pillars that have been present in most of the countries and they follow particular "rules and practices," which suggest their strength and weakness (Table 1).

The main goal of implementing the NIS framework is to make corrupt practices "high risk" rather than "low risk." It is not likely that all the pillars may function all the time properly. However, maintaining checks and balance through this integrity framework corruption may be reduced. Recently TI has attempted a holistic diagnosis of the anti-corruption system in a country focusing three indicators for each pillar: "(1) their overall capacity, (2) their internal governance systems and procedures, and (3) their role in the overall integrity system" (Brown and Heinrich 2017). TI now assesses over 100 countries using NIS assessment tools and provides key reform suggestions based on the results of its assessments.

The NIS approach has been criticized by scholars and practitioners. Heywood and Johnson (2017) identified several problems: (1) the institutional approach underpinning the NIS methodology is too narrow; (2) the NIS does not focus on cultural distinctiveness; (3) it has an incorrect conceptualization and articulation of "integrity," and (4) it has an overemphasis on compliance-based approaches to combating corruption at the expense of the positive promotion of integrity. They argued that a more effective NIS needed greater recognition of specific cultural challenges and national legacies with effective reforms. These recent criticisms extended earlier critiques. One of the biggest criticisms of the NIS has been that it is more normative than practical. The NIS depends on multiple institutions and laws in balance to achieve integrity, which is difficult to achieve and assess in the real world (Head et al.

**Horizontal Accountability to Prevent Corruption, Table 1** Common NIS pillars and their "rules and practices"

| Institutional pillars | Corresponding core rules/ practices |
|---|---|
| Executive | Conflict of interest rules |
| Parliament | Fair elections |
| Public Accounts Committee (of the legislature) | Power to questions senior officials |
| Auditor general | Public reporting |
| Public service | Public service ethics |
| Judiciary | Independence |
| Media | Access to information |
| Civil society | Freedom of speech and assembly |
| Ombudsman | Records management |
| Anti-corruption/ watchdog agencies | Enforceable and enforced laws |
| Private sector | Competition policy, including public procurement rules |
| International community | Effective mutual legal/ judicial assistance |

Source: Head et al. (2016, p. 27)

2016). Another criticism of NIS concerns its applicability outside developed democratic countries (Brown and Heinrich 2017). Applying the NIS to Lithuania, for example, Doig (2006) argued that translating the general NIS model into practice was extremely difficult and required considerable local expertise and adaptation.

Sampford, Smith, and Brown (2005, p. 98) are comfortable to mention the process as "mutual accountability" because horizontal accountability rarely visible among integrity agencies because "an equality of legal and/or political power between institutions that is typically absent. 'Mutuality' also allows for aspects of accountability based less on formal powers and assessments and more on subtle watching and advising." They focused on another model of promoting integrity they called the "bird's nest." Criticizing the NIS, they argued that integrity does not break down or become weak as a failure of a single pillar. Because all the government institutions or agencies in the integrity system are like interlocking twigs in a nest-like structure, the weakness of one twig may not have a significant impact (Sampford et al. 2005).

However, Doig and McIvor (2003) showed that the NIS approach could work in practice in their research on 18 countries around the world. They thought that the NIS approach was very important because it offered an effective qualitative approach to measure the pillars regularly and provided an assessment of the weakness and strengths of the different pillars. The advantage of such a systematic, cohesive, and coherent NIS framework is to help donors and countries to develop a national plan (Head et al. 2016). Similarly, Hubert's evaluation of seven world cities suggests that the main integrity pillars of Pope's model were present in all of them and that the institutions in those cities are maintaining a balance between them to promoting integrity (Huberts et al. 2008). These results suggest the importance of all the pillars to combat corruption and suggest that there is a need for mutual reinforming to combat corruption from all its pillars.

## Can Horizontal Accountability Be Effective in Developing Countries to Prevent Corruption?

Depicting the NIS model of horizontal accountability and the concept of horizontal accountability itself raised the ultimate question of effectiveness to ensure good governance and reduce corruption in developing countries. It is a difficult task for countries with low Corruption Perception Index (CPI) and fragile governance to ensure as O'Donnell (1998) argued that the state agencies should have "the capacity, autonomy and willingness to control, redress and/or sanction actions or omissions of other state agencies that are unlawful" (Ankamah 2016, p. 291). In developing countries, these practices are myth rather than reality. Because corrupt syndicate in developing countries create a nexus with the entire system and issues like autonomy, sanction and so on hardly visible.

In general, there are funding limitations to enforce capacity and sanction (Ackerman 2004).

Therefore, supporting Kenney (2003) statement (Ankamah 2016, p. 291) also agrees that "accountability without the capacity to sanction where public officials are found to have committed misconduct is indeed a diminished form of accountability." Also, Schillemans (2011) contended that accountability practice is more important than accountability mechanism because in many countries public agencies are not obliged to provide accounts in front of interest groups or mass media. Therefore, NIS model of horizontal accountability discussed here largely to be failed in developing countries due to lack of accountability practice. Many developing countries already have an accountability mechanism to hold public officials accountable. But they do not have the practice to deliver such an accountability framework. There are many issues, e.g., biased media and civil society, the threat of killing, and so on.

Another serious problem in developing countries is the institutional weakness within the integrity pillars. Drawing developing countries example while investigating Bangladesh's national integrity strategy pillar assessment Sakib (2018) found that pillars, like local government, election commission, anti-corruption commission, executives, judiciary, parliament and political parties, are in a fragile condition due to corruption within the pillars, coordination problem, skills, political will, and so on. There are many incidents in Bangladesh the ACC faced coordination problem with auditor office. Thus, countries like Bangladesh and other developing countries must maintain horizontal accountability while most of the integrity agencies lack integrity. Therefore, O'Donnell's (1998, p. 123) recommendations ensuring "highly professionalized, adequately and independently endowed with resources, and insulated from political interference" is unlikely in developing countries.

## Conclusion

Horizontal accountability might fit in developed countries context as Western counties have better governance, democratic practice, rule of law, separation of power, and effective sanctions. However, in developing countries, these facts remain paper only. Therefore, the underline fact of horizontal accountably suggests that it is difficult to maintain horizontal accountability unless both vertical electoral (core pillars) horizontal mechanism both make "fire alarm." Therefore, the active involvement of civil society and the media is critical. Also, there is the urgency of social accountability which might work side by side with horizontal accentuality Ankamah (2016). The rise of social networking now become a tool to make the relationship between horizontal and social accountability, where active citizens can easily draw the attention of media, civil society and the government to ensure good governance.

H

## Cross-References

► Accountability

## References

Ackerman J (2004) Co-governance for accountability: beyond "exit" and "voice". World Dev 32(3):447–463

Aldons M (2001) Responsible, representative and accountable government. Aust J Public Adm 60(1):34–42. https://doi.org/10.1111/1467-8500.00196

Ankamah S (2016) Toward a framework of improving horizontal and social accountability mechanisms. Asian Educ Dev Stud 5(3):288–304. https://doi.org/10.1108/AEDS-09-2015-0043

Brown A, Heinrich F (2017) National Integrity Systems – an evolving approach to anti-corruption policy evaluation. Crime Law Soc Chang 68(3):283–292

Doig A (2006) Not as easy as it sounds? Delivering the National Integrity System approach in practice – The case study of the national anti-corruption programme in Lithuania. Public Admin Quart 30(3/4):273–313

Doig A, McIvor S (2003) The National Integrity System: assessing corruption and reform. Public Adm Dev 23(4):317–332

Head B, Brown A, Connors C (2016) Promoting integrity: evaluating and improving public institutions. Routledge, London

Heywood PM, Johnson E (2017) Cultural specificity versus institutional universalism: a critique of the National Integrity System (NIS) methodology. Crime Law Soc Chang 68(3):309–324

Huberts L, Anechiarico F, Six F (eds) (2008) Local integrity systems: world cities fighting corruption and

safeguarding integrity. BJu Legal Publishers, The Hague
Kenney C (2003) Horizontal accountability: concepts and conflicts. In: Democratic accountability in Latin America. Oxford University Press, Oxford. https://doi.org/10.1093/0199256373.003.0003
Mulgan R (2003) Holding power to account accountability in modern democracies. Palgrave Macmillan, Basingstoke
O'Donnell G (1998) Horizontal accountability in new democracies. J Democr 9(3):112–126. https://doi.org/10.1353/jod.1998.0051
Pope J (2000) Confronting corruption: the elements of a National Integrity System. Transparency International, Berlin
Sakib N (2018) Anti-corruption efforts in Bangladesh. University of Sydney, Sydney
Sampford C, Smith R, Brown A (2005) From Greek Temple to bird's nest: towards a theory of coherence and mutual accountability for National Integrity Systems. Aust J Public Adm 64(2):96–108. https://doi.org/10.1111/j.1467-8500.2005.00445.x
Schillemans T (2011) Does horizontal accountability work? Evaluating potential remedies for the accountability deficit of agencies. Adm Soc 43(4):387–416. https://doi.org/10.1177/0095399711412931
Schmitter P (1999) The limits of horizontal accountability. In: Schedler A, Diamond L, Plattner MF (eds) The self-restraining state: power and accountability in new democracies. Lynne Rienner Publishers, Boulder, pp 59–62

# Hospice, Race, and End-of-Life Planning

Chester A. Robinson
Department of Public Policy and Administration, Jackson State University, Jackson, MS, USA

## Synonyms

Advanced directives; End-of-life care decisions; Health disparities; Hospice

## Definition

Making end-of-life care decisions in advance is intended to improve the quality of life for patients during their final months or days before death. It also helps to assure that a person's care wishes are adhered to as well as reduce the cost of high technology and medical services. The accumulative research has shown that African-Americans are less likely to make these decisions in advance than white Americans. Factors contributing to this difference include religious or cultural considerations, lack of awareness, differences in the availability of health care, and a lack of trust in a white-dominated medical system.

The literature is replete with evidence identifying significant disparities between African-Americans and whites in using end-of-life planning mechanisms. This assessment extends across a broad spectrum of end-of-life care planning. Examples cover a continuum of both legal and personal health-care mechanisms to help a dying person "settle their affairs": advance directives, medical power of attorney, palliative care, hospice care, euthanasia (in the state of Oregon), various public policies designed to give the dying person a "Bill of Rights," and others.

## Introduction

Dying is one of the few events in life that is certain to occur, but for which we rarely plan. End-of-life care planning involves a process of communication between an individual, his or her family members, and health-care providers to ensure that care is consistent with the individual's treatment preferences and values. This planning process typically results in written instructions, including advanced directives, wills, or other legal procedures to be executed by a competent individual in the event the person becomes incapacitated. It also includes services such as palliative care, hospice, euthanasia, and others. At the societal level, public policies have been instituted to enhance individual decision-making, such as the dying person's "Bill of Rights." Although individuals usually have ample opportunity to express their wishes before death, these wishes are left unspoken for 70% of Americans (Hilliard et al. 2013).

For individuals who engage in a meaningful discussion about the dying process, it quickly highlights how death typically occurs in a modern

society and the choices for how end-of-life care is provided. Over the last seven decades, there has been a shift from the typical death being located at home to a hospital. In the 1940s, most Americans still died at home. In 1949, only 40% of persons older than 65 years of age died in the hospital. But over the next several decades, as the hospital increasingly monopolized acute care delivery and its reputation for curative care soared, the trend toward hospital death accelerated. By the 1970s and early 1980s, more than half of US deaths occurred in hospitals, and the proportion occurring at home dropped to 15% (Rothman 2014). Moreover, given the success of modern medicine and treatments, the cause of death is now most often the culmination of years with chronic illness, such as dementia, congestive heart failure, or cancer. Most people dying from these causes often suffer debilitating symptoms, delirium, or severe pain in the process.

This shift in how and where we die has caused increasing concern about the traditional medical "problem-cure" model of providing care. This model often falls short of following consumer perceptions of quality and personal preferences in end-of-life care. As a result, concerns have been raised reflecting notions of "good" and "bad" deaths which are threaded throughout discussions about dying and death. These two concepts are not fixed in meaning but rather are shaped by people's experience, spiritual beliefs, culture, social mores, technology, and available options for dying. According to the US Institute of Medicine, a good death is characterized by "one that is free from avoidable distress and suffering for patients, families, and caregivers. In general, services are provided in accord with patients' and families' wishes, and are reasonably consistent with clinical, cultural, and ethical standards. Conversely, a bad death is characterized by needless suffering, lack of sensitivity for patient or family wishes or values. Fundamentally, it involves a sense among participants or observers that norms of decency have been offended" (Institute of Medicine 1997, p. 4).

Promoting earlier end-of-life care planning and decision-making has become an important societal goal in all modern nations. Making a decision to forgo or to sustain life with artificial treatment is a complex process that brings various individual, economic, educational, social, and cultural traits into play. While the preponderance of studies indicates that it would be improper to consider cultural, religious, and demographic elements as predictors of behavior, they do hold them as critical to having a full understanding of their influence in decision-making at life's end. Studies that focus on racial/ethnic differences in end-of-life care planning are significant because who we are and our perception of a "good death" are the products of generations of core religious beliefs, culture, and a variety of socioeconomic factors. These broad contextual influences have a significant impact upon an individual's end-of life care decision-making.

## Alternative Explanations for Differences in End-of-Life Planning

Studies involving culturally diverse patient's responses to end-of-life care planning began to appear in the 1990s. They have consistently demonstrated that there are significant disparities in planning and how and where we die among population groups. These differences persist despite extensive efforts to provide information and greater access to end-of-life planning options. Some insights on why these differences persist are revealed in a 2013 PEW Research Center survey. This survey demonstrated that African-Americans differed from non-Hispanic whites in their willingness to complete advance directives and their desires about life-sustaining treatment. Both earlier and recent studies have found that significantly more African-Americans and Hispanics want their doctors to keep them alive regardless of how ill they are, while more whites agreed to stop life-prolonging treatment under some circumstances. These survey results suggest that a common notion of a good death that could provide structure for end-of-life care is lacking, particularly for African-Americans. Invariably, we are lacking a comprehensive understanding about how the concept of a good death might

vary across relevant populations or different cultures (Wicher and Meeker 2012).

### Demographic Differences

There is a preponderance of scholarship documenting the extent of health disparities in the USA and the contributing demographic factors. Differences in end-of-life care decisions are well documented in income, education, environmental and economic conditions, health behaviors, lifestyle patterns, access to care, as well as differences in the levels of quality care received. Disparities have also been observed by geographic location, age, gender, and disability status (Atrash and Hunter 2006). A common linking thread behind these disparities is that US minority groups experience poorer access to medical care and services than their white counterparts. For example, even after adjusting for socioeconomic status and access-related indicators, African-Americans are less likely than whites to have primary care providers. Although previous research has shown that these factors create real barriers to care and services, they do not tell the whole story (Welch et al. 2005). These studies offer descriptive explanations which are useful but fail to provide insights for the underlying causes. In many instances, we are left with suppositions about religious, cultural, and socioeconomic differences.

### Consumer Education Explanations

The literature indicates that there are historical and present-day challenges in consumer education that limit the effectiveness of various initiatives in reaching all population groups equally. There is considerable anecdotal evidence supporting the conclusion that working-class people, who constitute the majority of African-Americans, feel more uncomfortable and less prepared in dealing with middle- and upper-status professionals than they do in dealing with persons of equal status. Moreover, poor people, as a class, frequently mistrust traditional bureaucratic institutions that have "mistreated" them or lack confidence in their ability to communicate their concerns and problems in terms understood by doctors (Smith and Jennings 1997).

To illustrate this consumer education challenge, in May 2006, Caring Connections, of the **National Hospice and Palliative Care Organization** (NHPCO), conducted two African-American end-of-life focus groups in St. Louis, Missouri. Group participants discussed their general feelings and issues regarding end-of-life thinking and planning. Most participants were unaware of the true meaning of advance planning, using it interchangeably with end-of-life care, which they connected with life insurance and funeral planning. Many misinterpreted the materials they were given and thought that advance medical care planning referred to an agency or organization where all advance directives are stored. It was noted that there was significant distrust in the focus groups that even if preferences are specified in writing, the medical professional in charge would not honor them (African American Outreach Guide 2008).

### Mistrust Explanations

A number of studies highlight explanations of prior discrimination or abuse to explain differences in end-of-life care planning. Many African-Americans remember the days of segregation, Jim Crow laws, and violence toward their people. And many African-Americans are deeply distrustful of the government and the health-care system, a distrust that is rooted in both historical and present-day experiences. For example, the Tuskegee syphilis experiment was an infamous clinical study conducted between 1932 and 1972 by the US Public Health Service to study the natural progression of untreated syphilis in rural African-American men in Alabama. They were told that they were receiving free health care from the US government while purposely left untreated. Similarly, there is the case of Henrietta Lacks (August 1, 1920–October 4, 1951), an African-American woman who was the unwitting source of cells from her cancerous tumor which were cultured to create the first known human immortal cell line for medical research. This is now known as the HeLa cell line.

### Explanations of Religion and Cultural Beliefs

A number of studies indicate that religious beliefs have a significant influence on African-American decisions and practices during the end

of life. In some cases, African-Americans perceive advance directives and palliative care measures as "giving up hope" or not respecting their religious or personal values. For example, African-American elders are more likely than whites to believe that God is the ultimate decision-maker regarding the time, manner, and place of death and are also more likely to have religious prohibitions against limiting life-sustaining treatment.

The preponderance of literature suggests that the role of the church in the broader African-American community has the potential to yield insights into the personal preferences about end-of-life treatments. For example, most white mainline Protestants (72%), white Catholics (65%), and white evangelical Protestants (62%) say they would stop their medical treatment if they had an incurable disease and were suffering a great deal of pain (PEW 2013). By contrast, most African-American Protestants (61%) and 57% of Hispanic Catholics say they would tell their doctors to do everything possible to save their lives in the same circumstances (PEW 2013). On balance, African-Americans and Hispanics are less likely than whites to say they would halt medical treatment if they faced these kinds of situations.

## Conclusion

After thousands of years of pondering it, we still consider death, and the process of dying, to be among life's most perplexing mysteries. What we know, however, is that death and dying is not a purely individual act, any more than life is (Aries 2015, p. 41). An individual's experiences while dying are differently shaped by the nature of their illness, by individuals, by family, and by others' reactions to it. It is also affected by the quality of care provided for their physical, psychological, spiritual, and practical needs.

This examination of the current state of knowledge suggests that end-of-life care decision-making is multidimensional, and any attempt to explain disparities must approach it from multiple perspectives. In doing so, we can better assemble the mosaic of the population being served. This is a "picture" where the population's needs, wants, deficiencies, and cultural diversities are pieced together in an interlocking way. This presents significant challenges in developing more effective public policies and programs. The essential steps in making this a productive process first require that scholars use mixed research methodologies to examine the impact of religious behaviors and other social-cultural factors on end-of-life care decision-making by African-Americans. Both qualitative and quantitative techniques should be employed for collecting and analyzing information.

Second, though initiatives have been implemented in some areas, more culturally sensitive education is needed to increase awareness of end-of-life care services and its benefits. Some studies suggest that cultural diversity among hospice staff may influence the level of diversity among the agency's patients (Rhodes 2006). As we become an increasingly diverse society, we need to bolster current educational efforts to improve cultural competence among health-care providers. Overcoming the health disparity gap will require better patient education, better tools for patient engagement, and increased provider awareness of population-specific barriers to care. Providers will need to improve the skills required to care for patients from dissimilar backgrounds and languages. Admittedly, the effectiveness of cultural competence training remains to be fully tested, but its potential benefits should not remain unexplored (Peterson and Yancy 2009). Ann C. Klassen and her colleagues captured it well when they conclude that ". . .. Caregivers cannot undo a patient's past experiences, but they can be aware of the influence of those experiences on current decisions and well-being" (Klassen et al. 2002).

Third, the literature shows that many public and private efforts frequently focus on persuading people to change their behaviors and perceptions of end-of-life care to make it more "logical." This approach fails to challenge the medical and social structures and place primary responsibility on individual choices. This is particularly so with African-Americans who have encountered discrimination (both overt and covert), mistreatment,

and suffered inequalities. These have been powerful and frequently systematic experiences that have been woven into cultural experiences and are not easily dispensed. Moreover, given the powerful influence of our environment, people cannot be expected to change patterns of decision-making through individual behavior alone. Rather, any solution that public policy officials test must also consider changing community environmental situations (Lavery et al. 2005).

Finally, the research spectrum needs to be broadened. Health-care professionals are not the sole providers of care. Family members also often provide elder care. Most frail adults who need help with basic activities live in the community, not in nursing homes, and receive care from family members, not from paid helpers. Older adults with disabilities who receive family care are substantially less likely to become institutionalized. African-Americans, those in excellent or very good health and those with frail spouses or parents, are especially likely to engage in caregiving activities. Nearly seven in eight adults age 55 and older with frail parents serve as family caregivers.

## Cross-References

► Health Policy: Innovative
► Spirituality and Health Policy

## References

African American Outreach Guide (2008) Caring connections, Duke Institute on care at the end of life. National Hospice and Palliative Care Organization, Washington, DC

Aries P (2015) The hour of our death. In: Antonius R (ed) Death, mourning and burial. Blackwell, Malden

Atrash H, Hunter M (2006) Health disparities in the United States: a continuing challenge. In: David S, Rubens P (eds) Multicultural medicine and health disparities. McGraw-Hill Publishing, New York

Hilliard T, Washington T et al (2013) Wishes left unspoken: engaging underserved populations in end of life advance care planning. J Health Care Poor Underserved Meharry Med Coll 24(3):979–986

Institute of Medicine (1997) Committee on care at the end of life. In: Field MJ, Cassel CK (eds) Approaching death, improving care at the end of life. National Academy Press, Washington, DC

Klassen A, Hall A, Saksvig B (2002) Relationship between patients' perceptions of disadvantage and discrimination and listing for kidney transplantation. Am J Publ Health 92(5):811–816. Also see Burgess D (2008) The association between perceived discrimination and underutilization of needed medical and mental health care in a multi-ethnic community sample. J Health Care Poor Underserved 894–911

Lavery H, Smith S, Esparaza M, Hrushow A, Moore A, Reed M (2005) The community action model: a community-driven model designed to address disparities in health. Am J Public Health 95(4):611–616

Peterson E, Yancy C (2009) Eliminating racial and ethnic disparities in cardiac care. N Engl J Med 360(12): 1172–1173

PEW Research Center, Religion and Public Life (2013) Views on end-of-life medical treatments, 21 Nov 2013. Located at http://www.pewforum.org/2013/11/21/views-on-end-of-life-medical-treatments/

Rhodes R (2006) Racial disparities in hospice: moving from analysis to intervention. Am Med Assoc J Ethics 8(9):613–616

Rothman D (2014) Where we die. N Engl J Med 370(26): 2457–2460

Smith M, Jennings E (1997) Distribution, utilization and innovation in health care. The American Political Science Association, Washington, DC, p 66

Welch L, Teno J, Mor V (2005) End of life care in black and white: race matters for medical care of dying patients and their families. J Am Geriatr Soc 53: 1145–1153

Wicher C, Meeker M (2012) What influences African American end of life preferences. J Health Care Poor Underserved Meharry Med Coll 23(1):28–58

# Housing Policies in South Korea

Yoonseuk Woo
Department of Public Administration, Soongsil University, Seoul, South Korea

## Introduction

Although traditional hierarchical government intervention has often faced criticism, particularly from the entrepreneurial viewpoint (Osborne and Gaebler 1992), the housing sector is usually regarded as a realm in which government intervention is appropriate due to its unique feature as value goods and its role in social welfare delivery

(Woo 2013). According to Kemeny (1981), different government intervention approaches lead to either a dual or unitary housing rental market structure. In a dual rental market, the social rental sector is separated from the private rental sector by the residual approach of liberal and laissez-faire-type government intervention, while the social and private rental sector are not separated in a unitary rental market in which a wide range of government intervention is taken for granted.

South Korea has overseen the successful evolution of its modern housing supply from scratch since the Korean Civil War in 1950–1953, which has been achieved by alternately taking dual and unitary market approaches with each government regime with different political ideologies pursuing different housing policy. In South Korea, as the housing shortage problem arising from extremely rapid urbanization and industrialization has been the main target to be addressed by past governments, each government has tried its best to develop various policy tools to cope with ever-increasing housing demands through supplying more housing units and controlling housing price. Thus, one of the best expressions to refer to Korean housing policy is "a fool in the shower room," as noted by Noble laureate economist Milton Friedman, as each past government has adjusted the shower tab so frequently toward the right (deregulation) or left (tough regulation) that the housing market has become alternately hot and cold following these shifts. It is of interest to analyze the evolution in housing policy in South Korea as it could be an example of a successful strategy of housing supply for developing countries suffering from over-demand and housing shortage problems.

The aim of this article is to describe the evolution in South Korean housing policies to provide a relevant example and implication as a form of government-led housing supply in developing countries rather than just analyzing their impacts. In the following section, we briefly discuss the evolution of Korean housing policy since the 1960s in terms of policy orientation and various tools. The analysis is focused on housing shortages and prices, while less attention is given to levels of inequality in the housing market by location or income. While this is a key issue in modern society, it has only recently been highlighted as a main policy agenda, and increasing the housing supply and controlling housing prices are still the main interests of the incumbent regime in South Korea (The main agenda of the housing policy of the incumbent government is stated as "Respond to market conditions in a pre-emptive and flexible manner; rein in speculative demand in overheated areas while managing supply to an appropriate level in contracted areas; ultimately restore the housing market order geared toward real demand"; see http://www.molit.go.kr/USR/WPGE0201/m_35313/DTL.jsp).



## Evolution of Korean Housing Policy

### Policy Tools for Housing Policy in Korea

As discussed above, the Korean government has developed and implemented various kinds of policy tools to stimulate or stabilize the housing market. Typical policy tools and categories are listed in Table 1, which shows that some measures are even contradictory, such as tax increases and tax cuts, for example. Historic changes in Korean housing policy are to be summarized as a mix of applying these tools with different sets according to the ideological agenda of each past government (Kim 2013; Lee 2017; MoLTMA 2012; OECD 2018; Woo 2009).

### Beginning of Housing Policy: Regulation for Economic Development (1962–1979)

The initial housing policy in facto was tackled by President Park Chung-hee administration (1962–1979) beginning in 1962, when the first 5-year national economic development plan was launched. National development projects including highway building and industrial zone development driven by the government led to rapid urbanization and an influx of urban populations from rural areas, and the land prices for urban, residential, and industrial development skyrocketed throughout the entire country. High increases in population growth in urban areas led to an increase of urban slums and set off an ever-increasing over-demand for housing, which resulted in a high increase in

**Housing Policies in South Korea, Table 1** Housing policy categories and measures

| | | | |
|---|---|---|---|
| Speculation control (to suppress overheated housing market) | Demand control (to curb over-demand for housing) | Transaction control | Reporting housing transaction (to identify real buyers and methods of payment for imposing tax)<br>Designating speculation control zone (to control housing price in booming areas by regulating loans and transactions or rebuilding)<br>Apartment subscription qualification (to impose higher qualifications to buy a new apartment)<br>Apartment ownership trade control (to restrict chances to get speculative revenue by selling a right to buy a new apartment) |
| | | Tax increase | Readjusting tax base of real estate (to set tax rate according to real price)<br>Introducing new tax for real estate owners (to impose higher tax for plural housing owners) |
| | Public concept of land and real estate (not to exploit common goods for private interest) | | Restitution of development gains (to impose tax to whom get extra revenue by development)<br>Bond bidding system to buy a new apartment (to give more restriction to buy a new apartment by imposing duty to buy government bond without interest) |
| | Registration (to impose a duty to report data to government) | | Duty of registering real transaction price (to identify real price) |
| | Others | | Real estate agency management (to regulate real agent agencies who seek speculative revenue by introducing buyers and sellers for illegal transaction)<br>Tax investigation (to impose taxes on hidden transaction) |
| Economic stimulus (to make use of construction policy to stimulate economy) | Supporting affordability (to give more chances to buy housing) | Transaction vitalization | Relaxing regulation on subscription (to relieve qualification control to buy a new apartment)<br>Relaxing regulation on resale of purchase right (to give more chance to sell one's right to buy a new apartment) |
| | | Financial support | Loan for purchase and rent (to allocate extra loans to buyers and tenants) |
| | | Tax cut | Exemption and reduction of tax on real estate transaction (to relieve burden by adjusting tax rates) |
| | Increasing supply (to build more housing) | Deregulation | Relaxing regulation on housing supply (to remove building regulations on housing builders) |
| | | New development | New town development (to supply mega-sized housing units by developing new towns) |
| Social housing (to supply public rental housing) | Financial support (to loan public fund for tenants to pay the rent) | | Loan for rent deposit (to allocate public housing funds to tenants)<br>Interest discount of loan (to decrease interest rate of public housing fund) |
| | Increasing more public rental housing (to support to build more social housing) | | Supplying more social housing development sites (to develop housing sites by public housing corporation)<br>Supplying public housing fund for social housing builders (to loan public fund to private housing company to build social housing) |

Source: Kim and Lee (2005: 13)

housing prices. In order to cope with these problems, the government modified or enacted various laws and regulations dealing with urban planning, land expropriation, public housing, construction, or readjusting the division of land, and these actions contributed to supplying more housing units through apartment building and redeveloping unauthorized housing scatters. They also established the Korea Housing Corporation and Korea Housing Fund to support housing programs.

### Military Regimes: Widening Government Intervention (1980–1992)

From 1980 to 1992, the military regime led by President Chun Du-hwan and his successor President Roh Tae-woo initiated a massive increase in housing supply through new town development to cope with the ever-increasing overdemand for housing and the rapidly increasing housing prices. In 1980, President Chun announced a plan to supply five million housing units from 1981 to 1991. After several amendments to the plan, it was practically abandoned, but was still sufficient to provoke countrywide speculative private investment on real estate, with a massive trade surplus and monetary inflation due to a rate of annual economic growth over 12% in the late 1980s. The increasing annual rate of land price in 1989 hit 32%, while the rate between 1980 and 1987 was only 10.5%, and thus land prices throughout the whole country doubled during the last 3 years of the 1980s. It produced 35 trillion won (29 billion US$) of capital gains from land price increase, which accounted for 36% of the whole GDP in 1987 (MoLTMA 2013). President Roh announced a war against speculative investment on real estate and introduced a speculative investment prevention zone, higher tax burden for the benefit of price gap, concept of public ownership of land, and so forth. The administration also announced another massive supply plan of two million housing units (1988–1992) in 1988 through the development of five new towns around Seoul. In 1991, the housing supply hit 2,140 thousand units, and the implementation of the plan was so successful that it was ended 1 year earlier than originally scheduled.

### Democratized Regimes: Deregulation to Cope with Crisis (1993–2002)

After a long period of military regime, the first and second civilian governments were led by President Kim Young-sam and President Kim Dae-jung, respectively, from 1993 to 2002. In the early stages of the Kim Young-sam administration, due to strong regulation systems such as real-name financial and real estate transaction, land transaction permission, investigation into the sources of housing purchase, etc., the number of real estate transactions fell, and the number of unsold new apartments increased throughout the entire country besides Seoul. From bad to worse, Korea encountered a foreign exchange shortage crisis (international monetary crisis) in 1997, and thus land prices dropped by 46%, and housing prices fell 12.4% across the country, which totally changed the deep-rooted belief among the Korean people, the so-called myth of invisible real estate investment and ever increasing price that once you buy real estate, you can get a huge benefit from increasing prices (Kim 2013). In a bid to use housing policy as a boosting tool for economic stimulus to overcome the IMF crisis, the Kim Dae-jung administration hurriedly introduced every possible deregulation policy, such as revitalizing construction businesses, abolishing new apartment price control/small-sized apartment ratio/land transaction permission/concept of public land ownership, tax exemptions and cuts, allowing foreign investment on real estate, and so on. However, the impacts of these extreme policies were exaggerated with the help of the recovering purchasing power stemming from the low level of interest rates and shortage of housing units during the IMF period for housing price increase rate per year to reach 16.1% (apartment price increase rate 23.3%) in 2001, the highest level of increase ever since 1991 (Woo 2009). This led to the strongest and toughest housing market regulation by the next administration.

### Progressive Regime: Strong Regulation in a Bid for Public Welfare (2003–2007)

President Roh Moo-hyun administration (2003–2007) was the first progressive regime in

facto emphasizing social role rather than market autonomy in modern Korean history, because the former President Kim Dae-jung, the actual first leftist president, could not initiate progressive policies as he followed an extremely neoliberal economic agenda negotiated with the IMF on the condition of an emergent loan for Korea to overcome the monetary crisis. The main priorities of the Roh Moo-hyun administration included national balanced development, mega-sized development plans such as the so-called administrative capital city movement, and the relocation of more than 175 public organizations from Seoul to other regional areas, and these were acknowledged to bring about land price hikes all over the country. In order to curb this housing price increase starting from the late period of previous government and exacerbated from the start of current administration, they announced 3–4 housing policies almost every year focusing on strong regulation to control housing demand allegedly using all the direct and indirect tools, including expanding speculative zone, regulating reconstruction, development gain redemption, introducing total real estate tax, reviewing debt to income ratio (DTI) and loan to value ratio (LTV) as a tool to decrease housing loans, tax burden for multi-housing owners, and so on. As apartment prices in Seoul increased by more than double in 2001–2006 in spite of such demand suppress, they turned to supply policy to build more housing stock featuring a second new town plan.

### Conservative Regimes: Deregulation for Better Supply (2008–2017)

The president Lee Myung-bak (2008–2012) and President Park Geun-hye (2013–2017) administrations are regarded as conservative regimes stressing a market economy after the previous Presidents Kim Dae-jung and Roh Moo-hyun and similarly focused on deregulation and taking the residual role of government in order to recover the private function in the housing market that was almost paralyzed during the previous regimes. They implemented tax reduction for transaction, LTV deregulation, simplifying reconstruction and redevelopment, clearing speculative zones except for three districts in Seoul, supplying so-called Nest Housing at a lower price than nearby housing built in Greenbelt area, abolishing price control of apartments, and so forth. President Park Geun-hye continued deregulating policies under the umbrella name of "housing market normalization" such as alleviating remodeling process; stimulating housing transaction; LTV and DTI easiness; lowering interest rate; so-called Happy Houses as social housing, particularly for newly married couples or youth generations; and so on.

### Incumbent Regime: Stronger Regulation to Housing Price (2017–)

The administration of the incumbent President Moon Jae-in was inaugurated in 2017 following the impeachment and resignation of the previous President Park Geun-hye, and this administration, as the second progressive government after President Roh Moo-hyun, follows similar or advanced versions of President Roh's housing policies. It is worth noting that President Moon and President Roh were close friends and that president Moon was one of the presidential secretaries when President Roh's housing policy was implemented, to understand the similarity of their policy orientation. It would be premature to evaluate the impact of President Moon's housing policy, but current data shows a noticeable falling of housing prices and decreased number of real estate transactions due to the imposition of heavy tax burdens on multi-housing owners, tightening LTV and DTI (now changed to debt service ratio, DSR) regulation, and decreasing housing supply with increasing regulation on redevelopment.

## Conclusion

In South Korea, housing policies have been diverse and changed frequently with the aims of supplying more housing and controlling housing prices. With pros and cons, the implication is twofold: they successfully helped cope with ever-increasing demand for housing (ratio of number of housing units against number of households is higher than 100% in South Korea in 2017 except for Seoul and Gyeonggi-Do-province surrounding Seoul), while they provoked unexpected negative side effects

(Statistics Korea, http://www.index.go.kr/potal/main/EachDtlPageDetail.do?idx_cd=1227). For example, according to Lee (2017), announcing government plan of massive housing redevelopment with an aim to curb housing price from over-demand for housing incurred extra speculative behavior to buy land or housing located near development sites, as investors expected the prices would increase as well after finishing development.

Housing is a kind of value goods of which a proper level of consumption is beneficial for ordinary people, and thus a relevant level of government intervention is regarded to be necessary to supply the service. However, as Ball and Harloe (1992) pointed out, interactions between policy changes and existing housing structures are more complex than we expect, and we should therefore take care to clearly understand the role of institutions and its constraints to fully recognize the influences on actor in housing research. Although the South Korean experience might be unique and not applicable to other countries with different settings, it serves as another example indicating that the implementation of proactive and diverse housing policies by the government could help rapidly urbanizing countries cope with housing shortage problems.

Housing policy is a sensitive subject to politics, society, demographic environment, and economy, and the process of policy formation and implementation is influenced by the interaction among various stakeholders. Also key policy issues are closely tied with inequality in housing market by location and income. However, less attention is given to these relationship and issues since they are beyond the limit of this chapter.

## References

Ball M, Harloe M (1992) Rhetorical barriers to understanding housing provision: what the provision thesis is and is not. Hous Stud 7(1):3–15

Kemeny J (1981) The myth of home ownership: private versus public choices in housing tenure. Routledge, London

Kim D-y (2013) Reviewing changes of Korean real estate policy and its implication: focusing housing policy of governments in history. Monthly of Housing Finance, vol 106. Korea Housing Finance Corporation, Seoul

Kim H-a, Lee S-w (2005) Analysing impact of real estate policy on construction industry. CERIK, Seoul

Lee J-s (2017) Problems derived from the transition of housing policy in Korea and their implementation. Law Stud 17(2):57–87

Ministry of Land, Transport and Maritime Affairs (2013) Policy Reference Resources vol. 1. MoLTMA, Sejong

Ministry of Land, Transport and Maritime Affairs (2012) Study on improving system of real estate supply. MoLTMA, Seoul

OECD (2018) Housing dynamics in Korea: building inclusive and smart cities. OECD Publishing, Paris

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial Spirit is transforming the public sector. Addison-Wesley Publishing, Reading

Woo Y (2009) Housing policy in the era of democratization. In: Paper presented in forum of state affairs arranged by Korean Association of Public Administration, 27 Aug 2009

Woo Y (2013) Two tails of housing-led urban regeneration policy network: the UK and South Korea. Int Plan Stud 19(1):77–98

H

# Human Capital and Meritocracy

Ani Matei and Reli Ceche
The National School of Political Studies and Public Administration, Bucharest, Romania

## Synonyms

Employeees of a public or private enterprise/institution; Evaluation and promotion based on personal merits

## Definition

Human capital is a concept of economic origin that is constantly evolving in terms of its content and structure. Most often, it includes *knowledge, skills, competences, and other attributes internalized by individuals or groups of persons, acquired over a lifetime, and used to produce goods, services, or ideas in market circumstances.*

Meritocracy is also a concept with multiple aspects and semantic approaches that determine its characteristics of *a popular doctrine that*

*access to power finds its legitimacy in the merits of efforts recognized through educational studies or the labor market.*

## Introduction

The two concepts – *human capital and meritocracy* – coexist in the literature, being in a relationship of mutual determination.

The public sector and, most often, the public administration provide eloquent examples of their interaction in terms of the need to increase performance and quality, professionalize the civil service, and support the processes of social innovation, adaptation, or digitalization.

Recent papers of Chassamboulli and Gomes (2018), Kroncke (2016), Bevia and Corchon (2017), or UNDP (2015) address theoretical models that integrate the two concepts in complex tools for assessing public and private performance, economic and social development, etc.

It is noted that, although at the beginning the prevailing conceptual approach was the qualitative one, in the last decade and a half, quantitative models based on logical and mathematical formalism are more and more frequent.

Thus, Bevia and Corchon (2017, pp. 185–192) present a dynamic model of cooperation in production in the conditions of human capital accumulation. Using a model of the Cobb-Douglas function, the authors conclude that meritocracy always has a positive effect on production, but when the elasticity of substitution is a subunit, it is only a level effect. The accumulation of human capital, specific to each generation, determines unique levels of meritocracy for which efficiency or effectiveness is obtained.

Evans and Rauch (1999) emphasize the importance of meritocratic recruitment for public office and that it is ideally based on a combination of education and examination. The Weberian scale, proposed by them, is a statistical tool with which an integrated image is created on an ideal combination of merit, career, and rewards in the public system.

Starting from the public-private comparison, the model proposed by Chassamboulli and Gomes (2018) insists on the simultaneous approach and integration in the decision-making supports of education, public sector policies, and meritocracy. Such a model allows for endogenous substitutability or complementarity between investment in education and government policies whose effects on education depend crucially on the presence of meritocracy in the public sector employment.

An interesting study, described by Krauze and Slomczynski (1985), aims to provide an answer to a controversial dispute starting from the question "how far are we from meritocracy?". The model, based on three hypotheses compatible with human capital theories, refers to the determination of social status by education, its mobility, and its inequality between educational groups.

Starting from this study, Matei and Matei (2010) present, based on a simulation based on statistical data from the Romanian civil service system, applicable conclusions on the evolution of the meritocratic framework in the Romanian public sector.

### Meritocracy and Merit

Given its most general significance, meritocracy is "a popular doctrine that access to power finds its legitimacy in the merits of efforts recognized through educational studies or the labor market" (Mahé de Boislandelle 1998, p. 263).

Therefore, the meritocracy approach accepts the hypothesis of a strong connection between individual "merits" and social reward.

For sociologists, meritocracy describes a social system that is supposed to be ideal, having the property to transmit, in its entirety, the influence of social origin on the social hierarchy, through education, and not through heritage, privilege, etc.

This type of social system is called "society without delayed effects" by Carlsson (1958) and "meritocratic society" by Boudon (1973). As specified by Krauze and Slomczynski (1985), the concept of meritocracy was taken into account in discussions of the functional theory of social stratification (Wrong 1964), integrating social status and mobility research (Boudon 1973), the future of post-industrial society (Bell 1973), as well as in the theory of job competitiveness (Thurow 1975).

In this context, the concept of meritocracy refers to a large-scale social system, presenting a positive relationship between "merit" and certain desired common values, such as income, power, and prestige (Krauze and Slomczynski 1985).

Dominant social and political discourses associate meritocracy and democracy with ideological, political, or practical significance (Connolly 1993).

In this context, Sen (2000), as well as other authors, emphasizes that democracy, in its ideal sense, supports a presumed equality of persons, while meritocracy is a justification for social inequality (Meroe 2014).

It is clear that in both the public and private sectors, merit cannot be reduced to certain qualifications or the acquisition of a level of knowledge in one or more fields, as they also include personal qualities, derived from behavioral and individual skills, mobility and flexibility in thinking and action, as well as managerial ability. This approach allows the application of a statistical treatment based on a formalized definition: a social system with the three characteristics – origin, educational level, and status – is meritocratic only if the following probability is independent of the position of origin: a person at $e_j$ educational level achieves a status $s_k$.

At the same time, this approach induces the idea of making measurable comparisons between real and ideal situations (Vlasceanu and Zamfir 1998), an idea that will be used in this chapter.

### Individual Human Capital and Social Status

Starting with the seven to eight decades of the last century, human capital has become more and more used in the conditions of the evolution of the knowledge economy for which it becomes a basic pillar.

For the tertiary sector, that of services, given the existence of a wide variety of jobs, the specificity of human capital is distinct in its assessment, increasingly complex.

According to OECD approaches, human capital comprises "knowledge, skills, competences and other attributes internalized by individuals or groups of persons, acquired over a lifetime and used to produce goods, services or ideas in market circumstances" (Westphalen 1999, p. 4).

In this context, individual human capital can be considered as representing the skills/abilities and abilities of individual workers.

Specialized studies reveal the factors that determine human capital such as skills and qualifications, level of education, and work experience. In addition to these, intelligence, personality, creativity, etc. can be added.

We also mention the fact that scientific and technological evolutions have transformed and continuously transform both the workplace and the competencies and abilities necessary to fulfill the obligations incumbent on it.

To better understand this complexity in OECD-CEDEFOP analyzes and reports, the levels and dimensions of individual human capital are described in terms of its assertion at the organizational, governmental, or, more generally, societal level (see Table 1).

Most often, human capital is valued in economic, monetary terms. This fact induces the difficulty or even the impossibility of an evaluation as close as possible to reality. Therefore, there is a need for differentiated valuation in relation to human capital levels. Such an approach is described in Table 2.

The important conclusion from this perspective is that, in each context of analysis, an appropriate theoretical and methodological framework must be established. For individual human capital, in public organizations, the evaluation used mainly refers to the diplomas and certificates obtained, declarations, and curriculum vitae by which a person proves his skills and abilities.

This approach is not unanimously accepted by specialists. The sphere and content of individual human capital are extended to intellectual capital seen as a systemic sum of human and organizational capital.

In this context, most opinions converge towards the methodological identification of individual human capital based on:

- The existence of a coherent framework that integrates the concept itself as well as its levels and dimensions
- Identifying the related processes related to the acquisition, maintenance, and development of knowledge at an individual level

**Human Capital and Meritocracy, Table 1** Level and dimensions of human capital. (Adapted from Westphalen (1999, p. 5))

| Level/ dimension | Politics | Economy | Sociology | Psychology |
|---|---|---|---|---|
| Individual | Increase skills level | Increase earnings | Increase equality | Increase self-esteem |
| Organizational | Comply with surrounding society | Increase competitiveness | Increase competitiveness | Increase competitiveness |
| | | Improve the organizational image | Improve the organizational image | Improve the organizational image |
| | | Improve work environment | Improve work environment | Improve work environment |
| Government | Complement labor market and employment policies | Share the costs related to education and training | Implement the lifelong learning concept | The notion of a dynamic government/society |

**Human Capital and Meritocracy, Table 2** Correlation methods at different levels. (Adapted from Westphalen (1999, p. 9))

| Level | Methods |
|---|---|
| Society | Investment in education relative to national wealth |
| Organizational | Investment in training relative to organizational performance |
| Individual | Years of schooling relative to life income |

- Adequate differentiation between individual and collective human capital

This methodological framework must offer the possibility to evaluate/measure the formal individual human capital – the educational level reached, the years of schooling, the professional experience – or the real individual human capital, measured through interviews, tests, examinations.

Social status, understood as the set of behaviors that the individual can expect from members of a social group, is most often correlated with the social role that incorporates the expectations of the social group from one of its members.

In theories and analyzes of social stratification, status will represent the position or rank of an individual within it.

The specialty literature also talks about the mobility of acquired social statuses, mobility asserted, especially in modern societies, but also the fact that each individual has a lot of statuses that are associated with each other, forming the so-called global status.

The social role being associated with the social status, represents, along with it, an aspect viewed from different perspectives of the same process, social phenomenon, etc.

By reducing the discussion at the level of each individual, the exercise of the individual social role is differentiated. The company has certain expectations, the most important, in the case of public administration, being those in relation to the necessary behaviors, specific to its place in administrative structures.

Individual performance will be assessed according to the full or partial fulfillment of all the requirements and obligations of the social role.

Social status is, in the opinion of many researchers, a concept of interest for multiple fields of research. According to Chen (2012), there is a constantly evolving literature on the role of social status in a monetary economy. More recent studies also include human capital. The simultaneous incorporation of human capital and social status into models of socioeconomic analysis induces the possibility of better assessment of social reality.

The fundamental assumption is that "superior social status is acquired relative to human capital" (Chen 2012, p. 4). Feathermand and Stevens (1982) demonstrate that a determining factor of social status is individual human capital. In this context, Fershtman et al. (1996) design and

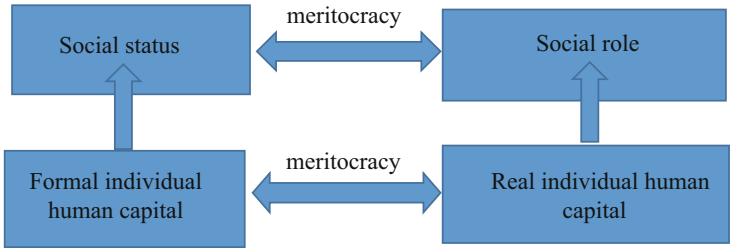


**Human Capital and Meritocracy, Fig. 1** The meritocratic interaction of social status and the role of individual human capital (made by authors)

develop a general model of economic equilibrium with the social status represented by employment, which depends on human capital to study the interaction between employment and economic growth.

These considerations and approaches can be extended to broader social analyzes, establishing a framework for mutual determination between human capital, status, and social role. Even with the risk of simplification, we try in Fig. 1, to highlight the interactions, through meritocratic processes, between the concepts listed above.

According to our vision presented in Fig. 1, human capital becomes a support for social status and role. Meritocratic processes are highlighted in the form of two-way interactions, both in terms of individual human capital and social status and role.

The following approach is based on some ideas presented by Krauze and Slomczynski (1985) adapted to administrative stratification and assessment of the level of meritocracy in public service systems. An approach in this direction was also made by Matei and Matei (2010).

The research is current, given that, at least for the public sector, public management reform strategies in both EU Member States and other organizations, such as the OECD, reveal the following as basic objectives: professionalization of the public service and, therefore, the recruitment and promotion of civil servants exclusively on substantive criteria.

We find the arguments for such an approach in literature and specialized studies. Thus, Bowman and West (2007), discussing public service reform and merit systems, emphasizes that "The role of the merit system in American democracy is a critical subject for investigation... an important obligation of the government is to be a model employer in society, to set a high standard to which others can aspire and to provide the opportunity to work that honors fairness in the employer-employee relationship."

Even not directly connected to the public sector, we quote Husen (1974), who states: "... meritocratic tendencies ... are inherent in highly industrialized societies," Krauze and Slomczynski (1985, p. 625) or Bell (1973, p. 35), who state: "the post-industrial society represents a meritocracy in its logic."

## Hypotheses and Principles for a Socio-statistical Model

The model proposed by Krauze and Slomczynski (1985) is based on some hypotheses that we will use and adapt to the context of the public sector. These hypotheses were also used by Matei and Matei (2010). In the context of this paper, our approach will follow this last paper, operating, when necessary, changes adapted to the current context of analysis.

(a) Individual merits are circumscribed to the sphere of educational meritocracy. Therefore, any person who has acceded or accedes a public position will have a certain educational level, a level acquired both by basic education in schools or universities and continuous education within the framework of some specific programs, organized by specialized institutions. This level of education will determine the accumulation of individual human capital that will be the support of the social status of that individual. Regarding these, we can distinguish several social statuses, $e_i$, $i = \overline{1,m}$, a certain number of people corresponding to each level.

(b) Within the public sector, there is an administrative stratification, in which each level of civil service is characterized by a social role. The social roles $s_j, j = \overline{1,n}$, are distinct and the access to these civil services is achieved according to the conditions stipulated in specific laws.

(c) The public sector is characterized at a certain moment $t_s$ by a number N of persons, with a social status $m$, holding N public positions, grouped into n social roles. The multitude of roles of a system of public functions at a given time can be defined by a matrix $X = (x_{ij})$, $1 \leq i \leq m$, $1 \leq j \leq n$, that describes an empirical, double varied distribution of the civil service, meritocratically classified, entitled observed distribution.

Corresponding to this distribution, two ideal distributions are created, a "meritocratic" one $M = (m_{ij})$, $1 \leq i \leq m$, $1 \leq j \leq n$, and a random distribution $R = (r_{ij})$, $1 \leq i \leq m$, $1 \leq j \leq n$. Analyzing the meritocratic finality, the above-mentioned authors take into consideration possible theoretical transitions from the initial status, $t_s$, to the above-defined final, ideal statuses. Related to the "distance" to those ideal statuses, we could conclude on "proximity" to meritocratic distribution or the random distribution.

(d) The transition from the observed empirical distribution to another distribution requires a certain mobility of the status among the educational groups, a certain change for determining the status by education and a certain change in the inequality of the status. If the meritocratic thesis is valid, none of the three hypotheses should be rejected (Krauze and Slomczynski 1985, p. 626). Briefly, Krauze and Slomczynski (1985) formulate the following three hypotheses:

**Ip.1.** *Hypothesis concerning the mobility of status*

In a public sector based on meritocracy, the number of persons who would change the status as a result of transition to meritocratic distribution is less than the number that occurs further transition to random distribution.

**Ip.2.** *Hypothesis on determining the status*

The absolute growth in determining the status by education that would occur as a result of transition to meritocratic distribution is less than the one that occurs due to transition to random distribution.

**Ip.3.** *Hypothesis concerning the inequality of status*

The absolute growth due to inequality of status among groups as a result of transition to meritocratic distribution is less than the one that occurs due to transition to random distribution.

(e) Generally speaking, the meritocratic thesis has got the functional theory of social stratification as a key pillar, transposed in terms specific for the public sector, in the so-called administrative stratification. At the same time, meritocratic distribution represents the core objective of the functional theory of stratification stipulating, as shown by Davis and Moore (1945), that the most appreciated public positions are "in a conscious manner held by the most qualified persons."

(f) The sociologic literature defines meritocratic distribution in the principle: "higher is the level of education/social status for a person, higher should be his/her social role" (Krauze and Slomczynski 1985, p. 627).

(g) Krauze and Slomczynski (1985) reformulate this principle, in order to be applicable and to enable transition from any observed distribution to meritocratic distribution. The new principle, obtained by reformulating the above-mentioned principle, using mechanisms of bivalent logic is expressed as follows: "the persons with higher education should not have a lower social role than those with less education."

## Conclusions

As we have shown in the introductory part of the chapter, the current research approach aims at substantiating and presenting more extensively the intrinsic link between human capital and meritocracy.

The two concepts have benefited and benefit from an important attention and interest in social research worldwide. The attempt to establish the connection we are talking about has placed before us, on the one hand, the analysis of several social concepts and contexts – human capital, social status and role, meritocracy – and their placement in a deductive logic that highlights both evolutions and specific interactions.

On the other hand, the finality proposed in the chapter – that of analyzing the impact – determined the need to use and adapt a socio-statistical modeling that, in a more general form, we found in the literature.

It should be mentioned, however, in this context that the analysis and deepening of the mentioned concepts "benefits" from a controversial sociological and educational context. Debates in the 1980s, well known to specialists, such as social mobility (Hauser and Grunsky 1988), the discrepancy between conceptual and empirical reality regarding the level of meritocracy in some developed states, etc., they led to the restriction of the analysis area and to the operation with reductionist hypotheses that can distance the study from the social reality.

In this context, it must be emphasized that the analysis will certainly have to be completed with other qualitative analyzes meant to bring the model closer to reality.

The advantage of this approach, however, is undeniable from several perspectives. Thus, we can conclude that:

- The structure and content of the chapter offer objective elements and arguments regarding the way in which meritocracy regulates the bivalent relationship between formal and real human capital or, more generally, between status and social role.
- The basic concepts of the work, human capital in its various forms or social status and role, are private facets from different perspectives, of a single social phenomenon determined by educational levels and position in administrative systems.
- The chapter establishes, even if in an incipient phase, the logical and functional determination between human capital and the status and social role in the public sector. The public sector thus becomes a new model of social subsystem in which meritocracy has specific values.
- The need to associate such a theoretical analysis and an empirical analysis, remains a desideratum so that, even in this case, we can highlight or remove objectively, the contradictory interpretations.

## References

Bell D (1973) The coming of post-industrial society: a venture in social forecasting. Basic Books, New York

Bevia C, Corchon L (2017) Growth in Illyria: the role of meritocracy in the accumulation of human capital. Math Soc Sci 90:182–190

Boudon R (1973) Education, opportunity and social inequality. Wiley, New York

Bowman JS, West JP (2007) American public service. Radical reform and the merit system. CRC Press/Taylor & Francis Group, Boca Raton/London/New York

Carlsson G (1958) Social mobility and class structure. C.W.K. Gleerup, Lund

Chassamboulli A, Gomes P (2018) Meritocracy, public-sector pay and human capital accumulation. Working papers 08-18, Department of Economics, University of Cyprus, www.ucy.ac.cy

Chen H (2012) Social status, human capital formation, and the long-run effects of money. J Econ 105:225–246

Connolly W (1993) The terms of political discourse. Blackwell, Boston

Davis K, Moore WE (1945) Some principles of stratification. Am Sociol Rev 10:242–249

Evans P, Rauch J (1999) Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth. Am Sociol Rev 64(5): 748–765

Feathermand DL, Stevens G (1982) A revised socioeconomic index of occupational status: application in analysis of sex differences in attainment. In: Hauser RM et al (eds) Social structure and behavior: essay in honor of William Hamilton Sewel. Academic, New York

Fershtman C, Murphy K, Weiss M (1996) Status social, education and growth. J Polit Econ 104:108–132

Hauser RM, Grunsky D (1988) Errors in Slomczynski and Krauze's comparative analysis of social mobility. Am Sociol Rev 53(5):749–750

Husen T (1974) Talent, equality and meritocracy. Martinus Nijhoff, Boston, pp 284–287

Krauze T, Slomczynski MK (1985) How far to meritocracy? Empirical tests of a controversial thesis. Soc Forces 63(3):623–642

Kroncke J (2016) Precariousness as growth: meritocracy, human capital formation, and workplace regulation in Brazil, China and India. Law Dev Rev 9(2):321–368
Mahé de Boislandelle H (1998) Dictionaire de gestion: vocabulaire, concepts et outils. Economica, Paris
Matei L, Matei A (2010) Meritocratic aspects concerning performance evaluation in the public sector – a case study for Romania. J Inst Public Enterp 33(1–2):35–62
Meroe AS (2014) Democracy, meritocracy and uses of education. J Negro Educ 83:485–498
Sen A (2000) Merit and justice. In: Arrow K, Bowles S, Durlanf S (eds) Meritocracy and economic inequality. Princeton University Press, Princeton, pp 5–16
Thurow LC (1975) Generating inequality: mechanisms of distribution in the US economy. Basic Books, Boston
UNDP (2015) Meritocracy for public sector excellence. Global Centre of Public Service Excellence/Regional Hub of Civil Services, Singapore/Astana
Vlasceanu L, Zamfir C (coordinators) (1998) Dictionary of sociology (in Romanian). Ed. Babel, Bucharest
Westphalen SA (1999) Reporting on human capital; objectives and trends. CEDEFOP–OECD, Paris
Wrong DH (1964) Social inequality without social stratification. Can Rev Sociol Anthropol 1:5–16

# Human Capital Intervention and Poverty Reduction

Ikechukwu Ogeze Ukeje[1], Udu Ogbulu[2] and Victor Chinonye Amaefula[2]
[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[2]Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria

## Synonyms

Human capital; Human development; Implementation; Interventions; Nigeria; Policy; Practices

## Definition of Terms

| | |
|---|---|
| Human capital | The knowledge, skills, and competencies embodied in individuals that facilitate the creation of personal, social, and economic well-being (OECD 2001: 18). |
| Interventions | Is a people-centered development approach for positive change from participation of real target groups in policy initiation, implementation, monitoring, and evaluation processes. |
| Human development | UNDP defines human development as a process of enlarging people's choices such that people can lead a long and healthy life, acquire knowledge, and have access to the resources they need to have a decent standard of living. |
| Poverty reduction | Strategic policy measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. |

## Introduction

Green et al. (2006) argue that growth with poverty reduction has become the goal of development strategy. They further contend that increased access to fund by the poor can directly contribute to poverty reduction. The foregoing highlights the link between human capital and poverty. However, there are other issues not referenced. Access to education and training on efficient utilization of financial resources need keen attention for a people-centered poverty reduction strategy and sustainability. Education of citizens signals the beginning of goal-oriented and sincere intervention projects/programs of governments. Thus, for attainment of poverty reduction agenda, human capital intervention must contain not only the economic aspect but also the educational capability component. World over success or failure of any human capital intervention (HCI) policy derives from the lack of integration of the human capital ramifications with enormous consequences for the target social demographic.

The foregoing aptly depicts the picture of Nigeria's intervention experience nearly 60 decades. From 1960 to date, human capital development policies in the country have been inappropriately conceived, making poverty

reduction a mirage. This has implication for the attainment of the current sustainable development goals 1 and 2 targets in Nigeria (Ukeje 2019). Nigeria planning commission for Vision 2020 noted that MDGs recorded underachievement with a reasonable percent of its population still living below the poverty level, facing food insecurity and high child/maternal mortality rate (Moizza 2015). According to Edoh, the Vision 2010 Committee Report revealed that 80% of Nigerians lived below the poverty level (as cited in Anger 2010). In effect, the drive for inclusiveness, equity, partnership, and institutional capability has been consumed by the erroneous conception of human capital components. Lack of basic skills, competencies and capabilities denies the violence and risk-prone poor and uneducated majority a voice on matters that affect.

All experimented programs/projects relegated the educational component to the background. Shock suffered by both the implementing institutions and target beneficiaries highlights the importance of requisite educational capability for a real takeoff. Consequently, the challenge of coordinating various intergovernmental institutions, ministries/parastatals, and other stakeholders reflects the logic of "square peg in a round hole" for policy domestication and implementation (Ukeje et al. 2019a). The process of recruitment for policy matters also shares hugely from the blame (Ukeje et al. 2019a).

As a point of departure, human capital interventions must be so comprehensively conceived for the real poverty issues to be addressed. Interventions in economic sense without recourse to the education aspect have characterized Nigeria's human capital development policies. Relationship between human capital development and the general development needs has also not been properly aligned in various intervention programs, hence, the decline in economic growth and rise in poverty scale.

This entry aims at examining the relationship between HCIs and poverty reduction in Nigeria and how failure or success of the former influences the outcome of the latter. This entry, therefore, provides in-depth analysis of participatory human capital interventions and explores how its neglect underpins failures of national development programs and policies in Nigeria. It further explores how HCIs underlines the attainment of Nigeria development goals whether or not endogenously conceived.

## Intervention: A Conceptual Review

Relevance of human capacity development and its multiplier effects on national development call for governance driven by proactive action, competence, pragmatism, negotiation, and political will. According to Loss (2008), "An intervention is an intended, planned, and targeted operation in a system or process which aims at removing or preventing an undesirable phenomenon." It is considered a scheme for different elements and activities needed to realize intended result of a program. Loss further argues that multi-strategy interventions were considered the most effective in achieving desired and enduring change as there is potential to reach a larger number of people in a variety of ways. By influencing individual's knowledge, attitudes, beliefs, and skills; increasing social status; and creating supportive environments, policies, and resources, intervention creates change, Loss submits.

One interventionist approach is targeting strategy. Interventionist strategy is a tool of government in enhancing the closing of empowerment gaps in the society. The identified gaps are closed by targeting mechanism, which is inherently restrictive. Every policy has targeting undercurrent (Meessen and Criel 2008). For instance, economic and education policies target the poor and the illiterate, respectively. It is a focused group policy that delineates population needs. Targeting is a necessary means of empowerment with many benefits. It enhances efficient management of limited resources arising from its goal-oriented character leading to access restriction to the nontarget group. It is couched in efficiency and effectiveness. Intervention has recently been assigned a plethora of designation and mode alternatives to top-down, elitist, and centric character with the intention of popular and stakeholder ownership connotation.

From the foregoing, intervention is a multi-stakeholder and participatory approach. However, it is a misleading and oversimplified contemplation to argue that development and intervention can achieve intended objectives from "participation" standpoint only. What drives a meaningful intervention and development is constructive engagement of stakeholders. However, levels of enlightenment and knowledge underlie constructive and well-informed discussions. Most literature stops at popular participation, without fully unfolding and stretching participatory intervention blanket. Education of the target beneficiaries is central to intervention initiatives. Although modern view of intervention is a people-oriented drive that requires all-inclusive approach, its broad application transcends numeric characteristic to include economic, educational, and health capabilities. It is only when these conditions are in place that well-intended intervention can occur. People-centered interventions for positive change proceed from participation of real target groups and implementing agencies that possess requisite skills, competencies, and capabilities in policy initiation, implementation, monitoring, and evaluation processes. Local populations are comprehensively engaged in the entire policy process. Leaders, however, have been shaped by the emergent focus on governance in ensuring efficiency in the management of resources for public good. Importantly, involvement of empowered stakeholders and issue-focused approach is rapidly succeeding representative participation (Kristof et al.).

## Human Development Components and Targets

To human paradigm, human development is composed of four main interdependent components, which include productivity, equity, sustainability, and empowerment. First, people must be rendered capable of raising their productivity level and be made to have full participation in the generation of income and paying job. Second, accessible equal opportunities must be guaranteed, removing all political and economic barriers to opportunities. Third, accessible opportunities for both the present and future generations must be guaranteed. Fourth, the people must not be denied of full participation in decisions and processes that affect them.

From a structural standpoint, Nye argued that development must combine output increase with structural changes such as decrease in poverty, inequality, unemployment, and increased access to basic social amenities (as cited in Atelhe and Agada 2014).

## Human Capital Intervention for Poverty Reduction: The Nigerian Experience

Smart governments take human capital as a window into their citizens' welfare maximization. Kristof et al. (2008) identified the executive as the authoritative custodian of political leadership, which is empowered to set goals and devise strategies for realizing them through influence and resource allocation. By the nature of political leadership, the government reaches the people through the organized agencies. According to Tucker, leadership is the nature of obligation to role required to accomplish the tasks for meeting needs and demands through mobilization of persons involved (as cited in Kristof et al. 2008). Proper statistical documentation for realistic planning and budgeting clearly demarcates governments of various nations. It requires the human capabilities to understand and act almost accurately in the most preemptive and responsive manner on matters of public interest.

The narrative in Nigeria is worrisome! A country endowed with enormous human and natural potentials proved to struggle with harmonization and development of these resources. The fact that leaders are drawn from the available population means that the government capacity or lack of it mirrors the condition of its population. Negative conditions of Nigerian public institutions and establishments have greatly hampered policy implementation and economic growth on account of poor and undeveloped human potentials. Okonjo and Osafo (2007) observe that about 70% of policy drivers in government institutions

had a high school diploma or lower, with less than 5% possessing modern computer skills. Indeed, various governments have initiated several political and administrative reforms with a view to achieving some measure of development in Nigerian political governance (Ukeje et al. 2015; Offu et al. 2018; Idike et al. 2019), but results have always shown to be negative due to the existence of too many policies without political will for implementation (Ukeje et al. 2019b). Among intervention initiatives include the Operation Feed the Nation (OFN) of 1976 under the military government of General Olusegun Obasanjo; Shagari's Green Revolution of 1980; and Mass Mobilisation for Self Reliance, Social Justice, and Economic Recovery (MAMSER) in 1987 under President Babangida; Structural Adjustment Programme (SAP) in 1986; the Agricultural Credit Guarantee Scheme (ACGS) in 1977; National Poverty Eradication Programme (NAPEP) in 1999; River Basin Development Authority (RBDA) of 1978; Rural Banking Scheme (RBS) of 1978; Directorate of Food, Roads and Rural Infrastructure (DFRRI) of 1986; National Agricultural Land Development Authority (NALDA) in 1991; National Economic Empowerment and Development Strategy (NEEDS); National Special Programme on Food Security (NSPFS); and the National Accelerated Food production Programme (NAFPP). In the end, these programs failed to address the social problems for which they were created.

The reasons, according to Eme and Emeh (2012), stemmed from the absence of basic infrastructures and social amenities that would attract rural dwellers and improve their lives. Although the lack of infrastructures and social amenities has been identified, it does not sufficiently provide the fundamental explanation for the failure of the programs. Rather, the noninvolvement of the real local stakeholders in the policy formulation, design, and execution through genuine need assessment led to misplaced priorities of the community dwellers. Firstly, national development cannot be achieved without guaranteed security and empowerment of the rural communities through their active involvement in all stages of policy process since majority of the people are rural dwellers. Secondly, there was capacity question surrounding the implementing agents. Thirdly, the lack of know-how among the target groups limited their constructive involvement and engagement. Generally, no fewer than five Development Plans, including the Rolling Plans and Vision 2010–2020, have been experimented in Nigeria (Onah 2010). The dismal performance of National Plans in Nigeria is exacerbated by what Egonmwan and Ibodje (2001: 60) referred to as the "big push" strategy – the aspiration to develop all areas at the same time with a view to presenting a politically acceptable program which would meet the yearnings of the populace.

All this has created different policy outcomes for different strata of Nigerian citizens and raised question on the claim to the practice of good governance by various governments. Good governance is the ability of the government to live up to the expectations of greater number of the population by way of meeting their needs. Osisioma (2012) identified good governance as the degree to which the virtues of human rights – civil, cultural, economic, political, environmental, and social – are enhanced. A linear relationship between human rights and human development is underlined by the fact that neglect of the former impinges on capability expansion (Fukuda-Parr 2011).

Lack of education and understanding of relationship between human rights and human development has robbed the average Nigerian citizens of opportunities capable of improving their human capital. Interventions targeted at the poor were characterized by exclusion and inclusion mechanisms in which the privileged political agency profiteers hijacked the intervention opportunities, thereby unjustly displacing real policy target beneficiaries. The skewed allocation of intervention benefits becomes an avenue to compensate and enrich political loyalists and acolytes to the disadvantage of intended target social strata. This phenomenon vividly describes capability restriction and political constraints on freedom and justice, which sharply contrast with human rights commitments. At the heart of real economic development lies with providing the people with the capabilities to fulfill their need, wants, and

desires (UNDP, as cited in Neumayer 2010). The effect, however, is the growing poverty rate in the country. Poverty-induced security predisposes victims to greater uncertainty and unpredictability, as well as vulnerability to volatile economic circumstances (Sharma 2009; Okpata and Ukeje 2017). Anger (2010) corroborates the above position of the paper when he identified high rate of corruption and misappropriation of funds by public office holders as major contributors to the low performance of MDGs and National Economic Empowerment and Development Strategy (NEEDS) in Nigeria.

Rather than encompass the entire gamut of human capital, interventions in Nigeria have focused on the "economic" dimension only, neglecting the educational component. This might enjoy some support of Tyoden's (2006) submission that economic security is a long-term goal of intervention policy. But, absence of purposeful and goal-oriented organized sensitization mechanisms for the most vulnerable poor illiterate Nigerians casts aspersions on governments' intervention policy and undermines their fundamental human rights. In the above circumstances, therefore, they are potential losers in the society's scheme of things on the one hand, because they lack the basic information asset to effectively connect to intervention opportunities and, on the other hand, because they cannot express their frustrations loudest for redress. The effects, according to Albinus (2012), are the direct relationships between poverty, unemployment, inequitable distribution of wealth, and social vices such as militancy, kidnapping, bombing, armed robbery, and destruction of government property, among others. This is in a bid to fulfill certain social obligations such as marriage, debt servicing, healthcare, and education of their relatives.

However, indebtedness arising from social obligations such as unregulated burial activities and profligacy has driven the middle class to engage in exploitative means of wealth creation (Hull and James 2012). The above observation derives credence from a UNDP Report (1998) that those who captured the benefits of the various poverty reduction strategies were not the Nigerian poor but the Nigerian rich and powerful (as cited in Onah 2010). Firstly, short change of the intended policy targets, therefore, derives from psychosocial needs and social pressure of policy-implementing agencies. Secondly, in circumstances where there exists enabling knowledge base, it becomes unbearable to contemplate expending available insufficient income in insisting on justice and defense of rights. The most exciting but fraudulent pre-intervention implementation engagements create virtually lasting emotional disturbances. In cases where there exist production and printing of guidelines, organization of training, radio communication, and face-to-face interaction with eligible members, the actual selection stage is consigned to the most secret arrangements and lacks ethical selection criteria.

Consequently, intervention projects end up being either underutilized or abandoned as inoperative. Sometimes, health clinics, schools, and empowerment centers are concentrated in areas far from needy majority of the target groups in submission to directives and preferences of the powerful resulting in increased accessibility costs needlessly. Moreover, items such as drugs are sold at unaffordable prices to intended beneficiaries should they ever become aware of availability. The items are always shared among the privileged few in whose custody and care is the distribution.

The major effects of the above practice are manipulations and short changes in the system in which Sambo (2014) observes that estimated 45,000 ghost workers are on the payroll of 251 Ministries, Departments and Agencies (MDAs). Furthermore, the same negative intervention practice prompted Al-Gazali (2011) to argue that over 400 federal government service agencies performed below citizens' expectations in public service delivery despite huge financial allocation, leading to significant erosion of public confidence in policy implementation. Pertaining to educational/vocational opportunities or other material offer such as grant, there is endless recycling of beneficiaries. In the absence of living claimants, fictitious names emerge and benefits claimed by proxies. Ironically, most times, these activities enjoy elaborate government approval,

which is why complaints of short changes are unattended to.

The trend has progressively strengthened by passing years with increasing poverty rate. For instance, according to Fitch report, poverty level rose from 60% in 2015 to 72% in 2016 (as cited in Eke 2016). Similarly, Onwubiko (2017) affirmed that poverty level in Nigeria increased to 72% by August 2016. In the same vein, the Bureau of Statistics release showed 112 million Nigerians lived below poverty line in 2016 (as cited in Ahiuma 2016). Concerned with the negative trajectory in Nigeria's development question, every government develops strategic policy direction without a thorough impact assessment. One fundamental problem of Nigeria's development strategies points to deficient statistics to track performance, provide necessary information, and evaluate the policies.

## Conclusion

The role of HCIs in poverty reduction makes real development desirable, attainable, and sustainable. Real target group-induced intervention reduces development to a tangible, concrete, and attainable concept when anchored on capability – education, health, and economic. The alienation of the critical social segments of the Nigerian state from policy process and accessibility of intervention opportunities owes more to education condition, and it constitutes a breach of human rights. From the Nigerian example, the situation has further reduced prospect of capability attainment with increasing poverty scale. The finding revealed that persistent poverty level in Nigeria, despite several policy reforms and interventions by different regimes, results from capacity-deficient implementing institution and noninvolvement of the real target beneficiaries.

Loss of sense of ownership of interventions by the local stakeholders through denied partnership with government's agencies limits chances of intervention success. Intervention process not driven by the local stakeholders who understand the nature and complexity of the problem, language, values, and culture of the community is most likely to produce unintended consequences. The government institutional approach largely explains the identified contradictions of participatory intervention. Deployment of policy drivers outside their places of origin who dominate all the stages of policy implementation hampers the process of identification of the real policy targets. Furthermore, it undermines the process of project monitoring, which includes review of the project, inputs, outputs, and impacts. It equally hinders the process of policy evaluation by imposing constraints on re-examining project assumptions, casual relationship, targets and design for attainment of policy goal, and sustainability. Consequently, the long-term intervention objective of poverty reduction through empowerment of endangered social segment remains unattainable.

## Cross-References

► Comparative Urban Development

## References

Ahiuma V (2016, October 18) Poverty: 112M Nigerians live below poverty line. Vanguard. https://www.vanguardngr.com/2016/10/poverty-112m-nigerians-live-poverty-line/

Albinus C (2012, December 4) Economic implications of insecurity. The Punch

Al-Gazali A (2011) Re-positioning the Nigeria civil service for service delivery. Paper presented at the Federal Civil Service Commission workshop in Abuja between 7th–8th June, pp 1–40. Retrieved from http://allafrica.com/stories/201106130686.html. Accessed 03 Apr 2016

Anger B (2010) Poverty eradication, millennium development goals and sustainable development in Nigeria. J Sustain Dev 3(4):138–144

Atelhe GA, Agada FT (2014) Revisiting political corruption and development in Nigeria under democratic rule. Acad J Interdiscip Stud. MCSER Publishing, Rome. https://doi.org/10.5901/ajis.2014.v3n1p305

Egonmwan JA, Ibodje SWE (2001) Development administration: theory and practice. Scientific and technical. Resyin (Nig.) Company Ltd, Benin City

Eke E (2016, September 18) Nigeria's poverty level index hits 72% in 2016, Fitch reports. Ripples Nigeria. https://www.ripplesnigeria.com/nigerias-poverty-level-index-hits-72-2016-fitch-reports/

H

Eme OI, Emeh IEJ (2012) Bureaucracy and rural development; the role of public administration in national development: the Nigerian perspective. Glob J Manage Bus Res 12(4):19–40

Fukuda-Parr S (2011) The metrics of human rights: complementarities of the human development and capabilities approach. J Hum Dev Capabilities 12(1):74–89

Green CJ, Kirkpatrick CH, Murinde V (2006) Finance for small enterprise growth and poverty reduction in developing country. J Int Dev 18:1017–1030

Hull E, James D (2012) Introduction: popular economies in South Africa. Africa 82:1–19. https://doi.org/10.1017/S0001972011000696

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria Bureaucracy: the federal character principle experience. Cogent Soc Sci. https://doi.org/10.1080/23311886.2019.1601545

Kristof S, Tomas B, Henry B, Marcel B, José MR, Linze S (2008) From princeps to president? Comparing local political leadership transformation. Local Gov Stud 34(2):131–146. https://doi.org/10.1080/03003930701852179

Loss J (2008) Intervention concepts in prevention. In: Kirch W (ed) Encyclopedia of public health. Springer, Dordrecht

Meessen B, Criel B (2008) Public interventions targeting the poor: an analytical framework. Stud Health Serv Organ Policy 23:263–294

Moizza BS (2015) National MDG implementation: lessons for SDG era. Overseas Development Institute, London

Neumayer E (2010) Human Development and Sustainability. United Nations Development Programme. Human Development Reports Research Paper 1–35

Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3499-1

Okonjo IN, Osafo KP (2007) Nigeria's Economic Reforms Progress and Challenges. The Brookings Institution, WA

Okpata FO, Ukeje IO (2017) Justice and human dignity in the development of Nigerian federalism and public service system: the problem of good governance. Int Multidiscip Acad Res J 1(1):44–69. http://optimaledujournals.com/wp-content/uploads/2018/05/SEPTMBER-2-12-37.pdf

Onah FO (2010) Managing public programmes and projects, 2nd edn. Great AP Publishers Ltd, Nsukka, p 338

Onwubiko E (2017, December 13) Poverty as a killer of democracy. Daily Post. http://dailypost.ng/2017/12/13/emmanuel-onwubiko-poverty-killer-democracy/

Organization for Economic Co-operation and Development (OECD) (2001) The Well- Being of Nations: The Role of Human and Social Capital. Paris: OECD

Osisioma BC (2012) National transformation beyond rhetoric: a development agenda. A paper presented at the annual conference of Faculty of Management Sciences, Ebonyi State University, Abakaliki

Sambo N (2014) New directions for public service reform. Being a paper presented at the Bureau of Public Service Reforms (BPSR) inaugural seminar series. At Federal Ministry of Foreign Affair, Abuja. http://www.nigeria.gov.ng/2012-10-29-11-09-25/news/1093-vp-sambo-lauds-public-service-reforms-bureau-for-initiating-change-seminar

Sharma K (2009) The impact of remittances on economic insecurity. DESA working paper on economic and social affairs, vol 78. United Nations, New York, pp 1–17

Tyoden SG (2006) State and security in Nigeria's forth republic. In: Gana AT, Omelle YBC (eds) Democratic rebirth in Nigeria, vol 1, 1999–2003. AFRIGOV, Abuja

Ukeje IO (2019) Implementation of food security and poverty reduction policy in Nigeria: a case study of Ebonyi state agro-empowerment programme. Unpublished PhD seminar, Department of Public Administration, Nnamdi Azikiwe University, Awka

Ukeje IO, Abraham EA, Ndukwe C (2015) Effects of leadership influence on labour management relations: case study of Ebonyi State University, southeastern Nigeria. Int J Adv Res Technol 4(7):44–50. http://www.ijoart.org/research-paper-publishing_july-2015.shtml

Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2019a) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394

Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019b) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Cham

# Human Development in Qatar

Hend AlMuftah
Doha Institute for Graduate Studies, Doha, Qatar

## Synonyms

Human capital; Human development; Human Development Index

## Definition

Human development (HD) is the process of enlarging people's opportunities and choices and improving their well-being. HD is about the real

freedom ordinary people have to decide who to be, what to do, and how to live. Generally, HD is about expanding the richness of human life rather than simply the richness of the economy in which human beings live.

## Introduction

In 1990, the first UNDP Human Development (HD) Report introduced a new approach for advancing human well-being. Central to the HD approach is the concept of capabilities. Basic capabilities valued by virtually everyone include good health, access to knowledge, and a decent material standard of living. HD focuses on improving the lives people lead rather than assuming that economic growth will lead to greater well-being for all; thus, income growth is seen as a means to development rather than an end in itself. Three foundations for HD are to live a long, healthy, and creative life, to be knowledgeable, and to have access to resources needed for a decent standard of living. Once the basics of HD are achieved, they open up opportunities for progress in other aspects of life. Generally, HD has two dimensions: formation of human capabilities, such as health and higher knowledge and skill, and people's use of these capabilities in leisure time, following the constructive goals, and doing social, cultural, and political activities. If the HD cannot balance these two dimensions, human life is likely to decline at a high level.

As a rich hydrocarbon economy, Qatar invested its wealth in building its economic and human developments. Since Sheikh Hamad bin Khalifa came to power in 1995, many economic and educational reforms had occurred. Qatar has had remarkable economic growth relative to its neighbors in the last decade, becoming one of the world's fastest-growing and highest per capita income countries.

Qatar issued four National Human Development Reports (NHDR) since 2006. The first, NHDR (2006), reviewed the country's progress with respect to comprehensive HD. The second, Advancing Sustainable Development (2009), focused on the sustainable development challenges of rapid economic development and critical environmental parameters that are essential for national planning. The third, Expanding the Capacities of Qatari Youth, Mainstreaming Young People in Development (2012), focused on the development opportunities and challenges facing Qatar's youth. The fourth NHDR, focused on Qatar National Vision 2030: The Right to Development, reflects a commitment to deepening the national and international consensus that development entails much more than seeking economic growth. While emphasizing national identity, culture, heritage, and Islamic values, national HD must promote, respect, and protect the rights of all individuals. This report will focus on discussing HD of Qatar during 1990–2015 in terms of the formation of human capabilities basically through education; some health indicators will be also presented. The report is based on the available date from Qatar's governmental authorities and UNDP.

## Qatar: New Era

Since the discovery of oil and gas, Qatar transforms itself from desert sheikhdoms into modern state. This process has been accompanied by very ambitious economic development and rapid population growth. Qatar is endowed with tremendous reserves of oil and natural gas but with a small population of nationals. As a result, over the last decades, Qatar has depended on the exploitation of natural resources rather than on its human capital, for its wealth. In doing so, it has relied on a large influx of foreign workers, particularly in the private sector construction industry, which in turn resulted in increased pressure on the country's social services (mainly health and education). The number of Qatar's population has multiplied about 24 times within more than four decades and a half. Qatar's population increased from 111,000 persons in 1970 to 2,634,234 in September 2017 (Sukkan Newsletter, March 2017, http://www.mdps.gov.qa/en/Pages/default.aspx).

This approach has resulted in greater wealth in the short term, which in turn led to substantial improvements in living standards through

infrastructure, social services, as well as employment and ultimately in improved measures of HD, but has not provided for sustainable long-term social and economic development although the government has helped raise living standards.

Due to Qatar's small size of national citizens, Qatar's development strategy recognizes that a key ingredient of a knowledge-based economy is a skilled and intellectually capable workforce rather than relying on natural resources. Qatar's Third 4th National Human Development Report, 2015, recognizes the lack of knowledge capital as one of the main challenges facing Qatar in the long run.

Using its rich national resource base, Qatar has achieved a leap in social and economic transformation as it raised the income, improved all health outcome indicators, and made basic schooling and postsecondary education universal. Qatar cannot accomplish its ambitious economy and development projects without its human capital and resources: its people. Accordingly, Qatar vision 2030 entails a holistic human capital approach that caters an educational, health, and systems with high international standards. This was clearly emphasized in Qatar National Vision (QNV) 2030: an educated population, a healthy population physically and mentally, and a capable and motivated workforce. QNV 2030 is built on sustaining development for current and future generations.

## Qatar's HDI Value and Rank

As mentioned earlier, the HDI is a summary measure for assessing progress in three basic dimensions of HD: a long and healthy life, access to knowledge, and a decent standard of living. A long and healthy life is measured by life expectancy at birth. Knowledge level is measured by mean years of education among the adult population, which is the average number of years of education received in a lifetime by people aged 25 years and older, and access to learning and knowledge by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life. The standard of living is measured by gross national income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) conversion rates.

Due to the uncontrolled increase in Qatar's population size, it resulted in substantial changes in the population's age structure (expanding the working age group 15–64), which in turn have played a major role in activating various human development pillars being witnessed by Qatar. Among the most used indexes to measure the level of HD achieved in a state compared to another state are life expectancy at birth (as an indicator of health development level), average study years (as an indicator of educational level), and gross national income per capita (as an indicator of public welfare). According to the UNDP report in 2016, Qatar ranked first in the Arab World and 33 globally (Table 1).

Between 1990 and 2015 (Fig. 1), Qatar's HDI value increased from 0.754 to 0.856, an increase

**Human Development in Qatar, Table 1** HDI and its components

| Country | Order according to HDI | HD value in 2015 | Life components | | | |
|---|---|---|---|---|---|---|
| | | | Life expectancy at birth (years) 2015 | Average study (years) 2015 | Expected number of study years (years) 2015 | Gross national income per capita (purchasing power parity in $ in 2011) 2015 |
| Norway | 1 | 0.949 | 81.9 | 12.7 | 17.7 | 67.611 |
| Qatar | 33 | 0.856 | 78.3 | 9.8 | 13.4 | 129.916 |
| Saudi Arabia | 38 | 0.841 | 74.4 | 9.6 | 16.1 | 51.330 |
| Niger | 178 | 0.353 | 61.9 | 1.7 | 5.4 | 889 |

Source: UNDP, Human Development Report (2016)

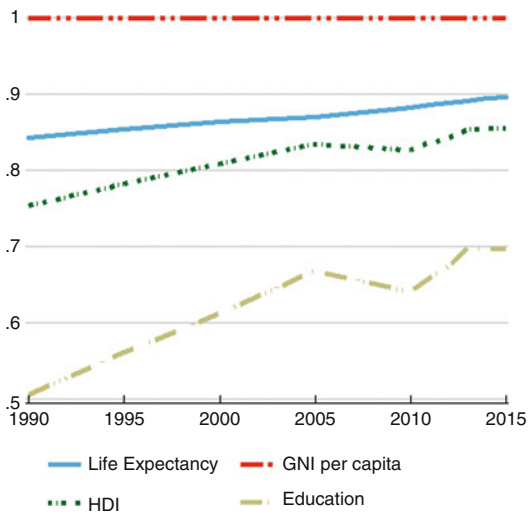


**Human Development in Qatar, Fig. 1** Trends in Qatar's HDI component indices 1990–2015 (Source: Human Development Report 2016, Human Development for Everyone, UNDP)

of 13.5%. The UNDP statistics of 2016 indicated that Qatar's HDI value for 2016 increased to 0.856 – which put the country in the very high HD category – positioning it at 33 out of 188 countries and territories. The rank is shared with Cyprus and Malta. In terms of HD indicators, the UNDP report indicates that between 1990 and 2015, and as a result of Qatar attention given to health sector, life expectancy at birth increased by 3.4 years, from 75.7% in 2007 to 78.3% in 2015; thus, the life expectancy at birth in Qatar is almost 10% more than the global rate (Sukkan, March 2017).

On the other hand, the comparison of health expenditures of the southwest Asian countries showed that maximum and minimum health expenditure belonged to Israel and Afghanistan, respectively. After Israel, the highest health expenditures were, respectively, related to the United Arab Emirates, Qatar, Cyprus, Kuwait, and Bahrain, which subsequently experienced favorable HDI (Mirahsani 2016). Mean health expenditure in Qatar is $1528 at purchasing power parity (PPP) per capita.

Qatar's mean years of schooling increased by 4.4 years, and expected years of schooling increased by 1.6 years. Qatar's GNI per capita increased by about 72.6% between 1990 and 2015 (Human Development Report 2016, Human Development for Everyone, UNDP), the matter that reflects Qatar's investment in its population education.

In terms of the HD progress, as measured by the HDI which can usefully be compared to other countries, it is indicated that although Qatar's 2015 HDI of 0.856 is below the average of 0.892 for countries in the very high HD group, it is above the average of 0.687 for countries in Arab States. From Arab States, countries which are close to Qatar in 2015 HDI rank and to some extent in population size are Bahrain and the United Arab Emirates (UAE), which have HDIs ranked 47 and 42, respectively, compared to Qatar's rank of 33. Generally, Qatar ranked 1st among all the Arab countries and 33rd globally in the HDI report of 2016, which in turn reflects the progress of Qatar's HD since the 1990s. Gross national income per capita witnessed an increase from USD 87,478 (purchasing power parity in dollars in 2005) in 2010 to USD 129,916 (purchasing power parity in dollars in 2011) in 2015.

## Gender Development Index (GDI)

With regard to Gender Development Index (GDI), based on the sex-disaggregated HD Index, defined as a ratio of the female to the male HDI, the GDI reflects gender inequalities in achievement in the same three dimensions of the HDI: health (measured by female and male life expectancy at birth), education (measured by female and male expected years of schooling for children and mean years for adults aged 25 years and older), and command over economic resources (measured by female and male estimated GNI per capita). The female HDI value for Qatar is 0.851 in contrast with 0.859 for males, resulting in a GDI value of 0.991. In comparison, GDI values for Bahrain and the United Arab Emirates are 0.970 and 0.972, respectively.

## Gender Inequality Index (GII)

In terms of the Gender Inequality Index (GII), the 2015 HD Index showed that Qatar has a GII value of 0.542, ranking it 127 out of 159 countries. It is very clear that Qatar has made significant strides in the area of women's rights and their empowerment, especially in education and health, where the country is a regional leader. However, challenges remain in ensuring women's equal access to decision-making and in their political empowerment. In this regard, it is indicated that only 0.1% of parliamentary seats are held by women, although 70.9% of adult women have reached at least a secondary level of education compared to 67.8% of their male counterparts. In addition, female participation in the labor market is 53.6% compared to 94.2 for men. In terms of health indicators, it is shown that for every 100,000 live births, 13 women die from pregnancy-related causes, and the adolescent birth rate is 10.7 births per 1,000 women of ages 15–19. Generally, compared to other Arab countries, Qatar ranked 127, while Bahrain and the United Arab Emirates ranked at 48 and 46, respectively, on this index.

One of the largest changes in Qatar over the last two decades is in the education and employment of Qatari women. Qatari female participation in the local labor force increased from 27.4% in 2004 to 34.7% in 2013 and to 53% in 2014 (4th Qatar 4th National Human Development Report, 2015 2015, 35–58). In terms of Qatari females' unemployment, it was indicated in 2001 that about 22% were unemployed. By 2009, this had declined to 1.9% and to 0.7% in 2017 (Qatar Statistics Labour Force Survey, 2010, Labor Force Survey, the 2nd Quarter, June 2017). However, Qatari females' unemployment rate remains high compared to their counterparts Qatari males and particularly among young women aged 20–24 and high school graduates (ibid., 32).

Generally speaking, Qatari females' participation in the labor market increased over the last decades, where they represent 68% of workers in the government sector, 52% are occupying professional jobs (ibid., 58). This can likely be explained by the higher achievement of females in education, increase in female role models in Qatar, and a subsequent rise in workforce participation. This may be also the result of cultural factors, as women are traditionally placed in roles such as teaching or clerical work, where they are not exposed to mature males. In turn, this may also be attributed in part to the "equal pay for equal work" in the Qatari constitution. However, although the gap in wages between Qatari women and males decrease over time, it is still existing among some professional and managerial positions (Al Muftah 2010; 4th Qatar 4th national Human development Report, 2015 2015, 35).

## Conclusion

Relying on the above HD indicators for several years (1990–2015), the average annual rate of increase for Qatar's HDI is 0.51% within a quarter century, where it increased from 0.754 in 1990 to 0.856 in 2015, which underlines the massive development efforts being exerted by Qatar and its wise leadership aiming at realizing more development achievements and ensuring a decent life for its citizens. Qatar has, and continues to make, conspicuous progress in improving HD – moving from 57th to 33rd in the UNDP Human Development Index between 1997 and 2015. As Qatar moves toward implementing and monitoring the 2030 agenda, the HD approach remains useful to articulating the objectives of development and improving people's well-being by ensuring an equitable, sustainable, and stable planet.

However, quality not quantity of HD must be considered to assess and ensure that HD benefitted everyone. In this regard, two very important questions should not be ignored: who has been left out in the progress of Qatar's HD and how and why did that happen? Usually, it is poor, marginalized, and vulnerable groups, indigenous and migrant children, women, and elderly people who might be left behind at some extent. Thus, advancing HD through efforts to reach everyone and carrying for those left out requires meaningful and

well-designed policies, including policies with appropriate focus, measures for groups with specific needs, and interventions to protect HD gains. Such policies should involve ensuring people's participation in influencing policies and in evaluating development results, particularly the voice of the marginalized and vulnerable groups as mentioned above.

To conclude, Qatar would be near the top of the HDI if integration and adjustments were made for the country's large population of migrant workers, as they comprise the largest proportion of Qatar's population with low level of education (unskilled workers in the private sector which in turn distort HDI). If the HDI measure was appropriately adjusted for the presence of migrant workers, then Qatar might rank near Norway.

## Cross-References

► Governance and Human Development
► Human Capital and Meritocracy

## References

Al Muftah H (2010) How do Qatari Females Make it to the Top? An Examination of the Organizational Constraints to their Advancement. Journal of the Women of the Middle east and Islamic World HAWA (8) 2010

Human Development Indicators, UNDP (2016) Human development reports. http://hdr.undp.org/en/countries/profiles/QAT. Last time accessed 1 July 2017

Mirahsani Z (2016) The relationship between health expenditures and human development index. J Res Health Soc Dev Health Promot Res Cent 6(3):373–377

Qatar's Fourth National Human Development Report: Realizing Qatar National Vision 2030 the Right to Development (June 2015)

Qatar's Second National Human Development Report: Advancing Sustainable Development (July 2009)

QSA (Qatar Statistics Authority). 2006. National human development report UNPUBLISHED REPORT

Qatar's Third National Human Development Report: Expanding the Capacities of Qatari Youth (Jan 2012)

Sukkan Newsletter (March 2017) Ministry of Development Planning and Statistics, Qatar

# Human Development, Religion, and Governance

Silvia Marinella Fontana[1], Maria Rosaria Garofalo[2] and Helen Nambalirwa Nkabala[3]
[1]University of Padua, Padua, Italy
[2]University of Salerno, Salerno, Italy
[3]Department of Religion and Peace Studies, Makerere University, Kampala, Uganda

## Synonyms

Beliefs; Faith based organizations; Governance; Religion; Sustainable human development

H

## Introduction

Starting from '90, human development and governance are characterizing the theoretical and political paradigm on transformational paths of the economy and the related wellbeing of the population, alternative to the mainstream models of growth to their trickle down distributive mechanisms. As multidimensional, anthropological founded and place-based, they open the doors to multiple intangible factors. Their nonlinear and embedded linkages are mutually complement in order to decode the determinants/obstacles and the intrinsic goals of these human development paths. In this integrated and complex framework, even if neglected for many decades, religion plays again a relevant role in the economic literature and in the arena on global scale (Deneulin and Rakodi 2011) since it tries to keep together values (preferences) and practices (actions), assumed as dichotomous by the mainstreaming neoclassical economics. The many feasible intersections between human development paths, governance's rules, and religious traditions – as either virtuous or vicious circles – represent a new ontological-theoretical domain that is challenging the academic fields separation and, in turn, is

feeding cross-fertilization among disciplines (development economics and religion economics, theology and moral philosophy, political science, and public philosophy) and methods (quantitative, qualitative, and experimental). Heterogeneous strands of literature suggest theoretical lenses for these interactions, that is, the New Institutional Economics *a là* North and *a là* Aoki – where religion is defined an encompassing set of rules and/or of organizations – and the Capability Approach *a là* Sen – where human development is defined as human flourishing according to the personal values and implemented in relational and communitarian ways. Overlapping these strands, Faith Based Organizations (FBOs) might play as an intermediate institution between the State and the individuals, aimed at promoting voice and participation of different communities and groups – according to their theological roots and goals – to channel their values and rituals, and following partnership's rules with other agencies likes as humanitarian agencies (secular and religious) and with bi-multilateral donors (Thaut 2009). Furthermore, the sustainability dimension could be a bridge between human development, religion, and governance if religion matters both as resources – from meso- to macrolevel – and as goals – from macro- to microlevel. FBOs could be a bridge toward sustainable human development (Anand and Sen 2000; Garofalo et al. 2018), designed to combat deprivation in poor countries but also to fulfill SDGs on global scale (Tomalin et al. 2019).

In terms of structure, the first section "Overview: Theoretical Approaches on Religion and Human Development" refers to interdisciplinary literatures. The second section "Faith Based Organizations: From Humanitarian to Developmental Purposes of Service" discusses the active role of FBOs in humanitarian assistance, social service, international cooperation, and peacebuilding. The third section "Analysis of the Political-Economic Role of a FBO: The Pentecostal Movement in Uganda Regards Realizing Sustainable Development" discusses the economic and political roles that religion might have at local level. In the conclusive section, open questions for future research are presented.

## Overview: Theoretical Approaches on Religion and Human Development

If "religion" and "human development" literatures would be crossed, then the emergent core would be on the multidimensional and intersubjective wellbeing: religions is a device to recognize and sustain the "signs of times" of the human integral development in a universalistic way, whether economic development gives temporality to spiritual salvation of a community (e.g., Augustinus; Vatican Council II and following Encyclica). However, there is not yet a predominant paradigm and the history of economic thinking documents that this complex relation is often contested. (i) On one hand it is prevailing a "separation hypothesis": starting from Adam Smith, the separation State-Church and the laissez-faire rules among different religions within a country favor good competition and moderation, beneficial for growth; however, empirical cross countries/religions evidence shows a negative correlation between religion and growth when GDP per capita is increasing (Barro and Mc Cleary 2003). The modernization approach to growth and the correlated ideology of secularism prevent religion to be a positive source (if not an obstacle) and to hamper religious entitlements as communities' goals of development. (ii) On the other hand and in the waves of widespread globalization, the hypotheses "massive growth-declining religion" are not confirmed, showing a resilient ability of religion on global scale (Carbonier 2013). According to World Wide Survey (WWS, 1981-01), religion is related to development level (differentiation) of/within a country: religion is high if the subjective perception of insecurity is high – as in less developed systems – and if inequality is high – also in developed systems. However, as underlined by Deneulin and Rakodi (2011) in their empirical analysis based on WWS, religious-inspired behavior and perceived benefit from sacral ritual participation are consistent with a positivist approach (Mc Clearly and Barro 2019). In other words, they do not consider the "contextual nature and the meaning giving of religion" (Deneulin and Rakodi 2011, p. 48). World Bank (1980) dedicated a special issue to "Religion and Development";

for *Voices of the Poors* (WB, 2000) sacral spaces and leadership of FBOs matter for an holistic vision of development; the partnership of national/multinational development agencies (WB, UN) with FBOs is increasing and, among other institutions, the Department "Development Dialogue on Values and Ethics" (WB, 2005) is aimed to better explain and sustain nexus between faith, ethics, and services provision. Another methodological question is regarding the nature of the linkages "religion- economics," for example, if one way or two ways. Welch and Muller (2001) disentangle four topics on that matter: (i) no preference for interaction between religion and economics (*any* religion could be consistent in principle with *any* economic action); (ii) economics in service of religion (economics could implement specific religious beliefs and practices); (iii) and vice versa – subjective religious rules, as trust or moral community condition may support interest of a specific group; (iv) complementarity between religion and economics (inclusive aspiration to common good and "human perfectibility" (*Fides and Ratio*, 1998; Oslington 2000). Specifically, the two-ways interaction could play as follows: (i) *From development to religion*, the wealth accumulation is negative correlated with religion if the increasing job and leisure opportunities crowd out ritual participation (activities time consuming) which opportunity costs became relatively increasing. Whether the impact of education is negative on religious values, because "believing" became less attractive with respect to rational choice model, and positive on the rate of ritual participation, because of the perceived benefits from network, for example, from "belonging" to a church (McClearly 2008; Mc Clearly and Barro 2019; Karacuka 2019). (ii*) From religion to development,* it depends on the level at which occurs: from meso to micro, religion is a channel to shape and transmit extrinsic motivations and attitude (self-esteem, hardworking, volunteering) and reinforcing informal rules (trust, fair distribution); from micro to meso, is a process to accumulate positive immaterial externalities (cooperation and coordination within and among agencies and communities, provision of relational and common goods) or to struggle against corrosive organizations and unjust rules as "structural sin" of an economy (Deneulin 2015). An underlying methodological question is about the feasibility of economic rational model – enriched by ad hoc assumptions, like as in the orthodox economics – as microfoundations of the interactions religion-human development. Considered as a whole, these interactions decode religion as heterogeneous (believing and belonging) and dynamic (meso-/micro-/macrodimensions) and emphasize the idea of religion as an intermediate institution of human development, calling for governance.

## Faith Based Organizations: From Humanitarian to Developmental Purposes of Service

Organizations based on faith play today a critical role as FBOs as human services providers (Yancey et al. 2009) in the delivery of services to the most vulnerable groups of the population globally, putting themselves at service of the community in a dialogue with the individual (the microdimension), the community itself (the mesodimension) and the society with its institutions and governance (the macrodimension of human development). There is not universal agreement on a unique definition of FBOs, a broader definition considers as FBO any kind of faith-related voluntary association from churches, mosques, synagogues to congregations, that, motivated by its religious faith and beliefs, engages in social welfare (McGrew and Cnaan 2006). Other definitions are more restricted in terms of human resources engaged in the service provisions (i.e., volunteers or workers), mission, or type of activities. For instance, Noor and Nawi (2016) refer to FBO as "community service agency which employs qualified community workers and has its identity and mission, self-consciously derived from the teachings of one or more religious or spiritual traditions or is auspice by any religious organization or religious community." Looking at the type of social service they provide, FBOs actions relate to different domains of human service, from humanitarian assistance and life-saving activities (e.g., Samaritan's Purse, Islamic Relief)

to community development (e.g., local congregations and associations). Moreover, they represent at local level values-hub where citizens gather to re-create a sense of community devoted to the most fragile. FBOs present different organizational model on the basis of several factors at strategic and operational level, with formal and informal ties embedded in the society where they operate. Moreover, FBOs might be characterized by some features of secular NGOs such as independence, being a non-for-profit and intrinsically driven by voluntary and altruistic purposes (Ball and Dunn 1996); however, they differ from secular NGOs for their religious embedment or linkages with a religious structure, doctrine, or community (Clarke and Ware 2015). Today their roles is recognized as a crucial part of the humanitarian and development paradigms in the response to the Agenda 2030 and its Sustainable Development Goals (SDGs). The active engagement in development by many FBOs, despite some debate over the evangelistic goals of some FBOs (Thaut 2009), represents an effective response to the global challenges. On the HIV/AIDS pandemic, for instance, the Community of Sant'Egidio (a network of Christian communities in more than 70 countries in the world based its mission on Prayer, Poor, and Peace) developed through the program DREAM (Disease Relief through Excellent and Advanced Means) effective protocols of prevention and treatment of HIV with innovative sanitary technologies at service to entire communities of 11 countries in Africa. The same institution is active in peacebuilding and peacekeeping activities worldwide, having promoted the peace agreement in Mozambique and being an active as mediator among conflicting parts in Central Africa Republic.

## Analysis of the Political-Economic Role of a FBO: The Pentecostal Movement in Uganda Regards Realizing Sustainable Development

Faith based organizations (FBO) is a term used in reference to the religious actors in development cooperation (Oden and Samuelsson 2019). These have been on the increase in Uganda over the years and currently, FBOs are their presence in every part of the country. Many FBOs often identify with and have inextricable connections with the grassroots, are deep-rooted in the communities, and are in touch with the day-to-day realities in the villages, whether that be social, economic, or political (Auli and Vahakangas 2019). The FBOs have invariably shaped and informed the political landscape and development trajectories of rural and urban communities alike. Economically, Pentecostals immensely help vulnerable members of the community, for instance, through provision of relatively cheap education to underprivileged children as well as conducting religious rituals to resettle former combatants (Sundnes-Dronen 2019). A case in point is the Deliverance Church which through Joy Schools nurtured many influential people who occupy key critical offices. Also, the hospitals have provided much of the needed, relatively cheap, medical care to grassroots communities. Moreover, Pentecostals have set up radio and TV stations across the country through which they communicate developmental messages and social values to the country through the voices of religious leaders who are largely the most rusted members of the community (Narayan-Parker 2000). There are specific development oriented programs such as "Amagezi Bugagga" ("Wisdom is Wealth") that is aired on Impact FM radio at 05:00 am from Monday to Friday. During this time, wealth creating and developmental information is passed on to the listeners. This is a trend that is increasing among the Pentecostals in Uganda and is galvanizing them into getting engaged in developmental activities.

Politically, FBOs particularly Pentecostals through their leadership especially the "prophets" have continued to deploy the power of "prophecy" as a very important avenue for political engagement. No wonder Jakobsson argues that religion is now politicized (2019). Many "prophets," "apostles," and "priestesses" (Robert Kayanja, Samuel Kakande, Imelda Namutebi, etcetera) have attracted an array of prominent high- and middle-class citizenry and political figures because of the perceived capacity to comment on and prophecy on politically sensitive

issues/subjects. A case in point is Prophet Elvis Mbonye who has attracted A-class of Kampala dwellers in five-star hotels for his prophetic services. Prophet Mbonye was mostly pushed into the limelight when he prophesied that Ugandan military choppers will crash in 2012 and then mainstream media reported that he had informed top military leaders about the prophecy but they ignored him (Mulondo 2012). At the time of elections, politicians competing for various political offices often seek the services of Pentecostal prophets as they are believed to have the divine power to prophecy and help people win elections.

Despite these developments in FBOs and Pentecostalism in particular, dissenting voices from within the Pentecostal fraternity are increasing. Cynics many argue that some of the "high-flying" prophets, such as Elvis Mbonye, Robert Kayanja, or Samuel Kakande are merely "political prophets." Yet, FBO and Pentecostalism still holds very strong appeal among Ugandans as seen in the recent past where they were instrumental in bringing various political groups that previously never sat on the same table to define the political landscape and discuss the political direction of the country, to the discussion room. This was evidenced in the last presidential campaigns where the inter-religious Council of Uganda (which also includes Pentecostals), an indigenous national faith-based organization, was instrumental in bringing all the presidential aspirants in one space for the debate. The presidential debate was key in defining the political atmosphere in the country.

Further, many Pentecostals are capitalizing faith-based platforms to indirectly engage in politics, negotiate political leverage, and participate and define the development of the country from within. Some have done so by acquiring direct political representation in platforms such as Local Government councils, the national parliament, among others. For instance, in the 2016 political election cycle, a number of openly confessed Pentecostals were elected to Parliament; these include the once celebrated gospel singer, Hon. Judith Babirye (Woman Member of Parliament for Buikwe district) and Hon. Pr. Peter Sematimba (MP Busiro South). Also, many others are sympathetic to Pentecostal causes such as Hon. Allan Sewanyana (MP Makindye West) who previously worked at a big Pentecostal media brand, Top Media Group (which runs Top Radio and Top TV) to rally support and win. This situation in Uganda is not unique to Uganda. No wonder Jakobsson argues that a campaign without an element of religion is more less unthinkable in diverse countries (Jakobsson 2019). These events show: first, that Pentecostals are increasingly becoming key in decision-making for the country. Second, that Pentecostalism is a vehicle for social and political transformation. Third, that Pentecostals are most likely to become a voting block that will determine political and social trends in the country in the near future. Fourth, formation of the *Born Again Faith Federation* (BAFF), a distinct faith with leadership in every part of the country, and at the same level of the old guards such as Roman Catholics, Anglicans, Muslims, Orthodox Christians, and Seventh Day Adventists, denotes that Pentecostalism in Uganda and is increasingly turning into a major vehicle of political and social engagement.



## Conclusions

The overlapping trajectories between human development, religion, and governance suggest an emergent and complex topic for the economic theory and policy: is *a* religion able to overcome the traditional dualism between preferences – and their underlying beliefs and values – and actions – and their underlying decision making – in different domains of choice? Does a religion provide an element of intersectionality, selected as a socially embedded heuristic for inequalities analysis across countries and religions and furthermore across religious values and rituals of different groups and communities within a country or across different rate of rituals participation within the same religious group? The overlapping trajectories underlined highlight the inadequacies of mainstream economics – designed as a closed system of individual rational choices and of macroeconomic outcomes, assumed to be consistent with the assumption of methodological individualism. The traditional discipline frontiers are

critically discussed and their mutually contaminations are conceptualizing a new core of the economics, designed as an open, coevolving, and value-laden system. That has methodological implications which, in turns, have normative impacts: it regards the pluralism in economics where the rational choice model is enriched by empirical information on religious "beliefs" and "belonging," still anchored to an empiricist-positivist approach. The main underlying question is about the intersubjective meaning's construction of "religion" and about its role as an institution within the inter-institutional play for the governance of human development paths. Open questions are related to the term of pluralism: if "pluralism" has a ontological dimension – because any reality is shaped by interplaying entities – then the pluralism requires a meta-methodological discussion on how to build and use knowledge (Dow 2012) and on the added value of an hermeneutic approach and of an "incomplete thinking" (Pope Francis) with respect to the positivistic approach. According to Kanbur and Shaffer (2006), the normative nature of an epistemology allows to go further in interpreting and governing vicious or virtuous circles between religion(s) and human development paths in a multidimensional and sustainable perspective where religious organizations are active social service providers and may play political and economic roles.

## Cross-References


- ▶ Ethics and Religion
- ▶ Leadership and Religion
- ▶ Religion and NonProfit Organizations
- ▶ Religious Organizations


## References


Anand S, Sen A (2000) Human development and sustainabilty. World Dev 28:2029–2049

Auli, Vahakangas M (2019) Religious Communities- a resource or a liability for development? In: For better for worse: the role of religion in development cooperation, 2nd edn. SMC-Faith in Development. Swedish Mission Council pp. 163–176

Ball C, Dunn L (1996) NGOs defined. In the Commonwealth Foundation. In: Non-government Organisations: guidelines for good policy and practice. The Commonwealth Foundation, pp 5–18

Barro RJ, Mc Cleary R (2003), Religion and Economic Growth, NBER wp n.9682

Carbonier G (2013) Religion and development. Int Dev Policy 4:1–5

Clarke M, Ware VA (2015), Understanding faith-based organizations: How FBOs are contrasted with NGOs in international development literature. Progress in Development Studies, Volume 15, Issue: 1 (2015) pp. 37–48

Deneulin S (2015) The theological resources and the transformation of unjust structure. CDS, wp n. 39, Bath

Deneulin S, Rakodi C (2011) Revisiting religion: development studies thirty years on. World Dev 39:45–54

Dow S (2012) Methodological pluralism and pluralism of method. In: Foundations for new economic thinking. Palgrave Macmillan, London

Garofalo MR, Fontana SM, Hernandez FA (2018) Human development and governance. In: Ferazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham

Jakobsson P (2019) Religion as a resource in development cooperation. In: For better for worse: the role of religion in development cooperation, 2nd edn. SMC-Faith in Development, pp 19–34

Kanbur R, Shaffer P (2006) Epistemology, normative theory and poverty analysis. Department of Applied Economics, Cornell University, wp 2

Karacuka M (2019) Religion and economic development in history: institutions and the role *of* religious network. J Econ Issues 52:57–79

Mc Clearly S, Barro RJ (eds) (2019) The wealth of religion: the political economy of believing and belonging. Princeton University Press, Princeton

McClearly S (2008) Religion and economic development. Policy Rev, April. Fasc. 148:45–57.

McGrew C, Cnaan RA (2006) Finding congregations. J Relig Spiritual Soc Work Soc Thought 25(3–4):19–37. https://doi.org/10.1300/J377v25n03_03

Mulondo M (2012) He accurately prophesized the chopper crashes. The New Vision, October 28

Narayan-Parker D (2000) Can anyone hear us? Oxford University Press for the World Bank, New York, p 2000

Noor ALM, Nawi MHM (2016) Faith-based organisations (FBO): a review of literature on their nature and contrasting identities with NGO in community development intervention. Eur J Econ Bus Stud 2(1):14–28

Oden R, Samuelsson T (2019) Introduction. In: For better for worse: the role of religion in development cooperation, 2nd edn. SMC-Faith in Development, pp 9–18

Oslington P (2000) A theological economics. Int J Soc Econ 27:17–31

Sundnes-Dronen T (2019) Mission and development: old stories or new possibilities? In: Samuelsson T and Odén

R (eds) For better for worse: the role of religion in development cooperation, 2nd edn. SMC-Faith in Development, pp 35–44
Thaut LC (2009) The role of faith in Christian faith-based humanitarian agencies: constructing the taxonomy. Voluntas 4:319–350
Tomalin E, Haustein J, Kidy S (2019) Religion and sustainable development goals. Rev Faith Int Affairs 17:102–119
Welch PJ, Muller JJ (2001) The relationships of religion to economics. Rev Soc Econ 59:185–201
Yancey GI, Rogers RK, Singletary J, Sherr M (2009) A national study of administrative practices in religious organizations. Soc Work Christ 36(2):127–142

# Human Ecology: Integrating Urban and Natural Environments

Russell J. Fricano
Urban & Regional Studies Institute, Minnesota State University Mankato, Mankato, MN, USA

## Synonyms

Agroecology; Biophilic cities; Eco-development; Ecotone; Green building; Green infrastructure; Sustainable development

## Definition

Human ecology is a study of the relationship between human development and the natural environment. This field examines reciprocal relationships between social, economic, and cultural aspects of human settlement, how humans shape the natural environment, and how the natural environment shapes human settlement and activities. In this manner, human and natural environments are not assessed separately; they are examined together.

## Introduction

The origin of human ecology can be traced to ancient times. As early as the fifth-century BCE, Hippocrates admonished ancient Athenians of adverse health-related impacts of locating cities on marshy and damp land and the benefits of development on sunny and windy slopes. Later, Roman architect Vitruvius advised city builders to design cities with buildings and streets that harnessed sunlight and wind patterns. These concepts were carried over into the Renaissance with Alberti and Bacon advising designers to respect nature rather than ignore it. Resource depletion and pollution spurred by industrialization brought further attention to these views in the nineteenth century and spurred two movements: Arcadian and Imperialist. Arcadians advocated preservation of the environmental resources, such as the establishment of the US National Forests and Parks. Imperialists viewed nature as subservient to humankind in terms of the service nature provides; for example, forests provide lumber; rivers provide hydroelectric power. The most influential planners and architects of the nineteenth and twentieth centuries took a middle ground between these approaches, integrating nature and human settlement. These include Frederick Law Olmsted, Patrick Geddes, Lewis Mumford, Kevin Lynch, and Ian McHarg (Spirn 1985).

Michael Colby (1991) extended and formalized the interrelationship of humankind and the environment by classifying paradigms illustrating the evolution of environmental management. These paradigms ranged from "frontier economics" that emphasized "infinite growth and prosperity" to "deep ecology," "anti-growth, and constrained harmony with nature" (p. 196). Between these two extremes, he denoted the paradigm of "eco-development." Colby defined eco-development as "co-developing humans with nature" (p. 196), with such a relationship leading to a "positive sum game," in which economic welfare is accomplished in an environmentally sustainable manner (p. 204). Eco-development serves as a foundation for human ecology.

In contemporary times, the fields of urban planning, landscape architecture, and environmental management view the relationship between human development and the environment within the framework of sustainable development. As stated by the Brundtland Commission, the intent of sustainable development is

to meet the needs of the current generation without compromising the needs of future generations (United Nations 1987). The three main components of sustainable development are environment, equity, and economy. In this discussion, society and equity are considered synonymous. Fitting this model to human ecology, the three-nested diagram better portrays this relationship in a more realistic way (see Fig. 1).

The proportions of each facet are depicted at the appropriate scales. The environment is all-encompassing over humankind and nature. Society is the next largest facet and focuses on humankind. The economy is a subset of society. The following section summarizes principles associated with each facet, as outlined by Beatley and Manning (1997).

*Acknowledge fundamental ecological limits:* the preservation of environmental resources promotes biological diversity – the number and geographic distribution of ecosystems, number and geographic distribution of plant and animal species, and genetic variation within each species. Nonhuman species have their own value, independent of any practical value for human beings.

*Restorative and regenerative:* sustainability promotes policies that revitalize a community's economy, restore degraded resources, promote environmentally responsible businesses, and foster agricultural self-sufficiency.

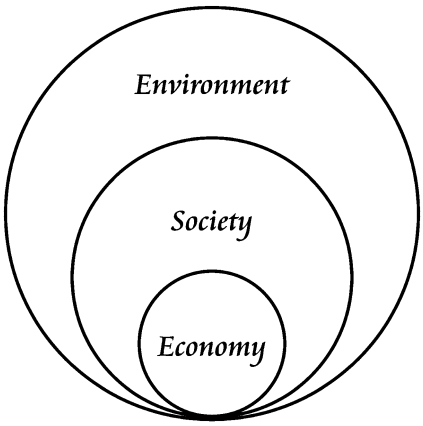


**Human Ecology: Integrating Urban and Natural Environments, Fig. 1** Three-nested diagram of sustainable development. (Adapted from Dushenko et al. 2019)

*Quality of life:* a blend of community characteristics that local residents value. Quality of life is subjective and can range from natural open space and clean air and water to quality educational facilities.

*A sense of place:* community design that enhances local character through distinctive architecture, landscaping and historic buildings and gives prominence to public areas and civic buildings.

*Integrative and holistic:* a comprehensive perspective, with attention directed at the interrelatedness of decisions (i.e., how do land use policies affect preservation of agricultural land? Is enough affordable housing provided?)

*Imply a new ethical posture:* planning should extend its scope to include other issues that affect community welfare: employment, affordable housing, public health, and community food systems.

*Equitable and just:* this principle considers whether officials plan with the public interest in mind and how enacted policies affect the entire social strata of the community (with special emphasis on the disadvantaged). For example, the provision of a mix of housing for low-income employees conveniently located near the place of work reduces the congestion-related impacts of long-distance commuting and provides employment access to the disadvantaged.

*The importance of community:* community provides opportunities for meaningful citizen participation and community design focused around schools and local institutions, with sidewalks and communal areas conducive to interaction.

*A full-cost accounting of social and environmental costs:* sustainable development approaches consider impacts on disadvantaged members of society. Policies that promote economic development of low-income neighborhoods, transportation strategies that provide inner city access to healthcare and suburban jobs, and the environmental justice movement follow this principle.

Ruddick (2016) also integrated landscape architecture with principles of sustainable development, emphasizing restoration, conservation, and regeneration. Restoration involves the use of a narrative, an account of the historical evolution

of a site and its future potential for reviving a lost use or function. Conservation protects and uses less of existing resources. Regeneration allows a natural or man-made process to sustain itself over time.

## Contemporary Human Ecology

### Theoretical Foundations

Human ecology views the relationship of the human organism in its own context in complex systems of environmental, social, cultural, and economic relationships, which can vary and change with time. The goal is to synthesize social and natural sciences. The relationships between humankind and nature are best examined through types of relationships, processes, and scopes in space.

According to Steiner (2016), human ecology consists of three types of relationships: function, structure, and change. Functional relationships consider the flow of natural resources, such as air, water, and minerals, through space. Structure consists of man-made buildings and lots and natural elements such as patches, corridors, and matrices. Dynamic relationships reflect changes over time. These concepts are useful in examining how systems interact and vary over space and time. The scope of human systems ranges through habitat, community, landscape, region, and nation-state.

The most basic level of human and nonhuman settlement is denoted as "habitat." At this level, the establishment of habitats forms a "niche," based on culture and context. Niches are conducive to interaction and can vary based upon cultural and environmental settings. Spatial areas where humankind and nature overlap are ecotones, which promote richness in diversity (Steiner 2016).

At the next level, communities are places where humankind and nature interact defined by space with diverse, interdependent, and whole systems (Steiner 2016). Communities are comprised of human society and natural systems. Human communities consist of shared beliefs, interests, and commitments of varied groups and activities (Selznick 1996). Ecosystems consist of biotic and abiotic resources and man-made structures. Living resources including vegetation, animal life, and microorganisms are biotic; abiotic resources are air, water, and soil (Marten 2001).

Landscapes comprise the next highest level. Landscapes are all natural and manmade features that can be perceived by the eye. Landscapes consist of mosaics that have diverse structures and functions and adapt to change in various ways. As diversity results from natural and cultural forces, adaptation of landscaping is a cultural undertaking. Landscapes must be viewed as a layering of social and environmental features that serve as settings for dynamic relationships. Landscapes are more about process than place, involving "interaction and integration" (Steiner 2016, p. 85). Steiner also noted that landscapes must be actively observed, as they represent symbolic meaning and provide ambiance.

At the regional level, human ecology integrates regional types, structure, and complexity. As natural resources such as airsheds, waterbodies, or wildlife corridors do not follow jurisdictional boundaries, human ecology leads to regional planning. Finally, at the nation-state level, as nation-states are primarily human relationships, discerning ecological relationships becomes more challenging. Diversity exists between nation-states as well as within them. Ecotones between nations can result in unique cultures.

Human ecology also involves a careful and enriching overlap and interaction in ecotones and edges. Steiner (2016) observed that ecotone areas and development along edges have a special richness. An ecotone can be a waterbody that provides recreational use and also serves as a habitat for riparian plants and wildlife. The Pueblo cliff dwellings in Mesa Verde National Park are another example. An edge defines boundaries of open space or natural areas due to the contrast between human development and natural areas. Central Park in New York City is a prime example. Ruddick (2016) added to this interrelationship between the human and natural environments by allowing innovative patterns that can be defined at various spatial patterns from the site to the region.

## Related Concepts

### Biophilic Cities

A biophilic city seeks closeness to nature through preservation and enhancement of existing natural characteristics. This approach protects and nurtures the environment through an understanding that abundant wild nature is important. Such a city also actively restores and repairs adversely impacted natural resources. Biophilic cities also find new and creative ways to insert nature into streets, buildings, and urban living environments. Urban forestry, which manages and enhances tree populations in cities, follows this principle. In the process, biophilic cities enhance livability through an outdoor orientation that makes walking, strolling, and daily exposure to the outside elements and weather a priority (Beatley 2011).

### Bioregionalism

Bioregions are areas characterized by unique resources such as watersheds and forests. Each resource impacts the others and is affected by the others. Bioregions exist irrespective of jurisdiction and each is distinct. Citing Peter Berg's conception, Glotfelty (2015) noted that the goals of bioregionalism are to "restore and maintain natural systems," "meet basic human needs in a sustainable manner by relying as much as possible on local materials and resources," and support those engaged in sustainable development (Glotfelty 2015, p. 3).

### Agroecology

Agroecology integrates ecological processes with agricultural production. Under this concept, a site or region of agricultural production is viewed holistically as an ecosystem. The goals are to make agriculture and natural factors work together simultaneously and synergistically. Agricultural management begins with a perspective of farm systems as a whole and designs intervention according to the impact on the entire system (Gliessman 2015). Some examples include organic farming, which promotes natural fertilizer and pest control, leading to higher yields without detrimental impacts on pristine natural areas. Also, the application of microclimates, planting trees or other forms of vegetation that protect agricultural production from climate-related impacts, follows agroecology principles.

## Human Ecology in Practice

Contemporary development practices have enabled the integration of human and natural environments. This can be conducted by utilizing and enhancing existing natural resources within the surrounding context and designing manmade structures with minimal environmental impacts. The following are selected examples from the fields of urban planning, environmental management, and building and landscape architecture.

### Conservation Subdivisions

Conservation subdivisions employ zoning and land division regulation to preserve interconnected areas of open space, steep hillsides, floodplains, and other areas for conservation, avoiding resource fragmentation. This is done through a four-step process: (1) identifying primary and secondary conservation areas, (2) locating housing sites and related infrastructure, (3) aligning streets and trails, and (4) drawing lot lines. For example, designers cluster building lots together to avoid areas with sensitive environmental resources. In this manner, the location of environmental resources ultimately guides development (Arendt 2015).

It should also be noted that environmental resources are determined by natural rather than manmade boundaries. Watersheds and sensitive wildlife habitat areas extend beyond local jurisdictions and can only be viewed from a regional perspective. Development at the local level can destroy the integrity of these areas. Environmental review and planning should be extended to a regional scale to effectively preserve natural areas (Barnett 2020).

### Overlay Zoning

Overlay zones provide supplemental regulation in areas with sensitive environmental resources which were subdivided and developed prior to current land use and environmental regulation. These are special zones imposed over existing

zoning districts to provide an additional layer of development standards to protect environmentally sensitive areas from detrimental land use practices. Examples include setbacks from riparian areas, shielding of lighting near wildlife corridors, prohibition of invasive plant species and use of herbicides and pesticides. This allows permitted development to exist unobtrusively within the environmental context.

### Green Building

Green building is a program of various building standards and design strategies that implement sustainable development principles. These standards primarily focus on reduction of greenhouse gas emissions, natural resource and energy consumption, water usage, air pollution, and waste disposal. Green building strategies are also intended to be implemented in a cost-effective fashion.

Green building programs are developed and administered by the US Green Building Council (USGBC). The USGBC developed the LEED® Rating System for evaluating how well green building practices are implemented in buildings and neighborhood development. LEED® is an acronym for "Leadership in Energy and Environmental Design." This rating system promotes tangible and intangible benefits of green building practices including environmental, economic, and social benefits over the life cycle of buildings. LEED® also provides a comprehensive portfolio of building programs and innovative technical tools to serve the real estate industry. The USGBC also strives to earn widespread and routine endorsement by private and public real estate industry leaders and stakeholders (U.S. Green Building Council 2020).

### Transect Planning

Transect planning is a New Urbanist approach that classifies all elements of the urban setting by defining and setting a scale of development intensity in delineated "transects" from rural to urban. Designers and planners account for the local landscape, architectural design, uses, height and bulk of prevailing structures, and integration of new structures to be consistent with prevailing development patterns.

Transects also correspond to "ecozones" that define characteristics of land use intensity. Duany and Talen (2007) denoted six ecozones. Ecozones range from pristine "rural preserve" to highly urbanized "urban core." Figure 2 depicts a diagram of a transect system. Characteristics of each ecozone are also listed in Table 1.

The main premise of transect planning is that planning must be based upon a balance between natural and manmade environments. In contrast to the traditional concept that development and nature are diametrically opposed, transect planning integrates both systems using the following ecological principles:

*Sequence of habitats or ecosystems:* a spatial ordering or progression of biodiversity. Various forms of human habitat have different levels of urban intensity.

*Linkage between organisms and their physical environment:* connecting elements of development such as structure or lot size with the prevailing physical environment.

*Internal diversity:* different habitats exhibit a different mix of elements to satisfy a particular living preference. This is referred to as "complexity."

Ecological principles work simultaneously, but in different ways and at different scales. This principle acknowledges that natural processes such as migration or feeding flow across different spatial scales. Under these circumstances, planners must keep scales in mind to develop the most appropriate solution to environmental problems (Duany and Talen 2007). Transect planning is implemented through form-based codes.

Transect planning integrates urban form with architectural design and open space by providing an orderly perspective in its continuum of urban and natural areas. However, most regions do not follow the ideal transect pattern with development established before the transect concept became adopted. This can make delineation and classification of ecozones subjective (Berke et al. 2001).

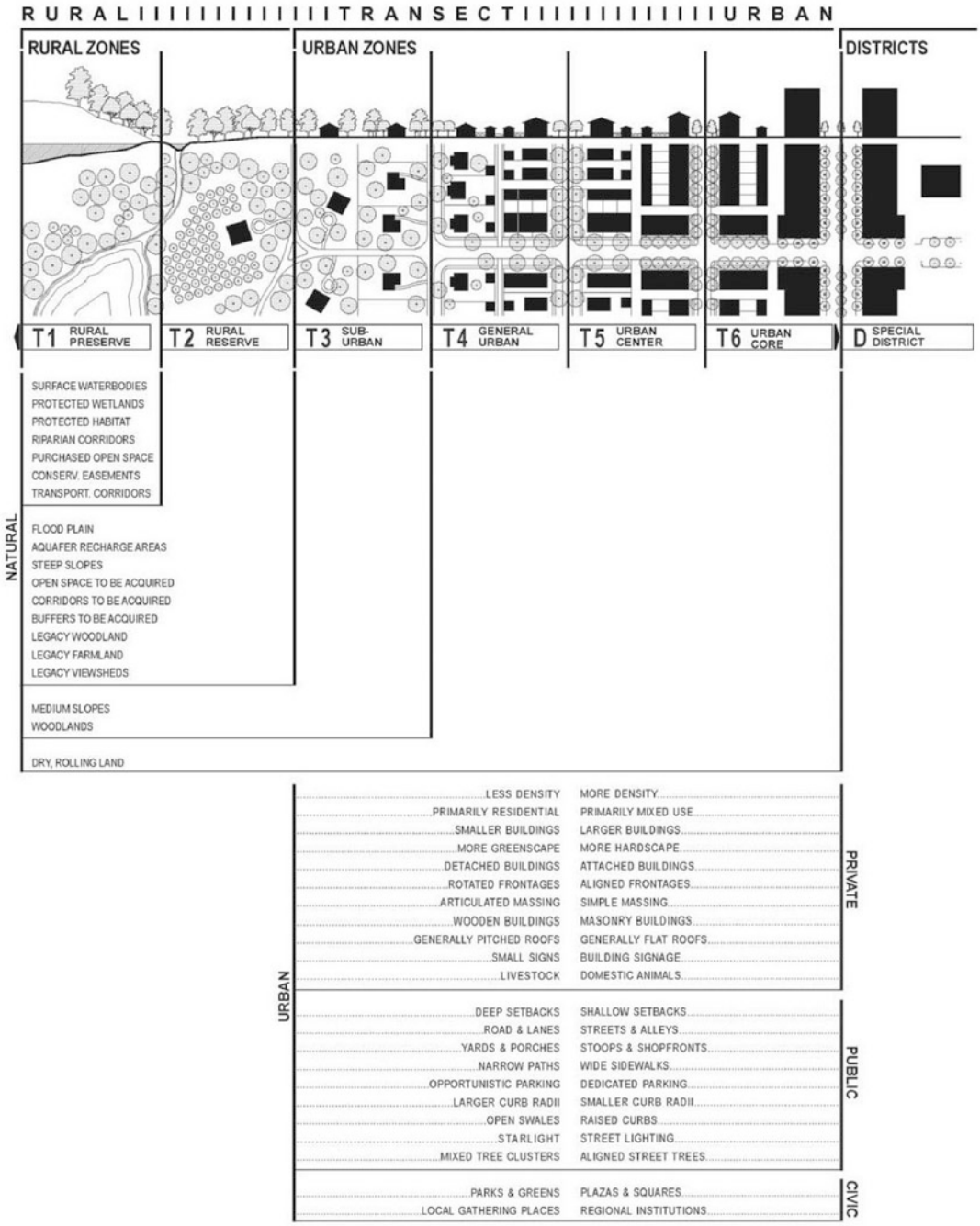


**Human Ecology: Integrating Urban and Natural Environments, Fig. 2** Diagram of a transect system. (Source: Duany and Talen (2007))

## Sustainable Agriculture

Sustainable agriculture promotes farming that protects natural areas adjacent to or in the vicinity of agricultural production. This approach also reduces greenhouse gasses and conserves energy. Agroecology is in contrast to large corporate

**Human Ecology: Integrating Urban and Natural Environments, Table 1** Ecozones

| Ecozone | Characteristic |
|---|---|
| Rural preserve | Space legally protected from development in perpetuity; includes surface waterbodies and wetlands |
| Rural reserve | Open space not yet protected from development but should be; includes flood plains, steep slopes |
| Suburban | Most naturalistic, least dense residential habitat; consists of single-family residential, with open space; is rural in character; restrictions on nonresidential development |
| General urban | Primarily residential; single family-detached and row houses; limited office and retail with open space consisting of greens and squares |
| Urban center | Denser, mixed-use habitat; row houses, apartments, offices above shops, with office and retail permitted. Open space consists of plazas and squares |
| Urban core | Densest residential, business, cultural, and entertainment concentration; row houses, apartment buildings, department stores, and office buildings. Open space consists of squares and plazas |

Source: Duany and Talen (2007)

farming that transports agricultural goods across the country. Two prominent sustainable agriculture approaches are organic farming and urban agriculture.

### Organic Farming

Organic farming involves environmentally friendly practices that reduce pollution impacts, promote biodiversity, and conserve and manage natural resources. According to the US Department of Agriculture, organic farming involves the following practices:

> "Use of cover crops, green manures, animal manures, and crop rotations to fertilize the soil, maximize biological activity, and maintain long-term soil health";
>
> "Use of biological control, crop rotations, and other techniques to manage weeds, insects, and diseases";
>
> "An emphasis on biodiversity of the agricultural system and the surrounding environment";
>
> "Using rotational grazing and mixed forage pastures for livestock operations and alternative healthcare for animal well-being";
>
> "Reduction of external and off-farm inputs and elimination of synthetic pesticides and fertilizers and other materials, such as hormones and antibiotics"; and,
>
> "A focus on renewable resources, soil and water conservation, and management practices that restore, maintain, and enhance ecological balance". (U.S. Department of Agriculture 2007)

### Urban Agriculture

Urban agriculture is the cultivation of crops and livestock within cities or on the urban fringe. In addition to supplementing the urban food supply, urban agriculture has also been recognized as a planning strategy that provides social benefits and entrepreneurial opportunities in inner-city areas. The devotion of a portion of urban land to agricultural use provides access to agricultural produce to supplement the diet of urban households. Urban agriculture also promotes recreational opportunities through gardening (Hodgson et al. 2011). On larger landholdings, urban agriculture promotes entrepreneurial opportunities for selling produce in urban markets and creating agricultural employment (Kaufman and Bailkey 2000). As a green form of open space, urban agriculture has been identified as a strategy which reduces the amount of greenhouse gases associated with global warming (Lal 2004). Peri-urban farming that serves an adjacent area reduces greenhouse gas emissions and transport costs posed by long-distance transport, in addition to reducing time and distance in transporting perishable produce (Heimlich and Barnard 1992).

Establishing and maintaining urban agriculture poses a number of challenges. Most urban farming is practiced on temporary lease holdings of private or public land. From an economic perspective, urban agriculture is not considered the highest and best use of land; a private landowner may use it as a place holder until the market is favorable for new development. Even if the lease holding is on public land, urban agriculture competes with other forms of public land use such as urban forestry, parkland, or redevelopment projects. These issues can be addressed by acquiring urban farming sites through land trusts and implementing ordinances and policies that promote urban agriculture use. Local and regional

governments should also work closely with food policy councils and urban farming advocates.

## Green Infrastructure

Green infrastructure, also referred to as "low-impact development," uses natural resources and processes rather than conventional construction methods and materials to accommodate the environmental context. The development of Woodlands, Texas, avoided the impacts of stormwater runoff and subsidence posed by concrete ditches. Designers used an alternative system of natural drainage that included ponds, landscaped flood plains, and well-drained soils (Spirn 1985). Green infrastructure also includes best management practices (BMPs) that address stormwater pollution in a natural manner. For example, rain gardens provide vegetative buffers along sidewalks, parking lots, and roadways that can absorb stormwater, which is then filtered into subsurface soil or sand (See Figure 3). With the appearance of natural ponds, detention basins with soft aquatic bottoms also capture stormwater for treatment or subsurface filtration (U.S. Environmental Protection Agency 2005).

Despite the benefits of green infrastructure, the major challenge to its practice is what Randall Arendt refers to as "the status quo option of doing nothing" (Arendt 2010, p. 11). Traditional suburban subdivision design promotes standardized "cookie-cutter" development that does not consider natural and cultural features of the landscape. Antiquated zoning regulations are also not sensitive to environmental resources. Further, subdivision regulations focus on gray infrastructure of streets and sewer lines with lot configuration usually determined by surveyors and engineers with no background in environmental design. These challenges can be rectified by conducting an inventory of existing resources and using an existing resources/site analysis (ER/SA) map. The ER/SA map can serve as an evaluative tool to identify land suitable for development, as well as natural resources to be conserved (Arendt 2010) (Fig. 3).

**Human Ecology: Integrating Urban and Natural Environments, Fig. 3** Rain gardens filter stormwater with native vegetation and add aesthetic appeal to a property. (Source: Minnesota Pollution Control Agency)

### Eco-towers

Human ecology can also be employed through manmade construction that would normally be associated with highly urbanized areas. Eco-towers follow human ecology principles using new technology and care in design and construction practices. This includes environmentally friendly building processes both inside and outside the building. Eco-towers also have cultural significance. Eco-towers design follows LEED® guidelines and related architectural design and engineering principles. Eco-towers employ human ecology principles in a direct and indirect manner. The following principles of eco-tower design and construction are outlined by Al-Kodmany (2015).

Direct benefits are gained by applying microclimate principles and other types of environmental mitigation. This includes vegetative planting on rooftops and sides of buildings that reduces the heat island effect. The *Bosco Verticale* ("vertical forest") in Milan, Italy, is a prime example. Agricultural towers such as *PlantaSymbioSystem*® in Stockholm, Sweden, produce crops and organic materials, consume carbon dioxide, and rely on heating from adjacent buildings and a biogas plant. Agricultural waste products from this project are used for biogas and fertilizers.

Eco-towers can also facilitate wind patterns and mitigate light and shadow impacts using building configuration and setbacks. Lighting controls can adjust to daylight and harness natural sunlight.

Indirect impacts save energy. Eco-towers conserve energy by using sustainable technologies including wind turbines, solar panels, and sunlight-sensing LED lights. Daylighting utilizes direct sunlight through internal and external reflection to illuminate and warm buildings. Cross-ventilation also conserves energy.

Eco-towers also conserve natural resources sustainably by utilizing local building materials. This practice saves energy required to transport the materials and promotes local economic development. The use of recycled building materials also conserves natural resources. Green materials including wood, masonry, or concrete conserve energy through thermal mass properties. Water conservation measures such as rainwater catchment and water recycling can also be incorporated in eco-tower design.

Eco-towers also promote the human side of human ecology through designs promoting interaction and a sense of place, with structures that serve as cultural icons. Eco-towers are configured to form open areas and "urban rooms," where people meet and interact. The location of a tower in a central business district can also provide a "Zone of Influence" within the vicinity of the structure. Eco-towers also serve as icons representing the interface of humans and the environment. Shanghai Tower signifies the importance of China as an economic superpower. The Arab-Islamic culture influenced the design of the façade of the Doha Tower in Qatar.

As eco-towers have become increasingly popular, this form of development has also received its share of criticism. The main issues relate to the effectiveness of green building guidelines and financial feasibility. Some architects and researchers have questioned whether LEED®-certified buildings have achieved sustainable outcomes; in this manner, critics contend that the LEED® rating system is based upon projected outcomes rather than actual performance (Mehaffy and Salingaros 2013). However, variation in building usage and maintenance defies an accurate comparison between LEED®-certified and conventional building performance.

Financial feasibility is based upon how development and operating costs are calculated. While development costs are based upon materials and labor, operating costs are more difficult to estimate. Operating costs are normally estimated over a 30-year time period; however, for eco-towers that use high-quality building material and technology, a 50-year time frame would be more appropriate (Al-Kodmany 2015).

## Conclusion

Human ecology's theoretical foundations and practice provide critical guidance. This concept acknowledges that human settlement and nature are not separate, but located within the same all-encompassing environment. Human ecology is

also consistent with principles of sustainable development and recognizes a rich overlap and interaction of society, culture, and environmental resources through ecotones and edges. In the process, human ecology also allows for dynamic and innovative patterns that can be defined at various spatial patterns from the habitat site to the region.

In practice, human ecology promotes solutions with a holistic perspective, using both natural and manmade systems. Sustainable agriculture, green infrastructure, and similar methods utilize nature responsibly to fulfill human needs. Conservation subdivisions, transect planning, and overlay zones use nature to govern development patterns. Green building and eco-towers can conserve resources, utilize technology, and harness natural systems. These benefits can be attained in direct and indirect ways: direct in terms of enhancing the natural and human environment and indirect by reducing natural resource consumption and waste.

At a time when government decision-makers grapple with the perplexing issues of climate change and resource depletion, human ecology provides hope that humankind and nature can coexist in enriching ways.

## Cross-References


- ▶ Domains of Sustainability
- ▶ Environmental Governance
- ▶ Rural Development
- ▶ Sustainability and Governance
- ▶ Sustainable Development Administration


## References


Al-Kodmany K (2015) Eco-towers: sustainable cities in the sky. WIT Press, Southhampton

Arendt R (2010) Envisioning better communities. Seeing more options, making wiser choices. American Planning Association, Chicago

Arendt R (2015) Rural by design: planning for town and country. Routledge, New York

Barnett J (2020) Designing the megaregion. Meeting urban challenges at a new scale. Island Press, Washington, DC

Beatley T (2011) Biophilic cities: integrating nature into urban design and planning. Island Press, Washington, DC

Beatley T, Manning K (1997) The ecology of place: planning for environment, economy and community. Island Press, Washington, DC

Berke T, Godschalk D, Kaiser E (2001) Urban land use planning, 5th edn. University of Illinois Press, Urbana

Colby M (1991) Environmental management in development: the evolution of paradigms. Ecol Econ 3:193–213

Duany A, Talen E (2007) Transect planning. J Am Plann Assoc (November):245–246. https://doi.org/10.1080/01944360208976271

Dushenko M, Bjorbaek T, Steger-Jensen K (2019) Application of a sustainability model for assessing the relocation of a container terminal: a case study of Kristiansand port. Sustainability 11(1):87. https://doi.org/10.3390/su11010087

Gliessman S (2015) Agroecology: the ecology of sustainable food systems, 3rd edn. CRC Press, Boca Raton

Glotfelty C (2015) Introduction. In: Glotfelty C, Quesnel E (eds) The biosphere and bioregion: essential writings of Peter Berg. Routledge, New York, pp 2–3

Heimlich RE, Barnard CH (1992) Agricultural adaptation to urbanization: farm types in northeast metropolitan areas. Northeastern J Agric Res Econ 21(1):50–60

Hodgson K, Campbell M, Bailkey M (2011) Urban agriculture: growing healthy, sustainable communities (Planning advisory service report no. 563). American Planning Association, Chicago

Kaufman J, Bailkey M (2000) Farming inside cities: entrepreneurial urban agriculture in the United States. Working paper WP00JK1. Lincoln Institute of Land Policy, Cambridge, MA

Lal R (2004) Soil carbon sequestration impacts on global climate change and food security. Science 304(5677):1623–1627. https://doi.org/10.1126/science.1097396

Marten G (2001) Human ecology: basic concepts for sustainable development. Earthscan, London

Mehaffy M, Salingaros N (2013) Why green architecture hardly ever deserves the name. ArchDaily, July 3. Retrieved from: https://www.archdaily.com/396263/why-green-architecture-hardly-ever-deserves-the-name

Ruddick M (2016) Wild by design. Strategies for creating life-enhancing landscapes. Island Press, Washington, DC

Selznick P (1996) Institutionalism, "old" and "new". Adm Sci Q 41(2):270–277. https://doi.org/10.2307/2393719

Spirn A (1985) Urban nature and human design: Renewing the great tradition. J Plann Educ Res 5(1):39–51. https://doi.org/10.1177/0739456X8500500106

Steiner F (2016) Human ecology: how nature and culture shape our world. Island Press, Washington, DC

U.S. Green Building Council (2020) LEED v.4.1. Cities and communities plan and design. Retrieved from: https://www.usgbc.org/sites/default/files/2020-05/LEED%20Cities%20%26%20Communities%20PD%20v4.1%20Addenda%20Table%20-%201st%20edition_4-10-2020.pdf

U.S. Department of Agriculture (2007) What are organic production systems and practices? Retrieved from: https://

www.nal.usda.gov/afsic/organic-productionorganic-food-information-access-tools#define
U.S. Environmental Protection Agency (2005) National management measures to control non-point source pollution in urban areas. Report EPA-841-B-05-004. Retrieved from: https://www.epa.gov/sites/production/files/2015-09/documents/urban_guidance_0.pdf
United Nations (1987) Our common future. Report of the World Commission on Environment and Development. Retrieved from: https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf

# Human Relations Theory of Organizations

Scott Cooley
Department of Political Science, University of Chicago, Chicago, IL, USA

## Synonyms

Employee satisfaction; Informal networks; Social relations

## Definition

Human relations theory: a school of organizational thought which focuses on worker satisfaction, informal workplace organizations, and a means of influencing employee productivity. Unlike scientism, human relations theory does not view workers as essentially interchangeable parts.

## Introduction

The human relations theory of organizations has three main components. First, the theory places an emphasis on the importance of the individual. A worker is not simply a cog in a machine but an idiosyncratic individual who responds to his or her environment. Maximizing the productivity of workers requires taking these individual characteristics into account. Second, human relations theory takes into account the informal organizations in the workplace. What is important to a worker – and what influences her productivity level – may not be the official organizational chart but her or his associations with other workers. Third, human relations theory stresses the importance of participative management. Employees are more likely to be happy and engaged at work if they have meaningful input into important workplace decisions. Failure to solicit employee input leads to unhappy workers and diminished workplace productivity, according to human relations theory.

## Background

Human relations theory first came to prominence in the 1930s in response to the then prevailing management theory, scientism. The inventor of scientism, Frederick Winslow Taylor, held it was not important to consider the feelings and preferences of workers. Rather, in his classic treatise, *The Principles of Scientific Management* (1967), first published in 1911, Taylor wrote that worker productivity could be optimized by conducting a series of time-and-motion studies to reveal the best way to perform a given task. Once the optimal work process was designed, Taylor believed that managers should focus on training workers to complete the task in precisely that way. Taylor clearly did not believe that most workers were very bright, nor did he think they needed to be, writing: "This work is so crude and elementary in its nature that the writer (Taylor) firmly believes that it would be possible to train an intelligent gorilla so as to become a more efficient pig-iron handler than any man can be."

Underlying the management philosophy of Taylor and other believers in scientism were some fairly cynical views about human nature. According to Douglas McGregor (1960), proponents of scientism believed the following about human nature:

1. The average human has a dislike of work and will avoid it if she can.
2. Because most people dislike work, they must be coerced, controlled, directed, and threatened with punishment to compel them to achieve organizational goals.

3. The average person has little ambition, prefers to avoid responsibility, enjoys being directed, and places security above all other goals.

## Hawthorne Studies

By the 1920s, then, scientism was the dominant management philosophy. In an effort to test means of improving productivity, managers at General Electric's Hawthorne Works plant in Cicero, Illinois, began varying working conditions to test their effects on productivity. For example, they adjusted the plant's lighting both up and down. What they discovered surprised them: Whether the plant's lighting level rose or fell, worker productivity levels increased – but only temporarily. The principles of scientism clearly did not explain these aberrant research results.

Perplexed by their findings, the Hawthorne management team invited Elton Mayo, a professor at the Harvard Business School, and a team of researchers to attempt to make sense of their findings. Mayo and his colleagues conducted a series of additional studies which led them to believe that previous researchers had understated the importance of individuals and informal social networks in generating companies' productivity levels. In short, the productivity level of workers at the Hawthorne plant could not be understood by simple time-and-motion metrics or the manipulation of financial incentives or other workplace conditions.

One such Hawthorne experiment was the so-called relay-assembly test-room study, which tested a variety of changes in working conditions. Essentially Mayo, his research team, and the plant's managers introduced a series of changes to the working conditions of a small group of female employees. Each of these changes was discussed with the team prior to implementation. Over time, these numerous changes resulted in increases in worker productivity. In addition to producing more, the workers in the study were happier and more content: "…experimental-group members reported less fatigue and greater satisfaction with their jobs than did their counterparts operating under conventional conditions in another part of the plant" (Miles 1980). This was true even when the original pre-study working conditions were restored. Per Mayo (1946): "…the itemized changes experimentally imposed…could not be used to explain the major change—the continually increasing production."

After years of subsequent research and analysis of the relay-assembly test-room data, Mayo and his team concluded that the explanation was that the workers became an autonomous work group that set its own lofty standards. Put simply, workers had established an informal organization that dictated acceptably high output levels. Pugh and Hickson's summary of the relay-assembly test-room study was as follows (2000): "Mayo's generalization was that work satisfaction depends to a large extent on the informal social pattern of the work group. Where norms of cooperativeness and high output are established because of a feeling of importance, (the workers') physical conditions have little impact." According to Wren and Greenwood (1993), "The group was able to build an internal equilibrium that allowed it to produce more despite the manipulation of rest pauses, length of work day, payment schemes, and so on."

With respect to the importance of informal social networks, Mayo and his team replicated their findings in a separate experiment, called the bank-wiring room study. In this study, 14 men were observed to determine how quickly they could attach wires to telephone parts. Even though the workers had a piece-rate wage incentive plan, which the company thought would incent them to produce as much as possible, Mayo found that the "informal social structure" influenced the productivity and attitudes of workers. In short, the introduction of a generous incentive pay play had no impact on worker productivity levels.

The findings of the bank-wiring room study repudiated a basic tenet – the motive of self-interest – of the scientific management school. Instead, Mayo and his colleagues found that worker production was governed by a series of informal norms and group sanctions. The workers, who in this test were all men, had an idea what a "fair day's work" was, according to Mayo, and the group ensured that this output

target was met – but not a bit of "extra" output was produced. "Overproducers" were labeled "rate-busters" and were made the subject of verbal and even physical abuse. "Underproducers" were called "chiselers," and "members who reported information to management that tended to threaten the integrity of the social system were categorized as 'squealers.'"

As a result, according to Miles, ". . ..the bank-wiring room observation study brought into serious question the simple assumption of rationality based on self-interest that formed the cornerstone of the scientific management school. There appeared to be no simple and direct relationship between technical alterations (in general conditions, work methods, and so forth) and worker productivity." Rather, the important finding was that the informal expectations of the group governed productivity levels.

While the male bank-wiring room group produced a moderate amount and the female relay-assembly test-room group achieved higher levels of productivity, Mayo and his colleagues did not attribute this difference to gender. Rather, as Sonnenfeld (1985) noted, Mayo et al. developed five strategic conclusions from their work:

1. Individual work behavior is determined by a complex set of factors.
2. The informal or primary work group establishes norms, including for production levels.
3. Job-related symbols of prestige and power are key to maintaining the social structure of these informal groups.
4. To maximize employee happiness and productivity, supervisors need to understand the unique needs of each individual.
5. Awareness of employee sentiment and employee participation can enhance receptiveness to workplace changes.

Other scholars subsequently replicated Mayo's findings in various environments. In one such instance, the US government hired psychologist Kurt Lewin (1958) during World War II to determine effective ways to change people's meat consumption patterns. Due to the war, there was a scarcity of the higher-quality meats that people generally ate, but there was an abundance of nutrition-rich, lower-quality meats, including beef hearts and kidneys. Lewin and his research team hypothesized that if housewives could discuss preparing nontraditional meats, they would be relatively likely to curb their consumption of higher-quality meat. He further hypothesized that housewives who merely saw a presentation emphasizing the importance of cutting meat consumption, as a way of aiding the war effort, would be less likely to change their food preparation behaviors. Overconsumption of meat was a difficult problem for the government to solve because women felt social pressure to serve meat, especially to guests. However, Lewin was able to confirm his hypothesis that allowing women to discuss the issue would make them more likely to comply with the government's request. As Lewin noted, "A follow-up showed that only 3% of the women who heard the lectures served one of the meats never served before, whereas after group decision (the group discussion), 32% served one of (the nontraditional meats)." Similarly, in a study conducted in a pajama factory, Lewin found that employees were more likely to espouse new work methods if they were able to discuss them and have input into them. In short, Mayo, Lewin, and other human relations theorists maintained that workers – humans, really – want to have a voice and provide input in their tasks.

Not everyone agreed with human relations school's findings, however, with scientism continuing to have a significant number of adherents. Indeed, organizational researchers split into two warring camps, with some defending Taylor and others promoting Mayo's research. By 1960, the split was so pronounced that McGregor called the technically oriented scientific management approach "Theory X," while he said "Theory Y" was the school of thought which emphasized informal social structures. Apparently the two camps interacted with each other only infrequently.

Mayo's critics were not solely acolytes of Taylor, however. Some scholars believed – and continue to believe – that Mayo made fundamental errors in interpreting his research findings.

For example, Landsberger (1958) argued that instead of observing the effects of informal social

networks, Mayo simply documented the response of workers to having researchers watch them. In other words, worker productivity was affected not by workers' involvement in discussions about working conditions, or by informal social networks, but because the employees reacted to the increased attention from those conducting the studies. Workers simply were not accustomed to being asked for their opinions about important work issues. In Landsberger's account, this reaction to the researchers prompted the changes in productivity, an outcome dubbed the "Hawthorne effect."

Greenwood et al. (1983) found that pecuniary considerations led to the workers' improved productivity. Indeed, when questioned 50 years after the experiments, surviving participants said that the potential to make more money had led to their increased output. Greenwood, et al. concluded: "To say that money was not a major motivator would be an inaccurate conclusion to be drawn from the Hawthorne tests."

More recently, Stephen A. Levitt and John A. List (2011) have contended that Mayo simply misanalyzed some of his data. Levitt and List found and reanalyzed original data from the illumination experiments that scholars thought had been lost. In particular, they rebut the notion that productivity increased or decreased because of changes in lighting levels. In the original illumination experiments, the lighting was manipulated on Sundays, a nonwork day. As it turns out, Levitt and List demonstrate that productivity was simply higher on Mondays, the first day of the work week, regardless of whether the lighting was adjusted. They concluded that "Existing descriptions of supposedly remarkable data patterns prove to be entirely fictional."

## Conclusion

Regardless of likely methodological problems with some of the studies that gave rise to human relations theory, that school of thought continues to have a significant impact on organizational thought. Indeed, it is hard to imagine a modern manager in almost any organization claiming that she need not pay attention to an employee's individual needs or to informal social networks in the workplace. Mayo's work on the importance of supervisor-subordinate communication also has continuing relevance.

More recently scholars have bridged some of the gap between the scientism and human relations schools. Miles writes that systematic studies have shown that neither scientism nor human relations theory is universally applicable. Indeed, "Attention should be given to both because of their interdependence in complex organizations." Once in separate warring camps, defending Theory X and Theory Y, scholars have now combined these schools of thought in an approach to explain employee behavior in complex organizations, called the "sociotechnical" approach.

## Cross-References

► Culture and Organizations

## References

Greenwood RG, Bolton AA, Greenwood RA (1983) Hawthorne a half century later: relay participants remember. J Manag 9(2):217–231

Landsberger HA (1958) Hawthorne revisited: management and the worker: its critics, and developments in human relations in industry. Cornell University, Ithaca

Levitt SD, List JA (2011) Was there really a Hawthorne effect at the Hawthorne plant? An analysis of the original illumination experiments. Am Econ J Appl Econ 3: 224–238

Lewin K (1958) Group Decision and Social Change. In: Maccoby EE, Newcomb TM, Hartley EL (eds) Readings in social psychology. Holt, Rinehart and Winston, Inc., New York

Mayo E, and Harvard University (1946) Graduate School of Business Administration. Division of Research. The Human Problems of an Industrial Civilization. Division of research, Graduate School of Business Administration, Harvard University, Boston

McGregor D (1960) The human side of enterprise. McGraw-Hill, New York

Miles RH (1980) Macro organizational behavior. Goodyear Pub. Co, Santa Monica

Pugh DS, Hickson DJ (2000) Great writers on organizations. Ashgate, Aldershot

Sonnenfeld JA (1985) Shedding light on the hawthorne experiments. J Occup Behav 6(2):111–130

Taylor FW (1967) The principles of scientific management. Norton, New York
Wren DA, Greenwood RG (1993) Management innovators: the people and ideas that have shaped modern business. Oxford University Press, New York

# Human Resource Information Systems

Charlene M. L. Roach
Department of Political Science, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

## Synonyms

Human Resource Information Systems; Human Resource Information Technology; Human Resource Management Systems; Integrated Human Resource Information Systems.

## Brief Definition or Concept Description of Human Resource Information Systems

Human resource information system (HRIS) may be defined as integrated computer systems designed to execute multiple tasks in regard to the flow of information within organizations as it pertains to its human resources. HRIS have the capacity to manage such data with functionalities around acquisition: storage, analysis, manipulation, retrieval, dissemination, and control.

## Introduction: Background and Overview

Information and communication technologies (ICTs) such as human resource information systems (HRIS) are gradually evolving and transforming government services. These technological forces are making inroads externally in concurrence with other environmental influences as well as internally within public organizations. Their ultimate impacts are being felt in almost all aspects of government operations which include but are not limited to system changes; employees' work designs; employees' knowledge, skills, abilities, and aptitudes (KSAAs); and the manner in which public administrators and managers lead and how they make decisions. In particular, HRIS are changing and reshaping critical functions, activities, and processes for public human resource management and for employees at all levels (Hussain et al. 2007; Kassim et al. 2012).

Historically, the old personnel administration, hereafter called personnel, was narrowly tailored to a strict "record keeping and file clerical" (Ivancevich 2013) functions. It was also streamlined to function within bureaucratic organizations with top-down hierarchical structures and fragmentation due to the diffusion of authority levels. Personnel also viewed employees narrowly and restricted their development to some employees and not all employees. Overall, personnel as an approach to administration focused more on manual and mechanical strategies for adoption which were limited to sustain and maintain the capacity of information loads and work that currently exist in public organizations.

A more recent approach promotes a strategic view of human resources hence the term, strategic human resource management (HRM). This contemporary change has revolutionized the field with a profound orientation toward meeting the needs and concerns of employees as human resources. Unlike personnel's narrow scope, strategic HRM has a broad focus which is future oriented, global, and results driven and is inclusive of all employees as assets and resources. Such a shift is indicative of the need for public organizations to manage effectively the rate of responses in service delivery and other aspects of their operations where bureaucratic red tape and layers abound. Against this backdrop, strategic HRM is also harnessing ICTs versus conventional methods of administration and management in public organizations. These organizations are embracing the adoption and application of ICTs as simple as the use of personal computers and the Internet to as complex as adopting innovative systems such as HRIS.

This chapter examines the significance, benefits, characteristic features, and usage including the contemporary practices for HRIS within public organizations in their human resource functions and activities. It also assesses some of the major challenges facing its adoption and implementation and provides recommendations as a way forward into the future.

## Conceptualizing HRIS: Significance and Benefits

HRIS may be defined as integrated computer systems designed to execute multiple tasks in regard to the flow of information within organizations as it pertains to its human resources. HRIS have the capacity to manage such data with functionalities around acquisition: storage, analysis, manipulation, retrieval, dissemination, and control. In contemporary settings, HRIS can be used to enhance all human resource functions and activities. Examples of more popular HRIS software used to create greater efficiencies in organizations' human resource (HR) functions and activities include PeopleSoft, Oracle HRMS, SAP HR, and HR Soft (Anthony et al. 2010; Noe et al. 2014).

Thus, the adoption and application of HRIS have facilitated the integration and performance of numerous HRM processes into a single system. Public administrators and managers are using HRIS to transform HRM functions in order to strategically restructure policies, activities, processes, and other procedures. This allows them to stay abreast of the complex demands and challenges in this new era of change. Studies have shown that HRIS can be used in almost all HR functions and activities. In the area of career planning and development, HRIS have been one of the most compelling innovations to influence career management systems with novel instruments (Chakraborty and Mansor 2013). Multipurpose functionalities in this feature include individual customization for persons' career planning and pathing activities. This ultimately impacts organizations' end outcomes such as efficiency gains; quality of work life experiences for employees; and employees' motivation, performance, and overall organizational productivity.

HRIS provide further benefits to HR functions, processes, and activities. For recruitment and selection as staffing and maintenance functions within HRM, HRIS enable more accurate and effective tracking and monitoring of the numbers and types of human resources internal to organizations. When external recruitment and selection are utilized, the same functionalities can be applied.

HRIS enable HR planning and related activities to be strategic in forecasting and implementing planning techniques (Nagendra and Deshpande 2014). Such techniques can be executed through statistical analyses of supply and demand trends which are determined to enhance organizational outcomes. Some benefits noted here are cost-effectiveness, accuracy, and timeliness. It also creates competitive end results for organizations where planning functionalities could be used to diagnose, to monitor, and to track other related HR activities that may be symptomatic of discrepancies within the macrosystem.

Generally, HRIS adoption and implementation offer tremendous benefits for public organizations which were formerly bogged down with paper work, filing, and obsolete systems that could no longer accommodate for the fast pace of change within organizations and their environments. Indeed, HRIS have proven to create data reduction, elimination of redundancy, and attribution for quicker decisions and reduced time lags (Troshani et al. 2011).

Corollaries to these benefits include sound HR decisions that are determined by effective and efficient HR data which HRIS serve to bolster for the development of good organizational decision support systems. This benefit is a direct result of its functionalities within strategic planning which also influences the quality and timing of decision-making processes. Public organizations are constantly faced with unprogammed and complex problems that occur in an environment where change demands may be fast, in flux, and unpredictable. Thus, having HRIS adopted and implemented will drive benefits that are

immeasurable for public organizations, public HRM, and all their human resources.

## Analysis of Public Organizations' Challenges to HRIS Adoption and Implementation

In spite of the many benefits that HRIS present to public organizations, adoption and implementation challenges abound. Numerous reasons are put forward in the literature, but this chapter will attempt to summarize the adoption challenges and implementation risks under three overarching themes. These include challenges which are described as technological, organizational, and environmental (DePietro et al. 1990).

Technological themes honed on the rationale used to frame policies and adopt and implement the same within public organizations. Some of the adoption challenges and implementation risks included system compatibility issues, allocation of resources (this overlaps with organizational factors), infrastructural capacities, system design, maintenance, and complexities within HRIS software selected. System design complexities can be encountered when HRIS are adopted and implemented. Some public organizations experience difficulties especially in large bureaucracies when they purchase systems that are way too complex and difficult to design and configure with other systems (Cats-Baril and Thompson 1995). However, there is the benefit of functionality especially when the system is centrally administered, controlled, and integrated. On the other hand, system design complexities create problems internally for employees who have to learn and work with the system as well as relate it to their institutional frameworks which may not always be compatible with HRIS. There are instances where organizations miscalculate their technological decisions to purchase HRIS that are not compatible with their local or in-house systems. Added problems can be experienced where employees do not possess the technical KSAAs to learn, transfer the new knowledge gleaned, and/or be motivated to produce new knowledge management strategies and learned behaviors (Wiblen et al. 2010; Wilson-Evered and Hartel 2009).

Another example which is linked with technological and organizational factors is the area of allocation of resources, in particular, insufficient projected budgetary allocations. HRIS are exorbitant commitments for a public HRM system to invest in and to implement. Sunk costs are captured within software licenses, hardware, upgrades, customization of modules to local HRM systems and activities, employee training and development (also an organizational factor), recurring staffing budgetary funding/allocations to maintain and manage the HRIS as well as the recruitment and retention of external consultants for their expertise, and professional competencies and skills. The latter is typically an area where public organizations underestimate, and it creates costly problems such as staffing and maintenance of the HRIS projects and streamlining human resources to work with HRIS adoption and implementation as well as focusing on their existing portfolios (Roach and Davis-Cooper 2016).

Organizational themes identified internal factors attributed to public organizations such as their culture, institutional frameworks (informal and formal), and other justifications that contributed to public administrators' and managers' decisions to adopt and implement HRIS. These characteristics may vary yet be similar within public organizations. The presence of quality leaders and innovation champions are organizational factors that impact successful adoption and implementation. These are the persons who are likely to support the framing and adoption of policies for HRIS. They also play inspirational roles in motivating line managers and employees during the implementation process. When leadership is challenged by their absence, inactivity, and/or limited support, this can hamper the effective transition into such a huge technological innovation. Consider the negative impact of insufficient implementation by leaders in their preparation. Leaders within public organizations are responsible for the timing of the HRIS initiatives among other duties. These include planning the facilities, design of the technical infrastructure, change

management strategies, securing adequate budgetary allocation, funding, and other resources. Leadership is also charged with project team staffing of their human resource maintenance and decision-making. All of these illustrate the major areas where leaders need to manage and how these may create challenges for adoption and implementation risks for HRIS from start to finish when leaders are not adequately prepared.

Unrealistic time frames for the adoption and implementation of HRIS also contribute to organizational problems public organizations face. Speedy adoption and implementation of HRIS are unrealistic for bureaucracies given their size, diffusion of power, fragmentation, red tape, political forces, and lines of hierarchical authorities that need to communicate, coordinate, and integrate. When inadequate time is devoted to such initiatives public administrators and leaders may overlook or underestimate best practices, short-circuit time taken to reflect on customization and system design/redesign, workflows, and other platforms for HRIS (Roach and Davis-Cooper 2016).

Thus, other organizational challenges that are impacted by HRIS adoption and implementation are linked to other HR functions and activities such as recruitment and selection of relevant human resources and their retention (discussed above), training and development, and planning. Hiring and selecting human resources with the requisite KSAA factors are critical to HRIS once they are adopted and more so implemented. Some public organizations recruit IT staff on contract or may have such employees working on HRIS as a project in addition to their existing functions. In some instances this can put a drain on human resources, and there could also be cases where inadequate staff exists to manage the project implementation. Training and development of staff are related activities that can be negatively affected when employees firstly are not able and/or willing to be trained, do not possess the capacity for technical skills and competencies, and if organizations do not plan ahead for their staffing and development. Public administrators are required to plan to reserve a significant complement of employees to work on HRIS full time. Due to many constraints for public organizations in their budgetary allocations and funding, this aspect may be underfunded or inadequately staffed with persons who may be square pegs in round holes. In other words, these persons may not possess the requisite KSAAs or are less qualified. As mentioned already, there are situations too in which staff is stretched beyond their normal capacities in doing parallel work in their typical roles and on the HRIS project.

Change management strategies are a corollary from employees' lack of readiness in their training and development for HRIS adoption and implementation. Typically, from a strategic planning perspective, many public organizations do not prepare their employees and the entire workplace for such a large-scale change. This may have serious negative repercussions on organizational culture, especially if it is averse to technological innovations. Change management interventions are required to facilitate process change, communication through the transition from old systems to new ones, and organizational restructuring and design and even creating new work system designs that may be required. When there is insufficient preparation for change and managing the process strategically through planned approaches, employees as end users may be skeptical, fearful, frustrated, and stressed, and this may affect the effective transition and implementation of the HRIS within organizations' HRM systems. Organizational behavior issues may come to the fore such as motivation, employees' perceptions of the changes, and individual decision-making processes, which require skilled leadership to manage while achieving new organizational goals and objectives (Razali and Vrontis 2010).

Poor implementation of strategic planning can also occur during adoption and implementation. In light of funding and cost factors, some organizations increase their risk factors when they under plan for the actual rollout of the HRIS implementation phases. For instance, it may be unrealistic to estimate for a 6-month project plan to have all HR modules working with their functionalities when in all reality, this may be impossible for large bureaucracies with complex structures, layers, and systems. On one end, funding may be reduced

during the duration of the implementation phases, but, conversely, it is compromised for quality implementation and effective planning which will impact the overall system's functionalities in the long term.

Environmental factors recognized the role played by external forces that influenced the adoption and implementation of HRIS. These include but are not limited to government laws and regulations, economic conditions, the role of labor unions, competitiveness, sector differences, and global trends such as administrative reform initiatives and benchmarks for best practices in adoption and implementation of HRIS.

From strategic planning we are informed that with any strategic implementation, there will be a combination of consequences which include strengths, weaknesses, opportunities, and threats (SWOT). Using this orientation in planning, environmental influences identified external conditions that brought both opportunities and threats to adoption and implementation. Hence, scanning the environment may challenge organizations to identify some of the weaknesses or threats that may require contingency approaches to manage while HRIS are being adopted and implemented.

From the foregoing, the literature highlighted that these three factors (technological, organizational, and environmental) are critical areas and complex to HRIS adoption and implementation. They may be viewed as independent and dependent variables with dual impacts on HRIS within public HRM systems. Benefits are clearly derived with this innovation. Yet, challenges abound that equally affect the successful adoption and implementation of HRIS in dynamic and unpredictable ways captured by the existence and confluence of these organizational, technological, and environmental factors.

## Recommendations

It is clear that HRIS are among some of the contemporary technological innovations that have helped to push forward the field and practice of HRM within public organizations. The old personnel was narrowly framed with manual intensive and record-keeping functions that were quite slow and obsolete given the growing demands and needs of an HRM system today. The adoption and implementation of HRIS have ushered in opportunities that have literally transformed, restructured, and reengineered the activities, practices, processes, procedures, and released resources (both physical and human) to strategically redesign and realign work systems. They also accommodated greater functionalities and produce competitive results and end outcomes for public organizations. This transition is not a quick fix, as discussed previously in examining the challenges that public organizations experience in adopting HRIS as well as some of the major implementation risks. This section of the chapter will offer recommendations that may be considered as a way forward into the future.

Governments need to streamline policies and their strategic responses to external environmental influences. Government laws and regulations are legal policy tools that can provide the force and power to regulate and manage the functionalities within HRIS. Large bureaucracies due to their complexities and size may be too slow to enact the legislative reforms required to initiate the institutional frameworks that require restructuring to accommodate the effective use and application of HRIS functionalities. These changes must be done strategically by governments in coordination with diverse stakeholders within their agencies in order to make the most effective applications of HRIS.

A corollary to the above recommendation is to benchmark studies done by other countries and agencies in light of global administrative reforms initiatives, government laws and regulations, the presence of labor unions, competitiveness, and economic conditions to tailor best practices as models for HRIS innovation, adoption, and implementation. Partnerships can be forged in dynamic ways and at various stages (external and internal to public organizations) of adoption and implementation. By so doing, this may help to minimize many of the pitfalls experienced in adoption and lower implementation risks and related challenges identified in the literature.

Additionally, partnerships can be created with stakeholders from labor and management and administrators and champion leaders from public 77organizations. Through these partnerships, in-house focus groups, teams, and/or consultations can be set up to provide input and feedback on HRIS as they apply to adoption and implementation. This partnership can be used as an innovative co-optation of a stakeholder who in personnel administration may be perceived as opposing. Consultations can foster improvement in their interactions with administrators and champion leaders at executive levels. This level of communication may extend to all aspects of public organizations' HR activities, services, processes, functionalities, and general operations.

Similarly, co-opted groups/teams comprising labor and management may be charged to review and provide statistical analyses of HR activities such as recruitment, selection, terminations, promotions, transfers, retirements, seniority listings, performance evaluations, and other related data that can be compared, synthesized, and used to inform strategic decisions with labor and management in consultation as strategic alliances. In the past this has been an area of dispute yet setting up such partnerships through consultations and/or teams can bridge gaps and strengthen the outcomes for public organizations in their pension negotiations, trend analyses of employees' sick leaves absences, attrition, overtime, compensation, and benefits.

More effective HRIS innovations can be better managed through change management strategies which need to be coordinated systematically and be carefully timed. Technology changes of this magnitude may require employees to make psychological and other adjustments. They also impact cultural norms, practices, and employees' readiness levels. Employees' technical skills and competences may also have to be considered. All of these factors need to be assessed to ensure that as HRIS are adopted and implemented, driving forces in the change process outweigh constraining forces, thus enabling more effective HRIS initiatives for public organizations.

In the same vein, process consultations as intervention approaches should be applied among change management strategies. These include but are not limited to cross-functional teams or task forces which can be set up to provide wide-ranging reports, analyses, monitoring, and tracking mechanisms that can increase accuracy, timeliness, and effectiveness in reporting and evaluating HRIS functionalities as they are phased into the organizations. Take the example of functions and activities such as HR planning and how it may affect performance management activities such as succession planning.

Additionally, align HRIS to support public organizations' strategic priorities and, in so doing, impact their end outcomes. This can only be done in a setting where strategic HRM practices and principles are actively applied. This approach strongly mandates that planning must be aligned to organizations' strategic plans; strategic plans must be linked to HRM strategic approaches and applied broadly to all HR functions and activities. Hence, close links should be reflected, monitored, and maintained to ensure that planning is coordinated comprehensively, and this will increase the improvements in all functionalities of HRIS and minimize implementation risks, thereby evaluating organizations' overall ongoing performance (Roach and Davis-Cooper 2016).

Externally, when HR planning is executed effectively, it can facilitate powerful tracking and evaluations of public organizations' HRM operations, government rules and regulations, and HRM officials' responses. This feedback may be fed back into the HR system to determine discrepancies and efforts that can be aimed to address the same in proactive ways using strategic adoption and implementation measures. New legislation can be supported using global developments, performance in HRIS innovation, and approaches using strategic HRM principles and practices. HRIS would be streamlined to provide government officials and administrators with accurate estimates of costs based on market demands (current and future), other forecasts, and using statistical analyses to inform the same officials with adequate data for realistic budgetary allocations and time frames, along with other feasible resources and processes for HRIS. Therefore,

integrating HRIS planning with HR functions and activities linked to organizations' financial plans and budgetary allocations will, ultimately, improve public organizations' overall performance. These may impact areas such as better adoption and implementation of HRIS, development of realistic projections, strategic links with all HR and functionalities, data accuracy, alignment and control of budgeting and planning processes, compensation management programs, and contingency plans based on current and future forecasts.

Internally, administrators and champion leaders need to be actively engaged as stakeholders in the process of adoption and during the implementation phases for HRIS. These roles must be sustained from start to finish in order to realize the full benefits of HRIS to public organizations' HRM systems. The roles played by these leaders and administrators can impact technological and organizational factors. In terms of system design and compatibility, leaders can ensure that HRIS designs are not too complex, user friendly, compatible to organizational processes and systems, and feasible with the institutional frameworks that exist. By so doing, it will enhance the HRIS that are chosen and implemented to fit the local needs of organizations and their employees.

Their roles as change leaders within their organizations must also be aligned to how they execute their planning functions as they relate to training and development of their employees for HRIS initiatives. Training and development need to be linked to their organizational strategic plans, HRM policies, and other HR functions. This will facilitate the knowledge transfers and application of knowledge management strategies and systems to build capacity and talent from their human resources. Corollaries to this are the effective recruitment and selection of employees, who possess the KSAAs, self-efficacy, and intrinsic motivations to learn and perform new roles effectively for HRIS. Programs to facilitate training and development also need to accommodate employees' learning styles, their orientations to learning their jobs and responsibilities using this innovation.

## Conclusion

Finally, HRIS offer many benefits and transformations for contemporary HRM strategies and public organizations. As a technological innovation, there are risks and challenges to adoption and implementation. Strategies must be used and adapted skillfully to address these challenges as administrators and their organizations attempt to meet the demands of this twenty-first-century workforce environment. Recommendations are put forward and should be taken into consideration as the public sector streamlines their operations, processes, and systems to accommodate for new innovations and new system designs for HRIS within their HRM macrosystems.



## References

Anthony W, Kacmar KM, Perrewé PL (2010) Human resource management: a strategic approach, 6th edn. Cengage Learning Publishers, Mason

Cats-Baril W, Thompson R (1995) Managing information technology projects in the public sector. Public Adm Rev 55(6):559–566

Chakraborty AR, Mansor NNA (2013) Adoption of human resource information system: a theoretical analysis. Procedia Soc Behav Sci 75:473–478

DePietro R, Wiarda E, Fleischer M (1990) The context for change: organization, technology and environment. In: Tornatzky LG, Fleischer M (eds) The process of technological innovation. Lexington Books, Lexington

Hussain Z, Wallace J, Cornelius NE (2007) The use and impact of human resource information systems on human resource management professionals. Inf Manag 44:74–89

Ivancevich JM (2013) Human resource management, 12th edn. Irwin Inc., Chicago

Kassim NM, Ramayah T, Kurnia S (2012) Antecedents and outcomes of human resource information system (HRIS) use. Int J Product Perform Manag 61(6): 603–623

Nagendra A, Deshpande M (2014) Human resource information systems (HRIS) in HR planning and development in mid to large sized organizations. Procedia Soc Behav Sci 133:61–67

Noe RA, Hollenbeck JR, Gerhardt B, Wright PM (2014) Fundamentals of human resource management, 5th edn. Mc GrawHill-Irwin Publishers, New York

Razali MZ, Vrontis D (2010) The reactions of employees toward the implementation of human resources information systems (HRIS) as a planned change program: a case study in Malaysia. J Transnatl Manag 15:229–245

Roach CML, Davis-Cooper G (2016) An evaluation of the integrated human resource information system in Trinidad and Tobago. Int J Public Adm Digit Age 3(3):1–17
Troshani I, Jerram C, Rao Hill S (2011) Exploring the public sector adoption Of HRIS. Ind Manag Data Syst 111(3):470–488
Wiblen S, Grant D, Derey K (2010) Transitioning to a new HRIS: the reshaping of human resources and information technology talent. J Electron Commer Res 11(4): 251–267
Wilson-Evered E, Hartel EJC (2009) Measuring attitudes to HRIS implementation: a field study to form implementation methodology. Asia Pac J Hum Resour 47(3): 374–384

# Human Resource Management Challenges in a Developing Economy

Sunia Vosikata
Graduate School of Business, The University of the South Pacific, Suva, Fiji

## Synonyms

HRM practice; Human resources management; Public service reform; Social capital; Western HRM practice

## Definition

| | |
|---|---|
| Networking | The action or process of interacting with others to exchange information and develop professional or social contacts. |
| Public Sector | Government and all publicly controlled or funded entities that deliver programs, goods, and services. |
| Public Service | A service intended to serve all members of a community. It is usually provided by the government to people within its jurisdiction, either directly (through the public sector) or by financing provision of services. |
| Itaukei | Native or indigenous Fijian. |
| Indo-Fijian | Are Fijian citizens of fully or partially south Asian descent, including descendants who trace their heritage from various regions of the Indian subcontinent. |

## Introduction

The key HRM challenges facing developing economies today vary in accordance with its respective doctrines for survival and good governance, taking into account its political and economic environment. In acknowledging the known HRM challenges, the foregoing will focus on unknowns and emerging challenges in the Fiji Public Service (FPS). Vallance (1996) highlighted several known challenges and these included brain drain; poor education quality within the HR pool; and lack of manpower planning. While these known challenges have intensified through the post-independence and post-republic era in Fiji, other unknown HRM challenges are presented in text and include: difficulty of transferring and utilization of Western HRM practices; pressures for reform on the public service from donor agencies and their stakeholders; and the need to change the mindset of public servants (Hewitt et al. 2002). These unknowns provide substantive contributions to develop the HRM literature for the FPS in view of the challenges they impose on HRM. These critical insights have been formulated as the basis in understanding the contemporary outlay that has shaped HRM within the FPS.

## The Model and Rationality

Building and understanding a well-grounded HRM theoretical framework are crucial to guide the management of HRM through its varying functions. It is absolutely essential that FPS managers are not only guided by a relevant theoretical framework to incorporate and instill elements of rationality to improve the accuracy of decision-making and strategy formulation, but also must understand the preconditions, merits, and logic

behind the predictions of the model and its framework (Vosikata and Faifua 2012). Against the Pacific Islands (PI) social capital backdrop that provides the contextual basis, the critical alignment of the various HRM challenges as against the practice of the same in view of HRM policy development and application is presented. The accumulated social capital in Fiji from the different ethnic groups provided the basis for the inception of social subsystems that formed networking ties.

The impact of globalization has influenced HRM in developing nations like Fiji, and public service managers are mandated by the state and other key stakeholders to modify the methodology of operations and service delivery. In his study, Holden (2002) stated that this issue, together with the serious economic downturn of the 1990s particularly among developing economies, caused many to abandon regulatory state measures for more liberal economic policies. In the process, the subsequent environmental influences hinder HRM theoretical development in developing nations and the consequences are severely felt. The vulnerability of these countries' policy infrastructure is unable to withstand the robustness of the market. HRM in the FPS can be classified as a "cross-cultural HRM," where multicultural phenomena have been spinning diverse networking intricacies through the social, political, and economic environment and indirectly reinforcing their stronghold and status on HRM policies and its application.

It is important to conceptualize the ways in which HRM ideologies confront the social context in a developing nation, particularly how they are embraced and adopted. Poole (1982) established the effective harnessing of HRM as the discipline base for his theory, which provides the theoretical framework for his study. He linked the theoretical constructs to the research design by highlighting key HR variables, grouping them and operationalizing them to form two key research questions. Firstly, what are some of the general forces that affect the personnel function in organizations, and secondly, what are some ways in which HRM may be different in "emergent" countries from other developed nations? In that context, presenting HRM challenges in developing economies (Pacific Island Countries – PICs) is substantial since these microstates have a unique social context.

Three major challenges depicted in Fig. 1 represent the core theories in view of how HRM ideologies have been challenged in developing economies, including Fiji.

## Mimicking of Western HRM Practices

The Western HRM model was not brought into developing economies public sector institutions (e.g., the FPS), as a result of comprehensive needs assessment backed by a theoretical framework to guide the application of these theories. Rather, the rationale for their implementation could be aligned with Mellahi and Frynas (2003)'s findings which informed that in view of their fragility, developing countries had no alternative but to accept consultative governance infrastructure and policy assistance through aid from donor agencies, particularly from developed economies. In this context, reform packages for developing and underdeveloped nations were always conducted on a reactive rather than a proactive basis, and the major pre-conditions were the change in government and the interests of government key stakeholders in the private sectors and corporatized institutions. Consequently, the forces behind these changes emanated through the obligation of democratically elected governments to their electorates through their political manifestos, which indirectly accumulated unnecessary mileage that pressurized the bureaucracy and state institutions.

Fiji became a fully sovereign and independent nation within the Commonwealth on 10 October 1970. Fiji was a parliamentary democracy for 17 years after independence, and during that period Ratu Sir Kamisese Mara and the Alliance Party dominated political life. However, ethnic tensions between the two major races resulted in a series of military coups (1987, 2000, and 2006) deducing a social situation whereby public service institutions have remained troubled and fractured. Because of that, the developmental status of the HRM framework within the FPS was continually

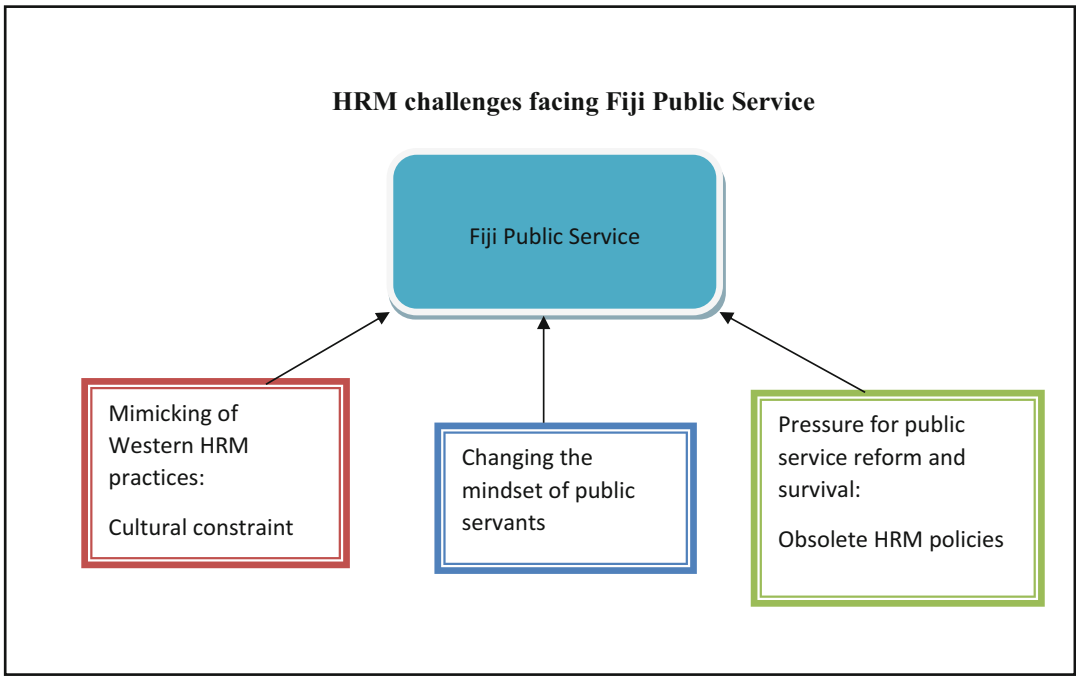


**Human Resource Management Challenges in a Developing Economy, Fig. 1** HRM challenges facing Fiji Public Service

bombarded with unnecessary intrusion by key stakeholders of government. The unnecessary intrusion destabilized any rationality in formulating the HRM framework; hence mimicking Western and readymade HRM practices was the only way out. In conducting a study on the FPS reforms, Sarker and Pathak (2003) found that the FPS was not ready because social, political, and economic objectives were often conflicting. Thus, the aggressive determination of the social and political networking institutions to attain and assume control of the management of the state and its affairs always took a lead over sound economic management.

As a result of the political developments of 1987 and the birth of the Republic of Fiji, the immense pressure to continue and uphold efficiency and effectiveness to operate the FPS was eminent. Considering the situation, managers in the FPS desperately searched for new ready-to-implement HRM concepts. This was not done because their previous practices and policies had become obsolete and inadequate in the new corporate and public sector environment, but was out of necessity in order to manage and operate the public service in the new republic, considering its social and political contexts.

## Cultural Constraints

The national culture of a nation often provides the national temperament, which influences HRM policies. In some very collectivist and family-oriented societies, selecting someone you know is often a norm and considered ethical. In their study of the Iranian public and private sectors, Cassar and Bezzina confirmed that "a distinctive challenge facing the Iranian public sector human resources (HR) selection programme is nepotism or hiring someone who is known to someone else in the organization" (2005: p. 165). They found that this is due to the Iranian national culture of being family oriented and distrusting outsiders. The assumption is that a known person will be more committed and loyal to the organization than a complete stranger.

Mimicking Western HRM practices in the Fiji social context was not easy, as cultural constraints

often infiltrate the management of the public services. However, given the socioeconomic and legal environment for the period (1987–2006), it was the ideal policy initiative. This was because of the inherent difficulty in formulating a conducive HRM framework suited to a developing nation's public sector institution operating under such environment. An additional constraint for the FPS would be the difficulty in transferring HRM practices into a work culture consisting of public servants made up predominantly of Itaukei who were used to their communal family-oriented framework and Indo-Fijians with their individualistic cultural set up (Nayacakalou 1975). The political and social environment of Fiji, particularly after the developments in 1987, reinforced segregation of the mainstream races, building a nationalistic culture, which infiltrated HRM policies of the FPS.

## Pressure for Public Service Reform and Survival

The impact of mimicking Western HRM practices as a challenge on HRM within the FPS is complimented with the immense pressure for reform and survival for the Republic of Fiji and its public service. In that regard, mimicking Western HR practices as a policy choice has been a challenge for developing economies. However, it is crucial in managing public service institutions and in stabilizing the operations in view of political, social, and economic uncertainties. In their research on the Algerian civil service, Mellahi and Frynas found that "mimicking western HRM practices in an alien social context are often ineffective and the objective for such integration into public services are often vigorously scrutinised by stakeholders" (2003: p. 77). This is because of the inherent difficulty in transferring HRM ideologies between different cultures and the inability of Algerian managers to understand the potential problems that might be created by applying western HRM practices in Algeria (Mellahi and Frynas 2003). In that regard, expectations for the performance of public sector institutions from key stakeholders may override any rationality in the application of HRM policies. Hence, performance expectations may exert pressure for public service reform and survival.

## Obsolete HRM Policies

For Fiji, pressures for reform also emanate from stakeholder claims that the public enterprises were operating at unacceptably low levels of efficiency and effectiveness. These stakeholders include internal private sector institutions and external financiers, including certain leading developed economies and their financiers. Some of the reasons identified for this included a lack of accountability, overstaffing, corruption, and cronyism (Department of Public Enterprises 1998). Mellahi and Frynas also confirmed that "managers in the civil service have desperately searched for new ready-to-implement management concepts as their previous practices have become obsolete and inadequate in the new business environment" (2003: p. 75). They found that these managers hoped that such adoption would enhance their effectiveness and give them a fighting chance in the fiercely competitive global markets.

External donor agencies, particularly the International Monetary Fund (IMF), World Bank, and the Asian Development Bank (ADB), have also been exerting pressure for reforms and have played a key role in public service reforms in Fiji. This pressure-cooker situation capitulates FPS managers to implement reforms dictated by change agents, and policy structures of these reforms included the application of Western HRM practices, which is not conducive to the developmental potential of HRM policy instruments in developing nations including Fiji. One has to wonder whether they were actually being coerced by the "change agents" to adopt public service reforms through HRM infrastructural and policy changes. On that note, PI countries' public service reform patterns all had the same unique framework whereby the donor agencies dictated and indirectly controlled the reform processes (Vallance 1996). In Fiji, for example, at the time of the FPS's establishment, Western democracies including Australia and New Zealand were leading the "charge" for efficiency, expediency, and managerial autonomy through decentralization of

the public services (*Fiji Government Gazette* no. 1, 1874). Fiji and other PIC countries have neither the resources nor the flexibility to transform their public services quickly or to keep pace with global trends in public service management. The outcome has made PIC countries over-reliant on the developed economies within Oceania, hence reinforcing their status as micro-states.

Political and economic instability in Fiji also exacerbated the situation, hindering the rationality of public service reform initiatives. On that note, FPS managers and policy makers had a key role in influencing HRM legislation, particularly HR selection and decisions. Fiji neither had the resources nor the flexibility to transform its public services quickly or to keep pace with global trends in public management. The scenario was exacerbated in the period 1987–2006 with unnecessary intervention in its democratic processes and systems of governance. The outcome made Fiji over-reliant on the developed economies within Oceania and the developed world who continued to assert their status as the life-saver of Pacific Islands (PI) microstates. This over-reliance created a norm over time for these PIC including Fiji, whereby reputable institutions like the United Nations, World Bank, and others classify them as developing or under-developed nations. As evident in many SPI countries, including Fiji, the above-mentioned donor agencies have been permanently set up within developing economies to manage the aid bandwagon in its many forms, from infrastructural to HR development. Further, the public service reforms were often initiated through a tripartite arrangement where political mileage was often prioritized against the rationality of incorporating the desired economic objective (Sarker and Pathak 2003).

## Changing Mindsets of Public Servants

Public service reforms were often initiated in developing economies through a tripartite arrangement where social, political, and economic mileage were prioritized as against incorporating desired HRM practices to improve performance. Cassar and Bezzina highlighted that "the structural and operational changes in the Maltese public service were spearheaded through the European Union (EU), due to Malta's accession to the EU" (2005: p. 213). Further, they also stated that it is important to note that under the supervision of the EU, the Maltese Public Service Reform Commission Report (MPSCR) mandate was primarily to execute structural and policy changes. The attempt to change old mindsets (Hewitt et al. 2002) was relatively ignored, except for retraining recommendations. This is "considering a work force environment which is characterised by: relatively small-scale market conditions, community oriented business giving rise to a clan mode of organising work" as found by Ouchi (1980), and "dominant cultural norm of consensus and tradition ingrained in traditional values and beliefs" (Baldacchino 1999). This societal set-up is similar to many developing nations in the Pacific, including Fiji. Further, Cassar and Bezzina found that Malta although in a transitional state, "still operates an institutionalised employment relationship based on collective agreements in which many conditions of employment are regulated by powerful societal systems and preset by national legislations and networking" (2005: p. 207). The critical lesson for public service organizations in developing nations from the Maltese civil service study is that "people must change before institutions can."

The domination of culture over HRM ideology and the tensions between the competing social capital groups within the FPS have resulted in public servants clinging to their own social group mindset. In this regard, public servant's mindset needs to be changed to fully embrace newer ideologies, good governance, and HRM concepts that improve and sustain worker performance. The major issue contributing to the current mindset of Fiji public servants stems from the social environment through culturally developed social capital.

In view of the above mentioned, two critical assumptions need to be presented. Firstly, the belief and traditional obligations of Itaukei that social capital is inherited and must be owned for life (Ravuvu 1987), and the ontology regarding economic prowess from Indo-Fijians that social capital is acquired through savings and hard work, hence their identity must be formally recognized by the state legalizing ownership and status.

When entering the FPS, public servants from these two dominant ethnic groups transfer these beliefs into the FPS through their ethnic groups' social capital ideologies and networking; hence, mindsets are preconditioned by the culturally ingrained phenomena.

## Conclusion

The stated constructs have provided the leeway in challenging HRM in a developing nation context where organizations and government institutions are attempting to implement Western HRM practices. The theoretical framework has the potential to expand knowledge on the challenges to contemporary ideologies in HRM poised by the vulnerability of developing economies and microstates. Since gaining independence from Britain in 1970, Fiji has experienced a period of military coups d'état that have radically changed the government and the bureaucracy. The ramification of this event on HRM within the FPS has been severe and has influenced the HR competency databank of the FPS. Vallance found that through emigration and brain drain, "chronic shortages of skilled staff characterise the public service sectors of many Pacific Island countries including Western Samoa, Vanuatu, Solomon Islands, Tonga and Kiribati" (1996: p. 93). Compared to other PI countries, the population of Fiji has recorded a much more diverse ethnicity. However, the coup d'état era alone cannot be blamed for the HRM constraints and associated challenges, as the root cause of instability lies deeply embedded within the societal environment of Fiji. The vulnerability of many PI countries has also affected their ability to operate their bureaucracies and handsomely compensate public servants to operate the needed competency level for each public service function. This has posed a critical challenge for HRM in the FPS, hence it is forced to rely heavily on others.

## Cross-References

► Performance Evaluation and Reporting
► Public Employees as a Strategic Resource

## References

Baldacchino G (1999) Small business in small island nations: a case study from Fiji. J Small Bus Manag 37(4):80–84
Bourdieu P (1980) Social capital. Acts Soc Sci Res 31:2–3
Cassar V, Bezzina C (2005) People must change before institutions can: a model addressing the challenge from administering to managing the Maltese Public Service. Public Adm Dev 25(3):205–215
Department of Public Enterprise Report (1998)
Fiji Royal Gazette, no. 1, 1874
Hewitt T, Wangwe S, Wield D (2002) Seeing eye to eye: organizational behaviour, brokering and building trust in Tanzania. Public Adm Dev 22:97–108
Holden N (2002) Cross-cultural management: a knowledge management perspective. Prentice Hall, Harlow
Mellahi K, Frynas J (2003) An exploratory study into the applicability of western HRM practices in developing countries: an Algerian case study. Int J Commer Manag 13(1):61–80
Nayacakalou RN (1975) The Fijian system of kinship and marriage. J Polyn Soc 64(1):44–55
Ouchi WG (1980) Markets, bureaucracies, and clans. Adm Sci Q 25:129–141
Poole MJF (1982) Personnel management in third world countries. Pers Rev 11(4):20
Ravuvu A (1987) The Fijian ethos. Institute of Pacific Studies, University of the South Pacific, Suva
Sarker AE, Pathak RD (2003) Public enterprise reform in Fiji Islands. Public Organ Rev 3(1):55–75
Vallance S (1996) The human resource crises in Fiji's public sector: trouble in paradise? Public Adm Dev 16(1):91–103
Vosikata S, Faifua D (2012) HR selection distortions: a theoretical framework for the Fiji Public Service. J US-China Public Adm 9(7):775–790

H

# Human Resource Management During Wartime

Osama Hazzi
FrontiersToday, Vienna, Austria

## Synonyms

Human resource management; Personnel management; Wartime

## Definition

Human resource management (henceforth, HRM), as the reference work entry in hand

could define, is a philosophy that organizations design to prioritize some practices over others in which organizations could retain their human capital, i.e., employees, appreciate their performances, and orient the organizational compass toward what the reality demands.

## Introduction

Yet, the literature has not answered the question of how HRM could work during wartime. The current entry is an attempt to fulfill this shortcoming and shed light on the Syrian experience. Hopefully, the entry could contribute to revealing an HRM philosophy (the significant part) to share with other working cultures.

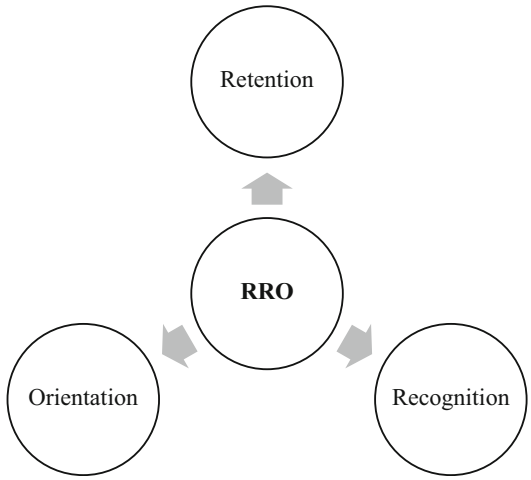


**Human Resource Management During Wartime, Fig. 1** Retention, recognition, orientation. (Note: the author prepared this figure)

## Story

The experience shows that matching between the HRM-related theory and practice does not always work, especially under uncertainty. This holds true for the private insurance companies in Syria where the war drove two companies (one of which is Islamic) to prioritize practices to cope with the prevailing working conditions. Also, another company has shown a practice worth thinking to consider during tough times. The current entry was in close contact with the people in charge of the HRM at the headquarters in Damascus during the wartime to conduct a research. This opened the door to get further data and extrapolate three HRM practices and give them meaning. Figure 1 shows a translation of those practices into an HRM philosophy that one might call RRO (acronym for Retention, Recognition, Orientation).

## Discussion

Wars drive organizations to lose branches (to be out of service) and result job insecurity. A private Islamic insurance company had to reappoint employees that have come from hot spots in safe places. The logic of this employee retention could be a kind of humanism and is effective at the economic and social levels where it could contribute to decreasing unemployment and showing solidarity. Employees, in their turn, could feel job security and reciprocate their organization. At the organizational level, employee retention could save time and money organizations spend to hire and train fresh staff. It would be wise to perceive good working conditions organizations should consider anyway. This argument could justify why employee retention could be a key HRM practice.

An observation showed that a different private insurance company has practiced employee recognition such as to publicly shout-out employees on the employee of the month list. This HRM practice could be effective during wartime to send a message to both subordinates that their company appreciates their top-notch performances and stakeholders that the workflow is still on. A worth-thinking concern is about the antecedents that drive those subordinates to distinguishably work during wartime.

Wars rise of necessity of orientation. The data revealed that another private insurance company laid off employees and that some of the latter left work at their will; consequently, the company had to merge the personnel management into the HRM department (although the literature (see

Armstrong and Taylor 2020) shows that the first synonym and the latter term may seem unrelated, both are somehow two sides of the same coin). Orientation could be a practice that shows the extent to which HRM could flexibly orient organizations toward a new reality.

## Conclusion

A right HRM philosophy in one culture may not work in other cultures. There is no one best HRM philosophy for all working cultures, but there are different philosophies organizations could use to cope with their own working cultures. Today's changing organizational working conditions demand the academia and industry to consider this diverse. Organizations should consider going beyond contractual role prescriptions (specified role requirements) and practice functional extra-role discretionary behaviors such as organizational Ihsan behavior, OIB (see Hazzi 2018, 2020; Hazzi and Hamod 2019); organizational citizenship behavior, OCB (see Smith et al. 1983); and prosocial organizational behavior, POB (see Brief and Motowidlo 1986) at times of uncertainty to cope with unpredictable roles the new reality demands.

## Cross-References


- ▶ British Model of Local Government and Personnel Management
- ▶ Human Resource Management in Russia


## References


Armstrong M, Taylor S (2020) Armstrong's handbook of human resource management practice, 15th edn. Kogan Page Publishers, London

Brief AP, Motowidlo SJ (1986) Prosocial organizational behaviors. Acad Manag Rev 11(4):710–725. https://doi.org/10.2307/258391

Hazzi OA (2018) Organizational citizenship behavior: a holistic review. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Hazzi O (2020) Organizational Ihsan behavior. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Hazzi O, Hamod M (2019) Discretionary behavior: an Islamic perspective. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Smith CA, Organ DW, Near JP (1983) Organizational citizenship behavior: its nature and antecedents. J Appl Psychol 68(4):653–663. https://doi.org/10.1037/00219010.68.4.653


# Human Resource Management in Russia


Tatiana V. Zaytseva
Lomonosov Moscow State University, School of Public Administration, Moscow, Russia


H

## Synonyms

Cadre Management; Leadership; People management; Personnel management; Workforce management

## Definition

Human resource management is an approach that considers employees as the main source of value and sustained competitive advantage of organizations and includes seven broad activities that together constitute the HRM system: job design, staffing and retention, development and training, managing change and performance, remuneration, and organizational behavior.

## Introduction

Modern human resource management in Russia (hereafter, HRM) traces its roots to a variety of historical, cultural, economical, and even ideological influences. When it comes to considering the essential nature of HRM in Russia, one should address not only the development of science and scientific research but also some crucial events in

the Russian history of the twentieth to the twenty-first centuries.

In science and academic discipline, "human resource management" gradually finds its recognition in Russia. In the USSR, HRM was not considered as an independent science. However, main subject areas of HRM were developed in the framework of economics as well as in pedagogy, sociology, and psychology. Research on production teams, labor relations, effective leadership, motivation, group management, etc. was conducted by different scientists and scientific institutes.

The first studies, which formed the basis of modern theory and practice of HRM in Russia, belong to the famous Russian physiologists I. P. Pavlov, I.M. Sechenov, and V.M. Bekhterev. Their research in the field of human physiology, most of which came at the end of the nineteenth century, stimulated interest from practitioners and theorists to the distinctiveness of the labor process from the point of view of physiological capabilities and limitations, as well as specific characteristics of individuals. As a result in 1895, Russian scientist I. Rihter published the book *Railway Psychology* [Zheleznodorozhnaya psihologiya] where the author on the basis of his research on the reaction rate and other important indicators raised the issue of professional suitability of operators of locomotives. At the same time in the Military Medical Academy in St. Petersburg, a group of scientists carried out experiments for the study of professional activity of pilots with the aim of designing and measuring their work.

In 1903 (1 month prior to the first publication of F. Taylor), Karol Adametski – a Russian industrial engineer – made his report on the Assembly of the Russian Mine Industry where he summed up his observations on possibilities of improvement of the labor process through the use of scientific methods in contrast to intuition. Further in his article "Harmonization as one of the main foundations of the Scientific Management" [Garmonizaciya kak odna iz glavnyh osnov nauchnoj organizacii], he advanced more in his studies of the principles of labor management basing his arguments on comparison with mechanisms that are universal. In particular, in addition to the famous four principles of F. Taylor, he formulated the principle of cooperation, which later became known as the effect of the economy of scale.

Later these and other similar studies formed the basis of scientific labor management – applied science that received tremendous development during the Soviet time. Scientific labor management is close to advanced industrial engineering that was actively developed in Western countries during the same period of time. The main difference is in the emphasis on the labor process on the basis of labor and industrial psychology on the one hand and the development of labor rate settings on the other.

## Scientific Labor Management

Scientific labor management (SLM) in the Soviet Union received official status not only as an area of scientific research but also as a mandatory management activity. All soviet factories and most of Russian enterprises now have specialists on scientific labor management among their staff. The best known scientists that developed theory and practice of SLM were Osip Ermansky, who introduced the concept of scientific labor management, and Aleksei Gastev, the founder and first director of Central Institute of Labor. Osip Ermansky devoted himself to the studies in the field of general management, organizational theory, and innovations. His book *Scientific Management of Labor and Production in Taylor's System* [Nauchnaya organizaciya truda i proizvodstva v sisteme Tejlora] published in 1925 was translated into five European languages and had four editions. *Theory and practice of innovations* (1929) [Teoriya i praktika racionalizacii], another of his books, was one of the first books in the world on rationalization and innovation processes and had five editions before he was arrested in 1933 as "enemy of the State" during Stalin's repressions in the USSR.

The main works of Aleksei Gastev "How to work?" [Kak nado rabotat'?], "Labor attitudes" [Trudovye ustanovki], and "Regulation and organization of labor" [Normirovanie i organizaciya

truda] were oriented on achieving key managerial goals of enhancing the labor process, pushing work forward, adapting to changes in the fluctuant environment, and overcoming technical barriers. Due to research developed at the Central Labor Institute, soviet scientists created a detailed system of standardization and measurement of almost all types of work starting from manual work in factories and finishing with administrative work of executives and creative work of poets and musicians. They also introduced a very important managerial concept of "minimum correspondence to a position" or "minimum allowed performance" defining requirements for an employee's professional activity at his workplace that will guarantee achievement of a break-even point. This concept still remains unique to managerial science as Western researchers were always concentrated on managing the achievement of advanced goals ignoring the fact that if an organization does not control the lower band of performance, an employee can not only fail in achieving objectives but also drop in his performance below the bottom line.

This concept was further developed by Tatyana Zaytseva, who introduced the idea of a "performance corridor": the range of employee's efficiency and performance between the minimum allowed and maximum possible dimensions (Fig. 1).

Both dimensions are managed as independent tasks and reflect themselves in the salary formula:

$$S = F + C$$

where:

S – Salary

F – The fixed part of a salary that is linked with the break-even point of a specified task

C – The changeable part of a salary that is linked with employee's performance above the minimum allowed rate for this task

## HRM and System Approach

Another direction of expansion of the Soviet and then Russian management science relates to the development of main managerial activities like planning, coordinating, motivating, and controlling in a framework of system approach. In 1903 the Russian scientist Alexander Bogdanov published his first article, and in 1921 his book *Tectology. Common Organizational Science* [Tektologiya. Vseobshchaya organizacionnaya nauka] describes the main principles of systematic approach in management of organizations. From his point of view, Tectology has a universal character, explores all realms of nature and of society, and therefore has the highest degree of abstraction when considering the system of relations between various system elements without regard to the specifics of these elements. He concentrated his studies on finding factors breaking the system's balance. Today his findings are actively used in the theory of sustainable development. His rule of vulnerability was further used in developing a wide range of methods, for example, by American scientists while developing PERT method (Program (Project) Evaluation and Review Technique).

In the Soviet Union, ideas of Alexander Bogdanov were hereafter promoted by supporters of the system approach to an organization (S.P. Nikanorov, V.S. Rapoport, V.I. Burkov, and others) and program-targeted management (G.S. Pospelov, G.A. Irikov, and others).

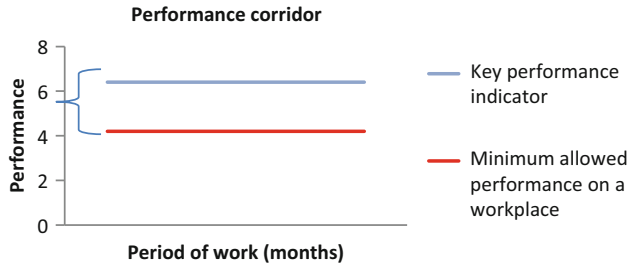


**Human Resource Management in Russia, Fig. 1** Performance corridor. (*Source*: Tatiana V. Zaytseva. Sistema upravleniya chelovecheskimi resursami. Izdatel'stvo Moskovskogo universiteta. 2012, str. 142)

A special place in the development of Soviet managerial science is devoted to the founders of the Moscow Methodological Club – an association of researchers in the field of management, which was based on the principles of theory of activity – E.G. Yudin, G.P. Shchedrovitskii, and others. The book of G.P. Shchedrovitskii *Organization, Leadership, Management*| (1970) [Organizaciya, rukovodstvo, upravlenie] determined the main methodology of leadership and management as a "collective thinking activity." He formulated the main principles of approach that he called cogito-systematic activity theory [sistemomysledeyatel'nostnyj podhod] as the essential type of activity in organizational management. On the basis of these principles, he created a special type of training for executives that he called organizational-activity games (OAG) [organizacionno-deyatel'nostnye igry] as a method of collaborative planning and problem solving. As Shchedrovitskii wrote: "it has been noted that organizational and managerial activity has become professional, has become part of the system of industrial work, and hence also requires its own logic and methods of thought." *Planning* has become a special type of thinking activity [*mysledeyatelnost'*] (i.e., thinking within a context of practical activity) and has created around itself a special layer of *projective thinking* (combining forecasting, programming, organizational design, etc.), which also requires new means, a new logic, and new forms of organization" (Shchedrovitskii and Kotel'nikov 1988).

Theory of activity also formed the basis for research in the field of people's behavior and motivation. Soviet and then Russian psychologists introduced numerous important concepts such as the concept of intermediation and zone of proximal development (L.S. Vygotsky 1938 (1978)), the relationship between the need and the motive (A.N. Leontiev, 1971), phenomenon of personal choice (A.G. Asmolov, 1989), etc.

## Cadre Management

The third direction in the development of HRM in Soviet Union and then in Russia is related to theory and practice of staff administration (or cadre management) – a special type of managerial activity very similar to personnel management that was developed in Western countries. Staff administration was emerging in two related lines: development of workforce capacity (for national economy and for professional Army) and development of human potential (for the communist party). These directions were not rigidly separated from each other: many of the technologies were created as universal, applicable for all tasks. At the same time, there were also some differences.

*Development of workforce capacity* was concentrated on elaboration of a special methodology, tools, and techniques aimed to provide organizations with the best suited staff composition. These tools and techniques were aimed to select and hire applicants holding the most promise in terms of the *professional capacity* they bring to the organization and then to hold and to develop employees in such a way as to ensure that they make the strongest possible contributions. It included many aspects of the employment relationships such as matching (occupational guidance, hiring and adjustment), work organization (e.g., work design, teams), and professional development (education and training, career development).

The objective to optimize the performance and productivity of all workers in an organization through the use of performance management tools, compensation, and pay was not considered as being essential. It was generally thought that under the conditions of absence of private property and exploitation of man by man, every socialist worker is always working "at the end of tether." Though, it was argued that the main task of the soviet organization is to create the conditions for maximum disclosure and use of the potential of each employee. To achieve these goals, the soviet and later Russian scientists, researchers, and organizations focused their efforts on the development of three areas: (1) vocational guidance system, (2) establishment of lifelong professional learning system, and (3) managing health at work.

*Vocational guidance system* started to develop in Tzar's Russia at the end of the nineteenth

century and continued to develop through the early twenties of the twentieth century by famous soviet labor psychologists. First services on the selection of work appropriate for the specifics of the employee were created in Russia in 1897. In a very popular journal of that period, "Penitent Lexicographer" [Kayushchijsya ehnciklopedist], they published four reasons that are usually considered while choosing a job: family traditions, a random selection, a choice based on a vocation, and provident choice. In 1924 the first laboratory on vocational consulting was created in Saint Petersburg. During the first year of its existence, they observed and examined 2700 teenagers, and during the next ten years, more than 7.6 million people were observed. By 1934 the laboratory had already 86 branches that were consulting and supporting teenagers, adults, as well as disabled people. As the result of their research and practical activities, psychological job profiles were created for almost all kinds of professions along with the psychological tests intended to test specific abilities.

In parallel S. G Gellerstein and then the other famous soviet psychologist E.A. Klimov created the first world job classification system that was later adopted by Japanese scientists and practitioners and now is used all over the world for career and succession planning. E.A. Klimov also introduced the concept of *individual style of activity* – a set of methods, ways, and types of activities, which provides to a person a high level of professionalism and efficiency.

Another well-known soviet psychologist K.M. Gurevich created a theory of *professional integrity* as the combination of abilities, qualities, and characteristics of the person that creates the match to the requirements, the nature, and content of certain professional activities, which ensures a sufficiently high and reliable level of implementation of these activities. According to this concept, all professions can be divided into two groups: the first group requires absolute match between person's abilities, qualities, and characteristics and a job both in terms of psychic, physical, and professional characteristics, and the second group of professions allows partial suitability to a job.

*Lifelong professional learning system* started to be created in Russia immediately after the Great October Socialistic Revolution in 1917. One of the first Decrees of Soviet Government was the "decree on combating against illiteracy." This decree was aimed at raising the educational, cultural, and professional level of soviet people. As all the management power in Soviet Union was centralized, most of the efforts in creating lifelong professional learning system were undertaken by the government through legislation, investments, and research and then were supported by organizations. To be compared, at the end of 1916, there was only 22% of literate people in Central Russia (in Siberia 6% literate people) and, at the end of 1939, 90% all over the country.

To receive this tremendous results, the Government initiated the creation of a five-step educational system: secondary schools and schools for working youths to provide secondary education (managed by the Ministry of Education); fabric-manufacturing colleges [fabrichno-zavodskie uchilishcha] that were then transformed into vocational training schools – managed by factories to provide first level of professional education, by which young people at the age of 14 and older were receiving secondary and professional education combining it with the work on factories; technical colleges (managed by factories) to provide higher professional education; industry-specific universities and institutes (managed either by specific ministries or by the Ministry of Education); academic universities (managed by Ministry of Education); and institutions for advanced training (managed either by organizations or specific ministries). The education on each step was supported by huge scientific and research work resulting in the development of pedagogical and acmeological methods, tools, and techniques such as learning by doing, imitating modeling, coaching and mentoring, role-play and business games, professional training, project development, brainstorming, etc. As it is recognized by many researchers, this system still remains one of the most thoughtful and effective systems of professional education, training, and development.

On the other hand, government as well as organizations developed managerial tools and techniques to support lifelong learning. First of all, there was developed and implemented the *National Occupational Standards* and *Unified system of qualification grades* for all types of work and seniority. *National Occupational Standards* is a set of professional requirements formulated in terms of knowledge, skills, and experience essential for external and internal candidates to obtain a certain job and to perform effectively. These standards are still used as prerequisites in a process of candidates' selection as well as guidelines in career planning and development.

*Unified system of qualification grades* is a scale reflecting the level of competency and professionalism of employees. It was first introduced in 1928 and then had several editions and changes. Now the scale consists of 18 ranks: ranks from 1 to 8 are used for blue-collared workers; ranks from 2 to 5 are used for white-collared employees doing assistant work; ranks from 6 to 11 are used for line managers (both blue and white collared); ranks from 12 to 16 are used for unique and highly qualified specialists (like university professors); and ranks from 17 to 18 are used for executives. After finishing each step of professional development, employees participate in professional exams (attestation) and if successful receive the next qualification grade accompanied by a salary increase.

Unlike Western grading systems, this very vaguely correlates with the employee's performance but with his or her competency-based characteristics. The only compensable factor here is the level of professionalism of a person that is understood formally as a set of professional requirements that should be proven either by successful completion of proficiency test or professional achievements reflecting the level of competency (like the number of articles published in highly ranked scientific journals). Qualification grades are combined with *tariff ranks* – the cost of certain types of works depending on their complexity. Thus in this system, a salary increase can be achieved by an employee through gaining a higher qualification, without career change.

***Managing health at work*** is considered as one of the biggest achievements of Soviet and Russian HRM systems. The system is divided in four areas: working conditions, promotion of a healthy lifestyle and health education, prevention of occupational diseases, and occupational diseases treatment.

*Working conditions*: According to Soviet ideology, socialist enterprises should put an end to poor working conditions. For this purposes, the government sponsored a wide range of ergonomic and man-machine studies. One can call the names of the following academics that made the maximum contribution to the development of ergonomics in the Soviet Union and nowadays Russia: B.G. Ananiev, L.I. Anziferova, B.F. Lomov, V.M. Nebulitsin, V.M. Munipov, V.P. Zinchenko, and others. These studies resulted in the creation of sanitary-hygienic norms and rules of occupational safety (health and safety requirements) that are regularly reviewed.

*Promotion of a healthy lifestyle and health education* was carried out through lectures and talks on hygiene and the benefits of a healthy lifestyle through publishing hygiene posters, booklets, and leaflets (Figs. 2 and 3).

*Prevention of occupational diseases* was done through the establishment of doctor's offices and "preventative clinics" or "rest and recreation residences" in almost every soviet factory. Employees were supposed to participate in preventative medical screenings every year and to spend from one to four weeks in preventative clinics visiting different recreational activities and keep-fit exercises. These systems are still used in government-owned enterprises.

*Occupational diseases treatment* was organized on a basis of health resorts. Most of these resorts belonged to factories or organizations that allowed millions of people to visit these places at least once per year. Now this system remains in use in government organizations: almost each Russian ministry or government organization has their own health resort, supplying their employees with tours there at a very low price.

***Development of human potential*** was considered to facilitate the process of personality growth as determined by the Communist Party ideological framework that was called "Moral Code of the Builder of Communism." The Code could be

**Human Resource Management in Russia, Fig. 2** Soviet poster, promoting setting-up exercises on workplace

**Human Resource Management in Russia, Fig. 3** Soviet poster, promoting sport and fitness after work

called one of the first codes of professional ethics (officially adopted in 1961) containing twelve principles stated as the rules of attitude, for instance, principal № 6 "Human Relations and Mutual respect Between the Peoples: Friend, Comrade, Brother," or the principal № 7 "Honesty and Truth, Moral Purity, Simplicity and Modesty in the public and Private Life." These principles were further used to create special development programs for Communist and Komsomol party members. They were also used as guidelines in managing employees as soviet organizations had double management system: professional management and Communist party management. The choices made were recognizing the priority of meeting the needs of people, the value system was people centered, and the vision was fostering a cooperative excellence. This approach can be compared with the "soft," "high commitment," "developmental humanism" model that is used now in some modern Russian companies as a part of their strategic human resource management.

## Present State of Human Resource Management in Russia

At the present time, human resource management in Russia received rapid growth and active

development. Major universities introduced studies on human resource management, business psychology and sociology, and labor economics. A major strength of modern Russian HRM is the possibility to combine approaches and methods, developed and used during soviet time with concepts and best practices of Western academics, researchers, and practitioners. For the last 25 years, there have been interesting studies on people's behavior, on special kinds of problems that modern working life creates like problems of accountability, employment relationships, and the essentials of "good practice" in key HR tasks, especially adjustment, training and development, performance management, compensation and pay, employee's motivation, and effective communication. Among the Russian scientists that have made a significant contribution to the development of HRM science, one can name the following: T. U. Bazarov, A.Y. Kibanov, Y.G. Odegov, V.P. Pugachev, V.V. Travin, T.V. Zaytseva, and S.V. Sekschnya. As a result, human resource management has become in Russia a fashionable area of management practice and theory with developed research and scientific infrastructure.

In recent years, the way in which employees are managed and developed has come to be recognized in Russian organizations as one of the key instruments to improve organizational performance. Summarizing the features of approaches that are developed to manage human resource in Russia, we can outline the following:

1. Transition from managing people to managing human resource means that organization recognizes employees as the main source of economic and social value. That should change the whole organizational strategy placing employees as first class priority.
2. Employers began to abandon the perception of employees as a costless resource that does not require investments. To increase the quality and effectiveness of human resource, organizations should invest efforts, time, and money on a regular basis.
3. Only people have the ability to carry some of their value over a generated product, but then they need time and several conditions to compensate the outlays. Therefore, personnel costs should be considered as investments which have a payback period.
4. The longer a particular employee works in a company, the higher the returns from his or her activity. As a consequence extended duration of employment of an individual in an organization receives additional value and therefore should be supported by special retaining programs.
5. During his work, the employee creates not only short-term (e.g., performance) but also prolonged (e.g., knowledge, reputation) labor result. This means implementation besides performance indicators, metrics covering the whole life cycle of an employee in the organization.
6. Candidates have different levels of professional attractiveness to the labor market. For this reason organizations start to compete for the best people introducing wide range of benefits inside employer value proposition.
7. Competition for the best people creates agency-type relationships between an employee and an employer. While discussing terms of his employment, an employee acts as an agent and negotiates employment conditions in long-term perspective: clear guarantees of investment in his or her professional and personal development, income instead of wages, social package, etc.

Thus, human resource management in Russia is not anymore a comparatively narrow area involving mainly mechanical tasks and cutdown responsibilities such as administrative support, advising managers on the technical aspects of staff matters, and, sometimes, dismissing people. By contrast, human resource management has become a much wider activity, concentrated on the achievement of effective implementation of modern strategic tools, namely, inter-functional design and coordination, employee motivation,

job satisfaction and empowerment, progress of management style, and organizational culture.

## References


Базаров ТЮ, БЛ Еремин (2002) Управление персоналом. М.: Юнити

Бехтерев ВМ (1920) Личность и труд //Научно-технический вестник. № 1

Бодров ВА (2007) Психологические основы профессиональной деятельности. Хрестоматия. – М.: ПЕР СЭ; Логос. — 855 с

Богданов АА (1989) Тектология. Всеобщая организационная наука. М.: Экономика

Гастев А (1927) Как надо работать. Практическое введение в науку организации труда, ВЦСПС, М.

Дмитриева МА, Крылов АА, Нафтульев АИ (1979) Психология труда и инженерная психология. Л.: Изд-во ЛГУ

Дубровский ВЯ, Щедровицкий ЛП (1971) Проблемы системного инженерно-психологического проектирования. М.: Изд-во МГУ

Ерманский О (1925) Научная организация труда и производства в системе Тейлора. Москва

Зараковский ГМ (1966) Психофизиологический анализ трудовой деятельности. М.: Наука

Зайцева ТВ (2012) Система управления человеческими ресурсами организации. М.: Изд-во Московского университета

Зинченко ВП, Мунипов ВМ (1972) Основы эргономики. М.: Изд-во МГУ, 1979. Крылов А.А. Человек в автоматизированных системах управления. Л.: Изд-во ЛГУ

Климов ЕА, Носкова ОГ (1992) История психологии труда в России. Учебное пособие. М.: МГУ

Ломов БФ (1984) Методологические и теоретические проблемы психологии. М.: Наука

Пугачев ВП (2008) Руководство персоналом организации. М.: ЮНИТИ

Рихтер ИИ (1895) Железнодорожная психология. Материалы к стратегии и тактике железных дорог // Железнодорожное дело

Суходольский ГВ (1988) Основы психологической теории деятельности. Л.: Изд-во ЛГУ

Травин ВВ, Дятлов ВА (2002) Менеджмент персонала предприятия. М.: Дело

Шадриков ВД (1994) Деятельность и способности. М.: Логос

Marsh ER (1975) The harmonogram of Karol Adamiecki. Acad Manag J 18(2):358–364

Шедровицкий ГП (2004) Организация, руководство, управление. Хрестоматия по работам Г.П. Щедровицкого. – М.: Дело

Шекшня СВ (2000) Управление персоналом современной организации. М.: Интел-синтез

Shchedrovitskii GP, Kotel'nikov SI (Summer 1988) An organization game as a new form of organizing and a method for developing collective thinking activity. Sov Psychol 26:57–88


# Human Resource Management Problems and Public Sector Management


Suwastika Naidu[1], Anand Chand[1] and Gordon Nanau[2]

[1]School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

[2]School of Government, Development and International Affairs, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands


H

## Synonyms

Contingency approach; Employee management; Small island developing states; Strategic human resource management

## Definitions

| | |
|---|---|
| Human resource management | It refers to the use of employee management practices to attract, retain, and develop employees in an organization (Naidu and Chand 2014). |
| Contingency approach | It is part of the SHRM as it involves aligning the HRM practices to achieve the business objectives of organizations (Naidu and Chand 2014). |

## Introduction

This entry is based on a study that illuminates the main underlying problems associated with the

formulation and implementation of HRM policies in the public sector of the Solomon Islands and Samoa. To date, most of the HRM studies have been conducted within large-scale organizations in large developed countries and not much in small-scale organizations in the SIDSs. Therefore, there exist unique social, cultural, and economic variations in SIDSs that are currently not accounted for while theorizing the SHRM and International HRM (IHRM) research in the context of the SIDSs (Schuler et al. 1993). The SIDSs in the Pacific have unique geographical, economic, sociocultural, political, and technological factors that affect the HRM policies and practices adopted by the public sector organizations. For example, many SIDSs have a unique sociocultural environment, and this creates barriers to the effective management of employees. Albeit, the HRM problems may be somewhat similar; however, the impact of these problems on the performance of public sector organizations in developing countries is more significant as compared to the developed countries (Swailes and Al Fahdi 2011). Similarly, the impact of HRM problems on the performance of public sector organizations in the SIDSs is expected to be unique, and it is this gap that this paper hopes to fill.

The public sector of the SIDSs has unique features as compared to the public sector of the large developed countries. There are four ways the SIDSs are different from the large developed and less developing countries. Firstly, the development problems faced by SIDSs are different from the large developed and less developed countries (UN-OHRLLS 2013). The SIDSs have a narrow resource base. As a result of this, these economies hardly benefit from economies of scale. Secondly, small island economies have small domestic markets, heavy dependence on foreign markets, very high costs of energy and infrastructure development, and less resilience on natural disasters. Thirdly, the economic growth rates of SIDSs are extremely volatile due to global economic shocks. For instance, global economic recessions, particularly in the neighboring countries, have a substantial impact on the performance of the national economies of the SIDSs in the Pacific region (UN-OHRLLS 2013). Fourthly, there is limited growth of the private sector, and the bulk of the government resources is deployed by the public sector (UN-OHRLLS 2013). For instance, the public sector of the Solomon Islands and Samoa is one of the largest employer in their nation. The operations of the public sector consume bulk of the financial resources from the private sector that is collected via taxation.

This study is essential for two reasons. Firstly, in the recent decade, the capriciousness of the global external environment has given rise to many problems faced by the SIDSs, and the Pacific Island Countries (PICs) are not an exception to this. As the external environment is becoming unpredictable, new HRM issues have started arising in the PICs. For example, due to unfavorable socioeconomic and political factors, trained workforce from the PICs have started seeking temporary employment in overseas countries (Naidu and Chand 2014). Additionally, governments in the PICs, as part of the global reform effort, are reducing the size of the government by resizing the human resources in the public service (Barter and Russell 2013). Secondly, the HRM problems faced by the SIDSs have been largely ignored in the existing literature. Most of the existing studies have mainly investigated the HRM problems faced by the public sector of large developed and not SIDSs. Unlike large developed and less developed economies, the literature on the HRM problems faced by the public sector organizations in the SIDSs is lagging far behind. Hence, this study attempts to examine the HRM problems faced by the public sector organizations in the Solomon Islands and Samoa by using the Consistent approach to SHRM.

This entry is structured as follows. Section "Literature Review on HRM, IHRM, SHRM, and SIHRM" reviews the literature on HRM, IHRM, SHRM, and SIHRM. Section "Socioeconomic Background and HRM in the Public Sector: The Solomon Islands and Samoa" provides an overview of socioeconomic background and HRM in the public sector of the Solomon Islands and Samoa. Section "Research Methodology" outlines the research methodology. Section "Theoretical Framework: Contingency Theory, Research Findings, and Discussions"

provides the theoretical framework based on the Contingency theory, research findings, and discussions. Section "Theoretical, Organisational, and Practical Implications of This Paper" provides the theoretical, organizational, and practical implications of this paper. Finally, section "Conclusion and Limitations" provides the conclusion and limitations of this study.

## Literature Review on HRM, IHRM, SHRM, and SIHRM

The extant literature that theorizes the concept of Human Resource Management (HRM), International HRM (IHRM), Strategic HRM (SHRM), and Strategic International HRM (SIHRM) was developed after the 1980s that mainly emphasized on firms and businesses operating in the large developed countries (Dowling and Schuler 1990; Pieper 1990; Poole 1990; Dowling and Schuler 1990; Schuler et al. 1993; Dowling et al. 1999). By the mid-1990s, authors (particularly, from the USA) began to conceptualize IHRM to account for HRM practices used to manage expatriate staff working in overseas countries and the role of local culture in influencing these IHRM practices (Dowling et al. 1999). Dowling et al. (1999) went on to identify three approaches used by authors to study IHRM. The first approach was used by Adler (1997), which emphasized on the "cross-cultural management" approach used an international perspective to examine employees' behavior within organizations (Adler 1997). The second approach was developed by Brewster and Hegewisch (1994) and Poole (1999) from the "comparative industrial relations" and HRM literature that compared and analyzed HRM systems from various countries. The third approach was developed by Schuler et al. (1993) and Dowling et al. (1999) as they theorized the "integrative framework of SIHRM" and argued that both the exogenous (internal) and endogenous (external) factors influence the SIHRM.

Many studies have examined the HRM problems in large developed countries and identified three problems. These problems are (1) lack of financial resources (Van Gramberg et al. 2014; Vo and Bartram 2012), (2) difficulties in dealing with employee attitudes (Moynihan 2006; Fernandez and Rainey 2006; Shen et al. 2010; Bach and Bordogna 2011; D'Netto et al. 2014), and (3) aligning HRM practices within an institutional framework and policy (Psychogios and Wood 2010; Thirkell and Ashman 2014).

While scholars did an excellent job in theorizing HRM, IHRM, and SIHRM and problems faced in managing human resources in the context of large developed countries, there still exists a research lacuna in the theorizing of HRM, IHRM, and SIHRM in the context of SIDSs. The major limitations of the theorization of SHRM are in twofold. First, the theorizing of SHRM is based mainly on research findings in the context of large developed countries and not on the SIDSs. According to Poole (1999), this is not surprising, as the study of SHRM has been dominated by Anglo-American authors (Poole 1999). This study argues that the research findings from SIDSs are equally essential to develop a more comprehensive theory of SHRM. Lane (1989) and Poole (1999) have rightly argued that:

> The reality is the fact that there are different SHRM models between and within countries and that the 'best' universalistic HRM practices of the Anglo-American countries may not explain HRM globally. (Poole 1999)

Hence, this paper, by focusing on two SIDSs and looking through the lenses of the Contingency approach, further contributes to the theorization of SHRM.

Second, the majority of the literature is dominated by studies on SHRM in the context of private sector organizations and not on the public sector organizations (Daley 2012; Bach and Kessler 2007). Bach and Kessler (2007) has correctly mentioned:

> As human resource management (HRM) has developed as a field of study, the attention paid to public sector employment relations has been relatively limited. (emphasis by authors)

Moreover, Pieper (1990) stressed that:

> validation of an international model(s) would benefit from cross-national comparisons of a number of features identified in the internationalization process.

H

Pieper (1990) argued that theorizing of IHRM is important for two reasons. Firstly, there is an increasing internationalization of businesses, whereby Multinational Corporations (MNCs) have their head office in one country and subsidiaries in several countries around the world. In these situations, companies have to deal with diverse local cultures and national employment laws and regulations in different countries around the world. Secondly, economic and technological advancement makes it easier for businesses to expand their international operations.

This paper will focus on SHRM in the public sector of the SIDSs. The central argument of this paper is that there is a research gap in our understanding of SHRM from the perspective of SIDSs, and this paper attempts to fill this gap and add to the theorization of SHRM.

## Socioeconomic Background and HRM in the Public Sector: The Solomon Islands and Samoa

The economic growth of the Solomon Islands and Samoa has been mainly driven by tourism, remittances, foreign aid, the export of agricultural commodities, forestry, and marine aquaculture (International Monetary Fund 2014; Asian Development Bank 2015). The Solomon Islands is an ethnically heterogeneous society with a total population of 515,870 (Solomon Islands National Statistics Office 2015). The ethnic tension in the Solomon Islands during the year 2000 resulted in the destruction of local infrastructure and private sector business in Honiara, the capital city. In order to rejuvenate the economy and reconstruct the local infrastructure, the donor agencies, mainly Australia, New Zealand, and PICs, provided development assistance to the Solomon Islands. This mission was called the Regional Assistance Mission to Solomon Islands (RAMSI) (International Labour Organisation 2008).

Samoa is much smaller in land size and population as compared to the Solomon Islands. The recent census statistics of Samoa that was published in the year 2011 showed that Samoa's population stood at 187,820. Out of these, 36,735 (19.56%) comprised of the urban population, whereas 151,085 (80.44%) comprised of the rural population (Samoa Bureau of Statistics 2015). Samoa is an ethnically homogenous society, and this is one of the reasons why Samoa has been enjoying political harmony (Reilly 2004).

Since the colonial days, the Solomon Islands and Samoa have adopted the British system of public sector administration. In the last 20 years, the Solomon Islands and Samoa have adopted public sector reforms as a recommendation by the World Bank and the Asian Development Bank. The objective of these reforms was to reengineer public sector policies, practices, and processes.

### Human Resource Management in the Public Sector of the Solomon Islands

According to the Australian Government (2013), there is an acute deficiency of educated and skilled workforce in the Solomon Islands public administration. The policy framework and regulations that guide public administration in the Solomon Islands are outdated and need updating and proper implementation. The public administration system in most of the PICs is centralized, characterized by a lack of proper communication between local and national governments. As a result of this, there is no proper direction given to the allocation of financial resources and development programs and assistance. In order to counter these challenges at the local government level, many workshops and trainings have been organized on general public administration. These trainings have been largely funded by the donor agencies, such as the World Bank and the Asian Development Bank. High staff turnover and labor mobility to overseas countries are two of the main reasons why these training programs are not effective (Australian Government 2013). Some of the factors attributed to the failure of the public HRM system in the Solomon Islands are outdated policies and practices, lack of proper job descriptions, and poor implementation of the performance management system (Asante et al. 2011).

### Human Resource Management in the Public Sector of Samoa

As compared to the Solomon Islands, Samoa is far ahead in adopting new and innovative methods of public sector administration to improve public service delivery. According to the World Bank (2015), Samoa is leading the PICs on ease of doing the business survey. The World Bank's ease of doing business report emphasizes that it is much easier and faster to do business in Samoa as compared to other PICs. One of the primary drivers of this achievement is that Samoa has been able to improve its public service delivery by improving the quality of its workforce. In the recent decade, the Samoan public service has been implementing plans to institutionalize reforms, reviewing existing HRM policies, and implementing HRM systems. For example, Samoa's strategic development plan focuses on improving the quality of the health sector workforce by implementing training and development programs (Ministry of Finance Samoa 2012). Similar to the case of the Solomon Islands, the public sector of Samoa is also cramped with a low qualified and skillful workforce. In order to address this, Samoa's strategic plan for the year 2012 to 2015 focuses on human capacity building and improving the quality of education in Samoa (Ministry of Finance Samoa 2012).

## Research Methodology

The main aim of this entry is to explore the problems of HRM in the public sector of the Solomon Islands and Samoa and to examine the impact of contingency variables on the HRM practices adopted by the public sector of the Solomon Islands and Samoa. This study was conducted in the year 2013 and 2016 by using semi-structured interview schedules. The employee management officers working for the public service of the Solomon Islands and Samoa were contacted to obtain information on the problems of HRM faced by the public sector and how the contingency variables are affecting these problems. The main interview questions together with the summary of the interviews are provided in Appendix 1. These questions were based on the changes in the public sector with particular emphasis on the contingency variables that were driving these changes and the impact of these changes on human resource delivery. The employee management officers were also asked questions on the HRM problems faced by the public service. The informants were also asked to recommend some changes for improving public service delivery. The length of each interview was approximately half an hour for each government official (Tables 1 and 2).



**Human Resource Management Problems and Public Sector Management, Table 1** Solomon Islands: summary of semi-structured interviews

| Ministry number | Summary of the interviews |
|---|---|
| 1 | Change in the title of positions has provided motivation, but there are still issues related to lack of capacity building |
| 2 | Public servants are leaving employment |
| 3 | Human resource coordination problems |
| 4 | Centralization of decision-making and empowerment issues |
| 5 | Lack of qualified personnel |
| 6 | No sound human resource policies |
| 7 | Absenteeism problems |
| 8 | Unattractive pay package |
| 9 | Issues related to employee compensation |
| 10 | Centralized decision-making issues are affecting the motivation of workers |
| 11 | Public service delivery needs to be restructured to motivate public servants |
| 12 | Financial constraints |
| 13 | Budget problems |
| 14 | Ineffective policies on finance and leadership are affecting human resources |
| 15 | Coordination problems |
| 16 | Budget issues related to the recruitment of public servants |
| 17 | Changes in employee disciplinary processes are needed |
| 18 | Poor leadership is affecting the performance of human resources |
| 19 | High turnover of employees |

**Human Resource Management Problems and Public Sector Management, Table 2** Samoa Islands: summary of semi-structured interviews

| Ministry number | Summary |
|---|---|
| M1 | Lack of implementation of quality of work-life programs and labor-management participation teams |
| M2 | Performance appraisal issues leads to unfairness in promotion |
| M3 | Low level of financial incentives provided to staff |
| M4 | Lack of financial incentives available for an excellent performance |
| M5 | Inconsistent recruitment practices |
| M6 | Lack of awareness of staff about the changes in the market condition and organizational performance |
| M7 | Performance appraisal issues leads to unfairness in promotion |
| M8 | Performance appraisal issues leads to unfairness in promotion |
| M9 | Low level of cross-cultural job design |
| M10 | Inflexible job design |
| M11 | Performance appraisal issues leads to unfairness in promotion |
| M12 | Performance appraisal issues leads to unfairness in promotion |
| M13 | Lack of financial incentives on good performance |
| **State-owned enterprises** | |
| SOE | Performance appraisal issues lead to unfairness in promotion |
| SOE | Lack of financial incentives on good performance |
| SOE | Low levels of cross-cultural job design |
| SOE | Poor implementation of performance appraisal |
| SOE | Poor implementation of performance appraisal |
| SOE | Staff are only briefly communicated on the changes in the market condition and organization performance |
| SOE | Internal promotion and recruitment problems |
| SOE | Staff are only briefly communicated on the changes in the market condition and organization performance |
| SOE | Not all the staff participate in the quality of work life programs |
| SOE | Poor implementation of performance appraisal |
| SOE | Poor implementation of performance appraisal |
| **Government bodies** | |
| GB | Poor implementation of performance appraisal |
| GB | The use of the internal promotion criteria is limited in the department |

## Sample Size

Since our target was to get information from senior managers of various ministries and government departments, it was easier to choose the sample. The main informants were managers who had good knowledge of HR policies, procedures, and how it is rolled out to employees. Refer to Appendix 1 for further details.

**Sample Size**: Out of the 26 interviews conducted in Samoa, all the informants interviewed in Samoa had spent less than 24 years in public service. The age range of all the informants interviewed was between 24 and 55 years. Out of the 18 interviews conducted in the Solomon Islands, 16.7% were females, and 83.3% were males. Approximately 89% of the civil servants had spent less than 24 years in public service. The age range of all the civil servants interviewed was between 24 and 51 years old.

***Data Analysis***: Thematic analysis was used to collect and analyze data. It is a research technique that is used to make valid inferences from the themes of textual materials (Clarke and Braun 2013). The main themes from the interviews were identified, and these themes were used as subtopics for discussing the four research questions proposed in this study (see Appendix 1).

## Theoretical Framework: Contingency Theory, Research Findings, and Discussions

This entry uses the Contingency approach to explore the HRM problems faced by the public sector of the Solomon Islands and Samoa. The originality of this entry is that it focuses on the SHRM in the public sector of the SIDSs as there is a gap in the existing literature and none of the existing studies have used the Contingency approach to SHRM theorizing to explore the problems of HRM in the public sector of the SIDSs (Brewster 1999).

### Contingency Theory

This paper uses the Contingency approach as the main theoretical framework to explain SHRM in the SIDSs. The Contingency approach stresses the importance of contingency variables (both internal and external factors) that impact SHRM in organizations. The Contingency approach is part of the SHRM as it involves aligning the HRM practices to achieve the business objectives of organizations. Companies need to undertake internal and external environment analysis in order to understand the changes in the business environment and how to undertake strategies to counter these challenges.

Figure 1 shows the contingency variables affecting HRM practices.

Studies have identified a number of factors that have an impact on HRM, SHRM, IHRM, and SIHRM. In summary, the first contingency variable is the "economic environment" that examines how the economic environment influences the HRM practices adopted by organizations (Schuler et al. 1993; Dowling 1999; Brewster 1999). The second variable is the "technological environment" that has an impact on human resource activities. The third variable is the "political environment" that affects employee's morale, motivation, and job performance (Schuler et al. 1993; Dowling 1999; Brewster 1999; Boyne et al. 1999; Cheng 2015; Arlbjørn et al. 2015; Ababneh 2016). Another variable is the "socio-cultural environment" that includes societal values, norms, beliefs, customs, and work ethics that affect the management of human resources (Schuler et al. 1993; Dowling 1999; Kalpazidou 2008; Cannaerts et al. 2016; Ohemeng 2010). The fifth variable is the public sector strategy, policies, and regulations adopted by the government departments (Pandey 2010; Overmans and Noordegraaf 2014). The sixth and final variable is the "internal environment" which affects the human resources of any organization (Jackson and Schuler 1995; Goldsmith and Eggers 2005; Dawes et al. 2009; Lodge and Hood 2012; Malatesta and Smith 2014). All these variables are fundamental in influencing the SHRM in organizations.



**Human Resource Management Problems and Public Sector Management, Fig. 1** Contingency variables affecting HRM practices. (Source: Created by the authors of this paper (2019))

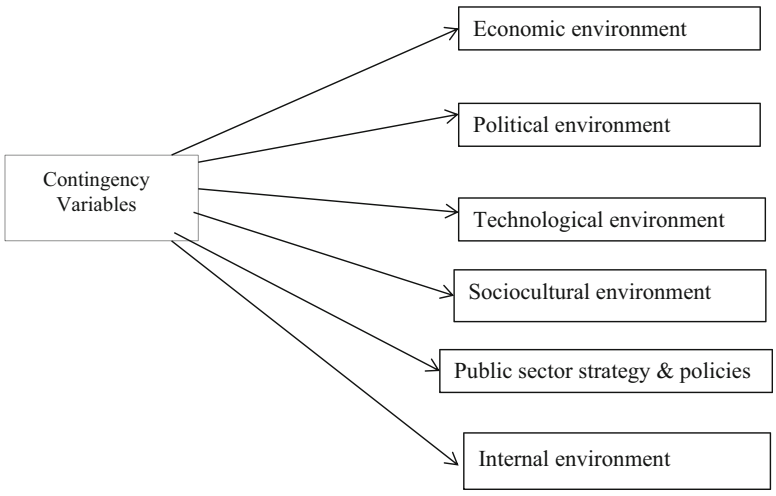


Source: Created by the authors of this paper (2019).

With regard to the public sector, the literature shows three groups of contingency variables that impact HRM, and these three groups of contingency variables are (1) public sector strategy (Butler et al. 1991; Cappelli and Singh 1992; Begin 1993); (2) internal environment variables, such as size and structure of public sector (Jones 1984; Jackson et al. 1989; Jackson and Schuler 1995); and (3) external environment factors such as technology, global economy, and sociocultural and political factors (Schuler and Walker 1990; Schuler, 1995; Becker and Gerhart 1996; Boxall 1998; Dowling et al. 1999).

## Link Between SHRM and Contingency Theory

The subject matter of SHRM can be explained via the lenses of the Contingency approach (Woodward 1965; Dewar and Werbel 1979; Schoonhoven 1981; Van de Ven and Drazin 1985; Venkatraman 1989). In the contemporary changing business environment, the relationship between HRM practices and firm performance is no longer linear but has a matrix relationship (Martín-Alcázar et al. 2005). This paper argues that researchers would be making incorrect assumptions if they are examining HRM problems without accounting for the impact of both internal and external environments on these HRM problems. The inexplicable behavior of the internal and external environment gives rise to a range of HRM problems faced by organizations.

## Research Findings

The research findings from the two PICs reveal that both the internal and broader external environment factors have an impact on the HRM. There are some similarities and variations of HRM problems faced by the public sector of Samoa and Solomon Islands. Some of the common HRM problems faced by the public sector are financial constraints, inability to recruit and retain a skilled workforce, lack of ongoing training, poor pay and working environment, lack of employee voice and consultation, lack of top management support, and poor employee work ethic and attitude.

## Similarities in HRM Between Samoa and the Solomon Islands

This section explores some of the similarities in HRM problems faced by the public sector of the Solomon Islands and Samoa.

***Financial constraints***: According to Vo and Bartram (2012) and Van Gramberg et al. (2014), implementing HRM practices that enhance employee productivity and motivation requires allocation of the national budget for recruitment, training, and retaining a skilled and talented workforce. There is a lack of availability of financial resources to improve HRM practices in the public sector of Samoa and Solomon Islands. The previous study by Van Gramberg et al. (2014) have found finance as a significant problem. If financial resources are not available, it will be difficult for the government ministries to hire enough skilled and qualified employees at the right place and at the right time. One of the government officials from Samoa's Public Service Commission mentioned that:

> The government does not have adequate funds to recruit the right number of employees and meet the training needs of each of the ministries. This has been one of the problems restricting the acquisition of efficient and highly motivated employees [. . .]

Similarly, the government of the Solomon Islands has to run a budget deficit in order to meet the HR requirements of the respective ministries. According to one of the government officials from the Solomon Islands:

> The government of the Solomon Islands lacks the financial resources required to improve the public service functions. The donor agencies are providing the financial resources to implement HRM reforms, but this amount is not enough [. . .]

Both the Solomon Islands and Samoa rely more heavily on foreign aid from the donor agencies (such as Australia and New Zealand) to fund the government employee's salaries. According to the Organisation for Economic Co-operation and Development database (2016), the net official development assistance received by the Solomon Islands increased from $US 68,250,000 in the year 2000 to $US 198,510,000 in the year 2014. Similarly, the development assistance received by Samoa has also increased from $US 27,140,000 in

the year 2000 to $ US 92,740,000 in the year 2014.

The human resources in the public sector need to be financially sustainable in order to continuously deliver services that fulfill the people's demands (Wolfson et al. 2013). Furthermore, the benefits of spending on human resources must outweigh the cost. Accountants have always seen human resources as a cost factor and, as such, given low priority and importance to sustainable management and development of human resources. This paper adds to the debates on the cost and sustainability of human resources by Wolfson et al. (2013) and Barter and Russell (2013) published in the *Sustainability Accounting, Management, and Policy Journal*.

### Inability to Recruit, Train, and Retain the Skilled Workforce

Essentially, the public sector needs to employ talented and efficient employees to improve public service delivery. Citizens and private sector businesses expect excellent service delivery from government departments. The public sector needs to recruit qualified employees, train, and develop them effectively and efficiently to ensure long-term sustainability of the HRM (Wolfson et al. 2013; Barter and Russell 2013). The inability to recruit, train, and retain skilled workforce is another HRM challenge faced by the Samoan and Solomon Islands governments. In Samoa and Solomon Islands, the general education level of the population is much lower than in developed countries. Both the Samoan and Solomon Islands government gives scholarships to students to study in Fiji, Australia, and New Zealand. However, once these students graduate, they usually migrate to developed countries for better life opportunities. According to one of the government officials from Samoa:

> We lack skilled and qualified workforce, particularly in the areas of HRM and policymaking. The government is spending financial resources on educating the workforce at the University of the South Pacific and local institutions. Once these students graduate, they migrate to rich countries around the world because they can find better jobs in other countries [. . .]

The government officials made similar comments from the Solomon Islands:

> We have many programs that help the government officials to get a better education. In addition to this, we have the RAMSI machinery that provides technical assistance in the areas of HRM, policy-making and customer service [. . .]

According to one of the government officials from Samoa:

> It is challenging for the Samoan government to recruit and pay a higher wage rate to the civil servants and award them with promotions, increments and bonuses if they are performing above the required benchmark [. . .]

In the context of the Solomon Islands, the ethnic tension of the December 1998 has forced many civil servants to migrate to its neighboring countries. During periods of ethnic tension, it is difficult for the Solomon Islands government to retain skilled and qualified civil servants (Interviewees 30 and 36). Ethnic tensions negatively affect public sector employee motivation and job performance. This argument is parallel to the findings of the studies conducted by Cheng (2015), Arlbjørn et al. (2015), and Ababneh (2016). These studies also found that the political environment affects public sector motivation and job performance.

***Lack of employee collaboration and consultation***: Lack of employee collaboration and consultation leads to conflicts in the workplace, and this results in a hostile working environment. Many studies have found that a hostile working environment has a negative impact on employee morale and motivation at the workplace (Van Gramberg et al. 2014; D'Netto et al. 2014; Thirkell and Ashman 2014). If employees are not happy, employee turnover will be high, and this will be costly for the business in the long term. According to one of the public sector government officials from Samoa:

> I believe there is a lack of employee involvement in the decision-making process of public service. Sometimes employees feel they are not part of the public service because their views are not accounted for by the public service. As a result of this, conflicts arise at the workplace [. . .]

Similar HRM problems are faced by the public sector of the Solomon Islands. According to one of the government officials from the Solomon Islands:

> Around 70% of the decisions that are implemented in the respective ministries are made by the Ministry of Public Service Commission. Some of the decisions that are made by the Ministry of Public Service Commission that has a substantial impact on the operations of the different ministries are appointments, promotions, training and development and performance appraisal. Since the decisions are centralized at the Ministry of Public Service Commission, it is difficult for the ministries to involve its employees in the decision making the process [. . .]

The public sector of the Solomon Islands emphasizes on centralizing significant decisions at the Ministry of Public Service Commission so that the costs associated with decision-making can be reduced. Some of the costs associated with decentralized decision-making are (1) increase in turnaround time of public sector decisions and (2) opportunity cost of employees' time. All of these costs have indirect financial implications on the operations of the public service. This finding is parallel to the findings of the studies conducted by Pandey (2010) and Overmans and Noordegraaf (2014). These two studies have confirmed that centralization in decision-making is an austerity measure used by the policymakers to reduce the size of the public service operations.

In the case of Samoa, due to lack of technological innovation, it is difficult to involve employees in the decision-making process. It would be easier to involve employees in the decision-making process if the government implements an advanced HRM information system. The employment law of the Solomon Islands and Samoa does have clauses on employee consultation and collaboration, but the degree to which it is implemented is questionable.

Both Samoa and the Solomon Islands have a collective sociocultural environment where group decision-making is given importance over the individual decision-making. According to one of the government officials from Samoa's public service:

> At the community level, we make decisions in groups. I think it is difficult for employees to adjust when employees are not involved in the decision-making process [. . .]

The contextual factor of "lack of employee collaboration and consultation" links both to the strategic HRM framework proposed by Brewster and the Contingency perspective. Brewster proposed the strategic HRM framework by combining the "HRM literature" and the "comparative industrial relations" literature to analyze the HRM practices across countries. The contextual variable of "lack of employee collaboration and consultation" helps us to understand how the previous macro-level "industrial relations" environment (e.g., involvement of trade unions and employee voice) has changed in the public sector and being replaced by a new micro HRM system.

***Poor performance appraisal***: A good performance appraisal is one that can enhance employee productivity and motivation (Chiu et al. 2002; Pfeffer 2010; Albrecht et al. 2015). Several problems have been identified while developing and implementing the performance appraisal of the Solomon Islands and Samoa. The existing performance appraisal system of Samoa is poorly implemented. According to one of the government officials from Samoa:

> The job classification structure that was implemented in the early 2000s is currently outdated. This needs to be reviewed in order to meet the current context of Samoa. The performance management system is not fully linked to the rewards, and training and development needs of employees [. . .]

Similarly, the performance management system of the Solomon Islands also has several problems. One of the problems identified by the government officials is that there is a lack of awareness and little uptake of the performance management system among the government employees. One of the government officials from the public sector of the Solomon Islands mentioned that:

> Currently, there is a lack of awareness of the objectives of the performance appraisal system. The ministries do not want to take responsibility for completing the performance appraisals as they believe that it is the responsibility of the public service commission [. . .]

Technological innovation has a substantial impact on managing the performance appraisal system in the public sector of the Solomon Islands and Samoa. Currently, there is limited use of

HRM information systems in the public sector of the Solomon Islands and Samoa. The government of the Solomon Islands and Samoa will need a skilled workforce and financial resources to implement HRM information system in place. However, these resources are currently unavailable to improve the efficiency and effectiveness of the public sector. This finding is similar to the findings of the studies conducted by Singh et al. (2011), Farooqi (2016), and Jin et al. (2016). These studies also recognized that financial resources and a skilled workforce are needed to implement a quality-focused performance appraisal system. Furthermore, these studies also found that using innovative HRM information systems will enhance the transparency and accountability of public service delivery.

***Lack of Top Management Support***: Top management support is needed to implement HRM practices (Stanton et al. 2010; Thirkell and Ashman 2014). The goal of any national government is to improve the efficiency, effectiveness, and transparency of the public service delivery. This goal can be achieved if top management supports HRM initiatives. Top management support would involve providing financial and nonfinancial resources to implement productivity-enhancing HRM practices. One of the government officials from the Solomon Islands mentioned that:

> We need top management support to implement good HRM practices. Some of the issues that need immediate attention are improving the implementation of the performance appraisal system, redefining existing job descriptions and handling issues related to HRM [. . .]

The government officials made similar comments from Samoa. According to one of the government officials from Samoa:

> The top management has always been supportive of implementing good HRM practices in the public sector of Samoa. However, due to a lack of financial resources, sometimes they are not able to provide full support. [. . .]

The economic environment influences the type of top management support that is provided by public sector organizations to implement HRM practices. If the government has the financial budget to implement employee enhancing HRM practices, definitely they would allocate sufficient funds to implement these practices. However, if the government does not have sufficient funds to implement HRM practices, it would not provide financial support to each of the ministries to implement these practices. Similarly, the political environment should be supportive of encouraging top senior management public officials to implement HRM practices. This finding is similar to the evidence from the studies conducted by Psychogios and Wood (2010), Stanton et al. (2010), and Thirkell and Ashman (2014). These studies argued that HRM practices in public service should be aligned with the nation's human resource development strategies. This implies that top management support toward enhancing human resource practices is essential toward improving productivity levels of the civil servants.

***Poor employee motivation***: To implement employee enhancing HRM practices, we need employees who are receptive to changes at the workplace and who can adjust quickly to changes in the work environment (D'Netto et al. 2014; Van Gramberg et al. 2014). It has been noticed in Samoa and Solomon Islands that employees are slow in adapting to the changes at the workplace. According to one of the government officials from Samoa:

> If we are implementing best practices in the public sector to improve public sector service delivery, employees should accept those changes and understand that it is suitable for them and the public sector as a whole. If some practices are not suitable for them, surely it would not be implemented because the government does not want to harm the employees [. . .]

The government officials made similar comments from the Solomon Islands. According to one of the government officials from the Solomon Islands:

> It is difficult for employees to adapt to the new changes that we are trying to implement in the public service. We have noticed that employees feel insecure when they see that we are trying to bring in new practices in the public service. [. . .]

The sociocultural environment of the Solomon Islands and Samoa influences the employee attitude that they bring to the workplace. As compared to the culture of the Anglophone countries and its allies, employees in the Solomon Islands and Samoa are much slower in adopting changes in the work practices. According to one of the government officials from Samoa:

> Employee's attitudes at the workplace affect how fast they can adapt to changes in technological innovation. If employees do not understand the objectives of implementing HRM information system, it would be difficult for them to accept innovative technology to instill transparency and accountability in the public service [. . .]

The findings from this study are similar to the findings from the studies conducted by Moynihan (2006) and Fernandez and Rainey (2006). These studies also argued that poor employee attitude leads to a lack of acceptance of organizational change in the public sector.

## Differences in the HRM in Samoa and the Solomon Islands

The research findings show that there are some significant differences in the development of human resources in the public sector of the Solomon Islands and Samoa. The significant differences are in sociocultural, political, and economic features, and these differences have a bearing on the human resources in public sector development.

***Cultural/societal difference***: Samoa's public sector is influenced by the national cultural system of *fa'a Samoa* (*Fa'a Samoa* is the Samoan way of life.) and *fa'a matai* (traditional chiefly system – *Fa'a matai* are traditional chiefs as part of social stratification system of Samoa.). The ideology of *fa'a Samoa* requires people to be obedient, show respect to senior people, and not to question those in authority. *Fa'a matai* is a traditional social stratification system where the *matai* (chiefs) are the leaders and the people underneath them are "commoners." In Samoa, only people with *matai* titles (chiefs) are eligible to contest elections, and all ministers and members of parliament are chiefs. On the other hand, in the Solomon Islands, there are a few layers of social stratification, and they have a *wantok* system (*Wantok* in the Solomon Islands means people speaking the same language.) that has a bearing on HRM in the public sector.

***Political difference***: Samoa has been politically stable since it gained its independence in 1962, and this led to a steady development of its public sector and its human resources (Liloqula 2000). However, the Solomon Islands has had a troubled political environment (instability) as it underwent ethnic civil conflict between 1998 and 2003 that derailed the public sector development and, in particular, its human resource (Nanau 1998; Liloqula 2000). The most recent instability was in April 2019, whereby local people created a riot in the capital city of Honiara in the Solomon Islands.

***Economic differences***: The economic positions of the two countries are also different which has influenced the development of HRM in the public sector. Samoa was ranked at 104 in the year 2017 Human Development Index Report, while the Solomon Islands was in 152 places (United Nations Development Programme 2018). Likewise, the gross national income (GNI) for the Solomon Islands and Samoa in the year 2017 was 6390 and 2270 PPP dollars, respectively (World Bank 2018). From these statistics, it is fair to say that Samoa currently enjoys a higher standard of living than the Solomon Islands. With a higher GNI and HDI, the Samoan public servants get decently higher salaries than their counterparts in the Solomon Islands.

***Overseas training opportunities***: There is a slight difference in the types and forms of training opportunities provided to the public servants in the Solomon Islands and Samoa. For instance, the public servants from Samoa have several opportunities for training in New Zealand, whereas the public servants from the Solomon Islands may not be having these opportunities. This has a positive impact on the intellectual capital of the Samoans as many of them are educated or trained overseas and can migrate to New Zealand under existing special immigration quota arrangements.

This paper has used the case studies from the Solomon Islands and Samoa's public sector

to discuss the political, cultural, economic, and historical differences. Hence, it is argued from the above discussions that the "contingency factors" of HRM problems faced by the Solomon Islands and Samoa are also different.

## Theoretical, Organizational, and Practical Implications of This Paper

Theoretically, one of the significant contributions of this study is that it adds to the theorization of SHRM from the perspective of the SIDSs. A close synthesis of the existing literature shows that the existing theorization of SHRM has mainly focused on the empirical data from the large developed Anglo-American countries (Poole 1999). One of the significant contributions of this study is that it does not take into account the unique social, cultural, economic, and political factors present in the SIDSs. Notably, after examining the context of the SIDSs in this paper, it is clear that variations in the use of SHRM practices exist in different geographical regions.

Moreover, this paper also stresses the importance of using contingency lenses in the theorization of SHRM. The Contingency approach stresses the importance of Contingency variables (both internal and external factors) that impact SHRM in organizations. The Contingency approach helps in the theorization of SHRM as it highlights the importance of internal and external environments in influencing the SHRM. The internal and external factors in SIDSs are different from those found in large developed countries.

This paper also bridges the gap between theory and practice by examining the concrete empirical data from the two SIDSs (Poole 1999). Similar studies in other SIDSs should be conducted, and research findings can be compared across geographical regions.

In terms of public policy management, senior government officials in developing countries can undertake a proactive strategy to address the difficulties related to managing internal and external environmental factors so that strategies can be designed to use human resources to improve public service delivery. Training is needed for senior civil servants to enhance their strategic thinking and policy analysis and design skills. The evidence reveals that the lower-level employees in the public sector of Samoa and the Solomon Islands have numerous problems, and these include lack of education and skills, inadequate and poor training, lack of employee consultation, and poor employee attitude and work ethic. For example, with the improvement in online technology and increased access to the internet, citizens are demanding improved public service delivery by using an online medium. Before innovative technology is used to deliver public services, employees have to be trained in the use of innovative technology.

At the organizational level, the implications of this paper are in threefold. First, top management support is needed to encourage employee voice, consultation, and participation. Employees need to be consulted during the decision-making process in order to encourage civil servants to think innovatively on improving public service delivery. Second, top and middle management should continuously train civil servants so that they are well versed with changing rules and regulations, public policies, procedures, processes, and adoption of new technology. Third, management needs to consider decent pay and working conditions in the public sector of the Solomon Islands and Samoa so that civil servants are motivated, have high morale, and provide better service delivery. Poor employee attitude, morale, and work ethics will cause conflicts, and this affects the productivity of civil servants. Therefore, to increase productivity, human resource managers need to modernize HRM practices and encourage employees to think more flexibly.

At the societal level, this study can guide government policymakers to improve public service delivery by listening to public views and perceptions. The main aim of any public sector organization is to provide efficient, effective, and high-quality public service to the citizens of a country. This will benefit and raise the quality of life of people, and continuous delivery of high-quality service will ensure that the benefits of public service are sustainably spread between

current and future generations. Finally, this study can contribute to research and teaching of public sector courses in several tertiary institutions in the Pacific region. Case studies can be developed to enhance teaching materials.

## Conclusion and Limitations

The main aim of this paper was to explore the HRM problems faced by the public sector organizations in the Solomon Islands and Samoa. This study used the Contingency approach to examine how the contingency variables (internal and external environmental factors) have an impact on the HRM problems faced by the public sector of the Solomon Islands and Samoa. The findings from this study showed that there were some similarities and variations in HRM problems faced by the public sector of Samoa and the Solomon Islands. Some of the common HRM problems faced by the public sector of Samoa and the Solomon Islands are financial constraints, inability to retain a skilled workforce, lack of skilled workforce, lack of ongoing training, poor working environment, lack of employee collaboration and consultation, lack of top management support, and poor employee attitude.

The employment law should support employee enhancing HRM practices in the public sector of the PICs. An employment law that balances the employee's and employer's interests will ensure that the senior public service government officials provide support to the HRM initiatives. This finding is similar to the findings from the studies conducted by Psychogios and Wood (2010), Stanton et al. (2010), and Thirkell and Ashman (2014). These studies argued that HRM practices in the public service should be aligned to the nation's employment law. This implies that top management support is crucial to solving the numerous problems faced by the public sector of the SIDSs. It is essential to study the context of the SIDSs as it reveals the peculiarities of internal and external factors that are unique to the PICs but cannot be explained by the mainstream Anglo-American SHRM literature. As discussed above, the Anglo-American SHRM literature is based on the empirical studies conducted on large developing countries. The universalistic "best" HRM practices cannot explain HRM practices in the SIDSs. The contribution of the paper is that it adds to our understanding and theorization of strategic HRM. One of the limitations of this study is that generalizations from this study cannot be made for all the PICs because this study was only conducted on two PICs. Future researchers should conduct this type of study in other PICs so that generalizations can be made across geographical regions.

## Cross-References

► Public Sector Accounting

## Appendix 1

**Semi-structured Interview Questions**

1. What are the changes in the public sector that have happened in the last 20 years?
2. What are the human resource management problems faced?
3. What is the impact of human resource management problems on public service delivery?
4. What are the suggestions for improving the public sector service delivery?

## References

Ababneh RI (2016) Disabled employees in Jordanian public sector: an exploratory study. Int J Public Sect Manag 29(2):164–182

Adler A (1997) Understanding human nature. Hazelden Publishers, Center City

Albrecht SL, Bakker AB, Gruman JA, Macey WH, Saks AM (2015) Employee engagement, human resource management practices and competitive advantage: an integrated approach. J Organ Eff People Perform 2(1):7–35

Arlbjørn JS, Freytag PV, Thoms L (2015) Portfolio management of development projects in Danish municipalities. Int J Public Sect Manag 28(1):11

Asante A, Roberts G, Hall J (2011) A review of health leadership and management capacity in Solomon Islands. Canberra, The Human Resources for Health Knowledge Hub, University of New South Wales

Asian Development Bank (2015) Solomon Islands growth prospects: constraints and growth priorities. Discussion note, Manila

Australian Government (2013) Delivery strategy: Solomon Islands economic and public sector governance program. Australian Aid, Canberra

Bach S, Bordogna L (2011) Varieties of new public management or alternative models? The reform of public service employment relations in industrialized democracies. Int J Hum Resour Manag 22(11):2281–2294

Bach S, Kessler I (2007) HRM and the new public management. In: The Oxford handbook of human resource management. Oxford University Press, Oxford

Barter N, Russell S (2013) Organisational metaphors and sustainable development: enabling or inhibiting? Sustain Account Manag Policy J 4(2):145–162. https://doi.org/10.1108/SAMPJ-Jan-2012-0002

Becker BE, Gerhart B (1996) The impact of human resource management on organizational performance: progress and prospects. Acad Manag J 39(4): 779–801

Begin JP (1993) Identifying patterns in HRM systems: lessons learned from organizational theory. Res Pers Hum Resour Manag (Supplement 3):3–20

Boxall P (1998) Achieving competitive advantage through human resource strategy: towards a theory of industry dynamics. Hum Resour Manag Rev 8(3):265–288

Boyne G, Poole M, Jenkins G (1999) Human resource management in the public and private sectors: an empirical comparison. Public Adm 77(2):407–420

Brewster C (1999) Different paradigms in strategic HRM: questions raised by comparative research. In: Wright P, Dyer L, Boudreau J, Milkovich G (eds) Research in personnel and HRM, Supplement 4. JAI Press, Greenwich. pp 313–238

Butler JE, Ferris GR, Napier NK (1991) Strategy and human resource management. South-Western Publishing, Cincinnati

Cannaerts N, Cannaerts N, Segers J, Segers J, Henderickx E, Henderickx E (2016) Ambidextrous design and public organizations: a comparative case study. Int J Public Sect Manag 29(7):708–724

Cappelli P, Singh H (1992) Integrating strategic human resources and strategic management. In: Lewin D, Mitchell OS, Sherer P (eds) Research frontiers in industrial relations and human resources. Industrial Relations Research Association, Madison, pp 165–192

Cheng KT (2015) Public service motivation and job performance in public utilities: an investigation in a Taiwan sample. Int J Public Sect Manag 28(4/5):352–370

Chiu RK, Wai-Mei Luk V, Li-Ping Tang T (2002) Retaining and motivating employees: compensation preferences in Hong Kong and China. Pers Rev 31(4):402–431

Clarke V, Braun V (2013) Teaching thematic analysis: overcoming challenges and developing strategies for effective learning. Psychologist 26(2):120–123

D'Netto B, Shen J, Chelliah J, Monga M (2014) Human resource diversity management practices in the Australian manufacturing sector. Int J Hum Resour Manag 25(9):1243–1266

Daley DM (2012) Strategic human resources management. In: Public personnel management. Routledge, New York, pp 120–125

Dawes SS, Cresswell AM, Pardo TA (2009) From "need to know" to "need to share": tangled problems, information boundaries, and the building of public sector knowledge networks. Public Adm Rev 69(3):392–402

Dewar R, Werbel J (1979) Universalistic and contingency predictions of employee satisfaction and conflict. Adm Sci Q 24(3):426–448

Dowling PJ (1999) Completing the puzzle: issues in the development of the field of international human resource management. In: Management international review. Gabler Verlag, Wiesbaden, pp 27–44

Dowling PJ, Schuler RS (1990) International dimensions of human resource management. PWS-Kent, Boston

Dowling PJ, Welch DE, Schuler RS (1999) International human resource management. South-Western, Cincinnati

Farooqi SA (2016) Co-production: what makes co-production work? Evidence from Pakistan. Int J Public Sect Manag 29(4):381–395

Fernandez S, Rainey HG (2006) Managing successful organizational change in the public sector. Public Adm Rev 66(2):168–176

Goldsmith S, Eggers WD (2005) Governing by network: the new shape of the public sector. Brookings Institution Press, Washington, DC

International Labour Organisation (2008) Decent work country programme: Solomon Islands. Cham, Geneva

International Monetary Fund (2014) Solomon Islands: third review under the extended credit facility arrangement and request for modification of performance criteria. International Monetary Fund, Washington, DC

Jackson SE, Schuler RS (1995) Understanding human resource management in the context of organizations and their environments. Annu Rev Psychol 46(1):237–264

Jackson SE, Schuler RS, Rivero JC (1989) Organizational characteristics as predictors of personnel practices. Pers Psychol 42(4):727–786

Jin M, McDonald B, Park J (2016) Followership and job satisfaction in the public sector: the moderating role of perceived supervisor support and performance-oriented culture. Int J Public Sect Manag 29(3):218–237

Jones G (1984) Task visibility, free riding, and shirking: explaining the effect of structure and technology on employee behaviors. Acad Manag Rev 9(4): 684–695

Kalpazidou SE (2008) Research management and policy: incentives and obstacles to a better public-private interaction. Int J Public Sect Manag 21(6):623–636

Lane C (1989) Management and labour in Europe: the industrial enterprise in Germany, Britain, and France. Edward Elgar, Cheltenham

Liloqula R (2000) Understanding the conflict in Solomon Islands as a practical means to peacemaking. Dev Bull 53(2000):41–43

Lodge M, Hood C (2012) Into an age of multiple austerities? Public management and public service bargains across OECD countries. Governance 25(1):79–101

Malatesta D, Smith CR (2014) Lessons from resource dependence theory for contemporary public and non-profit management. Public Adm Rev 74(1):14–25

Martín-Alcázar F, Romero-Fernandez PM, Sánchez-Gardey G (2005) Strategic human resource management: integrating the universalistic, contingent, configurational and contextual perspectives. Int J Hum Resour Manag 16(5):633–659

Ministry of Finance Samoa (2012) Strategy for the development of Samoa 2012–2015. Apia

Moynihan DP (2006) Managing for results in state government: evaluating a decade of reform. Public Adm Rev 66(1):77–89

Naidu S, Chand A (2014) A comparative analysis of best human resource management practices in the hotel sector of Samoa and Tonga. Pers Rev 43(5):798–815

Nanau G (1998) Decentralisation reform in Solomon Islands. Governance and reform in the South Pacific. National Centre for Development Studies, Canberra

Ohemeng F (2010) The dangers of internationalization and "one-size-fits-all" in public sector management: lessons from performance management policies in Ontario and Ghana. Int J Public Sect Manag 23(5):456–478

Overmans JFA, Noordegraaf M (2014) Managing austerity: rhetorical and real responses to fiscal stress in local government. Public Money Manag 34(2):99–106

Pandey SK (2010) Cutback management and the paradox of publicness. Public Adm Rev 70(4):564–571

Pfeffer J (2010) Building sustainable organizations: the human factor. Acad Manag Perspect 24(1):34–45

Pieper R (ed) (1990) Human resource management: an international comparison. Walter de Gruyter, Berlin

Poole M (1990) Human resource management in an international perspective. Int J Hum Resour Manag 1(1):1–15

Poole M (ed) (1999) Human resource management: critical perspectives on business and management, vol 2. Taylor & Francis, London

Psychogios AG, Wood G (2010) Human resource management in Greece in comparative perspective: alternative institutionalist perspectives and empirical realities. Int J Hum Resour Manag 21(14):2614–2630

Reilly B (2004) State functioning and state failure in the South Pacific. Aust J Int Aff 58(4):479–493

Samoa Bureau of Statistics (2015) Total population and estimates 2006–2020. Samoa, Apia

Schoonhoven CB (1981) Problems with contingency theory: testing assumptions hidden within the language of contingency theory. Adm Sci Q 26(3): 349–377

Schuler RS, Walker J (1990) Human resource strategy: focusing on issues and actions. Organ Dyn 19(1):5–19

Schuler RS, Dowing P, De Cieri H (1993) Integrative framework of strategic human resource management. J Manag 19(2):419–459

Shen J, D'Netto B, Tang J (2010) Effects of human resource diversity management on organizational citizen behaviour in the Chinese context. Int J Hum Resour Manag 21(12):2156–2172

Singh SM, Kishore JK, Umi AI (2011) Knowledge sharing among public sector employees: evidence from Malaysia. Int J Public Sect Manag 24(3): 206–226

Solomon Islands National Statistics Office (2015) Key social indicators: census 2009. National Statistics Office, Ministry of Finance & Treasury, Honiara

Stanton P, Young S, Bartram T, Leggat SG (2010) Singing the same song: translating HRM messages across management hierarchies in Australian hospitals. Int J Hum Resour Manag 21(4):567–581

Swailes S, Al Fahdi S (2011) Voluntary turnover in the Omani public sector: an Islamic values perspective. Int J Public Adm 34(10):682–692

Thirkell E, Ashman I (2014) Lean towards learning: connecting lean thinking and human resource management in UK higher education. Int J Hum Resour Manag 25(21):2957–2977

United Nations Development Programme (2018) Human development indices and indicators: 2018 statistical update. UNDP, New York

UN-OHRLLS (2013) Small Island developing states: small Islands bigger stakes. http://unohrlls.org/custom-content/uploads/2013/08/SIDS-Small-Islands-Bigger-Stakes.pdf

Van de Ven AH, Drazin R (1985) The concept of fit in strategy research. In: Cummings L, Staw BM (eds) Research in organizational behavior, vol 7. JAI Press, Greenwich, pp 333–365

Van Gramberg B, Teicher J, O'Rourke A (2014) Managing electronic communications: a new challenge for human resource managers. Int J Hum Resour Manag 25(16):2234–2252

Venkatraman N (1989) The concept of fit in strategy research: toward verbal and statistical correspondence. Acad Manag Rev 14(3):423–444

Vo A, Bartram T (2012) The adoption, character and impact of strategic human resource management: a case study of two large metropolitan Vietnamese public hospitals. Int J Hum Resour Manag 23(18): 3758–3775

Wolfson A, Tavor D, Mark S (2013) Sustainability as service. Sustain Account Manag Policy J 4(1):103–114. https://doi.org/10.1108/SAMPJ-02-2012-0007

Woodward J (1965) Industrial organization: theory and practice. Oxford University Press, Oxford

World Bank (2015) Ease of doing business 2015: going beyond efficiency. World Bank, Washington, DC

World Bank (2018) "Samoa: Country in Oceania". https://www.google.com/search?client=firefox-b&ei=v4HbW9fED4vbvgTC1JrACg&q=GNI+Samoa&oq=GNI+Samoa&gs_l=psy-ab.3..0i71k1l8.0.0.0.44193.0.0.0.0.0.0.0.0..0.0....0...1c..64.psy-ab..0.0.0....0.57UIH17NqBI. Accessed 2 Nov 2018

# Human Resource Management Visibility in Africa

Robert Frank Kyagaba[1], Kigozi J. C. Munene[2], Samuel Mafabi[3] and James R. K. Kagaari[4]
[1]Faculty of Business Administration and Management, Ndejje University, Kampala, Uganda
[2]Faculty of Graduate Studies and Research, Makerere University Business School, Kampala, Uganda
[3]Department of Human Resource Management, Makerere University Business School, Kampala, Uganda
[4]Department of Psychology, Kyambogo University, Kampala, Uganda

## Synonyms

HR management; Value creation; Visibility

## Definition

**Human resource management visibility** builds innovative solutions for employees, managers, and stakeholders. This is through strategic application of HR systems to deliver institutional goals in consultation with the leadership team to deliver joint workable solutions for sustainable competitiveness.

## Introduction

A number of organizations have registered success by not only adding value to their products but to institutions, employees, partners, investors, and outsiders in the communities they serve. This is largely attributed to the transformation in their people management system. Human resources management (HR) has made tremendous technical advances over the years and is being used as a great strategy to change and make institutions competitive over their counterparts (Choi 2019). This HR function has evolved from administrative and policy compliance roles to matters relating to strategy. This in effect has impacted the delivery of business goals as well as innovative solutions to business challenges. It is a critical success factor in institutions where employees, managers, and other stakeholders need to exploit it for organizational advancement. It has kept institutions relevant in the employment world by enabling them to stand the test of time in a hostile business world (Munene and Nansubuga 2017).

Previously, institutions hinged their success on technology, marketing, and capital accumulation which has since changed due to advancements in scientific knowledge and a shift in the work force pattern. Global instabilities in business operations, coupled with economic uncertainties, have compelled institutions to turn to HR to deliver value. Initially, the function focused on routine administrative tasks whose value addition was questionable. In order to address this, institutions have undertaken efforts to utilize this function innovatively and effectively in finding solutions to their problems (Wiegratz 2009). In order to understand the function, it is important to examine it historically.

## Historical Viewpoint of HR

HR can be traced to prehistoric times where the Chinese crafted methods of choosing tribal chiefs for leadership roles during wars. In like regard, the Greeks applied apprenticeship systems to select the best workers for the different "industries." It was mandatory for the systems to adhere to the health and safety standards of the time between 2000 and 1500 B.C. Through prehistoric times to the post-modern era, there has been a growing demand for actions that necessitate the selection and training of individuals for specific jobs. Specialists in this area have been called personnel managers/administrators, which term is still in use but with variations. Their roles included recruitment, selection, training, salary administration, and industrial relations, among others, which were executed but with limited association to organizational activities and objectives (Rotich 2015).

In Africa, formal employment which is the yardstick of HR started with the colonial administrators who sought services of the local people as clerks, cleaners, and messengers in government offices. Over time, the services were extended to the service and manufacturing segments. It is for this reason that formal employment (Odette and Ogochukwu 2010) in postcolonial Africa was designed along the inherited colonial systems where the British and the French followed the Anglophone and Francophone models, respectively. As time went by, the systems evolved organically in response to social, political, and economic dynamics. The function was initially dominated by transactional work, including payroll and benefit administration; however, today it focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, ethical considerations, diversity, and inclusion (Obedgiu 2017).

Owing to business dynamics, the function has shifted to emphasize a problem-solving approach which earmarks institutional challenges by putting emphasis on diagnostics; acknowledging reforms as best approaches in challenging contexts; the need for rigorous empirical work on what works; and a concentration on the best fit solution. These are achieved through ensuring that all employees are brought on board and schooled in HR rigor. They can easily tell whether they are hitting targets or not, working on tasks to pave a way for other employees to begin their own, as well as ensuring team performance (Idrees et al. 2018).

## The Concept of HR Visibility

There have been various schools of thought in regard to HR visibility where scholars view the concept differently. This arises from the fact that institutional challenges are not homogeneous and as such they require varying forms of strategy to ensure competitiveness. In some firms, employees including managers have been known to speak the HR language such as setting and meeting targets and starting and completing tasks before taking on others in order to maintain credibility, among others (Munene 2012). The perception is a departure from the traditional notion of what the HR department, practices, and people have done for most of the time which centered on performance. Customarily, the function was known for strict administrative precision, hence performance, which has since transformed from performing to delivering value. This has changed the out-of-date terrain of the people relations professionals, practices, as well as the department(s). The delivery stresses the importance of outcomes, guarantees, and results which can be summed up into categories of deliverables including strategic execution, administrative efficiency, employee contribution, and capacity for change (Ulrich et al. 2017). The concept of HR visibility is conceptualized differently no matter how each individual perceives it, but the bottom line is that it must look at the function through the aspects discussed below.

## HR Visibility Attributes

### Strategic Position

Strategic positioning is associated with maintaining and establishing a distinctive place in the market with regard to the future while, at the same time, taking into consideration the changing micro and macro organizational environment. Placing HR in this tactical location paves the way for attracting attention which enables it to acquire a leadership role of guiding the institutional affairs. This is undertaken by putting in place the relevant processes, placing appropriate talent in the right infrastructure (Ulrich et al. 2017). Positioning HR strategically makes it central, which enables it to optimize its strengths in augmenting performance. It facilitates the harnessing of the hidden potential within its informal social architecture including unspoken knowledge, cooperation, and casual learning that emerge over a long period of time. Occasionally, the informal culture may override the formal; it is incumbent upon managers to ensure that the formal and informal settings are encouraged and supplement each other to produce the desired outcomes. In achieving this, HR must serve as the administrative expert which it has always been. The understanding here is that it helps in

providing leadership through creating appropriate substructures for institutional HR re-engineering which puts in place appropriate policies and business processes that support decisions concerning the best equipment and human capital for effective value creation (Ulrich et al. 2017).

### Strategic Partnerships

A number of definitions have been advanced to describe strategic partnerships where various schools of thought (Wilkins 2020) relate the concept to "partnerships of choice" and "partnership of necessity." These have emerged to emphasize flexibility to the desired agenda. Reliance on strategic partnerships (joint ventures, alliances, and mergers and acquisitions) has significantly boosted the emerging markets, helping to realize the strengths of relationships. In ensuring the effectiveness of strategic partnership, it is prudent for players to attach and uphold associations within institutional structures as a way of legitimizing activities of different players. The structures must be kept intact to avoid resource misappropriation. In addition, HR systems have been aligned to business strategies and other institutional functions as a means of leveraging one another. It is hence prudent for HR executives to form alliances and partner with other line managers to form consortiums of engagement to translate business strategies into action. Strategic partnerships empower HR professionals to work with other line managers to institute and manage change processes. This involves crafting approaches based on knowledge of current and future customers and exploring how corporate resources may be aligned to those demands. A case in point is when items are deemed not necessary on the market and HR managers are required to source new labor to produce what is relevant or redesign what is available in response to customer demands (Ulrich et al. 2017).

### Stakeholder Expectations

Stakeholder expectations play an important role in influencing change by contributing to decision-making and building up motivation as well as awareness. These are derived from the working environment which informs the different levels of importance each commands to influence change (Balador et al. 2018). During the process, their interests and expectations must get due attention. Mason and Simmons (2014) argue that they influence institutional philosophy and practice which impact performance. This is through interactions that place importance on logical relationships that meaningfully stimulate productivity to influence the valid interests of the parties involved. In the event of failure to address the expectations, they turn into hate-holders, which is dangerous for institutions. There are both internal and external stakeholders whose viewpoint and practice influence growth and competitiveness. Depending on the type, as earlier mentioned, they have interest; and arising out of this, they are bound to anticipate dividends from the institution which do not necessarily have to be in monetary form. Institutions can then adopt HR strategies but cognizant of their contribution to the different stakeholders, which benefits establishments (Luoma-aho 2015; Balador et al. 2018).

### Social Transformation

Social transformation is about a need for de-ideologization and change of the traditional ideology among stakeholders and different players. The different actors in this situation are duty-bound to account for the alteration and own the outcomes through accountability and newly adopted culture. HR has changed over time, from policy compliance to the board room, a strategic partner, and now a visible actor in institutional management credited with causing change(s). Choosing, placing, and tasking HR with such responsibilities is an indication that the function has achieved the trust to deliver at a high level of expectations from its contribution to turning facilities around. The status of the function that is created as a result is bound to create long-term superior value (Munene and Nansubuga 2017).

## Strategies

One of the major approaches of engaging HR visibility involves a universal perspective of ensuring that best practices are adopted to optimize performance. It works on the assumption that the workforce is comprised of employees

with homogeneous core values which focus on the individual competences that directly inform performance. Institutions the world over have been able to achieve this by putting in place policy guidelines which are effected through management to the effect. In addition, roles of the different functions are clarified to ensure that each of the functions and the persons involved are ably clarified to avoid any encumbrances. The method stresses the importance of unified practices as key to institutional competitive success.

A number of scholars have highlighted the importance of aligning HR practices with other business strategies to augment performance. Within this framework, HR visibility is primarily concerned with the development of an organization's capability to adapt to the changing environment. However, much as there is need to align practices with business strategies, there is also need to ensure that all those concerned appreciate the importance of the function. The appreciation of the function by all those concerned leads an aggregated institutional performance. If a firm's HR enables it to be in a competitive situation, then it causes it to be a source of superior performance. The workforce should ensure that HR strategies create a shared mindset for core workers. Management is duty-bound to share business ideology with all the workers and other stakeholders. All managers should be skilled into the importance of HR to the organization. When this is implemented, it will ensure that HR is appreciated and will not be resisted; for if the strategies are resisted, performance is hampered.

## Challenges

The concept of HR visibility is a comparatively less explored area. As such, institutions in general are facing challenges of embracing it which need to be addressed. These are highlighted in the following concluding paragraphs.

Resistance to change is a factor that is afflicting the practice. There is institutional rigidity in adapting to new trends; policies take long to be aligned to the function, resulting into non-attraction and less value in the African context. Preference is accorded to the traditional functions of finance and marketing and IT in the developed world.

Not all institutional challenges require an HR solution. The tendency to this assumption has on many occasions led to disillusionment among practitioners. However, this is not the case and, on many occasions, environmental factors, including nepotism and corruption which may not require such solutions, have played a part. Whereas establishments in the developed world are well structured and not easy to abuse, the opposite is the case with their counterparts in the third world where such vices thrive due to failures in observing established systems.

Positioning the function strategically is another factor which has been misunderstood. Workplaces are under the notion that the strategy is aimed at reducing other functions' relevance at a macro level and disempowering CEOs in the organization. There has been abuse to strategic positioning where personalities are preferred instead of the positions. When friendships are replaced with strategic positions, it means that the cessation will lead to the loss of position relevance.

## Recommendations

Organizations should consider investing in HR visibility, not only because it makes them competitive but also keeps their employees attractive. During the process they need to consider the following:

There is great need for institutions to accept change and appreciate the new roles adopted by HR. In ensuring that line managers appreciate the relevance of the function, the technical staff will not find it difficult to adopt its recommendations and as such implement the day-to-day activities.

Institutional management is duty-bound to ensure that managers are schooled in issues relating to HR. The old thinking of perceiving the function as performance-based needs to be replaced with one where it is expected to deliver value. It is therefore necessary for the managers to translate the value into outcomes.

In order to realize HR visibility, there should be deliberate efforts to ensure that its position in the organization is strategic. A case in point is that the senior HR manager or director reports directly to the CEO. In so doing, this will ensure that HR-related issues that lead to institutional transformation are addressed.

## Conclusion

Conclusively, there is optimism regarding the present and future of the HR function. This entry shows the power of the HR function in contributing to business partnership and institutional change. Philosophically, there is need for managers and practitioners to ensure that the people management function has clear roles and is socially accepted and practitioners have the competence to execute the laid-out tasks and duties while ensuring that the function is accorded the position it deserves. This then paves the way for competitive institutions through concerted efforts in the working environment.

## Cross-References


- ▶ Business Continuity
- ▶ Human Resource Management During Wartime


## References


Balador Z, Gjerde M, Isaacs N, Shabahang S (2018) Toward increasing the use of reclaimed and recycled building materials: making the case for investigating stakeholder expectations. In: International conference on sustainability in energy and buildings. Springer, Cham, pp 85–94

Choi JH (2019) What one thinks determines one's actions: the importance of employees' perception in implementing HR systems. Asia Pac J Hum Resour 57(1):85–102

Idrees et al. (2018) Paradigms, University of Central Punjab, (Vol. 12, Issue 2)

Luoma-aho V (2015) Understanding stakeholder engagement: faith-holders, hate holders & fake holders. Res J Inst Public Relat 2(1):10–29

Mason C, Simmons J (2014) Embedding corporate social responsibility in corporate governance: a stakeholder systems approach. J Bus Ethics 119(1): 77–86

Munene JC (2012) Beyond boundaries: HR strategic alignment and visibility at Zain Uganda. In: Hayton JC, Biron M, Cristiansen LC, Kuvaas B (eds) The global human resource management case book. Routledge, New York, pp 236–241

Munene JC, Nansubuga F (2017) Uganda: HRM strategic alignment and visibility in Uganda. In: The global human resource management casebook. Routledge, New York, pp 226–235

Odette and Ogochukwu (2010) Human resources management in African Public Service (CIPD) Report

Obedgiu V (2017) Human resource management, historical perspectives, evolution and professional development. J Manag Dev 36(8):986–990

Rotich KJ (2015) History, evolution and development of human resource management: a contemporary perspective. Global Journal of Human Resource Management 3(3):58–73

Ulrich D, Kryscynski D, Ulrich M, Brockbank W (2017) Competencies for HR professionals who deliver Outcomes 2017 Wiley Periodicals, Inc. Published online in Wiley Online Library (wileyonlinelibrary.com). DOI 10.1002/ert.21623

Wiegratz J (2009) Uganda's human resource challenge: training, business culture and economic development. African Books Collective, Oxford

Wilkins TS (2020) Russo–Chinese strategic partnership: A new form of security cooperation?. Contemporary Security Policy 29(2):358–383


# Human Resource Productivity in Greece


Rossidis Ioannis[1], Aspridis Georgios[2], Katsimardos Petros[3] and Bouas Konstantinos[4]

[1]University of the Aegean, Athens, Greece

[2]T.E.I of Thessaly, Larissa, Greece

[3]Public Administration Expert, Athens, Greece

[4]Ministry of Administrative Reform Expert, Athens, Greece


## Synonyms

HR management productivity; Public administration; Public sector; Public servants

## Definition

The effect of new public management in public servants productivity, the case of Greece.

## Introduction

The contemporary socioeconomic conditions and the constantly increasing demands for higher growth rates form the perpetual need to improve the administrative function of the public sector (Aspridis 2013). The implementation of the advanced administrative theories of the new public management and public governance, which represent to a great extent a businesslike approach, defines the transition from the bureaucratic public administration to the effective, flexible, and extrovert public management (Boyle 2006; Goldfinch and Wallis 2009). The case of Greece, due to the peculiar conditions that have been formed under the adverse conjunctures of the economic crisis on the one hand and the chronic malfunction of public administration on the other hand which constitutes an obstacle to the socioeconomic growth of the country, makes it imperative to find effective solutions in order to normalize the working of state mechanisms. An extremely topical problem of the Greek public administration is the issue of workforce productivity. This particular problem tends to grow to an excessive degree in the present memorandum era, because of the multifaceted parameters that comprise the foresaid situation such as job disappointment caused by the economic crisis, static ineffective planning, absence of modern administrative and organizational practices, anachronistic legislation. The attempt to improve civil servants productivity could significantly boost administrative reorganization, economic growth, and the overall social recovery, actively contributing to the reconstruction of the Greek state.

In the last decades several efforts have been made to formulate and operate a complete evaluation system of human resource performance in public administration (Buelens and Van den Broeck 2007). Unfortunately, these attempts have not succeeded to formulate an effective performance evaluation system. The continuous improvement of civil servants productivity has been the focus and continues to concern the Greek legislator. The present study is going to try to approach the predominant factors of low workforce productivity in the Greek public administration and the consequent poor effectiveness of public administration, to analyze and assess the reasons of these problems and finally to make suggestions to improve the present situation.

## Analysis of the Administrative and Legislative Frame Relating with the Productivity of Civil Servants

Since 1975, during the period of the third Greek democracy, several efforts have been made to formulate and operate a complete evaluation system of human resource performance in public administration. The most significant efforts and their modifications were the following: Presidential Decree 906/1975, PD 16/1977, PD 581/1984, PD 318/1992, L. 2085/1992, L. 2683/1999, L. 3230/2004, L. 3528/2007, L. 3620/2004, L. 3839/2010, L. 4024/2011, L. 4250/2014. Unfortunately, none of these 11 attempts succeeded the initial aim that was not other than formulating a merit-based and objective performance evaluation system that would contribute to decision making concerning the workforce of public administration.

The productivity issue, or to be more precise, the continuous improvement of civil servants productivity, has concerned and continues to concern the Greek legislator. In the present analysis an attempt will be made to briefly present five of the most important laws concerning the wider issues of management by objectives, the performance evaluation of civil servants, and the selection process of executives, distinguishing an organic interconnection among them.

The most important law concerning management by objectives was the homonymous legislation, the L. 3230/2004 about "establishing administration system aiming at the measurement of efficiency and other provisions." In particular,

attempts have been made to establish a mechanism measuring administration efficiency and efficacy by measuring indicators (general, specific, qualitative, and quantitative) for all the subordinates and superiors. Moreover, an objectives framework was formed, quite innovative for the Greek administration reality, which lacks public officials' transparency and accountability, connecting the goals of administrative structures with the employees that staff the relevant structures (Karkatsoulis 2014).

Despite the positive features of that law, its implementation remained problematic and incomplete. The main reason for this incorrect application was the –after all – nonmandatory nature of the law implementation due to the lack of sanctions when it's not implemented, the non-issuance of the necessary presidential decree specifying the exact goal-specification process and the actual failure to set up quality and efficiency departments within the ministry.

A third important legislation related to the wider issue of civil servants productivity is the law 3839/2010 "New managers selection system." The most important feature of this law consists of the introduction of a rigid but meritocratic system of bonus points for the typical (primarily) and essential (secondarily) qualifications in order to select the heads of organic, administration units. More specifically, a special managers selection council has been established as part of the legislator's attempt to fortify an institutional framework for the selection of general managers and to protect this crucial issue from the influences of the clientelist system. At the same time, the Law 3839/2010 related the managers selection to the (poor, however) assessment of their service potential (Katsimardos and Bouas 2011).

The L.4250/2014 was a rather differentiated although finally nonapplied measure. The most important characteristic of this law was the introduction of a quota system in the form of maximum percentages per rating scale at general management level ((a) up to the 25% of the employees are marked with scores between 9 and 10, (b) up to 60% of the employees are marked with scores between 7 and 8, and (c) up to 15% of the employees are marked with scores between 1 and 6). The attempt to introduce the aforementioned system, which had been declared temporal and transitional and whose main goal was to limit the phenomenon of excellent evaluations misuse, met strong reactions and finally was not implemented.

The most recent law concerning the evaluation of workforce performance (that is in force at the given time) is the Law 4369/2016. This law abolishes the quota system introducing an evaluation system of civil servants efficiency on the basis of which the typical qualifications of civil servants are associated with the actual performances as determined by the two hierarchical superiors (by drafting evaluation reports that take into consideration the following three aspects: subject knowledge – professional relations/behavior – effectiveness). The particular system has not been applied yet. Nevertheless, several positive elements emerge as well as specific deficiencies such as particularly high points awarded for typical qualifications (which are not directly related to the actual effectiveness) and the subjective judgment of evaluators (given measurable, objective elements of the employees performances do not exist in order to secure the meritocratic evaluation of the subordinates).

## Pathogenic Environment of the Greek Public Administration: Reasons and Weaknesses

### Problematic Organizational Planning

The Greek public administration is characterized by high centralization of decision making at senior administrative positions and mainly at the political level (Makridimitris 1999). The role of the administration is limited to execution. The competencies of administrative executives that possess positions of responsibility are usually confined in handling documents while decision-making belongs almost entirely to political leadership. This applies even on purely administrative issues related to daily functions of public organizations (Karkatsoulis 2004). It becomes obvious that since the administrative hierarchy does not perform administrative duties, there is neither the

possibility nor the motive for taking initiatives leading to efficiency and productivity increase (Vandenabeele 2007).

Furthermore, the extensive legalism constitutes significant organizational pathogenicity. Laws, regulations, and typical procedures, accumulated as time goes by, define in extreme detail the work of public administration, leaving little space for policymaking or motives for it (OECD 2011a). Therefore, there are not any margins of discretion required for the activation of administrative operations and procedures geared to the outcomes. Given that productivity is directly linked to results measurement, it is obvious that the legalism and formalism culture do not allow for such arrangements (Starling 2010).

The fragmentation of the administrative tasks in the fragmented structures combined with the lack of standard procedures contributes to the complete failure of coordination, despite the high centralization of the decision-making system (OECD 2011a). The ministries function as *silo*, whereas horizontal communication is hampered due to the lack of a relevant culture as well as because of the very lack of interoperable technological systems and applications. Lack of coordination leads to fragmentary, covered, and conflicting activities and administrative actions which reduce productivity and constitute an obstacle to the implementation of coherent public policies.

## Deficient Measurement and Human Resource Management Systems

In Greek public administration the percentage of employees classified as excellent is very high, resulting from the growing fear of the assessment effects. The natural consequence was the failure to connect the evaluation with employees' efficiency and productivity. Most of the evaluation systems were overwhelmed by standard criteria with predetermined significance characterized by vague wording and ambiguous adjectives (Rossidis 2014). Most of them referred to the personal qualities of employees and not to the work performance. Nearly all evaluation systems were characterized by egalitarianism in grading, leading to absence of differentiation in grading, personalization of evaluations, and most importantly to incomplete personal motivation and development frameworks as well as to persistence of the seniority system for promotions (Aspridis 2004).

The Common Assessment Framework (CAF) was another lost chance for the Greek public administration through the capacity to exercise self-evaluation based on real data. The CAF was a harmless tool because it was descriptive and recorded the necessary actions for organizational improvement in detail. On the other hand, it was quite bureaucratic because it required large amount of data. Measuring performance is an essential stage of performance management "during which it is essential to find out where we are in relation to where we want to go, by associating performance administration with performance improvement and development. Performance administration has to take into consideration the pathogens as well as the specific characteristics of Greek public administration which proposes assessing persons and not organizational structures, the existence of an institutional labyrinth about the staff of public administration and finally the respect for many, different authorities and categories of civil servants" (Aspridis et al. 2014: 21).

The public administration transition from a complicated bureaucratic public organizations cluster characterized by insistence on complying with procedures to a state headquarter which will offer qualitative services via the most effective possible administration is strictly necessary. This transition can be accomplished by the firm pledge to achieve the highest possible effectiveness and efficiency. According to an OECD study (1997), the necessary prerequisites for implementing successfully performance administration are the following:

- Managers should learn how to manage.
- Managers should be allowed to manage.
- Policies should be de-linked and organizations should decentralize.
- We need to focus on the programs instead of the organizations.

Transformation of organizations to bodies executing differentiated programs may enable the state administration to successfully control public administration efficiency maximizing the expected results.

Efficiency management may contribute to the development of public administration activity focusing on the overall improvement of its function. At this point it should be noted that efficiency management in the case of public organizations is a more difficult process than in the corresponding case of private businesses (Dixit 2002). As shown above, performance management in the public sector entails significantly more parameters than in the private sector making the particular procedure extremely more difficult.

### The Necessity to Depoliticize Public Administration: Review the Partnership of Trade Unions in Personnel Management

According to Professor G. Mavrogordatos (1983), "clientelism" refers to a particular way of social and especially political organizing, where the main structural component is the relationship between the patron and the customer. Clientelism continues to form and affect public policies due to the state's employer role, assumed since its very foundation; an employer who tried to combat unemployment by creating job positions. The effort to acquire power was the main concern of the political parties through the years. Parties of power identified with the state, equivalent to what happened in the Soviet Union where the party was the state. The narrow and broader public sector was inflated but elite was not formed corresponding to that of the French ENA. Therefore, it had to cover the clientelistic demands of citizens-customers who voted according to the promises and the parties' demagogy and not based on political programs. According to the Greek philosopher **Kondylis,** clientelism, as formed, hindered a balanced capitalist development and hence the proper human resource development in the private as well as in the public sector (Lymperopoulou 2016; Kondylis 2011).

The configuration of the parasitic civil service system which is based on clientelism and dependence on various political parties started from the foundation of the Greek state. Civil servants were unaware of key management models and were uneducated, trying to serve personal and local society interests. Therefore, they objected to the evaluation which they considered a punitive and unfair process, since it would reveal shortcomings and problems in the realization of their work within the organization framework. This mentality went on and still exists today. On the other hand, the political party that managed power each time did not try to develop an effective evaluation system that employees in public administration would accept and trust and which would establish meritocracy in all levels.

Evaluations systems either legalized pre-taken decisions or did not contribute to the development of public administration because superiors were appointed by the minister's decision each time. The evaluation process of the human resource efficiency was discredited; the representatives of civil servants union branches considered that these placements were made with the sole aim to save the *crony* from the negative assessment percentage.

Even young politicians, both at local and national level, who believed that they should work based on the best practices of the private sector and that they should develop evaluation systems that would contribute to the increase of productivity, once they acquired power, they changed their rhetoric and they did not realize their visions and accepted the previous situation, at the altar of clientelistic relationships.

### Lack of Civil Servants Training and Education

A particularly important element that composes the pathogenic environment of the Greek public administration is the lack of staff training and education (Pasas and Chekos n.d.). Dimensions of education refer to both purely technical knowledge and administrative skills, in order to educate executives on administration of departments and directorate. In its current form the educational process in the Greek public sector heavily relies on "on the job training." The specific procedure consists indeed of a quite recognized and popular vocational training system, but it is a process of a quite uncertain effectiveness as it is up to the

availability, sufficient time and validity of each employee's knowledge who undertakes the trainer's role alongside his ongoing duties. In the Greek case, this system contributed significantly to intensify phenomena of sciolism or of complete ignorance of basic knowledge about a civil service function, inflating in this way, the problem of low efficiency of state mechanism.

At a time when many countries focus on growing leaders (OECD 2011a), in Greece this strategic approach that would provide the possibility of increasing the capacity levels of human factor, supporting the operation of personnel management in public sector, is entirely extinguished. Providing targeted training managers, aiming at cultivating leadership qualities, could lead public administration to particularly high efficiency levels (UN 2007).

In addition, it should be noted that the Greek public administration is severely lacking in the configuration of clear job outlines, making the work of human resources vague and so the knowledge required for the valid and complete processing of a job is indistinguishable (Rossidis 2014). In this emerging environment, there is one more limiting factor that affects the effort to increase civil servants productivity, making the process of detecting and dealing with the human resources training needs extremely difficult.

The deficient implementation of knowledge management systems combined with the existence of problematic communication channels makes knowledge selection, storage, management, and transfer between staff and services extremely difficult, significantly reducing the potential level of efficiency. This knowledge and information outside their undeniable value for the final output results are key elements that define the administrative reforms being undertaken and become necessary for the preparation of the employees regarding the upcoming changes. This particular item is one of the main obstacles to successful implementation of administrative changes in Greece, hampering to an excessive extent the prospect of achieving decisive reforms that will lead the country to exit the crisis.

## The Approaches of the External Observers: Good Practices, Toolboxes, and Suggested Solutions

At international level, the debate on public sector productivity focuses on two sets of issues: The first is related to public sector contribution to the overall economic development, while the second one is especially related to the public sector profitability per se. In most countries the public sector represents about 20% of GDP. This figure is in many cases greater than the contribution of the industrial sector (OECD 2007a). Beyond the direct contribution to the economic development, public sector indirectly affects economic development. Many of the services provided by the public sector affect economic growth and productivity. In addition, citizens constantly demand better services while they are not prepared to pay more taxes. In order for governments to respond, they must find ways to do more with less (*"doing more with less"*).

Unlike the private sector, there is no price system in the public sector while services are consumed collectively. There is therefore difficulty in measuring the outflows and the outcomes of the public sector. Traditionally, for the majority of countries, the public sector productivity in national accounts appeared as zero (Boyle 2006). The measurement of public sector productivity was based on the assumption that the outflow of the public sector should be measured with regard to the generated value and not their cost (Atkinson 2005). Linking outflows with the outcomes and the formation of a series of quality and performance indicators helped a series of systems and techniques of measuring public sector performance gradually take shape.

Overcoming the problem of measuring performance is important as it creates the conditions for introducing a series of tools and techniques of inciting and supporting performance. The particularity of correlating incitement, motives, and performance in the public sector lies in the difficulty of measuring performance (Festre and Garrouste 2008). If productivity in the public sector can be defined and measured, then there is no obstacle to the application of methods and tools of

stimulating performance that apply to private sector organizations.

At international level, the effort to strengthen civil servants productivity fits into the wider framework of introducing comprehensive performance management systems (OECD 2007b, 2011b). Regarding human resources management, performance systems focus on three issues: appointment/placement and managers' promotion, retention of qualified managers, and practices for interconnection and aligning the personal objectives with the organizational objectives.

Staffing positions of responsibility with qualified personnel is a basic prerequisite for productivity increase. It is particularly important that staffing is based on qualifications and skills as described in the outline position and not on party or political criteria. The politicization of the selection criteria constitutes a main risk of degeneration of performance management mechanisms (Halachmi et al. 1987). Given that the political involvement cannot be completely ruled out, external bodies and control institutions should exist so as to ensure the necessary counterweights.

The results of performance and evaluation measurement should be reflected in decisions on promotions (OECD 1997). International experience shows that recognizing and awarding results through promotion is equally, if not stronger motive for productivity increase than earnings (OECD 2007b). At international level, conventional development seniority-based systems tend to be replaced by career-based/performance-based systems reflecting the need for a link between productivity and development. Introducing and using individual performance contracts with regard to senior managers is a widespread practice for strengthening productivity. Individual contracts have to do with specific positions within public administration and after their expiration the employee returns to his original position.

Retention of skilled workforce is more important to overall productivity growth than the incitement to achieve individual objectives. Ensuring adequate pay and satisfactory working conditions so that talented executives remain in the public organization is a significant factor that increases productivity. Introducing total reward systems (Livingstone 2011) is one of the most widespread tools of human resources management that contributes to the retention and development of competent staff.

The connection of the individual with the organizational goals is the biggest challenge for the introduction and implementation of effective performance management systems. The complexity of civil services organizational environment does not help clear connection of individual with organizational goals (OECD 2011a). Executives' high degree of technical qualification often leads to principal-agent problems. Manipulating targets and results is the greater risk for performance management systems that aim at productivity growth.

To sum up, the effort to increase productivity internationally is attempted by introducing integrated performance management systems. Nevertheless, these systems are not panaceas as their effectiveness depends on several prerequisites. The formation of a performance culture is perhaps the most crucial milestone so that performance management systems that increase productivity can be successfully introduced.

## The Difficult Task of Integrating the Proposed Reform Ventures: Solutions and Perspectives

Greece, which is bound by Memorandum commitments, is called on to improve the efficiency and productivity of civil servants so that implementation of promoted reform attempts can take place (Katsimardos et al. 2011). The successful implementation of reforms depends, mainly, on the contribution of the human factor in the implementation process of planned changes, actively supporting the country's way out of the economic crisis. Administrative changes should include a number of organizational dimensions, for example:

- Drastic changes in the legal framework aiming at the improvement of human resources productivity

- An overview of organizational planning
- Focus on designing effective measurement and management systems of human resources performance
- Depoliticization of public administration and review of trade unions participation in process of human resources management
- Upgrade the role of personnel education and training aiming at improving skills and the overall improvement of production dynamics
- Integration of good practices, new administrative tools, and contemporary practices as defined by international and European organizations

The aforementioned pursuits identify the difficult task of the human factor in keeping up with the strategic objectives of the Greek public administration and consequently hampering the effort to fulfill key reforms. Inefficient personnel management and the inability to perform necessary breakthroughs in public sector functioning decisively contribute to the configuration of the current administrative quagmire that prevents the country from escaping the economic maelstrom.

## Conclusion

Greece, despite being in an extremely unfavorable position, has the opportunity to achieve particularly impressive administrative changes by significantly improving the level of staff productivity, contributing this way to the attainment of the central management objective. This particular undertaking has been the continuing goal of governmental formations for several decades, without however achieving adequate results. The current conditions that have led to exponential developments in economic/social/political level in Greece could represent an important opportunity to develop an administrative *leap* able to significantly change the image of the public sector. The crisis afflicting the country could become an unprecedented experience of conducting determining administrative changes. A better use of human factors can lead to improved productivity and ultimately to the overall performance improvement of public administration, decisively assisting the country out of the crisis.

The above analysis underlines the fact that the management of the performance of human resources in Greece presents a number of shortcomings. The inadequate administrative system combined with numerous deficiencies of the Greek public administration, such as the bureaucratic and dysfunctional organization, the highly politicized public sector, the lack of effective education and training, the prevailing organizational culture, have led to the current low level performance of civil servants. Nevertheless, the implications of the Memorandum of Understanding between Greece and its creditors, the wider administrative necessity of implementing key reforms, and the imported know-how provided by international and European organizations have created a particularly important window of opportunity through which Greece has the potential to achieve remarkable improvements in its administrative environment. Recently adopted Law No. 4369/2016 on the evaluation of staff reflects this trend by setting out clearly objective performance criteria for the evaluation of the entire public sector. The adoption and implementation of this law is already shaping a different culture in terms of the adoption of effective performance evaluation systems having overcome obstacles that previously seemed insurmountable such as trade union reactions, political pressures, and general resistance of workers. The problem of civil servants performance remains, but it is now clear that important steps are being taken to improve the past shortcomings driving Greece into a course along the lines of the European administrative environment. Improving staff productivity may be the starting point for a radical restructuring of the Greek administrative system, contributing decisively to the country's exit from the economic crisis.

## Cross-References

► Administrative Reform
► Bureaucracy and Efficiency
► New Public Management
► Reforms and Governance

## References


Aspridis G (2004) Thoughts about the ideal performance evaluation system of the Greek public sector employees – the key features of an "utopian"system" (EPIDIEP, vol 10), pp 393–419. [in Greek]

Aspridis G (2013) Introduction to political and administrative organization of the Greek public sector (Propombos, Athens). [in Greek]

Aspridis G, Rossidis I, Falaras E (2014) Working paper about the evaluation system of employees in Greek public sector (DEE, Athens). [in Greek]

Atkinson T (2005) Atkinson review: final report – measurement of government output and productivity for the national accounts, final report. Palgrave Macmillan, Basingstoke

Boyle R (2006) Measuring public sector productivity: lessons from international experience. Institute of Public Administration, Dublin

Buelens M, Van den Broeck H (2007) An analysis of differences in work motivation between public and private sector organizations. Public Adm Rev 67(1), 65–74

Dixit A (2002) Incentives and organizations in the public sector: an interpretative review. J Hum Resour 37:696

Festre A, Garrouste P (2008) Motivation, incentives and performance in the public sector, working paper

Goldfinch S, Wallis J (2009) International handbook of public management reform. Edward Elgar, Cheltenham/Northampton

Halachmi A, Holzer M, Pay M (1987) Performance targeting and productivity. Rev Public Pers Adm 7(8), 80–91

Karkatsoulis P (2004) The state in transition (I. Sideris, Athens). [in Greek]

Karkatsoulis P, (2014) Administrative pathology and administrative reform, in competitiveness for growth: policy recommendations (Greek Bank Association Athens). [in Greek]

Katsimardos P, Bouas K, (2011) Reengineering of public administration structures (4th conference of administration science, Sakkoulas Athens). [in Greek]

Kondylis P, (2011) Causes of the decline in modern Greece (Themelio, Athens). [in Greek]

Livingstone D (2011/12) Pay freeze in UK civil service: an overview of the pay freeze policies in place. (OECD PEM presentation, 2011)

Lymperopoulou F (2016) Clientelism relations, reforms and austerity. [online] Available at http://www.huffingtonpost.gr/fenia-lyberopoulou/. Accessed 12 Dec 2016 [in Greek]

Makridimitris A (1999) Administration and society. The public administration in Greece. Themelio, Athens [in Greek]

Mavrogordatos G (1983) Stillborn republic: social coalitions and party strategies in Greece. University of California Press, Berkeley, pp 1922–1936

OECD (1997) In search of results. Performance management practices. OECD, Paris

OECD (2007a) Measuring and improving government performance, statistics, knowledge and policy. OECD Publishing, Paris

OECD (2007b) Improving public sector efficiency: challenges and opportunities, Journal on Budgeting, vol 7, no. 1. OECD Publishing, Paris

OECD (2011a) Greece review of the central administration. OECD public governance reviews. OECD Publishing, Paris

OECD (2011b) Public servants as partners of growth. Towards a stronger, leaner and more equitable workforce. OECD Publishing, Paris

Pasas A, Chekos T (n.d.), Training of civil servants. European and Greek experience (INE GSEE working papers, Athens, No. 20) [in Greek]

Rossidis I (2014) Implementations of business management in Greek public administration. (Ath. Stamoulis Publications, Athens) [in Greek]

Starling G (2010) Managing the public sector. Wadsworth, Boston

UN (2007) Excellence and leadership in the public sector: the role of education and training. United Nations, New York

Vandenabeele W (2007) Toward a public administration theory of public service motivation: an institutional approach. Public Manag Rev 9(4), 545–556


H

# Human Resources Management in Kazakhstan


Francis Amagoh
Department of Public Administration, KIMEP University, Almaty, Kazakhstan


## Synonyms

Employees; Human capital management; Manpower; Personnel management; Staff; Workers; Workforce

## Introduction

Following its independence from the Soviet Union in 1991, Kazakhstan embarked on significant reforms toward the development of a market economy (Arystanbekov 2005; Bhuiyan and Amagoh 2011). In similar vein, the country's human resources management (hereafter referred to as HRM) has followed the same trajectory of

transitional development. Kazakhstan is a multicultural society that constitutes an amalgam of inhabitants of more than 120 nationalities. Its national culture is further influenced by its colonial Russian environment and 70 years of Soviet legacy. Kazakhstan has oil and gas reserves which are estimated to be the third largest in the world and ranks among the top 20 countries in terms of oil production (Promfret 2005). Consequently, the oil, gas, mineral, and energy reserves have made Kazakhstan a very attractive prospect for foreign direct investments (FDI), with significant implications for its human resources management practices.

According to Taylor et al. (1996), HRM constitutes a set of distinct activities, functions, and processes that are directed at attracting, developing, maintaining, and harnessing human activities within an organization. HRM can be considered as part of an organization's corporate strategy and is judged by how well it fits with corporate requirements (Brewster and Larsen 2000). Kazakhstan has made significant economic progress since its independence, especially in terms of attracting foreign firms and increasing the number of small businesses. However, the country lags well behind most of the countries it wishes to emulate on key indicators of economic and social well-being (such as life expectancy, perception of corruption, per capita income, gross domestic product, and infant mortality) (Davis 2012). The strategic plan of Kazakhstan's *Ministry of Labor and Social Protection* emphasizes the importance of HRM in achieving national development and innovation targets. This means that the country needs to have human resources (HR) specialists that are versed in various management areas, such as job design, workforce planning, organizational learning, organizational development, etc. The country depends heavily on oil and gas exports, which account for 90% of all outbound goods. Economic diversification is at the center of Kazakhstan's strategic development plans. Thus, the government's aim is to reduce the overdependence on oil and gas revenues and facilitate more effective HRM practices, among others. To this aim, Kazakhstan is cooperating with international organizations, such as the Organisation for Economic Co-operation and Development (OECD), to develop HRM standards for its public sector that would align with international best practices. While the literature on HRM in Kazakhstan is sparse, the limited available information suggests that HRM thinking and practice are underdeveloped, disorganized, and isolated in the country (OECD 2018; Davis and Yugay 2012; Minbaeva et al. 2007).

## Transitional Challenges

Kazakhstan's economic transition to a market economy after its independence was based on price liberalization and privatization of state enterprises (Rysbekov 1995). However, due to the sudden halt of large financial transfers from the former Soviet Union (which the country relied on to finance government expenditures), erratic oil prices, and subsequent government policies, the country was plagued with hyperinflation, negative GDP growth, and large government deficits in the 1990s (Muratbekova-Touron and Umbetalijeva 2018; Wilson et al. 2002). With the country's concerted efforts toward integration into the global community, increasing government regulation of employment practices, the need for skilled and competent human capital, and the influx of FDI, it became imperative to have new HRM practices that aligned with western standards.

While there are still elements of bureaucratic top-down management with authoritarian and centralized decision-making style in many organizations, the role of the HRM department in many companies in Kazakhstan has evolved over time from an administrative backup system (which dealt with paper work) to a managerial unit (which sees people as resources to achieve organizational objectives). However, according to Davis and Yugay (2012) and OECD (2018), there are still some Kazakh-owned companies that tend to have a prescriptive and functional approach to employee management, reminiscent of the Soviet era. This is because strategic HRM and modern employee-management techniques

still remain alien to some indigenous firms where local managers focus on controlling and directing their workers.

After the economic crisis of the 1990s, there was a substantial increase in economic growth and stability, which eventually attracted foreign investments into the economy. The current HRM practices in Kazakhstan consist of an amalgam of old-style Soviet practices meshed with western-based standards. Consequently, there is a convergence of HRM practices of foreign subsidiary organizations with a tendency to maintain employee relations' policies consistent with the influence of old Soviet practices.

After independence, Kazakhstan's labor laws were based on the Soviet labor code, but these laws have continually been revised to meet western and modern-day practices. By the end of the 1990s, the rapid increase in the private sector began to affect HRM practices. The first comprehensive labor law took effect on January 1, 2000, and has been amended on an almost yearly basis. However, the new laws and subsequent amendments are still characterized by excessive bureaucracy and centralization of enforcement powers (Smirnova and Tatibekov 2013; Yessengeldin et al. 2015; Muratbekova-Touron 2002).

## The Role of Informal Networks (Clanism)

Political and social science researchers broadly refer to clanism as an informal social network characterized by an extensive network of kin and fictive kin ties, or perceived and imagined kinship relations (Collins 2006). The influence of formal and informal institutions has implications for the impacts of clans in organization of society (Horak 2016). Formal institutions in transitional economies such as Kazakhstan tend to have less impact than the informal institutions that organize and govern citizens' everyday life (Minbaeva and Muratbekova-Touron 2013). For example, clans were significantly more important than formal institutions in the organization of society in the early phases of Kazakhstan's post-Soviet transitional period. While clans do not determine macro-level outcomes, they shape and constrain the preferences and decisions of individual actors (Hotho et al. 2018). In terms of indigenous practices, Kazakhs are characterized by a strong feeling of identity and loyalty to one's particular sub-ethnic group or clan.

Although a hybrid of formal and informal institutional frameworks shapes strategic choices when formal institutions are weak, informal institutions (such as norms governing interpersonal relationships) tend to play a larger role in shaping individual and group activities (Peng et al. 2008). It is therefore important to understand the powerful role of informal interpersonal social networks, and how they affect management practices in firms operating in such environments, like Kazakhstan where informal social networks seem to have significant impacts. Understanding communities in which managers are embedded and their ties to members of those communities can provide valuable insights into how managers experience social pressures to engage in favoritism and the effects of such pressures on their recruitment and other HR practices (Jones and Stout 2015).

The links within the clan's network can be through blood ties between immediate relatives; marriages; or fictive kin identities, such as schools, universities, friendships, neighborhood affiliations, etc. (Minbaeva and Muratbekova-Touron 2013). Such links can lead to biased HR practices (such as recruitment, hiring, and promotion). Although communities differ in who is considered related, the notion of relatedness implies immutable obligations and trust and can affect how HR managers respond to social expectations of clan members during recruitment and selection processes. Thus, these ties can be classified as either direct or indirect. Direct ties are direct personal relationships among members of a network, while indirect ties are relationships among network members that are mediated by other ties (Bian 1997). The notion of indirect ties highlights the fact that community members are connected to other community members even in the absence of direct ties (Horak 2016). Managers are therefore likely to experience stronger obligations and responsibilities toward community members with whom they have direct ties than toward

community members with whom they have indirect ties.

The influx of subsidiaries of western MNCs has influenced HRM and business practices as well as brought changes to the mind-set of people who have worked in western firms. Once local employees are exposed to the strict company policies of western firms (which frowns on favoritism and nepotism), they find it difficult to work in the public sector and indigenous businesses where such practices still exist. It should be noted that while the scope and scale of HRM in a firm are defined to a great extent by top management, individual HR managers typically determine the types of HRM practices that are actually implemented. This implies that Kazakh managers have the tendency to be affected by clanism in their everyday activities since it is more likely to shape and constrain their beliefs and attitudes, especially in those HRM practices that are more subjective. Furthermore, the lack of effective and efficient formal institutions that are meant to regulate the local labor market compounds the effect of clanism on HRM practices due to unnecessary bureaucracy.

## Major HRM Issues

While the HRM issues that confronted Kazakhstan in the early years of transition include poor health and safety conditions; poor recruitment, selection, and retention processes; etc., as time progressed, the emergence of management and HRM practices from subsidiaries of foreign firms has had significant impacts on how employees are viewed and treated by some local firms. However, even though some HR issues have improved over the years, the following areas (namely, skilled and competent workforce; performance management, compensation, and training; and recruitment) deserve urgent attention.

### Skilled and Competent Workforce

According to Yessengeldin et al. (2015), there is inadequate supply of skilled human capital to meet the labor market in Kazakhstan. This is especially true in specialized and professional fields, such as engineering, professional education, advanced technology, innovation management, etc. Over the years, Kazakhstan has had to employ foreign experts in these key areas to assist in its development and facilitate knowledge transfers to the local population. Developing the skills and competences of the local population is essential for meeting the human capital needs of the *Kazakhstan 2050 Strategy,* which, among other things, aims to make Kazakhstan one of the top 30 economies of the world by 2050. Furthermore, due to the prevalence of the Soviet management style among the older population, many employers are reluctant to recruit workers older than the age of 45 years (Smirnova and Tatibekov 2013). It is widely believed that people in such age group cannot easily adapt to modern technology and western management style. This means that Kazakhstan needs to develop strategies that incorporate the older generation into modern management practices and technological innovations in order to harness the full potential of all its citizens.

### Performance Management, Compensation, and Training

Due to the influx of subsidiaries of western firms, efforts have been made to adapt western performance appraisal procedures to local standards where feasible. The Soviet-era mandatory performance evaluation process (called *attestatsiya* or attestation) was used to assess whether an employee has met the requirements of a position, and not necessarily about the professional development of the worker. While such mandatory evaluations still exist in the public sector, it is rarely practiced in the private sector. It should be noted that even though significant progress has been made, the performance appraisal methods still practiced in the private sector lack adequate focus on employee professional development. Many firms in Kazakhstan have progressively been highlighting the importance for pay for performance using the western performance and compensation schemes that focus on individual incentives and rewards. Some companies use benchmarks to evaluate their workers' performance; however, it is not uncommon to find that the final decision on outstanding employees is made by senior management rather than the HR department. With regard to

the civil service, Kazakhstan is in the process of developing HRM frameworks that are consistent most OECD standards. The country aims to use recruitment and promotion merit-based methods similar to most OECD countries in its public sector (OECD 2018).

Social packages in most firms are negotiable and could be used as a tool to attract and retain competent workers. This is particularly important for workers because the social safety nets that were in place during the Soviet era are no more in place. It is hoped that as western compensation and performance schemes continue to focus on individual incentives and a reward system based on merit, clanism will continue to have less effect on HR practices in Kazakhstan (Minbaeva et al. 2007).

The area of employee training is also crucial in maintaining a skilled and competent workforce. Many companies find it easier and cheaper to temporarily recruit competent expats that would develop the skills of their workers in the areas of western HRM practices. When necessary, some firms send some of their workers abroad to acquire specific skills. There is also a strong emphasis on mentorship as part of employee development, which requires maintaining close personal relationship with someone in a senior position.

### Recruitment

Even though analysts indicate that recruitment campaigns and strategies of Kazakh firms show modest attempts to adapt western practices to the local context, recruiting managers are often viewed as the human conduits of local norms of favoritism due to the clannish culture. According to Hotho et al. (2018), managers' embeddedness in local communities can provide recruitment-related benefits (Horak 2016; Jones and Stout 2015). Similarly, the norms and obligations of such communities exert considerable pressures on recruiting managers to diverge from professional standards and engage in various forms of favoritism (Chen and Miller 2011). Consequently, managers responsible for recruitment processes that involve applicants from their own communities frequently face the challenge of reconciling conflicting sets of social expectations regarding the recruitment process.

In addition, many recruiting managers in Kazakhstan face a conundrum whereby on the one hand, they may experience considerable pressure to share employment opportunities with family members and acquaintances, while on the other hand, they realize that engaging in such practices entails considerable costs which may be detrimental to their careers. As a coping strategy, some recruiting managers tend to decouple their recruitment decisions from the handling of the recruitment process. This allows them to adhere to communal norms and obligations while making decisions that are more aligned with organizational standards and their own career interests (Minbaeva and Muratbekova-Touron 2013).

The development of competency management standards for the civil service is one of the measures needed to enhance performance in Kazakhstan's public sector. Competency-based recruiting implies developing new and effective selection tools and training HR officers and recruiting competent managers that base their decisions on the results. Kazakhstan is in the process of applying such competency frameworks which identify skills and capacities for certain categories of civil servants and provides necessary training to meet required standards (OECD 2018). This also implies the use of competency frameworks as a basis for merit-based recruitment and promotion throughout the system.

## Conclusion

HRM practices in Kazakhstan have evolved since the country gained its independence from the Soviet Union in 1991. Although some indigenous firms are not yet fully aligned with western management practices, a significant number of HR managers with experience in subsidiaries of western firms appreciate the importance of developing and nourishing the potential competences and skills of their employees. It can be said that western management practices have had an impact on HRM in Kazakhstan by reducing the effects of clanism in management operations. This is partly because HR managers who had previously worked in western subsidiaries of multinational

companies in Kazakhstan tend to transfer such knowledge when they move to local firms. Mitigating the impacts of clanism and favoritism in management practices will go a long way in improving HRM in Kazakhstan, especially in areas of recruitment and performance management. Kazakhstan is also in the process of transforming the HRM practices in public sector by developing western best practices in collaboration with OECD. While there are still some challenges and the HRM continue to evolve and improve, it is very likely that HRM development in Kazakhstan may not adapt as rapidly as the development of the country's economy and the government's desire to fulfill its long-term sustainable development strategies (Yessengeldin et al. 2015; Davis 2012).

## References


Arystanbekov K (2005) Kazakhstan's economic policy with high levels of foreign investment. Probl Econ Transit 48(2):29–42

Bhuiyan S, Amagoh F (2011) Public sector reform in Kazakhstan: issues and perspectives. Int J Public Sect Manag 24(3):227–249

Bian Y (1997) Bringing strong ties back in: indirect ties, network bridges, and job searches in China. Am Sociol Rev 62:366–385

Brewster C, Larsen H (2000) Responsibility in HRM: the role of the line. In: Brewster C, Larsen H (eds) Human resource management in Northern Europe. Blackwell, London, pp 195–218

Chen M, Miller D (2011) The relational perspective as a business mindset: managerial implications for east and west. Acad Manag Perspect 25(3):6–18

Collins K (2006) Clan politics and regime transition in Central Asia. Cambridge University Press, Cambridge

Davis P (2012) HR holds back economic development in Kazakhstan and may thwart ambitions to be a top 50 nation by 2020. Hum Resour Manag Int Dig 20(6):43–46

Davis P, Yugay Y (2012) How to leverage corporate identity for strategic advantage and how not to. Strateg Dir 28(2):3–5

Horak S (2016) Join in or opt out? A normative-ethical analysis of affective ties and networks in South Korea. J Bus Ethics 149(1):207–220

Hotho J, Minbaeva D, Muratbekova-Touron M, Rabbiosi L (2018) Coping with favoritism in recruitment and selection: a communal perspective. J Bus Ethics. https://doi.org/10.1007/s10551-018-4094-9

Jones R, Stout T (2015) Policing nepotism and cronyism without losing the value of social connection. Ind Organ Psychol 8:2–12

Minbaeva D, Muratbekova-Touron M (2013) Clanism: definition and implications for human resource management. Manag Int Rev 53:109–139

Minbaeva D, Hutching K, Thomson B (2007) Hybrid human resource management in post-soviet Kazakhstan. Eur J Int Manag 1:350–371

Muratbekova-Touron M (2002) Working in Kazakhstan and Russia: perception of French managers. Int J Hum Res Manag 13(2):213–231

Muratbekova-Touron M, Umbetalijeva T (2018) Transcending the principal agent and collective action paradigms: human resource patterns of (anti)corruption. Basel Institute of Governance

Organization for Economic Cooperation and Development (OECD) (2018) Next steps toward a professional strategic innovative civil service in Kazakhstan. In: OECD (ed) Benchmarking civil service reform in Kazakhstan. OECD, Paris, pp 159–164

Peng M, Wang D, Jiang Y (2008) An institution-based view of international business strategy: a focus on emerging economies. J Int Bus Stud 39(5):920–936

Promfret R (2005) Kazakhstan's economy since independence: does the oil boom offer a second chance for sustainable development? Eur Asia Stud 57(6):859–876

Rysbekov M (1995) Privatization in Kazakhstan. Comp Econ Stud 37(3):1–10

Smirnova Y, Tatibekov B (2013) Older experts versus young enthusiasts: whom do Kazakhstani employers prefer? Qual Ageing Older Adults 14(2):128–138

Taylor S, Beechler S, Napier N (1996) Toward an integrative model of strategic international human resource management. Acad Manag Rev 21(4):959–985

Wilson J, Gardner D, Kurganbaeva G, Sarharchuk E (2002) The changing role of local government managers in a transitional economy: evidence from the Republic of Kazakhstan. Int J Public Sect Manag 15(4–5):399–411

Yessengeldin B, Sitenko D, Ramashova A (2015) Development of human potential in the innovation economy of Kazakhstan. Public Policy Adm 14(2):209–220


# Human Rights in Africa


Damian O. Odunze
Texas Southern University, Houston, TX, USA


## Synonyms

Basic rights; Civil liberties; Civil rights; Constitutional rights; Cultural rights; Fundamental freedoms; Peoples' rights; Political rights; Privileges; Rights; Social rights

## Definition

Human rights are the basic rights or individual freedoms one has simply because the person is a human being. They constitute individuals as a particular kind of political subject: free and equal rights-bearing citizens. Human rights declarations outline regulative rules and practices of how governments should treat citizens. They are like a forward-looking moral, economic, cultural, and political vision of a society. Human rights also characterize societies of a particular type by defining the requirements and limits of legitimate government (Rawls 1999; Donnelly 2013). These rights are equal, inalienable, and universal. That means all individuals should enjoy these civil liberties without distinction of any kind such as race/ethnicity, color, gender, language, religion, political, or other opinions.

## Introduction

The history and development of human rights in Africa is within the backdrop of the United Nations organization, the legacy of colonialism, and the contemporary social, economic, political, cultural, and religious quagmires that face the continent. The African Charter on Human and Peoples' Rights (ACHPR 1981), also known as the Banjul Charter, is an international human rights instrument that is intended to promote and protect human rights and basic freedoms in the African continent. In 1979, the Assembly of Heads of State and Government of the Organization of African Unity (OAU), now known as the African Union (AU), sets up a committee to draft a charter on human rights similar to those of the European Union (European Convention on Human Rights) and the Americas (American Convention on Human Rights). The draft was unanimously adopted at a general assembly of the OAU in 1981. After the draft was ratified by a simple majority of the OAU member states, the ACHPR came into effect on October 21, 1986. October 21st was declared "African Human Rights Day."

As of 2013, 53 member states of the AU have ratified the Charter with the exception of the newly created nation of South Sudan.

The African Commission on Human and Peoples' Rights established in 1987 monitors the Charter to ensure that member states abide by its provision. The African Court on Human and Peoples' Rights set up in 2004 complements and reinforces the functions of the ACHPR. The Court has jurisdiction over all cases and disputes submitted to it concerning the interpretation and application of the ACHPR and any other relevant human rights instrument ratified by the countries concerned. Specifically, the Court has two types of jurisdiction: contentious and advisory. The ACHPR followed the footsteps of the Universal Declaration of Human Rights (UDHR) by the United Nations organization in 1948. The UDHR became a standard of human rights achievement for all nations. The Declaration, which arose directly from the experience of the Second World War, consists of thirty articles. The UDHR (Resolution 217A) represented the first global expression of the rights to which all human beings are inherently entitled and to be guaranteed universal protection. The UDHR (Article 1) succinctly states that all human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act toward one another in a spirit of brotherhood. The ratification of the International Bill of Human Rights in 1976 gave international legal backing to the UDHR. These universal declarations of human rights are a veritable Magna Carta (Charter of Liberties) to nations and societies that are still grappling with the awareness of human dignity and worth.

## The Norms of the African Commission on Human and Peoples' Rights (ACHPR)

The ACHPR constitutes 68 articles that aim to further the goal of the Organization of African Unity, which stipulates that freedom, equality, justice, and dignity are essential objectives for the achievement of the legitimate aspirations of the African peoples. The preamble of the ACHPR

further reaffirmed the purpose of the Charter to eradicate all forms of colonialism and neocolonialism from Africa, to coordinate and intensify efforts to achieve a better life for the peoples of Africa, and to promote international cooperation having due regard to the Charter of the United Nations and the Universal Declaration of Human Rights. The ACHPR also recognizes the right of citizens to economic, social, cultural, and political development. Furthermore, it envisions the elimination of all forms of discrimination, particularly those based on race, ethnic group, color, sex, language, religion or political opinions, national and social origin, fortune, birth, or other status (Article 2). These cover rights to individuals and peoples, but also include duties incumbent upon them.

The civil and political rights of individuals are covered in Articles 2–14 and 18(3). These include the right to freedom from discrimination, equality before the law, life and personal integrity, human dignity, freedom from slavery, freedom from cruel, inhuman or degrading treatment or punishment, right to due process concerning arrest and detention, the right to a fair trial, freedom of religion, freedom of information and expression, freedom of association, freedom of assembly, freedom of movement, freedom to political participation, and the right to property.

The Charter also outlines some economic, social, and cultural rights. Considerable emphasis is placed on these rights: the right to life (Article 4), the right to work (Article 15), the right to health (Article 16), the right to education (Article 17), and the right to development (Article 22).

Additionally, the Charter recognizes group or peoples' rights (Articles 18–25). The group rights include the protection of the family by the state, equality of all groups, the right to self-determination, the right to freely dispose of collective wealth and natural resources, the right to development, the right to peace and security and a generally peaceful environment, and the independence of the judiciary. Duties of individuals toward the family and society (state) are mentioned in Articles 27–29 of the Charter.

## The Human Rights Framework

To resist oppression is at the very core of the concept of human rights. Human rights explicitly address power imbalances and raise the question of the legitimacy of the powerful (UDHR 1948). So, at the background of human rights is the issue of power or public governance and accountability. Good governance refers to how public institutions conduct public affairs and manage public resources. It involves the manner in which power is exercised in the management of a country's economic and social resources for development (The World Bank 1991). This raises the issue of the transparency of institutions of authority in a country. The Worldwide Governance Indicators project defines governance as the set of traditions and institutions by which authority in a country is exercised (The World Bank 2006). The political, economic, and institutional dimensions of governance are captured by six aggregate indicators. The first indicator is the degree to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Second are political stability and the absence of violence, including terrorism. The third indicator is the effectiveness of government as measured by the quality of public services, the quality of the civil service and the degree of its independence from political pressures, and the quality of policy formulation and implementation of such policies by the government. The fourth indicator is the ability of the government to implement sound policies and regulations that permit and promote private sector development. Fifth is the implementation of the rule of law, including the extent to which all citizens have confidence in and abide by the rules of society and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence. The sixth indicator is the extent of control of corruption. Is power exercised for private gain, including both petty and grand forms of fraud? Do the elite and private interests "capture" the state for personal aggrandizement? The Worldwide Governance Indicators make it possible to evaluate the quality of a country's

governance in comparison with other countries – and over time. The absences of some of these governance indicators are predictive of human rights abuse in a society or country.

## Human Rights Abuse in Africa

The bottom line of most theoretical explanations of human rights abuse in Africa is bad governance, and subsequently, the promotion of good governance, democracy, the rule of law, and accountability enhances civil liberties and human flourishing (development). An examination of most African countries would reveal that only a few would pass the "litmus test" of transparency and accountability in governance and in upholding the tenets of the African Charter on Human and Peoples' Rights. Some of these human rights dilemmas are rooted in the legacy of colonialism, while others are as a result of the failure of the African elite, namely, the socioeconomic and political leaders.

The modern states in Africa were the results of colonialism and imperialism, processes that marginally integrated African states into the global political economy in the interests of the colonizing nations. The African societies, for decades, were suppliers of cheap raw materials and human labor for the industrial production in the colonial nations and their satellite territories. Decolonization and political independence entailed the transfer of political power to the political elite that cloaked themselves in colonial practices, philosophies, structures, and interests. Consequently, the protection of their group interests, which implied maintaining the colonial mentality and ethos, sets into motion the era of neocolonialism. The emergent ruling class had little or no impetus toward altering the marginalized position of African states in the global politico-economic system. Most of these emergent African leaders became pawns in the hands of former colonial rulers and multinational corporations. Corruption and abuse of human rights were rampant. The pursuit of economic development was basically sidelined in many countries. The resources of the state were used to keep the elite in power. This also marked the era of military dictatorship, as the armed forces that seized power to "correct" the errors of civilian governments turned out worse. The Cold War superpower politics compounded the African quagmire, since the superpowers, the United States, and the former Soviet Union and their allies supported African rulers, irrespective of their governing qualities and records of human rights abuse. Dictators received millions of dollars in foreign aid to ensure their allegiance to the superpowers. There was hardly any demand for public accountability as millions of dollars were squandered or looted and stashed away in foreign bank accounts. African dictators, such as late emperors Jean-Bédel Bokassa of Central African Republic, Idi Amin Dada of Uganda, and Mobutu Sese Seko of Zaire, now Democratic Republic of the Congo (DRC), lived in palaces and wasted public funds, while majority of the citizens remained in penury. Thousands of innocent civilians were persecuted, tortured, and/or killed just for speaking out against injustice. For instance, Bokassa, during his coronation as self-proclaimed emperor in 1977, spent US $20 million ($80 million today), virtually bankrupting the country. His diamond-coated crown alone costs $five million ($20 million today). In 1979, his Imperial Guard massacred 100 schoolchildren who were arrested for refusing to buy uniforms from a company owned by one of his wives. Mobutu, who came to power in a coup d'état in 1965, established a one party-centralized state in which all power was concentrated in his hands. He amassed large personal fortune through corruption such that some scholars have dubbed his regime a kleptocracy or rule by a thief (Acemoglu et al. 2004). As a result, the country suffered from uncontrolled inflation, a huge debt, and massive currency devaluations. Idi Amin's 8-year reign goes down as one of the worst regimes in Africa, comparable in scale to that of Pol Pot, the brutal Khmer Rouge leader and Cambodian dictator. Amin's rule was characterized by human rights abuses, political repression, ethnic persecution/cleansing, extrajudicial killings, nepotism, corruption, and gross economic mismanagement. It is estimated that between 100,000 and 500,000 people were killed during

his regime (Ullman 1978). Among the most prominent people killed were Benedicto Kiwanuka, a former prime minister and chief justice; Janani Luwum, an Anglican archbishop; Joseph Mubiru, the former governor of the central bank of Uganda; Frank Kalimuzo, the vice chancellor of Makerere University; Byron Kawadwa, a prominent playwright; and two of Amin's own cabinet ministers, Erinayo Wilson Oryema and Charles Oboth Ofumbi. Ironically, when Milton Obote, the former prime minister, who was toppled by Idi Amin, came back to power in 1981, he unleashed another reign of terror against perceived supporters of Idi Amin. An Amnesty International report estimated that over 500,000 people were killed under Obote's rule from 1981 to 1985 (Amnesty International 1985). These incidents are only a snapshot, and there were other dictators like the late Sani Abacha of Nigeria, Macias Nguema of Equatorial Guinea, Siad Barre of Somalia, Charles Taylor of Liberia, and Hissène Habré of Chad who not only looted the public treasury of their countries but also brutalized and killed tens of thousands of citizens. In 2012, the Special Court for Sierra Leone (SCSL) tried and convicted Charles Taylor on 11 charges arising from war crimes, crimes against humanity, and other serious violations of international humanitarian law, committed from November 30, 1996 to January 18, 2002 during the course of Sierra Leone's civil war. He was subsequently sentenced to 50 years in jail. Another milestone for justice in Africa occurred in 2015 when the former Chadian dictator, Hissène Habré, went on trial on charges of crimes against humanity, war crimes, and torture before the Extraordinary African Chambers in the Senegalese courts. The advent of the trial, 25 years after Habré was overthrown and fled to Senegal, is entirely due to the perseverance and tenacity of Habré's victims and their allies such as Human Rights Watch. In May 2016, Habré was sentenced to life in prison for being responsible for the death of 40,000 Chadians during his rule. Again, in 2014, 20 years after the Hutu (Rwandan) genocide against the Tutsi, a significant number of perpetrators of the genocide, including former high-level government officials and other key figures behind the massacres, have been brought to justice. The majority have been tried in Rwandan courts. Others have gone before the International Criminal Tribunal for Rwanda (ICTR) or domestic courts in Europe and North America. These trials of African leaders who abuse the basic liberties of their citizens should serve as a signal to other authoritarian leaders that the arm of justice will catch up with them someday.

Today, the African continent has the worst record of sit-tight leaders who repress the fundamental rights of citizens. These rulers refuse to relinquish power contrary to the will of the people by rigging elections, making false promises, and imprisoning and even killing opponents and critics. They make politics a violent zero-sum game and sow the seeds of discord among the various ethnic and religious groups (Akude 2007). Most of these countries are ridden with ethnic, religious, and political violence. President Barack Obama told an African Union Summit in Addis Ababa, Ethiopia, in July 2015, that a leader, who tries to change the rules in the middle of the game just to stay in office, risks instability and strife. Furthermore, a leader who claims to be the only person who can hold a nation together has failed to build a nation. Fifteen leaders of the 48 African countries that hold regular elections have served more than two terms or indicated their intention to do so. The presidents of Equatorial Guinea, Angola, Cameroon, and Uganda have ruled for over 30 years; and those of Zimbabwe, Sudan, Chad, and Eritrea have been in office for over 20 years, including the former dictator of Burkina Faso (Blaise Compaoré) who ruled for 29 years. The leaders of Rwanda, Algeria, Djibouti, Congo Brazzaville, and DRC have been in power for over 15 years. Many entrenched African leaders have a poor record of combating corruption and fostering development and human rights. For instance, according to the Transparency International's (2015) Corruption Perception Index, out of 168 countries, Somalia ranked 167th, Sudan 165th, Angola and South Sudan 163rd, Libya 161st, Zimbabwe and Burundi 150th, and Uganda 139th. Rwanda was the exception, ranking 44th. Five of the ten most corrupt countries also rank among the ten least peaceful places in the world. After Iraq and Afghanistan, the next five are African countries: South Sudan,

Central African Republic, Somalia, Sudan, and DRC. Africa's so-called strong or big men entrench themselves at the expense of their country. Leaders who personalize power often have bad human rights records and during elections use repression to keep power in the hands of a few. Resistance to the legacy of these "strong men" often results to anomie or normlessness, a condition of total breakdown of societal standards and values.

The effects of corruption (the abuse of public office for private gain), neglect of economic development, and politicization of ethnicity and religion have also contributed in destroying the social fabric of many African countries. For example, Nigeria, which is the most populous African nation and the largest economy in Africa, today ranks third in the Global Terrorism Index (after Iraq and Afghanistan). The Boko Haram insurgency in the northeastern part of Nigeria has so far claimed over 17,000 lives according to the African program on the US Council on Foreign Relations. In addition, more than 1000 schools have been destroyed and over one million children deprived of education. Millions have been rendered homeless and live as refugees both within and outside of Nigeria. The jihadist terrorist group, Boko Haram, is notorious for its use of children as suicide bombers and kidnapping and raping of women and young girls and destruction of property. The Nigerian security forces have been noted for extorting money from people who were falsely accused of supporting Boko Haram. The Nigerian military has also committed extrajudicial killings of suspected members of insurgent groups such as Boko Haram, the Niger Delta militants, and members of the Shiite Islamic Movement in Nigeria (IMN). The Niger Delta militant group is campaigning against the environmental degradation of the Niger Delta region that supplies over 90% of Nigeria's crude oil, which is the main income earner for the country. According to Amnesty International, between 2012 and 2014, the military executed at least 1200 men and boys suspected of belonging to Boko Haram and buried them in mass graves. Another 7000 died in custody through torture, starvation, and lack of medical care. In December 2015, over 350 Shiites were unlawfully killed by the military during clashes and buried in a mass grave. The leader of the IMN, Sheikh Ibrahim Zakzaky, was brutalized during his arrest. The use of excessive force to silence people's right to express their opinions and engage in peaceful demonstration has forced some groups to resort to extreme measures and become violent. For instance, Boko Haram in Nigeria did not start as a violent group. It began in 2001 as a purely Islamic sect and tried to fill the gap created by years of economic neglect by the government that led to massive poverty and unemployment. The group provided social services to people. It was when the founder, Mohammed Yusuf, was killed in police custody in 2009 that the group took a more violent and retaliatory approach by declaring war against the Nigerian government. What is happening in Nigeria is also similar to other flash points of insurgency in Africa such as Somalia, DRC, Sudan, South Sudan, and Cameroon. Most often it is the years of neglect and economic deprivation caused by the government that creates a fertile ground for militant and extremist groups to thrive. Furthermore, the fact that most of the perpetrators of human rights abuse are protected by the government and are not prosecuted fuels the urge to revenge on the part of the victims.

## Analysis and Conclusion

African countries made giant strides in the 1990s, when Zambia had its first democratic change of government, Mozambique's civil war ended and South Africa agreed on a peaceful end to apartheid. The Zairean dictator, Mobutu Sese Seko, was toppled as president of what is now the DRC, and Ghana and Nigeria reverted to democracy. Since then many African countries have continued on the path of democratic governance although with instances of election malpractices and violence. Women have also become key political players in some countries in Africa. In 1993, Sylvie Kinigi became the first female prime minister of Burundi and the first woman to be an acting president. What makes her so important is that she rose to power during the Burundi Civil War and created a temporary government to hold the nation together in the midst of chaos. Kinigi

stayed in office from July 10, 1993 to Feb. 7, 1994. Ivy Matsepe-Casaburri served as acting president of South Africa in 2005. Rose Francine Rogombé was the acting president of Gabon from June to October, 2009. Joyce Hilda Banda was the first female vice president and president of Malawi. In 2011, she founded the People's Party. From April 2012 to May 2014, she served as president when her predecessor, Bingu wa Mutharika, died in office. In 2014, Catherine Samba-Panza was appointed the first female interim president of the Central African Republic by the Nation's Transitional Council. Agnès Monique Ohsan Bellepeau served as acting president of Mauritius twice in 2012 and 2015. She became president when Anerood Jugnauth and Kailash Purryag resigned after internal political strife. In 2006, Ellen Johnson Sirleaf was elected president of Liberia. She is one of the most stable leaders in Africa, holding political office for almost 10 years without interruption. In 2011, she was awarded the Nobel Peace Prize. Furthermore, in the Inter-Parliamentary Union data (2016) of women in national parliaments, out of 191 countries, Rwanda ranks first with 51 women out of 80 or 63.3% in the lower house and 10 out of 26 or 38.5% in the upper house (Senate); Senegal comes sixth with 64 women out of 150 or 42.7% in the lower house; South Africa comes eighth with 168 women out of 399 or 42.4% in the lower house and 43 women out of 128 or 33.6% in the upper house. Other African countries with more than 35% of women in the lower house are Namibia (ranked 11th), Mozambique (ranked 15th), Ethiopia (ranked 19th), Angola (ranked 23rd), Burundi (ranked 27th), and Uganda (ranked 29th). The participation of women in public governance in Africa is a positive development as they can help bring stability in government. Moreover, women and children are mostly affected during social, political, religious, or economic crises. They are the most vulnerable during periods of uncertainty in any nation. So, it is good that women are gradually becoming part of the transformation of the sociopolitical and economic landscape of Africa.

Fair and transparent democratic elections and accountability by elected officials are the foundations that sustain human rights and the rule law in any society. The embezzlement of public funds by elected officials who divert resources meant for development into private coffers is a precursor for disenchantment by the people who are denied basic amenities. In many African countries, economic inequities and lack of opportunities are the sources of ethnic, social, and political violence as the people struggle for scarce resources. Instability and abuse of civil liberties puts Africa in a weak position in the global race for economic and human development. There can be no sustained development without a peaceful coexistence of citizens. As the world has become a "global village," through modern technology and international business, global interdependence is associated with peace and peace with democracy and stable institutions (Ibrahim 2013). One major positive impact of globalization on Africa is that it has made available information on how other countries are governed and the freedoms or civil rights in those countries. It has also opened African countries to intense external scrutiny and exercised pressure for greater transparency, openness, and accountability. Digital streaming of news and information is now instantaneous through social media outlets such as Facebook, Twitter, Instagram, and LinkedIn and private video broadcast on YouTube and cell phones. The world is now connected through the Internet; and what happens in one country affects other countries. As people interact and conduct business online, boundaries are blurred and information and ideas are exchanged. This free flow of information can also have a negative impact, as has been seen with the case of global terrorism, where extremist jihadist groups spread their ideologies online targeting vulnerable people. This is also a big security challenge to African countries. Globalization also entails free flow of goods and services between nations. This can have both favorable and negative consequences. It can help countries to acquire new technology and competency in areas where they lack technical know-how. On the contrary, many African countries have become dumping grounds for cheap foreign products. This has destroyed local industries leading to massive unemployment. Many instances abound. In Nigeria, for example, local textile industries, which hitherto employed thousands

of people, have become almost extinct due to cheap products from China. The same holds true for agricultural products such as rice, which has seen the domination of important brands and made local production unprofitable. In the 1980s and 1990s, the International Monetary Fund (IMF) pressured the Ghanaian government to remove support and protection for poor rice farmers. Liberalized rice imports from foreign countries, especially the United States, led to dumping practices that contributed to the displacement of domestic rice and to the loss of income of rice peasants in Ghana (Suarez 2013). African countries should protect the rights of local industries from undue advantages of foreign products and multinational companies. Medium- and small-scale local enterprises contribute enormously to job creation and economic growth.

Finally, international and regional human and peoples' rights framework allow us to question and challenge human rights abuse and unfair policies including international trade and business. It also serves as a deterrent to those who would flout human rights or laws protecting civil liberties knowing that they would be held accountable for their actions. Africa has abundant human and material resources to usher in economic development. However, good governance, respect for civil rights, and democracy are fundamental imperatives for stability, which is essential for human flourishing. Governments and business enterprises have a responsibility to ensure that their policies and actions have a positive effect on the society. Everyone is better-off when civil liberties are guaranteed and protected. Human rights issues should become part of the public discourse and educational curriculum in every African nation.

## References


Acemoglu D, Robinson JA, Verdier T (2004) Kleptocracy and divide-and-rule: a model of personal rule. J Eur Econ Assoc 2(2–3):162–192. https://doi.org/10.1162/154247604323067916

African (Banjul) Charter on Human and Peoples' Rights (1981) African Commission on human and peoples' rights. Retrieved from http://www.achpr.org/instruments/achpr/

Akude JE (2007) The failure and collapse of the African state: on the example of Nigeria. A European Think Tank for Global Action, FRIDE

Amnesty International (1985) Human rights violations in Uganda. Archives:1978–1985

Donnelly J (2013) Universal human rights in theory and practice. Cornell University Press, New York

Ibrahim AA (2013) The impact of globalization on Africa. Int J Humanit Soc Sci 3(15):85–93

Inter-Parliamentary Union (2016) Women in national parliaments. Retrieved from http://www.ipu.org/wmn-e/classif.htm

Rawls J (1999) A theory of justice. Belknap Press of Harvard University Press, Cambridge, MA

Suarez SM (2013) The human rights framework in contemporary agrarian struggles. J Peasant Stud 40(1): 239–290

The World Bank (1991) Managing development: the governance dimension. Washington, DC. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/03/07/000090341/PDF/3488

The World Bank (2006) A decade of measuring the quality of governance. Retrieved from http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/1740479-1150402582357/2661829-1158008871017/booklet_decade_of_measuring_governance.pdf

Transparency International (2015) Corruption perception index. Retrieved from http://www.transparency.org/cpi2015

Ullman RH (1978) Human rights and economic power: The United States versus Idi Amin. Foreign Affairs: American Journal of International Relations and U.S. Foreign Policy. Retrieved from https://www.foreignaffairs.com/articles/uganda/1978-04-01/human-rights-and-economic-power-united-states-versus-idi-amin

Universal Declaration of Human Rights (1948) United Nations general assembly resolution 217 A. Retrieved from http://www.un.org/en/universal-declaration-human-rights/index.html


# Human Rights in the Twenty-First Century


Franke Wilmer
Department of Political Science, Montana State University, Bozeman, MT, USA


## Introduction

Understanding politics as the "authoritative allocation of values," as David Easton suggests, puts human rights at the center of twenty-first-century

world politics. As a set of values, human rights are predicated on the idea that human beings, people, are the central subjects of politics and certain rights inhere in them because they are human. Depriving human beings of these inherent rights diminishes and offends their humanity. The offending agent is non-specific; it could be a governmental authority or a private, non-governmental, or non-state actor. The concept of human rights as inherent focuses on the humanity of the individual, not on the inhumanity of the offender, although by extension, if depriving an individual of these rights constitutes an offense against their humanity, it is an act of inhumanity. Furthermore, humanity is indivisible, and as such, an offense against the humanity of anyone is an offense against everyone.

Although many, if not all, cultures and religious traditions have a concept of human dignity and a human moral order, the specific idea that some injuries and deprivations brought about by human agency constitute offenses to all of humanity is a relatively recent phenomenon. Indeed, assertions of universality or even cultural transcendence are the subject of intense debate among human rights scholars and activists alike (Panikkar and Sharma 2007; A'Naem 2002). Who decides whether any particular value or right is universal? Can any value be taken out of its cultural context? It is easy to say that all cultures have a right to exist, that is, that human beings have a right to exist within a culture and, actually, they do not exist apart from them. However, what are the merits of arguing against cultural imperialism, in favor of cultural immunity from the assertion of universalized norms? These are some of the issues arising from the debate between universalism and cultural relativism.

The question of why universal human rights *now* could be the subject of a lengthy essay in itself. Here, it will only be noted that it is partly so as a consequence of unprecedented possibilities for human physical, social, political, economic, and intellectual contact and interaction, and from that has arisen the assertion that some human-caused suffering is universally offensive. Similarly, the inception and spread of philosophical ideas over the past several centuries have included not only the idea of universally offensive suffering but of inalienable rights and truths that are by virtue of the human capacity to reason, self-evident, arguments central to the natural law view of human rights. While it is true that all of these ideas are intimately linked to European experiences and traditions, it can also be argued that the modern state is also a product of European history and that contemporary human rights are a response to the abuses and excesses of state power.

The benchmark by which all other mass human rights violations are measured is the Holocaust. The term "genocide" was originated by Polish Jewish lawyer Raphael Lemkin in an effort to name what had been called "race murder" when perpetrated by the government of the Ottoman Empire against Armenians beginning in 1915. Of the two million Armenians living in the empire at the time, only 500,000 were left by the early 1920s. Both in scale and depravity, the Holocaust eclipsed all twentieth-century genocides, killing not only six million European Jews but also five million non-Jews including three million Polish Christians. Since World War II, genocides have occurred in Cambodia, former Yugoslavia, and Rwanda. Though not recognized as an international crime at the time of the Nuremberg trials, individuals have been convicted and sentenced for acts of genocide in both former Yugoslavia and Rwanda.

Genocide is very specifically defined in the Convention on the Prevention and Punishment of the Crime of Genocide as any act, "whether committed in time of peace or in time of war. . .," with "intent to destroy, in whole or in part, a national, ethnical, racial or religious group." Two important points here are (1) that although the convention was drafted and signed by states, nothing in the convention specifies that acts of genocide must be committed by agents of states, and (2) although the success of a genocide is irrelevant, it is the *intent* to destroy a group as a group that makes the act an act of genocide. Additionally, the acts listed in the convention are not exhaustive, and the convention includes not only acts of genocide but conspiracy, incitement, attempts, and complicity in committing genocide an international crime. Finally, parties undertake an obligation not only to punish but also to

prevent the crime of genocide, although thus far the record shows success only in efforts to punish.

Because international law is a set of obligations states willingly place on themselves – law by states and for states (not people) – it is safe to say that the contracting parties presumed that state actors would be the subject of both the restrictions and punishment. Today, however, violations of human rights and other violations of international law that states have applied to themselves are often committed by non-state actors, creating a new set of problems for policy makers. Violators may be ethnic groups or private militias, as in Bosnia or Darfur; they may be corporations knowingly contaminating groundwater or through negligence causing deadly catastrophes such as Union Carbide in Bhopal, India; or they may be terror groups competing for political power or establishing territorial control like the Taliban or ISIL. The complicated role of states as violators and enforcers will be discussed more thoroughly in the next section, but suffice it to say here that states agreeing to accept limits on their own conduct, or obligations to intervene in the conduct of other states, is only part of the story of human rights today.

Although some 18 international agreements and protocols cover core human rights issues (United Nations 2016) including the rights of women, children, the disabled, and migrant workers and prohibitions against torture, the death penalty, and racial discrimination, three documents make up "The International Bill of Rights." Those three are the Universal Declaration of Human Rights (1945), the International Covenant on Civil and Political Rights or ICCPR, and the International Covenant on Economic, Social and Cultural Rights or ICESCR. There are 168 states that signed the ICCPR and 164 have signed the ICESCR. The rights enumerated in the non-binding UN Declaration were elaborated in the two legally binding covenants, the split a reflection of the growing US-Soviet ideological chasm as the cold war reshaped the landscape of world politics. Some rights, freedom from torture and unlawful arrest and detention, for example, are litigious, while others, like the right to fair wages, social security, and social insurance, are "aspirational," that is, governments aspire to attain those goals.

The Covenant on Civil and Political Rights includes a national security "opt-out" condition, though it was no doubt intended to be invoked as exceptional and temporary. Article 4, paragraph 1, of the Covenant on Civil and Political Rights allows derogation of treaty obligations in these terms:

> In time of public emergency which threatens the life of the nation and the existence of which is officially proclaimed, the States Parties to the present Covenant may take measures derogating from their obligations under the present Covenant to the extent strictly required by the exigencies of the situation, provided that such measures are not inconsistent with their other obligations under international law and do not involve discrimination solely on the ground of race, colour, sex, language, religion or social origin.

Similarly, the obligations created by the Covenant on Economic, Social and Cultural Rights are commensurate with the capacity of a particular state to meet those obligations within the constraints of both the national economy and reserving the right of the state to exclude nonnationals:

> Developing countries, with due regard to human rights and their national economy, may determine to what extent they would guarantee the economic rights recognized in the present Covenant to nonnationals. (Part II, Article 2, paragraph 3)

The unwillingness of states to intervene in ongoing genocides (or other mass atrocities), the uncertainty about how to address (and perhaps also an unwillingness to act in the face of) human rights violations committed by non-state actors, and the conditionality of rights on national security and state capacity point to the weakness of contemporary international human rights protection. These issues also reveal the fundamental tension between politics and the rule of law – that law is a function of norms agreed to by those with both an interest in making norms and the capacity to enforce them under the rule of law.

## Human Rights and the State: Perpetrator or Protector?

The contemporary state is a set of institutions exercising jurisdiction over people, territory, and resources on the basis of recognition by other

states or, more specifically, by those in positions of authority to act on behalf of state institutions. The state is regarded as possessing the attribute of sovereignty under international law, but it should be kept in mind that sovereignty is a socially constituted norm, or normative belief, about the authoritative exercise of power. In practice, this means that states are accountable to no other authority for almost everything they do unless they explicitly agree to restraints by signing and ratifying treaties and conventions containing legal obligations. Even then, states can withdraw from those obligations by giving notice of that intent as prescribed by the agreement. The one exception today is the prohibition against state-sponsored genocide. The anti-genocide norm is now so widely accepted that states are effectively prohibited from committing genocide or acts of genocide regardless of whether they have acceded to the Genocide Convention (Bassiouni 1996; Czapliński 2006).

As long as the norm of state sovereignty overrides the political will to act to prevent, stop, or punish most or all other human rights violations, states (those acting authoritatively on their behalf) are free to engage in, tolerate, or actively promote activities that constitute violations of rights outlined in the two Covenants and other international human rights agreements. Arguably, the assertion of human rights is itself a fundamental challenge to unrestricted state sovereignty. It is an assertion grounded in a normative claim that places human dignity at the center of any process aimed at legitimating the authoritative use of power and, in that sense, has its roots in the concept of natural law. Political institutions serve people, not themselves.

This raises the issue of the relationship between democracy or democratization and human rights. Rather than spilling more ink here on what constitutes democratic practice, it is more useful to talk about the accountability of institutions to the people they serve. Advocating respect for human rights is advocating for political, social, and economic justice and cultural respect, notwithstanding debates about cultural relativism. It seems straightforward to argue that governing institutions *ought* to serve the needs, protect the freedom, and promote legal, social, and economic justice, but how can they be held accountable for doing so, particularly at the international level where the overarching norm of state sovereignty still trumps efforts to democratize political institutions? And not only are states that lack a history of democratization implicated here, but "older" democracies also claim exceptionalism to their own constitutional restrictions on the grounds of threats to "national security" (Wilmer 2015).

The problem of states in the dual and conflicting roles of perpetrators and protectors of human rights engages the question of self-enforcing norms and the socially constructed nature of law, which is "how is authority constituted?" Obedience to the law is either perceived to be a moral obligation, an act of self-interest, or a necessity of avoiding punishment. It should be noted that self-interest can be immediate or can be an effect of socialization, that is, that there is a broader interest in being perceived by other states as a "cooperator," which, in turn, can deliver future rewards through diplomacy.

As perpetrators, states engage in mass and gross violations of human rights including acts of genocide, arbitrary detention, torture, extrajudicial executions, denial of political rights including voting, and policies that effectively deprive people of access to basic needs for material security and a dignified existence. They tolerate or fail to enforce prohibitions against discrimination, dowry violence, and genital cutting, and they enforce criminal prohibitions against homosexuality including prison sentences and capital punishment.

Norm compliance arising out of moral obligation or self-interest is self-enforcing and in a sense reflects international democratization (in relations among states). Some argue that there is a growing sense of moral community at the international level and that from this arises compliance with international norms motivated by moral obligation (Walzer 1977). The English School conceives of international relations as an emerging world society in which some people and states sometimes act out of moral obligation and sometimes because they are socialized to view norm compliance as a social good (Dunne 2013). States are

protectors of human rights internally when they incorporate international rights obligations into their domestic legal systems or when their domestic legal systems already included those rights, obligations, and protections. They are also protectors of human rights when they engage in enforcement of human rights norms and through humanitarian interventions.

Justification for both enforcement and intervention implicitly supports a restricted view of state sovereignty. Some things that states do, or allow to happen, offend international humanitarian and human rights norms, so the argument goes, and those offenses are legitimately the subject of accusations, trials, punishments, and interventions in the internal affairs of the offending state. Holzgrefe defines humanitarian intervention as:

> the threat or use of force across state borders by a state (or group of states) aimed at preventing or ending widespread and grave violations of the fundamental human rights or individuals other than its own citizens, without the permission of the state within whose territory force is applied. (Holzgrefe 2003: 18)

Abiew (1999), Hilpold (2002), and Chesterman (2011) identify 17 cases frequently cited as humanitarian interventions, with the Russian, British, and French intervention against the Ottomans in the Greek War of Independence in 1824 being the earliest and the 19-state coalition intervention in Libya in 2011 the most recent. Some view this as an example of the policy adopted by the UN in 2005 known as the "Responsibility to Protect" or "R2P." The R2P international security doctrine holds that (1) states carry the primary responsibility for protecting people from genocide, war crimes, and crimes against humanity; (2) the international community has a responsibility to assist in these efforts; and (3) the international community should see peaceful means of fulfilling this responsibility while being prepared for the collective use of force when peaceful diplomacy fails. The International Commission on Intervention and State Sovereignty, formed at the request of then UN Secretary-General Kofi Annan in December 2001, first outlined the doctrine in a report.

Finally, while there is little evidence of success in preventing actual genocides, since World War II, the international community has created two ad hoc and one permanent standing international criminal court with the authority to prosecute and punish those charged with committing acts of genocide, war crimes, and crimes against humanity. The International Criminal Tribunal for the Former Yugoslavia has indicted 161 people, sentenced 80, transferred 13 to other national jurisdiction, and acquitted 18 who are carrying out sentences in 14 states and has 50 cases either terminated, withdrawn, or ongoing (ICTY 2016). The International Criminal Tribunal for Rwanda was the first court in history to convict and hand down sentences for genocide. It has indicted 93 people and sentenced 61. Only 14 individuals have been acquitted with 10 referred to national courts. In addition to government and military officials at the highest ranks, the ICTR has indicted businessmen, religious leaders, and media leaders (ICTR 2016).

One hundred twenty-three states are members of the International Criminal Court. In its 2015 report to the UN, the court listed ten situations where preliminary investigations had begun: Afghanistan, the Central African Republic, Colombia, Georgia, Guinea, Honduras, Iraq, Nigeria, Ukraine, and the State of Palestine (UNGA 2015). In addition to these ten new situations, the court reported 21 ongoing investigations and monitored 8 additional situations from the previous year and issued 12 new warrants. Four trials involving over 10,000 were scheduled for 2016 (ICC 2016).

## The Future of Human Rights

Like the half full, half empty, or refillable glass, there are more or less optimistic and pessimistic ways to view the present status and future prospects for human rights. From the broadest historical perspective, some progress is evident – there is more support generally for democratic norms of self-government, including accountability, fundamental freedoms, civil liberties, civil rights, the rule of law, and social and economic justice.

However, some associate the diffusion of these norms with the extension of western hegemony in non-western societies. Consequently, many non-western societies, like China, India, or Iran, are struggling with the issue of how to square the maintenance of cultural integrity and political independence with the incorporation of democratic norms – and economic liberalism – into their political and economic practices. Others find identity and internal cultural cohesiveness not only elusive but highly and often violently contested, creating an environment in which both repressive governance and public and private actions that violate human dignity and human rights flourish.

Human rights are at risk today not in only non-western societies, however, as the globalization of security threats in a world of porous borders and liberal multicultural states raises new questions about old freedoms as well as relatively new civil rights. These threats can be characterized generally as "terrorist acts" because they target civilians, have a primarily political purpose, seek to instill fear more widely, and are aimed at influencing the behavior of governments as the "third party audience" for whom the act is performed. Surveillance threatens rights of privacy and due process; fear fuels exclusionary nationalist and reactionary policies in previously open societies; "national security" exceptionalism undermines anti-torture and anti-arbitrary detention norms. There is no guarantee that liberal democracies will remain so or that fundamental demands for political freedom and economic justice will prevail in contests with repressive and authoritarian governments.

Repression, however, may be a path for some to obtain and maintain power in the short run, but it is not a path to prosperity. Governments that become more repressive in the face of the fear arising from increasing uncertainty that is the terrorists' greatest weapon must either maintain repression as a new normal or find other ways to reduce the threat. The experiences of Northern Ireland and Israel are instructive. Increasing reliance on repression as a substitute for democratization also does not seem to be sustainable, though it can be long-lived. The cases of Cuba and North Korea come to mind here.

There is, on the other hand, evidence of progress at the international level, though many lament the failure of the international community to mobilize the political will needed to act consistently and successfully on the "R2P" doctrine. The work of several criminal courts, however, can be counted as progress in the direction of norm enforcement at least in relation to acts of genocide, war crimes, and crimes against humanity. Unlike Nuremberg, the Yugoslav Tribunal was created long before the wars in former Yugoslavia ended and even before an end was in sight. With 123 member states of the International Criminal Court, there are, in theory, fewer safe havens for deposed government officials accused of war crimes and crimes against humanity, but member states have not demonstrated a serious commitment to act on their obligations to enforce arrest warrants, as the case of Sudan's indicted President Omar al-Bashir shows. For human rights activists and those on whose behalf they act and advocate, the failure to intervene in ongoing human-caused humanitarian crises overshadows progress measured by the arrest and conviction of a relatively small number of war criminals associated with high-profile genocides.

Finally, as Henry Shue argues, deprivation of access to clean water and adequate nutrition is just as deadly as the direct violence of extrajudicial torture and executions. Over 3 million children die each year from poor nutrition, and 900 die each day from dirty water and poor sanitation (World Food Programme 2016, Water Aid 2016). Over 650 million people lacked access to clean water in 2015 (Water Aid 2016). But here there are also reasons to claim progress. Many of the UN Millennium Development Goals for 2015, set in 2000 by the 189 member states of the UN at the time, have been achieved, although 650 million people are still without clean water, that is, about one-third the number in 2005 (Wilmer 2015). In its 2015 Report on the Millennium Development Goals, the UN Development Programme also reported a reduction by half of the proportion of undernourished people in developing countries, a 45% reduction in maternal mortality, a 40% reduction in new HIV infections and an increase in antiretroviral treatment of HIV-positive people from 800,000 in 2003 to 13.6 million in 2014, and

an increase of 2.1 billion people with access to improved sanitation. Progress is possible, though not inevitable.

## References

Abiew FK (1999) The evolution of the doctrine and practice of humanitarian intervention. Klewer Law International, Alphen aan den Rijn
An-Na'im AA (2002) Human rights under African constitutions: realizing the promise for ourselves. University of Pennsylvania Press, Philadelphia
Bassouini MC (1996) International crimes: Jus Cogens and Obligatio Erga Omnes. Law Contemp Probl 59:4
Chesterman S (2011) Leading from behind: the responsibility to protect, the Obama doctrine, and intervention after Libya. New York University Public Law and Legal Theory working papers, no. 282
Czapliński W (2006) Jus Cogens and the law of treaties. In: Tomuschat C, Thouvenin JM (eds) The fundamental rules of the international legal order. Koninklijke Brill NV, Leiden
Dunne T (2013) The English School. In: International relations theories: discipline and diversity. Oxford University Press, Oxford
Hilpold P (2002) Humanitarian intervention: is there a need for a legal reappraisal? Euro J Int Law 12(4): 462–476
Holzgrefe JL (2003) The humanitarian intervention debate. In: Holzgrefe JL, Keohane RO (eds) Humanitarian intervention: ethical, legal, and political dilemmas. Cambridge University Press, Cambridge
Panikkar R, Sharma A (2007) Human rights as a western concept. D.K. Printworld, New Delhi
Walzer M (1977) Just and unjust wars: a moral argument with historical illustrations. Basic Books, New York
Wilmer F (2015) Human rights in international relations: an introduction. Lynne Rienner, Boulder

# Human Rights Organizations

Wai-man Lam[1] and Andy Wai-fung Yip[2]
[1]School of Arts and Social Sciences, Open University of Hong Kong, Hong Kong, China
[2]Project Citizens Foundation, Hong Kong, China

## Synonyms

First World human rights organizations; Generations of human rights; Third World human rights organizations

## Definition

Human rights organization, according to Wiseberg (1991), is broadly defined as "a private organization which devotes significant resources to the promotion and protection of human rights, which is independent of both governmental and political groups that seek direct political power, and which itself does not seek such power." It advocates its cause on the basis of international laws and aims to secure the rights for everyone in a society (Wiseberg 1992: 529).

Broadly speaking, organizations that advocate or promote interests under the four generations of rights, namely, (1) political and civil rights; (2) social, economic, and cultural rights; (3) solidarity rights; and (4) the rights of indigenous people, are deemed as human rights organizations (Vasak 1977).

## Historical Background

Amid the rise of the concern for human rights since the end of World War II and the subsequent adoption of the Universal Declaration of Human Rights by the United Nations (1948), human rights organizations have grown substantially ever since. The global human rights movement was consolidated by the formation of numerous human rights organizations in the United States and Europe in the 1960s. It was further boosted by the establishment of major international human rights organizations in the 1970s, including Amnesty International, the International Commission of Jurists, the Center for Legal and Social Policy, and Human Rights Watch. In the late 1980s, a model of transnational activism arose pushing for a division of labor between local and international human rights organizations, with the former documenting rights violations on the ground and the latter propagating to the global scene. With the end of the Cold War and the gradual stabilization of democratic regimes in the 1990s, the agenda of economic, social, and cultural rights prevailed into the 2000s and bred a new wave of human rights organizations as of date (Chillier and Timo 2014).

## Categories

There are two ways of categorizing human rights organizations: one is the degree to which their mandates relate to human rights, and the other is the scale of their operations.

### Mandates

In terms of mandates, there are three types of human rights organizations that adhere differently to the concept of human rights. Firstly, there are human rights organizations with the core mandate being the promotion and protection of human rights as defined internationally (Bell and Keenan 2004). They are the "ideal" or "exclusive" human rights organizations whose raison d'être is derived from the fight of human rights (Wiseberg 1992). Human Rights Watch and Amnesty International are some examples.

The second type relates to equality claims of a specific community, thus sharing connection with varied scopes of human rights. The identity constitutions of the community include gender, sexuality, ethnicity, or disability (Bell and Keenan 2004). Typical examples include Disabled Peoples' International, Society for Threatened Peoples International, and International Alliance of Women.

The third type is more peripheral to the concept of human rights. Their mandates involve broader or different primary goals and devote substantial resources to the human rights struggle, like democracy or community development (Bell & Keenan 2004). Examples include Médecins Sans Frontières and Freedom House.

### Scale of Operations

Another way to understand human rights organizations is their scale of operations. One notable type is international human rights organizations, or First World human rights organizations as so termed. They tend to set up extensive branches in various regions of the world, aiming at creating impact and developing norms all over the world. Typical examples include Oxfam and International Commission of Jurists.

The second type of human rights organizations as a counterpart under this category is local human rights organization, or Third World human rights organization. These organizations generally put more emphasis on economic and social rights (Steiner 1991). In fact, with the rising trend of soft authoritarian or hybrid regimes, the term "Third World human rights organization" may not be embracing enough to cap all local human rights organizations, especially those in affluent but illiberal regions.

The classification of human rights organizations into "First World" and "Third World" also signifies their different physical bases, sizes, ideological concerns, types of human rights in focus, and strategies. Comparatively speaking, First World human rights organizations are committed to the liberal tradition with an emphasis on the protection of political and civil rights, the first generation of rights, whereas Third World ones give priority to economic and social rights, the second generation of rights (Steiner 1991). In other terminologies, "ideal" human rights organizations, which focus on political and civil rights, such as Amnesty International, are distinguished from "operational" human rights organizations, which emphasize social, economic, and cultural rights, such as Oxfam or Green Peace (Wiseberg 1992).

## Roles

The roles human rights organizations perform depend on the nature and mandate of individual organizations, yet they share a commonality of functions that enable them to effectively perform in the society. As Claude and Weston (1992) stated, their roles include, but not limited to, information processing; advocacy; developing human rights norms and influencing policy; legal, medical, and humanitarian assistance; solidarity building; and moral condemnation and praise.

### Information Processing

A chief task or specialty of human rights organizations is to collect and disseminate information about rights violations and educating people about the content of their rights. There is a set of guidelines, namely, the "Minimal Rules of Procedure

for International Human Rights Fact-Finding Missions", for human rights organizations to follow in gathering and verifying information regarding human rights situations (Claude and Weston 1992).

### Advocacy

Regardless of the exact mandate of individual human rights organizations, the role of advocacy is at all times fundamental. It means consistent and continuous effort to espouse the claims of human rights and recommending the legislation of specific policy choices in favor of the preferred values (Claude and Weston 1992).

### Developing Human Rights Norms and Influencing Policy

In the societal aspect, human rights organizations are essential in shaping human rights norms both within and beyond the establishment. Conventionally, human rights organizations help draft policy proposals. One prominent example was the formulation of the Universal Declaration of Human Rights (Claude and Weston 1992). Off the stage, they lobbied different stakeholders in the society and educated the public in order to enhance human rights standards in the concerned territory.

### Legal, Medical, and Humanitarian Assistance

One particular role pertaining to the indispensability of human rights organizations is to help the victims of human rights violation with various kinds of assistance. In most cases of human rights violation in which the bureaucracy and the regime are the culprits of the problem, scarce societal resources would be available to the victims. The intervention of human rights organizations by providing humanitarian (material relief and refuge) and professional (legal and medical) support then become crucial in ensuring the rights, and in extreme but not uncommon situations the safety, of individual victims.

### Solidarity Building

In the process of promoting and protecting the rights of individuals in a society, human rights organizations serve naturally as an agent to build solidarity across the world community on the agenda of human rights protection. By sharing knowledge and experience, and collaborations at times, across national boundaries, human rights organization effectively cultivate conscientization and empowerment at the local and international levels.

### Moral Condemnation and Praise

The last role human rights organizations play is to act as the watchdog of regimes and rights violators. As a professional body which follows a stringent guideline of information processing, human rights organizations are obliged to speak the inconvenient truth against any rights violations. Moral condemnation could at best stir up outrage in the society concerning the incidents and bring about remedies of some sort, or at least document the rights violations for long-term advocacy and campaign strategization. At times, human rights organizations, with their weight in the international arena, would praise governments for their positive reforms, encouraging them to continue enhancing the protection of human rights of the citizens in the respective territory.



## Key Issues and Challenges

### Definition of Human Rights

Amid the popularization of the idea of human rights over the past decades, open violations of human rights continue to exist. Importantly, they have become more difficult to be argued against, not to mention condemned (Weston 2006; Poppovic and Vieira 2014: 22). The notion has become blurred and manipulated, thus creating the challenge of a proper definition.

Prevailing the challenge of a proper definition of human rights, there are several developments in sight. Firstly, there has been the tension between the notions of individualistic and communitarian human rights. While individual rights, such as the right to vote, are more emphasized in the West, the communitarian interpretations of human rights, including the right to basic necessities, security, and satisfactory environment, are prioritized in the East and Africa. While the former is well

stipulated in some popular international agreements, such as the Universal Declaration of Human Rights, the latter is showcased by regional consensus, such as the Banjul Charter of Human and Peoples' Rights established by African countries in 1986 (Hellsten 2004: 63–64).

Secondly, there has been the tension of a more liberal and social interpretations of human rights, which divides the First World or the North, and the Third World or the South. As discussed above, there are different generations of human rights. The first-generation defenders, often associated with the First World or the North, tend to exclude other generations of rights from their definition of human rights or take them as only derivative. Similarly, proponents of the other generations of rights, often associated with the Third World or the South, regard the first generation of rights as insufficiently attentive to human needs and inadequate as instruments to correct unjust social order and only as long-term goals to be achieved after protection of social and economic rights attained. The underlying assumption is that the scope of human rights is determined by local, national, or regional customs and traditions. The consequence of these debates, hence, is a sharp disagreement about the legitimate scope of human rights and the priorities among them and the divide between the North and the South. Obviously, the various generations of rights, embedded with the respective conceptions of a good and desirable society and the means to achieve it, are not equally appealing or pressing to everyone. (Weston 2006; Poppovic and Vieira 2014: 22–23).

### The North-South Divide

It follows that First World human rights organizations are often criticized by their Third World counterparts for the former's overstress on individual human rights violations, the neglect of the underlying social, economic, and structural problems which lead to the systemic loss of protection and dignity in the Third World, ignoring the interrelatedness between Third World problems and First World policies, and the neglect of the human rights problems in the First World countries themselves. For instance, it is observed that Amnesty International perceives itself as an impartial organization concerned with human rights violation of individual cases rather than one calling for the advancement of political ideologies that may draw it into political struggle. Third World human rights organizations on the other hand are criticized for their neglect of campaigning for human rights laws to hold their governments accountable and the lack of uniqueness to stand out from other development-based or charity organizations (Steiner 1991).

The end of the Cold War has witnessed some organic adjustment to this North-South divide. Northern human rights organizations have been urged to broaden their missions to include promoting social, economic, and cultural rights on top of advocating liberal ideals and norms. In a similar trend of pursuing a wider range of goals, the Southern counterparts advance new human rights standards, strengthen citizens' organizing capacities, and fight for transforming national institutions (Smith et al. 1998).

In the 1990s, organizations from the South have brought new initiatives into the international agenda, including various platforms to combat poverty, AIDS, and so on (Poppovic and Vieira 2014: 22). With the rising geopolitical tension in the world, especially after the September 11th incident (2001) (Chillier and Timo 2014: 377), the importance of partnerships and solidarity between the North and the South was further highlighted. This, as argued, has helped to integrate the human rights movement across continents and mitigate the perception that the movement is a Western concept promoting only a Western worldview (Brant 2014a: 540).

### New Rights and New Agendas of Human Rights Organizations

Besides, the conflict in the definition of human rights is the need to defend new rights. The right to the city is a good example, which includes the right to land use, the right to urban planning, the right to privacy, and so on and so forth. (Nadar 2014a: 484).

In hybrid and transitional societies, the right to maintain the local identity stands out as an emerging human rights need. As argued, human rights needs cannot be understood conventionally in

such societies with new human rights issues and different patterns of human rights abuses. In these societies, such as Russia, post-Soviet societies in Central Asia, and post-conflicts societies, the state has attempted to create an official version of national identity that homogenize and repress individual or ethnic memories, and has adopted authoritarian ruling measures that help strengthen regime loyalty but weaken the pro-liberal and pro-rights opposition voices (Bell and Keenan 2004). Theoretically, the right to maintain the local identity is a part of human rights. The second generation of rights includes cultural rights which allow minority groups to preserve their cultural identity and that in turn has implications for civil and political as well as economic and social rights. The third generation of rights contains the right to (political, social, economic, and cultural) self-determination among all other rights, which helps justify the right to maintain nonmaterial, alternative lifestyles. Nevertheless, in some contexts, such rights are too ambiguous and not as equally pressing as other international human rights norms. A review on the interconnectedness of the different types and generations of rights both theoretically and in the context of real politics and the organizational tendency to deal with human rights violations primarily on case-by-case basis is therefore essential. (Eide 2006; Kweitel 2014: 265).

## Human Rights Organizations and Foreign Policy

The right to peace is another example that signifies the changing definition of human rights which impacts on the scope and agenda of human rights organizations. There are several dimensions to the right to peace, including international peace and security, disarmament, human security, resistance to oppression, peacekeeping, the right to conscientious objection, and freedom of religion and belief. Associated with these concepts is the awareness of the internationalization of crime of aggression which has threatened international peace and security in recent years. Nevertheless, many major international human rights organizations have been indifferent to this and declined to campaign for the ratification of the aggression amendments adopted in the 2010 Resolution on the Crime of Aggression. As a result, the role of the Coalition for the International Criminal Court has largely been marginalized (Schabas 2015: 357–358).

The responses of the major international human rights organizations are relatively aloof on the issue of crime of aggression. Amnesty International, for instance, stated that it has not "taken a stance on the definition of the crime of aggression because its mandate – to campaign for every person to enjoy all of the human rights (civil and political and economic, social and cultural rights) enshrined in the Universal Declaration of Human Rights and other international human rights standards – does not extend to the lawfulness of the use of force" (Schabas 2015: 358). In a similar stance, Human Rights Watch asserted, "its institutional mandate includes a position of strict neutrality on issues of *jus ad bellum*, because we find it the best way to focus on the conduct of war, or *jus in bello*, and thereby to promote our primary goal of encouraging all parties in a conflict to respect international humanitarian law. Consistent with this approach, we take no position on the substance of a definition of the crime of aggression" (Schabas 2015: 358). One may however argue that the right to peace and against aggression is a basic condition for fulfilling the desired human rights stated in the Declaration (Schabas 2015: 358).

## Challenges to Legitimacy

There is a very old criticism that human rights organizations do not represent victims or the citizens. And the more professional the organizations have become, the more they are detached from their service targets (Nadar 2014b: 531). On top of this, globalization has made the world even more multipolar, making power distribution more dispersed, which further aggravates the issue of human rights organizations' legitimacy and representation (Weston 2006; Chillier and Timo 2014: 377). Various forms of monitoring over the work of civil organizations have been called for (Lavalle 2014: 296).

## Measurement of Impact

Like other human services, the effectiveness of human rights organizations is hardly measureable.

The impact of human rights advocacy may be too long term to be determined due to the very nature of advocacy itself. Advocacy work is even more difficult to be evaluated with human rights organizations that are case based, which means that the long-term objectives of the organizations may not be specific enough. Some organizations are contented that although they cannot determine their influence on the government, they can always help the victims, the human rights defender, and their family. This kind of thinking helps assure human rights workers of their contribution and thereby sustain the organizations' relevance and survival (Brant 2014b: 370).

### Norm Setting Versus Implementation and Local Versus International Organizational Cooperation

It is argued that, in the past decades, the international human rights framework has overemphasized on norm setting to establish a framework that calls for universality of human rights and unified international attention and dialogue. However useful this may be, international human rights organizations have neglected on the ground the need for real implementation of human rights at the local and/or national levels (Brant 2014a: 539).

Relatedly, the traditional model of some major international human rights organizations, such as Amnesty International and Human Right Watch, was one of documenting human rights violations that speaks for the organizations' mandate. A challenge prevails with more and more local and national human rights organizations that are ready to speak for the country themselves, thus creating tension between international and national organizations. One of the changes in Amnesty International's approach to alleviate this problem is to go inside the regions and work side by side with the human rights organizations at the national or local levels (Brant 2014b). Another important step was the creation of the International Network of Civil Liberties Organizations (INCLO) in 2012. INCLO is a pioneering initiative that brings together ten human rights organizations at the national level from different continents to take charge of coordinated international work (Weston 2006; Chillier and Timo 2014: 380).

Amnesty International and other international groups are conscious that they need to work on and from both the South and the North alike. Over the last few years, Amnesty International for example has begun to cooperate with more of the expertise in the South. There grows a trend whereby human rights organizations become more engaging on a daily basis with key local partners and more responsive to rights violations in real time (Nadar 2014b: 533).

Some authors have referred to this process as "vernacularization" which signifies the negotiations between local, national, regional and global systems with the goal of framing local demands in terms of global human rights principles and practices. A good example is Center for Legal and Social Studies, which aims to consolidate its impact "on the ground" (Chillier and Timo 2014: 382).

## Conclusion

Broadly speaking, human rights organizations are the organizations that advocate or promote interests under the four generations of rights, namely, political and civil rights; social, economic, and cultural rights; solidarity rights; and the rights of indigenous people. Human rights organizations have flourished since the end of World War II. They can be categorized according to the degree to which their mandates relate to human rights and the scale of their operations. The roles of human rights organizations vary, depending on the nature of mandate of individual organizations, yet they share a commonality of functions, such as information processing, advocacy, developing human rights norms, and influencing policy; legal, medical, and humanitarian assistance; solidarity building; and moral condemnation and praise. Human rights organizations have encountered various challenges. These include the challenges of negotiating a proper definition of human rights, developing partnership and solidarity of the human rights movement across continents, defending new conceptions of human rights

amid new forms of human rights violation, reexamining the justifiability of the right to peace and against aggression, developing standards to measure organizational legitimacy and effectiveness, and handling the process of vernacularization.

## Cross-References


- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Advocacy and Policy Influence
- ▶ Globalization of Health and Human Rights
- ▶ Human Rights in Africa
- ▶ Human Rights in the Twenty-First Century


## References


Bell C, Keenan J (2004) Human rights nongovernmental organizations and the problems of transition. Hum Rights Q 26(2):330–374

Brant M (2014a) North-south solidarity is the key. SUR Int J Human Rights 11(20):538–544

Brant M (2014b) Role of international organizations should be to support local defenders. SUR Int J Hum Rights 11(20):365–370

Chillier G, Timo PB (2014) The global human rights movement in the 21st century: reflections from the perspective of a National Human Rights NGO from the south. SUR Int J Hum Rights 11(20):375–383

Claude RP, Weston BH (1992) Nongovernmental organization, corporate, and individual approaches to implementation. In: Claude RP, Weston BH (eds) Human rights in the world community: issues and action. University of Pennsylvania Press, Philadelphia, pp 359–372

Eide A (2006) Economic, social, and cultural rights as human rights. In: Claude RP, Weston BH (eds) Human rights in the world community: issues and action. University of Pennsylvania Press, Philadelphia, pp 170–179

Hellsten SK (2004) Human rights in Africa: from communitarian values to utilitarian practice. Hum Rights Rev 5:61–85

Kweitel J (2014) The particularities in Cuba are not always identified nor understood by human rights activists from other countries. SUR Int J Hum Rights 11(20): 264–269

Lavalle AG (2014) NGOs, human rights and representation. SUR Int J Hum Rights 11(20):292–302

Nadar L (2014a) Solid organizations in a liquid world. SUR Int J Hum Rights 11(20):483–489

Nadar L (2014b) "Human rights organizations should have a closer pulse to the ground" or how we missed the bus. SUR Int J Hum Rights 11(20):531–536

Poppovic ME-C, Vieira OV (2014) Reflections on the international human rights movement in the 21st century: only the answers change. SUR Int J Hum Rights 11(20):16–23

Schabas W (2015) Aggression and international human rights law. In: Kress C, Barriga S (eds) The crime of aggression: a commentary. Cambridge University Press, Cambridge, pp 351–371. http://eprints.mdx.ac.uk/20127/1/9781107165922c12_p351-372%20copy.pdf

Smith J, and Ron Pagnucco with George A. Lopez (1998) Globalizing human rights: the work of transnational human rights NGOs in the 1990s. Hum Rights Q 20(2):379–412

Steiner HJ (1991) Diverse partners: non-governmental organizations in the human rights movement: the report of a retreat of human rights activists. Harvard Law School, Cambridge

Vasak K (1977) Human rights: a thirty-year struggle: the sustained efforts to give force of law to the universal declaration of human rights. UNESCO Cour 30(11):29

Weston BH (2006) Human rights: concept and content. In: Claude RP, Weston BH (eds) Human rights in the world community: issues and action. University of Pennsylvania Press, Philadelphia, pp 17–26

Wiseberg LS (1991) Protecting human rights activists and NGOs: what more can be done? Hum Rights Q 13: 525–544

Wiseberg LS (1992) Human rights nongovernmental organizations. In: Claude RP, Weston BH (eds) Human rights in the world community: issues and action. University of Pennsylvania Press, Philadelphia, pp 372–383


H

# Human Rights Practices in Uganda


Pius Gumisiriza
School of Public Policy and Governance,
Uganda Management Institute, Kampala, Uganda


## Synonyms

Human rights; Laws; Policies; Rule of law; Uganda

## Definitions

Human rights are defined in this entry as the inherent and indivisible legal guarantees of

freedom that belong to all human beings and applicable to all everywhere at all times irrespective of race, gender, political opinion, or any other status (Coquoz 2012).

## Introduction

This entry discusses ancient and spread of human rights practices globally and human rights practices that relate to the abuse of political power, torture of citizens, brutal murders, oppressive laws, abuse of the rule of law, and economic policies that are not only bad but also poorly implemented in Uganda.

## Human Rights Charters

The world's first Human Rights Charter was issued in 337 BC, when Cyrus the Great and founder of the One World United State of the Achaemenid Persian Empire took over Babylon (present day Iraq) with no fight or bloodshed. Cyrus the Great declared that slavery must be abolished on the face of the Earth, subject nations, and peoples all over the vast empire that stretched from India and Central Asia to Europe, the Middle East, Africa, much of Asia, and virtually every known part of the world, except for the Greek Athens and Sparta. These declarations written in the Akkadian language with cuneiform script were recorded on a baked-clay cylinder now known as the Cyrus Cylinder which has now been recognized as the world's first charter of human rights. Under Cyrus the Greats' empire, all subject people/nations were allowed to exercise their local traditions, cultures, and ways of life, and all people were considered equal before the law, regardless of their color, race, creed, religion, or sex. Women were allowed to serve in the military and government and as military as well as civilian commanders. Appointment into positions of authority was based on merit and courts administered by royal judges who arrived unannounced and with no prior notices conferred justice to all people in the empire. From Babylon, human rights ideas spread quickly to Greece, India, Rome, many parts of Europe, and eventually the entire world. Documents asserting individual rights, such as the 1215 Magna Carta, the 1628 Petition of Right, the 1787 US Constitution, the 1789 French Declaration of the Rights of Man and of the Citizen, the 1791 US Bill of Rights, and in recent times the 1948 Universal Declaration of Human Rights, were all written precursors to many of today's human rights documents. The first four articles of the Universal Declaration of Human Rights 1948 parallel the provisions of Cyrus the Great Cylinder that have been translated into all six official languages of the United Nations. Uganda ratified the three fundamental United Nations agreements on human rights which include the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights and is also a signatory member of the African Union Human Rights Convention. Thus it pledged itself to respect, protect, and promote these different human rights as listed in these conventions. However, the country has over the last five decades experienced abusive human rights practices as discussed hereunder.

## Abuse of the Presidency

At independence in 1962, Uganda adopted a Westminster system of government with a non-executive president (Kabaka Muteesa), an executive prime minister (Milton Obote), and an official opposition party (led by Benedicto Kiwanuka). In 1966, the then Prime Minister Milton Apollo Obote abrogated the independence constitution and declared Uganda a republic with himself as a president. He ordered a military attack on Kabaka Muteesa's palace and started political power abuse the country has never fully recovered from. The members of the parliament at the time never went back to seek peoples' mandate but would just sit in the parliament and extend their tenure. In 1971, Obote was overthrown by Idi Amin who declared himself a life president, ruled by military decree and killed anyone that

dared to question his power including the former prime minister and chief justice at the time Benedicto Kiwanuka, the Anglican Archbishop Janani Luwum, the former Bank of Uganda governor Joseph Mubiru, the Makerere University vice chancellor Frank Kalimuzo, the renowned playwright Byron Kawadwa, and his own ministers. His abuse of power is considered the worst on the continent, and by the time he was overthrown in 1979, over half a million people were horrendously murdered. Amin was overthrown in 1979, and in 1980 Milton Obote came back to power through a rigged election. He also unleashed another reign of terror that also left another 500,000 people dead by 1985 when Yoweri Museveni and his NRA rebels captured power after a 5-year bloody guerrilla war (Amnesty International 1985). In his inaugural speech in front of the parliament, President Museveni proclaimed that their capture of power was not a mere change of guards but a fundamental change in the politics of Uganda. Museveni became very famous by castigating African leaders who overstayed in power and argued that they were Africa's biggest problem. He proclaimed that he was not interested in power and requested his bush war comrades that he should be allowed only 4 years to restore peace, stability, and transition to democracy. Today after 32 years in power, only Teodoro Obiang Nguema Mbasogo of Equatorial Guinea and Paul Biya of Cameroon eclipse his rule. In December 2017, President Museveni and his dominant NRM party in the parliament engineered a parliamentary vote that scrapped the 75-age limit removal for the Ugandan constitution, thus making him eligible to contest again in 2021. Museveni changed the argument and now says that Africa's problem is leaders who stay in power without being elected fairly. However, in the last 18 years, President Museveni has presided over elections that the courts in Uganda and international observers have concluded not to be free or fair. For instance in 2016, he presided over an election that most observers including the European Union Election Observation Mission described not free and fair. They categorically state that the National Resistance Movement's (ruling party) domination of the political landscape distorted the fairness of the campaign and state actors were instrumental in creating an intimidating atmosphere for both voters and candidates. The incumbent had access to funding means and public media that were not commensurate with those available to his competitors. The lack of transparency and independence of the electoral commission and its markedly late delivery of voting material on election day to several districts considered opposition strongholds – most notably in Kampala – decreased the opportunity for voters to cast their ballots. The Uganda Communications Commission blocked access to social media on election day that unreasonably constrained freedom of expression and access to information. Apart from not having free and fair election, which abuses people's right to choose who should govern them, the Uganda Constitution 1995 that was made under President Museveni's stewardship concentrates a lot of power in his hands including the power to appoint the chief justice (Articles, 142), chairperson of electoral commission (Article 60), inspectorate general of government (Article 213), inspectorate general of police, head of public service (Article 173), Bank of Uganda governor, and Secretary to the Treasury (Article 172a). All safeguards that were put in the constitution to limit one leader's entrenchment on the presidency especially the 2-term and 75-year limits have been scrapped every time they threatened to stop Museveni's perpetual stay in power.

## Torture of Citizens

Acts of brutal torture and beating of people that violates people human rights are not new in Uganda or Africa in general. In fact, they are one of the tools that authoritarian rulers use to consolidate and entrench their stay in power (see Odunze 2016). However, from around 2010, beating and brutal torture of innocent people, opposition politicians, and journalists by security forces in Uganda draws parallel with those that happened under the past regimes especially those of Amin and Obote that President Museveni castigated seriously. For example, during the debates and

the real process of amending the constitution to remove the presidential age limit in December 2017, the entire world witnessed the invasion of parliament by the elite presidential guards (Special Forces Command) who violently and terribly beat up members of the parliament who opposed to the amendment. Following the constitution amendment in 2017, the year 2018 has witnessed an emergence of a new kind of opposition to President Museveni's regime in the form of *People Power Movement* spearheaded by Hon. Robert Kyagulanyi aka Bobi Wine, a youthful and popular musician turned politician. In three recent parliamentary bi-elections (Jinja, Bugiri, and Arua municipalities), candidates supported by Hon. Robert Kyagulanyi have defeated those supported by other political parties including President Museveni's NRM party. On August 13, 2018, while coming from the campaign rally of his party candidate in the Arua municipality parliamentary bi-election, President Museveni's motorcade came face-to-face with a procession of supporters of Kassiano Wadri who was also supported by Hon. Kyagulanyi. It is alleged that someone from the Kassiano Wadri supports threw a stone into the presidential motorcade and broke the back glass of the vehicles President Museveni uses to carry luggage. Soldiers from the Special Forces Command (SFC) were restrained from shooting into the crowd, and the president proceeded to his waiting helicopter without any other chaos. However, according to the eyewitnesses, the same soldiers came back into Arua town and went into the hotels looking for Hon. Kyagulanyi and other leaders in the Kassiano Wadri team. Hon. Kyagulanyi's driver was shot dead in Kyagulanyi's car in what many observers have argued was a plan to kill Hon. Kyagulanyi. Kyagulanyi, Kassiano Wadri, Hon. Mutebi Zaake, Hon. Paul Mwiru, Hon. Gerald Karuhanga, Hon. Mike Mabike, and other 34 people were hunted down by the SFC soldiers and brutally tortured and are now facing treason charges. President Museveni has put himself on record as the person who directly authorizes these operations and officers well known to have engaged in gross human rights violations that at the same time entrench the regime have been deployed to even bigger roles or gone unpunished. Similar acts of arbitrary arrest, use of excessive force resulting in death, torture against victims especially in safe houses, detention without trial, and extrajudicial executions for those who don't support President Museveni have been well documented previously (FHRI 2010). However, the difference this time is that these incidents of brutal beatings of people including members of the parliament, denying them medical treatment of their choice, charging of political opponents with trumped-up cases, brutal beating of journalists by members of the armed forces, impunity by torture perpetuates, and denying citizens their rights such as freedom of assembly and speech by the state have attracted strong criticisms from the Chief Justice Hon. Bart Katureebe, the speaker of the parliament Hon. Rebecca Kadaga, the European Union delegation in Uganda, religious leaders including the Mufti of Uganda Sheik Ramadan Mubajje, Archbishop Cyprian Kizito Lwanga, huge demonstrations in Nairobi, London, and some cities in the USA and on the streets of Kampala, much as these were violently crushed by the military. The speaker of the Ugandan parliament Hon. Rebecca Kadaga wrote two letters to President Museveni demanding an explanation as to why officers from the Special Forces Command were brutally torturing opposition members of the parliament and demonstrators with impunity. The president has responded to these letters and categorically thanked the officers for doing their job, declared that he is the one that ordered the Arua operation, castigated not only the brutalized MPs, but also gazetted the People Power Movement as a terrorist organization and ordered a crackdown on some international NGOs whom he accused of being agents of foreign interest that want to harm Uganda. Labeling an organization, movement, or group of people as terrorists in Uganda comes with a lot of consequence such as serious criminal cases under the Anti-terrorism Act. In addition, NGOs working on issues of governance, rule of law, and human rights have been targeted using the restrictive Anti-money Laundering Act 2013. Security forces have raided some NGOs such as

ActionAid, closed their offices, intimidated their employees, and frozen their accounts accusing them of being the funnels through which money from abroad funding political opposition groups is channeled.

## Rule of Law

The rule of law involves a system of clear and just laws that are evenly applied so as to enable fair functioning of a society including protection of fundamental human rights (O'Connor 2015). An independent, impartial, honest, and competent judiciary is an integral part in upholding the rule of law. To have this kind of judiciary in a country, judicial appointments should be made on the basis of a clearly defined and by publicly declared process that ensures equality of opportunity, appointment on merit, progressive attainment of gender equity, and the removal of other historic factors of discrimination (Ndulo 2011). The rule of law in Uganda has been undermined in several different ways and for different reasons. The power to appoint judges in Uganda is vested in the hands of the president, and in a scenario where President Museveni has been in power for over 30 years, almost all judges have been appointed by him. Many observers have argued for years that the appointment of judges is corrupt and influenced by partisan interests which undermines the rule of law because judges serve the interests of the appointing authority especially in politically sensitive cases that result in de facto denial of justice. The independence and effectiveness of the judiciary to deliver the rule of law are also undermined by poor remuneration of judicial officers that has fueled rampant corruption. In many cases, judges extract bribes and have predetermined judgments even before hearing cases. Lower order court clerks solicit bribes for producing or hiding certain information that is crucial to cases; prosecutors are bribed to avoid bringing a case forward or influence them to assess evidence in unfair manner. These corruption circumstances in the judiciary make the process of getting justice so difficult and painful that people especially the poor who cannot buy their way through give up (Adoch 2011). The rule of law where all persons and authorities are bound by and equal under the law is still lacking. What actually exist is rule by law where the will of the strong is meted on the weak or the wish of those in authority is enforced on those in opposition as is usually witnessed in the harassment of opposition figures or their supporters and selective application of the law.

## Unfair Laws

For laws to uphold or promote human rights protection, they must be fair to all people in a society. However, in Uganda, there still exist archaic and current laws that awfully affect human rights but are still in practice just because they serve the political interests of the regime. For instance, Uganda still uses the Official Secrets Act 1964, a law that was inherited from colonialism intended to curb espionage during the Cold War and also to shield the administration of the day from public scrutiny (Ngabirano 2012). The Official Secrets Act 1964 regulates the interaction between agents of foreign powers on the one hand and access to official documents on the other. An official document under the Act is defined to include a passport; any naval, army, air force, police, or official pass; permit; certificate; license; or other documents of a similar character. This law entrenches a culture of secrecy in all matters of public administration and has been used to deny the public access to information involving huge contracts, procurement, government expenditure, and investments. For example, the government issued oil exploration and production licenses to oil companies in secretive deals where the country probably got a poor bargain (Ngabirano 2010). If the right of access to information on public resource contracts like oil and other minerals is to be realized, there is a need to amend or possibly repeal the Official Secrets Act 1964, or the public should at least have access to this information through courts of law and parliament.

In 2010, the government of Uganda passed into law the Interception of Communications

Act that permits the Minister of Security to tap all forms of communication in the country. The Act provides for the registration of SIM cards and interception and monitoring of certain communication in the course of their transmission through telecommunication, postal, or any related service. The stated objectives of the law were to thwart and prevent a terrorism action and organized crime. Undesirably, the law violates a right to privacy and lacks adequate safeguards to ensure respect of rights to freedom of expression enshrined in the constitution of Uganda. Besides, the law gives the government far-reaching discretionary powers in surveillance and interception of electronic telecommunications and postal communications between individuals, groups, and organizations. The broad and undefined basis for interception of communication also allows for possible intrusion into communications of individuals and professionals such as journalists, human rights defenders, and political dissidents engaged in legitimate activities, exercising their human rights. This law came in the aftermath of the 2010 World Cup terrorist attack by Al-Shabaab terrorist that left over 80 people killed while watching the 2010 football World Cup finals. The Interception of Communications Act 2010 has had far-reaching impact on human rights as it is used and abused for other purposes other than the stated one. For example, it has been used to conduct espionage, surveillance, and curtailing dissenting politicians' plans, operations, and organization capacity. The law has curtailed the ability of the opposition politicians and activists to carry out any effective political work (HRNJU 2012). In addition this law has made the work of many journalists and their sources very difficult due to the continuous disruptions by state agencies. The government has further used the law to break into people's homes and take them away only with suspicious reasons (FHRI 2010). This law would not be bad if used to protect the public and their property and fight terrorism and organized crime. It is recommended that the government refrains from eavesdropping on private citizens and harassing genuine dissenting voices by using this law; the implementers of this law should be restricted to acts of terrorism and organized crime.

In 2013, the government of Uganda passed into law the Public Order Management Act 2013 that provides the police discretionary powers to veto gatherings in public places and break up political meetings of three or more people discussing political issues without prior police permission. Under this law, the police has a right to deny or accept permission for people to assemble. This law violates freedom of expression, assembly, and political participation provided for under the Uganda Constitution and the Universal Declaration of Human Rights. The motivation for this law sprung from the fear that the Arab Spring revolution that saw many long-serving Africans and Arab dictators lose their grip on power would spread southward and inspire regime changes in countries under similar conditions. Indeed, in Uganda, similar situations had begun to evolve under the walk to work demonstrations. Political activists had embarked on a walk to work campaign with an aim of forcing government to act on skyrocketing inflation. In return, the government used brutal force to crack down on protesters who were vowing to continue demonstration against spiraling food and fuel prices. Security forces harassed and locked up opposition politicians and their supporters who are taking part in a protest. The law allows the police to use firearms in self-defense or against those resisting arrest (see Amnesty International 2014). From then on, the police and most recently other security organs such as the UPDF and the elite Presidential Guard (the Special Forces Command) are always in the daily headlines for the wrong reasons like teargassing peaceful demonstrators, beating innocent citizens and journalists, dispersing opposition politicians and activists' rallies, and carrying out abusive, illegal preventive arrests and detentions, thus violating people's right to assembly, expression, political participation, and speech. In 2013, out of the 124 cases investigated and documented by the Human Rights Network for Journalist in Uganda, the Uganda Police Force occasioned 85 cases, and freedom of expression in Uganda was ranked the second highest violated human

right (HRCU 2013). Furthermore, the government moved forward to ban open-air talk shows commonly referred to as people's parliament (HRNJU 2012). It ought to be pointed out that no state can be sustainable if it oppresses its own people. Instead of trying to contain dissent by force, the government should concentrate on delivering jobs, welfare, income, democratization, and development. These are better tools to win legitimacy than the use of force. The police and other security forces should restrain and use minimum force to manage demonstrators rather than the clobbering of people as is the case now bearing in mind that they are paid to protect human rights and not violate them, and the officers involved that are now protected by powerful forces in the regime should also understand that in case of regime change, they may also be called upon to answer as individuals for these human rights violations.

## Policies that Reinforce Human Rights Abuses

During their bush war days, Museveni and his NRA colleagues espoused a vision to build an integrated and self-sustaining economy using a strong socialist-nationalist economic program. This plan hit a dead end when Museveni turned to donors for aid to help him resuscitate a collapsed economy at the beginning of the early 1990s. With pressure from the IMF, the World Bank, and Western donor countries, Museveni was forced to adopt a neoliberal economic policy dispensation and quickly became neoliberal economic orthodoxy ardent convert. With the guidance of donors especially the World Bank and IMF, he implemented wide structural adjustment policies that included wholesale privatization of state-owned enterprises including those that were even performing better such as the Uganda Commercial Bank, retrenched many government workers, removed agricultural subsidies, and liberalized the economy; the government introduced user fees, scaled back on the provision of social services, and delegated much of this responsibility to private sectors, donors, and NGOs. The provision of such services is a human right; the state should play an activity role in providing them whether they are profitable or not. The proponents of this dispensation credit these reforms for the impressive economic growth and macroeconomic stability of Uganda registered from the 1990s to the early 2000s manifested in GDP growth average of 6%, single-digit annual and core inflation, stable exchange rate, and tremendous reduction in poverty head count. On the other hand, critics argue that implementing a full package of neoliberal policies in a predominantly peasant society with weak state institutions and a ruined economy exposed Uganda to an infectiously violent mode of capitalism that manifested itself in corrupted privatization processes of strategic and key economic assets of the country, abandoning investment in the agricultural sector that resulted in the collapse of the cooperative movement and low agricultural productivity, a promise of a private sector-led industrialization transformation that did not happen. The country is still dominated by cosmetic value addition like processing sugar and last-stage assembling, and almost all privatized public industries and enterprises have failed to live up to their hyped expectations of private sector-led growth as many have closed down, others are operating in serious losses, while others survive on state subsidies (Nakaweesi 2015). Besides all these poor neoliberal policy outcomes, service delivery in education, housing, and health is very poor resulting in the majority of Ugandans living in indecent houses and acquiring poor-quality, theoretical, and inappropriate education and poor health services as 16 women die daily due to maternal complications or failure to access critical health services, with infant mortality rate at 60.82 deaths/1,000 live births and food insecurity (Anena 2013). The argument that the private sector is better positioned to champion growth and development is deeply flawed, hypocritical, and based on misreading of economic history. Nearly all of today's rich countries used and still use state intervention to develop their economies contrary to what the neoliberal policy orthodoxy would have us believe (Chang 2002).

Further still, under the neoliberal policy dispensation, Uganda relaxed its regulatory regime and tilted its investment laws to favor foreign investors. Big corporations with huge money and massive support from their home countries or political connections in Uganda have abused the regulation-making mechanisms through underhand lobbying that has resulted into regulatory capture, massive tax exemptions, and repealing of tough regulations allowing them free reign to operate with fewer public safeguards and access to public resources like land, water, airwaves, and minerals. They are allowed tax incentives and exemptions under the Investment Code 1991, the Income Tax (Amended) Act 2010, and the Value Added Tax (Amended) Act 2015. Foreign companies licensed by the Uganda Investment Authority are exempted from import duties and VAT on imports of any plant, machinery, equipment, vehicles, or construction materials for an investment project, withholding tax on external loans and stamp duty, export tax on exported goods, and withholding tax and obtain a 10-year corporate income tax holiday and depreciation allowance for all depreciable mining assets of 30% (TJNA and AIU 2012). The argument for these incentives is that they can woo foreign investors into the country, create employment, and produce for export. However, the reality and consequences have been different. The tax incentives and exemptions are leading to very large revenue losses required to reduce poverty and improve the general welfare of the population. The African Development Bank estimates that losses from tax incentives and exemptions are at least 2% of GDP, amounting to US$ 272 million in 2009/2010 (ADB 2010). In 2014, BIDCO Uganda Ltd got a tax exemption of more than UgShs 540 billion for 8 years and a tax holiday for 25 years (Mugerwa 2014). This is enough money to provide substantial basis services to the impoverished large section of the population. There are many examples where multinational corporations have used their influence to their advantage and caused massive human rights violation. The British American Tobacco Company, which produces cigarettes, has continued with its activities in Uganda despite the fact that cigarettes are harmful to health and a leading killer of many Ugandans (Okurut 2013). Notwithstanding its existence since 1941, the company had influenced the legislation body to delay the discussion of the Tobacco Bill to regulate the tobacco industry until 2014. The continuous air pollution by emission of tobacco smoke, dust, and smell to the environment is a violation of the public's right to a healthy, clean environment and life. It is estimated that 13,500 people die every year due to tobacco-related illnesses. In Mulago Hospital, 75% of all patients with oral cancers reported in 2008 had a history of tobacco smoking (Okurut 2013). Because of relaxed regulations, it is estimated that Uganda loses 23,000 people, including 19,700 children under 5 due to pollution-related diseases such as respiratory *infections.* It is recommended that the underhand influence of corporations on the legislative processes be curtailed so that groups and individuals acting in the public's best interest have access to a more level playing field. Ugandan laws are also silent on the exploitation of workers and employment of minors while legalizing harmful social economic activities especially gambling. Gambling in Uganda is permitted by the Gaming and Pool Betting Act 1968 and in a country with 80% youth unemployment and broken aspirations; gambling has provided an enticing but dangerous trap. Gambling has resulted into many negative vices such as addiction, depletion of personal savings and finances, and crimes such as money laundering, match fixing, and petty thieving. Another social ill has been the exploitation of workers through lack of minimum wage legislation and employing of minors. In Uganda, people do not have legal recourse to claim their rights on working in a decent environment, number of hours and minimum pay, and any other social benefits like sick or maternity leave. In most homes and many working places, many underage people are employed as house girls, boys, and caretakers without any legal restraint on the employer (UYDEL 2009). It is estimated that 3.8 million (approximately 32% of all children) Ugandan girls and boys are working. Of these children, 1.7 million (16%) are child

laborers, majority of whom are aged between 10 and 14 years. Child laborers have been grossly oppressed and exploited with no rights at all but only with responsibilities. Many children especially girl child have been sexually abused, tortured, and harassed by employers, employees, and clients. They are quite often denied food and wages in case of any mistake and subjected to long hours of work in risky areas without any protection, and many have lost their lives, while others have been amputated.

## Conclusion

While most of the public anger is focused on the political rights violations manifested in torture and harassment of people by security and other state officials, the erosion of human rights runs deep in Uganda. Many abuses are embedded within the laws and policies that have been pursued of the last two decades and require concerted efforts to correct. Uganda aims to transform into a middle-class, industrial, and modern country by 2040, and if it is to achieve this vision, it should first of all adopt laws and practices that advance the aspirations of its people. These laws should be properly implemented so that the rule of law not rule by law where the interests of the strong are meted on the weak is the order. It is easy to have beautiful laws on papers, but if the practice is awful, it is rather wastage of time and a time bomb. It is in the interest of all stakeholders to engage in meaningful crafting and molding of laws that promote people's human rights. It is also recommended that the government makes assessment and rethinks its position because these policies implemented over the last 20 years have failed. Going forward, a new policy and regulatory framework need to be well crafted and put in place.

## Cross-References

▶ Constitutional Rights of Public Employees
▶ Human Rights in Africa

## References

Adoch C (2011) The Annual State of Constitutionalism in East Africa 2011- Constitutionalism in Uganda, Fountain Publishers. Retrieved from http://www.kituochakatiba.org/sites/default/files/publications/Annual%20State%20of%20Constitutionalism%20in%20the%20East%20African%202010_0.pdf on 16 Sept 2018

African Development Bank (2010) Domestic resource mobilisation for poverty reduction in East Africa: Uganda Case Study. Retrieved from www.afdb.org/en/news-and-events/domestic... on the 3 Sept 2018

Amnesty International (1985) Human rights violations in Uganda. Archives 1978–1985

Anena C (2013) Why the death of every mother counts! New Vision Kampala, July 23. Retrieved from www.newvision.co.ug/.../1326958/death-mother-counts on 2 September 2018

Amnesty International (2014) Rule by law discriminatory legislation and legitimized abuses in Uganda. Retrieved from www.amnestyusa.org/reports/rule-by-law-discriminatory-legislation-and-legitimized-abuses-in-uganda/ on the 5 Sept 2018

Chang HJ (2002) Kicking away the ladder. development strategy in historical perspective. Anthem Press, London

Coquoz S (2012) Corruption and human rights: an international and Indonesian perspective. Retrieved from https://docs.google.com/file/d/0B0lEcMiPqAm1T3lFWThYeFZFTE0/edit?usp=sharing on the 3 Sept 2018.

FHRI (2010) Uganda: a situation of systematic violations of civil and political rights. Retrieved from www.refworld.org/pdfid/46f1469c0.pdf

HRCU (2013) Human rights defenders in Uganda: Understanding and overcoming potential violations of their rights Vol. III. Retrieved from https://www.hrcug.org/publications/file/HRDs%20Report%202013.pdf on 4 Sept 2018.

HRNJU (2012) Using universal periodic review mechanism of the United Nations Human Rights Council to advance human rights situation in Uganda. https://reliefweb.int/report/uganda/using-universal-periodic-review-mechanism-united-nations-human-rights-council-advance on 5 Sept 2018

Mugerwa Y (2014, February 14) Finance on the Spot over Tax Exemptions. *Daily Monitor* Kampala. Retrieved http://www.dailymonitor.co.ug on 22 Aug 2018

Nakaweesi D (2015, March 31) Why Museveni has made a U-turn on privatization. *Daily Monitor* Kampala. Retrieved http://www.dailymonitor.co.ug on 21 Aug 2018

Ndulo M (2011) Judicial reform, constitutionalism and the rule of law in Zambia: From a justice system to a just system. 2(1) Cornell University, USA. Retrieved from www.scholarship.law.cornell.edu/cgi/viewcontent.cgi?article=1018&context=zssj on 2 Sept 2018

H

Ngabirano D (2010) An analysis of laws inconsistent with the right of access to Information. HURINET-U. Retrieved from https://www.right2info.org/resources/publications/uganda-analysis-of-laws on the 28 Aug 2018

Ngabirano D (2012) National security and the right to information: Issues and context in Uganda. Retrieved from https://www.right2info.org/resources/publications/pretoria-finalization-meeting-april-2013-documents/national-security-and-rti-in-uganda/at_download/file on 24 Aug 2018

O'Connor V (2015) Defining the rule of law and related concepts. Practitioner Guide. Retrieved from www.loc.gov/rr/frd/Military_Law/pdf/rule-of-law_2015.pdf on 16 Aug 2018

Odunze DO (2016) Human rights in Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Okurut MK (2013) The Africa tobacco controls committee meeting. Paper presented at building leadership to address the negative effects of tobacco on Africa's health, development and economy. Kampala, Uganda. Retrieved from www.nationalacademies.org/asadi/Africa%20Tobacco%20Control-FINAL.pdf on 4 Sept 2018

TJNA, AIU (2012) Tax competition in East Africa: a race to the bottom? Tax incentives and revenue losses in Uganda. Retrieved from https://www.actionaid.org/sites/files/actionaid/eac_report.pdf on 25 Aug 2018

UYDEL (2009) Trafficking and enslavement of children in Uganda. A form of modern-day slavery. Retrieved from https://childhope.org.uk/wp-content/uploads/2013/05/Trafficking-and-enslavement-of-Children-in-Uganda1.pdf on 3 Sept 2018

# Human Trafficking

Kristie Roberts-Lewis[1] and Whitney Bexley[2]
[1]Troy University, Atlanta, GA, USA
[2]Street Grace, Atlanta, GA, USA

## Synonyms

Commercial sexual exploitation of children; Domestic minor sex trafficking; Human trafficking; Labor trafficking; Sex bidding; Sex slave trade; Sex slavery

## Definition

Sex trafficking – "recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act in which the commercial sex act is induced by force, fraud, or coercion or in which the person induced to perform such an act has not attained 18 years of age" (22 U.S.C. § 7102 (9–10)).

## Introduction

Sex trafficking has become one of the worst phenomena to emerge over the last decade and has and will continue to impact the social, psychological, economic, and cultural landscape of girls and women around the globe. Terms such as sex trafficking, sexual exploitation, human trafficking, sexual slavery, sex bidding, and the sex trade industry have all attempted to explain a global pandemic that presents an international crisis. The sexual exploitation, trafficking, trading, bidding, and slavery of children are a virulent offense against human rights and, more opulently, women and girls. Regrettably, the aforementioned terms have been associated with and limited to offenses against children in the international corridors of the world while ignoring the ecumenical growth of these issues in the United States. Once considered an international epidemic, today sex trafficking has reached the corners of nearly every American state and is threatening to impact the lives of hundreds of thousands of children each year.

According to US State Department, 600,000–800,000 people are trafficked across international borders every year, of which 80% are female and half are children (Trafficking in Persons Report 2007). The National Center for Missing & Exploited Children estimates that 100,000–300,000 children are at risk for being sold for sex in the United States alone. The Federal Bureau of Investigations (FBI) notes that youth between the ages 6 and 19 are subject to sex trafficking, while the average age a victim is first sold for sex is between the ages of 12 and 14 years. This is the worst kind of human violation and is the third-largest international criminal enterprise in the world generating in excess of $32 billion dollars a year, largest lucrative industry behind illegal drug and arm trafficking (Walker

and Hill 2011). According to the FBI, it is estimated that 293,000 children in the United States are at risk for becoming victims of commercial sexual exploitation.

Various terminologies utilized to scaffold a broader understanding of sex trafficking have also created a wealth of confusion in terms of how policies, programs, and services are leveraged to assist those most vulnerable. Hence, this entry will attempt to reconcile misconceptions while highlighting the need for strategic, comprehensive polices to address the issue of sex trafficking while appropriating best practices and models of care that provide opportunities for rehabilitation. Public policies/programs traditionally were designed to eradicate social problems while protecting the most vulnerable of society. The ASPA Code of Ethics enumerates this commitment in its standard to "strengthen social equity" by treating "all persons with fairness, justice, and equality and promoting initiatives to reduce unfairness, injustice, and inequality in society." Given Public Administrators' deference to social justice and equality, it is important that we seek to address the oppression, exploitation, and victimization of children. The commercial sexual exploitation of children (CSEC) refers to the sexual abuse of a minor for economic gain and involves physical abuse, pornography, prostitution, and the smuggling of children for unlawful purposes. Curtis et al. (2008) suggest that, while boys are also frequently victims of child sex trafficking, they can represent nearly 50% of victims. Unfortunately, very little data on this demographic is available in the Atlanta area, and so this entry focuses primarily on underage girls exploited for sex.

## Defining Sexual Exploitation/Trafficking

Sex trafficking is defined as the "recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act in which the commercial sex act is induced by force, fraud, or coercion or in which the person induced to perform such an act has not attained 18 years of age" (22 U.S.C. § 7102 (9–10)). To be punishable, the offense must involve a severe form of trafficking involving:

- A person under the age of 18 induced to perform a commercial sex act
- An adult induced by the use of force, fraud, or coercion (TVPA 2000)

Trafficking of underage persons who are subject to force, fraud, or coercion is a serious violation of human rights (TVPA 2000).

According to 18 U.S. Code § 2251 – sexual exploitation of children involves:

> Any person who employs, uses, persuades, induces, entices, or coerces any minor to engage in, or who has a minor assist any other person to engage in, or who transports any minor in or affecting interstate or foreign commerce, or in any Territory or Possession of the United States, with the intent that such minor engage in, any sexually explicit conduct for the purpose of producing any visual depiction of such conduct or for the purpose of transmitting a live visual depiction of such conduct, shall be punished as provided under subsection ©, if such person knows or has reason to know that such visual depiction will be transported or transmitted using any means or facility of interstate or foreign commerce or in or affecting interstate or foreign commerce or mailed, if that visual depiction was produced or transmitted using materials that have been mailed, shipped, or transported in or affecting interstate or foreign commerce by any means, including by computer, or if such visual depiction has actually been transported or transmitted using any means or facility of interstate or foreign commerce or in or affecting interstate or foreign commerce or mailed.

In a nutshell the sexual exploitation of children involves the act of employing, using, persuading, inducing, enticing, or coercing a minor child to engage in sexually explicit conduct for the purposes of producing visual depictions such as indecent touching, use of sexually explicit language, child pornography, forced marriage, rape, incest, sexual slavery, and the transportation of a minor from one state to another to engage in any of the aforementioned.

**Labor trafficking** is the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purposes of

subjection to involuntary servitude, peonage, debt bondage, or slavery (22 U.S.C. § 7102 (9)).

**Human trafficking** on the other hand is defined as the "recruitment and transportation of people from one place to another, one country to another, by using deception or force for the purpose of exploitation" (it is considered a criminal activity which violates human rights). The **commercial sexual exploitation of children** (CSEC) refers to the sexual abuse of a minor for economic gain and involves physical abuse, pornography, prostitution, and the smuggling of children for unlawful purposes.

In an effort to understand the trafficking definition, there are three considerations. First, the process action involves the manner or channels by which a victim is introduced/initiated into the world of sex trafficking. Second is the particular means by which the person is recruited/obtained by force, fraud, or coercion – (a) threats of serious harm to or physical restraint against any person; (b) any scheme, plan, or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person; or (c) the abuse or threatened abuse of the legal process (22 U.S.C. 7102 (3)). Exploitation is an inherent component of trafficking involving the force of victims into prostitution and requiring them to commit sexual acts for the express intent of developing pornographic materials. Third and finally, victims are recruited for the purpose of involuntary servitude – a condition of servitude induced by means of any scheme, plan, or pattern intended to cause a person to believe that if the person did not enter or continue such condition, that person or another person would suffer serious harm/physical restraining or the abuse or threatened abuse of the legal process (22 U.S.C. 7102 (6)); **debt bondage** is the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not, respectively, limited and defined (22 U.S.C. 7102 (5)). slavery or sexual exploitation. The term **commercial sex act** means any sex act on account of which anything of value is given to or received by any person (22 U.S.C. 7102 (4)).

The recruitment process involves several distinctive patterns. First victims may be trafficked under the guise that the trafficker is romantically interested in them. The perpetrator heavily courts the victim and showers them with love, gifts, and money. Once trust and a strong bond have been established, the trafficker flips the script and demands control and requires the victim to reciprocate the love by performing various acts. A second method that has been common is the trafficker will attempt to recruit victims with the lure of modeling jobs (which may require pornographic videoing) while enticing and charming the victim with an opportunity that is ultimately too good to be true. The trafficker offers not only a job but offers exotic cars, travel opportunities, cash, and housing. Once the victim accepts the offer and has been exposed to the aforementioned benefits of the job, the trafficker methodically introduces the idea of entertaining gentleman clients as a way to earn extra money. A third method is related to one of the oldest professions in the world, prostitution, and despite whether it is legal or not in some parts of the world, this does not protect the victim from the abuse, threats of violence, coercion, and other deleterious aspects of this very dangerous profession.

## Problem

In 2000, the United States passed the Victims of Trafficking and Violence Prevention (VTVP) (and amended in 2003) which highlighted the failure of current public policies to "protect victims of trafficking and paradoxically often punish victims more severely than do traffickers." Accordingly, the law stipulates that victims of severe trafficking should not be inappropriately penalized for unlawful acts committed as a result of being trafficked (P.L. 106–386: 103 (9)). The VTVP emphasizes the challenges of existing public policies designed to protect victims of sexual exploitation. The Trafficking Victims Protection Reauthorization Act of 2005 (TVPRA) gives

state and local law enforcement funding to prosecute customers of commercial sex; therefore some law enforcement agencies make no distinction between prostitution and sex trafficking.

The Office on Trafficking in Persons notes that sex trafficking is a modern day form of slavery in which a commercial sex act is induced by force, fraud, or coercion or in which the person induced to perform such an act is under the age of 18 years (US Department of Health and Human Services 2012; Office of Trafficking in Persons). Approximately 300,000 children are at risk of being trafficked in the United States and this staggering number grows daily. According to US State Department (2007), "human trafficking is a multi-dimensional threat. It deprives people of their human rights and freedom, it increases global health risks, and it fuels the growth of organized crime. The sexual exploitation of children has become the third-largest moneymaker for organized crime, right behind guns and drugs."

In the United States, children are more likely to be sexually exploited for monetary gain by family and friends. This unfortunate phenomenon or what some refer to as the cycle of exploitation begins when an adult family member or friend sexually abuses a minor child in his or her care and the abuse escalates to systematic sexual behavior involving multiple children. Moreover, the children being sold, led, or forced into childhood sexual exploitation are experiencing horrific acts of physical and mental abuse as children are being held captive in basements and under other slave-like conditions where they are beaten, malnourished, threatened, and sexually abused.

According to the FBI and the US Department of Justice, human trafficking generates an estimated $9.5 billion in annual revenue in the United States. The US Department of Justice estimates that the average age of entry into prostitution for a child victim in the United States is 13 years old and the average victim may be forced to have sex up to 20 times a day and 100–1,500 clients per year (The A21 campaign: abolishing injustice in the 21st century). Currently, it is estimated that one in five girls and one in ten boys will be sexually exploited before adulthood, while trafficked minors are sold into the sex trade at least 15 times a day (Finkelhor 1994). Sex trafficking is a form of modern day slavery that sexually exploits and prostitutes children for economic gain and has deleterious impacts for girls further perpetuating gender inequality among this population. Slavery in this context oppresses women and girls and prevents the economic, social, political, and moral development of women and society as a whole. Unfortunately, in the United States, children are more likely to be sexually exploited for monetary gain by family and friends.

Girls who are psychologically manipulated and physically coerced by adults into trafficking experience dangerous outcomes. Meaning that exploitative relationships create bond chains that link a victim to someone who is dangerous to them and that include circumstances of incredible intensity when there is an abuse of trust and power. As a result of the mental, physical, and sexual abuse, exploited girls do not self-identify as victims and deny victimization due to fear of further physical and psychological abuse inflicted by the trafficker/pimp, law enforcement, and governmental agencies. The victimization, however, extends beyond the reach of the pimps/recruiters/johns to include public policies/services that should seek to help the young victims but, unfortunately, further victimize the girls subjecting them to arrest, detention, and/or other forms of punishment if caught engaging in prostitution.

## Challenges to Care: The Paradox of Public Policies/Services

The 2013–2017 Federal Strategic Action Plan on services for victims of human trafficking notes that despite the passage of the TVPA and its attempts to create a coordinated victim center approach that more needs to be done to ensure that victims/survivors are able to receive needed services across a broad continuum of public agencies. Moreover, an important consideration of this report is the need to build better relationships with nonprofit and faith-based agencies who in many cases are more experienced with the tools and expertise in meeting the needs of victims. Many of the services needed by victims require both

emergency and long-term care including intensive case management, shelter, medical and dental care, mental health/substance abuse treatment, legal assistance, and educational and employment training services to name a few. The aforementioned provisions of care may be constrained by the state and local laws, state funding, and the coordination of services within the geographic region. As a result, the ability to provide quality coordinated care is often not realized based on the aforementioned constraints. Hence, if public policies have traditionally been designed to alleviate, eradicate, and address social problems and to protect the most vulnerable of society, why is it that so many are failing the vast number of women and children impacted by sex trafficking and exploitation? Moreover, what opportunities could be realized if public services were designed with coordinated comprehensive continuum of care that would create pathways to healing, restoration, and recovery for victims? Given Public Administrators' deference to social justice and equality, it is important that we seek to address the oppression, exploitation, and victimization of one of America's most vulnerable populations, our children.

The needs of girls who have been victimized or at risk of childhood sexual exploitation are great, yet diverse, and create a wealth of opportunities for a cadre of social services and care. Hence, appropriate models of care should focus on collaborations and partnerships among multiple agencies across jurisdictional boundaries. These should include social service providers, law enforcement, health-care professionals, task forces, and coalitions that have been successfully linked to increased access and availability of services among sexually exploited children. The aforementioned challenges can emerge from a lack of understanding the specific needs of sexually exploited victims and seeking to offer services where little or no expertise exists. For example, service providers note that providing services to victims who are living in shelters can be difficult and some environments where providers share examples of sex trafficking clients being placed in domestic violence shelters and then facing humiliation and isolation. One of the most common and frustrating challenges reported by law enforcement and service providers is the lack of knowledge and understanding regarding human trafficking among service providers, law enforcement, and even victims themselves who often do not believe or understand that they are a victim of crime. As a result, victims often go unidentified and unserved.

Although a variety of services exist to assist victims of sexual exploitation, the reality is the majority of victims of childhood sexual exploitation are sent to and held in Youth Detention Centers, where unfortunately they are at risk for further victimization. Although the Detention Center initially provides an opportunity for girls to get off the street, the center is ill equipped to address the developmental, psychological, mental, and physical needs of these girls. The needs of girls who have been victimized or at risk of childhood sexual exploitation are great, yet diverse, and not only create a wealth of opportunities for the faith community but also have implications for the use of appropriate practices of care. Although a variety of services exist to assist victims of sexual exploitation, the reality is that the majority of victims of childhood sexual exploitation are sent and held in the Regional Youth Detention Center, where unfortunately they are at risk for further victimization.

## Conclusion

How can you help? First we can advocate for tougher laws in our individual communities to help eradicate the recruitment and trafficking of children. Organizations such as Street Grace "mobilize community resources – financial, human and material – to help individuals and organizations effectively fighting domestic minor sex trafficking (DMST) through awareness, empowerment and engagement. Street Grace is working to end DMST in Atlanta, with a vision of ending it throughout the United States (www.streetgrace.org)." Street Grace in collaboration with other local nonprofits who work to end the commercial sexual exploitation of children have helped to pass legislation that increases fines and

penalties for those convicted of sex trafficking Street Grace Inc. (2016). GA HB 200 in 2011 provided an expanded definition of "coercion" in the human trafficking statue to include causing or threatening financial harm Georgia General Assembly. GA HB 200. The bill also prohibited defense by blood relation, such as parents exploiting their children, or by marriage, such as a husband selling his wife. Most importantly, GA HB 200 increased fines and penalties for human traffickers who target minors. If the victim is at least 16 but less than 18, the crime is deemed a felony punishable by 5–20 years in prison and fines ranging from $2500 to $10,000. If the victim is less than 16, the years in prison increases to 10–30 and fines up to $100,000. Finally, GA HB 200 requires law enforcement agencies to receive training on how to relate to human trafficking. In 2013, the state of Georgia passed HB 141 that required certain businesses to post notices with information to assist victims of human trafficking to include the toll-free hotline number to the National Human Trafficking Resource Center Georgia General Assembly. GA HB 141. Failure to comply could result in a misdemeanor fine and a penalty of $500 for first offenses and up to $5000 for subsequent violations.

Despite the aforementioned legislation that attempts to curtail the effects of the nearly 400 children trafficked/exploited in Georgia monthly, more can be done. Street Grace is currently working on the national Not Buying It (soon to be "Demand an End") program that provides states with tools and resources to begin awareness campaigns, form an effective task force, and communicate with other state attorneys general regarding legislative, municipal, and corporate best practices to combat demand. Street Grace has also implemented a project that intercepts buyers of online underage sex, educating them and warning them of the consequences of their actions in an attempt to deter future attempts to purchase Street Grace Inc. (2016).

Citizens and community leaders can assist in these endeavors by developing and hosting informational seminars to increase awareness on the pervasiveness of childhood sexual exploitation in the United States and specifically in the state of Georgia, highlighting the aforementioned risk factors. Additionally, we can contact local/state and congressional representatives in an effort to implement tougher public policies that will deter pimps and recruiters from exploiting young girls. Moreover, we can advocate for a more comprehensive coordinated system of care with a vast array of social services to aid in their rehabilitation, such as safe housing, medical care, intensive counseling, court advocacy, mentorship, educational assistance, and job training. Appropriate and responsive services are equally as critical, and this includes a coordinated managed care system of services between law enforcement, social service agencies, and nonprofit agencies to meet the emotional, psychological, physical, and developmental needs of girls. The reality is that very few success stories exist as most victims at first do not view themselves as victims and, as a result, do not seek help.

Secondly, we can become community ambassadors/volunteers with organizations that provide services to girls/women who are victims of sex trafficking and those who work tirelessly to advocate, create awareness, and provide direct services to victims of sex trafficking. We can volunteer with these organizations in developing and facilitating programming for girls in life skills, career readiness, support groups, sporting and recreational activities, and college preparation, to name a few. Your expertise is needed to help to improve the short- and long-term outcomes for victims of sex trafficking. Third and finally, we must help to facilitate a paradigm shift on issues of sex trafficking recognizing that we all can lend a hand. According to US State Department, new cultural norms must be embraced to help aid in eradicating sex trafficking:

> *Rejecting long-held notions such as 'boys will be boys' and sending the clear message that buying sex is wrong is not just a task for governments, but will require partnerships throughout society, including the faith and business communities. Business leaders can adopt codes of conduct that prohibit purchasing sex. And leaders in civil society – from teachers to parents to ministers – must foster the belief that it is everyone's responsibility to do their part to reduce the demand for commercial sex.*

*It is especially important to reach young men with a strong message of demand reduction to help them understand the exploitation that permeates the commercial sex trade.*

## Cross-References


- ▶ God, Science, and Organizations
- ▶ Human Rights Organizations
- ▶ Volunteers in the Public Sector


## References


18 U.S. Code § 2251. Sexual exploitation of children. Cornell University Law School. https://www.law.cornell.edu/uscode/text/18/2251

22 U.S.C. § 7102. US code – section 7102: definitions. Cornell University Law School. https://www.law.cornell.edu/uscode/text/22/7102

Condoleezza R (2007) Trafficking in persons report U.S. State Department (June). http://www.state.gov/documents/organization/82902.pdf. Retrieved Dec 2015

Curtis R, Terry K, Dank M, Dombrowski K, Khan B (2008) The commercial sexual exploitation of children in New York City. Center for Court Innovation. John Jay College of Criminal Justice (Sept) v.1. www.courtinnovation.org. Retrieved Jan 2016

Finkelhor D (1994) Current information on the scope and nature of child sexual abuse. Futur Child 4(2):31–53

Georgia General Assembly. GA HB 141. http://www.legis.ga.gov/legislation/en-US/display/20132014/HB/141

Georgia General Assembly. GA HB 200. http://www.legis.ga.gov/legislation/en-US/display/32503

Office of Trafficking in Persons: an office of the administration for children & families. http://www.acf.hhs.gov/programs/endtrafficking

Street Grace, Inc. http://streetgrace.org. Retrieved May 2016

The A21 campaign: abolishing injustice in the 21st century. Human trafficking. http://www.a21.org/content/human-trafficking/gl0ryw?permcode=gl0ryw. Retrieved Jan 2016

Trafficking Victims Protection Reauthorization Act of 2000/2003/2013. U.S. Department of State. http://www.state.gov/j/tip/laws/. Retrieved Jan 2016

US Department of Health and Human Services (2012) Administration of children & families. http://www.acf.hhs.gov/

US State Department (2007) U.S. State Department Office to Monitor and Combat Trafficking in Persons

Walker-Rodriquez A, Hill R (2011) Human sex trafficking. The Federal Bureau of Investigation. https://leb.fbi.gov/2011/march/human-sex-trafficking. Retrieved Dec 2015


# Humanitarian Interventions and Globalization


Damian Grenfell
Centre for Global Research, RMIT University, Melbourne, VIC, Australia


## Synonyms

Global interventions

## Defining Humanitarian-Military Interventions

Globalization is often seen as incorporating two interrelated characteristics; the decreasing dominance of national sovereignty and inversely, the emergence of a global society where people are connected across both local and national communities. The impact of changing forms of technology are understood as stimulating both new and increased levels of trade, exchange, production, membership of groups (religious, political, area of interest), as well as the mobility of people (employment, refugees, migrants, tourists, trafficking).

Digital technologies are seen as central to globalization, allowing people to connect in all kinds of ways irrespective of particular borders and boundaries. That the world is seen as "coming-together" is underpinned by significant changes in how people relate across time and space – a time-space compression as David Harvey phrased it (Harvey 1990) – and a point that will be further developed later in this entry. Globalization is neither inherently positive nor negative. Rather, it is a process that can take on different emphases and trajectories, from the neoliberal free-market economic versions through to those that highlight emancipatory politics, cultural exchange, and the care of others.

Globalization is taken here as being fundamental to understanding social relations between people; namely, how communities and societies are formed and how and why they change, and this

includes how people respond to crises including those caused by human conflict. Where humanitarian aid and emergency or disaster relief focus on providing urgent support to vulnerable people with acute needs, humanitarian interventions (or humanitarian-military interventions) are typically state-led transgressions of sovereignty mobilized via the potential or actual use of military force to protect the human rights of civilians. At the outset here, humanitarian interventions are broadly understood as an attempt at social transformation undertaken by institutions and networks of actors exogenous to a specified site of mass conflict. The immediate aim is typically toward securing peace via a transgression of national sovereignty along with the threat or the actual direct use of military force.

Beyond initial attempts at securing peace, interventions incorporate a fuller gamut of activities over a longer period of time including state-, peace- and nation-building, development and human security, as well as transitional justice processes. These elements interweave in different ways and often carry quite basic assumptions with regard to the form that postconflict society should take, a blueprint often referred to as "liberal peace" where the assumed form for a peaceful society is liberal-democratic and capitalist with a centralized state.

The undertaking of humanitarian interventions, both in an immediate as well as longer-term sense, are informed in different ways by intensifying processes of globalization and shifts in the ways that state-sovereignty has come to be considered in recent decades. Once viewed as largely sacrosanct, national sovereignty is now seen as something less inviolable, and its transgression is argued for in exceptional cases where humanitarian crises are occurring (Weiss 2009). In effect, this may mean that interventions occur irrespective of the wishes of a national government (for instance Libya), or with significant pressure on a particular government to give sanction to a humanitarian intervention from external forces (such as Indonesia's occupation of East Timor).

This conditional view of sovereignty has most clearly gained traction with the Right to Protect doctrine (R2P). Developed and propagated by a range of international networks, think tanks, United Nation's (UN) agencies, and academia, R2P sets out the criteria framing the conduct of interventions, including that they be undertaken by the right authority (such as the UN), the right intention (for humanitarian ends not political interest) as a last resort (where all other diplomatic and political options have been exhausted), where reasonable prospects exist (that an intervention will improve the situation) and with proportionate means (that the intervention uses military force proportionally to the objectives of securing people's human rights) (A/57/303, 2002). Each of these codifies and regulates both the decision to and mode of intervention into a conflict irrespective of state sovereignty.

While increased interest in R2P is one indicator of a different approach to national sovereignty where humanitarian crises occur, its application in practice has been both limited and critiqued. While the intervention in Libya was partly justified in terms of R2P, the disproportionate use of force by NATO has been criticized where the "assistance to the rebels significantly extended the war and magnified the harm to civilians, contrary to the intent of the UN authorization" (Kuperman 2013, p. 14). In the reverse, the humanitarian disaster in Syria, due to the regional war that began in protests against Syrian leadership in 2011, has led to separate military interventions by a range of nations including Russia and the United States (US), but the objective has been military victory rather than securing humanitarian outcomes. As discussed in the following sections, conflict and humanitarian interventions have been significantly shaped in a more immediate sense by the end of the Cold War and more generally by the intensifying processes of globalization.

## The End of the Cold War and the Illiberalism of Global Conflicts

While humanitarian interventions occurred before the collapse of the Soviet Union in 1991, the breakup of the Soviet Republic and subsequent end of superpower rivalry of the Cold-War period led to a significant increase in the number of

humanitarian military interventions. From the end of World War Two to the early 1990s, humanitarian efforts had been constrained by the rivalry between capitalist and communist blocs – East and West – where attempts to intervene into conflicts were deemed by either side as a threat to their interests (Paris 2004). Peace efforts were regularly vetoed in the UN Security Council, the horrific ramifications of which identified by former UN Secretary General Boutros Boutros-Ghali.

> Since the creation of the United Nations in 1945, over 100 major conflicts around the world have left some 20 million dead. The United Nations was rendered powerless to deal with many of these crises because of the vetoes – 279 of them – cast in the Security Council, which were a vivid expression of the divisions of that period. (Boutros-Ghali 1992, p. 3)

The end of the Cold War meant instead a great deal more political space for mobilizing large-scale interventions into conflicts without the risk of superpower conflict. Moreover, there were resources that could be directed into these conflicts especially as they became increasingly seen as a risk to regional stability and trade interests. The most well-known humanitarian interventions since the end of the Cold War have included those in Somalia (UNOSOM I 1992–93; UNOSOM II 1993–95), Haiti (UNMIH 1994–95), Bosnia and Herzegovina (UNMIBH 1995–2002), Liberia (UNOMIL 1993–97), Sierra Leone (UNOMSIL 1998–99; UNAMSIL 1999–2005), East Timor (UNTAET 1999–2002), Kosovo (Operation Allied Force/UNMIK 1999–), and Libya (2011).

Where large-scale humanitarian interventions were concentrated in the 1990s and the early years of the new millennium (Libya in 2011 being an exception), many peacekeeping operations, long-term reconstruction, and development efforts continue, albeit with less global attention. Roland Paris (2004) is frequently cited for showing the sharp upswing in peace efforts where "from 1989 to 1999, the UN deployed thirty-three peace operations, more than double the fifteen missions that the organization conducted in the four preceding decades" (p. 17). From 1999 to 2014, there have been 20 UN peacekeeping missions (Figure taken from UN Department of Peace-Keeping Operation's (DPKO) list of operations. Available via: http://www.un.org/en/peacekeeping/documents/operationslist.pdf), and in 2015 there were 16 active operations comprising a total of 106,245 uniformed personnel, 16,791 civilian personnel with an annual budget of approximately USD 8.27 billion (Figure taken from UN DPKO Fact sheet, last updated August 31, 2015. Available via: http://www.un.org/en/peacekeeping/resources/statistics/factsheet.shtml).

With commentators such as Francis Fukuyama (1992) taking the demise of the Soviet Union as a "liberal revolution" that constituted the culmination of a "universal history of mankind in the direction of liberal democracy" (p. 48). The terms "bipolarity," "balance of power," and "mutually assured destruction," all part of the Cold War security lexicon, became increasingly residual concepts as various forms of liberalism permeated the ideological landscape. One expression of this liberalism was the increase in interventions, with the belief that violence, even the worst most intractable kinds, could be overcome and peace secured.

In contrast to the dominance of liberal beliefs within key international institutions, these interventions were undertaken into conflicts that were seen as both deeply violent and complex. Often following the fissures created by colonial state-building – where borders had been forged according to European interests rather in the aftermath of the Cold-war than those of the colonized – political regimes could no longer rely on the protection of either the USA or the Soviet Union. Contestation to existing regimes grew within nations, and so while violence between states appeared to regress, there was an acceleration of violence from within societies; a move from the interstate to the intrastate as people tried to remake the order of things around them in a rapidly changing world. At times, these wars have been for secession (Tamils unsuccessfully in Sri Lanka; South Sudan, Timor-Leste, and the break-up of former Yugoslavia all resulted in new nations), while other conflicts have been between groups competing to control resources or attempting to

redefine a polity (for instance Sierra Leone, Rwanda, Haiti, Libya).

This wave of conflicts were often presented as "new wars," and according to authors such as Mary Kaldor, they presented a qualitatively distinct form of conflict, made distinct by information and technology as well as in their form and motives (Kaldor 2001). Kaldor sees this contemporary warfare as differentiated by its decentralized organization and integration into a "global" war economy rather than being based on "vertically organized hierarchical units," whereby the rise of identity politics emanated from "established political classes" and the threats posed to them by globalization (2001, pp. 8–9). Maintaining legitimacy – and the appearance of sovereign control – relies more and more on the manipulation of political culture and the ability to mobilize people based on prejudices. This politics, she argues, "tends to be fragmentative, backward-looking and exclusive", based on nostalgia, and "the construction of the heroic past, the memory of injustice, real or imagined, and of famous battle, won or lost" (Kaldor 2001, p. 78).

In contrast to conventional warfare, understood as made up of hierarchically organized and clearly delineated armed forces distinct from civilian populations, new wars are marked by multiple groups, identity politics, and fluidity between military and nonmilitary actors. Moreover, many of these contemporary conflicts are reshaped by access to small arms that circulate the globe, ordered and transported through abstracted exchange mechanisms and logistical supply chains. People may still be killed in warfare by guns and bullets, but the contours of violence are shaped both politically and militarily by engagement with and responses to globalizing practices.

## Global Humanitarian Interventions

Where shifting patterns of violence in the post-Cold War world were shaped in different ways by globalization, so too have efforts toward humanitarian responses, including the large-scale peace here. To understand this, it is important to briefly return to the discussion of globalization conceptually. A "global community," a "global consciousness," or of a "world coming together" are phrases that are underpinned by deep changes in where and how people see themselves and how they connect to others. Technology is a central element in understanding globalization, though it does not exist independent of social context. In other words, with humanitarian interventions (along with innumerable other points of possible analytical consideration), it is not just the availability of technology that is important, but the why and the how it is used.

New technologies – information, digital, market, military, transportation – have been utilized to an extent where people are becoming increasingly disembodied and integrated across global-time and global-space. This means that people are seeing themselves increasingly connected across territorially boundaries – "from anywhere to anywhere" – and that there is a simultaneity to the extent that the sense of time gap between people is reduced to a singular and instantaneous moment. Things happen with a greater sense of immediacy, both in terms of what we know is happening around the world (for instance, watching tsunami's hit Japan live on televisions around the world) as well as how we connect with unknown others (the donation of funds to those in need for instance). Anthony Glidden's, one of the first thinkers to analyze the role of time and space in terms globalization, draws attention to the acute change across societies.

> In the modern era, the level of time-space distanciation is much higher than in any previous period, and the relations between local and distant social forms and events become correspondingly "stretched". Globalization refers essentially to that stretching process, in so far as the modes of connection between different social contexts or regions become networked across the earth's surface as a whole. (Giddens 1990, p. 64)

Across earlier periods of modernity, the nation was the dominant political community formed around a bounded space (territory) and time (history). Under conditions of intensifying globalization however the intersection between space and time begins to alter where there is an intensifying incidence of temporal simultaneity globally

alongside a deterritorialization of social relations spatially per se (the 'per se' here is important, as typically it is the nation-state that globalization is written as if in oppositional form, whereas it is in effect the deterritorialisation of social relations across all forms of territory, including for instance the home and the workplace). In other words, people are drawn progressively into relations with one another that are not just regulated by a world time (as nations are), but for whom a sense of temporal coincidence with known and unknown others emerges, irrespective of how or where one is located.

These more conceptual elements of globalization are manifested in very ready ways in how humanitarian interventions are undertaken. Perhaps the most obvious way is in how flows in information can lead to increased political pressure "to do something" in nations far from sites of actual violence. Action from war zones, like natural disasters, can be watched live as frontline journalists or the combatants themselves televise the horrors before them. What may have once been virtually unknown events gain significant global attention and demands for action (such as the kidnapping of girls in Northern Niger by Boko Haram). The image of a dead Syrian boy floating in the shallows of the Mediterranean in 2015 is a case in point, even if it moved opinion toward the acceptance of refugees rather a military-humanitarian intervention in Syria. Equally, media imagery can shape domestic responses both for and against interventions; pro-intervention in the USA in terms of Haiti, and particularly in Australia and Portugal in the case of East Timor, or in opposition to interventions, most famously the US domestic reaction to the treatment of its soldiers killed in Somalia in 1993. The flow of information, and a flattening out of the time between something occurring in one place and others learning about it in another, in combination with the increased mobility of technology, has meant that it has become almost impossible to control the flow of information and in turn the political effects that it may have.

Similarly, global processes have shaped the ability to coordinate military efforts undertaken in the name of humanitarian interventions. The targeting of sites as well as the coordination of NATO member air forces in Kosovo relied on the transmission of information via satellite systems. In Libya, even the tracking of Colonel Muammar Gaddafi up until the time he was executed occurred via NATO-controlled communication systems (Adams 2012, p. 14). No fly zones, and humanitarian delivery equally, rely on complex layers of communication, exchange, management, and the production of goods that are organized by networks that cut across sovereign terrains and connected across decentered supply chains (arms industry, logistical supplies to the military, and so forth).

The increased number of interventions post-Cold War discussed above has been matched by their increased size, ambition, and complexity. Reflecting this was the growth between 1988 and 2008 where the number of troop-contributing countries increased from 26 to 121, the numbers of military and police personnel grew nearly tenfold, and the annual UN peacekeeping budget rose from 2.3 billion to 7.4 billion dollars (Ramsbotham et al. 2011). These interventions comprised networks of organizations including those of the "UN Family" (UNDP, UNHCR, UNICEF, UNIFEM, and so on), as well as an enormous number of aid agencies and non-governmental organizations.

The complexity of their composition can, at least in part, be understood in terms of the impact of globalization on the organizational and managerial operations of the wide number of institutions and networks. While from a distance interventions may appear singular and coherent as "UN Sanctioned" and "NATO enforced," on the ground they are typically made up of a vast array of organizations; militaries from different nations, private security firms, logistic companies, civil society organizations – from local community-based organizations through to the large global efforts of Oxfam, Red Cross, and so forth – as well as local and national leaderships, movements, political groupings, businesses which are all situated in a wide range of (and at times competing) mandates, legal frameworks, regulatory domains, local laws, and different kinds of conventions.

The ability to draw together such complex arrays of organizations into something that resembles a coalition, or towards an agreed objective, relies deeply on technologies that have increased the reach, mobility, and speed in which such operations have been able to occur. Not only does an organization such as Oxfam rely on integrating financial, logistical, and programmatic expertise and management via information technologies in order to mobilize for humanitarian need – financial in order to shift money, social media to stimulate public interest, management systems to mobilize human resources and expertise, communications to report events and program outcomes, that things increasingly occur in "real time," meaning a simultaneity in decision-making, deployments, the allocation of resources, irrespective of the actual location of those involved in making the decisions.

One of the effects of this level of integration is that spatial distinctions between the local and the global become blurred. Nongovernmental organizations deal with the most intimate problems of everyday life while also becoming key intermediaries in the deployment of national and international humanitarian aid. Regional organizations are frequently drawn in multiple directions; toward the site of intervention where they can claim legitimacy due to proximity and political connections while mandated by international organizations and resourced through transnational and global supply chains. This leads to complex intersections across what might have once more easily been defined as local, national, regional, and global concentrations of power into a far more diffuse and complex field. It is now increasingly difficult to clearly differentiate practices according to scale as organizations are simultaneously drawn out to both the most abstracted and inwards toward the most local levels, demonstrating how under intensifying the processes of globalization how space becomes increasingly "compressed" to borrow from Harvey's phrase.

## Conclusion

War and efforts at peace have long drawn people into contact with one another from across the world. Violence, in this sense, has been both destructive but also the source of connecting people, whether they be soldiers from one continent recruited for war-fighting in another, or for NGO workers, or peace-keepers, working in order to deliver humanitarian need. What may appear very similar on the ground however, for instance both killing and its prevention via intervention, is being reshaped by globalizing processes to such an extent that it is changing the nature in which humanitarian action occurs. The "space" and "time" distance between event and response, between empathy and action, and between atrocity and intervention, is being compressed as social relations across the globe become reconstituted within a globalizing framework of relations. This does not mean that all human rights abuses, let alone the worse, are acted on. What this does mean is that when they are acted on, this occurs in a way where there is a greater ability to organize and coordinate efforts across far more disperse sets of actors, across a flattening of time, reshaping how humanitarian interventions occur in an age of deepening globalization.

## Cross-References


- ▶ Global Civil Society or Networked Globality
- ▶ Globalization and Violence
- ▶ Globalization and War


## References


Adam S (2012) Libya and the responsibility to protect Occasional paper series, Global Centre for the Responsibility to Protect, No. 3

Boutros-Ghali B (1992) An agenda for peace: preventative diplomacy, peacemaking and peacekeeping. UN Documents, 1992. http://www.un-documents.net/a47-277.htm. Accessed 2 Apr 2017

Fukuyama F (1992) The end of history and the last man, 1st edn. Penguin, London

Giddens A (1990) The consequences of modernity, 1st edn. Stanford University Press, Stanford

Harvey D (1990) The condition of postmodernity: an enquiry into the origins of cultural change, 1st edn. Blackwell Publishers, Cambridge, MA/Oxford, UK

Kaldor M (2001) New and old wars: organised violence in a global era, 3rd edn. Stanford University Press, Stanford

Kuperman A (2013) A model humanitarian intervention?: reassessing NATO's Libya campaign. Int Secur 38(1): 105–136

Paris R (2004) At war's end: building peace after civil conflict, 1st edn. Cambridge University Press, Cambridge

Ramsbotham O, Woodhouse T, Miall H (2011) Contemporary conflict resolution, 3rd edn. Polity Press, Cambridge, UK

United Nations List of peacekeeping operations 1948–2013. United Nations peacekeeping. http://www.un.org/en/peacekeeping/documents/operationslist.pdf. Accessed 18 Nov 2015

United Nations (2015) Peacekeeping fact sheet: 31 August 2015. United Nations peacekeeping. http://www.un.org/en/peacekeeping/resources/statistics/factsheet.shtml. Accessed 18 Nov 2015

Weiss TG (2009) What happened to the idea of world government. Int Stud Q 53(2):253–271

# ICT Tools in Central Government: Scope, Predictors, and Effect on Coordination Quality

Tom Christensen[1] and Per Lægreid[2]
[1]Department of Political Science, University of Oslo, Oslo, Norway
[2]Department of Administration and Organization Theory, University of Bergen, Bergen, Norway

## Synonyms

Digital governance; Digitalization; E-democracy; E-government

## Definition

ICT tools: Information and communication technology tools applied to develop and promote government both internally in the administrative apparatus and targeting citizens and users.

## Introduction

This entry chapter addresses the use of ICT tools in central government (see Christensen and Lægreid 2020a). Limited attention has been paid to empirical analyses of the institutional and organizational aspects of use of ICT tools in central government and how it affects collaboration and coordination relations within government and with external stakeholders (Randma-Liiv and Vooglaid 2020). There is little systematic insight about how public administrators themselves are defining digital transformation in their own day to day and what their expected outcomes are (Mergel 2018).

This gap is addressed in four ways. First, in contrast to the focus on the demand side of e-participation that has dominated this field, the focus is on a state-centric approach and addresses the supply side as seen by civil servants in central government. Second is by empirically examining both the internal (government-to-government) and external (government-to-citizen) challenges of digital governance (Chen 2017). Third is by treating digitalization both as a dependent variable, explaining the variation in use of different ICT tools, and as an independent variable focusing on the impact of the use of digitalization tools on coordination in central government. Fourth is by applying mainstream organization theory approaches to a research question that has mostly been studied through other lenses.

The aim is to contribute to the knowledge about how administrative systems, institutional structures, and cultures constrain and enable the digital-era governance trajectory (Nograsek and Vintar 2014). It aims to answer three research questions:

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

- First, what characterizes the use and scope of different ICT tools in central government related to e-government (government-to-government tools) and e-democracy (government-to-citizens tools)?
- Second, what can explain variation in the use of ICT tools? Structural features such as tasks, administrative level and position, and/or cultural features, such as identity, conflicts, and trust relations?
- Third, what are the effects of using the various ICT tools on perceived coordination quality along different dimensions (external-internal, vertical-horizontal) in relation to structural and cultural factors?

The argument is that one can apply a general analytical framework to understand the scope, predictors, and effects of ICT tools (Hood 2006). Barriers and challenges to e-government can be organizational and cultural (Snellen 2005). To explain the variations in the use of ICT tools and the effects of ICT use on coordination quality, structural and cultural perspectives have been used (Chen and Lee 2018). A *structural perspective* includes variables like different organizational forms, formal position, and tasks, while a *cultural perspective* adds features such as trust, identity, and conflict (Christensen et al. 2020).

Public managers and executives are the enactors of ICT technology in central government, and the focus is on these civil servants and their use and perceptions of ICT tools, distinguishing between government-to-government and government-to-citizens tools.

## Data Base

The empirical data are based on a survey of Norwegian civil servants in central government offices at executive officer level and above conducted in 2016. A total of 2322 employees in the ministries and 1931 in the central agencies answered the survey. The response rate was 60% in the ministries and 59% in the central agencies.

*Regarding the scope and intensity of ICT tool use*, the respondents were asked *To what degree are the following ICT tools used in your daily work?*

- ICT-based reporting systems for documentation of results/activities
- ICT-based tools for information sharing and coordination across ministerial areas or administrative levels
- ICT-based tools for information sharing and coordination within own ministerial area
- Electronic debate forum (e.g., Facebook, Twitter, LinkedIn)
- Electronic hearings

The three first tools are government-to-government tools, while the two last are government-to-citizens tools.

*Regarding coordination quality* the following question was asked: *How would you characterize coordination within your field of work along the following dimensions?*

(a) Coordination between different government authorities within your own ministerial area
(b) Coordination with government actors in other sectors
(c) Coordination with regional and local government
(d) Coordination with supranational or international organizations
(e) Coordination with the private sector/civil society

The *structural variables* include administrative level, hierarchical position, coordination tasks, information/communication tasks, and transboundary tasks. Regarding administrative level, it is distinguished between ministries and central agencies. The tasks concern whether the task is a main task or not.

The *cultural variables* include identification with central government, level of conflict, and mutual trust relations. *Identification* is whether civil servants rate their own affiliation and identification with the central government administration in general as strong or weak. The *level of conflict* is about whether civil servants assess their own field of work as characterized by a

high or low degree of agreement. *Mutual trust* is the perceived mutual trust between the ministries and agencies as good or poor.

## Use and Scope of ICT Tools

Government-to-government tools are more frequently used in central government than government-to-citizens tools (see also Christensen and Lægreid 2010). More than half of the respondents report that ICT-based tools for information sharing within own policy area, across policy areas or administrative levels, or ICT-based reporting systems for documentation of results and activities are used to a great extent in their daily work. In contrast, few use electronic hearings and social media. Thus, ICT tools are used primarily for collaboration within central government with a rather limited role for nonstate actors. There is a significant overlap between the use of the different ICT tools.

The overall scope of use of these different ICT tools reveals that about one fifth of the civil servants do not use any of the five listed ICT tools to a great extent or more in their daily work, while 35% use three or more. One fourth of the civil servants do not use government-to-government tools to a great extent in their daily work, while almost 50% use two or all three of the listed tools. Two out of three do not use government-to-citizens tools.

## Predictors of ICT Use

Structural features are main predictors for use of ICT tools. Administrative level and position matter to a great extent. ICT tools are used more in ministries than in central agencies and more among managers and leaders than among executive officers. This applies both overall and to government-to-government and government-to-citizens tools, respectively. Generally, there are more similarities than differences between government-to-government tools and government-to-citizens tools.

The difference between ministries and central agencies is especially great for government-to-government tools. Civil servants who have information and communication as a main task tend to use government-to-citizens tools more frequently than other civil servants. The same goes for those who have many transboundary tasks. Cultural features matter to some extent. If the civil servants identify strongly with central government as a whole, they also tend to use various ICT tools more extensively. On the other hand, mutual trust relations and level of conflict do not seem to affect use of ICT tools.

## Perceived Effects of ICT Tools on Coordination Quality

Use of ICT tools in general has a positive effect on perceived coordination quality along all five dimensions studied. This confirms the findings of previous studies that ICT tools have enhanced coordination and cooperation in public administration (Danziger and Andersen (2002) and have a positive effect on perceived coordination among Norwegian civil servants (Christensen and Lægreid 2010). This applies both to GtoG tools and GtoC tools, but it is especially the case for GtoG tools. The effects of GtoC tools are significant regarding internal coordination within own policy area on coordination quality and vis-à-vis civil society and the private sector.

Second, structural features also matter. Administrative level in particular has a significant impact. Civil servants in ministries perceive better coordination quality than those working in central agencies. Further, task matters, because civil servants who work with tasks requiring collaboration across administrative levels and policy areas generally see coordination quality internal in own policy area, across policy areas, and with the civil society as better.

Third, there are also several significant effects of cultural features. Low level of conflict, high level of identification with central government as a whole, and high level of mutual trust between ministries and central agencies tend to enhance perceived coordination quality along all dimensions.

## Discussion: Revisiting the Explanatory Perspectives

*Variations in ICT scope.* First, most of the structural variables show that civil servants in the ministries, in high positions, and involved in transboundary tasks and information and communication tasks score highest on the use of ICT tools. Formal structures channel actors' perceptions and actions to a great extent (Egeberg and Trondal 2018). There is a close relationship between use of ICT tools and structural features (Fountain 2001), which might reflect that use of such tools is more or less mandatory or necessary for civil servants in specific positions and with specific tasks. There seems to be no big differentiation between the use of GtoG and GtoC tools.

Second, the cultural perspective unexpectedly reveals rather few effects of cultural variables on use of ICT tools. The only one is that civil servants identifying more broadly with central government use more ICT tools, meaning simply that a broad orientation leads to a broad communication pattern, that is, the more specialized features of their roles are of less importance. Summing up, different structural settings in which the civil servants work influence the use of ICT tools, but also organizational culture has some focusing impact on how ICT measures are adapted (Meijer 2015).

*Variations in perceived coordination.* Moving on to the effect side, ICT use is analyzed concerning its effect on perceived coordination quality. First, the GtoG tools have both overall and differentiated effects. They seem to enhance interorganizational coordination and integration both vertically and horizontally (Gil-Garcia 2013; Dunleavy et al. 2006; Torfing et al. 2020).

The effect of the GtoC tools on coordination quality is overall weaker, but it has a significant effect on coordination quality with the private sector and civil society. There is also some effect on coordination quality within own policy area, which could be related to the fact that the administrative apparatus requires a consistent set of signals and interaction premises. Overall, the governmental ICT tools do not score high on societal involvement indicating that it is a thin form of participation (Torfing et al. 2020).

Second, the effects of the other structural variables on perceived coordination quality are weaker. Civil servants working in ministries seem to perceive more effects internally in own policy area, across policy areas, and with supranational bodies than civil servants in central agencies, which is in line with their overall more intense use of ICT tools, that is, intense use makes the perception of positive effects more likely (Christensen and Lægreid 2020b).

Third, concerning cultural factors, there are some major expected effects, probably meaning that informal trust factors play a major role in government communication. High mutual trust relations between ministry and subordinate agencies lead in all five coordination dimensions to a more positive perception of coordination quality with high significant values, meaning that the predisposition and mind-set of these actors is more geared toward coordination. Also, identification with central government has a significant positive effect on coordination. Low level of conflicts seems to enhance perception of coordination quality, that is, there are fewer barriers to communication, because of shared norms and values (Christensen and Lægreid 2020b).

Summing up, use of ICT tools has an impact on perceived coordination capacity, but they seems to supplement structural and cultural factors more than replacing them (Coursey and Norris 2008).

## Conclusion

Revisiting the research questions, the conclusion is that ICT tools are widespread in central government organizations but also that internal government-to-government tools are used more than external interactive government-to-citizens tools. The predictors of ICT use in central government are primarily structural. The use of ICT tools has a significant effect on perceived quality of coordination, but more so for GtoG tools than for GtoC tools. But structural and cultural features also matter for perceived coordination quality.

Thus, the use and impact of ICT tools in central government seems to be a result of organizational adaptation at the interface between modern technology and established organizational forms and culture (Mergel 2018). The perceived impact of ICT tools has to be seen in a cultural and structural context and is both constrained and enabled by the structural and cultural context in which they are used, not indicating any technological determinism (Christensen and Lægreid 2010) supporting the view that digital area governance coexists with other public governance paradigms (Torfing et al. 2020).

In conclusion, this study supports the social shaping of technology perspective (Homburg 2008). The use and impact of ICT are embedded in the existing structural and cultural context in public administration. The organization of public administration is an important determinant for the use of ICT initiatives as civil servants often initiate, moderate, implement, and evaluate ICT means and measures inside a certain structural context (Randma-Liiv and Vooglaid 2020). There are similarities between the ideas of "dynamic conservatism" regarding the use and perceived effects of ICT tools and an approach that utilizes a combination of flexibility and robustness. ICT tools have changed public organizations but the gains from using the new technology have been incremental. The increasing importance of digitalization in public administration is acknowledged, but this is just one aspect of the current public sector reforms and not necessarily the key driver for transforming public governance (Pollitt and Bouckaert 2017).

## Cross-References

▶ Economic Governance
▶ E-Government and Corruption

## References

Chen Y-C (2017) Managing digital governance. Routledge, London

Chen Y-C, Lee J (2018) Collaborative data networks for public service: governance, management and performance. Public Manag Rev 20(5):672–690

Christensen T, Lægreid P (2010) Civil Servant's perceptions regarding ICT use in Norwegian central government. J Inform Tech Polit 7(1):3–21

Christensen T, Lægreid P (2020a) ICT use in central government. Scope, predictors and effect on coordination quality. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1851256

Christensen T, Lægreid P (2020b) Coordination quality in central government. The case of Norway. Public Organ Rev 20:145–162

Christensen T, Lægreid P, Røvik KA (2020) Organization theory and the public sector, 2nd edn. Routledge, London

Coursey D, Norris DF (2008) Models of e-government: are they correct? An empirical assessment. Public Adm Rev 68(3):523–536

Danziger JN, Andersen KV (2002) The impacts of information technology on public administration: an analysis of empirical research from the "golden age" of transformation. Int J Public Adm 25(5):591–627

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3):467–497

Egeberg M, Trondal J (2018) An organizational approach to public governance. Oxford University Press, Oxford

Fountain JE (2001) Building the virtual state: information technology and institutional change. Brookings, Washington, DC

Gil-Garcia JR (2013) Towards a smart state? Inter-agency collaboration, information integration, and beyond. In: Meijer AJ, Bannister F, Thaens M (eds) ICT, public administration and democracy in the coming decade. IOS Press, Amsterdam

Homburg V (2008) Understanding E-government. Routledge, London

Hood C (2006) The tools of government in the information age. In: Moran M, Rein M, Goodin R (eds) The Oxford handbook of public policy. Oxford University Press, Oxford

Meijer A (2015) E-governance innovations: barriers and strategies. Gov Inf Q 32:198–206

Mergel I (2018) Open innovation in the public sector. Drivers and barriers for the adaption of Challenge. gov. Public Manag Rev 20(5):726–744

Nograsek J, Vintar M (2014) E-government and organizational transformation of government: black bod revisited. Gov Inf Q 31:108–118

Pollitt C, Bouckaert G (2017) Public management reform, 4th edn. Oxford University Press, Oxford

Randma-Liiv T, Vooglaid KM (2020). Organizing for e-participation: learning form European experiences. The TROPICO project. Work Package 5. Deliverable D.5.2. Available from http://www.tropico-project.eu

Snellen I (2005) E-government. A challenge for public management. In: Ferlie E, Lynn LE, Pollitt C (eds)

I

The Oxford handbook of public management. Oxford University Press, Oxford
Torfing J, Andersen LB, Greve C, Klausen KK (2020) Public governance paradigms: competing and co-existing. Edward Elgar, Cheltenham

# Identity Politics in Uganda

Pius Gumisiriza
School of Public Policy and Governance,
Uganda Management Institute, Kampala, Uganda

## Synonyms

Colonialism; Ethnicity; Identity; Identity politics; Politics; Race; Religion; Uganda

## Definitions

Identity politics is a very slippery term that has been used to describe different sorts of things over time (see Brunt 1989). In this entry, identity politics is defined as the use of self-defining psychocultural constructs that give meaning to people's life such as race, religion, and ethnicity to acquire and exercise political power in Uganda (see Bernstein 2005). Uganda is an East African country, was colonized by the British, and got independence in 1962. The country has around 40 million people with a mixture of religions and ethnicities. From the time of it's founding as a country in 1890 to present time, identities such as race, religion, and ethnicity have been politicized to achieve political and economic advantage in Uganda.

## Introduction

The main narrative pursued in this discussion is that while colonialism significantly contributed toward the creation of confrontational identity politics in Uganda, post-independence leaders and governments have also been complicit in fomenting and exploiting identity politics largely for selfish or narrow benefits. Therefore the blame for Uganda's continued identity politics cannot be solely placed on colonialism as colonialism and ideological bankrupt leaders as President Museveni has been singing for the last 30 years because he has been a key perpetuator of the same over the same period. The entry is structured in four major parts: the colonial period (1894–1962), Obote I regime (1962–1971), Idi Amin regime (1971–1979), Obote II regime (1980–85), and Museveni regime (1986–present). Colonialism significantly contributed toward the creation of confrontational identity politics, and instead of post-independence leaders uprooting it, they implicitly fomented identity politics for selfish interests. Therefore the blame of postcolonial Uganda cannot be solely placed on colonialism.

## Identity Politics During the Colonial Era 1894–1962

Before the British configured and named the territory we now know as Uganda, it was a heterogeneous area with an array of feudalistic centralized kingdoms and non-stratified communities with different ethnic groups that conflicted on many issues especially land, cattle, marriage, and trade (see Adhola 2013). The overriding objective of colonialism was exploitation of colonized places for the benefit of the metropolitan country. In Uganda, exerting colonialism on the territory, exploiting its resources, and controlling the population were achieved using different methods including politicizing the population along racial, ethnic, and religious lines. Legally, the colonial state introduced laws that governed people according to race (civil law) and tribes (customary laws). Races that were different in culture, language, and interests were made to live together and forge a common future, while tribes that shared communities, languages, and even culture were made to live separately purposely to prevent them from forging a common destiny (Mamdani 2013). Economically, British colonialists created a three-tier society along racial lines with Europeans at the top, Asians in the middle, and Africans at the bottom. They

systematically undermined African participation in trade and industry while encouraging European and Asian participation. Asians became involved in retail trade, wholesale trade, cotton ginning, and coffee and sugar processing, and by the late 1940s, all the banks were British- or Indian-owned. Africans were rarely lent money by banks, and licenses for wholesale trade according to colonial policy could only be issued to traders who owned permanent buildings of stone or concrete, and this largely excluded Africans. In 1959, Africans handled less than 10% of national trade. This colonial economic structure concentrated substantial incomes largely in the hands of non-Africans resulting in a wide imbalance of wealth and power within Uganda (Ramchandani 1973). Regionally, the colonial state zoned Uganda in ways that created regional inequality and fomented tension. Cash crops, education facilities, railroad transport, native administrative jobs, production, and wealth were effectively concentrated in the South, while the North was used as a reservoir for labor and armed forces. In 1925 when the new Director for Agriculture started to encourage cotton production in the North, he was summarily advised that the policy of government at that time was to refrain from actively stimulating the production of cotton or other economic crops in outlying districts on which it is dependent for a supply of labor for carrying out of essential services in the central producing districts (Apter 1997). Politically and administratively, natives and their institutions were excluded from government and considered too backward to contribute much to the development of the country. All executive powers were invested in the British Commissioner, and all the legislative councilors were Europeans. In 1926 one Indian was appointed as an unofficial member purposely to appease the Indian community and coordinate the interests of European and Indian commercial groups. Indirect rule was used to administer the native population, and throughout the colonial period from 1890 to 1962, Buganda enjoyed a privileged status because of its collaboration in the colonial conquest of other parts of Uganda specifically Bunyoro and Busoga. Buganda Kingdom's centralized system together with British-supported Baganda chiefs were superimposed onto other regions which exacerbated tensions within different communities as revolts against Baganda rule became common throughout Uganda but more particularly in Bunyoro and Busoga. The British colonialists rewarded Buganda with two Bunyoro counties of Buyaga and Bugangaizi for helping to conquer the latter. In 1945 when natives could hold a high office in the Native Governments and Administrations, it was again only Buganda, the Western region, and Eastern provinces that were to be represented. The Northern region was denied involvement on the claim that their tribal and administrative organizations had not yet advanced to the stage requiring the creation of centralized native executives (Kanyeihamba 2002). Religiously, the British colonial state favored Protestants especially in education and employment, yet Catholics were the majority and regarded Muslims as third-class citizens. This was reproduced with devastating consequences in the formation of the two major parties, namely, the Uganda People's Congress (UPC) mainly associated with Protestantism and the Democratic Party (DP) widely seen as a Catholics' party.

## Independence Constitution and Political Party Formation

The Independence Constitution negotiated in London a few months prior to independence failed to solve the question of Bunyoro lost counties and failed to redistribute power among smaller ethnic communities. Instead Buganda maintained its overwhelming power and was granted full federal status in an attempt to appease its separatist tendencies and a semi-federal relationship to the other kingdoms. These concessions not only made Buganda complacently arrogant toward other regions, but they also contributed to the emergence of competing nationalisms in Uganda. There were Uganda-wide nationalism that aimed to serve the country as a whole, the Kiganda nationalism that aimed to serve the interests of Buganda, and anti-Kiganda nationalism

that primarily aimed to serve the interests of all other ethnic groups in Uganda (Kiwanuka 1970). These kinds of nationalisms and resentful attitude made ethnic identity a central pillar in political party formation. Each party also perceived their struggles in the context of advancing the interests of the regional communities and constituencies from which they commanded support. The Democratic Party (DP) and Kabaka Yekka (KY) were predominantly Buganda (identified with the Southern constituency), and the KY pursued a federalist line to advance the interests of Buganda. The Uganda People's Congress (UPC) was at its core an anti-Buganda party and was predominantly composed of people from the North mainly Lango and Acholi. Within the north there existed two sub-constituencies, namely: the Acholi-Langi as identified with Obote and the Lugbara-Kakwa-Anyanya as identified with Idi Amin. Within the UPC, there were also people from the south especially Ankole headed by Grace Ibingira who competed for its top leadership pursuing conservative social policies, while the Nilotic group pursued more radical social policies (Mutibwa 1992; Aidan 2011). UPC had very divergent political goals, contradictory ethnic bases, conflicting ideology, and divergent views on almost every conceivable subject with the KY, but their ugly marriage of convenience led to the defeat of DP in the 1962 elections, and they led Uganda to independence led by Prime Minister Milton Obote of the UPC.

## Identity Politics Under Milton Obote I Regime 1962–1971

The unlikely marriage between the KY-UPC came to a bitter end within 2 years after independence when Prime Minister Milton Obote who hailed from the north of the country did his utmost to ensure that the ethnic power of Buganda was reversed. The turning point came only a day after the termination of the UPC-KY alliance on August 25, 1964, when a bill was introduced for a referendum to be held on the question of the lost counties of Bunyoro. Buganda authorities were unwilling to cede control, but when the vote took place, the residents of Buyaga and Bugangazzi voted overwhelmingly to retain their traditional attachment to Bunyoro. This ethnically defined defeat was extremely embarrassing for Kabaka Edward Muteesa II (King of Buganda Kingdom and nonexecutive president of Uganda at the time) who took the view that far from uniting the country, the referendum had decisively split Uganda (Muteesa II 1967; Ingham 1994). The lost counties debacle acted as a precursor for Obote's final showdown with the Kabaka in 1966. On May 24, 1966, troops from the central government, led by Idi Amin, attacked the Kabaka's palace whose lieutenants put up a stiff resistance but were no match for Amin's troops. Muteesa escaped and eventually thought asylum in London where he died. The Kabaka could do little to reverse the severe blow that had been inflicted on the prestige of the kingdom, and high-ranking Baganda also interpreted the referendum as a demonstration of their inability to control their own destiny in an independent Uganda. Meanwhile as the Baganda were agonizing over the course of events, there was little indication that the rest of the country was unduly disturbed by these events (Ingham 1994). In fact Ugandan political actors outside Buganda believed that by terminating Buganda's special political and constitutional status that reduced it to a position of virtual irrelevance, a historic wrong had been set right (Mudoola 1996). Much as Obote had successfully redistributed power away from Buganda, his campaign for national unity was hypocritical as chose to replace Buganda's hegemony with ethnic groups from the north of Uganda where he came from. Obote kept preaching about the death of ethno-politics while at the same time he was heavily recruiting reliable northern-based ethnicities into the army and excluded ethnic factions that he deemed unreliable. He created a number of armed organizations in an attempt to rival the regular army, namely, the Special Force and the General Service Unit (GSU) controlled by his cousin Akena Adoko in a common cause for survival against the rest. The Special Force and the GSU were filled with individuals from Obote's own

district of Lango and were favored in terms of arms, equipment, and budgetary allowance that greatly angered the regular army (Lofchie 1972). Obote was clearly trying to exploit the ethnic composition of the army and pinned his hopes on the alliance between the Langi and Acholi, whom he had strategically positioned in important positions. He made this a very fatal error of combining his political stratagem with an ethnicized military force after realizing that his stay in power could not be guaranteed (Mudoola 1996). Obote's strategy was extremely divisive within the armed forces, and it helped people like Idi Amin who was senior army officer to mobilize his own ethnic affiliates from West Nile to counterbalance the inflated numbers of Langi and Acholi in the army. In an attempt to weaken the West Nile group within the army that Amin represented, Obote promoted Amin to the position of Major General which was of greater honor but of much less influence in April 1968 (Hansen 1977). In response, Amin began recruiting heavily from his own language cluster, which saw a sudden rise of Sudanic speakers in the army and a corresponding decrease of Nilo-Hamitic speakers. Amin also managed to generate popularity in Buganda where people were still resolute in their hatred of Obote because of the events from 1964 to 1966 as earlier discussed. Amin came to represent Buganda's opposition to the regime and thereby brought about a coalition between his group in the army and the civilian groups in Buganda opposed to Obote. When the decisive hour came in 1971, Amin relied on his loyal supporters from his tribe whom he had equipped properly. Obote was abandoned by his Acholi allies in the army who were disgruntled by the government's response to the murder of Brigadier Pierino Okaya an Acholi whose assassination they blamed on Amin. Obote dug his political grave by using ethnicity to contain ethnicity (Glentworth and Hancock 1973). Obote's downfall was directly sparked by his idealism of correcting colonial injustices when he announced on January 5, 1969, during a commonwealth leaders' conference in London that it was ultimately wrong for all the vital aspect of the economy to be controlled by foreigners and that around 40,000 Asians who held British passports would have to leave Uganda. In early 1970 Obote followed up on his 1969 declarations in London and resolved that all Asians holding British passports should leave Uganda (Ingham 1994). In 1971, while attending another commonwealth leaders conference in Singapore, Idi Amin overthrew Obote in a coup d'état that was quickly welcomed and supported by western governments especially the United Kingdom and United States and it has seen been revealed that they were actually behind that coup.

## Identity Politics Under Idi Amin's Regime 1971–1979

Amin publicly highlighted a list of 18 grievances that he used as a justification for the January 25, 1971, coup. The list included the breakdown of law and order, neglecting the armed forces in favor of the GSU and ethnic manipulation of the army and country as a whole. The list of grievances seems somewhat ironic given that Amin was heavily involved in the ethnic manipulation of the armed forces before 1971 and also the fact that he continued the policies of Obote by perpetuating the importance of the ethnic factor in all his schemes to maintain power. Unsurprisingly, the overthrow of Obote still maintained power in the north of the country, though to a new and more narrowly defined group in order to break with the inherited ethnic group structure, but also quickly showed distinct continuity with the Obote regime. Amin brought the army under his personal control and changed its ethnic composition by recruiting and promoting more officers from his region of West Nile in northwest Uganda. He liquidated the Special Force and GSU filled with pro-Obote Langi, seriously meted revenge on the Acholi and Langi people whom he accused of continued support to Obote who had established training camps and engaged in various cross-border guerrilla attacks from Tanzania where he had fled. Shortly after the coup Amin announced that an airport, giant hotel and university were to be built in his home district West Nile, which confirmed the continuation of the already

familiar pattern of ethnic favoritism (Hansen 1977). Given the resentment the Asians attracted from the lower echelons of Ugandan society, the steps that Obote had taken and for populist purposes President Idi Amin also decided to expel Uganda's Asian population in 1972. Amin was eloquent in defending the expulsion in economic nationalism terms as he pledged to transfer economic control into the hands of black Ugandans. His plan to use these assets to turn the economy failed to materialize as high-ranking individuals in his regime squandered the ill-gotten wealth and other inexperienced black Ugandans that filled the positions left vacant by the Asian exodus mismanaged everything, the economy collapsed, and Amin's supposed moment of victory over the much hated Asians turned into a tragedy that went on to haunt Uganda. While the expulsion was sociologically unjust, fundamentally racist in conception and economically unsound, one must not forget that the anti-Asian prejudice was established well in Uganda before its independence by British colonial economic policies (Mamdani 1983). Amin's regime turned against Ugandans and butchered in ways not witnessed any in Africa at that time. He destroyed the economy, and in his attempts to divert public attention from these atrocities, he attacked Tanzania and annexed its territory on the Ugandan southern border. President Nyerere replied firmly, and together with Ugandan exiles, they launched a full-scale war on Uganda and Amin took for his life. The return of Obote as Head of State following a sham election in 1980 reversed the trend and the Kakwa; Aringa and Lugbara communities that dominated Amin army also found themselves on the receiving end of state inspired revenge murders. Buganda, which had become a real enemy to Obote after the events of 1966, also suffered a brutal response and vengeance (Mutibwa 1992). Museveni who argued that the 1980 elections were rigged launched a guerrilla war immediately, but it was not his NRA guerrilla rebels that brought Obote from power for the second time but ethnic identity politics within his army itself. Ethnically Obote was a Langi, while ethnic Acholi people from the north dominated the army top leadership. These ethnic groups had their historical difference and a record of conflicts among themselves. However, their alliance was to hold power against other groups or regions in the country. However, while fighting the guerrilla war against NRA rebels led by Yoweri Museveni and dominated by people from western Uganda, Obote was accused of mostly sending soldiers from the Acholi ethnic group to the battlefield while shielding his own Langi people. In 1983, General Oyite Ojok an Acholi and the Army Commander at the time was killed in a helicopter clash in Luwero battlefield. The Acholi top commanders in the army expected him to be replaced by another Acholi because they considered the army leadership their preserve while the Langi's took the political. However Obote replaced Oyite Ojok with Opon Acak a junior officer compared to Bazillio Olara Okello and Okello Lutwa both Acholi senior army officers. In 1985, they led a mutiny that saw Obote over thrown in another coup (Lubega 2013). The Lutwa government started negotiation with the Museveni NRA rebels who failed and the Museveni outfit captured power in January 26, 1986.

## Identity Politics Under Yoweri Museveni Regime (1986–present)

Yoweri Museveni and his National Resistance Movement (NRM) rise to power happened after Uganda had suffered tremendously from mismanaged identity politics. In his rhetoric, Museveni vehemently castigated identity politics and co-opted many rivals both real and potential, different groups and regions into a broad-based no-party movement system. Museveni's own ethno-regional group (Ankole-Kigezi subregion) lacked the demographic weight to rule without building alliances across ethnic lines, particularly regarding the dominant Baganda with whom his NRA built a coalition during the guerrilla war. Thus for self-preservation purposes, the NRM redefined local rights of citizenship in terms of residence rather than ethno-territorial belonging. However, this has not always gone well especially in other areas of ethno-territories where many

migrants from western Uganda are commonly known as *Balaaro* for cattle herders and *Bafuruki* for cultivators. For instance, serious political conflicts based on these local ethnic differences have caused trouble in Bunyoro kingdom where the local Banyoro political candidates were defeated in elections by Bakiiga *Bafuruki* candidates who had emigrated from Kabaale district. This caused serious ethno-political conflicts that led the President to direct intervention and ordered for the deliberate reinstatement of Banyoro candidates as leaders to ease ethnic tensions. These kinds of tensions have spread in other areas with volatile ethno-political tensions such as Kasese and have resulted in serious violence. Furthermore, these kinds of highly division local identity political dynamics have filtered into the creation districts where local ethnicities have refused to coexist and the solution has been creation of different administrative district for each group. There are also other political misunderstandings in Uganda that have taken an ugly identity dimension. For example, in 2009, there was a huge confrontation between the central government and Buganda Kingdom. The central government refused the Kabaka of Buganda Ronald Muwenda Mutebi to visit Bugerere one of Buganda Kingdom counties in present day Kayunga district. The Kabaka insisted on visiting the county and the government blocked him. The resulting demonstrations resulted in the killing of several people in Kampala and destruction of property. The most ugly party of this misunderstanding was that instead of seeing it as a misunderstanding between the Kingdom and the central government, it was seen as a confrontation between the Baganda and Banyankole people from Ankole where most security people and the President come from. Many innocent Banyankore people were targets of attack. Such ugly incidents erupt in Kampala whenever there are violent demonstrations or misunderstandings; the Banyankore become targets of attack just because Museveni and his dominant ruling elite are Banyankore. Given that this has been a common practice not only in Ugandan history but horrifically played out in the 2008 Kenyan election where different ethnic groups turned on each other especially the Kikuyu of Mwai Kibaki and Luo of Raila Odinga, most Banyankore who are not necessarily Museveni supports are forced to vote, support, or defend his regime whenever they are threatened with revenge. In other words, he is a guarantor of their peaceful existence. This is not new or limited to Uganda and Kenya but in most African countries. The Ugandan elite including the civil society, cultural leaders, elders, and politicians has got to work out a formula to ensure that interethnic violence that usually plays out locally and the one boiling underground where other groups now see people from western Uganda as their political problem. Apart from getting a lot of favors in jobs and other national resource allocations, people in the western region vehemently support the Museveni regime in an "us versus them" kind of politics reminiscent of the past Uganda regimes.

While President Museveni has a very strong rhetoric against parochial identity politics, from the very beginning, he was exploiting identity politics to achieve his political objective. In the first place, almost all the fighters of the Museveni National Resistance Army (armed wing of the NRM) which was later renamed Uganda Peoples Defence Force (UPDF) represented a southern identity particularly Ankole the home area of Museveni in contrast to the northern-dominated national armed forces which changed the North–South schism that Uganda witnessed during the independence era. The NRA forces meted horrific revenge attacks on northern soldiers while running to the north after Obote's defeat contributed to the cycle of civil conflict that the country has endured over the last 30 years (Lindemann 2010). Museveni wooed his rivals to form a broad-based government, but many northerners refused to join it, and up to date, the northern region has been systematically underrepresented in key political, military, bureaucratic, and economic institutions of Uganda. However, Museveni's broad-based movement system came under its first serious challenge in 1999 when Colonel Dr. Kiiza Besigye who was President Museveni's personal physician during the 5-year guerrilla war and had served as State Minister for Internal Affairs and

National Political Commissar in the NRM government wrote an internal memo which leaked to the press pointing out that Museveni had digressed from their agreed bush war days' agenda of establishing democracy, rule of law, and constitutionalism, among others. Besigye argued that while Museveni was busy hoodwinking Ugandans with promises of professionalizing the army, ending identity politics, and strengthening democracy, in actual sense, he was doing the very opposite and planning to entrench himself into power for life which has turned out to be almost true because in December 2017, the 75-year age limit was also scrapped from the constitution meaning that in 2021 Museveni will be eligible to extend his presidency beyond 35 years. Besigye who also come from the Ankole-Kigezi subregion retired from the army and launched a presidential bid in 2001 elections, posing the biggest challenge to Museveni's leadership from then up to now.

In 2005, a multiparty dispensation was reintroduced in Uganda, and over 20 political parties have been registered. Among these, the dominant ones are the ruling NRM and the Forum for Democratic Change (FDC) which is the largest opposition party. Apart from JEEMA party which was initially founded to represent the interests of Muslims, most parties have moved away from the identity politics witnessed up to the 1980s as discussed earlier. For instance, DP which was a predominantly Baganda party is headed by Hon. Norbert Mao who hails from Gulu in Northern Uganda. Religion is also no longer a major factor in how parties or politics generally are configured in Uganda. However, ethnicity, though very much camouflaged, is still a key fact in the politics of the country. To untangle how ethnicity plays out in the politics of Uganda under president Museveni, one has to understand how he has structured, controls, and exercises his power. Museveni's leadership style has ensured that there is a deliberate crippling of institutions and establishment of a highly top-down and nepotistic three-level power structure consisting of the inner core, the intermediate circle, and the outer circle. The inner core involves the president himself who is at the center of power, his immediate family including his wife Janet Kataaha, the minister of education; his son Major General Muhoozi Kainerugaba (formerly the Head of Special Forces and now a senior presidential advisor on military issues); his brother General Caleb Akandwanaho (aka Salim Saleh, a Presidential Advisor on Security); and other extended family members including Sam Kuteesa, the minister for Foreign Affairs (the father of Muhoozi wife); Esther Kajubiri, President Museveni's sister and a commissioner for education; Dr. Diana Atwiine, the Permanent Secretary of the ministry of health; Hon. Bright Rwamirama, the minister for Veterans Affairs; and Hon. Frank Tumwebaze, the minister of ICT. These leading figures that are directly related to the first family are the ones at the center of whatever decisions happen within government (Bukenya and Muhumuza 2017). The inner core is the one that carefully selects the intermediate circle based on region, ethnic origin, and religion. These are carefully selected and appointed cabinet ministers or placed in key government positions such as the police, Bank of Uganda, the treasury, revenue authority, oil production armed forces, and police. All the people who wield power in these key positions are mainly people from western Uganda where the president comes from and are trusted by him. Key among them are the governor of the Bank of Uganda, Prof. Emmanuel Mutebile; Mr. Keith Muhakanizi, the Secretary to the Treasury; Ms. Allen Kagina, the Executive Director of Uganda National Roads Authority and the biggest funded sector; Major General David Muhoozi, the Chief of Defense Forces; and other powerful regional political elites who act as his local lynchpins in their areas of origin. These are carefully selected to show that their constituencies are represented at the highest levels of government a strategy that helps explain Uganda's very large Cabinet. The broader outer circle comprises state ministers, local elites that occupy political and administrative positions in local governments, leaders within the NRM party, traditional authorities, and religious leaders. This outer layer and to some extent the intermediate circle are continuously changing because of party and general elections whose outcomes are used by the

inner core elite as the basis for admitting and exiting members of the outer layers (Golooba-Mutebi and Hickey 2013).

## Identity Politics in Museveni's Army

Real power in Uganda now does not lie with the people but the army, and as earlier discussed, this is not new but actually a continuation of what past leaders he castigated did. When Amin was planning his coup, he was advised by Col. Bar-Lev chief of the Israeli military team in Uganda that with a team of 600 well-trained, well-equipped, and loyal soldiers, they could overpower an army of 5000 poorly equipped soldiers (Mamdani 1983). This is probably the one biggest lesson Museveni coped from Amin's era. In addition to exerting very strong control on the regular UPDF and the police, Museveni has created another army within an army called Special Forces under the command of his son Brigadier Muhoozi Kainerugaba. The numbers of this Special Forces are not clearly known to the public, but they are estimated in over 10,000. What is clear however is that they are very well trained, well equipped, and properly screened to ensure that they have full support to Museveni and dominated by Banyakole (Museveni's ethnic group), but the most important point here is that they are capable and are always ready to take on the regular UPDF in case of a confrontation.

## Conclusion

This entry has made headway in showing how race, ethnicity, and religion have been politicized or politically manipulated to acquire and maintain political power in Uganda historically. While a lot of progress has been made in the last 30 years to minimize identity politics in Uganda, there is still a lot to de done. Identifying unifying factors, values, and common challenges such as poverty, unemployment, and climate change, among others, and building consensus on how to address them can contribute to a better Uganda than the differences in its people's identity.

## Cross-References

▶ Governance
▶ Power and Politics: Basic Concepts

## References

Adhola Y (2013, April 14) Politics of identity and UPC in Ankole. Daily Monitor Kampala. Retrieved from www.dailymonitor.co.ug on 26 Sept 2018

Aidan S (2011) The weight of history: ethnic identity and colonial rule in Uganda. Think Africa Press, London

Apter ED (1997) The political kingdom in Uganda: a study in bureaucratic nationalism. Frank Cass, London. Retrieved from https://books.google.co.ug/books?isbn=0714642347 on 20 Sept 2018

Bernstein M (2005) Identity politics. Annu Rev Sociol 31:47–74. Accessed from http://www.jstor.org/stable/29737711 on 24 Sept 2018

Brunt R (1989) The politics of identity in S. Hall and M. Jacques, New Times: the changing face of politics in the 1990s. Lawrence & Wishart, London, pp 150–159. Accessed from Google Scholar on 22 Sept 2018

Bukenya B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the facade. Working paper no. 85, Effective States and Inclusive Development Research Centre (ESID), University of Manchester, UK. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954595 on 15 Sept 2018

Glentworth G, Hancock I (1973) Obote and Amin: continuity and change in modern Uganda politics. Afr Aff 72:237–255. Retrieved from https://www.jstor.org/stable/719846 on 24 Sept 2018

Golooba-Mutebi F, Hickey S (2013) Investigating the links between political settlements and inclusive development in Uganda: towards a research agenda. Effective States and Inclusive Development Centre, The University of Manchester, Manchester. Working paper no. 20. Retrieved from http://www.effective-states.org/wp-content/uploads/working_papers/final-pdfs/esid_wp_20_goloobamutebi-hickey.pdf on 26 Sept 2018

Hansen HB (1977) Ethnicity and military rule in Uganda: a study of ethnicity as a political factor in Uganda. Scandinavian Institute of African Studies, Uppsala. Retrieved from https://www.amazon.com/Ethnicity-military-rule-Uganda-anthropology/dp/9171061223 on 25 Sept 2018

Ingham K (1994) Obote: a political biography. Routledge, London. Retrieved from https://www.amazon.com/Obote-Political-Biography-Kenneth-Ingham/dp/0415053420 on 20 Sept 2018

Kanyeihamba GW (2002) Constitutional and political history of Uganda. Centenary Publishers Kampala. Retrieved from https://searchworks.stanford.edu/view/5333474 on 20 Sept 2018

Kiwanuka MSM (1970) Nationality and nationalism in Africa: the Uganda case. Can J Afr Aff 4:229–247

I

Lindemann S (2010) Exclusionary elite bargains and civil war onset: the case of Uganda, Crisis States working papers series 2, 76. Crisis States Research Centre, London

Lofchie FM (1972) The Uganda coup-class action by the military. J Mod Afr Stud 10:19–35. https://doi.org/10.1017/S0022278X00022072

Lubega H (2013, July 21) Could Obote have stopped his second fall? Daily Monitor Kampala. Retrieved from http://www.monitor.co.ug/Magazines/PeoplePower/Could-Obote-have-stopped-his-second-fall-/689844-1920988-46c91g/index.html on 25 Sept 2018

Mamdani M (1983) Imperialism and fascism in Uganda. Heinemann Educational Books, Nairobi. Retrieved from https://libcom.org/files/ZZ_Mahmood%20Mamdani-Imperialism%20and%20Fascism%20in%20Uganda-Heinemann%20Educational%20Books%20(1983).pdf on 21 Sept 2018

Mamdani M (2013) Define and rule: Natives as political identity, MISR book Series No 2. Retrieved from https://misr.mak.ac.ug/.../define-and-rule-native-as-political-identity-by-mahmood-mahmood on 12 Sept 2018

Mudoola D (1996) Religion, ethnicity and politics in Uganda. Fountain Publishers, Kampala. Retrieved from https://www.amazon.com/Religion-ethnicity-politics-Uganda-Mudoola/dp/9970020137 on 21 Sept 2018

Muteesa E II (1967) Desecration of my kingdom. Constable, London. Retrieved from www.worldcat.org/title/desecration-of-my-kingdom/oclc/381718 on 16 Sept 2018

Mutibwa P (1992) Uganda since independence: a study of unfulfilled hopes. Fountain Publishers, Kampala. Retrieved from https://www.amazon.com/Uganda-Since-Independence-Story-Unfulfilled/dp/0865433577 on 17 Sept 2018

Ramchandani R (1973) The economic roots of racial friction in Uganda. Econ Polit Wkly 8:2301+2303–2304

# i-Labs and Public Administration: Public Innovation and the Future of Public Sector

J. Ignacio Criado[1], Thiago Ferreira Dias[2] and Hironobu Sano[2]

[1]Department of Political Science and International Relations, Universidad Autónoma de Madrid, Madrid, Spain

[2]Federal University of Rio Grande do Norte, Natal, Brazil

## Synonyms

Cocreation; Coproduction; Governance; Public innovation

## Introduction

The introduction of public innovation labs (i-labs or living labs) came together with the emergence of an open/smart governance paradigm in public management. Different authors foresaw the first steps of a public governance paradigm based on networks and the growing involvement of the society and different societal actors in public affairs and public decision-making. Nowadays, different studies support the idea that there exists a turning point in the evolution of public sector management, implying a new paradigm named open/smart governance. Among other aspects, this new paradigm is also related to the fourth technological revolution, including innovation in the public sector. This new trend has i-labs as one of the platforms to adopt innovative practices in the public sector and coproduction practices. Our perspective is to understand if these initiatives are advancing beyond the generation of ideas, turning them into prototypes, and then promoting the implementation in real settings to improve public administrations and public policy.

Public innovation labs have been defined mostly as arenas for experimentation in public sector agencies organizations. At this stage, there are few scholarly works studying innovation labs and their contribution to the transformation of public sector management. In short, they are organizations, in some cases autonomous from government, based on the generation of innovation, oriented to support public organizations to tackle social problems through open methodologies and collaboration (Criado et al. 2020; Gascó 2017; Ruijer and Meijer 2019). Therefore, living labs' core function is fostering innovation in public sector settings, including action-oriented and experimental methodologies in the process.

In recent years, the rapid growth in the number and scope of governmental innovation labs, also known as i-labs or public sector labs, have occurred due to government' search for better public services. At the same, this trend aimed to respond to the growing demands and expectations from citizens (Acevedo and Dassen 2016; UNDP 2018). This movement to increase the number of i-labs has also been observed in different public sectors (at the executive, legislative, and judiciary

branches of power) and across the three layers of government (federal/national, state/regional, and local/municipal). Therefore, this entry carries out an exploratory analysis of i-labs, examining their nature, scope, and operation, and comparing them internationally, including the attention to different features associated with the sustainability of i-labs.

The introduction of public innovation labs is associated with the emergence of an open/smart governance paradigm. Osborne (2010) and other authors foresaw the first steps of a public governance paradigm based on networks and the growing involvement of the society and different societal actors in public affairs. More recently, different authors support the idea that we are in the middle of a turning point in the evolution of public sector management, implying a new paradigm named open/smart governance (Meijer et al. 2019). Among other aspects, this new paradigm is also related to the fourth technological revolution (Criado and Gil-Garcia 2019), including innovation in the public sector.

Looking at public innovation, different governments have built innovation-oriented spaces. These innovation labs are designed to promote cocreation of new solutions, based on public value generation, and involving representatives of different sectors: government agencies and employees, civil society, and experts. i-Labs open the doors to new methods and collaborative work, as they are designed to cope public societal problems and promote transformations in public management and in the lives of citizens (Criado et al. 2020). Therefore, i-labs are recognized as experimental arenas and they could be public sector innovation catalyst (Bason 2010). In the last 10 years, public innovation labs have been launched in different countries, with different formats, and with the deliberate intent to generate dynamics of transformation in the public realm, through experimentation in the process of generating solutions to increasingly complex social problems (Tõnurist et al. 2017).

Literature on i-labs suggests that success of these innovation arenas depends on different dimensions. They include institutional characteristics, such as leadership support, methodologies affecting the possibility to implement innovations and scalability, and the generation of an innovation-oriented culture (Acevedo and Dassen 2016; Criado et al. 2020). On the other hand, some of the main challenges, particularly in developing contexts, such as in Latin America, involve surpassing tolerance to failure, promote greater interaction with other government agencies, and, above all, consider the need for financial sustainability (Acevedo and Dassen 2016). Therefore, the purpose of this entry is introducing i-labs, exploring the concept, characterization, and innovation stages of evolution.

The rest of this entry is as follows: The next section dives into the notion of i-labs and the implications of this new term in decision-making and policy design processes. The third section characterizes the features of government innovation labs, paying attention to different studies and models previously developed by different authors in this field of research. The final section suggests some future directions regarding i-labs in operation. Also, the conclusion of this entry opens the door to i-labs in the future of public sector and the evolution of public administration.

## Definition of Government Innovation Labs

Government i-labs have become popular in the public sector over the last decades. Studies carried out have been descriptive and normative or in the format of practical guidelines (Acevedo and Dassen 2016; UNDP 2018) and, therefore, there are few systematic cases that seek to understand their nature, objectives, methodology, and potential of public sector transformation (Bloom and Faulkner 2015). Nonetheless, scholars have also developed some empirical studies into this research area in different international contexts (Criado et al. 2020; Gascó 2017; McGann et al. 2018; Ruijer and Meijer 2019; Shin 2019).

There is not a unanimous approach to the notion of innovation lab in the public sector, including its name (i.e., i-labs, government innovation labs, living labs in the public sector, public sector innovation labs, etc.). Although there is no consensus about the definition of what a public sector innovation lab is, Mulgan (2014, p. 11)

considers that they should contain "experimentation in a safe space at one remove from everyday reality, with the goal of generating useful ideas that address social needs and demonstrating their effectiveness." This is a general definition to highlight the practical perspective of these initiatives and should be concerned with finding solutions to real problems in a context of environmental changes.

Schuurman and Tõnurist (2017) consider that the mission of innovation labs is to foster user-focused services based on ICT solutions, in order to handle external changes and define them as islands of experimentation. In particular, "living labs refer to user-centered, open innovation ecosystems based on a systematic user co-creation approach integrating research and innovation processes in real-life communities and settings" (Schuurman and Tõnurist (2017, p. 7). That is, from this point of view innovation labs are arenas for testing and scaling up innovation in public services.

From the perspective of Gascó (2017), living labs in the public sector entail a "collaborative platform for research, development and experimentation in a real-life settings, based on specific methodologies and tools, and implemented through specific innovation project and community building activities" (Gascó 2017, p. 91). Here, one of the critical issues is the idea of citizens' involvement and the capacity to deliver open innovation. This idea is complementary with the assumption of Ruijer and Meijer (2019), who suggest that living labs represent an alternative to experiments in public organizations often operated in (semi) controlled spaces in the public sector.

This is the same perception of Criado et al. (2020), who suggest that the logic of innovation labs in the public sector arises from societies where there is not only a unique viable system of public service delivery, but also new patterns of innovating and understanding how to govern the public sphere. In addition, McGann et al. (2018) have portrayed the role of public sector innovation (PSI) labs for public policy. Here, they suggest that the emergence of PSI labs "has been associated with various policy trends, including growing interest in evidence-based policy-making and the pursuit of 'open government' agendas" (McGann et al. 2018, p. 251). Although there is not a unique perspective on public sector innovation labs, most of the scholars share ideas about their main features.

Finally, McGann et al. (2019) suggest another key idea regarding to i-labs, that is, "the attempt to systematically differentiate innovation labs' role in policy systems from both traditional advisory units within government and the influential non-government actors that are the focus of the literature on deinstitutionalization in policy advisory systems." To put it differently, these authors insist on the idea that i-labs go hand in hand with the growing influence of market and civil society actors in the policy making process. This process is grounded in concepts of coproduction and cocreation, and the intentional attempt to give more space to innovation-based methods and approaches including coproductive models of problem solving.

## Features of Government Innovation Labs

The emergence and dissemination of these initiatives are related to the process of public sector reforms driven by the ideas of New Public Management and, more recently, by the debates on new public governance (Osborne 2010). The focus of the debate has been on the search for better results for citizens, due to the increased pressure from society, tax constraints of governments, and the increase use of information and communication technology. This idea connects i-labs with growing debates in the discipline of public administration and management.

International experiences indicate that i-labs have a focus on the user/citizen. This idea embraces a more active role in terms of participation in decision-making processes, leading to the adoption of more open and participative methodologies based on cocreation, coproduction, and

codesign (Torfing et al. 2016). Greater openness would require the adoption of participatory methodologies such as design thinking or design science research (McGann et al. 2018).

One of the main characteristics that stands out in i-labs is their small size in terms of staff, low turnover, less hierarchical rigidity, and support of the board (Tõnurist et al. 2017). Innovation teams, or i-teams, would be created by political leaders seeking to overcome traditional trends in the public sector, such as managers' focus on performance, inflexible budgets, and bureaucracies resistant to experimentation and change (Puttick et al. 2014). In these structures, however, it is not always possible to distinguish the innovation lab budget from the organization in which it operates, raising questions about the sustainability of these initiatives (Acevedo and Dassen 2016; Tõnurist et al. 2017).

As for the objectives of innovation labs, an IDB survey identified seven of them: foster an innovative environment in public administration, develop specific innovations, introduce technologies to public administration, modernize public administration processes, introduce new communication methods in public administration, and open public administration data (Acevedo and Dassen 2016). In turn, the study carried out by Nesta classified the laboratories into four categories based on the activities developed: creating solutions to solve specific challenges; engaging citizens, nonprofits, and businesses to find new ideas; transforming the processes, skills, and culture of government; achieving wider policy and systems change (Puttick et al. 2014).

There are some points in common between the results of the two above-mentioned surveys. Among them, we highlight the creation of specific solutions to priority problems demanding applicable and scalable solutions; in this context, i-teams can be considered developers and creators of innovations (see Table 1). Hence, the introduction of technologies in the public sector could be incorporated into this group, considering that ICT tools are important in the innovative process in the public sector (Ståhlbröst and Holst 2017).

The IDB's research emphasized citizens' participation in the innovation process, but this role was extended in the view of Nesta. This approach included nongovernmental organizations and the private sector, a situation that is also highlighted in other studies. In this perspective, the public sector needs to be prepared to listen to the ideas coming from outside its own system, and to devise communication and community-building strategies to foster the engagement of different stakeholders. This innovation team would then have the role of facilitating participation, allowing innovations to come from the external environment as well.

Modernization of management procedures in the public sector and the strengthening of an innovative environment proposed by the IDB are related to the goal of transforming processes proposed by Nesta. In order for this process to take place, it would still be necessary to offer training

**i-Labs and Public Administration: Public Innovation and the Future of Public Sector, Table 1** Types of i-labs according to its objectives or purposes

| No. | Category | NESTA | IDB |
|---|---|---|---|
| 1 | Developer or creator | Creating solutions to solve specific challenges | Develop specific innovations; introduce technologies to public administration |
| 2 | Enabler | Engaging citizens, nonprofits, and businesses to find new ideas | Create new mechanisms of citizen participation; introduce new communication methods in public administration |
| 3 | Transformer | Transforming the processes, skills, and culture of government | Modernize public administration processes; foster an innovative environment in public administration |
| 4 | Architect | Achieving wider policy and systems change | – |

Source: own elaboration based on Acevedo and Dassen (2016) and Puttick et al. (2014)

and seek external support, as well as creating incentives structures (i.e., prizes and rewards) and mechanisms for evaluating their results. The opening of government data for new solutions to be sought could also be framed in this category, since the literature has pointed out the difficulty in opening public data and a greater predisposition to opening information would require change of culture in public managers (Ruijer and Meijer 2019). The last objective identified by Nesta does not find direct correspondence in IDB perspective: achieving wider policy and systems change.

In addition to the dimensions presented in Table 1, Mulgan (2014) highlights the importance of other variables to understanding i-labs. The first element concerns the method used to develop innovations (design, data, behavioral economics, hybrid, etc.). In addition, it is important to consider the sector to which the laboratory is developed (i.e., education, health, public security, etc.). The third aspect refers to the focus of action in the innovation process, that is, in the form of awareness of problems, generation of ideas, implementation, and scalability, according to the stages of innovation of Fig. 1.

The fourth dimension comprises the purpose of i-labs: development of innovations, training public servants, funding innovative projects, promotion of coparticipation, etc. Finally, it is needed to consider the degree of involvement of i-labs in the public sector, that is, to what extent they are a section/department within a public agency, a mix between public and private funding, or an innovation space completely separated from the public sector (based at an university, private foundation, company, etc.).

Mulgan (2014) also considers that the simplest way to sort the i-labs is from the analysis of methodologies they adopt. Then, this author identified that surveyed labs focus only on the first three stages of innovation, that is, neither they are implementation oriented nor scalable, although they intend to influence the whole system and not be restricted to generating ideas.

In addition to the methodology adopted by the i-labs, the study of Puttick et al. (2014) identified other common factors that complement the variables already presented. These factors are the following: (1) availability of self-funding resources or external sources; (2) the type of leadership and the political support to the initiative; (3) alliances with other sectors (internal and external to the government); and (4) impact measurement. These features shape i-labs capacities.

## Future Directions and Conclusion

Our study suggests a change in contemporary public management. Specifically, innovation labs or i-labs confirm a trend oriented to blur organizational boundaries in the public sector and to put together external actors in the decision-making process of solving social problems. Additionally, this approach has shown that it is necessary to adopt agile methodologies in the public sector,

**i-Labs and Public Administration: Public Innovation and the Future of Public Sector, Fig. 1** Stages of innovation. (Source: Mulgan 2014)

more perceptive to the needs of changing environments with increasing volatility. In addition, i-labs evidence knowledge is distributed in society and it should be incorporated in the public sector. Hence, large organizations must be permeable to absorb the experience and expert knowledge coming from the environment if they aspire to take part of the future. This is also the case of public sector organizations.

Openness of data would increase the transparency of government, reduce the information asymmetry in the State-society relationship, facilitating citizen and civil society organizations' participation in the design, implementation, and evaluation of public policies, and, therefore, increase social control and democratic accountability (Janssen et al. 2012). Some authors claim this implies a new paradigm called open/smart governance (Criado and Gil-Garcia 2019; Meijer et al. 2019). This new paradigm in public management encompasses "*inclusion of external agents to the decision-making processes in public organizations; collaborative dynamics requiring to launch certain projects in distributed work groups (holacracy); radical transparency of organizational processes; transformation of the intermediation dynamics; cost reduction of making information accessible; and continuous evaluation linked to the traceability of actions in these new digital cooperative spaces*" (Criado and Gil-Garcia 2019). Therefore, i-labs will be part of public sector organizations in the near future.

In all i-labs, there exists a common orientation to achieve public innovations aimed at solving social problems, through the use of massive data, application of experimental and agile methodologies, openness to collaborate with citizens and other organizations, and prototyping solutions to real problems in specific contexts, whereas they have different formats. In some cases, i-labs derive from a university environment. This is the situation of the GovLab at the University of the Governance Lab Utrecht. Here, the processes of innovation are oriented to foster, not only governments and public administrations, but also academic research (potentially including any government). In other cases, innovation labs have been directly promoted by governments themselves. This is the case of the Government Lab of Chile (*Laboratorio de Gobierno*). Then, in this second group their funding and innovation focus are oriented to improving that specific public agency or government (although they may also involve other administrative levels in their operation).

There are other types of i-labs oriented to the solution of public problems. Acevedo and Dassen's (2016) study adds as innovation labs the so-called labs for social innovation. In this same line of research are Gascó (2017) or Tõnurist et al. (2017), asking the latter why the innovation labs are created in the public sector and test hypotheses in practice. Thus, the limits of i-labs will be porous, not only in their relationship with the public sector, but also addressing conventional social innovation. At the same time, all of them have in common the interest in promoting an environment of innovation in public sector organizations and developing innovations in products or services by experimental means.

Besides, we look at the growth of i-labs as an opportunity that opens up governments and public administrations around the world to experiment with the growing complexity of social problems. In some cases, i-labs can be promoted by themselves (governments and public organizations) as internal departments to foster ideas and collaboration dynamics. In other cases, i-labs can be developed as hybrid arenas to make possible the interaction of public sector organizations, putting the citizens at the center, with external partners, experts, and other organizations involved in the problems. However, we are still at a very early stage in the implementation of the idea of innovation in the public sector (including i-labs), especially the capacity to challenge the power dynamics and traditional work processes (De Vries et al. 2016). As a matter of fact, the above-mentioned changes can only be carried out through the application of collective wisdom or crowdsourcing, as well as cocreation and coproduction of public services oriented to create public value and generating smartness in government (Gil-Garcia et al. 2016; Rodríguez-Bolivar and Meijer 2016).

Here, we make a warning call about the risk of creating i-labs as a fashion or an advertising strategy to gain stage in the political realm. Associated with this warning, we also have to discuss the sustainability of actions that are implemented by i-labs. Mostly, they rely on external resources that might put their sustainability at risks. At the same time, another challenge is the scope of the prototypes generated by i-labs and how they scale in the process of implementation and provide a greater impact on society. Here, public sector organizations testing prototypes need to be prepared to hear ideas coming from the outside context, and develop communication strategies increasing the involvement of different stakeholders.

Public value generated by i-labs will derive from their capacity to modify public sector rules and service dynamics, both formal and informal, as well as the balance of power, not only within public organizations, but also in their relationship with society. Then, the potential of these arenas for public innovation still seems limited to the extent that the experiences underway have had a very specific focus, both in thematic focus or policy areas and in scope of the defined transformations (more as developers, facilitators, or educators, than architects). Broadly, they have been oriented too much in processes and less in the conceptual or cultural dimension of public sector organizations. As pointed out before, public i-labs will extend their transformation capacity as they are part of broader innovation ecosystems involving more actors and more complex social and policy problems. Finally, one should enhance the public value created by i-labs implementing flexible actions in public bureaucracies and improving delivery of public services to citizens. At this stage, i-labs may be the suitable arenas for open innovation in the public sector, which can contribute to promote a culture of change in public sector organizations.

## Cross-References

► Open Government

## References

Acevedo S, Dassen N (2016) Innovation for better management: the contribution of public innovation labs. Technical note Inter-American Development Bank. https://publications.iadb.org/handle/11319/7874. Last accessed 4 Oct 2018

Bason C (2010) Leading public sector innovation: co-creating for a better society. Polity Press, Bristol

Bloom L, Faulkner R (2015) Innovation spaces: transforming humanitarian practice in the United Nations. Working paper series no. 107. University of Oxford, Oxford

Criado JI, Gil-Garcia JR (2019) Creating public value through smart technologies and strategies: from digital services to artificial wisdom and beyond. Int J Public Sect Manag 32(5):438–450

Criado JI, Dias TF, Sano H, Rojas-Martín F, Silván A, Isidro-Filho A (2020) Public innovation and living labs in action: a comparative analysis in post-new public management contexts. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1729181

De Vries H, Bekkers V, Tummers L (2016) Innovation in the public sector: a systematic review and future research agenda. Public Adm 94(1):146–166

Gascó M (2017) Living labs: implementing open innovation in the public sector. Gov Inf Q 34(1):90–98

Gil-Garcia JR, Zhang J, Puron-Cid G (2016) Conceptualizing smartness in government: an integrative and multi-dimensional view. Gov Inf Q 33(3):524–534

Janssen M, Charalabidis Y, Zuiderwijk A (2012) Benefits, adoption barriers and myths of open data and open government. Inf Syst Manag 29(4):258–268

McGann M, Blomkamp E, Lewis JM (2018) The rise of public sector innovation labs: experiments in design thinking for policy. Policy Sci 51(3):249–267. https://doi.org/10.1007/s11077-018-9315-7

McGann M, Wells T, Blomkamp E (2019) Innovation labs and co-production in public problem solving. Public Manag Rev. https://doi.org/10.1080/14719037.2019.1699946

Meijer A, Lips M, Chen K (2019) Open governance: a new paradigm for understanding urban governance in an information age. Front Sustain Cities 1:3. https://doi.org/10.3389/frsc.2019.00003

Mulgan G (2014) The radical's dilemma: an overview of the practice and prospects of Social and Public Labs (Version 1). NESTA, London

Osborne SP (2010) The (new) public governance: a suitable case for treatment? In: Osborne SP (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, New York, pp 1–16

Puttick R, Baeck P, Colligan P (2014) I-teams: the teams and funds making innovation happen in governments around the world. Bloomberg, London

Rodríguez-Bolivar MPR, Meijer AJ (2016) Smart governance: using a literature review and empirical analysis

to build a research model. Soc Sci Comput Rev 34(6):673–692
Ruijer E, Meijer A (2019) Open government data as an innovation process: lessons from a living lab experiment. Public Perform Manag Rev. https://doi.org/10.1080/15309576.2019.1568884
Schuurman D, Tõnurist P (2017) Innovation in the public sector: exploring the characteristics and potential of living labs and innovation labs. Technol Innov Manag Rev 7(1):7–14
Shin DH (2019) A living lab as socio-technical ecosystem: evaluating the Korean living lab of internet of things. Gov Inf Q 36(2):264–275. https://doi.org/10.1016/j.giq.2018.08.001
Ståhlbröst A, Holst M (2017) Reflecting on actions in living lab research. Technol Innov Manag Rev 7(2):27–34
Tõnurist P, Kattel R, Lember V (2017) Innovation labs in the public sector: what they are and what they do? Public Manag Rev 19(10):1455–1479. https://doi.org/10.1080/14719037.2017.1287939
Torfing J, Sørensen E, Røiseland A (2016) Transforming the public sector into an arena for co-creation: barriers, drivers, benefits, and ways forward. Adm Soc 1(31):1–31
UNDP (2018) Growing government innovation labs: an insider's guide. UNDP, New York

# Image of a Local Area: Measuring and Managing

Vincenzo Vignieri
Department of Political Sciences and International relations, University of Palermo, Palermo, Italy

## Synonyms

Image of local area; Impression of a place; Place conceptualization; Place perception; Representation of a territory

## Definition

The image of a local area can be conceived as cumulative beliefs, ideas, opinions, and experiences people have about a place. Image embodies a large number of information, memories, and suggestions that pertain to a specific place, which are processed by human mind by selecting relevant evidence from a big amount of data about a local area. Image conceptualizes the value and/or a certain level of performance that a place expresses and it inspires human behaviors. The image of a local area is perceiveid by people, it is part of knowledge structures related to a place and it is long-lasting and difficult to change. Measuring and managing the image of a local area can support the socioeconomic development of a local community by providing to local policy-makers the necessary information to support them in improving policy outcomes. When applied to a local area, an outcome-based dynamic performance management approach provides decision-makers with the appropriate set of information to effectively allocate resources coherently with the pursued objectives. In this task, performance drivers provide to both managers and politicians relevant measures which give insights and policy recommendation on how to manage the image of local area.

## Introduction

The image of a country image has become a crucial success factor, and governments are called to manage their country reputation, especially when domestic firms look to expand their markets overseas. The image of a country is not under the marketer's control – unlike product or corporate brand – but it has a big impact. "In fact, there remains much misunderstanding and many commentators and some consultants and academics still interpret 'place branding' as simply the application of product promotion, public relations, and corporate identity activities for countries, cities, or regions, as though they are mere commodities" (Porter 2011: 1).

Places, like brands, have an image that "represents a promise of value and performance, incite beliefs, evoke emotion and inspire behaviors" (Kotler and Gertner 2011: 35). If the marketing department of a business organization may leverage products and brand image with investments,

for local policy-makers managing the image of a place is not an easy task. As Kotler and Gertner (2011: 35) emphasized, the image of a place can be conceived as "the sum of beliefs and impressions people have about places. Image represents a simplification of a large number of associations and pieces of information connected with a place. They are a product of the mind, trying to process and pick out essential information from huge amounts of data about a place." Place image represents knowledge structures related to places, which are long-lasting and difficult to change (Kotler and Gertner 2011: 35). Place image is "the total of all descriptive, inferential and informational beliefs one has about a particular country (Porter 1995). Images represent a simplification of a large number of associations and pieces of information connected with a place (Porter 2011: 1).

At local level policy-makers have to act alike, if they want to attract business ventures and tourists or to export local products. To manage the image of a local area local policy-makers have to face a number of challenges. They are called to frame the sources of that image, understand what the driving factors are, and lastly, identify some leverage points which act for designing sustainable public policies. This context demands for an outcome-based performance management system which allows decision-makers to measure both the "output" – or the volume of products and services completed or delivered – and the "outcome," the results, the effects, or the consequences of service delivery that are important to the public.

Studies on place-image relationships are mainly focused at national scale and take a marketing perspective, and only a few authors have investigated the country image from a managerial and institutional perspective. In addition, as Matarazzo (2012: 38) pointed out, main weakness in the literature on country-image relationships is related to the fact that a majority of studies in the field, have employed quantitative techniques to measure a limited set of categories causing a lack of exploratory research.

The purpose of this work is threefold: it aims to explain the sources of the image of a local area, offer both a framework and associated measures to manage it. To this end, this research suggests to adopt an interinstitutional outcome-based Dynamic Performance Management (DPM) approach to measure and manage the driving factors of the image of a tourism destination.

## Discussing the Relationships between Place and Image

Two important constructs characterize the studies on the relationships between place and image: this literature distinguishes them as the "Country of Origin Effects" (CoO) and the "Competitive Identity."

The "Country of Origin Effects" is adopted to explain the influence, either positive or negative, that the country of origin of a product has on consumer behavior. Literature on CoO classifies such a concept in two formulations: *halo* and *summary* effects (Han 1989). The *halo* effect is the influence made by the country of origin on consumers' purchase intention when there is a lack of experience with a given product and thus potential customers evaluate products using their perceived country image that rely on the general knowledge they have about the country itself, including its people, and its level of economic, political, and social development. Through country image, consumers may develop an attitude toward a brand. Therefore, their purchase intentions mature (Han 1989, 1990). The *halo* effect has the following relationship:

Country image → Beliefs → Brand attitude

*Summary* effect takes place when consumers are unfamiliar with a product from a particular country, but they have experiences with other products from the same country. Hence, consumers may use their experiences, as well as mass media information or word-of-mouth, to develop an attitude toward that product (Johansson 1989). Han clarified that when it comes to the *summary* construct, consumers derive a country image from products information about product attributes.

Beliefs about product → Country image
→ Brand attitude

The two effects are highly connected. Fruchter, Jaffe, and Nebenzahl (2006) presented a dynamic model that includes both *halo* and *summary* constructs. Without product familiarity, the country image affects the purchase decisions. After purchases, consumers mature experiences with products that allow them to adjust the country image according to the recent experience. The more the country image relies on the most recent experiences with products, the more it works as *summary*. "The direct effect of country image reflects its use as a summary construct, while the indirect effect, through product beliefs, represents consumers' use of country image as a halo" (Matarazzo 2012: 32).

A second construct which has contributed to the literature on place-image relationships is the competitive identity theory developed by Simon Anholt (2007). At the core of this framework, there is the idea that "country's (and, by extension, cities and regions too) reputation is associated with domestic identity, politics, and economics rather with branding as it is for businesses in the commercial sector" (Anholt 2011: 21).

Although places do have brand images, they are not primarily about marketing, as it has often been assumed. Place image is a perception and it does not reside in the municipality or tourist agencies' offices. It exists in the mind of the people; it is stored in a remote location, hence talking about the image of a place means to manage the attributes of this location and then the story told through media about this location (Kotler et al. 1978).

According to Anholt's perspective, the most valuable asset for a country is the name of the country itself, which evokes its image. Governments, local administrations, and entrepreneurs – only to mention a few – are called to manage the world's perception of their place image and to develop a strategy for managing it.

Anholt developed a model (Fig. 1) which incorporated six areas of activities that a country should address to build a strong place image.

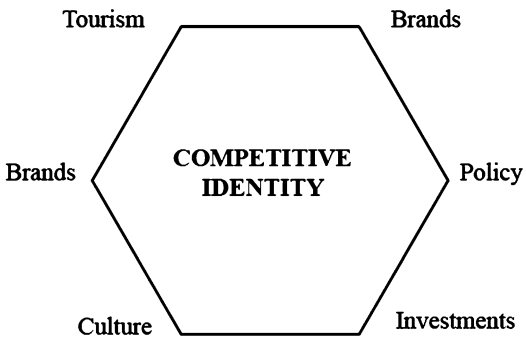


**Image of a Local Area: Measuring and Managing, Fig. 1** The hexagon of Competitive Identity (Anholt 2007: 26)

Particularly, places have to undertake tourism promotion activities and improving experiences in visiting the place, since both function as word-of-mouth mechanisms in influencing the image of place. The products exported from a place are the ambassadors of that place and they communicate its value and tradition. The political decisions making as it is reflected by mass media. The method is used by a place to attract investments like businesses, human resources, or foreign companies. A place should support cultural exchange and activities aimed at hosting international events and exporting local heritage through the museums, bands, and theaters. Lastly, the way residents behave abroad and how they treat tourists and visitors at their home country.

The basic theory behind the hexagon is: for decision-makers to build a positive image, they have to develop a clear idea of what a place is and stands for and then they have to manage and coordinate all the six points of the hexagon.

What Anholt's approach emphasizes is that place image can be neither built nor changed through communication: it is not a marketing concern and communication may help only in spreading what a country makes and does. To build and manage a strong competitive identity, local decision-makers need to develop a strategy (goals), to create real substance (implementation actions) and do not overlook just symbolic actions (communication) (Anholt 2011: 28).

The concept of CoO communicates the effects the image of a place has on consumer behavior as

well as the implication for firms that want to exploit its effect. What CoO studies are not able to explain is how a place can build such an image.

Even though the "Competitive Identity" hexagon tries to create a systemic way of looking at the image of an area, the research used statistical techniques that are suitable for cross-national comparative analysis through indexes, but they are not able to explain the underlying causes of place's image dynamics.

The image of a local area does not rely only on what various public institutions do, but it is a multifaceted, synthetic result of the overall geographic area including different institutions, public and private organizations, citizens, and firms too.

A local area is characterized by a dynamic environment where public organizations are loosely coupled (Meyer 2002): i.e., municipalities, as well as regional administration, are in charge of promoting tourism in the area, but they operate without any strategic alignment. There is a weak coordination in the interplay between public and private actors' strategies that lead to high degree of fragmentation of development policies. There are significant delays between policy adoption and related effect because the latter quite often depends on the availability of funds from the European Union and the investments lag behind formal decisions (Bianchi 2010a). To frame the sources of a local area image, it is necessary to broaden and enhance the standpoint, embracing an interinstitutional outcome-based perspective.

## A Dynamic Approach to Frame the Sources of the Local Area Image

"Places compete in attracting visitors, residents, and businesses [. . .] a place with a positive reputation finds it easier to vie for attention, resources, people, jobs and money; a positive place reputation builds place competitiveness" (Morgan et al. 2012: 3). If a local area wants to develop sustainably it needs to manage its image actively and both public and private organizations need to discover what the perception of their place is, and to develop a strategy for managing it. Thus, local actors are called to attract investments, public funds, infrastructures, companies, population, human capital, tourism, arts, and global events. This implies consideration of a systemic approach according to which the performance of a local area lies behind the capability of both sectors to generate value individually (Bianchi 2010b). If one adopts such a point of view, this development challenge requires coordination and an outcome perspective when assessing the impact of policies on local area performance and long-term sustainability.

To make decision-makers aware of the possible behavior of a set of crucial system variable, it is necessary to blend span and depth of performance measurement/management tools. In other words, such a change requires to integrate inputs, activities, outputs, and effects/outcomes with strategic and operational objectives and associated measures, at the organizational level (*micro*), at the policy level (*meso*), and the interinstitutional level (*macro*) (Bianchi 2010b). The objectives derive from an environment whose structure influences the outcomes for the local area, and in turn its generation is essential for the overall system's development as well as to raise sufficient resources (Borgonovi 2002) to maintain it. At the interinstitutional level, the interaction among policies of different institutions strongly influences performance. The advantages to adopt an interinstitutional perspective is to capture the outcomes, as achieved by the broader context of the local area. Such a point of view could be defined as external, meaning that a "formal model can be considered to be objective instances of a reality domain" (Größler 2010: 385) since it does not reflect the observation point of a specific decision-maker. SD models aim at producing "qualitative statements about modes of behavior, appropriate performance indicators and effective leverage points" (Lane 2012: 591). Insight SD modeling is an established practice used to inform the understanding of processes (Ghaffarzadegan et al. 2011). DPM by combining SD methodology with performance management systems enriches the perception of the investigated problematic behavior. DPM through conceptual models

identifies the structure behind problems and enhances the understanding of the causal connection of a given time development.

As Bianchi (2012: 149) pointed out "conventional financially focused P&C systems have been considered lacking in relevance since they are not able to provide information that can support either dynamic complexity management, the measurement of intangibles, the detection of delays and to deal with the sustainable growth." A sustainable growth is characterized by a condition according to which the rate of change of the endowment of strategic resources is in balance with underlying resources utilization processes. By taking this perspective, accumulation and depletion processes of shared strategic resources strongly influence the local area's performance, therefore to manage a local area's performance, it is crucial to define key success factors driving such a performance. Fig. 2 shows the relationship between strategic resources, performance drivers, and end-results of both outputs and outcomes.

As Fig. 2 portrays, DPM requires that end results be explicit. Consequently, it is necessary to identify performance measures which are able to capture both end-results and associated performance drivers. Drivers are ratios (i.e., as a ratio between an organization or a local area's performance and a benchmark, or target) and they represent those factors able to explain, cause, and fuel the end results. While the numerator of a performance driver is the current state of performance, the denominator can be a benchmark/target/desired value, against which compares the actual result. As Fig. 2 shows, decision-makers have to act on the upstream level changing the linked strategic resources. If decision makers act alike, they may affect performance drivers and, in turn, improve end-results. It is through the end-results that they can build up, preserve, and deploy strategic resources. Managing strategic resources to affect both performance drivers and end-results in accordance with the other system's players is a complex task, especially because intangible resources (i.e., image, reputation, social capital) are difficult to define as well as to measure, but they play a significant role in affecting performance. Such a task is complex due to inherent delays that make difficult to perceive the effects generated by decisions. Delays, together with

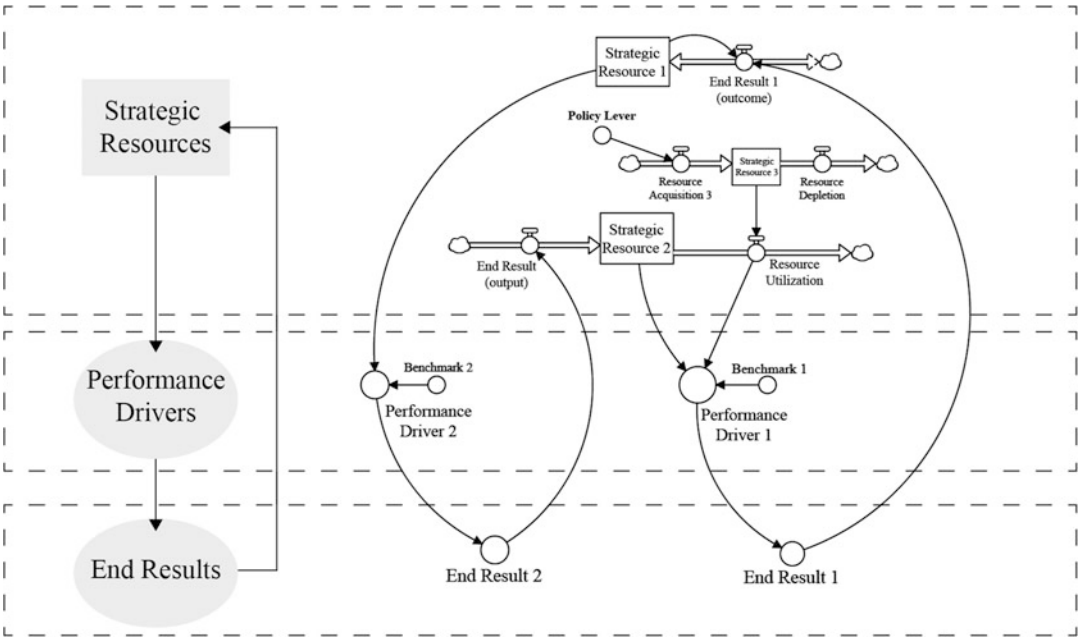


**Image of a Local Area: Measuring and Managing, Fig. 2** The dynamic perspective of performance (Adapted from Bianchi 2016: 73)

nonlinear relationships, are major cause of trade-offs in time and space, to understand and counteract such phenomena DPM offers an effective method.

## Modeling Local Area Image through an Outcome-Based Dynamic Performance Management View

As Forrester (1992: 56) emphasized, the information for understating the causalities behind phenomena can be attained from different sources: from decision-makers' "mental database" to numerical databases. Likewise, as Yin (2013: 116) put it, "no single source has a complete advantage," therefore many sources should be used. Therefore, to develop the model multiple sources of evidence have been used: interviews with local decision-makers and semi-structured interviews with local entrepreneurs have been performed; district documents, statistical databases have been read; comments and feedbacks on tourism- and travel-oriented websites have been coded (Fig. 3).

**Box 1 Case Study: "Taormina Etna District"**

"Taormina Etna district" is the brand for a local development agency that supports firms and municipalities located between Messina and Catania, along the Sicilian East Coast. Since the beginning of the 1990s, Integrated Territorial Projects (ITPs are a modality of implementation of European structural funds. ITPs were introduced for "objective 1" programs and were then extended to the other types of regions. ITPs are a combination of different measures deriving from the structural funds on the basis of local strategies designed by local partnerships. The selection of projects is usually made by regions on the basis of criteria agreed upon with local partnerships.) (ITPs) defined Italian local development policies. These projects have become a powerful instrument to foster local sustainable development and a vehicle to involve the lowest levels of the Italian governmental in the long-term strategies. In Sicily, many municipalities have created agencies as a form of public-private partnerships aiming at (i) coordinating growth strategies, (ii) monitoring investments and secure funding from different sources, (iii) supporting projects development to capitalize on local resources and tackle those factors limiting the socioeconomic growth.

In its territory, the district includes two famous icons of Sicily: the city of Taormina and the Etna volcano. The area characterized by a coastline includes three natural parks and four natural preserves; it is full of small villages rich in history, local cultures, products, and popular traditions. Taormina has been an international icon of tourism since the end of World War II. It has been a destination for luxury tourism, intellectuals, and VIPs such as writers and royalty.

Another icon of the area is the Etna volcano that lies above the convergent plate margin between the African Plate and the Eurasian Plate. It is the tallest active volcano in Europe currently 3329 m (10,922 ft.) high. In June 2013, UNESCO added ETNA to the list of World Heritage Sites. It represents a noteworthy attraction for tourists and a great resource for the local economy. The fertile volcanic soils support extensive agriculture, with vineyards and orchards spread across the lower slopes of the mountain and the broad Plain of Catania to the south.

The aim of the district is to well manage local, natural, and cultural resources through the enhancement of hospitality infrastructures, the implementation and promotion of local products and traditions as well as the education of human resources (DTE 2009: 3). To achieve such goals "Taormina-Etna district" has operated through project-based activities aimed at attracting funds from national, regional,

(continued)

**Box 1 Case Study: "Taormina Etna District"** (continued)

and European programs. The district received funds for five ITPs through which it spent more than EUR150 million (59% as public funds, 41% as private capital). The funds have been used to subsidize businesses, create public infrastructures, and support touristic marketing initiatives (DTE 2015).

The realization of the ITPs has created new business ventures and has provided opportunities for local entrepreneurs to increase the operations of their firms. The promotional initiatives have generated a certain amount of contacts between the district and the potential market. All of these results are at best output of strategies or indicate just an input acquisition since they represent a prerequisite to produce value for the local community.

The model portrayed in Fig. 4 is the result of interviews, conference reports, and archival

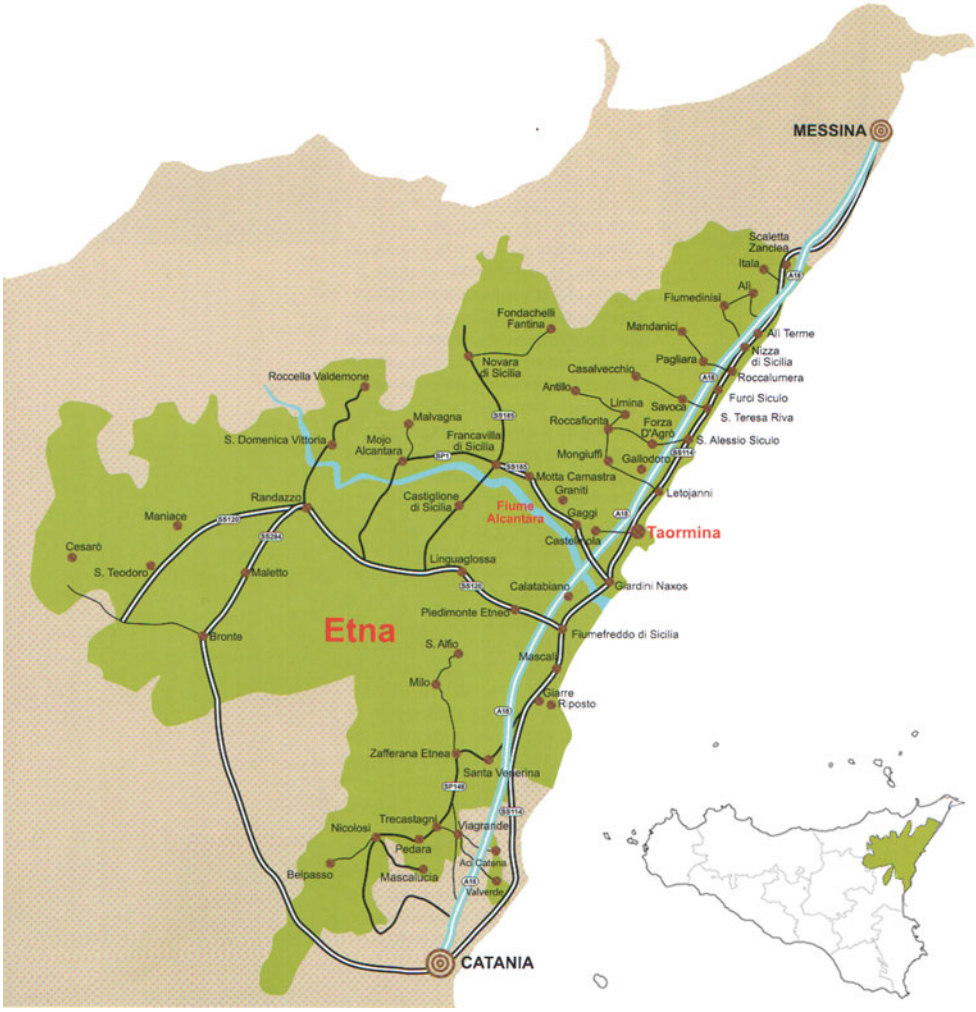


**Image of a Local Area: Measuring and Managing, Fig. 3** The geographical area of "Taormina-Etna district"

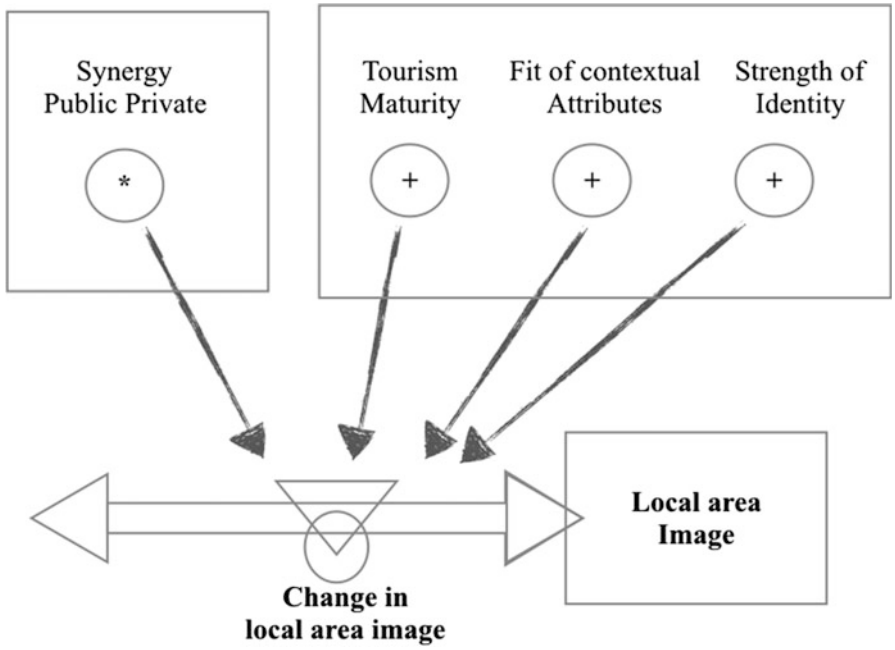


**Image of a Local Area: Measuring and Managing, Fig. 4** The sources of the local area image (simplified version of the SD model)

records. It shows causal relationships and evidences four synthetic factors influencing the image of the local area.

Defining the four constructs of the causal model portrayed in Fig. 4:

- Level of tourism development denotes the position of the destination in a specific phase of the evolution cycle. It reflects the growth rate of tourism in the area by considering arrivals, presence, and the average length of the holiday. Such a measure influences the strategies of local organizations as the destination goes through its cycle. The more tourists in the area, the higher the willingness of people to invest in the local area will be. Those investments may change the local area image.
- Fit of contextual attributes depends on the local promotion, cultural and environmental policies. It synthesizes the use of the land, natural attractions, cultural attractions, artificial facilities, and easiness to visit the attractions around the places in which the tourists reside. It captures how the tourists live in and experience with the local area.
- Strength of identity stands for the promotion of typical local products, local heritage, and local traditions towards the tourists. It also includes the degree of integration between the producers, if they use local raw materials in producing their products or if they share innovation project. Strength of identity tries to illustrate the extent by which the place talks about its history and values through museums, products, and food.
- Synergy between public and private sector means that public and private organizations run projects aimed at improving their own respective results, such as networking activity among hotels, restaurants, and museums; websites and info-points to share information about the destination; a unique label to certify the local production.

The factors from one to three are additive, while the synergy between public and private works as multiplier of the first three elements. Table 1 links the first-level performance drivers with second-level, connecting associated measures.

**Image of a Local Area: Measuring and Managing, Table 1** Performance drivers (bold, abbreviation in parenthesis), definition (italic), and measure

| First-level performance drivers | Second-level performance drivers | Measures |
|---|---|---|
| **Level of tourism development (TD)** | **Tourist fractional growth rate** (TGR) | % |
| | **Bed fractional growth rate** (BGR) | % |
| | **Weighted average holiday length** (WAHL) | Days |
| **Fit of contextual attributes (CA)** | **Average structure's size** (AVG-ST-SIZE) | Bed/structure |
| | **Urban density** (UD)<br>*Urbanized land/total land* | Dimensionless |
| | **Attraction density** (AD)<br>*Total attraction/local area surface* | Attractions/$m^2$ |
| **Strength of identity (I)** | **Local-oriented attraction ratio** (LAR)<br>*Number of local-oriented attraction/total attraction* | Dimensionless |
| | **Typical labeled product ratio** (TYP)<br>*Number of firms producing labeled products/total firms* | Dimensionless |
| | **Integration of supply chain** (ISC)<br>*Number of restaurants using local products/total restaurants* | Dimensionless |
| **Synergy between public and private sector (SYN)** | **Integration of innovation,** i.e., internationalization, R&D, know how (INN)<br>*Number of firms sharing a project/total firms* | Dimensionless |
| | **Density and scope of touristic circuit** (DSTC)<br>*Number of affiliated activities*category of activities*(surface of covered municipality/total land surface)* | Dimensionless |
| | **Strategic dialogue in the local area** (STDLG)<br>*Number. Of agreement achieved/total agreement* | Dimensionless |

After having defined the performance drivers, the next section of the work will discuss how DPM may support decision-makers in managing the image of a local area and to improve the local area's performance sustainably

## Sketching a Dynamic Performance Management Chart to Manage the Local Area Image

The model is composed of two fundamental equations, where the image is modeled as adaptive expectation through the exponential smoothing of its source. In this way, the model – as the simplest information stock does – adjusts the belief to the actual value of the input variable (The input value is the sum of three first-level performance drivers, multiplied by the synergy between public and private sector.) gradually. The *change in the image of the local area* (1) updates the perceived value of the *local area image* (2), according to a certain perception time.

$$\textit{Change in local area image} = \frac{(((\mathrm{TD}+\mathrm{CA}+\mathrm{I}) * \textit{SYN}) - \textit{Local area Image})}{\text{Time to change image}} \quad (1)$$

$$\textit{Local area image} = \int_0^t \textit{Change in local area image} * DT + \textit{Local area image}_{t0} \quad (2)$$

As equation (These abbreviations can be found in Table 1.) 1 shows, the four first-level performance drivers affect the "change in local area image." The four first-level performance drivers are the multiplication of the relative normalized second-level performance drivers. Indeed, they compare a current state of the system with a given benchmark (i.e., a target value, a competitor value, or a desired level). The following equations present the first-level performance drivers as composed by the second-level performance drivers (In an SD model, those drivers normalized through a benchmark value. This value works for a nondimensional input to the table lookup function that converts this input into a min-max scalable output.). Equations 3, 4, 5, and 6

represent the first-level performance drivers as part of an SD model.

$$\text{Level of Tourism development } (TD) = \left(\frac{TGR}{Target\ TGR}\right) * \left(\frac{BGR}{Sicilian\ BGR}\right) * \left(\frac{WAHL}{Target\ WAHL}\right) \quad (3)$$

$$Fit\ of\ contextual\ attributes\ (CA) = \left(\frac{AVGSZ}{Desired\ AVGSZ}\right) * \left(\frac{Sicilian\ UD}{UD}\right) * \left(\frac{AS}{Target\ AD}\right) \quad (4)$$

$$Strenght\ of\ local\ identity\ (I) = \left(\frac{LAR}{Target\ LAR}\right) * \left(\frac{TYP}{Desired\ TYP}\right) * \left(\frac{ISC}{Desired\ ISC}\right) \quad (5)$$

$$Synergy\ between\ public\ and\ private\ (SYN) = \left(\frac{INN}{Desired\ INN}\right) * \left(\frac{DSTC}{Desired\ DSTC}\right) * \left(\frac{STDLG}{Target\ STDLG}\right) \quad (6)$$

Once the performance drivers are pointed out, the linked strategic resources are made explicit. Thus, the leverage points upon which the decision-makers can intervene to affect the outcome – through the performance drivers – are clearly revealed. In this way, each decision-maker may identify those strategic resources he manages and understand which output he should improve.

As Fig. 5 shows, the change in the local area image will increase the perceived local area image, which in turn, – all other things being equal – will cause an increase in tourism arrivals; an increasing number of tourists means more value for the local area to support the policies.

The end result is affected by four first-level performance drivers, which comprise 12 second-level performance drivers that in turn depend on the strategic resources. As the DPM chart (Fig. 5) clearly shows, it is not possible to affect performance drivers directly since they compare a current state of performance with a given benchmark. It is, rather, possible to design policies to affect the upstream strategic resources in order to influence the drivers, and finally to improve the outcome.

The driver "fit of contextual attributes" synthesizes the suitability of contextual attributes with tourism activities. To increase such drivers, it is necessary to increase the strategic resources "attraction" (i.e., by renovation of heritage building, by opening museums). On the other side an increase in the number of building (i.e., houses for holidays, apartment building for citizens) also increases urban density and it will reduce the "fit of contextual attributes." Policy makers may strengthen local identity by increasing the strategic resource "attractions" that relates to local history and cultures, likewise the number of firms producing typical products. The performance driver "Level of Tourism development" captures the lifecycle of the destination by considering the growth rate of tourists, the weighted average of the holiday length, and the bed growth rate. These measures gives suggestions about the need of new/better clear destination positioning.

The most effective way to improve image is through synergy between the public and private sectors. It compounds the policy-makers' results in the other three driving factors. If the number of attractions is increased but that is not linked with accommodation services and transportation facilities or not listed on tourism websites, the image can only be slightly improved. In the same fashion, the firms producing typical products should supply local restaurants, jointly run projects (i.e., R&D, internationalization, export consortia), and together with public institutions outline strategic plans for the local area. Increasing the synergy between both private and public sector will spread out the positive effect throughout the system.

By following the discussion of the model, it is possible to give some policy suggestions to decision-makers. They may want to consider a more balanced approach to image management,

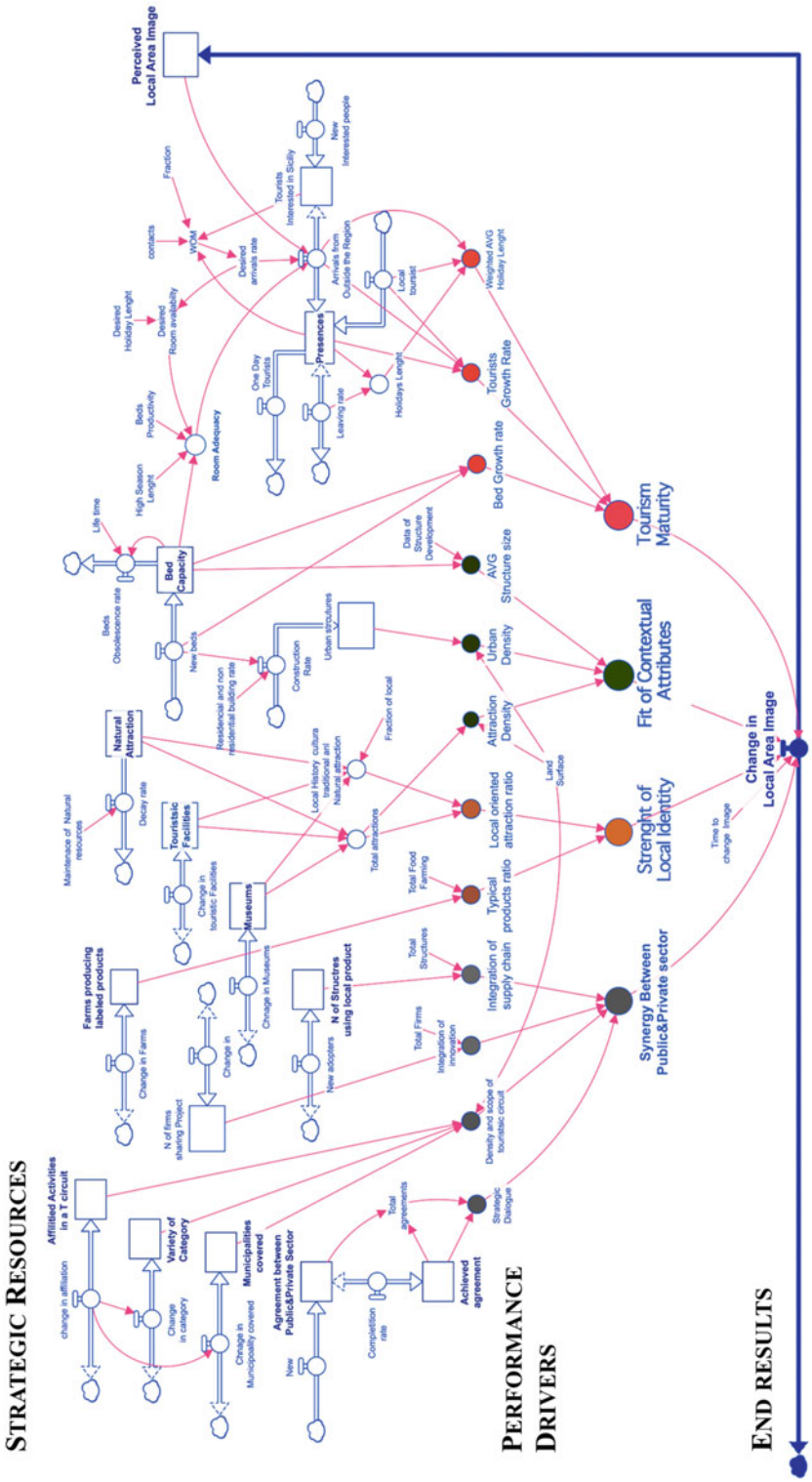


**Image of a Local Area: Measuring and Managing, Fig. 5** A Dynamic Performance Management view of the image of a local area

I

which could include all or most of those performance drivers described in this research. They should manage the size of the hospitality structure, avoiding both super small structures that raise the per-night prices and super big hotels that increase soil erosion and concentrate tourists in one place. Local history and tradition should be more connected with natural attractions (beaches and mountains) and leisure, and typical products should be standard ingredients in local restaurants. Policy-makers should network the small municipalities and the private sectors in a more comprehensive tourist package, increasing the scope of the journey across the local area. Before moving to the conclusions, it is important to make clear the limitations of the model. According to Sterman (2002: 513), "the most important assumptions of a model are not in the equations, but what's not in them; not in the documentation, but unstated; not in the variables on the computer screen, but in the blank spaces around them." The model here discussed is necessarily limited regarding the number of feedback loops described, because a large number of factors should be included and taken into account to map all the relevant feedbacks. Weaknesses involve some of the linkages between each organization and the entire system. For that reason, the DPM analysis presented here considers only the main feedback loop involving the performance drivers affecting the end-result under investigation.

## Conclusions

To frame the image of a local area this work has proposed an outcome-based DPM perspective, which differentiates this work from established studies on place-image relationships. The DPM chart connects institutional outputs with the interinstitutional outcome. However, the model discussed in this work needs to be further developed into a simulation model. Such an advancement may help policy-makers in understanding the dynamics of accumulation and depletion processes of strategic resources and in assessing the sustainability of alternative policies. Through dynamic simulation, one may show how performance drivers interact, influence each other, behave over time, and identify the effectiveness of alternative leverage points. The model identifies four main driving factors (i.e., four performance drivers): the level of tourism development, the fit of contextual attributes, the strength of identity, and the synergy between public and private sector. These performance drivers – in combination with twelve indicators (i.e., second level performance drivers) – enable decision-makers to adopt performance measures which give insights and policy recommendation on how to measure and manage the image of local area.

## Cross-References

► Local Governance
► Performance Management

## References

Anholt S (2007) Competitive identity. Palgrave Macmillan UK, Basingstoke

Anholt S (2011) Beyond the nation brand:the role of image and identity in international relations. Exchange 2(1):1–7

Bianchi C (2010a) Improving performance and fostering accountability in the public sector through system dynamics modelling: from an 'external'to an 'internal'perspective. Syst Res Behav Sci 27(4): 361–384

Bianchi C (2010b) Improving performance and fostering accountability in the public sector through system dynamics modelling: from an 'external' to an 'internal' perspective. Syst Res Behav Sci 27(4):361–384

Bianchi C (2012) Enhancing performance management and sustainable organizational growth through system-dynamics modelling. In: Grösser SN, Zeier R (eds) Systemic Management for Intelligent Organizations. Springer, Berlin, pp 143–161

Borgonovi E (2002) Principi e sistemi aziendali per le amministrazioni pubbliche. EGEA, Milano

DTE (2009) Distretto Taormina Etna: Luglio 2001 – Aprile 2009. Catania

DTE (2015) The Museum of the Etna's historical identity. Catania

Forrester JW (1992) Policies, decisions and information sources for modeling. Eur J Oper Res 59(1):42–63

Fruchter GE, Jaffe ED, Nebenzahl ID (2006) Dynamic brand-image-based production location decisions. Automatica 42(8):1371–1380

Ghaffarzadegan N, Lyneis J, Richardson GP (2011) How small system dynamics models can help the public policy process. Syst Dyn Rev 27(1):22–44
Größler A (2010) Policies, politics and polity: comment on the paper by Bianchi. Syst Res Behav Sci 27(4):385–389
Han CM (1989) Country image: halo or summary construct? J Mark Res 26(2):222
Han CM (1990) Testing the role of country image in consumer choice behaviour. Eur J Mark 24(6):24–40
Johansson JK (1989) Determinants and effects of the use of "Made in" labels. Int Mark Rev 6(1):47–58
Kotler P, Ravazzi G, Salinas G (1978) Al servizio del pubblico. Etas, Milano
Kotler P, Gertner D (2011) A place marketing and place branding perspective revisited. In: Morgan N, Pritchard A, Pride R (eds) Destination brands: managing place reputation. Butterworth-Heinemann, Oxford, UK, pp 33–53
Lane DC (2012) What is a 'policy insight'? Syst Res Behav Sci 29(6):590–595
Matarazzo M (2012) Country of origin effect: research evolution, basic constructs and firm implications. In: Bertoli G, Resciniti R (eds) International marketing and the country of origin effect: the global impact of 'made in Italy'. Edward Elgar, Cheltenham, UK, pp 23–42
Meyer H-D (2002) From "loose coupling" to "tight management"? Making sense of the changing landscape in management and organization theory. J Educ Adm 40(6):515–520
Morgan N, Pritchard A, Pride R (2012) Destination brands. Managing place reputation. Taylor & Francis, Oxford, UK
Porter ME (1995) The competitive advantage of the inner city. Harv Bus Rev 73(3):55–71
Porter ME (2011) Competitive advantage of nations: creating and sustaining superior performance. Free Press, New York
Sterman J (2002) All models are wrong: reflections on becoming a systems scientist. Syst Dyn Rev 18(4):501–531
Yin RK (2013) Case study research: design and methods. SAGE, Thousand Oaks

## Immigration and Globalization

Desmond Cahill
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

Across the world, people are on the move, not only as tourists but more for the permanent or temporary long term as immigrants and refugees, as international contract workers and international students. Jetliners have become more spacious with greater range, enabling all types of people to move around the world to reside away from their homeland. Increasingly, for many people, home itself has become a problematic concept. They have been and remain on the move, carrying not only their heavy bags of belongings but also their cultural, linguistic, and religious baggage and their aspirations to succeed in their new chosen country and to expand, even problematize, their cultural and occupational identities.

According to the 2013 World Migration Report of the International Organization of Migration, 214 million people were living outside their home country either permanently or for a temporary long-term period usually longer than 6 months. The Report states, "Throughout the history of mankind, human beings have migrated in search of greater opportunities and a better life. While migration is driven by many complex factors, most migrants want to earn a better living, to live in a more agreeable environment or to join family or friends abroad. Many, however, do not move of their own free will but are forced to do so – refugees escaping persecution, for instance; people devastated by conflict or natural disasters; or victims of trafficking. But those who willingly choose to migrate are largely driven by the desire for greater happiness, prosperity and well-being" (International Organization of Migration 2013, p. 23). In 2016, the number had risen to 244 million.

However, it must be recognized that migration is always a risk. Research suggests that in migrating permanently to developed countries between 4 and 10% do not achieve success. In all immigrant, refugee and worker movements to developed countries, there is always a small group for whom the decision to migrate ends in disappointment, if not personal or family disaster. Expectations may not have been met. The support may not have been enough. Opportunities may not have been available. They may not have had the psychological resources or the key adaptability attributes to cope. The migrant worker may have been injured or killed in industrial accidents or been

sexually abused and exploited. The specter of the defeated migrant who has lost control of his or her life and of the smuggled or trafficked migrant haunts all migration movements.

## Migration and Global Processes

As the buzzword of the last several decades, globalization is a deeply contested construct of ideas, theories, and processes. Often in public debates it is confused with the narrower notion of economic globalization, which, while central to the construct, is only part of it. And the global financial crisis highlighted the dangers of unregulated financial activity and overbearing debt in a world that has become less predictable, less controllable, and more risk-laden.

Globalization certainly implies a long-term trend of deepening interdependence between countries. For the optimists, globalization implies release from the shackles of traditionalism, colonialism, and communism, and national success is found in market forces, multiparty democracy, techno-scientific rationalism, national self-determination, and international co-operation. Pessimists such as Samuel Huntingdon with his theory on civilizational clash see a world in conflict, especially along political and religious faultlines. More critical approaches place the emphasis on disempowerment with the current modern world system bringing widespread violence and avoidable deprivation as core nations dominate and exploit peripheral countries. It is perhaps best seen as a series of global processes in which migration is at the core or close to the core.

### Global Cities and Migration

One such process is the emergence of the global city. Most migration types such as economic migrants, refugees, and agency and intracorporate migrants move to cities. As hubs and nodes in the global network, global cities stand at the center of globalization, which may not always be good for their rural hinterlands. The literature argues about the location and size of the global cities like London, Mumbai, New York, Osaka, Shanghai, Singapore, and Zurich, and sometimes a distinction is made between global and world-class cities. Many different lists have been produced. In any case, they contain the global, regional, or national headquarters of many transnational corporations, international banks, and other financial organizations; they are key national centers for economic activity, centers of research, and education and centers for fashion and high-quality arts performances. They are the hubs for all migrating types.

Good indicators as to whether a city is a globalizing city are the number of airports and the number of international airlines that fly in and the number of luxury hotels. These cities have a special relationship with the media outlets and they are key centers for the design of consumer products, often because they are more than usually populated by persons who are culturally and artistically innovative. They are of their nature highly cosmopolitan with culturally different persons represented at the different social strata, not least the third world immigrant population who meet the needs of the global culturally diverse working elite and the city's middle class in thrall to the elite. Globalizing cities are hubs for the multilayered strata of all migrating types.

### The Formation of Transnational Communities

Flowing from this has been another process – the growth in the global network of diasporic and transnational communities. The movement of peoples implies that all nations, certainly the developed ones, are becoming multicultural societies. All these people movements have led to the formation of very fluid or "liquid" multicultural and multifaith countries, even in countries whose population profile has historically been very monocultural such as Japan and the Republic of Korea, but driven to have migrant intakes usually because of low birthrates below the replacement level of about 2.2 children per fertile woman or the need for skilled and unskilled labor.

These transnational or diasporic communities are linked across the world and back to the home country by the new technologies and mass air transportation, ensuring that the links between the different hubs of the diaspora are maintained

and thickened. Within these links, a transnational ethnic economy can arise as does a transnational public sphere through common television channels or newspapers or websites or social media that are disseminated regionally or globally. These transnational bonds no longer need as much to be cemented by renewed migration but can be held together through cyberspace. These transnational hubs are thus multilocal and less subject to the impact of the nation. Among the different types of diasporas are the victim (the Armenians), the labor and imperial (the Indian indentured workers, the Italians), the trade (the Chinese, the Lebanese), and the cultural (the Caribbeans in France) (Cohen 1997). The phenomenon of transnationalism is tied to the logic of capitalist expansion but is at variance with assimilationism. These migrant diasporas acting transnationally can act on behalf of the interests of the homeland state or against the primary interests of the hosting states.

### The Politics of Identity

Migration has also been at the center of another global process: the politics of identity and the rise of extremist and religious reactions. The major part of the twentieth century was consumed by the ideological polarities of capitalism and communism. Their visions differed about the means of production, the role of the state and the distribution of resources. Each had their particular global network; sitting on the fence, not wishing to be aligned with either side, was a difficult task for many countries. With the end of the Cold War, a new politics emerged. It has been labeled the politics of identity though sometimes it is the politics of grievance or the politics of memory or the politics of retribution. Often it is consumed with conflict about cultural and religious differences, national origins, national identity, and national sovereignty. It has been seen in the Balkans, in Northern Ireland and Timor Leste. But the politics of identity is not often solved peacefully though it did happen in the case of Czechoslovakia. It has generated very significant backlashes across the developed world with the rise of exclusivist political parties, maintaining there is only one way of being an Australian or a Dutch or French citizen instead of expanding the national identity inasmuch as there are many diverse ways of being such citizens with hyphenated identities.

Out of the politics of identity, there has also arisen ethnic and religious extremism. White supremacist and antiglobalization movements are fundamentally about the politics of white identity and about the threat that globalization might reverse the world's power structures and their own personal and collective security. Islamic extremism can be seen as a politics of identity in response to exclusion by the West, as a politics of wealth generation and distribution, especially with the oil profits, as a reaction of fear that pluralism may lead to relativism and even to secularism and as a reaction to the Palestinian issue. Religion is also filling the gap as people are being separated from their longstanding local identities since we still live in a world that is very religious except in Western countries where secular humanism has rapidly grown.

## Global Migration Pathways

Migration experts usually distinguish between permanent and long-term temporary migration across international borders. The main permanent migration types are (1) economic and business migration, (2) refugee migration, (3) partner and family migration, and (4) retirement migration (such as British people retiring to Spain or Malta or Japanese to Australia or Thailand), while the major examples of long-term temporary migration are (5) international contract worker migration, (6) business executive migration, (7) international student migration, (9) international agency and government migration, and (8) nongovernment and intracorporate personnel migration.

The 2013 World Migration Report of the International Organization of Migration (IOM) gives two sets of estimates from the World Bank and the United Nations Development Program (UNDP) as to the breakdown of the 214 million migrants but almost half are from the poorer countries of the South to the rich countries of the North, Table 1). But well over a third are moving between countries of the poor South. Australia is, par excellence, the migration nation state as it

**Immigration and Globalization, Table 1** Global migration pathways (in percentages, $N = 214$ million people)

| Migration pathway | World bank figures | UNDP figures |
|---|---|---|
| 1. North–North | 17 | 15 |
| 2. South–South | 35 | 41 |
| 3. South–North | 45 | 41 |
| 4. North–South | 3 | 3 |
| **TOTAL** | **100** | **100** |

becomes a Eurasian nation in the twenty-first century – almost a quarter of its population is born overseas, and close to half (45%) are either born overseas or have at least one parent born overseas.

The financial situation of migrants in the North is worse than those of the native-born, but their situations improve with time as they achieve relative success and financial independence. Long-term North–North migrants, however, achieve the same levels of financial well-being as the native-born. South–South migrants are less well off financially than the native-born, and their expectations do not improve with time. For example, long-time South–South migrants are half as likely to say that their standard of living is getting better (32%) than the native-born (55%). Compared with what their situations would have been like if they had remained in their country of origin, North–North migrants gain in terms of objective and subjective economic indicators. South–South migrants, by contrast, appear to lose out relative to matched stayers, with long-timers being less able to afford housing. North–North migrants are less likely than South–North migrants to be struggling to meet their basic needs. South–North migrants also experience less improvement, over time, than North–North migrants. While migrants in the South are better able to afford food after being in the country more than 5 years, there is no such improvement with regard to shelter. In fact, they find it more difficult to afford shelter, compared with matched stayers in their home countries (International Organization of Migration 2013).

## Economic Migration

While the IOM figures remind us of the South-to-South movement, it is the South–North and the North-to-North movements which gain most attention in terms of statistical analysis, research studies, public debate, and public policy. Migrants on the move are motivated by their economic hopes and aspirations. Central to this are the G20 group of nation states in which 55% of the world's migrants, both temporary and permanent, reside, representing 129 million international migrants. Seven of the 19 G20 countries have more than 10% of their population as international permanent or long-term temporary migrants, led by Saudi Arabia (31.4%) where the overwhelming majority are contract workers on long-term temporary visas. As seen in Table 2, the other six countries are Australia (28.1%), Canada (20.7%), USA (14.3%), UK (12.4%), Germany (11.9%), and France (11.6%) (International Organization of Migration 2015a). The other important factors are common language (e.g., Argentina with Spanish), prior colonial links (e.g., France), proximity (e.g., India), and diasporic returnees (e.g., Japanese from Brazil and Peru).

### International Migrant Workers

Since World War Two, there has continued to rise the number of workers leaving their own countries to work in other countries such as the guestworker scheme in the Western European countries and in the Eastern European Communist countries in the immediate decades after the war. In 2013, according to the International Labour Organization (ILO), there were 150.3 million workers of whom 88.7 million (55.7%) were male and 66.6 million (44.3%) female. For the males, the labor participation rates are the same as for their brothers back in their home country whereas the female migrant workers had a far higher rate than their sisters back home (ILO 2015). The study found that 11.3 million workers, mostly women, were working in domestic service (cooking, cleaning, childminding, gardening).

According to the ILO statistics, exactly three-quarters of the workers were working in high income countries with almost half of the workers in Northern America (24.7%) and Northern, Western and Southern Europe (23.8%) with 11.7% in the Arab States and 9.2% in Eastern Europe. Further, 71.1% were in service

**Immigration and Globalization, Table 2** G20 countries versus number and percentage of overseas-born[a]

| Country | No. of overseas born | % of total population | Five largest source countries (in rank order) |
|---|---|---|---|
| Argentina | 1.89 M | 4.5 | Paraguay, Bolivia, Chile, Peru, Italy |
| Australia | 6.62 M | 28.1 | UK, New Zealand, China, India, Philippines |
| Brazil | 0.60 M | 0.3 | Portugal, Japan, Paraguay, Bolivia, Italy |
| Canada | 7.28 M | 20.7 | Not available |
| China | 0.84 M | 0.1 | South Korea, Philippines, Brazil, Indonesia, USA |
| France | 7.44 M | 11.6 | Algeria, Morocco, Portugal, Tunisia, Italy |
| Germany | 9.85 M | 11.9 | Former Soviet states, Turkey, Poland |
| India | 5.34 M | 0.4 | Bangladesh, Pakistan, Nepal, Sri Lanka, Myanmar |
| Indonesia | 0.30 M | 0.1 | China, Korea, UK, Timor Leste, Singapore |
| Italy | 5.72 M | 7.9 | Romania, Albania, Morocco, Germany, Ukraine |
| Japan | 2.44 M | 1.9 | South Korea, China, Brazil, Philippines, Peru |
| Korea (Sth) | 1.23 M | 2.4 | China, Viet Nam, USA, Philippines, Thailand |
| Mexico | 1.10 M | 0.5 | USA, Guatemala, Spain, Colombia, Argentina |
| Russian Fed. | 11.0 M | 7.7 | Ukraine, Kazakhstan, Uzbekistan, Azerbaijan, Belarus |
| Saudi Arabia | 9.06 M | 31.4 | India, Pakistan, Bangladesh, Egypt, Philippines |
| South Africa | 2.40 M | 4.5 | Mozambique, Zimbabwe, Lesotho, UK, Namibia |
| Turkey | 1.86 M | 2.5 | Bulgaria, Germany, Serbia, Greece, Montenegro |
| UK | 7.80 M | 12.4 | India, Poland, Pakistan, Ireland, Germany |
| USA | 45.7 M | 14.3 | Mexico, China, India, Philippines, Puerto Rico |

[a]Figures do not contain refugees claimants. Source: International Organization for Migration (2015a)

industries, while 27.8% were in more heavy industries such as manufacturing and construction and 11.8% in agriculture (ILO 2015). The Arab States have the highest proportion (35.6%) of migrant workers as a percentage of all workers in the national workforce followed by Northern America (20.2%).

Philippines, like India, has been a major sending country since the early 1970s and in 2013 the Commission on Filipinos Overseas estimated that 10.3 million Filipinos were permanent or temporarily overseas, 9.3% of all Filipinos. Of these, 4.21 million were workers on temporary visas, while another category were irregular migrants who were overstayers or whose presence was not properly documented. The major destination countries for Filipino workers were Saudi Arabia 948,038 (including 80,500 irregulars), United Arab Emirates 777,894 (42,805), Malaysia 767,573 (448,450), the USA 400,383 (271,000), Qatar 204,534 (15000), Kuwait (197,787 (6000), Hong Kong (187,843 (5000), and Italy (182,204 (54,390) (Commission for Filipinos Overseas 2016).

A substantial proportion of migrant workers work in situations of extreme exploitation, affecting their physical and psychological health. Female workers are more likely to suffer discrimination, exploitation, and physical and sexual abuse than the males. Aside from the often dangerous work situations, research has focused on the effect of migrant labor on gender roles and also on the children, usually but not always left at home. A recent new element is that IT connectivity has alleviated the factors of distance, isolation, and exploitation through the thickening of transnational links.

The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families came into operation in 1990 as a multilateral treaty based on the human rights of migrant workers. But it has had limited affect as it only came into force in 2003 after the threshold of 20 ratifying nations had been reached. The number by 2016 had reached 49, but none of the major destination states has signed the Covenant. However, many attempts by the sending nations in particular continue to foster

interstate dialogue and enhance bilateral, regional, and interregional cooperation. But the protection of migrant workers remains an uphill battle.

### Refugees and Asylum Seekers

As globalization theorists have warned for more than two decades, the numbers of refugees and asylum seekers have continued to rise. Refugee movements give clear witness to the inhumanity of humanity. However, the continuing failure to resolve the Palestinian refugee problem illustrates that serious dangers and critical issues are at stake with refugee movements. The refugee mentality is characterized by unique features that differ from other migration types. The push factors are so overwhelming that there is little choice but to flee. The social and political chaos is such that the concern is immediate escape with little thought given to the consequences. Most have not failed in their homeland but are successful, perhaps prominent and educated individuals with their families who flee because of persecution and become recognized as refugees in accordance with the 1951 U.N. definition of a refugee. Research has identified refugee opportunists whose lives are not in danger but who yearn for an economically better life. But the overwhelming majority of refugees are in genuine and rightful fear of their lives. It is the aim of UNHCR that all refugees will return home and most eventually do with the cessation of the conflict. When this becomes impossible, then resettlement in third countries becomes the priority.

Regarding refugees and asylum-seekers, the data held by the United Nations High Commission for Refugees (UNHCR) show the gradual rise in displaced people since the 1950s. At the end of 2015, there were 63.01 million people who were of concern, but the majority were internally displaced where they have become refugees in their own country. International refugees were 21.3 million at the end of 2015 with 16.1 million under UNHCR mandate and another 5.2 million Palestinian refugees under the mandate of the United Nations Relief and Works Agency (UNRWA) formed in December 1949. The top reception nations were Turkey (2.5 m), Pakistan (1.6 m), Lebanon (1.1 m), Iran (0.98 m), Ethiopia (0.74 m), and Jordan (0.66 m), while 53% of refugees were generated by three countries: Syria (4.9 M), Afghanistan (2.7 M), and Somalia (1.1 M). However, it is very important to note that the refugee profile changes very quickly, decade by decade.

### Stateless People

Another much overlooked problem is statelessness, which usually results from policies that exclude people considered as outsiders, notwithstanding their traditional ties to their territories (e.g., Myanmar's Rakhine state) or as a result of the transfer from colonialism to independence (e.g., the Burkinabe in the Ivory Coast). Many countries have not signed or become a party to the 1961 UN Convention of the Reduction of Statelessness. Statistics are very vague. The UN estimates that there are more than 10 million stateless people but it has only identified 3.387 million, with the three leading countries having stateless people being Nepal (800,000), Myanmar (797,000) and Thailand (542,000), while others are in countries such as Malaysia, Kyrgyzstan, Brunei, Turkmenistan, and Vietnam.

## Intermarriage and Family Migration

In the immediate post-WII period, partner and dependent child migration, including extended family migration, was seen as desirable and as an unmitigated right for those countries wishing to build up their population, less so for those countries with migrant worker schemes. With the more recent emphasis on high skill and business migration, there has been an accompanying backward shift, especially extended families. But as the IMPALA analysis has shown, since 1999 there have been greater restrictions placed on partner reunification but less restrictiveness in relation to children. Much greater stringency has been placed on the questions asked of both partners to obviate fraud and establish the bona fides of the relationship (Beine 2015).

In more recent times, intermarriage across international borders has become a growing phenomenon as a direct result of the mobility of

persons. Intermarriage, whenever and however it occurs, is usually an emotional topic. It was often taboo as, to quote a Chinese saying, "A chicken does not marry a duck". It implies the crossing of ethnic, religious, linguistic, racial, or national boundaries in life's most intimate union. The legal prohibitions against racial intermarriage in countries such as South Africa and in the United States have been well documented as have been the experiences of Japanese war brides in countries such as Australia and United States. Early studies pointed to the negative effects such as female exploitation, higher incidence of marriage breakdown and identity problems for the children whereas studies from the 1980s pointed to positive outcomes such as the rupturing of cultural boundaries and intergroup cooperation.

The incidence of intermarriages is partially embedded in population pressures, poverty pressures, imbalanced gender ratios which place a marriage squeeze upon either gender such as rural Japanese men and younger Filipino women in recent decades and massive changes in labor market demands. The so-called mail order bride, while a reality but overexaggerated by the popular press, led to many unhappy marriages (Cahill 1990) but formal and informal online dating subsequently arrived to broaden marriage partner selection. Data from both Filipino and Japanese government sources confirm that marriages between Japanese and Filipinos living in Japan are more numerous than for other source nations. Since the mid-1980s, the Commission for Filipinos Overseas has conducted guidance and counseling sessions for Filipinos going overseas to marry. In the 2005–2014 period, 214,093 Filipinos, mostly women, went to the USA (46%), Japan (18%), Australia (8%), South Korea (6%), and Canada (5%).

More recent research has focused on intermarriage and integration. As found before, intermarried couples are more highly educated and the foreign partner is better integrated than his or her fellow migrant nationals and new explanatory models have been developed (Torngren et al. 2016). Other research has targeted transnational families in developed countries, including cases where one or both partners work overseas and the children are minded by a grandparent or other relatives.

### International Student Migration

Another global process, very positive in aims and outcomes, has been the internationalization of education, including the exponential rise in cross-border education with the movement of persons such as professors, researchers, and students, the delivery of both academic award and short language and vocational programs and the diversification in educational providers beyond universities. In 1980, there were about 1.1 million internationally mobile students, whereas by 2009 it had risen to 3.4 million and by 2020 it will have grown to about eight million. Central to this has been the globalization of English.

Tables 3 and 4 show how the USA, UK, and Australia with their high-quality, English-speaking universities have been very successful in attracting international university students though they also recruit students into their vocational colleges and their schools as well as their English education institutes. The US continues to top the list but its swashbuckling gun culture is making many families hesitant in sending their young adult student children. Another trend has been the capacity of former colonial powers such as the UK, France, Russia, and Spain to attract students from their former colonial dependencies. Key Muslim states such as Saudi Arabia and Malaysia have attracted students from the Muslim world. Universities in countries such as New Zealand (18.7% of its students are from overseas) Australia (18.3%) and the UK (18.2%) have become financially reliant on the income from their internationally mobile student population.

However, both tables highlight the almost global ubiquity of the Chinese international student and how South Korea and Saudi Arabia are sending many of their students overseas for their studies or part of their studies. The student flows from European countries has been principally to other European countries but this has been driven by the European Commission with such programs

**Immigration and Globalization, Table 3** No. of internationally mobile university students versus host country (in rank order)

| No. | Country | No. of inbound students | Three largest countries of origin | Inbound mobility rate* |
|---|---|---|---|---|
| 1. | USA | 907,251 | China (291,063), India (112,714), South Korea (63,952) | 4.7 |
| 2. | UK | 428,724 | China (86,204), India (19,604), Nigeria (17,973) | 18.2 |
| 3. | Australia | 266,048 | China (90,245), India (25,562), Malaysia (15,357) | 18.3 |
| 4. | France | 235,123 | China (25,388), Morocco (25,223), Algeria (16,558) | 9.8 |
| 5. | Germany | 228,756 | China (23,616), Russia (9953), India (9896) | 7.7 |
| 6. | Russia | 213,347 | Kazakhstan (49,252), Belarus (24,880), Turkmenistan (15,662) | 3.0 |
| 7. | Canada | 152,244 | China (42,011), India (13,626), France (10,842) | n.a. |
| 8. | Japan | 132,685 | China (85,226), South Korea (14,958), Viet Nam (6071) | 3.4 |
| 9. | China | 123,127 | No data | 0.3 |
| 10. | Italy | 87,544 | Albania (11,429), China (11,318), Romania (7007) | 4.7 |
| 11. | U.A.E. | 73,445 | India (11,697), Syria (6169), Oman (6008) | 46.9 |
| 12. | Saudi Arabia | 73,077 | Yemen (8906), Syria (8448), Egypt (4560) | 4.8 |
| 13. | Netherlands | 70,692 | Germany (23,828), China (4717), Belgium (2460) | 7.3 |
| 14. | Austria | 67,691 | Germany (27,150), Italy (8064) Turkey (2536) | 15.9 |
| 15. | Malaysia | 60,244 | Bangladesh (6534), Indonesia (5700), China (4956) | 7.4 |
| 16. | Ukraine | 57,583 | Turkmenistan (13,485), Azerbaijan (9257), India (3925) | 3.2 |
| 17. | Spain | 56,361 | Colombia (5754), Italy (4752), Peru (3490) | 2.9 |
| 18. | South Korea | 55,536 | China (38,109), Mongolia (2475), Viet Nam (2123) | 1.7 |
| 19. | Belgium | 55,516 | France (17,369), Netherlands (3800), Luxembourg (1834) | 11.2 |
| 20. | Switzerland | 49,536 | Germany (11,886), France (8852), Italy (4562) | 17.1 |
| 21. | Singapore | 48,938 | No data | 19.2 |
| 22. | New Zealand | 48,892 | China (13,952), India (10,255), Australia (2350) | 18.7 |
| 23. | Turkey | 48,183 | Turkmenistan (6491), Azerbaijan (6901), Iran (4343) | 0.9 |
| 24. | Egypt | 47,815 | Malaysia (5067), Kuwait (2496), Indonesia (2262) | 1.9 |
| 25. | Thailand | 47,054 | China (4544), Myanmar (1620), Cambodia (1182) | 2.1 |
| 26. | South Africa | 42,592 | Zimbabwe (10,602), Congo DR (2812), Namibia (2637) | 4.2 |
| 27. | Jordan | 40,378 | U.A.E. (5782), Saudi Arabia (4031), USA (2174) | 6.8 |
| 28. | India | 38,992 | Nepal (8183), Afghanistan (3016), Bhutan (2619) | 0.7 |
| 29. | China H.K. | 31,955 | UK (14,693), Australia (8826), USA (8463) | 10.7 |
| 30. | Denmark | 29,941 | UK (1357), USA (926), Germany (484) | 1.8 |

Source: Global Flow of Tertiary-Level Students, UNESCO Institute for Statistics, November 2016
*Total no. of students from abroad studying as a percentage of total tertiary enrolment in the host country

as SOCRATES I and II (1994–2006) and the Life-Long Learning Program (2006–2013).

## Migration and Public Policy

International and national migration and refugee policies which inevitably intersect with population policies and with settlement and integration policies are usually based on the premise that population movements and international migration can be actively and responsibly governed and managed though in the case of refugee and asylum seeker movements the policies are much more reactive than proactive. Many think tanks across the developed world are engaged in monitoring, evaluating and designing policies and programs of all aspects of population flows. There has been much focus on financial and labor market impacts and on settlement and acculturation

**Immigration and Globalization, Table 4** Number of internationally mobile university students versus sending country (in rank order)

| No. | Country | No. of outbound students | Three largest countries of destination | Outbound mobility Rate[a] |
|---|---|---|---|---|
| 1. | China | 790,850 | USA (291,063), Australia (90,245), UK (86,204) | 0.8 |
| 2. | India | 233,540 | USA (112,714), Australia (25,562), UK (19,604) | 0.7 |
| 3. | Germany | 115,513 | Austria (27,150), Netherlands (23,828), UK (13,846) | 3.9 |
| 4. | South Korea | 108,304 | USA (63,952), Japan (14,958), Australia (6551) | 3.1 |
| 5. | Saudi Arabia | 85,241 | USA (53,637), UK (8922), Canada (5660) | 5.6 |
| 6. | France | 78,675 | Belgium (17,369), UK (11,228), Canada (10,842) | 3.3 |
| 7. | Nigeria | 71,351 | UK (17,973), Ghana (13,919), USA (9786) | n.a. |
| 8. | USA | 67,250 | UK (14,950), Canada (8049), Grenada (4544) | 0.3 |
| 9. | Kazakhstan | 66,623 | Russia (49,252), Kyrgyzstan (4535), USA (2006) | 10.1 |
| 10. | Malaysia | 64,930 | UK (15,583), Australia (15,357), USA (7858) | 7.9 |
| 11. | Viet Nam | 62,843 | USA (19,336), Australia (12,898), Japan (6071) | 2.5 |
| 12. | Italy | 54,948 | UK (9499), Austria (8064), France (6729) | 2.9 |
| 13. | Russia | 54,923 | Germany (9953), USA (5203), Czech Rep. (4379) | 0.8 |
| 14. | Canada | 48,954 | USA (28,454), UK (6309), Australia (3481) | n.a. |
| 15. | Ukraine | 44,945 | Russia (12,043), Poland (9485), Germany (5850) | 2.5 |
| 16. | Turkey | 44,652 | USA (9962), Germany (5440), Bulgaria (3310) | 0.8 |
| 17. | Pakistan | 43,486 | UK (6645), Australia (6316), USA (5241) | 2.3 |
| 18. | Morocco | 43,148 | France (25,223), Spain (3071), Germany (2631) | 4.9 |
| 19. | Brazil | 39,317 | USA (13,349), Portugal (5218), France (4032) | 0.5 |
| 20. | Greece | 37,473 | UK (10,653), Italy (3515), Cyprus (2966) | 5.3 |
| 21. | China(HK) | 34,472 | UK (14,693), Australia (9069), USA (8463) | 11.5 |
| 22. | Syria | 34,165 | Saudi Arabia (8448), Jordan (6387), U.A.E. (6169) | 4.4 |
| 23. | Spain | 32,082 | UK (6531), Germany (5138), USA (4864) | 1.6 |
| 24. | Bangladesh | 30,077 | Malaysia (6534), USA (5441), UK (4868) | 1.4 |
| 25. | UK | 30,338 | USA (9601), France (2110), Germany (1798) | 1.3 |
| 26. | Japan | 30,046 | USA (15,075), UK (3089), Australia (1817) | 0.9 |
| 27. | Mexico | 29,730 | USA (14,962), Spain (2470), Germany (2225) | 0.8 |
| 28. | Iraq | 25,829 | Jordan (6012), U.A.E. (2705), Ukraine (2611) | n.a. |
| 29. | Thailand | 25,690 | USA (7052), UK (6246), Australia (2933) | 1.1 |
| 30. | Egypt | 24,970 | U.A.E. (4700), Saudi Arabia (4560), USA (2928) | 0.9 |

Source: *Global Flow of Tertiary-Level Students*, UNESCO Institute for Statistics, Nov. 2016
[a]Total no. of outbound students as a percentage of total tertiary enrolment in the host country

processes as well as the impact on social capital and social cohesion. Inevitably models and theories have emerged.

Migration states such as Australia, Canada, and New Zealand have developed highly engineered immigration policies designed to boost population across their unpopulated spaces as well developing their secondary industries in their urban centers in the immediate post-WWII period. Countries such as France and Germany from the 1950s in their post-War recoveries were driven by their guestworker programs for unskilled and semi-skilled workers. Such programs were then succeeded by the international contract labor movements beginning mainly in the 1970s following the oil crisis. This flow, led by the Filipinos, was directed very much towards the oil countries of the Middle East.

An important cross-national study with the aim to comparing immigration policies has recently reported on admission and citizenship policies across nine countries (Australia, France, Germany, Luxembourg, the Netherlands, Spain, Switzerland, the United Kingdom, and the United

States) focused around economic migration, family reunification, asylum, and humanitarian migration and student migration as well as acquisition of citizenship. The IMPALA (International Migration Law and Policy Analysis) database project has been mapping "tracks of entry" (Beine et al. 2016).

The project has found that in the first decade of the millennium (1999–2009), entry requirements became much more complex across all migrating categories and with substantial variation in the restrictiveness of immigration regulations. The variation in entry policies varied quite markedly across the different categories, e.g., Australia's entry for policies for skilled economic migrants and for international students is very liberal, whereas its entry policies for asylum seekers, especially if they arrive by boat, are the most draconian of all nine countries. Hence, generalizations about immigration policies are hard to make unless one examines the particular migrating categories. The IMPALA data are characterized by regulation density (Beine et al. 2016). As the global economy has allowed for the greater flow of goods and services, it has also allowed for the greater flow of people but under much greater stringency regulations as we have seen with partner migration.

## Migrant Smuggling and Human Trafficking

National policies, however, have struggled to deal with border control and the smuggling of people. In a comprehensive review of the evidence, the International Organization of Migration has admitted that "the smuggling of migrants across international borders on routes traversing land, air and sea continues to undermine migration governance and impedes safe and orderly migration. In numerous parts of the world, migrant smugglers have become an integral part of the irregular migration journey, resulting in enormous profits for criminal smuggling networks while reducing the ability of States to manage their borders and migration programmes. Given that it is often covert in nature, migrant smuggling may only become visible when tragedies occur or emergency humanitarian responses are required" (McAuliffe and Laczko 2016, p. 3). It is rife with exploitation, abuse and inequity. It is estimated that over the last 20 years, 60,000 smuggled immigrants are dead or missing (Brian and Laczko 2016). The same review, while acknowledging the research progress, admitted that we do not have a clear picture of global people smuggling.

Contrary to the portrayal of smugglers in the Western press as evil misdoers and in the Asian press as snakeheads, the intellectual framing of migrant smuggling can be otherwise described as providing a service, acting almost like tourist agents and facilitating the entry of people into their destination country. Some would frame it even altruistically when there is no profit motive and the fleeing migrant is escaping persecution or war.

While there is much overlap, human trafficking differs from people smuggling since it involves coercion. Nonetheless, the UN Office on Drugs and Crime (UNDOC) (2016) has brought to global attention the adaptability of smuggling organizations and their increasingly sophisticated networks, the role of the corrupting of government officials and the vulnerability of smuggled migrants. International criminal syndicates have added migrant smuggling to their portfolio of criminal activities. Europol in its 2017 threat assessment reported that in Europe smuggling had generated EUR 4.7–5.7 billion in profit. They had shown great versatility in the means of transport, concealment, and technologies used. The quality and quantity of forged fraudulent documents had increased. Also on the increase was the smugglers' abuse of legal channels such as sham marriages, bogus paternity, false employment contracts, fake invitation letters, false medical visas, and false claims of being victims of trafficking or refugees (Europol 2017).

UNODC estimated that in the 2-year period (2012–2014), 63,251 trafficked victims were detected in 106 countries with 42% of these trafficked domestically. More than 500 different trafficking flows were identified, usually paralleling migration flows. While sexual exploitation and forced labor are the most common reasons, other reasons were forced or sham marriages, the selling

**Immigration and Globalization, Table 5** Profile of trafficking flows according to geographical region

| Geographical Region | No. of traffic flows* | % of sexual trafficked | % of children trafficked |
|---|---|---|---|
| Sub-Saharan Africa | 69 | 29 | 64 |
| East Asia/the Pacific | 64 | 61 | 32 |
| East Europe/Center Asia | 56 | 31 | 8 |
| South America | 50 | 57 | 39 |
| West and Central Europe | 38 | 66 | 26 |
| South Asia | 35 | n.a. | n.a. |
| Central America/Caribbean | 32 | 57 | 62 |
| Nth Africa/Middle East | 29 | 39 | 25 |

Source: Europol 2017

of children, the removal of organs, the recruiting of child soldiers, and forced begging. Trafficking arises out of the vulnerability of people, who are often escaping war and persecution as well as poverty, and armed groups often recruit children as combatants. While in recent years, the number of trafficked men has increased to 21%, the most trafficked are women (51%) and children (28%), girls (20%) more than boys (8%) who are forced to work particularly in the mining and fishing sectors and work as porters or as slave (UNODC 2016). By 2016, 158 countries had criminalized most forms of trafficking though there have been few convictions.

Traffickers generally come from the same country, speaking the same language and from the same cultural background. A recent trend is the rise of female traffickers as "the significant share of women offenders is remarkable as there are few crimes with such high levels of female participation" (UNODC 2016, p. 31). However, as Table 5 shows, there are different trafficking patterns across the different regions of the world. The number of trafficking flows was highest in sub-Saharan Africa with a quite high percentage of children trafficked. The sexual trafficking of mostly women and girls is a feature of the Western and Central European, East Asia and the Pacific and the Central America and Caribbean profiles.

## Conclusion

There is a strong intersection between globalizing and migration processes. And both sets of processes inevitably impact at the local level. And both have become much more complex as migration both in the sending, transitory and receiving countries must be contextualized in the multifaceted local context. For the vast majority of migrants, the risks are surmounted and they become acculturated to varying extents in their adopted countries through developing cultural and linguistic competences, thereby enriching their new sociocultural milieu.

## References

Beine M, Boucher A, Burgoon B, Crock M, Gest J, Hiscox M, McGovern P, Rapaport H, Schaper J, Thielemann E (2016) Comparing immigration policies: an overview from the IMPALA database. Int Migr Rev 50(4):827–863

Brian T, Laczko F (eds) (2016) Fatal journeys volume 2: and identification and tracing of dead and missing migrants. International Organization of Migration, Geneva. Available from https://publications.iom.int/system/files/fataljourneys_vol2.pdf

Cahill D (1990) Intermarriages in international contexts. SMC Press, Quezon City

Cohen R (1997) Global diasporas: An introduction. UCL Press, London

Commission for Filipinos Overseas (2016) 2014 CFO compendium of statistics on international migration. Commission for Filipinos Overseas, Office of the President, Manila

EUROPOL (2017) European Union: serious and organized crime threat assessment: crime in the age of technology. EUROPOL, The Hague

International Labour Organization (2015) ILO global estimates on migrant workers: results and methodology. Labour Migration Branch, Department of Statistics, International Labour Organization, Geneva

International Organization for Migration (2013) World migration report 2013. Data Analysis Center, International Organization for Migration, Geneva. Available

from https://publications.iom/int/books.wmr2013_en.pdf
International Organization for Migration (2015a) How the G20 views migration. Data Analysis Center, International Organization for Migration, Geneva. Available from https://publications.iom/int/books.how-g20-views-migration.pdf
International Organization for Migration (2015b) How the world views migration. Data Analysis Center, International Organization for Migration, Geneva. Available from https://publications.iom/int/books.how-world-views-migration.pdf
McAuliffe M, Laczko F (eds) (2016) Migrant smuggling data and research: a global review of the emerging evidence base. International Organization for Migration, Geneva. Available from https://publications.iom.int/system/files/mingrantsmugglingdata.pdf
Torngren S, Irastorza N, Song M (2016) Toward building a conceptual framework on intermarriage. Ethnicities 16(4):497–520
United Nations Office on Drugs and Crime (2016) Global report on trafficking in persons 2016, Crime Research Section, United Nations Office on Drugs and Crime, Vienna

# Immigration Polices: A Survey

Paul A. Harris[1] and William E. Baker[2]
[1]Department of Political Science, Auburn University, Auburn, AL, USA
[2]Burruss Institute of Public Service and Research, Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Asylum; Immigration; Migrants; Migration; Refugee

## Introduction

The United States has traditionally been a country of immigration and immigrants. At the same time, the United States has viewed various waves of immigrants with trepidation, fear, protectionism, and nativist response. Nevertheless, the United States has shown remarkable resilience in the capacity of the culture and economy to absorb newcomers.

Since the founding of the Republic, immigration policy can be divided into five broad phases. Over that time the face of immigration to the USA changed from primarily European countries to countries throughout Asia, the Indian subcontinent, and the Americas. Immigration has been and continues to be a source of policy conflict (LeMay 1987: 6; Zolberg 2006: 10). While migration waves ebb and flow over time, the USA has received approximately one million legal migrants per year since the end of the Cold War. The following entry will provide a broad historical survey of US immigration policy from the nation's founding up until the present day.

## Phase I (1780–1880): Laissez Faire

Between 1780 and1880, neither qualitative nor quantitative restrictions were imposed upon immigrants wishing to enter the USA. There was little need for restrictions since most migrants were homogenous being Protestants from Great Britain. As immigrants began to come from other countries with different cultures, the processes of acculturation of these new arrivals differed vastly. In any case, though, these immigrants came overwhelmingly from Northern and Western Europe. The wave of Catholic immigrants coming during the 1830s and 1840s set off a dramatic antiforeign reaction, the latter becoming easy targets upon which to blame for problems of a rapidly changing American society during the period of urbanization and industrialization. During this time, various nativist movements arose.

In the 1850s, nativism became an open political movement. Secret patriotic societies such as the "Order of the Star Spangled Banner" were founded and eventually grew into the "American Party" whose members were pledged to vote only for Anglo-protestant candidates, to demand a 21-year waiting period before naturalization, and a pledge to fight Roman Catholicism. "No other xenophobia functioned in so highly organized a way as anti-Romanism" (Higham 2002: 79).

## Phase II (1880–1920): Qualitative Restrictions

The influx of Chinese immigrants to the West coast and the changing demographics of immigrants to the East Coast – from Southern and Eastern Europe – created new political pressures for restriction leading to the establishment of a qualitative immigration policy based upon certain exclusionary categories. During the 1870s, the ascent of the anti-Asian "Workingmen's Party" on the West coast effectively lobbied for Chinese national exclusion. To the East, a similar nativist movement was formed which, as its central goal, was to limit the "alien races" of Southern and Eastern Europe. Founded in Boston in the mid-1880s the "Immigration Restriction League" actively lobbied Congress to establish literacy requirements upon immigrants wishing to enter the USA. Although vetoed by President Cleveland in 1897, the latter was eventually put into law with the passage of the 1906 Naturalization Act.

Beginning in 1882, qualitative limits were introduced in the form of the Chinese Exclusion Acts. During the 40-year period leading up to the passage of the 1924 National Origins Act, the USA experienced its most dramatic growth as a result of immigration. Between 1880 and 1920 approximately 27.5 million came to the USA. In the 10-year period 1900–1910, 8.7 million persons migrated; 1.3 million were admitted in 1907 alone. As a result of the migrants more "alien" characteristics, i.e., skin tone, physiognomy, Slavic and East European origins, and beliefs (Judaism), fears were aroused that these new immigrants would be unable to assimilate into American society. A surge of pseudo-scientific studies by sociologists and biologists assailed the newcomers as racially inferior. In 1911, a 42-volume report was issued by the Joint Commission on Immigration – The Dillingham Commission Report – which purported to demonstrate the inferiority of the new immigrant races and blamed them for a host of societal ills (King 2000: 64). Despite the mounting forces of restriction, the "pull" factors of a rapidly industrializing the United States with "push" factors from Southern and Eastern Europe were too strong to limit large-scale migration. Stagnating agrarian-based economies, religious and ethnic persecution in the form of pogroms against Russian and East European Jewry was too strong and, with the exception of Asian exclusion legislation, immigration went largely unchecked until the 1920s.

## Phase III (1920–1965): Quantitative Restrictions

The passage of the 1924 Johnson-Reed Act, more commonly known as the National Origins Act, changed all of that. An annual limit of 150,000 Europeans was set; no Japanese were allowed; visas were based as were the number allowed for all regions to quotas except Northern and Western Europe (Fuchs 1983: 301). As noted, the 1924 Act placed limits (quotas) on immigration from all regions except Europe. The quotas were based on the percentages of foreign-born persons in the United States derived from 1920 census records, which due to racially discriminatory policies of the past, and to a lesser extent, labor market demands, were low for all groups but Europeans. Thus, the 1924 Act ostensibly was "fair" based on the numbers residing in this country but actually "unfair" because policy and practice preferred Caucasians over all other groups of foreigners. The votes for the 1924 Act were as follows: 146 Democrats joined 162 Republicans in the House, and 33 Democrats voted with 35 Republicans in the Senate to pass the bill. Only 62 House members and 9 Senators opposed the measure.

This new restrictive policy, coming on the heels of the Great Depression, dramatically reduced immigration into the USA for nearly three decades. Indeed, during the 30-year period of national origin quotas, the USA accepted only four million immigrants. Parenthetically, during this period of immigration constraint, Congress created the border patrol in 1925 as a way to halt unauthorized migrants of which an estimated 500,000 entered in the 1920s (Zolberg 2006: 266).

It was not until the advent of World War II that any pressure for change in policy occurred. With

the outbreak of war in Europe and the growing involvement of the United States in that war, labor became a more valuable commodity, particularly agriculture. With war mobilization and the consequent demands on manpower, it soon became apparent that the United States government would formally approach its Mexican counterpart on the question of imported labor.

During World War II, the USA eased entry for manual labor from Mexico known as the Bracero Laws. As a result, admissions peaked at 62,000 in 1944, less than 2% of America's four million hired workers (Calavita 1994: 60). Furthermore, in response to the war-time alliance with China, Congress repealed the 60-year ban on Chinese immigration. It also passed the War Brides Act of 1946 to handle the problems of soldiers who had married overseas enabling some 120,000 immigrant wives to rejoin their husbands in the USA. Finally, as news of Nazi atrocities became publicized, President Truman issued a directive admitting 40,000 war refugees. Partly as a result of the inflexibility of the national origins quota system, the government had to resort to temporary measures to meet emergency immigration situations. In 1948, for instance, Congress passed the Displaced Persons Act, which allowed more than 400,000 people made homeless by World War II to migrate to the United States (Ueda 1994: 36–37).

The first major piece of postwar legislation came with the passage of the Immigration and Nationality Act of 1952 also known as the McCarran-Walter Act. The 1952 Act preserved the national origins quota and established a system of preferences for skilled workers. Furthermore, it also encouraged a strengthening of family ties by giving preference to US citizens.

With the onset of the Cold-War, additional refugee measures were enacted by Congress as allowed under the parole clause found in the 1952 Act which authorized the Attorney General to admit persons in emergency situations. The first of these came in the form of the 1953 Refugee Relief Act which admitted over 200,000 refugees outside of existing quotas. Legislation passed in 1957 permitted approximately 30,000 Hungarian "refugee-escapees" displaced by the failed 1956 revolution to enter the USA – the 1957 Refugee Escapee Act. Under the new Act, a refugee-escapee was defined as any alien who fled from any communist country because of persecution or fear of it. The parole clause also was used to admit more than 650,000 Cubans in the early 1960s; Czechoslovakians in the aftermath of the 1968 revolution; Chileans after 1973; and more than 400,000 Indochinese by the late 1970s following the fall of Saigon.

## Phase IV (1965–1996): The Expansive Phase

One of the most widely sweeping changes in the history of USA immigration policy came with the passage of the 1965 Immigration and Nationality Act. The Act introduced four basic policy changes which clearly reflected the Civil Rights era just as the 1952 Act reflected the Cold-War era:

1. The abolition of the national origins quota system.
2. The introduction of a new preference system based upon family reunification.
3. The institution of individual labor clearance procedures: economic skills.
4. Refugees.

The 1965 Act abolished the national origins system replacing it with an overall total of 160,000 with a 20,000 person limit per country for all nations outside the Western Hemisphere. Second, it capped immigration from Western Hemisphere countries at 120,000 without individual national limits. Immediately afterward President Johnson declared the United States would welcome any Cubans who wished to flee Castro's Communist state. Hundreds of thousands did so leading Congress to pass the Cuban Adjustment Act of 1966 (Zolberg 2006: 350). Furthermore, in response to pressures as a result of unauthorized immigration, Congress passed in 1976, an amendment to the 1965 Act that created a worldwide uniform immigration system applying the 20,000 per-country limit to both hemispheres. Additionally, instead of "blanket revisions" special parole programs also were implemented to handle Cuban, Vietnamese, and Soviet Jewish Refugees many of which are still in practice.

## 1980 Refugee Act

By the 1980s concern over rising immigration from Latin America, the Caribbean Basin, and Asia, growing numbers of undocumented workers, and increased demand for entry by asylum seekers and refugees forced Congress and the White House to question immigration policy. Between 1980 and 1990, three pieces of immigration legislation were passed which continued the expansion of immigration which began with the 1965 Act. The Refugee Act of 1980 was the most wide-sweeping legislation of its kind. Under the 1980 Law, Congress benchmarked an annual refugee figure. Hitherto, refugees were admitted on an ad hoc, emergency basis. The 1980 Act was significant in the area of a rights-based policy. It established a national policy guaranteeing continued refugee admissions and defined the term "refugee" along the lines of the Geneva Convention. This was a departure from the largely ideological, anti-communist grounds that previously prevailed. The Act furthered grounded the principle of asylum in US statutory law and permitted resettlement assistance for refugees (Martin 2011: 227–228).

The act provided a permanent and systematic procedure for the admission of refugees of special humanitarian concern to the USA and to provide comprehensive and uniform provisions for the effective resettlement and absorption of those refugees who are admitted. The definition of refugee was also revised to conform with the U.N. Convention and Protocol Relating to the Status of Refugees, and the geographical and ideological limits of the previous law were limited. Under the Act's definition, refugee status is based on persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

## The 1986 Immigration Refugee and Control Act (IRCA)

As Susan Baker (1990) noted, "IRCA underscored the political tension between those who supported immigration reform as an opportunity to implement a generous legalization program and those whose primary agenda was tightened enforcement" (p. 3).

The market-oriented expansionism came in the form of replenished farm labor to replace those who left agriculture allowing these new workers to enter the USA as temporary residents. The Act offered a State Legalization Impact Assistance Grants (SLIAG) program to reimburse states for some of their increased welfare, education, and administrative costs because of potential participation in those programs by authorized migrants. IRCA also provided an expedited procedure for employing foreign workers if the Labor Secretary determined that available US workers were found by the employer not to be qualified (LeMay 1994: 56–57). The Law also required all employers to verify the documentation of foreign laborers or face monetary sanctions and in certain cases incarceration (Calavita 1994: 65). The expansionist part was an amnesty to some 2.7 million undocumented migrants who have lived continuously in the USA since January 1, 1982, or, who as unauthorized migrants, resided and worked at least 90 days in the USA during 1985 and 1986. The Act also provided permanent resident status for Cuban refugees (*Marielitos*) who entered the country before January 1, 1982.

The legacy of IRCA is one of unintended consequences. Rather than making illegal immigration more difficult, for instance, it has had the opposite effect. Before IRCA, illegal labor was often referred to as undocumented illegal labor. Since the passage of the Act, fake identity papers became so widespread and inexpensive that these migrants were referred to as documented illegal labor (Calavita 1994: 70–71). Furthermore, in regard to Special Agricultural Workers (SAWs), the Act provided temporary resident status for up to 350,000 aliens who could prove that they lived in the country for at least 3 years had worked at least 90 days in American agriculture in each of those 3 years. They could adjust to permanent resident status after an additional year, or within 3 years of enactment. After IRCA was passed, SAW applicants totaled 1.3 million (Lemay 1994: 57; Martin 2011: 215).

The expansive nature of the 1986 Act was a particular windfall for Mexican immigration.

Whereas in the decade prior to its adoption a total of 640,000 Mexicans legally immigrated to the USA, with passage of IRCA some 1.6 million legally immigrated between 1987 and 1989. Furthermore, an additional 1.2 million Mexicans legally immigrated to the USA between 1991 and 1993 for a total of 2.8 million legal admissions in a 6-year period (U.S. Immigration and Naturalization Service 2000).

## Immigration Act of 1990

Congress continued refining immigration policy by increasing total immigration under an overall flexible cap of 675,000 immigrants beginning in the fiscal year 1995. The overall cap, however, included limitations. The 675,000 level to consist of 480,000 family-sponsored; 140,000 employment-based; and 55,000 "diversity immigrants" (Martin 2011: 217–218). It also revised all grounds for exclusion and deportation, significantly rewriting the political and ideological basis. Further the Act repealed the bar against the admission of Communists as nonimmigrants and limited the exclusion of aliens on foreign policy grounds. The Attorney General was authorized to grant protected status to undocumented alien nationals of designated countries subject to armed conflict.

## Phase V (1996–Present): A Return to Restrictions

The refinements included in the 1990 Immigration Act were not enough to control increasing numbers of immigrants coupled with an increasingly vocal level of intolerance in the USA. By 1996, Congress reacted with a series of restrictive laws governing immigration. The Personal Responsibility and Work Opportunity Reconciliation Act; Illegal Immigration Reform and Immigrant Responsibility Act; and Anti-Terrorism and Effective Death Penalty Act all illustrate a shift toward more restrictive policies (Martin 2011: 252).

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWOPA) dramatically altered the current welfare system and under Title IV restricted the access of authorized and unauthorized immigrants to a wide range of public benefits.

The Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) added to and amended sections of the Welfare Act. Among other provisions, IIRIRA changed the public charge inadmissibility standard for prospective immigrants and greatly strengthened the financial responsibility of petitioners for family-based immigrants as well as for some employment-based immigrants (U.S. Immigration & Naturalization Service 1997).

Finally, under Title IV of the Anti-Terrorism and Effective Death Penalty Act (ATEDPA), greater discretion is given to inspectors to deport immigrants without due process found to be in the US proper documentation. Obviously, these requirements severely restrict a judge's discretion to waive deportation requirements on a case-by-case basis. Since the adoption of ATEDPA, some 300,000 unauthorized immigrants have been deported. Many must now wait at least 5 years before being eligible for reentry, whereas many others are denied entry permanently.

The attack of 9/11 had far-reaching effects on how the USA approached immigration. By 2003 the Immigration and Naturalization Service was merged with the newly created Department of Homeland Security (DHS) and is now known at the US Citizenship and Immigration Services (USCIS). The DHS is now the principle federal agency responsible for border control to include adjudicating refugee and asylum claims. Depending on the applicant, this process can last several months even if the asylum seeker has established a credible fear of persecution has family ties in this country and poses no security risk.

On May 11, 2005, President Bush signed into law the Real ID Act of 2005 which makes it easier for an asylum seeker without corroborating documents to be denied asylum a move contrary to international law. Further, the Law requires states to meet Federal ID standards. Under Title II of the Act beginning in 2008 state motor vehicle agencies are to deny driver's licenses to any individual who cannot demonstrate they are here legally thereby, turning motor vehicle employees into de

facto immigration officials (Harris 2005). Since the Real ID Act of 2005, no major piece of immigration legislation has made it to the president's desk.

## Conclusion

Immigration policy has since held steady in a frozen status with bills and recommendations stored in the bowels of congressional committees. A general exclusionary zeitgeist has gripped the country with no signs from the newly elected Trump administration to reverse or ease exclusion. Rather, just the opposite has occurred as is evidenced with the ending of the Obama era Deferred Action for Childhood Arrivals (DACA) which removes deportation protection and work permits for an estimated 800,000 undocumented childhood arrivals. Yet, despite these exclusionary measures, immigrants and refugees continue seeing America as a promise of a better life thereby leaving state and local governments to construct their own policies. As laboratories of democracies, state and local governments have been forced to experiment with a wide range of policy options, not by choice but by necessity. Should the White House and Congress not agree on comprehensive immigration reform, state and local governments will continue to carry the burden having no alternative but to muddle through.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Globalization and Organizations
- ▶ Immigration and Globalization
- ▶ Management of Immigration Crisis


## References


Baker SG (1990) The cautious welcome: the legalization programs of the immigration and control act. In: Program for research on immigration policy. The RAND Corporation and The Urban Institute, Washington, DC

Calavita K (1994) U.S. immigration and policy responses: the limits of legislation. In: Cornelius W, Martin PL, Hollifield JF (eds) Controlling immigration: a global perspective. Stanford University Press, Stanford

Fuchs L (1983) Immigration, pluralism and public policy: the challenge of the Pluribus to the Unum. In: Kritz M (ed) U.S. Immigration and refugee policy: global and domestic issues. Lexington Books, Lanham

Harris, Paul A. 2005. Asylum seekers are subject to harsh treatment. The Augusta Chronicle. Sunday, March 27, 2005.

Higham J (2002) Strangers in the land: patterns of American nativism, 1860–1925. Rutgers University Press, New Brunswick

King D (2000) Making Americans: immigration, race and the origins of the diverse democracy. Harvard University Press, Cambridge, MA

LeMay MC (1987) From open door to Dutch door: an analysis of U.S. Immigration Policy since 1820. Praeger Books, New York

LeMay MC (1994) Anatomy of a public policy: the reform of contemporary American immigration law. Praeger Books, Westport

Martin S (2011) A nation of immigrants. Cambridge University Press, Cambridge

Ueda R (1994) Postwar immigrant America: a social history. St. Martin's Press, Boston

U.S. Immigration and Naturalization Service (1997) Fact sheet: alien eligibility for and access to public benefits. U.S, Department of Justice, Washington, DC

U.S. Immigration and Naturalization Service (2000) Annual Report, 2000. U.S. Department of Justice, Washington, DC

Zolberg A (2006) A nation by design: immigration policy in the fashioning of America. Harvard University Press, Cambridge, MA


I

# Immigration Policy


Christopher L. Atkinson
Department of Administration & Law, University of West Florida, Pensacola, FL, USA


## Synonyms

Asylum policy; Immigration policy reform; Migration policy

## Definition

Immigration policy in the European Union (EU) has been characterized by a tension between Europeanization and free-flow of citizens on one hand and the difficult internal context of member-

states, informed by political realities and the identities of the nations themselves. This may be understood as led by elite discourse, which may be ineffective in accomplishing goals that serve the needs of at-risk migrants and asylum-seekers.

## Introduction

EU pressure upon member states in areas of immigration policy and its reform has found a strong offset in in-state policy considerations. Policy has stressed stronger external borders, yielding approaches that favor military and security measures (Butler 2018), migration within the EU as a security matter, and regulatory factors that observe "pull" of certain nations for migrants. The intent for *Europeanization*, "attributed to European integration" (Costello 2006, p. 287) of migrant and asylum policies, and its free-flow of EU citizens and families stands in contrast with the states' internal realities, particularly those that rest on identity and stemming the flow of migrants.

The EU approach has coalesced around a defined grouping of rights and permissions; still, immigration policy reform is not a one-dimensional consideration, dependent on separation between states' ideals and the direction and objectives of the EU as a standardizing body. Because states may evidence a trend toward isomorphism as a group and with EU regulations, it is worth reviewing trends in research in this area, particularly since EU policy has not been entirely successful in addressing the multifarious demands placed upon it. The simple adoption of policy, from above or from a peer group, in policy areas heavily dependent on historical considerations and present context, may fail to lead to desired or expected positive outcomes. To the extent that such policies marginalize disadvantaged groups, widely considered at-risk, instituted policies as the result of elite discourse may betray a basis in more questionable or even immoral assumptions, limiting inclusiveness, participation, and the prospect of positive societal contributions from migrant communities.

This chapter considers the need for greater attention to the interaction of EU immigration policy directives and elite-led discourse that occurs within member states, as consequential to the eventual success or failure of immigration policy and its reform. On one hand, policies have a clear need to be seen as accountable to the needs not only of migrants and those seeking asylum but also to the international community; on the other hand, EU policies that contravene issues of states' perspectives and demands to address their particular realities in the most efficacious way possible may (1) not be implemented as expected or work as desired and (2) fail to involve local populations in the setting of policy, and thus potentially lead to division and unrest. Specifically, the involvement of elite influences, compared with popular, public viewpoints and the perspectives of migrant groups and asylum-seekers, may be reviewed through analysis of the discourse that leads to problem definition and program design, and how that may fail to achieve outcomes that serve both citizens and at-risk individuals.

## Context and Current Research

Migration, "the movement of people" (Garcia-Zamora 2018, p. 1), can be understood as a response for populations to a variety of considerations and crises; it can be forced or voluntary, with refugees forming a particularly at-risk segment of the larger community of migration, given their tenuous status and fleeing persecution or threat of violence as a rationale for movement. While migration is not new, migration policies have become more fractious in recent years. There are normative views of the advantages of migration – the increase of diversity, for example, as a general positive point, though citizens increasingly express irritation that diversity has not improved their nation as a place to live (Garcia-Zamora 2018). Harmonization has been described as a shaky goal, as restrictions in one nation may be observed in others (Costello 2006), indicative of potential for bottom-up definitions that come into conflict with EU interpretations. The usefulness of foreign workers to help businesses and economies reach their financial goals is

a more easily documented need, but usefulness does not necessarily lead to acceptance.

Even as the nations of the EU have determined common principles for free-movement of populations within the union, consistency in approach to migrants from nations outside the EU is lacking. Further, the impositions from above in the EU may pose points of disagreement within nations, and encroach upon sovereignty, however defined and defended in a particular instance. Because the nations of the EU have had such different experiences within migration historically (Comte 2018, covers this aspect well), there is a need to consider national-level discourse and in particular the views, made clear through policy development and compromise, of powerful elites. As an added point, with the possibility of great disagreement between nations and EU governance on migration policies, the value of EU "shared values" policies, if they cannot directly influence national level outcomes, may be symbolic. This is insufficient for a system that has been described as stressed and overwhelmed (Garvey 2018).

Immigration reform may be considered through lenses of ethics and morality. As the EU recognizes the issues posed by migration, especially from war-torn areas, official guidance and programs are created but may be constructed in a manner where benefit to the client community is unclear. In those instances, migrants may persist in approaching illegal channels of movement. From an angle of popular participation, prejudices may exist that are not supportable when analyzed but nevertheless are perpetuated (Garcia-Zamora 2018); they may be disseminated and maintained in the popular discourse by elites, because the public's acceptance and adoption of such views keeps some groups marginalized, and the majority stabilized. This is possible even in situations where the work of migrants is recognized as positive, such as for high-skilled occupations (Cerna 2018); while work is valued, the presence and contributions of migrants are considered suspect.

Programs are driven by the value judgments of their creators. Essential in defining program intents in the political realm is a strongly felt, rationalized impulse; if the impulse rises to the place of myth – taken as fact without being challenged – then so much the better. For example, Thielemann and Schade identified several myths that inform popular immigration policy discussion: "first, that migrants choose destination countries predominantly because of their generous welfare benefits; second, that countries like the UK are uniquely and significantly adversely affected by immigration; and third, that restrictive measures can easily and substantially reduce the number of migrants" (2016, p. 140). The ability to document the nature of a problem or prove it in any way is not the issue – the issue is whether the portrayal of the problem, and the construction of the image, resonates with the public. Programs themselves do not have to achieve outcomes as long as it looks like positive movement is made. "If you cannot change a situation, the next best thing is to make it look as if you are" (Bove 2014, p. 122). Steadily, policy efforts have become as theatre, with portrayals of action and outcomes considered as worthy as authentic progress.

Vaughan-Williams (2015) highlighted views of migration through considerations of EU directives, notably bordering practices as immunitary and the construction of the internal/external narrative via frameworks of engagement, such as thanatopoliticism, animalization, and medicalization. One may take from this the creation of a topography of preferred versus disfavored, regular and irregular, legal and illegal, and so forth. The result of policies supposedly intended to protect at-risk groups might instead act as a dehumanizing force, or even lead to deaths of vulnerable people. The oversimplification of a complex, society-changing discussion is largely elite-favoring – if accepted, such simplified viewpoints allow maintenance of elite power, while not requiring large outlays of resources for administrative measures. It may be that welcome, and assimilation that is not destructive to the identities of migrants, is not had because it is not desired by elite groups. Inclusion may not serve societal needs from an elite perspective, even if the result is disorder, hate, and suffering.

Elite viewpoints articulating a state interest may fail to consider that the proportion of the population that may be affected by migration

directly has gone up, and that simple, even time-honored, approaches to policymaking may fail to account for the gravity of the situation. "Migrant choice" is limited as a factor for discussion in favor of state preferences, which may also include what the state can reasonably offer given limitations on resources (Garvey 2018). Legitimacy of policy measures in this area may rest on whether government is seen as protecting citizen interests, even though the context itself is changing – not only with competition for jobs, but the jobs themselves, in function, and required education and experience. It may be that it is easier to engage in rhetoric that signifies protection of an existing way of living, when that way is already being subsumed by a host of factors. In this respect, elite views at the national level may tend toward unsophisticated descriptions of the policy context because those achieve particular goals. The elite maintains itself through a certain selectivity in decision and nondecision; even as much of the goal of the elite is to maintain its power, it must still gather enough legitimacy from the mass to seem as if it is accountable (Farazmand 1999). Reform is always on offer; as attention is given to base explanations of complex issues, which is satisfying to a certain segment of the population, there is always a chance that the matter may be more fully and properly resolved. On the international level, local talking points cannot resolve issues that are deeply complex – and so a divide exists. While "demoicratic ideas of trust and no othering, whose traces can be evidenced in the architecture of European citizens' free movement, may also help interpret the distinctive narratives that European citizenship weaves in the field of immigration and nationality" (Strumia 2016, p. 419), this is perhaps far-afield from the immediate realities and needs of individual nations. Shared values across nations may take a secondary position to political survival, let alone political success.

## Public Influences and Elite Discourse

Elite influences saturate political science. As Harold Lasswell observed, "the study of politics is the study of influence and the influential. . .the influential [elite] are those who get the most of what there is to get...[and] the rest are mass" (quoted in Dunleavy and O'Leary 1987, p. 137). Further, keeping the running of government to a small group of influential people would, in the elite view, be preferable to involvement by the masses; elites would be more able to respond to complex issues and organize bases of power to achieve desired ends. That attention to the views of the masses would be a fictional, illusory matter, useful to keep society stable, and necessary to avoid greater discussion of the imposition of preferred forms of order on society, is a major consideration within elite theory. Instead of providing venues for popular participation, government and administration are a mechanism for assuring full imposition of the elite view, creation of meaning primarily within those narrow bounds, and selection of representing agencies for the masses through liberal corporatism, further distancing the public from the objectives and work of public life. The connection between various forms of elite – from government to military to commercial – weaves a dense web, which allows domination of the masses, and creation of narratives that usefully pit segments of the population against one another (Dunleavy and O'Leary 1987). Yet, it is difficult to know, without further analysis, whether and in what ways the outcomes from such a system are suboptimal, and what exactly is being lost by favoring an elite viewpoint over popular standpoints, which may differ significantly.

As Thurlow and Jaworski suggested, the word elite is also "a quintessential floating signifier" (2017, p. 243). In the case of policy analysis, one might be most interested in how policy differentiates one group from another and emphasizes superiority or other distinction. When policy leaves the place of rhetoric and becomes written law through legislation, it becomes a statement with the resolve to act as fact, even though it may be simple opinion, and not provable. The positioning of one group as "non-elite" in some respect is a purposeful move in the public sphere, even as the rationale might be taken as given by the majority of the public (Thurlow and Jaworski

2017). There is a defining of a dividing line between what is and what is not, between those who rule and those who are ruled, within the span of the statement and popular agreement (or at least, lack of dissent) with it. The ability to control the apparatus of public policy, through the definition of the problem and determination of its solution, has impact on both societal currents and the getting and maintaining of personal political power. By focusing on the subject group (in this case, migrants and asylum-seekers) and illustrating them and their predicament in various ways, elite groups make meaning, which becomes tangible in the construct of law but also shows sensibilities on the matter that might otherwise be obscured.

## Elite Discourse and Effects on Public Policy

Public policy choices are human constructions raised through a process that essentially creates, external from problem definition and solution creation/implementation, a substance with a spiritual component. There is no need for identifying the being of a problem and corresponding policy solution if the nature of the interaction between the two is external from consciousness, unable to be apprehended by us as common citizens. Solutions require certainty or at least a pretention to it, as well as a clarity of understanding about the nature of a problem. The public looks to government elites to espouse such certainty. We might see the coming of policy solutions as phenomena of the coming of a peek at real consciousness and the absolute translation of thought and power into transcendent action – a setting aside of the individual, even though the individual figures heavily in the divining not only of solution choices but of problem definition itself (Hegel 1977, orig. 1807). The EU may see its attempts at immigration policy reform and harmonization as transformative, evidencing a spirituality and belief in a more right and just tomorrow. More likely, though, solutions as they are enacted in member-states represent individual elite inclinations and compromises between powerful people in political environments. Even where there is alignment with EU policy, there are reasons that support a narrative of power and its maintenance.

In defining basic overall tenets for asylum-seekers and migrants, the EU is voicing an elite discourse that is informed by a broad basis of expectations: organizational, international, rooted in interpretations of what is most ethical, and less from a utilitarian perspective, *possible* given resources available. The union speaks for its member states, and dictates to them general expectations or anticipations for proper behavior with regard to immigration policy, but cannot speak directly to the internal realities of the member states. There, another layer of meaning-making occurs, perhaps more rooted in political survival and coalition preservation than long-view policy constructions. Even with clarity on the obligations of government to migrants and especially asylum-seekers, this reality can be skewed by the immediacy of a desire for continued existence in elected capacity. It matters less about what is right in the larger sense, where the EU is operating, and more about what is right in context, now (where member states operate).

This is both problematic and alarming. Research on the context of policy decisions in this area is lacking. As Tarik Abou-Chadi found, "government actors' preferences are directly translated into policy outputs, whereas the links between the actors and the rules structuring their behavior are ignored, or at least under-investigated" (2016, p. 2102). Government officials are aware of anti-immigrant sentiment within nations, even if overarching values suggest that free-flow of immigrants is best. Politicians might initially seek to change the system through their election and work but find that they are being changed by the system instead – made to behave and act in certain ways for the sake of survival. Change does not come to such a system because too much of a short-term nature rests on making the "big choices." Small choices, or the appearance of activity, must therefore suffice. Alignment between overarching and local considerations on immigration policy matters is likely to be affected by how great a problem migration is in that particular instance, and how much the nation is

associating itself with the EU generally and for what reasons (Guérin 2018). Where the migration concern is seen as a crisis, requiring swift and severe restrictive policy on a national level, or where nations have a more firmly established view on the topic of migration and asylum, alignment potential will be small. If nations are emulating the EU with purpose on the topic, then alignment will be greater (Guérin 2018). Explanatory factors may be gleaned beyond this, from a review of the discourse at the levels of the member-states.

I have noted in my own research (Atkinson, forthcoming) that legal adjustments in member states tend to suggest large movement, in rhetorical flourishes – in the making of citizen from migrant, for example – but this rests primarily in the realm of the administrative. The process suggests assimilation and inclusion but what is achieved is a lack of inclusiveness, at best, and at worst, the potential for marginalization, othering, and even harm to disadvantaged and at-risk groups. There is clear path-dependence and a need to address local political considerations above broader issues like societal change and the nature of citizenship. The reasons for this should be clear enough. If social and economic factors influence belief about migrants and asylum-seekers, and the result is that those beliefs, even if incorrect or indefensible, are helpful to those in power, the notion of dissuading the public from such beliefs might seem silly to those seeking to maintaining their positions. Across nations, there are games played: which nations will take the greatest burden and ruses of cooperation and shared values when particularism rules the day. This is true to the extent that many would like the supranational EU level to take priority in defining policy (Hatton 2015). This result is unlikely because it requires a reconfiguring not only of expectations between member states and the whole, but also in the population, with popularly held opinions about migrants and asylum-seekers generally, and their value to society, being challenged. The political cost might seem too great.

However, the human cost is cumulative and undeniable. The amplification of anti-migrant rhetoric leaves long-term damage, and the population is left clamoring from one crisis to the next, led to believe through unfair generalizations that migrants or asylum-seekers are the root of societal problems. Public, non-elite discourse has been reduced to sound bites and rancor, and thoughtless reciting of political rhetoric. As Adorno suggested, "life has changed into a timeless succession of shocks, interspersed with empty, paralyzed intervals. . .the mishmash of enlightened manipulation of public opinion and oblivious activity: all this is another expression for the withering of experience, the vacuum between men and their fate" (quoted in Jay 2004, p. 129). The simple answer of demonization and scapegoating does not approach the larger, more difficult questions of societal change or the hollowing out of the public sphere; it does serve elite desires for stabilization and maintenance of power, and it has resulted in a withering of public involvement. In that respect, the underlying assumptions of elite discourse – the use of language in public life and its implications for at-risk groups – deserve more critical examination.

Ford et al. (2015) highlighted shifts in immigration policy as efforts to achieve balance in an increasingly constrained policy environment; they suggest that restrictive policies are public-demand-driven, but in this knotty environment, even elites cannot engage in policy as they might wish. Elites cannot simply allow for tough policies for certain groups as a matter of course; they must recognize that the supranational organization also has desires and is an effective "interest" in its own right, as elites have been reticent to offend the supranational organization either. With increasing division within the union, it is a legitimate question whether there is an increasing shift toward the internal policy construction of individual member-states, in an environment where the pooling of sovereignty that led to the creation of the EU has shown itself to be less than fully realized. Policies across the EU are not common, and there is increasing reason to efforts in that regard will be resisted into the future; EU policy is too underdeveloped, and the countering force in the member-states is, relatively, too strong (Hampshire 2016).

## Conclusion

In approaching analyses of problem definition and program design in EU immigration policy, additional attention to the role of elite discourse is a worthwhile focus. While the EU is progressively disposed to language that is indicative of a free-flowing right of movement within the EU for citizens and families, the local, particular viewpoint often diverges from the assumptions of these higher-order goals. It is important to consider not simply the divergence itself, but the assumptions that undergird political arguments in these cases. There is a need for clarity of purpose in immigration reform, but the environment of policy imposes constraints that limit the potential for policies and programs that serve both the affected, at-risk communities and the citizens of nations themselves. The greater the divergence between citizen perspectives, migrant and asylum-seeker needs, and policy directions, the greater the potential for misunderstanding. Societal growth and change will occur regardless; this can either be led by public policy, or foolishly avoided. Elite discourse surrounding immigration policy and reform may appear as simple pursuits of power maintenance to the elite, but this is all quite consequential to the population, including to those where any supposed game could be a matter of life and death.

## Cross-References


- ▶ Ethical Concerns and Migrants
- ▶ Immigration and Globalization
- ▶ Immigration Polices: A Survey
- ▶ Immigration: End of Schengen Agreement?
- ▶ Management of Immigration Crisis


## References


Abou-Chadi T (2016) Political and institutional determinants of immigration policies. J Ethn Migr Stud 42(13):2087–2110

Atkinson CL (forthcoming) By soil, blood, and administration: A narrative analysis of German immigration law. In Atkinson CL (ed) Semiotic Analysis and Public Policy: Connecting Theory and Practice. Abingdon, Oxon: Routledge

Bove A (2014) For whose benefit? Fear and loathing in the welfare state. J Polit Market 13:108–126

Butler G (2018) Legal responses to the European Union's migration crisis. San Diego Int'l LJ 19:277–310

Cerna L (2018) The crisis as an opportunity for change? High-skilled immigration policies across Europe. J Ethn Migr Stud 42(10):1610–1630

Comte E (2018) The history of the European migration regime: Germany's strategic hegemony. Routledge, Abingdon

Costello C (2006) Administrative governance and the Europeanisation of asylum and immigration policy. In: Hofmann HCH, Turk AH (eds) EU administrative governance. Edward Elgar, Cheltenham, pp 287–340

Dunleavy P, O'Leary B (1987) Theories of the state: the politics of liberal democracy. New Amsterdam, Chicago

Farazmand A (1999) The elite question: toward a normative elite theory of organization. Adm Soc 31(3):321–360

Ford R, Jennings W, Somerville W (2015) Public opinion, responsiveness and constraint: Britain's three immigration policy regimes. J Ethn Migr Stud 41(9): 1391–1411

Garcia-Zamora J (2018) Ethical dilemmas of migration: moral challenges for policymakers. Springer, Cham

Garvey JI (2018) The future legal management of mass migration. Int Lawyer 51(2):121–169

Guérin N (2018) One wave of reforms, many outputs: the diffusion of European asylum policies beyond Europe. J Eur Publ Policy 25(7):1068–1087

Hampshire J (2016) European migration governance since the Lisbon treaty: introduction to the special issue. J Ethn Migr Stud 42(4):537–553

Hatton TJ (2015) Asylum policy in the EU: the case for deeper integration. CESifo Econ Stud 61(3): 605–637

Hegel GWF (1977, orig. 1807) Phenomenology of spirit (trans: Miller AV). Oxford University Press, Oxford

Jay M (2004) Is experience still in crisis? Reflections on a Frankfurt school lament. In: Huhn T (ed) The Cambridge companion to Adorno. Cambridge University Press, Cambridge, UK, pp 129–147

Strumia F (2016) European citizenship and EU immigration: a demoi-cratic bridge between the third country nationals' right to belong and the member states' power to exclude. Eur Law J 22(4):417–447

Thielemann E, Schade D (2016) Buying into myths: free movement of people and immigration. Polit Q 87(2):139–147

Thurlow C, Jaworski A (2017) Introducing elite discourse: the rhetorics of status, privilege, and power. Soc Semiot 27(3):243–254

Vaughan-Williams N (2015) Europe's border crisis: biopolitical security and beyond. Oxford University Press, Oxford

# Immigration: End of Schengen Agreement?

Michele L. Crumley
Department of Political Science, International Affairs, and Public Administration, Johnson City, TN, USA

## Synonyms

Europe; Immigration; Migration policy; Schengen

## Definition

Immigration is the action in which a person establishes residence in another country for at least 12 months.

## Introduction

The European Union represents the most integrated economic, political, and social regional intergovernmental organization in the world. This standard bearer of progressive regionalism evolved into a supranational union, yet in spite of policies that eroded state sovereignty, the EU never abandoned the Westphalian system. After expansion in membership and purpose, migration is challenging the basic tenets that underscore the shared norms of "solidarity in unity and diversity."

More than one million migrants or refugees poured into the EU by land or by sea in 2015 alone, and more than eight hundred thousand were predicted to arrive in 2016 (ODI 2016: 10). The flow of migrants to Europe is not unique historically; however, the number of asylum seekers as measured in first time applications is unusual. The continuing Syrian civil war and violence in Afghanistan and Iraq are the primary reasons many refugees have fled to Europe. However, poverty and human rights abuses are some of the other reasons for which people are flowing from Albania, Kosovo, Pakistan, Eritrea, Nigeria, Iran, and Ukraine further into Europe (Eurostat 2016; BBC 2016a).

Migration is the term used to define the movement of people to another state for the purpose of employment, opportunity, or fleeing to relative safety from a conflict area or one in which there is a threat of harm. "Migrant" is used broadly, and it refers to those who travel across borders by legal means and those who travel across borders without government approval (i.e., undocumented migration or irregular migration). The word "refugee" refers to a person fleeing violent conflict, persecution, or natural disasters. International law stipulates that anyone who is threatened by real persecution by physical harm if returned can ask for asylum through an application process. If granted asylum, then refugees are eligible for rights and benefits by the host state. All refugees are considered migrants, but not all migrants are refugees (Open Society Initiative for Europe 2015).

EU policy on migration reflects both Europeanization and intergovernmental approaches with states permitted to pursue their own policies. Although these approaches are not mutually exclusive, the evolution of European institutions and policies has been toward Europeanization since the late twentieth century. Recently, Europeanization has been challenged by migration to Europe. In what ways are the new challenges to Europeanization different from those in the past?

The intergovernmental agreements of EU member states allow for variation in approaches to immigration policy within the EU. Consequently, the EU policies that reflect Eurosceptic and national interests over a uniform policy for territorial boundaries, as reflected in immigration policy, undermine EU agreements intended to foster greater integration. Key intergovernmental agreements affecting territorial boundaries are discussed below, and then the shift in migration patterns are examined. Lastly, government responses to increased migration and the impact on Europeanization are analyzed.

## Forging a New Perspective on Border Control

The European Community and European Union are formed from treaties between states. In order to amend the founding treaties, reforms historically have been negotiated at an intergovernmental conference. An amending treaty must then be signed by all member states and ratified in respective member state's parliaments. In some cases, member states may present the treaty to its constituents in the form of a referendum (Cini and Perez-Solorzano Borragan 2016: 19). Hence, intergovernmentalism is deeply embedded in the process of policy making within the EU.

### Enhancing Europeanization

The 1957 Treaty of Rome first articulated the aspirational goals of removing internal borders. However, national border controls continued until member states were willing to negotiate new policies to address the increasing cross-border migration and growing anxiety over transnational crime and terrorism. Intergovernmental negotiations led to law enforcement cooperation and the establishment of the Customs Mutual Assistance Group, judicial cooperation group, and ad hoc groups on immigration and organized crime. Together, these groups facilitated a gradual Europeanization of police and judicial cooperation, immigration policy, and asylum policy (Cini and Perez-Solorano Borragan 2016: 283). The foundation for stronger external borders and the elimination of internal borders with closer cooperation between states occurred before the European Union expanded to the east and south.

The Maastricht Treaty (1992) ostensibly eroded sovereignty by identifying areas of "common interest" that extended to immigration policy and third-country nationals (TCN), asylum policy as it relates to external borders, international fraud, drug trafficking, organized crime, terrorism, and other areas. As Maastricht was negotiated, it was apparent that there were differences over whether Justice and Home Affairs' policies should become a supranational policy adopted by all members or whether an intergovernmental approach would be better suited for the organization. By having the European Communities (e.g., Commission, Council) increasingly deal with immigration and asylum, as well as civil cases related to police and judicial matters, the Amsterdam Treaty (1997) led to a supranational approach to policy in those specific areas while leaving criminal matters to be addressed using an intergovernmental approach (Cini and Perez-Solorano Borragan 2016: 284).

### The Schengen Area

The Schengen Agreement began as an agreement between a group of states within the European Community who were committed to the elimination of internal border controls. The initial agreement was signed in 1985 and proposed a gradual elimination of border checks between states in the Schengen area. The agreement was followed by the Schengen Implementation Convention in 1990 which proposed border policies that would create a territorial boundary where internal border checks would be eliminated and entrance into the area would have a standard shared visa requirement. In order to achieve these objectives, Belgium, Netherlands, Luxembourg, France, Germany, and Italy first cooperated to create a system that connected law enforcement and customs authorities, including developing a shared database of criminal records and information on asylum seekers. The Schengen system promoted efficiency and administrative cost savings by establishing that one state would be responsible for claims rather than having an applicant submit duplicate applications in several states within the European Community. Schengen also established uniform visas and a visa policy that would lead to a list of countries from which its citizens would no longer need an entry visa (European Commission 2014a).

The greatest achievement in the Schengen framework is the removal of border controls between member states, thereby creating a common entry policy for the collective area that became the European Union. By establishing an "area of freedom, security and justice" (AFSJ), the Amsterdam Treaty of 1997 incorporated

Schengen into the European Union law by giving authority to the Council to create policies that would promote the free movement of people inside the European Union. In spite of early skepticism about the removal of internal borders by Denmark, Ireland, and the UK, the Schengen Agreement and subsequent complimentary agreements became the model for closer cooperation.

## Cooperation and Enlargement of the EU

Despite efforts to promote the free movement of people, goods, and capital within the Union, not all members were willing to acquiesce to diminished sovereignty without reservations. In fact, the UK and Ireland chose not to join the Schengen system. The UK and Ireland do however cooperate in police and judicial matters with others in the AFSJ. Law enforcement and civil servants addressing asylum cases have become accustomed to cooperating across state boundaries both inside and outside the Union. At the time, only 13 of 15 countries in the EU supported Schengen, but two European states outside the EU did choose to sign the protocol attached to the Amsterdam Treaty (European Communities 1999; Cini and Perez-Solorano Borragan 2016: 286).

The EU objective of permitting the free movement of persons required a collective approach as the standards for European enlargement were negotiated in the 1990s. As part of the accession agreements with governments in Central and East Europe, the Czech Republic, Hungary, Poland, and Slovakia were required to incorporate the policies of the EU's Justice and Home Affairs and to accept Schengen. In principle, this meant that passports were needed for citizens traveling between states where there may not have been a previous requirement. The borders with non-Schengen states were to be strengthened, and the states pursuing accession were compelled to accept persons who sought asylum but first transited through those countries.

The 1990 Dublin Convention deemed that as long as a state of origin or transit was declared safe, then the state of origin inside the EU is responsible for registering an asylum seeker's application and for fingerprinting the applicant. Under the Dublin agreement, asylum seekers who move on to other Union states can be returned to the state in which they are registered with exceptions made only for family reunification. During the accession negotiations, the Schengen and Dublin agreements were conditions to achieve incorporation into the EU. Trade and aid agreements were extended to compel the Czech Republic, Hungary, Poland, and Slovakia to agree to the terms, and the EU tied some aid to strengthening the borders with non-EU states. In addition, the EU advised the prospective members on policies that were consistent with the EU (Grabbe 2006).

European enlargement into Central and East Europe occurred in two waves. In 2004, the former communist countries of Estonia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, and Slovakia became full members of the EU. Malta and Cyprus also became full members at the same time. In 2007, Romania and Bulgaria were given full membership, and in 2013 Croatia became a member of the EU. Of the 28 states in the EU, 22 are part of the Schengen area. Bulgaria, Croatia, and Romania are not in the Schengen area yet, although it is expected that they will eventually become a part. The UK, Ireland, and Cyprus opted out of the Schengen system. By contrast, there are no opt-out options with the Dublin agreement. Although amended several times and often referred to as Dublin III, principles of the Dublin convention are now considered a regulation that applies to all members of the EU (Lyons 2015: A12).

The "area of freedom, security, and justice" articulated in Schengen and strengthened in the Amsterdam Treaty appealed to nonmember states who shared borders or interests with the EU. Iceland, Liechtenstein, Norway, and Switzerland are part of the Schengen area, and they agreed to apply the Dublin regulation in their territories (Cini and Perez-Solorano Borragan 2016: 286). The increasing intergovernmental cooperation is indicative of a growing Europeanization throughout the continent, but it also signified shared norms and values which promoted liberal policies facilitating the free movement of people across state boundaries. These shared norms respected individual human rights and freedoms in traveling, working, studying, and retiring within the Schengen area.

### From Intergovernmental Agreements to Increased Europeanization

Intergovernmental cooperation gained momentum after the Amsterdam Treaty, and key developments on migration policy making occurred after the European Council met in Tampere in 1999. By this time, the European Council had agreed to common rules for education, employment, extradition of third-country nationals (TCNs), readmission agreements for TCNs, a standard visa policy, and even a fingerprinting system for asylum seekers and those needing temporary protection status. In addition, Europol was created to provide a regional police office designed to promote cooperation and further enhance capabilities in combatting drug trafficking, human trafficking, and terrorism (Tampere European Council 1999).

The Tampere Agreement in 1999 promoted a comprehensive approach to immigration and asylum. First, negotiations were aimed at eradicating poverty and other political and economic conditions that lead individuals to flee their homes. Second, the negotiations in Tampere resulted in EU states establishing a Common European Asylum System which set standards for asylum claims and for the care of asylum applicants. The European Commission was designated with the task of formulating policies, and the Commission became entrepreneurial in introducing numerous proposals (Menz 2013). Commission proposals addressed issues such as conditions of reception areas for refugees and family reunification policy for refugees. The Commission also approved setting up the European Refugee Fund which has become more important with the large influx of refugees fleeing Syria, Afghanistan, Iraq, and other states experiencing violence, war, and human rights abuses (Tampere European Council 1999; Menz 2013). The European Refugee Fund provides aid to EU states receiving refugees.

## Migration Patterns in Europe

Beginning in the 1950s large migratory movements reflected labor needs. Post-colonial migrants searched for employment and opportunities in Europe, while people from southern Europe moved to the more industrialized states found in northwestern Europe. The high demand for labor in the immediate postwar years, especially for low-skilled labor, served as an impetus for migration. Belgium, Germany, and the Netherlands introduced guest worker programs to recruit unskilled laborers from southern Europe and the Mediterranean. There were also movements from Finland to Sweden and Ireland to the UK. Then, guest worker programs ended during the oil crisis in the 1970s, and migration flows slowed. During the next decade, migration continued from the Mediterranean (e.g., notably from Turkey and Morocco) primarily in the form of family reunification. By the late twentieth century, migration to Europe increased in the form of persons seeking asylum from a variety of regions of the world (Castro-Martin and Cortina 2015: 111; Hansen 2003; Van Mol 2015).

### Intra-European Migration

Migration between European states increased slightly in the 1990s; however, intra-European migration rose significantly after the EU enlargements into Central and East Europe in 2004 and 2007 (Favell 2008). From 2003 to 2007, the largest intra-European flow of migrants came from Poland to Germany and from Romania to Spain and Italy in search for higher labor wages and opportunities. The financial crisis of 2008 led to shrinking labor demand, and the migration flow from east to west declined considerably through 2012. Nonetheless, migration increased between 2008 and 2012 from Spain to the UK and since 2012 intra-European migration from east to west has again rose (European Commission 2014b).

In a 2013 Eurobarometer survey, one in four respondents indicated that they would consider working in an EU country that was not their home country within the next decade, yet only 9% of respondents reported ever having lived or worked in a different EU state than their home country (European Commission 2013). Most Europeans do not change their citizenship from their place of birth, and only about 11% reportedly changed their EU citizenship from that of their home country (Eurostat Statistics Database 2014).

Half of all intra-EU migrants are from states that joined the Union after 2004 in spite of the fact

that the population of these countries only accounts for 21% of the entire EU population. Moreover, some countries became the destination for large numbers of intra-EU migrants from the same country of origin. For example, 68% of Poles living in another EU state are in Germany or the UK, and 75% of Romanian citizens in another EU country have gone to Spain or Italy (Castro-Martin and Cortina 2015: 115). Residential segregation occurs as immigrants concentrate housing into areas of similar nationality, and this impedes social integration into the host country. Hence, intra-EU immigrants often face similar obstacles as non-EU migrants, such as insufficient language skill level in the host country, difficulties in obtaining access to housing and social benefits, and disproportionate numbers living in disadvantaged neighborhoods (Kennedy 2008; Collett 2013a, b; Castro-Martin and Corina 2015: 120). Although EU immigrants have the right to free movement inside the Union and they legally enjoy the same rights as natives, the heterogeneity of intra-EU migration and the related behaviors are perhaps less studied but as important in influencing perceptions of migrants in host countries.

## The New Wave of Migrants and Asylum Seekers

Before freedom of movement within the Schengen area influenced intra-EU migration flows, the European Council stated that "a better management of Union's external borders will help in the fight against terrorism, illegal immigration networks, and the traffic in human beings" (Hobbing 2006: 168). External border controls were enhanced with the establishment of six ad hoc national centers under the authority of the External Border Practitioners Common Unit. Subsequently, the Hague Programme established the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) to intensify cooperative efforts for border control of Schengen members. Frontex sought to address immigration issues from third countries, thereby threats were perceived to come into the EU from the outside. Although each member state is still in charge of its own borders, Frontex has carried out operations in nonmember states in order to stop migrant boats from arriving on EU shores. It also has immigrant liaison officers in third countries and other authoritative mechanisms to support border controls such as EU visa requirements and carrier sanctions (Cierco and da Silva 2016: 9–10).

Reaching consensus over how to address external border controls addresses only part of the overall EU concern about asylum seekers and migrants. In 2006, the European Commission established minimum standards for qualifications for subsidiary protection; that is, non-EU citizens or stateless persons who did not meet the standard of refugee status were entitled to a minimum of rights and benefits. In essence, the Commission's deliberations (2004/83/EC) created a regulation of asylum for persons who had the potential to be persecuted by a non-state actor or those who could potentially be persecuted on gender-specific grounds if returned to their home country (Menz 2013: 93).

In contrast to asylum regulations, labor migration regulation proposed by the Commission has faced greater opposition by member states who objected to quotas and specific guidelines, but the Union recognizes demographic changes and labor market shortages (Menz 2013: 97). The International Labour Organization reported that Europe will lose a projected 22 million persons from the labor force in the next two decades due to an aging population. A declining population affects productivity levels and competitiveness. In a 2014 study, the ILO also identified 25–45% of workers do not have the appropriate skill level needed in their job. Unmatched skills to a job often lead to turnover and low productivity. Perhaps paradoxically, businesses report labor shortages even at times of high unemployment, and unemployment levels are much higher in some countries than in others. For example, in the third quarter of 2014, unemployment rates had reached 25% in Greece and 23% in Spain, two states that have been entry points for the irregular migrants. Greece and Spain had unemployment rates around 8% only 3 years earlier (ILO 2015).

The arrival of a record number of migrants and refugees in Europe since 2012 is largely a result of

relative economic prosperity and political stability in Europe and conditions in the migrant's home country. Geographic proximity and domestic laws regarding asylum and migration are also variables in the decision of migrants and refugees choice of destination. The approval of an asylum application depends from which country the applicant originates and in which country they apply. Throughout Europe, Syrian applications for asylum were successful 98% of the time. There is wide variation of acceptance levels for applicants of asylum from Afghanistan, Libya, Somalia, and other states experiencing violence or instability. This is also a variation of asylum application acceptance not only by country of origin but also by destination. For example, applications for asylum were accepted 100% of the time in Slovenia but only 50% of the time in Portugal. In addition, there is variation in reported procedural costs in destination countries (ODI Report 2016: 12).

More than a million migrants and refugees arrived in Europe in 2015, and more than 80% originated from Syria, Iraq, and Afghanistan. Smugglers facilitated the flow of migrants fleeing conflicts to Europe through Turkey, Russia, and northern Africa. Human trafficking and irregular migration included persons from Eritrea, Morocco, Pakistan, and Somalia who fled from human rights abuses, poverty, and increasing instability. Many asylum seekers attempted to cross into Europe with destinations of Germany and Sweden in mind. However, the free movement of persons in the Schengen area does not extend to third-country migrants and refugees. The Dublin regulation requires asylum claims to be registered at the first state where the refugees arrive, yet EU member states of Greece, Italy, and Croatia have allowed migrants to pass through to states further north. And in violation of the Dublin agreement, some states fail to send migrants back to the first country they entered in accordance with the law. In Italy and Greece, many migrants have refused to be fingerprinted or refused registration in order to avoid the prospect of being returned later as required by the Dublin regulation. Without full compliance with Dublin, hundreds of thousands of migrants and refugees spread along corridors through Hungary, Serbia, Austria, and Croatia as they proceed north while upwards of 5000 persons gather in Calais with the hope of being able to enter the UK via the Chunnel (Park 2015: 4; BBC 2016b; Cierco and da Silva 2016: 11).

## Responses to Immigrants and Refugees

Immigration to the EU increased as the Arab Spring spread in 2011. The European Commission increased funding for Frontex, and it called for solidarity and burden sharing. Additional financial assistance was extended to member states receiving the largest number of migrants. Nevertheless, differences of opinion became evident. Those with external borders and vulnerable to an influx of irregular immigration advocated for a redistribution of immigrants, while states without external borders often blamed others for weakened external border controls. As a result, the Council and European Parliament agreed to reform Schengen. The Council agreed on provisions that allowed for "the temporary reintroduction of border controls at internal borders in exceptional circumstances," which is in cases of "serious threats to public policy or internal security," and when "another Schengen member neglects its [border] control obligations" (Council of the European Union 2013: 1, 4; Cierco and da Silva 2016: 10).

The flow of migrants and refugees from Turkey to Greece began over land, but when Greece closed the border and erected a 6.5 mile fence, migrants began entering Greece by being trafficked through the Aegean Sea. Bulgaria tightened its border with Turkey by building a 21-mile and 10′ barbed wire fence. Similarly, the UK improved fencing around the English Channel Tunnel, spending approximately $10 million to deflect migrants (Cierco and da Silva 2016: 12–13).

Hungary also built a 109-mile barbed wire fence along the border with Serbia, a non-EU state, to stem the tide of migrants from the southeast. More than 60,000 irregular migrants from Syria, Afghanistan, Iraq, Kosovo, and Somalia entered Hungary in the first 6 months of 2015

(Cierco and da Silva 2016: 12; Kern 2015). The Hungarian government appealed to nationalist ideas of "defending Hungary" and "defending the Hungarian people from the immigration pressure." A public opinion poll conducted in 2015 showed the 46% of respondents believed "no asylum seeker should be allowed to enter Hungary" (Park 2015: 4).

With Greece, Italy, and Croatia ignoring Dublin regulation obligations, Austria ceased processing asylum applications in June 2016, and Denmark announced that it would cut benefits for asylum applicants in order to make the country less attractive to refugees. Internal border controls have been strengthened by Germany along the borders with Austria and the Netherlands. Germany also unilaterally suspended the Dublin regulation, thereby ending deportations of Syrians to their country of entry into the EU (Cierco and da Silva 2016: 11).

The erosion of Schengen and the Dublin regulations contributed to an EU decision in September 2015 to relocate 160,000 people from Greece and Italy to other states within the EU based on a quota system over the course of 2 years. The Relocation Mechanism is a humanitarian attempt to promote an egalitarian approach to the migration crisis. After months of negotiations, the Council agreed to binding quotas for states who received few migrants, taking into account "population (40%), GDP (40%), number of previous application and resettlements (10%), and the domestic unemployment rate of that specific country (10%)" (Kallai and Maniu 2016: 23). However, the Czech Republic, Slovakia, Romania, and Hungary voted against the Relocation Mechanism's quota system in the Council, revealing a division between newer and older members of the EU (Park 2015: 7). The controversial plan led to Slovakia and Hungary filing a challenge to the relocation quotas in the European Court of Justice (Council of the European Union 2016). The Hungarian government also held a national referendum to reject mandatory migrant quotas (BBC 2016c).

The EU-Turkey deal in March 2016 attempts to deter migrants coming by boat through the Aegean to Greece by forcing those asylum seekers deemed "inadmissible" to return to Turkey. In exchange, another Syrian refugee who has not attempted to enter illegally will be allowed to resettle in the EU. This creates a deterrent for illegal entry and an incentive for Turkish cooperation. Turkey will receive three billion Euros in aid for migrants and refugees inside Turkey, and Turkish citizens can access the Schengen area without a visa. The EU also agreed to revisit possible Turkish membership in the EU (ODI 2016: 25). Despite new policies and reestablishing internal border controls, the flow of migrants continues, moving from overt patterns of migration to covert that make it difficult for governments to monitor and address.

## Conclusion

With over a million undocumented migrants arriving in Europe in 1 year, and hundreds of thousands of migrants and refugees arriving since the Syrian civil war began in 2011, the social services of entry and destination countries are strained. However, an attempt to share the burden within the EU has met opposition. With new internal border controls emerging in the EU and the refusal of some states to receive the Relocation Mechanism's quota of migrants, a return to the free movement of persons inside the EU is challenged. Nonetheless, it is likely that the intergovernmental approach to immigration policy will prevail in the short term as governments react to Eurosceptic and nationalist concerns in domestic politics. The long-term prospect for a return to open internal borders as articulated in Schengen is strong as the Union has developed close cooperation with Europeanization since Maastricht and the benefits of the free movement are known.

## Cross-References

▶ Greek Refugee Crisis, The

## References


BBC (2016a) Why is EU struggling with migrants and asylum? http://www.bbc.com/news/world-europe-24583286

BBC (2016b) Hungary PM claims EU migrant quota referendum victory. http://www.bbc.com/news/world-europe-37528325

BBC (2016c) Migrant crisis: migration to Europe explained in seven charts. http://www.bbc.com/news/world-europe-34131911

Castro-Martin T, Cortina C (2015) Demographic issues of Intra-European migration: destinations, family, and settlement. Eur J Popul 31:109–125

Cierco T, da Silva JT (2016) The European union and the member states: two different perceptions of border. Rev Bras Polit Int 59(1):1–18

Cini M, Borragan NP-S (2016) European politics, 5th edn. Oxford University Press, Oxford

Collett E (2013a) Faltering Schengen cooperation? The challenge to maintaining a stable system. In: Hansen R, Papademetriou DG (eds) Managing borders in an increasingly borderless world. Migration Policy Institute, Washington, DC

Collett E (2013b) The integration needs of mobile EU citizens impediments and opportunities. Resource document. Migration Policy Institute Europe. http://www.migrationpolicy.org/pubs/MPIEurope-FreeMovement-Integration.pdf

Council of the European Union (2013) Regulation no. 1051/2013 of the European parliament and of the council of 22 October 2013, amending regulation (EC) No 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances, 2013. http://eur-lex.europa.eu/legal_content/EN/TXT/?uri=celex%3A32013R1051

Council of the European Union (22 January 2016) Case before the court of justice. Case 647–15 Hungary v Council of the European Union. http://www.statewatch.org/news/2016/jan/eu-council-hungary-versus-council-in-court-5490-16.pdf

European Commission (2013) Eurobarometer on the internal market. Resource document. DG Communication, Brussels http://ec.europa.eu/public_opinion/archives/ebs/ebs_398_en.pdf

European Commission (2014a) Schengen area. http://www.ec.europa.eu/dgs/home-affairs/what-wedo/policies/borders-and-visas/Schengen/

European Commission (2014b) Recent trends in the geographical mobility of workers in the EU. In: EU employment and social situation quarterly review, supplement June 2014. Publications Office of the European Union, Luxembourg City

European Communities (1999) Treaty of Amsterdam: what has changed in Europe. European Commission, Brussels

Eurostat (2016) Eurostat statistics explained: Asylum statistics. http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics

Eurostat Statistics Database (2014). http://ec.europoa.edu/eurostat/data/database.

Favell A (2008) Eurostars and eurocities: free movement and mobility in an integrating Europe. Blackwell, Oxford

Grabbe H (2006) The EU's transformative power: Europeanization through conditionality in central and Eastern Europe. Palgrave MacMillan, Basingstoke

Hansen R (2003) Migration to Europe since 1945: its history and its lessons. Polit Q 74:25–38

Hobbing P (2006) Integrated border management at the EU level. In: Balzacq T, Carrera S (eds) Security versus freedom – a challenge for Europe's future. Ashgate Publishing, Cornwall

International Labour Organization (2015) ILO says over 2.1 Million jobs could be created with EC investment plan. http://ilo.org/global/about-the-ilo/newsroom/news/WCMS_340087/lang%2D%2Den/index.htm

Kallai E, Maniu M (2016) Development on the move: optimising the economic and social impacts of migration. J Model New Eur 18:21–41

Kennedy P (2008) The construction of Trans-social European networks and the neutralisation of borders: skilled EU migrants in Manchester- reconstituting social and national belonging. Space Policy 12(1): 119–133

Kern S (2015) *Europe's great migration crisis*. Institute Gatestone

Lyons Patrick J (2015) What Europe's Schengen and Dublin rules mean for Europe, The New York Times, A12

Menz G (2013) The European commission as a policy entrepreneur in European migration policy making. Regions Cohesion 3(3):86–102

Open Society Initiative for Europe (2015) Understanding migration and asylum in the European Union. https://www.opensocietyfoundations.org/explainers/understanding-migration-and-asylum-european-union

Overseas Development Institute (2016) Europe's refugees and migrants: hidden flows, tightened borders and spiraling costs ODI Report. ODI, London

Park J (2015) Europe's migration crisis. Council on foreign relations. http://www.cfr.org/migration/eruopes-migration-crisis/p32874

Tampere European Council (1999) Tampere European council, 15–16 October 1999, presidency conclusions. European Parliament, Tampere http://www.europarl.europa.eu/summits/tam_en.htm

Van Mol C, de Valk HAG (2015) Migrants and immigrants in Europe: a historical and demographic perspective. In: Penninx R, Garces-Mascarenas B (eds) Integration as a three-way process? Integration processes and policies in Europe. Springer, Dordrecht

# Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa

Suwastika Naidu[1], Sunil Kumar[2], Atishwar Pandaram[3], Jone Lako[1] and Sahlni Devi[1]
[1]Faculty of Business and Economics, School of Management and Public Administration, The University of the South Pacific, Suva, Fiji
[2]School of Economics, University of Fiji, Lautoka, Fiji
[3]School of Business and Management, University of the South Pacific, Suva, Fiji

## Synonyms

COVID-19; Fiji; Health crisis; International tourism; Samoa; Solomon Islands

## Definition

**COVID-19** is an illness caused by the novel Coronavirus. Initially, the outbreak of this virus occurred in Wuhan City, Hubei Province, in China.

**Global Health Crisis** is a complex health crisis comprised of viruses and a chain of outbreaks that affects everyone globally.

## Introduction

The Coronavirus Disease (COVID-19) pandemic has evolved from a health crisis to a global economic crisis that has impacted countries worldwide. Each country has been affected differently by the spread of the COVID-19 (see United Nations Development Programme (UNDP) 2020). Restrictions on the movement of people, which includes curfews, and national lockdowns, has adversely affected countries that rely on tourism for their livelihoods. The extent of the COVID-19 crisis that each economy faces is influenced by health infrastructure, financial resources, economic structure, and fiscal space available for government's expansionary policy and socioeconomic resilience and capabilities (UNDP 2020). Governments need fiscal space to intervene in the economy proactively to address issues faced by businesses, workers, and farmers. Special policies are also needed to support the financial institutions to continue operating and, in return, provide support to the businesses.

In the COVID-19 crisis, the government intervention included additional expenditures to fund the measures taken to address the pandemic. Governments also needed resources to assess the impact of the COVID-19 crisis on vulnerable groups, economic agents, and society to develop policies tailored to meet the specific needs of different economic and social agents. Despite low incidents of COVID-19 among Pacific Island Countries (PICs), the economic downturn has been significant (see Table 1). The International Monetary Fund (IMF) and the respective central banks have predicted deep contraction for all the Pacific Island economies (IMF 2020a). On average, it is projected that the PICs will face a contraction of more than 5% in 2020 (IMF 2020a, b; Asian Development Bank 2020a, b). The major contraction in the Pacific Island economies is flowing from the evaporation of tourism, lower commodity demands and prices. Significant decline is also expected in international trade and remittance inflows.

The tourism sector is one of the biggest sectors for Fiji as it contributed 38.9% to the Gross Domestic Product (GDP) in the year 2018 and was expected to grow further post-2018. Similarly, the tourism sectors contributed 30.4% and 12.5% to the GDP of Samoa and the Solomon Islands in the year 2018 (Research Association of New Zealand 2020). As expected, the governments of the PICs intervened with the fiscal stimulus package to revive their contracting economies. In addition, the development partners and multilateral finance agencies such as ADB, World Bank and IMF worked with the governments of Fiji, Solomon Islands, and Samoa to deliver a sustainable package to help economic survival (Research Association of New Zealand 2020). However, these countries have taken

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 1** Growth rates – pre- and post-Covid-19

| Year | 2018 | 2019 | 2020 | 2021 | Average up to 2025 |
|---|---|---|---|---|---|
| Fiji | 3.5 | −1.3 | −21.0 | 11.5 | 2.2 |
| Solomon Islands | 3.9 | 1.2 | −5.0 | 4.5 | 3.0 |
| Samoa | −2.2 | 3.5 | −5.0 | −1.5 | 2.2 |

Source: IMF (2020b), World Economic Outlook, October 2020

broadly different measures to address their economic problems. These economies, however, are projected to grow only marginally in the following years.

Against this backdrop, this entry aims to examine the impact of the COVID-19 on the tourism industry of Fiji, Solomon Islands, and Samoa. This entry is divided into eight sections. Section "Background of COVID-19 in the Pacific Island Countries (PICs)" provides the background of COVID-19 in the PICs. Sections "COVID-19 Economic Trends in Fiji, Samoa, and the Solomon Islands" and "Status of COVID-19 Cases in Fiji, Samoa, and Solomon Islands" provide the overview of the COVID-19 economic trends for these countries and their current status. Section "Impact of COVID-19 on the Tourism Sectors of Fiji, Samoa, and the Solomon Islands" provides the analyses of the pandemic on the tourism sectors of these economies. Section "National Governments Fiscal Stimulus Package to Revitalize the Contracting Economy" discusses the national government stimulus packages to revive the tourism industry. Section "Tourism-Related Recovery Policies" proposes some options and alternatives for a better recovery process during such a crisis and contributes to the resilience of these PICs. The last section provides some concluding remarks and policy options.

## Background of COVID-19 in the Pacific Island Countries (PICs)

The ongoing global COVID-19 pandemic has been disastrous for tourism, international trade, remittances, and commodity prices. The small Pacific Island developing economies that are heavily reliant on the tourism sector for employment, contribution to GDP, and economic growth have been significantly affected (IMF 2020a, b). Tourism inflows in the first quarter of 2020 had significantly declined, imposing negative repercussions on employment and economic growth. Supply chain disruptions, coupled with the expected decline in remittances and falling demand, took a toll on the fiscal revenue of the PICs. Soon after the COVID-19 pandemic was declared, all countries worldwide took immediate measures to protect their citizens from infection leading to lockdowns that eventuated into negative shocks (IMF 2020a, b). As of early October 2020 (many months into the pandemic), there were no confirmed cases of infection in Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. However, all these PICs had acted promptly in March 2020 to close down their borders as soon as the COVID-19 epidemic reached Fiji and Australia, and New Zealand imposed international travel restrictions (IMF 2020a, b). Specifically, the PICs implemented containment measures and increased the spending on the health infrastructure and preparedness to fight against the spread of the COVID-19 pandemic (IMF 2020a, b).

Although the PICs managed to diligently deal with the COVID-19 pandemic, the deeper economic recession triggered by this health disaster transformed into an economic crisis and posed a huge welfare and livelihood problem for the people of PICs (IMF 2020a, b). According to IMF (2020a, b) and (ADB 2020a), it is projected that the PICs will record an average of −5% growth for the year 2020, with the largest drop in the economic growth experienced by Samoa, Solomon Islands, and Fiji in the last 10 years. However, with the availability of vaccines, international trade will pick up in the first quarter

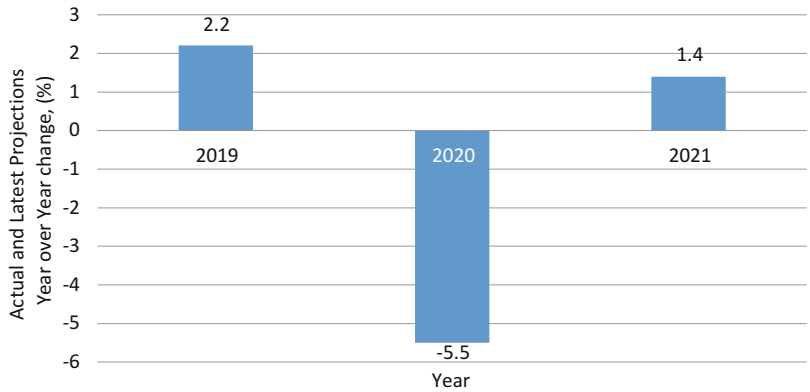


**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 1** Real GDP actual and latest projects. (Source: (IMF 2020a, b))

of 2021, but the setback in tourism activity may continue for a while and not resume until the second half of 2021 (IMF 2020a, b). The sharp decline in the global demand triggered by COVID-19 may also have adverse implications on the recovery of the commodity prices across the region, impacting the logging industry for the Solomon Islands and similarly for Fiji and Samoa. Figure 1 shows that the average Real GDP of the PICs is expected to fall significantly from positive growth of 2.2% in 2019 to −5.5% in 2020. IMF (2020a, b) predicts that the average real GDP for PICs will record an upswing to 1.4% in the year 2021. Fiji is predicted to grow at 11.5% in 2021, while the Solomon Islands and Samoa are predicted to grow at 4.5% and −1.5%, respectively.

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 2** Actual and projections of real GDP

| Pacific Island countries (PICs) | 2019 | 2020 | 2021 |
|---|---|---|---|
| Fiji | −1.3 | −21 | 11.5 |
| Palau | −1.8 | −11.4 | −7.4 |
| Vanuatu | 3.3 | −8.3 | 4.3 |
| Samoa | 3.5 | −5 | −1.5 |
| Solomon Islands | 1.2 | −5 | 4.5 |
| Marshall Islands | 5.3 | −4.5 | −0.9 |
| Micronesia | 1.2 | −3.8 | 1.2 |
| Papua New Guinea | 4.9 | −3.3 | 1.2 |
| Tonga | 0.7 | −2.5 | −3.5 |
| Kiribati | 2.3 | −1.1 | 3 |
| Tuvalu | 6 | −0.5 | 3 |
| Nauru | 1 | 0.7 | 1.3 |

Source: IMF (2020a, b)

## COVID-19 Economic Trends in Fiji, Samoa, and the Solomon Islands

These three Pacific Island countries have suffered prolonged closures of economic activity within the region. Virtually all international travel has been curtailed. While Fiji suffered a huge economic decline of more than 21% due to the complete closure of tourism, Samoa and Solomon Islands that relied less on tourism have suffered much less contraction of around 5%. Table 2 provides details of real GDP decline for these respective periods. In further comparison, Vanuatu and Palau also experience greater economic contraction due to the COVID-19 crisis. These two economies are predicted to decline by 8.3% and 11.4%, respectively. The real GDP projections for the year 2021 indicates that Fiji and Solomon Islands will experience a positive Real GDP growth rate of 11.5% and 4.5%, while Samoa is expected to further contract by 1.5% in 2021.

As far as the current account is concerned, it is expected to deteriorate to substantial margins for Fiji, Samoa, and Solomon Islands. Table 3 shows that the current account balance of Fiji is expected to record a deficit of 15.3% of GDP while it is likely to slightly recover in the year 2021 (IMF 2020a, b). Similarly, Samoa and the Solomon Islands record current account deficits of 7.1% and 11.3%, respectively. Lower import demand is likely to partially offset losses from the international trade of goods and services from Fiji, Samoa, and Solomon Islands (IMF 2020a, b).

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 3** Current account balance (% of GDP)

| Pacific Island countries (PICs) | Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| Fiji | −12.9 | −15.3 | −12.1 |
| Samoa | 2.3 | −7.1 | −7.0 |
| Solomon Islands | −9.6 | −11.3 | −16.4 |

Source: IMF (2020a, b)

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 4** Fiscal account balance (% of GDP)

| Pacific Island countries (PICs) | Year | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| Fiji | −5.1 | −19.2 | −9.0 |
| Samoa | 2.7 | −7.3 | −9.8 |
| Solomon Islands | −1.7 | −5.6 | −4.9 |

Source: IMF (2020a, b)

Evidently, the fiscal position of Fiji, Samoa, and the Solomon Islands are likely to weaken due to the decrease in economic activity, rising government expenditure, and increase in government health spending (IMF 2020a, b). Lack of financing options and fiscal space is a challenge to Fiji, Samoa, and Solomon Islands. Importantly, there has been an increase in financial support from multilateral and bilateral sources. However, this financing support is subject to tradeoffs with a high level of public debt (IMF 2020a, b). Table 4 shows that the fiscal account balance of Fiji, Samoa, and the Solomon Islands significantly deteriorated from 2019 to 2021. According to IMF (2020a, b), the fiscal account balance of Fiji will deteriorate from an already bad state of −5.1% in 2019 to greater than −9% in 2021. Similarly, the fiscal account balance of Samoa is expected to worsen from +2.7% in 2019 to −9.8% in 2021. Solomon Islands will also experience a significant deterioration of its fiscal position from −1.7% in 2019 to −4.9% in 2021 (IMF 2020a, b).

## Status of COVID-19 Cases in Fiji, Samoa, and Solomon Islands

Fiji confirmed its first COVID-19 case on 19 March 2020, and as of the end of November 2020, there were 35 known cases with a total of 2 deaths. Fiji remained free of Covid-19 transmission for many months from its peak months until the end of 2020 (United National Office for the Coordination of Humanitarian Affairs 2020). Samoa announced its first COVID-19 case on 30 November 2020, involving two travelers from Europe via New Zealand (RNZ 2020). Samoa remained Covid-19-free for more than 11 months by its strict monitoring and quarantine processes. Samoa's recent experience in battling against measles outbreak may have been useful in keeping Coronavirus away from its shores. Since the announcement of its first COVID-19 case, the country has experienced panic behavior among its citizens (Aljazeera 2020). In his address to the nation, the prime minister asked the people to calm down and promised to maintain health as a top priority to keep Samoa safe from Covid-19 as many other countries in the region lost their COVID-19-free status. So far, however, some countries among PICs such as Tuvalu, Tonga, Kiribati, Micronesia, and Palau have remained free from the virus (Aljazeera 2020). Unlike the case of Fiji, the Solomon Islands had recorded its first COVID-19 case on 3 October 2020, a student returning from the Philippines (WION 2020). However, the government of Solomon Islands remains confident that it will be able to manage and respond to the COVID-19 situation effectively (WION 2020). Table 5 shows that as of 24 November 2020, 35 confirmed COVID-19 cases in Fiji, 1 in Samoa, and 17 in the Solomon Islands. The total proportion of fatal cases in Fiji stands at 5.88%, while it is 0% for Samoa and Solomon Islands.

Furthermore, the World Health Organization (WHO) has played a critical role in supporting the governments of Fiji, Solomon Islands, and Samoa in responding to their COVID-19 situations. WHO's support has been mainly in the form of surgical supplies, N95 masks, face shields, protective goggles, isolation gowns, and GeneXpert testing cartridges. The WHO is conducting online training programs for scientists in the Northern Pacific on the GeneXpert monitoring system, which has been quite effective (WHO 2020). Table 6 shows that WHO has

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 5** COVID-19 situation in Fiji, Samoa, and the Solomon Islands

| Country | Total confirmed cases | Total confirmed deaths | New confirmed cases | Proportion of fatal cases (%) | Confirmed cases from the past 7 days | Confirmed cases from the past 14 days |
|---|---|---|---|---|---|---|
| Fiji | 35 | 2 | 0 | 5.88% | 0 | 1 |
| Samoa | 1 | 0 | 0 | 0% | 1 | 1 |
| Solomon Islands | 17 | 0 | 1 | 0% | 1 | 1 |

Updated as of 24 November 2020
Source: WHO (2020) and Aljazeera (2020)

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 6** Distribution of GeneXpert cartridges

| Country | Batch 1–19 | Batch 1–19 ongoing | Batch 1–19% complete | # cartridges allocated total | % completed |
|---|---|---|---|---|---|
| Fiji | 8250 | 440 | 95 | 26,750 | 31 |
| Samoa | 1420 | 60 | 96 | 6000 | 24 |
| Solomon Islands | 5320 | 540 | 91 | 18,000 | 30 |

Source: WHO (2020)

completed 31%, 24%, and 30% distribution of the GeneXpert Cartridges in Fiji, Samoa, and the Solomon Islands, respectively.

Table 7 shows that the COVID-19 mobility trends in Fiji have increased for retail and recreation by 5%, supermarket and pharmacy by 14%, and places for residential by 6%. However, a decline in mobility trends has been noticed for parks by 8%, public transport by 30%, and workplaces by 24%.

The PICs, particularly Fiji, Solomon Islands, and Samoa, have adopted a cautious approach to managing the COVID-19 crisis. It is very well known that the Pacific islands have poor health infrastructure that is struggling to deal with the high obesity rates, diabetes, heart attacks, and high blood pressure (Aljazeera 2020). The small island economies are not ready to deal with the crisis if it gets out of control.

## Impact of COVID-19 on the Tourism Sectors of Fiji, Samoa, and the Solomon Islands

Tourism and remittances are considered a very important source of income for the Pacific Island economies, particularly Fiji and other Polynesian countries such as Samoa and Tonga. The data on remittances shows that while the global economy has contracted significantly, remittance flows to PICs have continued to increase. The tourism sectors for Fiji and Samoa are proportionally large, but that of the Solomon Islands is small yet significant for the sustenance of employment. Tourism provides the highest number of jobs to women who are economically and socially disadvantaged as compared to men in these countries. Tourism also provides a huge opportunity for micro, small, and medium enterprises. It also facilitates access to the markets for locally made

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 7** COVID-19 mobility trends in Fiji

| Areas of mobility changes | Fiji (%) |
|---|---|
| Retail and recreation | +5 |
| Supermarket and pharmacy | +14 |
| Parks | −8 |
| Public transport | −30 |
| Workplaces | −24 |
| Residential | +6 |

Note: Data on Solomon Islands and Samoa is missing
Source: Global Mobility Report (2020) as of 1 November 2020

products (Research Association of New Zealand 2020). The tourism sector contributes to sustainable economic growth by providing market access for locally manufactured tourist products. Economic statistics provides a clear indication of the impact of the tourism sector on exports, GDP growth, and employment in these countries (Research Association of New Zealand 2020). Figure 2 shows that in 2017, the tourism sector of Samoa contributed 60.1% to the exports, followed by 48.5% for Fiji, and 13.0% for the Solomon Islands. This indicates that the tourism sector contributes hugely to these island economies.

Figure 3 shows that in 2018, the tourism sector of Fiji, Samoa, and the Solomon Islands contributed 38.9%, 30.4%, and 12.5% to GDP, respectively. This indicates the importance of the tourism sector to these small PICs.

Table 8 shows that the percent contribution to total employment by the tourism sector is significantly higher for Fiji than Samoa and the Solomon Islands. Similarly, visitor arrivals and visitor spending are much higher for Fiji than Samoa and the Solomon Islands.

In comparison to Samoa and the Solomon Islands, Fiji recorded the COVID-19 case first. However, the lockdown took effect in these three countries at about the same time since the reaction in the region was mutual and simultaneous. In late March 2020, Fiji Hotels and Tourism Association announced that 93% of its members had closed their operations due to a sharp decline in tourist arrivals. As shown in Table 8, Australia and New Zealand are the two most important sources of tourism markets for all three countries. The Australian tourism minister stated in June 2020



**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa,**

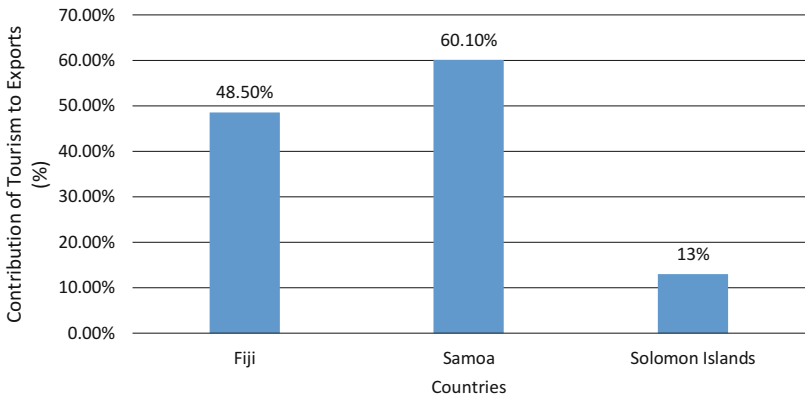


**Fig. 2** Percentage contribution of tourism to exports (2017). (Source: PTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020))

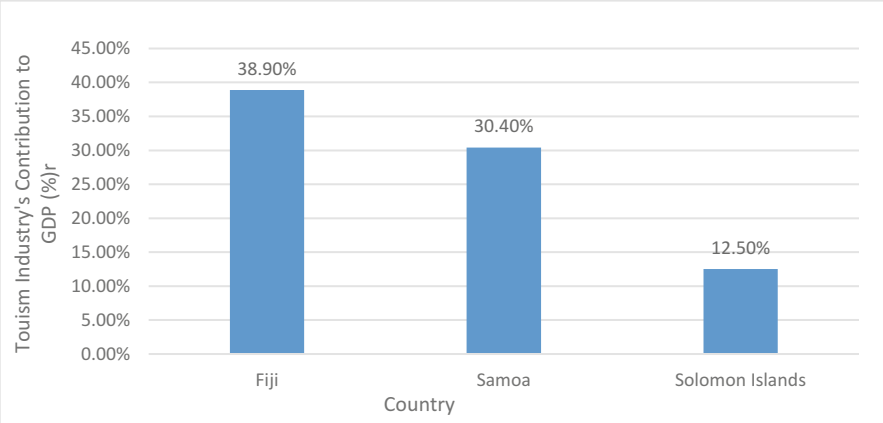


**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 3** Percent contribution of the tourism sector to GDP. (Source: PTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020))

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 8** Tourism statistics of Fiji, Solomon Islands, and Samoa

| Country | Variable | Statistics |
|---|---|---|
| Fiji | Year 2018: % Contribution to total employment | 35.5% |
| | Year 2019: International visitor arrivals | 894,389 |
| | Year 2018: Number of people employed in the related industry | 41,338 |
| | Year 2018: Total visitor spending | NZ$1,551,500,000 |
| | Year 2019: Top five sources of international visitor arrivals | Australia (41%), New Zealand (23%), USA (11%), China (5%), and UK (2%) |
| Solomon Islands | Year 2017: % Contribution to total employment | 11% |
| | Year 2017: International visitor arrivals | 25,700 |
| | Year 2017: Number of people employed in the related industry | 6400 |
| | Year 2018: Total visitor spending | NZ$135,000,000 |
| | Year 2019: Top five sources of international visitor arrivals | Australia (40%), New Zealand (7%), Fiji (6%), USA (6%), and Papua New Guinea (6%) |
| Samoa | Year 2015: % Contribution to total employment | 12.5% |
| | Year 2019: International visitor arrivals | 181,473 |
| | Year 2015: Number of people employed in the related industry | 5158 |
| | Year 2018: Total visitor spending | NZ$413,300,000 |
| | Year 2019: Top five sources of international visitor arrivals | New Zealand (43%), Australia (22%), American Samoa (8%), USA (7%), and Fiji (2%) |

Source: PTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020)

that Australians would not be able to travel to PICs until 2021; thus, PICs must focus on local tourism activities. This had the most damaging impact on Fiji, Samoa, and Solomon Islands (UN Pacific 2020). The Asian Development Bank's Pacific Monitor Report clearly states that Fiji's tourism and related industries are projected to negatively impact the GDP to the extent of 16% of GDP in 2020 (ADB 2020a). According to ADB specialists, Fiji's tourism industry will return to the pre-COVID levels only after 2023 on conditions that vaccines are developed by this year-end (ADB 2020a, b). The unemployment rate in Fiji has increased significantly, and much of this unemployment is located in the tourism sector. It is projected by the (ADB 2020a, b) that unemployment will continue to increase shortly unless alternative industries are generated. The IFC survey in July 2020 concluded that 50% of tourism businesses are hibernating or are fully closed, while 35% of them are operating under reduced working hours (ADB 2020a, b). According to the ADB predictions, if Fiji's situation does not improve soon, 29% of tourism businesses involved in the tourism industry and 11% of non-tourism businesses will completely close their operations (ADB 2020a, b). Table 9 shows that the visitor arrivals to Fiji are predicted to decline from −0.4% in Q4 2019 to −98.8% in September 2020 (based on a 12-month percentage change).

Similarly, the Solomon Islands tourism industry started experiencing the full effect of COVID-19 in early February of 2020. As a proactive measure, the national government of the Solomon Islands restricted passenger entry to Solomon Islands from COVID-19 infected countries (ADB 2020a, b). On 25 March 2020, all international passenger flights to the Solomon Islands were suspended, and strict quarantine measures

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 9** Visitor arrivals for countries (based on 12-month Δ%)

| Country | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Sept 2020 |
|---|---|---|---|---|---|
| Fiji | -0.4 | -18.7 | -99.2 | -99.0 | -98.8 |
| Solomon Islands | 13.8 | -36.3 | -100 | -100 | -100 |
| Samoa | -10.7 | -36.2 | -100 | -100 | -100 |
| Micronesia | -0.6 | -24.3 | -100 | -100 | -100 |
| Palau | 22.6 | -30.7 | -100 | -100 | -100 |
| PNG | -0.8 | -17.9 | -98.1 | -97.3 | -96.9 |
| RMI | 2.5 | -20.9 | -100 | -100 | -100 |
| Tonga | 30.8 | -41.3 | -100 | -100 | -100 |
| Tuvalu | 8.8 | -22.3 | -100 | -100 | -100 |
| Vanuatu | 11.0 | -2.0 | -100 | -100 | -100 |
| Kiribati | 16.9 | -35.3 | -100 | -100 | -100 |

Source: IMF (2020a, b)

were imposed on incoming cargo ships (ADB 2020a, b). These measures harmed the tourism industry. Virtually all tour operators in the Solomon Islands are hibernating now with no business at all. For a 3-month period from January to March 2020, the tourism industry in the Solomon Islands had recorded a decline of 50% on average per month in revenues (Lilomo 2020). It is forecasted that the decline will be much severe if visitor arrivals and hotel occupancy rates did not improve. The four major hotels in the Solomon Islands have experienced low occupancy rates of 18% and 10% in March and April, respectively (Lilomo 2020). These low occupancy rates of hotels are expected to continue until mid-2021. The largest hotel in the Solomon Islands, Heritage Park Hotel, located in Honiara, has been recording no bookings since late March. The management was forced to scale down the hotel's operations to virtual nil (Lilomo 2020). Table 9 shows that the visitor arrivals to the Solomon Islands have declined from 13.8% in Q4 2019 to −100% by the third quarter of 2020.

Tourism in Samoa is experiencing a similar fate where tourist numbers are nearly zero. This has been the direct result of the closure of international borders and slowdown of merchandise shipping (Fruean 2020). The Visitor Earnings and remittances reported for this period by the Samoa Bureau of Statistics and Central Bank of Samoa for March 2020 shows a decline of 62.7% compared to March 2019 (Fruean 2020). The report clearly states that the main factors that led to the significant decline in tourist numbers were the lockdown of international borders, the 14-day quarantine period and travel restrictions abroad (Fruean 2020). Table 9 shows that the visitor arrivals to Samoa have declined from −10.7% in Q4 2019 to 100% in Sept 2020.

According to the United Nations SDG (2020), 66.67% of the households in Samoa have experienced a decline in their income, and around 50% of the households are experiencing one job loss due to the same reasons. Figure 4 shows that the pre-COVID-19 employment rates in Samoa were critically low, with twice as the number of men employed compared to women in employment. Figure 4 shows the percentage of men and women employed in Samoa before the COVID-19 period. The regional and global value chain of businesses has dwindled significantly. This has contributed to increasing joblessness and income insecurity (United Nations SDG 2020).

## National Governments Fiscal Stimulus Package to Revitalize the Contracting Economy

The national governments of the PICs, including Fiji, Samoa, and the Solomon Islands, have mobilized fiscal tools to revitalize the contracting

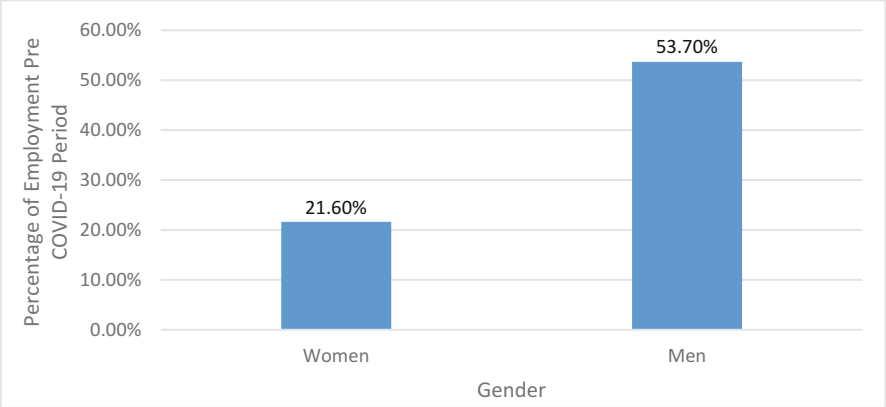


**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 4** Gender distribution of employment in Samoa pre-COVID-19 period. (Source: United Nations SDG (2020))

sectors of the economy. On 27 March 2020, the government of Fiji announced that they would increase the fiscal expenditure to counter the unemployment from the diminishing tourism sector. A number of development partners, such as the World Bank, Asian Development Bank (ADB), Australia, New Zealand, and other governments, have provided special funding to the Fijian government to fight against the COVID-19 pandemic (United Nations Pacific 2020). The government also implemented policies to disburse funds from the Fiji National Provident Fund. The national provident fund is a retirement fund set up by the government of Fiji, which is funded both by the employer and the employee. The government of Fiji plays a critical role in the national provident fund, and they determine the rules regarding withdrawals. In order to help the COVID-19 affected individuals, the government decided to set the funds aside for making withdrawals. These provisions by the FNPF and the new funding package were announced in the National Budget in July 2020 (The Fijian Government 2020). The announced stimulus package provided an additional FJ$1 billion, which were partially funded by the ADB loan funding of FJ$100 million and the World Bank that provided a facility of FJ$5.5 million (United Nations Pacific 2020). Australia and New Zealand also played an important role as development partners. Initially, the Australian and New Zealand governments had provided FJ$1.5million and FJ$4.47million for the COVID-19 funding. This initial funding by the Australian and New Zealand governments was later increased by FJ$15.4million and FJ$7.72 million, respectively (UN Pacific 2020). The mandatory FNPF employer and employee contributions were reduced to 5% for the period starting from April to December 2020. The workers who lost their jobs since early February 2020 or were working with reduced hours were granted eligibility to withdraw FJ$1000 from their FNPF accounts on a periodic basis (UN Pacific 2020). Businesses that were struggling through the COVID-19 crisis were able to access grants and loans on concessional terms of 5% (UN Pacific 2020).

Similarly, Samoa provided a stimulus package of T66.3 million to support the fast contracting Samoan economy. The national stimulus package was mainly aligned toward enhancing the resilience of the health sector, supporting the livelihood of Samoans and strengthening alternative industries that would at least temporarily replace the tourism sector and help the workers to survive through the hard times (Government of Samoa 2020). Table 10 provides specific details of the funds allocated for the different areas of the Samoan economy.

The Solomon Islands government also provided a fiscal stimulus package of SBD309 million to boost domestic demand and help struggling businesses survive. Special funding was allocated to reduce the utility costs to the households, reduce borrowing costs, ease the tax

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 10** Samoan stimulus package to mitigate COVID-19

| Funds | Areas |
|---|---|
| $20.3million | Health sector response |
| $12.5million | Private sector enhancement |
| $2.5million | Coronavirus initiative |
| $27.5million | Increasing the purchasing power of Samoans |
| $3.5million | Ministry of Agriculture and Fisheries |

Source: Government of Samoa (2020)

**Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 11** Solomon Islands stimulus package to increase aggregate demand

| Funds | Areas |
|---|---|
| $5million | Monitoring state of emergency regulations |
| $5million | Rental relief package |
| $10million | Health grants |
| $5million | Education support |
| $39million | Infrastructure investment in wharfs |
| $39million | Construction of major |
| $39million | Upgrading of domestic ports |

Source: Solomon Islands Government (2020)

burden, provide financial relief, provide grants to struggling businesses, and provide alternative employments to Solomon Islanders who lost their jobs (SIG 2020). Table 11 provides some details of the government fiscal package to improve the domestic aggregate demand.

## Tourism-Related Recovery Policies

Individual PICs are not capable of dealing with the COVID-19 pandemic individually. It is understood that there are two-time tracks to this recovery. First, the PICs need to respond to the current situation where many people have lost their jobs. Secondly, these small island countries need to change their development paths to prepare for the future, where the effects of such a crisis can be handled better. The issue is that post-Covid-19, the development path of these small PICs cannot remain the same as in the past – long-term adjustments are needed to prepare these countries to handle such crisis in a far better and sustainable manner.

Regional synergies are needed to revive the tourism industry of the small and structurally vulnerable economies. Importantly, Fiji, Solomon Islands, and Samoa need to work with other small island economies in the Pacific region to develop a Pacific-centric model. This model shall be structurally more resilient and inclusive of tourism and diverse (Research Association of New Zealand 2020). Strong leadership, coupled with enhanced workforce capabilities, is needed in the tourism sector to develop focused and differentiated tourism products for the Pacific. Regional leadership is needed to develop policies for the Pacific bubble to ensure that our borders open much earlier. Capabilities are needed to reduce the negative repercussions of the COVID-19 pandemic once the borders open and the tourism sector starts rolling in PICs (Research Association of New Zealand 2020). Scenario planning and provision of information are essential to support the successful implementation of tourism industry recovery plans. There is also immediate support needed in the form of microfinancing schemes to help the businesses rejuvenate and survive the negative economic repercussions of the crisis (Research Association of New Zealand 2020). The long-term approach should be inclusive of new sectors, where appropriate technologies can be adopted by PIC businesses where small-scale productions become globally competitive. These must be based on cleverly crafted sectors where PICs has strategic advantages.

Furthermore, businesses can be provided tax concessions and reductions in the national provident fund contributions to enable ailing businesses to address their financial losses during the crisis. The reduction in employer and employee contributions to the National Provident Fund needs immediate review, and any ad hoc policy change should be avoided. Such decisions need long-term perspectives based on decisions inclusive of stakeholder perspectives. Well-planned policies are needed that takes into considerations the social and economic conditions of the country in the long-run perspective.

These small PICs also need concerted financial policies that are sustainable in the long run and internally consistent. The financial system should be strengthened in such a way that the institutions can operate with greater flexibility and a constructive model. The banks should be empowered to provide concessional loans to businesses during such a crisis. Such loan facilities should also cover micro, small, and medium enterprises where only public sector lending exists. In addition to providing loans, the banks and financial institutions should also absorb financial risks with government fiscal support.

PIC governments need to reconsider their trade policies to build capacities both toward niche sector exports and imports substitution. Here, two-pronged development approaches are needed – (1) to restructure productive capacities and (2) restructure domestic consumption by social engineering. This involves multi-dimensional investing with a strong focus on rural development, high-value agriculture, agri-business, and new farming techniques.

## Conclusion

In summary, the COVID-19 health crisis has devastated the Pacific island economies, with most of the impact on the domestic economy flowing from the decline in the tourism industry, international trade, remittances, and commodity prices. This entry argued that the decline in the tourism industry of Fiji, Solomon Islands, and Samoa is driven by the closure of the international borders, limited ship access to trade, and the quarantine period. Fiji is experiencing a greater economic shock as compared to the Solomon Islands and Samoa. In late March, the Fiji Hotels and Tourism Association announced that around 93% of its members had closed their operations due to a sharp decline in the tourist numbers. From January to March 2020, the tourism industry of the Solomon Islands has recorded a decline of 50% in average monthly revenues (Lilomo 2020). The Visitor Earnings and Remittances Report for March 2020 showed that the visitor arrivals in March 2020 to Samoa have decreased by 62.7% as compared to the visitor arrivals in March 2019 (Fruean 2020).

## Cross-References

▶ Comparative Health Policies
▶ Crisis Management and Governance

## References

Aljazeera (2020) Pacific's Samoa records first case of coronavirus. Retrieved from https://www.aljazeera.com/news/2020/11/19/pacifics-samoa-records-first-case-of-coronavirus

Asian Development Bank (ADB) (2020a) Pacific Economic Monitor, December 2020. Retrieved from https://www.adb.org/sites/default/files/publication/622976/pem-December-2020.pdf

Asian Development Bank (2020b) Pacific Economic Monitor, July 2020. Retrieved from https://www.adb.org/sites/default/files/publication/622976/pem-july-2020.pdf

Fruean A (2020) Report confirms impact of pandemic on tourism industry. Retrieved from https://www.samoaobserver.ws/category/article/62297

Government of Samoa (2020) Budget address by Samoa Minister of Finance on COVID-19 stimulus package. Retrieved from https://samoaglobalnews.com/budget-address-by-samoa-minister-of-finance-on-covid-19-stimulus-package1/

IMF (2020a) No tourism recovery in September. Retrieved from https://www.imf.org/en/Countries/ResRep/PIS-Region

IMF (2020b) Pacific Islands Monitor: issue 13. Retrieved from https://www.imf.org/en/Countries/ResRep/PIS-Region

Lilomo P (2020) COVID-19 casting a dark shadow on Solomon Islands tourism. Retrieved from https://www.solomontimes.com/feature/covid19-casting-a-dark-shadow-on-solomon-islands-tourism/459

Research Association of New Zealand (2020) Pacific tourism: COVID-19 impact and recovery. Retrieved from https://corporate.southpacificislands.travel/wp-content/uploads/2020/05/Pacific-Tourism-Sector-Status-report-Final.pdf

Solomon Islands Government (2020) Solomon Islands Government economic stimulus package to address the impacts of the COVID-19 pandemic. Retrieved from https://solomons.gov.sb/solomon-islands-government-economic-stimulus-package-to-address-the-impacts-of-the-covid-19-pandemic/

The Government of Fiji (2020) 2020 Covid-19 budget response address by the Attorney-General and Minister for Economy Hon. Aiyaz Sayed-Khaiyum. Retrieved from https://www.fiji.gov.fj/Media-Centre/Speeches/2020-COVID-19-BUDGET-RESPONSE-ADDRESS-BY-THE-ATTOR

UNDP (2020) COVID-19 socio-economic impact. Retrieved from https://www.undp.org/content/undp/en/home/coronavirus/socio-economic-impact-of-covid-19.html

United National Office for the Coordination of Humanitarian Affairs (2020) Fiji reaches COVID-19 milestone, but remains vigilant. Retrieved from https://reliefweb.int/report/fiji/fiji-reaches-covid-19-milestone-remains-vigilant
United Nations Pacific (2020) Socio-economic impact assessment of Covid-19 in Fiji. Retrieved from https://www1.undp.org/content/dam/fiji/docs/SEIA%20Fiji%20Consolidated%20Report.pdf
United Nations SDG (2020) COVID-19 socio-economic response plan. Retrieved from https://reliefweb.int/sites/reliefweb.int/files/resources/WSM_Socioeconomic-Response-Plan_2020.pdf
WHO (2020) COVID-19 Joint Incident Management Team Health sector preparedness & response. Retrieved from https://www.who.int/westernpacific/emergencies/covid-19/situation-reports
WION (2020) Solomon Islands reports first COVID-19 case. Retrieved from https://www.wionews.com/world/solomon-islands-reports-first-covid-19-case-332384

# Impact of Government Experiences on Management Skills of Russians

Natalia Ermasova[1] and Sergey Ermasov[2]
[1]Public Administration, Governors State University, University Park, Chicago, IL, USA
[2]Saratov State University, Saratov, Russia

## Synonyms

Conceptual skills; Human skills; Technical skills

## Definition

Management skills are the skills that are necessary, the attitudes that are important, and the intellectual capabilities that are essential to be a global leader.

## Introduction

Managers with different cultural backgrounds may vary in their conception and expectations of leadership. Many scholars provide research evidence that national cultures vary and that strategic management, managerial skills, and leadership vary across national cultures. It is important global leaders understand the significance of leadership and cross-cultural awareness and practice.

In the beginning of the 1990s, the managerial styles and orientations in the post-Soviet Russia were often seen as largely homogeneous. Russian managers were portrayed as avoiding risk and accountability, lacking initiative, and mistrusting others (May et al. 2005). Many scholars suggest that there is an authoritarian management style in Russia (Elenkov 1998; Kets de Vries 2001). These studies find that the Russian style of leadership tends to be centralized and directive. Companies are complex bureaucracies with top-down decision-making style (Ageev et al. 1995). However, Ehrnrooth and Koveshnikov (2015) propose that managerial styles and orientations are becoming more heterogeneous in Russia. Ardichvili and Gasparishvili (2001) suggest that diversity of organizational, industrial, and professional cultures in contemporary Russia brought great heterogeneity in Russian managerial styles. Astakhova et al. (2010) find that the heterogeneity of managerial styles in Russia increased due to evolving generational differences between managers in terms of their age, education, and work experience. Following scholars suggest that there is a new generation of managers coming to the forefront in Russia (Astakhova et al. 2010; Grachev et al. 2008; Nguyen et al. 2014). Tan et al. (2007) propose that during the transition to a market economy, the Russian workforce underwent a period of change with excess supply of some industrial skills coexisting with conceptual skill shortages by many enterprises. Ehrnrooth and Koveshnikov (2015, p. 22) find that "at least these 33 percent of the managers (the performance-oriented ones) exhibit a relatively low degree of transactional control orientation. These managers seem to be relatively closer to, and may to different degrees be moving toward, a more transformational management style." McCarthy et al. (2010) suggest that Russian managers adopt some "western" orientations while rejecting others and reject some traditional Russian orientations while save other ones.

## Managerial Styles in Russian Organizations

Management authors present three different types of managerial skills, which include technical skills, human skills, and conceptual skills. Technical skills are related to worker's specific area of expertise and created from the combination of formal education, training, and on-the-job experience that used to perform a particular job, such as writing a computer program, running the latest software, developing a budget, or analyzing sales trends. Human skills are worker's ability to effectively interact with others and formed from interpersonal skills what a manager uses to work with his or her employees. Managers with good human skills understand how important things, like trust, cohesion, fairness, empathy, and good will, are to the overall success of the organization. Human skills help the manager to communicate, understand, alter, lead, and control the behavior of people and motivate an employee to work toward a higher level of productivity.

There are two distinct managerial styles in Russian organizations: Soviet era executives and new entrepreneurial managers (Grachev et al. 2008; McCarthy et al. 2010). Ermasova et al. (2017, p. 75) conclude that the most effective Russian manager is "an administratively competent manager, capable of making serious decisions and inspiring his/her followers to meet performance targets." Ehrnrooth and Koveshnikov (2015, pp. 20–21) identify several managerial styles rather than one culturally specific profile of Russian managers: (1) paternalistic managers, (2) exploitative managers, (3) performance--oriented managers, and (4) passive managers. Paternalistic managers are recognized with "high scores on being supportive but relatively low scores on exhibiting a strong voice vis-à-vis their own superiors, taking initiatives and assuming responsibility, as well as medium on the employee empowerment orientation and the authoritarian orientation" (Ehrnrooth and Koveshnikov 2015, p. 20). Exploitative managers are distinguished by a high score on authoritarian self-sacrifice and a low score on the employee empowerment orientation while also scoring relatively high on having a voice and taking responsibility. The performance-oriented managers score high on employee empowerment orientation, high on exhibiting a strong voice vis-à-vis their own superiors, and assuming responsibility and taking initiatives, low on being authoritarian and medium on being supportive. They are most likely to pursue further education and skill development. Overall, they seem to represent a "western" style of management. The passive managers have low scores on the responsibility-taking orientation, relatively low scores on being supportive and democratic, and relatively low scores on authoritarianism (Ehrnrooth and Koveshnikov 2015, p. 21).

Managerial skills are what managers use to assist the organization in accomplishing its goals. Management scholars present three different types of managerial skills, which include technical skills, human skills, and conceptual skills. Technical skills are the combination of formal education, training, and on-the-job experience that managers use in order to perform a particular job, such as writing a computer program, developing a budget, or analyzing sales trends. Human skills are interpersonal skills that managers use to work with their employees. Managers with good human skills understand how important things, like trust, cohesion, fairness, empathy, and good will, are to the overall success of the organization. Human skills help them to communicate, understand, alter, lead, and control the behavior of people and motivate employees to work toward a higher level of productivity. The conceptual skills are the final type of skills that give managers the ability to analyze a situation and distinguish between cause and effect. Jones and George (2009, pp. 17–18) suggest that "conceptual skills are often gained through formal education, reflection, and experience." The proportion of one's time spent in these three basic managerial skills may change as managers go up the hierarchy. "Modern managers of a cross-cultural workplace should be able to use relevant management skills if their organizations are to remain competitive" (Mujtaba and Kaifi 2010, p. 4). McDaniel et al.

(1988) find that the correlation between job experience and job performance is moderated by two variables, length of experience and job complexity, and suggest that "for all levels of job experience and for both low- and high-complexity jobs, the correlation between job experience and job performance is positive" (McDaniel et al. 1988, p. 329). The most important criteria on personnel recruitment are education, practical working experience, psychological compatibility, and ability to work in collective environment.

## Conclusions

Russians are more pragmatic, which means that the people maintain some connections with the past while facing the challenges of the present and future. Russians can adapt easily to changed conditions, and they believe that the truth depends on the situation, context, and time. Managers and business owners should assign an adequate amount of work that matches skills and qualifications to make workers feel capable of performing their jobs and not too overwhelmed. They should also create and foster a collaborative and supportive work environment to improve the communication as well as relationships among peers, leaders and subordinates, and other work units. The success of managers is provided with the purposeful development of the personality according to his advance in the organization.

This present study has several important implications for western managers, who, as potential partners and collaborators of their Russian counterparts, need to understand that there are differences between managers in Russia depending on historical roots of the organization, manager's working and managerial experience, mode of recruitment, and engagement in professional skill development. According to Desai and Goldberg (2006)'s Competitiveness and Investment Climate Assessment for the Russian Federation, labor skill is one of the main obstacles for all firms in Russia, and lack of skilled labors is a primary constraint on enterprise growth and development. Globalization and diverse workplace development provide a challenge and an opportunity for organizational growth and development of managerial skills.

The study by Ermasova et al. (2017) found that different work experience, managerial experience, and government experience types of job experience impose constraints on the different types of managerial skills of working adults in Russia. This study proves that work experience, management experience, and government experience are significant factors in their technical, human, and conceptual skills. Human skills scores are significantly higher for all groups than group with no management experience. The score for human skills increased with years of government experience only, but not with working or management years of experience.

Today's managers must possess great managerial skills, i.e., technical, human, and conceptual skills, in order to build strong organizations with appropriate structures to implement their strategies successfully in this globalized world of business. The study by Ermasova et al. (2017) has pointed out that experienced employees have better managerial skills that can lead their organizations to success. Therefore, providing managerial skill's training early in their careers will help prepare them to make good managerial decisions sooner for the organizations.

## Cross-References

► Human Resource Management in Russia
► Professionalism and Professionalization in Russia

## References

Ageev AI, Gratchev MV, Hisrich RD (1995) Entrepreneurship in the Soviet Union and post-Socialist Russia. Small Bus Econ 17(5):365–376

Ardichvili A, Gasparishvili A (2001) Socio-cultural values, internal work culture and leadership styles in four post-communist countries. Int J Cross Cult Manag 1(2):227–242

Astakhova M, DuBois CLZ, Hogue M (2010) A typology of middle managers in modern Russia: an intracultural puzzle. Int J Intercult Relat 34(5):527–539

Desai R, Goldberg I (2006) Competitiveness and investment climate assessment for the Russian Federation. Retrieved from http://siteresources.worldbank.org/INTRUSSIANFEDERATION/Resources/desai_ppt_eng.pdf
Ehrnrooth M, Koveshnikov A (2015) Idiosyncrasy, heterogeneity and evolution of managerial styles in contemporary Russia. Balt J Manag 10(1):2–29
Elenkov DS (1998) Can American management concepts work in Russia: a cross-cultural comparative study. Calif Manag Rev 40(4):133–156
Ermasova N, Nguyen LD, Bruce M (2017) Leadership and overload stress orientations of German and Russian working adults: does government work experience make a difference? Public Org Rev 17(1):39–51
Grachev MV, Rogovsky NG, Rakitski BV (2008) Leadership and culture in Russia: the case of transitional economy. In: Jagdeep SC, Felix CB, Robert JH (eds) Culture and leadership across the world: the GLOBE book of in-depth studies of 25 societies. Lawrence Erlbaum Associates Publishers, Mahwah, pp 803–831
Jones G, George J (2009) Contemporary management, 5th edn. McGraw-Hill/Irwin, Boston
Kets de Vries MFR (2001) The anarchist within: clinical reflections on Russian character and leadership style. Hum Relat 54(5):585–627
May RC, Puffer SM, McCarthy DJ (2005) Transferring management knowledge to Russia: a culturally based approach. Acad Manag Exec 19(2):24–35
McCarthy D, Puffer S, Darda SV (2010) Convergence in entrepreneurial leadership style: evidence from Russia. Calif Manag Rev 52(4):48–72
McDaniel MA, Schmidt FL, Hunter JE (1988) Job experience correlates of job performance. J Appl Psychol 73(2):327–330
Mujtaba B, Kaifi B (2010) Management skills of Afghan respondents: a comparison of technical, human and conceptual differences based on gender. J Int Bus Cult Stud 4:1–14
Nguyen LD, Ermasova N, Demin A, Koumbiadis N (2014) Work overload stress of Russian working adults: do age, gender, education, religion, management experience and government work experience make a difference? Acad Bus Discip J 6(2):76–89
Tan H, Savchenko E, Vladimir Gimpelson V, Kapelyushnikov R, Lukyanova A (2007) Skills shortages and training in Russian Enterprises, IZA DP No. 2751. The Institute for the Study of Labor (IZA), Bonn. Retrieved from http://ftp.iza.org/dp2751.pdf

# Impact of Law on Public Administration

Ali Farazmand
Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Administration of the public sector; Executive orders; Judicial rulings; Legal procedures; Legislation; Oversight of administration; Public management; Regulations; Rules

## Definition

Public law: A body of law that is concerned with the actions of legislative institutions, judicial courts, administrative agencies, independent institutional organizations and commissions, and executive orders; a body of law that affects society in all areas of concern; a body of laws enacted by people that affects society or societies.

Administrative law: A body of laws concerning administrative agencies and organizations; a body of rules and regulations, with procedures to be followed to implement laws.

Legislative law: A body of law that is concerned with legislative organizations/entities, commissions, etc.

Executive law: A body of constitutionally legitimated executive orders and actions that is concerned with the governance of a land domestically and internationally.

Judicial law: A body of judicial rulings and court orders that is concerned with the governance of the land, constitutionality of legislation, and administrative agencies' actions.

Constitutional law: A body of laws that is concerned with the Constitution and constitutionality of actions taken by all branches of government, private groups, and citizens in society.

Constitution: The highest legal document with subsequent amendments that operates as the law of the land, one that is concerned with all issues and matters of governance in society, privately, publicly, locally, nationally, and internationally.

## Introduction

All nations and societies are governed by laws, and all institutions operate by rules, formal and informal. Laws and regulations affect all areas of

society, economy, politics, government, and military and civilian organizations. They also affect public as well as private business and nonprofit organizations and their administration. No laws and no order, and chaos would rule, a condition which eventually leads to order over time, followed by laws and rules. This short entry essay outlines the key areas of laws and the impacts of law on public administration. This is organized into several sections: first, sources and types of law are presented. The second section covers the nature of laws, followed by a discussion of regulations in the third section. Then, section four explains the dynamic relationship between law and public administration, and the other way around. Finally, the impacts of law on public administration are outlined and explained, followed by a brief conclusion.

## Sources and Types of Law

Laws are enacted or generated from a multitude of sources, but primarily they come from four major venues: legislative, judicial, executive, and administrative. Legislative laws are enacted by an elected body of representatives in a parliament or congress composed of either a single or double body – unicameral or bicameral. The latter is a lower house and an upper house, called a senate. Examples include the US bicameral Congress of the House and Senate and post-revolutionary Iran's unicameral Parliament or Majles. Also called statutory laws, legislative acts are often required to be approved by the highest executive authority, normally an elected president, who may have a constitutionally authorized veto power. Once approved, statutory bills become laws of the land unless declared unconstitutional by the Supreme Court, the highest legal body of the land.

Judicial laws are a body of court rulings affecting society, and the rulings and decisions of the highest court, the Supreme Court, of a nation are considered final. While decisions and rulings of lower courts can be appealed to and settled by the Supreme Court, the latter's rulings and decisions are considered irreversible. However, they can be overturned through new statutory laws. Variations may be found in some societies, for example, in France, or the United Kingdom, or post-revolutionary Iran where the national legislative acts/laws are reviewed by a higher governing Guardian Council, *Showra-ye-Neghban*. Court rulings become laws of the land when disputes and conflicts among different branches of government or between citizens and government entities are resolved by the highest court. An example is the landmark Supreme Court ruling of the United States in the cases involving racial segregation, *Brown vs. Board of Education* of 1954, in which the court unanimously ordered an end to the long-practiced racial segregation against blacks.

Constitutional law is considered the highest law of the land, the "mother law," one that is the ultimate source for all other laws. It is a document that governs the land and is amended time to time to reflect the needs of the society and reflect the changing conditions domestically and internationally. Constitutional law is a body of law that is concerned with the legitimacy of all other laws, the rights and responsibilities of public employees, citizens, and private and public governing institutions. While 33 amendments have been proposed by the US Congress, only 27 have been ratified since the operation of the Constitution on March 4, 1789 – these amendments are parts of the Constitution now. Changes and amendments to the Constitution also affect other laws of the land, including administrative law.

Not all countries have Constitutions, however. How do they operate then? These countries, a handful in number, for example, the United Kingdom, do not have a constitution. They operate with common law, relying on cases and precedents of the past. Countries like Canada and Australia do not have a constitution either, but are still under the "sovereign power of the Queen of England," which means all peoples of these two countries are "subjects," not "citizens" of the Sovereign Queen. Constitutions can be short or long. Some countries like India have the longest constitutional document as opposed to the US Constitution which is fairly short in length (Rohr 1989).

Executive laws are executive orders issued by the president of a nation and/or governor of a state

authorized by constitutional power. Executive orders become laws once issued, and they are often nonreversible. Examples include two executive orders that President John F. Kennedy of the United States issued in 1962, legalizing the right to unionization by public employees (Rosenbloom 1983; Rohr 1989).

Administrative law is a "body of law that is concerned with the actions by administrative agencies" (Cooper 1983: 5). This definition may be insufficient or misleading because laws and rulings made by other sources, say the president or governor, or by legislative organizations, as well as independent commissions regarding administrative matters, the bureaucracy, and public employees or agency-citizen relations, may also be considered part of administrative law.

## Nature of Law

Laws serve different purposes and their nature varies from issue to issue, sector to sector, and problem to problem, as well as nation to nation. Generally, laws may be categorized as (a) prohibitive laws, (b) permissive and enabling laws, (c) sanctioning or punitive laws, (d) conditional or conditionality laws, or (e) a combination of the above. Prohibitive laws aim to prevent or stop from happening certain actions by individuals or institutions. Examples include the Hatch Acts of 1939 and 1940 passed by the US Congress that prohibited federal and state and local public employees from engaging in "partisan" political activities, hence protecting employees against partisan abuse of employees by political bosses and keeping employees away from such activities as political campaigns. The examples also include laws against illegal immigration, the anti-discrimination Civil Rights Act of 1964, and laws against prostitution and human trafficking or use of illegal or illicit drugs.

Permissive laws, on the other hand, aim to promote ideas, actions, and developments by individuals, institutions, and government organizations. Examples may include environmental clean air or water acts, the Civil Service Reform Acts of 1883 and 1978, and the Executive Orders of 1962 by President John F. Kennedy in the United States granting public employees the rights to form unions and meet and confer with their employer, agency administrators, or state legislative charters granting local government entities delegated power to decide on their local taxation, forms of government, and similar matters.

Sanctioning or punishing laws are those that aim to restricting, confining, mitigating, or simply punishing certain actions or behaviors or removing certain conditions. Powerful nations pass legislation imposing sanctions against other nations or individuals to remove certain conditions or change behaviors. Traffic control laws aim at those violating traffic rules and regulations and intend to promote safety on roads and highways. Conditionality laws tend to promote and encourage certain behaviors and actions while punishing those refusing to comply. Examples include intergovernmental categorical grants-in-aid to local and state governments in the United States to change and modify state and local government policies and actions with regard to diversity, anti-discrimination, equal opportunity, respect for minority rights, highway beautification, and implementing national laws of speed limits to save lives and energy.

Refusal to comply with the highway beautification measures by states would lead to loss or withholding of federal funds for the purpose of safety, or lack of compliance on federally legislated speed limits on interstate highways could result in the loss of grants-in-aid for highway beautification. These are called "cross conditions" and "crossover conditions" imposed by the federal government over states and local governments in the United States (Wright 1982). While cross conditions simply are conditions for either eligibility or promise of compliance with certain conditions to receive federally legislated grants-in-aid in the form of categorical grants-in-aid (e.g., education), crossover conditions expand to other areas of fund support.

Laws that combine the permissive and prohibitive or conditionality dimensions may include the Civil Rights Act of 1964 in the United States. It aims to serve all three purposes above: Title VII of

the law prohibits any form of discrimination by government agencies and private employers with a minimum number of employees against anyone for employment or promotion on the basis of religion, color, race, gender, and national origin (Rosenbloom 1983; Klingner et al. 2010). The law also offers equal opportunities to minorities, women, and anyone eligible for employment or promotion within agencies and nonprofit organizations across America and encourages hiring institutions to announce as a requirement to promote equality of opportunity and inclusion (ibid.).

The Equal Employment Opportunity Act of 1972 passed by Congress also took further steps by requiring government, nonprofit, and even profit organizations to correct the past incorrect employment actions by developing formal affirmative action plans with timetables, quotas, and implementation measures to do more than merely encourage and promote hiring and promotion of minorities and women in workplaces. It also gave the Equal Employment Opportunity Commission power to take noncompliance cases and agencies directly to court to enforce the law. Institutions failing to comply or simply violating the anti-discrimination laws can be taken to court (sued) by both individuals and the Commission, seeking sanctions, fines, and remedies.

Administrative, employment, and constitutional laws often overlap when employees' rights and responsibilities are at stake. Public employees are protected by their constitutional rights to free speech and expression (with the limit or exception of partisan speech), equal treatment, freedom of association, freedom of religion, and the like. They are also protected by constitutional rights to "procedural due process," and "substantial interests" to their employment, and cannot be subjected to arbitrary agency or managerial actions, such as dismissal, transfer, demotion, or termination (ibid.).

## Regulations

Like laws, regulations are created to promote purposes, achieve goals, and prevent potential or anticipated harm to society. The purposes of government regulations vary and may range from securing safe drinking water or providing a safe workplace environment to environmental hazard controls, election processes, or safety of food and drugs produced and marketed. They can serve to prevent hostile business take-overs and business monopolies and protect domestic business enterprises against foreign competition.

Generally, regulations are produced by two sources: legislatively and/ or administratively. Sometimes, legislatures pass specific regulations in details to control and monitor implementation of certain laws by administrative agencies. Although this is not a common practice, it does happen, especially when two different and opposing political parties are in control of the legislative and executive branches of the government. More often though, when legislators pass laws in Congress (USA) or Parliaments in European and most other nations, the language of the laws are generally broadly crafted and is not specific with details. This is due to the fact legislators do not often have time or do not want to get involved in the details of laws. Other reasons could be the extensive lobbying forces surrounding specific legislatures, forces that try to have vague laws passed so they can influence administrative agencies to make discretionary interpretations of laws in their favor.

Thus, legislatures tend to delegate this regulative or rule-making task to independent regulatory agencies within the executive branch tasked with a specific mission, for example, the Environmental Protection Agency (EPA) or Food and Drug Administration (FDA). These agencies are created by legislatures and can often be dissolved only by legislatures, though the president or chief executive such as prime minister in a parliamentary system can play a major role in proposing appointments, etc.

All institutions operate with rules, formal and informal, and all newly passed laws in order to be implemented must be interpreted first to determine their "intent," and then rules are created for implementing those laws. Therefore, interpretation is a major function performed by administrative agencies to determine the "intent" of the new last passed by the legislature. Rule-making

follows the interpretation function. Rule-making is a major legislative function of executive agencies, and rules must be also enforced, and enforcement means administrative or executive function. If rules and regulations are violated, investigations are required by the regulative agencies to determine what penalties apply – hence a judicial function of administrative agencies, also called "adjudicative" function. Thus, independent regulatory agencies within the executive branch of a government play three fundamental roles simultaneously: legislative, executive, and judicial. Examples of such agencies include Occupational Safety and Health Administration (OSHA), EPA, FDA, Federal Communication Commission (FCC), and many more.

In short, regulations and rule-making constitute parts of the legal environment in which government, business, and nonprofit organizations operate. Political parties and forces are often divided by political philosophy as well as by their ideology on the nature and extent of regulations. The Conservative Right political parties often tend to minimize the number of regulations, saving only those that tend to protect business enterprises from foreign or hostile competitors. The Leftist political parties, on the other hand, prefer more regulations to protect society and the poor and disadvantaged and promote more social equity and fairness in service delivery to the public. Ronald Reagan once elected cut the number of federal regulations immensely and devolved the task of regulations to state governments in the United States. Similarly, Margaret Thatcher once elected as Prime Minister of the United Kingdom did the same thing there. Regulations have similar effects on public administration as do laws.

## Law and Public Administration

What is the relationship between laws and public administration? Which one comes first, law or public administration? Answering these questions requires extensive volumes of explanations. There are those who argue that long before the advent of laws, societies and empires were organized and managed by public administration systems. Example include the ancient Empires of Persia and Rome and other powers like Babylon, China, Sumer, Elam, and Egypt, to name a few. Most ancient civilizations had elaborate administrative systems before turning to laws, although the latter were also necessary and hence proliferated. Generally, laws followed the elaborately designed and developed public bureaucracy and administrative systems (Farazmand 2009).

Several views may explain the relationship between law and public administration in contemporary nations. One view holds that public administration is the machinery of government and is tasked to execute laws. This view reduces public administration to simply an implementation of policy and law agent. The statist view, on the other hand, considers public administration as an important function and process of carrying out the "state" role in society. Generally, this is the view held in European and most developing nations (Rohr 1989). The Americans have developed over the last two centuries a different view. The concept of "state" has not received a favorable reception, and instead they use the term government, with a limited role in society where the private sector, particularly individual citizens, is considered more important, with the latter forming various associations, including professional ones, to run society and manage their affairs (Rohr 1989). Public administration has come to play a "public service" role rather than serving the state. This concept masks the reality that government and its institutions – military and civilians – are pillars of the State, hence an illusionary view, but one that is psychologically comforting.

The concept of "administrative state" rose as the federal government and its bureaucracy became bigger, and its largess affected almost every aspect of life through the exercise of "specialized knowledge or expertise" during most of the twentieth century, but then attacks from every direction came to dismantle it (Farazmand 1989). Privatization, outsourcing, and contracting out became the norms since the market-based reforms began in the 1980s. The result has been the diminution and reduced size as well as functions of public bureaucracy and administration. Today,

discussion of bureaucracy rarely appears in scholarly journals. The reality is a mix, however – public administration helps create new laws by performing good or bad, and laws produce more tasks for public administration; it is a two-way street (Farazmand forthcoming).

## Impact of Law on Public Administration

How does law affect public administration? This is a complex question and requires complex and extensive answers. In short, the impact of law on public administration may be explained in several ways:

1. Implementation. Laws have to be implemented, and to implement laws, institutional mechanisms – organizations, rules, procedures, processes – are needed, and this can cause an overburden on public administration requiring new agencies or simply expanding the functions of the bureaucracy or its role in outsourcing and contracting out. Even privatization would require administrative supervision or oversight, because at the end of the day, it is the government agencies that must be accountable to the public/citizens. Thus, this may work both positively and negatively with regard to public administration.
2. Constraining Effect. Laws affect public administration by constraining public agencies, particularly on their exercise of "administrative discretion" by public administrators. Laws have specific purposes to serve, one of which may be limiting the role and functions, and discretionary powers of public administrators by being more specific and detailed for implementation purposes. In doing so, lawmakers try to act like public bureaucrats exercising expertise, but the reality is they are no match to expert administrators, particularly on matters of science and technology. Privatization and outsourcing, for example, may seem an easier task, but not so as sophistications develop as the issues of accountability and business motivation of profit only come to play as key factors. The Freedom of Information Act is another act requiring administrative agencies to make available information the public may request – administrative agencies have many ways to fight back and frustrate laws. Yet public administration has been contracted out and shrunken since the 1980s, while business administration has grown exponentially. Constraints on public administration are also felt by a mechanism called "oversight."
3. Oversight. Oversight of public administration is exercised by several sides: it comes through legislative oversight – legislation and congressional hearings, investigation, and possible impeachment by legislative bodies. It also comes from the judiciary, called judicial oversight of administration, and the courts, particularly the Supreme Court in the United States, have been very active since the 1930s in its scrutiny of administrative agency actions, intervened in cases taking power away from them and declaring certain actions unconstitutional (Rosenbloom 1983). Additionally, executive oversight of the administration by the president and through other legal investigative offices keep public administration checked and accountable.

As the head of the executive branch of the government, the elected president is in fact also the chief bureaucrat in charge of the executive bureaucracy and administrative system, but he/she is also a politically elected official that has total control of agencies under his administration. Presidents have enormous power and instruments to exercise it. For example, the Office of Personnel Management (OPM) directly under the president's control has since the Ronald Reagan presidency in the 1980s played a powerfully instrumental role in implementing the president's policies with regard to public employment, unionization, reductions in force, politicization and depoliticization of the bureaucracy and civil service, and more. OPM has been curtailing administrative discretion by direct intervention and through appoints of partisan Schedule-C employees and supervisors for partisan political control of career employees and administrators.

The elective executives and politically appointed officials also have a lot of power over administrative agencies; they use it through supervision, oversight, and reorganization of administrative agencies as ordered by the president.

An important feature of the oversight function over administrative agencies or bureaucracy has been the legislative and judicial oversight. Legislatively, the Congress in the United States and Parliaments in other countries tend to exert as much oversight power over the administration as possible. As noted earlier, lawmakers do this by a variety of means, including the confirmation hearings of politically appointed administrative elites, by investigations into administrative agency actions, by impeachment processes, and by examinations and hearings of agencies' proposed budgets, policy proposals, and the like. These activities of the Congress in the United States eventually lead to the "bureaucratization" of the legislature, through which the Congress created its own expert bureaucracy to counter the agencies expert power.

On the judicial side, the US Supreme Court took an aggressive oversight position over the administrative agencies since the 1930s' New Deal policies instituted by President Roosevelt, who created many agencies outside the federal civil service system. The Court's adversarial posture of intervention went so far as to take over some agencies or offices ruled as failing to do their intended job – e.g., running mental hospitals, or rehabilitating juvenile inmates, or running public schools (Rosenbloom 1983). In short, the judicial oversight of the administrative state and of public administration reached its height during the Warren Court in the 1950s and 1960s, when the administrative state had reached its highest strength.

Judicial oversight of public administration can and should also be understood by the constitutional doctrines that the Supreme Court of the United States developed through numerous legal cases it has ruled on with regard to administrative agencies over the last two centuries.

Constitutional Doctrines: The relationship between the US Supreme Court and the administrative state and public administration during the twentieth century and before was generally moved along four major constitutional doctrines (Rosenbloom 1983):

1. Constitutional Doctrine of Privilege. Throughout the nineteenth century and up until 1950s, the constitutional doctrine of "privilege" was a prevailing norm by which holding public employment was considered a "privilege," not right. In *McAuliffe v. New Bedford* 1892: 220, Justice Oliver Wendell Holmes held that "The petitioner may have a constitutional right to talk politics, but he has no constitutional right to be a policeman." This ruling continued to prevail in 1951, when the divided court held in *Bailey v. Richardson* (1950: 58–59), and later on, that "due process of law" was not applicable "unless in situations" in which public employees have a "right" and that the "plain fact is that so far as the Constitution is concerned there is no prohibition against the dismissal of Government employees because of their political belief, activities, or affiliations" (quoted in Rosenbloom 1983: 115–116).

   Consequently, employees of the government bureaucracy could be fired at will without any due process or cause, as the privilege could be taken away at any time and at the mercy of their bosses. Government was considered absolutely "immune" and no one could sue the government. The doctrine of privilege left no room for public employees, and those of citizens, being able to bring a lawsuit against government – governments enjoyed "absolute immunity."
2. Doctrine of Substantial Interests. The doctrine of substantial interests was established over almost two decades since the 1950s, during which numerous court cases reached the US Supreme Court under Chief Justice Warren who was sympathetic to employees' rights, due process of law, and overserving the "national purpose." Justice Warren allowed many cases handled by the court, cases that challenged administrative agencies' arbitrary decisions against employees of the government. The court's many rulings in favor of employees' concerns established a new doctrine called the Doctrine of Substantial Interests, based on the arguments that, while public employees may not enjoy a "right" to their jobs, they do have "substantial interests" to their employment and therefore are entitled to procedural "due process of law" and "a right to be heard with regard to

the 'substantial interests'" they may claim to have on their jobs as a source of living (*Birnbaum v. Trussell* 1966: 678). For example, after several other cases of the 1950s and 1960s, in *Board of Regents v. Roth* (1972: 571), the court stated that it has "fully and finally rejected the wooden distinction between 'rights' and 'privileges' that once seemed to govern the applicability of procedural due process rights" (quoted in Rosenbloom 1983: 120).

3. The Doctrine of the Case-by-Case Approach. The appointments of President Nixon changed the composition of the Supreme Court, turning it into a less and actually unsympathetic court toward public employees of the bureaucracy. Often dubbed an "Imperial Presidency," Nixon signaled an antiunion, anti-public employee posture, which resulted in fewer and fewer cases reaching the Supreme Court under Chief Justice Burger. The doctrine of the case-by-case approach to dealing with administrative agencies and public employees further led to the further downturn of the relationship between the court and the bureaucracy and administrative behavior in favor of the court's tendency to "increase the scope of judicial review of public personnel actions." The courts across the land "broadened the scope of judicial review to determine whether the administrative findings were capricious, arbitrary, unreasonable, or unsupported by the record" (*West v. Macy* 1968: 105; quotation from Rosenbloom 1983: 124). This was an "idiosyncratic" period in judicial oversight of public administration.
4. Deconstitutionalization Doctrine. The period of the 1970s and beyond has characterized the judicial review of public administration as "deconstitutionalization," a characteristic that some scholars note and this author agrees with (Rosenbloom 1983; Farazmand forthcoming). The US Supreme Court under Chief Justice Burger took a hard-line position against the cases reaching the bench and held that their 19,000 plus cases "must be reduced to what they were a generation ago" (*New York Times* 1975: 31). The Court refused to take on cases and deconstitutionalized government employee-employer relations and referred them to administrative law judges within the agencies of the bureaucracy. As Rosenbloom notes, "Deconstitutionalization is an exercise in judicial restraint concerning public personnel administration" (124).

   Today, administrative judges decide on most cases involving disputes between public managers and government employees, and it seems obvious to many observers that the former are often favored in the rulings. Yet the overall picture of this delegated authority by the US Supreme Court to "administrative judges" produces at least two major impacts on public administration and the bureaucracy as a whole. One effect is the fact that administrative agencies are now playing more judicial roles as well as administrative roles as they did before under the previous doctrines. Another effect is that public administration has developed a more specialized power, judicial power, versus the courts that may challenge them in cases. The ability of administrative judicial power expertise countering the courts' authorities may in the long run benefit public administration as a professional enterprise. Yet the courts across the land have also adopted, like their legislative branch has since 1970s, a new approach toward the administrative state and public administration bureaucracy – that is the bureaucratization of the court systems to counter the power of the bureaucracy. Thus, today, courts operate like most bureaucracies with few judges on the bench and an army of administrators and bureaucrats – hence the delicate relationship between the judiciary and public administration increases (Farazmand 1989, forthcoming).
5. Characterizing the Impact of Law on Public Administration. Several features may characterize the effects of laws and judicial oversight on public administration. These are tentative and open to improvement:
   (a) Primary and Direct Impacts: Most laws, judicial rulings, and executive orders have direct impacts and intend to produce immediate results, either in the form of relief or remedies or promises of such results. For example, US President Donald Trump's first day executive orders included immediate "freeze of all federal hiring" on

I

Monday, January 23, 2017. Also, the Civil Rights Act of 1964-Title VII had both impacts as a legislative intent, or halting discrimination, promising to improve and produce balances in employment practices. Public administration in general and public agencies in particular operate by laws. Hence laws have direct impacts on public administration, no matter whether it is tasked simply to implement laws as a powerless institution or process to implement laws or as a powerful institution of government capable of exerting power and influence of its own on what kinds of laws to be passed, not to mention on how to implement them. The latter view has called the bureaucracy as the "Fourth Branch of Government" (Meier and Bothe 2007).

(b) Secondary and Indirect Impacts. All laws and regulations have indirect and secondary effects on society and public administration as well. Any public law implemented creates public values, and public values often transcend generations, ages, races, colors, and peoples of different belief systems. Creating a safe urban environment by implementing security and safety laws would generate not only direct and indirect but multiple and general impacts on society, community, people, and the system of order and security.

(c) Social and Economic Values. Impacts of laws also generate economic and social mobility values to younger generations, who would most likely develop more positive and self-efficacy attitudes towards society, government, and laws as well as public administration.

## Conclusion

The relationship between law and public administration is complex. There is a mutual interrelationship in structures, processes, and outcomes. New laws necessitate creation of new or expansion of existing administrative structures and processes for implementation, while old laws require continuity of action to produce results. Public administration, on the other hand, promotes cognitive features of laws and enhances or limits the application of law depending on the nature of laws. Public laws have direct and indirect consequential impacts on society, and the impacts of laws on public administration are enormous. Whether as implementation of law or an initiator of laws, public administration is affected by a multitude of laws – everything public administration does involves laws. The impacts of laws on public administration are explained in many ways. This includes legislative, judicial, and executive oversight of public administration, agencies, actors, and processes.

While the judicial constitutional doctrines noted above have differential effects on public administration and the administrative state, legislative oversights often have mixed and delegated configurations in structure and process, one of which is the delegated extension of regulatory as well as interpretive and rule-making authorities to administrative agencies. Similarly, judicial delegation of adjudication authorities by the Supreme Court (in the United States) to administrative law judges in agencies extends public administration's judicial role in governance. While "judges are by nature generalists," most public administrators are "specialized" (Rosenbloom 1983: 50). This means, among other things, public administration is not a totally powerless, passive implementing tool at the disposal of elected politicians. Public administrators are able to exercise discretionary expertise power to further broaden the public interest. Further, the fact that both judicial and legislative branches of government have been extensively bureaucratized with expertise to deal with the professional bureaucracy and public administration indicates the viability and power of public administration to impact the laws and lawmakers, whether in the legislature or judiciary. And this is a beauty of an increasingly dynamic complexity in the relationship between the modern administrative state and law and lawmakers in the contemporary governance world.

## Cross-References

► Administrative Discretion
► Bureaucracy and Democracy

▶ Bureaucratic Power
▶ Judicial Oversight of Bureaucracy
▶ Legislative Power

## References

Cooper P (1983) Public law and public administration. Mayfield Publishing, Palo Alto
Farazmand A (1989) Crisis in the US administrative state. Adm Soc 21:173–199
Farazmand A (2009) Bureaucracy, administration, and politics. In: Farazmand A (ed) Bureaucracy and administration. CRC/Taylor and Francis, Boca Raton, pp 1–15
Farazmand A (forthcoming) Public administration in a globalized world. Routledge, London
Klingner D, John N, Jared L (2010) Pubic personnel management: contexts and strategies, 6th edn. Pearson
Meier KJ, Bothe J (2007) Politics and the bureaucracy, 5th edn. Thompson-Wadsworth, Belmont
New York Times (1975) 31 (also quoted in Rosenbloom 1983: 125)
Rohr J (1989) Ethics for bureaucrats, 2nd edn. Marcel Dekker, New York
Rosenbloom D (1983) Public administration and law. Marcel Dekker, New York
Wright DS (1982) Understanding intergovernmental relations, 2nd edn. Brooks/Cole, Monterey

### Supreme Court Cases

*Bailey b. Richardson* (182 F 2d 46, 1950; 341 U.S. 918, 1951)
*Birnbaum v. Trussell* (371, F2d 672, 1966)
*Board of Regents v. Roth* (408 U.S. 564, 1972)
*Brown v. Board of Education of Topeka* (347 U.S. 483, 1954)
*McAuliffe v. New Bedford* (155 Mass, 215, 1892)
*West v. Macy* (248 F, Supp. 105, 1968)

# Impacts of Freedom of Information Act on Accountability and Corruption

Ramesh Ramasamy
Department of Political Science, Faculty of Arts, University of Peradeniya, Kandy, Sri Lanka

## Synonyms

Access to information; Bribery; Good governance; Responsiveness; Right to information; Transparency

## Definition

Freedom of information is fundamental human right of a citizen to access information held under the custody of public and political institutions, and it enables citizens to be informed on their government functioning and empower them to hold government officials and policy-makers accountable, transparent, incorrupt, and responsive.

## Introduction

Although the empirical evidence with regard to the impact of freedom of information (henceforth FOI) laws on corruption, service delivery, and accountability is limited, there are some evidence that suggest how FOI laws and access to information have helped citizens to fight bribes and corruption, disclose such acts, and prevent the mismanagement of public money (Martini 2014). The fundamental objective of the FOI Act is to empower the citizens, promote transparency and accountability in the working of the government, contain corruption, and make democracy work for the people in real sense. It goes without saying that an informed citizen is better equipped to keep necessary vigil on the instruments of governance and make the government more accountable to the governed (Ansari 2008). The Act is a significant step toward making the citizens informed about the activities of the government. FOI refers to the right of every citizen to access information held by or under the control of public authorities. Information is crucial for good governance as it reflects and captures government activities and processes (Mori 2013). It is said that information is the oxygen of democracy. If people do not know what is happening in their society or government, if the actions of those who rule them are hidden, then they cannot take a meaningful part in the affairs of the governance. Access to information not only promotes openness, transparency, and accountability in administration but also facilitates active participation of people in the democratic governance process (World Bank 2004; UNDP 2006).

The FOI Act enables the establishment of an unprecedented regime of right to information for

the citizens of the country. It overrides the "Official Secrets" and similar laws/rules. The Act seeks to establish that "transparency is the norm and secrecy is an exception" in the working of every public institutions. It aims to ensure maximum openness and transparency in the machinery and functioning of government at all levels: central, provincial, and local. The right to information is expected to lead to an informed citizenry and transparency of information which are vital to the functioning of a democracy (UNDP 2006). It will contain corruption and enable holding governments and their apparatus accountable to the governed. The "People's Right to Know" has remained a main pillar of democracy. Article 19 (2) of the "International Covenant on Civil and Political Rights" (ICCPR) states: "Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice." This indicates the significance of right to information. Instances are there where citizens have long been excluded in governance structures, namely, in service delivery for various reasons; therefore, they have substantially been disadvantaged in the sphere of social development, subjective human well-being, education, health, and other sectors (Ansari 2008; Surie 2011; Dokeniya 2013). Though there are notable improvements in governance process in developing societies, yet citizens encounter untold hardships and hindrances in obtaining public services and often denied with information for various services which is more likely to result in discriminations, ill treatments, unfair service delivery, and other forms of exclusions by public officials and institutions (UNDP 2006). The process of governance encompasses the political, social, and economic aspects of life which have an impact on each individual, household, village, region, or nation. Good governance is the equivalent of purposive, development-oriented, citizen-friendly, citizen-caring, participatory, and responsive public management committed to improvement in quality of life of the people (Surie 2011). It entails equity in access to public services, participation of all stakeholders in service delivery process, holding public officials accountable, as well as their full access to information. There are two different terms used for this Act such as right to information (RTI) and freedom of information (FOI). Both RTI and FOI are used in literature and legislation to refer to citizens being able to access government information – some countries have RTI acts and others have FOI acts. However, FOI is wider in scope referring not only to the right to seek and receive information but also to the right to impart information and thus includes freedom of opinion and expression.

Freedom of information has rapidly gained acceptance across the world. In 1990 only 13 countries had some form of right to information or freedom of information legislation. Today 128 countries have such laws (see www.rti.rating.org). This is a huge and very rapid expansion. Among the countries that have RTI/FOI legislation, many are from the developed countries: the United States, Sweden (the first country to have such a law), the United Kingdom, Canada, New Zealand, Japan, Germany, and so on. But increasingly, it is the countries from the *developing* world – particularly Eastern Europe (the former Communist Bloc countries) and South America – that are adopting RTI/FOI laws: Serbia, Ukraine, Kosovo, Brazil, Uruguay, Jamaica, Nigeria, and so on. Within South Asia, Pakistan was the first country to adopt such legislation in the form of the federal Freedom of Information Ordinance 2002. Since then India has adopted the RTI Act 2005, Nepal in 2007, Bangladesh in 2009, and Sri Lanka in 2016 (Centre for Law and Democracy, 2018). The spread of RTI is not confined to countries and national governments. Many international organizations now have access to information policies, e.g., the World Bank and Asian Development Bank. The World Bank first adopted an access to information policy in 1994, and a new more robust policy came into effect in July 2010 – the Bank is now recognized as being one of the most open intergovernmental bodies. The International Right to Know Day began on September 28, 2002, when freedom of information organizations from around the world came together in Sofia, Bulgaria, and created the

FOI Advocates Network, a global coalition working together to promote the right of access to information for all people and the benefits of open, transparent, and accountable governments (UNESCO 2011). The members of the Network decided to commemorate this day as a way to share ideas, strategies, and success stories about the development of freedom of information laws and genuinely transparent governance in their own nations. In this backdrop, the entry intends to explore the usefulness and relevance of Freedom of Information Act in improving accountability and fighting corruption in developing countries.

## Freedom of Information, Accountability, and Corruption: Toward Better Governance

There are empirical studies investigating the links between RTI laws and governance indicators including corruption – yet, the results are mixed (Martini 2014). For instance, Islam (2006) finds that countries with information laws have lower corruption levels, and leading Romanian political scientist Mungiu-Pippidi (2013) shows that existence of Freedom of Information Act is positively associated with lower corruption and a positive effect of fighting corruption. Tandoc (2013) finds a positive correlation between control of corruption and years of implementation of RTI laws – the author argues that the older the RTI laws in a country, the more the country to have lower corruption levels. Some scholars demonstrate that stronger RTI laws lead to higher corruption conviction rates and disclosure of corrupt acts of government institutions (Cordis and Warren 2014).

The FOI seems to have a significant impact on improving governance process, and it brings information into the public domain and allows citizens to see what government is doing. It gives greater emphasize on transparency and accountability.

**FOI and accountability** – the public have the right to scrutinize the actions of those in public office and to engage in full and open debate about those actions. This requires information. Once citizens know what their government is doing, they are in a position to hold those in office accountable for their decisions and actions. The same applies for designated oversight bodies such as parliamentary committees: they need information to be able to fulfill their mandate. As the evidence shows, accountability in developing countries often remains weak (Narayan and Petesch 2002). Improving accountability among citizens, public officials, and their politicians is repeatedly seen as a greater challenge for a more responsive and effective governance in the Global South. When citizens are able to hold public officials accountable, it is more likely to affect service delivery including service quality (Besley and Ghatak 2003). Importantly, those effects may range from the reduction of perceived corruption (Deininger and Mpuga 2005) and local nepotism (Crook 2003), to greater access and better quality of basic service delivery (Caseley 2006), ultimately aiming at poverty reduction (World Bank 2003; Jilke 2013) and fostering state legitimacy (Brinkerhoff 2005). Thus, it is also argued that in the efforts of making public institutions accountable to citizens and fighting corruption, the Freedom of Information Act prevails useful as it helps brings out administrative malpractices and other forms of unethical acts of public officials to the light. In such instances, citizens can seek remedy by collecting necessary information from relevant public institutions (Jilke 2013). When citizens tend to hold public officials accountable through different forms of accountability initiatives such as participatory planning, participatory budgeting, participation in governance process, open government partnership, and right to information, it is more likely to put public pressure on officials and their day-to-day operation. Compared to conventional forms of engagement such as electoral voting, these direct forms of collective voice establish a visible connection between citizens' demands and official actions (Goetz and Jenkins 2005; Jilke 2013). This is especially important in environments where elections are regarded as ineffective in holding public agents to account.

Recent studies identify government transparency and access to information as preconditions to

upheld accountability to work (Bauhr et al. 2010). Once governmental information is made available, they claim, it reduces information asymmetries between government institutions and their respective citizens. Indeed, greater information about the process of government decision-making and the conduct of public officials increases citizens' capacity to hold their leaders into account. Citizens are thus empowered to engage in a citizen-government relationship where they judge public officials' political behaviour based on the information they have (Bovens 2007). According to Willems and Van Dooren (2012), once such a political forum has been established, a public official has an obligation to justify his or her conduct, and the public officials may face consequences, if they fail to do so. Yet, this does not necessarily mean that public officials will automatically become more accountable once information is made available, and it is important to keep in mind the rather harsh political climate in developing countries. However, access to information or put it differently free flow of information on the part of governance institutions accelerates the possibility of greater accountability. This in turn may have positive effects on citizens' views of their propensity to hold public officials accountable. A critical stage of the policy cycle within governments lies at the stage of decision-making. Thus, citizens can judge whether public officials' decision-making is responsive to their needs and demands. As such, providing access to information on the process of government decision-making is crucial for citizens' perceptions of local accountability. There have been cases where public officials and ministers have been expelled from public institutions owing to information disclosed through RTI requests, and such information demanded greater accountability and transparency in the governance which subsequently ended up with governance reforms, broader civil society mobilization against corruption, and so forth (Ansari 2008). Instances are recorded where citizens have tended to gather information on parliamentarians and leaked them – which led to identify wrongdoings and conviction and suspensions of members of the parliament (Dokeniya 2013; Alves and Heller 2013).

**Freedom of information and corruption**: secrecy and lack of information create a breeding ground for corruption and abuses of power. By promoting transparency and accountability, FOI curbs such abuses. It is not coincidental that countries perceived to have the most corrupt governments also have the lowest levels of development or that countries with access to information laws are also perceived to be the least corrupt (Persson et al. 2013). In 2002, of the ten countries scoring best in Transparency International's annual Corruption Perceptions Index, no fewer than eight had effective legislation enabling the public to see government files. Of the ten countries perceived to be the worst in terms of corruption, not even one had a functioning access to information regime (Commonwealth Human Rights Initiative website; Transparency International 2014). There is a broad consensus of the importance of right/freedom to information laws in enhancing transparency and accountability, thus reducing the opportunities for corruption. Nevertheless, empirical evidence of the impact of FOI laws remains scarce. In general, several studies have found that access to information is positively correlated to control of corruption, but the actual impact of FOI laws seems to depend on a series of other factors. As demonstrated by several studies, the RTI law alone can have a positive impact and help in the solution of specific cases, but it is unlikely to bring sustainable change if not effectively implemented and accompanied of other measures, such as guaranteed freedom of press and association, effective checks and balances mechanisms including the prosecution and dismissal of public officials found to be involved in corruption, and coherent policy responses to problems detected in service delivery (Martini 2014). In 1996 the then president of the World Bank, James D. Wolfensohn, declared that, for developing countries to achieve growth and poverty reduction, "we need to deal with the cancer of corruption" – the first time a World Bank president publicly declared corruption as a "cancer."

This indicates that we are living in a "culture of corruption" where corruption is the rule, not the exception – favoritism, cronyism, particularism, discriminations, unfairness, partiality, singling

out, indifferent treatment, and various forms bribes have become a normal way of life in many developing societies (Persson et al. 2013; Mungiu-Pippidi 2013). Since then matters such as corruption, anti-corruption measures, improving accountability, transparency, and freedom of information all became a matter of serious concern in developing countries. When there are effective legal measures to access information, it helps making those in office accountable for their actions and by giving citizens a voice; FOI helps ensure the former work for the benefit of the latter. It promotes better planning and service delivery, i.e., improved education facilities, social security, environment, poverty eradication, improved health care, and so on, leading ultimately to better human development outcomes (Ansari 2008; Mori 2013). Further, when citizens have access to information about service delivery and other government functions, they know what they are entitled to and they know how and where to demand their right to those services and other benefits. FOI thus empowers citizens to obtain their rights and entitlements. Importantly, this is a tool for citizen-centric governance, namely, citizens who understand public affairs and what government is doing can voice their opinion on issues that affect their lives. This is true not just for voting at election time but also for other mechanisms for citizen participation, e.g., expressing opinions in a policy debate and citizen oversight of services. In the policy process, it is not possible to provide useful input into this without access to the policy itself, as well as the background information policy-makers have relied upon to develop the policy. FOI facilitates citizens in making political and economic choices and participating in public affairs and thus strengthens democracy. Fighting corruption and improving accountability will be extremely difficult when there is no press freedom – the media are sometimes referred to as the "fourth pillar of the state." They have an important role to play in keeping citizens informed, keeping those in office "on their toes," highlighting issues of public interest, and so on. In order to be able to perform this role properly, the media need access to information. This is consistent with what Lindstedt and Naurin (2010) who argued that FOI laws have a positive impact in fighting corruption when accountability, media freedom, and free and fair elections are in place. Freedom of information is also closely connected with economic growth – by promoting transparency and reducing corruption, FOI creates a rule-based environment in which, for example, information about business opportunities is equally accessible to everyone, contracts are awarded in an open and transparent manner, and investor confidence is high (TI 2006).

The FOI regulates the proactive disclosure of information and the mechanism through which citizens can request information from public institutions, including the scope, exceptions, and refusals to access information. There is a broad consensus of the importance of FOI laws in enhancing transparency and accountability, thus reducing the opportunities for corruption. In general, several studies have found that access to information is positively correlated to control of corruption, but the actual impact of FOI laws seems to depend on a series of other factors. As demonstrated by several studies, the FOI law would not alone can have a positive impact and help in the solution of specific cases, but it is unlikely to bring sustainable change if not effectively implemented and accompanied of other measures, such as guaranteed freedom of press and association, effective checks and balances mechanisms including the prosecution and dismissal of public officials found to be involved in corruption, and coherent policy responses to problems detected in service delivery (Dokeniya 2013).

Countries with high quality of government institutions and low level of corruption show substantial improvements in social and economic aspects, in which FOI have played a substantial role. It is also evident that in developing countries the enactment of FOI laws is associated with rising levels of corruption – this may be due to the fact that the effectiveness of FOI Act appears to be conditioned by a country's institutional quality and arrangements to fight corruption which not only includes anti-corruption agencies but also other public and political institutions.

FOI legislation makes it mandatory for all government entities/departments covered to comply

with requirements to provide citizens with information – it removes the element of discretion. Moreover, it pushes public bodies to put in place the systems and personnel to provide information to citizens. Having a law also helps public bodies because it defines exactly what they have to disclose and what information is exempt. In relation to citizens, FOI legislation articulates the principle that providing information to citizens is not something done as a favor by government but as the citizens' right. It thus empowers citizens to demand information from public bodies. An FOI law will also spell out the procedure for accessing information and for making appeals and will include a list of the types of information that public bodies have to provide proactively, i.e., even without submission of FOI requests. All these provisions make it easier for citizens to access information, hold officials accountable, and disclose corrupt behavior and practices of government institutions and politicians.

As the evidence shows, enhancing accountability and fighting corruption rely on two important preconditions as follows.

**Political and bureaucratic will**: In many countries, the access to information laws merely remains a law without any substantial impact over citizens' lives and without a full commitment to transparency by the national government. To achieve full implementation of these laws, there has to be sufficient political will and leadership – evidence shows that countries have succeeded in implementing freedom of information and fighting corruption, largely through political commitment. In certain cases, administrative reforms may be a requirement to implement these laws which need political support and backing (Newman and Calland 2007). Politicians can themselves be part of the change in the culture of secrecy and improve their own credibility through their involvement with initiatives to promote and implement the right to access information. Several reforms have eventually became futile due to poor implementation along with lack of political and bureaucratic willingness – if reforms goes against the monopoly, discretionary power, and privileges of the public officials and politicians, they are unlikely to be implemented in developing societies. This shows the significance of broader institutional and political environment for curbing corruption and improving accountability in governance institutions (Dokeniya 2013). In other words, effectiveness of FOI laws appears to be conditioned by a country's institutional arrangements (Escalera et al. 2010).

**Culture of the right to information, accountability, and transparency**: A successful access to information law is one that works both on paper and in practice. To achieve this, creation of a culture of the right to information remains crucial. Such a transparent culture has two sides to it: the willingness of public officials to release information and the readiness of the public to file requests – this requires the proactive role on both demand and supply side of information (UNDP 2006). When public officials themselves become accountable and transparent, it is more likely to set precedence in the governance process toward open and people-centric governance, which in turn, will help change citizens perceptions and attitudes and behavior over public institutions and officials. It is pertinent to note that, in developing societies, culture of corruption, poor accountability, and transparency have not resulted only because of government institution and officials; it is partly because of citizen's attitudes and unethical behavior. Evidence shows that citizens in developing societies tend to bribe public officials to expedite the things, to avoid legal consequences and inquiries, to bypass established procedures and regulations, and to exempt from paying tax (Transparency International 2006, 2014; World Bank 2003). This explains on how citizens disregard their duties and responsibilities through bribing officials – this has now become part of culture in developing countries so that effective implementation of RTI/FOI acts and culture of information and accountability could help address this situation.

This also occurs partly because of the lack of public awareness of the access to information laws and of the right to request information from public bodies. Intensive legal education and freedom of information campaigns need to be undertaken to raise awareness among the population and stimulate filing of requests. A number of regional and international mechanisms have been established to monitor and support initiatives to combat corruption (UNDP 2006). Recognizing that transparency is a vital tool in the fight against corruption, many of these mechanisms include requirements that national governments take all necessary measures to promote access to information. A key treaty in this respect is the United Nations Convention Against Corruption (UNCAC) 16, which contains a number of references to access to information and points to specific steps that governments must take to promote transparency. It is hard to see meaningful initiatives on the part of state parties to implement the convention in developing societies despite having ratified the convention overwhelmingly. In addition to the above, a strong legal framework, overnighting institutions, effective appeal mechanism, proper regulation of RTI laws, adequate staffing, resources, record management, performance assessment, constant awareness raising at all levels, strong civil society, media, and effective checks and balances mechanism are crucial to gain potential benefits of RTI laws in developing countries.

## Conclusion

It is clear, even from this short essay, that in recent years there have been great strides forward in establishing a close link between the use of access to information laws and other work to combat corruption and improving accountability. There remains much to do to promote greater government accountability at different levels. As such, access to information laws need to be better implemented and more work has to be done to secure recognition of the right of access to information as a fundamental human right and to create a culture for the right to information, both within government and within society with the view to fighting corruption and improving accountability. Organizations working in the areas of both access to information and anti-corruption can forge strategic partnerships among themselves, with other CSOs, with public officials, and with intergovernmental bodies to push for greater transparency in the areas where it is most needed to root out corruption. A full range of activities is needed, including monitoring compliance with these laws, continuing of advocacy and awareness-raising campaigns, filing appeals, and engaging in litigation to defend the right to information. All these activities will promote recognition of access to information as a fundamental human right and will also strengthen its value as a tool in the fight against corruption and openness. In addition, cases of successful implementation of FOI laws requires a strong leadership and political will as well as the establishment of independent and well-resourced oversight institutions, a strong legal framework and appeal mechanisms on how to exercise their right to know for the purpose of creating a corruption-free society, and government and governance with improved accountability and transparency.

## References

Alves JA, Heller P (2013) Accountability from the top down? Brazil's advances in budget accountability despite a lack of popular mobilization. In; Khagram, S., Fung, A., de Renzio, P. (Eds.), Open budgets: The political economy of transparency, participation, and accountability (pp. 76–104). Washington, DC: Brookings Institution Press

Ansari MM (2008) Right to information and its relationship to good governance and development. Central Information Commission, New Delhi. http://cic.gov.in/CIC-Events/IC-MA-LectureAtUNESCO-4122008.pdf

Bauhr M, Grimes M, Harring N (2010) Seeing the state: the implications of transparency for societal accountability', QoG working paper series 15. The Quality of Government Institute, Gothenburg

Besley T, Ghatak M (2003) Incentives, choice, and accountability in the provision of public services. Oxf Rev Econ Policy 19(2):235–249

Bovens M (2007) Analysing and assessing accountability: a conceptual framework. Eur Law J 13(4):447–468

Brinkerhoff DW (2005) Rebuilding governance in failed states and post-conflict societies: core concepts and cross-cutting themes. Public Adm Dev 25(1):3–14
Caseley J (2006) Multiple accountability relationships and improved service delivery performance in Hyderabad City, southern India. Int Rev Adm Sci 72(4): 531–546
Cordis AS, Warren PL (2014) Sunshine as disinfectant: the effect of state freedom of information act laws on public corruption. Soc Sci Res Netw. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1922859&download=yes
Crook RC (2003) Decentralisation and poverty reduction in Africa: the politics of local-central relations. Public Adm Dev 23:77–88
Deininger K, Mpuga P (2005) Does greater accountability improve the quality of public service delivery? Evidence from Uganda. World Dev 33(1):171–190
Dokeniya A (2013) Implementing right to information: lessons from experience. The World Bank and PREM, Washington
Escalera M, Lin S, Register C (2010) Freedom of information acts and public sector corruption. Public Choice 145(3-4):435–460
Goetz AM, Jenkins R (2005) Reinventing accountability – making democracy work for human development. Palgrave, Houndmills
Islam R (2006) Does more transparency go along with better governance? Econ Polit 18(2):121–167
Jilke S (2013) What shapes citizen's evaluation of their officials' accountability? Evidence from Ethiopia. Public Adm Dev 33(05):389–403
Lindstedt C, Naurin D (2010) Transparency against corruption. Int Polit Sci Rev 31(4):301–322
Martini M (2014) Right to information laws: impact and implementation. Transparency International, Berlin
Mori J (2013) Access to information laws and the transparent university in Global Corruption Report Education. Berlin: Transparency International
Mungiu-Pippidi A (2013) FOIA as an anti-corruption tool. Hertie School of Governance. http://www.againstcorruption.eu/wp-content/uploads/2013/04/WP-34-FOIA-as-an-anti-corruption-tool1.pdf
Narayan D, Petesch P (2002) Voices of the poor: from many lands. Oxford University Press, New York
Newman L, Calland R (2007) Making access to information law work. the challenges of implementation. In; Ann Florini (ed,), The Right to Know. Colombia: Colombia University Press
Persson A, Rothstein B, Teorell J (2013) Why anticorruption reforms fail: systemic corruption as a collective action problem. Governance 26(3):449–471
Surie M (2011) Right to information in India: an effective tool to tackle corruption. http://asiafoundation.org/in-asia/2011/09/28/right-to-information-in-india-an-effective-tool-to-tackle-corruption/
Tandoc C (2013) FYI on FOI: exploring the effects of freedom of information (FOI) laws around the world. Colombia: University of Missouri
Transparency International (2006) Using the right to information as an anti-corruption tool. Transparency International, Berlin
Transparency International (2014) Fighting corruption in South Asia: building accountability. Transparency International, Berlin
UNDP (2006) A guide to measuring the impact of right to information programmes: practical guidance note. https://www.pgexchange.org/governance/docs/A2I_guides_righttoinfoimpact.pdf
UNESCO (2011) Freedom of information: right to know. Available at: https://unesdoc.unesco.org/ark:/48223/pf0000193653. Accessed 10 Oct 2020
Willems T, Van Dooren W (2012) Coming to terms with accountability. Public Manag Rev 14(7):1011–1036
World Bank (2003) World development report 2004: making services work for poor people. Oxford University Press, Oxford
World Bank (2004) Legislation on freedom of information: trends and standards. http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/PSGLP/0,,contentMDK:22010106~pagePK:64156158~piPK:64152884~theSitePK:461606,00.html

# Implementation of Public Policy, Brazil

Gabriela Spanghero Lotta
Getulio Vargas Foundation, Sao Paulo, Brazil

## Synonyms

Policy execution; Policy materialization

## Definitions

Policy implementation is the process of transforming policy rules, norms, and directions into practices that effectively produce public policies. In Brazil, policy implementation means executing policies and materializing them in a context of complex institutional arrangements, high diversities, and constraints of resources.

## Framework and Problems

Policy implementation analysis is an approach located in the broader policy analysis field. This

field proposes to see policies as a complex process composed by different stages: agenda setting, policy formulation, policy implementation, and evaluation. The policy cycle or stages model is a conceptualization of a complex process and not an empirical representation. "Stages are not insulated from each other and there may be a succession of feedback loops between them" (Hill and Varone 2017, p. 158). However, analyzing different stages help to understand specific agents or decisions that are made in each moment of policy process.

Policy implementation, or policy execution, is the moment after political decisions in which policies will be materialized or concretized. This moment depends on actions operated by different organizations, bureaucrats, and instruments. In the beginning of the agenda, researchers were influenced to analyze this phase trying to understand the differences between what was formulated and what was really delivered considering the big gap or the "missing link" between plans and outcomes (Hill and Varone 2017; Barrett 2004).

In four decades of research, the policy implementation agenda has already passed through different phases. The first one, named top-down, started during the 1970s and inaugurated the policy implementation analysis field. This approach carried a normative perspective about policy implementation. Authors made a clear distinction between policy formulation and implementation taking into account that the second depends on the first in a logic perspective. Implementation should also follow formulation in order to guarantee democracy and legitimacy in policy process: decisions should be made by those in policy formulation stage who have the mandate to make them. They should not be made by bureaucrats who were not elected and are only expected to execute what politicians decided. So, this first generation analyzes policy implementation starting from the top (policy objectives, plans, goals) in direction to down, in order to find where policies have been changed or where the process does not work as it was previously expected to. These analyses tend to find the gaps in order to correct them, guaranteeing the right and legitimate implementation in a prescriptive and normative logic (Pressman and Wildavsky 1973; Gunn 1978; Hood 1976).

As a reaction to this first phase, other authors proposed an alternative approach during the 1970s and 1980s, named bottom-up. They argue that policy implementation is not composed by mistakes or gaps. Implementation belongs to a complex process in which decisions do not end after policy formulation. Policy implementation demands continuous negotiation and adaptation, as plans are never able to predict every situation, and many agents will only be involved during implementation. Policies should, therefore, be analyzed from the bottom to the up, observing implementation as it is, describing and understanding the process as it really happens (Elmore 1979; Hjern and Porter 1981; Barrett 2004; Barrett and Fudge 1981).

During the 1980s the bottom-up approach was strengthened by studies that analyze agents responsible for policy implementation through interaction with policy clients – named as street-level bureaucrats (Lipsky 1980). Researches about these bureaucrats reinforce the idea that implementation is composed by decision-making, and bureaucrats are not pieces of a machine. They carry values and interests and they make policies (Lipsky 1980).

During the 1990s a new phase arises proposing alternative analysis approach that try to synthetize top-down and bottom-up perspectives and learning, as those proposed by Matland (1995) and Sabatier (1988) (Barrett 2004).

Nowadays we have the fourth generation of implementation studies. This generation proposes multiple approaches and is influenced by different fields, as sociology, public administration, and political sciences. This new generation also intends to analyze a more complex process, considering the changes in governments derived from New Public Management and Governance Models. For instance, this generation is incorporating issues such as coordination, policy instruments, interactive frameworks, multilevel and multi-layering, relations between state and non-state organizations in policy provision, etc. (Saetren 2014; Hupe and Hill 2007). The

current generation of policy implementation studies departs from some assumptions that were already proven in different studies.

The first one is the idea that policy formulation and implementation are not different stages. They should be seen as continuous decision processes that cross agents and organizations. Thus, as a second assumption, policy analyses have to consider a chain decision including different layers and levels, agents, organizations and instruments, and state and non-state units.

The third assumption is that implementation process is highly interactive. Many different agents are included in decision processes that lead to the materialization of policies. Policies are implemented by multi-organizational groups that interact defending different values and interests (Hjern and Porter 1993). These agents can be inside or outside organizations, they can be state or non-state agents, and they can be formally or informally included. Policy implementation analysis has to consider who these agents are, what they intend, and how they interact (Hill 2003; Lotta 2015).

The fourth assumption derives from the third: considering the multiplicity of agents and organizations, many different factors interfere and influence policy implementation. These factors concern to broader system characteristics (state's model, social beliefs and behaviors, national culture, etc.), organizational features (managing system, organizational culture, size and history of organization, etc.), and personal and relational characteristics related to individuals (personal profiles, trajectories, profession, personal values, etc.).

So, considering all of these specificities from policy implementation, its analysis aims to understand policies as they really are and not only how they should be. And the research agenda includes analysis from different empirical objects and methodologies.

Since its origin, part of policy implementation research intends to analyze the bureaucrats responsible for policy implementation. This research aims to analyze practices, interactions, behaviors, and decisions (Lipsky 1980; Tummers 2017; Brodkin 2012; Lotta 2015; Pires 2009). Another part of the literature aims to analyze which factors can explain the variation of bureaucrats' practices, interactions, and behaviors. They consider these elements as dependent variables and explain them through independent variables as organizational and institutional characteristics (Brodkin 2012), incentive systems (Tummers 2017), moral and social dimensions (Møller and Harrits 2013; Dubois 1999; Maynard-Moody and Musheno 2003), national systems (Moller and Hill 2018), technology (Buffat 2013), social networks (Lotta 2015), etc. Other researches aim to analyze the outcomes from these variations both for policies and for citizens. In these researches, the dependent variables are policy outcomes, and independent ones are practices, organizational features, interactions, behaviors, etc. Thus, they aim to understand how different actions can conduct to different outcomes. And the outcomes can be measured by policy goals (Brodkin 2012; Tummers 2017) or by access and inclusion/exclusion (Maynard-Moody and Musheno 2003).

All of these researches specify and analyze different objects that coexist in policy implementation: individuals, organizations, institutional arrangements, instruments, and interactions. They can also analyze street-level bureaucrats (Lipsky 1980, Brodkin 2012), middle-level bureaucrats (Cavalcante qne Lotta 2015), back office bureaucrats (Hoyler and Campos 2019), or interactions between bureaucrats (Dubois 1999).

## Studies in Policy Implementation in Brazil

As the decades of the literature have already proved, policy implementation is never a simple task. It always involves many different conditions and situations that cannot be anticipated, prevented, or controlled. It also involves many different agents, their interests and capacities, and the interactions they establish with each other. So, we could not expect that policy implementation in Brazil would be easier. However, we can also say that the Brazilian context creates some specificities into policy implementation that, somehow, make this process more particular than what the literature has demonstrated.

First, Brazil, differently from most of the countries studied before, is still building its welfare state, which was proposed only in the new Constitution of 1988, and it is still far from being concluded. Public organizations are still trying to provide universal policies that are, many times, delivered in places where the state has never been before. At the same time, the welfare state is being built in a context of resource scarcity and very high inequalities. The scarcity of resources is not only about the lack of money to provide policies but also about the lack of technical and bureaucratic capacities from local governments responsible for policy provision in many regions of the country. And high inequalities are experienced by groups who can only find solutions to their accumulated vulnerabilities through public policies.

Second, Brazil has very extreme geographical, demographic, and social characteristics. It is a country with continental proportions, with high geographic diversities (different climes, biomes, and geologies), with a population, and with high ethnic, racial, and religious diversities. It is also one of the most unequal countries in the world in terms of income and education, and it has groups with accumulated vulnerabilities. To provide rights to citizens in this big and heterogeneous context, Brazil had to improve their public equipment and bureaucracy, there are around 150,000 public schools, almost two million teachers, 42,000 primary care health clinics, 700,000 health professionals in primary health care, more than 8,000 social care services, and more than 450,000 police officers (data from 2017). And this is not yet enough. All of these data demonstrate how Brazil requires high capacities of coordination for policy implementation.

So, being successful in policy implementation becomes, at the same time, a mandatory and challenging issue. It is mandatory because Brazilian citizens need universal and high-quality policies, and the government has lack of resources to implement them (they need, therefore, to make good decisions). It is a challenge because the context is very complex for policy implementation, and it creates obstacles for its effectiveness. These are challenges both for managers and implementers and for policy analysts.

## Characteristics and Challenges of Policy Implementation in Brazil

Considering Brazilian characteristics, here were selected some important specificities that help to understand Brazilian challenges for policy implementation, both empirical and theoretical.

The first particularity is about the challenges imposed by the Brazilian Federative arrangement that combines autonomy and independence of federative unities in a context of high heterogeneities and inequalities. Brazil has three federative levels: federal government, state government (27), and municipalities (5570). All of them have political, financial, and administrative autonomy. However, policies, which are designed to guarantee universal rights, have to be provided by the units in regimes of cooperation or competition.

Federative units have to coordinate policy provision and, at the same time, adapt them to very local conditions. This requires a multi-layering model of implementation. Recent federative dynamics tend to centralize policy formulation, regulation, and funding and decentralize policy implementation (Arretche 2012; Oliveira and Lotta 2014; Santos Nunes 2017). This means that universal rights have to be provided in very diverse contexts, and policies have to be adapted locally in order to fit local features and needs. This also implies that policy design has to be generic enough in order to be adaptable and implies high capacities for coordinating different agents, services, and policies.

Researches have demonstrated the particularities of the Brazilian federalism in different policies and its consequences in policy provision and inequalities reduction (Arretche 2012; Menicucci and Marques 2016; Lima and D'Ascenzi 2017; Souza 2017; Bichir et al. 2017). They show how different solutions can be more or less adaptable into local diversities and, as a consequence, can improve or not social inclusion. This is a scenario where policy implementation tends to be naturally a moment of policy transformation and adaptation. Local actors have to be provided with capacities to diagnose and analyze local characteristics and demand and to negotiate policy adaptation to local context. Thus, the Brazilian federalism

imposes great gaps to local implementation and demands from local actors' very specific abilities for formulation, negotiation, and implementation. It also imposes to policy researchers' abilities to understand implementation as a moment of redesigning and analyzing different contexts as they really are: places where the same policies can reach very different concrete designs.

The second characteristic of Brazilian context that is important to understand policy implementation is the involvement of social actors in policy process. Since the federal constitution (1988), Brazil has improved the participation of social actors in policy decisions, mainly creating participative institutions. Nevertheless, since the 1990s, Brazil has also improved the involvement of non-state actors in policy provision. Non-governmental organizations (NGOs) have been hired to provide policies in areas as health, social care, and culture, for example. Usually, they implement the same policy that can be provided directly by state organizations. This means that the same policy can be implemented both by government and NGOs in the same territory. This generates different consequences for policy implementation.

First of all, governments are not only responsible for directly providing the policy. They have to be, at the same time, responsible for contracting, regulating and evaluating another organization that is responsible for providing it. As a consequence, this demands specific and different capacities from government in the implementation process. Second, policies that are aimed to guarantee a universal right can be implemented by very different organizations (state and non-state), which have their own interest, features, and decision processes. It imposes one more complexity in policy implementation. Third, organizations that implement policies are subject to specific patterns of accountability and participation. How can the government impose the same patterns to organizations that are not governmental? Finally, this is also a challenge for policy analysis: how can researchers compare equal policies provided by different kinds of organizations? How can they name different agents responsible for policy implementation? Are they all street-level bureaucrats even if they don't belong to a state organization?

The third characteristic of the Brazilian policy implementation concerns to accountability and social participation in decision processes. Since the Constitution of 1988, Brazil has experimented many different participative institutions. For instance, the participative budget, participative planning, conferences, hearings, and policy committees are usually mandatory instrumentos in policy decisions. Nonetheless, most of them only operate during processes of agenda, formulation, or evaluation. We have some institutions that operate more directly during policy implementation, as the committees connected to hospitals and schools, for example.

Anyway, there is a lack of participative decisions during policy implementation. What teachers do inside classes, what nurses do inside the clinics, or what police officers do in their cars is not clear for managers. Of course this is a classic problem of policy implementation, and since Lipsky (1980) authors have been dealing with the challenge of how to make street-level bureaucrats more accountable. However, Brazil has experienced many advances in participation and accountability that did not reach yet the moment of policy implementation. For researchers this is also an interesting agenda: analyze how local participative institutions operate and how street-level bureaucrats and organizations are controlled and if they are more or less accountable in different contexts.

Finally, another important issue for the Brazilian policy implementation is about cross-sectorial policies. Integrate policies to provide effective solutions are a way to cut resources and improve policy provision. Considering all the challenges imposed by diversity, heterogeneity, federative system, and lack of local capabilities, cross-sectorial policies can provide complex and integrated solutions to existing problems (Bichir 2011; Bronzo 2010; Lotta e Vaz 2015; Lotta e Favareto 2016). Brazil has only now started experiencing some integrated policies, but they are still very restricted to some areas and some organizations. These experiences have to be

analyzed, and the lessons should be learned to be expanded to other areas and governments.

## Conclusion: Brief

Policy implementation research has advanced in the last decades and has already developed an important agenda with many outcomes and assumptions. This agenda contributes both to the literature and to policy managers to propose better policy design and managing.

In Brazil, this agenda is still very new and has to be improved incorporating the specificities of the Brazilian context (Pires et al. 2018). This can lead to better researches and the improvement of a Brazilian policy implementation research agenda. However, even more important, these researches and the incorporation of Brazilian specificities are important for policy implementation. In a country with high indexes of vulnerabilities and high inequalities, where there are still difficulties for implementing universal and effective policies, it is very important to give attention and to prioritize policy implementation. Well-implemented policies are central to guarantee better impacts for citizens and legitimacy for government.

## Cross-References

► Street-Level Bureaucracy

## References

Arretche M (2012) Democracia, federalismo e centralização no Brasil, 1st edn. Fundação Getulio Vargas/Fiocruz, Rio de Janeiro

Barrett S (2004) Implementation studies: time for a revival? Personal reflections on 20 years of implementation studies. Public Adm 82(2):249–262

Barrett SM, Fudge C (eds) (1981) Policy and action: essays on the implementation of public policy. Methuen, London

Bichir R (2011) Mecanismos federais de coordenação de políticas sociais e capacidades institucionais locais: o caso do Programa Bolsa Família. [Tese] Universidade Estadual do Rio de Janeiro. Rio de Janeiro

Bichir R, Brettas GH, Canato P (2017) Multi-level governance in federal contexts: the Social Assistance Policy in the City of São Paulo. Braz Polit Sci Rev 11(2): e0003. Epub July 27, 2017. https://doi.org/10.1590/1981-3821201700020003

Brodkin EZ (2012) Reflections on street-level bureaucracy: past, present, and future. Public Adm Rev 72:940–949

Bronzo C (2010) Intersetorialidade, autonomia e território em programas municipais de enfrentamento da pobreza: experiências de Belo Horizonte e São Paulo, vol 35. Planejamento e Políticas Públicas, Brasília, pp 119–160

Buffat A (2013) Street-level bureaucracy and e-government. Public Manag Rev. https://doi.org/10.1080/14719037.2013.771699

Dubois V (1999) La vie au guichet: relation administrative et traitement de la misère. Economica, Paris. (Collection Études Politiques)

Elmore RF (1979) Backward mapping: implementation research and policy decisions. Polit Sci Q 94(4):601–616

Gunn LA (1978) Why is implementation so difficult? Manag Serv Gov 33:169–176

Hill H (2003) Understanding implementation: street-level bureaucrats' resources for reform. J Public Adm Res Theory 13:265–282

Hill M, Varone F (eds) (2017) The public policy process, 7th edn. Routledge, London/New York

Hjern B, Porter DO (1981) Implementation structures: a new unit of administrative analysis. Organ Stud 2:211–227

Hjern B, Porter D (1993) Implementation structures: a new unit of administrative analysis. In: Ham C, Hill M (eds) The policy process in the modern capitalist state. Harvest, New York

Hood CC (1976) The limits of administration. Wiley, London

Hoyler T, Campos P (2019) A vida política dos documentos: notas sobre burocratas, políticas e papéis. Rev Soc Polít 27(69) (no prelo)

Hupe P, Hill M (2007) Street-level bureaucracy and public accountability. Public Adm 85(2):279–299

Lima L, D'Ascenzi L (2017) O papel da burocracia de nível de rua na implementação e (re)formulação da Política Nacional de Humanização dos serviços de saúde de Porto Alegre (RS). Rev Adm Pública 51(1):46–63

Lipsky M (1980) Street level bureaucrats. Russel Sage, Nova York

Lotta G (2015) Burocracia e Implementação de Políticas de Saúde. Editora Fiocruz, Rio de Janeiro

Lotta G, Favareto A (2016) Desafios da integração nos novos arranjos institucionais de políticas públicas no Brasil. Rev Sociol Polít 24(57):49–65. https://doi.org/10.1590/1678-987316245704

Lotta GS, Vaz JC (2015) Arranjos Institucionais de Políticas Públicas: aprendizados a partir de casos do Brasil. Rev Serv Público 66:171–194

Matland R (1995) Synthesizing the implementation literature: the ambiguity-conflict model of policy implementation. J Public Adm Res Theory 5(2):145–174
Maynard-Moody S, Musheno M (2003) Cops, teachers, counselors: stories from the front lines of public service. University of Michigan Press, Ann Arbor
Menicucci T, Marques A (2016) Cooperação e coordenação na implementação de políticas públicas: o caso da saúde. Dados 59(3):823–865
Møller MØ, Sommer Harrits G (2013) Constructing at-risk target groups. Crit Policy Stud 7(2):155–176. https://doi.org/10.1080/19460171.2013.799880
Oliveira VE, Lotta G (2014) Qualificando a recentralização: repasses e relações intergovernamentais no Brasil. Anpocs, Caxambu
Pires R (2009) Estilos de implementação e resultados de políticas públicas: fiscais do trabalho e o cumprimento da lei trabalhista no Brasil. Dados (Rio de Janeiro Impresso) 52:735–769
Pires R, Lotta G, Oliveira V (2018) Burocracia e politicas públicas no Brasil. IPEA/ENAP, Brasília
Pressman J, Wildavsky A (1973) Implementation. University of California Press, Berkeley
Pressman J, Wildavsky A (1984) Implementation: how great expectations in Washington are dashed in Oakland. University of California Press, Berkeley
Sabatier P (1988) An advocacy coalition framework of policy change and the role of policy-oriented learning therein. Policy Sci (2(1):129–168
Saetren H (2014) Implementing the third generation research paradigm in policy implementation research: an empirical assessment. Public Policy Adm 29(2):84–105. https://doi.org/10.1177/0952076713513487
Santos Nunes AC (2017) Análise de arranjos de implementação de políticas públicas de enfrentamento à violência contra mulheres em municípios de pequeno porte. Rev Serv Público 68(3):503–532
Souza C (2017) Modernização do Estado e construção de capacidade burocrática para a implementação de políticas federalizadas. Rev Adm Pública, Rio de Janeiro 51(1):27–45
Tummers L (2017) The relationship between coping and job performance. J Public Adm Res Theory 27(1):150–162. https://doi.org/10.1093/jopart/muw058

# Implementing Technology Policy as Higher Educational Teaching and Learning Tools

A. Vyas
Department of Mechanical Engineering, The Hong Kong Polytechnic University, Hong Kong, China

## Synonyms

E-learning; Higher education; Technological challenges; Technology policy

## Introduction

With the rapid development of technology in recent decades, it is a widely held view that the role of technology in the process of teaching and learning has become more and more crucial in higher education in Hong Kong. In 2001, UGC launched a review on higher education in Hong Kong and reported that technology is challenging us to acquire new skills to harness its powerful but demanding potential to enhance teaching and learning (Tung 1997). The need for staff in the sector to develop new skills to respond effectively to technological and other changes in higher education was also recommended. Therefore, the expectation of technology being adopted in higher education at all scales is very high realizing the demand in current situation as well as for future workforce (Blake 2013). Today, there are developed policies adopted in most higher education institutions having different terminologies but with common objectives regarding the use of electronic devices. The aim of these adopted policies has spectrum scaling from the use of information technology such as the Internet, online communications, laptops, smartphones, and institutional computers to social media such as Facebook, Twitter, or any other forum recommended by institutes (Kelly 2004; Mason and Rennie 2006; Jorge 2006; Kirkup and Kirkwood 2007). However, there are potential issues with educators utilizing a variety of electronic means and their implications of technology policy and its use (Becker 2013). In this chapter, the author reviews and reflects the significance and advancement in e-learning technologies and puts forward broader implications of technology policies and converses the educational technology opportunities. Also, reflections on the associated challenges in realizing opportunities that could impact teaching and learning in higher education

are discussed based on authors' accumulated years of experience in engineering education.

## Technology Policy and Its Barriers for Implementation

There are variations in the institutional structures, and the use of technology in these institutions can differ due to variation in various contexts such as their geographical location, disciplines, subjects, and class sizes, thus making it difficult for educators to formulate a policy that would fit all scenarios and contexts. It is individually in educator's hands whether or to what extent they want to use technology or electronic device in their teaching and thus cannot conform to a general institutional policy (Tindell and Bohlander 2012; de Freitas and Oliver 2006). Therefore, non-compliance to institutional policy due to reasons above leads to questions of its objectives.

In view of the adaptation of technology policy in higher education, it is important to show the birth of e-learning technology. Thus the significance and environment along with tools of e-learning are discussed here first. Later, the details of various technological scenarios and the use of diverse common technologies in engineering along with the associated challenges are also discussed.

## Why Is E-Learning Important in Higher Education System?

Today, information communication technology (ICT) has become a core system that manages peoples' wealth of information and knowledge. It has become the backbone of our education system, work place culture, and enterprises and has literally changed our way of living, communicating, learning, and entertainments (Kozma 2003; Hmelo Silver and Bromme 2007). ICT has become a popular platform as it provides electronic services to all sectors of work and education (Chiu 2005). It is also seen that progress in information technology and advancement in science and education create possibilities to generate e-learning environments (Khan 2005).

The necessity of engaging e-learning in higher education and its impact can be acknowledged only after we have understood the imperative needs and importance of applying e-learning in nowadays higher education system.

## Background of E-Learning Environment in Higher Education

### Birth of Systematic Learning Technologies

The birth of learning technology happened first in the 1900s, by introducing the film permitting the use of slides in classroom, in the future followed by invention of TV and radio that created the possibility of an asynchronous technology in the education system. Asynchronous methods affect the learning experience and make it more effective in a way that participants don't need to be online at the same time. Later on, in 2000s, the introduction of the Internet gave a new method of delivery in education termed as a synchronous technology where students are not required to gather in a classroom to get access to information (Garrison et al. 2004), instead, a mode of delivery where participants access coursework materials on their own schedule or present at the same time despite the participants located remotely. Later, the development of the Internet and application of Wi-Fi networks enabled the "web-based e-learning." The evolution of e-learning tools – the three major Internet generations – WEB 1.0, WEB 2.0, and WEB 3D, and mobile technologies that are now well embraced can be understood sequentially (Wang 2007; Pelet 2014).

### World Wide Web (WEB)

First generation, WEB 1.0, was introduced in 1991, characterized by a convergence of new computerized and networked technologies which enhanced the teaching and learning experience, giving choice to users with capabilities to opt for synchronized and asynchronized forms of interaction without any constraints. Multimedia as one of the new technologies and support browsers helped

us to organize and express the content in a new way such as animation and graphics.

Second-generation WEB 2.0 was introduced in 2004. It is more individualized, and the content can be created by public individuals instead of institutions, for example, the WiKi. Basically, mass interactive replaces mass communication, blogs, YouTube, and other social networks, all belong to this generation.

Third-generation WEB 3D introduced the 3D virtual worlds which enables e-learning with simulate virtual activities, such as operating theaters, production lines, etc. and used by many educational institutions for creating teaching and learning environments.

### Mobile Technology

Mobile technology is mostly used in cellular communication and many more applications including higher education enriching teaching and learning experience to new heights with a possibility of student participation in an online course and being able to access notes directly on their mobiles. This technology has changed education in more fundamental ways than just providing a new gadget that delivers information.

With the evolution in e-learning, new standards have been set for the role of a teacher demanding higher requirements of additional teaching skills and capabilities. Blended or integrated learning is being widely practiced in nearly all higher education institutions (Giesecke 2002). NACOL (North American Council for Online Learning) defined that "Blended learning should be viewed as a pedagogical approach that combines the effectiveness and socialization opportunities of the classroom with the technologically enhanced active learning possibilities of the online environment." E-learning enables full-scale diverse nature of communications such as email, discussion boards, online tutorial, supervision, feedback, and technical support services.

## Summarization of Progress in Technological Capability

Based on the general progress in technological capability, some of the opportunities that are now available in engineering education (Firoz 2014) are equipped with:

1. *Malleable Delivery*: Example – learn via video lectures, by reading texts, or by experimenting with simulations
2. *Upgraded Potential*: Example – annotation for pdf documents and media annotation tools for video/other media
3. *Interactive Engagement*: Example – engaging feedback processes to eliminate face-to-face dependency contact where location and time is an essential constraint
4. *Asynchronous Deployment*: Example – through the use of discussion boards, recorded lectures, and videos for laboratory preparation
5. *Courseware*: Example – via e-portfolio for collaboration between industry and students, a work-integrated education
6. *Onshore/Offshore Delivery*: Compliance of course materials delivered irrespective of location (onshore/offshore)

## Common Educational Technologies in Higher Engineering Education

A wide variety of educational technologies are available for providers of engineering education. Most common ones are mentioned in the following sections.

### Video

Presentation of information in the form of a recorded lecture and its use in education is possible due to the well-established technological capabilities. There are plenty of recorded lectures available and accessible via the Internet and other platforms. Out of these, there are many recordings from famous or very experienced professionals or professors from across the disciplines and across various sectors. The recorded lectures are commonly used in many universities. It is well noted that, when mentioning as a case in engineering, most lectures do not contain detailed concepts, such as safety standards or units used or even their suitable conversions. More so, in the context of content, the latest suitable development of the topics is also missing putting credibility at

stake. The impact of recorded lectures has penetrated in teaching and learning culture (Cummings 2012). It is true that these recordings do give students leverage from the need to travel to their university or even when they miss the lecture recordings, and there is a real back support. But their reliability for many reasons can be critical to students' experience. When the length of the videos as controversially argued is not in question, students' concentration however can be easily derailed if the content of the recorded lecture is not engaging. More so, in some cases, learning via classroom interaction when prompt raising of a question from a student occurs is lost. Short sequential videos on a topic can be fruitful. In addition, virtual reality tours/video episodes are also a very powerful tool that can be very well used to show concepts that may be otherwise be unavailable to students. Academics and professionals from various specialized fields or industries can inform students or learners about certain concepts of, for example, functioning of complex machines, mechanics of different structures, and so on. Such tools can help the learner to revisit and browse for important moments as and when the need arises.

### Simulations and Animations

Experiments in the laboratory environment give the students hands-on experience, understanding of the equipment, and get a sense of connecting to the machines and their operations. However, the accessibility of laboratories and equipment for various reasons does exist. Simulations mimic the experiments, and learning through it integrates the behavioral and technical skills into an environment where learners believe the setting is real. Simulations not only act as an additional tool to explain the machines but also allow the students to revisit the concepts of complex systems whenever required. It can represent the systems in several ways such as, in a scratch test, when a progressive load is applied on a surface of some component, the friction and the failure in terms of wear on the surface can be generated allowing it to show real-time responses. However, the time consumption to produce an effective simulation is comparatively large, and to make it work in different experimental situations can be a problem. There are simulations and animations available online on various topics which may be effectively incorporated in say engineering program, but their availability in the long run is not guaranteed. Simulation and animation should be considered as part of the pedagogical approach as it's a very effective learning method.

### Text Annotation

Annotation and markup have become important tools for information communication, retrieval, and management (Lian and Shaofeng 2010). Many educational institutes have opted for e-books which are readily available to the readers through the services provided by their organizations' libraries, as a consequence, leading to less use of printed material texts which was a sole conventional resource earlier. E-materials are easily accessible by the users in their personal gadgets such as mobile phones, laptops, iPads, etc. Students can annotate their printed materials such as giving comments, explanations, or even drawings. With the availability of annotation tools, for example, in Adobe Professional, the user gets control to alter, generate their own versions of e-materials such as underlining the important terms, write important words and their definitions, mark definitions and their meanings, mark where important information can be found with keywords and symbols, and add phrases. It also benefits the students to improve their skills. The annotator has the liberty to retain his copy and his annotations either private or his annotations can also be shared.

### Collaboration Tools

Collaboration between academics and students on- and off-campus is a traditional component of teaching and learning (Fatma and Nesrin 2015). It is convenient for the students to make appointments and attend to their difficulties in their work through discussions and find ways to overcome them. Several times, the meetings between both the academic and student cannot take place due to reasons where either or both of them may not have suitable time or place to meet. A convenient method to mitigate collaborative difficulties is to use online discussion boards. Students post questions which can be responded asynchronously. As

students work and learn together, therefore they are strongly encouraged to comment to any query that is posted, thus building strong collaborative networks within the class. In this way, being heard can give the feeling of importance and value to the students. This can minimize the academic need to respond to every posted question. It can also help shy students express themselves more. More so, there is no monitoring required by the academic to conscientiously keep track of discussion board just to make certain that no incorrect views or opinions are being shared or any other inappropriate activities are taking place. The performance of the students is certainly enhanced in an environment where a blend of classroom and online technologies is employed. However, it is known that unless the academic has a clear purpose for the discussion board, it is unlikely that a student will use it. In addition, sometimes, the student participation depends on the topic of discussion, and their contribution to quality discussion and the depth of learning can be compromised due to the nature of content; thus, it can be further improved by imparting better argumentation and integrative skills to students.

### E-Quizzing Tools

Assessment in education by employing web tool which is also known as e-assessment deals with the effective use of technology to support successful instruction. E-quizzing tool suited as a virtual learning environment and used for a formative assessment. One of the ways to use e-quizzing tools, for example, in a classroom, as a diagnostic assessment, the assessor can promptly receive student's current level of understanding before moving on to next topic or online quizzing can be used as a formal assessment or used as a self-assessment. It can also help provide information via feedback on the basis of which, if needed, necessary modifications can be made in order to improve teaching and learning. The online quizzes can be assessed automatically, giving the students rapid responses to their submission and relieving the academic staff of some of the labor of evaluating responses. It also helps enhance greater interaction between the teachers and their students.

### ePortfolios

ePortfolio enables students to create, manage, and share web-accessed electronic portfolios that document their knowledge, skills, and achievements from coursework and from extracurricular activities. For example, students from a course on introduction to engineering excel in their work and are proud of their design projects and consider it as worthwhile to post not only the final report but also consider posting photos and video of both the design process in action and the final product in their ePortfolios. These can be used to integrate feedback from concerned people such as academics or industry collaborators. Proper implementation of an ePortfolio is possible when academics are familiar with the objective and mechanism of using an ePortfolio. Feedback from external on internal reviewers can authenticate the material. Students should know how to authorize industry collaborators to review their portfolio. Using an ePortfolio can aid in their learning process (Kolb's 1984).

## The Challenges

There are several common challenges associated with the abovementioned opportunities. However, it should be the institutional priority to address the issues and challenges in order to achieve maximum benefits of the educational technologies. The common challenges center around:

1. Lack of adequate ongoing professional development for facilitators to be able to integrate appropriately the new technologies for teaching and learning.
2. Delivering teaching material via any new educational technology is misleading thus compromising teaching pedagogy.
3. Simulated environments as a replacement for "real" environments may offer only part of the "real" compromising important concepts misleading the true complexity.
4. For reasons, when network failures take place, the educational technology is compromised as backup strategies are not there.
5. Sometimes the applications of educational technology face an obstacle due to local logistical

problems associated with the upgradation of softwares, browsers, system speed, operating systems, sound cards, etc. compromising the effective teaching and learning environment.

## Conclusion

The reflections and reviews on implementation of technology policy are expressed as a discourse in this chapter which represent the experiences of the author in engineering education covering educational technology opportunities in higher education. With regard to technology policy, there is a need for both academics and students to enlighten themselves regarding the use of technology in higher education, and institutional policymakers could consider this in relation to their institutional priorities. Compatibility and experience of users and computer technologies are the key determinants of whether or to what extent the educational technologies can be properly exploited for instructional needs. In this relation, it also takes into account the common challenges confronted in implementing new educational technologies for teaching and learning that may obstruct the proper adoption of technologies and instead may negate technological opportunities if not met with adequate support.

## References

Becker D (2013) Anticipating the exception, not the rule: forming policy for student use of technology in the classroom. eJ Educ Policy (Fall) ERIC Number: EJ1158557; ISSN: EISSN-2158-9232

Blake RJ (2013) Brave new digital classroom: technology and foreign language learning. Georgetown University Press

Chiu et al (2005) Usability, quality, value and E-learning continuance decisions. Comput Educ 45(1):399–416

Cummings P (2012, September 29) World wide ed. Saturday Age Good Weekend

de Freitas S, Oliver M (2006) Does E-learning policy drive change in higher education? A case study relating models of organisational change to e-learning implementation. J High Educ Policy Manag 27(1):81–96

Fatma GS, Nesrin OD (2015) Online collaboration tools in education: Google docs sample. Anthropologist 20(1,2):187–196

Firoz A (2014) Using technology tools to innovate assessment, reporting, and teaching practices in engineering education. RMIT University, Australia. Engineering Science Reference, 386 pp

Garrison D, Cleveland IM, Fung T (2004) Student role adjustment in online communities of inquiry: model and instrument validation. JALN 8:61–69

Giesecke M (2002) The myths of the information age. Suhrkamp, Frankfurt a.M.

Hmelo Silver CE, Bromme R (2007) Coding discussions and discussing coding: research on collaborative learning in computer-supported environments. Learn Instr 17(4):460–464

Jorge G (2006) Ruiz and Brian Hagenlocker, peer reviewing E-learning: opportunities. Am Med Assoc 8(6):381–386

Kelly B (2004) Developing a holistic approach for E-learning accessibility. Can J Learn Technol. 3rd edn. 30 p 30

Khan B (2005) E-learning quick checklist. Information Science

Kirkup G, Kirkwood A (2007) Information and communications technologies (ICT) in higher education teaching – a tale of gradualism rather than revolution. Learn Media Technol 30(2):185–199

Kolb DA (1984) Experiential learning. Prentice Hall, Upper Saddle River

Kozma R (ed) (2003) Technology, innovation, and educational change: a global perspective. International Society for Technology in Education, Eugene

Lian D, Shaofeng L (2010) Markup in engineering design: a discourse. Future Internet (Open Access), pp 74–95

Mason R, Rennie F (2006) E-learning the key concepts. Routledge, London/New York, p 13

Pelet JE (2014) E-Learning 2.0 technologies and web applications in higher education (KMCMS, IDRAC International School of Management, University of Nantes, France) and Panagiota Papadopoulou (University of Athens, Greece). Information Science, 325 pp

Tindell DR, Bohlander RW (2012) The use and abuse of cell phones and text messaging in the classroom: a survey of college students. Coll Teach 60(1):1–9

Tung CH (1997) The 1997 policy address: building Hong Kong for a new era. Government Printer, Hong Kong

Wang YS (2007) Assessment of learner satisfaction with asynchronous electronic learning systems. Inf Manag 41:75–86

# Implication Study Methodology for Public Administration and Public Policy

Hassan Danaeefard
Faculty of Management, Tarbiat Modares University, Tehran, Iran

## Synonyms

Implication research; Implication study

## Definition

A study in which a public administration and public policy researcher studies a problem that requires analysis of the implications of a philosophy, theory, model, or idea for his or her field, field of study, or topic of interest; relies on the text of a philosophy, theory, model, or idea as a source of knowledge production; asks specific as well as broad questions; has the resulting data that is mostly extracted in the form of words (or propositions) from the texts; analyzes texts to enumerate contributions and implications from the origin of implications (a philosophy, theory, model, or idea); and conducts study in a subjective and reflexive manner.

## Introduction

This entry introduces a new label, "implication eliciting methodology," and grounds it within the debates on unobtrusive methodologies. Generally, "implication refers to the conclusion that can be drawn from something although it is not explicitly stated." There are various methodologies for conducting many kinds of research: for example, to examine the impact of on-the-job training on the productivity of human resources in public organizations, we require an experimental research methodology; to investigate the correlation between policy research and quality of public policy, we call for correlation studies; and to understand the culture of a group, an organization, or a society, we use ethnographic research. We can also construct a theory of employees' indifference in a public organization by a grounded theory design. To understand the essence of the experiences of citizens, we use a phenomenology strategy. The question is: *Which methodology will you adopt to research the "consequences of," "influences of," "applications of," or "implications of" a philosophy, a framework, a theory, a model, or an idea for public administration and public policy?* If you ask what your methodology is to study the "implications of critical realism philosophy" for *public administration and public policy*, what would your answer be? There is a shortfall of methodology to answer the question. The author has coined such studies "implication eliciting studies" and marked their methodology as "implication eliciting methodology." Given the interdisciplinary nature of *public administration and public policy*, this methodology can play an essential role in producing knowledge underlying those areas. This entry aims to introduce the methodology and discuss its significance, necessity, steps of conducting it in practice, and its evaluation quality.

## Theoretical Foundations of "Implication Studies"

The scientific community's objective of public administration and public policy fields is to articulate, improve, and expand public sector knowledge. The produced knowledge can generally be categorized into two general categories, positive and normative sciences, although there are some narrower categories. In general, a positive theory attempts to explain how the public administration and public policy work in a value-free way, while a normative theory provides a value-based view about what the public and public policy ought to be like or how it ought to work; positive theories express *what is*, while normative theories describe *what ought to be* (Velasquez 2018, p. 2500). The first category refers to the produced knowledge about *what is*. The outcomes of such scholarships are articulating, understanding, exploring, and explaining the function of an experimental phenomenon. Scholars in all paradigms (positivism, interpretivism, realism, pragmatism, complexity, and chaos) study "what is." Instead, the second category (for instance, critical theory) points to the knowledge produced about "what should be."

Although all paradigms are based on their methods to build positive and normative knowledge about their phenomenon of interest, there are different ways to produce disciplinary and interdisciplinary knowledge. Therefore, scientific communities deploy various strategies to create such knowledge. The academic disciplines, including public administration and public policy that have their domain (Becher 1994) and

different cultures (Lee 2007), study different subjects (Grieb 1974). Still, there are several ways for disciplines to interact with each other (Davis 2007) and gain insights from each other. So far, focusing on interdisciplinary knowledge (Pyenson 1997) has been the best way for disciplines to interact. Still, implication studies enable public administration and public policy to use insights into the knowledge of far and near disciplines to acquire their discipline knowledge. Therefore, the popular strategy is to borrow and derive from a study field to articulate, improve, or expand another study field. Borrowing is a general theory of practice among academic disciplines (Fellows and Liu 2020). Therefore, the knowledge exchange is mostly seen in inhomogeneous fields and sometimes heterogeneous ones. For instance, public and public policy comprise different disciplines (politics, economics, management, sociology, history, etc.). The homogenous disciplines of social sciences or natural sciences use the ideas of family fields. Heterogeneous fields of natural sciences and social sciences use each other as well. In this way, different disciplines can play a role in public and public policy growth.

Given that, all fields, including public administration, borrow concepts and theories from other areas in a way or so. Similarly, the public administration and public policy use ideas from fundamental fields such as psychology and sociology on the one hand and fundamental philosophies such as positivism, interpretivism, critical theory, postmodernism, chaos, complexity, and critical realism. In some fields, such borrowings are so popular that they balance their theoretical shortfalls by fundamental areas (like different philosophies). Such practice sometimes needs "horizontal borrowing," in which the scholars of public and public policy use concepts developed for studying other phenomena (Whetten et al. 2009).

The important question is: How to borrow insights from other areas with a vertical or horizontal position relative to ours? The source of such uses may be written or verbal works of the scholars of a field. They are the schools, philosophies, paradigms, theories, models, techniques, and scattered ideas that may be adopted. Although some disciplines are the main feeders of others, philosophical ideas or philosophical traditions are vast sources of impact on all disciplines (either social, natural, or art). Still, family fields may also learn from each other. The worth of any scientific work (philosophy, theory, model, idea) is in its hidden philosophical element (Agamben 2009). The philosophical element points to the inner potential of work, making it potent for expansion and development.

## Types of Implication Eliciting Studies in Public Administration and Public Policy

We can distinguish two dominant designs of implication eliciting studies: the systematic procedure and the emerging design.

### Systematic Implication Eliciting Research Design

In this research design, the researcher first devises a conceptual framework of a topic and seeks implications for each component from a discipline, philosophy, framework, theory, model, or ideas. For instance, the researcher places the policymaking cycle (e.g., Dye 1998) comprising (1) identification of problem, (2) agenda setting, (3) policy formulation, (4) policy implementation, (5) policy evaluation, (6) policy change, and (7) policy terminations as a basis for his or her implication study of complexity science for policymaking study. In this case, there must be a correspondence between contributions (critical points of complexity science) of complexity theory and implications of each contribution for each component of the policymaking cycle. Most implication studies focus on this approach, but there is an emerging approach in some cases.

### Emerging Implication Eliciting Research Design

In this research project, the researcher raises a general question to determine what ideas a particular philosophy, theory, or model has for its field of study. For example, what guidelines or implications does critical realism have for general

policymaking? After studying, it becomes clear that critical realism has implications for the process of policymaking, analysis of public policies, and evaluation of public policies.

## The Steps of Implication Eliciting Study Methodology

The methodology is the process of conducting research (Creswell 2015), and the method is the tools used for different steps of methodology. In other words, the method is simply a research instrument. The methodology is the justification for using a particular research method. The term "methodology" is used for implication studies as different methods may be used for different phases of such studies. The methodology of implication research can justify using specific methods in the stages as a theoretical framework. Although it is essential to follow some research steps, the process is not carried out in the nonlinear irreversible form in practice. Still, there are backward and forward movements between steps to accomplish a more reliable and valid outcome. Implication eliciting studies pass through phases, but those steps are not linear in general, and there is a frequent trade-off.

### Determine the Suitability of Implication Eliciting Study

"Implication research methodology" is suitable for studies where you decide to elicit primary guidelines for your research area or field of study from contributions of a general or sometimes specific field, a school, a philosophy, a framework, a theory, a model, or an idea. Therefore, this methodology does not seek experimental research (exploring, explanation, and understanding) because its objective is eliciting implications. It, therefore, seems suitable where the researcher is looking for borrowed knowledge. The "implication eliciting methodology" is applicable for researchers capable of cognitive organizing and eliciting ideas from other fields to use in their specialty. These people have a good mastery of the origin field (philosophy, framework, theory, or model) because eliciting critical ideas from other areas to be adapted is too difficult for novice researchers. To achieve success in this methodology, the researcher should master qualitative research methodology, in particular quantitative research.

### Determining the Source of Eliciting Implications

Generally, there is an exporting and an importing source of ideas in "implication eliciting research." For instance, public administration and public policy is an importer of sociological concepts to its research domain. The public administration and public policymaking (importer) seek guidance from critical realism (exporter) to boost its knowledge.

### Defining a Process for Extracting Implications

As the purpose of "implication eliciting research" is to devise the implications of key ideas from philosophy, a framework, a theory, or a model for the applicant's field, it is necessary to identify and determine an ad hoc primary process for "implication research." The process may change during the research, but the researcher needs a procedural outlook. The process must originate naturally from the research problem and questions to validate the implications.

### Determining a Conceptual Framework for the Destination of Application of Implications

The first question that arises for the implication researcher is what topics the implications are focused on. In other words, what do you mean when it is said that the researcher wants to draw the implications of critical realism for the public administration and public policy?

In such a case, the researcher has two choices to choose from:

1. **Systematic approach**: The researcher articulates a conceptual framework for borrowing ideas from the lender and elicits appropriate implications for each of the conceptual research components. Going back to the example of critical realism's implications, the researcher selects the policymaking cycle (identification of a problem, agenda-setting,

policy formulation, policy implementation, policy evaluation, policy change, and policy termination) and asks critical realism about implications for each of the components.

2. **Emerging approach**: The approach allows the lender to shape the implications of a discussion topic without a predefined conceptual framework. In other words, the implications address the subject and its components on an emerging basis. Therefore, different implicative propositions may be elicited, not necessarily based on the predefined conceptual framework.

### Choosing a Theoretical Sampling of the Source of Taking Implications

The critical point in collecting data for "implication eliciting methodology" is focusing on data enabling you to shape quested implications. Although "implication eliciting researchers" and theorists may use different types of data (interview, text analysis, etc.), many researchers rely on written texts in the best possible manner to elicit implications. A characteristic of "implication eliciting research" is that the researcher embarks on collecting data more than once because he returns to his/her data source to collect richer and more data. Therefore, the process does not have a precise timeline, and the researcher continues to collect data until the implications are sufficiently comprehensive. The sampling of texts is theoretical. Therefore, he/she selects a text or interview to help theorize the intended implications. Thus, theoretical sampling is, knowingly or unknowingly, used in "implication eliciting researches."

### Eliciting the Contribution of the Source of Taking Implications

The key question in "implication eliciting research" is the implications of this philosophy, framework, theory, model, or old or novel ideal for public administration and public policy. In this line, the researcher may study firsthand resources and ultimately elicit a conceptual framework from critical realism ideas. The final point is that the elicited contributions may be uttered through propositions or expressions. The researcher must define the primary or secondary source of such contributions in one or several paragraphs to elicit his intended implication in its light.

### Validating the Contributions of the Source of Implication

The validity of contributions is linked to the scholar's scientific credibility, and the scientific community will judge the contribution over time. Undoubtedly, the number of citations made to the contribution in different works confirms the contribution's validity. A scholar's contribution indicates his/her credibility, and its essential credibility relies on the reasons behind that contribution. A practitioner or a researcher wishing to select a systematic approach for selecting contributions may follow another path.

### Fitting Contributions of the Source of Taking Implications and Conceptual Framework of the Destination of Application of an Implication

Now that the elicitations' contributions are clear, if the researcher has determined a conceptual framework from receiving source, correspondence should be made between them. The researcher may draw a table and illustrate the connections.

In this style, the systematic approach is suitable. And the framework of contributions is compared to the conceptual framework. Sometimes, an emerging approach is adopted. There is no predefined conceptual framework here. The researchers allow data to show their emerging implications. There may be a predefined conceptual framework in this case, but the elicited implications may not cover the overall conceptual framework.

### Eliciting Intended Implications

The researcher writes down the implications at this stage. The implications may be elicited in two states. The first time original implications and the previous implications expanded by the researcher. The former indicates an implication research, which is conducted for the first time on a given topic. All elicited implications are innovative, but there may have been rare cases of implication research on a topic. Having said all

this, the core of "implications eliciting research" is embedded in this phase because previous steps provide the ground for this step.

### Validation of Elicited Implications

The validity of elicited implications for essays sent to academic journals will be determined by peer review. On the one hand, the logic of implications and their citation power may be decisive in determining their validity. Therefore, the researcher can evaluate the level of agreement or disagreement of the experts in the field of study by compiling a questionnaire consisting of the contributions (critical points) and their elicited implications and the reasons for their opposition. The researcher can report the experts' contributions and explanations in the form of a table or narrative propositions and ask them to express their general opinion. Meanwhile, any researcher criticizes the implications based on his assumption based on Weick's (1989) tradition and tries to present plausible and justifiable implications.

### Reporting the Research Report

Research chapters of implication study can be listed in this manner:

1. Chapter I: Introduction
   - Introduction
   - Problem statement
   - Primary research methodology
2. Chapter II: Literature Review
   - Descriptive review of research literature
3. Chapter III: Research Methodology
   - The process of conducting research
4. Chapter IV: Analysis of Research Data
   - Contributions
   - Implications
5. Chapter V: Discussion and Conclusion
   - General findings of the research
   - Explanation of findings
   - limitations
   - Future researches

## Conclusion

We claim that many public administration and public policy studies gain insights from the philosophies, theories, models, and ideas of other disciplines and fields. These insights can be the source of expanding knowledge in various areas of public administration and public policy. Many of these insights have become rich books in the field of public administration (e.g., Ongaro 2020) and public policy (e.g., Morcol 2012). Although the methodology of obtaining implications by the authors of these works is not transparent, all of them have implication research characteristics. On the other hand, implication studies are the beginning of research on new topics (philosophies, theories, and ideas) that scholars and researchers seek to bring into management. Accordingly, works whose essence is implication research are the basis of empirical research in public administration and public policy.

## References

Agamben G (2009) What is a paradigm. Filoz Vestn 30(1): 107–125

Becher T (1994) The significance of disciplinary differences. Stud High Educ 19(2):151–161

Creswell J (2015) Educational research: planning, conducting, and evaluating quantitative and qualitative research. Pearson, New York

Davis L (2007) A grand unified theory of interdisciplinarity. Chron High Educ 53(40):B9

Dye TR (1998) Understanding public policy. New Jersey: Upper Saddle River, N.J.: Prentice Hall

Fellows R, Liu AMM (2020) Borrowing theories: contextual and empirical considerations. Constr Manag Econ 38(1):1–8

Grieb KT (1974) Area studies and traditional disciplines. Hist Teach 7(2):228–238

Lee JJ (2007) The shaping of the departmental culture: measuring the relative influences of the institution and discipline. J High Educ Policy Manag 29(1):41–55

Morcol G (2012) A complexity theory for public policy. Routledge, London

Ongaro E (2020) Philosophy and public administration: an introduction. Edward Elgar, Cheltenham/Northampton

Pyenson L (1997) Disciplines and interdisciplinarity in the new century. Center for Louisiana Studies, University of Southwestern Louisiana, Lafayette

Velasquez M (2018) Normative theory versus positive theory. In: Kolb RW (ed) Encyclopedia of business ethics and society. SAGE, Thousand Oaks, pp 2500–2501

Weick KE (1989) Theory construction as a disciplined imagination. Acad Manag Rev 14(4):516–531

Whetten DA, Felin T, King BG (2009) The practice of theory borrowing in organizational studies: current issues and future directions. J Manag 35(3):537–563

# Implicit Leadership Theories

Birgit Schyns[1] and Ronald E. Riggio[2]
[1]Durham University, Durham, UK
[2]Claremont McKenna College, Claremont, CA, USA

## Synonyms

Leader Image; Leader Prototype

While leadership is often seen as what leaders do, more recent work in this area acknowledges that leadership is a process of interaction between different actors (i.e., leaders and followers) and the environment. This notion of a process of interaction leads straight to the question of what shapes this interaction. Why do leaders behave the way they do? Why do followers react the way they do?

One way of looking into this question is to turn to implicit leadership theories. Implicit leadership theories (ILTs) are everyday theories that individuals hold about leaders in general (or ideal leaders). They are mental representations of leaders and influence how an individual acts toward leaders or as leaders based on these cognitive representations. These cognitive representations are similar to stereotypes, in that they are stored in memory and will be activated when the person meets an individual whose characteristics and behavior matches their implicit representations of a "leader." (Kenney et al. 1996) Leaders act in ways that they believe are consistent with their cognitively constructed leadership role. At the same time, implicit leadership theories shape the expectations and reactions of followers toward leaders.

Implicit leadership theories develop early in life (Ayman-Nolley and Ayman 2005), and are relatively stable, although they may change and be modified with experiences. Parents, as the earliest "leadership" figures that most children encounter, likely play a big part in the formation of ILTs. Some recent research suggests that implicit leadership theories of a prototypical leader are affected by how an individual perceives himself or herself (i.e., the "ideal leader" has characteristics and qualities similar to those possessed by the individual, Keller 1999). However, we know little as to how implicit leadership theories might change over time, but we can assume that a young child's parent prototype leader and the accompanying implicit leadership theories are replaced by prototypes of famous historical leaders and shaped by work experience (we will return to this point later).

While ILTs can be different for different individuals, research has shown that there are some aspects of implicit leadership theories that are shared within a particular culture. The GLOBE study has mainly focused on finding similarities between cultures, while another research has investigated idiosyncrasies in implicit leadership theories across cultures. An important differentiation here might be that GLOBE concentrated on ideal images of leaders (i.e., what is characteristic of successful leaders in a culture) where other studies used a reference to general leader images (i.e., what is characteristic of a typical leader, Schyns and Schilling 2011). This differentiation is important to keep in mind when conducting work on implicit leadership theories as the images of ideal versus typical leaders only overlap for some people but less so for others.

While most research on ILTs focuses on a differentiation between leaders and non-leaders, in their seminal work on implicit leadership theories, Robert Lord and his colleagues argue that implicit leadership theories can vary depending on the sector or business. For example, if a person is told that a leader is the Chief Executive Officer of a large bank, the expectation as to what this person will be like is different than if the leader is the coach of a sports team, or a political leader, although some general leadership characteristics will be the same. We now turn to look at why implicit leadership theories are important in the context of the leadership process.

## Effects of Implicit Leadership Theories on Perceptions and Attributions

One question that researchers and practitioners often ask is how do certain individuals become leaders and how do others become followers?

Implicit leadership theories can help us understand this process. Scott DeRue and his coauthor Susan Ashford (2010) describe this as a claiming and granting process: Some people claim the leader role, while others (followers) grant that individual the leader role. Conversely, individuals may make the decision to follow a leader and are accepted by the leader as followers, using the same claiming and granting process. So, why are some people granted the leadership role, while others are not "granted" leadership? According to implicit leadership theory, individuals use their cognitive representations as a guide in this process. The leadership role will be granted, if there is a match between (followers') implicit leadership theories and the target person's qualities and behaviors but will not be granted if there is no match. At the same time, if persons feel that they do not possess the qualities and behaviors that match their own implicit leadership theories, they are less likely to be motivated to claim leadership.

Turning now to exciting relationships between leaders and followers, another issue that leadership researchers and practitioners are interested in is influences on ratings of actual leaders. Here implicit leadership theories are useful to understand why leadership ratings do not (only) reflect leader behavior but are also a reflection of our images of leaders.

Specifically, our implicit leadership theories can mislead us in a number of ways. For example, imagine that you are told that you will be meeting the governor of a distant state. According to ILT, you will have formed expectations about what this leader is like – he is male, tall and distinguished, and confident. Instead, you are introduced to a diminutive woman who is, in fact, the governor. Now imagine that you are asked to rate how effective you think she might be as a leader. Your ILT will likely shape and bias your evaluation of this leader. Because of the mismatch between your implicit leadership theories and the actual leader, you might be less likely to assume that the person you just met is an effective leader.

Implicit leadership theories are therefore problematic in terms of ratings of leaders when it comes to performance. This is particularly the case when leader assessments involve retrospective ratings of leaders – asking raters to assess the leader's performance over the past months or year (s). This requires relying on memory and can be colored by implicit leadership theories to fill in the gaps in recollections. That is, raters "remember" behavior that fits with their implicit leadership theories but has not actually been shown by the leader. In other words, what is reflected in those ratings is likely to be a combination of actual behavior shown and expected behavior based on implicit leadership theories.

This means that implicit leadership theories are also used to fill in gaps in knowledge. How does this process work? For example, Lord et al. (1984) suggest that when one particular leadership behavior is observed, a perceiver will often assume that another leadership behavior was also present. This has obvious and severe consequences for the way we measure leadership. Typically, leadership is assessed by asking followers to rate the frequency with which a leader shows a particular set of leadership behaviors. But implicit leadership theories suggest that if followers have positive regard for their leader, then they are likely to report that their leader actually performed positive leadership behaviors. In other words, because of their implicit theories, they simply assume that their leader would exhibit the desired behaviors. Thus, implicit leadership theories suggest that dimensions of ILTs are connected to one another in a network style. When one dimension of an ILT is activated, another dimension is also activated.

The problem of measurement in leadership does not stop at leadership behavior. Indeed, implicit leadership theories are also related to ratings of leader performance. An interesting series of studies has shown that our implicit leadership theories work in more ways to "deceive" us when we observe performance: Lord and Maher (1991) have shown that information given about a group's performance influences the amount of leadership that is attributed to the leader of that group, even when the actual behavior of leaders was not different in a high-performing versus a poorly performing group. We conclude, from the simple fact that a group does or does not perform

well, that leadership must have been present and must have had an effect.

This tendency to assume (good) leadership on the basis of good results seems to be prevalent in evaluating leadership on the basis of company success as well. For example, the very same leader can be judged very differently depending on the success of the company he/she works for. We appear to make retrospective assumptions and evaluate the same behavior as good or bad depending on the results or outcome (what is often termed the "Halo effect," Rosenzweig 2007). Similarly, Meindl (1990) introduced the concept of romance of leadership, arguing that there is a general tendency to attribute a great deal of the success or failure of teams or companies to leaders, which might prevent a deeper analysis of the actual complex interaction of factors that lead to success or failure. In other words, there is a tendency to over-attribute cause to the leader and pay less attention to the efforts of the followers or the characteristics of the situation that impacted group or company performance.

Similar to evaluations of a leader's effectiveness, a match between individuals' implicit leadership theories and their perceptions of their leader seems to influence how they rate their relationship with their leader (Epitropaki and Martin 2005). For example, followers with leaders who fit their ILT will tend to have higher levels of satisfaction with the leader and their relationship with him or her, and they may be more committed and dedicated to the team and organization and more motivated to work hard. Conversely, a poor match between a follower's ILT and the leader's qualities and characteristics can lead to lower levels of satisfaction, commitment, and motivation to perform.

Again and taken together, this mismatch between ILTs and actual leader characteristics can lead to a great deal of bias and prejudice. If an individual holds an implicit leadership theory that the best leaders are male, or of a certain ethnic or cultural background, it can affect how willing the individual is to grant leadership, or how the person reacts to a specific leader, based solely on how well the leader fits the individual's ILT. This has important implications for the ability of members of minority or marginalized groups to attain leadership positions and, perhaps, to how a leader is evaluated. Cultural differences in ILTs can also come into play in multinational organizations when a leader has a different cultural or ethnic background than the majority of followers.

There is little doubt that implicit leadership theories play a part in why there are relatively few women and minorities in high-level leadership positions in the United States and elsewhere. Of course, as times change and greater numbers of women and minorities attain positions of leadership and are successful in them, the ILTs of people may also change and lead to a broader implicit theory about what leaders should look like in terms of their sex and ethnicity.

The above cited research suggests that most ratings of leaders and leader behavior as well as their performance are inaccurate and lack objectivity because they are largely influenced by the rater's implicit leadership theories. In fact, a challenge for the future of implicit leadership theory research is developing accurate ways of measuring leadership effectiveness that do not rely so much on others' ratings of leader performance. Therefore, we will now turn our attention to the measurement of implicit leadership theories.

## The Measurement of Implicit Leadership Theories

Measurement of implicit leadership theories has been traditionally undertaken by using questionnaires and asking participants to rate how representative a certain trait is for a typical (or ideal) leader. While this approach has been useful in increasing our knowledge of implicit leadership theories and underlying processes in leadership, it has been criticized for not tapping into the "implicit" aspect of implicit leadership theories adequately. As a result, alternative means of measuring leadership have been proposed.

One way of looking into implicit leadership theories and gender biases is by not measuring implicit leadership theories and gender stereotypes at the same time. Research has used a design where groups of individual are asked to rate the

characteristics of "manager/leader," "male manager/leader," and "female manager/leader." Participants are usually divided into groups and asked to rate a large number of characteristics referring to either typical leaders, typical men, or typical women. Researchers then look for an overlap (or lack thereof) between gender and leader stereotypes (or implicit leadership theories). Results tend to indicate that the ratings of the unspecified manager are more similar to ratings of "male manager." This has been termed the think-manager-think-male bias (Schein 1973). Note that, in this case, the first group is the comparison group so that participants should be less likely to respond in a socially desirable way than if they were asked about all groups at the same time.

To get deeper into the implicit aspect of implicit leadership theories, Lord and colleagues have suggested using word fragment tests. Here, participants are presented with short words with some of the letters missing and are asked to fill in the missing letter or letters. The word fragments are structured so that they can be filled in in different ways, creating different words. The assumption is that what comes into the mind of the participants first when seeing the word fragment is nearer to his/her implicit leadership theories.

Though to date mostly used in research on stereotypes, implicit association tests could also potentially be used in implicit leadership theories research. In this type of assessment, what is assessed is the reaction time to two connected stimuli. To study implicit leadership theories, these stimuli could be composed of characteristics typical for leaders and non-leaders. Participants would then be given a number of such characteristics and asked to indicate by pressing a key if this is typical for a leader or a non-leader. Quicker reaction times could then be used to determine the contents of a person's implicit leadership theories.

An approach that taps less into the measurement of implicit leadership theories, but more into what we actually do with what we have assessed, is the pattern approach. Here, what is investigated is the extent to which people differ in how their implicit leadership theory dimensions cluster together. Roseanne Foti et al. (2012) have conducted seminal work in this area which can be easily translated to implicit leadership theories research. Here, respondents can be asked about their implicit leadership theories, but rather than using individual dimensions of implicit leadership theories, the participants are then divided into types based on their implicit leadership theories pattern. Thinking about the connectionist approach to implicit leadership theories, that is, that we remember behavior that is not there because it in our implicit leadership theories connected to another behavior that is actually shown, a pattern approach can be used to improve our knowledge on biases in leadership perception. That is, when some people hold implicit leadership theories consisting of a pattern of including, say, high values on the dimensions intelligence and dedication, they are more likely to rate their leader as intelligent when they have only been able to observe behavior related to dedication, as, in their minds, these two dimensions are connected.

There has been some research exploring another type of implicit theory, what Sy (2010) calls "implicit follower theory." This is interesting here because some of this research has used a different methodology than the classical approach used in implicit leadership theory research. Specifically, in this research implicit followership theories are primed by exposing them to pictures with words associated with good or bad followership. While this is slightly different from assessing implicit theories, it is a promising new approach to investigate the role of short-term induced implicit theories on subsequent behavior.

So, how can we improve ratings of leaders, knowing that implicit leadership theories influence those ratings? A first step would be to assess implicit leadership theories in a group of followers and control for them in ratings for leaders, before giving feedback to leaders. At the same time, knowing about implicit leadership theories of their followers might help leaders to more successfully engage in a claiming leadership process.

It also has been suggested that using "online" assessments, on a more frequent and ongoing basis, might minimize the bias induced by implicit leadership theories. That is, rather than using, say,

a yearly 360° feedback process, followers could be asked every week for a few weeks in a row how their leader behaved in that week. This reduces the reliance on memory processes because the period that is rated is shorter.

## Future Research

Most research into implicit leadership theories focuses on the dimensions and structure of implicit leadership theories, on the match between implicit leadership theories and actual leader perceptions, or on the effect implicit theories have on leader-follower relationships. It would be interesting, however, to look further into other effects of implicit leadership theories, such as the potential for team members' reduced effort when their implicit leadership theories do not match their perception of a leader. Another avenue for exploration is the negative effects implicit leadership theories may have on the relationships between leadership perceptions and outcomes.

As outlined above, the measurement of implicit leadership theories is potentially another area for future research as, at this moment, we are not tapping sufficiently into the more implicit, subconscious aspects of implicit leadership theories. One concern in terms of measurement relates to social desirability bias, although this may be less of a concern in the area of leadership, as compared to research on other types of stereotypes. It would be interesting to see how far implicit measurements can help improve the predictive capabilities of implicit leadership theories.

While Ayman-Nolley and Ayman have shown that already children have implicit leadership theories and Keller links them to parental images and ideal images of the self, we know very little about the origin and, linked to that, changeability of implicit leadership theories. Implicit leadership theories have been linked to experiences, but does that mean that there is an incremental change in implicit leadership theories over one's work life or are changes potentially short lived and individuals fall back on their "original" implicit leadership theories after a while? If we can prime implicit followership theories, does that mean we can create experiences that permanently change a person's implicit leadership theories? And what would those experiences be? Would they have to be directly linked to leader behavior (i.e., change the contents) or to the link between leadership and behavior (i.e., change the assumption that leadership is responsible for outcomes) or the link between dimensions of implicit leadership theories (in the sense of creating a different network of connections)? This type of future research would help addressing how to improve leadership perceptions by reducing biases based on implicit leadership theories.

Implicit leadership theories seem to have become the starting point for other implicit theory research. Examples include implicit followership theories that operate when describing typical followers. Again, implicit followership theories will impact follower and leader behavior and how they interact with each other. For example, if a leader thinks of followers in general as incompetent, he/she will be less likely to delegate to followers.

Another example are implicit voice theories (Detert and Edmondson 2011) which refer to assumptions about whether or not it is appropriate in a certain organizational context to speak up or not. Again, these happen between leaders and followers and influence their interactions with each other.

## Summary and Conclusions

Implicit leadership theories are cognitive structures or everyday stereotypes about leaders that are activated when we are confronted with a "leader." They influence perceptions and evaluations of leaders and are therefore possibly responsible for measurement error as well as incorrect feedback to leaders or issues in the selection of leaders when someone does not fit the implicit leadership theories of their (current or future employees).

The interesting issue regarding implicit theory and implicit leadership theories specifically is the very fact that they are implicit and yet still bias perceptions and shape interactions. Since they work similarly to stereotypes, we can assume that they are relatively stable (even when there is

evidence of counter-stereotypical information) and they are potentially difficult to change. However, this is a point where more research is needed to examine this assumption. Leadership research could benefit from taking into account implicit leadership theories more fully when asking followers to rate leaders, therefore improving the feedback given to leaders. At the same time, making leaders aware of implicit leadership theories, their followers could potentially help improve relationships between leaders and followers as well as the process of "granting" influence.

Implicit leadership theories are also relevant when drawing conclusions about the relationship between leadership and success or failure. A more thorough knowledge about how implicit leadership theories shape our assumptions can help facilitate better change processes which go beyond simply hiring and firing managers because they are believed to be solely, or primarily, responsible for performance outcomes.

## Cross-References

► Group Power and Leadership
► Leadership in Organizations

## References

Ayman-Nolley S, Ayman R (2005) Children's implicit theories of leadership. In: Schyns B, Meindl JR (eds) The leadership horizon series: implicit leadership theories – essays and explorations. Information Age Publishing, Greenwich, pp 227–274

DeRue DS, Ashford SJ (2010) Who will lead and who will follow? A social process of leadership identity construction in organizations. Acad Manag Rev 35:627–647

Detert JR, Edmondson A (2011) Implicit voice theories. Taken-for-granted rules of self-censorship at work. Acad Manag J 54:461–488

Epitropaki E, Martin R (2005) The moderating role of individual differences in the relation between transformational/transactional leadership perceptions and organizational identification. Leadersh Q 16:569–589

Foti RJ, Bray BC, Thompson NJ, Allgood SF (2012) Know thy self, know thy leader: contributions of a pattern-oriented approach to examining leader perceptions. Leadersh Q 23:702–717

Keller T (1999) Images of the familiar: individual differences and implicit leadership theories. Leadersh Q 10: 589–607

Kenney RA, Schwartz-Kenney BM, Blascovich J (1996) Implicit leadership theories: defining leaders described as worthy of influence. Personal Soc Psychol Bull 22: 1128–1143

Lord RG, Maher KJ (1991) Leadership and information processing: linking perceptions and performance. Routledge, Boston

Lord RG, Foti RJ, De Vader CL (1984) A test of leadership categorization theory: internal structure, information processing, and leadership perceptions. Organ Behav Hum Perform 34:343–378

Meindl JR (1990) On leadership: an alternative to the conventional wisdom. Res Organ Behav 12:159–203

Rosenzweig P (2007) The halo effect. Simon and Schuster, London

Schein VE (1973) The relationship between sex-role stereotypes and requisite management characteristics. J Appl Psychol 57:95–100

Schyns B, Schilling J (2011) Implicit leadership theories: think leader, think effective? J Manag Inq 20:141–150

Sy T (2010) What do you think of followers? Examining the content, structure, and consequences of implicit followership theories. Organ Behav Hum Decis Process 113:73–84

# Improving Energy Sector Accountability in Trinidad

Debbie A. Mohammed
University of the West Indies/Arthur Lok Jack Graduate School of Business, St. Augustine, Trinidad and Tobago

## Synonyms

Responsibility mining sector; Upgrading

## Definition

Accountability is the obligation of power holders to take responsibility for their actions.

Transparency in terms of being without a hidden agenda and conditions.

## Introduction

"Accountability" has now become a "buzzword" among members of the international community and associated with it are words like "transparency" and "good governance." These words are

increasingly linked to the conduct and practices of corporations as well as governments, since they appear to have significant correlation to issues of profitability, equitable distribution of resources, national development, and resource sustainability. One of the areas where these words form part of corporate reality is in the sphere of the extractive industries sector. This chapter explores the manner in which the Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) can contribute to improving accountability within the energy and quarrying sectors of Trinidad and Tobago. The issues implicated here are that:

1. As it currently stands, there exist questions in terms of accountability within the energy and quarrying or mineral sectors.
2. The TTEITI has a role to play in finding the solutions to these problems.

## Background and the Significance of the TTEITI

In 2002, the then prime minister of the UK, Tony Blair, launched the Extractive Industries Transparency Initiative (EITI), a global endeavor aimed at promoting elements of good governance – transparency and accountability – within the extractive industries, which include oil, gas, and mining. This goal is achieved by independently verifying that payments made by companies to governments of those countries in which they operate match revenues reportedly received by governments. The EITI "contributes to consolidating and improving governance in resource rich countries, fights corruption, reduces conflicts and encourages increased foreign direct investment" (Trinidad and Tobago Extractive Industries Transparency Initiative 2016).

On March 1, 2011, Trinidad and Tobago was admitted to membership with EITI candidate country status and as of January 23, 2015, is classified as an EITI compliant country, one of the 28 other compliant countries of the 51 EITI member countries. As a member of the EITI, the Government of the Republic of Trinidad and Tobago publishes annual reports, and if any discrepancies are found between the figures that it reports and those published by companies operating in the country, it inherently agrees to allow an independent investigation to be conducted for which the results will be made public. (Trinidad and Tobago Extractive Industries Transparency Initiative 2016). The TTEITI Steering Committee was established by the Trinidad and Tobago Cabinet in September 2011 with the objective of making Trinidad and Tobago a compliant country by August 2013, the date set by the EITI. The TTEITI Steering Committee comprises representatives from the government, civil society, and energy companies and recently included representatives of the quarrying sector.

The importance of an institution like the TTEITI cannot be overstated in an energy-driven economy such as Trinidad and Tobago. Given its contribution to the domestic economy, 36.2% of GDP (invesTT 2016), the energy sector is a major determinant of the pace and trajectory of this country's development. It is imperative, therefore, that all the stakeholders in the development of Trinidad and Tobago – government, corporate entities, civil society, and the average citizen – be aware of how the local energy sector is contributing to the improvement of the country's overall standard of living. Furthermore, all stakeholders must feel satisfied that energy companies conform to international standards of best practice, not only in terms of environmental and resource responsibility but also that national resources reach all in society, particularly impacted communities, the poor, and vulnerable.

When a practice of accountability, transparency, and governance across public and private sectors develops and is accepted as a norm by all parties, inclusive of citizens, this eventually and inevitably translates to improved understanding of the role and function of government and empowers the citizenry to monitor and hold representatives accountable. This strengthens the democratization process which positively impacts all stakeholders in a society. The added involvement of sensitized multi-stakeholders invariably contributes to more effective and targeted policy making and implementation since policy makers not only understand that they are accountable to the citizenry, but they recognize the need to allocate limited resources fairly, so that benefits

accrue to all, particularly the most vulnerable. In this way, policies relating to growth, development, and sustainability become more meaningful. Greater awareness by citizens of the monetization of the country's resources and how the revenues generated from these resources are utilized and are fundamental component for building transparency and for promoting more meaningful development-related policies for the future.

## What Is "Accountability"?

"Accountability" as a concept has become popular in a globalized economic system where the impacts of irresponsible behavior on the part of corporations can have tremendous financial implications not only on shareholders but on countries globally. Accountability, while initially used in the context of corporate entities, has been extended to include governments and public enterprises and can be defined as "the obligation of power holders to take responsibility for their actions." It underscores "the dynamics of rights and responsibilities that exist between people and the institutions that have an impact on their lives" (United Nations Development Programme 2013).

While accountability itself may be considered from different perspectives, the point of focus here will be on social accountability and corporate accountability. An exploration of these will help to create a more holistic understanding of the relationship between accountability and the Trinidad and Tobago energy sector. Moreover, as the issue of sustainable development is considered at the global level, understanding the general concepts surrounding accountability in the energy sector will allow for a clearer understanding on the part of citizens of their civic duty in terms of both their rights and responsibilities in policy implementation and execution, as well as the role that could and should be played by the TTEITI.

## Social Accountability

According to the World Bank, social accountability extends beyond conventional state mechanisms, such as voting, into other instruments that citizens can utilize to directly "hold the state to account" (World Bank 2006). Social accountability may be one of the more vital kinds of accountability as there is an importance placed on citizens' involvement in the affairs that directly affect them.

## Corporate Accountability

Corporate accountability may be considered as "the ability of those affected by a corporation to control that corporation's operations," including environmentally and socially related responsibilities (Friends of the Earth 2005). The difference between social and cooperate accountability is that the latter carries with it the weight of a legal obligation: not only are companies expected to act in a manner that places the well-being of the rest of the society at the forefront, but they are obligated to create and adhere to a legal framework which allows them to do so; nonadherence, therefore, can have legal ramifications. While this may sound straightforward in theory, in reality this is quite complicated, as companies are being asked to balance their raison d'etre – the drive to attain profit – against global and national sustainable development objectives.

## Accountability in the Trinidad and Tobago Energy and Mineral Sectors

The revenues gained from the energy sector account for about 34.9% of Trinidad and Tobago's GDP (Ministry of Energy and Energy Industries 2016). Most of this comes from the oil and gas sector. In more concrete terms, the EITI report published in 2016 shows that in 2013, the Trinidad and Tobago government received USD 3,305,270,000 (or TTD 21.4 billion) from its extractive industries (Kjerstin and Ponsford 2016). Indeed, reports published by the TTEITI for 2013 and 2014 showed minor discrepancies in reconciliation of revenues reportedly received by the government for these years and payments reportedly made by energy companies. These discrepancies were explained by the independent auditing firm undertaking the reconciliation as relating to issues of payment cycles of the national tax collection agency.

What currently presents as a cause of concern is the reporting of figures in the mining (quarrying) sector. In Trinidad and Tobago, "[m]ineral mining is conducted for sand and gravel, yellow limestone, porcellanite, clay, blue limestone, red sand, oil sand and asphalt. Sand and gravel, yellow limestone and porcellanite account for the majority (73%) of mineral production" (IPAN 2014). In April 2016, the Minister of Energy and Energy Industries of Trinidad and Tobago disclosed that between the years 2003 and 2015, only TTD 18.5 million was paid in royalties to the government. This figure is seen as being "inadequate given the scale of the mining sector" and indicates that there exists underreporting on production and royalty payments from that sector. Furthermore, the 2014 Green Paper on Minerals Policy indicates that between 2001 and 2013, less than ten percent of the royalties due to the state were actually collected (Ministry of Energy and Energy Affairs 2014). This has translated to a loss of TTD 120 million in revenue and does not take into account losses in revenue from production through illegal mining (quarrying) and other sources such as taxes, business levy, and green fund levy within the same period (The Government of the Republic of Trinidad and Tobago 2016). This has led to the conclusion that the mining sector contributes to 0.1% of the country's GDP (Ministry of Energy and Energy Affairs 2014).

Victor Hart, chairman of the TTEITI, considers the mining sector "a very opaque sector" of the Trinidad and Tobago economy and is of the opinion that getting the mining sector to adopt TTEITI regulations presents as a challenge for the institution (Cleavon 2015).

## The Role of the TTEITI in Addressing the Challenge of Corporate Accountability and Responsibility in the Mining Sector of Trinidad and Tobago

Transparency, mentioned at the start of this article, is a cornerstone of good governance, another practice for which the international community is increasingly campaigning. As many resource-rich countries, Trinidad and Tobago remains under the global microscope for issues that formed the impetus for the creation of the EITI: corruption, mismanagement of revenues, unsustainable production mechanisms, environmentally unfriendly practices, and rising levels of poverty. The fact that Trinidad and Tobago has opted to become a member of and adhere to the regulations of an institution like the EITI speaks to its desire to more responsibly manage the resources of its people and to tackle the vexing issues of corruption and its associated ills.

One of the main areas of focus of the government of Trinidad and Tobago in the sphere of natural resource management has been the issue of environmental protection and conservation. Issues of environmental sustainability are known to impact on the level of development advancements attempted by smaller, developing countries. The extractive industries in particular are seen as major contributors to pollution and environmental destruction, and attempts can only be made to address this when the relevant authorities are aware of the parties with whom they must engage. Companies involved in the oil and gas sectors in Trinidad and Tobago appear to be open and, from publicly available reports, seem to have been fulfilling their corporate duties with regard to transparency and accountability of revenues as well as their responsibilities toward the environment. This may be attributed to the fact that many are global firms that have already adopted these principles of corporate governance and accountability as part of their business practice. It should be noted, too, that this practice has been largely adopted by indigenous firms in the energy sector. The mining sector, however, as illustrated earlier, has not yet subscribed to the tenets of the TTEITI in this regard.

Part VII of the Minerals Act of 2000 outlines in some detail the expectations of mine operators in relation to the environment (Republic of Trinidad and Tobago 2000b). It does not, however, speak to issues of accountability and transparency. Evidently, this document was created before the TTEITI was ever a factor for consideration in resource extraction and management, but an updated Minerals Act can provide one avenue through which the TTEITI can monitor the activities – both financial and environmentally related – of those operating within the mining industry.

Similarly, the Environment Management Act of 2000 must play a part in the management of the extractive industries. It lists as one of the functions of the Environmental Management Authority (16, 1(g)) to "monitor compliance with the standards criteria and programmes relating to the environment" and (16, 1(i)) to "establish and co-ordinate institutional linkages locally, regionally and internationally" (Republic of Trinidad and Tobago 2000a).

These legal instruments must be implemented and enforced so as to assist the TTEITI in executing its functions and allow it to achieve the same measure of success in attaining internationally accepted standards of accountability, transparency, and good governance in the sphere of mining as it has done in the oil and gas sector. As an EITI compliant country, there is the added expectation that the mining sector should comply and maintain the international standards of conduct for companies in the extractive industries sector as prescribed by the EITI. The TTEITI primarily functions as a supervising and reporting institution and undoubtedly requires the assistance of the country's government and legal apparatus to assist it in executing its duties, especially with respect to companies which have not fully accepted the standards suggested by this umbrella body.

One of the issues that the TTEITI must contend with in the pursuit of accountability throughout the extractive sectors of Trinidad and Tobago is how to reconcile payments and revenues that are made *in kind* and which inevitably form part of the business transactions in any developing country. How do companies and the government account for these noncash payments? This is a major challenge for the TTEITI because it reflects the reality of business in the Trinidad and Tobago extractive industries. Another project which has been launched by the TTEIEI is the Beneficial Ownership Project, which seeks to identify persons who directly or indirectly own a company or controls at least 10% of company shares or total votes. Politically exposed persons, once benefitting from the company, are also deemed beneficial owners. The objective here is to track all parties who benefit from extractive company operations in Trinidad and Tobago to ensure greater transparency at all levels. One of the avenues that must be given more serious attention is the manner in which interagency cooperation functions in the country. There are various institutions that have already been established which, in theory, are equipped to deal with the management of the mining sector. However, their effectiveness is either lost or minimized because of poor communication among these institutions.

## Conclusion

The role of the TTEITI is critical for ensuring that Trinidad and Tobago continues to promote compliance with international EITI standards in *all* extractive sectors, and the TTEITI must therefore actively focus on bringing the mineral or quarrying sector under its ambit. The TTEITI has to date published three reports (2013–2015) and has undertaken an aggressive program of public advocacy and information dissemination to highlight the work of the TTTIEI and to sensitize citizens of the importance of transparency and accountability in these critical revenue-generating sectors. It is primarily through these activities of the TTEITI, continuously engaging with the government, private sector, civil society, and the general public, that Trinidad and Tobago can create a positive reputation locally and internationally for improving its social and corporate accountability in the extractive industries both energy and eventually quarrying. The challenge now is for the TTEITI to move beyond promoting financial accountability and transparency in the extractive industries, to track *how* financial gains derived from these industries are utilized and *who* benefits from these gains.

## Cross-References

► Accountability and Ethics
► Accountability Mechanisms
► Federal Government, Russia

## References


Andreasen K, Ponsford V, Extractive Industries Transparency Initiative (eds) (2016) *EITI progress report: from reports to results*. https://eiti.org/sites/default/files/migrated_files/progressreport.pdf. Accessed 25 Sept 2016

Friends of the Earth (2005) Briefing: corporate accountability, London, pp 2–16. https://www.foe.co.uk/sites/default/files/downloads/corporate_accountability1.pdf. Accessed 25 Sept

Government of the Republic of Trinidad and Tobago (2016) Energy minister speaks at TTEITI regional outreach event in sangre grande. http://www.news.gov.tt/content/energy-minister-speaks-tteiti-regional-outreach-event-sangre-grande#.WAy81PkrLDd. Accessed 25 Sept 2016

International Petroleum Associates Norway AS (2014) Validation of the extractive industries transparency initiative, the republic of Trinidad and Tobago. IPAN, Oslo. http://www.tteiti.org.tt/wp-content/uploads/downloads/2014/06/TTEITI-Validation-Report.pdf

invesTT. Economic climate. http://www.investt.co.tt/country-profile/economy. Accessed 29 Oct 2016

Ministry of Energy and Energy Affairs (2014) Green paper on minerals policy for Trinidad and Tobago. http://www.energy.gov.tt/wp-content/uploads/2014/01/Green-Paper-on-Minerals-Policy.pdf. Accessed 25 Sept 2016

Ministry of Energy and Energy Industries. Oil and gas industry: overview. http://www.energy.gov.tt/our-business/oil-and-gas-industry/. Accessed 25 Sept 2016

Raphael C. (2015) Biting into corruption. Trinidad and Tobago guardian, April 19. Accessed 25 Sept 2016. http://www.guardian.co.tt/news/2015-04-18/biting-corruption

Republic of Trinidad and Tobago (2000a) Environmental management act. Accessed 6 Oct 2016. http://www.ema.co.tt/docs/legal/cur/Act_3_of_2000.pdf

Republic of Trinidad and Tobago (2000b) Minerals act. Accessed 06 Oct 2016. http://archive.resourcegovernance.org/sites/default/files/Minerals%20Act.pdf

The Government of the Republic of Trinidad and Tobago (2016) Review of the economy 2015. Accessed 29 Oct 2016. http://finance.gov.tt/wp-content/uploads/2015/10/ROE-2015.pdf

The World Bank (2006) Chapter 2: Social accountability: what does it mean for the world bank? Social accountability sourcebook. Accessed 25 Sept 2016. http://www.worldbank.org/socialaccountability_sourcebook/PrintVersions/Conceptual%2006.22.07.pdf

Trinidad and Tobago Extractive Industries Transparency Initiative (2016) Accessed 19 Sept 2016. http://www.tteiti.org.tt/about-eiti/

United Nations Development Programme (2013) Reflections on social responsibility. New York. Accessed 25 Sept 2016. http://www.undp.org/content/dam/undp/documents/partners/civil_society/publications/2013_UNDP_Reflections-on-Social-Accountability_EN.pdf


# Improving Water Service Delivery Through Public–Private Partnerships in Botswana: A Grounded Theory Approach


Thekiso Molokwane
Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana


## Synonyms

Botswana; Operations support contracts; Privatization; Public administration; Public infrastructure; Public policy; Service contracts

## Definitions

Public–Private Partnership (PPP) implies participation of a private sector entity undertaking a project on behalf of a government where the government is entitled to retain the asset after completion (Tshombe and Molokwane 2016b, p. 73). PPP also refers to a collaboration between the government and a private enterprise geared toward provision and management of public infrastructure and services through leveraging private technical expertise as well as private capital.

## Introduction

The public sector has traditionally been the main actor in the production and distribution of public goods and services. Basic infrastructure such as provision of water, sewerage, and electricity were long seen as typical cases of natural monopolies and public goods (Thoenen 2007, p. 1). The role of the public sector in development, however, changed substantially in many countries especially from the mid-1980s (Ngowi 2009, p. 34). The rapid and widespread private sector participation (PSP) in the provision and financing of

I

infrastructure became more apparent in the 1990s (Harris 2003, p. 1) with the role of the state now reduced to that of a facilitator for the private sector-led economic development and growth (Ngowi 2006, pp. 3, 4). Innately, this shift in paradigm resulted in, among others, the advent of Public-Private Partnerships (PPPs).

PPPs, long-term agreements between a public authority and the private sector to provide public services, have become a popular approach to provide infrastructure development (Moszoro and Kryzanowska 2011, p. 1). The concept of PPPs entails various forms of collaboration between public and private sector organizations in service delivery (Ngowi, 2009, p. 34; Tshombe and Molokwane, 2016b, p. 73). By implementing PPPs, public authorities seek to benefit from cooperation with specialized partners (Batran et al. 2005, p. 128). Under PPPs, resources, skills benefits, and risks are shared. The aim is improved delivery of publicly funded goods and services (Dutz and Harris, 2006, p. 1).

Internationally, countries such as Argentina, Bolivia, and the United Kingdom, adopted PPPs in the 1990s (Izaquire, 1998, p. 1). African countries such as Mali, Cote d' Ivoire, Burkina Faso, and Gabon also experimented with PPPs in the water sector (World Bank, 2009, p. 1). In the Southern African Development Community (SADC) region, Mozambique, South Africa, and Botswana are among countries that adopted PPPs (Falam, 2005, p. 20). About one quarter of the populations living in rural areas and small towns in Africa, are served through piped water (Water and Sanitation Program 2010, p. 3). According to the Public–Private Infrastructure Advisory Facility (2010, p. 1), in Asia, Vietnam received financial support for two pilot projects in 2002 whose impacts have been positive.

Water has always been and remains an important, but scarce, commodity in Botswana (Molokwane and Tshombe 2017, p. 161). Its use is primarily for arable and livestock farming, household consumption, and industrial development (Matlok 2008, p. 2). Botswana is a drought-prone country with limited water resources and potential sites for water resources development. This situation is exacerbated by the low precipitation, limited groundwater recharge, and very high evaporation rates from surface water resources (Kedikilwe 2008, p. 6), hence the need to look beyond the already known in addressing the water problem in Botswana.

In Botswana, water, like other natural resources, is public property whose use and rights are defined and regulated by the Water Act-Chap. 34:01 and its subsidiaries, the Water Works Act-Chap. 34:03 as well as the Water Apportionment Act (Moyo et al. 1993). Water is therefore controlled and allocated by the state. Following the 2008 Water Sector Reforms (WSR), the supply and distribution of water as well as the management of wastewater is solely carried out by the Water Utilities Corporation (WUC).

In the early 1990s, the Government of Botswana developed its first National Water Master Plan (NWMP), which was reviewed in 2006 owing to Government's view that there were too many authorities responsible for water management (Mudanga 2011). Prior to this, portable water was supplied by the Department of Water Affairs (DWA), District Councils, and the WUC. The DWA operated in 17 major villages and formulated policy of the whole water sector. The 16 District Councils that fall under the Ministry of Local Government (MLG) provided water in rural villages while the WUC operated in 6 urban centers. The District Councils and the WUC also operated wastewater systems (Kgomotso and Swatuk 2006, p. 3; Mudanga 2011).

The need for PPPs has been felt throughout the years in Botswana. Botswana's PPP Unit is located in the Ministry of Finance and Development Planning. Elsewhere, PPP units provide funding to line departments and subnational agencies developing PPPs (Dutz and Harris 2006, p. 2). To this end, this study assesses the applicability and impact of PPPs to the water sector, which is now currently operated under a monopoly set up.

## Delivery of Water Service in Botswana

The traditional role of the state has, over the years, been the provision of public goods and services (Hughes (1998, pp. 101–104). Until the 1980s,

the provision of infrastructure was seen as preeminently the domain of Governments (United Nations Economic Commission for Africa 2005, p. 98), However, the 1980s saw the introduction of the private sector in the provision of publicly funded goods and services. This new paradigm would find expression in policies of liberalization (Cook and Hulme 1998, pp. 221–31).

In order to bridge the gap between available resources, the cost of needed infrastructure and services as well as to ensure that infrastructure services are delivered as efficiently and cost effectively as possible, public authorities are now turning to PPPs (Partnerships Kosovo 2009, p. 3). The benefits of implementing PPPs include the delivery of greater value for money where assets are procured conventionally; expansion and maintenance of infrastructure and services through innovative and efficient ways used by the private sector (Republic of Botswana 2005, p. 158), this provides the Government with an opportunity to focus on its core functions that include among others maintenance of the rule of law, governance and provision of pure public goods and services. PPPs are currently being extended to new areas and are now taking new and significant forms (Renda and Schrefler 2006, pp. 4, 5; Corry et al. 2000, p. 1).

In Botswana, the management of water and wastewater services is centralized under the WUC. The centralization is being implemented through the WSR. Upon implementation, the reforms sparked many negative media reports (Mmegi 2011). The reports indicate that the take-over has had a huge bearing on consumers particularly the indigent people living in villages and rural areas. The take-over also brought about a sharp increase in connection fees where the fees went up from around P400 to P6000, a fee now higher than that of connecting electricity (Mmegi 2011). It has further been observed that the WUC is having trouble with collection of owed tariffs as its billing system is not compatible with that of the DWA and District/Town Councils (Sunday Standard 2012). Reports on unreliable water supply throughout the country have been extensive (Mmegi 2011).

Despite the WUC not providing new infrastructure in areas that are not already serviced, most of the rural areas that WUC took over do not have serviced land (Sunday Standard 2012). Provision of infrastructure remains the responsibility of the DWA and District/Town Councils. Although other public sector reforms in Botswana have in the past been evaluated, no attempts have been made either by scholars or practitioners to assess the possibility of applying PPPs to the water sector. Much of the focus in the procurement of infrastructure and services in the past two decades has been on outsourcing, which surpassed other forms of procurement (Liou 2001, p. 391). In recent years, PPPs have become a more preferred means of providing publicly funded infrastructure and services.

## Public–Private Partnerships in Botswana

The government of Botswana considers PPPs an alternative means of financing public infrastructure projects to accelerate and improve infrastructure development, and create a conducive environment for stronger public and private sector partnerships (Commonwealth Governance 2020; Republic of Botswana 2019, p. 7; Molokwane et al. 2019, p. 131; Republic of Botswana 2018, p. 7–8). Implementation of PPPs in Botswana has nonetheless been comparatively slow with a limited number of projects being undertaken through the PPP arrangement. Perhaps the country's first PPP project was the Partnership between the Botswana government and De Beers Mining Company (Botlhale 2016, p. 35) in the form of a company – Debswana. Subsequent projects that followed many years later implemented through PPP include Mongala and Mahube malls in Kanye Village. Mongala mall is a joint venture project between Time Projects and Southern District Council provided through the Build, Operate, and Transfer (BOT) PPP model. Another project is the Rail Park mall in the Capital City Gaborone a PPP project between Botswana Railways Properties, Botswana Insurance Fund Management (BIFM), Eris Property and Treddinick, which cost P350 million (Motshegwa and Molokwane 2019, p. 4; Sunday Standard, p. 2011). Others include the Ombudsman and Land Tribunal

Office (OLTO) as well as the SADC Headquarters building (Tshombe and Molokwane 2016a, p. 310).

Botswana has over the years experienced challenges in its effort to implement PPPs. Factors affecting implementation of PPPs in Botswana include lack of finance (Molokwane et al. 2019: 140), lack of supportive infrastructure, legislation deficiencies, project implementation issues, and technical capacity issues (Motshegwa and Molokwane, 2019: 5, 6). In terms of legal framework, the country relies on the Public–Private Partnerships Policy and Implementation Framework of 2009, as its legal instrument for implementing PPPs (Motshegwa and Molokwane, 2019, p. 4; Tshombe and Molokwane, 2016b:81; Tshombe and Molokwane, 2016a, p. 313). This is used in conjunction with other pieces of legislation such the Public Procurement & Asset Disposal Act (No. 10 of 2002) (Molokwane et al., 2019, p. 135) and the Public Procurement and Asset Disposal Regulations 2014 (PPADB Regulations) (African Legal Support Facility & Public-Private Partnerships in Infrastructure Resource Center 2017).

Additional challenges to the implementation of PPPs in Botswana include absence of standardized approaches and processes guidelines to deal with the structure of PPP projects and uniform framework to guide treatment of tendered and unsolicited proposals. Furthermore, there is no clear role of government agencies and departments such as PEEPA, MFDP, and Ministry of Works and Transport, etc. (Republic of Botswana 2009a, p. 2; Molokwane 2018, p. 706). This challenge calls for a reform in Botswana's PPP Legal Framework in general (Motshegwa and Molokwane 2019, p. 5). The reform should include, among others, an independent PPP legal framework; avoiding high costs of contract negotiation and building capacity to accept unsolicited proposals (Axis Consulting 2013, p. 10).

A number of positives nonetheless are discernible and have sustained the country's state of economic performance. These include institutional safeguards such as: a PPP policy and Implementation Framework of 2009; an Anti-Corruption agency, namely, the Directorate on Corruption and Economic Crime (DCEC); a Financial Intelligence Agency (FIA); a Public Procurement body, namely, the Public Procurement and Asset Disposal Board (PPADB); and a PPP Unit located at the Ministry of Finance and Economic Development. While all these policy and institutional safeguards are present, their effectiveness and independence have often been under scrutiny (Molokwane 2019, p. 165).

## Conceptual Framework

Eisenhardt (1989, p. 532) posits that development of theory is a central activity in organizational research. The author observes that, traditionally, authors have developed theory combining observations from previous literature, common sense an experience. Citing Perrow (1986) & Pfeffer (1982), the author also maintains that it has been difficult to tie actual data to the development of a new theory. Eisenhardt (1989, p. 532) concurs with Glaser and Strauss (1967) that it is the intimate connection with empirical reality that permits the development of a stable, relevant, and valid theory.

The theory and model dichotomy debate remains topical to date. While scholars have used the two terms interchangeably, some remain adamant that they differ. Goldfarb and Ratner (2008, p. 92) theorize that the terms "theory" and "model" are incapable of carrying the diverse characteristics economists ascribe them. The authors define a model as "a system of functions and conditions that yield formal results, such as classes of equilibria within a model." Liu (2004, p. 7) however maintains that there is need for a study on the relationship between models and theory. Goldfarb and Ratner (2008, pp. 92, 93) cite and concur with Klein and Romero (2007, 243–244) that the terms "models" and "theory have been used as interchangeable in the profession." They ejected this equating of the two terms, asserting that a "model is neither necessary nor sufficient for theory." Two authors posit further that a "theory" has a higher normative status than "model" and that moreover, a theory does not require a "model." Liu, (2004, p. 5) substantiates

that a theory may consist of many models – tens of thousands. Conclusively, there is no consensus on this debate.

It is from this conclusion that this study selected the Grounded Theory method in order to generate a model. Babbie (2013, p. 536) defines grounded theory as an inductive approach to the study of life that attempts to generate a theory from the constant comparing of unfolding observations. Essentially, grounded theory attempts to derive theories from an analysis of the patterns, themes, and common categories discovered in observational data. Borrowing from Glaser and Strauss, Calman (2013, p. 2) asserts that the aim of grounded theory is to generate or discover a theory. For De Vos (2005) & Neumann (2007, p. 31), the aim of grounded theory is to develop a substantive theory that is grounded in the data or faithful to the evidence rather than being a theory itself; grounded theory therefore focuses on generating theory based on the study of social situations.

According to Eisenhardt (1989, p. 534), Glaser and Straus (1987) detailed their comparative method for developing the grounded theory. This method, he asserts, relies on continuous comparison of data and theory beginning with data collection. It emphasizes both the emergence of theoretical categories solely from evidence and an incremental approach to case selection and data gathering. This study's choice of grounded theory method is rooted in the study's preliminary findings that revealed the absence of a definite, written partnership owing to the WSR at the WUC. Consequently, this study was compelled to generate either a theory or a model suitable for implementation at the WUC-LMC that would enable the corporation to have a clear relationship with the private companies illustrating the dynamics of such a relationship(s).

## Methodology

This study adopted a case study strategy permitting focus on a single case. This compelled the study to devote careful attention to a specific case (Yin 2004; Creswell 2009, p. 13). Based on the nature of the research problem, this study adopted a qualitative approach for both data collection and analysis. The qualitative tradition however is based on interpretivism and constructivism, both of which stem from the idealist outlook (Deshpande 1983, pp. 101–110; Sale, Lohfeld & Brazil 2002, pp. 44–53 cited in Slevitch 2011, p. 76). Further to this, qualitative research is exploratory and is frequently used to investigate a subject area in which there is limited information (Tshombe and Molokwane 2016a, p. 306) as such; it can be argued that qualitative data in business research provides a more "real" basis for analysis and interpretation (Collins and Hussey 2003, p. 163). To this end, the LMC was selected as the case to be studied.

This study also applied the grounded theory method and generated a PPP model for possible implementation at the LMC. While the grounded theorists seek to enter the field with no preconceptions about what they will find, Burawoy as cited in Babbie (2013, p. 338) suggests the opposite. He contends that researchers should try to lay out as coherently as possible what they expect to find in their site before theory. In addition to this, he sees the extended case method as a way to rebuild or improve theory instead of approving or rejecting it.

### Case Selection, Criteria, and Justification

The WUC-LMC was selected as the single case to be studied in this research. Purposive sampling technique was used to select respondents. Purposive sampling is used in situations where the researcher uses their judgment in selecting cases with a specific purpose in mind (Neuman 2007, p. 142). Three situations that apply to purposive sampling make this approach relevant to this study. First, purposive sampling is used to select unique cases that are especially informative, second, to select members of a difficult-to-reach, specialized population, and third, to identify particular types of cases for in-depth investigation. In purposive sampling, the purpose is less to generalize to a larger population than is to gain deeper understanding of types (Neuman 2007, p. 143).

One-to-one semi-structured interviews were conducted mainly with key informants. These

included senior and middle management as well as staff from lower levels. One of the roles of in-depth interviews is to manage the research process by supporting the interpretation of results from surveys and other quantitative methods (Prairie Research Associates 2013, p. 1). Focus group discussions (FGD) were also conducted. FGDs are undoubtedly valuable when in-depth information is needed about how people think about an issue, their reasoning about why things are as they are, why they hold the views they do (Bell 2010; 167; Silverman 2005, p. 237).

## Sample Size

Borrowing from Guest, Bunce and Johnson (2006), Mason (2010, p. 3) set 15 as the smallest acceptable number for qualitative interviews. Alder and Alder (2013, p. 8), however, observe that at the low end of "how many" questions, numerous well-respected and even classic studies have been produced using the single case study with some of the studies having relatively few people, such as between 6 and 12 respondents.

For this study, the sampling unit consisted solely of technical and management staff and excluded staff from the Department of Corporate Services. Views were also sought from the WUC customers. Five focus group discussions and six in-depth interviews were conducted. According to Tuckett (2004, p. 2), there are no hard and fast rules regarding sample size in qualitative research. To illustrate, studies in the field of old age and aging used experimental cell sample sizes from 10 to 100 with clustering around 50. Others suggest 12 to 20 (Mason 2010, p. 3; Zickmund 2010, p. 3).

## Applying the Key Principles of Grounded Theory Method to the Emergent Theory

There are three approaches to data analysis, namely, language-based analysis, descriptive or interpretative analysis, and theory building (Rintala 2004, p. 89). This study adopted the theory building analysis which facilitates development of a theory based on collected data. Transcripts were coded and sorted into excerpt files in line with themes in the interview guide. The excerpt files were then further coded in accordance with new themes emerging from the data when coding the interviews, caution was exercised not only to code the actual content of the responses but also captured the context in which the responses were made (Fig. 1).

### Coding in Grounded Theory

Grounded Theory coding is a form of content analysis used to find and conceptualize underlying issues among the "noise" of the data Allan (2003, p. 1). In this study, data analysis, which began with coding, was done manually. As espoused by the Glaserian approach of Grounded Theory, the interpretative, contextual, and emergent nature of theory development is reliant on an "open coding" approach which starts by scrutinizing the field note or interview "line by line" or "word by word" with the eventual aim of producing concepts that "fit the data" (Kelle 2007). It was during this process where the study was alive to words and phrases that highlighted issues of interest to the study.

### Categories

When analyzing qualitative data, this study paid particular attention to the issues of importance versus prominence. According to the Soul City Institute of Health & Communication (2003, p. 43), the frequency of responses does not mean the same as in quantitative data analysis, viz., something that is said only once is as important as that which has been repeated many times. The study further distinguished between prominent themes and less prominent themes by seeing whether the themes were repeated across different interviews. Themes can be interpreted and presented based on an analysis of the weight of the theme.

### Negative Case Analysis

During data analysis, several instances where data did not fit were found. Responses that tended to sway in a different direction from others demanded particular attention and data that could not easily be discarded would otherwise be useful in later interviews. Such data were temporarily shelved, some of which emerged in subsequent interviews and could be used to form new categories.

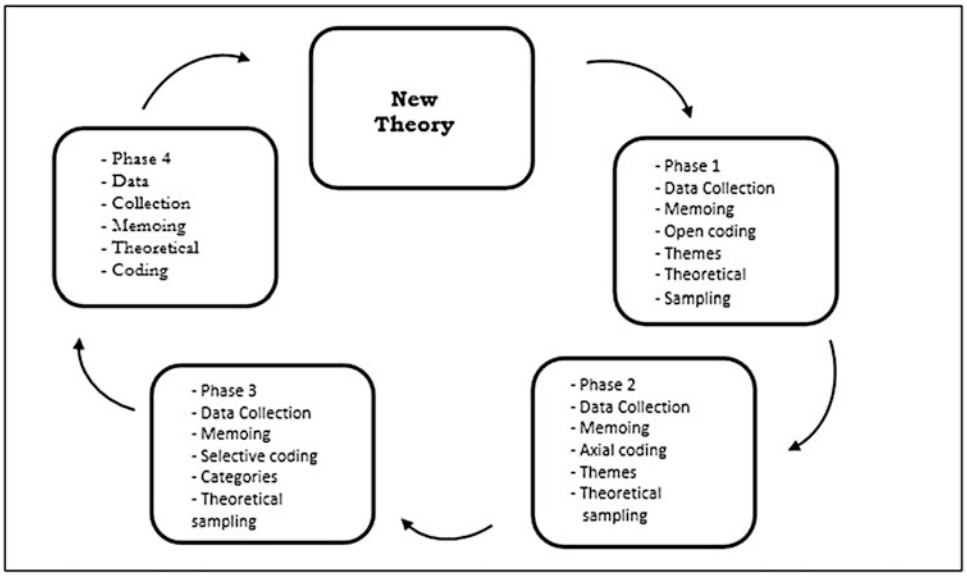


**Improving Water Service Delivery Through Public–Private Partnerships in Botswana: A Grounded Theory Approach, Fig. 1** Data collection and analysis phases (**Source:** Author)

### Constant Comparison

The use of Grounded Theory method entails a dynamic relationship between sampling, data collection, and analysis. This means that the methods of sampling, data collection, and data analysis should not be considered as separate steps in research, but as part of a continuous cycle of data collection, analysis, and sampling (Elliott and Lazenbatt 2005, p. 50). Data were collected over a period of 18 months, as such, data collected were periodically analyzed to seek emerging categories with additional categories sought through the process of theoretical sampling. Emerging categories were then compared constantly with those from other stages of data collection.

### Theoretical Sampling

The objective of theoretical sampling, therefore, is not to increase the number of respondents, but rather to try and find out if new categories will emerge from additional data. In this study, theoretical sampling was conducted in three stages. The first stage involved sampling of respondents at Lobatse office, to seek initial information. This was done until basic categories were established through the use of open coding. The second stage involved a search for new concepts and properties of the already existing categories. Theoretical sampling also involved seeking new categories as well. Allan (2003, p. 51) notes that Grounded Theory uses "theoretical sampling" to sample events that are indicative of categories, their properties and dimensions so that they can be developed and conceptually related.

### Theoretical Saturation

Constant comparison of data was used to decide that saturation or redundancy had been reached. Proclamation of saturation was grounded in the empirical confidence attained from repeatedly comparing data to additional data (Tuckett 2004, p. 8). It was at a point at which no new categories were emerging; and no new information coming forth that interviews and data analysis ended.

### Writing Memos

Memos are an "intellectual capital in the bank" (Clarke 2005, p. 85) that vary in subject, intensity, coherence, theoretical content, and usefulness to the finished product (Birks and Mills 2010, p. 10). This study utilizedthe technique of memo writing throughout the stages of report writing, which helped during the process of axial coding where the relationships between coded elements of the

data were searched for. The use of memos also guided in determining the point of saturation when collecting data (Tuckett 2004, p. 8).

## Research Findings and Discussion

The performance of the WUC indicated a decline in a period of 3 years. Similarly, the water situation deteriorated across the LMC in the period under study. Factors causing this decline were twofold. First were the operational and infrastructure factors. Second, were administrative and business processes that were found to be outdated given that the WUC assumed the sole responsibility for water supply and management of waste water since 2008. A detailed discussion follows.

The primarily cause of water shortage were frequent bursts and water leakages resulting from dilapidated pipes. In some parts of the LMC, the WUC inherited obsolete infrastructure from previous authorities (Molokwane and Tshombe 2017, p. 171). A water loss reduction was found to be the most viable solution to this problem. A practical example elsewhere is the Malaysian City of Sandakan in which physical losses were being reduced by almost 17.5 million liters per day (Mld) following a 30-month contract (Pilcher 2005). The key factor is to identify the number of leakages particularly per cluster and reduce real or physical losses as well as replacing the mains with the highest burst frequencies.

The inherited infrastructure also experienced diminishing capacity as it was solely intended for towns and had changed to supply water to villages as well. New connections in additional villages greatly reduced the capacity of the infrastructure hence this resulted in under performance. The pipeline from Gaborone to Lobatse was now compelled to operate at maximum capacity after this change. Nonetheless, the required 80% of water that was supposed to, at any given moment, be in storage tanks was often affected. The 80% was required so that fresh water can be easily supplied without sourcing from the treatment plant for the next 48 h should there be a breakdown. It can be concluded therefore that there is need to replace existing pipes with those of larger volumes of water.

Investing in infrastructure has long-term benefits particularly where the use of such infrastructure increases in future. In the United Kingdom, for instance, a study conducted by the Global Water Security (2010, p. 26) found out that the application of best practice in finding and repairing leaks, managing pressure and replacing mains, if applied by all water companies, suggested that leakage could be reduced by 30% from the level in 2009 (1000 million liters per day) by 2025. A critical factor at national level supporting investment in infrastructure is that Botswana has both financial and institutional capacity to invest.

Repairs and maintenance of boreholes and pump stations proved problematic and took time particularly where spare parts were to be sourced externally. A Republic of Botswana (2009b, p. 13) report documented water loss through pipe leakages and pipe bursts; unaccountable water usage was 24% in 2007. That the WUC contracts PrivateCos in the repair and maintenance of boreholes and pump stations was a clear sign that service contracts can be successful if implemented in the LMC. The missing factor is policy and institution and legal framework at level of the WUC LMC to ensure that the Center adopts a systematic way of contracting PrivateCos. At the national level, a PPP Policy and Implementation Framework introduced in 2009 supports the implementation of PPP; hence there is a need, at the local level, for organizations to tap into this policy to design policies and guidelines governing their relationships with PrivateCos.

While red tape is a common challenge within the government in developing countries, the WUC is a parastatal mandated to operate commercially. It was not expected to find red tape as cause for concern on performance as mentioned by some of the respondents. The recurring power cuts were most prominent in the year 2013. Consideration for alternative sources of power did not go beyond backup generators. With abundant solar energy, it is only logical that the WUC consider installing solar panels to operate some of its boreholes and pump stations in order to cut cost of procurement, and use of electricity and fuel remains costly. While the commitment to use solar power has always been there (Republic of

Botswana 2005, p. 11; UN System in Botswana 2007, p. 29), not much has been done to implement such.

The water billing system was criticized by customers charging that the amounts were too high. The explanation from the WUC however is that previous authorities did not bill customers consistently and accurately. Political expediency was also blamed for low tariff setting as councils were led by politicians while the government (DWA and Councils) was blamed for being too considerate when setting tariffs and collecting payments as water is a naturally public good. The delays in new connections are linked to business process that call for digging of trenches to be done only by the WUC as opposed to the previous arrangement where customers were allowed to dig their own trenches. This arrangement makes water connection faster. In some instances, however, PrivateCos are engaged to dig trenches.

Shortage of fuel at the Goodhope station for use in both vehicles and borehole engines was said to be another issue of concern. It was established that the shortage of fuel was solely due to noneffective planning and procurement processes. The WUC Goodhope satellite station sources fuel from privately owned fuel stations competing for the product with the general public and private businesses. Moreover, the private fuel service stations in the area have low storage capacities; hence experience frequent shortage of fuel. The shortage of fuel for daily operations as a result impacts negatively on the performance of WUC in the area. The study further established that preference of private sector participation is overwhelming. Gathering from the responses, service contracts are the most preferred models of PPPs. Clearly, there is need to develop policies regarding contracting of PrivateCos. That the WUC is still experimenting with ways to contracting PrivateCos is evidence of lack of a model or policies that could otherwise protect the interest of the WUC. Some respondents were skeptical of the WUC's openness to open bids to companies throughout the country, thus denying local complies priority within the LMC. Preferential treatment is practiced widely where the market appears to be competitive and suffocating local businesses. The policies or model will also stipulate clear processes to be followed when contracting.

Lack of formal agreements such as "service level agreements" between the WUC and private parties impact negatively the operations and ultimately the performance. The supply and maintenance of power generators, for instance, was carried out under a "supply and payment" arrangement. Payments to suppliers are often delayed putting a strain on the relationship between the WUC and its suppliers.

## Suggested Model for Botswana Water Sector

This research is the first in Botswana to be conducted on the PPPs in the water sector. The research makes a number of contributions for scholars, executive management of organizations, and policy makers. The research revealed the feasibility of implementing PPPPs within a monopoly sector. It has been proved that PPPs can actually be implemented without necessarily changing or reversing this recent WSR. Second, the research weighted alternative PPP options against service contracts interrogating the practicability and the lack thereof, of implementing other PPPs options within a monopoly set up.

**Source:** Author.

Figure 2 depicts a conventional PPP arrangement. Under this arrangement, partnership between the government and a private party is located somewhat in the middle of the two entities. Often times, the arrangement leans toward the outsourcing option of privatization. To this end, a model suitable for Botswana waster sector was developed. The model is discussed below.

## Operations Support Contract (OSC) Conceptual Framework

The model suggested (see Fig. 3) is limited only to specific activities such as: new connections; inspection and replacement of meters; borehole fittings; connecting villages; replacing network pipes, constructing a new network; and construction of reservoirs. This model may not be used on

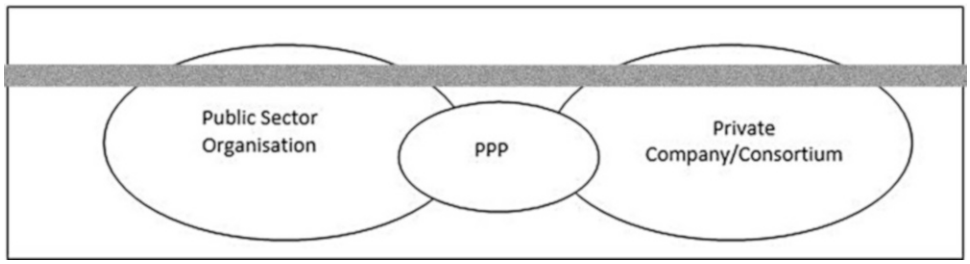


**Improving Water Service Delivery Through Public–Private Partnerships in Botswana: A Grounded Theory Approach, Fig. 2** Conventional PPP contract

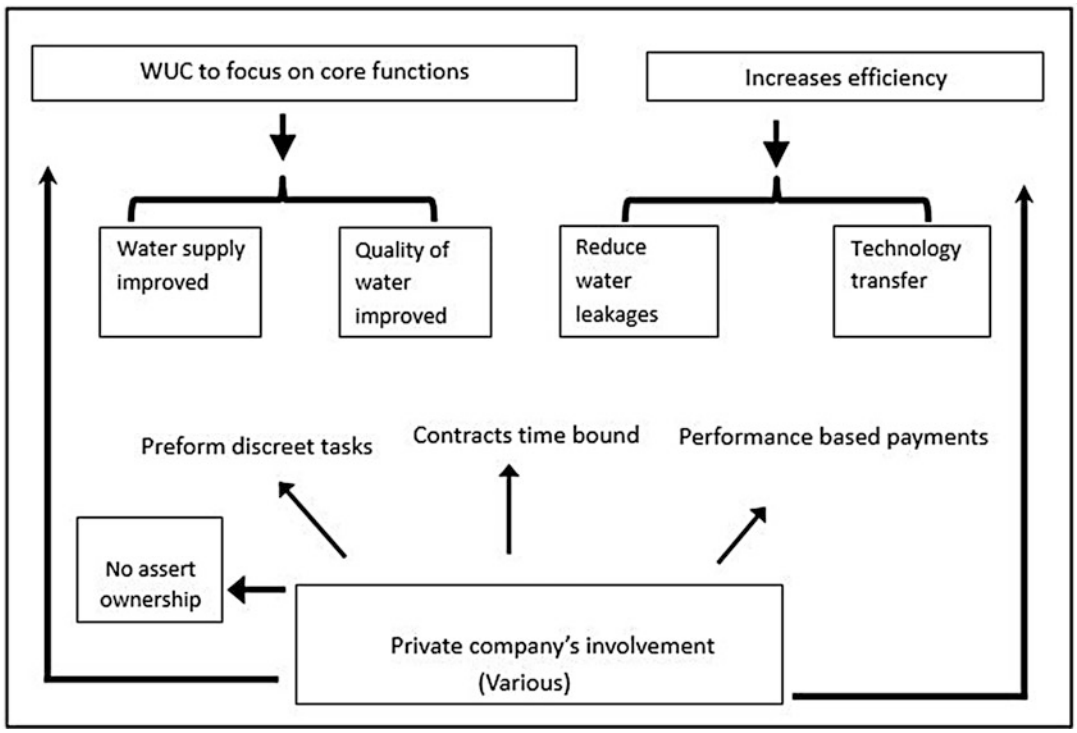


**Improving Water Service Delivery Through Public–Private Partnerships in Botswana: A Grounded Theory Approach, Fig. 3** Operations support contract **(Source:** Author)

larger projects such as construction of dams, which are long term and hence may require more suitable models such as the BOT.

In the OSC, the relationship between the public and private entities is basically like that of an employer and employee providing the contracting party with more control over the contracted party and addressing all aspects that may lead to conflict or dispute. The OSC takes more meaningful cognisance of this relationship and argues that while both parties are in partnership, one has contracted the other. The model places more emphasis on the public getting the desired outcome and paying the right price. At the end of the day, one party pays the other for the provision on infrastructure or service.

The monopolistic nature of Botswana's water sector cancels prospects of competition at national level and has resulted in operational inefficiency due to the large-scale management of a service in

the entire country. The result is poor service delivery. In countries with similar arrangements however, such as the Republic of South Africa (RSA) (Falam 2005, p. 21), the United States of America (USA), Europe particularly France, and the United Kingdom (Neal et al. 1996) (Izaquire 1998, p. 1) where the population is higher, water is provided by several companies, which are in partnership with either Municipalities or a number of state-owned companies. In view of the foregoing, this research suggests a unique form of PPP, the OSC. Similar to the OSC are the two main forms of Service Contracts type of PPPs, namely, the Management Support Contract (MSC) and the Operations and Management (O&M) (Thoenen 2007).

By providing for contracting of private companies to perform a discreet function within the water sector, the OSC does not have any adverse impacts on the monopolistic nature of the water sector in Botswana. While the OSC provides its own unique feature, some features present in the MSC and O&M can be seen in the OSC. The combination of such features also addresses the shortcoming found where either model would have been applied exclusively. The OSC therefore has traits stated below.

### Management Responsibilities

The study has also revealed that the current contracting arrangement of private companies by the WUC does not provide for private management of the WUC assets. Among others, the WUC treats water as a security asset and has very little confidence in allowing the private sector to manage this commodity. The same can be said of dams, which store water. Similarly, under the OSC, the private party has no management responsibilities over public assets.

This is based mainly however on the premise that the nature of contracts is short term. Transferring management responsibilities to a private company will invoke residual implications to the relationship between the two parties such as commercial risks. In a conversional service contract, commercial risks lie with the Government (Asian Development Bank 2009, p. 28) and this is one of the traits that make this PPP option appealing. The transfer of assets from the WUC to private company and vice versa will also raise higher legal risks. Such transfers may therefore be cumbersome on the part of the WUC.

### Asset Ownership Responsibilities

Ownership of assets under this form of service contract remains that of the public sector. The private party may, under agreed terms, provide project vehicles to utilize in the project where the public sector is short of the transport. The provision of transport by a private company naturally eases the transport burden on the side of the government however; where the private company-provided vehicles are obsolete, there is a risk of poor performance but such risks can be controlled by including a performance-based payment (PBP) clause in the contract coupled with a strong monitoring mechanism.

Regarding infrastructure assets, ownership responsibilities remain those of the public sector. Ameyaw and Chan (2013, p. 161) confirm that this is because most assets are buried underground and this presents difficulties for private investors to obtain detailed information on the state of physical assets.

### Project Financing

The findings of the study reveal that private companies are awarded orders to complete a certain activity such as new connections. Subsequent to completion of the activity, companies invoice the WUC who in turn, processes the payment. Given the financial difficulties that governments have gone through in the past decade due to repeated market recessions, the OSC model provides for shared financing of a project with the private party recovering their initial capital at the end of the project. The private party basically provides the initial half on the budget and starts the project. This aspect of financing ensures that a contracted company is committed to the project as no company would invest its own capital in a project that would fail. By financing the initial half of the projects, a company is likely to demonstrate seriousness in implementing the project and avoid unnecessary losses.

During the mid-term review of the project, the public sector finances the remaining part of the project. This enables governments to begin sooner projects such as reduction of water leaks, which require immediate attention. The government of Botswana finances projects from its NDP, hence including a new project within an already running NDP remains a long and tedious process that also requires time.

### Payment Method

The payment mechanism of the OSC is based on use fee basis. Clear agreements are outlined in a contract to stipulate how the OSC contract will be designed.

### Contract Period

At present, the contract period for private companies is either tied to the magnitude of work given or agreed by both parties prior to the commencement of the project. Companies provide quotations as well as the estimated time of project implementation. The contract period for a standard OSC should range between 1 and 3 years. Although some of the service contracts as seen in West Africa (Marin et al. 2009, p. 49; World Bank 2009, p. 1) lasted for 7 years, the OSC provides for 3 years as maximum, based on that the projects to be undertaken under this model are for comparatively minor projects.

An additional reason for a 3-year maximum period is that contracts rely largely on availability of projects hence any period longer than 3 years may not be economically prudent to the public sector. The public sector may, in addition, not derive VFM. The model further takes into consideration political risks of possible change of governments. Most governments are in office on average for 5 years. The 5-year term allows the incumbent government to implement the OSC within one term. It is anticipated that the OSC will have a direct impact on various aspects of the WUC's daily operations. The following areas have been identified as having room for improvement if the model is adopted by the WUC.

### FuelSupply and Related Contractual Obligations

The WUC purchases fuel under different arrangements. These include purchasing through prepayments as well as in credit. Implementing the OSC in the procurement of fuel will fit the current arrangement as the model does not provide for the idea of signing medium to long-term contracts with any private parties.

### Billing

Billing is an equally significant component of water services as it provides revenue that enables the WUC to carry out its core mandate of providing water. The findings of the study revealed that contrary to reports from private media, tariffs have not yet been standardized. It has further been revealed that the outcry related to billing was in fact caused by most of the customers previously serviced but the DWA and Councils did not receive their bills regularly and as such, they now see the constant billing as a burden. The WUC, however, is progressively moving toward standardization of tariffs.

The implementation of the OSC will enable billing and may guide the WUC to contract private parties to deliver bills to individual households. The current contract that the WUC has with Botswana post includes payment of bills at the establishments of the latter and use of mailbox. Several companies are already providing door to door delivery services. Such services can relieve customers particularly in the villages where access to bills is problematic.

## Conclusion

Having experimented with various methods of privatization, countries have come to realize that PPPs provide a viable alternative through which services and infrastructure can be provided so as to meet the public need. Some countries have found the PPP arrangement realistic and practical as the private party may assume substantial financial, technical, and operational risk in design, financing, building, and operation of a project

allowing substantive Governments to focus on its core mandate of governance instead of dividing its attention to other functions.

This study highlighted the preference of private sector participation in certain areas of the economy. On the research's key findings and discussions, a trend has been established regarding the declining delivery of service in the provision of water and a rising dissatisfaction among the WUC clients. The results have also shown that much of the scarcity of water is a problem on its own, the WUC is using outdated administrative and business process. Given the foregoing, this study designed a model titled Operations Support Contracts using the grounded theory method. The model is firmly rooted on the study findings and stipulates its benefits of vis-à-vis the O&M or MSC versions of similar models such the Service Contracts model of PPP.

## References


African Legal Support Facility & Public-Private Partnerships in Infrastructure Resource Center (2017) PPP Country Profile - Botswana. Retrieved from: https://www.aflsf.org/sites/default/files/2017-02-17%20-%20PPP%20Country%20Profile%20-%20Botswana%20-%20Final.pdf

Allan, G. (2003). A critique of using grounded theory as a research method, Electron J Bus Res Methods, 2(1), pp. 1, 51. Retrieved from http://www.ejbrm.com

Arnkoff D, Glass C, Elkin I, Levy J, Gershefski, J (1996) Quantitative and qualitative research can complement each other: psychotherapy research, p 269. https://doi.org/10.1080/10503309612331331798

Axis Consulting (2013) PPP country paper – Botswana, submitted to SADC-DFRC 3P NETWORK public private partnership working group. Axis Consulting, The Cross Sector Advisory. Retrieved from http://xs-axisconsulting.de/wp-content/plugins/download-attachments/includes/download.php?id=3147

Babbie E (2013) The practice of social research, 9th edn. Wardsworth, Belmont, p 299, 335, 536

Batran A, Essig M, Schaefer B (2005) Public-private partnerships - as an element of public procurement reform in Germany:128

Bell J (2010) Doing your research project; a guide for first-time researcher in education, health and social sciences, 5th edn. McGraw Hill Open University Press, Maidenhead, p 167

Birks M, Mills J (2010) Essentials of grounded theory. Sage Publications, Thousand Oaks, p 10

Botlhale EK (2016) Financing development through public private partnerships (PPPs) in Botswana. Africa's Public Service Delivery & Performance Review- Africa's Development Watch 4(1):37

Bryman A, Emma B (2007) Business research methods, 2nd edn. New York, Oxford University Press

Calman L (2013) What is grounded theory? School of Nursing, Midwifery and Social Work, University of Manchester, Chitongo, p 2

Canadian Council for Public Private Partnerships. (2001). Benefits of water service public-private partnerships, Paper to Walkerton Commission on PPPs, pp 5, 20. Retrieved from: http://www.pppcouncil.ca/

Clarke AE (2005) Situational analysis: grounded theory after the postmodern turn. London, SAGE, p 85

Commonwealth Governance. (2020). Public private partnerships of Botswana, Nexus partnerships limited. Retrieved from: http://www.commonwealthgovernance.org/countries/africa/botswana/public-private-partnerships/

Cook P, Hulme D (1988) The comparability of market liberalisation and local economic development strategies. Reg Stud 22(3):221–231

Corbin J (2007) Memos and Diagrams, pp 11, 117

De Vos AS, Strydom H, Fouche CB, Delport CSL (2005) Research at grass roots: for the social sciences and human service professions, 3rd edn. Van Schaik publishers, Pretoria

Dutz M, Harris C (2006) Public private partnerships units, public policy for the private sector. World Bank Group, Washington DC, pp 1–2

Eisenhardt, M. K. (1989). Building theories from case study research, Acad Manag Rev, vol. 14(4 JSTOR): 532, 534

Falam, P. (2005). Working together assessing public-private partnerships in Africa, South African Institute of International Affairs. pp. 20, 21

Fellows R, Liu A (1997) Research methods for construction. Blackwell Science, Oxford

Global Water Security (2010) Global water security: an engineering perspective. The Royal Academy of Engineering, London, p 26

Goldfarb RS, Ratner J (2008) "Theory" and "models": terminology through the looking Glass. Economic Practice Follow –Up, Economic Journal Watch 5(1):92–93

Harris, C. 2003. Private participation in infrastructure in developing countries: trends, impacts, and policy lessons. World Bank working paper no. 5. Washington, DC: World Bank, pp. 1, 3, 4, 25. Retrieved from http://rru.worldbank.org/Documents/PapersLinks/1481.pdf

Hughes O (1998) Public management and administration. Palgrave, New York

Izaquire AK (1998) Private participation in the electricity sector - recent trends. Private Sector, World Bank, Washington, p 1. Note No. 154

Kedikilwe, P. H. K. (2008). Statement at the Groundbreaking Ceremony of the Commissioning of the Commencement of the Construction of the Polometsi/Dikgatlhong Dam and Housing component of, Robelela village. p 6


I

Kgomotso, PK, Swatuk L (2006) The Challenges of supplying water to small, scattered communities in the lower Okavango basin, Ngamiland, Botswana: an evaluation of Government policy and performance. Paper prepared for presentation at 7th annual l meeting of water. NET/Warfsa/GWP/SADC Lilongwe, Malawi, p 1

Klein, DB, & Pedro PR (2007) Model building versus theorizing: the paucity of theory in the journal of economic theory. Econ J Watch 4(2): 241–271

Liou KT (2001) Handbook of public management practice and reform. Marcel Dekker, Inc., Orlando, p 391

Liu A (2004) Using models to bridge formal theories with empirical research in social science. Research Methods Institute, Los Angeles, p 5

Marin P, Mas J, Palmer I (2009) Public private partnerships – Africa experiences. Washington, World Bank, p 49

Matlok M (2008) Water profile in Botswana. In: Cleveland CJ (ed) Encyclopaedia of Earth. Retrieved from http://www.eoearth.org/article/Water_profile_of_Botswana

Molefhe K (2011) Understanding adoption, implementation and outcomes of new public management reforms in developing countries: a case study of Botswana, p 75

Molokwane T (2018) Assessing the demand for public private partnerships in Botswana's water utilities corporation – the case of Lobatse Management Centre, International Conference on Public Administration and Development Alternatives (IPADA) held at the Stellenbosch University, Faculty of Military Science, Saldanhabay: South Africa, July, 04–06, 2018, pp 704–714

Molokwane T (2019) Short term public-private partnerships – a starting point for Botswana. 4th annual conference of international conference on public administration and development alternatives (IPADA), held at Southern Sun, or Tambo International Airport, South Africa from 3rd to 5th July, 2019, pp 159–167

Molokwane T, Tshombe LM (2017) Key challenges to public private partnerships in Botswana. Afr J Pub Aff 9(9):161, 171. Published on behalf of The African Consortium of Public Administration

Molokwane T, Bahta T, Botlhale EK (2019) Reforming public procurement though public private partnerships in Botswana, governance, reforms and public affairs. Batalea Publishers, South Africa, pp 131–145

Moszoro M, Krzyzanowska M (2011) Implementing public-private partnerships in municipalities. Working paper. University of Navara, IESE Business School, Madrid, p 1

Motshegwa, B. & Molokwane, T. (2019). Assessing the suitability of the build operate and transfer option to Botswana's public private partnership Programme. Manuscript presented at the 2nd international conference on governance and service delivery in developing economies, Uganda management institute: Kampala, pp 1–10

Moyo S, O'Keefe P, Sill M (1993) The Southern African environment: profiles of the SADC countries. Earthscan, London

Mudanga G (2011) Water supply in urban areas - takeover of rural areas and wastewater management, presentation by the WUC executive director at the water Pitso symposium in Selebi Phikwe on 9th June 2011

Neal K, Maloney P, Marson J, Francis T (1996) Restructuring America's water industry: comparing investor-owned and government water systems, reason public policy, Institute Policy Study No 200 (January 1996)

Neuman WL (2007) Basics of social research – qualitative and quantitative approaches. Pearson Education inc., Boston, pp 31, 111, 167

Ngowi HP (2006) Public private partnership in service delivery: application, reasons, procedures, results and challenges in tanzanian local government authorities (LGAS) African Association for public administration and management. Presented at the 28th AAPAM Annual Roundtable Conference, Arusha, pp 3, 4

Ngowi HP (2009) Public private partnership in service delivery: application, reasons, procedures, results and challenges in Tanzanian Local Government Authorities (LGAs) African association for public administration and management, Africa Growth Agenda, p 34

Partnerships Kosovo (2009) Public private partnerships. Ministry of Finance and Economy, USAID, p 3

Pilcher R (2005) A practical approach to developing a sustainable water loss reduction strategy in Sandakan, Sabah, Malaysia. Halcrow Water Services, Rocfort Road, Snodland, Kent ME6 5AH, United Kingdom

Prairie Research Associates (2013) The in-depth interview, Technote, PRA Inc., p 1. Retrieved from http://www.pra.com

Public Private Infrastructure Advisory Facility. (2010). PPIAF supports private sector participation in Vietnam Water Projects, pp 1

Rashed A, Alam M, Toriman E (2011) Considerable issues for sustainable public-private partnership project, Ministry of Finance, government of Bangladesh. Scentia Journals 4:60

Republic of Botswana. (2009a). Botswana National Research and Science Technology Plan 11

Republic of Botswana (2009b) Botswana water statistics. Gaborone, Government Printer, Central Statistic, p 13

Republic of Botswana (2018) 2018 budget speech, Matambo, O. K. Minister of Finance and Economic Development, Government Printing and Publishing Services, Gaborone

Republic of Botswana (2019) 2019 budget speech, Matambo, O. K. Minister of Finance and Economic Development, Government Printing and Publishing Services, Gaborone

Rintala, K. M., (2004). The economic efficiency of accommodation service PFI projects, University of London, p 89

Ross NK (2005) Sample design for Educational Survey Research. Quantitative Research Methods in Educational Planning, UNESCO, Paris, p 4

Sharma KC (2007) Privatization in Africa: the case of Botswana. In: Farazmand A, Pinkowski J (eds) Handbook of globalization, governance, and public administration. Taylor & Francis, Boca Raton, p 628

Silverman D (2000) Doing qualitative research. SAGE publications, Thousand Oaks, p 155

Slevitch L (2011) Qualitative and quantitative methodologies compared: ontological and epistemological perspectives. J Qual Assur Hosp Tour 12(1):73–81

Soul City Institute of Health & Communication (2003) Soul City fieldworker training: qualitative research for health and development communication - training manual 2. Johannesburg, Qualitative Analysis and Reporting, p 43
Sunday Standard (2011). BR properties Rail Park mall complete. Sunday Standard. Retrieved 28 May 2019 from: http://www.sundaystandard.info/br-properties-rail-park-mall-complete
Sunday Standard. 2012. Water utilities corporation on the ropes, Sunday Standard. http://www.sundaystandard.bw Date of access: 03 Mar 2012
Thoenen, P. (2007). Private sector participation in the provision of basic infrastructure – Economic Commission for Africa, African Trade Policy Center, online publication, p. 1
Tshombe LM, Molokwane T (2016a) An analysis of public private partnership in emerging economies. Risk, Governance & Control: Financial markets & Institutions, Virtus Enterprises 6(4):306. Ukraine
Tshombe, L. M., & Molokwane, T. (2016b). An analysis of public private Partnership in sub Saharan Africa, Afr J Public Aff, Vol. 9 (2), p. 73, published on behalf of The African Consortium of Public Administration, South Africa
Tuckett A (2004) Qualitative research sampling – the very real complexities. Nurse Res 12(1):2–8
Turner M, Hulme D (1997) Governance, administration and development: making the state work. Palgrave, New York
United Nations Economic Commission for Africa (2005) African Governance Report, United Nations 98
United Nations System in Botswana (2007) Second common assessment for Botswana, Final Report 12 December 2007, United Nations, p 29
World Bank (2009) Public private partnerships to reform urban water Utilities in Western and Central Africa. Water-practitioners notes series, Washington, DC, p 1
Yin RK (1994) Case study research: design and methods. Sage Publications, California
Yin RK (2003) Case study research: design and methods, 3rd edn. Sage Publications, California

# Improvisation in Public Administration

Shrabanti Maity
Department of Economics with Rural Development, Vidyasagar University, Midnapore, Paschim Midnapore, India

## Synonyms

Moral-principles; Value-system

## Definition of PDS

"Public distribution system is a government-sponsored chain of shops entrusted with the work of distributing basic food and non-food commodities to the needy sections of the society at very cheap prices" (The Economic Times 2018, retrieve from: https://economictimes.indiatimes.com).

## Introduction

The most important requirement of the living organism for survivorship is "food." In fact, the specific goal of the "right to development" is the "right to be food secure." Food security cannot be achieved only by consuming enough food but only by consuming balanced food. The definition of "food security" was first instigated in the "World Food Conference" in 1974. In that definition, the emphasis was given on food supply. Then onward several attempts have been made to furnish a well-accepted definition of "food security." The worldwide accepted definition was given by the "Food and Agricultural Organization (FAO)." The FAO defined food security as "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life" (World Food Summit 1996, retrieved from www.fao.org). This widely accepted definition discloses four pillars of food security, viz., *availability*, *access*, *food utilization*, and *stability*. In the developing countries, the buffer stock and the public distribution system (PDS) were introduced to ensure all dimensions of food security.

India is a dichotomous mixed economy where the coexistence of very rich, rich, poor, and very poor people can be seen. To ensure food security to the mass of poor and very poor population, the Government of India introduced PDS. The first PDS in India was introduced in 1947 under the Ministry of Consumer Affairs, Food and Public Distribution with the objective to give food and nonfood items at the subsidized rate to the poor. In the PDS, major commodities include staple food grains (mainly rice and wheat), sugar, and kerosene through a network of "Fair Price Shops

(FPSs)," commonly known as "Ration Shop." This PDS experienced several changes from its inception. The present PDS in India is launched on 10 September 2013, under the "National Food Security Act, 2013." The objective of the NFSA (2013) was "to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity" (NFSA 2013, retrieve from https://dfpd.nic.in/nfsa-act.htm). The act under "Targeted Public Distribution System (TPDS)" covers two-thirds of the population. The act enables each eligible person to receive 5 Kgs food grains (rice/wheat/coarse) per month at a subsidized rate (Rs. 3/2/1 per Kg). Side by side, the existing "Antyodaya Anna Yojana (AAY)," ensuring 35 kgs of food grains per household per month, continues to benefit the poorest of the poor. Special attention was given to the nutritional requirements of the pregnant women and lactating mothers during pregnancy and 6 months after the childbirth under NFSA (2013). The children up to age 14 years are also entitled to nutritional meals fulfilling the nutritional standard under this act. Most importantly, in the absence of supply of entitled food grains or meal, the beneficiaries are eligible to receive "food security allowance."

The PDS and food security in India are not new in literature. In spite of the extensive coverage of the PDS and its important role in ensuring food security, its relevance and effectiveness in improving food security have been questioned frequently in policy discourse on food transfers in India. In some studies, anomalies like inclusion and exclusion errors (Swaminathan and Misra 2001; Khera 2008), large-scale leakages (Sen 2011; Khera 2011) and so on related to PDS are highlighted. On the other hand, the role played by the PDS in improving food security was highlighted in few other studies (e.g., Dreze and Sen 1989; Sen 2011; Himanshu 2013a, b; Dreze and Khera 2013; Kumar et al. 2014).

Thus it will be prudent to examine the effectiveness of the present TPDS, implemented under the NFSA (2013), for a marginalized area of India. This motivated the current study. With the above-stated intention, the present study is conducted in the Barpeta district, Assam. The study mainly concentrates in investigating two objectives: firstly, to scrutinize the present food security scenario of the Barpeta district, Assam, by constructing self-developed multidimensional food security index especially in the "char" areas in relation to nearby areas other than "char" and, secondly, to assess the impact of the TPDS on the food security of the marginalized area, Barpeta district, Assam.

The novelty of this study is twofold. Firstly, this study is the first to examine the food security scenario of the study area by constructing a self-developed multidimensional food security index. Secondly, this study assesses the impact of the present TPDS on the food security of the study area.

## Concept

The Barpeta district is located in the lower Assam region of the Brahmaputra valley with a total geographical area of 2282 $Km^2$ (Census 2011). It is bounded by the foothill region of Bhutan and Baksa district in the north, Nalbari district in the east, Kamrup and Goalpara district in the south, and Bongaigaon District in the west (Economic survey of Assam 2013–2014).

Although the economy of the Barpeta district is agrarian in nature, unfortunately 33.3% people are engaged in agricultural activities as the landless laborer. Not only that the percentage of marginal farmers (marginal farmers are those whose average land holding size is less than 7.5 Bigha) in the district is 86.9, but also the average size of the landholding for the district is only 0.6 Bigha (HDR Survey, Assam 2013). The "poverty ratio" of the Barpeta district is 39.0%, compared to the all Assam figure 37.0% (HDR Survey, Assam 2013). Moreover, the condition is further worsened by the frequent occurring of floods and massive soil erosion by the river Brahmaputra and its tributaries. There are many "char" ("In the valleys, there are areas surrounded by the courses of the river Brahmaputra and its tributaries, known as the *chars*. These *chars* are, in fact, mid-channel bars, which are an integral part of the fluvial process of the river Brahmaputra and its

tributaries in Assam. They are extremely unstable and can be wiped out by erosion during recurrent floods. The *chars* are subject to erosion on their upstream and deposition on the downstream, due to which *char* dwellers migrate downstream. This affects the geometry and location of the chars during floods almost every year" (Directory of Char Areas (2007–2008; Government of Assam and HDR Survey, Assam 2013)) areas in the district within the river range of Brahmaputra, Beki, and Chaulkhwa. People living in these areas are often exposed to various water-borne diseases and famine (Economic survey of Assam 2013–2014). Most of the centrally launched safety net programs even do not reach to the poor people in these areas effectively. Due to a low level of income, especially in rural areas, people are unable to purchase adequate food for maintaining minimum nutritional standards. Under such circumstances, the public distribution system is expected to ensure food security by providing the necessary and adequate food items at subsidized prices.

This paper is organized so as to investigate each of these research objectives in turn. Section "Materials" enlists the data sources for this study. The methodologies are outlined in the section "Methods." The research objectives are investigated in section "Results and Discussion." Section "Conclusion" concludes the study and suggests the induced policy measures.

## Materials

The materials utilized for the purpose of this study and the collection procedure is presented in this section.

### Data

This study is based on both primary and secondary data. Secondary data are collected from the Department of Food and Public Distribution, Government of India, Directorate of Economics and Statistics, Government of Assam and Food and Agricultural Organization (FAO), Economic Survey of India, and Economic Survey of Assam.

### Sample Design

This paper is based primarily on a novel data set that has especially been collected to examine the food security status of the study area. The primary data used for the empirical analysis are collected through primary field survey following multistage random sampling with stratified and purposive sampling technique, covering the period from November 2014 to April 2015.

Thus, the primary data are collected just after the implementation of the "NFSA, 2013." There are 11 Community Development (CD) Blocks in Barpeta district. At the first stage, four CD blocks, namely, Chenga, Gumafulbari, Mandia, and Rupshi, are selected purposively with the criteria that these blocks contain both char and non-char villages. In the next stage, eight villages, namely, Roumaripathar, Kholabanda, 1 No. Alopati, Gueleza, Muchalman Gaon, Palhazi, Mandia Bardalani, and Ghugubari, are selected purposively from four sampled blocks. From each village, specific numbers of randomly selected sampled households including both PDS members and nonmembers are interviewed in the final stage. The sample size (household numbers both PDS member and nonmember) in both cases are determined by Krejcie and Morgan (1970) formula (Table 1).

In aggregate, 204 households, containing 85 PDS members and 119 nonmembers, are consulted for this study.

## Methods

The present section discusses the methods to address the said research objectives.

### Food Security Index: Determinants and Measurement

There are four important interlinked embedded in the FAO (1996) definition of "food security," viz., *availability*, *access*, *utilization of food*, and *sustainability over time.* Accordingly, factors like age, education of the house head, input availability, technology absorption, farm size (or size of the land operational holding), land quality, input price, and credit have been identified as the

**Improvisation in Public Administration, Table 1** Village wise population and sample

| Block | Villages | Population | PDS member | PDS nonmember | Sample | | Sample size |
|---|---|---|---|---|---|---|---|
| | | | | | PDS member | PDS nonmember | |
| Chenga | Roumari Pathar (C) | 469 | 180 | 289 | 10 | 14 | 24 |
| | Muchalman Gaon (NC) | 1317 | 608 | 709 | 11 | 15 | 26 |
| Gumafulbari | Kholabanda (C) | 2235 | 1050 | 1185 | 11 | 15 | 26 |
| | Palhazi (NC) | 1533 | 607 | 926 | 11 | 15 | 26 |
| Mandia | 1 NoAlopati (C) | 1547 | 713 | 834 | 11 | 15 | 26 |
| | Mandia Bardalani (NC) | 1509 | 615 | 894 | 11 | 15 | 26 |
| Rupshi | Gueleza (C) | 552 | 214 | 338 | 10 | 15 | 25 |
| | Ghugubari (NC) | 859 | 325 | 534 | 10 | 15 | 25 |
| Total | | 10,021 | 4312 | 5709 | 85 | 119 | 204 |

Source: Author's own presentation from primary data survey
*C* char, *NC* non-char

determinants of the availability component of the household food security. The *access aspect* of food security can be proxied by the indicators, such as household annual income, household size, total earning members, composition of the family, etc. Finally, gender and expenditure on food and health are considered as the determination of the utilization aspect (Napoli et al. 2011; Abafita and Kim 2013). As food security is an unobservable complex concept, thus to capture the multiple dimensions based on the selected set of indicators, the present study uses PCA approach. The selections of these indicators are executed in such a way so that *at least one indicator* should be on the list to reflect *three major dimensions of food security*, viz., *availability*, *access*, and *utilization*. As the study is mainly based on *cross-sectional* household-level data, thus it is not possible to address *the stability and sustainability dimensions of food security*. Thus no indicator is included to capture *the stability and sustainability dimensions of food security.* The justification for selection of each variable is briefly explained in Table 2.

By applying PCA on the selected indicators, several components are obtained. The first principal component explains maximum variation followed by the second and so on (Abafita and Kim 2013). The HFSI can then be constructed by using the factor scores from the first principal component as weights. Again, since the different indicators used for the construction of HFSI are measured in *different metrics/units*, the *standardization transformation of each indicator* is performed so that each indicator has a zero mean and unit variance. This technique transforms each indicator as the unit-free pure number, and accordingly, by using the abovementioned weights, HFSI is generated as follows:

$$HFSI_j = \sum F_i \left( \frac{X_{ji} - \overline{X}_i}{S_i} \right) \quad (1)$$

where:

$HFSI_j$ = the food security index of the *j*th household obtained using PCA
$F_i$ = the weight of the *i*th variable in the PCA model
$X_{ji}$ = the value of the *i*th variable for the *j*th household
$\overline{X}_i$ = the mean of the *i*th variable over all the sample households
$S_i$ = the standard deviation of the *i*th variable over all the sample households

The index constructed above measures the food security status of one household relative to the other on a linear scale. The index so obtained may be positive or negative, which makes the comparison difficult. Therefore, a standardized index (SI) was developed, the value of which

**Improvisation in Public Administration, Table 2** Variables for construction of multidimensional food security index

| Variables | Description | Justification |
|---|---|---|
| Cattle owned | It includes the numbers of cows, buffaloes, goat, sheep, etc. | A large body of evidence suggest that dietary diversity is an important indicator of food security, reflecting the nutritional quality of food consumed (Smith and Subandoro 2007). Milk and milk products are one item of dietary diversity score, and thus we include this variable as a proxy for dietary diversity |
| Monthly consumption expenditure (other than rice and wheat) | It is the amount of money which the households have to spend for procuring various food items other than rice and wheat | This variable is included as an indicator of access to food |
| Poultry owned | This variable implies the numbers of cock, hens, and duck | One of the items for calculation of dietary diversity score is meat, poultry, and offal, and thus this variable is included as proxy for dietary diversity as well as access to food |
| Rice consumed | It implies the total quantity of rice consumed by the household | This variable is included as a an indicator of access to food |
| Wheat consumed | It implies the total quantity of wheat consumed by the household | This variable is included as an indicator of access to food |
| Land operational holding | It is the land ownership in bigha which is used for cultivation | In the rural areas, a household's access to food depends on availability of sufficient land and other productive resources to grow its own food. Thus, this variable is used as a proxy for access to food |
| Education of the house head | The total years of schooling of the house head of the sampled household | Sometimes it may not be the case that a particular food item is not accessible to a household, but because of lack of knowledge of the importance of dietary diversity, the household does not consume it, for example, fruits, vegetables, etc. The educational level of the house head helps in addressing dietary diversity, balance diet aspect, as well as water, sanitation, and hygiene issues |
| Toilet facility | Constructed latrine, 1; unconstructed latrine or no toilet, 0 | We include toilet facility by a household as an indicator of the sanitation and hygiene. The type of toilet facility indicates the level of hygiene and sanitary situation of the household and is associated with the status of health of its members. The health of the members is in turn associated with the ability of the household's members to make best nutritional utilization of the food consumption (Abafita and Kim 2014). Thus, this indicator is included to capture utilization and absorption aspect of food security |
| Source of drinking water | Public tap, 1; otherwise, 0 | Access to improve sources of water is also a crucial input for better health status of the household members. Hence, this indicator is also included to capture utilization and absorption aspect of food security (Abafita and Kim 2014) |

Source: Author's own specification

can range from 0 to 100 (for details check, "Mathematical Appendix").

The calculated *SHFSIs* are divided into two categories, PDS participants and PDS nonparticipants. Again, the mean values of the *SHFSI* for both groups represent the village-level standardized food security index (*VSFSI*), respectively. By considering weighted (weights are the number of sampled PDS member (or nonmember) households in the respective village) mean of the *VSFSI* block, food security index is constructed for the same two groups. The benchmark thresholds for these indices are developed on the basis of the FAO (2011) and presented in Table 11 in appendices.

### Impact Assessment of PDS: Propensity Score Matching

The outcome of the PDS participation is evaluated in terms of the FSI. The *impact assessment of the PDS is executed by using the propensity score matching* technique. The probability of participation or being treated (i.e., propensity score) can be estimated by using any discrete choice model such as logit or probit as they yield similar results (Caliendo and Kopeinig 2008). The present study uses the probit model.

Once the propensity score is estimated, different algorithms, viz., the nearest neighbor matching, Kernel matching (KM), etc., can be used in order to identify matching partners (Rubin 1974). The explanatory variables used for the probit regression are presented in the appendices (Table 12). The impact on outcome indicator is expressed as:

$$\Delta_K = K(Y^1) - K(Y^0) \tag{2}$$

where:

$K$ is the self-developed multidimensional food security index.

## Results and Discussion

The empirical results addressing *the objectives* of the study are discussed in the subsequent section.

### Performance of Public Distribution System in Barpeta District of Assam

For effective functioning of the PDS as a support system, it is important that major bottlenecks are properly identified and removed. A baseline survey of Barpeta district (Census 2011) had found that almost half of the households (51.1%) were BPL households. But the importance of the PDS is evident from the fact that about 89% of the households get essential commodities through the PDS, including the BPL households. The major problem with the PDS, however, is the inadequate supply of the essential commodities.

A perusal of Table 3 reveals that during 2011–2014, the number of the FPSs remained more or less stable, but the numbers of beneficiaries being served by them fluctuated. The table also divulges that mainly three food items, namely, rice, wheat, and sugar, were distributed until 2012, but unfortunately, sugar was dropped from the PDS distribution list from 2013 onward. The table clearly points out that there were

**Improvisation in Public Administration, Table 3** Numbers of fair price shops and the average number of population per FPS

| Year | Total number of FPSs | Number of PDS beneficiaries | Average monthly allocation | | | Average distributed by FPSs quantity | | |
|---|---|---|---|---|---|---|---|---|
| | | | Rice | Wheat | Sugar | Rice | Wheat | Sugar |
| 2011 | 1649 | 244,115 | 4960.46 | 87 | 789.9 | 4379.181 | 87 | 786.9 |
| 2012 | 1651 | 243,667 | 6141.875 | 151 | 786.9 | 5128.463 | 151 | 786.9 |
| 2013 | 1650 | 243,456 | 2743.884 | 210 | 0 | 2743.884 | 210 | 0 |
| 2014 | 1651 | 147,607 | 4155.96 | 138 | 0 | 4155.96 | 138 | 0 |

Source: Food, civil supplies, and consumers' affairs Barpeta (2015)

differences between the average monthly allocation of rice and its distribution through the FPSs in the district. However, the same table confirms that there was no leakage in the allocation and distribution of wheat. The distribution of rice sheds light on the large-scale leakages of PDS rice in the district. As it is the staple food of Assam and its district, thus, any diversion of rice from the PDS causes an adverse impact on the food security situation in the district as well as in Assam.

The said objectives are investigated one by one in the next section.

## Principal Component Analysis and Multidimensional Food Security Index

The food security index is constructed by using PCA technique. The compatibility and the robustness of the variables for PCA are tested by calculating descriptive statistics (5% trimmed mean, skewness and kurtosis, etc.) and by conducting Kaiser-Meyer-Olkin (KMO) and Tobias and Carlson (1969) of the listed variables, respectively. All results (Tables 13 and 14 in appendices) confirm the listed variables are compatible with PCA. The PCA results reveal that the first factor explained 43.7% of the total variation in the data, while the second factor explained another 15.5% of the total variation. The Catell's (1966) scree plot graphs the eigenvalue against the component number, and after examining the scree plot (Fig. 1), only one factor is extracted for analysis. The last column of Table 13 in appendices presents the factor loadings of the PCA.

By using these factor loadings as weights of the standardized variables (obtained by standardization transformation of the listed variables), the household-level food security index is constructed. On the basis of the constructed HFSI, the overall conclusion regarding the food security situation of the study area is drawn. Following the abovementioned methodology, the village- and block-level food security index for the said two groups separately are developed. The result is presented in Table 4.

The table reveals that category wise no significant differences have been marked by the food security index (FSI) between the PDS beneficiaries and non-beneficiaries in the case of sampled villages as well as for blocks, as all of them are identifies as "Critical." But the numerical figures recognize the actual role of PDS. The numerical value of FSI ensures PDS beneficiaries are in better food security status compared to non-beneficiaries. The next section extends the discussion of the food security scenario of the *char* and *non-char* areas for the said two areas on the basis of our constructed *VSFSI.*

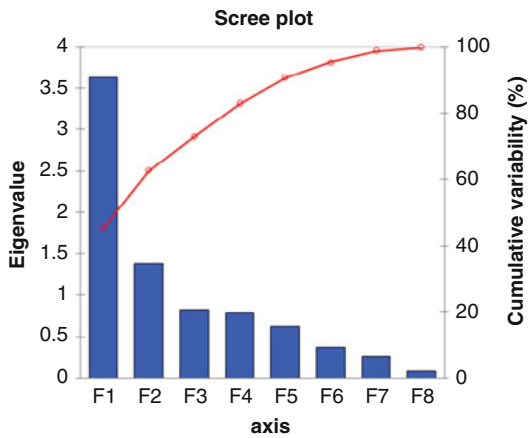


Source: Author's own calculation

**Improvisation in Public Administration, Fig. 1** Scree plot for the principal component. (Source: Author's own calculation)

## Food Security Index of Char and Non-char Areas of Barpeta District

This section focuses the effectiveness of the PDS in the char and non-char areas of the district in terms of the FSI of both the groups. The Table 5 depicts that for all *char* and *non-char* villages, participants' VSFSI is greater than that of non-participants. Again, the performance of the PDS for improving household food security status is better in *non-char* area than that of *char* area. This may because of the fact that the PDS in the *char* area is unable to operate in its optimum capacity because of frequent migration and illegal immigration.

In conclusion, the above result discloses that the PDS beneficiaries are in better food security status than that of the non-beneficiaries and the PDS operation is more effective in the *non-char* area compare to *char* area.

**Improvisation in Public Administration, Table 4** Block and village wise food security index

| Block name | Village name | Participants' FSI | | Nonparticipants' FSI | | Participants' food security level | | Nonparticipants' food security level | |
|---|---|---|---|---|---|---|---|---|---|
| | | Block | Village | Block | Village | Block | Village | Block | Village |
| Chenga | Roumari Pathar (C) | 47.56 | 44.60 | 45.69 | 41.28 | Critical | Critical | Critical | Critical |
| | Kholabanda (C) | | 50.26 | | 49.80 | | Critical | | Critical |
| Gumafulbari | Alopati (C) | 47.69 | 46.37 | 42.29 | 39.77 | Critical | Critical | Critical | Critical |
| | Gueleza (C) | | 49.00 | | 44.81 | | Critical | | Critical |
| Mandia | Muchalman Gaon (NC) | 52.77 | 54.83 | 50.12 | 54.47 | Critical | Critical | Critical | Critical |
| | Ghugubari (NC) | | 50.70 | | 45.76 | | Critical | | Critical |
| Rupshi | Mandia Bardalani (NC) | 39.19 | 42.48 | 29.71 | 31.31 | Critical | Critical | Critical | Critical |
| | Palhazi (NC) | | 35.90 | | 28.10 | | Critical | | Critical |

Source: Author's own calculation based on primary data

**Improvisation in Public Administration, Table 5** Food security index of villages categorized as char and non-char areas

| Categories | Villages | PFSI | NPFSI |
|---|---|---|---|
| Char | Roumari Pathar | 44.60 | 41.28 |
| | Kholabanda | 50.26 | 49.8 |
| | Alopati | 46.37 | 39.77 |
| | Gueleza | 49.00 | 44.81 |
| **Char overall** | | **47.56** | **43.92** |
| Non-char | Muchalman Gaon | 54.83 | 54.47 |
| | Palhazi | 50.70 | 45.76 |
| | Mandia Bardalani | 42.48 | 31.31 |
| | Ghugubari | 35.90 | 28.10 |
| **Non-char overall** | | **45.98** | **39.91** |

Source: Author's own calculation based on primary data

## Econometric Result: Propensity Score Matching

The sample size for the study is 204 households consisting of 119 numbers of nonparticipant and 85 numbers of participant household (Table 6). Here, the percentage of the participants is 41.09% and that of the nonparticipants is 58.91%.

The propensity score can be estimated by using any one of the binary-dependent variable models, viz., probit or logit model. The present study uses the probit model. The lists of the independent variable for the probit regression and their expected relation with the dichotomous-dependent variable are presented in Table 12 in the appendices. The regression result is presented in Table 7. The signs of the estimated coefficients are as expected. The PDS participation decision is positively influenced by age of house head and mean year of schooling, and the estimated coefficients are statistically significant at the different level. On the other hand, numbers of children in the family and monthly per capita consumption expenditures influence the PDS participation negatively, and both results are statistically significant at 1% level. The influence of the variables female-headed and SC/ST turns out to be insignificant. The log likelihood of the fitted model is (−) 110.992, and the models are well specified with high likelihood ratio Chi-square of 51.60 and pseudo R-squared coefficients of 0.489. The Chi-square test for the model shows statistical significance at the 1% level, indicating that the variables included in the model statistically explain the propensity scores used in the matching steps.

**Improvisation in Public Administration, Table 6** Number of treated and untreated household

| Treated | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| 0 | 119 | 58.91 | 58.91 |
| 1 | 85 | 41.09 | 100 |
| Total | 204 | 100 | |

Source: Author's own calculation based on primary data

**Improvisation in Public Administration, Table 7** Probit regression model for the estimation of propensity score

| | | | |
|---|---|---|---|
| Iteration0: log likelihood = −136.791 | | Iteration4: log likelihood = −110.994 | |
| Iteration1: log likelihood = −121.419 | | Iteration5: log likelihood = −110.992 | |
| Iteration2: log likelihood = −115.001 | | Iteration6: log likelihood = −110.992 | |
| Iteration3: log likelihood = −111.447 | | | |
| Probit regression | | Number of Obs. = 204 | |
| Log likelihood = −110.992 | | LR Chi2(9) = 51.60 | |
| | | Prob> Chi2 = 0.000 | |
| | | Pseudo R2 = 0.489 | |
| **Variable** | **Coefficient** | **Standard error** | **Z-statistics** |
| Age of the house head | 0.062 | 0.032 | 1.96** |
| Mean year of schooling | 2.780 | 0.921 | 3.02* |
| Number of children in the family | −0.289 | 0.092 | −3.13* |
| Female headed | −0.143 | 0.410 | −0.35 |
| SC/ST | −0.613 | 0.756 | −0.81 |
| Monthly per capita consumption expenditures | −0.003 | 0.001 | −4.22* |
| Monthly per capita consumption expenditure-squared | −7.73e-07 | 1.86e-07 | −4.15* |
| Constant | 0.027 | 0.074 | 0.37 |

Source: Author's own calculation based on primary data
***Significant at 10% level, ** significant at 5% level, *significant at 1% level

**Improvisation in Public Administration, Table 8** Estimation of probit for the whole sample: P-score

| Variable | Observation | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| P-score | 204 | 0.412 | 0.235 | 0.047 | 1 |

Source: Author's own calculation based on primary data

As it can be observed from Table 8, it appears that the probit regression estimates good predictors of participation in PDS. The estimated propensity scores range from a minimum of 0.047 to a maximum of 1.00 for both participants and nonparticipants. This means that the region of common support in this study is [0.047–1.000]. The mean propensity score for both the groups is estimated at 0.412. Therefore, the probability of participation in the treatment group is about 41% of all respondents. In other words, in 41% of cases, the probit regression model has predicted correctly the participation of all observation.

## Checking for Common Support, Balancing

It is mandatory to check the common support region. This is the region where the propensity score has a positive density for both participants (treated) and nonparticipants (non-treated). Figure 2 gives the frequency distribution of the propensity scores calculated by using probit model.

The propensity score ranges from 0.047 to 1.000 for both the groups. It can be seen from the figure that the common support condition is satisfied. There is substantial overlap in the distribution of the propensity scores of both treated and control group, and a severe common support problem does not exist between them.

Given that substantial overlap assumption of common support in the distribution is satisfied,

**Improvisation in Public Administration, Fig. 2** Frequency of control cases against treated group for propensity score. (Source: Author's own calculation based on primary data)

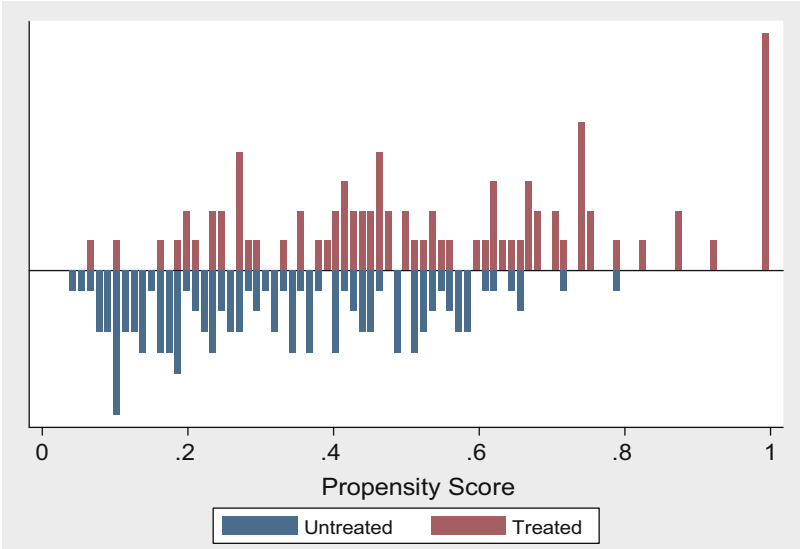


Source: Author's own calculation based on primary data

**Improvisation in Public Administration, Table 9** Estimation of ATT, ATU, and ATE on standardized household food security index, calorie gain, and income gain due to participation in the PDS

| Impact indicators | Sample | Treated | Control | Difference | Std.Err. | t-State |
|---|---|---|---|---|---|---|
| Household food security index (HFSI) | ATT | 43.77 | 36.95 | 6.82 | 4.13 | 1.65*** |
| | ATU | 44.14 | 45.40 | 1.26 | | |
| | ATE | | | 3.54 | | |

Source: Author's own calculation based on primary data
***Significant at 10% level

**Improvisation in Public Administration, Table 10** Estimation of ATT on standardized household food security index, calorie gain and income gain due to participation in the PDS

| Impact indicators | Sample | Matching method | Treated | Control | Difference | Std. Err | t-Stat |
|---|---|---|---|---|---|---|---|
| Household food security index (HFSI) | ATT | Nearest neighbor | 43.77 | 36.95 | 6.82 | 4.13 | 1.65*** |
| | | Kernel | 43.77 | 40.50 | 3.27 | 1.37 | 2.39* |

Source: Author's own calculation based on primary data
***Significant at 10% level, *Significant at 1% level

**Improvisation in Public Administration, Table 11** Threshold ranges of DDS, FSC and FSI

| Multidimensional food security index | |
|---|---|
| Food security score ranges | Food security groups |
| <65 | Critical |
| 65–75 | Low |
| 75.1–85 | Sufficient |
| >85 | High |

Source: Food and Agricultural Organization (2011)

the average treatment effect is restricted to the overlapping area whereby the nonparticipants are comparable with the participants based on their observed characteristics. The present study executes matching without replacement by using nearest-neighbor matching; therefore, 34 observations of the control case were discarded for making the comparison. Hence, 85 control observations were used to compare

**Improvisation in Public Administration, Table 12** Explanation of variables in probit model

| Variables | Description | Relation with dependent variable |
|---|---|---|
| Dependent variable | Dichotomous variable for participation in the PDS (1, participants; 0, nonparticipant) | – |
| **Independent variables** | | |
| Age of the house head | Age of the head of the household in number of years | Expected to be positive as with age house head may get many benefits from the PDS |
| Mean year of schooling | The sum total of schooling in completed years of all the family members divided by the number of family members | This variable is considered as proxy for knowledge. Thus, with knowledge household aware about the PDS benefits and may be interested to get that benefit. The variable is expected to influence the PDS participation decision positively |
| Number of children in the family | Number of children under the age of 14 years in the household | Expected to be negative on the PDS participation decision. As for children if they are enrolled in school, they will get more benefit from Mead-day-meal Programme. Moreover a family with more numbers of children indicates its acute backwardness under Indian circumstances and thereby is less aware of the government welfare programs, and also PDS is all available in same quantity to all children |
| Female headed | Categorical variable for (yes, 1; otherwise, 0) | Expected to be negative. As that household is expected to be socially deprived and likely to have lesser chance to be enrolled in the PDS |
| SC/ST | Categorical variable for (yes, 1; otherwise, 0) | Expected to be negative because of lack of information and likely to have lesser chance to be enrolled in the PDS |
| Monthly per capita consumption expenditure | Monthly household per capita consumption expenditure in rupees | Expected to be negative, because if the family can afford food grains at market price, they bother to collect it from PDS. Moreover these families will be denied to provide PDS card by the authority as they may belong to APL category |
| Monthly per capita consumption expenditure-squared | Generated variable | Depending on the significance of this estimated coefficient, we can get the idea that the specification of the regression equation should be nonlinear |

Source: Author's own specification

with the 85 treatment observations based on their nearest propensity score.

Finally, in order to ensure that the mean propensity score for the treated and control group is not different, the test for balancing covariates needs to be conducted. This is because the common support can be defined and used for matching only when the balancing property is satisfied. The test result on covariate balancing with mean and Pseudo-$R^2$ are presented in Table 15 in appendices. The table reveals that matching removes most of the existing bias for almost all covariates between the two groups.

The sensitivity between the treated and the control group is the next important issue to be checked. The output shows that significant positive treatment effects on the treated of 6.82 for FSI at the household level. Under the assumption of no hidden bias ($\Gamma = 1$), the Mantel (1963) bounds, $Q_{MH}$ test statistic gives a similar result, indicating a significant treatment effect (Table 16 **in appendices**).

**Improvisation in Public Administration, Table 13** Descriptive statistics for the household level food security index

| Variables | Mean | 5% trimmed mean | Standard deviation | Skewness | Kurtosis | Maximum | Minimum | Range | Factor loadings |
|---|---|---|---|---|---|---|---|---|---|
| Cattle owned | 1.01 | 0.96 | 1.17 | 1.01 | 3.19 | 4 | 0 | 4 | 0.306 |
| MCE[a] | 5655.07 | 5648.02 | 1811.68 | 1.73 | 16.15 | 18,800 | 837 | 17,963 | 0.427 |
| Poultry owned | 4.79 | 4.78 | 1.82 | 0.36 | 4.36 | 11 | 0 | 11 | 0.226 |
| Rice consumed | 66.63 | 65.81 | 26.73 | 1.29 | 6.02 | 200 | 15 | 185 | 0.382 |
| Wheat consumed | 2.72 | 2.64 | 1.28 | 0.57 | 2.87 | 7 | 0 | 7 | 0.257 |
| LOH[b] | 2.33 | 2.30 | 1.46 | 0.66 | 2.55 | 6 | 0 | 6 | 0.304 |
| Education of the house head | 5.37 | 5.46 | 5.14 | 0.35 | 1.73 | 15 | 0 | 15 | 0.076 |
| Toilet facility | 0.50 | 0.49 | 0.50 | 0.02 | 1.00 | 1 | 0 | 1 | 0.427 |
| Source of drinking water | 0.49 | 0.49 | 0.50 | 0.06 | 1.00 | 1 | 0 | 1 | 0.425 |

Source: Author's own calculation based on primary data
[a]Monthly consumption expenditures (other than rice and wheat)
[b]Land operational holding

**Improvisation in Public Administration, Table 14** KMO measure of sampling adequacy and Bartlett's test of sphericity

| KMO measure of sampling adequacy | Bartlett's test of sphericity | | |
|---|---|---|---|
| | Chi-square | Degrees of freedom | p-value |
| 0.764 | 880.710 | 36 | 0.000 |

Source: Author's own calculation based on primary data
The value of the KMO, a measure of sampling adequacy, is 0.764, indicating the presence of strong patterns of correlation, among the selected variables, justifying the use of PCA for our analysis (Dunteman 1994). Again, the chi-square is 880.710 for Bartlett's test of sphericity (1954), which results in rejection of null hypothesis at 1% level and also confirms selected variables are strongly intercorrelated

**Improvisation in Public Administration, Table 15** Identification of balance between two groups

| Variable | Mean | | | t-test | |
|---|---|---|---|---|---|
| | Treated | Control | % bias | t | p>\|t\| |
| Age of the household head | 55.325 | 56.277 | −7.100 | −0.440 | 0.660 |
| Mean years of schooling | 4.667 | 4.345 | 5.500 | 0.520 | 0.605 |
| Number of children in the family | 2.416 | 2.331 | 5.900 | 51.000 | 0.607 |
| Female head dummy (1, female; 0, otherwise) | 0.096 | 0.145 | −18.500 | −0.950 | 0. 343 |
| SC/ST dummy (1, SC/ST; 0, otherwise) | 0.024 | 0.000 | 14.300 | 1.420 | 0.157 |
| Monthly per capita consumption expenditure | 1057.700 | 995.580 | 5.600 | 0.460 | 0.646 |
| **Pseudo-$R^2$ = 0.099** | | | | | |

Source: Author's own calculation based on primary data

**Improvisation in Public Administration, Table 16** Sensitivity analysis for average treatment effect

| Outcome variables | Mantel-Haenszel (1959) bounds | | | | |
|---|---|---|---|---|---|
| | Gamma | $Q_mh^+$ | $Q_mh^-$ | $p_mh^+$ | $p_mh^-$ |
| Household food security index | 1 | 9.170 | 9.170 | 0.000 | 0.000 |

Source: Author's own calculation based on primary data

## Estimation of Treatment Effect Checking of Sensitivity Between the Treated and the Control Group

The analysis of the treatment effect is conducted by focusing on two parameters, namely, the average treatment effect on the treated (ATT) and the average treatment effect (ATE). The results are presented in Table 9.

According to the estimated result, the calculated value of ATT for HFSI has increased by the amount 6.82, and the result is significant at 10% levels. The ATE, in this case, is 1.26. Thus, PDS plays a positive role in improving food security status to the participants of the study area. This result is consistent with the result of Tables 4 and 5.

The results related to two alternative matching algorithms, namely, nearest neighbor and Kernel matching, are presented in Table 10. Using these two matching algorithms, it is possible to evade any shortcoming that may arise simply by applying one single method and also helps to check the robustness of the estimated impacts on the outcomes.

The table divulges that the PDS plays a significant role in ensuring food security among participants in terms of HFSI, considering both matching algorithms. In fact, not only nearest-neighbor matching, the Kernel matching algorithm also ensures positive difference between PDS participants and nonparticipants in terms of HFSI (6.82 and 3.27, respectively). Thus, both matching algorithms ensure that PDS participants are relatively more food secure than their nonparticipant counterparts. In both cases, the results are statistically significant at different levels.

Hence, the study concludes that the PDS is contributing positively to ensuring food security, which is the main interest of this study. The result is quite obvious. As the PDS beneficiaries are able to get high-quality food grains, specifically rice, at the subsidized rate, they can utilize their saved fund either for purchasing of other food items or for maintaining the better living standard. On the contrary, the PDS non-beneficiaries are forced to purchase rice from the open market at a higher price, and maybe they are paying a higher price for inferior-quality rice. This adversely affects the non-beneficiaries food security status. If it is possible to resume the supply of sugar through PDS, then that will definitely helps in enhancing the food security status of the beneficiaries.

## Conclusion

The PDS is a system of distributing essential commodities universally to the citizens of the country, specifically to the vulnerable section of the society under the control of government department and agencies at an affordable price to protect them from the acute high prices in the market. From the above analyses, it is clear that the PDS proves to be efficient for Assam. To investigate the role of PDS, a marginalized district of Assam, viz., Barpeta, is considered. Barpeta district is mainly selected because there are *char* and *non-char* areas located side by side, which makes this district an ideal study area to investigate the role of PDS in improving food security even in the backward and the marginalized area in Assam, India. The study concludes that PDS operation helps in improving the food security status of the beneficiaries in both *char* and *non-char* areas. However, the role of PDS is more prominent in the *non-char* area than in the *char* area. The reason for such result has already been discussed in the earlier section.

Even after such important role, the operation of the PDS in this locality is not free from shortcomings. In fact, the same conclusion is very much valid for Assam as well. The coverage of the PDS needs to be expanded. Again, the items provided to the households were too limited to only PDS rice and wheat, whereas pulses which are much an important item often referred to poor man's protein are not included. Even the resume of supply of sugar and edible oil will definitely improve the role of PDS in ensuring food security regionally as well as universally. The grassroots survey ensures that the quantities distributed to the households were irregular and inadequate and the situation is not different in entire Assam. The respondents from the area also reported that the shopkeepers charged a higher price for the items than the prescribed price. Moreover, different prices were charged by different FPSs for the same items, across different places in the entire region of Assam. By observing the positive and significant role of PDS in ensuring food security among the beneficiaries, it is *highly recommended* that all the *shortcomings of the PDS should be removed.*

## Cross-References


- ▶ Administrative Ethics
- ▶ Economic Development Policy
- ▶ Organizational Collaboration
- ▶ Organizational Institutionalism
- ▶ Public Service Motivation
- ▶ Quantitative Methods
- ▶ Regression Analysis


## Appendices

### Mathematical Appendix

Therefore, a standardized index (SI) was developed, the value of which can range from 0 to 100 (for details, check "Mathematical Appendix-2") using the formula:

$$SHFSI_j = \frac{NSHFSI_j - \mathrm{Min}\left(NSHFSI_j\right)}{\mathrm{Max}\left(NSHFSI_j\right) - \mathrm{Min}\left(NSHFSI_j\right)} * 100 \quad (3)$$

where:

$SHFSI_j$ = standardized food security index of the *ith* household

$NSHFSI_j$ = non-standardized food security index of the *ith* household

Given that the propensity score is a balancing score, it will produce valid matches which can be used to estimate the impact of PDS participation on the outcome indicators. This is done by matching the two groups of respondents on the basis of the predicted propensity score [*P(X)*] as follows: $Y^1$ is the outcome indicator for the PDS program participants ($D = 1$), and $Y^0$ is the outcome indicator for the nonparticipants ($D = 0$); then the mean impact is given as follows:

$$^{\mathrm{ATT}}\Delta_{\mathrm{PSM}} = E_{P(X)}\left(Y^1|X, D = 1\right) - E_{P(X)}\left(Y^0|X, D = 0\right) \quad (4)$$

where:

ATT represents the average treatment effect on the treated group.

The PSM estimator is the mean difference in the outcomes over common support, weighted by the propensity score distribution of participants.

## References


Abafita J, Kim K (2013) Determinants of household food security in rural Ethiopia: an empirical analysis. J Rural Dev 37(2):129–157

Assam Human Development Report- Managing Diversities, Achieving Human Development (2014) Prepared by: OKD Institute of Social Change and Development, Guwahati Institute for Human Development, New Delhi, on behalf of Planning and Development Department Government of Assam. pp 1–360

Caliendo M, Kopeinig S (2008) Some practical guidance for the implementation of propensity score matching. J Econ Surv 22(1):31–72

Chandramouli C (2011) Census of India. Published by Government of India, Ministry of Home Affairs, Office of Registrar General & Census Commissioner, India. Web address www.censusindia.gov

Dunteman GH (1994) Principal component analysis. In: Lewis-Beck, M.S. (ed) Factor analysis and related techniques. International handbooks of quantitative applications in the social sciences, 5, Sage Publications, Iowa, 157–245

Dreze J, Khera R (2013) Rural poverty and the public distribution system. Econ Polit Wkly 48(45–46): 55–60

Dreze J, Sen A (1989) Hunger and public action. Oxford University Press on Demand, New York

Economic survey of Assam (2013–2014) Directorate of economics and statistics, Assam. Planning and Development Department, Government of Assam, pp 215–230

Economic Survey of India (2010–2011) Published by Oxford University Press, New Delhi, pp 188–215

Food and Agriculture Organization (FAO) (1996) Rome declaration of the world food security. World Food Summit. 13–17 Nov. 1996, Rome

Food and Agriculture Organization of the United Nations (2011) Guidelines for measuring household & individual dietary diversity. Prepared by Gina Kennedy, Terri Ballard & Marie Claude Dop. ISBN 978-92-5-106749-9. pp 5–55

Food, Civil Supplies and Consumers Affairs Barpeta (2015) Barpeta District: Official Website Retrieved from http://barpeta.gov.in/dept_foodcivil.html Accessed 20 May 2018

Himanshu SA (2013a) In-kind food transfers-I. Econ Polit Wkly 48:46–54

Himanshu SA (2013b) In-kind food transfers – II, impact on nutrition and implications for food security & its costs. Econ Polit Wkly 48(47):60–73

Khera R (2008) Access to the targeted public distribution system: a case study in Rajasthan. Econ Polit Wkly 43:51–56

Khera R (2011) India's public distribution system: utilisation and impact. J Dev Stud 47(7):1038–1060

Krejcie RV, Morgan DW (1970) Determining sample size for research activities. Educ Psychol Meas 30(3):607–610

Kumar A, Parappurathu S, Bantilan MCS, Joshi PK (2014) Public distribution system in India: implications for poverty and food security. International Food Policy Research Institute, New Delhi. Accessed through http://vdsa.icrisat.ac.in/Include/MiniSymposium/12.pdf. Accessed 12 Oct 2015

Mantel N (1963) Chi-square tests with one degree of freedom; extensions of the Mantel-Haenszel procedure. J Am Stat Assoc, 58(303), 690–700

Napoli M, De Muro P, Mazziotta M (2011) Towards a food insecurity multidimensional index (FIMI). Master in Human Development and Food Security

National Food Security Act (NFSA) (2013) Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, Government of India. Web address: http://dfpd.nic.in/nfsa-act.htm

Rubin DB (1974) Estimating causal effects of treatments in randomized and nonrandomized studies. J Educ Psychol 66(5):688

Sen A (2011) Why not a universal food security legislation? Econ Polit Wkly 46:38–47

Smith LC, Subandoro A (2007) Measuring food security using household expenditure surveys (Vol. 3). Intl Food Policy Res Inst.

Swaminathan M, Misra N (2001) Errors of targeting: public distribution of food in a Maharashtra village, 1995–2000. Econ Polit Wkly 36:2447–2454

The Economic Times (2018) Definition of Public Distribution System. Retrieved from: https://economictimes.indiatimes.com Accessed on 11/02/2018

Tobias S, Carlson JE (1969) Brief report: Bartlett's test of sphericity and chance findings in factor analysis. Multivariate Behavioral Research, 4(3), 375–377

# Incivility in Organizations: Perspective from Ghana

Frank L. K. Ohemeng[1] and
Veronica Adu-Brobbey[2]
[1]University of Ottawa, Ottawa, ON, Canada
[2]University of Education, Kumasi Campus, Kumasi, Ghana

## Synonyms

Bad manners; Boorishness; Discourtesy; Disrespect; Impoliteness; Rudeness; Ungraciousness

## Definitions

Workplace incivility, as mistreatment in social interaction, is characterized by rudeness, discourtesy, or displaying a lack of regard for others in the workplace.

Acting with disregard for others in the workplace, in violation of workplace norms for respect.

Low-intensity deviant (rude, discourteous) behavior with ambiguous intent to harm the target in violation of workplace norms for mutual respect.

## Introduction

Behaviors in the workplace are various and have varying consequences for individual employees and for the organization itself, including undermining organizational performance, interpersonal relations, and the sense of cooperation among employees. They are usually, however, within the constructs of the norms of the organization: these norms, which constitute aspects of nonmaterial culture, pertain to behaviors, languages, principles, and postulations that are expected to allow the workplace to be a suitable environment for individual and organizational performance. Every member is expected to exhibit behavior, the appropriateness of which is determined by the accepted language and principles, which normally have been established by management in order to achieve organizational objectives or else are part of the general legal framework for the working environment.

Unfortunately, sometimes employees behave contrarily to those established norms. Such behaviors have been described as incivility. Incivility, which involves acting with disregard for others and violation of workplace norms of respect, affects employees and organizational performance significantly, causing many to describe that workplace environment as toxic. To adequately deal with such behaviors, management needs to know how employees feel about them.

While some scholars have examined the impact of incivility on both individual and organizational performance, they have mostly focused more on the developed world, where formality is the norm; studies in developing countries, where informality permeates organizational life, are few. We agree with those scholars who say that context defined as situational factors in the external environment which act as stimuli to how individuals in organizations may behave matters in the discussion of incivility at the workplace.

The paper analyzes the problem of incivility and its impact on performance in some selected public and private organizations in Ghana from the perspective of some workers. The analysis shows that incivility has the same impact in Ghana as in developed countries, although what may be seen as incivility, as well as its magnitude, may differ according to the societal culture of the country. Incivility seriously affects individual and organizational performance. It undermines building cordial and workable employee relationships, has a detrimental psychological impact on such employees, and disturbs the concentration of victims, hindering the flow of effective communication. It was also found that employees are highly demoralized by such behaviors, leading to a high turnover in these organizations.

## The Idea of Incivility at the Workplace

Incivility is described as a form of CWB and as comprising behaviors counter to the established

norms or culture of the organization and that have been found to negatively affect employee performance. Andersson and Pearson (1999) have defined workplace incivility as "acting with disregard for others in the workplace, in violation of workplace norms for respect" (455), while Pearson et al. (2005) define it as "low-intensity deviant (rude, discourteous) behavior with ambiguous intent to harm the target in violation of workplace norms for mutual respect" (178).

A number of issues can be gleaned from the above definitions. First, incivility constitutes behaviors that violate important organizational norms and threaten the well-being of the organization, its members, or both. Second, it is low in intensity; it is thus not like aggression, which includes intense behaviors, such as verbal threats. Rather, it is limited to less severe actions, such as snubbing someone, or turning away when someone is speaking, with the intent to harm the target. From this perspective, it is seen as more of a verbal assault, in the form of disrespect, condescension, degradation, and so forth, all meant to hurt the target. It is distinct from workplace violence and is a low-intensity antisocial behavior, less intense for the fact that it is of lower magnitude in terms of force and with a lower obvious negative charge than other forms of aggression (Vickers 2008). Third, incivility is a behavior where the intent to harm is ambiguous to the target. Because it is of low intensity, it is often unclear whether the instigator's intent is malicious. The intention might not be explicit, but will cause harm nevertheless.

## Types of Incivility

There is no consensus among scholars, as to what types of behavior constitute incivility at the workplace. Hence, incivility may "take on a wide variety of nuanced behavior and can provide much discomfort and anxiety for those targeted" (Vickers 2008: 1637). Incivility thus includes ignoring or making demeaning comments about a target. Johnson and Indvik (2001) identified 11 of the most common uncivil behaviors: (a) condescending and demeaning comments, (b) overruling decisions without offering a reason, (c) disrupting meetings, (d) giving public reprimands, (e) talking about someone behind his or her back, (f) giving others the silent treatment, (g) ignoring people, (h) not giving credit where credit is due, (i) sexually harassing employees, (j) giving dirty looks or negative eye contact, and (k) insulting and yelling at others. Pearson et al. (2001) have highlighted five types of behavior as uncivil: (a) receiving a nasty or demeaning note, (b) being treated like a child, (c) being berated for actions in which one played no part, (d) being excluded from a meeting, and (e) having one's credibility undermined in front of others. Incivility may be subtler, and it is often prompted by thoughtlessness rather than actual malice.

In a recent review of the literature on incivility, Schilpzand et al. (2016) categorized uncivil behavior into experienced, witnessed, and instigated. They conceptualized experienced as those who are targets of uncivil or unacceptable behaviors as the workplace. Witnessed on the other hand focused on those who have not directly experienced uncivil behavior themselves but have witnessed such behaviors being directed to other persons, in particular colleagues. Instigated refers to perpetrators or participants in uncivil behavior. Such instigators display three main characteristics in their uncivil behavior towards others. These are attitudes and emotions, cognition, and personality. It is generally assumed that instigators are mostly people in a position of power over another, either organizationally or socially, or through influence, and who behaves uncivilly in order to either assert or preserve his power. This, however, is not only the case as colleagues at the office and at the same level of position of power can also instigate uncivil behavior towards other colleagues.

## Impact of Incivility at the Workplace

Scholars have concluded that incivility has far-reaching negative effects on both individual and organizational performance. Cortina et al. (2001) found that as personal encounters with incivility become more frequent, public employees'

feelings of general psychological distress, such as depression and anxiety, increase. Pearson et al. (2005) similarly found that more than 50% of the targets of incivility lose time worrying about the incident and about further contact with the instigator. They noted that more than 25% of targets waste time trying to avoid the instigator, while more than one-third of those surveyed indicated that they intentionally reduced their work efforts, discontinued tasks and activities beyond their job descriptions, and ceased voluntary efforts. Others said that they stopped helping newcomers, and others stopped offering assistance to colleagues. All of this adversely affected the performance and profit of the organization.

Incivility affects not only those targeted, but also those who witness it. In a study of the effect of witnessing incivility at the workplace, Porath and Erez (2009) observed that such witnesses may suffer emotionally, which will in turn affect their productivity and creativity. Totterdell et al. (2012) also found that witnessing staff incivility can be emotionally drained, especially when they take the perspective of the target and when they have witnessed interactions directly (first-hand) rather than indirectly (hearsay). They argued that such witnesses are more vulnerable to emotional depletion, as they experience an affective reaction, and regulate their own emotional response to what they have seen or heard (112). Porath (2012) says that such stress affects productivity in the sense that it disrupts memory and hinders information processing, as well as impeding problem solving, which leads to more superficial and simplistic thinking. Furthermore, employees under stress do not learn as well and tend to withdraw from their jobs psychologically and physically.

Some scholars see incivility as a form of discrimination at the workplace. Cortina (2008) is of the view that in some situations women and people of color are targeted more than men and whites. In another study, they found that gender and race, but not age, influenced vulnerability to uncivil treatment on the job, which in turn predicted intent to leave that job. They further argued that there is a correlation between target gender and race inasmuch, as that in these cases women of color undergo the worst treatment. Miner et al. (2012) also found a negative effect of gendered incivility on life satisfaction. Similarly, Marco et al. (2018) concluded that "workplace incivility toward LG employees [*is*] an expression of a subtle form of discrimination." Such discrimination leads to high stress levels, which impacts on targets performance and can lead to high turnover intentions.

Incivility leads to intense aggressive behaviors on the part of the targets, which may lead them to seek revenge in what has been described by Andersson and Pearson (1999) as "tit for tat" at the workplace. Rosen et al. (2016) in a recent study found that experiencing rude or uncivil behavior increased mental fatigue, which reduced employees' self-control and led them to act in a similarly uncivil manner later in the day. They noted that these "incivility spirals" occurred unintentionally and predominantly in workplaces that were perceived as "political," which was defined as an environment where workers do what is best for them and not best for the organization. Such tit-for-tat – or "incivility begetting incivility" – can create a chaotic and toxic workplace, reducing productivity. It may lead to "toxic workers," or "a worker that engages in behavior that is harmful to an organization, including either its property or people" (Housman and Minor 2015: 1), one who may not only endanger the workplace, but also generate enormous regulatory and legal fees and liabilities for the organization.

Incivility may lead to a high rate of absenteeism and a high turnover. Absenteeism is simply the failure to report for work as scheduled. It is believed that employees who engage in any form of withdrawal do so to protect themselves from the effects of uncivil behavior. These targets may contribute less to the organization by withdrawing from task forces, committees, efforts to generate or inspire innovation, and other workplace activities including social activities. It is believed that by doing so they are able to replenish their resources and improve their overall well-being. This is, however, not always the case as some may find the behavior so unbearable and may either ask for transfer, change departments, or

quit the job altogether. Consequently, organizations may be losing important personnel, which may impact on their overall performance.

Incivility can also have spillover effects. Spillover is the effects of work and family on one another that generate similarities between the two domains. Ferguson (2012) defines it as issues that arise outside the workplace – for example, marital issues at home – as a result of experiencing incivility within it (574). To her, "the stress resulting from incivility reaches beyond the workplace or incivility incident to permeate the target's life outside of work hours" (574). Incivility can have an effect on one's romantic relationship. Liang (2015) notes that incivility, which leads to emotional exhaustion, generates a negative strain in the home. The results of their study confirmed the correlation between emotional exhaustion and employee marital dissatisfaction or between work conflict and conflict in the home. Lim and Lee (2011) too found a positive relationship between incivility and conflict at home. They noted that workplace incivility leads to increased depression, anxiety, and work-to-family conflict for the incivility target. Such conflicts in turn affect the target's performance at the workplace.

## Addressing Workplace Incivility

Addressing incivility at the workplace falls at the doorstep of management. To this end, management must take proactive measures in ensuring a civil environment at the workplace. This can take many forms. First, management must institute as well as develop a culture of unacceptance of such behavior. In short, management must not tolerate any form of uncivil behavior in the organization. This should come in the form of a policy directive, which all organizational members must sign on to. Another way is instituting compulsory training about civil behavior to organizational members in general and in particular those who have been victims of incivility. The latter is of particular importance since it has been established that "being a victim of aggression is a possible antecedent to perpetrating workplace aggression" (Torkelson et al. 2016: 119). Dismissing or terminating employees' appointments may be another way to deter employees from engaging in incivility. If instigators of incivility are allowed to remain in the organization, perhaps after repeated warnings, it may serve as a tacit approval of such behaviors by management. However, if management terminates appointment of such instigators, it will serve as check on the behaviors of others, as it will show that management will not tolerate any form of aggression or uncivilized behaviors in the organization. Another preventive measure is creating an environment where reporting such behaviors to management becomes easy to victims.

## Incivility in the Ghanaian Workplace

The workplace environment in Ghana can be divided into public and private sectors, or the formal and informal economies. For clarity, we will use the terms public and private sectors. The public sector consists of two distinct types: government services and state-owned enterprises. The government services comprise the civil services and agencies as defined in the 1992 constitution. The commercial enterprises consist of a number of institutions, although their number is low compared to the 1960s and 1970s, as a result of the privatization of a number of them as part of a structural adjustment program that began in the early 1980s.

The private sector, on the other hand, constitutes everything outside the public sector. It can, however, be divided in turn into the formal and informal sectors. The formal sector here consists of high, private, commercial entities and constitutes a small part of this sector. The informal sector is made up of proprietary micro- and small-scaled enterprises. It consists of producers, wholesalers, retailers, and consumers. There are also intermediary service providers along the value chain, such as suppliers of raw materials to manufacturers on a contractual basis. Informal sector workers are largely self-employed persons, such as farmers, traders, food processors, artisans, and craft-workers, to mention but a few.

The public and private (formal) sectors and the informal private sector are that the former is subjected to regulations, and require explicit contracts between employers and employees. The informal private sector, which is dominated by individuals and small enterprises that employ apprentices, laborers, and domestic helpers or workers, on the other hand, is not subjected to government regulations. This sector employs nearly 90% of the working population. The main feature of the informal private sector is the predominance of self-employment, the pervasive use of apprenticeships in lieu of paid work, and excessively low wages. It is also here that there is a high level of incivility, with widespread violations of rights of workers.

Since the late 1950s the public and formal private sectors have been governed by the *Industrial Relations Act*, although there are other legislations, such as the *Public Service Commission Act*, the *Civil Service Act*, and the *Public Enterprise Act*, which determine how these institutions operate within the larger political context. The first *Industrial Relations Act* of modern Ghana was promulgated in 1958. The Act had some important elements. For instance, it gave legal backing to the Trade Union Congress as the sole labor center (i.e., the mouthpiece of workers) and made collective bargaining compulsory for both public and private (formal) sectors. Under the Act the employer and the union were both prevented from interfering in the affairs of the other. All these clauses were meant to ensure a conducive working environment. An important aspect of the Act that may be considered as dealing with incivility was Part V, which focused on unfair labor practices, and made it an offence for anyone to discriminate against employees. Actions that constitute incivility, as defined in the paper, were not addressed in the Act.

In 1965 a new *Industrial Relations Act* (Act 299) was promulgated. It became the main legal framework of industrial relations until it was repealed in 2003. It reaffirmed compulsory binding of CB for all workers, and provided for, and enumerated, grievance handling, conciliation, and arbitration procedures between employers and employees. Unfortunately, although the Act created an enabling working environment free from any form of antagonism between employers and employees and among employees, it again failed to address issues related to employer and employee behaviors. It thus failed to specifically address issues relating to incivility.

From 1966 until the repeal of the 1965 Act and the promulgation of the new Industrial Relations Act, government various institutions to ensure a good working environment for Ghanaians. For instance, the National Liberation Council (1996–1969) government passed the *Labour Decree, 1967* (NLCD 157) to govern some aspects of labor relations in the country, including employment contracts, conditions of employment, the rights and obligations of the parties, conditions for termination of contract, provisions relating to severance pay, employment of females, children and young persons, protection of remuneration, forced and communal labor, reporting of deaths and injuries, improper taking of presents, and powers of the Labour officers. It also established a Commissioner of Labour to deal with issues from the decree.

In 1971, the Progress Party government (1969–1972), as a result of its conflict with the TUC, amended the *Industrial Relations Act 1965*, with the *Industrial Relations (Amendment) Act* (*Act 383*), as well as passed the *Factories, Offices and Shops Act, 1970*, (Act 328), with the aim of attaining internationally accepted standards for the safety, health, and welfare of persons employed in factories so as to reduce the risk of injury and protect the health of all persons employed in all premises covered by the Act. Similarly, the period between 1972 and 1981 did not see any attempt on the part of government in addressing incivility. In all government did not attempt to address issues related to incivility and other CWBs.

The brevity of successive governments precluded meaningfully attending to labor issues until the emergence of the Provision National Defence Council (PNDC) on December 31, 1981. In 1983 the PNDC embarked on a structural adjustment program, with serious consequences for how the working environment was governed. It passed, for instance, the PNDCL 66 to ensure

industrial safety, health, and welfare of factory workers and covered such issues as cleanliness, overcrowding, ventilation, lighting, protective clothing and appliances, and lifting of excessive weights. It included notification of accidents and dangerous occurrences, fires and explosions, training and supervision of inexperienced workers, facilities for sitting, and gassing and suffocation. It also passed the *Workmen's Compensation Law, 1987*, compensating employees injured on the job and the families of those killed. Again, not much was done about incivility.

In 1993 the PNDC was replaced by the National Democratic Congress, under the 1992 republican constitution. The *Constitution (Amendment) Act 1996* stipulates the rights of workers. Section 24 lists economic rights, including the rights to work in satisfactory, safe, and healthy conditions and to receive equal pay for equal work, while subsection (2) looked at matters like rest, leisure, reasonable limitation of working hours, and holidays with pay, as well as remuneration for public holidays. Although the constitution was clear about discrimination at the job place, the onus was still on the government to produce legislation dealing with the public service in general and the civil service. The government consequently passed both the *Public Service Commission Act* and the *Civil Service Act* in 1994. While these two Acts (and especially the latter) talked about ethical issues in the performance of public and civil servants, they were silent on incivility in general, except for the statement that the workplace should be an environment where all workers can work to the best of their ability.

In 2001 the NDC was replaced by the New Patriotic Party and in 2003, the government passed the *Labour Act (Act 651)*, repealing the *Industrial Relations Act (1965)*, as well as other decrees governing the working environment. Part III of the Act is of importance here, as it discusses legal provisions for the protection of employment, including the rights and duties of both the employer and the employee. In addition, it focuses on working under satisfactory, safe, and healthy conditions, etc., at the workplace. In this case, incivility can occur both in the actual work setting and outside it. A caveat is that employees must be involved in work-related activity. In addition to this, and for the first time, the Act introduced the subject of sexual harassment, calling it an offence at the workplace.

## The Impact of Incivility on Individual and Organizational Performance

Drawing on some interviews, and with reference to the factors identified in the literature review, in particular the types of incivility, we will examine its different forms and their impact on performance in Ghana. Respondents identified a number of issues: absenteeism, abuse, sexual harassment, interpersonal relationships, and uncivilized attitudes of co-workers, related to incivility. In what follows we will discuss these, with explanations and quotations from interviewees. Before we do so, however, it is important to emphasize that although respondents varied in their perceptions of incivility, they unanimously believe that incivility is an act contrary to the norms and work ethics of an organization and constitutes behavior against moral and societal norms. Most of them saw incivility as meaning a disrespectful or rude attitude and remarks from one employee to another at the workplace. They further agreed that incivility is a nonconformity behavior in the context of the social or moral standards of the organization. A few considered it to be simply an impolite attitude to others or making rude or impolite remarks about someone to another person. The responses identified the following acts as the most common uncivilized behaviors at the workplace: insulting, snubbing, shouting at others, making cheeky comments, gossiping, looking meanly at others, not greeting colleagues, banging doors on others, use of abusive language, and deliberately ignoring someone.

Almost all interviewees agreed that incivility negatively impacts work and performance. They suggested that incivility affects the culture, performance, and productivity of the organization. For instance, a respondent related an incident with his supervisor that gravely affected him. The interviewee noted:

> My supervisor gave me some work to do, but because of her handwriting, I couldn't read [it] clearly. I made some mistakes in carrying out the job. The supervisor, upon realizing the errors in the work I presented, called me, and told me, "W'abon" ("You're an idiot"). I was so hurt and offended that I did not respond to her greetings the following day. That remark was rude and discourteous. After all, we all make mistakes.

Incivility in the workplace undermines employees psychologically, destroys relationships and victims' concentration, and impedes communication. Employees are demoralized by rude and disrespectful comments by their superiors and others. It erodes their mood and their enthusiasm for work. A respondent described how a colleague insulted her so much that she became so disturbed she could not continue her work that day: "I was really pissed off by her behaviour, so much so that I couldn't continue working, and had to postpone the work to the following day," she said.

## Incivility and Absenteeism

Another important factor identified in the literature is the relationship between incivility and absenteeism. We found the correlation, in the sense of the effect on individuals and organizational performance, to be very strong, as a result of the emphasis on this by respondents. A number of interviewees indicated that after they had experienced incivility, their urge to report to work the following day was diminished dramatically. Some admitted that they had refused to turn up at all as a way of dealing with the stigma inflicted by the incivility. Others used the time to "cool off" and overcome the impulse to retaliate, especially where the instigator's status as a colleague made the latter possibility more likely. One interviewee remarked that staying at home allowed him to ponder the incident and to reflect on what he might have done to de-escalate the situation. Others expressed the view that they became irregular or unpunctual at work, while a few said that after the incivility, they took "French leave." Some noted that people who have had the experience tend to "leave work without permission" – which, although against the rules, is understandable in view of the associated trauma.

When asked about the effect of absenteeism on performance, respondents identified several. Some, for instance, noted that absenteeism causes delays, interrupts workflow, and, in some cases, produces shoddy work. This is particularly the case in construction and factory settings. One interviewee asserted that in their organization individuals in the same departments work in teams to achieve production goals. Work is scheduled at particular times to enhance the smooth and effective flow of operational activities in order to achieve set production and performance targets and meet customer needs. In the event of a worker absenting him or herself from work, the interviewee continued, the flow of events is disrupted. That person's part of the work goes undone, undermining the entire flow. This, in turn, results in missed deadlines. Another explained that in situations where those present team members can perform the task of the absent one, it puts undue pressure and hardship on those at their posts. Some interviewees were concerned that absenteeism slows down productivity, especially when the work to be performed by the absentee requires special skills. An interviewee who had experienced incivility from his supervisor claimed that he had absented himself for a couple of days as an act of deliberate retaliation, to sabotage performance and productivity. He did this, he said, because numerous complaints to management about the attitude of the supervisor in question had gone unheeded.

## Incivility and Interpersonal Relationships

One of the issues that interviewees felt important when it comes to incivility is the deterioration of interpersonal relationships. An interpersonal relationship has been defined as "an individual's subjective experience of repeated interaction or connection with another individual" (Reich and Hershcovis 2015: 224) and has a number of benefits to both individuals and organizations have also been amply examined in the literature.

Our respondents expressed serious concerns about the negative impact of incivility on personal relationships at the workplace. They were of the view that the Ghanaian culture's promotion of a communal spirit, as well as teaching that "each is his or her brother's or sister's keeper," and which normally applies also in the workplace, means they expect such places to be uncontaminated by incivility, because it is, simply, non-Ghanaian. They expressed concern that incivility, nevertheless, continues to destroy such personal relationships. One interviewee, for example, strongly condemned the attitude of supervisors in her organization. She noted "that the relationship between supervisors and subordinates is nothing to write home about, and this relationship is destroying the cordiality that existed in the organization." Most of the interviewees were sure that some supervisors do not respect their subordinates and thus "talk to them anyhow." Such behavior, these interviewees contended, affects employees psychologically to the extent that some of them exhibit such negative behaviors as slowing down work intentionally as a way of "paying back" such supervisors. They thus confirmed the assertion that when the worker feels that his boss sees him only as an instrument of production or merely a cog in a machine, he is likely to perform poorly.

Another shared an experience that affected her relationship with a colleague.

> I entered an office of a colleague for an important document to work with. The colleague was on the phone conversing for almost an hour about an unofficial duty, ignoring my presence in her office. I deduced she was in a conversation with a friend. I got upset, and left the office. I had to stay in my office waiting for her to finish her conversation before I could work. This lady stayed on the phone close to an hour and a half. Is that how we behave at the workplace?

The respondent went on to explain that since this incident her attitude towards her colleague had changed dramatically, as what the colleague did was not respectful towards her. According to her, she became so furious that she could not do anything, and had to postpone that day's work until the next, which meant the loss of productive time for the organization. She then rhetorically concluded that such behaviors do not promote or build cordial and workable employee relationships at the workplace and do not augur well for any organization's success.

## Sexual Harassment as Incivility

One of the most interesting factors in the discussion of incivility at the workplace is sexual harassment, defined as "unwanted sexually offensive behaviour that threatens one's psychological health and well-being" (Nydegger et al. 2006: 55). Sexual harassment may take any of three forms. First is gender harassment, which comprises a range of verbal and nonverbal behaviors generally not aimed at sexual cooperation but, rather, convey insulting, hostile, or degrading attitudes toward women. Second is unwanted sexual attention, which is about both verbal and nonverbal behavior: from repeated, nonreciprocal requests for dates, intrusive letters, and phone calls; touching, grabbing, and cornering; and gross sexual imposition or assault. Third is sexual coercion, which consists of bribes and threats, whether explicit or subtle, in the sense of offering some job-related benefits on the condition of sexual cooperation. This is about the making of "job conditions contingent on sexual behavior" (Lim and Cortina 2005).

One of the key issues seriously raised by our respondents was sexual harassment. In the Ghanaian case, it is more about the second and third types of sexual harassment and mostly manifests itself in the context of hierarchical authority and power. Three different perspectives on sexual harassment were unearthed from our interviews. First, some respondents described sexual harassment as "enticing somebody to have an intimate affair or relationship with an employee." Second, others said that it is about looking at or commenting on any part of the body, which the victim may interpret as offensive: for instance, looking at a female intensely or closely. The third perspective is about imposing one's interest on the same or opposite sex for sexual favors. The majority of respondents, however, did not perceive the simple holding of hands or putting hands around necks and waists as sexual harassment, although there

was almost unanimous agreement that kissing, touching of breasts and buttocks, holding someone very tight, and asking for sexual favors are inappropriate and, thus, constitute sexual.

Almost all the respondents agreed that sexual harassment mostly happens to female employees. They asserted that sexual pressures usually come from male bosses, who demand sexual favors from female subordinates. On this subject, a respondent who had experienced sexual harassment noted: I was in the office one day when my boss came from behind and kissed me. When I asked him why he did that, he only replied, "I do not care what happens." Another averred "my boss pushed me to the wall and asked me to have sex with him in his office. I declined vehemently, but had no avenue to report the incident."

A number of respondents were of the view that some superiors take advantage of the high rate of unemployment to demand sexual favors from subordinates, especially female national service personnel, who are in these organizations temporarily. Failure to give in to a superior's request may affect one's promotions, recognitions, and other benefits. Interviewees were unanimous when the question of the impact of SH was put to them: it affects victims psychologically to the point that many become timid and emotionally disturbed. Many lose concentration at the workplace and feel insecure. One victim indicated that "any time I'm alone with my boss (the perpetrator) in the office, I make numerous typographical mistakes when typing because I fear he will repeat what he did to me", while another confessed that she "shivers and drops whatever I might be holding whenever I meet the person who harassed me."

Sexual harassment can also lead to employee turnover, which then affects the productivity and performance of the organization. Some respondents confirmed that some of their colleagues resigned after their bosses sexually harassed them. One respondent, who has changed her job, noted that before she left she never felt happy going to work and indicated how the experienced affected her personality and performance, as a result of losing her confidence and enthusiasm to work. A worried worker does not produce the best results. An individual who is sexually harassed at his or her workplace may want to quickly find a new job to avoid recurrences. The implication is that the organization may lose qualified, skilled, and committed employees if such behavior is not curbed.

## Abusive Supervision as a Factor of Incivility

One issue that respondents raised was abusive supervision. Tepper (2000) defines the term as "subordinates' perceptions of the extent to which their supervisors engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact" (178). Tepper (2000) has identified a number of problems, or what he called "dysfunctional consequences," associated with abusive supervision. These include: the likelihood of subordinates to quit their jobs, lower job and life satisfaction, lower normative and affective commitment, and higher continuance commitment, conflict between work and family, and psychological distress (186). Abusive supervision seriously affects subordinates emotionally and psychologically. It breeds low self-esteem, timidity, and a negative attitude towards work, because the victim is undermined psychologically.

Our respondents perceived abusive supervision as the use of an office or position of authority to infringe on the rights of subordinates by treating them with contempt. This is consistent with the idea of "generalized hierarchical abuse," which is "the experience of having been mistreated by superiors in general, as opposed to one supervisor in particular" (Tepper 2007: 265). Interviewees see this as superiors misusing their authority to intimidate, or maltreat, or harm subordinates and gave instances of abusive supervision, as when superiors shout, insult, scold, or talk harshly or rudely to a subordinate because of the position they occupy or the authority they have. Others added bosses extending the working hours of subordinates without compensation; delaying the provision of resources for the work to be done; increasing the work load of other employees by adding their (the bosses') duties or other colleagues' duties while the actual job holders idle around; and

giving falsified reports on the capability of subordinates.

When the question of the effect on them was put to interviewees, both those who have experienced and those who have witnessed such abuse agreed that it has had an impact on their performance or on the performance of those they have witnessed being subjected to the abuse. A female respondent noted how she became very emotional, unstable, and afraid whenever her boss was around because of verbal abuse she gets from her. She complained that she lost concentration and became jittery, which affected her performance. She claimed that lost weight within weeks and thought of quitting the job, but rescinded that decision because she is a widow and taking care of three children. She therefore mustered courage, reported her to management, and asked for a change of supervisor, which was granted. A male respondent described how his boss abused him by making him work outside working hours without any form of compensation and decided no longer to perform any job he assigns him, as well as join him for extra work as he used to. He went on to state that "if this is what my boss is doing, what prevents me from doing the same when I become like him? I'll also find ways and means to benefit from all the work I am doing for him. I said ways and means: for example, I can say I am sick and not report to work, but find something else to do. If he is not recognizing my effort, I will also 'show' (retaliate in other forms against) him."

## Uncivilized Attitudes of Co-workers

We have already noted that incivility emanates not only from supervisors, but also from co-workers. We asked our respondents for their experience(s) of co-worker abuse. One interviewee said her relationship with a colleague had ended because of their verbal abuse of a third colleague. She noted: "the cordial relationship I had with her (the instigator) ceased, as I found her behaviour to be disrespectful. I found it difficult working with her in a cooperative manner." Another respondent talked about how he had had to postpone work he had been doing because of the attitude of a colleague. That person, he maintained, repeatedly refused to heed his request for materials that would have enabled him to complete his work. Employees are extremely demoralized by rude and disrespectful comments made by their colleagues.

## Conclusion

The past few years have seen reports of the rise of incivility at the workplace in both developed and developing countries. This study has explored the issue of incivility its impact at the workplace in Ghana, as a result of the continuous reports of uncivilized behavior in both the electronic and print media.

Examining the issue in some purposively selected organizations in the Kumasi Metropolitan Area, we identified the most common forms of incivility, such as sexual harassment, co-worker problems, absenteeism, the deterioration of interpersonal relationships, and abusive supervision at the workplace. These issues are indeed found in the developed world. It was discovered that such uncivilized behaviors significantly affect both individual and organizational performance. Overall, workplace incivility has the potential to "chill" an organization's human environment, further evidence for workplace incivility's deleterious effect on organizational climate.

It was nevertheless realized that apart from widespread agreement that such behaviors are unacceptable, there is no legal framework for dealing with the issue in either the formal or the informal sectors in the Ghanaian economy. This agreement is rather based on what societal cultural norms consider right and wrong. Consequently, we would have expected the *Industrial Relations Act (2003)* to have covered it. It does not. Hence, unlike in the developed world, the targets of such behaviors find it difficult to, for example, seek redress in the courts. Overall it can be said that incivility is extremely costly to organizations in Ghana, as it destroys creativity, performance, and team spirit, as well as having damaging repercussions for customers and citizens. We therefore expect government to start addressing these issues, which are on the rise.

## References


Andersson LM, Pearson CM (1999) Tit for tat? The spiraling effect of incivility in the workplace. Acad Manage Rev 24(3):452–471

Cortina LM (2008) Unseen injustice: incivility as modern discrimination in organizations. Acad Manage Rev 33(1):55–75

Cortina LM, Magley VJ, Williams JH, Langhout RD (2001) Incivility in the workplace: incidence and impact. J Occup Health Psychol 6:64–80

Ferguson M (2012) You cannot leave it at the office: spillover and crossover of coworker incivility. J Organ Behav 33(4):571–588

Housman M, Minor D (2015) Toxic Workers. Harvard Business School Working Paper 16–057

Johnson PR, Indvik J (2001) Slings and arrows of rudeness: incivility in the workplace. J Manage Dev 20(8): 705–714

Liang H-L (2015) Are you tired? Spillover and crossover effects of emotional exhaustion on the family domain. Asian J Soc Psychol 18(1):22–32

Lim S, Cortina LM (2005) Interpersonal mistreatment in the workplace: the interface and impact of general incivility and sexual harassment. J Appl Psychol 90(3): 483–496

Lim S, Lee A (2011) Work and nonwork outcomes of workplace incivility: does family support help? J Occup Health Psychol 16(1):95–111

Marco DD, Hoel H, Arenas A, Munduate L (2018) Workplace incivility as modern sexual prejudice. J Interpers Violence 33(12):1978–2004

Miner KN, Settles IH, Pratt-Hyatt JS, Brady CC (2012) Experiencing incivility in organizations: the buffering effects of emotional and organizational support. J Appl Soc Psychol 42(2):340–372

Nydegger R, Paludi M, DeSouza ER, Paludi CA Jr (2006) Incivility, sexual harassment and violence at the workplace. In: Karsten MF (ed) Gender, race and ethnicity in the workplace: issues and challenges for today's organisations, Vol. 2, Legal, psychological and power issues affecting women and minorities in business. Praeger, Westport

Pearson CM, Andersson LM, Wegner JW (2001) When workers flout convention: a study of workplace incivility. Hum Relat 54:1387–1419

Pearson CM, Andersson LM, Porath CL (2005) Workplace incivility. In: Fox S, Spector PE (eds) Counterproductive work behavior: investigations of actors and targets. American Psychological Association, Washington, DC

Porath CL (2012) Incivility. In: Spreitzer GM, Cameron KS (eds) The Oxford handbook of positive organizational scholarship. Oxford University Press, Oxford

Porath CL, Erez A (2009) Overlooked but not untouched: How incivility reduces onlookers' performance on routine and creative tasks. Organ Behav Hum Proces 109:29–44

Reich TC, Hershcovis MS (2015) Observing workplace incivility. J Appl Psychol 100(1):203–215

Rosen CC, Koopman J, Gabriel AS, Johnson RE (2016) Who strikes back? A daily investigation of when and why incivility begets incivility. J Appl Psychol 101 (11):1620–1634

Schilpzand P, De Pater I, Erez A (2016) Workplace incivility: a review of the literature and agenda for future research. J Organ Behav 37:S57–S88

Tepper BJ (2000) Consequences of abusive supervision. Acad Manage J 43(2):178–190

Tepper BJ (2007) Abusive supervision in work organizations: Review, synthesis, and research agenda. J Manage 33(3):261–289

Torkelson E, Kristoffer H, Bäckström M, Schad E (2016) Factors contributing to the perpetration of workplace incivility: the importance of organizational aspects and experiencing incivility from others. Work Stress 30(2):115–131

Totterdell P, Hershcovis MS, Niven K, Reich TC, Stride C (2012) Can employees be emotionally drained by witnessing unpleasant interactions between coworkers? A diary study of induced emotion regulation. Work Stress 26(2):112–129

Vickers MH (2008) Workplace incivility. In: Clegg SR, Bailey JR (eds) International encyclopedia of organization studies. Sage, London


# Inclusive Emergency Management


Sarah Tuneberg[1], Elizabeth Davis[2] and Bruce Binder[3]

[1]Rock Park, Inc., Denver, CO, USA

[2]EAD and Associates, LLC, Brooklyn, NY, USA

[3]Global Vision Consortium, Inc., Rochester, WA, USA


## Synonyms

Access and functional needs; Accessible planning; Disability; Inclusive planning; Integrated planning; Whole community

## Definition

Discussing a shift in emergency management to ensure that all residents of an area are considered

during planning and included in response and recovery activities.

## Introduction

The concept of "inclusive emergency management" has been evolving in the United States and today is still a work in progress. It ranges in the way it is applied from region to region, state to state, and even at many different local levels. Much of the variance, it seems, is a result of the level of awareness by the lead governing authority, and even where in the organizational structure, the Office of Emergency Management sits within a jurisdiction. Ultimately there have emerged several factors that need to exist to enable the maximum benefit of the inclusive approach. These include, as mentioned, the political awareness to support it, the commitment of resources and funds, and ultimately the participation as active partners from stakeholders in the community.

## Background

Time and time again in disaster, a community's most vulnerable members bear a disproportionate burden and experience unequal adverse outcomes over a longer period of recovery time. This is true whether the disaster is natural, man-made, or technological. It is true just as true in earthquakes as in conditions of civil unrest.

In the United States, Superstorm Sandy in 2012 left many people with mobility limitations stranded on the upper levels of New York City high-rise buildings when either they decided not to evacuate when told to and ride out the storm or could not find the support to leave in time. The storm brought devastation to swaths of the NE, but it was people in public housing whose power was the last to be reconnected and services reestablished.

In 2004, Hurricane Katrina, also in the United States, those who died were overwhelmingly older adults. In a survey of individuals who did not evacuate New Orleans prior to the storm, 14% of respondents had a physical disability, 23% stayed behind to help someone with a physical disability, and 25% had a chronic illness.

In disasters we observe that people with disabilities and others with access and functional needs are especially vulnerable. In the United States, a person with a disability is defined by the Americans with Disabilities Act as:

> Someone who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment.

This definition of disability is traditionally narrowly interpreted and largely does not include many of the people who experience poor outcomes in disaster due, in whole or in part or in combination, to lack of access to preparedness or response information, funds, personal networks, age, and language, among other response and resilience strategies.

Social vulnerability research by Quarantelli, Cutter, and others finds that there are social and societal features that increase an individual's risk and vulnerability to disaster. The social vulnerability theories were further expanded and built upon to develop the access and functional needs framework and eventually the whole community approach to emergency management.

## Access and Functional Needs Framework in the United States

This current best practice in emergency management attempts to classify vulnerability not by an individual's demographic or social features but rather the functions one must complete in order to remain safe and stable during and after a disaster. Rather than simply asking who is vulnerable, a functions-based approach asks what makes someone vulnerable. For example, two different older adults may have heightened vulnerability – one because she has vision loss and the other because he is on dialysis. It is not simply being an older adult that makes them vulnerable; rather, their functional limitations related to receiving public

information (in one case) and requiring medical support (in the other case) make them vulnerable.

This access and functional needs framework identifies the following functional areas:

**Communications**: refers to the ability to access and understand disaster-related messages. This may be people with hearing or sight limitations or people who can only understand a language other than languages that governments and responders communicate in. If these people do not have access to media or social media, they may not be aware of the situation or what recommendations are being made by local responders.

**Medical needs**: includes people who are electrically dependent, are unstable, are terminal, or have contagious health conditions that require observation, active management, and ongoing treatment, including intravenous therapy, tube feeding, vital signs reading, dialysis, oxygen and suction, catheters, ostomies, and wound management.

**Maintaining independence**: encompasses supplying or replacing those supports – such as consumable medical supplies, durable medical equipment, service animals, or attendants or caregivers – that enable individuals to maintain their independence and perform activities of daily living and return to or maintain pre-disaster level of independence. It is preferable to provide a person with limited assistance if by doing so, the person does not have to be placed in a higher level of supervision and care.

**Support, services, and self-determination**: includes those who require support or supervision from others to assess situations, react appropriately, and take required self-protective actions, e.g., young children and individuals with dementia, psychiatric conditions, and/or cognitive/intellectual disabilities.

**Transportation**: refers to the ability to travel from one place to another safely – not only related to evacuation but also encompassing obtaining supplies required to safely shelter in place, reentry, and recovery. Many times this involves people without independent transportation resources or who rely on public transportation.

These functions characterize the actions or tasks that a person must take to mitigate against negative disaster impacts. This functions-based approach considers what an individual can do rather than a perceived vulnerability based on a diagnostic category or population characteristic.

This approach attempts to reduce generalization and stigmatization of population groups and provide emergency managers with clearer, more actionable information about who may need help and what type. Using a functions-based perspective clearly delineates areas where intervention can reduce disaster vulnerability and risk to the whole community. In addition, this change in approach supports an integrated planning process for the whole community, as opposed to setting aside a portion of the community as "special" or "vulnerable."

## Whole Community Framework in the United States

The Federal Emergency Management Agency's (FEMA) whole community framework emphasizes the value in understanding and meeting the needs of the whole community, including those with disabilities and others with access and functional needs, engaging and empowering all parts of the community, and strengthening what works well in communities.

A whole community perspective builds on the access and functional needs approach by identifying common functions that a jurisdiction should perform during emergencies to meet the needs of its whole population. For example, evacuation plans developed using a functions-based using whole community approach take into necessary accommodations for those without personal cars or access to public transit, individuals who use wheelchairs and other mobility devices, and other functional-based barriers to safe and swift transportation during an evacuation. In doing so, these plans meet the transportation and evacuation needs of all members of the community.

## Inclusive Emergency Management Framework

Combining a functions-based framework and a whole community focus has led US practitioners to identify an Inclusive Emergency Management Framework. Borrowing the long-standing mantra from the Disability Rights Movement, "nothing about us without us," points to the idea even within the field of emergency management that no policy should be decided or plan developed without the full and direct participation of members of the groups that the policy will impact. The result of this evolution in approach translates to incorporating individuals with disabilities and others with access and functional needs into all phases of emergency management.

Inclusive Emergency Management is a resource-intensive process but yields emergency management programs that are more equitable and effective at meeting the needs of the whole community. Jurisdictions across the United States have implemented various approached to inclusive emergency management.

In the early 1990s, the New York City Mayor's Office of Emergency Management (rebranded in 2015 to NYC Emergency Management) created a full-time Special Needs Advisor position responsible to oversee all aspect of disability, age, and medically managed issues as they pertained to the practice of emergency management. In addition to the Special Needs Advisor, the office initiated a multidisciplinary task force and sought public participation in planning efforts. Growing out of those earlier iterations, a similar role, often called the Access and Functional Needs Coordinator, is now often found within local, state, regional, and federal emergency management programs.

For example, the Orange County California Sherriff's Department Emergency Management Division has tasked a staff Disabilities and Access and Functional Needs Coordinator and convenes a regular working group. This group includes members from the whole community, including individuals with disabilities and representatives from organizations that provide services to and/or advocate on their behalf. This workgroup collaborates on policy drafting, program development, and emergency operations plan review. Their contribution is valued and incorporated into end products.

The City of Portland, Oregon, the Community Engagement Liaisons (CEL) program identifies civic-minded individuals from underserved and vulnerable neighborhoods or communities and provides them with training in collaboration and advocacy. Once trained the Community Engagement Liaisons apply their culturally specific knowledge to city programs and products to help planners determine if they are appropriate and equitable. They are also available to help city programs with culturally appropriate interpretation and facilitation services. This program has been recognized as a national best practice by Harvard's Kennedy School of Government Ash Center for Democratic Governance and Innovation.

Similar titled positions and workgroup approaches are found all across the United States today from New England to the South and over to the West in places such as New Jersey, Florida, Texas, and California. Not all are structured in the same way or receive funding from the same sources. Some have been codified in local administrative or executive code, while others are more ad hoc. In Los Angeles County, California, for example, the AFN Committee made up of government and nongovernment representatives is now a required stop along the approval process for all emergency plans before they can be adopted.

The most successful among the range that exist do more than host information sessions in the community but involve the community voice in planning, exercises, and revision processes.

## Seeking Equity: The Next Natural Progression

US emergency management has historically sought to deliver the greatest good for the greatest number. We observe in the aftermath of disaster after disaster that while beneficial, these broadly directed interventions and strategies marginalize and add additional harm to individuals in our

communities with the least resources and capacity. Public services, including emergency management, should seek to be delivered equitably to the whole community. Service and support delivery should be designed to reach the most vulnerable and, in doing so, will also be accessible by those with more means (whether it is social, financial, health, or other means).

As emergency management programs have sought to better understand and meet the needs of the whole community, including society's most vulnerable, they have increased accessibility and parity. They have more meaningfully engaged the whole community and are better able to clarify needs of their community members, calculate appropriate interventions, and identify associate assets in anticipation of disasters. Yet we are far from equity, as evidenced by the excess disaster-related morbidity and mortality for people of color, people living in poverty, people with disabilities, and others lacking the access or functional capacity to stay safe and healthy in disaster. Engaging the whole community and creating Access and Functional Needs Coordinator positions are reducing risk and enhancing resilience, but they have not achieved equity. Additional work, tools, and capacity are required to facilitate equity in emergency management.

## Cross-References


- ▶ Civil Rights
- ▶ Legal Versus Ethical
- ▶ Social Equity: The Fourth Pillar of Public Administration
- ▶ Social Exclusion and Vulnerability in Crisis


## References


Federal Emergency Management Agency (2011) Planning for the whole community: integrating and coordinating the access and functional needs of children and adults with disabilities in preparedness, response recovery and mitigation FEMA. Washington, DC

National Council on Disability (2009) Effective emergency management: making improvements for communities and people with disabilities. Washington, DC

National Fire Prevention Association 2013 Emergency evacuation planning guide for people with disabilities. Quincy

Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C. 748(b)(1)). Washington, DC

Schoch-Spana M, Franco C, Nuzzo JB, Usenza C (2007) Community engagement: leadership tool for catastrophic health events. Biosecur Bioterror 5(1):8–25. Accessed 26 Apr 2016

U.S. Department of Justice (2009) A guide to disability rights law. Accessed 15 Oct 2014, Washington, DC


# Inclusive Senior Housing: Meeting the Needs of LGBTQ Older Adults


Lauren Slade[1] and Al C. Johnson-Manning[2]

[1]LGBTQ and HIV Programs and Services, Resource Center, Dallas, TX, USA

[2]Public and Nonprofit Management, School of Economic, Political and Policy Sciences, The University of Texas at Dallas, Dallas, TX, USA


## Synonyms

Affordable housing; Aging; Diversity and inclusion; Housing shortage; LGBTQ resources; LGBTQ seniors

## Definitions

| | |
|---|---|
| LGBTQ | An acronym representing Lesbian, Gay, Bisexual, Transgender, and Queer/Questioning. |
| LGBTQ-Friendly Inclusive Senior Housing | Living accommodations for older adults (generally ages 65+) that does not discriminate on the basis of sexual orientation or gender identity; One which is attuned to culturally competent amenities and services in a stigma-free environment. |

## Introduction

As population density rises in urban areas worldwide, it is important to recognize the increasing

challenges of particularly vulnerable communities. By addressing the strengths as well as the challenges of marginalized groups, public administrators can become acutely aware of deeply rooted inequities and needs within subpopulations of vulnerable citizens (Ecker J, Aubry T, Sylvestre J 2019). One often overlooked subpopulation, which warrants administrator attention is the older adult population within the lesbian, gay, bisexual, transgender, queer/question (LGBTQ) community. While academic research, such as that conducted by Ecker et al. regarding the prevalence of homelessness within the LGBTQ adult population, has identified the risk factors faced by LGBTQ seniors, strategies for equitably addressing the needs of this vulnerable subsection of the elder community is under-researched in the field of public administration. There is, however, an extensive amount of research conducted by leading practitioners in the field, most reputably by the Services and Advocacy for LGBT Elders (SAGE). SAGE is a trusted resource within the professional community of advocates and service agencies addressing the needs of LGBTQ older adults in the United States. This entry will explore the topic of LGBTQ-friendly, affordable senior housing and why it is a critical component in the sphere of Public Administration. Topics discussed will include the foundations of why LGBTQ individuals require specialized care and/or housing, such as their unique needs, barriers they face when attempting to attain affordable housing, what inclusive housing looks like, the current state of LGBTQ-friendly senior housing in the United States, and identifying as well as addressing the root causes of these aforementioned unique needs and barriers as the issue moves forward and becomes a larger component in Public Administration and policy.

## Background, Challenges, and Relevance to Public Administration

The US Census Bureau data estimates that 1/5 of Americans will approach retirement age by 2030. Additionally, in 2035 approximately 78 million people will be aged 65+, outnumbering the projected number of people in the country under 18 (US Census Bureau, as cited in Sullivan 2019). This incoming "Silver Tsunami" portents multiple issues for the country's aging population and public administration resources alike. Current estimates place 29 states as having housing deficits, rendering the housing shortage at approximately 3.3 million units (Khater et al. 2020).

Correspondingly, the number of LGBTQ older adults will increase along with the rise of the Silver Tsunami. Currently estimated at about three million people, the US' LGBTQ senior population will reach seven million by 2030 (SAGE 2020b). This surge will compound the issues already faced by older adults in terms of affordable housing and will certainly exacerbate the limitations LGBTQ seniors experience in finding culturally competent, LGBTQ-friendly affordable housing. For example, older adults within the LGBTQ community face housing discrimination at a concerning rate as opposed to their heterosexual counterparts (The Equal Rights Center 2014, as cited in SAGE 2020). This population also experiences health disparities unique to the LGBTQ community that must be taken into account when discussing the needs of older LGBTQ adults, including depression, social isolation, and heightened risks of experiencing chronic conditions such as diabetes, heart disease, HIV/AIDS, Alzheimer's, and more.

Another unique challenge faced by the LGBTQ older adult population is their general lack of support networks. This can be attributed to numerous factors, such as an absence of children, little to no contact with family of origin, death of a long-term partner, or all the above. Each of these factors may have a detrimental impact on an individual and are intensified by the fact that LGBTQ older adults are more likely to experience poverty than their heterosexual peers. Nearly 33% of LGBTQ adults ages 65+ live at/below 200% of the federal poverty level. Once LGBTQ individuals reach the age of 80+, this percentage rises to 40% (Emlet, as cited in SAGE 2020).

The combination of LGBTQ seniors' unique health disparities and their high probability of experiencing discrimination and poverty culminate

into the possibility of facing homelessness. The population of homeless senior citizens is projected to increase from 44,000 in 2010 to 95,000 by 2050 (The Homeless Research Institute of the National Alliance to End Homelessness n.d., as cited in SAGE 2020). The Movement Advancement Project (MAP and SAGE n.d.) stated a similar opinion in a recent report, claiming that LGBTQ seniors' lower incomes and decades of discrimination often lead to unstable housing, leaving these seniors spending a disproportionate amount of time in emergency shelters.

Fiscal and societal elements often lay the foundation for an individual's health and physical well-being. In fact, an integral element in societal health is access to housing (LGBT Older People and Housing Challenges, SAGE 2020). Beyond the obvious instance of homelessness, a lack of affordable housing may cause other harmful, long-term effects on LGBTQ seniors. For individuals "trapped in a cycle of crisis and housing instability due to poverty, trauma, violence, mental illness, addiction, or other chronic health conditions, housing can entirely dictate their health and health trajectory" (Corporation for Supportive Housing 2014, p. 2). This correlation highlights one of many factors which justifies the inclusion of affordable LGBTQ-friendly senior housing as an area of concern for the field of public administration: a lack of housing may result in unparalleled strain on other public resources and individuals living in poverty or on fixed incomes.

## Unique Needs of LGBTQ Seniors

### Health

Factors such as stigma, discrimination, and violence increase the likelihood of health disparities in LGBTQ individuals. Adults in the LGBTQ community often feel immense pressure to hide their sexual or gender identity when considering moving to a retirement community. This apprehension, amplified by a lack of quality senior housing in general, highlights the glaring absence of adequate housing access for LGBTQ elders. Compounding this, health disparities for older LGBTQ adults can be incredibly nuanced and vary in different races and ethnicities. For example, it is professionally reported that older LGBTQ adults are more likely to experience depression and to smoke and drink regularly than heterosexual adults. Additionally, HIV is more likely to be a reported diagnosis by Hispanic and African American LGBTQ older adults than by White LGBTQ older adults. Asthma, diabetes, and visual impairment are more likely to be experienced by Hispanic LGBTQ older adults than those of other ethnicities, whereas African American LGBTQ older adults at heightened risk of experiencing complications from high blood pressure and/or obesity (American Heart Association 2018). These disparities are particularly relevant to the inclusive affordable housing urban issue: nearly 1/5 of the LGBTQ older population consists of people of color, which will only increase as the tide of the Silver Tsunami rises higher.

### HIV/AIDS

While not exclusively an LGBTQ issue, HIV/AIDS has disproportionality affected this population since its onset in the early 1980s (Fredriksen-Goldsen et al. 2013 as cited in, Hoffman 2016). The available research covering HIV positive seniors suggests that HIV diagnoses are on the rise in adults ages 50+, though the data covering this topic is limited. Studies have identified older gay and bisexual men, transgender elders (particularly those of color), and older lesbian women as the segments of the LGBTQ community most likely to be affected by HIV/AIDS. Older adults are less likely than younger individuals to be asked questions by their physician regarding sexual activity and use of drugs. This leads to underreporting of red flags, which would otherwise prompt a doctor to test the individual for HIV, despite the importance of identifying the presence of HIV/AIDS as early as possible (SAGE 2020). LGBTQ older adults' higher likelihood of living with HIV is a factor addressed by most existing LGBTQ-friendly affordable housing facilities. According to the 2nd Edition of the Understanding the Affordable Housing Development Primer, the key difference that makes LGBTQ-friendly affordable housing projects

unique is their propensity to foster a sense of community among special-needs elders (such as veterans and/or those living with HIV); ensuring linkage to care for the unique needs of these special populations; and enforcing income restrictions on a portion of units to make "monthly rents more affordable for lower income residents through the use of federal programs such as Project Based Section 8 Housing Choice Vouchers or HOPWA" (SAGE 2020b, p. 6). Numerous studies have examined the relationship between HIV transmission and homelessness or stable housing. One such study determined that overall, housing stability was linked to improved health via decreasing HIV risk behaviors and maintaining consistency with antiretroviral therapy, (Leaver, Bargh, Dunn, & Hwang, 2007, as cited in, Ecker J, Aubry T, Sylvestre J 2019). Because LGBTQ adults are at such a disproportionally high risk for experiencing homelessness, the prompt attention of public administrators is warranted to prevent snowballing administration concerns moving forward (Ecker et al. 2019).

## Barriers to Affordable Housing

### Poverty

The US Census Bureau estimates that 16.1% of American elders live in poverty, including hundreds of thousands of LGBTQ senior citizens. Additionally, 24% of lesbians and 15% of gay and bisexual men can be classified as living at or below the federal poverty level. For the LGBTQ's community's heterosexual peers, the poverty percentage is 19% and 13% of heterosexual women and men, respectively, a gap which will only grow as LGBTQ individuals grow older (Albelda, Badgett, Schneebaum, & Gates 2009, as cited in SAGE 2011). A similar study posits that older LGBTQ couples grapple with higher poverty rates than heterosexual peers, signifying that as the number of people age 65+ surges, as will the number of impoverished LGBTQ older adults.

Further research reveals that LGBTQ older adults of color face an increased risk for experiencing poverty. A recent study states that LGBTQ older adults who identify as African American, Hispanic, and Native American are more likely to face barriers accessing health care/medications than non-Hispanic white LGBTQ older adults (SAGE and MAP 2017). The impact that this vulnerability has on the health of minority individuals relates to Public Administration through increasing the strain experienced by public resources. By deferring appropriate healthcare due to lack of funds, this can ultimately lead to more serious medical problems that place even higher amounts of pressure on public health services and facilities (Reina 2019).

This issue can further be linked to Public Administration through LGBTQ older adults' overall fear and mistrust of healthcare professionals. This wariness often leads to LGBTQ seniors not going to their doctor or healthcare provider until it is absolutely compulsory, due to expected harassment and discrimination by healthcare providers and caregivers alike. There is subsequently a strong need to incorporate more comprehensive and culturally competent policies for LGBTQ seniors, especially in long-term, age-in-place settings such as affordable housing facilities. Implementing and/or providing access to culturally competent, LGBTQ senior-focused public policy or training curriculum within affordable housing facilities may instigate a shift in LGBTQ senior attitudes toward healthcare, ultimately resulting in less strain on public health services.

As the US population (and with it the LGBTQ population) grows older, the need for senior housing and resources rises along with it. However, LGBTQ seniors already face unique barriers finding accepting and affirming affordable housing, with a lack of federal protections against discriminations rendering it an even larger challenge. Discrimination and poverty are dovetailing barriers to care for LGBTQ seniors: older LGBTQ adults are often discriminated against and not permitted the same rights as those in heteronormative marriages or relationships such as security, benefits, and protections (The Equal Rights Center 2014). This prejudice has a significant impact on financial security, especially if the couple is retirement-age. One example of these long-term effects is demonstrated in same-sex couples

having historically been prevented from the right to marry. Despite the landmark 2015 ruling *Obergefell v. Hodges*, in which the Supreme Court struck down remaining statewide bans on same-sex marriage, a 2013 Pew Research Survey states that four in ten LGBTQ adults have been rejected by a close family member due to their sexual orientation. This can have ramifications on estate planning, such as unsupportive family members contesting a will or challenging the validity of a marriage (Maier 2020). Issues such as these may lead to many LGBTQ seniors losing access to property, assets, or even confronting poverty after the loss of a partner, despite having a state-sanctioned, legally binding marriage.

### Discrimination, Stigma, and Violence

Discrimination and victimization are strong factors that contribute toward the mental and physical well-being of older LGBTQ adults (Fredriksen-Goldsen et al. 2013). For example, a 2018 survey of LGBTQ seniors revealed that 21% of those surveyed have disclosed their sexual orientation or gender identity to their doctor for fear of being discriminated against or receiving inferior medical care. This lack of transparency can lead to medical complications and increased risks, especially since LGBTQ older adults have pervading and unique health disparities already in place (Seegert 2018).

LGBTQ people further experience discriminatory treatment in mainstream healthcare settings. The Equal Rights Center conducted a 2014 survey that revealed half of older LGBTQ partners applying for housing experience discrimination of some sort, with 89% predicting that they would be denied for their sexual orientation and/or gender identity. A similar report published by the National Center for Transgender Equality and the National Gay and Lesbian Task Force stated that transgender individuals were discriminated against with pervasive insensitivity. The study further revealed prevalent violence toward transgender patients in medical settings, including but not limited to emergency rooms, mental health clinics, drug treatment facilities, and substance abuse programs (Grant et al. 2011). Additionally, over 2/3 of relevant agencies lack staff training regarding LGBTQ-aging, along with an even greater deficiency in these agencies regarding LGBTQ-specific outreach and programming (Knochel et al. 2012).

A more recent 2015 survey reported 73% of LGBTQ Americans are strongly concerned about discrimination from agents, landlords, and neighbors (Eisenberg 2015, as cited in Graves 2018). These looming apprehensions felt by the LGBTQ communities may stem from the fact that in over half of the states in the United States, it is either legal to deny housing based on sexual orientation or gender identity or there is statewide law or policy that prevents discriminating on the basis of sexual orientation or gender identity.

These concerns are particularly relevant to public administrators, as healthcare disparities lead to administrative consequences and place an avoidable strain on resources and funds. By prioritizing the development of policies and practices that are inclusive, not only are the needs of vulnerable subsections of society better met, but the administrative system uses resources more efficiently (Artiga et al. 2020). Discrimination, particularly over the course of a lifetime, acts as a root cause for income and health disparities in target populations leading to otherwise avoidable healthcare and employment-related expenditures of up to $31 billion annually (Smialek 2014). These costs place a monumental amount of strain on public administration systems and represent key areas of vulnerable citizens being inequitably prioritized and underserved.

## Current LGBTQ-Friendly Senior Housing

Currently, there are 12 states in the country with resources and senior housing facilities specifically intended for LGBTQ older adults. These states, (California, Florida, Illinois, Massachusetts, Minnesota, North Carolina, New Mexico, New York, Ohio, Oregon, Pennsylvania, and Washington) each have one or more operational affordable, LGBTQ-friendly senior housing facilities. These facilities often include space(s) colocated onsite for specialized service needs of its tenants. These may include but are not limited

to case management services, primary health care clinics, social work agencies or services, access to transportation, and wellness and community programing (SAGE 2020b). Despite LGBTQ seniors being an underserved and understudied population, research, studies, and polls that have extensively explored this community's needs cite senior housing among their premier needs (Seegert 2018), justifying the concern as a relevant public administration urban issue.

## Moving Forward

Public administrators in urban municipalities would benefit from focusing on the underdeveloped area of inclusive housing. Not only is the LGBTQ senior population anticipated to expand to seven million by 2030, but this issue is further compounded by the current 3.3-million-unit housing shortage in the United States combined with the overall shortage of inclusive, affordable LGBTQ-friendly housing. The lack of these facilities in urban and metropolitan areas places immense pressure on public resources, as LGBTQ older adults have unique health disparities that need specialized attention. Additionally, these individuals are more inclined to reside below the poverty level, a factor which is particularly relevant to the sphere of public administration. These trends and similar disproportional representations of risk factors should remain at the forefront of discussions of urban issues in the United States.

## Conclusion

A lifetime of discrimination has taken a physical and fiscal toll on LGBTQ seniors. Advances in modern medicine, better nutrition, and progressive technology have enabled the "baby boomer" generation to survive longer than previous generations, which means older LGBTQ individuals are living longer despite their unique health disparities. However, LGBTQ adults are at higher risk than their cisgender/heterosexual (or non-LGBTQ) counterparts to experience homelessness and loss of familial support systems. Affordable, inclusive senior housing is therefore a critical component in the topic of public urban issues, as are the barriers faced when attempting to meet these urgent needs. Public administrators can benefit from recognizing this vulnerable population's needs, which increase annually alongside the level of population density. While academics in the field of Public Administration have begun to lay the foundation for an understanding of this community's needs, practitioners lead the way in navigating strategic efforts to address them. Though the current state of LGBTQ-friendly senior housing in the United States is lacking, a handful of aforementioned states are paving the way for inclusivity. Following their example, the United States at large as well as members of the Public Administration field face an ever-growing challenge to meet the needs of the older adult community while viewing the issue through an equitable and inclusive lens.

## Cross-References

▶ Violence Against the Transgender Community: An Epidemic

## References

SAGE (2011) Integrating lesbian, gay, bisexual, and transgender older adults into aging policy and practice. Public Policy and Age Report 21(3):1–35

American Heart Association (2018) Aging LGBT seniors: a 'major public health issue'. Retrieved from www.heart.org: https://www.heart.org/en/news/2018/07/13/aging-lgbt-seniors-a-major-public-health-issue

Artiga S, Orgera K, Pham O (2020) Disparities in health and health care: five key questions and answers. Retrieved from Henry J. Kaiser Family Foundation: https://www.kff.org/racial-equity-and-health-policy/issue-brief/disparities-in-health-and-health-care-five-key-questions-and-answers/view/footnotes/#footnote-452162-37

Corporation for Supportive Housing (CSH) (2014) Housing is the best medicine: supportive housing and the social determinants of health. Retrieved from www.csh.org: http://www.csh.org/wp-content/uploads/2014/07/SocialDeterminantsofHealth_2014.pdf

Ecker J, Aubry T, Sylvestre J (2019) A review of the literature on LGBTQ adults who experience

homelessness. J Homosex 66(3):297–323. https://doi.org/10.1080/00918369.2017.1413277
Fredriksen-Goldsen KI, Kim H-J, Barkan SE, Muraco A, Hoy-Ellis CP (2013) Health disparities among lesbian, gay, and bisexual older adults: results from a population-based study. Am J Public Health 103(10): 1802–1809. Retrieved from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3770805/
Grant JM, Mottet LA, Tanis J, Harrison J, Herman JL, Keisling M (2011) Injustice at every turn: a report of the national transgender discrimination survey. Retrieved from National Center for Transgender Equality: https://www.transequality.org/sites/default/files/docs/resources/NTDS_Report.pdf
Graves L (2018) Issue at a glance: LGBTQ housing discrimination. Retrieved from Victory Institute: https://victoryinstitute.org/lgbtq-housing-discrimination/
Hoffman M (2016) Health care matters: perspectives from LGBT older adults. St Catherine University, School of Social Work. Retrieved from https://sophia.stkate.edu/cgi/viewcontent.cgi?article=1597&context=msw_papers
Khater S, Kiefer L, Yanamandra V (2020) The housing supply shortage: State of the states. Retrieved from FreddieMac.com: http://www.freddiemac.com/research/insight/20200227-the-housing-supply-shortage.page#:~:text=state%2Dlevel%20variations.-,We%20estimate%20that%20there%20are%20currently%2029%20states%20that%20have,units%20to%203.3%20million%20units
Knochel KA, Croghan C, Moone RP, Quam J (2012) Training, geography, and provision of aging services to lesbian, gay, bisexual, and transgender older adults. J Gerontol Soc Work 55:426–443. https://doi.org/10.1080/01634372.2012.665158.
Maier K (2020) 7 LGBT estate planning concerns you haven't considered. Retrieved from: Wealthenhancement.com: https://www.wealthenhancement.com/blog/lgbt-estate-planning-concerns
Movement Advancement Project (MAP), SAGE (n.d.) Improving the lives of LGBT older adults. Retrieved from LGBT Map: https://www.lgbtmap.org/file/improving-the-lives-of-lgbt-older-adults.pdf
Reina V (2019) Why the U.S. needs a new vision for affordable housing. Retrieved from Wharton University of Pennsylvania: https://knowledge.wharton.upenn.edu/article/affordable-housing-policy/
SAGE (2020a) Advocacy and services for LGBT elders. Retrieved from www.sageusa.org: https://www.sageusa.org/resource-category/lgbt-aging/
SAGE (2020b) Understanding the affordable housing development process. Retrieved from www.sageusa.org: https://www.sageusa.org/wp-content/uploads/2020/07/understanding-the-affordable-housing-development-primer-2nd-edition.pdf
SAGE, MAP (2017) Understanding issues facing LGBT older adults. Retrieved from www.sage.usa: https://www.sageusa.org/wp-content/uploads/2018/05/sageusa-understanding-issues-facing-lgbt-older-adults.pdf
Seegert L (2018) National study finds LGBT seniors face tougher old age. Retrieved from Health Journalism: https://healthjournalism.org/blog/2018/07/national-study-finds-lgbt-seniors-face-tougher-old-age
Smialek G (2014) Gay myths derailed by economist Badgett data research. Retrieved from www.bloomberg.com: https://www.bloomberg.com/news/articles/2014-06-20/gay-myths-derailed-by-economist-badgett-s-data-research
Sullivan T (2019) Silver tsunami is coming to healthcare: time to prepare. Retrieved from Health Care IT News: https://www.healthcareitnews.com/news/silver-tsunami-coming-healthcare-time-prepare
The Equal Rights Center (2014) An investigation of barriers to senior housing for same-sex couples: opening doors. Retrieved from www.equalrightscenter.org: https://equalrightscenter.org/wp-content/uploads/senior_housing_report.pdf

# Incremental Theory of Decision-Making

Gardenia Harris
Illinois State University, Normal, IL, USA

## Synonyms

Incremental model of decision making; Incrementalism; Successive limited comparison

## Definition

The incremental theory of decisionmaking posits that decisionmakers use previous activities, programs, and policies as the basis for their decisions and focus their efforts on incrementally increasing, decreasing, or modifying past activities, programs, and policies (Dye 2013). This method of decisionmaking contrasts sharply with the rational model of decisionmaking which involves conducting a thorough analysis of all possible options and their consequences and then evaluating their advantages and disadvantages (Lindblom 1959). Instead, they rely on "successive limited comparisons" to simplify decisionmaking (Lindblom 1959, 81). Successive limited comparisons consist of comparing a

limited number of options that are not too different from the current solution or practice (Kleindorfer et al. 1993; Beach 1997) and differ only marginally from each other (Pal 2011). According to incremental theory, decisions are not made all at once and committed to at the onset but progress in a step-by-step fashion (Beach 1997) and are refined through trial and error (Atkinson 2011). This approach allows decisionmakers to adjust solutions considering their effectiveness or stakeholders' responses (Beach 1997). Although originally developed to describe decisionmaking in the public policy arena, the incremental theory of decisionmaking concurrently evolved into a theory of organizational behavior that explains decisionmaking in complex organizations, such as bureaucracies (Atkinson 2011).

## Introduction

Economist Charles E. Lindblom (1959) introduced the incremental model of decisionmaking in his seminal article, *The Science of "Muddling Through"* (Beach 1997). Lindblom developed this theory of to explain how public policy is enacted in Western democracies. This groundbreaking paper observed that in the public policy arena, actual decisionmaking deviates radically from the normative rational model of decisionmaking. Decisionmakers applying the rational model of decisionmaking purport to analyze all relevant information, each possible option, and all potential consequences prior to making their decisions. Lindblom noted that public agencies rarely undertake such comprehensive analyses of problems and potential options, yet public still evolves in the absence of such analysis (Beach 1997). Lindblom (1959) proposed that instead of undertaking a comprehensive analysis, policymakers in Western democracies expedite policymaking and reduce political conflict by only seriously considering adopting program and policy options that are marginally different from those already in place (Dye 2013).

According to the incremental theory of decisionmaking, instead of analyzing information to develop new strategies to address flaws in the status quo, decisionmakers typically accept the legitimacy of established solutions and focus their efforts on modifying them (Dye 2013). For example, the two major US political parties, the Democrats and Republicans, agree on policy fundamentals and limit their policy debates to differing definitions of problems or developing and enacting policy alternatives that are only modestly different from the other political parties (Lindblom 1959).

The high level of uncertainty and unknown consequences that are inevitable by-products of enacting completely new or vastly different programs motivates policymakers to avoid enacting new or different programs. In addition, the significant psychological, political, and psychological commitment various stakeholder groups have toward existing programs further dissuades policymakers from undertaking radical change, for fear of displeasing certain constituent groups. Therefore, only policy alternatives which cause little psychological, physical, economic, organizational, or administrative dislocation are seriously considered (Dye 2013).

## Human Limitations

Pal (2011) maintains that humans developed the strategy of incrementalism to deal with their cognitive and resource limitations. Incremental theorists contend that constraints on resources such as cognitive ability, time, and funding prevent decisionmakers from identifying the full range of alternatives and their consequences. They maintain the rational evaluation of all but the simplest decisions is impossible for several reasons: (a) the difficulty of deciding on a "best" outcome or direction since different stakeholders have different goals and values leading to multiple conceptualizations about the desired outcome; (b) the potential outcomes of most decisions are so extensive, it is impossible to identify and evaluate them all; and (c) the absence of adequate information about the short-term and long-term consequences of decisions makes analysis impossible. Proponents of the incremental theory note

that even if all consequences could be identified and studied, the cost of doing so in terms of time, effort, and money would be prohibitive (Beach 1997).

In addition to the uncertainty they face (Atkinson 2011), decisionmakers are often expected to be decisive and to produce tangible results in a limited period (Pal 2011). Considering the multitude of factors that must be taken into account as well as the time pressures, decisionmakers confronted with complex problems must somehow simplify the decisionmaking process (Lindblom 1959). Decisionmakers can greatly reduce risk if they experiment with small changes and exercise the option to either advance or retreat based on how things are working (Beach 1997). Incrementalists argue that if something goes wrong, small changes can be more easily reversed (Pal 2011).

## Mutual Adjustment

Despite a lack of stakeholder agreement on goals, the solutions and polices that evolve tend to satisfy a wide variety of stakeholders' interests (Lindblom 1959). Even in the absence of explicit negotiation, some form of consensus regarding the basic components of a good solution usually arises (Allison and Saint-Martin 2011). Lindblom attributed this agreement to the process of "mutual adjustment" (Lindblom 1959, 85). Mutual adjustment is a form of quasi-coordination resulting from the mutual impact people and groups have on each other. During this process, options are modified to satisfy the anticipated needs and actions of others, without any explicit compromise (Atkinson 2011). Mutual adjustment is a dynamic process. At various times, the needs of individuals or groups that have been neglected at some point are brought to the forefront at another time (Lindblom 1959). Although this process seems piecemeal and fragmented, it often leads to solutions that represent a wider range of interests (Lindblom 1959) and solutions that more fully reflect collective preferences of interested parties than would explicit centralized negotiations (Atkinson 2011).

## Critique

Proponents of the incremental theory of decisionmaking tout its practicality and ability to bring about significant political and organizational change. They contend that Lindblom's belief in the limits of rationality is well founded. They further maintain research and experience simply do not support the concept of rational-comprehensive decisionmaking process (Pal 2011). For example, Dye (2013) asserts that a completely rational model of decisionmaking is inefficient because the effort and cost involved would be excessive. The fact that organizational actors must only decide on small modifications to the status quo is associated with expediency and reduces conflict, contributing to organizational and political stability (Dye 2013). Enacting small changes reduces the risk of major controversies and stalemates, limits the losses of individuals or groups with other policy preferences, and helps maintain a working majority (Allison and Saint-Martin 2011).

Critics of incrementalism challenge its stance on the impossibility of conducting comprehensive rational analyses. They argue that even though human intellectual capacity is limited and imperfect, the computer power developed since Lindblom's original analyses in the 1950s and 1960s has increased humans' ability to conduct comprehensive analyses on large amounts of data (Scott Jr 2010), making complex comprehensive analysis more feasible.

Other critics of the incremental theory of decisionmaking charge that because the status quo is used as a basis for decisionmaking, the theory is too conservative (Dye 2013). Netting and O'Connor (2003) categorize incrementalism as conservative because it is designed to yield decisions that are acceptable to the majority of organizational members, particularly those in power. They further argue that since the goal of incremental change is the reestablishment of equilibrium as quickly as possible, incremental decisionmaking has a conservative effect.

However, others do not agree regarding the inherent conservatism of the incremental decisionmaking approach. Atkinson (2011)

challenges discomfort with the status quo by arguing that attachment to the status quo is not necessarily irrational, and change for the sake of change is not always better or beneficial. Kleindorfer et al. (1993) suggest hasty solutions usually fail because organizations do not have an opportunity to adapt to them. In a similar vein, Allen and Coates (2009) emphasize the benefits of slowing adopting new practices to avoid making costly mistakes that could be costly. Beach (1997) argues that as a result of feedback, entirely new directions and perspectives that were never anticipated may evolve and then be considered (Beach 1997).

Lindblom also objected to its characterization as conservative, arguing that significant change can accrue using this model, if the small steps happen in quick succession and build on each other (Pal 2011). Others argue that incrementalism is not the source of the deficiencies in the policymaking process (Atkinson 2011). For example, Allison and Saint-Martin (2011) attribute the slowness of policy change characteristic of the US political system to the nature and structure of the US political system itself, with its multiple decision and veto points and checks and balances, rather than the incremental decisionmaking process.

Although proponents consider the potential to more easily reverse directions as a major strength of incrementalism, detractors disagree. They observe that all decisions engender procedures and practices to which some individuals and constituent groups become committed. For them, the concept of easy reversal of small incremental steps ignores the fact that people become committed to the outcomes of even small decisions. Reversing those decisions may not be easy because it requires dealing with people and groups already invested in them (Pal 2011).

Lindblom acknowledges the weakness of incremental decisionmaking in regard to fragmentation of decisions (Allen and Coates 2009). Others also note the "muddling through" approach is vulnerable to generating unintended consequences. Recent US military experiences in Iraq and Afghanistan demonstrate the pitfalls of not conducting a comprehensive analysis before acting (Scott Jr 2010). Scott Jr (2010) maintains the outcomes of those military interventions would have been more positive had policymakers undertaken a more rational and comprehensive analysis. In fact, he believes success was only achieved after such an analysis was undertaken. Other detractors worry organizations that "muddling" through decisionmaking can inadvertently move the organization away from its original goals (Scott Jr 2010).

Incremental decisionmaking may be inadequate in times of crisis. Dye (2013) suggests the rapid expansion in US government spending during the 2008 Great Recession demonstrates policymakers deem incremental measures insufficient during economic crises.

Finally, others question the global applicability of the theory and note Lindblom used the US political system as his reference point, leading to concerns his theory may not apply to other political systems that converge significantly from the US political system (Pal 2011).

## Implications

Proponents of incremental decisionmaking believe organizational and policy change is more effective and efficient when performed in small increments. One of the major implications of incremental decisionmaking is the use of small experiments or pilot projects which allow the incremental evaluation of ideas (Beach 1997). When decisionmakers test their ideas by making small changes, they can observe their effects and adjust based on the information and feedback they receive. This process should be repeated over and over in small steps (Beach 1997), until the desired outcome is achieved. Another implication is that options considered should be close to current practice to reduce risk and make it easier to predict the consequences of decisions (Pal 2011).

Decisionmakers should also be aware that incremental decisionmaking may not suffice in all situations and that at times, major policy shifts will be necessary. When major policy shifts are warranted, decisionmakers should look at decisionmaking in a new way, making conscious efforts to move away from normative options.

Furthermore, major policy shifts should be driven by universally accepted visions of the future that are aimed at solving problems without arousing the opposition of stakeholders (Beach 1997).

## Conclusion

The incremental theory of decisionmaking provided one of the first major attacks on the rational model of decisionmaking. Rather than focusing on an idealized view of decisionmaking, incremental theory emphasizes its practical aspects (Allison and Saint-Martin 2011; Pal 2011).

Although Lindblom acknowledged weaknesses of the incremental approach to decisionmaking including the potential to overlook policies unrelated to the current policy (Allen and Coates 2009), he thought incremental decisionmaking was the preferred decisionmaking strategy because when confronted with deficiencies in current policy, the most reasonable organizational response is to make minor adjustments and use trial and error to see if those adjustments are effective or not (Atkinson 2011). Therefore, for most policy problems, incrementalists see no practical alternative to the incremental method of decisionmaking (Atkinson 2011).

## Cross-References

► Models of Organizational Change
► Organizational Decision-Making
► Rational Model of Decision-Making

## References

Allen CD, Coates BE Strategic decision making paradigms: a primer for senior leaders. (U.S. Army War College, 10–12, 2009). http://www.au.af.mil/au/awc/awcgate/army-usawc/strat_d-m_paradigms.pdf. Accessed 4 Nov 2016

Allison CR, Saint-Martin D (2011) Half a century of muddling: are we there yet? Polic Soc 30:1–8

Atkinson MM (2011) Lindblom's lament: incrementalism and the persistent pull on the status quo. Policy Sci 30: 9–18

Beach LR (1997) The psychology of decision making: people in organizations. Sage Publications, Thousand Oaks

Dye TR (2013) Understanding public policy, 14th edn. Pearson, Boston

Kleindorfer PR, Kunreuther HC, Shoemaker PJ (1993) Decision sciences: an integrative perspective. Cambridge University Press, New York

Lindblom CE (1959) The science of "muddling through". Public Adm Rev 19(2):79–88

Netting FE, O'Connor MK (2003) Organization practice: a social worker's guide to understanding human services. Allyn and Bacon, Boston

Pal LA (2011) Accessing incrementalism: formative assumptions, contemporary realities. Polic Soc 30: 29–39

Scott RJ Jr (2010) The science of muddling through revisited. Emerg Complex Organ 12(1):5–18

# Independent Regulatory Agencies in Coordination of Public-Private Partnerships and Other Economic Institutions

Ethelbert Chinedu Nwokorie
Faculty of Philosophy, Public Management Unit, University of Vaasa, Vaasa, Finland

## Synonyms

Concession; Coordination; Partnership; Public sector; Stakeholders

## Definition

Independent regulatory agency refers to a specialized government organ that supervises the entry of private sectors in traditionally state-managed sectors, fixes standards, and oversees activities of partners in order to ensure that terms of the contract are strictly followed and success achieved.

## Introduction

Public-private partnership (PPP) is a government-sponsored initiative where a government agency collaborates with the private sector to provide quality infrastructures and services to the people

through long-term concessions or short-term service contracts. The risks of providing facilities and services in PPPs are equitably shared between public and private sector organizations (Busch and Givens 2012; Mahalingam et al. 2011, pp. 341–372; Ciccone 2010, pp. 48–51; Forrer et al. 2010, p. 476). Through PPPs, governments harness private sector expertise to bring maximum efficiency and effectiveness in provision of public infrastructures and services that are traditionally provided by the public sector (Babatunde et al. 2012, pp. 212–225). PPPs provide a window for private sector participation in providing public infrastructures and services. Through PPPs, governments across the world are making progress in delivery of infrastructures and services to their citizens.

Economic regulation could be explained in terms of clear legislative and administrative control of all aspects of entry into economic activities including PPPs. Independent regulatory agency (IRA) refers to a specialized government organ that supervises the entry of private sectors in traditionally state-managed sectors, fixes standards, oversees activities of parties involved in order to ensure that terms and conditions of the contract are strictly followed and success achieved. They are creation of legislative acts, separately organized bodies headed by unelected officials. They are legally empowered to perform regulatory functions over government economic activities, including PPPs. They are institutionally designed to be independent to avoid political interferences. If regulation is done by government agencies, the government can directly/indirectly influence the regulators policies and decisions (Cambini and Franzi 2013, p. 180; Thatcher 2002, pp. 125–147). The public interest theory of economic regulation motivates government involvement in PPPs and other economic activities across the world. Public interest theory explains economic regulation as governments' reaction to public demand for correction of unfavorable market practices (Posner 1974, pp. 1–36). Absence of a regulatory agency to coordinate PPPs and build trust among partners from the early stages creates circumstances for future conflicts and failure of PPPs.

IRAs are important in strengthening collaborative management, establishing trust, and avoiding opportunistic behaviors by partners. However, poor structuring, legal framework, government interferences, etc., create circumstances that challenge PPP success. This raises discussions on the need for an IRA to harmonize the challenges and make PPPs succeed. This agency is important in PPP lifetime, beginning from the early stages. It facilitates proper delivery of PPP projects by ensuring that contract terms are maintained and interest of the public and private sectors and consumers protected, guarantee value for money, and increase efficiency, effectiveness, and accountability of PPPs (Farquharson et al. 2011, p. 133; Pongsiri 2002, pp. 487–495).

## PPP Coordination by Independent Regulatory Agencies

Coordination is a process of bringing harmony and equilibrium in an organization (Fayol 1949, p. 5). It is a major instrument in making different functions and structures to fit into an overall goal (Selznick 1957, p. 5). Coordination aims to prevent fragmentation in order to achieve a common objective. It aligns organizational functions, structures, and resources together in order to achieve organizational goals (Viinamäki 2004, p. 17). Murugan (2004, p. 384) characterizes coordination as a continuous dynamic process. It aims to ensure that different parts of an organization function without difficulties and achieve its purpose with minimum friction and maximum collaborative effectiveness (Agarwal 1982, p. 235). In this study, coordination is defined as a process through which conflicts and differences are harmonized in order to make PPPs succeed. The four principles of coordination by Mary Parker Follett emphasized (i) the need to start coordination in management from the early stage, (ii) continuity of coordination, (iii) being in direct contact with the parties, and (iv) reciprocal relationships among parties (Bose 2012, p. 48). These emphasize the importance of coordination from the beginning to completion of PPPs and the importance of coordination in maintaining constant communication

among parties for them to see reasons to make compromise. Coordination reduces possibilities for conflict and failure of PPPs. Good coordination strengthens interdependence of partners because there is nothing to coordinate if there is no interdependence (Malone and Crowston 2012, pp. 10–11; Brenninkmeijer 2010, p. 124). Governments across the globe establish IRAs to ensure proper coordination and success of PPPs. IRAs are staffed with PPP specialists to supplement government capacity in awarding and monitoring PPP contracts. They coordinate PPP activities and processes at every stage (Mahalingam et al. 2011; Pongsiri 2002).

IRAs perform such functions as quality control, policy formulation and coordination, technical advice, standardization, and PPP promotion (Istrate and Puentes 2011, p. 2). The World Bank (2007, pp. 20–21) defined IRA as any organization designed to promote and improve PPPs, with lasting mandate to manage quality of PPP programs, attract more PPPs, and ensure that PPPs meet defined criteria like quality, affordability, value for money, and risk transfer. IRAs are important in structuring and implementing PPPs. They are expected to have expertise in project management; contract financial, technical, and legal management; monitoring quality of service; contract compliance; project evaluation; performance monitoring; and partnership management (United Nations ESCAP 2011, p. 25; Burger 2009; Pongsiri 2002).

Sound knowledge of PPP project(s) preparation, procurement, and management equips IRAs to develop ways of engaging private sectors where and when necessary, protect private sector interests, and shield them from direct or indirect expropriation (Skietrys et al. 2008, p. 25; Pongsiri 2002). IRAs address PPP challenges and provide information linkage between parties in the partnership and the public where necessary (UNESCAP 2011). IRAs collaborate with the awarding government agency and private sector to take care of any disagreement that could lead to program failure (Lemma 2013, p. 5; Regan 2012). Sanghi et al. (2007, p. 2) explained that governments create IRAs to make PPP management effective and avoid failures. They bring quality control, policy formulation and coordination, technical assistance, standardization, and marketing promotion for success of PPPs where governments' procurement policy, strategy, and incentives are poor.

Coordination function starts from assessing the most viable type of PPP for a given project, weighing possibility of meeting identified objectives of the parties, and clearly defining the project implementation structure. This encourages partners to recognize the needs and interests of each other and provide effective ground for coordination from the beginning (Regan 2012; European Commission Directorate-General Regional Policy 2003, p. 5). Experienced IRAs design and make PPPs competitive to attract more bidders. This helps to bring transparency in the process and make negotiation easy and less time consuming (Cheung et al. 2012, pp. 647–666). Low bidder turnout in PPP process arises when contracts are poorly designed and unable to attract bidders to make the process competitive (Burger 2009, p. 13).

Managing PPPs requires special capacity to identify, develop, and evaluate alternative financing options, optimal risk transfer, contract negotiation, and management (United Nations ESCAP 2012). IRAs act on behalf of government agencies in negotiating optimal deals with private companies, carry out feasibility studies, prepare detailed project reports, manage the bidding and negotiation process, and monitor performance and progress of PPP projects (Kim et al. 2011, p. 10). They promote and improve PPPs, in response to government failures regarding poor procurement incentives, lack of coordination, high transaction costs, and lack of skills and information. They ensure that projects fulfill specific quality criteria (Regan 2012, p. 3; World Bank 2007). Greater involvement of IRA through the life cycle of PPP is necessary to guarantee that real benefits are delivered to the people (Mahalingam et al. 2011; Dutz et al. 2006).

Interestingly, few PPP projects have been successfully delivered in some countries without IRAs. For example, in Spain, a number of PPP projects in various sectors have been successfully delivered without IRA (EPEC 2014, p. 18). Despite the positive roles of an IRA, often times, the presence of IRAs has not guaranteed better PPP coordination and success. However, this

happens where the IRA lacks specialized knowledge and experience and without a coordination framework. Where coordination is done in a trial and error method, such leads to negative coordination, which represents mere agreement to avoid conflict in the absence of specific guidelines (Lægreid et al. 2013, p. 27). The Dar es Salaam Water and Sewerage Authority (DAWASA) and City Water Services PPP in Tanzania are a good example. DAWASA and the Tanzanian Minister of Water and Livestock Development were unable to successfully coordinate the PPP because they lacked the technical knowledge and experience. Another example is the failed London Underground PPP, where Transport for London and London Underground Limited were unable to successfully coordinate the PPP with Metronet due to lack of technical know-how, resulting to the early failure of the PPP (Hallikeri 2012). Also in 2002 in Denmark, the Farum local government PPP with FIH institute was unable to achieve the construction of the indoor sports arena and soccer stadium because of similar reasons. Other reasons include poor and uncompetitive bidding process, the absence of national legislation on PPPs, poor risk assessment, the absence of PPP experts to ascertain financial implications of the deal to Farum local government, and the absence a specialized IRA. Instead, Farum local government acted as the coordinator (Greve and Ejersbo 2002; Ole 2011). In all the failed cases, despite lack of technical knowledge and experience, the awarding government agencies coordinated the PPPs.

In 1996, Alandur Municipality in India lacked the capacity to execute a state-of-the-art sewerage system. She approached INFRACREATE, an agency that coordinates PPPs in water sector in the state of Tamil Nadu, for assistance. INFRACREATE designed and structured the project; prepared project memoranda; negotiated lending rates; developed the financial structure and conflict resolution mechanisms; prepared the bid documents, evaluation procedures, and a concession agreement that featured equitable risk sharing; and solicited for bids. Several companies submitted bids. In the year 2000, the project was awarded through an open transparent bidding process. However, INFRACREATE's involvement was discontinued at the implementation stage. Having established ground for a smooth takeoff, the project started on a fairly good note. As the implementation progressed, the exit of INFRACREATE began to have a negative effect on the entire project coordination beginning with delays in approvals and inspection to changes in project plan. Finally, lack of communication by parties involved led to a conflict that subjected the PPP to litigations (Mahalingam et al. 2011, pp. 341–372). This highlights the important role of an IRA in coordinating and implementing PPP contract terms from the beginning to the end.

These examples highlight the need for IRAs and strengthen World Bank's (2007) claim that IRAs promote and improve PPPs in response to government poor procurement incentives, lack of coordination, high transaction costs, and lack of skills and information. In Spain, PPPs in transport sectors, for example, were successfully delivered without IRAs because at the Spanish national level, there are sector-focused bodies such as Sociedad Estatal de Infraestructuras del Transporte Terrestre (SEITT) which is deeply involved in delivery of PPP projects in transport sector. Though SEITT is not an independent regulatory agency, it performed the same functions IRAs perform in PPPs. SEITT functions include supporting development of business case for concessions, analysis of concession tariff structures, supporting definition of policies for the development of concessions, preparation of terms and conditions for concession procurement, and viability assessment and financial structuring of concessions. These are the roles IRAs perform in PPPs. IRAs coordinate PPPs from proposal stage to completion and provide policy and technical guidelines for successful implementation (Shen et al. 2006, pp. 588–589). They also ensure that PPP contracts are technically well designed and successfully implement PPP success factors as contained in the contract. The design of PPP contracts by IRAs provides framework for coordination and contract implementation. The frameworks include the PPP success factors which are implemented by IRAs. Some of the success factors are discussed below.

## Sound Legal and Regulatory Framework

The legal and regulatory frameworks of PPPs provide mechanisms for monitoring and accountability, in order to hold the government or private sector responsible and accountable for the project breach and failure. The structure of PPP contracts provides clear implementable structure to stop activities that could affect the success of PPPs. It also provides opportunity to dialogue with stakeholders on relevant issues capable of attracting opposition and risks associated with private sector participation in government economic projects. For example, public resistance to private sector involvement and other unforeseen issues may affect project actualization. It also put down a clear, transparent and predictable rule for dispute resolution (OECD 2012; Triche 2012). In addition, a PPP contract spells out the mechanisms for guaranteeing quality of project or service to be provided (Qizilbash 2011). IRAs create public vision for PPPs by establishing short- and long-term public interest in the project, describe the strategy for project actualization, and ensure public acceptance and cooperation toward PPPs. It also ensures that the contract implementation follows established legal framework (Corrigan et al. 2005, p. 2).

## Appropriate Risk Allocation

The main element of every PPP is value for money, and this can only be achieved when risks are properly distributed among parties. To achieve value for money, government takes back risks it can properly manage (Loosemore and Ng 2007, p. 70). PPPs yield good results when the parties have likely knowledge of potential uncertainties that might arise during implementation. Such knowledge helps the parties to develop appropriate workable risk allocation mechanisms (Lossa and Martimort 2012, pp. 463–464). Parties in PPPs are expected to carry out project risk identification and categorization, where project risks are classified according to their levels. After risk classification and identification by the parties, bidders evaluate estimated cost of managing such risks before making their bids. If the public sector considers the bid price acceptable and also considers the project's net present value of payment streams lower than its public sector comparator, she can award the contract to a preferred bidder (Bing et al. 2005, p. 26). In this sense, the risks have been equitably shared by the parties. IRAs bring technical competence in risk identification, classification, and evaluation and also in assessing the capacity of the bidding companies to manage those risks.

## Project Feasibility Study

Feasibility evaluation stage of PPPs is critical to both public and private sectors for the success of PPPs; it guarantees if the project is feasible or not. Especially, as the private sector inherits public sector infrastructures in most PPPs (Ng et al. 2012, pp. 423–432). It is a technical working document with detailed project engineering design and construction standards. It contains information on every aspect of the project to enable full project appraisal. It provides information about the project value assessment, economic rationale, risk identification, quantification and allocation, stakeholder consultations, management programs, mitigation plans, project affordability, project structure, financial model, possible constraints, project scope, viability, and due diligence. It also provides information on stakeholders, institutional capacity, etc. (Ministry of Finance Government of Pakistan 2007, pp. 9–15). At the procurement stage, an IRA focuses on bidders' technical, financial, and business capacity before selecting a preferred bidder. An IRA identifies these and scrutinizes issues like experience of the bidding companies and their technical and financial capacities before selecting a preferred bidder.

## Competitive Bidding Process

A transparent, competitive procurement process helps to make negotiation easy and less time consuming and provide conditions for successful project implementation (Cheung et al. 2012, pp. 647–666). Low turnout of bidders where the

market is large enough to attract enough bidders could possibly arise from unattractive contract design (Burger 2009, p. 13). Noncompetitive selection process and unclear and unattractive contract designs lay foundation for future conflict and failure of PPPs (World Bank 2012, p. 31). Part of the traditional role of IRAs includes providing expert advice and technical support from PPP procurement to conclusion and approving or rejecting PPPs at any stage, in line with its regulatory role (Lemma 2013, p. 5). They bring professionalism, skill, expertise, and adherence to PPP contract terms. This eliminates conflict of interest that negatively affects PPP success. When a PPP is not well structured, bidders may present low bids, as a strategy to win the contract with a view to resolve uncertainties through post-bid negotiations (World Bank 2012, p. 31).

## Trust

Trust is important from the beginning of PPPs for its continuity. It requires regular commitment, interactions, and communication (European Network and Information Security Agency 2011). When trust is built, conflicts are minimized, the partnership is stabilized, and continuity is enhanced. PPPs involve different parties, stakeholders, and actors; this increases possibilities for unexpected behaviors among parties and actors. Trust is important in eliminating suspicion, facilitating cooperation, and understanding among partners in PPPs (Grotenbreg et al. 2014, p. 8). By ensuring that parties are transparently abiding by PPP contract terms, independent regulatory agencies establish the foundation for trust and cooperation among parties and stakeholders in a PPP project.

## Political Support

Political support is a determinant factor of PPP success, especially in developing countries. Political support for PPPs eliminates chances of political-/government-related risks during PPP implementation. Government-related risks make it difficult for private sectors to interpret political information while analyzing political risks associated with a PPP project (Smith and Gannon 2008, p. 180). Political support is among the benefits of IRAs to PPPs. They bring continuous political support to PPPs, and this makes IRAs work effectively with both government and private sector institutions, as government makes best use of IRA specialist input into PPP policies (EPEC 2014, p. 10). Political support is important in getting approvals for PPPs, as well as getting government to release funds to meet public sector financial obligations in PPPs, eliminate delays in obtaining permissions, limit government interferences, and cushion effects of government regulations and laws on PPPs (Jacobson and Choi 2008, p. 652; Shen et al. 2006, p. 590). Political support increases chances of successful realization of PPP projects.

## Educating/Involving Community Stakeholders

Educating community stakeholders on PPP projects in their localities generates community support, minimizes risk exposure, enhances success, and optimizes return on investment (Pagdadis et al. 2008). Educating and involving community stakeholders in PPP programs within their locality helps to diffuse fear of exploitation as a result of private sector involvement in service and infrastructure provision in their community. Community education and involvement in PPPs provides opportunity to educate the people on the PPP objective, identify their needs and concerns, and achieve a consensus on the PPP (United Nations Economic Commission for Europe 2008, pp. 59–60). This measure eliminates community resistance and generates public support and achieves success and value for money. This is one of the outstanding mechanisms which IRAs employ to diffuse tensions and engineer stakeholder cooperation in PPP programs.

## Communication and Compromise

In PPPs, communication and the willingness to compromise by the parties are necessary for

success. Communication between partners provides a platform for problem identification and conflict resolution. Regular communication among parties establishes ground for trust and increases commitment to joint interest, efficient decision-making, and implementation. It also creates willingness to compromise and collaborate to avoid unnecessary conflicts (Jacobson and Choi 2008; Corrigan et al. 2005, p. 25). The role of an IRA in achieving this aim is vital because it has the authority to regulate the activities of the two parties according to terms of the contract, draw their attention, and possibly sanction any of the parties whose activities are not in line with the terms of the contract.

## Conclusion

Coordination enhances mutual understanding and common values and helps channel tasks toward achieving agreed goals. Independent regulatory agencies have been widely accepted as important instrument for coordinating PPPs. Owing to the success of IRAs in coordinating PPPs across countries, many governments across the world have found the need to create IRAs in order to deliver quality infrastructures and services through PPPs (EPEC 2014, pp. 18–19). For example, Regan (2012), Mahalingam et al. (2011), Dutz et al. (2006), Sanghi et al. (2007), and Pongsiri (2002), all pointed out the special roles of IRAs in making PPPs succeed. They are relevant to success of PPPs due to governments' lack of capacity to effectively manage PPP programs. In the UK, IRAs are so important that local authorities are given the responsibility to create PPP IRAs to regulate PPP projects. In Leeds, for example, IRAs provide guidance, support, and advice on the appropriateness or otherwise of a PPP. They coordinate PPP projects and ensure best practice; consistency of approach across projects; advice on realistic timetable and budgets; and guidance on financial, legal, management, and technical issues in PPPs based on their expertise. They also advice and inform relevant decision-making bodies in government on PPP progress (EPEC 2011, pp. 13–14). In South Africa, South African treasury depends on IRA to ascertain if provinces can meet the costs of PPPs based on their future budgets. It plays a central role in the development of PPPs in South Africa. The role of South African IRA starts from completion of feasibility study to the signing of the contract. It continues by inspecting the quality, affordability, and expected fiscal cost of PPPs and also guides the PPP process by ensuring that the contract it developed is followed (Sanghi et al. 2007; Dutz et al. 2006). These functions make independent regulatory agencies indispensable instruments for coordination and successful implementation of PPPs from the beginning to the end.

## References

Agarwal RD (1982) Organization and management. Tata McGraw-Hill, New Delhi

Babatunde SO, Akintayo O, Akinsiku OE (2012) Critical success factors in public-private partnership (PPP) on infrastructure delivery in Nigeria. J Facil Manag 10(3): 212–225

Bing L, Akintoye A, Edwards PJ, Hardcastle C (2005) The allocation of risks in PPP/PFI construction projects in the UK. Int J Proj Manag 23(1):25–35

Bose DC (2012) Principles of management and administration, 2nd edn. PHI Learning Private Limited, New Delhi

Brenninkmeijer OAJ (2010) Questions, risks and challenges: public-private partnerships in Western European countries. In: Urio P (ed) Success and failure factors for in-transition countries. University Press of America, Lanham

Burger P (2009) The dedicated PPP unit of the South African National Treasury. Online 19th Feb 2009. Available 5 Dec 2013 http://www.oecd.org/mena/governance/37147218.pdfZ

Busch NE, Givens AD (2012) Public-private partnerships in homeland security: opportunities and challenges. Security Affair 8, Article 18, Oct 2012

Cambini C, Franzi D (2013) Independent regulatory agencies and rules harmonization for the electricity sector and renewables in the Mediterranean region. Energy Policy 60:171–191. https://doi.org/10.1016/j.enpol.2013.04.078#doilink

Cheung E, Chan Albert PC, Lam PI, Chan Daniel WM, Ke Y (2012) A comparative study of critical success factors for public-private partnership (PPP) between mainland China and the Hong Kong Special Administrative Region. Facilities 30(13/14): 647–666

Ciccone DK (2010) Arguing for a centralized coordination solution to the public private partnership explosion in global health. Global Health Promot 17(2):48–51

Corrigan MB, Hambene J, Hudnut W III, Levitt RL, Ward R, Wienstein N (2005) Ten principles for successful public-private partnerships. Urban Land Institute, Washington, DC

Dutz M, Harris C, Dhingra I, Shugart C (2006) Public-private partnership units: what are they, and what do they do? In: Public policy for the private sector. Available: 9 Apr 2015 http://hespa.net/sites/hespa.net/files/ppp_units_essay.pdf

European Commission Director-General Regional Policy (2003) Guidelines for successful public – private partnerships. European Union, Brussels

European Network and Information Security Agency ENISA (2011) Cooperative models for effective public-private partnerships: good practice guide. Unpublished. Available 0 Dec 2013 http://www.enisa.europa.eu/activities/Resilience-and-CIIP/public-private-partnership/national-public-private-partnerships-ppps/good-practice-guide-on-cooperatve-models-for-effective-ppps

European PPP Expertise Center (EPEC) (2011) The guide to guidance: how to prepare, procure and deliver projects. Available 28 Aug 2013 http://www.eib.org/epec/resources/guide-to-guidance-en.pdf

European PPP Expertise Center (EPEC) (2014) Establishing and reforming PPP units analysis of EPEC member PPP units and lessons learnt. Available 16 May 2015 http://www.eib.org/epec/resources/publications/epec_establishing_and_reforming_ppp_units_en.pdf

Farquharson E, Torres de Mästle C, Yescombe ER (2011) How to engage with the private sector in public-private partnerships in emerging markets. The International Bank for Reconstruction and Development/World Bank, Washington, DC

Fayol H (1949) General and industrial management. Oxford University Press, London

Forrer J, Kee JE, Newcomer KE, Boyer E (2010) Public private partnerships and the public accountability question. Public Adm Rev 70(3):475–484

Greve C, Ejersbo N (2002) When public-private partnerships fail: the extreme case of the NPM-inspired local government of Farum in Denmark. In: Paper at Nordisk Kommunalforskningskonference. 29 Nov–1 Dec. Available: 14 May 2015 http://busieco.samnet.sdu.dk/politics/nkk/papers/Papers/Carstengreve.pdf

Grotenbreg S, Klijn EH, Boons F, Buuren AV (2014) The influence of trust on innovative outcomes in public-private partnerships. Learning from innovation in public sector environments (LIPSE). Available 24 May 2016 http://www.lipse.org/userfiles/uploads/20140627%20paper%20trust-ppp-IRSPM%202014-Ottawa.pdf

Hallikeri V (2012) How not to Bungle a public-private partnership (PPP): lessons from the London underground PPPs. The Institute for Business in the Global Context. Available: 12 May 2015 http://fletcher.tufts.edu/~/media/Fletcher/Microsites/IBGC/pdf/Student%20Research/Final%20Halikeri.pdf

Istrate E, Puentes R (2011) Moving forward on public private partnerships: U.S. and international experience with PPP units. In: Brookings-Rockefeller project on state and metropolitan innovation. Available: 29 Apr 2015 http://www.brookings.edu/~/media/research/files/papers/2011/12/08%20transportation%20istrate%20puentes/1208_transportation_istrate_puentes.pdf

Jacobson C, Choi S (2008) Success factors: public works and public-private partnerships. Int J Public Sect Manag 21(6):637–657

Kim J-H, Kim J, Shin S, Lee S (2011) Public-Private partnership infrastructure projects: case studies from the Republic of Korea. volume 1: Institutional arrangements and performance. Available: 10 Apr 2015 http://www.adb.org/sites/default/files/publication/29032/ppp-kor-v1.pdf

Lægreid P, Randma-Liiv T, Rykkja LH, Sarapuu K (2013) The governance of social cohesion: innovative coordination practices in public management. In: Coordinating for cohesion in the public sector of the future (COCOPS). http://www.cocops.eu/wp-content/uploads/2013/07/COCOPS_D5.3_Report.pdf

Lemma A (2013) Literature review: evaluating the costs and benefits of centralized PPP units. In: Economic and private sector, professional evidence and applied knowledge services. Available 19 Sept 2013 http://zunia.org/sites/default/files/media/node-files/ev/457743_evaluating_the_20130523_costs_and_benefits_of_centralised_ppp_units_24.pdf

Loosemore M, Ng A (2007) Risk allocation in private provision of public infrastructure. Int J Proj Manag 25(1):66–75

Lossa E, Martimort D (2012) Risk allocation and the costs of and benefits of public-private partnerships. Rand J Econ 43(3):442–474

Mahalingam A, Devkar GA, Kalidindi NS (2011) A comparative analysis of public-private partnership coordination agencies in India: what works and what doesn't. Public Works Manag Policy 16(4): 341–372

Malone WT, Crowston K (2012) Interdisciplinary study of coordination. In: Olson MG, Malone TW, Smith JB (eds) Coordination theory and collaboration technology. Psychology Press, New York

Ministry of Finance, Government of Pakistan (2007) Project preparation/feasibility guidelines for PPP projects. Infrastructure Project Development Facility, Islamabad

Murugan MS (2004) Management principles and practices. New Age International Publishers, New Delhi

Ng ST, Wong YMW, Wong JMW (2012) Factors influencing the success of PPP at feasibility stage: tripartite comparison study in Hong Kong. Habitat Int 36(4): 423–432

OECD (2012) Recommendations of the council on principles for public governance of private-public partnerships. Available 29 Aug 2013 http://www.oecd.org/gov/budgeting/PPPnoSG.pdf

Ole HP (2011) Public-private partnerships as converging or diverging trends in public management? A comparative analysis of PPP policy and regulation in Denmark and Ireland. Int Public Manag Rev 12(2):1–37

Pagdadis S, Sorret S, Rapopport F, Edmonds C, Rafshoon S, Hale M (2008) A road map to success

for public-private partnerships of public infrastructure initiatives. J Private Equity 11(2):8–18
Pongsiri N (2002) Regulations and public-private partnerships. Int J Public Sect Manag 15(6):487–495
Posner RA (1974) Theories of economic regulation. Bell J Econ 5(2):335–358. Available 14 Oct 2015 http://www.nber.org/papers/w0041
Qizilbash A (2011) Public-private partnerships and the value of the process: the case of sub-Sahara Africa. Int Public Manag Rev 12(2):38–54
Regan M (2012) Public-private partnership units. Working paper series, Working Paper WP 204, June 2012, 1–4. Available 15 Aug 2013 http://epublications.bond.edu.au/sustainable_development/96/
Sanghi A, Sundakov A, Hankinson D (2007) Designing and using public-private partnership units in infrastructure: lessons from case studies around the world. Gridlines, no. 27. World Bank, Washington, DC
Selznick P (1957) Leadership in administration: a sociological interpretation. University of California Press, Berkeley
Shen L-Y, Andrew P, Deng XP (2006) Role of public private partnerships to manage risks in public sector projects in Hong Kong. Int J Proj Manag 24(7):587–594
Skietrys E, Alvydas R, Bartkus EV (2008) Dimensions of the efficiency of public-private partnership. Eng Econ 3(58):45–50
Smith NJ, Gannon M (2008) Political risk in light rail transit PPP projects. Manag Procurement Law 161(4):179–185
Thatcher M (2002) Delegation to independent regulatory agencies: pressures, functions and contextual mediation. West Eur Polit 25(1):125–147. Available 14 Oct 2015 http://www.tandfonline.com/doi/pdf/10.1080/713601588
Triche (2012) A case study of public-private and public-public partnerships in water supply and sewerage services in Dar es Salaam. AFTUW African Region. The World Bank. Available 30 Aug 2012 http://water.worldbank.org/sites/water.worldbank.org/files/publication/Water-The-Case-of-Public-and-Private-Provision-in-Dar-es-Salaam.pdf
UNESCAP (2011) A guidebook on public-private partnership in infrastructure. United Nations & Economic and Social Commission for Asia and the Pacific (UNESCAP). Available 27 Aug 2013 http://www.unescap.org/ttdw/common/TPT/PPP/text/ppp_guidebook.pdf
United Nations Economic and Social Commission for Asia and the Pacific (2012) High-level expert group meeting on PPP: role, structure and function of PPP units. Available 10 Apr 2015 http://www.unescap.org/sites/default/files/5-PPP-Units.pdf
United Nations Economic Commission for Europe (2008) Guide book on promoting good governance in public-private partnerships. United Nations, Geneva
Viinamäki O-P (2004) A theory of coordination and its implications on EU structural policy: a comparative analysis of the challenges for coordination in structural funds in Finland, Ireland and Sweden. ACTA WASAENSIA, Vaasa
World Bank (2007) Public private partnership units: lessons for their designs and use in infrastructure. The World Bank, Washington, DC. Available https://www.ppiaf.org/sites/ppiaf.org/files/publication/WB%20-%20PPP%20Units%202007.pdf
World Bank (2012) Public-private partnerships reference guide: Version 1.0. The World Bank, Washington, DC. Available 19 Sept 2013 http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupalacquia/wbi/WBIPPIAFPPPReferenceGuidev11.0.pdf

# Indicators in Public Policy, Brazil

Paulo Jannuzzi
National School of Statistics, Rio de Janeiro, Brazil
Brazilian Institute of Geography and Statisticas, Rio de Janeiro, Brazil

## Synonyms

Data and information; Evidences; Public statistics

## Introduction

Indicator is a measure, in general, quantitative, used to measure, approximate, or translate aspects of social, economic, or environmental reality or used to quantify the effort of allocating resources or producing goods and services by public/private organizations (United Nations 1989). Labor income, infant mortality rate, gross domestic product, and rate of forest deforestation are, in this sense, indicators as they translate into tangible and operational figures, relevant, specific, and dynamic dimensions of the reality that surrounds us. Hospital beds per thousand inhabitants, average daily caloric consumption, number of beneficiaries of social protection programs, percentage of households with access to basic sanitation are also examples of indicators, allowing to objectively estimate the availability of public/private goods/services in a given location. Like photographs, social, economic, and environmental indicators are approximate images of reality,

that is, they are simplified representations of it, the better the more specific the aspects of interest in portraying and the more reliable and accurate the information used to calculate the measurements. Like seismographs, policy or project indicators inform the dynamics of the actions triggered by the promoting agents and their potential effects.

Expressed as rates, indices, percentages or absolute data, indicators make up the information framework that Lindblom (1993) highlights in his analysis of the decision-making process in public policies in democratic contexts. Indicators reduce uncertainties, assist in the debate with society, subsidize decisions that are inexorably political with technical information. These data subsidize government planning activities in different spheres of government; they make it possible for the public authorities and civil society to monitor the living conditions and well-being improvement; they allow the deepening of academic research on changes in society and to investigate the determinants of the different phenomena that occur in it (Haupt and Kane 2000).

Building an indicator involves a complex methodological operation that begins with an effort to clarify or objectify the concept or public action of interest. Living conditions, labor productivity, environmental sustainability are examples of complex constructs that can only be "measured" if systematic efforts are done to decode them into simpler concepts. Likewise, it is not easier and immediate to propose indicators to implement and evaluate public programs for improving educational performance, encouraging technological innovation or sustainable exploitation of forests. The objectification of the concept and proposition of an indicator is an interactive process of concept-measurement: as soon as the social phenomenon – or public action – is proxied through preliminary versions of an indicator, its analyses and use allow us to evaluate its validity and go further into a new specification of concept – or action – and propose other possible "approximate measures," "proxies" or indicators (Neufville 1975).

With a concept – or action – better specified, one start to search for the information needed to build the indicators. For this purpose, information made available by statistical agencies, research centers, universities and government agencies are commonly used. These institutions carry out sample surveys and demographic censuses on the living conditions of the population, surveys and panels of economic conjuncture with companies, and research on the use of natural resources and the state of the environment. Public registers, public service records, government purchases, and management systems are other sources of relevant information to build indicators. For each country, these data can be gathered by internet tools or can be extracted from microdata files at the statistical agencies and government websites (such as www.ibge.gov.br or www.dados.gov.br in Brazil). International indicators on many subjects can be accessed at United Nations Statistical Division (http://data.un.org/) or at one of UN specialized agency, according to the main area of interest such as labor, education, health, food, and development (which links are accessible by the previous site).

It should be said that the available information in official databases or statistical surveys may not be suitable – in terms of conceptual specificity, periodicity, population coverage – as desired to compute the indicator that better "fits" the concept someone is interested in. If it is not possible to produce new data because of the cost and time needed to it, the computable indicator may still be useful as long as one knows its limitations in terms of validity in representing the original concept. The same idea applies if the information lacks the desired reliability. The better the efforts to produce consistent indicators, one should never forget that they are proxies of reality, not reality itself.

Besides the name and the computation method/formula, indicator metadata – its documented record – should also specify a more extended definition of the measure, the data sources used, geography and frequency it may the presented, and comments on its taxonomy and properties (WHO 2015). There are several ways to classify indicators such as the broad thematic field – economy, society, and environment – public policy programmatic sector – education, social protection, fiscal, health, labor indicators, etc. – program

implementation stage – context, input, output, outcome indicators – or policy cycle phase – diagnosis, monitoring, and evaluation indicators. Literature in area presents also several properties on indicators, such as validity – how close is the measure to the addressed concept – reliability – how confident are data used to compute it – coverage – how representative it is of a segment or the whole population – sensitiveness – how sensitive it is to change over time or due to public interventions – and intelligibility – how comprehensive it is to the main users of the indicator (Jannuzzi 2017).

## Indicators, Welfare State, and International Agenda

The emergence and improvement of the field of applied studies of social, economic, and environmental indicators are intrinsically linked to the structuring of the social welfare state and to the consolidation of public sector planning activities throughout the twentieth century (Desrosieres 1998). As economic indicators were first demanded – to measure international trade, economic production, and unemployment levels due to 1929 crisis – social measures appeared more recently, having gained technical-scientific body in the mid-1960s, in the attempts to organize more comprehensive systems to monitor social changes and gauge the impact of social policies around the world (Atkinson et al. 2005). The production of environment indicators became more common in the nineties, as ecological questions entered on public agenda.

There are certainly previous contributions to the construction of a conceptual framework on social indicators, such as the studies by sociologist Emile Durkheim in the first decades of the last century or even earlier, as suggested by Neufville (1975). She argues that although "social indicator" became the dominant term in the 1960s, "statistics" as a practice for quantifying social phenomena for public decision-making dates back to the seventeenth century, with the work of Englishman William Petty. But it was in the middle of the "thirty golden years of capitalism" that the indicators gain prominence. In the post-war period and in the following decade, there was great interest in proposing more complex economic indicators, framed in systems of national accounts, to produce better and international comparable estimates of gross domestic product (GDP). But, in several countries, despite the increase in GDP, high levels of poverty remained and social inequalities were accentuated. Economic growth proved to not a sufficient condition to guarantee social development (Carley 1985). In the now-developed countries, social indicators were needed to monitor social change and to evaluate the growing scope of public policies and government expenditure. The management of welfare state policies – on health, housing, labor, social assistance, education, etc. – demanded newer statistics to produce indicators to policy making, monitoring, and evaluation.

In this context, an immense conceptual and methodological effort was made to develop instruments for measuring well-being and social change in statistical agencies in different countries, under the auspices of multilateral institutions such as the United Nations Statistics Division (UNSD), the Organization for Economic Cooperation and Development (OECD), and the various other agencies of the United Nations System. The publication of the books "Social Indicators," by Bauer (1966), and "Toward a Social Report" (USA 1969), made by American government's order, represented important milestones in this process, inaugurating what would later be called, at the time, in the mid-1960s of "Movement of Social Indicators" (Miles 1985).

The development of indicators technical field was also stimulated by United Nations' 10-year development agendas. As Koehler (2016) observes, these agendas established by the United Nations Assembly proposed quantitative targets for economic growth and, gradually, broadened the scope to include measures of social welfare for the world and developing countries. In the second "Development Decade" of the United Nations, in the 1970s, besides the goals toward economic growth, it was included commitments for advances on employment, education, health, and nutrition policies. In the 1980s, the United

Nations began to focus the fight against hunger and poverty as fundamental objectives of the international agenda, and since then this commitment has not been withdrawn. The UN World Conferences in the 1990s, the publication of Human Development Reports, and other social reports organized by civil society organizations summed up to create a second "Indicators Movement." Proposals of newer indicators – in such news areas as cultural diversity, human rights, and environment – emerged during those ten world conferences concerning education (1990), childhood (1990), environment (1992), human rights (1993), population (1994), social development (1995), women (1995), human settlements (1996), youth (1998), and racial discrimination (2001).

Such efforts on public policy commitments – and therefore, on indicators – contributed to establish the Millennium Development Goals (MDG) agenda, that emerged from the "Millennium Summit" in 2000, in which leaders from 191 countries participated. However, reflecting the hegemonic liberal perspective on State role at that time in the world, the development agenda was reduced to a more modest set of commitments, frustrating the encouraging expectations of social progress that had been built in the past decades. Even though, the international and political legitimation of the agenda and the compromise to monitor the eight development goals represented a new impetus for the field of indicators in the world. It was necessary to produce and make available consistent indicators, on a regular basis, to monitor the progress over the years. Less developed countries were mobilized to improve their statistical system and produce social reports as a way to measure their performance on the commitments such as reducing extreme poverty in 2015 to half of that observed in 1990, universalizing primary education, eliminating gender gaps in access to education, or reducing childhood mortality to two-third of the prevailing in 1990 (Koehler 2016).

At the end of the 2000s, Stiglitz-Sen-Fitoussi Commission brought relevant contributions to the area, proposing new measures of economic performance, social progress, and sustainable development (Stiglitz et al. 2014). It might be said that the commission reports marked the beginning of the third wave of the "Indicators Movement." But the most eloquent evidence of this new movement – or its peak – would be configured with the proposal of more than 230 indicators to monitor the Sustainable Development Goals (SDG) agenda, in mid-2015. The SDG agenda enlarged the minimalist development perspective of the previous one, a frequent criticism of non-governmental organizations to the MDGs (Mertens 2016). After decades of predominance of liberal ideas in public management, SDG agenda brought back the relevance of State and broader public policies.

SDG agenda conceives development as a process that should simultaneously ensure economic growth, social inclusion, and environmental sustainability, a triad-concept discussed and validated during the 2012 International Conference on Sustainable Development in Rio de Janeiro (RIO + 20). So, it is a broader proposal, including all countries, dedicated to promote public policies and induce the private sector to achieve more than 160 commitments, gathered in 17 major objectives. If it is true that the effort to monitor the MDG agenda has left an important legacy of a minimum set of around 60 comparable international indicators, the enlarged commitments scope brings a challenging work agenda to statistical system all over the world. A quick examination of the 200 established indicators – of a set five times larger, when the discussions on the agenda started in 2010 – reveals that there are still many information gaps to be solved in the statistical systems, even to developed countries, specially on environment indicators.

Most of the countries have been working on SDG set of indicators as it can be seen, in Brazilian case, at its SDG platform (https://odsbrasil.gov.br/) The international progress toward this third Indicators Movement can be seen at SDG website (https://unstats.un.org/sdgs/).

## Indicators and the Public Policy Cycle

Public policies are information-intensive bodies. Policies are complex systems proposed to attend

collective needs or solve public problems. In order to do it, policies involve the proposal of regulation laws, universal coverage programs linked to redistributive ones in many sectorial areas. They are operated by agents at different government levels, with distinct management skills, to deliver several kinds of products, services, and cash transfers to diverse target groups in many places in the country (Subirats and Dente 2014). Thus, in such complexity, program design and implementation require many indicators to fill diagnosis studies, build monitoring systems, and subsidize results evaluation. In fact, indicators are indispensable inputs in all phases of the policy cycle, from formulation to evaluation (Jann and Wegrich 2007).

In order to promote a particular public issue on the priority policy agenda, the first stage of the policy cycle, it is necessary to have indicators that dimension and characterize the phenomenon. Indicators play a fundamental role in the objectification and dimensioning of latent collective issues in society that, properly vocalized, can enter into government's priority agenda. In this sense, indicators instrumentalize the demands of political parties, unions, employers' associations, the press, and other institutions. By modeling problems such as hunger, poverty, poor school performance, difficulties in accessing health services, drug addiction, violence, and several other inequities, the indicators contribute to the discussion of the priorities of the government and corporate agenda in the country (Jannuzzi 2016). The better these issues are dimensioned and characterized through structured information, the more arguments are provided to pressure groups, government, and society to discuss priorities and public budgetary allocation.

In the formulation of the public policy, indicators are needed to describe various themes of social reality. After all, it is necessary to have a multifaceted diagnosis about the living conditions to subsequently guide the design of the programs to be implemented. Good diagnostic indicators are characterized by the ability to explain the social issue or to discriminate against typical situations in which this issue manifests itself in population groups or territories, in a given period of time.

In the implementation phase, a monitoring set of indicators are needed. This set should be parsimonious and be organized as an input-output-outcome logic to allow monitoring program operations and its possible effects (McDavid and Hawthorn 2006). This monitoring framework makes possible to track how human, financial and physical resources are being used, how fast the products and services are being delivered and, finally, if possible, how programs are changing people lives. For this purpose, monitoring indicators should be sensitive to program activities and its deliveries and, of course, be available in regular basis.

In the evaluation stage, several indicators should be used in order to analyze to what extent the programmatic actions contributed to the mitigation of the collective problems pointed out in the diagnosis. Is it the time to have indicators that account for effectiveness (has the program met its objectives?), efficiency (have the resources been well used?), and impact (what are other effects generated by the program on beneficiaries and on society?). Indicators for evaluating purposes need to be specific and sensitive to their various programmatic components, to show effects – lack of effects or even defects – when there is reason to suspect that they have been produced (Rossi et al. 2004).

## The Political Nature of the Indicators

In technocratic circles, indicators are seen as a powerful resource to legitimize public policy decisions, due to the apparent impartiality they would hold (Porter 1996). In this sense, they confer political authority on those who do not directly hold it by vote or delegation. But, if it is a fact that indicators bring evidence to support political decisions, they do not have the power to refer them without question. As Miles (1985) warned a few decades ago, indicators cannot be understood as neutral instruments, free from ideological or political values. Indicators illuminate aspects that its proponents want to highlight, in the perspective that they consider relevant. There are always different interpretations that can be made about a

single set of indicators or even, alternative indicators can be proposed to defend a certain position or another, with greater or lesser analytical strength.

Like any technical resource, indicators can be used constructively or irresponsibly. They can inform or misinform. Good use generates relevant knowledge for analyzing social change or government action. Misuse or abuse produces misinformation or factoid, under apparent technical varnish. They can contribute to improving policies and programs or be employed to delegitimize them.

Social indicators, economic statistics, and environmental data are public goods; they are not divisible goods, in which consumption by some limits the use by others. So, their use should be encouraged and subsidized. The more intense they are used by public institutions, private companies, and civil society, better the benefits for all in forming consensus on how to face collective demands and to improve well-being.

## Cross-References

► Evidence-Based Policy-Making: Merits and Challenges

## References

Atkinson T et al (2005) Social indicators: the EU and social inclusion. Oxford University Press, Oxford
Bauer R (1966) Social indicators. MIT Press, Cambridge
Carley M (1985) Indicadores sociais: teoria e prática. Zahar, Rio de Janeiro
Desrosières A (1998) The politics of large numbers: a history of statistical reasoning. Harvard University Press, Cambridge
Haupt A, Kane TT (2000) Population handbook: international edition. Pop Reference Bureau, Washington, DC
Jann W, Wegrich K (2007) Theories of the policy cycle. In: Fischer F et al (eds) Handbook of public policy analysis: theory, politics and methods. CRC Press, Boca Raton, pp 43–62
Jannuzzi PM (2016) Monitoramento e avaliação de programas sociais. Campinas, Alínea
Jannuzzi PM (2017) Indicadores Sociais no Brasil. Campinas, Alinea
Koehler G (2016) Looking back and looking foward: the case for a development welfare state. In: Cimadamore A, Koehler G, Pogge T (Org.) Poverty and the Millennium Development Goals, 1 edn, vol 1. Zed Books, Londres, pp 229–257
Lindblom CE (1993) The policy making process. Prentice Hall, Englewood Cliffs
McDavid J, Hawthorn L (2006) Program evaluation and performance measurement: an introduction to practice. SAGE, Thousand Oaks
Mertens J (2016) The 2030 agenda – a new start towards global sustainability?. In: Social Watch. Spotlight on sustainable development. Montevideo
Miles I (1985) Social indicators for human development. St. Martin's Press, New York
Neufville JI (1975) Social indicators and public policy. Elsevier, New York
Porter T (1996) Thrust in numbers. PUF, Princeton. New Jersey
Rossi PH et al (2004) Evaluation: a systematic approach. SAGE, Thousand Oaks
Stiglitz JE, Sen A, Fitoussi JP (2014) Mis-mesuring our lives: why GDP doesn't add up. New Press, New York
Subirats J, Dente B (2014) Decisiones Públicas. El análisis y estudio de los procesos de decisión en políticas públicas. Ariel, Barcelona
United Nations (1989) Handbook of social indicators. United Nations, Nova York
Unites States of America (1969) Towards a social report. Washington
WHO (2015) Global reference list of 100 Core health indicators. Luxembourg

# Inequality in Income and Wealth in Russia

Daria Popova[1,2] and Alexey Rudberg[2]
[1]Institute for Social and Economic Research, University of Essex, Colchester, Essex, UK
[2]Institute for Social Policy, National Research University-Higher School of Economics, Moscow, Russia

## Synonyms

Economic inequality; Income and wealth disparities; Unequal distribution of income and wealth

Support of the Basic Research Program of the National Research University – Higher School of Economics is gratefully acknowledged by the authors.

## Definition

The extent to which income and wealth is distributed in an uneven manner among a population.

## Introduction

In the later decade Russia continued progress in terms of economic growth and lowering poverty. The per capita Gross National Income (GNI) in Russia was last recorded in 2015 at 23,770 dollars per year (in 2011 PPP), comparable to that of Latvia, Poland, Hungary, or Chile (IBRD/WB 2017). Yet Russia was much less successful in reducing inequality which skyrocketed after the market liberalization reforms in the early 1990s. Currently inequality in Russia has stabilized at the level which is significantly above the OECD average: the average Gini coefficient (The Gini index is the most widely used summary measure of inequality in income distribution based on a Lorenz curve. It measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality and 1, perfect inequality.) for the OECD countries in 2014 was 0.318, while it was 0.416 in Russia (OECD 2017). Current macroeconomic environment with continuous recession, which started in 2014 and massive terms of trade shock due to collapse of oil prices, threatens to reverse Russia's substantial achievements in terms of raising incomes of the population and reducing poverty.

This chapter aims to provide a comprehensive analysis of income and wealth inequality in Russia and the impact of the current crisis. The focus throughout the chapter is on the national distribution of income and wealth. Income refers to money received from employment, investments, such as interest on savings accounts and dividends from shares of stock, rent, savings, pensions, social benefits. Wealth refers to the total amount of assets owned, including financial assets and property. Income and wealth are typically measured at the household level to account for intra-household redistribution of resources. In all societies, including Russia, there are many other types of inequality (e.g., in political power, social status, access to education, and basic citizenship rights), and some may be more consequential than income and wealth disparities in terms of their impact on well-being of the citizens. However, in market economies income and wealth serve as good predictors of well-being in other domains, such as social inclusion, education, health, etc.

## Trends in Income Inequality

Russia is one of the post-socialist countries that underwent the hardest economic recession in the 1990s (Fig. 1) alongside an abrupt increase in income and earnings inequality. It was expected that the transition from a planned economy to a market economy would lead to an increase in income inequality because of the collapse of ideological barriers that constrained wage and income disparities (Milanovic 1999). A long period of economic downturn, which in its final stage overlapped with the global financial crisis, ended in the default in 1998. After that a period of quick recovery and economic upturn followed, caused mainly by growth in the global commodity prices. In terms of overall growth, between 1999 and 2014, increases in Gross Domestic Product (GDP) averaged 4.65% a year. During this period the positive trend was only interrupted by the 2008–2009 crisis (when GDP declined by around 7.8%), after which growth quickly resumed and continued until 2014. The current recession started in the fourth quarter of 2014 and deepened in 2015, driven by the sharp fall in the terms of trade (as oil prices dropped) and economic sanctions. Fiscal support for incomes was more limited than in the aftermath of the 2008/09 global financial crisis, due to the tight budget situation as oil revenues fell. A further contraction in real GDP (by 1.9%) in 2016 and low real growth of 1.1% in 2017 is projected (IBRD/WB 2016).

Income inequality in Russia, on the other hand, has not bounced back after a period of sharp growth in the early 1990s and only stabilized towards the second decade of the twenty first century at a very high level. In 2014 the average

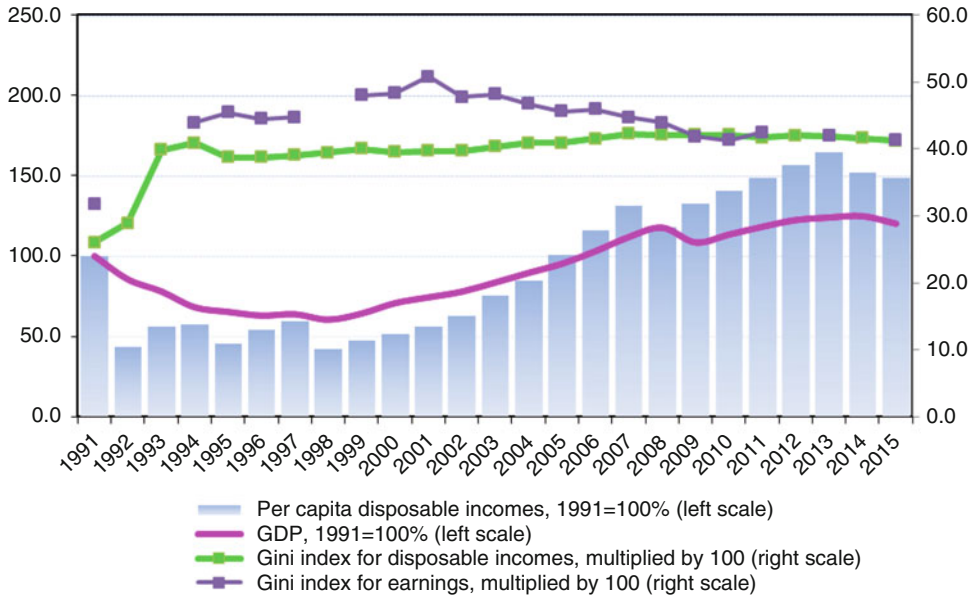


**Inequality in Income and Wealth in Russia, Fig. 1** Russia: Changes in GDP, real disposable income per capita and income inequality (Note: Income data is for December of the relevant year. Real incomes are calculated by adjusting nominal incomes using the Consumer Price Index (CPI). (Source: Authors' calculations based on Rosstat data (http://www.gks.ru/)))

Gini index for the OECD countries amounted to 0.313, while it was 0.416 in Russia (OECD 2017). As shown in Fig. 2, high level of income inequality is not an inevitable attribute to a certain stage of economic development and is weakly correlated with the size of national wealth (measured by GDP per capita in PPP terms). Several post-socialist countries with per capita GDP similar to Russia's (e.g., Hungary, Poland, Latvia) maintain a much lower level of income disparities. Russia falls into the group of countries with the highest level of inequality by OECD standards (Gini index of 0.400 and above). Besides Russia this group includes only developing countries (Mexico, Chile, Turkey).

Given the magnitude of income disparities observed in Russia, the dynamics of mean income is close to the dynamics of the fourth quintile of income distribution (Fig. 3). Real incomes of the fourth quintile and of the population on average have doubled between 1991 (the last pre-reform year) and 2013. Yet three bottom quintiles (or 60% of the Russian population) have seen a considerably smaller growth in their income. The third quintile has restored its pre-reform income level just in 2005, two years later than the fourth quintile, the second quintile – in 2008, while the bottom quintile's income has never reached the pre-reform level. In contrast, incomes of the top income quintile have tripled between 1991 and 2013. All in all, this shows that the economic growth in Russia has not been sufficiently inclusive. Between 2013 and 2015, however, it was the top quintile that experienced the highest reduction in disposable income. At the same time, Gini index for disposable income has declined from 0.419 to 0.412. Therefore the downward trend in income inequality in 2013–2015 can be attributed to the reduction in incomes of the better-off which were more likely to experience higher losses due to the depreciation of the national currency beginning in the second half of 2014.

Income inequality is closely related to earnings inequality because labor incomes – earnings and entrepreneurial income – are the most important income source for the population. They account for a half of GDP and for almost 80% of the population income. It is worth noting that the trend in earnings inequality in Russia differed from the trend in income inequality (Fig. 1).

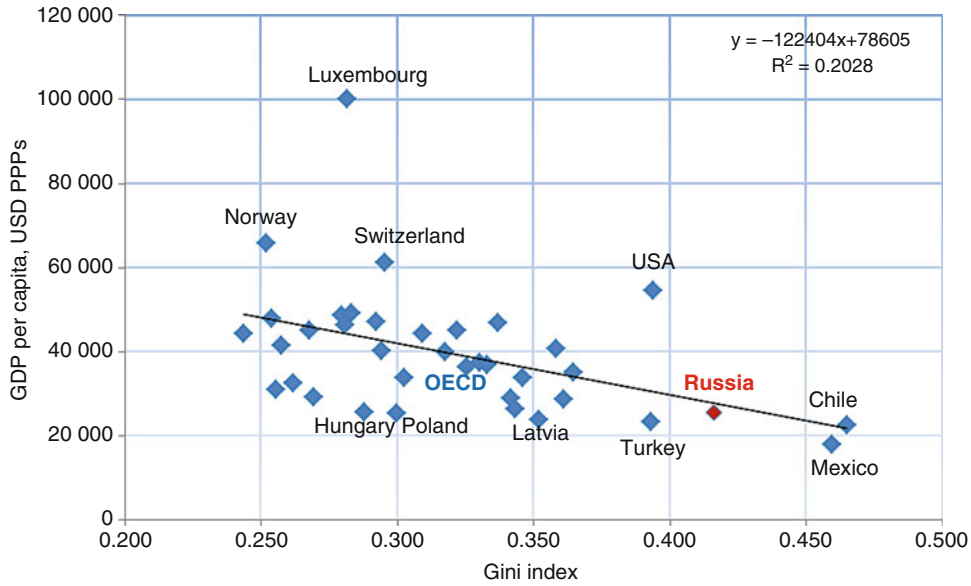


**Inequality in Income and Wealth in Russia, Fig. 2** Russia: GDP per capita and Gini index in OECD countries and Russia, 2014 or latest year (Notes: Gini indices for OECD countries are calculated for household disposable income equivalized using the square root equivalence scale. Gini index for Russia is taken from the national statistics which uses per capita income estimates. (Source: Authors' calculations based on Federal State Statistics Service (Rosstat) data (via http://www.gks.ru/), OECD Income Distribution Database (2017) (via http://oe.cd/idd)))

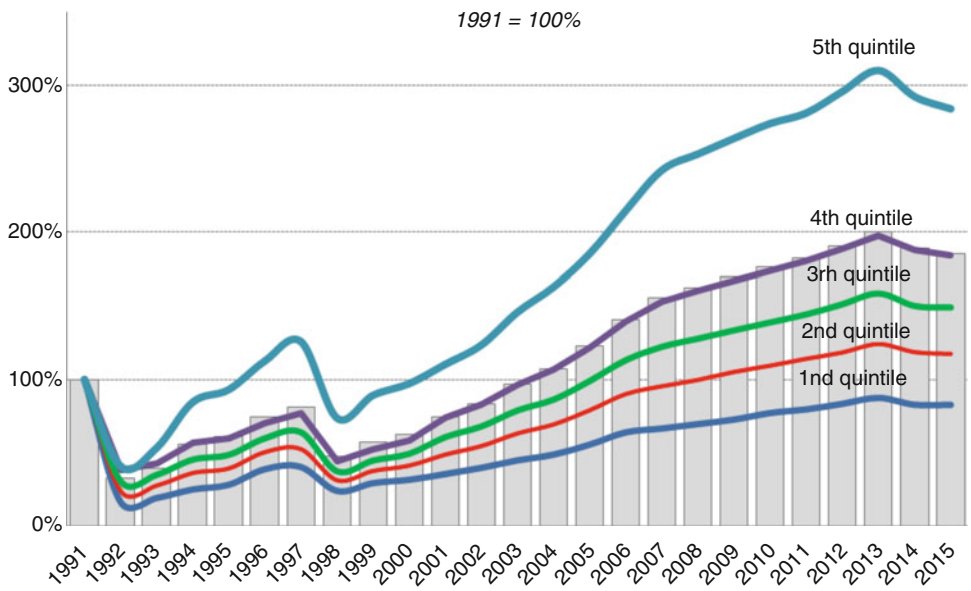


**Inequality in Income and Wealth in Russia, Fig. 3** Russia: Dynamics of real mean income by quintile groups (1991 = 100%). (Source: Authors' calculations based on Rosstat data, http://www.gks.ru/)

Between 1991 and 2001 the Gini index for earnings has grown from 0.317 to 0.508, but later on, wage inequality showed a steady reduction. Starting from 2009 Gini coefficients for earnings and for disposable income were approximately at the same level. Much of the decrease in wage

inequality since 2002 was pushed by a compression at the bottom of the wage distribution (Calvo et al. 2015). This was caused by structural changes – a significant shift of labor toward better pay jobs, in particular the reallocation of workers from agriculture and manufacturing to the service sector where wages are higher. The government interventions have also played an important role. Those included several increases in the minimum wage (especially, in 2001 and 2009) and in the salaries of public sector employees in education, health, culture, and social care sectors (starting from 2012).

Most likely, the persistence of income inequality together with the reductions in earnings inequality can be explained by the *unreported earnings* that are imputed and included as an element of total population income in National Accounts. (This refers to something other than 'hidden' or illegal economies (such as related to tax fraud or evasion, or illegal activities). The non-observed economy also comprises activities not related with criminality or tax evasion, but that still remain unobserved because the traditional survey tools are not perfect (non-response, underreporting, short income reference period, etc.) and business registers are not always complete and up-to-date.) Prior to 2014, the share of unreported earnings was estimated at 40% of official (declared) earnings or 25% of the population income. In 2014 due to changes in the data collection method, the share of unreported earnings was at 15% of the population income. Rosstat uses income data from National Accounts to adjust the original inequality estimates derived from Household Budget Survey (HBS). This is done mainly because of the problem of unit nonresponse in HBS. According to various estimates, the HBS sample does not cover from 5 to 10% of the Russian population, including the poorest, and – especially – the richest households. The welfare aggregate derived from HBS is statistically manipulated to match macrolevel estimates of income using a lognormality assumption. Due to this adjustment the mean income and inequality indices in National Accounts are considerably higher than those derived directly from HBS. In addition, while computing inequality indices, Rosstat does not do any adjustments for the economies of scale in household consumption (In order to make correct comparisons of the standard of living of households of different size and composition, the household income needs to be bought to some common denominator. The most simple method of adjustment is to convert the household income to a per capita basis. This method, however, ignores the impact of household economies of scale due to living together (e.g., sharing a house), as well as differences in needs of people with different demographic characteristics (e.g., age, sex, marital status, and employment status). Therefore, the household income is typically adjusted using an equivalence scale, i.e., a measure of the cost of living of a household of a given size and demographic composition relative to the cost of living of a reference household (usually a single adult).) or for the inter-regional differences in the cost of living. While this does not have impact on poverty estimates (since the national poverty thresholds are differentiated according to an individual's sex, age, and region of residence), ignoring these aspects while computing inequality leads to an additional bias in inequality estimates produced by Rosstat. At the same time, inequality indices derived from independent household surveys cannot be considered fully reliable either, due to high nonresponse rates, low sample sizes, and a gradual shift of the sampling frame towards poorer households.

## Trends in Wealth Inequality

The existing composition of household wealth in Russia, where the share of nonfinancial assets significantly exceeds the share of net financial assets, runs contrary to the wealth composition in other European countries. The root causes to this are twofold: on the one hand, there are historical reasons for the prevalence of nonfinancial assets in accumulated wealth; at the same time, Russia's turbulent transition period to a market economy in the 1990s and the exchange rate fluctuations in the late 1990s and early 2000s undermined public confidence in existing financial institutions and domestic currency, further driving wealth to nonfinancial assets.

Prior to late 1980s, the Soviet government did not officially allow the private ownership of real estate. However, since 1958 it was possible for families to acquire and "semi-own" real estate – the organization of housing cooperatives allowed families to purchase apartments in existing or future housing projects, which could be in the future, under certain conditions, sold, traded, or passed down to offspring. These housing cooperatives were generally organized by workers associations, so only employed individuals had access to these opportunities. Following the 1991, the government launched the process of voluntary privatization of all household dwellings, which had been acquired either via housing cooperatives or provided as part of the social housing program. This allowed households to complete the transfer of ownership of their main dwellings from public to private. This privatization process officially created the main nonfinancial component of household wealth in the Russian Federation. By the end of 2014, 79% of all eligible dwellings have been privatized.

In terms of financial assets, the USSR Savings Bank (later Sberbank) provided the population with the opportunity to deposit any existing savings, guaranteeing safekeeping and providing a moderate interest. By 1992, over 40 million people had existing savings in the country's main bank. However, the hyperinflation of the early 1990s and the 1998 financial crisis virtually wiped out any savings the Russian population had accumulated over the years, and the rapid devaluation of the Russian ruble drove households to convert their savings to other currencies (mainly the USD) and keep them far away from the still developing banking system. There was a similar distrust of the stock exchanges that had been created in the early 1990s. The economic boom of the mid 2000s, which saw household earnings increase, created a situation where public distrust of financial institutions was still present, but it was no longer feasible to continue to keep savings on hand. This further drove wealth accumulation to nonfinancial assets, where the middle-class would purchase additional housing as a form of safekeeping their newly acquired wealth.

The privatization process of the early 1990s also included the transfer of government-owned enterprises to private ownership. The result was that the existing managers of then state-owned enterprises managed to acquire complete ownership of the majority of government assets, forming a new class of highly wealthy individuals. Undoubtedly the accumulation of wealth of the entire country into the hands of the elite few over a short period of time has made Russia one of the world leaders in terms of wealth inequality. Yet the correct assessment of the degree of wealth inequality in the Russian Federation is a nontrivial task due to a lack of complete tax register data. Therefore the existing estimates of wealth and wealth distribution are rather approximations that rely on national household balance sheets (This refers to the household balance sheets published by national statistics offices or central banks, which generally use National Accounts and microdata from income and wealth surveys to estimate the total value of net financial assets of households.), household survey data, and other statistics that are readily available to researchers. Several international financial and research institutions publish annual global wealth reports with per-country specific estimates, but their estimates of mean wealth and the scale of inequality in Russia lack consistency.

The 2016 Allianz SE Global Wealth Report (Brandmeir et al. 2016), which only examines the financial component of wealth, estimates the net and gross financial assets per capita in the Russian Federation at 3086 and 5592 USD, respectively (fixed exchange rate at the end of 2015). The distribution of total net financial assets has a Gini coefficient of 0.68. This identifies the Russian Federation as a country with a higher than average level of inequality, with Slovakia having the lowest level of net financial assets inequality with a Gini of 0.44 and the USA having the highest level of inequality with a Gini coefficient of 0.81. The 2016 Credit Suisse Global Wealth Report (Shorrocks et al. 2016) estimates total wealth, including the value of nonfinancial assets and puts the mean wealth per adult (20 years and older) at 10,344 USD (fixed exchange rate in 2016), with mean net and gross financial assets

at 161 and 4233 USD, respectively, and mean nonfinancial assets at 10,183 USD. The Gini coefficient of the total wealth distribution is estimated to be 0.923 in 2016. In comparison, in 2016 Slovakia had a Gini coefficient of 0.49 and the USA had a Gini coefficient of 0.862. Throughout the years, the Russian Federation has been the leader of wealth inequality according to Credit Suisse, having the highest Gini coefficient for wealth in 2013 and the second highest in 2014. The 2016 Capgemini New World Wealth Report (Capgemini 2016) identifies the Russian Federation as the country with the highest level of wealth inequality, with 26% of the country's wealth being held by individuals whose wealth exceeds one billion USD. Sixty-two percent of the country's wealth is in the hands of USD millionaires according to the report. According to a study by Guriev and Rachinsky (2006), while average wealth and wealth inequality in Russia have certainly been increasing, the lack of reliable data limits the reliability of any estimates of the magnitude in the changes.

Among the above-mentioned studies, the Credit Suisse reports provide the most detailed account of the methodology employed in the estimation approach to country wealth analysis and can serve as an illustration of the general approach to wealth estimation today and highlight potential caveats. In broad terms, calculation of total wealth requires estimation of the value of both net financial assets and nonfinancial assets. An analysis of wealth inequality requires some measure of the distribution of wealth among individuals. Credit Suisse relies on the Household Balance Sheets provided by the UniCredit financial institution to estimate the value of financial assets in the Russian Federation. The total debt holdings and value of nonfinancial assets are derived from regression estimates of developed countries that collect wealth data directly. This regression technique is not always reliable, especially in the analysis of the value of nonfinancial assets. For the Russian Federation, where an overwhelming share of total wealth is held in nonfinancial assets, this unreliability of estimates has a significant effect on the estimate of total wealth. In fact, the 2014 Credit Suisse report (Stierli et al. 2014) doubled the value of nonfinancial assets post hoc for all previous years in response to criticism of undervaluing total wealth in Russia.

In estimating the distribution of wealth, Credit Suisse relies on the distribution of income. After having identified the relationship between the income and wealth distributions within countries that provide direct data on both, the initial wealth distribution is then derived from the existing income distribution in a country. This estimated wealth distribution is further adjusted by the data available in the Forbes list of the richest 400 people, to account for high wealth individuals that are more than likely to be excluded from income distributions based on household budget surveys, and by result, from the initially derived wealth distribution. It is important to note that this approach to wealth analysis, developed by Davies et al. (2011), was initially intended to estimate global wealth and the global wealth inequality. As long as the estimates of wealth in the richest countries and countries with a high population are adequate, poor quality of data in a single country will not significantly affect the results. However, per-country analysis is very much dependent on the quality of data available.

As stated above, Credit Suisse employs UniCredit data to estimate the value of financial assets and regression estimates to calculate total debt. Allianz SE estimates the value of financial assets to be more than double than that of UniCredit, which should not be seen as an endorsement of their estimation technique, but as a highlight of the unreliability of estimates, even those that are based on the most up-to-date data. Given that Credit Suisse estimates the wealth distribution from the distribution of income, the validity of their results depends in part on the quality of the income distribution data. Credit Suisse uses the UNU-WIDER World Income Inequality Database (WIID) (UNU-WIDER 2017) for country-specific income distributions. Up until 2008, the only available estimate of the income distribution in the Russian Federation was from the National Survey of Living Conditions and Access to Social Services (NOBUS), carried out by the World Bank and Rosstat in 2003 using a sample of 55,000 households. Given the

significant changes to the income and poverty levels that have occurred in the Russian Federation since 2003, the validity of the Credit Suisse estimates, which are based on out-of-date household survey data, is highly questionable. By basing the initial wealth distribution on these income distributions, the authors ignore any positive adjustments that have occurred in the income distribution since that time, attributing the majority of wealth increase to a further consolidation of wealth among the rich elite, which results in a constantly growing Gini coefficient. The sensitivity of wealth estimates to the current exchange rate which in Russia's case has been fluctuating since the end of 2014 and in theory should not directly affect wealth inequality, in practice only furthers wealth consolidation. In early 2017, the WIID was updated to provide income distribution data up to 2013 (based on the annual RLMS-HSE surveys, covering approximately 7000 households), and these updated distributions can hopefully be employed in future estimation of wealth and wealth inequality in the Russian Federation.

## The Distributional Impact of Government Policies

Since the mid-2000s, the Russian welfare state has been expanding, due to high commodity prices which greatly increased the budgetary capacities of the state, and also due to the 'populist' strategies adopted by the Russian authorities, in order to secure the political support of the population (Cerami 2009; Cook 2010). The measures undertaken by the government included a series of increases in earnings of the public sector workers, the minimum wage and the average and minimum pension benefits. There were few attempts to improve the redistributive capacity of the tax-benefit system beyond the increases in pensions, with the exception of measures targeted at promotion of fertility (Ovcharova et al. 2007).

The contemporary Russian welfare system represents a hybrid of a state socialist and neoliberal welfare regimes (Lustig et al. in print). Childcare, education, and healthcare remain to a large extent public and free at the point of use, but there are user fees for services beyond the basic coverage, and informal payments are still quite widespread in healthcare. The system of social transfers continues to be dominated by pensions and categorical benefits which are mainly targeted at pensioners, despite attempts to reduce the number of eligible people by introducing means-testing procedures. A large share of the population is covered by one or another type of government transfers, but the amounts of the majority of cash benefits do not reach the minimum subsistence level.

The estimates of progressivity and the distributional impact of the main elements of the tax-benefit system in Russia are shown in Fig. 4. Progressivity refers to the degree to which tax burdens and benefit entitlements rise or fall with household income. The summary measure of progressivity is the Kakwani index. (The Kakwani index uses the Gini framework to measure how progressive a social transfer or tax is. It is equal to the difference between the Gini index for incomes before the social transfer and the Gini concentration index for the social transfer. In case of taxes, Kakwani index is equal to the Gini concentration index for the tax minus the Gini index for pre-tax incomes. Theoretically, the Kakwani index can vary between −1 and 1; the larger the index is, the more progressive is the social transfer or the tax.) The distributional impact of a tax or a transfer is measured as the marginal reduction in inequality due to the tax or the transfer, i.e., the absolute or relative change in Gini index due to a removal of the transfer or the tax from household income. Therefore, a positive value indicates that a tax or a transfer contributes to a decline in inequality. Overall, the inequality reduction due to the tax-benefit system in Russia in 2014 amounted to 0.18 Gini points or 38% (Popova et al. 2017). This is the total value by which market income inequality is reduced due to direct and indirect taxes and transfers and transfers in-kind, such as public education and healthcare.

Most of the inequality reduction in Russia comes through direct transfers, which reduce the market income Gini by 0.145 points or 31%.

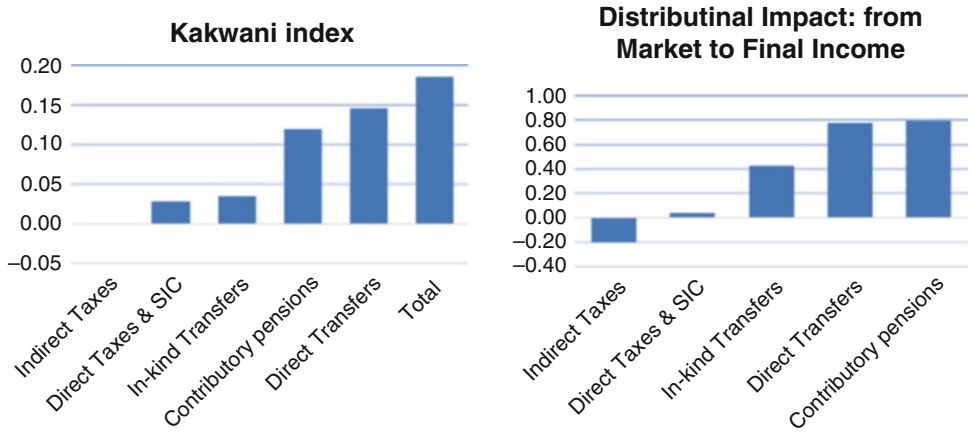


**Inequality in Income and Wealth in Russia, Fig. 4** Russia: Progressivity and impact of main components of tax-benefit system on inequality in 2014 (Notes: Distributional impact is defined as the difference between Gini for *market income* and Gini for *final income* (i.e., market income minus direct and indirect taxes and SIC, plus direct and indirect transfers, plus imputed value of public services), expressed as a percentage of *market income* Gini. Contributory pensions are included in direct transfers but also shown separately to highlight their impact. (Source: Popova et al. 2017))

Contributory pensions (which are included in direct transfers but also shown separately) are highly progressive (with Kakwani index of 0.8) and basically play the prevailing role in inequality reduction. Given the flat rate personal income tax (PIT) and regressive personal property taxes, direct taxes in Russia are mildly progressive. Social insurance contributions (SIC) are also somewhat progressive, despite the regressive tax schedule, as contributions are paid only by formal sector workers who tend to earn more than informal sector workers who do not pay, on average social security contributions. Direct taxes and SIC contribute to a slight decline in inequality. Indirect taxes – VAT and excise – are slightly regressive, as in many other countries, and hence contribute to an increase in inequality. The overall impact of the tax system on inequality in Russia is negligible. In-kind transfers, i.e., education and health services, are progressive and reduce the market income Gini by 0.034 points.

The distribution by decile shows that there is almost linear progressivity in the Russian tax-benefit system (Fig. 5). The bottom six deciles are net beneficiaries from the system if in-kind health and education services are included, and the bottom four deciles are net beneficiaries if only cash transfers and taxes are considered. The top four deciles are net payers to the system. The flat tax system limits the redistribution through the fiscal system: the richer seventh to tenth deciles pay a similar share of income (around 30%) in PIT and social security contributions. Government transfers (mostly pensions) dominate incomes for the lower income deciles.

In relative terms, Russia achieves a very moderate reduction in inequality through net direct taxes, compared to the majority of European Union (EU) countries (Fig. 6). In Russia, the system of direct taxes and transfers reduced market income Gini by 31.2% in 2014, while on average in EU-28 the reduction in market income inequality was equal to 41.8%. This assessment assumes that pensions are government transfers rather than deferred income. The structure of taxes and benefits can differ, but where there is a large reduction in inequality due to fiscal policy, there generally is a broad mix of redistributional benefits and taxes. Apart from pensions, none of the components of the system of direct transfers and taxes appears to have a large impact on inequality in Russia.

As shown in Fig. 7, depending on the treatment of contributory pensions, the fiscal system of Russia can look more redistributive than that of

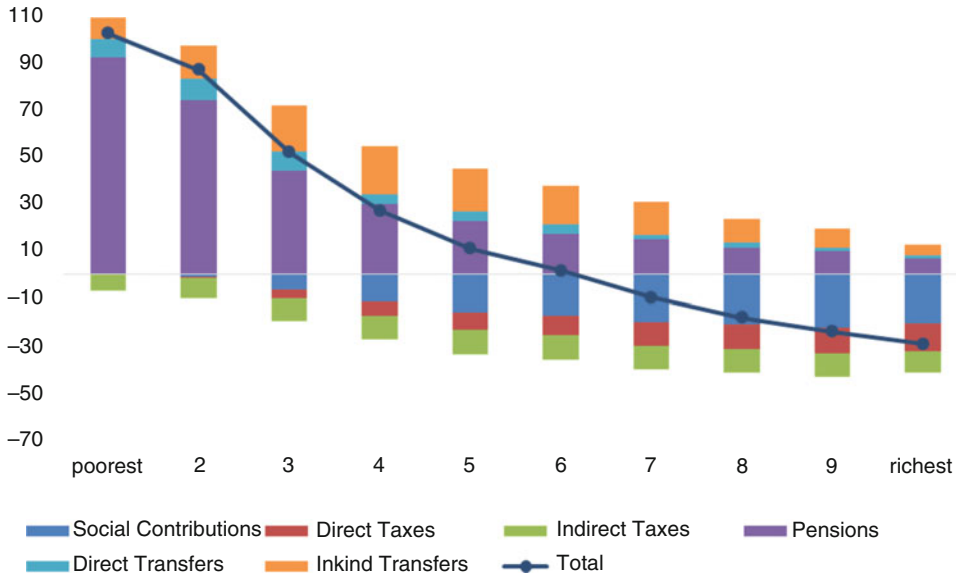


**Inequality in Income and Wealth in Russia, Fig. 5** Russia: Distributional impact of different components of the tax-benefit system in 2014 by pre-fiscal deciles, in percent of disposable income (Notes: Distributional impact is defined as the difference between Gini for *market income* and Gini for *post-fiscal income* (i.e., market income minus direct and indirect taxes and SIC, plus direct and indirect transfers), expressed as a percentage of *market income* Gini. The contribution of various components of income is estimated by recalculating the *consumable income* inequality after subtracting each of the income components. (Source: Popova et al. 2017)

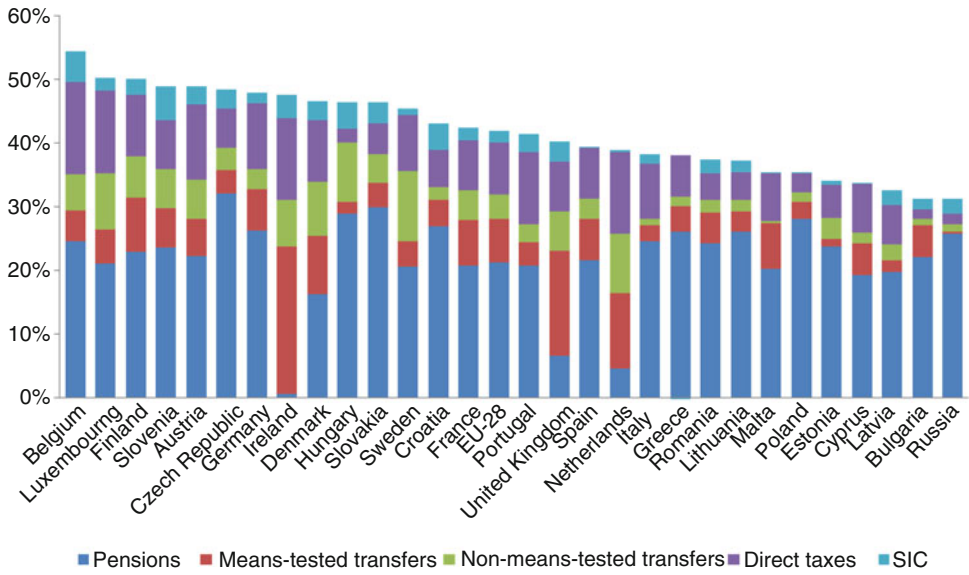


**Inequality in Income and Wealth in Russia, Fig. 6** Distributional impact of direct taxes and transfers in the European Union and Russia, 2014 (Notes: Distributional impact is defined as the difference between Gini for *market income* and Gini for *disposable income* (i.e., market income plus direct transfers minus direct taxes and SIC), expressed as a percentage of *market income* Gini. The contribution of various components of income is estimated by recalculating the *disposable income* inequality after subtracting each of the income components. (Sources: For Russia – Popova et al. (2017); for EU countries – EUROMOD Webstatistics for version G4.0 (2017) (via https://www.euromod.ac.uk/using-euromod/statistics)))

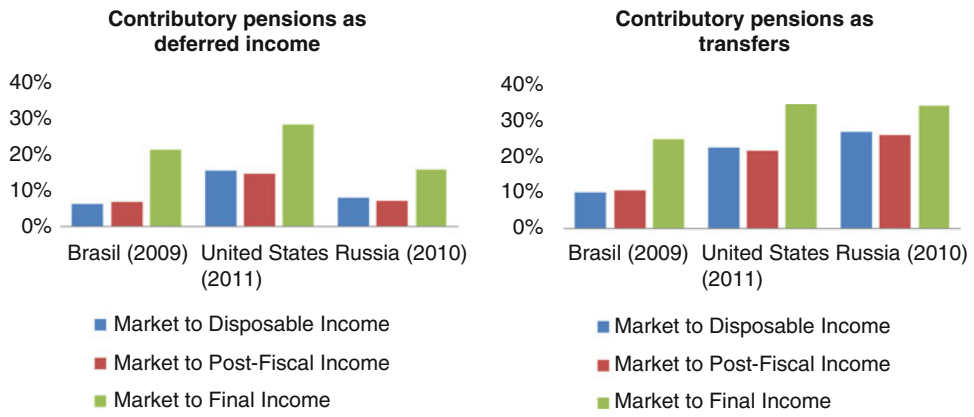


**Inequality in Income and Wealth in Russia, Fig. 7** Distributional impact of different components of the tax-benefit system in Brasil, United States and Russia, circa 2010, in percent of market income (Notes: Distributional impact is defined as the difference between Gini for *market incomes* and Gini for *disposable income* (i.e., market income plus direct transfers minus direct taxes and SIC), Gini for *post-fiscal income* (i.e., disposable income plus indirect subsidies minus indirect taxes), and Gini for *final income* (i.e., post-fiscal income plus imputed value of public services), expressed as a percentage of *market income* Gini. Contributory pensions are either treated as deferred income (while pension SIC are treated as savings) or as direct transfers (while pension SIC are treated as a tax)). (Sources: For Russia – Lustig et al. (in print); for Brazil and United States – Higgins et al. (2016))

the United States or less redistributive as that of Brazil. In the former case, contributory pensions are included in direct transfers; in the latter case, they are treated as part of market income.

Finally, the extremely unequal distribution of income and wealth in Russia calls for the introduction of tax measures targeted at the richest groups of the population, such as personal property and luxury taxes, which are practically nonexistent in Russia. Recently some attempts to move in this direction have been made by the government, albeit on a very modest scale. The amendments to the existing legislation introduced in 2014, include the higher tax rates on luxury cars and real estate. Privately owned real estate is often the only major source of wealth for poor and middle-class households in Russia, due to their low confidence in the banking sector. Rich individuals prefer to own several high-value apartments in the nation's capital as a way to diversify their wealth portfolios. In light of this, the government has decided to adjust over a period of five years the tax base of real estate to more accurately reflect the market value of existing properties. By 2017, more than half of Russia's 85 regions have switched to calculating the tax liabilities according to the new tax base. However, until 2019 the real estate tax liabilities are discounted by a linear adjustment coefficient. It is expected that by 2019 all individuals will begin to pay the full tax rate on privately owned real estate. (The tax rate has been set at 0.1–2% for privately owned real estate and is differentiated according to the estimated cost of the property.) The distributional consequences of this reform are yet to be estimated.

## Conclusion

This chapter has summarized the main trends in income and wealth inequality in Russia over the years since the beginning of the market transition in early 1990s up to the current economic crisis which started in the second half of 2014. In addition, we have assessed trends in the underlying factors of income inequality – the changes in the distribution of earnings and the impact of taxes and social spending programs.

Russia experienced sustained significant growth and poverty reduction during the past decade. At the same time, income inequality

which had increased significantly after the market transition in the early 1990s, stabilized in the 2000s at a very high level by international standards (Gini index of 0.420). The conjunctural economic growth in Russia, which was not supported by an equal growth in labor productivity, inhibited the government attempts to reduce inequality by means of income redistribution, in spite of a substantial reduction in wage inequality. Income inequality in Russia has declined in 2014–2015 due to higher losses experienced by the top quintile after the depreciation of the national currency in the half of 2014.

As far as wealth inequality is concerned, the Russian Federation has been claimed to be among the world leaders of wealth inequality according to the Credit Suisse Wealth Report, having the highest Gini coefficient for wealth in 2013 and the second highest in 2014. The Gini coefficient of the total wealth distribution is estimated at 0.923 in 2016. While there is no doubt about the high level of wealth inequality in Russia, in practice it is difficult to estimate the magnitude of this inequality reliably due to poor quality of data, as well as outdated microdata that had been used to produce the above-mentioned estimates. Nevertheless, efforts to improve direct data availability and transparency are welcome, as they will allow a more detailed analysis of the wealth trends in Russia.

Overall, Russia achieves a modest reduction in inequality through fiscal policy. The fiscal system of Russia has a significantly smaller impact on income inequality compared to the majority of European Union economies but achieves a comparable reduction in inequality as that in the United States. This assumes that contributory pensions are considered government transfers (rather than deferred income) and social insurance contributions are considered taxes. Most redistribution due to fiscal policy in Russia occurs through pensions. Major limits on the redistributive effect of fiscal policy include the large share of tax revenues that come from (regressive) indirect taxes, the neutral impact of personal income taxes, and the low share of spending on social transfers, in particular social assistance targeted to low-income groups.

## References


Brandmeir K, Grimm M, Holzhausen A (2016) Allianz global wealth report 2016. Allianz SE Economic Research, München

Calvo P, Lopez-Calva LF, Posadas J (2015) A decade of declining earnings inequality in the Russian Federation. Policy research working paper, 7392. World Bank, Washington, DC

Capgemini (2016) 'World Wealth Report 2016': Capgemini Financial Services

Cerami A (2009) Welfare state developments in the Russian Federation: oil-led social policy and the 'Russian miracle'. Soc Policy Admin 43(2): 105–120

Cook LJ (2010) Russia's welfare regime: the shift toward statism. In: Jappinen M, Kulmala M, Saarinen A (eds) Gazing at welfare, gender, and agency in post-socialist countries. Cambridge Scholars Publishing, Cambridge

Davies JB, Sandström S, Shorrocks A, Wolff EN (2011) The level and distribution of global household wealth. Econ J. Royal Economic Society 121(551): 223–254

EUROMOD (2017) Webstatistics for EUROMOD version no. G4.0. ISER, University of Essex, Colchester

Guriev S, Rachinsky A (2006) The evolution of personal wealth in the former Soviet Union and Central and Eastern Europe. In: Research paper 2006/120. UNU-WIDER, Helsinki

Higgins S, Lustig N, Ruble W, Smeeding TM (2016) Comparing the incidence of taxes and social spending in Brazil and the United States. Rev Income Wealth 62: 22–46

IBRD/WB (2016) Russia economic report 35: the long journey to recovery. World Bank, Moscow

IBRD/WB (2017) World development indicators. World Bank, Washington, DC

Lustig N, Lopez-Calva LF, Matytsin M, Popova D (in print) Who benefits from fiscal redistribution in Russia? In: The distributional impact of fiscal policy: evidence from developing countries. IBRD/World Bank, Washington, DC

Milanovic B (1999) Explaining the increase in inequality during transition. Econ Transit 7(2):299–341

OECD (2017) OECD income distribution database. OECD, Paris

Ovcharova L, Popova D, Pishniak A (2007) New measures supporting families with children: encouragement of the birthrate or improvement of the living standards? An analysis of the maternity and child support measures introduced in 2007 in the Russian Federation. UNICEF, Moscow

Popova D, Matytsin M, Sinnot E (2017) Distributional impact of fiscal policy in Russia over the downturn. Manuscript under review

Shorrocks A, Davies JB, Lluberas R, Koutsoukis A (2016) The credit Suisse global wealth report 2016. Credit Swiss AG Research Institute, Zurich

Stierli M, Shorrocks A, Davies JB, Lluberas R, Koutsoukis A (2014) The credit Suisse global wealth report 2014. Credit Suisse AG Research Institute, Zurich
UNU-WIDER (2017) World income inequality database. UNU-WIDER, Helsinki

# Inequality in Organizations

Dean Rockwell
Boston College, Boston, MA, USA

## Synonyms

Discrimination; Diversity; Retention; Selection

## Definition

Inequality in organizations refers to the degree that people are treated differently within organizations and the mechanisms that account for this differential treatment.

## Introduction

Inequality is an inherent part of the social world. Individuals are not born with the same characteristics and form social groups that are differentiated along different dimensions. Philosophers have long grappled with on how to distribute resources in society in a way that serves as many individuals as possible. This article focuses specifically on how inequality manifests *within organizations*, describing processes that create and maintain inequality as well as interventions that seek to mitigate it. The focus will be on gender, racial, and social class inequality and end with a short discussion of wage inequality. Inequality in organizations can be understood from both a social-psychological perspective (focusing on individuals within organizations) and a sociological perspective (focusing on organizational mechanisms). This short essay will cover (1) how organizational selection and retention can create inequality, (2) how organizational processes perpetuate inequality, (3) how organizations have tried to mitigate it, and (4) future societal challenges.

## Organizational Selection

Inequality carries a negative connotation in many academic circles. Without this negative connotation, inequality simply refers to a difference in size, degree, or circumstances. In this sense, all organizations contain inequality, because they contain variation. Inequality can carry a negative connotation when an organization discriminates against an individual on the basis of gender, skin color, or upbringing (among other factors outside of their control) rather than evaluating them on skills or merit.

People with certain demographic characteristics (race, gender) are more likely to be selected over others in organizations in part because of cognitive limits of the individuals doing the hiring. Individuals make sense of the world is by using cognitive shortcuts such as stereotypes to categorize information. If black people are given the stereotype of "lazy" and women of "too emotional," these candidates will appear worse in a hiring process than their white male peers who might be stereotyped as "competent" or "strong leaders." Racial- and gender-based selection in organizations comes about when categories are activated during the selection process. For example, when resumes are sent to employers with common white names and common black names, the white names are more likely to get callbacks from the employer (Bertrand and Mullainathan 2004). These findings also hold for speech patterns, where discrimination was found after interactions on the telephone (Massey and Lundy 2001).

Inequality in selection can also happen when companies encourage employees to refer people in their networks and who "fit" culturally into the organization. This can result in hiring that is biased toward the existing majority in the organization. In a study of prestigious professional service firms, it was found that candidates from economically privileged backgrounds were

preferred over other candidates because of how employers thought about talent and what "the right stuff" consisted of (Rivera 2012). Factors such as where candidates went to elite private high schools, what sports they did, and their extracurricular interests impacted the cognitive evaluation of the candidates (Rivera 2012). Cultural similarity also produced affective boosts which could overshadow the evaluation of skills (Rivera 2012).

Inequality manifests not only during the initial contact with candidates but also during the negotiation of salary. Studies have shown that women do not negotiate as well as men. Men are more likely to initiate salary negotiations, and even when women do negotiate, they ask for about 30% less money than men (Babcock and Laschever 2009). One explanation for this disparity is that women are perceived as less competent than men. This may impact their own confidence in negotiating as well as enhancing the self-confidence of men they are negotiating with. Men have been found to be overconfident relative to their abilities and women underconfident (Kay and Shipman 2014). Part of the explanation for this is that women are penalized for being overconfident in the workplace as they may be called bossy (or worse). Feminists have critiqued negotiations themselves as overly competitive, individualistic, and transactional (Bowles and McGinn 2008).

## Organizational Retention

After individuals have been hired into an organization, they often need to fit in with the organizational culture if they want to retain their jobs. Most organizations contain different subgroups, and boundaries are regularly being negotiated to determine who fits and who does not. Individuals are judged on surface-level attributes as well as internal attributes. Similarity/attraction theory posits that we select members into our groups who are similar to us. Individuals who are not judged as similar will experience greater stress, lower job satisfaction, lower performance, and higher turnover. Those in organizations who do not fit in are often filtered out of the organization. This is especially problematic when powerful subgroups of the organization define themselves according to gender, race, or socioeconomic status.

Another way that inequality is perpetuated within organizations is through collective myths that rationalize it. Social dominance theory describes two legitimizing myths or "consensually held values, attitudes, beliefs, stereotypes and cultural ideologies" that shape our relations (Pratto et al. 2006). The first type of myth is the hierarchy-enhancing legitimizing myth, which communicates that it is appropriate, natural, and moral to perpetual inequality. The other myth is the counter to this; it is the hierarchy-attenuating legitimizing myth, which is often inclusive and egalitarian. At the individual level, researchers have studied the construct of "social dominance orientation," which refers to whether the individual identifies more with hierarchy-enhancing legitimizing myths or hierarchy-attenuating legitimizing myths. This orientation predicts how much an individual will discriminate in job allocation decisions (Michinov et al. 2005) and resource allocation decisions (Pratto et al. 1994). Similarity/attraction and hierarchy-enhancing myths stack the deck against marginalized groups when it comes to organizational retention.

## Organizational Processes

In addition to social-psychological processes that affect hiring and promotion, the structure of organizations can perpetuate inequality. Organizations are different than individuals when it comes to discrimination as they have a much wider reach, can span multiple generations, and can make individuals feel exempt from personal responsibility given the legitimacy of the organization (Pratto et al. 2006). Certain organizations are more hierarchical (profit-maximizing financial institutions, transnational corporations, criminal justice systems), while others are less hierarchical (social services for marginalized populations, religious organizations devoted to the poor) (Sidanius and Pratto 2001). Organizations with steep hierarchies

are more likely to perpetuate inequality (Acker 2006). Other organizations that are not explicitly hierarchical also encounter challenges with respect to inequality, and even organizations with explicitly egalitarian goals develop inequalities over time (Acker 2006; Ferree and Martin 1995).

Although discrimination is perpetuated by individuals, it persists in organizations due to several mechanisms. One is isomorphism or the tendency for organizations in a given field to copy one another in order to secure legitimacy (Meyer and Rowan 1977). If hiring practices (that happen to be discriminatory) are widely accepted in a field, it is likely that most of the organizations in the field will adopt these practices. Isomorphism does not necessarily create inequality but results in the spread of practices and policies, making it more difficult for an organization to stand against the crowd. Organizations are likely to perpetuate discrimination if the practices in the wider field are discriminatory. Isomorphism and the need to secure legitimacy help to explain why organizations would feel pressure to adopt these practices.

Once practices are adopted by an organization, it is difficult for an organization to change. The organization makes financial investments, and people learn a particular way of doing things. Organizational routines and processes might result from the founder of the organization and the wider environment at the time of founding. Even if this wider environment changes, the organization may be slow to adjust, given inertia. Standardization and evaluation are also mechanisms that can produce inequality because they determine what kinds of actions within an organization are legitimate (Lamont et al. 2014). Bureaucracies operate by impersonal "neutral" rules, yet these rules often include built-in inequalities (Weber 1978). Organizations create routines that help to perpetuate inequalities long after particularly discriminatory individuals leave the organization. Routines are stable patterns of action that are developed to coordinate activities. Routines can perpetuate inequality because they are completed in a largely unconscious way and rarely change. They are difficult to critique and shape according to individual differences. They lie outside of the individual, and thus it is the individuals who need to conform to the organizational routine. More recently, routines have been conceptualized as capable of change – individuals in organization make tweaks and adjustments to routines as situations change (Feldman and Pentland 2003). Routines may be more flexible than initially conceptualized, which could mitigate the perpetuation of inequality.

## Organizational Efforts to Reduce Inequality

The literature on inequality in organizations has documented the efficacy of change initiatives meant to reduce inequality. One way to mitigate inequality in hiring would be to remove applicant information that signifies sex, race, or social class. One way of testing whether this works was a study on the impact that using blind auditions in symphony orchestra hiring had on sex-biased hiring (Goldin and Rouse 1997). In 1970, women accounted for less than 5% of the players in symphony orchestras. Orchestras adopted blind auditions in the 1970s and 1980s, and by the mid-1990s, women made up 25% of players (Goldin and Rouse 1997). The study found that the blind audition increased (by 50%) the probability that a woman would be advanced out of preliminary rounds. It also found that the blind auditions increased the likelihood that female contestants would be the winner in the final round (Goldin and Rouse 1997). Although this may not be feasible in many contexts, other steps could be taken (such as removing the name from the top of the resume).

Psychological interventions have also demonstrated efficacy in helping to offset inequalities in organizations. Researchers have found compelling evidence that using value affirmations (to improve African American student grades) not only benefit the individuals but also their peers who were not given the intervention (Powers et al. 2015). Organizational behavior researchers have conducted these kinds of interventions (affirming the abilities of individuals) with new hires and found that it dramatically

reduced stress and burnout (Cable et al. 2015). In the negotiation literature, when women are informed of how gender stereotypes favor men in negotiations, they negotiate to a payoff that exceeds men (Kray et al. 2001).

Organizations can also take action to reduce inequality within the organization. While the socialization process that takes place within organizations filters out those who do not fit in, hiring a cohort of individuals can protect against this tendency. Research also shows that more cooperative structures (rather than competitive) benefit women and minorities due to increased intergroup contact and opportunities for networking. Finally, organizations can deliberately put women and minorities in management roles which have been shown to provide more future access to managerial roles (Kurtulus and Tomaskovic-Devey 2012).

At the societal level, changes in law push organizations to make their own internal changes. The wider environment surrounding organizations render certain actions as legitimate and others as illegitimate. Laws such as the Equal Opportunities Act trigger organizational change, yet how this law is interpreted and enacted varies by organization. Studies of the impact of diversity initiatives reveal that those managers who are given more leeway to interpret the initiative fare better than those who are micromanaged from above (Dobbin et al. 2015). Thus, special recruitment and training programs had a positive effect on diversity, while job tests, performance evaluations, and grievance procedures had a negative effect (Dobbin et al. 2015). This work shows that some practices meant to reduce discrimination have in fact enhanced it, and how the law is enacted within organizations determines its functioning.

## Future Challenges

While this chapter has looked at causes and solutions for inequality based on gender, race, and social class, it is prudent to understand how larger societal trends impact inequality. Organizations respond to the larger environment and thus context matters for understanding the actions of organizations. In the United States, there is considerable discussion about the rapid growth of inequality since the early 1980s. America does less than almost any other rich democracy to limit economic inequality (Jencks 2002). It is difficult to unionize and the minimum wage is low. These disparities in income affect educational attainment (more affluent people get more education while those who are poor do not) as well as life expectancy (Americans in the top 5% of the income distribution live about 9 years longer than those in the bottom 10%) (Jencks 2002). From an intersectional perspective, income, race, gender, and social class are all intertwined, making these societal trends deeply troubling for inequality scholars.

The changing nature of work also has major implications for inequality. At the societal level, having large organizations reduces wage inequality because they constrain how high (or low) pay goes within their boundaries (Davis and Cobb 2010). Countries with smaller firms (Colombia) are generally more unequal than countries with larger firms (Sweden) (Davis and Cobb 2010). The decline of large corporations and the growth of small, distributed companies have big implications for pay and benefits. The financialization of the economy has vastly increased wealth for those who work in the finance sector relative to other workers (Davis and Kim 2015). While many decry the exorbitant salary of CEOs, the top five hedge fund managers make as much as all the S&P CEO's combined (Davis and Cobb 2010). The system currently in place benefits those with the most wealth. Societal trends such as the financialization of the economy and the decline of large organizations pose new questions for researchers of inequality and organizations.

## Conclusion

Organizations are one area of social life where we see inequality based on gender, race, and social class perpetuated. While organizations enable human beings to act with greater power and

scope, they are also systems that can magnify individual biases and perpetuate societal inequity. As scholars begin to understand the mechanisms underlying individual and organizational decisions, informed practitioners can experiment with ways to mitigate or reverse the effects of these actions. While organizations may not want to discourage the allocation of resources based on merit, managers will need to be attuned to how inequality can arise and be maintained. Organizations also have the ability to act collectively with other organizations in order to shape the law. Making changes at the system level can impact change at the organizational level. Inequality worldwide shows no sign of abatement, and thus the organizational challenges are urgent ones.

## Cross-References


- ▶ Diversity and Its Management in Organizations
- ▶ Equity Theory of Organizations
- ▶ Globalization and Organizations
- ▶ Organizational Justice


## References


Acker J (2006) Inequality regimes gender, class, and race in organizations. Gend Soc 20(4):441–464

Babcock L, Laschever S (2009) Women don't ask: negotiation and the gender divide. Princeton University Press, Princeton

Bertrand M, Mullainathan S (2004) Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. Am Econ Rev 94(4):991–1013

Bowles HR, McGinn KL (2008) Untapped potential in the study of negotiation and gender inequality in organizations. Acad Manag Ann 2(1):99–132

Cable D, Lee JJ, Gino F, Staats BR (2015) How best-self activation influences emotions, physiology and employment relationships. Harvard Business School NOM Unit working paper. Harvard Business School, Boston, pp 16–029

Davis GF, Cobb JA (2010) Corporations and economic inequality around the world: the paradox of hierarchy. Res Organ Behav 30:35–53

Davis GF, Kim S (2015) Financialization of the economy. Sociology 41(1):203

Dobbin F, Schrage D, Kalev A (2015) Rage against the Iron Cage: the varied effects of bureaucratic personnel reforms on diversity. Am Soc Rev 80(5):1014–1044

Feldman MS, Pentland BT (2003) Reconceptualizing organizational routines as a source of flexibility and change. Adm Sci Q 48(1):94–118

Ferree MM, Martin PY (eds) (1995) Feminist organizations. Temple University Press, Philadelphia

Goldin C, Rouse C (1997) Orchestrating impartiality: the impact of "blind" auditions on female musicians, vol w5903. National Bureau of Economic Research, Cambridge, MA

Jencks C (2002) Does inequality matter? Daedalus 131(1): 49–65

Kay K, Shipman C (2014) The confidence gap. Atlantic 14: 1–18

Kray LJ, Thompson L, Galinsky A (2001) Battle of the sexes: gender stereotype confirmation and reactance in negotiations. J Pers Soc Psychol 80:942–958

Kurtulus FA, Tomaskovic-Devey D (2012) Do female top managers help women to advance? A panel study using EEO-1 records. Ann Am Acad Polit Soc Sci 639(1): 173–197

Lamont M, Beljean S, Clair M (2014) What is missing? Cultural processes and causal pathways to inequality. Soc Econ Rev 12(3):573–608

Massey DS, Lundy G (2001) Use of black English and racial discrimination in urban housing markets new methods and findings. Urban Aff Rev 36(4):452–469

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Soc 83(2):340–363

Michinov N, Dambrun M, Guimond S, Méot A (2005) Social dominance orientation, prejudice, and discrimination: a new computer-based method for studying discriminatory behaviors. Behav Res Methods 37(1): 91–98

Powers JT, Cook JE, Purdie-Vaughns V, Garcia J, Apfel N, Cohen GL (2015) Changing environments by changing individuals the emergent effects of psychological intervention. Psychol Sci 27:150–160. https://doi.org/10.1177/0956797615614591

Pratto F, Sidanius J, Stallworth LM, Malle BF (1994) Social dominance orientation: A personality variable predicting social and political attitudes. J Pers Soc Psychol 67(4):741–763

Pratto F, Sidanius J, Levin S (2006) Social dominance theory and the dynamics of intergroup relations: taking stock and looking forward. Eur Rev Soc Psychol 17(1): 271–320

Rivera LA (2012) Hiring as cultural matching the case of elite professional service firms. Am Soc Rev 77(6): 999–1022

Sidanius J, Pratto F (2001) Social dominance: an intergroup theory of social hierarchy and oppression. Cambridge University Press, New York

Weber M (1978) Max Weber: selections in translation. Cambridge University Press, Cambridge, MA

# Influence of Organizational Culture and Commitment on Attitudes Toward Change

Aaron Kweku Amanor
Department of Psychology, University of Ghana, Accra, Ghana

## Synonyms

Attitude; Change; Commitment; Culture; Organization; Supervisor; Telecommunication

## Definition

Attitude toward change refers to an employee's overall positive or negative evaluative judgment of a change initiative.

## Introduction

In the last few years, organizations had come under intense pressure to initiate change in a bid to cope with technological advancement (Ahmad and Cheng 2018). Although some organizations implement change in order to survive, they often face serious problems through change implementation process which results in failure to achieve intended change objectives (Hassan et al. 2020). According to Beer and Nohria (2000), two-thirds of all change initiatives fail. One major cause of the failure of organizational change is related to employee attitudes toward change (Choi 2011). Extant literature further contends that many change efforts had not been successful because change agent often failed to recognize the influential role of organizational employees in determining the outcomes of organizational change (Ahmad and Cheng 2018).

In Ghana, the service sector has seen remarkable growth over the years, contributing 48.6% of gross domestic product. Furthermore, the telecommunication sector accounts for more than 12.1% of this growth (Ghana Statistical Service 2006). The growth in part is attributable to the changes that occurred in the telecommunication sector as a result of the liberalization of that sector in the early part of the 1980s. There are six mobile network operators, namely, MTN with market share of 45.63%, Vodafone with 21.97%, Tigo with 14.28%, Airtel with 12.35%, Glo with 5.17%, and Expresso with 0.59% (National Communication Authority 2014). These companies have adopted varied strategies and change initiatives in order to improve their performance.

Change management literature suggests that there is a rising acknowledgement of the influence of organizational culture and commitment on change implementation success (Vakola and Nikolaou 2005). The organizational culture includes standards and norms that prescribe how employees should behave in the organization (Martins and Martins 2003). According to Goffee and Jones (1998), people have to exhibit the behaviors of sociability or solidarity for the benefit of the organization in order for the organization to succeed. Organizational commitment is considered as a strong belief by an employee, in the missions and objectives of an organization, a wish to continue a relationship with the organization and a readiness to devote substantial effort to improve performance of the organization (Michael et al. 2009). Organizational change is also explained as a deliberately planned change in an organization's formal structure, system, process, or product-market domain intended to improve the attainment of one or more organizational objectives (Lines 2005). The challenge for most researchers is how to determine the influence of culture and commitment on organizational change that is currently occurring across the globe and Ghana in particular.

In light of the new mobile number portability option granted to subscribers in Ghana, which requires that mobile telephone customers keep their telephone number when switching from one mobile network provider to another (Buehler and Haucap 2004), intense competition has risen within the industry, with most organizations implementing various forms of changes in order to survive and remain competitive. In spite of the importance of organizational change, studies

estimate that at least 70% of the change initiatives fail (Choi 2011). These change programs have failed due to the underestimation of the central role that supervisors play in the change process. Additionally, the studies on organizational culture, commitment, and attitude toward change were carried out in developed countries that have characteristic of cultural individualism with well-developed industrial structures as against developing countries that possess cultural collectivism (Hofstede 2011). Hence, findings in the developed countries may not be applicable in developing countries such as Ghana, hence the need to understand how organizational culture and commitment either support or hinder the process of organizational change in the Ghanaian context.

This entry is particularly important as it provides a better understanding of the relationship between organizational culture, organizational commitment, and attitudes toward organizational change, particularly in the Ghanaian telecommunication industry. The major contribution of this entry is the organization's ability to understand its culture and implications on supervisors' attitude toward organizational change. It would help the organizations introduce new shared values and behavioral norms that might facilitate or support organizational change. This entry also provides insights for organizations on how to properly manage change to reduce the risk of failure when implementing change.

## Theoretical and Empirical Review

### Group Dynamic Approach, Organizational Culture, and Attitude Toward Organizational Change

Group dynamics, as propounded by Lewin (1947), refers to the forces working in groups which shape the behavior of individual within the group. It is concerned with the attributes and nature of the group that makes the group behave the way it does when forces are imposed on it and how the forces could be changed so as to produce the desired kind of behavior (Burnes 2004). According to the theory, organizational change is attributed to a group process rather than an individual process. It is hopeless to deliberately focus on changing the behavior of an individual since that individual is not isolate from the group and rather influenced by the group to conform (Lewin 1947). It can thus be inferred from this theory that in an organization, individual employee's behaviors and attitudes toward change are shaped by the behavior of the group in which they find themselves in; hence, it is not unlikely to say that group norms and behaviors influence individual behaviors, which in turn influences their attitudes toward organizational change. In relation to this study, group norms and behaviors here can be liken to the culture of an organization that form the core identity of organizations and help shape the employees' behaviors (Malekifar et al. 2014). This set of values, norms, and beliefs can form the group behavior of the organization, which can shape employees' individual attitudes toward organizational change.

Organizational culture impacts all aspects of organizational life and therefore has a significant effect on employee attitude and behavior. Rashid et al. (2004) carried out a study to examine the influence of organizational culture on attitudes toward organizational change in Malaysia using questionnaires. The study revealed that organizational culture has a significant impact on change process being undertaken in the organization. It was established that the organization must first identify the culture prevailing in the organization and then adopt the right approach to implement the planned change. This requires that managers should identify the best organizational culture that is receptive to change. Evidence suggests that developmental culture plays a significant role in shaping employee behavior and responses to change (Ahmad et al. 2020). Developmental culture focuses on flexibility, adaptability, and readiness and resource acquisition which are very receptive to organizational change (Moynihan and Pandey 2007). In such cultures, employees are motivated and empowered to be a part of the change, participate in the decision-making process, and take an active role in facilitating change (Ahmad et al. 2020).

Haffar et al. (2014) examined the relationship between organizational culture and individual

readiness for change in Syria. Result shows that organizational culture strongly influences individual readiness for change. The study further revealed that a conducive and supportive organizational culture facilitates an improved acceptability of organizational change. In a similar studies conducted by Cameron and Quinn (2006), it was found that employees who see their organizational setting as having attributes and resemblance of a conducive and supportive organizational culture are likely to embrace organizational change and therefore demonstrate positive attitudes toward organizational change. A similar study by Pinto et al. (2011) on organizational culture and cross-cultural adjustment among foreign national reveals that organizational culture had a significant influence on work adjustment. The study reveals that home sociability thrives on closeness and intimacy to create a relationship bond between people, while solidarity develops when individuals conceive the advantage of pursuing a common goal and interest which does not require relationship bond between people nor proximity of people. Based on the works reviewed above, the study hypothesizes that:

H1: Organizational culture will be positively related to supervisors' attitudes toward organizational change.

### Organizational Support Theory, Organizational Commitment, and Attitude Toward Organizational Change

Organizational support theory (OST) was developed around the ideas that organization's concerns are important reasons for employees' commitments to organizations. It explains relationships between employee and their organizations based on social exchange (Rhoades et al. 2001). The theory's central construct is based on perceived organizational support (POS) (Baran et al. 2012) and outlines three outcomes of perceived organizational support (Rhoades and Eisenberger 2002). Firstly, it argues that perceived organizational support produces a felt responsibility by employees to assist the organization achieve its goal. Secondly, perceived organizational support drives the fulfillment of employees need which leads to employees accepting organizational membership. Finally, perceived organizational support reinforces employee perception and belief that increase performance would be rewarded by the organization. In the context of the present study, organizational commitment can be considered very instrumental in influencing employees' attitude toward organizational change. That is, if employees perceive their organization as being supportive of their well-being, the employees' commitment levels may increase and subsequently result in a positive attitude toward organizational change. On the other hand, if workers perceive unfavorable treatment from the organizations, it will have a negative effect on their commitment, which might result in negative attitude toward change.

Studies revealed that organizational commitment plays a significant role in determining employee's acceptance of change (Yousef 2000). Vakola and Nikolaou (2005) explore the connection between employees' attitudes toward organizational change, organizational commitment, and occupational stress among organizations in Greece. The finding confirmed that employees with high organizational commitment were more inclined to accept changes in the organization. Similarly, Parish et al. (2008) in their online survey examined the role of employee commitment in organizational change initiatives in a large not-for-profit organization in the United States of America. The study demonstrated that commitment impacts employee perceptions about change implementation success and also influences attitudes regarding organizational change.

Furthermore, Nafei (2014) investigated the link between organizational commitment and employees' attitude toward organizational change in Saudi Arabia. The study found that organizational commitment is a significant element that influences organizational change. It influences the decision and willingness of employees to accept change. Thus, respondents with high level of organizational commitment were inclined to put in extra efforts toward change project. This finding was similar to studies conducted by Peccei

et al. (2011) in Italy. Based on the works reviewed above, the study hypothesizes that:

H2: Organizational commitment will be positively related to supervisors' attitudes toward organizational change.

## Methods

### Research Setting

I-Zone Limited, a telecommunication distributer for MTN Ghana, was considered for the study. In 2020, the I-Zone Limited decided to change and replace the manual operating process with an integrated software platform for all departments. This change aims to promote productivity and efficiency at work and also allow employees to work remotely due to the COVID-19 pandemic. Other restructuring includes implementing new rules and procedures which made the entire employees perform their job in a different way. The restructuring also altered the company's internal structure, redefining the working relationships, merger of some departments, and changes to work practices. These recent changes in the company make the company very suitable for this entry to measure supervisors' attitude toward change in general.

### Research Design and Sampling Techniques

To meet the objectives of the study, the researcher employed the quantitative approach and the cross-sectional survey design in data collection and analysis, using a standardized questionnaire. A two-stage sampling process was adopted in this study. The first stage involved selecting the organization in the telecommunication sector, while the second stage involved selecting the individual participants to form the sample of the study. This was then followed by a simple random sampling technique to select the individual supervisors from the company for the study.

### Sample Size

Based on the sample size determination by Miller and Brewer (2003), sample size approximated to 180 supervisors was selected for the study. Questionnaires were accordingly administered to the respondents. Out of the 180 questionnaires administered, 170 of the questionnaires were successfully retrieved and used for data analysis. The remaining 10 questionnaires could not be retrieved. Thus, a response rate of 94.44% was obtained.

### Data Collection Instrument

#### Measure of Organizational Culture

Organizational culture scale developed by Goffee and Jones (1998) was adapted to measure organizational culture (behavior of solidarity and sociability). The instrument consists of 23 items. Individual responses to the questions were measured on a five-point interval scale. The responses ranged from 1 (strongly disagree), 2 (slightly disagree), 3 (neither agree nor disagree), 4 (slightly agree), to 5 (strongly agree). The Cronbach's alpha reliability coefficient was 0.72.

#### Measure of Organizational Commitment

The Organizational Commitment Questionnaire (OCQ), which was developed by Mowday et al. (1979), was used in measuring organizational commitment. This instrument consists of 15 structured statements. Individual responses to the questions were measured on a seven-point interval scale. The responses ranged from 1 (strongly disagree), 2 (slightly disagree), 3 (neither agree nor disagree), 4 (slightly agree), to 5 (strongly agree). The Cronbach's alpha coefficient was 0.82.

#### Measure of Attitude Toward Organizational Change

The supervisor's attitudes toward organizational change were measured using the attitudes toward organizational change questionnaire developed by Vakola et al. (2004). The scale consists of 29 items (15 positives and 14 negative items). Responses measured on a 5-point scale range from 1 (strongly disagree), 2 (slightly disagree), 3 (neither agree nor disagree), 4 (slightly agree), to 5 (strongly agree). High scores on the scale represented positive attitudes, while low scores on the scale represented negative attitudes toward

organizational change. The Cronbach's alpha reliability coefficient was 0.89.

### Ethical Consideration

The main purpose of the ethical principle guiding research is for the welfare and protection of individuals and groups. Consequently, ethical principles like confidentiality, freedom to quit, informed consent, and promise of no harm to respondents were considered in the study. Permission was sought from the Human Resource Department of I-Zone Limited, the organization used in this research. Detailed instructions regarding the purpose of the study and voluntary participation in the research were clearly spelt out. In addition, respondents were informed that there was no adverse effect should they participate or decline to participate in the research. To ensure confidentiality and anonymity of responses, respondents were instructed not to write their names on the questionnaires to disclose their identity. Furthermore, all the respondents were given an envelope into which they sealed their completed questionnaire before submitting it. Finally, respondents were also made to understand that the research was strictly for academic purposes and their responses will be handled with utmost confidentiality and privacy.

### Analysis of Data

The study used multiple regression with the control variables in the equations to test the hypotheses. Due to the relatively small sample size ($n = 170$), it was undesirable to use structural equation modeling because of low parameter-to-respondent ratios (Hair et al. 2010).

## Results

### Descriptive Statistics and Correlation

Descriptive statistics, standard deviation, and correlations among the variables are presented in the table below:

From Table 1, it is observed that a positive significant relationship exists between organizational culture and attitude toward organizational change ($r = 0.460$, $p < 0.01$) at 1% level of significance. Also, a positive significant relationship is observed between organizational commitment and attitude toward organizational change ($r = 0.596$, $p < 0.01$) at 1% level of significance. This means that there is linear relationship between organizational culture and attitudes toward change as well as between organizational commitment and attitudes toward change. With regard to multicollinearity, the correlation coefficient ($r = 0.40$) between the independent variable, organizational culture, and organizational commitment is below the threshold of 0.70 which indicates a low multicollinearity between the independent variables.

### Hypotheses Testing

#### Analysis on Influence of Organization Culture on Attitudes Toward Change

Multiple linear regression analysis was used to determine how organizational culture predicts supervisors' attitudes toward organizational change. Gender, age, education, and length of service were used as control variables, in order to assess the exact extent to which organizational culture predicts attitude toward organizational change, devoid of the perceived influence of the demographic variables. The results of this analysis are presented in Table 2:

From Table 2, the $R^2$ of 0.23 indicates that about 23% of the variation in attitudes toward organizational change is accounted for by organizational culture and the demographic variables of respondents. The results show that the regression model is well fit ($F = 9.74$, $p = 0.000 < 0.05$). Notably, organizational culture is observed to have a positive and significant influence on attitude toward organizational change ($\beta = 0.497$, $t = 6.87$, $p = 0.000 < 0.05$). This means that a unit increase in positive organizational culture can lead to an increase in the levels of supervisors' attitudes toward organizational change by 0.497 unit. Thus, hypothesis one which states that organizational culture will be positively related to supervisors' attitudes toward organizational change was confirmed.

**Influence of Organizational Culture and Commitment on Attitudes Toward Change, Table 1** Estimates of means, standard deviations (SD), and correlation of variables

| Variables | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| Gender | 1.51 | 0.501 | 1 | | | | | | |
| Age | 2.08 | 0.625 | −0.258** | 1 | | | | | |
| Education | 1.95 | 0.740 | −0.405** | 0.278** | 1 | | | | |
| Length of service | 2.20 | 0.927 | −0.031 | 0.362** | 0.119 | 1 | | | |
| Culture | 89.52 | 15.85 | −0.128 | 0.062 | −0.134 | −0.177* | 1 | | |
| Commitment | 78.59 | 12.14 | 0.096 | −0.154* | −0.265** | −0.167* | 0.400** | 1 | |
| Attitudes | 110.57 | 17.76 | 0.013 | −0.028 | −0.013 | −0.082 | 0.460** | 0.596** | 1 |

Note: (**) = 0.01, (*) = 0.05, $n = 170$

**Influence of Organizational Culture and Commitment on Attitudes Toward Change, Table 2** Summary of multiple linear regression analysis

| | Unstandardized coefficients | | Standardized coefficient | | |
|---|---|---|---|---|---|
| Model | *B* | Std. error | *Beta* | *t* | Sig. |
| Constant | 53.11 | 11.68 | | 4.55 | 0.000 |
| Gender | 3.71 | 2.75 | 0.105 | 1.35 | 0.178 |
| Age | −2.01 | 2.22 | −0.071 | −0.904 | 0.367 |
| Education | 2.72 | 1.88 | 0.113 | 1.45 | 0.149 |
| Length of service | 0.401 | 1.44 | 0.021 | 0.278 | 0.782 |
| Culture | 0.557 | 0.081 | 0.497 | 6.87 | 0.000 |

Dependent: attitude toward organizational change, $R^2 = 0.23$, $F = 9.74$

**Influence of Organizational Culture and Commitment on Attitudes Toward Change, Table 3** Summary of multiple linear regression analysis

| Model | Unstandardized coefficients | Standardized coefficient | | | |
|---|---|---|---|---|---|
| | *B* | Std. error | *Beta* | *t* | Sig. |
| 1 constant | 26.43 | 11.17 | | 2.37 | 0.019 |
| Gender | 0.874 | 2.43 | 0.025 | 0.360 | 0.719 |
| Age | 1.01 | 1.97 | 0.035 | 0.509 | 0.611 |
| Education | 3.79 | 1.69 | 0.158 | 2.24 | 0.026 |
| Length of service | −0.112 | 1.29 | −0.006 | −0.088 | 0.930 |
| Commitment | 0.936 | 0.094 | 0.640 | 9.92 | 0.000 |

Dependent: attitude toward organizational change, $R^2 = 0.38$, $F = 20.06$

### Analysis on the Influence of Organization Commitment on Attitudes Toward Change

Similarly, multiple linear regression analysis was used to determine how organizational commitment predicts attitudes toward organizational change. Gender, age, education, and length of service were used as control variables. The results of these analyses are presented in Table 3:

From Table 3, the $R^2$ of 0.38 indicates that about 38% of the variation in attitude toward organizational change is accounted for by organizational commitment and the demographic variables of respondents. The analysis shows that the regression model is well fit ($F = 20.06$, $p = 0.000 < 0.05$). The result of the regression analysis also shows that organizational

commitment predicts attitudes toward organizational change ($\beta = 0.640$, $t = 9.92$, $p = 0.000 < 0.05$). More importantly, the results confirm a positive and significant relationship between organizational commitment and attitudes toward organizational change. This means that a unit increase in organizational commitment can lead to an increase in supervisors' attitudes toward organizational change by 0.640 unit. Thus, hypothesis two which states that organizational commitment will be positively related to supervisors' attitudes toward organizational change was also confirmed.

## Discussion

Over the years, researchers of organizational change have argued that employee reaction to organizational change is one of the main determinants of change success (Rashid et al. 2004). Nevertheless, the roles attitudes play during change have predominantly focused on change agents, managers of organization, and recipients of change, neglecting the role supervisor's attitudes play during periods of change. Recognizing the significant role that supervisors play in response to change efforts, this entry investigates the influence of organizational culture and commitment on supervisors' attitudes toward organizational change in a Ghanaian telecommunication firm.

The results from the analysis of the influence of organizational culture on attitudes toward organizational change confirmed that organizational culture influenced supervisor's attitudes toward organizational change positively and significantly. The study demonstrates that organizational culture high in solidarity and sociability with aspects that ensure that people work hard, make things happen, and hit set targets significantly influences organizational change. Organizational culture is also assumed to have a positive main effect on supervisors' attitude toward change. In line with findings obtained from previous studies (Ahmad et al. 2020), the data from this study provide good support for organizational culture as a valid framework to predict supervisor's attitudes to support change, in that organizational culture was significantly related to attitude toward change. Such a finding implies that supervisors with positive organizational culture high in solidarity and sociability are expected to demonstrate positive attitudes to support organizational change efforts. Thus, the nature of organizational culture should motivate and empower supervisors to be a part of the change, participate in the decision-making process, and take an active role in facilitating change (Ahmad et al. 2020). The study results further highlight the supportive role organizational culture plays during organizational change. This finding is consistent with the study of Rashid et al. (2004) which revealed that organizational culture is related with attitudes toward organizational change and also in agreement with the study by Haffar et al. (2014), Pinto et al. (2011), and Cameron and Quinn (2006), which argues that employees who see their organizational setting as having attributes and resemblance of a conducive and supportive organizational culture are likely to embrace organizational change and therefore demonstrate positive attitudes toward organizational change.

In addition, the current findings about organizational culture influencing supervisors' attitudes toward change are also theoretically explained by the group dynamic theory which advances that the norms (culture) of a group influence the attitudes and behaviors of individual, since that individual is not isolated from the group and therefore influenced by the group to conform (Bargal et al. 1992). Group norms as revealed by the group dynamic theory can be likened to the culture of the organization. As indicated earlier, culture constitutes a set of values, beliefs, and behavior patterns that symbolizes the main identity of the organization and helps shape individual's behaviors (Malekifar et al. 2014). This set of values, norms, and beliefs constitutes the culture of the organization, which shapes the supervisors' attitudes within the organization to conform. This could account for the significant influence of organizational culture on respondent attitudes toward change.

The finding on the analysis of the influence of organizational commitment on attitudes toward

organizational change shows a positive influence of commitment on attitudes toward change. This shows that supervisors with strong belief in the objectives of the organization demonstrate positive attitudes toward change. The findings agree with the study by Vakola and Nikolaou (2005) and Peccei et al. (2011) which showed that employees with high organizational commitment were more inclined to accept changes in the organization. Thus, employees who are highly committed and believe that the organizational change would be beneficial to them would be willing to accept the change. Similarly, Parish et al. (2008) demonstrated that organizational commitment influences employee perceptions about change implementation success and that employee attitudes regarding organizational change are influenced by commitment. In addition to the above, the finding of Nafei (2014) similarly found that organizational commitment is a significant element that influences organizational change, influencing the decision and willingness of employees to accept change. The study showed that respondents with high level of organizational commitment were inclined to put in extra efforts toward change project, and consequently they were prone to develop positive attitudes toward organizational change.

Even though research with respect to the predictive capability of organizational commitment on supervisors' attitude toward organizational change appears to have a basis in literature, the finding of the present entry is also in agreement with the notion by Rhoades and Eisenberger (2002), advanced in their organizational support theory. They assume that in order to assess the benefits of increased work effort, employees form a global belief concerning the extent to which the organization cares about their well-being (Rhoades and Eisenberger 2002). This perceived organizational support increases employees' felt responsibility to support the organization achieve its set goals and arouse employees' commitment toward the organization. Thus, when supervisors perceive their organization as being supportive of their well-being, it arouses their commitment toward the organization and subsequently results in a felt responsibility to demonstrate positive attitudes to support organizational change.

This current finding is thus justified on the interrelationships that have been found both in this study and in related literature among organizational culture, organizational commitment, and attitude toward organizational change. The culture that exists in the organization is supportive socially and economically, to a large extent, and as indicated in literature, it is enough to engender commitment from supervisors and subsequently influence their positive attitudes toward change in the organization.

## Practical Implication

This entry has practical implications, particularly for managers and agents responsible for designing and implementing organizational change efforts. Although changes can be easily forced on recipients through supervisors by management of an organization (Ahmad et al. 2020), the change will be much more effective if supervisors can convince the affected employees to embrace and support the new change. Consequently, it is important to understand the factors that facilitate or inhibit supervisors' attitude toward change. As organizational culture and commitment were all found to be strong predictors of supervisors' attitude toward change, it is important for change managers to provide conducive organization culture to make their supervisors ready for change and also create a working environment that promotes commitment among the supervisors.

Also, the organization should institute measures to keep supervisor's positive attitudes toward change. Furthermore, it is recommended that the organization should not only encourage positive organizational culture, but importantly the organization should facilitate formal and informal relationship among supervisors aim at enhancing their commitment.

## Limitations and Conclusion

This entry has some limitations. First, data for the study was gathered from one single organization. Conducting a research with one organization

might lead to findings that are dependent on specific organizational characteristics. Second, the design of the study was cross-sectional which collected information at one point in time. This design restricts the researcher's ability to deal with the development of organizational change and its effect on supervisors' attitudes over a period of time. Also, the generalizability of the research report could have been enhanced by involving more organizations, but time and logistic constraints did not allow for that.

Based on the findings, the entry concluded that when sociability and solidarity dimensions of culture are healthy, the culture makes the organization tremendously effective, and supervisors who work for the organization feel immensely fulfilled with a high level of commitment and therefore develop positive attitudes toward organizational change.

## References


Ahmad AB, Cheng Z (2018) The role of change content, context, process, and leadership in understanding employees' commitment to change: the case of public organizations in Kurdistan Region of Iraq. Public Pers Manag 47(2):195–216

Ahmad AB, Butt AS, Chen D, Liu B (2020) A mediated model of the effect of organizational culture on the intentions to engage in change-supportive behaviors: insights from the theory of planned behavior. J Manag Organ 42:1–21

Baran BE, Shanock LR, Miller LRJ (2012) Advancing organisational support theory into the twenty-first century world of work. J Bus Psychol 27:123–147

Bargal D, Gold M, Lewin M (1992) The heritage of Kurt Lewin – introduction. J Soc Issues 48(2):3–13

Beer M, Nohria N (2000) Cracking the code of change. Harv Bus Rev 78:133–141

Buehler S, Haucap J (2004) Mobile number portability. J Ind Compet Trade 4:223–238

Burnes B (2004) Kurt Lewin and the planned approach to change: a re-appraisal. J Manag Stud 41(6):977–1002

Cameron KS, Quinn RE (2006) Diagnosing and changing organisational culture: based on the competing values framework, revised edn. Jossey-Bass, San Francisco

Choi M (2011) Employees' attitudes towards organisational change: a literature review. Hum Resour Manag 50(4):479–500

Ghana Statistical Service (2006) Ghana statistics for development and progress. Annual Gross Domestic Product, September 2015 edition

Goffee R, Jones G (1998) The character of a corporation: how your company's culture can make or break your business. Harper Business, London

Haffar M, Al-Karaghouli W, Ghoneim A (2014) An empirical investigation of the influence of organisational culture on individual readiness for change in Syrian manufacturing organisations. J Organ Chang Manag 27(1):5–22

Hair JF, Anderson RE, Babin BJ, Black WC (2010) Multivariate data analysis: a global perspective, vol 7. Prentice-Hall, Hoboken

Hassan HA, Zhang X, Ahmad BA, Liu B (2020) Public service motivation and employee change-supportive intention: utilizing the theory of planned behavior. Public Pers Manag 36:1–22

Hofstede G (2011) Dimensionalizing cultures: the Hofstede model in context. Online Read Psychol Cult 2(1):8

Lewin K (1947) Frontiers in group dynamics: I. Concept, method and reality in social sciences; social equilibria and social change. Hum Relat 1:5–41

Lines R (2005) The structure and function of attitudes toward organisational change. Hum Resour Dev Rev 4(1):8–32

Malekifar S, Taghizadeh SK, Rahman SA, Khan SUR (2014) Organisational culture, IT competence, and supply chain agility in small and medium-size enterprises. Glob Bus Organ Excell 33(6):69–75

Martins N, Martins E (2003) Organisational culture. In: Robbins SP, Odendaal A, Roodt G (eds) Organisational behaviour: global and Southern African perspectives. Pearson Education South Africa, Cape Town

Michael O, Court D, Petal P (2009) Job stress and organisational commitment among mentoring coordinators. Int J Educ Manag 23(3):266–288

Miller RL, Brewer JD (2003) The A–Z of social research – a dictionary of key social science research concepts. Sage, London

Mowday RT, Steers RM, Porter LW (1979) The measurement of organizational commitment. J Vocat Behav 14(2):224–247

Moynihan DP, Pandey SK (2007) The role of organizations in fostering public service motivation. Public Adm Rev 67(1):40–53

Nafei AW (2014) Assessing employee attitudes towards organisational commitment and change: the case of King Faisal Hospital in Al-Taif Governorate, Kingdom of Saudi Arabia. J Manag Sustain 4(1):204–219

National Communication Authority (2014) Annual reports 2015. Retrieved on June 21, 2020, from www.NCA.org.gh

Parish J, Cadwallader S, Busch P (2008) Want to, need to, ought to: employee commitment to organisational change. J Organ Chang Manag 21:32–52

Peccei R, Giangreco A, Sebastiano A (2011) The role of organisational commitment in the analysis of resistance to change. Pers Rev 40(2):185–204

Pinto LH, Cabral-Cardoso C, Werther JWB (2011) Why solidarity matters (and sociability doesn't): the effects

of perceived organisational culture on expatriation adjustment. Thunderbird Int Bus Rev 53(3):377–389
Rashid MZA, Sambasivan M, Rahman AA (2004) The influence of organisational culture on attitudes toward organisational change. Leadersh Org Dev J 25(2): 161–179
Rhoades L, Eisenberger R (2002) Perceived organisational support: a review of the literature. J Appl Psychol 87(4):698–714
Rhoades L, Eisenberger R, Armeli S (2001) Affective commitment to the organisation: the contribution of perceived organisational support. J Appl Psychol 86(5):825–836
Vakola M, Nikolaou I (2005) Attitudes towards organisational change: what is the role of employees' stress and commitment? J Empl Relat 27(2):160–174
Vakola M, Tsaousis I, Nikolaou I (2004) The role of emotional intelligence and personality variables on attitudes towards organisational change. J Manag Psychol 19(2): 88–110
Yousef DA (2000) Organisational commitment and job satisfaction as predictors of attitudes toward organisational change in a non-western setting. Pers Rev 29:567–592

# Influential Players in Social Policy Networks

Olga Biosca[1] and Pablo Galaso[2]
[1]Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK
[2]Instituto de Economía, Facultad de Ciencias Económicas y de Administración, Universidad de la República, Montevideo, Uruguay

## Synonyms

Central nodes; Core organizations; Inter-organizational cooperation; Inter-organizational alliances; Strategic actors

## Definition

A collaborative policy network is a group or system of interconnected organizations that interact and collaborate to jointly deliver a good or service that cannot be delivered by a single public agency or private organization.

## Introduction

Social policy networks consisting of diverse and independent organizations are a popular instrument to implement policy at community level. However, little is known about the way in which different types of organizations collaborate in these networks and if these interactions depend on the nature of their funding (public/private) and/or their remit of activity. These characteristics have implications on the type of resources organizations might depend on and, therefore, on their participation in networks. The type of the links established in these interorganizational arrangements varies in terms of the resources that organizations depend on to address power imbalances.

This entry focuses on how intrinsic characteristics of organizations might determine their position and role played in collaborative networks. In addition, it aims to analyze if these characteristics change when considering different types of interorganizational interactions.

## Theoretical Background

Collaborative networks have become a popular strategy for social policy implementation. In these networks, actors interact to jointly deliver a good or service that cannot be offered by a single organization (Isett and Provan 2005). Although collaborative networks pursue a common goal, not all organizations get involved in the same way. Organizations interact in networks aiming to promote their goals and based on their own attributes (Agranoff 2007). Thus, neither all organizations contribute equally to the formation of such networks nor they participate equally from their links. For example, while some actors may fulfill specialized roles by focusing on their scope of activity, others can play network managing roles, which can range from mere facilitation to orchestration of relationships (Rethemeyer 2005). Analyzing how organizations get involved in collaborative networks is crucial to understand coordination processes among them.

In order to identify and examine different ways of getting involved in collaborative networks, this entry grounds on both social network analysis (SNA) and resource dependency theory (RDT). Research on SNA associates the position occupied by actors with the role they play in social networks. In particular, two network properties have been profusely analyzed in the literature: centrality and embeddedness.

Being a central node in the network, with a large number of links and good connections to the rest of the actors, is associated with being influential and prestigious, with ease to spread ideas, good access to resources, and capacity to intermediate and "orchestrate" actions carried out by other actors (Wasserman and Faust 1994). On the other hand, being embedded in a densely connected cluster implies belonging to a group of actors with common rules, mutual control, and trust, which maintain periodic interactions and reciprocal information flows among them (Uzzi and Spiro 2005).

Theoretically, RDT has underpinned most of the academic literature exploring the interaction decisions of organizations as a response to their need for external resources (Drees and Heugens 2013). It has been argued that organizations use alliances strategically to reduce their exposure to uncertainty, risk, and opportunism (Starkey et al. 2000) and that collaboration is directly related to increased resources and legitimacy of organizations (Drees and Heugens 2013). Popular organizations have characteristics that make them more desirable partners than others, with higher networking opportunities and more central positions in the networks (Berardo and Scholz 2010). In turn, network embeddedness can boost performance (Schalk et al. 2010), which is why research in this area has frequently focused on exploring the effectiveness of policy implementation networks (Lecy et al. 2014).

Based on SNA and RDT, hypotheses are generated to test if organizational characteristics such as resource dependency and remit of activity are associated with position, importance, and influence in collaborative networks.

### Economic Resource Dependency

Social policy networks require the participation of both public agencies and nonstate actors. To increase policy effectiveness at a local level, public agencies have frequently funded well-connected private organizations in the community as lead organizations to mobilize the network (Graddy and Chen 2006). This resource interdependency will affect the decision to collaborate of the lead organizations in the networks and increase their motivation (Foster and Meinhard 2002). Similarly, private independent organizations can frequently rely almost completely on public funding contracts adapting their strategic decision-making and organizational goals (Ibid.). These organizations will have higher incentives than privately funded organizations to interact in order to access additional funds or legitimacy. Funding is critical to the exercise of power and influence within a policy network (Hatmaker and Rethemeyer 2008). Thus, it is hypothesized that sources of funding of organizations can determine their network positions:

$H_1$: Lead organizations of social policy networks at community level will have more central and influential positions in a network.

$H_2$: Organizations that operate with a majority of private funding are less likely to occupy central positions in social policy networks.

### Remit of Activity

Network research in public administration focusing on individual properties of the nodes has generally explored interactions among organizations operating in particular areas of expertise. Yet, social policy networks involve more heterogeneous actors pursuing different aims. The diversity and unpredictability of stakeholder demands can determine the extent of networking (Andrews et al. 2011). Organizations with broader, multidimensional, objectives face more capacity constraints due to the complexity and variety of the social services they need to offer. Cooperating allows these organizations to supply a wider range of products and services (Dyer and Singh 1998) and enables them to successfully fulfill their

broader mandates. Organizations with more ambiguous aims, such as those in social services, might have a higher propensity to collaborate than those with narrower mandates, such as healthcare providers. Therefore:

$H_3$: Organizations with multidimensional aims are more likely to have more central and influential network positions than organizations with narrower mandates.

### Subnetworks

Organizations' mutual dependencies also influence the type of links that organizations engage in Berardo and Scholz (2010). Organizations can develop links at different levels of intensity, which range from superficial to intense, depending on their needs (Konrad 1996). To portray the importance of the different types of links on the attributes and better understand the complexity of social policy networks, data on three subnetworks underlying the global network (information diffusion, infrastructure sharing, and collaborative projects) are examined. Sharing information is the least intense networking level, where most relationships are informal (Hatmaker and Rethemeyer 2008). However, the importance of information exchange in the effectiveness of collaborative networks has been highlighted in the literature, for example, when responding to catastrophic disasters (Kapucu and Wart 2006), and is relevant as the main type of link promoted by the social program focus of this study. The next type of link is sharing infrastructures because, even if it is a form of collaborative action, organizations usually pursue different goals. Finally, the highest level of collaboration is established in collaborative projects where the organizations remain autonomous but pursue similar goals, and relationships are formal and structured. Evidence suggests that "consequential" networks that involve resource exchange and joint decision-making among the partners are more effective (Graddy and Chen 2006). It can be argued that the determinants of the network position and organizational influence are likely to vary depending on the type of links. For example, the relative importance of social policy promotion organizations in a network is likely to be high for information sharing for their need to refer clients to other more focused organizations (Provan 1984) but less so for sharing infrastructures or collaborative projects. Therefore:

$H_4$: The determinants of network position and influence of an organization in a network are likely to vary depending on the type of the link considered

## Data and Methodology

In this entry, a social network dataset collected as part of a larger study to evaluate a national public program in Uruguay is used. This program, named SOCAT (Spanish acronym for Guidance, Advice, and Local Coordination Service), aims to consolidate the local capacity of stakeholders to strengthen social integration by developing local networks of multiple public and private organizations. Such organizations provide services in the areas of education, healthcare, social care, culture, sports, social policy promotion, and gender equality and gender-based violence.

The data were obtained in face-to-face semi-structured interviews conducted with managing directors of organizations in charge of public policy implementation in 18 deprived neighborhoods throughout the country. Three types of undirected links are measured: information diffusion, sharing infrastructures, and project collaboration. These interactions allow constructing 3 subnetworks for each of the 18 geographical areas represented. One overall-cooperation network was constructed for each neighborhood, aggregating the three types of links. Figure 1 shows the social policy networks in 2 of the 18 neighborhoods analyzed (San Miguel, Artigas, and Villa Garcia, Montevideo).

To measure the participation of each organization in the networks, the article employs node-level indicators analyzing their relative position, with a focus on centrality and embeddedness. The centrality measure used is degree centrality,

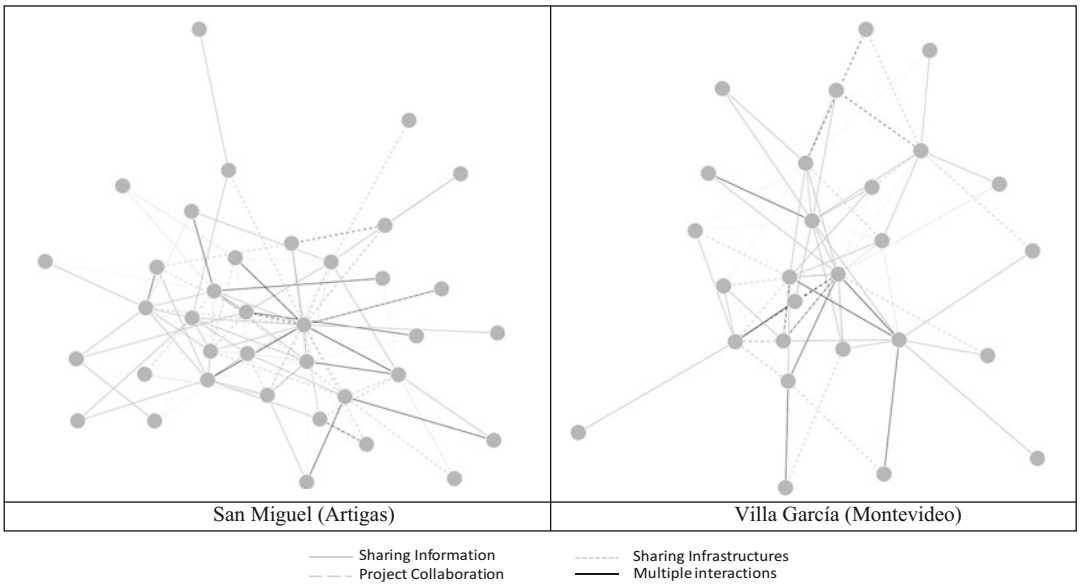


**Influential Players in Social Policy Networks, Fig. 1** Two examples of social policy networks in Uruguay

defined as the number of links connecting the node. Organizational embeddedness is measured using the clustering coefficient, i.e., the probability that the neighbors of a node are connected among them. Finally, coreness, a third network indicator is calculated. This index accounts simultaneously for both centrality and embeddedness of nodes as it measures the level of interconnection inside the clusters or subgroups to which an organization belongs.

To understand organizational intrinsic characteristics that determine their relative importance, network outcomes (degree, clustering, and coreness) were modeled as a function of different attributes of social policy organizations that can potentially determine their network position. Different independent variables were considered, indicating the remit of the organization and whether its funding is public or private.

## Results

Table 1 shows the organizational determinants of the relative importance in the overall network. Results suggest that organizational characteristics determine two types of involvement in this global network. The first type of network positioning includes the strategic players and is determined by organizations with high centrality and coreness but low clustering. These are found to be organizations operating in the name of the Ministry (SOCAT), as expected in H1, and others working on education, health, social care, and social policy. These are key organizations in the network, which are very well connected, and act as intermediaries in the relations among other actors. Except for social care, their contacts are not restricted to a specific cluster of organizations. This is what was expected (H3), except for the health sector. The second type of involvement in the network can be described as more marginal, for example, as was hypothesized in H2 private organizations seem to play less relevant roles, presenting inconclusive results for centrality and coreness as well as negative clustering. Even though these results appear to suggest that organizations labeled as private do not play a strategic role in this social policy network, the more detailed findings shown in Table 2 indicate that their importance depends on the type of link.

**Influential Players in Social Policy Networks, Table 1** OLS estimation of the organizational determinants of network position

| Dependent variable: VARIABLES[a] | Degree (1)[b] | Clustering (2) | Coreness (3) |
|---|---|---|---|
| Private | 0.009 (0.023) | −0.134*** (0.044) | 0.160 (0.456) |
| SOCAT | 0.549*** (0.084) | −0.318*** (0.049) | 3.675*** (0.637) |
| Education | 0.058*** (0.021) | −0.157*** (0.047) | 1.468*** (0.425) |
| Health | 0.051* (0.028) | −0.106* (0.055) | 0.856* (0.465) |
| Social care | 0.096*** (0.033) | −0.077 (0.063) | 1.773*** (0.523) |
| Culture/sports | −0.023 (0.033) | −0.020 (0.083) | −0.101 (0.665) |
| Gender/violence | −0.030 (0.032) | −0.051 (0.093) | −0.320 (0.685) |
| Social policy[c] | 0.078*** (0.025) | −0.095** (0.048) | 1.563*** (0.434) |
| Constant | 0.155*** (0.017) | 0.418*** (0.063) | 4.156*** (0.541) |
| Territorial indicators | No | Yes | Yes |
| Observations | 669 | 669 | 669 |
| $R^2$ | 0.239 | 0.110 | 0.168 |
| Number of territories[d] | – | 18 | 18 |

[a]Robust standard errors are in parentheses. $***p < 0.01$, $**p < 0.05$, $*p < 0.1$
[b]Degree has been normalized to account for network size. Regressions for (2) clustering coefficient, and (3) coreness include 18 territory indicators that have not been reported in the table
[c]"Others" is the base category for sector of the organization
[d]San Miguel (Artigas) is the baseline territory

The results presented in Table 2 indicate the organizational determinants of network position by type of the interaction. As hypothesized in H4, results indicate that the determinants of network position vary by type of link. While there is a positive and significant association between being a private organization and having a more central position both in sharing infrastructures and project collaboration networks, private organizations are significantly and negatively linked with centrality in information networks. This might be because private organizations are fewer in number, operate independently, and are therefore more likely to be isolated from public policy networks. It may also indicate less involvement of nonstate actors in information networks that are mobilized by publicly funded lead organizations.

Three types of organizations are positively and significantly associated with more central and core positions in all three types of networks. Those are lead organizations (SOCAT), actors providing social care services, and those devoted to social policy promotion. These results confirm the high relevance of organizations devoted to these activities in all collaborative interactions.

Education organizations have higher centrality and coreness in infrastructure sharing and project collaboration networks. With the exception of coreness (marginally significant), the results for centrality and clustering in information sharing networks are not significant. The results for those organizations providing health services are similar, revealing that education and health organizations are important in the former two interactions while playing marginal roles in the diffusion of information. These results support other findings in organizational literature where organizations with narrower mandates generally perform worse as networkers; however, this study adds to these results that worse network performance depends on the type of link being evaluated. Findings suggest that organizations with more specialized missions perform better in more formal subnetworks with more intense links.

## Conclusion

Organizational characteristics determine the relative importance of organizations in social policy networks; thus, these aspects should be considered when the networks are being mobilized. Furthermore, distinguishing subnetworks with different types of ties is crucial when trying to understand

**Influential Players in Social Policy Networks, Table 2** OLS estimation of the organizational determinants of network position by type of link

| Dependent variable: VARIABLES[a] | Information (low collaboration) | | | Infrastructures (medium collaboration) | | | Projects (high collaboration) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Degree (1) | Clustering (2) | Coreness (3) | Degree (1) | Clustering (2) | Coreness (3) | Degree (1) | Clustering (2) | Coreness (3) |
| Private | −0.028** (0.011) | −0.153*** (0.041) | −0.720*** (0.184) | 0.016** (0.008) | 0.055* (0.032) | 0.419** (0.172) | 0.021** (0.010) | 0.027 (0.042) | 0.550** (0.231) |
| SOCAT | 0.180*** (0.033) | −0.128*** (0.048) | 1.333*** (0.250) | 0.134*** (0.024) | 0.037 (0.026) | 1.501*** (0.268) | 0.234*** (0.039) | 0.023 (0.045) | 1.900*** (0.309) |
| Education | 0.010 (0.010) | −0.000 (0.049) | 0.320* (0.171) | 0.015*** (0.006) | 0.038 (0.023) | 0.500*** (0.155) | 0.033*** (0.011) | 0.097** (0.038) | 0.936*** (0.212) |
| Health | 0.014 (0.012) | −0.007 (0.053) | 0.327* (0.186) | 0.023*** (0.009) | 0.044 (0.028) | 0.441** (0.179) | 0.014 (0.013) | 0.028 (0.044) | 0.495* (0.255) |
| Social care | 0.057*** (0.018) | 0.001 (0.061) | 0.736*** (0.222) | 0.016*** (0.009) | −0.003 (0.022) | 0.492** (0.198) | 0.022 (0.014) | 0.105** (0.053) | 0.838*** (0.258) |
| Culture/sports | −0.024** (0.012) | −0.133** (0.061) | −0.635** (0.301) | 0.018 (0.014) | 0.028 (0.047) | 0.635** (0.298) | −0.017 (0.015) | 0.151* (0.092) | −0.158 (0.361) |
| Gender/violence | −0.006 (0.014) | 0.010 (0.096) | 0.243 (0.299) | −0.011 (0.010) | 0.006 (0.042) | −0.105 (0.291) | −0.012 (0.016) | 0.006 (0.085) | −0.229 (0.385) |
| Social policy promotion | 0.048*** (0.013) | 0.019 (0.048) | 0.666*** (0.178) | 0.015** (0.007) | 0.025 (0.025) | 0.477*** (0.162) | 0.014 (0.011) | 0.024 (0.037) | 0.458** (0.216) |
| Constant | 0.071*** (0.008) | 0.254*** (0.063) | 1.431*** (0.212) | 0.028*** (0.005) | 0.036 (0.035) | 1.159*** (0.248) | 0.055*** (0.008) | 0.128** (0.056) | 1.552*** (0.294) |
| Includes territory indicators | No | Yes | Yes | No | Yes | Yes | No | Yes | Yes |
| Observations | 669 | 669 | 669 | 669 | 669 | 669 | 669 | 669 | 669 |
| $R^2$ | 0.179 | 0.082 | 0.192 | 0.164 | 0.079 | 0.123 | 0.213 | 0.098 | 0.218 |
| Number of territories | – | 18 | 18 | – | 18 | 18 | – | 18 | 18 |

[a]Robust standard errors are in parentheses. $***p < 0.01$, $**p < 0.05$, $*p < 0.1$

the role of the different organizations in a particular network because it reveals which organizations are driving the implementation of the policy.

These findings could guide public administrators so that they involve a particular type of actor when developing and promoting networks. Exploring subnetworks is equally useful for managers of social policy organizations as this can help guide their decision-making in terms of network participation and which types of ties they might want to concentrate on in order to reach their objectives. Results can also assist policy makers in determining the types of ties that are more aligned with the implementation of a particular policy.

## Cross-References


- ▶ Issue Networks: The Policy Process and Its Key Actors
- ▶ Network Structures
- ▶ Networks and Networking
- ▶ Social Network Theory


## References


Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

Andrews R, Boyne GA, Meier KJ, O'Toole LJ, Walker RM (2011) Environmental and organizational determinants of external networking. Am Rev Public Adm 41(4):355–374. https://doi.org/10.1177/0275074010382036

Berardo R, Scholz JT (2010) Self-organizing policy networks: risk, partner selection, and cooperation in estuaries. Am J Polit Sci 54(3):632–649

Drees JM, Heugens PPMAR (2013) Synthesizing and extending resource dependence theory: a meta-analysis. J Manag 39(6):1666–1698. https://doi.org/10.1177/0149206312471391

Dyer JH, Singh H (1998) The relational view: cooperative strategy and sources of interorganizational competitive advantage. Acad Manag Rev 23(4):660–679. https://doi.org/10.2307/259056

Foster MK, Meinhard AG (2002) A regression model explaining predisposition to collaborate. Nonprofit Volunt Sect Q 31(4):549–564. https://doi.org/10.1177/0899764002238100

Graddy EA, Chen B (2006) Influences on the size and scope of networks for social service delivery. J Public Adm Res Theory 16(4):533–552. https://doi.org/10.1093/jopart/muj005

Hatmaker DM, Rethemeyer RK (2008) Mobile trust, enacted relationships: social capital in a state-level policy network. Int Public Manag J 11(4):426–462. https://doi.org/10.1080/10967490802494867

Isett KR, Provan KG (2005) The evolution of dyadic interorganizational relationships in a network of publicly funded nonprofit agencies. J Public Adm Res Theory 15(1):149–165. https://doi.org/10.1093/jopart/mui008

Kapucu N, Wart MV (2006) The evolving role of the public sector in managing catastrophic disasters lessons learned. Adm Soc 38(3):279–308. https://doi.org/10.1177/0095399706289718

Konrad EL (1996) A multidimensional framework for conceptualizing human services integration initiatives. N Dir Eval 1996(69):5–19. https://doi.org/10.1002/ev.1024

Lecy JD, Mergel IA, Schmitz HP (2014) Networks in public administration: current scholarship in review. Public Manag Rev 16(5):643–665. https://doi.org/10.1080/14719037.2012.743577

Provan KG (1984) Technology and interorganizational activity as predictors of client referrals. Acad Manag J 27(4):811–829. https://doi.org/10.2307/255880

Rethemeyer RK (2005) Conceptualizing and measuring collaborative networks. Public Adm Rev 65(1):117–121. https://doi.org/10.1111/j.1540-6210.2005.00436.x

Schalk J, Torenvlied R, Allen J (2010) Network embeddedness and public agency performance: the strength of strong ties in Dutch higher education. J Public Adm Res Theory 20(3):629–653. https://doi.org/10.1093/jopart/mup018

Starkey K, Barnatt C, Tempest S (2000) Beyond networks and hierarchies: latent organizations in the U.K. television industry. Organ Sci 11(3):299–305. https://doi.org/10.1287/orsc.11.3.299.12500

Uzzi B, Spiro J (2005) Collaboration and creativity: the small world problem. Am J Sociol 111(2):447–504. https://doi.org/10.1086/432782

Wasserman S, Faust K (1994) Social network analysis: methods and applications. Cambridge University Press, Cambridge


# Informal Administrative Processes


Andrew Osorio
School of Public Affairs and Administration, University of Kansas, Lawrence, KS, USA


## Synonyms

Informal adjudication; Informal agency action; Informal rulemaking; Notice and comment rulemaking

## Definition

The term "informal administrative processes" is a catch-all that encompasses two categories of activity which constitute the vast majority of tasks undertaken by federal agencies in the United States. The first category – informal or "notice and comment" rulemaking – refers to agency actions governed by § 553 of the Administrative Procedure Act (APA). The second category – often referred to as "informal adjudication" or simply informal agency action – covers a wide variety of agency activity that is not regulated by the APA.

## Introduction

Administrative officers and agencies have been a part of American government since the late eighteenth century when the First Congress of the United States empowered officials to implement policies such as the imposition of duties on imported goods or the adjudication of military pensions for soldiers injured during the Revolutionary War. It was, however, the myriad domestic programs of the New Deal, combined with the exigencies of the Second World War, that resulted in the numerous, expansive, and powerful federal agencies that characterize the modern administrative state. And although this massive delegation of policymaking authority from Congress to executive agencies allowed the federal government to keep pace with the governance demands of an ascendant postwar nation, the rapid rise of discretionary power among nonelected officials engendered serious concerns about the constitutional legitimacy and political accountability of this emergent fourth branch of government (see, e.g., Rosenbloom 2015).

In order to assuage some of the fears associated with this new administrative apparatus, Congress unanimously passed the Administrative Procedure Act (APA) which was signed into law in 1946. Essentially, the APA embodies the core principles and processes governing discretionary agency actions and serves as the foundation of the modern administrative state (Rosenbloom and O'Leary 1997). In this sense, the statute has drawn comparisons to the US Constitution or the Magna Carta (see Barry and Whitcomb 2005; Beermann 2011). However, unlike other organic laws, the APA is not superior to, nor does it displace, specific procedural or substantive requirements mandated by the legislature, the executive, or the courts. In short, the APA is not an exhaustive or exclusive code of procedure but rather serves as a generalized and residual legal framework for administrative action (Shapiro 1988).

In outlining agency practices, the APA divides, either explicitly or by implication, all administrative activity along two separate dimensions: the first dimension categorizes actions as either rulemaking or adjudication, while the second dimension distinguishes actions as formal or informal. Because very nearly all rulemaking and adjudicatory acts are informal in nature, this brief entry will offer an introductory overview of informal administrative processes.

## Defining Informal Agency Actions

Unfortunately, there is no single definition that fully and precisely describes all of the substantive activities that fall under the penumbra of "informal agency action." The task of explicating a unitary definition for informal action is made difficult by the fact that (1) the term takes on different meanings depending upon the context of the agency activity in question and, (2) despite the binary framework imposed by the APA, it is more accurate to conceptualize informality as a spectrum rather than a sharp dichotomy (see, e.g., Beermann 2011; Warren 2011).

For instance, informal rulemaking (discussed in greater detail below) refers specifically to agency rules promulgated in accordance with the procedures outlined in APA § 553. Thus, the term informal does not necessarily imply the absence of procedural requirements – rulemaking under APA § 553 (referred to "notice and comment" or "informal" rulemaking) is informal in comparison to the far more elaborate and onerous procedures mandated by APA §§ 556 and 557 which control the process of formal

rulemaking and greatly circumscribe administrative discretion. Moving down the continuum, informal rulemaking is, in turn, rather more structured than the other so-called informal agency action (at times referred to as "informal adjudication") such as discretionary law enforcement, the provision of legal guidance to individuals (e.g., private letter rulings issued by the Internal Revenue Service), the threat of possible investigatory action or sanctions in order to induce voluntary compliance, and the grant or denial of applications, permits, and licenses. These administrative activities are not governed by any set of procedural guidelines contained in the APA – nevertheless, as explained below, the lack of applicable APA procedures does not mean that administrative discretion is wholly unconstrained in these situations.

So, while the variety of substantive actions and the differing gradations of formal constraint preclude a detailed and unified definition of informal agency action, the following generic attempts are nevertheless worth noting as they provide a serviceable shorthand:

- Warren (2011) defines informal agency action as any action that does not make use of a "trial-like hearing."
- Beermann (2011) rejects the definitional dichotomy imposed by the APA and states that informal agency action occurs whenever a policy decision is made without the use of rulemaking procedures or a formal adjudicatory process.
- Gardner (1976) offers a pair of definitions: an agency action is informal when it occurs without an evidentiary hearing and formal record; or, more specifically, any action not covered by APA §§ 554, 556, or 557 can be considered informal.

## The Basic Elements and Process of Informal ("Notice and Comment") Rulemaking

Rulemaking, in all its various forms, is the most important task undertaken by agencies (see, e.g., Kerwin 1994). Since the 1930s, the volume of federal law produced by agencies in the form of rules has far outpaced the number of statutes legislated by Congress. Nevertheless, the concept of a rule suffers from some of the same definitional uncertainty as informal action (see, e.g., Rosenbloom 2015; West 1985). That being said, APA § 551 offers perhaps the best explanation of a rule as "the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency." Because § 551 provides an all-purpose definition, it is necessary to delineate an important distinction implicit in the text. A legislative rule (sometimes referred to as a "substantive rule") is the only type of rule that can exert legally binding effects. In other words, legislative rules have the same practical effect as statutory laws enacted by Congress and the president and are able to create or change existing law and policy or establish new legal rights and duties. Conversely, nonlegislative rules (i.e., interpretive rules, general statements of governmental policy, or rules governing agency organization, procedure, or practice) do not carry the weight of law. In addition to the substantive distinction between legislative and nonlegislative rules, there is an important procedural difference as the creation of legislative rules is controlled by the rulemaking processes of the APA, whereas nonlegislative rules are not similarly constrained. Despite the sheer mass, scope, and substantive importance of legislative rules, a single section of the APA, § 553, establishes the limited procedures that constitute the informal rulemaking process that applies to the overwhelming majority of legislative rules promulgated by federal agencies.

Section 553 of the APA establishes a basic three-step process for informal rulemaking. The first step is the publication of a Notice of Proposed Rulemaking (NPRM) in the *Federal Register* – the *Federal Register* is the official, daily journal of the federal government and contains the text of proposed and final rules, revisions to existing rules, administrative orders, notice of administrative meetings and adjudicatory proceedings, as well as executive orders from the president. In

accordance with APA § 553, the NPRM must provide the following information:

- "A statement of the time, place, and nature of public rule making proceedings;"
- "Reference to the legal authority under which the rule is proposed; and"
- "Either the terms or substance of the proposed rule or a description of the subjects and issues involved."

After publication of the NPRM, the second step for informal rulemaking imposed by APA § 553 is the opportunity for public participation "through the submission of written data, views, or arguments." And while agencies are not required to provide for the "oral presentation" of information or opinion by "interested persons," hearings are permissible at the discretion of the agency. "After consideration of the relevant matter presented," the third and final step required by APA § 553 is publication in the *Federal Register* of the final rule along with "a concise general statement" of its "basis and purpose." Rules adopted through the process of informal rulemaking become effective 30 days after publication in the *Federal Register*, but APA § 553 requires that agencies shall provide "an interested person the right to petition for the issuance, amendment, or repeal of a rule."

## Additional Procedural and Substantive Requirements of the Informal Rulemaking Process

In addition to the procedures outlined above, Congress, the president, and federal courts have regularly imposed supplementary requirements for informal rulemaking. Leading the way in this regard, courts have done the most to embellish upon every stage of the spare procedures outlined in APA § 553. For example, with respect to the NPRM, courts have held that the final rule must be a "logical outgrowth" of the initial proposal inasmuch as the final rule may not materially alter or substantially depart from the contents of the NPRM. Moreover, while APA § 553 does not specify a minimum period of time for which agencies are required to accept written submissions during the second step of the informal rulemaking process, in reviewing agency rulemaking efforts federal courts have focused on whether the agency has provided a "meaningful" opportunity for public participation. In addition to extending sufficient time to submit comments, courts have also required that in order for participation to be meaningful, agencies must allow interested persons the opportunity to respond to opposing comments submitted by other parties. With respect to the "concise general statement" required in step three, courts have mandated increasing levels of explanatory detail and evidentiary justification that have led these statements to balloon from several pages to hundreds or thousands of pages in the case of significant rules (see, e.g., Pierce 2008). Congress has also provided for supplementary procedures through the enabling statutes that authorize agencies to issue legislative rules. For instance, several agencies, such as the Consumer Product Safety Commission, must allow for the presentation of oral evidence and the opportunity for cross-examination when a dispute arises with regard to an "issue of material fact." Lastly, the president, through the use of executive orders, has the ability to impose further demands on the exercise of informal rulemaking. As an example, in 1993, President Clinton issued Executive Order 12,866 which outlined 12 principles of regulation including the need for agencies to assess the cost-effectiveness and cost-benefit of regulations, identify alternatives to the proposed regulation, and seek input from state, local, and tribal governments.

## Exceptions to the Requirements of the Informal Rulemaking Process

In addition to the nonlegislative rules mentioned above, there are several instances where the informal rulemaking process does not apply to rules that would otherwise be subject to the procedures of APA § 553:

- When the rule implicates issues involving the "military or foreign affairs function of the United States"

- When the rule pertains to a "matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts"
- When the agency has "good cause" to believe that "notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest"

The "good cause" exception provides a significant loophole through which agencies are able to escape the process mandated by APA § 553. A 2012 report by the US Government Accountability Office found that between 2003 and 2010, over 60% of final rules published without an NPRM made use of the good cause exception (U.S. Government Accountability Office 2012).

## Other Informal Agency Actions ("Informal Adjudications")

As noted above, a wide array of agency actions are not covered by the formal procedures mandated by APA §§ 554, 556, 557, or the requirements for informal rulemaking under APA § 553. Collectively, these are referred to as informal agency actions or informal adjudications. For example, the creation of general policy statements, advisory opinions, interpretative rules, and internal agency rules (i.e., nonlegislative rules) are exempted from APA § 553 and are thus informal agency actions. Moreover, despite their legally binding character, legislative rules that qualify for the good cause exception contained in § 553 may likewise be viewed as informal agency action. Informal agency actions that are most readily understood as informal adjudications tend to involve the grant or denial of applications, permits, and licenses. For example, if the Department of State rejects a passport application, or if the Federal Bureau of Investigation denies a prospective purchaser of firearms based on the results from the National Instant Criminal Background Check System, an informal adjudication has taken place. The only requirement imposed upon agencies by the APA when making such informal decisions is contained in § 555 which requires "prompt notice" of the outcome of the proceeding. Other informal agency actions typically involve some form of persuasion or guidance to private parties such as letter rulings from the Internal Revenue Service to individual taxpayers, advice to farmers on the insurability of crops provided by the Federal Crop Insurance Corporation, or the threat of possible civil or criminal investigation in order to persuade a company to voluntarily comply with an agency.

Despite the fact that the APA lacks specific procedural requirements for informal actions, there are in fact constraints on agency discretion in such cases:

- First, judicial enforcement of the Due Process Clause of the Fifth Amendment provides at least some protection against procedural and substantive indiscretion on the part of federal agencies.
- Second, Congress may require agencies to observe certain procedural requirements as part of the statutory delegation of authority.
- Third, agency must adhere to its own internal rules and procedures which may be enforced against them by the courts.
- Fourth, the president is able to establish procedures for informal actions through the use of Executive Orders.

## Standard of Review for Informal Agency Actions

As a final check on administrative discretion through informal rulemaking and adjudications, federal courts are empowered by APA § 706 to review informal agency actions. According to § 706, courts are able to "hold unlawful and set aside" any informal act that is determined to be "arbitrary, capricious, an abuse of discretion or otherwise contrary to law." In theory, the "arbitrary and capricious" standard is the most deferential judicial standard applicable to agencies – in practice, courts largely ignore the "abuse of discretion" aspect of the standard and simply focus on whether the action was either arbitrary or capricious or a clear violation of federal constitutional or statutory law. This standard requires a court to ensure that an agency action is based on a consideration of all relevant factors

and has taken into account alternatives, that there is a rational connection between the facts and the decision, and that the conclusion is sensible and logical (see Beermann 2011). In essence, the court is expected to conduct a thorough review but is prohibited from substituting its own judgment for that of the agency if all requirements have been met.

## Conclusion

It has been argued that the lifeblood of the administrative process is informal agency action (see Warren 2011). In theory, informal processes allow federal agencies to act with flexibility and efficiency while still adhering to the core legislative concepts of information, participation, and accountability (see Kerwin 1994). However, the continual balancing of tensions between bureaucracy and democracy inherent in informal agency action has not been a resounding success. For instance, the imposition of additional procedural and substantive requirements by Congress, courts, and the president has significantly diluted the speed and simplicity of the informal administrative process – its raison d'etre – without necessarily having improved public participation, political accountability, the quality of agency decision-making, or the rules which are ultimately adopted. Conversely, the lack of meaningful procedural guidelines for the overwhelming majority of informal adjudications, along with the substantial escape route provided by the good cause exception for informal rulemaking, means that a great many informal processes are largely unbounded. In short, despite the critical importance of informal actions and processes for the governance capacity of the modern administrative state, a true balance between administrative discretion and democratic legitimacy remains elusive.

## Cross-References


- ▶ Administrative Discretion
- ▶ Administrative Procedure
- ▶ Agency Rulemaking
- ▶ Formal Rulemaking in Public Administration
- ▶ Impact of Law on Public Administration
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Law Constraints on Public Administration


## References


Barry DB, Whitcomb HR (2005) The legal foundations of public administration, 3rd edn. Rowman & Littlefield Publishers, Lanham

Beermann JM (2011) Inside administrative law: what matters and why. Aspen Publishers, New York

Gardner WW (1976) The informal actions of the federal government. Am Univ Law Rev 26(4): 799–835

Kerwin CM (1994) Rulemaking: how government agencies write law and make policy. CQ Press, Washington, DC

Pierce RJ Jr (2008) Administrative law. Foundation Press, New York

Rosenbloom DH (2015) Administrative law for public managers, 2nd edn. Westview Press, Boulder

Rosenbloom DH, O'Leary R (1997) Public administration and law, 2nd edn. Marcel Dekker, New York

Shapiro M (1988) Who guards the guardians? Judicial control of administration. University of Georgia Press, Athens

U.S. Government Accountability Office (2012) Agencies could take additional steps to respond to public comments. Publication No. GAO-13-21. Retrieved from http://www.gao.gov/assets/660/651052.pdf

Warren KF (2011) Administrative law in the political system, 5th edn. Westview Press, Boulder

West WF (1985) Administrative rulemaking: politics and processes. Greenwood Press, Westport


# Informal Citizenship


Eris Schoburgh
Department of Government, Faculty of Social Sciences, University of the West Indies, Kingston, 7, Mona, Jamaica


## Synonyms

Citizen-self; Social membership; Social relations of the informal economy; Social substructure

## Definition

Informal citizenship is a status acquired through an individual's membership in a social substructure/subgroup with which he/she identifies as the legitimate collective/context in which to pursue those claims normally associated with and attached to formal citizenship status. Informal citizenship resides in that realm of formal citizenship status where particularistic needs (be they political and civil, economic, or sociocultural) are either unmet or under-met and where a subordinated social system assumes responsibility for meeting them. Whereas formal citizenship status subordinates individualism to universalism and subculturalism to nationalism within the state, informal citizenship is the obverse. It is where there is alienation from the broader collectivity and where social cohesion in the society, economic citizenship, and loyalty to the political system are replaced by spontaneous emergence of particularism and individual self-determination. Informal citizenship is a function of the quality of public governance.

## Introduction

The origin of the concept of *informal citizenship* may be traced to an article written by Eris Schoburgh entitled *Informal Economy and Informal Citizenship: Exploring causation and connectivity in socio-cultural shifts in Jamaica* that was published online by the Centre for Caribbean Studies at the University of Warwick in March, 2007, where Schoburgh was conducting research as an academic fellow. The article was later published by the Caribbean Development Review (volume 1: December 2007) a refereed journal by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). The concept of informal citizenship is employed as an analytic tool to describe the observed shift in how the Jamaican populace was responding to institutions of the state over the last two decades. This transformation in citizens' attitude and behavior coincides with the expansion of the informal economy which has its genesis in the adjustments occurring in economic relations within the state. The informal economy has had significant impact on sociopolitical relations. The social and political developments are linked to an emergent *informal citizenship* which is a social formation of the informal economy.

## The Informal Economy: Causes and Constitutive Elements

The informal economy is an outgrowth of three socioeconomic forces. First is the structure of economies of postcolonial states during the 1950s and 1960s in which rural depopulation and the resultant urban growth gave rise to a spate of small-scale activities for those who were unable to find employment in the modern sector. These rural migrants were described as "unemployed" or "service workers" or used as a euphemism for poverty: none of which was useful constructs since during this period in many postcolonial states it was not one in which there was full or secured employment from which an individual would necessarily become unemployed (see, e.g., Jefferson 1972). The growth of heterogeneous petty traders and casual labor confounded the projections of modernization theory and spawned a debate among development scholars around whether the sector was a catchment area for low-level productive activity and earnings or a source of innovation and creative production that provided a fairly decent standard of living for the participants/agents. Keith Hart's (1970) concept of the *informal sector* was used by the International Labour Organisation in its 1972 report on Kenya, to describe employment structures in developing countries, and evident in Kenya and in which it acknowledged the expansion of the traditional sector to "include profitable and efficient enterprises as well as marginal activities" (cited in ILO 2002: 10). The informal sector was defined at this stage in terms of employment relations and was distinguishable by seven criteria: ease of entry, unregulated and competitive markets, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labor intensive and adapted

technology, and skills acquired outside of the formal school system (Charmes 1990: 13).

Second are structural adjustment policies which led to expansion of the informal sector in countries where these policies were implemented. Contracting economies evident in closure or downsizing of private firms or public enterprises resulted in retrenched workers who had little alternative but to turn to the informal sector for economic survival. The deficit in public services provision caused by economic restructuring was in some instances filled by the informal sector. Third is a broader process of informalization of economies driven by a decentralist shift in patterns of capitalist development which took shape in developed countries of North America and Europe at the start of the 1980s. It affected production in that standard jobs were made non-standard with few benefits or none at all (ILO 2002:10). Riding on the wave of globalization, decentralization became a standard policy strategy in developing countries with emphasis on competitiveness of markets and products. Producers that were unable to seize new market opportunities either exited the market or increased the numbers that went into the informal economy (Turner and Hulme 1997). The idea of the informal sector evolved from its employment relations conception to *production units or enterprises* to reflect the dynamics of the socioeconomic relations within developing economies. In 1993 the International Conference on Labour Statisticians (ICLS) defined the informal sector as:

> . . .all unregistered or unincorporated enterprises below a certain size, including, micro-enterprises owned by informal employers who hire one or more employees on a continuing basis; and own account operations owned by individuals who may employ contributing family workers and employees on an occasional basis. (ILO 2002: 11)

The *informal economy* has replaced the *informal sector* in development discourses in order to account for the whole range of informality – both enterprise and employment relations – manifesting in industrialized, transitioning, and developing economies. The informal economy refers to production that occurs outside of visible, formal organizations, subjected to the laws and policies of the state (Harrod 1987: 122; ILO 2002; Portes and Haller 2005: 405–406). Care is taken to distinguish it from the criminal economy which deals in illegal goods and services and the reproductive or care economy which is considered to be outside of the market economy (see e.g., ILO 2002) although there is an acknowledgement that "production or employment arrangements in the informal economy are often semi-legal or illegal" (ILO 2002: 12). The social relations of informal activities may be discerned in three functional typologies: (a) *survival* exemplified by street vending or informal settlements, (b) *dependent exploitation* seen in instances of working off the books, and (c) *networks of micro-producers*, the most referenced example of which is the case of Southern Italy (Portes et al. 1989; Portes and Haller 2005).

The 2004 Inter-American Development Bank (IDB) sponsored study categorized activities in the informal economy in Jamaica into three types:

(a) "Pure" tax evasion, that is, failure to "report earnings from perfectly legal activities carried out in businesses that are properly registered and recorded in the national statistics"
(b) Irregular economy, which is "production of legal goods and services in unregistered and hence untaxed and unrecorded small businesses"
(c) Illegal activities, which are activities outside of regulatory controls such as tax and criminal laws (pp. 163–164)

The size of the informal economy is calculated at a little over 40% of the registered gross domestic product (GDP) of Jamaica and is characterized as ". . .an atomic configuration of economic units that compete individually with each other, in the absence of productive cooperative links and linkages with large firms" (Ibid: 165). The size of the informal economy demonstrates the degree of flexibility in labor market relations and implicates state and governmental capability to provide the

requisite oversight for economic activities. It illustrates the level of independence that attends value-added activities in the political economy as well as the wide scope for individual self-determination. It provides the greatest indicator of the breadth of illegal activities in the political economy.

Economics has a social context and therefore the informal economy is a "self-reproducing social system of coordination and interactions" (Titov 2006, p. 3). This social system "is an integrated whole with its own dynamics and transformation logic" (Ibid). Parsons and Smelser's (1956) general theory of social interaction is one of the earliest assertions of the social underpinnings of economics and through the concept of "pattern maintenance" draw attention to the way in which economic behavior is reinforced by a particular value system that overtime evolve into "institutions." More recently, Portes and Haller (2005) suggest that the first paradox of the informal economy is that, as it takes on the character of a "true market," its effective functioning becomes more dependent on social ties (p. 407). Castell and Portes' (Castells and Portes 1989) comparative rendition is the best known of the empirical studies that engage the social dynamics of the informal economy.

## Social Relations of Informality

Despite portrayal in the literature of mostly economic effects of the informal economy through emphasis on issues such as taxation potential, productivity, and labor costs, there is an acknowledgment of its social impact. Portes, Castells, and Benton (Castells and Portes 1989) reject the notion of a "marginal society" used in reference to the informal economy but admit that "if the informal economy does not generate a distinct society, it does produce specific social effects of far-reaching significance" (p. 31). Thus apart from concerns about its neutralizing impact on the power of organized labor or the blurring of class lines, the operations of the informal economy must affect the sociopolitical outlook of the participating agent or individual. There must arise questions about the values the individual holds dear and the degree to which these are acknowledged in the space he/she pursues his/her life experience. The informal economy provides participating agents/individuals with a first-hand experience of the inability of the formal institutions to meet their needs and guarantee those benefits to which they are entitled through their social membership and participation in the wider political community. The material conditions that contribute to a sense of well-being in the wider society and which are important preconditions for social inclusion are met in the informal socioeconomic space. Through this function, the informal economy facilitates a psychological retreat from the wider society by those who operate within it and the creation of a social world in which actions are subjectively justified. Social exclusion is not simply a function of the social relations of the informal economy, but can result from interactions within the formal socioeconomic space (King and Waldron 1988; Twine 1994). In developing countries like Jamaica, the informal economy incriminates the capacity of public policy to engender an ethos of social inclusiveness given that it is the institutional setting in which unequal distribution of costs to some groups is cushioned as the society progresses. If poverty is the extent of the participating agent's experience, then several things follow: subsistence living, poor education, and low self-worth which are often intergenerational and are the bases for vertically dependent relationships. The informal economy plays counterbalancing roles in the creation of the social person.

The focus on economic survival instills a sense of individualism at the expense of norms of cooperation or social action. A degree of group identification is present that may not appear as sustained cooperative efforts but as a resource that is relied on especially in periods of conflict. Common membership of the informal economy engenders a form of solidarity that acts as an insulator against threats to the economic mainstay and social position of the participating agent. Avoidance of government regulations and taxes or ignoring process norms goes deeper than "beating the system."

These behaviors point to a value orientation that places self-preservation and by extension the current socioeconomic experience of the individual or group at the apex of social and political interactions and the utility of loyalty to a political community is questioned. The quality of the material aspects of the practice of citizenship is fundamental to the development of a sense of connection with the sociopolitical space. The social relations of the informal economy are the context in which this sense of connection is impaired.

## Informal Citizenship

The informal economy is a social substructure that typifies both spontaneous and purposive behavior. It is driven by the logic of economic survival but simultaneously satisfies the need for independence and individuality, empowerment and opportunity for voice, effective leadership, and justice. It substantiates important aspects of belonging and by extension social identity and is a route through which social membership is established. Based on the nature of the social relations of the informal economy, social membership of a political community is not a passive state but involves competition among groups about which set of claims should be given priority. The capacity of a political community to respond to these claims depends on its economic stocks, with some groups being unduly burdened in the choice of claims. The concept of informal citizenship is used to explain how traditional ideas of citizenship are being dislocated by economic transition and the effect on public governance in developing states as well as the kind of competition that is engendered among groups.

Citizenship is variously defined as a status which assures an individual formal membership of a political community and through which the individual enjoys a bundle of equal rights and duties, liberties and constraints, powers, and responsibilities (e.g., Marshall 1973; Held 1989; Janoski 1998). Turner (1993) distinguishes between the juridical and practical aspects of citizenship noting that citizenship defined merely as a collection of rights and obligations (p. 2) does not provide a clear picture of the dynamics of the status in practice. He offers citizenship as a "set of practices (juridical, political, economic and cultural) which defines a person as a competent member of society, and which as a consequence shape the flow of resources to persons and social groups" (Ibid). Turner's (1993) emphasis on "practices" is an important indicator of the sociological underpinning of citizenship status which alerts one to the social constructivist and fluid nature of citizenship (Ibid., p. 3).

The pathologies of public governance have been the platform on which scholars build forceful arguments about the failure of the modern state to fulfil the rights of citizens. A distinction is made between negative citizenship rights (political and civil rights) and positive citizenship rights (social and economic rights) in that the latter requires more overt action by state institutions to be realized. The dynamics of the labor market are associated with the extent to which social and economic rights are realized or eroded even though Twine's (1994) view is that the basis for a social right need not be attached to how secure one is in the formal labor market, but rather to his/her equal status as a citizen (p. 21). Whether or not an individual enjoys structured regular employment does not negate his/her claim to a social or economic right, but equal status does not amount to equal access. The phenomenon of the informal economy is in large measure a consequence of insecurity in labor relations which has bearing on the quality of social membership. An individual's socioeconomic experience is linked to the quality of his/her participation in the labor market as well as the nature of the productive activities in which he/she engages and together are prerequisites for realization of social citizenship rights.

The "practices" dimension in citizenship is the platform on which the notion of an *informal citizenship* is constructed. The status of citizenship removes all sense of informality with respect to one's position in a sociopolitical community. However, being accorded citizenship status does not transmute into substantive citizenship. Implicitly, informal citizenship does not mean the

absence of the politico-legal accoutrements of formal citizenship status, although in some cases this is so. It is a construct used to denote the quality of the experience of the individual designated as a citizen and is thus about the character of an individual's membership in a particular political collective. Informal citizenship is a status acquired through an individual's membership in a social substructure/subgroup with which he/she identifies as the legitimate collective/context in which to pursue those claims normally associated with and attached to formal citizenship status. Informal citizenship resides in that realm of formal citizenship status where particularistic needs (be they political and civil, economic, or sociocultural) are either unmet or under-met and where a subordinated social system assumes responsibility for meeting them. Of course for the sociopolitical system on a whole to retain its legitimacy and functional integrity, the activities of the social substructure have to be nonthreatening. Walzer (1970) notes that if the business of the "lesser" groups is not trivial, then the universal affairs of the state will lose their distinction (p. 221). Informal citizenship does not provide these guarantees given its underlying motive and permutations. The social substructures of the informal economy belie pluralist notion of multi-membership that is complementary. A sense of connection to a political collective or the psychosocial embodiment of formal citizenship status is derived from the manner in which that collective satisfies critical needs and not as a result of the conference of the status because certain criteria are met. These needs though easily identifiable in consumption patterns have a psychological base and are essentially about the individual's social "placement" or "positioning" (Shotter 1993, p. 116) in a collectivity. The functional nature of citizenship suggests that overt actions have to be taken by the individual to achieve this status and depending on the setting for those actions or whether those actions provide the individual with access to fundamental resources will be key determinants in whether (or not) he/she develops a sense of belonging or connection to that political space.

Since membership is the first building block to establishing citizenship, then the setting (economic, sociocultural, political) can condition motivations and shape behavior. The quality of one's membership in the political collective is the salient factor in the development of the "citizen-self" (Janoski 1990). Citizen-self is meant the motivational source of an individual's action within a polity. Janoski (1990) uses seven typologies of citizen-selves, viz., incorporated, active, deferential, cynical, opportunistic, marginal, and fatalistic (pp. 95–98), to represent a citizen's affectual relationship to a political regime (p. 98) and to indicate the range of value orientation and behavior possible. The degree to which the individual accepts the value position of the political system will determine his/her attitude toward it, which may manifest as allegiance, apathy, or alienation. The incorporated and deferential citizens identify with the regime whereas the activist and cynical citizens oppose it. The marginal and opportunistic citizens have little connection to the system and are argued to be more apathetic. Further the fatalistic citizen comes in two forms – fatalistic loyalists and fatalistic opposers, which take no action but have clear value positions (Ibid). The social relations of the informal economy align with the informal citizen typology. The informal citizen-self is borne out of a socioeconomic status that relegates a person or groups to the fringes of society. The sociopolitical affect of this individual or group is instrumental, and thus behavior is guided toward self-interested ends. The value position is transient as it depends on whether goals are being achieved making confrontation with or opposition to the system a possibility. The reality of social exclusion as a product of the informal economy makes the informal citizen-self akin to Janoski's marginal typology, in particular, with respect to the sense of detachment and alienation from the system (p. 98). However, Janoski's view of "low resources and little power to act" does not always apply to the informal citizen-self. Low resources spawn creative means through which access to greater resources is gained and power is leveraged. In this respect the informal citizen-self has some similarities with the opportunistic citizen, particularly the rational pursuit of material interests and the time horizons that guide behavior.

The value orientation and behavior of the informal citizen-self presuppose that a difficulty may arise in incurring obligations (paying taxes, voting, giving military service, etc.).

The construct of informal citizenship finds analytic resonance in postmodern sociopolitical processes in which identity is a function of the needs of the individual as expressed through economic consumption (Touraine 1998, 68 in Misztal 2000, 47). Individuality and informality are analytically and empirically contingent as demonstrated by the transformations occurring everywhere in that as citizens pursue their options independently, there is greater propensity for behavior to deviate from institutionalized norms. Importantly citizenship in the modern state is encased in sociopolitical processes that are trending toward greater levels of informalization making the informal economy and its social formations definitive prospects for the future. Postmodernism yields a "new politics of identity" which is compounded in the informal economy as the individual grapples with creating the opportunities that will give meaning to his/her life.

Finally, citizenship status is an assurance of an acknowledgment by the state or its authorities of an obligation to protect the individual person and private life. The group of citizens which may be so designated by birth, residence, or consent is distinctive in that it, and no other group, receives protection from the state (Walzer 1970 p 206). As a corollary the citizen is expected to acknowledge an obligation to the state through expressions of obedience (obey laws) and assumption of responsibilities (perform duties). By virtue of its size and the scope of its activities, the informal economy in developing countries especially given the existence of weak formal institutions has created a social and economic space that engenders the formation of substructures and the proliferation of informal institutions that are gradually assuming some of these functions. The notion of an informal citizenship is developed to illustrate the complexities that inhere in contemporary social membership. Thus, whereas formal citizenship status subordinates individualism to universalism and subculturalism to nationalism within the state; informal citizenship is the obverse. It is where there is alienation from the broader collectivity and where social cohesion in the society, economic citizenship, and loyalty to the political system are replaced by spontaneous emergence of particularism and individual self-determination. Contemporary public governance is faced with the fundamental challenge of transforming informal citizenship into economic citizenship. To do this, contemporary public governance must be endowed with certain primary capacities: the capacity to be responsive to the needs of its citizens, the capacity to coordinate the actions of multiple participants in the process of governing, and the capacity to regulate the behavior and actions of all "actors" in the collective for sustainable and equitable outcomes. In the absence of these primary capacities, the informal economy will be the alternative context in which a new citizen-self finds sustenance which finds expression in the concept of an informal citizenship.

## Conclusion

The modern state is the largest and most inclusive group that legitimizes an individual's membership in a political community but continues to experience significant changes in its constitutive elements – its boundaries (spatial and social), its legitimacy, as well as its capacity which altogether implicate its protective functions and its centrality to the human experience. These structural changes combined with a wider process of informalization create the context for different social responses where individual actors perceive relative freedom to interpret and determine the scope and content of their actions. The informal economy is context in which this process of social transformation occurs and which produces an informal citizenship.

The concept of informal citizenship is an outcome of the social relations of the informal economy, which in turn is an unintended consequence of contemporary public governance. The idea of informal citizenship departs from the one-dimensional interpretation of informalism and focuses instead on the capacity of the informal economy to engender values that have the potential to undermine social and political order. The informal economy evolves a set of social relations

that is functional in nature: they are a source of autonomy and individualism while proliferating the activities that are undertaken in that "space" and the attitude and behavior that accompany them. Informal citizenship is a function of the quality of public governance.

## References

Castells M, Portes A (1989) World underneath: the origins, dynamics and effects of the informal economy. In: Portes A, Castells M, Benton LA (eds) The informal economy: studies in advanced and less developed countries. The Johns Hopkins University Press, London, pp 11–37

Charmes J (1990) A critical review of concepts, definitions and studies in the informal sector. In: Turnham D, Salome B, Schwarz A (eds) The informal sector revisited. Development Centre of the Organisation for Economic Cooperation and Development, Paris, pp 10–48

Harrod J (1987) Power, production and the unprotected worker. Columbia University Press, New York

Hart K (1970) Small scale entrepreneurs in Ghana and developing planning. Journal of Development Studies 6:104–120

Held D (1989) Political theory and the modern state, essays on state, power and democracy. Stanford University Press, California

ILO (2002) Women and men in the informal economy: a statistical picture. ILO, Geneva Informal Sector Study for Jamaica, Preliminary Report, September 2004. Study conducted by Group of Analysis for Development (GRADE) for Inter-American Development Bank

Janoski T (1990) The political economy of unemployment: Active labor market policy in West Germany and the United States. University of California Press, Berkeley

Janoski T (1998) Citizenship and civil society – a framework of rights and obligations in liberal, traditional and social democratic regimes. Cambridge University Press, Cambridge

Jefferson O (1972) Postwar economic development of Jamaica. ISER, Mona

King DS, Waldron J (1988) Citizenship, social citizenship and the defence of welfare provisions. Br J Polit Sci 18: 415–443

Marshall TH (1973) Class, citizenship and social development. Greenwood, Westport

Misztal BA (2000) Informality social theory and contemporary practice. Routledge, London

Parsons T, Smelser NJ (1956) Economy and society: a study in the integration of economic and social theory. The Free Press, Glencoe

Portes A, Haller W (2005) The informal economy. In: Smelser NJ, Swedberg R (eds) The handbook of economic sociology, 2nd edn. Princeton, Princeton University Press, pp 403–425

Portes A, Castells M, Benton LA (eds) (1989) The informal economy: studies in advanced and less developed countries. The Johns Hopkins University Press, London

Shotter J (1993) Psychology and citizenship: identity and belonging. In: Turner BS (ed) Citizenship and social theory. SAGE, London

Titov V (2006) Informal economy as a system: social mechanism of operation and reproduction. Soc Sci 37(2):3–14

Turner B (1993) Citizenship and social theory. SAGE, London

Turner M, Hulme D (1997) Governance, administration & development. Palgrave, Houndmills

Twine F (1994) Citizenship and social rights: the interdependence of self and society. SAGE, London

Walzer M (1970) Obligations: essays on disobedience, war and citizenship. Harvard University Press, Cambridge

# Informal Political Institutions

Vicente Espinoza[1] and Emmanuelle Barozet[2]
[1]Institute for Advanced Studies (IDEA), University of Santiago. USACH, Santiago, RM, Chile
[2]Department of Sociology, University of Chile, Santiago, Chile

## Synonyms

Institutional governance; Political institutions and wicked problems; Politics and public policy

## Definition

Informal political institutions embody norms and practices, either legal, a-legal, or illegal, occurring outside the frame established by a political constitution and its auxiliary legislation; although unwritten, they are well known to political actors and are enforced in their social interaction.

## Introduction

Political scientists developed the concept of informal political institutions to refer to an institution operating outside of the formal rules established by a political constitution and its auxiliary legislation. Among the many political behaviors that

can escape formal regulations, however, only some of them conform a political institution. We devote the following discussion to identify their characteristics. First, regarding the political field, we discuss the concept of informal political institutions based on a review of North's definition of institution, a condition to understand political institutions in general as well as informal political institutions. In a second part, we analyze the relationships between formal and informal institutions and illustrate some of its applications and functions in political systems. In the third and last part, we discuss the main methods for studying informal political institutions, as well as the implications and drawbacks of each methodological approach.

## Institutions, Rules, and Incentive Structures: A General Approach

Political institutions have gained currency since the 1990s in the analysis of economic life as well as political processes. A large part of this flourishing has been associated with the contributions of Nobel laureate Douglass North (1990), whose work on economic institutions set the ground for the development of this approach, making it an unavoidable reference for any discussion in this field. North defines institutions as "the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction" (North 1990: 3). And he immediately asserts that "they structure incentives in human exchange, whether political, social or economic" (North 1990: 3). Moreover, introducing a dynamic dimension to this analysis, he argues that "institutional change . . . is the key to understanding historical change" because institutions shape societal evolution (North 1990: 3).

Indeed, North is concerned about economic, social, and political change and the way institutions condition observed outcomes. In this sense, the reference to the "rules of the game" is to be understood here closely to Ostrom's (1986: 7) formulation in terms of "the means by which we intervene to change the structure of incentives in situations." An existing rule – formal or informal – is not always an actual institution, because political actors may comply or not with that rule. Rather, an institution takes form as a recurrent pattern of interaction that establishes a structure of incentives, where rules effectively define accepted behaviors and also establish sanctions for breaking the rule.

In spite of North's (1990) claim that institutions organize political, social, or economic life, his elaboration in terms of incentive structure finds its most direct application in economy. North derives institutions from his criticism of rational behavior assumptions associated with neoclassical economics, stressing that they would hold only in a world without transaction costs: "when it is costly to transact, institutions matter" (1990: 12); and even more precisely, "only in the absence of transaction costs did the neoclassical paradigm yield the implied allocative results" (North 1990: 26). According to North, transaction costs are not to be disregarded in economic life; indeed, the more complex the economy, the larger the uncertainty and the higher the transaction costs. Institutions then reduce uncertainty in complex societies by structuring human interaction.

North's application of this institutional approach to the political field takes as its starting point the same contribution that institutions make to reduce uncertainty in complex contracting. At the most general level, formal political institutions are a synonym of the rule of law, comprising the constitution and the set of legal regulations actually enforced in a given State. In democracies, formal rules are the result of the legislators' work which, in turn, is affected by the interests of multiple groups that comprise the legislators' constituency. Competition among groups of interest establishes a key difference between politics and economy, so "democracy in the polity is not to be equated with competitive markets in the economy" (North 1990: 51). As a consequence, the interplay between formal and informal institutions' cannot be disregarded in the political field. Moreover, informal institutions can survive changes in formal rules; this is not necessarily a positive trait but a hindrance to uncertainty reduction, as they result of a distorted incentive structure.

North (1990) made clear his preference for the formal institutions over the informal: in his view, complex societies should have more effective formal institutions taking the place of informal constraints, for instance, the gradual shift from status to contract. Informal institutions are then prominent in low-complexity societies in part because individuals belong to dense social networks, making transactions costs minimal (North 1990: 120). In this dynamic framework, informal institutions find their place as the counterpoint of formal institutions in an evolutive process where formal rules take over the informal. Although North recognized the function of informal rules in supporting formal agreements, he did not elaborate on their interplay nor gave the informal a specific function in the polity.

## Formal and Informal Political Institutions

Helmke and Levitsky (2006) discussed the relationship between formal and informal political institutions in the context of Latin America democracies since the 1980s, stressing their contributions and threats to democratic outcomes. Helmke y Levitsky define informal institutions as "socially shared rules, usually unwritten, that are created, communicated and enforced outside officially sanctioned channels" (2006: 5). By contrast, formal institutions' distinctive trait is their dependence on "channels that are widely accepted as official." There are many differences between this definition and the general treatment of institutions proposed by North that must be considered before displaying their operation. We shall address the following: they are not a culture, they do not refer to any norm-deviating behavior, they are not secret agreements, and they are also present in consolidated democracies.

First, some understanding of informal institutions, especially in North, conflates them with culture and tradition, that is, "conventions and codes of behaviour" (1990: 4). The origin of informal constraints has to be searched for in socially transmitted information that conform "customs, traditions and codes of conduct" (North 1990: 6). The concept of informal political institutions as developed in political science departs from North's conception in terms of informal rules rooted in culture or tradition, because behaviors associated with an informal institution may not be rooted in broader social values but in particular group beliefs.

Informal political institutions do not correspond to any behavior deviating from rules written in the political constitution or auxiliary legislation. Specific origins of informal institutions and strategies followed by political actors to intentionally change the structure of incentives might be a result of formal institutional design, or a creation parallel to it. Weak political institutions can make flourish opportunistic or abusive practices that are not informal institutions, but adaptive behavior resulting from wrong incentives or lack of enforcement for official rules. Pork-barrel politics for instance might be an outcome of failing planning and control, rather than a rule of resource allocation. Moreover, informal political institutions are not always illegal practices, even in a context of strong political institutions.

Informal political institutions do not correspond either to "extra-institutional" features of political life, such as "iron rings" or "factual powers," evoking secret agreements among powerful actors escaping public scrutiny. By contrast, informal institutions make integral part in the operation of the political system and are widely known in the polity. Indeed, agreements among a few do occur and are known to expedite political decision-making; however, leaving aside some political actors threatens the deepening of democracy.

Although informal political institutions have been studied mostly in weak polities, they also have been documented in consolidated democracies, such as the United States and the European Union (Farrell and Héritier 2003; Azari and Smith 2012). Phenomena such as the use of personal contacts in decision-making, patron-client relationships, or informal negotiations are by no means confined to less developed political systems. Informal political institutions express underlying rules of the political field which modify the incentives established by formal institutions.

In the case of Latin America, Helmke and Levitsky (2006) also take issue with the view that informal institutions would undermine democracy; although this could be true in some cases, they can also strengthen democratic performance. For instance, local interests or minorities disregarded by formal institutions can take advantage of informal institutions. Similarly, informal institutions can enhance governance by helping to overcome policy failures or institutional conflicts (Siavelis 2006). There is a downside and exclusionary political practices are a good example of the double edge of informal institutions: despite their convergence with legitimate political outcomes, exclusion of social or political actors can result in political unrest or lack of legitimacy.

Finally, enforcement of informal rules is a key to identify informal institutions. An informal behavior, such as engaging in small chat with a public servant, does not correspond to an informal institution unless there is an enforcement mechanism associated with that behavior. Enforcement of informal rules operates through the patterns of social relationships between political actors: breaking an informal rule makes the individual accountable to other participants in the political field. In fact, informal political institutions have their own enforcement mechanisms usually related to group exclusion or deterioration of individual reputation (Lauth 2000). Ostracism and bad reputation reduce the opportunities a political actor has to make agreements with other. Indeed, disregarding informal institutions will probably obstruct the effectiveness of political actors.

In summary, informal political institutions establish steady patterns in the interaction of political actors because they consist of more than a temporary fix to an institutional malfunction. According to Carey and Siavelis (2006), political actors as well as the media are widely acquainted with informal political institutions, making them part of their analysis and calculations. As a consequence, the stability of informal institutions makes it necessary to consider their relationship to formal institutions in the shaping of a complex system of incentives. According to Ostrom (1986), rules in a polity have a configurational or interactive character, that is, a rule does not always lead to the same outcome, because it is affected by other rules. Hence, the need to examine a set of rules rather than separately to understand their consequences.

## Informal Political Institutions and Policy Outcomes

Deepening in the relationship between formal and informal institutions, their interaction effects a change in the structure of incentives of the polity, that is, the outcome associated with a behavior in a given institutional context. Several typologies have been proposed to describe the relationship between formal and informal institutions (Azari and Smith 2012; Lauth 2000). The most comprehensive analysis has been developed by Helmke and Levitsky (2006) who proposed a fourfold typology based on convergence of the outcomes between formal and informal institutions and degree of enforcement of the formal institutions. According to this classification, there are four types of informal political institutions: complementary, accommodating, substitutive, and competing.

A complementary informal institution corresponds to a situation where formal and informal rules converge in the outcome and formal rules are effectively enforced. Actors here intend to enhance the operation of formal institutions by overcoming contingencies. Informal rules can create incentives to comply with the formal or they can facilitate coordination or decision-making. As an example, Chilean parliamentarians can make use of their influence to enhance disadvantaged local governments in their districts with extra technical support, thus correcting inequalities in the policy-making.

Accommodating informal institutions correspond to a situation of divergence in the outcome of formal and informal rules in a context of effective enforcement of formal rules. The informal institution alters the effects of the formal rule, but it does not violate any regulation. Political actors may agree on norms to share power, bending the rule without breaking it. The use of a political quota to fill government positions can be legally widened to a great extent. On the bright side, some justify this practice as an aid to

coordination; on the dark side, politically based appointment could approach arbitrariness and also couple nepotism.

Substitutive informal institutions correspond to a situation where the effects of the formal institution converge with the informal, but formal rules have a low degree of enforcement. In some contexts, patron-client relationships may substitute for weak representation systems. Indeed, patron-client relationships usually go hand in hand with illegal or barely legal practices such as logrolling, bribery, and other forms of corruption.

Finally, competing informal institutions refer to situations where the informal rule does not converge with the formal and formal institutions have low effectiveness. Formal and informal rules are incompatible and by following one rule, the actor breaks the other. Informal administration of justice would be an example of this situation, generalized corruption, another.

This typology as well as others has been criticized because the same institution can be classified in different types, depending on the context. For instance, clientelism can be either a substitutive or competing institution. Authors argue that the focus should be placed on the characteristics of the relationship between formal and informal rather that the label. As an advantage, a relational formulation leaves aside the functional view in terms or institutional gaining. Ostrom faced a similar problem when analyzing the interaction of multiple sets of rules. Her recommendation to focus on the relationship between sets of rules and the changes in the structure of the situation is worth taking into account in this case: "Classifying rules by what they affect enables us to identify sets of rules that all directly affect the same working part of the situation" (1986: 20).

## Methods for the Study of Informal Political Institutions

Regarding methods for studying informal political institutions, any empirical strategy has to overcome the difficulties to identify them, that is, to distinguish an informal institution from practices and behaviors deviating from formal rules. Two strategies could be followed to this end: a nominalist and a realist approach. In the former, more related to quantitative methodologies, the researcher can use institutions known from another context as a starting point to ascertain its character and operation, for instance, earmarking, patron-client relationships. The main limitation of the nominalist strategy would be its disregard for institutions that had not been identified in other contexts, although the researcher can proceed by analogy. In the latter, more related to qualitative methodologies, researchers focus on behaviors deviating from formal rules to identify unwritten rules and informal institutions; this is a somewhat inductive strategy, akin to qualitative approaches generally based on ethnographic observation or collecting the discourse of actors.

Either way, nominalist or realistic approaches to informal institutions demand detail knowledge of political communities and the behavior of political actors. Getting to know how political actors "make things happen" – voting, decision-making, resource allocation – is usually a good guidance to find informal rules. Identifying enforcement mechanisms for informal rules shall help the researcher to characterize the informal institution. Since sanctions for breaking the rules involve some form of social foreclose, political actors that experienced loss of their political standing make usually good informants of the inner works of the political field. Indeed, focusing exclusively on sanctions can disregard institutions where enforcement is not necessary.

An analytical difficulty derives from the configurational aspect of rules. To become an institution, rules do not operate in isolation but interact with other formal and informal rules. Moreover, informal institutions cut across multiple levels of action, individual, organizational, territorial, social, economic, and political, which should be one of the main points of observation of researchers: disentangling the interplay of rules and levels of action requires careful considerations of the outcomes associated with actions and participants. Comparative methods would help to sort out patterns in complex situations.

Also, a nice research setting for before and after studies would occur in cases where formal rules –constitution or legislation – suffer a change. Methodologically, describing the evolution of informal institutions presents a set of challenges,

though including a synchronic dimension might be of interest, because of the importance of quicker institutional change nowadays, in a context of frequent political scandals, and greater public scrutiny. Altogether these point against slow institutional change, as posited by North. Archive analysis or path dependence analysis for slower changes or comparison between periods or different moments in time might be useful in this case.

Finally, an experimental strategy to study informal institutions, especially based on game theory, does not seem adequate because of the configurational aspect of rules, which are applied in closed communities though they can be adequate to study incentive structure. Political actors have different motivations to lay out informal rules that give birth to informal institutions; their motivations might range from helping to improve the workings of the political system to narrow interests, even approaching corruption. However, it would be possible to move further in the formalization of the structure of incentives associated with the operation of informal institutions. Providing specific hypotheses would allow for the statistical treatment of this topic.

## Conclusion

In recent decades, we experienced a shift from the idea that informal institutions are a remainder of a traditional society, although they might be historically contingent, to a new comprehension of the multiple functions they fulfill, even in modern democratic regimes. The debate on informal political institutions helps to understand the interplay between formal and informal aspects of governance. On the dark side, informal institutions may couple with state failures and weakening of the rule of law, through practices such as corruption, nepotism, and social violence. On the bright side, informal political institutions can enforce governance and the rule of law, complementing or supplementing state functions. Informal institutions can channel organizational innovation, accountability, and control of authorities. As a consequence, by focusing only on formal institutions, an analyst risks missing crucial aspects of social and political change in the making. The challenge in the analysis of informal political institutions remains discerning the contribution they make to democracy and institutional development.

**Acknowledgments** Fondecyt 1160984. CONICYT/FONDAP/15130009.

## References

Azari J, Smith J (2012) Unwritten rules: informal institutions in established democracies. Perspect Polit 10(1):37–55

Carey JM, Siavelis P (2006) Election insurance and coalition survival. Formal and informal institutions in Chile. In: Helmke G, Levitsky S (eds) Informal institutions and democracy. Lessons from Latin America. The Johns Hopkins University Press, Baltimore

Farrell H, Héritier A (2003) Formal and informal institutions under co-decision: continuous constitution-building in Europe. Governance 16(4):577–600

Helmke G, Levitsky S (eds) (2006) Informal institutions and democracy. Lessons from Latin America. The Johns Hopkins University Press, Baltimore

Lauth HJ (2000) Informal institutions and democracy. Democratization 7(4):21–50

North D (1990) Institutions, institutional change and economic performance. Political economy of institutions and decisions. Cambridge University Press, Cambridge (Kindle Edition)

Ostrom E (1986) An agenda for the study of institutions. Public Choice 48:3–25

Siavelis P (2006) Accommodating informal institutions and Chilean democracy. In: Helmke G, Levitsky S (eds) Informal institutions and democracy. Lessons from Latin America. The Johns Hopkins University Press, Baltimore

# Informational Differences in Organizations

Samuel Mayanja[1], Ntayi Mpeera Joseph[2] and Michael Omeke[3]

[1]School of Postgraduate Studies and Research, Cavendish University Uganda, Kampala, Uganda

[2]Faculty of Economics, Energy and Management Science, Kampala, Uganda

[3]Department of Economics and Statistics Kyambogo University, Kampala, Uganda

## Synonyms

Attaching different meaning; Smooth dissimilarities

## Definitions

| | |
|---|---|
| Informational differences | Refer to witnessed smooth dissimilarities of opinion and knowledge among the employees. |
| Divergent opinions | Refer to thinking in an unusual and unstereotyped way, e.g., to generate several possible solutions to a problem. |
| New knowledge value | Is when employees observe how new ideas, knowledge, and innovations are formed from divergent opinions in an organization. |
| Novelty experiments | Are unique trials that have the potential to become seeds for unprecedented organizational action. |
| Policy | Is a course or principle of action adopted or proposed by an organization or individual. |

## Introduction

Organizations need information to support the key aspects of running their entities, such as communication, record-keeping, decision making, data analysis, and more. Organizations use this information to improve their business operations, make strategic decisions, and gain a competitive edge. Good information is essential for effective operation and decision-making at all levels in businesses. Management identifies and illustrates the different kinds of information by the complex internal and external communication links of different functions of an organization (Goldstein et al. 2010). Managers use information to clarify roles and tasks; decision-making processes (strategic and operational); rational and alternative behavior; and cognitive style and perception. The effective symbolic use of information is power. Information helps in avoiding the duplication of scarce resources. Information stimulates the thought process of the users, particularly top management and employees. Information about what is happening in the system and in the ecology is widely distributed among individuals and not immediately accessible for organized solutions. It implies that the system (the organization) is not in position to organize, gather, interpret, synthesize, and disseminate information effectively as a system. Although organizations may have sets of information, different employees attach different meaning which causes informational differences. Previous studies explored informational differences as the amount of information employees have about the markets. Managers assumed that employees have identical information sets, attach the same meaning irrespective of their backgrounds, and that the conditions of information are similar (Diks and Dindo 2008). Over the past few years, there has been a growing interest in informational differences and its predictive potential to enhancing innovation in organizations.

Informational differences refer to witnessed smooth dissimilarities of opinion and knowledge among the employees. In this case, informational differences are so named to reflect Bateson's (2000) well-known definition of information as a difference that makes a difference, in other words, the diversity that fuels creative innovation. The management and employees attach value of dissimilarities in opinion and knowledge that influence their understanding of the business environment, and develop collaborations that connect them to formal and informal resources (Hazy and Uhl-Bien 2015). Informational differences amidst unfolding series of events acquaintance tend to generate opportunity tension,opportunity recognition, trigger opportunity evaluation, and consequently opportunity exploitation.

Informational differences are conceptualized as the real information (not mere data) which is new information. This new information comes out of differences: differences in perspectives, experiences, mental models, et cetera. Thus, informational differences can be considered as the nature and quality of the network of human connections, communication capacity, as well as how cognitive capacity of individuals within an organisation together form another independent constraining factor to achieve the desired objectives (Quintane and Adam 2011). Informational differences lead to some people being better informed on how desirable outcomes can be achieved than others (Bohnet and Saidi 2019).

Organization leadership that develops enabling initiatives which are linked together as a host of internal processes including human resources, finance, procurement, and information technology, gives these functions added connection to the world outside. All of these initiatives help to bring information into the organization so that informational differences could be exploited down the line. The improved exploitation of informational differences encourages experiments in novelty to exploit internal and external opportunities. At the same time, high levels of connectivity enable vital exchanges of information about opportunity tension felt across the organization. Conditions are that, when opportunity tension interacts with informational differences, it generates criticalization for the cusp of change. In the cusp of change, outcomes are not certain and individuals, even executives, can experience a great deal of uncertainty. Employees feel opportunity tension, but at the same time they are also limited by informational differences which at first appear as differences in perspectives and disagreements in interpretation. Thus, both opportunity tension and informational differences are important factors for leadership to manage during these difficult periods (Mayanja et al. 2019).

The emergence of new attractors is referred to as bifurcation, and the path leading up to the transition to a new attractor is termed criticalization. The movement toward the emergence of innovation in organizations is known as a criticalization within a bifurcation scenario. The particular attractor(s) that defines the system is determined by the conditions constraining the system. For example, the two constraints, namely certain levels of opportunity tension and informational differences across the organization, plus the routines, norms, and functions that have developed in the organization over the years, would determine the attractors operative in the organization. The organization becomes better at making effective use of informational differences through experimentation. Whereby an originary attractor (s) representing "business as usual" gives way to new attractor(s) representing social innovation. The originary attractor can be thought of as a mathematical encapsulation of the inadequate prevailing governmental, organizational, and community resources including existing routines, practices, capabilities, social networks, and other facets of "business as usual." Mathematically, an attractor is understood as stable when small changes in the values of system variables normally do not affect the attractor or lead to criticalization. As the parameter values described above change, the social system can cross such a threshold as not just one but now two attractors that exist simultaneously, since a new one, represented by the knobs in the wells moving from the left to right, is starting to arise in phase space – the second attractor gaining ascendancy as we move from left to right. The minimum point on the curve implicitly represents the attractor for the system that actually includes the combined behavior of many possible variables that are not shown. The first attractor, still hanging on, reflects continued organizing in the old way of doing things. The second is a new way and reflects a different approach to organizing that exploits the possibilities in a better way. The process will go through five panels from the first attractor which is the minimum point of the graphic (Panel 1), through the emergence of a new attractor (Panel 2), passed by a place where two attractors, A1 and A2, are equally strong (Panel 3). The process continues in reverse as the initial attractor diminishes into a small dip (Panel 4) and finally the new attractor (Panel 5) comes to dominate activities within the organization. This wave of change from initial attractor to new attractor that ends up dominating takes place because of informational differences (Fig. 1).

## Measures of Informational Differences

### Divergent Opinions

Divergent opinions and disagreements create freedom among employees to make use of their ability and judgment innovatively, even when they deviate from the norms. When employees deviate from the norms, they are capable of boosting

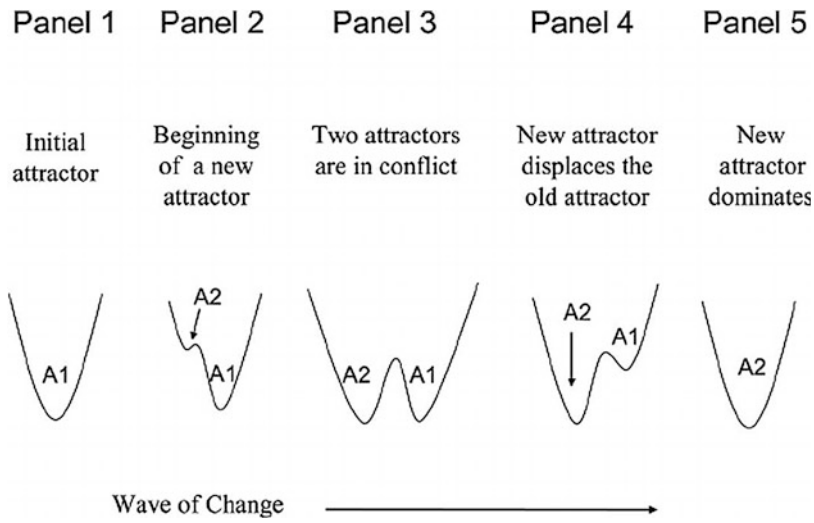


**Informational Differences in Organizations, Fig. 1** Adopted from Goldstein, Hazy and Linchtensein (2010)

their creativity while addressing prevailing challenges generate more spontaneous ideas, come up with new experiences, and venture creations (Kibirango et al. 2017). Divergent opinions develop a high degree of resonance interaction and not predation that requires individuals with different backgrounds, and sets of experiences, to connect in a very meaningful way to access resources from entrepreneurial network. However, Mertens and Recker (2017) argue that a common assumption in most of these studies is that divergent opinions emerge spontaneously with elements of the environment, the person, or the interaction between both making this emergence more or less likely.

Carnevale et al. (2017) argues that leaders can also actively stimulate divergent opinions, where managers have leadership skills, which may not be the case among small organizations in developing countries because of bureaucratic culture. In this case, heterogeneity, the vast diversity of components, agents, and parts involved in an ongoing variety of distinct interactions with others, is one of the important features of complex leadership systems that manage employees with divergent opinions. This is true for an organization with the presence of leadership that can operate and coordinate different individuals with different backgrounds and information (Frese and Gielnik 2014). This is still a challenge among individuals who happen to possess opposing viewpoints since it is difficult to challenge the structures of small organizations where the business owner is likely to be part of every decision made.

Vadera et al. (2013) proposed that employee empowerment leads to divergent opinions and that empowerment can be stimulated by transformational leadership behaviors: inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation. They argue that these behaviors demonstrate to employees that honesty poses no risk, which creates the psychological safety and strength that allows employees to engage in positive deviance. The SME owners/managers need management and type of leadership that can operate and coordinate different individuals with different backgrounds and information to access resources. This in turn allows employees with divergent opinions to interact with different network actors to access intangible and tangible resources when management creates enabling environment (Kibirango et al. 2017). SME managers need to learn from organizational structures about managing divergent opinions if they do strive in competitive environment. Divergent opinions play a primary role in determining the kind of networks and individuals to connect with to access resources for business competitiveness.

### New Knowledge Values

New knowledge values are when employees observe how new ideas, knowledge, and innovations are formed from divergent opinions in an institution. Employees value existing opinions and knowledge dissimilarities among themselves. Employees, who notice and observe new ideas, create new knowledge for innovations and attach different meaning to information. Employees, who notice and observe how new ideas, knowledge, and innovations evolve, are likely to attach different meaning to information. Without new ideas, employees with no information differences, social network agents would disseminate the same information within the organisation. However, organization employees tend to have difficulties to join different entrepreneurial networks to access resources because of inadequate management of new knowledge values (Mayanja et al. 2019). It is worth noting that not all managers have leadership skills to manage new knowledge values. This means that managers need to develop leadership skills if they are to manage new knowledge values arising from employee differences.

The new knowledge value created by management and employees help in identifying new opportunities, which are exploited using the interactions, ties, and networking style within entrepreneurial network. When managers and employees share with one another the information and meaning attached to differences in perception, this is likely to influence the choices and actions that connect people and create new knowledge (Von Krogh et al. 2012).

When managers and employees value new knowledge, management puts systems in place to gather information that can support access to resources from networks. The administered informational differences (AID) foster these "events" to be known, get selected, and then reinforced through series of additional events. Employees with that type of AID are key antecedents for entrepreneurial networking. Informational differences can generate opportunity tension in an organization that needs resources and social support from networks (Goldstein et al. 2010).

Informational differences facilitate organization learning as employees learn from each other the tools for personal discovery. This platform can be used to promote rational thinking and creativity by adopting practices from one another. Employees tend to be informed when they learn from their social network agent's differences depending on an enabled environment, which provides a platform for enhanced rational thinking and creativity about accessing resources and mitigating negations from network members.

### Novelty Experimentation

Individuals, with uncommon sets of experiences and information, connect in a very meaningful way to have novelty experiments. They generate and share informational differences in ways that will move the organization's members from an old attractor to a new one. But for this to happen, the organization's members must first see the benefit accruing to them of making the change. They must recognize that there are two options for them, either staying with their current daily activities and thereby sticking with their earlier attractor, or choosing to band together with others to try a different strategy with a greater promised payoff, jumping, if you will, to a new attractor (Mertens and Recker 2017).

Informational differences arise simply due to the different working of different markets. Each market may need a different approach based on the information available. Informational differences influence the transformation process of any organization if it is to achieve its objectives. Transformation requires a high degree of opportunity tension, a pressure for others to come along, that is, to join the team and organize cooperatively, and a condition where there is a great deal of informational differences, i.e., many different experiments in novelty, which is capable of being acted upon due to enough resonant connectivity. Both the movement toward team interaction and the experimentation in novelty within the group are important, because they allow the group's members to learn from one another and to move together as a team rather than as individual agents. Organizations with generative leadership are an encouragement of experiments in novelty as a way to generate and share informational differences in ways that will move the organization's members from an old attractor to a new one. But for this to happen, the organization's members

must first see the benefit accruing to them of making the change. Management and employees must recognize that there are two options for them, either staying with their current daily activities and thereby sticking with their earlier attractor, or choosing to band together with others to try a different strategy with a greater promised payoff, jumping, if you will, to a new attractor (Goldstein et al. 2010).

## Challenges of Managing Informational Differences

(i) Informational structures – organizational structures may not allow smooth flow and sharing of information, sharing experiences, feedback, and attaching meaning. This could be based on failure to align employee attitudes, behavior, and organization structures to learn from each other to achieve organization competitiveness through innovations.
(ii) Managing the transition of attractors – new opportunities arise over time. Stimulating niche development at the microlevel, finding new attractors at the macrolevel by developing a sustainability vision, creating diversity by setting out experiments, and selecting successful experiments that can be scaled up may not be embraced by all employees.
(iii) Recombination between advances in technology and practical genius – the aggregate effects of recombined technologies from different sources may cause to overlook the negative effect of recombining firm-developed technology in generating breakthrough inventions and organization learning by attaching meaning to events and feedback.
(iv) Lack of generative leadership to coordinate, harmonize different perspectives, opinions, and information from employees to attach meaning for strategic thinking and planning to attain competitiveness.
(v) The organization may have inadequate capacity to create a conducive environment for innovation and creativity in absence of flexible structures, policies, and systems to manage administered informational differences (AID).
(vi) Management may fail to harmonize information due to differences in individual backgrounds, skills, opinions, perspectives and surprises from events, experiences, and experiments, which help to drive innovation.
(vii) Managing departures from currently accepted and conventional ways. Not every management innovation creates competitive advantage. Traditional management principles, processes, and practices or a departure from customary organizational forms may significantly alter the way the work of management is performed; therefore, employees may end up resisting it based on the different meaning attached.

## Strategies of Managing Informational Differences

In order to tap into the potential of information differences, organizations should create favorable policies, processes, and systems to enhance creativity and innovation arising from differences in opinion and ideas. In addition, organizations operating in a complex business environment should often carry out their operations in a consultative and inclusive manner to cater for the deviant views of the different stakeholders. Organizations, with positive deviants, should cultivate a culture of team work and networking in executing their operation. This will enable individuals with different views and opinions to be listened to and add value to the organization processes and outcomes. Last, organizations should instill the discipline of respect of other members' views in their debates at work environment. This will encourage individuals to suggest new ideas and views different from others to grow and develop the organization.

## Recommendations

Management and employees tend to learn from informational differences, and at the same time endeavor to share their conceived ideas. Even

when they tend to instigate one another from their respective positions, their creativity and innovativeness cannot be enhanced without a conducive internal environment. However, employees should be empowered through a degree of freedom along with tolerance of trials and error type of governance; as such opportunistic surrounding landscape promotes innovation.

Organization leadership and employees should understand that emerging new ideas originate from divergent opinions and disagreements within the institutional situation. It is the employees' divergent opinions that motivate organization's members to organize in new and different ways, and new structures would emerge to address complex situations that are not routine.

The huge amount of difference that distinguishes an individual employee from another in a given organization structure is another opportunity to engage novelty to address such nonlinear interchanges of information. The divergent views emerging from various or double interactive connections are beneficial to organization if favorable policies, structures, and governance are put in place. Organization environment enables interactions and intersections, and in so doing, exhibits various transport rates of nutrients, information, and wastes.

Experimentation with learning in mind, networking, interactions, and adaptability is key to organization networking. This, therefore, requires the trial and error type of governance with tolerance by management. Such degree of freedom not only stimulates innovative employees' behavior, but it is also a learning experience from which ideas are examined before adaption. To ensure such experimentation, organizations should endeavor to develop relevant policies and flattened structures (novelty ecosystems). These are required to guide the revolutionary process or avenues. Employees, who are empowered through a conducive working environment, engage in sharing opinions generated from experimentation practices.

In this case, organization leaders ought to provide a flexible platform for enhanced rational thinking and learning. Positive deviance is used to develop interventions and implementation process based on the successful behaviors and strategies of individuals at risk. Despite their circumstances, they perform better than their peers do.

## Cross-References


- ▶ Globalization and Public Health
- ▶ Psychology of Leadership
- ▶ Sociology of Governance


## References


Bateson G (2000) Steps to an ecology of mind: collected essays in anthropology, psychiatry, evolution, and epistemology. Chicago: University of Chicago Press

Bohnet I, Saidi F (2019) Informational inequity aversion and performance. J Econ Behav Organ 159:181–191

Carnevale JB, Huang L, Crede M, Harms P, Uhl-Bien M (2017) Leading to stimulate employees' ideas: A quantitative review of leader–member exchange, employee voice, creativity, and innovative behavior. Appl Psychol 66(4):517–552

Diks C, Dindo P (2008) Informational differences and learning in an asset market with boundedly rational agents. J Econ Dyn Control 32(5):1432–1465

Frese M, Gielnik MM (2014) The psychology of entrepreneurship. Ann Rev Organ Psych 1:413–438

Goldstein J, Hazy JK, Lichtenstein BB (2010) Complexity and the Nexus of Leadership: leveraging nonlinear science to create ecologies of innovation. Palgrave Macmillan, New York

Hazy JK, Uhl-Bien M (2015) Towards operationalizing complexity leadership: how generative, administrative and community-building leadership practices enact organizational outcomes. Leadership 11(1):79–104

Kibirango MM, Munene JC, Balunywa WJ, Obbo JK (2017) Mediation effect of novelty ecosystems on intrapreneurial behaviour process within an organisational dynamic environment among Kenyan universities: a complexity approach. J Organ Chang Manag 30(6):957–977. https://doi.org/10.1108/JOCM-08-2016-0157

Mayanja S, Ntayi JM, Munene JC, Balunywa W, Sserwanga A, Kagaari JR (2019) Informational differences and entrepreneurial networking among small and medium enterprises in Kampala, Uganda: the mediating role of ecologies of innovation. Cogent Bus Manag 6(1):1617020

Mertens W, Recker J (2017) Positive deviance and leadership: An exploratory field study. In Bui, T & Sprague Jr, R (Eds.) Proceedings of the 50th Hawaii International Conference on System Sciences. University of Hawaii, United States of America, pp. 214–223

Quintane E, Adam MK (2011) Matter over mind? E-mail data and the measurement of social networks. Connections 31(1):22–46

Vadera AK, Pratt MG, Mishra P (2013) Constructive deviance in organizations: integrating and moving forward. J Manag 39(5):1221–1276
Von Krogh G, Nonaka I, Rechsteiner L (2012) Leadership in organizational knowledge creation: a review and framework. J Manag Stud 49(1):240–277

## Infrastructure Policy, Brazil

Alexandre de Ávila Gomide[1] and
Ana Karine Pereira[2]
[1]IPEA – Institute for Applied Economic Research, Brasilia, Brazil
[2]UFG – Federal University of Goias, Goiânia, Brazil

### Synonyms

Infrastructure and Governance

### Definition

Infrastructure policy is the set of governmental actions, guidelines, principles, legislation, and other instruments, regarding the physical assets and public services supporting the country's systems for transport, energy, telecommunications, and water and sanitation.

### Introduction

Infrastructure plays a crucial role in a country's economic welfare, as it raises productivity and living standards. For less developed countries, the effects of public infrastructure investment on economic performance tend to be substantially higher, since the capital stock of infrastructure for these countries is lower than in developed countries (Pereira and Andraz 2013).

According to the World Bank, Brazil's stock of physical infrastructure is smaller than that of most countries with a similar income level. This is particularly the case for transport and water and sanitation. Yet access to electricity and telecommunications is mostly on par with other middle-income countries (Raiser et al. 2017). In 2015, more than 40% of households had no access to sewage treatment, and more than 15% had no access to treated water via the general network. Brazil has approximately 17.5 times fewer roads per square kilometer than the USA, and the country's rail network is barely 15% of the size of the rail networks in the USA and China. On the other side, more than 90% of the population has access to electricity and cell phones (source: Costa and Bertol 2018) (http://www.brinknews.com/brazils-great-infrastructure-opportunity/).

Efforts of the federal government in the past years (especially from 2005 to 2014) were remarkable, although insufficient, in order to boost infrastructure investment, especially for the transport and electricity sectors. Examples of that are the Investment Pilot Project, launched in 2005; the Growth Acceleration Program (PAC), implemented in 2007; the Logistics Investment Program (PIL) of 2012; and most recently the Partnership and Investment Program (PPI), which was established in 2016.

In spite of the importance of these policy initiatives, these projects collectively have never accomplished more than a small fraction of targets set out by these programs. The results presented are, at best, mixed (Machado et al. 2018), as only part of the total resources allocated to investments projects in the sector has been converted into stock of capital or services for society. For example, the major investment projects implemented by PAC have delayed and cost more than planned, and the services were not always delivered with the expected quality. From a sample of large-sized works of the program, comparing estimated terms and costs, there was an average increase in costs of 50%, and average completion time more than doubled (Frischtak and Noronha 2016). Broadly speaking, we can claim that infrastructure policy implementation in Brazil has been marked by poor performance.

However, it is important to point out that time delays, budgetary overrun, and benefits deficits in infrastructure policy implementation are not only a Brazilian problem. International researches have pointed that the underperformance of large

infrastructure projects is remarkable around the world. Flyvbjerg (2007) used a database of more than 2000 large energy and transport projects that were implemented in 104 countries on 6 continents over the period from 1927 to 2013. The research demonstrated that 80% of these projects were marked by budgetary overrun and 40% did not deliver the expected benefits. According to the author, the implementation of these projects is also notable by delays and social and environmental miscalculation. Yet in the current Brazilian case, the greatest obstacle to infrastructure policy is the low state capacity for planning and governance of infrastructure policy (Gomide and Pereira 2018a).

## Infrastructure Policy in the Last Decades

In Brazil, infrastructure policies have been traditionally led by the state for both planning and investment. In this sense, the years between 1964 and 1980, marked by a developmental agenda, represent the peak of public investment rate in the country (Orair 2016). During the 1970s, investment rates in infrastructure in the country exceeded 7% of GDP. This investment was focused on the priority sector for economic growth, especially the energy and transport field. By that time, the Brazilian government also strengthened the state apparatus for infrastructure planning and implementation, exemplified by the creation of the Brazilian Transport Planning Enterprise (GEIPOT) and the consolidation of *Eletrobras* subsidiaries, a state-owned energy planning company, throughout Brazilian geographic regions (Machado et al. 2018).

In the 1980s, a severe fiscal crisis halted the state as the investor in the sector. Hence, the decade was featured by the stagnation of investment in the sector. In addition, several infrastructure projects planned in the previous years, such as the construction of large hydroelectric plants and road pavements, were postponed. Consequently, during the 1990s, processes of privatization and regulatory reform were conducted by the government, followed by the creation of autonomous regulatory agencies, in order to attract private capital to fill the gap of investments in the sector. These policies have worked relatively well for telecommunications and electric energy but felt behind for transportation and water and sanitation. According to the World Bank (Raiser et al. 2017), Brazil has boosted its telecommunications infrastructure over the past 20 years, and the country has more installed electric capacity than the average country in the LAC region. However, road and rail infrastructure stocks have barely grown since 1990, and the country's road density has fallen slightly when compared to other middle-income countries. Regarding water and sanitation, figures are lower than in any of the comparator countries except India: between 1990 and 2010, access to improved water has increased by about 6%, and access to sanitation facilities has increased by about 25%. The Bank report explains this variety of performance across sectors by obstacles to the full recovery of user costs by the private sector, since this is easier for telecommunications and electric power and difficult for transport (especially for railways and ports) and water-sanitation.

From 2006 to 2011, state fiscal capacity to invest in infrastructure was recovered (Orair 2016), and governmental efforts were planned to boost investments in the sector. Thus, a number of flagship programs were launched with the objective of increasing public investment rates and improving the quality of public services. As a result, public investment in infrastructure increased from 1.6% of GDP, in 2006, to 3.2% of GDP, in 2010. Despite that, the National Confederation of Brazilian Industry (CNI) claims that it is necessary to invest at least 4% of the GDP during 20 years in order to eliminate Brazil's infrastructure gap.

While initially successful, these programs became much less effective once they were expanded. Disbursement data showed a gap between the commitment of funds and their effective disbursement. The federal government and other SOEs executed less than 30% of the planned investment expenses between 2001 and 2015 (Raiser et al. 2017). Therefore, the relatively unsuccessful experience of Brazilian infrastructure policy in recent years demonstrates that the

lack of fiscal resources was not the only binding constraint on investment. The problem derived from the limited overall state capacity for the governance of complex projects (Gomide and Pereira 2018b).

The Brazilian Development Bank (BNDES) has traditionally offered the most subsidized source of financing, and projects did not suffer from lack of financing during 2005–2014. However, in face of fiscal crises, President Temer's administration has made a radical change in their subsidized financing policies. Nowadays, BNDES makes available a minority of any given project's financing needs. The new financing policy opened more room for private capital, especially for international investors, particularly large investment funds.

Consequently, concessions and public-private partnerships (PPPs) have a role for financing and delivering infrastructure in the country (according to Brazilian law, PPPs are concessions in which part or all of the concessionaire's compensation is paid by the government and does not come directly from the revenue gained through the service or work at issue). Moreover, Brazil has been pursuing opportunities for partnerships with the private sector with the aim of filling infrastructure gaps. Nevertheless, pure Greenfield projects, such as new railway construction, in which there is no existing cash flow, remain difficult to finance, but investors show interest in existing assets (such as airports and highways). Moreover, it is important to remind that without the participation of the state in guaranteeing the quality of projects and coordinating and regulating of agents, private investment is not carried out.

Finally, it is worth mentioning that some "risk factors" such as regulatory, environmental licensing, foreign exchange, and other risks often lead to difficulties in the feasibility of investment projects. In many cases, there are financial resources, but there is no agreement on sharing risks, causing delays or making project execution unfeasible.

## Current and Future Challenges

The social, economic, and political consequences of the investment in large infrastructure projects produce a situation where multiple actors – from inside and outside the government – work to influence the decision-making of the public policy. Consequently, investment allocation in this sector is fundamentally political, permeated by conflicting interests, bargains, and mutual concessions among the different actors at stake.

In Brazil, governance problems are deepened when it is considered the political-institutional environment that took place in the country after the democratization during the 1980s. The Federal Constitution of 1988, the most democratic one in the Brazilian history, established a multiparty presidential political regime in a federal system of government and a strong and autonomous horizontal accountability structure. In addition, the Constitution guaranteed the participation of civil society in public policies processes. Thus, Brazilian political-institutional environment is featured by various veto players and fragmented decision-making system.

The combination of presidentialism and multiparty system led to the construction of broad party coalitions (also known as *presidencialimo de coalizão*) to enable the approval of the Executive branch bills and projects, including the national budget. However, it can fragment the state administrative apparatus and put difficulties for governmental coordination because the management of the ministries and agencies responsible for infrastructure policy is distributed to politicians from different parties of the government coalition (Melo and Pereira 2017). In addition, the criteria for appointment to management positions of these agencies often implies the classic "politicians' dilemma," which it is marked by the need to choose between political support and technical qualification. One of the instruments that the Executive branch has to ensure the support of parliamentarians in approving the president's agenda is the release of budget amendments submitted by them individually. During the approval of the budget by Congress new investment projects are introduced, as well as changes in the allocation of resources provided for in the draft budget initially presented by the Executive. It makes difficult for the government to plan consistently and might represent a source of allocative

inefficiencies, since the resources for amendments may not be enough for project completion (Raiser et al. 2017). In the same way, the rules of the Brazilian political system result in an economic bias as electoral campaigns are expensive. In this context, infrastructure projects, featured by great investments and innumerable contracts, offer several opportunities for political campaign financing, encouraging the exchange of favors between politicians and private enterprises. In this situation, politicians tend to support projects that create markets for these private actors; in turn, these enterprises sponsor electoral campaigns (Machado et al. 2018).

With regard to federalism, local governments are important agents for implementing policies. For example, in the Growth Acceleration Program, 62% of the program financial resources were allocated to state and municipality implementation (Melo and Pereira 2017). Despite that, currently researches indicate that local governments were marginally involved in the decision-making process. Consequently, the sector's projects tended to be "territorially blind." According to Lotta and Favareto (2018), local governments were involved only in the implementation of the approved projects to solve problems that arose in that phase. Another issue is related to the problem of the asymmetrical technical-administrative capacity of the Brazilian municipalities for execution and monitoring of the investment allocated by the federal government. In this context, localities lacking state capacity are more likely to face problems to deliver infrastructure utilities.

Another consequence of the Brazilian political-institutional environment is the constant interference of the Public Prosecutor's Office in the implementation of large infrastructure projects, acting especially to claim environmental sustainability and the rights of vulnerable local communities. On the one hand, this can lead to paralysis in the decision-making processes, causing delays and budget overruns. On the other hand, these interventions can produce improvements in the project, in reconciling and inserting new interests.

Finally, concerning participatory institutions, the main channel of social participation in the infrastructure sector is public hearings during environmental licensing process (Abers 2018). However, this instrument has been criticized for being temporarily punctual, not considering the demands that should have been processed at the project design phase, and for its overly informative nature (Abers 2018). The absence of effective channels of participation of civil society in the decision-making process leads to political conflicts, once large infrastructure projects generate environmental and social negative impacts. As the decision-making process of infrastructure policy and investment allocation in Brazil is insulated from civil society, the Judiciary system becomes the *locus* for conflict resolution.

Concerning the private sector, the governance arrangements of PPPs are also prone to various types of conflicts of interest, which also require coordination between public and private actors, not to mention the need for transparency and involvement of stakeholders in the arrangements to be constituted.

## Conclusion

Infrastructure policy in Brazil faces many challenges. There is an infrastructure gap in the country, especially for transport and water and sanitation. Despite the efforts of governments in the last decades to boost investments, there is still a lot to be done. Brazil needs to improve the state policy capacity, especially for planning and governance to attract private capital to compensate reduced public investments. However, effects of additional investment might be timid if the governance of the policy process, such as project selection and coordination of multiple stakeholders, was not improved.

Nevertheless, infrastructure policy decision-making and implementation in Brazil are not only technical issues. There are several actors, with different interests, involved in governmental actions for this policy sector. The Brazilian political-institutional environment is featured by various veto players and fragmented decision-making network. If governance means the process in which a set of actors (state and non-state) are

related (formally and informally) in specific institutional environments in the policymaking, it emerges to the fore as a perspective to understand the problems of efficiency and legitimacy of infrastructure policy in the country.

## Cross-References


- ▶ Contract Monitoring
- ▶ Implementation of Public Policy, Brazil
- ▶ Planning, Brazil


## References


Abers R (2018) Conflitos, mobilizações e participação institucionalizada: a relação entre a sociedade civil e a construção de grandes obras de infraestrutura, 1st edn. Ipea, Rio de Janeiro, pp 349–376

Costa ACA, Bertol G, Brazil's Great Infrastructure Opportunity (Marsh & McLennan Companies' Global Risk Center, 2018). http://www.brinknews.com/brazils-great-infrastructure-opportunity. Accessed 4 January 2019

Flyvbjerg B (2007) Policy and planning for large-infrastructure projects: problems, causes and cures. Environ Plan B Plan Des 34:578–597

Frischtak C, Noronha J (2016) PAC: avaliação do potencial de impacto econômico. CBIC. http://cbic.org.br/wpcontent/uploads/2017/11/PAC_Avaliacao_do_Potencial_de_Impacto_Economico_2016.pdf. Accessed 25 Aug 2017

Gomide A, Pereira AK (2018a) State capacities for infrastructure policies in contemporary Brazil. Braz J Public Adm 52(5):935–955

Gomide A, Pereira AK (2018b) O conceito de governança aplicado às políticas de infraestrutura. BAPI, Ipea. http://www.ipea.gov.br/agencia/images/stories/PDFs/boletim_analise_politico/181206_bapi_19_cap_11.pdf. Accessed 4 Jan 2019

Lotta G, Favareto A (2018) Os arranjos institucionais de coordenação dos investimentos em infraestrutura no Brasil: uma análise sobre seis grandes projetos do Programa de Aceleração de Crescimento, 1st edn. Ipea, Rio de Janeiro, pp 237–264

Machado R, Gomide A, Pires R (2018) Arranjos, instrumentos e ambiente político-institucional na reconfiguração da ação estatal em políticas de infraestrutura, 1st edn. Ipea, Rio de Janeiro, pp 37–62

Melo MA, Pereira C (2017) The governance of infrastructure in multiparty presidentialism. Oxford University Press, Oxford. Chapter 11

Orair R (2016) Investimento público no Brasil: trajetória e relações com o regime fiscal. Discussion paper, Ipea. http://repositorio.ipea.gov.br/bitstream/11058/6873/1/TD_2215.PDF. Accessed 25 Aug 2017

Pereira AM, Andraz JM (2013) On the economic effects of public infrastructure investment: a survey of the international evidence. J Econ Dev 38(4):1–38

Raiser M, Clarke R, Procee P, Briceno-Garmendia C, Kikoni E, Mubiru J, Vinuela L (2017) World Bank Group. http://documents.worldbank.org/curated/en/386151499876913758/Back-to-planning-how-to-close-Brazils-infrastructure-gap-in-times-of-austerity. Accessed 25 Aug 2017


# Innovation and the Public Workplace


Amelie C. Simons
Northern Arizona University, Flagstaff, AZ, USA


I

## Synonyms

Agency innovation; Creativity; Government innovation; New ideas; Organizational restructuring; Policy change; Policy innovation; Problem-solving; Public sector innovation; Technology adoption

## Definition

The creation of new approaches to both the development and implementation of public policy for the ultimate improvement of the quality, quantity, and availability of government services to the public.

## Introduction

The term "workplace innovation," when discussed in the context of the public sector, broadly refers to new approaches to the development and implementation of government policy. Innovation as a concept can be somewhat nebulous, as one could imagine that almost any new idea proposed within an office setting could be lumped under the umbrella of "innovation." However, public sector innovation is unique from the general term "innovation," as well as innovation in the private workplace, in that it has three crucial components:

First, in order to constitute innovation, new ideas from the public sector must truly be novel in their approach to a government agency practice or organizational structure. Secondly, innovation in the public sector must persist through the transition from the early policy development stage all the way through to the final implementation stage of the policy process. In other words, innovative ideas, while they might exist first in theory only, need to eventually be put into practice at the ground level – new ideas that are simply recorded on paper do not constitute public sector innovation until they are enacted through the policy implementation process. Finally, public sector innovations necessitate a long-term goal of providing benefit to society. In sum, innovations in the public sector workplace must fulfill three requirements: They must be novel, they must be implemented, and they must be based on the aim to materialize as a positive impact on the community (Daglio et al. 2015).

Traditionally, workplace innovation has been considered to be primarily the domain of the private sector (Verhulst 2016). Innovation in the private sector has long been an area of interest for researchers in both the academic and business spheres, as private workplaces are unencumbered by the adherence to procedure and accountability to the public of the government workplace. The private sector comprises the portion of the national economy that is not under the authority or control of the government, whereas institutions within the public sector are directly funded by, and thus directly accountable to, various branches of government. Innovation in the public sector also differs from the private sector in that it is not driven by profit or competitive advantage, but rather, as part providing services to the public, it retains the aforementioned goal of eventually delivering a positive impact to the community.

Due to the highly bureaucratic nature of public workplaces, especially in the United States, a misconception exists that innovation in the public sphere is stifled by adherence to procedure and thus is essentially nonexistent. This misconception gains credence from the incremental and piecemeal nature of public policy change, which suggests an overall lack of evolution and innovation in the public sector as a whole. However, while a lack of innovation may persist in a few isolated instances, evidence has increasingly demonstrated that innovation is an essential and common attribute of the public sector workplace. Contrary to popular belief, innovation can thrive in the public sector and is vital to the continued adaptation of government agencies to technological advancement as well as to continued improvement in the efficiency and effectiveness of public services. As such, innovation is crucial in order to maintain public approval of agency efforts (Verhulst 2016).

## Why Innovate?

In order to understand innovation in the public workplace, it is imperative to first examine some of the motivating factors that drive administrative innovation in the public sector. Public sector workplaces constantly search for new, better, and more efficient means of achieving governmental goals and implementing policy with public funds. While many public innovations have been inspired by the private sector, other innovations in the public workplace materialize as a necessity in response to rapid changes in technology. First and foremost, however, innovation in the public sphere is centered on a maximization of employee capacity, so that public service can be delivered to the community in the most efficient and effective means possible. Whether related to agency structure, organization, management, or roles, the maximization of human capacity is a key driver of public workplace innovation (Chi 2003).

Additionally, funding is one of the main stimuli of innovation, as most government agencies find themselves in a perpetual struggle between meeting the needs of the public while adhering to the confines of limited, and oftentimes diminishing budgets. As two of the financial motivations for public sector innovation are the ubiquitous goals of almost every government agency to find alternative funding and to stretch the budget in order to accomplish more with fewer resources (Chi 2011,

p. 1148). In the United States especially, government agencies at all levels are having to find a means of achieving lofty goals in the face of taxpayer reluctance to pay more. As such, innovative solutions in the public workplace have sought to find additional funding through collaboration with the private sector, as well as maximizing effectiveness and efficiency of the workplace with the preemptive expectation that the budget will either remain stagnant or decreased, as has been the case for many agencies in the wake of the 2008 financial crisis (Ibid).

Oftentimes, issues related to funding, technology, and the maximization of employee capacity are interconnected issues that are not isolated to one agency within the public sector. Rather, budget constraints, the implementation of new technology, and organizational reform are key areas of interest in almost all government agencies and thus constitute interdisciplinary problems that require innovative solutions. Furthermore, such innovation solutions often rest on cross-agency cooperation and sometimes even collaboration with the private sector (Daglio et al. 2015, p. 2). Agencies within the public sector do not exist in a vacuum (Ibid, p. 5), and the exploration of creative and cross-collaborative strategies and solutions is an essential means to develop innovative strategies to public sector problems.

## Types of Innovation

Innovation in the public sector workplace can take many forms, from the incorporation of new technology to cross-collaboration between the public and private sectors, all of which typically fall into one of two broad categories: policy or political innovation and program or management innovation (Chi 2003). While policy and political innovation works to improve the laws and policies themselves, management innovation seeks to improve implementation of that policy. Put simply, public sector innovation is either directed toward the improvement of policy or the improvement of policy implementation. Innovation related to policy development and reform tends to constitute broad, large-scale, macro innovative measures that seek to improve the efficiency and efficacy of the laws and policies themselves and typically require legislative measures in order to be enacted (Chi 2003, p. 1149). Legislators are typically the public sector employees involved in policy innovation, although the public and the media can also be instrumental actors that prompt policy development and reform. An example of policy innovation might be a restructuring of the court system (Chi 2003, p. 1148), or a redesigning of welfare policy to maximize a reduced annual budget. On the other hand, innovation in program and management structure does not concern the creation of innovative policy, as discussed above, but rather innovation in the strategies and methods for administering and implementing policy. While policy innovation tends to take place higher up in the government structure, like at the federal at state levels, innovation in policy implementation is typically more of a small agency and local-level phenomenon. The bulk of innovation in the public sector that involves administrators tends to fall into the implementation category and can materialize as organizational restructuring or the incorporation of new technology in the workplace (Chi 2003, p. 1149).

## Multilevel Innovation

Innovation in the workplace happens at all levels of government, from the national or federal level down to the local level. However, the type of innovation in question tends to depend on the level of government that the workplace is associated with. At the national or federal government level, innovation tends to fall into the first category discussed above and focus primarily on the *development and crafting of policy*. Innovation in the national government workplace is centered on the more theoretical creation of sound and substantive policy, whereby employees in the public sector strive to be innovative in their crafting of new policy or amending or restructuring existing policy. Innovation within the policy development realm is highly influenced by the political climate

of the time, yet still retains the altruistic goal of community betterment. However, at a city government office, for example, innovation consists primarily of the second type that is focused primarily on the betterment of policy *implementation* procedures. While local-level government agencies do significantly less in the way of crafting new policy than do state and federal agencies, local government plays a vital and arguably the most important role in putting into practice the policy measures crafted at the higher government offices. It is at the local level where innovation is imperative in the transformation of written policy into effective and impactful improvements for the community. The state-level innovation occurs at both stages: policy development and policy implementation. The state is responsible for the crafting of policy that is then enacted at the local level but also bears the burden of ensuring that policy coming from the national government is actually implemented within the state.

The concept of multilevel innovation within the public sector does not only refer to the various levels of government itself but also on the multilevel social structure that exists within the organism that makes up the public sector itself. This social structure can be thought of as a series of nested communities of actors, where society represents the largest sphere, followed by the public sector itself, then the various government agencies or offices, and finally the individual employees comprise the smallest sphere (Daglio et al. 2015, pp. 5–6). The notion of nested and increasingly smaller units of actors in the public sector is key for understanding and encouraging innovation, as innovation within the public sector, as mentioned above, does not exist in a vacuum (Daglio et al. 2015, p. 5). Rather, public sector innovation has a ripple effect that begins at the level of the individual government employees and outspreads to emerge as impacts at the society level. Just as lateral collaboration between the public and private sectors is a vital aspect in public sector innovation, so too is vertical collaboration across the different nested spheres, from the individual employee level to society at large. For example, individual employees will not be able to innovate if the larger government workplace is not open or friendly to new ideas (Ibid). Similarly, innovation from the public sector will not be realistic or impactful without feedback from society at large. Innovation is a collaborative effort that requires participation from all actors within the various groups that comprise the public sector.

## Strategies to Foster an Innovative Workplace

Following an examination of the starting points of public sector innovation is the question as to how to actually develop and support an innovative workplace environment? The creation of a workplace that inspires innovation is the primary step in the public innovation process. The physical and attitudinal tone of the government office itself can have a profound impact on workplace performance, as either a tool that supports innovation, efficiency, and effectiveness or an obstacle that inhibits creativity and prevents collaboration (Kaczmarczyk and Hunter 2006, pp. 1–3). As part of an increasing recognition of the importance of public sector innovation within the discipline of public administration, much research in recent years has focused pinpointing the means through which the public sector workplaces and employees can be empowered and inspired to innovate. The consensus thus far appears to be that both physical and attitudinal factors can have a profound impact on the level of public workplace innovation at any level of government office. Within the category of physical factors, spatial attractiveness and equity, a promotion of healthful space, comfortable and adaptable workspace, adequate communications technology, and overall technological reliability are central to the creation of a workplace that is physically conducive to innovation (Ibid, pp. 9–10). When it comes to attitudinal or atmospheric qualities that define an innovative workspace, it is imperative that the space lend itself to employee connectivity and a sense of community or place (Ibid). In practice, some of the measures that could be taken to improve and

encourage innovation in the government office include equal access among employees to windows and natural light, the inclusion of a communal recreational space, the installation of high-quality ventilation systems that promote the flow of fresh air through the space, and the implementation of flexible work strategies, all of which serve to foster a work environment that stimulates innovation (Ibid).

## Conclusion

Innovation in the public sector workplace is an immutable part of the policy process. In the past, innovation was considered to be strictly a private sector phenomenon that resulted from the inherent profit-focused competitiveness of the business world. However, as innovation research has gained increased attention within the study of public administration research, it has become clear this phenomenon is vital to the continued growth, efficiency, and adaptability of the public sector to the needs of the community it serves, especially when government agencies are faced with a decreased availability of funding. The private sector, in fact, has inspired many innovations within the public sector, especially when it comes to a maximization of workplace efficiency and effectiveness, the use of new technology, and in ideas to overcome the often inherent incrementalism and stagnation of a bureaucratic system of government. Public sector innovation drives both policy development and policy implementation. Innovation in the public sector occurs not only in the development of new ideas but also the implementation of those ideas in order to better provide the public with government services. Innovation exists at all levels of government and in all institutions that make up the public sector. Despite the essential nature of public sector innovation, the government workspace is not always a nurturing environment for dynamism and creativity; thus, there has been a burgeoning focus among researchers on the study of public workplace innovation. This is a niche discipline of public administration analyzing both the physical and atmospheric traits of the innovative workplace, as well as the development of strategies to encourage innovation within the public sphere. As innovation continues to gain relevance within the field of public administration, as well as within organizational and management theory, the hope is that increased innovation will ultimately lead to more efficient and effective service to the community.

## Cross-References


- ▶ Administrative Reform
- ▶ Citizen Participation in Public Management
- ▶ Employee Work Motivation
- ▶ Harmonization
- ▶ Law and Public Administration Innovation
- ▶ Leading Governmental Reform
- ▶ Management Strategies and Budgetary Politics
- ▶ Managerial Functions in the Public Sector
- ▶ Transformational Leadership


I

## References


Chi KS (2003) Promotion of administration innovation in state government. In: Rabin J (ed) Encyclopedia of public administration and public policy, vol 1. Marcel Dekker, New York, pp 1147–1152

Chi KS (2011) State government: promotion of innovations. In: Berman E (ed) Encyclopedia of public administration and public policy, 2nd edn. Taylor & Francis. Online. Available at http://www.tandfonline.com/doi/book/10.1081/E-EPAP2. Accessed 10 June 2016

Daglio M, Gerson D, Kitchen H (forthcoming, 2015) Building organisational capacity for public sector innovation, background paper prepared for the OECD Conference "Innovating the Public Sector: from Ideas to Impact", Paris, 12–13 Nov 2014. Available at http://www.oecd.org/innovating-the-public-sector/Background-report.pdf. Accessed 27 June 2016

Kaczmarczyk SF, Hunter GS (2006) Innovative workplaces: benefits and best practices. United States General Service Administration, Washington, DC. Available at http://www.gsa.gov/graphics/pbs/Innovative_Workplaces-508_R2OD26_0Z5RDZ-i34K-pR.pdf. Accessed 15 June 2016

Verhulst S (2016) Workplace innovation in the public sector. NYU GovLab. Available at http://thegovlab.org/workplace-innovation-in-the-public-sector/. Accessed 26 June 2016

# Innovation and Tradition in Public Administration Reform

*Reform in Public Administration*

Richard F. Callahan
School of Management, University of San Francisco, San Francisco, CA, USA

## Synonyms

Innovation; Reform

## Introduction

In the reform movements generally in public administration and in reform initiatives by individual public administrators, there is an ongoing tension between innovation and tradition. This tension has been long-standing, dating back to the formation of public administration as a field of practice and of study. In the United States as public administration developed as a profession and developed interdisciplinary research distinct from political science particularly in the 1930s, reform of existing organizations and management practices became an ongoing theme. Within the questions of reform, two sets of issues developed: innovation, that is, change with a preference for new ways of practice, and tradition, that is, continuity with a preference for current practices.

Over the past 80 years, what emerges in public administration is a continued interplay between advocates for change and advocates for tradition. This tension is often resolved with innovations becoming accepted and then being the traditional practices. A repeating and evolving cycle develops of innovation becoming tradition. For example, the Social Security Act, as proposed by the president of the United States, Franklin D. Roosevelt, was perceived in 1935 as radical innovation with significant questions of providing a minimum level of income for the elderly and widows. Within a few decades, the innovation become a model for future innovations at the national level with the introduction of Medicare and Medicaid in 1965 for health insurance for the elderly and impoverished youth. By the early 1980s, Social Security became an unassailable tradition in the United States, questioned at considerable electoral peril (Neustadt and May 1986). More recently, the tension between innovation and tradition can be seen in the UK's Brexit vote: the choice between engagement in an innovative institutional design, the European Union in contrast to a tradition of national sovereignty.

The concept of reform in public administration cuts across a wide range of the research and practice. Necessarily, focus on one part of reform runs the risks of not recognizing other aspects. To develop a comprehensive, but not exhaustive overview of the interaction between innovation and tradition in public administration reform, five themes are explored to organize the review. These themes provide a method to systematically explore key aspects that have emerged and surface enduring issues across a range of reform efforts. This overview of innovation and tradition in administrative reform develops five themes:

1. Public administration is best conceptualized as a reform movement committed to innovation.
2. Tradition can be seen as a commitment to rule of law and constitutional law.
3. Reform includes organizational, community, and institutional layers.
4. Reform involves more than the delivery services.
5. In representative governance oversight by elected officials impacts innovation.

## Public Administration as a Reform Movement

Despite a name that sounds locked in tradition, in many ways public administration as field of practice can be seen as a reform movement, closely aligned with good government practices and values of the Progressive movement of governmental reform in the United States. Reform is central to most discussions of public

administration (see, e.g., Guy and Rubin 2015). Typically, the engagement in reform starts with the question of: How can we do better? This question is asked across a wide range of processes or outcomes, including but not limited to public management, citizen engagement, cost-effectiveness, social equity, ethics, data-driven decision-making, or many other topics. Conversely, the question is rarely asked of how to preserve the status quo. The pressures from elected officials wanting to show accomplishments and careerists wanting to demonstrate their skills, or from budgetary or societal or community pressures, there is a push for consistently looking at reform. Innovation in the delivery of public services can be seen as one of the persistent qualities of public sector professionals (Borins 2014).

Innovation in public administration has been linked to the idea of creating public value (Moore 1995). This linkage expresses a belief that in public administration, innovation is not simply a change, but that innovation involves change that benefits the public. This benefit can be found within the organization, or in the community, or in policy change, or institutional change. But inherent to the concept of public administration is the connection to public, to the public good, and to innovation as a means to creating value that advances the values of the public.

This pressure for reform is not limited to one nation or set of nations, rather continues globally in both the practice and research of public administration. Most recently, the widespread adaption of innovation described in New Public Management continues to illustrate that where there is innovation, there is concern with tradition (Hood 1991). This is not to say that tradition in public administration is in opposition to all innovation. Rather, the challenge of innovation in the public sector is reconciling change with the lessons learned and societal values represented by tradition in public administration. Innovation in practical terms is seen as having significant impact on a public organization or public policy, with the change as positively engaging those affected, transparent to both those inside and outside the change, and with an accountable and sustainable implementation.

A pressure for reform often comes from the electorate or communities. The practice of civic engagement is closely tied over the past 20 years to the practices of creating value. Innovation occurs at the community level in creating public value by working with both public agencies and the nonprofit sector. The research into creating public value has developed to include both the public sector and the nonprofit sectors. Reform in public administration is not limited to government agencies, but rather the drive for innovation over the past 30 years regularly involves design of programs that can draw on both public agency funding and nonprofit sector service delivery.

Described as inter-sectoral or cross-sectoral collaborations, these reform efforts look for innovation driven by working across the public sector and nonprofit sector, as well as occasionally the private sector. The driver for this approach to reform is both a recognition that while the public sector provides funding, it does not have to provide all services funded. A second driver for this type of innovation is a candid assessment that the complexities of the contemporary problems defy easy solutions or one-dimensional approaches. Rather, there is the complexity of seemingly intractable problems and need to generate new intellectual capital, new ways of thinking, and need for a range of partners from each sector, each with a distinct set of assets – not just vertical approaches within government agencies, but horizontal approaches across sectors (Kettl 2006). The tension emerges then between tradition and innovation.

A traditional approach had been public organizations delivering all services. An innovative approach not only allowed but also encouraged a range of nonprofit organization to design, develop, and deliver services. The emergence of contracts for public services, previously exclusively provided for by a public organization, moves from tradition to the potential for innovation. At the core of the innovation is the emergence of a range of providers, connected through contracts as a network in providing services. The landmark research by Provan and Milward (1995) uncovers networks in community mental health as an effective innovation providing

services formerly provided by public agencies. Subsequent research has found that much of the work of public managers can often be managing the contracts and networks of nonprofit providers.

In contemporary public administration, network management has been described as the shift from public administration occurring strictly in government to public administration as concerned with governance, overseeing funding and programs both in and outside of government agencies. Networks have emerged as a dominant theme and significant responsibility of the public manager. Varied forms of collaborations with public and nonprofit sector agencies allow innovations to emerge in a wide range of services that create public value in public safety, social services, public health, infrastructure, park preservation, low-income housing development, and other services (de Lancer Julnes and Gibson 2016). The prevalence of nonprofit networks advancing public sector goals with public sector funding provides evidence that what once was an innovation in public administration has transitioned from reform to tradition.

Yet tradition in public administration is more than a practice that has become prevalent or widely shared. Public administration tradition does not simply develop from collecting successful innovations that stand the test of time. Rather, public administration tradition draws on concepts that are not tied to transitory values or program practice. The strength of public administration tradition is not the embrace of management or popular fads. The source of tradition in public administration is developed in the next section.

## Rule of Law

Fundamental to tradition in public administration are two concepts: rule of law and human dignity (Newland 2012). The first is the concept of all people under law. Or as developed in the political theory, the concept of the king under law – and therefore everyone – subject to the same laws. The debates in public administration between different courses of actions are always in the context that there is a search for the meaning and intent of the law. That tradition in public administration is of decision-making guided by and constrained by the rules, the regulations, and the laws. This tradition is in contrast to arbitrary rule making or decision-making based on the wishes of an individual in a position of power. Drawing on the fundamental concept of bureaucracy in contemporary society as a set of rules followed by those in the organization, public administration draws on a tradition of constitutionalism that embodies societal rules, creates institutions, facilities organizations, and structures the actions between those in power in administrative roles and the public those administrators serve.

Public administration is distinguished from simply administration of organizations by the connection to the public. The tradition of public administration is of rule of law and the exercise of state power constrained by those rules. Central to public administration is recognition of a tradition of civil institutions that protect civil life. Moreover, these institutions that public administration tradition create various path dependencies that in turn support following these traditions. Effective institutions improve the operation of public organization for societal benefits. Designing effective institutions that create value in the places people live are central to the role of public administrators properly understood (Kirlin 1996). Well accepted is the idea that for economic success, institutions such as property rights and support of those institutions facilitate economic growth and prosperity, as found in the Nobel Prize-winning work of Douglass North (1990).

The critique of permitting too much administrative discretion derives from a fundamental commitment to the tradition that the roles of public administrators need to be carefully delineated by rule of law. Too much discretionary authority runs the risk of arbitrary decision-making where the public administrators are above the rule of law. This concern drives the critique of the New Public Management (NPM). The concern expressed in various forms with the NPM finds that the pursuit of innovations for increased effectiveness provides too much administrative latitude to initiate actions based on their judgments as public managers, rather than their roles as stewards of rule of

law (see, e.g., Hood 1991 or Radin 2006). At the core of this caution is the traditional belief that the power of governments can be so vast, so extensive that only constitutions and laws protect the public from the misuse of the power of the state. The core tension is between assigning the state sufficient coercive power to complete needed tasks, such as public safety, infrastructure building, and social and health services, while at the same time not providing so much power that public administrators can arbitrarily make decision that affect or harm the public.

The second significant concept embodied in public administration tradition is the value of human dignity. A focus on human dignity as the core of public administration tradition is extensively developed by longtime researcher and writer in public administration, as well as former director of the US Federal Executive Institute, Chester Newland (2012). The recognition of human dignity provides a set of values that can guide public administrators through adhering to a tradition. The centrality of administrative ethics in public administration can be seen as a commitment to the human dignity of each person affected by administrative decision-making. The early discussion and focus in public administration starts with a Progressive Era commitment to effective and corruption-free operations of public service. The innovation begins with subsequent research that looks at individual decision-making as the unit of analysis, confronting the question of administrative malfeasance, of corruption, and personal benefit at the expense of the public good. The traditional emphasis on reducing corruption shifts from the organizational level with corruption to a focus on the importance of ethics and individuals in decision-making.

The sixth edition of Terry Cooper's book *The Responsible Administrator*, originally published in the early 1980s, reflects a shift from innovation in thinking about the practice of ethics to an accepted tradition in public administration for ethics behavior, guided by thoughtful and reflective decision-making that explicitly draws on ethical frameworks. In addition, Cooper (2012) couples responsible administration with the expectation of administrative decision-making that includes structures for community participation. This inclusion of community engagement stems from a commitment to the dignity of each person. The tradition of the public administrator as the decision-maker focused on effective government has shifted to an innovative approach of the public administrator responsible for structuring processes of ethical decision-making that includes community input. In this way, tradition and reform are reconciled around the adherence to a value in human dignity.

In the above discussion of rule of law and human dignity, the idea that tradition in public administration is advanced by institutions, organizations, and individuals previews the next feature of innovation and tradition. The reality of reform in public administration reflects the complex nature of the field as serving in society at different levels.

## Levels of Reform

A useful set of distinctions surface the varied settings for innovation and tradition. Considering societal action as occurring in five different dimensions provides a backdrop for placing innovation and tradition in public administration. These five levels are individual, groups, organizations, and institutions and society (Callahan 2001). Metaphorically, the map of reform in public administration covers the terrain at each of these levels. Public administrators do not navigate on a map that is flat, absent topological elevations. The tension between of innovation and tradition occurs across much of the landscape.

The inherent complexity of public sector problems defy study from only one discipline focused on only one layer of society. Political science provides strong research on elections, but not on organizations. Sociology provides great insights on communities, but not on politics. As a result, public administration research draws on a wide range of academic disciplines with varied tools, research methods, and different units of analysis, best described as an interdisciplinary approach to research and practice (Raadschelders 2011).

The reform emerges at each of these layers of society, with the most difficult of challenges calling for generating new policies, new structures, and new ways of aligning performance with values. In this context of challenges and problems, innovation in public administration increasingly calls for interdisciplinary approaches A set of challenges generally described as wicked problems often cross jurisdictional boundaries and levels of government, such as emergency response or environmental protection, have high consequences for failure, and call for urgent solutions (Kettl 2006).

Traditionally the work of public administration was seen as focusing on public organization that occurs regularly. The initial research in public administration focused on public organizations, considering questions on how best to structure the organization. The organizational chart became a dominant way of understanding the organizational interactions, goals, functions, and outputs. Innovation was seen as driven by reorganizing the arrangement of units within the organization, changing the reporting relationships, varying the amount of centralized oversight or the amount of decision-making discretion through decentralization.

The tension between tradition, the past way of organizing a public agency or assigning responsibilities to a public agency, and innovation as changing the structure of an organization remains a contemporary feature. The focus on organizational structure as a way of reform can be seen in a range of examples. A visible example in the United States with innovation being the reorganization of the structure of reporting relationship through the creation of the US Department of Homeland Security in 2002 that centralized units previously located at several different departments. But innovation does not always move in the direction of centralization. An innovation through reorganization that focused on decentralization occurred at the US Department of Veterans Affairs in the late 1990s. Under the direction of then undersecretary, Dr. Kenneth W. Kizer, MD, decision shifted from Washington, D.C., to decentralized decision-making in each region of the nation in regionally vertically integrated networks of medical care.

But reform in public administration is not limited to the organizational layer. Within the context of public sector organizations, the tension between tradition and innovation also occurs at the individual level. The focus on what motivates an individual in public service emerges as an important consideration with research framed as Public Service Motivation (PSM) (Perry and Wise 1991). An important focus on how innovation can increase individual motivation with the effect of increasing the performance of public agencies has been a consistent theme in federal reform efforts (Light 1997).

As second example of public administration reform at the individual level is found in the development of the system of civil service, civil service can be seen as offering individuals in public organizations specified protections, such as tenure in office or procedures of appeal of disciplinary action, for their exercise of professional standards. However, civil service – once viewed as a significant innovation – is now seen as a tradition with innovations over the past decades in the movement described as New Public Management (NPM) or Reinventing Government pushing to modify civil service hiring practices. These contemporary reform movements de-emphasized the job protections of civil services advocating innovations such as giving public managers increased flexibility in hiring and firing through revising civil service. Once again, what was once seen as innovative and progressive, civil service, in local, state, and national government, has become seen as tradition.

As well as institutions for professional conduct, voluntary membership in professional associations, such as the American Society of Public Administration (ASPA) and the International City/County Managers Association (ICMA) are institutions designed to self-regulate the profession, for example, sanctioning city managers engaged in partisan politics. The net effect of associations of public sector managers and executives develops a set of institutional expectations to preserve traditions, as well set guideline, particularly with ethics on the parameters of management actions for introducing innovations. In many ways, these professional associations become

institutions as stewards of tradition, with rules designed to provide predictability in the range of activities of public administration, including but not limited to hiring, civil service protection, expectations for performance, legal protections, and a range of other activities of public servants.

In addition to the individual, organizational, and institutional levels, an increasing amount of public administration innovation occurs in the community level. The engagement with community emerges as an important theme in public administration with the research that starts in the 1970s on the discretionary decision-making at the front lines of working with citizens. This work extends through the concept of the importance of civic engagement in the work of the public sector. Rather than relying on election results annually, of every 2 or 4 years to set direction by the public, the concept of civic engagement develops an expectation that public administrators design processes to engage those most directly impacted by the decision-makers. One conceptualization of this approach is the expectation of getting closest to the people who are closest to the problem, whether they are inside or outside of the bureaucracy.

## More than the Delivery of Services

For the wide range of innovations, the tradition in public administration makes a forceful argument that public administration is about more than service delivery. At the least public administration innovation needs to align with tradition at the organizational and institutional levels (Callahan 2001). Moreover, the tradition in public administration finds that democratic values (Radin 2006) more than performance management and more than efforts to improve organizational efficiency should guide public administration reform.

Typically, innovation can focus on improving new types of programs or improved service delivery in public administration. Examples of innovations abound in capital project constructions with new subway projects in London and Paris serving not only as traditional transit improvements but also as innovative catalysts for economic development and, particularly in the case of Paris, as connections between different layers of society. Innovations can be seen in the development of entire new national agencies to address newly emerging issues, such as with the creation of the US Department of Environmental Protection in 1971. Innovation can also be seen in aggregating separate and often competing nations, such as with the development of the European Union. Similarly, innovation can be found in creating a new agency to address geographically shared problems across disparate local governments, such as the creation on the Los Angeles Basin of the South Coast Air Quality Management District in recognition that air pollution does not stop at political boundaries.

Beyond the creation of new projects and agencies, innovations can occur in the delivery of services, for example, the reorganization of the second largest healthcare system in the world, the US Veterans Health Administration moving from hospital-centered care to patient-centered services in the late 1990s. Other service delivery innovations can be seen in the emergence of public health programs for reducing lead paint exposure in children or Denmark's implementation of sophisticated metrics for assessing the performance of public education. Innovation in service delivery can be seen in transit systems moving to electronic fare collection as opposed to cumber some manual pay exchanges. Often innovation can be driven by the emergence of new needs or crisis, such as the innovations in water management and delivery in Australia due to extended drought.

A critique on innovation described as the New Public Management focused on performance management measures develops from the perspective that government programs are about more than measuring levels of performance (Radin 2006; Kirlin 1996). Globally, the question of legitimacy in government develops from more than the delivery of services. Tradition argues that the values for innovation in service delivery matter more than simply the delivery of services. The long-standing difficulty of effective program evaluation suggests a tension between traditional adherence to the values of public administration

and the difficulty of innovation in measuring outcomes aligned with values.

## Dynamics of Representative Government

Reform and tradition in public administration typically occurs in the context of constitutional democracy. Fundamental to public administration in the context of constitutional democracy is the central role of elected officials in both the legislative and executive roles. In one sense, public administrators can be considered elected officials, particularly in executive roles, such as a state governor or national president or prime minister. More typically, the role of public administrators is seen as those who are appointed and those who are career administrators but not in elected roles. The tensions between innovation and tradition occur in the context of public administrators interacting with elected officials.

The interaction of elected officials and public administrators creates the opportunities for tradition or reform to affect public organizations and institutions. Central to this relationship are two issues. First, the tension between public administrators acting in tightly prescribed roles with limited discretion or as more autonomous professionals, expected to exercise discretion. Second, central to this relationship is the role of trust in both directions: from the top down how much elected officials trust public administrators and from the bottom up, how much do public administrators trust those in elected oversight positions.

This relationship between elected officials and public administrators creates a dynamic tension in reform and tradition. The relationship is not linear as only administrators advocating for tradition or newly elected officials always as innovators. Rather, comprehensive research has found consistent dynamics that limit elected officials pushing for reform, as being limited by the need to trade reform for specific policy goals, the difficulty of sustaining trust, and the challenge of focusing on reform with the many demands for the attention of elected officials. Conversely, career officials may initiate innovation, as well as be the repository of tradition. The reinventing government movement of the 1990s can be seen as innovations in public administration with the focus on public managers, advocating for more discretion, initiative, and rewards for career officials. In the western European and Commonwealth as well as North and South American democracies, this reform emphasis became a known New Public Management. The innovations included development of extensive performance management systems and measures to increase accountability for outcomes, as well as an expectation that public managers would be at the forefront of innovations.

The complex interaction between elected officials and career officials can lead to periodic shifts in reform. The tension can be described as innovation pushing forward and tradition urging caution. This tension can be anticipated to the extent that the result is predictable cycles or as described by a longtime research, as occurring with the regularity of the ocean tides, or in public administration the "tides of reform" (Light 1997). The interactions on innovation and tradition with elected and appointed officials can often involve one the five tensions:

- Centralized versus decentralized decision-making: how authority is assigned.
- Reliance on people versus structure: the role of professional judgment and motivation.
- Elected official oversight: the role of trust and timing.
- Risk identification, mitigation, and management: the level of risk aversion.
- Insulation from future reform: the difficulty of future changes.

Also, in national systems that delegate a range of state powers, the dynamic interplay of elected officials and career public administrators occurs in an intergovernmental system, with complex interactions between elected officials from local, regional, and state or provincial entities in tension with national elected and appointed officials. The direction of reform in public administration is both horizontal, across similarly situated administrators and elected officials, as well as vertical between national and local officials. As a result,

forces for innovation and for tradition can come from many directions, bottom up or top down, as well as from peers.

## Conclusion: The Future of Innovation and Tradition in Public Administration Reform

Conceptualizing public administration as a field characterized by reform facilitates understanding innovation and tradition as in an ongoing tension in the practice and research of reform movements. A review of the history of the field of public administration suggests five ongoing concepts that describe past and contemporary reform efforts and the interaction of tradition and innovation.

First, reform is an ongoing feature of public administration, with the driving forces for reform in public administration always present. Public administration scholar, Alasdair Roberts (2014), describes these pressures for reform as the "large forces" of society, such as economic downturns, industrialization, or war. These large forces in society shape public administration and the development of administrative theory and practice. Public administration understood in the fullest sense of the research and practice of the field can be seen as regularly engaged in the tension between innovation and tradition in addressing these large forces.

Second, in a paradoxical manner, the tradition of public administration can be seen as embracing innovation. While tradition can be often be characterized as arguments for the status quo, the reform tradition in public administration calls for a connectedness to the values and goals of public administration as committed to change but within the context of those founding values. So the tradition in public administration does not question innovation simply as innovation, but to question how the innovation advances the values of public administration in constitutional governance.

Third, there is a consistent pattern in public administration reform, that a specific innovation initially viewed as in tension with tradition over time becomes part of the tradition of the work of public administrators. This embrace of innovation is consistent with public administration as a reform movement. And that innovation which becomes mainstream in public administration reflects the second concepts of connectedness to values.

Fourth, an essential feature of reform in public administration is the interaction between elected officials and appointed public administrators. Innovation and tradition occur in the context of multiple participants, which include elected, appointed, and career officials, as well as various stakeholders. The directions of forces for innovation can be horizontal and vertical, in an environment best characterized as dynamic and fluid, as opposed to static and predictable.

In conclusion, reform in public administration with the tension between tradition and innovation reflects the dynamics of the society at the individual, organizational, and institutional levels. A fundamental driver for tradition in evaluating innovation is rule of law and a commitment to public administration as being more than simply the delivery of public services. The dynamics of representative government drive both tradition and innovation. The tensions between tradition and innovation continue even as what was once seen as innovative becomes accepted as part of the public administration tradition.

## Cross-References

► Public Administration Theory

## References

Borins S (2014) The persistence of innovation in government. Brooking Institution Press, Washington, DC

Callahan R (2001) The challenge of (dis)connectedness. Public Adm Rev 61:493

Cooper T (2012) The responsible administrator, 6th edn. Jossey-Bass, San Francisco

de Lancer Julnes P, Gibson E (2016) Innovation in the public and nonprofit sectors. Routledge, New York

Guy ME, Rubin MM (2015) Public administration evolving: from foundations to the future. Routledge, New York

Hood C (1991) A public management for all seasons. Public Adm 3:69

Kettl D (2006) Is the worst yet to come? Ann Am Acad Pol Soc Sci 604:273
Kirlin J (1996) What government must do well: creating value for society. J Public Adm Res Theory 6:161
Light P (1997) Tides of reform: making government work, 1945–1995. Yale University Press, New Haven
Moore M (1995) Creating public value. Harvard University Press, Cambridge, MA
Neustadt R, May E (1986) Thinking in time: the uses of history for decision-makers. The Free Press, New York
Newland C (2012) Values and virtues in public administration: post-NPM global fracture and search for human dignity and reasonableness. Public Adm Rev 72:293
North D (1990) Institutions, institutional change, and economic performance. Cambridge University Press, Cambridge
Perry J, Wise C (1991) Public service motivation. Public Adm Rev 51:1173
Provan K, Milward HB (1995) A preliminary theory of interorganizational effectiveness: a comparative study of four mental health systems. Adm Sci Q 40:1
Raadschelders JCN (2011) Public administration: the interdisciplinary study of government. Oxford University Press, New York
Radin B (2006) Challenging the performance management movement: accountability, complexity and democratic values. Georgetown University Press, Washington, DC
Roberts A (2014) Large forces: what's missing in public administration

# Innovation and Tradition in Public Administration Reform: Case of Russian Central Governmental Budgeting

Konstantin Timoshenko and Igor Khodachek
Nord University Business School, Bodø, Norway

## Synonyms

Change; General government sector; Legacy; Modernization; Path dependency; Sediment; Transformation

## Definition

Innovation is something new or different introduced that signals a break with the past. Tradition refers to a long-established or taken-for-granted way of doing things.

## Introduction

Assiduous endeavors have been made to reinvent the public sector worldwide under the banner of New Public Management (NPM) over approximately the past four decades. NPM has by now circled the globe by diverse paths and landed in varied contexts. While OECD nations first embarked on their publicly charted course toward NPM, questions of how to streamline the public sector were then put on top of the agenda in many less-developed settings. The outset of a new millennium witnessed the Russian state joining the crusade. A policy toolkit included the introduction and implementation of performance-oriented budgeting and medium-term financial planning, as well as the transformation of Russian public accounts toward accruals. However, as some researchers have elucidated, these seemingly NPM-like arrangements did not serve for enhancing instrumentality, but rather for supporting the image of the Russian state as a "modern" and "progressive" player in the international arena (Timoshenko and Adhikari 2009). This is well in line with the literature and empirical researches on the public sector worldwide, envisaging NPM-like reforms more in terms of fashionable and popular line of thought, rather than a full-fledged device calibrated to solve all public administration problems.

While NPM was the dominant theme in the 1990s and early twenty-first century, the 2010s are far from the best of times for NPM. With the downfall of NPM that we have witnessed in recent years, public administration worldwide is clearly moving in new [post-NPM] directions. New (old) paradigms or public sector reform discourses, as varied as Public Administration, New Public Governance, and the Neo-Weberian State, have come into play, threatening to challenge the ideological leadership of NPM in the field of public sector reforms and even to dismiss or supersede it. All that could not but affect the way Russian public sector reforms have been framed.

This entry examines which paradigms or public sector reform discourses have prevailed in the Russian public sector over time and how these discourses have been reflected in Russian central

governmental budgeting. In so doing, the entry focuses on the appearance of a nascent budgetary framework at macro-level, commencing from the outset of the new century and continuing until recently. As a result, the development of Russian governmental budgeting was assembled into three successive periods. Their choice was due to the identified patterns of continuity and change in the content of central government budgetary provisions.

The remainder of the entry proceeds as follows. The first part offers an overview of public sector reform paradigms that have recently emerged. The second part provides a contextual understanding of broader public sector reforms in Russia and recent alterations in Russian governmental budgeting that were brought about by the federal government. In the third part, the evolution of Russian central governmental budgeting is described, originating from the beginning of the new century until recently. The fourth part concludes the entry, summarizing its key points.

## Is NPM Still Alive?

Along with numerous accomplishments, NPM has received significant criticism from the academic and professional communities. For example, more than two decades ago, Brunsson and Olsen (1993) documented that, generally, this criticism occurred because public sector reforms rarely proceed as expected, or intended by the policymakers that designed the reforms. Notably, the existing patterns of successful implementation of public sector reforms are often advocated by authors that are closely affiliated with international financial institutions such as the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development. Concurrently, academic researchers have unveiled a huge gap between the ideal reform concepts and the application of new financial instruments.

The results of prior studies regarding NPM are somewhat contradictory and riddled with controversies; a growing number of empirical studies clearly speak against it. These studies provide more evidence of endeavors to modernize the public sector landscape worldwide rather than to achieve desired outcomes. In their recent studies of a 30-year period of public management makeovers in the UK, Hood and Dixon (2016) documented the failure of reforms to reduce government costs and improve its ability to serve the citizenry. However, despite the above criticism of NPM and its documented merits, there is a consensus in the literature that NPM is still alive and very much kicking, and will continually stay attractive to policymakers, at least in the foreseeable future, and challenge public sector managers even as it faces resistance and opposition from the profession.

Recent studies regarding NPM may be channeled into two streams. One stream strengthens the trend of government reduction while focusing broadly on interorganizational settings. This is what has become known as New Public Governance (NPG) (Osborne 2010). The other stream has proposed a model that partially reinvents the merits of a historical ancestor of NPM – Public Administration (PA). This is often referred to as the Neo-Weberian State (NWS). Furthermore, Pollitt and Bouckaert (2011) affirm the existence of three recently emerged models of public sector reforms: NPM, the NWS, and NPG. Conversely, Drechsler (2013) offers a different perspective and presents a contextual paradigm of governance and administration: Chinese, Western, and Islamic traditions of governance. The homogeneity of these traditions is widely questioned. Pollitt and Bouckaert (2011) suggest that the Anglo-Saxon and the Continental European traditions differ, and Pollitt (2009) declares that the Russian or Soviet tradition is a standalone case and claims that post-Soviet Eastern European countries share many common features with the Russian model. In the Russian case, which is apparently similar to numerous post-Communist contexts, the ideas of NPM were apparently not based on the business practices, but rather were imported by the supranational financial institutions (Timoshenko and Adhikari 2009, 2010). However, unlike numerous developing economies, Russia inherited its accounting tradition (Bourmistrov 2001) and the legacy of a

sophisticated administrative planning system that was used to govern the state, the public sector, and the so-called *socialist enterprises* in the Soviet Union.

## The Russian Setting

Throughout the history, the Russian Empire, the Soviet Union, and later, the Russian Federation have represented an example of a society that modernizes itself through rapid changes that affect the social sphere and is affected by leading ideologies. The role of the state in regard to the production of public goods and commodities has changed, although it has remained remarkably significant. After the demise of the Soviet Union in 1991, Russia experienced turbulence as it worked to become a full-fledged market economy and democracy. Russia made important strides toward establishing a robust private sector under Yeltsin's reign, but the development of the government sector appeared to lag far behind. Since President Putin came to the Kremlin in 2000, questions regarding how to modernize Russian public administration came to the forefront and heralded the launch of a more or less comprehensive policy pattern. During Putin's first 4-year term in office, he was determined to build *a strong state* and use it to solve all Russia's problems; this is evident in his statement: "For Russians, a strong state is not an anomaly. . . Quite the contrary, [Russians] see it as a source and guarantor of order. . . and the main driving force of any change."

Since 2000, the Russian state has significantly strengthened its presence in the national economy. This process included two dimensions: boosting budget investments into the consolidation and growth of state-owned companies and state corporations as well as de-privatizing key assets in the oil and gas sector by implementing various, and occasionally, highly controversial strategies. In 2012, state-owned enterprises produced approximately 50 percent of the Russian GDP (OECD 2013). Because of an increase in oil prices and steady GDP growth, Russia's public sector received better financial support when compared to the 1990s.

Since Putin's re-election in 2004, reform energies intensified with rapid velocity. In this context, appeals for boosting efficiency, effectiveness, and accountability began to be widely heard in the country, serving as truths, in the name of which, the Russian state was to be revitalized. The policy package included but was not limited to the Budget Process Reform, the Administrative Reform, and the Restructuring of the Public Network. Boosting accountability and widening managerial autonomy in the Russian general government sector were at the forefront of these reform efforts. The goal of the Budget Process Reform was to ensure the effective allocation and management of government finances for meeting the country's policy priorities and objectives. The policies were diverse and included the launch and implementation of performance-oriented budgeting, managers' responsibility, medium-term financial planning, as well as the transformation of Russian public accounts towards accrual accounting.

The need to reform the budget process was deemed extremely important, especially if viewed in the context of the on-going administrative and other reforms of all federal relations and self-government. This included an ambitious plan for streamlining budget institutions, and a change in their nature. A radically improved structure of the federal government was endorsed with the passage of Presidential Edict # 314 "On the System and Structure of Federal Organs of Executive Power" on March 9th, 2004. The initiative was intended to "tackle issues such as the different types of government bodies, their respective roles, and the overarching accountability/subordination framework" (Parison and Evans 2004, p. 7). In addition to the Budget Process Reform, Diamond (2005, p. 4) referred to this initiative as "a most ambitious attempt to fundamentally restructure of the Russian federal government apparatus."

Zherebtsov (2014) claimed that the public administration reform, which was based on NPM ideology, contradicted the nature of the political process that was established during the presidency of Vladimir Putin and referred to as the *vertical of power*. He argues that this reform "has not yet resulted in significant improvements in the

governance of the country" (Zherebtsov 2014, p. ii). "The conceptual inconsistency between the reform's ideological background, on the one hand, and the mainstream political process that is based on the doctrine of the 'power vertical'" were claimed as the primary reasons for reforms' failures (Zherebtsov 2014, p. 436).

Evidence of moving away from Western-type of liberal paradigms in state governance included the passage of a new federal law on strategic planning in Russia in June 2014. The policy-makers who were involved in the drafting of the law nicknamed this legislation "the network-based Gosplan 2.0" referring to the Russian acronym for the agency in charge of the central economic planning in the USSR – Gosplan. According to this law, strategic planning is to be introduced into the work of federal and regional authorities, and into the activities of public sector enterprises and state-owned companies. After the full adoption of this law, the federation, all regions and the so-called "macro-regions" (e.g., Russian Arctic zone, Siberia, and the Far East and federal districts), all industries and state-owned enterprises are expected to adopt mid-term (6 years) and long-term (12 years) forecasts, strategies and detailed plans for their implementation.

## The Evolution of Russian Central Governmental Budgeting

Although the ongoing budgeting reforms in Russia were implemented top-down, they replicated certain features of NPM. In the Russian context, it is generally perceived to align with recent international trends and best practices that are commonly found in OECD countries. As documented by Timoshenko and Adhikari (2009), the transformation process in Russia was substantially affected by overseas forces through large international organizations such as the IMF, the WB, and the International Public Sector Accounting Standards Board (IPSASB) that question the prevailing budgeting and accounting systems, dispense advice on how to alter them, and ensure financial support. In addition to the evidence of NPM, there is the existence of a sequencing approach or a systematic chain of "should do" and "must do" changes that are promoted by authors or publications who are close to the IMF or other international financial institutions (Bietenhader and Bergmann 2010). The formation and reformation of systems of provisions that regulate governmental budgeting in Russia can be clearly separated into three stages. These stages are delineated by clear patterns of continuity and change in the central government budgetary norms.

The first stage, *management of expenditures*, began with the establishment of the Russian state in 1991 and continued until 2004. This stage included the creation of the Federal Treasury and the launch of cash-based budgetary accounting. The dominant institutional pressure was coercive isomorphism, primarily from the IMF and the WB. In addition, PA logic served as the prevalent prototype that guided the changes during this period. The second stage, the *transitional* period, began in 2004 and proceeded until 2008. This stage was characterized by a clear-cut reference to NPM-like rhetoric, which distanced the Russian state from the legacy of the Soviet past and moved toward the adoption of budgetary rules and provisions that are commonly found in the West. Appeals for greater efficiency, effectiveness, accrual accounting and performance management were widely heard in the country during this period. The normative isomorphism of the IMF and the WB replaced coercive pressures by eliminating the dependency on their funds and continued close coordination with the Russian Ministry of Finance.

Since 2008, the state of Russia has embarked on a new ongoing wave of budgetary reforms that is commonly referred to as *management of outcomes*. Performance measurement and performance management, programs, mid-term plans, and strategic planning have all been introduced during the third period. This is indeed the most complex and controversial stage because of a marked interplay of elements that stem from NPM, NPG, and even the NWS. The normative influence of supranational institutions remains considerable and penetrates academic education and research. Although large-scale anti-Western

rhetoric and the demonized image of the West dominate Russia's political realm, the country's political elite rely on a comprehensive package of Western public sector methodologies while promoting the positive image of the Russian state in the international arena.

## Conclusion

Although the Russian setting is distinct from that of OECD countries, the similar processes of hybridization and "nationalization" of NPM-like arrangements are apparent. Along with the NPM trend, the nascent system of governmental budgeting is a result of other public sector reform discourses and certain ideas that were inherited from the Soviet past and the strong ideological rhetoric of Russia's political elite, aimed to boost the image of the Russian state as a modern and progressive player in the international arena. Russia's budgetary framework possesses inherent features that are pertinent to each paradigm. These features include, but are not limited to, NPM-like performance measurement and performance management, a strong reliance on legislation that is more reminiscent of PA tradition than NPM, and elements of NPG and the NWS such as consolidated budgets and reports, participatory budgeting and the role of the state as the primary provider of welfare. Therefore, it is very likely that all the four public sector discourses have acted in concert to transform Russia's budgetary framework, with the power and potency of each paradigm varying over time, given the particular set of actors and circumstances in place.

Notably, it is beyond the authors' comprehension to name any of those four as the prevailing or dominant ideology behind the transformation process in contemporary Russia. First, one of the most visible features of the last decade or so in the nation has been the growing centralization of power, so it is not a pure NPM model that underlies the ongoing changes. Next, the mobilization of core democratic mechanisms has been merely ceremonial, implying that it is not PA, which subsequently rules out the NWS, as claimed by Pollitt (2009). Furthermore, it is not NPG because of a clear-cut focus on hierarchy and vertical subordination rather than coordination and governance. Lastly, assiduous endeavors to reinvent the Soviet legacy through the adoption of a new federal law on strategic planning were recently documented.

The case of the Russian state is telling. Various ideas influence the official agenda and many different drivers affect the decision making. Both practitioners and researchers are aware of these controversies and inconsistencies. Certain professionals propose philosophical or historical backgrounds for these controversies and inconsistencies and refer to the heraldic symbol of Russia that was inherited from the Russian Empire: the double-headed eagle, one head looking east and one head looking west. Therefore, Western-like liberal norms and regulations may coexist with anti-Western traditionalist rhetoric that positions Russians as a sovereign and self-sufficient society. Perhaps it is Russian tradition to adopt and adapt foreign solutions and enhance them for internal use, while maintaining a strong survival instinct of historical sediments and a capability of fostering local creativity for using alien practices in a highly centralized environment.

## Cross-References

► Innovations in Administrative Reforms

## References

Bietenhader D, Bergmann A (2010) Principle for sequencing public financial reforms in developing countries. Int Public Manag Rev 11(1). http://www.ipmr.net. Assessed 10 June 2017

Bourmistrov A (2001) Accounting and transition: a study of Russian local governmental accounting. Doctoral thesis for the degree of Dr. Oecon, Norwegian School of Economics and Business Administration, Bergen

Brunsson N, Olsen JP (1993) The reforming organization. Routledge, London

Diamond J (2005) Reforming the Russian budget system: a move to more devolved budget management. IMF Working Paper 05/104

Drechsler W (2013) Three paradigms of governance and administration: Chinese, Western and Islamic. Soc Econ 35(3):319–342

Hood C, Dixon R (2016) Not what it said on the tin? Reflections on three decades of UK public management reform. Finan Acc Manag 32(4):409–428
OECD (2013) OECD "Better policies" series. Russia modernizing the economy. Retrieved from: https://www.oecd.org/russia/Russia-Modernising-the-Economy-EN.pdf
Osborne SP (2010) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London
Parison N, Evans G (2004) Administrative and civil service reform. Policy note prepared for Russian federation authorities
Pollitt C (2009) Bureaucracies remember, post-bureaucratic organizations forget? Public Adm 87(2): 198–218
Pollitt C, Bouckaert G (2011) Public management reform. The comparative analysis. New public management, governance and the Neo-Weberian State, 3rd edn. Oxford University Press, Oxford
Timoshenko K, Adhikari P (2009) Exploring Russian central government accounting in its context. J Acc Organ Chang 5(4):490–513
Timoshenko K, Adhikari P (2010) A two-country comparison of public sector accounting reforms: same ideas, different paths? J Public Budget Acc Finan Manag 22(4):449–486
Zherebtsov M (2014) Public administration reform and building of the 'Vertical of power' in Russia: exploring incommensurability. A thesis submitted to the Faculty of Graduate and Postdoctoral Affairs in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Political Science, Carleton University Ottawa, Ontario

# Innovation Ecosystem

Sanjai K. Parahoo[1] and Madhavi Ayyagari[2]
[1]School of Business and Quality Management, Hamdan Bin Mohammed Smart University, Dubai, UAE
[2]Murdoch University, Dubai, UAE

## Synonyms

Innovation environment; Innovation system

## Definition

An innovation ecosystem has typically been conceptualized as a relatively independent and coherent institutional system primarily comprising of loosely coupled actors sharing a common understanding, and who collaboratively exchange knowledge and ideas leading to innovation.

## Introduction

### Pertinence of Innovation

In a business environment characterized by intense competition among institutions and fickle-minded customers, innovation is crucial for institutional performance. Consequently, innovation studies as a separate field of research emerged in the mid-1960s, and since then such studies have proliferated. A recent stream of the literature is now focusing on innovation in public sector. However, there is a sharp contrast between the respective objectives of innovation in the private and public sectors.

In the private sector, the overarching objective of innovation is to provide differentiated value-added service offers to customers leading to increase in revenues. Conversely, public institutions are required to provide public value in terms of quality, efficiency, or fitness for purpose of governance or services. In the current environment, public institutions are confronted with financial constraints coupled with the need to respond effectively to the growing expectations of citizens. Innovation thus enables the public institutions to pursue their service missions while making effective use of their resources. Governments have thus been encouraged to adopt a collaborative paradigm of innovation by expanding its focus to a continuous process of collaboration and negotiation among citizens, as well as with other stakeholders, leading to an efficient collaborative process to develop and implement good practice.

### Conceptualization of Innovation

It is useful to conceptualize precisely what constitutes innovation. In the service literature, an innovation has been proposed to be an offering not previously available to a firm's customers (e.g., a new service or delivery process) that requires modifications in the sets of competences applied

by service providers and/or customers. The innovation process thus involves collaboratively acting upon various resources that are valuable to a network of actors, including the customer who is the target of value co-creation. In the public sector, Mulgan and Albury (2003, p.3) proposed a broad definition of innovation as novel ideas that work, resulting in the development and implementation of new products, services, and processes, thereby leading to improvement in efficiency and/or effectiveness.

## Achieving Collaborative Innovation

### Success Factors

These conceptualizations suggest that innovation involves collaboration or networking among various actors to leverage available resources effectively and efficiently with the objective of producing a novel offering that adds value to the customer experience. However, although the definition of innovation suggests a simple and easy process, achieving successful and sustainable innovation practices is less straightforward. In this regard, Osborne and Brown (2011) reviewed the public sector innovation literature for success factors, and inter alia, they determined that:

- The nature of insights and breakthroughs leading to innovation implies that an organization should not rely on internal sources alone but should instead interact with a network of actors in the external environment to innovate effectively.
- While innovation may be the outcome of the efforts of an individual employee, an organizational culture conducive to innovation is critical for sustainability.
- Innovation managers need to adopt service-oriented thinking which recognizes the roles of the service recipient and other actors in co-producing a service.

### Challenges

The flip sides of innovation success factors are hurdles that hinder innovation. To successfully achieve service innovation and value co-creation, public sector managers need to address two related major challenges emanating from the new service thinking. These are *value-in-use* and *networking approach to innovation* and are next discussed.

- New service thinking is based on a(n) value and/or experience centric focus, with value conceptualized as *value-in-use*, thereby requiring a new perspective on service innovation. Vargo and Lusch (2004) organized the service literature into a service perspective on value creation and marketing that they termed service-dominant logic (SDL). The SDL perspective conceptualizes service as a process involving the integration of resources and competences among various actors (service provider, partners, customer). Value is considered to be co-created as value-in-use through the positive evaluation of an experience at a particular time, or during a specific exchange encounter. Subsequently, it was proposed that service innovation and value co-creation occurred within a service ecosystem. The SDL literature was in turn further enriched by scholars from the Nordic School of services who discussed the roles, interactions, and contributions of the different actors in the ecosystem in influencing the customers' perceptions of value-in-use.
- Within this new service thinking, there are fundamental changes in the way through which institutions perceive the nature and process of innovation. There is now increased recognition that the insights and ideas leading to innovation, and the innovations themselves need not necessarily emanate from within the boundaries of an institution itself. Instead, the innovations or their precursor ideas/insights may evolve from the joint efforts of a network of actors, including the public institutions, their partners, citizens, and the public at large operating in a coordinated network or system (Osborne and Brown 2011).

To conclude, collaborative innovation is founded on the facilitation of dynamic interactions within a service ecosystem involving a diverse network of actors to co-create value for service

recipients as value-in-use. To overcome the challenges, public managers need to motivate and enable interactions involving a network of actors, as these play a key role in achieving service innovation and value co-creation in the ecosystem.

## Interactions for Value Co-creation in Ecosystem

An interaction is a mutual or give-and-take action whereby two or more actors are in direct contact with each other or have an effect upon one another. Sundbo and Galouj (2000) stated that innovation in services derived largely from an interaction process, both externally and internally, involving actors and customers. In this regard, the driving force for interactions in the ecosystem is the need to integrate and leverage resources in order to co-create unique experiences for the service beneficiaries.

A service provider will become a co-creator of value with its service beneficiaries when effective direct interactions are established between the provider and the beneficiaries. There is a caveat though. Grönroos (2011) warned that the mere presence of interactions did not automatically guarantee value co-creation by the service provider, and the latter could potentially also exert negative (value destruction) impacts on the customer.

Grönroos and Voima (2013) extended the new service thinking by elaborating on the process of value creation and co-creation in service. They defined the roles of the customer and the service provider in achieving successful interactions, as well as the scope, locus, and nature of value creation. They proposed a three spheres model (provider, joint, and customer) for value creation that sheds light on the process by which the service provider and customers interact. In the customer sphere, the customer remains the value creator with service provider acting as value facilitator. However, when the customer invites the provider into the process (within joint or overlapping sphere area), the latter may act as a co-creator of value with the customer. In summary, the interactions potentially result in either the customer creating value independently (customer sphere) or co-creating value along with provider (joint sphere).

Building on the foundation above, a formal discussion of an innovation ecosystem may now be undertaken.

## Innovation Ecosystem

### Conceptualization

Innovation ecosystem derives from systems theory. A system is typically conceptualized as an organized, focused arrangement that consists of interrelated and mutually dependent elements, which impact each other to accomplish the objective of the system. In the new service thinking perspective, an innovation ecosystem has typically been conceptualized as a relatively independent and coherent institutional system primarily comprising of loosely coupled actors sharing a common understanding, and who collaboratively exchange knowledge and ideas leading to innovation.

At this stage, it is useful to discuss the logic behind labelling the actor relationships in the ecosystem as loosely coupled. Sundbo and Gallouj (2000) stated that actors in the ecosystem did not follow precise behavioral norms; their interactions tended to be competition oriented, rather than being driven by formalized contracts or generally accepted norms that were implemented within a long-term frame. Further, they discussed that since there was only some coherence and repetitions, while several patterns were followed during the innovation trajectory, the system could best be classified as loosely coupled. In such a system, actors use soft contracts, as opposed to formal ones, to interact with each other.

### Value Co-creation

Within the ecosystem, service providers influence the co-creation of value by providing guidelines as to what may be considered to be a valuable resource in a particular place and time and how such resources may be accessed, adapted, and integrated in a specific context. Consequently, the ecosystem perspective highlights the key roles of interactions, the social context within

which innovation and value co-creation occur, and finally the integration of resources in innovation. In this regard, the knowledge-driven and customized services commonly available today rely increasingly on beneficiaries contributing to the service delivery and/or providing information for innovation and value co-creation.

As a practical illustration, in the United Arab Emirates (UAE), the Road and Traffic Authority of Dubai has developed a mobile app called *wojhati*, which is a journey planner. It enables a user of public transport (bus, metro, tram, ferry, and taxi) to access the timings of the various public transport modes from a smartphone. The traveler may then interact with the app to efficiently design a convenient trip from A to B within his/her departure or arrival time constraints, check the balance on his/her *Nol* smart travel card (used to pay public transport), and even recharge the card from the smartphone.

### Enablers of Innovation for Value Co-creation

The extant literature suggests that two key factors contribute as enablers of actor interactions leading to innovation and value co-creation: *technological* and *organizational factors*.

The critical enabling role of technology in supporting the actors to engage in dynamic interactions for knowledge sharing and process integration is well established. For example, in the UAE, the Dubai Electricity and Water Authority (DEWA) allows citizens to interact with the Authority using multiple technology-enabled interfaces (online, mobile, email, phone) for various purposes (setting up or closing an account, online payment, or improvement suggestions). DEWA has a virtual assistant based on artificial intelligence called *Rammas* that guides customers in co-creating value by answering their enquiries in real time. *Rammas* is available on multiple platforms, iOS, Android, DEWA's website and Facebook page, Amazon's Alexa, and Google Assistant.

In addition to technology, organizational factors to facilitate knowledge integration play a critical role in the new service thinking perspective. Broadly, this involves rules (protocols) of exchange to facilitate the coordination of actor contributions and their interactions (Lusch and Nambisan 2015). These protocols are implemented within a conducive ecosystem characterized by leadership (Parahoo et al. 2017) and organizational culture that collectively enable and motivate actor interactions and provide institutional resources for innovation and value co-creation (Sundbo and Gallouj 2000).

A practical example from the UAE public sector is the Dubai Corporation for Ambulance Services (DCAS). The Corporation has trained and motivated its staff to embark purposefully on its innovation vision, and it has developed internal schemes for the staff to contribute ideas and insights for innovative services. DCAS has also set up strategic partnerships to collaborate and network with key stakeholders for new service development leading to service excellence for its patients. Finally, DCAS encourages the general public to contribute innovative ideas and insights using web 2.0 technologies. DCAS thus receives numerous ideas/insights, and internal committees screen and review them for approval and implementation. These interactions lead to collaborative innovation, thereby enabling value co-creation.

Further support for the two enablers (Technological and Organizational factors) is provided by a different stream of literature, albeit with a different conceptualization of value creation from the new service thinking perspective. Moore (1995) proposed a public value framework whereby *legitimacy and support* and *capabilities and competencies* mutually interacted to support public value formation. Moore (1995) defined *legitimacy and support* as the credibility of the organization and its activities attained through the organization's contribution to the larger public good, while *capabilities and competencies* depended on resource allocation from the authorizing bodies.

Similarly, the technology-organization-environment (TOE) framework (Tornatzky and Fleischer 1990) proposed that adoption and implementation of innovation at an institutional level are based on three key factors that interact with each other:

- *Technological factors*: the state of technology within the institution

- *Organizational factors*: the institution's size, structure, employee skills, and available resources
- *Environmental factors*: the external environment, including competition, market structure, as well as government policies

## Conclusion

In an era of growing expectations from citizens coupled with resource constraints, innovation has become an imperative for public sector institutions. Governments have thus been encouraged to adopt a collaborative paradigm of innovation in order to deliver enhanced public value in terms of quality, efficiency, or fitness for purpose of governance or services.

The new service thinking literature proposes that collaborative innovation among various actors takes place in an ecosystem leading to value co-creation. An innovation ecosystem has typically been conceptualized as a relatively independent and coherent institutional system primarily comprising of loosely coupled actors sharing a common understanding, and who collaboratively exchange knowledge and ideas leading to innovation. Since the actors in the ecosystem do not follow precise behavioral norms, with their interactions being competition oriented, rather than formalized through long-term contracts, the actor network is classified as loosely coupled.

Within the ecosystem, value is conceptualized as value-in-use when beneficiaries positively evaluate a service experience. Osborne and Brown (2011) reviewed the public sector innovation literature; they identified some success factors for sustainable innovation practices and value co-creation:

- The nature of insights and breakthroughs leading to innovation imply that an organization should not rely on internal sources alone, but should instead interact with a network of actors in the external environment to innovate effectively.
- While innovation may be the outcome of the efforts of an individual employee, an organizational culture conducive to innovation is critical for sustainability.
- Innovation managers need to adopt service-oriented thinking which recognizes the roles of the service recipient and other actors in co-producing a service.

However, to achieve successful innovation in the ecosystem, public managers need to address two major related challenges:

- *Value-in-use* based on a(n) value and/or experience centric focus, which proposes that service innovation and value co-creation occurs within a service ecosystem
- *Networking approach to innovation* which is now recognized to involve the joint efforts of a network of actors, including the public institutions, their partners, citizens, and the public at large operating in a service ecosystem

To overcome these challenges, public managers need to enable and motivate actor interactions in the ecosystem. Interactions represent the mutual or reciprocal action whereby two or more actors are in contact with each other or have an effect upon one another. Supporting actor interactions is critical as the knowledge-intensive and customized services commonly available today rely increasingly on customers contributing to the service delivery and/or providing information.

Within the innovation ecosystem, two enablers support actor interactions for knowledge sharing and process integration: *organizational* and *technological factors*. In the Internet era, the critical enabling role of technology in supporting innovation and value co-creation is well established. In addition to technology, organizational support to facilitate knowledge integration plays a critical role in the ecosystem. The new service thinking perspective considers knowledge renewal a major source of innovation. Broadly, this involves protocols for exchange that facilitate the coordination of actor interactions. These protocols are implemented within a conducive organizational culture characterized by leadership, which motivates actors and integrates other institutional resources toward value co-creation and innovation.

## Cross-References


- ▶ Co-production
- ▶ Innovation and the Public Workplace
- ▶ Innovation and Tradition in Public Administration Reform
- ▶ Leadership and Innovation
- ▶ Open Innovation


## References


Grönroos C (2011) Value co-creation in service logic: a critical analysis. Mark Theory 11(3):279–301

Grönroos C, Voima P (2013) Critical service logic: making sense of value creation and co-creation. J Acad Mark Sci 41(2):133–150

Lusch RF, Nambisan S (2015) Service innovation: a service-dominant logic perspective. MIS Q 39(1):155–175

Moore MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge

Mulgan G, Albury D (2003) Innovation in the public sector. Cabinet Office, London

Osborne SP, Brown L (2011) Innovation, public policy and public services delivery in the UK. The word that would be king? Public Adm 89(4):1335–1350

Parahoo SK, Mumtaz S, Salem S (2017) Modeling organisational innovation in UAE: investigating the love triangle involving leadership, organisational culture and innovation. Int J Knowl Manag Tour Hosp 1(1):110–126

Sundbo J, Gallouj F (2000) Innovation as a loosely coupled system in services. Int J Serv Technol Manag 1(1):15–36

Tornatzky LG, Fleischer M (1990) The processes of technological innovation. Lexington Books, Lexington

Vargo SL, Lusch RF (2004) Evolving to a new dominant logic for marketing. J Mark 68(1):1–17


# Innovation in Public Sector Accounting


Eugenio Caperchione
Department of Economics "Marco Biagi", University of Modena and Reggio Emilia, Modena, Italy


## Synonyms

Accounting change; Accounting reform; Accounting renewal; New Public Financial Management; NPFM

## Definition

Innovation is an umbrella term. In the public sector, it refers to the "creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes, efficiency, effectiveness or quality" (Albury 2005). Innovation is more than "gradually increasing efficiency and making things better," because it requires "doing things differently" (Hartley 2014).

This applies to public sector accounting and financial management, too, which have seen a continuous introduction of new techniques, methods, documents, and processes in many countries over at least the last 30 years. Lüder (1994, p. 1) defines governmental accounting innovations as "conceptual, not merely procedural changes of the accounting system to ensure the supply of comprehensive, reliable and meaningful financial information needed for appropriate financial accountability and sound financial management."

## Introduction

Accounting, at first sight, may seem something fixed, established, not needing major changes. It is often seen as a discipline, and a practice, reserved to highly specialized professionals, who are called to strictly follow some recognized rules and standards; when they conform, most of the work is done. Therefore, accounting experts would not need to innovate accounting systems, which only require some maintenance.

This is a wrong position, hardly corresponding to the reality of public entities. Since the 1980s, a number of countries have introduced, at different government levels, important changes in the components of their accounting systems – and a reform movement has progressively gained momentum, so that the landscape has radically changed.

Over the same period, the academia has focused its attention on public sector accounting and its current design, discussing the shortcomings of its major elements (budgeting, financial reporting, performance evaluation, auditing) and suggesting ways to fix them. Scholars have therefore not only described what was changing but

also given directions on how to change (Lüder 1987, 1988).

A common feature of all reform proposals was a strong criticism toward the cash accounting system, traditionally used in the public sector. Cash accounting, it was pointed out, was leading to following problems (Caperchione 2000, p. 72):

- Short-sightedness of the system. The time horizon of accounting systems, and more specifically of financial reports, only covers the short term, while no reliable information on the impact of policies in the medium to long term is available.
- Limited usefulness for decision-making purposes. Cash accounting hardly provides information linked to actual management processes (as costs by service unit or costs by project).
- Poor readability of financial statements and consequent difficulty in assessing results – so disregarding the citizens' right to know and to evaluate whether their monies have been used for the best.
- Difficulty in assessing intergenerational equity. The incapacity to determine the value of assets and liabilities and to recognize expenses and revenues makes it impossible to assess whether a generation is living "within its means" (Anthony 1983) or is consuming resources it is not producing.

However, the awareness of these limitations was only a precondition; reforms actually started only when financial crises arose in some countries (e.g., New Zealand in the 1980s). At that moment, the abovementioned weaknesses were pointed at as a possible explanation of the crisis, and plans to tackle them were proposed and put into action. General reforms of public administration, and pressure from the accounting profession, added as change factors.

The reforms were given many objectives. Among them is the availability of better information, which would help politicians and managers to take better decisions and consequently would make it easier to pursue effectiveness, efficiency, and what we call today financial sustainability. The possibility of being accountable toward citizens was also an aim of most reforms: various stakeholders require information in order to make evaluations and take circumstantial decisions, and public entities must accommodate these requests.

In recent years, due to the financial crisis, the context of austerity and budget cuts has also influenced innovation, by pressing entities to do more with less. Governments need to overcome financial problems and achieve financial sustainability and therefore introduce new and sophisticated systems, which in some cases also tend to comply with the requests of financial markets (Caperchione and Salvatori 2012).

Innovation, in conclusion, is a main trend in the public sector as a whole (Cangiano et al. 2013, p. 1) and in public sector accounting more specifically. This is of course more true if the analysis is limited, as it is the case in this entry, to OECD countries, for which sufficient information is available – although emerging economies are also experiencing some important accounting reforms (van Helden and Ouda 2016).

The next section gives an account of the most common innovations introduced in the most affluent countries over the last three decades. The differentiation of paths is then discussed in the following section. We then move to evaluate the outcome of the reforms. The final section then sheds light on some challenges currently facing politicians, practitioners, and scholars.

## The most Common Innovations

The renewal of public sector accounting has not followed a wholly uniform path in the different countries: the variety of the starting points and the peculiar political and institutional situations of each country have led to a number of differences. Nevertheless, some common trends can be detected, when looking to countries reforming their accounting systems.

In particular, the following guidelines can be most frequently traced (Caperchione 2006, p. 13):

- Introduction of accrual-based reporting systems
- Introduction of management control systems

- New disclosure and communication policies, aiming at informing stakeholders both on plans and results
- Measurement and evaluation of output and outcome, and comparison with related targets, so that performance can be properly managed
- Setting up of a corpus of national – and later international – accounting standards
- Increased relevance of both internal and external audit

This list is not exhaustive. Among the most important innovations that have taken place, it is also worth mentioning performance and accrual budgeting, performance auditing, popular reporting participatory budgeting, as well as some emerging trends, like integrated reporting.

Accrual-based financial reporting remains anyway the most important innovation introduced, "a symbol of accounting innovation in the public sector" (Liguori and Steccolini 2014, p. 321).

This has obvious explanations, on which it is necessary to focus.

On one side, changing the reporting from a cash to an accrual basis (or even only adding the latter to the former) implies an enormous amount of work for administrations, since the whole reporting logic is subject to change, new software has to be introduced, and most procedures have to be modified.

On the other side, accrual accounting has become over time the accounting system of private companies, and its adoption is therefore inextricably linked to the idea that public entities have to adopt businesslike tools and logics, if they want to increase their efficiency and effectiveness – which clearly is a fundamental change of perspective.

This situation is not the result of mere technical and neutral interventions. Large private sector consulting firms have played a non-negligible role in promoting and implementing public sector accrual accounting (Christensen 2005), initially in single countries and later on at international level.

## The Different Implementation Paths

The existence of common trends does not mean that all countries followed the same paths or introduced exactly the same innovations.

On the contrary, if we look to single countries (and even to different levels of government within each of them), we can notice different choices about contents and quite significant variances in the processes.

As to contents, the first noticeable element is the fact that "accrual accounting" does not really always mean the same. In a way, rather than being a precise technical term, it risks becoming a sort of label or "an increasingly multifaceted concept" (Liguori and Steccolini 2014, p. 321), used for diverse and sometimes even diverging solutions.

Since the beginning of the reform movement, scholars have clarified that the design of the accounting system requires a significant number of decisions; and each country's governmental accounting system is the result of how all subsystems are organized and integrated.

These choices concern, among others, the reporting entity, the accrual accounting bases, the measurement concept, the existence of a conceptual framework – and the contents thereof, the specific accounting policies for pensions and taxation, the contents of the financial reports, and the documents actually produced and their dissemination (Lüder 1989; Chan 1996). It is then to check whether accrual reporting substitutes or simply supplements cash reporting, whether an accrual budgeting has been put in place, and what rules are used to finance public entities and to cover deficits – or use up any surplus (Lüder 1999, p. 35). When all these choices are considered regarding the technical aspects of accrual-based budgeting and accounting reforms, it becomes clear that even within a small sample of the major, developed economies, there hardly is any consensus about "the complete package of technical reform possibilities that is most appropriate" (Jones et al. 2013, p. 419).

The process of change itself is no less important.

Countries (or specific legislatures) can privilege a top-down approach when designing the reform or can leave room to proposals elaborated at local level: the former approach may be aimed at ensuring a higher uniformity, and to speed up the reform, while the latter can be more adequate to consider the needs of those who have to use the new tools.

Whatever the choice, the system may be imposed just after its design, or a gradual implementation may be allowed, so to make it easier for governments to prepare and to adjust to it.

In some cases, tests are conducted in pilot administrations, in order to verify whether problems may arise during the implementation and to fix them.

Additionally, various support mechanisms can be put in place, like staff training, technical assistance, central production, or purchase of accounting software.

If the change process is correctly managed, this can simplify the diffusion of the necessary skills in all public administrations. The reform of the accounting system, and especially the introduction of accrual-based reporting – let alone budgeting – is a huge task, which cannot be carried out in a too short time or without adequate human resources or knowledge management systems.

At the same time, managing the process can also help building a wider agreement about the aims and the contents of the accounting innovations.

## The Outcome of the Reform Processes

Reforms and innovations are interesting per se, as a testimony of the creativity and engagement of politicians, scholars, and professionals; but it is from their benefits that they must be judged.

A deeper look into the actual impact of innovations is therefore needed. To this aim, the most relevant areas of investigation concern:

- What innovations have actually been implemented
- Where this has happened
- An analysis of their effects

All this will make it easier to give an appraisal of the single reform processes and of the reform movement as a whole.

In order to answer these questions, a comparative perspective may be helpful.

A first relevant point to be made is that the innovations presented in this entry were not implemented without problems. In particular, with regard to accrual accounting, it is worth noting that this reform requires an overall modernization of public management culture. Moreover, this system bears with it significant costs, in order to record and evaluate the assets and liabilities, to introduce an appropriate ICT system, to diffuse the necessary skills, and to keep the pace with the evolution of the rules.

Additionally, the newly designed systems present quite often some contradictory elements, e.g., the persistence of the reference to cash for appropriations.

As to the process, Lüder (1994, p. 10) identifies two alternative approaches, the accountability-driven and the managerialism-driven approach, which can lead to different orientations of the reforms.

Coming to the geographical spread of reforms, countries have not all picked up the same innovations nor have they all followed a similar implementation path.

In other words, a thorough analysis cannot be limited to the simple verification of what countries have applied accrual accounting to public entities, but must be supplemented with more detailed information on a number of specific choices. It becomes then apparent that the landscape is rather varied and fragmented (Liguori and Steccolini 2014) – and this holds true also with countries with strong linkages between them, as is the case of the European Union (Brusca et al. 2015).

It is therefore clear that reforms have not necessarily brought about a real harmonization of accounting and reporting systems. Moreover, cash accounting remains at the core of many a

system, so that a "resilience of traditional budgetary accounting" can be identified (Jones et al. 2013, p. 419).

Multiple choices exist also with regard to the accounting standards. While International Public Sector Accounting Standards (IPSAS) are gaining momentum and are being used by a growing number of countries, in other cases national sets of accrual-based accounting standards have been developed. These can be inspired by IPSAS, by Financial Reporting Standards (IFRS), or be country-specific. At EU level, Eurostat is trying to produce a set of European standards.

The appraisal of the reforms' effects is no easy task. Some of their objectives have been met, and some others have not; in other cases, expressing a clear judgment is not possible.

The evaluation is relatively positive, if introducing accrual reporting is considered a crucial point – or if the availability of information on assets, liabilities, costs, and revenues is concerned.

Other positive aspects may be found in the greater attention paid to transparency (Lourenço et al. 2013) and accountability and in the awareness of the important role of accounting and reporting for a sound management of public entities.

Important actions have therefore been put in place in order to train staff and allow them to work with the new systems.

Finally, the existence of an international standard setter, although lacking formal enforcement powers, may contribute to the diffusion of a common accounting language.

However, some other aspects of the reforms may prove less satisfactory.

The additional information provided is not necessarily used when taking decisions (van Helden et al. 2016); if it is used, there is no evidence that the quality of decisions and consequently the performance of public entities do improve. Citizens, despite many reference made to their curiosity about the financial situation of the relevant public entities, show a limited engagement in collecting, reading, and debating accounting data.

Moreover, harmonization is far to be reached; and doubts are being raised about the capacity of the accounting standards in use, largely derived by IFRS, to correctly consider some important specificities of public entities.

Finally, the fact cannot be overlooked that the more contextual the modernization of accounting is to the overall modernization of the entire public administration of a country, the more meaning and vigor it acquires. Whenever it is reduced to mere technicality, it hardly ever produces the expected results.

An overall judgment, thus, can only reflect these lights and shadows. There are some even important positive aspects, but "accounting reforms have fallen short of expectations" (Liguori and Steccolini 2014, p. 321). If innovations are meant to bring about significant improvements in outcomes, efficiency, effectiveness, or quality (as per the Definition at the top of this entry), it is not possible to state that all of them did. This is also because too many variables (also external to accounting) have to be taken into consideration, when explaining the behavior and the results of public entities.

## The Next Steps and the Challenges for Politicians, Practitioners, and Scholars

Over the last 30 years, public sector accounting has been the object of many innovations – and this will probably continue in the future.

Practitioners and professionals are promoting and testing new tools, and the academia is following this movement with great attention. Some innovations are directly driven by the use of ICTs, Internet, and social media, which make it easier to distribute information and data – also big data. Some others are the outcome of a reflection over the most appropriate ways to help public entities to be managed and to communicate with their stakeholders – although these two sources of innovations are not mutually exclusive. Popular reporting, sustainability reporting, integrated reporting, participatory budgeting, and whole of government reporting are all tools whose relevance is likely to grow in the near future.

This continuous reform process is not without risks, however.

The accounting and reporting systems are getting very sophisticated, and their technical functioning becomes sometimes even too complicate. The objectives served increase in number, but it is unsure whether a single accounting system may actually serve all of them. Additionally, in some legislations a shift is apparent, from accounting as a management tool for the individual public entity to accounting as a way of giving central governments (and the European commission) the information needed to exercise their supervision.

Thus, some challenges have to be tackled, if the innovation process has to be further developed; among them, scholars identified the influence of the political process, the requirement of professional skills, the need for a cultural change, and the fact that reforms must treat financial management as a social practice (Caperchione et al. 2016, p. 306).

Confronting with these challenges is a task for everybody engaged in accounting: politicians, accounting practitioners, scholars, and the accounting profession all bear the responsibility of providing public administrations with an accounting system fitting their real needs and giving the required information at a reasonable cost.

Once the system is chosen, practitioners have to make every effort so to correctly implement it and carry it on (Caperchione 2006, pp. 13, 17).

As to scholars, they are well placed on one side to evaluate pros and cons of each innovation and on the other side to make proposals for further developments. International networks of scholars may be an added value in this perspective.

## Cross-References


- ▶ Accounting Principles
- ▶ Cash Accounting
- ▶ Contingency Model of Reforms in Public Sector Accounting
- ▶ European Harmonization and EPSAS
- ▶ Harmonization
- ▶ Integrated Reporting
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ Nonprofit Organizations
- ▶ Participatory Budgeting
- ▶ Performance Management
- ▶ Popular Reporting
- ▶ Public Financial Management Reform in Less Developed Countries: An International Perspective
- ▶ Public Sector Accounting
- ▶ Whole of Government Accounting


## References


Albury D (2005) Fostering innovation in public services. Public Money Manag 25(1):51–56

Anthony RN (1983) Tell it like it was: a conceptual framework for financial accounting. Richard D. Irwin, Homewood

Brusca I, Caperchione E, Cohen S, Manes Rossi F (eds) (2015) Public sector accounting and auditing in Europe: the challenge of harmonization. Macmillan, Palgrave

Cangiano M, Curristine T, Lazare M (2013) Public financial management and its emerging architecture. International Monetary Fund, Washington, DC

Caperchione E (2000) Trends and open issues in governmental accounting systems: some elements of comparison. In: Caperchione E, Mussari R (eds) Comparative issues in local government accounting. Kluwer, Boston

Caperchione E (2006) The new public management. A perspective for finance practitioners. FEE, Brussels

Caperchione E, Salvatori F (2012) Rethinking the relationship between local government and financial markets. Public Money Manag 32(1):21–25

Caperchione E, Brusca I, Cohen S, Manes Rossi F (2016) Editorial: innovations in public sector financial management. Int J Public Sect Perform Manag 2(4): 303–309

Chan JL (1996) Characterizing a nation's governmental accounting system. In: Lüder K (ed) Recent developments in CIGAR. Forschungsinstitut, Speyer, pp 239–242

Christensen M (2005) The "third hand": private sector consultants in public sector accounting change. Eur Account Rev 14(3):447–474

Hartley J (2014) New development: eight and a half propositions to stimulate frugal innovation. Public Money Manag 34(3):227–232

Jones R, Lande E, Lüder K, Portal M (2013) A comparison of budgeting and accounting reforms in the national governments of France, Germany, the UK and the US. Financ Account Manag 29(4):419–441

Liguori M, Steccolini I (2014) Accounting, innovation and public-sector change. Translating reforms into change? Crit Perspect Account 25(4–5):319–323

Lourenço RP, Moura P, Jorge S, Pattaro AF (2013) Online transparency for accountability: one assessing model and two applications. Electron J E-Gov 11(2):280–292
Lüder K (1987) Ein kaufmännisches Rechnungswesen für die öffentliche Verwaltung? Plädoyer für das Überdenken der Zweckmäßigkeit des staatlichen Rechnungswesens in der Bundesrepublik Deutschland. In: Eichhorn P (ed) Doppik und Kameralistik. Nomos, Baden-Baden
Lüder K (1988) Governmental accounting in west European countries: with special reference to the Federal Republic of Germany. In: Chan JL, Jones RH (eds) Governmental accounting and auditing: international comparisons. Routledge, London
Lüder K (1989) Comparative Government accounting study. Interim summary report, Speyerer Forschungsberichte no. 76. Forschungsinstitut, Speyer
Lüder K (1994) The contingency model reconsidered: experiences from Italy, Japan and Spain. In: Buschor E, Schedler K (eds) Perspectives on performance measurement and public sector accounting. Paul Haupt, Bern
Lüder K (1999) Konzeptionelle Grundlagen des Neuen Kommunalen Rechnungswesens (Speyerer Verfahren), 2nd edn. Staatsanzeiger für Baden-Württemberg, Stuttgart
Van Helden J, Ouda H (2016) Public sector accounting in emerging economies. Crit Perspect Account 40:1–7
Van Helden J, Argento D, Caperchione E, Caruana J (2016) Politicians and accounting information: a marriage of convenience? Public Money Manag 36(7):473–475

# Innovation Policy Governance

Pedro L. C. Cavalcante
Institute of Applied Economic Research (IPEA), Brasilia, Brazil

## Synonyms

Governance arrangement; Governance capacity; Innovation policy mix; National innovation system; Policy instruments; System of innovation

## Definition

The definitions of innovation policy governance are twofold and complementary. First, as an analytical framework for studying the dynamic arrangements of actors, institutions (rules of the game), ideas, arenas of interactions, and policy instruments related to innovative activities in a particular country or region. Second, from a practical approach, as the set of governmental and nongovernmental efforts to design and implement a policy mix to foster innovative performance in an economy.

## Introduction

There is an increasing consensus among academics and policymakers that innovation growth is essential for driving economic progress, increasing competitiveness, and boosting job creation in developed and developing countries (Nelson 2016; Cirera and Maloney 2017). Innovations as new products, services, processes, or business models used commercially or noncommercially may also contribute to solutions for urgent societal challenges (Edler and Fagerberg 2017) and improve citizens' welfare. In this sense, innovation policy governance has become strategically valuable for the economic development agenda, and scholars are interested in deepening this complicated phenomenon (Cirera et al. 2020).

Nonetheless, as with all governance concepts, innovation policy governance encompasses a wide range of understandings that demand careful analysis of their primary goals, features, and uses. For this article's purposes, innovation policy governance may be defined as two different but complementary holistic and systemic approaches. First, in analytical terms, it means the dynamic arrangements of actors, institutions (rules of the game), arenas of interactions, and policy instruments related to innovative activities in a particular country or region. Second, from a practical approach, innovation policy governance consists of the governmental and nongovernmental initiatives to orchestrate, prioritize, design, and implement a policy mix in different sectors to promote the innovative performance of firms and public organizations in a particular economy.

The following sections will briefly discuss this debate's theoretical background, grounded in the National Innovation System (NIS) literature. Then, the article details the two analytical

and practical perspectives on innovation policy governance. Finally, some conclusions are highlighted.

## The National Innovation System

The understanding and rationales of the two definitions of innovation policy governance originate from the National Innovation System (NIS) literature. The NIS concept first emerged during the late 1980s and early 1990s. Since then, it has become popular among policymakers willing to undertake the generation of scientific knowledge, technology, and innovation in state policy missions (Edler and Fagerberg 2017).

The approach is openly skeptical, with government interference restricted to overcome market failure since innovation flourishes in an arrangement of interactions between firms and entrepreneurs with bounded rationality and institutions in constant evolution (Cirera et al. 2020). According to Nelson (2016), the National Innovation System is a strand of research that recognizes the complexity of many market relationships, their embedding in broader social and institutional structures, and the elements of cooperation and trust that often are essential if markets are to work well. It also acknowledges the role of non-market institutions like university and public- research systems, scientific and technical societies, and government programs in the innovation process in many sectors.

As a social system, the term "innovation system" encompasses various institutions involved in supporting and orienting economic activity dynamics where innovation is the key driving force (Lundvall 2010). The NIS approach is in line with the evolutionary theory that assumes the economy is frequently in a state of change with agents and organizational routines differing, which is fundamental for the system's dynamics (Nelson 2016). Moreover, institutional structure and innovation processes are path-dependent, occur mostly in an unplanned manner, and above all, are gradual and cumulative (Lundvall 2016). It is far from a single event such as the well-known "catching-up" phenomenon, meaning the "process in which a late-developing country narrows its income gap (as one may specify by the word 'economic catch-up') and in technological capability (equally 'technological catch-up') vis-à-vis a leading country" (Odagiri et al. 2010, 2–3).

Orthodox economics is preoccupied with the institutional arrangement that affects the optimal allocation of existing resources and emphasizes how agents make choices based on given sets of information and competencies. The NIS scholars worry about how different institutional setups affect new resource creation and address how knowledge – both information about the world and agents' expertise – changes the economic process. In the current "*globalizing learning economy*" (Lundvall et al. 2009), to understand countries' innovation performance, the analysis must go beyond the traditional focus on science or the core of the innovation system (firms and knowledge infrastructure). It must encompass the wider setting, i.e., institutions and organizations that nurture competence-building and institutions that shape human interaction concerning innovation.

This comprehensive view of the phenomenon goes beyond the focus on research and development (R&D), as it includes other dimensions of analysis in the innovation system such as the labor market, education system, financial institutions, regulatory structures, and other institutions that shape economic dynamics. The system elements reflect how the innovation capabilities are structured and the outputs, which may also be influenced by various other factors such as historical experience, language, culture, etc. Undoubtedly, as technology is science-based, the education system, research, and financial systems are vital. For instance, the countries that have been "catching up," for example, South Korea and Taiwan, have prioritized these systems for decades. In this context, the public sector plays a crucial role in education and R&D, whereas the financial sector affects how firms organize and form networks (Cimoli et al. 2009; Lundvall 2010). In this approach, public policies and programs are not only an essential part of the engine (Nelson 2016), but inevitably governments must plan, design, and implement innovation initiatives

systematically and in a dynamic way (Cirera and Maloney 2017).

In general, institutions and government policies and programs matter, for better or for worse, in the process of innovation. As a result, the state usually has diversified responsibilities by supporting science and development, creating the business environment, setting regulations and standards, fostering interaction and cooperation between firms, and being the primary user of innovations from the private sector. The emphasis on policy, institutions, and infrastructure related to innovation activities guides innovation policy governance concepts.

## Innovation Policy Governance

### Analytical Framework

With the analytical framework view of innovation policy governance, the focus is on the dynamic arrangements of actors, institutions (rules of the game), ideas, arenas of interactions, and policy instruments related to innovative activities in a particular country or region. In the same vein, Rickne et al. (2011, 5) argue that "innovation governance refers to the processes where a set of different actors in various ways – together or separately – implement arrangements that aim to influence the innovation input, process, and outcome (in general or for a specific area)."

From this perspective, governance may be seen as a heuristic, i.e., as a technique to explore and analyze the complexity of the policymaking process. Scholars must observe the broad social and institutional context and the dynamic interactive processes in which policies are embedded. The main goal is to describe the relevant actors (inside and outside government), institutions, and arenas and analyze how they interact and affect the innovation policymaking and the innovative performance of a particular economy. Figure 1 details the main innovation governance arrangement components as an analytical framework.

This framework allows us to both investigate how all the essential components of innovation policy governance function together as well as to focus on its specific dimensions. The first strategy may help assess a country's innovation governance development and compare different maturity and achievement levels among emerging and advanced economies. Simultaneously, the latter addresses the analysis of questions such as how the arenas of interactions operate, the role of ideas affecting the actors' behavior or institutional changes, and how policies affect innovation inputs and outputs, among others.

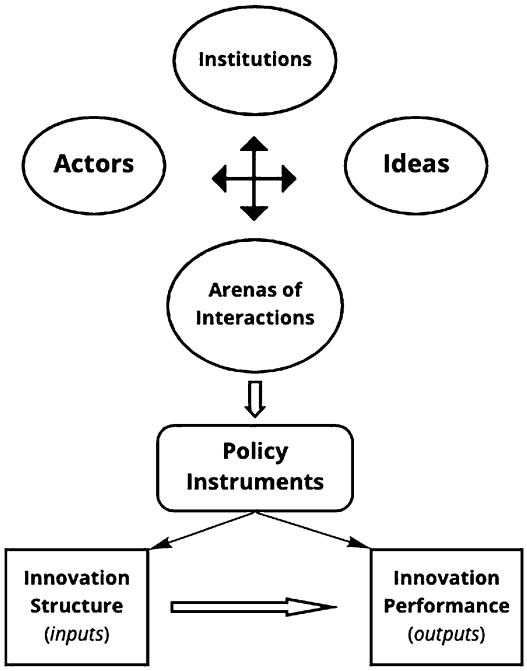


**Innovation Policy Governance, Fig. 1** Analytical framework for innovation policy governance

This model assumes that innovation policies are consequences of the sustained interrelation among actors (firms, public organizations, universities, third sector organizations, and international entities) with different interests and geographical scopes in an increasingly globalized world. In this sense, it reflects dynamic, not stable, modes or arrangements affected by changes in the actors' strategies and performances. The more pluralistic the external environment, the more relevant the innovation to public opinion, and the higher the priority for the government agenda, the greater the pressure on governance dynamics will be.

In this context, the innovation policy mix must be analyzed due to these processes, which depend mainly on the public sector capacity. The choice of policy instruments is mostly influenced by the public administration's ability to design and implement them. The resulting policy mix tends to be a hybrid arrangement with a combination of policies based on hierarchy, market, and network governance mechanisms (Borras and Edquist 2013). The state capacity is also a critical dimension to determine how effective the policies are in resolving political and policy issues. Therefore, the governance capacity must be studied not as restricted to defining goals and strategies to reach them, but primarily with an eye towards coordinating and building the necessary political consensus among the actors involved in this policy field (Capano et al. 2015). Governments typically play a protagonist role in innovation policy governance, making them an important subject of analysis within the context of the holistic arrangement detailed above.

### Practical Approach

The second definition of innovation policy governance refers to governmental and nongovernmental efforts to design and implement a policy mix aimed towards innovative performance in an economy – has a distinct but complementary emphasis. It consists of prescriptive orientations for policymakers and involves important issues that subsidize governments and other stakeholders to discuss paths, challenges, and dilemmas involving innovation.

This approach is increasingly relevant due to the emerging consensus that the quality of the governance arrangement and, consequently, the quality of the innovation policy matters. This approach emphasizes organizations, both governmental and outside the public sector, and associated resources, institutions, strategic goals, and other factors. They together are crucial to creating knowledge accumulation, fostering the process of learning, and, as a result, facilitating technological transformation and economic progress (World Bank 2010; Lundvall 2016).

In this context, the literature agrees that the proactive government role in supporting the broad capabilities, exchange, cooperation, and interaction to produce knowledge and innovation demands a comprehensive and holistic perspective. This is true not only in terms of acting in complementary public affairs spheres (such as education, R&D, and infrastructure) but mainly in promoting intense horizontal coordination among ministries and departments as well as with civil society and the market (Edler et al. 2016; Edler and Fagerberg 2017; Borras and Edquist 2013).

One way of looking at this is returning to the analogy of government as a gardener through which policies should identify, protect, and promote interactive learning spaces (World Bank 2010). The public sector, with the possibility of partnerships with nongovernment organization, must perform in a governance mode that requires enabling innovation processes by using the right policy mix in different areas to:

- Support innovators through appropriate incentives and mechanisms (*watering the plants*).
- Remove obstacles to innovative initiatives (*removing the weeds and pests*).
- Establish responsive research structures (*fertilizing the soil*).
- Form a creative and receptive population through appropriate educational systems (*preparing the ground*).

As innovation is knowledge-intensive, a coherent cross-sectoral innovation policy demands that the decision-making processes are based on policy learning. It is a key element of innovation governance to ensure coordination and integration and achieve better performance (OECD 2005). However, what is an innovation policy mix? Also called a bundle or portfolio of policies, it refers to public interventions or instruments, usually designed and administered by a government including multiple agencies at various spatial levels, that affect the structure and performance of an economy to support the generation and diffusion of innovation (Edler et al. 2016).

Thus, it is essential to understand how policy mixes interact, which can be complementary or

supplementary, generate synergies, or even become counterproductive. This avenue for research is quite broad, encompassing areas ranging from the emphasis on the choice of the instruments, whether the policy approach is coordinated or not, the types of interaction and dimensions in which these interactions occur, including time and geographic spaces in specific policy areas, the level of stakeholder engagement, as well as the process of policy mix implementation and evaluation and its resulting impacts (Edler et al. 2016).

There is no doubt that a great variety of country and sector-specific combinations between the types of innovation policies exists. For instance, it is well-known that countries from the Organization for Economic Cooperation and Development (OECD) have innovation systems with mature institutions and comprehensive, multifaceted, and sophisticated policy mixes in contrast with the emerging economies, where innovation policies are often embryonic and fragmented (Cirera et al. 2020). Innovation policies usually need to balance initiatives addressing capability-building with mechanisms curbing inertia and rent-seeking. As Cimoli et al. (2009, 29) put in reference to these competing factors, "The latter is indeed one of the major elements missing in the old Latin American experience of import substitution while the former is what is lacking under many more recent liberalization policies." Besides, Cirera et al. (2020) suggest that policymakers' conception of innovation policy must advance beyond the traditional institutions and policies to overcome the innovation-related market failures and include these broader complementary factors and supporting institutions.

## Conclusion

Therefore, the policy challenges that are faced by countries in a variety of strategies and conditions result in different stages of innovation governance: mature (well-functioning) governance or systemic failure. The latter occurs whenever the economy lacks the fundamental building blocks that are able to support the creation, absorption, use, and dissemination of useful knowledge through interactive learning (Lundvall et al. 2009). It tends to be the usual condition in developing countries trapped by structural issues, such as poverty and inequality, where the resources are limited and the managers can carry out these programs and policy measures are scarce (Cozzens and Kaplinsky 2009; World Bank 2010). According to Cirera and Maloney (2017), the challenge seems even more problematic because they must deal with the innovation policy dilemma, as described in the following excerpt:

> The greater magnitude of the market failures to be resolved and the multiplicity of missing complementary factors and institutions increase the complexity of innovation policy; at the same time, governments' capabilities to design, implement, and coordinate an effective policy mix to manage it are weaker. (Cirera and Maloney 2017, 111)

In this sense, for furthering the development agenda, it is also crucial to understand the cases of nations that have continued to improve their high level of innovation capacity, those with successful catch-up processes, and the developing countries that are still struggling to increase innovation to overcome their lagging productivity.

The analyses of innovation policy governance help comprehend the occurrence of these situations and compare them. Advances in exploring how innovation policy governance is structured and actually operates is undoubtedly a prominent subject for the public administration field. It seems even more important because the concepts are still in the progress of being developed. Simultaneously, there is an increasing demand for evidence-based knowledge for better governance arrangements in different political, economic, and administrative realities in which innovation policies are formulated and implemented worldwide.

## Cross-References

► Governance
► Public Policy and Politics

## References

Borras S, Edquist C (2013) The choice of innovation policy instruments. Technol Forecast Soc Chang 80(8): 1513–1522
Capano G, Howlett M, Ramesh M (2015) Varieties of governance. Palgrave, Basingstoke
Cimoli M, Dosi G, Nelson RR, Stiglitz J (2009) Institutions and policies shaping industrial development: an introductory note. In: Cimoli M, Dosi G, Stiglitz JE (eds) Industrial policy and development: the political economy of capabilities accumulation. The initiative for policy dialogue series. Oxford Press, Oxford, pp 19–37
Cirera X, Maloney WF (2017) The innovation paradox: developing-country capabilities and the unrealized promise of technological catch-up. The World Bank, Washington, DC
Cirera X, Frias J, Hill J, Li Y (2020) A practitioner's guide to innovation policy: instruments to build firm capabilities and accelerate technological catch-up in developing countries. The World Bank, Washington, DC
Cozzens S, Kaplinsky R (2009) Innovation, poverty and inequality: cause, coincidence, or co-evolution? In: Lundvall B, Joseph KJ, Chaminade C, Vang J (eds) Handbook of innovation systems and developing countries. Edward Elgar, Cheltenham
Edler J, Fagerberg J (2017) Innovation policy: what, why, and how. Oxf Rev Econ Policy 33(1):2–23
Edler J, Cunningham P, Gök A, Shapira P (2016) Handbook of innovation policy impact. EU-SPRI Forum on science, technology and innovation policy series. Edward Elgar, Cheltenham
Lundvall B (2010) National systems of innovation: toward a theory of innovation and interactive learning. Anthem, London
Lundvall B (2016) Innovation systems and development: history, theory, and challenges. In: Reinert ES, Ghosh J, Kattel R (eds) Handbook of alternative theories of economic development. Edward Elgar, Cheltenham, pp 594–612
Lundvall B, Joseph KJ, Chaminade C, Vang J (2009) Handbook of innovation systems and developing countries. Edward Elgar, Cheltenham
Nelson RR (2016) Economic development as an evolutionary process. In: Reinert ES, Ghosh J, Kattel R (eds) Handbook of alternative theories of economic development. Edward Elgar, Cheltenham, pp 323–335
Odagiri H, Goto A, Sunami A, Nelson R (2010) Intellectual property rights, development, and catch up: an international comparative study. Oxford University Press, Oxford
OECD (2005) Governance of innovation systems: volume 1: synthesis report. OECD Publishing, Paris
Rickne A, Laestadius S, Etzkowitz H (2011) Innovation governance in an open economy: shaping regional nodes in a globalized world. Routledge, London
World Bank (2010) Innovation policy: a guide for developing countries. The World Bank, number 2460, June. World Bank Publications, Washington, DC

# Innovation, Brazil

Magnus Luiz Emmendoerfer
Brazilian Society of Public Administration (SBAP), Graduate Program of Public Administration, Universidade Federal de Viçosa (UFV), Viçosa, Minas Gerais, Brazil

## Synonyms

Administrative reform; Modernization; Organizational change

## Definition

In the context of Public Administration, Public Policy, and Governance, innovation can be defined as a process that requires individuals and organizations with capabilities to enable the identification and implementation of ideas (new, improved, or renewed), which have been systematized for the context of its application, serving as solutions to problems that imply better performance in terms of efficiency, efficacy, and value of public sector results for society.

## Introduction

The basis of innovation conception is to consider any thinking, behavior, or thing as a novelty because it is qualitatively different from the existing forms. This conception approaches the notion of invention, since it is an intentional and premeditated action. However, the term invention has been commonly used to denote technological innovations (Barnett 1953) and social innovations (Taylor 1970). The difference between these two contemporary notions, derived from the concept of innovation, is that the former has market focus and depends on industrial application (Dantas and Moreira 2011). The second concentrates on solving a community problem with the articulation of resources, preferably indigenous and citizen

I

participation in specific contexts. Besides invention, there is also the idea of diffusion, which relies on the perception, interests, evaluations, judgments, and adoption by users or consumers of innovation (Rogers 2003).

The relationships between innovation, invention, and diffusion were dealt with in Joseph Schumpeter's book *Theory of Economic Development* published in 1911. In this work, innovation is regarded as one of the central phenomena of the development of nations by generating disturbances of equilibrium and/or rupture in the existing order, promoting changes, be they material or value (Schumpeter 1934). This work is considered seminal because it laid the foundations for the understanding of innovation on which research on the subject has multiplied, in different disciplines, forming a dynamic and polysemic field of study, which increasingly involves the public sector, including Brazil.

Innovation has been presented in Public Administration, Public Policy, and Governance as a necessity with the premise of dealing with the constant and continuous state and public problems in a new way. Innovation has also acquired an important administrative and political interest because its adoption and effectiveness contribute both to the distinction and possible competitiveness between organizations and territories on different scales (municipalities/cities, regions/states, country/nation) and for the distinction of individuals elected between a managerial mandate and another. In this sense, such distinctions are based on the idea of change, which, although treated as synonymous with innovation, has a difference because it is linked to the past, being malleable as a result of a trajectory of successive changes within a continuum of aggregations. On the other hand, innovation, albeit on a small scale, closes the phenomenon of discontinuity with the past, both to an incremental degree – focusing on operational improvements in routines and the provision of public services, as radical, transformational, or disruptive – with structural changes and in terms of internal and external relations of power to Public Administration (Osborne and Brown 2005).

Modernization has also been considered synonymous with innovation in the public sector insofar as it expresses a processual form of making changes in Public Administration. Another form that became internationally known since the 1960s was administrative reform, which seeks to contemplate planned changes in Public Administration (Motta and Caravantes 1979) where (i) the development of bureaucracy and managerial capacity would be a means of ensuring the efficiency and effectiveness of public organizations and (ii) the organizational values include the social values of public organizations in administrative reform programs and their strategic objectives as a means of guaranteeing their effectiveness. For a broader understanding of the proposals and results of the administrative reforms in Brazil's public sector in the twentieth century, see Lustosa (2008). However, it should be emphasized that administrative reforms with interests of modernization, de-bureaucratization, and improvement of Public Administration have been perennial themes in the governmental agendas in Brazil after the post-dictatorship constitution enshrined in 1988, including, more recently, aspects such as the responsiveness of society and the digitization of public services, including internet access.

## Innovation Systems

The systemic approach has been one of the most used to define and seek and to interpret innovation in different countries (OECD 2018). In this approach, for innovation to take place, it is necessary that there be joint action of different organizations, which generate new ideas and technologies within an institutional system, capable of application and promotion of development (Van de Ven 1986).

In this sense, the innovation system is treated as a set of related organizations in a reciprocal way that, in the search for a dynamic equilibrium, influence and are influenced by an environment composed of broader systems (political-administrative, legal, and economic) as well as

other systems (science, education, religion, mass media, etc.), which compete for different resources (Vidal 2017) according to the choices made by each one of them.

Therefore, innovation as an interactive system proves to be a more dynamic and sociocentric approach, which emerges as an alternative to the state-centric perspective, in which the state, through government, normatively determines interactions between organizations in the context of innovation. In Brazil, the state-centric viewpoint was dominant in the last century, but the sociocentric perspective has been gradually employed in Public Administration, Public Policy, and Governance with the adoption of the public sector innovation system (PSIS). Thus, the notion of PSIS begins to gain more applicability from the twenty-first century to become the object of scientific analysis by the specialized community and the expansion of the international movement for open government. This movement has been intensified with the use of information and communication technologies (ICT's), in order to provide more transparency, responsibility, accountability, and social participation in matters of public interest or that face the common good, such as situations of administrative improbity (Law 8.429/1992).

The Organization for Economic Co-operation and Development (OECD) is an international organization that has been instrumental in disseminating guidelines for the development of innovation based on a taxonomy of practices. This taxonomy is composed of four types of innovation: (i) product (good or service), (ii) process (of work), (iii) organizational (management), and (iv) marketing.

These types of innovation have been proposed since the 1990s by the OECD in its guidelines for collecting and interpreting data on innovation that has aided governments in the economic development of their territories and more recently in public policy and management. These guidelines have become internationally known as the Oslo Manual, a document that has served as the guiding principle for internal and external policies aimed at fostering innovation in public and private organizations in different countries. In Brazil, OECD Guidelines have influenced governments and public organizations, mainly at the federal level, due to their institutional capacity to promote and disseminate actions for innovation.

## The Public Sector Innovation System in Brazil

The emergence of Brazilian PSIS in the contemporary era is the result of governmental actions, mainly in the federal scope, since the 1960s. Actions were taken to create public organizations by the executive branch to encourage innovation in the country as the Financier of Studies and Projects (Finep) (1965), the Ministry of Science and Technology (1985), and the National School of Public Administration (ENAP) (1986).

Instruments for the financing of research, development, and innovation projects were also created, such as the National Fund for Scientific and Technological Development (FNDCT) (Decree-Law 0719/1969) and territorial integration policy instruments through sectoral funds (1997). These are complementary sources of funds to finance the development and innovation of strategic sectors, as well as to promote the deconcentration of science, technology, and innovation activities and the consequent dissemination of their benefits to all regions of the country. Another form of stimulus adopted to foment and diffuse innovation in the public sector in Brazil was competitions and prizes of innovation created in the federal scope like the one of ENAP, existing since 1996, that has recognized good innovation practices in the sector related to organizational processes and services or public policies.

Even with these initiatives of the federal government, there was not yet an environment favorable enough for innovation, marked by the lack of clarity in the attributions and social role of organizations involved in the public-private relationship at the federal, state, and municipal levels. This mobilized the stakeholders of the innovation that culminated in the advent of the Innovation Law (No. 10.973/2004), which was later revisited and updated, seeking to improve legal certainty in interorganizational relationships and in the

innovation process, being called the new regulatory framework for Science, Technology and Innovation (Law no. 13.243/2016).

In the decade of 2010, emmerging as new governmental actions, such as the creation of public innovation laboratories in addition to the executive power at the federal level, including organizations of the legislative and judicial branches, regulatory agencies of different sectors (i.e. health, transportation, finances), and subnational governments in Brazil.

Innovation labs in the public sector are practices, work units, or organizations, with the capability of acting as agents of change, having autonomy in the definition of their goals and methods, as well as aiming at initiating the use of new ICTs in government and in relation to society. Its foundation is based on user engagement, cross-industry collaboration, open innovation, and new ways of collecting data and insights (Puttick et al. 2014).

The occurrence of several innovation laboratories in Brazil's public sector has stimulated the formation of informal and formal innovation networks such as InovaGov in 2016. The InovaGov network has sought to foster the innovation system inside and outside Brazil through a technical cooperation between the federal audit court (TCU); the Ministry of Planning, Development, and Management; and the Federal Justice Council.

However, the use of the PSIS concept in Brazil is still recent and has circulated primarily at the federal level, based on works and cooperation agreements with the OECD, mainly through its Observatory of Public Sector Innovation (OISP) created in 2014. It is still difficult to indicate all the organizations that effectively make up the PSIS in Brazil due to the absence of coordination mechanisms that can accompany the systemic performance of organizations working in the context of innovation in the public sector. This absence is a historical reflection of the legal structure of the country in relation to innovation practices, which need to be linked and authorized by specific laws and regulations.

This legal framework means that risks in the innovation process, which should be shared at the systemic and organizational levels, are fully assumed at the individual level, i.e., public servants are fully accountable for their decisions and subject to audit. This condition generates an environment of risk aversion and diversified engagement in relation to innovation in the public sector (OECD 2018). Despite this, since the 1930s, innovation in Brazil has also been gradually associated with entrepreneurship in the public sector, as it has enabled the introduction, orientation, and implementation of solutions to state and public problems (Emmendoerfer 2019), and more recently it has stimulated the formation of collaboration networks and communities of practice for innovation in this sector.

## Strengthening Innovation in Brazil

For the development of PSIS in Brazil to be effective, it is necessary to carry out certain actions by national and subnational governments to strengthen the system, so as not to inhibit the innovation actions that already occur at the individual and organizational levels in the public sector.

One action would be to establish state planning for the promotion of an innovation culture in public service in an intergovernmental way and in partnership with the private sector to predictively and even sporadically deal with possible disruptive changes to better meet the demands of the Public Administration itself and society.

This requires reviewing a whole historical context of culture, norms, and principles that usually function as focal points of resistance to innovative efforts in Brazil. This involves reviewing normative aspects such as laws, regulations, norms, and the redemption of basic constitutional principles that condition and govern ethos in the public sector in Brazil, such as legality, impersonality, morality, publicity, efficiency, legal security, motivation, ample defense and contradiction, unavailability of public interest, supremacy of the public interest, and continuity of public service.

The absence or non-incorporation of these principles into a system of innovation, which reiterates the public ethos, can increase the risk of the blind pursuit of essentially individualistic goals in the daily activities of public service, as well as

disregard public value and limited scope of the common good in society. Thus, in Brazil, the incorporation of basic principles of Public Administration into innovation plans and actions has gradually fostered a civic spirit so that entrepreneurship in the public sector is strengthened by a culture of citizenship (Bellone and Goerl 1992), increasingly marked sociopolitical participation in the development of its PSIS. This can become a trend to deal more efficiently and effectively in crisis situations, as well as outlining more advantageous governance structures and policies for innovation systems.

## Cross-References


- ▶ Cost Efficiency
- ▶ Leadership Effectiveness
- ▶ Social Innovation


## References


Barnett HG (1953) Innovation: the basis of cultural change. McGraw-Hill, New York

Bellone CJ, Goerl GF (1992) Reconciling public entrepreneurship and democracy. Public Adm Rev 52(2):130–134. https://doi.org/10.2307/976466

Dantas J, Moreira AC (2011) O processo de inovação: como potenciar a criatividade organizacional visando uma competitividade sustentável. Lidel Edições Técnicas, Lisboa

Emmendoerfer ML (2019, forthcoming) Inovação e empreendedorismo no setor público. ENAP, Brasília

Lustosa da Costa F (2008) História das reformas administrativas no Brasil: narrativas, teorizações e representações. Revista do Serviço Público 59(3):271–288

Motta PR, Caravantes GR (1979) Planejamento organizacional: dimensões sistêmico-gerenciais. Porto Alegre: Fundação para o Desenvolvimento de Recursos Humanos

Organisation for Economic Co-operation and Development (2018) The innovation system of the public service of Brazil: preliminary findings from the OECD. ENAP, Brasília

Osborne SP, Brown K (2005) Managing change and innovation in public sector organizations. Routledge, London

Puttick R, Baeck P, Colligan P (2014) The teams and funds making innovation happen in governments around the world. Nesta & Bloomberg Philanthropies, London

Rogers EM (2003) Diffusion of innovations, 5th edn. Free press, New York

Schumpeter JA (1934) The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle. Harvard University Press, Cambridge

Taylor JB (1970) Introducing social innovation. J Appl Behav Sci 6(1):69–77

Van De Ven AH (1986) Central problems in the management of innovation. Manag Sci 32(5):590–607. https://doi.org/10.1287/mnsc.32.5.590

Vidal JP (2017) La innovación en la gestión pública. Catarata, Madrid


# Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy


Jong-Hae Yoo[1] and Deokro Lee[2]

[1]Maesan Research Institute, Seoul, South Korea

[2]Department of Public Administration, Sejong University, Seoul, South Korea


## Introduction

The South Korean local autonomy system started in 1952 and was implemented for 9 years until it was suspended by the military regime in 1961. It was then reinstated before the staging of the Seoul Olympics in the fall of 1988. This democratic self-governing system contributed not only to achieving national balanced development but also to maximizing citizen's political participation. In addition, the government's responsiveness and accountability to its citizens was enhanced.

This section provides an academic basis for reinstating local autonomy by providing a systemic review of local self-governing experiences and analyzing the need of and potential for the local autonomy in South Korea. In the light of certain critical factors, an attempt is also made in this study to propose a desirable and feasible system that will be appropriate for South Korea.

South Korea has experienced more than five decades of dramatic economic development, during which its per-capita GDP increased from $80 in 1960 to $32,800 in 2018. The stages of this growth in Korea can be broken down into three

periods: (1) the establishment of South Korean government in 1948 and up through the 1950s, that is, the stage of nation building; (2) the 1960s–1980s, which is called the stage of economic takeoff and construction of the national economy; and (3) the 1990s and after, which may be regarded as the stage of the welfare state for equitable redistribution of income and greater political participation by the people.

During the stages of nation building and economic takeoff, powerful centralized government and its bureaucratic administration functioned as the most appropriate apparatus in guiding economic planning and implementation of development policies. In these stages, a significant number of local development projects were planned and managed by central officials and planners within the context of national development plans. Critical resources were also mobilized and allocated primarily by the central government.

Since the 1980s, however, significant changes have taken place in Korea, in particular, a wave of major social changes, such as higher education level, increased income level, and greater demand for a higher quality of life. This has had a greater impact on people's political expectations as well. Moreover, there signaled a new wave of distrust of and resistance to the excessive power of the central government.

These factors tend to enable people to ask for greater opportunities to participate in policy-making processes, and for decentralization of power to the local level. These demands for decentralization must be interpreted in connection with the strong and sincere desire of the people at all levels of society for both "democratization" of the political process and active participation in their own government. The people at the local level desired local solutions to local problems, increasingly advocating broader discretionary power. Local officials also expressed feelings of inconvenience with stringent central government control over local affairs. Finally, in response, the central government has advocated that local autonomy would be reinstated gradually in the early part of 1987. This was later postponed until after the 1988 National Assembly elections.

The reason that people want to participate in policy-making processes, especially in the regional development policy, is due to the failure of the centralized metropolitan policy to address specific needs of local communities. (Even though the central government want to implement some land development policy for some local areas, it frequently failed. Because it didn't exactly know about the specific environment and sentiments of the local communities.) Thus, there has been a serious disparity between metropolitan and provincial areas. In South Korea, the over-concentration of the population in metropolitan areas such as Seoul, Pusan, Taegu, and Inchon has accelerated since the rapid industrialization of the country. The physical size of Seoul is only 0.63% of the land mass, but almost 10 million people, 20% of the population live there. Furthermore, as of 2015 not only important facilities and resources – such as 69.2% of deposits and 65.3% of loans, 47.42% of the business – but also substantial opportunities for socialization of people were concentrated in the greater Seoul area including Kyunggi Province and Inchon (Korea Research Institute for Local Administration 2018). Under these circumstances, one of Korea's national policy goals is to redisperse the population and capital of the metropolitan areas back to the rural areas and to develop middle-sized and small cities by encouraging so-called U-turn migration (Cho and Kim 1985). In order to accomplish these policy objectives, it seems essential that a desirable system and strategy for local autonomy should be one that encourages people to live in localities.

Based on a review of the context of South Korean local autonomy since 1949, the presupposition of this section is that local autonomy is the best avenue for local participatory democracy and one of the best solutions for overpopulation in metropolitan areas.

## History of South Korean Local Autonomy

### Changing Process of the Local Autonomy Act

Established on August 15, 1948, South Korea adopted the local self-government system by the

promulgation of the Local Autonomy Act on July 4, 1949. With this act, local assemblies were constituted in such localities, as province (Do), city, town (Eup), and township (Myun), even though the heads of local government were not elected directly be residents. (Even though the assemblies were constituted, the heads of the local governments were appointed by the central government for a while.) This local autonomy system was relatively new to South Korea, which had a long tradition of centralized power system. But it has been radically changed since the first amendment to the Local Autonomy Act on December 15, 1949.

During the Korean War, the first popular elections for local assemblies in the cities, towns, and townships were held in April 1952. With the exception of Seoul, Kyunggi, and Kangwon provinces, which were in war zones, elections for provincial assemblies were held in May of the same year. The fact that local elections were held, despite the nation's involvement in war, does not necessarily mean a strong desire for decentralization and grass roots democracy but may imply hidden political intentions of the central government. At that time, because the opposition party had more seats than the ruling party in the National Assembly, which elected the president, the government tried to weaken the power of the National Assembly through local autonomy. For this reason, it might be said that the purpose of local autonomy of Korea differed from Western countries from the very beginning.

The Local Autonomy Act was amended twice in 1956. Since 4 years of local autonomy experience had revealed many irrationalities, such as an excessive number of assemblymen, no set number of meeting days, and frequent uncomfortable relations between the local assembly and the heads of local government, the second amendment was passed. Through this amendment, the heads of local government were to be directly elected by popular vote. Both the power of the "no-confidence" vote of assemblymen against the heads and the power of disbanding the local assembly of heads were abolished. In contrast to the substantial change in the second amendment, the third produced little change. For example, it preserved the 4-year term of the incumbent local heads and assemblymen elected in 1956. Many considered it as an instrument to postpone elections of local assemblymen until the presidential election of 1960.

Two years after the amendments of 1956, the Local Autonomy Act was substantially amended again. As local heads, a number of opposition party members controlled the local governments. The central government made an amendment that replaced direct election with an appointment system for local heads. The purpose of this amendment was to allow the central government under President Syngman Rhee to control local governments easily and effectively.

The Local Autonomy Act, revised four times during the First Republic period, was dramatically changed by the Second Republic, established by the student revolution on April 19, 1960. The Democratic Party government, which replaced President Rhee's Liberal Party, strengthened local autonomy. For instance, it reestablished the direct election system of local heads, including the mayor of Seoul, the governors of provinces, and even heads of the neighborhood associations such as Dong and Ri. It reintroduced the power of the no-confidence vote of the local assemblies against their heads. Throughout the entire nation, the third election of all heads and assemblymen was held in December 1960.

But the local government under the Second Republic was suddenly ended by the military coup of May 1961. The new military government, led by the late President Chung Hee Park, enacted the Provisional Act on Local Autonomy, which held the Local Autonomy Act in abeyance. According to this law, provinces, cities, and counties (Gun), including towns and townships, were eligible for self-governing units. (Only the last level of locality, called neighborhood associations such as Dong and Ri, were excluded from the self-governing units.) Actually, the law empowered the central government to dissolve local assemblies and to appoint the heads of local governments. The function of the provincial and Seoul assemblies was delegated to the Ministry of Home Affairs. Other city and county governments were placed under the provincial

governors appointed by minister of home affairs. According to the philosophy of efficiency by centralization, local self-governments have not existed since 1961.

However, the ninth Amendment of the constitution in 1987 rejuvenated local autonomy again with the 13th National Assembly elected on April 26, 1988. Based on that amendment, metropolitan and local assemblies were established in 1991, and both heads and assemblies were elected by the first nationwide local election in 1995. As of 2017, the seventh local governments, which were directly elected, work vigorously.

Until 2017, the Local Autonomy Act has also been amended 59 times including 2 total amendments, 35 partial amendments, and 22 related act amendments, and even today, it is still in the forefront of discussion. These frequent amendments to the Local Autonomy Act were not mostly made by the needs of the local residents but rather they were made for the various political purposes of the parties in power and the central government. Thus, local autonomy was distorted as a policy instrument to strengthen the centralization of the government rather than to decentralize the power.

## Current Situation of Local Autonomy

### Hierarchical Relationship Between Central and Local Governments

There are two kinds of administration levels in South Korea. The higher one is the autonomy level, and the lower one is the administrative level. Within the autonomy level, there are the metropolitan and local areas. There are cities, provinces, counties, and other administrative units such as town (Eup), township (Myun), and neighborhood associations (Dong), which are created by the central government only for the purpose of public service delivery (Fig. 1). (The first level of autonomy consists of a special city like Seoul, metropolitan city where several million population live, and province which include cities and rural areas. In addition, minimum number of population based on local level is different (metropolitan city 1,165,000, province 1,550,000, city 43,000, gun 10,000, as of 2018).)

The Ministry of Interior and Safety is one of the most powerful bureaucratic organizations in the central government. Of course, each ministry in the central government has the power to supervise in some ways and direct special subdivisions of the local governments within local ministry's jurisdiction.

There are two local governments related bureaus – local administration and decentralization, local finance and economy – in the Ministry of Interior and Safety. Each bureau administers handle local affairs under the guidance of the minister (Fig. 2). Furthermore, the power of appointment of deputy heads – province, cities, and counties – belongs to the Ministry of Interior and Safety. In reality, the local governments are half self-governing. They operate more like branch offices of the central government in some

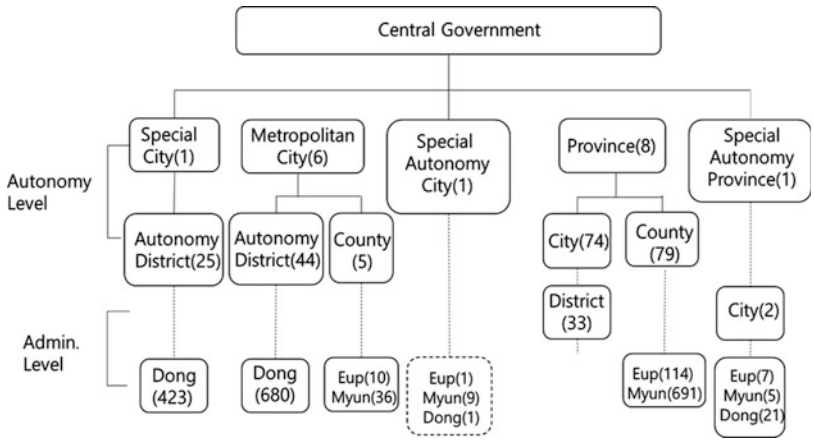


**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Fig. 1** Hierarchical structure of the central and local government (as of 2018). (Source: Ministry of the Interior and Safety, Statistical Yearbook 2019)

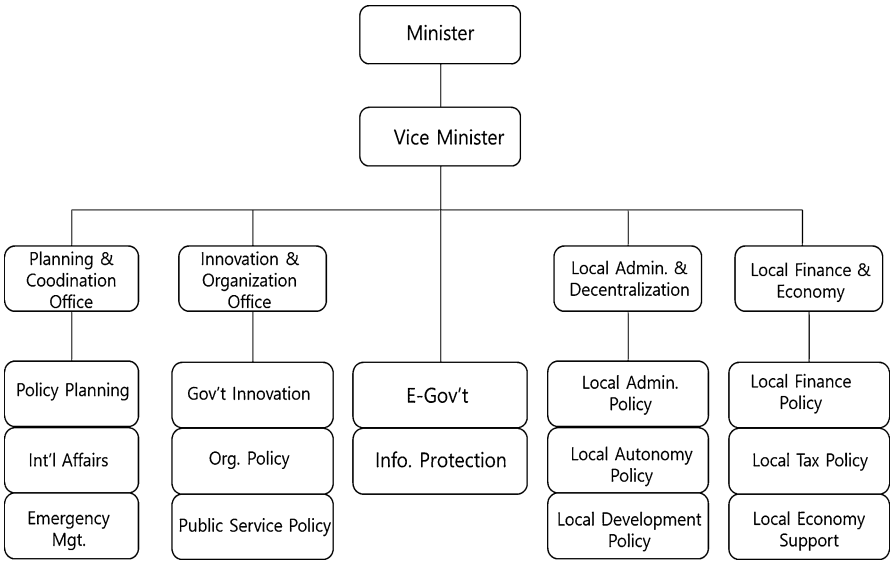


**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Fig. 2** Ministry of Interior and Safety (as of 2018). (Source: Ministry of the Interior and Safety, Statistical Yearbook 2019)

ways. Practically, almost half of local governments' work comes from the central government (see Table 5). In the light of this present hierarchical structure, the South Korean local government system may be called a half self-governing system. However, it could be argued that the present local autonomy will be improved gradually.

### Financial Self-Sufficiency of Local Governments

In 2018, the average level of financial self-sufficiency of local governments was only 53.4%, and the average rate of local revenue was only 23.3% of the national total (Tables 1 and 2). (Financial self-sufficiency means ratio of independent income such as local income tax against subsidies from the central government.) In comparison to Seoul and the other seven metropolitans' 65.7% of the self-sufficiency rate, 10 provinces' rate is only 39%, 75 cities' rate is only 37.9%, 83 counties' rate is only 18.5%, and 69 wards' rate is only 30.3% (Korea Research Institute for Local Administration 2018).

Among the 83 counties, the highest in terms of financial self-sufficiency was Dalsung-gun (45.97%) and the lowest was Kangjin-gun (11.39%). Of the 75 cities, the highest was Whasung (63.76%), and the lowest was Namwon (13.58%) as of 2016 (Ministry of Interior and Safety 2016). During the last 5 years, from 2014 to 2018, the financial self-sufficiency of the provinces, cities, and counties was not improved significantly. The average degree of financial self-sufficiency only changed from 51.9% to 53.4% during that period (Ministry of Interior and Safety 2018a, see Table 1).

In reality, local governments have financially depended on general and categorical assistance grants from the central government (see Table 2). It should be noted that nearly all local governments are financially weak and politically vulnerable to the influence of the central government.

Overcoming financial weakness and political vulnerability, local governments have been struggling to gain more income resources from the central government. As a result of these efforts, local governments entitled to collect cigarette sales tax, which is a part of local revenue, from 1984. After that local education tax was introduced, especially, local sales tax and local income tax, which is 10% of national sales and income tax each, were introduced in 2010. However, this amount of financial resource is still not sufficient for making local governments financially

**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Table 1** Local financial self-sufficiency

| Year | Mean (%) | Special/Metropolitan/Special Autonomy City (%) | Province/Special Autonomy Province (%) | City (%) | County (%) | Dictrict (%) |
|---|---|---|---|---|---|---|
| 2014 | 51.9 | 66.6 | 33.9 | 39.8 | 13.9 | 30.3 |
| 2015 | 51.7 | 65.3 | 34.1 | 39.3 | 14.2 | 28.5 |
| 2016 | 53.1 | 66.3 | 35.3 | 40.8 | 14.6 | 29.0 |
| 2017 | 54.2 | 66.6 | 38.0 | 41.5 | 15.0 | 29.2 |
| 2018 | 53.4 | 65.3 | 37.5 | 39.9 | 14.8 | 27.8 |

Source: Ministry of the Interior and Safety, Statistical Yearbook, each year

**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Table 2** Local revenue sources (as of 2018)

| Revenue Source | Amount ($ Bil.) | Ratio (%) |
|---|---|---|
| Local tax | 77.9 | 37 |
| Other local revenue | 46.9 | 22 |
| Local share tax | 37.9 | 18 |
| Subsidy | 48.0 | 23 |

Source: Ministry of the Interior and Safety, Statistical Yearbook, 2019

**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Table 3** Increase in number of public officials

| Level | 1965 | 1975 | 1985 | 1995 | 2005 | 2015 |
|---|---|---|---|---|---|---|
| National Public service | 253,973 | 365,390 | 680,939 | 889,762 | 910,452 | 1,021,347 |
| Local public service | 47,760 | 107,385 | 205,858 | 331,273 | 338,470 | 302,207 |
| National Population (thousand) | 28,700 | 35,280 | 40,810 | 45,090 | 48,180 | 51,010 |

Source: Ministry of the Interior and Safety, Statistical Yearbook, each year; Statistics Korea, KOSTAT, http://kostat.go.kr

independent. Therefore, the central government is considering an increase of tax revenues by providing local government with the power to autonomously appropriate the items and rate of taxation for local assemblies. For this reason, it seems that local financial self-sufficiency can be improved by reformation of structure and exploration of new sources for local taxation.

### Increase in Number of Local Public Officials

The local government organizations have been extended as a result of increasing trends in public service needs. This increase raised the need for local public employees. In addition, the workload of the local governments has been increased by the mandate system, which delegates additional matters to local agencies by the central government. As shown in Table 2, between 1965 and 2015, the number of local public service employees increased substantially by 632.5% (see Table 3). This also reveals that people want to receive more services through their local government because of convenient access and local relevance. Accordingly, central government needs to extend local government functions and to respond to local residents' demands.

## Affirmative Influences on Local Autonomy

In general, the failure of local autonomy in the 1950s was due to certain socioeconomic factors such as a low educator level, insufficient fiscal self-support capacity, narrow scope of governing of local affairs, and excessive control of central government. But these factors have been changing for the past half century. The education

level of the general public rapidly increased. Low financial self-sufficiency will be improved by reclassifying national tax revenue with local tax revenue. This shows that the central government is affirmatively changing its attitude toward local autonomy in response to the strong demand of the people. The following three factors constitute an affirmative influence on the reinstatement of local autonomy in South Korea.

### Education Level of the Public

The education level in South Korea has enhanced so rapidly that it cannot be compared adequately with any other case study example in the world. The percentage of school-age children attending school in 1950 was 69.8%, but in 2018 the percentage of elementary school children in school reached 97.4%. The percentage of secondary education students in the middle and high schools 97.9%, 92.4% each (Ministry of Education 2018). Even the ranking of OECD PISA is around 1–8 level among OECD countries. This shows the competence of Korean human capital. This rapid increase of the quantity and quality of education demonstrates the growth of the citizens' capability for and understanding of local self-government. Of course, high education level is not a necessary condition for operating a local self-governing system successfully, but it means that people will not experience the same failure of local autonomy caused by the 30% illiteracy rate in the 1950s.

### Central Governments' Attitude Toward Local Autonomy

It is no longer valid to say that due to the low fiscal self-capacity of the local government, local autonomy cannot succeed in South Korea. To support local autonomy, the central government changed the Local Tax Revenue Act in 1986, 2001, and 2010. According to these amendments, cigarette sales tax was allocated to local tax revenue, and local education tax, local sales tax, and local income tax were created. The central government is still considering various methods to strengthen local financial capacity. For example, the government is continuously trying to amend the Local Tax Share Act toward improving serious regional disparities. Within the national government, the Ministry of Economy and Finance is considering coordinating the rate of tax revenue shares. Also, the central government is giving consideration to raising the local sales and income tax rate to enhance the financial power for the local autonomy system.

However, the most important factor for the operation of local autonomy is the attitude of the central government, which gives discretionary power and autonomy to local governments without any intervention.

### Political Consciousness of the People

In 1960, when the third and last election period for local assemblies of self-governing communities was held, the per capita income was only $80. Many people say that local elections were fraught with corruption and injustice, including selling votes in order to earn money. But, as of 2018, per capita GDP has reached $32,800, as mentioned. With a rapid increase in income and material stability, the citizens have begun to express their desire for democracy and direct participation in central and local governmental affairs.

Furthermore, many maturity indicators of local politics such as turnout rate of local election, numbers of enactment and revision of local ordinance, and number of female assemblymen are enhancing continuously. The turnout rate of local election went up from 48.8% in 2002 to 56.8% in 2014. The numbers of enactment and revision of local ordinance increased from 31,481 in the first reinstate term of local assembly (1995~1998) to 44,331 in the fourth term (2006~2010). In addition, the number of female assemblymen grew from 4.0% in 1995 to 22.7% in 2014 (Table 4).

Moreover, the South Korean people have experienced the importance of participation through nationwide movements, such as the democratization movement in 1987 and 2016, which resulted in the peaceful replacement of the regime. We can say that the local autonomy system provides a lot of opportunity to participate in democracy.

## Enhancing Local Autonomy

Local autonomy entails decentralization, which means the distribution of concentrated power of the central government to local government.

**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Table 4** Changes in political participation

| Item | 2002 | 2006 | 2010 | 2014 |
|---|---|---|---|---|
| Turnout rate (%) | 48.8 | 51.6 | 54.5 | 56.8 |
| Ratio of female assemblymen (%) | 4.0 | 14.5 | 19.7 | 22.7 |

Korea Research Institute for Local Administration (2015)

Therefore, in operating the local autonomy, one of the most important points is to set up an ideal relationship between central and local governments.

Compared with other countries, such as Japan, China, and some in Western Europe, South Korea has a very different tradition of local government. Those countries have a long history of local government concentrating and coordinating the dispersed power of local governments in the process of modern state building (Chung 1987). South Korea, on the other hand, is experiencing a reversal of this process. From this perspective, it is very difficult for Korea to make a desirable local autonomy system in a sense.

Numerous methods for restructuring the local governments in line with power decentralization have been suggested by both scholars and politicians. A better feasible system in this present sociopolitical context will be proposed in this section by considering the relationships between central and local governments, and the local governments' financial situations.

## Work Distribution Between Central and Local Government

The Local Autonomy Act provides that local autonomous bodies shall deal with local official matters and matters delegated to the entity by laws and ordinances. Therefore, government official work is allocated between central and local governments. The more work allocated to local governments, the more autonomy goes to them. At the same time, based on the burden of the work, power and responsibility can also be distributed.

At the moment, official works of local governments are divided by autonomous and delegated work. Delegated work means the work that is assigned to the local governments by the central government. This kind of task is basically allocated to the jurisdiction of the central government. Thus, the local governments carry out such work only as an agent without their own discretionary power. Delegated work falls into two categories: collective delegated work and agency delegated work. The central and the local governments have overlapping interest in collective delegated work. That is why the central government partially pays for the work execution by the local government. However, agency delegated work is the work that has no local self-interest, and the central government pays all for the work delegation. Now, the indigenous work of local governments only consists of half of their business. The agency delegated work and the collective delegated work consists of roughly 40% and 10% of the local work for each. The urban area has slightly more work and the rural area has slightly less (Lee et al. 2014, see Table 5).

**Innovations for Administrative Reforms in Korea Revisited: A Case of Local Autonomy, Table 5** Work distribution of local governments

| Autonomous Works (%) | Delegated Works (%) | |
|---|---|---|
| | Collective Delegated | Agency Delegated |
| 50~60 | 10 | 30~40 |

Source: Yoo and Lee (2015)

To enhance local autonomy, it needs to hand over more central work to the local level rather than just delegating its work. Accordingly, it is necessary to distribute as many functions as possible to the basic unit of local government such as city, county, and district. For establishing the tradition of grass-roots democracy, the national government has to limit intervention in local governments in the process of reinstating the local work system. At the same time, the financial base should go to the local based on the

redistribution of the works. In addition to this, work distribution should be simplified as central and local work rather than the three types of work as mentioned above.

### Improving the Local Financial System

The financial capacity of local governments is weak. In 2018, 41% of the total revenues for local governments came from outside sources in the form of subsidies of local share taxes provided by the central government (Ministry of Interior and Safety 2018b, c). Local governments still depend heavily on the subsidies from the central government to supplement their financial shortages (see Tables 1 and 2). The reason is that the present tax system puts more priority on national tax than on local tax. The total tax revenue of South Korea was comprised of 76.7% national tax and 23.3% local tax in 2017 (Ministry of Interior and Safety 2017). Therefore, it is necessary that some of the national tax items provide for the sufficiency of local self-governments.

But the most important thing is not to levy any new local tax on local people in order to reinstate local autonomy. Rather than new local taxes, a strategy for developing the local economy should be considered by inviting manufacturing companies to boost the local economy. Each local government should also establish a long-term financial planning system. In addition, scientific management tools such as computer analysis, organization methods, and management information systems should be modernized for local self-governments to enhance efficiency and the economy.

## Conclusion

The structure and governance of local governments was frequently changed throughout the 9-year period 1952 to 1961 and was even suspended. But the institutions for the local autonomy was partially reinstated in 1991 and then fully reinstated in 1995. Especially, since 1991, several important direct participatory institutions such as residents bill proposals, elected official recalls, resident action suits, and calls for an audit system were introduced to the local government (Yoo and Lee 2015). To invigorate and innovate local self-government, the central government will have to take proper actions on the following three points.

1. Without any intervention and control, the central government and other concerned authorities should distribute their power to local self-governments in order to maintain autonomy.
2. The central government should accelerate a balanced regional development policy in order to activate local economies and to result in balanced growth among the regions. Relocating more private and public institutions to the provincial areas would be possible way to reinforce the local power in and out of economy and politics.
3. The central government should encourage participation in local politics and give much more related information to them through public relations activities. The most advanced information and computer technology (ICT) of Korea makes it much more easily possible.

It is more important to keep in mind that the operation of local autonomy does not depend on the system but on the people who operate the system. This is a key reason and impetus to recruit and maintain competent local manpower. Accordingly, those who are influential in the operation of local autonomy have to show their strong willingness toward a more advanced and democratic local government system.

## Endnotes

1. There had been military regime since 1961 in Korea. However, due to the economic prosperity and maturity of citizenship during 1980s, the people realize the meaning of democratization which makes the people advocate their civil right.
2. Even though the central government wants to implement some land development policy for some local areas, it frequently failed. Because

it did not exactly know about the specific environment and sentiments of the local communities.
3. Even though the assemblies were constituted, the heads of the local governments were appointed by the central government for a while.
4. Only the last level of locality, called neighborhood associations such as Dong and Ri, were excluded from the self-governing units.
5. The first level of autonomy consists of special city like Seoul, metropolitan city where several million population live, and province which include cities and rural areas. In addition, minimum number of population based on local level is different (metropolitan city 1,165,000, province 1,550,000, city 43,000, gun 10,000, as of 2018).
6. Financial self-sufficiency means ratio of independent income such as local income tax against subsidies from the central government.
7. This is due to the growth of the people's needs for the public services such as welfare benefits, and central government driven economic development.
8. Local autonomy system provides the residents several important participatory opportunities such as recalling their heads, offering ordinance, and partially making local budget. It is like a grassroots politics education.
9. Delegated works consists of group such as farmyard development, and agency delegated such as issuing personal passports.

## References

Cho YH, Kim YS (1985) The national fiscal assistance system and the local government of Korea: its effects on city finance and environment correlates. J East West Stud XIV(2):83
Chung SW (1987) Local self-governance in Korea: retrospect and prospect. Korea Local Adm Rev 2(2):89–105
Korea Research Institute for Local Administration (2015) Appraisal of local autonomy 20 years, Seoul
Korea Research Institute for Local Administration (2018) Policy brief for local autonomy. 52
Lee D et al (2014) Local autonomy. Pakyoungsa, Seoul
Ministry of Education (2018) Statistics of education. Ministry of Education, Seoul
Ministry of Interior and Safety (2016) Local finance statistics. Ministry of Interior and Safety, Seoul
Ministry of Interior and Safety (2018a) 2017 Local tax statistics. Ministry of Interior and Safety, Seoul
Ministry of Interior and Safety (2018b) 2018 Local government finance. Ministry of Interior and Safety, Seoul
Ministry of Interior and Safety (2018c) 2018 Interior and safety statistics. Ministry of Interior and Safety, Seoul
Ministry of the Interior and Safty (2019) Statistical Yearbook, Seoul
Statistics Korea. KOSTAT. http://kostat.go.kr
Yoo JH, Lee D (2015) Modern public administration. Pakyoungsa, Seoul

# Innovations in Administrative Reforms

Frank L. K. Ohemeng
Department of Public Administration, College of Law, Commerce and Public Affairs, Incheon National University, Yeonsu-gu, Incheon, South Korea

## Synonyms

Improvements; Invention; Modernism; Modernization; Novelty; Revolution

## Definition

Innovation in administrative reform is a dynamic process that changes the overall architecture of government, identifies issues and challenges, develops new processes, and creates, selects, and implements new solutions.

The intentional introduction and application within a role, group, or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group organization, or wider society.

## Introduction: Innovation in the Public Sector

Innovation has become the industrial religion of the late twentieth century in both the public and private sectors. For example, business sees it as

the key to increasing profits and market share through the development of new products and new ways of delivering services to customers, while governments see it as the way to fix the economy, especially service delivery. In the public sector, it has become a buzzword among politicians, policy makers, and others in the context of "improving" the "public sector," or making it more effective and efficient.

Governments around the world continue to advance innovation as a significant means to improve public services. The article goes on to say that the rhetoric of innovation has replaced the postwar language of welfare economics. It is the new theology that unites the political left and right. Over the past three decades, the idea of innovation in services has grown in importance more rapidly than in the decades before.

In the public sector, innovation has mostly concentrated on developing ways to make the administrative state responsive to the needs of citizens. The focus is more on administrative reform, or what the literature generally refers to as public sector or public organizational reforms. Innovation in administrative reform has targeted efficiency in service delivery rather than effectiveness, on the premise that one will cause the other.

The current discussion of innovation in administrative reforms was instigated by the emergence of the New Public Management, a technique introduced by the far right in the early 1980s to streamline the public sector. The intention was to enable it to emulate, if not imitate, the private sector. Since then the idea has been supplemented with the adoption of information communication technologies, culminating in electronic government, mobile government, etc., and the new public governance, meaning government engaging or collaborating with different sectors for better public services. Meeting these objectives also means the development of new organizational structures for the state bureaucracy, which was seen as stifling innovation. Consequently, the new modes of reforming the bureaucracy continue to be adopted with a view to meeting citizens' expectations for public service while reducing taxation. At the same time, innovation in administrative reforms is expected to yield fresh ideas about how the public sector should look in terms of structure, as well as how it can use this structure to develop an environment that will enhance performance outside the public sector. Innovation in administration can thus be seen as comprising "deliberate changes to the structures and processes of public sector organizations with the objective of getting them to run better" (Pollitt and Bouckaert 2004: 8).

## Innovation in Administrative Reforms

A vast array of types of innovation is identified in the literature. A caveat, though, is that all of them can be applied in administrative reforms in one way or another. Here we will review the common ones. In their study of public sector innovation, Osborne and Brown (2013) identified four modes of change to products and services – three innovative and one developmental. The first is radical innovation, meaning "processes of reorientation wherein patterns of consistency are fundamentally reordered" (Tushman and Romanelli 1985: 176). Omachonu and Einspruch (2010) have described this as consisting of disruptive innovations, and as revolutionary, transformational, or nonlinear, creating disorder for old systems, creating new players and new markets while marginalizing old ones, and delivering dramatic value to stakeholders who successfully implement and adapt to the innovation (4). According to Engen and Holen (2014), the common feature of radical innovation is "the effect of the change on the resources or technology in the organization" (16). Radical innovations thus prompt "significant subsequent technological development and exhibit novelty and 'architectural' innovation, *i.e.* rearranging the way design elements are put together in a system" (Kasmire et al. 2012: 346). This type of innovation is therefore very profound and disturbs the equilibrium of the organization immediately as well as into the future.

The second element identified by Osborne and Brown is architectural innovation. Architectural innovation is a innovation that "change[s] the way in which the components of a product are linked together, while leaving the core design concepts (and thus the basic knowledge underlying the components) untouched" (Henderson and Clark

1990: 10). It involves the "rearranging [of] known parts (components) into new patterns (architectures) to achieve higher levels of system performance on one or more dimensions" (Baldwin and Clark 2006: 4), or exploring new possibilities in product design and development through proactively assimilating new technical knowledge by working closely with stakeholders.

The third type of innovation is incremental. According to Globerman and Lybecker (2014), incremental innovations encompass relatively modest improvements to existing products and production processes. Henderson and Clark (1990) say that incremental innovation reinforces the capabilities of established organizations. Osborne and Brown (2013) believe that the term incremental innovation may be misleading in the sense that "such innovation still involves discontinuous change to products or services, although it takes place within the existing production paradigm and affects either organisational skills and competencies or the market/needs that the innovation is addressing" (5). The fourth type of change is product or service development or modular innovation, which is considered to be "innovation that changes a product's architecture but leaves the components, and the core design concepts that they embody, unchanged" (Henderson and Clark 1990: 12). This type of innovation thus "constitutes the repackaging or change in the design of a particular technology or product to reach new markets" (Julnes 2016: 30).

Other scholars have looked at innovation from the perspective of product, process, marketing, and organizational innovations. A product innovation, according to the OECD (2005), is the "introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses, and it includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics"(11). In the public sector, it is about what service is delivered. A good example is the delivery of public services online rather than the traditional way. Product innovations are easy to identify, as they involve the creation and launch of new goods and services.

On the other hand, process innovation is the "implementation of a method for the production and provision of services and goods that is new or significantly improved compared to existing processes in your organisation" (Bloch and Bugge 2013: 145). It deals with improvements in the production or delivery of a product or service, and with changes in techniques, equipment, or software. This type of innovation is characterized by changes in the way a service is carried out or delivered, which – since it does not require significant changes in organizational structure – would seemingly be easier to implement. It thus comprises new or significantly improved methods in the production or manufacturing process. It is more internally than externally driven innovation. Process innovations are thus often silent and hidden from public view, as they involve changes in operations, tasks, and ways of working, and not, necessarily, in the product.

The OECD (2005) sees marketing innovation as the "implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing" (49). Robinson and Pearce (1988) consider it as innovation in marketing or as consisting of new marketing techniques in the context of strategic organizational behavior and patterns. In marketing innovation, the focus is on "the generation and implementation of new ideas for creating, communicating, and delivering value to customers and managing customer relationships in ways that benefit the organisation" (Tinoco 2010: 5). Finally, organizational innovation is about new ways of organizing work to encourage and promote competitive advantage; it can be a new product, service, technology, or administrative practice (Hage 1999: 597). It is more about adopting or creating an idea or behavior that is new to the organization, and includes the espousal of new management systems, new methods of organizing work responsibilities and decision making, new ways of organizing external relations, and new systems for gathering knowledge and building innovative capacity. It thus fundamentally concerns the "art of doing things in a better way than before. . . so [that] organizational innovation can be interpreted as an

improved way of undertaking given tasks" (Valkama et al. 2013: 28).

Halvorsen et al. (2005) have also identified administrative innovation involving new policy instruments, particularly in service provision or, even, organizational structural changes; fundamental system innovations, including new organizations or new patterns of cooperation and interaction; and conceptual innovations, changing the outlook of actors. To them, such changes are accompanied by new concepts, and radical changes in rationale, or shifts in the worldview of employees.

## Characteristics of Innovation in Administrative Reforms

In their study of innovation in health service delivery, Omachonu and Einspruch (2010) identified three important characteristics of innovation: novelty, an application component, and an intended benefit. Novelty refers to the notion that what is being introduced must either be entirely new or a significant improvement. Daglio et al. (2015) say that novelty is subjective, so that while an innovation may be new for the organization where it is implemented, it may already be in use elsewhere. In short, it deals with new ways of thinking or service, new products, or, perhaps, new procedures.

Second is an application component, going beyond the ideas themselves. In this case, it is more about where the innovation will be applied, or simply the diffusion of the ideas to new settings. Lynn (2013) believes that innovation can be "old wine in new a bottle" (32). Something becomes innovative as a result of where it is being applied; the idea is not necessarily new, and might have been applied elsewhere.

The third is intended benefit, meaning the benefit that is supposed to be derived from the innovation, and that thus "distinguishes it [the innovation] from serendipitous change or deliberate change" (West and Altink 1996: 5). In administrative reforms, the intended benefit can be within the organization or outside it. Within it, the new ideas may change how things are done for the benefit of the members: for example, new technologies may help members improve their performance. Externally, the benefit can be in how citizens receive services, or may simply be in the creation of meaningful and trustworthy interaction with the larger society.

## Essence of Innovation in Administrative Reforms

Here we will examine three areas in which innovation in administrative reform has recently become important. First, it is essentially to help bring about new and improved structures and ideas that can enhance economic development from the perspective of the government or in the role of government, in the development of the national economy. It is assumed that "innovation is the main driver of economic change [*and through such*] innovation the necessary conditions for creating a competitive economy that will have a positive influence on environmental and social renewal" will be developed (Bekkers et al. 2011: 3). This is more true in an era of knowledge economies. Creating such conditions, however, depends on the effectiveness of public sector institutions, because of the continuing importance of the public sector in determining the kind of environment that will enable the private sector to properly function.

Second, in an era of public governance, with increased emphasis on creating value with citizen participation through networks, administrative reform innovation helps to keep citizen participation at the forefront of policy development and implementation. As noted by Bekkers et al. (2011: 11), "the innovation agenda that is based on the idea of governance tries to set the conditions under which cooperation between different public, semi-public, and private sectors can become successful, as well as to develop all kinds of network-like arrangements that are required in order to pick up all kinds of 'wicked policy problems'."

Administrative reform innovation is also expected to promote new values and norms in the public bureaucracy. Individuals in

organizations are shaped by a variety of values and norms, absorbed from home, school, and different workplaces. Innovative ideas help to change such orientations so that these individuals can adjust to their new settings. For instance, the innovation may concentrate on creating a new culture or new professional or ethical values by which organizational members have to abide, imposed by a new ideology or new structures. Those new values may further help or influence members to be innovative in their work performance. New values can promote a creative mindset that encourages public sector efficiency and delivers high quality, competitive public services.

## Conclusion

Innovation has become a buzzword in both the public and private sectors. In the former, it has manifested itself in what the literature generally calls public sector reforms or administrative reforms. In administrative reform, innovation means "creative destruction" of the old ways of doing things and the development of new methods, to improve public organizations' performance. That performance may be a matter of how they directly deal with clients or how they create value to a network of stakeholders.

Innovation in administrative reforms is unending. It is a continuing attempt to improve organizations, as well as to infuse them with new ideas. It can take many different forms. Administrative reformers must therefore continue to display vision and leadership to help public organizations with new ideas that can be readily developed and implemented for better organizational performance. Such ideas can come from within or outside the organization. By doing this, the reformers may mitigate the sustained criticisms of the administration as unresponsive to the needs of citizens.

## Cross-References

► Global Administrative Reforms
► New Public Management
► Organizational Identity Leadership

## References

Baldwin CY, Clark KB (2006) Architectural innovation and dynamic competition: the smaller "footprint" strategy. Harvard Business School working paper, 07-014

Bekkers V, Edelenbus J, Steijn B (2011) Linking innovation to the public sector: contexts, concepts and challenge. In: Bekkers V, Edelenbos J, Steijn B (eds) Innovation in the public sector: linking capacity and leadership. Palgrave, Basingstoke

Bloch C, Bugge MM (2013) Public sector innovation – from theory to measurement. Struct Change Econ Dyn 27:133–145

Daglio M, Gerson D, Kitchen H (2015) Building organisational capacity for public sector innovation. Background paper prepared for the OECD conference: innovating the public sector: from ideas to impact, Paris, 12–13 Nov 2014

Engen M, Holen IE (2014) Radical versus incremental innovation: the importance of key competences in service firms. Tech Innov Manag Rev 4:15–25

Globerman S, Lybecker KM (2014) The benefits of incremental innovation: focus on the pharmaceutical industry. https://www.fraserinstitute.org/sites/default/files/benefits-of-incremental-innovation.pdf

Hage JT (1999) Organizational innovation and organizational change. Annu Rev Sociol 25:597–622

Halvorsen T, Hauknes J, Miles I, Røste R (2005) On the differences between public and private sector innovation. Publin report D9

Henderson RM, Clark KB (1990) Architectural innovation: the reconfiguration of existing. Adm Sci Q 35(1):9–30

Julnes DLP (2016) The study of innovation: state of the art and framework for analysis. In: Julnes PDL, Gibson E (eds) Innovation in the public and nonprofit sectors: a public solutions handbook. Routledge, New York

Kasmire J, Korhonen JM, Nikoli I (2012) How radical is a radical innovation? An outline for a computational approach. Energy Procedia 20:346–353

Lynn LE Jr (2013) Innovation and reform in public administration: one subject or two? In: Osborne S, Brown L (eds) Handbook of innovation in public services. Edward Elgar Publishing, Cheltenham, UK

Omachonu VK, Einspruch NG (2010) Innovation in healthcare delivery systems: a conceptual framework. Innov J Publ Sector Innov J 15(1):Article 2.3, 1–20

Organisation for Economic Cooperation and Development (2005) Governance of innovation systems, vol 1. Synthesis Report, Paris

Osborne S, Brown L (2013) Handbook of innovation in public services. Edward Elgar Publishing, Cheltenham, UK

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. OUP, Oxford

Robinson RB, Pearce JA (1988) Planned patterns of strategic behavior and their relationship to business unit performance. Strateg Manag J 9(1):43–60

Tinoco JK (2010) Marketing innovation: the unheralded innovation vehicle to sustained competitive advantage. Int J Sustain Strateg Manag 2(2). http://commons.erau.edu/db-management/5

Tushman ML, Romanelli E (1985) Organizational evolution: a metamorphosis model of convergence and re-orientation. In: Slaw BL, Cummings LL (eds) Research and organizational behavior. JAI Press, Greenwich

Valkama P, Bailey SJ, Anttiroiko A-V (2013) Analyzing organizational innovation in public services: conceptual and theoretical issues. In: Valkama P, Bailey SJ, Anttiroiko A-V (eds) Organizational innovation in public services: forms and governance. Palgrave Macmillan, Basingstoke

West MA, Altink WMM (1996) Innovation at work: individual, group, organizational, and socio-historical perspectives. Eur J Work Organ Psy 5(1):3–11

# Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study

Samir Ul Hassan[1] and Biswambhara Mishra[2]
[1]Department of Economics, University of Science and Technology, Meghalaya, India
[2]Department of Economics, North Eastern Hill University, Shillong, Meghalaya, India

## Synonyms

Achievements; Budgetary; Hostile; Organizations/setup; State; System

## Definitions

- **Institutional arrangements**: It refers to organizational setup/shape/design of various public institutions such as democracy, governance, politics, law and order, economy, etc., in a welfare characterized state.
- **Fiscal performance**: It refers to the budgetary stability of a state. In other words, it means the efficient allocation of funds without creating any pressure on the state economy.
- **Conflict region**: It refers to a state engulfed with political or social turmoil.

## Introduction

The determinants of government expenditure have attained a multidimensional approach. The factors which determine the growth of government expenditure have not remained confined to one particular sector but have varied to different institutions and activities. The literature suggests that the growth of government expenditure is affected by various institutional factors related to the economic, political, demographic, and infrastructural viewpoint. Tanzi and Schuknecht (1997) and Hassan and Mishra (2017) measure determinants of government expenditure by linking government expenditure to socioeconomic institutions such as income level, education, and healthcare that are assumed to be targeted by public spendings. However a number of studies have linked growth of government expenditure to several other institutional factors including fiscal structure (Remmer 2004), administrative process (Bräuninger, 2005), and government proficiency of public good provisioning (Rogoff 1990).

The influence of political institutions on government spending has attracted numerous studies over the last decade. The type of political ruling, political stability, political ideology, and election cycle has been considered the major factors which influence the growth of aggregate and different categories of government expenditure (Persson et al. 2007). Velasco (2000) shows that the larger the size of the legislature, the higher the public expenditures in OECD countries. Perotti and Kontopoulos (2002) analyze the public expenditure through political fragmentation, measured by the number of parties in a coalition, the number of spending ministers, or the number of representatives. Schuknecht (2002) argued that preelection expenditures give out a gesture of the incumbent's ability to supply more public goods. Further, the incumbents would spend more on those items that the voters observe, just to maximize their reelection possibility. Dash and Raja (2013) identified that political institution such as government fragmentation, the potency of the opposition, the majority of the government, and the ideology of the

government and electoral cycle affects the magnitude of government spending.

Therefore, it is obvious from the above discussion that the determinants of government spending are multidimensional. It is not only the income or economic institutions which raise expenditure but other institutional factors also influence the growth of government spending. Thus whether these institutions or any other institution can be held accountable for the rise and fall of government expenditure in a conflict region such as the state of Jammu and Kashmir has become an empirical question. We are intending to the understanding of the impact of economic and political institutions prevailing in the state of Jammu and Kashmir, on the aggregate government spending. An economic and political institution has been chosen due to the fact that they constitute a major and important part of fiscal policymaking. The study is important in the sense that no effort has been done so far to examine the institutions responsible the growth of government spending in the conflict state such as Jammu and Kashmir. The rest of the paper has been divided into four sections. Section I will deal with background, objectives, and sources of data. Section II will highlight the methodology and estimation procedure, and Section III will discuss the results of the models and followed by a conclusion.

## Background of the Study

Jammu and Kashmir is the northern state of India known as crown of India because it situated in the extreme north. The present-day political condition in Jammu and Kashmir is well implicit by the electoral politics of the state since the assembly elections of 1983. The Jammu and Kashmir politics is spread over three phases. The first phase between 1983 and 1987 is the period locale the base for hostility, political upsurge, and militancy. The second phase between l987 and 1996 is the period of political crisis. The third phase between 1996 and 2002 is the period of reinstatement of the political process (Chowdhary and Rao 2003). The political system of Jammu and Kashmir starts in 1953 with one-party dominance, i.e., National Conference, and before the year 1953, it was a princely state run by Dogra Empire. In the year 1983, another political party came into existence known as Jamat-i-Islami which fought the election of 1984 and brought to motion an era of political unrest. In the year 2002, the dominant political party of Jammu and Kashmir, i.e., National Conference, lost the election, and it paved the way for new political institutions, a coalition politics in the state. We believe that the emergence of a coalition government with multi-political ideological leanings resulted in weak governance and adversely affected the policies of taxation and public expenditure in the state.

On the other hand, the financial condition of Jammu and Kashmir State over the last three decades has been a source of deep concern. Over the years, the fused fiscal position of the state has revealed a noticeable deterioration in some of their major fiscal indicators. One of the primary weaknesses of state government finance can be credited to the increases in nondevelopmental expenditure, mainly the revenue component of the nondevelopmental expenditure, and interest payments as a share of revenue receipts. The multidimensional problems of the state's fiscal scenario consist of structural imbalances in the form of revenue and capital deficit in particular and large budget deficit in general, resulting in rising interest burden, increasing distortions in the pattern of expenditure, and very slow-growing nontax revenues. These problems, over the years, have been further accentuated by several economic and political institutional upheavals in the state.

Government spending has increased tremendously in the state over the last three decades. In welfare characterized state, the quantum of public spending has not only increased tremendously but also has reached fantastic heights. Explosive public expenditure in Jammu and Kashmir in recent years most probably has not given enough momentum to the growth of the economy due to several leakages rather it has helped the state in extending the various

unproductive tasks. Though noteworthy development has taken place in some areas since independence, access to opportunities for a reasonable minimum standard of living is one of the lowest in the country.

The total government spending of the state has grown to nine times between "1990–1991 and 2012–2013" with an average annual growth rate of 60.1 percent. The tremendous increase in public expenditure in the first phase might have been due to increased public expenditure on general services for containing law and order, organs of state, and the increasing demand for social services such as education and health. Secondly, the tremendous increase in public spending might be due to the growth of GDP, per capita income, the growth of population, urbanization, and other social and economic factors. There is also a vast change in the public expenditure in general services, economic services, and social services in Jammu and Kashmir. The expenditure on general services has increased 43 percent during 2006–2007 to 2009–2010 and 68 percent during 2009–2010 to 2012–2013. The average growth rate of general expenditure is 10.2 percent annually. The expenditure on general services has always remained high in the state which most probably might have been due to political conditions, rate of unemployment, security purpose, growing population, etc. While the expenditure on social services has increased by 48 percent between 2006–2007 and 2009–2010 and by 44 percent between 2009–2010 and 2012–2013, the average annual rate of growth of social service expenditure stands at 8.2 percent during the same period. The public expenditure on economic services grew by 45 percent during 2006–2007 to 2009–2010 and 17 percent during 2009–2010 to 2012–2013 with an average annual growth rate of 11 percent.

All the above-noted trends provide a solid ground for the necessity and the desirability of undertaking an analysis of the determinants of government expenditure of the state of Jammu and Kashmir to have a proper understanding of the institutions which have been responsible for pushing the level of government spending to such fantastic heights. We believe that many economic and political institutional variables affect fiscal outcomes. Further, even with the emergence and growth of public choice as a new perspective from which to examine the operations of governments, the consensus view asserted by Dye (1984) remained at least an implicit assumption of efforts to identify determinants of government expenditures.

Keeping in mind the trend and pattern of government spending, the primary objectives of this study here is to examine all of the pieces of the fiscal decision-making environment together, and therefore the main objectives of this paper are to:

I) To analyze the impact of economic institutions on government spending of Jammu and Kashmir
II) To examine the tendency of short-term adjustment of economic institutions to stable the long-term equilibrium in government expenditure.
III) To investigate the role of political institutions in determining the government spending in Jammu and Kashmir

## Hypotheses

1. Absolute levels of government spending are largely determined by social and economic institutions.
2. Changes in political institutional variables might have a larger impact on the level of government spending.

## Sources of Data

The study is primarily based on the time series data using the time period of 32 years from 1984–1985 to 2015–2016. The specification of this time period is that the entire period has witnessed wide economic ups and downs where the economic activities in the state have reduced widely. The further entire period has witnessed a

drastic political instability and social unrest leading a big change in revenue generating a capacity of the state. The major sources of data for the study are annual budget papers of the Jammu and Kashmir state, state finance reports Reserve Bank of India, and Economic Surveys of J&K, census reports, and NSSO rounds. The data related to political institutions have been collected from election commission of India, State legislative assembly, and Home ministry and South Asian Terrorism Portal.

## Methodology

The econometric framework adopted in this paper is based on developments in co-integration and error correction model suggested by Johansen (1988) and Johansen and Jusellious (1995). By applying VECM techniques to the time series data, based on the results of unit root and multivariate co-integration test, we are able to approximate a dynamic structure in which initially all the variables in both the models are treated as endogenous. Most time series analysis demonstrates nonstationary characteristic in their mean or trending pattern. Therefore, in order to determine the suitable method of time series econometric analysis, a common approach is to identify the form of the trend in the data and whether individual data series contain unit root characteristic. If the data is trending, then some form of de-trending is needed. The most common de-trending practices are differencing and time-trend regressions. Thus, the first step in co-integration modeling is often taken by testing for unit roots to determine whether trending data should be differenced or regressed on deterministic functions of time.

After employing unit root and co-integration modeling for the time series data set of each determinant function, we are able to constitute a model free of spurious properties and having dynamic robustness structure. Based on the unit root and co-integration results, we identify the error correction models which are suitable to generate robust results in terms of demographic and infrastructure determinants of government expenditure. As stated above, this study employs Johansen multivariate co-integration approach developed by Johansen (1988) and Johansen and Jusellious (1995), specified as a reduced-form VAR model of order $p$. Therefore, in this study, the ECM model is used to assess the short- and long-run determinants of government expenditure through infrastructure variables in the state of Jammu and Kashmir. Therefore, the basic model specified for all the three studies is as

$$y_t = A_1 y_{t-1} + \ldots + A_i y_{t-i} + \ldots + A_p y_{t-p} + Bx_t + e_t \quad (1)$$

where:

$y_t$ is the vector of endogenous variables (i.e., government expenditure)
$x_t$ is the vector of deterministic variables (demographic and infrastructure variables)
$A_i$ and $B$ are matrices of coefficients of the variables to be estimated
$e_t$ is a residual *vector*
$i$ is the lag length, $p$ is the maximum lag length, and $t$ is the time period

The above equation (1) states that the procedure by which the dependent variables in $y_t$ vary about their time-invariant means is entirely determined by the parameters in $A_i$ and $B$, and the (infinite) past history of $y_t$ itself, the exogenous variables $x_t$, and the history of independently and identically distributed shocks, $e_{t-1}, e_{t-2}, \ldots$. Therefore, the joint distribution of $y_t$ is determined by the distributions of $x_t$ and $e_t$ and the parameters $B$ and $A_i$.

However, according to the Granger representation theorem (Granger 1988), if co-integration is established among a vector of variables in the model, then a valid error correction model may be estimated; if not, then VAR is used. Therefore, in this study, the choice of whether to use VAR or VECM for estimations follows Granger representation theorem; that is, it is based on co-integration results.

**Dependent variable**: Total government spending
**Independent variables**
**Political institution variables**: Political fragmentation, law and order, and election cycle
*Political fragmentation* means the number of parties in ruling government coalition. In analyzing political fragmentation, dummy variables will be used in which 0 values will be given to single party (majoritarian government), 1 for 1/2 collation, and so on.
*Election cycle* means the year of the election. The dummy variables used here were 1 for the election year and 0 for other years.
Law and order implies the situation of violence and strikes in the state. The variable is proxy for the unrest and political turmoil. Dummy form has been used in which 0 is given to financial year when there was less than five hundred civilian killings and 1 when there were more than five hundred civilian killings in the state in particular financial year.
**Economic institution variables**: GSDP, tax revenue, unemployment rate, grant-in-aid, and fiscal deficit

## Estimation Procedure

Nonstationary data leads to spurious regression due to nonconstant mean and variance (Dimitrova 2005). If a series is stationary without any differencing, it is said to be I(0) or integrated of order 0. However, if a series is stationary after first difference is said to be I (1) or integrated of order 1. To this end, the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests have been adopted to examine the stationary, or otherwise, of the time series data. The lowest value of Akaike information criterion (AIC) has been used in this to decide the optimal lag length in the ADF and PP regression. These lags were used in ADF and PP regression to make sure that the error term is white noise. If all the variables in an equation are in integral order of I(1) and the resulting residuals are I(0), then according to Engle and Granger (1988), it can be declared that there resides a corresponding error correction mechanism (ECM or *et-1*), and the basic models will be transformed accordingly. The regression from ADF test is of the following the form:

$$\Delta y_t = \alpha_0 + \alpha_1 y_{t-1} + \sum_{j=1}^{p} \gamma_j \Delta y_{t-j} + \varepsilon_t \qquad (2)$$

where $\Delta$ is the first-difference operator, $y_t$ is the respective variable of expenditure over time, $p$ is lag, $\alpha_0$ is constant, $\alpha_1$and $\gamma_j$ are parameters, and $\varepsilon_t$ denotes stochastic error term.

If $\alpha_1 = 0$, then the series is said to have a unit root and is nonstationary. Hence, if the hypothesis, $\alpha_1 = 0$, is not accepted according to equation, it can be concluded that the time series does not have a unit root and is integrated of order I(0), or in other words it has stationarity properties.

Similarly, the regression from Phillips-Perron (PP) test is in the following the form:

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \alpha_2 (t - T/2) + \mu_t \qquad (3)$$

where $\alpha_0$, $\alpha_1$, $\alpha_2$ are the expected least squares regression coefficients, the hypotheses of stationarity to be tested are $H0 : \alpha_0 = 1$ and $H0 : \alpha_1 = 1, H0 : \alpha_2 = 0$.

## Co-integration Test

After analyzing whether the series is stationary in levels or first difference or integrated in the same order, then Johansen's co-integration method is used to verify whether there exists a co-integrating vector among the variables or not (Johansen, 1988). The Johansen's co-integration test employs two test statistics to identify the number of co-integrating vectors which are the Trace test and the Maximum Eigenvalue test. The Trace statistics tests the null hypothesis of $r$ co-integrating vectors/equation in the given series against the alternative hypothesis of no co-integrating equations. The Trace statistics test is calculated by using the following expression:

$$LR_{tr}\left(\frac{r}{n}\right) = -T * \sum_{i=r+1}^{n} \log\left(1 - \check{Y}_1\right)$$

where $\check{Y}$ is the Trace statistics value, $n$ is the number of variables in the system, and $r = 0, 1, 2, \ldots, n - 1$ co-integrating equations.

Similarly, the null hypothesis for the Max Eigenvalue is to test r co-integrating equations against the alternative of r + 1 co-integrating equations where $r = 0, 1, 2, \ldots, n - 1$ and n is the number of variables in the system. The test statistic for Max Eigenvalue is computed as

$$LR_{\max}\left({}^{r}\!/_{n+1}\right) = -T * \log\left(1 - \check{Y}\right)$$

where $\check{Y}$ is the Max Eigenvalue and T is the sample size.

In case Max Eigenvalue statistics and the Trace statistics yield different results, then Trace statistics test will be preferred.

## Model Specification

After the Johansen co-integration test, next is to fit the suitable time series model. If co-integration has been establishing between the variables, and then this implies that there exists a long-run relationship between the variables under integration equation. Hence, the VECM is applied in order to determine the short-run relationships of co-integrated variables. On the other hand, if there exists no co-integration, then the VECM is transformed to Vector autoregressive (VAR) model, followed by impulse analysis, variance decomposition, and the Granger causality tests to determine casual links and response of dependent variable toward independent variable with a period of stability.

The specification of VECM model for economic determents of government expenditure is given below. The model equations are formed in such way to avoid multicollinearity issue according to the basic form of the relationship shown above. (The standard form of equations given below is after Johansen co-integration test). It was found that economic variables are co-integrated; therefore, the model is as follows.

## ECM Models for Economic Determinants

$$\begin{aligned}\Delta\mathbf{govtexp}_t = {} & \alpha_1 + \prod\nolimits_1 e_{t-1} \\ & + \sum_{i=0}^{n} \beta_1 \Delta\mathbf{govtexp}_{t-i} + \sum_{i=0}^{n} \beta_2 \Delta nsdp_{t-i} \\ & + \sum_{i=0}^{n} \beta_3 \mathbf{taxrev}_{t-i} + \sum_{i=0}^{n} \beta_4 \Delta\mathbf{grants}_{t-i} \\ & + \sum_{i=0}^{n} \beta_5 \Delta\mathbf{unemp}_{t-i}\end{aligned} \tag{4}$$

$$\begin{aligned}\Delta\mathbf{govtexp}_t = {} & \alpha_2 + \prod\nolimits_2 e_{t-1} \\ & + \sum_{i=0}^{n} \gamma_1 \Delta\mathbf{govtexp}_{t-i} + \sum_{i=0}^{n} \gamma_2 \Delta gfd_{t-i} \\ & + \sum_{i=0}^{n} \gamma_3 \Delta pci_{t-i}\end{aligned} \tag{5}$$

In the above two VECM models, the co-integration rank shows the number of co-integrating vectors. For example, the rank of four indicates that four linearly independent combinations of the nonstationary variables will be stationary. $\beta_1$, $\beta_2$, $\beta_3$, $\beta_4$, $\beta_5$ and $\gamma_1$, $\gamma_2$, $\gamma_3$ are the coefficients of the respective variables in ECM equations 1 and 3. Also $\alpha_1$, $\alpha_2$ are constant coefficient. $\prod_1 e_{t-1}$ represents the error correction term (ECT) in both equations. A negative and significant coefficient of the ECT shows the speed of adjustment of short-run variables toward long run, or in other words it shows how far any short-run fluctuation between the independent variables and dependent variables will give rise to stable long-run equilibrium between the variables.

## Regression Model for Political Determinants

The dummy nature of the political variables has restricted to use VECM model because variables are not having a stationary issue; thus there will be no problem of spurious regression which may affect the significance of the variables. Thus multiple regression models are the best fit for the

political variables. The regression model used to identify the impact is given below.

$$\boldsymbol{\Delta}\mathbf{govtexp}_t = \boldsymbol{\alpha}_3 + \boldsymbol{\Delta}\mathbf{govtexp}_t + \boldsymbol{\delta}_1(\mathbf{polfreg})_t + \boldsymbol{\delta}_2(\mathbf{lawnorder})_t + \boldsymbol{\delta}_3(\mathbf{elecy})_t + \boldsymbol{\varepsilon}_t \quad (6)$$

where Δ is the difference level of the variable $\alpha_3$ the long-run coefficients of the equation. However, if the series are not co-integrated, there will be no long-run coefficient. $\boldsymbol{\varepsilon}_t$ is the error coefficient term of the long-term relationship of the variables. Also $\boldsymbol{\delta}_1$, $\boldsymbol{\delta}_2$, $\boldsymbol{\delta}_3$ are the coefficients of the respective variables of regression equation 4. The hypothesis of both the equations is tested on probability value of t-statistics at 5% and 10% level of significance.

## Diagnostic Tests

Different diagnostic tests have been carried out in order to check the strength of our models estimated. The diagnostic tests applied in the restricted equations are the Breusch-Godfrey serial correlation or LM test done for serial correlation of the model and the ARCH test (autoregressive conditional heteroskedasticity) that has been carried for heteroskedasticity. Similarly, the test for parameter stability of the model has been performed by the CUSUM statistics, and the normality test has been done through the Jarque-Bera test. All the diagnostic tests are estimated through null hypothesis which is tested through the test statistic value of each test at the probability value at 5% level of significance.

## Results and Discussion

The empirical scrutiny begins with the lag creation. Akaike's information criterion (AIC) has been used to find out the lag order of each institutional variable under study.

### Unit Root Test

The Augmented Dickey-Fuller (ADF) test and Phillips-Perron (PP) tests were conducted to pre-test the variables for unit roots to verify that the variables are not integrated of an order higher than one. Table 1 provides the cumulative distribution of ADF and PP test.

The estimated results of ADF and PP test in Table 1 shows that all variables are found to be nonstationary at levels but are stationary after first differencing. It implies that the variables like Govtexp, NSDP, Taxrev, Unemp, Grants, GDF, and PCI are integrated of order one which further implies that the variables are having I (1) integrating order. Therefore, the unit root test has predicted a trend in the time series variables at the level and after first difference; the trend has been removed from the variables so that the regression model would not be biased. We then proceed to analyze the results of the multivariate co-integration analysis.

### Co-integration Test for Economic Determinants Series

In order to avoid the problem of multicollinearity, we have divided the economic variables into two series for co-integration analysis and also for the models. In series 1 the variables used are Govtexp, NSDP, Taxrev, Unemp, and Grants, while in series 2 Govtexp, GFD and PCI have been used. We can also identify these variables according to the equations/models used above. The results of both the series are shown in Tables 2 and 3.

The results of both co-integrated series of economic variables suggest that the variables in both the series are co-integrated which implies that all the economic variables have a long-run relationship with government expenditure. As it is evident that the Trace test indicates two co-integrating equations in both the series as the null hypothesis of r = 0 is rejected. Further, Max Eigen statistics indicates three co-integrating equation in series I and no co-integrating equation in series II. As the results between Trace statistics and Max Eigen statistics differ, we will choose Trace statistics value. Therefore from the above co-integration results of equations 1 and 3 of the models, it

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 1** Estimated results of Augmented Dickey-Fuller and Phillips-Perron test for stationarity

| | At level | | | | Difference | | | | Order |
|---|---|---|---|---|---|---|---|---|---|
| Variables | t-statistic | 1% | 5% | P value* | t-statistic | 1% | 5% | P value* | |
| Govtexp | −1.078 | −3.679 | −2.968 | 0.711 | −4.682 | −4.324 | −3.581 | 0.0044 | I(1) |
| NSDP | −0.219 | −3.724 | −2.986 | 0.924 | −6.413 | −4.334 | −3.581 | 0.0001 | I(1) |
| Taxrev | −3.480 | −4.309 | −3.574 | 0.059 | −5.867 | −4.324 | −3.581 | 0.0003 | I(1) |
| Unemp | −2.464 | −4.324 | −3.581 | 0.342 | −4.682 | −4.324 | −3.580 | 0.0043 | I(1) |
| Grants | 1.676 | −3.679 | −2.968 | 0.433 | −5.001 | −3.689 | −2.972 | 0.0004 | I(1) |
| GFD | −1.722 | −3.679 | −2.968 | 0.410 | −8.891 | −3.689 | −2.972 | 0 | I(1) |
| PCI | 0.642 | −3.679 | −2.968 | 0.989 | −6.014 | −3.689 | −2.972 | 0 | I(1) |

Sources: Calculated by author M Mackinnon (1991); *1% level of significance; **5% level of significance

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 2** Series: LNGOVTEXP LNNDSP LNTAXREV LNGRANTS LNUNEMP

| Unrestricted co-integration rank test | | | | |
|---|---|---|---|---|
| Hypothesized | | Trace | 5 percent | 1 percent |
| No. of CE(s) | Eigenvalue | Statistic | Critical value | Critical value |
| None** | 0.881403 | 117.41 | 68.52 | 76.07 |
| At most 1** | 0.685287 | 59.84529 | 47.21 | 54.46 |
| At most 2 | 0.561943 | 28.63071 | 29.68 | 35.65 |
| At most 3 | 0.189729 | 6.34474 | 15.41 | 20.04 |
| At most 4 | 0.024304 | 0.66431 | 3.76 | 6.65 |
| Hypothesized | | Max eigen | 5 percent | 1 percent |
| No. of CE(s) | Eigenvalue | Statistic | Critical value | Critical value |
| None** | 0.881403 | 57.56475 | 33.46 | 38.77 |
| At most 1* | 0.685287 | 31.21458 | 27.07 | 32.24 |
| At most 2* | 0.561943 | 22.28597 | 20.97 | 25.52 |
| At most 3 | 0.189729 | 5.68043 | 14.07 | 18.63 |
| At most 4 | 0.024304 | 0.66431 | 3.76 | 6.65 |

Trace test indicates 2 co-integrating equation(s) at both 5% and 1% levels
Max Eigenvalue test indicates 3 co-integration at both 5% and 1 co-integration equation at 1% levels
*(**) denotes rejection of the hypothesis at the 5%(1%) level

may be concluded that there is a unique long-run equilibrium relationship between economic variables and government expenditure. Therefore, these findings indicate that the appropriate model to fit in the data for economic variables of both of the series (i.e., equations 1 and 3 from the models discussed) is VECM.

## Impact of Economic Institution on Government Spending

The existence of co-integration among variables of economic institution suggests that the variables have a long-run relationship; hence the VECM is suitable for modeling the relationship between government expenditure and economic variables like NSDP, Taxrev, Grants, Unemp, GFD, and PCI. Further, the VECM also reports the short-run relationship among variables and depicts how they adjust toward long-run equilibrium. As pointed out in the preceding paragraphs, the existence of multicollinearity issue forced us to divide economic variables into two co-integrated series; thus VECM has been used in both the equations. Table 4 shows the long- and the short-run relationship of economic variables toward government expenditure.

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 3** Series: LNGOVTEXP LNGFD LNPCI

| Unrestricted co-integration rank test | | | | |
|---|---|---|---|---|
| Hypothesized | | Trace | 5 percent | 1 percent |
| No. of CE(s) | Eigenvalue | Statistic | Critical value | Critical value |
| None* | 0.501224 | 35.56434 | 29.68 | 35.65 |
| At most 1* | 0.432214 | 16.78319 | 15.41 | 20.04 |
| At most 2 | 0.054072 | 1.500896 | 3.76 | 6.65 |
| Hypothesized | | Max Eigen | 5 percent | 1 percent |
| No. of CE(s) | Eigenvalue | Statistic | Critical value | Critical value |
| None | 0.501224 | 18.78114 | 20.97 | 25.52 |
| At most 1* | 0.432214 | 15.2823 | 14.07 | 18.63 |
| At most 2 | 0.054072 | 1.500896 | 3.76 | 6.65 |

Trace test indicates 2 co-integrating equation(s) at the 5% level
Max Eigenvalue test indicates no co-integration at both 5% and 1% levels
denotes rejection of the hypothesis at the 5% and 1% levels

The estimated results of both the models highlighting the economic determinants of government expenditure carry with them some important policy implications. The results of equation 1 show that the respective variables have a long-run relationship with the government expenditure. The estimated coefficients of the long-run relationship of equation 1 show that NSDP of the state has a positive and significant impact on the growth of government expenditure over the long run and the results are in line with Bergh and Henrekson (2011). It implies that 1% increase in NSDP of the state will lead to increase government expenditure by 1.8% which was unexpected. It might be due factor that with continued growth in economic activities and growth in overall economic infrastructure in the state over long period of time, the income of the people increase which in return increase the state income and thus induce government to spend more on the pending activities which were left behind due to shortage of funds. These results coincide with the state of Jammu and Kashmir because due to a shortage of funds most of the demands of the people like health, education, electricity, banking, roads, etc. are not fulfilled at the same time. Therefore, with the increase in state income (NSDP), it gives the opportunity to the government to increase spending on activities left ideal or not taken at an optimum level.

On the other hand, tax revenue also has a significant impact on the growth of government expenditure in the long run. It shows that 1% increase in tax revenue will increase the government expenditure by 0.34% (inelastic) but significant at 5% level of significance, as the results are in line with Kau and Rubin (2002). It might be because the tax revenue was collected to increase the financial strength of the state and thus can spend more for developmental works. With the increase in tax revenue, the income of government also increases, which improve the financial stability on one hand and increases the own revenue generating capacity on the other hand.

Further, the grants from central government have a significant and positive impact on government expenditure over a long period. It might be due to the dependence syndrome which has emerged over the years where at least more than two decades, the share of central funds was highest in total government expenditure. Also, it might be due to the factor that the grants from the center are continuing and specific to every year, which has an easy flow to the state. The estimated results show that over long run 1% increase in grants from central will increase government expenditure by 0.84% which was expected.

The rate of unemployment increase the demand of goods and services from the government, which results in heavy increase of government expenditure, because the larger the rate of unemployment, the smaller will be the source of income for the people, and the government has to

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 4** VECM long- and short-run estimates of economic determinants

| Long-run estimates: Equation 1 | | | | Long-run estimates: Equation 3 | | | |
|---|---|---|---|---|---|---|---|
| Regressor | Coefficient | Standard error | T-statistic | Coefficient | Standard error | | T-statistic |
| LNGOVTEXP(1) | 1.000000 | | | 1.000000 | | | |
| LNNDSP(1) | 1.884 | 0.133 | 14.06** | | | | |
| LNTAXREV(1) | 0.346 | 0.180 | 1.926** | | | | |
| LNGRANTS(1) | 0.891 | 0.144 | 6.185** | | | | |
| LNUNEMP(1) | −2.011074 | 1.263 | −1.591*** | | | | |
| LNGFD(1) | | | | −0.044 | 0.032 | | −1.372** |
| LNPCI(1) | | | | 1.133 | 0.039 | | −28.64 |
| Short-run estimates | | | | | | | |
| Dep. Var: Govtexp | Equation 1 | | | Equation 3 | | | |
| Ind. Variables | Coefficient | t-statistic | Prob. | Coefficient | t-statistic | Prob. | |
| D(LNGOVTEXP(−1)) | 0.442 | 2.185 | 0.045** | | | | |
| D(LNGOVTEXP(−2)) | −0.338 | −1.684 | 0.112 | | | | |
| D(LNNDSP(−1)) | 0.141 | 0.838 | 0.414 | | | | |
| D(LNNDSP(−2)) | −0.044 | −0.271 | 0.789 | | | | |
| D(LNTAXREV(−1)) | 0.265 | 1.506 | 0.052*** | | | | |
| D(LNTAXREV(−2)) | −0.023 | −0.224 | 0.825 | | | | |
| D(LNGRANTS(−1)) | 0.158 | 0.861 | 0.402 | | | | |
| D(LNGRANTS(−2)) | −0.057 | −0.446 | 0.661 | | | | |
| D(LNUNEMP(−1)) | −5.21 | −2.259 | 0.039** | | | | |
| D(LNUNEMP(−)) | 1.888 | 2.075 | 0.055*** | | | | |
| **ECM or C(1)** | −0.201 | −1.710 | 0.017** | | | | |
| D(LNGOVTEXP(−1)) | | | | 0.130 | 0.418 | 0.680 | |
| D(LNGOVTEXP(−2)) | | | | 0.024 | 0.087 | 0.931 | |
| D(LNGFD(−1)) | | | | −0.039 | −1.817 | 0.085*** | |
| D(LNGFD(−2)) | | | | −0.020 | −1.084 | 0.291 | |
| D(LNPCI(−1)) | | | | 0.044 | 0.233 | 0.818 | |
| D(LNPCI(−2)) | | | | −0.166 | −0.851 | 0.405 | |
| **ECM or C(2)** | | | | −0.269 | −1.589 | 0.028** | |
| R-squared | 0.632 | Adj. R-Sq. | 0.574 | R-squared | 0.530 | Log likh. | 38.33 |
| Log likelihood | 44.91 | D.W | 2.210 | Adj. R-sq. | 0.308 | D.W | 1.827 |

Sources: Calculated by author
** at 5% level of significance
*** at 10% level of significance

intervene to provide basic services to the people like health, water, education, sanitation, etc. The results show that rate of unemployment has a negative and significant impact on the growth of government expenditure. It implies that with 1% increase in the rate of unemployment in the state the government expenditure reduces by 2% in the long run which was unexpected but is in line with Arewa and Nwakahma (2013). It might be due to the consequence that unemployment laid to the economy, increasing rate of unemployment in the state reduce the mobilization of resources internally, reduce the income level and thus reduce the consumption level as well which results in a decline in the size of government expenditure at a higher level due to a shortfall of income.

Similarly, from equation 3, the long-run estimates of error correction model show that gross fiscal deficit and per capita income has long-run association with government expenditure, but the only gross fiscal deficit has a negative but significant impact on government expenditure. It implies that with an increase of gross fiscal deficit of the state, the government expenditure will decrease. The long-run coefficient of GFD shows 1% increase in gross fiscal deficit in the state, the growth of government expenditure will decrease by 0.04%, and the result was expected because the growth in gross fiscal deficit reduces the efficiency of government spending in which more funds have to be issued to clear the outstanding bills and repay the borrowings which were used to reduce the deficit. While, the per capita income was found positive but insignificant to influence government expenditure in the long run.

Table 4 also provides the results of short-run dynamic coefficients associated with long-run relationship obtained from two ECM equations. The short-run estimates of equation 1 show that government expenditure, tax revenue, and unemployment of previous years have a significant impact on current year's government expenditure. The results show that 1% increase in government expenditure and tax revenue in the previous year will increase the current year's government expenditure by 0.44% and 0.26%, respectively, while 1% increase in unemployment rate in the previous year will reduce the government expenditure by 5.2% as coefficients are significant at 5% and 10% level of significance. In the short run, NSDP and grants from central of the previous year have a positive impact but are insignificant to produce a change in current year's government expenditure. The estimated coefficient for the error correction term ECM (0.201) denoted by C (1) of equation 1 reveals the short-run effect of the change in explanatory variables on the dependent variable. The results confirm that government expenditure in Jammu and Kashmir has an automatic mechanism which response to deviations from equilibrium in a balancing manner. The ECM coefficient (−0.201) suggests a fast-speed adjustment strategy of 20%. It implies that approximately 20% of discrepancy the previous year is adjusted for the current year. In other words, the ECM term of equation 1 shows that any disequilibrium caused by respective variables in the short run can be corrected and bring 20% equilibrium in government expenditure in the long run.

Similarly, the short-run estimates of equation 3 show that gross fiscal deficit of previous year has a negative but significant impact on government expenditure. It implies that 1% increase in the gross fiscal deficit in the previous year will reduce the current year's government expenditure by 0.039%. While as government expenditure and per capita income of previous year shows positive impact but is insignificant to produce any change in current year's government expenditure. The speed of adjustment toward long-run equilibrium by variables in equation 3 carries the expected sign, and it is significant at 5% level of significance. The coefficient indicates a feedback of about 26% of previous year's disequilibrium from the long-run elasticity of gross fiscal deficit and per capita income. This means that the speed with which gross fiscal deficit and per capita income adjust from short-run disequilibrium to change government expenditure growth in order to attain long-run equilibrium is 26% within 2 years.

Thus, the overall result of economic determinants of government expenditure shows that economic variables have very week adjustment power to bring long-run equilibrium in

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study,**
**Table 5** Diagnostic tests

| Equation 1 | | | |
|---|---|---|---|
| Breusch-Godfrey serial correlation LM test | | | |
| F-statistic | 0.56262 | Prob* | 0.582987 |
| Obs*R-squared | 2.150865 | Prob* | 0.34115 |
| ARCH test | | | |
| F-statistic | 1.069397 | Prob* | 0.31139 |
| Obs*R-squared | 1.109095 | Prob* | 0.292279 |
| Normality test | | | |
| Jarque-Bera statistic | 1.59324 | Prob* | 0.45085 |
| Equation 3 | | | |
| Breusch-Godfrey serial correlation LM test | | | |
| F-statistic | 0.230605 | Prob* | 0.796496 |
| Obs*R-squared | 0.713163 | Prob* | 0.700065 |
| ARCH test | | | |
| F-statistic | 0.874527 | Prob* | 0.35902 |
| Obs*R-squared | 0.914096 | Prob* | 0.33903 |
| Normality test | | | |
| Jarque-Bera statistic | 0.856887 | Prob* | 0.651522 |

Sources: Calculated by author
*at 5% level of significance

government expenditure and only a few economic variables are significant to promote growth in government expenditure in short as well as in the long run.

The regression for the underlying ECM equations 1 and 3 fits very well at $R^2$ of 63% and 53%. The reason for being a good fit is that it is statistically above the benchmark of 50 percent; hence, in terms of the goodness of fit, we can say that the test is fair. Both the models also pass the diagnostic tests of serial correlation, heteroscedasticity, normality test, and stability test (Table 5). The table shows that the estimated results are free from serial correlation and heteroscedasticity as the respective coefficient of both these tests is greater than 5% level of significance. Also, the Jarque-Bera statistic shows that the series of variables in both the models are normally distributed. A graphical representation of the cumulative sum (CUSUM) is also established for both the models. The cumulative sum (CUSUM) plots for both the models are shown in Figs. 1 and 2 from a recursive estimation of the model also indicate stability in the coefficients over the sample period.

## Impact of Political Institution on Government Spending

In this section, an attempt is made to ascertain the impact of political dimension prevailing in the state of Jammu and Kashmir, on the growth of aggregate government expenditure. Given the available literature on the problem at hand, we thought it is imperative to have political fragmentation, law and order, and election cycle as our explanatory political variables against the dependent variable of government expenditure. We believe that these variables are the main variables which identify the whole political scenario of Jammu And Kashmir State.

The OLS regression model has been used to identify the impact of the political variables on government expenditure. The analysis begins with a summary statistic to understand the time series properties of the variables. Table 6 shows the summary statistic of the variables.

The summary statistic of the political variables underlined for the study shows that they have considerable variation over the time period. Aggregate government expenditure also varies considerably over the years. All other time series indicators of political variables show a change in

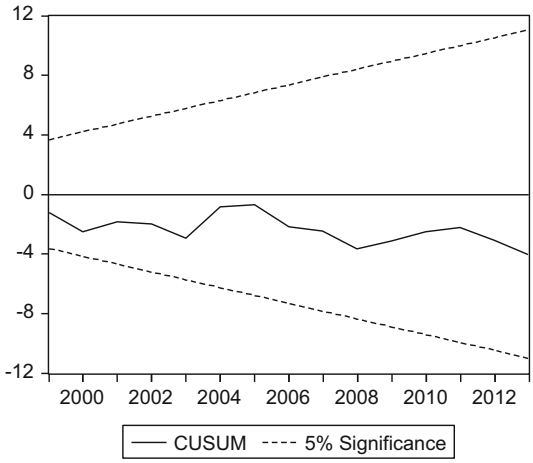


**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Fig. 1** Coefficients specification test (CUSUM test) equation 1

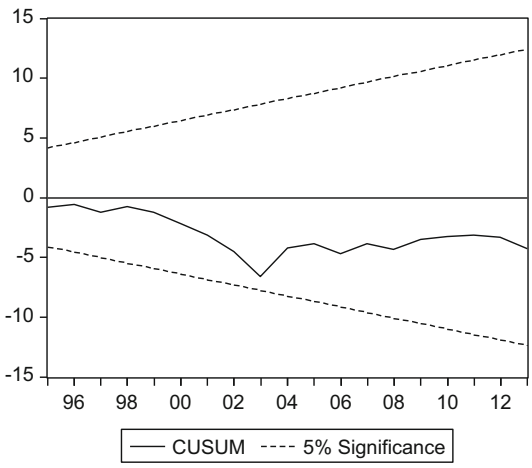


**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Fig. 2** Coefficients specification test (CUSUM test) equation 3

political variables along with government expenditure over the tie period. The summary statistic shows that two-party collation government has emerged as the basic ruling in the state, while more civilian killings have been stated over the years as the median number of civilian killing is more than five hundred. The nonelection year is the median numbers of years where no election was fought.

Now moving further we estimate the regression model 3 of our estimated models to identify the impact of political variables on government expenditure. OLS regression model has been used. Ordinary least squares (OLS) provide consistent and efficient estimates of the parameters of the model. Table 7 estimates the results of regression model 3 of our estimated models along with diagnostic tests for accuracy and reliability of our results.

The results of political determinants of government expenditure are stated in Table 7. It is evident from the table that the coefficient of *Polfreg* (political fragmentation) and *lawnorder* (law and order) are positive and significant, while *elcyc* (election cycle) is negative and insignificant.

Political fragmentation (*POLFRG*) variable shows that it is significant to produce a significant change in government expenditure. The coefficients of political fragmentation show that 1% increases in the type of ruling in the state lead to increase government expenditure by 0.342% and was found significant at 10% level of significance. It implies that majoritarian government or in other words single-party government spends less as compared to two-party collation more than three-party collation and governor's rule. In other words, the findings show that collation governments and administration in governor's rule spend more than the single or majoritarian government. The results are in line with Perotti and Kontopoulos (2002). The results are interesting in terms of Jammu and Kashmir; it might be due to the issue that with more parties in collation, each party has its own vote bank, and political agenda to take forward, and it uses government expenditure to please their own vote bank. Also, each party in the collation has different spending priorities and power of decision-making which influence in budget making. Thus the larger the number of collation partners, the larger will be the demand of each party, the greater will be the distribution of power and political agenda, and thus the larger will be the government expenditure. The results are also reliable in the sense that during the election when separatists give election boycott call, the political parties in the collation

I

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 6** Summary statistic

| | LNGOVTEXP | POLFRG | LNLAWNO | ELCYC |
|---|---|---|---|---|
| Mean | 8.576543 | 1.466667 | 0.533333 | 0.133333 |
| Median | 8.706186 | 1.000000 | 1.000000 | 1.000000 |
| Maximum | 10.4416 | 3.000000 | 1.000000 | 1.000000 |
| Minimum | 6.518749 | 0.000000 | 0.000000 | 0.000000 |
| Std. Dev. | 1.184068 | 1.136642 | 0.507416 | 0.345746 |
| Skewness | −0.066974 | 0.155188 | −0.133631 | 2.157277 |
| Kurtosis | 1.837748 | 1.656096 | 1.017857 | 5.653846 |
| Observations | 30 | 30 | 30 | 30 |

Sources: Calculated by author

**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Table 7** OLS regression estimates of political determinants

| Dependent variable: government expenditure | | | | |
|---|---|---|---|---|
| Regressor | Coefficient | Standard error | T-statistic | Prob. |
| POLFRG | 0.342715 | 0.17815 | 1.92374 | 0.0859*** |
| LAWNORDER | 2.453760 | 0.92178 | 2.66199 | 0.0290** |
| ELCYC | −9.374897 | 2.91295 | −3.21835 | 0.2118 |
| R-squared | 0.6295 | Adjusted R-squared | 0.507206 | |
| Log likelihood | 42.91499 | Durbin-Watson | 1.763301 | |
| Breusch-Godfrey serial correlation LM test | | | | |
| F-statistic | | 0.240703 | Prob* | 0.789054 |
| Obs*R-squared | | 0.839585 | Prob* | 0.657183 |
| ARCH test | | | | |
| F-statistic | | 0.650611 | Prob* | 0.427815 |
| Obs*R-squared | | 0.686226 | Prob* | 0.407451 |
| Normality test | | | | |
| Jarque-Bera statistic | | 0.874484 | Prob* | 0.645815 |

Sources: calculated by Author
*at 1% level of significance
**at 5% level of significance
***10% level of significance

government and elected representatives form each constituency have to spend respective constituency to carry the legacy of vote bank. While as in majoritarian/single-party government, there is one common agenda, single-power authority, and one single priority of government spending, thus there is no other influence in budget making. Thus single-party government spends less than another form of government.

Interestingly, law and order (*lAWNORDER)* show a positive relationship with government expenditure. It shows that 1% increase in law and order problem lead to increase the government expenditure by 2.45% and was found significant at 5% level of significance. It implies that with an increase in a number of civilian killings, government expenditure increases in the state. The results are in line with Drazen (2000). The results are correct in favor of Jammu and Kashmir state. It is because with increasing civilian killings expenditure regarding security and administration increase sharply. Also, the government offers various compensations to the family of the dead person which increases extra expenditure. As the state has witnessed a long time period of heavy violence and unrest in

1990s and often feel during the current period, thus sharp growth in government expenditure can be expected.

Lastly, election cycle (*ELCYC*) was found a negative but insignificant factor to produce a change in government expenditure. The results are in line with Dash and Raja (2013) and are against the findings of Khemani (2004). It might be due to the nature of election in the state, where we often witness low percentage of voters' turnout. This implies that people hardly participate in the election to elect their representatives. Thus we cannot found any pressure group.

Table 7 also shows the significance of the model. The $R^2$ of 62% shows that independent variable is statistically explaining the change in a dependent variable. It shows that 62% change of dependent variable is attributed to the independent variable. The model is statistically significant as the Durbin-Watson statistic shows no indication of autocorrelation. Various other diagnostic tests were carried to understand the reliability of results and model. The results of those tests show that the equation of political determinants of government expenditure is significant and robust.

Table 7 also shows the result of the different diagnostic test. The results of the different tests showed that there is no problem of serial correlation and auto regression in our model and the residuals of the model are normally distributed. The CUSET (coefficient specification test) statistics for equation 4 in Fig. 3 reveals no serious omission of variables, indicating the correct specification of the model.

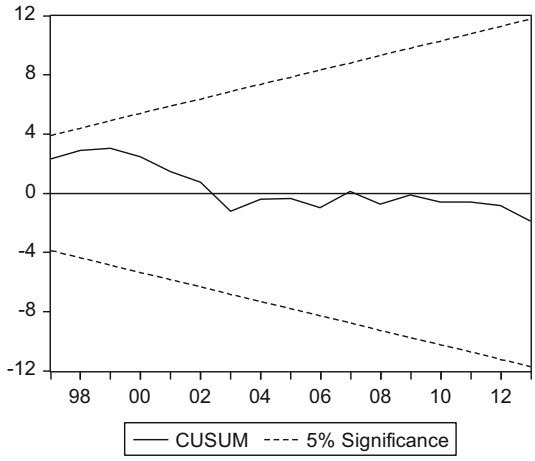


**Institutional Arrangements and Fiscal Performance of Conflict Regions: An Indian Case Study, Fig. 3** Coefficients specification test (CUSUM test)

## Conclusion

The paper investigates the linkages between economic and political institutions and fiscal performance in a conflict region of India, i.e., Jammu and Kashmir in the long as well as in the short run over the last 30 years. The study has found appealing results which can be generalized to conflict regions of the world for efficient fiscal performance. The economic institutions have positive tendency to bring equilibrium in government spending in the long as well as in the short run. The stabilized economic institutions adjust the government spending in a positive way leading to efficient financial structure. Therefore, in conflict regions, the governments should carefully drive the policies to uplift the economic activities, to efficiently mobilize internal revenue through taxes, to properly allocate grants, and to reduce the gap between revenue and expenditure. Further, change in political institutions such as change of government structure from the single majoritarian government to collation government and democratically elected government to presidents/governors rule increases the government spending in the conflict region. It seems that in order to control the government expenditure efficiently in conflict regions, majoritarian/single-party government is effective to avoid unnecessary expenditure which comes along with collation governments either of two parties or three parties or in governor's rule. As the conflict regions experience the long history of turmoil and political instability and often witness strikes, hartals, and bands which amplify public spending to an extreme level, in our understanding, we believe that with the more and more civilian killings, turmoil increases as people protest very strongly, which intensify hartals, strikes, stone pelting, etc., which further worsens law and order problem and so as public spending. Therefore, the governments need to carry proper

measures for maintaining normalcy in the state which will reduce unnecessary expenditure on aggregate spending and made effective use of funds for other development works.

## Cross-References

► Comparative Policy Reforms
► Institutionalization and its many Facets

## References

Arewa A, Nwakahma C (2013) Macroeconomic variables and the dynamic effect of public expenditure: long-term trend analysis in Nigeria. J Knowl Manage Econ Inf Technol 3(6):1–32
Bergh A, Henrekson M (2011) Government size and growth: a survey and interpretation of the evidence. J Econ Surv 25(5):872–897
Bräuninger T (2005) A partisan model of government expenditure. Public Choice 125(3/4):409–429
Chowdhary R, Rao NV (2003) Jammu and Kashmir: political alienation, regional divergence, and communal polarisation. J Ind School Polit Econ 15(2):189–219
Dash BB, Raja VA (2013) Political determinants of the allocation of public expenditures: a study of the Indian states. Int Rev Econ 60:293–317
Dimitrova D (2005) The relationship between exchange rates and stock prices: studied in a multivariate model. Issue Polit Econ 14:1–25
Drazen A (2000) Political economy in macroeconomics. Princeton University Press, Princeton
Granger CWJ (1988) Some recent developments in a concept of causality. J Econ 39:199–121
Dye TR (1984) Party and policy in the states. The Journal of Politics 46:1097–1116
Hassan S, Mishra B (2017) Does infrastructure matters in government spending? A case study of Jammu and Kashmir (India) with co-integration approach. J Infrastruct Dev 9(2):1–16
Johansen S (1988) Statistical analysis of co-integration vectors. J Econ Dyn Control 12:231–254
Johansen S, Jusellious (1995) Likelihood-based inference in co-integrated vector autoregressive models. Oxford University Press, New York
Kau J, Rubin P (2002) The growth of government: sources and limits. Public Choice 113:389–402
Khemani S (2004) Does delegation of fiscal policy to an independent agency make a difference? Evidence from intergovernmental transfers in India. J Dev Econ 82(2):464–484
MacKinnon, JG (1991) Critical values for cointegration tests. In Engle RF and Granger CWJ (eds), Long-run Economic Relationships: Readings in Cointegration, Oxford University Press, Oxford, pp 267–276
Perotti R, Kontopoulos Y (2002) Fragmented fiscal policy. J Public Econ 86:191–222
Persson T, Roland G, Tabellini G (2007) Electoral rules and government spending in parliamentary democracies. Q J Polit Sci 20:1–34
Remmer K (2004) Does foreign aid promote the expansion of government? Am J Polit Sci 48:77–92
Rogoff K (1990) Equilibrium political budget cycles. Am Econ Rev 80(1):21–36
Schuknecht L (2002) Fiscal policy cycles and public expenditure in developing countries. Public Choice 102(1/2):115–130
Tanzi V, Schuknecht L (1997) Reconsidering the fiscal role of government: the international perspective. Am Econ Rev 87(2):164–168
Velasco A (2000) Debt and deficits with fragmented fiscal policy-making. J Public Econ 76:105–125

# Institutional Efficiency and Financial Health

Greta Falavigna[1] and Roberto Ippoliti[2]
[1]Istituto di Ricerca sulla Crescita Economica Sostenibile (IRCrES), del Consiglio Nazionale delle Ricerche (CNR), Moncalieri (TO), Italy
[2]Department of Management, Università degli Studi di Torino, Torino (TO), Italy

## Synonyms

Bankruptcy enforcement and insolvency; Judicial efficiency and financial rating

## Definition

The concept of "institutional efficiency and financial health" refers to the positive relation between the court's ability to enforce the law and the expected debtor's ability to pay back the debts and its likelihood of default.

## Introduction

A financial rating is an evaluation of the credit worthiness of a debtor, that is to say, an evaluation of the debtor's ability to pay back the debts, as well as its likelihood of default. The risk of

insolvency can be estimated considering both quantitative and qualitative information and it can be intended as a proxy for the financial health of an enterprise. According to the recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision (i.e., the so-called Basel II), credit institutions have started to build an Internal Rating System (IRS) in order to define internal criteria to the credit market access. This means that, nowadays, along with the "Big Three" – which are the largest and best-known international rating agencies (i.e., Standard & Poor's, Moody's Investors Service, and Fitch Ratings) – all credit institutions can independently build their own rating taxonomy for the financial evaluation of enterprises, that is to say, they started to assess the financial health of potential debtors. This is even more significant after the economic crisis of the last few years. However, even if it is important to detect the insolvency to reduce the expected risks, there is the necessity to increase the current knowledge on the determinants of debtor's ability to pay back the debts. In particular, which might be the role of public institutions? Is it admissible the hypothesis that institutional efficiency might affect the financial health of these private subjects? What about judicial efficiency as a determinant of debtor's ability to pay back the debts?

## Theoretical Perspectives

Starting from the seminal propositions of Modigliani and Miller (1958), current literature suggests a significant relation between debts and default risk, highlighting the main related risks accepted by managers and/or shareholders with their business strategies (D'Mello et al. 2018; Obradovich and Gill 2013). On the one hand, researchers show that increasing the financial leverage (i.e., the ratio equals to financial debts and net capital), the managers, and/or shareholders returns grow, as well as the default risks. On the other one, literature focuses on the necessity of an appropriate balance of debts and net capital to decrease those potential default risks. Obviously, a trade-off between the interests of creditors and managers/shareholders might arise. Indeed, even if stockholders and managers might be attracted to augment debts, financial obligations have to be repaid and creditors can present application for bankruptcy if there is difficultness in attending the financial obligations. The same hypothesis can be extended to operating debts, that is to say, suppliers can apply for bankruptcy in order to obtain payments.

According to the proposed theoretical background, the courts' ability in enforcing the law can be determinant in pushing creditors to apply for a bankruptcy in case of insolvency, as well as the risks assumed by shareholders and/or managers. In other words, the higher the efficiency in the bankruptcy enforcement, the lower the risks assumed by these shareholders and/or managers, since the higher is the probability of a bankruptcy application by creditors and/or suppliers. This is exactly the main theoretical perspective proposed by this entry, that is to say, a positive relation between the risks of insolvency (by firms) and the institutional efficiency in enforcing the law (by courts), ceteris paribus. Which are the current evidence about this hypothetical relation? Can we support the proposed hypothesis about insolvency and institutional efficiency?

## Literature Evidence

The Organization for Economic Co-operation and Development (OECD) and the European Commission for the Efficiency of Justice (CEPEJ), as well as the European Court of Human Rights (ECHR) and the World Bank have analyzed national judicial systems in the last decades. These interests are clearly due to the positive economic impact of judiciary on national economic growth, with the possibility to increase peoples' wellbeing through the improvement of this key process. Starting from these preliminary results, academia has pushed the boundary of scientific knowledge even further, supporting the policy makers in the reform process of national judicial systems with the proposal of significant evidence on the best interventions. On the one hand, researchers have focused their interest on the determinants of courts performance,

while, on the other hand, they have analyzed more precisely the economic impact of an efficient enforcement system. In particular, among the determinants of courts' performance, researchers have identified the number of lawyers and the consequent induced demand of justice (Carmignani and Giacomelli 2009; Ippoliti 2015). At the same time, researchers have highlighted the key role of civil and criminal procedure rules (Lanau et al. 2014) and courts organization (Falavigna et al. 2018), the independence of judges (Rıos-Figuero and Staton 2014) and their incentive system (Posner 1993). Considering the expected positive externality on the national economic growth, which might be due to the courts efficiency in enforcing the law, academia has focused on the business demography, that is to say, the new entries on the market (i.e., entrepreneurship) and the growth of already existing firms (i.e., investments). Accordingly, current literature has emphasized a positive correlation between the efficiency level of courts and the presence of larger firms, as well as a higher level of new entrepreneurial initiative on the market (Falavigna et al. 2017). In other words, a healthy environment in which there is certainty about the enforcement of rights and rules adopted by the policy maker and public authorities can have a positive impact on the national economic growth (Beck et al. 2006). What about the finance? Is there any evidence about a positive impact of institutional efficiency and financial health of enterprise?

According to current literature, the performance of a national legal system in enforcing the credit rights can affect the access to the financial market (Bianco et al. 2002), as well the financial structure of enterprises (Carmignani 2004). Moreover, researchers have highlighted that the mortgage interest rates are correlated to the enforcement ability of the legal system (Meador 1982), as well as the presence of less lending and more non-performing loans where the enforcement system is not efficient. Obviously, a healthy financial environment, that is to say, a market where there is certainty about the solvency of financial obligations assumed by firms and consumers, can positively affect the economic growth of a country (Beck et al. 2006). Indeed, as well as suggested in the previous theoretical section, the enforcement of credit rights might support

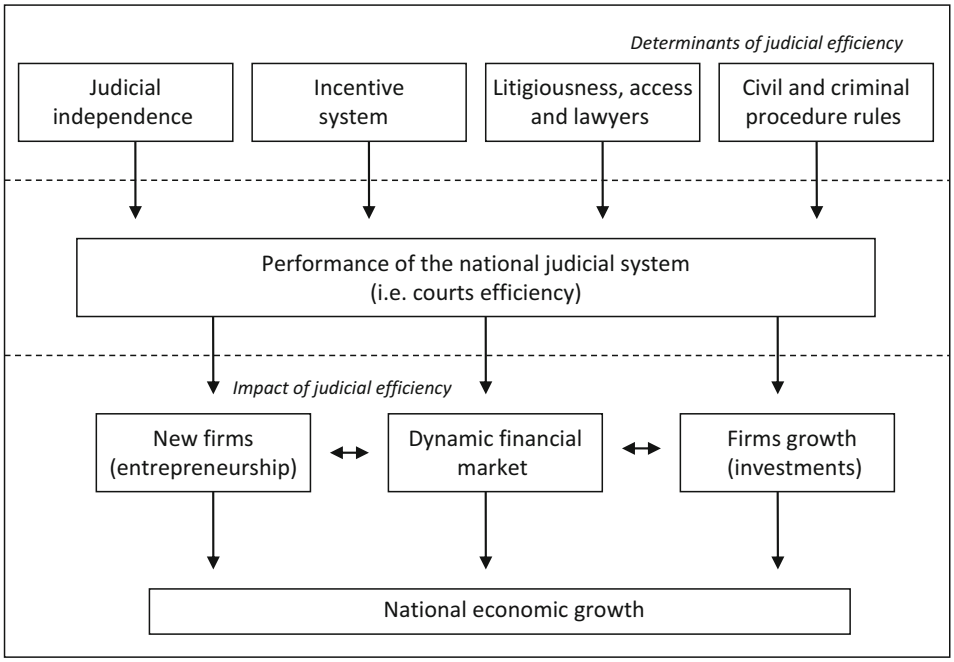


**Institutional Efficiency and Financial Health, Fig. 1** Determinants and impact of judicial efficiency. (Source: Falavigna et al. 2017)

the financial health of an enterprise, reducing the risks assumed by managers and/or shareholders on the market and, in this way, the expected risk of insolvency.

Figure 1 synthesizes the determinants and the expected impacts of judicial efficiency, as well as highlighted in this section according to current literature (Falavigna et al. 2017). On the one hand, we can observe the determinants of judicial performance (i.e., the judicial independence, the current incentive system of judges, the adopted procedural rules, as well as the litigiousness or the number of lawyers), while, on the other hand, we have the main impacts of courts ability to enforce the rule on the economy (i.e., a more vivacious business demography and a dynamic financial market with less distress), which can lead to a significant national economic growth.

Moreover, an efficient judicial system might contribute to create an opportunity structure, that is to say, a system with a high capacity can support the creation of an institutional, social, and economic framework able to stimulate and to facilitate both investments and entrepreneurial initiatives (Falavigna et al. 2017). All of these positive impacts can shape the market, providing opportunities to start new successful businesses or improve the already existent ones, with good financial health.

## Conclusion

This entry has provided an overview of what is known about judiciary and financial health, suggesting that the ability of the judicial system in enforcing the law can be considered as a key determinant of enterprises' ability to pay back their debts. On the one hand, we can imagine a negative relation between the risks assumed by the managers of these enterprises and courts' efficiency in enforcing the financial obligations they assumed on the market. On the other hand, the same judicial inefficiency and the incapacity to deal promptly with the debtor insolvency can affect negatively the creditors. These results are even more significant if we consider the recent financial market crises and the growing relevance of leverage.

The opportunity to exploit the tax-shield, which could be due to the deductibility of financial interests, can induce firms to a very high level of borrowing on the financial market. This strategy is coherent with the approach proposed by Modigliani and Miller (1958), who suggest that the bankruptcy risk can affect the decision-making process of managers and/or shareholders. On the one hand, if there are taxes but not bankruptcy risks (and the related costs), the optimal financial structure is a level of debts equal to 100%. On the other hand, if the bankruptcy risk is present (i.e., costs of default higher than 0), managers and/or shareholders will mitigate the advantages from tax-shied, that is to say, they will adapt accordingly the financial level of debts. Accordingly, if managers and/or shareholders expect a high level of courts' ability in enforcing financial obligations (i.e., the judicial system is efficient), we cannot reject the hypothesis that they will reduce the leverage exposure and the related default risks, entailing – ceteris paribus – an increasing of their financial rating. This is exactly the main contribution of this entry: a positive relation between judicial efficiency and financial health, which is strongly supported by current literature and the evidence proposed by international institutions and academia. This relation could support the policy maker in the reform process of this key public institution and, indirectly, the national economic growth.

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Bureaucracy and Efficiency
- ▶ Comparative Efficiency Studies
- ▶ Cost Efficiency
- ▶ Delays in Litigation of Judicial Administration in Bangladesh


## References


Beck T, Demirguc-Kunt A, Maksimovic V (2006) The influence of financial and legal institutions on firm size. J Bank Finance 30:2995–3015

Bianco M, Jappelli T, Pagano M (2002) Courts and banks: effects of judicial enforcement on credit markets. J Money, Credit, Bank 37(2):223–244


I

Carmignani A (2004) The working of the civil justice system and the financial structure of firms: the role of trade credit. Temi di discussion (Working Paper) della Banca d'Italia. Numero 497–2004

Carmignani A, Giacomelli S (2009) La giustizia civile in italia: i divari territoriali. Questioni di Economia e Finanza, Occasional Paper della Banca d'Italia. Numero 40 – Febbraio 2009

D'Mello R, Gruskin M, Kulchania M (2018) Shareholders valuation of long-term debt and decline in firms' leverage ratio. J Corp Finan 48:352–374

Falavigna G, Ippoliti R, Manello A (2017) Judicial efficiency and immigrant entrepreneurs. J Small Bus Manag. (forthcoming). https://doi.org/10.1111/jsbm.12376

Falavigna G, Ippoliti R, Ramello G (2018) DEA-based Malmquist productivity indexes for understanding courts reform. Socio Econ Plan Sci 62(2018):31–43. https://doi.org/10.1016/j.seps.2017.07.001

Ippoliti R (2015) The reform of judicial geography: technical efficiency and demand of justice. Ital J Public Econ 2(2015):91–124. https://doi.org/10.3280/EP2015-002003

Lanau S, Esposito G, Pompe S (2014) Judicial system reform in Italy – a key to growth. IMF working paper, WP/14/32

Meador M (1982) The effect of mortgage Laws on home mortgage rates. J Econ Bus 34:143–148

Modigliani F, Miller MH (1958) The cost of capital, corporation finance and the theory of investment. Am Econ Rev 48(3):261–297

Obradovich J, Gill A (2013) The impact of corporate governance and financial leverage on the value of American firms. Int Res J Finance Econ, Issue 91 (2012)

Posner RA (1993) What do judges and justices maximize? (the same as everybody else does). Supreme Court Econ Rev 3:1–41

Rıos-Figuero J, Staton JK (2014) An evaluation of cross-national measures of judicial independence. J Law Econ Org 30(1):104–137. https://doi.org/10.1093/jleo/ews029

# Institutional Foundations of Local Self-Government, Russia

Ivan Leksin
School of Public Administration, Lomonosov Moscow State University, Moscow, Russian Federation

## Synonyms

Institutional Organization of Local Self-Government; Municipal Governments

## Definition

Although both subnational units (constituent entities of the Russian Federation) and local (subregional) entities enjoy self-government, this term is being officially applied only to the latter. Self-government of this kind can be called administrative autonomy; however, local entities are not termed autonomous neither by federal nor by regional legislators.

Local self-government is being exercised in subregional units of several types that are generally referred to as "municipal formations" (meaning "municipal entities"). The latter is not a constitutional term. It has a doctrinal origin and did not appear in federal legislation until 1995. Currently the Federal Law No. 131-FZ dd. 6 October 2003, "On the General Organizational Principles of Local Self-government in the Russian Federation" is devoted to these entities. Incidentally, the latter are not termed "municipalities" officially (the said Federal Law uses the term mentioned above), though this word is used by scholars and experts (Avakyan 2013). However, in some regions, the word "municipality" is used as an official name for either an executive or a representative body of municipal entities.

Jurisdiction assigned to municipal entities is formally titled "issues of local significance." The institutions that are vested with powers to decide upon these issues are literally named in the legislation the "organs of local self-government" (meaning the "bodies exercising self-government on the local level"). Almost equivalent to the latter is the term "organs (i.e., bodies) of municipal entities" (however, some of these bodies are not termed bodies of local self-government). Due to awkwardness of these officially recognized collocations, the terms "municipal governments" and "local governments" shall be used instead in the following.

## Introduction: Historic Background

During the last decades, the local level of government in Russia had undergone a number of drastic

institutional changes (Kutafin and Fadeev 2013). In the Soviet period of Russian history, both the political system and the system of public administration had not differentiated regional and local governments, and up until 1990s they used to handle without the notion of self-government. The Soviets (councils of people's deputies) in the krais (territories), oblasts (provinces), autonomous oblasts (autonomous provinces), autonomous okrugs (autonomous districts or autonomous areas), districts, cities, city districts, settlements, etc. had been being constitutionally characterized only as "local organs of state power" (meaning the "local bodies exercising power on behalf of the state"). The executive committees of the Soviets had been being titled the "local organs of state administration" (meaning the "local bodies exercising public administration on behalf of the state").

The Law of the Russian Soviet Federative Socialist Republic (RSFSR) dd. 24 May 1991 No. 1329-1 "On Amendments and Additions to the Constitution (the Basic Law) of the RSFSR in Connection with the Reform of Local Self-Government" introduced the words "local self-government" into the Russian Constitution. These words referred to the governments at the district level and below. The governments at the upper orders retained their terminological affiliation with the state. Detailed provisions regarding institutionalization of local self-government were expounded in the Law of the RSFSR dd. 6 July 1991 No. 1550-1, "On Local Self-Government in the RSFSR."

The constitutional crisis of 1993 had led to demolition of the Soviet system of government. The new Constitution of the Russian Federation adopted on 12 December 1993 had emphasized the distinction between the state and the local self-government and actually legalized multiplicity of institutional patterns of the latter, as it contained no provisions regarding construction of the local governments, but solely provided for establishment of common principles of organization of the system of local self-government.

The first of the federal laws enacted under this constitutional provision, the Federal Law No. 154-FZ dd. 28 August 1995 "On the General Organizational Principles of Local Self-Government in the Russian Federation" did not set binding rules regarding either the levels for the local self-government to be exercised or the types of municipal entities, thus leaving the legislators of the constituent units of the Russian Federation much space for creativity. The said Federal Law had not affected the construction of the local governments much as well, as all local bodies of the municipal entity except elected representative body were regarded to be optional. No guarantees for financial self-standing of municipal governments were provided, thus most municipal entities remained highly dependent on the transfers from the regional budgets.

Interregional diversity of institutional systems of local self-government had lasted out up until the abovementioned Federal Law No. 131-FZ dd. 6 October 2003 had come into force. This legislative act brought uniformity into organization of local self-government and obliged the regions to provide for establishment of municipal entities throughout their territory. Implementation of this reform took more than 5 years. It implied total territorial reorganization of local self-government and a dramatic reallocation of powers that resulted in imposing dozens of unfunded or poorly funded mandates on local budgets and thus increased their dependence on the regional transfers. Certain efforts had been made intermittently to remove this imbalance, but the gap between actual local revenues and the funds required for due financing of all mandates ascribed to local governments is still prodigious.

## Constitutional Bases of Local Self-Government

The Constitution of the Russian Federation contains scarce provisions describing organization of local self-government. The basic constitutional principle of local self-government is set in Art. 12 of the Constitution. It reads as follows:

- In the Russian Federation, local self-government shall be recognized and guaranteed.

- Local self-government shall be autonomous within the scope of its powers.
- Local governments shall not be affiliated with the state.

The last two guiding lines provoked multiple disputes among the Russian scholars, experts, and politicians. Ambiguity of these rules and their irrelevance to the customary system of governance caused heated criticism at their origin, and the pessimistic view on them is still typical (see, e.g., Avakyan 2010).

However that may be, the sphere of local self-government was not defined by the constitutional provisions. The Constitution of the Russian Federation divides powers between the Federation and its constituent units only, thus leaving no exclusive jurisdiction to municipal entities (see ► Multilevel Governance and Public Administration, Russia).

Chapter 8 of the Federal Constitution that is promisingly called "local self-government" includes quite imprecise formulas open for a broad interpretation. According to Art. 130, local self-government in the Russian Federation ensures that the population shall decide upon the issues of local significance, of possession, use and disposal of municipal property. Local self-government shall be exercised by citizens through referenda, elections, and other forms of direct expression of the will of the people and through elected and other bodies of local self-government. Art. 131 of the Constitution reads that local self-government shall be exercised in urban and rural settlements and in other areas with the consideration for the historical and other local traditions. The structure of local self-government bodies shall be determined by the population autonomously, and the changes in borders of municipal entities shall be performed with consideration of the opinion of the population of the corresponding areas. Following to Art. 132 of the Federal Constitution, municipal governments shall independently manage municipal property; form, adopt, and implement the local budgets; impose local taxes and dues; ensure protection of public order; and decide upon other issues of local significance. Municipal governments may be vested by law with certain state powers and receive the necessary material and financial resources for their implementation. The implementation of the delegated powers shall be controlled by the state. Art. 133 provides for the rights of local self-government for judicial protection and compensation for additional expenses emerging from decisions of regional and federal governments and bans abridgment of the rights of local self-government fixed by the Constitution of the Russian Federation and federal laws.

## Municipal Entities

Under the mentioned Federal Law No. 131-FZ dd. 6 October 2003, the whole of the territory of every constituent unit of the Russian Federation should be distributed between municipal entities. Several kinds of the latter can be created:

- Single-tier intracity areas within the cities of federal significance (as of 1 January 2016, 267 of such municipalities existed)
- Municipal areas as upper-tier municipalities within other constituent units (1,788, as of 1 January 2016)
- Rural settlements and urban settlements as lower-tier municipalities within municipal areas (as of 1 January 2016, 18,177 and 1,592, respectively)
- City districts (the legislator uses the term "city district" for the city territory with adjacent areas) that can be either single-tier (560, as of 1 January 2016) or upper-tier municipalities (3, as of 1 January 2016)
- Intracity areas within city districts (as of 1 January 2016, 19 municipal entities of this type existed)

Totally, more than 22,400 local governments currently operate in Russia. Distribution of municipal entities between constituent units of the Russian Federation is, predictably, unequal. Total number of such subregional entities varies from 9 (in the Magadanskaya Oblast) to 956 (in the Republic of Tatarstan).

Alongside with municipal entities, administrative territorial units exist in every region. These

are creatures of the regional governments and are designated for allocation of territorial offices of the regional executives. These units coincide with municipalities frequently, but the matches and mismatches between their borders are situational.

## Municipal Governments

According to the mentioned Federal Law No. 131-FZ dd. 6 October 2003, on default municipal government shall comprise of the representative body, the head of the municipal entity, the local administration (the executive body), control and accounts board, other bodies and elected officials provided for by the statute (charter) of the municipal entity. On default it is mandatory that the representative body, the head of the municipal entity, and the local administration were included into the structure of the government of the municipal entity. Exceptions are envisaged for:

- Settlements acting as administrative centers of municipal districts (executive bodies of the latter can perform the functions of local administrations for such settlements)
- Settlements with no more than 100 voters (in such settlements representative bodies are not elected, and their functions are performed by the gatherings of the voters)
- Settlements with 101–300 voters (in such settlements representative bodies can be replaced by the gatherings of the voters)
- Single-tier intracity areas within the cities of federal significance (in such municipal entities a local administration can be absent)

Representative body of the municipal entity is usually called "council," "assembly," or "duma" (this historic term meaning "considering entity" had been brought back to political and legal practices after the Soviet period).

In most municipal entities, representative bodies are elected directly by the voters. In the city districts, such bodies can be composed of the delegates from the representative bodies of the intracity areas, and in municipal areas, of the delegates from the representative bodies of the lower-tier settlements and of the heads (chief officials) of the latter.

The federal legislator had defined the bottom limit for the size of representative bodies:

- In settlements and city districts, they cannot comprise less than seven deputies, and this limit rises with the population size (for instance, in the municipal entities with over 0.5 million inhabitants, representative bodies cannot comprise less than 35 deputies).
- In municipal areas, they cannot comprise less than 15 deputies.
- In intracity areas, they cannot comprise less than ten deputies.

On default, the deputies of the representative body of the municipal entity serve on a non-permanent basis (it is permitted for only up to 10% of deputies of the certain representative body to be permanently employed).

Electoral system is to be selected by the municipal entity itself with consideration of the requirements that can be set by the regional law. The latter in its turn should comply with the federal rules. These are as follows:

- The candidates can be either self-nominated or nominated by social associations constituted as political parties, social organization, and social movements.
- In the settlements with population under 3,000 inhabitants and in the settlements and the city districts with representative bodies consisting of less than 15 deputies, only majority voted system can be used.
- In case the majority voted system is being applied, both single-member and multimember (up to five members) constituencies can be formed.
- In case the mixed member proportional representation system is being applied, no less than ten mandates should be distributed between the lists proposed by the mentioned social associations.

Elections can be held every 2, 3, 4, or 5 years (to be determined in the statute of the municipal entity according to the guidelines set in the

regional law). The status of the municipal deputy can be terminated before due date in case of:

- Physical disability
- Resignation at his or her own discretion
- Losing his or her eligibility (e.g., having been declared by a court as having no legal capacity or as having a limited legal capacity, being sentenced for the crime, termination of the Russian Federation citizenship)
- Being recalled by the voters
- Resignation from the party he or she had been nominated by
- Dissolution of the representative body of the municipal entity

The representative body of a municipal entity can be dissolved early in several occasions:

- By its own decision
- By a court decision establishing insufficiency of the number of acting deputies for carrying out the sessions of the representative body
- By a regional law following the court decision establishing that the representative body had not conducted sessions for 3 months consecutively
- By a regional law following a court verification of the 3-month long evasion of executing the court decision establishing violation of federal or regional legislation by an enactment issued by the representative body
- In case of reorganization of the municipal entity

Representative bodies of municipal entities are the primary instrument of decision-making on the local level of government. The powers of such bodies include:

- Adoption of the statute of the municipal entity
- Adoption of the local budget
- Establishment of local taxes and fees
- Adoption of plans and programs of development of municipal education
- Setting procedures for managing and disposing of municipal property, for making decisions on formation, for reorganizing and liquidating municipal enterprises, etc.
- Monitoring execution of powers by municipal bodies and officials
- Deciding upon retirement of the head of the municipal entity

The head of the municipal entity (in some municipalities this post is called "mayor" or "elder") is its chief official that officially represents it in relations with other governments, signs local acts and agreements, and issues acts sui juris. He can be elected in several ways:

- At municipal polls
- By the representative body of the municipal entity from among the members thereof
- By the representative body of the municipal entity from the nominees recommended by the contest commission
- By the gathering of the voters (in the settlements with no representative bodies)

Depending on the way of election, the head of the municipal entity can play different roles within municipal government:

- If elected at municipal polls or by the representative body of the municipal entity among the members thereof, he or she shall become either a chairman of the latter or the head of the local administration.
- If elected by the representative body of the municipal entity from the nominees recommended by the contest commission or by the gathering of the voters, he or she shall become the head of the local administration.

On default, the head of the municipal entity cannot combine the presidency in the representative body with the leadership in the local administration. Exception can be made for the rural settlements and for intracity areas within the cities of federal significance.

Term of office of the head of the municipal entity can be set in a range between 2 and 5 years, similar to the municipal deputies' term. His or her powers can be terminated before due date in numerous cases, such as:

- Physical disability
- Resignation at his or her own discretion

- Losing his or her eligibility (e.g., having been declared by a court as having no legal capacity or as having a limited legal capacity, being sentenced for the crime, termination of the Russian Federation citizenship)
- Being recalled by the voters
- Court verification of the 2-month long evasion of executing the court decision establishing violation of federal or regional legislation by an enactment issued by the representative body
- Evasion of executing the court decision that established either committing actions or taking decisions by the head of the municipal entity entailing infringement on the rights and freedoms; menace to the unity and territorial integrity of the Russian Federation, to the national security of the Russian Federation and its defensive capability, and to the integrity of the legal and economic space of the Russian Federation; or misspending of subventions from the federal or the regional budget
- Failure to discharge his or her duties for 3 months
- Taking decisions leading to an overdue municipal debt exceeding the limits set by law
- Budgetary infringements or violation of federal legislation (having been established by the court) in the course of executing powers delegated by the regional or federal governments
- Two consecutive unsatisfactory assessments of his or her activities by the representative body of the municipal entity
- Failure to observe the restrictions and bans established by legislation on counteracting corruption, e.g., establishing accounts in foreign banks or using foreign financial instrument by the head of the municipal entity himself or herself or by a member of his family (this restriction applies for the heads of municipal areas and city districts)
- Reorganization of the municipal entity

Some of these measures can be taken by the representative body of the municipal entity, some by the chief official of the constituent unit of the Russian Federation, and some by the President of the Russian Federation. Excessiveness of grounds provided for political and legal responsibility of the heads of the municipal entities had made these offices relatively unpopular. In the recent years competition for the latter had significantly decreased.

The local administration of the municipal entity is an executive body headed by either the chief official of the municipal entity or by a manager hired by the representative body of the municipal entity on a contractual basis. The non-elected head of local administration is considered to be a municipal servant, unlike the elected one (the latter does not come within the purview of the legislation regarding public service).

The structure of a local administration can vary significantly depending on the type and size of the municipal entity. In a rural settlement, it can consist of several officials, while in a municipal area or in a city district it can be divided into dozens of departments.

Under the federal and regional legislation on local self-government, this body is accountable for its decisions and actions to the representative body of the respective municipal entity. However, in most municipal entities, local administration is the only continuing body. Given the fact that the controlling capacities of the representative bodies are limited and dependent on the local population's political activity (which is not high, in general) and that the regulatory functions are concentrated in the local administration, the latter often appears to be the dominant body within municipal government.

## Powers of the Local Governments

The powers of local governments do not cover an exclusive sphere of jurisdiction that could be separated from the regional one. The "issues of local significance" that are listed in the said Federal Law No. 131-FZ dd. 6 October 2003 are concentrated within joint jurisdiction of the Russian Federation and its constituent units. Moreover, these issues may fall within the constitutional spheres of jurisdictions that are considered to be the exclusive ones of the Federation and of its constituent units, as these spheres are marked by the

boundaries of legislative powers of the said orders of government that do not coincide with the boundaries of the spheres of public administration (see ▶ Constitutional Federalism and Public Administration, Russia; ▶ Multilevel Governance and Public Administration, Russia). Thus, the assertion that municipalities enjoy self-government implies that they execute federal and regional laws. In going this they issue regulations, but the latter are not called "laws."

The "issues of local significance" are primarily the ones concerning local budget, local taxes and fees, municipal property, provision of primary fire safety, maintenance of communications, public catering, trade and everyday services, cultural activities, physical training and popular sports arrangements, municipal archives, etc. Allocation of other powers is asymmetrical in several dimensions:

- The lists of powers that the governments of single-tier, upper-tier, and lower-tier municipal entities have to exercise are not uniform, naturally.
- Within each of these types, certain jurisdictional differences can be found (e.g., single-tier city districts within most current constituent units of the Russian Federation are considered to be the most powerful municipal entities, while single-tier municipalities within three federal cities exercise quite few powers reserved for them at the discretion of the cities' legislatures).
- For different types of municipal entities, the said Federal Law sets separate lists of powers to be exercised at the discretion of the respective local governments (i.e., in case they have a will and sufficient funds for that).

However that may be, the overwhelming majority of local governments are far from financial self-sufficiency. Thus, they have to rely on the upper budgets in order to exercise their powers. Consequently, they become highly dependent on the governments of the respective constituent units of the Russian Federation. Besides, in the course of time, increasingly more powers had been being delegated to the local governments by the regional ones and even by the federal government. Such delegation is being carried out either by means of legislation (regional or federal) or by agreement. As a result, municipal entities become integrated into a single federal-regional-municipal system of public administration.

## Conclusion: Local Self-Government or Local Agents of Upper Governments?

According to the constitutional concept, the institutions of municipal entities are considered to be the institutional basis for local self-government functioning separately from the regional and federal governments. However, this idea that had been rising political and scientific disputes in the end of the last century and in the beginning of the current one had been ruined by political, legislative, and administrative practices.

During the past 15 years, much had been done by the federal government in order to constitute a pervasive structure of decision-making and implementation that would encompass not only federal and regional orders of government but a local one as well (Leksin 2011). At present, local governments and their officials are:

- The executors of federal and regional laws
- The agents of regional and federal governments within the issues delegated by respective legislators
- The operators of funds transmitted from regional and federal budgets
- The bodies and the persons that are accountable before the regional and federal governments
- The ones answerable and chargeable for violation of federal and regional laws and for misuse of regional and federal money

As a result, currently municipal governments function not just as institutions deriving from local communities but primarily as an infrastructure for execution of the regional and federal powers. Correspondingly, their activities are mostly aimed not at solving tasks of purely local significance but at conducting nationwide and region-wide policies, meeting national and regional standards, and providing public services throughout the country.

## Cross-References


- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia


## References


Avakyan S (2010) Modern issues of Russia's constitutional and municipal organization. Const Munic Law 3:2–12. (in Russian)

Avakyan S (ed) (2013) Municipal law of Russia. Prospekt, Moscow. (in Russian)

Kutafin O, Fadeev V (2013) Municipal law of the Russian Federation: textbook. Prospekt, Moscow. (in Russian)

Leksin I (2011) Transformation of the constitutional concept: from local self-government to state administration on the local level. Publ Adm Electron Bull 29:1–9. (in Russian)


# Institutional Governance


Aldo Pavan[1], Elisabetta Reginato[1] and Cristina Landis[2]

[1]University of Cagliari, Cagliari, Italy

[2]University of Regensburg, Regensburg, Germany


## Synonyms

Citizens; Institutions and public organizations

## Definition

Institutional governance is a simplified conceptual framework that can aptly explain how the behavior of public sector organizations is influenced by their interaction with those actors taking part to social life, meaning citizens and institutions.

## Introduction

Since the 1970s, an international reform movement called New Public Management (NPM) started criticizing the inefficiencies of the public sector and arguing that public organizations were managed without taking into account citizen benefits and resource consumption. The approaches implemented in the private sector were considered more efficient and effective (Hood 1991). Consequently, the reform processes resulting from this movement aimed to move those economic activities that were managed by public institutions back on the market and competition. Moreover, the adoption of management and accounting instruments and approaches commonly implemented by private firms was proposed for public sector entities. The results, however, have often been disappointing. Private and public entities can be similar in how they are organized and managed; the main difference, however, lies in that the latter are not privately owned, but pertain to the community as a whole. Public management studies, therefore, require an understanding of the way the community is organized, its articulation into various entities, and mutual influence between political bodies and administrative organizations. From a holistic approach, every public organization interacts with the environment in which it operates, its culture and institutions. Specifically, these dynamics of social life could be explained through the concept of "institutional governance," which is interpreted here through a simplified conceptual framework, resulting from the interaction between three relevant classes of actors: citizens, institutions, and public organizations. The following sections describe these components and a model that help represent and explain these interactions.

## Citizens and the Widespread Culture

Citizens represent the key element of the institutional governance framework: the institutions are in fact their highest collective expression. The most relevant feature of a citizen is culture, which is a complex concept that pertains to a person's education, values, beliefs, behaviors,

and interpersonal relationships. In this wide meaning, every person has their own culture that comes from their religion, philosophical and ethical principles, family, experience, and environmental habits. From another point of view, each society has its commonly shared values, beliefs, and ways of behaving and interacting with other people, which can be defined as the widespread culture of that society. According to the formal jargon of economists, the term culture expresses the social norms and the ideas and thoughts common to several individuals that govern interaction between them (Tabellini 2005; Greif 1994).

A widespread culture can be characterized by features such as: (1) the idea of the state as a collective organization created to serve people, or as an ethical entity super-ordinate to the citizenry; (2) the appreciation for a government that limits itself to the management of a minimum of rules that guarantee coexistence, or for a wide public sector that heavily affect collective life; (3) relationships among people routed in equality in dignity and rights, or differences in social classes, races, religions, etc.; (4) the strong perception of community and common good, or the prevailing sense of belonging to the family clan; (5) honesty in public affairs, or widespread corruption; (6) intensity of political and social participation, mutual trust, collective loyalty, or a fatalist view of public life that rejects participation and collective action (Banfield 1958; Hofstede 1985; Putnam 1994).

## Institutions and Institutional Models

The expression "institution" is often used as a catch-all concept that means different things. In a broad sense, institutions are defined by North (1990, p. 3) "the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction." A keyword of this definition is "constraints." Thus constitutional laws, electoral rules, norms, and practices that define the ways a society is organized at all levels are good examples of institutions. Regulations state how the citizen representatives are elected, how they decide and behave, and the way public administration is managed. The word "institution" also refers to the bodies established and responsible for collective life – legislative assemblies, executive boards, and judicial powers –, the rules concerning their formation and functioning, and the relationships among individuals. In defining institutions, North is careful to make the distinction between them and organizations. Both are components of the institutional governance framework, but they are not the same. As stated previously, institutions can be considered the rules of the game, while organizations can be considered the players. The rules aim at defining the way that the game is played.

Institutions are shaped by citizens and derive largely from historical contingencies, international influences, and, last but not least, by chance. On the one hand, culture and institutions interact with each other in continuous and significant ways. Thus, as some scholars argue, "culture" is a fundamental means of historical influence that can explain why the same formal institution functions so differently in diverse environments (Glaeser et al. 2004). On the other hand, institutions influence citizens; it is reasonable to think that equitable and functional institutions virtuously influence citizens' behavior. On the contrary, inefficient institutions suffer from a variety of problems such as pervasive corruption, rent seeking, clientelism, and nepotism. Different combinations of these problems could lead to institutional and government failure, reducing the capacity of governments to efficiently deliver public goods and policies, and tend to multiply citizens' opportunistic and immoral behaviors (Rodríguez-Pose and Storper 2006).

Institutional models are based on the distinction between absolutist and democratic regimes. In the former, coalitions of power groups, such as the military, can express governmental bodies without free consent statements made by citizens. The latter, on the contrary, is founded on choices among various political offers made at the electoral stage by the citizens themselves. Democratic regimes are generally classified as consociational or competitive (Forte 1988). The following description focuses on this distinction.

## The Consociational Model

The consociational model is based on assemblies expressed by all citizens according to proportional electoral rules. The emphasis is on the representativeness of the institutions: all groups, interests, and views that have a minimum of political visibility can express their representatives in national and local councils, where laws and general rules are issued and executives are elected. These regimes do not allow a single political party to reach the absolute majority of votes and to choose the executive body; as a result, coalition governments are necessary. The central point of the analysis is that politicians want to maintain their privileged status, which comes from citizen consensus, and that the politicians' behavior is therefore geared toward acquiring the consensus itself (Buchanan and Tullock 1962). Thus, in consociational regimes, political groups focus on the interests of few but decisive stakeholders, whose consent can attribute a significant relative weight in those coalitions. The political environment is characterized by a constant conflict situation, because each group continuously tries to improve its relative power, but seldom in a framework of strong general stability, thanks to long-standing agreements with the opposing forces. Relevant widespread interests are overlooked as their satisfaction would not allow politicians to establish relationships with specific groups of citizens which would result in electoral consensus. It is thus possible to note that little attention is paid to the general utility that comes, for instance, from large projects of common interest.

## The Competitive Model

The competitive model is characterized, with significant differences, by assemblies founded on majority rules and sometimes by the direct election of the chief executive. Here a single party has the actual possibility to conquer the political power, reached through relative majorities. As a result, various groups have to seek the consensus of vast parts of the electoral body through programs and actions of great scope and visibility. In competitive regimes, thanks to a direct relationship between the executive body and the citizens, a stronger consistency between goals and resources is often observed, at the expense of scarce or no attention to minority group interests. Elected officials usually have the power to run coherent governmental actions; they are also interested in maintaining popularity and pleasing voters in order to be re-elected (Alesina and Tabellini 2007).

## A Comparison Between Institutional Regimes

The two institutional models considered here reveal dissimilar characteristics that affect the social and political environment, generate diverse constraints and opportunities, and bring about the selection of those politicians adapting best to those features. In the consociational model, the minority group consent is sought through the protection of its specific interests; in the competitive one, the majority group consent is pursued through the definition and implementation of programs that can be welcomed by a vast number of citizens.

The central issue of public sector governance seems therefore to be the identification of control tools and objectives able to force politicians in the pursuing of collective utility at a satisfactory level. To this end, it is necessary to consider the existing institutional system, its features, and outcome over the behavior of social life actors.

Besides the fact that the real world reveals various regimes, not easily attributable to the mentioned simplified models, the preference accorded to a particular institutional model involves a value judgment, as the choice is based on a particular idea of what "collective utility" is. Does preference have to be given to the will of the majority and the government authority or to the preservation of the interests of minorities, even at the expense of having weak governments? In the former case, it is then necessary to avoid the "tyranny of the majority" (de Tocqueville 1840); in the latter, it is essential to determine what is the minimum dimensional level of the groups and the quality of the interests to be guaranteed.

From an economic point of view, the competitive model has some obvious advantages. Even with the imperfections due to a competition that is discontinuous, as it only takes place during the

electoral rounds, political groups have to propose actions and goals that can influence large communities. Conversely, when no political party alone can reasonably aspire to gain political supremacy, attention will be directed to smaller groups whose interests have to be protected in order to reach a better result. Hence, it is possible to observe the formation of inhomogeneous governmental coalitions, characterized by perpetual conflict and disorganized public action.

## Public Sector Organizations

The features of the institutional model strongly affect the rationale and conduct of decision makers and the way the different organizations behave and perform. It is useful here to classify public sector entities as democratic or instrumental. The former are founded on bodies elected by the citizenry, such as the various state-level administrations, regions, and municipalities; the latter are controlled by a democratic organization that chooses and steers their general managers.

In the consociational model, public administration is characterized by poor accountability. While financial rigor is not a central issue in the political project, spending activities are desirable, particularly when it is clear whom they come from and who benefits from them. Within public sector units, loyalty toward political parties ultimately tends to be rewarded. Management and operations of local authorities, founded on elected councils, are particularly fragmented due to the plurality and inconsistency of the actual purposes. Instrumental organizations, not founded on elected assemblies, are obviously influenced by the rationale that informs controlling authorities. Because of the lack of clearly stated goals and accountability, top managers are chosen according to a criterion of political loyalty and interest defense.

In competitive models, instrumental organization management – e.g., public transport service – is a key element of the entire political system. Its performance is subjected to immediate and direct judgment by the citizenry and therefore affects the public approval of the governmental political group. They will, therefore, be required for functionality and consistency with the general policy design. The selection of general managers is based primarily on professionalism rather than their political connections with those controlling the democratic organizations.

## Citizens, Institutions, and Public Sector Organizations

As stated previously, the above-described classes of actors – citizens, institutions, and public organizations – can be integrated in a simplified "institutional governance" conceptual framework that depicts social life and actors' behavior. Only a few relevant characteristics are considered (Table 1); firstly the citizenry widespread culture, consisting of ethical values, beliefs, behaviors, and ways of interpersonal relationships. As for the institutions, the framework only considers how efficient they are, which means evaluating exclusively their ability to allow the socioeconomic system to meet the needs of citizens with the least use of resources. Public organizations are characterized by their specific organizational culture – e.g., that of legality and compliance with laws and regulations, or that of management for objectives – and specific organizational variables. Different management tools are used, such as accounting systems, personnel policies, and management styles (Pavan and Reginato 2012, pp. 29–37).

The conceptual framework is holistic in nature; therefore, every element has to be coherent with the others. An accounting system derived from private sector, for instance, has to be evaluated not per se but for its general consistency with the other components. The culture of the single economic unit is influenced by the one that is widespread in the reference environment and can be characterized by values such as the sense of civic duty, the seeking of collective well-being, the mutual trust, the sense of ethics, or by individualism, fatalism, opportunism, and corruption. These concepts can

**Institutional Governance, Table 1** Characteristics of public sector actors

| |
|---|
| Citizens: widespread culture |
| Institutions: efficiency |
| Public administrations: culture and organizational variables |

be hardly defined rigorously, and yet sociological research (Hofstede 1985) shows that huge differences exist between countries.

The framework components interact with each other. As actors with their relevant features are included and outlined, it is now possible to state that the institutional governance performance is a function of the degree of consistency existing among the characteristics itself: that is, the widespread culture, the institutions' efficiency and the organizational variables adopted by the administrations.

The conceptual framework is presented (Fig. 1) according to a triangular drawing that shows actors dynamically. Observed clockwise, the scheme shows the actors' rationale behavior and the resulting outputs. As every person and group brings about their own interests, the model assumes that citizens, taken as a whole, express their consent to the institutions through both the electoral choice of representatives, as well as the continuous social pressure of the public opinion.

The institutions' behavior results in the decision making regarding the issuing of laws, rules, and regulations, which particularly affect collective wealth management and the economy in general. The public organizations' behavior depends, in the first instance, on such decision-making. They are responsible for providing services such as public security, national defense, justice, education, healthcare, etc.

The triangle can be also read anticlockwise (Fig. 2). Thereby, it shows that there is interaction among the actors. Citizens affect the behavior of public entities through social pressure. They will ask for high-level services or for personal privileges. Public sector organizations provide the institutions with the information they need for their decision-making. Finally, citizens interact with institutions. As previously mentioned, institutions are shaped by citizens. At any time in history, however, there are institutions that have not been specifically intended by the citizens of the time. On the other hand, observation of reality seems to show that institutions in place are not neutral with regard to the behavior of citizens. When institutions are efficient and provide excellent services, citizens can probably deal with their businesses and work, show more willingness to pay taxes, and so on. When institutions are unsatisfactory, new problems arise and everyone is forced to fend for themselves, particularly to look for privileged relationships with the public apparatus. Ultimately, inefficient and corrupt institutions will affect citizens in a negative way and will particularly reduce their community spirit.

## Conclusion

Explaining public sector organization behaviors requires a deep analysis of their environment. The "institutional governance" conceptual framework

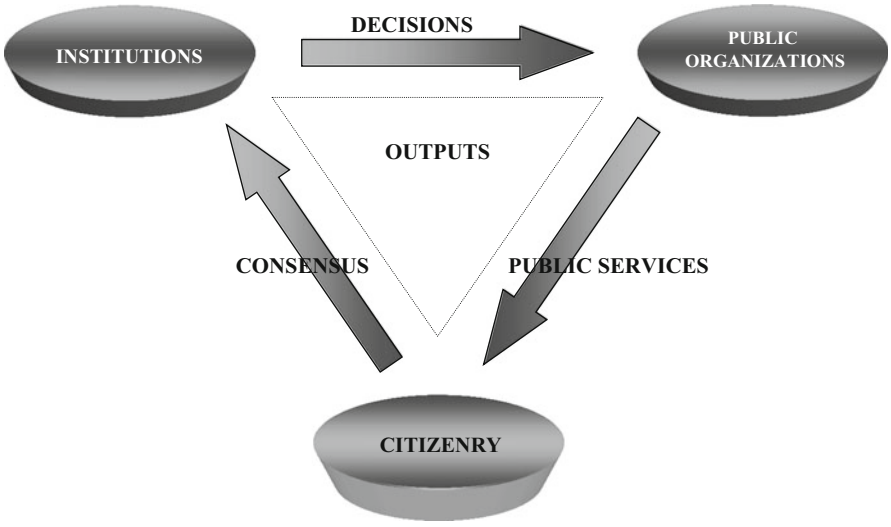


**Institutional Governance, Fig. 1** Actor's outputs

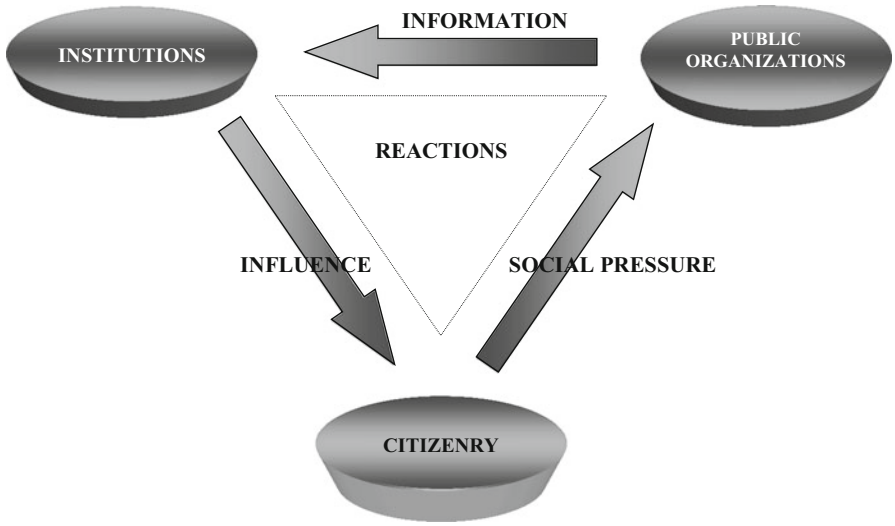


**Institutional Governance, Fig. 2** Reactions

helps to explain how their behaviors are influenced by the interactions with the other actors taking part in social life: citizens and institutions. In the long run, organizations' behavior may be changed as a result of their interaction with institutions – the rules of the game – and the citizens' widespread culture. The improvement of social life quality is a complex process in which institutions play a relevant role. At the same time, the historical evolution of institutions itself reflects the interrelations between citizens' culture and public sector organizations. Comparative historical analysis of the institutional governance framework can contribute to predict future behavior and to develop public policies aimed at collective utility, efficiency, and accountability.

## Cross-References

► Comparative Administrative Reforms

## References

Alesina A, Tabellini G (2007) Bureaucrats or politicians? Part I: a single policy task. Am Econ Rev 97:169–179

Banfield EC (1958) The moral basis of a backward society. The University of Chicago, Chicago

Buchanan JM, Tullock G (1962) The calculus of consent. Logical foundations of constitutional democracy. University of Michigan Press, Ann Arbor

de Tocqueville A (1835–1840) Democracy in America. George Dearborn & Co., New York

Forte F (1988) Principi di economia finanziaria. Giuffrè, Milano

Glaeser E, La Porta R, Lopez-de-Silanes F, Schleifer A (2004) Do institutions cause growth, NBER working paper no. W10568

Greif A (1994) Cultural beliefs and the organization of society: a historical and theoretical reflection on collectivist and individualist societies. J Polit Econ 102(5):912–950

Hofstede G (1985) The interaction between national and organisational value systems. J Manag Stud 22:347

Hood C (1991) A public management for all season? Public Adm 69:3–19

North DC (1990) Institutions, institutional change and economic performance. Cambridge University Press, Cambridge

Pavan A, Reginato E (2012) Programmazione e controllo nelle amministrazioni pubbliche. Giuffrè, Milano

Putnam R (1994) Making democracy work. Civic traditions in modern Italy. Princeton University Press, Princeton

Rodríguez-Pose A, Storper M (2006) Better rules or stronger communities? On the social foundations of institutional change and its economic effects. Econ Geogr 82(1):1–25

Tabellini G (2005) Culture and institutions: economic development in the regions of Europe, CESIFO working paper no. 1492

# Institutional Isomorphism

Nurul Huda Sakib
Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Institutional homomorphism; Organizational homogeneity

## Introduction

Institutional isomorphism can be defined as a mechanism where one organization went through some organizational transformation by initiating actions that are similar to other organization in terms of procedure and outlook, but not in the outcome. It becomes a buzz word as World Bank and much more organizations often referred to the term for successful policy implementation, especially in developing countries. The term "isomorphism" (or "isomorphic mimicry") is drawn from biological evolution in which one animal gains survival skills by pretending to have characteristics of other animals in a way that provides that animal with survival value (Pritchett and de Weijer 2011). A central precept of institutional theory is the belief "that organisations sharing the same environment will employ similar practices and thus become 'isomorphic' with each other" (Kostova and Roth 2002). Therefore, the terminology "isomorphism" is very crucial in the context of explaining institutional behavior.

The notion of isomorphism emerged in organizational sociology in the 1970s and 1980s, introduced mainly by Hawley (1968), Hannan and Freeman (1977), Meyer and Rowan (1977), and DiMaggio and Powell (1983). Hawley (1968) found isomorphism to be a "constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions"(cited in DiMaggio and Powell 2000, p. 146). With the suggestion that the diversity of organizational forms is isomorphic to a variety of environments, he extended the terminology by stating that isomorphism is a productive process as organizational characteristics are modified in the direction of increasing their comparability with environmental aspects (DiMaggio and Powell 1983). Following Hawley (1968), Hannan and Freeman (1977) argued that isomorphism would work in society as organizational decision-makers learn appropriate responses and adjust their behavior accordingly. Meyer and Rowan (1977) tried to understand firms' quest for legitimacy. They argued that the rules set by institutions mainly functioned as myths by which organizations incorporate, gaining legitimacy, resources, stability, and the ability to survive for a longer time.

DiMaggio and Powell (1983) explained isomorphism through two types of isomorphism dynamics – competitive and institutional.

## Competitive Isomorphism

Isomorphism, in a competitive sense, defines that organizations in an environment compete freely and openly. It creates pressure to adopt behavior due to competition (Hannan and Freeman 1977). For example, if one company gives its products in half price on a special occasion every year, then a similar company also follows that principle to remain in the market and provide customer satisfaction. Many neoclassical economists believe that under the condition of the absolute market, competitive pressure creates optimal results (Beckert 2010).

## Institutional Isomorphism

DiMaggio and Powell (1983) mainly explained institutional isomorphism while they were elaborating the two types of isomorphism dynamics, as

I have published the theoretical framework in two of my published paper. For detail see: https://doi.org/10.1080/02185377.2019.1642773 and https://doi.org/10.1007/s41111-020-00143-4

I

**Institutional Isomorphism, Table 1** Three global dynamics of isomorphic pressure

| | Coercive (regulative) | Normative | Mimetic (cognitive) |
|---|---|---|---|
| **Basis of compliance** | Expedience | Social obligation | Taken for granted |
| **Mechanism** | Power and dependency | Shared ideologies, worldviews, framework, or templates | Frequency-based imitation to cope with uncertainty and secure legitimacy |
| **Logic** | Instrumentality | Appropriateness | Orthodoxy |
| **Indicators** | Rules, laws, and sanctions | Certification and accreditation | Prevalence and isomorphism |
| **Basis of legitimacy** | Legally sanctioned | Morally governed | Culturally supported and conceptually correct |
| **Examples** | Hegemonic states, multilateral agencies, and multinational firms | Keynesianism, neoliberalism, democracy, and legal tradition | Bandwagons, fads, and fashions |

Source: Adapted from Scott 1995, p. 33; Guillén 2014

it is crucial to understand politics, especially in developing countries. They expanded the idea as a social scientist and connected institutions with the structure and behavior of organizations. Institutional isomorphism is a process in which organizations gain increasing similarity in the structure to other organization, but in practice social rules, ideals, and practices dominate the rules of the game of the organization.

DiMaggio and Powell (1983, 2000) argue that organizations copy practices adopted by others to acquire legitimacy. They try to explain why in modern society, organizations tend to be similar and exhibit a sign of homogeneity rather than heterogeneity in their strategy, process, and activities. Thus, instead of seeking variation among organisations in structure and behaviour, the focus should be on investigating why there exists a startling homogeneity among organisations. External organizational forces are crucial to an organization which not only competes for resources and customers but also for political power and legitimacy. In this context, the fundamental mechanisms through which isomorphic change occur is a critical issue.

## Dynamics of Institutional Isomorphism

Institutional isomorphism identifies three processes of constraining influences, namely, coercive, mimetic, and normative isomorphism, to explain why organizations are driven to similarity and seek to maintain their legitimacy (DiMaggio and Powell 1983). These fundamental mechanisms which shape and established structures of three core pillars of enforcement are regulative, normative, and cognitive in operation (Table 1);

## Coercive Isomorphism

The terminology power, pressure, force, or persuasion could be the best way to define coercive isomorphism. In general, homogenization of organization occurs due to pressure or exercise of power from one organization to others. Thus, in coercive isomorphism, actions can be constrained by the effects of other, more powerful units (Mizruchi and Fein 1999). For example, the ADB adopted the Accountability Mechanism due to coercive isomorphic pressure from the World Bank (Park 2014). Thus, coercive isomorphism shaped by government regulation or regulatory agencies engages with organizations. Another example of a powerful organization is the state, as organizations are influenced by rules and legitimized by the state. Coercive pressure shapes through different mechanisms, such as performance evaluation, budgetary control mechanisms, and accounting practices by mother organizations

(Yazdifar et al. 2008). Furthermore, a higher level of funding and personnel dependence creates more influence and imposition (DiMaggio and Powell 1983). Hence, the coercive isomorphism is likely to be the dominant force in the anti-corruption efforts in Bangladesh; it involves interorganizational powers like World Bank, ADB, JICA, and UN.

## Mimetic Isomorphism

In line with institutional organization theory, many scholars have extensively explored mimetic isomorphism as a response to uncertainty as the institution seeks legitimacy (Meyer and Rowan 1977). Mimetic isomorphism suggests that organizations try to copy other successful organizations, particularly in contexts of uncertainty or crisis (Park 2014). According to DiMaggio and Powell (DiMaggio and Powell 2000, p. 149), "when organisational technologies are poorly understood, when goals are ambiguous, or when the environment creates symbolic uncertainty, organisations may model themselves on other organisations." Moreover, in a different model, March (1981) showed that mimetic isomorphism could also be driven by "obligatory action." As many social actors can drive any action, ultimately these actions become familiar, taken for granted, or institutionalized. As a result, other social actors will undertake that course of action without hesitation (Haveman 1993). The mimetic process may succeed through recommendations from donors, public consultations, etc. Thus, although anticorruption efforts in Bangladesh may develop through coercive pressure, the formulation process of that strategy is mainly through mimetic isomorphism. One of the advantages of the mimetic process is there are very few expenses for organizations who face uncertainty and unclear solution. Modelling (as DiMaggio and Powell used the word) other organization activities would provide a viable response to uncertainty. This modelling may be unintentional or indirect through their working process but may lead to innovation. To describe the mimetic process, DiMaggio and Powell provided the example of Japan's modernization process and showed how they were successful following western prototypes.

## Normative Isomorphism

Normative isomorphism suggests that institutions and institutional change can also be the result of attraction from other successful initiatives. DiMaggio and Powell (1983) argued that normative isomorphism is a matter of professionalization as formal education and professional networks lead to the spread of insights, models, and prescriptive rules. Greenwood et al. thus outlined (2002, p. 58) "Professional associations . . . play an important role in theorising change, endorsing local innovations and shaping their diffusion." The reason is that professional bodies receive similar training and interact with professional and trade associations (Mizruchi and Fein 1999). Wouters and Wilderom (2008) also have argued that professionalism positively influences employees' positive perceptions toward a performance measurement system. A professional person has better access to technology and information and can transmit external ideas into their organization with the same cognitive lens. Thus, institutionalists chose normative approach when they adopt policy transfer in developing countries. For example, several normative elements like a seminar, workshop, and training of officials are often organized to make a professional anticorruption body in Bangladesh.

## Studies on Institutional Isomorphism

Many scholars have studied institutional isomorphism extensively. Among these studies, the effect of societal and institutional environment through coercive, mimetic, and normative isomorphism has been widely noted in budgetary control systems, NGO accountability and

nonprofit organizations reporting, the evolution of hospital structure and health-maintenance organizations, the adoption of civil service reform by municipal governments, financial management reforms, organizational structures and management accounting systems, of the multidivisional corporate form, the diffusion of diversification strategies, combating corruption, environment management, and many other sectors. For example, Tolbert and Zucker (1983) found that in the case of civil service, the adoption of a policy or program by an organization is importantly determined by the extent to which the measure is institutionalized – whether by law or by gradual legitimation. Similarly, in the case of the Japanese banking sector, Hussain and Hoque (2002) found several institutional factors like an economic constraint, central bank regulatory control, financial legislation, management's strategic focus, bank size, competition, and tendency of coping best practices that influence the banks to implement performance measurement system. Burns and Wholey (1993) showed that matrix adoption in a group of the hospital is influenced not only by task diversity, but also by sociometric location, the dissemination of information, and the cumulative force of adoption in interorganizational networks. It suggests the importance of cultural setup of any situation to imitate organization. Another notion of the isomorphic pressure from the parent organization is that external constraints limit the choice of an organization due to resource dependence. Thus, they follow the parent organizations' norms and make an influence on both internal and external entry-mode decisions and structures that firms pursue (Davis et al. 2000). In this regard, Park (2014) showed that the Asian Development Bank (ADB) created a new Accountability Mechanism (AM) because of institutional isomorphism. The idea of AM comes from the World Bank, and ADB had to apply it because of the coercive and mimetic isomorphism process. Most of these literature highlight how the institution is controlled by parent organizations and influences institutional behavior. At the same time, some of the writings emphasize the need for balancing institutional control through strategy.

## Limitations of Institutional Isomorphism: Why Fails in Developing Countries?

Institutional isomorphism has several limitations. Notably, the application of isomorphic models in developing countries is someway difficult. Andrews' (2013) explanation is someway interesting as he showed why institutional isomorphism does not work in developing countries. He argued that based on public financial management reform in Africa, the success rate from the institutional changes is 30–60% depending on the situation. Even if the reform occurs, there is only a minimal execution of the law. This is mainly because of three significant causes: context problem, content problem, and an agency problem. The context problem suggests the reforms put by the countries based on donor prescription to deliver the result. However, what you see is not what you want you to get. That is because the context is not fit for those countries. It suggests that "reforms often fail because they do not fit many developing country contexts – looking like square pegs in round holes." (Andrews 2013, p. 2) They failed to provide all the practices required because these reforms were adopted in a short term and limited attention to the context, involve impressive-looking-but-hard-to-reproduce best practice interventions, and emerge through narrow engagements with agents that outsiders consider champions. Such reforms have poor functionality. It is like putting a bunch of laws or changes in a small hole where countries do not have enough capacity to adopt those laws because of political will and other factors like- 'informal institutional content' (Fig. 1).

The second problem he mentioned is the content problem. That is because donors failed to see everything but external, like an iceberg. Donors or reformers see the formal institutional constraints above the waterline and overlook informal institutional constraints below the waterline. However,

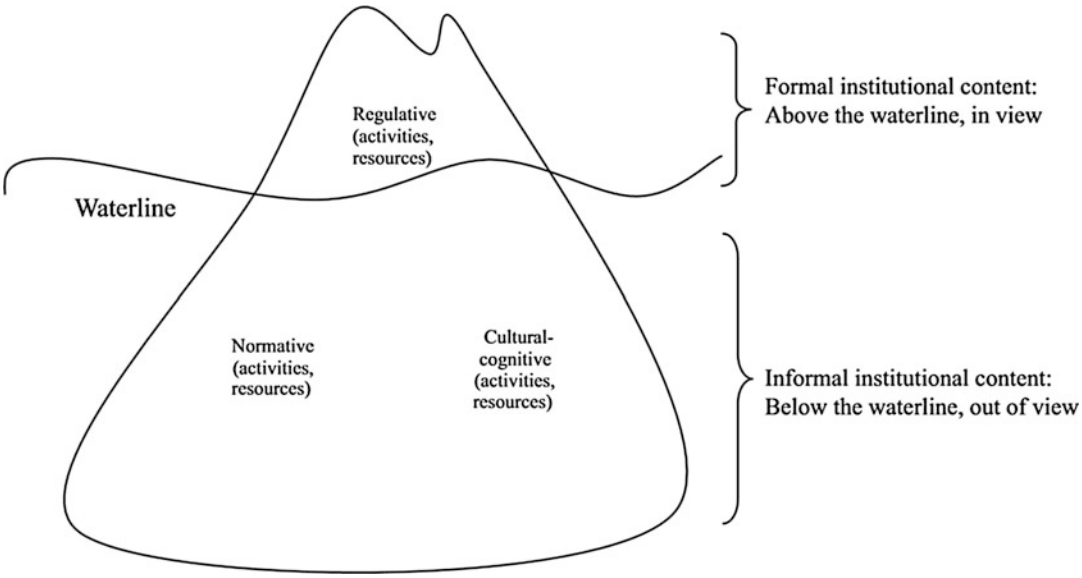


**Institutional Isomorphism, Fig. 1** Institutional structures are like icebergs. (Source: Andrews 2013, p. 44; Sakib 2020)

there are certain norms or cognitive belief we do not see as an outsider. Hence, reformers put a lot of attention to the top and make regulative reforms. Thus, informal institutional content contains many constraints. The third problem he has mentioned is the agency problem. It suggests that actors from the reforms party (e.g., The World Bank) face the issues with agency network. There are multiple players in the agency whom the externally defined change agenda is unlikely to resonate normatively (for detail see Andrews 2013).

Similarly, Kostova et al. (2008) showed that institutional isomorphism has limited success due to pressure from the host country as they are restricted to the regulatory and legal domain. In the context of coercive isomorphism, Pfeffer and Salancik (2003) argued that the politically motivated isomorphic pressure might lead to inflexible, repressive, regressive, and less adaptive reforms. It is also found that institutional isomorphism has limited success due to the host country's institutional environment and internal institutional environment (the parent organization) (Davis et al. 2000). However, one criticism of dealing with institutional pressure was given by Christine Oliver (1991) with a detailed model of a strategic response to the isomorphic pressure. She argued that organizations always try to minimize the institutional burden with an appropriate strategic response that is active and consistent to be under a firm's control. She also noted that the strategic response of organizations to institutional pressures is not always the same and organizations may still vary in their strategic behaviors in direct response to these isomorphic pressures. In doing so, institutions try to adopt five types of strategic actions when any isomorphic pressure is put by a parent organization. Table 2 summarizes Oliver's five strategic responses.

Out of the five types of strategy Oliver (1991) mentioned, manipulation is the most active strategic response to organizations toward institutional pressures because in any institutional pressure manipulation can change and normalize the other organization's power to control and impose them further pressure. In addition to these strategic responses, she also mentioned five antecedents responsible for the adoption of strategic behavior. These are cause, constituents, content, control, and context. The precursors discussed above have a substantial influence on the five strategic responses (Canning and O'Dwyer 2013).

**Institutional Isomorphism, Table 2** Typology of strategic behaviors in response to isomorphic pressures

| Strategies | Tactics | Examples |
|---|---|---|
| 1. Acquiesce | Habit | Following invisible, taken-for-granted norms |
| | Imitate | Mimicking institutional models |
| | Comply | Obeying rules and accepting norms |
| 2. Compromise | Balance | Balancing the expectations of multiple constituents |
| | Pacify | Placating and accommodating institutional elements |
| | Bargain | Negotiating with institutional stakeholders |
| 3. Avoid | Conceal | Disguising nonconformity |
| | Buffer | Loosening institutional attachments pressure |
| | Escape | Changing goals, activities, or domains |
| 4. Defy | Dismiss | Ignoring explicit norms and values |
| | Challenge | Contesting rules and requirements |
| | Attack | Assaulting the sources of institutional pressure |
| 5. Manipulate | Co-opt | Importing influential constituents |
| | Influence | Shaping values and criteria |
| | Control | Dominating institutional constituents and processes |

**Source:** Adapted from Oliver (1991, p. 152), (Sakib 2020)

## Conclusion

The three types of institutional isomorphic dynamics and relevant study discussed in this entry suggest that countries having a competent structure might be well benefited by adopting isomorphism. However, countries with minimum structure and lack of intensity to take policy are likely to fail through institutional isomorphism. The limitations of the isomorphism also show that institutional constraints occurred during policy implementation had dealt with an unexpected circumstance like policy manipulation, compromise with the stakeholders, avoidance, etc. They also had to face insider constrain. Therefore, mimicking in developing countries often does not bring sweet fruits. Hence, these remain mostly a ceremonial adaptation.

## Cross-References


- ▶ Bottom-Up Anti-corruption Approach
- ▶ Building Reform Capacity
- ▶ Donors' Expectations: Lessons for Administrators
- ▶ Organizational Institutionalism


## References


Andrews M (2013) The limits of institutional reform in development: changing rules for realistic solutions. Cambridge University Press, Cambridge

Beckert J (2010) Institutional isomorphism revisited: convergence and divergence in institutional change. Sociol Theory 28(2):150–166

Burns LR, Wholey DR (1993) Adoption and abandonment of matrix management programs: effects of organizational characteristics and interorganizational networks. Acad Manag J 36(1):106–138

Canning M, O'Dwyer B (2013) The dynamics of a regulatory space realignment: strategic responses in a local context. Acc Organ Soc 38(3):169–194

Davis PS, Desai AB, Francis JD (2000) Mode of international entry: an isomorphism perspective. J Int Bus Stud 31(2):239–258

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organisational fields. Am Sociol Rev 48(2):147–160. https://doi.org/10.2307/2095101

DiMaggio PJ, Powell WW (2000) The iron cage revisited institutional isomorphism and collective rationality in organizational fields. In: Baum JAC, Dobbin F (ed) Economics meets sociology in strategic management (Advances in Strategic Management, Vol. 17), Emerald Group Publishing Limited, Bingley, pp. 143–166. https://doi.org/10.1016/S0742-3322(00)17011-1

Greenwood R, Suddaby R, Hinings CR (2002) Theorizing change: the role of professional associations in the transformation of institutionalized fields. Acad Manag J 45(1):58–80

Guillén M (2014) Isomorphism, impermeability, and institutional diversity. Clarendon lectures in management studies, Saïd Business School. The University of Oxford Press, Oxford. Retrieved from https://www.youtube.com/watch?v=QeQf_hR8ooQ

Hannan MT, Freeman J (1977) The population ecology of organizations. Am J Sociol 82(5):929–964
Haveman HA (1993) Follow the leader: mimetic isomorphism and entry into new markets. Adm Sci Q 38(4):593–627
Hawley A (1968) Human ecology. In: Sills DL (ed) International encyclopedia of the social sciences. Macmillan, New York, pp 328–337
Hussain M, Hoque Z (2002) Understanding non-financial performance measurement practices in Japanese banks: a new institutional sociology perspective. Account Audit Account J 15(2):162–183
Kostova T, Roth K (2002) Adoption of an organisational practice by subsidiaries of multinational corporations: institutional and relational effects. Acad Manag J 45(1):215–233. https://doi.org/10.2307/3069293
Kostova T, Roth K, Dacin MT (2008) Institutional theory in the study of multinational corporations: a critique and new directions. Acad Manag Rev 33(4): 994–1006
March JG (1981) Decisions in organizations and theories of choice. In: Joyce WF, Van de Ven AH (eds) Perspectives on organization design and behavior. Wiley, New York, pp 205–244
Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83(2):340–363
Mizruchi MS, Fein LC (1999) The social construction of organisational knowledge: a study of the uses of coercive, mimetic, and normative isomorphism. Adm Sci Q 44(4):653–683
Oliver C (1991) Strategic responses to institutional processes. Acad Manag Rev 16(1):145–179
Park S (2014) Institutional isomorphism and the Asian Development Bank's accountability mechanism: something old, something new; something borrowed, something blue? Pac Rev 27(2):217–239
Pfeffer J, Salancik GR (2003) The external control of organizations: a resource dependence perspective. Stanford Business Books, Stanford
Pritchett L, de Weijer F (2011) Fragile states: stuck in a capability trap? The World Bank, Washington, DC
Sakib NH (2020) Institutional isomorphism of anti-corruption agency: the case of anti-corruption commission in bangladesh. Chinese Polit Sci Rev 5:222–252. https://doi.org/10.1007/s41111-020-00143-4
Scott WR (1995) Institutions and organizations. Foundations for organizational science. A Sage Publication Series, London
Tolbert PS, Zucker LG (1983) Institutional sources of change in the formal structure of organizations: the diffusion of civil service reform, 1880–1935. Adm Sci Q 28(1):22–39
Wouters M, Wilderom C (2008) Developing performance-measurement systems as enabling formalization: a longitudinal field study of a logistics department. Acc Organ Soc 33(4):488–516
Yazdifar H, Zaman M, Tsamenyi M, Askarany D (2008) Management accounting change in a subsidiary organisation. Crit Perspect Account 19(3):404–430

# Institutional Logics in Zambian Public Accountability Organizations

James Hathaway
Research Advisor at NLA University College, Bergen, Norway

## Synonyms

Cultural symbols; Institutions; Norms; Organizational practices; Rationalities; Values

## Definitions

Institutional logics are coherent sets of values, principles, and practices that shape the way actors understand their world, what they value as important, and how they plan to act.

## Introduction

Since its introduction by Friedland and Alford (1991), the institutional logics perspective has become an important inspiration for research on organizations in various contexts. The past decade has witnessed an explosive rise in articles and conference presentations on institutional logics, with nearly all of them focused on contexts in the Global North (Johansen and Waldorff 2017). Only recently has the perspective been applied in the Global South as a way to understand the outcomes of reforms and development initiatives (Andrews 2013) and the change processes within public accountability organizations in Zambia (Hathaway and Askvik 2020). By using an institutional logics perspective in these contexts, this entry provides insights on how government bureaucracies are organized, how civil servants should behave and be evaluated, and the basic values and norms organizational actors should follow while carrying out their work.

Institutional logics are here understood coherent sets of values, principles, and practices that

shape the way actors understand their world, what they value as important, and how they plan to act. This perspective offers a path toward understanding individual and organizational behavior within their social contexts, since actors can draw on different institutional logics that provide meaning to their world, and they can also manipulate and elaborate on those different logics in novel ways to change social relations in society. Central to this perspective is the idea of embedded agency, since the logics within society shape the actions of individuals, while at the same time those logics can provide opportunities for organizational change through individual or collective agency.

Research on institutional logics often uses typologies as a systematic way of examining the logics within a society. This helps order data collection and theorizing since the ideal types serve as stable points for making empirical comparisons. Friedland and Alford (1991) presented the first typology of institutional logics within what they called "contemporary Western societies – capitalism, family, bureaucratic state, democracy, and Christianity" (Ibid, p. 249). Others have built upon this original work to develop typologies for empirical research, most notably, Thornton et al. (2012), who considered that societies are comprised of the following logics: family, community, religion, state, market, profession, and corporation. Still, other studies have focused on specific sectors of society, such as that by Meyer and Hammerschmid (2006), which examines the legalistic-bureaucratic and managerial logics in the Austrian civil service.

Despite the various typologies that have been developed in "Western" contexts such as these, there had been a gap in the literature related to the Global South until recently. Hathaway (2019), while conducting empirical research on Zambian public accountability organizations, found that these existing conceptualizations did not fit the local context in Zambia and set out to develop a new typology. The process of developing the new typology followed the adaptive theory approach and is described in detail in the article by Hathaway and Askvik (2020). The typology from Hathaway and Askvik (2020) is summarized below along with a discussion of how it is useful for research on public accountability organizations in Zambia.

## Presentation of Four Ideal Types of Logics

### The Kinship Logic

The first logic in the typology is the kinship logic, which is an informal type of logic based on mutual obligations between individuals. The values and practices of the kinship logic have existed for several millennia on the African continent along with the long-standing communitarian approach to life in which familial and tribal relationships are important ways for needs to be met in society. This way of life has been described as "primordial" by researchers such as Hydén (2013) and Masunungure (2004), since it has existed on the African continent for thousands of years, certainly long before colonists arrived. Within this approach to community life in Africa, actors are thought to "share expectations about what is appropriate behavior: that is, reciprocity in all exchanges" (Hydén 2013, p. 87). In that way, needs are met whether in times of scarcity or times of abundance.

Scholars such as Hydén (2013) and Masunungure (2004) have contended that one of the central problems facing African public administration today is the tension that exists between this informal and primordial way of getting things done and the more abstract civic professionalism within government administrations. This is because within the kinship logic there is no distinction between private and state resources. Thus, state resources may be distributed as favors in exchange for fealty, and patrimonialism is practiced and tolerated under a kinship logic. The kinship logic has its own basis of rationality in the sense that it "presupposes personal interdependence" between members across all levels of society (Hydén 2013, p. 86). As Friedland and Alford (1991) described this interdependence, "Through gifts, the lower status persons take possession of powerful persons whose substance they have penetrated with their own. . . Individuals make use of the institutional logic of kinship to penetrate the state definitions of

needs and social categories" (p. 259). In this way, the kindship logics can subvert more formal institutional logics and their ways of determining what is appropriate, and it can be used to get things done outside of those logics. This can be commonly seen in practices such as payouts or bribes, the hiring or promoting of civil servants based on tribal affiliation, or the granting of other types of benefits based on interpersonal relationships or exchanges of favors as opposed to being based on formal operating procedures.

### The Bureaucratic Logic

The second logic in the typology is the bureaucratic logic, which is based on bureaucratic organizing principles. Central to the bureaucratic logic are the ideas of hierarchy, standardized work routines, and stability. In this way, organizations are seen metaphorically as machines that perform routine tasks with standard and efficient outputs. This logic also assumes that organizational outputs should be regulated and formalized, as opposed to the informality of the kinship logic described previously. In that way, an organization guided by a bureaucratic logic would be "characterized by a strong emphasis on processes, rules, and. . . impartiality" (Meyer and Hammerschmid 2006, pp. 1002–1003).

Bureaucratic organizing principles developed over centuries in Europe as a response to personalized rule (Hydén 2013) and as a means of standardizing workers' output during the industrial revolution. It later arrived in Zambia with the British South Africa Company in the early 1900s as a way organizing tax collection, copper mining operations, and exerting British control over African labor. This oppressive history has led to a sense of mistrust of bureaucratic systems in Zambia and throughout Africa. However, bureaucratic ideas, practices, and structures are still present in organizational life in Zambia, both in public and private organizations.

### The Development Management Logic

The third ideal type, the development management logic, is based on private sector approaches to development processes. Development management is a contested term in society and in research today because it can reinforce power disparities between North and South. The terminology itself signals an idea that societies in the Global South are not yet modern or self-sufficient enough and that they therefore "need 'development'" (Cooke 2004, p. 604). The term can also convey that "management" is somehow a neutral instrument rather than a tool of domination and control wielded by those in roles of power. However, much as Thomas (1996) argued in early conceptualizations of "development management," this typology takes the concept at "face value" (Cooke 2001, p. 13) for the purpose of making comparisons with the empirical data.

In a development management logic, the espoused mission of the organization centers around the empowerment of society and its marginalized groups and, in that way, it takes a normative stance on development and empowerment of the poor and marginalized in societies (Brinkerhoff and Coston 1999). This aspect of empowerment makes the development management logic different from the "managerial logic" presented by Meyer and Hammerschmid (2006), for example, and managerialism more generally. Inherent in development management is societal empowerment and good governance for the citizenry, particularly for the disempowered and vulnerable. Therefore, the development management logic's values and practices are centered on bringing measurable results for all members of society and, in particular, those who are poor and disenfranchised. The principles and practices found in the development management are also more recent arrivals to Africa, coming after bureaucracy, and are often embedded within the goals, measures, and project plans of donor organizations and NGOs. Therefore, the development management logic is often prominent in accountability-related issues and public accountability organizations.

### The Professionalism Logic

The fourth logic in the typology is the professionalism logic, which is useful to consider in the context of Zambia. Zambia has seen a marked increase in professional training and the establishment of professional organizations since the 1980s, which has impacted the civil service. This

is also seen in some other parts of the Global South and has received attention from other researchers such as Grindle and Hilderbrand (1995) and Gustavson (2014), who have called for a new emphasis on the role of professionalization in the South. This research has shown that civil servants who see themselves as professionals and who strive to uphold professional standards can have a positive impact on their organizations. This is because the values consistent with the professionalism logic emphasize education and the improvement of skills within the occupation, and furthermore, it is contended that having a professional work ethic tends to motivate individuals in ways that monetary reward alone cannot.

When organizations are organized according to the professionalism logic, they are coordinated and controlled by fellow professionals. It is, therefore, individuals from within the professional community that fill executive and management positions and who lead the organizations.

**Institutional Logics in Zambian Public Accountability Organizations, Table 1** Typology of institutional logics in Zambian public accountability organizations

| Dimensions | Kinship logic | Bureaucratic logic | Development management logic | Professionalism logic |
|---|---|---|---|---|
| Collective identity | Affiliation with tribal and ethnic groups | Affiliation with the bureaucracy | Affiliation with shared mission of the organization to serve society | Affiliation with the professional community |
| Staff orientation | Orientated toward kin, community, and patriarch | Internal orientation within bureaucratic organization | External orientation toward public | Oriented toward professional field |
| Core values | Relationships: reciprocity, serving one's own needs and those of family and tribe with loyalty | Rules: following rules and correct procedures in a stable environment | Results: achieving measurable results, efficiency, effectiveness for society, especially the disempowered | Reliability: being skilled in and following professional norms, standards, and methods; maintaining professional work ethic, autonomy |
| Preferred org. structure | Patriarchal structure | Centralized hierarchical structure | Fragmented structure, team & project based | Decentralized hierarchical structure |
| Operational mode | "Personal fiefdoms" with no separation between private and public resources | Mechanistic and geared to rules and routines | Organic, strategic, and flexible to meet the needs of the public | Pigeonholing processes: diagnosis and application of program; discretionary judgment |
| System of control | Informal control based on expectations of reciprocity and/or fear | Rule-based, with strict formal control by centralized authority structure | Managerial control based on performance measurement | Professional autonomy, guided by norms and standards |
| Source of authority | Informal authority | Rational-legal authority | Managerial authority | Professional authority |
| Evaluation criteria | Elevating status with community; showing and sharing personal wealth | Following proper procedures; providing stable, consistent service | Achieving performance goals and targets | Delivering professionally sound and reliable work by following professional standards and methods |
| Employment practices | Entry to employment and promotions based on personal favor and connections | Entry to employment through centralized system. Promotions based on seniority | Entry to employment and promotions based on ability to bring results and performance | Entry to employment and promotions based on professional certifications and knowledge acquisition |

Typology of institutional logics in Zambian accountability organizations, Hathaway and Askvik (2020)

Occupational roles within the professionalism logic are fixed in ways that allow professionals to fill the same types of roles in other organizations within the same field (e.g., a lawyer moving from one firm to another). This also contributes to a professional worker's allegiance to the profession instead of to the employer. Formal and specialized knowledge are important and central within this logic, as they are a source for professional identification and pride that professionals often share.

## Conclusion

The values and practices that are consistent with the four logics in this typology each have an influence on accountability organizations in Zambia. They offer competing alternatives for the way that public accountability organizations are organized, the decisions that are to be made, and the ways that organization members view themselves and others. More details on each of the institutional logics in the typology are presented in the Table 1. This provides what Johansen and Waldorff (2017) call the vertical relationships within each logic – the varying institutional dimensions within each of the logics that are critical for evaluating institutional contexts (Campbell 2004). These dimensions include, for example, "collective identity," which plays a critical role in actors' behavior when they see themselves as members of a particular group or collectivity. They also include the core values associated with each logic, based on factors such as family relationships, rule structures, results frameworks, and professional norms. These dimensions affect decision-making processes and organizational behavior within public accountability organizations.

Using an institutional logics perspective in research on public accountability organizations is useful because it provides a systematic way of looking at the organizations and the conflicts that can exist between multiple sets of organizing principles, practices, and ideas that influence organizational actors and the power struggles that can take place. This is particularly relevant in public accountability organizations that play an increasingly important role in development processes (Andrews 2013). Within these organizations, there are often political power struggles related to guiding principles, ideas, and control systems consistent with the four logics in the typology. This perspective can also be used for tracking change processes within the organizations, which is an "uneven process where change in one dimension may lag another" (Campbell 2004, p. 39). For example, an organization might adopt *evaluation criteria* that are consistent with the development management logic while maintaining *core values* that are more consistent with a bureaucratic logic. The organization could eventually change to adopt the development management logic's values, or it could remain a type of hybrid with aspects of both logics. The institutional logics perspective and the typology with the four logics could help measure these aspects in ways that allow for the type of complexity that often exists in public accountability organizations.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Institutional Theory of Organizations
- ▶ Organizational Institutionalism
- ▶ Professional Ethics


## References


Andrews M (2013) The limits of institutional reform in development: changing rules for realistic solutions. Cambridge University Press, Cambridge

Brinkerhoff DW, Coston JM (1999) International development management in a globalized world. Public Adm Rev 59:346–361

Campbell JL (2004) Institutional change and globalization. Princeton University Press, Princeton

Cooke B (2001) From colonial administration to development management. University of Manchester. Institute for development policy and management (IDPM)

Cooke B (2004) The managing of the (third) world. Organization 11(5):603–629

Friedland R, Alford RR (1991) Bringing society back in: Symbols, practices and institutional contradictions. In W. W. Powell & P. DiMaggio (Eds.), The New

Institutionalism in Organizational Analysis (pp. 232–266). Chicago: Chicago University Press
Grindle MS, Hilderbrand ME (1995) Building sustainable capacity in the public sector: what can be done? Public Adm Dev 15(5):441–463. https://doi.org/10.1002/pad.4230150502
Gustavson M (2014) Auditing good government in Africa: public sector reform, professional norms and the development discourse. Palgrave Macmillan, Basingstoke
Hathaway J (2019) Institutional Logics, Organizational Action, and Change in Zambian Public Accountability Organizations. (PhD). University of Bergen, Bergen
Hathaway J, Askvik S (2020) A typology of institutional logics for public accountability organizations in Zambia. Int J Public Adm:1–11. https://doi.org/10.1080/01900692.2019.1709078
Hydén G (2013) African politics in comparative perspective, 2nd edn. Cambridge University Press, Cambridge
Johansen CB, Waldorff SB (2017) What are institutional logics-and where is the perspective taking us? In: Krucken G, Mazza C, Meyer R, Walgenbach P (eds) New themes in institutional analysis: topics and issues from European research. Edward Elgar Publishing, Incorporated, Cheltenham, UK, pp 51–76
Masunungure E (2004) Towards understanding some obstacles to professionalism in Africa: a view through contextual lenses. In: Masunungure E, Appiah F, Chimanikire D, Gran T (eds) Professionalism and good governance in Africa. Copenhagen Business School Press, Copenhagen, DK, pp 63–83
Meyer RE, Hammerschmid G (2006) Public management reform: an identity project. Public Policy and Admin 21(1):99–115
Thomas A (1996) What is development management? J Int Dev 8(1):95–110
Thornton PH, Ocasio W, Lounsbury M (2012) The institutional logics perspective. Wiley Online Library, Oxford, UK

# Institutional Organization of the Chilean National Congress

Ricardo Gamboa[1] and Andrés Dockendorff[2]
[1]Institute of International Studies, Universidad de Chile, Santiago, Chile
[2]Department of Government, University of Essex, Colchester, Essex, UK

## Synonyms

Legislative branch – assembly

## Definition

The Chilean Congress has achieved a high degree of institutionalization since the country's democratic restoration in 1990. It has a consolidated internal structure and plays a central role in the political system in exercise of its own functions, which indeed have increased over time. Even so, for political and institutional reasons, its capacity for influence is less than that exercised by other assemblies in advanced democracies.
Section: Latin America and the Caribbean.

## Introduction

Legislatures play a central role in all democracies, mainly by exercising functions of legislation, oversight, and representation. In this context, there is extensive academic research into democratic assemblies analyzing various aspects of its place within the political system. In the case of Chile, observers have noted the great capacity of its Congress to influence the policy making process when compared with the scenario of many Latin American countries (BID 2006). For example, the Parliamentary Powers Index provides information consistent with the aforementioned, situating Chile in a relatively high position in Latin America, but below advanced democracies like Germany, the United States, or Denmark (Fish and Kroenig 2009). Despite a favorable international ranking, it is one of the institutions ranking lowest in indices of confidence among the population (CEP 2016).

In view of this, it is essential to examine Congress organization, functioning, and its role in the policy making process, both to understand its role in the political system and to analyze if it carries out its functions effectively (or not). The present article seeks to contribute to this discussion. This article is divided into the following sections: first, the composition of the Congress is described. Second, how it is organized is explained. Third, the main functions of the Chilean assembly are described and analyzed. Finally, the role of Congress in the Chilean political system is briefly discussed.

## Composition of the Congress

Since 1822, the Congress has had a bicameral structure similar to various other countries in Latin America (e.g., Argentina, Brazil, Colombia, Mexico, and Uruguay), in a region in which bicameralism has a long history (Llanos and Nolte 2003). Congress is composed of the Chamber of Deputies (CD) and the Senate. The CD has 120 deputies and the Senate 38 members. The deputies hold their seats for 4 years and senators for eight. Parliamentary elections coincide with presidential elections. Thus, every 4 years the entire Chamber and half of the Senate are renewed. Both senators and deputies can be reelected indefinitely.

For the election of both chambers the so-called "binomial system," almost unique in the world, was used from 1989 until 2013. According to this system, each district to elect deputies (60 in all) and each senatorial constituency (19) has a magnitude of 2. (Between 1990 and 2006, the number of senators varied between 47 and 49, due to the existence of nonelected senators (of which there were nine, appointed by different institutions) and senators for life (former presidents who had held office for more than 6 years). Nonelected senators figure was eliminated in 2005.) Each party or electoral pact comprising two or more parties could present a list of up to two candidates per district or constituency. Electors voted for one candidate. The D'Hondt formula was applied to determine who was elected. Thus, it happened that if the most voted list received more than double the votes of its nearest competitor, both members of the list were elected. If this was not the case, those candidates were elected who had the most votes of the two most voted lists.

Beginning with the elections of 2017, the rules will change due to the 2015 electoral reform act (Law 20,840). First, this reform increased the number of deputies to 155 and of senators to 50. Second, the number and magnitude of districts and senatorial constituencies were changed. In the case of the CD, the number of districts was reduced to 28, each with a magnitude of between 3 and 8 seats. In the senate, there will be 15 constituencies, each of which will elect between 2 and 5 senators. In both cases, the D'Hondt formula will still apply to determine who is elected. Third, a gender quota was introduced, according to which of each party's list of candidates those of the same sex cannot be more than 60% of the total (Gamboa and Morales 2016).

## Internal Organization

The internal organization is regulated both by the Organic Constitutional Law of Congress (Law 18,918) and the standing orders ("*Reglamentos*") of each chamber. These deal with the establishment of the various internal bodies that structure the work of each chamber, as well as bureaucratic organization.

### Chamber Directorates

At the start of every legislative period (March 11 following the most recent election), each chamber elects a governing body or Chamber Directorate ("*Mesa*"). The CD's Directorate comprises a president and two vice-presidents, each of whom is elected by majority (CD Standing Orders, Article 44). In the Senate, the Directorate consists of a president and a vice-president. Formally, they are elected for a single legislative period (4 years). However, since 1990 the practice has been to reach an agreement at the beginning of each legislative session on the distribution of the members of the Directories of both chambers as well as the chairs of the legislative committees (see below). Both change every year. (For example, for the 2014–2018 period, the ruling New Majority (Nueva Mayoría) governing coalition which dominates both chambers, agreed to distribute the leadership of the CD and the Senate between its main parties for the duration of the entire period. Thus, every year the leadership of the chambers switches between members of different New Majority parties.)

The CD's president directs its sessions and keeps order in the debate of legislative bills and of the Chamber's declarations and resolutions. (The first part of each session is dedicated to the discussion of legislative bills. After that, chamber declarations (*proyectos de acuerdo*) are debated,

and sessions end with the Hour of Incidents (see below).) The president must also decide on the admissibility of legislative bills (whether they are consistent with the Constitution or otherwise, a decision that can be revoked by the plenary). The Chamber Directorate is also competent to name legislative committee members (according to the agreements reached by the party caucuses), to declare matters secret, to establish what subjects need to be dispatched immediately or fast-tracked, and to formulate the draft bill for the corporation's budget. The Directory is permanently assisted by the General Secretary of the Chamber of Deputies.

In the case of the Senate, the president chairs the debates in the plenary sessions and organizes the discussion of matters the corporation must examine. According to the standing orders, the president also has powers to summon and preside the Senate's sessions, keep order, declare a session secret, and uphold the corporation's relations with other State institutions. The Senate's Directorate is assisted in its functions by the General Secretary of the Senate.

According to information obtained from interviews with key informants, the Chamber Directorates do not actually function in a collegiate manner. Rather, their decision-making power is concentrated in the president, who also has significant leverage in administrative actions.

## Party Parliamentary Groups

After the Chamber Directorates, the Party Parliamentary Groups (caucuses or "*bancadas*") are of great relevance in the organization of Congress. In the Senate's case, they are the "communicating organs" between the Chamber Directory and the plenary for all matters submitted for its consideration (Senate Standing Orders, Article11). Regardless of the number of members it may have, each party may constitute a parliamentary group. Likewise, three independent senators may form a parliamentary group. Parliamentary group meetings are the forum in which representatives negotiate and reach agreements on how and in what form Senate business should be conducted (Article 16).

In the CD, all deputies must be members of a party parliamentary group. Each party forms a parliamentary group by every nine of its members. Thus, each party may have more than one parliamentary group. Taken together, all the committees make up the party caucus of each chamber. If a party cannot meet the minimum number of nine members, it may incorporate members of other parties to do so. Independent deputies join to form an independent parliamentary group (CD Standing Orders, Article 55). The parliamentary groups function is to expedite the work of the Chamber (CD Standing Orders, Article 1). In this way, for example, a meeting of parliamentary groups decides how the various matters included in the *Order of business (Tabla)* of the respective sessions must be dealt with (e.g., if something is to be considered of "easy dispatch" or not), or also those that relate to the CD's international policy. Despite the foregoing, the action of parliamentary groups is limited in that the law establishes obligatory norms for the definition of what each chamber must deal with in its sessions (i.e., the issues included in its Order of business). The executive branch can also influence such decisions by its power to declare decisions on legislative bills to be "urgent" (see below).

The internal coordination of the parliamentary groups is not formally regulated. According to information obtained from interviews with legislators and officials, so-called *caucus lunches (almuerzos de bancada)* are a central feature of their functioning. These informal meetings are directed by the caucus chair or vice-chair, and most of the legislators are normally present. They take place twice a week, on Tuesdays and Wednesdays, and are the occasion on which each caucus's political position on legislative bills, as well as the legislative agenda, is discussed and decided.

## The Bureaucracy

The general secretaries of the Senate and the Chamber of Deputies are the top administrative authority or senior head of each corporation and responsible for administering their services and staff. The law and the standing orders establish also the conditions for the entrance and promotion of officials within the structure of each Chamber, leaving limited room for political discretion in the appointment of officials.

In the case of the Senate, the law provides for a total of 220 permanent staff, while in the CD they are 284, distributed in different grades or categories. The Library of Congress, which is responsible for providing legislative assistance to senators and deputies, has 125 permanent staff, who report to its director. In addition there are at least as many temporary staff on contracts; in 2016 there were 139 in the CD.

## The Functions of Congress

### Common Powers: The Congress in the Legislative Process

The Chilean constitution attributes exclusive powers to each chamber and common powers to both. Among the latter, their participation on the legislative process (Article 46) is first and foremost. Second is their power to approve or reject international treaties the president may present for their approval, before these can enter into force. Legislators may not introduce amendments to the text of a treaty, but it may suggest formulating reservations or declarations interpreting the treaty. Finally, both chambers must vote to accept or reject states of constitutional emergency (states of siege and assembly) declared by the president of the republic (Article 54, Nos. 1 and 2 of the Constitution of the Republic of Chile, CPR).

The main actors in the legislative process are the executive branch and the Congress. The process begins with the introduction of a legislative bill, either by the president or by one or more parliamentarians (not more than ten in the case of the CD, or five in the Senate) (Art. 65 CPR). Bills proposed by the president are referred to as "messages," while those presented by parliamentarians are known as "motions." (In Chile there is no provision for citizens' legislative initiatives.) The CPR also establishes that the president has exclusive powers to initiate legislation on certain important matters (Art. 65). (Examples of matters on which the president enjoys sole right of initiative are: the political and administrative division of the country; the creation, modification and elimination of taxes; the creation of public services; social security and collective bargaining laws; and the financial administration of the state. For details, see Cea (2013).) This means that parliamentarians may not present bills on these matters or propose amendments to bills dealing with them, except to approve or reject the proposals or reduce the spending whose introduction is proposed (Law 18.918, Article 24).

The law-making process, in general, is as follows. Once presented, a bill is discussed in the respective chamber, which is referred to as the "chamber of origin." If declared admissible (and unless it is approved immediately in one of the chambers), as a rule the bill has two readings in each chamber, a general one and a detailed one. Thus, every bill is first discussed by one or more of the permanent committees established to study proposed legislation. (In the majority of cases, it is one. Exceptionally, two committees are asked to review it, either separately or jointly. Also, special committees may be created. In every case, bills involving public expenditure must pass through the Treasury Committee (Law No. 18,918, Article 18).) In the CD there are 25 (with 13 members each) and in the Senate there are 19 (with five members each). The committee or committees first examine a bill "in general" and recommend that the plenary approve or reject it. The latter then decides whether to approve or reject the bill "in general." If it approves it, it is sent back to the committee or committees for a discussion "in detail" (second reading). At the end of the discussion, a second report is issued and discussed by the plenary, which finally decides whether to accept or reject the bill. If it approves it, the bill is passed to the other chamber, where a similar procedure is followed.

The quorum for a law's approval varies according to the law in question. In the case of laws that interpret the constitution, the quorum is three-fifths of the senators and deputies holding office. The quorum for the approval of organic constitutional laws is four-sevenths, while an absolute majority is required to approve laws requiring a special quorum (*quorum calificado*) (Article 66). (The constitution stipulates what matters must be regulated by an organic constitutional law. Chief among them are: the organization and powers of the courts, of the

Constitutional Court, the Central Bank, the electoral system, and the political parties. The same is true of laws requiring a special quorum (e.g., those authorizing the state to engage in an economic activity).) For all other laws (so-called simple laws), the quorum is a majority of the deputies and senators present. (Parliamentarians holding office are all those who are members of Congress except for those who have been stripped of their parliamentary immunity or are out of the country. The chambers can sit with a third of their members plus one, that is, with 41 deputies and 13 senators. Consequently, to pass an organic constitutional law (if all parliamentarians are in exercise of their functions), the votes of 69 deputies and 23 senators are required. If a simple law is involved, on the other hand, and there are only 60 deputies and 24 senators, the vote of 31 deputies and 13 senators is sufficient.) Once a bill has been approved in each of the chambers, it passes to the president of the republic, who can approve it or veto it. In the case of a veto, in order to reject the veto and insist on the original text, the Congress need the affirmative vote of two-thirds of the legislators in each chamber.

Some comments may help to understand better the dynamics of the legislative process. First, every law must be approved by parliament before its promulgation. Unlike other countries such as Argentina or Brazil, there is no mechanism enabling the executive branch to dictate unilaterally norms with the status of laws. Second, during the discussion of bills, both legislators and the executive branch may present proposals for amendments (subject to the limitations mentioned above with regard to the president's exclusive competence), which are known as *indicaciones*. Third, except in the case of the budget laws, (This law, which is annual, has a different procedure. The president has to present the bill at least 3 months before it must become law (on January 1 of each year), and if Congress does not decide on a bill within 60 days, the version presented by the president prevails.) parliamentary deliberations are not subject to any time limit. Despite this, the executive branch may declare bills consideration to be a matter of urgency, in which case the respective chamber may have to comply with a fixed deadline (of 30, 15, or 6 days) to reach a decision on a bill. However, failure to meet the deadline does not imply the bill's approval (Law 18.918, Article 26). Fourth, during the discussion in the committees, experts and other organizations that wish to express an opinion on a bill may formally participate – access is open. Fifth, even though the plenary has the final word on bills, the key decisions on their content and whether they progress or not are taken in the specialized committees. In this context, the committee chairman plays a key role, as in practice her favorable disposition is a vital factor in the progress of a bill. This is why the choice of the committee chairman (especially the main ones like the Treasury and Constitution Committees) is part of the negotiations between party caucuses. Sixth, should the chambers differ over the contents of a bill, the constitution provides for the formation of "joint committees," composed of an equal number of senators and deputies, whose job is to propose a path to resolve the differences between the chambers. In practice, this has been the main mechanism for resolving legislative clashes between government and opposition (in 23 of the 26 years since 1990 the government coalition has not had majority in both chambers).

Between 1990 and 2016 Congress discussed 10,905 legislative bills, of which 2748 (25.2%) were "messages" and 8157 (74.8%) were "motions." However, when we look at the approval rate of bills as opposed to their origins alone, the comparison is reversed. 73.5% of the 2676 laws approved since 1990 originated with messages, while only 26% originated with motions. In other words, only 8% of the motions actually became law. These data clearly speak to the powerful leverage of the executive branch in the legislative arena.

In the final analysis, Congress can be stronger than these figures would lead one to expect. Recent research has shown that parliamentarians use informal resources to increase budgetary allocations and to relocate resources (Arana 2015). There is also evidence that Chilean legislators use informal contacts with the executive to influence the prelegislative phases of bills (Ferraro 2008).

### Exclusive Powers: The Chamber of Deputies as an Oversight Body

The CD has two exclusive powers. The first is to oversee the actions of government, for which it has three main instruments: (a) to create committees of inquiry (CI) to gather information on specific government actions, for which it needs the vote of two-fifths of the deputies, and (b) to adopt chamber declarations to be transmitted to the president, who must respond through the respective minister within 30 days. In addition, any deputy may request information from the government with the vote of one-third of the deputies. Finally, (c) to put questions to government ministers, that is, summon them to appear to respond to questions about matters on their watch. For this, a vote of one third of the deputies is required (Article 52). (This power was introduced in 2005.)

Its second power is to determine whether to proceed or not with impeachment proceedings against government authorities. The constitution establishes exhaustively which authorities are subject to impeachment, the grounds on which such proceedings can be based, and the quorum needed to approve them. For example, the president can only be impeached for actions of his or her administration that have seriously compromised the honor or security of the nation or have seriously infringed the constitution or the law (Article 52). The quorum for approval is an absolute majority of the deputies in office.

Of the oversight mechanisms available to the CD, its committees of inquiry (Until the 2005 constitutional reform the constitution did not recognize committees of inquiry. However, many of them were created after 1990, based on the Standing Orders of the CD.) are the most visible and have the greatest public impact, as well as a long tradition in its history. They consist of 13 members (CD Standing Orders, Article 313) and the CD defines their objectives and purpose when it agrees to form them. To carry out their work, these committees can order the appearance of ministers of state and public officials as well as the staff of public enterprises. Summonses and orders for information can be issued with the agreement of one-third of the members of committee. A committee can also invite private actors to attend, although they have no obligation to do so.

Between 1990 and 2016, 169 committees of inquiry were established. Their number varied by year, averaging 6.5 over the period. In 2016 19 were formed, the highest number since 1990. (Among those created in 2016 were the committees charged with investigating errors in the electoral register for the municipal elections of 2016; irregularities in the tendering of hospitals; compliance with the Directorate of Labor norms on trade unions, among others.) The duration of commission mandates varied during 2016, giving them 30 to 180 days to carry out their work. (Information obtained from https://www.camara.cl/trabajamos/comisiones_tipo.aspx?prmT=I visited on January 17, 2017.)

Finally, regarding the questioning of ministers, since 2006 16 ministers have had to appear before the CD to answer questions. (Information obtained from the official Chamber of Deputies website. https://www.camara.cl/trabajamos/comision_interpelacion.aspx) In practice in the great majority of cases such questioning has had no concrete political repercussions.

In view of this, the efficacy of these mechanisms has been queried. To date, no systematic study has been carried out to evaluate the oversight capacity of the CD, even though its limited capacity has been underscored (PNUD 2014). A key aspect to consider is that the instruments described above lack any powers of sanction. Thus, for example, even when they conclude that some authority broke the law, the committees of inquiry cannot impose sanctions. Another fact that reflects the limitations of the powers described above is that between March 11, 2015, and March 10, 2016, the CD issued 10,151 requests for information from the government, of which only 5560 received replies, leaving 4.561 awaiting a response (Chamber of Deputies 2016).

### Exclusive Powers: The Senate in the Political System

The Senate has greater exclusive powers, which give it more leverage in the political process. Among the most important (CPR, Article 53) are: (a) to hear impeachment proceedings approved by the Chamber and to pass final

judgment on the guilt of the accused. If the accused is found guilty, he or she is removed from their position and may not be designated or elected for any public office for 5 years; (b) Decide on the loss of civil immunity of ministers of state; (c) rule on questions of competence between administrative authorities and the courts; (d) Declare the incapacity of the president for reasons of physical or mental disability, as well as allow or reject the president's resignation should he present it; and (e) Intervene in the appointments of various authorities.

This last attribution gives the Senate a substantial source of power within the political system, placing it in a superior position to the CD. (This is mainly because the Senate's other powers are little used and have no major political impact. The main exception is its mandate to rule in impeachment proceedings, which at any rate have been infrequent. Since 1990 21 have been launched, of which three have been approved. Two of them ended with the dismissal of ministers of education (in 2009 and 2013). We are grateful to Cristina Escudero for this information.) For example, it falls to the Senate, on a vote of two-thirds of its members, to approve or reject the president's nominations for the appointment of the attorney general, Supreme Court justices, the comptroller general of the republic, and the councilors of the Central Bank and of the Electoral Authority, among others. Moreover, it appoints four of the 10 members of the Constitutional Court (two of them from candidates nominated by the CD). (On this point, it is important to note that since 1990 several reforms have increased the Senate's intervention in the appointment of authorities, and thereby its influence in the political system (Berrios and Gamboa 2006).) In this context, from 1990 until 2013 134 nominations were submitted for Senate approval, of which 119 were approved.

Thus, given the high quorums required for the approval of nominations to top posts in the decision-making process, the executive branch must establish a broad system of political agreements with the Senate, which gives this body a substantial level of influence in the political system, greater than that of the CD (PNUD 2014).

## Congress and Its Representative Functions

Different types of activity are involved in the representation of voters. Some are carried out outside Congress and are unregulated, such as direct contact with voters (constituency work) or press activities. Others, on the other hand, can be carried out in Congress by using the spaces the institutional framework provides. In the Chilean case, these are basically two: introducing legislative bills and presenting the problems of groups or territories to parliament and other authorities.

With regard to the first instrument, data available for 2002–2006 show that only a marginal percentage of the bills presented by deputies have a specific territorial or district reference (Marenghi 2009). Moreover, as indicated previously, deputies' powers to initiate legislation are limited and their bills have a small probability of becoming law. In this sense, this instrument has limited scope.

The second space is the so-called *Hour of Incidents*. A total of 1 h per week is allotted to this activity, (The time allocated to each party or parliamentary group is proportionate to the number of deputies it has. The party or parliamentary group then divides this time between its deputies, as it seems fit.) in which parliamentarians may raise any issue they wish with the Chamber, making it a useful instrument for their function as representatives, especially of their own constituents. Although the subject been little studied in the Chilean case, recent research shows that that is indeed the case: of 1374 interventions in the Hour of Incidents between 1998 and 2014 (approximately 8% of the total), 53.4% were made to raise issues of local importance (Gamboa and Toro 2017). Another study has demonstrated that legislators from electoral districts more distant from the capital tend to use this procedure more frequently (Alemán et al. forthcoming). It should be pointed that these interventions are normally accompanied by a request that the authority concerned (usually a minister), intervene by adopting measures to deal with the problem in question. There is no systematic information on the effectiveness of these

interventions in practice in terms of the actions taken in response to them. However, informal interviews with members of Congress coincide in suggesting a low response rate by the executive.

## The Place of Congress in the Political System

An overview of the role of the National Congress in the political system offers inconsistent perspectives. On the one hand, the Congress exhibits a high degree of institutionalization in organizational terms. Since 1990 its internal organs (Chamber Directorates, *caucuses*, committees, and the internal bureaucracy) have consolidated themselves and developed a way of working that seems suited to the functions entrusted to them. Moreover, the actors involved attach value to these bodies. Added to the above, the Congress has continued to strengthen its position in the system (mainly through the appointment of authorities in the case of the Senate) and oversight activities in the case of the Chamber.

On the other hand, if we concentrate on the legislative function, the Chilean system reveals a situation of imbalance between the executive and legislative branches, in favor of the former. Even though this has not led to cases of legislative gridlock or paralysis, its origins lie in the institutional system, which provides the executive branch with a set of instruments to exert influence over the legislative process at Congress's expense. At the same time, however, a thorough evaluation on this point requires more study of the informal mechanisms of influence available to members of Congress, as well as mechanisms of cooperation between government and opposition. The latter is particularly important given that since 1990 and for a large part of the period analyzed here, the different governments have not enjoyed a parliamentary majority.

Equally, even though research on the issue is sparse, legislators enjoy few instruments to exercise from Congress their functions as representatives. What's more, the existing mechanisms are not necessarily effective.

In synthesis, the Congress is a consolidated institution within the Chilean political system. It plays a significant role in determining public policies, despite its reduced powers when compared with the executive. To alter the imbalance between the legislative and executive branches would require a reform of the political system that could only be achieved by a profound constitutional change. This has been a source of debate since the restoration of democracy, as well as of proposals by some political parties.

## References

Alemán E, Ramírez M, Slapin J (forthcoming) Party strategies, constituency links, and legislative speech. Legis Stud Q ISSN 1939-9162

Arana I (2015) Budgetary negotiations: how the Chilean Congress overcomes its constitutional limitations. J Legis Stud 21(2):213–231

BID (2006) La política de las políticas públicas. Progreso económico y social en América Latina, Informe 2006. Banco Inter-Americano de Desarrollo-Editorial Planeta

Berrios F, Gamboa R (2006) El Congreso Nacional chileno y sus funciones legislativas y fiscalizadoras. Política 47:99–125

Cea J (2013) Derecho Constitucional Chileno. Tomo III. Ediciones UC, Santiago

Centro de Estudios Públicos (2016) Estudio Nacional Opinión Pública. Diciembre 2016. www.cepchile.cl

Chamber of Deputies (2016) Cuenta Pública, 363ª Legislatura. Obtained from www.camara.cl

Ferraro A (2008) Friends in high places: congressional influence on the bureaucracy in Chile. Lat Am Polit Soc 50(2):101–129

Fish MS, Kroenig M (2009) The handbook of national legislatures. A global survey. Cambridge University Press, Cambridge

Gamboa R, Morales M (2016) Chile's 2015 Electoral Reform: changing the rules of the game. Lat Am Polit Soc 58(4):126–144

Gamboa R, Toro S (2017) El distrito en el Congreso: Cómo los parlamentarios usan las instancias no legislativas para su conexión electoral. Working Paper

Llanos M, Nolte D (2003) Bicameralism in the Americas: around the extremes of symmetry and incongruence. J Legis Stud 9(3):54–86

Marenghi P (2009) La representación territorial en los legisladores iberoamericanos: qué intereses defienden y qué políticas impulsan, Tesis Doctora, Universidad de Salamanca

PNUD (2014) Auditoria a la Democracia. Más y mejor democracia para un Chile inclusivo. Programa de Naciones Unidas para el Desarrollo, Santiago

# Institutional Racism and the Public Sector

James D. Ward
School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

## Synonyms

Color-blind racism; Hidden racism; Paternalistic racism; Structural racism

Institutional racism may be defined as "an indirect and largely invisible process which can be compared with cloning and the glass ceiling," according to A.J. Price (1997). "It is a term encompassing the, often unintentional, barriers and selection/promotion procedures which serve to disadvantage members of ethnic minority groups."

Braham et al. (1992: 106) goes a step further and suggests that widening our definition of discrimination to include indirect or *institutional* racism gives a much better understanding of the barriers faced by ethnic minorities. Institutional racism, he asserts, is virtually unrecognized by organizations but is an extremely contentious issue in the public sector.

Dominelli (2002: 157) writes that it is often the veiled presence of racism in everyday activities, which coincides with the failure to make connections between the various incarnations of racism (personal, institutional and cultural), which results in the inability of white people to pinpoint its existence and thus take corrective action.

Halstead (1988) postulates institutional racism as the manner in which institutional arrangements and the distribution of resources shape the advantages of white society. More specifically, he asserts that there are four distinct aspects of the phenomenon. First, he says that there is the historical form of an institution which is in and of itself not racist, as the organization was created for a homogenous society. Second, he argues that these institutional arrangements may disadvantage minority groups and thus require corrective assessments and implementation of non-discriminatory arrangements. Third, Halstead calls attention to the power of the white majority over these institutional arrangements and argues they may be intentional or unintentional. The arrangements may be intentionally perpetrated for racist reasons, he argues, because whites see the system as being to their advantage. The arrangements may be perpetrated intentionally for non-racist reasons, he argues, because of tradition or custom. Finally, Halstead writes that once discriminating consequences of the arrangements are exposed, institutional change should occur. If not, he says anyone seeking to perpetuate them is guilty of racism.

In an influential study, Jones (1997) distinguishes individual from institutional racism that relies on a classificatory or taxonomic system for forms of discriminatory expression. For Jones, individual racism can take either a dominative/aggressive form or an aversive form involving avoidance of those of other races, prompted by feelings of unease or discomfiture. The same author describes institutional racism as behavior directed toward entire demographic categories rather than individuals and says that it may be thought of as an extension or aggregation of individual racism. Jones (1997) further describes two forms of institutional racism, individually mediated and standard-of-practice discrimination. *Individual-mediated racism* refers to the substance and impacts of institutional policies and practices (such as hiring and promotion procedures) that are influenced by individuals who (knowingly or otherwise) have racist outlooks. *Standard-of-practice* discrimination includes institutional practices that directly or indirectly restrict the professional access and mobility of individuals or groups on the basis of race. For Jones, individual and institutional variants of discrimination may lack full cognizance or intentionality, but it is no less harmful for lacking willfulness.

Essed (1990) notes an overlap between individual and institutional forms of discrimination. When individual prejudices are enacted in

institutional settings, for instance in aggregate failures to extend to colleagues of color the same social supports as others, the result may be the creation of a climate of nonacceptance that affects those colleagues' career chances.

Distinctions between individual racism and individually mediated institutional racism are necessary in development of a nuanced and useful understanding of employment discrimination in the context here described. Insisting on the institutional dimensions of action and impacts obviates the self-serving tendency to limit considerations of racism to individual, fully conscious, and explicit or overt action. Racism is insidious because it is so often hidden among institutional practices which are, in effect, aggregations and accretions of individual attitudes over time.

The National Association of Social Workers has referred to institutional racism as the manifestation of racism in social systems and institutions, contending that "it is the social, economic, educational, and political forces or policies that operate to foster discriminatory outcomes" (NASW 2007). Others (Barker 2003; Brandt 1991) have argued that institutional racism results from the arrangement of policies and procedures that are tied to bureaucratic structures and thus produce unequal distributions of outcomes for people of color. Penderhughes (1989) contended that such *power-assigning structures* take the form of institutional racism and affect not only life opportunities but also the life-styles, and the quality of life for people of color, as well as for Whites. In doing so, such arrangements exacerbate and distort perceptions of biological and behavioral differences.

An observation of institutional racism and administrative leadership (Ward 2001) pinpointed the need for organizational leaders to be more cognizant of cultural differences when conducting performance evaluations. This was found to be especially relevant when minorities were being evaluated for the first time in previously all white organizations or departments. The author cited the example of a newly hired Hispanic field employee whose supervisor received complaints that the employee was not friendly and lacked good communication skills. The supervisor was alarmed because in the 10 years he had worked for the organization, he had never received any complaints from constituents. Should the supervisor consider the complaints valid and include them as part of the employee's performance evaluation or should the supervisor place the complaints in a broader cultural context before considering them valid? According to the study, if the supervisor does the former, he becomes part of the problem rather than the solution and thus perpetuates cultural racism (also see Ward and Rivera 2014).

Cultural racism exists when the culture of a minority group is seen as *flawed* and thus as standing in the way of the group's progress. The minority group is encouraged to relinquish its own culture and adopt the majority culture including mannerisms and speech patterns.

To the extent that racial and/or ethnic minorities are restricted from upward mobility in public organizations due to institutional arrangements or cultural differences rests decidedly with organizational leaders. Lack of action on the part of administrators may perpetuate the unspoken phenomenon that newly appointed white employees are considered competent until they prove themselves incompetent, whereas newly appointed black or Hispanic employees are assumed incompetent until they prove themselves competent or the belief that African Americans must work twice as hard to prove their competence (Ward 2001; also see Arrow 1972).

Other forms of so-called unintentional racism include paternalistic racism and color-blind racism. Whereas institutional racism stems from the failure on the part of the majority to adapt to diverse organizations, paternalistic racism suggests that white people have the right to interfere in the lives of black people for the good of black people and the influence to decide what is in the best interest of black people (Halstead 1988).

Color-blind racism is most closely associated with the term unintentional racism. Yet, in public organizations as well as in society at large, it may lead to injustice by ignoring the history, experiences, and needs of black people and other minorities. Halstead (1988) argues that injustice is

caused by color blindness when people are treated the same when in relevant respects they are different, just as when treating people differently when in relevant respects they are the same.

Much of the study of racism (see Rivera and Ward 2010) has placed emphasis on the adverse impacts of direct expressions of prejudice or the exclusion from serious consideration for employment. However, the impacts of racism and prejudice may be more often felt through indirect actions and behaviors. For example, indirect manifestation of racism may involve the exclusion from mutual support networks on which employment so often relies. It is not, in other words, the direct repudiation of minority candidates at the point of the hiring decision that is key to minority under-representation, so much as the exclusion of such candidates from collegial networks based on mutuality.

One countervailing trend is the increasingly common practice among graduate programs in public affairs of helping to develop supportive collegial networks and mentoring programs for minority hires. Another is the development of cultural-competency and diversity curricula in graduate public affairs education (see, e.g., Rice 2006).

While some successful practices are being developed in this regard, the problem is also a philosophical one. The germane literature relating to representation of faculty of color in public affairs programs suggests that there continues to be confusion over what is diversity and what is equal employment opportunity and what the larger agenda might be for these elements of employment equity regarding public administration in particular. An equal employment approach may amount to little more than risk management (e.g., aimed at avoiding discrimination actions or maintaining accreditation), while a diversity approach would turn to a positive commitment to representativeness and equity. The former operates in the institutional domain of the law and the latter in the normative realm of public ethics or the *ethos* of the discipline.

Today, some of the most nuanced treatments of diversity and the changing workforce come out of the business administration literature. Argyle (2007) argues that the "public sector was in the forefront of implementing AA/EEO, serving as a role model for the private sector [but] the same cannot be said when it comes to managing diversity." He finds that the private sector now leads in this area, while the public sector is decidedly behind. In short, the public sector may have relinquished much of its leadership in the area of diversity.

However, recent work by public administration scholars is attending more closely to the public sector performance implications of diversity. David Pitts of Georgia State University and Elizabeth Jarry of the University of Georgia (2005) have produced a strong empirical treatment linking diversity and organizational performance. Noting that theirs is "the first public administration study to use large-N data to link a measure of diversity to organizational performance," Pitts and Jarry (2005: 26) remark that public administration still awaits its first qualitative data study to achieve the same goal. However, haltingly, research on both the performance and normative implications of diversity is gaining centrality in public administration scholarship.

One prevailing view is that institutional racism may be diminished, and diversity enhanced, through effective cultural-competency training (see Ward and Rivera 2014). According to this perspective, cultural-competency training should be emphasized in all organizations irrespective of sector, but especially in racially diverse organizations and organizations serving diverse constituencies in the public sector. Examples of effective cultural-competency training were found in the areas of community-policing initiatives, where increased citizen involvement helped to foster positive relationships between the citizenry and the law enforcement community, toward the goal of reporting and reducing crime (also see Ward 2002). Other effective examples were found in the social work field. However, as previously mentioned, such training must emphasize the positive understanding of differences, rather than being an

exercise in risk management, or simply pursuing the knowledge of other groups and cultures, which may result in an overambitious exercise, most likely to result in the inadvertent reinforcement of racial, ethnic, and cultural stereotypes. Thus, it is often the matter of the individual courage of a public servant faced with a compelling claim to social equity that makes the critical difference rather than a given set of diversity policies and practices.

Hence, institutional racism perpetuates both intentional and unintentional practices that disadvantage minority groups. In essence, it voids the most earnest efforts at increasing organizational diversity and equity. Most often, it makes for denials of the very reality of racism or of a need to respond to others in a racially sensitive and culturally competent manner. However, those organizations that embrace change in this regard, particularly when they have recognized the existence of institutional racism within their midst, are much more likely to respond successfully to the demands of an increasingly diverse polity, society, and marketplace. In addition, and although risk management should not drive diversity programs, such organizations are also much less likely to also be exposed to the risks associated with racial and cultural insensitivity.

## Cross-References


- ▶ Culture and Organizations
- ▶ Diversity and its Management in Organizations
- ▶ Diversity in Organizations
- ▶ Equity Theory of Organizations
- ▶ Organizational Demography
- ▶ Public Values in Public Organizations


## References


Argyle NJ (2007) From affirmative action to diversity: managing human resources for productivity. In: Ferrell L, Fenwick T (eds) World Yearbook of education: educating the global workforce. Routledge, New York

Arrow KJ (1972) Models of job discrimination. In: Pascal ED (ed) Racial discrimination in economic life. D.C. Heath Publishers, Lexington, pp 96–98

Barker RI (2003) The social work dictionary, 5th edn. NASW Press, Washington, DC

Braham P, Rattans A, Skeleton R (1992) Racism and antiracism: inequalities, opportunities and policies. Sage, London

Brandt J (1991) Dismantling racism: the continuing challenge to white America. Augsburg Fortress, Minneapolis

Dominelli L (2002) Anti-oppressive social work: theory and practice. Palgrave Macmillan, London, p 157

Essed P (1990) Everyday racism: reports from women of two cultures. Hunter House, Claremont

Halstead M (1988) Education, justice and cultural diversity: an examination of the honey affair, 1984–85. Falmer Press, London, pp 139–155

Jones JM (1997) Prejudice and racism, 2nd edn. McGraw-Hill, New York

NASW (2007) Institutional racism & the social work profession: a call to action. National Association of Social Workers, Washington, DC

Penderhughes E (1989) Understanding race, ethnicity, and power: the key to efficacy in clinical practice. Free Press, New York

Pitts DW, Jarry EM (2005) Ethnic diversity and organizational performance: assessing diversity effects at the managerial and street levels. Paper presented at the 8th Public Management Research Conference, Los Angeles, 29 Sept–1 Oct. Available http://pmranet.org/conferences/USC2005/USC2005papers/pmra.pitts.jarry.2005.doc

Price AJ (1997) Human resource management in a business context. International Thomson Business Press, London

Rice MF (2006) Promoting cultural competency in public administration and public service delivery: utilizing self-assessment tools and performance measures. Paper presented at the Annual Conference of the National Association of Schools of Public Affairs and Administration, Hyatt Regency Hotel, Minneapolis, 18–22 October 2006. Available http://www.naspaa.org/principals/conference/2006/papers/MitchellRice.doc

Rivera MA, Ward JD (2010) Institutional racism, diversity and public administration. In: Rice MF (ed) Diversity and public administration: theory, issues and perspectives, 2nd edn. ME Sharpe Publishers, Armonk

Ward JD (2001) Racial profiling and administrative action. In: Public administration times, special issue on Racial Profiling and Diversity Management

Ward JD (2002) Race, ethnicity, and law enforcement profiling: implications for public policy. Public Adm Rev 62(6):726–735

Ward JD, Rivera MA (2014) Institutional racism, organizations and public policy. Peter Lang Publishing, New York


I

# Institutional Theory and Nonprofits

Barry D. Friedman
University of North Georgia, Dahlonega, GA, USA

## Synonyms

Organizational theory pertaining to institutions

## Definition

Perspectives about how organizations develop cultures, systems of patterned behaviors, and recurring processes.

## Introduction

The economic theory of the nonprofit sector states that the sector's existence is attributable to market failure, pluralism, and needs for modernization, trust, and solidarity. Nonprofit organizations are structured in accordance with democratic, collective/feminist, hierarchical, and elitist approaches. As individual nonprofit organizations become larger and more complex, they become *institutions*. Social scientists apply the term "institutions" to organizations that have developed a well-defined structure and a *culture* founded on rules, folkways, mores, and customs. The culture influences the behavior of the organization's members, making it consistent. Institutions in a field of activity converge toward similar structures and cultures. Deviations from this pressure for convergence, when they occur, are brought about by "institutional entrepreneurs."

## Institutional Theory in Economics, Political Science, and Sociology

### Origin of Institutional Theory

The attention of a large proportion of social science scholars has been caught by the concept of institutions during the last few centuries. For example, ever since the US Constitution went into effect in 1789, many American political scientists have assiduously studied Congress, executive agencies, and the Supreme Court, described their interactions, and analyzed the extent to which they influence the making of public policies. That approach to the study of public policy is known as "institutionalism." In general, the term "institutional theory" refers to the strain of thought that places institutions at the center of social interaction and production of results. This theory attracted adherents beginning in the 1850s. Sociologists who used the concept of institutions as a framework for their analyses include Herbert Spencer, Karl Marx, Émile Durkheim, Max Weber, Charles Horton Cooley, Talcott Parsons, Robert K. Merton, Philip Selznick, and Everett Hughes. Since the 1970s, most social science research that focuses on institutions has been said to be expounding on "new institutional theory" or "neo-institutionalism."

### Definition of Institutions

The "new institutional theory" holds that the definition of an institution goes beyond the definition of an organization. A group of people who want to address a social problem may assemble and declare that they are founding a nonprofit organization. But the organization is unlikely at that point to have been institutionalized. To be an *institution*, a group must have developed the following features:

- There must be an intention that gives the group a raison d'être. The reason may be expressed as a mission, a vision, or a platform.
- There must be a structure in accordance with which the relationships of the members with each other are specified. The structure is the means through which the organization's purpose is implemented.
- There must be a set of rules, folkways, mores, and customs. The rules, folkways, mores, and customs constitute a culture that channels the behavior of the members, thus making the behavior consistent, predictable, orderly, and stable (Scott 2014; Miles 2012).

The sociologist Selznick explained that a group becomes an institution over a period of time, during which the group develops a history, the personalities of its members shape its development, its members attach variable amounts of value to forms of process and product, and the group selects ways of interacting with its task environment. Selznick also observed that organizations with the least well-developed technologies and the most ambiguous objectives are most likely to become extensively institutionalized (Scott 2014).

### Legitimacy and Conservatism

In so far as an institution has folkways, mores, and other customs, presumably its members internalize these aspects of its culture and perceive that behavior conforming to them is right, proper, and even moral. Members act in accordance with the norms not just because such behavior is expected, as the sociologist Parsons explained, but also because the circumstances socialize them to believe that the behavior is worthy.

Because they hold this belief, the members perpetuate the culture, so that it persists. The conferral of legitimacy discourages deviating behavior and reinforces the cultural framework. Even as the original members have left the organization, their successors have learned the norms and reproduce the culture without any particular deliberation. "We have always done it this way" becomes a forceful rationale for continuing to do things that way, whether the norms serve the organization optimally on any given occasion or not.

The perpetuation of traditions developed long ago exerts a conservative effect on institutions and the society they serve. Any revision of the culture is likely the initiative of an influential, persuasive change agent, who makes a calculation that deviation from the norms will serve a pressing need that he/she perceives at that point. Ordinarily, however, an organization's leaders will be loath to disturb an existing culture that fosters consistent, predictable, voluntary, and orderly conduct and thus tends to serve their interests (Scott 2014; Miles 2012).

### Rationality

A central rationale for the use of institutions as devices to accomplish goals is that institutions foster rational behavior. Political scientist Herbert Simon wrote, "· · ·[T]he rational individual is, and must be, an organized and institutionalized individual" (quoted in Scott 2014, p. 29).

The theories of Frederick W. Taylor, founder of the scientific management school, and the sociologist Max Weber assumed that managers had complete information – or at least the means to compile it – with which to make rational decisions. Therefore, managers would have the opportunity to bring about optimal results.

In describing "administrative behavior," Simon disputed the assumption that managers have anything other than incomplete information. Then, in making decisions, managers are also constrained by human limitations on being aware of available options and their costs, benefits, and unanticipated consequences, by limitations on how much time and money can be dedicated to decision-making, and by being affected by biases as they sort through alternatives. In the presence of such sources of uncertainty, managers must resort to methods that offer *bounded rationality*. Bounded rationality is apparent in the following manifestations:

- As philosopher David Braybrooke and Charles E. Lindblom, a political scientist and economist, described, administrators make policies using the process of "muddling through" – incremental decision-making that designs the next round of policies by making small changes to the preceding round of policies. Incremental decision-making averts provocations to stakeholders, because they do not need to adapt to sudden changes in direction and there is continued reliance on previous compromises.
- Managers may develop courses of action with the use of such heuristic (rule-of-thumb) approaches as trial and error.
- Simon observed that administrators may settle on suboptimal measures that, though they do not optimize, *satisfice* stakeholders. The term "satisfice" is a combination of "satisfy" and

"suffice." Mollifying stakeholders is accepted as an acceptable alternative to the costly and essentially impossible aspiration of finding the best of all possible options (Anheier 2014; Scott 2014).

### Isomorphism

As indicated above, institutional theory states that the members of an institution will act consistently in accordance with the group's norms. Institutional theory goes further in asserting that all organizations in a single field of activity (e.g., public schools) will develop fairly similar structures and cultures. In 1968, human ecologist Amos Hawley observed that the uniformity of environmental conditions causes the similarity of structure and culture. *Isomorphism* is the term that describes how institutions in a field of activity resemble each other. Sociologists Paul J. DiMaggio and Walter W. Powell identify three categories of isomorphic process.

- When the similarity is caused by pressure from other organizations to act in accordance with rules or standards, the process is *coercive isomorphism*. These organizations may be regulatory agencies, watchdog organizations, or sources of funding. Their requirements may force otherwise informal organizations to become bureaucratic, professionalized institutions that conform to standards of financial reporting, performance evaluations, and certification requirements.
- When the similarity is caused by uncertainty due to technology underdevelopment or dynamic environmental conditions, the process is called *mimetic isomorphism*. Organizations may react to the uncertainty by imitating organizations that are coping successfully. Nonprofit managers may adopt functions and strategies of the for-profit sector that have proved successful in managing the uncertainty.
- When the similarity is caused by professional standards and practices imposed by the content of education and training programs, codes of ethics adopted by professional associations, and similar sources of professional expectations, the process is called *normative isomorphism*. "For example," Anheier writes, "the rules, regulations, and ethics of the social work profession contribute to similarities across social service and welfare agencies, irrespective of organizational form" (Anheier 2014, p. 280).

Institutional theorists recognize that, on occasion, leaders of organizations may opt to resist some of the pressures that trap organizations in similar patterns of structure and culture. Such leaders are labeled as "institutional entrepreneurs." They may act individually or organize a coalition. In this way, change agents can overcome the homogeneity that the process of isomorphism otherwise produces (Anheier 2014; Miles 2012; Scott 2014).

## Rationale of the Nonprofit Format

Nonprofit organizations arose to address societal needs that governments and profitable enterprises address insufficiently. This section lists five contributions that nonprofit organizations provide to a society:

- Modernization
- Market failure
- Trust
- Pluralism
- Solidarity

### Modernization

Lester Salamon explained that nonprofit organizations generate support from the community for and deliver the support to those in need today just as families and tribes would help their members long ago (Bachani and Vradelis 2012). In feudal Europe, communities were based on the existence of estates owned by lords on which serfs were employed on the basis of permanent relationships with the respective lords and with other serfs. Accordingly, each lord had an ongoing affiliation with his peers and each serf had an ongoing affiliation with his peers. If help were to be needed, one would know exactly to whom to appeal for assistance. The Europeans who emigrated to

North America found a virtually limitless expanse of land. If feudalism was the answer to the scarcity of land in Europe, it was the solution to no problem at all in the New World. Instead, a society without formal economic classes arose. However, the lack of formal classes posed the problem of where an inhabitant of this New World would find assistance were he or she to encounter a pressing problem.

As a natural development, voluntary associations arose, such as the volunteer fire department that Benjamin Franklin famously cofounded in Philadelphia. Furthermore, the framers of the US Constitution remained jittery in 1787 from the very recent spectacle of Shays' Rebellion, in which a group of debt-ridden farmers in western Massachusetts marched to the east intending to bring down the commonwealth's government in Boston in order to deprive the creditors of the arena in which to enforce debts. Thus, the framers explored the threat of factions to popular government. As James Madison explained in a 1787 article in New York newspapers (known as *Federalist* 10) as he solicited support for ratification of the proposed US Constitution, the framers chose not to outlaw factions but rather to allow them to proliferate in a national (essentially centralized) political system, so that they would be so numerous as to neutralize each other's potential for destabilizing the political system. So effective was this stratagem that, by the 1830s, French social observer Alexis de Tocqueville found in the United States a vibrant population of voluntary associations, each arising because some American recognized a social problem and set out to address it. In 1944, Arthur Schlesinger described a "lusty progeny of voluntary associations" in the United States (quoted in Anheier 2014, p. 15). These associations participate in helping society to adapt to changing conditions and new circumstances that bring with them new problems.

## Market Failure

Markets would allocate resources satisfactorily if there were perfect competition and there were purely private goods. Perfect competition requires countless vendors and customers and access to perfect information about the goods being exchanged.

Capitalist economic theory assumes that there are an infinite number of vendors and an infinite number of consumers. If that were the case, then, in theory, the price of any item would be the price at the intersection of the supply and demand curves – i.e., the only price at which the exact number of units that vendors are willing to sell is equal to the exact number of units that consumers are willing to buy. However, if the number of vendors is very limited, as in the case of monopoly or oligopoly, or if the number of consumers is very limited, as in the case of monopsony (the presence of only one buyer), market failure exists and one or a few parties can manipulate the price to their own advantage.

Goods are purely private if they are consumed fully by whoever purchases them and if there are no externalities. Externalities occur when, in the course of a voluntary marketplace transaction between two parties, an uninvolved third party is affected by the transaction as well. If markets were perfect in these terms, the existence of nonprofit organizations could not be deemed useful.

Nonprofit theory suggests that nonprofit organizations would not exist in a perfect marketplace and that market failures account for the demand for such organizations. In 1980, Henry Hansmann, an expert in the economics of law, argued that situations in which complete information is not available to all parties generate the interest in having nonprofit organizations, because such organizations remove from the circumstance owners who, motivated by their desire for profit, might withhold information to consumers. Removal of the profit motivation dampens the desire to behave in an opportunistic manner.

Society has a need for public goods. Public goods are a form of "positive externalities." This refers to transactions between two parties that confer a benefit on otherwise uninvolved third parties. For example, were a private organization to set out to overcome the problem of pollution, and it solicited funds from individuals, the organization's output would benefit individuals who were unaffiliated with the organization and did not

donate funds. There is a good chance that the donors would eventually become weary of conferring benefits on "free riders" and would terminate their philanthropic sacrifice. This is a rationale for the government to undertake the creation of public goods and to require all citizens to contribute to such programs through taxation. Arguably, the government's various forms of assistance to disadvantaged members of society also constitute public goods. However, government cannot necessarily be relied upon to solve manifestations of poverty. Elected officials have the motivation to please the average voter, but those citizens who need more than the average amount of government assistance or service will demand more than the political officials are willing to deliver. The duty of providing more than the median-level demand for the public good falls to the nonprofit sector.

### Trust

Because nonprofit organizations do not have owners who anticipate profit and who might, therefore, withhold information, consumers may have more trust in nonprofits than for-profit enterprises. This may be especially the case in human service delivery, such as day care, education, and health care. People who are in a vulnerable situation might seek out sources of assistance that they perceive to be altruistic and service-oriented. Thus, they may be able to avoid the challenge described by the principal-agent theory. This theory states that a person (the "principal") may need assistance with a problem and, therefore, contracts with another person who has the wherewithal to address the problem (the "agent"). Thereinafter, says the theory, the principal's primary challenge is to monitor the agent and ensure that the agent is acting in the principal's interest rather than in the agent's interest. Removal of the profit motivation arguably reassures the principal of the agent's commitment to the original purpose of the arrangement.

### Pluralism

Tocqueville's analysis was that the circumstances of American life promote the formation of countless associations. Americans create organizations and they join them. A typical American is a member of a variety of associations and carries in his/her wallet a collection of membership cards. This condition is known as *pluralism*. An American's affiliation with a set of groups tends to subject him/her to diverse opinions about political issues, social conditions, and other matters of daily life. The existence of countervailing pressures causes a moderating influence on members of the population. Sociologist Lewis Coser said that pluralism decreases sharp divisions that would bring about class conflict, discord among religious groups, and other bases for desperate conflict (Anheier 2014).

### Solidarity

Because a widespread social problem (e.g., poverty) may not be addressed effectively by for-profit or public organizations and may require a cooperative effort to address it, interested individuals may indicate a preference for nonprofit organizations to arise and to work jointly. This need for *solidarity* may account for the existence of any number of nonprofit organizations (e.g., a local United Way of America fund-raising apparatus – i.e., the confederation that organizes the fund-raising efforts of local charities – and the affiliated voluntary human service organizations) (Bachani and Vradelis 2012, p. 13).

## Development of Nonprofit Research

Anheier (2014) has said, "···[N]o 'field' of nonprofit or voluntary sector studies as such emerged." At best, the study of nonprofit organizations found homes in "interdisciplinary" studies, while sociologist Charles Perrow "declared nonprofits as 'trivial' from the perspective of organizational theory and management" (p. 15).

In 1973, American philanthropist John D. Rockefeller III invited John H. Filer, chairman of Aetna Life & Casualty Co., to head a Commission on Private Philanthropy and Public Needs, commonly referred to as the Filer Commission. Its 1975 report was the most detailed description of philanthropy in the United States created to date and sparked scholarly study of the nonprofit sector in American institutions. The pursuit of scholarship in the field then expanded to other countries.

## Comparison with for-Profit Organizations

Nonprofit organizations are established for purposes that are significantly different from the purposes that motivate the creation of for-profit firms. Therefore, their activities are significantly different as well. Bachani and Vradelis list major differences between nonprofit organizations and for-profit enterprises.

- Nonprofit organizations seek to accomplish a social mission, while businesses seek financial reward.
- The success of nonprofit organizations is assessed based on effecting a social change, while the success of businesses is assessed based on a bottom line of profitability.
- Employees of nonprofit organizations opt for employment in the nonprofit sector based on preference for a cause or lifestyle, while employees of businesses opt for employment in the for-profit sector in order to achieve financial and career growth.
- Leaders of nonprofit organizations tend to make decisions through participative deliberation, while leaders of businesses tend to prefer a command-and-control approach enforced with rewards and punishments.
- Nonprofit organizations must raise funds to remain solvent, while businesses can generate revenue through the sale of products and services.
- Nonprofit organizations are more attached to the communities that they serve, while businesses are free to relocate to places with more compatible business climates.
- Nonprofit organizations must cope with scarcity and are, therefore, accountable to those who provide funding in terms of a variety of abstract contexts, while businesses are accountable to shareholders chiefly in terms of delivering financial rewards.
- In so far as nonprofit organizations endeavor to deliver services, the demand for which exceeds the capacity to supply them, these organizations tend not to need to generate demand, while businesses tend to rely on promotion to fuel demand lest their capacity exceed consumption of their products.
- Nonprofit organizations have an opportunity to cooperate with other nonprofits who are serving the same societal need, while businesses are oriented more toward competition than sharing financial prospect (Bachani and Vradelis 2012).

The differences between for-profit and nonprofit organizations create a need for different strategic management frameworks, as Bachani and Vradelis explain. Business managers rely on a strategy-structure-systems (SSS) approach. Nonprofit managers tend to turn to a social approach of purpose-process-people (PPP). The PPP approach is more compatible with the mission- and values-driven organizations of the nonprofit sector (Bachani and Vradelis 2012).

The political behavioralist Heinz Eulau wrote that role is the "coin of the realm" of the social sciences. His expression of role theory is given significance by institutional theory, in so far as an institution confers roles on its members. Eulau, therefore, indicated that one's behavior is most likely to follow logically from the office that he holds in an institution. As Rufus E. Miles Jr., an assistant secretary in the US Department of Health, Education, and Welfare, explained it, "Where you stand depends on where you sit."

An intriguing question is whether the behavior of managers and employees in the nonprofit sector can be distinguished from the behavior of managers and employees of for-profit firms. The traditional assumption was that nonprofit managers and employees are motivated by altruism and that government employees are called to the public sector by a public service motivation. Enough reports of self-serving behavior of employees of governments and charities exist to at least raise doubts about the assumption. There is research to show that opportunistic behavior occurs with some regularity, that nonprofit employees' actions are sometimes reflective of goal displacement, and that the nonprofit sector's effectiveness in fostering wealth redistribution from affluent donors to needy recipients to alleviate poverty is modest at best. The possibility that nonprofit managers and employees may be using their institutional membership to aggrandize themselves

contrary to stakeholders' expectations cannot be ruled out.

## Options for Structuring Nonprofit Organizations

Literature about the nonprofit sector suggests that there are four options for structuring nonprofit organizations which are the democratic, collective/feminist, hierarchical, and elitist approaches.

*Democratic*. Tocqueville and others long assumed that voluntary associations were inherently democratic. The US Internal Revenue Code requires tax-exempt organizations to be governed by their members. However, the law does not specify the format under which democratic participation will be effectuated. In so far as any number of nonprofits are governed by self-perpetuating boards that can reappoint themselves, Roberto Michels' "iron law of oligarchy" cannot easily be dismissed and may very well describe the conduct of more nonprofits than does Tocqueville's rosy portrait of associations operating in an egalitarian manner as "great free schools" of democracy.

*Collective/feminist*. Repelled by the hierarchical and authoritarian structure of bureaucracy, feminists set out to organize themselves along egalitarian lines. Their preference is to deliberate at length until, if at all possible, a consensus can be reached. Organized as collectives, the feminists' voluntary associations have proved to be stable and sturdy enough to persist for decades.

*Hierarchical*. The bureaucratic structure is ubiquitous across sectors of the economy. This structure is based on hierarchy – i.e., there is a chain of command in accordance with which those members at the top have the most authority and those at the bottom have the least. Accordingly, it is the antithesis of equality and democracy; the control by the minority of members at the top of the organization makes it oligarchical. Power holders find the hierarchical approach to be compatible with their ambitions, and they have the necessary influence to specify how organizations will be structured. In the nonprofit sector, it is certainly true that many founders of socially oriented organizations establish democratic processes, but, as the organizations move through a typical life cycle, they often evolve in the direction of bureaucracy.

*Elitist*. If one peruses the US Internal Revenue Code, he/she will probably draw the conclusion that the law expects nonprofit organizations to operate democratically and transparently. It follows, then, that most nonprofits' corporate charters mention rules that will allow for voting for members of the board and other widespread participation. But rules intended to invite participation can certainly be redirected to ensure elite control. The boards of the most prominent national, state, and local nonprofits tend to be dominated by members of the upper class, who then dictate to other members and volunteers what role in the organizations remains for them. Participation in decision-making is frequently not one of them.

## Conclusion

Management experts and social scientists share an interest in understanding the behavior of members of organizations. Those who lead and participate in nonprofit organizations tend to have motivations oriented toward satisfying societal needs relating to resource deprivation (e.g., hunger and homelessness), culture, health, environmental protection, and humanitarianism. Over time, nonprofit organizations have gravitated toward democratic, collective/feminist, hierarchical, and elitist approaches to organizational structure. There is a long tradition of historical and political inquiry that centered on institutions' organization charts and legally prescribed processes to explain public policies, social stratification, and other outcomes. The new institutional theory, originating in the 1970s and also known as "neo-

institutionalism," explores organizations – primarily large organizations – more systemically as legions that have structures and cultures that produce "patterned behaviors" of the members. Nonprofit managers often find the orderliness and stability of employees' and volunteers' behavior to be in accord with the managers' preferences. Some social scientists have gathered evidence to indicate that institutions guide managers to display rational behavior that produces better results than do arbitrary, whimsical decision-making formats.

## Cross-References

► Decision-Making in Nonprofit Organizations

## References

Anheier HK (2014) Nonprofit organizations: theory, management, policy, 2nd edn. Routledge, Abingdon

Bachani J, Vradelis M (2012) Strategy making in nonprofit organizations: a model and case studies. Business Expert Press, LLC, New York

Miles JA (2012) Management and organization theory: a Jossey-Bass reader. Jossey-Bass, San Francisco

Scott WR (2014) Institutions and organizations: ideas, interests, and identities, 4th edn. Sage, Thousand Oaks

# Institutional Theory of Organizations

Olivier Berthod
Department of Management, Freie Universität Berlin, Berlin, Germany

## Synonyms

Institutionalism; Institutional analysis; Institutional theory; New institutionalism; Organizational institutionalism

## Definition

The institutional theory of organizations puts institutions at the core of the analysis of organizations' design and conduct. From this point of view, organizations are local instantiations of wider institutions. Institutions, understood as taken-for-granted beliefs, rules, and norms, shape the creation and spreading of organizational forms, design features, and practices. Complying with institutionalized prescriptions is considered a means for gaining legitimacy, decreases uncertainty, and increases intelligibility of organization's actions and activities.

## Introduction

The rise of institutional arguments in organizational analysis reflects a sense of dissatisfaction with theories that put efficiency at the core of organizational action. Organizations do not operate in a vacuum. They must deal with a multitude of external influences, such as cultural differences, legal requirements, conventions, and norms, and with the demands raised by a diversity of actors, e.g., suppliers, customers, regulatory agencies, NGOs, or trade unions. Efficiency, from this point of view, is subject to constant, collective redefinition. The resulting beliefs, rules, and persisting expectations explain choices in formal structures and organizational practices (e.g., ISO norms, information technologies, CSR standards, or the divisional form). This idea was provocative, because it explained why there was such homogeneity of design features and practices among organizations (Meyer and Rowan 1977; DiMaggio and Powell 1983; Zucker 1977). This approach is also referred to as the "new" institutionalism – "new" to distinguish itself from older treatments of organizations as institutions in which issues of power, politics, and change were more prominent. Contemporary works, however, have reconciled both approaches. This brief entry covers this development.

## Why Institutional Explanations?

Institutions, broadly speaking, are those beliefs, rules, roles, and symbolic elements capable of affecting organizational forms independent of resource flows and technical requirements (Scott 1991: 165). Such beliefs, rules, roles, and symbolic elements can be of different natures (Scott 2013): regulative (i.e., required/enforced by law, as it is the case with specific accounting standards), normative (i.e., enforced by a shared sense of what is appropriate, e.g., the expectation that elected leadership represents the interest of its constituents), or cognitive (i.e., taken-for-granted, mental models of how work should be done, as it is the case with most routinized behavior in organizations).

Economists interested in institutions tend to focus on regulative institutions, while organizational scholars and political scientists embrace societal norms and taken-for-granted beliefs as drivers of organizational action. In earlier developments, institutional arguments remained close to the notion of resource dependence. Each organization needs specific resources to survive: businesses need sales, venture capital, or investments; schools need students and funding from state agencies; NGOs need fundraising and media attention; unions need members and their fees; etc. Resource dependence argues that organizations need to appear "legitimate" in the eyes of the most important resource holders (customers, blue-collar workers, investors, etc.). It predicts that a business will generate more sales if its functioning is considered appropriate by its customers; an NGO will receive more funds from charities if its headquarters are in the right building or city and appear powerful; a union might generate more memberships if it focuses on a specific rhetoric or highly desirable goals in its communication, etc.

The resource-dependence approach, however, was often not sufficient for an institutional argument. Legitimacy is defined as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate (Suchman 1995: 574). Institutional arguments (and organizational institutionalism) moved beyond resource dependence and explained why organizations adopt legitimate design features and practices without reflecting on their relevance. Specifically, institutional explanations rely on the taken-for-granted nature of institutions and not on utilitarian arguments. Davis et al. (1994) made a clear distinction from resource-dependence arguments by highlighting the idea that organizational practices should be considered *institutionalized* if they are widely accepted and used without recourse to analysis or proof for their relevance *and* if they withstand challenges on instrumental grounds (see also Greenwood et al. 2008).

## New Institutionalism and the Spreading of Institutions

More than mere access to resources, relying on institutions is a means for organizations to reduce uncertainty and increase predictability and intelligibility of their actions to their audience. Institutions thus constrain, but also support/enable organizational actions and decisions (Barley and Tolbert 1997). The relational focus between organizations and audiences explains the spreading and stability of organizational practices across whole industries and policy arenas. In this case, Institutional theory of organizations speaks of the constitution of "organizational fields". The concept of "fields" has become popular for explaining how taken-for-granted, shared understandings of organizational designs and practices are debated and shaped over time. A common misunderstanding was to assume that "organizations are kind of wacky, and (...) people are never rational" (DiMaggio 1995: 395). Empirical studies challenged this misunderstanding. For example, Fligstein (1985) studied the spread of the multidivisional organizational form among large firms and looked for the causes of this diffusion between 1919 and 1979. He found that firms were aware rise of the mutidivisional form in their environment and adopted it reflexively. Going even further, Hoffman (1999) revealed that fields emerge when organizations (or their representatives) gather to discuss important topics and shape current and/or nascent institutions. In

other words, the spreading of institutions is a political process that involves many organizations with some interest in the issue at stake.

## Development of the Institutional Theory of Organizations

As hinted in the introduction, a divide had been staged between tenants of an "old" and a "new" institutionalism. The old institutionalism focused more on organizations and how they become institutionalized. Defending older treatments of institutions and organizations (and organizations as institutions), Abbott (1991) pointed out the relevance of change and processes – two dimensions that fell short in the new institutionalism and its focus on homogeneity and stability. In a similar vein, Selznick (1996) expressed concerns about such a sharp differentiation. He worried that such feuds would encourage an undesirable preoccupation with polarities and polemics (1996: 276) instead of studying actual social policies, their implementation, and their challenges. Finally, Stinchcombe (1997) stressed that the new institutionalism underestimated the willingness of people to accept institutions for what they are or not: The guts of institutions is that somebody somewhere really cares to hold an organization to the standards and is often paid to do that (1997: 18). Hirsch and Lounsbury (1997) pleaded for reconciliation. They opposed the determinism of overtly structural approaches. A unified institutional theory, they said, would provide a more accurate picture of organizational actions and structures.

Consequently, organizational change has become a major issue. Puzzled by radical organizational change, Greenwood and Hinings (1996) recognized that the new institutionalism, with its focus on legitimacy and field-wide homogeneity, failed to take change into account. Specifically, the theory did not explain why some organizations would adopt radical change in spite of institutional pressure. The authors opened institutional analysis to issues of power, commitments, and interests within the organization. Since then, the analytical interest of the institutional theory of organizations has shifted from a focus on stable structures toward individual and organizational strategies and influences. DiMaggio (1988) coined the idea of "institutional entrepreneurs" to identify those individuals who set out to change and disrupt institutionalized beliefs. Oliver (1991) linked the institutional theory of organizations to strategic management to account for variations in organizational responses to institutional demands. And on a more settled tone, Powell (1991) proposed looking more closely at dynamics of institutional compliance to find out how enacting institutionalized beliefs in fact contributes to the evolution of these beliefs.

Consequently, research has considered the dynamics of institutional emergence and the process of institutional change (Dacin et al. 2002). For example, Covaleski and Dirsmith (1988) observed how a university adopted budgetary practices that were deemed appropriate and how actors contributed to modifying them using a subsequent period of decline. Elsbach and Sutton (1992) showed how decoupling legitimate structures from illegitimate activities facilitated the work of spokespersons. Similarly, Hargadon and Douglas (2001) showed how Edison overcame institutional rigidity stemming from the gas industry by adapting his electric bulb to the older gas lamps, both in terms of design and of performance. Battilana (2006) wondered how actors manage to produce change when they see opportunities and found an explanation in the individuals' social position. Finally, Greenwood and Suddaby (2006) asked similar questions and observed the introduction of the multidisciplinary practice as a new organizational form among professional business services companies. They demonstrated how centrality in field explained exposure to dissonances and opportunities for change.

## Toward Institutional Pluralism

Institutional theory of organizations has moved from a theory of stability toward a theory of change. Riding this trend, the idea of pluralism has become a major issue. A multitude of

institutional forces infuse society and organizations. Friedland and Alford (1991) argued that a set of central logics underlies the most important institutions in western societies: the capitalist market, the family, the state, religions and the democracy. These institutions are the cradle for a wealth of institutional logics, with many of them contradicting each other. The potential for conflicts and change is not negligible. As Thornton and Ocasio put it: competing logics are not, by themselves, an explanation of change in institutional logics but an antecedent or a consequence (1999: 118).

An organization is often penetrated by institutional demands of a different sort. For example, Townley (2002) documented the introduction of business planning and performance measures and reports in cultural facilities and heritage sites in Alberta, Canada: the operative core, i.e., museum professionals and conservators in the province, declared such attempts "heresy" and resisted the change. Pluralism, however, does not need to end in conflict. For example, Purdy and Gray (2009) reported on the coexistence of multiple practices in state offices for dispute resolution, where no single organizational design seemed to dominate. Therefore, current debates entertain the possibility for organizations to hybridize their design to navigate pluralism. Battilna and Lee (2014) note that the boundaries between design features that were typical for the private, public, and nonprofit sectors have become blurred. Such hybrid designs, despite being a locus for creativity, are less stable due to the tensions that emerge at the interplay of their sometimes contradictory features. A typical example is social enterprises that combine elements from business organizations and charities in their design. A second approach to the problem of pluralism/conflict concerns itself with the strategies organizations can employ (Greenwood et al. 2011). Often, specific members of the organizations constitute an internal representation of various institutions and institutional logics (e.g., doctors and business managers in hospitals will work with very different models and priorities in mind). Compartmentalizing these groups is one approach to the pluralism problem. Other strategies have been suggested, from blunt confrontation to silencing conflicts away, although the consequences of such strategies are not clear. The emergence of organizational identity is increasingly designated as an important resource to institutionalize hybrid designs and reduce the potential for conflicts.

## Conclusion

A chief feature of institutional theory of organization is that it enables an alternative analysis of questions relating to forms and design of organizations in all sectors. The focus on legitimacy, taken-for-granted beliefs, and field constituents provides both a dynamic and embedded view of the conduct of organizations. This approach has been enriched by a wealth of empirical research. However, institutional theory has also been the object of attacks. The notion of field is more elusive than, e.g., the notions of industry or interorganizational networks; organizations are reduced to local instantiations of institutions; and the way individuals are perceived is often criticized as being overly simplistic. Nevertheless, institutional theory provides strong arguments about why and how organizations do the things they do.

## Cross-References

► Organizational Institutionalism

## References

Abbott A (1991) An old institutionalist reads the new institutionalism. Contemp Sociol 21(6):754–756

Barley S, Tolbert P (1997) Institutionalization and structuration: studying the links between action and institution. Organ Stud 18(1):93–117

Battilana J (2006) Agency and institutions: the enabling role of individuals' social positions. Organization 13(5):653–676

Battilna J, Lee M (2014) Advancing research on hybrid organizing – insights from the study of social enterprise. Acad Manag Ann 8:397–441

Covaleski M, Dirsmith M (1988) An institutional perspective on the rise, social transformation, and fall of a university budget category. Adm Sci Q 33(4): 562–587
Dacin T, Goodstein J, Scott W (2002) Institutional theory and institutional change: introduction to the special research forum. Acad Manag J 45(1):45–57
Davis G, Diekmann K, Tinsley C (1994) The decline and fall of the conglomerate firm in the 1980s: the deinstitutionalization of an organizational form. Am Sociol Rev 59(4):547–570
DiMaggio P (1988) Interest and agency in institutional theory. In: Zucker L (ed) Institutional patterns and organizations: culture and environment. Ballinger, Cambridge, pp 3–22
DiMaggio P (1995) Comments on 'what theory is not'. Adm Sci Q 40:391–397
DiMaggio P, Powell W (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48:147–160
Elsbach K, Sutton R (1992) Acquiring organizational legitimacy through illegitimate actions: a marriage of institutional and impression management theories. Acad Manag J 35(4):699–738
Fligstein N (1985) The spread of the multidivisional form among large firms, 1919–1979. Am Sociol Rev 50(3): 377–391
Friedland R, Alford R (1991) Bringing society back in: symbols, practices, and institutional contradictions. In: Powell W, Di Maggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 232–263
Greenwood R, Hinings B (1996) Understanding radical organizational change: bringing together the old and the new institutionalism. Acad Manag Rev 21: 1022–1054
Greenwood R, Oliver C, Sahlin K, Suddaby R (2008) Introduction. In: Greenwood R, Oliver C, Sahlin K, Suddaby R (eds) The SAGE handbook of organizational institutionalism. SAGE, Thousand Oaks/Los Angeles, pp 1–46
Greenwood R, Suddaby R (2006) Institutional entrepreneurship in mature fields: the big five accounting firms. Acad Manag J 49(1):27–48
Greenwood R, Raynard M, Kodeih F, Micelotta E, Lounsbury M (2011) Institutional complexity and organizational responses. Acad Manag Ann 5:317–371
Hargadon A, Douglas Y (2001) When innovations meet institutions: Edison and the design of the electric light. Adm Sci Q 46:476–501
Hirsch P, Lounsbury M (1997) Ending the family quarrel – towards a reconciliation of "old" and "new" institutionalisms. Am Behav Sci 40(4):406–418
Hoffman A (1999) Institutional evolution and change: environmentalism and the US chemical industry. Acad Manag J 42:351–371
Meyer J, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83:340–363
Oliver C (1991) Strategic responses to institutional processes. Acad Manag Rev 16:145–179
Powell W (1991) Expanding the scope of institutional analysis. In: Powell W, Di Maggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 183–203
Purdy J, Gray B (2009) Conflicting logics, mechanisms of diffusion, and multilevel dynamics in emerging institutional fields. Acad Manag J 52(2):355–380
Scott W (1991) Unpacking institutional arguments. In: Powell W, Di Maggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 164–182
Scott W (2013) Institutions and organizations: ideas, interests, identities. SAGE, Thousand Oaks
Selznick P (1996) Institutionalism "old" and "new". Adm Sci Q 41:270–277
Stinchcombe A (1997) On the virtues of the old institutionalism. Annu Rev Sociol 23(1):1–18
Suchman M (1995) Managing legitimacy: strategic and institutional approaches. Acad Manag Rev 20(3): 571–610
Thornton P, Ocasio W (1999) Institutional logics and the historical contingency of power in organizations: executive succession in the higher education publishing industry, 1958–1990. Am J Sociol 105(3):801–843
Townley B (2002) The role of competing rationalities in institutional change. Acad Manag J 45(1):163–179
Zucker L (1977) The role of institutionalization in cultural persistence. Am Sociol Rev 42(5):726–743

I

# Institutional Trust and Political Participation in Africa

Daniel Dramani Kipo-Sunyehzi
Legon Centre for International Affairs and Diplomacy (LECIAD), University of Ghana, Accra, Ghana

## Synonyms

Democratic participation; State institutions; Trust for institutions

## Definition

Institutional trust is about people who believe in their institutions and take part in their activities.

## Introduction

This research examines two issues institutional trust and political participation. The analysis cut across states and continents. Trust is a form of expectation that arises from a community or people with "cooperative behavior based on commonly shared norms." There are types of trust that people exhibit in a community, society, or state. The focus is on institutional trust and how it affects political participation. This suggests that there is a relationship between institutional trust and political participation of people. Institutional trust is a highly contestable concept and is conceptualized differently and viewed differently by scholars.

The contributions of this research are in three ways. Firstly, it adds to the extant literature on the field of institutional trust and political participation in general and specifically in the context of Africa. As it delves deeper into the relationship between the two concepts, it looks at their applicability across states and across regions of the globe, with specific reference to Africa. Secondly, this research identifies influencing factors that connect institution trust to political participation with some insights on "critical citizens" as in advanced democracies in the world. The "autonomous citizens" – who are the active ones or the "mobilized subjects" – passive citizens institutional trust for political participation in new and emerging democracies which are largely in Africa. Finally, this research attempts to bridge the literature gap in institutional trust and political participation in Africa and highlights some facilitating and inhibiting factors in Africa.

Khodyakov (2007) conceptualized institutional trust as people having trust for their system based on the public's "perceived legitimacy, technical competence," as well as ability to carry out "assigned duties efficiently." To what extent institutional trust facilitates or inhibits political participation in countries is of interest particularly in Africa. Suh et al.'s (2013) survey results show that institutional trust-oriented people are more likely to participate in political activities like expressing of their opinions toward the government and voting than those with distrust or no trust for institutions. It also demonstrates that institutional trust has effects on political participation with some positive influence over democracy. Thus, they suggest that public trust for institutions lays the foundation for political participation of people or individuals. The trust is that the elected elites will make policies to solve their social problems (Suh et al. 2013). The people or the citizens' trust in democratic institutions like Parliament is that their representatives will serve their interest with good laws or policies for public good. Also, where the people or citizens have trust for institutions like the electoral commission, it helps them to participate in the activities of the institution like registrations and or voting during elections.

Thomas Hobbes's "state of nature" describes human life is "solitary, poor, brutish, and short," where society in the "state of nature" looks chaotic. As human society looks chaotic, this calls for some form of leadership or a "sovereign" who shall make laws to regulate society. The government also shifted from the few to masses and from direct democracy-Greek "city-states" (city center or town hall meetings) to representative democracies (modern democracy). As human society evolves, types of government keep changing to suite the changing conditions. All these stages of human development or types/forms of government involve the participation of people in decision-making with those who rule and those who follow (some rule; others follow). Next is the concept of political participation in modern states. Political participation involves legitimate and illegitimate, voluntary and involuntary (forced) participation in an attempt to influence the public policy-making process as well as the involvement in choosing political leaders which may take forms including voting or elections and participation in issues of "development policy and governance" in Africa and other parts of the world (Huntington and Joan 1976; Hyden 2013, p. 2; Suh et al. 2013; Kipo-Sunyehzi 2020).

Suh et al. (2013) used political participation as a dependent variable with four elements, namely, voting, online expression, expression toward government and media, and participation in political campaigns, political demonstrations, and strikes.

The four dependent variables are used in the analysis of binomial/multinomial logit regression. They thereby analyzed the types of trust (institutional trust) in relationship with the four variables of political participation. The work of Suh et al. (2013) is very relevant to this research as it looks at how institutional trust influences individuals' political participation in Africa. There are other relevant literatures on institutional trust and political participation outside Africa which are analyzed or used in this research.

Askvik and Jamil (2013) also map out institutional trust in developing countries' context with particular reference to Bangladesh. They look at the extent to which people (citizens) "perceive public institutions to be trustworthy" against popular perception that the people in Bangladesh do not consider public and political institutions as trustworthy. Askvik and Jamil (2013) look at the paradox in experts in governance issue assessment of citizens' trustworthiness for public and political institutions as low, while the public (ordinary Bangladeshis) trustworthiness for the same institutions as high particularly trust for parliament and central government in recent survey results (country-wide door-to-door questionnaire survey including 2,000 households conducted in 2009 in Bangladesh). Thus, Askvik and Jamil's (2013) focus is on the gap between experts' judgments and popular perception of trust for public and political institutions in Bangladesh. It may be interesting to understand what factors or circumstances led to the high institutional trust among Bangladeshis, while the governance experts' results suggest a low institutional trust in Bangladesh. The governance expert's claim of low trust for public and political institutions is based on these factors: public office holders (public officials) exhibit less commitment to institutional policies, less benevolence to citizens, and limited honesty and competence and exhibit partial fairness. The high trust for public and political institutions among the people is also associated with the culture of large/high "power distance" where people accept that power is "distributed unequally" and accept power hierarchy as such (Hofstede et al. 2010). Connecting the ordinary Bangladeshis institutional trust to political participation, the results of Askvik and Jamil (2013) suggest that ordinary people trust can use their democratic structures (public and political institutions) to effect change (change leaders or maintain status quo). Hence the "power distance" concept fits well into the general Asian paternalism and authoritarianism ideals. Hossain (2008) examines institutional trust among the poor in Bangladesh and their levels of political participation. Her work reveals that most of them turn to trust the government as "the protector of the poor" as they participate in voting to keep government as it delivers their needs (Hossain 2008. p. 2). Besides Bangladesh, a number of developing countries' survey results (afrobarometer rounds 1 and 2) show trust for political institutions for president and government, with the level of trust from moderate to high (Logan and Machado 2002; Bratton et al. 2006).

Institutional trust may also be influenced by socioeconomic factors in developing countries or may be due to "blind trust" for institutions (Sztompka 1999) as he looks at rising and falling levels of trust in Poland. Sztompka's work reveals the reciprocal relationship between "trust and democracy" in developing world context with specific reference to postcommunist Poland. Other trust experts or specialists look at situations of people with low and high trust for institutions. Van de Walle and Six (2014) indicates that "high levels of public trust" are evidence that the government performs "effectively, efficiently and democratically" while "low trust" is an indicator that the government must be doing something wrong or government institutions responsible for public services provision do not deliver them and it is a reason for worry by people or citizens (Van de Walle and Six 2014, p. 3). Thus, low levels of trust may also be reflected in a decrease in civic activities and behavior as well as a decrease in voting behavior or patterns among the people or citizens.

In a survey conducted in Japan and South Korea, the results indicate that perceived government performance in terms of economy, political corruption, quality of public services provided, and crime is positively associated with public

(the citizens) trust in government (Kim 2010). To increase institutional trust (trust in government), it recommends that government leaders (politicians) in Japan and South Korea need to develop more opportunities for both online and offline citizens to help citizens' participation, communication, and engagement in governance affairs.

## Causes and Effects of Institutional Trust and Political Participation in the Developed World

Scholars acknowledge that the causes and effects of institutional trust are complex and vary with regard to citizens' participation in political events. Many scholars link institutional trust (trust in government) to "citizens' perception of economic and political performance" especially in the developed world (Mishler and Rose 2001; Donovan and Bowler 2004; Kim 2010). Other scholars link or connect institutional trust (trust in government) to political culture and citizen-state relationships (Bouckaert et al. 2005); Christensen and Lægreid 2005). Some scholars put their emphasis on the changing behaviors as well as the changing values of people or citizens for the low trust for institutions which invariably affect their political participation (Andrain and Smith 2006; Kim 2010; Van de Walle and Six 2014). These changing behaviors and values of citizens are increasing in their numbers in the developed world who are very courageous to challenge their institutions and used many forms to express their opinions including protests. These groups of citizens are termed the "critical citizens" (Norris 2011). In this regard, Norris examines the consequences for "active citizenship for governance, and ultimately for democratisation" in established democracies (Norris 1999, 2011).

Wang and Wart (2007) also look at some causes of lack of trust for institutions (government). The decline in institutional trust may be associated with many factors like increased cynicism among electorates and citizen-consumers, increased knowledge level of the citizens about their institutions and their shortcomings (weaknesses and scandals), and citizens becoming disappointed in government or institutional performance in the delivery of quality services. They also provide some solutions to the problem of declining trust for institutions. There is the need to provide more information and education to the citizens on some accomplishments and roles of government and encourage public participation which may help increase their institutional trust. What is intriguing here is the normative argument that public participation leads to public trust. Logically, some elements of public or political participation may lead to trust, while others will not. While Wang and Wart's (2007) work examines how public (political) participation affects public trust, this research interest or focus is on the relationship between institutional trust and political participation.

A cross-country research work also focuses on the relationship between "political participation and trust in government" (institutional trust) in Australia and New Zealand with interesting results. In this research work by Goldfinch et al. (2009), they identified these types of trust, namely, "generalized trust," "particularized trust," and "trust in government," and map these types of trust to political participation. The results show that trust in government (institutional trust) is not associated with greater political participation (voting, meeting with politicians), thus confounding their expectations – thus the expectations do not met due to extraneous/outside influence on dependent/independent variables (Goldfinch et al. 2009). This research now discusses the two concepts in the context of Africa.

## Institutional Trust and Political Participation in the Context of Africa

The researcher reviews or examines some relevant literature on institutional trust and political participation in Africa and their relationships. Lavallée et al. (2008) look at the relationship between institutional trust and corruption with the assumption or hypothesis that corruption can strengthen citizens' trust for institutions. However, their empirical findings did not support the hypothesis or the theoretical argument. They rather found

corruption never produces institutional trust ("trust-enhancing effects") in sub-Saharan Africa. Corruption does not promote trust for "political institutions" which they defined in terms of the president, parliament, electoral commission, and political parties (ruling and opposition) in the afrobarometer survey (Lavallée et al. 2008).

Not many studies have been done in Africa as far as issues of institutional trust and political participation are concerned. A study in Zambia reveals that "institutional considerations have been underemphasised and misinterpreted in explanations of political participation" (Bratton 1999, p. 550). The study connects political institutions to ways the people of Zambia participate in political issues under the new democratic dispensation that occurred in Africa after the collapsed of the communist regime in the late 1980s and the early 1990s. It indicates that citizens of Zambia political participation depend on their affiliations, mass mobilization campaigns, agencies of voter registration, political parties, and voluntary associations. Such political participation also depends on the way political institutions operate in Zambia especially whether the institutions "reinforce or break with practices inherited from the past" – political life (Bratton 1999). This suggests that once the people have trust in political institutions, it creates opportunities for political participation, and where there is so much distrust for institutions, it "can constitute obstacles to participation" (Bratton 1999, p. 550). Political participation is a "multidimensional concept" which involves not only "voting in elections," but it also includes "election campaigning, contacting political representatives, collective action around policy issues, taking part in direct action like protests and demonstrations" (Bratton 1999, p. 552). The 1991 historic general election increased political participation in Zambia, where the citizens have demonstrated trust in the electoral system (institutions).

Two types of citizens are identified in Africa, with regard to their levels of political participation: the active ones (autonomous "citizens") have a high interest in politics and engage others on political issues, while the passive ones (mobilized "subjects") are those with fewer interests in political issues who only participate when they are "persuaded, induced, or compelled by others" (Logan et al. 2006, p. 14). The citizen's institutional trust (particularly political parties) is found to have a higher influence on their political participation, especially among the mobilized citizens through parties' campaign strategies, lobbying power, and mass voter mobilization strategies.

Vinck et al. (2019) examine institutional trust and citizens' participation in health-preventive measures in Eastern Democratic Republic of Congo (DR Congo) in the outbreak of the Ebola virus disease (EVD). The research findings suggest that where the people (citizens at various communities) have trust for their health institutions and leadership, they actively participate in the preventive activities and exercised positive behaviors toward curbing the spread of EVD and vice versa. This emphasizes the importance of trust and participation (Vinck et al. 2019). Some negatively motivated factors are "low institutional trust and belief in misinformation"; such factors reduced the people's willingness or likelihood of accepting preventive measures and positive behaviors toward the acceptance of the Ebola vaccines (Vinck et al. 2019, p. 529). Thus, mistrust and misinformation are factors that increase the people risks of spread of EVD.

A study in Ghana and Kenya also look at the correlation between institutional trust and civil engagement and political participation among students (Sam et al. 2019). Key influencing factors include trust, social endorsement, and social efficacy. The higher these factors, the more the participation of the youth in Ghana and Kenya especially among students. While Ghana had a long history of a multiparty system, Kenya had a long history of one-party system until recent; thus the states exhibit different institutional trust and political participation. Higher trust and more active engagement of university students are crucial for the states' future.

Other studies in Ghana look at the relationship between institutional trust and political trust. The factors that explain or contribute to such trust or those that lead to distrust for institutions. Some factors like government performance, national

pride, and cultural factors are identified as influencers of institutional trust and the cornerstone of democracy. Also, institutional trust is a key feature or it is a "democratic asset" in Africa. Thus, the postulation that an increased institutional trust will enhance "democratic consolidations" where as a reduced institutional trust may lead to "democratic breakdown" ushering in dictatorship or the return of authoritarian rule in developing countries including Africa (Godefroidt et al. 2017, p. 906). There are a myriad of factors that influence institutional trust in Ghana and other African states. Some of the factors are political or cultural; ethnic divisions, feelings of national identification, and the performance of public institutions (high or poor) can create high or low institutional trust. Ghana is credited as "a beacon of hope for democracy in Africa" as Ghana is the "epitome of democracy and good governance in Africa" and seen as model example in the tumultuous West African subregion (Sithole 2012, p. 1). Despite this success story, Ghana still has some issues, and in the context of institutional trust, Ghana is among the "least-trusting societies worldwide" (Norris 2000; Gyimah-Boadi 2009; Delhey et al. 2011; Sithole 2012).

Onyango (2020) adds a new discourse on institutional trust and political participation as this work specifically looks at the correlation between institutional trust and the fight against corruption in Kenya from interagency or interorganizational perspectives of workers, individuals, or the citizens. Some factors like commitment, performance, and personal integrity are influencers.

## Conclusion

This research concludes that trust for institutions is crucial as it creates room for the people or citizens' political participation. It establishes that the level of institutional trust of the citizens' depends on their levels of participation in state activities. The higher the trust, the higher their participation and vice versa. The research also identifies three categories of citizens depending on their levels of participation or engagement. The "critical citizens" are the courageous or the active ones who have the capacity to challenge the institutions as in developed democracies (Norris 2011). The "autonomous citizens" have a high interest in politics and then engage others on political issues while the "mobilized subjects" are those with less interests in political issues who are 'persuaded, induced, or compelled by others to participate' (Logan et al. 2006, p. 14).

## Implications and Suggestions for Future Research

This research analysis implies that the two concepts are interconnected; the factors that connect them are multifaceted. Future research should consider quantitative cross-country dimension.

## References

Andrain CF, Smith JT (2006) Political democracy, trust, and social justice. Northeastern University Press, Boston

Askvik S, Jamil I (2013) The institutional trust paradox in Bangladesh. Public Org Rev 13(4):459–476

Bouckaert G, Van de Walle S, Kampen J (2005) Potential for comparative public opinion research in public administration. Int Rev Adm Sci 71(2):229–240

Bratton M (1999) Political participation in a new democracy: institutional considerations from Zambia. Comp Polit Stud 32(5):549–588

Bratton M, Chu YH, Lagos M (2006) Who votes? Implications for new democracies. Chapter prepared for the second annual Yearbook of the International Institute for Democracy and Electoral Assistance (Stockholm, IDEA). www.global barometer.net

Christensen T, Lægreid P (2005) Trust in government: the relative importance of service satisfaction, political factors and demography. Public Perform Manag Rev 28(4):487–511

Delhey J, Newton K, Welzel C (2011) How general is trust in "most people"? Solving the radius of trust problem. Am Sociol Rev 76(5):786–807

Donovan T, Bowler S (2004) Reforming the republic: democratic institutions for the new America. Pearson/Prentice Hall, Upper Saddle River

Godefroidt A, Langer A, Meuleman B (2017) Developing political trust in a developing country: the impact of

institutional and cultural factors on political trust in Ghana. Democratization 24(6):906–928
Goldfinch S, Gauld R, Herbison P (2009) The participation divide? Political participation, trust in government, and e-government in Australia and New Zealand. Aust J Public Adm 68(3):333–350
Gyimah-Boadi E (2009) Another step forward for Ghana. J Democr 20(2):138–152
Hofstede G, Hofstede GJ, Minkov M (2010) Cultures and organizations: software of the mind. McGraw-Hill, New York
Hossain N (2008) Who trusts government? Understanding political trust among the poor in Bangladesh. Asia Research Institute working paper series no. 103. BRAC Research and Evaluation Division & Asia Research Institute National University of Singapore, Dhaka, Bangladesh
Huntington SP, Joan MN (1976) No easy choice: political participation in developing countries. Harvard University Press, Cambridge, MA
Hyden G (2013) African politics in comparative perspective. Cambridge University Press, Cambridge
Khodyakov D (2007) Trust as a process: a three-dimensional approach. Sociology 41(1):115–132
Kim S (2010) Public trust in government in Japan and South Korea: does the rise of critical citizens matter? Public Adm Rev 70(5):801–810
Kipo-Sunyehzi DD (2020) Politics of value-added tax policy in Ghana. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, New York, NY
Lavallée E, Razafindrakoto M, Roubaud F (2008) Corruption and trust in political institutions in sub-Saharan Africa. In CSAE conference 2008-Economic Development in Africa, p 21
Logan C, Machado F (2002) Afrobarometer round I: compendium of comparative data from a twelve-nation survey (No. 11). Michigan State University, Department of Political Science. Michigan, USA
Logan C, Fujiwara T, Parish V (2006) Citizens and the state in Africa: new results from Afrobarometer round 3. The Afrobarometer Network. Working Paper No. 61. Michigan State University, Michigan, USA
Mishler W, Rose R (2001) Political support for incomplete democracies. Int Polit Sci Rev 22(4):303–320
Norris P (1999) Critical citizens: global support for democratic government. Oxford University Press, Oxford
Norris P (2000) Making democracies work. Social Capital and Civic Engagement In 47:15–20
Norris P (2011) Democratic deficit: critical citizens revisited. Cambridge University Press
Onyango G (2020) Inter-institutional trust and multi-agency networks in anti-corruption efforts in public administration in Kenya. Afr Stud Q 19(2):17–36
Sam DL, Wanjohi RN, Akotia CS (2019) Civic engagement and participation among Ghanaian and Kenyan students and their correlates. J Civ Soc 15(1):42–61
Sithole A (2012) Ghana: a Beacon of Hope in Africa. Policy Pract Brief 18:1–9
Suh H, Yee J, Chang D (2013) Type of trust and political participation in five countries: results of social quality survey. Dev Soc 42(1):1–28
Sztompka P (1999) Trust: a sociological theory. Cambridge University Press, Cambridge
Van de Walle S, Six F (2014) Trust and distrust as distinct concepts: why studying distrust in institutions is important. J Comp Policy Anal 16(2):158–174
Vinck P, Pham PN, Bindu KK, Bedford J, Nilles EJ (2019) Institutional trust and misinformation in the response to the 2018–19 Ebola outbreak in North Kivu, DR Congo: a population-based survey. Lancet Infect Dis 19(5):529–536
Wang X, Van Wart M (2007) When public participation in administration leads to trust: an empirical assessment of managers' perceptions. Public Adm Rev 67(2):265–278

I

# Institutional Trust in Bangladesh: Determinants from Good Governance Stance

Tahmina Ferdous Tanny
Department of Public Administration, Jagannath University, Dhaka, Bangladesh

## Synonyms

Governance and public administration; Governance and trust; Institutional governance; Integrity in the public service

## Definition

Institutional trust is citizens' evaluation of public sector institutions' performance as honest, helpful, and accountable.

## Introduction

Good governance and trust intertwine in a manner that the presence of the former gives birth to the

latter; and vice versa. Trust is an indispensable element in the composition of a competent state. A competent state strives to instigate a trust culture where citizens have an equal and potential chance of making a difference in the political decision making (Sztompka 1999). This is how good governance takes place as the corollary of the trust culture (Blind 2007). Contrarily, Levi (1998) said that the role of the state determines whether its subjects would bestow trust: reflected from macroeconomic performances like higher GDP, lower inflation rate, reduced unemployment, to noneconomic performances like the governance of the state-level institutions as credible, accountable, corruption-free, and serve common interests. Irrespective of whether trust begets good governance, or comes after the good governance, the importance of both is a topical issue in governance studies.

Diamond (2007) identified three mechanisms that function to link trust and good governance: the social-civil mechanism indicates the necessity of a culture where citizens have high social trust that allows them to extend trust to the representatives of public institutions and legitimate the government, along with a vibrant civil society who acts as a mediator between citizen and government to represent aggregated interests and rational demands. The economic-efficiency mechanism addresses that a state can increase its social and political trust by resolving social issues of inequality and marginalization through safety nets and social welfare programs. The political-legitimacy mechanism implies citizens' perception/belief that the government rightfully possessing and exercising the power bestows them with political trust and the government legitimacy. Democratization tools such as decentralization, free and fair elections, efficient parliamentary process, and an independent judiciary bring the result of political legitimacy.

The leading objects of trust comprise the government, government's integrity, the electoral process, the legislative body, administration, the judiciary, the police, the military, and the outcomes (Kim 2010). Distrust in the political and representative institutions erodes support as a form of governance because citizens become less likely to pay taxes, spontaneously comply with laws and cooperate with administrative rules and regulations, and thus, produce alienation from the political process. So, the state suffers to mobilize national resources or set up a collective vision for national development (Diamond 2007); consequently, it falls into the vicious cycle of low trust – declining resources – poor perceived government performance – lower trust (Yang and Holzer 2006: 1).

In countries either developed or developing, declining trust in government is well established in literature and has been justified. Building trust is a difficult task regardless of countries but it is more difficult for countries that have limited accessibility to all sectors and concentrated in a few – the developing countries; and restoring people's trust is an equally important concern for both. Trust is highly important for the government and good governance (Kim 2010: 279), and to found trust, the government must govern better by being more transparent, responsible, accountable, and also more actively engaging with the public, particularly for their interest and be strictly respectful to the law (Kim 2010; Diamond 2007).

Good governance has been the most buzzing word since its inception, yet a relative concept because things that seem good for one country may be bad for another country's interest. Farazmand (2017) discussed how this clichéd concept had been forcibly bestowed to underdeveloped and least developing countries to adopt, and in the name of aids and grants how different partner organizations of the United Nations have penetrated subtle imperialist policies and imposed conditions in exchange of their loans. Good governance as a prescription promoted Structural Adjustment Program (SAP) that brought public sector reforms like trade liberalization, privatization of major economic sectors, reduction of subsidies in agriculture, shutting down of nationalized industries in these countries, and disrupted domestic economies. In response to such limitations, Farazmand (2004) suggested a comprehensive definition where he incorporated international financial and development

organizations along with good governance triad of the state, the civil society, and the private sector because of their ever-increasing interference in the less developed and developing countries' politics, economy, and the sovereignty. Farazmand's (2017) justification of sound governance is just right to depict the image of Bangladesh whose political economy is driven by global markets, multinational corporations, and local business elites.

## Conceptual Terms

**Trust**: Trust is considered as a psychological phenomenon between two parties where one party remains vulnerable to the actions of another party, the former finds trust if the latter is morally good, benevolent, honest, a promise keeper, predictable, and such other attributes for the former's beneficial outcome.

**Institutional Trust**: Institutional trust is founded on the premise of interpersonal trust basement. Institutional trust happens between the principal and agent, or service provider and service receiver, or the benefactor and the beneficiary, and such trust is simply the citizens' judgment of public services and the associated public personnel's qualities that allow them to consign trust to the particular institution. When the citizens/service receiver explores the civil servants' actions are compatible to their commitment, ethical in conduct, fairer in treatment, helpful in the necessity, discretionary in an emergency, transparent in decision making, a feeling of trust emerges in the public sector operation of the government while the absence of those actions accrues distrust correspondingly.

**Good Governance**: The concept of good governance simply implies that the affairs of the state are administered such that the state organizations manage public resources effectively; conform to designated function; involve citizens in decision making as a stakeholder; serve citizens efficiently surpassing factors like gender disparity, social status, and money holdings; show transparency in action; and be accountable to the citizens.

## Issues of Good Governance and Trust in Bangladesh

Bangladesh, the country of the rising economy, recently got the preliminary status as a developing country and yet to be under surveillance of the UN to achieve complete confirmation. Issues related to the governance of Bangladesh have never skipped, including in the agenda of international donors and development partners for the country's journey toward development and achievement of sustainable goals. Looking at history reveals that Bangladesh is a society bearing the culture of years of domination, exploitation, and colonial legacy. The country, since independence, has undergone different systems of government including the one-party system, coalition government, military rule, democratic presidential, or parliamentary form of government. The country augmented, endured, and sustained in the political arena of ups and downs for the visionary roles of charismatic leaders, prudent policies of party politicians, contribution in social and economic well-being achievement, coupled with the controversial acts and debauchery occurrences the regimes left. The political culture prevails in the country reflects that change of government calls forth declining previous projects despite containing good intention, above all; in the overall governing strategies of the state in the spheres of administration, political, economic, national, and international affairs through renovating, reforming, vanishing, or restoring ideas and habits, and unlikely is in a stable condition till date for numerous experimentation. So, good governance has always been a crying need for the people of this area toward progress and betterment.

In their book Khan and Islam (2015) mentioned the presence of three aspects in the governance of Bangladesh weakening the polity and inhibiting the potential to safeguard good governance practices: first, absence of institutionalized democracy for a less formal political culture where the members of a powerful nexus who capture power and authority of the state institutions (Alam and Teicher 2012) reside at the top strata of government. Second, intense corruption that is malignant like cancer, engulfed in all

sectors of the state whether it is economy, administration, or society by capturing the state resources to be concentrated in a few groups thus enhancing social inequality, depriving poor mass people to get services without kickbacks, and demoralizing values to act fairly. Hence the public governance pillars (administrative, political, economic, regulatory, and legislative) of Bangladesh posed formidable obstacles to key institutions of reform, refining processes, and strategies of management and guiding the country toward a more efficient and effective system (Alam and Teicher 2012: 2).

The administrative skeleton and the organs of public institutions of Bangladesh are a replication of the British Weberian administration. The public sector plays a dominant role in service provision where political authorities very often interfere in administrative decisions. Formalism happens when formal rules are relaxed to serve the specific interest but executed strictly with adversaries and system challengers (Farazmand 2004) and such practices are prevalent in the administration where public personnel serve patrons and show formalism in dealing with mass people. According to Farazmand (2017), institutions without sound organizations are fragile and fail to perform their purpose; with respect to Bangladesh, the institutional actors do not follow standard operating principles, and pursue their objectives in implementing policies, and the citizens also have limited scope to purchase services in a competitive market-like conditions (Zafarullah and Huque 2001). Furthermore, a low trustworthy society and fragile social capital never let people extend their trust to outsiders like public officials, and seek services through informal contracts, relationship building, and by practicing nepotism, favoritism, tadbir (persuasion), etc. Consequently, the status of Bangladesh is stained with the blame that public services are bought and sold in exchange for money, also through power, high possession, and influence in the society. In such a culture where unethical practices are rampant, cooperation from the administration is occasionally natural, and service transaction is costly (kickbacks, lobbying); the presence of good governance is at stake and distrust becomes high on the scale.

## Institutional Trust in Bangladesh: Determinants from Good Governance Stance

Good governance has shifted its focus from economic to noneconomic phenomena, particularly on the quality of government for citizens' support and trust in government (Rothstein and Torell 2008). The following points will elaborately discuss the state of good governance and corresponding trust situation in the context of Bangladesh, especially focusing on the public administration arena. International development partners and multinational financial institutions have provided indicators of good governance from different aspects. The recognized six indicators of good governance have been explained here to depict the circumstances of institutional trust in Bangladesh.

**Government Effectiveness**: The principle indicates to what extent the public and civil services rendered to the citizens have quality, whether they are consistent with policy commitment, fulfill public satisfaction as per their necessity, and above all, are free from political influences to execute independently. The quality of public service delivery in Bangladesh is featured as bounded to rules, time-consuming, noncooperative, and the actors mostly unhelpful and reactive. For the underlying issues, people instead of following formal procedures search for a lobby, personal connection, and political favor, and using these means receive services from actors and achieve satisfaction. Thus, gaining trust out of service satisfaction comes not following a prescribed way, but taking shelter in unsanctioned ways which is a paradoxical situation in public service governance in Bangladesh. Public service commitment to serving as a servant of the state bears mistrust as unethical practices cling to administrative services where public officials infringe service regulation, hamper the implementation of government policy at the grassroot levels, and consequently fail to meet policy goals and objectives.

**Participation**: It is the process of citizens' involvement in decision making through direct and indirect mechanisms as a stakeholder. Though

the articles of Bangladesh Constitution and Local Government directives allow local government to act as a representative platform, the culture of people's participation in administrative programs denies the real necessity of grassroot level people in Bangladesh. At the Union Parishad in rural local government, the members of the Wards feel less inclined to invite and inform citizens to provide opinions in Union Parishad budgeting, ward-based local planning, or in any development program of their area. Concerning participation, the elected representatives are uncommitted because they ensure engagement of their close associates, aged and renowned individuals of the area, and influential and affluent persons of the locality while the fate of the mass people lingers on the arbitrary decision of the few elite groups. Hence, with the introduction of electronic governance, the process of participation is expected to be easier for informed and educated citizens to have a quick view through government websites and send their opinions on important public issues of urban local government areas and ratings in different public utility programs, but the scenario of participation has not improved yet due to lack of arrangement in updating information in websites, delay in responses, and keeping citizens apart for being one of them.

**Rule of Law**: This principle implies the legal framework should be applied on an equal basis irrespective of social status, economic division, power, religion, gender, etc. As the implementation of this principle is destined for all public and private institutions to comply with, a significant role is played by the law enforcing and law adjudicating institution of government for its elevation and citizens' greater trustworthiness. The deprave practices of the Police department of Bangladesh comprise of harassing innocent people in charge of crime to forcibly collect money, releasing criminals, and also those who have a political backup and powerful possession in society. The increasing number of extrajudicial killing of law enforcement agents also trespasses the human rights of trial, or frequently the profound causes of serious cases nipped in the bud to be revealed. Furthermore, in Bangladesh, the judicial branch of government in operating its function impedes through unintended executive interference which is against the judiciary's independence and neutrality. Sometimes, cases either bearing political urgency or controversy are resolved fast, and others fused in case log accordingly. The existing state of rule of law and the associated institutions' realities in Bangladesh let citizens undermine their trust in the whole system.

**Accountability**: The term accountability refers to the actors of political and public institutions to justify their actions to the citizens. As a people's representative, the politicians of Bangladesh have apathy keeping in contact with citizens after the election, the power they exercise being in that position does not comply with fair procedure nevertheless, and there is a dearth in the culture of involving people to express their opinions and be answerable to them. In government organizations, citizen charter as an accountability tool has not been circulated yet; people are still unaware of what services are expected from an institution. The Comptroller and Auditor General reports of public accounts published are of preceding years, instead of the current year. The parliamentary sessions are the only way to keep the parliament members accountable where the opposition party's presence is rarely noticed for a constructive judgment of government. Despite the constitutional regulation the post of ombudsman has not institutionalized to check over statutory authorities' mismanagement and irregularities. Trust develops when the outcome of the trustee perceives to be trustworthy, and the existing practices of accountability appraisal could not bring out the answerability attitudes of the concerned actors so the citizens are distracted to be vigilant to check abuse of power.

**Transparency**: Transparency is an extended version of accountability that implies openness and dissemination of information for citizens' availability. A2I (Access to Information) and right to information measures in the public sector governance of Bangladesh have been innovated to fulfill citizens' necessity and to gain reliability. Though citizens are somewhat availing from such initiatives, many of the public personnel show rigidity and reluctant attitude to be frank in information providing showing excuses for secrecy. Besides, the state authorities claim the

tendering of government projects fully follows the e-GP (electronic Government Procurement) system that promotes transparency; however, the practicality shows the contractors get the projects through lobbying, or having connections with political incumbents. Hence, transparency becomes rhetoric and ineffective to induce mass people's trust in the functions of public institutions.

**Control of Corruption**: Geof Wood (cited in Askvik and Jamil 2013) has imaged Bangladesh as a "marketized state" where individuals buy and sell public services while people from the lower strata to the top layer of the society are submerged in corruption, committing petty corruption to grand ones and hindering that unethical practices is a priority for the country's development goals. Controlling corruption in sectors like economy, finance, administration, and politics should be the major agenda for greater utilization of national resources as well the assistance from development partners and also to ensure social justice. ACC (Anti-Corruption Commission) is the country's sole authority to investigate corruption cases of public organizations in Bangladesh, which is stigmatized with the controversy of taking ransom, deficit professionalism and courage to charge complaints against politically powerful persons, and declare arbitrary penalty and work in association with the ruling party (Iftekharuzzaman 2019). Consecutive governments have treated ACC as a part of the executive branch and curtailed its working freedom and power in different guises by taking steps like seeking prior approval from the government to arrest public officer – allegedly for corruption. The organization expects to put an end to corruption and restore public trust in government, but itself transformed as a troublesome entity. Therefore, the effectiveness of watchdog ACC not only achieves greater mass support and confidence but also promotes sound governance in the country.

## Conclusion

Trust is an essential element in any kind of social or organizational relationship over which the legitimacy of institutions is based on. The incapacity of representative and public service institutions to meet the civic responsibilities and perform mandates erodes the trust level of citizens. The players of the state institutions are the bearers by whom the practices of good governance are offered. So, when good governance exists, trust comes as a payoff. For Bangladesh the state of good governance can be termed as poor governance, where the citizens have profound distrust in the management and operation of the government agencies; and to weigh trust is hardy for citizens' subjective judgment of formal arrangements.

## Cross-References


- ▶ Bureaucracy and Administrative Culture in Bangladesh
- ▶ Public Attitudes and Corruption
- ▶ Trust in Government


## References


Alam Q, Teicher J (2012) The state of governance in Bangladesh: the capture of state institutions. South Asia J South Asia Stud 35(4):858–884. https://doi.org/10.1080/00856401.2012.702723

Askvik S, Jamil I (2013) The institutional trust paradox in Bangladesh. Public Organ Rev 13(4):459–476. https://doi.org/10.1007/s11115-013-0263-6

Blind PK (2007) Building trust in government in the twenty-first century: review of literature and emerging issues. 7th global forum on reinventing government, June, 1–31

Diamond L (2007) Building trust in government by improving governance. 7th global forum on reinventing government, 1–22

Farazmand A (2004) Sound governance: policy and administrative innovations. Praeger/Greenwood Press, Westport

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17(4):595–617. https://doi.org/10.1007/s11115-017-0398-y

Iftekharuzzaman (2019) Anti-corruption commission: how can it be truly effective? The Daily Star. Retrieved from https://www.thedailystar.net/sites/all/themes/tds/favicon.ico

Khan MM, Islam SM (2015) Public administration and policy in the Middle East. In: Dawoody AR (ed) Governance challenges in bangladesh. Springer, Scranton, pp 281–295. https://doi.org/10.1007/978-1-4939-1553-8

Kim S (2010) Public trust in government in Japan and South Korea: does the rise of critical citizens matter. Public Adm Rev 70(5):801–810. https://doi.org/10.1111/j.1540-6210.2010.02207.x

Levi M (1998) A state of trust. Retrieved from http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.452.7186&rep=rep1&type=pdf

Rothstein B, Torell J (2008) What is quality of government? A theory of impartial government institutions. Gov Int J Policy Adm Inst 21(2): 165–190. https://doi.org/10.1111/j.1468-0491.2008.00391.x

Sztompka P (1999) Trust: a sociological theory. Cambridge University Press, Cambridge

Yang K, Holzer M (2006) The performance – trust link: implications for performance measurement. Public Adm Rev 66(1):114–126. https://doi.org/10.1111/j.1540-6210.2006.00560.x

Zafarullah H, Huque AS (2001) Public management for good governance: reforms, regimes, and reality in Bangladesh. Int J Public Adm 24(12):1379–1403. https://doi.org/10.1081/PAD-10010594

# Institutionalization and Its Many Facets

Stéphanie Gagnon
École nationale d'administration publique, Montréal, QC, Canada

## Synonyms

Diffusion; Process of stability; Reproductive process

## Definition

Institutionalization is a process. It involves the sequential steps required for a model to achieve an institutional status. Institutions simultaneously prescribe ways of acting and exist as a solution to collective problems.

## Introduction

The process of institutionalization has been documented in a variety of disciplines, namely, in political science, economics, and sociology. Although the focus of attention on the institution is not the same, these three disciplines recognize that institution plays a role in collective action and in response to basic needs. Also, institutions serve to regulate behavior, to guide them. It is a source of stability. That being said, institutions change regularly. Therefore, for new institutions to gain legitimacy, the process of institutionalization must be perpetually repeated.

In public administration, numerous models have been considered as institutions in the last 40 years, like New Public Management (NPM), collaborative governance, and sustainable development. These institutions have dramatically changed the management of the state and ministries. They gave rise to new laws and new practices. Because of the dual role of institutions (constraining by prescribing course of actions and helping to solve coordination problems), the process of institutionalization is particularly important to understand in public administration in order to be aware of the institutions that take precedence at a given moment and in a given context. Also, it is useful to understand how this process unfold. In other words, how do different models become institutionalized?

## Process of Institutionalization

The first writings on institutionalization proposed a two-step process. In fact, for Tolbert and Zucker (1983), the first step is the creation of an innovation (this stage has been labeled: preinstitutionalization) and the second step is the diffusion of the model. In their study on municipalities, they explain how a policy is institutionalized. They note a first mode of adoption of the policy, which is done quickly and is linked both to a regulation and the characteristics inherent to the Municipal organization adopting it. Then, they observe a second mode of

adoption, where dissemination takes place among similar organizations (diffusion). The more organizations adopt the procedure, the more institutionalized it becomes. Thus, adoption in this second stage is tied to a preoccupation for legitimacy.

This process was subsequently enriched by Greenwood et al. (2002), who propose a theorization step between the two stages already depicted in the process. The theorization helps explain the relevance of the model/innovation and to link it to prevailing ideas in a specific context (organization, society, etc.) in order to give it some legitimacy. For example, New Public Management is partially theorized on the search for efficiency and the rejection of bureaucracy.

Another stream of research (Czarniawska and Joerges 1996) used a model in three steps, depicting the complexity of the process of institutionalization and his political character. The first step is the transformation of the model that is chosen into objects (be it a politic, a label, etc.) in order to embody it in the organization. For Phillips et al. (2004), the object that is recognized as constitutive of institutions is texts. The second step is to put into practice the object(s) previously retained. In other words, it is a matter of applying the objects that represent the model in the daily activities of the actors. Finally, if the action taken in the second step is reproduced numerous times and acquires stability, the model becomes an institution.

There are two main differences between the two processes identified (process in two steps or three steps). The first one is linked to the fact that the second model includes agency. According to this process, models are proposed, applied, and reproduced by actors. Moreover, actors can use some models strategically over others. The second difference is related to the fact that in the first model, later adopters were doing it for legitimacy purpose. In contrast, in the second model, author proposes (Waldorff 2013) that discursive strategies are voluntary used to create legitimacy for a model or an object. Thus, the two-step model proposed that institutionalization and legitimacy were almost equivalent. The three-step model rather suggests that it is possible to influence the legitimization of a model.

## Elements that Can Become Institutions and Their Characteristics

The process of institutionalization has been studied at various levels. In fact, the literature discusses the institutionalization of models as much as of organizations or of fields. According to Berger and Luckmann (1966: 72), " institutionalization occurs whenever there is a reciprocal typification of habitualized actions by types of actors. Any such typification is an institution." Put simply, it means that institutionalization is achieved when people in a given group act the same way in the face of recurring activity. This way of acting is reproduced rather automatically. With time, it becomes the normal way of behaving. For example, civil service reform (Tolbert and Zucker 1983) and the community policing philosophy (Burruss and Giblin 2009) have been considered institutions at some point in time. These **models** have guided managers of public organizations in their decisions about the future of their organizations.

**Organizations** has also been characterized as institution. Selznick (1957: 139) underlines that: "the terms 'institution' and 'organization character' refer to the transformation of an engineered, technical arrangements of building blocks into a social organism." In other words, the organization is defined, over time, in relation to its contribution to society. For example, Selznick (1957) showed how the Tennessee Valley Authority (a public development agency in the Tennessee River Valley) had a distinctive character and was deeply rooted in community having incorporated an official into its structure to ensure sufficient local support.

This conception of organization is significant for public administration. First, it allows to consider the organization in its context, which is particularly important for public organizations since they are affected by their context whether it is the political environment, socio-economic

forces, etc. Second, the concept of legitimacy is intimately linked to the process of institutionalization. In fact, several studies have shown that organizations adopt a model for legitimacy purpose (Di Maggio and Powell 1991). The idea being that if an organization does not adopt a model that is widely endorsed by the majority of relevant stakeholders, they may ask why. Studies have illustrated that sometime the model may be mimic for reasons of legitimacy instead of efficiency. In fact, organizations gain legitimacy for acting like the others in the same sector even though the model they retain is not especially well suited for them. Other studies showed that the proponents of the model used several texts or discourses to promote (Waldorff 2013) and legitimize it. Public organizations are not immune to these two trends in the search for legitimacy.

A **field** can also be institutionalized or structured as Di Maggio and Powell (1983: 148) explain. For them, four steps are required in order to structure a field, namely:

1. The increase of the interactions between the organizations of the "future" field
2. The emergence of structures of domination in the form of a body that binds organizations together, and the emergence of coalition schemes
3. The increase of information to be processed for each organization
4. A mutual awareness of involvement in a common field of activity

## Sources of Institutionalization

Five sources are recognized in the process of institutionalization of a model, namely, the state (Di Maggio and Powell 1983), the professions (Di Maggio and Powell 1983), other organizations (Di Maggio and Powell 1983; Tolbert and Zucker 1983), individual actors (DiMaggio 1988), and cultural influence (Jepperson 1991).

The state mostly acts on institutionalization by the formulation of policy and through the rhetoric it favors. For example, in Quebec, the Public Administration Act stipulates that departments and agencies must prepare an annual management report. Professions, for their part, affect institutionalization by the models they privilege and the rules they establish. As far as organizations are concerned, they have an impact on the institutionalization of models, because they imitate each other. Also, some have the power to impose the rules of the game in their field. Some authors propose that individuals (sometime labeled institutional entrepreneur) or groups play a significant role in the institutionalization process thanks to their resources (Di Maggio 1988), the discourses they use (Waldorff 2013), etc. Finally, culture is also an element at the source of institutionalization (Jepperson 1991. Culture acts as an interpretative scheme and influences what will be considered compatible or not in the model to be implemented.

Thus, several types of actors, organizations, or culture can help to initiate or influence the process of institutionalization.

## Effects of Institutionalization

Effects of institutionalization are numerous. The first one is that institutionalization guides actions and sometimes proofs to be constraining. For example, if an organization chooses to implement the principles of NPM, it will need to act on it and demonstrate it. The second one is that isomorphism result from the process. In fact, this means that organizations are more and more similar because of the adoption of the same model. However, since two decades, a strand of literature rather proposes that variation ensue. According to the translation theory, even if similar models are applied in various organizations, they give rise to different practices (Pipan and Czarniawska 2010). The reason for this different proposition is that the interpretation of the model varies according to various organizational actors. Also, the model needs to be applied to the context in use, which also generate modifications to the original model. A third consequence of institutionalization is the recurrence of the institution or its propensity to

stay the same. In fact, for a long time, the literature only proposed institutionalization and its opposite, namely, deinstitutionalization to demonstrate the difficulty of the institution to change. Studies point out that the deinstitutionalization of a practice must take place before a new one can begin to become institutionalized (Zilber 2002). Recently, studies (Granqvist and Gustafsson 2016) acknowledge the fact that institutional development or change could be a possibility.

Finally, the increase of legitimacy is the most widespread consequence associated with the phenomenon of institutionalization. In fact, some authors (Lawrence et al. 2001) argue that legitimacy is a necessary step to attain institutionalization, whereas some consider that they are synonymous (Suchman 1995). This difference is explained by the process (two steps or three steps) favored to explain institutionalization.

## Conclusion

Even though there is not a consensus as to the process whereby a model become an institution, institutionalization matters. In society, institutions permeate life by promoting certain models over others and by prescribing ways of acting. The different ways of portraying the process vary in terms of steps, of actors implied, and on how much constraining institutions are. More recent studies recognize that it is possible to change the institution and that many actors are qualified to do so. However, the process is never fully controlled. Institutionalization will always have consequences that were not previously anticipated. The state and public administrations are part of this game of creating, reproducing and copying institutions.

## Cross-References


- ▶ Institutional Theory of Organizations
- ▶ Legitimacy in Public Administration
- ▶ Organizational Fields
- ▶ Organizational Institutionalism


## References


Berger PL, Luckmann T (1966) The social construction of reality. Penguin Books, London

Burruss GW, Giblin MJ (2009) Modeling isomorphism on policing innovation The role of institutional pressures in adopting community-oriented policing. Crime Delinq 60(3):331–355

Czarniawska B, Joerges B (1996) Travels of ideas. In: Czarniawska B, Sevon G (eds) Translating organizational change. de Gruyter, Berlin, pp 1–12

Di Maggio P (1988) Interest and agency in institutional theory. In: Zucker LG (ed) Institutional patterns and organizations: culture and environment. Ballinger Publishing Company, Cambridge, pp 3–22

DiMaggio PJ, Powell WW (1983/1991) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. The University of Chicago Press, Chicago

Granqvist N, Gustafsson R (2016) Temporal institutional work. Acad Manag J 59(3):1009–1035

Greenwood R, Suddaby R, Hinings CR (2002) Theorizing change: the role of professional associations in the transformation of institutionalized fields. Acad Manag J 45(1):58–80

Jepperson RL (1991) Institutions, institutional effects, and institutionalism. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. The University of Chicago Press, Chicago, 143–163

Lawrence TB, Winn MI, Devereaux Jenings P (2001) The temporal dynamics of institutionalization. Acad Manag Rev 26(4):624–644

Phillips N, Lawrence TB, Hardy C (2004) Discourse and institutions. Acad Manag Rev 29(4):635–652

Pipan T, Czarniawska B (2010) How to construct an actor-network: management accounting from idea to practice. Crit Perspect Account 21: 243–251

Selznick P (1957) Leadership in administration: a sociological interpretation. University of California Press, Berkeley

Suchman MC (1995) Managing legitimacy: strategic and institutional approaches. Acad Manag Rev 20(3):571–610

Tolbert PS, Zucker LG (1983) Institutional sources of change in the formal structure of organizations: the diffusion of civil service reform, 1880–1935. Adm Sci Q 28:22–39

Waldorff SB (2013) What is the meaning of public sector health? Translating discourse into new organizational practices. J Chang Manag 13(3):283–307

Zilber TB (2002) Institutionalization as an interplay between actions, meanings, and actors: the case of a rape crisis center in Israel. Acad Manag J 45(1):234–254

# Institutionalizing Democracy

Toyin Cotties Adetiba
University of Zululand,
KwaDlangezwa, South Africa

## Synonyms

Consensual governance; Establishing classlessness; Formal equality; Social equality

## Definition

Institutionalizing democracy refers to the degree to which the electorates value the importance of their votes to validating good governance.

## Introduction

To be a legislator in [Nigeria] my state, all that is needed is a sum of [$833055.60] 300 million Naira; 100 million will go to my party's national chairperson, another 100 million will go to my constituency for mobilization, and the remaining 100 million will be divided into two with 60% going to my state's party chairperson and the remaining 40% will go to the "local boys" to solicit for their support. This is the submission of a friend planning to become a legislator in Nigeria's democratic system. By implication, corruption has surreptitiously become part of the state's constitution where democracy has been fully embraced.

In Africa, the questions about abuse of political power in democratic governance and corrupt practices have always attracted comments from scholars in the field of political science. Traditionally and politically, it is assumed that democracy greatly reduces corruption and increases citizenship participation in governance through their voting decisions and overall running of a country. Democracy is seen as system of governance that ensures inclusivity and encourages free will and unhindered public cooperation. Ideally, it is a system that is supposed to be characterized by accountability, transparency, and the provision and upholding of the tenets of the rule of law and the provision of human rights, hence continuing advocating for countries globally to enforce or perhaps embrace democracy as a system of governance. Although democracy seemingly seems to be the way to go in terms of political governance, every system has its advantages, and disadvantages and democracy are no different.

Often democracy has at times been blamed for harboring political dishonesty in the name of corruption and poor accountability compared to countries that are ruled by dictatorial or authoritarian leaders. Debatably, if democratic governance is properly consolidated, unquestionably, corruption can be considered to be on its way out of such democratic system. Measuring the true extent of corruption in a democratic country is very difficult if not impossible as corruption manifests itself in different socioeconomic and political forms; therefore to explicitly conclude a nation's true corruptibility is very difficult. Hence, the assertion that the institutional design of the political system is the ultimate determinant of corruption because of the same political system mirrors out the incentives facing government officials (Lederman et al. 2001).

Institutionalizing democracy and the concept of political corruption is a continuation of the discourse that seeks to connect the concept of political corruption to democratic standards. Precisely, the growth of scandals and the use of the word corruption in African public [political] office debatably are dated back to the period of political interregnum in 1960s and early 1990s, a period that sees the military at the helm of political affairs in most African States and a period when corruption was fully institutionalized on a very high scale level which may have very harmful and retrospective effects on economic and socio-political development.

In the changing circumstances of our times, corruption is considered a conservative assault on states constitution from the very powerful in

the society. It is beyond doubt that corruption and patronage are so omnipresent, rampant, and therefore crippling the society with many states on the verge of being deemed dysfunctional. This corroborates the idea of (Navot 2014, p. 5) that political corruption in democracies is corruption of democracies and that political corruption constitutes behaviours and practices that violate institutional democratic principles or which have the tendency to harm processes that build the democratic order. It relates to problems of trust, of lack of competition, and of systemic dependency on undue influence.

## Methodology

Questioning the applicability of vertical accountability in Nigeria's democracy, this work relied on mixed method of analysis. In social sciences mixed method affords researchers the opportunity to use several methods and measures of an experiential phenomenon in order to overcome the challenges of bias and validity while collecting data. Consequently, when dealing with a greasy and empirical phenomenon like democratic institution and corruption such as the case of Nigeria, a lack of specific idea can be wholly incommodious; hence, the mixed method is used. Mixed method is a combination of an integrative research methodology (it can be a combination of one-on-one interaction with people, observation, and in-depth thematic studies on corruption and democracy), in order to comprehend the central issues of concern in this work.

## Theoretical Framework

Theoretically, this work relies on the theory of culture of corruption as the tool of analysis. Why do some people choose corruption over honesty, while others do not? Is it only the economic costs and benefits associated with a corrupt act that are important, or do intrinsic motivations also play a determining role? And if intrinsic motivations are important, are they culturally determined? (Barr 2010, p. 862). These are probing questions that demand answers why trying to understand the level of corruption in Nigeria's democratic system. Barr and Serra further contend that inherent motivations originate from the internalization of social norms existing within a society. They argued that norms become social when the values that underpin the norms are shared within the society; consequently a deviation from the norm elicits social disapproval, and, if internalized, it generates feelings of shame and guilt. Therefore, according to (Licht et al. 2007) cultural values justify and guide the ways that sociopolitical and economic institutions function vis-à-vis their goals and their modus operandi. Actors in a political system draw on these to select their actions as well as evaluate people and events, to justify their actions.

Debatably, one may argue that it is possible to transmit values and beliefs from generation to generation to another through the immediate sociopolitical environment where a slow-moving component of [corruption] culture is represented. Barr and Serra (2010) argue that not only will the values and beliefs affect adherence to a particular social norm; nonetheless the section of people who adhere to the norm affects individuals' beliefs in the values that underpin the norm; as a result of this, the likelihood that the norm will be adopted by others including future generations is very high. It is therefore pertinent to say that the idea of a social norm that advocates abstinence from corruption can explain why a culture of corruption appears to persist in Nigerian polity.

## Explaining Democracy and Corruption in Nigeria

Defining democracy, to scholars of political science, does not take a very long time, and to find appropriate word in explaining details about democracy does not take time as well. This is because there is no specific manifest of democratic system all because scholars in their various analyses do repeat common principles and themes of democracy.

Democracy has also been described as a system of government where the political legitimacy

of the state through universal suffrage and regular elections, an effective political opposition and representative government, impartial and accessible criminal justice systems, and the absence of arbitrary government and human and civil rights indicated by freedom of religion, association, expression, and movement can be accessed without any form of political inhibition.

While expounding on democracy, (Nightingale 2015) submits that democracy can be explained differently from the traditional definitions while seeing it as a system that provides vertical, horizontal, and societal accountability. Traditionally, this model of accountability defines a vertical chain that provides a continuum of accountability relationships between the electorate, the parliament, the government, and by extension the public service.

Horizontal accountability means public servants are constitutionally accountable for their actions to institutions other than the parliament and can be obliged to explain their actions if found wanting. Societal accountability is a non-electoral mechanism that rests on the actions of a multiple array of citizens' associations, movements, the media, and actions aimed at exposing corrupt public office holders, thus bringing new issues onto the public agenda (Smulovitz and Peruzzotti 2000).

Explaining vertical accountability, Nightingale posits that autocratic governments all over the world depend on the support of a small assemblage of political and social elites (the military, the bureaucracy, and the secret police), and the general public have less influence on the political process and less knowledge about how sociopolitical and economic decisions are made, the result of which is less transparency and little or no accountability. Contrariwise, democratization of the political system somewhat allows the populace to hold their elected officials to account in that the populace have acquired more effective and extensive means of detecting corrupt practices. It therefore means that there should be dissatisfaction on the part of the electorate on performance of the incumbent government/party; the citizens can decide to vote for the opposition party.

Although the electorates may not be able to force the elected political office holders to embrace their political believe and actions, they can still use their political power (their numbers) to remove from office those political office holders who do not comply with their demands. The argument here is that the electorates have the motivation using the power of the ballot to restrain the greedy political office holders who use their position of power for personal gain and force them to work for the interests of their constituencies while inspiring them to transform their political behavior and be more conscious of who they are and what they are to the society.

As argued above there is possibility of the citizens to use their numerical advantage to dislodge corrupt political officials; it should however be noted that the corrupt political office holders have perfected and are still working on their plans to rid states (African States) of its resources. A former governor of Jigawa State (Northwest Nigeria) attested that in reality, the political elites are quite united in quietly sharing their looted money and delivering little or nothing to their various constituencies. They have a stake in keeping the country exactly as it is – weak and confused and easy to exploit. But how can the common men who have been kept squalid, wretched, and in sociopolitical and economic hell be made to fight corruption with their ballot papers in a situation where they are desperate to break the cord connecting them to poverty and hunger?

The above statement reinforces the submission of (Fjelde and Hegre 2007) that in Africa, leaders' ability to maintain elite cohesion and placate opposition rests on the illegitimate disbursement of regime patronage, a system called neo-patrimonialism. Several scholars have argued that higher electoral competition is associated with less political corruption and that the formal democratic institutions allow the citizenry to vote corrupt politicians out of office, provide incentives for the incumbent to align their policy with the preference of the citizenry, and thus abstain from illegitimate rent-seeking for political survival. Hence the question is whether vertical

accountability in democracy actually thrives in Nigerian polity or not.

As present as it seems to be in Nigerian polity, it has been difficult for the imposition of accountability through the electoral mechanism. Under normal circumstances, the incentives for political leaders to rely on illegitimate patronage should be at its lowest in democracies since a democratic incumbent's political base derives its power from the majority vote in elections; economies of scale would therefore lead incumbents to switch from a selective accommodation of private interest to policies that enhance the welfare of all citizens in society (Fjelde and Hegre 2007), but this is not the case in Nigeria where electoral checks are ineffective, thus endangering the stability of the democratic institution/regimes. Put in other words, the democratic institutions that ought to check corruption has paradoxically institutionalized corruption in the polity. By implication corruption has rendered democratic institutions/regimes less stable.

Sadly, corruption in Nigerian democratic system is not just the preserve of politicians and the high and mighty; rather it has partially become part of the country's constitution that is not written down. This pandemic is so deeply rooted in Nigeria's political system that it will require nothing short of a "major political surgery" to curb it. Debatably, corruption in Nigeria is responsible for the flight of thousands of youths to voluntary servitude in Europe, many of whom have drowned in the Mediterranean Sea. The phenomena is responsible for the mass poverty abysmal loss of tax payers' money that would have gone into service delivery, brain drain apart from deprivation of quality education, and good health services that people deserve.

In Nigeria no service is rendered without money exchanging hands. The system thus far has brought bestial underpinnings of the human nature, where there is a deliberate attempt by everyone to outdo the next person in corrupt practices. In Nigeria, corruption has taught people that it is dangerous to be honest. If you claimed to be good/honest as a public officer, there is possibility of becoming a public and endangered officer. The more daring and innovative you are in this vice [corruption], the more you earn public recognition through chieftaincy titles and honorary doctorate degrees, while many women queue up to join your harem. By implication it does not mean how good or innovative you are; if you are not part of them, you may not likely succeed. Hence the words of Achebe (Fatile 2012, p. 59) "anyone who can say that corruption in Nigeria has not yet become alarming is either a fool, a crook or else does not live in this country."

Over the years, the public sector in Nigeria has been characterized largely by ineffectiveness and inefficiency. What this portends to mean is that corruption is the source of many sociopolitical and economic problems that have militated against the attainment of economic development, equity, social justice, political integration, and stability, as well as sustainable democratic development in Nigeria. Scholars have come to agree that there are various types of corruption; these include political bureaucratic, private, public, materialistic and non-materialistic corruption, petty corruption, systemic, and non-systemic corruption. In the parlance of corruption is grand corruption otherwise known as state robbery where members of the political and bureaucratic class plunder the state treasury through brazen theft.

As alluded to by Elsa, vertical accountability in democracy helps the populace to acquire all-encompassing and effective means of detecting and punishing corrupt practices, but this seems not to be the case in Nigeria where the populace unknowingly have been caught in the web of corrupt practices via the institution of democracy; hence, the assertion is that corruption will always be prevalent in a democracy, mainly because politicians occupying high government and organizational positions as well as the electorates are human beings and are therefore susceptible to bribes and emotion.

Debatably, the most damaging effect of corruption is that it grows phenomenally if left on its own and spreads like cancer to vital centers of government with damaging influence on the public. Without much ado the negative multiplier effect of corruption in Nigeria has manifested in the mass spread of poverty, increased crime

rate, unemployment, decayed infrastructure, and inability to defend and protect its citizens within and outside the shores of the country against violent attacks as evidence in the nation's unfashionable position in the committee of poor and underdeveloped nations of the world.

What this suggests is that within the context of Nigeria, the problem of Nigeria is a crisis of governance orchestrated by corruption where state officials serves their own interests without fear of being called to account. Although corrupt practices are a global phenomenon, both Nigeria and Nigerians seem to suffer more from this malaise argued. Everyone in the polity believes that corruption is a norm in Nigeria. Notwithstanding the number of sociopolitical and economic reforms that have taken place in Nigeria, the lack of integrity and respect for the rights of others on the part of political leaders has left Nigeria a haven for corrupt leaders.

Judging from Table 1, debatably, there is no doubt that there is a dearth of good and accountable government in Nigeria if a total of N 214.5 billion of tax payers' money lies in the pocket of few individuals. What the above means is that there is likely going to be stagnation of socioeconomic and by extension political development owing to the continuous bureaucratic political and electoral corruption.

This is not, however, to draw a concluding remark that democracies are more corrupt compare to other forms of government, e.g., authoritarian government, in terms of institutionalizing corruption, but it is worth noting that because of the increase probability of power which has been decentralized, corruption may likely flourish as it is in Nigeria, unlike in a state where power is centralized to one or a handful of individuals. This statement is corroborated by (Seán 2012) that in a democracy corruption is a household name, because many people have the power to make decision, and in the absence of proper checks and balances to regulate and promote accountability, those individuals may likely if not ultimately engaged in committing corrupt activities.

In democratic countries, people through periodic elections have the power to remove leaders and elect new ones; hence fighting corruption becomes more effective through the power of the

**Institutionalizing Democracy, Table 1** Example of corrupt cases in Nigerian polity

| S/N | Names | Amount involved |
|---|---|---|
| 1 | Ayo Fayose (Governor of Ekiti State) | N 1.2 billion |
| 2 | Adenike Grange (former Health Minister) | N 300 million |
| 3 | Joshua Dariye (former Governor of Plateau State) | N 700 million |
| 4 | Saminu Turaki (former Governor of Jigawa State) | N 36 billion |
| 5 | Orji Uzor Kalu (former Governor of Abia State) | N 5 billion |
| 6 | James Ibori (former Governor of Delta State) | N 9.2 billion |
| 7 | Lucky Igbinedio (former Governor of Edo State) | N 19 billion |
| 8 | Iyabo Obasanjo (former Senator) | N 10 million |
| 9 | Gabriel Aduku (former Health Minister) | N 300 million |
| 10 | Jolly Nyame (former Governor of Taraba State) | N 1.3 billion |
| 11 | Chimaroke Nnamani (former Governor of Enugu State) | N 5.3 billion |
| 12 | Michael Botmang (former Governor of Plateau State) | N 1.5 billion |
| 13 | Prof Babalola Borishade (former Aviation Minister) | N 5.6 billion |
| 14 | Boni Haruna (former Governor of Adamawa State) | N 254 million |
| 15 | Bode George (PDP Chairperson, Southwest Nigeria) | N 100 billion |
| 16 | Rasheed Ladoja (former Governor of Oyo State) | N 6 billion |
| 17 | Adamu Abdullahi (former Governor of Nasarawa State) | N 15 billion |
| 18 | Attahiru Bafarawa (former Governor of Sokoto State) | N 15 billion |
| 19 | Jumoke Akinjide (former F C T Minister) | N 650 million |

Source: From Economic and Financial Crime Commission (EFCC) EFCC.org (Muhammed 2013, pp. 130–131)

ballot (Nurrochmat 2005); however, the socioeconomic inequality in democracies particularly Nigeria has increased the level of corruption, fostering the capture of key states institutions by a few politically connected individuals, who use these institutions to either fight their political enemies or solely for the process of enriching themselves in the process (Andrain and Smith 2006).

According to the US Institute of Peace, because of poor checks and balances in some democracies like Nigeria, corruption has become a crime syndicate on its own, where there have been clear-cut operational plans on how corrupt activities can be done; this usually involves politicians at the highest level. (Programme 2008) mentions that corruption in democracies involves the following: capturing of polices, abuse of office power, the illegal financing of political parties, rigging of elections, granting favors to certain individuals, and unethical influences of business operational practices. Democracy as a system of governance in its initial design was a great idea to bring people together and share ideas, allow people to have a say in governance matters, and to overall ensure that people are involved in governance in terms of the direction that a particular country is taking (Wheatley 2010).

It has however been argued that democracy has not always been a perfect system of governance; he however notes that it is the only system of governance that enables people to contribute effectively toward the directions the country is taking; hence a system is considered to be a great system of governance (Olsen 2017). Debatably and because of the lack of proper mechanisms aimed at measuring accountability and transparency, democracy can be easily manipulated to serve the interests of a few.

It has also been argued that while democracy as system of governance may lack the proper channels of accountability, developed nations such as the USA have been able to twerk democracy into a system that not only suits their needs but also ensures transparency and accountability; however, this in not say that such developed countries are corruption-free (Nolan et al. 2014).

Obviously, the problem with developing nations like Nigeria is that democracy only serves a few political leaders. Compare to other countries in Africa, many countries have resoundly adopted democratic systems; contrariwise, these countries have somewhat jettisoned democratic principles of accountability (Antwi-Boasiako and Okyere 2009). For example, there are many leaders who have been in office beyond their terms of office; to make matters worse, they have changed the constitution to ultimately extend their stay in office; these are all done against the backdrop of public opinions and disagreements. This goes to show that while democracy as a system of governance advocates for or perhaps envisions a situation where the voices of the people can be heard freely without any form of intimidation, the system itself can be easily manipulated (Gamage 2006).

That corruption exists in a democratic country is not because of a single cause, rather a combination of sociopolitical and economic forces orchestrated by politicians and businessmen and women in high offices owing to their knowledge and understanding of the loopholes that exist in a democratic system. To explain this further, in Nigerian polity, big businessmen during elections [donate millions of Naira] sponsored major political parties they believe could easily wins the election, and once such party wins the election, these businessmen through their political aides in government operate without any form of inhibition.

Corruption still survives as one of the greatest socioeconomic challenges that Nigeria faces. The existentiality of this phenomenon in virtually all aspects of the nation's socioeconomic life is understood to be one reason why poverty level remains very high in the country notwithstanding her position as the sixth highest producer of petroleum in the world, apart from other numerous human and natural resources, thus casting aspersion on the credibility of vertical accountability in Nigeria's democratic system.

## Conclusion

The paper examines the credibility of democracy vis-à-vis its vertical accountability in controlling corruption which has remain a challenge to

sustainable socioeconomic development in Nigerian polity.

A cursory observation into the Nigerian democratic system unpacked the perpetration of corruption in Nigeria with impunity with or without any stringent effort on the part of the government to bring the culprits to justice. Although, there are various anti-graft agencies such as Economic and Financial Crime Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) established by the government, the democratic system vis-à-vis its practices in Nigeria seems to have escalated corrupt practices to its highest level.

The contention therefore is that unless the sociopolitical and economic elements that sustain corruption in Nigeria's democracy are curtailed, the power of the citizens through the ballot box will remain like the proverbial "toothless dog that can only bark but cannot bite" while trying to edge out corrupt leaders through the power of the ballot.

## References


Andrain FC, Smith TJ (2006) Political democracy, trust, and social justice: A comparative overview. UPNE, Hanover

Antwi-Boasiako BK, Okyere B (2009) Traditional institutions and public administration in democratic Africa. Xlibris Corporation, Bloomington

Barr A, Serra D (2010) Corruption and culture: An experimental analysis. J Public Econ 94:862–869

Smulovitz C, Peruzzotti E (2000) Societal Accountability in Latin America. J Democr 11(4):147–158. Johns Hopkins University Press

Council of Europe. Octopus Programme (2008) Corruption and democracy: political finances, conflicts of interest, lobbying, justice, vol 28. Council of Europe, Strasbourg

Nightingale E (2015) A critical analysis of the relationship between democracy and corruption. University of Sussex, England

Fatile JO (2012) Corruption and the challenges of good governance in the Nigerian public sector. Afr Publ Ser Deliv Perform Rev J 1(3):46–67

Fjelde H, Hegre H (2007) Political corruption and institutional stability. Paper presented at the 2007 Winter meeting of the polarization and conflict workshop, Cordoba

Gamage D (2006) Professional development for leaders and managers of self-governing schools. Springer Science & Business Media, Berlin

Lederman D, Loayza VN, Soares RR (2001) Accountability and corruption: political institutions matter. Political research working paper 2708. [Online]. Policy Research Dissemination Centre. pp 1–39. https://openknowledge.worldbank.org/bitstream/handle/10986/19420/multi0page.pdf?sequence=1. Accessed 10 Feb 2018

Licht NA, Goldschmidt C, Schwartz HS (2007) Culture rules: the foundations of the rule of law and other norms of governance. J Comp Econ 35:659–688

Muhammed U (2013) Corruption in Nigeria: a challenge to sustainable development in the Fourth Republic. Eur Sci J 9(4):118–137

Navot D (2014) Political Corruption, Democratic Theory, and Democracy. Les ateliers de l'éthique 9(3):4–24

Nolan B, Salverda W, Checchi D, Marx I, McKnight A, Istvan TG, van de Werfhorst H (eds) (2014) Changing inequalities and societal impacts in rich countries: thirty countries' experiences. Oxford University Press, Oxford

Nurrochmat DR (2005) The impacts of regional autonomy: on political dynamics, socio-economics and forest degradation; case of Jambi-Indonesia. Cuvillier Verlag, Goettingen

Olsen J (2017) Democratic accountability, political order, and change: exploring accountability processes in an era of european transformation. Oxford University Press, Oxford

Seán R (2012) Leadership and liberation: A psychological approach. Routledge, Abingdon

Wheatley CS (2010) The democratic legitimacy of international law. Bloomsbury Publishing, London


# Institutions and Wicked Problems

Gemma Carey, Fiona Buick and Eleanor Malbon
Centre for Public Service Research, University of New South Wales, Canberra, Australia

## Synonyms

Complex problems; Organizational practices; Organizational structures; Organizations

## Topics

Institutional structures; Informal practices; Wicked problems; Organizational cultures

## Definition

New institutionalism: Broad thrust of new institutionalism is the positioning of collective behaviour as patterned by informal institutional norms and values.
Wicked problems: Wicked problems are unstructured and fluid, have multiple and interconnected parts (i.e. are cross cutting) and can appear relentless – requiring novel approaches to problem solving and cross-governmental integration.
Isomorphic pressures: 'informal' institutionalised norms and values influence how organisations function, pushing organisations to a homogenous state.

## Introduction

This piece provides an overview of how theories of new institutionalism apply to government and the public sector and how they can be extended. While current research generally focuses on institutionalized practices as a source of inertia, attention must be given to the ways in which agents can enact change in the context of policy design and implementation. We argue that one way to reinsert agency back into institutional analysis of the public sector is to examine the interplay between formal institutional structures and/or rules and informal practices.

## Structural Change and Government

Early management research predominantly focused on the formal organization. It sought to 'scientifically' determine the best way to structure organisations (Fayol 1930) and conceptualize the 'ideal type' bureaucracy (Weber 1967). While our understanding of organisational performance has expanded to include 'informal' elements such as culture, norms, values and context (Powell and DiMaggio 1991) these early management beliefs still underpin practice in many settings. For example, formal organisational change and restructuring is still often used as a mechanism to achieve better organisational outcomes. This focus has been particularly apparent with the heightened interest in enhancing joined-up approaches in government from the 1990s onwards (Perri 1997).

## Joined-Up Government

Since the 1990s 'joined-up government', 'whole-of-government' and 'horizontal governance' approaches have emerged in many OECD countries as an attempt to grapple with 'wicked' public and social policy issues. Such issues are considered to span across boundaries, reflecting the nature of wicked problems. Wicked problems are unstructured and fluid, have multiple and interconnected parts (i.e. are cross cutting) and can appear relentless – requiring novel approaches to problem solving and cross-governmental integration. As a result, there have been a vast array of efforts across governments in various jurisdictions to create integration between service entities and program delivery at the local level and to create policy coherence within government. As Kelman (2007) has argued, "topics of collaboration across government agencies and between government, private and non-government organisations are the most discussed questions" in public management. Many additional pressures have led to the urge to join up, including the rise of new public governance and the power of ideas about how government should function, which can operate in both covert and explicit ways (Béland 2005; Farazmand 2012). It has been argued that since the renewed focus on joined-up government and governance[1] in the 1990s, joining-up has become synonymous with modernisation, future-proofing and proactive government (Hood 2005). 'Siloed' working is seen to be out-dated, while 'joined-up' and 'whole-of-government' working is considered the mark of governments who are ready to meet the challenges of the future (Carey 2016). In many

[1] There is a distinction between the terms joined-up *government*, which involves joining-up within the public sector, and joined-up *governance*, which involves inter-sectoral joining-up.

OECD countries, particularly those with Westminster systems, significant formal institutional re-structuring of departments has taken place in the name of breaking down silos and promoting whole-of government and/or joined-up practice (Perri 1997). Joined-up working can be created either horizontally or vertically across different policy actors inside and outside of government (Keast 2011). Horizontal integration tends to be a feature of 'bottom-up' approaches to joined-up government – the ideal end state for service delivery. Vertical integration, which is argued to be the most common, brings a range of activities under the purview of a single department. In his seminal work on vertical integration Chandler (Chandler 1993) argues that firms use vertical integration as a way to decrease costs and expand productivity through administrative coordination of a range of operating units. While Chandler argued that vertical integration was more profitable for firms, others have argued that any attempts to create joined-up working for solving wicked policy problems in the public sector should use both vertical and horizontal mechanisms.

The oversight of central agencies have come to be viewed as critical to vertical integration efforts (Keast 2011). This based on the belief that central agencies are "empowered to impose discipline upon line agencies to better align their work with government's priorities" (Keast 2011). More broadly, new public governance has seen the concentration of power in central agencies in Westminster systems. This role has emerged because of their position at the centre of decision making around key areas such as policy, finance, and administration (Carey et al. 2016). Typically this has involved central agencies using their authority to coerce organisations to align their activities with one another.

While restructuring bureaucracies has become a common practice in the quest for more effective processes and functioning to address wicked policy problems, this action is not based on solid evidence. At present, we have no evidence that formal restructuring of institutions enables or enhances joined-up working, or creates successful outcomes (Carey 2016). Despite this, structural reorganisation has taken on a mythological level of legitimacy that is not supported by either the experiences of those being restructured nor the international literature.

While much attention has been given to the formal structural of institutions, the interplay between these formal institutional structures and informal practices has received little attention. This is despite the fact that, as Kay and Daugbjerg (2015) note, we are seeing significant shifts in the balance of formality and informality in institutions which has created an uneasy relationship between institutional inheritance and 'purposeful design' in the governance change processes. In this piece we explore how formal institutional structures and informal practices can interact in unforeseen and problematic ways, and that these can be linked by ideas and ideation processes (i.e. the process of generating, developing, and communicating new ideas) (Béland 2005).

## New Institutionalism in the Public Sector

The theory of new institutionalism in organisational analysis has made substantive contributions to knowledge of how organisations operate and why – moving the focus away from rationalist explanations towards analyses which focus on the broader cultural and political contexts in which organisations are located (Powell and DiMaggio 1991). While there are a range of perspectives in new institutionalist theory, commonalities exist. These commonalities are: the positioning of collective behaviour as patterned by informal institutional norms; the view that institutions constitute critical contextual variables that determine behaviour and outcomes giving rise to a greater analytical focus on context; and greater attention is devoted to the constraints of rules and norms, as well as myths and symbols, that prescribe, pattern and legitimise social action (Powell and DiMaggio 1991; Béland 2005).

Far less attention has been given to how new institutionalism can inform the study of policy (Béland 2005; Frumkin and Galaskiewicz 2004). It has been argued that institutionalisation occurs through the regulation, accountability, oversight, accreditation

and funding functions of the public sector – creating 'professionalisation' and 'bureaucratisation' within other sectors (Considine and Lewis 2012). Yet, the public sector can be the object of institutionalised pressures itself rather than merely the source of institutionalised practices (Powell and DiMaggio 1991; Frumkin and Galaskiewicz 2004).

Powell and DiMaggio's formative approach to new institutionalism examines and describes the processes by which practices and organisations become institutionalised; characterised by routinised actions that give meaning to themselves and others (Powell and DiMaggio 1991). New institutionalists have provided considerable evidence that 'informal' institutionalised social practices (comprised of norms, values and other elements of 'culture') matter for how organisations function – they produce particular patterns of behaviour which diffuse across organisational boundaries through a process known as "isomorphic pressures" (Powell and DiMaggio 1991). This work argues that practices emerge from cultural expectations driven by inter- and intra-organisational factors.

## Isomorphism in the Public Sector

An important contribution for the study of the public sector from new institutionalist theories is an understanding of processes of isomorphism within the public sector. Isomorphism is a constraining process that results in organisations becoming homogenous in reaction to the external environment. Powell and DiMaggio (1991) argue that three primary, but overlapping, pressures exist which create and diffuse institutionalised practices: (1) coercive isomorphism that stems from political influence and the need for legitimacy, (2) mimetic isomorphism resulting from standard responses to uncertainty, and (3) normative isomorphism associated with professionalisation. The public sector is subjected to all three pressures, with coercive, mimetic and normative isomorphism impacting its institutionalized practices. However, Frumkin and Galaskiewicz have argued that public sector organisations may be more susceptible to normative and mimetic pressures because they have no single stakeholder group to monitor and evaluate their efforts in terms of the 'bottom line'. As a result, they may be swayed "by exposure to environmental pressures that promise . . . greater legitimacy" (Frumkin and Galaskiewicz 2004). These pressures can take the form of ideas (Béland 2005).

## The Role of Ideas in Shaping Formal Institutional Structures

Béland (2005) has argued that 'ideas' are an additional force acting on the public sector through politics and the demand for better policy; "ideational forces can become an independent variable that must be understood within specific institutional arrangements". Hence, these authors argue that 'ideas' are part of the construction of social, economic and environmental problems that governments must address; they form the basis of what direction institutional change takes (Béland 2005). While sometimes this takes the form of generating particular policies (in response to ideology), it can also exert pressure on government to undertake other types of reform, such as altering the formal structures of institutions, in an attempt to be better equip the organisation to tackle emerging problems. Here it is important to note that the authors have drawn a distinction between formal institutional structures (how institutions are organised in a formal sense) and informal 'institutionalised' practices (i.e. patterned behaviour) (Kay and Daugbjerg 2015). To study institutions, in both senses, Béland argues we must take account of the beliefs and assumptions of actors.

Like their private and not-for-profit counterparts, public sector organisations also need to be seen to be participating in institutionalised ways of working, and be structured in a legitimised institutional form. At the most basic level, this includes the creation of human resources departments or evaluation units that have become expected, or rationalised/institutionalised, organisational components. However, the construction of policy problems

can also exert pressures on government to undertake more radical reform. In recent years, ideas about wicked policy problems (combined with other institutional forces) have exerted pressure on governments to pursue integration. In turn, a wide range of different structural efforts have been undertaken by governments in an effort to create joined-up responses (Keast 2011), underpinned by assumptions regarding how public sector organisations should be constructed. The literature on new institutionalism in organisations has demonstrated that these 'institutional myths' (about how organisations or governments should be constructed) can produce significant inefficiencies and potential dysfunction. Here, 'institutionalised myths' refer to rationalised organisational myths which form part of institutional contexts in which organisations operate, and to which they adapt in order to maintain their social legitimacy. However, how institutional myths develop and exert isomorphic pressures across the public sector, and what this means for effective government, has been underexplored.

Taking a new institutionalist perspective on organisations locates irrationality in the formal structure of organisations themselves; formal institutional structures can drive inefficient and ineffective behaviour. In a similar vein, Giddens (1984) argues that the rationalised actions of individuals produce unintended consequences, both for immediate organisational contexts and broader social systems. Moreover, social actions become a further source of irrationality – potentially supporting and elaborating ineffective institutional myths (i.e. formal institutional structures). Hence, the literature on new institutionalism in organisations implies, but does not fully investigate, that these inefficiencies emerge because of the intersection between formal institutional structures and informal 'institutionalised' behaviours. Formal rules, which are divorced from organisational goals, lead to evermore elaborate social practices in an effort to support and compensate for ill-fitting structures (Powell and DiMaggio 1991). In response, informal institutionalised practices work to correct the limitations of formal institutions (Powell and DiMaggio 1991). However, Béland (2005) argues that new institutionalists have given considerable analytical attention to the ways in which informal institutional practices can also constrain behaviour, reinforcing path dependency, with too little attention to the ways in which agents can enact change in the context of policy design and implementation. Hence, one way to reinsert agency back into institutional analysis is to examine the interplay between formal institutional structures and/or rules and informal practices.

## Re-Conceptualising the Interplay of Formal and Informal Institutions

While well intentioned, the notion that structural change will automatically lead to enhanced joined-up working and the achievement of better outcomes, particularly for addressing wicked policy problems, is not substantiated by the literature. As Jun and Weare (2011) argue "public organizations must be perceived as politically legitimate, which requires that they conform to social expectations concerning organizational form and functions". Social actors, be it governments in power or individual public servants, must appeal to external institutionalised practices and pressures in order to maintain legitimacy. These operate primarily at the symbolic and ceremonial levels, creating the possibility that public sector organisations adopt structures and practices which are socially credible, but lead to decreased performance (Jun and Weare 2011). Critically, continual structural change can exacerbate tensions between formal institutional structures and informal institutional practices.

New institutionalists have argued that formal structures can often be the source of organisational dysfunction, and that this dysfunction becomes more elaborate over time where function has become decoupled from purpose or goals (Powell and DiMaggio 1991). Recent research suggests that adopting a structural solution to break down silos between departments and ensure quality in policy advice and implementation can achieve the opposite outcome(Carey et al. Forthcoming). Instead of enhancing integration and policy coherence, merging departments together

can exacerbate the tensions associated with cultural differences and associated silo mentalities. However, informal practices can also emerge to address structural deficiencies. Carey et al. (2016) found that, following structural change, informal boundary spanning practices emerged in response to limitations in formal institutional structures. These practices can ensure vertical integration between line agencies and central agencies, for example; enabling the type of integrated action presumed to be required for addressing wicked policy problems. These informal practices, however, can be disrupted, or even dismantled, by structural changes and can take years to re-develop (Andrews and Boyne 2012). For example, structural change can disrupt informal communication channels that are critical to organisational functioning but not codified in organisational structure (Carey et al. 2016). This is particularly evident when there is an over-emphasis on structural solutions and a devaluing of the crucial informal practices that keep an organisation together.

Hence, as Kay and Daugbjerg (2015) have hypothesised, changes to formal institutions can in fact upset or destroy informal institutional practices with severe, or at least adverse, consequences. While informal institutional practices can mediate formal structures, they take considerable time to develop. This is consistent with theories of social action and change, which indicate that changes to practice are incremental – requiring changes to actors' stocks of knowledge and routines (Giddens 1984). Similarly, in their study of structural change with the UK government Andrews and Boyne (2012) found that adaptation can take years, and that after formal institutional restructuring there is a significant period of disruption. Given the frequency of structural change within many bureaucracies there may be insufficient time for policymakers and administrators to develop practices which 'patch' gaps left by formal structural arrangements before the next round of restructuring begins. This, in turn, is likely to contribute to policy layering – where new practices and processes are layered on top of old ones (rather than replacing them), creating an increasingly complex context.

While Béland(2005) has argued for greater attention to ideation processes in the creation of policy and institutional change regarding ideology, ideas about how governments should be structured are also a powerful force on institutional change. Kay and Daugberj (2015) contend that the very structure of a department, or government, is an instrument of government in and of itself – either to deliver services or as a device by which to implement other 'instruments' aimed at shaping the behaviour of, or assisting, citizens. How governments are structured creates and constrains the future, shaping the practices of individuals. Hence, structural change to government is no small matter as it impacts current functioning and the availability of different options into the future for addressing wicked policy problems. For example, the informal practices disrupted by formal institutional changes may never change, leaving critical gaps in knowledge and practice which may have detrimental outcomes for the implementation of policy and/or other 'instruments'.

## Conclusion

This piece has sought to summarise and extend knowledge of how theories of new institutionalism apply to government and the public sector. While much of the literature focuses on institutionalized practices as a source of inertia, new work must reach beyond this simple finding to explore how formal and informal institutions collide to produce particular outcomes. To date, too little attention has been given to the ways in which agents can enact change in the context of policy design and implementation. We have argued that an important way to reinsert agency back into institutional analysis of the public sector is to examine the interplay between formal institutional structures and/or rules and informal practices. Informal institutional practices can also circumvent problems with formal structures – making them highly productive for achieving policy goals. However, without devoting sufficient consideration to the interplay between them, formal and informal institutions can disrupt one another to create dysfunction.

## References


Andrews R, Boyne G (2012) Structural change and the public service. Public Adm 90(2):297–312

Béland D (2005) Ideas and social policy: an institutionalist perspective. Soc Pol Admin 39(1):1–18

Carey G (2016) Grassroots to government: joining up in Australia. MUP, Melbourne

Carey G, Buick F, Pescud M, Malbon E (2016) Preventing dysfunction and improving policy advice: the role of intra-departmental boundary spanners: intra-departmental boundary spanners. Aust J Publ Admin [Internet]. Sep [cited 2016 Sep 12]; Available from: http://doi.wiley.com/10.1111/1467-8500.12213

Carey G, Buick F, Malbon, E. The unintended consequences of structural change: when formal and informal institutions collide in efforts to address wicked problems. Forthcoming

Chandler A (1993) The visible hand. Harvard University Press, Cambridge, MA

Considine M, Lewis JM (2012) Networks and interactivity: ten years of street-level governance in the United Kingdom, the Netherlands and Australia. Public Manag Rev 14(1):1–22

Farazmand A (2012) The future of public administration: challenges and opportunities—a critical perspective. Admin Soc 44(4):487–517

Fayol H (1930) Industrial and general administration. Sir Pitman & Sons, London

Frumkin P, Galaskiewicz J (2004) Institutional isomorphism and public sector organizations. J Public Adm Res Theory 14(3):283–307

Giddens A (1984) The constitution of society. Polity, Cambridge

Hood C (2005) The idea of joined-up government: a historical perspective. In: Bogdanor V (ed) Joined-up government. Oxford University Press, Oxford, pp 12–42

Jun K-N, Weare C (2011) Institutional motivations in the adoption of innovations: the case of E-government. J Public Adm Res Theory 21(3):495–519

Kay A, Daugbjerg C (2015) De-institutionalising governance? Instrument diversity and feedback dynamics. Asia Pacific J Publ Admin 37(4):236–246

Keast R (2011) Joined-up governance in Australia: how the past can inform the future. Int J Public Adm 34(4): 221–231

Kelman S (2007. [cited 2014 Aug 21].) The transformation of government in the decade ahead. In: Kettl DF, Kelman S (eds) Reflections on 21st century government management [Internet]. IBM Center for the Business of Government, pp 33–63

Perri (1997) Holistic government. Demos, London

Powell W, DiMaggio P (1991) The new institutionalism in organisational analysis. University of Chicago Press, Chicago

Weber M (1967) Bureaucracy. In: Wright Mills C, Gerth H (eds) From max Weber: essays in sociology. Oxford University Press, New York


# Instrumentally Rationalizing Public Administration


Md Nazirul Islam Sarker
School of Public Administration,
Sichuan University, Chengdu, China


## Synonyms

Instrumentally rational; Pragmatism; Public administration; Public values; Rationalism; Sustainable development; Value realization

## Definition

"Rational" is a term which has different meanings in different contexts. Generally, it means real, pragmatic, knowledge, and human action. Instrumental rationality in public administration means the rational ways to attain the organizational goals of public administration.

## Introduction

The term rational means how we act and behave but not making judgment. It also means act to achieve our best purposes. So, it is the ways to achieve goals rather than means. The first case is the dealing with an instrumental rationality and then with value rationality in an organization in the weberian tradition (Leoveanu 2013). Instrumental rationality means the rational ways to achieve the goals of public organization. Public administration is broadly technical and applied field of study and practice which is covering external and internal aspects of administration. The process of budgeting, managing personnel, and other internal aspects of administration are considered as instrumental view of public administration. The instrumental view helps to find out public purposes and how public administrators interact with people and effected officials for shaping governmental plan and action (Lubienski 2003). It also assumes that public

employees are waiting at their office desk for order regarding what is to be done, when it is to be done, how it is to be done. The public officials are waiting for order from top level administrators who are knowledgeable in the specific fields of governmental policies and programs. It also helps for interaction among public officials, elected representative, and peoples for formulating pragmatic goals and plans for action, putting them into action and provisioning for revision of the program if necessary in implementation (Mann 1999).

The organization should use their resources in such a way that a better output may come by utilizing minimum resources. The organizational goal should be comprehensive so that every public official gets a clear idea about the strategy for achieving the goals. There should be alternative for attaining the goals and objectives.

Moynihan (2003) argues that the instrumental perspective suggests that public administrators are more likely to be related with the weave located on the decision-making process arising from public participation. Governmental decision-making may be hampered by increased people participation and limited opportunities and a restricted time period (Craske and Loschmann 2018).

Administrators may assume that participation reduces the quality of the decision making. Poor decisions may be emerged which offering criteria and values that may conflict with bureaucratic or expert defined rational criteria for decision outputs due to a lack of knowledge or expertise of the public (Cleveland 1987). Moynihan (2003) argues that the instrumental perspective is not, however, exclusively limited to costs. An assumption should be maintained regarding administrators who may be to some extent rational and care about policies and activities, participation benefits of the organization may be considered as instrumental rather than the normative values.

Bouwmeester (2013) suggested that improving public efficiency requires allocative efficiency of maximum resource allocation or managerial proficiency which may lead to improve the provision of public service. Sometimes a best and innovative solution may come from public input that would be a great participatory decision-making for instrumental public administration. But it is very rare in developing countries. Though parliament member is elected by the democratic process, they raise a little reflection of ordinary people in participatory decision-making.

## Status of Instrumental Rationalism of Public Administration in Developing Countries

Public Administrations in developing countries are characterized by the following issues of instrumental rationalism.

### Planning of Policies and Program

Planning is the essential items for policies and program designed by government. In developing countries, planning is well but problem in implementation. Some organizations are doing well due to devotion of its employees and administrator but most of the projects are failed to achieve the goals due to corruption.

### Centralization and Decentralization

There is a debate regarding centralization and decentralization. Some thinkers argue that centralization of power is best for development in developing countries but some other argues that decentralization of power is best for development especially in developing countries. The donor organization like World Bank and IMF emphasizes that decentralization of power is well for development. But from the practical experience, it is found that developing countries started their decentralization theoretically by establishing

local government but still local government has no mentionable power to do their development. For example, in Bangladesh, the major activities of local administrations are issuing citizenship certificate, birth certificate, death certificate, and construction of road, bridge, and culvert with delivering some government allowances to poor people.

## Lateral and Horizontal Allocation of Responsibilities

For achieving organizational goals, it is necessary to allocate the responsibilities among different level officials and administrator so that they can concentrate their duties and engage their efforts. In developing countries, it is not well mannered; there is a common culture of red-tapism. The job allocation should be allocated in laterally and horizontally.

## Lack of Coordination

The lack of coordination is hampering the output of an organization. In developing countries, there are so many organizations doing their job individually at the field level for betterment of the poor people, though some other organizations doing the same work at the same time. As a result, the output is not up to mark. There is a lack of coordination at top level of administration that is ministry level among different ministries, for example, in Bangladesh. It is also available in various organizations.

## Decision-Making and Program Management

The decision making procedure is autocratic in nature in developing countries. The leadership is authoritarian, so they take decision by themselves without participation of other. It is available at top level to bottom level of administration. Participatory decision-making process is necessary at all levels of administration. Public administrator especially recruited administrator faces political interruption in managing their day to day affairs. It is almost common in developing countries.

## Influence Upon Political and Administrative Decision-Making

There is a common problem between recruited administrator and elected administrator in decision-making process. One group presents a solution but other group opposes it. Generally ruling party try to control all spheres of decision-making process in developing countries. As a result, the experienced recruited administrators sometimes feel bothering due to negligence from elected administrator. So, the distance between recruited administrator and elected administrator should be minimized for smooth development of the country.

## Public Interest Group

There are public interest groups available in developing countries who criticize the bad decision of government, as a result, government can take right decision. So, public interest groups have a vital role for development of the country.

## Specialization and Expertise of Administration

A specialized and expert administration is required for smooth and sustainable development of a country. There are specialized and expert administrators available in the developing countries but due to corruption and political interruption, they cannot engage their expertise in the respected field.

## Authority of Position

The leadership in developing countries is almost authoritarian. Though so-called democracy is available, it cannot establish democratic leader. So, the position of administrator is a vital factor in instrumental public administration. The hierarchical position should be such that the subordinate can present their opinion in decision-making and do their responsibilities smoothly for achieving the goals of organization.

## Organizational Loyalty

Organizational loyalty is very necessary for running organization smoothly. Every administrator should be loyal to their duties and responsibilities. In developing countries, organizational loyalty is available but not all organizations. The administrator is corrupted and violated the loyalty. If administrator can stop the culture of bribery, it will be loyal, and it is necessary for overall development of the country.

## Political Neutrality

Political neutrality is very rare in developing countries. Political parties want to do everything according to their wills. But it is an instrument to develop a country. A neutrality culture should be adopted by political party so that ordinary people can get opportunity equally.

## Issues of Instrumentally Rationalizing Public Administration in Developed Countries

It is assumed that developed countries already reached at a certain level of socioeconomic development and democratic consciousness. Western Europe, North America, and some other far eastern countries like China, Japan, and South Korea are considered as the developed countries.

Milward (2016) reported that instruments of governance such as contracts, partnerships, and agreements are often considered as the pathways of slow-footed bureaucracies which are not interested to accept modern business approaches. Public organizations are also transformed to rational value-based instruments for delivering better public services, faster and easily to citizens cheaply. It is generally seen that nongovernment organizations cannot do better without the help of government organization. It is better to involve the private organization for helping governments for ensuring better public services delivery to citizens.

One of the key concerns is that the privatization of public services can be, if not properly, designed; it may be difficult for governments to control them. The major decision-making and its related policy matters are in the hands of many public administrators inside and outside of organization when the instruments of governance involve services delivery systems. The constancy, centralization, and resources contracts do not take place without a big deal of consideration on the part of a government (Whetsell and Shields 2015).

The approach of police of the developed countries is totally different from the developing countries due to different structure. The authority of power, duties, responsibilities, rules, regulations, and budget structure is different between developed and developing countries. That is why, the output is different. There are some contradicting points, namely, such as remote work style of the British police from the people, strict hierarchical authority, broad discretion in the lower ranks, and the main line of action being sudden and reactive responses rather than predesigned strategic ones.

Kettl (2006) reported the following points as instruments for achieving organizational goals in American public administration institution.

**Mission**: Every organization should have a mission which defines purpose, meaning, and ways of organizational goals. It also defines what is not appropriate for organization. An organization and its mission are always within a political system which implement

government's commitment and address related problems.

**Resources**: The resources should be used properly to obtain organizational goals. The allocation of resources is necessary for providing an important way of the government for translating symbols into reality. There should be a specific boundary to differentiate government from rest of the society so that government and private resources would be used properly for betterment of public.

**Capacity**: For building capacity, the capacity to carry out its mission, resources are necessary. Organizational structure also acts a capacity of the organization.

**Responsibility**: Each individual's responsibility is necessary for achieving organizational goals. There is a requirement to coordinate the activities of the members of organizations so that individuals avoid doing the same thing.

**Accountability**: All the politically elected administrator and recruited administrator should be accountable so that an organization can achieve its goals.

## Conclusion

This chapter highlights the present situation of instrumentally rationalizing public administration in developed and developing countries with barriers and criticisms. The ways of achieving the organizational goal of public administration in developed and developing countries are also focused. Proper planning of policies and programs, decentralization, proper coordination, corruption free organization, accountability and transparency, and lateral and horizontal allocation of responsibilities are the main ways and instruments for effective public administration in developing countries. On the other hand, maximum utilization of resources, capacity building, personnel responsibility, and accountability are the main ways and instruments for effective public administration in developed countries. Most of the developing countries are struggling to find out remedies regarding an effective and rational instrumental public administration, but due to corruption, authoritative bureaucracy, it could not be possible to get a effective public administration. So, public organization should be adapted to instrumentally rational values for effective public administration.

## Cross-References


- ▶ Citizen Participation: Rationales and Approaches
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Rational Model of Decision-Making


## References


Bouwmeester O (2013) Field dependency of argumentation rationality in decision-making debates. J Manag Inq 22:415–433. https://doi.org/10.1177/1056492612469727

Cleveland H (1987) The twilight of hierarchy: speculations on the global information society. Int J Technol Manag 2:45–66. https://doi.org/10.1504/IJTM.1987.026127

Craske J, Loschmann J (2018) On rationality. Polit Stud Rev 16:306–317. https://doi.org/10.1177/1478929918771455

Kettl DF (2006) Managing boundaries in American administration: the collaboration imperative. Public Adm Rev 66:10–19. https://doi.org/10.1111/j.1540-6210.2006.00662.x

Leoveanu AC (2013) Rationalist model in public decision making. J Public Adm Financ Law 4:43–54

Lubienski C (2003) Instrumentalist perspectives on the 'public' in public education: incentives and purposes. Educ Policy 17:478–502. https://doi.org/10.1177/0895904803254964

Mann D (1999) The limits of instrumental rationality in social explanation. Crit Rev 13:165–189. https://doi.org/10.1080/08913819908443528

Milward HB (2016) The state and public administration: have instruments of governance outrun governments? Introductory perspectives II. Asia Pacific J Public Adm 38:1–6. https://doi.org/10.1080/23276665.2016.1159392

Moynihan DP (2003) Normative and instrumental perspectives on public participation. Am Rev Public Adm 33:164–188. https://doi.org/10.1177/0275074003251379

Whetsell TA, Shields PM (2015) The dynamics of positivism in the study of public administration. Adm Soc 47:416–446. https://doi.org/10.1177/0095399713490157


I

# Integrated Management Systems

Marcia Nathai-Balkissoon
Department of Management Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Combined management systems; Shared management systems

## Definition

A single management system that a company establishes to satisfy multiple management system standards at the same time.

## Introduction

Management systems have existed for as long as companies have existed, since involved approaches (no matter how informal) would have been needed to manage those entities. While systems (which are comprised of a series of processes) may be established informally to deal with day-to-day management demands, there are various reasons for companies to formalize such systems. As companies grow larger or more complex, it becomes harder to maintain consistency in the operation of informal management systems, causing output quality and other factors to begin fluctuating. Formalizing management systems helps companies to crystallize their values and aims, develop documented procedures that promote consistent work approaches, use data to evaluate their effectiveness and efficiency, and improve their operations.

Management system standards support the development of company management systems. For example, in 1987, the launch of the ISO 9000 series of quality management system (QMS) standards marked a worldwide shift toward formalization of management systems within companies all around the world. Over the years, many companies engaged in developing and maintaining separate management systems in areas beyond quality management. These often included stand-alone environmental management systems (EMS), occupational safety and health management systems (OSHMS), and food safety management systems (FSMS).

At that time, management system standards were developed with minimal reference to one another, and there was little focus on trying to meet the requirements or structures across systems. Nevertheless, given that every management system was intended to help companies manage their affairs in a particular field of practice, it became obvious that every stand-alone management system shared certain similarities with others within a company. For example, within a QMS and an EMS, there were several overlapping areas between flow charts and standard operating procedures that were written to capture the way processes worked in a company. Standards organizations began to respond by making documentation, maintenance, and certification to their standards less onerous by allowing some processes to be shared across systems. For example, the ISO responded by developing its QMS standard (ISO 9001:2008) to align with its existing EMS standard (ISO 14001:2005).

The trend toward increased efficiency has ramped up considerably during the last two decades. In the light of the global downturn that began in the 2000s, companies embraced system integration as one way to conserve critical resources. They recognized that the benefits of integrating their management systems included lower operating and maintenance costs, brought about by increased efficiency and effectiveness. Certification bodies, too, supported integration efforts, offering reduced costs for auditing integrated systems, as opposed to stand-alone systems requiring more involved audits of lengthier durations.

## What Is an Integrated Management System?

In any management system, there exists a multi-tier structure, as shown in Fig. 1. At the very top, governing all that happens in the system is the overarching policy document that sets the context for the system. At this first level, company values, vision, mission, objectives/targets, and organization structure are typically set out along with the system policy statement. At the second level, the central processes of the company are delineated using (as a minimum) the standard operating procedures (SOPs) required in the chosen standard. Process flow charts might also be used in level 1 and/or 2.

Sometimes it is not enough to document *what* steps to take, and it becomes necessary to detail precisely *how* to go about fulfilling an SOP's steps. This is achieved by developing the third level of the system, the work instructions (WIs). The fourth level is the final one, where records are maintained to mark the operation of processes. Data collection may be automated or manual, and records may be electronic or otherwise. In contrast to the standards of the twentieth century, the standards of today are less stringent about mandating that all processes and procedures should be documented, with data maintained to prove correct operation throughout the system. Instead, documentation of many system elements is being left to the discretion of the company, and only a few core processes (such as objective setting, performance measurement, and continual improvement) might be mandated by any one standard.

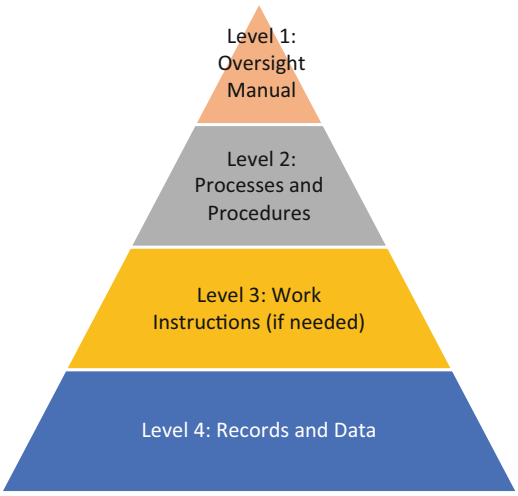


**Integrated Management Systems, Fig. 1** The multi-tier structure of a management system

When a company has multiple stand-alone management systems, each system has its own unconnected multi-tier components. Figure 2 illustrates the situation if there are three stand-alone management systems, namely, a QMS, OSHMS, and EMS. In this situation, each system may include some processes that are similar to processes in one or more of the other management systems. Since systems would not share a common process, process duplication occurs in each stand-alone system. For example, auditing may be practiced in similar ways in all three systems, requiring a QMS internal audit system, an OSHMS internal audit system, and an EMS internal audit system. This arrangement is very resource inefficient, requiring three audit processes to be maintained by three separate process owners and supported by separate audit teams that follow separate audit schedules. These three audit schedules are then applied within the operations of a single organization, putting pressure on the operations systems and staff to accommodate their demands. Since these three audit processes would have similar purposes and approaches, it would be beneficial (and likely fairly simple) to combine them into a single process that serves all three systems.

When processes common to multiple individual management systems are combined within one overarching management system, this is referred to as process integration. The resulting combined management system, containing shared oversight, process management, and system improvement elements, is referred to as an integrated management system (IMS). The ISO (2016) explains that an integrated management system is a "single. . . . . .management system that can meet the requirements of two or more management system standards simultaneously."

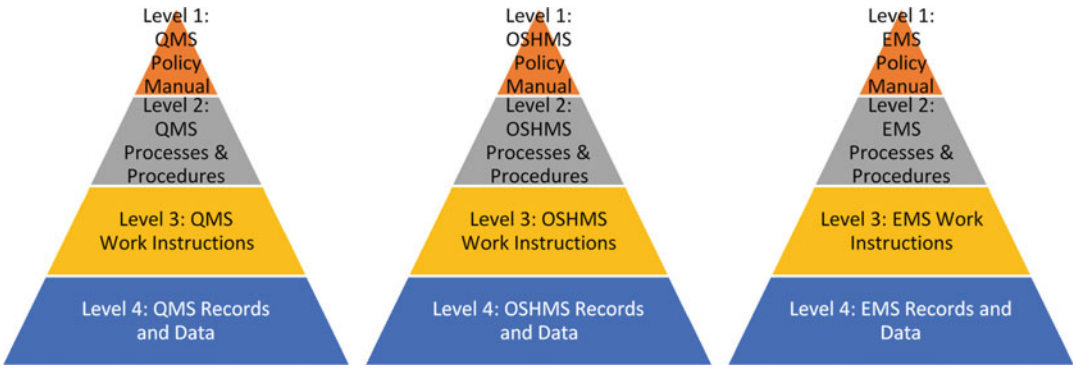


**Integrated Management Systems, Fig. 2** Three stand-alone management systems

Systems are shared when any component process is controlled by a single person within the organization and when a cross-functional approach to operation of the element is used. Within an IMS, the majority of elements and processes would be shared, but the company may choose to leave some elements unintegrated. For example, if different approaches to risk assessment are applied within a QMS and OSHMS, the company might decide to allow aspects of its risk management processes to stand apart and be implemented, maintained, and audited separately from one another.

## A Brief Look at Some Popular Management System Standards

### ISO 9001:2015 Quality Management Systems

Quality management systems are intended to support a company in the provision of outputs that meet regulatory requirements and their customers' needs, most notably by providing quality goods and services and continually improving. As a result of satisfying customers, these systems are logically expected to also grow customer loyalty and company profitability.

ISO 9001 is the most used quality management standard worldwide. The most recent version, ISO 9001:2015, includes seven core principles, namely, (1) customer focus, (2) leadership, (3) engagement of people, (4) process approach, (5) improvement, (6) evidence-based decision-making, and (7) relationship management. These principles would ideally influence organizations' values and support the conduct of their everyday work. The standard follows a plan-do-check-act (PDCA) approach that encourages organizations to continually improve. The main elements within the standard's structure are mapped against the PDCA cycle in Fig. 3.

Where OSHMS, FSMS, and EMS standards have been inherently risk-based, requiring risk assessments and mitigation actions as a part of system maintenance and certification, risk has not been a major feature in past versions of the ISO 9001 standard. The ISO 9001:2015 standard is overtly focusing on risk management for the first time, and so integration on this front may also become more straightforward.

### ISO 14001:2015 Environmental Management Systems

Environmental management systems support companies' responsible care of the environment. Environmental management systems are useful to help companies assess their environmental risk positions, and then manage their environmental performance, bearing in mind the needs of "interested parties" including stakeholders. ISO 14001 is the most popular EMS standard used internationally. In fact, ISO surveys (ISO 2015) have shown that certification to the standard increased by 8% in both 2014 and 2015. This reflects that more companies may be focused on corporate social responsibility issues, including caring

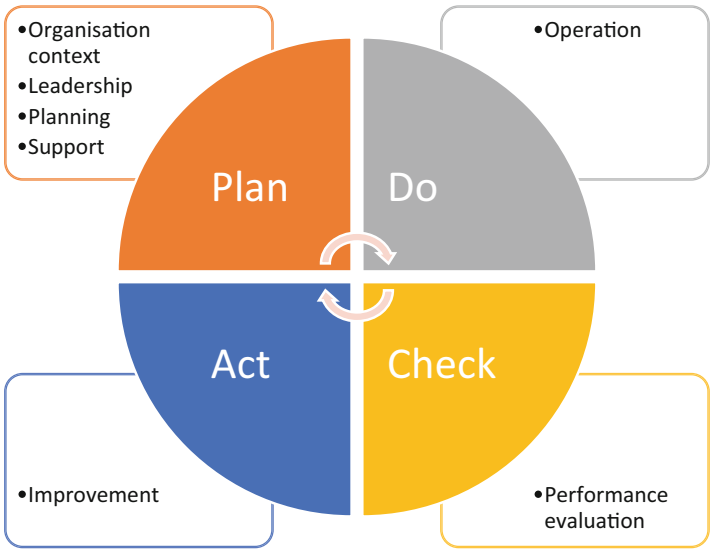


**Integrated Management Systems, Fig. 3** The PDCA cycle is an enabling model for many management system standards

about the environmental impact of their operations, products, and services.

In line with the PDCA cycle, the company seeks to understand its processes and those of its partners. The companies collaborate to scrutinize the environmental impact of their processes and to develop a plan for continual improvement of their environmental impact. This improvement-focused approach would usually include elements such as setting environmental performance targets, resource and communication management, strong operations management (from process establishment to emergency management), performance measurement and reporting, nonconformance management, conduct of audits, and management review.

## OHSAS 18001 Occupational Safety and Health Management Systems

Occupational safety and health management systems help companies to structure their approach to work with stakeholder safety, health, and well-being in mind. Stakeholders include employees, others on the compound such as contractors and visitors, and those outside of the company's premises such as the public, who could be affected by the work of the company. A more detailed treatment of considerations in OSH management systems is available in the chapter titled "Occupational Safety and Health in Organizational Strategy."

The most popular international OSHMS standard currently in use is the OHSAS 18001 standard. It, too, operates in alignment with the PDCA cycle. This has facilitated integration of many of its management system elements with ISO 9001 system elements. Full alignment of the standards will be possible by 2017, when the ISO 45001 standard is expected to replace OHSAS 18001. In accordance with the PDCA cycle shown in Fig. 3, the section on planning would focus heavily on objective setting, action planning, hazard identification, and risk management. Second, planning would flow directly into implementation, including implementation of carefully rationalized process control measures, control of contractors, and emergency response. Third, monitoring and measurement practices would constitute most of the work to be done in evaluating OSHMS performance. Fourth, improvement would be driven by accident reporting and investigation, audit, management review, and any other efforts that bring about corrective action or cause changes that improve system effectiveness.

## ISO 22000 Food Safety Management Systems

The ISO 22000 family of standards was created to promote food safety for all food production and food processing operations from farm to table. This is increasingly critical since global trade makes food available in disparate locations across

the globe. Issues with food selection, cultivation, harvesting, formulation, preparation, processing, handling, storage, or contamination could convey the risk of illness, disease, or death to consumers. Therefore, risk management is critical for food safety.

The ISO 22000 standard has incorporated food safety prerequisites (also called good manufacturing practices) as well as Hazard Analysis Critical Control Point (HACCP) principles. HACCP principles include identifying modes of food contamination and determination of critical control points for mitigation actions to control biological, physical, or chemical hazards (see Nathai-Balkissoon and Arumugadasan 2005).

Many companies seeking FSMS certification seek the FSSC food safety system certification. It recognizes that (1) technical food safety practices are in place as stipulated by the Global Food Safety Initiative (GFSI); and (2) management system elements and prerequisite elements have been met as outlined in ISO 22000.

### Use of a Common High-Level Structure Across All ISO Management System Standards

Management system integration has been facilitated by standards organizations who have adopted a high-level structure (HLS) that aligns the structure of several standards. For example, an HLS has been applied to the ISO 45001 (draft), ISO 9001, and ISO 14001 standards, so that a single integrated system can be readily shaped to manage quality, environmental, and occupational safety and health in an organization.

The ISO directives include "Annex SL," which specified that all management system standards generated by the ISO must follow the structure: (1) scope, (2) normative references, (3) terms and definitions, (4) context of the organization, (5) leadership, (6) planning, (7) support, (8) operation, (9) performance evaluation, and (10) improvement. Further, where there are common terms, concepts, or requirements applicable to multiple standards, the same wording is used in all standards to avoid confusion or differences in interpretation and implementation. Since 2012, the use of this standardized structure when writing or revising management system standards facilitated harmonization when developing systems. Sections (4) through (10) of the structure map directly into the PDCA approach and the structure of the management system, as was shown in Fig. 3.

## Some Important Management System Elements

### Policy/Direction/Organization

The Policy Manual, as mentioned before, provides an overview of the organization's focus. Therefore, it addresses the scope of the management system and sets out the organization's policy and high-level goals and objectives, with which its operations must then align (see subsection titled "Performance Management" for more in this area). Functional responsibilities are also defined, often through the presentation of an organizational hierarchy chart. This gives some insight into leadership and process performance roles in the company, though a range of other content, such as job descriptions, could supplement it. Furthermore, the policy manual proclaims the focus and priorities to all stakeholders, heralding top management commitment and encouraging employee buy-in and active support.

Customer focus is emerging as one of the most critical elements for business effectiveness and success. Customers are often embedded into the management system in a myriad of ways, from stakeholders named in a policy document to subjects of business objectives, to process enablers in lower levels of the management system. Table 1 identifies some of the internal and external customers resident in different management systems.

**Performance Management** Performance management aims to bring about a shift in organizations' modus operandi by focusing management and staff on achieving agreed goals, allocating resources as needed, and aligning and adjusting systems, practices, and behaviors in pursuit of those goals (Amaratunga and Baldry 2002). Performance measures may either be lagging (reactive) or leading (proactive). Lagging indicators get their name because they capture

**Integrated Management Systems, Table 1** Examples of customers in management systems

| System | Customers |
|---|---|
| QMS | Company fabricator using specifications from a company design engineer<br>Hotel guest<br>User of a company product<br>Student in a university course |
| EMS | Community member affected by a corporate social responsibility project<br>Company partnering with a supplier to reduce pollution<br>Household user reading instructions on proper disposal of cleaning agent<br>Town undergoing an environmental impact assessment |
| OSHMS | Farmer using a rented tractor to clear his field<br>Operator using safety boots from a supplier<br>Company doctor screening health of job applicants<br>Company using government guidelines to establish safety procedures |
| FSMS | Diner on airplane<br>Supermarket customer buying food<br>Warehouse manager receiving harvested root vegetables from a farmer<br>Cooking operator using raw materials from warehouse |

performance or output after a function is complete, i.e., they follow or lag the completion of the function. As an example, sales revenue figures shared by a financial comptroller are the company's report of data captured *after* sales have been completed. In contrast, leading indicators are more predictive in nature, so in this example they would focus instead on measuring aspects that could positively influence sales. While they may not be as easy or convenient to measure as completed sales, they could be used to positively influence sales levels. An example of leading indicators could be the number of new products launched and the customer satisfaction rate, both of which could foreshadow sales revenue in coming months.

While lagging indicators are more popularly used, there are clear benefits to including leading indicators within company performance management systems. Table 2 lists some leading and lagging indicators that could be used within integrated management systems.

**Integrated Management Systems, Table 2** Examples of leading and lagging indicators in management systems

| IMS area | Lagging indicator | Leading indicator |
|---|---|---|
| QMS | Number of customer complaints<br>On-time delivery | Customer satisfaction indices<br>Corrective action completion rate |
| EMS | Pipe rupture rates<br>Weight of pollutants discharged | Pipe ultrasound screening and repair rates<br>Number of community outreach activities |
| OSHMS | Number of accidents<br>Number of hours lost | % of employees trained<br>Number of processes audited |
| FSMS | Microbial load in sample<br>Dilution of sanitizing agent | % of workers with acceptable swab results<br>Number of frozen replaced by fresh ingredients |

## Central Processes

A number of processes sit at the core of the operations of a management system. Some of the major processes include documentation and document control, training, nonconformance management, corporate responsibility and sustainability, and risk management.

**System Documentation and Document Control** In the 1980s and 1990s, management system standards often mandated documentation of procedures for every process undertaken by an organization. However, this approach was too onerous to be practical, and (outside of just a few mandatory processes) standards have been shifting to allow companies to decide which processes are most critical, which procedures they wish to document, and which types of documentation they wish to use. Thus, process documentation may take the form of SOPs, WIs, process flow charts, schematics, and so on. Still critical, however, is that companies demonstrate how their processes support realization of their targets, including satisfaction of stakeholders, especially customers.

Controlling documents and data is also very important to maintain the validity of data and information and to protect those whose data is

being collected as well as those using the data. So important is this document and data control that procedures are often written to focus on how version control and data security are managed.

**Training** Like documentation, training shares information with employees and other stakeholders. However, training goes further in that, depending on its approach, training can be used to build trainee competence by providing theoretical grounding and enhancing practical experience. Where documentation shares information passively, the active nature of training allows for interactive learning, and this back-and-forth communication supports more robust learning. Training is a ready candidate for inclusion in an IMS, as competence should lie at the heart of every management system.

**Nonconformance Management** As operations proceed, mistakes happen and unforeseen challenges arise. Sometimes failures result that could compromise the company end product, cause customer dissatisfaction, or pose a threat to safety or the environment. Many failures flag issues that should not be allowed to recur, and so a nonconformance management process becomes important. Nonconformances should be evaluated to identify their root causes and to implement corrective action so that recurrence is preempted. While the addressing of nonconformances does not normally fit within the "act" phase of the PDCA cycle, corrective action makes a valuable contribution to continual improvement of an organization.

**Corporate Responsibility and Sustainability** There is a steady trend toward inclusion of social responsibility and sustainability elements in modern company strategies. To this end, no matter which management system is being developed, companies are likely to incorporate elements such as community partnering, environmental stewardship, and conservation. The benefits to the company are manifold and include stronger linkages with communities, enhanced brand image and brand loyalty, improved resource utilization (e.g., through recycling efforts), lowered operating costs, and increased profitability.

A comprehensive corporate responsibility/sustainability program is achievable when management systems are integrated. The program's benefits would accrue to all component systems, and resources that might once have been divided among multiple stand-alone systems could be combined to greater effect and benefit, both for the community and the company.

**Risk Management** Organizations operate in a world fraught with conflict and unforeseen issues. Therefore, they must be able to evaluate and manage risk in order to succeed. Management systems must take risk management into account, and a majority of management system standards highlight this as a requirement for certification. Traditional approaches to risk management may differ from one type of management system to the other, but the ultimate aim of risk management is to identify where risk exists and how such risk can derail the organization's efforts to meet its objectives. This is a concern in every stand-alone management system, and it is therefore a prime process to integrate. The IMS should outline the process for risk management, starting with what could go wrong and how, how likely and severe the risk is estimated to be, the ultimate effect expected on company performance, and what action plans are to be implemented to mitigate or eliminate the risk.

## Improvement

In the course of company operations, undertakings such as business process reengineering or research and development could put forward bold new ideas or approaches that move an organization forward by leaps and bounds. Such radical improvements would be wonderful, though rare. In a management system, it is much more likely that a myriad of incremental improvements would be effected. A range of improvement approaches and review modalities find application here.

Audits are formal on-site verifications focused on checking whether the whole system or its component processes are conforming to standards established for the company. These standards could be established within a management system standard, statutory requirements, procedures set out by the company, or even customer

specifications. Audit determinations are based on evidence gathered through observation, data records, and interviews in the field. Where audits reveal nonconformances, or even opportunities for improvement (e.g., based on identification of threats or weaknesses), the organization can roll out an action plan to advance the system.

Management review takes place when top management takes a critical look at the system. The aim of management review exercises is to assess how effective the system is and to decide how it should be improved. Considerations usually include audit findings, customer feedback, nonconformance information, and process performance data, though many other pertinent inputs may be brought to the table. Management review is a critical enabler of improvement as it allows those in the driver's seat to take stock of shortcomings and opportunities, determine how to adjust the direction in which the company is being steered, and where to allocate resources to support any changes.

Though audits and management reviews mightily support system improvement, there are a host of ways in which minuscule continual improvement adjustments take place from day to day. Though so incremental as to be almost indiscernible at times, tiny amendments and adjustments can amount to meaningful positive change. The PDCA cycle itself is a continual improvement tool worth noting, since the practice of continuously comparing performance to targets and making contingent plans for the next cycle drives the company to do better in each iteration. Management systems sometimes include problem-solving approaches that seek to analyze root causes. Cause and effect diagrams, scatterplots, histograms, and control charts are some quality tools that can also help companies in their quest for improvement.

## Possible Integration Structure

Integration requires considerable coordination within the organization and is only possible when there is mutual trust and sharing. Integrated processes must be aligned with shared goals and a shared vision, in order that the organization's ultimate strategy can come to fruition. The advantages of integration include more efficient and effective use of resources, greater cross-functional involvement in company operations, enhanced information flow, improved organizational flexibility and responsiveness, and improved financial position.

Decisions must be made as to how the integrated system will function, bearing in mind the above considerations. Systems may be integrated to different extents depending on the preferences and needs of each individual company. One such integration structure, illustrated in Table 3, reflects that some parts of the integrated system might be shared, while others might fit only one or a few component systems.

Oversight elements like vision and organization structure may apply across all component systems, while others, like policy, may vary (e.g., the quality policy would be different from the safety policy). Full system integration could be established for some system processes (e.g., for document control), while only partial integration may be possible or desirable for others (e.g., risk management, where different approaches to risk control such as failure mode and effects analysis (FMEA) or the HSE's (2014) five steps to risk assessment could be practiced in different component systems). Finally, the company's approach to continual improvement might include management review and audit, which would have similar purposes and approaches across all component systems. Therefore, these would be fairly straightforward to integrate fully.

True system integration is only achieved when at least 70% of main processes have been integrated and those processes are under the control of single owners (Kymal et al. 2015). In the example illustrated in Table 3, there are some major differences in the risk management process for each component system, so it has been reflected as only 25% integrated. Nonconformance management is scored at 75% as it is fully integrated for

**Integrated Management Systems, Table 3** An integrated system example

| | IMS element | Integration | QMS | EMS | OSHMS | FSMS |
|---|---|---|---|---|---|---|
| Oversight | Vision | Yes | Shared | Shared | Shared | Shared |
| | Policy, goals, objectives | No | Unique | Unique | Unique | Unique |
| | Organization structure | Yes | Shared | Shared | Shared | Shared |
| Main processes | Document control procedure | 100% | Shared | Shared | Shared | Shared |
| | Training | 100% | Shared | Shared | Shared | Shared |
| | Nonconformance management | 75% | Q/E/OSHMS shared | Q/E/ OSHMS shared | Q/E/ OSHMS shared | Some variation |
| | Risk management | 25% | Some variation – probabilistic approach used | Some variation – EIA/FMEA used | Some variation – HSE five steps used | Some variation– HACCP steps used |
| | Corporate responsibility | 100% | Shared | Shared | Shared | Shared |
| Continual improvement | Management review | Yes | Shared | Shared | Shared | Shared |
| | Audit | Yes | Shared | Shared | Shared | Shared |

the QMS, EMS, and OSHMS, but not for the FSMS, which has retained some differences. The remaining three (3) processes are considered fully integrated by the company, and they are thus scored at 100% each. Assuming that any one shared process is controlled by a single person, Table 3 is reflecting a system that is about 80% integrated. This is calculated by considering the degree of integration of each of the five (5) main processes in the following way: (100% + 100% + 75% + 25% + 100%) / 5 = 80%.

### IT Applications

Companies are increasingly relying on information technology to make their management systems easier to access, maintain, and control. A system that is hosted online or on an intranet eliminates the need to update paper-based versions, allows access to documents and data in real time, and facilitates document and data editing and control by those authorized to do so. This boosts information availability, consistency, and accessibility, enhances employee involvement in system operations, and reduces work involved in managing the system. Therefore, hosting the IMS electronically could add value and lower costs.

## Conclusion

Integrated management systems have the potential to bring meaningful advantages to an organization. These include the sharing of features and information across a wide cross-section of company groups, thus enhancing organizational memory (Perez and Ramos 2013) and the breaking down of silos that would otherwise exist to support non-integrated management systems.

## Cross-References


- ▶ Business Continuity
- ▶ Compliance Versus Ethical Capacity
- ▶ Culture and Organizations
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizations and Environment
- ▶ Performance Management and Culture
- ▶ Performance Measurement
- ▶ Risk and Organizations

## References

Amaratunga D, Baldry D (2002) Moving from performance measurement to performance management. Facilities 20(5/6):217–223

ISO(International Organization for Standardization) (2015) The ISO survey of management system standard certifications (1999–2015): ISO 14001- Environmental management systems - Requirements with guidance for use. Retrieved 23 Oct 2016 from www.iso.org/iso/iso_14001_iso_survey2015.xls

ISO (2016) ISO 14001 Environmental Management Systems Revision. Retrieved 23 Oct 2016 from http://www.iso.org/iso/iso14001_revision

Kymal C, Gruska G, Reid RD (2015) Integrated management systems: QMS, EMS, OHSMS, FSMS including aerospace, service, semiconductor/electronics, automotive, and food. Quality Press, WI

Nathai-Balkissoon M, Arumugadasan NS (2005) Implementing hazard analysis critical control points in a food plant. J Assoc Prof Eng Trinidad Tobago (Special Issue on Asset Management and Maintenance Engineering) 36(1):32–37

Perez G, Ramos I (2013) Understanding organizational memory from the integrated management systems (ERP)/Compreendendo a memória organizacional a partir dos sistemas integrados de gestão (ERP). J Inf Syst Technol Manag 10(3):541–560

UK. Health and Safety Executive (2014) Risk assessment: a brief guide to controlling risks in the workplace. Retrieved 13 June 2016 from www.hse.gov.uk/pubns/indg163.htm

# Integrated Model of E-Participation

Bernd W. Wirtz, Peter Daiser and Boris Binkowska
German University of Administrative Sciences Speyer, Speyer, Germany

## Synonyms

E-consultation; E-democracy; E-voting

## Definition

E-participation is a participatory process that is enabled by modern information and communication technologies and includes stakeholders in the public decision-making processes through active information exchange, thus, fostering fair and representative policy-making.

## Introduction

The roots of e-participation can be traced back to the 1960s (compare for the following Wirtz et al. 2018). At that time, the concept of citizen participation started to become an instrument used by governments to enhance governmental legitimacy, foster public trust in government, and improve transparency of decision-making processes (Lourenço and Costa 2007; Fedotava et al. 2014). Around the turn of the millennium, citizen participation entered a new era. The spread of information and communication technologies (ICT) changed the way individuals, organizations, and governments used to communicate and interact (Mc Grath et al. 2011; Alawneh et al. 2013).

Given the growing public interest to enhance government transparency and accountability, governments around the world started to utilize the potential of ICT for citizen participation to increase overall participation, enhance the quality of public policies, and improve public stakeholder information and empowerment (Phang and Kankanhalli 2008; Millard et al. 2009; Peristera et al. 2009). Achieving these goals, while applying new technologies for citizen participation initiatives, challenges governments in a multifaceted way. For this purpose, Wirtz et al. (2018) recommend an integrated strategic e-participation framework that visualizes the key components that need to be considered in order to systematically address the requirements of e-participation initiatives.

## Integrated Strategic E-Participation Framework

Governments need to take into account particular strategic and organizational factors (e-participation targets, e-participation forms, e-participation strategies, e-participation

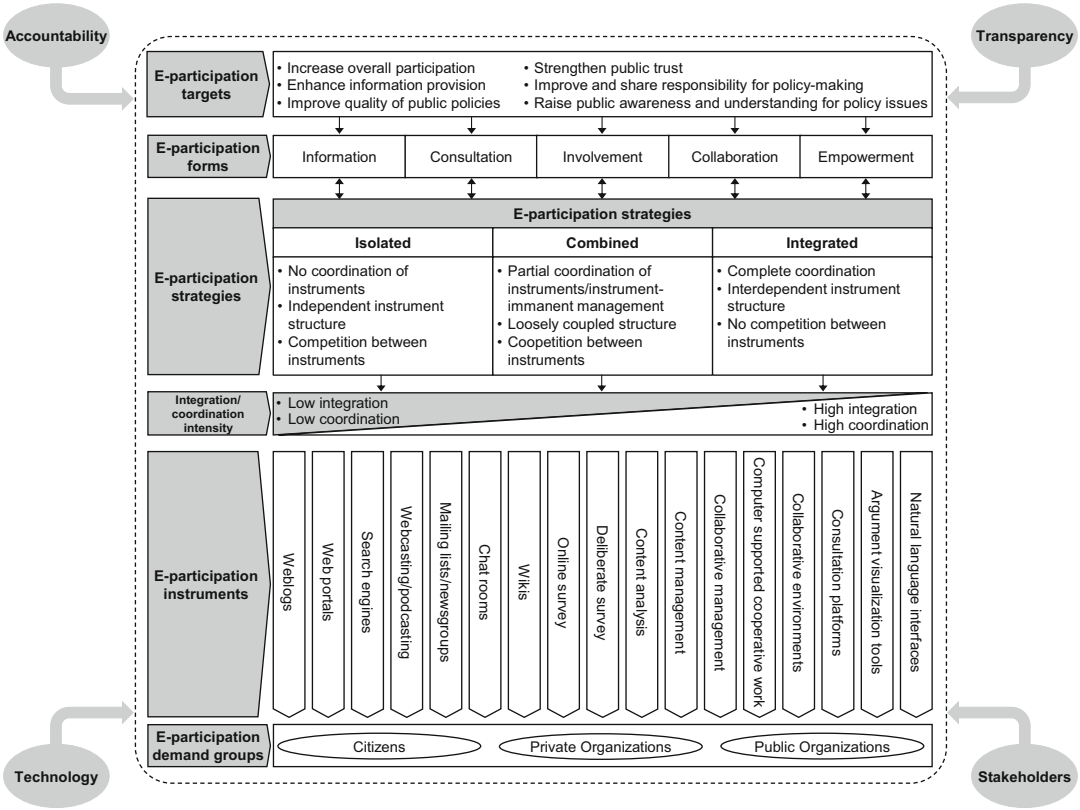


**Integrated Model of E-Participation, Fig. 1** Integrated Strategic E-Participation Framework

instruments, and e-participation demand groups) as well as environmental drivers (accountability, transparency, stakeholders, and technology) before initiating an e-participation initiative. If any of these aspects are neglected, this may prevent the unfolding of the full e-participation potential. Important factors and drivers for successful e-participation initiatives, which are outlined in the following, are summarized in the Integrated Strategic E-Participation Framework of Wirtz et al. (2018) in Fig. 1.

## E-Participation Targets

Successful e-participation requires effective target-setting. In other words, the target(s) of an e-participation initiative should be explicitly clarified before initiating the e-participation initiative. In general, there are six types of e-participation targets: (1) increase overall participation, (2) enhance information provision, (3) improve quality of public policies, (4) strengthen public trust, (5) improve and share responsibility for policy-making, and (6) raise public awareness and understanding for policy issues (Wirtz et al. 2018).

## E-Participation Forms

There are different e-participation forms. A widely accepted categorization for public participation was established by the International Association for Public Participation (IAP2 2007), which covers the spectrum of interactions between the government and the community (Vogel et al. 2014). They propose the following five

categories: (1) information, (2) consult, (3) involve, (4) collaborate, and (5) empower. Information refers to providing balanced and objective information to the public. The category consult specifies the form of interaction, in which the community provides feedback and expertise to the e-participation provider. Involve means that the government interacts directly with the community and that the concerns and aspirations of the community receive particular attention. In collaboration settings, the government incorporates public input by partnering with the public. If the e-participation provider chooses the form empower, which reflects the highest degree of interaction between the government and the community, the final settlement of the underlying public decision-making process stays with the community (IAP2 2007). Since the e-participation form has a strong influence on the interaction and operation of the cooperation/collaboration between the government and the community, it is an important aspect, which should also be clarified before initiating an e-participation initiative.

## E-Participation Strategies

Concerning the e-participation strategy, an e-participation provider may choose between three different strategies: an isolated, a combined, or an integrated strategy. Choosing an isolated strategy means that the e-participation strategy is characterized by a low integration of e-participation instruments. Thus, the use of these instruments follows a loose, independent structure. The combined strategy requires a more sophisticated approach since the e-participation instruments used – although still managed individually – are applied in an interconnected style, trying to use them in a synergetic way. In the integrated approach, all e-participation instruments are fully harmonized, meaning that they are applied in a complementary way. Although the integrated strategy constitutes the most sophisticated approach and requires the highest level of e-participation integration and coordination competence, it also allows the highest utilization of e-participation potentials.

## E-Participation Instruments

Based on the pursued e-participation target(s), e-participation form, and e-participation strategy, the e-participation providers can select suitable e-participation instruments. Here, the Integrated Strategic E-Participation Framework uses the categorization of Tambouris et al. (2007), who divide the range of e-participation instruments into 17 categories (for public channels see also Wirtz and Langer 2016). The selection of the e-participation instruments should reflect a goal-oriented and recipient-friendly composition, which particularly takes into account the targeted e-participation demand groups since their engagement is the core of any e-participation initiative (Gummerus et al. 2012).

## E-Participation Demand Groups

The e-participation demand groups can be seen as the target groups of the e-participation initiative. The categorization of the e-participation demand groups of the Integrated Strategic E-Participation Framework follows the categories of the E-Government Value Activity System of Wirtz and Daiser (2017). In their model, they classify the public target groups into citizens, private organizations, and public organizations. Since the e-participation demand groups are at the core of any e-participation initiative, the success of these undertakings stands and falls with their engagement (Gummerus et al. 2012). Moreover, there usually exists a strong relation between the e-participation targets and the e-participation demand groups since the e-participation targets – to a large extent – depend on the behavior and perception of the demand groups.

From an enabler perspective, it is an essential prerequisite that the e-participation providers take into account the skills and the situation of the e-participation demand groups (Albrecht

et al. 2008). For example, do they have technical access, the necessary competences, and the experience required? Moreover, can they achieve the expected benefits? After all, the participants have to be able and enabled to engage in and benefit from an e-participation initiative. Apart from these strategic and organizational factors, there are further aspects that successful e-participation initiatives should take into account.

## Drivers of E-Participation

Besides being an e-participation target, transparency is also seen as an important e-participation driver. A high degree of transparency shall, for instance, reduce governmental misconduct (Etzioni 2010) and enhance public trust (Kweit 2004; Vigoda-Gadot 2006; Wang and Wan Wart 2007; Kim and Lee 2012). Accountability is another driver for e-participation. It may be regarded as an institutionalized relationship that ensures that governments can be hold responsible for their actions and disclose results transparently (Bovens 2006). Both drivers are closely linked, since they are mutually dependent and reinforcing (Maor 2004; Kim et al. 2009).

Given the constitutive character of ICT for e-participation, technology can be considered an essential driver of e-participation. First, because it provides the technological foundation for e-participation initiatives (Chadwick 2003) and second, because the advent of social media technologies has accelerated the impetus for governments to enhance transparency, collaboration, and civic participation (Bertot et al. 2010; Evans and Campos 2013). Finally, stakeholders are a further e-participation driver. This driver includes e-participant demand groups as well as e-participation service groups, such as public officials or politicians (Aichholzer et al. 2007). Their input and their pressure exerted are crucial for the (further) development of e-participation initiatives (García-Sánchez et al. 2011) and the enhancement of communication and participation in political processes (Hart and Teeter 2003; Bekkers 2004; Best and Krueger 2005; Curwell et al. 2005).

## Conclusion

Summarizing, e-participation is a participatory online process that includes stakeholders into public decision-making to foster a fair and representative policy-making (Wirtz et al. 2018). In this context, e-participation can also be seen as an instrument to better harness the potential of ICT within citizen participation initiatives and enhance joint policy-making. Thus, government and citizens can become partners and share the responsibility for decisions.

To maximize the outcome and benefits of e-participation initiatives, e-participation providers should follow a clear and systematic development process that covers e-participation targets, e-participation forms, e-participation strategies, e-participation instruments, and e-participation demand groups, as well as the respective e-participation drivers. If these aspects are not systematically considered and determined before an e-participation initiative is launched, it is likely to fail since set e-participation targets will probably be missed and the concerns and aspirations of the public may not only be insufficiently included.

Successful e-participation puts the spotlight on the respective demand groups, which are the core of any e-participation initiative, and combines an adequate strategic and operative selection of instruments that enable the respective demand groups to participate in the initiative. From an e-participation provider's perspective, choosing the right channels is extremely important since they are the interface to the community. The channel(s) must fit the preferences of the targeted demand groups and support the desired e-participation target, form, and strategy.

## References

Aichholzer G, Lippa B, Moss G, Scherer S, Schneider C, Westholm H, Wimmer M, Winkler R (2007) Interdisciplinary framework to address the socio-

technical and political challenges of eParticipation, DEMO-net Deliverable 6.2, Bremen
Alawneh A, Al-Refai H, Batiha K (2013) Measuring user satisfaction from e-government services: lessons from Jordan. Gov Inf Q 30:227–228
Albrecht S, Kohlrausch N, Kubicek H, Lippa B, Märker O, Trénel M, Vorwerk V, Westholm H, Wiedwald C (2008) eParticipation – electronic participation of citziens and the business community in eGovernment: study on behalf of the federal ministry of the interior, division IT 1. Institut für Informationsmanagement Bremen, Bremen
Bekkers V (2004) Virtual policy communities and responsive governance: redesigning on-line debates. Inf Polity 9(3/4):193–203
Bertot JC, Jaeger PT, Munson S, Glaisyer T (2010) Engaging the public in open government: social media technology and policy for governments transparency. Available at: http://tmsp.umd.edu/TMSPreports_files/6.IEEE-Computer-TMSP-Government-Bertot-100817pdf.pdf. Accessed 20 May 2016
Best SJ, Krueger BS (2005) Analyzing the representativeness of internet political participation. Polit Behav 27(2):183–216
Bovens M (2006) Analysing and assessing public accountability. A conceptual framework. Available at: http://edoc.vifapol.de/opus/volltexte/2011/2459/pdf/egp_connex_C_06_01.pdf. Accessed 20 May 2016
Chadwick A (2003) Bringing e-democracy back in. Why it matters for future research on e-governance. Soc Sci Comput Rev 21(4):443–455
Curwell S, Deakin M, Cooper I, Paskaleva-Shapira K, Ravetz J, Babicki D (2005) Citizens' expectations of information cities. Implications for urban planning and design. Build Res Inf 33(1):55–66
Etzioni A (2010) Is transparency the best disinfectant? J Polit Philos 18(4):389–404
Evans AM, Campos A (2013) Open government initiatives. Challenges of citizen participation. J Policy Anal Manage 32(1):172–185
Fedotava O, Teixeira L, Alvelos H (2014) Citizens' engagement using communication technologies. In: Khosrowpour M (ed) Encyclopedia of information science and technology, 3rd edn. Information Science Reference, Hershey, pp 2709–2718
García-Sánchez I, Rodríguez-Domínguez L, Gallego-Álvarez I (2011) The relationship between political factors and the development of e-participatory government. Inf Soc 27(4):233–251
Gummerus J, Liljander V, Weman E, Pihlström M (2012) Customer engagement in a Facebook brand community. Manag Res Rev 35(9):857–877
Hart DP, Teeter MR (2003) The new e-government equation: ease, engagement, privacy and protection. Council for Excellence in Government, Washington, DC
Kim S, Lee J (2012) E-participation, transparency, and trust in local government. Public Adm Rev 72(6):819–828
Kim S, Kim H, Lee H (2009) An institutional analysis of an e-government system for anti-corruption. The case of OPEN. Gov Inf Q 26(1):42–50
Kweit MG (2004) Citizen participation and citizen evaluation in disaster recovery. Am Rev Public Adm 34(4):354–373
Lourenço RP, Costa JP (2007) Incorporating citizens' views in local policy decision making processes. Decis Support Syst 43(4):1499–1511
Maor M (2004) Feeling the heat? Anticorruption mechanisms in comparative perspective. Governance 17(1):1–28
Mc Grath K, Elbanna A, Hercheui M, Panagiotopoulos P, Saad E (2011) Exploring the democratic potential of online social network: The scopte and limitations of e-Participation. Commun Assoc Inf Syst 30:239–254
Millard J, Meyerhoff Nielsen M, Warren R, Smith S, Macintosh A, Tarabanis K, Tambouris E, Panopoulou E, Efpraxia D, Parisopoulos K (2009) European eParticipation summary report. November 2009. ICT for Government and Public Services. Available at: https://ec.europa.eu/digital-single-market/en/news/european-eparticipation-summary-report. Accessed 10 May 2016
Peristera V, Mentzas G, Tarabanis KA, Abecker A (2009) Transforming E-governmnent and E-participation through IT. Int Underw Syst Des 24(5):14–19
Phang CW, Kankanhalli A (2008) A framework of ICT exploitation for e-participation initiatives. Commun ACM 51(12):128–132
Tambouris E, Liotas N, Tarabanis K (2007) A framework for assessing eParticipation projects and tools. In: Sprague RH (ed) Proceedings of the 40th annual Hawaii international conference on system sciences, Big Island, Hawaii, 3–6 Jan 2007. IEEE Computer Society Press, Los Alamitos, pp 1–10
Vigoda-Gadot E (2006) Citizens' perceptions of politics and ethics in public administration. A five-year national study of their relationship to satisfaction with services, trust in governance, and voice orientations. J Public Adm Res Theory 17(2):285–305
Vogel R, Moulder E, Huggins M (2014) The extent of public participation. ICMA survey explores public engagement and the tenor of civic discourse. Public Manag 96(2):6–10
Wang XH, Wan Wart M (2007) When public participation in administration leads to trust. An empirical assessment of managers? Perceptions. Public Adm Rev 67(2):265–278
Wirtz BW, Daiser P (2017) E-government: strategy process instruments. Textbook for the digital society, 2nd ed., Speyer. Online available at: http://www.uni-speyer.de/files/de/Lehrstühle/Wirtz/WirtzDaiser_2017_E-Government.pdf
Wirtz BW, Langer PF (2016) Public multichannel management – an integrated framework of off- and online multichannel government services. Public Organ Rev 17(4):563–580
Wirtz BW, Daiser P, Binkowska B (2018) E-participation: a strategic framework. Int J Public Adm 41(1):1–12

# Integrated Reporting

Sotirios Karatzimas
Department of Business, Universitat Autònoma de Barcelona, Barcelona, Spain

## Synonyms

Nonfinancial information; One report; Value creation

## Definition

Integrated reporting incorporates in one single report information regarding the major resources and relationships that interrelate with the reporting entity and which are presented in the form of six capitals: the financial capital, the manufactured capital, the human capital, the social and relationship capital, the intellectual capital, and the natural capital. It is a form of communicating how an organization creates value over time, targeting to the creation of stronger connections between the various different activities of a business. The concept was born within the private sector context, but recently increased interest is recorded about its usability to the public sector as well.

## Introduction

The modern economic and political environment asks for information that goes beyond financial reporting; there is a demand for reporting entities to overcome the barriers of traditional reporting and to proceed in further engaging with their stakeholders, through the provision of a plethora of useful financial and nonfinancial information.

During the last years there has been a trend, especially within the private sector, to prepare reports that would provide, apart from the traditional financial information, additional alternative information. For instance, corporate social responsibility reports, sustainability reports, and environmental reports serve toward that direction. This trend comes in line with the accountability and transparency obligations of reporting entities. Although these nonfinancial reports coexist with financial reporting, they are not interconnected to each other so as to provide an overall understanding of how an organization operates. Therefore the usefulness of this information is in many cases limited because it is dispersed. The modern era requires not only disclosure of additional nonfinancial information but also interrelationship between financial and nonfinancial information.

Integrated reporting comes to overcome this barrier. The idea behind integrated reporting is the development of "one report," i.e., a single official document that would contain information of both the financial and nonfinancial issues of an organization (Eccles and Krzus 2010). This information is interconnected thus facilitating better assessment of future performance and prospects of the reporting entity. The common ground of this information is that it helps to explain how the entity creates value. Therefore, integrated reporting is a form of communicating, to those interested, how an organization creates value over time (IIRC 2013). At the same time, this communication tool also targets to the creation of stronger connections between the various different activities of a business. Thus integrated reporting is considered to be a fundamental development for decision-making purposes, which is encouraged to be performed based on various performance data.

Integrated reporting has gradually gained popularity and supporters among various countries. For instance, the stock markets in South Africa and Japan ask from listed firms, among other requirements, to provide an integrated report, while at the same time many large firms around the world choose to voluntarily adopt integrated reporting: the Coca-Cola Company, Deutsche Bank, Marks & Spencer, Microsoft Corporation, and Unilever, among others.

Although at its beginning the concept of integrated reporting was born and developed within the private sector context, recently there is a lot of debate about the potential usability of this reporting type to the public sector as well (Bartocci and Picciaia 2013; IIRC 2013).

The purpose of this entry is to introduce the concept of integrated reporting in the public sector. The text proceeds in section "Overview: The Philosophy of Integrated Reporting," with an overview of integrated reporting focusing on value creation and the six capitals. Section "Integrated Reporting in the Public Sector" refers to the introduction of the integrated reporting concept in the public sector context, and section "Developing an Integrated Report" to the development of the integrated report. Finally, section "The Issue of Assurance" comments on the issue of assurance of integrated reporting, and section "Conclusion" concludes.

## Overview: The Philosophy of Integrated Reporting

Integrated reporting promotes the use of a single report that will provide a holistic view of the activities that create value for an organization over the short, medium, and long term (IIRC 2013). This new type of reporting incorporates additional nonfinancial information.

Overall, integrated reporting is based on three fundamental concepts: "Value creation," the "six capitals," and the "business model." Briefly, "value creation" refers to the process of generating value through an organization's activities by using its resources. The "capitals" are various forms of resources and relationships that interact with the organization. Finally, the "business model" refers to the development of a strategic approach by the organization to successfully perform its business activities within a specific environment (IIRC 2013).

### Value Creation

"Value creation" is one of the fundamental concepts underlying integrated reporting. Organizations can create value through the effective management of their resources in the short, medium and long term. These resources are recognized within six capitals: the financial, the manufactured, the intellectual, the social and relationship, the human, and the natural capital. These "six capitals" represent the holistic approach of integrated reporting and the transition to "integrated thinking" inside the organization. The creation of value is recognized through the changes that occur in the "six capitals," deriving from the activities and processes of the organization. The business activities of an organization might create, modify, or destroy these capitals. For a simple example, one could refer to the functioning of the financial capital. The financial returns toward the providers of capital to the organization, and the impact on the other capitals and other stakeholders are expressions of value. Generally, value is created not only for the organization itself but also for the stakeholders and the society (Eccles and Saltzman 2011).

Through integrated reports the reporting entity provides to stakeholders information regarding the creation of value through its processes and activities. In other words, an integrated report explains how the organization creates value over time through interacting with the external environment, the relationships with stakeholders, and the various capitals. Moreover, it gives answers on how these capitals were used in order to produce results and whether their use eventually led to the creation or not of value. It is a communication tool informing how value is created by connecting different types of information. In any case, the reporting organization should clearly state in its integrated report how it defines value, what actions took place in order to increase value creation, and how stakeholders and the capitals are related to value (Adams 2013).

### The "Six Capitals"

Traditional reporting of private sector firms involves the reporting of mainly financial information. Nevertheless, various other reports have been developed over time in order to provide information about issues that also touch on other nonfinancial resources and relationships. For instance, the corporate social responsibility report and the sustainability reports target to the provision of information regarding the performance of the firm through a social and environmental perspective. The integrated report comes to connect all these types of information in one single report. The major resources and relationships that

interrelate with the organization are presented in the form of the "six capitals." These are:

1. The financial capital
2. The manufactured capital
3. The human capital
4. The social and relationship capital
5. The intellectual capital
6. The natural capital

These "six capitals" take part in the business activities, and their shape and form are affected by these activities; they might be consumed, transformed, or modified. In any case, these capitals are not of equal relevance for every organization. They might not even be applicable to every organization. This is left to the discretion of the organization itself. The characteristics of these capitals are briefly presented in the following paragraphs (IIRC 2013):

1. The **financial capital** refers to the funds that are available to the reporting entity. These funds are used in the process of producing goods and providing services. They are acquired through self-financing, borrowing or grant receiving, or generated through the entity's operations and investments. Usually they can be distinguished as debt or equity financing, depending on their source.
2. The **manufactured capital** refers to the physical objects that an entity uses in order to produce goods and to provide services. These physical objects include buildings, equipment, and tools, as well as infrastructure. The items that fall in this category might even not be owned by the organization.
3. The **human capital** incorporates the skills, knowledge, and abilities of the people who constitute the organization's personnel, i.e., employees and managers. It further involves people's experience and motivations to innovate. These competencies are acquired through training and education.
4. The **social and relationship capital** regards the organization's ability to establish institutions and relationships within and between each community, group of stakeholders, and other networks. The scope is to enhance the well-being of individuals as well as of the community in total. To achieve that it is necessary to build up relations based on loyalty and trust.
5. The **intellectual capital** contains the intellectual property and the organizational capital of the organization. These are knowledge-based intangible assets that provide competitive advantage to the organization. More specifically, examples of intellectual property are the patents and copyrights, while examples of the organizational capital are the organization's tacit knowledge, procedures, protocols, etc.
6. Finally, the **natural capital** refers to the environmental resources that surround the organization, such as the air, water, land, as well as the biodiversity and ecosystem health. These resources could be either renewable or nonrenewable.

All these characteristics contribute – or affect – to a great extent the organization's development. Furthermore, from the above definitions, two major categories of capitals may be formed: tangible capitals, i.e., financial and manufactured capitals, and intangible capitals, i.e., human, social, and intellectual capitals. These broader categories operate within the context of the natural capital.

## How Integrated Reporting Operates: The Business Model

A business model is the system developed by each organization that sets the organization's strategy and strategic goals in accordance to its business activities (IIRC 2013). It also provides the plan that will help the organization to achieve these goals. The business model should be harmonized with the specific external environment conditions under which the organization operates.

The business model uses as its main input the "six capitals." Through the business activities, the inputs from the capitals are turned into outputs and results. Eventually, the business activities and the outputs will produce outcomes that will affect the "six capitals." In order to gain an understanding of the effectiveness of the organization's

strategy and the adapted business model, the use of the integrated report is crucial (Eccles and Krzus 2010): it provides past and actual values of the outputs and outcome of the business process, which are especially helpful for in-depth analyses. These data are assessed through their comparison with historical trends, market expectations, strategic goals, competitors' performance, etc. If the results are not satisfying, this procedure could lead to the change of the business model. Figure 1 depicts how integrated reporting operates through the value creation process.

## Integrated Reporting in the Public Sector

### Raising the Interest

As previously mentioned, the idea of integrated reporting was born within the private sector context. The nature of the private sector and its for-profit orientation nourished the conception of this new reporting philosophy (Adams and Simnett 2011). This context facilitated the early development and widespread adoption of international accounting standards, therefore promoting the homogeneity in private sector reporting. In this direction, the convergence project between International Financial Reporting Standards (IFRS) and the US Generally Accepted Accounting Principles (US GAAP) works toward the elimination of existing differences in financial reporting around the globe. Therefore, the private sector provided a fertile ground for the development of integrated thinking.

On the other hand, reporting in the public sector at the global level presents great diversifications. The multiplicities can be observed both between and within countries (e.g., between different government levels), where four financial reporting models are widely used: cash basis accounting, modified cash basis accounting, modified accrual basis accounting, and accrual basis accounting. Such diversity has widened the discussion regarding the role of reporting in the public sector. Within the extremely diversified context of financial reporting in the public sector, the idea of an integrated reporting might sound as being too ambitious. Nevertheless, in the last years, there has been a lot of debate in favor of such a move (Adams and Simnett 2011; Bartocci and Picciaia 2013).

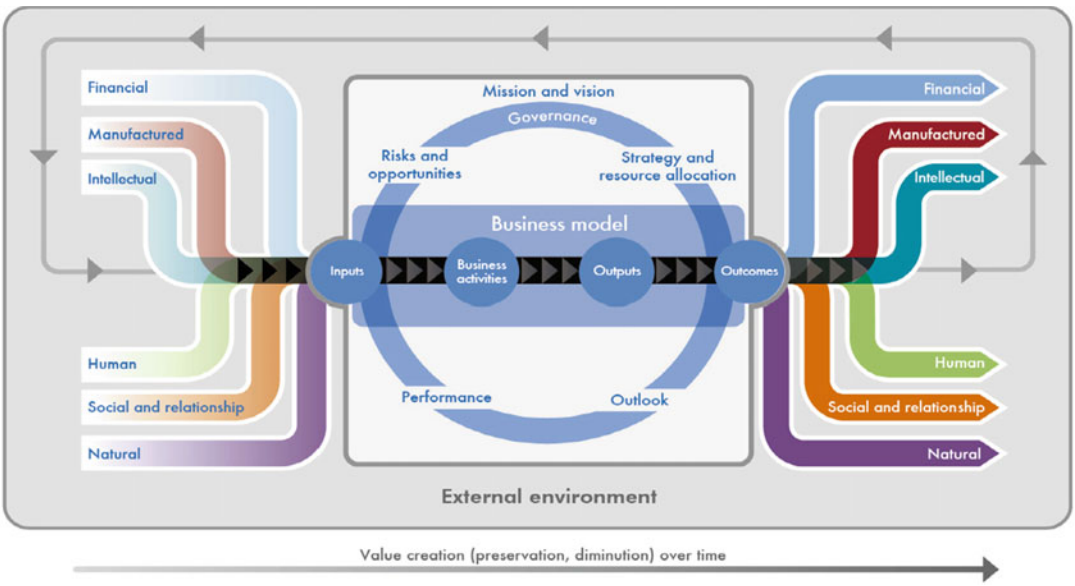


**Integrated Reporting, Fig. 1** The value creation process (Source: International Integrated Reporting Framework (IIRC 2013, p. 13))

To begin with, in the last decade, disclosing of nonfinancial information has increased in the public sector through various forms of reporting (Veltri and Silvestri 2015). In most cases, these reports were adapted from the private sector where they were previously applied with success. A few examples are the use of the balanced scorecard and of performance measurement reports, where performance measures are used for strategic purposes, the social reports, the sustainability reports, and the environmental reports for relevant reporting purposes.

Although the importance of providing such information cannot be denied, so far their application in the public sector is not the norm (Bartocci and Picciaia 2013). Nevertheless, they might be used as a basis of a smooth adaptation of integrated reporting in public sector entities. Among the various benefits of such a move are (Bartocci and Picciaia 2013): the boost of reporting on service delivery and governance excellence from a different standpoint than the financial one; the provision of valuable explanations on the public sector entity's strategy, governance, and organization model; and the creation of a stronger bond with accountability.

### Value Creation and the "Six Capitals" in the Public Sector Context

Integrated reporting may broaden the understanding of how public sector entities operate and create value. In this context, the term "value" refers to the public value created by the capitals (Bartocci and Picciaia 2013). In the public sector, the concept of "value creation" should be related to the three Es: economy, effectiveness, and efficiency.

Apart from information regarding financial capital, which derives from the financial reports of the public sector entities, information for the other five capitals is scarce in public sector reports. However, the provision of additional nonfinancial information in the public sector serves a strategic orientation and could lead to a more complete and meaningful reporting (Adams and Simnett 2011). As the issues of property are rather complicated in the public sector, information on manufactured capital would be very useful. Manufactured capital could refer to information regarding the composition, value, and use of the "available assets" (e.g., buildings, infrastructure) (Bartocci and Picciaia 2013). It is beyond any doubt that the human capital is the driving force of the public sector. Employees and managers in public sector entities comprise the fundamental resource of this sector. Therefore it is very important to know and be informed on issues of training, education, as well as ethics and corruption. In the same realm, the social and relationship capital is closely associated with public sector's social function (Bartocci and Picciaia 2013). Information could be therefore provided on the relations and collaboration of the reporting entity with its stakeholders, as well as on the legitimacy of the entity toward the public. Intellectual capital could promote the provision of information regarding the organizational capital, i.e., management and technical processes, management philosophy and culture of the public sector entities, as well as to issues of intellectual property, such as of patents. Finally, the natural capital will reflect the issues of environmental resources.

The differences between the private and the public sectors (e.g., nonprofit orientation, absence of a market) highlight the different approaches in introducing integrated reporting in the public sector. Due to these inherent differences among the two sectors, various adjustments will have to take place (Abeysekera 2013). Flexibility is therefore suggested during the adaptation process of integrated reporting in the public sector.

## Developing an Integrated Report

The development of an integrated report should follow certain guidelines. In 2013 the International Integrated Reporting Council (IIRC) produced a framework for the preparation of an integrated report (IIRC 2013). The IIRC was formed in 2010 with the aim to promote the concept of integrated reporting. At first the focus was mainly on private sector firms, but gradually the interest turned also to the possibility of transposing these concepts into the public sector as well. For that purpose the Integrated Reporting Public Sector Pioneer Network has been established in November 2014 (Patterson 2015). The scope of this pioneer network is to explore the value

creation process, identify material issues, as well as explore the need for specific guidance in the public sector context. Members of the network include among others the United Nations and the World Bank.

According to the IIRC Framework (IIRC 2013), the preparation of an integrated report has to comply with several principles. In general, an integrated report should include eight content elements. These elements are interrelated and not mutually exclusive:

1. **Organizational overview and external environment**. This part refers to the description of the organization, its business orientation and activities, as well as the presentation of the external conditions within which the organization operates.
2. **Governance**. It presents the organization's governance structure and its relation to value creation.
3. **Business model**. This element presents the business model that is adopted and followed by the organization.
4. **Risks and opportunities**: This part involves the recognition and discussion of the specific risks and opportunities that the organization faces. These risks and opportunities affect the creation of value overtime, so it is important to discuss the ways in which the organization deals with them.
5. **Strategy and resource allocation**. This part deals with issues of strategic planning regarding the organization's goals and the ways to achieve them.
6. **Performance**. It refers to the evaluation of the organization's performance in achieving its objectives within a period. In this process the outcomes are assessed in terms of their impact on the capitals.
7. **Outlook**. This part describes the challenges and uncertainties that the reporting entity will have to face while trying to achieve its strategic goals, as well as their impact on the business model and its future performance.
8. **Basis for presentation**. This part presents the basis under which the reporting entity decides on what should be included in the integrated report and how this is quantified and measured.

While developing an integrated report, the content and information presented should also follow specific guidelines which apply to both private and public sector entities (IIRC 2013). For example, the reported information should be material, concise, complete, reliable, consistent, and comparable. The content should focus on the organization's strategy referring to significant risks and opportunities, its use of the "six capitals," the provision of a holistic view of the various interrelations the organization is involved in, and the nature and quality of its relations with its stakeholders.

## The Issue of Assurance

The objectivity in developing integrated reports constitutes a critical issue. Integrated reports, either in the private or eventually in the public sector, are not audited by the typical auditing process performed to the publicly available financial statements. Therefore, it is difficult to assess whether the information they disclose is free of bias and material omissions and is nonselective. It is important to create mechanisms that will assure for the credible and reliable presentation of information, in order to protect the users of this information. Internal audit procedures play a key role in safeguarding the quality of the provided material (CIIA 2015). Moreover, the development of compliance assessments and performance certifications that will report on the quality or the level of performance, as it is suggested by the IIRC (2013), is also very important. Finally, it is essential for the integrated report to be accompanied by a statement written by those in charge of governance, ensuring the users of the integrity of the report, as well as its compliance with the IIRC Framework (IIRC 2013).

## Conclusion

Integrated reporting is a modern reporting trend that provides a holistic view of an organization's value creation process over time. It uses the integrated report as a communication tool. The integrated report focuses on the provision of

information about the organization's strategy, governance structure, and performance, within the specific external conditions posed by the environment in which it operates. In order to support the preparation of an integrated report, certain guiding principles have been developed by the IIRC Framework. The philosophy of integrated reporting builds on the development of one single report that will eventually become the main report of the organization. Eventually, this will connect the information regarding both financial and non-financial matters, presenting the process of value creation inside the organization and at the same time facilitating future performance assessment. The reports would provide a holistic, useful, and meaningful information set, allowing the reporting entity to successfully fulfill its reporting obligations toward stakeholders. Along with private sector firms, recently, public sector entities also move beyond the traditional barriers of governance, management, and financial reporting toward integrated reporting. In this realm, a number of public sector entities globally start to consider the use of more holistic communication tools and broader ways to measure economic growth and impact (IIRC 2014), as the new economic era asks for the provision of alternative information to facilitate internal and external users in sound decision-making.

## Cross-References


- ▶ Accountability
- ▶ Balanced Scorecard
- ▶ e-Government Procurement (e-GP)
- ▶ E-Government, Accountability, and Performance
- ▶ Popular Reporting


## References


Abeysekera I (2013) A template for integrated reporting. J Intellect Cap 14(2):227–245

Adams C (2013) Understanding integrated reporting: the concise guide to integrated thinking and the future of corporate reporting. Do Sustainability, Oxford

Adams S, Simnett R (2011) Integrated reporting: an opportunity for Australia's not-for-profit sector. Aust Account Rev 21(3):292–301

Bartocci L, Picciaia F (2013) Towards integrated reporting in the public sector. In: Busco S, Frigo M, Riccaboni A, Quattrone P (eds) Integrated reporting. Springer International Publishing, Cham, pp 191–204

Chartered Institute of Internal Auditors (2015) The role of internal audit in non-financial and integrated reporting. Available at http://www.iia.no/The+role+of+Internal+Audit+in+Non-Financial+and+Integrated+Reporting.b7C_wlfS4b.ips. Accessed 06 Sept 2016

Eccles RG, Krzus MP (2010) One report: integrated reporting for a sustainable strategy. Wiley, Hoboken

Eccles R, Saltzman D (2011) Achieving sustainability through integrated reporting. Stanf Soc Innov Rev 2011:56–61

International Integrated Reporting Committee (2014) Realizing the benefits: the impact of integrated reporting. Available at http://integratedreporting.org/resource/realizing-the-benefits-the-impact-of-integrated-reporting/. Accessed 06 Sept 2016

International Integrated Reporting Council (2013) International integrated reporting framework. Available at http://integratedreporting.org/resource/international-ir-framework/. Accessed 06 Sept 2016

Patterson G (2015) Public sector pioneer network update, 3 Feb 2015. Available at http://integratedreporting.org/news/public-sector-pioneer-network-update/. Accessed 06 Sept 2016

Veltri S, Silvestri A (2015) The Free State University integrated reporting: a critical consideration. J Intellect Cap 16(2):443–462


# Integrating Traditional Medicine (TM) in the Healthcare System of Bangladesh: Issues and Challenges


Md. Abul Hossen[1] and Md. Habibur Rahman[2]

[1]Jagannath University, Dhaka, Bangladesh

[2]The People's University of Bangladesh, Dhaka, Bangladesh


## Synonyms

Cultural competence; Cultural sensitive health care; Dominance; Equities in health; Globalization; Health for all; Health human resources;

Healthcare management; Human rights; Participation in health; User perspectives

## Definition

**Integration** Integration means the process of adapting, adjusting, absorbing, or incorporating the TM with Modern (Western) healthcare system.

**Health System** It is the organization of people, institutions, and resources that deliver healthcare services to meet the health needs of target population.

## Introduction

Providing medical care is a constitutional obligation of the government of Bangladesh. The Constitution mandates that: "it shall be a fundamental responsibility of the state to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens (a) the provision of the basic necessities of life, including food, clothing, shelter education and medical care" (BMOP 1998). Article 16 of the constitution also mentions that the state shall adopt effective measures to reduce disparity in health care progressively. Over the past decade, the Government of Bangladesh has made strong policy commitments to improve the health of the nation. The International Conference on Population and Development, Cairo (1994) and subsequent international conferences in Beijing (UN 1995) and Copenhagen (2004) created a high degree of awareness of health, equality of health, and health rights issues among civil society and policy makers in the health sector. As a consequence of the efforts of civil society and the government to bring greater awareness to the health sector, a number of policies now address the health needs of the country. They include the Poverty Reduction Strategy Paper [PRSP] (2005), the Health and Population Sector Program [HPSP] (1998–2003), the National Policy for Advancement of Women [NPAW] (2006), Millennium Development Goals [MDG] (2004), and the Sustainable Development Goals [SDG].

Development and expansion of healthcare facilities have been an integral part of public policy since independence to improve the health status of the Bangladeshi population. The government has introduced various programs in the 5-year plans to achieve its constitutional commitment of achieving "health for all." One of the major programs is capital investment to develop a health infrastructure that includes community clinics for every 6000 populations, Union health and family welfare centers, Thana Health Complex, district hospital, medical college hospitals, and other specialized institutes and hospitals throughout the country. There are about 14,000 Community Clinics (CC) and 4062 Union Health and Family Welfare Centers (UHFWC) now functioning in the country. The UHFWC is a permanent facility with daily outpatient services and headed by a medical officer. Additional staff includes a family welfare visitor, family welfare assistant, health assistant, sometimes a pharmacist, and two support staff (BMOHFW 2005). In each rural thana there is a Thana Health Complex which is a permanent facility offering daily health and family welfare services for in- and outpatients as well as supervision of other health services within the thana. It was planned to establish a total of 397 THCs in the country, 390 of which have so far been made operational. Sixty-four districts have so far constructed a hospital. Each of these hospitals has a bed capacity of at least 50–200, with a few already upgraded to 250-bed hospitals (BMOHFW 2005). There has been a notable expansion in the number and availability of health service institutions as well medical personnel over the last decades. Between 1975 and 2012, the number of government hospitals has increased from 131 to 690 and the number of private beds has increased from 15,452 to 43,818 (MOHFW 2015). That is, the number of government hospitals has increased nearly sixfold during the last quarter century, while the bed strength has more than doubled. These developments have clearly improved physical

accessibility of healthcare facilities to the people. But most of these centers lack laboratory facilities, required manpower, equipment, and furniture. A survey of 16 UHFWCs shows that 63% had inadequate physical facilities, 60% had inadequate personnel, and 80% faced shortage of supplies or vaccines (Shahen et al. 2020).

While the government counts the number of buildings constructed in assessing its performance in the sector, the creation of these facilities has not ensured services to the population irrespective of place and class, that is, rich and poor (Shahen et al. 2020). Despite the government's serious commitment to deliver health facilities to the doorsteps of common rural people through innovative approaches, the utilization of health services in rural areas is still far below any acceptable standard (Hossen and Westhues 2011a). The coverage and quality of services remain uneven, largely because of inequitable location and allocation of services, lack of drugs, equipment and personnel, inadequate supervision, problems of physical inaccessibly, and lack of culturally sensitive services (Hossen and Westhues 2011b). As a result, in spite of the development of an extensive network of a modern healthcare delivery system all over the country, traditional healing systems still play a significant role in delivering healthcare at the community level. Ahmed (2005) reported that various indigenous practitioners constitute the largest group of healthcare providers of rural Bangladesh. Traditional health care is not only more accessible than Western-type health care, but is a commonly preferred form of treatment in rural Bangladesh. Study consistently confirms that, on an average, only about 20–25% of the people have access to modern healthcare facilities, and the remaining 75–80% of the rural population in Bangladesh still receives healthcare services from the traditional medical practitioners (Uddin et al. 2010). The use of these practitioners has greater significance for local people because of the long tradition, reportedly effective outcome, and their long-held belief in its effectiveness (Uddin et al. 2010). In this situation the government could substantially increase access to health services by integrating vast pool of traditional health providers into the modern, publicly funded healthcare system (Hussain and Malik 2013). Training about the importance of culturally sensitive practices would need to be introduced in university curricula and in continuing education programs for physicians and other health workers if traditional healers are to be valued and accepted as legitimate member of a health care team. Many countries now recognize the need to develop a cohesive and integrative approach to health care that allows governments, healthcare practitioners and, most importantly, those who use healthcare services, to access in a safe, respectful, cost-efficient, and effective manner (Hussain and Malik 2013). World Health Organization (WHO) also made an appeal to foster its appropriate integration, regulation, and supervision to develop a proactive healthcare policy (Bannernman and Ossy 1982). Therefore, there is a critical need to mainstream Traditional Medicine (TM) into healthcare system to achieve the objective of improved access to health care facilities while preserve and respect the cultural diversity.

In this backdrop, the first section of the chapter will focus on the existing healthcare delivery systems of Bangladesh. Through a review of existing literature it will try to show that two competing systems, for example, Western and Traditional Medicine (TM) systems, working side by side in spite of the governments patron and massive support toward the Western system. The second section will provide an overview of TM in the context of Indian subcontinent and explain the struggle, challenges, debate, and tensions that it is facing and the urge for integration of this system with the Western one. The final section of the entry will sum up the debate and offer some recommendations to address the challenges of integration for the sake of development of an inclusive, respectful, and culturally diverse healthcare system.

## Types of Traditional Medicinal Practices in Bangladesh

Traditional Medicine (TM) is multidimensional, complicated and broad. It is related not only to health care but also to culture, history, belief, and

lifestyle of particular society. Sometimes TM is known as alternative to modern medicine or called nonconventional medicine in many countries. According WHO "TM refers to the indigenous health practices, approaches, knowledge and beliefs incorporating plant, animal and mineral based medicines, spiritual therapies, manual techniques and exercises, applied singularly or in combination to treat, diagnose and prevent illnesses or maintain well-being" (WHO 1996).

*Ayurveda/Ayurvedic Medicine: Ayurveda/Ayurvedic* medicine is one of the world's famous systems of medicine. *Ayurveda* is broadly known as science of life, *Ayur* means "life" and *Veda* means "knowledge." In the *Ayurveda* herbs and plants are important elements but the system also considers many other elements of lifestyle such as foods, aromas, germs, colors, yoga, lifestyles, and surgery. *Ayurveda* perceives the human body as a composition of three main elements – *dosas, dhatus*, and *malas. Dosa* involves three components – *vata* (wind), *pitta* (gall), and *kapha* (mucus). *Dhatu* refers to seven elements: plasma, blood, muscle, fat, bone, bone marrow, and reproductive tissues. *Malas* means waste materials such as urine and sweat. According to *Ayurvedic* philosophy, sound health means the balance of *dosas*, *dhatus*, and *malas*, while their imbalance results in a disease.

*Unani Medicine: Unani* took over the fundamental theory traditional medicinal practices in the context of *Hippocratic* medicine and the doctrine of the humors. According to the doctrine of *Hippocratic* and *Unani* system, the body contains four basic elements Earth, Air, Water, and Fire which have different temperaments, that is, Cold, Hot, Wet and Dry. After mixing and interaction of four elements a new compound having new temperament comes into existence (Kutumbiah 1971). Like *Ayurveda*, *Unani* is also a humoral medical system. It believes that the human body is a composition of four fluids – *dam* (blood), *balghan* (phlegm), *safra* (yellow bile), and *sauda* (black bile) – and a healthy body means a proper balance of these elements (Rahmatullah and Biswas 2012). The balance of these body fluids creates a power of "self-preservation or adjustment" in the body. When this power weakens or the balance is disrupted people feel sick. In terms of healing a disease, *Unani* also suggests the restoration of soundness of the whole body like *Ayurveda.*

*Herbal Medicine (HM):* Herbal Medicine is considered as a part of TM and sometimes used to refer to the same definition. According to WHO general guidelines for Methodologies for Research and Evaluation of Herbal Medicine, Herbal Medicines include "Finished, labeled and medicinal products that contain as active ingredients aerial or underground parts of plants, or other plant material, or combination thereof, whether in the crude state or as plant preparations. Plant material includes juices, gums, fatty oils, essential oils, and any other substances of this nature. Herbal medicines may contain excipients in addition to the active ingredients" (WHO 1996).

## Historical Background of Traditional Medicine and Healthcare System in Bangladesh

TM is a major component of indigenous system of medicine in Bangladesh. TM includes *Ayurvedic* and *Unani* in Bangladesh which are well established since time immemorial. TM is an ancient form of health care, practiced long before the appearance of scientific medicine in the developing countries that includes Bangladesh (Lashari 1984). Bangladesh introduced medicine from several sources. The country was enriched in plant diversity, which gave advantage for herbal preparation from the beginning of the history. At the same time, it gained medical knowledge from home and abroad. Ancient Bangladesh passed through several historical periods as *Marian, Pala*, and *Sen*. The country practiced *Ayurveda* as a codified medical text early in the history. As a partner of Indian subcontinent, the country maintained *Ayurveda* for religious and healthcare purposes. Only in Bengal there was a separate caste, namely, *Baidya* or *Kabiraj*, who were the professional physicians since the *Marian* era. In the period of *Shasanka* (sixth century) and after his death *Ayurveda* played vital role in health care in this region.

*Ayurveda* and *Unani* were taught at home of *gorukula* (house of physicians) in the eighteenth century. During the eighteenth century, some important literatures on *Ayurveda* were written among the writings, Ananda Barma's *Sarkomudi,* Rajbllava's *Ratnamala*, and Ramsen's *RsendraSar* were famous. William Jones established Asiatic Society in this period, which was developed as a center for oriental knowledge. The society translated two prominent books *Charaka Samhita* and *Susrata Samhita* into English. Jones wrote Botanical Observation on selected Indian Plants (Pahari 2001).

Modern health care was introduced with the establishment of Calcutta Medical College (CMC) in 1835. Before 1835, medical schools of India produced mainly indigenous practitioners in *Ayurvedic* and *Unani* systems. They practiced mainly herbal formulation according to the formulation of the indigenous systems. In 1874, the government established Dacca Medical School (Alam 2007). Up to the middle of nineteenth-century health care in India was mainly concerned with curative treatment only. Though British rulers decried indigenous systems of medicine, but they were well aware of the fact that a vast majority of the Indian people believed in these systems and were treated by the indigenous practitioners. The government decided to utilize indigenous practitioners particularly in rural health care since 1867 (Jaggi 1980). After 1835, professionalization of allopathic medicine and standardization of drugs began. Western and indigenous medical training were separated in 1835 by the government order no. 28 of 28 January 1835 (Rahmatullah and Biswas 2012). Under the suppression of British rulers, a national movement was started by the end of the colonial rule. The indigenous practitioners and nationalists came forward and revolted to revive indigenous medicine systems with modern concepts. Among others, Hakim Azmal Khan (1863–1928) was the most prominent one. He emphasized formalization and institutionalization of indigenous medical teaching and of its contents. By the end of nineteenth century the number of indigenous practitioners was much more than western practitioners (Pahari 2001). In 1872 census of Bengal, the number of physicians was 3769 including surgeons and doctors on the other hand the number of *Baiyda* and *Hakim* was 23,700 (Jaggi 1980).

## Why the Integration Is Important?

Development and expansion of healthcare facilities has been an integral part of government policy to improve the health status of the Bangladeshi population (Rahman and Hossen 2017). Only the modern medical system has received formal recognition in official health planning in Bangladesh (Osman 2008). However, for many parts of the developing world, it is widely recognized that hospital services, particularly rural hospitals, have limited influence on improving the health standards of the community which they serve (Ahmed 2005; Hussain and Malik 2013). Eastwood and Hill's (2004) study in the Gambia revealed that the poor and women in their study reported to traditional healers more often than men and the rich, probably due to stronger traditional beliefs and the perception of increased confidentiality. Studies from Bangladesh consistently reported that poor people and women are less likely to select any modern medical provider when reporting sickness, and when they select a provider, they are more likely to choose traditional providers, especially in the rural areas (Roy and Rahman 2009; Biswas et al. 2006; Huq and Tasnim 2008). This may be because of the unresponsiveness of the modern health system with respect to basic amenities, inappropriate client-provider interaction, and staff attitudes (Hossen and Westhues 2012b) and lack of opportunity due to exclusion from health institutions, cultural and religious factors prohibiting women seeking care from male practitioners, distance, and excessive payments (Hossen and Westhues 2011a). Since most of the traditional practitioners have no appropriate training or knowledge about the treatment procedures and diagnostic system and hence capacity to provide basic curative services as well as lack of

rationale use of drugs and management of illness (Hossen and Westhues 2011a), very often valuable lives are lost or that caused delayed treatment (Roy and Rahman 2009) of life-threatening illness like bone setting and even cancer. Inappropriate or delayed health care leads to undesirable outcomes such as preventable morbidities and mortalities, effects recovery rates, medical complications, increases requirements for further treatment regimes, and amplified susceptibility to future illness (Hossen and Westhues 2013). Even when they see modern doctors they are so embarrassed or hesitant to tell their modern practitioners about their traditional medicating practices, and many of their physicians either did not want to hear about those practices or dismissed them out of hand as a result they continue to use both which might cause detrimental effects on body (Hossen and Westhues 2011a). Because of fatalistic attitude of the villagers, these unqualified providers are rarely blamed or held accountable for their poor practice (Hossen and Westhues 2013; Ahmed et al. 2009).

The traditional healthcare providers would appear to be ideal candidates to be trained to render primary healthcare services in a rural area like the community studied where healthcare resources are limited because of this relationship of trust (Ross 2008). The government could substantially increase access to health services by integrating these traditional health providers into the modern, publicly funded healthcare system. A major impediment to such an integration is the lack of respect by most modern healthcare providers for the knowledge or healing methods of traditional healers (Ross 2008). Training about the importance of culturally sensitive practices would need to be introduced in university curricula and in continuing education programs for physicians and other health workers if traditional healers are to be valued and accepted as legitimate members of a healthcare team. The gains for patients would be substantial if they were able to speak openly and freely about their consultations with traditional healers and their use of herbal remedies without fear of being judged (Hossen and Westhues 2012b).

Attempts have been made in other developing countries to achieve this integration. Roh marks that integration is a formalization of traditional medicine into mainstream healthcare system. He observes that a good example of integration of TM is in China where Traditional Complementary Medicine (TCM) is a formal, structured system, with a long history and tradition and with its own colleges, research institutes, and disciplinary controls (Roh 2000). In South Africa, for example, traditional healers see patients in publicly funded clinics. This allows patients to use both modern and traditional providers in one location, reducing the time required for treatment and ensuring that modern healthcare providers are informed about herbal medications that may interact with medications they prescribe (Motamela 2004). The South African government promulgated the Traditional Health Practitioner's Bill in 2004, legislation which recognizes the role that traditional healers play in that country, sets professional and ethical norms and standards, and regulates the practice of these healers (Motamela 2004). The regulations include testing and registering the remedies used by herbalists, registration of practitioners, and supervision to prevent malpractice (Motamela 2004).

## Challenges of Integration of Traditional Medicine in the Context of Bangladesh and Ways to Address

Traditional medicinal practice is a very common phenomenon among the low and middle income group of people in Bangladesh. Despite increasing utilization of "modern" (allopathic) healthcare services in Bangladesh with consequent reduction in mortality and morbidity traditional medical system still persist and exert a significant influence by competing with modern medicine (Meeting Report 2009; Hossen and Westhues 2013). Over the last two decades, rapid population growth, the current state of public health and consequently the need for medicine staff have led the policy makers to turn to the possibility of using a variety of indigenous healers now active in

the field of health care. Because it is used by a significant number of people throughout the country either as the only health resource available or a substitute for, or a complement to, allopathic healthcare services (Hossen and Westhues 2010). This will lead to the development of a new culture of "integrated" medicine by accommodating traditional healing practices, where possible, "modern scientific" medicine, as envisioned by WHO (2004).

In the context of Bangladesh, traditional or indigenous medicine requires specific policy guidelines or should have incorporation in the national health policy with importance so that the practitioners or receivers may have faith and satisfaction. There should be a way of integration among TM and modern healthcare system toward achieving the national goal of health for all. Although a Board of *Unani* and *Ayurvedic* medicines was created decades ago in Bangladesh to bring TM within the purview of the formal healthcare system, the plan has still not been fully implemented. The National Health Policy formulated by the government of the People's Republic of Bangladesh in 2011 significantly emphasizing on the development of modern healthcare systems mentions little about the traditional system or the role of TM in healthcare provision (Hossen and Westhues 2012b). However, policy-makers, health professionals, and the public at large are struggling with issues regarding the safety, effectiveness, and quality of TM. The vast pool of untrained practitioners must be trained, regulated, and supervised to ensure a minimum quality of primary care to people. Training of traditional providers in standard treatment and referral practices would be essential, as would the training of physicians, nurses, and other health workers to understand and respect the work of traditional healers. These regulatory mechanisms would ensure access to healthcare services that are consistent with the preferences of rural people and that quality services are delivered. China and India have successfully developed integration between TM and Western medicine in their respective healthcare systems. Considering these practically successful model, the following steps are recommended for mainstreaming the TM into public health system in Bangladesh:

- The vast pool of untrained practitioners must be trained, regulated, and supervised to ensure a minimum quality of primary care of people. Training of traditional providers in standard treatment and referral practices would be essential, as would the training of physicians, nurses, and other health workers to understand and respect the work of traditional healers.
- A proper monitoring and regulatory framework is required for the quality production and safe use of TM in Bangladesh.
- An appropriate medicine testing laboratories service must be introduced to ensure the quality of TM.
- Governments should take the necessary measures to strengthen drug administration to ensure the quality of TM.
- Use of traditional health practices needs further research – research that increases our understanding of the risks and benefits of the practices, factors affecting their use, and how to develop a positive working relationship between modern and traditional healers.

## Conclusions

Bangladesh has made remarkable progress on the health and nutrition-related Millennium Development Goals (MDGs), with major achievements in increasing immunization rates and reducing the rates of under nutrition, infant and under-five mortality, maternal mortality, and communicable diseases. Building on these successes, Bangladesh has now committed itself to achieving universal health coverage by 2032. Realizing this ambitious goal will require Bangladesh to intensify its efforts to address the different health challenges of its populations. As observed, there is a huge opportunity for the traditional healing practice to be incorporated and supplemented with the modern health care in Bangladesh. Bangladesh has signed the United Nations Sustainable Development Goals

(SDGs), which, among many other goals, obliges the country to provide health care to all, irrespective of social class, and to make human settlements inclusive, safe, and resilient. Bangladesh has also set the target to achieve universal health coverage (UHC) by 2032. However, unless action on the mutual cooperation between and among the professionals is prioritized and recognized and good quality service to the underserved segment of the population is ensured, achieving UHC and SDGs will be challenging. The World Health Organization (WHO) since 1976 has been pursuing to integrate traditional systems of medicine with the mainstream healthcare. The member countries of WHO have been suggested to frame policy about traditional medicine. Most of the countries have taken or been taking necessary steps to integrate TM into their respective national healthcare programs (Alam 2007). Now it is high time for Bangladesh to rethink and realize the potentials of TM and take necessary action to integrate the system into the national health care to achieve its long cherished dream "health for all."

## Cross-References


- ▶ Diversity Management and Cultural Competence in the Healthcare Field
- ▶ Globalization of Health and Human Rights
- ▶ Good Governance
- ▶ Healthcare and Cultural Disparities
- ▶ Health Services at the Primary Care Level


## References


Ahmed SM (2005) Exploring health-seeking behaviour of disadvantaged populations in rural Bangladesh. Unpublished master's thesis, Department of Public Health Sciences Karolinska Institutet, Stockholm

Ahmed SM, Hossain MA, Chowdhury MR (2009) Informal sector providers in Bangladesh: how equipped are they to provide rational health care? Health Policy Plan 24:467–478

Alam MJ (2007) Traditional medicine in Bangladesh: issues and challenges. Asiatic Society of Bangladesh, Dhaka

Bangladesh Ministry of Health and Family Welfare (BMOHFW) (2005) Source book. Health, nutrition and population sector. Author, Dhaka

Bangladesh Ministry of Planning (BMOP) (1998) The fifth five year plan 1997–2002. Planning Commission, Dhaka

Bannernman RH, Ossy MJ (1982) Traditional medicine in modern healthcare. World Health Forum 3(1):32–39

Biswas P, Kabir ZN, Nilsson j, Zaman, S (2006) Dynamics of health care seeking behaviour of elderly people in rural Bangladesh. International Journal of Ageing and Later life 1(1):69–89

Eastwood SV, Hill P (2004) A gender-focused qualitative study of barriers to accessing tuberculosis treatmene in the Gambia, West Africa. The international Journal of Tuberculosis and Lung Disease 8(1):70–75

Hossen MA, Westhues A (2010) A socially excluded space: restrictions on access to health care for older women in rural Bangladesh. Qual Health Res 20(10):1192–1201

Hossen MA, Westhues A (2011a) Rural women's access to health care and the health service delivery system in Bangladesh: swimming against the tide? Soc Work Public Health 26(3):278–293

Hossen MA, Westhues A (2011b) Improving access to government health care in rural Bangladesh: the voices of older adult women. Health Care Women Int 32(12):1088–1110

Hossen MA, Westhues A (2012a) In search of healing between two worlds: the use of traditional and western health services by elderly in rural Bangladesh. Soc Work Health Care 51(4):327–344

Hossen MA, Westhues A (2012b) The medicine that might kill the patient: structural adjustment and its impacts on health care in Bangladesh. Soc Work Public Health 27(3):213–228

Hossen MA, Westhues A (2013) Coping strategies of older rural Bangladeshi women with health problems. Health Care Women Int. https://doi.org/10.1080/07399332.2013.817410

Huq M, Tasnim T (2008) Maternal education and child health care in Bangladesh. Matern Child Health J 12:43–51

Hussain S, Malik F (2013) Integration of contemporary and traditional medicines in public health care systems: challenges and methodology. J Med Plant Res 7(40):2952–2959

Jaggi OP (1980) History of science, technology and medicine in India. Western medicine in India: social impact, vol 15. Atma Ram & Sons, New Delhi, p 12

Kutumbiah P (1971) The evolution of scientific medicine. Orient Longman, New Delhi, p 64

Lashari MS (1984) Traditional and modern medicine – is a marriage possible? World Health Forum 5(2):175–177

Meeting Report (2009) Traditional healing practices in Northeast India. Curr Sci 97(1):12–13

MOHFW (2015) Health bulletin. Management Information System, DGFS, Dhaka

Motamela N (2004) Recognition for traditional healers about South Africa health. Retrieved from http://


I

www.southafrica.info/ess_info/sa_glance/health/traditional-healersbill.htm
Osman FA (2008) Health policy, programs and systems in Bangladesh: achievements and challenges. South Asian Surv 15(2):263–288
Pahari S (2001) Attribute of Traditional Medicine in Nineteeth Century Bengal, Progressive Publishers, Calcutta
Rahman H, Hossen A (2017) Traditional medicinal practices in the context of urban Bangladesh: issues and challenges. Soc Chang 11(3):20–36
Rahmatullah M, Biswas KR (2012) Traditional medicinal practices of a Sardar healer of the Sardar (Dhangor) community of Bangladesh. J Altern Complement Med 18(1):10–19
Roh PU (2000) Integration of traditional medicine into primary health care in developing countries. In: Traditional medicine proceedings of a WHO, international symposium, Japan, WHO Kobe Centre, p 282
Ross E (2008) Traditional healing in South Africa: ethical implications for social work. Soc Work Health Care 46(2):15–33
Roy TK, Rahman M (2009) Determinants of the physical problems of the geriatrics populations at Adamdighi Thana at Bogra district, Bangladesh. Middle East J Age Ageing 6(1):38–41
Shahen M, Islam R, Ahmed R (2020) Challenges for health care services in Bangladesh. J Nurs Health Sci 9(1):13–24
Uddin J, Islam S, Romke R (2010) Health belief model and healer choice in a medically pluralistic society: a study on urban youths. ASA Univ Rev 4(2):50–67
United Nations [UN] (1995) Fourth World conference on Women Action and Equality, Development and Peace, 4–15 September, Beijing, China, Division for the Advancement of Women, Department of Economic and Social Affairs
WHO (1996) WHO fact sheet no. 134. WHO, Geneva
WHO (2004) WHO document no. EB111.R12, 111th session, agenda item 5.7, ninth meeting, 24 January 2003. WHO, Geneva. http://www.org.tm

# Integrating Values in the Public Sector

Alex R. Ingrams
Tilburg University, Tilburg, The Netherlands

## Synonyms

Organizational mission; Public service motivation; Public values; Regime values

## Definition

Integration of values in the public sector is the process of aligning and realizing public service goals and tasks within the context of core or essential government values.

## Introduction

The claim is often made that the public sector has a unique responsibility for upholding *public values*. The same claim is not made of the private sector or other non-governmental sectors such as civil society. While most public administration and public policy scholars support this view, the theoretical and empirical task of explaining why it is the case has led to a wide divergence in viewpoints. There are disagreements on what public value means, what the scope is of values in the public sector, and what tools can be used to integrate which values and to what outcomes. This entry summarizes the various viewpoints on what types of public values exist, how they might be successfully integrated, and what the barriers are that continue to challenge these efforts.

## Types of Public Values

The topic of public values has been one of the most salient and widely discussed topics in public administration and policy, especially since the turn of the twenty-first century (Jørgensen and Bozeman 2007). One reason for the growth of this rich stream of literature is that there are many different categories and spheres of public institutions where public values can emerge and be integrated. These range from relationships between administrators and the environment and other stakeholders to intraorganizational actions and the transformation of public interests into decisions (Jørgensen and Bozeman 2007). The main challenges for integrating values focus on three main spheres: politics and administration, public and private, and national and international (Jørgensen 1999). In public administration literature, each sphere has a particular constellation of

values that result from the types of institutions, actors, and relationships that pertain to those spheres. Jørgensen and Bozeman (2007) have proposed that there may be as many as eight types of these values, which they call "nodal" values. These nodal values are *human dignity*, *sustainability*, *citizen involvement*, *openness*, *secrecy*, *compromise*, *integrity*, and *robustness*. Public values are thus specifically *process-oriented* values of governance (De Graaf et al. 2016).

A common dividing line in types of public values is between *normative* and *economic* dimensions (Bozeman and Moulton 2011). Public organizations can be defined by economic publicness, which relate to the public role derived from political and economic origins of authority. In the economic sense, the integration of public values in public organizations follows primarily from their statutory function and is therefore more likely to be defined "from above" through systems of vertical accountability. Normative publicness, on the other hand, which refers to the level or quality of public values in an organization, is an explicitly value-oriented approach to defining publicness. According to normative publicness, organizations such as private companies, associations, and civil society organizations that are outside of the traditional definition of public authority may also have responsibility for integrating and upholding public values. Integrating public values in this way may involve hybrid forms of governance where nongovernmental partners are tasked with collaborating or cooperating with public agencies in the delivery of a service or the task of forming a new policy. Both network and market mechanisms for creating and integrating public values may be integral to these types of governance. Both network mechanisms and market mechanisms can plausibly be used to safeguard public values. According to De Bruijn and Dicke (2006), in order to be effective, both these mechanisms should be integrated with traditional, hierarchical approaches to promoting public values such as regulation, fines, and incentives.

Another, similar type of distinction among values in the public sector concerns *mission* and *non-mission* public values. The former concerns values that are connected directly with the fulfilment of public agency core goals in a specific policy area such as the environment, health, or defense. While the latter are other values that do not meet the criteria of strict relevance to core goals but still serve objectives that are important in the public interest such as organizational process values like transparency and integrity. Where the line is drawn between mission and non-mission values and whether the two can easily be integrated into agency goals remains an area of debate. However, some scholars have argued that the focus of new public management (NPM) reforms in the 1990s may have drawn policy-makers more deeply to the goal of measuring organizational performance, which favors mission values, which are more output focused compared to non-mission values. This may have led scholars away from study of broader organizational process or integrity values towards orthodox values of efficiency and accountability (Baehler et al. 2014). A further distinction can be made in the realm of non-mission values between regime values and mission-extrinsic values. While regime values are tied to historic development of government and community, mission-extrinsic public values are more specific and transitory depending on administrative priorities of a given political and technological setting. The latter refers to values such as transparency, public participation, social capital, and efficiency (Baehler et al. 2014). But like regime values, mission extrinsic public values are normally enshrined in constitutions and laws and can be realized by public administrations through public programs and policies (Baehler et al. 2014).

## Value Conflicts and Tensions

Integration of public values through public policy decision-making is complex and by no means a rigorous science. This complexity occurs because political and administrative pressures are a constant challenge. The new governance models discussed above may introduce a kind of "in-betweenness" status that makes integration of

public values especially difficult (Jørgensen 1999). But such decision-making arenas are the main way that public values become integrated in the work of government. Or, as one writer David Easton (1965) put it several decades ago, "public policies are the means through which politics allocate values." Given the importance of values for public policy-making, difficult choices must frequently be made between values as many of them conflict or trade-off with one another and they cannot necessarily be integrated simultaneously. For example, the demand for openness may conflict with the need for secrecy. Or the goal of robustness may require citizen involvement to be curtailed. Public administrators inevitably experience these conflicts of values and must try to resolve them. According to De Graaf et al. (2016), precisely how public values are integrated depends on the type of value profile of a public sector job such as being a middle manager, a front-line administrator, or a local government manager.

Public values compete through their placement in different approaches to policy decision-making, called *policy frames* (Davis and West 2009). An interest in rebalancing different policy frames regarding bureaucratic reform and fundamental public sector values emerged in the twenty-first century. According to Davis and West (2009), differences between these two frames lead to a major fault line in the tension resulting from integration of different types of public values: values emerging from a public deliberative process (*generative*) and values based on institutional processes and products (*institutional*). A contradiction between the two approaches arises when deliberative processes are integrated with public value management because there is disagreement on what should be considered a citizen-centric goal and who should define them. The major challenge for policy decision-makers in a democracy is in matching the pluralistic public values and frames with specific policy outputs.

Another area of scholarly thought has given attention to exactly how these conflicts and tensions can be successfully integrated. Reconciliation and integration of public value tensions is important because choices of values in the public sector have long-term effects on its heath and performance. Policy feedback theory says that policy implementation affects administration as well as vice-versa so there are long-term effects that policies might have on the values of future administrations (Moynihan and Soss 2014). Moulton (2009) divided these long-term effects into three kinds, each of which should be evaluated and integrated comprehensively by public administrators in order to realize public values: *regulative*, *associative*, and *cultural-cognitive*. Regulative outcomes concern how effectively compliance to rules and regulations is upheld. Associative outcomes concern the impact on the organizational and civic associations of society. And, finally, cultural-cognitive outcomes concern impacts on individual and social attitudes and behaviors. Stewart (2006) argued that public administrators can employ six different coping strategies when value conflicts occur: (1) firewalls, (2) bias, (3) casuistry, (4) cycling, (5) hybridization, and (6) incrementalism. Firewalls involve creating institutional barriers to keep conflicting value arenas separate. Bias involves prioritizing one type of value over another. Casuistry involves using prior experience to try to reconcile values. Cycling involves alternating through the different values at different times. Hybridization occurs when an attempt is made to merge values. Finally, incrementalism is a slow-moving process of gradually favoring certain values over others.

Research on successful integration of public values has explored a wide range of remedial tools available to the administrators or policy makers. For example, values can be integrated through leadership and strategic management. Public managers can prioritize strategic management decisions involving integration of both market- and value-oriented goals (Bozeman and Moulton 2011). A strong form of ethical leadership called transformative leadership has been identified by some scholars as a model for encouraging public organizations to serve broader public purposes and values (Pandey et al. 2016). Successful integration may also rely not just on internal factors such as technical skills and leadership but also external factors involving the role of nongovernmental decision-makers such as civil

society and citizens. Tools such as public participation may be a way of integrating values in more reliable, fair, and effective way. Public participation helps to integrate public values into programs by building trust, knowledge, and resolving conflicts (Beierle and Konisky 2000). On the other hand, co-production of services with other types of stakeholders may sometimes reduce or dilute the role of public values if conflicting values are not resolved in an equitable way or if public resources are misused (Williams et al. 2016).

## Barriers to Value Integration

Resolving conflicting public values is a perennial task of public administration. While there are possible tools discussed above that can help resolution and integration, there are also factors that stand in the way and frustrate integration efforts. Bureaucratic inertia and disproportionate influence of sectors of society with better resources can lead to slow adoption of values or to the erosion of value (Jacobs 2014). One of the main barriers to value integration is an existential one: there are fundamental disagreements on what the core goals and purposes of government should be. Some scholars have argued that, since the rise of NPM, there has been a tendency to attribute valuable resources and creations to the private sector and to ignore the role of the public sector as a key creator and leader in public values (Rogers and Kingsley 2004). However, the impact of privatization and hybrid government on public values is not clear-cut. Indeed, the effect of such reforms may depend on the phase of a specific policy or program as well as the type of public value in question. For example, according to Reynaers (2014), information intense phases of a project shape the value of *accountability*, while phases involving dependence of external advisors or legal and financial complexity affect the value of *understanding*.

Public values are both fragile and dynamic because they are by no means permanent, self-evident, or universal. On the contrary, research supports the view that values are rather transient from time to time and are conditional on many changing social, political, and other, environmental, factors. Public values are highly changeable. They respond to political, social, and economic contexts (Charles et al. 2011). Three macrosocial factors determine the emergence and integration of public values: political integration, technological development, and economic ideology (Charles et al. 2011). Furthermore, the promotion of values in public administration is strongly shaped by social and political power. For this reason, values are dependent on the influence of various citizen constituents in society. The effect of social equity on performance is conditional on the level of political and social influence of the social groups in question (Kroll 2017). Today, the role of powerful forces in society has been given an increasingly important theoretical dimension in the form of globalization. Globalization presents major challenge for government in aligning public organizations with global value chains that are shaped by economic forces outside of national borders. Maintaining value in global production chains therefore requires great sophistication and coordination to overcome, manage, and integrate cultural, political, and geographic obstacles. The types of value chain capacity building involving private enterprises and global economic networks will continue to be a major challenge for value integration processes in the near and distant future (Abonyi and Van Slyke 2010).

## Conclusion

The topic of values in the public sector is a major focus of public administration and public policy. There are a wide range of important public values that have been identified and categorized in public administration scholarship. A primary categorization rests on the distinction between output-oriented values such as efficiency and process-oriented values such as citizen involvement and transparency. All such values are difficult to integrate because they can conflict in certain ways along political and administrative dimensions or at different stages of a public program or policy process. Furthermore, shifts in perspectives on the core goals and purposes of

government reflect shifts in the values that are prioritized and integrated. Tools used to address integration can be either internal tools, managerial tools, or external tools focused on citizens or other external stakeholders. Public administrators and policy-makers face challenges to integration in the form of differing viewpoints, the influence of powerful interest groups, and the increasingly global scope of the process of public value creation.

## Cross-References


- ▶ Mission, Vision, and Organizational Values
- ▶ Organizational Values
- ▶ Public Value Dynamics
- ▶ Public Values in Public Organizations
- ▶ Value Congruence
- ▶ Value Measurement


## References


Abonyi G, Van Slyke DM (2010) Governing on the edges: globalization of production and the challenge to public administration in the twenty-first century. Public Adm Rev 70(1):131–141

Baehler K, Liu AC, Rosenbloom DH (2014) Mission-extrinsic public values as an extension of regime values: examples from the United States and the people's Republic of China. Adm Soc 46(2):199–219

Beierle TC, Konisky DM (2000) Values, conflict, and trust in participatory environmental planning. J Policy Anal Manage 19(4):587–602

Bozeman B, Moulton S (2011) Integrative publicness: a framework for public management strategy and performance. J Public Adm Res Theory 21(Suppl 3):i363–i380

Bruijn HD, Dicke W (2006) Strategies for safeguarding public values in liberalized utility sectors. Public Adm 84(3):717–735

Charles MB, de Jong MW, Ryan N (2011) Public values in Western Europe: a temporal perspective. Am Rev Public Adm 41(1):75–91

Davis P, West K (2009) What do public values mean for public action? Putting public values in their plural place. Am Rev Public Adm 39(6):602–618

De Graaf G, Huberts L, Smulders R (2016) Coping with public value conflicts. Adm Soc 48(9):1101–1127

Easton D (1965) A systems analysis of political life. Wiley, NewYork

Jacobs LR (2014) The contested politics of public value. Public Adm Rev 74(4):480–494

Jørgensen TB (1999) The public sector in an in-between time: searching for new public values. Public Adm 77(3):565–584

Jørgensen TB, Bozeman B (2007) Public values: an inventory. Adm Soc 39(3):354–381

Kroll A (2017) Can performance management foster social equity? Stakeholder power, protective institutions, and minority representation. Public Adm 95(1):22–38

Moulton S (2009) Putting together the publicness puzzle: a framework for realized publicness. Public Adm Rev 69(5):889–900

Moynihan DP, Soss J (2014) Policy feedback and the politics of administration. Public Adm Rev 74(3):320–332

Pandey SK, Davis RS, Pandey S, Peng S (2016) Transformational leadership and the use of normative public values: can employees be inspired to serve larger public purposes? Public Adm 94(1):204–222

Reynaers AM (2014) Public values in public–private partnerships. Public Adm Rev 74(1):41–50

Rogers JD, Kingsley G (2004) Denying public value: the role of the public sector in accounts of the development of the internet. J Public Adm Res Theory 14(3): 371–393

Stewart J (2006) Value conflict and policy change. Rev Policy Res 23(1):183–195

Williams BN, Kang SC, Johnson J (2016) (Co)-contamination as the dark side of co-production: public value failures in co-production processes. Public Manag Rev 18(5):692–717


# Integrity and Corruption


J. Patrick Dobel
Daniel J. Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA


## Synonyms

Illegal actions; Organizational corruption; Personal and organizational identity; Personal corruption; Personal integrity; Public integrity; Seduction of corruption

## The Connection Between Integrity and Corruption

Integrity and corruption have been deeply connected throughout history both as concepts

and ethical realities. The two concepts begin with deep-seated etymological affinities that play out in modern ethical and institutional practice. This chapter tracks the ethical, political, institutional, and psychological relationships between integrity and corruption. It will examine how intimately the two connect in the realities of practicing integrity and facing personal and institutional corruption. It will discuss how modern corruption-fighting programs integrate promoting high-integrity organizations with multiple approaches to prevent and fight institutional corruption.

Etymologically, integrity and corruption are deeply entwined. "Rumpere" roots corruption and articulates how all things break apart and decay. "Com" intensifies this with an active and violent dimension that unfolds as cognates of reave, rupture, loot/plunder, rob, or explode. "Tak," the root of integrity, connotes a completeness or wholeness which extends to strong rightness and usefulness. The positive resonance of integrity faces the endless corrosion of corruption in the linguistic and political practice histories of the concepts (Watkins 2000; Mallory and Adams 1997; Chambers 2003).

In modern usage, integrity anchors personal and institutional purpose and mission. Having personal integrity is a fundamental prerequisite for ethical action and for individuals in an institution to sustain a common purpose. Corruption arises when an individual chooses to act against the purpose and obligations of their entrusted office to achieve personal gain or personal collective purpose. The second aspect of collective purpose can involve strong "ethical" commitments to groups such as family, clan, religion, or party (Albrecht et al. 2011; Graycar and Prenzler 2013; Langseth et al. 1997).

## The Integrity Model

The modern integrity model for persons and institutions proposes how individuals and institutions can develop and sustain commitment and performance in light of standards of mission and personal identity. This model depends upon a mode of human agency that constitutes the ethical and psychological architecture of integrity. This model of human self and personality enables individuals to intentionally make commitments and promises and keep them in face of challenges. It retains a deep connection to notions of classical virtue (Sherman 1989; Aristotle 1999; Macaulay and Lawton 2006; Cooper 1975).

The ability of persons to keep promises and live up to the obligations of entrusted power gives reality to integrity. Regardless of the nature of commitments, individuals need the foundational capacity to exercise self-aware discipline to intentionally make promises and cognitively guide action by them. Persons need to call upon courage, conscientiousness, and tenacity to implement them in face of obstacles. Individuals commit to honor the laws, policy, obligations, authority, and accountability relations of an organization and position. This ethical capacity is the linchpin of reliable performance and accountability and earning institutional legitimacy. (Visser 2014; Killinger 2010; Kooistra 2014; Huberts 2014).

This capacity to live up to a promise and commitment requires an integration of mind and intent with emotional support, perception, and willed action. Modern cognitive psychology reinforces the notion that individuals can develop such commitments and change their commitments and frames of action in light of experience, leadership, and culture. Humans can practice and train themselves to a high level of professional or institutional integrity (Cialdini 2009; Solomon 2007; Damasio 2012; Baumeister 1991; Korsgaard 2009; Klein 1998; Schon 1984).

The integrity model assumes that individuals possess self-awareness to align personal and institutional commitments. This self-awareness permits persons to discipline their mind, emotions, and body so they can adopt standards of judgment linked to their entrusted position. It means individuals are capable of striving to act impartially and with a level of unbiased fairness. This self-awareness can be deployed to offset the limitations of cognitive heuristics that can short-cut judgments. People are capable ethically to set will and reflection above self-interest and limited information. It entails cognitive and emotional discipline to seek out diverse good information

and focus upon being open and neutral in assessing decisions. This ability to minimize biases is fundamental to live up to institutional commitments (Dobel 1999; Carter 1996; Korsgaard 2009; Kouzes and Posner 2006; Killinger 2010; Kahneman 2011). The personal integrity model supports human capacities fundamental to high-performance integrity institutions and fighting corruption.

All institutional integrity strategies and corruption-fighting approaches depend upon the ability of individuals to exercise ethical integrity as persons in cooperative groups (Graycar and Prenzler 2013; Huberts and Hoekstra 2014; Huberts 2014; Lipshaw 2009a; Dobel 1999; OECD 1998, 2009; Burke et al. 2011; Rohr 1988). At the same time, people face the social and psychological reality that context and situation can overwhelm individual understandings and perception. Situations can distort ethical understandings and need to be the target of direct and consistent managerial and leadership action (Ashford and Anand 2003; Ross and Nisbett 2011; Burke et al. 2011; Graycar and Prenzler 2013; OECD 2009; O'Connor 2009; Janis 1982; Lipshaw 2009b).

The need to address context and culture puts a high premium upon leaders in organizations. Leaders and managers need to pursue strong integrity policy across time to model, build culture, create processes, and develop developing institutional controls through administrative channels, command, and control and by working to build social/cultural channels (Lang 2008; Dutton et al. 2010; Lipshaw 2009b). Organizational control requires a holistic approach that integrates organizational and administrative policy along with strong efforts to shape the organizational culture. Proximate and distributed leaders at all levels need to work to promulgate, model, and enforce the integrity values and be alert to corrupt practice or subcultures (Schwartz 2011; OECD 2009; EDI 1999; Huberts and Hoekstra 2014).

Any system's approach to integrity begins with a mission orientation toward integrity. Mission embodies the ethical purpose and direction for people. Corruption fighting should be the corollary, not the only focus, of commitments to mission for high-quality performance and treatment of colleagues and citizens. This ethical and psychological capacity merges into organization culture, shared frames of judgment, and accountability. Organizations – public, nonprofit, and for profit – require more than individuals. They need scaffolds of process, authority, relationships, and accountability to sustain legal and ethical outcomes. This leads to the modern approach to integrity-based organizations and fighting corruption as requiring a holistic and relentless political leadership and managerial approach.

## The Corruption-Fighting Model

The modern approach to political corruption aims to forge ethical institutions capable of mission-driven high-integrity performance. The persons in the institutions should share the commitment to mission and competence. The institutions should have the internal resilience or external scrutiny to engage corruption temptations when they arise.

This goal informs the contemporary international consensus that building integrity and fighting corruption requires a holistic political and institutional approach. The United Nations, the Organization for Economic Cooperation and Development (OECD), the international professional organizations, and the relentless efforts of Transparency International and its allies have generated an evolving international consensus. Corruption is defined as:

- The abuse of entrusted power for private gain.
- The abuse of entrusted power for personal moral purpose or collective gain.

It has extremely high costs to the welfare of citizens and reinforces inequality, exclusion, and unaccountable power.

The first definition tracks the work of Transparency International and the most commonly understood meanings of corruption. The second addresses more dangerous options where abuse of power flows from ethical justifications linked to "higher" moral commitments such as group,

religious, political, or ideological loyalties. These justify a person to ignore law and organizational standards to pursue personal moral ends (Transparency International 2011; Graycar and Prenzler 2013; Uslaner 2008).

Both approaches violate the legitimacy and purpose of public institutions. Both turn public institutions to purposes beyond those sanctioned by law or accountability. Both remain resolutely surreptitious and hide their long-term impact. The long-term results can be loss of revenue or legitimacy, increased cost, the displacement of merit, and inclusiveness or the creation of institutions used by one group to dominate other groups.

The standard range of illegal corrupt practices cover bribery, embezzlement, theft of public property, use of property for private purposes, misappropriation of funds, destruction of property and records, lying, and misreporting; these can expand to extortion and more felonious activities. These actions violate the obligations of office but a wider range of actions appear to be unethical or illegal and undermine the legitimacy of institutions. The corruption can be voluntary and collusive or induced by extortion or threat, and it can become systematic or episodic and opportunistic. Actions can be individual but can also expand and corrupt organizations, culture, or processes that pull in ranges of people. This expansion of corruption beyond individuals or opportunism to more systematic organizational or social corruption extends the social cost externally to those denied service, extorted of money, forced into behavior, and excluded from service (Graycar and Prenzler 2013; Transparency International 2000, 2011).

The international consensus on corruption has come haltingly and been most successful among professional associations seeking to define and implement standards ranging from accounting to assessment of risk to valid data involved in regulating commons areas (UN 2004). The OECD and later the European Union as well as international donors often link funding to accepting anti-corruption policies. This has given monetary impetus to the creation and adherence to public standards. In addition, international business has sporadically attempted to address issues of bribery and access as well as giving consistent support to more technical issues such as accounting and risk standards.

Public ethical standards can vary and must account for different cultural political values. This moves the focus to the integrity and autonomy of professional, efficient, and fair public service to all citizens. This has generated a range of principles that concentrate upon competence, accountability, fairness, and self-reporting. The OECD principles for managing ethics along with various United Nations proposals converge on the process standards that focus upon internal coherence, consistency, and accountability for public officials and preventing abuse of power and misusing funds (Transparency International 2000; UN 2004). These are:

- Ethical standards should be clear and public.
- Ethical standards should align with laws and legal framework.
- Ethical guidance and support should be available for public servants.
- Processes should be available to expose wrongdoing.
- Political will should support ethical standards.
- Decisions and processes should be transparent and open to scrutiny.
- Relations with the private sector should be regulated and transparent.
- Managers as well as policies in all areas such as procurement, regulation, and client service should promote ethical standards and accountability.
- Human resource systems should promote and protect ethics in public servants.
- Laws should be enforced and violations should be prosecuted and enforced.

This approach advocates that countries create an "ethics infrastructure." It accepts variation across cultures as long as the system supports consistency, accountability, and clarity in the standards. This approach can be expanded to how business should conduct itself and its relations with government (UNODC 2013). It places special emphasis upon transparent accountability at the leadership level and strong cultures of

integrity and compliance (Greenberg 2013; Burke et al. 2011).

The anti-corruption consensus pushes for policies to articulate, legalize, and enforce ethical standards. This alone is a huge improvement for many regimes and provides political resources to beleaguered government agencies as well as businesses facing corrupt officials. The approach has lead to a strong consensus in favor of standards of internal accountable and internal consistency in performance. The emphasis upon internal competence and consistency drives to the professionalization and autonomy of government agencies. It functions to push for external or internal processes that can search out corruption and enforce the standards.

Any serious attempts to develop integrity and fight corruption requires sustained political will, institutionalization, and a holistic approach. The OECD and Transparency International refer to integrity systems that are imbedded in each country. These systems ideally address everything from legislatures to human resource systems to enforcement patterns. Transparency International publishes periodic updates on the integrity systems of many countries as well as a yearly assessment of perceptions of corruption across the globe (Transparency International url). The holistic approach demands that leading, managing, and systems push down to the daily practice at the point of task performance with management and strong auditing and transparency programs (OECD 1998, 2009; Huberts and Hoekstra 2014; Visser 2014; Schwartz 2011; Kooistra 2014; Langseth et al. 1997).

These initiatives across countries and over time have created relative clarity and consistency about how to address integrity in institutions (OECD 2016). The ability to change organizations becomes more problematic when contexts are taken into consideration. The United Nations and OECD are painfully aware that many countries are permeated by systematic corruption either actively supported by or condoned by the government. Adam Graycar and others have mapped models of the system-wide nature of corruption and suggested how the consensus can be accommodated to account for the limitations imposed by the government collusion in corruption. The TASP model narrows in on the "type, activity, sector, and place" of the corrupt activity. This draws a more realistic picture of the actual range of corruption as well as the possibilities of action. It recognizes the need to map environments and build coalitions to tackle systematic or government corruption (UN 2004; OECD 1998, 2009; Graycar and Prenzler 2013).

Political will remains the single most important long-term determinant of success. Acknowledging context means that many anti-corruption campaigns have to be approached cautiously. Governments undertake anti-corruption campaigns for many reasons. Some do so to maintain flows of international capital or aid. Others embark on campaigns to shore up legitimacy facing public disenchantment or grass roots anger. Governments can address legitimate grievances, build up legitimacy, but also use anti-corruption as a means to eliminate opponents. These diverse and limited motives point to an underlying challenge all systematic corruption-fighting programs face – sustaining political will. This is doubly important since corrupt actors migrate underground and rise back when campaigns move on.

This approach requires a strong focus upon leading and integrity (Patzer and Voegtlin 2013; Lang 2008; Kotter 2012; Graycar and Prenzler 2013; Huberts 2014; OECD 1998, 2009). Only sustained action by authorized agencies and support for public officials will address long-term corruption. This action needs to be supported with adequate budgets, training, and autonomy for the anti-corruption agencies. Islands of integrity can be created and sustained, especially if the country gains benefits such as trade, capital inflow, or political support. These, however, remain very fragile unless ultimately supported by strong accountability measures and transparency that push governments to build human resources and enforcement structures to uphold them.

This has led to an emphasis upon creating autonomous anti-corruption agencies or building strong quasi-independent auditing and transparency-based agencies. While these can have some costs to the relative efficiency of

governments, they build standing agencies with the resources, albeit limited, and legitimacy to pursue corruption with relative autonomy from the political system. Some regimes have created institutions such as independent commissions that have both legislative and budgetary autonomy to escape the retribution from corruption privileged actors (Pope 1999; OECD 1998, 2009; Anechiarico and Jacobs 1996; Graycar and Prenzler 2013; Greenberg 2013; Guerber et al. 2011).

A range of viable techniques and tools are available to frame strategic approaches to corruption. The "audit triangle" focuses upon the strategic power of auditors to unveil corruption and predict where the most likely slippages will occur. It focuses on the dynamic interaction among perceived pressures, perceived opportunities and risk, and the range of available rationalizations. Similarly, ethics audits or vulnerability assessments enable organizations to identify critical leverage points to deploy leadership, management, technology, auditing, and various supports to address corruption (Lewis and Gilman 2005; Lang 2008; Albrecht et al. 2011). At the same time, technology and commitments to methods will never suffice. Enron had a widely recognized and honored risk assessment office; yet the office was routinely bypassed or used to rationalize illegal and unethical actions that lead to the corporation's demise. Corrupted leadership, corrupted culture, as well as conflicts of interest will subvert the strongest internal anti-corruption measures (McLean and Elkind 2013; Rapoport et al. 2009; Burke 2011).

Modern risk assessment has developed remarkable sophistication to anticipate dangers from corruption, information asymmetry, and accountability loss (OECD 1998, 2009; Huberts and Hoekstra 2014; Huberts 2014). Robert Klitgaard and others have refined principal-agent and economic theories into elaborate and effective maps of how to think about corruption. They can identify high-risk points and address issues involved in information asymmetry or mediate the point of contact between agencies and citizens where both opportunistic and systematic corruption results in subverted and unequal treatment of citizens (Klitgaard 1988; Graycar and Prenzler 2013; Rose-Ackerman 1999).

## Conclusion

Individuals of integrity can create organizations, build culture, adhere to standards, and achieve accountability. They are essential as leaders and managers to build high-integrity and high-performing organizations in all sectors of modern life. Internal and external forces, however, ranging from human greed to groups seeking to exploit governments for their moral purpose, constantly seek to undermine integrity in public organizations. This battle never ends. Only renewable political will and transparency forge the foundations to enable self and organizational scrutiny or reform to prevent and fight corruption.

## Cross-References


- ▶ Leadership, Ethics, and Decision-Making
- ▶ Politics and Ethics
- ▶ Transparency Measures in an International Context


## References


Albrecht CC, Sanders ML, Holland DV, Albrecht C (2011) The debilitating effects of fraud in organizations. In: Burke et al (eds), pp 163–186

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago

Aristotle. (1999). Nicomachean ethics, 2nd edn. (trans: Irwin T). Hackett Publishing, Indianapolis

Ashford BE, Anand V (2003) The normalization of corruption in organizations. Res Organ Behav 25:1–52

Baumeister RF (1991) Meanings of life. Guilford Press, New York

Burke RJ (2011) Crime and corruption in organizations. In: Burke et al (eds), pp 3–68

Burke RJ, Tomlinson EC, Cooper CL (eds) (2011) Crime and corruption in organizations: why it occurs and what to do about it, Psychological and behavioral aspects of risk series. Gower Publishing, Surrey

Carter S (1996) Integrity. Basic Books, New York

Chambers (2003) Chambers dictionary of etymology. Chambers, New York

Cialdini RB (2009) Influence: science and practice, 5th edn. Pearson, Boston
Cooper JM (1975) Reason and human good in Aristotle. Harvard University Press, Cambridge, MA
Damasio A (2012) Self comes to mind: constructing the conscious brain. Vintage, New York
Dobel JP (1999) Public integrity. Johns Hopkins University Press, Baltimore
Dutton JE, Morgan LM, Bednar J (2010) Pathways for positive identity construction at work: four types of positive identity and the building of social resources. Acad Manag Rev 35(2):265–293
Economic Development Institute (EDI) (1999) In: Stapenhurst R, Kpundeh S (eds) Curbing corruption: toward a model for building national integrity. Economic Development Institute of the World Bank, Washington, DC
Graycar A, Prenzler T (2013) Understanding and preventing corruption. Palgrave Macmillan, Basingstoke
Greenberg M (2013) Culture, compliance and the C-Suite: how executives, boards and policymakers can better safeguard against misconduct at the top. Rand Corporation, Santa Monica
Guerber A, Rajagoplan A, Anand V (2011) The influence of national culture on the rationalization of corruption. In: Burke (ed), pp 143–160
Huberts L (2014) The integrity of governance: what it is, what we know, what is done and where to go. Palgrave Macmillan, Basingstoke
Huberts L, Hoekstra A (2014) Integrity management in the public sector: the Dutch approach. Dutch National Integrity Office, Amsterdam
Janis IL (1982) Groupthink: psychological studies of policy decisions and fiascoes. Houghton Mifflin, Boston
Kahneman D (2011/2013) Thinking, fast and slow. Farrar, Strauss and Giroux, New York
Killinger B (2010) Integrity: doing the right thing for the right reason. McGill-Queen's University Press, Montreal/Kingston
Klein GA (1998) Sources of power: how people make decisions. MIT Press, Cambridge, MA
Klitgaard R (1988) Controlling corruption. University of California Press, Berkeley
Kooistra J (2014) Integrity: part of day-to-day practice in the City of Amsterdam. In: Huberts, Hoekstra (eds), pp 114–135
Korsgaard CM (2009) Self-constitution: agency, identity, and integrity. Oxford University Press, Oxford
Kotter J (1996/2012) Leading change. Harvard Business Review Press, Boston
Kouzes JM, Posner BZ (2006) The leadership challenge, vol 3. Wiley, New York
Lang D (2008) A multidimensional conceptualization of organizational corruption control. Acad Manag Rev 33(3):710–729
Langseth P, Stapenhurst R, Pope J (1997) The role of a national integrity system in fighting corruption. Economic Development Institute of the World Bank, Washington, DC
Lewis CW, Gilman SC (2005) The ethics challenge in public service: a problem-solving guide. Wiley, CA Jossey-Bass/San Francisco
Lipshaw J (2009a) Law as rationalization: getting beyond reason to business ethics. In: Rapoport (ed), pp 929–990
Lipshaw J (2009b) Sarbanes-Oxley, Jurisprudence, Game Theory, Insurance and Kant: towards a moral theory of good governance. In: Rapoport et al (eds), pp 709–738
Macaulay M, Lawton A (2006) From virtue to competence: changing the principles of public service. Public Adm Rev 66(5):702–710
Mallory J, Adams DQ (1997) Encyclopedia of Indo-European culture. Adams Taylor, London
McLean B, Elkind P (2013) The smartest guys in the room: the amazing rise and scandalous fall of Enron. Penguin, New York
O'Connor MA (2009) The Enron board: the perils of groupthink. In: Rapoport et al (eds), pp 431–508
OECD (1998) Recommendation of the Council on improving ethical conduct in the public service including principles for managing ethics in the public sector. http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=129&Lang=en. Retrieved 8 Feb 2016
OECD (2009) Towards a sound integrity framework: instruments, processes, structures and conditions for implementation, Paris. http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=GOV/PGC/GF(2009)1. Retrieved 27 Jan 2016
OECD (2016) Integrity framework for public investment. OECD Public Governance Review, Paris. http://www.keepeek.com/Digital-Asset-Management/oecd/governance/integrity-framework-for-public-investment_9789264251762-en#page1. Retrieved 16 Mar 2016
Patzer M, Voegtlin C (2013) Leadership and organizational change: sketching the field. In: Tudnem R, Burnes B (eds) Organizational change, leadership, and ethics. Routledge, London, pp 9–34
Pope J (1999) The need and role of an independent anti-corruption agency. Working paper for Transparency International, New York
Rapoport NB, Van Niel JD, Dharan BG (eds) (2009) Enron and other corporate Fiascos: the corporate scandal reader, 2nd edn. Thomas Reuters/Foundation Press, New York
Rohr J (1988) Ethics for bureaucrats: an essay on law and values, vol 36. CRC Press, Boca Raton
Rose-Ackerman S (1999) Corruption of government: causes, consequences and reform. Cambridge University Press, Cambridge, MA
Ross L, Nisbett RE (2011) The person and the situation: perspectives of social psychology. Pinter & Martin Publishers, New York
Schon D (1984) The reflective practitioner: how professionals think in action. Basic Books, New York
Schwartz MS (2011) How to minimize corruption in business organizations: developing and sustaining an

ethical corporate culture. In: Burke et al (eds), pp 273–296
Sherman N (1989) The fabric of character: Aristotle's theory of virtue. Clarendon, Oxford
Solomon R (2007) True to our feelings. Oxford University Press, Oxford
Transparency International (2000) TI sourcebook 2000: confronting corruption: the elements of a national integrity system. http://archive.transparency.org/publications/sourcebook
Transparency International (2011) National integrity system: background rationale and methodology. https://www.transparency.org/files/content/nis/NIS_Background_Methodology_EN.pdf. Retrieved 2 Mar 2016
Transparency International Website. https://www.transparency.org. Accessed 16 Mar 2016. See "Corruption by Country"
United Nations Convention Against Corruption (2004) UN Office on Drugs and Crime. http://www.unodoc.org/unodoc/en/treaties/cac
United Nations Office on Drugs and Crime (2013) An anti-corruption ethics and compliance program for business: a practical guide. United Nations Office on Drugs and Crime, New York
Uslaner EM (2008) Corruption, inequality and the rule of law. Cambridge University Press, Cambridge, MA
Visser H (2014) Integrity incorporated in strategy and daily processes: the Netherlands Tax and Custom Administration. In: Huberts, Hoekstra (eds), pp 146–158
Watkins C (2000) The American heritage dictionary of Indo-European roots, 2nd edn. Houghton Mifflin Harcourt, Boston

# Integrity in the Public Service

Mary Ann Feldheim
University of Central Florida, Orlando, FL, USA

## Synonyms

Benevolence – Charity, generosity, empathy, kindness, sympathy, altruism, selflessness
Fairness – Equity, evenhandedness, fair-minded, impartiality, justice, neutralism, neutrality, objectiveness, objectivity
Honesty – Integrity, probity, truthfulness, veracity, verity
Integrity – Character, decency, goodness, honesty, morality, probity, rightness, uprightness, virtue, virtuousness

## Definition

Integrity: The firm adherence to a moral code by an individual based on relevant values and normative principles.
Public Service: The profession of public administration as described by the American Society for Public Administration (ASPA), the International City/County Management Association (ICMA), and the Network of Schools of Public Policy, Affairs, and Administration (NASPAA). This definition excludes elected officials and political appointees.
Normative Principles: The norms of a profession established through professional organizations and professional education that are intended to guide the thoughts and actions of individuals.
Ethical Values: Philosophers over the centuries have agreed on basic universal ethical values for relationships. These values are honesty, fairness or justice, and benevolence. These values are the foundation for creating trust in relationships, and trust develops over time when people are treated consistently fairly and honestly.
Honesty: To act in truthful way and to honor promises.
Fairness or Justice: To act in a way that is free from self-interest, bias, prejudice, or favoritism or injustice.
Benevolence: To strive to act in a manner that promotes good and avoids harm to individuals or groups of individuals.
Code of Ethics: Developed by a profession to provide specific rules of conduct for the behavior of its members reflecting the obligations and responsibilities of the profession to the public. The goal of a code of ethics is to establish trust in the profession based on the consistent behavior of the members.

## Introduction

In the simplest of terms, integrity is defined as the firm adherence to a moral code by an individual based on relevant ethical values and normative

principles. It is important to note that the moral code is specified by the individual, not the definition. In public service and administration that moral code has evolved over time responding to the changing expectations of society and the profession.

The current moral code has been categorized in several ways in the literature and by professional organizations. Professional organizations create codes of ethics to describe the ethical values and norms that members of that profession are to demonstrate when practicing their profession. The primary goal of a professional code of ethics is the creation of a morally high standard of behavior that instills trust in those served by that profession. The International City/County Management Association members adopted their first code of ethics in 1924 with the latest revision being in June of 2015. The American Society for Public Administration adopted their code of ethics in 1984 with the latest revision being in 2013. These codes reflect the norms or normative principles of the time, and they have evolved to address a changing society. The accrediting body for professional education programs in public service and administration is NASPAA, currently known as the Network of Schools of Public Policy, Affairs, and Administration (NASPAA). This organization was formed in 1970, and its mission is to ensure excellence in education and training for public service and to promote the ideal of public service. The universal standards for education in public service were adopted by NASPAA members in 2009 and amended in 2014 also reflect the current norms of the profession.

The public service literature and the professional organizations have identified multiple norms or normative principles that are being applied in the sector along with basic ethical values. The literature can be grouped into normative principles and ethical values. This distinction is critical since professionals, researchers, and governments use the terms interchangeably with variable meanings.

The normative principles or norms of the profession are presented first, because they have evolved over time and are listed in the order in which they achieved widespread acceptance. For American public administration the categories of normative principles are:

- Achieving professional competence and expertise
- Abiding by the rule of law
- Advancing democratic participation
- Advancing the public interest

For the first half of the twentieth century the importance of the ethical values in public administration was foreshadowed by the need to develop competence and expertise through scientific management. These ethical values were implied by the "public service ethic"; however, they were not clearly stated by the profession. Some have defined these values as virtue ethics or character-based ethics, where a person's actions consistently follow their stated values. For public administration the consistently stated values are:

- Adhering to the ethical value of honesty
- Adhering to the ethical value of fairness
- Adhering to the ethical value of benevolence

In the following sections, the normative principles and the ethical values of public administration will be discussed referencing the societal changes happening in the United States as the norms and values evolved. The discussion ends with the current thinking regarding the ethical values and norms that can shape the integrity of public service and administrators in any country. The basic components of an international professional code of ethics for public service will be presented to guide the profession into our increasingly interconnected world.

## Normative Principles

In America, different periods of time offered unique challenges and required the profession of public administration to respond in ways that addressed the challenges of the time. These responses resulted in the creation of professional

norms or normative principles, which are presented in the order they emerged. The most important point of this discussion is that these principles remain embodied in the norms of the profession.

### Achieving Professional Competence and Expertise

In the United States, public administration began with Woodrow Wilson's traditional model, which advocated for the separation of politics and administration. The goal of the model was to create a profession based on the science of administration resulting in the efficient delivery of public goods and services. Through education and training the primary traditional norms of professionalism – administrative and technical expertise and efficiency – were to be achieved. These normative principles continue to remain the hallmarks of the profession of public administration and are the basis for professional education and our research, as seen in the professional codes of ethics and in professional training.

In 1924, the membership of the International City/County Management Association (ICMA) adopted the first Code of Ethics that addressed the role of a public administrator focusing on achieving professional competence. The ICMA Code of Ethics was most recently revised in 2015 and speaks to the responsibility of the professional to continually improve their technical and administrative skills and to demonstrate this through their credentialing. The American Society for Public Administration's (ASPA) Code of Ethics challenges members to improve their capability, to act competently and to encourage the development of others in the field.

The accrediting body for professional education programs in public administration is the Network of Schools of Public Policy, Affairs, and Administration (NASPAA). The universal competencies identified by NASPAA stress that educational programs must ensure that graduates are professionally competent. This requires that accredited programs provide the knowledge and skills needed to be a competent, efficient, and objective administrator.

### Abiding by the Rule of Law

The traditional model of public administration focused on adhering to the law as a way of changing the culture of government and combating corruption. This was accomplished by establishing ethics rules in the form of regulations, statutes, and codes of conduct. These regulations and statutes created a bureaucracy that was designed to be efficient and to deter fraud and abuse through multiple checks and balances. Loyalty to the constitution and to the country was a key attribute of abiding by the rule of law to maintain order and peace. The interpretation of this has expanded over time.

The current ASPA Code of Ethics revised in 2013, asks public administrators to uphold the Constitution and the law, while seeking to improve laws and policies to promote the public good. The constitutional principles of equality, fairness, representativeness, responsiveness, and due process are the cornerstones that protect citizens' rights. The strength of a legitimate government resides in a Constitution that was created fairly and that provides for due process of all citizens. The ICMA Code of Ethics stresses that public administrators must have a deep sense of social responsibility as a trusted public servant. This stewardship duty to the people to administer the laws fairly and equitably to all citizens is key to the discussion of public trust, which can only be built and maintained when people feel they are being treated fairly. This expanded interpretation of the rule of law by the profession occurred during the last part of the twentieth century as the civil rights movement and the women's movement demonstrated the need for these constitutional principles to be a priority for public administrators. It was no longer acceptable to ignore inequality and unfairness in the application of the law or to ignore the voices of minorities or the disadvantaged. Educational programs in public service accredited by NASPAA are to provide both procedural and substantive education and define the boundaries of public service.

### Advancing Democratic Participation

The post–World War II era through the Watergate crisis was a very dynamic time of change in

American society. The period experienced explosive economic and population growth; suburbanization and urban crises; demands for civil rights and equal opportunity; marches in the streets and demonstrations on the campuses; political assassinations; energy crises and episodes of recession and inflation; and an unprecedented growth in federal, state, and local governments. This volatile and unstable public environment created a heightened awareness of the importance of politics and public service. The pressure for social change from minorities and women prompted the profession to examine the traditional model of public administration. The Minnowbrook Conference held in 1968 was the catalyst for a discussion of how public administration could move forward. New public administration emerged as the paradigm to frame public administration focusing on democratic citizenship, equity, social justice, and the public interest. The public administrator was no longer to be disengaged from the democratic process. The new paradigm required that the administrator actively encourage and provide opportunities for citizen participation in the democratic process.

The revised ASPA Code of Ethics identifies the principle of promoting democratic participation, by encouraging active public engagement in governance. To accomplish this administrators are to be transparent, open, responsive, and respectful when conducting business and in dealing with all people. Another principle in the ASPA code is to fully inform and advise all appropriate individuals of pertinent information providing accurate, honest, comprehensive, and timely information. The ICMA Code of Ethics focuses on keeping the community informed on local government affairs and encouraging communication between citizens and all local government officers emphasizing friendly and courteous service to the public. Both of these codes strive to achieve transparency with the elected officials and citizens to create a culture of trust. The NASPAA universal competencies stress that public servants emphasize the role of civil society in democratic governance. So that professional education programs make this an ongoing thread in their programs.

## Advancing the Public Interest

In the early twentieth century when the traditional model of public administration was developed the Progressive Movement aggressively addressed the social ills of the time, which were highly visible in our large cities. The public interest was found in the need for sanitation, for safety, and infrastructure; however, now the public interest is less visible and requires due diligence on the part of the public administrator to determine what is in the best interest of everyone in a community or within the country. Balancing the needs of multiple interest groups and the needs of the most vulnerable, such as our children, our elderly, and our poor, is challenging and requires strong interpersonal skills and data to support change that will advance the public good for the greatest number.

The ICMA Code of Ethics states that the chief function of local government is to serve the best interest of all citizens at all times. Inherent in this is the fact that a public administrator holds a public office, which is a public trust that should never be used for personal gain or benefit. This sentiment is echoed by the ASPA Code of Ethics except that the terminology changed from serving the public interest to advancing the public interest in the most recent version of the code. This is a significant change calling upon the administrator to be an active participant in the process of ensuring that the public interest is clearly identified. For NASPAA public service values require the administrator pursue the public interest with accountability and transparency.

Today the literature in public administration is increasingly focusing on the need for strong interpersonal skills in dealing with multiple stakeholders and interest groups. However, the concept of promoting governance through community involvement began with Mary Parker Follett in the early twentieth century. Follett advocated democratic citizenship through the creation of diverse groups of individuals (different classes, occupations, ethnicity, and backgrounds) coming together in creative encounters designed to address social problems. The goal of groups was to enhance citizenship and commitment to the democratic way of life addressing social problems

to improve the life of all citizens thereby advancing the public interest.

The focus on strong interpersonal interactions that Follett researched and advocated in the 1920s was soon overshadowed by the professional goals of efficiency and effectiveness. However, with the new public service movement and the emerging new public governance movement, the importance of advancing the public interest has become a priority, and this can only be done when every member of the public has their voice heard. Both the ASPA and ICMA Codes of ethics emphasize that public administrators should provide elected officials with complete information and recommendations for public policy decisions providing accurate, honest, comprehensive information and advice. The NASPAA universal competencies require that students of public service be able to interact productively with a changing and diverse citizenry and workforce responding to the demographic changes occurring in American society.

Not only does this refer to technical information, it refers to identifying the hopes and fears of the citizens who will be impacted by these policy decisions. To accomplish an accurate assessment of the public interest requires more than notice of a public meeting, it requires that public administrators go to where the citizens are meeting. Actively listening and providing opportunities for all to be heard goes far beyond providing information. Engaging citizens in a meaningful way can only be accomplished by administrators with strong interpersonal skills, trained in conflict resolution, with a willingness to listen and to hear the voices of the people. This then must be followed by acting on the public interest articulated by the citizens or making accommodations in policies and plans that are being proposed. This is the basis of citizen trust in government, when the voices of the people are heard and action is taken based on the feedback provided to government.

In the following section, the ethical values that the literature identifies as necessary in public service will be discussed. These values or virtues are honesty, fairness, and benevolence.

## Ethical Values

As previously indicated integrity means different things to different people, since it refers to an individual acting in ways that align with their personal beliefs and the prevailing social norms. For public administrators the social norms have evolved over time beginning with the traditional positivist model based on scientific management, which emphasized effectiveness, efficiency, and professionalism. This model has also been called the rational approach to motivation, where individuals are motivated by economic self-interest, and it is supported by agency theory, contract theory, public choice theory, and transactions cost theory. This model was modified in the 1990s by new public management, which promotes a private sector perspective utilizing contracting out as an option for the provision of public services.

More recently, new public service offers an alternative normative model for public administrators to emulate in their professional duties. Motivation for the normative model is rooted in the desire to serve the public interest, requiring the individual to act in a stewardship role as a trustee of the state's power. The second area of motivation for the normative model addresses the affective motives for public service, where individuals are embodied with a compassion for all people. Servant leadership aligns closely with this model of behavior. This normative model is based on basic universal ethical values for relationships that have existed for centuries, and they are honesty, fairness, and benevolence. These basic ethical principles are the foundation for creating trust, which develops over time when people are treated fairly and honestly.

### Honesty

For our purposes honesty is defined as telling the truth, and it is the basis for the creation of the trust. In the Judeo-Christian tradition the greatest obligation to the community is truthfulness, which becomes the foundation of a successful society. Honesty is necessary for commerce and for democratic governments to succeed. One method of

communicating honesty available to public administrators is through transparency. The ASPA Code of Ethics, the ICMA Code of Ethics, and the NASPAA Universal Competencies all advocate for the behaviors of transparency and accountability that demonstrate honesty. Clear communications and reporting before, during, and after executive decisions or policy implementation help to demonstrate that the individual is acting in an honest and authentic manner.

Authentic communication begins with each individual becoming self-aware of their assumptions regarding individuals and the world, because these assumptions have ethical implications and ultimately consequences. Once acknowledged by the individual these assumptions may need to be moderated to mitigate inherent bias that can influence their interactions and communications. The literature states that to be authentic a person must be fully present in the moment and respectful of those sharing that moment. This means that the individual becomes more aware of others, and the impact of their actions on others. Being authentic is being an effective communicator by listening and letting the cues of others guide the conversation relying on persuasion rather than coercion to communicate. As all societies become increasingly diverse, the need for cultural competency is critical for administrators interacting and communicating with the public. Authentic communication is the way to begin the necessary meaningful dialogue needed to understand each other.

### Fairness

The definition of fairness is the state or condition of being free from bias or from being unjust. In the profession's early years impartiality was used frequently as the principle for decision-making in the public sector. Over time the limitations of impartiality became apparent, when social injustices were perpetuated by being impartial to the societal conditions of all citizens. Under the current ASPA Code of Ethics, there is a new principle that addresses the profession's willingness to strengthen social equity, and this is echoed in the NASPAA competencies. The behaviors to achieve this are to treat all persons with fairness, justice, and equality respecting individual rights, freedoms, and differences striving to reduce unfairness, injustice, and inequality in society. This normative principle is based in the movements of new public administration and new public service, which focus on stewardship, honesty, social equity, and democratic participation in all aspects of administration.

### Benevolence

Previously benevolence was defined as striving to act in a manner that promotes good and avoids harm to individuals or groups of individuals. A strong leader creating an ethical organization models the key values of the profession and promotes the public good, while avoiding harm to individuals or groups of individuals. However, the very nature of public administration makes ethical leadership challenging. The most important impediment is that there are differing views of what constitutes the public interest or the public good, and strong ethical leaders must establish the values criteria for assessing the public interest for the organization and for individual projects and policies. This single act establishes the ethical climate of the organization. Other challenges are that frequently policies have vague criteria for implementation, and pressures may be applied by special interest groups and elected officials to make exceptions to existing policies and rules. The ASPA Code of Ethics advocates for the promotion of ethical organizations by striving to maintain the highest ethical standards, stewardship, and promoting the public good and avoiding harm to individuals or groups.

However, the difficulty with professional codes of ethics has been the lack of a mechanism for enforcement. In May of 2016, the ASPA ethics review process was launched as a way to address the ability of the profession to garner more oversight over the behavior of members of the profession. This process along with open and authentic communication and the creation of protected avenues of dissent can provide checks and balances to the actions of professionals. In the end though, courage and conviction in leadership are necessary to consistently serve in a manner that strives

to achieve the ethical values of honesty, fairness, and benevolence.

This discussion has focused on the basis of integrity in American public service; however, in a global environment, public servants need to establish acceptable ethical values for international interactions that are acceptable to all forms of government. Recommendations from the literature on those core ethical values are discussed below.

## Global Ethical Values or Virtues

The world has become interconnected in ways that cannot be untangled, and this requires a global standard of behavior for governments to work together. NASPAA has taken that leap and developed competencies that were created to promote a public service ethic that would translate to all governments. However, that public service ethic remains heavily influenced by American public service. Other writers have indicated the need to establish virtues or ethical values for successful governments. The new public governance movement focusing on collaboration is indicative of the evolving world of public service.

### Honesty and Fairness

In every religion and successful society, the top virtues are consistently identified as honesty and fairness in relationships. For public service, these virtues apply to both domestic and international affairs. The basis for trust in any relationship is that the actors tell the truth and act in ways that are perceived as fair by participants. For governments in domestic relations, a certain level of trust by citizens that they will be treated fairly and told the truth is necessary for stability. Public servants to be effective must consistently demonstrate honesty and fairness in their interactions. In international relations and international agreements where mutual benefit or fairness is designed to be part of the equation, honesty is key to establishing trust and stability. Market economies require stability to be successful, and the world has become a global marketplace that requires honesty and fairness in personal, business, and governmental relations.

In the fifth century B.C., Confucius stated that the main aim of good government is the happiness of the people. Centuries later the pragmatic approach to good government means that the majority of people are not unhappy with their government. Multiple ways of achieving this have been discussed in the context of codes of ethics for public service; however, the universally agreed upon approach is to listen to the people and to respond in ways that address their concerns to better the public interest. This has been characterized as responsiveness; however, at its basic level it is ensuring fairness in the treatment of all.

## Conclusion

This discussion of integrity in public service began with the definition of integrity as the firm adherence to a moral code by an individual based on relevant ethical values and normative principles. Clarification of this definition stressed that the moral code is specified by the individual, not the definition. The normative principles of public service and public administration in America have evolved over time responding to the changing expectations of society and the profession. However, the ethical values or virtues have remained the same, only they are now becoming more explicitly articulated and expected.

The normative principles were identified in the ASPA and ICMA Codes of Ethics, the NASPAA universal competencies, and in the public administration literature. These norms were identified as: achieving professional competence and expertise, abiding by the rule of law, advancing democratic participation, and advancing the public interest. The discussion of these norms centered on the societal changes and ethical writings in the field and their evolution over the last 150 years in America.

The virtues or ethical values in public service were for many years implied by the "public service ethic." For public service the consistently stated values are: honesty, fairness, and benevolence. In an increasingly interconnected world,

the need for universal global ethical values has become apparent to many in public service. The focus on ethical values for this larger perspective is because the norms that predominate in American public service apply in varying degrees to other governments.

The public service literature increasingly identifies honesty and fairness as the key components for international relations, and these values are seen as key to the creation of an international code of ethics. This is very significant for the integrity of professional international public service. Because when the moral code is standardized to mean honesty and fairness, the integrity of a public servant acting honestly and fairly has the potential to create stability and peace in both domestic and international relations.

## Cross-References


- ▶ Accountability and Ethics
- ▶ Administrative Ethics
- ▶ Bureaucracy and Public Opinion
- ▶ Bureaucracy and Public Policy
- ▶ Code of Ethics
- ▶ Ethical Leadership
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics and Duty
- ▶ Ethics and Good Governance
- ▶ Ethics and the Public Interest
- ▶ Ethics in Public Service
- ▶ Ethics in Public Service: A Historical Perspective
- ▶ Ethics in the Public Sector
- ▶ Professional Ethics
- ▶ Trust in Government


## References


American Society for Public Administration (2015) ASPA code of ethics. American Society for Public Administration

Cooper TL (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 64(4):395–407

Feldheim MA (2004) Mary Parker Follett: lost and found again, and again, and again. Int J Organ Theory Behav 7(3):341–362

Feldheim MA, Johnson G (2005) Normative education: putting the servant in public service. Glob Virtue 5(3)

Frederickson HG (1984) Symposium on social equity and public administration. Public Adm Rev 44(Special Issue):1–51

International City/County Management Association (2015) ICMA code of ethics with guidelines. International City/County Management Association

Menzel DC (2015) Research on ethics and integrity in public administration: moving forward looking back. Public Integr 17(4):343–370

Molina AD (2015) Values, context, and the concept of integrity: a cross-sectoral comparison. Public Integr 17(4):371–387

Networks of Schools of Public Policy, Affairs, and Administration (2014) NASPAA standards: commission on peer review and accreditation. Networks of Schools of Public Policy, Affairs, and Administration

Richter WL, Burke F (2007) Combating corruption, encouraging ethics: a practical guide to management ethics, 2nd edn. Rowman & Littlefield Publishers, Lanham

Svara JH (2011) Reconsidering and expanding the ethical codes for public administrators: are there universal principles? International symposium "Ethical leadership: issues, challenges, and opportunities", Chengdu

Van der Wal Z, Huberts L (2008) Value solidity in government and business: results of an empirical study on public and private sector organizational values. Am Rev Public Adm 38(3):264–285

Wilson W (1887) The study of administration. Polit Sci Q 2:197–222


# Integrity Management


Maryse Tremblay
Department of Political Science, Universität Leipzig, Leipzig, Germany


## Definition

**Integrity management** refers to "activities undertaken to stimulate and enforce integrity and prevent corruption and other integrity violations within a particular organization" (OECD 2009, p. 9). The **integrity management framework** is a specific set of instruments, processes, methods, and structures that are implemented and used to promote integrity within an organization. The integrity management framework can also be

referred to as a type of organizational ethics program.

**Acting with integrity** is to behave in a consistent manner in accordance with the relevant moral values, norms, and standards (including laws and rules) that are applicable in a specific context. Concretely, this implies behavior that is considered acceptable and desirable by an organization. It should be noted that the term *integrity* is used interchangeably with *ethics*, meaning that acting with integrity is a synonym of behaving ethically. And ethical behavior is not limited to individuals; it can be applied to a profession (such as doctors or accountants), an organization, or even a system. The specific values, norms, and rules used to judge ethical behavior will vary according to the actor(s) involved and the context.

Originating from conflicts of interests, **integrity violations** are actions that do not conform to an organization's established moral or ethical standards. They generally occur when two sets of values (e.g., personal and organizational values) conflict in the decision-making process, and an individual chooses to honor his/her own interests over those of the organization for which he/she is working.

The main categories of integrity violations found within an organization are (i) bribery; (ii) favoritism; (iii) fraud (including theft of resources); (iv) conflict of interests through gift; (v) conflict of interest through sideline activities; (vi) improper use of activities; (vii) misuse and manipulation of information; (viii) indecent treatment of colleagues, citizens, or customers; (ix) waste and abuse of organizational resources; and (x) misconduct in private time (Huberts 2014, p. 8).

## Introduction

Integrity management is one approach to addressing and managing organizational ethics, and it was officially adopted by the Organization for Economic Co-operation and Development (OECD) in 2009. Despite this approach being still relatively new, the two main components at its center (known as the compliance and integrity approaches) had already been extensively discussed in the literature in the 1930s, when Herman Finer and Carl J. Friedrich debated the influence of "external" versus "internal" controls on responsible conduct. In the past two decades, this duality has resurfaced (Maesschalck 2004) in the academic literature as well as in actual practice. This duality has thus become the core element of the most widely used approach in the field.

Integrity management is considered one of the most effective approaches for managing integrity in public administration. It allows organizations to curb corruption and fight integrity breaches through normative methods. More importantly, it focuses on both the importance of the decision-making process and the responsibility of the individual. In other words, integrity management seeks to achieve two main goals: (1) to foster integrity through the integrity approach and (2) to prevent unethical behavior through the compliance approach. Integrity management further highlights the importance of sticking a balance between the integrity and compliance approaches so as to achieve these goals.

This chapter sets out the basic foundations of integrity management and its framework. The first section focuses on the core of the framework: the compliance and integrity approaches. The second section of the chapter discusses the prescribed balance between the two approaches, while the third section highlights the recent criticism the integrity management framework has received.

## Managing Integrity

Individuals play multiple roles in society during their lifetimes, e.g., parent, friend, public servant, or citizen. These roles, which are directly linked to their function or status in society, are often played simultaneously but in different contexts. And with each role comes an inherent set of values which can vary greatly according to the person and the role being played. When these different sets of values are applied and respected in their respective contexts, there is integrity.

On a daily basis, depending on their lifestyles, individuals have to juggle a minimum of two sets

of values: personal values as well as organizational values. Thus, in certain situations, it can be challenging for an individual to show perfect integrity in his/her different roles. Indeed, the different values in each set can easily conflict with each other during the decision-making process, especially when the individual has not clearly identified the set of values that prevails in a particular context (e.g., at work). This is when ethical or integrity dilemmas arise.

In the case of a public servant whose functions are to serve the population and to act in the best interest of the greater good, it is particularly important to master these different, sometimes conflicting, sets of values and to understand that integrity will take on different forms according to the context within which he/she finds himself/herself. In an organizational context, organizational values – those of the public administration – should always prevail over personal interests and personal values. Sadly, this is not always the case, and integrity violations do occur. When undetected and unmanaged, integrity violations can lead to disastrous consequences for the public administration, such as the loss of public funds, rampant corruption, or the loss of public trust. This clearly demonstrates why organizational integrity needs to be properly addressed and managed. Integrity management is an approach that allows organizations to promote integrity and limits those unwelcome consequences through specific instruments, processes, and structures. The following section will elaborate on the specificities of this framework.

## The Integrity Management Framework

The integrity management framework combines two main approaches: the compliance and integrity approaches. Used in a complementary fashion, they tackle specific aspects of an organization's context and those of individual behavior. Organizations are free to choose the degree to which they wish to implement each approach, focusing more on compliance or on integrity. However, integrity management favors applying both approaches simultaneously in a precise balance in order to cover a larger diversity of individual behaviors and organizational factors. The specific balance an organization requires will thus determine the type of integrity management the organization applies, which will then dictate the methods, instruments, and processes to be used. Ultimately, the success of integrity management will depend "as much on the synergies between the instruments as on the effects of the individual instruments separately" (OECD 2009, p. 11).

Integrity management instruments fall into one of four categories: (i) determining and defining integrity, (ii) guiding toward integrity, (iii) monitoring integrity, and (iv) enforcing integrity. Concretely, these instruments derive their effectiveness through the processes and structures that support them. In the integrity management framework, there are three pillars. The instruments constitute the first pillar while the processes and structures are the second and third pillars (OECD 2009). The processes refer specifically to development processes which are linked to the management of the integrity management framework (such as planning, implementing, or evaluating), while the structures are the organizational aspects of integrity management (such as logistics and coordination). Each of the three pillars (instruments, processes, and structures) contains two subcategories: core and complementary instruments, processes, and structures (OECD 2009). Core instruments, for example, have the precise goal of inducing integrity, and they play a central role in the integrity management framework. The complementary instruments, for their part, do not have integrity as their main goal but are essential to the success of the framework as they support core instruments and address adjacent fields that can indirectly impact integrity.

## The Compliance Approach

The compliance approach is also known as the rule-based approach. As the name indicates, this approach provides a legal framework built on rules, norms, directives, laws, and other compliance measures to give the framework its teeth. The goal is to provide a normative structure within an organization to bring its members to comply with its rules and standards, thus avoiding integrity violations. Incentives and sanctions are key elements of the compliance approach which seek to

externally motivate individuals to comply. Indeed, this approach focuses on the use of external controls to regulate individual behavior(s). These external controls are imposed on the individual by an external authority, namely, the organization. External controls assume that individual judgment and professional standards are not sufficient to ensure proper ethical conduct and therefore provide strict guidelines for maintaining ethical behavior. Various instruments, processes, and structures make up the compliance approach, such as whistle-blowing policies, codes of conduct, conflict of interest policies, investigations, ombudsman offices, or complaint management systems.

### The Integrity Approach

The integrity approach is also known as the value-based approach. It is implemented through instruments, various processes, and structures, such as ethics training, mentoring, ethical leadership, workshops, codes of values, or ethical awareness. This approach emphasizes the importance of internal controls to stimulate an understanding and an application of certain values and ethical standards as well as to improve individual skills for ethical decision-making by providing the appropriate tools. As such, the integrity approach is about achieving individual self-control. This translates into undertaking an ethical decision-making process. Basically, internal controls are meant to promote integrity in the absence of explicit external rules.

The success of both approaches relies greatly on the synergy between the relevant instruments, including the coordination between them (at the structural level and content level), other stakeholders, as well as connected factors. Another interesting and important aspect is that integrity management pays a great deal of attention to the concept of fairness, which is, according to the OECD (2009), a crucial variable in the integrity of an organization's members. Indeed, a working environment that is perceived and considered "fair" by its members is more likely to positively influence their integrity as well as their tolerance level toward integrity violations, leading them to disclose what they perceive to be behavioral transgressions. Again, this underpins the idea that good behavior should be reinforced in any organization as a means to better circumscribe and manage integrity violations.

### Striking a Balance Between Approaches

In integrity management, the compliance and integrity approaches constitute two ends of a continuum. Each end represents an orientation that an organization can choose for its integrity management. The organization can choose either approach or implement a mixture of both, based on the organization's ethical needs and specific context.

In the field of organizational ethics and in actual practice, the consensus is that an efficient integrity management framework should include a mixture of both approaches, used in a complementary fashion. Indeed, integrity and compliance approaches should not be mutually exclusive but rather should coexist and be used in a balanced way. Concretely, this balance can be understood as a point somewhere along the continuum that expresses the relative importance as well as the form both approaches take on within the ethics program (OECD 2009). The importance and form given should depend on the historical, social, political, and administrative context of the organization at the time. It is the balance between these two approaches that shifts along the continuum and dictates the degree to which the various instruments and measures are used.

The need to strike a balance between the approaches is justified by the fact that "different approaches to ethics management will have different impacts on employee attitudes and behavior" and can therefore generate different outcomes (Treviño and Weaver 2003). As the compliance approach provides the "teeth" for the program, the integrity approach ensures self-control. When combined, the external controls deter integrity violations, while the internal controls promote integrity (OECD 2009).

However, striking an accurate balance between the two approaches, based on the organization's ethical needs and context, can sometimes prove arduous. Implementing the necessary instruments, processes, and methods can be costly and require

a lot of effort on the part of the organization. The challenge is to find a design where both approaches can achieve their goals within the given constraints on resources. Moreover, it is important to consider the congruence between the approaches. There has to be enough external control to deter any inclination toward individual interests but also enough internal control to allow ethical impulses to flourish. Finally, the two approaches must also reinforce each other by supporting ethical behavior and by avoiding conflicting messages.

### Recent Criticism of the Framework

As mentioned above, the integrity management framework is the most widely used approach in the field of organizational ethics. However, frequency does not guarantee the reliability nor the efficiency of the framework. Academics have recently started highlighting certain limitations with the integrity management framework, especially at the implementation level (Hoekstra 2015).

The most important step in the application of the integrity management framework is the assessment of the balance between approaches. This will dictate the proportion of instruments, processes, and structures that will be implemented for each approach. As such, finding the appropriate balance is crucial as it plays a large role in the overall success of the framework. One main criticism of this framework is that, despite this balance being essential, there is no method available to assess it precisely. In other words, this means that organizations have had to strike their own particular balance based on their own interpretation of the ethical needs and context of the organization. This also means that instruments, processes, and structures are implemented in specific proportions without knowing if they will have any impact on the organization's members nor if they will achieve the intended level of integrity.

Other academics, such as Tremblay et al. (2016), have further pushed their critique of the integrity management framework by highlighting weaknesses within its core: the compliance and integrity approaches. Firstly, according to Tremblay et al., the framework shows significant limitations insofar as:

1. Its main focus is on regulating individual behavior and promoting integrity, which leaves other crucial levels of organizational integrity, at the collective and strategic levels, unaddressed. When left unaddressed, these other levels can have a direct or indirect impact on the integrity of the organization and its members.
2. The framework emphasizes the implementation of external and internal controls, which are, according to the authors, neither one nor the other. Indeed, based on the theory of motivation (Deci and Ryan 1985), their nature (external or internal) depends entirely on the degree to which the control has been integrated by the individual. The more an external control is internalized, the more it becomes internal. Therefore, it is false to assume that a control is either external or internal and thus to base an entire approach around this dichotomy. This can also help explain why it is not yet possible to assess the balance between approaches: controls cannot be categorized and prescribed as solely internal or external. Controls imposed by an organization will always be external as they originate from an external authority, even if they are meant to be internal.
3. The two approaches at the core of the framework do not offer enough variety, in terms of instruments, processes, and methods, to cover the diversity of ethical problems organizations might face.

Notwithstanding these limitations, the integrity management framework remains the most widely used framework in public administrations around the world.

## Conclusion

This chapter has provided a detailed summary of integrity management and its framework. The first

section described the two main approaches at the core of the framework – the compliance and integrity approaches – while the second section explained how and why it is important to strike a balance between these approaches to achieve overall success. Finally, the third section highlighted some of the recent criticisms of the integrity management framework and pointed out specific limitations at the core of its design.

## Cross-References


- ▶ Compliance Versus Ethical Capacity
- ▶ Conflicts of Interest in the Public Sector
- ▶ Ethical Frameworks
- ▶ Ethical Values and Personal Integrity
- ▶ Integrity in the Public Service
- ▶ Managing Conflict in Organizations


## References


Deci EL, Ryan RM (1985) Intrinsic motivation and self-determination in human behavior. Plenum Press, New York

Hoekstra A (2015) Institutionalizing integrity management. Challenges and solutions in times of financial crises and austerity measures. In: Lawton A, van der Wal Z, Huberts L (eds) Ethics in public policy and management. Routledge, New York, pp 147–164

Huberts L (2014) The integrity of governance. Palgrave Macmillan, Houndmills

Maesschalck J (2004) Approaches to ethics management in the public sector: a proposed extension of the compliance-integrity continuum. Public Integr 7(1): 20–41

OECD (2009) Towards a sound integrity framework: instruments, processes, structures and conditions for implementation. OECD, Paris. http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=GOV/PGC/GF(2009)1

Tremblay M, Martineau JT, Pauchant T (2016) Managing organizational ethics in the public sector: a pluralist contingency approach as an alternative to the integrity management framework. Public Integr. https://doi.org/10.1080/10999922.2016.1230688. (Accepted with minor revisions)

Treviño LK, Weaver GR (2003) Managing ethics in business organizations: social scientific perspective. Stanford University Press, Stanford


# Intelligence Policy and Security


Carolina Sancho
Instituto de Estudios Internacionales (U. Chile), Universidad de Chile y Academia Nacional de Estudios Políticos y Estratégicos (ANEPE), Providencia, Región Metropolitana, Chile


## Synonyms

Intelligence services; Public intelligence policy; State intelligence function

## Introduction

This article addresses the intelligence function inherent of complex organizations from the perspective of the State. It explains its nature, role, and characteristics. In view of the existence of failures in its operation, it suggests a public policy approach, identifying the main factors to be considered in it, which are a pending task in Latin American countries. It focuses on one of the indicated factors, the institutionalization of the function and within this a specific aspect, the architecture of intelligence systems. It raises the challenge of adapting the structure of intelligence systems to the needs of the second decade of the twenty-first century, which requires the incorporation of new entities, as a result of new issues affecting the security of a country.

## Intelligence: State Function and Its Public Policy

The intelligence function can be understood as a capability inherent of complex organizations. It is primarily about anticipating to situations that may affect the existence of an organization. To achieve this, it is required to have information that allows detecting this danger, an entity in charge of

obtaining, processing, and disseminating it to decision-makers, and a capacity to periodically formulate reports that guide and alert when these dangers are identified, particularly when it is estimated that their occurrence may be closed in time.

For the State, having this ability to anticipate is a key issue (Herman 2001). From a military perspective, it can prevent invasions, but its usefulness does not end there. It also makes it possible to prevent situations where the lives of citizens may be affected, for example, in the event of a terrorist act, such as the placement of an explosive device in places with a high concentration of people or water contamination with hazardous chemical substances, among other modalities. Other benefits offered by this anticipation ability are related to facing conflict situations that may affect national interests, as is in the case of an international negotiation where a geographic delimitation or a peace agreement is established. Finally, it is also useful to support decision-making processes of the highest political authorities on strategic or critical issues. In this sense, it is an advisory role, since it ensures that decision-makers are well informed (Kent 1966).

For these reasons, countries have intelligence, which for a better understanding can be approached from three perspectives (Lowenthal 2006: 9): as a process, referring to the way in which different types of data and information are obtained, processed, analyzed, and translated into new knowledge within the framework of "intelligence production"; as a product, referring to the outcome of this process, that is to say, intelligence reports on different topics prepared with different periodicity to the highest authorities of the country; and as an organization, which corresponds to the entities from where the search and obtaining of data and information is planned, as likewise is managed its processing, analysis, and dissemination of information.

Intelligence agencies or services are distinguished from other public administration entities by the activities they perform. Indeed, they are organizations whose *raison d'être* is knowledge management (Esteban Navarro and Navarro Bonilla 2004). Among the main activities of intelligence services are (Johnson 2010) the search for and gathering of information, whether open, closed, or mixed, through a variety of available means and sources to which it can be accessed; the analysis of information, where the analyst faces the challenge of evaluating, assessing, and interpreting diverse information and preparing reports to be delivered to the intelligence consumer; counterintelligence, in charge of safeguarding its own information of others, for which it is protected, the information, the facilities where it is managed, the people who have access to it, and the communications through which it is transmitted; and the special intelligence operations, which are clandestine actions aimed at influencing in a certain sense specific situations deemed convenient to national interests. Not all countries carry out this last activity, and there is a debate on their relevance; however, many countries continue to carry them out.

From a political science insight, it can be stated that intelligence exists because conflict exists and the essence of intelligence is to reduce uncertainty in conflicts (Clark 2007: 8), by means of a deep understanding of the environment in which they manifest, the actors involved, and the interests at stake. It is specifically about the conflict that may affect the security of the country, that is to say, the life of its inhabitants, its territorial integrity, national sovereignty, and institutional stability.

In this sense, it is argued that having intelligence agencies or services would allow (Lowenthal 2006: 2–4) to avoid strategic surprise, for example, not to be subject of a sudden attack of other country in national territory; to provide long-term experience and knowledge in issues related to national interest, since intelligence agencies permanently monitor these matters, beyond the period of time of each government; to support the political process, in terms that the formulation of public policies requires information coming from different sources and on different aspects, matters in which intelligence can contribute in the matters it follows up; and to maintain the secrecy of information, needs, and methods, that is, to safeguard the confidentiality of the information obtained, the way in which it has been obtained, the matters that are analyzed, and the reports that are delivered on them.

The work of intelligence services may present what has been called intelligence failures (Gill and Phytian 2006; Jervis 2012). Indeed, when the security incident has occurred and, in the worst-case scenario, there are casualties, a generalized feeling of insecurity in public opinion and in the international perception of instability in a given country or in the face of a specific practice, which may even be transnational or international. There are several reasons for this, among them the politicization of services (Betts 2007) a recurring issue in Latin America (Swenson and Sancho 2015; Maldonado and Sancho 2016; García and Ugarte 2018) and problems in the analysis of information due to analysts' limitations (Heuer 1999).

Addressing intelligence in democratic political systems from a public policy insight can contribute to improve its quality, avoiding or reducing some of the classic reasons for its fails. Public policy is understood as the way in which the State intervenes to face a public problem and responds to it by means of a set of decisions in which different political actors located in the executive and legislative branches have participated in their formulation, review, and approval (Olavarría 2007).

In the case of Latin American countries, the formulation of a public policy on intelligence that contemplates at least the following factors, institutionalization of the function; professionalization of the activity; culture on the matter, both in the citizenship and in the specialized public opinion; accountability or responsibility in different levels and fields of State management; suitable and timely interagency coordination, and an effective international cooperation, remains a pending challenge (Sancho 2016).

Considering at least these elements is a necessary but not sufficient condition to have an intelligence able to respond to the requirements that faces within the framework of the Rule of Law – and to all the demands that this implies – when beginning the second decade of the twenty-first century and the time to come.

In practice, this translates into different topics which, when addressed, require a pronouncement from the responsible authorities: which are the matters which intelligence is deemed to deal with, since they constitute a danger to security and are not expected to affect the interests of the country or the life of its inhabitants; which is the most convenient intelligence architecture for the System Intelligence State (SIS) or intelligence community; how to progress in the professionalization of a function which requires increasing levels of specialization due to the complexity of the issues involved; how to reconcile secrecy and transparency at the moment of becoming accountable for actions and results; in which way we can facilitate the access to critical information and promote the exchange of information among entities that have a substantive contribution in intelligence?

The answer to these issues requires a transversal consensus among different political sectors, and the question is frequently asked when the debate begins: do the conditions, capacity, and will exist to achieve the changes deemed necessary to improve or strengthen intelligence? It is important to bear in mind that the quality of a democracy also depends on the way in which intelligence is carried out (Bruneau 2004). For this reason, it is relevant that it is carried out under criteria of legitimacy, legality, and effectiveness.

## Institutionalization of the State Intelligence Function and the Architecture of the State Intelligence System or Intelligence Community

The institutionalization of the State intelligence function constitutes an antidote for the main intelligence failures, caused by the politicization of the services and/or the errors in intelligence analysis attributed to a poor work of the analysts. Institutionalization can be understood as the process in which a desired practice by the community in which develops acquires value and stability.

In this sense, institutionalization is materialized by means of a regulation that establishes the reason for which intelligence agencies or services are created, the matters within their competence and the powers granted for the fulfillment of their objectives, the public entities that may carry out

this activity and the way they relate to each other, is a particularly relevant issue since these are public administration entities located in different public administration departments, which makes it difficult to exchange information and coordinate on issues of shared interest. A classic example of this can be seen in the case of terrorism, where different agencies may be monitoring the same group, for instance, the police for arms trafficking and also the armed forces for trafficking of mass destruction weapons and even customs for smuggling.

Thus, it can be seen that within the institutionalization framework, the intelligence architecture is relevant for the development of an effective intelligence capacity that can anticipate dangerous situations for the security of the country and its inhabitants, for example, in effect, architecture conditions, on the one hand, the quality of the information managed within the intelligence system and, on the other hand, the density of the intelligence coordination carried out within the framework of an intelligence system or community. Considering that it is beneficial for intelligence purposes to have the greatest amount and information available by related entities on shared topics, it is convenient to have a wide intelligence community, which integrates both counterpart entities of different public agencies and those entities which, due to the topics they deal with, are required to be included in the State intelligence system, even though it is still pending the development of its own intelligence capacity to systematize the information it accesses, which is considered critical for the country in the current security context.

## Modernization of the Intelligence Architecture. Modifying the Composition of State Intelligence System or Communities

Traditionally, in many Latin American countries, intelligence systems have been constituted by the armed forces, the police, and the civilian agency that coordinates and/or performs intelligence and connects directly with the highest political authority. Other countries have had a broader community, particularly in developed countries. At the beginning of the second decade of the twenty-first century, within a security scenario that has evolved incorporating new security issues, it is pertinent to consider the need of modernizing the intelligence architecture in these countries.

The change process in intelligence is not a simple matter because it requires a pluralistic and heterogeneous debate that provides relevant information for the decision-making process of the key actors. Furthermore, the debate must be open and transparent in terms of objectives, criteria, methodology, and results of the transformation process sought. Both issues are more difficult in intelligence, since a large part of its work is done in secret and specific topics cannot be revealed, except to those who are authorized to know about them, generating suspicions in the framework of a public debate where, as in the legislative branch, it is necessary to convince the representatives of the citizenship.

The adaptation, change, or transformation of an intelligence architecture that considers the current environment of security and its trends implies the incorporation of new entities in its configuration. Some criteria that can guide in its identification are as follows:

A) A first criterion to be contemplated is related to integrating different entities that in accordance with a broad definition of intelligence carry out this work. In fact, traditionally it has been considered the armed forces and the policies, since they would carry out all the inherent activities of the intelligence services. However, a broad definition of the term allows considering those entities that, by the very nature of their functions, access to closed source information on matters that affect the country security. In this sense, one can add, per example, the financial analysis or intelligence unit (in charge of preventing assets laundering and terrorism financing), the

gendarmerie (in charge of persons who are deprived of liberty), and customs (controls the entry and exit of goods across national borders).

B) A second criterion to consider refers, on the one side, to the context in which the interactions among persons, organizations, and countries take place. In fact, globalization illustrates this environment of growing flows of information and exchange of persons, goods, and services that with different intensity is carried out by all the countries of the world. A permanent monitoring of this, through national representatives in different parts of the planet, contributes to the identification of possible situations that may seriously affect the country in its security or national interest. For this reason, in these times, to consider the Ministry of Foreign Affairs in the Intelligence architecture is particularly necessary.

C) A third criterion implies considering new subjects to incorporate from one of the securities of people. In effect, while, on the one hand, the pandemic obliges to incorporate the notion of health intelligence, as well as to recognize that this information must be elaborated from an entity located in the Ministry of Health to be integrated in the intelligence system or community, on the other hand, there is a need to recognize that climate change, as well as the profound damage caused to the environment in specific areas, has sometimes irreversibly affected biodiversity and/or people's lives, through environmental pollution over time, which has proved to be detrimental to health and even lethal for some others. In this sense, it is necessary to consider the notion of environmental intelligence, develop it from an entity located in the Ministry that addresses the issue, and incorporate it into the intelligence architecture.

D) A fourth criterion is related to cyberspace (Crowther 2017). Recognized as a fifth domain or environment, it powerfully and even disruptively transforms social relations and interactions. Since it can be subject to attacks that affect its functioning temporarily or permanently, the main entity in charge of the security of this environment must, on the one hand, carry out intelligence in order to detect any damage to its functioning, which has been called cyber intelligence. In addition, this entity needs to be part of the intelligence architecture, since the matters under its responsibility match with an important part of the country's security, particularly with those related to management of the critical information infrastructure, thus being directly linked to the security of the country and its inhabitants.

## Conclusion

Among the functions of the contemporary State, intelligence is viewed as the capacity to anticipate to situations that may affect the security of the country. Essentially, it seeks to prevent situations that may affect people's lives, territorial integrity, national sovereignty, or constitutional stability. For these purposes, intelligence agencies are aimed avoiding strategic surprise, advising the highest authorities of the country on critical issues for their management or where national interests might be compromised. Among the functions of the contemporary State, intelligence is viewed as the capacity to anticipate to situations that may affect the security of the country.

Sometimes intelligence can fail, and there are several reasons for this, among which politicization and deficits in the quality of its analysts stand out. A public policy on intelligence can contribute to strengthen this capacity and reduce failures. In this regard, it is necessary to consider in the formulation of this policy, factors such as institutionalization of the function; professionalization of the activity; culture in the field, both in the citizenship and in the specialized public opinion; accountability or responsibility at different levels and areas of State management; adequate and timely interagency coordination; and effective international cooperation. This may contribute to

avoiding or minimizing the politicization of intelligence and a poor work of its analysts, especially through institutionalization. Likewise, considering the above factors promotes an intelligence based on criteria of legality, legitimacy and effectiveness, a relevant issue from a democratic perspective, since the quality of a democracy also depends on the way in which intelligence is developed.

Intelligence architecture in the second decade of the twenty-first century implies reviewing what already exists and not discarding modernization processes to adapt to the new security context. Thus, by considering criteria, such as intelligence in a broad sense; a security environment that requires to face integrally transnational organized crime; and the incorporation of new issues that affect people's lives such as pandemics, environmental pollution, and climate change, obliges to consider health intelligence and environmental intelligence as two capabilities that require to start developing from the public entities specialized in these issues; and the emergence of a new domain, cyberspace, forces to consider cybersecurity as an essential component of the security of the country and its inhabitants, being necessary to carry out cyber intelligence to prevent incidents that may affect the functioning of cyberspace, generating significant damage to the security or interests of the country, as well as to the life or welfare of its inhabitants.

## References

Betts R (2007) Enemies of intelligence. Columbia University Press, New York

Bruneau T (2004) Controlling intelligence in new democracies in strategic intelligence in Johnson, Loch and Wirtz, James strategic intelligence. Roxbury, Los Ángeles

Clark R (2007) Intelligence analysis, 2nd edn. CQ Press, Washington, DC

Crowther G (2017) The cyber domain. Cyber Def Rev 2(3):63–78

Esteban Navarro MA, Navarro Bonilla D (coord) (2004) Gestión del Conocimiento y Servicios de Inteligencia en el siglo XXI. Boletín Oficial del Estado, Universidad Carlos III de Madrid, Madrid

García B, Ugarte J (coord) (2018) Los macro y micro desafíos de la seguridad en democracia. Centro de Publicaciones Pontificia Universidad Católica de Ecuador, Ecuador

Gill P, Phytian M (2006) Intelligence in an insecure world. Polity Press, Cambridge, UK

Herman M (2001) Intelligence service in the information age. Frank Cass, London, UK

Heuer R (1999) Psychology of intelligence analysis. Centre for the Study of Intelligence, Central Intelligence Agency, Washington, DC

Jervis R (2012) Why intelligence falls. Cornell University Press, Itaca

Johnson L (2010) The Oxford handbook of National Security Intelligence. Oxford University Press, New York

Kent S (1966) Strategic intelligence for American world policy. Princeton University Press, New Yersey

Lowenthal M (2006) Intelligence from secrets to policy. Sage & CQ Press, Washington, DC

Maldonado C, Sancho C (2016) Strategic intelligence cooperation in South America and the South American Defense council. J Mediterranean Balkan Intelligence 7(1) Greece, pp 29–47

Olavarría M (2007) Conceptos Básicos en el Análisis de Políticas Públicas (Basic Concepts in the Analysis of Public Policies) [online]. [Chile.]: Departamento de Gobierno y gestión pública, Instituto de Asuntos Públicos, (Department of Government and Public Management) Universidad de Chile, Chile. Available from World Wide http://repositorio.uchile.cl/bitstream/handle/2250/123548/Conceptos_%20Basicos_Politicas_Publicas.pdf?sequence=1

Sancho C (2016) in Díaz, A. (ed). "Política pública de inteligencia". In "Conceptos Fundamentales de Inteligencia", Tirant lo Blanch, Valencia, España

Swenson R, Sancho C (eds) (2015) Intelligence management in the Americas. National Intelligence University, Washington, DC

# Intention to Vote by Academic Community

Lilian Gazzoli Zanotelli[1], Emerson Wagner Mainardes[2] and Rogério Dias Correia[2]
[1]Department of Psychology, Federal University of Espirito Santo, Vitória, Brazil
[2]FUCAPE Business School, Vitória, Brazil

## Synonyms

Academic voting intention; Behavior of the voter of the academic community; Perceptions of academic voters

## Definition

The intention to vote of the academic community refers to the intention to choose a candidate as educational manager by members of public educational institutions.

## Introduction

According to the literature, the intention to vote in a candidate is compared to the intention to buy a product or service by the consumer (Whelan et al. 2016). However, studies on this subject are still minor regarding the Brazilian public administration and the identification of voters' voting history in various electoral scenarios, as in public educational institutions (Whelan et al. 2016; Dassonneville et al. 2017).

Thus, this study proposes a model that relates perceptions (trust, expertise, attractiveness, image, and perceived quality) of the voters of the academic community with the intention of choosing a candidate as director in public educational institutions. To identify the antecedents of voting in an academic setting, we take into account its particularities (Hoegg and Lewis 2011; Dassonneville et al. 2017), which in this context are delimited by candidates for electoral positions represented by coworkers who have professional technical attributions. Such political perspectives of this voter from the academic community are not traditionally regarded and can generate competitive advantages in the studied scenario.

Investigating nontraditional consumers, as in an academic political context, helps to understand the factors that determine the preferences of these voters and how they behave when inserted in specific and nontraditional electoral contexts (Whelan et al. 2016; Dassonneville et al. 2017; Kirkland and Coppock 2017). Independent voters, that is, who have no ties with any political party tend to value more competency, excellence, and professional experience in the selection of their candidates (Kirkland and Coppock 2017). Thus, where the voter's choice of environment is not partisan, that is, it does not represent a traditional political scenario, as it is the case of the academic political context, the antecedents of voting may be related to factors distinct from the image of the candidates, being counterintuitive in what refers to the traditional Brazilian electoral policy.

## Consumption and Voting Behavior

According to the theory of consumer behavior, what leads a consumer to choose one product over another is the judgment of the factors that they consider important in the intention of purchasing a product. These factors are related to the preferences and perceptions that the consumer has against the desired product (Ohanian 1991; Barros et al. 2012; Whelan et al. 2016).

Just as consumers choose their products, based on their motivations during the purchase, voters choose their candidates according to their perceptions in a voting process (Newman 2002; Whelan et al. 2016). Within this context, the same assumptions that guide the purchase intention of a product also guide the intention to vote in a candidate, linking the model of consumer behavior with that of voter behavior (Ohanian 1991; Newman 2002; Whelan et al. 2016).

In both literature and practice, it is becoming increasingly common to refer to voters as consumers, using for this purpose, concepts and constructs that explain the preferences of the individual in the intention of consumption, whether of purchase or of vote (Newman 2002; Whelan et al. 2016). With this, in the study we seek to jointly relate validated constructs in consumer behavior to identify the perceptions of the voters in a nonpartisan electoral scenario, such as the academic environment (Ohanian 1991; Zeithaml 1988; Hoegg and Lewis 2011).

In the academic setting, unlike the traditional election, the candidate must meet technical and management requirements, without association with political parties, patronage, and favoritism of professional political candidates. The voter chooses their candidate in a similar way to how a consumer chooses a product, but the requirements of consumption in party elections are different in the political scenario of Brazilian

education, because in the latter the media is not present, not being inserted in this peculiar context, the academic public (Whelan et al. 2016; Dassonneville et al. 2017; Hoegg and Lewis 2011; Kirkland and Coppock 2017).

In a public academic setting, the candidacy of a political representative can only take place if they meet minimum technical competence requirements for management. In addition, the candidate must be one of the effective members of the academic community, taking participative action in it. Such requirements weaken practices anchored in political favoritism and clientelism in the appointment of political representatives to management positions, but not necessarily representing the aspirations and institutional needs (Myers 2008; Paro 2011, 2013; Whelan et al. 2016; Moraes and Teixeira 2017).

In Brazil, the local peculiarities of the electoral context influence the motivators for voting decision-making (Praino et al. 2014; Kirkland and Coppock 2017). The democratic management of education in Brazil, for example, emerged as an alternative to democratize public institutions, in order to value the quality of teaching and to leverage social protagonism and highlight professional competence (Myers 2008; Paro 2011, 2013; Moraes and Teixeira 2017).

This process of educational policy reform emerged based on the Brazilian Federal Constitution of 1988 and the National Guidelines Law and Bases of National Education (LDB), n° 9.394/96, the latter being referenced throughout Latin America. LDB guidelines aimed at promoting school autonomy and broadening the accountability of educational systems, decentralizing and democratizing school governance (Myers 2008; Paro 2011, 2013).

For example, one of the forms of democratic participation in public institutions in Brazil has been the election of school principals. In the elections, the academic community chooses and votes on the candidates: students, parents of students under the age of 18, teachers, and staff (Myers 2008; Paro 2011, 2013). The requirements to apply for the position are: having a degree, experience in public management, minimum of 3 years of academic experience, provision for training, and professional development and construction of a government plan with active community participation. A similar process occurs at universities and federal institutes in the election of rectors and directors of campuses, colleges, and departments.

In relation to valid votes, similar to the traditional context of the Brazilian elections, a second round is held between the top two candidates, with the winner taking possession at the end of the year following the elections (Myers 2008; Paro 2011, 2013). One of the main results of the democratic management of Brazilian education is that public education institutions have become more independent of partisan policies and practices of patronage and favoritism. Such practices are still quite common in Brazil's electoral scenario, mainly fomented by political party campaigns and indiscriminate influences of the media, but little present in the academic environment, which makes it a unique electoral environment, with potential to reveal knowledge not yet investigated in previous studies on electoral processes.

## Voting Intention

The process of choosing a candidate converges to the same premises of decision of purchase of a consumer, suggesting a comparison of a candidate to a product, and the voter to a consumer (Ohanian 1991; Whelan et al. 2016). For Newman (2002), the intention to vote, as well as the intention to purchase, refers to an anticipated future behavior of an individual. In an electoral context, this intention may refer to the choice of a candidate at a future date.

## Perceived Quality of the Candidate

For Zeithaml (1988), the perceived quality represents the result of the judgment on the excellence or superiority of a product or service, which is subordinate to the set of consumer values and not only to the objective quality or material of the product but its evaluation as a whole. Therefore, we suggest that in nonpartisan environments, as is the case of public educational institutions,

the quality of the candidates, that is, their excellence in the provision of services implies a possible influence on the electoral results (Kirkland and Coppock 2017).

## Trust in the Candidate

For the consumer, the perception of trust occurs through successive interactions with the product or service and its respective supplier. The consumer according to their experiences evaluates these interactions (Ohanian 1991). For the consumer, product history promotes a perception of trust, and similarly in the political sphere this trust is linked to the expectations voters have about the excellence of the personal, ideological, and professional qualities of their candidate (Akdeniz et al. 2013).

## Attractiveness of the Candidate

For Ohanian (1991), attractiveness relates to the physical attributes of a product or a representative, being perceived by the consumer as a visually pleasing and physically attractive product, as well as beautiful and elegant. In the democratic political scenario, we have found polls in which voters rate the most attractive candidates as having better quality for the professional exercise for the position (Praino et al. 2014; Nisbett and Dewalt 2016; Schnurr et al. 2017).

Voters tend to elect their candidates by physical attributes and appearance, that is, their attractiveness, judging that such representatives are more apt to assume a position of political management (Praino et al. 2014; Nisbett and Dewalt 2016; Schnurr et al. 2017). In Brazil, attractiveness appears as a relevant element for the selection of a political candidate, even in the academic world (Barros et al. 2012; Paro 2011, 2013).

## Candidate's Expertise

We believe that consumers who tend to recognize supplier expertise have more confidence in the consumption of their products or services (Ohanian 1991; Akdeniz et al. 2013). Similarly, it occurs in the electoral context, where the expertise of the candidates to occupy a management position can refer to the perception of the trust of its voters (Kirkland and Coppock 2017).

In addition, when consumers/voters have prior knowledge of a product or candidate, they tend to have the ability to assess and interpret attractiveness simply by familiarity, knowledge of their skills, and competencies to take on a specific role such as a management position (Praino et al. 2014; Stockemer and Praino 2017).

## Perceived Image of the Candidate

The image of a product can directly impact consumer trust, since a positive image reduces consumer perception of risk and consequently influences the increase of the consumer's trust for the purchase of a product (Aghekyan-Simonian et al. 2012). Therefore, the image of a product or brand becomes a relevant antecedent in the perception of trust in consumption, both in buying a product and a political candidate (Hoegg and Lewis 2011; Scammell 2015; Nisbett and Dewalt 2016).

In the electoral scenario, similarly as with consumers, such factors related to the candidate's image can increase their attractiveness in the view of the voter. This is because people often judge unknown individuals based solely on their appearance, inferring the image personality traits as charisma, for example (Hoegg and Lewis 2011; Olivola et al. 2014; Scammell 2015).

## Proposed Model

We suggest an analogy between the perceptions of voters and those of consumers, in order to verify the relations of the constructs that can directly or indirectly affect the voters' intention to vote in the academic community (Fig. 1).

The model proposes that the expertise and perceived image of the candidate should influence the trust and attractiveness of the candidate

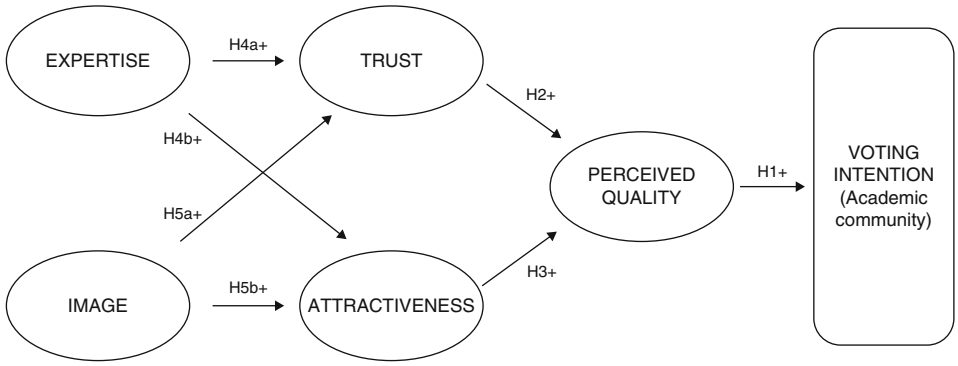


**Intention to Vote by Academic Community, Fig. 1** Theoretical model and hypotheses. (Source: Own elaboration)

because both the expertise and a good image of the candidate can make it more attractive to their voter (Praino et al. 2014; Stockemer and Praino 2017; Olivola et al. 2014; Scammell 2015). In addition, the candidate who seems to have expertise and a good image to his or her voter tends to convey more trust to the latter (Aghekyan-Simonian et al. 2012; Nisbett and Dewalt 2016; Kirkland and Coppock 2017). Both trust and attractiveness tend to influence the perceived quality of the candidate by the voter, because it indicates that the more trustworthy and attractive the candidate, this will possibly represent quality for the eyes of his/her voter (Akdeniz et al. 2013; Praino et al. 2014; Nisbett and Dewalt 2016; Schnurr et al. 2017). This may be reflected in the voting intention of the academic community, because candidates who transmit quality characteristics will possibly be preferred by their voters at the time of voting choice (Zeithaml 1988; Kirkland and Coppock 2017).

## Final Considerations

The model suggests that the antecedents to voters' choice of vote tend to be similar to those of a consumer's intent to buy a product. However, when it comes to nontraditional political scenarios, as in the case of Brazilian public educational institutions, the electoral behavior of these voters differs from the traditional model with respect to the influence of the image of the candidates in the voting process. Thus, for such voters, values linked to the professional qualities that their candidates demonstrate to the desired position can be emphasized. The study provides a theoretical model based on electoral preferences in nonpartisan electoral contexts, which can be used as a tool to strengthen technical management skills of candidates for public office.

In addition, understanding the particularities of the context in which voters are inserted helps to understand how voters behave in voting choice and what are the reasons for their decision-making. Academic elections foster the untying and emancipation of political parties, because it focuses on the attributes and curriculum of the candidates to run for the elections, strengthening the trust of the candidate's work history, technical skills, and political management. With this, it tends to minimize media political campaigns and the performance of parties through patronage and personal favoritism.

Thus, the proposed model emphasizes that what leads the academic elector to choose a political candidate over others are nontraditional factors of an electoral scenario, represented by the professional excellence of a representative who lives the work dynamics of the institutional context in which they are inserted. This shows that the elector of the academic milieu is distinguished from the traditional voter, which reveals the importance of investigating this type of voter specifically, broadening knowledge in electoral marketing, since the academic voter is rarely investigated. In other words, applying consumer models or electoral marketing indiscriminately

to the academic elector requires adaptations that meet the specificity of this public. In addition, there is a need to develop own models to explain the behavior of academic voters.

## References

Aghekyan-Simonian M, Forsythe S, Kwon SW, Chattaraman V (2012) The role of product brand image and online store image on perceived risks and online purchase intentions for apparel. J Retail Consum Serv 19(3):325–331

Akdeniz B, Calantone RJ, Voorhees CM (2013) Effectiveness of marketing cues on consumer perceptions of quality: the moderating roles of brand reputation and third-party information. Psychol Mark 30(1):76–89

Barros DF, Sauerbronn JFR, Ayrosa EAT (2012) Representações do eleitor: revendo teorias e propondo novos caminhos. Rev Adm Pública 46(2):477–491

Dassonneville R, Hooghe M, Lewis-Beck MS (2017) Do electoral rules have an effect on electoral behaviour? An impact assessment. West Eur Polit 40(3):503–515

de Moraes RM, Teixeira AJC (2017) When engagement meets politics: analysis of a Brazilian public institution. Public Organ Rev 17(4):495–508

Hoegg J, Lewis MV (2011) The impact of candidate appearance and advertising strategies on election results. J Mark Res 48(5):895–909

Kirkland PA, Coppock A (2017) Candidate choice without party labels: new insights from conjoint survey experiments. Polit Behav 39(1):1–21

Myers JP (2008) Democratizing school authority: Brazilian teachers' perceptions of the election of principals. Teach Teach Educ 24(4):952–966

Newman BI (2002) Testing a predictive model of voter behavior on the 2000 US presidential election. J Polit Mark 1(2–3):159–173

Nisbett GS, Dewalt CC (2016) Exploring the influence of celebrities in politics: a focus group study of young voters. Atl J Commun 24(3):144–156

Ohanian R (1991) The impact of celebrity spokespersons' perceived image on consumers' intention to purchase. J Advert Res 31(1):46–54

Olivola CY, Funk F, Todorov A (2014) Social attributions from faces bias human choices. Trends Cogn Sci 18(11):566–570

Paro VH (2011) Escolha e formação do diretor escolar. Cad Pesqui 6(14):36–50

Paro VH (2013) A utopia da gestão escolar democrática. Cad Pesqui 60:51–53

Praino R, Stockemer D, Ratis J (2014) Looking good or looking competent? Physical appearance and electoral success in the 2008 congressional elections. Am Polit Res 42(6):1096–1117

Scammell M (2015) Politics and image: the conceptual value of branding. J Polit Mark 14(1–2):7–18

Schnurr B, Brunner-Sperdin A, Stokburger-Sauer NE (2017) The effect of context attractiveness on product attractiveness and product quality: the moderating role of product familiarity. Mark Lett 28(2):241–253

Stockemer D, Praino R (2017) Physical attractiveness, voter heuristics and electoral systems: the role of candidate attractiveness under different institutional designs. Br J Polit Int Rel 19(2):336–352

Whelan J, Goode MR, Cotte J, Thomson M (2016) Consumer regulation strategies: attenuating the effect of consumer references in a voting context. Psychol Mark 33(11):899–916

Zeithaml VA (1988) Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. J Mark 52(3):2–22

# Inter-agency Coordination

A. H. M. Kamrul Ahsan
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Inter-agency cooperation; Managing interdependence

## Definition

Inter-agency coordination refers to synchronization of the activities assigned to agencies that are involved in pursuing a common goal. Since action of an agency leads another to act in joint project, inter-agency coordination can also be seen as managing interdependence of activities among agencies.

## Introduction

One of the most fundamental and oldest issues of administration is coordination. Coordination is considered sine quo non, while various units of an agency or different agencies are involved in getting things done together. In multiagency

settings where resources not limited to financial, informational, advisory, and technical are held in possession of and controlled by the different agencies, none of the agencies can work in isolation. Rather, there is a striving need to have cooperation among them aimed at achieving coordination of their activities. However, the obvious end of coordination is to have a harmonious relationship among relevant actors by synchronizing their actions in order for achieving goals for which they act together. The lack of coordination fails to avoid discord, friction, chaos, and confusion that ultimately lead to inefficiency and ineffectiveness in the activities of agencies involved. This in turn causes wastage of resources including time and energies.

## Meaning of Inter-agency Coordination

"Research and literature on inter-agency coordination is extensive" (Jennings 1994:53), and thus the meaning of it has been numerous. Simply, coordination refers to a way of either ensuring synchronization or creating coherence in and among the discrete functions of different agencies doing something together. To be specific, the need for coordination arises from dependency. If inter-dependency does not exist, there is no need for coordination. Thompson (as cited in Mintzberg 1979) identifies three types of interdependencies: pooled, sequential, and reciprocal. In the case of pooled interdependence, each otherwise independent entity contributes to the whole. Sequential interdependence occurs when the output of one's action is the input of another; in case of reciprocal interdependence, each stands in between the first two (i.e., the input and output of each action are sent and received by each other (Mintzberg 1979)). However, coordination is concerned with the management of interdependencies between activities to be performed for achieving a common goal. Existing literature on coordination figures out two generic components of coordination. One of them is horizontal coordination and another is vertical coordination.

While the former is known as inter-agency coordination, the latter ones are treated as intra-agency coordination. Inter-agency coordination takes place across the agencies that are considered to be independent from each other. To Seidman and Gilmour (1986: 224), inter-agency coordination is "both a process-the act of coordinating-and a goal: the bringing together of diverse elements into a harmonious relationship in support of common objective." Intra-agency coordination is ideally what is concerned with managing the activities of an agency. However, inter-agency coordination is more voluntary and personal mode oriented, whereas intra-agency coordination is more formal and based on hierarchical structure of the agency (Tsai 2002; Verhoest and Bouckaert 2005 cited in Christensen and Lægreid 2008). However, the focus of this paper is inter-agency coordination. Inter-agency coordination is required when various agencies act together for achieving a goal. So, the main thrust of inter-agency coordination is to determine who does what, when, and how in order to accomplish their respective tasks. In this regard, inter-agency coordination can be defined in terms of three types of linkage activities: information sharing, resource sharing, and joint action (Honadle and Cooper 1989). Information sharing essentially refers to interaction that takes place among interacting agencies. One agency lets another or others know what it is doing. Resource sharing means that resources that are in possession of and controlled by an agency are allocated to another. Joint action entails two or more entities, which undertake collaboratively some activity together, either sequentially, reciprocally, or simultaneously (Alter and Hage 1993).

## Mechanisms Used for Inter-agency Coordination

As noted earlier, inter-agency coordination is required, while various agencies get things actually accomplished together. This means that inter-agency coordination has been synonymous with managing interdependencies. However,

dependency among the agencies can easily be managed if they remain aware of these facts as to who will do what, when and how, who needs what, and whose action will lead whom (Brinkerhoff 1996). The degree to which agencies remain aware of who will do what, when, and how depends largely on the degree to which necessary resources – financial, technical, informational, and advisory – are shared among them on time (Honadle and Cooper 1989). Now the question that arises here is how resource sharing among agencies will be done. There are some mechanisms through which resources are shared. This in turn ensures coordination of their activities. However, the mechanisms that are used for ensuring inter-agency coordination can be grouped into whether they are formal or informal. Formal mechanism of inter-agency coordination may be of written laws, rules, and regulation, pre-established plans, standardized operating procedures, committee system, and standardized information and communication systems. On the other hand, informal mechanism that is used for ensuring inter-agency coordination may include personal communication, agency culture, and lateral relationships.

Approaches that are embedded into formal mechanism describe who will do what, when, and how. When function of agencies becomes specified, there exists no confusion among them. Rather, each remains informed of function assigned to them. Moreover, they also remain aware of the timeframe and procedure to be followed for accomplishing assigned function. Most unique features of formal mechanism are employees' adherence to agencies' practices and no disruption of their personal life. These have established formal mechanism as the most effective way of ensuring inter-agency coordination. However, despite having such uniqueness formal mechanism of inter-agency coordination is sometimes encountered with the problems that impede the process of ensuring coordination. Such problems are lack of willingness of persons concerned to follow procedure, lack of specification of the procedure used, lack of relevance of the procedure with the context to be studied, lack of existence of a strongly legalistic administrative culture, and lack of the favorable agency politics (Chisholm 1989; Peters 1998).

On the contrary, informal mechanism happens to be a way of either receiving resources from or passing on it to relevant agencies. Moreover, informal mechanism is synonymous with interaction that takes place suddenly upon the need to contract relevant actors. The main theme of interaction is communication that takes place informally bypassing the formal way of communication. Visibility of interaction remains absent, while it takes place through a set of norms, beliefs, and value system that are embedded into cultural compatibility to be found among the agencies. On the other hand, interaction among relevant actors clearly appears while it takes place through the approaches of informal communication. Among others, approaches of informal communication include personal contacts over telephone, face-to-face conversation, and direct request. A high level of mutual trust is required to exist among the agencies when informal mechanism is used for ensuring coordination among them. However, informal mechanism is also claimed to be an effective way of ensuring inter-agency coordination (Ahsan and Panday 2013; Chisholm 1989; Mintzberg 1979; Seidman and Gilmour 1986). The benefits of using informal mechanism over formal ones are free from agency politics, less time-consuming, flexible, spontaneous, facilitating, and innovativeness and novelty of issues to be dealt with (Chisholm 1989; Dalton 1959 as cited in Mintzberg 1979). However, informal mechanism of coordination is not out of problems. Such problems are lack of documentation of the approaches followed and the turnover of the members of agencies. However, these problems affect the process of ensuring inter-agency coordination severely.

Now the question that arises here is: Which one is best to follow? There is no straightforward answer to this question. However, what can be said is that formal mechanism of coordination works better in those countries, which have a strong legalistic administrative practice. Conversely, the high level of mutual trust is required

to work among the actors when informal mechanism is used for ensuring coordination among them. So, the use or application of a particular mechanism may not be effective for achieving coordination to all circumstances. As for example, a country may culturally be very rich but may not have strong legalistic practice or vice versa. Moreover, there is another view point, and according to it, the use of mechanism depends on several issues that include policies and context of the agencies, nature of the activities to be coordinated, and most importantly suitability of mechanisms with the preferences of the agencies. Since agencies are not homogenous entities, a particular mechanism that may work better for an agency may not be suitable for another. Thus, an effective strategy for achieving better coordination is to ensure simultaneous use of both the mechanisms.

## Nexus Between Formal and Informal Mechanisms

Agencies are built on both a specific period of time and a set of organizing principles. Organizing principles are not only a bundle of the written rules and regulations but also considered a glue that guides the agencies to achieve their goals. Moreover, agencies are required to follow the relevant rules and regulations that are embedded into their organizing principles while getting things done alone or with others. One of the most important functions of an agency is coordination that is subject to follow the relevant rules for its achievement. But, while using the rules as mechanisms, coordination may not always be effective due to the problems associated with the rules followed. That is why agencies are required to adopt strategies for avoiding those problems. Otherwise, overlapping, duplication, and even contradiction may appear in their operations, and any of these may lead to wastage of resources including time, energy, and most importantly financial resource that is always limited than necessity. Thus, it is said that although inter-agency coordination can easily be attained through formal procedure, it needs to be supplemented with informal procedure for taking care of the problems associated with formal procedure. Moreover, although reciprocal predictability of actors' action on the basis of formal procedure can easily be made in well advance of getting things done, their actions in any case of emergency that requires sudden cooperation from each other can neither be predicted nor be managed through the specification of formal mechanisms. Thus, formal procedures necessitate the use of informal mechanisms to take care of the problems associated with them. This is because informal procedures are not required to follow any formalized behavior; rather, it builds on informal relationship and is characterized with few unique qualities such as less time-consuming, flexible, spontaneous, and facilitating. By virtue of these qualities, informal procedures facilitate the process of ensuring coordination by compensating the problems of formal procedures.

## Conclusion

There are debates over the use of both the formal and informal mechanisms of coordination in the history of organization studies. Both mechanisms have specific benefits and costs. This means that agencies cannot overcome the problems that are associated with mechanism used unless and until a supplementary means is employed. To be specific, overcoming the problems associated with formal procedure necessitates informal procedure to use. In other words, failure of the formal mechanism breeds the necessity of employing informal mechanism, and informal procedure facilitates the formal mechanisms and compensates for its shortcoming. However, conclusion can be made by saying that a combination of both formal and informal mechanisms can ensure better inter-agency coordination.

## Cross-References

► Interorganizational Networks in the Context of Arts and Culture

## References

Ahsan AHMK, Panday PK (2013) Problems of coordination in field administration in Bangladesh: does informal communication matter? Int J Public Adm 36(8):588–599. https://doi.org/10.1080/01900692.2013.772626

Alter C, Hage J (1993) Organizations working together. Sage, Newbury Park

Brinkerhoff DW (1996) Coordination issues in policy implementation networks: an illustration from Madagascar's environmental action plan. World Dev 24(9):1497–1510. https://doi.org/10.1016/0305-750X(96)00046-0

Chisholm D (1989) Coordination without hierarchy: informal structures in multi-organizational systems. University of California Press, Berkeley

Christensen T, Lægreid P (2008) The challenge of coordination in central government organizations: the Norwegian case. Public Org Rev 8(2):97–116. https://doi.org/10.1007/s11115-008-0058-3

Honadle G, Cooper L (1989) Beyond coordination and control: an inter-organizational approach to structural adjustment, service delivery, and natural resource management. World Dev 17(10):1531–1541. https://doi.org/10.1016/0305-750X(89)90025-9

Jennings ET (1994) Building bridges in the intergovernmental arena: coordinating employment and training programs in the American states. Public Adm Rev 54(1):52–60

Mintzberg H (1979) The structuring of organizations: a synthesis of the research. Prentice-Hall, London

Peters BG (1998) Managing horizontal government: the politics of co-ordination. Public Adm 76(02):295–311. https://doi.org/10.1111/1467-9299.00102

Seidman H, Gilmour R (1986) Politics, position and power: from the positive to the regulatory state, 4th edn. Oxford University Press, New York

# Intercultural Communication in the University: Policy and Practices

Yick Wah Leung and Baohua Yu
Department of English Language Education, The Education University of Hong Kong, Tai Po, Hong Kong

## Introduction

Due to the increasing globalization of higher education, there has been a dramatic increase in the number of nonlocal students enrolling at different Universities across the world, including Hong Kong. In recent decades, Mainland China has become the major source of international students in Hong Kong Universities. There has been a rapid growth of 233% increase in 2018/2019 compared to the number of non-local students in 2008/2009 (University Grants Committee 2019).

Advocate for the recruitment of non-local students believe that this can raise students' intercultural awareness as well as preparing them for the globalized economy. In addition, it is generally agreed that Mainland China and Hong Kong share the same Chinese cultural heritage which originate from Confucius's heritage and the similar character writing system (Xu 2013; Ma 2015).

However, the establishment of an intimate relationship between Hong Kong and Mainland China students is found to be difficult. This is due to different socio-cultural backgrounds and different University context that Mainland China students find uncomfortable (Ma 2015). Yet, there has been little systematic study to explore the initiatives that the host Universities can embrace to enhance the intercultural communication between Hong Kong local and Mainland students.

In this study, we sought to develop an understanding of what constitutes effective and ineffective policies for the enhancement of Mainland-Hong Kong students' communication. This was achieved by eliciting the perspectives of the university and students. Through semi-structured interviews and document analysis, we examined the students' views about the university support and arrangement. By placing the discussion in the specific context of Hong Kong, this study expects to enrich the overall understanding of the students' needs and University practice.

## Literature Review

### Intercultural Communication for Nonlocal Students

Intercultural communication is an important component for the successful adaptation of non-local students in the host University. It is suggested that

having sufficient intercultural communication could increase the level of sociocultural apprehension towards the local community (Williams and Johnson 2011). By having successful experience of intercultural communication, students would be more likely to attend the multicultural events or study abroad activities, which further develop their openness to other cultures. By contrast, nonlocal students with no intercultural communication with local peers would have poor sociocultural adaptation and feel socially isolated by the local community (Williams and Johnson 2011). Different from the psychological or academic adaptation, it is worth noting that the difficulty of sociocultural adaptation is that it does not improve over time. The student who feels socially isolated in the first year would avoid the intercultural contact and find it more difficult to make local friends (Marginson et al. 2010; Gareis et al. 2011).

Regarding the intercultural communication between students from Mainland China and local students worldwide, most researchers focused on the insufficient language proficiency. It serves as a communication barrier, which isolates nonlocal students from the host-community and make them struggle with the discussions or oral presentations in the classroom (Sawir 2005; Yu 2009). Consequently, this affects the nonlocal students' academic performance in the University (O'Reilly et al. 2010).

It is generally agreed that those students with higher host-language proficiency would have more confidence in communication. However, some researchers argued that they are not always correlated. For example, Jacob and Greggo (2001) found that nonlocal students often overemphasized their own mistakes and avoided to make mistakes by reducing intercultural communication. Previous studies also suggested that such language anxiety would restrict the development of intercultural understanding even when there is an opportunity for social interaction (Yates and Wahid 2013; Yu 2013).

While the language researchers highlighted the importance of host-language proficiency, the sociologists tend to focus on the incompatible cultural features. For example, Yeh and Inose (2003) study found that Asian international students may experience more difficulties when interacting and attempting to make friends in a Western culture that emphasizes individualism, assertiveness, and self- sufficiency over interdependence and relatedness. Chen (2005) compared the Asian and European students and reported that Chinese students are more likely to develop the co-national friendship with a common background. Chen (ibid.) explained this phenomenon using the collectivist culture, which emphasizes "*integrity, in-group membership, and high sociability*" (p. 38). These studies often adopted the Cultural-Distance Theory, which explained the adaptation difficulties of the Chinese student by the incompatible cultural difference.

In previous local studies, less attention has been paid to sociocultural difference between Mainland and local students. As mentioned before, this is because they share the same Chinese cultural heritage which originates from Confucius heritage and the same character writing system (Ma 2015). Instead, emphasis is placed on the relationship between the University policy and the student. It is reported that Mainland students is lack the opportunity to interact with locals as Hong Kong people are detached and lead very busy lives. In this case, Mainland students feel uncomfortable to approach the local people either for help or a friendly chat (Pan 2007). Even their friendship is initiated, the Mainland students would find it difficult to have meaningful contact with local peers, often due to the lack of common topics of conversation (Chiu 2014) and superficial conversation (Lu 1998; Chen 2016). The Mainland-HK friendship is even described as a "fleeting" relationship, which is difficult to maintain and develop (Yu and Zhang 2016).

## University Support of Intercultural Communication

To facilitate the intercultural communication between students, the Universities are expected to take a more active role in promoting more intercultural interaction. In the literature, the major university-centralized support could be categorized into two types: to equip students with satisfactory level of host-language proficiency;

and to offer the opportunity for intercultural interaction (Chiu 2014).

#### University-Led Activity

Arguably, host-language proficiency is the key communication competence for effective communication (Ward and Kennedy 1994; Yu and Watkins 2008). Therefore, many host-institutions have designed different language training courses for improving the communication skill of nonlocal students (Kudo and Simkin 2003; Allen et al. 2008). However, some critics argue that those courses may not be so effective as few of them involved the natural expression in the real context (Kudo and Simkin 2003; Allen et al. 2008). Also, Mainland students were lack the opportunity to use Cantonese in daily life due to the rare interaction with local peers (Chiu 2014).

To promote more opportunities for interaction, the Universities also try to organize different social activities such as off-campus cultural visits (Spencer-Oatey and Xiong 2006), joint research programs and field trips (Zeng 2006), and buddy programs (Chan 2010), yet their effectiveness remains doubtful (Chiu 2014).

#### Student-Led Activity: Social, Cultural, and Other Extra-curricular Activities

In the literature, many researchers considered extra-curricular activities as a means for nonlocal students to develop host-national relationships in the new cultural environment (Hendrickson 2018). They could gain social capital and resources directly from group members and through the connections these members have with other associations (Lin 2005). Students could also build their social networks and host national connections through club membership (Neri and Ville 2008; Mittelmeier and Kennedy 2016). Like individuals, each organization varies in terms of the types of connections and network resources they afford members (Lin 2005). Affiliation with these groups could offer additional connections and information regarding host national communication patterns.

On the other hand, the university will sponsor different types of student activities every year, such as the student union, sport teams, and Hostel Residents' Committee. Though their main purpose is not for building intercultural relationships, these activities are often reported as the main platform for intercultural interaction (Chan 2010; Harryba et al. 2013; Spencer-Oatey et al. 2014).

Although it is generally agreed that the University has played an important role in facilitating intercultural communication, there is no common consensus on whether the University should offer support directly or decentralize its responsibility to students.

#### Practical Activity: Daily Interaction in the Campus

Regarding the opportunity of interaction, a growing body of literature has focused on different intercultural interaction in daily life. Pioneered studies on international students found that housing international students with local students increases the opportunity for students to have contact with the host culture (Savicki 2010), and students tend to establish intercultural friendships in situations where efforts to initiate relationships are minimal (Kudo and Simkin 2003).

On the other hand, the classroom is considered as another setting that offers an opportunity for friendship development through consistent contact and group projects (Stearns et al. 2009; Ruan and Zhu 2015). It situates students in proximity with host nationals who share academic interests (Bennett et al. 2013) and facilitates interaction through team learning (Rienties and Tempelaar 2013).

### Debate About the Role of University in Intercultural Communication

The debate about the university-centralized support mainly centers on three major themes: whether it raises administrative efficiency, whether it addresses the specific needs of students, and whether it encourages the active participation of students and thus improve the quality of interaction.

Advocates for centralized-planning argue that this allows the university-manager to make decisions and coordinate the overall activities more easily. It also ensures a more systematic and substantial support to the nonlocal students (Gonzalez 2009; Nieri 2012). At the individual

level, it is argued that the centralized-planning support allows for better response to the specific students' needs. By contrast, advocates for student-directed planning could develop more relevant activities that are best suited to students' needs and interests. At the same time, the decentralized approach would guarantee more voluntary participation of students, which leads to more student's motivation (Preedy and Jones 2017).

Although considerable effort has been made to explore different possibility of the university support, rather less attention has been paid to whether and how the university and teachers may facilitate the intercultural communication and friendship development.

To sharpen the discussion focus, this study explores the staff and students' views on the current University support for Mainland students and what expectations they hold. The following research questions are proposed:

1. From the students' view, which university's initiatives are considered as the most effective (and least effective) with regards to the Mainland-HK friendship development?
2. How do the existing university's initiatives contribute to the development of Mainland-HK friendship?

## Research Method

### Research Design

To address the research questions, a multiple case-study design was adopted. It is often seen as prime examples of qualitative research which allows the researcher and the participant to illuminate or draw attention to different context and express the subjective meanings that people bring to their situation (De Vaus 2001).

### Sampling

The invitation letter was sent to all students (Year-2 or above). The study involved 24 University students (12 Mainland and 12 HK students) who were recruited from a medium-sized Hong Kong University. Using semi-structured interviews, the students were asked to share their experience of intercultural Mainland-HK friendship formation. The interviews were conducted in Cantonese or Putonghua, depending on the participants' native language.

On the other hand, the executive manager of Student Affairs Office (SAO) was invited to participate as the key informant in an interview. SAO is the main unit which provides the major support to all Mainland students, while the executive manager is responsible for the planning, coordination, and evaluation of all activities. It was assumed that the key informant interview could represent the university's view and give us first-hand knowledge about the university's position. The interviews were audio-recorded with the endorsement of participants.

All participants were required to fulfill the following criteria: (i) being enrolled on a Full-time Undergraduate or Postgraduate program; (ii) having been living in Hong Kong for more than 12 months; (iii) having arrived in Hong Kong less than 6 months before the program started (Mainland students only); (iv) having reported as having a satisfied level of intercultural communication with HK students (or "with Mainland students" for HK participants). It was assumed that students with study period over 12 months could have had enough peer-interaction and offer sufficient data for analysis, while the nonromantic friendship can ensure that the reported experience could have a less emotional bias.

### Data Analysis

After the data collection, constant comparison approach was used as the analysis strategy to organize the interview transcripts, where the data collection and analysis are not independent phases but a continuous cycle (Glaser 1967). The new data were continuously compared with the initial categories, and new categories created when the new data could not be embedded in any of the existing groups.

In practice, the constant comparison approach involved going through a three-level coding process (open, axial, and selective coding) from the most descriptive to the most interpretative level (Miles and Huberman 1994; Creswell 2009).

## Findings and Discussion

In this study, a considerable majority of students (n = 24, 82.8%) reported that the University has tried to facilitate the intercultural communication through different activities. In addition, 60% (n = 6) Hong Kong students and 42.9% (n = 6) Mainland students agreed that the University's initiative is effective in facilitating the communication between Mainland and Hong Kong students (Table 1).

**Intercultural Communication in the University: Policy and Practices, Table 1** Students' view about the effectiveness of university's initiative

| | Hong Kong students (N = 12) (%) | Mainland students (N = 12) (%) |
|---|---|---|
| The university has encouraged the intercultural communication | 83.3 | 75 |
| The university has not encouraged the intercultural communication | 16.7 | 25 |
| The university's attempt is effective | 58.3 | 41.6 |
| The university's attempt is not effective | 41.7 | 33.4 |
| Neutral | 0 | 25 |

Regarding the types of university initiatives, seven main categories emerged from the students' perspective. It was found that the student-led activities (Orientation Camp and Student's society) were reported as the most effective ones (49%), while 36% of the students selected the university-led activities, including Cantonese course, Buddy program, and cultural tours, and shared their experience in the interview (Fig. 1).

### Effective University-Initiative as Perceived by Students

#### Orientation-Camp, Student Society, and Other Extra-curricular Activities

In the interview, the extra-curricular activities were reported as the key to build the Mainland-HK friendship. In general, three kinds of activities were identified: (i) practical activities, (ii) physical and social activities, and (iii) cultural activities of common interest.

**Practical Activity During the Overseas Exchange Program** In the interview, many students considered the overseas exchange as the key event which promotes their friendship development. For example:

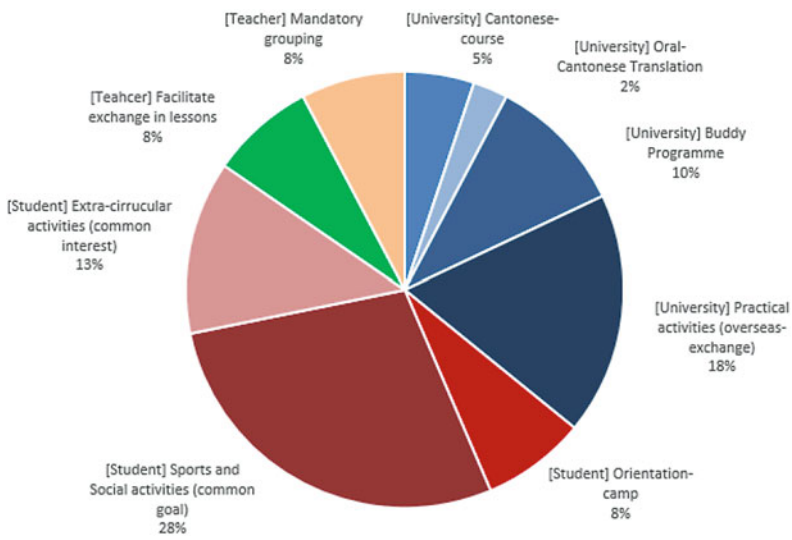


**Intercultural Communication in the University: Policy and Practices, Fig. 1** Effective university's initiative as perceived by students

> When I visit foreign countries together with my (Mainland) friends, I had a strong sense of "national identity" and felt that both of us are Chinese . . . it gave us a dynamic context to face an unfamiliar world together, which I had never experienced before (HK-01)
>
> We will perceive greater similarity in Australia. We speak Cantonese, face the same challenge, and solve everything together in a united group. Different from Hong Kong, we are not host or guest anymore. (ML-04)

The above finding is consistent with previous studies, which suggested that more frequent interaction would reduce intergroup anxiety or develop a more positive attitude towards other cultural groups (Masgoret and Ward 2006). More than that, it shows a quality shift from acquaintance to friends in the overseas exchange program. It is because the commonality would be particularly highlighted in such an unfamiliar environment. Also, Mainland and Hong Kong students must resolve the unknown challenge in academic and daily life together. Not only could it blur the original host-guest boundary but also converge different cultural values and identities through establishing another inclusive identity "Chinese" Their identity and the cultural difference would then recede into the background (Lee 2006).

**Sports and Social Activities (Common Goal)** The interview demonstrated that the students with close Mainland-HK friendship often involved in a variety of sports or social activities, such as Sport team, Student Hostel Committees, Student unions, or other different student societies. Several students stated that they made most of their local friends in extra-curricular activities outside the classroom, and met their best friends there (ML-03/ML-10/ML-08). A Mainland student elaborated on the role of extra-curricular activities as below:

> We got to know each other when we joined the dragon boat team. We trained together after school, and meet again in the classroom. We often sat and did most of the project together (ML-08)
>
> The most useful one is the Hall-Management Committee. I am a member of the "secret-sharing group," which is responsible for listening to the unhappy experience of others, no matter their quarrel with boyfriends, or their academic struggles. It helps us make good friends and increases our mutual understanding with each other. I become less hesitant to disclose myself as well. (ML-03)
>
> In the orientation-camp, you work together to achieve different tasks and live together for several days. It is easy for you to become familiar with each other (ML-04)
>
> I will suggest the upcoming student to join volunteer activities, the orientation camp or student society. They could help them to integrate into the local community and make many friends (ML-10)

This finding is consistent with the previous study which states that international students would moderate access to the informal culture of the local community and lead to better sociocultural adaptation through participation in recreation activities (Glass et al. 2014). Through the participation of different social activities, students interact with others who have a similar goal, where neither local students nor Mainland students have to make additional efforts to spend a considerable amount of time together and meet regularly. On the other hand, the team-duty encouraged a wider and deeper self-disclosure (ML-03/ML-04). Also, the student alluded to the solidarity that stems from sport-team and its extension to other social activities (ML-08).

Moreover, to achieve the common goal of the whole team, it is important to build up a team spirit and tacit knowledge between each other. Similar, to the overseas exchange, a relational identity, e.g., dragon-boat team member, would be established during the activity and blur the background identity between each other.

**Extra-curricular Activities (Common Interest)** In the past, numerous studies reported that common interest breeds connection and liking. Not only does it contribute to initial attraction, but also the development of close friendship bond (Parker and Seal 1996; McPherson et al. 2001; Ellis and Zarbatany 2007). It is also reflected in the interview:

> At first, she is a friend of my roommate. Once, I cooked something and posted it online. She gave me a "like," and we started chatting with each other. She loves cooking as well and invited me to cook together. I also invited her to come and cook her dinner (ML-09).

Moreover, it was particularly important for those not living in a hostel and have little to no contact with local students in the class (ML-09). The above student suggested that the cooking party and Christian's weekly gathering are the main connections with her local friend, because their study schedule are completely different from each other. Besides, it is worth noting that the selection of extra-curricular activities is sometimes regarded as a way to build up the personal image:

> The new students should join the student activities, which could show your strength. . . Once you could show your strength, other students will approach you directly. If you are the weakest one in the team, and everyone looks down to you, you still cannot make friends even if you join all sessions (ML-11)

The above finding is consistent with the previous literature, which state that the extra-curricular activities could facilitate the intercultural interaction and communication (Chen 2016; Glass et al. 2014). It is also regarded as an opportunity to build a more desirable identity by showing personal strength. It reflects that, in their view, selecting a more favorable context, rather than personal factor is more important to their friendship development.

### Matching Buddy: Ambassador Program and Mentorship

Apart from the extra-curricular activities, the University has launched the buddy program "I-ambassador," which is the second most frequent shared activity in the interview (10%). In the mentorship program, the senior local or Mainland students would be recruited as the student-mentors. They would be responsible for two parts: (i) Tea-gathering: Sharing their experience and precautions that the new students take while living in Hong Kong; (ii) Plan and lead some activities (such as cultural tours, hand-out workshops or Movie nights) to share own cultures.

In general, the buddy program is highly appreciated by the Mainland students as it could help them adapt to the campus life smoothly by being responsive to their individual needs:

> The most helpful one is the buddy programme. An experienced Mainland student is arranged to give us advice on everything. When I am not sure what I should prepare for a certain event, or what precaution I should take care of, she can give us useful advice (ML-03).

From the above, the mentor could provide more detailed advice to Mainland students on an individual basis, and help them better prepare for the unknown challenge. It is of particular importance for supporting the nonlocal students. It is because most nonlocal students do not know what they need or what precaution is required until they face some difficulties.

The advice from the senior Mainland students, however, may not always be accurate. For example:

> Many new Mainland students may ask mentors whether Hong Kong students discriminate against mainland students, or if it is difficult to integrate into local community. The mentor often says there will be discrimination. . . However, you still have to experience it yourself. Their experience could be a reference, but you should not completely believe others. Don't label Hong Kong students before meeting them (ML-08)

From the above, it seems that the sharing session may increase the risk of intercultural anxiety due to the subjective and biased-views of the senior student. To prevent the biased view, therefore, the University should coach the student-mentors first and help them to express their views in a neutral way.

### Language Support and Enhancement

In the interview, the SAO particularly emphasized the importance of Cantonese-learning course and suggested that it is the most welcomed activities among Mainland students:

> We have five "Survival Cantonese Workshops" this year, and they have been full already . . . We will teach the common Cantonese words and phrases in different contexts, such as transportation, ordering food, go shopping etc. Every course includes two sessions, where the student could freely sign-up (SAO)

It is consistent with the students' view, which agreed that the course is helpful for them to learn Cantonese through diversified themes. Moreover, this was considered as another platform for making friends:

> When we arrive, there is a Cantonese-speaking group. I could learn Cantonese from Hong Kong peers. It is very interesting, and my Cantonese proficiency has been improving significantly (ML-01)

> If you'd like to make more Mainland friendship, I suggest you join the learning activity of ASLLC (Arthur Samy Language Learning Centre). You can find the language learning series, or one-off workshops about English, Putonghua and other third languages there. Most students are from Mainland China, and you can make friends easily (HK-04)

Though only 6% students talked about the Cantonese-learning course, it does not mean that it is not important, since almost half of the Mainland students highlighted the pivotal role of Cantonese-proficiency in the friendship development with local students. Also, Cantonese is frequently reported by Mainland students as the main barrier to local activity participation stage (ML-06/ML-03/ML-12).

The less perceived importance of Cantonese-course is probably because the students prefer to learn Cantonese in practice, rather than attending the courses. However, this study showed that the students still lack of confidence to speak Cantonese, which and join Cantonese-speaking activities:

> When I was invited to local activities, I would firstly ask if they can speak Putonghua. If yes, then I will go. If English, I will hesitate, but can still attend. If all Cantonese, I will surely not join (ML-09)
>
> When there are Mainland students in the classroom discussion, we seldom talk with each other and discuss with co-national peers separately. My Cantonese is so poor, so do they. (ML-01)

The above sharing showed that the intercultural communication is more dependent on the language confidence, rather than the actual language proficiency. As noted by Dörnyei and Schmidt (2001), "*language learning is one of the most face-threatening university subjects*" (p. 9), while the language learning anxiety is weakest for children, and strongest for adults (MacIntyre et al. 1998), which would affect their L2 usage in a host-community that they are unfamiliar with (Clement and Noel 2001). It revealed that more encouragement of speaking L2 from the school is needed, rather than solely providing students with language training.

Moreover, it is found that some Mainland students hold a subjective expectation of local's language choice:

> Some Hong Kong people are not willing to speak Putonghua. This is not because of poor proficiency, they just do not want to speak it: "Why should I speak Putonghua? Why would the University develop Putonghua curriculum? The Mainland student should integrate with us, we should not accommodate them" (ML-03)

From the view of Mainland students, the willingness to speak Putonghua (PTH) is considered as an indicator of local's hospitality, whereas it is not agreed by the SAO and Hong Kong students:

> Do in Rome as Rome does. The Cantonese is the mother-tongue of most local students, it is unrealistic for you to ask local students to accommodate you. If you need to integrate into the local community, you must try to speak (Cantonese) (SAO).
>
> I am not good at Putonghua. I thought both of us should compromise and use English, which is the second language for both of us. There is no reason to expect me to follow you. If people do not understand what you say, and you still insist, no one will want to communicate with you (HK-04)

The unrealistic expectation of Mainland students may be explained by the concept of Language standardization. When the Putonghua becomes the national language and acquired prestige, all dialects would be considered as the unstandardized language and need to be "corrected" (Rosa 2016). The Mainland student may not place such expectation on the local student in English-speaking countries, but Hong Kong, as it is already a part of China.

## Less Effective University-Initiatives as Perceived by Students

### Cultural Event and Tour

Every year, the University organizes different visiting activities, such as the cultural Tour to Central District, Tsz Shan Monastery, and Legislative Council in 2018/2019 (SAO 2019). In the view of introducing Hong Kong, the local cultural tour may be a successful event, whereas it is an ineffective approach to facilitate intercultural interactions as perceived by Mainland students:

> I joined the SAO activities before. Most participants are Mainland students, and most Hong Kong students are over year 3. The local peers in the same cohort seldom join us. It occupies too much Wednesday and Weekend time, which is their "golden time" to concentrate on their own work (ML-05)
>
> Most SAO activities are designed for the Mainland students, such as the visit to the peak and the Stanley beach, whereas there were only very few local students. Perhaps they have been there many times already (ML-09).
>
> I have joined a visiting tour to Stanley. However, the local students would only play among themselves, so do the Mainland students. We seldom communicate with each other (ML-01)

The above sharing revealed two problems (i) lacking attractiveness to local students and (ii) unfitting schedule. It is consistent with Chiu's study that most off-campus cultural visits are not attractive enough to local students and this makes the activity no more intercultural (Chiu 2014). Indeed, the SAO manager also acknowledged the problem, whereas he suggested that they still have to focus on the Mainland students' interest first as it is their main responsibility. Also, it is unrealistic to focus on attracting local participants. It is because they have too many activities, such as doing part-time or maintaining other local social networks.

Instead of recruiting local students as participants, the SAO manager focused on inviting more local student-mentors and expected that individual friendships would be developed through the mentor-mentee interaction. SAO would encourage local students in different ways.

First, SAO would provide the "letter of achievement" so that the student-mentors could claim their intercultural experience in their CV (curriculum vitae). Second, the SAO would provide the opportunity for local students to express their strength by organizing different events. For example, SAO would recruit the students who are majoring in Chinese Education to be the Student Instructors. SAO only coach them briefly at the beginning, and they would prepare all teaching materials and have the full autonomy to plan the Cantonese-lesson. Third, SAO would seek financial support from the University and recruits the student-mentors with a Part-time salary. Although different incentives were provided, the SAO admitted that the self-willingness of intercultural interaction is still the main reason that attracts local students to join.

### Accommodation Arrangement

Besides the SAO support, the university arrangement mainly involves student's accommodation, administration, and infrastructure, where the students were grouped in the class, hostel or program randomly. In this interview, the students were aware of whether they could provide a rich opportunity for intercultural interaction:

> Our hostel would try to group the students with the same language or cultural background. Students with different cultural background seldom live together... Mainland students often have higher priority when getting hostel accommodation and choose their roommates from the co-national peers (HK-01)
>
> The Mainland students in the hostel have a strong social tie, whereas most local students live at home and always rush to the shuttle-bus station immediately after the lesson. Though we are in the same campus, we seldom meet each other outside the classroom (ML-04)

The above finding showed that the hostel accommodation is considered as an important platform to maintain frequent intercultural interaction. However, the cultural difference is considered as a potential problem in the view of hostel manager, rather than an opportunity of sharing. It may be a reasonable arrangement in the managerial perspective, whereas it may also reduce the opportunity of intercultural interaction in daily life.

### Mandatory Grouping at the Classroom Level

Although the previous section suggested that physical propinquity plays an important role in intercultural communication and relationship development, it is not entirely applicable to academic activities. In this study, 20% students reported that their lecturers tried to promote intercultural communication yet its effectiveness still debatable as some of these initiatives are reported to be ineffective as well.

According to the interview, the lecturer would have three ways to facilitate the Mainland-HK

communication in the lesson. The first way is to include it in the grading criteria:

> We seldom communicate with each other until the lecturer stated that he only gives high grades if we ask questions to the presenter. Then the Mainland students started to approach me (HK-01)
>
> The lecturer will ask us to include non-local students in every group for classroom discussion (HK-02)

The second way is to include Mainland students during the instruction, which the Mainland students are invited to share their first-hand experience to verify the teaching materials:

> Our topics often involve the comparison of education systems between Taiwan, Hong Kong and Mainland China. The lecturer would invite us to share the experience, and the local students are so interested in our sharing. We often continue the sharing during the break. (ML-09)

In the interview, the Mainland students reflected that they are more comfortable with this one, though such one-to-group setting hardly leads to further communication after class. However, some lecturers may not have careful consideration about it, which may unintendedly create the intercultural conflict:

> The lecturer plays a game and invites us to share the first impression about Mainland people. My groupmate suggested "dirty" and "noisy," which makes me really angry. So I also say "Kong Girl" (Girls with undesirable personality, e.g. materialistic, self-centered and bad-tempered) when describing the Hong Kong people (ML-08)

The third way is to implement the "mandatory grouping" in group project. However, it is not welcomed by local students. For example:

> When the lecturer asked us to accept her, we were a bit hesitant as we were worried about the communication. And, she seems to be quite sensitive. However, it is only a micro-teaching, which should not be a problem (HK-04)
>
> During the classroom discussion, I only talk with my friend, and she discusses with her Mainland peers also. Though we are in the same group, we would discuss separately. My Putonghua is so poor (HK-02)
>
> The Mainland students may be marginalized if they are the minority in the group. . .The lecturer could encourage us, but it is still students' own choice on whether they accept or not (HK-01)

The ineffectiveness of mandatory groupings is related to the fact that it violates the voluntary nature of friendship (Pahl 2000; Beer 2001; Keller 2004). Indeed, relationship development may be at risk from the involuntary interaction because of its inability to ensure meaningful communication, equal status, intimacy (Hamberger and Hewstone 1997). From the above, the students may gain the negative experience of intercultural interaction due to the language barrier, which may make them less likely to be involved in the intercultural communication afterwards.

This finding provides an alternative view to the assumption of Intergroup-contact theory, where more frequent contact does not always lead to a more positive outcome. Indeed, previous studies have suggested that the impact of superficial contact is highly conditioned by the characteristics of subjective contact experiences. For example, Barlow et al. (2012) found that actual intergroup contact increases prejudice towards out-group members when the majority hold negative (i.e., unpleasant) contact experiences. Therefore, the university needs to make more preparation in advance, rather than simply putting a diverse group of students together.

## Conclusion and Implication

To summarize, there was considerable support for promoting intercultural communication and friendship despite having room for improvement.

In general, the student-led activities (e.g., physical and social activities, common interest, and overseas exchange) are perceived as more effective in promoting the intercultural communication and friendship. It helps the establishment of the relational identity, which is the key to successful integration as it encourages the student sharing and fades away the boundaries of regional identities. Moreover, they often promote the frequent, sustainable, and positive interaction which would be of mutual benefit to each other.

The indirect support of the university-led activities is also perceived as effective. The Cantonese-learning course, for example, is the most appreciated and useful one in the view of Mainland

students as it equips them with basic language proficiency for the daily interactions. Second, the Buddy matching program, e.g., Global Ambassador or Mentorship with senior students, provides a supportive environment to Mainland students' for better sociocultural and academic adaptation.

By contrast, the local cultural tour and mandatory grouping in the class are reported as the less effective initiatives. One of the reasons is that those activities do not always fit with the interest or schedule of local students and hence making them less attractive to locals. Also, the language barrier prevents or limits the academic and social communication between Mainland and Hong Kong students.

The findings of this study have several implications that may help University managers to identify practical and effective interventions for improving intercultural communication and friendship.

### Sustainability of the Activity

First, this study sharpened awareness of ensuring sustainable interaction after the activities. In this study, students reported that they had positive interaction with local friends and exchanged their contact during the orientation-camp, cultural tours, or university events, whereas friendship takes time to manifest and does not always materialize after the first encounter. As a result, some students hesitate to participate again due to a lack of confidence in keeping such a fleeting relationship. Addressing this concern, the university should create an inclusive social environment and group students with common background (e.g., from the same subject or hostel) together in different activities, so that it becomes easier to maintain the social tie with their relational identity at certain aspects.

### Good Matching of Students' Mutual Benefit

Second, this study illustrates avenues whereby Mainland and Hong Kong students join the activities for mutual benefit. In previous studies, the lack of local students' participation in the intercultural activities is frequently highlighted, whereas very few studies are directed towards how to motivate them to participate (Chiu 2014; Ma 2012). It is reconfirmed in this study that the the university-led activity is generally less attractive to local students. However, the university has to target the Mainland students first, though it acknowledged the limitation.

To compromise, the University tends to attract the local students to be the mentor or instructor, rather than the participant. The university tried to assure that both Mainland and Hong Kong students can gain something out of the relationship (e.g., social integration versus the practice of a certain language). To local students, it would be good to let them know that not only could the intercultural activities provide an opportunity to practice Putonghua, but also help them gain teaching experience and develop leadership skills during the process. Furthermore, an extra encouragement for students' participation could be provided such as part-time employment contracts and the provision of letters of achievement.

The emphasis of the tangible reward is consistent with the Social Exchange Theory, where the potential benefit as perceived by individuals indicates the attractiveness and serves as the basis of the long-lasting relationship (Sunnafrank 1990; Ramirez et al. 2010). In other words, the students would have more motivation to deepen the relationship if they know what benefits they can receive.

However, to achieve the above objectives, it is necessary to explore what expectation or strength they have, so that the university could provide better matching of the incoming students to the local buddies.

### Shaping Expectation

In the light of all of these practical implications, universities may need to reconceptualize the traditional view of the students'. During the interview, it was found that Mainland students tend to view the academic and social interactions from a zero-sum perspective. They often give academic interactions the highest priority over recreation, social development, and other activities. However, different studies showed that social support with host-nationals could help nonlocal students learn a series of culturally relevant skills, facilitate their academic success (Furnham 2004; Ward et al. 2005; Bista and Foster 2016), and overcome

their psychological stress and loneliness (Bartram and Casimir 2007).

Therefore, to encourage more intercultural communication, the university have to change their mindsets and let students know about the benefit of gaining social support. Also, the student needs to realize that learning does not only happen in the classroom, but also takes place within the intercultural interactions every moment. Moreover, the University staff must themselves be highly efficient and effective intercultural learners, with the skills to encourage student integration rather than keeping it casual.

### Higher Level of Collaboration with Student Union, Societies, and Others

In this study, the student-led activities are perceived as more effective in terms of promoting intercultural communication and friendship development; however, the student support unit only had a loose connection with the student union, societies, and hostel-management committee, which were limited to experience and information sharing. To offer more systematic support, the University should carry more weight in student-led activities and take the partnership to a higher level of collaboration, such as providing financial support, coaching the students, or inviting them to propose intercultural activities. The University could also coach the students and let them pay particular attention to help others, which drive the buddy participants towards a meaningful membership. However, it is worth noting that the University-student collaboration should be on an equal basis. The university should offer support and experience sharing, rather than adopting a "monitoring" approach. It should provide more autonomy to students, since the adolescent would have a better understanding about what other students need (Steinberg and Schwartz 2000).

## Limitation

Several limitations are acknowledged in this study. First, we invited the students who self-reported as "having a satisfied level of intercultural communication." Though this study provides insight into the students' views about the effectiveness of different university initiatives, our analysis does not include the students who failed to initiate any intercultural communication. Future research should examine what challenges or difficulties are experienced by those students and explore how Universities could further encourage them. Second, the sample size is small. It is appropriate for an exploratory study, whereas it limited our ability to generalize our findings in other university contexts. However, despite these limitations, the present exploratory study provides useful insights into the subjective experience and perceptions of the university's initiatives, which offer a useful heuristic starting point for future work examining the university policy and intercultural communication and friendship development.

## References

Allen JL, Long KM, Mara J, Judd BB (2008) Student predispositions and orientations toward communication and perceptions of instructor reciprocity and learning. Commun Educ 57(1):20–40

Barlow FK, Paolini S, Pedersen A, Hornsey MJ, Radke HRM, Harwood J, Sibley CG (2012) The contact caveat: negative contact predicts increased prejudice more than positive contact predicts reduced prejudice. Personal Soc Psychol Bull 38:1629–1643

Bartram T, Casimir G (2007) The relationship between leadership and follower in-role performance and satisfaction with the leader: the mediating effects of empowerment and trust in the leader. Leadersh Org Dev J 28(1):4–19

Beer B (2001) Anthropology of friendship. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social and behavioral sciences. Elsevier, Kidlington, pp 5805–5808

Bennett RJ, Volet SE, Fozdar FE (2013) I'd say it's kind of unique in a way: the development of an intercultural student relationship. J Stud Int Educ 17:533–553

Bista K, Foster C (2016) Exploring the social and academic experiences of international students in higher education institutions. IGI Global, Hershey

Bukowski WH, Motzoi C, Meyer F (2009) Friendship as process, function and outcome. In: Rubin KH, Bukowski WM, Laursen B (eds) Handbook of peer interaction, relationships and groups. Guilford Press, New York, pp 217–228

Casmir FL (1999) Foundations for the study of intercultural communication based on a third-culture building model. Int J Intercult Relat 23:91–116
Chan AY (2010) Toward a taxonomy of written errors: investigation into the written errors of Hong Kong Cantonese ESL learners. TESOL Q 44(2):295–319
Chen L (2005) Western theory and non-Western practice: friendship dialectics among chinese. Paper presented at the International Communication Association, 2005 annual meeting, New York
Chen TC (2016) A participant-generated model of intercultural friendship formation, development, and maintenance between Taiwanese and Chinese students. Doctor of Philosophy, Arizonia State University
Chiu WK (2014) Mainland students in Hong Kong. Hong Kong Institute of Asia-Pacific Studies, Hong Kong
Clement D, Noel K (2001) Motivation, self-confidence, and group cohesion in the foreign language classroom. Lang Learn 1:42–54
Creswell JW (2009) Research design: qualitative, quantitative, and mixed methods approaches. SAGE, Thousand Oaks
De Vaus D (2001) Research design in social research. SAGE, London
Dörnyei Z, Schmidt R (2001) Motivation and second language acquisition. University of Hawaii Press, Honolulu
Ellis WE, Zarbatany L (2007) Explaining friendship formation and friendship stability: the role of children's and friends' aggression and victimization. Merrill-Palmer Q 53:79–104
Furnham A (2004) Foreign students: education and culture shock. Psychologist 17(1):16–19
Gareis E, Merkin R, Goldman J (2011) Intercultural friendship: linking communication variables and friendship success. J Intercult Commun Res 40(1):153–171
Glass CR, Gómez E, Urzua A (2014) Recreation, intercultural friendship, and international students' adaptation to college by region of origin. Int J Intercult Relat 42:104–117
Gonzalez R (2009) Beyond affirmation: how the school context facilitates racial/ethnic identity among Mexican and American adolescents. Hisp J Behav Sci 31(1):5–31
Hamberger J, Hewstone M (1997) Inter-ethnic contact as a predictor of blatant and subtle prejudice: tests of a model in four West European nations. Br J Soc Psychol 36(2):173–190
Harryba S, Guilfoyle A, Knight S (2013) Intercultural interactions: understanding the perspectives of university staff members, international and domestic students. Int J Learn 18(12):15–34
Hendrickson B (2018) Intercultural connectors: explaining the influence of extra-curricular activities and tutor programs on international student friendship network development. Int J Intercult Relat 63:1–16
Jacob EJ, Greggo JW (2001) Using counselor training and collaborative programming strategies in working with international students. J Multicult Couns Dev 29(1):73–88
Keller M (2004) A cross-cultural perspective on friendship research. ISSBD Newsl 46(2):10–14
Kudo K, Simkin KA (2003) Intercultural friendship formation: the case of Japanese students at an Australian university. J Intercult Stud 24(2):91–114
Lee PW (2006) Bridging cultures: understanding the construction of relational identity in intercultural friendship. J Intercult Commun Res 35:3–22
Lin N (2005) A network theory of social capital. In: Castiglione D, van-Deth J, Wolleb G (eds) Handbook on social capital. University Press, Oxford, pp 1–24
Lu X (1998) An interface between individualistic and collectivistic orientations in Chinese cultural values and social relations. Howard J Commun 9:91–107
Ma N (2015) The rise of "anti-China" sentiments in Hong Kong and the 2012 Legislative Council elections. China Rev 15(1):39–66
MacIntyre PD, Dornyei Z, Clément R, Noels KA (1998) Conceptualizing willingness to communicate in a L2: a situational model of L2 confidence and affiliation. Mod Lang J 82(4):545–562
Marginson S, Nyland C, Sawir S, Forbes-Mewett H (2010) International student security. Cambridge University Press, Cambridge
Masgoret AM, Ward C (2006) Culture learning approach to acculturation. In: Sam DL, Berry JW (eds) The Cambridge handbook of acculturation psychology. Cambridge University Press, Cambridge, pp 58–77
McPherson M, Smith-Lovin L, Cook JM (2001) Birds of a feather: homophily in social networks. Annu Rev Sociol 27(1):415–444
Miles MB, Huberman AM (1994) An expanded sourcebook: qualitative data analysis. SAGE, Thousand Oaks
Mittelmeier J, Kennedy JJ (2016) Adapting together: Chinese student experience and acceptance at an American university. In: Jindal-Snape D, Rienties B (eds) Multidimensional transitions of international students to higher education. Routledge, London, pp 161–180
Neri F, Ville S (2008) Social capital renewal and the academic performance of international students in Australia. J Socio-Econ 37:1515–1538
Nieri T (2012) School context and individual acculturation: how school composition affects Latino students' acculturation. Sociol Inq 82:460–484
O'Reilly A, Ryan D, Hickey TM (2010) The psychological well-being and sociocultural adaptation of short-term international students in Ireland. J Coll Stud Dev 51(5):584–598
Pahl RE (2000) On friendship. Polity Press, Cambridge
Pan J (2007) Acculturation and resilience of mainland Chinese postgraduate students in Hong Kong. PhD, University of Hong Kong, Hong Kong
Parker JG, Seal J (1996) Forming, losing, renewing, and replacing friendships: applying temporal parameters to the assessment of children's friendship experiences. Child Dev 67:2248–2268
Preedy S, Jones P (2017) Student-led enterprise groups and entrepreneurial learning: a UK perspective. Ind High Educ 31(2):101–112

Ramirez A, Sunnafrank M, Goei R (2010) Predicted outcome value theory in ongoing relationships. Commun Monogr 77:27–50
Rienties B, Tempelaar DT (2013) The role of cultural differences of international students on academic and social integration and academic performance in the Netherlands. Int J Intercult Relat 37(1):188–201
Rosa JD (2016) Standardization, racialization, languagelessness: raciolinguistic ideologies across communicative contexts. J Linguist Anthropol 26(2):162–183
Ruan D, Zhu S (2015) Birds of a feather: a case study of friendship networks of mainland Chinese college students in Hong Kong. Am Behav Sci 59(9):1100–1114
SAO (2019) Support services for non-local students. Retrieved from https://www.eduhk.hk/sao/?p=130
Savicki V (2010) An analysis of the contact types of study abroad students: the peer cohort, the host culture and the electronic presence of the home culture in relation to readiness and outcomes. Frontiers 19:61–86
Sawir E (2005) Language difficulties of international students in Australia: the effects of prior learning experience. Int Educ J 6(5):567–580
Spencer-Oatey H, Xiong Z (2006) Chinese students' psychological and sociocultural adjustments to Britain: an empirical study. Lang Cult Curric 19:37–53
Spencer-Oatey H, Dauber D, Williams S (2014) Promoting integration on campus: principles, practice and issues for further exploration. Retrieved from http://institutions.ukcisa.org.uk//Info-for-universities-colleges–schools/Publications–research/resources/70/Promoting-Integration-on-Campus-Principles-Practice-and-Issues-for-Further-Exploration
Stearns E, Buchmann C, Bonneau K (2009) Interracial friendships in the transition to college: do birds of a feather flock together once they leave the nest? Sociol Educ 82(2):173–195
Steinberg L, Schwartz R (2000) Developmental psychology goes to court. In: Grisso T, Schwartz R (eds) Youth on trial: a developmental perspective on juvenile justice. University of Chicago Press, Chicago, pp 9–31
Sunnafrank M (1990) Predicted outcome value and uncertainty reduction theories: a test of competing perspectives. Hum Commun Res 17(1):76–103
Ward C, Kennedy A (1994) Acculturation strategies, psychological adjustment, and sociocultural competence during cross-cultural transitions. Int J Intercult Relat 18(3):329–343. https://doi.org/10.1016/0147-1767(94)90036-1
Ward C, Bochner S, Furnham A (2005) The psychology of culture shock, 2nd edn. Routledge, Boston
Williams CT, Johnson LR (2011) Why can't we be friends? Multicultural attitudes and friendships with international students. Int J Intercult Relat 35(1):41–48
Xu CL (2013) Identity and cross-border student mobility: the Mainland China–Hong Kong experience. Eur Educ Res J 14(3):65–73
Yates L, Wahid R (2013) Challenges to brand Australia: international students and the problem with speaking. High Educ Res Dev 32(6):1037–1050
Yeh CJ, Inose M (2003) International students' reported English fluency, social support satisfaction, and social connectedness as predictors of acculturative stress. Couns Psychol Q 16(1):15–28
Yu B (2009) Cross-cultural adaptation and second language acquisition: a study of international students in universities of the People's Republic of China. VDM Verlag, Saarbruecken
Yu B (2013) Asian international students at an Australian university: mapping the paths between integrative motivation, competence in L2 communication, cross-cultural adaptation and persistence with structural equation modeling. J Multiling Multicult Dev 34(7):727–742
Yu B, Watkins D (2008) Motivational and cultural correlates of second language acquisition: an investigation of international students in the universities of the People's Republic of China. Aust Rev Appl Linguist 31(2):17.11–17.22
Yu B, Zhang K (2016) "It's more foreign than a foreign country": adaptation and experience of mainland Chinese students in Hong Kong. Tert Educ Manag 22(4):300–315
Zeng M (2006) The adaptation of mainland Chinese research postgraduates to the universities of Hong Kong. Unpublished PhD thesis, University of Hong Kong, Hong Kong

# Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making

Ken Victor Leonard Hijino
Graduate School of Law, Kyoto University, Kyoto, Japan

## Synonyms

Intergovernmental relations/dynamics; Local and national government policy coordination and conflict

## Definitions

Coordination over policy that is shared or overlapping across levels of government; administrative and partisan channels of interaction/coordination between central and local government.

## Introduction

An important element of intergovernmental relations (IGR) in modern democracies are the various channels by which different levels of government coordinate over policy that is shared or overlapping across levels. The need for greater coordination, vertically between local, national, and supranational governments, has been driven by trends affecting most states. These include an expanding welfare state, the standardization of public services across regions, increasingly interdependent and complex policy areas which cannot be exclusively dealt with by one level alone, and demands for greater policy autonomy and ownership from local governments (Bolleyer 2009; Loughlin 2007; Bolleyer et al. 2014).

A range of formal/informal and administrative/partisan channels exists by which local governments engage with the national policy-making process. They include, for example, secondary chambers in national legislature which directly represent local governments and give them veto powers over national laws affecting local governments (such as the German Bundesrat), regular meetings of executives and bureaucrats from different levels of government (such as the Canadian First Minister's conferences), mechanisms to resolve disputes across government levels (such as the UK Joint Ministerial Committee), or procedures in which local governments provide feedback and express preferences over national policy (such as the Swedish *remiss* system). Various informal (non-statutory), personal interactions between individual actors at different levels of government can also play a significant coordinative role.

In addition to these administrative channels, local actors resort to partisan routes to exert influence in the national arena. These can be formal intraparty channels and arenas which link local politicians and party organizations to the national level of the party. In addition, less formal interactions through personal connections between national and local party officials can lead to coordination of decisions over policy decisions at both levels.

This entry, then, briefly describes and explains the recent evolution of such IGR dynamics in Japan. Specifically, it looks at the various routes by which Japanese local governments participate in the national political arena. It will explain how local governments possess both administrative and partisan channels to influence national policy-making in Japan. It argues that decentralization and increased multilevel partisan incongruence (where different parties control different levels of government) in recent decades has led to more conflictual relations between central and local governments. This trend has been accompanied with the establishment of new formal mechanisms of IGR and an expanded role for more traditional channels and fora linking the two levels.

## Traditional Administrative and Partisan Routes of IGR in Japan

Japan's modern constitution (Articles 92–95) guarantees local autonomy and the establishment of local government authorities with directly elected executives and legislatures that exercise administrative and legislative power within the scope of national law. The Local Autonomy Act, adopted simultaneously with the Constitution in 1947, further specifies the basic organization and operation of these local governments. The law specifies two tiers of local authorities – prefectural and municipal governments, of which in 2017 there were 47 and 1,718, respectively.

The Constitution and Local Autonomy Act stipulates a number of mechanisms by which local governments may express their preferences over and indirectly influence national policy-making. The following are what can be considered the more traditional mechanisms of local participation in national policy-making, which have been complemented by new mechanism which emerged around the mid-1990s.

First, Article 95 of the constitution requires the central government to conduct a local referendum if it seeks to enact special laws applicable only to a specific local government. This provision gives local communities an opportunity to reject

national policy which affects them exclusively. Such special laws requiring local referendums, however, have not been enacted since 1952.

Second, Article 99 of the Local Government Act grants Japanese local legislatures to pass "written opinions" (*ikensho*) on matters relating to the public good of local government. WOs are passed by prefectural and municipal legislatures and are addressed and submitted to the Diet (usually to the Lower House and/or Upper House chairman) and/or the executive (usually to specific ministries and ministers). Oftentimes these written opinions express local support or opposition to national decisions that are being planned or have been legislated. Although not legally binding, these WOs tend to be reported in the media and signal to the general public the reservations or support a local legislature may have for national policy (Hijino 2017).

Third, Article 16 of the Constitution stipulates the right to petition for all individuals and legal entities, including local governments. Diet Act no. 77 grants local governments the right to formally appeal to national legislature and ministries (Narita 1979, 5). These petitions, submitted by local government chief executives or chairpersons of local assemblies, are screened by relevant legislative committees in Diet or within ministries, and for those selected, the government must report on how it processed the appeals. There is no legal requirement for public bodies to act upon the contents of these petitions, however (Harada 2010, 127).

Fourth, there are a number of ad hoc channels by which local governments and their representatives are asked to provide comment over national policy matters. Certain laws (such as city planning or pollution controls) have included provisions which oblige central government ministries to conduct hearings of affected local governments before policy implementation. Local government representatives are also invited to provide testimony and comment in national advisory councils (such as the Local Government System Research Council) relating to local government issues as experts or affected parties (Narita 1979).

Besides these channels of IGR, various partisan channels have linked national and local governments, providing a more influential route for local preferences to be reflected in national policy-making.

Muramatsu (1988) indicates how local actors drew out benefits from the center by participating in a bottom-up and inclusive policy-making process. This bottom-up dynamic involved a "rugby scrum" linking local politicians, local governments, local Diet members, and national-level bureaucrats (Muramatsu 2010). Policy demands were channeled upward to the ruling party and coordinated among ministries and various sectional interest groups. Local governments, through local politicians representing these areas, competed among each other in "horizontal political competition" to capture a greater share of expanding governmental spending to various regions (Muramatsu 1988).

Local politics influenced national policy not only through such vertical linkages within the ruling party at national and local level but also in providing an arena for opposition parties to challenge the center. During the mid-1960s and 1970s, local governments controlled by leftist governors and mayors challenged local and national conservatives on a platform questioning unregulated growth (Flanagan et al. 1980). These socialist- and/or communist-backed governors implemented local ordinances expanding welfare services and enforcing pollution regulations which superseded or even contravened national laws and regulations. Many of these initiatives were then copied by other local governments or were co-opted into national standards. Local opposition thus served to alter national policy by representing policy preferences which could not emerge nationally.

These partisan channels were particularly important through much of the postwar period, enabling local preferences to shape national policy even though the state was administratively and fiscally centralized. A notable feature which enabled such strong bottom-up influence from local level into national policy-making was the highly decentralized, but vertically integrated

nature of the ruling party (Fukui and Fukai 1996) as well as the fact that the same party (the Liberal Democratic Party) dominated many of the national and local legislatures in the postwar period, especially in rural areas (Scheiner 2006). The LDP's national network provided formal coordinative arenas over policy (such as the prefectural policy research councils) as well as informal vertical linkages connecting national and local politicians. These linkages helped transmit local demands into national policy, both programmatic and particularistic.

## Evolving Channels of IGR Since the 1990s

These key features shaping IGR in Japan were altered considerably since the late 1990s, however. Hijino (2017) identifies several trends leading to a decoupling of traditional multilevel linkages during this period. Decentralization reforms since 2000 expanded local autonomy and an overall reduction in central government grants and subsidies to local governments (prominently between 2000 and 2006) reduced fiscal links to the center. Electoral system reforms (1994) at national level and municipal mergers (2000–2003) weakened vertical intraparty linkage between national and local politicians. And an overall increase in electoral volatility nationally as well as the rise of independent governors since the mid-1990s has led to more partisan incongruence between national and local levels of government.

As local government autonomy expanded and partisan links weakened across levels, various new channels of formal IGR have emerged to coordinate between levels.

First, as part of the Omnibus Decentralization Act implemented in 2000, a Central and Local Government Dispute Management Council was established to arbitrate between national and local governments, along with rules of how local governments can sue the central government over interference (Local Government Law Article 250:7–20, 251:5). The system was established as a way to protect local government autonomy from unwanted encroachment and interference from central government ministries. Since its implementation, only three local governments (Yokohama city, Niigata prefecture, and Okinawa prefecture) have sought dispute arbitration through this system, although in two of these cases the committee rejected the request for arbitration.

Second, an arena of discussions between central and local government representatives was established between 2004 and 2006 on an ad hoc basis to negotiate over the highly contested content of fiscal decentralization policy. Following this initial experiment, local government representative (led by the National Governors Association) sought to institutionalize the "forum of discussions between central government and regions." In 2011, the Democratic Party of Japan administration passed a law to institutionalize these meetings. The committee consists of the cabinet chief secretary and ministers but not the prime minister and the representatives of the six local government organizations. The six organizations are national associations representing governors, city mayors, town and village mayors, as well as prefectural, city, and town/village assemblies. Topics have covered a range of topics from tax and welfare, local economic revitalization, and finances, as well as decentralization measures.

Evaluations of how effectively local governments have been able to collectively bargain for their interests in this forum remain divided. The earlier forums, having no legal basis and thus unable to bind policy decisions, became merely an informal place for local governments to express preferences, rather than a place where decisions took place (Kanai 2008). Even after being regularized and institutionalized since 2011, the outcomes of discussions in these fora do not bind central government behavior. Yet there are signs that some local government demands were reflected in eventual policy in the round of meetings in 2011 (Oosaka 2012). In addition, there are concerns as to whether the diverse interests between wealthier urban local governments and smaller, poorer rural local

governments, among other divisions, can be effectively represented by these national umbrella organizations.

Third, there has been a further expansion of channels in which local governments can express opinions on national policy. The addition of Article 263:3–2 in the revision of Local Government Law in 1993 provides the right to the six national local government associations to collectively express opinions to the cabinet or Diet on matters affecting local government. This channel was further strengthened in 2000 with an addition of a clause requiring the central government to provide relevant information prior to formulating laws or cabinet orders which affect local governments. Likewise in 2000, Article 17.4 was added to the Local Allocation Tax Law giving local governments right to provide opinion on how local grants are calculated. Thus far the local government national organizations have submitted comments through the Article 263:3–2 mechanism to the central government only twice.

Fourth, the collective bargaining role of the National Governor's Association changed considerably since the mid-1990s. NGA meetings were traditionally politically neutral and ceremonial, but these became more active in negotiations over fiscal decentralization reforms under the Koizumi administration (2000–2006). For example, the NGA meeting hosted by Gifu prefecture in 2003 was unofficially but popularly called "the NGA which fights." During this meeting, prepared statements were replaced by free debates, and the rules for selecting the NGA chairman were changed from discussion to majority vote. NGA meetings increased in frequency under the Gifu governor who became the first NGA chairman to be selected under the new election procedure. The central government also began since 2003 to host annual "government-hosted NGA meeting," regularizing these collective discussions with governors.

The NGA also has been more active in publically pressuring the central government over various national policy decisions. The NGA has increasingly passed resolutions and made public appeals (many of them labeled "emergency" appeals or demands) against national policy since 2000 (Hijino 2017). The association for governors also stepped away from maintaining strict partisan neutrality in the 2005 general election by assessing and ranking party platform promises relating to decentralization and local government. The NGA has continued with this practice of evaluating party manifestos.

Fifth, although not intended as a mechanism for local governments to engage in national policy, the emergence of local referendums based on bylaws since the mid-1990s has been used to signal local preferences on national projects. Non-binding local referendums on the siting and usage of nuclear power plant and military base facilities have been implemented by various municipalities since the first such referendum occurred in 1996 (Hitomi 2008) (Table 1).

Finally, not only have these new and expanded forms of IGR emerged since the 1990s, but there is also evidence of more active use of traditional forms of IGR. Hijino (2016) traces an increase in the passing of written opinions by local prefectural assemblies since the mid-1990s, as local politicians (both from the ruling and opposition parties) opposed various top-down national policies seen to damage local interests. In particular, there was a surge of such written opinions during the administration of the Democratic Party of Japan, which resulted in widespread partisan incongruence between national and local levels between 2009 and 2012. Even under congruent conditions, local party organizations, legislatures, and governors have challenged major national policy projects to defend territorial interests through a variety of channels. This has taken place through administrative routes such as written opinions but also by diverging from and campaigning against national policy platforms (Hijino 2016, 2017).

## The Dynamics of Decentralization, Partisan Incongruence, and IGR

Although the effectiveness of these new institutionalized channels for securing local

**Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making, Table 1** List of formal IGR channels by which local governments engage in national arena in Japan

| IGR channel | Relevant law | Year implemented |
|---|---|---|
| Local referendums for national laws affecting only specific local governments | Constitution, Article 95 | 1947 |
| Right of local legislatures to submit written opinions | Local Government Law, Article 99 | 1947 |
| Right to petition | Constitution, Article 16 | 1947 |
| Ad hoc laws obliging consultation with local representatives | Various | Various |
| Participation in government committees | Various | Various |
| National/local dispute resolution committee | Local Government Law, Article 250:7–20, 251:5 | 2000 |
| Forum of discussion between national and local governments | Law concerning the forum of discussion between national and local governments | 2011 |
| Local government national organizations right to submit opinions | Local Government Law, Article 263:3, 2–5 | 1993 (expanded in 2000) |
| Right to submit opinions on local grant calculations | Local Allocation Tax Law, Article 17.4 | 2000 |
| Local referendums based on bylaws | Various local bylaws | 1996 |

Compiled by author

government interests are ambiguous, these developments in IGR can be interpreted as a reaction to growing tensions between national and local governments since the 1990s. From below, local governments have reacted to undesired national policy (such as the reduction in redistributive grants through fiscal decentralization) by politicizing its national associations. They have also called for greater participation in national policy, particularly in collective multilateral fora, rather than through bilateral channels. From above, central governments have been trying to contain this tension by setting up new IGR channels and institutionalized fora. These mechanisms are based on the decentralization principle of "discussion on equal footing" but fall short of providing actual vetoing power to local governments over national policy.

Finally, it is notable that this expansion of more institutionalized and multilateral fora of IGR in Japan echoes some comparative findings in countries like the United Kingdom and Italy which have similarly undergone decentralization since the 1990s.

In the United Kingdom, devolution in 1999 moderately heightened intergovernmental and intraparty tensions between the central government and the devolved regions of Scotland, Wales, and Northern Ireland. Under initial conditions of multilevel partisan congruence, coordination was achieved primarily through informal intraparty channels. Formal mechanisms of IGR – including the Joint Ministerial Committee (JMC), a key executive body set up to coordinate between levels following devolution – were rarely used. Following the 2007 regional elections, however, multilevel congruence was lost which led to a moderate increase in the use of more formal and institutionalized channels of the JMC (McEwen et al. 2012). As in Japan, however, the continued dependence of regional governments to the center for both policy and fiscal resources and the lack of a constitutional basis for regional governments to effectively challenge the center have dampened overt conflicts. Pragmatic actions prevailed with

IGR becoming moderately more institutionalized and more multilateral, though informal bilateral negotiations between levels continued to be prevalent (Bolleyer et al. 2014).

In Italy, which underwent significant decentralization reform since the 1990s, local actors sought to expand their engagement in the national policy process through formal and more multilateral channels. Palermo and Wilson (2014) find that formal channels of intergovernmental coordination were overall weak, although new channels were created and others were made more institutionalized and prominent following decentralization, such as the State-Region Conference. Under the new context, territorial leaders have also sought to coordinate their negotiating position with the central government through collective lobby groups representing regions and municipalities. Despite some movement toward greater multilateral fora to defend local interests against the center, interactions tend to be dominated by informal, bilateral negotiations. Partisan incongruence was limited in Italy for most periods since the late 1990s, thereby largely limiting partisan-based conflicts between national and regional governments.

Despite these new intergovernmental channels and substantial decentralization reforms, local governments in all three states share difficulty in ensuring that local interests are reflected in critical national policies which affect them. This underlines the ultimately consultative nature of these engagement mechanisms in unitary states: local governments may be invited to speak, but there are no guarantees to be heard when legislation is made.

## Cross-References

► Decentralization and Governance

## References

Bolleyer N (2009) Intergovernmental cooperation: rational choices in federal systems and beyond. Oxford University Press, Oxford

Bolleyer N, Swenden W, McEwen N (2014) Constitutional dynamics and partisan conflict: a comparative assessment of multi-level systems in Europe. Comp Eur Polit 12(4–5):531–555

Flanagan SC, Krauss ES, Steiner K (eds) (1980) Political opposition and local politics in Japan. Princeton University Press, Abingdon

Fukui H, Fukai SN (1996) Pork barrel politics, networks, and local economic development in contemporary Japan. Asian Surv 36(3):268–286

Harada M (2010) Chihō kyokyō dantai no kokusei sanka wo meguro giron [Debates around the partcipation of local public bodies in national politics]. Refarensu 716. 2010.9

Hijino KVL (2016) Local politics in Japan. Asian Surv 56(5):879–904

Hijino KVL (2017) Local politics and national policy: multi-level conflicts in Japan and beyond. Taylor & Francis, Abingdon

Hitomi T (2008) Chiho jichi no kokusei sankaken sairon [Revisiting debates on the participation of local governments in national government processes] Goi keisei to chiho jichi. *Consensus formation and local self-government*. Nihon Jichi Gakkai (eds) Tokyo: Keibundo 3–21

Kanai T (2008) Kuni to chihō no kyōginoba' no seiritsu to satetsu [The establishment and setbacks of the forum of discussions between central government and the regions]. In: Morita A, Kanai T, Taguchi K (eds) Bunkenkaikaku no dōtai (Seiji kūkan no henyō to seisaku kakushin) [The dynamics of decentralization reform: transformation of political space and policy innovation]. Tokyo daigaku shuppankai, Tokyo

Loughlin J (2007) Reconfiguring the state: trends in territorial governance in European states. Reg Fed Stud 17(4):385–403

McEwen N, Swenden W, Bolleyer N (2012) Intergovernmental relations in the UK: continuity in a time of change? Br J Polit Int Relat 14(2):323–343

Muramatsu M (1988) Chihōjichi [Local power in the Japanese state]. Tokyo daigaku shuppankai, Tokyo

Muramatsu M (2010) Seikansukuramugata riidāshippu no hōkai [Collapse of the politico-bureaucratic scrum-type leadership]. Toyo keizai shimposha, Tokyo

Narita Y (1979) Chiho kokyo dantai no kokkusei sanka (chu-1) [Participation of local public bodies in national politics]. Jichi Kenkyu 55(11):3013

Oosaka S (2012) Kyogi no ba wa kuni to chiho no kankei wo kaetaka? [Did the forum of discussions change central-local government relations]. Shisei 61:14–16

Palermo F, Wilson A (2014) The multi-level dynamics of state decentralization in Italy. Comp Eur Polit 12(4–5):510–530

Scheiner E (2006) Democracy without competition in Japan: opposition failure in a one-party dominant state. Cambridge University Press, New York

# Intergovernmental Relations in the European Union

Stelio Mangiameli
University of Teramo, Teramo, Italy
Institute for the Study of Regionalism, Federalism and Self-Government, National Research Council, Rome, Italy

## Synonyms

Intergovernmental Conference; Interinstitutional relations; Tripartite negotiations (trilogues)

## Definition

The European order applies a domestic intergovernmental method to its internal relations in spite of the fact that it was originally created as an international organization.

The European intergovernmental method is applied horizontally between Member States or between the institutions and vertically between the Union and the Member States. It concerns the regulation and implementation of public policies through legislative and implementation acts. (For the latter, which are not dealt with here, the reader may refer to the entry *Executive facilitation of the European Commission and Member States.*)

## Introduction

Over time, the European Union system has acquired characteristics that make it unique: it is a new type of system that resembles neither the State nor other international bodies.

For its unprecedented characteristics, the European system can be defined as having a "supranational character" (as referenced in Article 9 of the Treaty of Paris, establishing the European Coal and Steel Community [the ECSC Treaty]), as in significant respect, it is more similar to a federal system than to a typical regional international organization. Thus, EU law, created and adopted mainly by majority vote (in the European Parliament and in the EU Council), is directly enforceable in Member States and toward the European citizens.

Normally, international law requires unanimity, as international agreements need to be approved by the Member States, and hence is not directly applicable: before being enforced they need to be adopted by member nations in accordance with their constitutions. Procedures of this type in the European system are now only a few and are disappearing.

In the EU context these principles remain valid for most policies when adopted through the "community method." In some areas the so-called intergovernmental method applies. These are sectors where the Member States preserve more autonomy when operating within the European institutions.

From this standpoint, the European Union is an interesting workshop for studying the two-tiered structure of intergovernmental relations.

Indeed, intergovernmental relations can be defined as policies of the confederal type, like common foreign and security policy, or as federal or unified policies, like customs policy, competition rules, the euro, etc. Hence European institutional relations unfold according to either of the two possible forms of the intergovernmental method: supranational relations, for confederal policies, and community/European relations, for those that are unified or federalized in the Treaties.

Whatever their form, intergovernmental relations, including supranational relations, do not come under public international law but are regulated by the legal order created by the European Treaties. This is evident in community relations, given the degree of unification that characterizes the system in these cases, and in supranational relations where acts adopted (with a few exceptions, see Article 42.2 of the Treaty on European Union [TEU]) take immediate effect in Member States.

On the other hand, supranational relations have to do exclusively with the relations between some European institutions and the Member States, while the community relations may concern all

the different levels of government: the European, state, and sub-state (regional, provincial, and municipal) levels of government, thus embodying what the literature refers to as intergovernmental relations.

## Foundation of the Intergovernmental Method

The application of the intergovernmental model in European relations has accompanied the European experience right from its very beginnings since the latter was founded on cooperation among European States, on the basis of "a destiny henceforward shared" and of the end of "age-old rivalries" (preamble of the ECSC Treaty). Over time this has led to the development of a background of intergovernmental cooperation and a set of processes whereby the method is applied.

Indeed, even though the European Union Treaty declares the principle of sincere cooperation between the Union and its Member States (Article 4.3 TEU) and applies it also to the relationships between the institutions (Article 13.2 TEU), it does not regulate, or it only roughly regulates, the forms of intergovernmental cooperation. Consequently, it is of fundamental importance to examine the inner workings of the European Union in order to understand how intergovernmental relationships materialize in practice (Klammert 2014; Chevallier-Govers 2013).

## The Origin of the European Intergovernmental Method

First, some EU parlance needs clarification. Intergovernmental Conferences (IGC) started out as international negotiations accompanying the development of the European system but became the vehicle for establishing the European Community's actual political objectives. In particular, the Intergovernmental Conferences have accompanied the incremental process of European integration, in accordance with the principles of the Schuman declaration, by using the so-called *Spaak* method, applied for the first time in 1956, when the agenda for the Intergovernmental Conference was drawn up to negotiate the contents of the future Rome Treaties.

The Spaak method was also applied by the Delors Committee to prepare the economic and monetary union (1988). The "Delors Report," drafted upon conclusion of the activities of the Committee, was transposed into the Maastricht Treaty (1992/93) which established the economic and monetary union.

The Maastricht Treaty changed the nature of the Intergovernmental Conferences by placing them within the European system, institutionalizing the European Council which was assigned the task to "define the general political guidelines thereof" (Article 4, par. 1, TEU). The Maastricht Treaty determined the composition of the European Council, the way it was to work, and the reports it would submit to the European Parliament (Article 4, par. 2 and 3, TEU). The Lisbon Treaty confirmed this institutional choice and regulated other aspects which thus far had been defined by practice, like the way in which resolutions were adopted (by consensus), and it envisaged, for the first time, the election of the President of the European Council (Article 14 TEU) (Mangiameli 2012).

The institutionalization of the European Council, within the European institutions, turned the political negotiation among heads of state and government of the Member States – which had hitherto been an international exercise – into a negotiation of the intergovernmental type.

## Interinstitutional Agreements as Tools of the Horizontal Intergovernmental Method

Apart from the European Council, the most evident expression of the horizontal European intergovernmental relationships can be found in the "interinstitutional agreements," considered to be

atypical acts of the European Union, which define the relationships and coordination modalities between the institutions.

The foundation of these agreements is the principle of fair cooperation that is applied in the relationships among the European institutions.

Regarding horizontal intergovernmental relationships, Declaration No. 3 attached to the Nice Treaty (2001) already envisaged the conclusion of interinstitutional agreements between the European Parliament, the Council, and the Commission to facilitate the implementation of Treaty provisions, without amending or completing the provisions of the Treaty itself. However, said statement was not legally binding.

With the Lisbon Treaty instead, interinstitutional cooperation was given a sounder legal foundation in Article 13, par. 2 TEU ("The institutions shall practice mutual sincere cooperation"). And within the scope of its general function of promoting the general interest of the Union, and within the scope of the competences enabling it to take action for this purpose, the Commission initiated "the annual and multiannual programming with a view to achieving Interinstitutional agreements" (Article 17, par. 1, TEU).

Furthermore, with regard to the procedures for legal acts, Article 295 (Treaty on the Functioning of the European Union [TFEU], which succeeded the Treaty Establishing the European Community [TEC] in 2007) refers to the relationships between the institutions (European Parliament, Council, and Commission) as "mutual consultations" pointing out that they are to make arrangements for cooperating through "common agreements"; and it adds that "to that end, they may, in compliance with the treaties, conclude interinstitutional agreements which may be of a binding nature." Consequently the interinstitutional agreements undoubtedly became something more than they were in origin, when they were mere political memoranda, and, as pointed out by the Court of Justice (Judgment 19 March 1996, C-25/94, *Commission* v. *the Council*), they may be legally and mutually binding on the institutions that sign them.

Among the instances of interinstitutional agreements, mention can be made of the interinstitutional agreement between the European Parliament and the Council concerning classified information held by the Council (12 March 2014); the interinstitutional agreement on budget discipline, cooperation, and management (2 December 2013); and the better lawmaking agreement between EU institutions (last version, May 2016). The latter is perhaps the most significant agreement of the European institutional system in that it regulates the horizontal intergovernmental procedures of legislative negotiation.

## Lawmaking Procedures: Horizontal Intergovernmental Relations

The European legislative procedure is quite different from the procedures followed in unitary states and even in federal states.

The most striking aspect is that neither the European Parliament nor the Council, which are the "decision-making chambers," has the power to initiate the legislative process. The Treaties attribute the power of lawmaking initiative to the Commission (Ponzano et al. 2012).

Hence the Commission plays an active role with respect to the other European institutions that operate in the legislative process. Indeed, Article 17.2 TEU states that "Union legislative acts may only be adopted on the basis of a Commission proposal, except where the Treaties provide otherwise," and it immediately adds that "other acts shall be adopted on the basis of a Commission proposal where the Treaties so provide." (Nugent and Rhinard 2015)

Even though the European Parliament and the Council may prompt the Commission to submit a draft legislative proposal, the Commission actually has the prevailing power in the lawmaking process. And its strongest expression is the draft budget that it submits to Parliament and to the Council every year (Article 314.2 TFEU).

Before a given proposal takes shape, before it is drafted and subsequently submitted to the European Parliament and to the Council for a resolution, the subject matter needs to be envisaged in the annual legislative program.

The annual work program of the Commission is submitted every year in late September after the report on the State of the Union is delivered to the European Parliament by the President of the Commission.

The Commission work program (CWP) is forwarded to the European Parliament in the very simple form of a "Communication of the Commission to the European Parliament, to the Council, and to the European Social and Economic Committee and to the Committee of the Regions." The CWP sets forth the priority actions of the Commission for the subsequent year. These priorities derive partly from the political orientations submitted by the Commission at the beginning of its mandate following discussions with the European Parliament and partly from the political indications set forth by the European Council on the occasion of the creation of the Commission after the elections of the European Parliament.

In practice, the orientations embodied in the proposals are laid out in the Communication of the Commission: the Communication describes, first of all, the key initiatives that determine the legislative priorities for the following year; secondly, it contains all the proposals for updating and amending the European legislation already in force; thirdly, under the title of pending priority proposals, it recalls the proposals formulated previously but not yet formalized in the presentation; fourthly, it indicates the proposals that have been withdrawn, because in the meantime the aims have been reached through other channels or because they have merely become obsolete; fifthly, it includes proposals for repealing previous acts.

In the past, the Union's work program was prepared in an informal manner by the three institutions involved in the European legislative process on the basis of expressions of interest made at the beginning of each year by Parliament, and the Council requests that the Commission would then enter into its program. Through the informal negotiations that would occur on those occasions, the relationship between the three institutions was rebalanced especially in favor of the European Parliament, since the Commission had a major institutional weight attributed to it by the Treaties and the Council de facto exercised a political role.

From a certain time onward, as pointed out earlier, legislative cooperation among the three bodies was coordinated through an interinstitutional agreement bearing the significant title of *Better Law Making* (Weber et al. 2017).

This agreement roughly retraces the steps of the lawmaking cycle and contains provisions concerning, among other things, the common objectives, the *programming* and instruments for better lawmaking such as the *impact assessment*, *consultation* with the stakeholders, and the ex post *assessment*; furthermore, these instruments should refer to the legislative acts, the delegated acts, and the implementation acts in order to enable *transparency*, *implementation*, and *simplification* of the European action.

The agreement states that the ordinary legislative procedure is to be based on regular contacts among the three institutions at each step of the procedure and that the three institutions shall be committed to further improving the activities carried out in the area of the ordinary lawmaking procedure, in accordance with the principles of fair cooperation, transparency, accountability, and efficiency (Curtin and Leino 2017).

According to the agreement, the three institutions agree that in particular the European Parliament and the Council, being co-legislators, should exercise their powers in conditions of equality and that the Commission should play the role of facilitator treating the two branches of the legislative authority in the same manner in full respect for the roles that the Treaties have attributed to the three institutions (Reh et al. 2011). For this purpose, transparency of the legislative procedures is to be ensured by an adequate management of the

tripartite negotiations (trilogues) (Curtin and Leino 2017).

## Lawmaking Procedures: Vertical Intergovernmental Relations

The provisions of the agreement on "Better Law Making" concerning horizontal cooperation among the three institutions are complemented by Protocol No. 1 on national parliaments. Article 1 of Protocol No. 1 envisages that "the Commission shall forward the annual legislative program as well as any other instruments of legislative planning or policy to national Parliaments, at the same time as to the European Parliament and the Council" (Casalena et al. 2013).

However, national parliaments cannot exercise any form of direct influence on the legislative program; at the most they can give indications to their respective governments who can intervene in the Council.

In the fourth recital of the Preamble, the interinstitutional agreement on "Better Law Making" recalls that "The three Institutions reiterate the role and responsibility of national Parliaments as laid down in the Treaties, in Protocol No. 1 on the role of National Parliaments in the European Union (. . .) and in Protocol No. 2 on the application of the principles of subsidiarity and proportionality" (Blanke et al. 2013).

In addition, with reference to legislative acts and with regard to the principle of the attribution of powers, in paragraph 25, the agreement states that "the Commission shall provide, in relation to each proposal, an explanation and justification to the European Parliament and to the Council regarding its choice of legal basis and type of legal act in the explanatory memorandum accompanying the proposal," and, if the proposal refers to the principles of subsidiarity and proportionality, it shall justify its application with the proposed measures and motivate the provisions by stating they are compatible with fundamental rights.

Protocol No 1 "on the role of national parliaments in the European Union" states that "the draft legislative acts sent to the European Parliament and to the Council shall be forwarded to national Parliaments" (Article 2 par. 1 and 3, Prot. No 1). In the case of the ordinary procedure, it is directly up to the Commission to forward the draft legislative acts to the national parliaments (Article 2, par. 3, Prot. No. 1).

An 8-week period elapses before the draft legislative act is "placed on a provisional agenda for the Council and the adoption of a position" (Article 4 of Prot. No. 1).

During this lapse of time, the national parliaments can send a reasoned opinion to the Presidents of the European Parliament, of the Council, and of the Commission if they consider that the draft legislative act intervenes in areas of concurrent competence (i.e., areas which do not fall within the exclusive competence of the European Union) and breaches the principle of subsidiarity.

Now, the exercise of concurrent competences by the EU (Mangiameli 2017), subject to compliance with the principle of subsidiarity, thanks to the provisions of Protocol No. 2 on the application of the principles of subsidiarity and proportionality, determines consequences of two types on the acts adopted. Indeed, the correct application of the abovementioned principles occurs through an ex ante control (of a political nature) and an ex post control (of a judicial nature).

The ex ante control is part of a circuit of intergovernmental relationships of the vertical type. Indeed, the provisions of the Protocol have proceduralized the principle of subsidiarity by envisaging, within the legislative procedure, a "sub-procedure" that is aimed at verifying, ex ante, compliance of a draft proposal with the principle itself. In case of breach, national parliaments can force the Commission to reconsider the legislative proposal through the "sub-procedure" constituted by the so-called *early warning system.* This is so because the national parliaments of the Member States are the real holders of the legislative competences regulated by the draft legislation of the European Commission.

Article 7 of the same Protocol sets forth the consequences that may derive from the ex ante control on the legislative process. Depending on the area of legislation, one third or one quarter of national parliaments can trigger the "yellow card procedure" by flagging the proposal. The Commission must in that case review its proposal and justify its decision to maintain, withdraw, or change the proposal. If more than half of the parliaments flag the proposal, the result is the "orange card procedure," where the Commission must justify to the European Parliament and the Council why the proposal does not go against subsidiarity.

When the national parliaments trigger the yellow or the orange card procedure, the proposal needs to be reexamined and the Commission is obliged to review it; moreover, the legislator of the Union (European Parliament and Council) can exercise special powers with regard to the principle of subsidiarity (Article 7, par. 3 letters a and b); namely, they can contradict the opinion expressed by the Commission: in one case, before the conclusion of the first reading, the European Parliament and the Council examine "the compatibility of the legislative proposal with the principle of subsidiarity, taking into special account the reasons expressed and shared by the majority of national parliaments, as well as the motivated reason of the Commission" (letter a); in the other case, one of the two European co-lawmakers can finally block the proposal because it breaches the principle of subsidiarity (letter b).

The so-called orange card has never been flashed, whereas the yellow card was triggered in three cases which, however, were not very significant.

## Conclusions

Intergovernmental relations in the European order have been a method whereby Member States and the European institutions have taken decisions, avoided conflicts of interest, and accompanied the process of European integration.

In some specific cases, for instance, the Intergovernmental Conferences, intergovernmental relations have been the premise for the institutionalization of some relations and modification of the institutional design of the Union and of the procedures themselves.

Within the framework of institutional collaboration, they have allowed for greater stability in the relationships between the institutions, attributing the right value to their political weight, to the specific competences of each Institution, and to the role played by each. This is the case especially for the lawmaking procedures, where horizontal intergovernmental relations have made it possible to give full legitimation to the European institutions through triangular negotiations and to their decisions by valorizing the co-decision principle (Council and European Parliament).

However, in some cases, intergovernmental relations have remained an instrument for merely coordinating the action of Member States, for instance, in the area of the common foreign and security policy, because the integration process is not advancing given the lack of political will which is precisely what intergovernmental relations need in order for them to play a proactive role in the advancement of government institutions.

Finally, given the unprecedented and sui generis nature of the construction of the European edifice, intergovernmental relations of the vertical type have consolidated their role through the so-called comitology (implementation activities of EU laws by appropriate committees under the European Commission watchfulness) in the relations between executive bodies, while in the relations between European institutions and national parliaments on legislative matters, they do not seem to find a satisfactory arrangement, even with regard to the application of the principle of subsidiarity. Indeed, the procedures provided by the protocols appear to be a "weak" solution.

National parliaments are assigned a merely negative role in that they are given the role of

"oversight" to be carried out only a posteriori, when the legislative proposal has already been formulated. National parliaments do not participate in the consultation process run by the Commission nor in the interinstitutional agreements that the Commission enters into with the Council and the European Parliament.

## References


Blanke H-J, Colasante P, Fasone C, Iacoviello A, Lupo N, Mangiameli S (2013) Protocol no. 2. In: Blanke H-J, Mangiameli S (eds) The Treaty on European Union (TEU) – a commentary. Springer, Heidelberg/New York, pp 1635–1736

Casalena P, Fasone C, Lupo N (2013) Protocol no. 1. In: Blanke H-J, Mangiameli S (eds) The Treaty on European Union (TEU) – a commentary. Springer, Heidelberg/New York, pp 1529–1634

Chevallier-Govers C (2013) Article 13. In: Blanke H-J, Mangiameli S (eds) The Treaty on European Union (TEU) – a commentary. Springer, Heidelberg/New York, pp 562–563

Curtin D, Leino P (2017) In search of transparency for EU law-making: trilogues on the cusp and dawn. Common Mark Law Rev 54:1673–1712

Häge FM, Naurin D (2013) The effect of codecision on council decision-making: informalization, politicization and power. J Eur Publ Policy 20(7):953–971

Klammert M (2014) The principle of loyalty in EU law. Oxford University Press, Oxford

Mangiameli S (2012) The institutional Design of the European Union after Lisbon. In: Blanke HJ, Mangiameli S (eds) The European Union after Lisbon. Springer, Heidelberg, p 93ff

Mangiameli S (2017) Concurrent powers of the European Union and their impact on the powers of member states. In: Steytler N (ed) Concurrent powers in federal systems; meaning, making, and managing. Brill NV, Leiden/Netherlands, pp 139–163

Nugent N, Rhinard M (2015) The European Commission. Palgrave Macmillan, Basingstoke

Ponzano P, Hermanin C, Corona D (2012) The power of initiative of the European Commission: a progressive Erosion? Stud Res 89, pp 1–56

Reh C, Héritier A, Bressanelli E, Chr K (2011) The informal politics of legislation: explaining secluded decision making in the European Union. Comp Pol Stud 46(9):1112–1142

Weber M, Edwards N, Huber S (2017) EU review clauses in need of review? An analysis of review clauses in EU legislation in the context of better lawmaking. Eur J Risk Regul 8:121–139


# Intermunicipal Cooperation


Davide Giacomini
Department of Economics and Management, University of Brescia, Brescia, Italy


## Synonyms

Intermunicipality

## Definition

Often municipal borders do not coincide with the appropriate scale for the delivery of services. In these cases, municipalities usually agree to operate jointly. IMC is when several municipalities, in order to obtain mutual benefits, decide to work together on some of the tasks assigned to them (Bel and Warner 2015). The term IMC means a stable collaboration relationship between two or several local governments, endowed with competences and resources.

## Introduction

In the last 40 years, devolution and outsourcing have led to a world of "networked government." In this context an important role has been played by municipalities: the smallest territorial units of public administration and the first tier of local self-government. There is an increasing demand for new ways to provide service to citizens throughout the intermunicipal cooperation (IMC). The intermunicipal cooperation is a recent phenomenon, even if in some countries the first experiences in this regard can be traced back to the nineteenth century. Nevertheless, even if not a complete innovation as actual practice, the IMC has only become a subject of study in recent years and albeit still peripheral in researches is gaining more attention among scholars of organization in the public sector. The intermunicipal cooperation

is also linked to phenomena detected in recent years. These phenomena, despite affecting the whole of society, impact mostly on municipalities. In fact, local authorities have greater responsibility than other levels of government to address issues such as suburbanization, metropolitan areas' evolution. Hence they have the necessity to achieve the "correct scaling" in order to provide efficient services to citizens. Municipalities, and especially smaller communities, encounter increasing difficulties in satisfying the demands and standards of their local governments (Hulst and van Montfort 2011). Many municipalities have been suffering from tight budgets and limited municipal autonomy to find additional resources; for these reasons, municipalities are required to provide a more efficient public service provision. Given that, several scholars from both fiscal federalism and administration research agreed on the fact that the historical borders of the municipalities do not satisfy the true requirements for an efficient provision of local public services (e.g., Bel et al. 2012). One of the policies traditionally proposed to reduce costs has been the cooperation between local governments. Rather than working separately, LGOs create intermunicipal consortia to provide public services jointly. The main advantages of the associated services are the potential for efficiency improvements derived from economies of scale and internalizing the cost and/or performance advantages. However, there is no unanimous consensus over the fact that IMC is actually cost effective. Scholars, policy makers, and professionals have been debating at great length on the conditions that would make IMC function optimally.

Moreover, it is fundamental to highlight that European intermunicipal cooperation contrast from the intermunicipality characteristics of the United States. In the case of United States, the cooperation is more commonly a contract that focuses responsibilities connected to the services provision to one of the municipalities (often assigned to the largest one). Generally, cooperative relations between local governments tend to be easier in countries with a high degree of fragmentation.

## Consequences of Intermunicipal Cooperation

The consequences of the IMC are varied. However, there is not a shared opinion about these consequences in the research gathered. The centralization of services and functions should lead to achieving economies of careful scaling, greater specialization of personnel, ability to introduce new services while reducing costs. However, in some cases, IMC can be a source of inefficiencies and poorer performance results. Delegation of service responsibilities to an array of local authorities can improve resilience and attention to local needs but at the same time, it can also create the so-called institutional collective action (ICA) dilemmas (Feiock 2013). By increasing organizational complexity through the IMC, it leads to a more exaggerated goal ambiguity. Numerous studies have confirmed that organizational goal ambiguity has harmful effects on public sector organizations and public servants. For this reason, it is fundamental to place the intermunicipal cooperation in organizational design path.

## Types of Intermunicipal Cooperation

In some countries intermunicipal cooperation has been active since the nineteenth century, while its current diffusion appears in complete accordance with the general trend of using governance and cooperation models based on horizontal agreements among public institutions. The United Kingdom's case represents a counter-trend. IMC has "not been part of the DNA of UK local government" for a few years, a less restrictive legislative environment and a National economic trend oriented to spending reduction created "what could be called a 'perfect storm'" (McGarvey 2012) leading local authorities to find more effective spending management tools cooperating with each other.

Nevertheless, local intermunicipal cooperation is still seen as one of the possible chances to solve cost-effectiveness problems in small municipalities, and there are just a few studies on the topic from the economic point of view as well as

concerning the efficiency of intermunicipality oriented policies.

As for the classification of the different forms of intermunicipal cooperation, the first distinction that can be made concerns the nature of intermunicipality agreements (Teles 2016). In this regard it is possible to distinguish between soft and hard cooperation. The first is characterized by low institutionalization, mostly informal relationships. It is usually a first step that allows you to become aware of the importance of a network and helps to build trust. On the other hand, the hard cooperation usually involves formal agreements, the rigid identification of the participants in the network and clear formalization of the decision-making process.

Hulst and Van Montfort's (2011) contribution to IMC classification appears of particular interest. Given the fact that there is a great variety of tasks, contexts, institutional levels, powers, and cooperation agreements, Hulst and Van Montfort highlight four basic forms:

- Quasi-regional governments
- Planning forums
- Service delivery organizations
- Service delivery agreements

*Quasi-regional governments* are long-term and standing organizations managed by municipalities and involved in local governance policies and supra-municipal planning in several sectors. They are given formal decision-making authority, financial resources, and their own financial statement. A council and an executive board, composed of delegate councillors of the participating local governments, usually manage quasi-regional governments. They are normally active in many administrative sectors and occasionally involved in services delivery. Quasi-regional governments are often in charge of activities including territorial planning and local social-economic development.

*Planning forums* are networks composed of local governments and other public or private organizations engaged in the coordination and planning of their respective policies or activities. Their institutional integration is lower than other IMC forms because participants maintain standing relations and interact on a regular basis. In this case, there is no formal decision-making authority. Planning forums are particularly active in public housing, environmental planning, and social-economic development.

*Service delivery organizations* are second-level institutions aimed at delivering public services. They can be entrusted with decision-making authority by the cooperating municipalities (or, in some cases, by other public organizations) or they can operate as delegated on the directions of individual municipalities.

*Service delivery agreements*, in conclusion, are based on the cooperation among institutions regulated by an agreement without implying the creation of any second-level institutions. In some cases, the agreement requires one of the partners, usually the largest municipality, to act as leader organization. In other cases, municipalities use agreements to improve their buying power towards suppliers.

Generally, the shape of intermunicipality adopted depends on the actor that has promoted it. In fact, if intermunicipality is directly promoted by the municipalities is more likely to adopt a form lighter and flexible while in the case in which it is promoted by central government is more likely to be favored a stable form as it was considered more suitable to achieve savings and efficiency improvements.

## Mandatory Intermunicipal Cooperation

In many cases, largely as a result of the spending review and the state spending control policies, the IMC is made compulsory for small municipalities. In this regard, it is interesting, as an example, the case of Italy that from 2010 initiated a mandatory IMC path for municipalities with less than 5,000 inhabitants. In Italy, there are about 8,000 municipalities, of which the 70.2% are the so-called "small municipalities" with a population within 5,000 inhabitants, in these towns resides the 17.1% of the total Italian population. In the Italian political system, municipalities supply several important public functions and services. Three

types of functions can be distinguished here: voluntary functions (e.g., local museums, swimming pools and theatres), mandatory functions (e.g., water and energy supply, schools, sewage treatment, waste disposal), and mandatory services covering higher-level government tasks (e.g., local elections). The introduction of mandatory associated management in Italy was based on specific choices of expenditure containment even if there is no evidence of any actual relation between IMC and public spending reductions. In particular, in accordance with the Law decree 95/2012 intermunicipal cooperation for the management of most of the municipal functions became mandatory for all municipalities with a maximum of 5,000 inhabitants (3,000 if they belonged or still belong to mountain communities):

(a) General administration, financial and spending management and control
(b) Management of public and welfare services in the municipalities, including public transport
(c) Land charges register management
(d) Urban and housing planning in the municipality and participation in territorial planning at a supra-municipal level
(e) Planning, civil protection, and first aid coordination activities within the municipality
(f) Organization and management of garbage collection and disposal service, and related tax collecting
(g) Local social service planning, management, and delivery to the citizens, in accordance with article 118, fourth clause, of the Constitutional Law
(h) School building (for the part provinces are not entrusted with), planning and management of school services
(i) Municipal and local administrative police
(j) General registry, electoral and statistics offices management, for the functions carried out on part and for the central government
(k) Statistical services

The introduction of the mandatory IMC is, however, never simple. In many cases, resistances of employees and politicians are detected, as shown in a recent study (Giacomini and Sancino 2016).

## Conclusion

The debate about the need to change the management of municipalities in order to promote corporative management models and to adapt them to the management of local authorities dates back to 30 years ago. The need to introduce mechanisms to improve the efficiency of local authorities is urging and the intermunicipal cooperation can be a virtuous reform to the world of local government. However, its effects can not be taken for granted and not necessarily are always positive. As highlighted by several authors, there are also cases of ineffectiveness and cost increase. It is important that the path towards intermunicipal cooperation is always accompanied by reflections regarding the organizational structure and the involvement of workers and politicians and with an ex ante evaluation of the costs and benefits obtainable. Even the same assessment of the results achieved is not easy. Performances have been traditionally analyzed mainly at the macro or at the micro level. The intermunicipal cooperation is exactly in the middle, between the micro and the macro, and therefore traditional approaches may be insufficient for a full assessment of the effectiveness of the IMC.

## Cross-References

► Administrative Procedure
► Foundations of the Administrative Law

## References

Bel G, Warner M (2015) Factors explaining intermunicipal cooperation in service delivery: a meta-regression analysis. J Econ Policy Reform 19(2): 91–115. https://doi.org/10.1080/17487870.2015.1100084

Bel G, Fageda X, Mur M (2012) Does cooperation reduce service delivery costs? Evidence from residential solid

waste services. J Public Adm Res Theory 24(1): 85–107. https://doi.org/10.1093/jopart/mus059
Feiock R (2013) The institutional collective action framework. Policy Stud J 41(3):397–425. https://doi.org/10.1111/psj.12023
Giacomini D, Sancino A (2016) Intermunicipal co-operation in Italy: a reform without reformer? Reg Mag 303(3):19–21
Hulst J, van Montfort A (2011) Institutional features of inter-municipal cooperation: cooperative arrangements and their national contexts. Public Policy Adm 27(2): 121–144. https://doi.org/10.1177/0952076711403026
McGarvey N (2012) Inter-municipal cooperation: the United Kingdom case. Le Istituzioni Del Federalismo 33:523–548
Teles F (2016) Local governance and inter-municipal cooperation, 1st edn. Palgrave Macmillan, London

# Inter-municipal Manpower Aid in Disaster Management, Japan

Naomi Aoki
Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

## Synonyms

Adaptive governance; Collaborative governance in disaster management; Inter-local collaboration in disaster management

## Definition

A form of aid governance in which municipalities send their public servants to help needy municipalities affected by a disaster.

## Introduction: Inter-municipal Aid as a Means of Mitigating the Risk Associated with Manpower Insufficiency

Japan is arguably one of the most disaster-prone countries in the world, a place where national and subnational governments jointly manage a range of natural disasters such as earthquakes, tsunamis, and floods with divided responsibilities. The subnational governments consist of 47 prefectures and 1,741 municipalities (that is, cities, towns, villages, or Tokyo districts). Municipalities in particular play important roles in providing frontline services during an emergency response, and during the recovery and reconstruction stage. They are generally in a better position to do so than the national and prefectural governments owing to their proximity to communities. However, such a decentralized system involves risk when, on infrequent occasions, it comes to managing a large-scale disaster.

The risk has to do with severe manpower shortages in municipal offices, both during the emergency response phase and during recovery and reconstruction. The 2011 Great East Japan Earthquake and resulting tsunami (hereafter referred to as the 3.11 disasters) that hit north-eastern region of Japan called Tohoku drew renewed attentions to this risk, due to the loss of many municipal officers in the disasters and the overwhelming amount of emergency, recovery, and reconstruction work demanded by the unprecedentedly large scale of the devastation (Aoki 2015b, 2016; Sakamoto and Yamori 2012; Yamaguchi et al. 2013). The manpower shortages severely affected the functioning of municipal offices. This, in turn, prompted municipalities nationwide that were unaffected by the tsunami to dispatch officials to the affected municipalities. These efforts at inter-municipal aid in the form of manpower are the focus of this chapter.

The next section describes four types of inter-municipal manpower aid in Japan. The third section discusses salient policy considerations in the design of inter-municipal manpower aid. Throughout, the term *manpower* refers exclusively to municipal government officers, although needy municipalities also receive manpower aid from the central and prefectural governments. Furthermore, *manpower aid* is used in this chapter to mean personnel who work for needy municipal governments and their third sector, but not personnel who work for the private sector or who help individual victims directly.

## Types of Inter-municipal Manpower Aid

As elaborated in a previous study (Aoki 2015b), Japanese inter-municipal manpower aid can be largely classified into four types. Two of them are *ex ante*, meaning that the arrangements are made in anticipation of a future natural disaster; these are (i) the Emergency Fire Response Team (EFRT) and (ii) *ex-ante* mutual aid agreements. The other two types are *ex-post* arrangements, meaning they are instituted after a natural disaster occurs. These are (iii) *ex-post* mutual aid agreements and (iv) centrally coordinated agreements. As discussed below, these four types of inter-municipal manpower aid differ with respect to the *predictability* of aid, defined as the certainty of receiving help from other municipalities once a natural disaster actually occurs (Aoki 2015b). Predictability is higher for *ex-ante* arrangements, and it is also determined by the size and coverage of membership, because these two factors ensure the availability of manpower that can be dispatched when called up.

The first type of manpower aid is the EFRT. Formed in 1995 in response to the lessons learned from the Hanshin-Awaji earthquake that year, the EFRT became enshrined in the Fire and Disaster Management Organization Act in 2003 (effective 2004). It comprises nationwide municipal firefighting and prefectural air fire teams. These teams conduct regular training in the prefectural and regional blocks to prepare for future disasters, and they are called into joint action by the national Fire and Disaster Management Agency at the time of a disaster so large that the municipalities alone are unable to handle it. As of January 2014, 4,600 firefighting teams nationwide were registered (Ministry of Internal Affairs and Communications [MIC] 2014). This participation by its sheer size ensures great predictability, but to further prepare for the possibility of a Nankai Trough Earthquake, the Japanese government currently aims to reach 6,000 teams by 2018 (MIC 2014).

The second type of *ex-ante* aid agreement is a mutual aid agreement into which municipalities voluntarily enter to secure aid during the future occurrence of an unforeseen disaster. This aid is generally not only in the form of emergency response supplies, such as food and water, medical supplies, and transport, but also in the form of manpower dispatched to help municipal offices operate evacuation sites and issue disaster-victim certificates, among other tasks. As of April 2016, 1,705 municipalities had mutual aid agreements with other municipalities (FDMA 2017). This constituted 97.9% of the municipalities in Japan, indicating how widespread these arrangements are. Municipalities can also enter into an aid agreement multilaterally. One example of this is an agreement among 21 large cities, including Tokyo and other ordinance-designated cities. However, even though the mutual agreement is multilateral, its membership is much smaller than the EFRT arrangement; this means there might be a limited pool of manpower available during a disaster, and hence, the aid through this agreement is less predictable than the commitment of the EFRT, although these two provide different services and, hence, complement one another.

The third type of inter-municipal aid is *ex-post* mutual aid agreements. Despite the making of *ex-ante* agreements, a need for *ex-post* arrangements arises for two reasons: (i) *ex-ante* mutual aid agreements are not able to mobilize enough manpower support, and (ii) manpower is needed for the recovery and reconstruction stages in the aftermath of a disaster, which are generally outside the scope of *ex-ante* mutual-aid agreements (Aoki 2017). Moreover, *ex-post* arrangements are not as predictable as *ex-ante* arrangements because they depend largely on municipalities' goodwill in the absence of prior promises and in the face of uncertainty about the possibility of receiving help in return in future. In the wake of the 3.11 disasters, some municipalities made a post-disaster decision to help needy municipalities in Tohoku, whereupon the central government helped the receiving municipalities cover expenses, including salaries and travel fees for incoming mid- to long-term manpower aid.

Nagoya City, for example, at its own discretion, launched unprecedented "whole-government" support to Rikuzentakata City, which had lost over 100 city government staff in the 3.11 disasters (Nagoya City 2016); this was unlike other mutual

aid agreements, where municipalities would send manpower to cover particular positions in a needy municipality, leading to a situation where the positions were filled by personnel from a variety of jurisdictions. Nagoya, instead, decided to holistically aid the Rikuzentakata City government and send manpower to wherever needs arose. Under this scheme, Nagoya sent 144 staff in 2011 during the emergency response and continued to send staff during the recovery and reconstruction stage, who helped the Rikuzentakata office issue certificates of residence, provide victims with health guidance, investigate afflicted houses, and so forth (Nagoya City n.a.).

The fourth and the last type of arrangement is also *ex-post*, but it is centrally coordinated, rather than directly arranged by the municipalities. In the wake of the 2011 tsunami, the Ministry of Internal Affairs and Communications (MIC), together with the Japan Association of City Mayors (JACM) and the National Association of Towns and Villages (NATV), launched a new scheme to garner manpower help from among municipalities nationwide. They played a coordinating role, with help from the prefectural governments, to identify the demands for manpower in their municipalities and disseminate this information to municipalities nationwide (see MIC (2011) for an illustration of this scheme). The Tohoku prefectures apportioned the manpower supply offered among the needy municipalities. These municipalities then entered into agreements with the sending municipalities. Under this scheme, 1,148 staff were sent for a short-term assignment in 2011. As for mid- to long-term aid, as of January 1, 2017, 2,637 staff (person-years) have been sent (JACM 2017). As with the *ex-post* inter-municipal aid arranged by municipalities on their own, the central government fully finances expenses for this mid- to long-term manpower aid.

## Emerging Policy Considerations Surrounding Inter-municipal Manpower Aid

Japan's arrangements for inter-municipal aid have evolved over time; recent progress and discourse after the 3.11 disasters involve the following considerations.

First, in light of the difficulty of mobilizing *ex-post* manpower help after the 3.11 disasters, municipalities were reminded of the importance of *ex-ante* arrangements. It is understandable that municipalities do not want to overburden themselves with an excessive number of *ex-ante* arrangements, because the occurrence of natural disasters is unpredictable, and entering into additional mutual aids agreement is not free of cost, as it increases a municipality's obligations and the likelihood of having to mobilize its resources to help others. Nevertheless, many municipalities have at least one mutual aid agreement; as noted earlier, a high percentage – 97.9% – of municipalities have such an agreement, and this percentage represents an increase from 91.2% in April 2011 (FDMA 2017) after the 3.11 disasters.

Second, since the 3.11 disasters, policy makers in municipal governments have become increasingly aware of how important it is to enter into *ex-ante* arrangements, both with neighbors and distant municipalities. While an *ex-ante* arrangement with close neighbors has merit in the sense that geographical proximity allows concerned members to quickly come to the aid of needy members, one lesson learned through the 3.11 disasters is the possibility that all member municipalities can be afflicted, and hence incapacitated and unable to help one another. This lesson has prompted more municipalities to enter into mutual agreements with remote municipalities, i.e., those in other prefectures. As of April 2011, 757 municipalities were engaged in mutual agreements with municipalities in other prefectures, and this number rose to 1,240 by April 2016 (FDMA 2017).

Third, the 3.11 disasters accentuated the need for creative ways to boost manpower, especially during recovery and reconstruction (Aoki 2015a). Under the MIC-JACM-NATV scheme, municipalities nationwide will quickly send sufficient manpower for emergency response, but manpower aid for recovery and reconstruction is, and has been, in short supply. This is because, as the MIC (n.d.) revealed, some municipalities are not able to send help because the types of personnel who can perform the technical work for recovery

and reconstruction are also in short supply in their own jurisdictions. Unlike the aid for emergency response, manpower aid for recovery and reconstruction has to be sustained over the mid- to long-term to secure job continuity and stability, but small municipalities find it difficult to allow personnel to vacate positions for long. To boost manpower aid for reconstruction, the JACM has been requesting municipalities to send former employees and third-sector personnel, too (see, for example, JACM 2016a, b).

Finally, one notable phenomenon is the fact that municipal government officials have been promoting, whether intentionally or unintentionally, a sense of reciprocity between municipalities in their official announcements and media reportage. For instance, when the Kumamoto Earthquakes occurred in April 2016, a number of public servants and politicians in Tohoku municipalities expressed their wish to return a favor they had received in the wake of the 3.11 disasters by sending their staff to Kumamoto municipalities (see, for example, Asahi Newspaper, January 26, 2012; Nikkei Newspaper, April 18, 2016; Onagawa Town Government 2016), even though their own municipalities were still in the process of reconstruction. Such a phenomenon can arguably foster a political environment congenial to inter-local manpower aid in Japan. This is especially so, considering the finding in Aoki (2017) that a former recipient of help from a hypothetical city affected by a large natural disaster tends to be more willing to send their municipal public servants to the city than others who had not received help from this city.

## Conclusion

This chapter surveyed *ex-ante* and *ex-post* inter-municipal manpower aid critical to mitigating risks associated with decentralized disaster management and provided some examples. Although inter-municipal aid is not a new idea in Japan its importance was manifested in the wake of the 3.11 disasters. The challenges faced by the Tohoku municipalities at that time prompted more municipalities to enter into *ex-ante* mutual aid agreements, and with more remote municipalities. The challenges also accentuated the importance of mobilizing manpower for recovery and reconstruction, while a sense of reciprocity seems to drive some appreciative officials to offer a helping hand to needy municipalities.

## Cross-References

▶ Collaborative Public Management (CPM)
▶ Disaster Response Management
▶ Governance of Disaster Management

## References

Aoki N (2015a) Collaborative manpower support for restoring hope in the aftermath of the March 11 disasters in Japan. In: Brassard CD, Giles DW, Howitt AM (eds) Natural disaster management in the Asia-Pacific: public policy perspectives. Springer, Tokyo, pp 101–117

Aoki N (2015b) Wide-area collaboration in the aftermath of the March 11 disasters in Japan: implications for responsible disaster management. Int Rev Adm Sci 81(1):196–213

Aoki N (2016) Adaptive governance for resilience in the wake of the 2011 Great East Japan Earthquake and tsunami. Habitat Int 52:20–25

Aoki N (2017) Who would be willing to lend their public servants to disaster-impacted local governments? An empirical investigation into public attitudes in post-3.11 Japan. Int J Disaster Risk Reduct 24:499–506

Asahi Newspaper (2012, January 26) Jichitaiōenkyōtei-isogu shinsaikyōkun kengaitoteiketsu kyūenmotayoru [Rushing to enter into inter-municipal aid agreements. Learning from the past disaster, agreements with municipalities outside prefectures. Relying on old municipal relationships]

Fire Disaster Management Agency (FDMA) (2017) Chihōbōsaigyōsei-no genkyō [Present situation of local disaster prevention]. Retrieved from http://www.fdma.go.jp/disaster/chihoubousai/pdf/26/genkyo.pdf

Japan Association of City Mayors (JACM) (2016a) Heisei-29-nendoniokeru higashinihondaishinsai-nikakawaru hisaichishichōsonde hatarakuiyokunoaru shikuno motoshokuintō-no jōhōteikyōnitsuite (irai) [Request for information regarding former staff of cities and special districts who are willing to work for municipalities affected by the Great East Japan Earthquake during 2017]. Retrieved from http://www.mayors.or.jp/p_saigaihonbu/documents/281207info196-1.pdf

Japan Association of City Mayors (JACM) (2016b) Heisei-29-nendoniokeru higashinihondaishinsai-nikakawaru hisaichishichōson-nitaisuru shikuno daisansekutātō-no shokuin-no haken(saiyō)nitsuite (irai) [Request for sending third-sector staff of cities and special districts to municipalities affected by the Great East Japan Earthquake during 2017]. Retrieved from http://www.mayors.or.jp/p_saigaihonbu/documents/281207info195-1.pdf

Japan Association of City Mayors (JACM) (2017) Higashinihondaishinsai-nikakawaru hisaichishichōson-nitaisuru shokuinhakenjōkyō nitsuite (Heisei-29-nen 1-gatsu tsuitachi genzai) [The status of manpower aid for municipalities affected by the Great East Japan Earthquake (as of January 1, 2017)]. Retrieved from http://www.mayors.or.jp/p_saigaihonbu/documents/290207haken-jyokyo.pdf

Ministry of Internal Affairs and Communications, Government of Japan (MIC) (2011) Tōhokuchihōtaiheiyōokijishin-nikakawaru jintekishien-no yōbōnitsuite [The demand for manpower support in the wake of the Great East Japan Earthquake]. Retrieved from http://www.soumu.go.jp/main_content/000208130.pdf

Ministry of Internal Affairs and Communications, Government of Japan (MIC) (2014) "Kinkyūshōbōenjotai-no hensei oyobi shisetsunoseibi-nikakawaru kihontekinajikō-nikansuru keikaku" no henkō – kinkyūshōbōenjotaienjo-wo 6000taikibo-ni zōkyō [Modifications to "Basic plans concerning the reorganization of Emergency Fire Response Teams and maintenance of facilities" – increase the number of Emergency Fire Response Teams to 6,000]. Retrieved from http://www.fdma.go.jp/neuter/topics/houdou/h26/2603/260305_1houdou/01_houdoushiryou.pdf

Ministry of Internal Affairs and Communications, Government of Japan (MIC) (n.d.) Higashinihondaishinsai-no hisaichihōkōkyōdantai-eno shokuinhaken-nisaishi kuhūshiteirutorikumi-no rei [Examples of initiatives in the area of manpower support to local governments affected by the Great East Japan Earthquake]. Retrieved from http://www.soumu.go.jp/main_content/000208135.pdf

Nagoya City (2016) Nagoyashi-no hisaichishien-no torikumi [Support sent by Nagoya City to disaster-impacted areas]. Retrieved from http://www.city.nagoya.jp/kurashi/category/20-2-25-1-0-0-0-0-0-0.html

Nagoya City (n.a.) Ōenshimasu!! tōhoku! rikuzentakata-shi! – gyōseimarugoto-shien shiminkōryū [We will support Tohoku!! Rikuzentakata City! – A whole-of-government support and citizen exchange]. Retrieved from http://www.city.nagoya.jp/bosaikikikanri/cmsfiles/contents/0000035/35781/ouenshimasu.pdf

Nikkei Newspaper (2016, April 18) Kumamotojishin tōhoku·kansai shien aitugu. "Ongaeshishitai" busshi·hito·nōhauteikyō [Kumamoto Earthquakes, Tohoku and Kansai, "wanting to return a favor," rush to help with emergency supplies, manpower, and know-how]

Onagawa Town Government (2016) Watashitachiha kumamotowo ōenshiteimasu [We are supporting Kumamoto]. Retrieved from http://www.town.onagawa.miyagi.jp/kumamoto_ouen.html

Sakamoto M, Yamori K (2012) Understanding mutual assistance coordination among prefectures and municipalities in a multi-location disaster through the experience of the Great East Japan Earthquake. J Soc Saf Sci (Chiikianzengakkaishū) 18:391–400. Retrieved from http://www.dri.ne.jp/wordpress/wp-content/uploads/p_sakamoto_2012.pdf

Yamaguchi H, Doi C, Taniguchi M (2013) Current status and characteristics of disaster assistance by local governments: case of the Great East Japan Earthquake. J Soc Saf Sci (Chiikianzengakkaishū) 21:179–188. Retrieved from https://infoshako.sk.tsukuba.ac.jp/~tj330/Labo/taniguchi/research/region/region_index_10.pdf

I

# Internal Budgetary Auditing

Marco Bisogno
Department of Management and Innovation Systems, University of Salerno, Salerno, Italy

## Synonyms

Budget audit; Internal budgetary audit

## Definition

Internal budgetary auditing is a series of systems, measures, and processes that a public sector entity adopts within the whole internal control system, in order to ensure that public financial management operates in a full compliance with laws, standards, and regulations as well as in an efficient and effective manner.

## Introduction

Budgeting is one of the most popular, detailed and complicated parts of public sector financial management, since it has been considered as a crucial device to control organizations' expenditures.

More specifically, budget of a public sector entity is not only a tool to deploy its strategic plans; it also plays a formal but important role in the political processes, representing the way through which public expenditures are legally authorized. As such, budget is a public matter, with the main implications being its approval by a legislative body as well as its presentation to the general public. In other words, budget publicity is a principle of democracy.

However, this principle is adequately satisfied if publicity is not limited to the presentation of the budget itself, but covers also budget execution, providing a report where adjustments of the initial budget as well as a confrontation between the budget and the actual are illustrated. In turn, this implies, among other things, a need of budgeting control covering budget preparation, execution, and reporting. As such, a peculiarity of the public sector emerges: the auditing of the budget which differs from auditing of financial statements with the main difference being that the former is expected to be less affirmative than the latter, since it is characterized by a larger degree of uncertainty.

Generally, financial planning and financial control should be considered as two separate (but correlated) tasks of public sector financial management, since they refer to distinctive organizational structures. However, even though such a distinction in a way is rationale for several technical reasons, according to Bergman (2009, p. 44), a more adequate and rationale approach consists of bringing together these two tasks under the wide umbrella of the term budgeting.

Figure 1 shows the managerial planning and control processes of a public sector organization (Jones and Pendlebury 2000, p. 21).

In very concise terms, while the first phase concerns the strategic planning, aiming to define the fundamental future objectives of a public sector entity, the second one refers to the planning of operations and actions through which the fundamental objectives can be achieved. These two phases guide the predisposition, approval, and execution of a budget (annual and multiyear budgets), which in turn fuel the control and measuring phase. The analysis and the reporting of the achieved results is the final step, which can suggest budget revisions and/or operation plan revisions. It is useful to observe that budget reporting is a very relevant phase, even though it is often neglected.

The auditing of the budget should be investigated taking into account all these phases, especially phases 2–5 which form the managerial planning and control cycle, merging financial planning and financial control in the sense as mentioned above.

In the European context, Council Directive 2011/85/EU states that public accounting systems of member countries have to be subject to internal control (as well as to independent audits), which would aim to improve confidence of the users (i.e., the parliamentary body as well as the citizens) in the budget. Along this line, it is worth recalling again the idea that internal auditing, as the essential part of the internal control, is expected to provide adequate information about initial budget, its revisions, execution, and reporting, comparing budget with the actual and explaining the results, also taking into account the planned fundamental objectives. More specifically, internal budgetary auditing should include control of procedures, financial control, and the control of effectiveness.

Accordingly, this entry will follow these fundamental steps of budgetary auditing, considering internal budgetary auditing within the whole internal control systems of public sector entities. This implies a preliminary clarification of the role of the internal control, also focusing on some private sector developments having implications for public sector entities.

## The Role of the Internal Control

Staff and management involved in the preparation of the budget have full access to IT systems and, consequently, to the information they provide, with a potential risk of overstating positive information and hiding negative facts and figures. This means that staff and management have a strong information advantage over the parliamentary

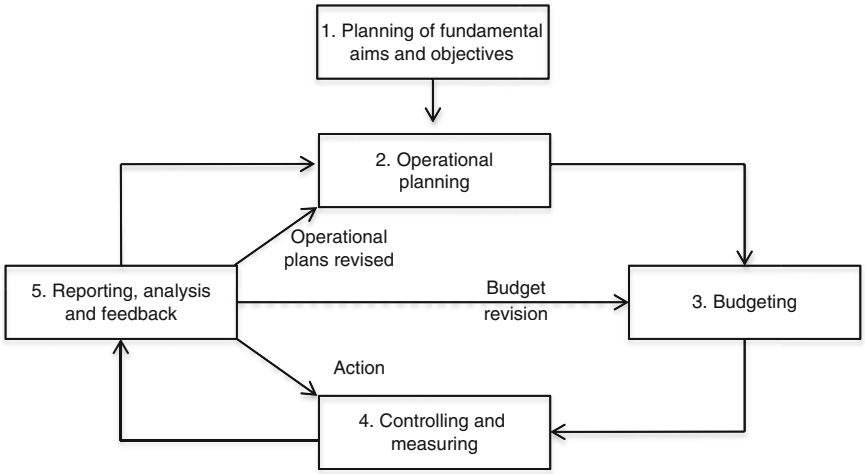


**Internal Budgetary Auditing, Fig. 1** The managerial planning and control processes of a public sector organization



body approving the budget as well as over the general public.

The essential role of the internal control system is to reduce this information asymmetry; therefore, internal auditors play a crucial role, having to reveal any highly material misconceptions.

Information asymmetry and the attempt of reducing it are a matter of exercising power within organizations, whose relevance in the public sector context has been historically taken into consideration, as in the Max Weber's bureaucracy model.

Literature distinguishes two internal control approaches.

The first one is the so-called Napoleonic approach, according to which information asymmetries should be reduced through a shared responsibility derived by an ex ante approval of each transaction process. This means that bodies (line entities such as departments, agencies, line ministries, and so forth) having responsibility for managing funds regarding this transaction must firstly receive a formal approval from financial controllers. As a consequence, line entities provide all the relevant information about the transaction so that financial controllers would approve it, with the main benefits being that on one hand, compliance improves and, on the other, misconducts are more difficult and less likely to occur. However, this approach is time-consuming and would imply an unclear responsibility in the case of wrongdoing.

The second approach is the so-called Nordic school, where information asymmetries are addressed by focusing on managerial accountability and responsibility. The Nordic approach is more devolved than the Napoleonic school, since line unit managers are held responsible for each decision, transaction, and consequent results, even when they have themselves delegated the responsibility. Additionally, the Nordic approach is more consistent than the Napoleonic school with the New Public Management philosophy, since it is based on devolving financial responsibility rather than having centralized controls (Bandy 2015). This enhances the role of the internal control and the internal audit systems.

The Napoleonic approach is adopted in France, Belgium, and southern European countries (such as Italy, Spain, Greece, and Portugal) as well as in some of their former colonies in Africa and Latin America; on the other hand, the Nordic school can be observed in Anglo-Saxon countries as well as in Scandinavia. Since 2000, the European Commission has endorsed this last approach, as demonstrated by the Public Internal Financial Control (PIFC) initiative, as explained later in this section.

In a broader view, public sector internal control, notwithstanding has a long history, has been recently influenced by the private sector internal control developments, due to the well-known recent corporate scandals (such as Enron, WorldCom, and Parmalat). More specifically, the developments that have had a major impact on public sector internal control and auditing practices are the Sarbanes-Oxley Act (2002) and the so-called COSO framework.

The Sarbanes-Oxley Act, which is a federal law of the USA articulated in 11 Sections, is having a very large influence on internal control systems; even though it refers to public companies, a significant part of its contents are considered applicable to both nonprofit and public sector entities (Jackson and Fogarty 2006). More specifically, Section 404 concerns internal control, asking for managers to regularly provide reports on the internal control structure and procedures, as well as to assess their effectiveness. This means that auditors are expected to provide opinions not only on financial statements but also on the managers' assessment of the internal control; additionally, auditors have to provide their own opinion on the internal control.

The COSO (Committee of Sponsoring Organizations) framework, issued by the Treadway Commission, provides guidance for designing, implementing, and conducting an internal control system, also assessing its effectiveness. It has been considered as one of the possible frameworks to be adopted in order to conform to Section 404 of Sarbanes-Oxley Act. The first step of adopting COSO framework, in both private and public sector entities, consists of defining and implementing policies and procedures. Policies consist of guidelines that managers are expected to follow in dealing with issues such as the use of the IT systems, staff compensation, etc.; procedures consist of detailed instructions on what should be done and who is responsible for it. In the specific case of a public sector entity, Table 1 illustrates a list of policies and procedures.

**Internal Budgetary Auditing, Table 1** Policies and procedures for internal control in a public sector entity

| No. | Policies and procedures |
|---|---|
| 1. | **Budgeting** (i.e., budget preparation, budget authorization, budget adjustment) |
| 2. | **Appropriation/commitment** (i.e., authorization, adjustment, record keeping) |
| 3. | **Account receivables** (i.e., system requiring for invoice processing, payment deadlines, action to be taken to enforce payment, credit card procedures, handling of errors) |
| 4. | **Accounts payable** (i.e., record in system, check for appropriateness, check for errors, authorization and execution of payment, handling of errors) |
| 5. | **Accounting** (i.e., recognition/inventory procedures, measurement/valuation procedures, general ledger procedures, consolidation procedures) |
| 6. | **Human resources** (i.e., hiring procedures, dismissal procedures, new employees orientation, antidiscrimination and harassment policy, use of IT policy, continuous education policy, compensation policy) |
| 7. | **Sales** (i.e., pricing guidelines, discount policy and procedures, refund policy and procedures, anticorruption policy) |
| 8. | **Expenses** (i.e., authorization, travel policy, ticketing procedures, corporate credit cards policy) |
| 9. | **IT/communications** (i.e., encryption procedures, privacy policy, illicit or inappropriate usage policy) |
| 10. | **Facilities** (i.e., energy saving policy, building access procedures, dangerous goods procedures) |
| 11. | **Public relations/media** (i.e., authorization procedures, information policy) |
| 12. | **Corporate governance** (i.e., committees, nomination procedures) |

Source: Bergman (2009), p. 122

In the EU context, the European Commission has adopted the Public Internal Financial Control (PIFC) initiative, pursuing the aim of improving public sector internal financial control of member states, that is to say transparency and accountability as well as fighting corruption. As stated above, PIFC is based on the internal control Nordic school, since it goes further "the traditional system with its emphasis on legality and regularity [which] lacks the criteria of economy, efficiency and effectiveness in relation to managing and controlling public funds" (EU Commission 2006, p. 5). PIFC is based on three pillars:

- *Financial management and control systems*. It refers to managerial accountability on performed activities, operational policies, as well as financial management and control policies. This means that managers are responsible for designing and implementing adequate financial management and control systems. Obviously, the adopted financial control measures should be evaluated in the light of both risk and damage, which in turn should be balanced against the cost of these measures. COSO framework would represent a suitable approach for risk analysis.
- *Independent internal audit systems*. Internal auditors have to assess the internal control systems in place, at the same time highlighting weaknesses as well as providing recommendations for improvement if necessary. They report directly to the top managers, from whom they are independent, since they act in accordance with an internal audit chart, an agreement signed by both managers and auditors.
- *A central harmonization unit* (CHU) for developing methodologies and standards relating to both financial management and control systems as well as internal audit systems. More specifically, taking into account that these last two systems are substantially decentralized, due to the decentralization of responsibilities within large public sector organizations, a central structure is required, in order to improve efficiency and effectiveness. The CHU develops and promotes internal control and audit methodologies on the basis of internationally accepted standards and best practices, also coordinating the implementation of new legislation affecting financial management, control systems, and internal audit.

## The Role of the Internal Budgetary Audit

Having defined the general framework of internal auditing, clarifying that it is one of the key elements of the wider internal control system, this section aims to highlight the main issues related to internal budgetary auditing. More specifically, in accordance with Table 1, it will focus on:

- Budget preparation, authorization, and adjustments
- Budget execution
- Budget reporting

### The Role of the Internal Budgetary Auditing in Budget Preparation and Approval

Budget plays a crucial role both at a managerial level and a political level, since it represents an important device for managers and plays an important role in the political processes (Budding and Grossi 2015). By preparing the budget, managers and line politicians define future expenses and revenues according to future plans, which in turn are expected to comply with the strategic fundamental objectives (see Fig. 1); by approving the budget, the parliamentary body evaluates the specified compliance and authorizes managers and line politicians to spend a predefined sum of money on specific activities and programs.

In several countries, the Supreme Audit Institution (SAI) is in charge of a delicate task, having to audit the budget before it is sent to parliament for approval.

The aim is to assure that budget has been prepared according to both laws and regulations, providing all the required information on the ongoing public expenditures and revenues. Accordingly, budgetary auditors should reveal any high material misconceptions, even though they are supposed to avoid any comments on political decisions. This means that auditors are expected not to overlap their role with that of the parliamentary body, which is in charge of the approval (or rejection) of the budget.

Budget can be prepared in accordance with different perspectives, such as the functional perspective (revenues and expenses are determined for different groups of products, i.e., services delivered to citizens or to other public sector entities), the institutional perspective (focusing on the institution to which budget refers), or by nature (revenues and expenses are classified by their characteristics).

Combining these perspectives, different levels of budgets can be observed. On the lowest level, there is a budget by nature for a specific product, obtaining the so-called product budget; the subsequent level is gained by aggregating several product budgets into groups and then into functions.

The approved budget may be subject to changes during the fiscal year; if this is the case, some adjustments would be implemented. When such adjustments are large and/or affect the higher-level aggregation, certain jurisdictions require the intervention of the auditor.

Several jurisdictions define specific rules concerning the incidence of current expenses on the total ones as well as a strict relationship between current revenues and current expenses. If this is the case, internal budgetary auditors have to control that this rules have been applied and respected both for the initial budget and the final budget.

## The Role of the Internal Budgetary Auditing in Budget Execution

The approval of the budget does not imply an automatic authorization of the transactions it covers. In fact, many countries require another step known as budget execution.

It represents a very important step in the budget cycle, since it implies uses of resources implemented in the approved budget in order to pursue public sector entity's objectives. More specifically, budget execution implies that, after the budget approval, a second formal decision is required. This decision is called appropriation or commitment, which is a future obligation to pay that will be effective when a third party complies with the provision of an order or a contract concerning specific goods or services to be delivered to a public sector entity. When these goods/services are delivered, their conformity with the order or the contract is verified, so that the payments will be disposed.

Even though these issues are particularly relevant in the case of expenses, similar requirements exist also on the revenue side.

Internal budgetary auditing, within the whole internal control system, is expected to check all these aspects, starting with the conformity of transactions on the approved budget.

More specifically, this financial control follows the classic rules of budgetary theory, especially both the unity and the annuality principles.

The unity principle means that expenditures can only take place against the approved budget. The main effect is that off-budget financing is not allowed. Moreover, unity principle implies that all the revenues, including tax revenues, are collected in order to finance the organization's budget as a whole.

The main implication of the annuality principle is that the authorized spending must take place during the fiscal year. This annual reckoning of spending against the budget, in turn, implies that overspending is prohibited so, if there is overspending, some penalties (frequently including budget-holder liabilities) would incur. On the other hand, if there is under-spending, the amount that the budget holder did not spend is lost, meaning that the budget holder cannot create reserves using the unspent amount.

However, it is worth noticing that some significant parts of the budget are not affected by the annuality. As a relevant example, line items concerning employees' expenditures are determined by past contracts, so monthly controls of such expenses are not required.

Internal budgetary auditing and, more broadly, internal control systems also have to control that budget holders use resources according with the line items of the approved budget (the so-called specification principle). To take this principle to an extreme, transfers of resources from a line item to another are not allowed; however, this form of control needs to be applied at a manageable level, meaning that these transfers do not need a formal approval when they concern lite items belonging to the same group of activities or products or that do not involve changes of central political policy. In other words, as anticipated in the previous section, some changes are at the discretion of the

budget holder and they do not need central approval.

In conclusion, budget execution implies for both the internal budgetary auditing and the internal control systems the following controls:

- Authorization procedures for ordering and receiving goods and services
- Authorization procedures for processing and making payments, also claiming eventual related refunds
- Controls on access to financial resources as well as to financial records
- Regular verifications of financial balances as well as financial reconciliations, including bank reconciliations

Nevertheless, internal budgetary auditing should not adopt a mere compliance approach, only evaluating if financial transactions comply or not with laws, regulations, rules, and so forth. Taking into account that the so-called performance audit has been gained growing importance, the internal budgetary auditing should also pay attention on economy, efficiency, and effectiveness. This means that efficient budget execution should not be limited to ensuring that budget implementation will conform with the authorizations granted by law, but it should pay attention also on how efficiently and effectively both the purchase and the use of resources are managed. Moreover, internal auditors should check the way budget has been adapted to relevant changes in the macroeconomic environment and how problems that could arise during the implementation have been resolved.

## The Role of the Internal Budgetary Auditing in Budget Reporting

During the fiscal year, the accounting system in place records all the transactions and, at the end of the same year, a comparison between the budget and the actual, including any adjustments of the initial budget, is required, through budget reporting.

In the public sector, budget reporting is a public matter since the parliamentary body as well as citizens has a legitimate interest in understanding how public resources have been used.

However transactions are recorded, budget reporting is supposed to report on:

- The original authorized budget
- The authorized revised budget
- The comparable actuals

Figure 2 provides a typical example of budget reporting.

| | *Original budget* | *Revised budget* | *Actual* | *Differences between original and actual: under (over)* |
|---|---|---|---|---|
| **Expenditure** | | | | |
| Employees | | | | |
| Transport | | | | |
| Supplies | | | | |
| Interest | | | | |
| ... | | | | |
| **Total** | | | | |
| **Revenues** | | | | |
| Taxes | | | | |
| Grants | | | | |
| Charge for services | | | | |
| ... | | | | |
| **Total** | | | | |

**Internal Budgetary Auditing, Fig. 2** An example of budget reporting

Obviously, both the structure and form of the report are determined by the structure and form of the authorized budget, since the parliamentary body that authorized the budget in a particular structure/form would require the actuals to take the same structure/form. Additionally, the report would be prepared according to the accounting (cash or accrual) basis to which the budget is based on; if a full accrual budgeting and accounting basis are adopted, the report would take the form of an accrual-based operating segment.

One of the main roles of the internal budgetary auditors is to highlight major differences, according to their materiality, in order to give a clear explanation of them.

Materiality is one of the basic audit principles. According to International Standards of Supreme Audit Institutions 100 (INTOSAI 2013), 100, the subject matter (which may be a public sector entity, a specific program or fund, a public policy or defined activities, and, more generally, any financial as well as nonfinancial information concerning these element) is considered material if the decisions of the intended users would be influenced by its knowledge. Determining materiality is not an easy task, depending on the interpretation and professional judgment of the auditors on the users' needs as well as on the context in which it occurs. Materiality may be expressed in both quantitative and qualitative ways, even though it is frequently expressed in terms of value.

## Conclusions

Traditionally, the main objects of internal budgetary auditing and, more broadly, of internal control systems have been (Jones and Pendlebury 2010):

- Safeguarding financial resources against loss due to waste, abuse, mismanagement, errors, fraud, and other irregularities
- Compliancy with laws, regulations, and management directives on financial resources
- Having accurate records of transactions
- Providing reliable financial reports

The main role of internal budgetary auditors is to provide a view, which is independent of that of top management, to be reported to the parliamentary body or, more broadly, to the body which is in charge of governance. Taking into account that internal auditing activities are becoming more and more important due to the impetus of business scandals, internal auditors are supposed to take a risk management approach to internal controls, reporting on potential risks and risk management in governmental organization.

## Cross-References


- ▶ Auditing
- ▶ Budget Analysis
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Principles
- ▶ Budgeting in the Public Sector
- ▶ External Budgetary Auditing
- ▶ Internal Budgeting
- ▶ Performance Auditing
- ▶ Performance Budgeting


## References


Bandy G (2015) Financial management and accounting in the public sector, 2nd edn. Routledge, New York

Bergman A (2009) Public sector financial management. Prentice Hall, Essex

Budding T, Grossi G (2015) Public sector budgeting. In: Budding T, Grossi G, Tagesson T (eds) Public sector accounting. Routledge, New York, pp 122–144

EU Commission (2006) Welcome to the world of PIFC. Availbale at http://ec.europa.eu/budget/library/biblio/documents/control/brochure_pifc_en.pdf. Last accessed 7 Jan 2016

INTOSAI (2013) International Standards of Supreme Audit Institutions 100, Fundamental principles of public-sector auditing. Available at http://www.issai.org/media/69909/issai-100-english.pdf. Last accessed 7 Jan 2016

Jackson P, Fogarty T (2006) Sarbanes-Oxley and non-profit management. Wiley, New York

Jones R, Pendlebury M (2000) Public sector accounting, 5th edn. Prentice Hall, Essex

Jones R, Pendlebury M (2010) Public sector accounting, 6th edn. Prentice Hall, Essex

# Internal Budgeting

Ferdinando di Carlo
University of Basilicata, Potenza, Italy

## Synonyms

Forecasting financial statement

## Definition

The internal budgeting is the process leading to the preparation, prior to a definitive period of time, of a financial and quantitative statement of an organization's activities that shows the expected financial performance, financial position, and cash flows disaggregated by area of responsibility. The resulting document provides managers and policy makers with financial information to assist them in taking strategic decisions for which they are responsible.

## Introduction

The internal budgeting is often intended just as the simple process leading to the creation of a forecast balance sheet, but is something more complex and articulated. The internal budgeting is a key component of managing resources effectively and efficiently. It could be viewed as an effective tool for controlling activity and monitoring and managing financial performance as well as achieving required results.

As for the private sector, the public sector organizations must adapt their budgeting processes to reflect their internal and external environments. In particular, public sector internal budgeting will be influenced by a number of internal factors including:

- The proposed income and expenditure of the organizations services
- The revenue consequences of any proposed capital expenditure
- The use of balances and reserves
- Contributions from trading activities and any surpluses or deficits from the collection fund (local authorities only)
- Growth and savings

The choices of public sector bodies could have a significant effect on the national economy as they are normally funded by different forms of taxation. In this way, the aggregation of budgets allows the sector central government to monitor its activities against its plans or targets and take appropriate action to ensure that these are met.

## Differences Between Private and Public Sector

Even if the process of internal budgeting in public sector shares many similarities with the private sector and the boundaries between the two sectors have become less apparent in recent years, as a consequence of externalization, competitive tendering, the development of both internal and external trading activities, and an increasing emphasis on partnerships among both statutory agencies and the private sector, we can still individuate many differences between them (Meyers 1998).

The first one is the fact that, in public sector internal budget preparation, there is a greater focus on the policy development, performance monitoring, and statutory objectives. Indeed, the main objectives of public sector budgeting are:

- Assisting in planning expenditure to meet policy requirements
- Policy implementation and control
- Measuring and monitoring performance
- Determine the total expenditure of the organization and ensure that it is consistent with total revenues (e.g., fixing the rate of local taxation)
- Provide the basis for authorizing expenditure and collection of fees and charges
- Provide the basis for budgetary control

- Satisfaction of statutory requirements

Moreover, as public and private sector organizations operate in different environments, there are different approaches to budget setting that bring to many other differences between the two sectors. In the private sector, the budget process is market driven as the available resources are influenced by market demand and rely on external sales, while in public sector, the resources, funded by taxation, are constrained and controlled by government, with the activity determined politically.

At the same time, in the private sector, the budget is profit oriented, with a single, or limited number of, objective(s) and identifiable and measurable outputs, while the public sector provides a community-oriented budget, with multi-objectives and qualitative outputs.

These key differences will influence the approach which public sector bodies take to budgeting particularly in relation to the need for processes and procedures to be adapted to reflect the external environment in which they operate and translate this into the setting of budget requirements.

## Relationship Between Internal Budgeting and Planning in Public Sector

As already said, in the public sector organizations, there are conflicting policy objectives, each one with different resource implications which may have either capital or revenue consequences. Often public authorities are not only restricted by resource implications but also by the external environment and political context in which they operate. An effective budgeting process should allow all of the financial implications of alternative policy objectives to be assessed, enabling policy makers to appraise them and compare the costs against available resources and at the same time to assess their alternative plans and identify their priorities within their affordable limits.

The budget is a financial/resource representation of corporate objectives and also a plan of action for the period covered, representing a key element of effective strategy planning (Johnson et al. 2008). Moreover, it forms the basis of a controlling mechanism for the various resources of a public entity that could be applied at all managerial levels. The budget can also highlight variations from expectations so that senior management can take remedial action to ensure that expenditure is contained within the budget and remains consistent with corporate objectives and policies.

Long-term or strategic planning in the public sector generally covers a period of 3 years or longer and requires to know which are the real objectives of future operations of the organization, as its primary purposes are to help the entity to:

- Establish key priorities for core services
- Individuate which organizational change could respond to the new needs of the public entity
- Forecast changes in population, demographics, or employment opportunities which may impact on the demand for services
- Look beyond the actual strategic path to have new opportunities of choice

It's important to underline that for each objective there should be a clear statement of policy, levels of need with assessments of potential shortfalls, and existing inputs in terms of capital revenue and human resources.

In public sector medium-term plans, generally covering a period of about 3 years, tend to be tactical in nature and provide more detail on the policies and projects required to achieve the strategic aims of an organization.

The main purposes of medium-term budgets of public entities are:

- To show the impact of existing financial commitments on future service provision
- To enable priorities to emerge in case of limited resources

- To reflect the continuing burden of service provision and policy changes
- To review the way at which different services can be developed
- To forecast taxes and charges so that decision makers can indicate (political) acceptability

The short-term planning is totally referred to the organization's annual budget, and there are several key stages in the budgeting process of a public entity:

- Communicating details of budget policies and guidelines to those responsible for preparing budgets
- Determining those factors which restrict outputs or limit expenditure
- Preparation of the budget for key frontline services linked to assumptions on client numbers and intensity of use
- Initial preparation of budgets for support costs and administrative functions
- Negotiation of budgets with politicians, committee/board members, and senior officers
- Coordination and review of budget
- Approval of budgets
- Ongoing review of budgets

Long-term planning is concerned with translating the strategy of the organization into realistic resource plans. The budget identifies the implementation of the approved activities within the long-term plan over the short term. The budget translates the long-term plans and the capital budget into an operating plan.

In most cases when the annual budget is prepared, most of the decisions that affect that financial year will have already been prepared. Therefore, the budget is not something which is generated from scratch but is developed within the context of the ongoing business.

The figure below outlines a simplified process for linking long-term planning with annual budgeting and their joint roles within the planning and control process.

## Linkage Between Long-Term Planning and Budgeting

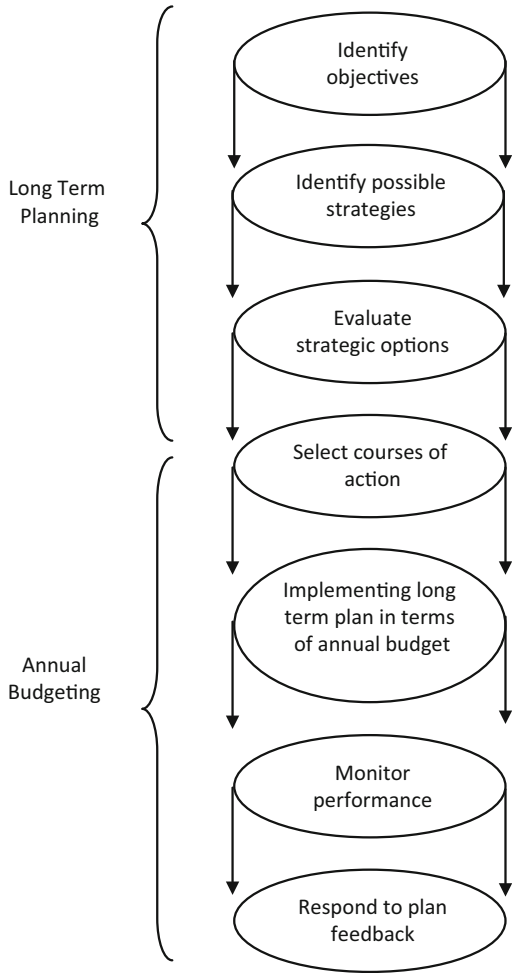


### Integrating Budget and Medium-Term Planning in Public Sector

The link between long-term planning and budgeting comprehends a process of integration of the former one with the medium-term planning that will pass along five steps.

The first step will regard the forecasting of resources and commitments. For the resources the preparers should develop a mechanism to predict future levels of aggregate external financing which takes into account all known and assumed factor, think about levels and movements in balances and reserves, and consider the revenue

implications of the new system for prudential indicators to determine local authority borrowing. In identifying future commitments, it is desirable that any known material changes are allowed for, assumptions are made regarding future price movements, and the effects of government spending priorities are considered.

The second step will regard the corporate plans that should assist in the establishment of clear service priorities at the start of the budget setting process. In order to have a strong link between long-term planning and budgeting, the plan should separate long-term aspirations from those achievable in the short term, identify key priorities and aims of the organization, demonstrate the financial consequences, and have as main outputs measurable targets that are implementable.

Once completed the output of second step, the next step, the third one, will be about aligning budgeting and planning. In these circumstances, organizations should concentrate on financial analyses of major policy initiatives and significant shifts in service provision rather than attempting to cost the full service plan. Traditionally many local authorities have had no formal consideration or guidelines before detailed budgeting starts, and the entire process was concentrated into a few months. Corporate planning aligns the timetable for the preparation of service plans and budgets and is also critical in linking the two processes.

The fourth step will consist in the budgeting process itself, in which we should consider a number of issues:

- Budget format (should the budget be fixed for a 3-year period or subject to annual review?)
- Level of detail (should 2- and 3-year budgets be prepared at a summarized or detailed level?)
- Flexibility between years (any medium-term budget is likely to include a system of internal budget flexibility which allows carry-forwards of underspends to future years)
- Budget drivers (there are a number of key areas which drive budgets and will impact on any plan, e.g., revenue or capital implications of best value reviews, government priorities and the impact of changes in the local government finance distribution system, etc.)

At the end of the process, as fifth step, will be needed an assessment of performance that, compared with planned actions and targets, will highlight issues that need to be addressed in future plans and budgets.

To make this achievable, the initial plans and targets must be measurable and achievable; the confrontation of achieved results against targets must be made on a timely basis; the document must provide a clear indication of further actions required to address poor performance.

## Internal Budget Process in Public Sector

Developing and implementing an internal budget is a complex issue for any public entity, as it generally involves a significant amount of people and time and typically spans many months. The full process will require:

(a) Planning and coordination
(b) Budget construction
(c) Rigorous quality assurance processes and structured communication

(a) The responsibility for planning and coordination of internal budget processes usually resides in the finance area (specifically the Chief Financial Officer), supported in this role by a designated budget unit and a team of budget coordinators located throughout the organization's operational areas. Their duties generally will include:
    - Developing budget timetables
    - Developing the key planning assumptions
    - Issuing guidelines and instructions on budget preparation
    - Advising and assisting the other organization's units to develop budgets
    - Undertaking quality assurance checking of estimates and requests submitted by line areas
    - Providing technical advice and guidance to senior management
    - Monitoring progress on budget development

- Preparing estimates that are not captured at group level
- Preparing budget documentation
- Reviewing budget processes

The elements of effective planning and coordination include:

- Setting budget policies
- Establishing budget timetables and milestones
- Allocating responsibility for budget preparation and review
- Documenting budget processes and communicating guidelines

*Set budget policies*

As seen in the previous paragraph, integrating planning and budgeting requires that the internal budget be consistent with the organization's strategic and operational plans. In this way, a documented budget policy is a useful mechanism to articulate budget priorities and constraints and communicate the organization's framework for budget development and decision-making.

It is important that these policies provide sufficient information for line areas to develop plans and budgets that align with the organization's strategic directions and priorities. Collaborative target setting approaches involve line management in establishing organizational objectives, priorities, and strategy. Interaction with external stakeholders (including ministers and central agencies) is also important to identify their needs, priorities, and insights for incorporation into budget planning.

*Establish budget timetables and milestones*

Normally in public sector, developing the internal budget takes a number of months. In order to ensure that deadlines are met and resourcing conflicts are managed, many public entities develop a comprehensive and integrated planning calendar. Ideally, these calendars should:

- Identify specific information required for internal budget processes
- Describe deliverables in detail
- Incorporate key checkpoints
- Factor in other relevant deadlines, in particular those relating to the external budget and reporting
- Highlight relevant internal and external budget milestones

*Individuate responsibility for budget development*

The involvement of many areas and individuals in the process of internal budgeting needs to clearly assign and communicate responsibilities for budget planning, coordination, and development at the beginning of each process. As the preparation of internal budget requires intensive workload, it is important that organizations establish arrangements to cater for contingencies such as the unavailability of key personnel during the budget process. This is particularly important in small organizations, which are heavily dependent upon the knowledge and skills of a small number of individuals.

*Document budget processes and guidelines*

An effective communication, clear and understandable, is essential in the budget process: from preparation through review, it is critical that key budget assumptions are shared and applied consistently. The budget guidelines must be communicated to participating managers and stakeholders at the commencement of each internal budget process to help ensure a consistent and timely approach to budget development. In public entities these guidelines are generally communicated in written format, but could be acceptable any other medium suitable for the efficient and effective dissemination of information (e.g., through information sessions). It is important that budget guidelines are sufficiently detailed to address an organization's financial and operating conditions for the given budget period.

It is also important that during the internal budget process, organizations provide clarity of role responsibilities and tasks at each stage of the process, through documentation techniques such as process mapping and responsibility maps. However, documenting budget processes and responsibilities also helps to identify resourcing gaps and potential bottlenecks in the process as

well as to inform each stakeholder in the budget process of the nature of their responsibilities.

(b) An effective budget construction is influenced by many factors, such as the predictability of entity operations, the extent of change required, and the time and resources available to complete the process. Key considerations in constructing internal budgets include:
   - The direction of the budgeting process (top-down direction or built from bottom-up participation).
   - The budget is derived incrementally from previous budgets.
   - The budget processes are automated.

*Budget top-down, bottom-up, or both*

Though the internal budget may be constructed "top-down," if the strategic planning process drives development of the budget, or "bottom-up," where the budget "rolls up" from operating units and staff preparing it, most organizations adopt a hybrid of the two approaches where senior management set broad objectives and constraints and operational managers are involved in the allocation of resources within these objectives and constraints.

This approach is generally preferred as:

- The contribution of all levels of management to the process implies a greater commitment to the budget setting process.
- The definition of strategic targets and constraints by the top manager brings to a broad, organization-wide perspective consistent with government priorities.
- It leads to a greater understanding of how the actions and demands of individual areas impact the organization as a whole.
- The responsible for delivering the services are those that construct the detailed budget.

However, an ineffective hybrid approach can result in significant amounts of time and effort being spent in negotiation and iteration, with senior management ultimately having to impose budget cuts to satisfy organizational constraints.

There are circumstances where a largely bottom-up budgeting approach might be appropriate to an organization. This is true in particular when an organization has undergone substantial change and a bottom-up approach is useful in setting the budget baseline, especially if these changes happen year to year, for example, in project-based organizations.

On the other hand, a primarily top-down budgeting approach is the most appropriate in some circumstances, for example, where an organization has to identify substantial budget savings in a short space of time or in circumstances where additional budget discipline is needed (Flynn 2007).

*Determining the budget approach*

Most organizations prepare budgets using one or a combination of the following methods:

- Incremental budgeting (otherwise referred to as traditional budgeting)
- Zero-based budgeting
- Activity-based budgeting
- Performance-based budgeting

In the incremental or traditional budgeting, the previous year's budget provides a baseline for the current year, adjusted for the removal or addition of one-off budget impacts. The main advantages of this method are its simplicity and easy understandability, as well as the possibility for the managers to have a stable and consistent approach to budgeting. At the same time, its advantages regard mainly the assumption of unchanging activities from the last year and the difficulty to identify savings and efficiencies.

The zero-based budgeting requires preparation of the next year's budget as if it was a new, rather than continuing, budget, with every aspect that must be justified. This method endeavors to redirect efforts and funds from lower priority current programs to higher priority new programs, improves efficiency and effectiveness, and therefore reduces spending. It implies a greater alignment of resource allocation to output and program delivery, an active involvement of operational managers and a focus on value for money as each budgeted amount must be justified. On the

other hand, there is an increased complexity, requiring greater time and cost to deliver budget, and if the organization's activities experience little fluctuation, the needed workload may not be justifiable.

The activity-based budgeting concentrates on factors that drive costs and justifies expenditure on the basis of activities performed in relation to predetermined drivers and places responsibility on the manager with responsibility for the driver. The main advantages of this method are the opportunities to examine work practices and eliminate non value-adding activities, a close linkage to operational planning and the chance for managers to analyze budgets in operational terms. Its high complexity could give to the manager some problem in understand what activities drive their budget and estimate activity volume.

In the performance-based budgeting, the process begins with an assessment of what the organization is trying to achieve. The activities required to achieve each output are identified and costed. This approach presents some advantages as:

- The linkage between resources (inputs) and the organization's deliverables (outputs)
- The strong integration of budget and strategic and operational plans
- The alignment of budget to source of appropriation funding

But at the same time, there are also some very important disadvantages to consider:

- Its greater complexity, with the greater time and effort involved in collecting output and program indicators
- The risk that budgets could be ineffective if performance measures are not clearly articulated

Theoretically, a budgeting approach following zero-based budgeting or performance-based budgeting would generally be considered better practice as the budget links to the organization's goals, priorities, and outputs. However, given the complexity, time, and cost associated with these methods, they are not practicable for all organizations. This is particularly the case for organizations that exhibit little change year to year where the cost is unlikely to be justified.

*Automate internal budget processes*

Systems and tools used by organizations to construct the internal budget can have a significant impact on the timeliness and quality of the internal budget. Larger organizations with a mature budget function often use integrated software tools to manage internal budget processes. Sophisticated tools facilitate the development of the internal budget and provide timely financial and management information throughout the organization. Nonetheless, the use of spreadsheets for all or some internal budget processes remains common. However, as a budgeting tool, the spreadsheet has a number of limitations around data integrity, integration, change control, multi-user access, and size restrictions. Further, the use of spreadsheets can have a significant hidden cost through time spent on activities such as maintaining and updating models and the manual consolidation of budget submissions.

To facilitate the production of timely and consistent budgets, organizations should limit the amount of manual intervention. It is essential that internal budget system and tools are reevaluated on a periodic basis (e.g., every 3 years) so that they remain appropriate to the efficient and effective development of the internal budget.

(c) The communication process in the budgeting is a critical element, particularly for the involvement and commitment of senior management that has a key role in developing an effective internal budget. To involve senior management could be created a budget committee to oversight the internal budget process. The functions of a budget committee include:

- Developing budget strategies and priorities
- Approving timetables and allocation of responsibilities
- Approving budget guidelines

- Providing policy advice and strategic analysis to the Chief Executive
- Evaluating budget bids, including alignment with the organization's priorities
- Recommending final approved budgets
- Conducting ongoing assessments of budget processes

As mentioned, the primary responsibility for coordinating the budget process typically resides in the finance area and particularly in the Chief Financial Officer (CFO). Assuming this, the authority of CFO is essential to ensure that budget guidelines and policies are being complied with throughout the organization.

The organizational and area budgets need to be subjected to quality assurance review before being submitted to senior management in order to allow them to focus on priorities and trade-offs rather than data quality. Quality assurance is generally performed by the finance area, but may also involve internal audit or specialist assistance, especially for new or complex budget initiatives.

After the submission of single budget by the different line areas, the part of the process involving them is not concluded as changes are required at the organizational level once budgets are consolidated to accommodate resource constraints or evolving priorities, and it is important that managers have been consulted and understand why changes have been made. Collaboration and trust between areas involved in the budget setting process are really important. At the same time, making internal budgets available as soon as practicable after approval enables managers to take timely action to achieve budget targets.

To communicate the internal budget to all relevant stakeholders, organizations can prepare a summary of the budget that should include an overview of key financial goals, initiatives, and financial results by budget allocation, using charts and graphs to better illustrate important points.

## Cross-References

► Financial Instruments

## References

Flynn N (2007) Public sector management. Sage, London
Johnson G, Scholes K, Whittington R (2008) Exploring corporate strategy: text and cases. Pearson Education, Harlow
Meyers RT (1998) Handbook of government budgeting. Joss-Bass Publishers, San Francisco

# Internal Control Models

Elisabetta Reginato[1], Isabella Fadda[1] and Paola Paglietti[2]
[1]Department of Economics and Business, University of Cagliari, Cagliari, Sardinia, Italy
[2]Department of Economics and Business Administration, University of Cagliari, Cagliari, Italy

## Synonyms

Management controls

## Definition

Internal controls are organizational inherent mechanisms, which allow the normal business processes find in themselves the persistence conditions in accordance with sound management standards.

## Introduction

In the last 30 years, the New Public Management (NPM) movement has inspired the renovation processes of public administrations all over the world, (Barzelay 2001). Its watchwords – efficiency, economy, accountability – together with the expectation that it could be an effective way to reduce public spending can be regarded, at large, among the reasons for its success. In particular, given that the NPM promotes the introduction of the accrual concept in public budgeting and

accounting, together with the re-orientation of budgeting systems from inputs to results, the need to re-shape internal control and audit systems becomes apparent (Sterck et al. 2005). In this respect Power (1997) argues that NPM is among the causes of the "audit explosion," that is, to say the proliferation of auditing activities and especially value for money (VFM) audits or performance audits. Bowerman et al. (2000) dispute the fact that the audit explosion is just an element of a wider phenomenon that they refer to as a "performance-measurement society." In this context, an "internal control explosion" (Maijoor 2000) also takes place.

The development of an effective internal control system – hereinafter ICS – is in fact a keystone for public sector governance, together with the implementation of the aforementioned accounting and budgeting practices. ICSs assist public organizations in the pursuit of a more accountable and transparent, thus less corrupted, administration.

## Internal Control Models

Internal controls are organizational inherent mechanisms, which allow the normal business processes find in themselves the persistence conditions in accordance with sound management standards. As Maijoor (2000) argues, while traditionally internal controls were mainly related to the accounting controls and represented by measures such as segregation of duties, authorizations, and so on, currently the concept of internal control has been expanded to cover many other types of activities.

As for the public sector, in particular, although there is a variety of ways in which internal controls are intended across different countries, a widely accepted definition is the one adopted by the International Organization of Supreme Audit Institutions (INTOSAI) which recalls the one provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As defined by INTOSAI (2004, p. 6), internal control is:

> an integral process that is effected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission, the following general objectives are being achieved: 1) executing orderly, ethical, economical, efficient, and effective operations; 2) fulfilling accountability obligations; 3) complying with applicable laws and regulations; 4) safeguarding resources against loss, misuse, and damage.

Thus, according to this definition, and coherent with the more general one provided at the beginning of this section, internal controls appear as organizational mechanisms necessary to effectively and efficiently accomplish an entity's mission.

The ICS is aimed at the assessment of risks and continuously interact with the accounting system and the internal audit in order to achieve the general objectives that are functional to the entity's mission (Fig. 1).

These internal control mechanisms have to be devised so as to be integrated with all the other processes being carried out and built into the entity's infrastructure, rather than being considered as a separate apparatus from the existing structure and procedures. The integration of the internal controls into the basic operating activities requires the management to carefully consider how the existing operations can contribute to the ICS. This management effort helps prevent unnecessary procedures, which may delay operations and result in additional costs.

Managers and entity's personnel at large are what make the ICS work. Managers not only have to design internal controls, but they also have to implement them and supervise their implementation. For internal controls to be effective, it is necessary that all the personnel in the organization are well aware about their roles and responsibilities, and this makes communication another essential feature for the internal controls successful operation. According to the INTOSAI framework, the subjects involved in the ICS can be classified in internal and external stakeholders. The former are represented by the previously mentioned managers and entity's personnel, as well as by the internal auditors, who assess the

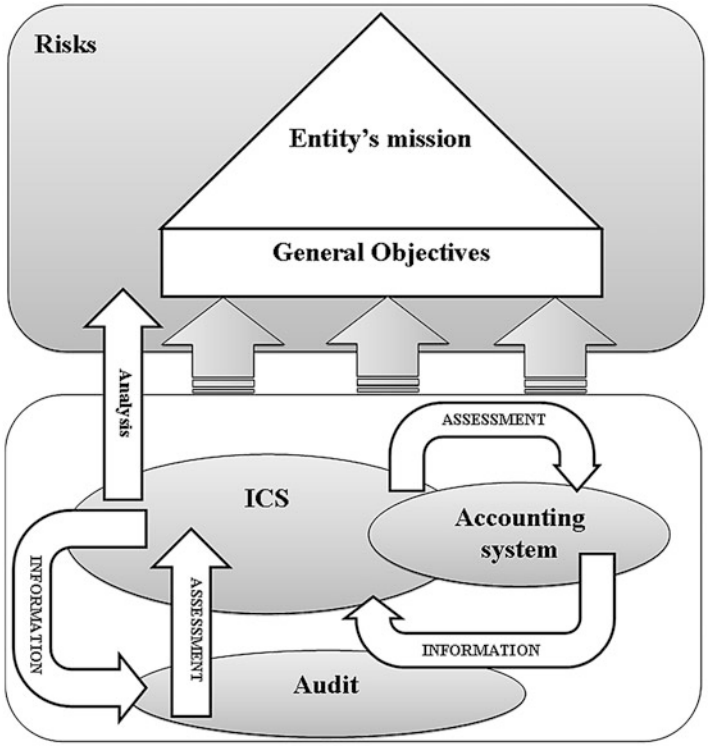


**Internal Control Models, Fig. 1** Interaction among the ICS, the accounting system, and the internal audit. (Source: Adapted from Pavan and Fadda 2013, p. 436)

ICS and provide recommendations for its improvement. External stakeholders, instead, are not responsible for the implementation of the internal controls; however, they can contribute to the achievement of the organizational objectives. They are represented by the external auditors and Supreme Audit Institutions (SAIs), legislators, and regulators, as well as other parties that interact with the organization, for example, beneficiaries, financers, and provide information about the achievement of its objectives. As for external auditors and SAIs, they assess the ICS and report their findings and recommendations to the management and to other interested stakeholders. Legislators and regulators, instead, can provide rules or policies concerning internal controls allowing a better understanding about what they are meant to be.

Furthermore, other two elements stand out from the INTOSAI definition that need to be addressed: one is related to the risk assessment mission of internal controls, and the other is related to the provision of a reasonable assurance about the attainment of the entity's objectives. These two elements are noticeably strictly related and they point out that the existence of an ICS cannot guarantee the achievement of the organizational objectives, but rather that it can only provide a satisfactory level of confidence, under specified conditions concerning costs and benefits, about the objectives' attainment. This implies, on the management side, a careful evaluation of the costs and the benefits that the system will generate, as costs should not exceed the benefits. The implementation of the internal controls implies explicit costs – the resources necessary for accomplishing the different tasks required by the system – as well as implicit costs such as operations delay or employee low morale. On the other hand, benefits are measured in terms of the extent to which the risk of not succeeding in the attainment of the stated objectives is reduced. Managers, thus, have to make their decisions about internal controls being well aware about the significance of the objectives to achieve, and the financial and nonfinancial implications related to their failed attainment.

It is useful here to emphasize that the INTOSAI's definition is slightly different from the original one provided by the COSO with regards to the general objectives to be achieved. In fact, while the COSO framework provides for three categories of objectives – operations, compliance, and reporting – the INTOSAI model accounts for an additional category which is related to the safeguarding of an entity's assets. The COSO framework considers safeguarding corporate resources implicit in the operations objectives, whereas the INTOSAI considers the safeguarding of an entity's assets a goal in itself, which assumes relevance because they are financed through public money. Furthermore, while the COSO framework, with reference to the operations objectives, only takes into account economy, effectiveness, and efficiency aspects, the INTOSAI model also emphasizes the ethical aspect, because of its importance in the context of the fight against fraud and corruption in the public administration.

The INTOSAI control model consists of five interrelated components which represent what is needed to achieve the general objectives (INTOSAI 2004):

1. Control environment. It represents the base onto which the ICS is built as it provides discipline and structure as well as the climate which influences the overall quality of internal controls. Among its core elements, the INTOSAI stresses (INTOSAI 2004, pp. 17–21): (a) management and staff personal and professional integrity, ethical values, as well as a supportive attitude toward internal controls; (b) management and staff commitment to competence which means making sure that everyone throughout the organization possesses the necessary skill to assess risks and to accomplish the general objectives; (c) the "tone at the top" which requires top managers to demonstrate a supportive attitude towards the internal controls so that everyone in the organization understands their importance thus allowing the establishment of a positive control environment; (d) the organizational structure which must define clearly authority and responsibility. Depending on the roles and responsibilities identified, accountability duties have to be set which in turn requires adequate forms of reporting; (e) human resource policies and practices which are essential for setting a positive control environment. As the ICS is effected by people, the organization must make sure that the right persons are hired and then adequately trained, compensated, evaluated, and motivated in order to maintain a positive control environment. This requires making sure that individuals not only have the adequate skills, but also the integrity necessary to perform their jobs, and continuously providing ethics training.
2. Risk assessment. As the function of the ICS is to provide reasonable assurance about the achievement of an entity's goals, the entity must be aware of the risks it has to face and how to cope with them. The risk assessment should be an ongoing iterative process which implies identifying and analyzing relevant risks and determining adequate responses. This process plays a key role in the selection of the appropriate control activities to be undertaken.
3. Control activities. They include all the policies and procedures aimed at verifying if all necessary actions to achieve the entity's goals are effectively carried out. They occur throughout the organization, at all levels and in all functions, and include a range of activities as diverse as for example: authorization and approval procedures, reconciliations, reviews of operations, processes and activities, and reviews of operating performance. Risk assessment and control activities together constitute what is called the risk management process which is the overall process that starts with risk identification and terminates with the implementation of the necessary controls in order to reduce identified risks to an acceptable level.
4. Information and communication. They play a key role in ICSs as they produce reports, including operational, financial, and compliance-related information that allow public accountability obligations to be fulfilled. This objective can be achieved by developing and

maintaining reliable and relevant financial and nonfinancial information and communicating this information by means of a fair disclosure in timely reports. A precondition for reliable and relevant information is the prompt recording and proper classification of transactions and events. The management's ability to make appropriate decisions is affected by the quality of information that has to be appropriate, timely, current, accurate, and accessible. Information is the basis for communication which has to enable all personnel to carry out their control responsibilities effectively. Useful communication should occur in all directions, flowing down, across, and up the entity, throughout the entire structure.

5. Monitoring activities. They include all activities aimed at assessing the effectiveness of the ICS. Monitoring is accomplished through ordinary activities performed on a regular basis or separate evaluations carried out on the basis of ongoing activities' results. Internal control deficiencies detected through these monitoring activities should be reported upstream, and corrective actions should be taken to ensure continuous improvement of the system.
6. These five components of the ICS according to the INTOSAI also represent the basis against which an ICS can be evaluated. They are all necessary to achieve the four general objectives, and each component is relevant for each objective individually considered.

## Conclusions

As stated above, there is a variety of ways in which public internal controls are intended and implemented across different countries. Despite these differences, it is worth mentioning before concluding that common trends have been observed. A first convergence path has led many OECD countries to shift the emphasis of controls from ex-ante controls to ex-post ones leading to the strengthening of the same ICS. Furthermore, while traditionally internal controls were almost only financial controls, starting from the 1990s a number of different factors have led to a constant proliferation of other types of control that go beyond the mere financial perspective, although the former ones are still prevailing (Ruffner and Sevilla 2004, pp. 124, 130). Increased government complexity, technological advances, focus on performance are among the factors that have prompted these changes.

In the attempt to classify the different public internal control models, the European Commission (EC) distinguishes between centralized and decentralized systems (European Commission 2014). According to the EC's report, an internal control model is defined as centralized when it encompasses "*the entire control system within the public administration and the sum of all institutions involved in controlling public funds*" (European Commission 2014, p. 13). Italy and Spain are among the countries which adopt such a control model. On the contrary, the same report defines as decentralized those models which are consistent with the INTOSAI control model; Denmark, Sweden, and UK are among the countries adopting this latter type of model.

Despite the multiplicity of internal control models, it is possible to argue that the one developed adapting from and according to the COSO framework represents a state-of-the-art model for public internal controls. This is testified, on the one hand, by the relevance of the organizations sponsoring the COSO activity, for example, the American Accounting Association (AAA); the American Institute of Certified Public Accountants (AICPA); Financial Executives International (EIF); the Institute of Management Accountants (IMA); and the Institute of Internal Auditors (IIA). On the other hand, it is evidenced by the international recognition of the framework as a quality standard for internal controls. The COSO model is, in fact, the most widely used framework by listed companies in the USA to comply with Sarbanes-Oxley Act (SOX) on internal controls.

## Cross-References

► Accountability and Corruption, Europe
► Auditing
► New Public Financial Management
► New Public Management

## References

Barzelay M (2001) The new public management: improving research and policy dialogue. University of California Press, Los Angeles

Bowerman M, Raby H, Humphrey C (2000) In search of the audit society: some evidence from health care, police and schools. Int J Audit 4(1):71–100. https://doi.org/10.1111/1099-1123.00304

European Commission (2014) Compendium of the public internal control systems in the EU member states. Publications Office of the European Union, Luxembourg

International Organization of Supreme Audit Institutions (INTOSAI) (2004) Guidelines for internal control standards for the public sector, vol INTOSAI GOV 9100

Maijoor S (2000) The internal control explosion. Int J Audit 4(1):101–109. https://doi.org/10.1111/1099-1123.00305

Pavan A, Fadda I (2013) I controlli interni per il buon andamento del settore pubblico Italiano. Azienda Pubblica 4(2013):431–449

Power M (1997) The audit society: rituals of verification. Oxford University Press, Oxford

Ruffner M, Sevilla J (2004) Public sector modernisation: modernising accountability and control. OECD Journal on Budgeting 4(2):123–141

Sterck M, Scheers B, Bouckaert G (2005) The modernization of the control pyramid: international trends. Steunpunt bestuurlijke organisatie Vlaanderen, Leuven

# International Development Agencies and Developing Countries

Komla Dzigbede and Rubayat Jesmin
Department of Public Administration,
Binghamton University, Binghamton, NY, USA

## Synonyms

International development aid; International development assistance; International development cooperation; International development intervention; International development partnership

## Definitions

International development is an active process of engagement between nations by which developed countries extend critical economic, financial, and technical resources to developing nations to reduce poverty and inequality and improve health, education, and employment opportunities in developing regions. International development agency refers to the coordinating department or unit in a developed country that oversees the country's international development program in developing countries.

## Introduction

International development agencies play an important role in reducing the wealth gap between developed and developing nations. They extend technical and financial resources from developed country governments to developing nations and work with civil society organizations and local communities in developing countries to provide resources in critical sectors and promote development at the micro-, meso-, and macro-levels. Developed countries distribute international development assistance through multilateral international organizations (e.g., the World Bank) and international development agencies (e.g., US Agency for International Development).

Among the top donors in international development assistance are the United States, the United Kingdom, Japan, Germany, France, and Canada. Between 2011 and 2015, these countries together contributed $102.5 billion in development funding, compared to 756.7 billion contributed by all donor countries. Additionally, the top five recipients of international development funding are Afghanistan, Syria, Vietnam, Ethiopia, and Egypt; these countries received development assistance amounting to $100.3 billion between 2012 and 2016, representing 13.3% of total funding to low- and middle-income countries (Organization for Economic Cooperation and Development 2019).

This essay explores the main priorities and achievements of international development agencies in developing countries. It also discusses critical challenges in international development and describes specific ways international development agencies can build effective partnerships

with developing nations to promote sustainable development. The discussion focuses on two international development agencies, namely the US Agency for International Development (USAID) and the United Kingdom Department for International Development (DFID).

## Major Priorities

USAID and DFID programs focus on key sectors such as agriculture, health, and education and extend to democracy and good governance, disaster relief, and trade and private sector development. Agency interventions consider that forward and backward linkages in specific sectors can enhance the impacts of programs on households, communities, and the macroeconomy in developing countries.

### USAID

The US government, under the Foreign Assistance Act of 1961, established USAID to administer international development and humanitarian efforts worldwide and promote America's good among foreign countries. USAID's major areas of focus in development assistance are agriculture and food security, democracy, human rights and governance, economic growth and trade, education, environment and climate change, gender equality and women's empowerment, health, water and sanitation, and crisis and conflict management. Table 1 shows the distribution of USAID funding among these program areas in 2017.

**International Development Agencies and Developing Countries, Table 1** USAID funding in priority sectors (2017)

| Program area | Amount (million dollars) | Share of total (%) |
|---|---|---|
| Economic growth (including agriculture) | 3781.8 | 29.0 |
| Humanitarian assistance | 3003.4 | 23.0 |
| Health | 1943.1 | 14.9 |
| Democracy, human rights, and governance | 1345.4 | 10.3 |
| Education and social services | 1327.9 | 10.2 |
| Program development and oversight | 1051.2 | 8.1 |
| Peace and security | 605.8 | 4.6 |

Source: USAID (2018)

### DFID

The United Kingdom established DFID in 1997 as a ministerial department to take the lead in the government's work of tackling the global challenges of poverty and disease, conflict and insecurity, and mass migration. The agency's mandate is supported by several legislations, including the International Development Act (2002) and the International Development Reporting and Transparency Act (2006). DFID's work in developing countries focuses on agriculture, education, environment, government and civil society, humanitarian aid, and industry. Table 2 lists the amount of funding to each program area in 2017.

**International Development Agencies and Developing Countries, Table 2** DFID funding in priority sectors (2017)

| Program area | Amount (million euros) | Share of total (%) |
|---|---|---|
| Humanitarian aid | 1,454 | 16.5 |
| Health | 1,293 | 14.7 |
| Government and civil society | 1,164 | 13.2 |
| Multisector or cross-cutting | 1,190 | 13.5 |
| Education | 785 | 8.9 |
| Economic infrastructure and services | 773 | 8.8 |
| Production sectors | 713 | 8.1 |
| Administrative costs of donors | 543 | 6.2 |
| Refugees in donor countries | 378 | 4.3 |
| Other social infrastructure and services | 236 | 2.7 |
| Water supply and sanitation | 177 | 2.0 |
| Miscellaneous | 98 | 1.1 |

Source: DFID (2018)

## Recent Achievements

Agency records show that USAID contributed significantly toward the sustainable development goals of all 142 countries in its global outreach in 2017. It achieved impacts across many sectors, including agriculture, conflict, peace and security, disaster prevention, preparedness and response, education, health, infrastructure, and environment (USAID 2018). Agricultural sector programs produced tangible benefits for farmer households and communities. Under the Feed the Future global food security program, the area of land under improved technologies reached 6.2 million hectares, and the number of farmers who applied improved technologies or management practices totaled 10.9 million. Also, many communities benefitted from expanded markets and trade as the value of agricultural and rural loans grew to $623.7 million and smallholder incremental sales amounted to $906.1 million. Overall, 8.2 million households benefitted directly from the Feed the Future program.

In the health sector, USAID established 2743 health facilities with the capacity to manage acute undernutrition. It reached 27.6 million children under 5 years with nutrition programs and 4.9 million pregnant women with nutrition-specific interventions. Additionally, 1.6 million individuals gained access to safely managed sanitation services and 2.5 million people obtained access to basic drinking water services.

The educational sector achieved impacts at both the basic and post-secondary levels. USAID interventions resulted in 23 million learners enrolling in primary schools and equivalent non-school based settings, and 19 million learners received primary-level reading interventions. Children in primary grades that achieved improved reading skills as a result of primary education interventions totaled 828,000. Further, the agency built or repaired 354 primary or secondary classrooms, developed the capacity of 267 tertiary education institutions, and developed workforce development programs that resulted in 53,000 people receiving new or better employment.

Similarly, DFID reports show that the agency's programs in developing countries resulted in 28.7 million children immunized and 475,000 lives saved between 2015 and 2016. The number of children under the age of 5, women of childbearing age, and adolescent girls the agency reached with nutrition-related programs totaled 26.3 million. The agency also supported 27.2 million individuals to gain access to clean water and better sanitation services, and through its primary education intervention programs, a total of 7.1 million children gained decent education (DFID 2018).

Additionally, as part of its strategic priority to strengthen global peace, security and governance, DFID supported 30 countries to manage their public finances, including natural resources and extractives, more transparently. It supported freer and fairer elections in 13 countries and empowered 81.1 million people, including 31.0 million women, to have choice and control over their own development and hold decisionmakers accountable in governance. The agency also enabled ten million women to access justice through the courts as well as gain improved access to police and legal assistance in matters related to domestic violence and abuse, land ownership, and family inheritance.

DFID also strengthened resilience and response to crises worldwide as it reached 17 million individuals, including 7.3 million women and girls, with humanitarian assistance. It provided timely assistance to people dealing with the consequences of armed conflicts, famines, floods, and typhoons in countries like Afghanistan, Ethiopia, Malawi, Pakistan, Somalia, Syria, and Yemen. Also, it responded effectively, alongside other international development agencies, to contain the Ebola crisis in West Africa.

## Critical Challenges

Academic scholars and development practitioners alike have highlighted multiple challenges and concerns about the work of international development agencies in developing countries. These challenges span politics, economics, and public management.

### Politics

Donor allocation of resources is sometimes driven more by political considerations and at the expense of real need for funds in developing countries. It has been argued that national security and commercial interests of donor countries sometimes take priority in resource allocation, and with the growth in terrorism worldwide, some donors tend to channel resources mainly to poor nations that align with political and ideological interests of donors (Gill and Law 1989; Addison et al. 2015). Another concern is the use of international development assistance as a mechanism for gathering information about recipient countries, which undermines the strategic interests of recipient countries at the global level (Amsden 2007). Moreover, in many instances, bilateral assistance packages are delivered to developing countries without much political awareness that these countries are diverse in geography, history, culture, resources, government, population size, and economic structure and that what works in one country might not work in another jurisdiction.

### Economic and Institutional Problems

Corruption is a problem in international development. It is driven by both demand and supply side causes. At the demand side, most developing countries lack adequate regulatory and institutional control systems to ensure transparency of rules and contracts, enforce effective penalty systems, and ensure swift judicial processes (Mele 2014). These institutional weaknesses create incentives for local contractors and consultants to pay bribes to government officials for contracts, and in some instances, contractors inflate the costs of development projects and submit bills for substandard work (Quibria 2017).

Donors contribute to corruption from the supply side. When seeking lucrative procurement contracts, some big corporations in donor countries, operating under a vast network and camouflage of subsidiaries, affiliates, and advisers, engage in corrupt and unethical practices, including making questionable and illegal payments to government officials and political parties in developing countries, and compromise laws and international treaties (Sikka and Lehman 2015).

Aside from the problems of corruption, international development assistance often lacks supporting and coordinating investment in the public and private sectors, and this poses a severe economic challenge that hinders growth and development (Amsden 2007). Food monetization is also a problem. Donor countries' sale of food aid commodities in local markets to generate funds for international agricultural assistance harms local producers as it decreases prices and disrupts local markets (Barrett and Maxwell 2005).

### Program and Project Management

International development programs and projects sometimes lack proper alignment with the policy priorities of recipient countries. Advocates have argued for international agencies to synchronize better their programs and projects with local preferences and utilize longer commitment horizons that embed the longer-term development priorities in recipient countries (Rogerson 2005). Experts have also argued for programs and projects to have the national branding of recipient countries, which is an important expression of soft power and is needed to assert local norms and promote recipient countries as partners of choice (Pamment 2018).

Another challenge is that programs and projects make minimal use of country financial systems and local actors and, in most cases, the reach and effectiveness of projects could be improved. A recent study of USAID agricultural projects in Ethiopia, Ghana, Haiti, Senegal, and Tanzania finds that nonprofit organizations and for-profit corporations in the United States play the role of lead implementers and local organizations serve only as subcontractors to lead international actors; therefore there is limited use of local financial systems in delivering agricultural interventions (Tumusiime and Cohen 2017). Moreover, the impact of some of the agricultural technology

innovations (high-yield seeds) was limited because farmers lacked the cash or credit to purchase complementary inputs, including labor, to expand production.

## Building Effective Partnerships

International development partnership involves many stakeholders. Representative individuals, agencies, and departments of national and local governments, nongovernmental organizations, local communities and community-based organizations, private sector organizations, and international donor governments and their agencies are all important stakeholders (Brinkerhoff 2002). Each stakeholder contributes unique assets and skills toward sustainable development goals. National governments provide an enabling macroeconomic environment and legal and institutional framework as well as technical and financial resources. Local governments give support to program and project implementation at the micro-level, whereas nongovernmental organizations and community-based organizations mobilize local resources and support in local communities. As for international donors and agencies, they provide critical technical and financial resources, foster public-private sector partnerships, and stimulate action toward host country development goals and global sustainability priorities.

Partners in development often have divergent goals and motivations, but an effective partnership builds on trust, transparency, accountability, reciprocity, and respect and works to enhance cooperation and complementarity to achieve mutually agreed development goals (Schaaf 2015). In developing countries, national governments have an important role to play in achieving effective partnerships for sustainable development. One way is for national governments to provide an enabling macroeconomic environment and legal and institutional context that enhance development policy credibility. Research shows that a suitable mix of macroeconomic and institutional policies should combine fiscal discipline and leadership with monetary policy targeting low inflation and employment growth over time and anchor policy credibility in market expectations (Dzigbede 2016). Another way is for national governments to increase their political commitment toward mutually agreed sustainable development strategies. Roberts and Andrews (2005) describe how national and local budgets may not fully reflect mutually agreed development priorities, and especially during election years, government spending patterns may diverge from stated goals and create severe fiscal policy shocks that can constrain long-term economic development. It is also likely that the rhetoric of developing country governments in the international development space may not be backed by their operational support at the local government level.

International agencies must also play a significant role in building effective partnerships for development. A common challenge is the lack of adequate fit between international development assistance and the problem structure in developing countries. International agencies sometimes adopt a single set of solutions across developing countries, but more effective partnerships would require that international donors invest in tailored solutions that recognize macroeconomic and institutional setups, local administrative conditions, and political constituencies in specific countries and leverage the comparative advantages of all stakeholders to promote sustainable development in a country (Pattberg and Widerberg 2016). Additionally, a greater level of accountability, transparency, and trust is needed to allow host governments and international agencies to pool resources, disburse funds, and coordinate activities to achieve greater impacts on development.

Finally, the role of the private sector cannot be overemphasized. Public-private partnerships provide a unique way to achieve government goals of socioeconomic growth and redistribution together with business sector goals of managerial efficiency and global competitiveness (Houghton 2011). However, in the international development

landscape especially, the business sector emphasis on market efficiency and program performance must be weighed carefully such that it does not constrain long-term goals of social accountability, equity, and justice.

## Conclusion

This entry examined the main foci of international development agency programs in developing countries. It focused on USAID and DFID and tracked their achievements across priority sectors in developing countries. The entry discussed key challenges and concerns about international development effectiveness focusing on politics, institutions, and program management. The essay recommends that developing country governments, international development agencies, and private sector organizations all should strive toward making their partnerships more effective and aligned with sustainable development priorities in poor nations.

## References

Addison T, Nino-Zarazua M, Tarp F (2015) Aid, social policy and development. J Int Dev 27:1351–1365

Amsden AH (2007) Escape from empire: the developing world's journey through heaven and hell. The MIT Press, Cambridge, MA

Barrett CB, Maxwell DG (2005) Food aid after fifty years: recasting its role. Routledge, Oxford

Brinkerhoff J (2002) Partnership for international development: rhetoric or results? Lynne Rienner Publishers, Boulder

DFID: United Kingdom Department for International Development (2018) Annual report for 2016–17 fiscal year. https://www.gov.uk/government/organisations/department-for-international-development

Dzigbede K (2016) Whither are we bound? New insights on American economic policymaking. Policy Stud J 44(S1):S14–S27

Gill SR, Law D (1989) Global hegemony and the structural power of capital. Int Stud Q 33(4):475–499

Houghton J (2011) Negotiating the global and the local: evaluating development through public–private partnerships in Durban, South Africa. Urban Forum 22(1):75–93

Organization for Economic Cooperation and Development (2019). Distribution of net ODA (indicator). https://data.oecd.org/oda/distribution-of-net-oda.htm

Pamment J (2018) Towards a new conditionality? The convergence of international development, nation brands and soft power in the British National Security Strategy. J Int Relat Dev 21(2):396–414

Pattberg P, Widerberg O (2016) Transnational multistakeholder partnerships for sustainable development: conditions for success. Ambio 45(1):42–51

Mele D (2014) Corruption: 10 possible cauess. https://blog.iese.edu/ethics/2014/11/06/corruption-10-possible-causes

Quibria MG (2017) Foreign aid and corruption: anti-corruption strategies need greater alignment with the objective of aid effectiveness. Georgetown J Int Aff 18(2):10–17

Roberts J, Andrews M (2005) Something funny happened on the way to reform success: the case of budget reform implementation in Ghana. Int J Public Adm 28(3–4):291–311

Rogerson A (2005) Aid harmonization and alignment: bridging the gaps between reality and the Paris reform agenda. Dev Policy Rev 23(5):531–552

Schaaf R (2015) The rhetoric and reality of partnerships for international development. Geogr Compass 9(2):68–80

Sikka P, Lehman G (2015) The supply-side of corruption and limits to preventing corruption within government procurement and constructing ethical subjects. Crit Perspect Account 28:62–70

Tumusiime E, Cohen MJ (2017) Promoting country ownership and inclusive growth? An assessment of Feed the Future. Dev Pract 27(1):4–15

United States Agency for International Development (2018) USAID dollars to results. https://www.usaid.gov

# International Financial Institutions: Lessons for Public Administrators

Thomas D. Willett[1] and Ravi K. Roy[2]
[1]Department of Economics, Claremont Institute for Economic Studies, Claremont Graduate University, Claremont, CA, USA
[2]Southern Utah University, Cedar City, UT, USA

International financial institutions (aka IFIs) play an essential role in overseeing the international financial system and the global economy. The international financial system embodies a complex mix of private sector agents institutional monetary and financial actors, and financial instruments. These include, for example, the

international banking system, portfolio equity and bond investments, foreign direct investment, as well as international remittances sent from workers abroad back to their home countries.

Sovereign countries attempt to take advantage of the benefits of globalization while mitigating the costs through various means. For example, they have the ability to manage exchange rates vis-a-vis other national currencies, exercise discretion over the degree of financial and trade openness, as well as make adjustments to their domestic monetary and fiscal policies. When national governments attempt to make policy adjustments to improve their country's own economic and financial positions, such activities can often have important implications for other countries. Consequently, there is need for national governments to cooperate in setting and agreeing to abide by certain international ground rules. Such ground rules, after all, help facilitate international trade and investment by tempering domestic pressures that promote economic nationalist policies that may harm other countries as well as help promote the harmonization of rules and regulations among them.

Governments and international institutions may work together in establishing, and when necessary enforcing, the ground rules under which the international monetary and financial systems operate. For example, they may provide financing for countries facing balance of payments difficulties, offer policy advice, provide development aid to low-income countries, as well as develop guidelines required to regulate the activities of large private financial institutions. Both the extent of international agreements, and the ability of international institutions to enforce them, can vary substantially from one issue area to another. For example, when addressing the question of how much international coordination is optimal, there is no one-size-fits-all answer. The answer depends on the size of the economies involved, the level of synchronization that exists among their domestic business cycles, and so forth.

International developments, such as war, terrorism, financial crises, and political revolutions, can heavily influence a country's financial stability and overall economic performance. In an interdependent global economy, the pursuit of economic policies that benefit one country can sometimes impose costs on others. Beggar-thy-neighbor trade and exchange rate policies adopted by a number of countries during the Great Depression of the 1930s, for example, proved highly destructive. Therefore, at the end of World War II the international community established three major international organizations to help promote greater stability and growth throughout the global economy. The General Agreements on Tariffs and Trade (which has evolved into the World Trade Organization), the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund (IMF) were established to promote mutually agreed upon trade and financial rules and create a stable currency regime. Over time, these institutions have been supplemented by more specialized organizations such as the regional development banks and the Bank for International Settlements, which help oversee international banking regulations.

The effectiveness of various international financial institutions has varied greatly across organizations. The International Monetary Fund, in particular, has been one of the most effective of the IFIs in fulfilling its primary obligations. However, the IMF has not been able to avoid harsh (and often unfair) criticism. IMF policies, known as "conditionalities," which characteristically call for recipient countries to adopt monetary and fiscal austerity programs to help them fight inflation and stabilize their currencies, have tended to draw the most criticism. To be sure, austerity can be tough medicine to swallow for many of the governments and their peoples who must live under it. But while such measures can be painful in the short-term, they are part of a necessary regime to help countries get back on track economically.

In an economically interdependent world, national economic policies can be more effective if they are coordinated across countries (or by units within them). Such coordination, however, comes at a price. While tax policies or banking regulation, for example, tend to be more effective

when they are coordinated among countries, the imposition of common standards simultaneously limits the autonomy national governments may exercise when responding to unique domestic economic challenges and opportunities.

Not surprisingly, countries that have benefited from increased coordination tend to hold positive views of globalization, while countries that have been disadvantaged through such international agreements do not. There are some domestic groups that gain and others that lose from international engagements. Consequently, domestic actors often disagree over which national policies are optimal and which should be avoided.

Many countries have deliberately adopted international trade agreements that have been even more liberal than those advocated by the World Trade Organization while others have embraced more protectionist policies. A number of countries in Europe have chosen to surrender domestic autonomy over their national currencies to a regional central bank, while other countries, such as the Britain, have chosen to retain control over their domestic currencies. Common currency areas, such as the Euro, not only impose certain constraints on the national macroeconomic policies of participating countries but also potentially increase their exposure to economic crises originating from neighboring countries. Consequently, countries outside of the common currency area (like Britain) not only maintain greater discretionary control over their own macroeconomic policies (compared with those inside the Eurozone) but they are often more insulated from others' economic problems.

## Lessons for Public Administrators

Experiences with the operation of international economic and financial agreements and institutions have a number of important implications for public administration. For example, it is important to recognize that different individuals and groups tend to view the same events and developments from very different angles. Consequently, their perspectives tend to vary greatly. For example, evaluations offered by different individuals and groups of the IMF's performance are often heavily shaped by divergent cognitive lenses or mental models. To a certain extent, all theoretical lenses of the world engender certain flaws and weaknesses. That said, statistician George Box (1987, p. 424) once noted that "[e]ssentially all models [theories] are wrong, but some are useful." Therefore, public administrators must be ever-cognizant of how normative biases can seep into objective policy analysis.

While those on the political left (who operate with a critical lens of IFIs) often claim that the IMF enforces austerity measures that are excessive and not absolutely essential for restoring stability, some on the right (who adopt a more charitable view towards IFIs) have charged that the IMF has been too lenient in the way that it has enforced its structural adjustment programs throughout the developing world. In actuality, however, the IMF tends to be more strict in the way that it administers its financial programs to larger, geopolitically important and advanced countries and less rigid in the way that it administers its programs for smaller and less geopolitically important countries.

One must recognize that the various national economies that operate within the international financial system vary widely with respect to their economic and political strengths and weaknesses. Some countries, for example, have well-functioning governing structures in place, while others are not as well-developed. Some governments operate in a transparent manner, while the operations of others are opaque and, hence, less trustworthy. These complexities make the tasks and functions of those administrators working for these IFIs often messy and politically unpopular.

Another important point is that public administrators would do well to avoid the common mistake of conflating correlation with causation in their analysis of the IMF and other international agencies and institutions. Most evaluations that

assess the effectiveness of IMF programs are commonly tied to the economic performance of recipient countries, which, admittedly, is often disappointing, and in some cases heart-breaking. Consequently, most of the blame for poor economic performance experienced by a given country that has received IMF assistance is often squarely placed on the IMF. Responsibility is rarely placed on the recipient country. Such evaluations often overlook the fact that these recipient countries often possess weaker economies in the first place and do not petition the IMF until they fall into deep economic despair. While more detailed evidence confirms the fact that IMF programs often do result in poorer economic conditions in the short term, this evidence simultaneously confirms that these unfortunate conditions are often unavoidable. The overwhelming empirical economic evidence reveals, that in order to temper or halt run-away inflation, temporary recessions are needed to cool down the economy. Therefore, when conducting rigorous analysis, one must be careful to distinguish between the short-term and the longer-term effects of IMF policies and programs.

At the same time, some of the criticism of the IMF's seemingly single-minded approach to helping developing countries get on-track may carry some validity. In the past, much of the scholarly analysis on the IMF's role in overseeing the international monetary system was narrowly focused on economic efficiency. Little attention was paid to the political constraints embedded within the structures of different countries. In more recent times, however, the IMF has been adopting a more enlightened approach which places greater focus on studying and analyzing the unique domestic political and economic factors that shape a particular nation's financial profile. Rather than attempting to rigidly impose a single, one-size-fits-all model on all countries, the IMF has been adopting a more flexible approach that takes into account the domestic political realities of a country and its institutional capacity to successfully coordinate its policies with others. Historically speaking, the design of IMF programs aimed at assisting countries with balance of payments difficulties have tended to narrowly emphasize those that appear to be the most technically efficient. The failure of many IMF policies has been the result of strong domestic political opposition that has arisen in many of the home countries where these policies were being implemented. Such political opposition resulted in the abandonment (or only partial implementation) of key aspects of the programs. Consequently, the IMF has been emphasizing policies that are more realistic and have a good chance of being implemented successfully in the real world. Of course, one must conduct very careful political as well as technical analysis when making such decisions. This is a lesson that applies to almost all levels of public administration, be they local, national, or international.



## Cross-References


- ▶ Corruption and International Aid
- ▶ Global Financial Crisis Management
- ▶ International Monetary System and the International Monetary Fund, The
- ▶ Nongovernmental Organizations and International Nongovernmental Organizations


## Further Reading


Box G, Draper N (1987) Empirical model building and response surfaces. Wiley, New York, p 924

Bird G, Rowlands D (2016) The international monetary fund: distinguishing reality from rhetoric. Edward Elgar Publishing, Cheltenham

Bird G, Rowlands D (2014) IMF programs: participation, implementation and effects. In: Oatley T, Kindred Winecoff W (eds) Handbook of the international political economy of monetary relations. Edward Elgar Publishing, Cheltenham

Eichengreen B (1994) International monetary arrangements for the twenty-first century. The Brookings Institution, Washington, DC

Willett T (2007) Toward a broader public-choice analysis of the international monetary fund. In: Andrews D, Henning R, Pauly L (eds) Governing the world's money. Cornell University Press, Ithaca, pp 60–77

# International Issues in Corruption Management

Leonard L. Lira
Political Science Department, San Jose State University, San Jose, CA, USA

## Synonyms

Corruption and Ethics; Corruption Perception Index; Transnational Governance; Transparency International

## Definitions

Corruption: An activity that misuses entrusted power for private gain by reducing the public value of a public good to compensate that private gain.

## Introduction

Researchers and experts view corruption, especially the international variety, as a crime of fraud and abuse of public office that generally occurs "over there" and not in their own backyards. However, recent media reports of widespread corruption at the international level, both in developing and developed nations, demonstrates that international corruption is at the same time both a local and global phenomenon. In fact, corruption on the international level reaches all countries and all facets of public life. It is evident in the highest offices of the capitals around the world, from the Ex-President of Brazil, who was recently sentenced to serve 15 years in prison for corruption charges, to a current sitting US President and his administration under investigation for conspiracy with a foreign power, and where several of his cabinet officials are under investigation or have resigned their posts due to ongoing corruption investigations.

Corruption on the international level undermines not only democratic institutions but also the institutions built to protect those democratic efforts domestically and abroad. For example, the New York Times reported that corruption degraded the capacity of Ukraine military to protect its governmental institutions. At the same time, the Wall Street Journal reported that NATO stood up a task force to root out corruption that its own military operations created in Afghanistan. Other media reports described how the pervasiveness of international corruption extends even to international tennis, soccer, and the Olympics committee.

With the large variety of examples of global corruption, researchers and practitioners should focus on identifying and dealing with the major issues presented by having to manage international corruption. These issues include understanding the multiple ways the international community defines corruption and the issues this creates, understanding the challenges of corruption to transnational governance, understanding the impact of international corruption on developing and developed nations, and knowing what the latest tools are used to deal with international corruption. Studying these issues from these perspectives will provide a comprehensive and up-to-date overview of main issues in managing international corruption.

## Issues with Defining Corruption

The definition of corruption most often cited in the research literature comes from the international organization, Transparency International (TI), and describes corruption as the misuse of entrusted power for private gain. The definition is both simplistic and elegant. It both distinguishes the context (entrusted power) and indicators (private gain), in one statement. This makes the allure of studying corruption all the more appealing as compared to the often ambiguous study of ethics. However, its simplicity is both an advantage and disadvantage when studying corruption at the international level of analysis.

Terms used to define corruption internationally include a spectrum of definitions like "petty" and "grand" or "low forms" and "high forms" (van

Schoor 2017, pp. 17–18). This highlights the main issue in defining international corruption. To define it at the international level of analysis, one has to define what corruption means in diverse contexts across various nations and cultures. TI's simple definition is susceptible to criticism that it emanates from a Western developed nations' contextualization of corruption. Thus, it has been disparaged as "monochromatic" and too focused on endogenous reasons for corruption in developing nations, such as poverty, disease, tribalism, and other ails of underdeveloped nations such as bureaucratic pathologies or the breakdown in the rule of law (de Maria 2008). It averts attention away from the exogenous causes of corruption stemming from international business centric causes and overweighs international business welfare above indigenous human rights welfare.

Further, the Corruption Perceptions Index (CPI), published by Transparency International and based on its definition of corruption, focuses attention on corruption from a political perspective that conduces to Western business interests and is nonsupportive of the home country's anti-corruption efforts. For example, the World Bank and Transparency International both assess China and South Korea poorly on the rule of law and control of corruption. However, Seoul Metropolitan Government can demonstrate high rates of online citizen participation (Holzer and Kim 2007). And the Guangzhou Municipal Government leads the region in government information disclosure rules, citizen participation law, and administrative regulations. Even in nations with less developed economies than South Korea or China, the common structural networks of law and democratic institutions may not exist that help makes the payment and delivery of government services as transparent as it does in more developed nations. Thus, what may appear as corruption from a Western viewpoint, may be a necessary process to governing for nations given their current level of development.

Consideration needs to be given for nations with under-developed economies that do not have the structures in place to exhibit or the capacity to demonstrate the levels of transparency expected in more developed nations. Just as the Western bureaucrat who receives personal compensation legally for delivery of public government service is legitimate, so too should the delivery of governmental services by tribal, or other organizational mechanisms, be viewed as legitimate as long as the greater value of the action contributes to the public good. Thus, researchers of international corruption should understand that the determination of the level of corruption should be based on what value the personal gain detracts from the public value of the activity in question, not merely on private gain or a lack of transparency alone.

## Challenges to Transnational Governance

International corruption represents a challenge to transnational governance. One reason is the distinction made in the international definition of private gain based on compensation for public good deliveries versus the public value gained based on societies payment for that private gain to exact the public good. Because the calculation of the personal gain versus public value is not easily derived, perpetrators of corruption at the international level can circumvent easy identification and disrupt preventative efforts across international borders. At the same time, private to public transactions executed in environments where weak institutions exist do not automatically lead to corruption. Whereas the definition of corruption as provided by TI implies strong institutional contexts, this is not always the case in all contexts at the international level where transactions occur transnationally.

Some achievement of basic governmental assumptions is necessary to operationalize the definition of corruption at an international level. To wit, Matten and Moon (2008) identify three underlying assumptions: a functioning political-economic market that allows for corporate discretion over responses to economic, social, or political factors; functioning governmental and institutions that guarantees, define, and administers the market and acts on behalf of the public good and interest; and finally, that these

governmental institutions are not captured by private interest for private gain. Thus, there is an inherent difference between how international business and donor transactions occur across international borders in the transnational socioeconomic spaces and how the international community describes its expectations for the transparency of such socioeconomic transactions.

As the number of social, economic, and political transactions occurring across national borders increases, the capacity of any one nation's government to administer such transactions decreases and the ability to ascribe accountability becomes harder. The authority to govern such transactions is more diffuse at the international level, precisely because of a lack of common contextual understanding of the cost and benefits of such transactions. Therefore, there exists a need to understand the meaningful differences of corruption in differing contexts and to research how these differences are diffused, adopted, and implemented in different international settings. Researchers should also study how international institutions, national and local governments, and relevant stakeholders play in this process. Understanding the impact of transnational corruption is essential so that the problem can be properly defined. The transnational characteristics of international corruption exemplify the challenges presented when trying to deal with it at the international level.

## Corruption's Impact at the International Level

Internationally, corruption affects the trade between and the prosperity of countries, the governance capacity of both developed and developing nations, and the level and quality of international security. Corruption has a statistically significant and negative relationship on a country's Gross Domestic Product and significantly impacts the corporate liquidity of both international and national firms (Chen 2011). For example, the Christian Science Monitor reports that corruption takes up one third of Russia's GDP, approximately $318 US dollars. Additionally, Egypt's level of international trade could be much higher if the international perception of corruption in Egypt was more on par with developed nations (Shirazi 2011, p. 442). However, beyond the impacts to the public and private domains, international corruption is not the only factor impeding international trade. Nationalistic policies on tariffs, corporate tax rates, and capital control, as well as geographic location, labor costs, and transportation infrastructure are significant factors impacting international trade (Shirazi 2011). This is not to say that international corruption is not relevant or that the international community should not develop anti-corruption regimes. It does point out, however, that international corruption may not be the sole issue impeding international trade, and therefore should not be the sole focus. Especially, since it is so reliant on contextual interpretations that are susceptible to cultural biases. Still, the research indicates that reducing international corruption will have as much, if not more, of a favorable effect on stimulating international trade as trade laws, lower tax rates, and international currency control measures (Shirazi 2011).

Beyond economic impacts, international corruption severely constrains both the decisions of international donors and flexibility of developing nations to access the resources necessary to build the social, economic, and political structures of governance to combat corruption. The perception of corruption by donor states about developing states often dissuades donor states from investing in economic and social programs (Anna et al. 2013). This creates a donor-client dilemma scenario where the donor wants evidence of anti-corruption structures to be in place, so they can confirm to their constituents that their money will not be ill invested, and yet the client state first needs the capital resources that donor nations could provide to install the very protections that the donor states expect. This, in turn, causes developing nations to go to illicit markets to find the resources to establish anti-corruption governance regimes, which delegitimizes the effort of anti-corruption efforts of the international community, such as the USA's Millennium Challenge Account (Brazys 2016).

The conflict in Afghanistan provides examples of how this dilemma plays out in the international arena. In that conflict, international donors established requirements for broad goals of governance capacity building and institutional reform at the 2008 Paris Conference to resource international stability efforts in that country. By focusing solely on governance and institutional reform, the efforts of the international donors miss the political causes of corruption in the ravaged and the war-torn country (Forsberg and Sullivan 2016).

With the rise of globalization and the interconnectedness of cyberspace, international corruption has even more of a direct impact on the international system from a security perspective. For example, corruption facilitates international security threats derived from interdependent relationships between state government officials and transnational crime networks, or the facilitation of terrorist organizations (Chayes 2014). The complete lack of borders and specific international security regimes in cyberspace only compounds the problem.

In a domain, such as cyberspace, where there is little to no recognition of international borders, the lack of governance capacity only strengthens illicit actors and weakens legitimate state authority (Hughes and Miklaucic 2016). Thus, this creates an environment that is highly susceptible to all forms of corruption and serves to only increase the risks to international security. Moreover, while media coverage of potential cyber-attacks usually focuses on the risks posed by foreign governments, terrorist, and internet activists, the most likely source of security risk stems from corrupt public and private employees who abuse their place of trust and privileged access by selling information for personal gain.

Another area where corruption directly affects international security is within the military institutions that were built to provide the very protections against the destabilizing effects of corruption. Interestingly, while there has been much research on corruption in other international sectors, there has been relatively little done on the military and international security sector (Pyman 2017). However, the defense and security sectors are particularly vulnerable to corruption in five areas: political corruption issues, financial corruption issues, personnel corruption issues, operational issues, and procurement issues (Pyman 2017, p. 515). With regard to corruption reforms within the militaries of several countries, some cases of reform have proven successful more because of administrative rule changes that adjust career patterns and power structures of high-ranking military officials, than to changes in the rule of law to criminalize such activity (Pyman 2017, pp. 522–523).

## Tools to Deal with International Corruption

Efforts to root out corruption at the international level exist despite the lack of a coherent definition or understanding of the transnational and true impact of international corruption. This lack of a coherent definition and understanding of international corruption has led to some blunt tools such as the CPI, as established by Transparency International. However, three main efforts consist of the development of compliance-based measures of anti-corruption policies, technologic efforts, and the establishment of the international rule Law. Compliance-based measures consist of internal national initiatives such as civil-service reforms that protect against political influence over bureaucratic careers outside of the due processes of civil service administration (Nistotskaya and Cingolani 2016). While compliance-based measures are viewed in the literature as insufficient (Stevulak and Brown 2011), they are nonetheless a starting point for the establishment of a baseline of anti-corruption policies that transcend both national and international levels.

The emergence of several information-based technology tools is pushing forward an era of anti-corruption efforts that is predicated on revolutionized methods of corruption detection, prevention, and analysis. This technology includes systems for the accumulation of big data and the development of software to detect collusion and fraud in transnational activities. Fields such as public health, trade, and taxation are employing big data to root out corruption. While previously,

corruption could hide within massive amounts of data, like a needle in a haystack, new data management techniques developed to handle big data have reduced the inconspicuous nature of corruption hiding in plain sight. Accountability and oversight are being enhanced by new processes and tools of data mining. These processes are being incorporated at the international level into e-government and e-procurement activities to identify high-risk transactions for fraud and susceptibility to corruption. Lastly, with the ubiquitous availability of mobile devices, the development of mobile apps is occurring so that the public and governments can easily gather data, analyze it, and assess and detect corruption in electronic transactions. A specific example from media reports is the use of QR tags to assess the stage projects are at and provide specific information on the cost and timeline until completion.

Lastly, the most widely used tool to circumvent international corruption are the regimes of international laws that make up the conventions against corruption. Foremost among them is the United Nations Convention against Corruption. According to the UN, the convention against corruption is the only legally binding universal instrument available to counter international corruption. To do this, the convention addresses five areas surrounding corruption: preventive measures, criminalization and law enforcement, international cooperation, asset recovery, and technical assistance and information exchange. Signed by 140-member states, the convention is a unique tool in the fight against corruption, in that it outlines a policy for asset recovery and return to the rightful owners. Despite its expansive nature and legally binding articles, this convention also has been criticized as too vague in some aspects such as non-mandatory criminal prescriptions for domestic laws of signatory nations (Rose 2015).

## Conclusion

The lack of a truly international definition of corruption and an understanding of challenges due to its transnational nature leads to a North-South and East-West bias in the perception of what constitutes corruption. For instance, surveys of bribery, often used as an indicator of corruption, take into account the bribe taker in developing countries, but not the briber-giver. This misses both the causation and level of impact such corruption incurs. An endogenous perception of corruption is that it is due to a lack of institutional reforms needed by developing countries to enter into legitimate membership with developed nations. However, this perspective completely discounts the impact that exogenous factors of predatory international businesses exhibit in intentionally dampening the efforts of underdeveloped nations to instill such necessary institutions.

Thus, the true impact of international corruption is the sustainability of the status-quo that circumvents regulation simply because it can evade agreed upon definitions. The current research into this aspect of international corruption falls short of providing real empirical estimates of international corruption. This article contends that researchers and practitioners should define levels of corruption according to how much it detracts from the public good to serve private interests, instead of its contribution to or detraction from the international level of global productivity. Developing realistic models of impact, based on contextual definitions of corruption are important to developing international anti-corruption efforts. This will lead to a better understanding of corruption's true impact at the international level and the development of realistic tools that are necessary to combat it.

## Cross-References


- ▶ Administrative Discretion
- ▶ Compliance Versus Ethical Capacity
- ▶ Corruption
- ▶ Cybersecurity as Social Policy
- ▶ Ethical Decision-Making: An Applied Structure Addressing Ethical Challenges
- ▶ Ethical Dilemmas in International Development Nongovernmental Organizations
- ▶ Ethics and Sustainability in Local Government
- ▶ Governmental Accountability
- ▶ Legal Versus Ethical

## References


Anna P, Bo R, Jan T (2013) Why Anticorruption Reforms Fail—Systemic Corruption as a Collective Action Problem. *Governance 26*(3):449–471

Brazys S (2016) Aid and Governance: Negative Returns? *The European Journal of Development Research 28*(2):294–313

Chayes S (2014) *Corruption: The Unrecognized Threat to International Security*. Carnegie Endowment for International Peace, Washington, D.C., p 29. Retrieved from https://carnegieendowment.org/2014/06/06/corruption-unrecognized-threat-to-international-security-pub-55791

Chen N (2011) Securities Laws, Control of Corruption, and Corporate Liquidity: International Evidence. *Corporate Governance: An International Review 19*(1):3–24

de Maria B (2008) Neo-colonialism through measurement: a critique of the corruption perception index. In: Banerjee SB, Prasad A (eds) *Critical Reflections on Management and Organization: A Postcolonial Perspective*. Emerald, Bradford. Retrieved from http://ebookcentral.proquest.com/lib/sjsu/detail.action?docID=361523

Forsberg C, Sullivan T (2016) Criminal Patronage Networks and the Struggle to Rebuild the Afghan State. In: Hughes M, Miklaucic M (eds) *Impunity: countering illicit power in war and transition*. Center for Complex Operations, Washington, D.C., pp 12–39

Holzer M, Kim S-T (2007) Digital governance in municipalities worldwide (2007): A longitudinal assessment of municipal websites throughout the World. United Nations Public Administration Network. http://edoc.vifapol.de/opus/volltexte/2009/1150/

Hughes M, Miklaucic M (2016) *Impunity: countering illicit power in war and transition*. Center for Complex Operations, Washington, D.C.

Matten D, Moon J (2008) "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *Academy of Management Review 33*(2):404–424

Nistotskaya M, Cingolani L (2016) Bureaucratic Structure, Regulatory Quality, and Entrepreneurship in a Comparative Perspective: Cross-Sectional and Panel Data Evidence. *Journal of Public Administration Research and Theory 26*(3):519–534

Pyman M (2017) Addressing Corruption in Military Institutions. *Public Integrity 19*(5):513–528

Rose C (2015) *International Anti-Corruption Norms: Their Creation and Influence on Domestic Legal Systems*. Oxford University Press, New York

Shirazi MA (2011) The impact of corruption on international trade. *Denver Journal of International Law and Policy 40*(1–3):435

Stevulak C, Brown MP (2011) Activating Public Sector Ethics in Transitional Societies. *Public Integrity 13*(2):97–112

van Schoor B (2017) *Fighting Corruption collectively: How successful are sector-specific coordinated governance initiatives in curbing corruption?* Springer, Wiesbaden


# International Local Cooperation


Kristoffer B. Berse
National College of Public Administration and Governance, University of the Philippines, Quezon City, Philippines


## Synonyms

City-to-city cooperation; Decentralized development cooperation; International municipal cooperation; Municipal international cooperation; Transnational municipal cooperation

## Definition

International local cooperation (ILC) is a form of public-public partnership that involves cities from two or more countries and is chiefly carried out with the active participation of local authorities.

## Introduction

As cities become deeply embedded in the global economy, they also usher in an era of intensive global networking. (In this article, the terms "municipality," "city," "local government," and "local authority" are used interchangeably.) By the turn of the twenty-first century, it has been estimated that as much as 70% of cities worldwide are connected to other cities in one way or another. This rise in "municipal internationalism" (Hewitt 1999) has been facilitated in large part by the growth of international networks involving local actors, as well as by rapid technological advances in telecommunications and transportation. Strategic changes in international development cooperation coupled with significant paradigm shifts in public administration and governance discourses in the last two decades of the twentieth century – which practically expanded the range of actors that donor agencies work with in the implementation of official

development assistance – also paved the way for this growth (Hafteck 2003).

Yet it must be noted that the linking of cities in the global arena is not entirely new. Urban historians would trace the initial seeds of international municipal cooperation to the establishment of the International Union of Local Authorities (IULA) in 1913. The organization, which survives up to this day, provided a platform for local actors at that time – most notably local officials and urban planners – to link up and exchange notes on various aspects of urban planning and management, eventually paving the way for the formal formation of "municipal connections" beyond the boundaries of the nation-state (Saunier 2002). This local interaction gained traction after the Second World War as more structured forms of local cooperation were forged in pursuit of long-lasting intercontinental peace. In the USA, the "sister cities" program was formally established in 1956 as part of the "citizen diplomacy" initiative of then President Eisenhower to heal the wounds of war through cultural and community-to-community exchanges (Zelinsky 1991). In Europe, earlier "town twinning" arrangements among French, German, and English cities were preoccupied not only with rebuilding war-torn localities but, more importantly, in preventing the escalation of another intra-European conflict. This twinning of towns signalled, in the words of Vion (2002: 623), the "first step taken by municipalities to define their interests on the international stage."

To date, cities from faraway lands have partnered together to tackle mutually shared agendas, from issues as big as climate change to concerns as mundane as street lighting. International local cooperation has since shifted from merely promoting the pacifist goals of the early sister or twin cities movement to supporting local development objectives. Subsequently, from a singular focus on cultural, people-to-people exchanges, the locus of cooperation is now more varied, encompassing a plethora of urban concerns such as housing, services, economic development, disaster risk management, climate change, urban design, road administration, and solid waste management, among others.

## International Cooperation Among Local Authorities

Cooperation involving local authorities is not an exclusive international affair. It can also take place among local actors within a municipality (intra-municipal cooperation) or between two or more local authorities from the same country (inter-municipal cooperation). Logically, domestic cooperation offers a good chance for success as the participating local authorities operate under the same legal and administrative structures and are familiar with historical and cultural issues at least at the macro-level. However, this has not been the case all the time. In the UK, for example, Kelly (2007: 319) observed that certain historical and policy factors "often encouraged (local) councils to compete, rather than to work collaboratively with each other." As a result, there has been limited horizontal cooperation among local authorities, while principal-agent relationship between higher and lower tiers of government continues to be the dominant partnership model.

On the other hand, there were also changes in how official development assistance was being rolled out since the 1980s. Hafteck (2003) noted that governmental reforms, innovations, and decentralization in many parts of the developing world, along with a realization of the limitations of nongovernment organizations as old development partners, ushered in the participation of a wider set of actors, most notably local authorities, in international development cooperation. On the side of cities, this was a welcome opportunity as they faced emerging complex challenges attendant to urbanization and devolution of certain governmental functions, which required new perspectives and approaches.

The limitations of domestic interlocal cooperation and significant shifts in international municipal relations and development cooperation thus opened the door for a third type of local partnership that involves the interaction of local authorities across national borders. International local cooperation (ILC) is used here as the overarching term to refer to a form of substantial public-public partnership that chiefly involves local authorities

from two or more countries. It is variably referred to as international municipal cooperation (IMC); municipal international cooperation (MIC); city-to-city cooperation (C2C); decentralized development cooperation (DC); and transnational municipal cooperation (TMC) in both academic and gray literature that span across urban studies, development cooperation, public administration, and international relations (Berse and Asami 2015). Regardless of nomenclature, ILC shares the following characteristics of decentralized cooperation as identified by Hafteck (2003: 336):

- Lead actors: essentially local governments (chiefly municipalities), but also regional governments, districts, etc. The issue of geographical territory and of areas of jurisdiction is implicit and in direct relation to the institutions involved.
- Broad purpose: development at the local level. It implies carrying out activities in one or several developing countries (i.e., the global South) or in countries in transition (i.e., the East).
- Means involved: exchange of people and know-how, monetary, or in-kind contributions (including advisory services, supplies, and training). It excludes superficial linkages with unclear objectives as many municipal twinnings tended to be in the past.
- Participation and contributions of other actors: civil society, nonprofit, and private sector. These "locally based actors" have been increasingly collaborating with local authorities in their localities on a range of subjects (c.f. public-private partnerships, public-community partnerships) and are also involved in international activities carried out by their local governments.

In this sense, ILC distinguishes itself from other forms of international municipal linking such as traditional sister or friendship city relationships and town twinning. Compared to sister or friendship city arrangements that are largely preoccupied with sociocultural community exchanges, ILC is more development-oriented and geared toward substantial collaborative relationships and mutual learning through peer-to-peer knowledge exchange and mentoring and joint problem-solving. As such, it has been seen as a viable mechanism to build local capacity, strengthen urban governance, and ultimately facilitate the appropriation of urban policies from one area to another, albeit not without debate as to how such policy transformations really take place or how much of the transferred capacities are absorbed by the recipient institution. How ILC differs with other modalities of international intercity cooperation is discussed further below.

## Modalities of Intercity Cooperation

Douglass (2002) observed that there are at least four types of intercity cooperation that may take place at both subnational and international levels. Internationally, the most common type involves information and cultural exchange among partner cities and is usually carried out as part of friendship, sister city, or town twinning agreements. To date, the US-based Sister Cities International (SCI) boasts a wide membership of nearly 500 communities with over 2,000 partnerships in more than 140 countries around the globe. Elsewhere in the world, "twin" and "friendship" cities have been formed in varying levels of intensity.

The second type of partnership involves co-sharing of resources in the provision of common infrastructure and services. At the international level, this is best exemplified by the International Association of Ports and Harbors (IAPH) which is composed of some 200 leading ports in 90 countries. The Organization of World Heritage Cities (OWHC) and the European Association of Historic Towns and Regions are other examples of this type of cooperation in the area of heritage conservation.

The third type of intercity cooperation is aimed at fostering economic integration among cities in the region. The so-called Sijori Triangle which involves the intentional linking of industries in Singapore, Johor Baru in Malaysia, and Riau in Indonesia to promote "complementation in production" illustrates this kind of

arrangement. The Busan-Fukuoka transborder economic partnership is another case, wherein the ties between local authorities have considerably expanded from its inception in 2009 to one that now includes the active involvement of quasi-public bodies such as economic associations and education institutions. The Beijing-Seoul-Tokyo (BESETO) corridor is another example of an attempt to integrate the capital cities in East Asia.

The fourth type involves political integration in the form of a "league of cities" with independent and legitimate decision-making powers. As noted by Douglass (2002), while amalgamation of municipalities has been attempted domestically as in the case of South Korea's "shi-kun" (urban-rural) initiative and Indonesia's "kawasan andalan" (regional clusters), this is usually difficult to achieve at the international level. National governments are still the preferred entry point for cooperation with traditional development agencies such as UN agencies and the World Bank, although intercity networks are now starting to go beyond mere information exchange, co-production of knowledge through research, and light diplomacy, as initially observed by Douglass (2002). Nowadays, intercity networks such as the C40 Cities have started to advance their own political agenda in pursuit of a common goal, independent of the activities of central governments.

ILC, as defined here, forms the fifth type of international intercity cooperation involving local authorities. It is essentially a hybrid arrangement combining the features of all other forms described by Douglass (2002) as it can take place within or outside the context of traditional twinning and often goes beyond economic promotion and political integration. The UN-Habitat describes such international municipal cooperative arrangements as a partnership that is carried out directly and exclusively by participating cities themselves through their local authorities, wherein a resource city directly extends technical assistance to a beneficiary city (Bontenbal 2009).

Within CITYNET, a long-standing association of local authorities in the Asia-Pacific, the C2C process is enriched by the participation of additional partners (Tjandradewi and Marcotullio 2009). Providing financial, managerial, administrative, or technical support, this third party can be a nongovernment organization, a private sector entity, an academic institution, a development organization, or an association of local authorities. In the case of Dutch-Peruvian municipal partnerships, the VNG International, the Dutch local government association, has been reported to be instrumental in the implementation of international partnerships (Bontenbal 2009).

Many ILCs have been forged under the auspices of a city network. In Asia, this arrangement is fairly common, with many local government organizations adopting interlocal cooperation as one of their programs to promote interaction and facilitate exchange, if not propagation, of best practices among their members. On the sustainability front, there are at least 24 city networks that promote intercity cooperation globally, such as ICLEI-Local Government for Sustainability, United Cities and Local Governments, Asian Cities Climate Change Resilience Network, and C40 Cities, among others.

## Why Do Municipalities Cooperate Internationally?

The practice of learning from abroad per se is not entirely a new phenomenon, but the overt practice of cities extending a helping hand to another city across borders, if not working together on a mutual issue, is fairly recent, becoming prominent only in the last quarter of the twentieth century. Cities have different reasons for engaging in ILC, but generally, these can be categorized into four distinct, albeit not mutually exclusive, paradigms, as discussed below.

### The Internationalization Paradigm

For many big cities, ILC is seen as an opportunity to boost the image of the city in the international milieu. For example, Yokohama's involvement in the C2C program of CITYNET is part and parcel of the city's internationalization agenda. By sharing its accumulated skills and know-how to other

cities in the region, its reputation as a leading city in many aspects of governance (e.g., water and sewage, waste disposal, disaster risk management, etc.) is strengthened, thereby bolstering its overall image to attract the interest of foreign visitors and investors. The transfer of a specific industrial technology is also part of this framework, as in the case of several city-to-city exchanges under the auspices of the erstwhile Kitakyushu Initiative for a Clean Environment.

This paradigm is in line with the rise of cities in the international stage as they become embedded in a network of local "internationals" (Alger 1999) – local authorities, local government associations, nongovernment organizations, churches, relief agencies, private corporations, and other community-based actors – interacting at varying degrees of intensity and commitment, in pursuit of goals as big as curbing global warming or as small as improving street lighting. For Douglass (2002), one of the reasons why cities cooperate is to leverage their competitive advantage, if not to foster economic integration, by co-sharing of resources such as in the provision of common infrastructure and services.

In this context, ILC becomes one of the many mechanisms to expand the reach of cities and bolster its international city brand, in the hope of advancing long-term economic and commercial ends. As such, this paradigm approximates Buis' (2009) economic motive for C2C cooperation and is tangential to Campbell's (2012) exposition on smart cities working in "clouds of trust."

### The Development Cooperation Paradigm

To many cities from the South, this is the main incentive for engaging in ILC. It serves as an additional source of resources that allow cities to carry out certain programs, projects, or activities that were otherwise beyond their internal capacity, whether financial, human, or technical. As a development cooperation strategy, it is in line with the recognition of local authorities as development partners by the United Nations, as recognized in the 2005 UN Summit that reviewed the progress of the MDGs. Their role as development partners has since been reaffirmed in recently adopted global development frameworks, such as the Sustainable Development Goals 2030 and the New Urban Agenda.

Historically, Hafteck (2003) attributed this infusion of "aid" to municipalities as a result of the disenchantment of the development aid community with NGO-driven initiatives at the close of the twentieth century. Indeed, ILC has been employed as a decentralized development cooperation strategy to address a wide plethora of urban concerns, including urban poor housing, urban planning and waste management, transportation, and microenterprise development. Closely related to what Buis (2009) considered to be the idealistic motive behind C2C cooperation, this is normally manifested in North-South partnerships, although there have been a growing body of practice involving South-South transfers.

In this framework, ILC is considered to be an important mechanism for local development. In the context of network-supported partnerships, CITYNET believed that certain good governance principles must be pursued in order for a best practice transfer to be effective, namely, participation, transparency, accountability, inclusion, financial feasibility, and sustainability. The UNDP further adds that C2C partnerships must be anchored on the principles of mutuality and equity. For Bontenbal (2009), ILC should be viewed not only from how it contributes to the effectiveness (local authority as "service provider") and responsiveness (local authority as "community developer") of the city partner but also how it adds value to the capacity of civil society partners.

### The Capacity-Building Paradigm

International local cooperation has also attracted the interest of many cities by virtue of its potential to improve the capacity of the partnering cities. It is important to note that this particular aspect – the acquisition of new knowledge, know-how, and skills – does not only redound to the beneficiary city but to the resource city as well (Table 1). In UN-Habitat's view, ILC is particularly targeted at building the capacity of local authorities in such

**International Local Cooperation, Table 1** Mutuality of benefits in international municipal cooperation

| Elements of cooperation | Resource partner | Beneficiary partner |
|---|---|---|
| Technology transfer[a] | No | Yes |
| Skills transfer | Yes | Yes |
| Knowledge transfer | Yes | Yes |
| Know-how transfer | Yes | Yes |
| Financial aid | No | Yes |
| Cultural understanding | Yes | Yes |

[a]Technology refers liberally to include "soft" technologies such as programs, processes, and systems

areas as information and technical expertise, policy development and decision-making, policy implementation, institutional strengthening, and managing change and using external support.

While the benefits to the Southern partner (i.e., beneficiary city) are clear in ILC, there have been some questions as to how it contributes to the Northern partner (i.e., resource city). Studies have shown, however, that resource cities do get something in return such as the acquisition of "new angles" in doing or viewing certain urban issues (Johnson and Wilson 2009; Evans 2009).

ILC has been used to promote capacity building at three levels, namely, human resource development, organizational strengthening, and institutional reform targets. As a capacity-building strategy, it also falls under a particular niche in comparative public policy that zeroes in on lesson-drawing. In Buis' (2009) categorization, this particular paradigm aligns with the cities' idealistic motive for cooperation.

### The Community Cohesion Paradigm

ILC has also gained particular relevance among cities with a large migrant community where multiple identities have led to debates about concepts of citizenship. As an example, Evans (2009) cited how international municipal linking between the London Borough of Southwark and Sierra Leone had improved social cohesion in the former where there is a strong contingent of immigrants from Sierra Leone. He further noted other experiences in the UK where ILC linking has been utilized to improve social cohesion in multiethnic communities, including the partnerships between the London Borough of Tower Hamlets and Sylhet City Corporation (Bangladesh) and between Bradford Metropolitan District Council and the District Council of Mirpur (Pakistan). Meanwhile, Ewijk and Baud (2009) talked from a knowledge perspective about how Dutch municipalities have worked to integrate migrant citizens by linking with municipalities in their countries of origin (e.g., Turkey, Suriname, Morocco). ILCs of this type are often part of sister city or twinning relationships and viewed from the lens of transnational urbanism.

In other cases, ILC has been linked to consolidating political position and support on international issues such as nuclear proliferation and racial segregation (Alger 1999), hence giving rise to such terms as "subnational paradiplomacy" and "perforated sovereignty." Internally, it has also been applied to improve local government-civil society relations, promote citizens' participation, and strengthen urban governance in post-conflict localities and new democracies. This particular aspect of ILC traverses between the idealistic and political motives for cooperation in Buis' (2009) typology.

## The Road Ahead

International local cooperation is a product of the necessity to seek for external solutions and support in the face of growing urbanization pressures and of opportunities brought about by international development cooperation and the rise of transnational city networks and city mayors with global "catalytic influence" (Acuto 2013). Cities have never been more connected than today with the rapid advancements in communication and transportation technologies.

However, while prevalent in practice, scholastic research on the subject is fairly recent and relatively scant, although gaining steady interest among scholars in recent years. Much remains to be done in order to understand it better as a development mechanism, especially in the context of multilateral partnerships and transnational networks.

## Cross-References


- ▶ Coordination Between Municipalities in Crisis Management
- ▶ Local Government Benchmarking


## References


Acuto M (2013) City leadership in global governance. Glob Gov 19(3):481–498

Alger CF (1999) The future of democracy and global governance depends on widespread public knowledge about local links to the world. Cities 16(3):195–206

Berse K, Asami Y (2015) What's in a term? A scoping review of international local government cooperation research. Philipp J Public Admin 59(2):208–228

Bontenbal M (2009) Strengthening urban governance in the South through city-to-city cooperation: towards an analytical framework. Habitat Int 33(2):181–189

Buis H (2009) The role of local government associations in increasing the effectiveness of city-to-city cooperation. Habitat Int 33(2):190–194

Campbell T (2012) Beyond smart cities: how cities network, learn, and innovate. Earthscan, New York

Douglass M (2002) From global intercity competition to cooperation for livable cities and economic resilience in Pacific Asia. Environ Urban 14(1):53–68

Evans E (2009) A framework for development? The growing role of UK local government in international development. Habitat Int 33(2):141–148

Hafteck P (2003) An introduction to decentralized cooperation: definitions, origins and conceptual mapping. Public Adm Dev 23(4):333–345

Hewitt WE (1999) Municipalities and the 'new' internationalism: cautionary notes from Canada. Cities 16(6):435–444

Johnson H, Wilson G (2009) Learning and mutuality in municipal partnerships and beyond: a focus on northern partners. Habitat Int 33:210–217

Kelly J (2007) The curious absence of inter-municipal cooperation in England. Public Policy Adm 22(3): 319–334

Saunier PY (2002) Taking up the bet on connections: a municipal contribution. Contemp Eur Hist 11(4):507–527

Tjandradewi BI, Marcotullio PJ (2009) City-to-city networks: Asian perspectives on key elements and areas for success. Habitat Int 33(2):165–172

Van Ewijk E, Baud I (2009) Partnerships between Dutch municipalities and municipalities in countries of migration to the Netherlands; knowledge exchange and mutuality. Habitat Int 33(2):218–226

Vion A (2002) Europe from the bottom up: town twinning in France during the Cold War. Contemp Eur Hist 11(4):623–640

Zelinsky W (1991) The twinning of the world: sister cities in geographic and historical perspective. Ann Assoc Am Geogr 81(1):1–31


# International Monetary System and the International Monetary Fund, The


Graham Bird
Claremont McKenna College, Claremont, CA, USA


In brief, the international monetary system is the system through which countries settle debts with one another. It is needed for much the same reason as monetary systems are needed at the national level. Specialization requires things to be exchanged, and there has to be something that acts as a medium of exchange. This is the basic function of money. Specialization at the global level, or so-called globalization, requires an international medium of exchange. The world needs a system whereby people in one country using one national currency can buy and sell goods, services, and financial assets denominated in other currencies; this system is the international monetary system.

Any international monetary system comprises a number of elements. First, where countries encounter disequilibria in their balance of payments, there needs to be a mechanism through which such disequilibria can be corrected. This is the adjustment mechanism. Second, there has to be a way in which adjustment can be cushioned and spread over an extended period of time. Countries need to be able to finance balance of payments deficits, at least for some period of time. They may finance them by running down their holdings of international reserves or by international borrowing. This is the financing mechanism. Third, since many transactions are international in nature, there needs to be a mechanism for exchanging currencies, and there also has to be one that allows countries to hold on to a stock of international purchasing power. As a consequence of this, there has to be agreement on what are generally acceptable international reserve assets. The nature of reserve assets is a fourth element in the system. Next, if there are to be rules and responsibilities involved in

undertaking balance of payments transactions, there needs to be an international financial institution that sets these rules and oversees the operation of the international monetary system to try and make sure that the rules and responsibilities are met. The institutional arrangements that underpin its operation constitute the fifth element of any international monetary system. Finally, in a world where there is a high degree of international economic integration, institutional arrangements are also needed to try and ensure that policies in individual countries are coordinated. In any society where the behavior of one individual has implications for others, there is a need to coordinate behavior through a set of rules, laws, conventions, and defined responsibilities. In the world economy, the policies and performance of individual countries are likely to have a bearing on economic performance in other countries, and the international monetary system requires a mechanism for taking these externalities into account in a way that benefits the global community.

Over the years, the world has seen a number of different international monetary systems. These may be compared and contrasted in terms of how they deal with the above elements. The gold standard of the 1800s and the first part of the 1900s in principle sought to correct balance of payments disequilibria by calling upon international debts to be settled by changing the ownership of gold. Countries in balance of payments deficit would lose gold and experience a fall in their domestic money supplies that would then lead to a fall in prices that would help reestablish international competitiveness. Countries in surplus and with a net outflow of goods and services would experience a net inflow of gold, an increase in their domestic money supplies, and an increase in prices, making them relatively less competitive. However, as things turned out, countries proved to be reluctant to play by the so-called rules of the gold standard game. For example, when faced with rising unemployment rather than falling prices, deficit countries tended to opt to break the link between gold flows and the domestic money supply. Following the abandonment of the gold standard, there was a period of international monetary anarchy in the 1930s as countries pursued beggar-thy-neighbor policies based on competitive currency devaluations and protectionist commercial policies. The lack of coordination had adverse consequences for the world economy and led to a commitment to design a better system for the postwar world. This was devised at the Bretton Woods conference in New Hampshire in 1944.

The Bretton Woods international monetary system that emerged from the conference comprised a number of characteristics. Member countries committed themselves to maintain the par values of their currencies in terms of the US dollar, which in turn had its value expressed in terms of gold. However, the system allowed them to adjust their currency pegs if they encountered a problem of "fundamental disequilibrium" where it became impossible to achieve both the internal target of low unemployment and sustained economic growth alongside the external target of a sustainable balance of payments. While adjusting the peg was therefore envisaged as a way of correcting imbalances where other policies had failed, the intention was for countries to initially place emphasis on manipulating domestic demand as a way of inducing adjustment, with demand compression reducing balance of payments deficits and demand expansion reducing surpluses. Defending the values of currencies was seen as a way of ensuring international policy coordination. The International Monetary Fund (IMF) was established to oversee the operation of the Bretton Woods system and to provide short-to-medium-term financial assistance (under "adequate safeguards") to countries with balance of payments deficits as they sought to restore sustainability.

Although superficially the Bretton Woods system seemed to work reasonably well during the 1950s and 1960s, this appearance was somewhat deceptive. In practice, the system had a number of shortcomings that taken together culminated in its collapse in the early 1970s. The adjustment mechanism built into the system did not work well. Adjustment was slow and often ineffective, and the system involved an asymmetric distribution of the adjustment burden with surplus countries and creditworthy deficit ones able largely to avoid

it. Changes in exchange rates tended to be delayed for too long, meaning that misalignments in currency values encouraged speculative attacks that culminated in crises. With an inefficient adjustment mechanism, the financing capacity of the system seemed to be inadequate, and there was perceived to be a shortage of international liquidity. On top of this, the accumulation of externally held dollar liabilities in relation to the amount of gold held by the USA gradually eroded confidence in the US dollar that was the pivot of the system. The "Triffin dilemma" pointed to fundamental inconsistencies in the design of the system that simultaneously required the US dollar to be both a "strong" and a "weak" currency.

Amidst a spate of foreign exchange crises at the beginning of the 1970s, an international effort was made to shore up the system by organizing a devaluation of the US dollar (increasing the dollar price of gold) relative to other currencies and introducing a constrained degree of additional flexibility into currency values (introducing wider bands around central values). The attempt failed, and in 1973, the world moved over to an international monetary system based on much more fully and freely flexible exchange rates. In principle, this meant that adjustment would be more quickly, effectively, and symmetrically brought about by market determined changes in exchange rates. There would therefore be less need for international liquidity. In any case, following the oil crisis in 1973/1974, private international capital markets, particularly in the form of bank lending, had taken over most of the role of financing balance of payments deficits. For a time, there was a retreat from a centrally organized and managed international monetary system. The system to all intents and purposes had become privatized. With the collapse of the Bretton Woods system, some observers argued that the IMF was no longer needed.

However, by the beginning of the 1980s, it was becoming clear that international financial markets could fail. The "third-world" debt crisis provided evidence that countries could overborrow and international creditors could overlend. At the same time, the widely acknowledged overvaluation of the US dollar demonstrated that free foreign exchange markets could not be relied upon to generate a set of fundamental equilibrium exchange rates. In this environment, the IMF once again appeared to be systemically important. Its importance was further reinforced by the problems encountered in Central and Eastern Europe as the former command economies transitioned to more market-based economic systems and as the East Asian crisis hit in 1997/1998.

When initially established, a crucial part of the IMF's underlying purpose had been to help avoid international financial crises. The irony was that, as things turned out in practice, the Fund seemed to be most needed precisely when such crises occurred. The more successful it was in helping to avoid crises, the less it seemed to be needed. In the relatively benign global conditions of the first half of the 2000s, questions were again raised as to whether the IMF had become obsolete. Relatively few countries had programs with it. Moreover, it seemed to be impotent in helping to correct the increasingly large global economic imbalances that were seen as threatening international financial stability. Then the global financial and economic crisis happened. In its aftermath, the Fund began to reoccupy center stage as the world's premier international financial institution, although now, and on some issues, institutional competition came from the G20 in terms of macroeconomic surveillance and coordination and the Bank for International Settlements and the Financial Stability Board in terms of the supervision and regulation of capital markets and domestic financial systems.

As the IMF moves forward, it encounters issues relating to both its legitimacy and its effectiveness. Although it has 189 members spanning all parts of the world, a number of its organizational arrangements place relatively large amounts of power in the hands of a small group of advanced economies. By tradition, the managing director is always a European and the first deputy managing director an American. Advanced economies enjoy a disproportionately high share of voting rights according to many criteria, and the USA alone has an effective veto over key decisions that require a super majority. As the economic significance of emerging

economies continues to grow, increasing tensions over the Fund's management structure as well as its basic legitimacy are likely to follow.

In terms of its effectiveness, issues relate to the IMF's systemic role of multilateral surveillance and its ability to bring about appropriate international monetary reform, as well its bilateral dealings with individual member countries under the auspices of IMF-supported adjustment programs and the design of IMF conditionality. The issues are far from straightforward.

The international coordination of macroeconomic policy has been an enduring problem for the world economy; it is difficult to exercise effective pressure on surplus countries and on economically powerful deficit ones to pursue policies other than those that they see as being in their own short-term best interests. Managing the balance of payments becomes more difficult when problems emerge not only from the current account but, in the case of many emerging economies, from the capital account that exhibits considerable volatility and a pattern of surges and sudden stops. The design of appropriate macroeconomic policy becomes more complicated when there are ongoing academic debates about the impact of fiscal and monetary policy as well as exchange rate policy. On top of this, the IMF's central position in discussions relating to international monetary reform has been moderated by the evolution of important regional groupings in various parts of the world as well as by other international financial institutions. The IMF's involvement in attempting to help resolve the crisis in the Eurozone has sharply illustrated the problems that arise when there are ambiguities in the allocation of institutional responsibilities.

Far-reaching and fundamental reform of the international monetary system seems unlikely to occur in a discrete fashion. The circumstances that allow this to happen are extreme. What is more likely is that modifications will continue to occur in a modest and piecemeal way. While reforms may be informed by advances in knowledge with respect to international financial issues, they will also no doubt continue to be importantly affected by domestic and international politics.

## Further Reading

Bird G (2003) The IMF and the future: issues and options facing the fund. Routledge, London

Bird G (2007) The IMF: a bird's eye view of its role and operations. J Econ Surv 21(4):683–745

Bird G, Rowlands D (2010) The IMF and the challenges it faces. World Econ 11(4):131–156

Bird G, Rowlands D (2016) The IMF: distinguishing reality from rhetoric. Edward Elgar Publishing, Cheltenham

de Beaufort WO (2010) The international financial architecture: yesterday, today and tomorrow. World Econ 11(2):113–131

Kenen PB, Shafer J, Wicks N, Wyplosz C (2004) International economic and financial cooperation: new issues, new actors, new responses, Geneva Reports on the World Economy, No.6

# International Public Sector Accounting Standards (IPSAS)

Gwenda R. Jensen
International Federation of Accountants, Toronto, ON, Canada

## Synonyms

International public sector financial reporting standards

## Definition

International Public Sector Accounting Standards are international accounting standards for application by public sector entities to prepare their general purpose financial reports.

## Introduction

This chapter describes International Public Sector Accounting Standards (IPSAS) and the International Public Sector Accounting Standards Board (IPSASB). This description includes the process applied to develop IPSAS, other pronouncements developed by the IPSASB, the IPSASB's history,

and its governance arrangements. This chapter also describes how IPSAS apply to public sector entities and the extent of IPSAS adoption.

## International Public Sector Accounting Standards

IPSAS are financial reporting standards for use by public sector entities. IPSAS are developed by the IPSASB. They are the public sector equivalent of International Financial Reporting Standards (IFRS), which apply to private sector companies and are developed by the International Accounting Standards Board (IASB). As of January 2016 the IPSASB had issued 39 IPSAS.

Thirty-eight of the 39 IPSAS apply to financial reporting on an accrual basis of accounting. These IPSAS are called "accrual-basis IPSAS." The IPSASB supports reporting on an accrual basis and considers that financial reports prepared under the cash basis of accounting do not adequately address the needs of report users. However, cash-basis reporting is still used by many governments. The IPSASB developed its cash-basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*, to improve the quality of governments' cash-basis financial reporting. The IPSASB considers that governments should use the cash-basis IPSAS as a stepping stone towards adoption of accrual-basis IPSAS.

The majority of IPSAS addresses financial reporting topics already covered by IFRS and require essentially the same accounting treatment as in their equivalent IFRS or International Accounting Standard (IAS). These IPSAS are termed "IFRS-converged IPSAS." Each IFRS-converged standard includes an appendix, which lists differences between the IPSAS and its equivalent IFRS. Differences include terminology differences (for example, IPSAS use the term "entities" rather than "companies"), revisions to address public sector specific issues (for example, IPSAS 17, *Property, Plant, and Equipment*, has special requirements for heritage assets), and implementation guidance to address public sector specific situations.

Six of the accrual-basis IPSAS are public sector specific IPSAS. These IPSAS are not based on an equivalent IFRS. The six public sector specific standards are: IPSAS 21, *Impairment of Non-Cash-Generating Assets*; IPSAS 22, *Disclosure of Financial Information about the General Government Sector;* IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers);* IPSAS 24, *Presentation of Budget Information in Financial Statements;* IPSAS 32, *Service Concession Arrangements: Grantor;* and, IPSAS 33, *First-time Adoption of Accrual Basis IPSASs*.

Recently, the IPSASB has begun to issue Recommended Practice Guidelines (RPGs), which apply to information reported outside of the financial statements. RPGs provide guidelines for good practice, rather than requirements, although an entity can claim compliance with an RPG when it fully applies an RPG's guidelines. To date the IPSASB has approved and issued three RPGs; RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances;* RPG 2, *Financial Statement Discussion and Analysis;* and RPG 3, *Reporting Service Performance Information*.

All IPSASB pronouncements are published annually in the IPSASB's *Handbook of International Public Sector Accounting Pronouncements* (the IPSASB Handbook), in English. The official text for any IPSASB pronouncement is its English text. The IPSASB Handbook is also available in 14 other languages, including Arabic, Chinese, French, Spanish, and Russian. Translated versions of the IPSASB Handbook may be several years behind the most recent English version.

## The IPSASB and Its Development of IPSAS

As previously stated IPSAS are developed by the IPSASB. Development of high quality IPSAS that support the public interest requires appropriate arrangements for:

(a) IPSASB membership;
(b) Governance over the IPSASB; and
(c) Due process for development of IPSASB pronouncements.

### IPSASB Membership

The IPSASB has 18 members, appointed by the International Federation of Accountants (IFAC) on the recommendation of the IFAC Nominating Committee. The selection process aims to identify the best person for the job, which means that the primary criteria are the individual qualities and abilities of the nominee in relation to the position for which they are nominated. The Nominating Committee also seeks a broad regional and professional representation, representations from countries with different levels of economic development and a gender balance. For example, in 2015 the IPSASB's 18 members reflected the following geographic representation and gender balance:

(a) Africa – 2; Asia and Australasia – 6; Europe – 5; the Americas – 5
(b) Males – 13; females – 5

Until recently the majority of IPSASB member nominations were restricted to nominations received from IFAC Member Bodies. Nominations are now open and can be made by any organization or any individual.

IPSASB appointments are for a 3 year term, renewable for a further 3 years. IPSASB members usually serve a total of 6 years. If a member is appointed to either the position of IPSASB chair or deputy chair this has the effect of extending their term on the IPSASB for a further 3 years.

IPSASB members sign a declaration that they will act in the public interest and with integrity in discharging their roles. While members bring knowledge of accounting issues from their particular national jurisdictions, which is important for IPSAS development, they are expected to promote good quality financial reporting rather than accounting treatments that benefit a particular jurisdiction or particular organization's interest.

The IPSASB meets four times each year, in March, June, September, and December, for four consecutive days each meeting. Meetings are open to the public, who must register to attend. Three of the meetings usually take place in Toronto, Canada, where the IPSASB's technical department is located. The location of the fourth, non-Toronto meeting is chosen based on invitations received to host the meeting; need for outreach to particular countries or regions; host organizations' willingness to contribute towards meeting costs; and ease of travel to the proposed location.

Most IPSASB members are supported by a technical advisor, who accompanies the member to meetings. The IPSASB as a whole is supported by a technical department. Technical staff are employed by IFAC. They manage IPSASB projects, research and draft meeting papers and develop draft pronouncements and other documents for the IPSASB's consideration.

The IPSASB's official observers are from the following institutions: Asian Development Bank, European Commission, European Investment Bank, Eurostat, International Accounting Standards Board, United Nations, United Nations Development Program, the Organization for Economic Cooperation and Development (OECD), the World Bank Group, the International Organization for Supreme Audit Institutions (INTOSAI), and the International Monetary Fund (IMF). IPSASB observers represent organizations that have a strong interest in financial reporting in the public sector, provide ongoing input to the work of the IPSASB, and endorse or otherwise support IPSAS. Observers have the right to speak at IPSASB meetings, although generally they observe rather than participate in discussions.

### Governance Over the IPSASB

The IPSASB's governance arrangements provide assurance that the board is independent, acts in the public interest, and develops standards that result from widespread and carefully considered comment from interested stakeholders around the world. Significant changes to the IPSASB governance have occurred during 2015–2016. The IPSASB Governance Review Group, chaired by the IMF, OECD, and World Bank, with members from the Financial Stability Board (FSB), International Organization of Securities Commissions (IOSCO), and INTOSAI, published its recommendations on IPSASB governance in March 2015, in *The Future Governance of the International Public Sector Accounting Standards Board*

*(IPSASB) IPSASB Governance Review Group – Recommendations*, published by the OECD. The report's two main recommendations were establishment of a Public Interest Committee (PIC) and a Consultative Advisory Group (CAG). These changes have been made.

The PIC was established in 2015. As of May 2016 it had met three times – in March and September 2015 and March 2016. The PIC's mandate is to ensure that the IPSASB's procedures, also called due process, are acceptable from a public interest perspective. The PIC advises on the procedures used to develop IPSAS, RPGs, and the IPSASB's strategy and work plan. It considers the transparency of the overall process applied and each subsection of that process.

Appointment of the inaugural Chair of the IPSASB CAG, Thomas Müller-Marqués Berger, was announced in December 2015. The CAG's inaugural meeting was held in June 2016. The CAG provides advice to the IPSASB on:

(a) The IPSASB's strategy and work plan;
(b) IPSASB's projects, including views on technical issues or matters that may impede adopting and implementation of IPSAS; and
(c) Other matters relevant to the IPSASB standard-setting activities.

CAG members represent public and private sector organizations and individuals who are interested in or affected by the IPSASB's work, including those engaged in the preparation, audit, or use of public sector entities general purpose financial reports.

### IPSASB Due Process for Development of Pronouncements

The IPSASB has established "due process" for developing IPSAS, other authoritative pronouncements, and its strategy and work plan. Due process is a set of formal procedures carried out regularly and in accordance with established rules and principles. The IPSASB due process is similar to that used by the IASB and other international standard-setting bodies such as the International Auditing and Assurance Standards Board.

The main due process provisions for developing IPSAS are as follows:

(a) IPSASB meetings are open to the public.
(b) The IPSASB consults on development of its strategy and work plan.
(c) For development of an IPSAS (or other pronouncement) the IPSASB:
    (i) Approves a project brief.
    (ii) Develops and then approves an exposure draft (ED) of a proposed IPSAS, which is then issued for comment.
    (iii) Ensures that all comments received on the ED are publicly posted after the end of the exposure period.
    (iv) Develops a revised version of the draft IPSAS, taking into account comments received on the ED, and then votes on approval of the final revised content of the IPSAS. (A two thirds vote in favor is required for document approval.)
    (v) Sets an effective date for the application of the final, IPSASB approved IPSAS.
    (vi) The IPSASB issues a basis for conclusions with each IPSAS.

The IPSASB discussions, decisions, and approvals in the development process set out above occur at IPSASB meetings, so that each critical step of the development process is open to public view.

As part of the IPSASB's new governance arrangements, these due process provisions are being codified and revised for review and approval by the IPSASB's PIC. The PIC is expected to formally approve the IPSASB's codified due process during 2016.

Codification will be more detailed than the description above. Codification will identify where and how the IPSASB (or its Chair and Technical Director) obtains the PIC's review of the actual process followed by the IPSASB. The PIC will be involved in the development and oversight of the IPSASB's strategy and work plan, including providing advice on the appropriateness and completeness of the strategy and work plan from a public interest perspective. For all IPSAS projects, the PIC will provide its view on

whether due process has been followed effectively. Codification will also establish the CAG's involvement with the IPSASB's processes. The IPSASB will consult with the CAG on strategy and work plan matters and on the development and finalization of an IPSAS.

During development of IPSAS the IPSASB applies *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework). It also refers to its two internal policy papers – *Process for Reviewing and Modifying IASB Documents* and *Process for Considering GFS Reporting Guidelines during Development of IPSASs*.

The Conceptual Framework consists of a preface and eight chapters, which address the following topics:

- Chapters 1–4: General Purpose Financial Reports (GPFRs), the objectives of GPFRs, users of GPFRs and their needs, qualitative characteristics of information in GPFRs, constraints on information in GPFRs, and the reporting entity
- Chapters 5–6: Elements in Financial Statements
- Chapter 7: Measurement of Elements in Financial Statements
- Chapter 8: Presentation of Information in GPFRs

The Conceptual Framework guides how the IPSASB addresses financial reporting issues. For example, when considering whether an event or transaction results in an asset that should be recognized in the financial statements, the IPSASB begins by considering the Conceptual Framework's coverage of assets and their recognition.

The IPSASB's *Process for Reviewing and Modifying IASB Documents* sets out the process that the IPSASB follows when considering IASB documents for convergence, including determining whether public sector issues warrant departures from the IASB document. This internal IPSASB policy paper, issued in 2008, clarifies how the IPSASB applies its IFRS–convergence policy. It sets out criteria for when an accounting issue can be addressed through convergence with an IFRS and when an issue warrants either a public sector specific departure from an IFRS or development of a public sector specific IPSAS. During IPSASB discussions this paper has been referred to as "The Rules of the Road."

When developing IPSAS the IPSASB aims to avoid unnecessary differences between Government Finance Statistics (GFS) reporting guidelines and IPSAS. The IPSASB's internal policy paper *Process for Considering GFS Reporting Guidelines during Development of IPSASs* describes the process applied to reduce such differences.

The policy paper explains that there is considerable overlap between IPSAS and GFS reporting guidelines. Both reporting frameworks are concerned with financial, accrual-based information; a government's assets, liabilities, revenue, and expenses; and comprehensive information on cash flows. Because of this overlap, there is scope to reduce differences while remaining consistent with both the IPSASB's Conceptual Framework and its policy on IFRS convergence. The policy paper also notes that GFS reporting guidelines and IPSAS have different objectives, which can result in some fundamental differences on how, what, and where information is reported. In considering scope to reduce differences the IPSASB aims to remain true to the objectives of financial reporting, with the result that some differences will always remain.

The IPSASB regularly updates its IFRS-converged IPSASs for relatively minor revisions arising from similar changes made to the equivalent IFRS or IAS. These regular updates are called "improvements." An Improvements project results in an exposure draft and final pronouncement, which usually result in revisions to an existing IPSAS rather than a new IPSAS. Improvements projects occur, on average, once every 2 years.

## History of IPSAS and the IPSASB

In late 1996, the IFAC Board enacted its decision to transform IFAC's Public Sector Committee (PSC) into an international standard setter for

public sector accounting standards. Prior to this, the PSC had been a forum for discussion and information sharing about public sector accounting and the wider set of public sector financial management issues. It had issued studies on concepts central to public sector financial reporting, for example, the information needs of users of public sector general purpose financial reports and the elements of financial statements. The PSC began its new role as a standard setter in 1997 but retained its name until late 2004, when it became the IPSASB.

Ian Ball had been the Chair of the PSC prior to the 1996 change and continued as Chair during the PSC's first years as an accounting standard setter, from 1997 to the end of 1999. He had led the implementation of accruals accounting in the New Zealand Government and was a Professor of Accounting at Victoria University of Wellington. The PSC began work on the first stage of what was called its "Standards Project." The main objective of the Standards Project was development of a core set of IPSAS, based on the IASs on issue as of 31 August 1997, by the end of 2001. By the end of 1999, the first eight IPSAS had been issued. Six further IPSAS had been approved by the PSC, and these were issued in early 2000.

Ian Mackintosh, formerly Chair of the Australian Public Sector Accounting Standards Board, was PSC Chair from 2000 to 2003. Six further IPSAS were developed and issued, so that the planned core set of twenty accruals-basis IPSAS had been completed by the beginning of 2004. The PSC also issued Study 14, *Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities*, Study 11, *Governmental Financial Reporting: Accounting Issues and Practices*, and *Financial Reporting under the Cash Basis of Accounting*. A project to harmonize IPSAS with GFS reporting guidelines began in 2003.

Philippe Adhémar, Senior Advisor at France's Court of Auditors, was PSC Chair for the period 2004–2006. During this time, two public sector specific IPSAS were issued – IPSAS 23, *Revenue from Non-exchange Transactions (Taxes and Transfers)*, and IPSAS 24, *Presentation of Budget Information in Financial Statements*. A project on accounting for social benefits was started, which resulted in issuance of an ED. The social benefits ED proposed recognition of certain types of social benefit obligations. In late 2006 the IPSASB decided to refocus the social benefits project to instead develop guidelines on reporting information on fiscal sustainability. During this same period the PSC issued a research report, *International Public Sector Accounting Standards (IPSASs) and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence*, which systematically documented similarities and differences between the two reporting frameworks. IPSAS 22, *Disclosure of Financial Information about the General Government Sector*, was issued in 2006. Work began on projects to account for impairment of cash-generating assets (based on IAS 36, *Impairment*), employee benefits (based on IAS 19, *Employee Benefits*), and disclosure of information by recipients of external assistance.

Mike Hathorn, a partner in the audit firm Moore Stephens, was appointed IPSASB Chair for the period 2007–2009. During his chairmanship, the IPSASB focused primarily on development of IFRS–converged IPSAS, aiming to converge with a stable platform of IFRSs as at the end of 2008. IPSAS 25, *Employee Benefits*, and IPSAS 26, *Impairment of Cash-Generating Assets*, were issued in 2008. IPSAS equivalents were developed for five further IFRS; IPSAS 27, *Agriculture*, IPSAS 28, *Financial Instruments: Presentation*, IPSAS 29, *Financial Instruments: Recognition and Measurement*, IPSAS 30, *Financial Instruments: Disclosures*, and IPSAS 31, *Intangible Assets*. These standards were issued from 2008 through to early 2010. The IPSASB also initiated the first IPSAS Improvements project to ensure that IFRSs/IASs revisions would be made on a regular basis to the equivalent IPSAS. Work began on the Conceptual Framework and a project on reporting service concession arrangements from the grantor (the government entity) perspective, while progress on the fiscal sustainability project continued.

In 2010 Andreas Bergmann, Professor of Accounting at the Zurich University of Applied Sciences' School of Management and Law,

succeeded Mike Hathorn as IPSASB chair. Andreas Bergmann's 3 year tenure was extended, and he served as IPSASB Chair for 6 years, until the end of 2015. During this 6 year period the IPSASB completed its Conceptual Framework, which was issued in October 2014. IPSAS 32, *Service Concession Arrangements: Grantor*, IPSAS 33, *First-Time Adoption of Accrual Basis IPSASs*, and the IPSASB's first RPGs were approved and issued. IFRS convergence work also continued. A project to revise IPSASs 6–8 was approved in 2011 and resulted in issuance of five replacement standards (IPSAS 34–38) in January 2015. Improvements standards were issued in 2010, 2011, and 2014. A consultation paper, *IPSASs and GFS Reporting Guidelines*, was developed, which generated an appendix comparing the two reporting systems, in the IMF's *Government Finance Statistics Manual 2014*, and IPSASB approval of its internal policy document on reduction of unnecessary differences between IPSAS and GFS reporting guidelines. Other projects during this period aim to address accounting for public sector combinations: public sector specific financial instruments, social benefits, revenue, nonexchange expenses, involvement in emissions trading schemes, and heritage assets. A project on Government Business Enterprises (GBEs) (or the applicability of IPSAS) was also initiated.

Ian Carruthers became IPSASB Chair in January 2016, after serving as an IPSASB member from the beginning of 2010. He is the first remunerated IPSASB Chair, spending 75% of his time in that role, while continuing to work for the Chartered Institute of Public Finance and Accountancy's (CIPFA), where he is part-time Chair, CIPFA Standards.

## Application of IPSAS

IPSAS are designed to be applied by public sector entities that:

(a) Deliver services to benefit the public and/or to redistribute income and wealth;
(b) Mainly finance their activities by means of taxes and/or transfers from other levels of government, social contributions, debt, or fees and do not have capital providers that are seeking a return on their investment or a return of their investment; and
(c) Do not have a primary objective to make profits.

IPSAS can be applied by national governments and entities that make up a national government, for example, government departments and related entities; lower levels of government such as state, provincial, or city governments; and international organizations such as the United Nations and the European Commission.

IPSAS are not designed to apply to GBEs. IPSAS 1, *Presentation of Financial Statements*, defines a GBE and explains that GBEs are similar to private sector, for-profit companies. GBEs include government owned utilities (for example, telecommunications and power companies) and financial enterprises (for example, banks and insurance companies). In March 2016 the IPSASB approved changes to how it communicates which entities should apply IPSAS. The definition of a GBE in IPSAS 1 has been removed and replaced with a paragraph in the preface to the IPSASB Handbook. The paragraph describes the type of public sector entity that the IPSASB expects to apply IPSAS, when it develops these standards.

## Adoption of IPSAS

There is no legal requirement at the international level for national jurisdictions or individual public sector entities to apply IPSAS. Where a national jurisdiction chooses to adopt IPSAS, that decision is then given effect through legislation or regulation. In the case of international organizations IPSAS adoption is a decision of the relevant governing body. For example, in the case of the United Nations IPSAS adoption was a decision of the United Nations' General Assembly.

When adopting IPSAS national jurisdictions generally issue national standards that are based on IPSAS and very similar to IPSAS. The extent of similarity varies between jurisdictions.

International organizations generally aim for full IPSAS compliance.

The IPSASB considers that:

> The adoption of IPSASs by governments will improve both the quality and comparability of financial information reported by public sector entities around the world. The IPSASB recognizes the right of governments and national standard-setters to establish accounting standards and guidelines for financial reporting in their jurisdictions. The IPSASB encourages the adoption of IPSASs and the harmonization of national requirements with IPSASs. Financial statements should be described as complying with IPSASs only if they comply with all the requirements of each applicable IPSAS. [Page 1, *Handbook of International Public Sector Accounting Pronouncements*, 2015 Edition.]

There appears to be a worldwide trend towards IPSAS adoption by national governments and other public sector entities. A 2013 survey by PricewaterhouseCoopers (PWC), the *PWC Global Survey on Accounting and Reporting by Central Governments*, estimated that, by 2020, 71% of central governments would have either adopted IPSAS or be in the process of implementing IPSAS.

While many governments have announced that they are adopting IPSAS, the actual level of adoption is difficult to ascertain. Presentations by IPSASB representatives indicate that more than forty national jurisdictions have adopted accruals IPSAS. However, few governments claim full compliance with all IPSAS requirements, instead adapting them to allow for local needs. A 2012 Eurostat report, prepared by Ernst and Young, *Overview and Comparison of Public Accounting and Auditing Practices in the 27 EU Member States*, found that eight European Union member states – Estonia, France, Hungary, Malta, Poland, Spain, Sweden, and The United Kingdom – applied accounting standards that were 75% or more aligned with IPSAS for their central government public sector entities. Information provided by IFAC member bodies, which report to IFAC on their jurisdictions' compliance with IFAC supported standards, identifies other countries that have adopted IPSAS, including Austria, The Cayman Islands, Chile, Guatemala, Peru, and Switzerland, while at least 21 countries further have partially adopted IPSASs. Public sector entities in New Zealand have applied IPSAS since 2014. The majority of international organizations apply IPSAS, including the OECD, all United Nations system organizations, the European Commission, and the North Atlantic Treaty Organization. IPSAS are treated as the starting point for development of European Public Sector Accounting Standards (EPSASs), which are expected to support improvement and harmonization of public sector financial reporting within the European Union.

IFAC, the World Bank, IMF, and the European Commission's Eurostat support IPSAS adoption on the basis that it can improve the financial information reported by public sector entities, with likely improvements to entities' financial management and financial sustainability. Eurostat has promoted IPSAS adoption for consideration by European Union countries because of the benefits that are expected to arise from better quality financial information as a basis GFS reports. IPSAS delivers most benefits when an entity moves from either cash-basis accounting or partial accrual-basis accounting to accounting fully on an accruals basis. A national jurisdiction that is already applying high quality accruals-basis financial reporting standards receives fewer benefits from IPSAS adoption.

## Conclusion

In conclusion, IPSAS is a comprehensive set of international accounting standards for public sector entities including national governments. Governments' adoption of IPSAS is increasing, encouraged by organizations such as the World Bank and the IMF. The IPSASB develops IPSAS. The IPSASB's membership, due process, and governance structure support the goal of high quality accounting standards that are developed in the public interest.

## Cross-References


- ▶ Accrual Accounting
- ▶ Cash Accounting
- ▶ European Harmonization and EPSAS

▶ Financial Reporting
▶ Global Administrative Reforms
▶ Globalization and Public Administration
▶ Heritage Assets
▶ Public Sector Accounting

## References

European Commission (2013) Towards implementing harmonized public sector standards in Member States. The suitability of IPSAS for the member states, SWD(2013) 57 Final

Eurostat (2012) Overview and comparison of public accounting and auditing practices in the 27 EU Member States

IFAC (2000a) Press release: new international public sector accounting standards released for comment, 16 July 2000

IFAC (2000b) Public Sector Committee standards project, project background, strategy and funding requirements, Oct 2000

IFAC (2004a) The Public Sector Committee's standards program – background and update, Feb 2004, Paul Sutcliffe, PSC Technical Director

IFAC (2004b) Report of the externally chaired review panel on the Governance, role and organisation of the international federation of accountants Public Sector Committee, June, 2004

IFAC (2004c) Charting a new course to the future – 2003 annual report IFAC 2004

IFAC (2007) IPSASs Adoption by Governments. Available from http://www.ifac.org/system/files/publications/files/IPSAS_Adoption_Governments.pdf

IFAC (2015) Handbook of international public sector accounting pronouncements, 2015th edn. IFAC, New York

IPSASB website at http://www.ipsasb.org/has all IPSASB pronouncements, current and recent projects, IPSASB meeting papers, and meeting minutes from November 2002 onwards

Jensen GR, Smith RA (2013) History of the IPSASB: growing influence – reduced control? Paper for European Government and Public Administration Workshop. Public Sector Management and IPSAS, Salerno

MacIntosh I (1999) Public Sector Accounting standard setting in the next century. Stand (Aust Account Stand Board Aust Account Res Board) 3:5–23

OECD (2015) The Future Governance of the International Public Sector Accounting Standards Board (IPSASB) IPSASB Governance Review Group – Recommendations, March 2013

PricewaterhouseCoopers (2013) PWC Global survey on accounting and reporting by Central Governments

Sutcliffe P (2006) International Public Sector Accounting Standards (IPSASs) 1996 to 2006 – progress and status. J Financ Manage Public Serv 6(1):11–28

# Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends

Anand Vyas
Department of Mechanical Engineering,
The Hong Kong Polytechnic University,
Hong Kong, Hong Kong SAR

## Synonyms

College; Internationalization of tertiary education; Post secondary education; University

## Introduction

Higher education is considered as an essential instrument for dealing with various national issues from improving the well-being of citizens to eradicating poverty. In the recent decades, international education has advanced into a means for international collaborations that can boost university rankings and build regional identity (University of Oxford 2015). The growth in the international component of higher education has led to a trend known as internationalization, which involves increasing cross-border geographic spread of activities (Knight 2008b; Kreber 2009). The phenomenon is central to the academic enterprise today, particularly in terms of planning for the future by policymakers and institutional leaders. In recent years, there has been ample evidence of the higher education sector going international: prestigious foreign universities setting up local campuses, dual- or joint-degree programs being established to internationalize the curriculum, and faculties seeking opportunities for collaborations on research projects from various cultural and national perspectives (Childress 2010). Internationalization of higher education refers to "the process of integrating an international, intercultural, or global dimension into the purpose, functions or delivery of higher education" (Knight 2004, p. 9), which includes a

broad range of activities including transnational mobility of students and staff, internationalization of curricula and quality assurance, interinstitutional co-operation in education and research, and the establishment of international university consortia (Van Vught et al. 2002). According to Fok (2007), the increasing mobility of students and the growing importance of English in the world have given a new level of importance to the notion of internationalizing the higher education sector. Even the universities in non-English-speaking countries such as Sweden, Singapore, Hong Kong, and China are joining the battle in attracting foreign students.

According to Lee (2014), many changes have been observed in the higher education sector since the 1990s, when it witnessed the process of "massification" or the rapid expansion of higher education with a significant increase in the numbers of students and degree-awarding tertiary institutions. First, there has been ever-growing social expectation on education outcomes by admitting more students and by producing a larger pool of well-educated and skilled manpower for socio-economic needs because of a global shift from industry-based to knowledge-based economies (Lee 2014). This has been paired with growingly marketized and privatized strategies to create education opportunities to meet the persistent demand for higher education (Mok and Han 2015), with a significant increase in public financial inputs on higher education, student population, and more diversified academic disciplines offered to prospective students (Lee 2011). In addition, Asian economies including Hong Kong have become more affluent and have therefore become keener on expanding university education to meet growing socio-economic needs (Lee 2011). Motivated by the concerns of brain gain and income generation, higher education institutions (HEIs) in the Asia-Pacific region have been expanding their higher education services beyond their territorial boundaries (Ng 2010).

Similar to the neighboring jurisdictions, Hong Kong is not immune from the global trend of higher education reform which aims at improving education quality and maintaining its relevance to socio-economic needs in the globalization era when market forces and competitions remain the core values (Lee 2014). Considering Hong Kong's strategic position at the "interface between Asia (more specifically, China) and the rest of the world" (University Grants Committee [UGC] 2010, p. 13), and being an "international intermediary" between East and West (UGC 2010, p. 50), Hong Kong offers an important context for any discussion of internationalization in the higher education sector (Skidmore 2012). This study seeks to offer readers an all-rounded view of the trajectory of how internationalization has developed and progressed in Hong Kong, to examine the approaches adopted by the publicly funded institutions in Hong Kong, to discuss the challenges facing the higher education sector in the world including Hong Kong, and to offer recommendations for further development of internationalization.

This work is systematized in five sections. Section "Recent Global Trends in Internationalization of Higher Education" focuses on the recent trends characterizing the phenomenon of higher education internationalization in the world. Section "Internationalization of Higher Education in Hong Kong" explores the internationalization initiatives undertaken by the publicly funded institutions in Hong Kong. Section "Problems and Challenges of Internationalizing Higher Education" highlights the major challenges facing the higher education sector in the world including Hong Kong. Section "Solutions and Recommendations" presents the solutions to the challenges and the way forward, and section "Conclusion" concludes this study.

## Recent Global Trends in Internationalization of Higher Education

After several decades of intense development, internationalization has grown in scope, scale, and importance. The recent trends of internationalizing higher education around the world are mainly characterized by privatization, regional institutional agreements or network memberships, increasing student mobility,

establishment of collaborative programs, and university rankings.

### Privatization

Private higher education is one of the most dynamic and fastest-growing segments of post-secondary education at the turn of the twenty-first century (Altbach 1999). According to many public universities have started offering self-financing programs. In addition, distance education that incurs relatively high fees has grown fast, and barring exceptions and fee levels have also increased in public higher education. Thus, the cost of higher education is continually shifting from government to households, resulting in privatization of public institutions (Agarwal 2007). As a matter of fact, the market-oriented profit-seeking private higher education has grown in the recent past at a rapid rate in both developing and developed countries. By 2025, it is forecasted that the demand for international education will grow to 7.2 million students – a quantum leap from 1.2 million students in 2000 (Bohm et al. 2002). While some of this demand is being met by student mobility, the number of new providers delivering programs to students in their home countries is accelerating at an unprecedented rate (Knight 2009). Among the new institutional players, many of them are new private sector providers. Today, some 30% of global higher education enrolment is private. In the past, private higher education existed mainly in East Asia countries, and it formed a small part of higher education in most countries. However, private higher education institutions which are mostly for-profit or quasi-for-profit now represent the fastest-growing sector worldwide. A disproportionately larger number of students are enrolled in private universities in developing countries than in most advanced countries (Tilak 2008). Private higher education in South Asia, like other parts of the world, has been the main venue of expansion of higher education system over the past two decades (Agarwal 2014). The trend suggests that privatization encompasses the rise of private universities, privatization of public institutions, and the exponential growth of for-profit institutions (Tilak 2008).

### Strategic Alliances Through Institutional Agreements

Institutions worldwide have been establishing partnerships with institutions in other countries to offer degrees and academic programs, develop research projects, and collaborate by way of networks, consortia, associations, and partnerships with businesses, formal cooperative agreements, and local communities (Sutton and Obst 2011). Such kind of strategic partnership is a formal alliance between two or more higher education institutions developed through an intentional process, whereby the partners share resources and leverage complementary strengths to achieve defined or common objectives (Kudar 2014). With the liberalization of foreign markets, state regulatory environments, and systems of higher education, the globalization and internationalization of higher education is being perpetuated by institutional agreements between local, state, and transnational organizations (Altbach and Knight 2007). The number of bilateral or multilateral education agreements has increased exponentially in the past decade (Knight 2004). Twenty years ago, partnerships were almost exclusively about student exchange (Sutton and Obst 2011). At present, the goals of exchange partnerships have multiplied, their geographical span has widened, and they have been supplemented with other forms (Sutton and Obst 2011). Such inter-institutional partnerships often involve academic credit sharing or complete degree earning programs, internship opportunities, or research activity (Sherrie and Leavitt 2015).

However, Knight (2014) also notes that some institutions tend to enter into a great number of regional institutional agreements or network memberships to make themselves more prestigious and attractive to other institutions and students, but they end up being difficult and unproductive to manage because the agreements require a major investment of human and financial resources from individual faculty members, departments, and international offices. As a result, a more recent trend is the paring down of the number of agreements to 10 or 20 institution-wide priority partnerships, which will help lead to more comprehensive and sustainable

relationships among faculty members and researchers (Knight 2011b).

### Increasing Mobility in the Academia

Another prominent trend of internationalization is the increasing mobility of students, academic scholars, programs, and institutions in the academia. The mobility of students and scholars has been a characteristic of higher education since the middle ages, but it was only in the late 1990s that the number of students studying outside their home country grew exponentially (Davidovitch 2015). According to OECD (2013), there were 1.8 million international students in the world in 2000. This number increased to 2.8 million by 2007 and passed the 4.5 million mark in 2010. It is estimated that the number of international students will rise to 7 million by 2020 (Rumbley et al. 2012). Students' mobility also comes with a significant number of academic scholars who relocate for brief or extended periods to teach in institutions outside their home country (Pherali 2012). A large number of academic scholars are teaching overseas (Altbach et al. 2009; Bodycott and Walker 2000; Pherali 2012). Collaborations involving institutions, international scholarship, and fellowship programs increase the mobility of academic staff who teach and conduct research outside their home country (Davidovitch 2015). In some cases, institutions in better-off countries recruit teaching staff from poor and unstable countries and offer them superior conditions for research and teaching, resulting in a situation known as brain drain (Altbach et al. 2009). Apart from the mobility of students and scholars, mobility in the academia also involves programs and institutions. Since the 2000s, there has been a significant increase in the number of extensions of parent institutions from western countries that operate in countries such as Dubai, Qatar, Singapore, and China (Dirlik 2012). There is a broad range of interinstitutional cooperation agreements, for example, the agreement between the University of Nottingham in the United Kingdom (UK) and the Zhejiang Wanli Education Group University in China, enabling the operation of the Nottingham-Ningbo University in China (Davidovitch 2015). There are also isolated programs or focused study disciplines that institutions make available overseas, jointly by two or more collaborating institutions. The trend of developing joint or dual programs between institutions is to be discussed in greater details in the following section.

Knight (2003) theorizes the trend by stating that within the framework of international higher education, there are four categories of "who and what" moving across borders: people, providers, programs, and projects or services. "People" refers to the cross-border movement of people, whether they are students, professors, scholars, experts, or staff for education purposes. "Providers" refers to the institutions or providers that have physical or virtual presence in the receiving country. Examples include branch campuses, stand-alone foreign institutions, and franchising arrangements. As for "programs," they move across borders and are delivered through a linkage or interinstitutional partnerships that can be commercial or noncommercial in nature. In some cases, this could involve a joint or double degree. "Projects or services" could be undertaken as part of academic linkages and commercial contracts. The movement of projects or services can foster joint curriculum development, research, benchmarking, e-learning platforms, and other capacity-building initiatives. Hence, in the framework of international higher education, people (students, faculty, and researchers) are internationally mobile, and academic programs are being delivered across borders with providers (including opening branch campuses and teaching centers overseas, off-shore or distance academic programs, and education hubs) being established around the world particularly in the Middle East and East Asia to complement traditional initiatives (Knight 2014; University of Oxford 2015). The mobility and international flow of students is typically from Asia entering the major academic systems of North America, Western Europe, and Australia (Agarwal et al. 2007), while it is the opposite direction for academic extensions and collaborative alliances (Davidovitch 2015). Motivated by the desire to maintain economic competitiveness and realize financial gains by enrolling full fee-paying internationals, many

Western countries such as the United Kingdom, Australia, and Canada have relaxed visa and immigration requirements to attract foreign students. Moreover, most international students prefer to study in English-speaking countries, which is reflected in the fact that three English-speaking countries – the United States of America (USA), Australia, and the UK – control 36% of the market of international students (Davidovitch 2015). In response to this trend, some universities in non-English-speaking countries have established degree programs in English to attract students overseas.

### Establishment of Collaborative Programs

Another recent trend of internationalizing higher education has been the establishment of joint or dual programs between institutions in two (or more) countries that lead to double (or multiple) degrees, and in some cases, a joint degree (Knight 2008c). A number of foreign universities have been invited by local governments to establish branch campuses overseas, for example, the University of Nottingham's campus in Ningbo, China, and New York University's branch in Abu Dhabi, UAE (University of Oxford 2015). That trend has continued, with universities beginning to move into previously untried territories to establish branch campuses and teaching centers. For instance, Lancaster and Strathclyde universities both signed an agreement in May 2009 to establish campuses in Pakistan (University of Oxford 2015). The hosting countries pay most of the costs associated with these arrangements. Institutions establishing branches or joint programs are often motivated by a desire for additional revenue, although they are also engaged in raising their international profile and contributing to the internationalization of their home campuses as well. The motivations of the receiving countries are perhaps more complex and include a need for greater capacity at home and a desire to leverage the prestige and resources of a high-quality foreign institution (Rumbley et al. 2012). As for the programs being delivered, Kudar (2014) points out that joint or double degree programs enjoy high priority on internationalization agendas of tertiary institutions. A survey on collaborative degree programs conducted in 2011 shows that 91% of 245 participating tertiary institutions confirmed that joint or dual degree programs were part of the institutions' internationalization efforts and strategy.

### Institutional Partnerships

International academic partnerships or strategic alliances are being asked to do more now than previously required. Twenty years ago, partnerships were almost exclusively about student exchange, with only occasional occurrences of collaborative research, cooperative capacity-building, or community development. While exchange partnerships continue strong, their goals have multiplied, their geographical span has widened, and most importantly, they have been supplemented with other forms. Such academic partnerships also employ a wide range of methods and strategies to achieve their goals. Some develop short-term, deeply embedded study abroad programs that attract a wider range of students than those who study overseas for the whole year. Some use international faculty, laboratories, and internships to introduce international learning to curricula in the professions and STEM fields. Dual degrees and joint educational programs have emerged that foster blended cohorts of students from different nations. Information technology and social media are used to create globally interactive classrooms. International research teams compare perspectives and pool in resources to explore questions of mutual interest, while similar teams collaborate on community development and institutional capacity building, such as spreading the community college system and introducing innovative modes of English language instruction (Sutton and Obst 2011).

### University Rankings

Another prominent trend of internationalization of higher education is the greater attention being paid to rankings and institutional positioning. Sursock (2015) refers the 2015 Trends responses and remarks that the importance of ranking schemes and league tables is growing and that

this trend is expected to continue. As a matter of fact, international and regional rankings of universities have had a major impact on all stakeholders in the knowledge services industry (Marginson 2007). University rankings are measured according to a global scale and therefore introduce the notion of competition among university rankings as a new paradigm in most countries (Altbach 2006). Ranking lists focus not only on universities as a whole, but also on various arenas of activities such as research, teaching or executive education, and curriculum content. However, all ratings and rankings of institutions assume that there is a brand effect for the university as a whole. Moreover, despite the great debate about their validity and reliability, rankings have become relevant tools for institution policy makers. The classifications are used by individuals to compare places to study and increasingly by governments to make funding decisions. Indeed, the measurement of internationalization is conceived as the achievement of a specific position in one or more of the global rankings. Hence, university rankings play a key role in the current education market, the harmonization of educational standards, and high student and faculty mobility, among other aspects (OECD 2009).

## Internationalization of Higher Education in Hong Kong

Hong Kong has joined the competition for speeding up the process of internationalization of higher education since the colonial period, and the city is keen to sustain such a policy after handover. In fact, internationalization of higher education has become one of the key strategic plans for Hong Kong's publicly funded universities to enhance their global competitiveness. Internationalization has been embodied in the significant rise of the number of nonlocal or international staff and students in the eight publicly funded universities in Hong Kong. The number of nonlocal students had grown fourfold from 2003 to 2013 (Lee 2014). As many as 45% of the University of Hong Kong's (HKU) academic staff were drawn from overseas (Fok 2007). Besides, about 10% of the undergraduates at the Hong Kong University of Science and Technology (HKUST) are nonlocal students, and HKUST is planning to lift the admission rate of nonlocal students to 20% (Tam 2012). In addition, Hong Kong's universities offer scholarships and subsidies in order to recruit elite students. Another apparent activity to promote internationalization in the city is the setting up of joint university agreements. For instance, HKU was a founding member of Universitas 21 (U21), a strategic network of international research-led universities that works proactively to encourage academic exchanges, facilitating international collaboration between members, and focusing on opportunities for entrepreneurial activities (Fok 2007). Another aspect of internationalizing higher education in Hong Kong is the restructuring of the curriculum structures through the introduction of the credit-based system since 1998, and the introduction of the 4-year university system in 2012 (Fok 2007; Lee 2014). On top of these initiatives, the University Grants Committee (UGC) has set up a matching grant called "UGC Block Grant Student Activities Fund" to call for joint efforts among local institutions toward deepened and more effective internationalization to attract students worldwide. Once allocations are approved, institutions have a high degree of freedom in deciding how the available resources are best put to use.

These developments suggest that Hong Kong's higher education sector has undergone waves of changes including greatly increased diversity among students ("massification"), entrepreneurial management ("marketization"), and interpreting and assessing activities and results predominantly based on economic criteria ("commodification"). In the 1990s, several postsecondary institutions were upgraded to universities (Lo and Ng 2003). Since then, the Hong Kong Government has proactively sought to internationalize the higher education sector so as to develop the city into a regional education hub and Asia's world city (Fok 2007; Skidmore 2012). Following the internationalization of higher education trend, the former Chief Executive Tung Chee-hwa set a target

of increasing the participation rate of tertiary education to 60% by the 2010/2011 academic year and raising the number of nonlocal research students from one-fifth to one-third (Lo and Ng 2003). Tung's successor Tsang Yam-kuen continued the policy by taking educational services as one of the six pillar industries serving to boost Hong Kong's competitiveness (Lo and Ng 2003). Another report "Aspirations for the higher education system in Hong Kong" published by the UGC in 2010 identifies Hong Kong's position as a bridge between cultures (Skidmore 2012). The report further emphasized an integration of international students with local students at the campus level and maintenance of an international mix of the faculty in universities. Likewise, visa and enrolment restrictions have been relaxed to attract a greater number of international students. Such initiatives include allowing international students to work for one year post graduation and to undertake paid "summer" jobs and "on-campus" employment of up to 20 h per week (Hong Kong Immigration Department 2015). Aside from policy changes, international institutions have been encouraged to set up campuses in Hong Kong. One example is the Savannah College of Art and Design (SCAD), which began offering classes from the former North Kowloon Courthouse in 2010 (Clark 2011). In addition to the new SCAD campus, Upper Iowa University and Chicago's Booth School of Business opened a site in Hong Kong (Clark 2011; Lee 2014). Likewise, the Chinese University of Hong Kong (CUHK) set up its first branch campus in Shenzhen in September 2014, and HKU established the HKU-Shenzhen Institute of Research and Innovation in 2011 and HKU-Zhejiang Institute of Research and Innovation in 2012 to promote hi-tech research and development, knowledge transfer, and industry incubation. All these developments demonstrate a fundamental change of character of higher education in Hong Kong, which is not just a public good to be guaranteed by the government, but also a commodity for economic exchange (Lee 2014).

The eight publicly funded universities in Hong Kong are launching a number of initiatives to go international. Table 1 below classifies their internationalization efforts as inbound and outbound and highlights the features of such initiatives.

## Problems and Challenges of Internationalizing Higher Education

While internationalization has opened new opportunities, it has also reinforced and reproduced unequal divisions in the political economy of global education (Zelera 2012). In general, it has been said that internationalization has engendered intense pressures for institutional competition and collaboration, convergence, and fragmentation within and across national higher education systems (Bleiklie 2005; Powell and Solga 2008). Cross-border education also raises serious questions about quality control, the development and enforcement of quality assurance mechanisms, and transferability and recognition of qualifications. The most significant challenges are discussed in the following sections.

### Commercialization of Education

The rapid growth in private higher education in recent years is associated with a few major issues. Firstly, an issue is the significant shift from philanthropy to profits in setting up private institutions. The global trends suggest that private higher education characterized by philanthropy is mostly replaced by profit-seeking private higher education (Tilak 2008). Besides tuition fees, public institutions see income from research funds, income from the sale of institution-related products, consulting and research services, and institution-industry linkages. In some cases, such financial sources contribute to commercialization of higher education (Knight 2006; Rumbley et al. 2012). Capital and talent are attracted to wealthy countries and prestigious institutions, and citizens with the financial and academic capabilities leave weak countries in favor of strong countries. Considering the mostly unilateral direction of foreign students, internationalization of higher education undermines a more equitable distribution of resources in the world (Davidovitch

**Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends, Table 1** Overview of Internationalization of Higher Education in Hong Kong

| Tertiary institution | Inbound and outbound internationalization initiatives and features |
|---|---|
| University of Hong Kong (HKU) | *Inbound*<br>Setting up hostel accommodation facilities for international students<br>Offering joint student mobility programs, allowing students to try studying abroad before committing to a semester or a school year overseas, and research experience programs for students to spend a summer doing research at overseas research centers<br>Hosting the World Trade Organization (WTO) Regional Training Centre in Asia, providing cross-disciplinary training for governmental officers<br>*Outbound*<br>Founding the Universitas 21 (U21; a central point to collaborate research initiatives, and disseminate information), and U21Global (the e-learning arm of U21, focusing on MBA programs and combining campus-based and online study options from prestigious universities overseas)<br>Establishing the HKU-Shenzhen Institute of Research and Innovation, and HKU-Zhejiang Institute of Research and Innovation for hi-tech research and development<br>Building international student residences and cultural centers for HKU exchange students studying overseas<br>Joining the Association of Pacific Rim Universities, a consortium of research universities in the Pacific Rim |
| Chinese University of Hong Kong (CUHK) | *Inbound*<br>Offering funds and programs to facilitate on-campus internationalization<br>Devising strategic plans among faculties and departments for international collaborations, followed by implementation of those plans, and identification of partners for joint research and student mobility<br>*Outbound*<br>Setting up The International Partnerships Development Program to promote the development of partnerships by encouraging faculty members and their respective academic units to initiate visits to partner institutions<br>Developing academic and research exchange programs to foster ties with overseas institutions<br>Offering teaching and research schemes such as the International Partnerships Development Program, Bilateral Teaching Exchange Program and Outbound Research Mobility Scheme to promote the international exposure of faculty members and the development of strategic and research partnerships with overseas universities |
| Hong Kong University of Science and Technology (HKUST) | *Inbound*<br>Internationalizing the campus through organizing 2-week orientation programs, opening up eating outlets offering diverse choices, and offering counseling service for international students<br>Offering students who enroll in select programs (e.g., MBA) the opportunity to take part in field trips around Asia and the opportunity to participate in an exchange to another business school in the region of students' choice<br>Offering international collaborative agreements such as the Joint Undergraduate Research Exchange Program for students studying engineering<br>*Outbound*<br>Recruiting overseas high-achievers as undergraduates by conducting information sessions at overseas high schools, advertising in major overseas media outlets, and participating in overseas recruitment fairs<br>Focusing on academic and research collaboration and entering exchange partnerships<br>Having a Research and Development Corporation for partnership and knowledge transfers with industry, and establishing a tripartite cooperative institution that engages in production, study, and research<br>Establishing a Nansha Graduate School in Guangdong Province to promote scientific cooperation between Hong Kong and China<br>Having a partnership in Beijing's financial district under a tripartite agreement to establish an International Financial Education and Training Center in Beijing with private enterprises |

(continued)

I

**Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends, Table 1** (continued)

| Tertiary institution | Inbound and outbound internationalization initiatives and features |
|---|---|
| | Being the member of the Association of Pacific Rim Universities, a consortium of research universities in the Pacific Rim |
| Hong Kong Polytechnic University (PolyU) | *Inbound*<br>Infusing an international dimension into PolyU's programs to provide students with the multicultural and international perspectives<br>Offering exchange programs with flexibility, i.e., full-time programs and programs of shorter periods for students from partner institutions<br>Setting up the International Affairs Office and the establishment of a new Vice President position to help PolyU adapt to the trend of global integration<br>Setting up the International Advisory Board to enhance internationalization of PolyU programs, staff and student bodies<br>Setting up the Taskforce of Internationalization to bring together the international community of PolyU and facilitate networking with the international community in the territory<br>*Outbound*<br>Organizing the PolyU Innovation & Entrepreneurship Global Student Challenge (GSC), which is a global business plan competition open to secondary and university students from around the world<br>Setting up a World-Class Scholar Scheme under which top scholars overseas are invited to join PolyU<br>Launching a 2010 Compensation and Benefit Model to recruit and retain high quality academics and professionals from other countries |
| City University of Hong Kong (CityU) | *Inbound*<br>Creating a new department, the Department of Asian and International Studies in the Faculty of Humanities and Social Studies with effect from 1 July 2006 to respond to the internationalization agenda of UGC and enhance the profile of both the Faculty and the University in Asian and International Studies on the global stage<br>Offering collaborative programs such as MBA programs for senior business executives; EMBA, MBA, and MAPPM Residential Trips under academic agreements to bolster training and cultivate students' international learning experiences<br>*Outbound*<br>Collaborating with overseas universities in delivering postgraduate programs, such as working with the School of Management, Fudan University, to develop a Doctor of Business Administration (DBA) program for senior executives in China<br>Setting up seven Applied Research & Development Centers in Shenzhen<br>Setting up the School of Veterinary Medicine in 2014 as a partnership with Cornell University's College of Veterinary Medicine<br>Holding an international event every year on campus to promote internationalization and to raise the awareness of the Student Exchange Program |
| Hong Kong Baptist University (HKBU) | *Inbound*<br>Launching the "Consul-General-in-Residence Program", in which the consuls-general will be asked to support and strengthen the international dimension of the work of the university during their year of residence<br>Launching the "East-West Encounters" Program to foster cross-cultural exchange<br>Focusing on integrating international dimension into curriculum design and classroom teaching, increasing the number and diversity of international students on campus, increasing student abroad activities and participation, and facilitating participation of staff and students in academic collaborative effort<br>*Outbound*<br>Playing host to two international consortia: the David C. Lam Institute for East-West Studies to enhance cooperation among scholars in East-West studies, and Wing Lung Bank International Institute for Business Development that operates on a self-financing basis through fee-generating activities such as international conferences, exchange programs, and executive development programs<br>Offering exchange programs with flexibility, i.e., lasting for one semester or one |

(continued)

**Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends, Table 1** (continued)

| Tertiary institution | Inbound and outbound internationalization initiatives and features |
|---|---|
| | academic year for students from partner institutions<br>Launching the IIBD International Case Competition to strengthen internationalization through the enhancement of student and faculty networks<br>Launching the Resident Graduate Scholarship (RGS) Program to advance bilateral collaboration between HKBU and member institutions<br>Setting up the United International College with Beijing Normal University in Zhuhai, Guangdong, as an extended platform for academic collaboration |
| Lingnan University (LU) | *Inbound*<br>Setting up the Buddies Scheme to promote cross-cultural exchange and internationalization within the university community<br>Organizing activities such as the International Day and Stage Festival to cultivate an international campus.<br>*Outbound*<br>Hosting visiting scholars overseas who interact with faculty and students through presentations/workshops<br>Supporting faculty members in conducting seminars at member universities and inviting faculty members from those universities to hold seminars at LU |
| Education University of Hong Kong (EdUHK) | *Inbound*<br>Developing an Overarching Curriculum Framework to underpin the education-plus aspect in program design, curriculum reforms, course changes, and cross-faculties collaboration<br>Offering orientation programs, buddy schemes, community, and cultural exploration activities to promote on-campus internationalization and integration<br>Offering students the opportunity to take formal courses in overseas partner institutions during the semester or the holiday breaks. Students will get credit exemption when they return to EdUHK to continue the rest of their programs<br>Offering exchange programs with flexibility, i.e., exchange programs allowing nonlocals to study for up to a year at EdUHK and allowing local students to study overseas for up to a semester, international summer schools, summer programs at partner institutions, and short-term study visits<br>Making overseas/regional internship one of the program requirements<br>Diversifying program delivery modes by offering online teaching and learning activities<br>*Outbound*<br>Entering reciprocal agreements between EASP and Social Policy Association in July 2012 to promote Asia-Europe Dialogue on Social Policy<br>Developing the Inter-university Research Consortium for comparative social policy research and different collaborative projects, such as Worldwide University Network |

Source: Official websites of the institutions; Shin and Kehm 2013

2015). A study conducted in 2004 revealed that 80% of all Chinese and Indian students who study abroad do not return to their home country immediately after they complete their degree (Altbach 2004). All in all, the rapid growth of private higher education and commercialization of higher education have resulted in the acceptance of the idea of higher education as a private good that benefits the students only, replacing the classical notion of higher education as a public good that benefits the whole society (Tilak 2008).

## Comparability of Qualifications

The comparability of educational qualifications has become a key issue in international discussions. In accordance with Knight (2015), the differences in national and university regulations, regulatory systems, and customs among countries have presented challenges for the design and implementation of international collaborative programs, with regulations preventing students from enrolling in more than one university at a time, laws requiring students to spend their last year or

semester at the home university, or practices mandating the recruitment and selection of students. Nonrecognition and limitations on the number of courses or credits taken at a partner university raise additional barriers. Dissimilar academic years can create problems for student mobility. Evaluation requirements and procedures often present obstacles to double-degree programs.

### Quality Assurance and Accreditation

With many new providers offering more options for higher education, it is sometimes difficult to distinguish legitimate institutions from diploma or degree mills that make credentials available for purchase (Rumbley et al. 2012). One of the most important challenges in cross-border education is how to ensure the quality of academics and to achieve the legitimacy of what qualifications are awarded and whether the institutions, companies, and organizations are recognized by the receiving country. According to Knight (2008a), there is an increase in low-quality providers who are not recognized by bona fide accreditation/licensing bodies in either the sending or the receiving countries. Furthermore, there are often simply web-based companies that are selling certificates based on "life experiences" and are not delivering any education programs. Therefore, the growing importance of internationalization of higher education calls for an assessment of the quality of internationalization at the program and the institutional levels and a system of certifications (De Wit 2010).

### Questionable Adaptions

Joint programs are intended to provide a rich international and comparative academic experience for students and to improve their opportunities for employment. However, one of the consequences is the potential for misuse or abuse of degree granting and recognition protocols, resulting in questionable adaptations. In accordance with Knight (2014), in some cases, "double degrees can be nothing more than double counting one set of course credits." While it may be very attractive for students to have two degrees from institutions in two different countries, the development is moving toward the thin edge of academic fraud if course requirements for two full degrees are not completed. It is particularly difficult to regulate new providers of higher education services if they are not subject to quality assurance schemes (Zelera 2012). Also, in many countries, national frameworks for quality assurance for cross-border higher education are not well developed and international cooperation between quality assurance agencies is limited. In many developing countries, regulatory systems are not sufficiently developed to ensure robust evaluation standards.

### Newness of International Partnerships and Other Challenges

There are many difficulties derived from the relative newness of international collaborations. Administrators, fiscal officers, and faculty need to be convinced of the value of this new form, avenues of support must be identified, and procedural and structural barriers must be addressed (Sutton and Obst 2011). Apart from the concept of international collaborations being new to academic staff, other challenges include funding difficulties, online delivery of degrees, the possible rise of a small set of dominant global universities, and significant differences in educational resources across nations (Sutton and Obst 2011). Those issues have intensified the tension between institutional advancement and collaborative advancement in international partnerships. Moreover, international partnerships that involve student exchange are often unbalanced, with fewer US students going out than their counterparts entering the country. Meanwhile, there have been a number of high profile closures of free-standing and primarily self-funded branch campuses because of economic and political uncertainties and loss of government support. In most cases, the reason for the closures has been related to economic and political changes or falling enrolment numbers, while others have been impacted by a changing government policy and the withdrawal of financial support by the host government (University of Oxford 2015). For instance, University College London withdrew from its Australian campus after economic and political challenges led to a change in Australian

government policy and a subsequent loss of support (University of Oxford 2015). In addition, some universities have faced domestic opposition from faculty members and administrators because of concern that focusing on developing campuses overseas would weaken the education provided at the home campus. For instance, Yale University and New York University faculty have expressed dissent at overseas expansion plans (University of Oxford 2015). Additionally, it is questionable whether internationalization can ensure successful academic experiences for international students (Guo and Chase 2011). Empirical research has found that international students tend to feel being isolated, alienated, or marginalized at times because they fail to integrate into the local academic environment (McClure 2007; Ryan and Viete 2009).

## Solutions and Recommendations

The United Nations Educational, Scientific and Cultural Organization (UNESCO) came up with a number of recommendations or guidelines in 2005, targeting six stakeholders including higher education institutions, student associations, quality assurance and accreditation agencies, recognition agencies, academic staff associations, professional bodies, the private sector, and other international organizations, to ensure provision of quality cross-border higher education (UNESCO 2005). Some of them are to be discussed under this section. They can be broadly categorized into national and institutional levels.

### National Level

On the national level, UNESCO takes the view that governments should establish, or encourage, the establishment of a comprehensive, fair, and transparent system of registration or licensing for cross-border higher education providers, and encourage the establishment of a comprehensive capacity for reliable quality assurance and accreditation of cross-border higher education provision. In addition, governments should provide accurate, reliable, and easily accessible information on the criteria and standards for registration, licensure, quality assurance, and accreditation of cross-border higher education. Where appropriate, bilateral or multilateral recognition agreements should be developed to facilitate the recognition of each country's qualifications based on the procedures included in mutual agreements.

### Institutional Level

On the institutional level, higher education institutions/providers delivering cross-border higher education should ensure that the programs they deliver across borders and in their home country are of comparable quality and that they also take into account the cultural and linguistic sensitivities of the receiving country. Furthermore, the current internal quality management systems should be developed, maintained, or reviewed so that they make full use of the competencies of stakeholders such as academic staff, administrators, students, and graduates and take full responsibility for delivering higher education qualifications comparable in standard in their home country and across borders. Good practices should be shared by participating in sector organizations and interinstitutional networks at national and international levels. Moreover, networks and partnerships should be developed and maintained to facilitate the process of recognition.

Considering the strategic and substantive importance to recognize the roles and responsibilities of all the players involved in accreditation and quality assurance, all stakeholders should contribute to ensuring the quality of cross-border education. As for rogue providers or fraudulent qualifications closely linked to cross-border education, it will be important to work in a collaborative and complementary fashion to build a system that ensures the quality and integrity of cross-border education and maintains the confidence of society in higher education (Knight 2008b). Several initiatives to develop tools and instruments for measuring internationalization have been taken in different countries over the past years. Broadly speaking, there are four major approaches: general accreditation, specialized or profession accreditation, audit or review, and quality assessment. Most of the instruments fall in the category of audits and reviews. Most

combine self-assessment with external peer reviews and some have an award incentive attached to it. Benchmarking is another instrument that is used in assessing the quality of internationalization. Comparison and identification of best practices are two additional elements that form key aspects of benchmarking exercises, and the exercise itself also focuses on improvement. Also for benchmarking, a list of measurable performance indicators are required. To promote competition among universities, performance-based funding mechanisms can be developed in the higher education sector, so that the allocation of public funding is linked to the adoption of quality assurance and performance indicators. The application of business principles and practices in university administration will encourage tertiary institutions to better themselves in order to stay competitive for revenues and resources. Locally, there are a few initiatives implemented based on such principles. One example is the General Research Fund under the Research Grants Council, which is part of the University Grants Committee (UGC), is a competitive funding scheme that enables academics to compete for research funds based on their track records and the originality, merit, contribution, and significance of their research projects. On the topic of academic frauds, UNESCO published the Guidelines for Quality Provision in Cross-border Higher Education, which seek to assist providers and recipients to overcome the challenges arisen from academic frauds.

## Conclusion

Since the 1990s, the Hong Kong Government has visibly emphasized on the policy and strategies on internationalization of higher education, which has led to be more entrepreneurial and business-like (Lee 2014). The publicly funded universities in Hong Kong have made efforts to internationalize their campuses and their curricula, by incorporating various approaches from restructuring of the curriculum through the introduction of the credit-based system to the introduction of the 4-year university system along with partnering with institutions overseas. Collaborative degree programs show that tertiary institutions having joint or dual degree programs were part of the institutions' internationalization efforts and strategy. As Clark (2004) remarks, the future of universities denotes the transformation towards the direction of "entrepreneurial universities," where "entrepreneurial" in the context of higher education refers to "the attitudes and procedures that most dependably lead to the modern self-reliant, self-steering university" (Clark 2004, p. 7). More so, internationalization has created intense pressures for institutional competition whether it is collaboration or convergence across national higher education systems which has indeed evidently brought in new challenges for sustainable quality.

## References

Agarwal P (2007) Higher education in India: growth, concerns and change agenda. High Educ Q 61(2):197–207

Agarwal P (2014) Privatization and internationalization of higher education in the countries of South Asia: an empirical analysis. Indian Council for Research on International Economic Relations (ICRIER), New Delhi. Retrieved from http://saneinetwork.net/Files/08_07.pdf

Agarwal P, Said M, Sehoole M, Sirozi M, De Wit H (2007) The dynamics of international student circulation in a global context. In: Altbach PG, Peterson PM (eds) Higher education in the new century: global challenges and innovative ideas. Sense Publishers, Rotterdam/Taipei, pp 109–144

Altbach PG (1999) The perils of internationalising higher education: an Asian perspective. Int High Educ 15:4–5

Altbach PG (2004) Globalisation and the university: myths and realities in an unequal world. Tert Educ Manag 10(1):3–25

Altbach PG (2006) The dilemmas of ranking. Int High Educ *42*(winter):2–4

Altbach PG, Knight J (2007) The internationalization of higher education: motivations and realities. J Stud Int Educ 11(3–4):290–305

Altbach PG, Resiberg L, Rumbley LE (2009) Trends in global higher education: tracking an academic revolution. Report prepared for the UNESCO 2009 world conference on higher education. United National Educational, Scientific, and Cultural Organization, Paris

Bleiklie I (2005) Organizing higher education in a knowledge society. High Educ 49:31–59

Bodycott P, Walker A (2000) Teaching abroad: lessons learned about inter-cultural understanding for teachers in higher education. Teach High Educ 5(1):79–94

Bohm A, Davis D, Meares D, Pearce D (2002) The global student mobility 2025 report: forecasts of the global demand for international education. IDP, Canberra

Childress LK (2010) The twenty-first century university: developing faculty engagement in internationalization. Peter Lang, New York

Clark B (2004) Sustaining change in universities: continuities in case studies and concepts. Society for Research into Higher Education & Open University Press, Buckingham

Clark N (2011) Hong Kong's education reforms and internationalization plans. World Education News & Reviews. Retrieved from http://wenr.wes.org/2011/02/wenr-januaryfebruary-practical-information/

Davidovitch N (2015) Teaching and learning on the move: Israeli and global higher education policies and trends. Merit Res J Educ Rev 3(8):243–253

De Wit H (2010) Internationalisation of higher education in Europe and its assessment, trends and issues. Retrieved from http://nvao.com/page/downloads/Internationalisation_of_Higher_Education_in_Europe_DEF_december_2010.pdf

Dirlik A (2012) Transnationalization and the university: the perspective of global modernity. Boundary 2 39(3):47–73

Fok WKP (2007) Internationalisation of higher education in Hong Kong. Int Educ J 8(1):184–193. Retrieved from http://files.eric.ed.gov/fulltext/EJ841759.pdf

Guo S, Chase M (2011) Internationalisation of higher education: integrating international students into Canadian academic environment. Teach High Educ 16(3):305–318

Hong Kong Immigration Department (2015) Immigration Policy on Study. Retrieved from http://www.immd.gov.hk/eng/faq/imm-policy-study.html

Knight J (2003) International higher education. Retrieved from https://www.bc.edu/content/dam/files/research_sites/cihe/pdf/IHEpdfs/ihe31.pdf

Knight J (2004) Internationalization remodelled: definitions, rationales and approaches. J Stud Int Educ 8:5–31

Knight J (2006) Internationalization of higher education: new directions, new challenges: 2005 IAU global survey report. International Association of Universities, Paris

Knight J (2008a) Cross-border higher education: issues and implications for quality assurance and accreditation. In: Higher education in the world 2007. Retrieved from http://upcommons.upc.edu/bitstream/handle/2099/8109/knight.pdf?sequence=1

Knight J (2008b) Higher education in turmoil. The changing world of internationalization. Sense Publishers, Rotterdam

Knight J (2008c) The internationalization of higher education: are we on the right track? Acad Matters J High Educ October/November:5–9

Knight J (2009) New developments and unintended consequences: whither thou goest, internationalization? In: Bhandari R, Laughlin S (eds) Higher education on the move: new developments in global mobility. Global education research reports. Institute for International Education, New York, pp 113–125

Knight J (2011a) Is internationalization having an identity crisis? In: Programme on institutional management in higher education. OECD. Retrieved from http://www.oecd.org/edu/imhe/48506334.pdf

Knight J (2011b) Five myths about internationalization. Int High Educ 62:14–15

Knight J (2014) Internationalization of education. elButlletí. Retrieved from http://www.aqu.cat/elbutlleti/butlleti75/articles1_en.html#.ViH-SPkrLWI

Knight J (2015) Double- and joint-degree programs: double benefits or double counting? In: International higher education – patterns and problems of internationalization. Retrieved from https://www.google.com.hk/?gfe_rd=cr&ei=AOibVPLlIs6B0ATZ-YCoAQ#

Kreber C (2009) Different perspectives on internalization in higher education. New Dir Teach Learn 118:1–14

Kudar M (2014) Collaborative degree programs: intentions, expectations, realities. Retrieved from http://www.vsnu.nl/files/documenten/Domeinen/International/Joint%20Degrees/MIW_Workshop%201.2%20Matthias%20Kuder.pdf

Lee MH (2011) Managerialism and the changing academic profession in Hong Kong. Doctoral thesis, University of Hong Kong, Pokfulam. Retrieved from https://doi.org/10.5353/th_b4832981

Lee HM (2014) Hong Kong higher education in the 21st century. Hong Kong Teach Cent J 13. Retrieved from http://edb.org.hk/HKTC/download/journal/j13/A02.pdf

Lo WYW, Ng FSK (2003) A critical reflection on internationalization of higher education in Hong Kong: the search for a cosmopolitan alternative. Asia Pac J Educ Dev 2(1):37–46

Marginson S (2007) Global university comparison: the second stage. Griffith University/IRU symposium on international trends in university rankings and classifications, Griffith University

McClure JW (2007) International graduates' cross-cultural adjustment: experiences, coping strategies, and suggested programmatic responses. Teach High Educ 12(2):199–217

Mok KH, Han X (2015) Local responses to the central calls: decentralization and cellularization in education governance in China, Unpublished paper

Ng SW (2010) What is missing in internationalization of higher education in a time of globalization in the Asia-Pacific region? Working paper series no. 2010/003. Centre for Governance and Citizenship, The Hong Kong Institute of Education, Hong Kong

OECD (2009) Higher education to 2030: globalization. Centre for Educational Research and Innovation, Paris

OECD (2013) Education at a glance 2013: highlights. OECD Publishing, Paris

Pherali TJ (2012) Academic mobility, language, and cultural capital: the experience of transnational academics in British higher education institutions. J Stud Int Educ 16(4):313–333

Powell JW, Solga H (2008) Internationalization of vocational and higher education systems: a comparative-institutional approach. Discussion paper, Wissenchaftszentrum Berlin für Sozialforschung, Forschungsscherpunkt Bildung, Arbeit und Lebenschancen, Albteilung Ausbildung und Arbeeitsmarkt, No. SP I 2008-501

I

Rumbley L, Altbach P, Reisberg L (2012) Internationalization within the higher education context. In: Deardorff D, Wit H, Heyl J, Adams T (eds) The SAGE handbook of international higher education. SAGE, Thousand Oaks, pp 3–27

Ryan J, Viete R (2009) Respectful interactions: learning with international students in English-speaking academy. Teach High Educ 14(3):303–314

Sherrie W, Leavitt L (2015) Handbook of research on advancing critical thinking in higher education. IGI Global, Hershey

Shin JC, Kehm BM (2013) The world-class university across higher education systems: similarities, differences, and challenges. In: Shin JC, Kehm BM (eds.) Institutionalization of World-Class University in Global Competition. Series: Changing academy (6). Springer: Dordrecht, pp. 275–286. ISBN 9789400749740

Skidmore D (2012) Assessing Hong Kong's blueprint for internationalising higher education. Int Educ J Comp Perspect 11(2):81–102

Sursock A (2015) Trends 2015: learning and teaching in European universities. In: EUA publications 2015. Retrieved from http://eua.be/Libraries/publications-homepage-list/EUA_Trends_2015_web

Sutton SB, Obst D (2011) Developing strategic international partnerships: models for initiating and sustaining innovative institutional linkages. The Institute of International Education, New York

Tam KY (2012) The Hong Kong University of Science and Technology campus internationalization. Retrieved from http://www.opir.kyoto-u.ac.jp/w-opir/wp-content/uploads/2012/03/group2-4.pdf

Tilak JBG (2008) Private higher education: philanthropy to profits. In: Higher education in the world 2006. Retrieved from http://upcommons.upc.edu/revistes/bitstream/2099/6956/1/2006-02_eng_tilak.pdf

UNESCO (2005) Guidelines for quality provision in cross-border higher education. United Nations Educational, Scientific and Cultural Organization, Paris

University Grants Committee (2010) Aspirations for the higher education system in Hong Kong: report of the University Grants Committee. Retrieved from http://www.legco.gov.hk/yr10-11/english/panels/ed/papers/edcb2-602-1-e.pdf

University of Oxford (2015) International trends in higher education 2015. Retrieved from https://www.ox.ac.uk/sites/files/oxford/International%20Trends%20in%20Higher%20Education%202015.pdf

Van Vught F, van der Wende M, Westerheijden D (2002) Globalization and internationalization: policy agendas compared. In: Enders J, Fulton O (eds) Higher education in a globalizing world: international trends and mutual observations. Kluwer, Dordrecht, pp 103–121

Zelera, P. T. (2012). Internationalization of higher education: opportunities and challenges for the knowledge project in the Global South. Keynnote address, vice-chancellors leadership dialogue. Retrieved from http://www.sarua.org/files/Internationalization%20of%20Higher%20Education%20Final%20Paper%20-%20Prof%20Paul%20Tiyambe%20Zeleza.pdf

# Internationalization of Higher Education Policies in IRAN

Ghasem Salimi and Mahboobe Mehrvarz
Faculty of Education, Shiraz University, Shiraz, Iran

## Synonyms

Internationalization of higher education; Iran; Policies; Strategies

## Definition

The internationalization of higher education is the process of integrating the international, intercultural, and global dimensions into goals, functions (teaching, research, and services), as well as the transfer and implementation of higher education, in a way that promotes respect for cultural differences and various traditions.

## Introduction

Today, universities are faced with a large number of requirements and challenges (Buchem et al. 2018) and have been increasing their international activities for the past two or three decades in order to become more competitive both domestically and globally (Altbach and Knight 2007). Because today, the internationalization of higher education is a strategy and selective policy for the proper exploitation of globalization processes (Knight 2007). Thus, internationalization is no longer a marginal or minor part of higher education. Rather, most higher education institutions use it as a part of their visions and strategies (Bruhn 2016; Knight and de Wit 2018; Mehrvarz et al. 2019).

The internationalization of the higher education system can result in a lot of positive consequences. For instance, this process can lead to the development of intercultural communication skills and education for the global citizenship

(Appiah-Kubi and Annan 2020). Furthermore, positive outcomes and results of the internationalization of higher education are as follows: transferring technology and strengthening diplomatic relations (Tremblay 2005); economic growth and development, income generation and expansion of labor market and higher education market (Idris et al. 2012); opportunities to attract foreign elites and brains, an increase in international cooperation, and improving research and scientific production (Knight 2007).

Internationalization can be associated with the phenomenon of brain drain and brain absorption (Valtins and Muracova 2019). This means that on the one hand internalization has brought about phenomenon of brain drain for poorer countries which are less stable. On the other hand, it has led to the phenomenon of brain absorption for more developed and industrialized countries. Consequently, the internationalization of higher education can attract talent and human capital and help facilitate and reinforce the more effective presence of students and faculty in various scientific, social, and economic fields. The question "why de higher education institutions seek internationalization?" has initiated structural attention to it, and it seems necessary to examine the various rationales for the internationalization of higher education, given that each rationale needs to examine its own context (Bradford 2015).

In recent years, governments have adopted various and mostly practical and successful policies and strategies in order to internationalize higher education. Because governments are aware of the importance of universities in supporting national and regional competitions. Iran is no exception. In order to be concurrent with progress and global scientific and research trends, this country requires the use of strategies and policies to internationalize higher education. In line with these goals, the present study aims at answering the following questions:

- What have the policies of the past decade been? And what is the current strategy for the internationalization of higher education in Iran?
- What are the problems facing the internationalization of higher education? And how can they be directed and managed?

## The Concept of Internationalization Policies of Higher Education

Reports and research studies on the goals of international higher education reveal that political systems, policy makers of higher education, and university management consider various goals and strategies of internationalization. Crăciun (2018) states that looking at the publication years of these studies shows that strategic thinking about the internationalization of higher education is a new phenomenon which should be considered more. Yet, 80% of countries around the world have no strategy or policy to internationalize their higher education. In fact, only 11% of countries, or in other words, 22 out of 195 countries have a formal strategy in this area.

De Wit (2011), Knight (2015), and Bradford (2015) highlighted that the goal or rationale of internationalization is selected according to the existing demands, needs and conditions, and these different rationales have different concepts and functions in internationalization. Therefore, initially the strategy and policy of internationalization of education system must be specified. A number of institutions may use the policy of collaborating with other countries and participating in global and regional networks in order to become international, while others may only consider the students and faculty members factors. Some pay attention to the establishment and development of their research and teaching centers in different parts of the world, whereas others pay attention to the intercultural dimensions of internationalization.

In order to be able to develop a comprehensive model for the internationalization of higher education based on its cultural, political, economic conditions, countries need to pay attention to their historical, cultural, and traditional backgrounds and roots. In other words, European countries with traditions and different higher education models will not have the same model as countries

such as the United Kingdom, the United States, Canada, and Australia (Wu and Naidoo 2016).

Therefore, cautious actions need to be taken in the path of internationalization. Each international program, while getting internationalized, must reflect the characteristics and expectations of indigenous society. Since following the process of internationalization and the ruling ideology without developing its own unique systems and respecting national traditions and cultures may easily make us involved in the decolonization process (Wu and Naidoo 2016). In general, the strategies or policies of universities and higher education institutions in internationalization can be divided into five sets of "economic," "educational- curriculum," "socio-cultural," "political" (Knight 2015), and "organizational" goals and motivations (Seeber et al. 2016).

## The Policy of Internationalization of Higher Education in Iran According to Strategic Documents

The law of the Sixth Five-Year Plan for Economic, Social and Cultural Development of the Islamic Republic of Iran (Horizon 2025) explicitly emphasizes the expansion of scientific relations with reputable international educational and research centers and institutions. It is explicitly stated in a part of the law that "The government is allowed to establish higher education units and branches with the participation of reputable international universities and institutes of higher education as well as Iran's universities, higher education institutions, research and vocational centers and the scientific-applied university in order to promote science and competition between the country's universities and international interactions during the implementation of the program law."

It is also stated in a part of this law that the government is obliged to participate in educational and research activities at the international level in order to have an effective presence of the country's higher education system in the production, development, and dissemination of science and technology. The following are some of the perspectives of these activities in 2020:

- Increasing the number of foreign students in universities
- Adjusting the ratio of students to full-time faculty members
- Increasing the number of Asia's top universities to 10
- Increasing the number of foreign branches of the country's universities
- Increasing the per capita number of internationally recognized articles to the number of faculty members
- Increasing the percentage of joint papers with foreign researchers to 35%
- Increasing the number of publications indexed in international science databases and having a high impact factor

In terms of approaches and goals of internationalization, Iran's top universities in recent years have allocated projects as their guide and policy in this field. One of these projects is called "Converting the top 5 universities and research centers in the country to the International level in the national program of knowledge-based economy," which started in 2016. In fact, this project has already formed to "promote international higher education in Iran" and generally supports the following goals and programs:

- Increasing the competitiveness and interactions of universities and institutions of higher education, research and technology at the international level
- Effective presence in international scientific, educational, and technological interactions and collaborations
- Establishment and empowerment of advanced and up-to-date research laboratories in selected universities and research institutes

This project has already been accompanied by serious and annual financial support as well as the guidance and supervision of a committee of experienced and capable scientists in the country, which seeks to create a serious monitoring structure based on global models and with the help of scientific associations of 2016. It provides the necessary mechanism in selected universities and

research institutes to compete in the global arena over the next 10 years until 2025 (Ministry of Science, Research and Technology 2018).

## Problems Facing the Internationalization of Higher Education in Iran

Various studies have discussed some of the problems and issues in the internationalization of higher education in Iran. The examination of the reports and related documents shows that considering educational and research activities and services as the international dimension has increased. Nikbin et al. (2017) mentioned in a research that international collaborations, joint international research projects, international communication and research skills development, sabbaticals or study opportunities and student exchange programs are the activities which have been most emphasized in the documents.

Moreover, some studies and reports show that the comprehensive policy and special strategic orientation have been adopted or implemented by neither the Ministry of Science, Research, and Technology nor by Iranian universities (Khorsandi taskoh 2015). It only mentions some components of Internationalization in policy plans without presenting a practical plan for its implementation (Nikbin et al. 2017). In addition, no national programs were devised to explain and clear the role and position of international higher education in the regional-national development (Hoseini Moghadam 2019). These issues and the lack of macro- and comprehensive policy-making have made Iran move towards the internationalization of higher education slowly.

Some researchers consider the lack of attention to the cultural dimension in the internationalization of higher education as another issue in the internationalization of higher education. According to Firoozjaeian and Khorsandi taskoh (2018), the lack of intercultural openness approach in the communication patterns of society, lack of attention to intercultural planning in the adoption of educational policy, and lack of attention to intercultural issues in the educational mission are considered as issues of internationalization of higher education in the country. Therefore, it is better to pay more attention to approaches to preserve the cultural identity of universities and also to create a suitable platform for the spread of rich Iranian-Islamic culture and prevent the occurrence of national identity crisis (Nikbin et al. 2017). Hoseini Moghadam (2019) argued that the dominance of the top-down governing in the country over the past decades is the main issue facing the internationalization of higher education, and Firoozjaeian and Khorsandi Taskoh (2018) consider the lack of financial and material infrastructure and appropriate facilities and convenient educational space as issues facing the higher education internationalization.

## Conclusion

The examination of reports related to internationalization policy-making in Iranian higher education shows that educational, research, and collaboration activities of universities as well as study opportunities and student exchange are among the items mostly emphasized by Iran's higher education (Ministry of Science, Research and Technology 2018). As one of the countries in the Middle East, with 18 top universities in the list of the Times Higher Ranking System, Iran has been ranked second in the region based on the number of top universities after Turkey having 22 universities. On the other hand, although Iran's top universities have performed well in education, research, and study opportunities for students, an overview of the performance of Iran's top universities indicates that an important challenge is the low presence of these universities in attracting international postdoctoral fellowships, establishing joint off-campus branches in addition to holding various joint university courses with international higher education institutions. Decentralization in the international affairs of universities and assigning more authority and freedom to the top universities can facilitate internationalization in the country's universities. On the other hand, regarding cultural and intercultural concerns in the internationalization of higher education can

accelerate the process of internationalization of higher education in Iran. Hence, the policy of internationalization of higher education must be considered as an important component of institutional culture. The path is clear and internationalization of higher education will provide valuable opportunities for Iranian universities.

## References


Altbach PG, Knight J (2007) The internationalization of higher education: motivations and realities. J Stud Int Educ 11(3–4):90–305

Appiah-Kubi P, Annan E (2020) A review of a collaborative online international learning. Int J Eng Pedagogy 10(1):109–124

Bradford A (2015) Internationalization policy at the Genba: exploring the implementation of social science English-taught undergraduate degree programs in three Japanese universities. Doctoral dissertation, The George Washington University

Bruhn E (2016) Towards a framework for virtual internationalization. In European Distance and E-Learning Network (EDEN) Conference Proceedings (No. 2, pp. 1–9). European Distance and E-Learning Network

Buchem I, Konert J, Carlino C, Casanova G, Rajagopal K, Firssova O, Andone D (2018) Designing a collaborative learning hub for virtual mobility skills-insights from the European project open virtual mobility. In: International conference on learning and collaboration technologies. Springer, Cham, pp 350–375

Crăciun D (2018) National policies for higher education internationalization: a global comparative perspective. In: European higher education area: the impact of past and future policies. Springer, Cham, pp 95–106

De Wit H (2011) Globalization and internationalization of higher education. RUSC Univ Knowl Soc J/Int J Educ Tech High Educ 8(2):77–164

Firoozjaeian T, Khorsandi taskoh A (2018) Identifying and analyzing the factors of internationalization refusal of specialized universities focusing on the strategy of "internationalization at home". Educ Plan Stud 7(13): 46–75. https://doi.org/10.22080/EPS.2018.2022

Hoseini Moghadam M (2019) Higher education hubs and futures of regional development in Iran. Rahbord 93(28):33–58. 139808195004268. (In Persian)

Idris F, Hassan Z, Ya'acob A, Gill SK, Awal NAM (2012) The role of education in shaping youth's national identity. Procedia Soc Behav Sci 59:443–450

Khorsandi taskoh A (2015) Analysis of theoretical foundations and goals of internationalization of higher education. J High Educ 7(3):27–60. (In Persian)

Knight J (2007) Internationalization concepts complexities and challenges. In: Forest JJF, Altbach PG (eds) International handbook of higher education. Springer, Dordrecht, pp 207–227

Knight J (2015) Transnational education remodeled: toward a common TNE framework and definitions. J Stud Int Educ 20(1):34–47. https://doi.org/10.1177/1028315315602927

Knight J, de Wit H (2018) Internationalization of higher education: past and future. Internet High Educ 95: 2–4

Mehrvarz M, Salimi G, Mohammadi M, Shafiei Sarvestani M, Hatami J (2019) Identification of effective strategies in facilitating virtual mobility. Interdiscipl J Virtual Learn Med Sci 10(2):14–22

Ministry of Science, Research and Technology (2018) The project to promote and transform five universities and research units of the country to the international level, vol 2. Ministry of Science, Research and Technology, Tehran

Nikbin M, Zakersalehi G, Mahozi R (2017) The model of internationalization of higher education from cultural policy perspective. J Sci Tech Policy 9(3):33–43. (In Persian)

Seeber M, Cattaneo M, Huisman J, Paleari S (2016) Why do higher education institutions internationalize? An investigation of the multilevel determinants of internationalization rationales. High Educ 72(5):685–702. https://doi.org/10.1007/s10734-015-9971-x

The law of the Sixth Five-Year Plan for Economic, Social and Cultural Development of the Islamic Republic of Iran (Horizon 2025). https://www.mpo-es.ir/Index.aspx?page_=dorsaetoolsenews&lang=1&tempname=bodjehmain&sub=4&PageID=6174&PageIDF=0&BlockName=tool_dorsaetoolsenews_sample_bodjehmain_block132&isPopUp=false

Tremblay K (2005) Academic mobility and immigration. J Stud Int Educ 9(3):196–228

Valtins K, Muracova N (2019) Virtual mobility for students, going from distance learning to live participation. Period Eng Nat Sci 7(1):222–227

Wu T, Naidoo V (2016) The role of international marketing in higher education. Int Market High Educ 3–9. https://doi.org/10.1057/978-1-137-54291-5_1


# Internet Governance


Mauro Santaniello and Francesco Amoretti
Department of Political, Social and Communication Sciences, University of Salerno, Fisciano, SA, Italy


## Synonyms

Internet policy; Net governance; Network governance

## Definition

The concept of Internet Governance refers to a heterogeneous set of policy processes concerning the configuration, management, coordination, and development of the Internet.

## Introduction

The Internet is increasingly turning into a crucial asset of contemporary societies. A huge amount of political, economic, social, and cultural processes deeply rely on this global, multipurpose infrastructure. Trade, finance, commerce, banking, and logistics are now strictly depending on online transactions. Strategic facilities like water, oil, food, and power distribution are reliant on digital networks for their control and functioning, as well as flights, public transportation, health services, traffic lights, cars, security systems, and common electrical appliances. Social relations are more and more network mediated as around 40% of the world population use the Internet on a regular base and more than 25% have an active account on a single social network, Facebook.

Furthermore, institutional functions and political processes in all democratic countries are increasingly migrating online, urged on by e-government, digital democracy, and open government programs. Cultural artifacts such as books, music, cinema, TV, and radio programs regularly turn to digital environments for both their production and distribution, and knowledge is more and more transferred in digital form. The Internet deeply innervates contemporary societies, and these in turn have to face a number of urging questions: How is the Internet governed? Who does make decisions affecting the way the Internet works? What kind of decisions are made and through which kind of decision-making? Around these questions, a cluster of public issues emerges, activating a multidimensional field of policy within which a complex and heterogeneous set of agents – both human and nonhuman – interact, cooperate, coalesce, and struggle. Internet Governance is a new policy area constituted of a galaxy of interconnected arenas, deliberating on interconnected collective problems. Within these arenas, decision-making processes proceed at different speeds and scales, take on multiple forms, and involve public and private authorities, individuals, and organizations; local, international, and global institutions; and human and software agencies.

## State of the Art

Much of the scholarly on Internet Governance (IG) have focused on the historical evolution of the Internet, in order to highlight how governance models have varied over time. Researchers commonly agree on the identification of three distinct chronological stages of IG: the technical regime, the self-governance order, and the multistakeholder model (Hofmann 2007). A technical regime has emerged quite spontaneously in the making of the early Internet, approximately from the 1960s to the end of the 1980s. In their building of the Internet, the community of the founding fathers adopted an informal, pragmatic, horizontal, and open approach to the governance of networks (Castells 2001). Informality refers to the specific form of decision-making adopted by the early Internet community and, at a later time, by the first Internet institutions such as the Internet Engineering Task Force (IETF) and the Internet Assigned Numbers Authority (IANA). Within these contexts, decisions are made through informal discussions held on mailing lists and meetings and with no formal voting procedures. This arrangement is referred to as "rough consensus," and it is often presented together with another principle, "running code," which highlights the pragmatical orientation of decision-making toward technical issues and problem-solving (Clark 1992). Horizontality concerns the absence, or the limitation, of organizational hierarchies in contexts where personal reputation and expertise are much more appreciated than roles and formalized responsibilities. Finally, openness refers to the fact that these kinds of arenas typically envisage no formal membership nor membership requirements, and their deliberative processes are easily accessible both to members and

nonmembers. The functioning of this governance model is well exemplified by the Request for Comments (RFC), which consists of a technical public document used to propose Internet standard innovations and changes and which undergoes a peer-review process until consensus on the proposal is reached. It is worth noting that the emergence of a regime characterized by the abovementioned features was allowed by the concomitance of different historical conditions: the small number of people initially involved both in Internet development and its usage, the cultural and professional homogeneity of early technical communities, the abundance of economic resources mobilized by the US government in order to advance information and communication technologies, and the focus on technical issues in an experimental environment (Ziewitz and Brown 2013). During the 1990s the US government launched a vast program encompassing the commercialization of the Internet and the privatization of its governance, which deeply transformed the cultural, social, legal, and political context (Goldsmith and Wu 2006; DeNardis and Raymond 2013; DeNardis 2014). A private order was put in charge to guide the development of an international, mass Internet. Under the insignia of the "self-regulation," private corporations were appointed as the driving force of Internet development, allowing the US government to deal with juridical subjects more accountable to the US authorities than an informal group of computer scientists and engineers and, on the other hand, to prevent other national governments and intergovernmental organizations from aiming at being included within decision-making on Internet standards, protocols, codes, and interconnections. The newborn private order was embodied by a controversial Internet institution, the Internet Corporation for Assigned Names and Numbers (ICANN), established in 1998 in California. ICANN inherited the IANA's functions, previously performed by a single computer scientist, Jon Postel, namely, the assignment of top-level domain names (TLDs, such as .com, .org, and .net), the allocation of numeric addresses (IP addresses, such as 193.205.160.20), and the management of some centralized databases containing the correspondences between names and numbers (Domain Name System root servers). ICANN operated the IANA function under contract to the National Telecommunications and Information Administration (NTIA) of the US Department of Commerce. Beside this tie with the US government, ICANN has been subject to many international disputes also for its own internal governance structure, as well as for its performance in terms of transparency, inclusiveness, legitimacy, and accountability. The issue became the hot topic of the first World Summit on Information Society (WSIS), a UN-sponsored meeting held in Geneva in 2003 (Mueller 2010). Given the high level of conflict around IG, the UN Secretary-General decided to establish a Working Group on Internet Governance (WGIG) in order to develop a working definition of Internet Governance, to identify the set of public policy issues at stake, and to develop a common understanding of the respective roles of different stakeholders. Relying on the work of the WGIG, during the second phase of the summit, held in Tunis in 2005, a statement (the Tunis Agenda for the Information Society) was adopted by consensus, an ad hoc forum for global policy dialogue (the Internet Governance Forum, IGF) was established, and a common definition of Internet Governance was advanced. The Tunis Agenda stated that:

> The international management of the Internet should be multilateral, transparent and democratic, with the full involvement of governments, the private sector, civil society and international organizations. (WSIS 2005, art. 29)

Similarly, the IGF was conceived as a multistakeholder forum, meaning that all relevant stakeholders (governments, business, technical and academic communities, civil society) were entitled for participation. The same orientation toward a wider participation in IG processes was recalled by the working definition proposed by the WGIG and adopted by the WSIS:

> Internet governance is the development and application by governments, the private sector and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programmes that shape the evolution and use of the Internet. (WSIS 2005, art. 34)

Multistakeholderism, with its expanded participation, is currently the dominant IG model, extensively referred to as the standard model of deliberation by many organizations dealing with Internet-related policy issues. For instance, it is the model embraced by the so-called IANA transition. Indeed, on 14 March 2014, NTIA announced its intent to end the US government oversight over ICANN, transitioning the stewardship of IANA functions to the "global multistakeholder community." After a long-lasting process of consultation, ICANN's proposal was accepted by NTIA and took effect from 1 October 2016, freeing ICANN itself by any tie with the US government. ICANN adopted a particular kind of multistakeholderism, where coordination and management of the Internet's unique identifiers are entrusted to the private sector and an advisory role is assigned to other stakeholders. The output of the IANA transition, as well as the purely informational status of the IGF, has fueled further contestation against the multistakeholder model (Brousseau and Marzouki 2015), often pointed at as a way of preventing an effective policy change and preserving a US-centered private order (Lewis 2014). At the international level, these controversies have led to several struggles, of which that triggered at the World Conference on International Telecommunications (WCIT) held in Dubai in 2012 is one of the main. As a result of the intergovernmental conference, a majority of 89 states followed a coalition led by the Russian and Chinese governments and signed the new International Telecommunication Regulations (ITRs) which went into force on 1 January 2015 and remained unsigned by the USA and Western countries (Chenou and Radu 2014).

## Main Issues and Actors

Historically, the management of the Critical Internet Resources (CIRs) has been the most debated IG issue. CIRs are commonly understood as the set of centralized resources – protocols, systems, data – which makes the Internet work as a voluntary-based network of networks. A narrow definition of CIRs involves domain name servers, IP addresses, and DNS root servers; a broader view includes also infrastructural resources such as information backbones and their interconnection points (Internet Exchange Points, IXPs). Besides the abovementioned controversies concerning DNS, new geopolitical, legal, and political disputes are increasingly emerging around Internet infrastructural resources, as they come to be manipulated by political and private actors to perform features which do not concern the good functioning of the Internet. This process, described by researchers as "the turn to infrastructure" or "governance by infrastructure" (DeNardis and Musiani 2016), is often aimed to the enforcement of national laws, to the enactment of security policies, to the protection of intellectual property rights. That of Intellectual Property Rights (IPRs) is another well-established IG issue. It has informed the early debate on domain names, in terms of trade mark protection against the so-called cybersquatting, a practice that involves the abusive domain name registration of a company name. Piracy, illegal download, and file sharing are other typical controversies around IPRs, often involving the liability of ISPs, platforms, and content providers. IPR limitations, such as the fair use of copyrighted works and the right to access to knowledge, are debated topics as well. Another important IG issue is privacy. The Internet, and more generally digital technologies, has provided national governments and private corporations with effective tools to track, collect, process, and use personal data of individuals. The involvement of Western governments in mass surveillance programs through the Internet has been disclosed by several leaks since the revelations of Edward Snowden in 2013. On the other hand, many IT corporations, including search engines, platforms, and social networks, have based their successful services on user surveillance and profiling. Similar questions have emerged for what concerns civil liberties (and above all freedom of expression) and human rights, which constitute another group of issues usually involved in Internet Governance. Cybersecurity is rapidly emerging as a crucial issue in IG, involving strategical questions which can be conceptually divided into three groups. The first one is related to the security

of the Internet, to its reliability, its protection from cyberattacks, malware, and resource abuse. A second set of questions concern users' security on the Internet, the protection of individuals and organizations from cybercrime, fraud, identity theft, etc. Finally, policy problems arise from the use of the Internet for security purposes. State-sponsored hacking is an increasing phenomenon both at the domestic level, for investigation or surveillance aims, and at the international level as a part of cyber-warfare and cyber-espionage operations. Cybersecurity is also the field which presents the fastest rate of institutionalization both at the national level, as testified by the growing number of dedicated public agencies all over the world, and at the international level, with conferences and treaty such as the Budapest Convention on Cybercrime. According to the kind of issue at stake from time to time, a variety of state and non-state actors are involved, and their decisions codetermine both what the Internet is and what it is possible to do with it in a given historical moment. Each actor presents specific regulative resources and is usually involved in multiple policy networks, in a variable geometry of central and marginal positions in different policy arenas. Among the most powerful actors in IG, there is a large group of corporations, including software houses, hardware manufacturers, telecommunication companies, network operators, content providers, Internet Service Providers (ISPs), search engines, platforms and social networks, which are able to condition the common experience of the Internet with their own policies and practices, their agreements and contracts, and licenses and terms of service and with their decisions about design, architecture, and market prices. Moreover, a growing tangle of public authorities continuously establish Internet-related laws, procedures, and public policies at local, national, and international level. This set includes local and national governments, parliaments and parties, intergovernmental organizations, international organizations, national and international courts, regulatory authorities and governmental agencies, the police, the army, and secrete services. An important role is exerted by epistemic communities, such as the technical community, usually operating within standard setting organizations and dealing with technical issues, and the academic community, likewise involved in Internet Governance processes by producing knowledge, advancing discourses and analyses, and setting meanings and definitions. Similarly, civil society representatives, such as NGOs, social movements, journalists, and unions, are able to exert an influence on agenda setting and policy debate, both by mobilizing public opinion and by participating into discursive exchanges with other stakeholders during world summits and global fora. Also users' preferences and online behaviors influence at some, albeit limited, extent decisions about the Internet, while software agencies (which autonomously make micro-decisions about access, traffic routing, data processing, etc.) can have a deep impact on how the Internet works. Even if these agents are designed by human agency, they often develop their own logic by combining different decisions, information, and procedures and, in some cases, by learning from past experience. As a consequence of the heterogeneity and interdependence of actors, agents, and issues which constitute its object of research, IG as a field of studies is inherently transdisciplinary, and holistic approaches are often advanced in much of literature.

## Future Trends

The fast pace of technological innovation makes the Internet an ever-changing environment. Several new policy issues are emerging nowadays, and their relevance for the whole society is going to swiftly increase. The dissemination of interconnected objects (the Internet of Things, IoT) and the digitalization of urban spaces (Smart Cities), as well as the widespread of drones and robots, are both enabling a huge data collection matrix (Big Data) and bringing into physical reality several actuators controlled through the Internet. Artificial intelligence (AI), self-driving cars, wired biomedical devices, and cryptocurrencies are rising significant policy issues concerning political rights and civil liberties, as well as labor, welfare, health, security,

and legal responsibility. The configuration, management, coordination, and development of these technologies, which are all reliant on the Internet, are expected to further stimulate the "Internet Governance ecosystem" (Levinson and Marzouki 2016), by producing new collective challenges, opportunities, cooperation, and conflicts.

## Cross-References

- ▶ Civil Society Organizations
- ▶ Critical Infrastructure and Crisis Management
- ▶ Cybersecurity as Social Policy
- ▶ From E-Governance to Smart Governance: Policy Lessons for the UAE
- ▶ Global Civil Society or Networked Globality
- ▶ Global Governance
- ▶ Global Governance and National Governance
- ▶ Governance and Democracy
- ▶ Governance Theories and Models
- ▶ Policy Networks as a Form of Governance
- ▶ Politics and Public Policy

## References

Brousseau E, Marzouki M (2015) Internet governance: old issues, new framings, uncertain implications. In: Brousseau E, Marzouki M, Méadel C (eds) Governance, regulations and powers on the Internet. Cambridge University Press, Cambridge, pp 368–397

Castells M (2001) The Internet galaxy: reflections on the Internet, business, and society. Oxford University Press, Oxford

Chenou J-M, Radu R (2014) Global Internet policy: a fifteen-year long debate. In: Chenou J-M, Radu R, Weber RH (eds) The evolution of global Internet governance. Principles and policies in the making. Springer, Berlin, pp 3–19

Clark D (1992) A cloudy crystal ball – visions of the Future. In: Proceedings of the twenty-fourth Internet engineering task force. Massachusetts Institute of Technology, NEARnet, Cambridge, 13–17 Jul 1992

DeNardis L (2014) The global war for Internet governance. Yale University Press, New Haven

DeNardis L, Musiani F (2016) Governance by infrastructure. In: Musiani F, Cogburn DL, DeNardis L, Levinson NS (eds) The turn to infrastructure in Internet governance. Palgrave Macmillan, New York

DeNardis L, Raymond M (2013) Thinking clearly about multistakeholder Internet governance. Paper presented at eighth annual GigaNet symposium, 21 Oct 2013, Bali

Goldsmith J, Wu T (2006) Who controls the Internet?: illusions of a borderless world. Oxford University Press, Oxford

Hofmann J (2007) Internet governance: a regulative idea in flux. In: Kumar R, Bandamutha J (eds) Internet governance: an introduction. ICFAI University Press, pp 74–108

Levinson NS, Marzouki M (2016) International organizations and global Internet governance: interorganizational architecture. In: Musiani F, Cogburn DL, DeNardis L, Levinson NS (eds) The turn to infrastructure in Internet governance. Palgrave Macmillan, New York

Lewis JA (2014) Internet governance: inevitable transitions. In: Raymond M, Smith G (eds) Organized chaos. Reimagining the Internet. Centre for International Governance Innovation, Waterloo, pp 119–132

Mueller M (2010) Networks and states. The global politics of Internet governance. MIT Press, Cambridge

NTIA (2014) NTIA announces intent to transition key Internet domain name functions [online]. http://www.ntia.doc.gov/press-release/2014/ntia-announces-intent-transition-key-internet-domain-name-functions

WGIG (2005) Report of the working group on Internet governance. Château de Bossey [online]. http://www.wgig.org/WGIG-Report.html

WSIS (2005) Tunis Agenda for the Information Society [online]. http://www.itu.int/net/wsis/docs2/tunis/off/6rev1.html

Ziewitz M, Brown I (2013) A prehistory of internet governance. In: Brown I (ed) Research handbook on governance of the Internet. Edward Elgar, Cheltenham

# Interorganizational Networks in the Context of Arts and Culture

Alisa V. Moldavanova[1] and Isil Akbulut-Gok[2]
[1]Political Science Department, Wayne State University, Detroit, MI, USA
[2]Department of Government, Sacred Heart University, Fairfield, CT, USA

## Synonyms

Organizational connectedness; Organizational linkages; Organizational ties

## Definition

Interorganizational networks refer to any set of links between organizations formed to exchange resources, information, expertise, and human capital.

## Introduction

Organizational networking behavior is considered a viable organizational response to external pressures (Foster and Meinhard 2002; Guo and Acar 2005; MacIndoe and Sullivan 2014; Sowa 2008), since interorganizational relationships strengthen organizational capacity and resource base (MacIndoe and Sullivan 2014; Sowa 2008), foster innovation (Kapucu et al. 2010), enhance organizational legitimacy (Chen and Graddy 2010), and increase overall organizational and system resilience (Kapucu et al. 2010). Although the benefits of interorganizational relationships are numerous, we lack knowledge of how networks among organizations operate in stressed environments, how they are structured, and which organizational and environmental factors influence network formation (O'Toole 2015).

Organizational stress is typically conceived as either internal or external pressures that organizations and/or their populations face (Hannan and Freeman 2009). Such pressures can lead to minor organizational consequences and, in some cases, be considered as an opportunity to learn and innovate, or they could have detrimental effects on organizational capacity questioning the very prospects for organizational survival. Networks and other forms of collaborative relationships commonly emerge in the context of external stress that affects various organizational types. One common form of external stress that affects public, private, and nonprofit organizations is economic recession, the latest of which – the Great Recession of 2007–2008 – provides a fruitful setting for exploring how organizations may cope with external stress by acquiring various scarce resources via interorganizational networks.

The collaborative process under conditions of stress is characterized by various tensions. For example, coping with stress is both individual and collective enterprise, and organizations existing within the same ecology both collaborate and compete for the same pool of resources (Hannan and Freeman 2009). Moreover, competition for resources may inhibit the intensity and scope of collaboration (Berardo and Scholz 2010), erode the already-existing networks (Hannan and Freeman 2009), as well as create tensions for organizational autonomy (Foster and Meinhard 2002). In the context of arts and culture organizations, the collaborative process is complicated by the sector's distinctiveness (Toepler and Wyszomirski 2012) and its reliance on individualistic modes of expression (Moldavanova 2016). As some studies indicate, aspiring to become more resilient via partnering with others may actually conflict with maintaining organizational distinctiveness; both, however, are critical for the sustainability of arts organizations (Moldavanova 2016). Moreover, the lack of public funding and dependence on private support (Toepler and Wyszomirski 2012) disproportionally affect cultural organizations during recessions. Therefore, this sector presents a valuable context for exploring collaborative dynamics in organizations under stress.

The purpose of this entry is to provide a concise overview of what is known of the role of interorganizational networks as a resource acquisition mechanism in organizations that cope with external stress. It begins with the discussion of the two key theoretical perspectives – the resource dependency and network theories – that address the formation of interorganizational networks. It places the discussion in the context of arts and culture organizations and networks formed by such organizations in the aftermath of the Great Recession and provides an overview of network-specific resource acquisition strategies used in the context of the three typical types of collaborative relationships formed by the cultural sector organizations – information exchange, resource share, and project-based partnerships. The entry then discusses how external stress as well as a variety of organizational attributes may shape the structure and composition of interorganizational networks by enabling organizations to cope with

resource instability and insufficiency via interorganizational relationships. The entry concludes by discussing possible future research directions.

### Theoretical Perspectives

Scholars of interorganizational networks commonly rely on three theoretical lenses to explain how collaboration develops and what outcomes are achieved: network, resource dependency, and institutional theories (Guo and Acar 2005; MacIndoe and Sullivan 2014; Sowa 2008). While the institutional theory is appropriate for many collaboration studies (Guo and Acar 2005; Sowa 2008), it is primarily used in cross-sector collaboration literature, especially literature involving social and human service organizations. When it comes to arts and culture organizations, the context in which they operate is quite distinct from other types of public service organizations. Although most cultural organizations are nonprofits, creative expression in the United States has been historically considered as an "independent" domain with very little regulatory involvement from the government and relatively small allocations of public funds (Toepler and Wyszomirski 2012). While professional organizations, such as the American Alliance of Museums or the League of American Orchestras, are responsible for instilling ethical standards in the field, these organizations do not exert the same kinds of strong institutional pressures that exist in other fields, where compliance and certification pressures are more common. Foundations are perhaps the largest source of institutional pressure on the arts and culture organizations; however, foundations act via creating incentives rather than enforcing compliance. Therefore, this entry focuses on resource dependency and network theories, rather than institutional theory.

## Resource Dependency Theory

Resource dependency theory recognizes that organizations are dependent on their external environment and that their ability to effectively derive various resources from their environment is of key importance for survival (Pfeffer and Salancik 1978). The resource dependency perspective explains how organizations cope with resource deficiencies by making strategic choices that ultimately allow organizations to manage their resource dependency and increase their autonomy (Pfeffer and Salancik 1978). This perspective implies that organizations are capable of learning and adapting to changes in their environments.

The resource dependency theory is helpful for understanding interorganizational behavior, as other organizations – potential collaborators – are, in fact, important elements of the organizational environment. Moreover, the resources that one organization needs to ensure its survival are often possessed by other organizations. Therefore, even formally independent organizations may depend on each other for various resources. This creates powerful incentives for creating alliances, mergers, as well as smaller-scale partnerships (Guo and Acar 2005; Sowa 2008). These types of strategies are likely to be effective at times of crisis, such as fiscal recessions, that affect multiple funding streams at once. Many organizations suffer from reduced funding at times of recession, but this particularly affects arts and culture nonprofits that receive marginal governmental support and therefore lack the public funding safety net (Toepler and Wyszomirski 2012).

Interorganizational relationships perform several key functions when it comes to reducing environmental dependencies and regaining organizational autonomy (Pfeffer and Salancik 1978). First, organizational networks provide increased access to various kinds of resources, including information, technology, and opportunities to partner with others in order to increase service efficiency (Guo and Acar 2005; MacIndoe and Sullivan 2014; Sowa 2008). Second, interorganizational relationships enhance organizational legitimacy (Chen and Graddy 2010). Third, interorganizational networks present a viable context for organizational learning by facilitating the diffusion of innovation and ideas (Kapucu et al. 2010). Recognizing these benefits, both governments and foundations may

incentivize organizational partnerships by making it a condition of their grants.

In the aftermath of the Great Recession, interorganizational networks took a form of organizational social capital (Moldavanova and Goerdel 2018) developed by arts and culture institutions in order to enhance their ability to cope with, primarily financial, stress by obtaining access to critical resources (Pfeffer and Salancik 1978). In response to the financial stress induced by the Great Recession, many cultural organizations engaged in various cutback management strategies, such as downsizing their staff and programs. Arguably, however, forming collaborative ties with other organizations could be seen as a more viable way of coping with recession-imposed stress (MacIndoe and Sullivan 2014; Moldavanova and Goerdel 2018). While potential organizational partners may also suffer from financial losses, there are various other forms of resources that could be gained by networking.

Cultural organizations engage in various kinds of networking relationships inside and outside of their field, including bonding-type ties with other arts and culture organizations, as well as bridging-type ties with businesses, universities, social service nonprofits, faith-based organizations, and so forth (Moldavanova and Goerdel 2018). In the context of the Great Recession, relying on bonding and bridging ties could be seen as a viable resource acquisition strategy that is likely to lead to obtaining information, infrastructure, and financial and human resources.

There are three types of network-based resource acquisition strategies that are common in the arts and culture field – information exchange, resource share, and partnerships. While relying on these three types of relationships does not necessarily lead to immediate financial gains, it helps to compensate for organizational losses and improves organizational capacity in the long run. For example, by expanding their communication networks, cultural organizations gain access to useful information about grants and other funding opportunities, as well as events that they could participate in order to diversity their stakeholders. It is also common to share administrative staff, exhibition and performing infrastructure, and other types of resources. Finally, engaging in project-based partnerships with others helps to enhance mission effectiveness.

While organizations derive resources via forming ties with others, particular resource dependency patterns may also shape the choice of partners. For example, MacIndoe and Sullivan (2014) found that resource dependence on private funding increases within-sector collaboration of nonprofits with other nonprofits, while reliance on governmental funding increases the likelihood of cross-sector collaboration. Considering the substantial reliance of cultural organizations on private funding (Toepler and Wyszomirski 2012), many of their relationships are formed with other nonprofits or businesses, and they develop fewer connections with governmental institutions. Although educational institutions do not always provide financial resources to the arts and culture organizations, they appeal to future generations of patrons and supporters, thus enhancing prospects for the intergenerational sustainability of the arts and culture sector (Moldavanova 2016). Therefore, arts and culture organizations frequently partner with educational institutions, especially K-12 organizations.

## Network Theories

In public service contexts, networks are researched as either a dependent variable (Guo and Acar 2005) or as an independent variable (Kapucu et al. 2010; O'Toole 2015). Within the first stream of literature, scholars examine internal network dynamics, how and when networks are formed, and how external environmental and internal organizational factors influence the formation of networks. Within the second stream, scholars focus on researching the outcomes of networks for policy implementation and organizational effectiveness. This entry treats networks as a dependent variable and a form of social capital that helps organizations to cope with stress by gaining access to resources (Pfeffer and Salancik 1978).

While the concept of social capital has been defined in many ways, scholars distinguish among three common approaches to social capital: (1) individual social capital as access to resources, (2) structural social capital as a source of social cohesion, and (3) structural social capital as brokerage across structural holes in networks. The first approach follows the legacy of Bourdieu (1986), who linked individual possession of social capital to social class. The second approach is associated with Putnam (2000), who defines social capital as strong bonds between social actors embedded in networks and trust that results in mutual support and solidarity. The third tradition is associated with works by Granovetter (1973) and Burt (1992), who described how network structure affects individual and network outcomes. When it comes to organizations, two perspectives to social capital appear to be particularly useful – structural and social selection.

The structural perspective draws on studies of social capital to assess an actor's network position. The literature on structural properties of networks compares the benefits of dense connections versus sparse networks, providing mixed support for both positions (Berardo and Scholz 2010; Ryu 2015). Some scholars suggest that loosely coupled networks, which are rich in structural holes, are more beneficial for resource and information acquisition as they provide opportunities for brokerage (Ryu 2015). Others, however, argue that dense networks, which are generally represented by bonding ties, enhance trust and reduce transaction costs (Berardo and Scholz 2010). Consequently, bonding ties are believed to increase the probability of forming new ties and sustaining existing ones (Berardo and Scholz 2010). Moreover, at times of stress and uncertainty having denser, bonding-type, networks may serve as an effective coping mechanism (Ryu 2015). Bonding social ties may also be preferred in competitive environments (Berardo and Scholz 2010), where bridging social capital is costly to form.

The social selection perspective examines ties among actors according to attribute-based actor similarity (Lazarsfeld and Merton 1954) and geography-based homophily (Atouba and Shumate 2015). McPherson et al. (2001), for example, found that individuals tend to forge ties with similar others. Similarly, organizations tend to cooperate with other organizations that share similar organizational characteristics as homophily enhances trust (Atouba and Shumate 2015), which facilitates the creation of common norms and stimulates stronger and more durable ties (Lazarsfeld and Merton 1954).

Homophily based on organizational type is another way to approximate bonding versus bridging social capital. While bonding capital is formed in homogeneous networks, bridging capital is formed in heterogeneous networks among actors with dissimilar attributes (Coffé and Geys 2007; Ryu 2015).

A special case of homophily is the propinquity thesis advanced by Krackhardt (2003), who argued that the possibility of interaction between actors increases with geographic proximity. Being proximate is likely to increase opportunities for encounters, which in turn can facilitate the formation of new ties as well as enhance the maintenance of existing ones. Furthermore, organizations located in close proximity to each other are likely to be exposed to similar environmental stress and share common concerns and also more likely to develop collecting mechanisms for coping with external stress.

### Organizational Stress and Network-Based Resource Acquisition Strategies

Both structural approach (Burt 1992; Granovetter 1973) and social selection perspective (Krackhardt 2003; Lazarsfeld and Merton 1954) are useful for understanding the structure and composition of interorganizational networks in the context of arts and culture organizations. Networks of individual organizations will be farther referred to as ego networks. Ego networks comprise a focal actor, i.e., the *ego*, along with the actors that are connected to the ego, *alters*. In ego networks, connections among alters and the characteristics of alters are generally acquired from the ego.

## Effects of Stress on Ego Network Structure

In resource-constrained environments, the benefits of organizational connectedness are many. For example, higher number of connections allows organizations to enhance their overall social capital and gain access to key resources and information needed for organizational survival (Carnovale and Yeniyurt 2014). Moreover, increasing the number of partners could reduce organizational resource dependence on any particular partner, which is especially important in the arts and culture field that tends to over-rely on private contributions. Therefore, by expanding their networks, arts and culture organizations may gain opportunities to connect with more diverse potential donors.

Considering these benefits of larger networks, organizations under higher levels of stress may be interested in forming new ties to enhance their opportunities to acquire much needed resources along with skills and expertise related to their core tasks. For instance, by engaging in networking, managers of arts and culture organizations can learn from others about new methods to increase the efficiency of service delivery and different means of reducing expenditures. Therefore, arts and culture organizations under higher levels of stress are likely to engage in greater number of relationships in order to diversify their resource base and reduce their environmental dependency.

To be sure, simply increasing network size may not fully help the stressed organizations to acquire the needed resources, since at least some of their new connections would be formed with other resource-constrained partners. Therefore, other elements of network structure, such as the degree of network embeddedness expressed via network density and position centrality, are important as well. For instance, while being embedded in a dense network may improve an organization's ability to access resources, these resources may be redundant. In that sense, the extent of disconnectedness among its alters would benefit an ego by generating valuable bridging social capital (Burt 1992).

Furthermore, in times of stress, networks rich in structural holes may be preferred as they would enhance the flow of nonoverlapping information and diverse resources (Burt 1992). For example, rather than relying on their existing connections, arts and culture organizations may reach out to organizations that are not well integrated in their existing networks or have not previously engaged with the arts, including new institutional donors as well as individual supporters.

The next important structural property of a network is how centrally each organization is located with respect to its partners. A more central positioning of an organization within its network results in greater power and access to resources and information (Carnovale and Yeniyurt 2014). Therefore, in order to recover from the recession-induced stress, arts and culture organizations are likely to initiate new multi-actor partnerships and serve as brokers by connecting previously unconnected organizations. It should be noted that the centrality of an organization's positioning in the network is a by-product of an overall network configuration. However, organizations can still influence their own centrality if they possess information about the connections among their alters.

## Effects of Stress on Ego Network Composition

Homophily is the principle that network interaction between similar actors occurs at a higher rate than among dissimilar actors (McPherson et al. 2001). The first type of homophily is based on belonging to the same organizational field, in this case, forming ties with other arts and culture organizations. On the one hand, when stress is high, cultural organizations may be more likely to form bonding ties with organizations from their own field in order to reduce the transaction costs associated with the acquisition of unfamiliar connections (Atouba and Shumate 2015). On the other hand, it may be more beneficial for more stressed cultural organizations to form bridging ties with those outside of their own field, as such ties would likely improve organizations' access to

nonredundant information and resources (Ryu 2015). Forming bridging-type ties may also help arts organizations to diversify their stress-coping strategies by learning from other fields (e.g., schools, businesses, etc.), as well as avoid direct competition with their peers that peaked in the aftermath of the Great Recession.

The second common type of homophily is based on the geographic propinquity thesis (Krackhardt 2003). Previous studies found that organizations headquartered or located in the same geographic region are more likely to form networks, as physical proximity facilitates information flows and reduces the logistical costs of resource exchange (Atouba and Shumate 2015). For example, arts and culture organizations located in close proximity to each other may be more likely to consider space sharing and refer audience members to each other. Research also suggests that organizations located in closer proximity have similar mental models that motivate them to form collaborative ties (Atouba and Shumate 2015). Therefore, more stressed cultural organizations could be inclined to rely on ties with organizations from more proximate geographic areas.

## Organizational Types and Ego Network Structure and Composition

While the level of external stress may affect the formation of interorganizational networks, the structure and composition of networks may also be influenced by organizational attributes. Literature on interorganizational networks particularly emphasizes the role of organizational size and age. For example, Guo and Acar (2005) note that smaller organizations are more willing to develop ties with others, preferably larger organizations. This is not uncommon in the cultural field, as partnering with larger cultural institutions helps smaller organizations gain visibility and access to cultural patrons. On the other hand, given that large organizations with more financial and human resources are better able to mitigate the costs of interorganizational relationships, they may be more capable of expanding their network size and diversify their connections, as well as occupying more central positions that connect unlinked network partners.

In terms of age, studies show that younger organizations, with many competing priorities, are reluctant to engage in networks with others (Foster and Meinhard 2002), while older organizations may see such partnerships as an opportunity to attract more funding and other resources (Crittenden and Crittenden 2000). In a similar vein, older organizations may also assume the broker role by linking less connected organizations and thus solidifying their central roles within networks (Crittenden and Crittenden 2000).

Finally, organizational location may influence the structure and composition of networks as well (Atouba and Shumate 2015). In particular, due to their more central geographic positioning, urban organizations may be better positioned to develop larger and more diverse networks as compared to suburban organizations. A central positioning and access to strategic resources may also enable urban organizations to assume more central network roles.

## Conclusion

This entry provided an overview of the interorganizational networks and their role in coping with external stress in the context of arts and culture organizations. It first introduced the main theoretical perspectives that guide scholarly understanding of network-based resource acquisition strategies, focusing specifically the three common types of networks formed by arts and culture organizations – information exchange, resource share, and partnerships. It then discussed the effects of stress that organizations experienced in the aftermath of the Great Recession on both structure and composition of interorganizational networks as well as other organizational factors that may influence such networks.

The entry contributes to the literature on interorganizational networks and advances knowledge of the factors associated with such networks, as well as potential costs and barriers

of interorganizational relationships. As such, the research overview presented in this entry could serve as a basis for future research on the role of interorganizational networks as a stress-coping mechanism in the context of arts and culture organizations as well as other contexts.

The entry focused on the effects of stress on network structure and composition; however, in reality network structure and composition are not only shaped by stress, but they also shape organizational responses to such stress, thus creating more resilient organizations. Therefore, future studies would benefit from researching how different network structures and configurations affect the ability of organizations to cope with stress. Additionally, a potent direction for future research would be to explore the effects of networks as independent variables on organizational performance and other outcomes. Other potential avenues for future research include conducting both large-scale investigations and comparative case studies of interorganizational networks in order to gain in-depth insights about the importance of internal organizational dynamics that may affect the formation of networks.

## References


Atouba Y, Shumate M (2015) International nonprofit collaboration: examining the role of homophily. Nonprofit Volunt Sect Q 44(3):587–603

Berardo R, Scholz JT (2010) Self-organizing policy networks: risk, partner selection, and cooperation in estuaries. Am J Polit Sci 54(3):632–649

Bourdieu P (1986) The forms of social capital. In: Richardson J (ed) Handbook of theory and research for the sociology of education. Greenwood, Westport, pp 241–258

Burt RS (1992) Structural holes: the social structure of competition. Harvard University Press, Cambridge

Carnovale S, Yeniyurt S (2014) The role of ego network structure in facilitating ego network innovations. J Supply Chain Manag 51(2):22–46

Chen B, Graddy EA (2010) The effectiveness of nonprofit lead-organization networks for social service delivery. Nonprofit Manag Leadersh 20(4):405–422

Coffé H, Geys B (2007) Toward an empirical characterization of bridging and bonding social capital. Nonprofit and Voluntary Sector Quarterly 36(1):121–139

Crittenden WF, Crittenden VL (2000) Relationships between organizational characteristics and strategic planning processes in nonprofit organizations. J Manag Issues 12(2):150–168

Foster MK, Meinhard AG (2002) A regression model explaining predisposition to collaborate. Nonprofit Volunt Sect Q 31(4):549–564

Granovetter MS (1973) The strength of weak ties. Am J Sociol 78(6):1360–1380

Guo C, Acar M (2005) Understanding collaboration among nonprofit organizations: combining resource dependency, institutional, and network perspectives. Nonprofit Volunt Sect Q 34(3):340–361

Hannan MT, Freeman J (2009) Organizational ecology. Harvard University Press, Cambridge, MA

Kapucu N, Bryer T, Garayev V, Arslan T (2010) Interorganizational network coordination under stress caused by repeated threats of disasters. J Homel Secur Emerg Manag 7(1):1547–7355

Krackhardt D (2003) Constraints on the interactive organization as an ideal type. In: Networks in the knowledge economy. Oxford University Press, Oxford

Lazarsfeld PF, Merton RK (1954) Friendship as a social process: a substantive and methodological analysis. Freedom Control Mod Soc 18(1):18–66

MacIndoe H, Sullivan F (2014) Nonprofit responses to financial uncertainty: how does financial vulnerability shape nonprofit collaboration? J Manag Sustain 4(3):1–19

McPherson M, Smith-Lovin L, Cook JM (2001) Birds of a feather: homophily in social networks. Annu Rev Sociol 27:415–444

Moldavanova AV (2016) Two narratives of intergenerational sustainability: a framework for sustainable thinking. Am Rev Public Adm 46(5): 526–545

Moldavanova AV, Goerdel HT (2018) Understanding the puzzle of organizational sustainability: toward a conceptual framework of organizational social connectedness and sustainability. Public Manag Rev 20(1):55–81

O'Toole LJ (2015) Networks and networking: the public administrative agendas. Public Adm Rev 75(3):361–371

Pfeffer J, Salancik GR (1978) The external control of organizations: a resource dependence perspective. Harper and Row, New York

Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon and Schuster, New York

Ryu S (2015) To bond or to bridge? Contingent effects of managers' social capital on organizational performance. Am Rev Public Adm. https://doi.org/10.1177/0275074015598392

Sowa JE (2008) The collaboration decision in nonprofit organizations: views from the front line. Nonprofit Volunt Sect Q 38(6):1003–1025

Toepler S, Wyszomirski MJ (2012) Arts and culture. In: Salamon LM (ed) The state of nonprofit America. Brookings Institution Press, Washington, DC, pp 229–266

# Interpersonal Trust in Brunei Public and Private Sector Employees

Lawrence Mundia
Psychological Studies and Human Development Academic Group,
Sultan Hassanal Bolkiah Institute of Education,
Universiti of Brunei Darussalam,
Bandar Seri Begawan, Brunei Darussalam

## Synonyms

Confidential relationships; Dependability; Trustworthiness

## Definition

Mutually beneficial relationship between individuals, individuals and an organization, several organizations, and countries.

## Introduction

Trust is a complex and multidimensional concept that is either interpersonal, institutional, or organizational in nature (Krot and Lewicka 2012). Krot and Lewicka (2012) expanded on this and pointed out that there were different dimensions of trust (e.g., competence, benevolence, and integrity) and several types of trust (e.g., horizontal or lateral trust between co-workers and vertical trust between employees and managers). Based on Krot and Lewicka (2012), trust was thus an important component of professional relationships between co-workers as well as between managers and employees. In their study, Krot and Lewicka (2012) found that integrity was the most important dimension of trust in relationships between co-workers, while benevolence was the most important dimension of trust in relationships between employees and managers. Ample empirical evidence suggests that positive trust-building practices between managers and workers lead to high productivity and organizational commitment in both public and private organizations (see Hassan et al. 2012). Matzler and Renzl (2006) argued that interpersonal trust in peers and management strongly influenced employee job satisfaction. In turn, employee satisfaction was an important driver of productivity, quality, and customer satisfaction (Matzler and Renzl 2006). Other researchers (e.g., Semerciöz et al. 2011) also found that trust between co-workers was positively associated with strategic innovativeness and that trust in general had a strong influence on a variety of organizational phenomena such as employee and team performance, reducing counterproductive behaviors, and increasing organizational revenue or profit. Stack (1978) suggested that interpersonal trust (IT) was a form of confidence, reliance, and faith in a person. Wrightsman (1991) implied that IT was reflective of the reliability (dependability) and validity (credibility) a person assumed in or expected from interactions and relationships with others.

## Objectives of the Study

The purpose of the present study was to investigate and determine for the first time the prevalence of interpersonal trust (IT) in Brunei public and private sector employees. A study similar to the current research has not been done before in Brunei. It is hoped the results will help reduce the existing literature and knowledge gaps on this issue.

## Methods

### Design

A quantitative field survey was preferred and used. This strategy enabled two trained research assistants to go out to government Ministries, Departments, and companies and directly collect the required data.

### Participants

The public sector had 137,300 labor force throughout Brunei who constituted the sampling frame (Department of Economic Planning and Development 2015). The total number of workers in the private sector was not known at the time of conducting the present study. Using the simple random sampling technique, 822 participants were recruited from the public sector. However, only 38 persons were recruited from the private sector due to potential participants' general lack of interest to volunteer for the study. The two selections gave a composite sample of 860. Employees who met the following 5-point inclusion/exclusion criteria were recruited: (1) persons of all genders, ethnicities, religions, and age; (2) full Brunei citizens and permanent residents; (3) employed in the public or private sector; (4) willingly volunteered to participate in the study; and (5) participants whose protocols were not heavily contaminated with common method bias, CMB (see Podsakoff et al. 2003). A sample of 860 was considered sufficient and acceptable to compute stable statistics at $p = 0.05$ or $p = 0.01$ (see Krejcie and Morgan (1970). The personal characteristics of the participants are presented in Table 1.

### Instruments

Study used two instruments. Part A was a 16-item demographic questionnaire constructed by the researcher (see Table 1). Part B consisted of 10 items from the Interpersonal Trust Scale, ITS (Rotter 1967) that measured the level of interpersonal trust. The items were rated on 5-point semantic differential scales (e.g., To what extent do you trust your co-workers or supervisor, or boss? Circle one number for your response: Do not trust at all 1 2 3 4 5 Trust completely).

The 10 items generated one exploratory factor analysis (EFA) factor, named interpersonal trust (eigen value >1; average item loading ≥0.400). The scale had adequate construct validity (common variance accounted = 67.234%). Based on the current study's sample data, the instrument's alpha reliability was 0.911 (Scale mean = 31.700; SEmean = 0.237; SD = 6.956; Median = 32.000; average nonspurious item-total correlation = 0.703). Low scorers on the interpersonal trust scale did not trust (distrusted) other people.

### Procedures

The present study was funded by the Brunei Research Council (BRC) in the Government of Brunei Darussalam through the University of Brunei Darussalam (UBD), a state tertiary institution. Written permission and approval to conduct the study were obtained from the University of Brunei Darussalam Ethics on behalf of the Brunei Research Council.

### Data Analysis

All the independent variables, IVs (socio-demographics) were categorical. The dependent variable DV (interpersonal trust total scores) was dichotomized at the median to facilitate the use of logistic regression. Low scorers on the DV were coded one (1), while higher scorers were coded zero (0). The quantitative data were then analyzed using descriptive statistics and hierarchical binary logistic regression analysis. To make decisions on the importance of the findings, two-tailed tests of statistical significance at both $p = 0.05$ and $p = 0.01$ levels and tests of statistical power such as effect sizes and model fit chi-square indices for binary logist regression analyses were used. All the statistical analyses were performed on the Statistical Package for the Social Sciences, SPSS (Version 22).

## Results

Compared to workers with a high education (reference group), employees with low education were far less likely to have high interpersonal trust for other people (B = −0.499, $p$ <0.01; Adjusted Odds Ratio, AOR = 0.607; 95% Confidence Interval, CI = 0.451–0.818). However, employees who sought help from family members when faced with problems were 1.3 times more likely to have high interpersonal trust in others compared to those who

**Interpersonal Trust in Brunei Public and Private Sector Employees, Table 1** Participants' demographic information (N = 860)

| Variable | Gender | Number (%) | Mean (SD) |
|---|---|---|---|
| Gender | All | 860 (100%) | 37.690 (9.045) |
| | Females | 613 (71.300%) | 37.690 (9.262) |
| | Males | 247(28.700%) | 37.710 (8.516) |
| Race | **Group** | **Frequency** | **Percentage** |
| | Malay | 810 | 94.200 |
| | Chines | 25 | 2.900 |
| | Others | 22 | 2.600 |
| | Missing | 1 | 0.300 |
| Religion | Muslim | 837 | 97.300 |
| | Non-Muslim | 12 | 1.400 |
| | No religion | 10 | 1.200 |
| | Missing | 1 | 0.300 |
| Citizenship | Brunei citizen | 831 | 96.600 |
| | Permanent resident | 26 | 3.000 |
| | Missing | 3 | 0.400 |
| Education | Low (primary to year 13) | 362 | 42.100 |
| | Middle (post-secondary to diploma) | 194 | 22.600 |
| | High (Bachelor's degree to doctoral degree) | 301 | 35.000 |
| | Missing | 3 | 0.300 |
| Employer | Public sector (government) | 822 | 95.600 |
| | Private sector (nongovernment) | 38 | 4.400 |
| Marital status | Single (never married) | 221 | 25.700 |
| | Married | 615 | 71.500 |
| | Divorced (17)/widowed (7) | 24 | 2.800 |
| Do you have children? | Yes | 571 | 66.400 |
| | No | 286 | 33.300 |
| | Missing | 3 | 0.300 |
| District | Brunei-Muara | 721 | 83.800 |
| | Tutong | 104 | 12.100 |
| | Kuala Belait | 20 | 2.300 |
| | Temburong | 10 | 1.200 |
| | Missing | 5 | 0.600 |
| Who do you live with | Alone | 27 | 3.100 |
| | Parents | 296 | 34.400 |
| | In-laws | 57 | 6.600 |
| | Family members (siblings) | 73 | 8.500 |
| | Spouse and children | 384 | 44.700 |
| | Missing | 23 | 2.700 |
| Do you stay/live in your own house | Yes | 502 | 58.400 |
| | No | 356 | 41.400 |
| | Missing | 2 | 0.200 |
| Are you the chief wage earner in your household? | Yes | 282 | 32.800 |
| | No | 561 | 65.200 |
| | Missing | 17 | 2.000 |

did not get such help (B = 0.270, $p < 0.05$; AOR = 1.310, 95% CI = 1.025–1.674). Similarly, workers who get help from the Ustad (religious person or teacher, e.g., Imam) had also high likelihood of possessing interpersonal trust for others compared to those who did not

**Interpersonal Trust in Brunei Public and Private Sector Employees, Table 2** Relationships between socio-demographic variables and level of interpersonal trust using bivariate logistic regression (N = 860)[a]

| Model[b]/Variables | B | S.E. | Wald $X^2$ | df | Sig. | AOR[c] | 95% CI for AOR | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Lower | Upper |
| *Step 1* | | | | | | | | |
| Males (coded 1) | 0.263 | 0.193 | 1.864 | 1 | 0.172 | 1.301 | 0.892 | 1.900 |
| Private employer (coded 1) | 0.068 | 0.360 | 0.035 | 1 | 0.851 | 1.070 | 0.528 | 2.169 |
| Educational level | | | 6.150 | 2 | 0.046* | | | |
| Low education[d] (coded 1) | −0.423 | 0.171 | 6.145 | 1 | 0.013* | 0.655 | 0.469 | 0.915 |
| Middle education[e] (coded 2) | −0.197 | 0.195 | 1.023 | 1 | 0.312 | 0.821 | 0.561 | 1.203 |
| Sought help from counselors (yes, coded 1) | 0.050 | 0.280 | 0.032 | 1 | 0.859 | 0.951 | 0.550 | 1.647 |
| Sought help from family members (yes, coded 1) | 0.421 | 0.220 | 3.650 | 1 | 0.056 | 1.523 | 0.989 | 2.346 |
| Sought help from prayer/religion (yes, coded 1) | 0.015 | 0.175 | 0.008 | 1 | 0.929 | 0.985 | 0.699 | 1.387 |
| Sought help from Bomo[f] (yes, coded 1) | −0.024 | 0.745 | 0.001 | 1 | 0.974 | 0.976 | 0.227 | 4.203 |
| Sought help from friends (yes, coded 1) | −0.022 | 0.158 | 0.020 | 1 | 0.888 | 0.978 | 0.718 | 1.333 |
| Sought help from online social networking (yes, coded 1) | −0.062 | 0.333 | 0.035 | 1 | 0.852 | 0.940 | 0.489 | 1.807 |
| Sought help from Ustad[g] (yes, coded 1) | 0.398 | 0.200 | 3.963 | 1 | 0.047* | 1.489 | 1.006 | 2.204 |
| Marital status | | | 3.092 | 2 | 0.213 | | | |
| Single (coded 1) | 0.286 | 0.465 | 0.379 | 1 | 0.538 | 1.331 | 0.536 | 3.309 |
| Married (coded 2) | 0.630 | 0.417 | 2.284 | 1 | 0.131 | 1.877 | 0.829 | 4.248 |
| Do you have children? (yes, coded 1) | −0.341 | 0.263 | 1.673 | 1 | 0.196 | 0.711 | 0.425 | 1.192 |
| Who do you live with? | | | 1.029 | 4 | 0.905 | | | |
| Live alone (coded 1) | 0.292 | 0.456 | 0.409 | 1 | 0.523 | 1.339 | 0.547 | 3.274 |
| Live with parents (coded 2) | 0.012 | 0.199 | 0.004 | 1 | 0.950 | 1.013 | 0.686 | 1.496 |
| Live with in-laws (coded 3) | −0.213 | 0.299 | 0.510 | 1 | 0.475 | 0.808 | 0.450 | 1.451 |
| Live with siblings (coded 4) | 0–0.023 | 0.289 | 0.006 | 1 | 0.936 | 0.977 | 0.555 | 1.722 |
| District | | | 2.516 | 3 | 0.472 | | | |
| Brunei-Muara (coded 1) | −0.510 | 0.488 | 1.089 | 1 | 0.297 | 0.601 | 0.231 | 1.564 |
| Tutong (coded 2) | −0.602 | 0.507 | 1.409 | 1 | 0.235 | 0.548 | 0.203 | 1.480 |
| Kuala Belait (coded 3) | 0.009 | 0.710 | 0.000 | 1 | 0.990 | 1.009 | 0.251 | 4.059 |
| Are you the chief wage earner in your household? (yes, coded 1) | 0.363 | 0.183 | 3.937 | 1 | 0.047* | 1.438 | 1.004 | 2.059 |
| *Step 12*[h] | | | | | | | | |
| Educational level | | | 10.799 | 2 | 0.005** | | | |
| Low education[d] (coded 1) | −0.499 | 0.152 | 10.778 | 1 | 0.001** | 0.607 | 0.451 | 0.818 |
| Middle education[e] (coded 1) | −0.254 | 0.182 | 1.938 | 1 | 0.164 | 0.776 | 0.543 | 1.109 |
| Sought help from family members (yes, coded 1) | 0.270 | 0.125 | 4.670 | 1 | 0.031* | 1.310 | 1.025 | 1.674 |
| Sought help from Ustad[g] (yes, coded 1) | 0.400 | 0.186 | 4.622 | 1 | 0.032* | 1.491 | 1.036 | 2.147 |
| Are you the chief wage earner in your household? (yes, coded 1) | 0.432 | 0.148 | 8.557 | 1 | 0.003** | 1.541 | 1.153 | 2.058 |

[a]Dependent variable = interpersonal trust total scale scores
[b]Step 1: R Squares = 0.050 (Cox & Snell), 0.066 (Nagelkerke); Hosmer and Lemeshow $\chi^2$ (df = 8) = 2.841, $p = 0.944$
[c]AOR = adjusted odds ratio
[d]Low education = primary school to General Certificate of Education Advanced Level (GCE A-Level)
[e]Middle education = postsecondary to Higher National Diploma (HND)
[f]Bomo = traditional healer
[g]Ustad = religious teacher/leader, e.g., Imam (Muslim preacher)
[h]Step 12: R Squares = 0.039 (Cox & Snell), 0.052 (Nagelkerke); Hosmer and Lemeshow $\chi^2$ (df = 6) = 5.282, $p = 0.508$
*$p < 0.05$ (two-tailed)
**$p < 0.01$ (two-tailed)

consult the Ustad, religious leader (B = 0.400, $p$ <0.05; AOR = 1.491, 95% CI = 1.036–2.147). An employee who was the chief wage earner in the family was very likely to have high interpersonal trust in her/his interactions or relationships with other people than those who were not the main bread earners (B = 0.432, $p$ <0.01; AOR = 1.5, 95% CI = 1.153–1.058) (Table 2).

## Discussion

In this study, low and middle education were negatively related to interpersonal trust. Such behavior would not be helpful in many situations where employees are required to work collaboratively as a team. Previous research found out that positive trust-building practices between managers and workers lead to high productivity and organizational commitment in both public and private organizations (Hassan et al. 2012). In addition, interpersonal trust had a positive effect on strategic innovativeness as well as team performance (e.g., Semerciöz et al. 2011). Furthermore, Matzler and Renzl (2006) argued that interpersonal trust in peers and management strongly influenced employee job satisfaction. In turn, employee satisfaction was an important driver of productivity, quality, and customer satisfaction (Matzler and Renzl 2006).

However, scores for employees who sought help from family members when faced with problems, those who obtained help from the Ustad (religious teacher/leader) when in distress, and persons who were chief bread earners in the family were all correlated positively with interpersonal trust. In the absence of interviews with probes, it was not clear from the present study which dimensions of trust discussed by Krot and Lewicka (2012) were missing or involved in Brunei employees. It is important to know this information for two reasons. First, Krot and Lewicka (2012) found that integrity was the most important component of trust in relationships between co-workers while benevolence was the most important aspect of trust in relationships between employees and managers. The current study did not measure both integrity and benevolence. Second, once the types of trust that work and do not work are known, appropriate interventions could then be mounted to promote workplace interpersonal trust.

Based on the findings of the present study, attention and priority should be directed and accorded to Brunei employees with low and middle education when providing interpersonal trust interventions (both counseling and psychotherapy as well individual or group treatments). A number of independent variables (IVs) that correlated low and negatively with IT should also be targeted and included in interventions.

## Conclusion

One of the social consequences of any bureaucracy is lack of interpersonal trust (IT) among human resources. The present study aimed at determining the prevalence of IT in 860 randomly selected Brunei public and private sector employees of both genders. IT contributes to improved employee-management relations and reduction of industrial disputes. The field survey strategy was utilized to reach the participants, directly administer the instruments, and collect the completed protocols. Public and private sector workers with low education were far less likely to have high interpersonal trust compared to peers with high education. However, participants who sought help from family members and religious people when distressed were more likely to have interpersonal trust in other people than those who did not. In addition, the chief wage earner in the family household was also more likely to have trust in other people. Since trusting each other at workplaces is important, attention and priority should be directed at credible interventions that increase employees' IT. The findings have practical, religious, and cultural implications that need to be investigated by mixed-methods research using interview probes.

The present study had two main limitations. First, the study relied heavily on findings from quantitative survey data. A qualitative component with interview probes was required to triangulate the outcomes. Second, the number of private sector participants was too small ($n = 38$). Future research should address both of these concerns.

## Cross-References

▶ Employee (Labor Management) Relations

## References

Department of Economic Planning and Development (2015) Labor force survey 2014: preliminary report. Prime Minister's Office, Bandar Seri Begawan

Hassan M, Toylan NV, Semerciöz F, Aksel I (2012) Interpersonal trust and its role in organizations. Int Bus Res 5(8):33–39

Krejcie RV, Morgan DW (1970) Determining sample size for research activities. Educ Psychol Meas 30(3):607–610

Krot K, Lewicka D (2012) The importance of trust in manager-employee relationships. Int J Electron Bus Manag 10(3):224–233

Matzler K, Renzl B (2006) The relationship between interpersonal trust, employee satisfaction, and employee loyalty. Total Qual Manag Bus Excell 17(10):1261–1271

Podsakoff PM, MacKenzie SB, Lee J-Y, Podsakoff NP (2003) Common method biases in behavioural research: a critical review of the literature and recommended remedies. J Appl Psychol 88(5):879–903. https://doi.org/10.1037/0021-9010.88.5.879

Rotter JB (1967) A new scale for the measurement of interpersonal trust. J Pers 35(4):651–665

Semerciöz F, Hassan M, Aldemir Z (2011) An empirical study on the role of interpersonal and institutional trust in organizational innovativeness. Int Bus Res 4(2):1–12

Stack LC (1978) Trust. In: London H, Exner JE (eds) Dimensions of personality. Wiley, New York, pp 561–599

Wrightsman LS (1991) Interpersonal trust and attitudes toward human nature. In: Robinson JP, Shaver PR, Wrightsman LS (eds) Measures of personality and social psychological attitudes. Academic Press, San Diego, pp 373–412

# Interplay Between Judicial Review and Bureaucratic Discretion, Taiwan

Yu-Chun Lin[1] and Don-Yun Chen[2]
[1]Department of Public Administration and Policy, University of Georgia, Athens, GA, USA
[2]National Chengchi University, Taipei, Taiwan

## Synonyms

Administrative state; Bureaucracy with autocratic history; Judicial-administrative relationship

## Definitions

The interplay between judiciary and administration in Taiwan is deeply affected by its autocratic history, which makes the judicial-administrative relationship in Taiwan a different story from that in the States.

## Introduction

The administrative development process in the United States is very different from that of most countries in the world. The US administration was developed through a "chinking in" process, which means it was developed incrementally as the need for administrative service in the society was created. Most countries in the world, such as those in Europe and Asia, developed their administrative system as empires. Taiwan, for example, inherited its administrative system from ancient China, whose legislative and judiciary power were both controlled by the administrative system. The system was maintained when Taiwan initiated a democratic transition in the 1980s. This article describes and analyzes how the judiciary system in Taiwan retrieved its constitutional power and how the bureaucratic system has progressively given up its privilege and deferred to court rulings. The article tries to find the answers from the

path of democratization in Taiwan and discusses how the path differences between Taiwan and the United States may make Taiwan's court-administrative relationship a different case from that of the United States.

## Judicial-Administrative Relationship in Ancient China

The judicial-administrative relationship in Taiwan can be defined by the role of bureaucracy in the autocratic age. Three features of the bureaucratic system in ancient China had a profound influence on the modern bureaucratic system in Taiwan. First, bureaucracy in ancient China was controlled by a group of social elites who were in turn controlled by the emperor. A highly centralized bureaucratic system had been in place since 221 B.C., and it allowed the emperor to control the bureaucracy and ensure the absolute authority of the emperor. Upper-level bureaucrats and those who were close to the royal family had the greatest power over resources and personnel. The hierarchical structure also resembled existing social classes; bureaucrats, as they served the emperor, were also regarded as one of the ruling classes who were superior to civilians. Second, bureaucracy controlled the administration and the judiciary as well. In ancient China, a law suit was brought to a local government where the mayor was also a judge. When an appeal was necessary, the suit was brought from a city government, for example, to a state government where the governor would be the judge. The emperor was the judge of the final court of appeals. These rulers controlled both the administration and the judiciary, and therefore, the judicial system was viewed as a tool for rulers to rule.

Third, the judicial-administrative relationship was not built on the basis of legality, but on hierarchical relationships as the source of authority in ancient Chinese bureaucracy was tradition. Ancient Chinese bureaucrats were usually seen as parents for civilians in the public field, and their authority was traditionally, not legally, defined. According to Max Weber (2009), traditional authority is grounded in tradition, which rests on an "established belief in the sanctity of immemorial traditions and the legitimacy of the status of those exercising authority under them." The traditional bureaucratic authority controlled both the administration and the judiciary; therefore, the key to the judicial-administrative relationship was whether bureaucrats could respect the law and have faith in justice and fairness. If not, as bureaucrats could use legal judgments to satisfy their superiors, laws were only tools for administrators. Thus, the administration was superior to the judiciary in these circumstances.

Another piece of evidence that the judicial-administrative relationship was not based on legality was the fact that civilians usually had little trust in the legal institution; they usually believed that laws were used to protect those who had power. Civilians with no political or economic power were at a disadvantage when dealing with the government. This was why civilians in ancient China usually prayed for a saint to be their governor, someone who would treat civilians as family. This phenomenon revealed that laws were easily manipulated by the administration.

Considering these three features of ancient Chinese bureaucracy, it was distinct from Weberian bureaucracy in three dimensions. First, the bureaucracy was made up of a social class who ruled the country but was controlled by the emperor and the royal family. Second, the bureaucracy controlled both the administration and the judiciary. Third, the judicial-administrative relationship was not defined by laws, but determined by whether the bureaucracy could respect laws or use laws as a tool to satisfy administrative needs. These features can still be found in the modern bureaucratic system in Taiwan.

## Before the Initiation of the Democratic Taiwan

The features of ancient Chinese bureaucracy remained even as the Republic of China evolved into a democratic country. The features of centralization, elite control, tradition, and a blended

administrative and judiciary system could be observed in the three stages of progressive democratization proposed by the nation's founding father, Dr. Sun Yat-sen's three-stage state-building plan: stratocracy, political tutelage, and constitutional government. At the stratocracy stage, the country was ruled by the military, which controlled both the administration and the judiciary. At that stage, the goal was to unify the country and promote the democratic constitution. All of the power was centralized in the hands of a military government. The second stage was a transition period for the country to become a democratic regime. According to the founding father, the Chinese people needed to be trained and educated to be their own masters to establish a democratic country because they had been used to autocracy and being submissive. The training started with the establishment of local governments to guide people to elect mayors, and this was followed by organizing congress. Establishing a democratic constitution was the terminal goal. However, ironically, the training process was still centralized in the hands of political elites led by the ruling party, the Kuomintang (KMT).

1947 was the end of political tutelage, and the Republic of China was about to begin moving into the stage of constitutional government. However, the beginning of the civil war between the KMT and the Chinese Communist Party (the CCP) ended the Constitution, and the Republic of China led by the KMT retreated to Taiwan in 1949. After retreating to Taiwan, although theoretically the government would have entered into the third stage, constitutional government, the Constitution was suspended because of the Temporary Provisions Effective During the Period of National Mobilization for Suppression of the Communist Rebellion (Temporary Provisions), which replaced the Constitution in war time. Due to the Temporary Provisions, the autocracy remained. Martial law was declared and the KMT kept holding all the power. The administration, legislation, and judiciary were all in the hand of KMT elites. In other words, before the Temporary Provisions were lifted, the features of traditional Chinese bureaucracy still dominated Taiwan's government. The Temporary Provisions were abolished in 1991; simultaneously, the Constitution went into effect, and the stage of constitutional democracy began.

Throughout the three stages of democratization, the autocracy remained even when the new republic was established. The bureaucratic system within the government was still under the control of political elites, who were better educated and holding advantageous positions in both political and economic arena. These elites were in charge of the central and local governments, established laws and rules and implemented them, and also served as the chief judges. They controlled the country by promoting the public duties of democratic education, social stability, and economic development that were on their shoulders. Thus, their new ruling status was full of bureaucratic characteristics from the past. First, as these elites were the main bureaucrats, the bureaucracy was seen as belonging to the ruling classes, which were superior to regular civilians. Second, elites controlled both the administration and the judiciary, resembling the ancient system where the administration and judiciary were both in the hands of the bureaucrats who were loyal to the emperor. Thus, although a democratic Taiwan had theoretically been founded, the logic behind most governing activities resembles those from autocratic past.

## Taiwan's Administration under Democratization

The real democratization of Taiwan began in the 1980s. In 1987, martial law was lifted; in 1991, the National Assembly held its first reelection since its establishment in 1948; and in 1992, the Legislative Yuan was reelected. In 1996, Taiwan had its first direct presidential election, and in 2000, Taiwan had its first political party rotation, which ended the 55-year governance of the KMT. In 2016, the Legislative Yuan had its first political party rotation, and the Democratic Progressive Party (DPP) became the majority in the congress for the first time. Democratization changed the way people thought about legitimacy in

governance and further transformed the system of administration and the judiciary in Taiwan.

Democratization changed the source of authority and the meaning of professionalism in Taiwanese bureaucracy. In ancient China, bureaucrats were social elites who passed a national examination to serve the empire; in the early stage of the establishment of the Republic of China, social elites kept occupying the critical posts in the bureaucratic system and served the government, which was led by the KMT. In other words, before democratization in the 1980s, these professional elites were loyal to the government, but not to the people or the nation. The authority of the bureaucracy was not based on legal professions; instead, the authority was still traditionally tied to the autocratic power. This is why bureaucrats were considered part of the ruling class at that time. Democratization, however, established the new target that bureaucracy had to be responsive to the people and to the country, instead of to the leader. Superficially, what bureaucrats had to do was simply shift from following orders to following the rule of law; however, serving the leaders and the people was essentially distinct (Chen 2012). The major difference was that bureaucracy in the democratic age would have to deal with multiple stakeholders, and therefore neutral competency became a critical skill for bureaucrats.

Neutral competency is the ability of bureaucrats to say "no" to the politicians in order to sustain the public interest and to adhere to the core democratic values without deviation (Helco 1975). Thus, knowledge of democracy and professional ability are extremely important for establishing a democratic bureaucracy. Only when they have sufficient knowledge of and ability in their work can bureaucrats provide evidence for proposed policies.

The history of autocracy made it difficult for bureaucrats in Taiwan to practice neutral competency, and this decreased bureaucratic professions when democratization began. The professional ethos of the bureaucracy was affected because it was a tool for political leaders. The bureaucratic profession was conditionally developed when the KMT ruled the country as an autocrat. The KMT led the bureaucracy in finishing fundamental developments of the country and therefore developed a group of highly professional but submissive bureaucrats, perfectly inheriting this feature of the age of empire. To prevent the party's leadership being threatened, the KMT established multiple public organizations with similar functions to make sure that no single bureau could become strong enough to be free from control (Wang 2017). The strong leadership of the party successfully coordinated the divided but overlapping bureaucratic organizations and ensured the bureaucracy's submissiveness. The strong and centralized leadership resulted in two major consequences. First, the bureaucracy was used to being submissive to the political leadership, so the bureaucracy lacked autonomy when entering the democratic age. Second, bureaucratic professionals were limited due to the fragmented and functionally overlapped bureaucracy (Wang 2017). These organizations had difficulties to build up connections and to deal with complicated policies after ruling party rotations. These factors lowered the bureaucracy's neutral competence.

The lack of neutral competence made it easier for the bureaucracy to be influenced by politics in the democratic process when political parties competed for elections. The term "pork barrel politics" may best describe the democratic process in Taiwan, where political parties only proposed policies for winning elections, instead of for developing the country (Luor and Chang 2008). This situation was especially true after the first ruling party rotated out of office. At that point, due to its lower degree of neutral competency and its submissive nature, the bureaucracy already lacked sufficient professions to provide constructive suggestions and fight against improvident pork barrel policies. These policies, such as establishing more colleges, giving old farmers allowance, and extending the limits of credit card applications, were quite similar in nature that bureaucracy could learn by copy and paste (Wang 2017). In other words, this policy type further limited the growth of the bureaucratic profession, which created a negative feedback loop for bureaucracy that lowered its professionalism and strengthened the influence of political control.

## The Judiciary under Democratization

The power of judicial review was formally written into the Constitution of the Republic of China (ROC) in Nanjing in the late 1940s. Soon after, the civil war began between the KMT and the Communists. The ROC government passed Temporary Provisions Effective During the Period of National Mobilization for Suppression of the Communist Rebellion and suspended the Constitution. The power was centered on the presidency until the Temporary Provisions were removed in 1991. Before the provisions were lifted, the Grand Justice Council mainly served as the government's legal counsel, and its interpretation of laws placed no constraints on the government (Weng 2004). As "bureaucracy" and "government" were interchangeable terms at that time, the judiciary also served the administrative elites. The Grand Justice Council only had a legal counseling function because the function and the influence of the judiciary were missing in the Constitution and other related laws, such as the Organic Act of Judicial Yuan. The missing part of the Constitution led to the consequence that the power of the Grand Justice Council was undefined. The role of the judiciary was chaotic until the 1980s.

The Grand Justice Council, from the first to the third terms, was viewed as a governing tool for the ruling party, the KMT. The political party greatly influenced judiciary rulings. An old saying best described the role of the judiciary at that time: "the KMT owns the courts." As the democratization process continued, the judiciary system experienced a democratic revolution from within. Institutional changes occurred in the judiciary system. In 1989, the Judicial Personnel Act granted personnel security for judges to protect them from political influence (Tang and Huang 2008). From 1991, pre-review of judges' rulings was prohibited; judges' autonomy was put into effect completely in 1993 (Tang and Huang 2008). The Judicial Yuan established a judiciary revolution committee to implement judges' evaluation and self-regulation to minimize influence from administrative departments.

The revolution in the judiciary system aimed to completely eliminate political and administrative influence. Two ministers of the Judicial Yuan, Qi-Yang Shi and Yueh-Sheng Weng, between 1994 and 2007 played crucial roles in this revolution. These two ministers tried very hard to cut the connection between politics and the judiciary, though even the minister of Judicial Yuan was politically appointed (C.-S. Wang 2008). Another critical development was the establishment of a judicial personnel review committee, which was organized by judges only (Wang 2008). The committee guaranteed that every personnel decision regarding judges would be free from intervention by people in power. In other words, the judicial system was so professionalized that it was "judicialized" with pure judicial values (Wang 2008). The advantage of this revolution was that it successfully reduced the intervention of politicians and the administration and increased the professionalism of the judicial system.

These institutional revolutions resulted in significant changes in judiciary judgments. For example, Grand Justice Ruling No. 185 claimed in 1984 that the Judicial Yuan has the authority to interpret the Constitution and to unify the interpretation of laws and rules. Its ruling constrains nationwide public agencies and people. Ruling No. 185 is considered to be a milestone in that the Grand Justice Council established its influence over the country. In the meantime, the Council was also growing more independent. From the fifth and sixth term of the Council, the Grand Justice Council started to claim unconstitutional laws or rules invalid and issued expiration dates. The number of dissenting or concurring opinions was growing dramatically as well (Ginsburg 2002). From 1997 to 2001, the ratio of rules determined illegal by the administrative courts over cases under review grew from 0% to 20% (Yeh and Chan 2002). Thus, the judiciary progressed in growing its influence over administration.

The growth of judicial influence was built upon judicialization, which means that the judicial system blocked the voices from politics and the

administration. Judicialization won people's trust for the judicial system for its presentation of professionalism and neutralization. However, the radical judicialization was a double-bladed sword. The drawback was its lack of responsiveness to public needs, and that is the reason why the judicial system was later criticized as knowing nothing about the real world (Wang 2008). Judges were called "dragon judges," which describes judges whose decisions were so restricted by laws that they showed no humanity.

## The Current Judicial-Administrative Relationship

The development of the judicial-administrative relationship in Taiwan is a dynamic process, changing along with the developments in the judiciary and the administration in the process of democratization. The administration was transformed from a traditional bureaucracy which served the autocracy, while the judiciary was detached from the administration and tried to become independent. In the process, the power of the bureaucracy was taken and shared with multiple stakeholders. The process reduced the bureaucracy's neutral competency and weakened the power of the administration. In contrast, the judiciary was never an independent department; thus, at the beginning of democratization, its goal was to earn autonomy and to rule out political control. The process increased the judiciary's neutral competency and strengthened the power of judicial review over the administration.

As neutral competency has been compromised in the administration and has grown in the judiciary over the years of democratization, the judicial-administrative relationship is gradually approaching balance. The change can be observed in the percentage of cases declaimed as illegal by the courts. For example, no cases about administrative rules were brought to the Supreme Court before 1980. In the 1980s, 17% cases of rulings issued by the Supreme Court were about administrative rules; the rate rose to 70% in the 2010s.

Two important events happened in the year 2000, which made the year a critical moment for the judicial-administrative relationship. First, the first ruling party rotation happened in this year, and this was when political influence got involved in the administrative process. The bureaucracy in Taiwan started to experience real democracy as multiple stakeholders intervened in the policy implementation process and organizational management. This represented a significant change for bureaucrats, who were used to having only one boss. Second, in 2000, the Supreme Administrative Court experienced an organizational revolution, which initiated judicial activism in judicial review. Before the revolution, the Supreme Administrative Court tended to give administrative rules an easy pass when doing judicial review. Before 2000, no administrative rules were determined to be illegal in the Supreme Administrative Court. In the first half of 2000, administrative rules were claimed illegal in 2 out of 26 cases (8%). Starting from July 1, 2000, the Administrative Court became the Supreme Administrative Court; after the revolution, 21% of cases were claimed illegal (Yeh and Chan 2002). After 2000, the administration had lost its advantage when facing judicial review.

In fact, the increasing influence of judicial review over the administration was beneficial for both the judiciary and the administration. The administration needs the judiciary to bring back legitimacy for the administration. In the age of autocracy, the legitimacy of the bureaucratic administration was tied to its political leaders. The democratization process detached the administration from politics, and therefore the administration needed another source to legitimize itself. Theoretically, the legitimacy of the administration could be self-evidenced through neutral competency because the bureaucracy could apply its discretion to making creative decisions that refined processes and services. By doing so, the performance of public agencies could improve and gain more trust from the public and from political or judicial reviewers, which would give the agencies a higher public reputation and more

bureaucratic autonomy (Carpenter 2001). The administrative legitimacy was challenged when bureaucracy's neutral competency declined with political interventions in the democratization process. Therefore, when the judiciary earned trust from the public through depoliticization, allying with the judiciary became the best strategy for the administration to show its respect to democracy.

Compared with the long-existing bureaucracy, the judiciary was only a juvenile who was seeking to prove its importance and learning how to not overdo it. The complete depoliticization of the judiciary has drawn unrealistic and excessive criticism of the judges. Public agencies have complained that the Supreme Court's rulings are not realistic because the grand judges do not consider practical problems in the administration (Lin 2009). These unrealistic judgments have made it difficult for public agencies to follow the instructions from the Supreme Court. Delays in and disobedience to rule amendments have frequently occurred (Lin 2009). Therefore, even though the judiciary has implemented a stricter review of the administration and made more illegal rulings on administrative rules, it needs more experience through trial and error to make its judgments closer to administrative practice (Fig. 1).

## Comparison between Taiwan and the United States

The development of the judicial-administrative relationship in Taiwan revealed the features of an autocratic country that has transformed gradually into a democratic one. For a long time, the destiny of Chinese bureaucracy was to serve the emperor. This history naturally made the Taiwanese bureaucracy turn to serve the ruling party after democracy was established. After democratization, the involvement of political influence confused the well-trained bureaucracy and lowered its neutral competency, which gave the judiciary an opportunity to intervene. The development of the judiciary has followed a totally different path. The judicial power was attached to administration and controlled by bureaucrats in ancient China; even at the initial stage of the Republic of China, the judiciary still served the ruling party and the bureaucracy. After democratization, because of self-awareness inside the judicial system, political intervention was completely ruled out of the judicial personnel system, which improved the professionalism of the judicial system and increased its neutral competency. Judicial review started to have influence on the administration.

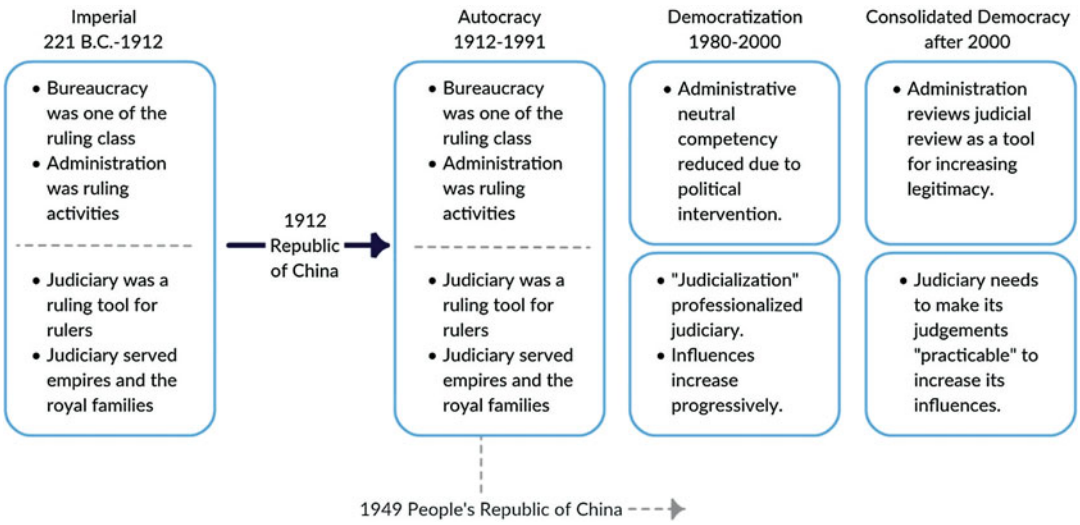


**Interplay Between Judicial Review and Bureaucratic Discretion, Taiwan, Fig. 1** The dynamic interplay between the judiciary and the administration in Taiwan

These features make the judicial-administrative relationship in Taiwan stand out when compared with that in the Unites States. First, Taiwan had a powerful administrative system at the initial stage, while the administration in the States was developed through a "chinking in" process (Stillman 1999). The discussion of powerful "administrative states" (Waldo 1948) was raised 200 years after the country was founded. In contrast, the power of judicial review was written into the Constitution of the United States when the country was founded; that part of regulation was missing in the Constitution of Taiwan. The different paths taken by administrative and judicial apparatuses in Taiwan and in the States imply that the dynamic of power shifts between the administration and the judiciary is different in these two countries. Later on, the Taiwanese judiciary personnel became free from electoral accountability; however, in the States, judges' nominations and states' attorney elections are political activities. The differences in the linkage of the judiciary to politics also imply that the function of judicial review over the administration should be considered differently in these two countries.

Another point worth mentioning is that Taiwan applies a civil law system, not a common law system as in the United States. In a civil law system, the foundations of judicial review are written regulations, not legal precedents. The foundation sets boundaries for judicial review, so it is limited by written laws and results in greater discretion for the administration. In contrast, judicial review in the United States has a greater scope and can thus have influence on budgets and management of public agencies.

## Conclusion

Due to these differences (see Table 1) between Taiwan and the United States, the "partner" relationship between the judiciary and administration in the United State (O'Leary and Wise 1991) may not be applicable in Taiwan. Even though public agencies sometimes require judicial review to correct mistakes and increase administrative legitimacy, they may not treat the judiciary as a "partner" but rather as a "tool" that can be used for the good of the administration. The "tool" thinking puts the administration and the judiciary in unequal positions, which makes the judicial-administrative relationship in Taiwan a different story from that of the United States. More studies should be undertaken to analyze how different historical factors and developmental paths have

**Interplay Between Judicial Review and Bureaucratic Discretion, Taiwan, Table 1** Judiciary and administration comparison between Taiwan and the United States

| | Taiwan (now) | United States | Taiwan (before democratization) |
|---|---|---|---|
| Roles of judiciary | Defined by grand justice ruling no. 185 | Defined in the constitution | Not defined |
| Paths approaching "administrative state" | Constitutionally defined and historically inherited | "Chinking in" | Historically inherited |
| System of administrative laws | Civil law system | Common law system | Civil law system |
| Sources of administrative authority | Legal authority increasing; traditional authority fading | Legal | Traditional |
| Judicial relationship with politics | Personnel is free from electoral accountability | Political activities involved in judicial personnel | Ruling tools for KMT |
| Judicial-administration relationship | Judiciary is a tool for administration to increase legitimacy | Partnership | Judiciary was a tool for administration to rule |

shaped the judicial-administrative relationship in both countries.

## Cross-References


- ▶ Comparative Administrative Culture
- ▶ Complex Interaction of Administration and Law


## References


Carpenter D (2001) The forging of bureaucratic autonomy. Princeton University Press, Princeton

Chen D-Y (2012) Democratic governance: an institutional reconciliation of public administration and democracy. Wunan, Taipei. (in Chinese)

Ginsburg T (2002) Confucian constitutionalism? The emergence of constitutional review in Korea and Taiwan. Law Soc Inq 27(4):763–799

Helco H (1975) OMB and the presidency – the problem of "Neutral competence". Public Interest 38(Winter):80–98

Lin Y-C (2009) The impossibility of legal constraint on bureaucratic discretion: a case study of supreme court rulings. (Master), National Chengchi University, Taipei. (in Chinese)

Luor C-J, Chang W-P (2008) Distributive behaviors of legislators in Taiwan: the influence of industry in electoral division and industrial background of legislators. Taiwan J Polit Sci 35:47–94. (in Chinese)

O'Leary R, Wise CR (1991) Public managers, judges, and legislators: redefining the "New partnership". Public Adm Rev 51(4):316–327

Stillman RJ (1999) Preface to public administration: a search for themes and direction. Chatelaine Press, Burke

Tang C-P, Huang H-S (2008) Democratization and the independence of judiciary in Taiwan. Taiwan Polit Sci Rev 12(2):67–113. (in Chinese)

Waldo D (1948) The administrative state. The Ronald Press Company, New York

Wang C-S (2008) Judicial independence and democratic accountability. Taiwan Polit Sci Rev 12(2):115–164. (in Chinese)

Wang H-H (2017) Policy innovation and the role of the bureaucracy: an analysis of the governing disability of Taiwan after the end of martial law. J Civil Serv 9(3):27–64. (in Chinese)

Weber M (2009) The theory of social and economic organization. Free Press, New York

Weng Y-S (2004) Study of the effectiveness of interpretation of the grand council of justice. In: Wu G (ed) Public law and political theories. Angle.com. (in Chinese), Taipei, Taiwan

Yeh J-R, Chan g-C (2002) Transitional court and the rule of law: on judicial activism of the supreme administrative court in reviewing administrative rules. J Soc Sci Philos 14(4):515–559. (in Chinese)


# Interregional Migration in Canada


Kathleen M. Day[1] and Stanley L. Winer[2]

[1]Department of Economics, University of Ottawa, Ottawa, ON, Canada

[2]School of Public Policy and Administration and Department of Economics, Carleton University, Ottawa, ON, Canada


## Synonyms

Internal migration; Interprovincial migration

## Definition

*Interregional migration* consists of movements of people between geographic regions within a country.

## Introduction

Interregional migration has long been an important component of population change within Canada. Relative to other countries, Canadians appear to be quite mobile; according to Bell et al. (2015), Canada has the sixth highest 5-year internal migration intensity among the 61 countries examined and the ninth highest 1-year internal migration intensity among 45 countries. With respect to 5-year migration intensities, only New Zealand, South Korea, the United States, Australia, and Fiji rank higher than Canada. Moreover, although Canada is known as a country of immigrants, internal migration is a substantial contributor to changes in provincial populations.

## The Nature of Interregional Migration Flows

The magnitude of interregional migration flows depends on the definition of the geographic units being considered. In Canada, only interprovincial migration flows are monitored on an annual basis,

**Interregional Migration in Canada, Table 1** Geographic profile of Canada

| Province | Land area (sq. km) | Population 1911 | Population 2011 | Population density 2011 |
|---|---|---|---|---|
| Newfoundland and Labrador[a] | 370,510.8 | | 514,536 | 1.39 |
| Prince Edward Island | 5,685.7 | 93,728 | 140,204 | 24.66 |
| Nova Scotia | 52,939.4 | 492,338 | 921,727 | 17.41 |
| New Brunswick | 71,377.2 | 351,889 | 751,171 | 10.52 |
| Quebec | 1,356,547.0 | 2,005,776 | 7,903,001 | 5.83 |
| Ontario | 908,607.7 | 2,527,292 | 12,851,821 | 14.14 |
| Manitoba | 552,329.5 | 461,394 | 1,208,268 | 2.19 |
| Saskatchewan | 588,239.2 | 492,432 | 1,033,381 | 1.76 |
| Alberta | 640,081.9 | 374,295 | 3,645,257 | 5.70 |
| British Columbia | 922,509.3 | 392,480 | 4,400,057 | 4.77 |
| Yukon Territory | 474,712.6 | 8,512 | 33,897 | 0.07 |
| Northwest Territories including Nunavut[b] | | 6,507 | | |
| Northwest Territories | 1,143,793.5 | | 41,462 | 0.04 |
| Nunavut | 1,877,787.6 | | 31,906 | 0.02 |
| Canada | 8,965,121.4 | 7,206,643 | 33,476,688 | 3.73 |

Data source: 1911 population, Statistics Canada (1983), Series A2-A14; other data, Statistics Canada (2012)
[a]Newfoundland and Labrador did not join Canada until 1949
[b]The original Northwest Territories were split into a new, smaller Northwest Territories and the new territory of Nunavut in 1999

even though the provinces differ considerably in geographic area and population density. Table 1 lists the ten provinces and three territories, along with their populations in 1911 and 2011, their land areas, and their population densities. The provinces differ greatly in terms of both land area and population density, with tiny Prince Edward Island (PEI) having the highest population density of 24.66 persons per square kilometer and the largest province, Quebec, having a population density of only 5.83 persons per square kilometer (as of the most recent census in 2011). Because the territories account for such a small proportion of the population (0.32% in 2011), they are usually excluded from discussions of internal migration in Canada.

Data on migration are most readily available at the provincial level. However, some information about *intraprovincial* migration can be gleaned from census data. Since 1961 Canadian censuses have included a broad question about individuals' place of residence five years earlier, with an additional question about place of residence one year earlier being added in 1991. From the responses to these questions, one can gain some idea of the relative importance of interprovincial and intraprovincial flows, with an intraprovincial move being defined as a move between two census divisions within the same province (Statistics Canada 2010: 54). Figure 1 shows that for each of the ten provinces of Canada, the proportion of the population that lived in another sub-provincial area in the same province one year earlier is considerably higher than the proportion that lived in another province a year earlier. Only the three territories attract more migrants from elsewhere in Canada than from within. When the time horizon is extended to 5 years, as in Fig. 2, the rates of both types of migration increase in magnitude by two to four times, but intraprovincial migration flows remain larger than interprovincial flows in the ten provinces.

At the provincial level, historical census data indicate that even as early as 1911, when Canada was less than 50 years old and attracting large numbers of immigrants, migration from other provinces was also an important component of provincial population growth. If one defines an internal migrant to a province as someone who was born in another province, then Fig. 3 shows

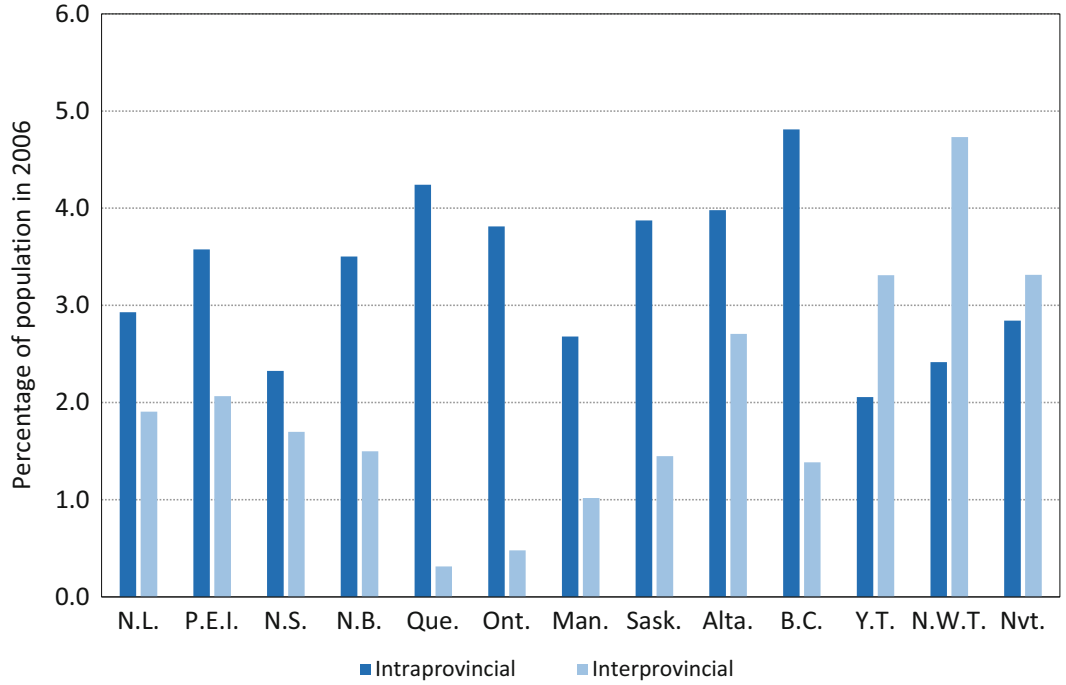


**Interregional Migration in Canada, Fig. 1** Intraprovincial versus interprovincial 1-year migration rates, 2006. (Data source: Statistics Canada (n.d.-a)

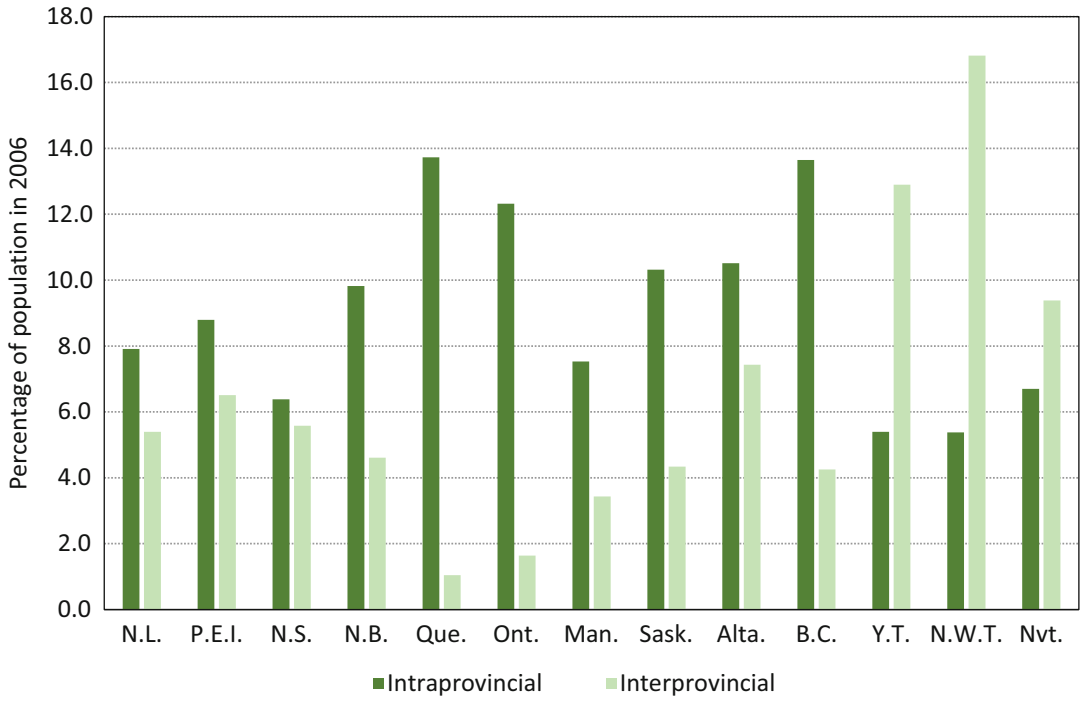


**Interregional Migration in Canada, Fig. 2** Intraprovincial versus interprovincial 5-year migration rates, 2006. (Data source: Statistics Canada (n.d.-a)

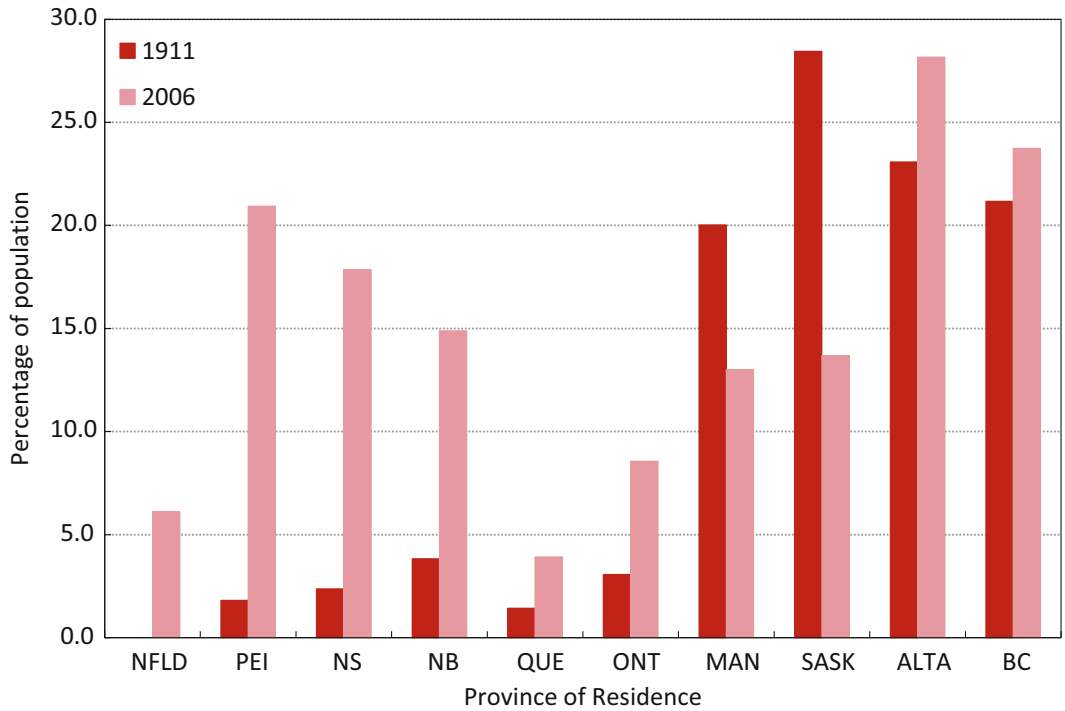


**Interregional Migration in Canada, Fig. 3** Share of provincial population born in another province. (Data sources: 1911 – Statistics Canada (1983), Series A2-A14 and Series A327-338; 2006 – Statistics Canada (2012))

that internal migrants from the other provinces of Canada accounted for over 20% of the population of the four rapidly growing western provinces in 1911; by 2006, when Canada was a more mature country, migrants from other provinces were even more important to provincial populations than in 1911 in all provinces except Manitoba and Saskatchewan.

In addition to collecting information on internal migration through the census, which is conducted every 5 years, Statistics Canada also publishes annual estimates of migration flows between provinces dating back to 1971/1972. These estimates measure flows between July 1st of the initial year and June 30th of the subsequent year. As Fig. 4 indicates, they suggest that the proportion of the Canadian population that moves between provinces each year has decreased steadily, from 1.77% in 1971/1972 to an estimated 0.79% in 2014/2015. Nonetheless, this relatively low value of 0.79% is higher than the 1-year rates of interstate migration in the United States shown in Molloy et al. (2011), although whether rates of interprovincial and interstate migration are directly comparable given the very different areas and population densities of Canadian provinces and US states is not clear.

Despite the decline in the overall rate of interprovincial migration in Canada, net migration flows to individual provinces are quite volatile. Beginning with the easternmost provinces, Fig. 5 shows that net migration to the four relatively small Atlantic provinces has tended to be negative in most years, with Newfoundland and Labrador in particular losing large numbers of people to other provinces. Figure 6 reveals that the province of Quebec has fared even worse than Newfoundland and Labrador, experiencing negative net migration flows in every one of the 43 years pictured. Figure 7 indicates that the Prairie provinces of Manitoba and Saskatchewan have also experienced a net loss of population throughout most of the period, although more recently

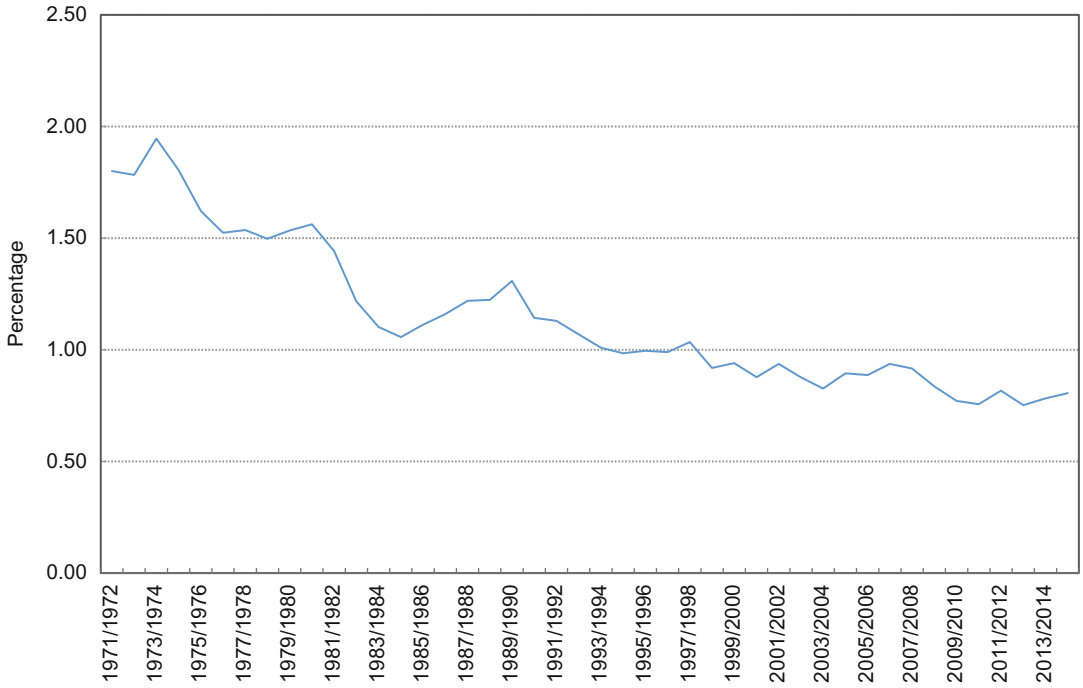


**Interregional Migration in Canada, Fig. 4** Interprovincial migration as a percentage of the Canadian population 1971/1972 to 2014/2015. (Data source: Statistics Canada (n.d.-b, n.d.-d)

Saskatchewan enjoyed positive net inflows from mid-2006 to mid-2013.

The preponderance of negative net migration flows in Figs. 5, 6, and 7 raises the question of where all these migrants have ended up. This question is answered by Fig. 8, which presents net migration flows for the three remaining provinces, the central province of Ontario and the two westernmost provinces of Alberta and British Columbia (BC). Together these three provinces appear to have been the primary beneficiaries of the net outflows from the other provinces, although not always at the same time. Figure 8 shows, among other things, that when net inflows to Ontario are positive, they tend to be negative to Alberta and/or BC, and vice versa. Of the three provinces, Alberta is the one that has most often experienced population gains through net migration, with the most prominent exception occurring during the 1980s. This is no doubt why Alberta is the province with the highest share of Canadian-born residents who were born in another province, at 28.2% in 2006, as shown in Fig. 3.

## Economic Opportunities and Internal Migration

Another question that arises after examining Canadian migration data is what factors have induced the swings in net migration flows that are illustrated in Figs. 5, 6, 7, and 8. These factors can be subdivided into two principal categories: factors related to economic opportunities and policy-related factors. Differences in economic opportunities can be measured by differences between provinces in incomes and unemployment rates. As Fig. 9a, b illustrate, disparities in real household per capita disposable (i.e., after taxes and transfers) incomes have been a feature of the Canadian economy for decades. More importantly, the relative positions of the different provinces about the Canadian mean have remained fairly stable since 1926. Since Newfoundland and Labrador joined Confederation in 1949, Ontario, Alberta, and BC have been the only three provinces in which real disposable household income per capita spent much time above the

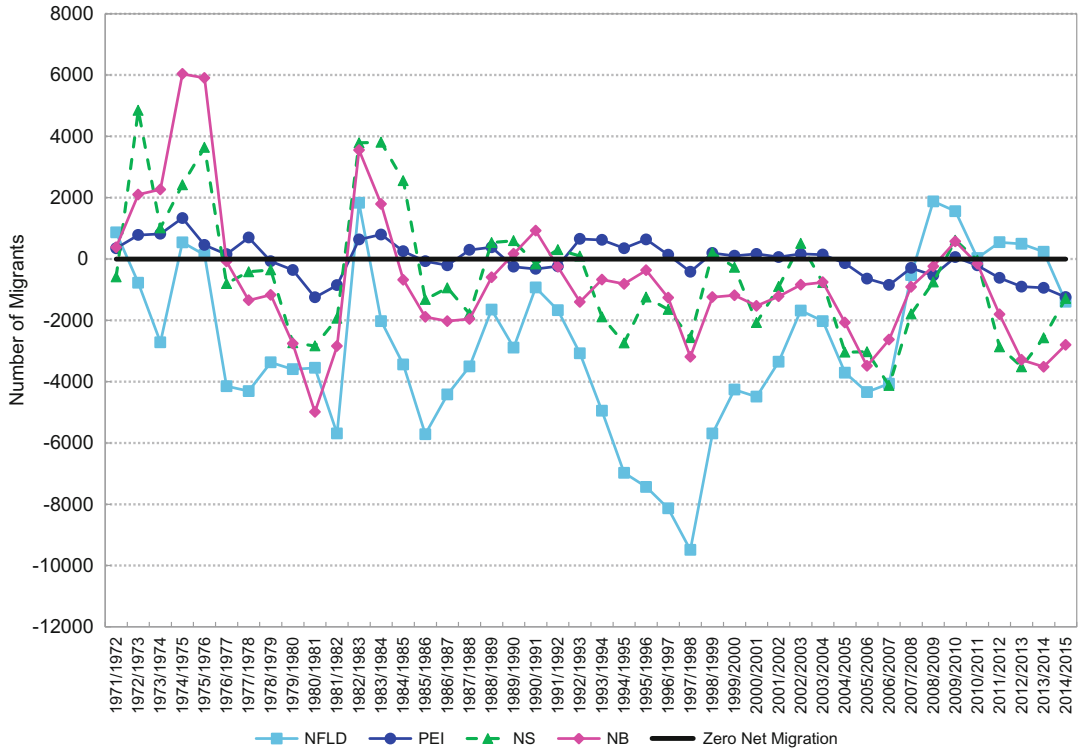


**Interregional Migration in Canada, Fig. 5** Net migration to Atlantic provinces, 1971/1972 to 2014/2015. (Data source: Statistics Canada (n.d.-c)

average. In all other provinces, real disposable household income per capita has remained below the Canadian average throughout most of the period since 1926. Although the figures also show that these disparities have narrowed over time, they do suggest the existence of an incentive to move from the poorer provinces to the richer ones. In 2013 the real disposable income gap between the poorest province, PEI, and the richest one (largely a result of natural resource exploitation), Alberta, amounted to $10,734 constant 2002 dollars per person. Numerous econometric analyses of interprovincial migration in Canada have found that holding other factors constant, income/wage differentials do encourage individuals to move from low-income to high-income provinces (e.g., Grant and Vanderkamp 1976).

It is also interesting to note that despite the fact that the relative positions of the provinces with respect to real per capita household disposable income have been surprisingly stable over the 87-year period depicted in Fig. 9a, b, some important changes have occurred that appear to be correlated with changes in net migration patterns. For example, Fig. 8 shows that net migration to Canada's most populous province, Ontario, turned negative in 2003–2004 and has remained negative ever since. Net migration to Alberta was quite high during that period, with the exception of the year 2009–2010. It is likely not a coincidence that as shown in Fig. 9a, during this same period the per capita income differential between the two provinces widened considerably. Similarly, increases in net migration to Newfoundland beginning in 1999/2000 (see Fig. 5) coincided with a 28% increase in real per capita disposable income in that province between 1998 and 2013, which is visible in Fig. 9a.

Although time-series data on provincial unemployment rate differentials are not available for as long a time period as data on income differentials, statistical measures such as the coefficient of variation suggest that they are even larger. (The

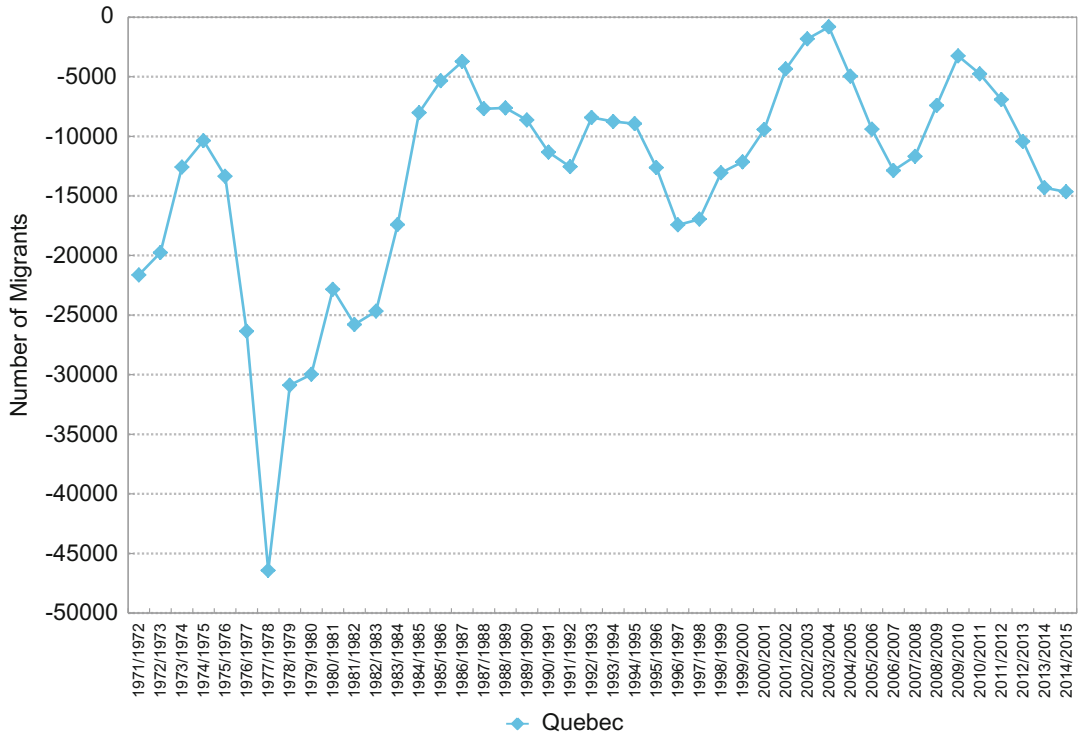


**Interregional Migration in Canada, Fig. 6** Net migration to Quebec, 1971/1972 to 2014/2015. (Data source: Statistics Canada (n.d.-c)

coefficient of variation is equal to the standard deviation divided by the mean.) Figure 10a, b present provincial unemployment rates relative to the Canadian national unemployment rate during the period 1976–2015. The narrowing of provincial disparities that is apparent in Fig. 9a, b is not evident in Fig. 10a, b. However, disparities between provinces clearly do exist, and as in the case of real income differentials, the relative positions of the provinces change very little over time. For the most part, the pattern observed here is the reverse of that in Fig. 9a, b, in that Alberta and Ontario have had below-average unemployment rates throughout most of the period, signifying better employment opportunities, while the four Atlantic provinces and Quebec, the provinces that have experienced the greatest loss of population through net migration, have consistently had above-average unemployment rates. Holding all else constant, economic models of migration behavior predict that individuals will tend to move from high-unemployment to low-unemployment regions, and to a large extent net migration patterns in Canada are consistent with such behavior. Econometric studies of interprovincial migration have been somewhat less conclusive on this point, however, perhaps because low-unemployment provinces also tend to be high-wage provinces, causing the effects of these two economic drivers of migration flows to become confounded. In addition, as discussed below, certain government policies in place in Canada are directly linked to unemployment rates and may mute the effect of unemployment differentials.

No discussion of the effects of economic factors such as wages and unemployment rates on migration would be complete without a brief discussion of some of the factors underlying provincial differences in these economic variables. In the Canadian case, the allocation of natural resources across the country plays an important role, particularly in the case of oil and natural gas. Canada's

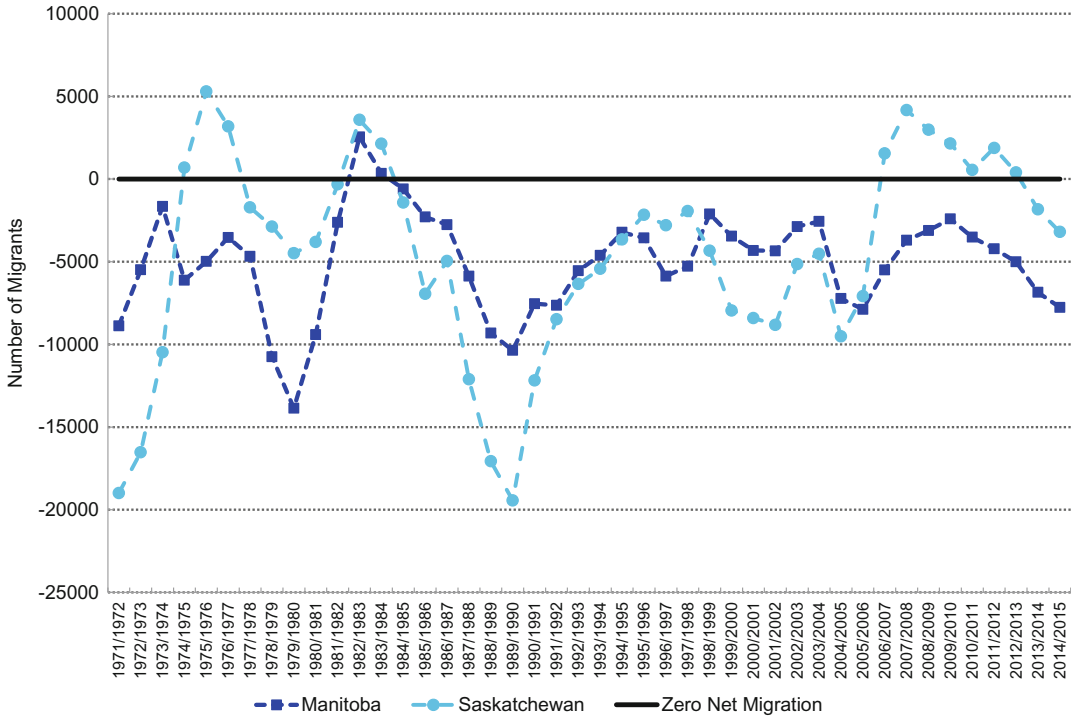


**Interregional Migration in Canada, Fig. 7** Net migration to Manitoba and Saskatchewan 1971/1972 to 2014/2015. (Data source: Statistics Canada (n.d.-c)

oil and gas reserves are found primarily in the province of Alberta, with more limited amounts of both oil and natural gas being produced in Saskatchewan and British Columbia. On the east coast, the development of offshore oil since the early 1990s has had an important positive impact on Newfoundland's economy in particular. Much of the reduction in Newfoundland's unemployment rate and increase in its real disposable household income per capita since 2006 can be attributed to the expansion of its oil industry. Similarly, the oil industry is responsible for much of the gap in per capita incomes and unemployment rates between Alberta and the other provinces since the early 1980s, and it is this industry in particular that has drawn many migrants to Alberta. The heavy reliance of these provinces on one particular industry, however, has left them vulnerable to fluctuations in the price of oil such as the sudden collapse of oil prices in late 2014. The economies of Alberta and Newfoundland have been particularly hard-hit by this collapse, leading to increases in unemployment rates in both provinces that are evident in Fig. 10a. The full effect of the decline in oil prices has yet to be observed in the net migration data in Figs. 5 and 8.

Another economic factor that influences interregional migration in Canada is the cost of moving. Although it is difficult to measure – a complete measure of moving costs would include both monetary and nonmonetary costs of moving – it is generally agreed that moving costs are positively related to the distance between origin and destination. A negative correlation between migration flows from one province to another and the distance between them, holding other possible determinants of migration constant, is one of the strongest and most consistent results found in econometric studies of interprovincial migration in Canada. Yet another non-policy factor that cannot be ignored in migration studies in Canada is

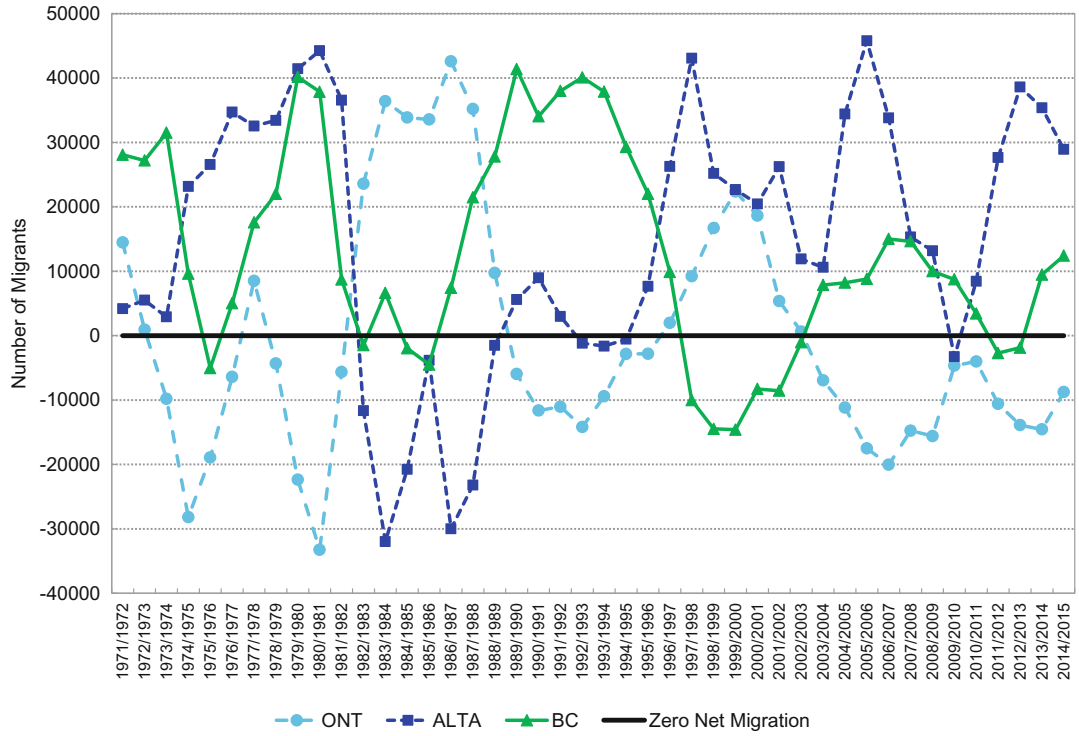


**Interregional Migration in Canada, Fig. 8** Net migration to Ontario, Alberta, and British Columbia 1971/1972 to 2014/2015. (Data source: Statistics Canada (n.d.-c)

language; Canada is an officially bilingual country with an uneven distribution of French and English speakers across the provinces. The predominance of the French language in Quebec and the English language elsewhere means that an inability to speak one of the two official languages serves as a potential barrier to migration into and out of Quebec.

Finally, one should consider the reasons for the downward trend in interprovincial migration rates illustrated in Fig. 4, from over 1.5% in 1971/1972 to less than 1% in 2013/2014. One hypothesis is that this downward trend is due to the aging of the Canadian population that has occurred steadily over this period. It is clear from migration studies on Canada and elsewhere that (ceteris paribus) older people do not move as often as younger adults. A second, not mutually exclusive, possibility is that the downward trend is due to the convergence of provincial per capita incomes that has occurred over the period illustrated in Fig. 9. These hypotheses have not yet been tested against each other.

## Interprovincial Migration and Public Policy

Tiebout (1956) was one of the first economists to draw attention to the possibility that public policies could influence migration decisions, arguing that individuals would "vote with their feet" by choosing the community that offered the tax and benefit package that they most preferred. Since then, the effect of public policy on interprovincial migration flows has been a subject of much debate among economists in Canada. Because provincial governments have considerable autonomy with respect to fiscal policy, there exist differences between provinces in terms of public services and taxation that could in principle influence migration flows. Provincial differences in sales

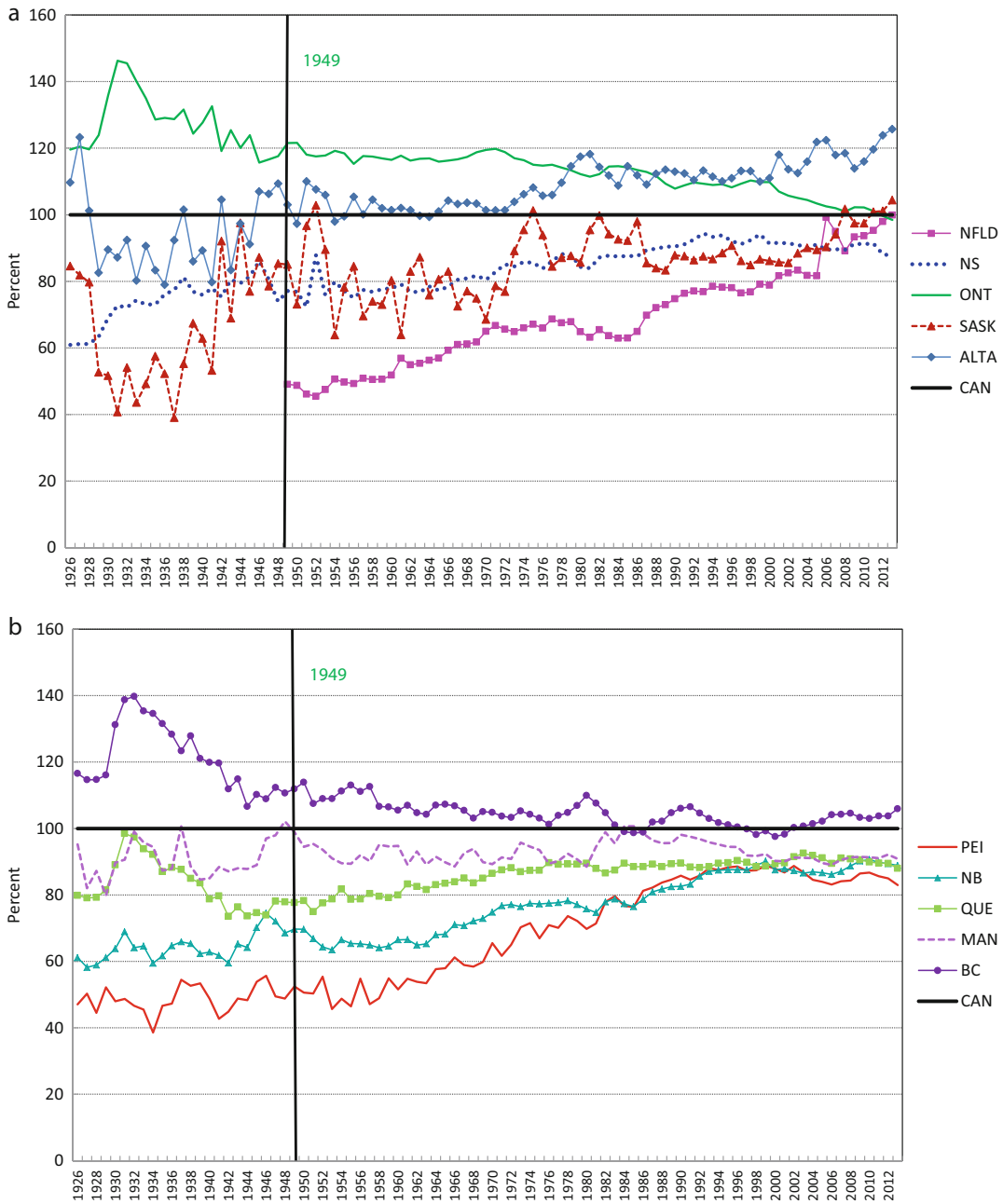


**Interregional Migration in Canada, Fig. 9** (**a**, **b**) Real household disposable income per capita relative to Canadian value, 1926–2013. (Data source: Statistics Canada (n.d.-f)

taxes and personal income taxes have been particularly marked. In particular, the government of Alberta has not collected a general sales tax since 1937. At the other extreme, the Harmonized Sales Tax (HST) rate in Nova Scotia in mid-2016 was 15%, of which 5% constituted the Canada-wide federal rate and the remaining 10% constituted the provincial rate (CRA 2016). Alberta has also for many years imposed the lowest provincial personal income tax rate in the country. In 2014,

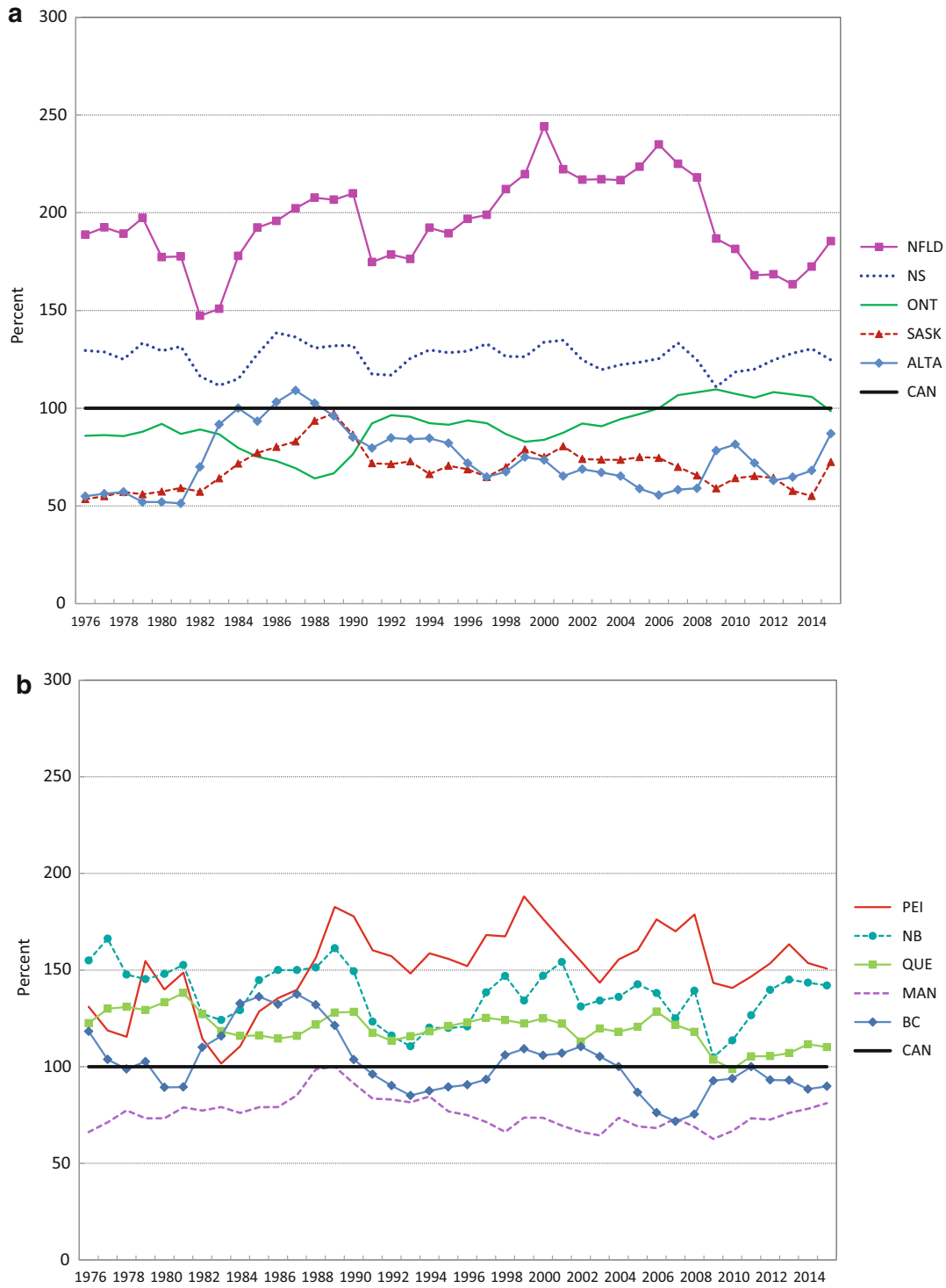


**Interregional Migration in Canada, Fig. 10** (**a**, **b**) Provincial unemployment rates relative to Canadian rate 1976–2015. (Data source: Statistics Canada (n.d.-e)

for example, it imposed a flat rate of 10% on incomes earned within the province (Alberta 2016). In comparison, in Quebec provincial marginal personal income tax rates ranged from 16% on taxable incomes up to $41,495 to 25.75% on incomes above $100,970 (Revenu Quebec 2015). However, these differences are beginning to narrow, as the worldwide collapse in oil prices and resulting contraction of Alberta's oil industry has led to a loss of government revenue that prompted that province to introduce a progressive income tax in 2015, with the highest marginal tax rate rising to 15% in 2016 (Alberta 2016).

While there is no doubt that tax differences that affect households exist in Canada, it is harder to estimate their impact on interprovincial migration flows. Holding all else constant, one would expect that higher income or sales taxes in a province would provide individuals with a disincentive to move to that province. Some empirical studies of the determinants of migration use after-tax incomes or wages as their income measure – see, for example, Day and Winer (2012) – which implies that any income tax change that reduces after-tax incomes will reduce inflows of migrants into a province.

On the expenditure side, provincial governments may also attract migrants by offering better public services. Education and health care are two types of public services that may be of particular interest to migrants. Although in the health-care domain provinces are constrained somewhat by the Canada Health Act, there are no such constraints on the provision of public education (although the provinces do receive education-related transfer payments from the federal government). Despite the lack of national standards for education, educational systems are fairly similar in structure across Canada, with the primary exception being the province of Quebec, where students graduate from high school in Grade 11 and then usually spend one or two years at a CEGEP, or "Collège d'enseignement général et professionnel." (University-bound students in Quebec must attend 2 years of CEGEP after graduating from high school.) Education in public schools up till the completion of Grade 11 in Quebec and Grade 12 in the other provinces is free; tuition fees at CEGEPs are also nominal for Quebec residents. However, curricula and the quality of education may vary across provinces. Efforts to evaluate empirically the effects of provincial differences in the provision of public services on migration flows have been hampered by the fact that the only available data pertain to differences in per capita spending, not the quality of the services provided, although there exists some evidence that migrants are more likely to move to provinces that spend more per capita on public services, especially education and health care, holding all else equal.

Although the natural place to start when looking for policies that might influence interregional migration flows is at the regional government level, Canadian economists have long been concerned about the potential effects on interprovincial migration of two *federal* government policies: unemployment insurance and equalization payments (e.g., Courchene 1970). If unemployment insurance payments in Canada were based solely on the individual's level of income prior to becoming unemployed and the length of time the individual had been employed, there would be little reason to expect unemployment insurance to influence interregional migration decisions. However, since 1971 the Canadian unemployment insurance system has included what is known as a *regional extended benefit*, a provision that links the number of weeks of benefits to which an individual is entitled to the current local unemployment rate. Although all provinces have typically included some high-unemployment regions where individuals are entitled to more generous benefits, there tend to be more such regions in high-unemployment provinces. Thus, it has been argued that the regional extended benefit provides a disincentive to leave high-unemployment regions/provinces in order to seek jobs elsewhere.

In 1977 the correlation between unemployment insurance (UI) benefits and regional unemployment rates was further strengthened by the introduction of the *variable entrance requirement*, which linked the number of weeks of work required to qualify for benefits to the local unemployment rate. In regions with high

unemployment rates, fewer weeks of work were required to qualify for benefits. This provision too may provide a disincentive to migrate from high-unemployment regions, since it is harder to qualify for unemployment benefits in low-unemployment regions.

Although the Canadian unemployment insurance system has undergone many changes since 1977, including a change in name to "Employment Insurance" (EI) in 1996 and a reformulation of qualifying conditions in terms of hours of work rather than weeks of work, both the regional extended benefit and the variable entrance requirement (VER) remain prominent features of the Canadian EI system. As of July 2016, the number of weeks of regular benefits to which an individual with 700–734 h of work would be entitled ranged from 14 for individuals who lived in EI regions with unemployment rates below 6% to 36 weeks for individuals who lived in EI regions with unemployment rates above 16%. Moreover, under the VER an individual living in a region with an unemployment rate above 16% actually needs only 420 h of work to qualify for benefits and would be entitled to 32 weeks of regular benefits in that case; an individual living in a region with an unemployment rate below 6% would need to work at least 700 h to be entitled to any regular benefits at all and would receive no more than 14 weeks of benefits unless he/she had worked for more than 734 h (Canada 2016). While each individual's situation is different, the substantial size of these interregional differences in benefits explains why they have been the subject of some concern with respect to their potential impact on migration flows. Unfortunately, the strong correlation between UI/EI benefits and unemployment rates has made it extremely difficult to distinguish empirically their separate impacts on interprovincial migration in Canada. The question of their effect on interprovincial migration flows has not been conclusively resolved, but there is some evidence that if regional differences in UI do affect migration flows, the effect is smaller than that of interprovincial differences in wages and unemployment rates and is not large enough to substantially alter the state of regional labor markets (Day and Winer 2012).

The situation with respect to equalization payments in Canada is a little different from that of EI, since EI involves payments from the federal government to individuals but equalization payments are transfers between levels of government. Under Canada's equalization system, which was first introduced in 1957 and enshrined in the Constitution in 1982, "[p]arliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services and reasonably comparable levels of taxation" (Constitution Act, 1982, s 36). While the identities of "have" and "have-not" provinces have fluctuated somewhat over the years, the provinces receiving payments have tended to be those with relatively high unemployment rates and relatively low average incomes, leading to the concern that by providing poorer provincial governments with the means to provide more generous services per dollar of taxation than would otherwise have been the case, equalization payments have discouraged individuals from leaving high-unemployment, low-wage provinces.

Countering this pessimistic view of the effect of equalization payments on interprovincial migration flows is the argument put forward by Graham (1964) and Boadway and Flatters (1982). They argue that richer provinces might be attracting too many, not too few, migrants from the point of view of the economic efficiency of the country as a whole, precisely because their relative wealth allows them to provide more generous services at lower levels of taxation on individuals, thus divorcing earned incomes or marginal productivities from net incomes (after taxes and transfers). Boadway and Flatters' argument was motivated by the case of the oil-rich province of Alberta, which had access to revenues from oil and gas royalties not available to most other provinces, and thus was able to provide quite generous levels of public services while keeping taxes on individuals low (as has already been discussed).

Again, it is difficult to test empirically which of these competing arguments with respect to equalization payments predominates, because higher provincial government wealth, which tends to

reduce equalization grants, is correlated with better job opportunities. Also, it is not equalization grants paid by the federal government to the recipient provinces that matter in the end, but rather what the recipient governments do with the money. The existing, albeit limited, empirical evidence that per capita government spending on services such as health care and education, which are supported by equalization payments, is positively correlated with migration does provide an avenue through which these grants could influence migration flows. However, it is difficult to reliably quantify their impact.

Lastly, several large, discreet, and extraordinary policy shocks to the Canadian economy in the latter half of the twentieth century have demonstrated that while it is difficult to measure the effect of incremental changes in policy like adjustments to EI or changes in provincial tax rates, very large policy events do have a measurable effect on migration flows. One of these policy shocks was the sudden closure of the cod fishery off the coast of Newfoundland in July of 1992, which has been estimated to have put 30,000 people out of work (Higgins 2009). One empirical study finds that this sudden shock to the economy of Newfoundland and Labrador reduced net in-migration to the province by at least 18,000 people over the 1992–1996 period, after controlling for other factors that influence migration flows (Day and Winer 2012). The sudden drop in net migration to Newfoundland after the fishery shutdown is apparent in Fig. 5; net migration did not begin to increase again until 1998/1999.

The other two large policy events that have affected interprovincial migration flows in Canada involved the province of Quebec. First, in November 1969 the provincial government attempted to restrict access to English-language education through Bill 63, which raised considerable anxiety among the province's Anglophone population and immigrants to the province. Not quite a year later, the province was rocked by the kidnapping and execution of a provincial cabinet minister and the kidnapping of the British Trade Commissioner by members of the separatist Front de Libération du Québec (FLQ). Together these events led to a large increase in out-migration flows from Quebec. Second, the election of a separatist government in the province in 1976, followed by the passing of the restrictive language law Bill 101, stimulated yet more out-migration from the province. In fact, as Fig. 6 indicates, net migration to Quebec fell to its lowest levels ever in 1977/1978. Day and Winer (2012) estimate that these political events caused Quebec to experience a net loss of about 25,000 people during the 1969–1971 period and a further net loss of at least 26,000 people between 1976 and 1980, after controlling for other factors.

## Conclusions

Although annual interprovincial flows may appear to be small in magnitude, interregional migration plays an important role in determining the regional allocation of labor in the Canadian economy. This migration, in principle, contributes to the functioning of the Canadian labor market. By inducing workers to locate where their marginal productivity is relatively high, migration tends to lead to higher average earned incomes while at the same time equalizing incomes across the country as a whole.

It is clear from the empirical evidence that market wages and employment prospects are the main drivers of interregional migration in Canada, suggesting that the internal labor market functions reasonably well. However, the quantitative contribution of this migration to the level and distribution of earned incomes in the country is not actually known, nor is this a well-studied issue. It is not clear how important interregional migration is as a driver of economic prosperity as compared to, say, international immigration or technical change, although one study concluded that interprovincial migration was responsible for about 6% of the growth in labor productivity in Canada in 2006 (Sharpe et al. 2007).

Existing empirical evidence also indicates that extraordinary changes in public policy (such as the 1992 closing of the east coast cod fishery) have substantially altered interregional migration patterns, with other more regularized policies that can be measured, such as regionally differentiated

Employment Insurance benefits, probably having a more limited impact. One should note that there also exist many government regulations and laws that attempt to insulate regional labor markets from the competition that would occur if migration within the country was easier. These policies are harder to measure, and likely for this reason their effects on migration remain to be investigated. In view of the importance of federal grants to provincial public finances, it would also be desirable to quantify the extent to which the equalization system in Canada alters interregional migration patterns.

Both with respect to the role of the market and with respect to the role of public policy, substantial issues and problems concerning the determinants and consequences of interregional migration in Canada have yet to be fully explored.

## References


Alberta Treasury Board and Finance (2016) Alberta personal income tax calculator for the 2015 tax year. Retrieved June 30, 2016 from http://www.finance.alberta.ca/calc-script/tax_calc-2015.html

Bell M, Charles-Edwards E, Ueffing P, Stilwell J, Kupiszewski M, Kupiszewski D (2015) Internal migration and development: comparing migration intensities around the world. Popul Dev Rev 41(1):33–58

Boadway R, Flatters F (1982) Efficiency and equalization payments in a federal system of government: a synthesis and extension of recent results. Can J Econ 15(4): 613–633

Canada (2016) EI regular benefits – how much you could receive. Retrieved July 20, 2016 from http://www.esdc.gc.ca/en/ei/regular_benefit/benefit_amount.page

Canada Revenue Agency (CRA) (2016) GST/HST calculator and GST/HST rates table. Retrieved June 30, 2016 from http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rts-eng.html

Constitution Act, 1982, being Schedule B to the Canada Act 1982 (UK), c 11. http://laws-lois.justice.gc.ca/eng/const/page-15.html#h-38

Courchene TJ (1970) Interprovincial migration and economic adjustment. Can J Econ 3(4):550–576

Day KM, Winer SL (2012) Internal migration and public policy in Canada: an empirical study. McGill-Queen's University Press, Montreal

Graham J (1964) Fiscal adjustment in a federal country. In: Graham J, Johnson A, Andrews J (eds) Intergovernment fiscal relationships. Canadian tax paper no 40. Canadian Tax Foundation, Toronto, pp 3–34

Grant EK, Vanderkamp J (1976) The economic causes and effects of migration: Canada, 1965–71. Economic Council of Canada, Ottawa

Higgins J (2009) Cod moratorium. Newfoundland and Labrador Heritage Web Site. Retrieved July 4, 2016 from http://www.heritage.nf.ca/articles/economy/moratorium.php

Molloy R, Smith CL, Wozniak A (2011) Internal migration in the United States. J Econ Perspect 25(3):173–196

Revenu Quebec (2015) Rates, thresholds and amounts related to source deductions and contributions for 2014. Retrieved June 30, 2016 from http://www.revenuquebec.ca/en/salle-de-presse/nouvelles-fiscales/2013/2013-11-15(1).aspx

Sharpe A, Arsenault J-F, Ershov D (2007) The impact of interprovincial migration on aggregate output and labour productivity in Canada, 1987–2006. Research report 2007-02. Centre for the Study of Living Standards, Ottawa

Statistics Canada (n.d.-a) 2006 Census of Canada special interest profile: immigrant status and place of birth, immigrant status and period of immigration, age groups, sex and selected demographic, cultural, labour force, educational and income characteristics, for the total population of Canada, provinces, territories, census metropolitan areas and census agglomerations. Statistics Canada Catalogue no 97-564-XCB2006008. Ottawa. Released December 9, 2008. Retrieved June 22, 2016 from the Canadian Census Analyzer

Statistics Canada (n.d.-b) Table 051-0001 – estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons unless otherwise noted). CANSIM (database). Retrieved June 15, 2016 from http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng

Statistics Canada (n.d.-c) Table 051-0004 – components of population growth, Canada, provinces and territories, annual (persons). CANSIM (database). Retrieved June 15, 2016 from http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng

Statistics Canada (n.d.-d) Table 051-0012 – interprovincial migrants, by age group and sex, Canada, provinces and territories, annual (persons). CANSIM (database). Retrieved June 15, 2016 from http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng

Statistics Canada (n.d.-e) Table 282-0002 – labour force survey estimates (LFS), by sex and detailed age group, annual (persons unless otherwise noted). CANSIM (database). Retrieved June 23, 2016 from http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng

Statistics Canada (n.d.-f) Table 384-5000 – data on long-run provincial and territorial economic performance, annual (dollars unless otherwise noted). CANSIM (database). Retrieved September 9, 2015 from http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng

Statistics Canada (1983) Historical statistics of Canada, 2nd edn. Statistics Canada Catalogue 11-516-X. Ottawa. Retrieved from http://www.statcan.gc.ca/pub/11-516-x/11-516-x1983001-eng.htm

Statistics Canada (2010) 2006 Census public use microdata file (PUMF) – individuals file – documentation and user guide. Catalogue no 95M0028XVB. Ottawa
Statistics Canada (2012) Population and Statistics Canada. Table 051-0001 – estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons unless otherwise noted) dwelling counts, for Canada, provinces and territories, 2011 and 2006 censuses (table). Population and dwelling count highlight tables. 2011 census. Statistics Canada Catalogue no 98-310-XWE2011002. Released February 8, 2012. Retrieved June 23, 2016 from http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/hlt-fst/pd-pl/File.cfm?T=101&SR=1&RPP=25&PR=0&CMA=0&S=10&O=A&LANG=Eng&OFT=CSV
Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424

# Involuntary "Members"

Brittany L. Peterson[1] and Kristen E. Okamoto[2]
[1]Ohio University, Athens, OH, USA
[2]Clemson University, Clemson, SC, USA

## Synonyms

Beneficiaries; Members without agency; Unplanned members; Unsolicited members

## Definition

Involuntary "members" are those individuals whose relationships with an organization, group, or community are without choice; rather they are mandatory, compulsory, and enforced against their will. Nonprofit and volunteer organizations often serve beneficiaries who are currently in or attempting to separate from these types of organizational relationships.

## Introduction

Historically, nonprofit organizations (NPOs) have been perceived as altruistic entities that exist for the betterment of society. They are typically understood to be voluntary organizations created to meet a public need where beneficiaries go to willingly receive services. And while this is true in part, this prevailing assumption has been challenged in recent years with the corporatization of the nonprofit industry. This shifting landscape of nonprofits has expanded our understanding of what it means to engage in nonprofit work. In particular, this shift has introduced acknowledgement of a type of nonprofit stakeholder known as an involuntary "member" or an involuntary "beneficiary."

The term "member" is often used to represent organizational relationships where people officially join and become members (e.g., gym memberships). This entry, however, does not specifically discuss membership in the context of nonprofit membership organizations such as associations or social clubs. Rather the term is used to analyze individual-organizational relationships more broadly with the focus on individuals who are considered to be the beneficiaries or receivers of services from the organization. It is in this vein that scholarship defines *involuntary* members as those individuals whose relationship with the organization is without choice or imposed upon them against their will (Peterson and McNamee 2016).

The entry begins by describing the concept of involuntary membership, which is rooted in scholarly conversations about stigma and total institutions in traditional for-profit or governmental organizations. Next, is a discussion of nonprofit and volunteer organizations that serve beneficiaries who are or have been involuntary "members" of other institutions. Examples of nonprofit clientele in this situation are those who struggle with at least one of three different challenges – health, displacement, and transition. The entry concludes with a discussion of the challenges and benefits of participating in this kind of work.

## Historical Roots

In the early 1960s, scholars began conversations about total institutions, such as prisons and asylums, which are organizations whose members or recipients of service are largely cut off from the

rest of society for extended periods of time (Foucault 1975; Goffman 1961, 1963). These institutions often house stigmatized individuals, or outcasts, who do not adhere to societal norms and expectations. The organizations were often physically set up to encourage the feeling of constant supervision, and consequently, compliance, a phenomenon known as panoptic control. In the example of a prison, a panoptic arrangement is one in which the watcher, a correctional officer in this case, can see all of the inmates but the inmates cannot see the watcher. This type of spatial arrangement gives the watcher a lot of control over the prison's inmates in so much as the inmates begin to act as if they are constantly being watched – even when they are not. This body of scholarship began to draw attention to the main service recipients in these kinds of institutions who have little, if any, control over their own daily lives. The kind of individuals housed in these institutions was later termed "involuntary members."

## Scholarship on Involuntary "Membership"

Typically, membership is thought of in categorical ways. For instance, the members of organizations could include. However, there are other ways to understand organizational membership. More specially, membership can be understood along a continuum from voluntary to involuntary, where involuntary membership indicates situations where individuals – including staff, employees, or beneficiaries – have very little control over their situations (Peterson and McNamee 2016). Scholarly work in this area suggests that people create their organizational experiences through their communication with superiors, subordinates, colleagues, covolunteers, and others. Through these interactions, they negotiate how much or how little control they have over the five different areas or facets of organizational experience, including their physical environment, mobility, relationships, body, and engagement. The greater control they have over each of the areas, the closer they will skew to the voluntary side of the "membership" continuum. The lesser control they have over these areas, the closer they will be to the involuntary side of the continuum.

The nature of membership – or one's relationship to an organization be that as a member or as a beneficiary – can be understood through one or more of the following five aspects of organizational experience: physical environment, mobility, relationships, body, and engagement. The physical environment relates to anything tangible that surrounds an individual in an organization, such as noises they hear, sights they see, possessions they have, or spaces they live in. For example, in the most extreme involuntary situations, individuals do not have control over the lighting in their rooms, the layout of the furniture, or the belongings in their space. The level of mobility speaks to an individual's freedom and capacity to move within, through, or around an organization. For instance, people in involuntary situations are often constrained in their ability to exit the organization that they are a part of without prior approval or permission. Another aspect is the extent to which individuals have autonomy over their relationships in an organization. For example, within involuntary organizations, living mates are often assigned and contact with outsiders, including family or friends, can be limited and/or monitored. Additionally, the aspect of body speaks to the corporeal experience of individuals and the degree to which they maintain control over their bodies. In some involuntary situations, individuals find that their body is frequently controlled, restrained, or abused by others. Finally, the organizational experience can be characterized according to engagement, which involves assessing the degree of voluntary participation in organizational activities or processes or the receipt of services from the organization. In the most involuntary of organizations, individuals might be forced to accept services or mandated to participate in activities by the organization.

## Types of Involuntary Nonprofit Beneficiaries

Overall, the continuum view of membership helps scholars and practitioners to characterize the different experiences that individuals might have with their respective organizations. Of particular interest to the present entry are beneficiaries

whose relationships with their respective nonprofit organizations are somewhat involuntary in nature. These individuals are often in circumstances that are outside of their control, they have little power, and they are dependent on NPOs to help them survive or to provide support, housing, or other basic needs. Accordingly, this section discusses three different types of involuntary beneficiaries who depend on NPO support: (1) individuals struggling with health conditions, such as developmental disabilities; (2) displaced individuals, such as individuals experiencing homelessness, and (3) individuals in transition, such as parolees. In each section, a type of involuntary beneficiary is identified and subsequently linked to one or more of the five aspects of membership to illustrate the ways in which they experience being involuntary members. Taken together, examination of these types of involuntary beneficiaries and their respective NPOs reveal unique commonalities when contrasted with traditional perspectives of nonprofit stakeholders.

## Involuntary Beneficiary: Individuals Struggling with Health Conditions

Within the context of the United States, many NPOs meet the needs of individuals struggling with various health conditions, including substance abuse and chronic disease. To begin, individuals living with substance abuse issues may receive services from various health providers. These individuals may be placed on the continuum of involuntary membership as they are generally subject to restricted mobility. That is, they are unable to physically exit or leave treatment facilities at will without prior permission from a medical professional. For instance, they may be placed into court-ordered counseling or treatment programs and may lose privileges that affect their mobility, such as losing a driver's license until they fulfill the conditions of the court order. In general, NPOs addressing substance abuse issues may be divided into self-help organizations, such as Alcoholics Anonymous, where individuals seek support for their own addiction, and support services, such as Al-Anon, an NPO that supports people who have a family member struggling with alcohol addiction. These organizations either organize to help those who are directly dealing with addiction issues, or family members who are living with individuals living with these issues. In sum, NPOs organized to address health issues tend to privilege the promotion of services, while still operating within current organizational and governmental structures and regulations.

Another particularly salient group of beneficiaries who receive services provided by NPOs are those living with chronic disease including Crohn's disease, fibromyalgia, and diabetes. These individuals are considered involuntary beneficiaries for a number of reasons. First, they are brought into and must maintain particular relationships with their doctors based on their unique health condition. Next, their physical surroundings are fixed, and often outside of their control as they are often surrounded by equipment like dialysis machines. Finally, individuals living with chronic health conditions often have little control over their bodies, as would be the case for a Crohn's patient living with a colostomy bag. One condition, in particular, has been given considerable attention: individuals living with HIV/AIDS. Between the 1980s and 1990s, nonprofit organizations in the United States received substantial governmental resources to address the growing epidemic. NPOs provide important medical service to individuals living with HIV/AIDS, including prophylactic measures such as screenings and pharmaceutical distribution. NPOs organized to address these issues may provide support to individuals, like the Center for Chronic Illness in Seattle, WA, or they may organize to raise funds for research, like the Global Alliance for Chronic Diseases in London.

## Involuntary Beneficiary: Individuals Struggling with Displacement

Organizations that aid in displacement issues also frequently serve involuntary beneficiaries particularly individuals experiencing homelessness, immigrant populations, and children within the foster care system. Collectively, these

individuals experience displacement, whether temporary or permanent. Each is discussed in turn below.

Individuals experiencing homelessness may be considered to be involuntary beneficiaries as many do not have much control over their physical environments or relationships. That is, many individuals experiencing homelessness live in homeless shelters and they live alongside coresidents selected by the shelter. There is a tacit assumption that persons without homes are homeless because of something that they have done or a life choice they have made – the so-called culture of poverty ideology. Although a select number of individuals experiencing homelessness might *choose* their living arrangements, most can be understood as involuntary in that they lack control over their "membership" in the emergent community for people without homes. Further, homelessness represents a complex constellation of issues, including physical and mental health, substance abuse, and familial diversity. Individuals experiencing homelessness depend on NPOs to provide essential services such as food, shelter, and clothing. Beyond these essential services, NPOs are an important resource for social capital as well. That is, NPOs aid in connecting the people experiencing homelessness with the larger surrounding community, fostering opportunities for employment, and tangible access to other resources.

Similar to NPOs organized to aid people struggling with homelessness, organizations designed to aid immigrant populations must also work to secure essential resources for individuals. Immigrants may be considered involuntary beneficiaries because of their lack of control over their physical environment. For example, immigrants are tethered or certain cities because they are known for being safe and welcoming to immigrants. Notably, it is imperative that NPOs serving the immigrant population remain responsive to its surrounding environment and sensitive to local needs. Further, survival of these organizations depends upon the length of time they have been established. Organizations that are less established are likely to be perceived by the community as less legitimate, and thus have a harder time receiving support.

It is imperative that organizations aiding displaced individuals respect and attend to the local communities in which they are embedded. These NP organizations are subject to both local and national level laws and regulations that mandate how, where, and when they operate. For instance, in the United States, homeless shelters are often expected to collect private information about their beneficiaries, like their social security numbers, before they can receive state funding. These kinds of mandates further exacerbate the involuntary nature of beneficiaries as they have little choice but to provide very private information in exchange for having a place to sleep at night. In addition, organizational reputation helps to raise funds, which assists the NPO in their ability to aid displaced individuals.

## Involuntary Beneficiary: Individuals Struggling with Transition

Transition NPOs meet the needs of individuals who are in some type of transition in their lives. For instance, formerly incarcerated individuals who work with NPOs in order to reintegrate into society are an example of this type of beneficiary. These kinds of NPOs look for ways to help people adjust to their new situations and adjust to their respective communities. Transition NPOs often help individuals struggling with two different kinds of need – basic life needs and addiction support.

First, some transition NPOs focus on meeting the basic needs of individuals in crisis. For instance, re-entry NPOs work with incarcerated individuals as they exit jail or prison and attempt to acclimate to society. Support comes in various forms including counseling, gas cards, resume and interview training, interview clothes, housing recommendations, job connections, and the like. Interestingly, one of the greatest needs of parolees transitioning out of a county jail system is communicative support (Koschmann and Peterson 2013). In other words, involuntary beneficiaries

need social connections to link them to resources available in their community. Parolees need advocates and mentors to help them make a successful transition back into their communities as law abiding citizens.

The second kind of transitional NPO meets the needs of involuntary beneficiaries in the addiction community. Nonprofit addiction support organizations, like Celebrate Recovery, may be faith-based in nature. Addiction NPOs are often affiliated with churches, and thus, may have their own perspective on the idea of individual agency. Generally, faith-based addiction NPOs help beneficiaries recognize that have no power over their addictions but that there is a power out there who is greater and who is able to forgive. The ultimate goal of many of these programs is to pray for God's will to guide their steps and continually free them from addiction. Research supports that spiritually might be consequential in an individual's degree of success when it comes to resisting substance use (Brown et al. 2013).

Together, these transition NPOs support individuals who are quite literally, in transit, between a former life and a life that has yet to be realized. The NPOs are the lynch pins that hold these worlds together for involuntary beneficiaries and who help them to regain agency over the facets of membership.

## Challenges and Benefits of Working with Involuntary Beneficiaries

NPOs who work with involuntary beneficiaries experience the challenges and enjoy the benefits of such work. To begin, serving communities of involuntary beneficiaries can be difficult and challenging for several reasons. First, employees and volunteers likely engage in emotional labor in their roles. Emotional labor involves aspects to work in which organizational team members are expected to put on or enact a certain type of emotion when interacting with clients, customers, or in this case, involuntary beneficiaries, in order to meet their role expectations (Hochschild 1983). In order to perform appropriately, employees and volunteers have to engage in both surface acting, which involves changing their facial, outward expressions, as well as deep acting, which involves attempting to change their own thoughts. If NPOs do not support volunteer and employees who struggle with the emotional labor expectations, burnout could result. Second, often involuntary beneficiaries do not seek out partnerships with the aforementioned organizations, but rather these "memberships" are imposed upon them by the court, by other agencies, or even by family or friends. Accordingly, some of them enter these NPOs as antagonistic or perhaps simply apathetic participants. From a practical stand point, unwilling "members" are often resistant to change and less likely to adopt some of the self-enhancement strategies and practices made available to them.

Still, with all of the challenges, NPOs who serve involuntary beneficiaries also impart various benefits to society that make the work worthwhile. First, and foremost, NPOs create a "third space" that connects communities to larger institutions. These NPOs act as lynch pins or bridges that connect micro and macro levels of society and enable beneficiaries to more robustly participate in democratic engagement. Second, these nonprofits equip their beneficiaries with strategies for negotiating, managing, or reframing the stigma that comes with their involuntary membership. For instance, many parts of the country are seeing the emergence of empowerment NPOs. These nonprofits aid involuntary beneficiaries in recasting and envisioning themselves as having a voice and, in doing so, help them to reframe their own identities and to see themselves in new ways.

## Conclusion

In sum, this entry discusses the concept of involuntary membership as a unique perspective on individual-organizational relationships. Organizations which address health, displacement, and transition often serve involuntary beneficiaries who have little to no control over their own entry or exit from the organization. This presents

an opportunity for nonprofit organizations to consider the complex nature of what it means to belong to an organization and the varying degree of power or agency ascribed to individual members. In doing so, it describes three different kinds of involuntary stakeholders who are aided by NPOs including: (1) individuals struggling with health conditions, (2) displaced individuals, and (3) individuals in transition. It also highlights some of the challenges to working with involuntary beneficiaries, including the difficult emotion work that many NPOs have to manage. Finally, it touches on the benefits of serving involuntary populations. Overall, the entry summarizes how the scholarly community has started to recognize involuntary beneficiaries and highlights the uniqueness that transcends NPOs who serve these special populations.

## Cross-References


- ▶ Burnout in Nonprofit Organizations
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Emotional Labor


## References


Brown AE, Tonigan JS, Pavlik VE, Kosten TR, Volk RJ (2013) Spirituality and confidence to resist substance use among celebrate recovery participants. J Relig Health 52:107–113. https://doi.org/10.1007/s10943-011-9456-x

Foucault M (1975) Discipline and punish: the birth of the prison. Vintage Books, New York

Goffman E (1961) Asylums: essays on the social situation of mental patients and other inmates. Doubleday & Company, Garden City

Goffman E (1963) Stigma: notes on the management of spoiled identity. Prentice-Hall, Englewood Cliffs

Hochschild A (1983) The managed heart. University of California Press, Berkeley

Koschmann MA, Peterson BL (2013) Rethinking recidivism: a communication approach to prisoner reentry. J Appl Soc Sci 7:188–207. https://doi.org/10.1177/1936724412467021

Peterson BL, McNamee LG (2016) The communicative construction of involuntary membership. Commun Q. https://doi.org/10.1080/01463373.2016.1216870. Advanced online publication


# Iranian Energy and Environmental Policy: Investigation of Governance Frameworks


Rouhollah Shahnazi
Department of Economics, Shiraz University, Shiraz, Iran


## Synonyms

Energy governance; Environmental governance; Market failure

## Definition

Energy and environmental policies are related to sustainable energy development and environmental protection. These policies include national or international laws and regulations to encourage investment in the energy resources and environment, reduce energy consumption by improving productivity, develop renewable energy, reduce climate loss, waste management, ecosystem management, conservation of biodiversity, and protection of natural resources through subsidies, taxes, and other public policy techniques.

## Introduction

Economic governance, as a decision-making and implementation process, includes legal structures and social institutions to support economic activities and exchanges. The market system fails in the four areas of allocation, distribution, stabilization, and internationalization (Musgrave and Musgrave 1989; Cullis et al. 2009). Therefore, as shown in Table 1, the governance is limited to these four parts.

Due to monopoly, externalities, public goods, and asymmetric information, the market fails in allocation and the governance seems necessary. Distributive governance is essential for reasons such as unequal distribution of income, wealth,

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 1** Market failures in general and failures in the energy and environment

| Dimensions | Minor dimensions | Failure in the environment | Failure in energy |
|---|---|---|---|
| Allocation | Monopoly | – | Y |
| | Externality effects | Y | Y |
| | Public goods | Y | – |
| | Asymmetric information | – | – |
| Distribution | Unequal distribution of income | – | – |
| | Unequal distribution of wealth | – | – |
| | Unequal distribution of opportunities | – | Y |
| | Lack of a minimum social security system | – | – |
| Stabilization | Stagnation | – | – |
| | Inflation | – | – |
| | Stagflation | – | – |
| | Lack of clear plan for development | Y | Y |
| International | Trade barriers between countries | – | – |
| | Permanent poverty in some countries | – | – |
| | Coordination of macro policies | – | – |
| | Global environmental damage | Y | Y |

and opportunities, and a lack of minimal social security system in the market. Moreover, regarding stabilization, due to recession, inflation, and lack of development program, economic governance is necessary. Internationally, the market is failing, including in protecting the global environment. Market failures are generally summarized in the first and second columns of Table 1.

Extensive studies have been conducted on the topic of environmental governance (e.g., Levine et al. 1994; Van de Graaf and Colgan 2016). In the third column of Table 1, based on the theoretical foundations as well as literature, shown in terms of the environment, environmental governance is essential due to externality effects, public goods, lack of a clear plan for development, and global environmental damage.

There are also several studies on the energy governance (e.g., Sandmo and Agnar 2000; Lihua et al. 2020). According to the results of these studies, as shown in the fourth column of Table 1, the environmental governance is essential due to monopoly, externality effects, unequal distribution of opportunities, lack of a clear plan for development, and global environmental damage.

## Iran's Regulations Related to the Energy and Environment

As shown in Table 2, in Iran, many plans, laws, and regulations have been approved and implemented in the environment and energy governance, the most important of which is the environment and energy sectors in the Iranian development plans. Implementation of development plans in Iran began in 1948. Up to now, 11 plans were designed and implemented. These plans include five prerevolutionary (1979) development plans, with a 10-year hiatus, and six plans after the revolution of 1979.

There have been 1368 multilateral environment agreements (MEAs) and 2264 Bilateral environment agreements (BEAs) from 1850 to 2020 in the world. Iran participated in 320 cases of agreements as described in Table 3.

## Iranian Environmental Governance

Table 4 presents the most important dimension of environmental governance in Iran's development plans. The information shows that

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 2** Iranian plans, laws, and regulations related to the environment and energy

| Plans, laws, and regulations | Year | Plans, laws, and regulations | Year |
|---|---|---|---|
| First Development Plan | **1947** | Resolution No. 138 of the Supreme Council for Environmental Protection | **1994** |
| Second Development Plan | **1954** | Environmental Impact Assessment Regulations | **1997** |
| Establishment of Iran Hunting Center (monitoring hunting and preserving hunting generation) | **1956** | Eighth Development Plan (Third Development Plan after the Revolution) | **1999** |
| Third Development Plan | **1961** | General energy policies | **2001** |
| Passing the law on hunting and fishing and forming a hunting and monitoring organization | **1967** | Iran National Vision 2025 | **2004** |
| Fourth Development Plan | **1967** | Ninth Development Plan Law (Fourth Development Plan after the Revolution) | **2004** |
| Renaming the hunting organization to the Environment Organization and the High Council for Environmental Protection | **1971** | Executive regulations of Article 105 of the Third Development Plan and Article 71 of the Fourth Development Plan | **2008** |
| Fifth Development Plan | **1971** | Tenth Development Plan (Fifth Development Plan after the Revolution) | **2010** |
| Law on the Environmental Protection and Improvement | **1974** | Environmental assessment studies | **2011** |
| Executive regulations of the Law on Environmental Protection and Improvement | **1975** | Regulations for assessing the environmental impact of large production and service projects | **2011** |
| Adopting national regulations on clean air | **1975** | General environmental policies | **2015** |
| Iranian constitution Article 50 | **1979** | Eleventh Development Plan Law (Sixth Development Plan after the Revolution) | **2016** |
| Water pollution control regulations | **1984** | National Energy Strategy of Iran | **2017** |
| Sixth Development Plan Law (First Development Plan after the Revolution) | **1988** | Iran's Energy Comprehensive Plan | **2020** |
| Seventh Development Plan (Second Development Plan after the Revolution) | **1994** | | |

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 3** Iran in International Environmental Agreements

| Action | | Number |
|---|---|---|
| Signatures | | 44 |
| Nonprovisional applications | | 1 |
| Ratification, accession, succession, or similars | | 69 |
| Deposit of instruments | | 3 |
| Entry into forces | | 78 |
| Withdrawal or similars | | 1 |
| Entry Into Force (Tacit Acceptance) | Preamendment agreement action of Entry into forces | 145 |
| | Preamendment agreement action of Withdrawal or Similars | 3 |
| | Postamendment agreement action of Entry into forces | 72 |
| | Postamendment agreement action of Withdrawal or Similars | 5 |

https://iea.uoregon.edu/base-agreement-list?page=56

attention to the environmental policies in Iran's development plans has increased in recent plans.

Currently, the 11th National Development Plan (sixth plan after the revolution) is being implemented. A fundamental difference

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 4** The most important dimensions of environmental governance in Iran's development plans

| Issue category | Indicator | Five Development Plan before Revolution | Sixth Development Plan | Seventh Development Plan | Eighth Development Plan | Ninth Development Plan | Tenth Development Plan | Eleventh Development Plan |
|---|---|---|---|---|---|---|---|---|
| General environmental governance indexes | Assessment | | | | * | * | * | * |
| | Education and notices | | | | | * | * | * |
| | Green governance (green tax, correctional expenditures, and environmental penalties) | | * | | * | * | * | * |
| | People's participation | | | | * | * | | * |
| Air quality | Air pollution | | | | * | * | * | * |
| | Dust control | | | | | | * | * |
| Sanitation and drinking water | Water pollution | | | * | * | * | * | * |
| | Sewerage network | | | * | * | * | * | * |
| Heavy metals | Lead exposure | | | | | | | |
| Waste management | Waste management | | | | | * | * | * |
| Biodiversity and habitat | Ecological management | | | | | * | * | * |
| Ecosystem services | Protection and rehabilitation of forests and pastures | * | | * | * | * | * | * |
| Fisheries | Protection of marine reserves | | | | | | | |
| Climate change | Control and reduction of greenhouse gases | | | | | | * | * |
| Pollution emissions | $SO_2$ and $NO_X$ growth rate | | | | | | | |
| Agriculture | Sustainable nitrogen management | | | | | | | * |
| Water resources | Protection of water resources | * | * | * | * | * | * | * |

between the 11th National Development Plan and the previous ones is that in this plan, the environment is one of the important axes of the plan. The Eleventh Plan pursues three important goals in the environmental governance, that is, reducing the emission, preventing environmental degradation and pollution, and preserving and restoring biodiversity. Regarding the reduction of pollutant emissions, four strategies are being pursued in the Eleventh Plan: development of a low-carbon economy, development of green technologies, improvement of climate quality, and control of greenhouse gas emissions. Seven policies related to reducing emissions in the Eleventh Development Plan are financial and monetary instruments to reduce greenhouse gas emissions, develop vegetation to absorb greenhouse gases, develop greenhouse gas absorption technologies, increase Iran's capacity to attract international financial aid, low-interest loans for green activities, and development of clean and nonpolluting technologies. Other solutions presented in the plan include facilitating greenhouse gas emission reduction technologies importation, controlling municipal waste disposal sites to reduce methane emissions, feasibility of injecting greenhouse gases deep into the earth, and imposing a greenhouse gas emission tax.

Currently, the most important infrastructure for the environmental governance in Iran is the general environmental policies. These policies include:

1. Comprehensive, coordinated, and systematic management of vital resources based on the strength and sustainability of ecosystem (stabilization – lack of clear plan for development)
2. Creating an integrated national environmental system (Stabilization – Lack of a clear plan for development)
3. Improving living conditions in order to provide society with a healthy environment and respect for intergenerational rights (distribution – unequal distribution of opportunities)
4. Preventing the spread of all kinds of unauthorized pollution and criminology of environmental degradation (allocation – internalization of external effects)
5. Continuous monitoring and control of sources of air, water, soil, and noise pollution (allocation – internalization of external effects)
6. Preparation of the country's ecosystem atlas and protection, restoration, improvement, and development of renewable natural resources (stabilization – lack of clear plan for development)
7. Management of climate change and response to environmental threats such as desertification, dust, drought, and microbial and radioactive contagious agents, and the development of foresight and knowledge of emerging environmental phenomena and its management (stabilization – lack of clear plan for development)
8. Development of green economy (allocation – internalization of external effects).
9. Groundwater protection (stabilization – lack of a clear plan for development).
10. Establishment of environmental auditing system (allocation – internalization of external effects)
11. Supporting and encouraging investments and environmentally friendly technologies by using appropriate tools such as green taxes (allocation – internalization of external effects)
12. Compilation of the Charter of Environmental Ethics and promotion and institutionalization of environmental ethics based on the Iranian-Islamic values (stabilization – lack of clear plan for development)
13. Promoting scientific research and benefiting from environmental technologies (allocation – public goods)
14. Expanding the awareness and knowledge about the environment (allocation – public goods)
15. Strengthening Environmental Diplomacy (International – Global Environmental Protection)

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 5** The most important aspects of energy governance in the postrevolutionary development plans

| | Articles | |
|---|---|---|
| Sixth Development Plan | Section 4–454–49 | Replacing natural gas with petroleum products and other energy fuels<br>Energy efficiency and energy saving policies |
| Seventh Development Plan | Articles 19, 82 | Energy saving<br>Revision of consumption pattern and reduction in fuel pollution<br>Changing consumption patterns, increasing energy efficiency and using clean energy |
| Eighth Development Plan | Articles 119 to 123 | Energy saving<br>Development of criteria and technical specifications related to energy consumption<br>Adhering to energy consumption standards |
| Ninth Development Plan | Articles 3, 7, 59 | Increasing energy efficiency<br>Providing necessary resources for the development of renewable energy<br>Energy consumption management |
| Tenth Development Plan | Articles 125, 129, 133, 134, 135, 139, 148, 168, 190 | Preparation of national energy strategy document and executive plan of comprehensive energy plan<br>Reducing energy intensity<br>Variety in energy<br>Guaranteed purchase of electricity from clean energy sources<br>Reducing energy losses<br>Preparing a plan for the use of nuclear energy and renewable energies<br>Modifying the energy consumption pattern and managing energy consumption |
| Eleventh Development Plan | Articles 38, 39, 44, 45, 48, 120 | Energy consumption management<br>Reducing energy intensity<br>Reducing energy losses<br>Preparation of a comprehensive energy plan related to the National Energy Strategy<br>Development of nuclear and renewable energy |

## Iranian Energy Governance

Table 5 presents the most important aspects of the energy governance in the postrevolutionary development plans. In the recent Plan, more attention has been paid to the energy governance. In the Eleventh Development Plan, aspects such as energy management, energy intensity reduction, energy loss reduction, comprehensive energy planning, and development of nuclear and renewable energy have been considered.

Currently, the most important legal infrastructure for the energy governance in Iran is the National Energy Strategy Document. This document, approved by the Cabinet on 4/28/2017, is a comprehensive document for managing energy sector in the horizon of 2041. The strategies of the energy sector in this document and their relations with the energy governance sectors are approved as follows:

- Elimination of energy carrier subsidies (stabilization – lack of clear plan for development)
- Reduction of waste in production, transmission, distribution, and energy consumption up to the national standards (allocation – externalities)

**Iranian Energy and Environmental Policy: Investigation of Governance Frameworks, Table 6** Summary of energy and environmental policies in Iran

| dimensions | Minor dimensions | Plan |
|---|---|---|
| Allocation | Externality effects | The sixth, eighth, ninth, tenth and eleventh plans |
| | Public goods | The seventh, eighth, ninth, tenth and eleventh plans |
| Distribution | Unequal distribution of opportunities | – |
| Stabilization | Stagnation | – |
| | Lack of clear plan for development | The sixth, seventh, eighth, ninth, tenth and eleventh plans |
| International | Global environmental damage | Membership in 320 Global Agreements |

- Supporting the development of applied research, production of technical knowledge, and commercialization of new technologies (allocation – public goods)
- Commercialization of renewable and environmentally friendly energy technologies (allocation – externalities)
- Reducing greenhouse gas emissions and pollutants from the production, transmission, and consumption of energy carriers (allocation – external effects)
- Collection, processing, or conversion of maximum associated and burning gases with economic and environmental considerations (allocation – external effects)
- Increasing the share of renewable and clean energies in the electricity generation capacity (allocation – external effects)

## Conclusion and Discussion

An investigation of Iran's energy and environmental policies shows that, as shown in Table 6, appropriate policies have been implemented in Iran for reducing external impacts, public goods, presenting an energy and environmental plan, and paying attention to the Global environment.

On the other hand, according to the evidence, Iran is the sixth country with the highest energy intensity in the world after Ukraine, Russia, Venezuela, Taiwan, and South Africa. This shows the very low efficiency of energy consumption in Iran. In terms of $CO_2$ emissions in the world, Iran is the seventh country with the highest $CO_2$ emissions after South Africa, Kazakhstan, Taiwan, Russia, Ukraine, and Venezuela (https://yearbook.enerdata.net/). This, again, shows that the performance of environmental governance in Iran has been weak. Therefore, lack of implementation policies has caused Iran to be unsuccessful in the environmental and energy governance.

Studies showed that despite extensive and long-term policies in the environmental protection and energy, the most important environmental and energy challenges in Iran are still:

High losses in the production, conversion, and supply sectors of energy
Lack of appropriate market mechanisms in the energy supply
Restrictions on the access to international financial resources
Restrictions on the access to new technologies
Insufficient nongovernmental investments in the energy sector
Small share of renewable and clean energy
Lack of financial resources for the development of energy projects and environmental protection
Lack of an independent regulatory in the energy sector
High emissions of air pollutants
High-energy intensity

These challenges are related to the gap on the implementation of policies.

## Cross-References


- ▶ Environmental Challenges to Public Procurement
- ▶ Environmental Governance
- ▶ Environmental Policy, Japan
- ▶ Governance and Leadership, China
- ▶ Sustainable Energy Policy for State and Local Governments

## References

Cullis J, Jones P, Jones PR (2009) Public finance and public choice: analytical perspectives. Oxford University Press, Oxford

Levine MD, Koomey JG, McMahon JE, Sanstad AH, Hirst E (1994) Energy efficiency, market failures, and government policy (No. LBL–35376). Lawrence Berkeley Lab, Berkeley

Lihua WU, Tianshu MA, Yuanchao BIAN, Sijia LI, Zhaoqiang YI (2020) Improvement of regional environmental quality: government environmental governance and public participation. Sci Total Environ 717: 137265

Musgrave RA, Musgrave PB (1989) Public finance in theory and practice. McGraw-Hill, New York

Sandmo A, Agnar S (2000) The public economics of the environment. Oxford University Press, Oxford

The first, second, third, fourth and fifth Iranian national development plan (1948–1978)

The first, second, third, fourth, fifth and sixth five-year plan (1989–2021) for the economic, social and cultural development of the Islamic republic of Iran. https://rc.majlis.ir/fa/law/show/92488

Van de Graaf T, Colgan J (2016) Global energy governance: a review and research agenda. Palgrave Communications 2(1):1–12

Wendling ZA, Emerson JW, de Sherbinin A, Esty DC et al (2020) 2020 Environmental performance index. Yale Center for Environmental Law & Policy, New Haven. epi.yale.edu. https://iea.uoregon.edu/base-agreement-list?page=56

# Iraq's Pressing Need to Adopt Unified Conceptual and Procedural Models for Public Policy Making, Implementation, and Evaluation Processes

Kaa'ed A. Ali Al-Hashimi
Baghdad, Iraq

## Synonyms

Improvising in public policy making; Personal and political interests in public policy making; Public policy; Public policy making; Rational and productive public policy

## Definition

Public policy is whatever approaches a government and/or its branches adopt to address public issue(s).

## Introduction

In spite of the confusion that can be caused by the so many definitions in the literature, public policy can be simply defined as whatever approaches a government and/or its branches adopt to address public issue(s). In a logical chain of cause and effect, successful policies often produce successful solutions and, therefore, result in citizens' satisfaction. A major factor to influence whether a policy would succeed or fail is the way that that particular policy is made/formed. That way or methodology is often called public policy making process, and it is closely related to and influenced by the characteristics of the political ideology adopted by governing bodies (Buşoi 2010). Public policy making process in democratic countries, for instance, is often characterized by being participatory, whereas totalitarian governments tend to adopt more centralized process of policy making. In addition, to make public policies, governments tend to justifiably follow either specific models or cycles of policy making process, or they just let policy drafters and policy decision-makers adopt whatever methodologies they prefer. The latter approach often results in policies that serve individuals' or specific groups' interests and/or comply with the pressures under which those policy decision-makers run their offices such as in the cases of many undemocratic countries. Therefore, it's fairly axiomatic to say that following a proper public policy making model would result in proper approaches, alternatives, and solutions (policies), whereas improvisation by individuals would, on the other hand, result in improper policies.

A close look at the Iraqi legal framework shows that the accountability system in the public sector is entirely focused on combating corruption, whereas poor performance in managing public affairs is almost ignored. The absence of the

needed legal texts to hold Iraqi official decision-makers responsible for the effectiveness of the public policies they adopt can be easily noticed. In addition, findings of a specially customized needs assessment survey conducted in six Iraqi ministries by an international administrative reform project showed that Iraqi officials do not follow any specific model for public policy making process; instead, they just improvise, enjoying the unaccountability provided by the absence of any relevant legal text. However, a very simple pattern could be observed when analyzing various cases of real public policy making by Iraqi governmental organizations. After examining the observed pattern of public policy making in Iraq and comparing it to some of the well-established models adopted by various developed and underdeveloped nations, Iraq's federal and local governments are invited to adopt a specially customized model for this purpose. The suggested conceptual model holds some essential characteristics that match the constitutional, political, and legal mandates of the governments of Iraq. These characteristics include, but not limited to:

- Participatory that goes hand in hand with the democracy and transparency mandated by the constitution and law
- Thorough and comprehensive research for which substantial time and efforts are dedicated to analyze public issues
- Scientific evidence-based formulation of policies
- Objective and scientific evaluation of adopted policy's direct outcomes and long-term impacts where established indicators and indexes are used

As this conceptual model is recommended to be adopted as a general framework for public policy making process in Iraq, a procedural model that consists of specific practical steps is developed and recommended to be adopted as an interpretation of the conceptual one. These practical steps were designed based on a full understanding of the administrative and financial laws, regulations, and practices followed in Iraq's public sector. This claimed understanding of how Iraqi governments and their branches are functioning was established through many years of experience working in and close to governmental offices in this country.

## Public Policy Making in Iraq

### Legal Framework of Public Policy Making in Iraq

The legal framework through which Iraqi officials are performing their duties consists of 27,543 legal texts (Constitutional Articles, Laws, Diwany Decrees (Decrees by the Council of Ministers.), Regulations, etc. (Iraqi Legal Database/ILD was created by the UNDP Iraq in cooperation with the Supreme Judicial Council of Iraq and the Iraqi Ministry of Justice and can be browsed through http://www.iraq-ild.org)). Although some of these legal texts were designed to explicitly limit and clarify the financial authorities in different levels of the decision-making in Iraq governmental offices, none of them imposes or suggests any criterion as of what methodology should be adopted to address public issues. One could observe that the term "public policy" is mentioned in many of those texts, but phrases such as "good public policy making process should be…" or "the criteria of public policy making process are" never show up. For instance, some of the currently effective constitutional articles (78, 80, 110, 112, and 114) merely refer to the ownership of public policy making and implementation. In other words, they assign responsibilities of who should create policies in specific areas and who should implement them. Neither these articles nor any other legal texts discuss the nature or the characteristics of the approaches that the governmental offices should follow when drafting, adopting, or implementing public policies. Another example would be those legal texts that regulate public budget execution such as the amended Law #28 (1940). (Law 28/1940 of "the Principles of Public Accounting.")Those legal

texts explain and impose financial authority specific ceilings for all governmental offices to consider and limit their budgets within when implementing policies, but these legal texts, once again, never mention specific methodologies for formulating policies or specific instruments for implementing or evaluating them.

While assigning public policy responsibility and ownership is poorly addressed by only some of the texts of the Iraqi legal framework as mentioned, evaluating public policy's impact and effectiveness is not mentioned at all. It is strongly believed that ignoring this crucial aspect of public policy making process affects the overall accountability system negatively and, hence, encourages, if not causes, poor performance in public sectors (Atkinson et al. 2007; Fox and Butler 2004). Unfortunately, there is no reason to believe that Iraq's public sector is an exception for this rule of thumb. The findings of the needs assessment survey mentioned earlier showed that almost all the governmental organizations of Iraq have specific offices within their organizational structures to perform various monitoring tasks, but these tasks are merely for monitoring by which progress in projects and plans implementation is reported to make sure that original plans are strictly followed. Outcomes and effectiveness of plans are completely out of the scope of these monitoring offices spread all over Iraq's public sector.

## Actual and Current Life Cycle of Public Policy in Iraq

Although called here a cycle, it is actually never a cycle in Iraq because there isn't a recognized phase of policy evaluation at all. Once a policy reaches an implementation phase, it stays there. It's true that many policies (specifically legislations) have been revised and amended, but this happens only when interests of very powerful entities get in conflict with those specific policies.

To figure out the exact types of issues and where they lay within the public policy making process in Iraq, it is very necessary to understand the basic and standard stages that any Iraqi public policy would go through during its life cycle. Interestingly enough, regardless of the economic ideology and the political governing approach adopted by governments of Iraq, public policy normally passes through the basic phases described below:

- **Public Issue Occurrence or Higher Agenda Adoption**: Public issues are whatever concerns that affect or may affect the majority of the population of a community. These issues can be public problems such as an occurrence of an infectious disease among a population of a specific area with a good chance to be spread out all over. On the other hand, public issues can also be public opportunities such as discovering a vein of gold or an oil reserve of commercial amounts or an unexpected climate change where a substantial increase in rain occurs in a country that is used to have dry seasons. All these kinds of public issues normally require adopting public policies to address them. Another possible trigger for the public policy life cycle would be the adoption of a broader national policy on the level of the central or federal government. Ministries, provinces, and departments normally consider sectoral or local public policies to implement the national policies adopted by federal or central government offices.
- **Reporting the Public Issue and Agenda Setting**: A media report or an official memorandum from a concerned individual(s) or a public or private agency normally reports the occurrence of the public issue to authorities. Or, according to the other scenario, the central government office communicates the adopted national policy to its branches for implementation. An essential decision should normally be made in this phase to continue or to end up the public policy life cycle at this point. A policy advocate usually tries to emphasize the importance of a specific policy and to insert it into the agenda of responsible organization(s). Authorities decide on the importance of the issue, that is, whether to ignore it or to address it as an

important public issue. (This happens usually when authorities consider the emerging issue as a nonpublic issue, meaning that they decide that it doesn't belong to the public; rather it belongs to a specific group of people such as a corporate in the case of corporate issues and policies.) If authorities find the emerging public issue significant and important enough, some advisor(s) would be assigned to look at the situation and develop recommendations. This step is considered an official checkoff of the public policy making process. Another possibility – occurring in many real-life situations – is that nobody is assigned to study the situation and do this job. Instead, decision-makers simply leave doors open to any suggestions by anyone within the senior management of their organization.

- **Policy Formulation and Policy Decision-Making**: In this phase, one can easily observe the lack for most of the democratic, logical, and scientific practices applied by governments of developed nations that approved to emphasize good governance. Some advisor (s) is usually assigned, as mentioned, to study the situation, formulate alternatives, and recommend one of them as the best solution. After reviewing a huge number of policy proposals and memos, one can say that rarely any real consultation or a scientific research has been ever conducted by assigned policy drafters for this purpose. And hence, scientific evidences and numeric facts are not essential parts of these policy proposals. Sensitive issues, such as security, defense, and many others, and pertaining policies are usually centrally addressed and formulated by personnel in the highest authorities. The outcome of this phase is a set of alternatives with one as the most recommended. This could be presented though a white paper (policy proposal) attached to a policy memo, or even through one simple immature memo. This whole phase of policy formulation is sometimes severely shortened by a decision-maker deciding on what to do regarding an emerging public issue without any thorough thinking, analysis, or consultation. After submitting policy proposals, decision-makers make their minds. They either go for what is recommended, or they got inspired by the alternatives presented and come up with unlisted solutions (this includes the alternative of ignoring the public issue and keeping things as they are – the status quo).
- **Policy Implementation**: In this phase, adopted policy is to be implemented. It may be proposed to be drafted and passed as a law or an administrative decree first to legitimate policy implementation. A governmental entity(s) is usually assigned the responsibility of implementing the adopted policy with a given time framework. Depending on how broad is the policy, implementation may go through translating the adopted policy into programs and each program into projects. People of this country rarely heard a public organization's spokesman talking about a policy outputs, outcomes, and desired impact. Most of the organizations in the Iraqi governments implement whatever policies they are assigned just to comply with orders, and never showed deep understanding of policies' short- and long-term targets. This phase is normally the last one in public policy life cycle in Iraq because there isn't a recognized evaluation phase after it.

**Example Case 1: The Ministry of Electricity's Policy to Address the Shortage in Power Provision**

**Policy owner**: The Ministry of Electricity in Iraq

**Time frame**: 2004–2012

**Brief background**: The Gulf War of 1991, 1990s' economic sanction, and 2003 war have caused serious damages to the electric power supply system in Iraq. Whereas demand to power substantially increased as the population grew, power supply severely decreased due to wars, aging, and lack for proper maintenance. The Iraqi government/Ministry of Electricity had to deal with a huge shortage in power provision necessary for homes and industries.

In spite of all the calls to liberate this sector, the federal GoI decided to keep its full control on the national power system starting at production down to low voltage distribution, and not to allow private businesses to participate. And to address the power supply shortage in Iraq, the MoE fluctuated since 2004 from one approach to another without achieving the target. Most of the time, the focus was on the supply side (power production), completely neglecting the demand side (consumption). One time, the ministry focused its resources and allocations on gas turbine projects to increase the amount of electric power produced and supplied and therefore made what's called the MEGA DEAL with GE and SIEMENS in 2008 to provide a huge number of gas turbine units. Somewhere in the middle of the implementation of its policy, the ministry shifted its focus toward projects of diesel generators of the lower capacity but quickly installed units. The MEGA DEAL was frozen until 2011 when a newly appointed minister decided that the ministry should resume its original plan of the MEGA DEAL and to abandon the diesel generators ambitious plan. In mean time, the ministry awarded some contracts to provide and install steam turbine power plants as well. In addition, every now and then, the ministry of oil kept announcing its limited ability to secure the needed amounts of the needed types of fuel to operate those power plants. After spending $27 billion of its annual allocations in the Iraqi national budgets of the years between 2004 and 2012, the Ministry of Electricity failed to properly address this deteriorating public issue. (According to the Iraqi Minister of Finance, Dr. Rafi Al Essaw's announcement in 2012.) In summer 2012, the power provision rates barely reached 40% of the demand.

**Case Analysis**

For its huge influence over every single aspect in Iraqi citizen's life, this issue was almost always in the priority lists of the governments of Iraq. No team was specifically assigned to address this issue; instead, successive ministers of electricity kept discussion and suggestion doors open to their senior management personnel, and nobody else. Those senior officials, without any deep scientific analyses, formulated and suggested various alternatives, and the ministry was jumping from one to another. The ministry never consulted citizens, university specialized professors, specialized consultancy companies, or think tanks. Under the absence of any kind of policy evaluation systems that can hold decision-makers responsible for their decisions, personal interests and political influences played a great role in shaping the ministry's policy decisions. Influential personnel barely avoided clear and easy-to-be-caught corruption. The ministry has been implementing various alternatives since then without achieving its targets.

**Example Case 2: The Policy of Nineveh Province to Address the Issue of High Rates of Primary School Dropout in the Province**

**Policy owner**: The local government of Nineveh province, northwest Iraq

**Time frame:** 1996–2001

**Brief background**: In July 1996, a national daily newspaper carried a column about an official report belonging to the directorate of education in Nineveh province announcing unprecedented rates of primary school dropout in the province for the year 1995–1996. The dropout rate in that specific year reached 15% (overall – boys and girls, grade 1 throughout grade 6), whereas that same indicator used to fluctuate below 4% in the 1980s and between 7% and 11% in the early 1990s.

Under some pressure from the central government in Baghdad, the governor of Nineveh decided that the issue was an important public issue and deserved to be addressed. He assigned one of his assistants – who was a powerful politician but with modest educational qualifications – to study the situation and come back with suggestions. The governor's assistant had one phone call with the head of the directorate of education, read few pages from the official report, and had a brief discussion with some of his colleagues in Nineveh head quarter of the ruling political party. After

2 days from receiving his assignment, the governor's assistant submitted a two-page memo that repeated parts from the official report and offered only one alternative. That policy memo suggested reenforcing Law 118 (of year 1976) of the compulsory education by assigning the staff of the ruling party in the province (who used to serve as an additional security system in the whole country) to track down parents of the students who dropped out school. The governor adopted that suggested policy and sent a request in this regard to the Nineveh head quarter of the ruling party. In August 1996, the assigned political-security staff started a campaign of tracking down and following up parents and families of students who dropped out elementary school last year. The directorate of education recorded some increase in primary school re-enrolment rates for the period from the beginning of the academic year 1996–1997 to the midterm examination of the same year. The annual report issued in July 1997, however, reported even higher rates of dropout in the elementary school because the high pace of following up and tracking down families remained for only 3 months. As the ruling party took over the responsibility of every aspect in the country, nobody followed up the implementation of the adopted policy. The assigned political-security staff started to mellow in doing this job as more assignments were given to them every day. Reenforcing Law 118 was the officially adopted policy of the governor and his administration until he was replaced by another governor in 2001. Dropout rates in elementary schools in the province were reported between 16 and 19% in the following years up to 2001.

**Case Analysis**

This is another typical case of policy making in Iraq. One single individual was assigned, without considering his actual qualifications, to address a very important public issue. And typically, no really relevant research and/or consultation were conducted. Immature single alternative was developed and adopted in the absence of any scientific evidences or analyses. As no evaluation is requested by any regulations, nobody measured the direct results and impacts of the policy under implementation, thus the policy stayed in the implementation phase wasting public resources just for nothing.

## The First Relevant Survey: Its Findings and the Process Analysis

A customized survey was conducted during the 1st half of 2012 by an international development organization to assess the process of public policy making in Iraq. ("Iraqi Ministries' Needs Assessment – for Public Policy Bureaus " by TARABOT (a USAID Iraq Project.)) Sixty-seven official Iraqi decision-makers from six selected ministries participated in answering the survey's questionnaire. The questionnaire was composed of 103 open-ended and multi-choices questions distributed on three major parts:

1. *Part One*: **Elements of Public Policy Making Process**
   - Policy priority setting
   - Participation in the central annual planning for government's program
   - Preparations for policy proposals
   - Preparation for legal drafts
   - Intragovernmental consultations
   - Submission to government office
   - Review by government office
   - Review by ministerial committees
   - Decision by the cabinet
   - Parliamentary process and passage
   - Policy implementation
   - Policy evaluation
2. *Part Two*: **Thematic Issues**
   - Stakeholder consultation
   - Strategic communication
   - Evidence-based policy making
   - Administration and financial management of policy
   - Policy evaluation
3. *Part Three*: Participants' **Recommendations**

Although biased answers were extremely difficult to avoid due to specific political and cultural attitudes, the questionnaire findings generally

supported this paper's hypotheses regarding the deficits in the process of policy making in Iraq. These findings basically illustrated that the way public policy is currently made in Iraq obviously lacks for some elements that are crucially important for any rational policy making process to produce sound and practical alternatives to address public issues. These elements were:

- **Participation and Inclusiveness**

  It's found that Iraqi policy makers rarely consult other stakeholders while forming public policies. It's neither mandatory by laws nor a habit by nature for Iraqi policy drafters and decision-makers to consult anybody out of their much closed loops (if any) when running their businesses in the government. Putting aside the corruption that requires keeping control in hand, a number of recognized cultural and psychological factors are also encouraging the tendency of Iraqi officials toward severe individualism in performing their assignments. Political complexities are another worsening factor where officials tend not to trust opponent or differently affiliated officials. Corruption that requires keeping things under personal control is another one. Now, this is being said, and considering the absence of any legislation that imposes transparency and integrity in policy making by publicizing all relevant information, consulting other stakeholders, and/or reflecting as much opinions as possible on the formulated and recommended alternatives, a simple logical question emerges – *what would make any Iraqi official ask other stakeholders about their opinions?* The answer is simply "nothing."
- **Thorough and Comprehensive Research**

  If quite few Iraq policy makers would include some stakeholders from around their closed circles, almost none of them tend to conduct a thorough and comprehensive research while considering different alternatives to address public issues at hand. This was obvious and one of the major findings of the survey. As scientifically evidences-based formulation of policies could be the most time-/effort-consuming phase of the proper policy making process, and under the shade of the absence of any relevant accountability legislation, why should the Iraqi nation expect any Iraqi policy maker to take this burden?
- **Policy Post-implementation Impact Evaluation**

  None of the survey findings clearly referred to a formal and documented process of objective and scientific evaluation of the direct outcomes and long-term impacts of adopted policies for which established indicators and indexes are used. This is clearly related to the absence of any accountability legislations that usually impose such an evaluation. Although usually requires some resources to be conducted, such an "impact evaluation is the needed incentive to put more efforts in research and studying public issues" (Kovacic 2005) and hence is very crucial for a healthy policy making process. And with the absence of such evaluation, who of the Iraqi policy making entities and individuals would take the burden of revising their already adopted policies?

## Proposed Conceptual and Procedural Models

Since the emergence of public policy as an academic discipline that stands by its own, many public policy making models have been suggested to explain the process. Each model suggests following specific steps such as those of Cochran et al. and Palumbo et al. of the four basic stages – agenda formation, policy adoption, policy implementation, and policy review (Cochran et al. 1982; Palumbo et al. 1981). Another example would be the eight-step policy cycle suggested by Althaus et al. 2007 in their book titled *The Australian Policy Handbook*. This model includes issue identification, policy analysis, policy instrument development, consultation, coordination, decision, implementation, and evaluation. Although this suggests different steps and various life cycles, those models and almost all other models in the literature actually present similar

themes and basic concepts. Those themes typically include participatory approach that is driven by believing in democracy, emphasis on transparency, and result-oriented effort. Now, considering the political, cultural, administrative, and legal circumstances through which public policies are made in Iraq, a specially customized conceptual model is suggested to be adopted by Iraq's federal and local governments for their policy making process (see the Fig. 1). This model suggests specific stages to be considered by governments after the decision has been made to address a public issue, meaning that the model assumes that the public issue has occurred, it's already on the government agenda, and some advisor(s) has been assigned to develop a white paper to present available alternatives to address that public issue.

The various roles suggested by this model are supposed to be distributed among the policy drafters, policy decision-makers and legislators, policy-implementing organizations, and policy-evaluating independent parties to insure the integrity of each separate phase. According to this model, assigned policy drafters should first clearly identify public issues and then create a comprehensive understanding about their roots, dimensions, and possible solutions. An objective scientific research should be conducted for this purpose in this phase. Then, the drafters along with decision-makers should correctly identify all the stakeholders of each specific issue and start consulting them and collecting their perspectives. This step would ensure that nobody would be "taken aback" when a policy is announced. A health environment for the needed political support, moreover, can be established through the discussions that occur during consultations. Based on the understanding created so far, some alternative should be properly formulated and supported by a cost-benefit analysis. The ultimate result of this phase should be a well-written firm policy paper that provides all needed information about the public issue in addition to recommended solutions and alternatives.

The ball now is on the court of the decision-makers who have to decide on what to do regarding the public issues at their hands. Decision-making process, by its turn, has been widely studied by sociopolitical scientists. Several theories have been developed to explain how decision is made in public sector. There are, for instance, the rational-comprehensive theory, the incremental theory (Anderson 1999), and the mixed-scanning theory (Etzoni 1967), each with specific assumptions and results that are widely elaborated elsewhere. This phase produces a policy decision that chooses one of the recommended alternatives by the submitted white paper, or even to come up with a new alternative that is driven out from the original policy analysis. Before the implementation phase starts, the decision made is to be interpreted into a proposal of a law, decree, or any form of legally binding declaration.

The law or legislation to be suggested should articulate assigning implementation responsibility to some implementing organization. The implementation phase can be the most time- and resources-consuming phase. And implementation can be as complicated as creating programs and projects and can be as simple as just granting country access (visa) to the citizens of a friend nation. High-level plans – at least – for policy impact evaluation should be placed early in the public policy making process, and detailed action plans along with firm grounds for the evaluation phase should be set during the implementation phase. Normally, and regardless of the political forms of the governing regimes, any policy making process of any nation has some kind of implementation phase; what really makes a difference is the impact evaluation (for the adopted policy) and performance evaluation (for policy implementation). Although very significant for policy effectiveness and efficiency, the performance of implementing organizations should not be considered part of the policy making process; it's normally an important administrative aspect that has to do with another field of public administration, that is, organizational performance. On the other hand, policy impact evaluation is crucially important to enforce the integrity of all previous stages of policy making process.

Obviously, the suggested conceptual model provides broad titles and descriptions of the phases that public policy making process should pass through. Therefore, as official public policy

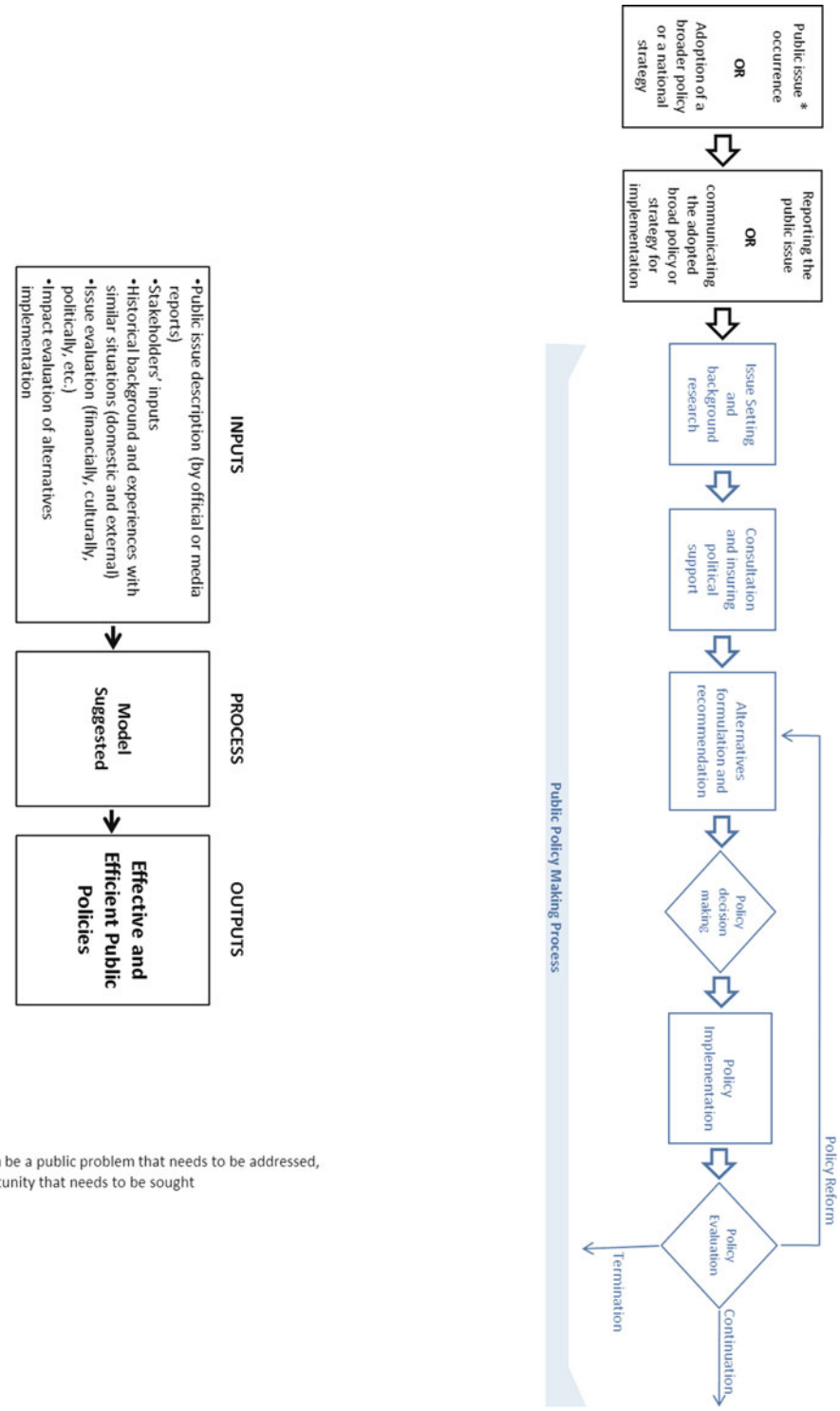


**Iraq's Pressing Need to Adopt Unified Conceptual and Procedural Models for Public Policy Making, Implementation, and Evaluation Processes, Fig. 1** Suggested conceptual model

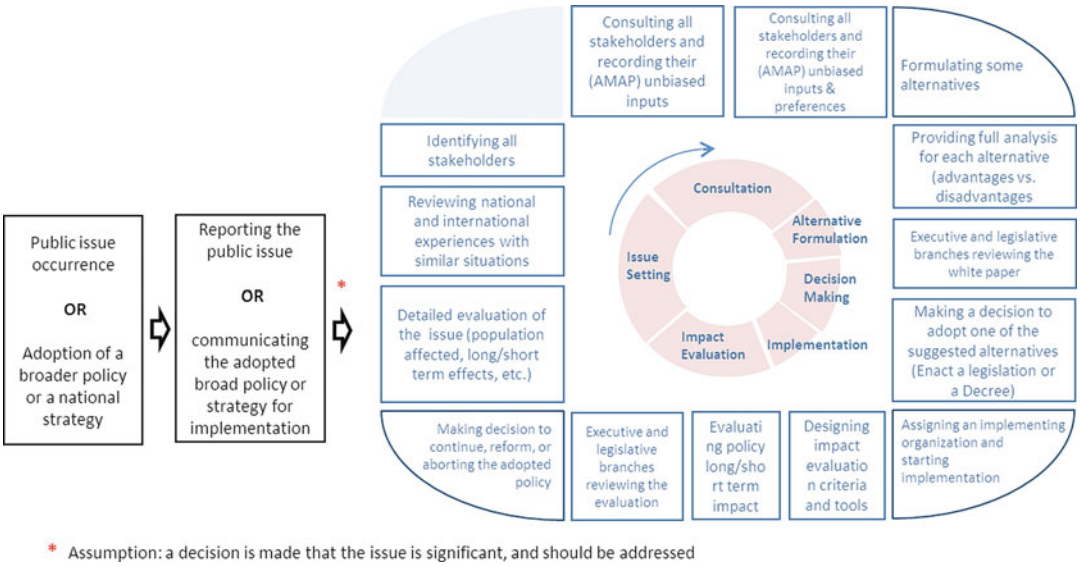


**Iraq's Pressing Need to Adopt Unified Conceptual and Procedural Models for Public Policy Making, Implementation, and Evaluation Processes, Fig. 2** Suggested procedural model

drafters and decision-makers normally need more time-framed, specific, and detailed description of the steps they would be asked to follow, a detailed procedural model is suggested for practical application. Such a procedural model can be legislated to be a legally binding policy making process; otherwise, it is not guaranteed or even expected at all that Iraqi policy makers would collectively volunteer to adopt a completely different work style that they never adopted before. As concepts, in addition, are merely here for providing general layouts and guidance, presenting the conceptual model is not sufficient enough to enhance the policy making process in Iraq. The outline-providing conceptual model needs to be interpreted into the procedural model that can be clearly and effectively imposed by acting a low or any kind of legislations. Directly driven from the mother conceptual model, the procedural model is suggested to have the shape and content illustrated by the Fig. 2.

In addition, a standard checklist form that includes fields for detailed descriptions, justifications, and notes is suggested to avoid different interpretations, to simplify the implementation of the model, and to provide a measuring and evaluation criterion for accountability purposes. The first two pages of the suggested additional form are to provide information about policy drafters, sponsoring office, level and rank of the needed decision-making process, background description, legal references, etc. The following pages are to include itemized table fields to provide information regarding the standard steps that the procedural model suggests. This information should include dates at which each step was conducted, full description of the course of actions taken, and justifications for any variations provided.

## Cross-References

► Public Sector Accounting

## References

Althaus C, Bridgman P, Davis G (2007) The Australian policy handbook, 4th edn. Allen & Unwin, Sydney

Anderson JE (1999) Public policymaking, 4 edn. Houghton Mifflin Company

Atkinson M, Jones M, Lamont E (2007) Multi-agency working and its implication for practice – a review of the literature. CfBT Education Trust

Buşoi CS (2010) Health systems and the influence of political ideologies
Cochran GE, Mayer LC, Carr TR, Cayer NJ (1982) American public policy: an introduction. St. Martin's Press, New York
Etzoni A (1967) Mixed scanning: a third approach to decision making. Public Adm Rev 27(5):385. (Dec. 1967). Blackwell Publishing on behalf of ASPA
Fox C, Butler G (2004) Partnerships: where next? Safer Commun 3(3):36–44
Kovacic WE (2005) Using evaluation to improve the performance of competition policy authorities. OECD/Competition Committee
Palumbo DJ, Fawcett SB, Wright P (1981) Evaluating and optimizing public policy. D. C. Heath, Lexington, pp ix–xv

# Islam, Governance, and Political Culture in Bangladesh

Md. Nazmul Islam[1,2] and Mohammad Hossain[3]
[1]Department of Political Science and Public Administration, Faculty of Political Science, Ankara Yildirim Beyazit University (AYBU), Ankara, Turkey
[2]Department of European and International Law, Faculty of Law and Economics, Europa Institut, Saarland University, Saarbrucken, Germany
[3]Alliance of Civilizations Institute, İbn Haldun Üniversitesi, Istanbul, Turkey

## Synonyms

Bangladesh; Democracy; Governance; Islam; Political culture

## Definition

*Islam, Governance, and Political Culture in Bangladesh:* To examine the relations between Islam, governance, and political culture in Bangladesh, this entry portraits the contextual framework of governance and political history of Bangladesh and how it has correlations with Islam. This is done by observing the nature, relations, and processes of the historical development of Islam and politics in Bangladesh with the characteristics of Islam and democratic political culture in Bangladesh; in doing so, this entry, finally, aims to examine the convergence and contradiction of Islam in the political sphere of Bangladesh and how Islam, governance, and politics are inextricably interconnected and knotted in the political history of Bangladesh.

## Introduction

Islam, a religion of peace, has deep roots in the nature, functions, and performance of the governance and political culture in Bangladesh. Islam, by nature, absorbed and reflects the general norms of the peoples of Bangladesh, which predominantly covers the social, political groups' activities, and "state's behaviors" (Nyadera and Islam 2020a) directly or indirectly. In the domain of politics, Islam, as a religion, significantly influenced the governance and political culture of Bangladesh which arguably is considered as "secular" in state level (though in the constitution, Islam is the state religion in Bangladesh) but religious (Believer) in "personal/individual" level mostly. Islam, through its huge stimulus, has always been linked with a multi-colored inextricably sociopolitical impact on Bangladesh, in its cultural, social, economic, political, and democratic transition and crisis. From grassroots politics to state politics, from top to bottom policymaking level, indistinguishably, Islam was able to make a new image and has a vast contribution to the historical evolution of Bangladesh. Additionally, Islam, in its culturally comprehended roots, has a great influence on the mystical spiritual legacy and history of the political culture of Bangladesh in a constructive and viable process.

As a tool of political back up, Islam has played an important role in Bangladesh since its inception in 1971. This has occurred through its role in different political frameworks including the secular, socialist, and the nationalist, whether in the regime of the democratic, autocratic, or military. It has also had its impact on the democratic

transition process in Bangladesh, and exists as a vital instrument in the political process, scope, and struggle for the influence of the masses of Bangladesh to achieve the interests of the political parties. Ultimately, it is integral to the role model for their political goals where pursuit of power is the central objective.

Nevertheless, Ahmed (2010) well defined the meaning of "Islam," as he highlighted that Islam refers to peace by one's submission to Allah; similarly, Stevenson (2010) defined "Islam" in Oxford Dictionary of English as "the religion of the Muslims, a monotheistic faith regarded as revealed through Mohammad as the Prophet of Allah" (p. 926). It is well-established that "Islam," as a "Deen" (religion), came to the land of Bengal by the Turkish conqueror Ikhtiyar Uddin Muhammad bin Bakhtiyar Khilji in the beginning of the thirteenth century (Islam 2017b). Rahim (1963) and Khan (2013) assert that Islam came to the land of Bengal through the "Sufis, Saints, and Merchants". Although Nazrul Islam and Saidul Islam (2018) have argued that Islam and political triumph assist the Muslims in spreading their religion in the land of Bengal, Karim (1959) on the other hand highlighted how Mosques, Madrasas, and Khanqas of Sufis and Saints played foremost efforts regarding spread of the actual phenomena of Islam in the sociopolitical scenario of Bengal and current Bangladesh.

Historical-based literature and scholars on "Islamization in Bengal" like Arnold (1913), Habibullah (1945), Karim (1959), Qureshi (1962), Rahim (1963), Ahmad (1964), Tarafdar (1965), Nizami (1966), Mujeeb (1967), Rashid (1969), and Haq (1975) argued that people in Bengal embraced the religion of Islam over Hinduism and Buddhism (especially the lower-caste Hindus) because they want freedom and social liberation, which came through the Sufis, Muslim traders, and saints of Islam. Accordingly, they captured the Bengal people's heart and mind; however, some scholars including Muir (1963), Chatterji (1963), and Majumdar (1973) stressed that the process of "Islamization in the land of Bengal" is through the way of power, sword, what they argued as the "forced conversion theory" in the case of Islam as the religion in Bengal area.

This study, therefore, seeks to examine the relations between Islam, governance, and political culture in Bangladesh in general. It aims to highlight how relations between Islam and politics might influence the politicians in Bangladesh to formulate and implement the political party's interests in any sphere for political goals. It identifies that Islam, as a religion, may have profound impacts on politicians, policymakers, and mass people in general but may have different challenges, convergence, and contradictions in the political sphere and landscapes on the political culture of Bangladesh. As Nyadera and Islam (2020b) argued, "significant changes experienced at the domestic and international levels have compelled scholars and practitioners to rethink the different dimensions in theoretical and practical application."

## Contextual Framework: Islam, Governance, and Political Culture in Bangladesh

### History of Islam and Politics in Bangladesh

Islam arrived in the land of Bangladesh through peaceful means, mainly through merchants and preachers, and flourished over time to include a significant part of the population. Long before the setting of Muslim empires in the region at the beginning of the thirteenth century, Islam was spreading among the population rapidly through means of proselytization from as early as the eighth or ninth century.

One can look at several ways in which Islam began to be spread in the region now known as Bangladesh (Bengal region). Arab merchants are known to have preached Islam in the Bengal region from early on. In Bengal, the main hub for merchants and their trade activities was the port of Chittagong. Alongside that, the port also functioned as a prime spot for trade with the

eastern regions such as Indonesia, Thailand, Malaysia, and China. As a result, traders often used to run their businesses to and from mainland China through the port of Chittagong. Arab merchants were known for their economic activities through this route since pre-Islamic times. After the rise of Islam in Arabia, the Arab merchants played an important role in preaching Islam in the Bengal region. Furthermore, some of these Arab Muslims settled in communities in the coastal regions of Chittagong, which gradually became centers for disseminating the message of the new faith.

One can also find related historical accounts of rulers working towards preaching Islam, some peacefully and others through conquest. The Chera king Cheraman Perumal, who was the ruler of one of the coastal kingdoms in Kerala, is said to have converted to Islam during the lifetime of Prophet Mohammad. As a result, his kingdom became a point from where Islamic preachers went about proselytizing, with Bengal being one of the target regions for these preachers. Current historians, however, have contested the claim revolving around Cheraman Perumal and attributed his story more as being part of folklore than historical reality (Parthasarathi 2016). In the early eighth century, the conquest of Sindh by the Umayyad general Mohammad Bin Quasem also heralded a new era for expansion of Islam into the region, as many Muslim preachers travelled to Bengal to preach Islam.

The Muslim conquest of Bengal by Bakhtiyar Khilji heralded the arrival of political Islam into the region at the beginning of the thirteenth century. Khilji established his kingdom at Nadia, with its capital as Lakhnauti. This development opened up Bengal, both in terms of political terrain and society, for Muslim rule. It led to the arrival of a large number of immigrants from Muslim lands such as Arabia, Central Asia, and Persia to Bengal, many of them mystics and preachers (Karim 2007, p. 48). The Muslim political presence continued nearly unabated through several ruling families till 1757, when forces led by the British East India Company defeated the last independent Nawab of Bengal Siraj-ud-Daulah through a combination of treachery and cunning. This defeat led to the onset of two centuries of colonial rule in Bengal, which was synonymous with not only economic exploitation but also social displacement of former mostly Muslim elites.

Nevertheless, to understand the rise of political Islam and political culture in Bengal and Bengali Muslim identity, obviously, the flow of the incidents must be discussed through the three major historical events and initiatives during the colonial period (Islam and Islam 2018): *firstly*, the *Fara'idi movement* led by Haji Shari'at Allah in the 1820s (1781–1840); *secondly*, the *Basherkella movement* led by Mir Nisar Ali alias Titu Mir (1782–1831); and *thirdly*, the major initiative led by *Deoband and Bengali Ulema* against the British colony to preserve the Ottoman Empire, historically, which was introduced as the *Khilafat movement* between the late 1910s and early 1920s (1918–1924). These were the primary factual movements for identifying the Bengali Muslim identity, Islam and its vast and deep impacts on the sociopolitical and cultural aspects of Bengal, and current Bangladeshi Muslim society. "The challenges that confront politicians and policymakers, as well as the general public, are mostly due to negative legacies that may have roots in the colonial past" of Bengal and current Bangladesh (Islam 2017a, c). Despite an end to Muslim political rule, seeds of Muslim identity remained buried in Bengal, coming to the fore with the establishment of a Muslim political movement in Dhaka in the early decade of the twentieth century. The movement gradually turned into a movement calling for an independent homeland for Muslims, leading to the formation of Pakistan in 1947. Although designated as a homeland for Muslims, discontentment arose in the eastern part of Pakistan over economic and social policies which were seen to be favoring the western part. East Pakistan became independent from Pakistan after a 9-month bloody war which led to the formation of Bangladesh in 1971.

### Historical Development and Challenges of Political Culture in Bangladesh

After the independence from Pakistan in 1971, Bangladeshi politics has evolved, and the country's politics tend to take regime histories as their point of departure. Historically, several interlocking themes characterize the political culture in the country. Dependence on totalitarianism in times of catastrophe and promise of political differences through extra-parliamentary way are consistently conveyed by appeals to contradictions in nationalist ideology and the representation of political balk as anti-patriotic. Along with the extraordinary partisanship that informs the politico-cultural landscape under all regimes, patronage politics tends to predominate whether governments are elected or military. Ironically, both ordinary citizens and opposition parties often find that the only effectual mode of political engagement open to them is mobilizing on the streets. The most lasting sites of contestation rotate on the question of national uniqueness and the place of religion in defining Bengali/Bangladeshi nationalism and the historically constructed Bengali/Muslim dichotomy. As we shall see, efforts over narration and reminiscence have confidentially formed the construction of political oratory and practice. To put it differently, the setbacks of statecraft and of record script have been profoundly knotted. Highly charged ideological debates about nationalism frequently eclipse conversations on other critical issues, such as distributive justice. Moreover, constant "culture wars" have permitted a deepening division of the political scene; the general upshot is a progressive hollowing out of political philosophy and performance (Siddiqi 2010, p. 8).

### Historical Measurements Towards Promoting Islam and Democracy in Bangladesh

In order to understand the impact and presence of Islam in the Bangladeshi public sphere today, one needs to look at various historical developments towards this effect in post-independent Bangladesh to understand the state's current and future interests (Islam 2020b), because in Bangladesh, different political regimes have implied different roles (Islam 2017a, b, c). In the period between 1975 and 1990, several important measures were taken to introduce and promote Islamic values in Bangladesh, which can be discussed as follows (Hasan 2011, p. 8):

1. Secularism was put forward as one of the four state principles in the 1972 constitution. This was changed by General Zia through the Fifth Amendment in 1979. Among a host of changes, he incorporated "absolute faith and trust in the Almighty Allah" in place of the previous principle of secularism by putting "Bismillahirrahmanir rahim" (In the name of Allah, the Merciful, and the Compassionate) into the Constitution of the People's Republic of Bangladesh. It is mentionable that this change was later annulled by the Fifteenth Amendment adopted by the Bangladeshi government in 2011.
2. Another marker was initiatives for posters in government offices and public places with the quotations from the Holy Quran and sayings of the Prophet Mohammad. Moreover, the display festoons apart from flying national flags for celebrating religious festivals such as Eid and the wishes from public officials highlighted the importance of the administration attached to Islamic teachings.
3. Regular Islamic acts of worship such as the offering of Munajat (prayers) on special occasions and the performance of Namaz (worship ritual) and call of Azan (call to prayer) five times in a day continued without hindrance, unlike countries such as Turkey, where the call to prayer was modified and restricted, or India, where anti-Muslim attitudes and activities sometimes limit the ability of Muslims to freely express their religion.
4. Other administrative measures such as the foundation of a separate division of Religious Affairs led by a minister, the constitution of the Islamic Foundation and the extension of its research facilities, a Zakat (charity) fund, set up of an Islamic university, and the establishment of the Madrasah Board followed by

education policies encouraging Arabic and religious education in primary schools indicate the willingness of the state to promote Islamic values and teachings.

The Fifth Amendment to the Bangladeshi constitution in 1979 led to the re-emergence of Islamist parties such as the Jamaat-e-Islami in the political scenario. Following this, the Eight Amendment Act passed by the Ershad military government in 1988 declared, among others, in article 2A that Islam would be the state religion in Bangladesh. This was seen as a major step towards acknowledging the efforts of Islamization under the Ershad regime. Up until today, there were seven Islamic political parties registered in the Election Commission in Bangladesh, including Bangladesh Jamaat-e-Islami (BJI), Zaker Party, Khilafat Andolon, Muslim League, Jamiat Ulema-e-Islam Bangladesh, Islamic Front Bangladesh, and Islamic Oikko Jot (IOJ). At the zenith of their political presence, BJI and IOJ achieved several parliamentary seats among these seven parties in the 2001 general election. The BJI and IOJ assisted the BNP informing the central government during this time, and two ministerial portfolios were given to BJI candidates in the BNP-led government which lasted until 2006.

## Characteristics of Political Culture in Bangladeshi State from Socialism to Neo-liberalism

The political culture of Bangladesh underwent significant changes since its inception in 1971. The four guiding principles of the state adopted by the 1972 constitution included nationalism, democracy, secularism, and socialism (Riaz 1994, p. 116). Not only were these principles shaped by sociopolitical contexts of the time, but they were also conditioned by Sheikh Mujibur Rahman and Awami League's understanding of them. It is important to note that secularism as pertaining to the Bengali word *dhormoniro-pekkhota* is a form of commitment to non-communalism rather than separation of the functions of the state and the religious establishment as connoted in Western notions of the secular and *laicite*. Moreover, socialism was seen as freedom from exploitation rather than a function of communism, as expressed by Mujib himself in his memoirs (Rahman 2012, p. 237). However, despite such lofty ideals, less than 3 years into his rule, Sheikh Mujibur Rahman (1972–1975) pushed through the Fourth Amendment to the constitution, which replaced parliamentary democracy with a one-party rule.

The government of General Ziaur Rahman (1975–1981), which came in the aftermath of the assassination of Sheikh Mujibur Rahman, enacted the Fifth Amendment to the Bangladeshi constitution in 1979. The amendment brought about major changes such as the abandonment of socialist ideology and secularism of the BAKSAL era. The reinstatement of multiparty politics meant that Islamist parties such as Jamaat-e-Islami got the prospect to enter in Bangladesh political system. Moreover, the Bangladesh Nationalist Party (BNP) founded by Major Zia in 1978 embraced an explicit Muslim Bangladeshi identity different from the avowedly secular nature of Bengali identity promoted by the Awami League.

Following the assassination of Zia, his successor General Ershad usurped power and limited the expression of democracy throughout the length of his 9-year dictatorial regime. Through what many consider a popular move, Ershad further undermined the secular roots of Bangladesh by declaring Islam as the state religion through the Eighth Amendment. Alongside their attempts at strengthening the non-secular face of Bangladesh, both Zia and Ershad also challenged the earlier socialist policies of Sheikh Mujibur Rahman. Coupled with state-led initiatives for growth such as major investments in communications and infrastructure, their economic policies were large of a neoliberal nature. They worked towards withdrawing state subsidies and promoting a regime of trade liberalization and export promotion (Siddiqi 2010).

## Islam in the Political Sphere: Convergence and Contradiction

The contemporary presence of Islam and discourse surrounding Islam in the Bangladeshi

political sphere is an area with multiple points of convergence and contradiction. In the aftermath of the events at Shahbag in 2013, the rise of the Hefazat-e-Islam (HI), a movement of Islamic scholars and students from the thousands of madrasahs or religious seminaries in Bangladesh, has changed the discourse on how Islam is perceived in the political sphere. Originally an apolitical faction of scholars led by Allama Shafi, the HI came to the fore in 2013 with very political demands of punishment of atheist bloggers and the implementation of laws to punish blasphemy against the Prophet Mohammad or Islamic teachings. (See 13 point demand of Hefazote Islam (2013). Available at https://www.bbc.com/news/world-asia-22424708.) The movement blended into a general call for the downfall of the Awami League government on the basis that it was against Islamic sentiments of the general populace, a development which aligned with the goal of the opposition BNP and BJI. Although the movement was suppressed by force, it ultimately changed conversations around Islam in the political sphere in Bangladesh.

The Fifteenth Amendment to the constitution under the Awami League government is a classic example of contradiction and convergence surrounding discussions on Islam in the country. While it reverted the constitution to the 1972 founding principles of secularism, nationalism, socialism, and democracy, it still retains the caption of "Bismillahirrahmanir rahim" and the declaration that Islam is the religion of the state. As a result, while the current constitution professes may display contradictory affinity to both secularism and religion, the point of convergence lies in the acknowledgment of Islam as the religion of the majority of the people (Bhuiyan 2017). In addition to the above stance by the Awami League, it also has made alliances with six faith-based registered political parties including the HI, a major portion of which is currently allied with the Awami League. While such alliances converge on the point of Islam and Muslim identity, they are markedly unique in the sense that they oppose "militarism" and "terrorism" in the name of Islam and support Awami League's role in the war of independence.

The opposition, consisting of BNP and the BJI, also argues for a strong role of Islam in the political process but from the perspective of a need to protect democratic ideals and increase the accountability of the state towards its citizens. As such, although there seems to be a convergence in the BNP-BJI and AL-led blocs in their emphasis on the place of Islam and Islamic identity, the difference lies in the professed political culture of the two blocs, whether pro-democratic or pro-authoritarian. Thus, despite their convergence on Islam, the secular Awami League-led bloc has an authoritarian political culture, while the pro-Islam political bloc of the BNP-BJI has a democratic political culture (Fair and Patel 2020, p. 2).

## Conclusion

In every context, to find out relations is the best way to arrive at an unparalleled solution (Islam 2020a). Previous studies on the relations between Islam, governance, and political culture in Bangladesh relate and influence each other predominantly focusing on established theory. The nature of such relations in the case of nexus between Islam, historical governance, and political culture of Bangladesh has often been ignored. Yet the interaction between these entities is increasingly becoming an important aspect in understanding why Islam has a profound impact on the political culture of Bangladesh. Similarly, the link between Islam, governance, and political culture in Bangladesh helps us in putting emphasis on political and sociocultural trends in the country, and understanding how this shapes and impacts Bangladeshi Muslim identity. While the study has given a general analysis, it provides a basis for future research on comparative studies between secular identify and Bengali Muslim or national identity, how Islam played a peaceful impression on the political culture and "political strategy" (Islam 2019) of Bangladesh, why Islam might be the best option and central point for the political crisis in Bangladesh, and how Islam, as a "complete code of life", may help the current political parties of Bangladesh to develop its

unique model that can "ensure the people's rights, freedom, sovereignty, participation, equality, and social justice" (Islam et al. 2020).

## Cross-References

- ▶ Accountability, Politics, and Power
- ▶ Comparative Policy Reforms
- ▶ Comparative Political Elites
- ▶ Culture and Organizations
- ▶ Link Between Administration, Politics, and Bureaucracy
- ▶ Politics and Administration
- ▶ Public Policy and Governance: Theory and Practice

## References


Ahmad A (1964) Studies in Islamic culture in the Indian environment. Oxford University Press, New York

Ahmad K (2010) Islam: basic principles and characteristics. In: Islam: its meaning and message (ed: Ahmad K). The Islamic Foundation, London, pp 27–44

Arnold TW (1913) The preaching of Islam: a history of the propagation of the Muslim faith. Constable & Co, London

Bhuiyan JH (2017) Secularism in the constitution of Bangladesh. J Legal Pluralism Unofficial Law 49(2):204–227

Chatterji SK (1963) Languages and literatures of modern India. Bengal Publishers, Calcutta

Fair CC, Patel P (2020) Rational Islamists: Islamism and regime preferences in Bangladesh. Democratization 27(4):547–569. https://doi.org/10.1080/13510347.2019.1702026

Habibullah ABM (1945) The foundation of Muslim rule in India. Sh. M. Ashraf, Lahore

Haq ME (1975) A history of Sufi-ism in Bengal. Asiatic Society of Bangladesh, Dhaka

Hasan M (2011) Democracy and political Islam in Bangladesh. South Asian Res 31(2):97–117. https://doi.org/10.1177/026272801103100201. https://www.researchgate.net/publication/260833697

Islam MN (2017a) India-Bangladesh relations: policy challenges under the Narendra Modi's and Shiekh Hasina regime. In: Bilici N, Pehlivanli R, Ashirkhanova K (eds) Innovation and global issues in social sciences (InGlobe). Akdeniz University Press, Patara Antique City, Antalya. ISBN 605825320-9978. https://www.researchgate.net/publication/331559885_India-Bangladesh_Relations_Policy_Challenges_under_the_Narendra_Modi's_and_Shiekh_Hasina_Regime

Islam MN (2017b) Turkish soft power policy towards India, Pakistan and Bangladesh: a comparative assessment from humanitarian perspective. In: Özyürek D, Yıldırım M, Eğe S, Eğri T (eds) Uluslararası Öğrenciler Sosyal Bilimler Kongresi. İlmi Etüdler Derneği (İLEM), Yurtdışı Türkler ve Akraba Topluluklar Bakanlığı (YTB) and İstanbul Medeniyet Üniversitesi Press, Istanbul. ISBN: 978-605-68401-5-9 (2.c). https://www.researchgate.net/publication/327881261_Turkish_Soft_Power_Policy_Towards_India_Pakistan_and_Bangladesh_A_Comparative_Assessment_From_Humanitarian_Perspective

Islam MN (2017c) Changing foreign policy of Bangladesh evaluation from the different political regime. Perspective Policy Making Magazine in Bangladesh. https://www.researchgate.net/publication/318570332_Changing_Foreign_Policy_of_Bangladesh_Evaluation_from_the_Different_Political_Regime

Islam MN (2019) Emerging global organizations and groups: a paradigms shift for new world order. ADAM AKADEMİ Sosyal Bilimler Dergisi 9(2): 471–490. https://doi.org/10.31679/adamakademi.508998

Islam MN (2020a) Rethinking Turkey-Iraq relations: the dilemma of partial cooperation. Insight Turkey 22(1): 257–260. https://doi.org/10.25253/99.2020221.11. Retrieved from https://www.insightturkey.com/book-reviews/rethinking-turkey-iraq-relations-the-dilemma-of-partial-cooperation

Islam MN (2020b) Güç, strateji ve potansiyeller: Çin ordusunun temel yetenekleri ve unsurları üzerine bir inceleme (Power, strategy and potentials: a study on the factors and key capabilities of China's military), Cappadocia J Area Stud 1(1):100–110. https://doi.org/10.38154/cjas.13

Islam MN, Islam MS (2018) Islam, politics and secularism in Bangladesh: contesting the dominant narratives. Soc Sci 7:37. https://doi.org/10.3390/socsci7030037

Islam MN, Bingöl Y, Nyadera IN (2020) Political and administrative culture in Turkey's AK party, Tunisian An-Nahada, and Bangladesh Jamat-e Islam. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4028-1

Karim A (1959) Social history of the Muslims in Bengal. Asiatic Society of Pakistan, Dhaka

Karim A (2007) Cited by Mahmudur Rahman (2019). The Political History of Muslim Bengal: An Unfinished Battle of Faith. Cambridge Scholars Publishing, London

Khan MM (2013) The Muslim heritage of Bengal: the lives, thoughts and achievements of great Muslim scholars, writers and reformers of Bangladesh and West Bengal. Kube Publishing, Leicestershire

Majumdar RC (1973) History of medieval Bengal. G. Bharadwaj & Co, Calcutta

Muir SW (1963) The caliphate: its rise, decline, and fall. Smith, Elder & Co, London

Mujeeb M (1967) The Indian Muslims. George Allen & and Unwin, London


I

Nizami KA (1966) Studies in medieval Indian history and culture. Kitab Mahal, Allahabad
Nyadera IN, Islam MN (2020a) Transnational operations, international reactions, and legitimacy: the case of Turkey and Saudi Arabia. Contemp Rev Middle East 7(3):1–22. https://doi.org/10.1177/2347798920921965
Nyadera IN, Islam MN (2020b) Link between administration, politics, and bureaucracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3903-1
Parthasarathi PT (2016) Cheraman Perumal between legend and history: a search of his existence in Kerala history. http://www.heritageuniversityofkerala.com/JournalPDF/Volume4/28.pdf
Qureshi IH (1962) The Muslim community of the Indo-Pakistan subcontinent, 610-1947. Mouton and Co, The Hague
Rahim MA (1963) Social and cultural history of Bengal, vol 1: 1201–1576. Pakistan Historical Society, Karachi
Rahman SM (2012) Sheikh Mujibur Rahman: the unfinished memoirs. Penguin UK
Rashid A (1969) Society and culture in medieval India, 1206–1556 A.D. Firma K. L. Mukhopadhyaya, Calcutta
Riaz A (1994) State, class and military rule: political economy of martial law in Bangladesh. Nadi New Press, Dhaka, pp 116–163
See 13 point demand of Hefazote Islam (2013). https://www.bbc.com/news/world-asia-22424708
Siddiqi DM (2010) Political culture in contemporary Bangladesh: histories, ruptures and contradictions. In: Riaz A, Fair CC (eds) Political Islam and governance in Bangladesh. Routledge, London, UK
Stevenson A (2010) Oxford dictionary of English. Oxford University Press, Oxford
Tarafdar MR (1965) Husain Shahi Bengal, 1494–1538 A.D.: a socio-political study. Asiatic Society of Pakistan, Dhaka

# Islamic Governance

Md. Rafiqul Islam
Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh

## Synonyms

Islamic administration; Islamic government; Islamic jurisdiction; Islamic management; Islamic rule

## Definition

Islamic governance can be defined as Islamic systems for governing Islamic countries and managing individuals and organizations within those Islamic countries in light of the fundamental principles of Islam. Islamic governance can also be defined as a system of administration, management, rule, or government based on the basic tenets of Islam.

## Introduction

From the perspective of modern Islamic movements, Islam is called "din wa dawla," which combines both "religion and state." Many Muslim and non-Muslim scholars believe that Islam is a comprehensive way of life (Esposito and Voll 1996; Goldschmidt 1988; Haneef 1982) that encompasses the social, cultural, political, economic, and religious spheres of Muslim Ummah. Although the concept of governance has gained popularity in modern times, it is as old as human civilization. Governance as a concept has existed as long as human organization has existed. Indeed, governance and government are often used interchangeably (Kjaer 2004). Islamic governance is system governance exercised in light of the basic principles of Islam. The glory of Islamic governance reached its zenith during the rule of Prophet Muhammad and pious caliphs. However, most of the Muslim countries of the modern time are lacking the basic characteristics/principles of Islamic governance.

This entry is divided into two main sections. The first section of the entry begins with a brief discussion on the conceptual meaning of governance, followed by an analysis of the key features of governance. The final section of the entry provides a brief discussion on the conceptual meaning of Islamic governance and a historical background of the system of governance in Islam, followed by a brief analysis of the key features of Islamic governance.

## Conceptual Meaning of Governance

The word "governance" is an amorphous concept which purports different meanings to different people. According to *Cambridge Advanced Learner's Dictionary*, governance is defined as "the way that organizations or countries are managed at the highest level." Governance entails the systems for managing the organizations and countries at highest level with an aim to promote and maintain the highest standards. The Oxford English dictionary defines governance as the action and manner of governing. According to Merriam Webster Dictionary, governance is interchangeably used as administration, authority, rule, government, jurisdiction, regime, domination, direction, management, regulation, and so on. The *Webster's Encyclopedic Unabridged Dictionary of English Language* defines governance as a method or system of government or management. As a value-laden normative concept, governance can be defined as "how well governments govern or serve the people" (Maheshwari 2007).

According to the World Bank Group, "Governance is defined as the rule of the rulers, typically within a given set of rules. Governance is also viewed as a process by which authority is conferred on rulers, by which they make the rules and by which those rules are enforced and modified. The understanding of governance signals an identification of both the rulers and the rules, as well and the numerous processed they are selected, defined, and linked together with the society in general (World Bank 2013).

There are divergent views on governance. Governance is sometimes viewed as a narrowly defined phenomenon in the form of activities of only the executive branch of the state, although it is broadly defined as the functions or activities of all the three branches of the state or government, such as the executive, legislative, and judicial branches. The concept of governance also entails the undertaking of activities, management of resources, organization of men and women by groups of people, communities, local government bodies, business organizations, and the government organs through social, political, administrative, and economic arrangements that fulfill the daily needs of people (Hye 2000). Governance is envisioned as an aggregate of numerous ways individuals and institutions, both public and private, manage their common affairs. Governance is an ongoing process through which conflicting or diverse interests are accommodated or cooperative actions are taken. Governance also involves formal institutions and regimes with the authority or power to enforce compliance, as well as informal arrangements that people and institutions either agree or believe to be in their interests (Lyon 2000). According to the Institute of Governance, "Governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered."

Kaufmann et al. (1999) define governance as "the traditions and institutions by which authority in a country is exercised." The World Bank's PRSP Handbook has defined governance as the way "power is exercised through a country's economic, political and social institutions" (World Bank 2013). According to the United Nations Development Programme (UNDP), "Governance is defined as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It includes mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences" (UNDP 1997).

## Features of Governance

Different scholars have identified different aspects, dimensions, or features of governance. Kaufmann et al. (1999) have viewed graft, rule of law, and government effectiveness as three main aspects or components of governance. Other important features of governance identified by Kaufmann et al. (1999) are voice and accountability, political instability and violence, and regulatory burden. Aras and Crowther (2009) have identified eight principles/indicators or features of governance. These features of governance include transparency, rule of law, participation,

responsiveness, equity, efficiency and effectiveness, sustainability, and accountability. Many scholars view most of these components of governance as the common features of sound or good governance. However, the common features of governance are briefly discussed as follows.

### Transparency

The dictionary meaning of transparency is the quality or state of being transparent. Transparent means something clear or obvious that can be easily seen, detected, or readily understood. As a key feature or indicator of governance, transparency requires that information is freely available and directly accessible to those people who are affected by both decision-making and its implementation or enforcement (Aras and Crowther 2009). In legal terms, transparency means that information on matters of public concern is made open to the citizens or those who will be directly affected by the making or execution of the decisions. It also means that transactions involving public interests must be fully disclosed and made accessible to the public. Again, if the making of decisions and its enforcement are based on rules and regulations, the system of governance will be transparent. If not, then the system of governance will be unsound and/or corrupt.

### Rule of Law

As an important feature or indicator of governance, rule of law requires that government acts within the limits of powers and functions set by the laws of the nation. Democratic governance or good governance requires that those who govern must follow the rule of law and will not act arbitrarily or at will. Absence of rule of law brings about disorder and anarchy that help increase corruption, because rule of law promotes peace, order, and justice and reduces disorder, anarchy, or corruption.

### Participation

The type or nature of governance is envisioned in terms of the degree of participation. Participation connotes active involvement of all the stakeholders in the decision-making process who affect or are affected by decision. Participation embraces the involvement of everyone, especially all adults, including males and females. Based on the size or structure of the organization, participation can range from direct to indirect, especially through intermediate institutions or representatives (Aras and Crowther 2009).

### Responsiveness

Responsiveness means answerability or the state or quality of being quick to react properly or sympathetically. Responsiveness implies that governance regulations enable institutions and processes of governance within a reasonable time frame. In democratic governance, responsiveness means that actors and structures of organizations easily provide actual expression to the will and desire of the people. In actuality, the interests of all the people need to be well protected in a prompt and proper manner.

### Equity and Justice

The principle of equity purports that all members of the society, especially the minorities, most vulnerable, or the people at the grassroot levels, must be taken into account in the decision-making process. The equity principle of governance implies that no one will be discriminated because of his/her race, ethnicity, color, religion, gender, nationality, and so on. The equity principle requires the mechanisms to make sure that all stakeholder groups will have the opportunity to maintain or promote their well-beings or improve their overall socioeconomic, political, and cultural conditions. Social equity is also thought to be a kind of justice that provides more opportunities to the underprivileged people. Therefore, establishing social justice cannot be expected without promoting the norms of equity in the society.

### Efficiency and Effectiveness

The words “efficiency” and “effectiveness” are often used interchangeably. Etymologically, efficiency means the quality or state of being

efficient, while effectiveness implies capability of producing result or outcome. Efficiency can be defined as the capacity or capability of minimization of transaction cost, while effectiveness is explained in terms of achievement of desired goals. Making the best use of resources, organizational effectiveness can be ensured by producing results through the processes and institutions (Aras and Crowther 2009). Indeed, the principle of efficiency and effectiveness requires the improvement and standardization of the quality of service delivery. Efficient and effective governance requires the increase of capacities and elimination of redundancies or overlaps in functions and operations.

### Sustainability

The principle of sustainability emphasizes a long-term perspective for sustainable human development and the process of attaining the goals of such development. Sustainability can be explained from different perspectives. Broadly speaking, sustainability is concerned with the effect which action taken in the present has upon the options available in the future. Sustainability means that society must use no more of a resource than can be reproduced (Aras and Crowther 2009).

### Accountability

Accountability implies the state or quality of being accountable. Accountability involves an obligation or willingness to accept responsibility or to account for one's actions. Accountability is based on the principle that every person or group is responsible for his/its actions if those actions are illegitimate/wrong or if those actions hamper public interests. The accountability principle of governance holds that those who are involved in the process of governance have the responsibilities or obligations to explain or answer for the consequences of their decisions on behalf of their communities they serve. Based on the nature of governance, accountability can be of different types: political, social, administrative and/or managerial, hierarchical, and so on. In democratic governance, it is more convenient to ensure accountability, while in autocratic or dictatorial form of governance, it is difficult to ensure accountability.

## Meaning of Islamic Governance

Given the aforementioned discussion, Islamic governance refers to Islamic systems for governing Islamic countries and managing organizations within those Islamic countries in light of the fundamental principles of Islam. Islamic governance is a system of administration, management, rule, or government in accordance with the basic tenets of Islam. Islamic governance involves the rule by the Muslim rulers who follow the principles of Islamic laws or Shariah in ruling the Islamic states. Islamic governance also embraces the performance of activities, management of men and resources, and organization of people or Muslim Ummah by Islamic communities, business organizations, and numerous governmental departments in accordance with Islamic laws and/or principles.

In short, governance in Islam encompasses the processes and functions through which the governments or regimes as well as the formal institutions of Muslim countries are empowered to make decisions or enforce compliance in light of Islamic laws, values, norms, or principles as mentioned in Quran and Sunnah. Islamic governance also embraces Islamic traditions and institution through which authority in an Islamic country is exercised. Islamic system of governance lays the foundation of functional or operational framework within which Muslim organizations are expected to function. Islamic system of governance provides the guiding principles that necessitate the accomplishment of the objectives of Shariah. The Madinian Polity is the best example of Islamic governance that emphasized the universal principles of justice, equity, compassion, and other qualities or attributes of high civilization (Aziz 2017).

## Pre-Islamic System of Governance

Before the Islamic rule by Prophet Muhammad and the pious Caliphs, two different types of governance or administration prevailed in the ancient Arab world, such as the governance or administration of the town people and the governance/administration of the desert people as the ancient Arabs were divided into two main categories, the town people (the Ahl al-Hadarah) and the desert dwellers (Ahl Badiyah). The city administration during the pre-Islamic period was run by a Council of Elders called al-Mala. To transact business, the leading citizens gathered in a hall called Daru'n Nadwash, and the general meeting of the citizens (nadin qawn) took place in the court of the Ka'bah. The functions relating to the city in general and the Ka'bah in particular were vested upon the powerful Makkan families as the Quraysh were in charge of the Ka'bah (Imamuddin 1984).

The governance system of the desert people was different from the city/town government in that there was no proper administrative machinery and no officials or offices but there was a ruler in each clan or tribe who was called al-Shaykh or the Elder. The Arab chief or al-Shaykh represented the united will of the tribe both in war and peace. The Shaykh did not have any executive power as the tribe did not have any criminal law. Nobility of birth, seniority of age, and personal qualities were the key indicators for determining the position of the tribal chief in the Arab society. The tenure of office of the tribe chief relied upon the good will of the members of his constituency (Al-Baladhury 1916; Imamuddin 1984).

Being democratic in spirit, the Arabs were unwilling to submit to the arbitrary rule of the Shaykh. For this reason, the chief had to make his decisions in al-Mali (a Council of Elders in a town) which represented the clans and sub-clans. Every clan was responsible for the conduct of the clan members. Maintenance of peace within the tribe was the main responsibility of the Shaykh who was assisted by the Council of Elders. In judicial, military, and other matters of common concern, the tribal chief or Shaykh needed to consult with the tribal council represented by the heads of component families (Imamuddin 1984; Al-Mubarad 1864).

## The Golden Era of Islamic Governance

The systems of governance under Prophet Muhammad (SM) and the pious Caliphs were the golden times of Islamic governance. Under the governance of Prophet Muhammad (SM), Islam took precedence over tribal loyalties and created such an ideal society that was governed by codified ordinances. The Islamic governance of Prophet Muhammad (SM) brought about a significant change in the society by introducing civil laws affecting individuals and/or existing system of inheritance. Islam focused on removing the abuses that came out in the change from a communal system of ownership to an individualistic one. The Islamic system of governance for maintaining security of life and property of people was highly effective and commendable. While usury was forbidden, profit-making from trade was encouraged under the governance of Prophet Muhammad (SM). Again, payment of zakat by the rich to the poor helped maintain economic and social equilibrium (Imamuddin 1984).

The Prophet established a strong bond of brotherhood between the people of different tribes, clans, or communal groups. The Charter of Madinah was an excellent example for establishment of friendly relations among people of different tribes and/or communal groups. Various Jewish clans were mingled with the Muslims under the leadership of Prophet Muhammad (SM) into a community (Ummah). Of various aspects, guarantee of peace and protection of life, property, sanctity of women, and liberty were included in the Charter of Madinah. The Prophet presented Arabia a centralized form of government that concentrated a good deal of power in its hands retaining many of its ancient laws, institutions, and customs that did not contradict with the divine laws. The authority of the Prophet was supreme in executing the injunctions of the Qur'an and in matters on which there was no indication in the Holy Book (Imamuddin 1984).

The systems of governance under the pious Caliphs of Islam, such as Hazrat Abu Bakr, Hazrat Umar, Hazrat Uthman, and Hazrat Ali, respectively, were the best examples of golden periods of Islamic governance after the administration of Prophet Muhammad (SM). According to Arnold (1967), "there was certainly some form of election in the case of Abu Bakr, 'Umar, 'Uthman and 'Ali and that there was no consideration of relationship in the choice of a caliph. The pious caliphs were addressed either by any one of the three titles Khalifah, Amiru'l Mu'minin, or Imam" (Imamuddin 1984).

Besides Islamic governance under Prophet Muhammad, there were numerous examples of good governance during the golden era of Islamic governance. For instance, during the Islamic rule (Khilāfat) of Caliph Abu Bakr, the establishment of peace within Arabia through introduction of social and political institutions was commendable. Moreover, Caliph Umar founded an ideal government and proper administration. Umar believed in giving right to all to demand and protect their rights and express their views openly, to limit the rights of the ruler, and to criticize his action. Umar himself emphasized the rights and duties of the caliph and the subjects. To him, the caliph had his share in the wealth of the subjects as the guardian had in that of the orphans. If he was affluent, he should take nothing from it, and if he was poor, he should take according to his needs (Yusuf 1302 H; Imamuddin 1984). Umar also introduced democratic methods in the appointment of tax collectors. Indeed, Umar's Khilafat was similar to the republican form of government. This is because all matters relating to the country and the nation were discussed in the Majlis al-Shura and resolutions were made accordingly (Al-Mawardy 2005; Imamuddin 1984).

## Key Features of Islamic Governance

There are different aspects and/or features of Islamic governance. However, the main features or principles of Islamic governance are briefly discussed as follows:

### The Khilafah

The system of governance in Islam is the Khilafah or Caliphate. The system of Islamic governance is deep-rooted both in the Islamic Shari'ah and the history of Islam (Mujahid 2012). Although the terms "Khilafat" and "Caliphate" have derived from Khalifa (caliph) and often used interchangeably, they have different meanings. Khilafat refers to the Islamic institution of spiritual successorship, while Caliphate involves a politico-religious Muslim state governed by a caliph or Khalifa. Khalifa means successor. Abu Bakr, the first caliph in Islam, was given the title of Khalifa or Deputy of the Prophet, and his election as the Khalifa signaled the introduction of the great historic institution of the Caliphate (Lewis 1993). The Khalifa is the guardian of the people, and his responsibility is to make sure that Shari'ah is implemented to establish justice.

Under the Khilafah, there is no separate legislature since the power of legislation emanates not from man but from the creator of man. It is the Khalifah who implements the Shari'ah in the lands of Islam (Mujahid 2012). Al-Mawardi holds that the institution of the Caliphate or Imamate is an essential requirement of the Shariah. The Imamate is instituted by means of election by electors who are qualified. The candidates must possess certain qualifications, such as Adālah (justice), Ilm (knowledge of traditions), sound physical and mental conditions, courage and determination to protect the territory of Islam, and descendant of the Quraysh. According to imam al-Mawardy (2005), Imamate is prescribed to succeed prophethood as a means of protecting the deen (Islam) and of managing the affairs of this world (Al-Mawardy 2005).

### The Rule of Law

In Islamic governance, As-shura or the rule of law is established on the basis of Shari'ah. Shari'ah means the laws of the Almighty Allah. The Shari'ah was revealed through the ordinances of Qur'an and exemplified in the Sunnah (way of life) of the Prophet himself. Certain ordinances are obligatory and it is sin to violate them (Hussain 1984). The Caliph/Khalifah is

responsible for implementing the Shari'ah in the lands of Islamic states. Not only the common people, the Khalifa, his governors, administrators, and the kadis (judges) are also obligated to abide by the rule of laws in Islam (Mujahid 2012).

As-shura or the rule of law is one of the most important constitutional principles in Islamic law. According to Welton, "The Islamic world, too, has a devotion to the rule of law that has prevailed through much of its history and, while severely impaired in the nineteenth and twentieth centuries by Western colonialism and its aftermath, has resurfaced as a desired virtue, fully compatible with Islamic law and tradition" (Welton 2007, p. 173). While in modern democracies the state ensures people's obedience to the law of the nation through coercion, Muslims historically lived by and obeyed the laws of Islam by large without the need for coercion (Mujahid 2012).

### Transparency

Transparency is a key feature of Islamic governance in that both the ruler and the ruled respect the rule of law. Any political or administrative action under Islamic rule is open to public and nothing is hidden to them. Islamic governance is always against illegal, immoral, and corrupt activity. In Islam, people have the right to know how public money is spent. In this respect, Caliph Umar had rightly stated that the subjects had the right to know that the money from the treasury was spent in an appropriate manner, to demand the increase of daily rations, to guard the frontiers, and to protect them from danger (Yusuf 1302 H; Imamuddin 1984). Islamic governance always encourages the elimination of corruption and promotion of the duties and responsibilities in the conduct of government business.

### Equity and Justice

Islamic system of governance emphasizes equity and justice. In Islam, people are equal in rights, responsibilities, and public duties. It is also mentioned in the Qur'an and Sunnah that no individual will be discriminated because of his or her race, origin of birth, nationality, or belief. In the eyes of Allah, all people are equal irrespective of their race, color, origin, or nationality, the only difference is that of righteousness (Qur'an, Al-Hujrat, 49: 13).

Justice in Islamic governance is regarded as one of the highest virtues. In Islam, justice means putting things in their right place. Justice is ensured by giving everybody equal treatment. In Islam, justice is an honest and noble quality of human beings. Justice in Islamic governance implies that government will do the best in all possible ways to fulfill the needs of the people of the country. In Holy Qur'an, Allah (God) commands justice and fair dealing (Qur'an, Al-Nahal, 16: 90). Prophet Muhammad was ordained by Allah to establish justice among the people (Qur'an, Al-Hadeed, 57: 25).

### Accountability and Responsiveness

Islamic governance ensures the accountability of both the rulers and the ruled. The Khalifah/Caliph, his administration, and the judiciary are accountable to the people, and there is no room for the rulers to deviate from the rule of the laws. In Islamic governance, there is a strong judiciary that implements the laws of Islam, dispenses justice, and holds the executive accountable. Under Islamic rule, the judiciary is responsible for holding the state officials, including the Khalifah and his governors accountable, for wrongdoing (Al-Mawardy 2005, p. 121; Mujahid 2012). The judiciary or kadis has the authority to investigate the abuse of power by rulers against the ruled and to hold them accountable for the injustice they may have done. For instance, Khalifah Umar bin Abdul Aziz (RA) introduced formal procedures to investigate the wrongdoing by officials and punish the wrongdoers (Al-Mawardy 2005, p. 118; Mujahid 2012).

### Efficiency and Effectiveness

Islamic governance is very much consistent with the efficiency and effectiveness principle of good governance. In Islam, the most qualified and efficient persons are believed to govern the Islamic states. Indeed, Prophet Muhammad, the pious caliphs, and many successful Muslim rulers were highly skilled and efficient in the art of governing the states.

### Acknowledging Virtues and Forbidding from Sin

Islamic governance aims at protecting acknowledged virtues and forbidding people from committing sin. Islam preaches for doing good or virtuous activities (amr-bil-maruf) and forbidding from sin (nahi anil munkar). "Amr-bil-maruf wanahy an al-maruf" means ordering good or acknowledged virtue and forbidding evil or sin. Islamic governance respects for acknowledged virtues and takes preventive measures from committing evil or sin. Ordering acknowledged virtue and forbidding sin are essential Islamic duties believed by all the members of Muslin community. Islamic governance seeks to make sure that people should support al-maruf (virtuous/good deeds) and oppose al-munkar (sin). According to Quran, God says that there should be a group among people who invite toward good, order for acknowledged virtues, and forbid from sin, and they are successful ones (Quran, Al-Imran, 3:104).

## Conclusion

In short, Islamic governance is a system of administration, management, or rule by the government in light of fundamental principles of Islam. Islamic governance embraces the rule by the Muslim rulers based on the maxims of Islamic laws or Shariah. Islamic governance involves the processes and functions through which the governments or regimes and other institutions are entitled to make decisions or enforce compliances in accordance with Islamic laws, values, norms, or principles.

It seems axiomatic that Islamic governance does not confront with the key principles or characteristics of good governance because most of the basic principles/characteristics of good/sound governance are also found in Islamic governance. For instance, rule of law, transparency, accountability, responsiveness, equity and justice, efficiency, and effectiveness are the common principles or characteristics of both Islamic governance and good governance. Islamic governance is also consistent with the sustainability principle of good governance in that it promotes sustainable human development. However, the main difference between Islamic governance and good governance in terms of the rule of law is that in Islamic governance rule of law is established based on Quran and Sunnah, while in good or democratic governance, laws are mainly made by the legislators or people's representatives in the parliament.

## References


Al-Baladhuri` (1916) Al-Futuh al-Buldan. In: Leyden de Goeje (eds) English, 1969 (trans: Hitti PK). New York

Al-Mawardy AH (2005) Al-Ahkam As-Sultaniyyah. TaHa Publications, London

Al-Mubard (1864) Al-Kamil, Cairo 1286 H. In: Leipzig WW (ed) History of the Arabs, No. 3, p 27

Aras G, Crowther D (2009) Corporate government and corporate social responsibility in context. In: Aras G, Crowther D (eds) Global perspectives on corporate governance and CSR. Gower Publishing Limited, United Kingdom

Arnold TW (1967) The caliphate, Oxford: Oxford Clarendon Press

Aziz AA (April 2017) Governance in a contemporary Islamic Negara. A paper presented in a symposium on Islamic governance: functionality and relevance in a modern Negara. Brunei Darussalam. Cambridge advanced Learner's dictionary and thesaurus. Cambridge: Cambridge University Press

Esposito JL, Voll JO (1996) Islam and democracy. Oxford University Press, New York/Oxford

Goldschmidt A Jr (1988) A concise history of the Middle East. Westview Press, Boulder

Haneef S (1982) What everyone should know about Islam and Muslims. Kazi Publications, Chicago

Hussain A (1984) Political perspectives on the Muslim world. The Macmillan Press Ltd, London

Hye HA (2000) Good governance: a social contract for the new millennium. In: Hye HA (ed) Governance: South Asian perspective. The University Press Limited, Dhaka

Imamuddin SM (1984) Arab Muslim administration (622–1258). Kitab Bhabhan, New Delhi

Kaufmann D, Kray A, Zoido-Lobaton P (1999) Aggregating governance indicators. World Bank, New York

Kjaer AM (2004) Governance. Polity Press, Cambridge

Lewis B (1993) The Arabs in history. Oxford University Press, New York

Lyon P (2000) Governance and parliaments. In: Hye HA (ed) Governance: South Asian perspective. The University Press Limited, Dhaka

Maheshwari SR (2007) Good governance: its theory and practice in India. In: Farazmand A, Pinkowski J (eds)

Handbook of globalization, governance, and public administration. CRC Press/Taylor & Francis Group, Boca Raton
Muahid WA (January 2012) The Shari'ah and the rule of law: Islamic governance for the 21st century. The Khilafah, London
Qur'an, Al-Hadeed, 57: 25
Qur'an, Al-Hujrat, 49: 13
Qur'an, Al-Imran, 3: 104
Qur'an, Al-Nahal, 16: 90
UNDP (December1997) Governance for sustainable human development. A UNDP policy document
Welton MD (2007) Islam, the West and the rule of law. Pace Int Law Rev 19(169):12
World Bank (2013) What is governance? Author, New York
Yusuf A (1302 H) Kitab al-Kharaj

## Islamic Public Administration

Hassan Danaeefard[1] and Morteza Javanali Azar[2]
[1]Faculty of Management and Economics, Tarbiat Modares University, Tehran, Iran
[2]Faculty of Islamic knowledge and Management, Imam Sadegh University, Tehran, Iran

### Synonyms

Islamic management

### Definition

The process of planning, organizing, leading, and controlling resources to achieve the material and spiritual goals of managers and employees based on Islamic paradigm and values.

### Introduction

Although there is no comprehensive framework, theory, or model for the IPA study, scholars of Islamic states are trying to achieve this purpose (Danaeefard 2015). In recent years, not only in Iran but also in other Islamic countries and even in the international forums of public administration, the demand and effort to build these frameworks, theories, and models have enhanced. Many scholars have sought to elicit and theorizing various administrative implications from religious sources. Numerous works on Islamic management (and not just IPA) have been published. The fundamental approaches of those works can be classified as follows: (1) holy excellence approach in Islamic management, (2) ethics approach and characteristics of Islamic managers, (3) approach to the duties of Muslim managers, and (4) the approach of Islamic values in management (Chavoshi 2010).

Although these approaches have played a role in developing management knowledge, the outcomes of these approaches have been some implication or guidelines for promoting IPA's religious foundations and not the production of empirical knowledge for IPA. But in this essay, a framework for the study of IPA is presented. This framework that consists of several components reminds theorists, thinkers, and scholars of IPA what implications should be considered for the production of theories and models of IPA and how to combine these elements in the light of Islamic values, since there must be a kind of "theoretical or observational framework for the study of the field" initially in any scientific field. Thus, one must first determine the conceptual framework or guide that shows the phenomenon under study and then theorize about the components and their connection. Accordingly, the theorist has tried to provide a framework for researchers to keep in mind the big picture of IPA when researching it. This entry provides the general framework needed to study IPA.

Therefore, in the first section, we reflect on the connection between religion and administration and then identify the IPA and the IPA framework guidelines' normative theoretical foundations and finally build the IPA study framework. The author claims that scholars can fill this framework with appropriate theories and models and their rational, narrative, and experimental study elements. Islamic scholars can avoid conducting fragmented theoretical works by considering this framework. We can compare this framework with Mendeleev's basic chemistry table, filled with various research findings over time. The author introduces the following definition for IPA: *the*

*process of planning, organizing, leading, and controlling resources to achieve the material and spiritual goals of managers and employees based on Islamic paradigms and values (especially social justice).* In general, the author believes that any researcher who wants to theorize about IPA should consider the combination of the following elements: Muslim paradigm beliefs, management process (planning, organizing, leadership, and control), goals of IPA, the international environment, and the values that shape both the management process and the purposes of public administration.

## A Reflection on the Studies of "Islamic Religion and Administration"

In the positivist paradigm, scientists assumed the essence of phenomena, whether physical or social, is stable. They imagined scholars' mission to discover the cause-and-effect relationships governing these phenomena. The emergence of various philosophical paradigms (Danaeefard 2012) and the confirmation of the context-oriented form and content of social and human sciences by interpretivist and meta-theoretical studies (Tsoukas and Knudsen 2004) have influenced the reflection on the relationship between religion and IPA. Since then, religion has also been considered an influential moderating variable in social science theorizing practice. This practice has also become common in the field of management and public administration. Accordingly, Shah et al. (2007), by studying the existing knowledge about the relationship between "religion and public administration," has classified all research works in this field into three general categories:

1. Works that equate religion with a set of values that have indirectly examined the relationship between religious faith and public administration.
2. Works that have imagined religion as a cultural element or part of the context governing the management of development and reform of the public sector.
3. Works that directly deal with the connection between religion and public administration both from a comparative religious perspective and from a single religious tradition.

Although most of these works have been done in developed countries, few works have been done in Islamic countries.

## Islam and IPA

The evolution of Islamic administration studies shows that there is no book entitled IPA. However, terms such as Islamic administrative system and Islamic management have been used extensively. But in international works, there are titles close to it, for example, *Values and the Influence of Religion in Public Administration* (Sunder 2011), *Administrative Development: An Islamic Perspective* (Al-Buraey 1985), and *A Treatise on the Islamic Approach to Public Administration and Management* (Khan 2013). Several useful works have been published in reputable quarterly journals, one of the most important papers published by the Kalantri (1998) as *In Search of a Public Administration Paradigm: Is There Anything to Be Earned from IPA*? There are no works on IPA in Iran, although a bibliography on Islamic management in Iran has been provided by Abedi Jafari and Sangi (2008).

Shah et al. (2007) claim in their study that the link between Islam and public administration has accounted for a large volume (compared to other religions) of research work. According to these researchers, a significant part of this knowledge is normative (ideology) and focuses on how the "values and principles" of Islam should influence or affect the actions and speeches of public officials.

## Islamic Public Administration

Meta-theoretical studies (Tsoukas and Knudsen 2004) have played an influential role in justifying indigenous and, notably, Islamic knowledge in different countries. Suppose we accept that science is context-oriented and that each country's

political, economic, social, cultural, and technological conditions affect the form and essence of productive knowledge. In that case, we can accept that indigenousness in Islamic countries is adherence to Islam, not the geographical territory. Although there are differences in the type of perceptions and views toward Islam in Islamic countries, there are many stable elements and original foundations in Islam's case. Because religion influences Muslims' thoughts, behavior, and speech (to varying degrees), the behavior that emerges from them may reflect some of religion's manifestations. If the goal is to produce empirical knowledge, such knowledge can be produced by creating knowledge through Islamic subjects and objects. Before making empirical knowledge, religious experts (relying on the primary sources of religion), by producing normative religious knowledge, try to instill the spirit of religion in human beings so that the behavior, intentions, attitudes, etc., of Muslims take on a divine-religious character.

Therefore, we can justify both normative and empirical knowledge of IPA in the light of meta-theoretical studies. Numerous normative studies on the role of religion in various dimensions of society have been conducted. Accordingly, the present age is not the age of confrontation with the justification of IPA because this change has occurred, and extensive knowledge has been produced about it. Does the IPA have strong intellectual foundations?

## Fundamentals of IPA

All public administration movements in the public sector were based on a variety of theoretical foundations. For example, new public management (NPM) is rooted in the theory of public choice and managerialism. The new public service (NPS) movement bases its theoretical foundations on (1) theories of democratic citizenship, (2) organizational humanism, (3) new public administration (NPA), and (4) postmodernism. The public value management (PVM), NPA, and the administrative management (AM) movement also have their theoretical foundations.

The IPA movement also has principles whose sources are:

1. The Qur'an
2. Islamic sources
3. The manners and traditions of the prophets and Imams
4. The theories of religious scholars
5. The experience of the predecessors and early scholars of Islamic civilization

In the meantime, the holy books (especially the Qur'an) are one of the primary sources of guidance by explaining the rights and duties of human beings. Prophets have also been sent as prophets to express and explain the holy books. The sacred texts, although numerous and seem different, are complementary to each other, and the Qur'an is the most complete and supreme divine books. The Qur'an also considers the books of other religions to be the guide of human beings. The Qur'an is a guidebook for personal life, group, managerial, and governmental officials. Accordingly, the Qur'an has direct and indirect guidelines that can be considered as the primary basis and foundation of the IPA movement.

Accordingly, the Qur'an is the most source for eliciting the implications governing the framework of IPA. Besides, the hadiths and statements of the prophets, Imams, and Saints of God and the manners and traditions of the prophets and Imams and Saints of God are other sources of eliciting the guiding guidelines of the Islamic administrative system. The following guidelines and commands can be the basis for the establishment of IPA (Danaeefard 2015):

1. God considers human beings as His servants.
2. The public interest is not determined only by the people (or the majority of them). It is the command of God, His Messenger, the Imams, and, finally, the society's guardian who recognizes it.
3. The Islamic state should be the basis for the growth of the people.
4. All people have a role in the realization of the Islamic state.
5. Learning from others with the intention of improvement is a good thing.

6. The actions and deeds of the Islamic government's managers and employees are more effective in accompanying the people than their words and sayings.
7. Public administration must be sensitive to the dignity of God's servants.
8. The administrative system should dedicate itself to the servants of God rather than thinking about giving orders.
9. Protecting people's rights is very precise and challenging.
10. The Islamic government is in charge of fulfilling (not just propagating and expressing) the divine commands.

## Guidelines (Key Principles) Governing IPA

Danaeefard (2014, 2015), by studying Islamic texts, has enumerated the following principles as the governing principles for the Islamic state management movement:

1. **Those who receive services from public organizations are servants of God; public servants must serve the servants of God and do not think of them as customers, consumers, clients, or citizens**.

   In the Islamic state, all human beings are servants of God; they are all creatures of God. Rulers, politicians, policymakers, managers, and employees of the Islamic government should consider those who refer to themselves, their organization, and their workplace as servants of God. There is a direct relationship between the satisfaction of the people and the satisfaction of God. Therefore, in the IPA movement, this guideline is different from the values governing the AM, NPA, NPM, NPS, and the PVM.
2. **Pursue a kind of public interest that grows the servants of God.**

   In the most general and at the same time the most comprehensive definition of public administration, "public administration can be thought of as the management of the public interest." In other words, all members of society seek their interests individually and manage their private space in a way that benefits them the most. But public administration is responsible for managing the public area of society. Thus, governments' efforts to improve the management of public space may threaten individuals' interests. With this description, there are several theoretical and conceptual disputes over what is in the public interest. Some claim that the public interest (public interest) in the Islamic government is not determined solely by government officials, policymakers, public managers, and the people. The essence and basis of public interest are determined by religion in the light of revelation. In general, Islam's public interest is considered to be the interest that develops human beings toward the perfection from which the purpose of God's creation is mentioned.

   Therefore, in light of religious sources (revelation, tradition, reason, and jurisprudence), Islamic states and governments try to draw a kind of public interest that will help society's growth and each individual in society.
3. **To play the collective role of God's servants in realizing the Islamic government, place more value on individual entrepreneurship in the public sector.**

   Although the leader has divine legitimacy in the Islamic government and the people, it has no role in this legitimacy principle. Still, without the people, the leader will not succeed in implementing the divine rules. Therefore, the role of the people in the Islamic government has been emphasized a lot. Accordingly, the people's presence in the economic, social, cultural, and political arenas is a good thing. The close connection of the people with the government is considered the secret of the Islamic government's survival and continuity.

   In IPA, this presence should be valued by relying on appropriate mechanisms. Paying attention to the people aware of religion's philosophy, holy prophets, and Imams and their participation in realizing the growing public interest has a more critical role than entrepreneurship in the public sector. In other words, achieving efficiency is essential. Still, the

presence and respect of the people as Islamic citizens in Islamic society is more important, even if it sometimes entails material costs.

Suppose all public policies, programs, and projects are formulated based on divine commands and the people's cooperation. In that case, there is no doubt that the government's collaboration and the people will meet the people's legitimate needs, aware of the divine commands to a high degree. In the Islamic government, human beings are not the means of continuity of governments, but governments are the means of holy excellence and human talents flourishing.

4. **Protecting the rights of the people in governing and managing the Islamic state is a challenging thing**.

In the Islamic government, management is the cloak of service, not the disgrace of power under a trust that is considered the people's right. On this basis, accepting political, political, and managerial positions in Islam is done with full caution. This caution on the part of individuals in the Islamic society is the fear of violating the people's rights. In the bureaucracy, NPA, PVM, and the observance of others' rights are done only in the view of public morality. Still, in the Islamic society, public administration trustees must respect people's rights to avoid punishment in the hereafter. This internal motive has a very practical effect on the people's actions and speech in Islamic society. Accordingly, managers' internal control in Islamic society, that is, subjective responsibility in them, is a much more important mechanism than external control or objective responsibility. The scourge of violating the people's rights is a strong barrier against those who want to enter the public sector and serve as managers and employees of the people.

5. **Dedicate yourself to serving your servants and avoid mere governance.**

God revealed the Qur'an to guide humankind and has made religion the means for His servants to move toward Himself. Still, God has given the authority to accept His command to human beings and has not forced them to get religion. The prophets and Imams have guided humankind to the nearness of God with their good behavior and good speech and with reasoning and logic. The Prophet of Islam did not ask for reward in exchange for guidance and service to the people. Politicians, policymakers, managers, and government employees should dedicate themselves to serving the servants of God and not put a veil between themselves and the people. Therefore, pure governance is not permissible in Islam and has no place. Accordingly, public sector managers and employees must help people identify and pursue their real interests instead of pursuing controlling or leading society in the direction of their desired values.

6. **Be sensitive to the dignity of God's servants instead of focusing solely on organizational productivity.**

The protection of the servants of God is emphasized and approved by the Islamic government. Accordingly, although public sector management activities' productivity is essential, the protection of human dignity is considered more important. Public managers will be successful if they know the path to success in accompanying the people and consider cooperation based on mutual respect between the people and public administration as the key to this success. Therefore, those who enter the public sector and the citizens are more important than productivity and entrepreneurship. The love of serving God's servants as a reserve of the hereafter in them and self-sacrifice in the people's service is their desire. Managers and employees of the Islamic public sector see their presence as an opportunity to serve, not be promoted, gain social prestige, or earn more money. Therefore, in IPA, human dignity is considered a value higher than efficiency, effectiveness, and productivity.

7. **The actions and deeds of managers and employees are more effective in accompanying people than their words and sayings.**

The Muslims judge their rulers' and managers' actions and behavior and stare at their actions and deeds rather than focus on their

words and sayings. Hence, the negative consequences of a doctor's mistake, an architect, and a grocer are much less than the adverse effects of a government official's mistake. Accordingly, the observance of Islamic ethics principles in government officials and the Islamic government has been emphasized.

8. **Learning from others to improve the practice of IPA is a good thing**.

   Policy and managerial lesson-drawing to improve the performance and Islamic government are good and emphasized by Islamic sources. The Islamic learning government needs politicians, policymakers, managers, and employees who are continually innovating and modernizing tools and methods to pave the way for further growth and excellence of their country's people. In this way, do not hesitate to learn from other nations and tribes. The scientific and educational frontiers of the Islamic government on the humanities are always open to implementing religious values. The scientific-educational interactions of Islamic countries with other countries have been considered. Still, blind imitation without reflection has been considered a matter of necessity. To improve its performance, the IPA must continuously monitor the administrative sciences and learn the necessary lessons to improve its quality.

9. **IPA is the basis for the growth and excellence of God's servants.**

   The purpose of an Islamic government is to inject religion into politics to guide the people servants of God, and the Qur'an is their primary guide. On the other hand, the prophets' and Imams' (leader) statements also guide people to reach nearness to God. IPA is the vehicle and mechanism behind such a move. If this particular task is taken from IPA, its fundamental difference from other public administration will fade. Therefore, public managers and government employees' mission for providing public services and various goods is to pave the way for Islamic society's progress and excellence. The phrase "the world is the farm of the hereafter" will increase its possibility with IPA.

## IPA Study Framework

As mentioned, religion as a carrier of influential ideas in Islamic society's structure can affect human beings' behavior, speech, and attitude. Accordingly, in the previous sections, nine significant implications of religious sources were counted as a guide to Islamic society's managerial practice. They can be signs to guide the production of IPA knowledge, just as the NPS movement, based on its theoretical foundations, had seven main ideas to guide its administrative movement in the public sector. When it is said, administration in the public sector "refers to how it works with and by others in public organizations." The two words management and organization are companion and twin, and therefore every organization needs some management, and every scientific management needs an organization to show its functions in practices. Although management theories border on organizational theories, when it comes to public sector management, it refers to "what is organization and management in the public sector and how is it established?" The fact is that scholars must clarify the concept of organization and management and then study them. This section wants to provide a framework that can be used to study IPA. Accordingly, the characteristics of this study framework can be described as follows. The framework tells researchers what elements to focus on and design to produce IPA as a comprehensive package (Danaeefard 2015):

1. **Philosophical foundations of IPA**: The IPA's philosophical foundations, ontology, epistemology, methodology, anthropology, axiology, and the rhetoric of public administration knowledge, should be explored, studied, and drawn because every field that claims to produce science must define these foundations. Therefore, some lovers of IPA production should focus on researching and creating these foundations.
2. **Key values of IPA**: Values are accepted requirements that every manager must consider to achieve his goals. The manager wants to multiply his production but not at any cost

(efficiency is not the dominant value of his activities). Undoubtedly, IPA has goals; what values should an Islamic manager adhere to achieve his goals? Some IPA scholars can focus on this element, which has always been controversial in the controversy and competition between public administration movements. Each movement has focused on specific values. One emphasizes the effectiveness of the other on social justice and the other on the public interest. What are the Islamic government's values in the light of which the Islamic government adheres to pursue its goals? Values are the subject of good study for researchers.

3. **Objectives of IPA**: All managers in organizations pursue goals. One thinks of profit; the other thinks of people's satisfaction. What is the purpose of the IPA? Some researchers should focus on this element.
4. **The structure of the administrative system**: This element is manifested in a form called the structure of the administrative system or the same organizational structure. The theory of IPA should arrange the government's unique functions, the country's administrative system, and public organizations in different political arenas. Specify social, cultural, economic, etc. In other words, on the organizational structure of government organizations in the Islamic government, thinkers, researchers, and thinkers in the public sector should organize their research.
5. **Human resource management**: The second element that the theory of IPA should consider and draw is the foundations. What ideological, cultural, social, political, and skill characteristics should Islamic organizations' human resources have? How should this workforce be identified, selected, hired, trained, and evaluated? What is the appropriate human resource management device for this workforce?
6. **Appropriate methods and tools**: IPA theory should, in addition to designing the organization and managing human resources, also prepare methods and tools for performing tasks. Otherwise, the theory of IPA will not be complete. The Islamic administrative system must determine the appropriate tools and methods of processing affairs in the Islamic administrative system; different countries in different political, social, cultural, economic aspects, etc., design various tools and improve them every day. All methods and tools can be placed under a title called technology.
7. **How to interact with the people**: Another critical point that the IPA theory should determine is how people interact with public administration. All managerial movements in the public sector have commented on how people interact with the administrative system. Religious and jurisprudential sources on the relationship between the people and the government have presented views that can be used to rely on the proper relationship between government and the people. In other words, while maintaining administrative capacity, public administration must also keep the public bureaucracy's suitability for the Islamic system's top management. How to balance the three values of representation, neutral competence, and executive leadership?
8. **Management process in the administration of the Islamic public sector**: How should be the planning, organizing, leadership, control, coordination, and command in the Islamic public sector? This field should be studied by Islamic scholars.
9. **Organizational culture of IPA**: The study of organizational culture in the Islamic public sector is also critical.
10. **Relationships and interactions of the elements of the framework of the study of Islamic state management**: The fact is that the features of the theory of IPA are not passive and separate from each other. Hence, their precedence and latency are not very clear. For example, scholars can select the different components based on the people's interaction with the Islamic government. For

instance, if the people's relationship with the Islamic government is the relationship between the people and the Imam, what should be the characteristics of the philosophy, values, goals, and human resources required to implement Islam's scriptures? And what device should be designed to manage this force? And what kind of organization and structure should be the appropriate organizational structure with this human resources device? And what tools and methods should managers use? Other elements can be designed and linked according to legitimate Islamic tools and methods. Apart from these interactions, some research can focus on the one-to-one connection of several components.

## Conclusion

In this essay, the author has provided a framework for studying IPA. In this regard, the author has tried first to review the current works in administration and Islam and justify the production of IPA knowledge based on meta-theoretical studies. In the next section, by reflecting on the relationship between religion and religion, the author enumerates the underlying principles governing the behavior, thought, and speech of public officials in a normative manner and then conceptualizes the IPA movement inspired by new public services, the basic principles of IPA. In the final section, the author presents a framework for studying and researching Islamic government management.

## References

Abedi Jafari H, Sangi G (2008) A review of islamic management research in Iran. Mesbah 19:99–120

Al-Buraey M (1985) Administrative development: an Islamic perspective. Routledge, London

Chavoshi SK (2010) A study of theoretical approaches to islamic management. Islamic Interdiscipl Res 1(2):43–53

Danaeefard H (2012) Research paradigms in public administration. Int J Humanit 19(4):55–108

Danaeefard H (2014) Iranian public administration challenges. Samt Publishing, Tehran

Danaeefard H (2015) Towards a framework for the study of Islamic public administration: historical justification, and foundations, part I. Islam Manag 4(7):46–47

Kalantri B (1998) In search of a public administration paradigm is there anything to be earned from Islamic public administration. Public Adm Rev 21(12): 1861–1821

Khan WA (2013) A treatise on Islamic approach to management and administration. Publication details unclear

Shah R, Larbi G, Batley R (2007) Religion and public management literature review, Working Paper 1-2007. Religions and Development Research Programme, International Development Department, University of Birmingham, England

Sunder S (2011) Values and influence of religion in public administration. Sage, London

Tsoukas H, Knudsen C (eds) (2004) The Oxford handbook of organization theory: meta-theoretical perspectives. Oxford University Press, Oxford, UK

I

# Islamic Strategic Management

Hassan Danaeefard and Mohammad Javadi
Tarbiat Modares University, Tehran, Iran

## Synonyms

Islamic competition; Islamic decision-making; Islamic planning

## Definition

Islamic strategic management refers to the process of thinking, analysis, decision-making, and action, which is based on Islamic methods and sources, in which individual, group, organizational, national, and transnational goals are pursued. Of course, it is unnecessary to extract from Islamic sources and Islamic methods from the beginning to the end of this process. However, Islam determines the primary orientation, and so experimental or nonexperimental sources can be used to achieve Islamic strategic management.

## Introduction

Everyone needs a strategy. Leaders of armies, major corporations, and political parties have long been expected to have strategies, but now no serious organization could imagine being without one (Freedman 2015). Therefore, strategic management literature is vast – the number of items reviewed over the years close to 2000 – and it grows larger every day (Mintzberg et al. 2005). Strategy-making can be approached from a descriptive and a theoretical perspective. In the last two decades, several excellent academic books have ably set out the significant issues involved. They have comprehensively reflected the ever-widening range of theoretical perspectives brought to bear on strategic management (Faulkner and Campbell 2006).

Unfortunately, it has also never been more challenging to choose the right approach. The number of strategy schools, approaches, tools, and frameworks that leaders can choose from has grown massively since the birth of business strategy in the early 1960s (Reeves et al. 2015). However, this coin also has a positive side. This diversity of schools and theories has made a choice difficult and has led to a better understanding of strategic management and its different aspects. In other words, each of these schools helps to complete the puzzle pieces and create a more accurate big picture of the strategy (Mintzberg et al. 2005). The more precise the strategic management schools are introduced, the better the strategic management knowledge body uses.

One of the schools that will be addressed in this entry is strategic management from the perspective of Islam, which created a unique strategic management paradigm that nurtured civility, prosperity, diversity, and happiness among people of different creeds and ethnic origins around the globe for more than 1000 years (Abbasi et al. 2010). Therefore, in this entry, Islamic strategic management has been reviewed throughout history and contemporary management to provide a more comprehensive overview to readers.

## Scope of Islamic Strategic Management Theory

The scope of Islamic strategic management studies is divided into two categories. The first group of studies is those that have been done within the field of Islamic strategic management (intradisciplinary), and the second group of studies is those that have tried to combine Islamic strategic management with other areas (interdisciplinary) such as policymaking, public administration, financial management, marketing management, etc.

## Intradisciplinary Studies in Islamic Strategic Management

In this category, researchers generally have two approaches: In the first approach, researchers try to use strategic management tools such as SWOT to analyze the history of Islam and Islamic issues. In the second approach, they try to reconceptualize the common strategic concepts in terms of Islam. Researchers who have taken this approach in content production in Islamic strategic management have generally dealt with strategic thinking, strategic management, strategy formulation, strategy implementation, strategy control, competition, etc. In the following, each of the topics considered by researchers in Islamic strategic management and research has been formed around it will be discussed, and their essential issues will be mentioned.

One of the topics that researchers in Islamic strategic management have addressed is the issue of competition. In connection with this issue, the competitive behavior of firms from an Islamic perspective is discussed. In fact, in Islam, competition, meaning the race for more profit, is neither wholly denied nor fully approved but is defined within the framework of Islamic rules and regulations (Mirmoezi 2008). The main rules discussed by researchers in this discussion include not harming the competitor, no hoarding, no selling underweight, etqān at work, observing the Islamic system's general interest.

Other intradisciplinary topics in Islamic strategic management that have attracted the attention of researchers is strategic thinking. In this field, the

primary research focused on designing a strategic thinking model or extracting the factors affecting it. Factors affecting Islamic strategic thinking are divided into two categories (Monavvarian 2014); first, the elements extracted from Islamic sources include insight (Basirah), Hazm, patience, operational experience, mansuetude (Helm), thinking over time, and consultation. The second category has been extracted from empirical sources but has also been approved by Islam. These factors are as follows: analytical capability, thinking about future, mental cognition, environmental analysis, recognition of internal factors, continuous learning, considering the signs, focus on issues, considering mortality of rules governing the world, good seeing, good listening, consultation with experts, making use of intuition and insight, understanding the distinctions and differences, critical thinking, learning from experiences, and being up to date about the science.

Also, several kinds of research have been done in designing the strategic management process from the perspective of Islam. The most critical issues that have been considered in these studies are: Islamic goal setting and its relationship with Towhid, presuppositions of the strategic management process such as Hikmah versus rationality or Rizq versus profit, ethical principles governing the strategic management process such as the principle of patience, perseverance in work, etc.

Another intradisciplinary research topic that researchers in Islamic strategic management have shown great interest in is strategy formulation. Research issues in this topic include the correct planning method from Islam's perspective and the principles governing the strategy's formulation, such as simplicity, obedience, and moderation. One of the most critical issues in strategy formulation is to discuss Gaza and Gadar, and Islamic scholars have made great efforts to link this issue and formulate a strategy.

Scholars in strategy implementation have also pursued Islamic strategic management. Scholars of Islamic strategy believe that the high rate of failure in strategy implementation is due to conventional strategy incorrect theories. Some strategy implementation failures can be prevented by providing Islamic solutions (Fontaine and Ahmad 2013). In this regard, issues such as Islamic leadership and its place in implementing Islamic strategies, Islamic organizing, organizational culture in Islam, etc., have been researched.

Also, in strategic control, various issues have been addressed, including control levels (God, angels, leaders, people, the individual, and the individual's body), principles, and types of control from an Islamic perspective. Among the issues that researchers have addressed in designing the principles and types of control are the following: self-control through witnessing and observing Allah, observing justice, two-way control that is both from employees to managers and from managers to employees, public supervision and public responsibility towards the goals of the Islamic society and its implementation through enjoining the good and forbidding the evil, and the principle of preventive control over catch someone in the act.

Researchers have considered the above topics. But certainly, there are issues that researchers have not yet addressed. The rule of research in this category is: the researcher identifies one of the key concepts (such as competition, stakeholders, competitive advantage, emerging strategies, etc.) in conventional strategic management and then with Islamic sources and Islamic methods redefine it or define it by recognizing the operational need in the field of strategic management, both from Islamic sources and from operational experience, using Islamic sources and methods.

## Interdisciplinary Studies in Islamic Strategic Management

In this category, researchers try to combine Islamic strategic management with other disciplines. Among the interdisciplinary research in this area, four disciplines have attracted researchers' attention more than other disciplines: finance, public administration, public policy, and marketing.

Islamic strategic management in finance generally deals with how the company should treat its stakeholders in the long run. In fact, in this area, an attempt is made to establish a kind of balance between the company's profits and the stakeholders based on Islamic values and contracts,

which in the long run can regulate the overall benefit of society. In this area, strategic management sometimes goes beyond the stakeholders' concept, common in conventional literature, and engages the right holders. Freeman (1984) defined a stakeholder as any "group or individual who can affect or is affected by the achievement of a corporation's" (p.vi) or "organization's purpose" (p. 54), "firm's objectives" (p. 25), "organization's objectives" (p. 46), or "performance" (p. iv). But the right holders are first identified by God and, secondly, may not directly influence the company. An example of these rights can be seen in Imam Sajjad's treatise on rights. It can be argued that it is in the continuation of this discussion that Islamic strategic management identifies the types of contracts between two right holders. For example, suppose Riba becomes forbidden, and Mosharekah becomes lawful.

Another interdisciplinary area that Islamic strategic management deals with is making economic development policies in Islamic countries. In this area, the Islamic strategy tries to formulate visions, missions, and strategies by focusing on Islamic countries' Islamic sources. Among the essential issues in this area – policymaking – that Islamic strategic management must address is the originality of the structure or agent, the essence of social profit or person utility, private or public property, and government intervention in the economy, the definition of justice, etc.

Researchers have considered the above topics. But certainly, there are issues that researchers have not yet addressed. The rule of research in this category is: the researcher identifies one of the key concepts (such as competition, stakeholders, competitive advantage, emerging strategies, etc.) in conventional strategic management and then with Islamic sources and Islamic methods redefine it or define it by recognizing the operational need in the field of strategic management, both from Islamic sources and from operational experience, using Islamic methods.

This section tries to select the interdisciplinary fields that have most related to public policy so that researchers can see a more comprehensive picture of Islamic strategic management. However, there is no claim that the complete image is provided. Other interdisciplinary topics, such as the relationship between strategic management and marketing, decision science, etc. may also be of interest to researchers, which was omitted due to this encyclopedia subject.

## Islamic Strategy in Practice

So far, an attempt has been made to discuss the areas theoretically covered by Islamic strategic management so that researchers can approach research in this field with a regular structure. But now, I want to give a brief operational picture of strategic Islamic management that strategists can use in practice.

- Islamic management practiced by former Muslim civilization was so successful that the Muslims could conquer half of the world (Sulaiman et al. 2013). Therefore, referring to the cases implemented at the beginning of Islam can provide an operational picture of the strategy. The following are four of the most critical strategies in practice. Of course, examples of strategy implementation are not limited to these cases, and hundreds of other topics can be examined, and these four are just for the readers' familiarity:
- The Hudaybiyyah peace strategy used by the Prophet Muhammad led to the victory over the Meccan army.
- The Shorte Al-Khamis strategy was used by Ali ibn Abi-Talib, the Islamic management father, to organize and orient dispersed and spontaneous pro-government groups to advance its goals.
- Ali ibn Abi-Talib's strategic positioning by changing the Islamic government's capital from Medina to Kufa. This action increased his dominance over the government, and he managed the three major uprisings well. This positioning was repeated in the battle of Safin, and he took the top position in the struggle.
- Inventing the method of budgeting and distribution of government assets to implement Ali ibn Abi-Talib's grand strategy to establish justice.

## Conclusion

In this entry, an attempt was made to describe "Islamic strategic management," its foundation, and theory and practice scope. There is no claim that our theorizing in this field is perfect and accurate, but an attempt has been made to make the introduction as good as possible. This field's status was described by reviewing its theoretical scope in two categories, intradisciplinary and interdisciplinary, and then presented operational cases to acquaint the audience with this field in practice.

It should be noted that passing these steps is not easy at all. If people think that achieving Islamic strategic management is easy, they will eventually present a caricature. It seems that to advance this scientific field, scientists should work in three areas: strategic management in the university, Islamic studies, and managing in practice. By using all these three, they can advance Islamic strategic management both theoretically and practically.

## Cross-References

► Islamic Public Administration

## References

Abbasi AS, Rehman K, Abbasi SH (2010) Welfare and protection model for organizational management: the Islamic perspective. Afr J Bus Manag 4(5): 739–747

Faulkner DO, Campbell A (2006) The Oxford handbook of strategy (Oxford handbooks). Oxford University Press, New York

Fontaine R, Ahmad K (2013) Strategic management from an Islamic perspective: text and cases. Wiley, Singapore

Freedman L (2015) Strategy: a history. Oxford University Press, New York

Freeman RE (1984) Strategic management: a stakeholder approach. Pitman Publishing, Boston

Mintzberg H, Lampel J, Ahlstrand B (2005) Strategy safari: a guided tour through the wilds of strategic management. Free Press, New York

Mirmoezi S (2008) Competition and cooperation in the Islamic attitude. Islam Econ 8(29):7–33

Monavvarian A (2014) A model of strategic thinking: Islamic and Iranian perspective. International journal of business. Econ Manag 1(10):316–328

Reeves M, Haanaes K, Sinha J (2015) Your strategy needs a strategy: how to choose and execute the right approach. Harvard Business Review Press, Boston

Sulaiman M, Sabian NAA, Othman AK (2013) The understanding of Islamic management practices among Muslim managers in Malaysia. Asian Soc Sci 10(1): 189–199

# Issue Networks: The Policy Process and Its Key Actors

J. Travis Bland and Kofi Abaidoo-Asiedu
Department of Public Administration, University of Illinois at Springfield, Springfield, IL, USA

I

## Synonyms

Policy network; Policy subsystem

## Definition

Iron Triangle: Alliances of congressional committees, executive/administrative agencies, and interest groups that control major policy areas.

Issue Network: A shared knowledge group that can be populated by a wide and unpredictable number of actors who are devoted to the issues and not each other.

Policy Technocracy: A policy process that is dominated by actors with specialized issue expertise or knowledge.

## Introduction

Numerous studies have shown that the policy process and its key actors may differ considerably across policy domains. Introduced and reviewed by this chapter, the concept of the issue network (Heclo 1978) is now part of a broader literature that is devoted to making sense of the key actors, including who participates, who wields the power,

and how they organize to exert influence on the policy process. Although a radical departure from the traditional conceptualization of this process, for a host of policy domains, the issue network is a better depiction of the complex relationships among policy actors and assists in understanding outcomes. After exploring the emergence of the issue network, this chapter reviews the related implications for the democratic state and discusses recent advancements in this broader stream of literature.

## The Emergence of the Issue Network

In his seminal article, "Issue Networks and the Executive Establishment," Hugh Heclo (1978) developed the concept of the issue network as a way to describe his observations of an increasingly open and fractured policy process in Washington, DC. According to Heclo, the widening scope of many public policies had generated a push-pull effect in the relationship between democratic politics and the executive establishment. As aspirations for improvement were thrust on the government, rather than growing a national administrative structure, he observed a continued shift in policy actions by intermediaries. The intermediaries included state and local governments as well as private contractors, consultants, and other issue-conscious advocacy groups. This trend politicized the organizational role of the public executive and mobilized a widening number of actors who hoped to exert influence on the policy process. Now less involved in the direct execution of public programs, executives had to navigate these complex systems, mobilize intermediaries, and make highly important decisions on society's behalf. Thus, they had to be highly knowledgeable about the substance of particular issues and acceptable to the proliferating groups now claiming an interest in the choices being made. This pulled the executive further away from "the nontechnical, non-specialist understanding of the ordinary citizen and politician" (p. 94).

Increasingly, as argued by Heclo, it was the public executive's reputation among those "in the know" that made them available for presidential appointments. Unlike executives of the past, they were policy politicians not partisans. This meant that they were engaged in issue politics more so than democratic politics. Thus, they had limited ties to a party or to the electorate. Heclo observed them moving in and out of ad hoc, loose alliances that were forming among interest groups and individuals, both in and out of the government. The actors in these alliances were seeking influence commensurate with their knowledge of particular issues. Connected through the issues, they were part of a burgeoning policy technocracy that also included many subordinate positions to the executives. Heclo warned that these changes in politics and administration were complicating a once-stable political system and its definitive reference points. It had become difficult to distinguish the governmental structure from its broader environment. As such, the predominant depiction of the policy process and its key actors as a subgovernment or iron triangle was, according to Heclo, a disastrously incomplete anachronism (Berry 1989). Thus, he developed the concept of the issue network as more accurate depiction that would assist in understanding many modern policy outcomes and serve as a vehicle for him to share his concerns over the corresponding threats to democratic legitimacy. Heclo's concerns and observations raise several questions that warrant further consideration. (1) Should the iron triangle still be recognized as the most influential hub of policymaking in Washington, DC? (2) Are there any potential benefits associated with the emergent influence of issue networks? (3) Do issue networks pose a threat to the democratic state?

## Iron Triangles Versus Issue Networks

Prior to the conceptualization of the issue network, the policy process was thought to be relatively closed and segmented, such that each policy domain was dominated by a limited collection of privileged elites (Dahl 1961; Lowi 1969; Truman 1971). Many utilized the triangle imagery to suggest that power and control were vested in mutually reinforcing and beneficial relationships

among outside interest groups, congressional committees, and executive agencies who shared a stake in a particular policy (Cater 1964; Freeman 1965; Griffith 1939). Here, policymaking was thought to be consensual, thereby stabilizing policy content. Quiet bargaining, including the exchange of political favors and support, produced a level of rigidity that made these systems somewhat impenetrable by outsiders – even by the president. Yet, for a host of intricate and confusing policy initiatives, Heclo argued that the familiar politics of the iron triangle had evolved or was being overlaid by issue networks.

Heclo (1978) stated that in "looking for the closed triangles of control, we tend to miss the fairly open networks of people that increasingly impinge upon government" (p. 88). Built on pluralist notions of power, the issue network describes a policy process where it is all but impossible to identify the dominant actors (Jordan 1981). Here, power is disaggregated and access is predicated on the development and exchange of information and knowledge. Issue networks, then, are shared knowledge groups that can be populated by a wide and unpredictable number of actors. This may include the elites referenced above, but also may include White House aides, bureaucrats, consultants, policy advocates, researchers, and other highly knowledgeable individuals. The functions of these individuals may spread across agency jurisdictions and incorporate citizens who were initially excluded from the iron triangle (Milward and Wamsely 1984). Referred to by Heclo as an intramural activity, many policy domains are now populated by just as many expert issue watchers and policy activists as they are governmental actors. These actors may move in an out of issue networks rather freely (Berry 1989). Network boundaries are somewhat sloppy because the issue areas may overlap and the alliances are open-ended and loose, such that new alliances may form around the differential effects of enacted policies.

As such, the actors in issue networks do not necessarily know, nor agree with, one another. They are not trying to garner some mutual benefit or uniting in dominance over a policy or program. They are intellectually and/or emotionally committed to the issues, not each other. Thus, their interactions do not always produce agreement, mutual dependence, or collective action as with an interest group. Participation is characterized by irregular, but intensive, interactions where actors exchange ideas and compete to redefine particular issues and influence their politicization. Issue networks, then, may lack the stable set of relationships and the shared commitment to compromise characterized by the politics of the iron triangle (Berry 1989).

Whereas the iron triangle depicts a policy process that is tightly bound, orderly, and predictable, the issue network depicts a policy process that is relatively permeable, amorphous, and, often, highly conflictual (Gais et al. 1984). The former continues to have significant influence over the analysis of public policy (Birkland 2001; Chubb 1983). Yet, the iron triangle structure is not consistently observable across all policy domains (Miller 1985). More and more policies and programs have become quite controversial, which supports Heclo's argument that something less closed and secretive than the politics of the iron triangle must exist (Wilson 1980). In many policy domains, by shifting the focus to the many loose jointed "webs of influence that [now] provoke and guide the exercise of power" (Heclo 1978, p. 102), the issue network may be a more accurate and useful depiction of the policy process and its key actors. The scope of the government along with its complex programs and the need for results inevitably paved the way for more issue experts and policy advocates.

## Issue Network Politics and the Threat to Democratic State

Both conceptualizations were, as argued by Grant Jordan (1981), critical commentaries highlighting important differences in the American politics of the 1950s–1960s and of the 1970s–1980s. Whereas criticisms of the iron triangle were aimed at limitations on access to the policy process, Heclo was critical of the emergent influence of what he felt amounted to a policy technocracy.

As described previously, the growing number of policy commitments and the corresponding use of intermediaries had increased Washington's reach, thereby generating a number of hybrid interests and new actors hoping to exert influence on the policy process. Thus, there was a growing need for more rigor in the analysis of policy choices, which increased the value of specialized issue expertise. Now referred to as issue networks, Heclo (1978) observed that it was "through networks of people who regard each other as knowledgeable, or at least needing to be answered, that public policy issues tend to be refined, evidence debated, and alternative options worked out" (p. 104). Often unknown to the public at large, many of the top public executives in Washington, and their subordinates, were being referred for appointment because of their reputations among these issue networks. Heclo warned that this policy technocracy may well generate more informed policy debates and widen participation in the process, but it may do so at the expense of democratic legitimacy. He stressed the disintegration of the once-stable political reference points around which political coalitions were ordinarily built, such as the political parties, which helped the general public identify with their government.

According to Heclo, issue network politics did increase the maneuvering room of public executives. Assuming the role of a policy politician, it allowed them to split and recombine the many sources of support and opposition to issues. Yet, he was critical of the unpredictable and disorganized decision-making process accompanying this style of politics and a consequent tendency, from the viewpoint of the general public, for policy debates to drift toward the controversial and incomprehensible. His criticisms cover several differences in issue network politics and democratic politics and their consequences for policy outputs.

Heclo believed the growing technical complexity associated with issue networks made democratic politics more difficult. He focused his reasoning around four themes: complexity, consensus, confidence, and closure. First, democratic politics tries to simplify complex problems and offer a few intelligible choices, whereas issue networks gain influence by searching out the complexities. It is in dealing with the complexities that network actors can gain a reputation for being knowledgeable and are needed. This, however, may push the debate beyond the comprehension of the general public. Actors may also define the issues within the political systems based on their beliefs and preferences rather than representative politics. Second, the aim of democratic politics is the achievement of some level of consensus, but issue networks tend to reward intransigence or antagonistic behavior (Jordan 1981). It is deemed a sign of intellectualism. Often a site of contention, then, the actors' understanding of the issues tends to trump any desire for agreement. More and more issues, then, are politicized and infused with controversy. This makes many more policy outcomes unpredictable. And, lastly, in democratic politics, leaders are expected to be sure of themselves and quite definitive about what is to be done. Democratic politics favors decisive action, whereas the incentives in issue networks work against the closure of debate. Here, actors are rewarded for challenging accepted wisdom and continuously weighing alternatives. After all, the goal is to provoke and guide the exercise of power, not to collectively take action and control policies or programs.

A potential threat to the democratic state, issue network politics tends to fragment rather than segment policy actors. As argued by Heclo, there is no fixed, identifiable power structure or stable set of actors for the general public to identify with or that is open to presidential influence or bargaining (Jordan 1981). The policy technocracy has developed its own rhetoric or way of arguing policy choices and looking at the world that generates further complexities and exacerbates the need for more specialized expertise. The technical nature and intricacy of the policies developed via the influence of issue networks create a knowledge-driven environment that necessitates a heightened level of expertise to maneuver and exert influence on the policy process. Thus, for a host of policy initiatives, issue network politics is likely the new normal. Yet, as Heclo (1978) argues this will "impose considerable strains on those charged with government

leadership" (p. 105). The policy activists and issue experts are likely to remain unsatisfied with, and the general public disconnected from and uncommitted to, what the government is actually debating and doing.

## Policy Subsystems, Issue Networks, and Learning

As part of a broader literature that attempts to make sense of the policy process and its key actors, the iron triangle and the issue network are two distinct and contradictory views. While some continue to argue over which is the most typical and most descriptive depiction (Berry 1989), Heclo offered the issue network as an overlay to, not a replacement of, iron triangles. Issue networks come into and out of existence when a policy issue becomes compelling, while the triangles tend to remain. Thus, he was among the first to argue that there might be several different structural arrangements through which actors might attempt to exert influence on the policy process. As this broader literature has unfolded, there has been some disagreement over terminology. Nonetheless, the actors or potential actors who share an interest in a policy domain or substantive area are generally referred to as a policy community (Atkinson and Coleman 1992; Linquist 1992; Pross 1986), while the differences in who actually participates, who wields power, and variations in the levels of integration are often situated on a continuum of policy networks or subsystems (Atkinson and Coleman 1989; Jordan 1981; Marsh and Rhodes 1992). Elitist and tightly coupled subsystems like the iron triangle are often situated at one end of these continuums, while pluralist and loosely coupled subsystems like the issue network are situated at the other end. These continuums are often employed in the field of comparative policymaking (Campbell et al. 1989) as frameworks for exploring the relationship between differences in subsystem structures and policy outcomes (Hallacher 2005). In the process, as stated by Atkinson and Coleman (1992), "institutionally imposed boundaries to research have been broken down and replaced by a more fluid and less restricted view of the policy process" (p. 162).

This subsystems' view, however, may not adequately capture the ebb and flow of policymaking over time (Birkland 2001). Baumgartner and Jones (1991, 1993) argue that policymaking follows a pattern of punctuated equilibrium, where relatively long periods of stability are punctuated by rapid bursts of change. This is consistent with the potential for iron triangles to periodically break down – possibly due to a sudden shift in how problems are understood or in the balance of power. Issue networks, however, portray a much different ebb and flow. They depict a policy process that is in a state of constant conflict and flux. Yet, it is the intermediate level or nature of this conflict, described both as "antagonistic cooperation" (Marin and Mayntz 1991) and "persuasive discourse" (White 1994), that many now suggest creates increased opportunities for learning and change (Hallacher 2005; Sabatier and Jenkins-Smith 1993). Contrary to some of Heclo's initial criticisms, then, several scholars now argue that, when compared to an iron triangle, the issue network can create an environment that is more conducive to learning, which makes it more stable and less likely to be dramatically altered or destroyed (Baumgartner and Jones 1993; Sabatier and Jenkins-Smith 1993).

Several scholars now look to Sabatier's (1988) advocacy coalition framework (ACF) to make sense of issue network politics and suggest that they are much less chaotic and unstable than originally portrayed by Heclo (Birkland 2001; Hallacher 2005). The ACF draws attention to the coalitions that form around beliefs and values within a policy community. Sabatier and his colleagues claim that two to four advocacy coalitions can be found in most policy communities, whereas one typically emerges as the dominant coalition that controls the levers of power. Similar to the actors found in issue networks, these coalitions may include public executives, other bureaucrats, interest group leaders, researchers, experts, and other individuals who share a particular belief in a policy. Yet, whereas Heclo portrays these types of coalitions as ad hoc and loose, the ACF suggest that they are quite stable. Their

unwillingness to move on core values and beliefs, while allowing movement on items of secondary importance, generates stability. As actors seek a better understanding, conflict between coalitions when maintained at intermediate levels enhances the potential for policy learning and change (Sabatier and Jenkins-Smith 1993). Despite its explanatory value, the ACF, and other advances in this literature, have not adequately addressed Heclo's criticisms related to how these structural arrangements might improve the policy debate at the expense of democratic legitimacy.

## Conclusion

Heclo (1978) developed the concept of issue networks as a practical and, perhaps, more realistic depiction of an open and fractured policy process in Washington, DC. Increasing complexities related to the widening scope of public policy and the use of intermediaries sparked a new dynamic in which the need for specialized issue expertise had heightened the tension between the administrative state and democratic principles. As argued by Heclo, this new dynamic is likely to endure. Networks of policy specialists have established their importance, such that there is no way to reverse the expectations and desire for more in-depth knowledge. Yet, while many scholars share Heclo's recognition of the evolution of the familiar politics of the iron triangle and continue to explore the potential differences in the structural arrangements through which actors might attempt to exert influence on the policy process, few have given adequate attention to his criticisms of this evolution. Thus, the impact of the emergent influence of issue networks and other structural arrangements on the democratic state deserves further consideration. Consider, for example, the following questions. Does decision-making that works against the closure of debate generate learning or policy drift? Do issue networks and other open structural arrangements expand participation in a pluralist fashion, or is the expansion limited in other elitist ways? And how does this evolution in the policy process and the growth of a policy technocracy relate to the ongoing decline in the public's trust and confidence in the government?

## Cross-References

► Policy Networks as a Form of Governance

## References

Atkinson M, Coleman W (1989) Strong states and weak states: sectoral policy networks in advanced capitalist economies. Br J Polit Sci 19(1):47–67

Atkinson M, Coleman W (1992) Policy networks, policy communities, and the problems of governance. Gov Int J Policy Adm 5(2):154–180

Baumgartner F, Jones B (1991) Agenda dynamics and policy subsystems. J Polit 53(4):1044–1074

Baumgartner F, Jones B (1993) Agendas and instability in American politics. University of Chicago Press, Chicago

Berry J (1989) Subgovernments, issue networks, and political conflict. In: Harris R, Milkis S (eds) Remaking American politics. Westview Press, San Francisco, pp 239–260

Birkland T (2001) An introduction to the policy process. M.E. Sharpe, Inc., Armonk

Campbell J, Baskin M, Baumgartner F, Halpern N (1989) Afterward on policy communities: a framework for comparative research. Governance 2(1):86–94

Cater D (1964) Power in Washington: a critical look at today's struggle to govern in the nation's capital. Random House, New York

Chubb J (1983) Interest groups and the bureaucracy: the politics of energy. Stanford University Press, Stanford

Dahl R (1961) Who governs. Yale University Press, New Haven

Freeman JL (1965) The political process. Random House, New York

Gais T, Peterson M, Walker J (1984) Interest groups, iron triangles, and representative institutions in American national government. Br J Polit Sci 14(2):161–186

Griffith E (1939) The impasse of democracy. Harrison-Hilton, New York

Hallacher P (2005) Why policy issue networks matter: the advanced technology program and the manufacturing extension partnership. Rowan & Littlefield, New York

Heclo H (1978) Issue networks and the executive establishment. In: King A (ed) The new American political system. American Enterprise Institute for Public Policy Research, Washington, DC, pp 87–124

Jordan GA (1981) Iron triangles, wooly corporatism and elastic nets: images of the policy process. J Public Policy 1(1):95–123

Linquist EA (1992) Public managers and policy communities: learning to meet new challenges. Can Public Adm 35(2):127–159

Lowi T (1969) The end of liberalism. Norton, New York

Marin B, Mayntz R (1991) Introduction: studying policy networks. In: Marin B, Mayntz R (eds) Policy networks: empirical evidence and theoretical considerations. Westview Press, Boulder, pp 11–23

Marsh D, Rhodes R (1992) Policy communities and issue networks: beyond typology. In: Marin B, Mayntz R (eds) Policy networks in British government. Westview Press, Boulder

Miller T (1985) Recent trends in federal water resource management: are 'Iron Triangles' in retreat? Policy Stud Rev 5(2):395–412

Milward BH, Wamsely G (1984) Policy subsystems, networks, and tools of public management. In: Eyestone R (ed) Public policy formation. JAI Press, Greenwhich, p 4

Pross P (1986) Group politics and public policy. Oxford University Press, Toronto

Sabatier P (1988) An advocacy coalition framework of policy change and the role of policy-oriented learning therein. Policy Sci 21(2–3):128–168

Sabatier P, Jenkins-Smith HC (1993) Policy change and learning: an advocacy coalition approach. Westview Press, Boulder

Truman D (1971) The governmental process. Knopf, New York

White L (1994) Policy analysis as discourse. J Policy Anal Manage 13(3):506–525

Wilson JQ (1980) The politics of regulation. In: Wilson JQ (ed) The politics of regulation. Basic Books, New York, p 391

# J

## Jakarta Reunion of 212 and Its Impact Towards Indonesian Presidency Choice

Ahmad Zaharuddin Sani Ahmad Sabri[1] and Roziya Abu[2]
[1]School of Language, Civilization & Philosophy, Universiti Utara Malaysia (UUM), Sintok, Kedah, Malaysia
[2]Faculty of Information Management, Universiti Teknologi MARA (UiTM), Shah Alam, Selangor, Malaysia

### Synonyms

Islamic Political Parties; Protest; Residential election

### Definition

212 Reunion rally in Indonesia is a symbolic rally of an antigovernment opposition march from 2016 to 2018. 212 reunions have transformed into a movement not only aim to stop the liberal and leftists coming to power alongside Ahok in Jakarta Governor election, but also pose a challenge to the re-election of President Jokowi parliamentary and presidential election.

### Introduction

December 2 is a historic date for opponents of President Joko "Jokowi" Widodo, because on this day exactly 2 years ago, they successfully mobilized thousands of Islamic fundamentalists and religious conservatives in the streets of Central Jakarta to demand the arrest of then-Governor Basuki "Ahok" Tjahaja Purnama on blasphemy charges. Dogged by the allegations and continuous protests by Islamists, Ahok, who was endorsed by the ruling Indonesian Democratic Party of Struggle (PDI-P), which also backs the current President Jokowi, has lost his bid for re-election on April 19, 2017 to Anies Baswedan, who was backed by Prabowo Subianto, the leader of the opposition Great Indonesia Movement Party (Gerindra). Three weeks later, the North Jakarta District Court handed down an unexpectedly harsh sentence, jailing the ethnic Chinese Christian governor for 2 years for insulting Islam. His crime: referencing a Koranic verse during a campaign speech the year before.

### The "212 Reunion"

Saturday's (2/12) gathering in Jakarta that was held by hardliners of opposition supporter ended peacefully as previously expected. But, the total number of people attending the event remained

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

unclear as almost all major media outlets made no mention of it. Detik.com reported that no more than 40,000 people took part in the rally, quoting police officials and a researcher from Bandung's Universitas Padjadjaran. This figure was far below the event organizers' claim of 7.5 million people, which few people believed. Beside the difficulty to estimate the number of participants in such large open-air meetings, many researchers may fear that mentioning any number close to facts on the ground could put them in danger.

For the organizers of the so-called Reuni 212 themselves, the number of Saturday's rally participants meant a lot as it strongly signaled the great power of Indonesia's hardliners as they had repetitively claimed and wish to retain. The act of Reuni 212 provide a sense of togetherness. One of the reasons is the psychology of the crowd that is related to the affirmation of one's identity. Since the beginning of the theory of crowd psychology emerged, namely, in Gustave Le Bon's book, The Crowd: The Study of the Popular Mind, published in 1895, crowd psychology is explained in a model of "group thinking" (group think). In this model, participation in crowd action results in the loss of one's rational thinking ability. According to Le Bon, the character of the crowd will cause someone in it to lose their sense of responsibility and will feel that the behavior in the crowd is universal.

In the crowd, someone will lose reasoning ability, the ability to judge critically, and tend to exaggerate feelings, sentiments, so that someone's emotions in the crowd can overflow. The model of Le Bon's legacy think group to understand crowd psychology seems to fit the New Order's mass management model, which identifies mass action with acts of mobs who have no rules, and therefore tend to be banned by the Suharto regime. This model is also suitable for the needs of some people to consider 212 and 212 Reunion Demo participants as "stupid", "stupid," "uneducated" mobs.

Moreover, the method of building togetherness through a crowd is also usually done without the attributes of religious identity. A more appropriate model for explaining the authentic feeling of togetherness in the demos of group 212 is the *social identity* model of Stephen D. Reicher, as stated in his paper, *The Psychology of Crowd Dynamics* (published in M. Brewer & M. Hewstone (Eds.), *Self and Social Identity*, Blackwell, 2004). In this model, a person has multiple identities, namely, individual identity and social identity. Individual identity defines how "I" is unique compared to other individuals, while social identity defines how "we" are different compared to members of other social categories in society. Reacher emphasized that social identity is always tied to the ideological tradition: how we define a social category that becomes a vehicle for one's membership and "other" social category attached to ideological traditions. A person has a social identity as a Muslim, a socialist, a nationalist, or even a *punk*, and thus becomes understood why he does anything in the context of grouping in a crowd.

Reicher quotes Turner, revealing: "*On defining ourselves as categories we participate in a process of self-stereotyping." When we define ourselves as members of a social category, we participate in a self-stereotyping process*. We determine what actions are considered appropriate in the context of grouping, and we adjust. We hope that fellow group members do the same thing. We agree with members of the same category group in matters that maintain group existence.

In that situation, what happens in a crowd according to Reicher is not the loss of individual identity but the shift to social identity that is considered appropriate or relevant in the group of categories that are followed. Likewise, what happens is not a loss of control over actions, but a shift in the basis of the category of a behavioral control. The act of molesting a mother dressed as a political opponent or harming certain media reporters who are deemed to lie about their groups is not a reflection of the loss of control or ignorance of the masses, but rather a manifestation of actions that can be accepted by groups because they are enforcing group identity (Ahmad Sabri 2014). Although attended by millions of Indonesians, the reunion event was orderly and participants upheld the norms of democracy which is the basis of the Unitary State of the Republic of Indonesia (NKRI) by maintaining good manners and

hospitality even when in a crowded space. We believe, those attending truly understood their loyalty to the Indonesia Constitution (NKRI) and the Pancasila together with the national motto *Bhinneka Tunggal Ika* and practiced it by acting with tolerance. The 212 Reunion participants also knew the history of the birth of the NKRI and the Pancasila, while maintaining harmony and caring for the nation. They were aware of the importance of cleanliness, orderliness, and safety while demonstrating.

## Methodology

For the purpose of this research we use survey methodology with multistage random sampling done by Lembaga Survey Indonesia (LSI) in 2018. Survey is done from the period of 5–12 December 2018, covering the whole Indonesia population. We manage to have 1200 respondent where all of them are met face to face and our enumerator asked questing using fix questionnaire. Above all the margin of error at the pace of + − 2.8%.

## Findings

Below are list of questions and the result of survey done in this study;

### Do you Know or Have Heard about 212 Reunion?

Question 1 help this study to explore the depth of understanding and information that respondents have about Reunion 212. Out of 1200 respondents, a total of 702 respondents (58.5%) answer yes, and 456 respondents (38%) stated that they have no knowledge about reunion 212. Meanwhile, 3.5% (42 respondents) didn't reply at all (Chart 1).

### Did you Support 212 Reunion?

In Question 2, respondents whom answer Yes in Question 1 (a total number of 702 respondents) were asked about their support towards 212 reunions. Half of the Question 2, 54.5% (382 respondents) answer yes, and 26% (183 respondents) says no and 19.5% (137 respondents) decline to give an answer (Chart 2).



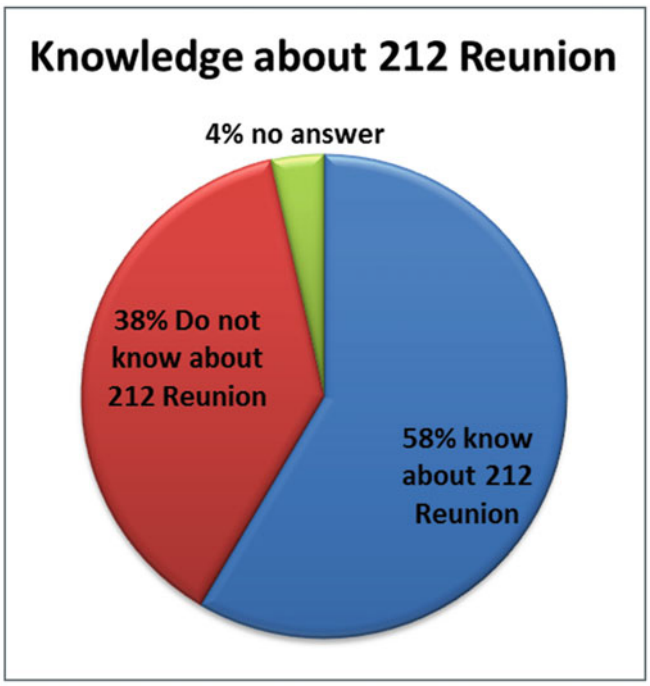


**Jakarta Reunion of 212 and Its Impact Towards Indonesian Presidency Choice, Chart 1** Knowledge about 212 Reunion

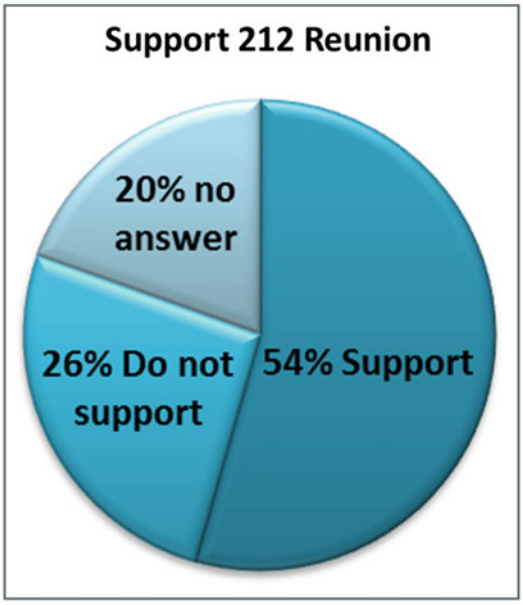


**Jakarta Reunion of 212 and Its Impact Towards Indonesian Presidency Choice, Chart 2** Support 212 Reunion

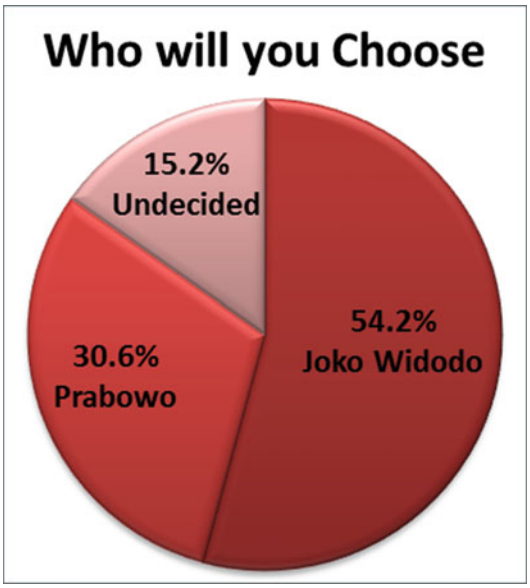


**Jakarta Reunion of 212 and Its Impact Towards Indonesian Presidency Choice, Chart 3** Choice of Candidate

### If Presidential Election Is Done Right Now, Who Will you Choose?

Question 3 is the gist question of this study. Among the two most prominent candidate for the coming Indonesian Presidential election, all respondents were asked to reveal their selective candidate. Despite of all criticism and local disapproval, Joko Widodo still lead as the preferred candidate with a total of 54.2% (650) respondents' choice and Prabowo Subianto with a total of 30.6% (367) respondents. Nonetheless, there are still undecided numbers of respondent, 15.2% (182) respondents (Chart 3).

### Major Findings

The major finding of this study suggest that President Joko "Jokowi" Widodo remains in the driving seat, while challenger Prabowo Subianto trails behind in this coming 2019 Indonesian election. It is believing that among the key contribution to the coming presidency election success of the President Jokowi presidency was the appointment of Erick Thohir, who was the Indonesian media tycoon behind the Indonesia successful hosting of 2018 Asian Games. Erick Thohir, owns many big and successful business including, a multi-platform media company, football clubs, basketball club, and many more. In fact, Erick Thohir also chairs the Indonesian Olympic Committee (KOI). According to President Joko,

> "But what is clear is that whatever he (Erik Thohir) leads, is always followed by success." (Markus Junianto Sihaloho and Yudo Dahono | Jakarta Globe, on 11:44 AM September 09, 2018, https://jakartaglobe.id/news/businessman-erick-thohir-to-lead-jokowis-re-election-campaign/)

Many anticipated that this collaboration will lead to a major financial and economic stability and progress to Indonesia socioeconomic future situation. Apart from the appointment of Erick Thohir, from our analytical study survey results, it was found that there were five reasons why the 212 Reunion did not affect the electability of presidential candidates.

(i) *Strong Credence Among Indonesian voters*

The first reason is that the majority of voters who like Reunion 212 already have a difficult attitude (strong believe or strong credence) that cannot be influenced by Habib Rizieq Syihab easily. Especially, in

regards to the issue of the Islamic constitution and the call to replace the president.

(ii) *Jokowi's Performance*

Secondly, this study finds that the satisfaction with Jokowi's performance in general is still high. The evaluation of Jokowi's performance as president has not changed much before or after Reunion 212.

(iii) *Ma'ruf Amin Candidacy*

Thirdly, this study finds that Ma'ruf Amin nomination as Jokowi's vice-presidential candidate was the leader of the clergy. Ma'ruf Amin is considered to be Jokowi's anchor for Muslim voters.

(iv) *Jokowi* versus *Ahok*

Fourthly, 212 Reunion fails to discredit Jokowi. 212 Reunion is considered not to be used as a means of discrediting Jokowi as when Acting 212 was an attitude towards a case of blasphemy which struck Basuki T Purnama (Ahok). Infact, Jokowi is different from Ahok.

(v) *Probowo*

Finally, till today there is no substantial recorded number of voters who follow or left Prabowo due to Reunion 212. The total number is not significance.

## Conclusion

The big alumni reunion took place again, 2 years after its founding at the end of 2016. The 212 groups were initiated by the Islamic Community Forum and various other mass organizations. The action then held again on March 31, 2017. Previously, on November 4, 2016, a rallies to defend Islam also took place in the same place. Based on the context, what impact of the 212 event to our nation's democracy and politics interests today? If we look back the history of emergence of Islamic populism movements in Arabians, there are a tendency used by "oil-rich countries" to produce ideology of Islamic populism as a resistance to US hegemony. For example, the appearance of Ayatollah Khomeini in Iran is a real manifestation rising of Islamic populism. Similarly, the Islamic populism movement overthrew authoritarian regimes in Egypt, Libya, Tunisia, and Yemen, which until now has become a symbol of the movement of Islam through the wave of "Arab Spring," including Indonesia. The rise of religious-based populism in Indonesia is becoming a new trend as well. Previously, issues on populism had resonated through the left Islamis group and several others. The return of high religious enthusiasm was marked by the rise of mass religious adherents lead the teachings of religion as a moral message, as well as political struggle. The accentuation of religion by middle-class Muslims has undergone a model change which is increasingly interesting to observe. Reunion 212 has indeed been completed, but the conversation has not ended until today. For example, the debate about the number of participants present to the interpretation of the electability level of the candidates for the 2019 Presidential Election after the reunion took place.

J

## References

Ahmad Sabri AZS (2014) Raksa Raya Malaysia. Institut Terjemahan & Buku Malaysia, Kuala Lumpur

# Japan, Bidding System Reforms

Hiroka Mita
Faculty of Regional Design, Utsunomiya University, Utsunomiya, Tochigi, Japan

## Synonyms

Anticorruption measures; Bid rigging; Bidding reform; Bribery; Comprehensive bidding evaluation method; Corruption; Nomination bidder system; Open tender system; Predetermined price; Public procurement reform; Tender system

## Definition

The tender bidding systems of public works in Japan as mainly a tender by a nominated bidder

system prior to 1990s; since the mid-1990s, the bidding system has increased and is growing in application in government, with a need to further reform for transparency and confidence building.

## Introduction

Bidding system reforms in Japan were mainly implemented from the late 1990s to the beginning of the 2000s. How and for what purpose the reform was initiated and promoted is the subject of this entry. First, the types of bidding systems are outlined; second, the positive and negative aspects of each bidding system are discussed; and third, the process of bidding system reforms is explained.

### Types of Bidding Systems

In the process of implementing public works, public officers first choose a construction company by using a bidding system, then a contract proceeds with implementation. The bidding system is an open tender system, according to the Public Accounting Act and the Local Autonomy Act. But the government can use a nominated bidder with a private contract or if the government can approve it with a Cabinet decision (Public Accounting Act, Article 29-3, Paragraph 1, 3, 5, Local Autonomy Act, Article 234, Paragraph 1, 2).

Before the 1990s, the tender systems of public works introduced by public officers were mainly a nominated bidder system, not an open tender system. That system changed however, and the open tender system was introduced into large-scale projects to solve or reduce the problem of corruption in the relationships between politicians and construction companies and upon a request from the United States (Cabinet Office 1994; Mita 2010; Nihon Keizai Shinbun 1991; Nihon Keizai Shinbun 1993; Asahi Shinbun 1991).

In the open tender system, the government officially announces its tenders and requests eligible construction companies to join in the tender process, in order to select the lowest bidder, while also taking safety measures into consideration. In the old nominated bidder system, on the other hand, the government used to nominate about five eligible construction companies to bid. Then the government would choose the lowest bidder, with the safety measures taken into consideration.

In both systems, the successful bidder is the contractor who shows the lowest reasonable, but predetermined, price. Yet, under the open tender system, more companies can and do participate in the process. Predetermined price is the upper limit of the implementation of the project budget when the government implements competitive bidding. It decides an estimated price that can cover a contractor with standard abilities to undertake the construction with standard skills and prices. In a private contract, the government chooses an appropriate construction company without bidding due to an emergency or if there is no other appropriate construction company available. There is a possibility of bid rigging. In bid rigging, a contractor is decided in advance and the other contractors agree not to underbid him. If contractors cooperate in such a scheme, they will surely profit from it in the end because eventually their turn will come to be chosen as a successful bidder (Tonoike 1996, pp. 164–165).

There are two kinds of bid rigging: One is implemented by cooperation among construction companies, the other by go-betweens of politicians or public officers to choose the contractor for the public work or project. This is where chances of corruption rise and make the whole process profitable for contractors, bidders, and related politicians and administrators.

### Positive and Negative Aspects of Each Bid System

The reasons why the government did not use an open tender system, but introduced a nominated bidder system, are as follows.

First, the government can reduce the burdens of deskwork, such as like qualification inspection of the contractors because only contractors who are nominated by the government can enter the bidding. Second, the government can get a sense of security from the nominated contractors because they have chosen them. Third, the government can protect and promote the local economy by nominating local contractors.

In the nominated bidder system, however, there are several problems: There are problems related to the nomination of contactors, because only contractors who are nominated by the government can enter the bidding; they try to get nominations by asking politicians to put in a good word for them or appeal to government officers directly. Additionally, there is the problem of leaks of the predetermined prices. Because contractors who submit a price that is substantially more than the predetermined price are disqualified, the information related to the predetermined price is important. Because of this, the contractors would try to find out what the predetermined price is by approaching politicians and public officers for that information (Tonoike 1993, p. 97). This can result in serious corruption of kickbacks, and favoritism, and under the table bribery.

Third is the possibility of bid rigging, whereby a contractor is decided in advance and the other contractors agree not to underbid him. If contractors cooperate in such a scheme, they will surely profit from it in the end because eventually their turn will come to be chosen as a successful bidder. Bid rigging is difficult when there are many bidders, but in the case of a nominated system, the number of bidders is normally narrowed down to only five or six. Thus, the time and cost will be reduced (Tonoike 1996, pp. 164–165), but at the heavy expense of corruption and loss of trust in the government bidding system.

To overcome the problems of a nominated bidding system, reforms were undertaken in the 1990s, when it was urged that an open tender system be introduced in the local and central governments. The advantages of an open tender system are superior and as follows: First, it can prevent the corruption by politicians and public officers. Second, it can strengthen the contractors with competitive abilities. But, the disadvantage of an open tender system is the increase of the burdens of bureaucratic work to check whether the construction companies can meet the conditions for bidding, and there are some anxieties about dumping as a result of the competition among the construction companies. To address this possible weakness, a comprehensive bidding evaluation method, which evaluates the bidders from various standpoints such as quality, safety, and environmental impact in addition to the price, is used to determine the successful bidder (Act on Promoting Quality Assurance in Public Work, Article 3, Paragraph 2).

Basically, the successful bidders will be decided according to price competition. But, because the third clause of the Article 234 of the Local Autonomy Act stipulates "The contracts of local governments within their expenditure can contract with the companies that applied to the bidding with the lowest price below the predetermined price," the government can decide bidders not only by price, but also by using other criteria (Local Autonomy Act, Article 234, Paragraph 3, Enforcement Order of the Local Autonomy Act Article 167-10-2, Paragraph 1). Based on this Act, some local governments have introduced a comprehensive evaluation bidding system.

One of the institutions that has become the basis of bidding system reforms is the Act for Promoting Proper Tendering and Contracting of Public Works that was passed in November 2000 (Mita 2010, p. 90; Yokozeki 2009, p. 93).

This act determines the basic items for proper implementation of the bidding and contracting systems that the central government special corporation and local governments conduct, makes information available about the bidding and contracting of public works, establishes measures to prevent improper actions and measures to conclude contracts at proper prices and measures to create proper practices, and sets guidelines for this act. The purpose of this act is to obtain trust about public works from the people and to develop the construction industry that undertakes public works (Act for Promoting Proper Tendering and Contracting of Public Works, Article 1).

Another law related to the bid system reform is the Act on Promoting Quality Assurance in Public Works, which was passed in 2005. The comprehensive bidding evaluation method is based on this act. The thought behind this Act was that securing public works will contribute to realizing a fulfilling life, obtaining security, maintaining the environment, and forming autonomous and

affluent local societies, and will become a benefit to current and future generations, by improving high-quality social capital.

The purpose of this act is to attempt to promote the quality acquisition of current and future public works, to increase general welfare, and to contribute to sound development of the national economy. To realize these aims, this act defines fundamental issues such as the underlying ideas, the responsibilities of the central government, and the basic principles for quality assurance in public works that will promote the training and obtaining of contractors and promote quality assurance in public works. This legislation was a rare case of introduction by the Diet members and was mainly promoted by the "Federation of Diet members for Quality Assurance in Public Works" of the Liberal Democratic Party in Japan. It is important to note that most legislation is originated by the Cabinet in Japan that introduces parliamentary cabinet system (Chino 2016).

In addition, the Act on Elimination and Prevention of Involvement in Bid Rigging, and Punishments for Acts by Employees that Harm Fairness of Bidding, was enacted in 2002 and implemented in 2003 to prevent bid rigging by public officers. Then, this act was revised in 2007 and the penalties were strengthened. This act defines measures to exclude and prevent bid rigging actions and defines the penalties for obstructing the justice of bids. For example, the Fair-Trade Commission can request the chief of ministries and agencies to establish measures to remove involvement in such matters as bid rigging, to claim damage compensation from public officers who engaged in bid rigging, and to investigate the reasons for disciplinary actions against such public officers, and to cooperate among related officials (Act on Elimination and Prevention of Involvement in Bid Rigging, and Punishments for Acts by Employees that Harm Fairness of Bidding, Article 1).

## The Background of Bidding System Reforms and the Reform Results

The main aims for bidding system reforms are to prevent bid rigging and to use tax revenue efficiently and effectively, by implementation of public works at the proper prices. There were mainly two reasons for the bid reforms in the period from the late 1990s to the beginning of the 2000s.

During the 1980s and the 1990s, there were cases of corruption by politicians and construction companies concerning public works. In March 1993, Shin Kanemaru, who was vice president of the Liberal Democratic Party, was found guilty of tax evasion because he neglected to file his income tax return after receiving bribes from construction companies to interfere in the bidding for public works (Yomiuri Shinbun 1993; Mita 2010, p. 97). After this, the public became even more suspicious about public works. Related to the Kanemaru case, there were bribes given from each large construction company not only to Diet members, but also to local governors and mayors (including the mayor of Sendai and Miwamachi, and the governor of Ibaragi and Miyagi), which were revealed by the Tokyo public prosecutor's office (Asahi Shinbun 1993b; Mita 2010, p. 98). These scandals resulted in massive public criticisms, reaching a peak, and further distrust of the bidding and government officials and politicians doing corrupt businesses with private contracting companies.

It was thought that these cases of corruption were caused when construction companies approached politicians to ask for special treatment among the nominated companies in the bidding process and to leak the nominated price that was not open to the public. For these reasons, bidding system reform became imperative.

Second, in the US-Japan Structural Conference, the USA urged reforms of the bidding systems. The USA pointed out that Japanese bidding systems prevented American construction companies from entering the Japanese construction market. So, the US government asked the Japanese government to extend the scale and lower the price of introducing an open tender system to increase the opportunities for foreign companies to enter construction bids in Japan – and to respond to the complaint from the American corporations which could not enter into the Japanese

market (Asahi Shinbun 1993a; Mita 2010, p. 100).

As of 1994, the introduction of an open tender system was accomplished in all prefectures and ordinance-designated cities (special urbanized cities with metropolitan areas and large populations) and 11% of regular cities. The Ministry of Internal Affairs and Communications and the Ministry of Land Infrastructure and Transport and Tourism investigated the actual conditions of introducing reform of the tender system from 2001, which was after the law was enacted in 2000, to move ahead with the Act for Promoting Proper Tendering and Contracting for Public Works. As of the 2002 research, the introduction of an open tender system was accomplished in all prefectures and ordinance-designated cities and 28.6% of regular cities (Mlit 2002).

But even though all the prefectures introduced an open tender system, the price of application of an open tender system was high. Thus, many companies could not afford to participate in it. According to the public supply project team report, called The Project Team Report on Public Procurement, or The Progress of Public Procurement Reform in the Prefectures issued by the Nationwide Governors Association, and as of December 2006, only the prefectures of Yamagata, Miyagi, and Nagano had introduced open tender system with a minimum starting price of 10 million Yen. But the number of prefectures that introduced an open tender system increased after the Guideline of Prefecture for Public Procurement was presented by the Nationwide Governors Association, following the corruption that involved public works from October to December 2006 (National Governors' Association 2007).

After that, other municipalities that had not implemented the reform before introduced an open tender system. By 2017, the introduction of an open tender system was accomplished in all prefectures and ordinance-designated cities and about 68.6% of regular cities (Mlit 2017).

The tendency to reform in the bid system arose not only in the open tender system, but also in the bid system for promoting quality assurance. The Act on Promoting Quality Assurance in Public Works was legislated in 2005. As of 2006, the introduction of a comprehensive bidding evaluation method to promoting quality assurance was implemented in 10.6% of the prefectures, 6.7% of the ordinance-designated cities, and 0.3% of the municipalities. Then, as of 2017, the introduction of a comprehensive bidding evaluation method was implemented in 76.6% of the prefectures, 75.0% of the ordinance-designated cities, and 20.7% of the municipalities (Mlit 2017).

## Conclusion

Even though bidding system reforms have been implemented in order to realize transparency of the bid procedure and political factors, the rigged bidding will not entirely disappear. Even after Act on Elimination and Prevention of Involvement in Bid Rigging, and Punishments for Acts by Employees that Harm Fairness of Bidding, etc., was amended in 2007, the bid rigging by public officers has continued (Japan Fair Trade Commission Secretariat 2018, pp. 73–118). There is the possibility that bid rigging will occur not only in the nominated bidding system, but also in bidding for projects in which advanced technologies are required because only a few construction companies can join the bidding for such projects. Actually, rigged bidding for contracts related to Japan's first commercial high-speed magnetic levitation train line known as the Linear Chuo Shinkansen occurred in 2017. Prosecutors raided the offices of private general contractors Obayashi, Taisei, Shimizu, and Kajima for alleged antitrust violations. In 2005, these construction companies collectively pledged to the public that they would no longer engage in bid rigging activities (Asahi Shinbun 2018). Even though this bid rigging was not in public procurement and government contracting, it became evident that bid rigging would be difficult to eliminate completely, especially in big projects.

Even now, further system reforms are required in order to use the citizens' tax revenues properly and to prevent rigged bidding. The transparency in public works bidding procedures is an

important element in the reform, not only desired, but also essential and imperative.

## Cross-References


- ▶ Bureaucracy and Politicians Relations
- ▶ Politics and Administration
- ▶ Politics and Public Policy


## References


Act for Promoting Proper Tendering and Contracting of Public Works Article 1

Act on Elimination and Prevention of Involvement in Bid Rigging, and Punishments for Acts by Employees that Harm Fairness of Bidding, Article 1

Act on Promoting Quality Assurance in Public Work, Article 3, Paragraph 2

Asahi Shinbun (1991) Bei, Seisai tetsuzu ki kaishi kosho ha shinten, jisshi nai mito shi kensetsu masatsu (U.-S. starts sanctions procedure negotiations progress, not expected to be implemented: construction friction), April 27 evening edition

Asahi Shinbun (1993a) Bei, kokyo Jigyo de Nippon wo seisai taisho ni sannyu 'sannyu sabetsu ni taiko' hatsudo ha kosho go (U.S. sanctions Japan for public works "Counter entry discrimination" will be activated after negotiations), May 1

Asahi Shinbun (1993b) Fuhai no kozu (Composition of corruption), October 27

Asahi Shinbun (2018) Obayashi, sosa uke 'Taisei isshin' Shiraishi syacho, inseki jinin Rinia koji dango (Obayashi, under investigation "system renewal" President Shiraishi, resignation of responsibility Linear construction rigging), January 24 2018

Cabinet Legislation Bureau. Saishin joho, horitsu-an no teishutsu seiritsu kensu) (Number of recent bills submitted/passed). https://www.clb.go.jp/recent-laws/

Cabinet Office (1994) Koukyoujigyou non-yusatsukeiyaku no tetuzuki no kaizen ni kansuru kodou keikaku (Action plan about the improvement of a bid, the contract procedure of the public works project)

Chihoujichihou Sekou rei, 167 (Order for Enforcement of the Local Autonomy Act, Article 167)

Chino C (2016) Giin rippo ha donoyo ni okonawarete kitaka (How the Act of Parliament has been done by Diet Members). Reference, pp 31–61

Enforcement Order of the Local Autonomy Act Article 167-10-2, Paragraph 1

Japan Fair Trade Commission Secretariat (2018) Nyusatsu dango no boshi ni mukete: dokusen kinshihou to nyusatsu dango to kanyo koi boshihou (To prevent bid rigging: Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Act on Elimination and Prevention of Involvement in Bid Rigging, etc. and Punishments for Acts by Employees that Harm Fairness of Bidding, etc.)

Kanemoto Y (2001) Nippon no kensetsu sangyo: Shirarezaru kyodai gyokai no nazo wo toku (Japanese construction industry: solving the mystery of an unknown giant industry). Nihon Keizai Shinbun

Local Autonomy Act, Article 234, Paragraph 1, 2, 3

Ministry of Land, Infrastructure, Transport and Tourism (2002) Nyusatsu Keiyaku Tekiseika-ho oyobi Tekiseika Shishin no sochi jokyo chosa kekka ni tsuite (The measure status survey results of Act for Promoting Proper Tendering and Contracting for Public Works and the Optimization Guidelines)

Ministry of Land, Infrastructure, Transport and Tourism (2017) Nyusatsu Keiyaku Tekiseika-ho to nimotozuku jisshi jokyo chosa kekka no kohyo (Publication of implementation status survey results based on Act for Promoting Proper Tendering and Contracting for Public Works and Act on Promoting Quality Assurance of Public Works)

Mita H (2010) Kokyo jigyo kaikaku no seijikatei (Political process of public works reform). Keio University Press

National Governors' Association (2007) Todofuken no Kokyo Chotatsu Kaikaku ni Kansuru Shishin (Guidelines for public procurement reform in prefecture). National Governors' Association Public Procurement Project Team

Nihon Keizai Shinbun (1991) Kensetsu kaihou e tainichi seisai tetsuzuki-iri, USTR happyo (Entering sanctions against Japan to open construction, to announce USTR), April 27

Nihon Keizai Shinbun (1993) Bei, 'Kensetsu' de tainichi seisai hoshin, hokatsu kyogi he sensei kogeki: Nyusatsu futomeisa tsuku (U.S. sanctions policy against Japan in "construction", preemptive attack on comprehensive talks: Bid uncertainties), May 1

Public Accounting Act, Article 29-3 Paragraph 1, 3, 5

Tonoike Y (1993) Zukai kensetsu gyokai (Illustrated construction industry). Touyou Keizai Shinbousya

Tonoike Y (1996) Zukai kensetsu gyokai handobukku (Handbook of construction industry). Touyou Keizai Shinbousya

Woodall B (1996) Japan under construction: corruption, politics, and public works. University of California Press

Yokozeki Y (2009) Kokyo koji ni okeru nyusatsu keiyaku seidokaikaku no shinten to kadai: Sogo hyoka hoshiki no donyu to tenkai wo chushin ni (Progress and challenges of bidding contract system reform in public works: focusing on the introduction and development of a comprehensive evaluation system). Rippo to Chosa (Legislation and Investigation), No. 299

Yomiuri Shinbun (1993) Kanemaru sosa no pointo shikin no 'Iri' 3 ruto kochi kigen 27-nichi e tokutei isogu/Chiken (Key points of Kanemaru investigation 3 routes of "entry" of funds hurry to specify detention deadline 27 days/district public prosecutor's office), March 23

# Japan's Bureaucracy in International Perspective

Naomi Aoki
Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

## Synonyms

Autonomous administration; Bureaucracy; Bureaucratic politics; Comparative public administration

## Definition

Selected institutional features of Japan's national bureaucracy highlighted and juxtaposed with those of other countries.

## Introduction

Scholars generally agree that the political influence of Japan's modern national bureaucracy is strong (Bowornwathana and Poocharoen 2010; Nakamura 2002). This cannot be said of all bureaucracies around the world, and countries can vary considerably in what makes their bureaucracy strong or weak. It is beyond the scope of this chapter to provide an exhaustive list of sources illustrating these variations or to comprehensively assess the extent to which Japan's bureaucracy is stronger or weaker than bureaucracies elsewhere. Instead, this chapter discusses selected institutional features which arguably contribute to the view that Japan's bureaucracy is rather strong. These features are juxtaposed with institutions in other countries to highlight their distinctiveness.

## Theories of Bureaucratic Influence

The political influence of a bureaucracy can be defined as "the extent to which administrative actors are able to shape the outcome of policy formulation and implementation in line with their interests" (Knill 1999, pp. 115–116). It is a relational concept that can be understood in terms of interactions between a bureaucracy and its surroundings. Bowornwathana and Poocharoen (2010) conceived the "Bureaucratic Politics Framework," which sees bureaucrats and politicians engaging in a power struggle, and the administrative reforms they pursue to expand their sphere of influence destabilizing the balance of power towards either "weak politicians and strong bureaucrats" or "strong politicians and weak bureaucrats." Bowornwathana and Poocharoen have identified political attempts to create "stronger politicians and weaker bureaucrats" in Italy, Japan, Thailand, and the United Kingdom (UK).

Knill (1999) observed that public administrations across countries differ with respect to three dimensions: (i) the *political influence of the bureaucracy*, (ii) the *strength of executive leadership*, or the degree to which political power is concentrated in the hands of the political executive, and (iii) *administrative entrenchment*, determined by "the extent to which administrative activity is based on legal and formal requirements" and by "the comprehensiveness and fragmentation of administrative structures" (p. 115). An *autonomous* administration features a combination of *low* executive dominance, a *high* degree of bureaucratic influence, and a *high* degree of administrative entrenchment, while an *instrumental* administration features the opposite combination. Executives in an autonomous administration find it more difficult to implement administrative reforms because there are more institutional vetos to block reforms, which are likely due to judicial checks, bureaucratic resistance, and structural complexity.

The aforesaid model focuses on what determines the reform capacity of political executives, and hence, requires modification to focus on bureaucratic influence. The model assumes bureaucrats are unwilling to support the executive. In this scenario, high administrative entrenchment acts as a check on executive actions, and this serves the interests of bureaucrats. Accordingly, from the executive's point of view, a *high* degree of political influence on the part of the bureaucracy and a *high* degree of administrative entrenchment together

make an administration autonomous. However, from the bureaucrats' point of view, a *high* degree of administrative entrenchment implies a *low* degree of political influence on their part, because administrative entrenchment acts as a check on bureaucratic actions. Hence, an administration that resists bureaucrats' efforts to implement policies and reforms features a *high* degree of administrative entrenchment, resulting in a *low* degree of political influence on the part of the bureaucracy, together with a *high* degree of executive dominance.

The degree of political influence wielded by a bureaucracy varies across countries. Knill (1999) argued that Germany has a strong bureaucracy, whereas Great Britain's Thatcher government weakened bureaucratic influence, which made its administration more instrumental – a view consistent with Bowornwathana and Poocharoen (2010). Painter (2004) observed shifts in the balance of power between bureaucrats and the executive in Malaysia and Taiwan. This happened in Thailand, too, when the Thaksin Government diminished bureaucratic power, whereas Singapore has maintained a strong executive leadership combined with "a career civil service subordinate and loyal to the government of the day" (Painter 2004, p. 370).

## The Bases for Japan's Strong Bureaucracy

The relatively strong influence of national bureaucracy in Japan has to do with the timing of bureaucratic modernization vis-à-vis democratization. During the Meiji Period, the bureaucracy was considered "autocratic" (Tsuji 2010, trans. by the author) because it was working for ministers who were not popularly elected and who directly advised the ultimate sovereign – the emperor. Popular elections for the House of Representatives had been introduced, but this Parliament was "an organ supporting the legislative power of the emperor" and "not the representative organ of the people" (Urabe 1990, p. 63). Free from popular control, the bureaucracy was able to build its sphere of influence before the current constitution came into effect in 1947 and made it accountable to the people. Although historical details vary, this sequence of bureaucratization before democratization is similar to how developments occurred in Germany, but it stands in contrast to the UK, where "a stable democratic system preceded administrative modernization" (Knill 1999, p. 129); this difference arguably contributed to creating stronger bureaucracy in Germany than in the UK (Knill 1999) – an argument that can also be used to explain Japan's strong bureaucracy. Japan's sequence contrasts with that of Singapore (Aoki 2015), where the elected government, upon taking office in 1959, effected from the outset an "attitudinal reform" (Quah 2013) of civil servants "in poor health" (Painter 2004, p. 371).

Behind the image of "strong bureaucrats and weak politicians" are so-called elite bureaucrats, who are recruited through a career-track exam formerly known as "Level I," followed by interviews. This examination is competitive, with an average passing rate of 5.4% from 1960 through 2014 (according to the author's calculations based on the National Personnel Authority (2015)) and with a large number of successful applicants who are law graduates of former imperial universities (Nakamura 2002), entry to which is also competitive. Schneider (1993) once reported on the proportion of elite bureaucrats from top universities in Japan (data as of 1986), which was higher than that of Mexico (1935–1976), Brazil (1964–1986), and the USA (1933–65). As far as recruitment is concerned, Japan's approach has been generally what Rosenbloom (1983) termed managerial rather than political; recruitment is by default merit-based, without formal measures of "promoting political pluralism or representation in civil service" (p. 221). Although recent initiatives to encourage gender representation in civil service under the Abe administrations are noteworthy, such initiatives are promotional rather than constitutionally mandated and subject to political will. Japan is different from a country like Nigeria, where prioritizing representation over "the tyranny of skills" was imperative due to ethnic tensions (Sowell 2004, p. 102) and where the principle of "federal character" had to be enshrined in its Constitution, such that the civil service should reflect the diversity of the nation.

The image of competent bureaucrats in Japan has been reinforced in part by the sight of ministers during diet sessions relegating questions to bureaucrats and citing their superiority (Akizuki 2010) and by the historical understanding that Ministry of International Trade and Industry bureaucrats contributed greatly to Japan's economic miracles (Johnson 1982).

Another factor that contributes to the image of "strong bureaucrats" is the fact that bureaucrats are working behind relatively closed doors, largely free from external control. Besides the competitive exam, entry to the civil service is limited because Japan's bureaucracy runs on a ranking system, unlike the UK's position-based recruitment system. The OECD (2008) rated Japan as the second lowest, next to France, among 26 OECD members in terms of its "openness index," which measures the extent to which civil service recruitment is open to external applicants. Compared to a situation like that in the USA, the number of political appointees who penetrate the Japanese ministries remains relatively small. Furthermore, the leeway for external experts to advise bureaucrats remains rather narrow. This is in contrast to the USA, where "presidents and presidential candidates have solicited the advice of policy experts, many recruited from prestigious academic think tanks, to help chart a course for America's future," and where think tanks have played pivotal roles in advising the bureaucrats (Abelson 1995). In contrast, Ueno (1998) observed that the use of think tanks was limited in Japan. Even today, the concerns in the USA about think tank influence on policy making are virtually absent. In Japan, career civil servants elude the control associated with mechanisms like performance-based promotion, too; despite some attempts to introduce skill and performance appraisals, promotion is largely based on seniority, dating from the year of entry into civil service. This system is unlike that in Singapore, where promotions have been based on performance and potential since the 1980s (Neo and Chen 2007) and in China, where performance management is used to reinforce civil servants' political loyalty to the Communist Party (Jing et al. 2015).

Within the Japanese government, there are some channels through which bureaucrats exert considerable influence on policy making. Although conducting the complex business of modern government requires some bureaucratic discretion everywhere, repeatedly identified as a unique feature of Japan's bureaucracy is a bottom-up policy process institutionalized under the long reign of the Liberal Democratic Party (LDP), combined with the roles of some LDP politicians who are known as *zokugiin* (Tsuji 2010). When the LDP held power, the bureaucrats and *zokugiin* set agendas, discussed, and rejected and preapproved policies before the drafts went to the Cabinet and were finally submitted to the Diet, where approval was likely due to the LDP majority. This system was somewhat disrupted when the Democratic Party of Japan government assumed office in 2009, but it has been resumed under the Abe administration (see Kamikawa (2013)). Another channel has been created by the appointment of career bureaucrats as Executive Administrative Secretaries to the Prime Minister, and their assistants – positions reserved for the Prime Minister's Office. These bureaucrats are customarily drawn from the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Defense, the Ministry of the Economy, Trade and Industry (METI), and the National Police Agency. The fact that the current Abe administration has appointed two bureaucrats from METI suggests a relatively strong presence of METI in the Prime Minister's office.

While the bureaucracy is viewed as being strong, executive dominance remains relatively low, compared to a country like the USA, which boosts the relative strength of the bureaucracy in the polity. The Prime Minister is the head of the Cabinet under the current Constitution and is responsible for appointing his or her Cabinet members. Nevertheless, the Cabinet runs on the principle of collective responsibility, and its decisions follow the tradition of unanimous consensus (Nakamura 2012). This tradition, in theory, limits the authority of the Prime Minister more than in the US Presidential system, "where the president dominates the government, and exercises his influence in bilateral relations with individual departmental ministers" (Andeweg 2000, p. 380).

Japan's legalism adds administrative entrenchment to the mix, but its unitary structure makes administrative entrenchment lower than in a federal state like Germany. Urabe (1990) argued that the idea of the Rechtsstaat in nineteenth-century Germany under the monarchy, which Japan borrowed in its Meiji Constitution, was "no more than self-restraint of the state power" (p. 62), as only an administrative court could review administrative actions. The 1947 Constitution, however, protects individual rights and liberties, and with this Constitution, administrative action became "subject to the judicial review of the ordinary courts, and the superiority of the judiciary over the administrative bureaucracy is a constitutional principle" (Urabe 1990, p. 65), so that the Constitution strengthened the checks on bureaucratic action by the rule of law. Nevertheless, Japan's unitary state is different from a federal state like Germany, where bills "whose enforcement impinges on the organizational and administrative jurisdiction of the federal states" (Bundesrat n.d.) require consent from the Bundesrat – a legislative body that represents the Länder governments and serves as an additional veto point in federal decision making. Such an organ is nonexistent in Japan. The national bureaucrats, hence, escape an additional veto point that would otherwise have been in place should they promote policies serving their own interests.

## Conclusion

This chapter started by accepting the view that Japan's national bureaucracy is strong, and explored the reasons for why this is the case. The chapter highlighted how certain historical and institutional features of Japan's bureaucracy contribute to preserving the political influence of the bureaucracy, and these features appear distinct when they are juxtaposed with others in selected countries. In a relative sense, Japan's "strong bureaucracy" is also reinforced by weak executive dominance and administrative entrenchment, which are lower than those in a federal country like Germany despite its legalism.

## Cross-References


- ▶ Administrative Discretion
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy
- ▶ Bureaucratic Autonomy
- ▶ Bureaucratic Power
- ▶ Politics and Administration


## References


Abelson DE (1995) From policy research to political advocacy: the changing role of think tanks in American politics. Can Rev Am Stud 25(1):93–126

Akizuki K (2010) History and context of public administration in Japan. In: Berman EM, Moon J, Choi H (eds) Public administration in East Asia: Mainland China, Japan, South Korea and Taiwan. CRC Press, Boca Raton, pp 195–211

Andeweg RB (2000) Ministers as double agents? The delegtion process between cabinet and ministers. Eur J Polit Res 37:377–395

Aoki N (2015) Let's get public administration right, but in what sequence? Lessons from Japan and Singapore. Public Adm Develop 35(3):206–218

Bowornwathana B, Poocharoen O-o (2010) Bureaucratic politics and administrative reform: why politics matters. Public Organ Rev Glob J 10:303–321

Bundesrat (n.d.) Consent and objection bills. Retrieved from http://www.bundesrat.de/EN/funktionen-en/gesetzgebung-en/zust-einspr-en/zust-einspr-en-node.html

Jing Y, Cui Y, Li D (2015) The politics of performance measurement in China. Policy Soc *34*(1):49–61

Johnson CA (1982) MITI and the Japanese miracle: the growth of industrial policy, 1925–1975. Stanford University Press, Stanford

Kamikawa R (2013) Abenomics-no seijigaku – Dai-2-ji-abenaikaku-no keizaiseisakuketteikatei [Political science of Abenomics – the economic policy process in the second Abe administration]. Mondai-to Kenkyu [Issues and Studies] 42(3):1–48. Retrieved from http://iiro.nccu.edu.tw/attachments/journal/add/10/42-3-1.pdf

Knill C (1999) Explaining cross-national variance in administrative reform: autonomous versus instrumental bureaucracies. J Public Policy 19(2):113–139

Nakamura A (2002) Problems and prospects for government reform in Japan's public administration: the rise of the new versus the persistence of the old. J Comp Asian Dev 1(1):33–48

Nakamura A (2012) Asian model of government re-examined in the aftermath of the global economic crunch: a Japanese perspective from the experience of the triple disasters in March 2011. Int Rev Adm Sci 78:239–259

National Personnel Authority (2015) Heisei-27-nendo nenjihōkokusho chōkitōkeitōshiryō [Annual report 2015: materials including longitudinal data]. Retrieved from http://www.jinji.go.jp/hakusho/pdf/27_choukitoukei.pdf
Neo BS, Chen G (2007) Dynamic governance: embedding culture, capabilities and change in Singapore. World Publishing Company, Singapore
Organisation for Economic Co-operation and Development (OECD) (2008) The state of the public service. OECD Publishing, Paris. https://doi.org/10.1787/9789264047990-en
Painter M (2004) The politics of administrative reform in east and southeast Asia: from gridlock to continuous self-improvement? Governance 17(3):361–386
Quah JST (2013) Ensuring good governance in Singapore: is this experience transferable to other Asian countries? Int J Public Sect Manag 26(5):401–420
Rosenbloom DH (1983) Public administrative theory and the separation of powers. Public Adm Rev 43(3): 219–227
Schneider BR (1993) The career connection: a comparative analysis of bureaucratic preferences and insulation. Comp Polit 25(3):331–350
Sowell T (2004) Affirmative action around the world. Yale University Press, New Haven/London
Tsuji K (2010) Kōmuinsei-no kenkyū [A study of the civil service system]. Tokyo University Press, Tokyo
Ueno M (1998) Think tanks in Japan: towards a more democratic society. In: Stone D, Denham A, Gamett M (eds) Think tanks across nations: a comparative approach. Manchester University Press, Manchester, pp 188–201
Urabe N (1990) Rule of law and due process: a comparative view of the United States and Japan. Law Contemp Probl 53:61–72

# Japan's Mask Wearing Culture, Covid-19 Governance

Itoko Suzuki
United Nations Branch of Public Administration and Governance, United Nations Department of Economic and Social Affairs, Shizuoka, Japan

## Synonyms

Citizens' norms; Crisis management; Pandemic governance

## Definitions

Mask wearing is an inherent culture of Japan in reducing the risk of virus infection, which is associated with social norms to conform to the society.

The Covid-19 outbreak has become a pandemic disaster, for which all levels of governance – local, national, and global – must employ effective, equitable, and accountable management for the safety and security of all the citizens of the world.

## Introduction

Mask wearing appears to be a useful weapon in combatting the new coronavirus disease (COVID-19). And yet, mask wearing has been a vigorous social issue and even causing a political divide in the USA or a social divide in some European countries. Japanese people are accustomed for a long time to wearing a mask in winter to prevent catching a cold or virus infection, and more recently to prevent hay fever in spring.

WHO confirmed 35, 347, 404 infected and 1, 039, 406 deaths in its 02 October 2020 update of COVID-19; and that the actual number of the infected is estimated to be 10% of the entire world population. (https://www.who.int/dg/speeches/detail/who-director-general-s-opening)-remarks-at-the-media-briefing-on-covid-19%2D%2D-2-october-2020) COVID-19 can be compared to the Spanish flu that erupted in 1918. More than ten months have passed since this unknown virus infected and killed the people, impacting unprecedented social and economic losses (in Japan during in its first quarter alone, a decline of 28.8% of GDP is reported) in the world. Governments counter measures and risk management continue to unfold to defeat the epidemic in all parts of the world.

At this junction, this short essay tries to remark the mask wearing culture of the Japanese people which seems to have helped protect the citizens and hence minimize the infected cases and death tolls of this virus in Japan. The essay is a memoire of a lay elderly citizen who has lived in unrest like all others in the world since its outbreak, having deprived of a normal life such as meeting and eating with family members, or friends, going to the church or shrine, to the library, gym, sport

clubs, and traveling out of town, to name a few. All businesses, schools, public gathering in sports, music, art, entertainment, parks, and all the public spaces are closed for protection from virus infection. Many lost jobs and normal works and yet must continue to live in a so-called new normal with the protective measures and restriction in social and economic life. This essay is far from an academic argument. Nonetheless, it reflects upon the circumstances of the pandemic disaster governance of Japan in which citizens' mask wearing and associated social norms have played a part. COVID-19 is predicted to last a few years, without medications or vaccination available to all. Second or third surge like the previous Spanish flu pandemic is currently approaching. This pandemic is a peril to the humanity. All levels of governance, local, national, and international, must effectively, efficiently, and equitably manage this crisis until the recovery of normal life of all the people, and the economic decline in the world.

## What Is COVID-19? As Informed to the Citizens in Japan

### What Is COVID-19

According to WHO, COVID-19 is an infectious disease caused by a newly discovered coronavirus Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness. (https://www.who.int/health-topics/coronavirus#tab=tab_1dated 23 October 2020).

### How Japanese Citizens Initially Informed?

In Japan, the first news was on 1 January 2020 by the Yomiuri newspaper reporting a new type pneumonia in a short 13 line. WHO cited information reportedly conveyed by Chinese authorities on 11 and 12 January that 41 cases with novel coronavirus infection have been diagnosed in Wuhan city. The Japanese citizens learned through the media reports that the break is associated with exposures in one seafood market in Wuhan. Later citizens were informed of these 41 confirmed COVID-19 cases that ranged from 8 December 2019 to 2 January 2020. Thus, WHO's alarm to the world could have been in December and was often criticized as not quick enough.

On 30 January 2020, WHO announced 7834 confirmed cases, including 7736 in China, representing almost 99% of all reported cases worldwide, and 170 people have lost their lives in this outbreak (https://www.who.int/dg/speeches/detail/who-director-general-s-statement-on-ihr-emergency-committee-on-novel-coronavirus). Japanese citizens observed though the media dreadful scenes of patients lying in beds in the gym which was converted to a hospital. Japanese government dispatched chartered airplanes to Wuhan to retrieve Japanese citizens back home.

On 11 March 2020, WHO declared COVID-19 as pandemic informing that the number of cases of COVID-19 outside China has increased 13-fold, and the number of affected countries has tripled, and that more than 118,000 confirmed cases in 114 countries, with 4291 deaths. WHO suggested that without the vaccination, medications or supplies of the medical goods, and trained medical staff and hospitals as well as additional facility to accommodate patients, this explosive epidemic might require the lockdown of the area or entire country (WHO 2020). And all these actually happened and still happening as of November 2020 in many parts of the world.

### Information Disclosure from the Japanese Government to the Citizens

Information disclosure to the citizens from the government is a commonsense in a democracy, and such information must be accurate and useful for the citizens. Informed citizens can decide what to do for their safety and what the government should do. In Japan most of the citizens learn the news from the media such as TV and newspaper. Japanese government Ministry of Health Labor and Welfare (MHLW) announced on 25 February 2020 the basic measures of the new coronavirus control that have repeatedly reported in media and useful for citizens which are as follows: the new

**Japan's Mask Wearing Culture, Covid-19 Governance,**
**Fig 1** Information on COVID-19 for Japanese citizens, provided by Japanese Ministry of Health, Labour and Welfare (Retrieved from https://www.mhlw.go.jp/content/10900000/000607629.pdf)

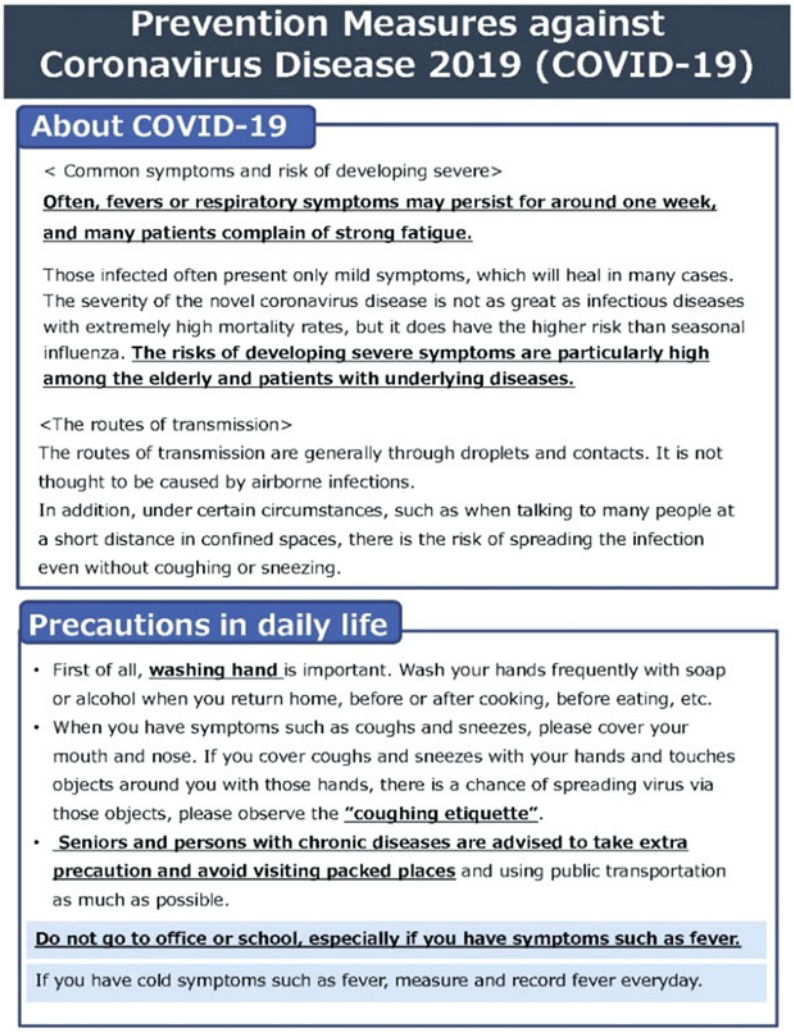

Prevention Measures against Coronavirus Disease 2019 (COVID-19)

About COVID-19

< Common symptoms and risk of developing severe>

Often, fevers or respiratory symptoms may persist for around one week, and many patients complain of strong fatigue.

Those infected often present only mild symptoms, which will heal in many cases. The severity of the novel coronavirus disease is not as great as infectious diseases with extremely high mortality rates, but it does have the higher risk than seasonal influenza. The risks of developing severe symptoms are particularly high among the elderly and patients with underlying diseases.

<The routes of transmission>

The routes of transmission are generally through droplets and contacts. It is not thought to be caused by airborne infections.

In addition, under certain circumstances, such as when talking to many people at a short distance in confined spaces, there is the risk of spreading the infection even without coughing or sneezing.

Precautions in daily life

- First of all, washing hand is important. Wash your hands frequently with soap or alcohol when you return home, before or after cooking, before eating, etc.
- When you have symptoms such as coughs and sneezes, please cover your mouth and nose. If you cover coughs and sneezes with your hands and touches objects around you with those hands, there is a chance of spreading virus via those objects, please observe the "coughing etiquette".
- Seniors and persons with chronic diseases are advised to take extra precaution and avoid visiting packed places and using public transportation as much as possible.

Do not go to office or school, especially if you have symptoms such as fever.

If you have cold symptoms such as fever, measure and record fever everyday.

coronavirus disease is an infectious disease caused by a coronavirus called SARS-CoV-2. It mainly causes symptoms such as fever and/or cough. Polymerase chain reaction (PCR) tests may find out if one is infected or not. PCR is available to the citizens when symptoms of fever (government at first set 37.5 degree) continue for four days, then contact the public health center. Most of the infected have no symptoms and recover without knowing.

General protective measures for citizens, such as wearing a mask, social distancing, and washing hands were repeatedly conveyed through the media to the citizens (see COVID-19 diagram). MHLW alarmed the main commonalities of outbreaks that occur in (1) poor ventilation, (2) a space of people gathered closely together, and (3) a place of large numbers of people likely to come into contact (see to avoid 3Cs. diagram). Citizens and the public or event organized followed the Avoid 3Cs guidelines.

Additional government measures are organized from time to time to control the virus spread which are listed below and have been well informed to, and mostly taken positively by the citizens.

(a) A call for local governments for temporary closure of schools (b) A call for citizens to refrain from going out (c) Health system to deliver medical care, accept suspected patients at medical

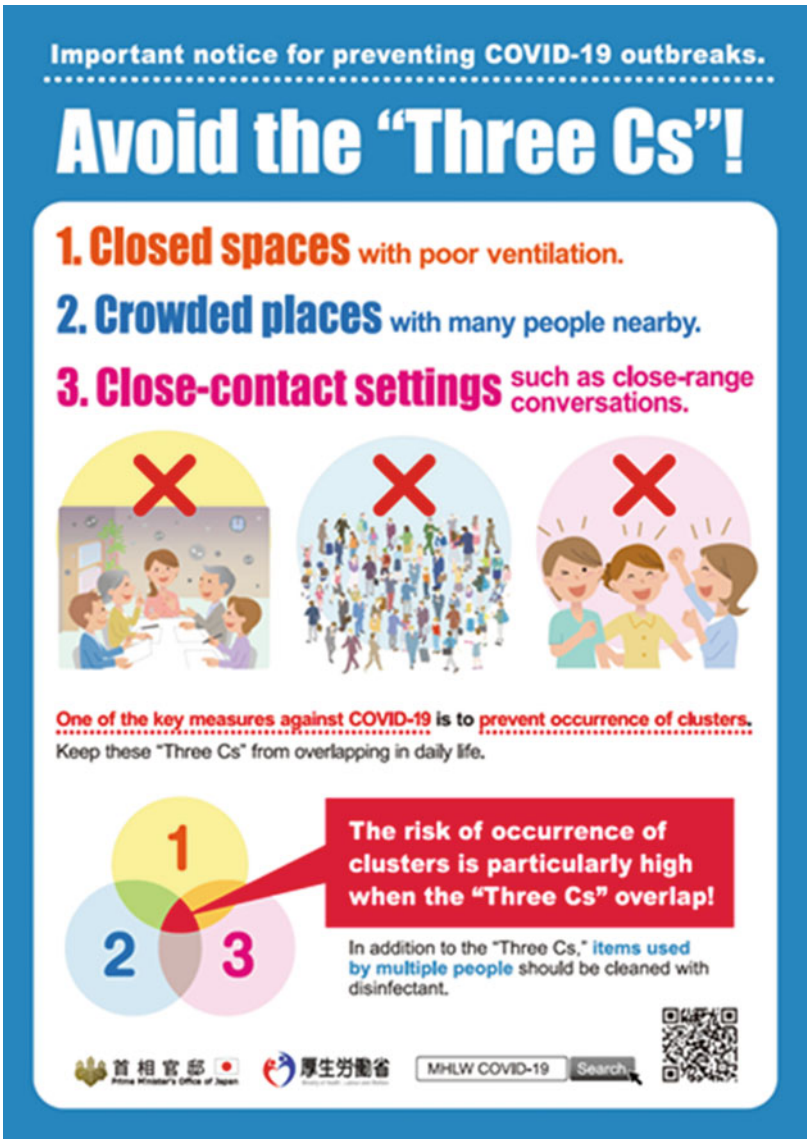


**Japan's Mask Wearing Culture, Covid-19 Governance,**
**Fig 2** Public awareness campaign in Japan against COVID-19 (retrieved from https://www.mhlw.go.jp/content/3CS.pdf)

institutions, whereas patients with mild flu-like symptoms stay at home, or in a hotel the government prepared at its cost providing medical care. Appropriate medical care for the elderly and those with underlying disease, (d) Border control of entry restrictions and travel suspension to prevent infected persons traveling into Japan, (e) Request to ramp up production and smooth supply of masks, disinfectants, and medical treatment goods (as masks and disinfectants as well as toilet and kitchen papers have gone from the shops for a while after the initial outbreak in Japan, as well seen worldwide), (f) International cooperation to share knowledge obtained in Japan with other countries and WHO, etc.

## Mask Wearing Culture: Protecting from Virus Infection?

### What Is a Mask?

The meaning of a mask according to a dictionary includes veil, cover, gas mask, death mask fencing or baseball protective ware on face, etc. A variety

of uses dates back thousands of years such as Tutankhamen gold mask. Masks are those that cover part or all the face of the human body.

### Mask Wearing Associated with Other Cultural Heritage in Japan

Mask wearing is not originated in Japan. It is European origin. The original cloth mask is interestingly known to have been invented by Leonardo da Vinci in sixteenth century for sailors and is known to be made of a fine cloth. In Japan, at its Edo period (1603–1867) mask was used as the silver mine disease countermeasure. Mask was then seen at the infectious disease treatment clinics during later part of Japan's Westernization period (1868–1912). However, those days, wearing a mask was eccentric.

In Europe during the outbreak of the influenza in Spain (1918–1920), wearing a mask to prevent virus infection became widespread in a public space. It is estimated that 20 to 45 million people have died worldwide due to the Spanish flu. In comparison, about ten million people died in total during the World War I. In Japan 500,000 people died in the Spanish flu. With its outbreak in Japan in 1918, government ordered the citizens to wear a mask for protection from the epidemic.

The Spanish flu was widely known, as about a quarter of the world's population was infected at the time. Compare the WHO's October 2020 estimate which was 10% of the world population so far infected in the current pandemic Covid-19.

Mask wearing since the Spanish flu pandemic continued in Japan has been a social habit in cold season in winter and spring pollen season for protection of health. It appears mask wearing has not become habitual for citizens in the European states or the USA. Mask wearing for the citizens overseas in general and European countries or the USA seems to be rather weird, and in recent years mask wearing people were sometimes suspected as terrorists or anti-government demonstrators needing to conceal a face.

Japanese citizens' mask wearing habit coupled with the other social norms such as keeping some distance in greetings (usually bowing, no kisses no hugging), washing hands after returning home (even washing off bad lucks,), together with the Japanese people's tendency to live in concordance with others conforming to the "common sense" or majority's doing, have become the cultural heritages. These cultural heritages were convenient for the government at the time of national emergency declared to block the COVID-19 spread. Government used only request-based rules to the citizens to stay home, unless urgent, to the businesses to close, and to local governments to close schools and public spaces for about one month in April–May 2020 (See section "COVID-19 Outbreak Governance in Japan: In Retrospect") Majority of the Japanese followed the government requests of so-called lockdown at emergency.. Wear a mask rule together with the other preventive measures are listed in diagrams 1 and 2 described in the section "What Is COVID-19? As Informed to the Citizens in Japan", which have been well observed by most of the citizens. Those who did not wear a mask or did not comply with the rules have not been punished as the rules did not include any legal sanctions.

Interestingly, Japanese government, with the sudden strong urge of the Prime Minister Abe, when a mask became out of shop, tried to deliver by postal mail to each household a pack of two cotton cloth masks, with the government expenditures of 400 billion yen and through the already extremely busy local government offices. When reached to the household, it was too small for most of the Japanese, and no good quality, and masks were already back to the local shops.

### Mask Wearing Causing a Political Divide?

In sharp contrast to the mask wearing culture countries and areas like Japan, Korea, or Taiwan, for instance in the USA, it appears mask wearing has become a symbol of a political or social divide. In the USA its government Centers for Disease Control and Prevention (CDC) has strongly recommended mask wearing in public settings together with social distancing (https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/cloth-face-cover-guidance.html taken on 25 October 2020). President Trump and his fans mostly ignored mask wearing or social distancing. Mask wearing became even a political divide in the 2020 election campaign in the USA.

(Or the political divide was causing mask wearing or not.) Soon after President Trump himself, his wife, and son, as well as some key White House staff were seen without wearing a mask nor keeping social distancing at the White House loan ceremony (https://www.who.int/countries/usa/) contracted with the virus, and making White House a cluster of COVID 19. In several European countries, many citizens after the lockdown was over and at the time attuned with in the summer vacation dashed to the beaches, parks, eating in restaurants open at last, or travelling. Most of them were seen not wearing a mask and ignoring social distancing. These social habits may have to some extent contributed causing the current third surge of COVID-19 in their areas as of early October 2020 (see section "COVID-19 Outbreak Governance in Japan: in Retrospect").

### Scientific Proof of Mask Wearing Effect

At the early period of this pandemic, people often questioned if a mask would help. WHO and medical professionals from the early stage widely recommended mask wearing for protecting from the virus. For instance, in January 2020, Dr David Carrington, St. George's,University of London, told BBC News that masks could help lower the risk of contracting a virus through the "splash" from a sneeze or a cough and provide some protection against hand-to-mouth transmission. Likewise, Prof. Conner Bamford, Queen's University Belfast encouraged washing hands to keep fingers clean and covering face with cloth or wearing masks.

Professor Yoshihiro Kawamoto, Tokyo University Medical Research Center, has suggested in his research result that the rate of swallowing when infected wearing a mask and noninfected not wearing a mask made of cotton is 20–40% compared to nonwearing mask cases. On the contrary, when infected not wearing a cotton mask, and non-infected wearing a cotton mask, 60–80% of inhalation of the virus. When infected not wearing mask, but uninfected wear a mask, 20–40% less inhalation. When both sides wear a cotton mask, virus inhalation rate was 30% compared to no wearing of both sides. Mask wearing is, in his conclusion, not a perfect solution only by itself, but still useful mechanism. Taking a social distance can be together used with the mask wearing to improve safety. (https://www.asahi.com/articles/ASNBP73F6NBPUBQU008.html).

## COVID-19 Outbreak Governance in Japan: In Retrospect

### Role Played by the Government

The fight to curb the spread of COVID-19 underscores the central role of government. As stated in the section "What is COVID-19? As informed to the citizens in Japan", Japan's health Ministry (MHLW) took several measures useful for protecting the citizens (MHLW 2020). In Japan there was no CDC like in the USA and the government created in February 2020 in the Cabinet Office a new professional consultation council headed by Dr. Shigeru Omi. It is an advisory body for the government to organize preventive policies and later in July 2020, with the inclusion of local government, private business sector, and labor union representatives, the body is used for the government to resume the economic activities while cubing the spread of the coronavirus (Cabinet Secretariat 2020). Cabinet Minister Yasushi Nishimura for Economic Revitalization was appointed in March 2020 as the Minister in charge of the revision of the Act on Special Measures against New Influenza and Other Measures. When the infection of the COVID-19 spreads widely, the law revision would enable to issue a "Declaration of National Emergency" that is required for such as self-restraint of going out and closing businesses. The government's response is often based on this law, and Mr. Nishimura is obviously inclined to economic recovery between safety of the citizens from the virus versus recovering economic loss.

In retrospect, major actions so far taken in 2020 by the government since the outbreak are as follows:

- 24 March, One-year delay of Tokyo Olympic and Paralympic
- 31 March, Expansion of disclosure of 73 countries and areas
- 7 April, Declaration of emergency to metropolitan cities due to the infected. Cases increased over 500 in one day

- 16 April, Expansion of emergency declaration to cover nationwide
- 14 May, Lifting emergency declaration in 39 prefectures
- 25 May, Lifting emergency declaration in all prefectures: the government policy shifted to the resumption of closed businesses
- 10 July, Allowing 50% and limit of 5000 people only in sports/events
- 22 July, Government Go to Travel policy started (till March 2021 with government incentive provision to users except for Tokyo, government expenditure of 1.1 trillion yen to cover
- 7 August, Newly infected number of one day exceeding 1600 per day
- 15 September, Go to Eat campaign to assist the restaurant and hotel businesses with government provision of incentive coupons to uses (till Jan. 2021)
- 1 October, Inclusion of Tokyo in Go to Travel campaign
- 29 October, Infectants confirmed reached 100, 000 (cumulative)
- 11 November, Dr. S. Omi, head of the Government Coronavirus Disease Consultation Council, alerted the new surge approaching in Japan as one day increase of 1543 infected confirmed. Dr. Toshio Nakagawa, chair of the Japan Medical Doctors Council announced the third surge of the Covid-19 in Japan, recommended economic resumption policy to be reconsidered. Government declined the medical professional advices.

### Role Played by the Citizens

It can be reiterated that in Japan, citizens have greatly helped the government in combatting the COVID-19. Japanese culture of mask wearing, social distancing, and living in conformity with others altogether helped from the explosive outbreak in Japan which are currently the case in many parts of the world.

### Citizens Concern Poor PCR Test and Associated Medical Capacities

One of the reasons of relatively low number of confirmed infected cases in Japan may be due to its lack of PCR test capacity. Citizens who are suspicious of their infection cannot take the test easily. For instance, Japan's neighbor, Republic of Korea which has a similar mask wearing culture, contributed to the world a good practice in combating the COVID -19 with its strong PCR capacity well linked to the necessary medical care, resulting low death rate. In Korea, for instance on 16 November 2020, 223 new confirmed cases (cumulative 28,769) with one death (cumulative 494) were registered. In comparison, on the same day in Japan, 1423 new confirmed cases, (cumulative: 117,749) with 1884 deaths were reported (https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000164708_00079.html). Many citizens and the media kept criticizing that it is intentional of the government to minimize the PCR test, as the well-equipped hospitals for treatment of COVID-19 patients with the ECMO facilities (for serious symptoms needed) are in shortage from the beginning. Also lack of trained medical staff and facilities to conduct the PCR test was frequently reported in Japan.

Poor PCR exam capacities remain a problem in Japan after 10 months passed. Citizens kept urging the government to expand. Easy access to PCR test would enable many more citizens to go out. They wish to know they are not infected and would not infect others before going out. Citizens can help more the government to invigorate the resumed business activities and retrieve the serious economic loss.

## Conclusion: A Prospect of the Covid-19 Governance in the World

The second or third wave of infection has appeared to be three times stronger than the initial outbreak.

As shown in the above diagram as of 16 October 2020, the second or third surge of the Covid-19 has been assaulting in many parts of the world. Outbreak evolution of the current 10 most affected countries are the USA, India, Brazil, UK, Russia, Argentina, France, Italy. Belgium, and Czechia. Highest is the USA with 8,154,594 confirmed cases, and 219,674 deaths (https://coronavirus.jhu.edu/data/new-cases), Current surge is reported

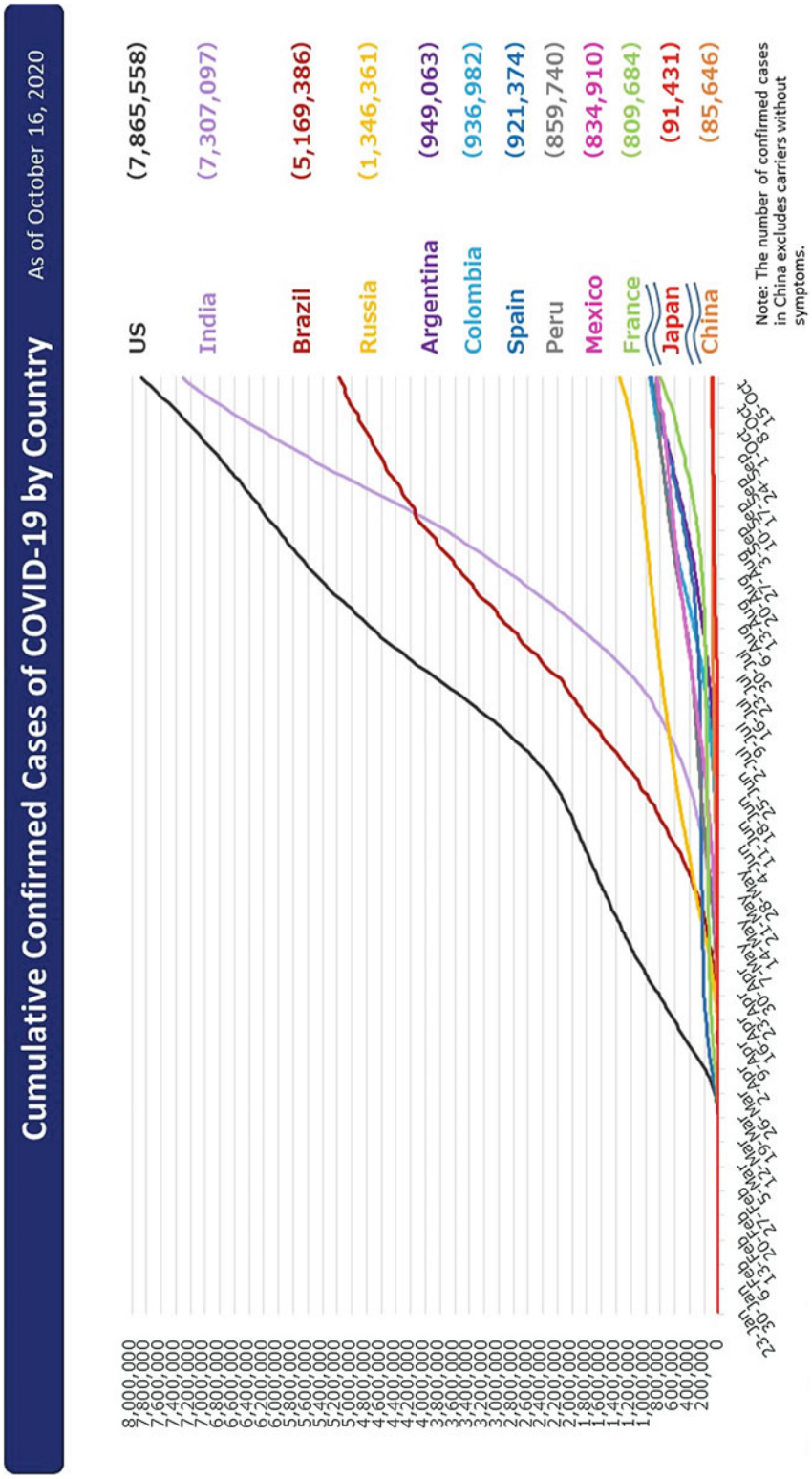


**Japan's Mask Wearing Culture, Covid-19 Governance, Fig. 3** Comparison of COVID-19 confirmed cases among most affected countries, January-October 2020 (https://www.anzen.mofa.go.jp/covid19/graph_english.html.Japanese

over 3 times severer than during the first wave. French government declared curfew starting 5 November. The UK and some other European countries have been trying certain type of lockdown. Like the last century pandemic Spanish Flu, second, third, and more wave of Covid-19 may follow before its end.

Good news is a vaccination becoming available in the near future according to the vaccine developers Pfizer and Moderna. Possibly many others will follow. Safe vaccination will become a strong weapon to defeat the Covid-19 when it becomes available for all the people in the world.

Disaster governance must vigorously combat the pandemic with all actors involved, including national and local government, private sector businesses, and relevant nongovernmental and inter-governmental organizations working in cooperation. Above all, each citizen's commitment to mask wearing will become an important norm in the collective fight against this global public health challenge.

Citizens will be the stewards to hold our leaders accountable to the pandemic disaster governance. A mask will remain as a useful weapon for all until and even after the other stronger weapon becomes available. Wear a mask!

## Cross-References


- ▶ Cultural Approach to Crisis Management
- ▶ Emerging Infectious Diseases and Emergency Management
- ▶ Governance in Crisis Management


## References


Cabinet Secretariat (2020, April) [COVID-19] emergency economic measures for response to COVID-19 to protect the lives and lifestyles of the public and move toward economic recovery. Retrieved from Prime Minister of Japan and His Cabinet: https://japan.kantei.go.jp/ongoingtopics/_00019.html

Ministry of Health, Labor and Welfare (2020, March 28) Basic policies for novel coronavirus disease control by the government of Japan. Retrieved from. https://www.mhlw.go.jp/content/10900000/000634753.pdf

World Health Organization (2020) Timeline: WHO's COVID-19 response. Retrieved from https://www.who.int/emergencies/diseases/novel-coronavirus-2019/interactive-timeline


# Japan's Post-War Strategy for Industrial Expansion


Akira Nakamura
Graduate School of Governance Studies, Meiji University, Tokyo, Japan


## Synonyms

Degradation of environment; Economic growth; Government leadership; Olympic games and expositions; Public investment

## Definitions

Japanese government played a major role in the country's economic growth in the post-war period.

## Introduction

One of the major objectives of this section is to explore and delineate Japan's postwar economic strategy, while it also attempts to describe several shortcomings of this grand design. The architect of Japan's postwar growth was not leading industries in the country. The growth strategy was carefully engineered and crafted by the central government. The national government, instead of Toyota, Nissan, Toshiba, Panasonic, etc., spearheaded the country's growth machine. It was under the leadership of the Japanese government that the major industries in Japan had been able to remain in the leading edge of the world competitions.

Against these backgrounds, this section first explains a number of methods and approaches that the central government invented to foster Japan's economic growth after the war.

Particularly, the section focuses on the role and function of Japanese post offices, because they were instrumental in generating funds for the country's expansion. Likewise, the section also highlights the importance of the Olympics and Expositions in the postwar economy of the country. The government in Japan more often took advantage of these eye-catching international events and utilized them as an effective tool for enlarging the economic scale of the country. Finally, the section tries to shed some lights on a discouraging dimension to Japanese postwar expansion. The traditional and successful method of Japan's growth came increasingly to face an uncomfortable path. Beginning in 1977, Japanese economy encountered serious stagnation which still had been with the Japanese ever since.

## An Initial Strategy for Economic Growth: The Pacific-Belt Development

In the aftermath of World War II, the Japanese government felt a strong need for rebuilding the country from the ashes of war-torn economy. The country's growth strategy has been characterized by two distinctive features. The government dispensed a substantial volume of funds to prepare industrial infrastructures for leading manufactures; at the same time, the national authority also encouraged different enterprises to borrow funds from private financial institutions for their capital formations such as an installation of industrial robots and an erection of high tech factories. With these two essentials, the Japanese government placed various industries under its wings and spearheaded industrial development on their behalf. This growth plan was often branded as a "Convoy System": The government played a leading actor, while private firms served as supporting casts to diligently follow the public guidelines and regulations for their economic enlargement.

The government in Japan first initiated a growth action in 1955. It launched a development plan known as "The Pacific-Belt Expansion." The Pacific-Belt extending from Tokyo to a southern tip of the Kyushu Island, Fukuoka, had been the lifeline of Japan. The national government decided to pump public funds into this stretch of the region and attempted to construct huge industrial parks, *Kombinate*, one after another along the route. *Kombinate* is a Russian expression to stand for giant manufacturing grounds. Of many possibilities, why the Japanese government adopted this watchword has remained enigmatic.

In order to make space for the construction of *Kombinate*, beaches were often destroyed and rivers were frequently converted to speedways. One of the best examples indicating a bulldozer-like effect of *Kombinate* construction is evidenced in a long line of beaches by the Osaka Bay. Once they were all demolished, the government began gigantic landfill projects and prepared huge lots of space for various factory constructions. The area eventually came to be known as "The Sakai-Senboku *Kombinate,*' one of the most representative industrial sites in the country. The project in the Sakai-Senboku region has made available more than 2,000 ha (1 hectare equals to 2,471 acres) of open space. As of 2017, over 253 industries have built plants in the landfill area, while they have hired a total of 16,000 industrial workers, some of whom engage in refining petrol, while others produce steels and irons among other items.

Two issues need clarification at this point. The government could have built industrial zones on the other side of Japan, facing the Russian continent. However, this option was ruled out from the outset. During the 1950s and 1960s, the Soviet Union was not the market as far as the Japanese government was concerned. Russia was under socialist regime and would not be able to become Japan's business partner. The market was in the United States and the shortest cut to reach the American shores would be to have different manufacturing sites in the areas along the Pacific Ocean.

The second issue is about the financing of the national project. In tandem with the Pacific-Belt development, the government in Japan increasingly took advantage of post offices as a major source for the giant project finance. Japan had a total of 25,000 post offices around the country. Under the Japanese environments, these offices usually performed two different functions. First was a mailer function: people would be able to

purchase stamps or send packages as in many other countries. However, as far as the Japanese post offices were concerned, the mailer role stayed as a minor. They were assigned a more important role to perform. As a matter of fact, publics would be able to deposit savings in one of these post offices. They could also buy a life insurance, while they would likewise be able to ask for an auto-loan in a neighborhood post office.

So far as Japan was concerned, 25,000 post offices were financial institutions similar to any other commercial banks or insurance firms. For many years until the booming economy came to an end by 1997, the government had encouraged ordinary consumers to deposit money not in commercial banks but in one of the post offices. The latter normally provided a higher interest rate than that of other commercial outlets. The government and many Japanese people alike considered commercial banks to be for big industries; in fact, major banks contributed much to these enterprises and helped them to become one of the leading firms in the world market.

The money accumulated by way of post offices was so enormous that it was often dubbed as the second national budget. The first national budget stemmed from both individual and corporate income taxes. It reached more than 3,658 trillion yen by 1965. The amount was roughly equal to the volume of the post-office money. The difference between these two sources was that the national budget ought to have been screened by the national legislature. Quite to the contrary, the post-office money transferred to the Ministry of Finance and labeled as "government investment and loan funds" needed no such legislative scrutiny. The finance minister would be able to allocate the huge funds mostly to leading semi-government enterprises such as the Japan Highway Corporation and helped the organization to expand a speedway network of the country. In 1965, the finance minister extended the investment and loan funds to a sum of 48 semi-public agencies. They were busy taking different public-works projects essentially for industrial development.

## The Use of the Olympic Games as a Means for Economic Growth

Japan became the first Asian country to host the Olympic Games in 1964. In accommodating the games, the Japanese government initiated different projects to remake Tokyo one of the major metropolises in the world. Take speedways, for instance. Unlike USA or Germany, the country did not own a single line of freeway until 1964. In the same year, the first highway in the country extended from Osaka to Nagoya, *Meishin Freeway,* came into being. This was later extended to Tokyo with a label of "Tomei Speedway." Likewise, the government similarly tried to introduce a bullet train (*Shin Kansen*) connecting Tokyo to Osaka, a distance of more than 500 kms, approximately in 3 h. In a same fashion, networks of the subways and monorails were constructed in and around Tokyo, all in anticipation of the Olympic Games.

For these massive projects, the Japanese government was not reluctant to utilize the investment and loan funds. The "post-office moneys" were the financial backdrops of the country's enormous public works projects. They all aimed at making the Tokyo Olympics as one of the most successful games in history. The funds facilitated the country to provide bullet trains and monorails, in addition to the webs of highways and subways. As these examples indicate, the Japanese government remained shrewd in taking advantage of the Olympics. It exploited the games as a major vehicle to expand the size of the country's economy. The approach was highly successful to the extent that, by 1968, Japan became the second largest economy in the world.

After Tokyo, the Japanese government shifted the eyes to Osaka and decided to hold the Expo in 1970 in this second largest commercial city in Japan. The exposition lasted for 183 days from March 15 to September 13 in 1970. During the period, more than 64 million people visited the event. This marked the Osaka Expo to have the largest visitors and the most profitable project in Expo's antiquity. Once again, the government in Japan took advantage of this international occasion and utilized it as a means of the rapid increase of economy. The various records that the Osaka

Expo marked in 1970 remained true until the Shanghai event in 2010.

In addition to the public strategy for growth, the Japanese government encouraged the private sector to take a similar approach to enlarge the size of the country's economic scale. Private firms ordinarily have two different capitals: own assets (equity) and borrowed funds (liability). In a regular situation, equity accounts 60% for the resources of a company, while liability 40% of the total. In a country such as in the USA, a substantial number of individuals form a majority of stockholders in different firms. These stakeholders, more often retired populations, expect handsome dividends from the corporation. In order to generate profitable shares, the enterprise ought to keep the equity portion of the capital constantly larger than that of the liability. If the ratio turns the other way around, no dividends will be forthcoming and unhappy stockholders start criticizing the managing board of the firm. Shareholders' meeting will last for a few days, if not a week, as a consequence.

The situation in Japan looks fundamentally different from that in other countries. Japanese private firms have been noted for the shortage of equity. They are also notorious for collecting an excessive volume of liability. The equity and liability ratio in Japan's private companies would frequently become 20% and 80%, respectively. This would make many Japanese firms falling deeply in debt. And yet they are not normally declared bankrupt for a number of reasons. Above all, this has been the government policy. Among many other agencies, the Ministry of International Trade and Industry, renamed to the current Ministry of Economy, Trade and Industry, or METI, in 2001, was one of the proponents for investment-oriented growth strategy. It tried to stimulate private firms to borrow various funds from financial institutions.

Once the borrowed capital was put in place, corporations would then begin to invest monies in different types of capital formations. They would introduce industrial robots to their manufacturing operation, while the funds would also be expensed to build modern factories. This has been regarded as the best means to improve productivity and efficiency of various manufacturers. If one goes to a steel making plant in Japan, one will be surprised to find only a scattered number of workers involved in the operation. Instead of human hands, industrial robots are diligently and continuously working to produce autos and other durable goods with excellent quality. Eventually, such Japanese manufactures as Toyota and Panasonic began to raise their international reputations and to occupy the leading edge in the international market place.

## Transformation from Monopoly Capitalism to Horizontal Groupings of Industries

Under the Japanese business climate, whenever a private firm secures funds from financial institutions, two different features will set in. Both often indicate sustenance of the prewar legacy of the country's economic structure. Prior to WWII, the Japanese economy had been monopolized by a group of holding companies owned by a limited number of families. One of the examples was the Iwasaki Families. They controlled Mitsubishi Holding which reigned over approximately 120 different enterprises. Most of these firms carried the "Mitsubishi" label in some portion of their names as exemplified by Mitsubishi Real Estate or Mitsubishi Trading. The monopoly capitals called "Zaibatsu" were, however, dissolved in 1946 as a part of the American initiative to democratize Japan. Subsequently, the affiliated firms with Mitsubishi became independent, while the parent holding company was liquidated under the order of the US occupation forces.

Nevertheless, once Japan regained the sovereignty back in 1952, a horde of enterprises formerly under the monopoly capitals began to align themselves and started a new horizontal grouping of various firms. One of the best indications is a formation of "Mitsubishi Group" in 1954. The group is named "Friday Assembly," with which a total of 28 firms are associated. The presidents of these Mitsubishi companies meet once a month on Friday and share breakfast together. While eating, they frequently exchange business information so as to maximize economic gains of the association as a whole. The leader of this organization is more often the president of Mitsubishi Bank, which is

the pillar of this tightly knit assembly. When Mitsubishi Auto needs funds to enlarge business chances, the auto-maker will, first and foremost, ask Mitsubishi Bank to extend finances. In different monetary credits and loans, Japan's traditional monopoly legacy frequently surfaces. It highlights the survival of vibrant cozy business connections among leading private enterprises under the former capitalist names.

In Japan's business settings, a firm submits its own stocks or real estates as collateral to lending organizations. Especially, land property is historically valued more than any other items. Financial institutions will probably become willing to lend money, if an enterprise forwards real estates as a mortgage. Perhaps incomparable to any other countries, this business heritage has generated a significant outlook to Japan's social life. Because real estate is exceedingly appreciated in monetary transactions, the price of different properties often goes out of control: Frenzy land speculation repeatedly develops to be an important part of the Japanese economy. It is neither unique nor exceptional when 1 $m^2$ of a lot in downtown Tokyo is tagged at USD $100,000. Land price explosion will help some speculators amass a fortune, although it contributes little to the health of the country's growth structure.

Another feature integral to Japan's postwar economic expansion is a system of cross-holding of stocks among affiliated enterprises. In the Japanese business milieus, a private firm is allowed to expense 5% of the total asset for cross-holding of shares among other associated companies. This practice is especially noticeable between and among the former monopoly capitals. In Mitsubishi Auto, for example, a small portion of capital is utilized to keep the stocks of Mitsubishi Chemical, Mitsubishi Real Estate, Mitsubishi Cement, etc. In 1988, this business pattern reached the peak when more than 50% of stock exchanged was among varieties of companies with a cross-holding purpose. The ratio has subsequently been reduced to the current 10% of the total market value.

The end result of the cross-holding practice has been that, in Japan, a group of friendly private firms usually take a lion's share of stocks of a leading firm, while individuals spare only a fraction of the total. This pattern induces an important dimension to Japan's business tradition. For many years, when a private firm held an annual stockholders' meeting, it would last only 15 min at best. At the conference, individual shareholders were discouraged to speak up. The firm rehearsed a yearly meeting a day or two before the show. On the day of meeting, the firm mobilized young fresh employees to sit in the front row at the venue of meeting and prevented individuals from raising issues from the floor. Various important agendas had all been discussed and resolved between the host firm and the friendly allying enterprises long before the meeting started.

Under these circumstances, the policy direction of managing board of enterprise would not be questioned. Instead, the board could submit varieties of aggressive capital investment proposals to the stockholders, a majority of whom would most probably be affiliated financial firms. Similarly, these shareholders would raise little or no objection to the firm, even when it would fall in debt. The leading institutions would in fact be happy to extend loans to the enterprise. One of the reasons was that both prices of stocks and land properties of the debtor had kept rising ever since 1945. Banks and other lending institutions enjoyed attractive dividends and, in the event that something would go wrong, they could sell these mortgages and avoid the bad loans.

In this fashion, both stocks and land properties had worked as a safeguard for lending organizations. They would use these items as a hedge against ups and downs of Japan's economic prospects. This investment mechanism which had been the bedrock of Japan's postwar economic expansion had effectively functioned until the mid-1990s. Before the traditional form of business management became busted, a list of success stories of Japanese enterprises was often covered by the media in the USA and elsewhere. Some of them were offensive especially to the Americans: The Rockefeller Center and Tiffany in New York, an epitome of American capitalism and prides, were bought out by Japan's Mitsubishi Real Estate and Tobu Department Store, respectively.

## The Failures and Plummeting of Japan's Postwar Growth Strategy

The Japanese enjoyed a brief period of unprecedented economic growth. For the 5 year period from 1986 to 1991, the country experienced a bubble economy with spiraling land prices and extensive consumer spending. One of the compelling reasons for this unfamiliar expansion lied in various industries to have gained substantial sales and profits overseas. They brought these proceeds back to the country and contributed to an oversupply of yen in the domestic market. A large number of private enterprises began to utilize these abundant yens to invest in real properties and stocks of numerous firms. Eventually, the values of both shares and properties soared to the point that 1 $m^2$ of land in Tokyo was often priced more than 10 million yen or USD $100,000.

This was one of the end results of Japan's growth strategy. It had excessively been geared towards capital investments, which helped different Japanese industries to remain in a leading edge of international competition; however, this growth orientation also produced several negative effects, one of which was the rise of overheated economy. During 5 years, in addition to the soring land and stock values, consumer spending likewise went out of control. Many entertainment areas were filled with customers with easy monies. The bubble economy was a strange and frantic period that no Japanese had ever experienced in the history of the country.

Nevertheless, the perplexing period came to a sudden stop in the early 1990s. Among many reasons, one of the most critical was a change in the government policy orientation. In order to bring the hysterical economy back to normalcy, the central government in keeping close coordination with the Bank of Japan introduced a new tax measure, Land Value Tax, in 1992. With this new tax measure, financial institutions began tightening lending policies, while banks raised interest rates to discourage private firms and individuals to purchase different properties. Fortunately, the new programs brought forth an immediate effect. As if pouring cold water over a heated bucket, the prices of both land values and stocks instantly started to plunge and the bubble economy looked by all means busted by 1997.

In the same year, one of the leading financial firms, Yamaichi Securities, became insolvent, while Hokkaido Takushoku Bank, the largest financial institution in the northern part of the country, went broke. This was followed by yet another bankruptcy of the Long Term Credit Bank. Unfortunately, the impacts of the land tax and other measures did not stop in these cases: The effects moved further and hit the entire outlook of Japanese economy. It started to curve down more than originally anticipated. In retrospect, the year 1992 when the new tax was put in place marked the beginning of depression that Japan had to bear for over 20 years. The sinking economy penetrated deep into different corners of Japanese society. In congruent with the economic downturn, for instance, the rate of employment in Japan started to move upward to 4% in 1998, while it moved further still to more than 5% by 2001. This meant that over 3.6 million workers lost their jobs, which was highly unusual and unparalleled except a few years right after the way.

During these depressing periods, once acclaimed Japanese growth model became the target of international criticisms. Instead, an introduction of American model which stressed a strong market orientation with little or no government intervention seemed to be valued even in Japan. Consequently, a high incident of mergers and acquisitions among private enterprises grew popular, while such labor practices as a seniority system and life time employment were dwindled away. The bust of the country's economy induced the loss of confidence and the discrediting of investment-oriented approach to the economic growth in Japan. The Japanese had to wait for over 20 years before they once again regained self-assurance and began to witness the rise of Japan's business operation.

In the meantime, the role and function of government have also started to alter. Increasingly, the government has no longer meddled in business affairs as once ware; instead, the central authority has revered private firms to take a lead in development and growth strategies. In fact, a large number of private firms have decided to go global

and moved their operations to other countries. This "off-shore approach" has in effect reduced the dominating role of Japanese government in commerce and business issues. Eventually, the Japanese economy has entered into a new era as soon as Abe Shinzo became the prime minister in 2012. Under the Abe administration, the country's economic performance has picked up once again and become robust and vibrant as was the case a half century ago. Nobody knows for sure how long the "Abenomics" would last and introduce substantial changes to Japanese politicoeconomic outlook for good.

## Concluding Remarks

In concluding this section, the paper should point to one of the most critical issues the Japanese experienced during the period of rapid economic growth. This should perhaps become a good lesson for those countries currently undergoing economic expansion. However successful, the postwar economic recovery of Japan brought with it a number of untoward side effects. One of the most serious was pollution. Concomitant with the economic growth, the Japanese increasingly came to face declining qualities of air and water especially during the 1960s and the early 1970s.

Among many, the "Minamata Mercury Poison Incident" seems worthy of noting, since it was the tragic and mind-boggling accident that should not have happened. The case dealt with water pollution. In this instance, a leading chemical company built a plant close to a fishing village, Minamata, in the Kyushu Island, long before the war in the 1930s. The manufacturer produced a biological compound called "acetic aldehyde" to be used for producing plastic materials. In the production process, the firm continuously disposed huge volumes of mercury to the ocean. This generated a chain of devastating reactions. Fishermen in the village caught fish in the contaminated ocean, which was later consumed by the village people.

At the end of the day, those who took the polluted fish over the years began to disclose horrifying outcomes. The victims began to lose sense of body balance, while their eyesight started to decline. Likewise, they saw their body slowly paralyzed and soon came to the end of their lives. The first victim of Minamata appeared in 1953, but the number of the victims had continued rising ever since. By 2009, a total of about 1,500 village populations were declared to have been killed by the Minamata mercury, while over 32,000 have been labeled as the sufferers of the incident. Many cases of law suits and class action trials were ensued until 2009 when the government finally enacted a specific law to compensate for the victims of this disastrous event. In terms of desolation and human agony, the Minamata Mercury Incident ought to be remembered and served as one of the most tragic precedents that the rapid economic expansion would often generate.

Decade long and nationwide pollution came to be subsided by the late 1970s for a number of reasons. First, the national legislature took the issue seriously and decided to enact a total of 18 laws to manage pollution in 1970. In addition, the Supreme Court played a positive role in controlling the high incidence of environmental degradation. The court handed down several landmark verdicts to help the victims back on the track. The judiciary also punished the perpetrator of the Minamata and several other similar cases. Finally, many ordinary publics fearful of the rise of environmental degradation came together to organize resident movements. These antipollution movements soon developed to be strong anti-big business campaigns and facilitated to entrench the "Pay Polluters Principle" in the country.

These Japanese experiences provide the excellent lessons for those democracies which are presently going through the period of rapid economic growth. These developing countries should keep the Minamata issue in mind and try to avoid, whenever possible, the degradation of their living surroundings. Once harm is done to environment, it will take years of endless efforts to bring polluted environments back to normalcy. In 2015, the United Nations put a new agenda, "Sustainable Development Goals," as a rallying point for many member states to follow. Before SDGs to be realized, it is critical that the participants in the UN project should all be familiar with Japan's heartbreaking history of various types of pollution.

SDGS seem intrinsic to and inexplicable from the lessons the Japanese learned a few decades ago in a hard way.

## References

Johnson C (1995) Who governs Japan? An essay on official bureaucracy. In: Johnson C (ed) Japan: who governs? The rise of the developmental states. W.W. Norton, New York, pp 115–140

Kim H-K, Muramatsu M, Pempel TJ, Yamamura K (1995) The Japanese civil service and economic development. Oxford University Press, New York. See especially Chapter 1 ('Japanese bureaucracy and economic development: structuring a proactive civil service') and Chapter 3 ('The role of government in Japan's "Catch-up" industrialization: a neo-institutionalist perspective')

Nakamura A (2012) Asian model of government re-examined in the aftermath of the global economic crunch: a Japanese perspective from the experience of the triple disasters in March 2011. Int Rev Public Adm 78(2):217–259

# Japanese Civil Service, The

Kentaro Maeda
The University of Tokyo, Tokyo, Japan

## Synonyms

The Japanese bureaucracy; The Japanese central government; The Japanese government ministries

## Definition

The administrative organizations that constitute the Japanese central government and the institutions that define the conditions for recruitment and promotion of its employees.

## Introduction

There was a time when the Japanese bureaucracy attracted considerable interest, especially among Western scholars. At the height of Japan's economic prosperity in the 1980s, numerous books and articles praised the civil service for engineering a "Japanese Miracle" after World War II. A consensus formed around the view that the institutional autonomy of the Japanese bureaucracy allowed it to formulate coherent economic policies, which in turn led to rapid industrial development (Johnson 1982; Pempel and Muramatsu 1995).

For two reasons, this literature has now become largely obsolete. First, Japan's civil servants no longer enjoy the prestige that they have once been known for. After the Japanese economy entered a long period of stagnation in the 1990s, the civil service came under intense public criticism, leading to a series of reforms that curtailed its autonomy. During this period, Japanese scholars have produced a number of important studies that have presented new perspectives on the civil service. Second, there is a serious shortage of works in the English language that cover these latest developments. In fact, it was precisely during this period of economic stagnation that the international academic community lost interest in the events taking place in Japan.

The aim of this article is to fill this gap. It begins with a historical overview of Japan's civil service up to World War II, focusing on the development of institutions that defined the conditions for recruitment and promotion of employees in the central government ministries. It then shows the main features of the postwar civil service, and discusses the consequences of reforms since the 1990s.

## Historical Origins

Any attempt to explain the features of Japan's civil service requires some historical knowledge. Until the middle of the nineteenth century, Japan was governed by the Tokugawa government in Edo, under which hundreds of feudal lords (*Daimyo*) administered their own domains (*han*). During this period, government positions were distributed and inherited almost exclusively by the warrior caste (*samurai*). By the end of the

century, however, many of them were replaced by civil servants who were selected through competitive examinations. Considering the non-Western origin of the Japanese state, scholars have frequently remarked how Max Weber's "rational-legal" bureaucracy arrived at a surprisingly early stage of its history (Silberman 1993). Although Japan's defeat in World War II led to a comprehensive reform of this prewar civil service during the American occupation period, many of its features remain today.

The event that led to the establishment of the civil service was the Meiji Restoration in 1868, when the Tokugawa government was overthrown by a number of powerful feudal dominions in a military coup. The military leaders of the new regime, mostly coming from the lower samurai of these dominions, renamed Edo as Tokyo, and created a monarchical government with the Emperor Meiji as the nominal head of state. Initially, the dominions that overthrew the Tokugawa regime also provided most of the key personnel for the Meiji government, while many of the lower level officials that worked for the Tokugawa government simply transferred to the new government. However, the leaders of the Meiji government soon decided to abolish this patrimonial system, and chose to import Western institutions. The first examinations for the civil service were held in 1887, and the basic framework was completed by 1893. This process began before the enactment of the Imperial Constitution in 1889 and the first Imperial Diet Election in 1890. The power to establish the rules for recruitment and promotion in the prewar civil service was imperial prerogative, making it difficult for the legislature to control the bureaucracy.

This prewar civil service (bureaucratic *Kanriseido*) gave a significant advantage to a small number of elite bureaucrats. Those who passed the Higher Civil Service Examination were given exclusive access to the top positions with a lucrative salary. They were expected to become generalists, and the examinations focused on legal knowledge rather than technical skills. The graduates of the Faculty of Law at the Imperial University of Tokyo were given the top priority. In contrast, those who passed the Ordinary Civil Service Examinations were hired as subordinates to the elite civil servants, and had limited prospects for promotion.

There are two explanations for this elite privilege in the prewar civil service. According to a traditional interpretation, the Meiji oligarchs designed the civil service in order to prevent democratization. By making it difficult for political parties to gain access to the top administrative posts, they secured their own power. Despite its Weberian features, an elitist civil service that was based on imperial prerogative was more like a patrimonial bureaucracy in the era of European absolutist states (Tsuji 1969). However, a newer interpretation challenges this view. According to this account, the civil service was an organization that was much more open to outsiders than a system in which a small number of powerful dominions monopolized the recruitment of the personnel. By opening government to whomever passed the Higher Civil Service Examination, the rulers hoped to attract the best talent among the youth (Shimizu 2013). The difference between these two explanations is based on how they interpret the goals of the Meiji oligarchs. The former emphasizes their struggle to thwart the opposition, while the latter focuses more on their effort to build a state that could rival the Western powers.

It is worth mentioning that the civil service examinations covered only a fraction of the government employees. First, within the civil service, government scientists and engineers were hired directly from imperial universities without competitive examinations. In contrast to the administrative officials (*Jimukan*), these technical officials (*Gikan*) had relatively low prestige, with fewer prospects for promotion. Second, temporary workers were placed below the civil servants. Administrative assistants (*Koin*) and manual laborers (*Yonin*) were hired by each ministry on a temporary basis within their annual budget, and the pay levels were extremely low. These workers included a large number of women, who were barred from taking the civil service examinations.

Subsequent attempts to reform the civil service before World War II came from two major directions. First, political parties increasingly made use of political appointments. As they gained strength

in the Imperial Diet between the 1890s and the 1920s, they invented a strategy of replacing the top civil service posts with their partisans, with the aim of diverting government funds to their own supporters. However, this strategy faced charges of corruption, and died down after the rise of militarism in the 1930s. Second, technical officials demanded the improvement of their status. In the wake of World War I, they argued that their technical knowledge had become indispensable, but their demands never led to comprehensive reforms. While the military emphasized the role of science and technology after they took power, technical officials continued to be placed in an inferior status.

It was Japan's defeat in World War II in 1945 and the subsequent occupation by the United States that led to the comprehensive reform of the civil service. The general headquarters (GHQ) of the allied occupation forces chose a strategy of indirect rule, leaving the civil service largely intact. On the other hand, the GHQ officials soon set out to remove the elitist elements in the civil service, culminating in the new National Public Service Act of 1947 and 1948.

The centerpiece of this reform was the establishment of the National Personnel Authority (NPA), an independent agency modeled upon the United States Civil Service Commission. The NPA was to oversee the hiring and promotion of all central government employees under a single legal framework, including the technical officials and the former temporary workers who were now to be recruited through civil service examinations. Its main goal was to remove the privileged status of the prewar elite civil servants, and introduce job classification (*shokkaisei*), a system widely used in the American civil service. With job classification, government positions will be based on the expertise of each official, not whether the official passed a difficult examination in the past. Furthermore, the NPA was given the authority to set the pay levels for the civil service, replacing the role of collective bargaining that had been spreading across postwar Japan. Instead of the elite bureaucrats who dominated the prewar civil service, or the labor unions that were perceived to be under the influence of the communists, the experts at the NPA will be in charge of the recruitment and promotion of civil servants. The reformers in the GHQ expected that the NPA will establish a "scientific" personnel management system in Japanese government.

## The Postwar Civil Service

In the world of public administration, reforms never turn out the way they are intended to, and Japan's postwar civil service was no exception. After the end of the American occupation in 1952, it became clear that the Japanese bureaucracy would retain many of the features of the prewar bureaucracy that the occupiers had sought to replace. After the Liberal Democratic Party (LDP) came to power in 1955, it built a one-party dominant regime for the next several decades, and the civil service established a stable pattern of recruitment and promotion under its rule. This section lays out the basic outlines of Japan's postwar civil service which remains more or less intact today.

### Recruitment

Japan's civil service is a career-based (closed) system. Like the French civil service, the civil servants are recruited into the lowest level, and the upper-level positions are almost exclusively filled by promoting these lower-level officials. In the postwar period, civil service examinations now covered all categories of employees, including the technical officials and the former temporary workers. Lateral entry has been limited to positions that require expertise, such as mid-career doctors hired as technical officials. This is in contrast to countries with position-based (open) systems such as the United States or Sweden, where positions are competitively filled by individuals based on the qualifications for their task.

Despite the reforms during the postwar occupation period, the elitist institutions of Japan's civil service survived to become the so-called "Career System," which is equivalent to the British fast stream system. Until recent years, civil servants have been divided into two groups, with

a small number of "Career Bureaucrats" who had passed the "Type I" examinations, and a large number of "Non-Career Bureaucrats" who had passed the "Type II" and "Type III" examinations. This distinction based on the type of examinations roughly corresponded with the Higher and Ordinary civil service examinations in the prewar era. While this divide did not have a basis in the National Public Service Act, the Career System continued to be the foundation of Japan's civil service. Throughout the postwar period, the University of Tokyo has continued to supply the bulk of the Career Bureaucrats, especially for the most privileged ministries such as the Ministry of Finance (MOF) and the Ministry of Economy, Trade, and Industry (METI).

In general, civil servants are strongly attached to the ministry that hired them, instead of the civil service as a whole. While the NPA is in charge of civil service examinations, it is the ministries that choose their new recruits. The NPA examination consists of a written component and an interview, and those who have passed this first stage will proceed to the interview at each ministry. Throughout their careers, civil servants are occasionally transferred to other departments or local governments for a few years, but their career is controlled by their home ministry.

However, this was not always the case. During the period leading up to World War II, and during the reform era in the 1940s, many Higher Civil Servants spent a significant duration of their careers in newly established agencies in charge of the coordination and planning of economic policies. Because they worked together with officials from various other ministries, these civil servants did not necessarily identify themselves as a member of a single agency, even after they went back to their own ministry and reached the top positions. It was after the postwar reforms settled down and Japan entered a period of high-speed growth, that this practice largely disappeared and the civil servants began to spend their careers almost exclusively within their ministries (Makihara 2003).

Japan's civil service is also a career-based system in the sense that there is very little room for political appointments. Interestingly, the American reformers placed a strong limit on political appointments, despite its extensive use in the American civil service. The GHQ cared more about preventing the spread of the spoils system in the Japanese bureaucracy than producing an exact copy of the American government. Political appointments during the prewar period were already notorious among the Japanese, and the Americans did not prefer it either. A small number of positions are filled mostly by junior politicians from the ruling party, but they play no more than a minor role in the policymaking process (Izumo 2014).

### Promotion

Under the Career System, the fortunes of Career Bureaucrats and the Non-Career Bureaucrats sharply diverge at an early stage. According to Inatsugu (1996), the criteria of promotion for these two groups in the civil service are based on a combination of seniority and performance. The Career Bureaucrats are promoted by seniority at the same pace with their cohort members, and they all typically make their way up to the level of section chief by their forties. At this point, the best performers are promoted to the level of bureau chief (or director general), and then to vice minister. The others move out of the civil service and begin a second career in the private sector. In contrast, the Non-Career Bureaucrats are seldom promoted beyond the level of section chief (or director), and they tend to stay employed in their ministries until the legal age of retirement.

The Career and Non-Career Bureaucrats also experience a different range of tasks. While Career Bureaucrats are treated as generalists and transfer between multiple bureaus, the Non-Career Bureaucrats are mostly promoted within their own bureaus, because they are expected to be specialists in certain policy domains. The higher status of generalists is in contrast to countries with position-based systems, where public officials are treated as specialists for their tasks.

In theory, the privileged position of Career Bureaucrats would have been eliminated if the American job classification system was introduced

as originally planned during the occupation period. If each government position was to be filled by individuals who had the required expertise, civil servants would no longer be able to be promoted simply by seniority or by their elite status. The problem was that the plan was never implemented. When the NPA began its preparations, other ministries immediately rejected its proposal. Since job classification assumed an American-style, position-based system, it had a bad fit with Japan's career-based system. The ministries argued that their tasks were too complex to fit into a rigid classification scheme, and remained committed to their own systems of internal promotion. By the 1960s, the NPA had given up on its attempts (Kawate 2005).

In addition to Non-Career Bureaucrats, two other groups have a relatively inferior status. First, the Career technical officials are hired as specialists, and spend much of their career in a single bureau or specific policy field. While the technical officials in the postwar era have been promoted to the level of bureau chiefs, and have even become vice ministers in the Ministry of Land, Transportation, and Infrastructure (MLIT), their careers differ significantly from administrative officials (Fujita 2008). Second, women have almost no presence in the senior levels of the civil service (Sakamoto 2006). Interestingly, they have also been treated as specialists to a certain extent. At least until the 1980s, female Career Bureaucrats were recruited and promoted almost exclusively within the Women and Minors Bureau in the Ministry of Labor (now part of Ministry of Health, Labor, and Welfare). The GHQ modeled this bureau upon the United States Women's Bureau, and it was the only bureau in the Japanese government to be headed by a female civil servant (Kobayashi 2004).

### Pay and Benefits

In contrast to its failure in introducing the classification system, the NPA has played a central role in determining the pay and benefits for the civil servants. Compared to other advanced industrial countries, Japan's civil servants are granted a limited range of labor rights, with neither the right to strike nor to conclude collective wage agreements. In exchange for this lack of legal protection, the NPA has conducted a survey of private companies each spring, and has made recommendations to the government so that each civil servant received a wage that was comparable to the private sector employees at a similar rank. Throughout the postwar period, the government has largely complied with the NPA Remuneration Recommendation (*Jinjiin-Kankoku*) announced each August.

The survival of the NPA after the end of the American occupation period is an accident of history. When the GHQ established the NPA, its aim was to contain the wage militancy of the newly created labor unions. However, as Japan's labor unions lost their organizational strength with the onset of the cold war, they increasingly began to see the NPA as a lesser evil. When the Americans left Japan and the conservative government began its attempt to abolish the NPA, the labor unions and the opposition parties came to its rescue. Since then, it has been an agency that has prevented the government from unilaterally cutting public sector wages.

The autonomy of the NPA has led to two outcomes. First, compared to the prewar period, the NPA has drastically reduced the wage differentials within the civil service. Despite the stark difference in their status, the pay differentials between the Career and Non-Career Bureaucrats have also remained quite small. This egalitarian wage structure in the civil service has proved more robust to changes than other advanced countries that have shifted toward a more "flexible" wage structure (Nishimura 1999). Second, the independence of NPA has limited the expansion of the public sector. Because the politicians could not control wage levels in the public sector, the LDP government has repeatedly tried to curtail the number of civil servants. A legal limit on the total number of central government employees was introduced as early as 1969, and the size of the public sector has remained significantly smaller than the Western countries (Maeda 2014).

### Retirement

Although civil servants are protected from dismissal, many of them retire early. Until the early 2000s, it had been customary for each ministry to

arrange for a managerial position in a quasi-government organization or a private enterprise, and offer it to Career Bureaucrats who can no longer be promoted. This "up-or-out" practice has been called the "descent from heaven" (*Amakudari*), since the bureaucrats were perceived to be moving "down" into the private sector. *Amakudari* was an essential component of the Career System, since it allowed each ministry to fill the upper positions according to seniority. With fewer positions at the top and strict limits to the expansion of personnel, the Career System requires a constant number of civil servants to voluntarily retire if they are to replenish their organization with new recruits each year. While there are no precise figures on the extent of *Amakudari*, this practice is considered to have been most prevalent during the 1980s, with hundreds of former Career Bureaucrats on the boards of directors among major corporations (Colignon and Usui 2003).

During Japan's period of high economic growth, this practice was considered to have at least two beneficial functions. First, *Amakudari* was considered to have provided a useful way of motivating and attracting talented college graduates. Because the NPA had kept the pay levels for elite civil servants quite low, the only way to attract the top graduates from the elite universities in the postwar period was to provide them with a delayed form of gratification. Second, *Amakudari* was also considered to have enhanced the effectiveness of Japan's public policies. According to this argument, because the managers in the major corporation had personal ties to the civil servants, they were eager to provide the ministries with useful information on the conditions of their industries, and comply with their administrative guidance (*gyosei shido*). Some go as far as to argue that this "embedded autonomy" was a general feature of other late industrializers in East Asia like Korea and Taiwan (Evans 1995).

## Recent Reforms

With the collapse of Japan's economic growth in the 1990s, the civil service suffered a drastic loss of reputation. The MOF was especially badly hit toward the end of the decade, as their close connection with the financial sector through *Amakudari* was blamed for causing a widespread banking crisis (Amyx 2004). In the era of so-called Bureaucrat-Bashing; (*Kanyo-Basshingu*), virtually all of the supposed virtues of the postwar Japanese bureaucracy came to be questioned. While the LDP largely maintained its dominant status except for two electoral losses in 1993 and 2009, new opposition parties came into the spotlight by attacking the bureaucracy. Therefore, after a comprehensive reorganization of ministries in 2001, the LDP government embarked on reforms that tightened the reins on the civil servants, laying out the basic framework in The Basic Act on Reform of National Public Officers' Systems in 2008 (Hanawa 2013). This section covers these recent developments.

### Reforming the Career System

At the heart of the current critiques against civil service is the perception that the government is run by a small group of elite university graduates who have become out of touch with reality. *Amakudari* has become synonymous for corruption, and policy stability came to be perceived as rigidity. Responding to these critiques, politicians have set out to dismantle the Career System.

First, the civil service examination has been reformed to open senior positions to a wider range of candidates. Under the Career System, civil servants who had passed the Type I examination automatically became Career Bureaucrats, while Type II and Type III examinations were used for recruiting Non-Career Bureaucrats. In 2012, this system was replaced with a new system of Comprehensive (*Sogoshoku*) examinations and General (*Ippanshoku*) examinations. While this dual system resembles the Career system, passing the *Sogoshoku* examinations will no longer guarantee promotion to senior positions. Since the new examinations have only recently begun, the effects of these reforms are still unclear.

Second, tighter restrictions on *Amakudari* have made it difficult for retiring bureaucrats to move

into the lucrative posts that they once enjoyed. With the revision of the National Public Service Act in 2007, the ministries were prohibited from searching positions on behalf of their retiring officials. In other words, retiring Career Bureaucrats were now expected to find a new position on their own. Nevertheless, some argue that the ministries are still covertly arranging *Amakudari* for their employees. On the other hand, recent efforts to place limits on *Amakudari* has led to an increasing number of senior civil servants who do not retire despite being passed over for promotion. Since there have not been enough managerial positions to distribute among these senior bureaucrats, the career system has become increasingly difficult to maintain.

### Introducing Political Appointments

Another contemporary critique of Japan's civil service is that the bureaucrats only care about their ministries and ignore the wider public interest. Although the cabinet ministers have had the legal authority to control the promotion of personnel in each ministry, they have usually lack the required knowledge to choose their subordinates, and have had no choice but to follow the recommendations by the civil servants. This has meant that politicians have lacked the means for directly controlling the bureaucracy.

A new development in this area is the establishment of the Cabinet Bureau of Personnel Affairs in 2014. Its role is to choose approximately 600 senior civil servants in each ministry. In the past, the ministries would prepare their own list of promotions, and the cabinet would give them approval. According to the new system, the Cabinet Bureau of Personnel Affairs will collect a list of candidates from the ministries, and make its pick based on the priorities of the cabinet. By allowing political leaders to directly appoint their favored candidates to the top positions, the civil service will more directly reflect the policy preferences of the ruling politicians.

However, this new system is not without its critics. First, this reform might lead to a decline in the quality and neutrality of the civil service. Senior civil servants will now have an incentive to lobby the political leaders in order to be promoted. While this is different from a spoils system in which political leaders appoint officials regardless of their experience in the civil service, it might lead to the promotion of incompetent individuals who simply cater to the will of the ruling party. Second, allowing the politicians to have a stronger hand in picking the top civil service positions may lead to policy instability or inconsistency when the government changes hands. These two scenarios depend on the political fortunes of the ruling party. The first outcome will occur if the LDP continues to stay in power, whereas the second outcome will occur if it does not.

### The Promotion of Women

One of the signature policies of the current Prime Minister Shinzo Abe is the promotion of women in the civil service. First, he has directly promoted women to managerial positions. Between 2014 and 2015, the Cabinet Bureau of Personnel Affairs doubled the number of female bureau chiefs from 8 to 15. Second, the Abe administration has also focused on recruiting more women. In 2015, the government announced that it will increase the share of women among the new entrants from the *Sogoshoku* examination to 30%. The actual results surpassed this target, with a jump from 24% to 34% in a single year. This second strategy is more indirect than the first, since it typically takes around 20 years for a new civil servant to reach the level of section chief under Japan's career-based system.

Furthermore, recent years have seen efforts to improve the working conditions for the civil servants. Career Bureaucrats have been known for their excessively long working hours, especially when the National Diet has been in session. Typically, the opposition would submit their questions in the evening, and the bureaucrats will work through the night to prepare the government's response for the next day. This practice has assumed a male bureaucrat supported by a housewife, making it difficult for married female bureaucrats to fulfill their tasks. Since 2015, the government has begun its attempts to deal with this problem. For example, it has

moved up the closing time of the ministries during the summer months in order to provide their employees with free time during the evenings (*Yukatsu*). This third strategy is even more indirect than the first and the second, since it depends on whether the opposition parties would be willing to ask fewer questions and submit them earlier.

While these attempts may bring more women into the upper levels of the civil service, it is not connected to a feminist agenda. In fact, Shinzo Abe has been well known for his conservative views. The current reforms are part of a strategy of bringing women into the workforce for the sake of economic growth (*Womenomics*). In other words, this is a reform that focuses on elevating the status of elite women, not a project of gender equality.

## Conclusion

Japan's recent civil service reform begs one question: why now? Although its advocates have argued that they are fixing a broken system that lacks the capabilities to deal with the challenges of the twenty-first century, there is not much evidence to support their diagnosis. While the elite bureaucrats may not have been the engineers of Japan's postwar economic growth, it is unclear why they needed to be blamed for the economic stagnation in the past couple of decades. In comparative perspective, the logic of Japan's civil service reform resembles the populist phenomenon that is currently sweeping the Western democracies. Since the civil servants are few in number, they have been an easy target for politicians trying to carve out a base of support by directing the anger of the public against the establishment.

To a certain extent, the decline of Japan's civil service is a self-fulfilling prophecy. By blaming the civil service for its incompetence, the politicians have reduced its reputation and privilege to an all-time low. Because of this, the civil service is no longer the first choice among the elite college graduates. Therefore, there may be a significant decline in the quality of civil servants in the coming years. Because Japan's civil service is slow to change, this has not yet occurred.

## Cross-References

► Administrative Reform
► Bureaucracy and Gender

## References

Amyx JA (2004) Japan's financial crisis: institutional rigidity and reluctant change. Princeton, Princeton University Press
Colignon RA, Usui C (2003) Amakudari: the hidden fabric of Japan's economy. Cornell University Press, Ithaca
Evans PB (1995) Embedded autonomy: states and industrial transformation. Princeton, Princeton University Press
Fujita Yukiko (2008) Komuin Seido to Senmonsei. Senshu Daigaku Shuppankyoku.
Hanawa Kazuya (2013) Jiminto to Komuin Seido Kaikaku. Hakushuisha
Inatsugu Hiroaki (1996) Nihon no Kanryo Jinji Shisutemu. Toyo Keizai Shinposha
Izumo, Akiko. 2014. Seiji Ninyo to Komuin Seido Kaikaku. Tokai Daigaku Shuppanbu.
Johnson C (1982) MITI and the Japanese miracle: the growth of industrial policy: 1925–1975. Stanford University Press, Stanford
Kawate, Sho (2005) Sengo Nihon no Komuin Seidoshi. Iwanami Shoten
Kobayashi Y (2004) A path toward gender equality: state feminism in Japan. Routledge, London
Maeda Kentaro (2014) Shimin wo Yatowanai Kokka. Tokyo Daigaku Shuppankai
Makihara Izuru (2003) Naikaku Seiji to "Okurasho Shihai": Seiji Shudo no Jouken. Chuo Koron Shinsha
Nishimura Mika (1999) Sengo Nihon no Komuin Kyuyo Seisaku. Tokyo Daigaku Shuppankai
Pempel TJ, Muramatsu M (1995) The Japanese bureaucracy and economic development: structuring a proactive civil service. In: Kim H-K, Michio Muramatsu TJ, Pempel KY (eds) The Japanese civil service and economic development: catalysts of change. Oxford University Press, New York
Sakamoto, Masaru (2006) Komuinseido no Kenkyu: Nichibeiei Kanbushoku no Daihyosei to Seisaku Yakuwari. Horitsu Bunkasha
Shimizu Yuichiro (2013) Kindai Nihon no Kanryo. Chuo Koron Shinsha
Silberman BS (1993) Cages of reason: the rise of the rational state in France, Japan, the United States, and Great Britain. University of Chicago Press, Chicago
Tsuji Kiyoaki (1969) Shinban Nihon Kanryosei no Kenkyu. Tokyo Daigaku Shuppankai

# Job Classes and Tasks of Public Procurement Professionals

Joshua M. Steinfeld
School of Public Service, Old Dominion University, Norfolk, VA, USA

## Synonyms

Acquisitions; Contract management; Contracting; Government officials; Government workers; Hierarchy; Job activities; Job classifications; Job duties; Job positions; Organizational structure; Practitioners; Procurement scholars; Public administrationists; Public administrators; Public personnel; Public servants; Purchasing; Supply management

## Definition

The governmental actors and their occupational duties performed and managed through delegation and execution of purchasing and supply chain functions that demonstrate professionalism in public service.

## Introduction

Public procurement practitioners and scholars have been seeking autonomy and credibility in attaining jurisdiction over a number of public management decision-making functions beyond the traditional role of purchasing or buying public goods and services. Similar to the broader field of public administration, there is debate in regards to what constitutes the roles and responsibilities of practitioners, and what approaches to practice are characteristic of professionalism. There are several advantages to understanding professionalism in public procurement such as a desire to ensure that members of the profession prescribe to a certain quality of practices in delivering goods and services to their respective stakeholders. Since public procurement involves decisions that have social and economic impacts, it can be stated that the roles and responsibilities of practitioners extend beyond conventional purchasing practices of acquisition or contracting.

As an example, the decision to purchase particular goods or services typically establishes a relationship with a private sector entity enjoying economic profits, requires the use of public resources that involves trade-offs in terms of opportunity costs, and the provision of public goods and services dictates the social behaviors associated with use of these offerings. Essentially, public procurement entails multisector collaborative efforts with numerous exogenous factors in the decision-making process and social and economic externalities in terms of results from output. Given the complexity of public-private partnership involved in the public procurement function, in addition to the impacts to governance and consumers of public goods and services, it is necessary to present a model for professional practices and identify which public servants are responsible for engagement.

One of the approaches for studying the roles and responsibilities of professionals deal with honing-in on the job tasks performed and managed by practitioners who demonstrate characteristics of public sector professionalism. In doing so, the job classes of practitioners who may be considered professionals need to be identified so that public managers and residents know which practitioners are to be held accountable. Furthermore, it is the job tasks of public procurement professionals that may serve as a model for professionalism in the field.

To determine a standard set of job classes and job tasks for public procurement, the Universal Public Procurement Certification Council (UPPCC) administered a survey to practitioners regarding the performance and management of 75 job tasks. A factor analysis is implemented herein so that the job tasks reportedly performed and managed by practitioners can be studied and assessed. The 17 job descriptions reported by survey respondents, e.g., chief procurement officer, project manager, intermediate-level buyer, compliance officer, contract administrator, can be organized into broader job classes, which

provides a starting point for beginning to understand the roles of professionals in public procurement. One of the reasons for development of an organizational structure of job classes is to standardize the job positions of public procurement practitioners to improve the quality of public procurement decision-making for the purposes of maximizing the social and economic benefits created from provision of public goods and services. The creation of an organizational structure among practitioners adds substance and maturity to the field, which in turn establishes a foundation for professionalization of public procurement.

This entry will first provide an inquiry into the study of public sector professionalism as it relates to public administration, the field for which public procurement belongs. Public procurement practitioners are indeed public administrators, and hence the tenets of professionalism in public service serve as standards and guidelines for professional procurement practices. In addition, aspects of professionalism as they relate to the core purchasing and supply functions inherent to public procurement are presented as a path for pursuing discovery of professional roles and responsibilities. Subsequently, these core professional values and the obligations of practitioners serve as bases for converting ideology into action through performance and management of specific job tasks. Based on roles and responsibilities of public procurement practitioners, specific job tasks can be delegated and executed to achieve desired outcomes that fulfill practitioners' commitments and obligations as professionals in the public sector.

As a result, this entry focuses on professional job tasks in public procurement as a way of benchmarking the model action-orientation of practitioners. Also, these practitioners self-relate with distinct job descriptions that can be grouped together to establish broader categorizations of job classes that are inclusive of various job descriptions that may vary according to agency or organization. It is important to establish an organizational structure for public procurement practitioners so that government officials and the public at-large are aware of whom to rely upon and hold accountable for decision-making and for the upholding of professionalism in public procurement and administration.

## Professionalism in Public Procurement and Administration

Practitioner job tasks and job classes are fundamental to studying the attributes of professionalism and factors related to politicization. To determine what it is that public procurement practitioners do in terms of their job tasks, and to identify the various job classes of actors, it is important to first develop a context for the roles and responsibilities of a professional in the public sector. Practitioners in the public sector need to adhere to certain ethics, standards, guidelines, and various traditions that serve as precursors for approaching job tasks of the profession. Technical specialty and rigor are unique attributes of professionalism that involve task-specific capabilities related to a coherent specialization of higher-level practitioners, which could be potentially referred to as professionals.

A major challenge to identifying the specific job tasks and job classes of professionals in public procurement is determining a framework that captures the artistic and scientific elements underlying professionalism in public service. There has been longstanding discourse regarding the context and validity of professionalism in accordance with task specialization. For example, public administration has been proclaimed to resemble business, science, and art, and each view of public administration has different implications for the meaning of task specialization, and hence the actual and appropriate job tasks of professionals. Public administration has been said to relate to scientific management and business, where managerialism and efficiency are the guiding criterion for government operations. On the other hand, public administration can be viewed as an art through pragmatism, interpretation, and epistemology, as if functioning more like a craft of inquiry than a means to an end.

There are numerous other tenets of professionalism that connect the business, science, and art of

public administration. The interdisciplinary field can be viewed as a conduit for studying the science of human behavior to achieve a better understanding of psychology and sociological factors involving both government and residents' interaction in the public sphere. Through these humanist orientations, the policy-making and political processes that establish and control governance can be devised and implemented. The logic and psychology of these premises can be debated and accepted as options for choice. The professional public administrator therefore aims to interpret laws wisely and in the public interest from the ability to engage theory, science, and comparative systems of governance. Different combinations of theory and value orientations create varied interpretations leading to preferred political styles, conflicting approaches to dealing with public issues, and qualities that may be controversial in defining citizenship. A public administrator displaying professionalism must be able to inculcate an orientation to the world so that there is consistency in meaning making and public perception in order for resolutions to be structured and problems solved.

The neutral orientations, and conversely the political orientations of public administrators, also serve as points of contention in modeling professionalism. Public sector professionalism can be based upon neutral tenets of democratic administration such as constitutionalism, scientific management, power of reason, and mechanism, whereby rational calculation, benefit-cost formulaic, and functional expressions are mantras to decision-making. Differently, public administration can be politicized by addressing social functions dealing with political values, stances, equity, equality, pluralism, interest groups, or bureaucratic expertise. The neutral approach can be summarized according to instrumentality, efficiency, effectiveness, and finding the correct answer to solve problems through specialized knowledge grounded in theory, science, and mathematics, whereas the political approach involves balancing competing factions, prioritizing public interest, and strategic maneuvering within government's enterprise of public agencies, municipalities, and quasi-organizations.

The public procurement profession contends with the same competing orientations to performing public service. Public procurement specialists can abide by a neutral, ideal-type bureaucracy in delegating and executing procurement processes and procedures according to a practical regard for laws, statutes, mandates, and policies. On the contrary, public procurement specialists can assume political roles through focus on interactions between organizations, principals, and agents, and influences from the social and economic environment. Practitioners follow neutral modes of professionalism through outsourcing, privatizing, and contracting-out where procurement specialists become middle-managers, leaving the social, economic, and political factors to be addressed by contractors and vendors. The neutral professional of public procurement makes decisions according to the dyadic and bilateral elements involved in linear relationships. Here, the private sector and nonprofit entities perform the specialized, technical work that public procurement practitioners once loved. In this regard, public procurement practitioners follow market-based business best practices such as quantitative performance measures, notional value-for-money, and marginal production functions of supply and demand.

The politicized professional of public procurement makes decisions considering the three pillars of public, private, and nonprofit sectors. In this case, there is a circular interaction between exogenous factors such as the social and economic environment, public policy arena, stakeholder organizations, and the purchasing practices within one's own organization and perceived organizational contexts. In this manner, political factors such as the needs and wants of interorganizational participants can impact the decision-making that takes place with respect to the nature and type of specific procurements. With politicization, decision metrics are lax, the process allows for subjectivity and adaptability, and outcomes are less certain. The emphasis shifts from mechanistic practices to human relationships, learning dynamics, and facilitation of intended goals and objectives, even if the outcomes appear to be advantageous to one

particular social class or group. Depending on the situation and circumstances, the roles and responsibilities of practitioners vary in terms of who public procurement practitioners are accountable to.

## Public Procurement Roles and Responsibilities

The challenge for public procurement professionals is that their attention is devoted to practical, day-to-day operations of government, but their roles and responsibilities include concern for enhancing the civic character of policy participants. However, mantras such as efficiency and effectiveness are often favored over responsibility or inclusion. Public procurement practitioners are faced with the presence of multiple, competing, and alternating performance expectations of diverse, legitimate, and conflicting sources. For example, practitioners deal with trade-offs between being accountable to the procurement department and their own organization, or the agency and the contractor. Ultimately, the roles and responsibilities of practitioners are contingent upon shared impressions involving the key stakeholders, programmatic issues, political factors, client satisfaction, points of ongoing conflict, and unresolved issues.

The roles and responsibilities of public procurement practitioners are oftentimes centered on aspects of accountability, in which there may be a missing link between outcomes and objectives of good governance or democracy. For example, the outcomes vis-à-vis public policies of elected officials are reflected through specific procurements; however, when the public procurement function fails in delivering the appropriate quality or quantity of public goods/services demanded by the public, the political actors are not held accountable. Instead, the public procurement practitioner is found culpable. In other cases, the tangential consequences or externalities of specific procurements or broader public procurement objectives are not taken into account, or fail to be identified. More often than not, public procurement's customers are actually internal departments that need particular inputs thereby insinuating devolution from implications resulting from the political needs and wants of policymakers and residents.

Along these lines, public procurement is seen as a reactionary conduit to the strategic planning function, which is often politicized. However, this regressive nature of the public procurement function separates its practices from the political function that initiates action. Conventionally, only after the public organization has developed core values and objectives that functional procurement strategies can be put into place according to macro policy goals and budgetary resources. Without a strategic alignment between the agenda-setting policy that steers organizational objectives and the procurement function, it becomes difficult to establish public procurement as a complementary function to good governance and democratic ideology.

Specialists in public procurement, serving as agents in purchasing roles yet shift managerial responsibility, may have a greater tendency toward corruption, immoral practices, or the commodification of citizenry. Purchasing agents who are delineated from strategic planning functions tend to focus on market-based purchases and may be inclined toward privatization, which can threaten democratic ideologies and constitutional rights, as has been seen in case study examples involving private prisons, mental health rehabilitation centers, and defense contracting, among others. Public policy directives, policy goals, and program requirements may be ambiguously defined and monitored infrequently, making it difficult for public managers to evaluate frequency, consistency, and quality of service in light of privatized or contracted-out social services. It is the policy school of thought, grounded in theoretical and socioeconomic techniques, which has provided public managers with an applicable understanding of the deficiencies in separating politics from procurement, thus leaving motivational, humanistic, and political aspects unexplored.

Ideally, public procurement serves both technically rational administrative functions and functional conduits for the proliferation of political

will. This requires that public managers exercise discretion in the provision of public goods and services. De-politicization in public procurement can lead to goal divergence between public policy directives and implementation, presenting deficiencies in responsibility. The issue of trust comes into play when procurement activities are based solely on positivist functions. It is important to establish strategic relations between political actors, an aspect of trust that is based on the knowledge of and experience with other parties. Responsibility through trust is a major political function involving psychological and social processes inherent to developing, maintaining, changing, and continuity of operations.

Public procurement personnel therefore are expected to contribute to the strategic policy process by interpreting what good service means through reconciling the diverse values of varying constituent groups and deeper community cultures. Public procurement practitioners ensure responsibility by balancing numerous sources of authority including board policies, purchasing guidelines, public hearing requirements, and civil service regulations. If responsibility is degraded with respect to failure in catering to, or considering stakeholder factions, there is a chance of eroding democracy and impeding citizen participation, leading to neglect of values and public interest.

Public procurement struggles between identifying its practices as being task-based, economic, apolitical, and rational, or being necessarily imbued with politicization, social conditions, and constituencies. Public procurement pursues socioeconomic ends in its role and responsibility to provide public goods and services that follow tenets of good governance involving transparency, accountability, and the efficient and effective provision of goods and services as demanded by the public. The professional public procurement practitioner balances the varying roles and responsibilities by considering the rational and political complexities of public service. To study how these professional roles and responsibilities are carried out, the job classes and tasks of public procurement are examined.

## Job Classes and Tasks in Public Procurement

Considering the roles and responsibilities, and various functions served by public procurement practitioners, this section looks at job tasks performed and managed in public procurement and the job classes of practitioners. The UPPCC conducted a survey in 2012 aimed at devising valid, testable metrics for candidates seeking to earn the Certified Public Procurement Buyer (CPPB) and Certified Public Procurement Officer (CPPO) credentials. Subject matter experts (SMEs) developed 75 job tasks and 17 job descriptions for survey respondents; there were 2549 public procurement practitioners who completed the survey. Respondents were asked whether they (1) perform, (2) manage, (3) both perform and manage, or (4) neither perform nor manage, each of the 75 job tasks. Respondents were also asked to self-identify with one of 17 different job descriptions on the survey. The data collected for the UPPCC survey is utilized herein for analysis of job classes and job tasks of public procurement.

The self-identified job descriptions from the UPPCC survey are grouped into job classes using a qualitative approach in order to demonstrate the roles that are generally assumed by practitioners. The job descriptions are grouped into broader job classes to compensate for differentiations in job descriptions across organizations. For example, some organizations may connote differently the job description of program manager as opposed to project manager, or senior-level buyer, as opposed to intermediate-level buyer or entry-level buyer. Table 1 shows the job classes of public procurement practitioners as surveyed according to job descriptions.

A factor analysis is subsequently conducted for determining which job tasks are performed and managed by public procurement practitioners. A factor analysis enables relationships to be drawn in situations when there are numerous variables being tested (75 job tasks) and there is a desire to identify robust results. For example, among 2549 practitioners, it can be assumed that each of the 75 job tasks will be reportedly

**Job Classes and Tasks of Public Procurement Professionals, Table 1** Job descriptions and job classes in public procurement

| Job description | Frequency | Job class |
|---|---|---|
| CPO | 118 | CPO |
| Director/manager of procurement | 137 | CPO |
| Assistant director | 137 | Procurement manager |
| Program manager | 72 | Procurement manager |
| Program supervisor | 31 | Procurement manager |
| Contract administrator | 281 | Procurement analyst |
| Finance/accounting manager | 35 | Procurement analyst |
| Risk management supervisor | 4 | Procurement analyst |
| Compliance officer | 63 | Procurement analyst |
| Consultant | 14 | Procurement analyst |
| Legal administrator/counsel | 13 | Procurement analyst |
| Senior-level buyer | 554 | Buyer |
| Intermediate buyer | 352 | Buyer |
| Entry-level buyer | 137 | Buyer |
| Administrative support | 91 | Procurement assistant |
| Warehouse inventory manager | 43 | Procurement assistant |
| Warehouse inventory support | 9 | Procurement assistant |

Source: Universal Public Procurement Certification Council (UPPCC) 2012 job analysis



performed, managed, or both performed and managed by at least one of the 2549 respondents. However, just because one individual completes a job task that does not mean that the job task should be considered a staple of public procurement.

The objective here is to identify job tasks that are performed, managed, and both performed and managed by a substantial number of practitioners on a consistent basis, such that these job tasks can be considered to be part of the core functional roles and responsibilities executed in public procurement. The factor analysis statistical technique allows the researcher to achieve this objective; only job tasks that are correlated with each other in terms of being either performed, managed, or both performed and managed will result. So, job tasks completed in isolation, or for which there is not a correlation between completing similar job tasks, will not be included in the results. Only job tasks sharing correlations, such that job tasks are completed in combination toward accomplishment of a public procurement function, are identified as job tasks in public procurement.

The results of the factor analysis demonstrate that the following job tasks are performed, managed, and both performed and managed in public procurement (Table 2). Each of the three columns labeled "perform," "manage," and "both perform & manage" reflect the job tasks that are reportedly solely performed, solely managed, and both performed and managed by practitioners. The first column denoted "JD" indicates the job domains for which the job tasks relate based on a qualitative view of the nature of the job tasks that share correlations.

It is interesting to note that job tasks involving the job domain of Sourcing are either solely performed or solely managed in public procurement, not both performed and managed (see Table 2). Additionally, the job tasks related to the Contract Administration job domain are typically both performed and managed, as opposed to solely performed or solely managed. Furthermore, job tasks related to Procurement Management such as "implement operating work policies, guidelines, and procedures," "interpret policies and procedures," "manage department personnel," "train purchasing department personnel," and "review procurement requests for compliance with established laws, policies, and procedures" are both performed and managed, but not solely

**Job Classes and Tasks of Public Procurement Professionals, Table 2** Job tasks completed by public procurement practitioners

| JD | Perform | Manage | Both perform & manage |
|---|---|---|---|
| SU | Utilizeautomprocurementsystem | Utilizeautomprocurementsystem | |
| | Procurementcomplianceandlaw | | |
| | Conductmarketresearch | Conductmarketresearch | |
| | Usehistoricalinfofordecisions | Usehistoricalinfofordecisions | |
| | Identifysourceofsupplies | Identifysourceofsupplies | |
| | Selectmethodofprocurement | Selectmethodofprocurement | |
| | Upholdpromotmissionvisionvalue | | |
| | | Selectcontracttype | |
| SO | Developsolicitationdocument | Developsolicitationdocument | Developsolicitationdocument |
| | Reviewsolicitationdocument | | Reviewsolicitationdocument |
| | Selectcontracttype | | Selectcontracttype |
| | Solicitcompetitivequote | Solicitcompetitivequote | Solicitcompetitivequote |
| | Solicitcompetitivebids | Solicitcompetitivebids | Solicitcompetitivebids |
| | Solicitcompetitiveproposals | Solicitcompetitiveproposals | Solicitcompetitiveproposals |
| | Ensuretransparentprocesses | Ensuretransparentprocesses | Ensuretransparentprocesses |
| | Identifyevaluationmethodology | Identifyevaluationmethodology | Identifyevaluationmethodology |
| | Conductprebidconferences | Conductprebidconferences | Conductprebidconferences |
| | Prepareandissueaddenda | Prepareandissueaddenda | Prepareandissueaddenda |
| | Analyzeevaluatesolicitations | Analyzeevaluatesolicitations | Analyzeevaluatesolicitations |
| | Preparerecommendationaward | Preparerecommendationaward | Preparerecommendationaward |
| | Preparecontracts | | |
| | | | Selectmethodofprocurement |
| | | | Identifysourceofsupplies |
| NG | Preparenegotiationstrategy | Preparenegotiationstrategy | |
| | Conductnegotiations | Conductnegotiations | |
| | Documentnegotiationprocess | Documentnegotiationprocess | |
| | | Selectnegotiationmembers | |
| SM | Maintaininventory | Maintaininventory | |
| | Designinternaldistributechannel | Designinternaldistributechannel | Designinternaldistributechannel |
| | Establishwarehouseshipprocess | Establishwarehouseshipprocess | Establishwarehouseshipprocess |
| | Disposesurplusequipmaterials | Disposesurplusequipmaterials | Disposesurplusequipmaterials |
| | | Accountforassets | Accountforassets |
| | | Followupandexpediteorders | |
| | | Resolvedeliveryreceivingprobs | |
| | | Selectmethdisposequipmaterial | Selectmethdisposequipmaterial |
| | | Facilitatemovementofgoods | Facilitatemovementofgoods |
| SP | Conductbusinessanalyses | Conductbusinessanalyses | Conductbusinessanalyses |
| | Analyzeeconmictrendcondition | Analyzeeconmictrendcondition | Analyzeeconmictrendcondition |
| | Conductcostbenefitacquisition | Conductcostbenefitacquisition | Conductcostbenefitacquisition |
| | Implementprocessimproveplan | Implementprocessimproveplan | Implementprocessimproveplan |
| | Planimplementprocurestrategy | Planimplementprocurestrategy | Planimplementprocurestrategy |
| | | Conductvalueanalyses | Conductvalueanalyses |
| | | Implementgoalobjectivemeasure | Implementgoalobjectivemeasure |
| | | Formprocurecontingencyplan | Formprocurecontingencyplan |
| | | | Monitorlegislativetrendslaws |
| | | | Developstaffsuccessionplan |
| | | | Establishmissionvisionvalues |
| | | | Upholdpromotmissionvisionvalu |

(continued)

**Job Classes and Tasks of Public Procurement Professionals, Table 2** (continued)

| JD | Perform | Manage | Both perform & manage |
|---|---|---|---|
| CA | Monitorsuppliercompliance | Monitorsuppliercompliance | Monitorsuppliercompliance |
| | Modifycontracts | | Modifycontracts |
| | Remediatesuppliernoncomplianc | | Remediatesuppliernoncomplianc |
| | Resolvedisputes | | Resolvedisputes |
| | Terminatecontracts | | Terminatecontracts |
| | | Evaluatesupplierperformance | Evaluatesupplierperformance |
| | | | Conductpostwawarddebrief |
| | | | Mitigateriskthrutermsconditions |
| | | | Selectnegotiationmembers |
| | | | Preparenegotiationstrategy |
| | | | Conductnegotiations |
| | | | Documentnegotiationprocess |
| | | | Conductpostawardconference |
| | | | Conductcloseoutactivities |
| PM | | | Implementoperatingworkpolicy |
| | | | Interpretpoliciesandprocedures |
| | | | Managedepartmentpersonnel |
| | | | Trainpurchasingpersonnel |
| | | | Procurementcomplianceandlaw |

Source: Universal Public Procurement Certification Council (UPPCC) 2012 job analysis. See Appendix for key to job task abbreviations
Job domains (JD) of related job tasks – *SU* Sourcing, *SO* Solicitation, *NG* Negotiations, *SM* Supply Management, *SP* Strategic Procurement Planning, *CA* Contract Administration, *PM* Procurement Management

performed or solely managed. There could be numerous reasons for these particular findings.

First of all, the Sourcing job domain involves job tasks that could be completed individually, and thus a single practitioner may perform the task or a more senior practitioner may manage a subordinate to perform the task. As examples, the job tasks of "utilize an internal automated procurement system," "conduct market research to ascertain the use/availability of commercial items and services," "obtain historical information for decision making," "identify source of supplies," and "select method of procurement" are job tasks that may be performed individually or managed, and do not require the added dynamic of both performing and managing by a practitioner to complete the task. Secondly, the Contract Administration job tasks may be both performed and managed because of the complexities involved with delegating and executing tasks within this job domain. Job tasks such as "mitigating risk through terms and conditions," "conduct post-award debriefing," "conduct post-award conference," and "conduct closeout activities" may involve the mobilization of numerous practitioners which would constitute managing, but that a practitioner who manages these job tasks may also assume a role in performing as well.

Third, the Procurement Management domain only applies to job tasks both performed and managed, again perhaps because these job tasks involve a dual-dynamic that requires the same practitioner to both perform and manage the task. For example, the job tasks "implement operating work policies, guidelines, and procedures for the control of the department's work flow," "interpret policies and procedures," "manage department personnel," and "train purchasing department personnel" require discharging roles and responsibilities to numerous practitioners in order to get the job task done. In order to "implement operating work policies, guidelines, and procedures for the control of the department's work flow," numerous team member practitioners must be involved and the managing practitioner must also participate as they must be held accountable

for the same policies, guidelines, and procedures. The same logic holds true for the job task "interpret policies and procedures." Additionally, the job tasks "manage department personnel" and "train purchasing department personnel" may typically involve a team of managers, or team of trainers, in which case the practitioner would manage these teams and likely perform the job task in order to model the way for these teams.

Aside from the differentiations between performing, managing, and both performing and managing job tasks, the 59 job tasks that result from the factor analyses (see Table 2) demonstrate the job tasks of public procurement. Therefore, of the 75 job tasks devised by the SME's for the UPPCC survey, only 59 job tasks can be said to be indicative of public procurement. These 59 job tasks are reflective of the profession based on the various elements of professionalism that are captured in these job task statements. The previous sections on professionalism and roles and responsibilities in public procurement and administration reflect aspects of accountability, transparency, law, economics, cost-benefit, policy, procedure, and values, among other considerations involved in studying public sector professionalism. By looking at the complete list of job tasks (see Appendix), it is determined from the robust results of the three factor analyses that these 59 job tasks are indicative of the job tasks deemed to constitute the public procurement professional.

## Conclusion

This entry identifies the job classes and job tasks of public procurement professionals. Through a discussion of professionalism in public procurement and administration, and the roles and responsibilities of public procurement practitioners, it can be seen that overall these job tasks capture the diverse elements inherent to public sector professionalism. There are 59 job tasks found to be present in the profession of public procurement that are either performed, managed, or both performed and managed by practitioners. These public procurement practitioners constitute five job classes including CPO, Procurement Manager, Procurement Analyst, Buyer, and Procurement Assistant.

The findings demonstrate that there are numerous job tasks that are performed, managed, and both performed and managed across a breadth of public procurement professionals that consist of five distinct job classes. Also, these job tasks are not only reportedly performed, managed, and both performed and managed, but the job tasks share specific relationships with each other so that job tasks are completed in tandem, or in conjunction with other job tasks such that they may be completed as a conduit for the completion of broader public procurement job functions. The notion that there are specific, related job tasks in public procurement indicates that the field is a mature occupation that may be considered a profession with defined standards for practice.

There are numerous avenues for future research and inquiry that result from this entry. The manner in which these job tasks are approached, either politically or neutrally, can be inquired upon to study how job tasks are delegated and executed differently according to a political or neutral orientation. Also, the outcomes from the completion of the job tasks according to a political or neutral narrative can also be studied to determine how outputs and externalities would vary according to specific procurements. Furthermore, the mode for completion of job tasks involving either performing, managing, or both performing and managing deserves additional attention from organizational and operational standpoints. Perhaps some job tasks are best completed through one mode of completion or another, and the interaction of practitioners by means of performing, managing, or both performing and managing may shed light on how public procurement professionals go about completion of their work. This could provide insight into how public procurement departments and public organizations may improve aspects of efficiency and effectiveness, in addition to consideration of the political elements that together constitute public procurement professionals.

## Cross-References

► Accountability and Democratic Administration
► Bureaucracy and Professionalism

▶ Professional Ethics
▶ Public Values in Public Organizations
▶ Skill Requirements for City Administrators

## Appendix

### Job Tasks Key for Table 2

**Utilizeautomprocurementsystem** – Utilize an internal automated procurement system

**Procurementcomplianceandlaw** – Review procurement requests for compliance with established laws, policies, and procedures (e.g., bid thresholds, small business programs, completeness of specifications, available funds, appropriate approvals)

**Conductmarketresearch** – Conduct market research to ascertain the use/availability of commercial items and services

**Usehistoricalinfofordecisions** – Obtain historical information for decision making (e.g., forecast estimated demand, sourcing, procurement method)

**Identifysourceofsupplies** – Identify sources of services and/or supplies

**Selectmethodofprocurement** – Select method of procurement (e.g., small purchases, procurement card, competitive sealed bids, competitive proposals, cooperative purchasing)

**Upholdpromotmissionvisionvalue** – Uphold and promote the mission, vision, and values of the procurement department (e.g., ethics, diversity, professionalism, accountability)

**Selectcontracttype** – Select contract type (e.g., blanket order, term contracts)

**Developsolicitationdocument** – Develop solicitation document (e.g., product specifications/scope of services, terms/conditions, performance period)

**Reviewsolicitationdocument** – Review solicitation document (e.g., consistent language, no conflicting requirements)

**Solicitcompetitivequote** – Solicit competitive quotes

**Solicitcompetitivebids** – Solicit competitive sealed bids/tenders

**Solicitcompetitiveproposals** – Solicit competitive sealed proposals

**Ensuretransparentprocesses** – Ensure a transparent solicitation process that provides for open and fair competition

**Identifyevaluationmethodology** – Identify evaluation methodology/criteria and select team

**Conductprebidconferences** – Conduct pre-bid or pre-proposal conferences

**Prepareandissueaddenda** – Prepare and issue addenda

**Analyzeevaluatesolicitations** – Analyze and evaluate solicitation responses (e.g., responsiveness, responsibility)

**Preparerecommendationaward** – Prepare and make recommendation for award

**Preparecontracts** – Prepare and execute contractual documents (e.g., contract, award letter, acceptance agreement, purchase order)

**Selectmethodofprocurement** – Select method of procurement (e.g., small purchases, procurement card, competitive sealed bids, competitive proposals, cooperative purchasing)

**Preparenegotiationstrategy** – Prepare negotiations strategies (e.g., goals, outcomes, tactics, positions)

**Conductnegotiations** – Conduct negotiations (e.g., pricing, terms, renewals)

**Documentnegotiationprocess** – Document negotiation process and results

**Selectnegotiationmembers** – Select negotiation team members and assign roles

**Maintaininventory** – Maintain inventory (e.g., safety stock, stocking levels)

**Designinternaldistributechannel** – Design internal distribution channels

**Establishwarehouseshipprocess** – Establish warehouse shipping and receiving processes (e.g., acceptance, rejection)

**Disposesurplusequipmaterials** – Dispose of obsolete and surplus equipment and materials

**Accountforassets** – Account for assets (e.g., fixed, capital, consumable)

**Followupandexpediteorders** – Follow-up and expedite orders

**Resolvedeliveryreceivingprobs** – Resolve delivery and receiving problems

**Selectmethdisposequipmaterial** – Select method of disposal for obsolete and surplus equipment and materials

**Facilitatemovementofgoods** – Facilitate movement of goods (e.g., transportation logistics, delivery locations)

**Conductbusinessanalyses** – Conduct business analyses (e.g., outsourcing, privatization, partnering)

**Analyzeeconmictrendcondition** – Analyze economic trends and conditions that affect procurement

**Conductcostbenefitacquisition** – Conduct cost/benefit analyses on future acquisitions

**Implementprocessimproveplan** – Implement a process improvement plan (e.g., stakeholder satisfaction, remediation)

**Planimplementprocurestrategy** – Plan and implement procurement strategies and objectives based on forecast data, market factors, economic trends, and customer needs (e.g., strategic sourcing, staffing)

**Conductvalueanalyses** – Conduct value analysis (e.g., cost reduction, cost avoidance, total cost of ownership)

**Implementgoalobjectivemeasure** – Implement goals, objectives, and measurement criteria for procurement department

**Formprocurecontingencyplan** – Formulate a procurement contingency/continuity of operations plan (e.g., disaster preparedness, supply chain)

**Monitorlegislativetrendslaws** – Monitor professional and legislative trends and laws (e.g., rules, regulations, executive orders)

**Developstaffsuccessionplan** – Develop staff succession plan

**Establishmissionvisionvalues** – Establish the mission statement, vision, and operating values of the procurement department

**Upholdpromotmissionvisionvalu** – Uphold and promote the mission, vision, and values of the procurement department (e.g., ethics, diversity, professionalism, accountability)

**Monitorsuppliercompliance** – Monitor contractor/supplier compliance (e.g., insurance requirements, licensing requirements, prevailing wage)

**Modifycontracts** – Modify contracts

**Remediatesuppliernoncomplianc** – Remediate contractor/supplier noncompliance (e.g., cure notice, show cause notice)

**Resolvedisputes** – Resolve contract disputes

**Terminatecontracts** – Terminate contracts (e.g., default, convenience, non-appropriations)

**Evaluatesupplierperformance** – Evaluate contractor/supplier performance (e.g., quality control)

**Conductpostwawarddebrief** – Conduct post-award respondent debriefing

**Mitigateriskthrutermsconditions** – Mitigate risk through development of terms and conditions

**Conductpostawardconference** – Conduct a post-award start-up conference

**Conductcloseoutactivities** – Conduct contract closeout activities

**Implementoperatingworkpolicy** – Implement operating work policies, guidelines, and procedures for the control of the department's work flow (e.g., training manuals, Code of Ethics, Standard Operating Procedures [SOP], process improvement]

**Interpretpoliciesandprocedures** – Interpret policies and procedures (e.g., apply policy situationally, respond to questions about policies and regulations)

**Managedepartmentpersonnel** – Manage purchasing department personnel (e.g., evaluate, counsel, discipline, coach)

## References

Universal Public Procurement Certification Council (2012) 2012 job analysis. Universal Public Procurement Certification Council, Herndon. Researchers (Eric Prier, Clifford McCue, Joshua Steinfeld)

# Job Satisfaction and Motivation in Nonprofit Organizations

Palina Prysmakova
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

*Motivation*: Agenda; Driving force; Impetus; Inclination; Motive; Predetermination; Reason; Vigor

*Job Satisfaction*: Employee happiness; Employee satisfaction; Job enjoyment; Joy of work; Pleasure of working; Work comfort

## Definition

**Motivation** is an inclination towards a certain pattern of behavior caused by an internal or external stimulus.

**Job satisfaction** is the feeling of an individual involved in work activity evoked as a result of the match between the rewards that come from this activity and her or his unique set of motivational drivers.

## Introduction

While one can easily observe somebody's work effort, she can only guess about the motivation behind. Because work motivation is difficult to see or measure directly, the scholars came up with a number of theories to grasp this invisible construct. Most popular theories that explain employees' motivation and behavior came from social psychology and management where they have been designed either for business organizations or without any specific referral to any particular sector. They are Vroom's expectancy-valence motivation theory, self-determination, job characteristics model, and Herzberg's two-factor theory. While there is abundant literature on the mentioned theories, this encyclopedia entry only briefly refers to some of them during our discussion of motivation antecedents along intrinsic-extrinsic dichotomy. For the students of the nonprofit sector, the question remains to which extent they can apply these tools developed and tested in other social sciences.

Meanwhile, public administration as a field of science has recently come up with its own theory of motivation of a public service employee, referring to the unique bond between the workers and the beneficiaries in the non-for-profit sectors. This theory called public service motivation found a vast applicability in the public sector research all around the globe. The applicability of the public service motivation theory as an emerging theory in the nonprofit research is discussed in a separate subsection further on in this entry.

Scholars have been raising the issue that the nonprofit sector requires other motivational theories than those applied to workers of for-profit organizations. Meanwhile, current generation of the researchers is witnessing a quite opposite effect, when there have been a lot of merging between the sectors due to the exchange of managerial practices and labor force between the sectors of economy. The more there is benchmarking of the best practices, the more the border between the sectors seems to disappear: while nonprofits become more professionalized, willingly or not businesses widely assume social responsibility (Prysmakova and Tantardini 2016). So grows the number of entrepreneurs who start social enterprises with a focus on social benefits rather than exclusively on their profit maximization. On the other hand, some fundamental differences between the sectors remain the same. Nonprofits are still less hierarchical and are under stronger economic pressures. For instance, they cannot distribute the profit among their owners, because there is none in particular, and the true owner is a society at large. Nonprofits heavily rely on volunteers' participation as compared to small percentage of interns to the total number of staff in business organizations – who can to a certain extent be considered private sector volunteers because they are not- or under-paid.

These major differences, which are impossible to overcome, persist preserving nonprofits as complex and distinctive structures with its own mix of extrinsic and intrinsic incentives that attract workers who are not predominantly driven by monetary remuneration. It is widely assumed that workers show markedly different economic motivations in nonprofit, public, and private sectors, while intrinsic and relational motivations are more similar and differences are hardly significant across organizational forms. The research shows, however, that while economic forces are indeed stronger in for-profit organizations, the nonprofit workers value higher the work involvement and the importance of personal interaction with the beneficiaries of services provided. Possible differences between sectors might determine the

stability of motivational patterns, whether they are temporary states or stable traits of character.

Recent studies revealed significant differences between for-profit and not-for-profit employees in three out of four motivational concepts (De Cooman et al. 2011). While employees do not differ in their work effort, nonprofit employees have a better person-organization fit. For-profit employees give more importance to advancement. They are more motivated by material rewards and are more malleable to social pressure. Meanwhile, nonprofit workers value social service participation. They are better motivated to engage in the activity because of personally meaningful outcomes and when organization's values coincide with an employee's value system.

While the nonprofit sector diverges from other sectors, there is a considerable variation among the different types of nonprofits as well. For example, the study of social service organizations in Italy revealed that religious organizations might serve as a last resort employment opportunity. Therefore, the employees would primarily emphasize job security, pay, and career advancement (Borzaga and Tortia 2006), than in similar secular nonprofit organizations.

Employees' motivation and their job satisfaction are tight together. Joy of work is the result of individual motivational drivers met by the job incentives. As motivation is mainly the cause of the satisfaction with certain job activity, the detailed discussion of job satisfaction comes after the discussion of motivation.

## Types of Job Motivation

There is a long list of various types of motivation that occur in the workplace such as inclinations to perform quality work, to undertake extra-curriculum activities, to stay overtime, to perform work for others, or to perform work for oneself. Recent studies also show that different types of motivation occur in nonprofits with different services. For example, one should expect variations between educational and health organizations, because hospitals, at least in developed capitalist societies, may resemble for-profit institutions more than schools. Therefore, they have incentive systems and motivational drives closer to business organizations (Schepers et al. 2005).

## Antecedents of Job Motivation

The first question is where the motivation comes from. In general, motivation occurs as a desire towards certain rewards. These rewards may be of different kinds: economic and noneconomic, monetary and nonmonetary, self-regarding, other-regarding, and process-regarding. Choice of the preferred rewards depends on a number of external factors and internal antecedents. For example, job characteristics model (JCM) points out features that externally impact motivation, namely, through skill variation, significance put on a task, completion of tasks from start to finish (known as task identity), granted autonomy, and feedback received. Knowledge of results could also serve as a motivation cause, creating a motivation-satisfaction loop. Internally, an important role is played by a personal biography (Schepers et al. 2005). For instance, one can explain motivation if she know the internal reasons why a person engages in a certain activity like enjoying working with students, or when one knows career and family context and notices how employee's private life influences the performance.

Peculiar to the nonprofit sector, its employees are motivated by the organizational mission and their own values are determined through this mission. Meanwhile, for-profit employees are interested in getting ahead and are better motivated by rewards and punishments (De Cooman et al. 2011). As nonprofit employees have stronger altruistic base than their for-profit counterparts, nonprofit employees are more motivated by intrinsic rewards versus extrinsic rewards like income and money (Schepers et al. 2005).

In reality, there is a continuum of incentive categories ranging from purely extrinsic to purely intrinsic. In-between, there are prestige values and relational incentives like an opportunity to form new relationships with others. Importance of relational goods consumed on the job has been strongly supported by the research (Gui and Sugden 2005). Nonprofit employees are more motivated by the possibility of social contacts.

They prefer to work with and for people (Schepers et al. 2005).

The extrinsic-intrinsic division may need an adjustment for the nonprofit sector because the dichotomy came from the for profit sector. Yet a lot of research has been done along this line that contributed to our understanding of motivational origins. Therefore, the following subsections reveal some evidence from the ends of this continuum that is relevant to nonprofit human resource management.

***Extrinsic*** Extrinsic motivation is caused by the rewards provided by exclusively an employer. The main two categories within extrinsic rewards are defined by whether these rewards can be consumed or not. Consumption goods include various individual incentives. They are monetary benefits like wage or career advancement, and nonmonetary benefits such as job security and work environment. The monetary dimension remains dominant among the consumption goods. As research shows, even in not-for-profit organizations, financial rewards can help to start a more difficult assignment (Schepers et al. 2005).

While being important for nonprofit organizations, monetary extrinsic motivation is not always a priority. Some studies show that nonprofits pay less, whereas some others show no difference. Meanwhile it is generally assumed that employees will exhibit the same work effort even if they are paid less (De Cooman et al. 2011). This could be explained by the fact that nonprofits often have a greater fairness in wage structures and, more generally, in the incentives structures when compared to private organizations (Leete 2000).

Research shows that nonmonetary consumption goods are also less important to nonprofit employees. Usually this is explained by the fact that the management system operates in a different way. For instance, in the case of career advancement, nonmonetary consumption benefits are less valuable, because in nonprofits promotions are often based on seniority rather than on competencies (De Cooman et al. 2011, Devaro and Brookshire 2007).

Thus, monetary and nonmonetary consumption goods are not the only driving forces behind workers' inclinations that can be stimulated by an employer. Besides offering a way to support employees' families, a nonprofit organization could propose a variety of not-consumption goods such as greater opportunities for training and more flexibility of a work schedule. Such nonconsumption nonmonetary benefits increase workers' individual utility through process-related incentives reflecting organizational culture and values. Examples of nonconsumption rewards are granted decision-making autonomy, variety and creativity of the work tasks, opportunities for professional growth, and recognition of workers' contribution. Nonprofits are good in some aspects of nonconsumption goods like richer task variety and individual autonomy. However, they also establish less favorable work environment for individuals with high professional growth needs (Devaro and Brookshire 2007).

Motivations to accept extrinsic incentives provided by an employer are explained by a necessity, a hobby, a way to gain recognition through economic wellbeing, to earn a living, to earn as much as possible, or to support the family. The management of a nonprofit organization manipulates workers' extrinsic motivation through such incentives as adjusted working hours, job security, friendly work environment, and a decent wage.

***Intrinsic*** It was only in 1997 when Professor Bruno S. Frey for the first time introduced the concept of intrinsic incentives into the realm of economics. Meanwhile, it was nothing new for not-for-profits – both public and nonprofit organizations – because they have been always disproportionally relying on employees who are internally motivated by their deep-seated feelings and attitudes (Leete 2000). Different from for-profit sector, nonprofit employees are more motivated by factors such as individual growth as a person, opportunities to learn versus more ambition that better describes private sector employees (Schepers et al. 2005). Janssen et al.'s (1999) conducted a large study of Dutch nurses showing that intrinsic work motivation is positively related to the quality of the job content that makes the job challenging and worthwhile, for example, skill variety, autonomy, social contacts, and opportunities to learn.

Apart from the possibly to be intrinsically motivated by job content, the nonprofit organizations

offer a unique opportunity for its workers to derive intrinsic motivation from its organizational mission (Devaro and Brookshire 2007). Thus, prosocial motivation in nonprofits could be realized simply by being involved in organizations' activities and management, regardless of a position occupied or task performed. The research in the United States indeed supports that nonprofit employees display stronger motivations linked to the meaningfulness of their work, despite lower pay, shortages of staff and resources, and excessive workloads (Light 2002). Opportunities to participate in prosocial activities also attract volunteers, whose motivation is beyond the scope of this entry (see a separate entry on ▶ "Volunteer Motivations and Nonprofit Organizations" in this encyclopedia).

As just mentioned, intrinsic motives are usually built upon other-regarding aspects like the social usefulness of the job and a contribution to society. However, their intrinsic motives could also have a self-related focus like, for instance, an opportunity for self-fulfillment.

A nonprofit organization cannot offer direct incentives for the improvement of intrinsic motivation. Yet, it could create an organizational environment that is favorable to employees' intrinsic motivation. Such indirect incentives are similar to extrinsic nonconsumption goods and include opportunities for professional development, decision-making autonomy, variety and creativity of job tasks, and recognition of employee's contribution. It is important to mention that some employment opportunities in nonprofit organizations might offer a weak set of certain important intrinsic rewards. For example, organizations whose mission is to assist children or dreadfully sick individuals have a limited opportunities for a continuous development of a human being through the meaningful communication with other adults. Meanwhile, the lack of these motivational incentives might be balanced by other-regarding rewards such as perceived social usefulness of work.

## Public Service Motivation

To better understand motivational structures in nonprofit organizations, De Ridder et al. (2012) recommend to analyze their Human Resource (HR) architectures. They suggest that all organizational priorities in public benefit organizations – especially in nonprofits – could be aligned along the two dimensions: first, the mission of an organization and, second, the development and well-being of its employees. Both dimensions are important for nonprofit organizations considering that employees in these organizations have higher levels of public service motivation. In a broad sense, public service motivation (PSM) is the desire to help others and to act for the benefit of society. The question is whether the organizational structure and, especially, its HR programs and practices allow the staff to fulfill their intentions by practicing them at work. The organization, which prioritize the extreme ends of each dimension, is under the threat of certain pathologies like overemphasizing the mission at the cost of employees' development or, on the contrary, satisfying employees' needs before ensuring the success of the mission.

Public service motivation is a rising concept in nonprofit research and practice. While PSM has already been used to characterize the public sector already for several decades, it is only recently that this unique motive has found its popularity in studies of nonprofit organizations and in comparatives with other private enterprises. The main assumption under this concept is that non-for-profit employees value contribution to society more than for-profit employees and that was proven by a number of studies across the globe. As a result, because this prosocial intrinsic motivation aligns with the prosocial mission of public serving institutions, person-organization fit is especially high in non-for-profit sector (Devaro and Brookshire 2007).

## Job Satisfaction

Comparative research of nonprofit and for-profit organizations in the United Stated and the United Kingdom showed that nonprofit employees are more satisfied with their jobs than their business counterparts (Benz 2005). But why is it important for a nonprofit manager to care about employees' job satisfaction? Mainly, because satisfaction

measures are widely recognized as suitable proxies for utility. On the individual level, satisfied employees are happier employees. These motivated nonprofit employees seem more willing to "donate work" and are more loyal to their organization than workers in other sectors (Borzaga and Tortia 2006). Therefore, on the organizational level, the work effort resulting from job motivation leads to improved production and client satisfaction.

The formula of job satisfaction can be easily visualized as the following:

$$Motivation + ProperIncentives = Job\ Satisfaction$$

An organization is likely to influence job satisfaction of its employees through implementing an incentive system that properly corresponds to employees' motivation. Motivation is important, because it influences workers' overall satisfaction with their jobs (Borzaga and Tortia 2006). Workers who are driven, for example, by the desire of self-fulfillment and better relations with colleagues may be more satisfied, given their proactive attitude toward work (Borzaga and Tortia 2006). Nonprofit organizations have a clear advantage in this area. They score highest on all items of process-related incentives – meaning organizational culture and values – when compared to public and private organizations. Nonprofit employees have more opportunities to express themselves freely at work, while hierarchy that affects spontaneous involvement and autonomy is likely to characterize public bodies and for-profit firms.

## Antecedents of Job Satisfaction

***Intrinsic*** Because motivation is significantly related to job satisfaction, in nonprofit organizations, certain level of job satisfaction would occur simply through the involvement in the mission realization. Employees have been satisfying their intrinsic motivation by joining a nonprofit organization of their choice, primarily because of their deeply rooted believes. From that perspective, managers do not have a strong influence on job satisfaction that derives from these intimate feelings. While organizational values could mold individual behavior and influence their preferences, that change would cause at least temporal dissatisfaction. On the contrary, the closer the correspondence between individual preferences and organizational behavior, the greater the probability of employees' satisfaction with their job.

In nonprofits, worker satisfaction is often higher than in other organizational forms, even in the presence of lower wage levels (Benz 2005). The fact of thriving job enjoyment despite the low levels of monetary remuneration is found for nonprofit workers in different countries (Borzaga and Tortia 2006). For example, in the United States, they exhibit higher satisfaction linked to the meaningfulness of their work, despite lower pay, shortages of staff and resources, and excessive workloads (Light 2002).

The perceived meaningfulness of the work, and thus, job satisfaction, also increases as an employee moves up the hierarchical ladder. Thus, research shows that employees in Italian social nonprofits are the most satisfied with career advancement than their colleagues in public or private organizations, because nonprofits are more dynamic and many of their workers expect to reach high levels in the hierarchical structure (Borzaga and Tortia 2006).

Job satisfaction level in a nonprofit organization could also depend on the structure of organizational interaction, for example, whether the employees are in constant contact with adults or with children, as mentioned in the examples of the previous subsection. Along the same lines, the study of employees in Italian social nonprofits also reveals that the workers are highly satisfied with their relations with volunteers, who are rare in for-profit firms and public agencies (Borzaga and Tortia 2006).

***Extrinsic*** While there is a crucial role of intrinsic motivation in the nonprofit sector, extrinsic factors should not be neglected. A common misbelief

is that "a nonprofit" means an organization that is not supposed to make profits and thus, it has a good justification for not paying its employees treating them as unpaid staff, or paying below the market average for a similar position in the private sector, or providing less benefits than public organizations. Usually, satisfaction with economic and process-related aspects of a job has the greatest impact on loyalty to not-for-profit organizations. Meanwhile, as studies in Italy show, nonprofit workers in social services driven purely by economic interests are less satisfied (Borzaga and Tortia 2006).

Yet, indeed, the employees of the nonprofit sector are more likely to receive their satisfaction from the person-job fit, because they are driven by public service motivation. From that perspective, limited extrinsic rewards in nonprofit organizations could, indeed, be justified by the fact that those employees have been already satisfied with what they do, and matching their extrinsic motives is about adding up to the satisfaction that has been already present. In comparison, in business organizations, extrinsic incentives could be the only stimulus that moves their work force. To balance wage gaps with the business sector, management of nonprofit organizations could pay more attention to other consumption and nonconsumption extrinsic rewards. For instance, workers in Italian social cooperatives are the least satisfied with the wage, but are more satisfied in the case of working hours (Borzaga and Tortia 2006).

Nonprofit managers can manipulate job satisfaction derived from extrinsic rewards through modification of the incentives much easier than that derived from intrinsic motives (Schepers et al. 2005). This is when the incentives management comes into play, because it is easier to come up with the ways how to meet workers' monetary drives. Also on nonconsumption extrinsic side, as studies show, nonprofit organizations could establish clear definitions of tasks and roles for each employee to increase their job satisfaction (Lee 2016).

Meanwhile, it is much harder for an organization to address employees' intrinsic motives, because the workers themselves sometimes cannot explicitly articulate these inclinations. First, they might occur only on a sub-conscious level. But also, even when it is possible to clearly visualize them, employees might feel ashamed to speak out loud, because of the fear of being criticized or not accepted into a work team. This situation is especially true, when the desires of an employee do not fall along the popular for nonprofits lines of self-sacrifice.

It is important to remember that when pursuing their objectives, managers tend to design incentive mixes that are able to satisfy employees' motivations at the lowest cost to an organization. Despite the numerous ways in which an organization could improve employees' satisfaction with the work they perform, it should be kept in mind that from the economic perspective, an organization will provide those incentives which are produced at the minimum cost (De Ridder et al. 2012).

## Outcomes of Job Satisfaction and Dissatisfaction

Satisfied workers are more loyal to their organizations. This reduces employees' turnover and faster creates a high level of trust among them. On the other hand, there are a lot of drawbacks for employees, when they try to derive job satisfaction from socially oriented work. For instance, in Janssen et al.'s (1999) study of Dutch hospitals, at some point, nurses started to experience diminished intrinsic motivation, occupational burnout, and an inclination to leave the job.

Also, it is important to remember that motivation and satisfaction function in a loop when a new wave of motivation arises from a new wave of job satisfaction. It emerges when the characteristics of jobs cause critical psychological states: they allow employees to experience the meaningfulness of their work, allow them to feel responsibility, and share with them the results of their work efforts (Schepers et al. 2005).

There are two additional things to keep in mind when studying employees' satisfaction. First, not all motivation incentives will lead to employee satisfaction. For instance, as the study of

Canadian nurses showed, autonomy as antecedent of work motivation was connected through self-esteem and did not necessary cause job satisfaction (Edgar 1998). Second, according to the Herzberg's two-factor hygiene theory and as proved by the follow-up studies, factors that rise satisfaction and dissatisfaction are not mutually exclusive (Schepers et al. 2005). Thus, satisfaction and dissatisfaction are not at the opposite ends of the same continuum. However, dissatisfiers usually distract from the core activity that leads to satisfaction.

## Conclusion

The entry discussed the mechanisms of work motivation and employee satisfaction as well as their mutual complementarity. While there is a motivation-satisfaction loop inside of each employee's head that is based on her individual intrinsic incentives, the extrinsic role of an organization is also very high. Meanwhile, research from different parts of the world shows that incentives provided by an employer cause different reactions of nonprofit employees that of those working for a business firm. Specifically, a nonprofit employee has an opportunity to derive internal satisfaction and motivation from a unique bond with the mission of a nonprofit organization. This incentive suggests a particular work environment in a nonprofit enterprise, where its employees could fulfill their public service motivation, leading to the behaviors that benefit society.

Most of the studies cited in the encyclopedia entry focus on no more than one element of the incentive structure. From that perspective, more studies about nonprofits should take place, especially, taking into consideration a high diversity of services provided within the sector.

## Cross-References


- ▶ Accountability and Ethics
- ▶ Benefits and Wages in Nonprofit Organizations
- ▶ Burnout in Nonprofit Organizations
- ▶ Communication Within the Nonprofit
- ▶ Emotional Management
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Professional Development and Training
- ▶ Volunteer Motivations and Nonprofit Organizations


## References


Benz M (2005) Not for the profit, but for the satisfaction? Evidence on worker well-being in non-profit firms. Kyklos 58(2):155–176

Borzaga C, Tortia E (2006) Worker motivations, job satisfaction, and loyalty in public and nonprofit social services. Nonprofit Volunt Sect Q 35(2):225–248

De Cooman R, De Gieter S, Pepermans R, Jegers M (2011) A cross-sector comparison of motivation-related concepts in for-profit and not-for-profit service organizations. Nonprofit Volunt Sect Q 40(2): 296–317

De Ridder HG, Baluch AM, Piening EP (2012) The whole is more than the sum of its parts? How HRM is configured in nonprofit organizations and why it matters. Hum Resour Manag Rev 22(1):1–14

Devaro J, Brookshire D (2007) Promotions and incentives in nonprofit and for-profit organizations. Ind Labor Relat Rev 60(3):311–339

Edgar L (1998) Nurses' motivation and its relationship to the characteristics of nursing care delivery systems: a test of the job characteristics model. Can J Nurs Leadersh 12(1):14–22

Gui B, Sugden R (eds) (2005) Economics and social interaction: accounting for interpersonal relations. Cambridge University Press, Cambridge

Janssen PP, De Jonge J, Bakker AB (1999) Specific determinants of intrinsic work motivation, burnout and turnover intentions: a study among nurses. J Adv Nurs 29(6):1360–1369

Lee Y (2016) Comparison of job satisfaction between nonprofit and public employees. Nonprofit Volunt Sect Q 45(2):295–313

Leete L (2000) Wage equity and employee motivation in nonprofit and for-profit organizations. J Econ Behav Organ 43(4):423–446

Light PC (2002) The content of their character: the state of the nonprofit workforce. Nonprofit Q 9(3):6–16

Prysmakova P, Tantardini M (2016) Financial performance and ethics: employing public service motivation as a proxy. A paper presented at Riggs' Symposium, American Society of Public Administration, Seattle

Schepers C, De Gieter S, Pepermans R, Du Bois C, Caers R, Jegers M (2005) How are employees of the nonprofit sector motivated? A research need. Nonprofit Manag Leadersh 16(2):191–208


J

# Joined-Up Governance

Niaz Ahmed Khan and Kazi Mysha Musarrat
Department of Development Studies, University of Dhaka, Dhaka, Bangladesh

## Introduction

Ever since the Treaty of Westphalia was concluded, rights of the nations for self-determination and good governance had always been honored and upheld. The treaty was regarded as the concept of coexisting sovereign states maintaining stable balance of power at one hand and efficient and optimal national governance at the other. So pervasively universal was the influence of the treaty that it became the most accepted legal instrument in the observance of international law and prevailing world order. On the other hand, national governance has always been regarded the core and central theme of the political science. Political scientists from Aristotle to Machiavelli had evolved concepts and suggested methods to ensure seamless governance of the nations in the most efficient manner. That is why the efforts and research for public reform had always been dynamic and evolving continuously shifting its focus from delivery to quality of service. Continuous research by the governance practitioners and academia to address the inefficiency in the system of governance and in improving the pattern of delivering public service through innovations and identifying newer and powerful concepts were focused to create decentralizing agencies capable of responding flexibly to the demand of general population across a broad range of cross-cutting issues. In the early 1980s, consecutive governments of the United Kingdom introduced a range of measures to break up what was believed to be monolithic, inward-looking public with the objective of improving efficiency and responsiveness of the government. Joined-up governance describes a strategy that aims to coordinate and implement policies across government structure. Subsequently, joined-up governance began to be accepted as a concept and was being practiced and implemented in the United Kingdom during the late 1980s and early 1990s. Joined-up government was a major element of British government during the first Blair government, and it has rightly attracted a great deal of attention. Joined-up government is best seen as a strategic response to both the weakness of conventional public administration and the fragmentation that was experienced in the 1980s. This is done by developing cooperation and coordination mechanism and tools that link up efforts at local, regional, and international level as well as different government sectors. Joined-up governance involves not only government departments and agencies but also independent bodies and civil societies to work across organizational boundaries toward one common goal of delivering service. Not only the United Kingdom, other developed counties like the United States, Canada, Australia, New Zealand, and the Netherlands also embraced and implemented the concepts of joined-up government in their countries with varying degree of success. This article explores and elaborates the concept of joined-up government and examines its validity and relevance by tracing its genesis and comparing its advantages and challenges along with its success of implementation in different countries of the world.

The concept and connotations of joined-up governance has evolved from and complements the whole of government management. Thus, joined-up governance is the product of robust planning and the exploitation of the entire set of governmental pathways, and it is also the product of strategic partnership beyond government in terms of design and delivery. It complements top-down policy making with the "horizontal whole" of governmental policy, vertical intergovernmental policy, and government approach. It is best viewed as a group of responses to the perception that services had become fragmented and that this fragmentation was preventing the achievement of important goals of public policy. This perception grew in prominence in the mid-1980s and has remained an important part of the thinking behind public sector reform. It is based on the view that important goals of public policy cannot be delivered through the separate activities of

existing organizations, but neither could they be delivered by creating a new "super agency." It therefore seeks to align the activities of formally separate organizations toward particular goals of public policy. Therefore, joined-up working aims to coordinate activities across organizational boundaries without removing the boundaries themselves. These boundaries may be interdepartmental, central local, and sectoral (corporate, public, voluntary/community). To join up, initiatives must align organizations with different cultures, incentives, management systems, and aims.

## Genesis

From at least the mid-1970s, changing pressure on public services challenged what had come to be regarded as the conventional delivery of public services (Ling 2002). As per Ling, this pattern of delivering public services was seen to be insufficient with a succession of official reports and politician's speeches highlighting its supposed deficiencies in the general areas of civil services, local government, financing, and management and the specific areas such as urban policy, education, housing, and social work (Ling 2002). The debate about the "crises of the state" which started in 1970 did manage to capture the sense that continuing with the organizational status quo was not an option for the public sector. Thus, the government in the United Kingdom began to experiment with the concept to create decentralized agencies which created a degree of fragmentation in the United Kingdom and also in other countries. As a result joined-up government came into discussion in the 1980s not only as response to the weakness in the conventional delivery process but also as a response to the perceived problem associated with fragmentation during the 1980s. The cabinet office of the British government was central in rethinking the delivery of public services. At the heart of the strategy of the cabinet office, there were mainly two principles which were aimed at inclusiveness implying forward-looking policies and implying integrating policies and program between local and national organizational structure of the government. The cabinet office of the British government showed extensive and sincere interest to joined-up government by addressing the skills, budgeting arrangements, and leadership style that would be needed to facilitate joined-up governance. Other important department of the British government like the Treasury also made deliberate efforts to promote joined-up working through the public service agreement by identifying the crosscutting aim of the department to improve productivity in the public sector. Audit services of the British government also embraced the concept and launched many initiatives to improve public services.

## Acceptance of the Concept by Wider Community

In the above context, joined-up governance was accepted with enthusiasm in many different contexts in many different ways. Many of the developed countries embraced joined-up government and practiced in their own contexts. Although the concept of joined-up governance originated in the United Kingdom, many different developed nations around the world, like the United States, Canada, Australia, and New Zealand, are some of the countries where joined-up governance was accepted as a modern concept of governance and was practiced. Along with the interest of the British government for the joined-up government, the concept also excited the wider academic community. Clarke and Stewart (1997) argued that urban policy of the British government provided a fertile policy arena where discussions about joined-up government began to take root. Coinciding with the rise of new labor, there was a growing acceptance of a claim that there were qualitatively new problems developing which required innovative approach to public services. This resonated with the emerging third way claim that new labor saw at once as a radical departure from the conservative government and pragmatic response to the problems of the day. Clarke and Stewart (1997) identified some of the wicked issue which requires holistic thinking and a new style of governance

which has the capacity to think and work across organizational boundaries and employ innovative ways of involving the public in developing responses. Clarke and Stewart were not alone in making the claims that joined-up government implies a new style of government; many other political scientists and thinkers also endorsed these views. *Leat, Seltzer, 6 and Stoker* claimed that this epoch will continue well into the first decade of this new century (Stoker et al. 1999). Similarly Rhodes suggested that there has been a shift away from top-down government toward governance where power is more dispersed (Rhodes 2000). He argued that this implies a change in the way public services are delivered. In summary he argued that we have seen the emergence of a class of problems whose causes are so complex and whose solutions are so multifactorial that they require multiagency response. The spatially and functionally fragmented, professionally dominated, bureaucratic model accountable vertically to a minister suddenly seemed old-fashioned and ripe for modernizing. It can thus be seen that much of the political science literature complimented the claim that models of public service delivery should change profoundly. These mostly suggest that the new model (joined-up government) was simply a necessary response to a wider change (Clarke 2000). Much of these literatures did draw on the concept of governance to examine this shift (Stoker 1998). Although the term governance was not used consistently (Pierre and Peters 2000), among other things, it did gesture toward new types of public-private partnership where flatter relationship would exist between organization having a blurring of boundaries and previous distinct function aiming to execute new ways of managing the consequential partnership.

## Objectives and Purpose

Joined-up government is about aligning agencies and in some cases individuals and their communities and orienting them toward shared goals. At the core of all joined-up governance approaches lies coordination which is an effective tool for efficient planning, implementation, and monitoring. The concept on the one hand provided information to the community that understands their values and concerns and invites them to participate actively in public decision-making. Main objectives of the joined-up government are summarized below:

(a) Ensure access to government services is seamless rather than fragmented and friendly for the individual and society.
(b) Institute measures to eliminate situations where policies undermine one another.
(c) Using resources better.
(d) Launch deliberate efforts to create synergies through partnership between stakeholders from different levels and organizations.
(e) Ensure participation of all concerned stakeholders on all the public policy areas.

## Principles

Joined-up government is the product of a strong planning context and the exploitation of existing policy pathways. Top-down policy making is complemented by horizontal whole of government policy, vertical intergovernmental policy, and bottom-up participating governance, which draws the community into the policy design delivery and evaluation. Top-down policy making has the benefit of authority; centrality has the benefit of error agency cooperation, collaboration, and data sharing. Vertical intergovernmental process has the synergistic potential to scare resources into improve integrated outcomes. Bottom-up participating governance brings the community into policy development.

Joined-up governance describes a strategy that aims to coordinate and implement policies across government structure. This is done by developing cooperation and coordination mechanism and tools that link up efforts at local, regional, and international level as well as different government sectors. Joined-up governance involves not only government departments and agencies but also independent bodies and civil societies to work across organizational boundaries toward one

common goal of delivering service. Some of the major principles that are necessary for the coordination of a joined-up approach are shown below:

(a) Joint commitment and mutual recognition. Each sector/level of government is politically committed to joined-up governance. Each sector/level is also aware of and explicit about its positions and roles and those of other sectors/levels.
(b) Division of responsibilities. The responsibilities for policies and actions are effectively distributed between and within levels of governance, avoiding duplication of interventions and ensuring that the rights of all individuals and groups are taken into account.
(c) Sharing resources. Coordination requires that resources are adequately distributed between levels of government. When competences are developed to local and regional authorities, it is of vital importance that state governments also provide the material resources for their effective exercise.
(d) Sharing and spreading information. Information must be regularly circulated among all levels and sectors of government. Such routines avoid overlap implementation. Information sharing also makes it more possible to address lapses or gaps.

## Various Dimensions

Since the practices associated with joined-up government are wide, ranging it would be appropriate and pragmatic if the total concept is discussed and organized from differing dimensions. The concept can be validated and evolved from the dimension concerning the internal life of each of the sub-organization along with the issues concerning the interorganizational life covering shared leadership, pooled budget, and merged structure. Other dimension covered the aspects of delivery of services incorporating joint consultation with clients for developing a shared focus in order to promote a contended client along with other important issues accommodating accountability upward and target setting from above. These can ensure effective public and private partnership which would be able to deliver efficient public service. Partnership is at the center of joined-up government which offers prospects of securing greater value for money through the coordination of activities.

Hood (1992) identified the problem arising from modern government becoming multi-bureaucratic, where in the process of "policy delivery" can become increasingly complex and the manipulation of the overall system from the center can become much more difficult to achieve and dangerous to the system's professed values. (Hood 1982).

### Selected Examples and Global Practices

Although the notions of joined-up government are derived from the United Kingdom, its principles are universal and accepted by many of the developed nations. Experiences of the practice of joined-up government by some of the developed countries are enumerated in the succeeding paragraphs.

**Australia**: In Australia, the three main types of joined-up working were practiced: firstly between the federal and state governments, secondly between officials providing similar service across the country, and thirdly partnerships between public and private sectors. Their joined-up system was mostly top-down until the 1990s. The need for joined-up working was accepted both centrally and locally. For example, central government had led a coordinated response to external trade pressures and international agreements, and locally it had been able to deliver information to the public more efficiently. Officials had benefited from receiving technical and practical information. However, there were obstacles which included maintaining of secrecy which resulted into suspicion from the public and weakly developed cross-cutting measurement leading to inefficient performance management.

**Canada**: In Canada joined-up working was practiced in two methods, firstly, between the federal government and the local states and territories and secondly, between all the departments. The round of public sector reforms initiated by the "program" which was reviewed in 1994 made it

possible for public services to share their resources. These have contributed to a significant increase in joined-up governance. Performance targets were also used to coordinate joined-up working. Cross-cutting performance targets were found to be helpful. For example, the Great Lakes 2000 initiative brought together Environment Canada, six other federal ministries, and four Ontario Province ministries. It used 50 performance targets for environmental and health improvements. But the initiative had some obstacle also. The decision-making was observed to be often hidden from the public, and poor-quality information made performance management less effective.

**The Netherlands**: In the Netherlands joined-up government was extended in three directions, firstly between the central and the local levels of government (e.g., the Ministry of Home Affairs promotes modernization in local government), secondly between government departments (e.g., the cabinet's annual interdepartmental reviews), and thirdly between "social partners" (e.g., in advisory groups). The Netherlands had been successful in many respects. Successes were associated with low strike rates, the successful management of rising welfare costs, and the management of difficult ethical issues such as abortion. However, involving many partners in decision-making and in delivering services has also made coordination difficult for the government.

**New Zealand**: With a relatively small and centralized system of governing, joined-up government in New Zealand had mainly involved coordinating central government departments to provide joined-up services on the ground. For example, Strengthening Families aims to improve the well-being of families, and it was supported by the Ministries of Health and Education, the Ministry of Social Policy, and many other central agencies.

The use of strategic priorities and overarching goals was a bold attempt to coordinate joined-up working. In areas such as care for older people, it had helped to bring agencies together at both national and local levels. However, the impact of this on the work of departments was often limited. Strategic priorities only partly determined the way departments work.

**The United States of America**: Joined-up government in the United States was first of all between the federal government and the state governments. For example, the Federal Executive Boards did spread best practice throughout the public sector. The states had independent powers in many areas and shared responsibilities in others. The United States provided a wide variety of joined-up working experience with each state often finding new ways of delivering services. However, with so many programs, and new programs being developed all the time, it was often difficult to measure success.

## Obstacles and Challenges

While joined-up governance appears to be logical and desirable, its effective implementation hinges on overcoming a number of challenges. It has been seen that the lack of coordination and cooperation among different sectors and levels of government can hamper an effective government response. Following issues can limit or undermine joined-up approaches of the government:

(a) **Lack of cooperation in the implementation between levels of government**

Sometimes it is not easy to apply legislation or mainstream policies throughout all levels of government. Challenges arise due to poor cooperation and coordination among different levels of government. The result is that local and regional authorities are insufficiently involved in the planning, implementation, and monitoring. Consequently, local and regional authorities may not achieve best result desired by the government.

(b) **Lack of consideration of the division of responsibilities among levels of government**

Very often national level decision-making bodies fail to account for local and regional level action properly and vice versa. Failure to take account of the distribution of responsibilities between different levels, and/or resource allocation that does not match these responsibilities, may lead to insufficient attention to the service delivery at the local level.

(c) **Lack of training in accomplishing the priority task of the government**

The important role of public employees those working in the government sectors are

generally underestimated. The result is that public officials are not given the training necessary to align their day-to-day work performance in public service delivery. It is especially important that public officials acquire the knowledge and skills to discharge their duties to contribute to deliver service.

(d) **Limited cooperation with civil society organizations in the field**

Civil society organizations often possess firsthand knowledge on ground as they tend to have more direct access to ongoing activities. With their community links, they are often better equipped to reach out to population. Therefore, these organizations can be important partners enabling the public sector to fulfill their duty for better governance.

## Advantages: The Case for a Joined-Up Government

The benefits of joined-up governance reached everyone when public authorities at all levels work in a coordinated, comprehensive, and integrated manner. It is also more likely that this coordination might help avoid misguided interpretations and downward prioritization to provide better services to the public. A number of advantages may be attained by joining up governance which are enumerated below:

1. **Improving results**: When policies remain sectorial, their reciprocal influence and possible contradictions are often poorly considered and evaluated. Tensions between different policies emerge and often remain unresolved.
2. **Avoiding error**: Joined-up governance requires policy makers to first identify and analyze issues within their sphere of influence. These considerations must take place at the initial stage of the policy process.
3. **Encouraging innovation**: As actors at all levels and sectors coordinate their planning and action, they are more likely to get fresh inputs and ideas and create new policy instrument and methods.
4. **Raising awareness**: The more public officials on all levels work with a joined-up approach, the more they become conscious of the many ways in which their work standard can improve.
5. **Enhancing accountability and transparency**: There is a need to monitor and report on achievements and failures of all policies, to find out whether and to what extent public authority operations live up to their aims. This increases accountability of officials and departments and enables individuals to hold public officials accountable for policy implementation (or non-implementation).

## Epilogue

Modernizing government represents a significant change in the public service environment, and its successful implementation will require new ways of working. The goal of achieving more efficient and effective delivery of public program is one that is shared between public sector managers and also general public. This requires a significant and acknowledged shift in civil service culture as well as change in career structure across the public, private, and voluntary sectors. The government has repeatedly reiterated the theme that joining up requires both a change in leadership style and whole change of culture (www.cabinet-office.gov.uk/innovation/2000/winning/). Joined-up government is the product of a strong planning context and the exploitation of existing policy pathways. Joined-up government was a major element of British government during the first Blair government, and it has rightly attracted a great deal of attention. Although the motions of joined-up government are derived from the United Kingdom, its principles were universal and accepted by many of the developed nations. It is best seen as a strategic response to both the weakness of conventional public administration and the fragmentation of 1980. Despite all the shortcomings, joined-up governance is promising. It is a product of a strong and articulated planning process. Although this concept initiated from Great Britain, its application can be used worldwide with success. The principles and practices of joined-up governance are definitely worth considering. The government can be benefited through a proper usage of the cross agency cooperation, collaboration, and data sharing. Only a

well-planned and structured, adequately resourced, properly managed, and visionary leadership can ensure the success of joined-up governance.

## References

Clarke J (2000) Governing welfare: systems, subjects and states. Paper prepared for Social Policy Association annual conference, July

Clarke M, Stewart J (1997) Handling the wicked issues. A challenge for government. INLOGOV, Birmingham

Hood C (1982) Governmental bodies and governmental growth. In: Barker A (ed) Quangos in Britain: government and networks of public policy making. Palgrave Macmillan, London

Ling T (2002) Delivering joined-up government in the UK: dimensions, issues and problems. Public Adm 80(4): 615–642. Blackwell

Pierre J, Peters BG (2000) Governance, politics and the state. Palgrave Macmillan, London

Rhodes RAW (2000) A guide to the ESRC's Whitehall programme, 1994–1999. Public Adm 78(2):251–282

Stoker G (1998) Governance as theory: five propositions. Int Soc Sci J 50:155

Stoker G, Leat D, Seltzer K, Perry (1999) Governing in the round: strategies for holistic government. DEMOS, London

# Jordanian Public Expenditures: Dynamics, Incrementalism, and Punctuated Equilibrium

Wa'ed Alshoubaki[1] and Michael Harris[2]
[1]Department of Public Administration, The University of Jordan, Amman, Jordan
[2]Department of Public Administration, Tennessee State University, Nashville, TN, USA

## Synonyms

Incrementalism; Jordan; Public expenditure; Punctuated equilibrium

## Definition

*Punctuated equilibrium theory* "addresses both incremental and large budget changes. It asserts that there is a state of equilibrium followed by a punctuated change followed again by equilibrium" (Jordan 2002, p. 202). The *Hashemite Kingdom of Jordan*, known as Jordan, is a Middle Eastern country located in the Levant. Its official currency is the Jordanian dinar, which equals US dollar 1.41. Jordan is an upper-middle-income country.

Decades after Key's (1940) idiosyncratic question about the efficient allocation of public resources, his argument on the lack of budgetary theory causes economists and policymakers to desperately try to find an answer to "on what basis shall it be decided to allocate X dollars to activity A instead of activity B" (p. 121). However, finding an equation or theory to address Key's question has resulted in numerous arguments to date because each country and each state have different criteria and an uncertain environment. From a different perspective, Straussman (1985) commented on Key's idea that there is a failure in economic theory and incremental theory in addressing this question, and he argued that if the budgeting process is a political matter, it is difficult to find a unifying formula for public resource allocation.

The purpose of governmental preparation of public budgeting through allocation and distribution policies is to reduce inequalities and improve the welfare of citizens. However, there are numerous factors that influence the decision process, for instance, economic conditions, ideologies, and unprecedented events such as natural or man-made crises. Therefore, understanding public budgeting is accomplished through economic, management, and political science (Caiden 1990). In this chapter, through the political science lens, we employed the incrementalism and punctuation equilibrium theories. These theories are mutually exclusive, so the existence of one theory would lead us to refute the other one as a theoretical theme of our analysis context and time period.

In essence, the incremental and punctuation equilibrium theories describe the dynamics of government allocation of resources. Some scholars have argued that the punctuation equilibrium theory can be used to explain the budgeting

decision-making process, taking into account the environmental factors (True et al. 2007). It demonstrates how the unsteady political environment and the availability of resources lead to sudden policy breaks in incremental trends (Guragain and Lim 2019). In terms of the strengths of punctuation equilibrium and the pitfalls of incrementalism, Bozeman's and Strussman (1982) incremental theory is less capable of addressing the uncertainty and radical changes in the budgeting decision-making process. The incremental and punctuation equilibrium theories have been extensively explored by economists and public budgeting and policy science researchers, who applied it to democratic and industrial states in European countries and the United States (the second section below discusses part of these studies). However, very few studies have investigated public budgeting theories in developing countries and authoritarian regimes. Thus, this chapter is an expansion of the existing literature on punctuation equilibrium theory with an emphasis on current and capital expenditure in Jordan as a developing and authoritarian state (According to Democracy Index).

Briefly, Jordan is a relatively small country with limited resources that lies in the Middle East region. It gained its independence in 1946 (Sorenson 2018). Jordan is an absolute monarchy with a crown and legislative authority including a council of deputies and house of senators, and the prime minister is appointed by the king and confirmed by the legislature (Jreisat 2017). According to the latest census in 2015, the Jordanian population is 9.5 million (Alshoubaki and Harris 2018). Jordan is challenged by political and economic pressure, such as economic hardship, population boom, high unemployment rate, budget deficit, and limited natural resources (Jreisat 2017). In terms of the governance structure, Jordan faces a fluctuation in the state structure and administration; for example, since its independence, Jordan has appointed 42 prime ministers and was significantly influenced by the International Monetary Fund and World Bank in its fiscal policy and development programs (Jreisat 2017; Massadeh 1999). The turbulent environment in the Middle East has imposed an extra burden on Jordan. For example, the 1967 Arab-Israeli War caused 300,000 Palestinians to seek refuge in Jordan and resulted in military expenses and the loss of the West Bank and Jerusalem, which constituted a quarter of Jordan's gross domestic product (Sorenson 2018). This was followed by the civil war in 1970, which was popularly known as Black September, the economic crisis in the 1980s, and the first and second Iraq invasions and loss of the east borders. Lastly, the Arab Spring and the ferocious civil war in Syria resulted in an influx of 1.2 million Syrian refugees (Sorenson 2018). Moreover, Jordan has an authoritarian regime that relies on the tribal system to keep balance of power in the social context; however, since King Abdullah II came to power, Jordan has accomplished notable progress toward liberalization (Bellin 2004).

To come to a clear understanding of the hallmark theme of the dynamics of national public spending, we sought to examine the distribution of annual changes in Jordanian total public expenditure between 1964 and 2017. We also split the functional spending into current expenditure and capital expenditure to determine which type of spending is prone to punctuation.

This chapter is organized as follows: in the next section, we discuss the theoretical perspectives of the chapter. Then, we present the data and method. In the third section, we demonstrate the key results, and in the last section, we provide the chapter conclusion.

## Theoretical Perspectives

### The Foundation of PET

The incrementalism theory was the prevailing budgeting paradigm in the 1960s and 1970s. It was developed based on the muddling-through theory and bounded rationality of decision-making process that makes sequential limited comparisons rather than comprehensively comparing all alternatives at once (Lindblom 1959). The policymaking process is affected by decision-makers' intellectual capacity and available information to choose satisfactory alternatives (Simon 1957). Wildavsky (1964) asserted that

budgeting is incremental in nature because policy decisions are made in the narrowest sense; a budget is prepared within strict constraint adjustments. The incremental approach simplifies the budget preparation process by considering the spending of the previous year, and any increase or decrease in spending is allocated proportionally (White 1994). However, some scholars question the ability of incremental theory to address the dynamics of public budgeting preparation. Berry (1990), for instance, argued that incrementalism is depleted as a concept and cannot be utilized in all cases; therefore, there are exogenous factors leading changes in the base, and the incremental approach reduces innovative decision-making. Caiden (1989) claimed that incrementalism is insufficient to use in cases of uncertainty and crisis. She provided the nuclear weapon dilemma as evidence of the failure of incremental theory to discuss massive and collective problems. Along the same lines, Leloup (1978) pointed to the influence of politics in changing the base in preparing the public budget; he considered political bargaining to lead to diminishing the relying on the base. Bozeman and Straussman (1982) noted that incrementalism was unable to deal with economic fluctuation during Regan's administration and cannot successfully accomplish spending cuts; they called for adopting a top-down approach. Alternatively, Baumgartner and Jones (1993) established the concept of punctuation equilibrium to explain incremental and large budget changes.

Punctuation equilibrium describes a complex policy process through the combination of information processing and bounded rationality principles; it explains the sudden policy shifts that might occur during a long period of stasis (Baumgartner and Jones 1993). The notion of the punctuation equilibrium theory in public budgeting was built upon evolutionary change and borrowed from biological science to address the stability periods that are broken by radical changes (Cairney 2012). Punctuation equilibrium theory accomplishes prolific advantages in terms of understanding the policy changes in the current turbulent environment and fluctuating political climate and information profusion that go beyond the abrupt changes due to political rational choice perspectives (Theory of democracy (Downs 1957)), but the uneven information processing leads to ignoring significant indicators of problems before governmental action (Eissler et al. 2016). Eisser et al. (2016) asserted that punctuation takes place in any phase of policy process and that it is not, as previously perceived, an agenda-setting approach, and conditions push a window of opportunity to create a large change only. Koski and Workman (2018) investigated information processing and policy change and provided practical lessons under the arch of the punctuated equilibrium theory concept. They cautioned about the negative impact of centralization in solving problems of information search and the importance of numerous venues to enhance citizens' participation and influence.

Czapiewski (2015) claimed that punctuation equilibrium can be utilized in analyzing the policy changes in political systems and political parties and focusing on modern democracy's influence not only in the United States but also in European countries. By investigating the work of Czapiewski (2015), researchers examined the strengths of applying the punctuation equilibrium theory in European countries. Princen (2013) studied the principles of this theory in the European policy process and found that punctuation equilibrium theory provides a systematic way to understand the policy process, facilitates the comparison between European political systems and others, and demonstrates the interaction between institutions and policy development. Punctuation equilibrium theory is pertinent to different realms, such as foreign policy and public budgeting. Joly and Richter (2019) investigated the relationship between changes in allocation of foreign aid and administration size; they concluded that the allocation of foreign aid coincides with punctuation equilibrium and addressed the reasons for changes in policy issues in the political agenda.

## PET in Public Budgeting

As a point in this chapter, we employed the punctuation equilibrium theory to address changes in public budgeting. True (1995) deployed Baumgartner and Jones' (1993) theory

to define the change in public expenditure and found that the drivers of sudden change in spending were the Great Society, Cold War, and military group stockpile. Moreover, Jones, Baumgartner, and True (1998) studied the policymaking process in the United States since 1945 through the percentage change in congressional budgeting and concluded that punctuation happened in programs and subsystems of the US government. Generally, punctuation in the budgeting process happens in an inconsistent decision environment and volatile political atmosphere that leads to a break in the existing state of affairs (Guragain and Lim 2018). At the state level, Breuing and Koski (2006) investigated the incrementalism and punctuation equilibrium in the public expenditure of 50 states from 1984 to 2002 at the functional level; they observed different degrees of punctuation. The occurrence of punctuation is not an absolute fact in federal government; for example, Robinson and Caver (2006) compared the congressional budgetary changes in the period between 1947 and 1975 to congressional budgetary changes in the period between 1976 and 2000; they found very weak evidence for the fitness of the punctuation equilibrium theory.

The generalizability of the punctuation equilibrium theory makes it possible to apply not only at the federal and state level but also at the local level and internationally. To demonstrate, Jordan (2003) examined the decision-making process in local government by analyzing differences in distribution. She discovered that spending distribution fits the punctuation equilibrium theory. By the same token, Kovari (2016) showed the punctuation in the operating and capital spending of Wisconsin's counties, cities, towns, and villages over 19 years. A study by Baumgartner, Foucault, and Abel Francios (2006) indicated that French national budgeting since 1820 has exhibited large breaks from equilibrium norms. The results were similar to the high leptokurtic distribution in the United States budgeting in Jones and Baumgartner's (2005) landmark study.

### PET in Different Governmental Systems

Sebók and Berki (2017) sought to determine the punctuations in Hungarian public expenditure from 1991 to 2013. They found consistency between the distribution of change and punctuated equilibrium theory. The researchers expanded their analysis a year later to offer an insightful explanation for the interruption in Hungarian expenditure between 1868 and 2013 based on the political regime influence and the comparison between democratic systems and autocratic systems. As noted, most studies on public budgeting punctuation equilibrium have focused on big industrial and democratic countries. There is a lack of punctuation equilibrium literature in the context of developing and authoritarian states. In this chapter, we reviewed relatively recent studies assessing the abrupt change in public expenditure in developing countries. The first evidence was from Brazil. Rey, Epp, and Baumgartner (2015) studied the impact of the democratic transition on public expenditure by comparing the distribution of annual change before and after democratic government and interpreted it according to Organization for Economic Cooperation and Development country factors. Moreover, Guragain and Lim (2018) found that public budgeting in Nepal witnessed several changes that caused a break in the incremental flow of the budgeting process.

Indeed, researchers have found shreds of evidence of punctuation equilibrium in public budgeting and proven the applicability and generalizability of its perspectives; however, no theory has been spared from criticism. For example, Givel (2010) critiqued the punctuation equilibrium theory from different dimensions. He pointed to the misuse of the metaphor of evolutionary change because there are differences between biological and public policy punctuation concerning "time frames for change, what constitutes outside disturbances of equilibrium, venues of punctuated equilibrium, level of analysis for change and patterns of change" (Givel 2010, p. 187). Givel (2006) suspected the ability of the punctuation equilibrium theory to indicate the punctuation in some policies, such as the US State Tobacco Policy, Pacific Northwest Forest Policy (Cashore and Howlett 2007), and US Federal Auto Efficiency Policy (Perl and Dunn 2007).

## Data and Methods

In this chapter, we examined the distribution of annual change in national public expenditure in Jordan between fiscal years 1964–1965 and 2017. The data source was the Jordanian Ministry of Finance; data were provided to us directly, in person. Our analysis focused on the total public expenditure, current expenditure, and capital expenditure to see the variation in spending distribution between capital and operating expenditure. We employed the leptokurtic and kurtosis distributions to determine the abrupt change in the incremental trend of public spending. In several empirical studies, researchers used this method (e.g., Jones et al. 1998; Kovari 2016; Robinson and Caver 2006). In *Punctuated Equilibrium: An Agenda-Based Theory of Budgeting*, Jordan (2002) maintained, "The leptokurtic characteristics of budget is consistent with punctuation equilibrium theory, therefore, further empirical examination of punctuation can't rely on the traditional analysis that assumes normality. . .. extreme or punctuated part of a sample can be great importance" (p. 213).

Throughout this chapter, we sought to answer the following questions: (a) Is it absolute incrementalism or punctuation equilibrium theory that can provide a better understanding of the dynamics of Jordanian public expenditure between 1964 and 2017? (b) Is the current public expenditure in Jordan consistent with punctuation equilibrium theory? (c) Is the capital public expenditure in Jordan prone to punctuation equilibrium theory? To answer these questions, we tested three hypotheses, as follows: first (H1), we hypothesized that Jordanian public spending would show normal distribution of annual change from fiscal year 1964 to fiscal year 2017. As discussed in the "Theoretical Perspectives" section, public spending is innately incremental; however, some events lead to drastic change in incremental trends. This assumption is in line with the work of Brown and Halaby (1984), McDowall and Loftin (1984), and McDonald (1984) because they confirmed that the base year spending is the main influence for the next fiscal year spending, to put it simply. We supposed normal distribution of public spending.

Second (H2), we hypothesized that Jordanian current public expenditure would show leptokurtic distribution of annual change in the period of analysis. Generally speaking, the deviation from incremental trends occurs due to changes in political regimes and parties, as well as public opinion (Baumgartner and Jons 1993). The last hypothesis was built upon the work of Musgrave (1938), whose premise was that the operating expenditure fits into incrementalism rather than capital expenditure. In other words, we hypothesized (H3) that Jordanian capital public expenditure would show leptokurtic distribution of annual change in the period of the analysis. The normality test enabled us to determine the nature of public spending through assessment of distribution of annual changes in national spending in Jordan for 53 years $= \left(\frac{\gamma_t - \gamma_{t-1}}{\gamma_{t-1}}\right) * 100$; the analysis time series began 20 years after Jordan's independence from the British mandate to fiscal year 2017. It is worth mentioning that during this period, several events occurred, such as the Arab-Israeli War in 1967; civil war; succession of three kings; national and global economic crises; changes in prime ministers and governing styles; the influx of Palestinian refugees, Iraqi refugees, and lately Syrian refugees; and the repercussions of the Arab Spring.

## Results

In this chapter, we employed the distribution of annual change in national public expenditure from fiscal year 1964–1965 to fiscal year 2017 in an effort to gain a clear understanding of the theme of dynamics of national spending in Jordan. The descriptive analysis and normality illustrate that the national spending is consistent with the punctuation equilibrium theory. The analysis was based on graphical and statistical analysis, as demonstrated in Tables 1 and 2; the skewness and kurtosis values explain the non-normality distribution of total expenditure, current expenditure, and capital expenditure. The histogram

**Jordanian Public Expenditures: Dynamics, Incrementalism, and Punctuated Equilibrium, Table 1** Descriptive statistics for the sample distribution of annual changes in Jordan's public expenditure

| Statistics | Total expenditure | Current expenditure | Capital expenditure |
|---|---|---|---|
| Mean | 0.112209 | 0.113165 | 0.129790 |
| Median | 0.080460 | 0.088446 | 0.064509 |
| Variance | 0.021 | 0.018 | 0.092 |
| Std. deviation | 0.1442999 | 0.1348057 | 0.3029348 |
| Minimum | −0.1787 | −0.2123 | −0.3611 |
| Maximum | 0.7124 | 0.5851 | 1.0673 |
| Interquartile range | 0.1606 | 0.1096 | 0.2906 |
| Skewness | 1.574 | 1.451 | 1.225 |
| Kurtosis | 4.964 | 3.998 | 1.901 |

**Jordanian Public Expenditures: Dynamics, Incrementalism, and Punctuated Equilibrium, Table 2** S-k test of normality

| | df | P (k-s) | P(S-W) |
|---|---|---|---|
| Total expenditure | 53 | 0.006 | 0.000 |
| Current expenditure | 53 | 0.000 | 0.000 |
| Capital expenditure | 53 | 0.002 | 0.000 |

graphs present the non-normality distribution of these spending categories.

In terms of testing the hypotheses, the examination of the hypothesis regarding Jordanian total public expenditure showed that total public expenditure showed normal distribution of annual change from fiscal year 1964–1965 to fiscal year 2017. The statistical analysis led to rejecting the hypothesis; for example, the skewness value of 1.574 and kurtosis value of 4.964 are greater than 1, and the Kolmogorov-Smirnov test for the skewed data suggested strong evidence of non-normality. For approximately normally distributed data, the null hypothesis reached the level of significance. This was opposite to our expectation that public expenditure would be incremental in nature. The second hypothesis that Jordanian current public expenditure would show leptokurtic distribution of annual change in the period of the analysis was rejected. According to the analysis, the skewness value of 1.451 and kurtosis value of 3.998 are greater than 1, and the Kolmogorov-Smirnov test for the skewed data suggested evidence of non-normality. Finally, the examination of the null hypothesis that Jordanian capital public expenditure would show leptokurtic distribution of annual change in the period of the analysis demonstrated that the skewness value of 1.225 and kurtosis value of 1.901 are greater than 1, and the Kolmogorov-Smirnov test for the skewed data suggested strong evidence of non-normality, so the null hypothesis reached the level of significance (Fig. 1).

## Conclusion and Remarks

In this chapter, we addressed the dominant budgeting theory in Jordan as a developing authoritarian and austere state that has experienced different fluctuations in national atmosphere and neighboring countries due to the repercussions of political fragility in the Middle East. We utilized the annual percentage change in national public, current, and capital expenditure from fiscal year 1964–1965 to 2017. The chapter contributes to the existing literature of punctuation equilibrium theory by employing both statistical analysis and graphical methods to discover the spending trends in the period of analysis.

We conclude that the punctuation equilibrium theory provides better understanding of the Jordanian public expenditure dynamics. This was addressed using normality tests and histogram graphs to check normality. In fact, the non-normal distribution demonstrated the abrupt change in the incremental trends of public spending and demonstrated punctuation. In the

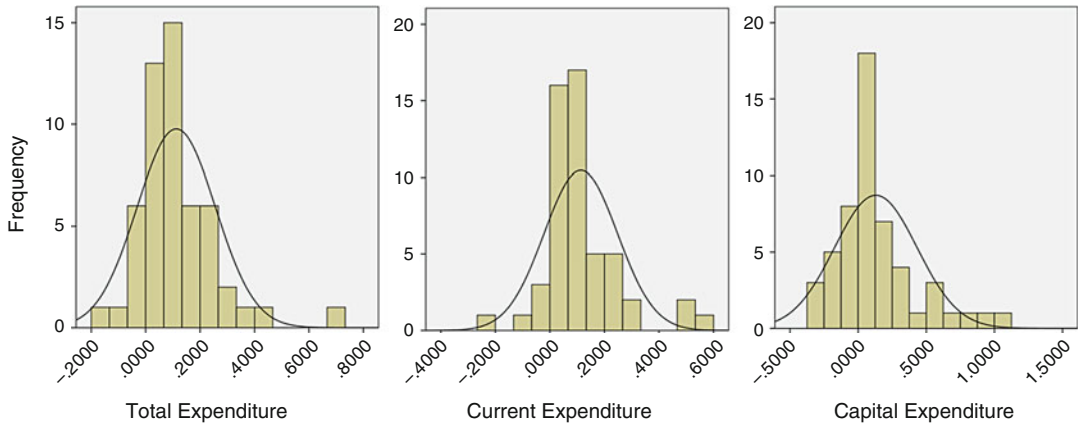


**Jordanian Public Expenditures: Dynamics, Incrementalism, and Punctuated Equilibrium, Fig. 1** Distribution of annual changes in Jordan's public expenditure

same vein, the distribution of annual percentage changes of current expenditure and capital expenditure was prone to punctuation equilibrium theory in the period of spending. We supposed that Jordanian spending, in light of limited resources and austerity, would be incremental, as Bozeman and Straussman (1982) argued that in case of economic problems and austerity, governments are inclined toward piecemeal budgeting. However, the results are congruent with existing studies that addressed the punctuated spending in developing countries and authoritarian regimes, such as the study of Guragain and Lim (2018) on Nepalese budgeting and its relationship with political instability and the landmark study of Rey, Epp, and Baumgartner (2015) on the effect of democratic transition on public budgeting. In this analysis and in the case of Jordan, we could not determine the causes of punctuations, but, as discussed above, there are many possibilities. Therefore, this study opens up space for future research to define the main drivers of radical change in public spending in both current and capital expenditure.

## References

Alshoubaki W, Harris M (2018) The impact of Syrian refugees on Jordan: a framework for analysis. J Int Stud 11(2):154–179. https://doi.org/10.14254/2071-8330.2018/11-2/11

Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. Chicago, IL, and London: University of Chicago Press

Baumgartner FR, Foucault M, François A (2006) Punctuated equilibrium in French budgeting processes. J Eur Publ Policy 13(7):1086–1103. https://doi.org/10.1080/13501760600924191

Bellin E (2004) The robustness of authoritarianism in the Middle East: exceptionalism in comparative perspective. Comp Polit 36(2):139. https://doi.org/10.2307/4150140

Berry WD (1990) The confusing case of budgetary incrementalism: too many meanings for a single concept. J Polit 52(01):167–196

Bozeman B, Straussman JD (1982) Shrinking budgets and the shrinkage of budget theory. Public Adm Rev 42 (6):509–515

Breunig C, Koski C (2006) Punctuated equilibria and budgets in the American states. Policy Stud J 34(3):363–379

Brown MC, Halaby CN (1984) Bosses, reform and socioeconomic bases of urban expenditure, 1890–1940. In: McDonald TJ, Ward SK (eds) The politics of urban fiscal policy. Sage, Beverly Hills, pp 69–99

Caiden N (1989) Budgeting for time-bombs: recent general accounting office reports on the crises of the nuclear weapons complex and the savings and loan industry. Public Budg Financ 9(4):83–92. https://doi.org/10.1111/1540-5850.00841

Caiden N (1990) Public budgeting in the United States: the state of the discipline. In: Lynn NB, Wildavsky A (eds) Public administration: the state of the discipline. Chatham House, Chatham, pp 228–255

Cairney P (2012) Understanding public policy: theories and issues. New York: Palgrave https://doi.org/10.1007/978-0-230-35699-3_9

Cashore B, Howlett M (2007) Punctuating which equilibrium? Understanding thermostatic policy dynamics in

pacific northwest forestry. Am J Polit Sci 51(3):532–551
Czapiewski T (2015) Reconciling incrementalism with policy change. The punctuated equilibrium theory in political science. Athenaeum Polskie Studia Politologiczne 48(4):37–50. https://doi.org/10.15804/athena.2015.48.03
Downs A (1957) An economic theory of political action in a democracy. J Polit Econ 65(2):135–150
Eissler R, Russell A, Jones BD (2016) The transformation of ideas: the origin and evolution of punctuated equilibrium theory. In: Peters B, Zittoun P (eds) Contemporary approaches to public policy. International series on public policy. Palgrave Macmillan, London
Givel M (2006) Punctuated equilibrium in limbo: the tobacco lobby and U.S. state policymaking from 1990 to 2003. Policy Stud J 34(3):405–418
Givel M (2010) The evolution of the theoretical foundations of punctuated equilibrium theory in public policy. Rev Policy Res 27(2):187–198. https://doi.org/10.1111/j.1541-1338.2009.00437.x
Guragain HP, Lim S (2018) Nepalese budgetary dynamics: following Incrementalism or punctuated equilibrium? Public Organ Rev. https://doi.org/10.1007/s11115-018-0418-6
Guragain HP, Lim S (2019) Budget punctuations and incrementalism. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Joly JK, Richter F (2019) Punctuated equilibrium theory and foreign policy. In Foreign policy as public policy? Promises and pitfalls (pp. 41–64). Manchester, UK: Manchester University Press
Jones BD, Baumgartner FR (2005) The Politics of Attention: How Government Prioritizes Problems. University of Chicago Press
Jones BD, Baumgartner FR, True JL (1998) Policy punctuations: US budget authority, 1947–95. J Polit 60:1–33
Jordan MM (2002) Punctuated equilibrium: an agenda-based theory of budgeting. In: Khan A, Hildreth WB (eds) Budget theory in the public sector. Quorum Books, Westport
Jordan M (2003) Punctuations and agendas: a new look at local government budget expenditures. J Policy Anal Manage 22(3):345–360
Jreisat JE (2017) Public administration reform in Jordan: concepts and practices. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1387991
Key VO (1940) The lack of budgetary theory. Am Polit Sci Rev 34(6):1137–1144
Koski C, Workman S (2018) Drawing practical lessons from punctuated equilibrium theory. Policy Polit 46(2):293–308. https://doi.org/10.1332/030557318x15230061413778
Kovari J (2016) Applying punctuated equilibrium theory to municipal and county operating and capital budgets. J Public Budg Account Financ Manag 28(4):405–435. https://doi.org/10.1108/JPBAFM-28-04-2016-B001
Leloup LT (1978) The myth of incrementalism: analytical choices in budgetary theory. Polity 10(4):488–509. https://doi.org/10.2307/3234402
Lindblom CE (1959) The science of muddling through. Public Adm Rev 19(2):79–88
Massadeh AE (1999) The structure of public administration in Jordan: a constitutional and administrative law perspective. Arab Law Q 14(2):91–111
McDonald TJ (1984) San Francisco: socioeconomic change, political culture, and fiscal politics, 1870–1906. In: McDonald TJ, Ward SK (eds) The politics of urban fiscal policy. Sage, Beverly Hills, pp 39–67
McDowall D, Loftin C (1984) Conflict, Crime, and Budgetary Constraint: Police Strength in Detroit, 1927–1976. In TJ McDonald and SK Ward (eds.), The Politics of Urban Fiscal Policy. Beverly Hills: Sage Publications 101–124
Musgrave RA (1938) The voluntary exchange theory of public economy. Quarterly Journal of Economics 53 (2):213–237.
Perl A, Dunn JA (2007) Reframing auto fuel efficiency policy: punctuating a North American policy equilibrium. Transp Rev 27:1–35
Princen S (2013) Punctuated equilibrium theory and the European Union. J Eur Publ Policy 20(6):854–870
Rey B, Epp D, Baumgartner F (2015) Punctuated equilibrium in public budgeting in authoritarian and democratic Brazil. Paper prepared for presentation at the annual meetings of the Midwest Political Science Association, Chicago, IL, April 16–19
Robinson SE, Caver FSR (2006) Punctuated equilibrium and congressional budgeting. Polit Res Q 59(1):161–166. https://doi.org/10.1177/106591290605900114
Sebók M, Berki T (2017) Incrementalism and punctuated equilibrium in Hungarian budgeting (1991–2013). J Public Budg Account Financ Manag 29(2):151–180. https://doi.org/10.1108/jpbafm-29-02-2017-b001
Simon HA (1957) Administrative behavior: a study of decision-making process in administrative organizations, 2nd edn. The Free Press, New York
Sorenson, D. (2018). An Introduction to the Modern Middle East(2nd ed). New York: Routledge. 10
Straussman JD (1985) V. O, key's "the lack of a budgetary theory": where are we now? Int J Public Adm 7(4):345–374. https://doi.org/10.1080/01900698508524496
True J (1995) Is the national budget controllable. Public Budg Financ 15(2):18–32
True JL, Jones BD, Baumgartner FR (2007) Punctuated-equilibrium theory: explaining stability and change in public policymaking. In: Sabatier PA (ed) Theories of the policy process. Westview Press, Boulder
White J (1994) (Almost) Nothing new under the sun: why the work of budgeting remains incremental. Public Budg Financ 14(1):113–134. https://doi.org/10.1111/1540-5850.01002
Wildavsky AB (1964) The politics of the budgetary process. Little, Brown, Boston

J

# Judeo-Christian Leadership in the Public Sector

Stephen M. King[1] and Abbylin Sellers[2]
[1]Department of Government, History, and Criminal Justice, College of Arts and Sciences, Regent University, Virginia Beach, VA, USA
[2]Department of History and Political Science, Azusa Pacific University, Azusa, CA, USA

## Synonyms

Biblical principles; Government; Leadership; Management

## Definition

Judeo-Christian leadership is defined as the understanding and use of (a) leadership principles and illustration drawn from biblical scripture, with (b) particular focus upon biblical characters and events that reflect these principles and practices.

## Introduction

What is leadership? Leadership focuses on getting people to accomplish goals and fulfill purposes. Leaders identify vision, establish mission, develop a strategy, locate and process information, and ultimately motivate people to address the problem. Today, public leaders are challenged by events large and small that significantly alter lives. This ranges from the mundane of budget overruns and personnel problems to the major, including terrorist bombings, mass shootings, and natural disasters. Because of perceived indecisiveness or even incompetence on behalf of some public leaders, the public is losing trust in government and its leaders. A recent survey found that 71% of Americans said government leaders are "not at all" or "somewhat" not credible (Harrington 2017). What is happening? Why do Americans have such low levels of confidence and trust in their public leaders?

Some leadership observers, such as Gilbert Fairholm (1997), argue there is a crisis: a crisis of meaning. Crisis of meaning cuts to the core of leadership potential. It robs leaders and organizations of true worth; it cripples them, rendering them anemic and ineffective. Crisis of meaning cuts across the boundaries of administration, business, politics, ministry, education, and other organizations and institutions. Crisis of meaning negatively affects not only organizational performance and outcomes, but neuters the power of vision, purpose, and leadership credibility.

At the heart of crisis of meaning is a lack of attention on the meaning and importance of the human spirit. The human spirit is the animating force at the core of human beings. The human spirit guides and directs individuals' thoughts and actions, whether privately or publicly. The increasing interest in the role of spirituality and religious principles for leadership today (Fry 2003) suggests that a more focused understanding and greater appreciation for the role of the human spirit in public leadership is needed. Being a good public leader requires more than simply balancing the bottom line or meeting metrics for efficiency and effectiveness. It requires adherence to the principles of leadership that are found in the meaning of spiritual faith. This entry chapter will examine the Judeo-Christian faith tradition.

## Definition of Judeo-Christian Leadership

Judeo-Christian is a phrase that refers to the religious tradition centered in the ethical, historical, and religious tenets associated with both the Jewish and Christian faiths. Although other non-Judaic and Christian faiths, such as Islam, have significantly contributed to our understanding of faith and spirituality and specifically applied to leadership, this entry chapter will focus exclusively on the influence of Judeo-Christianity. Certainly, there are major differences between Judaism and Christianity, not the least of which is the Jewish rejection of Jesus Christ as the Messiah. However, there are some theological similarities between Judaism and Christianity, such as the preeminence of Jehovah God, sharing of passages of

sacred text that warrant further attention, especially as they affect leadership and address the crisis of meaning. Despite some challenges of using the phrase from a theological standpoint, it is beneficial when applied to understanding and appreciating aspects of leadership principles.

Judeo-Christian leadership is defined as the understanding and use of (a) leadership principles and illustration drawn from biblical scripture, with (b) particular focus upon biblical characters and events that reflect these principles and practices. The use of leadership principles, biblical characters, and events drawn from Scripture emphasize a range of human virtues and weaknesses. Principles in general are important because they contain fundamental truths or propositions that provide the foundation for human beliefs and behaviors. Scriptural leadership principles, for example, include human character, wisdom, compassion, servanthood, knowledge, and truth-seeking. Judeo-Christian leadership principles are largely understood and applied to religious leaders, specifically those in church and para-church organizations and institutions. An important point of this entry chapter will highlight several key leadership principles and demonstrate their conceptual and practical use for public sector leaders. [A point of clarification is appropriate: not all Judeo-Christian leadership principles have been perfectly practiced throughout history, including the present age. This is because humans, regardless of their religious and spiritual values conception and training, are imperfect. This entry chapter is simply an opportunity to identify, describe, and discuss leadership principles and practices framed within one specific religious and spiritual framework.]

Spiritual leadership is a term that is more popular in secular leadership literature than the term Judeo-Christian leadership. The term's secular organizational and institutional popularity is largely because it is not specifically tied to or equal with specific religious institutions or traditions, such as Judaism, Christianity, or Islam. Spiritual leadership is derived from the concept "spirituality," whose root is "spiritual." Spiritual comes from the Latin word *spiritus*, which means "breath" or "breathing." The Greek word is *pneuma*, which is more introspective, being translated "spirit, mind, soul, and breathing." All four elements are the essence of the human being, of human life.

Scholars of spirituality tend to connect the human life with "a transcendent being" (Fry 2003), emphasizing that the "basic desire" of humankind is "to find ultimate meaning and purpose in one's life. . ." (Mitroff and Denton 1999). Spiritual leadership, then, emphasizes two elements associated with the Judeo-Christian faith tradition: (a) the dynamism of the human spirit and (b) the revelation of a transcendent reality or vision of life, whether from a divine being or the human spirit.

Judeo-Christian and spiritual leadership hold that the core of the human being is the heart or spirit. Fairholm refers to this as the "emanating force." The transcendent reality or vision of life is the reality (Latin for "thing") that individuals and organizations embrace values that provide a vision and hope for the future (Fry and Slocum 2008, 90). As a result, in many instances the terms are used interchangeably, including Christian Bible teachers (Blackaby and Blackaby 2001) and scholars who examine spirituality and ethical leadership in the workplace (King 2006, 2013). For continuity and clarity's sake, the remainder of this entry chapter will use the term Judeo-Christian leadership exclusively.

This entry chapter will identify and discuss six principles of Judeo-Christian leadership. These principles are supported by Scriptures, using examples and illustrations from both biblical text and secular literature. The principles are not inclusive of all public leadership functions and behavior; however, they aid the reader in understanding the spiritual, ethical, and moral role and functions of public leaders. The principles are *character; fidelity of authority; vision, mission, and strategy; wise decisions; servant leadership;* and *mitigating conflict.*

## Judeo-Christian Leadership Principles in the Public Sector

*Character*. According to Greek tradition, character is the imprint of the human spirit. It is the core

of a person. Character establishes a public leader's personal priorities, securing the foundation for integrity, influencing the public leader's vision, goals, work ethic, attitude, and behavior. In the New Testament, the Apostle Paul identified in I Timothy 3:1–13 and Titus 1:5–9 (KJV) several traits of character required for leadership in the first-century church. For example, in the I Timothy 3 (KJV) account, Paul argues that church leaders should display "spiritual maturity" (v. 2), such as perseverance, forgiveness, courage, humility, and vulnerability. Leaders should "moderate personal habits" (v. 3), such as drinking and selfishness. And church leaders are to exhibit character traits that "beyond reproach" (v. 7), desiring to pursue action that is moral and upright, authentic and filled with integrity of purpose and action. These traits are acquired and not innate, and thus they represent the ethical and moral position public leaders should strive toward.

Critics argue that public leaders are not church leaders. This is true: public leaders are not church leaders; however, public leadership, like church leadership, is based on the ethical foundation of character. Ethical public leaders demonstrate respect, serve others, are just and honest, and strive to build community, both within and outside their jurisdictional authorities. They build relationships between themselves and their followers and serve their constituents before themselves. Ethical public leaders exhibit the highest level of character. They not only pursue the right goal or objective, but do so for the right reason.

*Fidelity of authority.* Fidelity is faithfulness or loyalty to a cause greater than the person. It is derived from the French term, *fidelite*, which in turn is derived from the Latin word, *fidelitatem*, meaning "faithfulness or adherence to something greater." According to the Apostle Paul in I Timothy 3, leaders cannot be "self-willed" or "think of themselves first" (v. 8). The self-willed person is not a leader at all, given that by definition he rejects the welfare of others. A self-willed, or arrogant, person pursues a personal agenda, asserting personal bias in decision-making matters.

Likewise, public leaders are not to be self-willed or arrogant. Public leaders should be committed to a cause or purpose greater than themselves: the public good. If public leaders embrace public virtues such as loyalty, trust, and commitment, then they cannot lead from a self-centered position. A public leader's fidelity of authority is grounded in personal and organizational loyalty and faithfulness to a cause or purpose greater than oneself. The US President's responsibility, for example, is to adhere to the precepts of the USA. Constitution. First responders as well are bound to "protect and serve" the citizens in their local jurisdictions, setting aside their personal desires and goals. Disloyalty or faithlessness to these tenets, demonstrates the public leader's lack of commitment and fidelity to the greater public good.

*Vision, mission, and strategy.* The Bible reflects the articulation, clarification, and provision of vision, mission, and strategy. Countless times throughout the Bible, there are examples where individuals, groups, tribes, or nations sought clarity of vision and mission, while establishing a plan or strategy to carry out the mission. In the Old Testament, for example, Nehemiah had a vision to rebuild the wall that surrounded Jerusalem (Chapter 1, KJV). His mission was supported by the financial and political support of King Artaxerxes I of the Achaemenid Persian Empire [Reign 465–424 BC] and the commitment of the people in Jerusalem (Chapter 2, KJV). Nehemiah established a strategic plan to build the wall, enlisting the aid of workers with specialized skills, maintaining an efficient work schedule, overseeing the administrative aspects, and fending off enemies who tried to stop the work (Chapters 3–6, KJV). In the New Testament, Jesus chastises the Pharisees for not understanding the true vision of the Messiah: to address deep-felt spiritual needs. The Pharisees established religious codes, rules, and regulations for maintaining all aspects of people's lives but failed to see the weightier, spiritual matters that demonstrate concern for the human condition (Matthew 23: 16–24, KJV).

Public leaders have the same opportunity: to create a vision that fulfills both the needs of people and the organization. Public leaders develop a mission that envisions leaders and followers working together to create a service that meets the expectation of the public. Public leaders, working in concert with co-workers, clientele,

public at large, and nonprofit and faith-based organizations, devise plans that meets organizational goals and enriches the quality of lives. Public leaders are required to "create vision, develop a mission, and develop strategy" in an organizational culture conducive to developing relationship, community, and trust (Fry and Slocum 2008, 90–91).

*Wise decisions*. Decision-making is an important element of public leadership. Judeo-Christian leadership focuses on various components of making wise decisions, but two are notable: drawing strength from God or the Divine Being (Isaiah 41:10 KJV) and utilizing wise counsel (Proverbs. 1:5, KJV). In Moses' final days, for example, he speaks frankly and openly to Joshua regarding the need to depend upon God for courage and strength: "Be strong and of good courage, do not fear nor be afraid of them (i.e. enemies); for the Lord your God, He is the One who goes with you. . ." (Deuteronomy 31:6, KJV). Likewise, wise leaders invoke the words of counsel for safety and direction (Proverbs 11:14, KJV), while providing inexperienced leaders with relational support mechanism (Proverbs 12:15; James 1:5, KJV).

Making wise decisions for the public sector requires guidance and counsel but information as well. Wise decisions cannot be made without the public leader having sufficient information to draw from. Today, public leaders have ample information at their disposal, primarily information that comes through calculations of data, assembled in computer databases, spreadsheets, and via forms of information technology. It is the not the amount or detail of the information that is important; it is the will or courage of the public leader to decide. Combine sound information, inner strength and reliance, counsel from others, courage, and intuition, and public leaders have the necessary tools to make wise decisions.

*Servant leadership.* Servant leadership is the bulwark of public leadership. In Mark 10:43b-45 (KJV), for example, Jesus says ". . .whoever desires to become great among you will be your servant. And whoever of you desires to be first shall be (servant) to everyone. For even the son of Man did not come to be served, but to serve. . ." The servant leader is humble and willing to sacrifice material gain for eternal rewards (John 15:20; Colossians 1:24, KJV). Servant leaders encourage and foster in-depth personal and work-related relationships, not only because workers who enjoy working with each other perform better but also because relationships form long-lasting bonds (Proverbs 20:18; Luke 6:12–16, KJV).

Servant leadership theory has become increasingly notable in academic (Weinstein 2013) and popular (Greenleaf 2002, 25th anniversary revised edition) circles. Robert Greenleaf's model focuses on building relationships, encouraging individual and organizational trust, and ultimately leading to increased organizational performance and effectiveness. The servant leader bridges the gap between the organization he leads with the community in which he works. Bridge building breaks down barriers that prevent relationships and in turn fosters trust. Public leaders are entrusted by the body politic to care for and oversee public resources and enact policies that meet the needs of the public good. Stewards of public goods must exercise proper judgment concerning a "right or wrong" or "good or bad" decision.

*Mitigating conflict*. Whereas today's public culture is highly divisive and partisan, Judeo-Christian leadership is committed to promoting peace and negating conflict. The world seeks to promote and flaunt authority. Judeo-Christian leadership seeks to better the lives of followers. At the heart of strife and division is sin, or separation from the sovereign God (James 4:1–12, KJV). The role of the public leader is to not cause divisions, but to promote unity between factions so that the greater common good can be reached.

Public arbitration is to focus on the person, but arbitration means not only resolve the issue, but bring people to heartfelt and soul-centered change (Keegan 1987). Justice, equity, and equality are excellent values to pursue, but if the person's heart is not changed, then the negotiations have failed their biblical purpose (Matthew 23; I Corinthians 6, KJV). Peacemaking is achieved through civil communication and truth-telling (Mark 9:33–36, KJV). When conflicts arise between two people, especially Christians, it is the responsibility of the one who is wronged to go directly to the perpetrator of the wrong and confront in an honest and

transparent way. A third party may accompany, but the goal is to talk with each other, reasoning and clarifying the issue, and work toward an amicable agreement or settlement regarding correcting the wrong (Matthew 18:15–17, KJV). Building relationships based on unity of the heart and an attitude of forgiveness is the hammer needed to break the bonds of divisiveness and dislike (I Corinthians 1:10; Romans 12:10; Ephesians 4:2, KJV).

## Conclusion

If Gilbert Fairholm is correct and there is a "crisis of meaning" in leadership today, then one answer is the continuing evolution and application of Judeo-Christian leadership principles in the public sector. Judeo-Christian leadership principles of *character; fidelity of authority; vision, mission, and strategy; wise decisions; servant leadership;* and *mitigating conflict* reflect some of the basic elements of public leadership and can be universally applied.

The practical application of these principles provides an opportunity for public sector leaders to not only address human weaknesses but also to demonstrate human virtue in leading. If public sector leaders seek to lessen this "crisis of meaning," these principles reflect the inherent need for personal ethical and virtuous character, while emphasizing the commitment for increased organizational performance.

## Cross-References

► Ethical Leadership
► Spiritual Leadership

## References

Blackaby H, Blackaby R (2001) Spiritual leadership: moving people onto God's agenda. Broadman and Holman Publishers, Nashville

Fairholm GW (1997) Capturing the heart of leadership: spirituality and community in the new American workplace. Greenwood Publishing Group, Westport

Fry LW (2003) Toward a theory of spiritual leadership. Leadersh Q 42(6):694–719

Fry LW, Slocum JW Jr (2008) Maximizing the triple bottom line through spiritual leadership. Organ Dyn 37(1):86–96

Greenleaf R (2002) Servant leadership: a journey into the nature of legitimate power and greatness, 25th anniversary edn. Paulist Press, New York

Harrington M (2017) Survey: people's trust has declined in business, media, Government and NGOs. Harvard Business Review. Available https://hbr.org/2017/01/survey-peoples-trust-has-declined-in-business-media-government-and-ngos

Keegan JM (1987) The peacemakers: biblical conflict resolution and reconciliation as a model alternative to litigation. J Disput Resolut 1987(4):1–25. Available at: https://www.scholarship.law.missouri.edu/jdr/vol1987/4

King SM (2006) The moral manager: vignettes of virtue from Virginia. Public Integr 8(2):113–133

King SM (2013) Leadership for the body of Christ: developing a conceptual framework of spiritual leadership from 1 Timothy 3:1-7 and Titus 1:6-9: identification and explanation of a spiritual leader's personal priorities, fidelity of authority, and community responsibility. J Biblic Perspect Leadersh 5(1):3–40

Mitroff II, Denton EA (1999) A spiritual audit of corporate American: a hard look at spirituality, religion, and values in the workplace. Jossey-Bass, San Francisco

Northouse P (2019) Leadership: theory and practice, 8th edn. Sage, Los Angeles

Van Wart M (2005) Dynamics of leadership in public service: theory and practice. M.E. Sharpe, New York

Weinstein RB (2013) Servant leadership and public administration: solving the public sector financial problems through service. J Manage Policy Pract 14(3):84–91

# Judicial Oversight of Bureaucracy

Md. Awal Hossain Mollah
Department of Public Administration
University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Judicial activism; Judicial advice; Judicial charge; Judicial guidance; Judicial review; Judicial stewardship; Judicial supervision; Judicial surveillance

## Definition

Judicial oversight refers to the process by which the judiciary examines the legality of any action of a person or authority, public or private, in accordance with the provisions of the Constitution or any law of a country. Thus, judicial oversight of bureaucracy refers to the procedures and mechanisms of the judiciary by which the functions of bureaucracy are scrutinized and tested based on evidence for its validity or legitimacy.

## Introduction

This chapter deals with a vital issue of governance that is judicial oversight of bureaucracy by which individual rights and accountability of bureaucrats are ensured. Judicial oversight has some common types widely and popularly used globally such as judicial review, judicial supervision, judicial activisms, and judicial advice (Mollah 2014). Typically, judicial review is used for judicial oversight of bureaucracy globally. However, judicial activism is used significantly in South Asia including Bangladesh for the last 20 years. Both judicial review and judicial activisms are closely related to the world famous case of **Marbury vs Madison** in 1803 declared by Chief Justice John Marshall of the USA. In this case, C. J. John Marshall explained that the court has the rights to say "what the law is? A law must be consistent with the Constitution. If there is any inconsistency between a law made by the Congress and the Constitution, it is the duty of the court to enforce the Constitution and ignore the law." Thus, he laid down the foundation of two concepts – judicial review and judicial activism (cited in Lal 2004). These two basic forms of judicial oversight are used mainly as judicial oversight of bureaucracy like very effective means for protecting and promoting individual rights through ensuring accountability and transparency of bureaucracy. Judicial oversight is an effective control mechanism of not only the bureaucracy but also the legislature and the judiciary. It also exercises this power for any unlawful/illegal action of any individual or organization (public or private). In this chapter, the main form (judicial review) of judicial oversight of bureaucracy has been analyzed with case references focused on Bangladesh.

## Judicial Oversights of Bureaucracy in Bangladesh

The bureaucracy exercises a huge volume of power to meet the needs and expectations of citizens through administrative and development activities of the government. Today, bureaucracy is not concerned with only pure administrative function but also involved with a large number of quasi-legislative and quasi-judicial functions (Wade 1971). Therefore, they have a number of chances to become arbitrary or master of the citizens. So, it is very necessary to control them. There are three main formal control organs of the government such as executive, legislature, and judiciary. This chapter highlights only judicial oversight over bureaucracy. Judicial oversight of the bureaucracy is primarily linked to the judicial review and judicial activism. Besides, judicial supervision and judicial advice are also used as judicial oversight. In this chapter, only judicial review and judicial activism have been analyzed with suitable case references.

## Judicial Review

Judicial review means the power of the courts to examine the legality of the official act and thereby to safeguard the fundamental and other essential rights of the citizens. The object of judicial review is to ensure that the authority does not abuse its power and the individual receives just and fair treatment (Wilkey 1985). It is the ultimate power of any court to declare unconstitutional and hence unenforceable any law, any official action based on a law, and any other action of a public official that seems to be conflicting with the Constitution (Abraham 1980). Thus, the judiciary is empowered to check a law or an official act of a government employee or agent for constitutionality or for the violation of basic principles of justice. The Supreme Court is also called the absolute

protector of the freedom and liberty, the authoritative interpretation of the will of the citizens, and the ultimate authority to control any exercise of absolute, impulsive, and arbitrary power (Diwan and Diwan 1996).

In the USA, there is in theory almost no limit upon the right of courts to review the decisions of administrative tribunals and agencies. Similarly, Wilkey (1985) mentioned that in the USA, judicial review produces a "summing up" of "all the rules of administrative law, both procedural and substantive, for if an agency violates any of the fundamental rules or due process of law the agency action is sure to be challenged and ultimately nullified by the courts." On the other hand, in the UK, the general theory of judicial control is comparative. It is commonly called the doctrine of ultra vires. The doctrine of ultra vires means beyond the jurisdiction or excess of jurisdiction or lack of jurisdiction. For example, in a leading case of 1948 in the UK, it has been observed that:

An attack was made on conditions attached to a license for Sunday showings at a cinema. The Cinematograph Act 1909 empowered the local council to Sunday opening of cinemas subject to such conditions as the authority think fit to impose. A license was granted subject to the condition that no children under 15 years of age should be admitted, whether accompanied by an adult or not. This total ban on children and indirectly (in effect) on parents was attacked as being unreasonable and therefore ultra vires (Wade 1971).

Bangladesh and other South Asian countries mostly follow this doctrine of ultra vires for judicial review. The power of judicial review in Bangladesh has been established by Articles 7, 26, and 102 (2) of the Constitution of Bangladesh (COB 2011). Articles 2 and 26 of the Constitution enumerate the full judicial power of the Supreme Court to declare a law passed by the legislature inconsistent with the Constitution or fundamental rights' ultra vires (COB 2011). The judicial review of executive and bureaucratic actions has been empowered by Article 102 (2) of the Constitution.

The common grounds of judicial review under the doctrine of ultra vires are abuse of discretion, breach of statutory duty, abuse of power and authority, irrelevant consideration, exceeding jurisdiction, lack of jurisdiction, malice, breach of mandatory condition, ulterior objects and mixed motives, rule against negligence, acting in the wrong manner, and nonobservance of natural justice.

In exercising the power of judicial review, the law court acts on the principles that "the administrative powers can be validly exercised only within their true limits and public officials are not to be allowed to transgress the limits of their authority conferred by the Constitution or statutory laws" (Islam 2003). Moreover, the court exercises the power of judicial review if any administrative or executive decision is mala fide or in violation of the principles of natural justice or due process of law. Some case example of judicial review has been analyzed below.

## Case Analysis

In the case of ***Motiur Rahman* Versus *Bangladesh*** (2005), an important question of law arose as to whether under s 3(2, 3) of Special Power Act 1974 (later used as SPA 1974) a District Magistrate or Additional District Magistrate is empowered to pass an order of detention making the same effect for 30 days from the date of service of the order of detention as was being done since February 17, 1993, following a circular issued by the then Secretary of Ministry of Home Affairs (in this case total no. of writ petitioners were 18 (57 Dhaka Law Report (later used as DLR), 2005, pp. 327–32). In this regard, MA Aziz and Syed Refaat Ahmed, two judges of the High Court Division (later used as HCD), gave a historic verdict by the judgment passed on July 29, 2003. The court held that from a combined reading of s 3(2, 3), as mentioned above, there cannot be any room for doubt or debate that the order of detention made under s 3(2) cannot remain valid after the expiry of 30 days from the date when the order was made.

This was because s 3(3) of Special Power Act, 1974 (later used as SPA 1974) in an unmistakable and unambiguous term stipulated that an order of

detention will operate with effect from the date of making the order and no such order will remain in force for more than 30 days unless in the meantime it has been approved by the government (57 DLR 2005 p. 328). The court added that the District Magistrate or Additional District Magistrate on the basis of an alleged circular dated February 17, 1993, from the Ministry of Home affairs started detaining persons with effect from the date of service of the order on the detenu. A process would normally take a few days, but this processing time started getting added up with the 30 days of the detention order. Then the court observed that the detention of these additional days was left unaccounted for, resulting in keeping the detenu many days more in custody. This was wholly unlawful and unauthorized simply because it keeps a person in custody for a period longer than permitted by law.

A circular does not have any force of law and cannot override an act of parliament, i.e., the SPA 1974 (DLR 2005, p. 330). The court further observed:

We find that the law of preventive detention is being misused and abused by the officers who have the power to detain a person because of lack of knowledge of the law, particularly the law under which they have been empowered to pass an order of detention. On a reference to each and every order of detention, we find that before signing the order the detaining authority i.e., the District Magistrate/Additional District Magistrate, asserts that on being satisfied as to the necessity of detaining a particular detenu the order of detention is passed. We thus feel that the government should take steps to see that these officers are properly trained for a reasonable period so that they may be imparted with the basic and working knowledge of the law. (DLR 2005, p. 332).

This was a historical verdict of the High Court, which was directed to the Registrar to circulate among all the District Magistrates and all District Session Judges of Bangladesh and also directed to send a copy of the verdict to the Secretary of Ministry of Establishment, the Secretary of Ministry of Home Affairs, and the Secretary of Ministry of Law, Justice and Parliamentary Affairs.

In this case, it has been found that the detenu authority misused SPA, which was against personal liberty and a clear violation of human rights. However, the court heroically declared the aforesaid actions of government were illegal and directed the concerned ministries of the government to take necessary steps regarding this. Thus, the judiciary makes the administration accountable and contributes in ensuring human rights and good governance.

Similarly, in the case of **Khorshed Alam vs Secretary of Ministry of Home Affairs** (Writ Petition No. 194 of 2004, 57 DLR, 2005, pp. 32–4), it was found that the extension of detention order was made by the District Magistrate arbitrarily by abusing SPA 1974, which had no legal basis, and the detenu was set free by the fair verdict of the Supreme Court. We also found that colorable exercise or abuse of administrative power is not allowed by the law and the court, and no one is above the law. Thus, the court compelled the lower court, tribunals, and administration to account for the common law of the country through its judicial review and supervision process. At the same time, the court ensured the personal liberty of citizens as well as human rights.

In another case of **Amirul Islam vs Ministry of Home Affairs** (Writ Petition No. 4345 of 2004, 59 DLR, 2007, pp. 258–63), the petitioner joined as a police sergeant at Khulna Metropolitan Police (KMP), Khulna, on March 9, 2000, and after completing 2-year training period in police service was confirmed as a police sergeant in 2002. Suddenly, the petitioner was placed under suspension by the commissioner in charge of KMP vide office Order No. 282(6) RO dated January 18, 2004, on the allegation that he was involved in immoral activity with one Akhi Islam Ruma. In this case, the court found that the charge was not only the violation of the principles (audi alteram partem) of natural justice but also the provisions of special provisions of ordinance were discriminatory and comparatively harsh in nature. In addition, in the absence of guideline as to which case is treated under PRB and which under the ordinance 1976, the authority enjoys arbitrary power in violation of the nondiscriminatory provision of the Constitution.

Therefore, in view of the overall circumstances, the court constrained to hold that in the instant case there was fair scope to give proper relief to the petitioner as he was deprived of cross-examining prosecution witness and was punished and unheard without giving the opportunity of self-defense as such. Thus, the Supreme Court of Bangladesh plays a very crucial role in ensuring legal accountability of public officials and also in ensuring fundamental rights of citizens, rule of law, and constitutional supremacy that ultimately contribute to good governance through its review power.

Some other cases also found that in exercising the power of judicial review, the Supreme Court acts on the law that administrative powers can be genuinely exercised only within their true limits under laws. For instance, in the case of **Shamima Sultana vs Bangladesh (**Writ Petition No. 3304 of 2003, 57 DLR, 2005 pp. 201–24. Shamima Sultana Seema and nine other petitioners were Ward Commissioners (elected by dated 25–03-2002 City Corporation Election) in the seats reserved for female candidates in Khulna City Corporation under provisions of Section 4 of the Khulna City Corporation Ordinance 1984 (the Ordinance, in short)), the court declared that the government cannot do anything out of the ambit of law or ordinance. In this case, the circular dated September 9, 2002, issued under the signature of the Joint Secretary, Ministry of Local Government, Rural Development and Cooperative, and Local Government Division (Poura-1) was declared illegal and without lawful authority. It was further declared that once elected, commissioners, whether in the general seats or in the reserved seats, male or female, are equal in all respects, and they shall be so treated by all concerned. Thus, the judiciary on the one hand ensured administrative accountability and on the other and more importantly ensured rule of law, equal rights, as well as human rights through this judicial review process.

Similarly, public officials are not to be allowed to transgress the limits of their authority conferred by the Constitution or by statutory laws. The courts can exercise the power of judicial review if the decision is mala fide or in violation of the principles of natural justice or an irrelevant consideration or rule against bias. In the case of **Mamunur Rashid vs Bangladesh (**Writ Petition No. 2529 of 2001, 57 DLR, 2005, pp. 100–103**)**, after observing the evidence and hearings of both parties, the court found some serious anomalies in government records and decoded that the impugned compulsory retirement order shomo (Uni-1) Pa/293–274 dated November 6, 2001, had been passed with mala fide intention and hence was without jurisdiction and was of no legal effect.

From the above analysis, it has been found that if any case appears before the court like inconsistent with the Constitution and law, the court can declare that that case happened without lawful authority and is of no illegal effect. The court can also order the concerned authority to take necessary steps regarding this. Therefore, the court can compel the administration to be accountable to the judiciary or legal system of Bangladesh. In this way, the court, on the one hand, ensures the accountability of government officials and, on the other hand, ensures fundamental rights of citizens.

In contrary, it has also been found that implementation of verdict depends on executive and will of government which is a major challenge and impediment of judicial power and independence. It is evident that Masdar Hossain Case was a landmark case in the history of Bangladesh. In this case, it has been found that Masdar Hossain along with 441 judicial officers (judges) filed a writ petition (No. 2424 of 1995) for separation of the judiciary from the executive in Bangladesh. The High Court delivered its historic judgment on May 7, 1997, in favor of the separation of the judiciary from the executive. However, the government took a stance against this verdict and favored an appeal to the Appellate Division. The Appellate Division also gave its landmark decision in favor of the separation of the judiciary from the executive with 12-point directives on December 2, 1999 (Mollah 2012). Successive governments took 23 adjournments up to 2006, but the verdict remained unimplemented, and it

was finally implemented by an interim caretaker government (2006–2008) in 2007. Perhaps, it remained pending if the then interim government did not implement it. Similarly, a lot of verdicts have been delivered against arbitrary arrest, detention and torture in prison cell, under trial prisons, extrajudicial disappearance and killing, environmental protection, violence against women and children, and violence against minorities and backward groups, but the execution or implementation of these verdicts is either very slow or still remains pending. As a result, violation of human rights, misuse of power, deterioration of law and order, and attack and abduction by militant groups are increasing.

## Is the Judiciary Independent?

*"The ultimate protection of the individual in a society governed by Rule of Law depends upon the existence of an enlightened, independent and courageous judiciary and upon adequate provision for the speedy and effective administration of justice"* mentioned by International Conference of Jurists, held in Bangkok in 1965.

Independence of judiciary means a fair and neutral judicial system of a country, which can afford to take its decisions without any interference of executive or legislative branch of government including personal freedom of judges from political, superior, or any other forms of internal or external interference. Broadly independence of judiciary depends on two aspects – institutional and individual independence of judges. In theory, the Judiciary of Bangladesh is separated and independent institutionally from 2007. However, in practice both institutionally and individually, it is not independent. Few instances can be mentioned here. Individual independence of judges depends on appointment, tenure, and discipline.

Serious controversy has risen regarding the frequent appointments to the High Court Divisions of the Supreme Court. There are allegations that the appointments are made by political consideration. Bangladesh still does not have a law prescribing detailed "qualifications" for the appointment of judges to the Supreme Court. In Bangladesh three basic principles are followed for appointing judges in Supreme Court and subordinate courts, which include the following: seniority, merit, and quota. Out of three, the most practicing criteria are seniority. However, the principle of seniority is not always strictly followed in appointing judges. For example, in 2004 Justice Syed J.R. Mudassir Husain of the Appellate Division of the Supreme Court was appointed the 14th Chief Justice of Bangladesh bypassing Justices M. Ruhul Amin and Mohammad Fazlul Karim, two senior judges of the Appellate Division. Similarly, in 2008 President Prof. Iajuddin Ahmed appointed Justice Mr. M.M. Ruhul Amin as the 16th Chief Justice of the Supreme Court of Bangladesh by superseding Justice Mohammad Fazlul Karim, who was then the senior most among the Appellate Division judges. This practice is still continuing. The present (22nd) Chief Justice Syed Mahmud Hossain has been appointed superseded by Justice Wahhab Miah who was the senior most and acting CJ after the resignation of CJ Surendra Kumar Sinha.

In addition, generally the most senior judges of the High Court Division are appointed to the Appellate Division, but these principles also violated frequently in Bangladesh. From December 1985 to November 2000, this occurred 19 times in Bangladesh (Akkas 2004, p. 140). Similarly, the appointment of Chief Justice A.B..M. Khairul Haque by the President in September 2010 was alleged to have involved the supersession of two more senior judges of the Appellate Division. Similar controversies arose in the appointment of the present Chief Justice of Bangladesh, Justice Muzammel Hossain on 18 May, 2011. In this appointment, Justice Shah Abu Nayeem Mominur Rahman was superseded (and then he resigned).

In the case of High Court Division, seniority principles were violated on February 20, 2001, for instance, three judges were appointed to the High Court Division by superseding senior district judges. In order of seniority the first four judicial officers in the rank of district judges were as follows: Mr. M. Abdul Hye, Mr. Afzal Hossain Ahmed, Mr. M. Abdur Razzak, and Mr. M. Marzi-Ul-Haque.

As an institute the judiciary is still not independent too. For instance, the **cancellation of the 16th amendment of Bangladesh Constitution** is worth mentioning here. Advocate Manzill Murshid with eight other Supreme Court lawyers filed a writ petition to the High Court Division (HCD) on November 5, 2014, questioning the legality of the 16th amendment of the Constitution. The 16th amendment of the Constitution was passed by the parliament on September 17, 2014, without any opposition which repealed the provision of the Supreme Judicial Council (SJC), which was the constitutionally empowered body for probing allegations against judges of the Supreme Court and recommending removal. Through this amendment, the parliament was empowered to remove (impeach) judges for incapacity of misbehavior. In this case, based on the arguments of 12 amicus curiae, on June 1, 2017, the Appellate Division of the Supreme Court chaired by the Chief Justice (Surendra Kumar Sinha) of Bangladesh upheld the High Court verdict (delivered on May 5, 2016) that declared the 16th amendment of the Constitution illegal, unconstitutional, and against the principles of the separation of state powers and the independence of the judiciary (*The Daily Sun*, July 3, *2017*; *The Daily Star*, May 6, *2016*).

However, the verdict has not been implemented as the government did not accept the verdict and challenge for review. In addition, the government compelled 11 "charges" against Chief Justice (CJ) Surendra Kumar Sinha including money laundering and corruption and forced for resign. As a result, he (CJ) has reigned from the post of CJ on October 10, 2017, and went to Australia (The Daily Star, 15 October 2017). Critics raised their voice against this forced resignation of CJ which is a serious threat for judicial independence, which happened for the first time in the history of Bangladesh. Therefore, political and executive interference on judiciary is still continuing though the judiciary has been separated from the executive in 2007. It has also alleged that Surendra Kumar Sinha (CJ) was appointed by the ruling party, by superseding on political consideration.

In case of the lower judiciary, the independence is also a matter of contention. Posting, promotion, and transfer of the judges of subordinate judiciary are still in the hands of the law ministry.

There is criticism also regarding the appointment of public prosecutors, who play a great role in aiding the judiciary to come to a proper decision-making in state-led cases. Bangladesh has a longstanding practice of appointing ruling party-affiliated lawyers as public prosecutors. It is alleged that, following the practices of the past, the current government has replaced the entire group of public prosecutors with members or genuine supporters of the governing party and has also made politically motivated appointments to the Office of the Attorney General. Apart from these, the manner of refusal of bail to political leaders has raised concerns about whether the courts are functioning freely. In addition, presidential pardons in several sensational murder cases to persons affiliated with the ruling party seriously undermined the rule of law.

Therefore, the judiciary is facing political and executive domination and challenges which are the major obstacles of independence of judiciary in Bangladesh. Thus, the real spirit of judicial oversight, rule of law, and good governance is hampering.

## Conclusion

The foregoing discussion and analysis reveal that the role of oversight of the judiciary in protecting the citizen's rights through checking and combating the abuse or misuse of official's power is very effective. However, the courts cannot interfere in the bureaucratic activities of their own accord. They can intervene only when they are invited to do so by any person or organization who feels that his/her rights have been abrogated or are likely to be abrogated as a result of some action of the public officials. Secondly, the courts cannot interfere in each and every administrative act, as too much of judicial action may make the official too much conscious, and very little of it may make them negligent of the rights of

citizens. Though suo moto rule or PIL is effective for rapid action against the arbitrary or abusive exercise of bureaucratic or administrative power, the implementation of the verdicts is dependent on the executive. Besides, the judiciary is not independent enough to take its decision both individually and institutionally. Therefore, strong political will is essential for the execution of the judicial decision. Therefore, both judicial independence and strong political will are a must for effective judicial oversight of bureaucracy in ensuring rule of law and good governance of a country.

## Cross-References

▶ Judicial Review of Significant Agency Programs

## References

Abraham HJ (1980) The judiciary: the supreme court in the governmental process, 5th edn. Allyn & Bacon, London, p 175

Akkas SA (2004) Independence and accountability of judiciary – a critical review. Centre for Rights and Governance (CRIG), Dhaka, p 140

COB (2011) Constitution of Bangladesh, 15th amended version. Published by Republic of Bangladesh Government Press, 2011

Diwan P, Diwan P (1996) Human rights and the law: universal and India. Deep and Deep Publications, New Delhi, p 18

Islam M (2003) Constitutional law of Bangladesh, 2nd edn. Mullik Brothers, Dhaka

Lal B (2004) Judicial activism & accountability. Siddhartha Publications, New Delhi

Mollah MAH (2012) Independence of judiciary in Bangladesh: an, overview. Int J Law Manag 54(1):61–77 (Ronald Press Co., New York, pp 504–520)

Mollah MAH (2014) Judicial activism and human rights in Bangladesh: a critique. Int J Law Manag 56(6):475–494

SPA (1974) Special powers act, 1974 (Act No. XIV of 1974). s 3(2, 3) determines about detention power. Online available: http://bdlaws.minlaw.gov.bd/pdf_part.php?id=462

Wade HWR (1971) Administrative law. Clarendon Press, Oxford, pp 46–105

Wilkey MR (1985) Judicial review of administrative action. J Natl Assoc Admin Law 5(1):10–15

# Judicial Review

Benjamin Bricker
Southern Illinois University, Carbondale, IL, USA

## Synonyms

Constitutionalism; Court power

## Introduction

Judicial review refers to the power provided to the judicial branch to formally examine and potentially overturn the work of the legislative or the executive branches of government, generally for nonconformity with the constitution or other higher sources of law. From its roots in the United States, the global spread of judicial review has been nothing short of transformative for modern governance, with courts as much as legislatures or governments now responsible for determining policies within society. Yet, both theoretically and practically, the institution of judicial review brings up difficult issues for modern government, particularly democratic government. Paraphrasing President Lincoln, democratic government can be thought of most directly as "government by the people and for the people." However, through the process of judicial review, judges – unelected actors in nearly all societies – end up holding a veto over the laws created by the people's representatives. For this reason, the eminent jurist Oliver Wendell Holmes Jr. described the exercise of judicial review as the "gravest and most delicate task" that judges are asked to perform. Given the concern that judicial review can be a problematic "counter-majoritarian" force in democratic society, why was the power of judicial review created, and how has it influenced modern governance?

This review describes the principal theories developed by scholars and political thinkers to explain both why the power of judicial review was created and how it may comport with

modern democratic government. The first section provides a brief background and history behind the practice of judicial review. The second section describes major theories of judicial review, while the final section examines broader theories of political conditions under which judicial review is established.

## The Creation of Judicial Review

Given its long and important history in the United States, most Americans assume the power of judicial review is expressly written into the US Constitution. In fact, this power is nowhere stated within the document. Nor is it mentioned in any governing document in England, the source of most US legal tradition. Given this background, where does judicial review come from? It is often said that English Court of Common Pleas Chief Justice Sir Edward Coke provided the first step in *Dr. Bonham's Case* (1610), in which he determined the Royal College of Physicians should not have the ability to imprison doctors, even though the college's enacting law suggested it could. Coke noted that when an Act of Parliament "is against common right and reason," judges following common law principles should set that law aside. However, the expansion of court power suggested in *Bonham's Case* was muted in England after the Glorious Revolution of 1688 solidified the notion of parliamentary supremacy – the idea that parliament is the sole legitimate lawmaking body in the country.

Though muted in England, the American colonists later took up the idea that courts could exercise an independent check on the legislature, particularly after the War of Independence. *Holmes v. Walton* (1780) and *Bayard v. Singleton* (1787) were early examples of state courts ruling state laws unconstitutional. Still, it was not until the US Supreme Court's decision in *Marbury v. Madison* (1803) that the power of judicial review was solidified within American society.

In *Marbury*, the new Supreme Court was faced with a difficult political issue and a separate but related legal issue. The genius of *Marbury* lies in Chief Justice John Marshall's resolution of both problems within a single decision. The political issue resided within William Marbury's legal claim: Marbury argued he was owed a commission to be justice of the peace in Washington, D.C., a commission that was signed by former President John Adams in the final days of his presidency but not delivered to him (in an odd note, John Marshall, serving then as Secretary of State, and Marshall's brother were responsible for delivering the commissions). The new President Thomas Jefferson was adamant he would not allow Marbury his commission, even if the Supreme Court ruled in Marbury's favor. Solving both the political and the legal issue in one fell swoop, Marshall determined that Marbury was owed his commission, but the 1789 Judiciary Act that allowed Marbury to file his claim directly in the Supreme Court contradicted the US Constitution. Given that an Act of Congress violated the Constitution, which principle should stand? To Marshall, the answer was obvious: it must be the Constitution. If the Congress could override the Constitution with simple legislation, then the Constitution is meaningless as a supreme governing document. Yet, a question remained: which actor was responsible for overturning unconstitutional laws? Again, for Marshall, the answer was clear: this power resides with the Supreme Court. To allow the legislature or the executive the ability to determine whether they made a constitutional error would allow those actors to serve as the judges of their own misdeeds. From this case, not from any specific grant of power in the US Constitution, the modern concept of judicial review was born.

Despite the global growth of judicial power today, most societies – democratic or undemocratic – did not wrestle with the complicated issues of judicial review until the latter half of the twentieth century. In fact, after its establishment in *Marbury v. Madison* (1803), very few countries adopted this doctrine within their own governments or allowed their own courts to assume this power. Those few countries that did sanction judicial review of legislation, such as Norway in the mid-1800s, saw their judiciaries extremely hesitant to use such powers. For example, after claiming for itself the hypothetical

power to overturn Acts of Parliament in 1921, the Danish Supreme Court did not actually overturn an Act of Parliament until 1999 (Rytter and Wind 2011). In the Netherlands, the Dutch briefly pursued something like centralized judicial review between 1802 and 1805, though it quickly was replaced. Even in the United States, the Supreme Court did not strike down another federal law after *Marbury* until the infamous case of *Dred Scott v. Sandford* (1857), which ruled unconstitutional the Missouri Compromise of 1820 and removed old barriers limiting the introduction of slavery.

The historical absence of judicial review in many parts of the world can partly be explained by the adoption of the civil law in most countries in Europe and Latin America and many countries in Africa and Asia. In opposition to the prominent role of judge-made law in the common law tradition, the civil law tradition focuses on the predominant role of the legislature in making laws, with a necessarily more circumscribed role for judges. European courts for nearly all of the eighteenth and nineteenth centuries followed this constrained model of adjudication, in which judges were not to interpret the law, but rather apply it to discrete cases using methods of "legal science." In the European separation of powers framework inspired by Montesquieu and Rousseau, lawmaking was the domain of the parliament – which was the repository of "the will of the people." For courts to engage in judicial review would be tantamount to creating, in Edouard Lambert's famous phrase, a "government of judges" unaccountable to the people.

However, the rise of authoritarian governments in much of Europe during the 1920s and 1930s ultimately led to questions regarding the desirability of political processes in which governing parties ruled unchecked by other actors. The end of World War II saw the introduction of new constitutional courts tasked explicitly with the exercise of judicial review in many rebuilding democracies in Western Europe. Southern European countries transitioning from dictatorship to democracy similarly adopted judicial review in the 1970s, as did many Asian countries in the 1980s (Ginsburg 2003). Later, the fall of communist regimes in the late 1980s and early 1990s also led to the formal introduction of constitutional courts in the remainder of Europe and into Central Asia. Nearly all post-Communist countries, including the post-Soviet successor states, explicitly established constitutional courts to review the actions of the elected branches in their own nascent democracies. Similarly, the loss of power by formerly dominant political regimes in South Africa, Israel, and Sweden also led to the establishment of judicial review powers in those countries during the 1970s, 1980s, and 1990s. Currently, nearly 130 countries today have adopted judicial review. And as a result, rights and powers throughout the world are now "judicialized." That is, courts and judges now play a vital role in solving critical social issues and adjudicating the powers of other governmental actors.



## Why Judicial Review?

Given the ability of unelected judges to review and potentially overturn the actions of the democratically accountable legislative and executive branches, scholars, jurists, and political thinkers have long questioned precisely why societies would want the judicial branch to have this "counter-majoritarian" power, particularly in democratic government (Bickel 1962). Thomas Jefferson, for one, believed the executive and legislative branches were just as competent as the Supreme Court to discern what is and is not compatible with the national constitution. Accordingly, Jefferson believed the judiciary – and specifically the Supreme Court – should not hold the final word on constitutional interpretation, but instead should be but one voice among many in the constitutional dialogue.

A practical problem arises from Jefferson's conception of constitutional interpretation. If the branches that make and enforce our laws also serve as equal judges of their own constitutionality, then a separation of powers system of government becomes not so separate. Thus, one commonly cited reason why the judicial branch should hold the power of judicial review is to uphold the separation of powers democratic system and avoid the problem of any one branch

being the judge of its own constitutional powers (Shapiro 1999). Judges, then, serve a valuable role policing the boundaries of constitutional powers, ensuring that any one actor or institution does not breach the constitutional bargain, destroying the Constitution in the process. For example, the Supreme Court's decision in *U.S. v. Nixon* (1974) put to rest the idea that executive privilege allows the President to avoid a valid criminal investigation by courts or prosecutors. Similarly, constitutional courts from Spain to Slovenia regularly adjudicate constitutional disputes between central governments and regional or local governments. In doing so, these courts ensure that regional actors and national actors alike abide by the structure of government and the limitations on their respective powers.

In addition to serving as a neutral adjudicator of constitutional borders, judges exercising judicial review can serve a valuable role as protectors of democratic principles, specifically defending the rule of law and ensuring equal treatment of all actors in society (Guarnieri and Pederzoli 2002). In a democracy, the people's representatives in the legislature and the executive government are given the power to enact legislation and implement laws. Yet nearly all countries today are governed by a constitution – a set of higher laws and principles designed to set the boundaries of legislative and governmental power. Without the power of courts to review and potentially overturn the acts of these other actors, the limits – but also the principles – contained within the constitution can be transgressed without punishment. In fact, the inability of civil law judges in Continental Europe to check abuses of power by elected actors is seen by many as a primary cause of the fall of democracy and the rise of authoritarianism in Germany, Italy, and other European countries in the 1920s and 1930s (Stone Sweet 2000). At the same time, the idea that judges can serve as protectors of traditional democratic principles often is credited as a major reason why these same European countries adopted judicial review through constitutional courts after World War II.

The non-majoritarian, even counter-majoritarian, nature of courts has driven a second broad theory for judicial review powers: that judges should be able to exercise judicial review because they are best placed to protect individual rights within society. Even in democracies, elections to select judges are almost unheard of (though many US states have adopted the practice). Many rights-based scholars argue that with no democratic constituency to answer, the judiciary can act to protect the interests of those who lack political influence in the elected branches of government. Specifically, judges can use the power of judicial review to ensure that minority groups and minority views within society do not suffer from discrimination and that they receive the democratic bargain on the same terms as the majority.

This rights-protecting theory has both activist and more skeptical adherents. The more activist branch views the courts as the best venue to handle matters of individual rights protection, particularly for rights that lack majority support. Justice William Brennan, for example, viewed the US Constitution as the basis for advancing evolving standards of social justice and human dignity in society, with the Supreme Court the protector of those values. In a noted 1985 speech, Brennan used the example of the death penalty to illustrate his views on the role of the courts in the protection of constitutional rights. Despite popular support for capital punishment, Brennan believed that broader constitutional values of justice and human dignity must be protected and advanced for all, even if a majority of American society was unwilling to recognize those values. Similarly, Brennan and others advanced the constitutionality of affirmative action programs as a way to ensure that groups that have faced historic discrimination receive opportunities to advance in society.

Yet, given the inherent counter-majoritarian problems of judicial review, many jurists and legal scholars have advanced a concurrent doctrine of "judicial self-restraint." Beginning with the eminent Harvard Law Professor James Thayer (1893) and continuing through the works of Felix Frankfurter, Alexander Bickel, and others, legal scholars have argued that courts must exercise self-restraint when reviewing the actions of the elected branches of government, providing these democratically accountable actors with sufficient latitude to ensure that the interests of the people

can be expressed in legislative policy. Given the broad and abstract nature of many constitutional provisions, the judiciary should not dissect specific provision of laws, nor should they question too severely the possible motives behind laws. More directly, a judge's self-proclaimed "sense of what is right" should not trump the decisions of the elected legislative majority, and laws should be overturned only when a clear violation of constitutional norms has occurred, lest the judiciary become a super-legislature.

This sense that the power of judicial review must be used with restraint in democratic society has driven a more skeptical "rights-protecting" branch of scholars. This branch is typified by John Hart Ely (1980), who questioned the desirability of unelected judges overturning the will of the people's representatives in the Congress. However, Ely nevertheless believed that judicial review could and should be used in certain circumstances, notably to correct procedural errors in the democratic system and to protect oppressed minority groups within society. The minority protection theory is commonly associated with major US Supreme Court rulings, including *Brown v. Board of Education* (1954), which overturned long-standing segregationist education policies in much of the United States, and *Loving v. Virginia* (1967), which overturned state laws criminalizing marriage between people of different races. It is important to keep in mind that many of these segregationist policies were popular at the time: as many as 80% of Americans at the time approved of the anti-miscegenation laws overturned in *Loving*. Thus, the Court's rulings can be viewed as protecting minority rights, or even unpopular views, in the face of public opposition.

Are such minority rights-protecting efforts successful? Current views are mixed. One popular theory considers the Court's *Brown* decision to be largely a failure, as segregationist educational policies continued for years through "massive resistance" against desegregation in the South. Rosenberg (2008) famously termed the idea that courts can influence social change a "hollow hope," with the Court's desegregation efforts serving as critical evidence in favor of a "constrained" court theory. Yet the Court's decision likely did play a role in changing public perceptions of racial inequality. By offering moral leadership on the issue of racial equality, the Court's decisions contributed first to more limited executive actions, such as President Eisenhower's decision to desegregate the Little Rock schools with the US military, before ultimately helping to guide the passage of the 1964 Civil Rights Act and 1965 Voting Rights Act. Thus, much like Franklin and Kosaki's (1989) "republican schoolmaster" theory, the Court's decisions – while not completely successful on their own – contributed to attitude changes in government and in popular society.

However, others have noted the Supreme Court has not always been a champion of individual rights or minority rights in American society. Far from protecting minorities, until *Brown*, the Supreme Court's 1898 ruling in *Plessy v. Ferguson* legitimized institutional racism in American society, paving the way for further restrictions on the rights of African-Americans and people of color in many parts of the United States. This more critical examination of Supreme Court rulings has led to the development of a third broader theory for the value of judicial review. Unlike previous theories, which explicitly or implicitly assume some amount of counter-majoritarian behavior by courts exercising judicial review, increasing numbers of scholars endorse what can be termed "majoritarian" judicial review.

The late Yale Political Scientist Robert Dahl developed this notion of majoritarian judicial review in the late 1950s after noticing that the Court had rarely used its power to directly challenge the policies of the Congress or the President. Dahl (1957) proposed this lack of confrontation should not be surprising, as Supreme Court justices are nominated and confirmed by the President and Senate, actors who themselves have been elected by popular majorities. Therefore, given the assumption that these political actors will select judges who think like them on legal and policy matters, we should see the Supreme Court not acting as a brake on public policy, but rather playing an important *legitimizing* role within society for the policies adopted by current elected majorities.

To greater and lesser degrees, other prominent theories justifying judicial review focus on the value judicial review has to democratic majorities. Mark Graber (1993) describes how political leaders have, at certain moments in history, welcomed the courts to enter the "political thicket" and help provide solutions to difficult political issues. Courts can act in a more directly majoritarian manner when they take on entrenched special interests that have prevented the majoritarian process from functioning in its intended manner (Klarman 1997). The example of legislative redistricting provides an illustration. By the 1950s, many states had failed to properly redistrict their local legislative districts, with the result being vastly underrepresented urban areas and overrepresented rural areas. In a series of cases, the Supreme Court took on these entrenched interests in state politics, in the process ensuring an equal voice in politics for growing urban population centers.

Alternatively, judicial review can be used to help elected actors resolve legislative problems (Rogers 2001). Legislators are charged with creating laws, yet they also work with what economists would call "imperfect information." That is, they cannot see into the future and know with certainty how the laws they enact will work out among the public. However, judges do have the benefit of seeing how the laws they are asked to review have worked within society, and so can offer a valuable benefit to elected actors, striking down those parts of laws that have not worked well and keeping those that have.

Even if judges do act in this majority-enhancing fashion, normative problems arise when viewing judges as majoritarian or majority-enhancing actors. If judges exercising judicial review are expected to check the impulses of the elected branches, and are given independence protections like life tenure and salary guarantees to ensure they can act as guardians of the constitution, then who "guards the guardians"? That is, how can we ensure that judges, the most democratically unaccountable actors in government, stick to the democratic bargain and ensure they do not use the power of judicial review to overturn democratic principles? Examples abound of unelected and unaccountable judiciaries ratifying policies that harm the interests of liberal democracy. Lisa Hilbink (2008) explains that the Chilean Supreme Court, dominated by traditional conservatives, largely endorsed the Pinochet regime's violent suppressive crackdown on civil society and socialist party supporters. Similarly, the *Lochner* era Supreme Court, which struck down major state and federal laws to regulate hours and working conditions in American society, is often criticized for ignoring the needs of the expanding industrial working class in favor of wealthier business owners.

One answer comes from the burgeoning study of judicial legitimacy. Basic legitimacy theory holds that the power courts receive from society is based on the respect the public grants to judicial outcomes. Specifically, legitimacy is seen in the willingness of individuals to obey decisions even if they disagree with those outcomes personally (Gibson and Caldeira 2009). As Hamilton noted in *The Federalist Papers*, the judicial branch lacks control of the purse and the sword – key items in government, democratic or otherwise. Instead of force or will, the power of the courts comes from their exercise of *judgment* in resolving cases. For legitimacy theorists, the reason why we respect the judgments of the Court is because they are viewed as principled outcomes, not the product of politics. Yet, with their source of power arising from public support, judges have a critical incentive to avoid adopting outcomes that stray too far from what is publicly desirable, as such outcomes would ultimately lead to the loss of public trust and support for the judiciary. And without public support, the courts have no effective way of ensuring that the other branches of government respect their outcomes. Thus, judicial outcomes ultimately are limited by the need to gain or maintain legitimacy for their outcomes, which means adhering to principled outcomes without overt partisan bent.

With the emphasis on judicial legitimacy, a growing area of research has focused on the middle ground between activism and democratic accountability. Specifically, recent work has sought to examine whether courts also follow the mood of the public when making decisions, much like national elected leaders. Tom Clark (2011)

examines how the Supreme Court has responded to public opinion and public pressures over time. Looking at the number of laws overturned in a given year, there is evidence that the Supreme Court has been more reticent to strike down laws when public opinion of the Court is low and more activist when public opinion of the Court is high.

## The Political Logic of Judicial Review Powers

Finally, given the theoretical need to establish judicial review, why would political actors ever choose to establish an institution that effectively limits their own powers? This question is much more than academic: both the United Kingdom and the Netherlands represent two examples of well-functioning liberal democracies in which judges cannot overturn the laws enacted by the parliament. At the same time, several communist regimes – including Poland and Yugoslavia – adopted courts with limited judicial review powers despite the absence of democratic norms. Thus, the reasons must go beyond a simple narrative in which well-performing countries adopt judicial review and despotic or autocratic regimes do not.

Scholars adopting the "insurance theory" of judicial power have argued that politicians have incentives to provide courts with strong review powers, but only in some circumstances. In competitive political environments, where several parties believe and are perceived to be able to win elections and be competitive in the future, all of the major parties have incentives to provide for strong court powers. The logic centers on the need to "insure" against future losses in the electoral arena. Even if party A believes it can win the current election, its leaders also know that parties B or C may win the next election. And even though parties A, B, and C may not want to subject their own policies to judicial review, they all will allow judicial review powers as a way to provide insurance against overreach by other parties when those parties are in power (Ginsburg 2003). Conversely, when a single party recognizes it should dominate electoral politics, it should be less likely to adopt or concede to the strong judicial powers that can limit government policies. The insurance model does have explanatory power: evidence suggests varying levels of judicial empowerment in Mexico, Italy, Japan, and Taiwan can be explained through the idea of judicial review as political insurance.

Finally, as judicial review has spread during the last century, new insights into the practice of judicial review have come from qualitative and quantitative studies of high courts around the world. Many of the most important insights have clarified existing work developed in the United States. Confirming Dahl's basic theory of policy-motivated judicial review, judges in France, Germany, Spain, and elsewhere roughly follow the views of their appointing parties (Hönnige 2009). However, there clearly is more to high court judging than simple politics. Studies of the German Constitutional Court have brought greater depth to understanding how courts interact with parliaments in a separation of powers model of democratic government (Vanberg 2005). Specifically, it appears courts overturn legislation at higher rates in several key instances: first, when they are given a prominent public issue and, second, when interest groups or prominent political actors also support overturning legislation. However, the Constitutional Court also listens to the briefs produced by the parliament: when parliament weighs in on a court case, the German judges generally rule in parliament's favor. Similarly, the European Court of Justice carefully considers member state support for keeping or discarding legislation in its own exercise of judicial review within the European Union (Carrubba et al. 2008).

## Conclusion

From modest origins rooted in a lack of court power, the institution of judicial review has become a dominant force in national politics throughout the world. As more citizens awake to the possibilities of rights protection and the advancement of policies through legal mobilization, there has been greater "judicialization" of rights and of law and policy. No longer do citizens in France, Germany, or Poland have to go to their

local member of parliament or the town council to obtain justice or change the laws. They now can go to court to obtain the rights that formerly were determined by elected leaders. Yet, this power of judicial review contains difficult problems for democratic societies built on the "will of the people." Specifically, there arises the counter-majoritarian concern that unelected judges will overturn the people's preferred outcomes. Solutions to this counter-majoritarian problem have come in several forms. One traditional view justifies judicial review as necessary to uphold the constitutional structure of government, to police the borders between national actors and between federal and local authority. Another justification for judicial review, potentially more expansive for judicial power, portrays courts as the best venue for determining rights in society, particularly minority rights.

If judges have control over rights protection and rights enforcement, then how can society ensure that judges don't then run riot, fashioning new rights for society as they (and only they) see fit? An answer to this conundrum is found in the third major rationale for judicial review: that judges often do not run riot, but instead seek to fashion solutions that are in line with majority sentiment. We really have nothing to fear, according to this view, as judicial review generally is used to either legitimate political power or else remove obstructions preventing majority-promoted outcomes. Thus, judicial review allows for protection of constitutional norms and values while allowing society to change the interpretation of those constitutional values over time, turning more progressive or more conservative with changing times. Viewed in isolation, any of these three theories may not capture the nuances of judicial decision-making. However, when combined, they do offer a fairly complete sense of the motivations for judicial review and the benefits judicial review provides.

## Cross-References


- ▶ Constitutional Federalism and Public Administration
- ▶ Constitutional Law and Public Administration
- ▶ Federalism and Public Administration
- ▶ History of Public Law
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Legislative Veto
- ▶ Supreme Court and Public Administration


## References


Bickel A (1962) The least dangerous branch. Bobbs-Merrill, Indianapolis

Carrubba C, Gabel M, Hankla C (2008) Judicial behavior under political constraints: evidence from the European Court of Justice. Am Polit Sci Rev 102:435–452

Clark T (2011) The limits of judicial independence. Cambridge University Press, New York

Dahl R (1957) Decision-making in a democracy: the Supreme Court as a national policy-maker. J Public Law 6:279–295

Ely JH (1980) Democracy and distrust: a theory of judicial review. Harvard University Press, Cambridge, MA

Franklin C, Kosaki L (1989) Republican schoolmaster: the U.S. Supreme Court, public opinion, and abortion. Am Polit Sci Rev 83:751–771

Gibson J, Caldeira G (2009) Citizens, courts, and confirmations: positivity theory and the judgments of the American people. Princeton University Press, Princeton

Ginsburg T (2003) Judicial review in new democracies. Cambridge University Press, New York

Guarnieri C, Pederzoli P (2002) The power of judges: a comparative study of courts and democracy. Oxford University Press, Oxford

Graber M (1993) The non-majoritarian difficulty: Legislative deference to the judiciary. Studi Am Polit Dev 7:35–73

Hilbink L (2008) Judicial independence in authoritarian regimes: insights from Chile. In: Ginsburg T, Moustafa T (eds) Rule by law. Cambridge University Press, New York, pp 102–131

Hönnige C (2009) The electoral connection: how the pivotal judge affects oppositional success at European constitutional courts. West Eur Polit 35:963–984

Klarman M (1997) Majoritarian judicial review: the entrenchment problem. Georgetown Law J 85:491–553

Rogers J (2001) Information and judicial review: a signaling game of legislative-judicial interaction. Am J Polit Sci 45:84–99

Rosenberg G (2008) The hollow hope: can courts bring about social change? 2nd edn. University of Chicago Press, Chicago

Rytter J, Wind M (2011) In need of juristocracy? The silence of Denmark in the development of European legal norms. Int J Const Law 9:470–504

Shapiro M (1999) The success of judicial review and democracy. In: Shapiro M, Stone Sweet A (eds) On law, politics, and judicialization. Oxford University Press, New York, pp 149–183

Stone Sweet A (2000) Governing with judges. Oxford University Press, New York
Vanberg G (2005) The politics of constitutional review in Germany. Cambridge University Press, New York

## Judicial Review of Significant Agency Programs

Patricia Ross McCubbin and Steven Rodgers
Southern Illinois University School of Law, Carbondale, IL, USA

### Synonyms

"ObamaCare" is an informal label for the Patient Protection and Affordable Care Act.

### Definition

"Judicial review" refers to the process by which judges determine whether an agency action should be allowed to proceed.

"Uphold" means "approve" or "allow," so when a judge upholds an agency action, the judge allows the action to proceed.

"Reverse" means "disapprove" or "disallow," so when a judge reverses an agency action, the judge does not allow the action to proceed.

"Standards of review" are the legal tests judges use to determine whether to uphold or reverse agency action.

### Introduction

The US Congress often delegates authority to federal agencies to implement programs that are only loosely described by Congress in the agencies' governing statutes. Sometimes Congress merely leaves technical details to the agency and rightly so, because the agency has more expertise on technical matters than Congress does. Sometimes, however, Congress leaves ambiguities on more central elements of a statutory program, and an agency has to make policy choices to flesh out the contours of the program (or at least has the opportunity to do so).

Those agency choices can be quite controversial, and often an objecting party (or many parties) will bring a lawsuit asking a court to review and block the agency's action. Lawsuits challenging agency actions raise a fundamental question: How aggressive should the court be in its review? To answer that question, federal administrative law has developed certain doctrines, referred to as "standards for judicial review," that establish the level of "deference" a court should give to the agency. By "deference," we mean the extent to which a court should accept an agency's action, and some standards of review are more deferential (or more accepting) than others. Using a deferential standard of review, a judge will be more inclined to accept an agency's view, but if a court uses a less deferential standard of review, the judge will be more skeptical of the agency and will be more inclined to reject the agency's action.

One of the more common standards of judicial review, known as the *Chevron* standard, is fairly deferential, directing a court to accept an agency's reasonable interpretation of a statute if Congress did not speak directly to the issue at hand (Chevron 1984). (All standards of judicial review take their name from the legal case announcing the standard, with the name written in italics when it is discussed in the text.) More recently, however, courts have questioned whether the *Chevron* standard is appropriate when an agency's program affects huge portions of the American economy and millions of citizens. The courts have grown increasingly skeptical of agencies imposing enormous consequences on American society under the guise of merely "interpreting" an ambiguous provision in a statute. US Supreme Court Justice Antonin Scalia expressed this skepticism most succinctly when he wrote that Congress does not "hide elephants in mouseholes" (American Trucking 2001, p. 7).

Consistent with Justice Scalia's skepticism, the Supreme Court has applied a less deferential standard of review to agency decisions of "vast economic and political significance," demanding that Congress clearly indicate its intent to allow an agency to wield "enormous and transformative" powers (Utility Air Regulatory Group 2014).

Vague or ancillary terms in a statute (the "mousehole") are not enough to give an agency authority to implement significant programs (the "elephant"); there must be a clear statement from Congress of the agency's power to do so.

This more aggressive judicial review particularly came to light in the challenge to the federally created healthcare exchanges under the Patient Protection and Affordable Care Act (often called "ObamaCare"), which would have affected a vast majority of the American citizenry and billions of dollars in economic activity. In a 2015 decision about those healthcare exchanges called *King*, the Supreme Court refused to apply the typical *Chevron* analysis because of the enormous significance of the issue (King 2015).

This article will first provide a brief summary of the *Chevron* deferential standard and then move chronologically through a series of cases that each added to the growing skepticism about using *Chevron* when agencies introduce major programmatic changes based on vague or narrow terms in a statute. Included in the discussion will be two important predecessors to *King* – the *Brown & Williamson* case and the *Utility Air Regulatory Group* case – and then *King* itself.

This article will also highlight important questions raised by *King* and its progeny. If some agency programs have such "vast economic and political significance" that they cannot be left to an agency's discretion when implementing an ambiguous statute, how do we determine what counts as a "significant" agency program and what does not? As we will see at the end of this article, only 1 week after the *King* decision, the Supreme Court reviewed an agency action that might have had economic effects of $9 billion, and yet the Supreme Court applied a traditional *Chevron* analysis. Where, then, is the line between "significant" programs deserving less deference and other programs deserving *Chevron* deference?

## The *Chevron* Deferential Standard of Review

The *Chevron* deferential standard of judicial review requires a court to conduct a two-part analysis when determining whether to reverse or uphold an agency's interpretation of the governing statute. At the first step, a court must ask whether Congress has directly spoken to the question addressed in the agency interpretation. If so, the court and the agency must give effect to Congress's unambiguous intent. However, at the second step, if Congress has not clearly spoken to the question at hand, the court should uphold the agency's construction of the statute if it is permissible. Ultimately, a court should not replace its judgment for that of the agency as long as the agency's interpretation of the statute is reasonable (Chevron 1984). *Chevron* review is most appropriate when an agency has announced its interpretation of the statute in a formal manner, such as in a notice and comment rulemaking, rather than in something less formal, such as letters from low-level agency personnel.

The *Chevron* standard arises from the theory that policy decisions should be made by politically accountable actors. If Congress, the most politically accountable branch, has not directly addressed an issue, then it is more appropriate for the policymakers at the agency level, rather than the court, to give meaning to the ambiguous congressionally drawn statute (Smiley 1996). Even though the agency personnel are not *directly* accountable to the citizenry, they are *more* politically accountable, through the oversight of the president, than the unelected judges, and therefore, their reasonable interpretations should trump the courts' interpretations of Congress' ambiguous words.

## Early Examples of More Skeptical Judicial Review

In 1980, only a few years before *Chevron*, the Supreme Court refused to allow an agency to greatly expand its regulatory program based on ambiguous terms in the governing statute. In a case called *Industrial Union*, a plurality of the Justices concluded that the Occupational Safety and Health Administration ("OSHA") was *not* allowed to regulate *all* risks, as the OSHA claimed, but only the most important risks. In

rejecting the OSHA's interpretation, the Supreme Court wrote: "*In the absence of a clear mandate in the Act*, it is unreasonable to assume that Congress intended to give the Secretary the *unprecedented power over American industry* that would result from the Government's view" (Industrial Union 1980, p. 645, emphasis added).

Then, in the *MCI Telecommunications* case from 1994, the Supreme Court dealt with a provision of the Communications Act that allowed the Federal Communications Commission ("FCC") to "modify" any requirement found within the statutory section. Within the section was a requirement that "common carriers" (businesses involved in the transmission of communications) file tariffs with the FCC. The agency sought to "modify" the tariff-filing requirement by making the decision to file optional for all nondominant long-distance carriers. The Court noted that the rate-filing requirements were an essential characteristic of the industry, at one point comparing the requirements to the heart of the human body. Thus, the Supreme Court found it very unlikely that Congress left the decision of whether the industry would be rate regulated entirely to agency discretion. Additionally, even if Congress did intend to give the FCC such great power, it would not have done so by using "such a subtle device as permission to 'modify.'" To use the "elephants in mouseholes" analogy, Congress would not hide the elephant (the ability to fundamentally alter the rate-filing requirement) in a mousehole (the word "modify"). Instead, by granting authority to "modify" requirements within the statute, Congress only permitted the agency to make "a less than radical or fundamental change" (MCI Telecommunications 1994).

## *Brown & Williamson*: A Key Predecessor to *King*

One of the most prominent examples of greater judicial skepticism came in 2000 in *Brown & Williamson*, a key predecessor to the *King* decision. There, the Supreme Court analyzed a statute that granted the Food and Drug Administration ("FDA") the authority to regulate drugs and devices. Drugs were defined as articles "intended to affect the structure or any function of the body" (Brown & Williamson 2000, p. 2). Device was defined as an "instrument, apparatus, implement, machine, contrivance,. . .or other similar or related article" (Brown & Williamson 2000, p. 2). In a highly controversial decision, the FDA concluded that tobacco products fell within these statutory definitions, and the FDA planned to ban tobacco products altogether because they could not be deemed "safe" as required by the statute. This decision would have substantial economic ramifications for the tobacco industry, which the Supreme Court described as "a significant portion of the American economy" (Brown & Williamson 2000, p. 37).

The Court declined to give the FDA the usual *Chevron* deference, stating that "Congress could not have intended to delegate *a decision of such economic and political significance* to an agency *in so cryptic a fashion*" (Brown & Williamson 2000, p. 38, emphasis added). The Court reasoned that in extraordinary cases there is reason to hesitate before concluding that Congress intended the implicit delegation. Looking at the statute as a whole, the Supreme Court concluded it was clear that Congress intended to exclude tobacco products from the FDA's authority. Thus, the FDA's interpretation was impermissible under *Chevron* Step 1 (Brown & Williamson 2000).

## *American Trucking*: Origin of the "Elephants in Mouseholes" Phrase

In the 2001 Supreme Court decision in *American Trucking*, Justice Antonin Scalia coined the "elephants in mouseholes" phrase. In doing so, he built on the concepts of both *MCI Telecommunications* and *Brown & Williamson*, writing that Congress "does not alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions" (American Trucking 2001, p. 7). The fundamental detail in *American Trucking* was whether the US Environmental Protection Agency ("EPA") was allowed to consider implementation costs when it set the National Ambient Air Quality Standards ("NAAQS"). The Clean

Air Act directed the EPA to set air quality standards at a level "requisite to protect the public health" with "an adequate margin of safety." The EPA refused to read that focus on public health as allowing it to consider implementation costs, which would only weaken any public health standards, but the industry opponents argued that cost considerations were entirely appropriate. Because the NAAQS were the key part of Title I of the Clean Air Act, the Supreme Court demanded a clear textual commitment that costs were to be considered in their implementation. Industry members argued that the terms "adequate margin" and "requisite" left room for the EPA to consider costs. These phrases, the Supreme Court concluded, were "vague terms" that were not sufficient to alter a fundamental detail of the statutory scheme (American Trucking 2001).

Interestingly, this case is an outlier in the sense that unlike *Brown & Williamson* and *MCI Telecommunications*, the agency was not seeking to expand its power or stretch its jurisdiction; only its industry opponents were seeking to do so. Thus, *Chevron* was never expressly invoked in this part of the Supreme Court's analysis. The case is helpful, however, because it strengthens the doctrine that if a party seeks to read a statutory provision in a way that would fundamentally alter the overall statutory scheme, the party must present a clear textual commitment in support of its position.

## *Utility Air Regulatory Group*: Another Key Predecessor to *King*

In the 2014 decision in *Utility Air Regulatory Group*, the Supreme Court rejected an EPA interpretation of the Clean Air Act as unreasonable because it would have brought "an enormous and transformative expansion in the EPA's regulatory authority without clear congressional authorization" (Utility Air Regulatory Group 2014, p. 19). That exact language first appeared in this case, but the concept was implicit in *Brown & Williamson*. At issue in *Utility Air Regulatory Group* was whether the EPA reasonably interpreted the Clean Air Act to say that tens of thousands of small facilities would now have to get permits for their greenhouse gas emissions under certain permitting programs for air pollution sources. The EPA acknowledged that this interpretation would lead to a huge expansion of its regulatory regime. The programs at issue were Title I and Title V of the Clean Air Act, which required construction or operational permits for major air pollution facilities. For Title I purposes, a major emitting facility was defined as any stationary source that could emit 250 tons per year of "any air pollutant," and for greenhouse gases, 250 tons per year was a relatively low number, so that threshold would sweep thousands of small sources into the programs that previously had not been regulated. The EPA believed it had to read the statute in this manner, because an earlier Supreme Court decision (Massachusetts 2007) held that the Act-wide definition of air pollutant included greenhouse gases (Utility Air Regulatory Group 2014).

The Court rejected the EPA's interpretation as impermissible under Titles I and V, finding that the *Massachusetts* case dealt with a different part of the Clean Air Act (Title II, on vehicles) and thus was distinguishable based in part on the text of the statute but primarily on the context. For example, if Title I of the Clean Air Act encompassed greenhouse gases, then the annual permit applications would increase from 800 to nearly 82,000. Also, annual administrative costs would increase from $12 million to $1.5 billion. The EPA admitted that this growth in regulatory authority would be "unrecognizable to the Congress that designed" the Clean Air Act. In light of the extraordinary scope of the Title I program, the Supreme Court reiterated its less deferential scrutiny from *Brown & Williamson* and found that the EPA's interpretation was unreasonable "because *it would bring about an enormous and transformative expansion in EPA's regulatory authority without clear congressional authorization*" (Utility Air Regulatory Group 2014, p. 19, emphasis added). Applying that principle led, in essence, to a drastic rewriting of the usual *Chevron* analysis. The Court stated that because the statute did not compel the EPA's interpretation, it was "patently unreasonable" for the agency to attempt to read the statute in a way that would grant it such expansive power, thus

merging *Chevron* Steps 1 and 2 (Utility Air Regulatory Group 2014).

Thus, in future cases, the *Chevron* Step 2 determination of reasonableness may become a determination made at *Chevron* Step 1. If the agency proffers an interpretation that would create an "enormous and transformative expansion" of agency authority, involves a decision of "vast economic and political significance," or fundamentally alters a statutory scheme, then Congress must have expressed clear authorization to grant the agency the authority. In other words, ambiguity at *Chevron* Step 1 actually leads to the conclusion that Congress clearly did not intend to delegate the agency the expansive authority.

## The *King* Decision: ObamaCare as an "Extraordinary" Case

In its 2015 decision in *King*, the Supreme Court took another step by completely bypassing *Chevron* analysis because it was dealing with an "extraordinary" case. The statute at issue was the Patient Protection and Affordable Care Act ("ObamaCare"), which regulates health insurance affecting millions of people and billions of dollars annually. The Court declined to defer to the agency's interpretation of the healthcare law for two reasons. First, invoking *Utility Air Regulatory Group* and *Brown & Williamson*, the Supreme Court determined that it was dealing with a question of "deep 'economic and political significance'" and if "Congress wished to assign that question to an agency, it surely would have done so expressly" (King 2015, p. 8). Second, the agency whose interpretation was under review was the Internal Revenue Service ("IRS"), an agency that did not specialize in health insurance policy. With no deferential review, it was up to the Supreme Court to determine the meaning of the statute.

The particular question at issue in *King* was whether tax credits were available on so-called Federal Exchanges – healthcare markets established by the federal government, rather than the states. The statute provided for tax credits for certain individuals enrolled in health plans through "an Exchange established by the State." The Court conceded that the most natural reading would lead to no qualified individuals on Federal Exchanges. However, the Supreme Court determined that when read in its place in the overall statutory scheme and not as an isolated provision, the meaning of "Exchange established by the State" was not so clear. This context-specific interpretation was reminiscent of the Supreme Court's decision in *Brown & Williamson*, where tobacco products clearly fell within the literal meaning of drugs and devices (King 2015).

Upon concluding "Exchange established by the State" was ambiguous in isolation, the Supreme Court had to look to the Act's broader structure to give the phrase meaning. That structure, the Court concluded, required the Justices to read the language as applying equally to State and Federal Exchanges. Otherwise, the individual insurance market would destabilize and result in "death spirals" the Act was enacted to avoid. This result would occur because one of the three key reforms, the tax credits, would be ineffective in states where there was a Federal Exchange. Research indicated that 87% of individuals who bought insurance on a Federal Exchange did so with tax credits. Without the tax credits, nearly all of those individuals would be exempt from another essential reform, the coverage requirement. The coverage requirement is in place to maximize the number of individuals who are covered by health insurance. Basically, as long as health insurance would not exceed eight percent of an individual's income, that person must either buy health insurance or make a payment to the IRS (King 2015).

Thus, there would have been a domino effect without tax credits on Federal Exchanges. The Court cited two studies that concluded health insurance premiums would increase by 35–47% and enrollment would decrease by 69–70%. Based on these severe repercussions, the Supreme Court stated it was "implausible" that Congress intended the Act to operate in such a fashion. Congress, in enacting the Affordable Care Act, attempted to support the healthcare markets, not destroy them. Finally, the Supreme Court invoked *American Trucking* for the proposition that Congress does not alter the fundamental details of a

statute in vague terms or ancillary provisions, rejecting the notion that the viability of the Affordable Care Act turned on the "ultimate ancillary provision": a "sub-sub-sub section of the Tax Code" (King 2015).

## Questions Raised by the Less Deferential *King* Standard of Review

The notion from *King* and the earlier cases that Congress must speak clearly if it intends to delegate authority to agencies over programs of vast economic and political significance raises two key questions. First, how is a court to determine when an agency program rises to the level of such significance? The challengers will, of course, try to provide data about the grand scope of an agency's program. The Court in *King* relied on the parties' projections of premium costs rising and coverage declining. Similarly, the Supreme Court in *Utility Air Regulatory Group* took projections into account for the number of new permits and costs to regulate. This focus provides an incentive for challengers to overstate the effect of upholding a controversial agency action.

The line between programs of "vast economic and political significance" and lesser programs seems unclear. Indeed, just 1 week after the *King* decision, the Supreme Court decided another important challenge to an agency action, yet it did so under traditional *Chevron* analysis despite potentially major economic ramifications. The case involved a controversial rulemaking by the EPA to regulate mercury and toxic emissions from power plants, with the estimated compliance costs as high as $9 billion (Michigan 2015). The contrast between that case and the *King* case means that, in most future litigation about agency programs, the litigants will constantly battle about whether the enhanced scrutiny of *King* is or is not applicable. Indeed, that question is implicated in the ongoing challenges to two signature programs of the Obama Administration: (1) the Clean Power Plan (known as the "CPP," regulating greenhouse gases from existing power plants) and (2) the Deferred Action for Parents of Americans and Lawful Permanent Residents program (known as the "DAPA," announcing plans not to remove aliens under US immigration laws under certain circumstances). As those cases play out in the lower courts and then at the Supreme Court, the standard of review will be critical to the success or defeat of the programs.

The second key question is this: How is the more demanding standard of judicial review from *King* and its predecessor cases consistent with recognizing that Congress often delegates in broad terms so that agencies can fine-tune and implement policy goals? There are many reasons why Congress does not legislate more specifically. For one, Congress is ill-suited both by expertise and by the nature of the institution to make the intricate decisions of statutory application. The number of House of Representative members has been locked in at 435 since 1911. The Senate has also stayed the same size even though more and more laws are on the books. More and greater delegations of broad policies seem like a necessity in this day and age. Also, Congress may not anticipate problems that will arise later. Thus, just because Congress may not have realized the full effect of burning fossil fuels and releasing greenhouse gases at the time it enacted the Clean Air Act in 1970, Congress did understand that without giving the EPA broad flexibility, the Clean Air Act might become obsolete. Yet frequent application of the more skeptical *King* standard of review might require Congress to amend statutes quite frequently to spell out its position on trending issues or at least to give agencies express authority to act (the necessary "clear statement"); otherwise, courts might regularly reject significant agency programs for lack of the necessary "clear statement." The prospect that Congress will step in to make a clear statement on any controversial topic, especially in today's political climate, is unlikely.

Perhaps, though, we need not fear that the *King* standard will paralyze agency actions because the more skeptical and less deferential scrutiny does not necessarily mean that an agency's program will be defeated; it simply means the agency has to work harder to convince the reviewing court of the

validity of the agency's choices. In fact even in *King* the agency eventually won – that is, the IRS decision about giving tax credits for healthcare exchanges created by the federal government, not just the states, was upheld – but not because the Supreme Court deferred to the IRS. Rather, the Court independently analyzed the overall statutory scheme and took a position that happened to jive with the agency's own position – reading "exchange created by the State" in context, rather than in isolation to ensure Congress's overall legislative plan for the healthcare exchanges was not foiled.

Ultimately, to answer the second key question, perhaps we can say that the *King* standard of review requiring greater scrutiny of significant agency programs is a compromise between two competing strains in American jurisprudence: on the one hand, the notion from *Marbury v. Madison* that the judicial branch – rather than the other two branches – has the authority to "say what the law is" and, on the other hand, the notion from *Chevron* that the executive branch, rather than judges, should interpret ambiguous statutes written by Congress. The *King* standard balances those two views by providing that the more important a statutory program is, the less likely a court will be to defer to an agency's interpretation of the statute and the more likely the court will be to read the statute in its own way. Less significant agency interpretations, by contrast, will continue to receive deferential review. This result makes sense if we recognize that the courts simply do not have time or expertise to second-guess all agency decisions, especially in the highly regulated world in which we live. In sum, in challenges to the most important agency programs, the Supreme Court will "say what the law is," and for the less important programs, the federal agencies will get to do so.

## Conclusion

The *King* case and the earlier *Brown & Williamson* and *Utility Air Regulatory Group* cases created a new standard of judicial review that could be called the "clear statement" requirement. These cases hold that Congress must speak clearly if it intends to delegate authority to agencies over programs of vast economic and political significance. This more aggressive standard does not necessarily mean that significant agency programs will always be struck down by the courts, but it does mean that an agency will have to convince a court outright of the merits of the agency's position, rather than simply asking the court to defer to the agency's expertise.

## Cross-References

▶ Judicial Review

## References

Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837 (1984). Available at https://www.law.cornell.edu/supremecourt/text/467/837. Accessed 19 June 2016

FDA v. Brown & Williamson Tobacco Corp., 529 U.S. 120 (2000). Available at https://www.law.cornell.edu/supct/pdf/98-1152P.ZO and http://www.supremecourt.gov/opinions/boundvolumes/529bv.pdf. Both accessed 19 June 2016

Industrial Union Dept., AFL–CIO v. American Petroleum Institute, 448 U.S. 607 (1980) (plurality opinion). Available at https://supreme.justia.com/cases/federal/us/448/607/. Accessed 19 June 2016

King v. Burwell, 135 S. Ct. 2480 (2015). Available at http://www.supremecourt.gov/opinions/14pdf/14-114_qol1.pdf. Accessed 19 June 2016

Massachusetts v. EPA, 549 U.S. 497 (2007). Available at http://www.supremecourt.gov/opinions/06pdf/05-1120.pdf. Accessed 19 June 2016

MCI Telecommunications Corp. v. American Telephone & Telegraph Co., 512 U.S. 218 (1994). Available at https://www.law.cornell.edu/supct/html/93-356.ZO.html and http://www.supremecourt.gov/opinions/boundvolumes/512bv.pdf. Both accessed 19 June 2016

Michigan v. EPA, 135 S. Ct. 2699 (2015). Available at http://www.supremecourt.gov/opinions/14pdf/14-46_bqmc.pdf. Accessed 19 June 2016

Smiley v. Citibank (S. Dakota), N.A., 517 U.S. 735 (1996). Available at https://www.law.cornell.edu/supct/html/95-860.ZO.html and http://www.supremecourt.gov/opinions/boundvolumes/517bv.pdf. Both accessed 19 June 2016

Utility Air Regulatory Group v. EPA, 134 S. Ct. 2427 (2014). Available at http://www.supremecourt.gov/opinions/13pdf/12-1146_4g18.pdf. Accessed 19 June 2016

Whitman v. American Trucking Associations, Inc., 531 U.S. 457 (2001). Available at https://www.law.cornell.edu/supct/pdf/99-1257P.ZO and http://www.supremecourt.gov/opinions/boundvolumes/531bv.pdf. Both accessed 19 June 2016

# Judiciary and Post-election Conflict Resolution and Democratic Consolidation in Ghana's Fourth Republic

William Asante and Samuel Adams
School of Public Service and Governance, Ghana Institute of Management and Public Administration, Accra, Ghana

## Synonyms

Election petition resolution; Electoral dispute settlement; Electoral grievance resolution; Post-election adjudication; Post-election crisis management

## Definition

Post-election conflicts may refer to crises or disputes arising from key electoral stakeholders after the declaration of results by the body charged with managing elections. Post-election conflict resolution on the other hand constitutes the efforts to peacefully resolve election-related disputes emanating from electoral stakeholders after an election is declared.

## Introduction

Over the last three decades though multiparty elections have defined the political landscape of most of sub-Saharan African (SSA) countries, political violence or controversy during and after elections remains a pervasive element of the democratic change sweeping the continent. Examples of the post-election controversies include cases in Ghana, the Democratic Republic of the Congo, Kenya, Mozambique, Uganda, Zambia, and most recently Gambia. It is in light of the controversies associated with African elections, that Omotola (2010) claims that most elections in Africa are mere rituals in which the votes count for little or nothing and that the best election riggers are the big winners. This pessimistic view is supported by Harding's (2015) description of African election as nothing more than a contest in ethnicity and corruption. Obviously, where democratic institutions are well established, prospects of electoral defeat should not be sufficient to motivate politicians to engage in violent electoral tactics.

It is surprising that not much attention has been given to the mechanisms (institutions) responsible for resolving post-election conflicts. This gap gives the rationale for this entry. The authors argue that the domination and centralization of executive power, weak, and dependent institutions of horizontal accountability (legislature, judiciary, national elections committee, general auditing commissions, and anti-corruption) are major challenges to consolidation of democracy. Furthermore, this entry contributes to the extant body of knowledge by focusing on the constitutional framework for electoral justice to provide an in-depth analysis of the complex and dynamic nature of post-election conflict resolution in Ghana. Specifically, this entry examines the significant role of the judiciary (Supreme and High Courts) in post-election conflict resolution in Ghana's presidential and parliamentary elections over the years. This entry is also in sync with the literature debating the significance of electoral institutions in mediating the risk of electoral violence and armed conflict more broadly (Fjelde and Hoglund 2014). The rest of the entry proceeds with a brief discussion on the nexus of democratic consolidation and post-election conflict resolution, the causes of post-election conflicts in Ghana, and the role of the courts and other important stakeholders in post-election conflict resolution, and then a conclusion is drawn with some policy implications.

## Exploring the Nexus Between Post-election Conflict Resolution and Democratic Consolidation

Definitions for democracy abound, however, it can be appropriately defined as a political system

that is characterized by popular participation, competition for executive office, and providing an institutional check on how power is to be exercised (Minier 1998). Also, the power of the majority of citizens to choose and remove governments cannot be underrated in a democracy (Gallie 1955). However, merely holding an election does not make a country democratic, since many African countries continue to do that with success. Consolidating democracy goes beyond competitive elections and Huntington's (1991) two turnover test to providing guarantees of civil liberties, broad citizen participation, and impartial institutions. On the other hand, post-election conflict may refer to crisis or disputes arising from key electoral stakeholders after the declaration of results by the body charged with managing elections. This entry identifies the rejection of the electoral results and the subsequent filing of petitions as the key embodiment of post-election conflict.

Many countries have put in place several mechanisms to deal with post-election conflict. For instance, Indonesia's politicians deliberately opted for the creation of a new court instead of handing the power of judicial review to the Supreme Court, probably because the sitting judges were perceived to be corrupt and incompetent (Horowitz 2006). The institutions charged with resolving these cantankerous conflicts may be divided into two categories consisting of regular constitutional courts charged with ruling in election-related cases and electoral courts, usually autonomous from the three branches of government (Eisenstadt 2002).

A renewed interest in democracy and its consolidation was envisaged when the African Union (AU) Constitutive Act replaced the Organization for African Unity (OAU) Charter – the open rejection for unconstitutional changes of government (Lamin 2011). Additionally, the AU together with other subregional continental groups have adopted charters and protocols on democracy, elections, and governance as a demonstration of Africa's seriousness toward the democratic consolidation journey. However, the revelation that violence has affected between 19% and 25% of African elections since 2000 (Bekoe 2010) defeats the above efforts and raises serious questions about the sustainability of democratic governance on the continent.

With this background, it becomes very important to identify ways to address post-election conflicts in emerging democracies, which according to Omotola (2010) include constitutional frameworks, power sharing, and electoral reform initiatives. Additionally, Mietzner (2010) and Horowitz (2006) claim that the court (judiciary) is a major stakeholder in democratic consolidation and has played positive roles in the stabilization of democracies. In the case of Ghana, it could be deduced that the neglect of the court in the post-1992 presidential election controversy may have led to the abortive resolution of that conflict that bedeviled the birth of Ghana's Fourth Republic. The consequence was the opposition parties' refusal to concede defeat in the presidential election and the boycott of the parliamentary elections (Boafo-Arthur 1995). This resulted in a one-sided parliament and affected the quality of governance. It is against this backdrop that this entry examines the role of the courts in post-election conflict resolution and the implications of their efforts for democratic consolidation in Ghana.

## Causes of Post-election Conflicts in Ghana's Fourth Republic

Every election comes with its own dynamics. The same can be said of post-electoral conflicts, which also may emanate from diverse causes. Ghana's case suggests that the causes of post-election conflicts include non-compliance of laws by EC officials and contesting candidates as recorded in the maiden presidential election petition (Asante and Asare 2017); the status of candidates, that is, whether they are qualified or not to contest in an elections, as in the case of the residential status of the MP-elect for Akim Oda Constituency after the 1996 parliamentary election; and the citizenship status of the NPP Bawku Central MP after the 2008 parliamentary election. The last but not the least cause of post-election conflicts in Ghana is the general misconduct of some EC officials and temporary staff as recorded in the Bawku Central and Bawku West Constituencies in the 1996 parliamentary elections.

## Role of the Courts in Post-election Conflict Resolution

To understand the role of the courts, it is important to give a brief background of the institutional framework for post-election conflict resolution in Ghana as set out by the Constitution. Article 1 Clause 2 of the 1992 Constitution of the Republic of Ghana stipulates the supremacy of the Constitution and that all laws should be consistent with its provisions. It must be highlighted that whereas the High Courts are responsible for parliamentary election disputes, the Supreme Court deals with that of presidential election disputes. Additionally, Article 99(1) of Ghana's 1992 Constitution states that the High Court shall have jurisdiction to hear and determine any question relating to the validity of the election of a member of parliament or the vacancy of the seat and the validity of the election of the Speaker of Parliament. Furthermore, the Constitution again provides that any individual who is not satisfied with the ruling of the High Court may petition the Court of Appeal for further redress (Article 99(2)). In the case of presidential elections, Article 64(1) provides that a citizen of Ghana can challenge the election of a president by bringing a petition to the Supreme Court within 21 days after the declaration of the result of the election in respect of which the petition is presented and that a declaration by the Supreme Court that the election of the president is not valid shall be without prejudice to anything done by the president before the declaration of the said election results (see Article 64(2) of Ghana's Constitution).

To complement the above constitutional provisions is the Representation of the People Law 1992 [Act 284], which throws more light on who qualifies to present a petition (section 17), the time for presentation of the petition (section 18), reliefs which may be granted (section 19), and grounds for cancelling election results (section 20), among others. The following paragraphs discuss the important role of the courts in Ghana's post-election resolution efforts over the years.

### Clarification of Some Electoral Laws and Procedures

Since the beginning of the Fourth Republic, the courts have clarified most of the ambiguities surrounding the country's electoral laws. One of these was the Asutifi South Constituency case which traveled from the High Court to the Supreme Court in 2009. The question that the Supreme Court sought to answer during this trial was "does the High Court have jurisdiction to entertain any election petition under Act 284 before the EC has declared the results of that election?" The answer by the Supreme Court was an emphatic no, with the reason that an election petition was supposed to be presented within 21 days after the declaration of the results by the EC and the results published in a public newspaper or the organization's official paper. Anything short of this is premature and could not be seen as an election petition (Act 284, section 18(1)). Similar incident occurred in the Akwatia Constituency.

### Dealing with Specific Cases of Election Petitions

In the Wenchi West Constituency, for instance, the Sunyani High Court had to dismiss a petition filed by one of the aspiring parliamentary candidates, Mr Joe Danquah of the NPP who prayed the court to order a fresh election in the Constituency. He alleged that his opponent (Mr Asiedu-Nketiah) committed an act of fraud which affected the results because the District Election Officer did not comply with the provisions of Act 284. His contention was that his opponent used his personal vehicle to assist the EC convey ballot boxes containing cast ballot papers from the polling center on the Election Day. Again, his opponent distributed cash, rice, and flashlights to some registered voters in the Constituency to secure votes in the election. Even though Mr Danquah may have had a case, his petition was premature as such was not entertained by the court. Credibility of the court system can therefore be said to be a major stabilizing factor in Ghana's democracy. This is consistent with the view of Fjelde and Hoglund (2014) that election-related institutions are crucial in reducing the incentives for electoral violence between political actors. These institutions motivate actors to comply with rules and to accept defeat because of the perception that losers will still be allowed to advance their interests in the future.

On the issue of contestation of the qualification status of candidates, a cattle farmer, Mr. Sumaila Biebel, in March 2009 filed a suit at an Accra Fast Track High Court challenging the eligibility of the newly elected NPP MP for Bawku Central Adamu Sakande on the grounds that the MP held dual citizenship, to wit both British and Burkinabe. Following this petition, the MP was ordered by the court to vacate his seat; he was subsequently jailed for holding dual citizenship, forgery of passport, and deceiving public officers to be elected as MP.

## Other Stakeholders Roles: Legal Practitioners, Politicians, and EC Staff

The observed evidence suggests key stakeholders such as legal practitioners, politicians, and the EC have all played diverse roles in Ghana's post-election conflict resolution efforts since the commencement of the Fourth Republic.

### Voluntary Withdrawals of Petitions

The data gathered brought out the fact that some of the legal practitioners together with their clients' politicians upon realizing their mistakes graciously withdrew their petitions. Examples are the NDC candidates for Akropong and Akwatia constituencies in the 2000 parliamentary elections and the NPP parliamentary candidate for the Effutu Constituency, among others.

## Conclusion and Policy Implications

Democratic consolidation consists of efforts to prevent democratic breakdown as actors subject themselves to the laid down rules in resolving conflicts. This entry reveals that Ghanaian politicians are devotedly making use of the available legal regime to resolve election-related disputes. It is noted that since 1996, election-related conflicts have been filed at the various High Courts in the country. However, the unfortunate incident is that most of these petitions had to be dismissed or struck out from the courts because of procedural errors. Further, these occurrences have been a great learning experience for Ghana, in the sense that most legal practitioners, EC officials, and politicians have learnt the rudiments of these post-election conflict resolution procedures. It is therefore not surprising that the maiden presidential petition did not suffer any procedural errors.

Finally, it is appropriate to mention that the courts have also learnt and consequently become innovative. Some of the significant reforms include written witness statement replacing oral statement and making the courts more accessible by, for example, making the election petition process very transparent by streaming procedure live on television. In like manner, the EC has also contributed to the reforms and therefore consolidation of democracy in Ghana, for example, the need to recruit competent returning/presiding officers who swear before a circuit court magistrate before commencing their duties.

It is without doubt that in Ghana's Fourth Republic, politicians are more likely to seek the assistance of the courts rather than the use of other means such as vandalism, boycotts, and violence to settle conflicts. Furthermore, the courts specifically the Supreme and the High Courts have steadily exhibited maturity in their dealing with post-election conflict resolution issues. They have succeeded in clarifying electoral laws and procedures and again provided the platform for legal practitioners, politicians, and the EC to learn by being active stakeholders in the process. It has also been identified that most of the legal practitioners did great disservice to their clients as most of the counsels did not get the court procedures right. This entry concludes that counsels for respondents should constantly update their knowledge of electoral laws and EC officials should go through rigorous routine training for its staff and reduce logistical challenges.

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Judicial Oversight of Bureaucracy
- ▶ Laws and Crisis Management
- ▶ Supreme Court and Public Administration

## References

Asante W, Asare BE (2017) Ghana's 2012 election petition and its outcome: a giant leap towards democratic consolidation. In: Asare BE, Frempong AKD (eds) Selected issues in Ghana's democracy. Digibooks Ghana Limited, Tema, pp 107–124

Bekoe D (2010) Trends in electoral violence in sub-Saharan Africa. USIP peace brief no 13, March

Boafo-Arthur K (1995) Managing inter-party conflict in Ghanaian politics: lessons from the National Democratic Congress and the New Patriotic Party (NPP) dialogue. In: Oquaye M (ed) Democracy and conflict resolution in Ghana. Gold-Type Publications, Accra, pp 212–230

Eisenstadt TA (2002) Measuring electoral court failure in democratizing Mexico. Int Polit Sci Rev 23(1):47–68

Fjelde H, Hoglund K (2014) Electoral institutions and electoral violence in sub-Saharan Africa. Br J Polit Sci 46:297–320

Gallie WB (1955) Essentially contested concepts. Proc Aristot Soc 56:167–198. http://www.jstor.org/stable/4544562

Harding R (2015) Attribution and accountability: voting for roads in Ghana. World Polit 67(4):656–689

Horowitz DL (2006) Constitutional courts: a primer for decision makers. J Democr 17(4):125–137

Huntington SP (1991) Democracy's third wave. J Democr 2(2):12–34

Lamin RA (2011) Editorial: West Africa in context: elections and the challenges of democratic governance. J Afr Elect (Special Issue, West Africa) 10(2):1–5

Mietzner M (2010) Political conflict resolution and democratic consolidation in Indonesia: the role of the constitutional court. J East Asian Stud 10(3):397–424

Minier J (1998) Democracy and growth: alternative approaches. J Econ Growth 3(3):241–266

Omotola JS (2010) Mechanisms of post-election conflict resolution in Africa's 'new' democracies. Afr Secur Rev 19(2):2–13

# K

## K-12 Education as Social Policy

Jenny Sue Flannagan
Regent University, Virginia Beach, VA, USA

### Synonyms

Education; Education as social policy; K-12 Education; School districts; Schools

### Definition

K-12 education as social policy refers to the relationship between social policies in the federal/state/local government and the use of K-12 educational policies to move forward social policies.

### Introduction

In 2015, the annual budget for the United States was 3.8 trillion. Out of the 3.8 trillion, the discretionary spending for education was 69.98 billion dollars. It was the third largest section of the federal budget in that year. On average, the United States contributes 5% of its gross domestic product (GDP) to public education. State governments in the US contribute on average 48% of the overall cost, while local communities pay for 44% (U.S. Education Spending 2016). Apart from national defense, no other government program is considered more valuable than exposing young people to high quality education.

Since the beginnings of education in the United States and more specifically back in the early 1700s, the fundamental goal of education has been to pass on to each child the knowledge and skills he or she will use throughout his or her lifetime. While schools are often thought of as places where children learn the knowledge adults already know (Hu and McMahon 2010), schools also serve the purpose of teaching young minds how to critically analyze and evaluate information.

Socially and economically investing in public education means those individuals who graduate and have had access to quality education throughout primary and secondary school are more likely to find employment, have stable families, and be productive citizens. Research has also pointed out that investments in public education can lead to a reduction in serious crimes, less demands on the public health system, and fewer enrolled in welfare assistance programs.

Education in the United States has been historically different than other countries. Federalism governs how the United States oversees education. This essentially means there is a sharing of power between the states and local governments who are in charge of education. Up until the twenty-first century, the federal government has had little control over educational decisions. Most decisions have been made at the state or local

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

level. The US educational system allows a choice between public, private, or homeschool options for parents. The major difference between public and private schools comes down to funding. Public schools receive government funding and are subject to rules and regulations to ensure that the funds are used appropriately while private schools receive no government funding.

As the United States has grown both as an economic superpower and in the number of citizens that live within her border over the last several centuries, so too has the understanding that education serves a larger purpose than just spreading knowledge and skills. Public education is the only institution in the United States that has the capacity to reach a majority of her citizens. It is far more cost effective for our national government and states to invest in public education than to pay for the social and economic consequences of under-funded low quality schools.

Social policies are developed by the government, and their actions are intended to provide a basic level of assistance with income, safety, education, housing, and health care for certain categories of people at risk. According to Cheyne et al. (2005), "social policy might also be described as actions that affect the well-being of members of a society through shaping the distribution of and access to goods and resources in that society." (p. 3) History shows that because public education reaches so many of our students, social policy agendas have been advanced due to the educational system. To better understand this relationship, one must explore the history of education to understand the connection between education and social policy.

## Brief History of K-12 Education in the United States

Mention the word education and various images come to mind. Young people getting on busses and attending school where they are taught by many teachers throughout the years. Students take math, science, reading, history, and many other subjects. Some students attend specialized schools where they learn trade skills, while others may have the opportunity to attend specialized academies where they learn the latest skills in engineering and computer technology. Around 17 or 18 students graduate and either go to college or they enter the workforce. This is the typical view of education in the twenty-first century, but go back in time four centuries ago and the image of the educational system will look vastly different than today.

The US educational system began sometime in the mid-1600s and depending on where one lived, the educational experience was vastly different. In the north, the Puritans were known for their value of education, both for the sake of religious study and economic success. The Boston Latin Grammar School, the first American high school, was founded as early as 1635 to prepare young men for college at Harvard and service in the government and the church. By 1647, Massachusetts had passed a law mandating that every town of 50 or more families support an elementary school and every town of 100 or more support a Latin, or grammar school. These grammar schools were places where boys could learn Latin in preparation for college, ministry, or law. Both boys and girls attended schools and they learned to read, write, as well as study religion. In the mid-Atlantic states, private and public schools were common as the New England schools (Axtell 1974). Further south, however, few schools were found. In wealthy homes, children studied with private tutors while middle class siblings learned to read from their parents. Many poor and black children went unschooled. This contributed to low literacy levels in the south than in the north. (Bailyn 1960).

In the early 1700s, elite prep schools opened to train boys to go into the Ivy League colleges. Girls at this time did not receive a free education and the education they did receive was basic literacy and female grace skills. The flourishing of elementary education would occur in succeeding generations. Secondary education, i.e., high school, however, would take longer to take root. It would not be until nearly 200 years later (1821) that the first public high school, Boston English High School, would open its doors to all students. (Boyer 1983).

It was during the middle 1800s changes in the early educational systems began to emerge. In 1837, Horace Mann set forth his vision for "free" schools. His establishment of a statewide system of education in Massachusetts began the modern day educational system. In 1867, the original Department of Education was created to collect information on schools and teaching that would help the states establish effective school systems. Department of Education was created in 1867 to collect information on schools and teaching that would help states establish effective school systems. The Federal government's role was that of serving as an information collector. It would collect information about schools, students, funding, and programs available in the nation. By 1870 all states had locally controlled, tax-supported schools. However, while elementary education had spread rapidly in the early 1800s, only 500 public high schools were open in 1870.

While all children who have reached age six to eight are required in the USA today (depending on the state) to attend either private or publically funded institutions, this was not always the case. Sixteen states had compulsory-attendance laws by 1885, but most of those laws were sporadically enforced at best. All states had them by 1918. By 1952 Massachusetts had put into law a mandatory attendance act. This law specified that children between the ages of eight and fourteen had to attend school for at least 3 months out of each year. Out of those 12 weeks, at least six had to be consecutive. Most states also had robust policies regulating schools. By 1919 all states had transportation laws governing how children arrived to and from school.

Students enrolling in high school in the nineteenth century were not necessarily all prepared for college. While college preparatory schools still existed, many vocational training schools began to increase. During this time, parents and students saw this new "vocational education" as a shortcut to acquiring skilled jobs in the factories and agricultural enterprises.

By 1940, there were over 117,000 school boards in the United States with states remaining in control of education. Today there are about 14,000 school districts. Each of those school districts is overseen by a local school board. Each state has a state school board, plus boards found in the District of Columbia and territories (Ravitch 2014, p. 278).

## History of Key Social Policy Initiatives Related to Education

As the educational system grew and evolved over the last four centuries, changes in our country's role of government in developing policies that impacted society changed as well. Over the course of the United States' history, social policies have been enacted to respond to rapidly changing needs in the country. In many cases, one might argue education has been the vehicle used to enact social policies that brought about changes to the very fabric of democracy here in the United States. Several major social policies education helped to move forward the US motto of e pluribus unum (out of many, one).

### Education for All Students

In 1863, America was still healing do to the conflict of the civil war. For years, African Americans were not able to vote and many, particularly in the south, were not educated. Although President Abraham Lincoln signed the Emancipation Proclamation which ended slavery in the United States, this did not necessarily mean blacks were considered equals to whites. In 1896 the US Supreme Court case upheld the constitutionality of segregation under the "separate but equal" doctrine. It stemmed from an 1892 incident in which African-American train passenger, Homer Plessy, refused to sit in a Jim Crow car thus breaking a Louisiana law. Rejecting Plessy's argument that his constitutional rights were violated, the Court ruled that a state law that "implies merely a legal distinction" between whites and blacks did not conflict with the 13th and 14th Amendments.

By the 1950s compulsory education was well established although the K-12 educational system was still in its infancy. Education was no longer just available to the wealthy; it was for all students

regardless of color. But there was a caveat to this notion that all students deserved an education. For 60 years, public education mirrored the view of society that races needed to be segregated from each other in terms of the use of public facilities. Beginning in the nineteenth century, state and local governments passed segregation laws known as Jim Crow Laws. Jim Crow was the name given to define a racial caste system (a social structure within countries based on what families you are born into (i.e., being born into poverty means you will always be poor). This "system" operated primarily, but not exclusively, in southern and borders between 1877 and the mid-1960s. This system defined African Americans as second-class citizens and was essentially a way of life (Margo 1990). Jim Crow was more than a series of rigid antiblack laws. It was a way of life. Under Jim Crow, African Americans were relegated to the status of second-class citizens (Margo 1990).

In 1869 the Supreme Court upheld this notion when they issued their verdict in the Plessy v. Ferguson case, which held that as long as the separate facilities for the separate races were equal, segregation did not violate the Fourteenth Amendment ("no State shall... deny to any person... the equal protection of the laws"). The court stated that even though factors such as facilities, teachers, and supplies were equal, separation itself was inherently unequal and a violation of the equal protection clause of the 14th amendment.

In 1951 a class action lawsuit was filed against the Board of Education in the City of Topeka, Kansas, calling for the school district to reverse its policy of racial segregation. Since 1879, the Topeka Board of Education had operated separate elementary schools in twelve communities. The District Court in Kansas sided with the school board. When the case reached the US Supreme Court, it was a combination of five cases (Brown, Briggs v. Elliott, Davis v. County School Board of Prince Edward County, Gebhart V. Belton, and Bolling V Sharpe). On May 17, 1954, the Supreme Court handed down a unanimous (9–0) decision that "separate educational facilities are inherently unequal."

### Educating Immigrants

During the first decade of the twentieth century, America had the largest number of immigrants coming to her shores in the hopes of a better life. Propelled by the rise in manufactory jobs due to the Industrial Revolution, over 16.3 million people arrived between 1900 and 1910. Suddenly life in America changed from primarily farms and towns to more densely packed urban areas. Education was changing as well within the federal government.

The federal government passed the Smith Hughes Act in 1917. This act created the Federal Board for Vocational education. Its goal was the promotion of training in agriculture, trades and industries, commerce, and home economics in secondary schools. As part of the act, these federal grants-in-aid had to be matched by state or local funds. State boards were required to submit a state plan for how the funding would be used and they had to agree to four conditions (Swanson 1951). These four conditions outlined in the legislation required that (1) the federally aided program of vocational education would be under public supervision and control; (2) the controlling purpose would be to fit students for useful employment; (3) vocational education would be of less than college grade and designed to meet the needs of persons over 14 years of age who had entered or who were preparing to enter the occupation for which they were receiving training; and (4) the state or local community would provide the necessary plant and equipment (Roberts 1957, p. 132).

### Social Policy Expanding Role of Federal Government

Another influential legislative act was created in 1958. The National Defense Education Act (NDEA) was passed by Congress and signed into law by President Dwight D. Eisenhower on September 2, 1958. This legislation provided funding to improve American schools and to promote postsecondary education. The goal of NDEA was to improve and strengthen all levels of the American school system and to encourage students to continue their education beyond high school. There were provisions within the law that

included scholarships and loans to students in higher education, for those students who were preparing to be a teacher, and for those students who showed promise in the fields of mathematics, science, engineering, and modern foreign languages. States received grant funding specifically for public schools to use within academic programs such as mathematics, science, and modern foreign languages. The law also included funding to improve the teaching of languages. Several other funding areas were included as well.

The 1960s were a decade of major social change in the USA. Another major federal social policy was enacted on April 9, 1965. The Elementary and Secondary Education Act (ESEA) developed under the principle of redress, which established that children from low-income homes required more educational services than children from affluent homes. As part of the Elementary and Secondary Education Act, Title I Funding allocated one billion dollars a year to schools with a high concentration of low-income children. The legislation also provided funding to expand access to students with disabilities although it did not expand access to all students. Since 1870 Congress had been trying to pass a school bill for all of America's children. This was the first significant step in the twentieth century to provide assistance to all children in public schools. Around the same time Congress also created Head Start – a preschool program for children in poverty (Ravitch 2014, p. 280). This program provided free lunch to those in need.

In the 1970s the government passed Title IX, which stated that no person could be excluded from a school program on the basis of his or her sex. This provided opportunities to more women athletes and other opportunities for women that were not previously granted. Congress also established in 1979 the US Department of Education. This was the first time education was raised to a cabinet-level position. Also during this time two bills opened up educational access to students with disabilities. The All Handicapped Children Act (EHA) established the right to a public education for all children regardless of disability. The second act passed was the Individuals with Disabilities Education Act (IDEA), which required schools to provide individualized or special education for children with qualifying disabilities. Any state that accepted public funding had to provide special education services.

Education continued to change during the 1980s. In 1983, a presidential commission, consisting of 18 members from the private sector, the government, and education were assessing the "quality of teaching and learning" at the primary, secondary, and postsecondary levels in both the public and private spheres in order to compare American schools and colleges with those of other advanced nations. Upon completion the report contributed to the assertion that American schools were failing.

Beginning in the twenty-first century, President George W. Bush signed into law the No Child Left Behind Act (NCLB). NCLB updated the 1964 Elementary and Secondary Education Act. This piece of legislation sought to continue to advance the competitiveness of America by focusing on closing the achievement gap between poor and minority students and their advanced peers. This law required school divisions to annually test students in grades 3–8 in math, science, and reading. School divisions were also required to meet annual yearly progress goals. This law grew out of concerns that the American educational systems was no longer competitive internationally. In 2009 President Obama released Race to the Top funds, which spurred the development of Common Core Learning Standards. President Obama in 2010 released his own blueprints for revising the NCLB law as well as offering states more flexibility in not operating under the law.

## K-12 Education's Reflection of Social Policy

Early philosophers such as Plate, Aristotle, and Socrates believed education was central to life. Education was how one attained knowledge. To Aristotle, however, education was more than just the acquiring of knowledge. It was also important to the attainment of happiness or goodness in life. Over the last decades, research has supported the

idea of happiness and an overall flourishing society. Putnam (2000) articulated:

> Education is one of the most important predictors-usually, in fact, the most important predictor of many forms of social participation from voting to associational memberships, to chairing a local committee, to hosting a dinner party to giving blood. The same basic pattern applies to both men and women and to all races and generations. Education, in short, is an extremely powerful predictor of civil engagement. (p. 186)

While education is the primary way to train children in the skills they will need when they become adults in order to find employment in order to live (Grossman 2006), education also has broader impacts for society at large. An educated population is able to critically think and use information to make informed decisions (Martinez 2000). Education opens the door for access to higher education, thus allowing people to enter the work force earning a higher wage (Snow 1982). This leads to sustained productive employment and the ability to make effective choices regarding life in general.

Education, however, does not operate in a vacuum. Because of this fact, over the course of the last two centuries, as society has changed, so too has education. Sometimes these changes were driven from outcomes of judicial decisions, while others came as a result of historical events that have impacted the United States. In both cases, how education in this country is being done today looks radically different than when it began.

## Impact of Judicial Decisions on Education

Since 1789 the nation's court system has been designed to fulfill a system of checks and balances in order to maintain how democracy works in the United States. The tenant of any court in the United States is to uphold the Constitution by striking down laws that go beyond those rights established within the constitution or limitations on government power. The judiciary is also charged with interpreting laws and applying them to individual situations and how the meaning of laws can be applied. When judges rule laws or government actions that violate the spirit of the Constitution, they profoundly shape public policy. Perhaps the most profound ruling to change the course of education was the decision of Brown v. Board of Education in 1954.

The United States entered into a time of rapid change and growth through many social policy initiatives during the 1950s. The USA was undertaking the creating of an interstate highway system; suburbs were growing, and family life was changing as well. It was not uncommon for households to have two cars. Color televisions were becoming the norm. Advances in medicine such as the polio vaccine changed forever the future lives of children and advanced the notion of developing vaccines to cure diseases.

The 1950s were also a time when more and more citizens began to seek a change towards a more equalitarian society where everyone had equal rights as outlined in our founding documents. It was 1 month before the launch of the Russian spacecraft Sputnik where Americans saw the first civil rights legislation since the reconstruction. Both events – the movement towards an equalitarian society and the Russians beating the USA to the space race – drove changes in education.

While the education of a child begins first in the home, when they enter school their schools become places that are in essence microsocieties. In other words, they often times reflect views of a larger society. Prior to the 1950s, schools in America were segregated. The landmark Supreme Court case Plessy v. Ferguson upheld the constitutionality of state laws requiring racial segregation in public facilities under the doctrine of "separate but equal." When the high court gave its unanimous decision to rule that separate but equal was not constitutional, it did so by pointing to the fact that research had shown that significant psychotically and social disadvantage were given to black children from the nature of segregation itself even if the schools were of equal quality in facilities and teachers. Even though this ruling was historic, it would take many more years for desegregation to be put into place. It would not be until President Lyndon Johnson in 1964 signed

the Civil Right Act that the government would begin pushing to integrate schools by threating districts that did not comply by withholding federal funds and lawsuits.

## Major Events in History Impacting Education

Just as judicial outcomes can shape education, so too can legislative outcomes. One of the first major legislative policies to affect changes in education was due to the relationship between the influx of immigrants and the Industrial Revolution. The Smith-Hughes Act was legislation that was created in response to a complex set of social, economic, and political forces and established the Federal Board for Vocational Education. Prior to the passing of the Smith Hughes Act, the federal government had given to Land Ordinances (1785 and the Northwest Ordinance of 1787) which did suggest some of the money be used for education although Congress did not prescribe the funds to be used only for schools. With the Smith Hughes Act, however, the federal government put a set of restricting guidelines on the money. In the act States had to create a "state plan" for how the funds would be used. This plan was really a contract between the Federal Government and the States, which would assure adherence to Federal requirements and procedures. Some argue that while this law did a great deal to advance vocational education in the United States, unintended consequences seen later coupled with other legislation gave rise to tracking students that tended to capitulate the differential treatment of students based on class and race. For example, African-American students were often guided into vocational education programs on the assumption they were not capable of academic training or would not be hired for jobs that required it.

While the Smith-Hughes Act impacted vocational education, another historical event impacted multiple areas within the educational system. The object involved at the center of this historical event was rather small, but the long lasting implication hugely changed education. On October 4, 1957, a tiny satellite, not from the USA orbited the earth for the first time. Sputnik made history. Not just because it was the first man made object to travel in space around the earth, but because it was Russian. Although America would eventually land a man on the moon, the Russians had beat the United States and signaled they had the rocket technology to launch bombs at the United States. This event put a spotlight on a serious problem – many felt the US educational system was failing. In order to improve it, major changes in both instruction and curriculum had to take place. This led to the creation and passing of the National Defense Education Act (NDEA) on September 2, 1958. This act provided funding to improve American schools and to promote post-secondary education. The goal of the legislation was to strengthen the areas of science and technology in the country's educational system in order to meet the demands for America to compete with the Soviet Union.

Apart from the Brown v. Board of Education, this was the first major act and the beginning of major involvement of the federal government in education. Those against the legislation worried this would mean that funding provided by the federal government would again come with restrictions and would shape educational policy. Other critics felt the bill was too limited in only focusing on science and technology while also putting more scientists instead of educators in charge. Even further, some singled this was political strategy to gain more control over state controlled education.

Many felt the Elementary and Secondary Education Act (ESEA) of 1964, as with the NDEA, was another means of the government gaining more control over education. After Kennedy's assassination, Johnson decided to respond to civil rights pressures and religious conflicts over education by linking educational legislation to his "War on Poverty." The ESEA was the first time the government switched from general federal aid to education towards categorical aid, and the tying of federal aid to national policy concerns such as poverty, defense, or economic growth. But the bill did something more. ESEA gave the federal government a way to take an aggressive role in enforcing the Civil Rights Act of 1964 by

threatening to withhold federal funds from districts that failed to desegregate their schools (Ravitch 2014, p. 280).

In 1983 a little report entitled "A Nation at Risk" once again put education in the spotlight. This report began a decade of major change in the role of the federal government in education. For the first time in history when Bush signed into law No Child Left Behind (NCLB) in 2001, the federal government was in the driver's seat (Ravith, 281) when it pertained to education. If school districts or states wanted to change their plans in order to meet federal goals of the NCLB law, they had to seek permission from the federal government to do so.

Backlash towards the bill has been growing over the last decade and was part of the reason President Obama in 2009 signed into law Race to the Top which was a competitive grant program that set aside 4.35 billion to encourage states to support education innovation. But within the guidelines the federal government, specifically the US Department of Education, demanded states follow certain guidelines if they wanted to win a share of the money. This grant program would eventually lead to teacher evaluations including the use of test scores and the creation and adoption by states of the Common Core Standards.

## Final Thoughts

As evidenced by the large amount of money set aside to be spent on education annually, most Americans understand that paying for the education of the nation's children is a civic duty and an investment in the future of our great nation. Public education has played a role in expanding the democracy of the United States. While those changes were driven by both judicial and legislative actions, nonetheless, the public schools have helped to assimilate the millions of immigrant children who came here and still come here for a better life. They have learned English in our public schools and have participated in American democracy. All children, regardless of their skin color, sex, or disabilities, have been given the rights to be educated. As Diane Ravitch so eloquently points out, public education is the only institution that has done all of these things over the last three decades. Ravitch (2014) states,

> More than any other institution in American life, the public schools have broken down the barriers of class, race, religion, gender, ethnicity, language, and disability statues that separate people. They have not eliminated those divisions, but they have enabled people from different walks of life to learn from one another, to study together, play together, plan together, and recognize their humanity. More than any other institution in our society, the public schools enable the rising generation to exchange ideas, to debate, to disagree, and to take into account the views of others in making decisions.
>
> Over time as the public schools have opened their doors to all, they have strengthened our nation by expanding opportunities to more people as well as distributing the benefits of knowledge to more people. Public education has been an American melting pot, an American salad bowl, an American orchestra, and an American mosaic. The public schools have taught us how to be one society and not a collection of separate enclaves divided by race, language, and culture. They have contributed directly to the growth of a large middle class and a dynamic society. Our nation's public schools have been a mighty engine of opportunity and equality. (pp. 323–324)

As society continues to change, education must also change in order to meet the new demands. But what should not change are the overarching purposes of education – to provide young people in the United States with the knowledge, skills, and a love of learning so they can become informed citizens who are able to solve incredibly complex problems. Education will also be about preparing future citizens. Public education is essential to the democracy of the United States.

## References

Axtell J (1974) The school upon a hill: education and society in colonial New England. Yale University Press, New Haven

Bailyn B (1960) Education in the forming of American society. University of North Carolina Press, Chapel Hill

Boyer EL (1983) High school: a report on secondary education in America. Harper and Row, New York, p 43

Cheyne C, O'Brian M, Belgrave M (2005) Social policy in Aotearoa New Zealand: a critical introduction, 2nd edn. Oxford University Press, Auckland

Grossman M (2006) Education and nonmarket outcomes. In: Hanushek E, Welch F (eds) Handbook of the

economics of education. Elsevier, Maryland Heights, pp 577–633
Hu S, McMahon WW (2010) Higher learning, greater good: the private and social benefits of higher education. High Educ 60(1):123–125
Margo R (1990) Race and schooling in the south, 1880–1950: an economic history. University of Chicago Press/National Bureau of Economic Research, Chicago
Martinez ME (2000) Education as the cultivation of intelligence. Lawrence Erlbaum Associates, Mahwah
Mayer RE (2000) Intelligence and education. In: Sternberg RJ (ed) Handbook of intelligence. Cambridge University Press, Cambridge, pp 519–533
Putnam R (2000) Bowling alone: the collapse and revival of american community. Simon & Schuster, New York
Ravitch D (2014) Reign of error: the hoax of the privatization moment and the danger to America's public schools. Alfred Knoff, New York
Roberts RW (1957) Vocational and practical arts education: history, development, and principles. Harper and Brothers, New York
Snow RE (1982) The training of intellectual aptitude. In: Detterman DK, Sternberg RJ (eds) How and how much intelligence can be increased. Ablex Publishing Corporation, Norwood, pp 1–37
Swanson JC (1951) Development of federal legislation for vocational education. American Technical Society, Chicago
U.S. Education Spending (2016). Retrieved from http://www.usgovernmentspending.com/us_education_spending_20.html

# Kantian Ethics

James C. Clinger
Department of Political Science and Sociology, Murray State University, Murray, KY, USA

## Synonyms

Deontology; Duty; Kant; Morals

## Introduction

Immanuel Kant was one of the most notable philosophers of the Enlightenment. His work has had significant impact upon modern metaphysics, epistemology, moral philosophy, theology, and ethics. His works are not often read by public administrators in contemporary times, in part because Kant's writings can be pretty difficult reading, even though many short, pithy quotations from his works are quite memorable. It should also be noted that some of Kant's ethical demands are too stringent for public administrators attuned to a more relativistic world view. It is Kant's ethical work that will be examined here. Much more extensive discussions of Kantian ethics can be found elsewhere, but this essay will primarily address the applicability of Kantian thought to public administration theory, teaching, and practice.

## The Major Features of Kant's Moral Theory

Kant lived from 1724 to 1804, so he could see not only the development of Enlightenment thought in the writings of the social contract theorists and British empiricists, but he could see the political manifestations of Enlightenment ideas in Europe and in North America. He could see the repercussions of these ideas in the seventeenth century revolution in England and in the American and French revolutions that occurred in his lifetime. He departed from the British empiricist philosophers by denying the existence of a *tabula rasa* on which real-world experiences could be drawn, and, unlike the social contract theorists, he saw no point in positing a state of nature from which a civil society could emerge to protect individual rights that he could not observe. His work preceded that of the most prominent utilitarian theorists, such as Bentham and Mill. While many of the contemporary or subsequent theorists favored a consequentialist ethical framework, a duty-based or deontological approach was the basis for his thinking. For Kant, one should start with a minimum of basic assumptions in devising an ethical framework. In particular, one should not take for granted that any particular set of actions are inherently good. No external authority such as tradition or religion could be trusted to provide guidance regarding what behaviors were good or bad. Such conclusions could only be reached through application of reason to the question at hand. Kant regarded "good will" as the only inherently

"good" value upon which one could rely. Upon that basis, Kant derived his famous categorical imperative, which commands that individuals should "Act only according to that maxim whereby you can at the same time will that it should become a universal law" (Kant 1785 [1959], p. 21). This precept was to be a universal maxim, not contingent upon time or place or circumstance. Kant also devised somewhat similar principles that are often seen as variations on the original categorical imperative formulation. Among these was the so-called Principle of Humanity which stipulates that one should "act as to treat humanity, whether I thine own person or in that of any other, in every case as an end withal, never as means only" (Kant 1785 [1959], p. 56). Another formulation was the "Kingdom of Ends Formula" that asserts that "every rational being must act as if he were by his maxims at all times a lawgiving member of the universal kingdom of ends" (Kant 1997, p. 45).

In addition to these formulations of the categorical imperative, Kant also developed heuristics that would offer some help in applying the categorical imperative. Among the more famous was Kant's formulation of the publicity principle articulated in *To Perpetual Peace*: *A Philosophical Sketch* (1795 [1983]). In the section entitled "On the Agreement between Politics and Morality under the Transcendental Concept of Public Right," Kant claims that "all actions relating to the right of other human beings are wrong if their maxim is incompatible with publicity" (1795/1983, p. 135). If the maxim behind certain conduct cannot be "openly divulged without at the same time defeating my own intention" by raising opposition to the plan, then the idea must be unjust (Kant 1795 [1983], p. 135).

Finally, Kant had much to say about the distinctions between obligation under the law and duty to act ethically once legal obligations are met. In his brief essay, "What Is Enlightenment?" Kant highlighted what an enlightened scholar could do through "the public use of one's reason." For Kant, a "private use" [is]

> that use which a man makes of his reason in a civic post that has been entrusted to him. . . . Here arguing is not permitted: one must obey. Insofar as a part of this machine considers himself at the same time a member of a universal community – a world society of citizens – (let us say that he thinks of himself as a scholar rationally addressing his public through his writings) he may indeed argue, and the affairs with which he is associated in part as a passive member will not suffer. Thus it would be very unfortunate if an officer on duty and under orders from his superiors should want to criticize the appropriateness or utility of his orders. He must obey. But as a scholar he could not rightfully be prevented from taking notice of the mistakes in the military service and from submitting his views to his public for its judgment. The citizen cannot refuse to pay the taxes levied upon him; indeed, impertinent censure of such taxes could be punished as a scandal that might cause general disobedience. Nevertheless, this man does not violate the duties of a citizen if, as a scholar, he publicly expresses his objections to the impropriety or possible injustice of such levies. A pastor, too, is bound to preach to his congregation in accord with the doctrines of the church which he serves, for he was ordained on that condition. But as a scholar he has full freedom, indeed the obligation, to communicate to his public all his carefully examined and constructive thoughts concerning errors in that doctrine and his proposals concerning improvement of religious dogma and church institutions. This is nothing that could burden his conscience. . . . . Therefore the use which a scholar makes of his reason before the congregation that employs him is only a private use, for no matter how sizable, this is only a domestic audience. In view of this he, as preacher, is not free and ought not to be free, since he is carrying out the orders of others. On the other hand, as the scholar who speaks to his own public (the world) through his writings, the minister in the public use of his reason enjoys unlimited freedom to use his own reason and to speak for himself. That the spiritual guardians of the people should themselves be treated as minors is an absurdity which would result in perpetuating absurdities. (http://www.columbia.edu/acis/ets/CCREAD/etscc/kant.html, retrieved 9/27/2016)

In this way, Kant has reconciled obligations to fulfill a role that he or she has accepted in society, but retains the duty to speak publically with conviction "as a scholar" once the private responsibility is completed.

## Implications for Public Administration

The impact of Kant's work has been very dramatic within philosophy and moral theory. Perhaps, most obviously, his effort to compel individuals to abstract their own interests from particular decisions bears a resemblance to John Rawls' urging that decisions be made behind "a veil of

ignorance" regarding what one's personal interests might be (1971). However, within public administration as a whole, and specifically within the subfield of public administration ethics, Kant's legacy is a bit mixed. Kant's directives to make reasoned decisions that are universalizable, without regard for one's own interest, seem consistent with various codes of professional ethics and conflict of interest laws that prevent or at least discourage decision makers from profiting materially from the choices that they make. That focus on the interests of all and not just one's own interests also seems compatible with the frequent appeals to "the public interest" in public administration. Kant's distinction between private and public reason in "What Is Enlightenment?" seems to support traditional public administration beliefs that bureaucrats must carry out their governmental roles even if they do not necessarily agree with the commands that they follow. At the same time, Kant urges individuals in public positions as "scholars" to announce publically what they believe. This precept corresponds to Wildavsky's support for policy analysts to "speak truth to power" (Wildavsky 1979). Finally, Kant's publicity principle, which he regarded a "transcendental" law, seems generally consistent with the presumption toward transparency reflected in open meetings and open record laws (see Clinger forthcoming 2016).

Nevertheless, Kant's influence on ethics in public administration has some definite limits. As noted above, some of the Kantian arguments are a bit hard to follow. Also, some of Kant's German prose does not easily translate into English. But Kant's limited impact cannot wholly be attributed to matters of style or language. Public administration scholars and practitioners tend to be of a practical bent of mind. Sometimes Kant's formulations appear to be formal arguments that inspire but which do not always make practical sense. For example, Kant's ethical system is categorical and universal. Much of contemporary examination of ethical controversy is concerned with hypothetical and system-specific controversies. Many ethics scholars in public administration, for example, follow John Rohr's "regime values" approach (1998), which involves expectations that administrators will become aware of and follow the core values of the regime in whose service they work. Rohr does not reject universal values, but believes that administrators have a duty to uphold the values of the constitutional order they have taken an oath to defend.

Many critics of Kant's ethical theory have frequently complained that the command in the categorical imperative to act as if each action were to become the basis for a universal law is a bit naïve. Not everyone will follow the universal law, so perhaps choices made by ethical people should anticipate these deviations. This problem can perhaps most obviously be seen in Kant's prohibition of lying. Obviously, lying is generally regarded as morally wrong. However, Kant seemed to tolerate no exceptions to the prohibition on lying, no matter what the consequences. In fact, Kant could not even justify a lie told to a "murderer at the door" who inquires about the location of a potential murder victim (see Varden 2010; Mahon 2006). These extreme circumstances would justify a lie or at least deception, in the minds of many ethicists. In the realm of public administration, law enforcement officers are frequently expected to use deception in interrogations and in undercover operations. In the more conventional, more utilitarian view, a lie to someone who bears ill will could be permissible under some circumstances.

Finally, in recent years, there has been some effort to step back from some of the more extreme efforts to separate tangible interest from the lives of civil servants. For example, in the work of Anechiarico and Jacobs (1996), conflict of interest laws generally have placed so many procedural burdens upon public decisions that it is difficult to offer high-quality service. By the same token, agency bans on post-termination employment by the firms that agencies regulate may make it difficult to recruit and retain high-quality staff (Law and Long 2011).

## Cross-References


- ▶ Administrative Ethics
- ▶ Ethical Frameworks
- ▶ Ethics and Duty
- ▶ Moral Responsibility
- ▶ Philosophical Ethics

## References

Anechiarico F, Jacobs JB (1996) The pursuit of absolute integrity: how corruption control makes government ineffective. University of Chicago Press, Chicago

Clinger J (forthcoming 2016) The Kantian transparency principle and the transparency presumption in public affairs: when private citizens' participation becomes public knowledge. Public Integr https://doi.org/10.1080/10999922.2016.1233378

Kant I (1785) [1959] Fundamental principles of the metaphysics of morals (trans: Abbott TK). Longmans, New York

Kant I (1798) What is enlightenment? http://www.columbia.edu/acis/ets/CCREAD/etscc/kant.html. Retrieved 27 Sept 2016

Kant I (1983) [1795] Perpetual peace and other essays (trans: Humphrey T). Hackett Publishing Company, Indianapolis

Kant I (1993) [1785] Grounding for the metaphysics of morals, 3rd edn (trans: Ellington JW) Hackett

Law MT, Long CX (2011) Revolving door laws and state public utility commissioners. Regul Gov 5(4):405–424

Mahon JE (2006) Kant the perfect duty to others not to lie. Br J Hist Philos 14(4):653–685

Rawls J (1971) A theory of justice. Harvard University Press, Cambridge, MA

Rohr JA (1998) Public service, ethics, and constitutional practice. University Press of Kansas, Lawrence

Varden H (2010) Kant and lying to the murderer at the door . . . One more time: Kant's legal philosophy and lies to murderers and Nazis. J Soc Philos 41(4):403–421

Wildavsky A (1979) Speaking truth to power: the art and craft of policy analysis. Transaction Publishers, Piscataway

# Key Issues in E-Procurement in Russia

Konstantin Igorevich Golovshinsky
National Research University Higher School of Economics (HSE), Moscow, Russia

## Synonyms

Contract; Electronic trading platform Russia; Russian E-procurement; Suppliers; The Russian Federation

## Definition

**E-procurement in Russia is the basic pipeline of the whole contract system. Unified information system is** "the heart of the contract system covering all stages of procurement, from the publication of the procurement notice to audit, monitoring and control of public procurement" (Country Case 2017).

## Introduction

In the Federal Law No. 44-FZ "On Federal Contract System," the key part is assigned to a unified information system in the sphere of purchases (further – UIS). UIS is a peculiarity of Russian public procurement and has to become the cornerstone element of all contract system. Unified information system gives opportunity to phase transition of all procurement procedures in an electronic form.

According to Art. 4 of the Federal Law No. 44-FZ, UIS provides the following services:

- Process information flow concerning planning and bidding stages
- Compliance control in public procurement
- Submission of bids in electronic form

Customers post on the official site EIS www.zakupki.gov.ru the following data and documents:

1. About purchase planning
2. Determination of the supplier (contractor, performer)
3. Performance of the contract
4. The volume of purchases at SME
5. Public discussion of purchases

## The Procurement Process

**So, at planning stage, the customer shall place the following documents and changes in them**:

1. Plan of purchases (3-year horizon)
2. Scheduled plan of purchases (1-year horizon)

**At bidding stage the customer places**:

1. Notification of a bid and its change (e.g., notification on carrying out request for quotation.

2. The customer doesn't place in UIS any information in case of carrying out the closed auction or the closed tender, except notification on its carrying out is held.
3. Notification on canceling of determination of the supplier.
4. Notification on extension of a term of applications for participation in request for quotation.
5. Notification on carrying out preliminary selection of procurement participants for the purpose of humanitarian assistance or mitigation of consequences of emergency situations.

The protocols of operation of the commissions are made out in case of implementation of purchases (e.g., the protocol of reviewing and an assessment of applications for participation in an open competition).

In case of running an electronic auction protocols of reviewing of requests and summing up, protocols go to the operator of an electronic trading platform. Further transmission of the protocol for placement in UIS is provided by the responsibility of electronic platform.

**At contract performance stage, the customer should place in UIS**:

1. Report on performance of the contract (its stage)
2. The decision on a unilateral refusal of the customer from performance of the contract
3. Information on cancellation (change) of the contract

All information, which is contained in UIS, is posted on the official site of UIS in the Internet (further – official site). So all data is public and is provided for free. Russian regions have an opportunity to create own regional information systems in the sphere of purchases integrated with UIS.

The analysis of the generally available information is posted on the official site; technological (operational) documentation of the official site revealed also the following problems:

1. Absence of unity of a cycle of purchasing activities: at the moment it is impossible to monitor a particular purchase from the moment of including it in the plan of purchases until performance of the contract.
2. Lack of integration of the budgetary and procurement processes. The budgetary and purchasing processes at the technological level are separate; then evaluating effectiveness of purchases is highly constrained.
3. Documents are posted on the official site in an unstructured way. It makes impossible the full-cycle hands-off processing of the information for the purpose of performance audit.
4. Inconvenient and difficult interface of the official site in use. In particular, inconvenient information search in public procurement. According to data of some pools, about 40% of customers consider that the most essential time and resource expenditure on implementation of purchases for them is wasted on meeting requirements to place all due information on the official site.

   At the same time, according to customers (19.5% of respondents), it is difficult for business entities to obtain different information on conditions and methods of participation in procurement.
5. A problem of display and information search about purchases on the official site, in particular:
   (a) The official site doesn't give the developed statistics on the terminated contracts – on the bases of cancellation of the contract (by agreement of the parties, unilateral refusal of the customer, unilateral refusal of the supplier, in a judicial or pre-judicial order).
   (b) Complexity of search of the concluded contracts. There is no opportunity to carry out search of the contract by its number.
   (c) There is no opportunity means of the official site to collect the aggregated statistical data on conducting examination of contract results.
   (d) There is no opportunity to monitor how the principle of innovation stimulation works. It is impossible by means of UIS to define whether the planned or conducted procurement is innovative and whether the planned purchase of an innovative object is realized.

(e) There is no possibility of sorting complaints by different bases in the register of complaints (whether the applicant, the procurement participant, the person exercising public control, another person, and so on) and also by other criteria.

6. Technical problems:
   (a) The official site is inaccessible very often due scheduled service.
   (b) Low productivity of the official site. For example, in peak hours every search inquiry is processed very long. The message that the website is temporarily inaccessible appears too often for the cornerstone information system of Russian public procurement.

Another main feature of Russian E-procurement system is that all bids in form of electronic auctions are held on electronic trading platforms. The general amount of government procurement budget traded on electronic platforms counts for 3.9 trillion rubles in 2016 (more than a half of all procurement budget). There are five accredited electronic trading platforms which operate in Russian public procurement market (data of 2016).

Their market shares in public procurement are presented in Table 1 (Mereminsky 2017).

According to Russian law, neither suppliers nor customers pay nothing to electronic platforms. For suppliers and customers, services of electronic trading platforms are free. At the same time, each bidder has to pay tender security (at a rate of up to 5% of the starting value of the contract). After holding a procedure, the tender security amount is reimbursed. The profit of the ETP is got due to placement of the remains built from constant flow of tender security payments in bank deposits.

**Key Issues in E-Procurement in Russia, Table 1** Market shares of different electronic trading platform in Russia

| No. | Title of electronic trading platform | Share, % |
|---|---|---|
| 1. | Electronic trading platform of Sberbank | 35, 6% |
| 2. | Electronic trading platform of Tatar Republic (region of Russia) | 2, 9% |
| 3. | RTS-tender | 28, 2% |
| 4. | Electronic trading platform of Moscow exchange | 7, 3% |
| 5. | Unified electronic trading platform | 26% |

Main "pros" for electronic trading platform involvement include:

- **Lack of personal contact between customers and suppliers**
  Before completion of a procurement procedure, the customer has no right to demand from suppliers of any identification. Anonymity is a necessary condition for competitive "fight" between suppliers for obtaining the contract.
- **Validity of transactions**
  All documents in the course of the electronic auction – from accreditation on trading platform to signing the contract – are vised by participants with the digital signature. It guarantees validity of transactions.
- **Geographical independence**
  It is possible to participate in the electronic auction from any point of Russia – Internet connection and the digital signature certificate are enough. To obtain information on new purchases and to submit the application for the competitive procedure, it is possible to sign the contract without leaving the office. It helps to expand geographical boundaries of business and to increase client base: any company placing orders on electronic trading platforms can become the provider.

But some problems connected with electronic trading platforms really exist. One of the main problem – lack of bidders' confidentiality.

The staff of electronic trading platforms actually possesses a wide range of opportunities for access to confidential information, for example, to the information about participants of electronic procedures at the time of passing of the procedure as well as to data on interest of bidders in a definite procurement procedure. Possession of this information is a fraudulent factor and can have negative consequences without appropriate regulation.

Development of regulations on ensuring confidentiality of information can be one of the possible ways of the solution of this problem. Regulations of ensuring confidentiality of information and the prevention of threats of unfair interference include:

- Requirements for presence at ETP of the qualified employees with education in the field of ensuring information security
- Requirements for regular audit of procedures of safety
- Requirements to procedure quick response to incidents
- List and contacts of persons, responsible for observance of regulations

Speaking about perspectives of development of information support of contract system, it is impossible to disregard an initiative about the development of system of comprehensive electronic procurement. Now the bill providing introduction of amendments to provisions of the Federal Law No. 44-FZ regarding a regulation of holding **all procedures (**not only auctions) of determination of suppliers (contractors, performers) imperatively electronically is adopted in the first reading at Russian Duma. At the same time, a subject of legal regulation of the bill is the relations concerning a regulation of procedures of determination of suppliers electronically (electronic procedures), including:

- Submission of requests in electronic form for an involvement in determination of suppliers, opening of access to such requests
- Formation of protocols of holding procurement procedures
- Signing of contracts

According to the bill, new methods of determination of suppliers in electronic form are fixed:

- An electronic open competition
- An electronic competition with a limited involvement
- An electronic two-stage competition
- An electronic request for quotation
- An electronic request for proposals

All bids are to be held on electronic trading platforms. Certainly, electronic procedures have essential advantages compared to old style procurement in paper form. Signing of contracts in electronic form when holding electronic procedures of determination of suppliers will be possible only on electronic platforms.

All document management will be performed by means of electronic platforms. However in case of such approach, UIS role is finally leveled. It will turn in a mere "show window" of information on purchases.

## Conclusions

To put basic conclusions of this article into a nutshell:

1. Low financial transparency of ETP. Today almost all Russian ETPs in public procurement market are closed for regulators and controllers in the main indicators of the financial activity. Only one platform – UETP – opens financial information on the work as a joint-stock company. Introduction of requirements to disclosure of information will allow to provide full control and audit of work of platforms.
2. Uniqueness of the Russian electronic trading system. The actual model of work of ETP in Russia is a public-private partnership when the state represented by the Government of the Russian Federation has actually delegated powers on holding electronic procedures of purchases to a limited number of commercial subjects. At the same time the world practice shows only two sustainable models of ETP participation in public procurement: state electronic trading platform or unrestricted market of ETP (purchasing body has a right to use any ETP that operates in the market). There is no examples found in other countries when an

ETP acts as recipients of tender security from bidders in government parket.

Uniqueness of the Russian electronic trading system consists, including, of:

- Introduction of the obligatory auction list of production and consideration of electronic auctions as anti-corruption measure
- The organizations of providing applications at electronic auctions in a financial form and creation of a pool of banks of beneficiaries from providing auction applications
- Creation of a limited pool of operators of the electronic trade procedures having monopoly access to government purchasing market

All these features form an environment where the Russian ETPs receive the unknown level of preferences and opportunities at a minimum level of expenses, requirements, and responsibility.

3. The considerable financial resources are withdrawn from economy. The current business model of ETP consists of placement of available funds in bank deposits. Platforms receive profit from an opportunity to use security means generated from tender security payments. It deprives many participants, especially representatives of small business, a possibility of participation in competitive procedures as often they aren't able to obtain the bank guarantee for participation in electronic procedures (National Report 2016).

## Cross-References

► Assessing Procurement Reforms in Russia
► Public Procurement in Russia

## References

Country case: towards e-procurement in the Russia Federation (2017). https://www.oecd.org/governance/procurement/toolbox/search/towards-e-procurement-russian-federation.pdf

Mereminsky E Kak zarabotat na podryadchikach // Vedomosti, 19 Jan 2017

National report on public procurement, Higher school of economics, 2016, p 85

# Knowing Within Public Organizations

Rocco Agrifoglio[1], Concetta Metallo[2] and Primiano Di Nauta[3]
[1]Department of Business and Economics, University of Naples "Parthenope", Naples, Italy
[2]Department of Sciences and Technology, University of Naples "Parthenope", Naples, Italy
[3]Department of Economics, University of Foggia, Foggia, Italy

## Synonyms

Organizational knowing: working practices; Practice; Public administration; Public sector

## Definition

"Knowing" in public organizations stresses "the contribution of human action, interaction, and socialization in defining new ways of dealing with policy problems and carrying out administrative tasks" (Agrifoglio et al. 2020).

## Introduction

Knowledge management (KM) research is rapidly increasing in importance in the public sector, but its application usually seems difficult, due to excessive bureaucracy, formalization, and hierarchy, which traditionally pervade these organizations (e.g., Boyne 2002; Willem and Buelens 2007; Saviano et al. 2018). Indeed, the characteristics of public sector organizations may limit the free exchange and sharing of information and knowledge (e.g., Liebowitz and Chen 2003). However, knowledge is seen as a key resource for public sector (Willem and Buelens 2007; Henttonen et al. 2016): these organizations face greater pressures for representativeness, accountability, responsiveness, openness, transparency, and participation than private sector (Massaro et al. 2015), with citizens expecting the same

standards of service from government compared with those from private organizations (Ali Al Ahbabi et al. 2019). For example, responsiveness implies for steadily collecting and integrating knowledge from diverse actors into new operational practices and policies, in order to improve service delivery (Richards and Duxbury 2015; Badinelli et al. 2012). Thus, improving KM is a critical challenge for public sector (Kim and Lee 2006), in order to increasing pressure to innovate in service delivery and improve performance (Pee and Kankanhalli 2016). According to Edge (2005, p. 45), KM "has the potential to influence greatly and improve the public sector renewal processes," and it is seen as an important tool for dealing with "wicked" public problems (Dawes et al. 2009; Di Nauta et al. 2015).

Nevertheless, KM literature is still limited in the public sector, with studies often fragmented and relatively few focused on empirical evidences (Massaro et al. 2015). Within KM research, some scholars have drawn attention to the contribution of human action and socialization processes to defining new ways of dealing with policy problems and carrying out administrative tasks through the concept of organizational knowing (e.g., Wagenaar 2004; Feldman et al. 2006). The focus on collaborative and socialization processes supports the conceptualization of knowledge as a collective knowledge, which is an entity emerging from the interaction between, rather than within, individuals (Alavi and Leidner 2001). In this regard, organizational knowledge could be defined as a "stock" of knowledge emerging from interaction between what people know (knowledge) and what people do (knowing) in organizational settings (e.g., Cook and Brown 1999; Agrifoglio 2015). Henttonen et al. (2016) observed that there is an increasing recognition of the role of individuals in KM processes, and in the public sector the KM tends to utilize more people-based approaches and focuses more on social interaction than KM in private companies (McAdam and Reid 2000; Canestrino et al. 2019).

The organizational knowing perspective allows deepening the phenomena of the KM within public sector, understanding how knowledge is generated and used in these organizations. Therefore, it becomes interesting to highlight the developments in the topic of organizational knowing within public organizations in the KM literature, offering a guide to scholars in identifying possible insights.

## Defining the Concept of Knowing

"Knowledge is a multifaceted concept with multilayered meanings" (Nonaka 1994, p. 15). In fact, knowledge represents a complex topic, because it is somehow abstract, and it is often difficult to define and quantify. In any organizational settings knowledge tends to be fuzzy in nature, and it is usually deeply and closely attached to the individuals who hold it (Davenport et al. 1998), thus this issue is challenging to define, measure, and manage.

More recent research looks at knowledge as a "dynamic human process of justifying personal beliefs as part of an aspiration for the truth" (Nonaka 1994, p. 15). Specifically, according to Nonaka (1994), knowledge has been conceived as the specific and justified belief of an individual that is able to increase his/her capacity to take effective action. Besides, knowledge management is the process that enables organizations to identify, capture, and effectively leverage collective knowledge in an organization (Von Krogh 1999). It has traditionally focused on sets of socially enacted "knowledge processes," such as knowledge creation (known as contraction or development), knowledge sharing (known as transfer, distribution, or dissemination), and knowledge preservation (known as storage and retrieval).

The KM literature on public sector usually addresses the knowledge creation and the knowledge sharing to improve organizational effectiveness. An interesting research stream has focused on the relationship between KM and organizational characteristics for optimizing knowledge-sharing processes (e.g., Liebowitz and Chen 2003). Particularly, some studies (e.g., Alvino et al. 2011; Binz-Scharf et al. 2012) showed that the professional networks and communities of practice can allow public managers access to

others' information, experiences and knowledge, supporting public organizations to improve their ability to react to uncertainty and to complex contexts (Aguiari and Nauta 2012; Barile et al. 2016; Dawes et al. 2009). Other scholars have introduced the concept of knowing into the KM debate in public sectors, stressing the contribution of interaction and of the connection between knowledge and action. This approach focused on knowing as a process acted by individuals and organizations, rather than a static definition of knowledge as a resource that organizations possess (Blackler 1995), linking knowledge to dynamic, collective activity, practice, and performance.

The concept of knowing dates back to Cook and Brown (1999), who proposed a dynamic framework for understanding the organizational knowledge. They distinguish knowledge (what we know) from knowing (what we do), as well as the interplay between them. Thus, knowledge is about what people known, while knowing is about relation, that is the "product" of interaction with the social and physical context at a given time (e.g., Cook and Brown 1999). While knowledge enables members to perform a practice, it is also constructed by practicing in a context of interaction, and practice in a context is a way to enable people to acquire knowledge (Gherardi 2000; Cook and Brown 1999; Orlikowski 2002; Nicolini et al. 2003).

The growing interest on this topic has also contributed to the development of an emerging research area about knowing and learning in organizational contexts, well-known as Practice-Based Studies (PBS) (e.g., Nicolini et al. 2003; Gherardi et al. 2007). This approach focuses on the working practices within the organization, emphasizing the "extent to which knowledge is embedded within and inseparable from work activities or practices" (Hislop 2013, p. 31). Therefore, the practice is view as the generative source of knowledge, and the knowledge as a practical that is more closely aligned to individuals' actual work practices and needs. In this way, knowing precedes knowledge, and thus considers the latter as a factor of organizational life acquired through forms of participation and continually reproduced in practice. The administrative work has been regarded as a practice within public organizations, highlighting the interaction between knowledge and actions (Wagenaar 2004); as well as policy issues have been understood as ways of knowing for providing to public managers a tool to inform practices in order to identify new ways of dealing with policy problems (Feldman et al. 2006).

## State of Art

What is the relevance of research on organizational knowing within public organizations?

In order to answer to this research question, the main results of Agrifoglio et al.'s (2020) contribution were reported in what follows. Authors conducted a systematic search of the literature for understanding the relevance of organizational knowing within public organizations. Particularly, using a systematic literature review, they collected data by two of the most relevant online academic databases, Scopus and WoS.

A first dataset composed of 296 results, of which 71 by Scopus and 225 by WoS, was then checked for removing duplicates and for identifying the irrelevant contributions. The final dataset, composed of 123 publications, of which 48 by Scopus and 75 by WoS, was then analyzed to obtain information on (i) publication trend and types of sources; (ii) citation trends over the years and on most cited sources (citation analysis); and (iii) citation network and the topic clusters by using SNA (co-citation analysis). These findings allowed to offer important considerations with regard the relevance of organizational knowing research within public administration literature.

First, with reference to the publication trend over the years, the number of publications ranges from 1 (1992) to 8 – 123 in total – (2019), with the main concentration during the period from 2009 (n = 9) to 2018 (n = 7).

With reference to the types of sources, instead, publications were drawn by academic journals (63%), conference proceedings – and working papers – (23%), and books – and book chapters – (14%).

Furthermore, the final dataset was performed by using a citation analysis, obtaining data about the citation trend over the years and the most active journals. Particularly, with reference to the citation trend over the years, the final dataset referred to a total of 2,376 publications, of which 1,133 by Scopus and 1,043 by WoS. The number of citations ranges from 0 (<1994) to 398 (2018), with a main concentration from 2008 onwards. With reference to the most active journals, findings have shown the relevance of the topic for academic journals that refer to Public Administration (for instance Public Administration n = 12), management (for instance Academy of Management Review n = 14), organization (for instance Organization Science n = 23), and Information Systems (for instance Government Information Quarterly n = 12) fields.

Finally, with reference to the co-citation analysis, findings have also shown the existence of a network of the 42 most cited sources which can be classified in two different topic clusters (cluster 1 n = 23; cluster 2 n = 19).

## Conclusion

This contribution addresses the innovative trend of organizational knowing in the public organizations, according to the broader knowledge management framework. In fact, according to Authors, this framework offers interesting new perspectives for scholars, managers, and policy makers, highlighting the importance of planning a new research agenda and stream on the subject.

Currently, the research topic is moving, even at different force. In fact, the stream is constantly increasing in numerosity since the first examined publications, particularly in the last 20 years. Nonetheless, it appears that the numerosity of publications and citations are not properly growing rapidly.

Among the reasons of this trend, probably the topic has been studied, deepened and discussed in different contexts and scenarios then the public sector, with a limited cross integration. Furthermore, this risks to fragment the discussions and critics, not favoring the growth of a proper international research community, and somehow extending the divergences at the conceptual level. On the contrary, according to the Authors, the topic would deserve further investigation in the near future by a consolidated network of research groups and institutions, also focusing on empirical evidences.

Coming back to the core of the study, two main clusters of research domains have been identified through the analysis, and each of them would deserve proper insights and cross integration and fertilization. A first cluster is related to a widespread normative and prescriptive approach addressed to support the implementation of technological innovations. A second cluster is addressed to the relevant role of processes and practice-based approaches to allow the understanding knowledge creation in organizations, often public ones.

The study suggests useful insights for scholars, managers, and policy makers. On a theoretical perspective, it offers a frame which depicts the organizational knowing topic diffusion. On a managerial one, the study offers a view on the most relevant research domains from which decision makers can get inspiration while dealing with organizational knowing issues in (public) organizations.

Even the results highlight interesting opportunities for future development for the analyzed research domains, and organizational knowing appears to deserve more studies, hopefully including empirical ones.

Of course, it should be noted that, as often happens with those studies that use citation analysis' technique to study research foundations, also this contribution has some limitations. A first is related to clustering process of the knowledge domains, currently not so much diffused in the literature. Another limitation is related to the list of the most relevant contributes, which could not include the older and/or the most recent publications. Besides, the most recent ones, even relevant for the debate on organizational knowing within public organizations, could suffer a low number of total links strength and citations. Older ones, even a significant for the debate, could be non-included in the Scopus database (going back to 1966) cause

not indexed. Another limitation could be represented by the choices made in the review analysis not including some synonymous and cross-concepts related to organizational knowing. If on one side it would have enlarged the dataset, on the other side it would have introduced a distortion.

Beyond these limitations, the study offers precious opportunity for those scholars interested in moving their research along the lines proposed. Somehow, it is a starting point for the ongoing debate – hopefully growing – within public organizations on the use of organizational knowing.

## Cross-References


- ▶ Knowledge Utilization in Organizations
- ▶ Public Administration as a Professional Practice


## References


Agrifoglio R (2015) Knowledge preservation through Community of Practice: theoretical issues and empirical evidence. Springer

Agrifoglio R, Metallo C, Di Nauta P (2020) Understanding knowledge Management in Public Organizations through the organizational knowing perspective: a systematic literature review and Bibliometric analysis. Public Organ Rev. Springer

Aguiari R, Di Nauta P (2012) Governing business dynamics in complex contexts. Mercati e Competitività 1:39–59, Franco Angeli, Milano

Al Ahbabi SA, Singh SK, Balasubramanian S, Gaur SS (2019) Employee perception of impact of knowledge management processes on public sector performance. J Knowl Manag 23(2):351–373

Alavi M, Leidner DE (2001) Review: knowledge management and knowledge management systems: conceptual foundations and research issues. MIS Q 25(1):107–136

Alvino F, Agrifoglio R, Metallo C, Lepore L (2011) Learning and knowledge sharing in virtual communities of practice: a case study. In: D'Atri A, Ferrara M, George JF, Spagnoletti P (eds) Information technology and innovation trends in organizations. Springer, Berlin/Heidelberg

Badinelli R, Barile S, Ng ICL, Polese F, Saviano M, Di Nauta P (2012) Viable service systems and decision-making in service management. J Serv Manag 23(4):498–526

Barile S, Di Nauta P, Iandolo F (2016) La decostruzione della complessità. Studi MOA – Collana di Management e Organizzazione Aziendale. Editrice Minerva Bancaria, Roma

Binz-Scharf MC, Lazer D, Mergel I (2012) Searching for answers: networks of practice among public administrators. Am Rev Public Adm 42(2):202–225

Blackler F (1995) Knowledge, knowledge work and organizations: an overview and interpretation. Organ Stud 16(6):1021–1046

Boyne GA (2002) Public and private management: what's the difference? J Manag Stud 39(1):97–122

Canestrino R, Ćwiklicki M, Di Nauta P, Magliocca P (2019) Creating social value through entrepreneurship: the social business model of La Paranza. Kybernetes 48(10):2190–2216

Cook SDN, Brown JS (1999) Bridging epistemologies: the generative dance between organizational knowledge and organizational knowing. Organ Sci 10(4):381–400

Davenport TH, De Long DW, Beers MC (1998) Successful knowledge management projects. Sloan Manag Rev 39(2):43–57

Dawes SS, Cresswell AM, Pardo TA (2009) From "need to know" to "need to share": tangled problems, information boundaries, and the building of public sector knowledge networks. Public Adm Rev 69(3):392–402

Di Nauta P, Merola B, Caputo F, Evangelista F (2015) Reflections on the role of university to face the challenges of knowledge Society for the Local Economic Development. J Knowl Econ:1–19

Edge K (2005) Powerful public sector knowledge management: a school district example. J Knowl Manag 9(6):42–52

Feldman MS, Khademian AM, Ingram H, Schneider AS (2006) Ways of knowing and inclusive management practices. Public Adm Rev 66(1):89–99

Gherardi S (2000) Practice-based theorizing on learning and knowing in organizations. Organization 7(2):329–349

Gherardi S, Nicolini D, Strati A (2007) The passion for knowing. Organization 14(3):315–329

Henttonen K, Kianto A, Ritala P (2016) Knowledge sharing and individual work performance: an empirical study of a public sector organisation. J Knowl Manag 20(4):749–768

Hislop D (2013) Knowledge management in organisations: a critical introduction, 3rd edn. Oxford University Press, Oxford

Kim S, Lee H (2006) The impact of organizational context and information technology on employee knowledge-sharing capabilities. Public Adm Rev 66(3):370–385

Liebowitz J, Chen Y (2003) Knowledge-sharing proficiencies: the key to knowledge management. In: Holsapple CW (ed) Handbook on knowledge management 1: knowledge matters. Springer, Berlin, pp 409–424

Massaro M, Dumay J, Garlatti A (2015) Public sector knowledge management: a structured literature review. J Knowl Manag 19(3):530–558

McAdam R, Reid R (2000) A comparison of public and private sector perceptions and use of knowledge management. J Eur Ind Train 24(6):317–329

Nicolini D, Gherardi S, Yanow D (2003) Knowing in organizations: a practice-based approach. M. E. Sharpe, Inc., Armonk
Nonaka I (1994) A dynamic theory of organizational knowledge creation. Organ Sci 5(1):14–37
Orlikowski WJ (2002) Knowing in practice: enacting a collective capability in distributed organizing. Organ Sci 13(3):249–273
Pee LG, Kankanhalli A (2016) Interactions among factors influencing knowledge management in public-sector organizations: a resource-based view. Gov Inf Q 33(1):188–199
Richards GS, Duxbury L (2015) Work-group knowledge acquisition in knowledge intensive public-sector organizations: an exploratory study. J Public Adm Res Theory 25(4):1247–1277
Saviano M, Bassano C, Piciocchi P, Di Nauta P, Lettieri M (2018) Monitoring viability and sustainability in healthcare organizations. Sustainability 10(10):3548, pp 1–23, MDPI
Von Krogh G (1999) Developing a knowledge-based theory of the firm. University of St. Gallen, St. Gallen
Wagenaar H (2004) "Knowing" the rules: administrative work as practice. Public Adm Rev 64(6):643–656
Willem A, Buelens M (2007) Knowledge sharing in public sector organizations: the effect of organizational characteristics on interdepartmental knowledge sharing. J Public Adm Res Theory 17(4):581–606

# Knowledge Management and Governance

Akram Hossain
Public Policy and Governance (PPG) Program, North South University, Dhaka, Bangladesh

## Synonyms

Extract; Managing information and experience; Use and share of knowledge

## Definition

Knowledge management (KM) is the key way to bring sustainable change in human behavior both in terms of functional and moral in order to smooth functioning of governance process for achieving organizational goals in an effective as well as efficient manner.

## Introduction

Knowledge management (KM) is an integral component of governance system in an organization. Knowledge although always remains as the most important resource both at individual and collective levels, recently organizational practitioners, private and public, reinvent the role of knowledge in management and governance, emphasize on it, and involve in knowledge management. Consequently knowledge management now constitutes a vital part of governance. Competitive work environment urges for performance maximization, information revolution, rapid changes in technology, and attitude of the citizen, and customers have created a compulsive situation for attaching serious attention to knowledge and knowledge management. Human society, as identified by Robinns, after surpassing two prior waves, agricultural and industrial, is now in the third wave, the information wave which is, being accelerated by cyber revolution, bringing changes rapidly in the inner and outer states of individual and collective worlds. Business sectors for obvious reasons first feel the necessity to harmonize with the changes and include cyber sector within its scope and begin to conduct knowledge management in the organization. Later public governance started practice of knowledge management in order to encounter complex and intricate task of modern age. Knowledge management essentially aims at improving knowledge base in the organization and includes a number of activities such as identifying, creating, storing, sharing, and applying knowledge in the functioning of organization. Different strategies have also been developed and are being used to conduct knowledge management process. These are found to play an effective role in ensuring better performance in terms of increased volume and quality production and outcome.

Most of the existing literatures, scholars, entrepreneurs, and government put full emphasis on knowledge management due to its importance in enhancing organizational capacity to innovate and to produce more and thereby ensure development and maximize profits. However, this paper argues in a distinct approach where knowledge

management is considered as the essential kit to bring sustainable change in human behavior in the organization which ultimately paves the way for smooth functioning of governance. The changed or positive attitude in organizational people or citizens will ease and support the way of ensuring governance principles and practices. So, the principal objective of this paper is to place the knowledge management as the supportive mechanism for governance both in private and public sectors.

## What Is Knowledge?

"The information, understanding and skills that you gain through education or experience: practical/medical/scientific knowledge OR the state of knowing about a particular fact or situation" (Oxford Advanced Learner's Dictionary 2015).

Knowledge is the basic input to human behavior, and the behavior, in turn, acts as power that enables human being in involving labor and productive process as well as establishing relationship with the internal selfhood and external world. It is very difficult to have any universal definition of knowledge due to its holistic and indivisible nature. Plato, Aristotle, Kant, Aquinas, Moore, Gettier, etc. contributed much to this discipline and unveiled different issues related to knowledge from different perspectives that develop different theories of knowledge within the broader spectrum of empiricism and rationalism. All of them uphold the fact that there is a close relationship between knowledge and human behavior. Related to two broader types of human behavior, normative and technical, knowledge may be divided into two types as normative knowledge and technical knowledge that act on all functional behavior of human being. Human being by nature upholds some norms and values that are shaped by his/her inner sense and environmental dynamics. Knowledge is the unique characteristic drawing distinct difference between mankind and other beings.

Normative/judgmental knowledge helps take judgmental decisions and draw divides between what ought to be done and what ought to be not, while the technical knowledge enhances technical proficiency and expertise. These two types of knowledge are inseparable and constitute the two sides of a single coin. One determines the end and the other makes the drive to attain the end. There are also five levels of knowledge, all of which are imperative for effective governance in an organization.

Figure 1 explains that functional or technical knowledge is the lowest tier, while the spiritual knowledge is the highest. The contemporary knowledge management still focuses mostly at the bottom level of knowledge, i.e., functional or technical expertise and to a certain extent managerial tactics and very limited extent to policy-making strategies. Religious and spiritual knowledge remain almost out of the domain of modern KM framework. Thus, only experts are being produced, and therefore policy-making processes are not dictated with wisdom. Even religious knowledge has become part of technical aspects of learning. Majority of people can read their religious books but cannot understand the

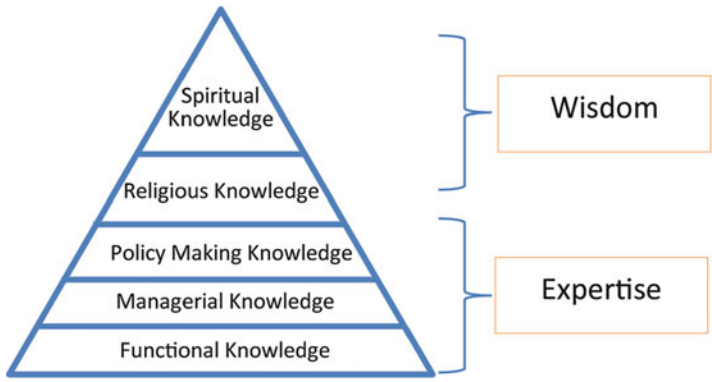


**Knowledge Management and Governance, Fig. 1** Levels of knowledge

meanings and significance. One may be an expert in religious books and traditions, but he/she is not committed to that knowledge and not ready to follow those in real life. For example, there is a traditional belief in Islam that reading translations of Quran (the holy book of Islam) are to "not count" because it is not in Arabic language, and therefore many Muslims do not understand Islam and remain Muslims only by name like a brand without following it in daily life. So a complete definition of knowledge should cover a holistic perspective from functional to spiritual level that can influence human behavior to a sustainable and desirable change. And such comprehensive knowledge can contribute in effective functioning of governance process.

## What Is Knowledge Management?

KM is not only the managing known knowledge, but it also encompasses the process of creating and employing new knowledge. At the same time, it helps organizations acquire the required knowledge to perform better. The communities and society, in which the organizations function, persistently pursue knowledge and build a better understanding of business, industries, economy, and society. Such knowledge helps organizations make the strategic decisions to remain relevant and sustainable into the future (Macnamara and Ash 2010).

Knowledge management is the way of controlling and dealing with organizational knowledge and experiences in order to produce desired benefits. Knowledge management is capturing, creating, distilling, sharing, and using know-how of both explicit and tacit knowledge (Hess 2006; Uriarte 2008; IFAD 2007). KM is not about the wisdom and best practices; rather it is about sharing and utilization of knowledge (Collison and Parcell cited in IFAD 2007). Modern business organizations strongly felt that knowledge is one of the most important assets which has to be shared among the management and subordinate staff, and thus the organization will grow stronger and become more competitive (Uriarte 2008). The goals of KM are the leveraging and improvement of the organization's knowledge assets to effectuate better knowledge practices, improved organizational behaviors, better decisions, and improved organizational performance (King n.d.)

Uriarte (2008) explained KM as information management and people management. Information management is related to the management of required information applying proper tools or methods in order to turn it into useful knowledge for organization. People management, on the contrary, includes motivating and controlling of people in the organization to ensure that its knowledge-related assets are improved and effectively employed (King 2008, cited in King n.d.). Knowledge management also works to capture diversified knowledge, identify best practices in different parts of the world, and exploit those toward innovation to attain desirable growth (Zaragoza-Saez et al. 2009; Bartlett et al. 2004).

It is evident that most of the KM scholars viewed knowledge management as a process of only functional efficiency. But knowledge management, like knowledge, is a holistic system of managing knowledge with a view to enhancing effective and efficient behavior in the organization for maximizing output and outcome. This paper considers knowledge management in a holistic perspective where balance importance is provided to both functional and normative knowledge of human resources. Imparting only technical know-how can be useful to enhance organizational expertise, develop innovative ideas, and increase production and growth level, but for a sustainable and desirable change in behavior, normative aspects of knowledge have to be taken into consideration.

## Knowledge Management and Governance

The way of steering or directing societies and organizations is governance. The World Bank defined governance as the "exercise of authority, control, management, power of government." In other words, governance is "the manner in which power is exercised in the management of a

country's economic and social resources for its development" (WB 1991). Governance can be referred as the processes of control or regulation within organizations and implementation of authority to ensure service delivery in an authorized and regulated manner (Weill and Woodham 2002). In the *Oxford Advanced Learner's Dictionary* (2015), the word governance is defined as "The activity of governing a country or controlling a company or an organization; the way in which a country is governed or a company or institution is controlled."

Governing a country or controlling an organization is not an easy task. It has multidimensional aspects, and a number of stakeholders are to be taken into consideration for efficient and effective functioning. An individual or group of people cannot be controlled with only a set of rules, regulations, and applying other coercive methods. There may have established laws to regulate acts of citizens but to force those laws government cannot appoint an inspector for all in everywhere; rather it requires willingness and acceptance of people regarding the rules to be imposed (Sawhill 2015). People need moral support and inner boost ups to be self-motivated and act in an expected manner. Knowledge management strategies with holistic approach can play a significant role in molding human behavior toward desirable direction.

Nowadays, both public and private organizations are suffering from not the lack of efficiency among the employees or citizens but from the absence of ethical standard, moral behavior, and positive attitudes as well as willingness to work sincerely. Technical expertise can be developed over time with doing things in practice. An illiterate man may be transformed to an expert computer engineer, but for the positive use of the computer, he needs moral support and guidelines. Every organization is busy with growing technical expertise among its employees and avoids, knowingly or due to the ignorance, normative aspect of life. Thus, an efficient employee becomes an expert in corruption as well. In such circumstances, governance is helpless and ineffective. Proper knowledge management strategies incorporating both functional and normative dimensions can be a sustainable solution in such a critical situation.

The extensive growth of globalization due to the overflow of information technology has created a compulsive situation within organizations regardless of public or private for new products, better services, and innovative ideas. Consequently, organizations are compelled to assess what they know, what they do not know, and what they should know (Prusak 2001). Having comprehensive level of modernization in information and communication technology, access to information has become wider, and anyone can get its access at any time from any place. In such circumstances, governance process has to be accomplished in a more effective manner to ensure smooth service delivery. Therefore, governance system needs to apply new and innovative strategies equipped with effective knowledge management processes and practices.

Knowledge is necessary for effective and efficient human behavior to achieve targets or goals at individual and collective level within dynamics of environmental supra system. There are basically two types of behavior we execute; one is judgmental and another is technical behavior. The both kinds of behavior are closely interrelated, interdependent, and inseparable. From this backdrop human being requires two different branches of knowledge – judgmental and technical. In performing any activities, we always face two questions either in a mental or physical level: should we perform the job? and how do we accomplish the job? The former is related to judgmental behavior, and the latter one is technical aspect of behavior. Knowledge management, necessarily, encompasses the very two kinds of knowledge: normative and functional knowledge as its basic inputs.

Governance is nowadays the indispensable issue not only in developing countries but for developed nations as well. Many propositions, initiatives, theories, and models have been developed to ensure better governance in organization and state level in all over the world. A number of relevant forces such as donor agency, international organizations, advanced countries, etc. are also found very much vocal and highly interested

in regard to the governance system in developing countries. They have set indicators of good governance and persistently put pressure to achieve the standard. Some of the indicators are people's participation, rule of law, transparency, responsiveness, consensus orientation, equity and inclusiveness, effectiveness, efficiency, and accountability. All these indicators are in one or other way related to both the functional and normative behavior of individual. But the current education system and knowledge management are focusing merely on functional or technical aspects of life, how to increase efficiency, expertise, and level of production. Normative aspects are ignored and got little attention. The reality is extreme in business sector where the major aim is to reach the highest level of performance and productivity having profit as the prime focus. Better management is measured here mainly by two indicators of good governance, efficiency and effectiveness, while the other indicators get less emphasized or overlooked.

It is always a prime concern of how to ensure the indicators of governance in functional or technical point of view and thereby initiate a number of rules and regulation, impose several obligations and responsibilities, and many other technical measures. With these initiatives, it is expected to produce positive impact on the indicators. Thus, the technical dimensions are overemphasized, while human dimensions are ignored or forgot. But in order to ensure better functioning of governance, people should be intrinsically motivated and encouraged to be cooperative toward governance process. Proper knowledge management having both technical and human aspects can create a congenial environment for the effective functioning and development of governance.

## KM and Public Governance

The contemporary knowledge management strategies and approaches are mostly concerned with how to make organizational knowledge more productive, how to produce benefits for the organizations, and what ways to gain competitive advantages in the free market economy of the modern globalized world. Moreover, the main focus of such KM is on the increasing technical efficiency for maximizing production particularly in private sector organizations. Public sectors are mostly ignored and do not get proper importance in the discourse of KM. The management styles and objectives are quite different in private sectors where authoritarian rules and regulation, reward and punishment, strict assessment of performance, etc. are the key measures to manage employees and customers. But, on the other hand, public organizations and governance are totally different and more complicated to manage in comparison with the private sector. The nature of problems in public sectors with regard to honesty, integrity, transparency, accountability, corruption, and so on is completely different. So ethical or normative aspects of KM might be much more required in public governance than in private sector management. Only strict approaches, like private sectors, cannot overcome many vital problems in public organizations. There is a need of strict and carrot approach together to solve the problems. The KM with ethical and normative dimensions and practices can be one of the best ways to effectively handle the modern crisis of public governance.

Animosity and spirituality are the duality of human nature where animal part concerns with only material world, and divine part includes morality, values, and ethical aspect of life (Koehn 2003). In order to combat animosity and worshiping of material god, ethical knowledge can be imparted into the human. Since, the nature of human is of two parts, they are biologically in need of two kinds of food: material knowledge and ethical or divine knowledge. There is direct relationship between these two types of knowledge and human behavior. If human beings are introduced only with one domain of knowledge, the other part will remain dark resulting contradiction in the pattern of behavior. As an obvious outcome, an individual, being highly educated or expert in functional knowledge, may not be able to right decision in an ethical point of view. At the same time, another individual having great ethical standard may be dictated toward socially unaccepted actions due to have strong feelings of

deprivation and disgraceful life of without adequate functional knowledge or excellence. Unfortunately, the current discourses of KM are facing this crisis of nurturing partial knowledge.

In most of the cases, scholars are found reluctant about the ethical and moral aspects of human life, while they are quite serious in better performance of governance. However, a few academics discussed about this neglected areas of KM. Rene and Engelen (2006) talked about social capital theory. They defined social capital as the resources like trust, belief, rules, norms, etc. They argued that KM has an important role to play in the development of social capital at different levels such as cities, communities, organizations, nations, etc. In many cases, managers of an organization inevitably involve in corrupt and unethical works where the personal value system is "squeezed out" due to the extreme workloads and difficult business targets (Bartlett 2003). Wiig (2007) emphasized on practical knowledge and the commitment to the knowledge for ensuring good governance. He also argued that knowledge can ensure effective participation of citizens in public affairs.

Historically, due to extensive pressure of market, public sectors are found to borrow private sector concepts and practices either without any change or with some modifications. KM is one of the best examples, among others, like total quality management (TQM), performance management, strategic management, change management, etc. But the problem occurs when the private sector models are adopted in public organizations without considering the difference in nature of business. Private sector and other non-governmental organizations do not have any comprehensive role like public governance. The role of public sector governance comprises both normative and functional dimensions. KM too in public governance equally encompasses the two broader types of knowledge. On the other hand, functional or technical knowledge mainly constitute the locus and focus of private sector KM.

Knowledge and learning process in the modern private sector thus influence only the functional behavior of the employees in order to achieve technical efficiency for better performance and better output in terms of products or goods only.

Figure 2 clearly indicates that in private business organizations, KM process produces partial learning that influences only technical or functional expertise ensuing output maximization. But governance in public sector is based on a holistic approach. It requires equal importance on all the indicators of good governance in order to achieve desired outputs. Even functional or technical efficiency is a less important component here compared with the normative or ethical knowledge and commitment. Essentially, public governance is all inclusive in nature, and it has to deal with a highly complex social, political, economic, and cultural setup where an organization functions. So KM strategies have to focus here both functional and normative aspect of human behavior. In this situation, a KM framework for effective public governance needs to be developed which will put more importance on molding normative behavior of individual rather than focusing merely on functional expertise. Governance process influences behavior of its stakeholders to achieve its objectives, and at the same time, governance itself is influenced by the behavior of its stakeholders. Whether the governance is good or bad, the ultimate analysis is based on the pattern of this behavioral relationship. The stakeholder theory of governance has been developed on this notion of serving mutual interests of the organization's owners or shareholders, investors, employees, and the societies or external environment (Berghe 1999). Since the behavior of all these multilevel stakeholders is the product of knowledge, eventually, KM plays a vital role in functioning of governance.

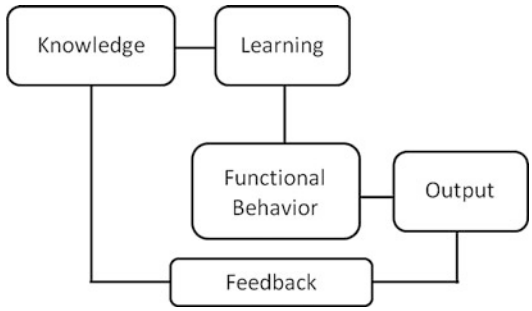


**Knowledge Management and Governance, Fig. 2** KM in modern and business perspective

The diagram (Fig. 3) shows knowledge in a holistic perspective where both normative and functional behavior are influenced by the KM process. It also displays how environmental factors have a linkage with the output mechanism. Public organizations are to function along with multidimensional stakeholders, pressure groups, business organizations, and many other actors who directly or indirectly influence the performance of governance process. So, all these external factors have to bring into consideration for a public governance system while taking any initiatives and interventions. Extensive KM strategy is a must for managing such complicated environment of functioning. Moreover, the major crisis of governance is related to unethical behavior in decision-making process as well as mismanagement or corrupt practices in the implementation stage. Therefore, KM process should focus on the holistic learning that can ensure positive changes in human behavior in terms of both normative and functional point of view. Thereby different and complicated aspect of public governance including external actors and factors can be managed in a more successful way.

## KM and Governance in Classical Perspective

Many classical literatures and thinkers including Kautilya talked about the importance of knowledge management in governance as a holistic perspective. Every citizen should have functional as well as normative knowledge to be conscious and responsible for better governance. The four sciences of Kautilya can contribute to a great extent to overcome the present catastrophe in public governance system. The ideologies of Kautilya regarding state, statecraft, and ethics are still very realistic and effectively applicable in the current context of governance (Chandrasekaran 2006). The governments of developing and even developed countries are trying to achieve mostly the efficiency and effectiveness in running an administration with a perceived vision to attain economic development. Normative aspects of governance are narrowly focused or completely ignored in contemporary public affairs. Kautilya in his Arthashastra emphasized more on Anvikshiki, the highest level of integrity and triple Vedas, the religiosity for a king to govern his state. He also provided a detailed description of the roles and responsibilities for different segments of people in the society which are very much pertinent in ensuring proper balance and division of work. He focused mainly on the king who can only ensure welfare for the people through maintaining good administration. Sharma and Sharma (cited in Haque 2013) have identified ten indicators of good governance from Kautilya's Arthashastra which are mostly focus on king and related to ethics, morality, and other normative aspects of human life.

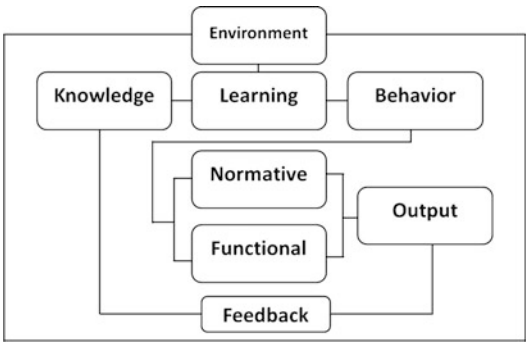


**Knowledge Management and Governance, Fig. 3** KM in public governance perspective

Kautilya's four types of knowledge, "Anvikshiki," "Trayi" or triple Vedas, "Vartta," and "Dandaniti," correspond to normative knowledge, legal knowledge or code of conduct, and occupational, technical, or expert knowledge in modern time. Kautilya suggested being self-disciplined and to be aware of "six enemies" which he defined as the six organs of sense like lust, anger, greed, vanity, haughtiness, and over-joy. The bad qualities of human being identified by Kautilya as six enemies generate corruption, exploitation, and other vices in the governance system and in the society. Anvikshiki is the science or special knowledge to defeat these enemies and ensure sound governance both in individual and collective levels (Kautilya's Arthashastra 1915). In the modern age, visible outputs and material gains are getting much importance

and thereby values, norms, and many other ethical and moral grounds of human life lag behind. Therefore, good governance cannot be achieved although having much cry for it. Kautilya's approach of knowledge management can play a great role in constructing and promoting ethical and moral foundation and in maintaining a proper balance between normative and material aspects of life. In such a process, the crisis of governance will overcome, and appropriate knowledge-based governance system can be established.

## Conclusion

The success of governance depends on the process of knowledge management at the individual level to social level to state level. Proper knowledge management framework with required importance toward functional as well as normative aspects of human behavior is indispensable to overcome the contemporary challenges of governance in all over the world. Knowledge is to be exercised with an aim to attain excellence at all level of human life from functional expertise to spiritual height. A complete knowledge management approach includes the learning process that creates a human being with positive attitudes, expected behavior, loyal to rules and regulations, and at the same time experts in functional know-how. Governance can reach its highest level of efficiency and effectiveness where the KM framework is in place to mold human behavior toward the right direction.

## Cross-References

► Knowledge Utilization in Organizations

## References

Bartlett D (2003) A comparative study of ethical decision making amongst managers in large private-sector UK companies. In: Moses LP, Patrick P (eds) Spiritual intelligence at work: meaning, metaphor, and morals. Research in ethical issues in organizations, vol 5. Emerald Group Publishing Limited, pp 213–237

Bartlett CA, Ghoshal S, Birkinshaw J (2004) Transnational management: text, cases, and readings in cross-border management. McGraw-Hill, New York

Berghe LV (1999) International standardization of good corporate governance: best practices for the Board of Directors. Kluwer Academic Publishers, Boston

Chandrasekaran P (2006) Kautilya: politics, ethics and statecraft. MPRA Paper No. 9962. Available at http://mpra.ub.uni-muenchen.de/9962/. Accessed 15 June 2016

Haque STM (2013) Theories of governance: South Asian perspective, Sk. Tawfique M. Haque. Public Organ Rev 13:365–379

Hess CG (2006) Knowledge management and knowledge systems for rural development. In: READER: GTZ Knowledge Management. GTZ Sector Project Knowledge Systems in rural development

IFAD (2007) Knowledge management strategy. IFAD, Rome

Kautilya's Arthashastra (1915) Translated by R. Shamasastry. Government Press, Bangalore

King WR (n.d.) Knowledge management and organizational learning, Katz Graduate School of Business, University of Pittsburgh. Available at: http://www.uky.edu/~gmswan3/575/KM_and_OL.pdf. Accessed 1 June 2016

Koehn D (2003) The soulâ€™s hunger: spirituality in corporations and in the teaching of business ethics. In: Moses LP, Patrick P (eds) Spiritual intelligence at work: meaning, metaphor, and morals. Research in ethical issues in organizations, vol 5. Emerald Group Publishing Limited, pp 1–19

Macnamara D, Ash J (2010) Knowledge management and governance, Leadership Acumen Feature Article KM Magazine, Banff Executive Leadership Inc. Available at http://www.banffexeclead.com/AcumenPDF/Governance%20Articles/Leadership%20Acumen%20V10%20Knowl%20Mgt%20Governance.pdf. Accesses 2 Nov 2016

Oxford Advanced Learner's Dictionary (2015) 9th edn. Oxford University Press

Prusak L (2001) Where did knowledge management come from? IBM Syst J 40(4):1002–1007

Rene MWM, Engelen JJJV (2006) Rethinking social capital theory: a knowledge management perspective. J Knowl Manag 10(5):124–136

Sawhill I (2015) Responsible parenting: a test of character? In: Reeves RV (ed) Does character matter?: essays on opportunity and the American Dream. Brookings Institution Press, Washington, DC

The World Bank (1991) Managing development: the governance dimension. A discussion paper. World Bank

Uriarte FA Jr (2008) Introduction to knowledge management. The ASEAN Foundation, Jakarta

Weill P, Woodham R (2002) Don't just lead, govern: implementing effective IT governance (White Paper No 326). CISR, Boston

Wiig KM (2007) Effective societal knowledge management. J Knowl Manag 11(5):141–156

Zaragoza-Saez P, Claver-Cortes E, Quer-Ramon D (2009) A qualitative study of knowledge management: the

multinational firm point of view. In: Jemielniak D, Kociatkiewicz J (eds) Handbook of research on knowledge-intensive organizations. Information Science Reference, Hershey, pp 311–329

### Further Readings

Ardianto D (2013) The role of knowledge management governance. Int J Comput Theory Eng 5(1):133–137
Schroeder A, Pauleen D (2007) KM governance: investigating the case of a knowledge intensive research organization. Management 20:414–431
Schroeder A et al (2010) Governance and leadership of knowledge management. In: Yoong P (ed) Leadership in the digital enterprise: issues and challenges. Business Science Reference, Hershey, pp 46–61
Schwartz D (ed) (2005) Encyclopedia of knowledge management. Idea Group Inc (IGI)
Zyngier S, Venkitachalam K (2011) Knowledge management governance – a strategic driver. Knowl Manag Res Pract 9:136–150

## Knowledge Management in the Public Sector

Mohammad Hassanzadeh
Knowledge and Information Science Department, Tarbiat Modares University, Tehran, Iran

### Introduction

Knowledge management (KM) in the public sector encompasses unique features (Asian Productivity Organization 2013, P. 17) which are commonly rooted in the relationship between citizens and governments. Through mutual interaction, citizens and the government interact for the institutionalization of the rule of law, national security, international credibility, public welfare, public health, inclusive vitality, lifelong education for all, and advanced scientific, cultural, and social infrastructure. However, in the private sector, other factors such as market share, profit, cost-benefit, and market formulas play more important roles than the mutual interaction between the citizens and the private sector. Despite the existence of common features between the two sectors there are still certain discrepancies in the nature of citizens' interactions with the two sectors.

From the KM perspective, the public sector holds exclusive dimensions, which inspires the coordinates of KM in the public sector. Some specific features of the public sector are as follows:

1. Government agencies are established, whether by selection or by appointment, to provide services to the public.
2. The fate of citizens and the government are largely interdependent.
3. The reinforcement of laws and regulations by the government and citizens depends on their mutual cooperation and commitment.
4. Major national challenges such as poverty eradication, justice, transparency, education, security, etc. require multilateral collaboration between the people and the government.
5. Adoption of new developments requires agility of the government and the support of citizens.
6. Return on investment in the government organizations is characterized by factors such as the growth in development indicators at the national level, the governments' credibility in international scales, improvement in the living standards of citizens, and so on.
7. The knowledge and experience gained from the successes and failures of government agencies ultimately provide a platform for reforming the overall governance system.

### KM Definition and Rationality

KM is a concept that has been defined variously by researchers and practitioners from different disciplines. However, there are concepts upon which definitions mainly focus: KM is a process, knowledge is tacit and explicit (Nonaka 1991), and knowledge is to be applied. To put it in other way, KM is a continuous process of perception/acquisition, audit/organization, dissemination/development, and application/creation of knowledge with the aim of achieving expected goals and defining new developments (Hassanzadeh 2013) (Fig. 1).

Thus, KM is seen as the process of helping individuals and organizations identify, elicit, organize, and disseminate vital information and

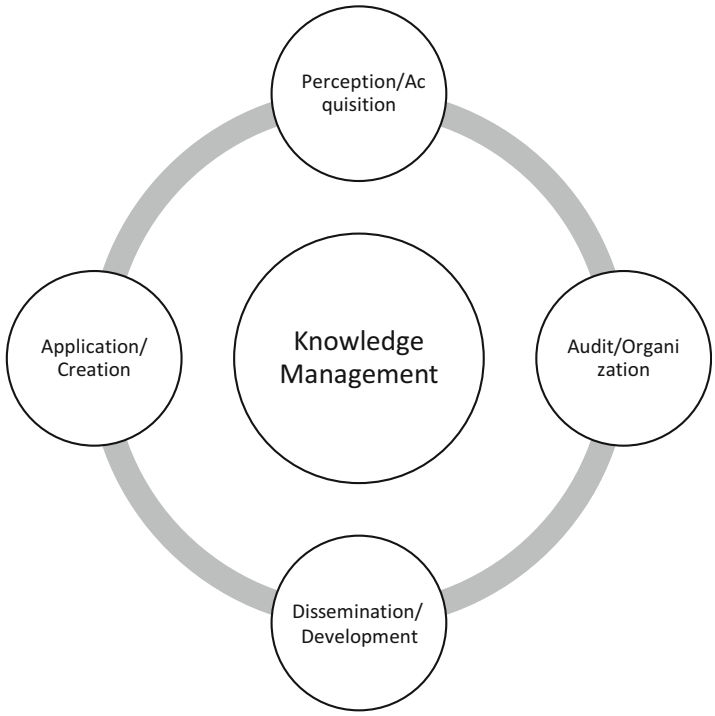


**Knowledge Management in the Public Sector, Fig. 1** Knowledge management process

talent that are considered as organizational memory (Stein 1995), even though they may subsist in an unorganized composition. KM enables managers to facilitate organizational learning, strategic planning, and dynamic decision-making with an improved efficacy and effectiveness. By acquiring and implementing the required knowledge, organizations will be able to transform into actual learning organizations (King and ko 2001).

The rationality and legitimacy behind KM involve constant changes in societies and organizations. A chain of events and developments such as the evolving and everchanging expectations of citizens, and communication complexities resulted from the growing connectivity of citizens and organizations require the governments to leverage the knowledge to address the needs. Increasingly the knowledge is seen as a main facilitator toward building a promising future and this accelerates the necessity of structural and content adjustments in line with the public will. This means that KM in the public sector coincides with public policymaking processes and this again emphasizes the necessity of synchronicity between the public policy formulation and the public KM. Although a significant fragment of the knowledge required by the public sector is obtainable through public involvement, research, and development to create scientific knowledge to deal with unpredicted events and situations are indispensable. Establishing supportive procedures for KM in the terms of strategies, incentives, budgetary, instruments, communications, and involvements admits the government to enjoy the benefits of KM in sake of public prosperity. Governments are increasingly confronted with numerous unrequited questions that lead them toward efficient knowledge and effective KM. Effective interaction with stakeholders, counterparts, and meeting the needs of macrolevel issues like sustainable development goals hasten the endeavor to manage knowledge in the public sector.

## Objectives of KM in the Public Sector

Managing the knowledge assets, most of which reside in the minds of employees, clients, managers, and experts, is a complex process

(Raudeliūnienė et al. 2018) with interconnected targets. Managers indenting to establish KM in their organizations strive to achieve several main objectives such as the following:

1. To become an intelligent and knowledge-based organization.
2. To accelerate the process of knowledge creation and dissemination.
3. To secure social support to offer and endure new services.
4. To enhance the flexibility of the organization's business processes for rapid response to environmental requirements and social crises (i.e., Covid-19).
5. To identify the resources and formulate strategies for knowledge development.
6. To enrich explicit knowledge and conversion of tacit knowledge into explicit knowledge.
7. To prepare infrastructure for knowledge sharing and turning it into core competencies of the staff member.
8. To craft a dynamic and extensive system to scan, identify, and document ongoing knowledge and experiences of projects and special missions.
9. To encourage the human resources to learn from successes and failures.
10. To improve the capabilities and proficiencies of employees by reassuring individual and organizational learning.
11. To develop a framework for value creation from intellectual assets and sharing it with the public.
12. To improve a supportive culture of cooperation in creating value from past experiences.

## The Main Elements of KM in the Public Sector

Considering the multifaceted nature of the public sector and instabilities of the approaches and policies upon which this sector relies, KM in the public sector encompasses elements that are far broader, more diverse, and extremely complex. Traditionally, KM has been identified with the three main pillars of technology, culture, and people. Technology as a facilitator of processing, storage, dissemination, and communication; supportive culture as an indicator of organizational solidarity to create an atmosphere of cooperation on KM programs and to create a sense of participation and commitment to knowledge sharing; and people as the main driver of all KM activities.

In addition to these three factors, which usually are common with the private sector, there are three other pillars which play an important role in the public sector: power, politics, and bureaucracy. Power is an integral part of the governance. Governments often seek to consolidate their power and leverage it to achieve their targeted objectives. The alignment of knowledge and power defines a multifunctional combination for KM in the public sector. There is a significant relationship between the governments' attitudes and views on the power and function of knowledge. Throughout history as well as in the contemporary era, there are many instances of the interaction between the power and the knowledge. The use of knowledge in order to consolidate power or employing power to facilitate the creation and dissemination of knowledge is common and precedential.

Politics is defined as a factor for the administration and enabling the interaction among various actors and parties in social environments. Regarding the relationship between the politics and the use of knowledge, governments often use power factors such as the media, persuasion, party assemblies, propaganda, and so on to justify their achievements among the public. Sometimes, the heavy impact of political equations on society makes it impossible to transfer knowledge from one administration to another. On the other hand, sometimes political affiliations and mutual interests between individuals and governments have contributed to knowledge dissemination. This reemphasizes the exceptionality of KM in the public sector.

In addition to the two aforementioned factors, bureaucracy as an instrument of governance establishments also plays a significant role in the KM in private sector. The issues related to structure of communication, flow of information, access and use of data, manner in which

knowledge is acquired and applied by the public sector employees, and the interaction with citizens encompass the features of a bureaucratic order. This order, however, varies from state to state and even from an administration to another. But depending on the type of governance approach and the structure of public participation and interaction as well as the behavior of the bureaucratic system, requirements, and prerequisites of KM also vary. The central notion is that the bureaucracy plays a significant role in KM in the public sector.

## Knowledge Resources in the Public Sector

Knowledge is generally classified into implicit and explicit based on an ontological classification. In an epistemological classification, it is classified into individual and collective. The objectivity or subjectivity of knowledge refers to its observability and accessibility in the form of physical artifacts or its concealment in the minds of individuals. Explicit knowledge is usually apparent and organized in the form of documents. But tacit knowledge is put as talent of human resources, and it is impossible to be aware of it until it is represented in the form of actions, lectures, suggestions, training, and so on. Collective knowledge is the knowledge that is shared.

Actionable knowledge in public sector initiates from different stakeholders and this is one of the main and determining features of KM in this sector. The following is a concise list of knowledge holders:

- Managers and employees.
- Government-related brokers.
- Enacted laws and regulations.
- Structure of government organizations.
- Defined and running services.
- Organizational communication and government vision.
- Consultants and service providers.
- Citizens.
- NGO.
- Private sector organizations.
- International institutions and regional coalitions.
- Databases and knowledge networks.

Every initiative related to KM and subsequent value creation in the public sector requires to connect this wide range of knowledge holders. A holistic view of this wide range of stakeholders is a prerequisite for better understanding of KM system dynamics. As citizens' satisfaction and productivity are viewed as the main drivers of KM in public sector (Siami-Namini 2018), an effective communication among working elements and knowledge resources will improve the sense of public participation and collective wisdom. The change of administration and the resulting transformation in government departments and institutions are among the major challenges for KM in the public sector. Although the constituent elements of KM remain largely unchanged, alterations in the policies, approaches, and orientations of working administration impose changes on KM policy and actions.

## Characteristics of Knowledge in the Public Sector

According to the variety of resources and carriers, knowledge in public sector, in general, preserves specific characteristics which necessitate a customized framework for KM in public sector. The following features comprise the larger parts of such framework:

**Exclusiveness** Everyone in the public sector acquires knowledge based on a combination of the personal perception and enacted regulation which has its roots in public wills. This imposes an integration of different views, approaches, and functions to organizational environments. In addition, organizational knowledge is formed based on the historical governance traditions and the accumulated experiences and skills of the organization itself. Thus, each organization has its own characteristics and convention which provide an operational framework with exclusive set of knowledge and insights.

**Public Added Value** Organizational knowledge of public agencies improves products, processes, technologies, and services and enables them to increase their productivity (Riege and Lindsay 2006). Moreover, considering the public nature of the organizations, they are to suggest public added value. Especially in the age of digital transformation, the pace of change is very high and it is necessary for public to be able to use it in the right way to facilitate their operations and services.

**Irreplaceable** As a general understanding, knowledge created in one organization requires a customization process to be utilized in other organizations, because the same functions, experiences, and individuals may not be replicated exactly in other settings. Although it is a predominant perception that most public organizations are providing similar services and have similar knowledge requirements, in principle, the organizational culture, typology of services, contexts of services, and experiences gained in each organization are quite different. This makes each knowledge and experience gained in the organizations totally exclusive based on the new development and challenges.

**Strategic Role** Organizational knowledge is a strategic resource, so public establishments who intend to competitive survival and maintaining their dynamism have to establish appropriate appliances to capture relevant knowledge and translate it accurately into action, consistently, concisely, and in a timely manner to all individuals. They require attuning the strategic approaches toward public knowledge assets to deploy along with the organization's sustainable development goals.

## Knowledge Flow in the Public Sector

Knowledge is definitively known as a fluid mix of information, data, experiences, believes, and intellectual assets of an entity. In addition to the dynamic nature of knowledge, the performance of KM also depends to a large extent on the constant flow of knowledge between different sources. The flow of knowledge within public organizations and from the government to society and vice versa plays a decisive role in flourishment of knowledge and insightful actions. Knowledge flow within public agencies is operated both vertically and horizontally based on agendas, structure, and missions. Events such as knowledge exchange sessions and collaborative tasks are held alongside managing routine or even unprecedented affairs. The flow of knowledge from the society to public agencies occurs in the form of formal communications, feedback systems, informal structures, and public involvements. However, the potency of knowledge flow varies according to various factors such as clarity of procedures, the structure of governments, public engagement, and availability of technological facilities.

Smoothing the flow of knowledge within and between public organizations and toward the society is an important part of KM in the public sector. An accelerated flow of knowledge within and between administrations and in interaction with citizens is necessary for mutual empowerment (Hasani and Sheikhesmaeili 2016).

Fluidity of knowledge and experience is a function of knowledge transfer structures, level of transparency, and existence of a KM unit. The development of technical tools such as ontologies, portals, knowledge networks, and other dissemination instruments and procedures improves the accuracy and speed of the flow. Public organizations which integrate the knowledge flow into their core policy system are likely to gain more insights from the public.

Some critical factors that are related to success of knowledge flow in the public sector are:

- Technical infrastructure such as ontologies and knowledge networks.
- Expert human resources to conduct the flow.
- Analytical and knowledge extraction tools such as text mining, data mining, and so on.
- Motivation and incentives.
- Appropriate communication and advocacy.
- Mutual trust and reliance.
- Attitude of government authorities toward knowledge sharing.

- Improved formal and informal communication channels.

The flow of knowledge is among essential accelerators of KM and interoperability of public organizations and their responsiveness and journey toward good governance.

## Concluding Remarks

In public organizations, due to their wide and continuous relationships with the society from different strata, a good body of knowledge and experience is created. On the other hand, due to the dependence of public sector organizations on the governance formula, political changes, and developments in the mobility of human resources in different parts of government organizations, the outflow of knowledge is at a high level. Government agencies face constant demands for social change, public welfare, clarity, justice, and so on. Empowering public organizations to meet the increasing expectations is essential. New developments such as data-driven management, digital transformation (OECD 2019), and increasing connectivity require effective KM policy and practice in the public sector. KM is increasingly considered as a significant platform to improve the readiness of organizations to face these challenges.

Knowledge is an umbrella term to cover facts, information, and principles that are created and applied by humans but emergence of artificial intelligent applications has introduced new agents of knowledge creation and communication. Incorporating emerging technologies in public organizations' knowledge management processes seems necessary. Developments on cognitive science and other disciplines which are related to knowledge and human-information interaction provide an appropriate opportunity for knowledge extraction and sharing.

Knowledge domain of public organizations are vast and multifunctional. Diversity of domains and stakeholders, and density of unprecedented multifaceted events in public sector avoid a concentrated KM system which works well in private sector. Core knowledge as the significant part of KM activities in public sector often is located in distributed sources and diverse carriers. Being extremely paradoxical, the problematic part of the KM initiatives in the public castor is that management of core knowledge must be carried out within the organization while the major part of the knowledge is in the minds of citizens and organizational stakeholders.

Through building and continuous development of KM capabilities among citizens and establishing an advanced system for knowledge acquisition and dissemination public organizations will be enabled to deal with dispersed sources of knowledge throughout the countries. KM capabilities in the public sector encompasses a wide range of enabling programs. The focal notion of capability building for KM is to improve attitude, knowledge, and behavior of citizens and staff members to share, access, and use of knowledge for higher productivity and mass satisfaction.

Turning KM capabilities into competence and leveraging them to knowledge-oriented cooperation would be the main element of knowledge policies in public organizations. Although due to formal procedures and enacted law and regulations it is assumed that the significant proportion of the knowledge in the public organizations is explicit, the most important part of the core knowledge and empowerment still remains tacit. The staff members' tendency to share this implicit knowledge is greatly influenced by management philosophy and approaches to identify, acquire, and integrate knowledge into action. Knowledge to action framework by Graham and colleagues articulates this process (Graham et al. 2006).

These approaches are often translated into motivation and compensation systems and organizational procedures for evaluating the performance of individuals and even corporations (López-Nicolás et al. 2011). While being effective, these procedures must be integrated into public policy formulation processes. Improving the public commitment in higher levels of governance including policy and strategic levels provide public organizations with an opportunity to access the collective wisdom disseminated through public engagement.

Digital transformation as a result of enormous advances in information and communication technology suggests an improved application of digital carriers to public knowledge management (PKM). PKM as an actionable concept fosters theoretical and practical cooperation among multiple disciplines including public management, information science and knowledge management, and related fields of study which ultimately are to improve the implementation of effective knowledge management in the public sector.

## References


Asian Productivity Organization (2013) In: Talisayon S (ed) Report on the APO research on knowledge management for public-sector productivity (11-RP-09-GE-RES-B). Asian Productivity Organization, Tokyo

Graham I, Logan J, Harrison M, Straus S, Tetroe J, Caswell W, Robinson N (2006) Lost in knowledge translation: time for a map? J Contin Educ Heal Prof 26:13–24. https://doi.org/10.1002/chp.47

Hasani K, Sheikhesmaeili S (2016) Knowledge management and employee empowerment: a study of higher education institutions. Kybernetes 45(2):337–355. https://doi.org/10.1108/K-04-2014-0077

Hassanzadeh M (2013) Competencies of knowledge and information specialists for knowledge managements in organizations. Kolliyat Book Monthly 188:2–5

King WR, Ko D (2001) Evaluating knowledge management and the learning organization: an information/knowledge value chain approach. Commun Assoc Inf Syst 5(14):1–26

López-Nicolás C, Ángel L, Meroño-Cerdán (2011) Strategic knowledge management, innovation and performance. Int J Inf Manag 31(6):502–509., ISSN 0268-4012. https://doi.org/10.1016/j.ijinfomgt.2011.02.003

Nonaka I (1991) The knowledge-creating company. Harvard Bus Rev, USA

OECD (2019) A measurement roadmap for the future. In: Measuring the digital transformation: a roadmap for the future, OECD Publishing, Paris, [Online]. Available at: www.oecd.org/going-digital/measurement-roadmap.pdf

Raudeliūnienė J, Davidavičienė V, Jakubavičius A (2018) Knowledge management process model. Entrepreneurship Sustain Issues, Entrepreneurship Sustain Center 5(3):542–554. ff10.9770/jesi.2018.5.3(10)ff. ffhal-01773979f

Riege A, Lindsay N (2006) Knowledge Management in the Public Sector: stakeholder partnerships in the public policy development. J Knowl Manag 10:3

Siami-Namini S (2018) Knowledge management challenges in public sectors. Res. J. Econ 2(3)

Stein EW (1995) Organization memory: review of concepts and recommendations for management. Int J Inf Manag 15(1):17–32., ISSN 0268-4012. https://doi.org/10.1016/0268-4012(94)00003-C


# Knowledge Utilization in Organizations


Kuok Kei Law[1] and Andrew Chan[2]

[1]Lee Shau Kee School of Business and Administration, The Open University of Hong Kong, Hong Kong, China

[2]Department of Management, City University of Hong Kong, Hong Kong, China


## Synonyms

Employee motivation; Explicit knowledge; Knowledge application; Knowledge creation; Knowledge management; Knowledge sharing; Tacit knowledge

## Definition

- Knowledge in the workplace is commonly referred to as the know-whats, know-hows, and know-whys for performing tasks (Brown and Duguid 1998; Kogut and Zander 1992).
- A knowledge management system refers to "a systemic and organizationally specified process for acquiring, organizing, and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work" (Alavi and Leidner 1999, p. 6).
- Knowledge mobilization refers to the dissemination of knowledge from the source of acquisition or creation to the rest of the organization.
- Causal ambiguity is defined as the basic ambiguity arising from the nature of the causal connections between actions and results (Lippman and Rumelt 1982).
- Explicit knowledge refers to knowledge that can be easily codified, explained, and thus

K

transferred from the knowledge source to other recipients/learners.
- Tacit knowledge refers to knowledge that cannot be codified, is highly abstract in nature, and the knowledge source usually knows more than she/he can tell (n).

## Introduction

Knowledge in the workplace is commonly referred to as the know-whats, know-hows, and know-whys for performing tasks (Brown and Duguid 1998; Kogut and Zander 1992). Knowledge may reside in individuals as intellectual capital or tacit skills, or embed in organizations in the form of organizational routines or standardized practices. In recent decades, knowledge management (KM) has come to be a "model answer" for organizations to manage business uncertainties. A KM system generally refers to "a systemic and organizationally specified process for acquiring, organizing, and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work" (Alavi and Leidner 1999, p. 6). The core purpose of implementing a KM system, on top of its claimed functions of facilitating workers' acquisition, sharing, and integration of knowledge, is the transformation from individual proprietary knowledge to organizational knowledge asset for widespread utilization. Such a deindividualization process makes workers more replaceable.

The aim of allowing widespread utilization of organizational knowledge assets is never easy given the ambiguous nature of knowledge, complexities of human considerations, and all kinds of managerial and organizational constraints. This chapter will discuss some of the major issues in utilizing knowledge in organizations and highlighting the current state of research and its shortcomings. We will first discuss the importance and difficulties of knowledge utilization in organizations. Next, a specific section will be devoted to discuss the ambiguous nature of knowledge per se, which significantly inhibits knowledge's mobilization and utilization. Three important perspectives that characterize academic research and managers' attention on knowledge management will then be critically elaborated. They include the information communication technology (ICT) perspective, the human perspective, and the managerial perspective. The chapter ends with some concluding remarks to offer new and practical directions in studying knowledge utilization in organizations.

## Utilization of Knowledge Assets

Organizations accumulate knowledge (toward the market, their customers, production processes, innovations, etc.) throughout prolonged periods of operation. This knowledge base represents a core production factor and probably a source of competitive advantage to the organization. It is an important asset to be managed and utilized just as traditional types of assets like land, machinery, or human resources. However, utilization of knowledge assets differs, in some important aspects, from other organizational assets. For example, value of knowledge assets is unknown or undetermined unless it is being put into use to generate performance or output after being acquired or created by the organization. Moreover, ownership of knowledge assets is often ambiguous (except for patented intellectual properties), albeit perceived as being currently "owned" and managed by the organization. Organizations not only guard against external competitors on knowledge leakage but also negotiate internally with employees on the allocation of rents generated from the intellectual contribution of employees.

Careful but efficient utilization of knowledge in organization is thus no easier than its acquisition or creation at the outset. Two major difficulties may arise when attempting to optimize the economies of scale of knowledge assets: (1) having knowledge mobilized within the organization and (2) having organizational members apply the received knowledge. These difficulties can be further analyzed by three different but related perspectives: (a) an information communication technology (ICT) perspective, (b) a human

(employee) perspective, and (c) an organizational (managerial) perspective.

## Knowledge Mobilization in Organizations

Knowledge mobilization refers to the dissemination of knowledge from the source of acquisition or creation to the rest of the organization. It is mainly achieved by electronic transmission of documents via ICTs and/or teaching and learning between organizational members. However, transfer of knowledge, mostly in the form of best practices within organization, is often "sticky" (Szulanski 1996). Reasons for the stickiness of knowledge transfer include the causally ambiguous nature of knowledge per se, plus a variety of human factors including lack of absorptive capacity of the recipient, arduous relationship between the source and the recipient, and lack of motivation by the recipient (Szulanski 1996; Van Wijk et al. 2008).

Many managers approach the issue of knowledge mobilization from an ICT perspective. They believe that in general the management of knowledge assets is largely a technical problem – establishing a sophisticated ICT network that connects different parties internally and externally would be the panacea of KM issues. The use of ICT is especially suitable when the knowledge involved can be easily codified and taught, i.e., more explicit in knowledge nature (Zander and Kogut 1995). Commentaries and research findings suggest that the mere presence of ICT networks is insufficient to achieve effective knowledge utilization as the transfer process involves human actors. For example, Kankanhalli et al. (2005) found that in addition to the setting up of electronic knowledge repository (EKR), organizational reward, knowledge self-efficacy, and the expectation of reciprocity significantly influenced workers' willingness to use, i.e., the effectiveness of the EKR system. Another deficiency of the ICT perspective relates to the fact that the knowledge to be transferred is often partly or largely tacit and causally ambiguous. This problematic nature of knowledge largely inhibits its mobilization.

## The Problematic Nature of Knowledge

Transfer and utilization of knowledge is not as easy as expected due to its causally ambiguous nature. Causal ambiguity has been defined as the basic ambiguity arising from the nature of the causal connections between actions and results (Lippman and Rumelt 1982). Knowledge is causally ambiguous partly because of its resistance to clear communication (i.e., the presence of component ambiguity) and partly because it is situated in context and its idiosyncratic nature (Simonin 1999, 2004; Szulanski 1996). Meta-analysis conducted by van Wijk et al. (2008) showed that knowledge ambiguity is one of the major determinants of organizational knowledge transfer, in that it is less detrimental to organizational knowledge transfer within organizations than between different organizations. Additionally, ambiguity hampers knowledge acquisition more than knowledge exchange.

Scholars tend to link the causally ambiguous nature of knowledge with the degree of tacitness. The division between explicit and tacit knowledge has been widely used to explain knowledge ambiguity as well as difficulty and effectiveness of knowledge mobilization. Explicit knowledge refers to knowledge that can be easily codified, explained, and thus transferred from the knowledge source to other recipients/learners, while tacit knowledge refers to knowledge that cannot be codified, is highly abstract in nature, and the knowledge source usually knows more than she/he can tell (Polanyi 1967). Typical examples of tacit knowledge include knowing how to ride a bicycle or how to play tennis. In business organizations, knowledge that is regarded as more tacit includes managerial expertise, marketing communication, and innovative ability (Simonin 1999). On the contrary, organizational routines, manuals, and standardized procedures belong to the more explicit type of knowledge assets.

There is an abundance of research studying how an increase in the degree of tacitness influences knowledge transfer difficulty. For example, Simonin (1999) found that both tacitness and complexity knowledge are positively related to causal ambiguity, which in turn negatively

influences the degree of knowledge transfer between strategic alliances; Lord and Ranft (2000) also found that the tacitness of local market knowledge is negatively associated with its internal transfer within diversified US firms.

Moreover, an increase in tacitness also makes the knowledge largely embedded in its owner, i.e., the person inventing and/or possessing the knowledge (Collins 2007; D'Eredita and Barreto 2006). This embeddedness complicates the transfer and utilization of tacit knowledge among organizational members, as the knowledge holder can largely control and decide whether to disclose and/or transfer what she/he knows tacitly. Moreover, the process of transferring tacit knowledge requires a high degree of participation of the knowledge holder. The transfer and utilization of tacit knowledge becomes not simply a "knowledge management" problem but a "human management" problem instead.

## The Human Factor in Knowledge Management

Human factors can influence knowledge management processes in several ways, e.g., refusing to acquire or learn new knowledge, hiding/hoarding possessed knowledge, miscommunication of knowledge and information, lacking disseminative and/or absorptive capacities, etc. In general, problems arising from the human actors in knowledge management processes can be categorized into two aspects: a motivation aspect and a capability aspect. For example, organizational members have to be both willing and capable to research and assimilate new information in order to create new knowledge or product for the organization. Similarly, organizational members have to be both willing and capable to share and learn knowledge from one another in order to optimize the utilization of organizational knowledge assets.

### The Motivation Aspect

According to the classical theory of reasoned action (Fisbein and Ajzen 1975), people will perform a certain behavior only when they are willing to do so. Motivation of a person to perform is positively related to his/her final behavioral outcome. Such a motivation-behavior relationship has no exception in knowledge management behaviors within organizations.

The source of motivation to perform knowledge management practices has been widely acknowledged to be intrinsic rather than extrinsic (Osterloh and Frey 2000) and there are two major reasons. First, as mentioned above, tacit knowledge is largely embedded in the knowledge holder. Theoretically there is no way to "force" knowledge out of the individual by any kind of extrinsic intervention. Second, the creation, sharing, and utilization of knowledge are generally considered as intrinsically motivating behaviors to workers as they can fulfill people's psychological needs for competency (enhancing one's self-efficacy), autonomy (deciding what to create, share, and utilize as well as whom to work with), and relatedness (participating in a social activity with co-workers) (Deci and Ryan 1985; Ryan and Deci 2000). Thus, it is assumed that workers are naturally attracted to knowledge sharing to pursue the psychological needs mentioned above. Empirical evidences lend support to such an assumption. For example, Bock and Kim (2002) found that employees' expectation of relationship improvement with other co-workers (i.e., sense of relatedness) and making contribution to the organization (i.e., sense of competency) had positive effects on their attitude toward knowledge sharing. Similarly, Martin-Perez et al. (2012) showed that intrinsic rewards such as the improvement of self-fulfillment and self-identification had a positive influence on workers' willingness to share their knowledge.

However, from a managerial point of view, reliance on workers' intrinsic motivation to perform is risky. For example, Osterloh and Frey (2000, p. 540) comment that "intrinsically motivated employees do not always work to the benefit of their employers... Rather employees must be motivated to perform in a *coordinated* and *goal oriented* way." Otherwise, negative consequences such as infinite procrastination will occur if workers are only managed and driven through intrinsic motivation (Malott 2005). Besides, Kamoche (2006) and Wilkesmann et al. (2009)

warn that one should not assume workers ought to cooperate and share what they know naturally given the costs and risks (e.g., loss of time and productivity, damage of personal reputation, forfeit of appropriability, etc.) associated with cooperation. Connelly et al. (2012) and Husted and Michailova (2002) even argue that hiding or withholding is often a more favored choice of workers due to their self-interest.

To compensate the risk-averse mentality of workers, some scholars suggest turning back to the use of extrinsic motivators (e.g., the provision of monetary rewards and promotion opportunities or the imposition of punishment in the opposite) to alter workers' perceptions of benefits and costs associated with knowledge management practices (Hung et al. 2011; Osterloh and Frey 2000). While criticisms exist regarding the "crowding-out" effect of extrinsic motivators on the intrinsically motivated nature of knowledge management practices (Adler 2001; Nahapiet and Ghoshal 1998), there is an alternative view on the "dual effect" of extrinsic motivators – extrinsic motivators may also have a facilitative effect on intrinsic motivation of workers in addition to the postulated crowding-out effect (Briscoe 2007; Turner and Makhija 2006). Hence, the role of extrinsic motivator remains a subject of debate in knowledge management studies and its effect on motivating workers to engage in knowledge management practices is not conclusive at the time being.

### The Capability Aspect

Besides willingness, whether workers can successfully create, learn, or apply new knowledge also depends on their individual capabilities. Two types of capabilities are particularly relevant in effectively utilizing organizational knowledge assets: absorptive capacity and disseminative capacity. Absorptive capacity refers to "the ability of a firm [or an individual or a group] to recognize the value of new, external information, assimilate it, and apply to commercial ends" (Cohen and Levinthal 1990, p. 128). The level of absorptive capacity possessed is largely a function of prior related knowledge, i.e., previous experience in utilizing similar knowledge. The higher the absorptive capacity possessed, the easier it is to learn, apply, and further create new knowledge based on one's prior related knowledge and experience. Research findings have proven the importance of absorptive capacity on effective knowledge creation, sharing, and utilization. For example, Gupta and Govindarajan (2000) found absorptive capacity to be one of the major determinants to the degree of knowledge inflows into subsidiaries of multinational corporations (MNCs); Vasudeva and Anand (2011) found that knowledge utilization between firms that formed alliances are significantly influenced by the lack of absorptive capacity when facing new and novel knowledge.

Disseminative capacity refers to "the ability of knowledge holders to efficiently, effectively, and convincingly frame knowledge in a way that other people can understand accurately and put their learning into practice" (Tang et al. 2010). This is a crucial ability to share newly created or acquired knowledge throughout the organization. Lack of disseminative capacity causes communication problem between the knowledge holder and receiver(s) in that the knowledge holder would fail to encode and transmit the knowledge in a meaningful and easy-to-understand way. In other words, the knowledge holder would find difficulty in expressing and teaching if she/he lacks disseminative capacity. Higher degree of knowledge tacitness leads to stronger disseminative capacity needed from the knowledge holder.

### Communication of Knowledge Between Sender and Receiver

As hinted above, effective creation, sharing, and utilizing of knowledge depends on successful communication of knowledge between the knowledge holder/creator, mostly referred to the sender, and the seeker/learner, i.e., receiver. The SMCR (sender-message-channel-receiver) model as initially proposed by Shannon and Weaver (1963) has been widely adopted in the field of knowledge management (see Fig. 1). The model states that effective communication of knowledge is influenced by (1) attributes of the sender, (2) attributes of the receiver, (3) attributes of the knowledge per se, and (4) the communication channel

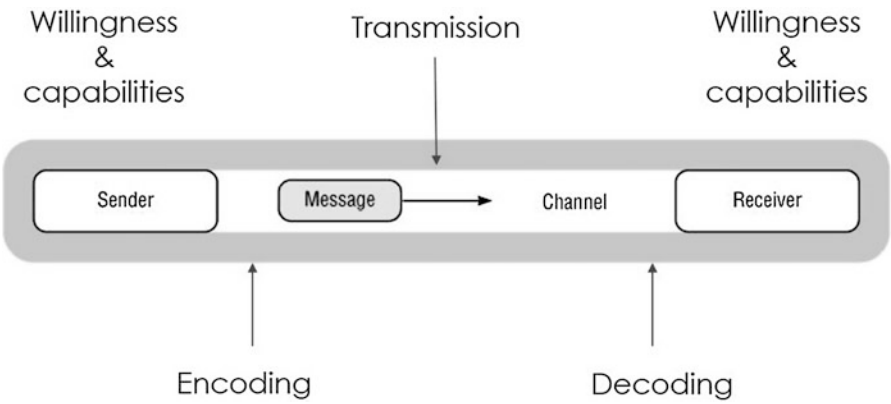


**Knowledge Utilization in Organizations, Fig. 1** SMCR model. (Adopted from course material of Unit 3, B823 OUUK, p. 15, Fig. 3.1)

chosen. While the first three factors have been discussed in the previous sections, the following paragraphs focus on the fourth factor – the chosen communication channel.

Media richness theory (Daft and Lengel 1986) has been commonly used to characterize communication channels as either rich or lean in nature. When the message, or knowledge, is highly tacit and/or complex, a richer communication channel, i.e., more direct, face-to-face interaction, has to be adopted. On the contrary, when the message or knowledge is rather simple and explicit, a leaner and more indirect channel such as document exchanges can be used to achieve efficiency and cost saving. Hansen et al. (1999) termed the two opposing (rich Vs. lean) types of channel *personalization* and *codification*. In their study, they found that companies emphasizing either one, but not both, of the channels as the major knowledge communication channel within the organization based on the characteristics of the knowledge involved are able to more efficiently and effectively leverage their knowledge assets.

The distinction between personalization and codification has been widely used in different studies to predict knowledge creation (e.g., Nonaka and Takeuchi 1995), knowledge sharing (e.g., Joia and Lemos 2010), and knowledge utilization (e.g., Chai and Nebus 2012). The overall thesis is that personalization allows closer interaction between the sender and the receiver and is thus more conducive than codification for exploration of new knowledge and utilization of tacit knowledge. On the contrary, codification is more useful than personalization to exploit existing (explicit) knowledge, i.e., to leverage the economies of scale of existing knowledge assets, since theoretically codified knowledge can be disseminated across geographical and temporal boundaries and are able to reach a large amount of receivers.

## The Managerial Perspective

Next, we should consider what and how managers can do to facilitate the utilization of organizational knowledge assets. However, it is surprising to know that the managerial perspective has been rather vague as researchers approached the knowledge management "slide either to a 'knowledge' or a 'management' pole, or move away from what may be seen as typical meanings of these two labels... Put bluntly, the more management, the less knowledge to 'management,' and the more 'knowledge' matters, the less space is for management to make a difference" (Alvesson and Karreman 2001, p. 996). Moreover, for managers and researchers advocating the intrinsic motivation assumption of knowledge work, there is basically no role for management as any external imposition of managerial intervention will crowd-out the intrinsic drive of workers.

Recognizing all similar limitations of the extant literature, Foss et al. (2010, p. 467) criticized that "managers are not optimally equipped by the current literature to make decisions about how to embed knowledge sharing initiatives in existing organizational structures and cultures" and proposed the need to devise more concrete managerial measures to "govern" knowledge management initiatives.

Nevertheless, there are still some models in the literature that can provide managers with useful insights and implications on how to manage knowledge assets within their organization. The sender-receiver communication model that we have discussed is certainly one of them. Managerial implications of the model include the need to reinforce workers' motivation and train their capabilities to communicate knowledge as well as the need to establish appropriate channels, both rich and lean ones, to serve as conduits or platforms to communicate knowledge.

Another example is the classic knowledge-creation spiral, or the SCEI, model developed by Nonaka and Takeuchi (1995) (see Fig. 2). The model describes how existing knowledge assets transform into new knowledge through workers' utilization and communication. The transformation process goes through four stages: socialization, combination, externalization, and internalization. In the process, managers are best viewed as "catalysts" – inspiring and arranging an appropriate *ba* for the transformation process to occur. *Ba*, in Japanese roughly means "place", is defined as a "shared context for emerging relationships" that provides a platform for advancing individual and collective knowledge" (Nonaka and Konno 1998, p. 40). *Ba* refers not just to a physical space such as an office but also a specific time-space, or the relationships among people in that specific time-space (Peltokorpi et al. 2007, p. 53).

More specifically targeted on the managerial perspective, Alvesson and Karreman (2001) proposed a typology of knowledge management approaches, which identifies four major orientations of modern managers toward knowledge management: knowledge management as extended libraries, knowledge management as community, knowledge management as normal control, and knowledge management as enacted



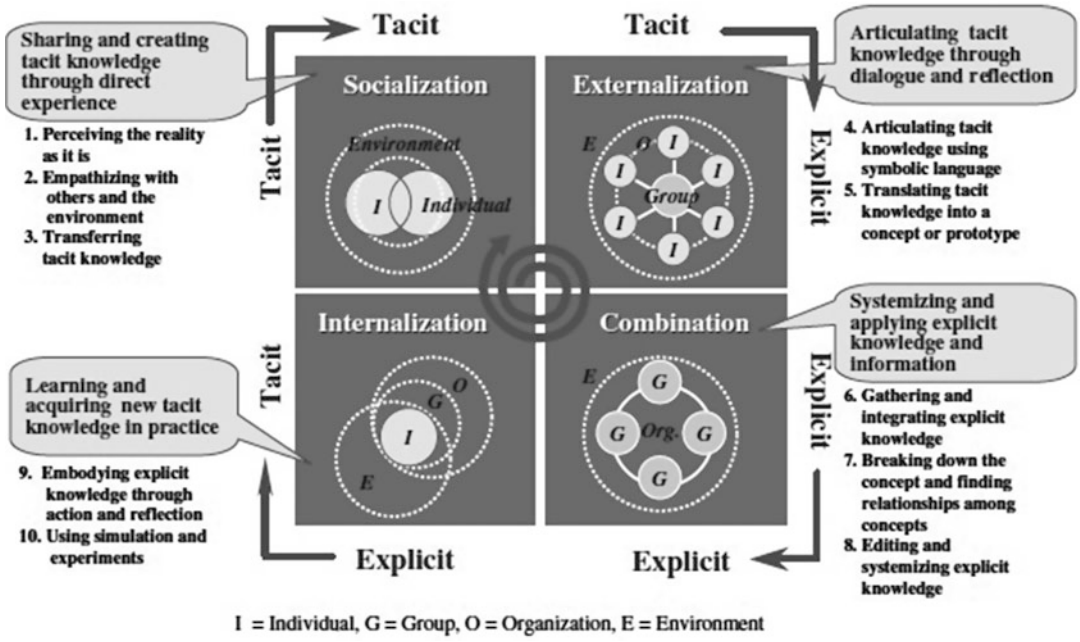


**Knowledge Utilization in Organizations, Fig. 2** SCEI model (Peltokorpi et al. 2007, p. 55)

blueprints (see Fig. 3). In practice, managers adopting the extended library orientation view knowledge management as kind of system problem – "knowledge management primarily consists of highly structured and easily accessible codified experience, stored in databases and accessed through the company-wide computer network" (Alvesson and Karreman 2001, p. 1009). Some managers can move beyond the extended library orientation to view knowledge management as a kind of communal activity. For them, knowledge management is the arrangement of "informal, everyday-based exchange of ideas mainly amongst people who are being physically close to each other" (Alvesson and Karreman 2001, p. 1009). Managers seeing knowledge management as an element of normative control strive to build a "sharing culture" that socializes workers to actively contribute what they know to the organization. However, managers who exert too much control on the knowledge sharing norms may end up developing "templates for actions" for their workers. In Alvesson and Karreman's words, these managers are *streamlining* knowledge production and *trivializing* knowledge, somehow going back to the extended library orientation that focuses on the storage and utilization of a catalogue of templates that they think can generate performance and minimize waste or inefficiencies. Summing up their arguments, Alvesson and Karreman suggested that managing organizational knowledge assets is as likely, if not more so, to operate as a practice of managing people or information than as a practice attuned toward facilitating knowledge creation.

## Conclusion

This chapter discussed some major issues regarding knowledge utilization in organizations. First, it is acknowledged that knowledge represents the core production in modern businesses despite the fact that there is a lack of consensual definition of it. In other words, knowledge is still an umbrella term that is subject to interpretation of its user. Nevertheless, in business organizations, knowledge is usually defined as the know-what, know-how, and know-why for performing tasks (Brown and Duguid 1998; Kogut and Zander 1992) that may appear in forms of impersonal, organizational routines (i.e., explicit knowledge)

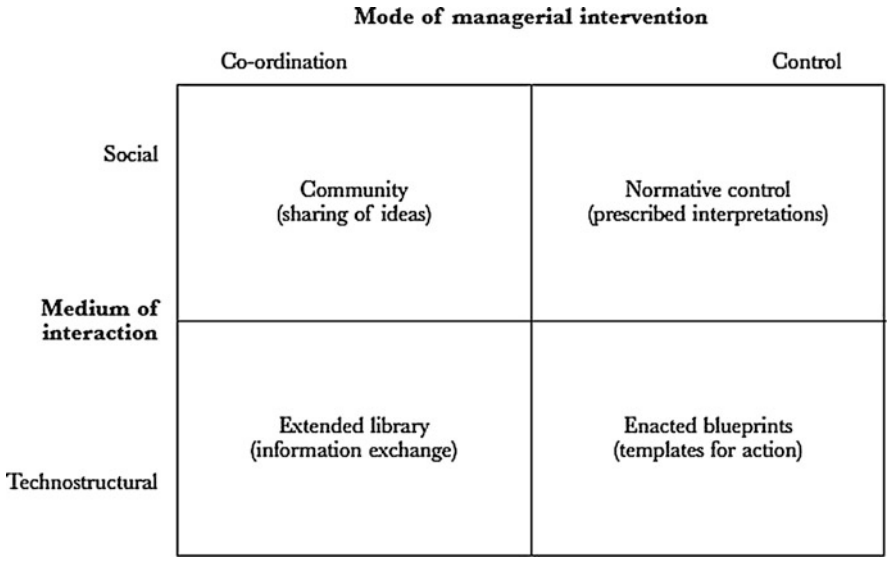


**Knowledge Utilization in Organizations, Fig. 3** Mode of managerial intervention (Alvesson and Karreman 2001, p. 1005)

or personal, subjective interpretation and capabilities (i.e., tacit knowledge). The approach workers and managers use to create, share, and utilize knowledge greatly depends on the degree of explicitness/tacitness of the concerned knowledge. Readers may reflect on the importance of developing a universal definition of knowledge or, as most of knowledge management studies did, choose to bypass the issue of definition and focus on the characterization of knowledge.

Second, the ICT and human perspectives to managing knowledge were introduced. Viewing knowledge management as a technical problem is probably the easiest and commonest approach, but such views has its own limitations and might oversimplify knowledge management. The sharing and utilization of tacit knowledge, on the contrary, requires high degrees of involvement of both the knowledge holder and the learner. In other words, the management of tacit knowledge is interrelated with other human factors, including the willingness, capabilities, and mode of communication of the sender and the receiver, as well as the possible risk-aversion mentality of people to disclose and contribute what they know. Hence, in addition to the influence of knowledge characteristics, readers may also reflect on the risk-aversion mentality of workers and analyze how the possible tensions between the workers and their employer arisen might affect the implementation of knowledge management practices.

Last but not the least, limitations of the current literature on the managerial perspective of knowledge utilization were highlighted. Compared with research on knowledge characteristics or human attributes, research on managerial approaches to manage knowledge assets has been relatively immature and disorganized. While there are several models for managers' reference, the current literature still fails to "adequately address how firms can manage the knowledge flows across different employee cohorts" (Kang et al. 2007, p. 243) and the disorganized and scattered nature of past studies inhibit the generation of "a truly cumulative body of knowledge" (Argote et al. 2003, p. 572). Although managerial intervention has limited use under the assumption of intrinsic motivation, it is still necessary. However, it is "exercised through very different mechanisms in two kinds of firms" in that knowledge firms "may be differentiated from "traditional firms" in terms of governance mechanisms by relying less on direction through the exercise of authority" (Foss 2007, p. 32). Readers may thus reflect on the appropriateness of the prevalent intrinsic motivation assumption of knowledge work and consider whether the willingness of knowledge workers can or cannot be reinforced by traditional "carrot-and-stick" approach or by any other new human resource management approaches.

## Cross-References

▶ Administrative Reform
▶ Managerial Functions in the Public Sector

K

## References

Adler PS (2001) Market, hierarchy, and trust: the knowledge economy and the future of capitalism. Organ Sci 12(2):215–234

Alavi M, Leidner DE (1999) Knowledge management systems: issues, challenges, and benefits. Commun AIS 1(1):Article 7

Alvesson M, Karreman D (2001) Odd couple: making sense of the curious concept of knowledge management. J Manag Stud 38(7):995–1018

Argote L, McEvily B, Reagans R (2003) Managing knowledge in organizations: an integrative framework and review of emerging themes. Manag Sci 49(4):571–582

Bock G-W, Kim Y-G (2002) Breaking the myths of rewards: an exploratory study of attitudes about knowledge sharing. Inf Resour Manag J 15(2):14–21

Briscoe F (2007) From iron cage to iron shield? How bureaucracy enables temporal flexibility for professional service workers. Organ Sci 18(2):297–314

Brown JS, Duguid P (1998) Organizing knowledge. Calif Manag Rev 40:90–112

Chai K-H, Nebus J (2012) Personalization or codification? A marketing perspective on optimize knowledge reuse efficiency. IEEE Trans Eng Manag 59(1):33–51

Chia R (2003) From knowledge-creation to the perfecting of action: Tao, Basho, and pure experience as the ultimate ground of knowing. Hum Relat 56: 953–981

Cohen WM, Levinthal DA (1990) Absorptive capacity: a new perspective on learning and innovation. Adm Sci Q 35:128–152

Collins H (2007) Bicycling on the moon: collective tacit knowledge and somatic-limit tacit knowledge. Organ Stud 28(2):257–262

Connelly CE, Zweig D, Webster J, Trougakos JP (2012) Knowledge hiding in organizations. J Organ Behav 33:64–88

D'Eredita MA, Barreto C (2006) How does tacit knowledge proliferate? An episode-based perspective. Organ Stud 27(12):1821–1841

Daft RL, Lengel RH (1986) Organizational information requirements, media richness and structural design. Manag Sci 32(5):554–571

Deci EL, Ryan RM (1985) Intrinsic motivation and self-determination in human behavior. Plenum, New York

Fisbein MA, Ajzen I (1975) Belief, attitude, intention and behavior: an introduction to theory and research. Addison Wesley, Reading

Foss NJ (2007) The emerging knowledge governance approach: challenges and characteristics. Organization 14(1):29–52

Foss NJ, Husted K, Michailova S (2010) Governing knowledge sharing in organizations: levels of analysis, governance mechanisms, and research directions. J Manag Stud 47(3):455–482

Gupta AK, Govindarajan V (2000) Knowledge flows within multinational corporations. Strateg Manag J 21:473–496

Hansen MT, Nohria N, Tierney T (1999) What's your strategy for managing knowledge. Harv Bus Rev 77(2):106–116

Hung S-Y, Durcikova A, Lai H-M, Lin W-M (2011) The influence of intrinsic and extrinsic motivation on individuals' knowledge sharing behavior. Int J Hum Comput Stud 69:415–427

Husted K, Michailova S (2002) Diagnosing and fighting knowledge-sharing hostility. Organ Dyn 31(1): 60–73

Joia LA, Lemos B (2010) Relevant factors for tacit knowledge transfer within organizations. J Knowl Manag 14(3):410–427

Kamoche K (2006) Managing people in turbulent economic times: a knowledge-creation and appropriation perspective. Asia Pac J Hum Resour 44(1):25–45

Kang S, Morris SS, Snell SA (2007) Relational archetypes, organizational learning, and value creation: extending the human resource archetype. Acad Manag Rev 32(1): 236–256

Kankanhalli A, Tan BCY, Wei KK (2005) Contributing knowledge to electronic knowledge repositories: an empirical investigation. Manag Inf Syst Q 29(1): 113–143

Kogut B, Zander U (1992) Knowledge of the firm, combinative capabilities, and the replication of technology. Organ Sci 3:383–397

Lippman SA, Rumelt RP (1982) Uncertain imitability: an analysis of interfirm differences and efficiency under competition. Bell J Econ 13:418–438

Lord MD, Ranft AL (2000) Organizational learning about new international markets: exploring the internal transfer of local market knowledge. J Int Bus Stud 31(4): 573–589

Malott RW (2005) Notes from an introspective behaviorist: achieving the positive life through negative reinforcement. J Organ Behav Manag 24(1–2): 75–112

Martin-Perez V, Martin-Cruz N, Estrada-Vaquero I (2012) The influence of organizational design on knowledge transfer. J Knowl Manag 16(3):418–434

Nahapiet J, Ghoshal S (1998) Social capital, intellectual capital and the organizational advantage. Acad Manag Rev 23(2):242–266

Nonaka I, Konno N (1998) The concept of 'ba': building a foundation for knowledge creation. Calif Manag Rev 40:1–15

Nonaka I, Takeuchi H (1995) The knowledge creating company. Oxford University Press, New York

Osterloh M, Frey BS (2000) Motivation, knowledge transfer, and organizational forms. Organ Sci 11(5): 538–550

Peltokorpi V, Nonaka I, Kodama M (2007) NTT DoCoMo's launch of I-Mode in the Japanese mobile phone market: a knowledge creation perspective. J Manag Stud 44(1):50–72

Polanyi M (1967) The tacit dimension. Anchor Books, New York

Ryan RM, Deci EL (2000) Intrinsic and extrinsic motivations: classic definitions and new directions. Contemp Educ Psychol 25:54–67

Shannon C, Weaver W (1963) The mathematical theory of communication. University of Illinois Press, Urbana

Simonin BL (1999) Ambiguity and the process of knowledge transfer in strategic alliances. Strateg Manag J 20: 595–623

Simonin BL (2004) An empirical investigation of the process of knowledge transfer in international strategic alliances. J Int Bus Stud 35:407–427

Szulanski G (1996) Exploring internal stickiness: impediments to the transfer of best practice within the firm. Strateg Manag J 17(Special Issue):27–43

Tang F, Mu J, MacLachlan DL (2010) Disseminative capacity, organizational structure and knowledge transfer. Expert Syst Appl 37:1586–1593

Turner KL, Makhija MV (2006) The role of organizational controls in managing knowledge. Acad Manag Rev 31(1):197–217

Van Wijk R, Jansen JJP, Lyles MA (2008) Inter- and intra-organizational knowledge transfer: a meta-analytic review of assessment of its antecedents and consequences. J Manag Stud 45(4): 830–853

Vasudeva G, Anand J (2011) Unpacking absorptive capacity: a study of knowledge utilization from alliance portfolios. Acad Manag J 54(3):611–623

Wilkesmann U, Wilkesmann M, Virgillito A (2009) The absence of cooperation is not necessarily defection: structural and motivational constraints of knowledge transfer in a social dilemma situation. Organ Stud 30(10):1141–1164

Zander U, Kogut B (1995) Knowledge and the speed of the transfer and imitation of organizational capabilities: an empirical test. Organ Sci 6(1):76–92

# Korean Firefighters' Own Emergency Management and Its Implication

Kyoo-Man Ha
Department of Emergency Management, Inje University, Gimhae, Korea

## Synonyms

Emotion-based emergency management versus rationality-based emergency management; Role of Korean firefighters

## Definition

Emotions including anger, hate, sorrow, and fear affect firefighters' reasoning process and thus may have a negative impact to emergency management. Emotion-based management employs affective decisions when firefighters deal with emergencies. On the other hand, rationality is important to enable firefighters to find and carry out solutions. Rationality-based management follows reason and logic when addressing emergencies.

## Section

Comparative and development public administration and policy.

## Introduction

South Korea (hereinafter Korea) has set up its own national emergency management system though incomplete. At the level of central government, the Ministry of Public Safety and Security (MPSS) is mandated to handle all kinds of emergencies by providing related policy guidelines. However, by managing mainly three frequent emergencies, namely fires, flood accompanied by typhoon, and maritime accidents, the MPSS consists of firefighters, civil engineers, and maritime policemen, with other sectors not represented. Local governments (e.g., province, city, Gun, and Gu governments) are to manage local emergencies by following the MPSS' policy. The extent of local autonomy in terms of emergency management is not so high, when thinking that the nation has developed a unitary government system. Accordingly, each local government has three sections, namely the fire station, the section of disaster prevention (or civil engineering), and the coast guard.

Firefighters, as public employees, are recruited on a regular basis. Candidates have to pass the national civil service exam and the physical test as well. After working for local governments for a certain time, few local firefighters may have an opportunity to work for the central government or vice versa. Firefighters at the central government fiercely compete with civil engineers and maritime policemen in terms of budget allocation. They then spend their funding for national agenda. Local firefighters spend their local budget for local agenda with the partial support of central government. When reflecting that Korea has not substantially set up its national emergency operation framework yet, the extent of coordination between not only firefighters but also other professionals is not so robust.

Among various professionals, firefighters play a major role in fighting not only fires but also other emergencies, regardless of national boundary. They are tasked to extinguish fires, rescue emergency victims, provide emergency medical services, and others. They experience a lot of stress that can be aggravated under hostile environments. Therefore, having an effective emergency management is important and may be the driving force behind firefighters' strength and resilience (Gartenstein-Ross and Dabruzzi 2008).

The number of fires in Korea was between 40,000 and 50,000 in recent years (Fig. 1). Korean firefighters or related stakeholders have also tried to manage diverse hazards. Despite their efforts, however, they have emotionally approached key issues, such as the need for an independent agency, the employment status of firefighters, the post of incident commander, and others. Further, no research has been done to study related emergency management particularly via the

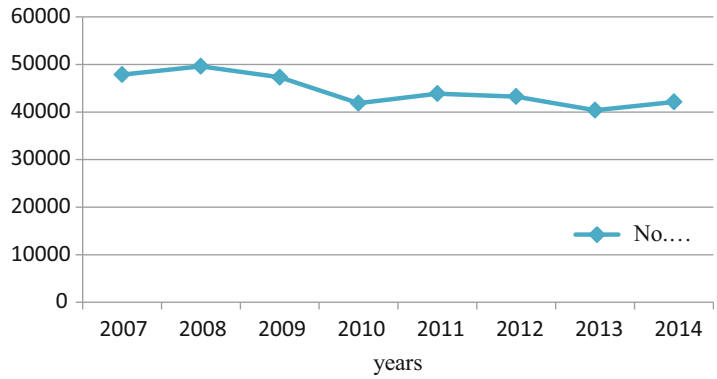


**Korean Firefighters' Own Emergency Management and Its Implication, Fig. 1** Frequency of fires in Korea (MPSS 2015)

international perspective. With all the above in mind, it is the right time to delve into the Korean firefighters' emergency management.

Realistically, Korean firefighters continue to be challenged, such as in terms of lack of funds, poor social standing, accidental deaths in the practice of profession, among others. At the same time, they have made efforts to improve their environment and status by relying on nontraditional alternatives to include political support for election candidates or connection with politicians, mass media exposure to document heroic acts, and frequent political speeches on their contribution to the society, among others.

However, the biggest problem is that Korean firefighters pursue their self-interests either directly or indirectly, in the process making them extremely aggressive toward their strategies. Consequently, firefighters become emotional in their expression of unmet goals and complaints. Further, in the practice of emergency management, this emotional approach among firefighters has caused serious challenges and obstacles in achieving effective emergency management among all stakeholders.

As an example, the ferry Sewol sank around Jindo Island in April 2014. Out of the 304 casualties, majority were high school students (Griffiths et al. 2017). The public was outraged by this unfortunate event. To help defuse the situation, the Korean president transformed the National Emergency Management Agency (NEMA) into the MPSS. At that time, Korean firefighters strongly expressed their concerns over the system of Korean emergency management. While they expressed their intention to dominate the field, they missed to consider modern emergency management that should also cover comprehensiveness, equality, and the overall assessment of social impact of an emergency. In the end, the firefighters' emotional reaction has hindered the accomplishment of modern emergency management in Korea.

The Korean case should be an interesting topic to examine not only for Korea but also for other nations. Though the nation is evaluated as a developed country, its modern fire management was started just about 10 years ago. In addition, there have been many complicated issues in the field that relate to culture such as factionalism, selfishness, and hegemony and thus have caused some frustration to some people. Similarly, the process of emergency management has been rapidly changing in recent times. Thus, many nations may be able to learn from how Korea will overcome through the barriers or they may compare the Korean case with their cases, when necessary.

The goal of the entry is to see how Korean firefighters have managed their own emergencies under a unique culture (or under own organizational atmosphere) and then provide appropriate alternatives for the ultimate goal of emergency management. This entry has compared emotion-based management and rationality-based management via four analytical variables, namely the central government's policy, local fire officers' strategy, mass media's focus, and residents' interests (Fig. 2). This study maintains that stakeholders in emergency management should

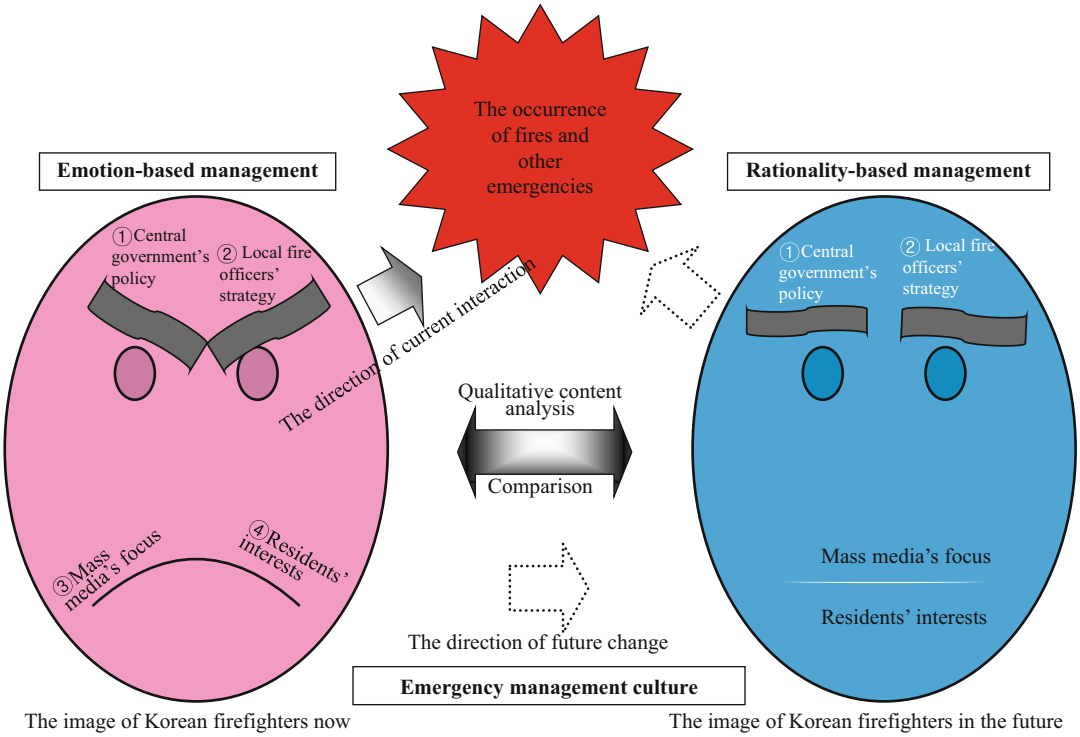


**Korean Firefighters' Own Emergency Management and Its Implication, Fig. 2** Research design

practice rationality-based management instead of allowing emotions to prevail, as this may cloud arriving at sound judgments.

## Emotion-Based Management

### Central Government's Policy

Three institutions have worked for fire management at the central government level. The MPSS (or also known as the former NEMA) has been a leading institution dealing with firefighting and related emergencies, while the Korea Forest Service (KFS) has worked mainly for mountain fire management. The Korean National Assembly has also worked for fire management via related legalization (KFS 2017).

Among the three, MPSS firefighters have frequently expressed their preference to establishing an independent agency for them with the support of some politicians in the Korean National Assembly or president candidates during 2017 presidential election (Table 1). In doing so, firefighters have often cited the case of the Fire and Disaster Management Agency (FDMA) in Japan, in which firefighters play a major role in managing various disasters in the region. By discussing the activities of Japan's FDMA, Korean firefighters have emphasized the need for urgently setting up a similar agency in Korea. Similarly, by pointing out the short distance or a similar culture between the two nations, Korean firefighters consider the case of FDMA to be their best choice. In case of organizational reshuffle, such firefighters have always maintained that they need an independent agency without incorporating other professionals. By fighting against fires alone under their own culture, they have emotionally attempted to improve the productivity of emergency management.

### Local Fire Officers' Strategy

Local fire officers have worked at either the provincial (being equal to US state level) headquarters or many local stations in the community. They

**Korean Firefighters' Own Emergency Management and Its Implication, Table 1** Specific data on emotion-based management

| Units | Specific data |
|---|---|
| Central government's policy | On February 2017, while criticizing the current administration, a Korean National Assemblyman (Moon, Jae-In) maintained the necessity of setting up the independent firefighting agency.<br>On October 2014, the opposition party in the Korean National Assembly proposed a bill to set up an independent agency for firefighters, without considering other stakeholders' interests.<br>On July 2013, the NEMA administrator, who is a firefighter, expressed his support for firefighters' independent agency via an official document (i.e., How to improve firefighting). |
| Local fire officers' strategy | On March 7, 2017, about 42,000 local firefighters wanted to change their job status to become central government employees, in particular by supporting a presidential candidate (Lee, Jae-Myung) during his election campaign.<br>Similarly, on June 25, 2014, local fire officers emphasized that they should become central government employees, without thinking of the lack of public funds.<br>On April 3, 2008, about 50 local firefighters in Chungju maintained that they should be incident commanders at emergency spots. |
| Mass media's focus | On December 22, 2015, fire prevention news reported that despite hard chores, firefighters could not get the appropriate amount of pension after their retirement, without reporting other emergency responders' troubles.<br>On May 28, 2014, KBS broadcasted that firefighters should be allowed to govern not only the police but also military soldiers in joint field offices. |
| Residents' interests | In the beginning of 2017, the MPSS characterized firefighters as "hero (or Youngung)," and then distributed it to local communities to further improve the image of firefighters.<br>By end of 2015, many local communities including Gyeongju, Yongsan, and Uijeongbu officially chose some firefighters as their heroes, without nominating other professionals as their heroes.<br>In 2015, with the support of residents, a business corporation (i.e., S-Oil) awarded USD 90,000.00 to eight firefighters as heroes of the year. |

(Sources: MPSS 2017)

have been officially employed by local governments. It means that a certain group of local fire officers is employed by a specific local government and thus work for their mission within a limited area. In this regard, local fire officers have often maintained that they should no longer be employed by local governments, but by the central government to improve their productivity, particularly to mitigate injuries and casualties by fires. Majority of local firefighters believe that casualties in their jobs are much related to their job status of local governments' employees. In so doing, local firefighters have expressed their preference to becoming central government's employees even without substantial scientific researches or evidences. Furthermore, there is no clear linkage between local fire officers' employment status and related human loss.

Local fire officers have continued to maintain that they should become incident commanders in joint field offices. While discussing who will be the incident commander on each emergency, local fire officers have strongly advocated that they are the right individuals for the position under their own culture (Kim 2014). However, their theories are not perfect at all. For example, when mega fires occur in a remote place, it is quite expected for local fire officers to be the incident commanders, when reflecting that how to deal with various fires is a sort of firefighters' responsibility. However, they want to be the incident commanders during the occurrence of nuclear power plants' radiological emergency, the outbreak of pandemics, and others. As of now, just a few firefighters in Korea have an ability to deal with aforementioned emergencies. In short, local fire

officers as humans with limited capabilities have claimed that they, as the incident commanders, could manage all hazards on the ground better than others could.

### Mass Media's Focus

Firefighter bravery has been spread recently in diverse mass media, such as Twitter's rapid update feature and conversational update feature (Panagiotopoulos et al. 2014). However, a few members of the mass media have viewed firefighters as a hungry image or struggling image under the Korean culture. Firefighters have been described as a sort of unfortunate professionals in the field of emergency management when compared to civil engineers. Without being paid fairly, firefighters have been faced more frequently with human loss than other professionals, according to those mass media.

Many factors may explain why the mass media have called firefighters as hungry, struggling, or unfortunate. Among them, partially because mass media have strongly sympathized with firefighters and their situation, they have allocated much space or time to describe the poor status of firefighters. In short, mass media have emotionally discussed and have shown concern not only on the firefighters' high level of stress but also on their attempts to set up an independent agency, their aspiration to change their employment status, the attempts to dominate the post of incident commanders, and others.

### Residents' Interests

Residents have psychologically supported young soldiers, thinking that not only their sons but also a few daughters have worked for the Korean military as part of compulsory duty. A similar psychological mechanism has been operating in the case of firefighters. Although the job of firefighters is by choice, many residents have emotionally taken side with their sons and daughters' stress from dire fires as well as related human loss (Lee et al. 2014).

Following the assertion of mass media, many residents, under their own culture, have considered some firefighters as their heroes in the community. When firefighters have faced difficulties in achieving the establishment of an independent agency, the change of employment status to become central government's employees, or the willingness to manage all ground hazards, many residents have willingly expressed their sympathetic support. To put it in other words, mainly because the working environment around firefighters is so challenging one way or another, many residents have emotionally advocated for the situation of firefighters.

## Rationality-Based Management

### Central Government' Policy

Firefighters in the MPSS may maintain the establishment of their independent agency, as long as it has more productivity toward the goal of emergency management than it does now. The case of Japan's FDMA should be a good example for Korean firefighters' benchmarking, when considering similar Confucian culture between the two nations. However, those firefighters want to set up their own agency to dominate the field of emergency management, in particular without being checked by other stakeholders including civil engineers and maritime police.

While thinking that emergency management is to coordinate the efforts of all stakeholders, firefighters or some politicians need to coordinate not only firefighters' efforts but also other stakeholders' activities to improve the goal of emergency management (DHS 2013). Substantially, Japan's FDMA consists of diverse professionals, even though it has the word "Fire" in its official institutional name. Rather than attempting to set up their own agency, Korean firefighters must consider how to coordinate rationally among various government agencies, businesses, volunteers, and institutions, and make this part of a new culture. As long as firefighters continue to maintain the establishment of their own independent agency, it will cause potential conflicts among various professionals.

### Local Fire Officers' Strategy

When local fire officers' job status shifts from local governments' employees to the central government's employees, they may get more

personal benefits as well as better firefighting equipment. However, they have hesitated to mention related personal benefits. Also, whereas local governments do need local firefighters for their community, the central government plays a role in deciding important policy issues for the firefighters. Hence, local fire officers must rationally reveal all related facts on their status, on certain cases. In other words, the shift to central government's employees will not guarantee that local firefighters' unmet needs will be addressed.

Further, a few local fire officers do not prefer their job status change to the central government's employees, mainly because they do want to stay in their hometowns or communities. If they change to become central government's employees, they will then be obliged to move to many places within the nation, following related regulations and laws (Park 2017). In reality or in general, people, including local fire officers, want to spend their time with their families, and so they will not prefer moving away.

Local fire officers may wish to become the incident commanders regarding any emergency. However, it is clearly impossible for them alone to deal with all ground emergencies, if thinking that the mechanism of all emergencies is so complicated or unexpected. In cases of radiological emergency or pandemics, nuclear scientists or quarantine personnel may be more qualified to serve as incident commanders. Therefore, local fire officers have to admit that not they, but individuals with specific capabilities should be incident commanders under a new culture.

### Mass Media's Focus

Mass media as a robust bridge among firefighters, governments, and the public have to report facts on a series of fires and related management (Brengarth and Mujkic 2016). To this point, firefighters have developed not only a hungry, struggling, and unfortunate image but also as lifesavers and regular citizens of the nation. Therefore, related mass media must equally or rationally deliver those two different images to all stakeholders, in particular by changing the culture.

Partially because a few members of mass media have sincerely sympathized with inferior situations around firefighters, it does not mean that mass media should have continued to broadcast firefighters' unpretentious status in particular without fully relying on clear reason and logic. By discussing not only the disadvantages but also advantages of being firefighters, mass media may let the people know about the truth on firefighters' movement toward an independent agency, the aspiration to reform their employment status, the challenge of occupying all posts of incident commanders, etc. In other words, the mass media must keep the unbiased coverage or neutral position when discussing any topic to include the reality of firefighters in Korea. Further, the mass media may ultimately improve the incomplete status of firefighters, while doing so.

### Residents' Interests

It is understandable that residents continue to express their love and support for firefighters in the community. As parents, brothers, and sisters, they sympathize with firefighters' challenging tasks and the risks they face, which is why they are considered as community heroes. In short, many residents' expression of support toward firefighters shows the warmth of Korean society. As one of those extremely dangerous jobs, firefighters have substantially contributed to emergency management in the community (Eriksen and Prior 2013).

How hard firefighters have made activities for local emergency management must not simply lead to the fact that residents should follow firefighters' emotional assertion. The hardship of firefighters is one thing, and local residents' support for emotional approach is another. Therefore, residents have to rationally analyze related productivity on several thorny issues as part of a culture, with the support of an improved role of the mass media. When residents are unable to obtain appropriate analysis on those thorny issues in time, they may communicate with other stakeholders via various information networks.

## Major Implication

With the two opposite styles of firefighters' emergency management, it is inevitable for the Korean field of emergency management to systematically

change its emotion-based management into rationality-based management. Emotion-based management is a barrier to efficient emergency management because it affects productivity or job performance, one way or another.

The current emotion-based management exists in the Korean society because of many factors, such as complicated politics, administrative focus, economic struggle, social atmosphere, and individual motivation. In short, the firefighters' present behavior has been a product of the current emergency management system in Korea. In this regard, Korea has to reform by addressing various factors including leadership, structure, procedures, and even culture (Liou 2016). Without planning, it would be impossible for the nation to transform into rationality-based management.

Broadly, the Korean field of emergency management needs to incorporate all stakeholders' interests into related processes on the way to reform. When considering only firefighters' interests, the nation will not fundamentally change the base of firefighters' emotion-based management. By combining public resources into private resources, addressing the significance of multiple networks among various individuals and institutions, or utilizing multiple instruments, the field will be able to persuade all stakeholders into joining reform in the near future (Bowornwathana and Poocharoen 2005; Peters and Pierre 1998).

In retrospect, some stakeholders, such as firefighters in governments, have recognized the negative effect of their emotion-based management through their work experiences; however, they have not admitted it publicly. It is also assumed that they have continued to work within a politics-oriented management not to lose any ground under their own culture. Many firefighters have also not understood the negative effect of emotion-based management and continue to be ignorant of the differences between the two management styles.

On the way to changing from an emotion-based management to rationality-based management, there will always be resistance internally or externally or both (FEMA 2015). In particular, those who have vested interests around fire management may cite their resistance to the change as a major characteristic, a spirit, or a tradition of Korean firefighting.

To initiate the change, all four stakeholders need to recognize the risks and dangers of the Korean field of emergency management under the emotion-based management. Without acknowledging the negative aspect of the existing management, any attempt to transition will prove futile. Thus, stakeholders have to be fully or at least partially aware of how they have currently approached their own emergency management.

As long as Korea sticks to the emotion-based management, there will be mainly irrational complaints against efforts on national emergency management. Without proposing or attempting to improve crucial or rational issues, the field would not be able to get into the path of emergency management. Rather, the field would lose its ways by spending time, space, and energy on routinized issues. Accordingly, it will not be helpful for the goal of emergency management at all.

To further address the rationality-based management, the nation has to accommodate a new culture. Fundamentally, all four stakeholders must work together to shirt the culture over time. When a stakeholder fails to improve the culture unlike what has been specified in above section, the whole culture will not successfully facilitate the rationality-based management. Each stakeholder needs to strategically make appropriate culture (Rivera et al. 2015; Wretstrand et al. 2014; Zuschlag et al. 2016).

In terms of wider perspective, the Korean field of emergency management needs to set up various networks with international firefighters or stakeholders by utilizing information and communication technology. By exchanging information and knowledge with firefighters from advanced nations, Korean firefighters may realize how neutrally, rationally, or differently foreign firefighters have approached related decision-making processes.

When setting up information networks and materials that are in another language, Korea needs to translate foreign language into Korean or vice versa. When thinking that majority of Korean firefighters or stakeholders face difficulties in understanding foreign languages, such as English, French, German, and others, network programmers have to utilize a conversion function between different languages. In fact, some foreign data about fire management have been wrongly

interpreted in Korean, such as the concept of comprehensive emergency management and the qualification of incident commander.

Despite Korea's advanced communication technology, it is yet to maximize its benefits when it comes to comprehending or understanding foreign-peer information on firefighting. For the rationality-based management, the Korean firefighters have to exchange information with foreign peers. By seeing them at a far distance or by listening to what others say, Korean firefighters may distinguish how they have been wrong or right (DHS 1999).

With the support of international networks, Korea also needs to teach the differences between emotion and rationality or related matters to all stakeholders. For example, many Korean colleges have offered fire management or emergency management for their students. Thus, educators in higher education have to include related awareness, management techniques, and others into their curricula. In so doing, Korean educators may facilitate the shift between the two managements and introduce cultural change.

Similarly, the Korean field of emergency management may train all stakeholders on rationality-based management. While translating and then introducing advanced procedures to Korean stakeholders, Korea must systematically train stakeholders and use their skills in effective ways. In other words, by fully utilizing training and exercise materials, the nation would embody the rationality-based management.

## Cross-References

► Emergency Operations Plan

## References

Bowornwathana B, Poocharoen O (2005) Managing reforms: the politics of organizing reform work. Pub Organ Rev 5:3

Brengarth LB, Mujkic E (2016) WEB 2.0: how social media applications leverage nonprofit responses during a wildfire crisis. Comput Hum Behav 54:589–596

Department of Homeland Security (DHS) (2013) National response framework. U.S. Department of Homeland Security, Washington, DC. http://www.fema.gov/media-library-data/20130726–1914–25045-1246/final_national_response_framework_20130501.pdf. Accessed 16 May 2017

DHS (1999) Special report: improving firefighter communications. U.S. Fire Administration, Maryland, pp 3–23

Eriksen C, Prior T (2013) Defining the importance of mental preparedness for risk communication and residents well-prepared for wildfire. Int J Disast Risk Reduct 6:87–97

Federal Emergency Management Agency (FEMA) (2015) National safety culture change initiative. Emergency Management Institute, Emmitsburg

Gartenstein-Ross D, Dabruzzi K (2008) Firefighters' developing role in counterterrorism. Center for Policing Terrorism at the Manhattan Institute, New York, pp 1–10

Griffiths J, Seo Y, Suk L, Hancocks P (2017) South Korea: Sewol ferry emerges from the water 3 years after sinking. CNN, London. http://edition.cnn.com/2017/03/22/asia/south-korea-sewol-ferry/index.html. Accessed 15 May 2017

Kim P-H (2014) A study on the special judicial police in fire (in Korean). Master degree thesis, Dangook University, pp 17–42

Korea Forest Service (KFS) (2017) The official website of KFS (in Korean). http://www.forest.go.kr/newkfsweb/kfs/idx/Index.do?mn=KFS_01. Accessed 7 June 2017

Lee R-H, Jung G-S, Gong H-S (2014) A study on the recognition of fire construction surveillance system: focused on the stakeholders (in Korean). J Korea Saf Manag Sci 16:3

Liou KT (2016) Government reform and disaster management. http://www.nou.edu.tw/~dpa/LiouPPT.pdf. Accessed 23 Apr 2017

Ministry of Public Safety and Security (MPSS) (2015) MPSS's emergency statistics (in Korean). The Korea Spinal Cord Injury Association, Seoul, pp 249–251

MPSS (2017) The official website of MPSS (in Korean). http://www.mpss.go.kr/main/main.do. Accessed 12 July 2017

Panagiotopoulos P, Bigdeli A, Sams S (2014) Citizen-government collaboration on social media: the case of twitter in the 2011 riots in England. Gov Inform Q 31:349–357

Park H-S (2017) Preference to local governments' employees (in Korean). Gyeonggi Ilbo. http://www.kyeonggi.com/?mod=news&act=articleView&idxno=1322786. Accessed 10 June 2017

Peters BG, Pierre J (1998) Governance without government? rethinking public administration. J Publ Adm Res Theory 8:2

Rivera C, Tehler H, Wamsler C (2015) Fragmentation in disaster risk management systems: a barrier for integrated planning. Int J Disast Risk Reduct 14:445–456

Wretstrand A, Holmberg B, Berntman M (2014) Safety as a key performance indicator: creating a safety culture for enhanced passenger safety, comfort, and accessibility. Res Transp Econ 49:109–115

Zuschlag M, Ranney JM, Coplen M (2016) Evaluation of a safety culture intervention for Union Pacific shows improved safety and culture. Safety Sci 83:59–73

# Korean Public Administration: Historical Approach

Seok-Jin Eom
Graduate School of Public Administration, Seoul National University, Seoul, Republic of Korea

## Synonyms

Administrative reform in South Korea

## Introduction

This entry examines the history of public administration in South Korea after the liberation from Japanese colonial rule (1910–1945) in 1945. Though the periodization of the history of public administration in South Korea can differ variously according to academic perspectives, this entry divides the history of South Korean public administration into largely three eras considering both the important challenges faced by South Korean society and the major characteristics of government that emerged in the processes of responding to the challenges at the time as follows. The first period is the era of state-building from the liberation from Japanese colonization in 1945 to the early 1960s. This period witnessed the establishment of the South Korean government in 1948, the First Republic (Rhee Syngman administration), and the Second Republic (Chang Myon administration). The second period is the era of industrialization from the early 1960s to the late 1980s. This era can be divided further into the Supreme Council for National Reconstruction following the May 16 Military Coup of 1961, the Third Republic (Park Chung-hee administration), the Fourth Republic (Park Chung-hee administration after the establishment of the "October Yusin ["Revitalizing Reforms"]" system), and the Fifth Republic (Chun Doo-hwan administration). The third period is the era of democratization, globalization, and marketization from late 1980s to the present. This period has seen the instatement of seven Presidents including Roh Tae-woo, Kim Young-sam, Kim Dae-jung, Roh Moo-hyun, Lee Myung-bak, Park Geun-hye, and Moon Jae-in from 1988 and onward in accordance with the Constitutional amendment to the government of a single 5-year term President directly voted by the people.

## Public Administration of State-Building from 1945 to the Early 1960s

As World War II (1939–1945) concluded with the Allies' victory, Japan's colonial rule over Korea ended on August 15, 1945. As the Soviet and US armed forces came to divide and occupy the Korean Peninsula following the liberation, with the 38th parallel north as the border, governments began to be established in northern and southern part of Korean peninsula in the forms of transplanting or imitating the systems of their respective occupying nations. The southern part was governed by the United States Army Military Government in Korea (USAMGIK) during 1945–1948.

The most crucial challenge for a newly independent nation was state-building (Jung 2014). Specifically, the state-building at that time concerned with following issues: the securement of the territory necessary for the establishment of a state; the consolidation of the national identity; the exercise of sovereignty home and abroad; the construction of a political system and administrative capacity for implementing state functions; and the consistency among these constituent elements of a state. The most contentious issue in reality was: whether to found a state encompassing the entire Korean Peninsula or to build a separate government in South Korea (the area south of the 38th parallel north), which was feasible albeit incomplete. At the same time, the questions of the selection of the economic system (from among the free market economic system, social market economy, and socialistic economic system) and the form of the government were important points of contention as well. For example, the efforts to create the first Constitution of the South Korea were made during 1945–1948. The early draft of the first Constitution had included a parliamentary system and a bicameral

legislature as the form of the government. In the subsequent process of enacting the Constitution, however, there were political debates in the constituent assembly regarding whether the form of the government should be a presidential system or a parliamentary system. In the end, the first Constitution stipulated a presidential system and unicameral legislature as the form of the government. In addition, the positions of the President, Vice President, and Prime Minister all were installed as a product of a compromise among diverse political factions (Sung 2008).

Amidst the circumstances of the intensification of the Cold War between the United States and the Soviet Union, division of Korea, and confrontation between the two new countries, the South Korean government came to be established based on the systems of liberal democracy and constitutionalism. The formal separation of powers among legislative, executive, and judicial branches was promulgated in the first Constitution. After the creation of the unicameral National Assembly (legislative branch) through general elections held on May 10, 1948, the Constitution was enacted and proclaimed on July 17. Consisting of 198 legislators for the enactment of the Constitution elected through the May 10 elections, the National Assembly for the legislation of the Constitution enacted the Constitution and the Government Organization Act (July 17, 1948) and elected Rhee Syng-man and Yi Si-yeong as the first President and Vice President of the nation, respectively. The government was founded on August 15, 1948, and administrative power was completely transferred from the USAMGIK on September 13.

Established based on the Government Organization Act, central administrative apparatuses consisted of the Prime Minister, 11 ministries, 4 offices, 1 board, 3 committees, and 6 bureaus under the President and the Vice President. The newly established 11 ministries are as follows: Ministry of Home Affairs, Ministry of Foreign Affairs, Ministry of National Defense, Ministry of Finance, Ministry of Justice, Ministry of Education, Ministry of Agriculture and Forestry, Ministry of Trade and Industry, Ministry of Social Affairs, Ministry of Transportation, and Ministry of Communication. Four offices included Office of General Management, Office of Public Relations, and Office of Planning.

Following the enactment of the Government Organization Act, the State Public Officials Act was enacted on August 12, 1949. It has been argued that this act has been functioned as the foundation of personnel administration in South Korea because this act proclaimed the merit-based civil service system as a main principle of the public human resource management in South Korea. Regarding appointment, for example, this act stipulated that any appointment of public officials should be made in accordance with the result of examination, or the results of selection. In reality, recruitment of new public officials was done mostly through selection rather than examination (Bak 1969). From 1949 to 1960, 96.4% of all appointments were made though "higher civil servants selection," while only 3.6% through the "higher civil service examination" system (Jung 2014; Ahn 2001).

Despite such enactment of the basic institutions for state-building, the administrative bureaucracy of the Rhee Syng-man administration revealed many problems. First, the country not only lacked clear predictions of administrative demand but also insufficiently engaged in discussions on the functions to be performed by the executive branch for national development. More specifically, what kinds of public organizations should be created and what kinds of public officials should be recruited in order to fulfill such functions. Secondly, human resources and financial resources to support the national development were very scarce. Regarding personnel management, the government lacked well-trained professional administrative officials because the Korean people had failed to receive higher education and professional training due to the Japanese colonial authorities' obscurantist policy. Consequently, there was no choice but to employ *en masse* those who had worked as low-ranking civil servants during the Japanese colonial era (Lee et al. 2014). In addition, the appointments of public officials were made according to patronage without screening test on the individual's objective

merit in spite of the articles on the merit-based civil service system in the State Public Officials Act (Song 1998). In terms of government budget, South Korea too much relied on USA for most of the government financial resources. In case of the budget for 1949, taxes took up only 10.8% for the government budget, aid funds, and loans from USA amounting to 13.9% and 46.4%, respectively. Foreign aid funds amounted to a total of US$ 2 billion 88 million during 1954–1961 and took up an average of 49.5% of the nation's total financial revenue (Ministry of Planning and Budget 2007).

In conclusion, public administration during the era of state-building superficially took on the forms of the democratic administrative system but still retained many vestiges of the coercive authoritarianism of the Japanese colonial period in content. Such a characteristic of public administration not only acted as great hindrance even to the pursuit of economic growth through industrialization but also became one reason for social confusion and rampant corruption. Moreover, President Rhee Syng-man created the Liberal Party in 1951 and tried to pass the Constitutional amendment bill to adopt direct presidential election for his own prolonged one-man rule in Busan, the nation's temporary capital during the Korean War (1950–1953). He was defeated in National Assembly by a vote in January 1952, but he succeeded in ramming through the revision of the Constitution to a direct presidential election system in July 1952 with mobilizing the police and army. In 1954, he paved the way for prolonged one-man rule through the so-called "Rounded-off Constitutional revision," which abolished both the legal restriction on a multiple term of office for the President and the position of the Vice President.

In the end, the Rhee Syng-man administration's dictatorship was ended by the April 19 Revolution of 1960. With the ensuing revision of the Constitution in the same year, the gist of which was the parliamentary system and the bicameral system, and the Democratic Party, an opposition party, came to power. With escalating social confusion stemming from the new administration's incompetence due to factional strife within the Democratic Party and the public's demands for the expansion of their right to democratic political participation, a military coup led by General Park Chung-hee took place on May 16, 1961. The people's efforts for democratization including the April 19 Revolution were thus frustrated by the inefficacy of the Second Republic and the intervention of the military.

## Public Administration of Industrialization: From Early 1960s to the Late 1980s

During military rule (May 16, 1961-December 16, 1963), which followed the May 16 Military Coup, the Constitution was revised (December 26, 1962) to establish both a strong presidential system that granted the President administrative power, authority over national emergencies (authority to take emergency measures, authority to declare martial law), and authority to veto legislation. In the ensuing Presidential elections, Park Chung-hee was elected, thus leading to the inauguration of the Third Republic (October 16, 1963).

The most important national task in this era was industrialization for economic growth (Park 2007). Indeed, industrialization was the most crucial issue for not only the South Korean government, all political groups, and intellectual circles in the country but also international actors pursuing a balance of power in East Asia under the Cold War system including the United States. However, these actors differed from one another regarding the path to be trod by the country to achieve this goal. In other words, the problem was "Through what strategies and methods is industrialization to be pursued?" (balanced growth vs. unbalanced growth, import-replacement strategy vs. export-oriented strategy).

The Park Chung-hee administration likewise set the goals of industrialization for economic growth as its foremost task. In order to buttress this, the administration founded the Economic Planning Board (EPB), which had broad authority including the authority to economic planning, budget, statistics, and to coordinate economic

and industrial policies. In addition, the Minister of EPB doubled as the Deputy Prime Minister. Furthermore, numerous ministries related to industrial policy were expanded and reorganized. The Ministry of Trade and Industry, which were in charge of industrial policy in this period, was regarded as "powerful" ministries. The Ministry of Energy and Resources which specialized in natural resources and energy policies, and the Industrial Advancement Administration and the Ministry of Science and Technology were found to guide the industries and to lead science and technology development in South Korea. State-owned enterprises were built in various industrial fields that required large-scale investments including construction and management of infrastructures necessary for industrialization such as roads, harbors, electric power, etc.

Inside government, diverse mechanisms for speedy decision-making and policy implementation were institutionalized. For example, government made regularly the 5-Year Economic Development Plan, which clearly presented the government's policy goals on economic and industrial policy. The President-presided big meetings such as the Monthly Economic Trend Report Meeting and the Expanded Meeting to Promote Exports were held every month to check the accomplishment of the policy goals. In addition, the Office of Presidential Secretariat was expanded to strengthen the President's policy capacity. Diverse administrative apparatuses such as Government Legislation Administration, Board of Audit and Inspection, Office of General Management, and Ministry of Home Affairs also supported the President with carrying out the functions of monitoring, legislation, organization, and personnel management, as well as policy coordination (Eom 2018).

The Park Chung-hee administration was greatly interested in enhancing the capacity of civil servants. It was in this era that a merit-based and professional civil servant system began to be institutionalized in earnest. The State Public Officials Act was revised (April 17, 1963), the essence of which was to adopt the open competition recruitment system based on the results of Higher Civil Service Examinations. The legislation of the Government Employees Training Act (1961, revised in 1973) and the Central Official Training Institute Establishment Act has been evaluated to ensure better training for civil servants (Jung 2014).

Consequently, there were both quantitative and qualitative changes in the bureaucracy in this era. In quantitative terms, the total number of civil servants began to increase considerably. The total quota of civil servants continuously rose following the instatement of the Park Chung-hee administration from 198,281 in 1961 to 371,431 in 1972. In qualitative terms, key officials on the bureau chief level were selected from civil servants who were more educated and younger than the elite in earlier periods. They also had received more Western-style higher education. It has been claimed that there occurred a "shift in generations" in the bureaucracy starting in 1960 and civil servants became more achievement-oriented and had a stronger orientation toward national development (Eom 2016).

In this era, the government budget functioned as a policy instrument for accomplishing industrialization. The institutions related to the government budget and taxes were refurbished to strengthen the domestic capital mobilization and to economize government expenditure. The proportion of tax revenue increased with the installation of the National Tax Service in 1966 and the introduction of value-added taxes in 1976 so that tax revenue came to take up 80% by 1979 while tax revenue and counterpart funds amounted to 30.3% and 30.8%, respectively, in 1962. Financial investments and loans amounting to an annual average of 29.8% were made during 1962–1980, and, on an average, government expenditure took up over 25% of the entire national economy as measured in terms of the gross domestic product (GDP) under the Park Chung-hee administration (Ministry of Planning and Budget 2007).

Public administration has been regarded as one of the driving forces in achieving the compressed industrialization in this era. However, such economic achievement could be accomplished against the backdrop of the stalled development of democracy and authoritarianism. Issues for improving the people's ultimate quality of life

such as welfare, public health, environment, and labor were treated as secondary. The democratization movement in civil society including labors was extremely oppressed. This political authoritarian regime was reflected in the administrative system as well. President Park of the "Yusin regime" himself appointed 1/3 of the total number of seats in the legislature in order to secure the majority of National Assembly seats. President Chun Doo-hwan of the Fifth Republic came to secure far more seats than the actual percentage of votes through elections that were held amidst the prohibition of political activities by 555 figures including major members of opposition parties and, moreover, were based on changes that had been made in order to elect 1/2 of the number of assembly members in local constituencies as those in national constituencies.

With such distorted political systems and public administration, the National Assembly dwindled into a "law-passing branch." In this period, the inspection of state administration and government offices, the South Korean legislature's mechanism for controlling the executive branch, was abolished. Inside the executive branch, administrative powers were highly centralized with a stress on the efficiency of public administration under the pretexts of national security and economic growth. The institutionalization of local self-government system was also withheld and nearly all ministries in the central government installed many special local offices in order to perform their duties at the local level.

## Public Administration of Democratization, Globalization, and Marketization: Since the Late 1980s to the Present

### Democratization

Starting in 1987, South Korean society came to encounter different kinds of national tasks both at home and abroad nearly simultaneously. The first one was democratization. Mass democratization struggles centering on university students from 1985 and onward led to the revision of the Constitution of the Sixth Republic, the essence of which was a single 5-year term President directly elected by the people. Democratization in this era, however, did not just signify the changes of the political system. It also meant the transformation of the entire South Korean society such as: the transition from a government-led growth system to the market-oriented economy; the mitigation of the concentration of wealth on the *chaebols* (conglomerates); the eradication of diverse forms of corruption accumulated from earlier ages; the expansion of political participation of citizens; and the decentralization of the political and administrative systems including devolution (Kang 2013).

The democratization of public administration began with the strengthening of the status and authority of the National Assembly. The President's authority to dismiss the legislature in the previous Constitution was deleted through the revision of the Constitution of the Sixth Republic. The legislature's authority to inspect the organizations in the executive branch and public hearing system were restored. In addition, the legislation-supporting agencies for the National Assembly such as National Budget Office (founded in 2003) and National Assembly Research Service (founded in 2007) have been strengthened to support legislative activities and checks against the executive branch of the members of the National Assembly. National Assembly members' lawmaking activities also became active with the number of legal bills proposed by legislators increasing while the approval rate of bills submitted by the executive branch decreased (Jung 2014).

Legal control over public administration was strengthened as well. Enacted at the end of 1996 were the Administrative Procedures Act and the Official Information Disclosure Act, whose legislation had been postponed by authoritarian regimes during the period of economic growth. These acts aim at contributing to the promotion of the validity and fairness of public administration and the realization of the principles of the rule of law in public administration by guaranteeing citizens' participation in administrative processes and the disclosure of administrative information. In August 1997, various laws for controlling administration including the Framework Act on Administrative Regulations, Civil Petitions

Treatment Act, and Administrative Appeals Act were either enacted or revised (Hong 2010).

Diverse administrative reform initiatives for decentralization have pushed forward. Because of criticism of the "imperial Presidential system" of the previous administration, the Presidential Secretariat was reduced, at least in the early years of the administration. The delegation of the President's authority to the Prime Minister and ministers has been an important issue, too. The local autonomy systems were introduced as well. Local self-government system was restored at the end of the 1980s, the construction of local legislative assemblies in 1991, and the direct elections of the heads of local governments from 1995 and onward. In addition to the formation of local governments, various initiatives for strengthening the local autonomy system have been carried out including the relocation of central government and public agencies, the transfer of administrative functions of central government to the local government, financial decentralization, and strengthening of the capacity of local administration.

Democratization led to increasing the civic participation to public administration in various fields including the environment, labor, peace, and minorities. For instance, nongovernmental organizations (NGOs) such as the Citizens' Coalition for Economics Justice (CCEJ) and the People's Solidarity for Participatory Democracy (PSPD) as well as the associations of trade unions in various industries actively participated in the policy process in related policy fields. Actually, CCEJ and PSPD actively participated in the processes of enactment of the Administrative Procedures Act and the Official Information Disclosure Act in various ways including public hearings for policy suggestions and petitions to the legislature. The government not only acknowledged these NGOs as policy partners but also strengthened support for civil society organizations through the legislation of the Non-profit Private Organization Support Act (Jung 2014).

### Globalization and Marketization

This era can be regarded as the age of global turbulence as well. The global expansion of the capitalist market economy system and the intensification of globalization, where capital, labor, and information freely move among regions and nations, emerged with the big changes at the global level such as the end of the Cold War in the early 1990s, changes in the international trade order including launching of the World Trade Organization (WTO), and the development of information and communication technology (ICT). Globalization was accompanied by the expansion of neoliberalism, which stressed "small government" and "minimal state." This idea suggested the abolishment of government regulation of and the intervention in the market economy as well as the adoption of business-like management in the public sector for increasing the government's efficiency.

South Korean public administration actively responded to the challenges of both globalization and marketization. First, the collapse of the Cold War system was regarded as a good chance to changes the confrontational inter-Korean relationship. In this line, South Korean government achieved some "small wins" including the simultaneous membership of the two Koreas in the UN, the signing of the Agreement on Reconciliation, Non-Aggression, and Exchanges and Cooperation between South and North Koreas in 1991, and the implementation of an engagement policy regarding North Korea with inter-Korean summit talks in 2000, 2007, and 2018.

Second, South Korean government has pursued foreign and industrial policies that actively reacted to the new international regime. Such policies are as follows: *Nordpolitik*, whereby the South Korean government formed diplomatic relations with former communist bloc countries including Russia (Roh Tae-woo administration); the "globalization strategy" including the joining of the Organization for Economic Cooperation and Development (OECD), the opening of agricultural product and commodity markets, the liberalization of foreign currency transactions, the opening up of the capital market, and the liberalization of the people's travel abroad (Kim Young-sam administration); and the signing of multiple

free trade agreements (FTAs) (Roh Moo-hyun administration).

Third, the adjustment of government-led economy to market-oriented economy was pursued in order to meet the new economic environment. For example, the Kim Young-sam administration took measures such as dissolving the Economic Planning Board and stopping the establishment of the 5-Year Economic Development Plan, which were "the symbols of government-led economy." In addition, regulation reforms constitute a major reform task that nearly all administrations in this era.

Fourth, administrative reforms based on neoliberalism were introduced in earnest starting in 1997, the year in which South Korea underwent the Asian financial crisis. For example, the Kim Dae-jung administration introduced not only the privatization of state-owned enterprises but also the management based on performance evaluation system. In addition, public management reform programs that followed the management in the private sector were introduced. For instance, government adopted the agencification of quasi-governmental organizations and expanded outsourcing of administrative functions.

In the field of personnel management, contract-based personnel management, performance-pay system, and team system for restructuring of hierarchical bureaucratic system into horizontal systems were gradually introduced in the public sector while the merit-based, rank-oriented, seniority-based, and closed career civil service system was to be discarded (Eom 2016). These reforms led to the continuous revisions of the State Public Officials Act. For example, this act was revised in May 1999 to adopt Open Position system which aimed at recruiting competent personnel through open competition among applicants from both the public and private sectors. In 2005, the act was revised to build Senior Civil Service (SCS), a government-wide personnel-management system for selecting, preparing, paying, and managing a differentiated group of senior civil servants. This SCS was managed by combining the open competition system (20%), the government-wide job posting program (30%), and the agency-level flexible management system (50%) (Jung 2014).

However, such globalization and marketization did not serve solely as an opportunity for South Korea. It was also one of the sources of socioeconomic crises and instability such as the Asian financial crisis (1997) and the global financial crisis (2007). The administrations in this era have refurbished the welfare and tax systems as a way to overcome these crises and social problems ensuing from the full-fledged introduction of neoliberal systems into corporations and labor. Actually, the basic framework of the overall social welfare system including public assistance, social insurance, and social welfare services came to be established from the Kim Dae-jung administration and onward. At the initial stage of building the welfare system, the government tried to provide appropriate self-reliance support projects in consideration of individuals' work skills, household conditions, and desire for self-reliance and to prevent a decrease in the beneficiaries' desire to work by adjusting the support levels rather than providing universal welfare services. The basic direction of social welfare policy in this era boiled down to "productive welfare." Such a welfare system, however, has gradually changed into a form that provides universal welfare system. Such expansion of the welfare system and welfare services led to an increase in the welfare budget (Ahn 2010).

On the aspect of public management, no less challenging are problems within the bureaucracy. In particular, problems concerning the sense of responsibility and motivation of government bureaucrats have continued to be raised since the period of democratization. Nearly all administrations since the era of democratization have introduced diverse institutions and pursued reform in order to change civil servants who are passive toward their duties and shirk responsibilities yet seek only to exercise their authority. Examples are the neoliberal reforms and the introduction of business-like personnel management systems including the performance-based compensation system mentioned above. The majority evaluation about the effect of the

neoliberal reform program is that such administrative reform programs have had little effect (Eom 2016).

## Conclusion

This entry examined the history of public administration in South Korea with emphasis on the critical challenges faced by South Korean society in different eras. In considering the major challenges that Korean public administration should response to for achieving the national development of the last 70 years, one has to take into account the crucial role played by the public administration. It is especially true that public administration has been the largest organized entity which has had the greatest impact on the lives of the people in South Korea (Jung 2014). Korean public administration, however, has not been stagnated but evolved over time with adapting to different pressures it faced in different eras (Steinmo 2010). As we have seen above, public administration should accomplish the tasks of state-building in 1940s and 1950s in South Korea. In the 1960s to 1980s, however, public administration should adopt new structures and new capacity for pursuing the industrialization. Since the late 1980s, it should change itself with adapting to the demand of democratization from civil society and the megatrends of the globalization and marketization. In sum, Korean public administration has remained as the most powerful political entity in Korean society for 70 years. At the same time, it has had innovated itself in order to adopt a new capacity for overcoming crises and respond to the new challenges home and abroad.

## Cross-References

► Administrative Reform
► Marketization of Higher Education

## References

Ahn Y (2001) A study on Korean bureaucracy. Daeyoungmoonhwasa, Seoul
Ahn SH (2010) Contemporary Korean Welfare State in transition. Seoul National University Press, Seoul
Bak D (1969) Public personnel administration. In: Lee HB et al (eds) The historical analysis of Korean Public Administration. GSPA, Seoul National University
Eom SJ (2016) Administrative capacity in Korea: path-dependency and institutional drift of administrative reform. Korean Public Adm Rev 50(4):91–137
Eom SJ (2018) The internal dynamics of South Korean government for industrial policy in the era of economic growth: the transaction cost approach. A paper presented in the 25th World Congress of Political Science. International Political Science Association (IPSA)
Hong JH (2010) Legal control of the administrative process. Seoul National University Press, Seoul
Jung YD (2014) The Korean State Public Administration and Development. Seoul National University Press, Seoul
Kang ST (2013) The logic of administrative thought and research. Jomyeongmunhwasa, Seoul
Lee DH et al (2014) The history of Korean Public Administration. Daeyoungmoonhwasa
Ministry of Planning and Budget (2007) Public finance in Korea: the past, present and future. Ministry of Planning and Budget, Seoul
Park TG (2007) Archetype and metamorphosis: the origins of Korea's economic development plans. Seoul National University Press, Seoul
Song HK (1998) A study on personnel administration of the first Republic of Korea. Ph.D Dissertation. Yonsei University
Steinmo S (2010) The Evolution of Modern States: Sweden, Japan, and the United States. Cambridge University Press, Cambridge, UK
Sung NI (2008) Principles of constitution. Bubmoonsa

# L

## Labor Relations and Collective Bargaining in the Japanese Public Service

Akiko Izumo
Department of Political Science and Economics, Tokai University, Kanagawa, Japan

### Synonyms

Compensation for regulating labor rights; ILO conventions; Industrial relation; Multiemployer bargaining; Normalization of labor relations; Pay recommendation system; Rate of unionization

### Definition

The essential measure for employers and trade unions to have a conversation about fair wages, working time, holidays, pension, training, and health as the basis for facilitating harmonious labor communication to achieve a productive workplace and labor protection.

### Introduction: Legal Environment of Public Sector Employment

Traditionally, Japanese public-sector employees enjoyed a special status. The appointment of public employees remains a unilateral contract. The regulation of the main employment conditions and their implementation through personnel services is legislated and centralized. This applies to such issues as recruitment, personnel evaluation, training and development, and labor market communications. Pay and terms of employment, such as working time, holidays, disciplinary procedures, and pensions for all public-sector workers are centrally determined. Specifically, pay is determined by legislation based on recommendations by the National Personnel Authority (NPA) and Local Personnel Committees, which study pay standards and make recommendations to the executive and legislative branches. It is one of the most regulated systems of industrial relations in the public service in the world.

### History and Development

Labor relations for the public service in Japan is explained from the following three perspectives: historical background of trade unions and their activities, industrial differences between the public and private sectors, and legislative differences between the industrial and nonindustrial public services.

The historical perspective relates to the postwar reform Japan experienced under the direction of General Headquarters, the Supreme Commander for the Allied Powers (GHQ/SCAP) (Itani 1989). Labor unions' activities were not legal before the Constitution enacted in 1946.

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

During the industrial revolution, there were some embryonic labor activities of craft unions, such as iron works, trains, and printers, which were influenced by European labor activities. The Factory Act was enacted in 1911 as the first modern labor law to meet unions' request to regulate work time and minimum age of employment, as well as to aid factory workers and their families in illness or death during employment. However, after the Security Police Act was enacted to control the activities of labor unions in 1900, their activities declined and unions disbanded during the war regime. Industrial public officials joined some labor activities, but they were not major forces at that time.

Article 28 of the Japanese constitution ensured workers' basic labor rights. The three major pieces of legislation for workers, the Labor Standards Act, Labor Union Act, and Labor Relations Adjustment Act were enacted to elevate workers' status by promoting labor union activities and collective bargaining. The GHQ/SCAP aimed to promote union activities for Japanese democratization just after the end of the war. On the contrary, the industrial public officials were willing to engage in labor disputes, but could not under the Labor Relations Adjustment Act of 1946. There was a debate in the GHQ/SCAP as to whether to allow labor activities among public officials. Nonindustrial officials except police officers, fire fighters, and prison officers were free to conclude labor agreements and resolve labor disputes for a short period. Their activities were so energetic that they planned large-scale disputes. Public officials even led private sector employees' union actions and thereby could have threatened the effectiveness of the occupation policy (Schaller 1985).

Consequently, public officials were excluded from the definition of workers under the Constitution. The legal position of public sector workers is regulated by a special law and formalized materially by a special regulation that specifies civil servants' rights and duties. The National Public Service Act took prohibitive measures to conclude labor agreements between the government and unions, extending the prohibition on labor disputes to nonindustrial public officials. The Local Public Service Act followed these regulations. The National and Local Public Service Acts shared most of the same provisions. One exception is that the Labor Standards Act did not apply to national public officials, but some of its provisions do apply to local public officials.

Scholars have debated the prohibition of the basic labor rights of public servants. Unions and their activities have been recognized as a symbol of democracy in Japan. The democratization of bureaucracy was a significant reform for the GHQ/SCAP. Scholars expect unions to criticize the management and administrative process of ministries and to join management in promoting efficiency (Tsuji 1995). Unions are a tool for opening bureaucracy to people and achieving democratized and efficient government services. Scholars have called for policies to ease regulations on public service union activities. However, the government has not been willing to do so and alternatively attempted to ensure certain levels of pay to catch up to the private sector level.

The Supreme Court has supported the government policy in a lawsuit disputing whether it is reasonable to prohibit all public officials from striking under the Constitution. The court has provided its interpretation several times, concluding that regulating public employees is reasonable and constitutional. In 1953, the court issued a judgement that considered public officials as working for the public welfare and as servants of all citizens. In 1966, the court showed that regulation should be at a minimum to achieve sustainable public interest. In 1973, the court ruled that public employees had alternative guarantees to public officials, such as stable employment status and the pay recommendation system. Through these judgments, scholars have gradually accepted the regulation and began considering how unions should be engaged in management and policy-making under the regulation. Unions continue to work to achieve basic labor rights.

## Public- Versus Private-Sector Labor Relations

Another perspective on Japan's labor relations relates to the fact that the industrial relations of

public service have been highly regulated since the National Public Service Act was enacted. A series of laws during the postwar reform established labor relations with a clear difference between the public and private sectors. The pay and working conditions of private sector employees are decided by concluding collective labor agreements through negotiations between employers and labor unions. Unions consist of a company's employees as an individual union, including all occupational categories. Actors involved in labor relations usually work in the same company, and their responsibilities are clear.

On the other hand, actors involved in public labor relations are diverse and characterized by multiemployer bargaining. The position might divide the aspects of responsibility among the legislative and executive branches of government, and the NPA and Local Personnel Committees that issue pay recommendations to legislative and executive branches. The NPA was established in 1948 and has this role for national officials. Local Personnel Committees do the same for local officials.

The recommendation system deals with compensation by restricting the basic labor rights of nonindustrial public officials. The NPA and Local Personnel Committees respectively make recommendations according to their scientific comparison of the pay standards of public and private employees, according to each individual's educational background, job status, age, and region (Ozaki 1987). This is an equilibrium policy in which the pay and working conditions of public sector employees should match those of private sector employees.

The NPA also gives advice on pay structure, allowances, and other benefits to balance the public and private sectors. The cabinet determines whether to accept the recommendations and presents the budget, including personnel expenses. The legislature accepts via voting. Until the 1980s, the NPA recommended increasing the pay levels of public employees based on pay increases in the private sector. Since the 1990s, it has recommended maintaining or even decreasing the level.

In spite of these regulations, public sector unions are active in terms of unionization. The estimated rate of public service unionization was more than 70% in the first half of 1990. Table 1 shows that the rate declined to 61.7% in 2000 and 35.4% in 2016. The rate of unionization has been declining, but remains high compared with other industries. One reason for the radical drop in the rate in the last two decades relates to the change in the structure of the public service due to administrative reforms. Many public employees work in industrial and service-delivery jobs, such as the postal service, water supply, education, and social welfare. These jobs are not included in the category of "public service" but are categorized as other industries. For example, postal services are categorized as both postal activities and consolidation services. Most water supply services are owned by local governments but are

**Labor Relations and Collective Bargaining in the Japanese Public Service, Table 1** Number of employees and estimated rate of unionization by industry (Unit: Individual Union)

| | Number of employees (Million) | | Estimated rate of unionization (%) | |
|---|---|---|---|---|
| Industries | 2000 | 2016 | 2000 | 2016 |
| Electricity, gas, heat supply, and water | 40 | 26 | 56.1 | 69.0 |
| Finance and insurance | 227 | 164 | 41.1 | 44.3 |
| Consolidation services | – | 62 | – | 43.2 |
| Public service (excluding classified elsewhere) | 208 | 242 | 61.7 | 35.4 |
| Manufacturing | 1,217 | 981 | 28.0 | 26.7 |
| Transportation and postal activities | 395 | 322 | 37.3 | 26.7 |
| Total | 5,379 | 5,740 | 21.5 | 17.3 |

Note: Table does not include the top six industries with a high rate of unionization
Source: Trade Union Survey (2000, 2016)

categorized as the water industry. Thus, the actual number of public employees outnumbers officials in the "public service" industry.

Moreover, many public enterprises were privatized under administrative reforms since the 1980s. Service-oriented jobs were separated from policymaking or resource allocation jobs, and are contracted out to private entities for more efficient service, introducing business management under administrative reform. After these jobs with a high rate of unionization were recategorized into other industries according to the reform process, the "public service" has become more of a category for administrative positions that function in policymaking or resource allocation rather than service delivery. In addition, officials in these positions are not interested in union activities and are even banned from joining unions of lower officials. Thus, the rate of public service unionization decreased.

## Labor Relations of Industrial Officials

The third perspective relates to categories of public officials. Labor relations in the public service are divided into two categories for industrial and nonindustrial officials. The pay and working conditions of industrial officials are decided by collective labor agreement, though they do not have the right to strike. They developed a labor relations dispensation similar to that of the private sector. Industrial officials work at incorporated administrative agencies whose staff are public servants in the national government. At the local level, industrial officials work at public enterprises that local governments own. Public enterprises operate public services, such as trains, buses, water supply, and electricity. These officials form their own unions or join the unions of nonindustrial officials. In the latter case, they lose their right to conclude collective labor agreements.

Industrial officials were influenced by administrative reforms, as mentioned above. As recent examples, in 2004, national universities, employing 126,000 officials, were transformed into public corporations whose officials are private workers; in 2007, the postal service, employing 254,000 officials, was privatized (NPA 2016). After privatization, these officials have basic labor rights. The labor relations of public sector nonindustrial officials have been highly regulated, but public service labor relations overall were promoted, while the coverage of employees in the public service is clearly decreasing.

## Consultation and Negotiation

Though public employees are classified separately in the unionization statistics, they organize their own trade unions while some ministries and municipalities have two or three kinds of unions in one organization. They usually act independently, but the main industries tend to establish associations of unions. The All-Japan Prefectural and Municipal Workers' Union (JICHIRO), an association of local government unions, is one of the largest union associations for public employees. The Japanese Trade Union Confederation (JTUC) unites these associations across the public and private sectors. Specifically, both JICHIRO and the Japan Public Sector Union, a union of national department officials, have joined the JTUC.

Trade unions in the public sector are called employee organizations in the legislation because employee organizations have restricted basic labor rights. Employee organizations and authorities can conclude documents of mutual consent without legal effect resulting from local-level negotiations. In practice, they attempt to respect each other. Some local governments have introduced a prior consultation system in negotiation. The labor relations of nonindustrial officials are not characterized by negotiation but consultation (Yemin 1993). Authorities need to consult with unions before policy changes, but the scope of consultation differs by government. The topics of consultation are usually changes in working conditions and operations alongside changes in management programs. Unions cannot negotiate administrative management matters, such as the organizational structure, budget, staff number ceilings, allocation, evaluation system, and

standards of punishment. Legislation and administrative regulations determine these matters.

## ILO Conversion and Their Recommendations

Based on the regulated system of industrial relations in the public sector, Japanese labor relations have some issues to address. The first issue is the relationship with the International Labor Organization (ILO). The ILO requested that the Japanese government change its labor relations system according to Convention Nos. 87 and 98. The ILO standards in Convention No. 87 require that all workers "without distinction whatsoever" be entitled to establish and join organizations of their choice without prior authorization. The sole exceptions are the armed forces and police. In addition, ILO standards in Convention No. 98 ensure that a workers' organization can negotiate with an employers' organization to determine their terms and conditions of employment by collective agreement. The sole exceptions are public servants "engaged in the administration of the State" (Yemin 1993). The ILO released several recommendations to the Japanese government with a view to protect Nos. 87 and 98.

The ILO Committee on Freedom of Association released its most comprehensive report in 2002 when the JTUC and Alliance of Public Services Workers' Unions submitted a case to the committee. The committee principally recommended (1) to give the fire service, prison staff, and coast guard staff the right to organize under Convention No. 87; (2) to give public officials without directly engagement in the administration of the State the right to conclude collective agreements and to strike under Convention No. 98; and (3) to stop applying criminal penalties for public officials' strikes.

Unions and scholars argue that the recommendation system obscures employers' responsibility and discourages public labor relations. Since the 2000s, some proposed reducing the institutional difference between public and private employees, as well as that between industrial and nonindustrial officials. This could be considered a normalization process of labor relations (Back 1999).

The basic law for fundamental civil service reform was enacted in 2008, which included a provision to begin discussing the introduction of self-determined labor relations in the public service. Self-determined relations mean reducing the number of actors involved in determining pay and working conditions as much as possible, and that it falls under the responsibility of unions and authorities. This implies that nonindustrial officials have the right to conclude collective labor agreement with legal effect.

At the same time, the feasibility of extending the right to organize to public employees was examined under the Democratic Party of Japan (DPJ) government. It might be most feasible for fire services to extend their rights. A new system was designed and the laws were submitted to Congress in 2011, but were abandoned due to incomplete deliberations. The administration changed from the Liberal Democratic Party (LDP) to the DPJ in 2009. The DPJ administration was active in these legal reforms, but other policies took precedence over labor relations toward the end of their administration. The LDP regained the administration in 2012 and held negative views of the changes to labor relations. Thus, the LDP government maintained the labor rights regulations for nonindustrial officials and the fire service. The government insists on having special disciplines of command hierarchy in fire services, similar to those in the police.

## Political Influence on Bargaining

Politics affect labor relations in the public service. The bargaining range depends on the relationship between leaders and unions. In the national government, the LDP has been in power for a long time. The LDP traditionally protects employers' rights, whereas opposition parties supported trade unions. For example, the JTUC was supported by the Social Democratic Party of Japan until the 1990s, and the DPJ thereafter. Unions have adopted a strategy of consulting the NPA and

supporting politicians under the LDP government while they harmoniously communicate with oppositions parties.

In local governments, conflicts between the ruling and opposition parties of assemblies differ by region. They tend to support concerted candidates of local leaders' elections, like governors and mayors, because it is difficult for them to find appropriate candidates themselves. In this case, conflict between unions and employers is significantly less apparent. Candidates of the ruling and opposition parties oppose each other in some prefectures and cities' elections. In this case, conflict between unions and employers is apparent.

When unions support local leaders, they set bargaining matters broadly. It is difficult to distinguish administrative management matters from negotiable matters in practice. Employee organizations and authorities negotiate matters that they agree to negotiate. Leaders and their agents or general affairs managers attempt to secure union agreement for changes to personnel management policies, such as personnel reassignment of executives and other staff. Staff number ceilings are a general topic in consultations. Recently, many local governments have adopted a policy of entrusting services to private entities, including those providing school meals, cleaning, and preschool education. In this situation, authorities attempt to consult and negotiate with unions on whether to take this measure. Unions worry that authorities might try to cut jobs. Authorities usually act with restraint with regard to layoffs in consideration of basic labor rights and usually wait for staff to retire or transfer staff to other departments that consider labor relations.

A personnel evaluation system is another topic for negotiation and consultation. It was introduced to all officials in national and local governments. The results of the evaluation are used to decide whether to increase basic pay, give promotions, or dismiss employees. Unions were not willing to introduce an evaluation system. The basic pay standard is mostly based on age, rather than achievements according to the evaluation. In this case, unions influence managers' personnel policy decisions. However, authorities negotiated to introduce the system and apply the results of evaluations to management. Sometimes, authorities might introduce reform when unions object. In the long term, the personnel evaluation system will change the pay system to one based on achievement.

An exceptional case of large-scale dismissal concerns employees of the Social Insurance Agency, who were dismissed when the agency was reorganized into the Japan Pension Service in 2010. The Social Insurance Agency was criticized for inappropriate information management when moving data from hard copies to digital. In this process, a large proportion of organized workers and unions performed inefficient work to lower their productivity on purpose. Unions were reluctant to introduce electronic machinery because they feared staff redundancy. Since labor relations were dysfunctional, employers had no channel to change their activities. Stagnant labor relations might be one reason for the improper handling of citizens' pension data.

The LDP administration established a new agency whose officials were not public servants to reform labor relations. Most officials were transferred to the new agency, but 525 officials were dismissed because their posts no longer exist. Although the Public Service Act provides for the dismissal of officials due to reorganization, some union members appealed to the NPA, insisting the dismissals were illegal. The NPA reversed the dismissals of some officials due to inappropriate procedures; however, most were denied. Some former employees launched a lawsuit against the Japan Pension Service.

## Local Leaders and Unions

The second issue relates to union practices. Unions are more active in local governments than in the central government. Local governments essentially have autonomous decision-making power on pay and working conditions, while governors and mayors present local ordinances to set budgets, including labor costs and working conditions. Although the pay and working conditions of many local officials conform to

those of national officials, local governments have political discretion to set pay, allowances, and other working conditions resulting from negotiations with unions. In addition, local assemblies have the right to approve ordinances.

Labor relations differ among each local government, depending on whether there is a high or low rate of unionization and how unions support leaders in local elections. Unions necessarily commit to an election if they wish to influence leaders' policies, though public officials are prohibited from engaging in political activities. Officials cannot be being executives in or advisers of political parties, from collecting or receiving donations for political parties, and from being electoral candidates. Committing to participate in an election is sensitive under these regulations, but unions clearly influence elections.

Some local governments have established moderate and responsive labor relations. Unions understand their employers' situations and attempt to cooperate to solve problems with authorities. By contrast, union activities are radical in some local governments, with unions constantly challenging authorities and opposing any kind of reform that introduces contracting out, personnel evaluation, and pay cuts. Some unions even undertake illegal activities. Some local leaders doubt the effectiveness of introducing self-determined labor relations considering these radical union activities.

## Conclusion

There are some discussions about changing Japan's regulated labor relations, but the normalization process has been delayed. The system for deciding pay and working conditions through legislation based on recommendations has become established. This could be an advantage in that it saves the transaction costs of negotiation and keeps political conflict at a minimum. However, this system does not promote labor communication with authorities. Japan is struggling to decide whether it values democratic control of labor relations or self-determined labor relations for workers.

## Cross-References

▶ Governance
▶ Public Policy and Politics

## References

Back S (1999) Europe. Changing public service employment relations. In: Back S, Bordogna L, Delta Rocca G, Winchester D (eds) Public service employment relations in Europe, transformation, modernization, or inertia? Routledge, London/New York, pp 1–21

Itani M (1989) Koumuin Seido to Roudou Kankei no Kenkyuu (Research on public service system and labor relations). Jicyo-sya, Tokyo

NPA (2016) Nenji Houkoku-syo (The annual report). http://www.jinji.go.jp/hakusho/pdf/index.htm

Ozaki M (1987) Labour relations in the public service: 1. Methods of determining employment conditions. Int Labour Rev 126(3):277–299

Schaller M (1985) The American occupation of Japan. Oxford University Press, New York

Tsuji K (1995) Nihon Kanryousei no Kenkyuu (Research on Japanese bureaucracy). Tokyo University Press, Tokyo

Yemin E (1993) Labor relations in the public service: a comparative overview. Int Labour Rev 132(4): 469–490

L

# Labor Unions and Public Law

Eric E. Otenyo
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

Trade union or organized labor

## Definition

Labor unions are workers' organizations in specific trade and industry whose aim is to improve members' working conditions and compensation packages.

## Introduction

The United States has had a long association with labor unions. Among the pioneers was the National Association of Letter Carriers, which lobbied Congress to pass an 8-h workday in 1888. Unions were also responsible for passing important legislation such as the Lloyd-La Follette Act (1912), the Retirement Act (1920), and the Classification Act (1923), which supported employee rights. These and other laws demonstrate the importance of labor unions in personnel management. Overall, unions are tasked with negotiating for better wages and benefits. In addition, unions work toward the elimination of arbitrariness in employer actions.

Although organizing has benefits to employees, there are also consequences for unionization. Primarily, unions tend to drive up organizational costs and frequently cause disruptions, especially if they resort to work stoppage and strikes. Strikes have had the tendency to lower public support for union power. But still, the public is skeptical about how much they support union leaders (Panagopoulos and Francia 2008).

Union membership is at an all-time low of 7.2% of the workforce. Although union membership has declined, it doesn't mean that employee organizing is coming to an end. Unions continue to be active interest groups and participate in political recruitment and other electioneering processes. This opens up unions to the realm of public engagement and influence in shaping public policy discourses and implementation. Unions, when permitted, support their friends through campaign funds and also form political action committees. Therefore, it matters most when emerging legislative policy concerns workplace employee rights.

The existence of unions is reinforced in legal frameworks that vary by jurisdiction. No one denies that workers have a right, as citizens, to enjoy all protections enshrined in the Constitution. However, these rights are structured by the nature and type of employment. In public organizations, the most prominent unions are those in the teaching and police professions.

Labor unions are a subset of human resource management systems. Although the context varies in relation to the location of the subsystem, some general principles are identifiable. In public settings, labor and management relations have to take into consideration the overall economic and political conditions of employment. In private employment, labor unions have to confront different rules, the salience of the market in determination of employment. It is also possible that private employers can choose to minimize values such as worker participation in decision-making.

While labor organization in the public sector has undergone transformation, the core idea of participation in workforce matters remains intact basically because union members are a core element of the political process. The bulk of unionized workers are likely to be policemen, firefighters, teachers, librarians, trash collectors, and other public servants. Arguably, government workers do not face the same cutthroat competition evident in private sector organizations. The numbers of private sector-unionized workers have dropped, in part due to the export of manufacturing jobs, and shift toward the service industries. Moreover, greater automation may be changing the nature of work in profound ways, including increasing lower wages temporarily and nonunion work. This shift in the profile of the labor movement magnifies the scope of public law governing unions.

## Overview of Public Law

An overview of public law, through which union activities are structured, can be discerned and discussed. In essence, public law is concerned with the state's interactions with other governments and the people of a state. Public law deals with, among other things, aspects of constitutional and administrative matters, especially the responsibilities of government officials. Roughly two legal approaches can be reviewed. The first deals with laws that concern unionization processes and capacities to assemble and collectively bargain. The second deals with laws that structure events

such as layoffs and reductions in force and complexities arising from collective bargaining.

American capitalism has traditionally viewed labor unions with great suspicion. During colonial times, emigrants into the country found associations that typically restrained trade and hindered representation of workers' interests. Unions emerging from the guild movement and craft industries were viewed with great disdain. Under such conditions, the early antecedents to modern unions were seen as relics of the old world and perceived in the same way as groups likely to have criminal inclinations. Such arguments can be discerned from cases such as *Commonwealth v. Pullis*, *Philadelphia Cordwainers*, *Pennsylvania*, 1806. The *Pullis* case was the first reported case in America arising from disputes between owners of a shoe factory and labor. The ruling was that workers on strike were illegal conspirators. Furthermore, associations such as the Knights of Labor under Terence V. Powderly were mainly underground bodies, which fed to these suspicions. It followed then that American common law, mainly favorable to industrial enterprises, blocked efforts aimed at unionizing.

For much of the early twentieth century, American workers were asked by employers not to join any unions or withdraw from membership, if they were already unionized (Gregory and Katz 1979, pp. 174–184). Unease with labor unions was evident through legal limitations to strikes and other collective work stoppage measures that put pressure on employers to improve work conditions. For instance, in the 1920s, when the railroads were the primary means of transportation and movement of goods from one state to the next, Congress passed the Railway Labor Act of 1926 that limited the potential for strikes among railroad workers. In 1936, airlines were also added to the act's purview.

Before 1935, much of the progress made toward legalization of collective bargaining was skewed toward managerial prerogatives. Labor made substantial gains during World War I when government wanted unions to support the war efforts in return for nonparticipation in strikes. However, the gains disappeared as the Great Depression worsened working conditions. Initially, President Franklin D. Roosevelt and his Labor Secretary, Frances Perkins, believed that administrative regulations and laws to increase wages and improve work conditions for workers were sufficient and there was little need for unions. And through the National Industrial Recovery Act, an attempt was made to guarantee workers rights to collective bargain. Other efforts to bring calm into the working conditions were initiated, but tensions continued to prevail between the administration and Congress. The president and his secretary had wanted the National Labor Relations Board (NLRB) to be housed in the Department of Labor. On the other hand, Senator Robert F. Wagner's (Democrat-New York) idea was that the NLRB be an independent body. Wagner prevailed as Congress embraced his position and passed a law named after him.

The National Labor Relations Act of 1935 (The Wagner Act) was the first major legislative declaration to underscore the federal government's bid to bring together private sector labor relations under its authority. The act created the National Labor Relations Board, which was responsible for investigating and punishment of organizations that violated the existing fair labor practices. The NLRB also has authority to oversee union elections and to certify or decertify unions. The NLRB employs administrative law judges to hear labor relation cases, subject to review by the board itself.

At the end of the World War II, in the 1946 mid-term elections, the Republican Party won control of Congress for the first time since 1931. A group of first-term representatives led by conservative Congressmen such as John Bricker of Ohio, George Malone, and Joseph McCarthy of Wisconsin and Senators Robert Taft of Ohio and Fred Hartley of New Jersey among others were eager to undo much of the New Deal legislation and targeted the Wagner Act as a first step. They subsequently passed the Labor Management Relations Act of 1947 (The Taft-Hartley Act) over President Truman's veto. This act established a National Emergency Impasse Procedure, which gave the president authority to take steps to allow

conflicting parties to "cool off," if a labor dispute endangered national welfare and public safety.

The Taft-Hartley Act ended the practice whereby union membership was a condition for employment. The law also allowed states to pass right-to-work legislation to prevent union contracts from the requirement of union membership as a prerequisite for employment. Employees are thus protected from unions jostling for their membership. The Taft-Hartley went beyond the Wagner Act's emphasis on unfair managerial practices and provided a specific list of union practices that were to be designated as "unfair."

In reality, labor successes of the 1930s and 1940s have not been replicated. One may refer to those years as the zenith of organized labor's gains. Decline of the union movement has been well documented, especially in the private sector. The Labor Management Reporting and Disclosure Act of 1959 (The Landrum-Griffin Act) provided limited guarantees of rank-and-file participation in union activities, especially in the recruitment processes. Union members were also guaranteed freedom of speech constitutional protection while engaged in union activities. One of the driving forces behind the reporting law was to curb the influences of organized crime in labor activities. The law injected a sense of accountability on the part of union leaders and how they managed members' funds. Among the highlights of this law was that persons convicted of felony and other serious crimes of embezzlement were prohibited from holding office in unions. In addition, the law established that periodic elections be held for union offices.

Still, in the 1950s, public sector labor–management relations were underdeveloped, procedurally. The framework for collective bargaining was nonexistent, and in the cases where it did exist, the procedures were modeled after those in the private sector. Significant changes emerged after President John F. Kennedy issued Executive Order 10988 in 1962. The order, which had the force of law, extended the right to bargain collectively and organize for all federal employees. Most scholars agree that Kennedy's action was the pivotal moment in collective bargaining among public sector employees. Until then, the prevailing argument was that organized public employees could not bargain with their employer as coequals.

Moreover, there was fear that collective bargaining in the public sector threatened constitutional democracy, especially if strikes were allowed. Limitations to strikes exist in all the states and in the federal government as well. The general perception is that strikes raise costs to employers and are essential for collective bargaining. From the perspective of government, strikes interfere with government's responsiveness and are not generally seen as serving the public interest. The political argument is that strikes cannot be effective tools for changing public policy.

Executive Order 10988 served as a catalyst for state and local government employees to join unions. As a result, the labor movement was significantly renewed and witnessed a steady rise in numbers. Union members and those having representation were now a sizeable block within the voting population. President Richard Nixon refined the provisions of Kennedy's Executive Order by issuing Executive Orders 11491 in 1969 and 11616 in 1971 respectively. Specifically, Order 11491 gave instructions to heads of federal agencies to ensure that employees were apprised of their rights to freely join and assist labor organizations exercise their mandates. The latter reiterated the need for the Civil Service Commission, in conjunction with the Office of Management and Budget to maintain programs and policies concerning labor–management relations.

In the 1960s, unions endorsed party platforms that supported progressive laws, giving more rights to workers across the nations. Examples of such support occurred in legislation leading to the 1964 Civil Rights Act, the Equal Employment Opportunity Act (1972), and the Equity Pay Act of 1963 (requiring an end to gender-based discrimination). The Civil Rights Act was landmark legislation, which prohibited private sector discrimination in employment and housing. The Equal Employment Opportunity Act amended the Civil Rights Act (Title VII) by strengthening the authority of the Equal Employment Opportunity Commission (EEOC) to enforce anti-discrimination laws throughout the country.

The law covered all organizations with 15 or more employees.

Union support for pay equity was also witnessed when in 1991 the American Federation of State, County, and Municipal Employees (AFSCME) won a court decision concerning pay equity for women. The case originating in 1983 had been filed on behalf of more than 1,000 female 911 operators (police communication technicians) in New York whose previous pay was well below that of their male counterparts. AFSCME's direct action led to pay adjustments for predominantly female and minority officials in law enforcement services. Many other unions have successfully litigated a priori actions by executives in state employment and restored rights to union members. Therefore, unions are active on behalf of their member and directly support political actions that empower their members.

In similar breadth, unions supported President Barack Obama's first signed bill, the Lilly Ledbetter Fair Pay Act of 2009, which was an amendment to the Civil Rights Act. The law makes it easier for workers to challenge pay discrimination (unequal pay). The law allows unfair complaints to be filled within 180 days of a discriminatory paycheck. This means the statute of limitation resets with each new paycheck affected by that discriminatory action.

There was overwhelming union support for the Lilly Ledbetter Act. Among the organizations that gave endorsements to the law were the AFL-CIO, the American Federation of Teachers, the Coalition of Labor Union Women, and the Service Employees International Union. In opposition were various groups that favored management-driven and employer agendas, including the US Chamber of Commerce, the National Association of Manufacturers, and the Society for Human Resource Management (SHRM).

Further consolidation of union engagements with the political process was manifest in the passage of President Jimmy Carter's Civil Service Reform Act (CSRA) of 1978. The CSRA created the Federal Labor Relations Authority (FLRA) that was empowered to bring unfair labor charges and also had substantial say in the management of employment conditions. Although the act guarantees collective bargaining for federal workers, it also regulates nonnegotiable activities such as pay and benefits and classification of government workers.

Another law that structures labor–management relations is the Worker Adjustment and Retraining Notification Act of 1988 (WARN). The law was enacted to protect employees in situations where plant closure is inevitable. According to the act, management has to provide notice to employees at least 60 days prior to closure and layoff. Under the law, all employees are entitled to a notice. Failure to notify makes an employer face a penalty. For example, if notice is not provided within 60 days, employees are entitled to dues even if they didn't work on the days for the period of violation.

## Opposition to Labor Unions

Although the constitutional right to unionize exists, legal scholars point out that the same guarantee does not exist for collective bargaining. This means limitations to collective bargaining are permissible. It has also been established that employees' payment of fees to unions while permissible is not an absolute right. In *Chicago Teachers Union* v. *Hudson* (1986), the Supreme Court ruled that First Amendment due process required procedural safeguards be provided before any deductions could be made as union fees. Among the safeguards are adequate advance notice of reasons and the basis for the fees and mechanisms for audits of funds collected.

These and other legal maneuvers have made it possible for those ideologically opposed to collective bargaining to exert pressures on unions across the nation (Hogler, 2015). As a result, in recent years, there have been attempts to change laws that permit unionization. The right-to-work movement has seen several powerful unions reduced in size. The right-to-work slogan has roots in a Supreme Court ruling *Dent v. State of West Virginia* (1889), which stated that Americans had a fundamental right to pursue any occupation. The courts forbid state legislatures from regulating people's occupations and jobs. A Texas

newspaper editor named William B. Ruggles reinterpreted the courts' ruling to mean the right to work in a unionized business without paying union dues and fees. That interpretation has stuck and informs much of the contemporary anti-union legislation throughout the country.

At state levels, much activity aims to reform labor–management relations through legislation. In much of the legislation, the goal has been to weaken labor and curtail public sector employees' collective bargaining rights. States like Wisconsin passed the Budget Repair Bill (Wisconsin Act 10) which was a requirement that state employees increase contributions to their health care and pension plans, while the state reduced its shares and contributions. The Wisconsin Bill also prohibited automatic deductions of union dues from employee paychecks and gave workers permission to opt out of paying union dues.

Similar anti-union bills were proposed in several other states including Ohio and Michigan where Republican Party governors were elected. In addition, Republican lawmakers in Maine, Indiana, Missouri, and numerous other states introduced legislation that would bar private sector unions from forcing workers to pay membership dues. Although Republican Party officials attributed their actions to budget deficits, members of the American Federation of State, County, and Municipal Employees offered a different explanation. For union members, the rein in unions was payback for the role unions played in elections, giving support to Democrats. For the most part, the right-to-work laws, which prevail in almost all the southern states and in the West, were regarded as receiving support from corporations and the American Legislative Exchange Council (ALEC). The timing suggested that weakening unions was a reaction to union-led opposition to privatization and offshore jobs exports. Globalization and increased reductions in the service sectors have often been associated with outsourced jobs and fed into the narrative reinforced by these correlations.

Union leaders know that laws against unionization of the workforce translate into weakening of the power of labor. And scholars, for example, Zax and Ichniowski (1990), report that laws that are favorable to collective bargaining tend to result in growth of union membership. On the other hand, unfavorable bargaining law can stifle union membership.

At the national level, efforts to streamline labor–management relations were brought to the fore in the 2008 presidential campaign season. In the following year, as a result, the Employee Free Choice Act (EFCA) was introduced in both houses. The bill intended to amend the National Labor Relations Act (NLRA) to offer more efficient means for worker participation in unions and to provide for mandatory injunctions for unfair labor practices. There was also discussion to institute the Federal Mediation and Conciliation Service (FMCS), which would step in to end impasse in cases where employers and unions failed to agree after a 90-day period. The bill had other provisions and but was not signed into law. In 2010, legislatures modified EFCA to accommodate contentious provisions such as inclusion of a card-check system that was intended to end the existing secret ballot voting system but to no avail. The Obama administration rejected the card-check provision of the EFCA, taking the position that union elections should always be confidential and certified. Although at the national level the two parties could not agree on legislation, the right-to-work initiatives gained considerable traction at the state level.

Promotion of right-to-work legislation seems to be touted as a pro-business, pro-manufacturing strategy. And it has worked. Businesses have generally located plants and franchises in states where costs are low and rules weaker. Yet, a 2011 Economic Policy Institute (EPI) study found that wages and benefits are lower in right-to-work states than in non-right-to-work states (Pasulka 2012). Still, the knowledge sector jobs and other service industries were dependent on consumer spending in local economies, and, therefore, right-to-work laws were generally seen as potentially doing harm to a state's economic prosperity.

In summary, the main argument for the right-to-work legislation is that workers have a choice not to join labor unions. In addition, many blame unions for driving away manufacturing through making costly demands on management. As a

consequence, management believes unions have made American manufacturing less competitive.

Opponents of the right-to-work legislation contend that the law allows some workers to free-load on the benefits accrued from union efforts. Dismantling unions, in the long run, will eliminate a huge part of the middle class by lowering benefits and wages and worsening conditions and terms of work for unionized workers. Ever since the signing of the Wagner Act, unions have tended to align mostly with the Democratic Party. Consequently, the party continues to support pro-union initiatives.

Public policymakers continue to look at the two competing groups and reacted, as need be, in the public interest. Overall, the National Labor Relations Board has done much to ensure that workers can unionize. Among the initiatives have been efforts such as streamlining election procedures and processes, making it easier for those who violate labor law to be held accountable and increasing attention for franchise and contractors awareness of violations that can result in penalties.

## Conclusion

It is fair to say the growth of employee unions is an important development in human resource management. Although there is a decline in membership, labor unions continue to play an important role in protection of members from arbitrary disciplinary actions and offer a strong voice in matters of fair wages and benefits. Over the last decade, unions have been criticized for protecting subpar employees and driving up wage bills and labor costs. Although several major public laws govern labor–management relations, there are distinctions to be recognized. Legal frameworks are established in state legislatures, which determine scope of bargaining and limits to organization. Ultimately, the role of legislation is understanding labor practices in both the private and public sectors. Since legislation falls within the political arena, union activities will continue to be a part of public management and democratic government in America and elsewhere.

## References

Gregory CO, Katz HA (1979) Labor and the law, 3rd edn. Norton, New York

Hogler RL (2015) The end of American Labor Unions: the right-to-work movement and the erosion of collective bargaining. Praeger, New York

Panagopoulos C, Francia PL (2008) Trends: labor unions in the United States. Public Opin Q 72(1):134–159

Pasulka N (2012) Right-to-work laws, explained. Mother Jones. Retrieved from http://www.motherjones.com/politics/2012/03/what-are-right-to-work-laws

Zax JS, Ichniowski C (1990) Bargaining laws and unionization in the local public sector. Ind Labor Relat Rev 43(4):447–462

# Land Governance in Africa

Olugbemiga Samuel Afolabi
Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria

L

## Synonyms

Land administrative; Land tenure; Land use

## Definition

Land governance refers to the systems, policies, and politics that determine, guide, and shape the administration over land.

## Introduction

Land is central to human existence and is associated with power, prestige, wealth, and social standing. Its centrality is tied to human rights. Individual and group are incomplete without rights to land and its resources. In many societies and countries, land is used as an indicator of wealth. Wars have been fought over land and were, in time past, a source of constant conflict. Its importance was recognized in philosophical writings such that John Locke, a British

philosopher contended that natural right is inclusive of the right to life, liberty, and property (land), the three dimensions of natural right of every human. He further clarified that land (property gotten from land) is the first and most important out of the dimensions of natural right. The right to land, Locke believed, includes the right of a person to his/her person, and this is the basis of rights of life and liberty. The import of Locke's thesis is that right to land is natural to humans and, therefore, determines other rights to life and liberty as those without access to land are likely to be subjugated to their fellows. This position still holds true today as attachments to and controversies over land permeate every society and have shaped war and peace, dictatorship, and democracy. In Africa, controversies over land have led to killings and genocide as the case was in Rwanda, Nigeria, and South Africa to mention a few countries. Contentions over land have defined relationships, nationhood, and statehood. While it has strong physical geographical features, land covers the surface of the earth, and within it are numerous resources that humans have exploited for profit and sustenance. There is a direct connection between land and humans. It defines relationships in terms of nationality and movements per statehood. Its importance is seen in the disputed concept of stateless persons, which means that there are people in the world without a defined geographical piece of land that can be called their country or state. In terms of politics, land affects electoral/democratic processes as campaigns, votes, and governance are linked to the geographical areas of support. For this reason, land is both political and economic and has consequences on both. At individual and social levels, land is connected to identity, memory, and culture and influences individual/group social, political, and customary ties (Cotula et al. 2009). In Africa, land is intertwined with customs, traditions, and values. Suffice to say, land remains a core factor when assessing the retarded socioeconomic development of African societies and the potential for democratic survival. From Nigeria, South Africa, Malawi, Zimbabwe, Zambia, and Ghana to Botswana, not to mention several other African countries, access to and tenure of land shapes governance and internal strife. Lund et al. (2006) illustrate this position by arguing that land as a conflict-ridden resource, is a sensitive issue, and has many meanings in Africa. Land conflicts regularly occur between neighbors about field boundaries; between men, women, and generations about their respective land rights; between farmers and herders; between states and indigenous peoples; and between companies and local populations about rights to exploit mineral and other resources (Lund et al. 2006: 5). Given these issues and controversies over land in Africa, African countries have come up with land governance strategies that best capture their individual peculiarities. But before examining this, what is land governance?

## Land Governance

The discussion about land presupposes everyone knows what it means. But this is not so in all situations. Land is therefore defined as the section of the earth surface uncovered permanently with water. But land goes beyond this to include the earth surface that is separate from water and mineral resources like oil, gold, and other valuable resources that are in a piece of land. Governance has to do with administration, rules, and procedures. Therefore, governance is driven by promotion of the public good, accountability, rule of law, and competency (Afolabi and Agunyai 2017). Land governance encompasses the rules, processes, and structures through which decisions are made about access to land and its use, the way those decisions are implemented and enforced, and the mechanism in which competing interests in land are managed (FAO 2003). Land governance further encompasses customary, religious, informal, and formal institutions depending on the country. Formal institutions of the state such as land agencies, courts, and ministries and municipalities responsible for land constitute governmental structures for land governance and management. Informal structures include land speculators, developers, and traditional bodies. In public policy and formal state structures, land governance operates through legal and policy

framework while incorporating traditional practices governing land transactions, inheritance, and dispute resolution. As earlier mentioned, land governance is critically about power and the political economy of land, especially in Africa where poverty is high and the scramble for land is intense as evidenced in land conflicts across African states (Lund et al. 2006; Yamano and Deininger 2005).

## Land Tenure

As earlier noted, land is central to humans' notion of self, identity, and consciousness. It is obvious then that from discussions in the previous section, central to land governance is land tenure system. Simply, land tenure sets out the procedures and relationship, either through legal frameworks or well-defined customs or both, among individuals and groups in matters involving land. Therefore, a legal land tenure system refers to a body of state laws and rules that govern land transactions, cultivation, and use. On the other hand, customary land tenure is a set of rules and norms that govern community allocation, use, access, and transfer of land and other natural resources (Ubink 2006). The term customary land tenure speaks to the traditional method of land system, including issues of rights, access, use, transfer, and adjudication on land and other natural resources. Indigenous communities are often saddled with the responsibility of administering land and its issues in accordance with local customs, norms, and values, as opposed to state-mandated legal land tenure system introduced during the colonial period and sustained in post-independent Africa. It is an historical fact that statutory tenure system has been unable to displace indigenous tenure regimes because customary tenure system is based on community-based property systems (Wily 2000). This in turn is predicated on a shared common understanding of the relevance and enduring legacy of the customary tenure system in Africa. What has taken place over time has been a fusion or better still, a synergy between customary and statutory tenure systems. This is true in virtually all African states.

## Land Governance and Land Tenure Categorization

Land issues revolve around tenure system; hence each community, society, or state has its own land tenure system. However, there are often several interests in land as it a scarce natural resource. Therefore, land tenure is often a web of intersecting interests. These interests in land may result in different scenarios that may lead to peace or war. These interests could be divided into four parts. These include overriding interests which result when a sovereign power (e.g., a nation or community) through its powers allocates or reallocates land through coercion, expropriation, revocation, or persuasion. Complementary interests take place when there is a convergence of interest on the same parcel of land. This happens when community members possess common rights to a piece of land. Overlapping interest occurs when several individuals or parties are allocated to different rights to the same parcel of land. In this instance, an individual or party may have the right to lease land for building, and another individual or party has a different right to lease for farming. Competing interests occur when different individuals and groups contest the same interests in the same piece of land, for example, when two individuals or groups independently claim rights to exclusive use of a piece of land. Often, land disputes and litigations are the resultant effects arising from competing claims on land. This is true of land disputes in several parts of the world including Africa.

In another sense, land tenure is often categorized in such a way that makes its governance simplified with land rights holders identifiable and accountable. In the case of private land tenure, rights are assigned to individuals, a married couple, a family, or corporate entity such as a non-profit organization to possess authority over a piece of land to use as it pleases them without let or hindrance from other members of the society. Land possessed in this sense is privately owned and is used at the owners' discretion, once it is for legitimate purposes. The second category of land tenure is communal. Land use or tenure is communal when a right of common exists within a

society where a member possesses the right to use the holdings of the whole community. For instance, individual members of the community may use the land for farming or graze their cattle with the understanding of the community that such individuals have rights to the communal land. As well, the community may decide to sell, lease, or allocate the land to its members or those outside its immediate community for the common good of all. Communal land tenure is widespread and common across different countries in Africa. However, there may be differences in how each community organizes and administers its land. The third category of land tenure system in Africa is state-centric where property rights are claimed and asserted over lands within its sovereign territory. Authority over land in such instance is assigned to some public institution who is vested with state power to act and decide on land issues.

Open land tenure is often categorized as free fall all. Here, land rights are not assigned to anyone and no one can be excluded. This usually includes marine tenure where access to the high seas is generally open to anyone; it may include rivers, forests, and rangelands among others, where individuals and groups are free to access and use the resources for all. It should be noted however that a critical difference between open access and communal systems is that under a communal system, nonmembers of the community are excluded from using the common areas. State authority over land covers land sale/purchase recognition, land title deed, certificate of occupancy, land survey, and land rights. Virtually all countries in Africa practices state authority over land, whether at a central or decentralized level of government. It is often the case that private, communal, or any other type of land tenure is covered by state laws and authority over land. In most cases, open access is often covered by international laws.

## Land Governance and Land Grab

A key emerging issue in land governance in Africa has been the phenomena of land grab. While not exclusive to Africa, the trend, pattern, and effect of land grab have been more felt in the continent. From Lagos to Nairobi, Johannesburg, Maputo, and other African cities, land grab has emerged a point of focus in shaping past and present dimensions of food security, poverty alleviation, and responsible agricultural investment, all key objectives of land governance. The significance of the land grab in land governance is seen in the classification of the continent as hosting the poorest set of humans on the planet. For instance, in 2018, the World Bank rated Nigeria as the country with the highest number of poor people with extreme poverty accounting for about 87 million people (The World Bank 2018). According to the report, other African countries are not far behind, raising the issues of access to land, land rights, and land tenure system. In every society, issues of land evoke emotions and claims. In Africa, the phenomenon of land is such that generates contestations from different parties laying claims to the land. As discussed earlier in the preceding section, land issues in Africa revolve around land tenure gridlock, land right struggles, and land-induced conflicts emanating from unfavorable and unproductive land reforms. Uganda, Papua New Guinea, Kenya, South Africa, Nigeria, Congo, and Zimbabwe to mention a few are some of the countries with high incidence of land-induced crises. From the colonial era, the epicenter of land contentions are issues surrounding food security and optimum agricultural productivity that should best facilitate economic development. Such issues revolve on the rights, economic prosperity, and land ownership justification, control, distribution, and utilization. Consequently, this often led to the adoption of land reform policies channeled toward ameliorating the menace posed by old land tenure system instituted by colonial administration in different parts of Africa. The reforms and the new policies generated from these acts have often exacerbated the land contentions in many African countries. Meanwhile, new critical issues and controversies woven around inequality, deprivation, social injustice, sociocultural contexts of exclusion, and land conflicts are emerging (AU et al. 2010). So, what is land grab?

In its simplest form, land grab is the control through ownership, lease, concession, contracts, quotas, or general power of a large amount of land, whether legal or illegal, foreign or locally owned, meant for extraction, speculation, exploration, control, or commodification often of some other land users. In most cases, land grab is often geared to resource extraction and control. As well, land grab is dominated by foreign investors in post-conflict areas and where no serious agreement guides the process of land acquisition (Mabikke 2011). There are arguments for and against the issue of land grab in Africa given widespread poverty, underutilization of land, weak land governance structures, corruption, weak state institutions, the question of human rights of indigenous landowners/farmers, and the predatory nature of the average investor.

It is instructive to note that land grab or land grabbing is clearly linked to the state of underdevelopment of Africa states and land, weak land tenure system, and the long-term insecurity of land rights in Africa. Indeed, this is the prime reason why many deals have been able to go ahead in the first place, without protection of rights, or social and environmental safeguards compounded with the near absence of land governance structures. Cases in Nigeria, Kenya, South Africa, Ethiopia, Botswana, and several African countries show that emerging and current land grab acts have deep historical roots. It emanated from the colonial period, sustained in post-independence Africa, reaffirmed during the structural adjustment policies (SAP) in the 1980s that paved the way for private investments from abroad from the 1990s onward, and maintained currently through the instrumentality of globalization. As said, legal and institutional weaknesses have been exploited by the powerful (local or foreign or both) to the detriment of the less powerful, which are typified by local communities or marginalized ethnic groups across African countries.

The issue of land grab in Africa, particularly in Southern Africa, is not without the antecedence of settler's colonialism and anti-colonial struggle. It is obvious that lopsidedness in land tenure system, land rights, and land reforms has contributed to the not so subtle emergence of land grab in Africa. Land grab in Africa, no matter its justification, affects both the rural and urban, particularly the rural areas where most of the dispossession takes place under the guise of agricultural investment (Kaag and Zoomers 2014). Across Africa, most of natural/land resources have been appropriated by incidence of land grab, while little have come from such acquisition that was made in guise of responsible agricultural investment that would address Africa's food security challenges. The trend of land grab will continue given the continent's favorable biophysical resources, weak land governance structures, and lack of adequate industrialized agricultural technology and opportunity for large-scale plantations for locals when compared with other frontline states in the international system.

## Conclusion

The issue of land governance in Africa is tied up with the state of development of continent. While largely undeveloped, land governance structures like land tenure systems and land use acts have exposed the Africa's land to land speculators in the form of land grabbing. While not totally bad, land grab has resulted in land displacements and denial of human rights of locals, farmers, and other indigenous land users. The resultant effect of land grab has been to engendered land conflicts that are widespread and endemic in virtually all countries in Africa.

With the continent poor and poverty afflicted, responsible agricultural investment has been argued to be the reason why land grab should be allowed. Yet, land grab has not addressed food insecurity neither has it alleviate poverty. Increasingly, evidence is showing that land grab, whether foreign or local or both, is more about land resource exploration, exploitation, and control for maximum profit making.

As noted, the absence of land governance structure in several states is further reinforced by high level of corruption, weak state

institutions, and nonadherence to issues of fundamental human rights, particularly of local farmers and indigenous landowners. It is also instructive that land reforms have not solved many of the problems, conflicts, and crises associated with land in Africa partly based on the absence of effective land governance laws and partly on the ineffectiveness of land governance laws and structures where it exists. This is so because several African states lack the capacity to protect its lands and people from land predators and speculators. The subservient role of African states within the international system is also a factor. This has reinforced the need for a paradigm shift in land cultivation and ownership, resulting in the call for effective land governance laws and structures. On this note, it behooves on African states to formulate sound land governance policies and ensure that they weigh the cost and benefit of land deals before embarking upon them. Respect for locals or indigenous peoples' fundamental rights to land must be secured and respected. Also, land implementation process must be well monitored, transparent, and corrupt-free. Like other states in the international system, Africa cannot survive on its own. But if help must come in terms of agricultural investment, it must be based on clearly defined land governance laws and structures and mutually beneficial, facilitate development, and not dispossess Africa of its land resources.

## References

Afolabi OS, Agunyai S (2017) Governance crisis in Nigeria's fourth republic: an exploration of the roles of politicians and their cronies. Taiwan J Democr 13(2):153–175

African Union, African Development Bank and Economic Commission for Africa (2010) Framework and guidelines on policy in Africa. Land policy in Africa: a framework to strengthen land rights, enhance productivity and secure livelihoods

Cotula L, Vermeulen S, Leonard R, Keeley J (2009) Land grab or development opportunity? Agricultural investment and international land deals in Africa. IIED/FAO/IFAD, London/Rome

FAO (2003) Trade Reforms and Food Security: Conceptualizing the Linkages. (Food and Agriculture Organization of the United Nations). http://www.fao.org/3/a-y4671e.pdf

Kaag M, Zoomers A (eds) (2014) The global land grab: beyond the hype. Fernwood Publishing/Zed Books, Halifax

Lund C, Odgaar R, Sjaastad E (2006) Land rights and land conflicts in Africa: a review of issues and experiences. DIIS Danish Institute for International Studies, Copenhagen

Mabikke S (2011) Escalating land grabbing in post conflict regions of northern Uganda. Conference paper delivered at International conference on global land grabbing at University of Sussex, Brighton. Retrieved from https://www.researchgate.net/publication/261805324_Escalating_Land_Grabbing_in_Post-conflict_Regions_of_Northern_Uganda

The World Bank (2018) Nigeria: poverty and equity data. http://povertydata.worldbank.org/poverty/country/NGA. Accessed 20 Feb 2019

Ubink (2006) In the land of the chiefs customary law, land conflicts, and the role of the state in peri-urban Ghana. Leiden University Press, Leiden

Wily LA (2000) Land tenure reform and the balance of power in Eastern and Southern Africa. Natural Resource Perspectives, no 58. Overseas Development Institute, London

Yamano T, Deininger K (2005) Land conflicts in Kenya: causes, impacts, and resolutions. FASID Discussion Paper

# Language Management/Policy

Siu Yau Lee and Yang Dong
Department of Asian and Policy Studies,
The Education University of Hong Kong,
Hong Kong, China

## Synonyms

Language management; Language planning

## Definition

Rules that deliberately influence the behavior of others with respect to the acquisition, structure, or functional allocation of their language codes.

## Introduction

Language policies are rules that deliberately influence the behavior of others with respect to the acquisition, structure, or functional allocation of their language codes (Cooper 1989). In other words, language policies can be legal establishments that force the citizens to modify their language practice or covert rules that shape the values assigned by the citizens to each linguistic variety and variant (Spolsky 2012).

Language policies have significant distributive implications for their subjects because language is a crucial resource for disseminating ideas, shaping identity, and social advancement. People use language to perceive, describe, and communicate their experience (Williams 1988). Words that describe daily life and values of most members of society can be used by the state to create a sense of unity among the public and to facilitate the state's bureaucratic administration (Edelman 1977). Unsurprisingly, therefore, from the French Third Republic's cultural standardization program to the anti-Putonghua protests in southern China, language policy has been a key site of political contention. This chapter provides an overview of the major considerations in language policy making and describes the tools that are commonly used by language officials to manage language.

## Considerations in Language Policy Making

Early attempts to study language policy were largely influenced by the "Sapir-Whorf" hypothesis, according to which, in its strongest form, language *determines* thought (Sapir 1985; Whorf 1956). While today few scholars uphold this claim in its pure form, many proponents of this hypothesis still maintain that language *influences* how human beings understand reality because they respond differently to different word uses and grammatical structures, often in an unconscious manner (Geis 1987). For instance, according to Whorf, people are likely to behave more cautiously when they are around "gasoline drums" than "empty gasoline drums" – although the latter is actually more dangerous (Whorf 1956). This view was popularized by Orwell's satirical novel *Nineteen Eighty-Four*, which demonstrated that if a despotic state (the USSR) were to restrict the range of things that are expressible in language, it could also restrict the range of things that are thinkable. In fact, many scholars in this camp maintain that because language is the medium people use to perceive, describe, and communicate their experience, language policy is a useful means for a state to enact its power and establish its own normality (Lewis 1999; Galasinski 2000). Edelman (1985), for instance, famously proclaimed in a 1985 article that "political language *is* political reality." Laitin (1977), as another example, also concluded his study of Somali by arguing that the impact of certain political concepts is different when expressed in different languages, and, therefore, to change the language of a population is to change the ways the population thinks and acts politically.

The assumption that language policy influences thought has been questioned in a number of studies. Bourdieu (1991), for example, argued that authority is exogenous to language and that there are multiple sources of authority. In fact, the fall of the USSR – the regime that inspired Orwell's aforementioned novels – has concretely exemplified this fact, for if there were indeed "power" within certain linguistic formulations, the state should have been able to maintain its dominance over its subjects despite its economic failures.

Another dominant approach in the study of language policy adopts a functionalist perspective, which assumes that language is planned to solve problems (e.g., illiteracy) (Rubin and Jernudd 1971; Jernudd and Das Gupta 1971; Karam 1974; DeFrancis 1950). Some scholars in this stream have argued specifically that language policies are specific tools used by governments to tackle language and communication problems (Rubin 1973). Haugen is one of the pioneers of this approach. In 1966, he proposed that "language planning is called for wherever there are language problems. If a linguistic situation for any reason is felt to be unsatisfactory, there is room for a program of language planning" (Haugen 1966).

Therefore, for Haugen, a model that explains the formation of language policies should involve a series of technical procedures such as problem identification, grammatication, and correction (Haugen 1983).

Haugen's assertion attracts criticism from other public policy academics for neglecting the political agenda that drives the process of policy making. Sociolinguists such as Cooper have pointed out that language planning is essentially political in nature. According to Cooper, although language policies are indeed formulated partly to tackle communication problems, they are formulated often with covert agendas of the policy makers that are essentially nonlinguistic.

Blachford, Spolsky, and Grin extended the focus of language policy studies to the language beliefs of a society and the decision-making process of governments (and the consequences of such decisions) (Grin 2003). In brief, they aimed to identify a number of major organizations and stakeholders (such as the bureaucratic structure of the state (Blachford 2004), local officials, religious organizations (Spolsky 2004), families, and transnational organizations) in the process of language planning so as to explain the variations in language policies and any conflicts that take place between different linguistic communities. In the field of political science, recent scholars have followed a similar path of investigation and highlighted the relevance of a set of political factors in language management, such as the need for nation building, external threats, and systems of representation (Liu 2011).

## Types of Language Policy

Language policy is not a unitary subject. Language policies vary in form, objective, and target group. Traditionally, they can be broadly classified into three types by their mode of enforcement: corpus planning, status planning, and acquisition planning (Haugen 1966).

Corpus planning policy focuses on the creation of new forms, the modification of old forms, or the selection of alternative forms in a spoken or written code (i.e., the corpus of a language). The defining feature of this type of language policy is that it assumes there is a "correct" or "pure" form of the language that is articulated by a small group of language planners or elites (Cooper 1989). In this type of language policy, as language is managed in a top-down manner, it tends to follow a specific pattern and logic. The French purification movement developed under the court poet François de Malherbe in the 1960s is a good example of this ideal type of language policy. During the movement, obscure terms were prescribed by the state from the literary vocabulary to reflect the superior status of the elite (Cooper 1989).

Consider the case of China. Shortly after the Communist Party came into power in 1949, leaders of the state emphasized the importance of maintaining the "purity and health" of the Chinese language and published new dictionaries to codify linguistic correctness (Volland 2009; Lee 2014). The top-down nature of this language change was evident in that the state was not only asking the people to master the preexisting Chinese language but also trying to prescribe a "correct" form of language based on the judgments of the political and linguistic elites. To achieve this objective, the state launched a number of "cultural revolutions" in the 1920s and the late 1950s – such as the anti-illiteracy campaign – during which time traditional Chinese characters were considered as a symbol of the old China and as an obstacle for knowledge popularization. The central political elites needed to maintain a tight top-down control over language because this is what determined the success of the political campaigns. Using ambiguous and vague terminology would "result in the confusion of the two kinds of contradictions and the widening of the scope of attack" (Schoenhals 1993). Therefore, to control the size and direction of political campaigns, leaders of the central state also needed to control the meanings of words. A number of dictionaries, such as the *Contemporary Chinese Dictionary*, were published to define words in a way that "correctly" presented the proletarian's position, the party state's policy directions, and the principles of Marxist-Leninism (Lee 2014).

Status planning policies emphasize the status or values of a language in society (Bhatta 2006). This type of policy is not merely about the state's decisions regarding the legal status of one language in relation to another, but also about the allocation of languages or language varieties to given functions, such as civil services, education, and journalism. Unlike top-down policies, which focus primarily on the corpus of a language, incentivizing policies deal with the role that a specific language should or could play in a society. Instead of a top-down approach to defining what is the right or correct thing to say, incentivizing institutions often establish the legitimacy of a language through linking that language with certain economic benefits. By doing so, the subjects are incentivized by the state to adopt language norms. In this sense, the success of status planning does not hinge on people's reliance on the state but on their desire to obtain certain goods (e.g., social status and economic power).

An example of this is the Putonghua Proficiency Test launched by the Chinese state in 1994. This test has been promoted by the Chinese state as a career booster, especially within state organizations, the media, and schools. The impact that this promotion strategy has created is obvious: In a survey conducted by researchers at the Shanghai Putonghua Proficiency Test Centre between 2003 and 2004, 67.8% of the 2,098 respondents reported that they took the test because of job-related reasons. In contrast, only 26.9% of them took the test just to learn about their own level of language proficiency (Qiao and Zhu 2006). Clearly, the tie between the test and one's career has fueled the popularization of the test. This is particularly true when we consider the fact that the test is a prerequisite for most jobs in the Chinese government, which remains the largest employer in China.

Finally, acquisition planning policy focuses on the ways in which an individual or an entity can acquire or produce (elements of) a language. This type of policy is different from the previous two models in the sense that its focus is on the individuals who speak a language, but not on the context where a specific language should be spoken. It is more likely to exist when the elite can only defend their core interests against an increasingly "ungovernable" – stratified and checkered – society by concentrating their limited resources in selected areas. Social actors can utilize the space left by the elite to develop their own communication systems. Traditionally, this type of language policy is limited to those who are engaged with and connected to formal language teaching in schools. However, such a narrow focus on the process of formulating language rules would likely overlook some of the interactions between the governing elites and their subjects. The acquisition of language also takes place outside of classrooms in a bottom-up fashion. This is particularly important to consider in an age when the Internet has empowered ordinary citizens to formulate new terms and grammar. Consequently, governments often need to derive effective mechanisms for acquiring new languages that are generated by the netizens.

The Chinese Internet word-filtering system is a case in point. The list of prohibited words that the Chinese state maintains, in essence, defines the boundaries of communication that are deemed to be "exceptional" – in the name of obscenity or national security – and thus the language can be legitimately controlled by the state. This technique not only provides the state with flexibility to respond to the changing political environment in the Internet era but also allows it to concentrate its resources on issues that it deems more crucial – such as collective expressions of demands for political changes and justice. Table 1 summarizes the major types of language policy.

Of course, these three types of language policy are not mutually exclusive. One can often identify elements of all three types of policy in a comprehensive set of language planning schemes. However, they do not work equally well under different social and economic circumstances.

In China, status planning policy was implemented in the 1950s when the central state enjoyed a clear comparative advantage over other actors such as ordinary citizens in terms of economic resources and communication capacity. Imposing language rules from the top down is presumably the most direct way for powerful state agents to maintain their political and symbolic dominance (Schoenhals 1993). This does

**Language Management/Policy, Table 1** Major types of language policy

| | Mode of enforcement | Domain | Objectives | Examples |
|---|---|---|---|---|
| Corpus planning | Top-down | Corpus of a language | To manipulate the resources available for expression in the public sphere | Dictionary, Romanization of characters |
| Status planning | Incentivizing | Status of a language | To incentivize subjects to adopt certain kinds of linguistic behavior so as to make society functional | Language tests, legislation, civil servant recruitment exams, media regulations |
| Acquisition planning | Selective | Means of acquisition/ production of elements of a language | To control the generation of new languages/linguistic elements | Internet keyword censorship, teacher training |

not, of course, mean that compliance from the subjects was voluntary. In practice, top-down language policies are rarely popular, because they allow only a small group of elites to monopolize the power to define correctness in language. In Mao's China, intellectuals lost their freedom to use language in their own style, and the general public was prompted to adopt a mode of communication that was very different from their linguistic practice at home (Volland 2009). Despite these difficulties, the socioeconomic conditions of the time meant that resistance could only take place in a subtle manner, and people who disagreed with policy could not form a force that was sizeable enough to prompt the ambitious language planners to reconsider their demands.

The market reform that began in 1978 decentralized the distribution of economic and communication resources that had previously been controlled directly by the central state. This decentralization of economic and communication resources empowered profit-oriented publishers to challenge the state's monopoly over the definition of "prescription." This prompted the state to craft a new language policy to recapture the increasingly chaotic linguistic arena. Instead of merely defining the content of "standard language," the state made Putonghua a prerequisite for many desirable social positions. The influential Putonghua Proficiency Test that was implemented in the early 1990s is a key example of such action.

By the late 1990s, the Chinese state's dominance over economic and communication resources was once again challenged by the forces of globalization and the spread of the Internet. With the introduction of the Internet, individuals were transformed from mere recipients of messages from the elites into "publishers" who were capable of disseminating information across different sections of society. Thus, the Internet empowered diverse groups of ordinary people to become participants in the decision-making process of language management, when they had formerly been deprived of such involvement. While some ordinary members of the public exploited the opportunity to directly confront the authorities, many others used the Internet as a platform for language play. Either way, new communities and values were formed, allowing the netizens to organize themselves in ways that allowed them to bypass the state's language regulations, which eventually prompted the state to take a more open attitude toward language resources that are devised at the grassroots level. It is therefore not surprising that a more interactive language policy was formulated by the State Language Commission in the late 2000s after the state had suffered several failures in regulating "non-prescriptive" Internet language.

## Conclusion

In short, it is important to recognize that language policy is contentious and dynamic. This holds true even in authoritarian regimes such as China.

Therefore, it would be incorrect to assume, as some students of authoritarian regimes do, that language policies are necessarily formed by a top-down approach and that grassroots-level demands can become influential in shaping the state's policy direction only when state actors see those demands as beneficial to their particularistic interests (Dreyer 2003; Francis and Kamanda 2001; Hu 2007). After all, language is a crucial resource for disseminating ideas, shaping identity, and social advancement. Consequently, it is hardly surprising that intense contestation between different actors has long shaped the development of language policies.

## Cross-References


- ▶ Education System in Russia: Sociocultural Reforms
- ▶ Globalization and Culture
- ▶ Power and Minority Representation


## References


Bhatta G (2006) International dictionary of public management and governance. M.E. Sharpe, New York

Blachford DR (2004) Language spread versus language maintenance: policy making and implementation process. In: Zhou M, Sun H (eds) Language policy in the People's Republic of China. Kluwer, Boston, pp 99–122

Bourdieu P (1991) Language and symbolic power. Polity, Cambridge

Cooper RL (1989) Language planning and social change. Cambridge University Press, Cambridge

DeFrancis J (1950) Nationalism and language reform in China. Princeton University Press, Princeton

Dreyer JT (2003) The evolution of language policies in China. In: Brown ME, Ganguly S (eds) Fighting words: language policy and ethnic relations in Asia. MIT Press, Cambridge, MA, pp 353–384

Edelman M (1977) Political language: words that succeed and policies that fail. Academic, New York

Edelman M (1985) Political language and political reality. PS 18(1):10–19

Francis DJ, Kamanda MC (2001) Politics and language planning in Sierra Leone. Afr Stud 60(2):225–244

Galasinski D (2000) The language of deception: a discourse analytical study. Sage, London

Geis ML (1987) The language of politics. Springer, New York

Grin F (2003) Language policy evaluation and the European charter for regional or minority languages. Palgrave Macmillan, Basingstoke

Haugen E (1966) Linguistic and language planning. In: Bright W (ed) Proceedings of the UCLA sociolinguistics conference. Mouton de Gruyter, The Hague, pp 50–71

Haugen E (1983) The implementation of corpus planning: theory and practice. In: Cobarrubias J, Fishman JA (eds) Progress in language planning: international perspectives. Mouton Publishers, Berlin/New York, pp 269–289

Hu Y (2007) China's foreign language policy on primary English education: what's behind it? Lang Policy 6(3–4):359–376

Jernudd BH, Das Gupta J (1971) Towards a theory of language planning. In: Rubin J, Jernudd BH (eds) Can language be planned? Sociolinguistic theory and practice for developing nations. University Press of Hawaii, Honolulu, pp 195–215

Karam XF (1974) Toward a definition of language planning. In: Fishman JA (ed) Advances in language planning. Mouton, The Hague, pp 103–124

Laitin DD (1977) Politics, language, and thought: the Somali experience. University of Chicago Press, Chicago

Lee SY (2014) Defining correctness: the tale of the contemporary Chinese dictionary. Mod Chin 40(4): 426–450

Lewis ME (1999) Writing and authority in early China. State University of New York Press, Albany

Liu AH (2011) Linguistic effects of political institutions. J Polit 73(1):125–139

Qiao LH, Zhu QC (2006) Investigation and analysis regarding the social perception toward the PSC. In: State Putonghua Proficiency Testing and Training Centre (ed) Proceedings of the 2nd National Conference on the PSC. Commercial Press, Beijing, pp 20–22

Rubin J (1973) Language planning: discussion of some current issues. In: Rubin J, Shuy RW (eds) Language planning: current issues and research. Georgetown University Press, Washington, DC, pp 1–10

Rubin J, Jernudd BH (1971) Introduction: language planning as an element in modernization. In: Rubin J, Jernudd BH (eds) Can language be planned? Sociolinguistic theory and practice for developing nations. University Press of Hawaii, Honolulu, pp xii–xxiv

Sapir E (1985) Selected writings of Edward Sapir in language, culture and personality. University of California Press, Berkeley

Schoenhals M (1993) Doing things with words in Chinese politics: five studies. University of California Press, Berkeley

Spolsky B (2004) Language policy. Cambridge University Press, Cambridge

Spolsky B (2012) What is language policy? In: Spolsky B (ed) The Cambridge handbook of language policy. Cambridge University Press, Cambridge, pp 3–15

Volland N (2009) A linguistic enclave translation and language policies in the early People's Republic of China. Mod Chin 35(5):467–494
Whorf BL (1956) Language, thought, and reality: selected writings of Benjamin Lee Whorf. MIT Press, Cambridge, MA
Williams R (1988) Keywords: a vocabulary of vulture and society. Fontana Press, London

# Latin American Governance

Alejandro Rodriguez
University of Texas-Arlington, Arlington, TX, USA

## Synonyms

Collaborative governance; Effective governance; Governance; Latin America; Public governance

## Definition

Governance is government's ability to deliver value-added services and innovative problem solving by promoting adaptability, flexibility, and collaboration, while embracing an organizational culture that values transparency, trust, and power sharing for the pursuit of common public goals.

## Introduction: The Problem of Defining Governance

Defining governance has proven challenging. In fact, researchers claim little consensus regarding a definition of governance (Frederickson et al. 2015). However, a discussion on Latin American governance would be more fruitful if it starts with agreeing to some pragmatic and contextually bounded definition of governance. But first off, why is defining governance so challenging? The disagreement about governance as a concept intersects across several key dimensions. First, governance conceptually and in practice covers a variable and unbounded scope. Whatever we think of governance, it varies across levels of government and across regions, and surely across cultures and countries (a topic we will come back to below). Governance as it relates to local governments is very different than its counterpart manifestations at the national level and even more different than international governing bodies, such as the European Union, or the United Nations. The scope is not only different at larger levels of government, but, in many respects, it is unbounded. Where does the scope of the federal US government end vis-à-vis local and state governments? The answer, of course, is very complicated and not clearly defined – one would be wise to consider governance on an issue-by-issue basis. Second, defining governance is complicated because the nature of public governance is in a continuous mode of change. As it is the case with other concepts in the social and government realms, such as bureaucracy, democracy, and others, the meaning of contemporary governance is quite different than its meaning in the 1970s. In the 1970s, the scope of governance and therefore its meaning was more limited to an action-oriented government model; that is, a step up from a bureaucratic, reactive, and passive model to a postbureaucratic, proactive, and active model. Today, governance is all of that with the added characteristics of a networked, collaborative, creative, market-driven government model. Third, attaching the qualifier "public" to governance, as in public governance as separate from corporate governance, adds multiple layers of complexity to the definition. Public governance is foremost a politically charged compound concept. It is governing in a conflicted environment where values and political ideologies are as valid predictors of decision-making as technical, managerial factors. For example, public governance has to accommodate political considerations when allocating public resources while also paying heed to cost-benefit concerns. Four, how does one know how much governance there is in a public organization? Do we analyze the organization's structure? Do we examine its approach to decision-making? Do we assess its performance? We don't know. Measuring governance, even

operationalizing the concept, has so far proven to be a very challenging endeavor. That is partly because one needs to measure governance in the context of something else and something else frequently complicates the operationalization of the term even further. Take for instance, effective public governance. Not only are then we in need of measuring governance, but now it includes governance's effectiveness as it relates to the public sector, which has its own complexities with measuring outputs and outcomes, not to mention the need to effectively address multiple conflicting goals. Finally, and because of the factors mentioned above, a parsimonious conceptualization – a characteristic of good theorizing – has eluded all those who have tried. Take for instance, the definition offered by Lynn et al. (2000, p. 235), "regimes of laws, administrative rules, judicial rulings, and practices that constraint, prescribe, and enable government activity, where such activity is broadly defined as the production and delivery of publicly supported goods and services." Clearly, this is an ambitious definition. Its scope covers the administration, policy-making, and legal aspects of government. Because their conceptualization is too encompassing, it lacks parsimony and the ability to guide systematic research (Frederickson et al. 2015).

However, regardless of how we might end up defining governance, it gets even more multifaceted as one assesses its conceptual validity and practice within the context of Latin American government. Let's, for the sake of this discussion, assume that all countries in Latin America share an analogous culture and government model. Even if that was the case, which obviously is not, we are still left with the reality that Latin America's challenges and needs are more pronounced and wanting than in more developed societies. These acute needs or conditions further problematize the definition of governance and its practice. Let's be clear, these challenges and needs affect the establishment of effective governance in various degrees across countries in Latin America.

Governance, already a difficult endeavor because of the multiple, conflicting and increasingly complex public sector goals, is further tested by the needs and challenges distinctive to Latin America. Thus, governance is not only tasked with collaboratively addressing multiple needs, but the regimes, political culture, mores, and institutional dysfunctions characteristic of Latin America threaten to wreck any chance of success even before governance is institutionalized. The most obvious challenge has to do with the fact that most countries in Latin America have only recently begun on a path to political stabilization. Political stability ranges from very stable, as is the case of Uruguay and Cuba (Cuba's high score on this dimension could be read as the country's citizens' perceptions of its political stability regardless of its totalitarian system of government. Arguably, there is political stability in a totalitarian state.), to very unstable, as for example Venezuela and Colombia (Colombia's historical struggle with terrorism affects its citizens' perception of political stability.). The other countries in Latin America fall between these two extremes with Costa Rica, Panama, and Chile falling into somewhat stable, and Mexico and Guatemala into somewhat politically unstable (Kaufmann et al. 2011). Because governance faces greater challenges in times of political turbulence, how politically stable a country is affects its governance. Corruption is another noteworthy challenge that further complicates governance. Quite often, high levels of corruption, as is the case of Venezuela and Haiti, seem to be the norm. Cuba, Colombia, and Jamaica are ranked as somewhat less corrupt, and Uruguay, Chile, and Costa Rica score as the least corrupt countries (Kaufmann et al. 2011). Corruption, although not a paralyzing effect on governance, tends to slowly take corrosive action on the day-to-day operations to the point that the organization serves the need of those that control the organizational resources and not of those it is statutorily mandated to serve. In that sense, and continuing with the crude organic metaphor, organizations become hosts to parasitic agents feeding on the organizational resources at the detriment of citizens and other intended end users. Because of the relatively high levels of corruption, trust in government is low in Latin America, which poses yet another challenge to effective

governance. Low trust in government is the other side of the corruption coin. The two conditions are highly correlated and just make sense that it is so. Corruption involves many stakeholders including citizens, who are forced to accept a culture of bribery and corruption to get any level of service. Given that bribery is a quid pro quo for needed services, citizens understand that they cannot trust their government to do anything for them unless a bribe is paid for "public" services. Governance then, is compromised, as all effective governance models require that all stakeholders buy into a collaborative, honest, democratically responsible arrangement. One cannot expect such arrangement to flourish if some few citizens and businesses are getting the lion's share out of government services only because they have established agreements with corrupt public employees and leaders based on their ability to pay. Another closely related condition, which challenges governance, has to do with the ineffective rule of law that still permeates most Latin American countries. Rule of law countries ranges from effective rule of law in Chile, Uruguay, and Costa Rica to ineffective rule of law in Venezuela, Haiti, and Bolivia. Most countries fall into a position between these two extremes with Panama and Brazil, falling closer to effective rule of law, and Cuba, Colombia, and Jamaica closely approaching ineffective rule of law (Kaufmann et al. 2011). Effective rule of law is demonstrated by societies that ensure citizens' rights are protected and advanced. Government, its officials, and even private entities are held accountable to the citizenry through a transparent, uniformly applied system of laws and regulations. It promotes a fair and equitable law-making and law enforcement system. Those features or dimensions of effective rule of law allow for the institutionalization and nurturing of governance. Clearly then governance is compromised and rendered dysfunctional by the country's inability to establish an effective rule of law system.

Lastly, governance is greatly challenged by low levels of democracy. The Latin American region was clearly proauthoritarian military regimes before the 1970s. Even though Latin America had fluctuated from authoritarian back to democratic regimes throughout its history, "a burst of democratization from 1978 to 1992" turned it into a predominantly democratic region (Mainwaring and Scully 2010, p. 3). A return to democratization in Latin American began with transitions to democratic governments in the Dominican Republic, Ecuador, and Peru in the late 1970s, but the region has not succeeded in installing full democracies across all countries. Mainwaring and Scully (2010, p. 3) describe this condition as, "[m]any regimes in Latin America are semi-democratic rather than full democracies because of limits to freedom, poor ability to protect human rights, or lack of civilian control of the military." What is also true is that level of democracy varies widely across countries with Uruguay and Costa Rica as the most democratic countries, and Haiti and Cuba as the least democratic nations. Chile, Panama, Argentina, and Dominican Republic closely follow the most democratic countries, but Paraguay, Colombia, and Guatemala line up closer to the least democratic countries (Mainwaring et al. 2010). Undemocratic political regimes complicate governance by their inability to control military and other nonelected actors' intrusion into the peaceful and consensus-building action of the citizenry, bureaucracy, and elected officials. Undemocratic political regimes that hinder free and popular voting, freedom of speech, and freedom of assembly, and interfere with the establishment and promotion of political rights and civil liberties make it all but impossible for an effective form of governance to take hold. All said, countries that exhibit high levels of democracy could be said to offer effective governance the highest probability of success while the opposite is true in countries, which exhibit low levels of democracy.

The challenges discussed above pose significant barriers to the establishment of a unified definition of governance. But should we expect a universal definition? Even a cursory review of the literature would convince researchers of the unfruitful pursue of a search for such universal definition. That is not to say that we should not attempt to advance a working conceptual definition of governance premised on the pragmatic assumption that a working definition limited to

some identified context is better than not having one at all. The following working and practical definition is advanced if only as a useful, interim analytical criterion to assess the state of governance in Latin America. Governance is government's ability to deliver value-added services and innovative problem solving by promoting adaptability, flexibility, and collaboration, while embracing an organizational culture that values transparency, trust, and power sharing for the pursuit of common public goals.

Effective governance is suspicious of constraining hierarchical arrangements, bureaucratic organizational morass, red tape, and closed system thinking. Instead, it involves a networked arrangement featuring multiple centers of power allowing for unrestricted exchange of ideas, sharing of resources, and collective decision on innovative problem-solving endeavors. Furthermore, effective governance depends to a great degree on the willing collaboration of decision-making actors across the nonprofit and private sectors. Governance exploits the blurring lines among the public, nonprofit, and private sectors to engage all actors in a collaborative, power-sharing arrangement for the pursuit of the public interest.

Governance thus defined depends to a great degree on welcoming, encouraging political, governmental, and civil society conditions. Given Latin America's civil society and political conditions, what is the state of governance in the region? How well does the proposed definition applies to countries in the region? The short answer is that it varies across countries in Latin America, and in some cases, the status of governance is disheartening while in a few cases governance seems promising. In fact, one can fairly argue that its development varies considerably across countries in the region and that there is a close correlation between effective governance and the extent to which countries have developed democratic institutions and rule of law systems while maintaining political stability, low levels of corruption, and high levels of trust in government.

Cuba is the most obvious example that undemocratic government devastatingly undermines effective governance. It seems reasonable to argue that searching for even trace manifestations of effective governance is fruitless in the absence of a framing democratic government. Haiti's generally inchoate democratic government is too politically unpredictable and lacks a proven rule of law system – which results in high levels of corruption and no trust in government – to shore up and promote efforts to establish effective governance. The challenge for Haiti is then to deepen its democratic government and stabilize its political system so that governance can begin to take root and succeed across its public and nonprofit sectors. Guatemala, Paraguay, and Nicaragua are one step removed from the extreme cases represented by Haiti and Cuba. These set of countries have made some advances on democratic governance and rule of law and even some progress on either political stability, corruption, or trust in government. While the countries have made some progress, such advances are still early in their development and therefore effective governance is in its incipient stages. Mexico, Peru, and Brazil are countries somewhere in the middle from absence of governance to fully developed effective governance. These set of countries have budding democratic and rule of law systems and have made some progress in two or more dimensions found to help effective governance – political stability, trust in government, and low levels of corruption. These countries have made progress from an incipient phase, but their governance is still in a dysfunctional stage. Panama, Argentina, and Dominican Republic have progressed to a functional governance stage. That is, these set of countries have established democracies and strong rule of law, which result in fairly advanced systems of trust in government, low levels of corruption, and politically stable systems. In contrast, Chile, Costa Rica, and Uruguay have reached a fully effective governance stage. They have fully established democracies, deep-seated rule of law, highly stable political systems, high levels of trust in government, and low levels of corruption.

The rough ranking shown above is based on reports by Mainwaring et al. (2010, p. 40), and Kaufmann et al. (2011) on the dimensions of governance previously discussed. It is not meant

to offer a sort of operationalization or measure of effective governance in Latin America. It is merely an attempt to illustrate the high variability of the concept and how it might correlate with commonly measured – albeit not universally agreed upon – related concepts, such as the level of democratization, rule of law, political stability, trust in government, and levels of government corruption. More important and notwithstanding its acknowledged variability, are there any characteristics common to governance across Latin America countries? The short answer is yes and those common characteristics include the following. Latin American governance is not collaborative. That is, governance across Latin American countries has not generally taken advantage of collaborative networks across the public, private, and nonprofit sectors. Collaborative governance seem to involve public-private sector partnerships for advancing economic development and to foster innovation. It focuses on the idea that the private sector is less bureaucratic and therefore more innovating than the public sector. It, therefore, assumes that the public sector would benefit from partnering with the private sector in seeking solutions to governance problems. Furthermore, it assumes that public sector organizations should reform until their organizational structures and decision-making processes follow business principles. Lost in this line of thinking is the idea that governance could involve a leadership style, organizational culture, and democratic ethic that advance public interest concerns collaboratively with the private and nonprofit sectors – that is, the founding idea that public governance is first and foremost the responsible democratic doing of government.

Somewhat related to the above is the idea that the definition of governance in Latin America is highly influenced by the corporatist conception of donor countries. It is a definition driven by international donors' concern with foreign aid effectiveness. It follows a corporate governance approach and aligns itself closely with New Public Management and business principles at the detriment of the public interest and concern with citizens' needs. The definition of governance along the lines of development is exogenous to administrative capacity and, more importantly, it is devoid of responsible, equitable, democratic concerns.

Latin America governance is not sufficiently innovative in part because it still depends on highly hierarchical structures and it is rule driven. It also, by and large, adheres to a silo mentality in which specialization and organizational fiefdoms are fiercely protected. Power is therefore concentrated and the conception of power is unchanging – those in power don't see the benefit of delegating it. Governance actors do not take full advantage of the inevitably twenty-first century forces blurring the jurisdictional line among the public, private, and nonprofit sectors. The blurring of the jurisdictional lines is seen as impediments to governance instead of challenges and opportunities for innovation and effective change. To sum up, Latin America governance is not sufficiently collaborative and innovative in designing democratically responsible solutions to complex twenty-first century problems.

## Conclusion

The object of this essay was to discuss Latin American governance. Among the several interrelated factors challenging agreement on a definition of governance, this essay discussed its variable and unbounded scope, its changing nature, the "publicness" of governance, the difficulty of operationalizing the concept, its lack of parsimony, and, most importantly, various Latin American characteristics that further problematize the definition of governance. Such Latin American characteristics include unstable political systems; relatively high levels of political corruption; low levels of trust in government; ineffective rule of law; and generally low levels of democracy.

Recognizing the difficulty of an agreed-upon definition, a pragmatic and contextually bounded definition was advanced to facilitate the discussion on Latin American governance. Governance is government's ability to deliver value-added services and innovative problem solving by promoting adaptability, flexibility, and collaboration, while embracing an organizational culture that

values transparency, trust, and power sharing for the pursuit of common public goals.

The proposed definition seems to apply in various ways across countries in the region. In some cases, the status of governance is disheartening while in a few cases governance seems promising. In fact, one can fairly argue that its development varies considerably across countries in the region and that there is a close correlation between effective governance and the extent to which countries have developed their democratic government and rule of law systems while maintaining political stability, low levels of corruption, and high levels of trust in government.

Cuba and Haiti are the most obvious example that undemocratic government devastatingly undermines effective governance. Their politically unpredictable systems and weak rule of law systems are barriers to effective governance. In contrast, Chile, Costa Rica, and Uruguay have reached a fully effective governance stage. They have fully established democracies, deep-seated rule of law systems, highly stable political systems, high levels of trust in government, and low levels of corruption. Between these two extremes, the other countries in the region have made some advances and are either close to a full governance stage or less dysfunctional than Cuba and Haiti.

Common to governance across countries in the region is that governance is not collaborative. Latin American countries governance has generally not taken advantage of collaborative networks across the public, private, and nonprofit sectors. Instead collaborative governance seems to involve public-private sector partnerships for advancing economic development and for fostering innovation. It focuses on the idea that the private sector is more innovating and effective than the public sector and therefore public sector reform should follow business principles. Donor countries concerned with the efficient use of foreign aid drive the concept of governance in Latin America as closely aligned with corporate governance, New Public Management concerns, and business principles at the detriment of responsible, equitable, democratic concerns.

Latin America governance is not sufficiently collaborative and innovative in designing democratically responsible solutions to complex twenty-first century problems in part because it still depends on highly hierarchical structures and it is rule driven. Power is concentrated and the conception of power is unchanging – those in power don't see the benefit of delegating it. Twenty-first century forces blurring the jurisdictional line among the public, private, and nonprofit sectors are seen as challenges and not opportunities, which misses opportunities for innovation and effective change.

## Cross-References

► Administrative Reform
► Collaborative Public Management (CPM)

## References

Frederickson HG, Smith KB, Larimer CW, Licari M (2015) The public administration theory primer. Westview Press, Boulder

Kaufmann D, Kraay A, Mastruzzi M (2011) The worldwide governance indicators: methodology and analytical issues. Hague J Rule Law 3(2):220–246

Lynn LE, Heinrich CJ, Hill CJ (2000) Studying governance and public management: challenges and prospects. J Public Adm Res Theory 10(2):233–262

Mainwaring S, Scully T (2010) Democratic governance in Latin America. Stanford University Press, Stanford

Mainwaring S, Scully T, Vargas J (2010) Measuring success in democratic governance. In: Mainwaring S, Scully T (eds) Democratic governance in Latin America. Stanford University Press, Stanford



# Law and Public Administration Ethics

Pamela Gallahue
Naperville City Clerk's Office, Naperville, IL, USA

## Synonyms

Conscience; Decency; Integrity; Morality; Principles; Value

## Definition

Ethics is an internal set of moral codes, or an individual moral compass, used to guide behavior and decision making.

## Introduction

Ethics can be loosely defined as doing the right thing when no one is watching. Ethics is an internal set of moral codes, or an individual moral compass, used to guide behavior and decision making. While each individual may have a slightly different appetite for what they consider to be right or wrong, a universal degree of correctness is typically accepted.

However, the general public may hold certain individuals to a higher level of ethical behavior. For example, the decisions made by doctors, lawyers, and civil servants can be critical and have long-lasting, life-or-death ramifications. The standards are set higher for people in these occupations, and any type of corruption or inequity will not be tolerated. Over the years, legislative acts, regulations, and administrative agencies have been created to enforce ethical behavior and hold professionals accountable when standards are violated. It is this journey, ethical development in public administration, that will be highlighted in this chapter.

Hiring, developing, and maintaining an educated and politically neutral workforce have been the mission of the civil service system since the late nineteenth and early twentieth centuries. Separating appointed officials and politics was supported both in literature and in practice; however, the appropriate level of division is still deliberated. To that end, over the years, boards, commissions, and organizations charged with professionalizing the civil service have been created, dissolved, and created anew. Insulating employees from the political quagmire, establishing fair and equitable hiring processes, and identifying conflicts of interest were at the heart of each manifestation. While each organizational reincarnation continued to reinforce the reform efforts by addressing corruption, an argument can be made that the creation of a set of public sector ethics standards and behavior was another thread quietly working toward the same goal.

This chapter will begin with a brief review of civil service reform efforts and the politics-administration dichotomy covered in the Hiring Regulations of Public Administration chapter. From there, it will present an argument for the presence of ethics in not only the field of public administration but public service in general. The chapter will then examine the evolution of the ethics discussion in practice and highlight how research on public administration ethics has been distilled to two general schools of thought. The chapter will conclude by reflecting on the current state of ethics and forecasting what challenges the future may hold for ethics in public administration.

## Civil Service Reform

New York Senator William Marcy is credited with the phrase "to the victor belong the spoils." This statement was said in response to criticisms of patronage resulting from President Jackson's effort to remove hundreds of federal employees and replace them with campaign loyalists. Whatever the original intent of Marcy's words, they were unfortunately reduced to a negative association with political corruption and cronyism, and Jackson's behavior marked the beginning of the spoils system.

After the Civil War, the government expanded into new and diverse service areas, the citizenry was demanding more professional and qualified representation, and individuals became more educated and interested in working in the public sector. This perfect storm, backed by research from a new discipline of literature, motivated officials to make sweeping changes to the civil service. In 1883, the Congress passed the Pendleton Act which established a Civil Service Commission charged with developing mechanisms to ensure fair competition for government jobs. In 1978, the Carter Administration passed the Civil Service Reform Act which revamped the entire personnel

system, and, while it has been modified over the years, it is still the model for the federal government. The field of study, public administration, focused on the need to separate politics from day-to-day administrative responsibilities. Scholars and practitioners alike agree that the two should maintain a distance in order to promote a professional and neutral workforce, but the level of appropriate interaction is still debated in classrooms today.

## An Argument for Ethics

Over the years, many professions have adopted codes of ethics. Among them, the medical, legal, and educational fields have all implemented standards of conduct that indicate how individuals are expected to behave. Some, such as the political and law enforcement fields, also require people to also take an oath of office to further affirm their commitment to uphold the desired behavior.

Some theories do not define what ethics are, but rather what they are not. They hold that ethics are not simply the vague, "feel-good" exhortations about an undefined public interest nor are they simply the general ethical principles that typically guide personal, moral choices (Goss 1996). This position does not support the notion that professional ethics are built upon universal, generally accepted ethical principles. Instead, this theory is in line with Machiavelli who promoted moral convictions in politics because they were necessary to maintain stability and peace, but also believed two sets of morals were appropriate, one for the ruler and one for masses. Similarly, Goss maintains more of a moral relativism in that ethics can vary depending on profession, background, culture, and past experiences. An argument can be made that based on this philosophy, a person's history will lead them to a profession that espouses familiar ethical behavior further perpetuating ethical relativity and the lack of a concrete definition of ethics. This position could further be argued that because each profession is committed to its own set of morals, the tolerance for certain types of behavior is higher than that which is accepted by the general public.

While each individual profession may have its own set of principles and limitations, other scholars believe that ethics of all fields are generally built upon a universal ability to distinguish good from evil, propriety from impropriety, and the view that people should do what is right and not do what is wrong (Josephson 1989). Here, public officials are held to higher standards, not against other professions, although their decisions can and do affect other fields, but against ordinary persons and the general public.

For example, although public employees do not work directly with life-or-death issues, they are expected to serve the people and make decisions in the best interest of the citizenry. It is these decisions that very well may impact *how* a person lives and the decisions that are made up to, and after, their death. Here, people see public officials as being entrusted to be the guardians of resources and represent the public by exhibiting the highest of *universal* morals. And, in a time when someone's lapse in judgment is instantly available for public consumption, citizens are holding leaders to increasingly higher standards and judging them against collective ethical norms and not necessarily against the values of that profession.

Case after case of political misconduct can be cited, and there is no shortage of examples demonstrating a lack of moral virtues in the public sector. Just a quick scan of the Internet or watching one night of the evening news will show politicians and civil servants alike involved in scandals related to email communication, electronic data theft, sex, fraud, conspiracy, and money laundering. The presence of unethical behavior is not a recent development. Attempts to reduce political corruption have been staples in American government for hundreds of years. Woodrow Wilson and the civil service reform efforts began the fight to professionalize government in the 1800s when the patronage system was rampant. In 1978, after the Watergate embarrassment and resignations of several key staff members in the Nixon Administration, the Ethics in Government Act was passed (5 usc App 4). The Act established rules for former employees including a description of prohibited activities, guidelines on the proper use of information gained

during their tenure, and limits on charges for speeches and other appearances. It also authorized the attorney general to bring civil action against anyone who violates the provisions in the Act. Lastly, it created the US Office of Government Ethics which was charged with issuing rules and regulations about ethical conduct, providing training in ethics, and monitoring ethics policies in organizations (5 USCS 101). Like other federal initiatives, the acceptance and implementation of ethics regulations spread to the states and municipalities in varying degrees.

It was also in the 1970s that universities begin to attack corruption from yet another direction. By introducing government ethics courses into the public administration curriculum, students were becoming more prepared for the challenges and temptations of life in public service. Then, even on the heels of the Ethics in Government Act, it took another 20 years for the ethics teachings to get serious attention in the public administration profession (Goss 1996; Frederickson 1993). Even now, with advanced education, codes, oaths, and standards in place, officials still stray off course.

Ironically, some point to the very dichotomy that was at the heart of reform in the 1800s as one of the reasons for the need for continued emphasis on ethics and associated regulations. Through the years, hiring organizations, merit systems, and employee review policies have been put in place to keep public administrators insulated from politics and the influence of corrupt political practices. Initially, the role of the administrator was designed to be unbiased and to execute political policy with impartial professionalism. Now, because administrators are armed with a plethora of technical knowledge and have become trusted political advisors, their responsibility has grown to include policy-making. This shift contradicts the core mission of political neutrality because in order to make policy, the administrator must be an advocate for policy. Being a policy champion immediately prejudices the administrator and smacks the potential for corruption. It is for these reasons that establishing a set of ethical codes, and holding officials accountable for their behavior, is critical for faithful service to, and professional representation of, the public.

## Ethics in Practice and in Theory

As in many professions, the official association of that field creates, maintains, and enforces their code of ethics. For example, the American Bar Association has a Committee on Ethics and Professional Responsibility charged with the development of national ethics standards for lawyers and judges (www.americanbar.org/groups). In order to advance ethics reform in practice for those in the field of public administration, the American Society for Public Administration (ASPA) has been committed to attracting, developing, and maintaining an ethical workforce since the early 1980s. As an organization, the ASPA "affirms its responsibility to develop the spirit of responsible professionalism within its membership and to increase awareness and commitment to ethical principles and standards among all those who work in public service in all sectors" (www.aspanet.org). The National Council of the ASPA developed a set of moral principles in 1981 and then approved a Code of Ethics for its members in 1984. The Code is regularly reviewed and was last updated in 2013. This most recent version lists the following eight principles that members are expected to follow: to advance the public interest, to uphold the Constitution and the law, to promote democratic participation, to strengthen social equity, to fully inform and advise, to demonstrate personal integrity, to promote ethical organizations, and to advance professional excellence. And in order to further demonstrate support for this mission, the first goal in the ASPA's current strategic plan is to "advocate strong, effective and ethical public governance" (www.aspanet.org).

The literature has contributed to the practical application of the ethics movement as well. Since the 1970s, scholars have made efforts to produce guidelines for professional behavior, clarify duties and responsibilities of public servants grounded in theory, teach general administrative ethics, and continue the call for accountability. The field of research does suggest ethics for public administration can be distilled into the two broad categories of a bureaucratic paradigm and a democratic paradigm.

The bureaucratic paradigm focuses more on individual values, respect for the administrative process, and deference to the roles identified in the politics-administration dichotomy. Specifically, this tenet includes values such as accountability, professional competence, impartiality, integrity, consistency, and neutrality (Goss 1996). The democratic paradigm stresses larger, theoretical beliefs typically associated with the field of public administration such as serving as advocates, applying administrative discretion to advance principles in the public interest, being innovative problem solvers, seeking fairness and equity, encouraging citizen participation, and remaining faithful to professional obligations (Goss 1996).

Both paradigms draw on moral responsibilities and ethical judgments; however, their application is different. One paradigm clearly identifies individual characteristics and universally accepted ethics, while the other focuses more on conceptual principles of the field that would not apply to the general population. Research has shown that the public rejects the Machiavelli notion of two sets of morals and favors ethics espoused in the bureaucratic ethos model (Goss 1996). Citizens would rather be represented by individuals that value common, widely accepted ethics. Having public officials that subscribe to loosely defined professional concepts that are not in line with the general public, and morals to which the public cannot relate, makes it more difficult to trust and hold them accountable.

## Conclusion

The need to hold public officials accountable has been ongoing since the first patronage job was granted in the 1800s. By providing them guidelines for acceptable behavior, civil servants have been given the opportunity to succeed and be trusted by the people they serve. Research has shown that the general public prefers officials to practice universal ethical principles instead of conceptual ideas that do not apply to everyday life of the common person. The previous 200 years have witnessed the evolution of organizations, laws, and codes all with the goal of enforcing ethical behavior. Even with defined ethical parameters and legal consequences for straying, public servants have still found ways to skirt the rules and violate the public trust. The next 200 years will see technological advancements, possible organizational changes, and political opportunities that will continue to challenge the moral fiber of those in the public administration field. By presenting a unified front and addressing these challenges in college, reinforcing behavioral expectations by the professional associations, and enforcing accountability through legal means, tomorrow's civil servants may be better prepared to remain steadfast to a core set of ethics.

## References

American Bar Association (2016) Defending liberty pursuing justice.1 Mar 2016. Retrieved 1 Mar 2016 from http://www.americanbar.org

ASPA (2016) American Society for Public Administration. 1 Mar 2016. Retrieved 3 Mar 2016 from http://www.aspanet.org

Ethics in Government Act (1978) 5 USCS 101

Frederickson HG (1993) Ethics and public administration. Taylor and Francis Group, New York

Goss RP (1996) A distinct public administration ethics? J Public Adm Res Theory 6(4):573–597

Josephson M (1989) Power, politics, and ethics: ethical obligations and opportunities of government service. Government Ethics Center, the Joseph and Edna Institute for the Advancement of Ethics, Marina del Ray

L

# Law and Public Administration Innovation

Amanda Swartzendruber
Illinois State University, Normal, IL, USA

## Synonyms

Change; Improvement

## Definition

Public administration innovation is a creative idea which is successfully implemented to solve a pressing public problem.

## Introduction

Public administration in the United States continues to progress toward ambitions espoused in private industry such as efficiency, productivity, and even customer satisfaction. Consequently, administrators work to implement innovation within the existing framework of law. When Congress creates regulatory programs, they are assigned to an executive department or regulatory agency which is staffed with both experts and political appointees. This format allows experts to apply their knowledge to regulatory problems with some protection from politics as the appointees serve staggered terms. These agencies may also make rules and policy related to the regulation. And, in terms of enforcement, they may investigate, adjudicate, and levy sanctions. In essence, administrative law regulates the operation of government agencies. Therefore, it has profound implications in terms of either promoting or stymieing innovation.

## Administrative Law

Administrative law is defined as that which governs organizations and the functions of government agencies and how their actions are reviewed by the court. Federal administrative law governs agencies like Health and Human Services and the IRS. States have their own version of administrative law governance. Administrative law determines the way power transfers from Congress to the administrative agencies. It also encompasses the ways agencies use their power and how the courts view their procedures (Warren 2004). Laws are deliberately written imprecisely so that a majority will support the legislation. Then responsibility is delegated to the agencies to handle the details of enacting the law. The federal government sets minimum standards, and states may further regulate as long as their standards are at least as strong. Most agencies are designed to carry out government policy through regulation and restriction; service agencies instead deliver a government program directly to the citizens.

## Innovation in Public Administration

The definition of innovation in public administration is basically a creative idea which is successfully implemented to solve a pressing public problem. The actual innovation of any procedure in government requires Congress, agencies, and the public to cooperate. There are many types of innovations: Service innovation refers to either an improvement to a public service or product or a new product altogether (Windrum 2008). Service delivery innovation or process innovation is defined as improving or providing new methods to provide public goods or services (Windrum 2008). Organizational innovation takes place when the changes are made within the agencies that provide the goods or services (Windrum 2008). This includes new standard operating procedure or management methods. Conceptual innovation refers to a change in political will which affects a myriad of procedures within public administration and can even involve new forms of governance (Windrum 2008; Walker 2002). For example, the move toward utilizing private sector organizational methods in public administration could be considered a conceptual innovation. Policy innovations fall into two categories: First they can be small and occur over a long period of time. Second, they are rapidly spurred on by those in government and conceptual innovation (Windrum 2008). Systemic innovation refers to changes in how public and private industries work together to facilitate provision of goods and services to the public (Windrum 2008). Institutional innovations refer to either the update of or the creation of new institutions (Windrum 2008; Walker 2002). Other areas of innovation can include human resource development, management, information and communication, and technology (Walker 2002).

If the goal of Congress is to encourage innovation in public administration, they possess a myriad of means to influence the agencies' actions. They may create legislation that includes procedural guidelines that can encourage change. They may make appropriations to provide funding for innovation or investigate the agency's activities to stop it. These influences are fine if done on behalf

of constituents and without any unethical behavior. Conflicts of interest do occur. An example of this could be a politician investigating an agency for attempting to regulate an industry that he is somehow beholden to.

Why should government innovate? First, national values change over time, and this affects the types of services and products required. Only in the 1960s did the public begin to acknowledge a need for public preschool programs. Then in 1965 President Johnson started Head Start as a summer test program (Zigler and Muenchow 1992). Our government went from providing no preschool programs to now serving almost a million children a year in some sort of state preschool program (Zigler and Muenchow 1992). There is an eternal need to provide more services to more people with fewer resources. Innovation often entails some form of cost-saving measures. Sometimes the actual roles and functions of government change; for example, privatization requires innovation. It sometimes saves money to contract out a service. Yet there is still a need for regulation in the entity – a private prison, for example – but how much and who should be responsible?

The need to make agencies accountable, responsive to the will of the people, and effective at communication to the public also requires innovation. Transparency is a public demand, and the advent of the Internet enhances both the ability to disseminate good information and bad. Using technology to advance innovation requires a lot of cooperation and constant training, as well as changing how one forms the communication. For example, the character restraints of Twitter and the image focus of Instagram require savvy crafting of messages – proficiency with social media is a new innovation in itself. Environmental changes such as an aging population or rapid population growth require a response from government. How does a community attract younger people while still catering to the needs of its aging constituents? Resource availability issues such as the water shortage in California or the water crisis in Flint, Michigan, are further examples.

The need to respond more adequately to citizens' calls for greater participation also requires innovation. Should the village board live stream meetings? Should constituents be able to Skype public comments? Sometimes a technological advancement demands an innovation in public administration. There is always a need to demonstrate a tangible impact in improving people's quality of life. Effective partnerships between the public, private, and civil sectors need to exist. And agencies must ensure they are socially, economically, and environmentally sustainable.

One example of a successfully implemented conceptual public administration innovation is what is often referred to as the multiuse courthouse first described by Fred Sanders at the Pound Conference, a discussion of issues in public administration by the nations' most respected scholars. Sanders originally referred to these as comprehensive justice centers where one could find alternative dispute resolution options such as mediation, arbitration, or negotiation (Sanders 2005). There was a need to reduce the workload of the courts as well as offer lower-cost, less adversarial methods of conflict resolution to communities nationally. First, Sanders explained his idea at the conference. After President Carter was elected, he appointed Attorney General Bell. Bell had attended the conference and commented on Sander's paper embracing this idea. He created a division in the Department of Justice called the Office for Improvements in the Administration of Justice. Leaders from the Pound Conference who came from academia and government created a task force to follow up on ideas to implement, and Bell headed it (Sanders 2005). Then the American Bar Association liked the idea and created what is known as its Section of Dispute Resolution which now has over 17,000 members. State and federal legislation has been passed to support this use of alternative dispute resolution, and several states actually require attorneys to discuss all available options before litigation. This requires attorneys to be educated. Academia responded by offering education in alternative dispute resolution. The ABA set up a pilot project to test the multiuse courthouse in Oklahoma, Texas, and Washington DC (Sanders 2005). They found it was essential to communicate best practices and teachable moments (Sanders 2005). The program has to adapt to its environment – it is not just

transferrable (Sanders 2005). Now these centers exist in multiple iterations all over the United States and have even been implemented internationally.

## Administrative Law and Innovation in Public Administration

Administrative law clearly affects the service and service delivery innovations as well as organizational innovation. For a new product to be provided to the public, health insurance, for example, legislation has to come and in this case would be handled by the Department of Health and Human Services. From there, procedures are created, websites are built, and experts are trained to help the public with the new procedure. The agency has to organize to handle issues with service delivery, staff call centers for public questions, enact audit procedures to ensure their service quality, and so on. Many members of Congress opposed the Affordable Care Act that created this innovation in provision of a public good. They may create laws to affect it and there have in fact been several attempts to repeal it. The agencies then must also work to improve the public perception of the service while dealing with glitches in its provision.

A public administrator must work within the law, be knowledgeable and up to date, as well as know what violates current law and the constitution. A public administrator also assists in making and enacting laws. Because the state's scope of work is ever growing, public administrators have been given some freedom in how they implement policy. To be clear, public administration is not the law; however, a public administrator has a lot of flexibility in terms of how he/she interprets and shapes the law. Public managers have the opportunity to improve public good service delivery to citizens by using rulemaking, administrative adjudication, and interjurisdictional agreements and contracts. These leaders tend to have partnerships in the communities and can create a coalition to support new programs. This allows them to advocate for policy changes because of their knowledge and legitimacy in the community.

There is always a will to integrate services to save resources. For example, an individual who delivers meals to shut-ins can be trained to assess their well-being thereby reducing the workload of an ombudsman or social worker. By the same token, as certain technologies improve, there is also a need to decentralize service delivery. Any changes to the day-to-day services and goods delivered or their delivery systems can cause tension. By utilizing partnerships in the community, leaders can encourage acceptance to change by trickling down their message. Engaging the citizens is essential for implementation of any type of innovation to be successful. It is important to start with citizen engagement right away and utilize all the new technologies including social media to build strong support. If there are bumps in implementation, this good will gained from open communication can help with frustrations.

## Conclusion

Effective implantation of innovations in public administration must have excellent management. Changes must be embraced at the top to be successful. There must be capacity to pace the innovation appropriately – there should be smaller tests before rolling a new procedure or product out to everyone so that kinks can be worked out in advance. The public must also believe in the virtues of the innovation – government has to effectively communicate why it is making a change both to those handling that change and their customers, in this case citizens. People need the tools to effectively do their jobs – management must identify and provide technical skills needed. Lastly, performance has to be measured so that processes may be improved and those improvements may be sustained.

## Cross-References


- ▶ Administrative Discretion
- ▶ Administrative Procedure
- ▶ Agency Rulemaking
- ▶ Complex Interaction of Administration and Law

▶ Executive Orders and Public Administration
▶ Future of Public Administration and Law
▶ Impact of Law on Public Administration
▶ Lawmaking and Public Administration

## References

Sanders F (2005) A dialogue between Professor Frank Sanders and Mariana Hernandez Crespo: exploring the evolution of the multi use courthouse. Univ St Thomas Law J 5:665–774

Walker RM (2002) Measuring innovation – applying the literature-based innovation output indicator to public services. Public Adm 80:201–214

Warren KF (2004) Administrative law in the political system. West Publishing, New York

Windrum P (2008) Innovation and entrepreneurship in public service. In: Koch P, Windrum P (eds) Innovation into public sector services entrepreneurship creativity management. E Elgar, Cheltenham

Zigler E, Muenchow S (1992) Head start: the inside story of America's most successful educational experiment. Basic Books, New York

# Law and Public Administrator's Commitment

William Hatcher and Shannon Cooper
Department of Political Science, Augusta University, Augusta, GA, USA

## Synonyms

Accountability; Constitutional competence; Constitutional or legal framework

## Definition

The responsibility of bureaucrats to follow the constitutional and legal framework of their nation. Professional standards and democratic values hold that public administrators should be concerned with fairness in administration and ethics in their duties. Commitment to the law does not allow public administrators to disregard ethics in their administrative decisions.

## Introduction: Democratic Accountability, Bureaucratic Accountability, and Political Accountability

Defining a public administrator's commitment to the law requires explaining three forms of accountability. *Democratic accountability* is the public administrator's responsibility to follow democratic values, such as constitutionally protected freedoms and rights. Public administrators have a responsible to ensure fairness in administrative practices of government. Second, *bureaucratic accountability* is the public administrator's responsibility to follow evidence-based techniques in their duties along with the norms and values of their professional, which call for public administrators to promote efficiency, effectiveness, but also fairness in administration. The demands of bureaucratic accountability and democratic accountability may at times conflict with *political accountability*, or the wishes and edicts of political officials.

The public administrator's first commitment is to follow the legal framework of their nation. The public administrator's commitment to the law does not necessarily mean that she follows the political wishes of her superior. In the United States (U.S.), public administrators have a duty to first follow the Constitution. Accordingly, the public administrator's commitment to the law is rooted in constitutional principles. This commitment may be ambiguous. Such administrative challenges demonstrate why Woodrow Wilson wrote that it may be more difficult to "run a constitution" than create one. The public administrator working in the modern administrative state will be faced with decisions that challenge her commitment to the law. John Rohr (1986) argued that the modern administrative state in the U.S. has evolved to meet the demands of the Constitution and society. As actors in the modern administrative state, public administrators have the commitment to follow constitutional principles, even though at times those actions may be in conflict with decisions of political superiors. In fact, the U.S. Supreme Court has held that public officials may be held personally libel for violating the constitutional rights of citizens (Rosenbloom et al. 2004).

The public administrator often may be faced with a situation where she has to consider bureaucratic accountability, democratic accountability, and ethics in ensure that her professional actions confirm to a nation's constitutional system. In the following paragraphs, the public administrator's commitment to the law is discussed by examining the commitment of bureaucrats to professional responsibilities (bureaucratic accountability) along with the public good and ethics (democratic accountability). Special attention is paid to how commitment to the law may go against the public administrator's commitment to political superiors (political accountability). The discussion concludes by providing practical guidance for public administrators to understand their commitment to the law.

## Professional Responsibilities of Public Administrators

Professionalism in public administration dictates rational decision-making. Max Weber viewed rational bureaucracy as a positive force in society because governments dominated by technocrats are more like to be efficient and effective than governments dominated by charismatic leaders. Today, professionalism in the bureaucracy is more likely to ensure the protection of democratic governance and the concept of fairness than unprofessional bureaucracies beholden to politics and not a commitment to the law. Ideally, law should be the product of rational debate, but in politics this at times may not the case. In democracies, public administrators are faced with the challenge of dealing with situations where the law may conflict with the goals of democratic administration—efficiency, effectiveness, and fairness. In these administrative situations, what is the public administrator's commitment to the law?

In a democracy, public managers who use public law as a guidance stand a greater chance of enhancing democratic values such as accountability (Christensen and Nicholson-Crotty 2011). As noted, since the 1970s, the U.S. Supreme Court has ruled that public administrators are personally responsible for their actions that violate the constitutional rates of individuals (Rosenbloom et al. 2004). Given this degree of personal liability, public administrators should strive to be knowledgeable about the legal rights of the citizens.

## The Public Good and the Ethics of Dissent

Public administrators are often said to have a commitment to the "public good." Such a commitment is related to the public administrator's commitment to the law. However, the concept of the public good is difficult to operationalize. In a democracy, the public good is often viewed as what the public wants from government. But the public's opinion on a number of issues differ from survey to survey. Additionally, public managers view their jobs as serving the perceived clientele of their organizations. Research on public managers has found that they tend to serve their organization's stakeholders rather than the general public. Public administrators view the public good as serving the clients of their agencies. For instance, in a limited student surveying a handful of top executives in the U.S. federal bureaucracy, the managers discussed their responsiveness to their client groups over the general public (Friedman et al. 1966). Given that institutional practices push public administrators to focus on their client groups, there is an overall need for legal accountability for bureaucracies to be rational.

The public administrator's commitment to the law becomes ambiguous when the law, policy, or behavior of a political official counteracts constitutional requirements or ethical determinants. In such situations, it can be argued that the public administrator has a duty to dissent. Public administration scholars have analyzed the effects of organizational dissent or what has been termed "guerrilla government" (O'Leary 2013). The field of public administration needs to provide answers for when guerrilla government is appropriate and does not violate the public administrator's commitment to the law.

In *The Ethics of Dissent,* O'Leary (2013) used three theoretical lenses to explain the concept of guerrilla government and provide administrative guidance for practitioners. First, O'Leary used the bureaucratic politics literature to explain how bureaucracies are political organizations, where

even merit-based employees make political decisions and cannot be truly apolitical. Public administrators hold the expertise on policy and are the actors with the closest connections with the groups that are being served by a public program. Such situations call for public administrators to be given and practice discretion in their daily work. Public administrators should practice guerrilla government when there is a strong conflict with constitutional principles. Second, the literature on organizations and management is used to explain how democratic political systems are open ones where policy is made and implemented through networks of public, nonprofit, and private firms. In such systems, the connection from policymakers to implementers is not clear. Lastly, ethics in government can be used as a guide to understand guerrilla government and the public administrator's commitment to the law.

In public agencies, according to Dwight Waldo's (1980) "Twelve Ethical Obligations," public mangers find themselves at the center of a battle between self, law, religion, public interest, and organizational norms (O'Leary 2013). Generally, ethics is defined as the study of values and how one deciphers what is right and what is wrong (O'Leary 2013; Rohr 1989). But as O'Leary argued, ethics is being able to knowing what is right or wrong and also doing right. Thus, guerrilla government should be employed when the public administrator has to decide between following political instructions and the legal framework governing her organization. In such situations, ethics, professional, and commitment to the law push the administrator to practice guerrilla government.

The public administrator's commitment to the law does not allow the bureaucrat to act outside of professional values, constitutional requirements, and ethics because she is given orders. In other words, the public administrator cannot hide behind the *Nuremberg Defense* of simply following orders (Shafritz et al. 2015). The ethical codes of professions offer guidance. For instance, the ethical code of public administration focuses on a need for democratic values in public bureaucracies (Stewart 1985). Such a code is another part of professional bureaucracy and the morality of serving democratic values. However, many public managers hold to a strict view of the need for apolitical administration may view the issue of morality in public administration as a question that undermines the democratic process. To these managers, elected officials determine the morality of government as the people's representatives picked through the ballot box. Still, this runs the risk of being put in a situation where one is merely following orders. Stewart (1985) discussed how public administrators need to view themselves as "ethical agents." Accordingly, public administrators have an "ethic of dissent" obligation to ensure that their work follows the professionalism of the field and democratic values (O'Leary 2013; Newswander 2015).

The practical features of such administrative behavior need to be explored., Is such dissent an act that is protected by the legal framework of a nation? In the U.S., the Supreme Court has ruled that public servants have First Amendment protections that allow them to speak out against wrongdoing in government or to express political opinions (Newswander 2015). For instance, in *Rankin v. McPherson (1987),* the Supreme Court ruled that a public employee was wrongly fired for a disapproving comment about President Ronald Reagan surviving the attempt made on his life (Rosenbloom et al. 2004).

Public administrators are citizens as well as bureaucrats. In their role as citizens, public administrators can serve as "guerrilla statesmen" by speaking out, even at times against political superiors, to help the public understand public policy decisions (Newswander 2015, p. 126). Still, guerrilla statesmanship is reserved for hopefully rare situations in government where the public administrator's commitment to constitutional requirements and ethics supersedes actions from political agents.

## Guidance for Public Administrators

The public administrator's commitment to the law is not a simple administrative issue. In a democracy, public administrators ideally follow the wishes of their political superiors, but what happens when those wishes violate key constitutional principles, such as freedom of speech, unreasonable search and seizures, and freedoms of the press to name just a few. In such situations, practicing public managers look to scholarship to

provide guidance and answers. The following guidelines may help.

- First, public agencies exist to implement the policy of elected institutions (Moe and Gilmour 1995). Nevertheless, public administrators are legally and ethically responsible for their actions. Given this, there are times that public administrators have a responsibility to practice ethical dissent.
- Second, public administrators have a duty to follow their constitutional framework and democratic values. Ideally, political superiors also have such responsibilities. However, in the situations where they may not, public administrators are citizens and have depending on their nation constitutional protections to ensure democratic values.
- Lastly, the professional norms and values of public administration serve as an excellent guide to help public administrators understand their commitment to the law. Furthermore, the ability to listen well to the public and also other stakeholders aid in ensuring that public administrators are balancing democratic accountability and administrative effectiveness (Stivers 1994). In the end, public administrators have a responsibility to both.

## Conclusion

The public administrators' commitment to the law is rooted in their commitment to the legal framework of their nation. This commitment at times can be an administrative challenge of balancing ethics, professional accountability, and politics for the public administrator. When democratic values are expressed in a nation's legal framework, then the public administrators' commitment to the law is their commitment to democracy.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Authority in Organizations
- ▶ Bureaucratic Power
- ▶ Organizational Control


## References


Christensen RK, Goerdel HT, Nicholson-Crotty S (2011) Management, law, and the pursuit of the public good in public administration. J Public Adm Res Theory 21 (suppl 1):i125–i140

Friedman RS, Klein BW, Romani JH (1966) Administrative agencies and the publics they serve. Public Adm Rev 26:192–204

Moe RC, Gilmour RS (1995) Rediscovering principles of public administration: the neglected foundation of public law. Public Adm Rev 55:135–146

Newswander CB (2015) Guerrilla statesmanship: constitutionalizing an ethic of dissent. Public Adm Rev 75(1): 126–134

O'Leary R (2013) The ethics of dissent: managing guerrilla government. CQ Press, Washington, DC

Rohr JA (1986) To run a constitution: the legitimacy of the administrative state. University Press of Kansas, London

Rohr J (1989) Ethics for Bureaucrats, 2nd edn. Marcel Dekker, New York

Rosenbloom DH, Carroll JD, Carroll JD (2004) Constitutional competence for public managers: cases and commentary. Cengage Learning, Mason

Shafritz JM, Russell EW, Borick C (2015) Introducing public administration. Routledge

Stewart D (1985) Ethics and the profession of public administration: the moral responsibility of individuals in public sector organizations. Public Adm Q 8:487–495

Stivers C (1994) The listening bureaucrat: responsiveness in public administration. Public Adm Rev 54:364–369

Waldo D (1980) The enterprise of public administration: a summary view. Chandler & Sharp Publishers, Novato


# Law as a Source of Democratic Principles and Public Administration


Alison Staudinger
University of Wisconsin-Green Bay, Green Bay, WI, USA


## Synonyms

Government by the people; Legal and political accountability; Popular sovereignty and the rule of law

## Definition

Countermajoritarian Difficulty: The concern that legal branches will overturn laws passed by democratically elected officials.

Judicial Review: The ability of courts to examine whether laws or policies are in accordance with a state's constitutional or legal framework.

Rights-Bearing: The notion that citizens or humans are entitled to make certain claims against the government because of their status.

## Introduction

A central question for legal theorists is whether law and politics are distinct domains, standing independent from one another, or bear a more complex relationship. This matters for the possibility of law serving to create, regulate, or maintain democratic processes, institutions, and habits of citizenship. Those who see law and legal norms as only a particular form of politics may doubt that legal norms, even ones that purport to be democratic, have much force if democratic norms and institutions outside of the law do not support them. This approach is briefly discussed, but the bulk of this entry concerns schools and thinkers who understand law and legal norms to be at least someone district and thus for law to have productive and institutional effects. Even for those who understand law and politics as separate, or as at least distinct in some important but potentially overlapping ways, conceive of the possibility of law's influence on democracy in ways ranging from the architecture of a constitutional regime to theoretical underpinnings of the rule of law to procedural democracy and even practices of citizenship. Finally, the meaning of market-based reforms in the practice of public administration as well as late capitalism itself makes the possibilities of overcoming democratic deficits even more difficult.

## Law as Politics by Other Means

The idea that law serves to protect democratic principles can result from a natural law conception that sees positive law as an attempt to reflect and protect fundamental rights given by a deity or rooted in humanity or a positivist account of law as the creation of a particular society. In either case, law is generally understood as forming a distinct domain where norms, standards, and practices differ from those in other branches or spheres of life. But there are other ways to understand law, many of which evolved from the position of twentieth century legal realism, which analyzed the law in its social context. Critical legal studies (CLS), for example, explains law as a function of society's power structures, often focusing on class, race, and gender. Law is understood as maintaining or producing these hierarchies, while appearing to promote neutral or liberal values, which CLS scholars often critique as inherently contradictory or dependent on exclusions. Behaviorist approaches within political science also see law as politics by other means, although they tend to study judicial decision-making in relation to the preferences of judicial actors, public opinion, and power *as well as* the obviously legal sources of precedent, rules, statutes, and legislation. Neither school equates law and politics directly, in the sense that both recognize and analyze the way in which legal language, norms, and institutions privilege certain outcomes, which may themselves be politically enforced. However, both raise interesting questions about the work that law does for or in democracy.

CLS scholars, although diverse, tend to be skeptical about claims that law or legal norms serve to advance democratic values like contestation, equality, accountability, and rule of law. For example, some CLS and other authors have advanced a "critique of rights" which seeks to understand the meaning and limitations of the contemporary use of "rights talk" to express citizen claims against the state (Kennedy 1998). The argument is that rights, which seemingly increase the possibilities of genuine democracy and justice, instead limit this development in their insistence on individualized protections which occlude possible relations of dominance contained within them, as the notion of private property rights does. Or they may be that a right established in one area fits uneasily into another context. Rights

may also, despite their theoretical universality, be less accessible for citizens of different nations or statuses within nations. For example, the 1936 constitution, also known as the Stalin Constitution, recognized extensive civil rights for individuals and even protected religious and ethnic minorities; in reality, these rights were frequently abrogated by the state. The recognition of a right in court may even harm the people it purports to help, as in the United States where the "right to counsel" recognized in the US Supreme Court ruling in *Gideon v. Wainwright* (1962). Although people generally believe that they have the right to counsel, lack of funding means that many of the indigent accused wait for months, sometimes in jail, for representation. In this reading, the seemingly democratic legal guarantee of "rights" is in fact serving as ideological cover for inequality and oppression.

For those who study judicial behavior, the democratic capacity of law is more likely to be understood in relation to how judges make choices in relation to public opinion, which is a proxy for democratic voice. The dominant models of judicial behaviorism – strategic and attitudinal – look to see how judges act in relation to their goals and policy preferences (Segal and Spaeth 2002). This is problematic for democracy, because it suggests that legal decision-making, which is often protected from the accountability pressures that elections provide for other officials, may be reflecting the members of a court and their political preferences more than any overarching legal vision. Or they may use their opinions to strategically communicate their political and legal vision (Baum 2008; Friedman 2009). However, judicial behavior may also, as argues, reflect dominant public opinion, and thus escape this trap. In the case of an international court with members from more than one nation state, judicial behaviorist might ask whether court members favor their home nation in their decision-making; while this might be a cause for critique of the impartiality of law, it could also mean a sort of accountability – or mere chauvinism. Judicial behaviorists may be thus skeptical of the role of law in democracy or view it as question of responsiveness to public opinion.

## Law as Source for Democratic Institutions

Legal rules and procedures, whether constitutional or administrative, certainly shape the institutions, norms, and agendas of other parts of public administration often seen as more political or bureaucratic. Most glaring are the ways that constitutions, written or unwritten, contain commitments to democratic principles such as rights, equality, separation of powers, popular sovereignty, and due process. All of these can be illustrated through the South African constitution of 1997. This document views citizens and humans as rights-bearing subjects, codifying these rights ranging from political rights to speech and assembly, through civil rights like education and those afforded the accused, and onto economic rights to housing, to unionization and the unique right to choose a profession. Citizens thus emerge as sovereign and with inherent claims on the state; indeed, a famous clause notes that these rights can only be limited when reasonable in "an open and democratic society based on human dignity, equality and freedom." The notion of equality is explicit in this constitution, which protects a long list of prohibited grounds for discrimination and follows the German Constitution of 1949's commitment to "human dignity" as a core principle.

As with many constitutions, South Africa's creates a structure of government where there is cooperation and competition both within a federal structure, national, provincial, and local, and between branches, legislative, judicial, and executive. It also adds a special set of institutions in Section Nine explicitly charged with protecting democracy and human rights. While the US Constitution's invocation of "we the people" is perhaps the most famous constructional nod to popular sovereignty, or the idea that governments are legitimated by the consent of the people, the South African constitution reflects this idea both in commitments to public access to the legislative body *and* to the civil service and other parts of public administration. Finally, these broad commitments to democratic equality and access are substantiated by guarantees of due process should they be abrogated.

Similar guarantees exist in many constitutions around the world, although, as in South Africa, all of these democratic constitutional commitments do not always exist outside of paper. Indeed, sometimes the role of public law in relation to democracy is to thwart it, especially as lawmakers and judicial actors attempt to manage supranational development. For example, the Committee of Permanent Representatives in the European Union (COREPER) is established by treaty and composed mainly of member state ambassadors. COREPER is quite powerful, and yet its members are not elected and its role is not publically prominent. This is one of the many aspects of the European Union that have prompted calls to mend a "democratic deficit" as well as the possibility of member state exist in search of sovereignty. Indeed, the very notion of constitution law as "higher" than everyday legislation and statute is a notion with a complex relationship to democracy. On one hand, it reflects the idea that constitutions contain the core democratic principles of a social contract between citizens, but on the other it can potentially supersede the decisions of democratically elected officials or citizens themselves. In the United States, the constitution guarantee of freedom of speech has been used to invalidate campaign finance laws passed by a democratically elected Congress and supported by the public.

## Rule of Law and Citizenship

Rule of law is the legal concept most directly associated with democracy and democratization. The notion that governments are "of laws and not of men" is at the heart of the idea of public law itself, which purports to govern how states and citizens interact in a common attempt to promote the public good. Rule of law is seen as essential to democracy, because it provides a set of public rules that apply to everyone and demands a fair administration process, both for bureaucracies and judiciaries. The concept of "equality before the law" is deeply democratic and is promoted by entities like the United Nations who seek democratization and considered an essential element of a democratic state in measurements of democracy.

Public law provides the basic requirements, duties, and rights of citizens and frames the possibilities for their civic participation and education. For example, Alexis de Tocqueville et al. ([1840] 2002) considered juries of the United States to be a key institution that promoted civic engagement and taught democratic life because citizens would learn about the law and how to use it, and because classes would mix. While Tocqueville identified the jury as a place where citizens could be politically educated and substantively experience equality, we also might think of the practices of initiative and referendum. For example, citizens in some subnational or subregional entities, like Catalonia, Quebec or Scotland, can vote on their membership in a state or regional union. This reinforces the notion that the people control political membership and that self-determination is central to international law. Similarly, some states or subnational units allow for citizens to either directly propose law and then put it up to the people for ratifications, or allow, as in Switzerland, veto power by citizens when a significant amount of citizens or cantons call for a popular vote.

Although democracy and bureaucracy are sometimes considered in opposition, similar possibilities for civic learning exist within these systems as well; for example, Fung and Wright (2003) argue that there can be democratic participation in sites that are neither fully part of the state or private spaces. They explore how Porte Alegre's experiment with participatory budgeting functioned in tandem with the bureaucracy and in fact helped create a more streamlined and certainly more public administration. Given the importance of bureaucracy in modern welfare states and those with large regulatory apparatuses, the bureaucracy may continue to develop as a site for democratic innovation.

## Judicial Review as a Threat to Democracy

Judicial review is a standard feature of contemporary public law, although it functions different in different contexts, particularly depending on whether the state has common law elements.

However, its general purpose is to empower the courts to interpret the actions and legislation of other government actors to determine whether they accord with constitutionally or other legal sources, and in these cases overturn the law or propose another remedy. The ability of courts to strike down the decisions of democratically elected officials, as noted above, can be problematic, especially as many judges, particularly at the highest levels, are not themselves elected nor, often, do they serve for set terms. We might worry that this causes a "countermajoritarian difficulty" because a judicial minority overturns the will of the people as expressed in legislation or executive action (Bickel 1986). For example, the ruling by the European Court of Justice which required Google to respond to some takedown notices from users who wanted to invoke "the right to be forgotten," while exciting for privacy advocates, was a decision by an unelected court in Europe directed at a US corporation; could it be said to be democratic? And, as noted above, courts may overturn popular pieces of legislation, like campaign finance reform. They may also overturn the directly expressed voice of the people, as in the cases in the United States where, despite a popular vote to ban it, marriage equality for same-sex couples was judicially established. One way to solve the problem of the countermajoritarian difficulty is to view courts as "representation-reinforcing" when they act to insure access to the political process (Ely 1980). Or, perhaps courts are empowered to overturn laws because it allows them to protect "discrete and insular minorities" as noted in a famous footnote in US Constitutional history in *United States v. Carolene Products Co*. (1938). An alternative conceptualization follows Bruce Ackerman (1993), who distinguishes between "normal" and "constitutional" politics, the latter occurring at moments of great popular excitement and democratic empowerment of executive and judicial actors; as long as the courts attend to these moments, they are acting democratically.

This problem plagues countries most acutely when, as in the United States, who have a very strong form of judicial review called judicial supremacy, which views the highest appeals court as one of "last resort" and as the last work on the constitutionality of any law. Other countries, particularly civil law countries, tend to prefer legislative supremacy and often, as in the United Kingdom, exclude the ability of courts to strike down legislation. And in states that have a specialized system of judicial review where a constitutional court is solely enable to strike down primary legislation, often called the Austrian system because of its author, Hans Kelsen. In these systems, other (more democratic) branches share a certain degree of responsibility for answering constitutional questions, thus alleviating some of the pressure.

## Conclusion

In this entry, law as a source for democratic principles and public administration has been treated primarily in relation to a minimal conception of democracy as a system of limited government with regular and fair elections. Although hinted at through the discussion of equality and rights as core democratic values, democracy is arguably not merely about the aggregative functions of elections as an expression of popular sovereignty. As in the example of citizenship above, participatory theories of democracy might look to how law facilitates or frames the activities of the people, perhaps through their capacity for free speech and assembly. Advocates for deliberation in democratic states might look for institutional structures that allow for extended and thoughtful wrestling by officials, citizens, or by both on new policies, such as requirements for public hearings. Those who favor a more agonistic and combative democracy through which citizen's advance their normative commitments might look for how pluralistic legal systems are. If democracy is broadly understood, citizens may better be able to address difficulties, whether countermajoritarian or in the shape of bureaucratic institutions, moving forward.

Despite the potential for public law to serve as a source for democratic principles, the tension between these principles and public law is still great. Dwight Waldo ([1948] 2006) argued that

this problem was deep-seated and only likely to be addressed in piecemeal fashion. The turn in public administration to the new public management model that draws on organizational theory and the language and procedures of private business may continue to make this difficult; for example, the notion that citizens are "clients" to be served by the state is a strikingly different conceptualization of this relationship from one of the sovereign and empowered citizen. Seeking to democratize public administration through the legal process can only occur if the democratic norms and processes outside the legal process are opened to this. As governance increasingly outstrips state borders and responds to the power of multinational corporations specifically and market forces more generally, the need for new outlets for civic engagement are many. However, the legal tools for guaranteeing these access points, such as rights and public opinion, are difficult to deploy in the world of public administration without falling back into a model of clients rather than citizens.

## Cross-References

► Accountability
► Policy Networks as a Form of Governance

## References

Ackerman BA (1993) We the people, volume 1: foundations. Harvard University Press, Cambridge, MA
Baum L (2008) Judges and their audiences: a perspective on judicial behavior. Princeton University Press (Hardcopy 2006), Princeton
Bickel AM (1986) The least dangerous branch: the Supreme Court at the bar of politics. Yale University Press, New Haven
de Tocqueville A, Mansfield HC, Winthrop D (2002) Democracy in America. University of Chicago Press, Chicago
Ely JH (1980) Democracy and distrust: a theory of judicial review. Harvard University Press, Cambridge, MA
Friedman B (2009) The will of the people: how public opinion has influenced the Supreme Court and shaped the meaning of the Constitution. Macmillan, London
Fung A, Wright EO (2003) Deepening democracy: institutional innovations in empowered participatory governance. Verso, New York
Kennedy D (1998) A critique of adjudication, reprint edn. Harvard University Press, Cambridge, MA
Segal JA, Spaeth HJ (2002) The Supreme Court and the attitudinal model revisited. Cambridge University Press, Cambridge, UK
Waldo D (2006) The administrative state: a study of the political theory of American public administration. Transaction Publishers, Piscataway

# Law Constraints on Public Administration

Craig Curtis
Bradley University, Peoria, IL, USA

## Synonyms

Bureaucracy; Public bureaucracy; Public management; Public organizations; Public sector

L

## Definition

Public administration consists of the organizations, procedures, rules, and budgets employed to provide public goods and services.

## Introduction

Careerists who work in public sector agencies are often faced with situations wherein the main question is not what to do or even how to go about implementing a law. Rather the question is does the law allow me to do what I want, and perhaps need, to do. Managers at all levels of federal, state, and local bureaucracies must comply with the federal and state constitutions as well as laws that are enacted by legislative bodies and rules created by administrative agencies. It is complex and constraining.

This chapter will attempt to detail the main constraints faced by public sector managers. The chapter will be organized according to a legal hierarchy that starts with the Federal Constitution and continues downward to local ordinances. Of

necessity, variations in state and local laws will not be detailed as that would be far beyond the scope of this work. Rather, where there is the potential for local or state variation, that potential will be identified so that the reader can do the necessary research.

## The US Constitution

### The Constitution and Equal Protection

All discussions of the constraints on actions by governments must start with the US Constitution. Much of what is detailed in both the body of the document and the amendments is concerned with what things governments may not do. For example, Article I, Section 10, is concerned with a list of things that states, and by extension, local governments, may not do, including a prohibition against passing bills of attainder and ex post facto laws. Perhaps more importantly, the Bill of Rights has a long list of things that governments may not do, including a prohibition on unreasonable searches and seizures, protections against regulating political speech, and protections for religious freedom of expression.

The body of the Constitution, the Fifth Amendment, and the Fourteenth Amendment together work to prohibit discrimination based on race, gender, sexual orientation, ethnic origin, and other categories that the courts grant some sort of protected status. In the simplest terms, whenever the government treats someone differently than another person because of some characteristic of the person as opposed to their behavior, it has to have a valid reason to do so. The reason required depends on the nature of the reason for the differential treatment.

Some types of different treatment, such as race, require that the government meet a very high burden before they can justify the differential treatment. The courts use the term "strict scrutiny" to refer to this standard of review. Under this standard, the government must prove that the discrimination is justified by a compelling government interest and that the policy is the least restrictive way to achieve this compelling government interest. In practical terms, this almost always means that the government loses the lawsuit. Recent cases on the issue of affirmative action in university admission policies (*Gratz v. Bollinger* 2003; *Grutter v. Bollinger* 2003) ruled that diversity can be a compelling government interest, but the procedures that can be legally used to achieve that diversity are very limited. Any quota or numerical ranking system will fail the test. For purposes of hiring or promotion decisions, this means that almost any selection system that grants preferential treatment to an applicant based on their race will likely fail if challenged in court.

Many forms of discrimination require only that the government show a rational relationship to a legitimate government interest. This is a very lenient standard and the government almost always wins such lawsuits. This type of "ordinary scrutiny" or "rational basis" scrutiny is applied to all cases unless there is some reason not to apply it, such as the existence of a suspect classification, such as race, or a quasi-suspect classification, such as gender.

A special type of equal protection analysis is prescribed for cases of gender discrimination. What is required is that the government shows a substantial relationship to an important government interest. What this actually means is pretty unclear, except that the standard that the government must meet is higher than rational basis and less than strict scrutiny.

What this all means for the public sector manager is that whenever a policy treats someone differently than another person because of that person's status, religion, or physical characteristics, there must be a legally valid reason for doing so. What reason is required depends on the nature of the classification. This may seem unclear, but there is a large body of case law, federal statutes, and federal regulations that provide detailed guidance for particular issues.

### The Constitution and Due Process

The Fifth and Fourteenth Amendments both mandate that protected constitutional interests, such as life, liberty, and property, may not be taken away by the government without notice and due process of law. In effect, this means that you can't take

away a protected thing, such as a tenured public sector job, without having a good reason and without providing the person an opportunity to say why the reason is not valid.

Any large bureaucracy must deal with the fact that their own employees, and prospective employees, may sue them whenever employment or promotion is denied or disciplinary action is taken. Most personnel manuals and collective bargaining agreements provide for a set of agreed-upon procedures when there is a difference of opinion concerning the validity of a personnel action. Often, there is an agency that is charged with hearing these disputes. At the federal level, it is the Merit Systems Protection Board (MSPB), created by the Civil Service Reform Act of 1978. This body hears thousands of cases each year, 28,509 cases in 2015 alone (United States Merit Systems Protection Board 2016). States have their own hearing bodies, with some providing far more protections to employees than others. Managers must heed the rules and procedures set out in personnel manuals as failure to follow proper procedure will often result in a reversal of the adverse action by one of these hearing bodies.

There is a huge amount of case law on what constitutes due process in the personnel arena, and smart lawyers are skilled at alleging that whatever process that is provided is not sufficient. The public sector manager who is faced with such an attorney must hope that the personnel manual or collective bargaining agreement is sufficiently detailed and precisely written as it applies to the situation in question.

The dispute over the extent to which civil service protections apply to protect workers lies at the heart of the political battle over the future of public sector trade unions. Critics of public sector unions assert that the extent to which civil service protections and collective bargaining provisions protect workers from discipline or dismissal serves to render the public bureaucracies rigid and unresponsive to political control. These assertions go so far as to opine that the system serves to insure mediocrity as there is no effective way to get rid of poor performers or improve the work of mediocre performers without running afoul of civil service rules. Proponents argue that civil service rules serve to protect the politically neutral competence of the bureaucracy in that public sector workers who take principled stands are protected from retaliation for doing so. Additionally, these civil service rules serve to protect important values such as equal protection of the laws and rationality in decision making. In essence, one can argue that there are competing pressures in the public sector and that politically neutral competence and political accountability are two values in constant flux and tension in the public sector.

## Specific Issues of Federal Law

### Affirmative Action and Anti-discrimination Statutes

Executive order 10,925, issued by President Kennedy on March 1, 1961, used the phrase "affirmative action" to refer to the mandate that federal agencies and contractors aggressively enforce his anti-discrimination policies. This phrase came to mean that special preferences would be granted to historically disadvantaged groups as a way to counter the continuing adverse effects of past overt discrimination against those groups. By the mid-1970s, large numbers of public sector organizations had affirmative action plans in place, often as a result of a court order or consent decree. These plans sometimes included racial quotas.

The 1978 decision in *Regents of the University of California v. Bakke* was a landmark in that it was the first victory for those plaintiffs alleging that they were the victims of reverse discrimination. For the next decade plus, the courts struggled with the legal standard to be applied to such cases. Ultimately, the Supreme Court issued the decision in *Adarand Constructors v. Pena* in 1995, which established the "Color Blind" approach to such cases under which cases of racial discrimination were decided using the standard of strict scrutiny regardless of whether the discrimination was invidious or benign. Over time, affirmative action plans have become so difficult to justify in the public sector that the Equal Employment Opportunity compliance amounts to little more than a statement on the job announcement that the employer is an EEO employer and the gathering

of survey data from job applicants. No quotas exist and any hiring criterion that assigns points based on race is easily defeated when challenged. While it is technically possible for an affirmative action plan to survive strict scrutiny, no plan that directly affects numerical selection criteria can survive legal challenge.

This does not mean that a manager may use an improper decision criterion, such as race or ethnicity, in making a personnel decision. Anti-discrimination statutes are still in place at the federal and state levels and must be followed. While the use of a selection criterion such as a score on a civil service exam would seem, at first glance, to be neutral with regard to race or ethnicity, such instruments can easily have a disparate impact on historically disadvantaged groups. If that is the case, careful attention must be paid to validation of the instrument. Even if there is a disparate impact, successful defense of any lawsuits is still possible if the instrument measures bona fide occupation qualifications and has been properly validated by an expert in the field.

### Sexual Orientation

The 2015 decision in *Obergefell v. Hodges* pretty much removed all doubt regarding the issue of whether a public sector organization could overtly discriminate against people on the basis of sexual orientation. While covert and de facto discrimination certainly still exists in many communities, any overt discrimination would easily be struck down in any federal court.

The treatment of those who are transgendered, who are nonconforming (TGNC), or who reject the traditional notions of gender altogether is less certain. As of 2016, the military was grappling with the issue of how to treat those who do not identify with their birth gender. In 2012, the decision in *Macey v. Holder* established that discrimination against the transgendered constituted gender discrimination under the Civil Rights Act of 1964 Macey v. Holder (2012). In 2013, the Social Security Administration made it far easier for TGNC persons to change their official records. In 2014, the Obama Administration began issuing regulations that sought to protect the TGNC from discrimination. Schools were informed that transgendered students would gain protection under Title IX of the Civil Rights Act of 1972, and provision was made for TGNC veterans seeking treatment in the VA. In the federal civilian bureaucracy, the transgendered are entitled to be treated with respect and dignity. They must be called by their preferred names and pronouns and have access to restrooms and locker rooms that are appropriate to their gender identity. Any regulations or executive orders issued by the Obama Administration can be reversed by future presidents, so even some of these protections could be temporary.

In the various states, it is not at all clear that the transgendered will gain the kind of protection they have if they work in the federal bureaucracy. A minority of states provide for protection for the TGNC, but many states and local governments do not. There is an ongoing effort by interest groups such as Lambda Legal, but popular resistance to such efforts are still strong in many of the more religiously conservative areas of the country, including ordinances and statutes that are purposely intended to prevent special treatment for the TGNC.

### Sexual Harassment

Sexual Harassment is a form of gender discrimination and has been considered so since the Equal Employment Opportunity Commission issued regulations to that effect in 1980. These regulations were given the official sanction of the courts in *Meritor Saving Bank v. Vinson* (1986). Sexual harassment comes in two varieties: quid pro quo and hostile environment. Quid pro quo sexual harassment involves the trading of sexual favors for advantages on the job. Hostile environment sexual harassment, a much more common problem, is much harder to pin down.

Where there is behavior that is both "unwelcome" and "sexual in nature," the potential exists for a claim of hostile environment sexual harassment. The concept of "unwelcome" is somewhat subjective and may require that the person engaging in the behavior be put on actual notice that the behavior is unwelcome. Some behavior is so egregious that the courts have determined that no actual notice need be proved

in order to win in court on the basis that any rational person would know that the behavior is unwelcome. In the *Meritor Savings Bank* case, the behavior included forcible rape, which was determined to be of such nature that no actual notice was required.

Sexual harassment need not be between people of different genders. With the growing acceptance of gay marriage and the increasing prevalence and openness of gay and TGNC persons, it is likely that local and state governments will need to be more alert to the potential for conflict between employees. When the supervisor is ideologically conservative and the employee is lesbian, gay, bisexual, or transgendered, nonconforming (LGBT), the potential for such claims is greater. Departments that are more traditionally gendered, such as policing, are the most likely spots for these kinds of problems.

## Unions

While the initial emergence of the right to collectively bargain in the New Deal did not extend to the public sector for some decades, by the 1970s, public sector unions were growing in strength and would quickly outstrip the private sector in terms of percentages of covered workers as private sector unions declined in numbers and influence. In the federal sector, collective bargaining was first allowed by executive order under President Kennedy and later under the authority of the Civil Service Reform of 1978.

When a work unit is organized, there is a legal obligation to collectively bargain in good faith. Some aspects of the work are not bargained. For example, where salary is determined legislatively, as in the federal practice, there is no bargaining over wages. Negotiations are limited to conditions of work. Where salary is not determined legislatively, public sector employers must bargain over wages as well as conditions of work.

Very few public sector employees have a right to strike, and many are forbidden to do so. In such cases, when a strike does occur, the settlement must include some sort of accommodation, such as a grant of immunity from prosecution for engaging in an illegal strike. Of course, as President Reagan established in his dealings with the Professional Air Traffic Controllers Organization in the early 1980s, in case of an illegal strike, the public sector employer may decertify the union and dismiss all striking workers and replace them.

The right to collectively bargain is not evenly available in all states. Many states now are "right to work" states, meaning that no one can be forced to join a union or pay union dues as a condition of work. Some public sector workers simply are denied the right to engage in collective bargaining. For example, firefighters and police officers in North and South Carolina are denied the right to engage in collective bargaining. Teachers in Georgia and Texas may not collectively bargain (Sanes and Schmitt 2014). In Wisconsin, collective bargaining rights for many workers, but not police and firefighters, were severely constrained after Governor Scott Walker successfully pushed a right to work law through the state legislature in 2011.

The growing political clout of the Tea Party in terms of their ability to elect their members to key positions increases the tension between management and labor in the public sector. While the trade union movement has significantly declined in the private sector over the last decade, public sector unions in parts of the industrial Midwest and the coasts have managed to maintain positions of relative strength. The election of several highly conservative governors in the 2010s, most famously Scott Walker in Wisconsin, has resulted in significant losses of union protections in those states. Issues surrounding the continuing power of unions have resulted in major political conflict in a number of Midwestern states. The results have varied, but most of these conflicts resulted in losses of political power for public sector unions.

One of the ways in which the battle over the viability of public sector unions has played out has to do with the ability of unions to collect "fair share" dues from employees who work in a unionized work unit but who are not members of the union. The 1977 case of *Abood v. Detroit Board of Education* held that nonunion workers who worked in a work unit that was represented by a union would have to pay "fair share" dues, which would be defined as the percentage of the full union dues that are used solely on collective

bargaining activities. The percentage of union dues used to further political activities is excluded from the "fair share." Public sector unions have to keep careful records of their expenditures to justify these "fair share" dues.

The case of *Friedrichs v. California Teachers Union* involved a direct challenge to the concept of fair share dues. While the case was pending in the spring of 2016, Justice Antonin Scalia died of a heart attack leaving the Supreme Court evenly divided on the issue. As a result, the Ninth Circuit decision in favor of the union remained in effect, but the larger issue remains a live one. The end of fair share dues would result in the loss of many millions of dollars in revenue for public sector unions in the 23 states where such arrangements are allowed. In the federal practice, "fair share" dues are not allowed.

### Freedom of Expression

There has long been an issue with just how much one's freedom of speech and religious expression are relinquished when one takes a job in the public sector. The passage of the federal Hatch Act in 1939 restricted the ability of federal workers to hold elective office or to engage in political campaign activity. In the aftermath of the passage of the Hatch Act, states and local governments passed similar acts, often called "little" Hatch Acts.

Over time the Hatch Act has been amended, most recently in 2012, to allow for greater freedom for employees to be active in party politics, so long as they maintain strict separation between the work and their political activity. Employees subject to Hatch Acts typically cannot hold elective office in their government but can engage in all sorts of political activity during their personal time.

Demands that a public employer accommodate the religious expression preferences of employees can create issues. For example, where uniform standards and dress codes of a particular religion conflict, the courts have often come down on the side of upholding uniform standards. For example, the Supreme Court upheld an air force decision to forbid one of its officers to wear a yarmulke under his uniform cap in the case of *Goldman v. Weinberger* (1986). More recently, a few police departments have allowed Sikh officers to wear their long hair, beards, and turbans, and even the military has relented in this regard.

After *Obergefell v. Hodges* (2015) was decided, Rowan County, Kentucky, Clerk Kim Davis refused to grant marriage licenses to gay couples on religious grounds. Her refusal illustrates how sincerely held religious belief can affect the way that a public sector employee behaves at work. The courts had little trouble in holding that her religious views do not allow her to unilaterally ignore the Supreme Court, but the issue of how a government might accommodate an employee with genuine religious objections to carrying out a policy if there is a reasonable way to allow the law to be enforced and respect the employees' beliefs remains a live one.

## Privacy Rights and Workplace Searches

In contrast to the virtually unlimited right of a private sector employer to search the work places and persons of an employee, the public sector employer needs justification to search the workplace and person of an employee. That is because a search by a public sector employer constitutes state action within the meaning of the Constitution. Thus, a drug test is a search of the person of an employee. The law on drug testing is pretty well settled in the aftermath of two key Supreme Court cases from 1989, *Skinner v. Railway Labor Executives' Association* and *National Treasury Employees v. Von Raab* (1989). Public sector employers may drug test an employee if they have individualized suspicion of drug use, if the employee has law enforcement duties, if the employee carries a gun or operates any potentially dangerous equipment, or if the job has national security implications.

Searches of workplaces, including computers or other digital devices, by public sector employers is based on a reasonableness standard that was established in *O'Connor v. Ortega* (1987). So long as the intrusion is balanced by the government interest, or if there is an administrative warrant, the search will be allowed. With regard to computers, it is important that the

employer have a clearly defined privacy policy with regard to ownership of digital data and devices. So long as the personnel manual has a clearly stated policy that the digital device is the property of the employer and that any data stored on the device, or in a cloud accessible from the device, are also owned by the agency, then there should be little limit to the ability of the employer to access the devices and data.

In the absence of a clearly stated policy that all digital devices are the property of the employer, and if there are practices in place in the workplace that allow an employee greater control over his or her devices, such as allowing the use of encryption without mandating that the employer have access to the encryption keys, or allowing the device to be used for both personal and work uses, doubts could be raised about the ability of the employer to access such information.

## Statutory Compliance

There are a whole host of federal statutes with which state and local governments must comply. That the federal government has the authority to regulate state as employers was established in *Garcia v. San Antonio Metropolitan Transit Authority* (1985), which held that the federal government can force state and local governments to comply with the Fair Labor Standards Act. The basic rule that the federal statutes are the supreme law of the land and bind state and local governments means that a whole host of statutes bind local governments, although the Supreme Court has limited this power based on the doctrine of sovereign immunity under the Eleventh Amendment. Thus, even though the Americans with Disability Act of 1990 is technically binding against the states, and the states and local governments must make their physical plants ADA compliant (*Tennessee v. Lane* 2004), there is no remedy for employees since employees cannot sue their state or local employer under this act (*Board of Trustees of the University of Alabama v. Garrett* (2001)). The same is true for the Age Discrimination in Employment Act of 1967 (*Kimel v. Florida Board of Regents* 2000).

In addition to the Fair Labor Standards Act, states and local governments must comply with statutes such as the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Drug Free Workplace Act of 1986, the Family and Medical Leave Act of 1993, and many others. Additionally, federal rules based on the authority of these acts are also binding on the states. Perhaps the most significant of these would be the sexual harassment rules established by the Equal Employment Opportunity Commission in 1980.

## State Laws that Bind Local Governments and Home Rule

By virtue of Dillon's Rule, local governments are the creation of state governments. It is well beyond the scope of this essay to detail the thousands of state laws that limit the power of local governments to act. Unless a local government has home rule status, then that government can only do those things which the state constitution or municipal code allows. Thus, state law determines the legal standards and procedures for administrative hearings upon receipt of complaints of discrimination, unfair labor practices, or unjustified adverse job actions. Most states have some sort of human rights commission or public employee rights commission that has been established by state law and which establishes procedures and a hearing body for personnel complaints. Similarly, as mentioned earlier in this essay, rules governing collective bargaining are set by state law as well, with some state laws being far more favorable to labor organizations than others.

The concept of home rule is important with regard to the autonomy that a local government has to act. Local governments are classified as home rule if they have a home rule charter granted by the state legislature. In most states, local governments with populations above certain size standards are automatically considered home rule. Unlike non-home rule jurisdiction, which must be able to point to specific legal authority to engage in an action, home rule jurisdictions need only show that there is no state or federal

law prohibition against taking that action. In essence, the default answer to the question of "Can we do this?" is changed but that small status change is very meaningful.

## Conclusion

The legal constraints faced by public administrators are very real and require considerable attention. Access to corporate counsel should be available to make sure that laws are followed. Not only do basic constitutional principles limit the discretion of administrators, but the need to comply with a complex web of federal and state statutes and regulations creates a situation where public sector work experience is invaluable. The difference between running a private sector business and a public organization is large, and the successful public manager will understand that difference and hesitate before taking rash action that may be in violation of a statute or rule.

## Cross-References

▶ Labor Unions and Public Law
▶ Privacy Rights and Public Employment
▶ Sexual Harassment Law and Policy

## References

*Abood v. Detroit Board of Education*, 431 U.S. 209 (1977)
*Adarand Constructors, Inc. v. Pena*, 515 U.S. 200 (1995)
*Board of Trustees of the University of Alabama v. Garrett*, 531 U.S. 356 (2001)
*Fisher v. University of Texas at Austin*, Docket No. 14-981, argued 9 Dec 2015
*Friedrichs v. California Teachers Association*, Docket No. 14-915, 578 U.S. ___, 136 S. Ct. 1083 (2016)
*Garcia v. San Antonio Metropolitan Transit Authority*, 469 U.S. 528 (1985)
*Goldman v. Weinberger*, 475 U.S. 503 (1986)
*Gratz v. Bollinger*, 539 U.S. 244 (2003)
*Grutter v. Bollinger*, 539 U.S. 306 (2003)
*Kimel v. Florida Board of Regents*, 528 U.S. 62 (2000)
*Macey v. Holder*, Appeal No. 0120120821 (E.E.O.C. 20 Apr 2012)
*Meritor Saving Bank v. Vinson*, 477 U.S. 57 (1986)
*National Treasury Employees v. Von Raab*, 498 U.S. 656 (1989)
*O'Connor v. Ortega*, 480 U.S. 709 (1987)
*Obergefell v. Hodges*, 576 U.S. ___, 135 S.Ct. 2584 (2015)
*Regents of the University of California v. Bakke*, 438 U.S. 265 (1978)
Sanes M, Schmitt J (2014) Regulation of public sector bargaining in the states. Center for Economic and Policy Research, Washington, DC. http://cepr.net/documents/state-public-cb-2014-03.pdf. Accessed 8 Mar 2016
*Skinner v. Railway Labor Executives' Association*, 489 U.S. 602 (1989)
*Tennessee v. Lane*, 541 U.S. 509 (2004)
United States Merit Systems Protection Board. Annual Report for FY 2015. 29 Feb 2016. http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1275851&version=1280945&application=ACROBAT. Accessed 8 Mar 2016

# Law Enforcement Profiling in Public Policy

Elizabeth Wheat
Public and Environmental Affairs (Political Science), University of Wisconsin, Green Bay, WI, USA

## Synonyms

Cops; Police; Stereotypes

## Definition

Law enforcement profiling: targeting individuals for suspicions of crime based on race, ethnicity, religion, or national origin.

## Introduction

Following a series of high-profile shooting incidents and aggressive police measures, departments throughout the country faced greater public scrutiny of their tactics including profiling measures and increased pressure from the public. This chapter will look at racial profiling, public perceptions of treatment by police, traffic incidents using racial profiles, and a series of case studies on profiling by police departments.

## Racial Profiling

The National Institute of Justice (NIJ) defines racial profiling as a practice that targets people for suspicion of crime based on their race, ethnicity, religion, or national origin (NIJ 2013a). A 2003 Gallup survey found that 59% of respondents felt racial profiling was common (Ludwig 2013). A fall 2015 poll from the Leadership Conference on Civil and Human Rights found that 57% of respondents opposed racial profiling with the highest opposition from African Americans (78%) and Latinos (72%) (Morrison 2015).

Twenty states have no laws prohibiting law enforcement from using racial profiling, 17 states require data on police searches and stops, and only 15 require data and publication of racial profiling data (Natarajan 2014). Thirty-one states have laws that address racial profiling in some context according to the National Conference on State Legislatures. Most of these laws mention data collection, but do not require it (Bolten 2015). The NAACP is working in states such as Iowa to push legislation requiring collection and analysis of data and for a ban on racial profiling. The specific Iowa legislation would require data collection on all types of stops, submission of these data to the state Attorney General, publication of the data, establishment of a Community Policing Advisory Board, required annual training for police officers on discriminatory policing practices, and guidelines for filing complaints and monetary penalties (Bolten 2015).

The Department of Justice's (DOJ) guide on legitimate uses of profiling recommends training, data collection, and accountability. However, the guide also states, "This Guidance does not apply to Federal non-law enforcement personnel, including U.S. military, intelligence, or diplomatic personnel, and their activities. In addition, this Guidance does not apply to interdiction activities in the vicinity of the border, or to protective inspection or screening activities" (Natarajan 2014).

In 2003, the Bush administration issued the federal government's first official policy on racial profiling. This followed a 2001 statement by President George W. Bush regarding racial profiling: "It's wrong, and we will end it in America. In so doing, we will not hinder the work of our nation's brave police officers. They protect us every day – often at great risk. But by stopping the abuses of a few, we will add to the public confidence our police officers earn and deserve" (DOJ 2003). The new DOJ policy banned profiling on the basis of race, but no other characteristics were included. To assist with increased post-9/11 concerns about airport and border security, the Bush policy included exceptions and allowed racial profiling when "preventing threats to national security" or when "protecting the integrity of our nation's borders" (Lind 2014).

On December 8, 2014, the Department of Justice (DOJ) updated the federal government policy on racial profiling to prohibit considering religion, national origin, gender and gender identity, or sexual orientation in choosing which individual to investigate. The new policy applies to all federal agents with some exceptions for border officers, but does not extend to state or local police departments. Profiling remains allowable "in the vicinity of the border" (Lind 2014).

One criticism of racial profiling is that it breeds suspicion between police and the communities they serve. Law enforcement groups criticize the policy as well, arguing it leads to minority citizens distrusting officers and therefore becoming less willing to assist with crime investigations (Morrison 2015). Fraternal Order of the Police leader Jim Pasco stated, "100% of the FOP believes that racial profiling is abhorrent. We have thought this for far longer than any poll [on it] has existed. We reject the premise that [racial profiling] is practiced systemically," Pasco said Monday. "We don't support a ban on the practice because it begins by finding that the practice is systemic. That could not be more false" (Morrison 2015).

## Perception of Treatment by Police

Public perceptions and trust in police vary widely by race with minorities more likely to distrust law enforcement and be suspicious of officers. This mistrust can undermine beliefs in the legitimacy of police and affect their ability to do their job effectively in the community (Horowitz 2007).

The National Institute of Justice's (NIJ) reports consistently find race is a predictor of attitudes toward the police (NIJ 2013a). A 2015 Gallup poll reported that African Americans were more likely to feel they are being discriminated against in many aspects of society including grocery stores, restaurants, and police during a traffic incident (Dunn 2015). There are many direct and indirect factors that influence perceptions of police, but personal interactions are one of the strongest predictors with an officer's "demeanor and actions" most important in how these interactions are viewed. Media coverage of police misconduct can also influence public perceptions, but not as strongly as personal interactions (NIJ 2014).

## Traffic Stops

A 2011 report by the Leadership Conference on Civil Rights argued their evidence demonstrated African Americans and Hispanics are targeted at higher rates for search and seizures by police, despite statistics showing they are less likely to have contraband or have committed a criminal act. In a study done in Illinois, whites were actually twice as likely to have contraband material (Natarajan 2014). Research from the NIJ found that individuals of color are more likely to be stopped than white individuals. The challenge has been determining how many of these stops were related to discrimination or other factors such as differences in driving patterns with major highways versus neighborhoods, differences in exposure to the police, or differences in offending (NIJ 2013b).

A DOJ investigation found significant racial disparities with traffic enforcement, and their national survey data found black drivers were more likely than whites to be pulled over within the last year (Lowery 2015). In a *Washington Post* database tracking deadly police shootings, more than 100 people were killed by police officers in 2015 during a traffic stop. One of three victims was black (Washington Post 2016; Lowery 2015). Black drivers are also more likely to be targeted for "investigatory stops" where officers are looking for drugs or executing a warrant. National Fraternal Order of Police Executive Director James O. Pasco said, "The two most dangerous things that an officer can undertake are responding to a domestic violence complaint and stopping a car. An officer making a stop has absolutely no idea in the majority of cases who is in the car or what their frame of mind is" (Lowery 2015).

One example of a questionable traffic stop involving racial profiling occurred in Georgia. After being stopped by police in Doraville in a case of mistaken identity, Gambian native Mbye Njie felt police profiling needed to be addressed in a new way. During this incident, officers said there was a warrant out for his arrest, but he found out 40 min later that there was no warrant. When Njie went to file a police complaint with his mother Dr. Catherine Meeks, the officers told them police profiling was legal. This stop was part of a series of stops for Njie, dating back to his time at Davidson College (Staples 2015).

Along with a few friends, Nije created a mobile app called Legal Equalizer that allows users to video their encounters with police. The app has an SOS button that sends an alert to three emergency contacts with the user's location and notification of a stop by the police. Links to relevant laws then appear. Users may also select a video recorder button to record the stop and send the footage to the three emergency contacts (Legal Equalizer 2016). Njie said, "The side of the road is not where you want to have an argument with the officer. You're going to lose every single time. The point of the app is to let people know their rights so that they can take their stand in the proper forum... I wish there was no need for it. It saddens me that we've gotten to the point where we need to record the people who are charged with protecting us but that's the world we live in now" (Staples 2015). Nije and his partners are seeking investors to update their app and hope to install it in every US car.

## Case Studies: New York Police Department (NYPD) "Stop and Frisk" and Eric Garner

When it first began, "stop and frisk" gave police the authority to stop and question (or search if

deemed necessary) any person they felt looked suspicious. The NYPD publishes their data from these encounters in the Stop, Question, and Frisk Report Database (NYPD 2016). The peak year for this policy's use was in 2011 when approximately 700,000 people were stopped (Parascandola 2016). Former New York City mayor Michael Bloomberg argued the "stop and frisk" policy was critical to effective law enforcement. It received criticism because African Americans appeared to be targeted more with over 50% of stopped individuals in 2012 being African American despite comprising 25% of the city's population (Horowitz 2015). Combined, blacks and Latinos were targeted 85% of the time under the stop and frisk policy (Natarajan 2014). Then-mayor Michael Bloomberg argued the results were due to black residents being involved in crimes at higher rates (Horowitz 2015). In 2013, Judge Shira Scheindlin ruled the stop and frisk policy violated the constitutional rights of minorities. In March 2016, a federal monitor appointed after Judge Scheindlin's ruling submitted a new form for NYPD officers to use that, if approved, will require officers to explain in detail why they conducted a stop (Parascandola 2016).

In addition to the contentious stop and frisk policy, NYPD's police tactics drew national criticism after the July 17, 2014 death of Eric Garner. In a case of controversial police techniques, the NYPD approached Eric Garner for a petty crime of selling loose cigarettes, a crime for which black individuals are targeted at a higher rate (Natarajan 2014). When they proceeded to use a banned chokehold technique to arrest him, Garner died in police custody. A cellphone video of the confrontation and Garner's final words "I can't breathe," repeated 11 times, led to national outcry and demand for review of the NYPD. The Richmond County jury chose not to indict the lead officer, but the DOJ announced an independent investigation (Baker et al. 2015). Shortly before the 1-year anniversary of Garner's death, the City of New York reached a $5.9 million settlement for a wrongful death claim with Garner's family (Goodman 2015).

Garner's death, in addition to subsequent police killings of Freddie Gray (Baltimore), Michael Brown (Ferguson), and Walter Scott (North Charleston) led to more than 50 rallies calling for greater scrutiny of law enforcement treatment of black men and played a role in motivating the national Black Lives Matter movement. As more information was released about Garner's death, a series of errors and abuse by NYPD were discovered (Baker et al. 2015). His death led to further allegations of excessive force within the NYPD and other departments in Seattle, New Orleans, Portland, Newark, Albuquerque, and others (Natarajan 2014). In response to the policy and public pressure, the NYPD created a new unit titled the Force Investigation Division that will investigate future fatal encounters with police. It still refuses to release its investigative file on Eric Garner despite legal requests by the Civilian Complaint Review Board (Baker et al. 2015).

## New Jersey

New Jersey was the first state where race-based arrests and searches were considered crimes (Ludwig 2003). An American Civil Liberties Union (ACLU) study of four New Jersey cities (Jersey City, Elizabeth, New Brunswick, and Millville) from 2005 to 2013 found that blacks were two to ten times more likely to be arrested for petty crimes such as marijuana possession, disorderly conduct, defiant trespass, and loitering than white offenders. Data from Jersey City showed the greatest disparity; black residents were five times as likely to be arrested on average than white residents with the gap growing to ten times as likely by 2013. Two of New Jersey's law enforcement agencies have been under federal oversight and monitored by the DOJ for discriminatory policing, and a separate ACLU report found stop and frisk in Newark disproportionately targeted residents of color (Sullivan 2015; ACLU-New Jersey 2015).

To improve data limitations, the ACLU's 2015 report recommends New Jersey and other police departments to keep arrest data in an accessible and reliable format, report data for low-level offenses, and report data on stop and frisk searches of pedestrians and vehicles. It also

supports developing enforceable racial profiling laws such as New York City's where protected categories of persons include age, gender, gender identity or expression, sexual orientation, immigration status, disability, and housing status. Finally, the report recommends independent oversight of police enforcement agencies and creating a body such as a Civilian Complaint Review Board (CCRB) to examine allegations of officer misconduct and an Inspector General Office (IG) for monitoring of police policies (*Selective Policing–racially Disparate Enforcement* 2015).

## Maryland

Law enforcement agencies in Maryland are required to have policies prohibiting racial and ethnic profiling. In August 2015, Maryland became the first state to expand on these policies in response to new profiling policies announced by the DOJ. The new guidelines do not allow officers to profile suspects on characteristics including race, ethnicity, national origin, identity, disability, religion, and sexual orientation (Stolberg 2015). The Attorney General's memorandum on the new policies prohibits any profiling while "conducting routine police activity," and these personal characteristics may only be considered if officers have "credible information" that the characteristics are "directly relevant" to a criminal investigation. Maryland's actions have been praised by civil rights advocates such as ACLU Maryland, and the Center on Race, Crime, and Justice hopes other states follow the lead (Stolberg 2015).

## Los Angeles Police Department (LAPD)

Department rules prohibit officers from using "race, color, ethnicity or national origin, gender, gender identity, gender expression, sexual orientation or disability. . .in conducting stops or detentions" unless the stop is required for a specific investigation. Stops should "be unbiased and based on legitimate, articulable facts, consistent with the standards of reasonable suspicion or probable cause. . ." (Banks 2015). A 2008 study of LAPD data showed blacks were stopped, frisked, searched, and arrested at significantly higher rates than whites, controlling for residence in areas with high crime (Christensen and Hamilton 2015). Of the 1,356 complaints of racial profiling from 2012 to 2014 against the LAPD, none were considered valid by the department (Garza 2015; Mather 2015; Inspector General, Police Commissioner 2015).

President Matt Johnson of the Police Commission, a civilian oversight group for the LAPD, commented, "I don't think anybody believes there are actually no incidents of biased policing" (Banks 2015). Commissioner Robert Saltzman stated, "While no doubt the vast majority of LAPD officers do not engage in biased policing, it strains credibility to suggest that. . .there were zero instances of biased policing. It should not be surprising that there is diminished trust in the LAPD given these results" (Mather 2015). Craig Lally, LAPD union chief, views the problem in a different way than the Police Commission. He said, "Whether it's their belief or their impression, I can't change that. I feel sorry for those people who got stopped 20, 30 years ago and it probably was racial profiling. . .Bu I would guarantee that stuff isn't going on now. . .Unless you get in the head of the officer who does the stop, how are you going to prove what the reason is?" (Banks 2015).

In Los Angeles, as in many other cities, the civilian oversight authorities are advocating for officers to wear body cameras and attend implicit bias training. Professor Melina Abdullah of California State-Los Angeles commented, "This will provide additional data. If I were law enforcement I'd think of it as an opportunity to demonstrate that I wasn't racially profiling, that we have a fair and equitable system. The resistance to it signals to me and many others that there is a lot of racial profiling going on" (Christensen and Hamilton 2015). Police Commissioner Johnson hopes the number of racial profiling complaints will decrease once this occurs. Union chief Lally

disagrees, "Everybody thinks 'you've just got to train those guys better. . .. Police officers come from the pool of citizens. . . They've got these perceived biases locked in. You think they go to an 8-h training and it's going to be cured? . . . You've got to do that when they're 5 or 6 years old. We're not robots, we're human beings" (Banks 2015).

In October of 2015, Governor Jerry Brown signed AB 953 requiring law enforcement to provide data on demographics from all civilian interactions. For anyone stopped, officers have to include "perceived" race and ethnicity, the reason the individual was stopped, and whether the officer made an arrest (Christensen and Hamilton 2015). President of the Long Beach Police Officers Association, one of many law enforcement organizations that had requested a veto of the legislation, responded to the bill's passage saying, "There is no racial profiling. There just isn't. There is criminal profiling that exists" (Garza 2015; Christensen and Hamilton 2015).

## Oklahoma

Oklahoma state law classifies racial profiling as a misdemeanor and defines it as "the detention, interdiction or other disparate treatment of an individual solely on the basis of the racial or ethnic status of such individuals" (Adcock and Robson 2015). Over 4 years, the state's two largest police departments received 62 complaints against police officers for racial profiling. None of these allegations were substantiated by investigators. William Citty, Oklahoma City Police Department Chief, explained, "Bias-based complaints are difficult to prove. Most of them are merely 'the officer stopped me because of my race.' Unless the officer says something to the complainant to indicate the stop is racially motivated, then they are hard to prove, because the officer will usually have a justified legal reason for the contact" (Adcock and Robson 2015). The police chief is hoping body cameras and new technologies will help reduce the number of bias complaints.

## Border Profiling

Jurisdiction of federal agents in US Customs and Border Control is within 100 miles of the national border including coastlines and/or "vicinity of the border" which could be different than the 100 miles depending on the agency's interpretation (Lind 2014). Agents have the authority to search at and between ports of entry, to interrogate, and to arrest for immigration or non-immigration offenses (American Immigration Council 2012). A 2000 Ninth Circuit Court of Appeals opinion banned racial profiling by border agents in California and Arizona (Weinstein 2000). The extent to which this ban is being followed is strongly debated.

In Texas, data from DPS troopers found that Hispanic drivers were 33% more likely to be stopped than Caucasians and much less likely to have any drugs, weapons, or illegal currency on them (Casares 2015). Representative Beto O'Rourke (D-Texas) criticized racial profiling at the border saying, "How can race help a Border Patrol agent or customs officer do a better job in a city like El Paso, where 85% of the people are Hispanic?" American Civil Liberties Union Director Cecillia Wang stated that though these border stops may be brief, they are disruptive and intrusive in the lives of citizens in the area. She argues, "For people who live in these border communities, you're going to get stopped all the time. It's not a minimal intrusion to have Border Patrol stopping you constantly, when you're trying to drop your kids off at the pool, or go to work, or go to the grocery store, or whatnot" (Lind 2014).

In late 2014, the Obama administration announced its intent to issue rules and limit the use of relying on broad stereotypes for racial and ethnic profiling while still allowing federal agents to consider race and ethnicity in stops at airports, borders, or immigration checkpoints. They will expand the definition of racial profiling, adding religion, national origin, gender, sexual orientation, and gender identity. Law enforcement will not be allowed to consider these factors or race

when pursuing criminal investigations or routine immigration cases. The administration also proposes to remove the national security exemption for using these factors, as advocated by now-former Attorney General Eric Holder (Apuzzo and Schmidt 2014).

The proposed changes received resistance from the Department of Homeland Security (DHS) who argued these factors were important to consider when searching for illegal immigrants and border enforcement. A DHS official commented, "The immigration investigators have said, 'We can't do our job without taking ethnicity into account. We are very dependent on that.' They want to have the least amount of restrictions holding them back" (Apuzzo and Schmidt 2014).

## Midwest United States Case Studies: Milwaukee, Chicago, and Cleveland

The 1994 Violent Crime and Law Enforcement Act authorized the DOJ to investigate entire law enforcement agencies in situations with excessive force or racial profiling (Childress 2015; Frontline 2016). This statute has led to investigations in Maryland, Ohio, and Missouri, with departments in Cleveland, Miami, and New York coming under investigation twice. Excessive force has been the most common complaint, followed by discriminatory policing. For these investigations, the DOJ can threaten a lawsuit unless the police department agrees to implement reforms. The strongest agreement and one advocated by the Obama administration is the consent decree: a binding agreement enforceable in federal court and often with independent monitoring and oversight. Detroit, Seattle, Cleveland, and Albuquerque police departments have all made recent agreements with the DOJ (Childress 2015; Frontline 2016).

One example of a reform is found in Milwaukee. The DOJ's Community Oriented Policing Services (COPS) and Milwaukee Police Department (MPD) announced plans for a "collaborative reform initiative" in December 2015. This program will evaluate the MPD's policies, practices, and accountability systems over 18 months and then present a public report with recommendations for changes. The DOJ hopes this independent evaluation will help reform the law enforcement agency and local politicians. Milwaukee Democrat Rep. Gwen Moore expressed her support,

> I am encouraged by Milwaukee Police Chief Edward Flynn's decision to request this investigation and I am hopeful that the recommendations made by the U.S. Department of Justice will help the Milwaukee Police Department better serve our community. Given the number of high profile incidences in my district, including the deaths of Dontre Hamilton and Derek Williams, change in our current system is long overdue. We must do everything we can to strengthen the relationship between the citizens of Milwaukee and those who have sworn to protect them. (Wisconsin Gazette 2015)

Chicago's situation differs. Following several high-profile police shootings of unarmed black men in October 2014, and contradictory reports from law enforcement, Attorney General Loretta Lynch announced a DOJ investigation of the Chicago Police Department (CPD) in December 2015 (Frontline 2016). The investigation will look for unconstitutional policing by CPD officers, specifically use-of-force violations (including deadly force) and disparities in treatment based on race and ethnicity (Childress 2015).

In Cleveland, there were a series of use-of-force events with the Cleveland Police Department that led to the DOJ opening an investigation on March 14, 2013 into allegations of excessive force and discriminatory policing (Frontline 2016). State Attorney General Mike DeWine referred to an investigation into one of the incidents as "a systemic failure. . .[where] the system failed." In December 2014, the DOJ's report found the public's concerns were "well-founded," that there was reasonable cause for thinking the department using excessive force and that this excessive force had been used against mentally ill individuals. The DOJ concluded, "The Cleveland Police Department had structural and systemic deficiencies in training, policies,

accountability, and community engagement that contributed to the problem" (Frontline 2016). Mayor Frank Jackson disagreed with the DOJ, but the city entered into a consent decree on May 26, 2015 to appoint a civilian head of Internal Affairs (IA) and create an inspector general with the power to analyze IA cases and investigate department policies.

## Future Steps for Law Enforcement

As Los Angeles and other cities have done, adding antibias programs and body cameras may help improve relations between officers and civilians by training the officers about their potential biases and providing visual documentation of encounters. After a trial run of a few months in Los Angeles, civilian Police Commission President Johnson said over 90% of officers and civilians were satisfied. "The officers sincerely believe: I was not acting in a biased way.' The community says: 'I have a better understanding of the officer's perspective.' Then there's a lot of 'I see how I could have done things differently' on both sides. I think that's better than any training we've got" (Banks 2015).

## Conclusion

Local, state, and federal reforms are necessary to address the problem of racial profiling by law enforcement. As the NIJ argues, racial issues with policing cannot be solved by the police alone (National Institute of Justice 2015). Societal challenges of economic and social conditions of unemployment, poverty, housing segregation, inadequate health care, homelessness, and poorly financed public services must also improve. With citizens and policy leaders working to better their communities and law enforcement seeking to reform its tactics, police departments and citizens have the potential for improved relationships with less dangerous confrontations that put everyone at risk.

## Cross-References

▶ Ethics and Policing

## References

Adcock C, Robson N (2015) Oklahoma watch: police find no proof of racial profiling in all reported cases. Retrieved 1 Apr 2016, from http://www.tulsaworld.com/homepagelatest/oklahoma-watch-police-find-no-proof-of-racial-profiling-in/article_d1ee8632-53eb-56be-813e-3d61af0e6dc2.html?mode=print

American Immigration Council (2012) Authority of U.S. Customs and border protection agents: An overview. Retrieved 1 Apr 2016, from http://www.immigrationpolicy.org/just-facts/authority-us-customs-and-border-protection-agents-overview

Apuzzo M, Schmidt MS (2014) U.S. to continue racial, ethnic profiling in border policy. New York Times, Politics. Retrieved 15 Apr 2016 from http://www.nytimes.com/2014/12/06/us/politics/obama-to-impose-racial-profiling-curbs-with-exceptions.html

Baker A, Goodman JD, Mueller B (2015) Beyond the chokehold: the path to Eric Garner's death. New York Times, N.Y./Region. Retrieved 11 Apr 2016 from http://www.nytimes.com/2015/06/14/nyregion/eric-garner-police-chokehold-staten-island.html

Banks S (2015) Taking bias out of policing is a tall order, but here are some starting points. Los Angeles Times, Local/California. Retrieved 1 Apr 2016 from http://www.latimes.com/local/california/la-me-banks-lapd-bias-20151219-column.html

Bolten KA (2015) NAACP pursues racial profiling ban in Iowa. Retrieved 1 Apr 2016, from http://www.desmoinesregister.com/story/news/politics/2015/12/07/racial-profiling-naacp-iowa-legislature/76795108/

Casares C (2015) Study shows Texas DPS searches more Latinos with less results than whites. Retrieved 1 Apr 2016, from http://www.latina.com/lifestyle/our-issues/texas-police-search-latinos?page=1

Childress S (2015) Inside 20 years of federal police probes. Retrieved 1 Apr 2016, from http://www.pbs.org/wgbh/frontline/article/inside-20-years-of-federal-police-probes/

Christensen K, Hamilton M (2015) California's racial profiling law is 'terrible' legislation, police officials say. Los Angeles Times, Local/Crime & Courts. Retrieved 24 Mar 2016 from http://www.latimes.com/local/crime/la-me-brown-reax-20151005-story.html

Department of Justice (2003) Fact sheet racial profiling. Retrieved 11 Mar 2016 from https://www.justice.gov/archive/opa/pr/2003/June/racial_profiling_fact_sheet.pdf

Dunn C (2015) Shopping while black: America's retailers know they have a racial profiling problem. Now what?

L

Retrieved 1 Apr 2016, from http://www.ibtimes.com/shopping-while-black-americas-retailers-know-they-have-racial-profiling-problem-now-2222778

Frontline (2016) Fixing the force. Retrieved 1 Apr 2016, from http://apps.frontline.org/fixingtheforce/

Garza F (2015) Los Angeles police investigated and dismissed all 1,356 racial profiling complaints against its officers. Retrieved 1 Apr 2016, from http://qz.com/576624/los-angeles-police-investigated-and-dismissed-all-1356-racial-profiling-complaints-against-its-officers/

Goodman JD (2015) Eric Garner case is settled by New York City for $5.9 million. New York Times, N.Y./Region. Retrieved 2 Mar 2016, from http://www.nytimes.com/2015/07/14/nyregion/eric-garner-case-is-settled-by-new-york-city-for-5-9-million.html?_r=0

Horowitz J (2007) Making every encounter count: building trust and confidence in the police. NIJ J 256, NCJ 216524. http://www.nij.gov/journals/256/pages/building-trust.aspx

Horowitz E (2015) A look at racial profiling. Retrieved 1 Apr 2016, from https://www.bostonglobe.com/metro/2015/11/01/what-are-arguments-for-and-against-racial-profiling/F0DlnqVZk7aUXolRuHc0LJ/story.html

Inspector General, Police Commissioner (2015) Review of biased policing complaints. Los Angeles http://www.lapdpolicecom.lacity.org/121515/BPC_15-0055A.pdf

Legal Equalizer (2016) Homepage. Retrieved 1 Apr 2016, from http://www.legaleqapp.com

Lind D (2014) Feds: racial profiling is bad. . .except at airports and the border. Retrieved 11 Apr 2016, from http://www.vox.com/2014/12/8/7351285/racial-profiling

Lowery W (2015) A disproportionate number of black victims in fatal traffic stops. Washington Post. Retrieved 13 Apr 2016, from https://www.washingtonpost.com/national/a-disproportionate-number-of-black-victims-in-fatal-traffic-stops/2015/12/24/c29717e2-a344-11e5-9c4e-be37f66848bb_story.html

Ludwig J (2003) Americans see racial profiling as widespread. Retrieved 1 Apr 2016, from http://www.gallup.com/poll/8389/Americans-See-Racial-Profiling-Widespread.aspx?g_source=racial%20profiling&g_medium=search&g_campaign=tiles

Mather K (2015) LAPD found no bias in all 1,356 complaints filed against officers. Los Angeles Times, Local/L.A. Now. Retrieved 1 Mar 2016, from http://www.latimes.com/local/lanow/la-me-ln-lapd-biased-policing-report-20151215-story.html

Morrison A (2015) Racial profiling laws: most US residents want a ban on biased policing; Will federal government prohibit practice? Retrieved 1 Apr 2016, from http://www.ibtimes.com/racial-profiling-laws-most-us-residents-want-ban-biased-policing-will-federal-2156562

Natarajan R (2014) Racial profiling has destroyed public trust in police. Cops are exploiting our weak laws against it. Washington Post. Retrieved 2 Mar 2016, from https://www.washingtonpost.com/posteverything/wp/2014/12/15/racial-profiling-has-destroyed-public-trust-in-police-cops-are-exploiting-our-weak-laws-against-it/

National Institute of Justice (2013a) Race, trust, and police legitimacy. Retrieved 21 Apr 2016, from http://www.nij.gov/topics/law-enforcement/legitimacy/pages/welcome.aspx

National Institute of Justice (2013b) Racial profiling and traffic stops. Retrieved 11 Apr 2016, from http://www.nij.gov/topics/law-enforcement/legitimacy/pages/traffic-stops.aspx

National Institute of Justice (2014) Perceptions of treatment by police. Retrieved 1 Apr 2016, from http://www.nij.gov/topics/law-enforcement/legitimacy/Pages/perceptions.aspx

National Institute of Justice (2015) Race and policing: An agenda for action (DH Bayley, MA Davis, RL Davis, Authors). Retrieved 28 Feb 2016, from https://www.ncjrs.gov/pdffiles1/nij/248624.pdf

New York Police Department (2016) The stop, question, and frisk data. Retrieved 15 Apr 2016, from http://www.nyc.gov/html/nypd/html/analysis_and_planning/stop_question_and_frisk_report.shtml

Parascandola R (2016) Stop-and-frisk forms would require more detailed explanations from NYPD officers. Daily News, New York. Retrieved 31 Mar 2016, from http://www.nydailynews.com/new-york/stop-and-frisk-forms-require-details-nypd-article-1.2574886

Selective Policing–racially disparate enforcement of low-level offenses in New Jersey (American Civil Liberties Union of New Jersey, Comp.) (2015) Retrieved 22 Mar 2016, from https://www.aclu-nj.org/files/7214/5070/6701/2015_12_21_aclunj_select_enf.pdf

Staples GB (2015) Racial profiling? There's an app for that. Atlanta Journal-Constitution, Lifestyles. Retrieved 4 Mar 2016, from http://www.myajc.com/news/lifestyles/racial-profiling-theres-a-app-for-that/npk5S/

Stolberg SG (2015) Maryland restricts racial profiling in new guidelines for law enforcement. New York Times, U.S. Retrieved 7 Mar 2016, from http://www.nytimes.com/2015/08/26/us/maryland-restricts-racial-profiling-in-new-guidelines-for-law-enforcement.html?_r=0

Sullivan SP (2015) 'Extreme' racial disparity in local N.J. arrests, ACLU report finds. Retrieved 17 Apr 2016, from http://www.nj.com/news/index.ssf/2015/12/aclu_report_finds_extreme_racial_disparity_in_nj_a.html

Washington Post (2016) 2016 database. Retrieved 19 Apr 2016, from https://www.washingtonpost.com/graphics/national/police-shootings/?tid=a_inl

Weinstein H (2000) Court bars border stops based on ethnicity. Los Angeles Times, Suits. Retrieved 24 Feb 2016, from http://articles.latimes.com/2000/apr/12/news/mn-18569

Wisconsin Gazette (2015) Justice Department announces Milwaukee Police Department review. Wisconsin Gazette. Retrieved 11 Feb 2016, from http://wisconsingazette.com/2015/12/18/justice-department-announces-milwaukee-police-dept-review/

# Lawmaking and Public Administration

Edward J. Miller
University of Wisconsin-Stevens Point, Stevens Point, WI, USA

## Synonyms

Implementation; Legislative-executive relations; Oversight

## Definition

Administrative discretion: flexibility that administrators have in carrying out a law.

Implementation: applying laws that have been enacted by the legislature.

Legislative veto: where the legislature gives an agency discretion to enact rules, but before they go into effect the legislature retains the power to halt their implementation.

Oversight: supervision and review by a legislature of the executive, including administrative agencies, and the court system.

Presentment clause: constitutional requirement that all bills and resolutions be signed by the president.

Signing statements: remarks made by the president when signing a bill as to how the law will be interpreted. Very controversial during the administration of George W. Bush.

State attorneys general: typically an elected official whose office represents the state in legal actions. Especially controversial in filing suits with other states against private companies and the federal executive.

## Introduction

Lawmakers at all levels of government enact statutes authorizing programs and appropriating funds for their implementation, but it is up to the administrative units in the executive branch to carry out these policies. This relation would seem to be straightforward, but enacted policies lack the detail necessary to direct implementation completely. Thus, executive agencies promulgate rules, which typically far exceed the number of pages of the law itself. For example, the Affordable Care Act provided incentives for health institutions to create Accountable Care Organizations (ACO), whose purposes are to improve the quality and reduce the cost of health care. To implement the ACO section, the Centers for Medicare and Medicaid Services had to issue rules, which they did in about 600 pages. The question is always raised whether the administrative rules distort the purposes of the original law. A continuing dialogue between lawmakers and administrative personnel occurs on this very point.

## The Legislative Veto as an Attempt to Control Implementation

One way legislators have attempted to control the administration of laws is to incorporate a legislative veto provision in the legislation, which requires rules to be submitted to the legislature or to a committee, allowing the lawmaking body to void the rule before it is implemented (Woods 2015). On the national level, the Supreme Court in the case of *Immigration and Naturalization Service v. Chadha* (1983) required that legislative nullification of rules must be done by a joint resolution, allowing the president to veto the legislative veto, and not by a simple or concurrent resolution, which does not need the president's signature. This complicated matters because if the president vetoed the joint resolution, the Congress would have to override the president's veto by a two-thirds vote. The basis of the Supreme Court's decision is the "presentment clause" of the Constitution, which requires all legislative action to be presented to the president for signature or veto (US Constitution, Art. I, Sec. 7). While some state high courts have similarly ruled against legislative vetoes for their state legislature on the basis of their state constitution, others have not. In Wisconsin, for example, a number of rules must be submitted to the Joint Finance Committee or

the Joint Committee on Employment Relations before their implementation. The committees can decide to nullify the rules.

## Legislative Oversight of Administration

Once rules are promulgated, legislators are vitally interested in their implementation, a legislative function known as oversight (Foreman 1988). The Congress made explicit the importance of oversight when they overhauled the committee system in the Reorganization Act of 1946, when they wrote that committees shall "exercise continuous watchfulness of the execution by administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of such committees." More recent committee reorganizations simply repeated this mandate with greater verbiage. To assist committees in carrying out this function, they not only have their own staff but also rely upon the Government Accountability Office (GAO), the Congressional Research Service (CRS), and the Congressional Budget Office (CBO). It is now typical that enacted legislation includes a provision mandating review of the program by one of these legislative agencies (Mosher 1979).

While not as elaborate as on the federal level, state legislatures have similar agencies, commonly called the legislative reference bureau, the fiscal bureau, and the audit bureau. Typically, less oversight is carried out in the states because most state legislatures remain part-time, even in those states that do not have a constitutional or statutory limit as to the number of days in session. However, even when committees are not engaged in explicit oversight of executive agencies, oversight is still being done as a by-product of considering policy and the budget.

Oversight has multiple purposes as legislatures review the administration of laws. Chief among these is to ensure that executive agencies are carrying out the legislative intent of the enacted policy. Equally important is the effectiveness of the policy in confronting the problem on which it is focused. While radical changes in policy are atypical, legislative review of a law frequently leads to incremental changes to make it more effective and to confront circumstances unforeseen in the original passage of the law. Besides examining whether implementation is meeting the goals of the policy, lawmakers attempt to discern whether the administration of the law is being done efficiently. One possible outcome may be a reorganization of the administrative structure, which could incorporate bringing in an outside consulting group. One example is when a state is considering transforming its employees' health insurance from private insurance companies to a self-insured system, paralleling the trend of larger private companies, the legislature will call for a private consulting group to assess the actuarial soundness of such a move and to suggest alternative administrative arrangements. Additionally, legislatures will investigate executive agencies for unacceptable bureaucratic behavior such as corruption and conflicts of interest. Overall, oversight allows lawmakers to provide discretion to administrative agencies without enacting overly detailed and controlling legislation but ultimately maintaining control over policy (Aberbach 1990; Huber and Shipan 2002).

While oversight is important, there are significant disincentives to carrying it out. First is the time needed to do oversight. While members of the Congress do have more time than state legislators, they still find it difficult to incorporate it in their routines. Most importantly, lawmakers may have established relations with personnel in administrative agencies that benefit them in affecting policy in their districts and in their effort to help their constituents with problems that they are having with administrative agencies (casework). A particular disincentive is when the president or governor is of the same party as the legislative majority. There are both political pressure from the administration for lawmakers to keep their hands off of their actions and a desire not to embarrass their party, which could have major ramification in a competitive party environment (Scher 1963; Ogul 1976).

On the other hand, lawmakers are more likely to engage in oversight when the legislative majority is of a different party from that of the chief executive. The Congress's extensive investigation of the State Department's role in preventing and

responding to the attack on the consulate in Benghazi, Libya, where several foreign service offices and the US ambassador to Libya were killed, is an extreme example of what can occur under a divided control situation. Another circumstance often leading to oversight is when the administration makes a significant change in the interpretation of a law. Thus, when the George H. W. Bush administration attempted in 1990 to declare minority scholarships as discriminatory, a congressional committee held hearings on that policy change, ultimately leading to a reversal.

## The Budget: Executive-Legislative Interaction

Of the items considered by the Congress, state legislatures, and local councils, the budget is among the most important. The funding level for various programs determines the extent to which they will be carried out (Kettl and Fesler 2009). To halt a program, lawmakers may provide zero funding, which would leave the law on the books but halt the program. While the budget typically focuses on funding, legislators may also direct agencies in their carrying out of policy by incorporating substantive language in the budget document. Legislators, elected by the people, do this to effectuate their conception of the program rather than the way the administration sees it. On the national level, the president can only veto the entire budget to avoid having provisions put into law. Thus, to negate the provision that money allocated cannot be spent for Planned Parenthood, President Barack Obama had to veto the entire appropriation. Most governors have a bit more flexibility than the president because of their power of the line-item veto, which still would require them to negative an entire section. Only Wisconsin gives its governor more power with its "partial veto" where the governor can make major changes in bills passed. In Wisconsin, this is enhanced by the inclusion of most of the governor's substantive programs in the budget itself. Most other states restrict the budget to financial matters with the governor submitting recommended legislation with individual bills.

## Administrative Discretion and Lawmaking

A continuing tension between lawmakers and the administration is whether the executive is overstepping that which is authorized by the legislature (Ethridge 1985). Republicans in the Congress have charged President Barack Obama with exceeding his authority in administering the Affordable Care Act, in deferring prosecution for certain groups of undocumented immigrants (particularly those brought to the USA as children by their parents) and in setting carbon emission rules for power plants. Besides holding numerous hearings on these issues, members of the Congress along with several Republican state attorneys general have filed legal action against the administration in the hopes that the courts will stop the executive action, ruling that the administration exceeded its authority.

The height of executive action, ignoring the will of the Congress, occurred during President George W. Bush's administration. Bush extensively used "signing statements," which are proclamations made at the time he signed a bill giving his interpretation of the legislation and stating which parts the administration would not enforce. The theory the Bush administration used to justify their actions was that the president had vast powers to do what he feels as necessary within the strictures of the Constitution, known as the "unitary theory of presidential power." The American Bar Association issued a report in 2006 declaring that signing statements were unconstitutional and a violation of executive power.

Beyond these noteworthy instances, bureaucracy exercises discretion every day in promulgating rules, typically following procedural safeguards which for the national government are laid out in the Administrative Procedure Act, and in carrying out their duty. Police, for example, do not carry out all laws to the letter and exercise enforcement discretion. Law enforcement may decide not to arrest all drug users if they see it more important to get information to arrest the drug dealers. Similarly, President Obama invoked prosecutorial discretion in deciding which undocumented immigrants were to be held for

deportation. Given the funding and personnel levels, it is clear that the USA could not deport all 11–12 million undocumented immigrants. Therefore, he decided that those brought here as children and their parents, if they had not committed a crime, would have prosecution of them deferred and that they would be allowed to work in the USA legally. However, Obama believed that his discretion did not extend to giving these individuals permanent residency, i.e., a "green card," which only the Congress could do by legislation.

## Implementation

The connection between an enacted law and its implementation by an administrative agency may be weak. The complex relationship can be partially explained by focusing on several critical factors. First, a new policy must be communicated accurately and clearly to bureaucrats. Complex policies, vague or nonspecific authorization language, and poor hierarchical communications within an administrative agency are all reasons for communication failure that would impact implementation. Additionally, administrative agencies must have sufficient resources to implement policy. The lack of expertise, staff, facilities, or authority is a resource factor that inhibit transforming legislative enactments into implemented policy. An agency's personnel's opposition to the policy and their need to attend to multiple priorities could be a wall inhibiting implementation. Likewise, the organizational structure of agencies, including bureaucratic fragmentation, routinization, and even merit system insulation could be roadblocks to full implementation. It may be difficult for higher-level supervisors to get street-level bureaucrats to carry out policy as intended by policy-makers (Edwards 1980).

A particular complex set of implementation challenges occurs when a policy involves more than one level of government. Federal goals may run into state and local values. Many federal programs, such as Medicaid, highways, and child nutrition, are administered by state and local governments (Kettl and Fesler 2009). While there are federal regulations, mandates, and guidelines, each state and local government will carry out the program a bit differently. The national government may only exercise weak controls over implementation. Often states will request specific deviations from federal rules, known as "waivers." These could distort the policy that lawmakers intended. This is the situation in several states, e.g., Indiana, with the Medicaid expansion under the Affordable Care Act. The connection between policy and implementation could be furthered muddled when implementation is farmed out to private contractors, a common occurrence.

## Conclusion

Government policy is enacted by the representative body, be it the Congress, state legislatures, city councils, or other, often elected, boards (e.g., school boards). However, policy is not self-implementing, leading to the importance of administrative bodies in determining what is actually done. These organizations decide on rules, providing the detail of implementation, and have a significant degree of discretion. Born of these twin functions are interactions between the rule makers and rule implementers, which often is a government agency but could be a private profit or nonprofit firm that has been contracted by government to carry out legislative policy and often to provide the service. When implementation does not conform to what policy-makers perceive as their intent, when it results in inefficiencies or corruption, and when outcomes do not match policy goals, conflicts arise between legislators and implementers.

## Cross-References


- ▶ Administrative Discretion
- ▶ Impact of Law on Public Administration
- ▶ Legislative Power
- ▶ Legislative Veto

## References

Aberbach JD (1990) Keeping a watchful eye. The Brooking Institution, Washington, DC
Edwards G (1980) Implementing public policy. CQ Press, Washington, DC
Ethridge ME (1985) Legislative participation in implementation: policy through politics. Praeger, New York
Foreman C (1988) Signals from the hill: congressional oversight and the challenge of social regulation. Yale University Press, New Haven
Huber J, Shipan CR (2002) Deliberate discretion: the institutional foundations of bureaucratic autonomy. Cambridge University Press, New York
Kettl D, Fesler JW (2009) The politics of the administrative process. CQ Press, Washington, DC
Mosher F (1979) The GAO: the quest for accountability in American government. Westview Press, Boulder
Ogul M (1976) Congress oversees the bureaucracy. University of Pittsburgh Press, Pittsburgh
Scher S (1963) Conditions for legislative control. J Polit 25:526–561
Woods ND (2015) Separation of powers and the politics of administrative rule review. State Polit Policy Q 15:345–363

# Laws and Crisis Management

Saptarishi Bandopadhyay
Osgoode Hall Law School, York University, Toronto, ON, Canada

## Synonyms

Disaster management cycle; Economic development; Risk management

## Definition

Law denotes a regime of agreed-upon rules and regulations that guide personal and societal behavior in specific instances. Laws are passed by legislative bodies at various levels of national and international governance. Crisis management occurs when an unexpected negative event impacts a community, and societal entities such as governments, businesses, and nonprofit organizations intervene to save lives, prevent further damage, and initiate recovery actions.

## Introduction

Disaster management may be sketched as an emerging body of rules, governmental and intergovernmental institutions, knowledge domains, and expert practices directed at securing society against the risk and occurrence of social disorder not directly associated with armed conflict. For the most part, the process of disaster management unfolds through strategies of technocratic regulation, and the calculations of experts spread across disparate fields of specialization (including the social and natural sciences as well as professional fields such as law, engineering, medicine, and so on). The rules, governmental/intergovernmental institutions, and expertise constituting disaster management concern themselves with emergency response, disaster preparedness (i.e., precautionary and preventive functions) and post-disaster relief and reconstruction (i.e., remedial functions).

The primary goal of legal regulation within this field is to target deep vulnerabilities in society, the continued presence of which would make the occurrence or recurrence of disasters inevitable. This holistic approach to disasters began with the insight that there is no such thing as a purely "natural" disaster (Bankoff 2010); while "hazards" may be unforeseen and natural, "disasters" are the result of preexisting and detectable background vulnerabilities within a given society ranging from endemic poverty and malnutrition to inadequate infrastructure, political corruption, technological failure, and the lack of social safety nets.

Starting in the 1980s, international institutions such as the United Nations and the Red Cross globalized this holistic approach to disasters by placing preparedness (or anticipatory disaster risk governance) (United Nations 2011) and economic development at the heart of disaster management best practices (United Nations 1987, 1989). The resulting approach is often conveyed through the image of the "disaster management cycle" which consists (with some semantic variations) of the successive stages of preparedness, relief, and rescue, followed by reconstruction, development, and mitigation (in turn, flowing back into the

preparedness phase). The relative success or failure of a society at each stage of the disaster cycle is described in terms of said society's "vulnerability" (or *at-riskness*) or as a measure of its "resilience," usually defined by adaptation and economic growth. Under this scheme, disasters may be said to occur when a hazard overwhelms the response capability of a society and causes "a serious disruption" of its everyday functioning (United Nations 2009). Detailed analyses of emergency management cycles may be found in other entries in this volume (for instance, "Disaster Response," "National Incident Management System," and "Natural Disaster Management"), and key terms are elaborated in "Crisis, Emergency, Disaster, and Catastrophe Defined."

## Law as a Background Condition of Disasters and Their Management

The perennial and holistic approach to disasters underscores the role of law in disaster management particularly in relation to economic development and risk regulation. The success of each stage of the disaster management cycle, for instance, is underwritten by a variety of legal rules, principles, and practices straddling multiple fields of legal expertise such as environmental regulations, human rights and humanitarian law, tort law, insurance law, administrative law, as well as codes and regulations related to property, housing, food, and healthcare, to name but a few. These well-established fields, in turn, implicate a wider range of issues located at the nexus of law and technology and law and society. Legal rules, regulations, and practices shape the crucible within which social life, with its myriad conveniences and injustices, prevails; the legal system not only empowers people and affords their rights and capabilities but can also disempower them by deepening existing social hierarchies and related inequalities. The most mundane functions of law intimately curate the everyday experiences and expectations of people in a given society, and, as such, they serve as both constitutive and remedial mechanisms. Of course, law is not the only frame of reference through which disasters are understood and responded to. But even other interpretive contexts such as class, culture, and political economy interface with the law because the work of disaster management is inevitably tied to notions of necessity, justice, foreseeability/responsibility, sustainability, and morality. The centrality of legal regulation to the process of disaster management has even inspired some scholars to define disasters in terms of the kinds of governmental responses and legal tools these situations demand, namely, those identified in the disaster cycle model (Farber et al. 2010).

The occurrence of a disaster not only tests the existing legal regime, laying bare its strengths, deficiencies, and ideological underpinnings, but in many cases may be directly or indirectly caused by the regime itself (Lazarus 2007). The problem is compounded because disaster management implicates a multitude of legal regimes, each with its own specialized practice, culture, biases, agendas, and informational limitations; as such, any given legal regime may fail to appreciate the dangers of advanced, interconnected technologies, be hamstrung by political and legislative rigmarole, be controlled by influential (private) actors, or be mired in confusion regarding the distribution of responsibilities. While some scholars argue that such a complex situation could benefit from a specialized field of "disaster management law," there is little consensus on the issue.

The emergence of a legal regime dedicated to disaster management is further troubled by jurisdictional concerns. Since disasters often have transboundary causes (e.g., pollution) and impacts (affecting more than one community, state, or country), since the mid-1980s, there has been a concerted effort by intergovernmental institutions to standardize disaster management practices across the world. At the same time, the transboundary nature of disasters has highlighted a significant tension between the formal role of sovereign governments as the primary guardians of their respective societies (United Nations 1987, 2011) and the actual ability of such local authorities to prevent the occurrence of a disaster and its impact across territorial borders. Nevertheless, governments continue to be the primary sponsors

of such efforts, and the sovereign state remains the centerpiece of a growing framework of multilateral treaties and international legal principles and practices on the subject.

## The International Legal Regime

During the late nineteenth century, the Red Cross was one of the first institutions to attempt to develop an international legal regime of disaster management. In the aftermath of World War II, states began to develop bilateral and eventually multilateral agreements to coordinate relief and rescue efforts between themselves. During the 1960s, the United Nations served as a clearing house through which member states could make and offer disaster relief and aid. These efforts, however, were largely ad hoc and usually only activated upon the occurrence of disaster. The contemporary model of international disaster management (deploying a perennial and holistic approach) gained traction during the 1990s under the leadership of the United Nations which declared this period as the "International Decade for Natural Disaster Reduction." As part of this effort, the United Nations established the Office for the Coordination of Humanitarian Affairs and a number of subordinate committees and agencies, while the Red Cross and other non-governmental institutions promoted the Sphere Project dedicated to standardizing international relief efforts across the world.

Over the next two decades, a variety of general and specialized treaties have emerged tying states in an expanding web of aspirations and obligations related to various factors that contribute to the occurrence and prevention of disasters including law reform, economic development, sustainability, and climate change (United Nations 2005, 2015). There have also been efforts to supplement these formal agreements by elevating the legal character of some norms, such as the "responsibility to protect" (drawn from international criminal law targeting large-scale massacres), so they may be binding on all states irrespective of their consent (ICISS 2001); a breach of these obligations could offer a justification for humanitarian intervention. However, states have been reluctant to allow what could prove an untenable restriction on their sovereignty, and the legality of military intervention remains controversial.

A parallel strain of efforts, for instance, the Red Cross' "International Disaster Response Laws, Rules and Principles" (IDRL), is directed at offering technical assistance to sovereign governments and encouraging them to bring national and local preparedness and response capacities in line with international best practices. States amenable to this approach generally promulgate a comprehensive legislation on disaster management and establish a central (public) agency to coordinate relief and reconstruction operations across governance sectors. This approach is also commonly accompanied by the implementation of an array of legislative changes and the lowering of regulatory barriers related to property rights, travel visas, and work permits, as well as taxes, duties, and customs clearances to facilitate international aid and relief efforts in the aftermath of disasters (Red Cross 2010).

In the recent decades, the uptake of international standards at the national level has been matched by the harmonization of disaster mitigation efforts at the regional level, including interstate institutions across the Caribbean and Latin America, the Middle East and North Africa, as well as South and Southeast Asia. These alliances have promoted the further standardization of legal rules relevant to disaster management: for instance, following the 2004 Indian Ocean tsunami, the Association of Southeast Asian Nations (ASEAN) adopted a pioneering Agreement on Disaster Management and Emergency Response, spurring a trend which has produced a number of similar accords, and most recently the 2016 Doha Declaration on Strengthening Disaster Law Frameworks in the Middle East and North Africa. These accords generally adapt IDRL guidelines to local and regional needs and constraints. Each such agreement is designed to establish as a cooperation and knowledge-sharing framework for member states covering issues such as risk identification and mitigation, research and development of early warning mechanisms, preparedness and response strategies and protocols, as well as post-disaster aid and rehabilitation.

In addition, international financial institutions such as the World Bank and the International Monetary Fund (IMF) and a multitude of non-governmental organizations have emerged to enact globalizing best practices through myriad education and awareness campaigns. Unsurprisingly, the legal regime(s) addressing disaster management at the international level remains diffuse in character to the extent that the Red Cross has described it as "the world's largest unregulated industry" (Red Cross 2005, p. 93). This diffuse but globalizing character has, in turn, raised a variety of ethical concerns and the consequent development of "codes of conduct" and "minimum standards" that foreign aid workers and United Nations Peacekeeping Forces must meet in order to ensure that local stakeholders are not displaced or overrun by their presence on the ground. Nevertheless, the field of disaster management remains rife with controversy (Kennedy 2005): recipient states and their people often suspect international interventions of pseudo-colonialism and accuse them of facilitating the economic capture of new markets by (private) transnational corporations; international institutions, on the other hand, have criticized sovereign governments of corruption and resource mismanagement, of being resistant to best practices, and for their reticence in loosening legal regulations and bureaucratic procedures. As a senior official at the United Nations Office of Legal Affairs has noted, there is "a significant undertow of skepticism among the intended recipients of legal rules [related to Disaster Management]" and further that it is "unusual to find such a level of antipathy so early in the. . .development of legal rules on a topic" (Pronto 2008–2009, p. 454).

## Conclusion

The relationship between law and disaster management, within states and internationally, is formally complex and mediated by a universe of extralegal factors ranging from geography and climate to culture and political economy. At the heart of the controversies surrounding this relationship is the issue of identifying what constitutes a disaster – a question that cannot be answered without engaging equally nebulous (and often politically dangerous) questions related to causation, capabilities, and responsibility. The law produces and curates the conditions under which these questions are asked, and, as such, it plays both constitutive and remedial roles in relation to every stage of disaster management.

## Cross-References


- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Socio-Technological Aspects in Disaster Mitigation


## References


Bankoff G (2010) No such thing as natural disasters: why they are human inventions. Harv Int Rev. http://hir.harvard.edu/no-such-thing-as-natural-disasters. Accessed 20 May 2016

Farber DA et al (2010) Disaster law and policy. Aspen Publishers, New York

ICISS (International Commission on Intervention and State Sovereignty) (2001) Report: the responsibility to protect. International Development Research Centre, Ottawa. http://www.globalr2p.org/media/files/iciss_report.pdf. Accessed 10 May 2016

International Federation of the Red Cross and Red Crescent Societies (2005) World disasters report. http://www.ifrc.org/Global/Publications/disasters/WDR/69001-WDR2005-english-LR.pdf. Accessed 4 Feb 2016

International Federation of the Red Cross and Red Crescent Societies (2010) Disasters in Asia: the case for legal preparedness. http://www.ifrc.org/Global/Publications/IDRL/reports/IFRC_IDRL_Report_EN.pdf. Accessed 4 Apr 2016

Kennedy D (2005) The dark sides of virtue: reassessing international humanitarianism. Princeton University Press, Princeton

Lazarus R (2007) Environmental law after Katrina: reforming environmental law by reforming environmental lawmaking. Tulane Law Rev 81:1019. http://scholarship.law.georgetown.edu/facpub/529/. Accessed 14 May 2016

Pronto A (2008–2009) Consideration of the protection of persons in the event of disasters by the international law commission. ILSA J Int Comp Law 15:449–458. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2714977. Accessed 10 March 2016

United Nations (1987) General assembly resolution on the international decade for natural disaster reduction. UN GAOR A/RES/42/169 (96th plenary meeting)
United Nations (1989) International decade for disaster risk reduction. UNGA RES/44/236 (85th plenary meeting)
United Nations (2005) Hyogo framework for action 2005–2015: building the resilience of nations and communities to disasters. http://www.preventionweb.net/publications/view/1037. Accessed 15 May 2016
United Nations (2009) Office for disaster risk reduction. UNISDR Terminology and Disaster Risk Reduction, Geneva
United Nations (2011) General assembly resolution on international cooperation on humanitarian assistance in the field of natural disasters, from relief to development. UNGA RES/65/264 (65th session)
United Nations (2015) Sendai framework for disaster risk reduction. http://www.preventionweb.net/files/43291_sendaiframeworkfordrren.pdf. Accessed 15 May 2016

# Leader's Role in Employee Performance and Engagement

Theresa Obuobisa-Darko
Methodist University College Ghana, Accra, Ghana

## Synonyms

Engagement; Leadership style; Performance

## Definitions

A **leader** is someone who has followers and is able to influence the followers to get the best out of them. **Leadership** is a process of influencing an individual or group of individuals through empowering them to achieve goals, vision, and mission. **Employee performance** is "the total expected value to organization of the discrete behavioral episodes that an individual carries out over a standard period of time" (Motowidlo 2003, p. 38). Employee **engagement** is a positive fulfilling work-related state of mind which is characterized by vigor, dedication, and absorption (Schaufeli et al. 2002, p. 74).

## Introduction

Research on leadership stands among the most prolific areas within the field of management and human resource management. The success of organizations in general and public sector organizations in particular depends on high level of employees' engagement and willingness to offer their best to improve performance. This willingness depends to a large extent on the behavior of their leaders. Leader behavior (LB) therefore contributes in diverse ways toward organizational as well as individual performance and outcomes. The leadership behavior, employee engagement, and employee task performance nexus is multi-layered; yet, majority of the existing literature on leader behavior have considered the effect of leader behavior on employee performance (Kalsoom et al. 2018; Ohemeng et al. 2018) with minimal evidence available as to the possible mediators in the relationship.

Employee engagement (EE) either makes or breaks organizations and therefore engaged employees are described as an organization's greatest resource due to its association with various individual and organizational outcomes such as turnover, commitment, job satisfaction, and performance. Studies on EE have seen an unprecedented interest in the management as well as human resource management literature in recent years (Popli and Rizvi 2017). Engaged employees are connected emotionally to their work and as a result are hopeful, very active, focus highly on their work, and are willing to put in extra effort to achieve results to guarantee the success of the organization. The leader's behavior which reflects in leadership style has been cited as one of the major antecedents of EE (Popli and Rizvi 2017). Thus, without considering leader behavior when deliberating on employee engagement within an organization can be problematic. However, key leadership style that predicts effective employees' engagement is barely known.

Again, leader behavior has been documented as an antecedent to employee performance. A number of studies have explored the relationship between transformational leaders' behavior and employee task performance (ETP) as well as

transactional leaders' behavior and ETP (Kalsoom et al. 2018). Even though there exists a perception that Ghana suffers from organizational performance problems, existing literature have barely scrutinized the phenomenon of low performance from an employee engagement lens. The literature is scanty on how leader behavior, be it transformational or transactional leader behavior, affects employee performance and engagement within the public sector in developing countries. That is, the mediating role of EE between leaders' behavior and employee task performance has not been exhaustive in the literature. This chapter presents the results of a study on the kind of leader behavior that affects employee engagement most and its mediating role in the relationship between leader behavior and employee task performance within the public sector in developing countries. After first describing the theoretical basis for the chapter, that is the social exchange theory, the chapter continues with a description of employee engagement and other relates constructs. Next is a presentation on leadership behavior – Transformational and Transactional leadership styles – and how it is related with EE. This is followed by details of the relationship between EE and performance. Following this is a description of the relationship between the three main constructs for the chapter: leadership, employee engagement, and employee performance. The chapter closes with a conclusion and lessons for the public sector leader as well as suggestions for further studies in order to enhance the understanding of the relationship between different leadership styles, EE, and employee performance.

## The Social Exchange Theory

The Social Exchange Theory (SET), a theory used to explain relationship, is based on the works of Homans (1958, 1961, 1974) and Blau (1960; Bakker and Albrecht 2018). The theory postulates that social behavior is the outcome of an exchange process and the motivation of this exchange is to get the most out of the relationship and minimize costs. In any social exchange, individuals weigh the likely benefits and risks of the relationship. Where the risks are higher than the benefits, the individuals will turn their backs to such relationship and vice versa. The theory provides a framework for explaining employees' motivation, commitment, and work behavior in general and how leader behavior influence employees' performance when they are engaged. What an individual gives in the exchange process, which may be material or non-material good, is described as a cost while what is derived out of the relationship is a reward.

Bakker and Albrecht (2018) defined a major exponent of social exchange as "voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (p. 91). Gouldner (1960) had earlier explained social exchange as involving a "mutually contingent exchange of benefits between two or more units" (p. 164). That is, this dyadic exchange relationship should be useful to both parties for it to continue.

Four characteristics of the social exchange theory according to Cropanzano et al. (2017) are that social life involves a series of sequential transactions between two or more individuals, the exchanges involve an exchange of resources through a process of reciprocity, the quality of these exchanges is sometimes influenced by the kind of relationship between them, and lastly, the social exchanges tend to involve greater trust and flexibility.

The first characteristic suggested by Cropanzano et al. (2017) is that the social life one indulges in encompasses some sequential dealings and exchanges between two or more persons. These exchanges, usually not one act but involve several in a sequential manner, may result in positive or negative attitude or behavior which affect employees' performance. Therefore, when public sector leaders relate well with their followers, they will in turn respond by being engaged, and work with vigor to achieve targets set.

Another characteristic is that the exchanges involve an exchange of resources through a process of reciprocity. Reciprocity, derived from the Latin word "reciprocare" meaning moving back

and forth, describes a mutual exchange and not necessarily an equivalent or an equal give-and-take. Reciprocity, the basis of social relations, describes a kind of interaction that basically is pivoted on mutuality. It is regarded as "the pattern of exchange through which the mutual dependence of people, brought about by the division of labor, is realized" (Gouldner 1960, pp. 170–171). When there exists mutual dependence between individuals who relate and they project some kind of positive benefits in the relationship, it persuades them to feel obliged to reciprocate. Hence, it is important for individuals to determine whether an action experienced is beneficial or otherwise. This is determined based on the outcome or consequences of the action as well as the motivation or the intentions of the actions. That is, the kindness of an action is not determined by only the consequences but also by the intention. Thirdly, the quality of these exchanges is sometimes influenced by the kind of relationship between them. This explains why the quality of relationship between a leader and his followers is a vital antecedent for employee engagement. Therefore, employees who have good quality relationship with their leaders feel obliged to reciprocate by using their discretion at work, be dedicated and work with vigor. Thus, when public sector leaders in their dealings with their followers make them perceive they are benefiting from that relationship, they will reciprocate in a positive manner by being engaged.

Lastly, the social exchanges tend to involve greater trust and flexibility. Trust is an anticipation that another individual you are dealing with will act in your interest. "To say 'A trusts B' means that 'A' expects that 'B' will not exploit a vulnerability A has created for himself by taking the action. It describes a person's willingness to be vulnerable to other persons" actions with the confidence that that person will act as expected. One out of the two conditions suggested by Rousseau et al. (1998) that is required for trust to exist is interdependence. Interdependence reflects a balance of self and others within a relationship where one relies on another with the aim of meeting each other's needs. This reliance can be possible if each trusts the other, knowing that the other's actions or inactions will be to his benefit and not otherwise. Trust is therefore the bridge for effective relationship and interdependence. Trust, therefore, is required for effective interdependence.

The second condition is that there is risk and uncertainty related to the action to be taken or the situation. When there exists a level of uncertainty, trust becomes very essential. This is because, when one trust another, even though there may be a certain level of risk and uncertainty, the individual will feel safe because he knows that the other person he is dealing with will not exploit his vulnerability but will act in his favor.

Drawing from the SET's perspective, followers of a leader are likely to reciprocate the leader's support by exhibiting the characteristics of an engaged employee which will affect their performance positively. Thus, a positive or negative exchange relationship between a person, in this case, the leader and the employee, will affect the employee' attitude and feeling, that is the level of engagement and its ripple effect on their performance.



## Employee Engagement Explained

There has been an upsurge in the interest in employee engagement issues and the quest to its understanding. Employee engagement (EE) emerged in the organizational and business management literature about three decades ago. Despite this, there is no consensus on what it means, as well as its characteristics. Kahn (1990) was first to introduce the concept "employee engagement" to show how people are personally engaged or disengaged at work. He suggested that engagement is the personal expression of self-in-role. He described it as the "harnessing of organizational members' selves to their work roles: in engagement people employ and express themselves physically, cognitively and emotionally during role performances" (p. 694). Several researchers from Kahn (1990), Schaufeli et al. (2002), Saks (2006), Shuck and Wollard (2010), to Albrecht et al. (2018) have contributed immensely towards the theoretical understanding of EE. Following Kahn's explanation, Schaufeli,

Salanova, González-Romá, and Bakker (2002, p. 74) conceptualized engagement as "a positive fulfilling work-related state of mind which is characterized by vigor, dedication and absorption." To them, vigor refers to the exhibition of high levels of energy, mental resilience, willingness to invest efforts in one's work, and persistence in difficulties, while dedication is seen through the show of enthusiasm, inspiration, pride, and challenge at work, and absorption referring to the exhibition of high concentration, focus, attachment to one's work, and deep engrossment in work. It is an intellectual and emotional attachment that employees have to their jobs and organizations, which influences them to apply additional discretionary effort when working. Similarly, Saks (2006, p. 602) defined employee engagement as "a distinct and unique construct consisting of cognitive, emotional and behavioral components that are associated with individual role performance." This implies that to be engaged is not just being cognitively attentive to the job or feeling and expressing positive emotions or doing work for doing sake, but rather it mirrors investment of one's cognitive, emotional, and physical energies concurrently in performing one's roles. This reflects in the definition of EE by Shuck and Wollard (2010, p. 103) that it is "an individual employee's cognitive, emotional and behavioral state directed towards desired organizational outcomes." Interestingly, Leiter and Maslach (2005) had earlier described it as the opposite end of a continuum between engagement and burnout. They contend that the three dimensions of burnout, exhaustion, cynicism, and ineffectiveness, are the direct opposite of the dimensions of engagement being vigor (exhaustion), involvement (cynicism), and efficacy (ineffectiveness). EE therefore is both an attitude and a behavior. It concerns a self-investment where one invests more than just a single aspect of self, but rather several dimensions – physical, emotional, and cognitive. This investment in these areas tends to reflect in the individual's attitudes and behaviors at all times. Employee engagement can thus be explained as a positive state of mind that results in employees' willingness to put in all their efforts, be it cognitive, emotional, or physical, to facilitate the successful achievement of both individual and organizational goals. An engaged employee will therefore be one who is physically, cognitively, and emotionally attached to the organization.

### Employee Engagement and Other Concepts

It is worth noting that employee engagement (EE) is a distinct construct even though there exist some similarities between EE and other well-known employee outcomes such as commitment, job satisfaction, and organization citizenship behavior (OCB). The resemblance may be because employee engagement does not establish new content but rather offers a blend of older familiar concept like these and also because each of these constructs reflects a positive work-related mental or emotional state. Thus, there exists a clear distinction between these concepts and employee engagement as they refer to one dimension of the self (cognitive or affective). On the contrary, employee engagement, an all-inclusive concept, refers to different dimensions of the self – physical, emotional, cognitive – in performing the work assigned. As per Kahn's (1992) conceptualization, engagement is not simply working hard but putting the real "self" at work.

Job satisfaction and employee engagement are not the same. Job satisfaction is a positive feeling about one's job resulting from an evaluation of its characteristics (Robbins and Judge 2009). Engagement however is seen as going beyond job satisfaction and describes an employee's personal state of involvement, affection, contribution, and ownership. This shows that satisfaction is about the affective aspect of engagement.

Another concept similar to employee engagement is employee commitment which is also a facet of engagement but not sufficient for engagement. Employee commitment refers to the level of employee satisfaction as well as identification with an organization, while employee engagement focuses on not just identification with an organization but an emotional attachment to the organization where the employee is always trying to give his/her maximum contribution and go extra mile for organization success.

Organizational Citizenship Behavior (OCB) also differs from employee engagement. OCB is discretionary behavior that is not part of an employee's formal job requirements but nevertheless promotes the effective functioning of the organization (Robbins and Judge 2009). This indicates that whereas OCB is about behaviors or results of behaviors, engagement is about how one feels about or experiences the job as well as the individual's intent to invest himself/herself emotionally, physically, and cognitively in the job (Kahn 1990; Schaufeli et al. 2002; Saks 2006). Therefore, employee engagement is not a behavior, but it is a state of mind that leads to a certain behavior.

Job involvement, another term similar to employee engagement, describes the measure of the degree to which employee is involved in his job and takes part in decision making (Khan et al. 2011). It is therefore a part of EE which is more than a cognitive effort but an all-encompassing concept where the employee chooses to invest his emotional, physical, and cognitive energies.

Hence job satisfaction, organizational commitment, job involvement, and OCB may have some characteristics of engagement but are definitely not synonymous. None of them reflect the two-way nature as it is in the case of engagement. It can therefore be concluded that even though the meaning of engagement sometimes overlaps with other concepts and ideas, it is still a discrete and unique concept, which entails behavioral, cognitive, and emotional elements.

## Leader Behavior and Employee Engagement

Leadership is about influence, and over the years the need to have competent leaders in organizations in general and the public sector in particular and to ensure employees perform well has been of great importance. This is because leaders, be it transformational or transactional, typically interact with their followers daily and are able to influence them to willingly sacrifice for better course even though the extent of influence varies.

The transformational leader with his unique four-dimensional characteristics is described as one of the best leadership styles. These four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Robbins and Judge 2009) enable such leaders to influence their followers to put in their best because they have a sense of what they are up to and have the capabilities to encourage, inspire, and motivate them to accept new goals and new ways of doing things. Such leaders boost public service motivation and this results in shaping positive organizational outcomes (Wright et al. 2012) like engagement.

Idealized influence reflects the leader's ability to establish pride and confidence in followers, offer a vision and a sense of mission, command reverence and trust, and lay down high standards to emulate (Antonakis et al. 2003; Robbins and Judge 2009). With these characteristics leaders who have high levels of idealized influence are willing to take risks, consistent, trustworthy, and as a result, their followers demonstrate high standards of conduct and are willing to be dedicated, work with vigor, and offer their best.

Intellectual stimulation refers to leaders' behaviors that appeal to followers' sense of logic and analysis by encouraging them to think inventively and discover solutions to complicated problems (Antonakis et al. 2003; Robbins and Judge 2009). This characteristic of the leaders causes them to encourage their followers to take active part in decision making and help promote logical reasoning, rationality, and careful problem-solving. The leaders, thus, support followers as they try new approaches and develop new ideas and things. This indirectly shapes followers' values and perception and builds their level of confidence and ownership of decisions taken. This confidence makes employees perceive they are competent and capable to do the work, and so go the extra mile to ensure goals of decisions taken are achieved.

Individualized consideration characteristic reflects in the leader's actions that offer personalized support and encouragement, provide individual attention, coach, and advice followers which help them to develop and self-actualize. Leaders

with high levels of individualized consideration tend to show much concern for their followers, hence they know much about them which enable them address each employee's needs and desires in unique ways. The social exchange theory posits that if followers of a leader perceive their leader to care for their well-being and provide personal attention, they feel attached to the leader and thus feel indebted to "return the favor" offered by their supervisor.

Inspirational motivation, the last characteristic of a transformational leader, refers to the behavior of the leader that energizes their followers. Such leaders present an optimistic and attainable view of the future; mold expectations and shapes meaning; and create a sense of priorities and purpose (Kirkbride 2006). Thus, the transformational leaders stimulate their followers to view the future with optimism, stressing ambitious goals, projecting a perfect vision, communicating to them that the vision formulated is achievable, and as a result influence these followers not just to follow them personally but to believe in the vision of the organization. Bearing in mind the antecedents of employee performance like availability of resources, trust, effective communication, and the unique characteristics of the transformational leader, it is inferred and concluded that a transformational leader has positive effect on employee task performance and also such a leader's behavior predicts and have a significant positive effect on employee engagement.

Transactional leadership is centered on leader-subordinate interchange where subordinates perform according to the will of the leader and the leader positively rewards the effort. Thus, such leaders use reward and punishment to gain compliance from their subordinates. Transactional leaders have three dimensions: contingency reward, management-by-exception (active), and management-by-exception (passive) (Antonakis et al. 2003).

The contingency reward characteristic of the leader results in the leader and followers coming into an agreement on what the follower should do to be rewarded or avoid punishment. Thus, followers of the transactional leader receive incentives and rewards based on the accomplishment of agreed contract. Management-by-exception (active) reflects in the transactional leader behavior where leaders anticipate mistakes and enforce rules, which may prevent such mistakes from occurrence (Breevaart et al. 2014). Thus, the leader focuses on the exceptions, controls the work assigned, and notifies the employees as the problems ensue. The main indicators are that such leaders bring to the attention only substantial deviations; attend to these mistakes and deviations; remain alert for infractions of the rules; and guide followers to correct mistakes. The public sector is managed by rules and regulations, and so when leaders exhibit such characteristics, it ensures the appropriate management of the sector.

Management-by-exception (Passive) in contrast refers to the leader confronting employees with their mistakes and putting across dissatisfaction about the mistake that has been made (Breevaart et al. 2014). In effect such leaders intervene only if the standards agreed upon are not met, exceptional circumstances become obvious, and try to avoid making changes by emphasizing the importance of routine task and performing task assigned based on agreed contract. Consequently, followers of transactional leaders do not perform beyond expectation (Robbins and Judge 2009). Therefore, leaders who exhibit more of transactional leader characteristic will affect the level of employees' task performance and engagement positively, though not as much as one who exhibits more of the transformational leader characteristics.

## Engaged Employee and Employee Performance

Understanding the nexus between EE and employee performance is considered to be essential. Like most behavioral related concepts, there is no consensus on the definition of performance, and as a result, there exist a plethora of definitions and scholars are yet to reach a compromise as to what it means. While some explain performance as an outcome of activity, others see it as behavior; and others too describe it as both behavior and outcomes. According to Armstrong

(2006, p. 498), performance is the "accomplishment, execution, carrying out, working out of anything ordered or undertaken." It is the activity by employees that transforms raw materials of an organization into the goods and services. Awadh and Ismail (2012) describe performance to involve the conversion of efforts of employees into productivities in order to achieve organizational goals. Thus, performance from the perspective of these authors is an outcome (result) and not the input (behavior).

Performance, a property of behavior is reflected in the definition of Motowidlo (2003) as "the total expected value to organization of the discrete behavioral episodes that an individual carries out over a standard period of time" (Motowidlo 2003, p. 38). It reflects a person's behavior where the individual does above regular task expectations and willingly gets involved in voluntary activities that help advance organizational goals. Performance is thus seen in terms of behaviors or actions of employees and not results of the actions.

Contrary to Motowidlo's (2003) definition of performance as a behavior, Viswesvaran and Ones (2000) define performance as "scalable actions, behaviors and outcomes that employees engage in or bring about that are linked with and contribute to organizational goals" (p. 216). This definition of performance points out that performance could be described as both a behavior and an outcome. Some behaviors that can therefore describe employees' task performance include work quality, job skills, job abilities, and job knowledge. Employee performance can therefore be explained as the execution of roles assigned with proficiency (job specific, technical, acceptable behavior) that contributes to the organization's success.

The above discussion points to the fact that to enhance employee performance, one of the best strategies to adopt is to ensure employees are engaged. This is because engagement has implications for performance. Engaged employees are persistent in difficulties, and focus and make all efforts to help the organization achieve its goals. They make use of high levels of their energies, concentrate on assigned work, and are able to cope with adversity. They find their work more enjoyable and this results in better actions. Engaged employees are known to work with vigor and more dedication and get absorbed in the work they do. This explains why engaged employees have far-reaching consequences on performance. The energy or vigor inherent in engaged employees cause them to bring their full potentials to the job they perform. Additionally, their ability to get absorbed and therefore concentrate on their jobs results in better outcomes.

The nature of work makes it difficult to provide details of what is expected of employees. Thus, with the dedication characteristic of the engaged employee, it causes them to take initiative and be proactive to their work. Consequently, they are able to anticipate and come up with new and innovative ideas resulting in better performance. Thus, when employees are engaged, they are ready to go the extra mile and exhibit the acceptable behavior and attitudes which lead to better accomplishment of goals at the workplace. Therefore, the level at which employees are engaged has a significant and positive influence on the performance of their task.

## Leader Behavior, Employee Engagement, and Employee Performance Nexus in Practice

Besides leadership, one variable which is receiving significant attention and seems to drive positive employee behavior and likely to impact performance is employee engagement (Popli and Rizvi 2017). Leaders interact with their followers as they discharge their responsibilities. When the quality of exchange relationship improves, the level of engagement also goes up, resulting in an increase in performance. This reflects the mediating role of employee engagement between leader behavior (Transformational and Transactional) and employee task performance.

This mediating role of engagement can be explained from the SET's perspective. This theory asserts that all social behaviors involve a reciprocal relationship which is guided by certain rules of exchange. When leaders relate well with their

subordinates, they feel obligated to put in extra, as a way of repaying for the leader's behavior. Conversely, if followers perceive their leaders as not forthcoming, not concerned about their well-being, and not relating well with them, they become adamant and not ready to put in extra effort, where necessary, and this negatively affects employee's performance.

Both transformational and transactional leaders affect the level of employee engagement. However, between these two leadership styles the transformational leader has a better effect on their followers' engagement levels than those who exhibited transactional leader characteristics. Thus, as transformational leaders within the public sector serve as role models and point followers toward goals set and encourage them to challenge the status quo (Wright et al. 2012), it increases their level of engagement, leading to their readiness to offer better services in exchange for the leader's behavior, as posited by the SET with a resultant effect of increased performance.

Generally, the leader behavior that affects employee engagement and performance most, as indicated earlier, is the transformational leadership style. People within a particularistic context, like Ghana, are interested in relationship and not focus much on rules and procedures. The characteristics of transformational leaders, being idealized, influence intellectual stimulation, inspirational motivation, and individualized consideration help in the creation of better relationship with subordinates which more often than not move them to be willing to put in extra and therefore better performance.

Both national and organizational cultures have a lot of impact on employee behavior. The resultant effect of the Ghanaian culture where there exists high uncertainty avoidance (Ansah and Chinomona 2017) leads to the need to share information and build trust among individuals. The intellectual stimulation characteristic of the transformational leader results in the delivery of timely information which helps in building trust between him/herself and his/her followers. When the leader builds trust and ensures followers have adequate information, they feel secure, willing to put in their all, and this impacts positively on their performance.

Again, the possession of achievement and support culture significantly cause EE in the public sector in Ghana (Brenyah and Obuobisa-Darko 2017). Leaders therefore have to ensure that such culture prevails so that employees will be engaged and perform. In an achievement culture, rules and procedures are limited, employees are encouraged to be innovative, it produces a strong sense of purpose in employees, and their expertise are highly valued. When employees perceive their skills, expertise and work are appreciated, and they feel engaged and offer their best. Leaders in the organization can create achievement culture by developing and setting achievement targets with their followers. Employees who develop targets with their leaders are more satisfied when they reach the targets. They are ready to include more challenging targets the next time they have the opportunity to set targets. Such behavior by the transformational leader emanating from his intellectual stimulation characteristic results in his followers who are employees being engaged and this impacts positively on the employees' performance.

Another strategy a leader can use to create an achievement culture is to monitor and provide rewards for accomplishments of goals from time to time. When followers realize their supervisors are interested in their work and so are keeping an eye on them and giving them feedback, they are encouraged to put in their best to achieve the goals of the assignment. Again, when followers are rewarded for accomplishment of an activity it motivates them to put in more effort in subsequent activities since as the saying goes "success breeds success."

Again, since the prevalence of support culture causes employees to be engaged, it behooves on public sector leaders to ensure employees contribute out of a sense of commitment in the organization. In organizations where support culture exists, there is good communication, employees cooperate, employees are able to resolve conflicts, and followers tend to trust one another and are ready to offer assistance to their colleagues. Therefore, leaders in the public sector can create support culture by forming career mentoring committees where employees can seek support and guidance in pursuing their careers. The support

culture will encourage people to be available to offer assistance and support where necessary and by rewarding such people will result in creation of effective and open communication channels.

From the viewpoint of the SET the employees' positive perception of leaders' personal interest in their welfare, a characteristic of transformational leader gives rise to a willingness to be ready to invest all their efforts, which consequently lead to high levels of task performance. Consequently, engaged employees may feel indebted to their leaders, thus the organization, and hence exert more effort in the performance of their task, leading to a higher level of task performance.

Perceived leader or supervisor support is one of the major antecedents of employee engagement. It is the degree to which subordinates have a mind-set that their supervisors care about their well-being, value their contribution, and are supportive. This explains why when employees, as a result of the kind of relationship they have with their supervisor, perceive their supervisor to be genuinely concerned about well-being, they tend to be engaged. The individualized consideration characteristic of a transformational leader causes him/her to relate well with his subordinates and become attuned to their unique needs and interest, so he could address them and the resultant effect is engagement which affect performance positively, indicating the mediating role engagement plays between leadership style and employee performance.

Both transformational and transactional leader behavior affect employee engagement. However, transformational leader affects it better than transactional leaders. Within the Ghanaian culture, there exists high power distance which has a negative impact on employee engagement (Brenyah and Obuobisa-Darko 2017). Power distance renders huge communication gap between leaders and their subordinates. Thus, as the transactional leader is characterized by control and not relationship, it makes employees find it difficult to air their views which result in low employee engagement, unlike the transformational leader who will inspire followers to express their views and ideas and show interest in their individual needs, resulting in increase in engagement. In addition, the existence of high-power distance result in minimal personal relationship between the transactional leader and his/her followers. As a result, followers of such leaders mostly will not be engaged, explaining why EE does not mediate the relationship between transactional leader behavior and EE.

## Conclusion

Improving employee performance and engagement is of significant importance in every organization, be it private or public. While there are several antecedents to EE and ETP, leader behavior is known to be one of the major ones. Leader behavior is classified severally with transformational and transactional leader behavior being one of them. The transformational leader is characterized as one who establishes pride and confidence in followers, commands trust, willing to take risks, and are consistent. Such leaders encourage employees to think and discover solutions to problems, provide personal attention and treat each employee individually, and present an optimistic and attainable view of the future. The transactional leader comes into an agreement on what the follower should do to be rewarded or to avoid punishment, anticipate mistakes, and enforce rules, which may prevent them from happening, puts across dissatisfaction about mistake, and remains alert for infractions of the rule.

Where the leader exhibits certain characteristics, it leads to good quality relationship between him/herself and his/her followers and this makes them feel obliged to reciprocate this gesture by working with vigor and be dedicated which positively impacts their performance. Thus, the behavior of the leader affects employee engagement and by extension task performance. When a leader exhibits these unique characteristics of the transformational leader, he is able to affect positively the level of employees' engagement and their performance more than the leader who exhibits the transactional leader's characteristics. EE mediates the relationship between transformational leader behavior and employee task performance but does not mediate the relationship

between transactional leader behavior and employee task performance.

Even though context matters in certain cases, the impact of the transformational leader behavior on employee engagement and their performance is similar in both developing and developed countries. From the SET perspective, leaders who ensure good quality relationship between themselves and their followers are able to increase their followers' level of engagement and the resultant effect is improved performance. Due to the important role and special service offered by PSO employees, it is critical that leaders in such organizations develop high-quality relationship between themselves and their followers by exhibiting more of the transformational leader characteristics to increase employee engagement and their performance. Given the scope, design and method, it is suggested that future research could focus on other sectors from other theoretical lenses and a comparative study between public and private sector organization could be carried out.

## Lessons for Public Sector Organization Leaders

It is widely recognized that the performance of public sector organization is increasingly becoming a critical issue in today's ever-changing and dynamic environment. Within the public sector, it is important for leaders to understand the leader behavior, employee engagement, and performance nexus owing to the reason for its existence. While the purpose of public sector is to provide services to the citizenry, the private sector organizations focus on maximizing financial gains. Due to the significant role the public sector employees play toward national development, it needs employees who are vigorous, energetic, work with dedication, and get absorbed in their work. That is, for the public sector organizations to succeed, it needs engaged employees. Since the existence of power culture negatively impacts one within the public sector (Brenyah and Obuobisa-Darko 2017), leaders within the public sector organization should ensure followers actively participate in all activities and decision making rather than the leaders being autocratic. When followers are part of the decision-making process, it makes them feel that they have a stake in the accomplishment of the organization's goals and therefore will vigorously work toward it. Again, involving them in the decision-making process offers employees opportunity to express their opinion which can facilitate team building and improve relationship.

Again, since the quality of the relationship affects employee engagement, leaders in the public sector should exhibit the appropriate leader characteristics, like transformational leader characteristics which will cause their followers to become engaged and influence their performance positively. It therefore behooves on public sector organizations leaders to exhibit establish pride and confidence in their followers, encourage and support them to think inventively and take active part in decision making, show concern for each follower, and present an optimistic view of the future to ensure employees get engaged to give off their best.

## Cross-References

► Positive Leadership Behavior
► Risk and Performance in Public Sector

## References

Albrecht S, Breidahl E, Marty A (2018) Organizational resources, organizational engagement climate, and employee engagement. Career Dev Int 23(1):67–85

Ansah MO, Chinomona R (2017) The influence of Ghana's national culture on latent entrepreneurs: an application of social rule system theory. J Econ Behav Stud 9(1): 113–126

Antonakis J, Avolio BJ, Sivasubramaniam N (2003) Context and leadership: an examination of the nine-factor full-range leadership theory using the multifactor leadership questionnaire. Leadersh. Q. 14(3):261–295

Armstrong M (2006) A handbook of human resource management practice, 10th edn. Kogan Page, London

Awadh AM, Ismail WKW (2012) The impact of personality traits and employee work-related attitudes on employee performance with the moderating effect of organizational culture: the case of Saudi Arabia. Asian J Bus Manag Sci 1(10):108–127

Bakker AB, Albrecht S (2018) Work engagement: current trends. Career Dev Int 23(1):4–11

Blau PM (1960) A theory of social integration. Am J Sociol 65(6):545–556
Breevaart K, Bakker A, Hetland J, Demerouti E, Olsen OK, Espevik R (2014) Daily transactional and transformational leadership and daily employee engagement. J. Occup. Organ. Psychol. 87(1):138–157
Brenyah RS, Obuobisa-Darko T (2017) Organisational culture and employee engagement within the Ghanaian public sector. Rev Public Adm Mgmt 5(3):1–7
Cropanzano R, Anthony EL, Daniels SR, Hall AV (2017) Social exchange theory: a critical review with theoretical remedies. Acad. Manag. Ann. 11(1): 479–516
Gouldner A (1960) The norm of reciprocity: a preliminary statement. Am. Sociol. Rev. 25(2):161–178
Homans GC (1958) Social behavior as exchange. Am J Sociol 63(6):597–606
Homans GC (1961) Social behavior: its elementary forms. New York: Harcourt, Brace & World Inc
Homans GC (1974) Social behavior: its elementary forms Rev. ed. New York: Harcourt, Brace, Jovanovich
Kahn WA (1990) Psychological conditions of personal engagement and disengagement at work. Acad. Manag. J. 33(4):692–724
Kahn WA (1992) To be fully there: psychological presence at work. Human Relations 45(4):321–349
Kalsoom Z, Khan ML, Zubair SS (2018) Impact of transactional leadership and transformational leadership on employee performance: a case of FMCG industry of Pakistan. Ind Eng Lett 8(3):23–30
Khan TI, Jam FA, Akbar A, Khan MB, Hijazi ST (2011) Job involvement as predictor of employee commitment: evidence from Pakistan. Int J Bus Manag 6(4):252
Kirkbride P (2006) Developing transformational leaders: the full range leadership model in action. Ind. Commer. Train. 38(1):23–32
Leiter MP, Maslach C (2005) A mediation model of job burnout. In: Antoniou A-SG, Cooper CL (eds) New horizons in management. Research companion to organizational health psychology (p. 544–564). Cheltenham, United Kingdom; Edward Elgar Publishing.
Motowidlo SJ (2003) Job performance. In: Borman WC, Ilgen DR, Klimoski RJ (eds) Handbook of psychology: Industrial and organizational psychology, vol 12. John Wiley & Sons, Hoboken
Ohemeng FLK, Amoako Asiedu E, Obuobisa-Darko T (2018) The relationship between leadership style and employee performance: an exploratory study of the Ghanaian public service. Int J Pub Leadersh 14(4):274–296
Popli S, Rizvi IA (2017) Leadership style and service orientation: the catalytic role of employee engagement. J. Serv. Theory Pract. 27(1):1–27
Robbins SP, Judge TA (2009) Organisational behaviour, 13th edn. New Jersey Pearson, Prentice Hall
Rousseau D, Sitkin S, Burt R, Camerer C (1998) Not so different after all: a cross discipline view of trust. Acad. Manag. Rev. 23(3):393–404
Saks AM (2006) Antecedents and consequences of employee engagement. J. Manag. Psychol. 21(7): 600–619
Schaufeli WB, Salanova M, González-Romá V, Bakker AB (2002) The measurement of engagement and burnout: a two sample confirmatory factor analytic approach. J. Happiness Stud. 3(1):71–92
Shuck B, Wollard K (2010) Employee engagement and HRD: a seminal review of the foundations. Hum. Resour. Dev. Rev. 9(1):89–110
Viswesvaran C, Ones DS (2000) Perspectives on models of job performance. Int. J. Sel. Assess. 8(4): 216–226
Wright BE, Moynihan DP, Pandey SK (2012) Pulling the levers: transformational leadership, public service motivation and mission valence. Public Adm. Rev. 72(2):206–217

# Leaders and Innovations in Public Organizations

Siegrun Fox Freyss
Department of Political Science, California State University, Los Angeles, Los Angeles, CA, USA

L

## Synonyms

Leader: Catalyst; Change agent; Executive; Manager; Pioneer; Problem solver; Strategist; Transformer; Visionary

Innovations: Change; Reengineering; Reinvention

Public Organizations: Governance; Government agencies; Public administration; Public bureaucracy; Public management

Management innovations offer numerous tools to help governments cope with the complexities of our times. The innovations can be used to direct changes and successfully transition from the modern, industrial age to the postmodern, high-tech age, also called the postindustrial or information age. Increased population diversity and population mobility add to the epochal dynamics. A well-functioning government can provide the necessary infrastructure for the new economy to flourish and for its people to achieve their potential. The successful transition requires leadership to

ensure that trends move in a desirable direction, protecting and promoting the fundamental democratic values and institutions of the nation (Freyss 2004, 2016; County of Los Angeles 2015).

The literature distinguishes between leaders and managers – leaders pursue a vision and are focused on the mission, while managers are supposed to implement the vision and mission. This chapter applies the two terms interchangeably.

## In the Industrial Age: Who Are the Leaders of Organizational Innovations?

Over the last century, the management literature, including the public administration literature, has identified various leadership styles that managers can adopt depending on what approach is most appropriate for particular organizational circumstances. Table 1 shows a few of the early arguments. Frederick Taylor suggested managers become researchers and observers, constantly seeking improvements in operations and training their workers accordingly. Taylor wrote at the height of the industrial age, when the constant search for improved efficiencies in factory work and bureaucratic performance became a best practice. However, Taylor was criticized for his dehumanization of workers, turning them into cogs in the service of machines. He did not consider that workers might be thinking about their jobs and could be used as sources for innovative ideas (Taylor 1912).

Need psychologists provided a cogent critique of Taylor and proposed alternative leadership styles. Douglas McGregor, for instance, argued that workers would be more efficient when their personal needs and organizational needs coincided. He expressed the contrast between ineffective and effective management approaches with the concept of Theory X and Theory Y. See Table 2. According to Theory X, the average worker is lazy, and it is the manager's responsibility to overcome the workers' resistance to get work done. In contrast, under Theory Y, workers are willing to work as long as the job is meaningful and interesting. A Theory Y culture is conducive to the emergence of organizational innovations, with management encouraging employees to suggest new ideas that strengthen the pursuit of the agency's mission (McGregor 1957).

In the 1960, Paul Lawrence and Jay Lorsch (1969, pp. 156–158) introduced contingency theory, which provides a good conceptual foundation for times of complex changes. They argued that there was not one best way to manage but that the proper strategy was contingent on certain factors, especially the nature of the assigned work and the

**Leaders and Innovations in Public Organizations, Table 1** Leadership styles for the industrial age and beyond

| Goal | Name | Role of manager |
|---|---|---|
| More efficient industrial and bureaucratic production | Frederick Taylor | Acting as researcher, observer, overseer, enforcer of work rules, trainer |
| More efficient production by focusing on the human side of industrial and bureaucratic production | Douglas McGregor | Applying Theory Y rather than Theory X, arranging operations in such a way that the workers' individual needs coincide with organizational objectives |
| Adapting leadership styles to the nature of the work and competencies of employees | Paul Lawrence and Jay Lorsch | Finding appropriate managerial styles (see Table 3 for more) |

**Leaders and Innovations in Public Organizations, Table 2** McGregor's argument – leadership styles for or against innovative management

| | Theory X | Theory Y |
|---|---|---|
| **View of human nature** | People by nature lazy | People by nature willing to work as long as the work is meaningful and interesting |
| **Work motivators** | Coercion, fear, threats, and money to pay for basic needs | Work that enables employees to develop their potential |

**Leaders and Innovations in Public Organizations, Table 3** Leadership styles for transitional times

| Tasks to be accomplished | Employees inexperienced or untrained ← | → Employees experienced and had professional training |
|---|---|---|
| Routine ↑ ↓ Constantly changing or complex | management needs to provide training ← | → little supervision required |
| | close supervision required ← | → some supervision required |

Adapted from Freyss (2014, p. 1)

qualifications of the employees. Table 3 summarizes the argument. The routine versus complex tasks, shown in the table, can be seen as the endpoints of a continuum, likewise the distinction between inexperienced and experienced employees.

## In the High-Tech Age: Who Are the Leaders of Organizational Innovations?

At the height of the high-tech revolution, the US Office of Personnel Management (OPM) developed detailed guidelines to make leadership qualifications for the high-tech age transparent (2012a, b). For senior executive positions, OPM identified 28 competencies, grouped together under six categories. See Table 4. Categories VII and VIII were added to highlight the public and democratic mission that government executives are expected to uphold and promote. Actually, in light of flattened hierarchies and increased responsibilities for supervisors and mid-management, one can argue that the 33 qualifications be promoted in the middle ranks as well.

In the corporate sector, charismatic leadership and transformational leadership are important qualifications for senior executive positions. The qualifications are future oriented and accept change in the pursuit of a vision (Greenberg and Baron 2007, pp. 459–463). OPM identifies similar qualities for the senior executive service under the leading change category, but overall most competencies fall under transactional leadership, which means being competent in getting results. The difference may be due to the fact that in the public sector, elected officials are expected to lead using charisma and visionary thinking to get elected and reelected.

The discussion now turns from leadership styles and leadership competencies to organizational innovations.

## What Are Organizational Innovations in Public Administration?

With the book *Reinventing Government*, David Osborne and Ted Gaebler (1992) popularized management innovations introduced in the 1980s across the United States by enterprising public administrators. The book was written at the onset of the high-tech revolution, but it did already capture the emerging idea of an information age, where the most important jobs would be occupied by knowledge producers and knowledge workers. The arguments can prepare professionals to envision government services, what to provide and how to provide it, in new ways. Governments should:

1. See themselves as catalysts, leading by steering rather than rowing.
2. Become community owned and empower communities, rather than serving.

**Leaders and Innovations in Public Organizations, Table 4** Leadership competencies for the high-tech age

| | | |
|---|---|---|
| I. Leading change | 1. Creativity and innovation<br>2. External awareness<br>3. Flexibility | 4. Resilience<br>5. Strategic thinking<br>6. Vision |
| II. Leading people | 7. Conflict management<br>8. Leveraging diversity | 9. Developing others<br>10. Team building |
| III. Results driven | 11. Accountability<br>12. Customer service<br>13. Decisiveness | 14. Entrepreneurship<br>15. Problem solving<br>16. Technical credibility |
| IV. Business acumen | 17. Financial management<br>18. Human capital management | 19. Technical management |
| V. Building coalitions | 20. Partnering<br>21. Political savvy | 22. Influencing/negotiation |
| VI. Fundamental competencies | 23. Interpersonal skills<br>24. Oral communication<br>25. Integrity/honesty | 26. Written communication<br>27. Continual learning<br>28. Public service motivation |
| VII. Mission driven | 29. Focus on outcomes | 30. Effectiveness, results |
| VIII. Leadership for the common good | 31. Valuing, upholding, and promoting democratic institutions | 32. High ethical standards<br>33. Using high-tech tools for the common good |

Sources: US Office of Personnel Administration (2012a, b); Crosby and Bryson (2005) (Categories VII and VIII added by author)

3. Be customer driven, which means meeting the needs of the customer, not the bureaucracy.
4. Decentralize operations, replacing hierarchy with participatory management and teamwork.
5. Inject competition into service delivery, be market oriented, and leverage change through the market.
6. Transform themselves from rule-driven to mission-driven organizations.
7. Be results oriented and fund outcomes, not inputs.
8. Anticipate possible problems and seek prevention rather than a cure.

The *Reinventing Government* arguments have been criticized by some who see the propositions as simplistic and contradictory slogans. However, the many examples in the *Reinventor's Fieldbook* strengthen the applicability of the reinventing ideas for governments seeking transformative pathways (Osborne and Plastrik 2000). Recent reviews of the book also acknowledge the ongoing relevancy of the strategies highlighted in the book (Gaebler et al. 2015).

The next question is: What kind of leadership competencies are required to generate organizational innovations and make effective use of them? Table 5 pairs leadership qualities with progressive government practices, gleaned from the *Reinventing Government* book and other sources.

## Leadership Competencies for Organizational Innovations

The complex changes, due to the high-tech revolution and increased population diversity, can be manageable when government leaders have the choice of steering, rather than rowing. The corresponding leadership competencies can be subsumed under the leading change category, which includes qualities like creativity, flexibility, resilience, being a visionary, and embracing strategic thinking. Following the insights of former Secretary of Defense Robert Gates (2016), one can add a passion for leadership in the face of substantial changes around the world.

The empowerment of community groups is a way to share the burden of policymaking, as well as the burden of implementation. The burden sharing is possible because community leaders tend to be better educated, and they want to be heard and engaged. Also the Internet has greatly expanded communication channels. However, to

**Leaders and Innovations in Public Organizations, Table 5** Leadership competencies for organizational innovations

| Leadership competencies | Organizational innovations |
|---|---|
| I. Leading change | Government as catalyst<br>Leading by steering rather than rowing<br>A passion for leadership |
| II. Leading people | Be community owned<br>Empowered communities<br>Empowered employees |
| III. Results driven | Injecting competition into service delivery<br>Be market oriented<br>Leveraging change through the market |
| IV. Business acumen | Be results oriented and fund outcomes, not inputs<br>Be customer driven, meeting the needs of the customer, not the bureaucracy |
| V. Building coalitions | Decentralize operations<br>Replace hierarchy with participatory management and teamwork<br>Being a hub leader in intergovernmental networks |
| VI. Fundamental competencies | Excellent communication skills across multiple channels, including social media<br>Making the jurisdiction's web presence highly inviting and informative<br>High ethical standards documented by videos of smartphones and other high-tech tools |
| VII. Mission driven | From rule-driven to mission-driven management<br>Anticipate possible problems and seek prevention rather than a cure |
| VIII. Leadership for the common good | Valuing and promoting democratic institutions<br>Also judicious empowerment of employees and citizens |

Sources: US Office of Personnel Management (2012a, b); Crosby and Bryson (2005) (Categories VII and VIII added by author); Osborne and Gaebler (1992); Gates (2016)

lead external groups successfully, government officials need to have excellent communication skills. They also need to be trained in conflict management, be inclusive in terms of diversity, willing to develop others, and effective in team building (McCorkle and Witt 2014).

The empowerment movement also includes mid- and lower-level employees (Berman et al. 2016). However, there are some differences. In contrast to community groups, public employees can be involved in managerial decision making on a more regular basis, and team work or work teams can become part of the organizational structure. This is also called decentralizing operations and replacing strict hierarchies with a participatory management style. It is supposed to be conducive for new ideas to bubble up. The question whether performance evaluations can improve team work or destroy it has not been conclusively answered. It apparently depends on several factors, in particular the organizational culture, its values, norms, integrity, reliability, consistency, and accountability (Ott 1989; Liff 2007).

Being result driven is another important quality of successful leaders. They may act like entrepreneurs, favor competition in service delivery, be market oriented, and leverage change through the market. Decades of experiments with various privatization approaches have shown which approach is the optimal one, that is, given the nature of the service and clientele, as well as the strengths and constraints of entities operating in the public sector, the for-profit sector, or the non-profit sector (Kee and Newcomer 2008).

Results-driven leaders may not have the patience required when community groups or lower-level employees are part of the decision-making process. On the other hand, results-driven professionals may be able to keep the groups focused on the goals and objectives of the agency's programs. To achieve credibility, results-driven leaders need to be problem solvers and have technical credibility, a trait which is related to the next point.

Strong business acumen helps to get results. It means funding outcomes, not inputs, being customer driven, and meeting the needs of customers, not the bureaucracy. For starters, a well-designed website can focus on residents' information needs while making the online visit a pleasant experience. A solid management foundation in finance, human capital, and software technology is

desirable. However, a leader who is a visionary and likes to pursue organizational innovations may not be a good day-to-day manager. Therefore, these roles may be carried out by different individuals.

Building coalitions internally within the organization and externally with community groups can help administrators achieve complex departmental objectives. The strategy is related to the empowering of employees and citizens. It may mean coping with administrative complexity by decentralization of operations and replacing hierarchical organization charts with participatory management, teamwork, and partnerships. To be successful in such a context, the administrator requires political acumen and be willing to negotiate, to bargain, and to compromise.

All these capabilities can be applied effectively when they are supported by fundamental competencies. Interpersonal skills, as well as oral and written communication skills, can bring people together in team work and hold them together for the long term. In the process, that enable it to make employees can observe that their superiors have high moral standards and treat their subordinates fairly. Transparency generates a positive organizational culture and can be used to motivate employees.

Overall, the work of public administrators is supposed to be mission driven and not held back by unnecessary rules. A mission-driven culture anticipates possible problems and seeks prevention rather than a cure. A SWOT analysis can help identify internal strengths and weaknesses, as well as external opportunities and threats. Table 6 summarizes the dynamic relationships between the internal and external conditions (Tompkins et al. 2009, p. 3).

Leading for the common good means valuing and promoting democratic institutions. It means using communication channels with the public that are preferred by different generations. Retired people may want to attend meetings in city hall in person, while younger people live by social media. Leading for the common good also means upholding high ethical standards. This last point is especially relevant in the present, transitional period. The information age and high-tech economy have generated many unexpected changes, and their professional, ethical applications require firm leadership (Crosby and Bryson 2005).

The following paragraphs discuss some of the implications of Table 5, which relates executive leadership competencies to organizational innovations. The empowerment of employees and communities can bring about change in the traditional organization chart. The steep pyramid is replaced by a flattened hierarchy or by a circular setup where senior management occupies center offices with mid-level and rank-and-file employees arranged in various ways around the inner circle. Trammell Crow, the highly successful real estate developer, had his office space in Dallas organized in a circular pattern (Nocera 1984, p. 205).

The model of an inverted pyramid is another innovative idea. Proponents of the model argue that the frontline employees, who actually interact with the public, should be at the top. Managers are supposed to ensure that the frontline employees have the resources to do an effective job. Resources can mean better training, more time for each case, or more technical support.

The increased value put on frontline employees has led to a recalibration of work performance. Traditionally, dealing with poor performance has

**Leaders and Innovations in Public Organizations, Table 6** SWOT analysis

| | Internal | |
|---|---|---|
| External | Strengths | Weaknesses |
| **Opportunities** | What are the strengths of the organization that to make use of external opportunities? | What are the weaknesses of the organization that make it difficult to difficult for it to profit from external opportunities? |
| **Threats** | What are the strengths of the organization that make it possible to fend off external threats? | What are the weaknesses of the organization that make it difficult to fend off external threats? |

Source: Tompkins et al. (2009, p. 3)

meant progressive or affirmative discipline, and it is still appropriate for certain problematic behavior. However, for some inadequate work output, an emphasis on learning, coaching, mentoring, or job shadowing may be more appropriate responses than dwelling on an employee's deficiencies (U.S. Office of Personnel Management 2010).

Also traditionally, more senior employees have been more knowledgeable and skilled than junior employees. The high-tech revolution has to some extent reversed the process, with junior employees learning more quickly the use of new software or hardware. A learning partnership may be a solution, where senior partners pass on their institutional memory and substantive knowledge, while junior partners share their tech savviness.

The use of work teams is a common approach to deal with the usual complexities of government work. It has received new attention in light of the increased complexities of the economy and society (Karoly and Panis 2004). Agencies recognize that they cannot be effective problem solvers by only using the resources of one department but could do a better job if they could draw on the expertise from other departments.

Homeland security is an example, where federal, state, and local governments pool their resources and create task forces to provide the best possible coverage in a region. This approach is also called matrix management, where the rows represent projects and teams, while the columns represent the individual departments (Hatch 2013, pp. 276–281). Leadership in life- and property-threatening situations can be organized using the incident command structure, which was developed by fire services in the West where major conflagrations were attacked using the resources of several jurisdictions.

Network governance is a more informal way of collaboration. It can be effective in dispersing new knowledge or acquiring a new understanding of best practices in an area. As with any organization, a network may function best and survive the longest, when the network has a hub leader or facilitator who does the steering and keeps the purpose of the network fresh in the members' minds (Goldsmith and Eggers 2004).

## Conclusion

Leading organizational innovations and serving the public interest can be challenging. It requires individuals with strong subject matter competence who enjoy managing complexity and thrive in the face of challenges; that is why they are called change agents. They are visionaries and good communicators to persuade others, superiors and subordinates in the organization, of the importance of their vision. Sometimes it also is a good idea to involve the public.

The challenges are considerable. Public administrators face an increasingly rapid pace of change, and innovations heralded as best practices in 1 year may experience declining relevancy a few years later. The expansion of social media channels is a case in point. Innovative, proactive leaders are well positioned to anticipate change and lead by steering compared to managers who use a reactive style. Considering the rate of change is not going to slow down, innovative leadership becomes more important at all levels of government and across jurisdictional boundaries.



## References

Berman EM, Bowman JS, West JP, Van Wart MR (2016) Human resource management in public service. Paradoxes, processes, and problems, 5th edn. Sage, Los Angeles

County of Los Angeles, Department of Human Resources (2015) Leadership development guide. Retrieved from http://employee.hr.lacounty.gov/wp-content/uploads/2015/10/Leadership_Development_Guide.pdf

Crosby BC, Bryson JM (2005) Leadership for the common good. Tackling public problems in a shared-power world, 2nd edn. Jossey-Bass, San Francisco

Freyss SF (2004) Local government operations and human resource policies: trends and transformations. In: The Municipal Year Book 2004. International City/County Management Association, Washington, DC, pp 17–25

Freyss SF (2014) Paradigm shifts in public administration – toward new benchmarks and best practices. Column 4: toward new performance management. PA Times Online, 3 June

Freyss SF (2016) Paradigm shift in public administration: some thoughts on changing best practices. In: The municipal year book 2015. International City/County Management Association, Washington, DC

Gaebler TA, Hilvert C, Holt T (2015) 100 years . . . and we are still reinventing government! In: The Municipal

Year Book 2014. International City/County Management Association, Washington, DC
Gates RM (2016) A passion for leadership: lessons on change and reform from fifty years of public service. Random House, New York
Goldsmith S, Eggers WD (2004) Governing by network. The new shape of the public sector. Brookings Institution Press, Washington, DC
Greenberg J, Baron RA (2007) Behavior in organizations, 9th edn. Prentice Hall, Upper Saddle River
Hatch MJ (2013) Organization theory. In: Modern, symbolic, and postmodern perspectives, 3rd edn. Oxford University Press, Oxford, UK
Karoly LA, Panis CW (2004) The 21st century at work. Forces shaping the future workforce and workplace in the United States. RAND Corporation, Santa Monica
Kee JE, Newcomer KE (2008) Transforming public and nonprofit organizations. Stewardship for leading change. Management Concepts, Vienna
Lawrence PR, Lorsch JW (1969) Organization and environment. Richard D. Irwin, Homewood
Liff S (2007) Managing government employees. How to motivate your people, deal with difficult issues, and achieve tangible results. American Management Association, New York
McCorkle S, Witt SL (2014) People skills for public managers. Routledge, New York
McGregor DM (1957) The human side of enterprise. Reprinted in Shafritz JM, Hyde AC. Classics of public administration, 7th edn. Wadsworth, Boston, pp 153–158
Nocera J (1984) The eccentric genius of Trammell Crow. Texas Monthly, Aug, pp 118–122, 202–216, 222
Osborne D, Gaebler T (1992) Reinventing government. How the entrepreneurial spirit is transforming the public sector. Addison-Wesley, New York
Osborne D, Plastrik P (2000) The reinventor's fieldbook. Tools for transforming your government. Jossey-Bass, San Francisco
Ott S (1989) The organizational culture perspective. Brooks/Cole, Pacific Grove
Taylor FW (1912) Scientific management. Testimony before the U.S. House of Representatives (Jan 25). Reprinted in Shafritz JM, Hyde AC. Classics of public administration, 7th edn. Wadsworth, Boston, pp 37–43
Tompkins J, Stapczynski A, Freyss SF (2009) Planning and paying for work done. In: Freyss SF (ed) Human resource management in local government, 3rd edn. International City/County Management Association, Washington, DC
U.S. Office of Personnel Management (2010) How to build a mentoring program. Retrieved from http://www.opm.gov/Wiki/uploads/docs/Wiki/OPM/training/Mentoring%20Toolkit%203-18-10.pdf
U.S. Office of Personnel Management (2012a) Senior executive service executive core qualifications. Retrieved from https://www.opm.gov/policy-data-oversight/senior-executive-service/executive-core-qualifications/
U.S. Office of Personnel Management (2012b) Guide to senior executive service qualifications. Retrieved from https://www.opm.gov/policy-data-oversight/senior-executive-service/reference-materials/guidetosesquals_2012.pdf

# Leadership Across Generations

Jessica McManus Warnell
Department of Management, University of Notre Dame, Notre Dame, IN, USA

## Synonyms

Generations at work and leadership; Leadership and millennials; Multigenerational management

## Definition

Leadership across generations at work includes considerations of individual and organizational dynamics and processes, employee motivation and engagement, and related issues for and by workers from varying generational cohorts. Research suggests that explicit attention to the generations at work and to the challenges and opportunities of multigenerational workplaces and recognition of best practices in management and development of these employees lead to more effective organizations. While generational differences do not account comprehensively for the opportunities and challenges of leadership in today's workplace, understanding trends, capacities, and inclinations of generational cohorts can help employees at all stages of their careers work more cohesively and productively.

## Introduction

For the first time ever, people representing five different generations may be working side by side in our organizations. Research suggests that

explicit attention to the generations at work and to the challenges and opportunities of multigenerational workplaces and recognition of best practices in management and development of these employees lead to more effective organizations (McManus Warnell 2015). While generational differences do not account comprehensively for the opportunities and challenges of leadership and engagement in today's workplace, understanding trends, capacities, and inclinations of generational cohorts can help employees at all stages of their careers work more cohesively and productively. Moreover, creating connections among and fostering the contributions of multiple generations at work are best practices toward organizational productivity and success. Developing leaders who drive performance and impact of these organizations is critical. Shared leadership, in which employees at all levels of an organization positively and responsibly contribute to organizational success, is one feature of balanced and collaborative workplaces (Pearce et al. 2014). These collaborative leadership environments can lead to long-term benefit for individuals and for their organizations. This chapter considers the generations at work, with specific attention to the millennial generation which is poised to represent the largest group of employees in our organizations, and explores contextual issues for today's organizations and best practices for multigenerational leadership toward effective, ethical organizations.

## The Generations at Work

As older workers retire later and younger workers enter the professions in unprecedented numbers, today's workplaces often include representatives from four to five different generational cohorts. A significant group, the "millennials," who are generally defined as those born after 1980 but before 1995, will soon account for nearly half of the world's employees and by 2050 for 75% of the global workforce. The specific characteristics of the millennial generation are of particular interest to employers, policy makers, and others for several reasons.

Because this group will soon comprise the majority of the employees and leaders in our organizations, their sheer numbers will unquestionably influence work. In addition, our organizations are operating within a new paradigm of interconnectedness and technological advancement, and the millennial tendencies and experiences acutely reflect and magnify this changing nature of work (McManus Warnell 2015). Technology and related ubiquitous communication and information sharing is pervasive, and globalization is the new normal in which program partners, supply chains, consumers, clients, policy makers, administrators, investors, and other stakeholders operate in a connected world. Related issues of accountability and transparency multiply the reach, scope, and impact of generational characteristics and pose new opportunities and challenges for the workplace and its leaders.

As with most attempts to standardize the characteristics and experiences of large groups, scholars disagree on the specific boundaries, and some of the empirical data suggest contradictory characteristics. This variance within the research on the millennials in particular reflects their diversity. This is the most diverse group of emerging professionals – ethnically, by gender, and socioeconomically – ever seen in the United States (U.S. Census 2015). However, generalities can be useful tools toward maximizing professional and organizational effectiveness. Generational characteristics and their respective views and experiences of leadership do reflect some agreement.

A general consensus emerges around several key characteristics of the millennial generation to include this cohort's technological fluency and facility with social media, proclivity to multitask, teamwork capacities, preference for training and mentoring to reflect sustained and personal attention, desire for meaningful and fulfilling work, and increasing awareness of social and environmental sustainability issues (McManus Warnell 2015). Again, attention is rightly focused on this generation which numerically represents a proportion of our organizations – employees, managers, investors, consumers, and clients – that will be unmatched. There are nearly 90 million people in this age group in the United States alone.

The "baby boom" generation is typically defined to include those with birth years ranging from 1943 to 1964, and "Generation X" represents those generally identified as those born after the post-WWII baby boom, with birth years ranging from the early 1960s to the early 1980s. The generational cohort preceding these, called alternatively the Silent Generation, the Traditionalist, or the Greatest Generation, is represented by those born from 1930 to the early 1940s. The shared experiences of each cohort, particularly in their formative years, manifest in some consensus on views of work, relationship with authority, and conceptions of leadership.

Most of our organizations, of course, employ multigenerational workers. Contemporaneous with this influx of young workers, demographic data also reflects the realities of an unprecedented aging population, with the related longevity of active work life (Kulik et al. 2014). These diverse age cohorts are often working side by side and experience work in similar and dissimilar ways. A critical area to understanding leadership is considering how workers perceive and define it. Interesting differences emerge in employee perceptions of management and authority at work, and these perceptions influence understandings and experiences of leadership. Acknowledging these differences among those groups that comprise most of today's employees and managers is helpful to understanding leadership at work. "Baby boomers" and older members of "Generation X" are characterized as largely coming of age with a distrust of leaders and believing that the best work is performed without direct supervision (Howe and Hadler 2012). Millennials, conversely, tend to trust authority figures and look to them for guidance (Howe and Hadler 2012). These differences pose unique challenges for intergenerational effectiveness at work. Because millennials welcome a close relationship with supervisors and expect to contribute to organizational decision-making early in their tenure, these differences can manifest in various ways relating to perceptions of appropriate communication, interaction, and other processes and procedures in the workplace. These differences, when managed, can enhance leadership contributions from employees of all ages toward organizational goals.

## Best Practices in Multigenerational Workplaces

### Shared Values

Focusing on shared values is most productive for organizations made up of diverse generational cohorts. Though they may manifest differently, research indicates that millennials, Generation X, and baby boomers all share the same top five expectations of their employers, including challenging work, competitive compensation, opportunities for advancement and chances to grow in their jobs, fair treatment, and work-life balance (White 2011). These shared values can be a starting point for organizational cohesion and development and reflect opportunities for leaders to make meaningful contributions to realizing these objectives. The power of organizational mission and values is a related source of synergy.

The trajectory of today's workplaces is promising. Interconnectedness may come naturally to young talent; cultivating and appreciating these connections within and among the generations are distinguishing and important characteristics of millennials. Due to their upbringing, often characterized by close and participatory relationships with parents and other authority figures, millennials display the capacity to identify and be influenced by exemplars and respond to principled leaders, better than most of today's [older] adults could when they were young (Howe and Strauss 2000). Senior leaders can channel these traits and foster alignment with organizational goals. They can nurture this focus on shared values by articulating the message of the organization clearly and often. The role of senior leaders is explored further below.

Galvanizing around shared mission and values is critical for organizational success (Collins and Porras 1997), and differences do not preclude the development and pursuit of shared goals (Gentile 2010). Specifically, shared organizational goals can provide a common ground. These goals and the values that underlie them can be a foundation

to which employees and managers can appeal when identifying strategies and processes toward success. Emphasizing shared values can assist with effective decision-making and leadership activities at work along the continuum of professional experience (Gentile 2010). They allow us to consider effective strategies for pursuing shared goals; articulating and communicating these values is a first step, and modeling, incentivizing, and reinforcing them should follow (McManus Warnell 2015).

Shared goals are critical to organizational effectiveness and through collaboration they can be cultivated. Research acknowledges this link between values identification and measures of success. In the for-profit context, but relevant for public sector organizations as well, Beer et al. (2011) illustrate that looking inward, including the identification of organizational values, purpose, and capabilities, and aligning these with the passions of employees and with market opportunity, is a characteristic of high-achieving organizations. These emphases are in marked contrast to many organizations that begin by looking at markets and competition to determine strategy and direction. This characteristic of successful organizations, driven by those in supervisory positions, can benefit employees at all levels of the organization. Creating space for articulating purpose and values at work is the province of effective managers who acknowledge the connections between meaning, purpose, and organizational success.

These opportunities for personal and organizational values alignment are perhaps most acute and organic in public sector work. Research suggests that there are steps public service organizations can institutionalize to maximize achievement of employee and organizational goals. These include finding ways to reinforce the task significance of public jobs, with their unique access to intrinsic motivations linked to the significance of the tasks performed (Perry and Buckwalter 2010).

Wright et al. (2012) note that leaders in the public sector may be in a better position to activate these higher-order needs of employees, including the desire for connection with meaningful work, in ways that lead to success for the organization and its clients. Wright et al. (2012) also reinforce the notion that employees find their organization's mission to be most compelling when their leaders articulate the visions of this mission in clear and attractive ways. Consistent with research from the private sector (Treviño et al. 2000), successful leaders use their words and deeds to direct and inspire their employees and, importantly, model and reinforce behaviors that are consistent with that vision and mission (Wright et al. 2012).

Research finds that work "meaningfulness" is largely perceived by employees as related to perceptions of how their company treats others – thus, not only do employees care about how they themselves are treated by the organization, but they care more deeply whether their organization treats third parties (customers, consumers, communities) well (Glavas and Kelley 2014). Millennials are primed for both this connection with management and others and with values-based motivation. Thus, discussion of ethical impact provides a shared space where employees and their managers can interact, reflecting a key desire of millennial talent for both engaged and socially conscious work. Modeling and reinforcing these notions of purpose can belong to leaders at every level of professional life.

Identifying and reinforcing shared values is critical and requires dedicated effort; it also allows for a more participatory approach to leadership. Generational conflict often revolves around different understandings of how these values should manifest at work. Many potential challenges to intergenerational collaboration in leader-to-subordinate or peer-to-peer engagements can be mitigated by explicit determination, on the front end, of task and outcome expectations. Expectations and roles on the front end of shared tasks must be clearly determined, and the path toward achieving them requires collaboration and dialogue. Openness to different ways of thinking is invaluable to intergenerational effectiveness and allows for voicing ideas, questions, and approaches that can enhance the climate and effectiveness of the organization through greater engagement and transparency (Gentile 2010). Specific techniques can include explicitly naming

shared goals and values, including but not limited to organizational mission, in collaboration with colleagues and with attention to differences in respectful and open ways. The emerging models of flatter organizational structures rather than the purely hierarchical approach, and greater interest in and potential for interaction with aspirational leaders by employees at all levels, facilitate this intergenerational dialogue and collaboration (McManus Warnell 2015).

### Loyalty and Motivation

Considerations can also include shifts in the definition and importance of loyalty over time and related issues of life stage differences. Stages in life of the generations at work, such as early, mid-, and late-career progression, and family and other roles and responsibilities through life's trajectory, of course, vary and manifest in differences in motivation, definitions of commitment, and receptiveness to rewards and incentives. For example, new hires with significant student loan debt have very different priorities than mid-career new parents or than more senior-level employees who may be caring for aging parents of their own. Recognizing these differences, perhaps through explicit attention to them in respectful ways in collaboration with employees at all levels, can mitigate misunderstanding by appealing to understanding and appreciation for others' experiences. Belias and Koustelios (2014) note that job satisfaction is related to perceptions of working environment, relations with colleagues, and institutional goals, strategies, and success criteria; preferred styles of organizational culture are related to demographic characteristics including gender and age. It is a disservice to avoid recognizing these different experiences. Measuring and analyzing organizational culture in the context of employee demographics, explicitly considering factors such as age and life stage, can increase job satisfaction for all.

Motivation is critical to engagement and experiences and expressions of leadership, at all career stages. Kanfer and Ackerman (2004) note that process-oriented formulations of motivation at work often emphasize effort and time, rather than knowledge, as the resources that individuals allocate to determine the direction, intensity, and persistency of work behavior. For older workers with substantial knowledge, time and cognitive effort may be in shorter supply; the opposite is true, however, for younger workers. The most effective motivational interventions for midlife and older workers may be those targeting utilization and distribution of relevant knowledge and experience, and interdependent team environments may be a particularly beneficial context for facilitating work motivation (Kanfer and Ackerman 2004).

Motivation and loyalty are linked. Loyalty at work can manifest in many ways, and research suggests millennial employees experience loyalty to interpersonal relationships rather than to positions or organizations; accordingly, supervisor and other connections are critical (McManus Warnell 2015). These connections can only be fostered through intentional effort on the management's part. Coaching, collaboration, and recognition of the joys and challenges of various life changes are key. Labor projections reflect the age, gender, and ethnic diversity of our workplaces, which will only increase (Toosi 2012). Considering how loyalty, motivation, and connection are experienced and understood is necessary for effective multigenerational workplaces. Van Meter et al. (2013) note that millennials tend toward higher idealism and relativism; though they acknowledge some variation within the cohort, managers would do well to acknowledge the changing nature of reporting of misconduct, increased interconnectedness among employees and with those outside of the organization which has implications for experiencing and sharing ethical concerns, and more relativist understanding of ethical behavior at work. The traditional lecture-based approach to ethics and compliance training may also be ineffective, and more engaging pedagogy should be considered as millennial employees become the majority (Weber 2014).

In addition, research on management best practices reflect approaches in which millennial talent may be positioned to excel and acknowledges that engagement with their multigenerational colleagues is necessary for success. Thus, authority

is not necessarily conferred by title, subordinates' respect and trust must be earned, and supervisors must demonstrate to their subordinates their own character and competence before those subordinates are likely to follow (McManus Warnell 2015).

Organizations are successfully incorporating these techniques of explicitly naming multi-generational differences and collaborating around and modeling solutions. Examples include presentations on the generations at work, diversity councils around generational differences, training videos or readings exploring bridging the differences, and group meetings with required attendance by employees at all levels of the organization. Senior leaders can thus acknowledge possible differences explicitly and collaboratively by facilitating discussions of generational differences, presenting guidelines for effective engagement, and reinforcing respectful dialogue. In organization-wide meetings, content can include not only project updates and responsibilities but recognition of milestones including positive results for clients, personal milestones like new babies or graduating children, and other important professional and personal events – this reinforces connections and fosters appreciation for the challenges and joys of various life stages (McManus Warnell 2015). Acknowledging, coaching, and celebrating performance should be part of the process to reinforce expectations, norms, and values. These occasions become additional opportunities for engagement.

Chung et al. (2015) suggest that loyalty behaviors can be enhanced in diverse workforces by actively creating a favorable diversity climate, including such considerations as establishing bias-free human resource management practices for recruitment, hiring, and performance evaluation, training and education programs that help build a positive environment for those from diverse backgrounds, and senior management's attention to the values of diversity. This type of supportive diverse work climate is shown to reduce negative impacts of and increase positive outcomes associated with worker differences (Chung et al. 2015).

**Tone at the Top and Leadership at Every Level**

The role of senior managers in cultivating organizational culture, identifying priorities, and fostering a culture of engaged employee contribution cannot be overstated. Through fostering relationships of trust, empowering employees through inclusive decision-making, and encouraging employee growth and success, ethical leadership, and values-driven value creation, leaders encourage their employees to contribute to organizational success (Christensen et al. 2014).

Senior leaders can enhance employees' physical, cognitive, and emotional resources available for the pursuit of organizational objectives when they generate enthusiasm, energy, and commitment, by collectively influencing employees' perceptions of group efficacy and by encouraging followers to rise above self-interests in pursuit of organizational values and goals. Through inspirational motivation and idealized influence, these leaders convey values-based visions that result in enhanced congruence between values of the organization and its employees (Barrick et al. 2015). When the values, goals, and objectives of individuals are more aligned with those of their organizations, individuals are more willing to make themselves available to engage in work (Barrick et al. 2015).

Effective decision-making and leadership in the context of today's global, economic, and sustainability challenges require principled reasoning. Considerations of objectives across the triple bottom line of economic, social, and environmental impact by the organization can be a natural space for these approaches to flourish. Credibility is a precursor to leading and consensus building, and effective policy and strategy decisions must be rooted in principle for their institutionalization and impact (McManus Warnell 2015). Ethical conduct will be a competitive advantage in this era of globalization and transparency in which the stakes are high. Discussion of ethical impact provides a shared space where employees and their managers can interact. This attention reflects a key desire of today's workers, perhaps most acutely the millennials but an opportunity for all employees, for both engaged and socially conscious work.

In addition to reinforcing shared personal and organizational values, senior leaders can express and model the sentiment that all workers are value-added colleagues from the start. This approach fosters a norm of mutual respect that can be expected from workers, particularly young employees, but for workers at all levels of the organization, in return (Eisner 2012). Research on best practices in management finds that preparing for the realities of leadership includes recognizing that authority is not conferred by title, rather by interdependencies and expression of mutual respect and trust, and that subordinates are more likely to follow leaders who demonstrate their own character, competence, and abilities, not those who simply demand allegiance to following orders (Murray 2009). Managers do well to nurture a commitment to shared goals, not to blind allegiance (Murray 2009).

All stages of the professional process – recruiting, hiring, training, and development – can reflect the recognition of efficacy and dignity of workers at every level. This approach is reflected in increasing attention to collaborative organizations with flat rather than hierarchical structures (George and Baker 2011). This perspective resonates strongly with the strengths and preferences of millennials, soon to represent our greatest number of employees, and is the emerging model of today's organizations.

Organizations can develop a broad array of leaders, not simply a select few. As organizations consider strategies to recruit and retain top talent from the group representing the majority of the pool of available workers, they do well to recognize that these millennials desire to contribute, express comfort with interaction with those in authority positions, and desire to be taken seriously as contributing members of the group (Myers and Sadaghiani 2010). Again these characteristics can be a net positive for organizational success. Authenticity and institutional values are important to all workers; millennials in particular have a comfort with technology that enables them to access information and resources creatively and easily and to function successfully in a world that is without boundaries; and they are largely people- and organization-oriented rather than alienated, which bodes well for engaging them around mission and goals (Hershatter and Epstein 2010).

Both new workers and experienced professionals will benefit from clear dialogue around expectations and contributions, as well as reimagining notions of teams and leadership. In addition to pursuing clarity and collaboration at the outset and along the way as described above, a useful approach to fostering multigenerational collaboration at work involves presenting guidelines for effective engagement. Addressing the nature and characteristics of the tone and tenor of the interactions themselves is important. This method of engendering intergenerational collaboration involves conversational learning, which starts with shared agreement around putting the organization first. Conversational learning also includes awareness that we all have biases and "blind spots" and acknowledging an open-mindedness to learning from others, a conscious effort to listen, and an agreement that engagements be characterized by self- and other-respect. This foundation can be presented and modeled to employees in the context of training, development, peer coaching, and other activities (Sims 2012). Managers can encourage reflection and values alignment explicitly through training and development opportunities. Other examples include leader-led and group mentoring, engaging with aspirational role models, and clear feedback loops.

In addition, senior-level management adopting an engaged leadership style is shown to be associated with engaged employees; this engagement, or employees' willingness to fully invest themselves into work roles, physically, cognitively, and emotionally (Kahn 1992), is associated with positive individual- and organizational-level performance outcomes (Barrick et al. 2015). Collaborative, engaged leaders can more effectively cultivate employee commitment, development, and leadership toward organizational goals. The exhibition of transformational leadership, characterized by those behaviors such as sharing compelling visions, stimulating followers intellectually, and setting challenging goals and

expectations, can be used to create sustained organizational success (Barrick et al. 2015). This leadership approach can be considered an antecedent of collective organizational engagement by influencing meaningfulness, defined by Kahn (1992) as a feeling that the worker is receiving a return on the investment of physical, cognitive, and emotional energy by feeling useful, valuable, and not being taken for granted; that one is necessary and important; that much is expected of him or her; and that he or she is making a difference, which is influenced by task and role characteristics and by work interactions (Barrick et al. 2015).

To foster engagement and cultivate leadership at all levels, companies can allow for consistent accessibility and connection with senior management. Some companies suggest the physical act of managers walking around the organization and a literal "open door" policy; others create online portals that function as modern-day suggestion boxes. Here, we can consider the concept of highly present role models (Eisner 2012) as an effective mantra. Other suggestions include leveling the value of all workers by avoiding signaling inaccessibility of senior leadership in the physical space of the organization; consideration of approaches such as "reverse mentoring," perhaps in the area of technology, where astute millennials can mentor their more experienced colleagues on technological tools and trends; and recognition of service anniversary awards.

While physical proximity between employees and their supervisors is not always feasible, mental or emotional proximity is essential (Groysberg and Slind 2012). This accessibility and connection, reflected in the approach called conversational leadership, reject the "command and control" approach to management – an approach that appears to be ineffective with millennial talent and is increasingly becoming obsolete. Globalization, technologies, changing notions of value creation, and interaction with customers and clients have led to a sharp reduction in the efficacy of exclusively directive, top-down leadership (Groysberg and Slind 2012). Today's most successful organizations are characterized by the nature of communication within them – the flow of information to, from, and among employees – which is more dynamic, sophisticated, and reciprocal (Groysberg and Slind 2012).

The technological context also has relevance to communication approaches. Top-down, one-way communication has become unrealistic and inefficient; for just one example, with the advent of social media, all employees have a public voice, and leadership must adjust accordingly. With explicit attention, managers can leverage this new reality toward positive organizational development (McManus Warnell 2015). In addition, economic changes that prefer knowledge work requiring more sophisticated communication; organizational change that reflects flatter and less hierarchical structures involving lateral and bottom-up communication; globalization that requires fluid and complex interactions; the influx of young talent with a preference for dynamic, two-way communication with peers and their superiors; and technological changes that render static communication obsolete mean that the nature of interaction at work must change (Groysberg and Slind 2012).

Within the technology sphere, scholars have identified elements of organizational communication that are critical for navigating this new paradigm. These characteristics include intimacy, or leaders emphasizing listening to employees rather than speaking to them and bottom-up exchanges of ideas with employees; interactivity, or leaders using social and other media tools to facilitate two-way communication and employees interacting with colleagues on such tools as blogs and discussion forums; inclusion, or leaders involving employees in communicating the company's story and in acting as organizational ambassadors and thought leaders; and intentionality, or leaders building messaging around organizational strategy and employees taking part in creating this strategy (Groysberg and Slind 2012).

The influx of young workers and their ascension to leadership positions bode well for all generations at work when the best of their inclinations and motivations are channeled toward organizational goals and when the interactions across the generations are characterized by a mutual respect and willingness to engage. Innovation thrives

when information is readily and consistently exchanged, when employees are engaged and connected, and when decision-making is inclusive. These characteristics align well with millennial capacities and preferences, and to compete for the best young talent and to operate most effectively in today's climate, organizations do well to embrace them toward success for all (Agan 2013). Millennials and their more experienced colleagues can be encouraged to be active participants in decision-making and communication exchanges. Young talent can acknowledge experience and organizational wisdom as essential to workplace success, and experienced workers can share their knowledge, embrace the gifts of employees at earlier stages in their careers, and signal willingness to collaborate and perform together.

## Conclusion

Leading across generations in today's organizations involves recognizing demographic and contextual changes. Best practices in management and organizational effectiveness are key, including recognition of generational differences; acknowledging, cultivating, and reinforcing shared values; encouraging and recognizing the value and contributions of employees at all levels of the organization; recognizing the impact of collaborative and transformational leadership; and practicing conversational and collaborative interactions and performance toward organizational success. Cultivation of collaborative and transformative leadership environments can lead to long-term benefit for individuals and for their organizations.

Necessary considerations include explicit attention to shifts in the definition and role of work motivation and loyalty over time and related issues reflecting life stage differences, both of which can be actively managed toward individual and organizational goals and alignment. Different manifestations of motivation, loyalty, and leadership that may characterize generational cohorts do not preclude shared individual and organizational values, which can serve as a foundation to which leaders at all levels can appeal. Organizational culture and climate start with those in senior leadership positions; in addition to reinforcing shared personal and organizational values, senior leaders can express and model the sentiment that all workers are value-added colleagues from the start. This approach fosters a norm of mutual respect that can be expected from workers at all levels of the organization in return. When workers are engaged and connected and leadership is participatory and collaborative, multigenerational employees and their organizations can flourish.

## References

Agan T (2013) Embracing the Millennials' mind-set at work. New York Times, 9 Nov

Barrick MR, Thurgood GR, Smith TA, Courtright SH (2015) Collective organizational engagement: linking motivational antecedents, strategic implementation, and firm performance. Acad Manag J 58(1):111–135

Beer T, Eisenstat RA, Foote N, Fredberg T, Norrgren F (2011) Higher ambition: how great leaders create economic and social value. Harvard Business Press, Boston

Belias D, Koustelios A (2014) Organizational culture and job satisfaction: a review. Int Rev Manag Mark 4(2): 132–149

Christensen LJ, Mackey A, Whetten D (2014) Taking responsibility for corporate social responsibility: the role of leaders in creating, implementing, sustaining or avoiding socially responsible firm behaviors. Acad Manag Perspect 28(2):164–178

Chung Y, Liao H, Jackson SE, Subramony M, Colakoglu S, Jiang Y (2015) Cracking but not breaking: joint effects of faultline strength and diversity climate on loyal behavior. Acad Manag J 58(5): 1495–1515

Collins JC, Porras JI (1997) Built to last: successful habits of visionary companies. HarperBusiness, New York

Eisner S (2012) Best practices for managing Generation Y. In: Managing human resources from the Millennial Generation. Information Age Publishing, Charlotte

Gentile MC (2010) Giving voice to values: how to speak your mind when you know what's right. Yale University Press, New Haven

George B, Baker D (2011) True north groups: a powerful path to personal and leadership development. Berrett-Koehler Publishers, San Francisco

Glavas A, Kelley K (2014) The effects of perceived corporate social responsibility on employee attitudes. Bus Ethics Q 24(2):165

Groysberg B, Slind M (2012) Leadership is a conversation. Harv Bus Rev 90(6):76–84, 144

Hershatter A, Epstein M (2010) Millennials and the world of work: an organization and management perspective. J Bus Psychol 25:211
Howe N, Hadler R (2012) Why generations matter: ten findings from LifeCourse research on the workforce. Life Course Associates. Retrieved from http://www.lifecourse.com/assets/files/Why%20Generations%20Matter%20LifeCourse%20Associates%20Feb%202012.pdf
Howe N, Strauss W (2000) Millennials rising: the next great generation. Vintage Books/Random House, New York
Kahn WA (1992) To be fully there: psychological presence at work. Human Relat 45:321–349
Kanfer R, Ackerman PL (2004) Aging, adult development and work motivation. Acad Manag Rev 29(3):440–458
Kulik CT, Ryan S, Harper S, George G (2014) Aging populations and management. Acad Manag J 57(4): 929–935
McManus Warnell J (2015) Engaging Millennials for ethical leadership: what works for young professionals and their managers. Business Expert Press, New York
Murray A (2009) What are the common mistakes of new managers? Wall Street Journal, 7 Apr
Myers KE, Sadaghiani K (2010) Millennials in the workplace: a communication perspective on millennials' organizational relationships and performance. J Bus Psychol 25:225–238
Pearce CL, Wassenaar CL, Manz CC (2014) Is shared leadership the key to responsible leadership? Acad Manag Perspect 28(3):275–288
Perry JL, Buckwalter ND (2010) The public service of the future. Public Adm Rev 70(s1):s238–s245
Sims RR (2012) Building bridges between the Millennials and other generations. In: Managing human resources from the Millennial Generation. Information Age Publishing, Charlotte
Toosi M (2012) Labor force projections to 2020. Mon Labor Rev 135:43–64
Treviño L, Hartman L, Brown M (2000) Moral person and moral manager: how executives develop a reputation for ethical leadership. Calif Manag Rev 42(4):128
United States Census Bureau (2015). Retrieved from http://factfinder.census.gov/
Van Meter RA, Grisaffe DB, Chonko LB, Roberts JA (2013) Generation Y's ethical ideology and its potential workplace implications. J Bus Ethics 117(1):93–109
Weber J (2014) Investigating and assessing the quality of employee ethics training programs among US-based global organizations. J Bus Ethics 129(1):27–42
White M (2011) Rethinking generation gaps in the workplace: focus on shared values. University of North Carolina Kenan-Flagler Business School, UNC Executive Development. Retrieved from http://www.kenan-flagler.unc.edu/executive-development/custom-programs/~/media/C8FC09AEF03743BE91112418FEE286D0.ashx
Wright BE, Moynihan DP, Pandey SK (2012) Pulling the levers: transformational leadership, public service motivation, and mission valence. Public Adm Rev 72: 206–215

# Leadership Across Hierarchical Levels

Heather Getha-Taylor
University of Kansas, Lawrence, KS, USA

## Exercising Leadership Within Hierarchy

Understanding leadership requires attention to the ways in which organizational structure influences its practice. Leadership can be conceptualized as a product of organizational or group influences, including the power relationship that exists as a result of hierarchy, or as an individual's characteristics or behaviors. Northouse (2010) defines leadership as "a process whereby an individual influences a group of individuals to achieve a common goal" (p. 3). The execution of this process is strongly rooted in organizational structure.

Division of labor and hierarchy is one way that organizations meet the goal of organizing work to achieve goals, including goals for effectiveness, conformity, use of power, and decision-making (Hall 2002). The view of organizations as systems that are dependent on hierarchy for order and stability has its modern roots in the work of Weber (1947). Weber's description of the ideal type of bureaucracy focused on hierarchy and limited authority, division of labor, procedures and rules, as well as an emphasis on rewards to differentiate levels of competency. These features serve to create and reinforce command-and-control approaches to management.

Within hierarchical organizations, two key distinguishing elements impact the practice of leadership: the pressures for specialization and integration, which exist simultaneously. Specialization allows individuals to focus on a limited range of tasks that match their abilities, roles, and preferences. Staber (2013) describes specialization as a "key characteristic of highly structured bureaucratic organizations where the boundaries of authority and responsibility are clearly demarcated" (p. 146). Specialization, then, determines the location and jurisdiction of leadership. Yet, attention to specialization

introduces an element of complexity, which requires a high degree of coordination (Hall 2002). Some attention to attaining "unity of effort" is therefore needed for effectiveness in hierarchical settings (Lawrence and Lorsch 1967). This integration is an important starting point for the possibility of leading across hierarchy.

Hierarchy coordinates the work of large numbers of people by specifying lines of authority and accountability when direct oversight is not possible. Hierarchy as a structural form provides recognition, status, and power to those in leadership positions. It can even make some people feel more important than others, which may have manipulative consequences. This potentially negative implication of hierarchy is not the only one. Rather, other consequences of this structural form can include communication gaps, overlapping responsibilities, duplication of effort, and delayed decision-making (Staber 2013).

For these reasons, leadership via hierarchy is not without critics. For example, Barnard's (1938) work addressed the competing needs that exist within a formal organization, including the need for individual cooperation that spans organizational units (and, we can elaborate, formal positions of authority). Connected to this, Burns and Stalker (1961) advocated for a more "organic" form of organization, which emphasizes a network approach – over a hierarchical one – for sharing information and achieving outcomes. Together, these contributions speak to the importance of understanding the opportunities and constraints presented by the environment for leadership.

The environment for leadership has undoubtedly shaped both the study and practice of leadership. Scholars have often based their studies – and resulting theories and concepts – on assumptions of hierarchical settings. For example, efforts to identify the traits, skills, styles, and behaviors that differentiate effective leaders are predicated on the expectation that it is easy to identify leaders within organizational settings. Explanations of leadership are largely shaped by assumptions of leaders existing within bounded, hierarchical structures where a formal leadership position conveys power and the ability to shape individual actions and organizational outcomes.

For example, Katz (1955) work presented three types of skills (technical, human, and conceptual) that impact the effectiveness of administrators. According to Katz, leaders in top positions need enhanced conceptual and human skills while frontline supervisors need greater technical skills by comparison. The common thread from this work is that leaders should strategically focus on the most essential skillsets based on their position within the organization. Similarly, Burns' (1978) presentation of transformational leadership highlighted the shortcomings of the more dominant, traditional approach: transactional leadership. Transactional leadership is based on the exchanges that take place between leaders and followers within organizations to influence behavior. The success of this approach rests on the ability to reward and/or punish subordinates, which depends on the exercise of reward and coercive power (French and Raven 1959) that typically resides within formal positions of authority.

From the perspective of institutional theory, organizations tend toward greater formalization over time, which may include additional focus on hierarchical structures. This evolution may reduce an organization's flexibility and responsiveness (Staber 2013), which can present an opportunity for new forms of leadership to overcome these consequences. From this perspective, the opportunity for *leadership across hierarchy* may reflect a greater desire for "connectivity" over specialization (Kolb 2008) and also represent a contrast between the formality of hierarchical structures and the push for more informal relational mechanisms to accomplish goals.

## Exercising Leadership Across Hierarchy

Highly centralized, hierarchical organizations concentrate decision-making to a limited number of participants, or leaders. Leading across hierarchy challenges the foundational principles that define this organizational form: "If the bureaucracy is to operate successfully, it must attain a

high degree of reliability of behavior, an unusual degree of conformity with prescribed patterns of action" including "a keen sense of the limitation of one's authority and competence" (Merton 1968). By contrast, less centralized organizations invite a greater level and number of participants (Hage 1980). Decentralization opens the practice of leadership to those existing outside the traditionally powerful organizational positions (i.e., at the top). A variety of forces influence the level of organizational decentralization, including organizational size, technological advancements, and environmental considerations (Hall 2002).

According to Nahavandi (2012), major shifts are transforming the ways in which organizations are structured, including their degree of centralization and hierarchy. "With the constant need for innovation, intense global competition, changing demographics, and reliance on teams, organizations and their hierarchies are changing drastically." (p. 16). These shifts are not limited to any particular organization or sector. Specifically, in the public sector, several key developments revealed the need for leadership across hierarchy.

To begin, the New Public Management movement of the 1990s emphasized streamlining agencies and the public workforce to provide a government that "works better and costs less" (National Performance Review 1993). The associated restructuring not only cut the size and reshaped the federal government but it also introduced enhanced expectations for employee empowerment in decision-making. With the broad cuts to middle-management layers, initiative and leadership behaviors among lower-level workers became essential rather than tasks reserved for the top layers of the civil service.

Related to this, growing attention to the need for leadership development throughout organizations – not just at the top – called into question the appropriateness of leadership based on position alone (National Academy of Public Administration 2008). Further, the rise of contracting and collaborating with other sectors to solve problems and meet demand for services without growing the size of government also introduced change. Public managers are increasingly tasked with oversight and discretionary functions as well as expectations to lead across organizational and sector boundaries (Voelz 2010).

These and other complex challenges require new ways of leading. And the mindset necessary to address these challenges differs considerably from hierarchical thinking (Linden 2010). While working through hierarchy demands management, control, and focus on formal authority, leadership across boundaries requires relational thinking, partnerships, flexibility, and working together to deliver results. However, a variety of forces stand in the way of effectively leading across hierarchy. Structures, processes, and individuals often resist change and can hinder these efforts. Leading across hierarchy requires both individual persistence and organizational support.

If valued by both employees and employers, there are a number of potential valuable outcomes associated with leading across hierarchy. First, those individuals with the needed resources to address a given problem can be involved in identifying a solution, which may not be limited to those in top leadership positions (Reiter-Palmon and Illies 2004). Second, leadership across hierarchy may provide more flexibility and responsiveness than hierarchical structures can allow (Maccoby 1991). Third, developing leaders across levels of an organization can contribute to a strategic human capital focus on workforce development that values individual growth and investment in people over time (Selden 2009).

At the same time, this approach introduces several potential challenges as well. First, leadership across hierarchy may not be sanctioned by organizations. Second, leadership across hierarchy may be an indicator of deeper cultural problems that result in "guerrilla government" (O'Leary 2013) actions in which individuals take initiatives that are aligned with their individual ethical values but not prescribed by their organization. Finally, the expectation of leading across boundaries may simply be seen as an indicator of a "new deal" between employers and employees (Cappelli 1999) that reflects uncompensated and potentially unwelcomed extra responsibility.

## Looking to the Future: Leading Within *and* Across Hierarchy

While contemporary forces highlight the value of leading across hierarchy, leading within hierarchy will remain an important feature of delivering public services through existing government agencies. In short, public employees of the future will increasingly be tasked with leading both vertically and horizontally. Within their organizational home, leaders in positions of authority will still need to motivate and influence others to achieve goals. At the same time, they will need to lead across organizational and sector boundaries to solve shared problems (Linden 2010).

Key to achieving this balance will be attention to the necessary skills, behaviors, and mindsets that will support different leadership needs. Research confirms that leading within and across hierarchy requires different leadership approaches (Silvia and McGuire 2010). Helping leaders develop the essential skills for both tasks may require investments in mentoring and training. However, mentoring or training alone is insufficient. According to Morse (2008), "The leader whose very character is rooted in command-and-control, top-down models of leadership may very well be able to learn the skills of collaboration, but it is unlikely those will be translated into behaviors" (p. 96).

In addition to balancing the need to lead within and across hierarchy, leaders will need to welcome and support the exercise of leadership by others. As Cappelli et al. (1997) note, the contemporary focus on work teams shifted the roles of supervisors and employees in important ways. This transition can offer valuable lessons in the context of leading across hierarchy as well. Namely, in the transition to work team environments, supervisors evolved to serve as coaches or facilitators rather than as authoritarian directors. In some settings, teams became self-directed, and supervisors were not necessary. Overall, this transition speaks to evolving views on shared ownership of leadership tasks and responsibilities as well as changing organizational structures (p. 92).

As noted previously, structure is essential for coordinating work, defining roles, and determining decision-making power within organizations. As a result, an organization's structure can reveal important lessons on the ways in which leadership is defined and practiced. Structure and culture reinforce one another, and together convey the norms of leadership. For example, Staber (2013) wrote "The structure provided by roles, rules, and authority is expected to enhance control and predictability, but it can create its own problems if people use the existing structure to resist change, push their personal interests, or sabotage leadership initiatives." (p. 144). Leadership across hierarchy can be seen as a force for change and movement that counters authoritative leadership, which focuses on providing order and consistency which is valued in hierarchical organizations (Kotter 1990).

Traditional means of leading within organizations rested on an individual's position or reward power as conveyed via organizational structures and systems. The use of hierarchy offers an organizational mechanism for systematically ordering positions, functions, and individuals. Hierarchy prioritizes chain of command, stability, predictability, and efficiency. Yet, individuals must increasingly work across functional areas to coordinate work often without formal authority or influence (Parker 2008). While leading within hierarchy involves an emphasis on formal authority, controlling communication, and power via senior leadership positions, working across hierarchy requires different techniques and mindsets. Namely, leaders work effectively across boundaries when they lead rather than manage, achieve shared goals via relationship building, and build trust and open processes that contribute to mutually beneficial solutions to problems (Linden 2010).

While leadership across hierarchy is increasingly needed to respond to the challenges faced by contemporary organizations, Cappelli's (1999) work on changing elements of the employment relationship introduces some other potential concerns that should be considered. As organizations embrace an era in which vertical and horizontal leadership is needed to meet goals, it is important to reflect on whether these expectations are met with sufficient organizational support. Are these

expanded leadership roles matched with reciprocal resources, rewards, or commitment from the organization to recognize the value of these efforts? While organizations may benefit from the efforts of individuals who lead effectively within and across hierarchy, it is unclear if this contemporary expectation is a mutually rewarding opportunity or a one-sided benefit.

## References


Barnard C (1938) The functions of the executive. Harvard University Press, Cambridge, MA

Burns JM (1978) Leadership. Harper & Row, New York

Burns TE, Stalker GM (1961) The management of innovation. Tavistock Publications, London

Cappelli P (1999) The new deal at work: managing the market-driven workforce. Harvard Business Press, Brighton

Cappelli P, Bassi L, Katz H, Knoke D, Osterman P, Useem M (1997) Change at work: how American industry & workers are coping with corporate restructuring and what workers must do to take charge of their own careers. Oxford University Press, New York

French JR, Raven BH (1959) The bases of social power. In: Studies in social power. University of Michigan, Ann Arbor, pp 150–167

Hage J (1980) Theories of organizations: form, process, and transformation. Wiley, Hoboken

Hall RH (2002) Organizations: structures, processes, and outcomes, 8th edn. Prentice Hall, New Jersey

Katz RL (1955) Skills of an effective administrator. Harv Bus Rev 33(1):33–42

Kolb DG (2008) Exploring the metaphor of connectivity: attributes, dimensions and duality. Organ Stud 29(1): 127–144

Kotter J (1990) A force for change: how management differs from leadership. Free Press, New York

Lawrence PR, Lorsch JW (1967) Differentiation and integration in complex organizations. Adm Sci Q 12:1–47

Linden RM (2010) Leading across boundaries creating collaborative agencies in a networked world. Jossey-Bass, San Francisco

Maccoby M (1991) Move from hierarchy to heterarchy. Res Technol Manag 34(5):46

Merton RK (1968) Social theory and social structure. Simon and Schuster, New York

Morse RS (2008) Developing public leaders in an age of collaborative governance. In: Morse RS, Buss TF (eds) Innovations in public leadership development. M.E. Sharpe, Armonk, pp 79–100

Nahavandi A (2012) The art and science of leadership, 6th edn. Prentice Hall, Upper Saddle River

National Academy of Public Administration (2008) Can government grow great leaders? Results of a symposium. In: Morse RS, Buss TF (eds) Innovations in public leadership development. M.E. Sharpe, Armonk, pp 341–354

National Performance Review (1993) Creating a government that works better and costs less. Plume, New York

Northouse PG (2010) Leadership: theory and practice, 5th edn. SAGE, New York

O'Leary R (2013) The ethics of dissent: managing guerrilla government. CQ Press, Washington, DC

Parker GM (2008) Team players and teamwork: new strategies for developing successful collaboration. Jossey-Bass, San Francisco

Reiter-Palmon R, Illies JJ (2004) Leadership and creativity: understanding leadership from a creative problem-solving perspective. Leadersh Q 15(1):55–77

Selden SC (2009) Human capital: tools and strategies for the public sector. CQ Press, Washington, DC

Silvia C, McGuire M (2010) Leading public sector networks: an empirical examination of integrative leadership behaviors. Leadersh Q 21(2):264–277

Staber U (2013) Understanding organizations: theories and images. SAGE, New York

Voelz G (2010) Contractors in the government workplace: managing the blended workforce. Government Institutes, Lanham

Weber M (1947) The theory of economic and social organization (trans: Henderson AM, Parsons T). Oxford University Press, New York


L

# Leadership and Bureaucracy


Jeffrey D. Straussman
Department of Public Administration and Policy, Rockefeller College of Public Affairs and Policy, University at Albany, Albany, NY, USA


## Synonyms

Government agencies; Public organizations; Senior managers

## Definition

Leadership in public organizations is learned through practice. The accumulated experience of managers in government organizations can lead to both knowledge and a set of skills that senior managers can draw on when making strategic decisions. This is called the leadership repertoire.

The last decade witnessed much hand-wringing among business school academics about whether leadership can be taught to aspiring business leaders with only limited experience in the business world. Six prominent management professors at top business schools all agreed that leadership can be learned (Doh 2003). But they differed in describing if and how leadership can be taught. A similar debate has not occurred in public affairs programs despite the fact that various surveys of graduates of public affairs programs after five years or more show that soft skills including leadership are mentioned for their prevalence in day-to-day work even though many of the respondents were disdainful of the soft skills that they suffered through as 24-year old graduate students. While leadership may have second class status in graduate public affairs programs, there is a flourishing leadership industry despite the lack of evidence that it is very effective in teaching, training, and producing leaders (Kellerman 2012). Drawing on analogies from comedy, the essay shows that leadership can be learned if one considers the challenge as the creation and expansion of a *leadership repertoire* that begins in the classroom but is then cultivated experientially through practice over an entire public service career. Developing a leadership repertoire is akin to learning craft skills and then refining them over time. This approach avoids the sterile argument as to whether leadership can be taught and replaces it with one that anchors leadership education in public affairs in a method that has served skills development in myriad occupations and professions.

Preparing teachers and social workers has elements of a craft via the student teaching requirement as part of university education programs and the required field placements as part of the master of social work (MSW) degree. Public affairs education is not that different. Vining and Weimer (2002) make the observation that, like all crafts, policy analysis requires both instruction and practice. When learning and practicing craft skills, Weimer (2012) comments that it includes a blend of universal knowledge and skills that are particular to a given context. Universal craft skills include the ability to frame policy problems, the ability to identify the most salient values pertinent to the particular problem, developing alternative ways of responding to, and ultimately solving the problem and offering prudent recommendations. But other craft skills are particular and apply to the specific situation under review. Nurturing one's policy analytic craft requires a deft integration of both universal and particular craft skills for, in most policy contexts, both will be relevant.

James March, one of the foremost organization theorists in modern history, alluded to leadership as craft (Podolny 2011). March observed that leadership is a combination of plumbing and poetry or to put it another way, perhaps more art than science. In responding to the question of whether leadership matters, March said,

> Absolutely. It is the joy, passion and beauty that we infuse into life that is the glory of the human species. I think leaders can contribute to that joy—and to its extinguishment. I think administrative memoranda should be constructed as works of poetry, that organization charts should be exquisite pieces of sculpture, that relations between a boss and a subordinate should have the qualities of a Balanchine ballet. (Podolny 2011: 503)

The role of creativity and imagination are integral parts of leadership development thereby eschewing a "one best way" or style of leadership. In a speech to entering graduate students at Johns Hopkins' School of Advanced International Studies, entitled "Education for Leadership," Elliot Cohen observed that, while there are real limits to how leadership can be learned in the classroom, observation and emulation through biography, great literary works, and even film offer valuable lessons for leadership (2002). Still, real leadership education occurs not primarily in the classroom – though exposure to leadership is certainly worthwhile – but rather through practice which can then create real learning about leadership (Van Wart 2003; Van Wart 2013).

Blunt (2004) points out that one way to grow leaders is to learn from the examples of others – leadership exemplars. He adds that challenging assignments and setbacks contribute further to leadership development which is essentially on-the-job training (Blunt 2004). Blunt envisages leadership development very much as a

combination of learning, observing, and doing. Leadership development is, for him, action oriented. While concepts, theories, and, even more so, stories are all useful, *doing* trumps them all.

The above observations suggest that leadership is similar to other areas of human development where one learns through practice in formal positions of authority in bureaucratic organizations. The challenge for potential leaders is to develop a repertoire from which the public official selects at the appropriate period of time. Viewed in this way, developing a leadership repertoire is similar to the approach found among a wide range of professions. A brief analogy to a fledging young comedian will illustrate the point.

## The Concept of Repertoire

Developing a leadership repertoire can be understood through an analogy to comedy. Imagine a person in the early stage of a career as a comedian. The comedian starts by building a set of jokes, anecdotes, gags, and stories. These represent the comedian's initial repertoire which is then practiced in venues such as open mic, comedy workshops, and small bars and clubs. The comedian's performance selects from the repertoire. While the comedian's act is very similar from one performance to another, it is rarely identical. The act changes during any given performance when the comedian alters the repertoire. The changes may include substitution of some material, elimination of some, or simply changing the order of the material. The comedian alters the repertoire because he has a hunch that a change is needed to be successful for *that* particular performance. Alterations in the repertoire are based on experience and educated guesses about what will work in the current environment. The comedian has no guarantee that a selection from the repertoire will be successful. In fact, failure is part of the learning process. When a comedian notes that he "bombed," he takes stock of what happened and why the routine did not work that evening. The comedian learns from each experience and incorporates the learning into future repertoire decisions. To generalize beyond the comedian, an essential feature at this point is *adaptability* – a necessary condition of effective leadership according to former Chief of Staff of the United States Army General Martin E. Dempsey (Hargrove and Sitkin 2011).

Learning and repertoire development can be reinterpreted in a more precise way. The comedian reflects on the jokes, gags, and stories that work (and those that did not produce the laughter from the audience) and begins to formulate a "theory" of humor. The theory is also part of the comedian's repertoire since it guides the selection of specific gags, anecdotes, and stories. For instance, some jokes work because people laugh at unexpected juxtapositions, that is, thoughts and ideas that seem to have inappropriate connections. One element of humor, then, is incongruity. Other jokes work because the comedian can disparage both ideas and people without reprisal from the audience. The incongruity comes from the fact that the comedian can say things on stage as part of the act that would not be acceptable if said face-to-face when the comedian is not performing. A third idea learned from reviewing jokes and gags is that people laugh at mechanical representations of the human being, sight gags if you will. Visual characterizations often produce laughter from the audience. And fourth, comedy has a psychological dimension: people laugh when aggressive ideas are expressed in an unserious way.

Our new comedian looks at the repertoire of jokes, stories, and gags and discovers that what works confirms this theory of humor. The comedian uses the theory – essentially the four principles listed in the previous paragraph – to refine the set of jokes, stories, and gags in the repertoire. Notice that the refinement is not arbitrary; what works (and what does not work for the comedian) is based on the theory of humor that is tested each night when the comedian goes on stage to perform the act.

If one eschews the notion that leadership is like physics – meaning science – but rather like the road travelled by comedians, one can perhaps make sense of what it means to develop a leadership repertoire. Public management has attributes that are analogous to theory-driven humor. The

manager strives to be as effective as possible. Like the comedian, the public manager builds a repertoire of concepts and skills and employs them in particular contexts. These include but are not limited to ways to lead, ways to collaborate, ways to negotiate, methods to assess personnel, and program effectiveness, to name a few. The repertoire is not random; rather, it is derived from theory about what seems to work in general, and what alterations are needed in light of the particular constellation of environmental conditions (Van Wart 2013). When new comedians study the performances of seasoned comedians, they are really observing the application of theory-driven humor. The seasoned comedian makes intelligent selections from a well-developed repertoire. The novice comedian can learn from the seasoned comedian's theory-driven approach, but it would be unwise for the novice to literally copy the former's repertoire since context and personality could render too literal an application unfunny. How does an aspiring public manager with little professional work experience begin to develop a leadership repertoire?

## Leadership Competencies

One approach is to think of leadership as a set of competencies akin to those that have been identified as Executive Core Qualifications (ECQs) by the United States Office of Personnel Management (OPM) (https://www.opm.gov/policy-data-oversight/senior-executive-service/executive-core-qualifications/). Competencies are formed from the overlap of skills, individual characteristics, and knowledge. They are learned through education and training, and, most importantly, through experience. Competencies like the ECQs can be thought of as the accumulation of repertoire that is grouped into broad categories for managers who aspire to the Senior Executive Service (SES) of the federal government. The leadership journey begins early in one's career and is shaped over years of practice.

Consider some fundamental competencies that have been identified by OPM. These initial competencies tend to focus on self-reflection, communication skills, interpersonal skills, and ethical reasoning. Various self-assessment tools designed to connect one's psychological profile, mode of interpersonal interaction, and communications skills are typically introduced early in leadership education. A useful way to think of the fundamental competencies introduced in early leadership education is to use the "stair step" approach that presumes increasing leadership responsibility over a career that begins with managing projects, continues to managing people, followed by managing programs, and finally, leading organizations. Each leadership step includes a group of competencies. The ECQs assume that competencies are learned over many years of experience. Moreover, repertoire development and the accumulated competencies do not align quite as neatly as suggested by the stair step imagery embedded in OPM's classification of leadership competencies at different stages in one's career.

Consider some of the competencies involved in managing projects – the first step in one's leadership journey. Here is where much of what is learned public affairs programs provide the grist for core management responsibilities and are necessary but not sufficient for those who will continue to climb the stairway. While a distinction is often drawn between management and leadership, the distinction can be artificial and this is recognized by OPM by identifying "business acumen" as a core leadership competency. Managing projects, with the associated focus on creating and motivating teams, performance measurement, and even a bit of vision – a competency associated with a much more senior level of leadership – is needed for someone who is developing a leadership repertoire even relatively early in one's career.

There are no fine lines between leadership competencies and a stairway progression to higher levels of leadership. Rather, experience provides the opportunity to both learn skills and develop one's repertoire. Leadership competencies in public bureaucracies frequently include activities around managing projects and extend to managing people. Motivating personnel to appreciate the organization's "big picture" –

generally described as the mission – requires senior leadership to not only manage performance detail but to also instill a service orientation in the various teams and occasionally manage conflict as well. Notice that as competencies are developed, the leader needs to move back and forth across the steps by reaching into one's repertoire learned and practiced at an earlier time in one's journey.

A key part of a leader's repertoire in large bureaucracies is to develop and share a vision for the organization. This is one way that leaders create followers. Vision suggests purpose and direction. Yet, a vision offers no guarantee that it will be embraced by all of the key stakeholders. In public bureaucracies, it is essential that the leader understand the internal dynamics of power to gauge support for his or her vision and build support for change (Fernandez and Rainey 2006). As Kotter (2001) pointed out, since leadership involves change, it requires aligning people to achieve your vision. Vision may be necessary but it is certainly not sufficient to achieve success. The leadership stairway suggests as much by noting that competencies learned earlier in one's career are also important when trying to lead change in large bureaucracies. For example, since there is likely to be some resistance, managing conflict and employing political savvy, two additional ECQs learned and practiced earlier in one's leadership journey, are necessary when leading change. It also helps to understand the organization's culture and, if it is a large organization, several cultures (Shalala 1998).

Strategy is an important element of leadership. Strategic thinking is associated with the highest level of leadership – leading organizations. However, strategy first requires a mindset which also includes barriers to strategic development in public organizations. As such, strategy is not a single competency but, rather, a conglomerate of competencies that also require a large repertoire if the leader is going to be successful. Practicing strategy can begin early in one's career by first learning about some of the inherent obstacles to strategic thinking and ways to counteract them (Roxburgh 2003). Similarly, exposure to models and alternative perspectives are useful such as Moore's strategic triangle (Moore 1995), Porter's five forces (Porter 1996), and Minzberg's concept of emergent strategy (Mintzberg 1994). Exposure to strategy through learning, for example, through case analyses or direct observation of strategy formulation and implementation in selected public organizations, can help to establish the learning platform early in one's leadership journey.

Recognizing the difference between what is routine and what is not routine is a key element of one's leadership repertoire. Technical challenges such as the allocation of a significant budget cut across an organization, while always painful, is a function of management. Leadership focuses on adaptive challenges. This is a distinction that has been formulated by Ronald Heifetz at the Harvard Kennedy School of Government and his colleagues (Heifetz 1994). In a brief review of Heifetz's work, the Australian Public Service Commission, in a compendium of leadership concepts and theories, summarized adaptive leadership as comprising three broad dimensions: (1) observing events and recording these events as "data," (2) interpreting the events and developing rival hypotheses, and (3) developing interventions in response to the adaptive challenge (s) created by the events observed (Australian Public Service Commission, http://www.apsc.gov.au/publications-and-media/current-publications/thinking-about-leadership-a-brief-history-of-leadership-thought/adaptive-leadership). Since adaptive change is not routine, it does not happen every day. On the contrary, it is episodic so the leader needs to observe the environment carefully and make an assessment that the challenges emanating from the environment call for action that is not routine. One example is the leadership challenges brought on by the deep, global recession of 2008. For Heifetz and his colleagues, challenges of this sort requires experimentation and improvisation – both adaptive responses that are likely to create discomfort for people in the organization because adaptive challenges break routine and force people out of their comfort zone. In managing adaptive challenges, Heifetz and his colleagues advise to get on the "balcony," a metaphor for observing and diagnosing in a new and uncertain environment.

The imagery of adaptive change is similar to other concepts in good currency such as an "inflection point," an intervention in a trend that can alter that trend a substantial way. The challenge is both to recognize that an inflection point has arrived and then respond to it. Similarly, concepts like "black swans" (Taleb 2007) and "unknown unknowns" (Rumsfeld 2011) also highlight the challenges that come from environmental surprises (Watkins and Bazerman 2003).

Adaptive challenges need not be catastrophic events such as the terrorist attack on September 11, 2001, in the City of New York. Nevertheless, it is not unreasonable to assume that low probability/high impact situations may occur while one is in a leadership position. A natural disaster is one possibility. Another one is a high profile corruption scandal that affects the agency or even the entire government. Low probability/high impact events create adaptive challenges for leaders. Since, by definition, they do not occur often it is difficult to build an effective repertoire to prepare for them; however, study and reflection is one way to simulate adaptive challenges.

## Conclusion

Building a leadership repertoire is not something that can be done quickly. It involves learning and practice, but also unlearning. A very senior retired military officer relayed the following story about the events just prior to the downing of a United States Marine helicopter in Mogadishu, Somalia, in 1993 that later became the grist for the movie *Blackhawk Down*. The general was in a meeting with the then Secretary of Defense and Deputy Secretary of Defense at the beginning of the Clinton Administration. The issue was whether United States Marines in Somalia should go after a prominent warlord in an effort to stem the de facto civil war in the country. The Secretary and Deputy Secretary were in favor of military action. The general advised against it noting that the element of surprise was lost. But, in his recounting of the meeting, the two were not listening. Years later he opined that he was so accustomed to giving advice but then following orders once a decision was made because this was embedded in his many years of training as military officer. But, in retrospect, he said that, having reached the highest level of the military, he should have exercised more independence and tried harder to convince the others of his position. To put it differently, he needed to adjust his repertoire; he had to unlearn.

A leadership repertoire need not be internally consistent. Consider the concepts of adaptive change and managing for performance. Recall that one piece of advice found in the writing of Heifetz and his colleagues is that leaders, in situations that require adaptive change, to stand away from the day-to-day activity – get on the balcony, a metaphor for careful observation that is unmarred by the technical challenges embedded in any organization. Yet, in government bureaucracies, leaders sometimes have to pay attention to detail. Let us return to the comedian. Why do some comedians vanish and others have staying power? One explanation is that the successful ones continually refine their repertoire while staying with the core properties of their repertoire that have proven to be successful over and over again. Ultimately, developing a leadership repertoire is an exercise in continual learning. While it may start in graduate school, it never stops. One's career in public organizations provides multiple opportunities to build a leadership repertoire through experience, sometimes failure, and reflection.

## References

Blunt R (2004) Growing leaders for public service, 2nd edn. IBM Center for the Business of Government, Washington, DC

Cohen E (2002) Education for Leadership. http://govleaders.org/education-for-leadership.htm. Accessed 14 Sept 2016

Doh J (2003) Can leadership be taught? Perspectives from management educators. Acad Manag Learn Edu 2(1): 54–67

Fernandez S, Rainey H (2006) Managing successful organizational change in the public sector. Public Adm Rev 66(2):168–176

Hargrove D, Sitkin S (2011) Next generation leadership development in a changing and complex environment: an interview with General Martin E. Dempsey Acad Manag Learn Edu 10(3):528–533

Heifetz R (1994) Leadership without easy answers. Harvard University Press, Cambridge, MA

Kellerman B (2012) The end of leadership. HarperCollins, New York

Kotter J (2001) What leaders really do. Harv Bus Rev 79(11):85–96
Mintzberg M (1994) The fall and rise of strategic planning. Harv Bus Rev 72(1):107–114
Moore M (1995) Creating public value. Harvard University Press, Cambridge, MA
Podolny J (2011) A conversation with James G. march on learning about leadership. Acad Manag Learn Edu 10(3):502–506
Porter M (1996) The five competitive forces that shape strategy. Harv Bus Rev 86(1):78–93
Roxburgh C (2003) Hidden flaws in strategy. McKinsey Qtly 2:27–39
Rumsfeld D (2011) Known and unknown. Penguin Group, New York
Shalala D (1998) Are large public organizations manageable? Public Adm Rev 58(4):284–289
Taleb N (2007) The black swan: the impact of the highly improbable. Random House, New York
Van Wart M (2003) Public sector leadership theory: an assessment. Public Adm Rev 63(2):214–228
Van Wart M (2013) Lessons from leadership theory and the contemporary challenges of leaders. Public Adm Rev 73(4):553–565
Vining A, Weimer D (2002) Introducing policy analysis craft: the sheltered workshop. J Policy Anal Manage 21:697–702
Watkins M, Bazerman M (2003) Predictable surprises: the disasters you should have seen coming. Harv Bus Rev 81(3):72–80
Weimer D (2012) The universal and the particular in policy analysis and training. J Comp Policy Anal 14:1–8

### Websites

http://www.apsc.gov.au/publications-and-media/current-publications/thinking-about-leadership-a-brief-history-of-leadership-thought/adaptive-leadership. Accessed 11 Jan 2016
https://www.opm.gov/policy-data-oversight/senior-executive-service/executive-core-qualifications/. Accessed 2 Jan 2017

# Leadership and Consensus Building

Jacqueline Gilbert
Department of Management, Middle Tennessee State University, Murfreesboro, TN, USA

## Synonyms

Agreement; Collective decision-making; (Consensus) concurrence; Unanimity

## Definition

Consensus building is "a process of seeking unanimous agreement" (Susskind 1999, p. 6).

## Introduction

The road to consensus is a continuous, paved mosaic of managerial contribution. Achieving mutual understanding (along with shared governance) is a process by which possession of legitimate power may not necessarily translate to effective workplace outcomes (Wodak et al. 2011). A solely transactional focus misses the consideration essential to creating a "positive psychological atmosphere" ("Building Consensus" 2005, p. 14). The manner in which leaders approach conflict resolution (one divergent from "command and control") is a precursor to effective work relations. "Facilitative leaders" (Susskind 2009) or "unleaders" (Manz and Sims 1984) use tact, diplomacy, a willingness to hear all sides of an argument to solicit, understand, and integrate employee perspectives and to ". . . consult with the people s/he is leading to define the process by which the group will do its work or make decisions" (Susskind 2009, para 3). Facilitators make incremental, recursive, multiple attempts to clarify workers' positions. Their attention surpasses self-reflection as a superficial show of feigned managerial interest – instead, authentic leaders attempt to attain synergy through serial interview. Reinforcing the efficacy and esteem of participants in a change process solidifies workable solutions (Susskind 2009).

## How to Achieve Consensus

How does a leader, or someone who aspires to the "leader" designation, avoid the off-putting ailment of dean's disease (Bedeian 2002), in which managers surround themselves with those who mirror their opinions, sing their praises, and engage in rote regurgitation? Managerial lapdogs only serve to procreate a status quo. Conversely, Wodak et al. (2011) suggest that leaders' transformative toolkit includes a collection of strategies

intended to achieve consensus. Due to unequal hierarchical positioning, they argue that leaders and followers experience "interactional asymmetries" (p. 595), in that communication (if not mutually shared and maintained) may thus be top down, silently accepted, or acquiesced in order to avoid sanction by the receiving party. Sharing occurs when egoic desire for one-upmanship yields to objective data sharing and when leaders focus on the long-term prize of moving forward as a unit. Discursive bonding strategies (in which facilitators stress the use of "we" as opposed to "I" in linguistic patterns), along with the encouraging style – which solicits feedback via mechanisms of open questions, praise for participants input, inquires as opposed to inquisitions, and invitations rather than orders – create room for dialogue, disagreement, challenge to accepted norms, and a comfort level in the give-and-take self-expression that results when team members experience self-worth (Wodak et al. 2011).

Unleaders do not promote anarchy but rather teams composed of respective leaders (Peck 1987). People feel a part of the process when their opinions are solicited and when bosses abdicate managerial thrones to behave as egalitarian peer – and not organizational magistrate. If top management does not infuse organizational culture with expectations for respectful interaction (Gilbert et al. 2013), then bullying behaviors may fill the vacuum. "People-centered management" is evidenced in a relationship-building approach in which leaders exhibit vulnerability toward those they serve ("Burrelle's Information" 2001). Effective microlinguistic styles include paraphrasing (e.g., "It seems to me that," "Correct me if I'm wrong, but the crux of your argument appears to be. . ."). In the spirit of cooperation, employees are solicited not simply when a major change looms large but rather continually to ascertain possible adjustments.

Adjustment from authoritarian to democratic management style is impelled from (among other variables) (1) an influx of immigrants and diverse employee base requiring a range of relational styles; (2) a generational cohort (e.g., millennials) who responds more favorably to visual information presentation (Fenich et al. 2012); and (3) post career workers who value employer flexibility and part-time work. Town hall meetings (in which everyone is able to ask questions and express an opinion), focus groups, individual interviews, management by wandering around, surveys, and suggestion boxes are all ways leaders can place their finger on the organizational pulse. Uzzi and Dunlap (2012) suggest the following advice for turning a potentially contentious relationship to one of mutual allies, a process which they refer to as the "three Rs:" (1) Redirection of negativity so that circumstances appear the fault of a third party and/or focus on topics you have in common; (2) reciprocity, offering to give something of value away first as a way of proactively establishing goodwill; and (3) rationality, explaining the other party's relational value so that one's efforts are not perceived as managerial ploy. Leaders are distinguished by their ability to ascertain how they are being perceived by other people and correspondingly change course.

Supervisors descend down a slippery behavioral slope when they doggedly insist on their own unique viewpoints, promote platforms as dogma (not tentative solutions), and prefer diatribe as opposed to dialogue. Self-centeredness drives the quest for dominance (Belbin 2001) exhibited at work through "denial, blaming, and alibiing" (Branden 1998, p. 54). Rapport is created through exercise of emotional intelligence, with practices like getting to know one's employees as individuals – as opposed to mere units of production. Strictly transactional communication (in which employees are treated as a means to an end) breeds mistrust. Managers no longer do the technical job aspects themselves; instead, they are informational conduits who must (to be successful) take a holistic approach to their most-prized assets. Employee-centric managers realize that productive work is a confluence of personal factors, which include work/life balance, satisfaction with one's surroundings, supervisory support, and frequent checking to dissolve residual-lingering issues before they fester and metastasize into full-blown workplace problems. Ala the Dale Carnegie method, these managers are "hearty in. . .[their] approbation and lavish in. . .[their]

praise" (Carnegie 1937, p. 25). Workers in cooperative environments (Gilbert et al. 2012) have multiple opportunities to reward coworkers, like at Red Velvet Events – where fellow employees can award one another with a decorated "troll doll" for exemplary achievement (Straz 2015).

Conflict avoiders may purposely sideline issues for self-gain, or to circumvent necessary but potentially unpleasant encounters (Hensey 2000). But in a multicultural workplace, alternative interpretations of employee behavior abound. In one company, a team of engineers was frustrated because the lone female seemingly "refused" to participate. Delving further revealed that the engineer (an Asian female) felt compelled to roll words on her tongue several times before speaking – so as not to cause offense. Instead of a solution designed to "fix" the noncontributing party, she was allotted time to speak during meetings in a way that not only enabled her to fully contribute, but to provide teammates a reflective, engaged point of view (Sheridan 1994). The attainment of consensus mandates that leaders use continual, creative, welcoming methods to elicit employee input – so that even if decisions do not completely satisfy all parties, at least several alternatives will have been analyzed and vetted. Conversely, Moore and Woodrow (1999) suggest there are some situations in which consensus building may not be appropriate, e.g., (1) when a formal decision has been reached or a "de facto" resolution is in place; (2) the issue in question does not rise to the level of assembling a consensus-making process; (3) intransigence of some constituent parties exists; and (4) time constraints occur that preclude formal analysis tools – such as educating individuals in negotiation tactics, preparing a formal conflict assessment, and deliberation mediation.

Aggressive speech is the antithesis to cooperative behavior. "Throwing in the kitchen sink" (inclusion of superfluous information in an attempt to sidestep primary issues), interrupting, shouting, combative gesturing, posturing to solidify one's position, and gossiping are all ways to bulldoze and disrespect surrounding parties. Narcissists may be devoid of the emotional intelligence necessary to empathically view others' perspectives: "Egocentric, or 'narcissistic' managers can easily perpetuate a self-reinforcing pattern of behavior, one in which the conquered subordinate is transformed into an enabler, or an obsequious follower who willingly serves the boss" (Gilbert et al. 2012, p. 31). Gilbert et al. argue that behavior which is conniving, manipulative, sneaky, underhanded, and ruthless predominates in offices where narcissists hold powerful offices, and where they single-handedly control the fate of their subordinates. In the extreme, employees can feel like caged animals, slaves, individuals locked in a perpetual nightmare, water tortured, and persecuted souls (Tracy et al. 2006). Workers who have experienced mobbing, emotional abuse, and bullying not only have an altered worldview, but a penchant to keep their mouths shut for fear of negative repercussion.

Dysfunctional firms (e.g., those in which a lack of consensual employee give and take exists) are characterized by an inverted form of the (Rusbult et al. 1988) $2 \times 2$ framework – comprised of exit, voice, loyalty, and neglect. In terms of "voice," disagreement through honest self-expression in "dominated" culture is verboten, so (other than exiting a firm) as protest employees may employ clandestine, Internet-enabled methods to express their dissatisfaction (e.g., "Ratemyboss.com"). The conflation of individualism, combined with unchecked and unlimited power, works at cross purposes with empowering concepts of democratic management, freethinking, unfettered expression, and the collegial head butting that is necessary to ensure a mixture of ideas.

Some organizations employ "functional disruption" to engender employees providing opinions in a respectful fashion. Groupthink (along with intra- and intergroup conflict) is less likely to occur in firms where coworkers are encouraged to share with fellow employees. Methods to elicit conversation encompass focus groups, individual interview, Socratic method, Indian talking stick, debates, and intergroup conflict resolution exercises. The goal is to eliminate destructive stereotypes and replace them with sociotypes, or valid perceptions of teams/individuals (Gilbert 2001). Valuing diversity (in terms of extracting multiple viewpoints (Thomas and Ely 1996) is another way

to engender camaraderie at work. Multicultural organizations (Cox 1991) place value on inclusion, in which all workers feel part of the organizational fabric; members of a community in which managerial supportive culture nurtures bonds of trust among coworkers, open sharing, collegial friendship, and a penchant to develop peers. The modification of human resource functions (like performance appraisal) is necessary to ensure that career planning, recruitment that casts a wide net, compensation that is a function of annual statistical pay analysis, managerial accountability in terms of hiring/promoting/mentoring individuals different from oneself, inclusive education (e.g., training that eschews blaming other parties), and family-friendly policies which encourage work/life balance (Gilbert et al. 1999) occur in an effort to create consensus that reflects inclusion.

## Conclusion

Obtaining consensus may appear time-consuming and disheveled, somehow at odds with a streamlined, sanitized decision-making model in which conclusions are reached incrementally and with a minimum of dissent. The consensus-making process is more feasible when (1) managers must solicit more information (or try a new approach) due to inherent differences among employees; (2) parties involved don't possess the requisite information to make an effective decision as individuals; and (3) when cooperation, unity, and integration are prioritized as valued end products for implementation (Moore and Woodrow 1999). Managers can keep lines of communication open by actively soliciting opinions, learning cultural norms, devising novel solutions that capitalize on diversity, promoting civil dialogue, and through offering a systematic plan of continuous training designed to promote inter-employee understanding. A final product that represents a mosaic of individual thought results from a messy give-and-take process. Effort on the part of managers is necessary to evoke every employee's contributions and to circumvent groupthink.

## References


Bedeian AG (2002) The dean's disease: how the darker side of power manifests itself in the office of dean. Acad Manag Learn Educ 1:164–173. https://doi.org/10.5465/AMLE.2002.8509359

Belbin RM (2001) Managing without power: gender relationships in the story of human evolution. Butterworth-Heinemann, Oxford/Boston

Branden N (1998) Self-esteem at work: how confident people make powerful companies. Jossey-Bass, San Francisco

Building consensus & resolving conflict with firm clients (2005) Law office management & administration report 5, pp 1–15

Burrelle's Information Services (2001) Interview by D. Elliott [Transcript]. National Public Radio, 26 Apr

Carnegie D (1937) How to win friends and influence people. HarperCollins, New York

Cox T (1991) The multicultural organization. Acad Manag Exec 5:34–47

Fenich GG, Scott-Halsell S, Ogbeide G (2012) What the millennial generation prefers in their meetings, conventions, and events. PCMA Education Foundation Grant Funded Research Paper. Retrieved from https://www.pcma.org/docs/be-in-the-know-docs/millenial_generation_findings.pdf?sfvrsn=0

Gilbert JA (2001) From sociotypes to stereotypes: the impact of multicultural education. J Excell Coll Teach 12:55–76

Gilbert JA, Stead BA, Ivancevich JM (1999) Diversity management: a new organizational paradigm. J Bus Ethics 21:61–76

Gilbert JA, Carr-Ruffino N, Ivancevich JM, Konopaske R (2012) Toxic versus cooperative behaviors at work: the role of organizational culture and leadership in creating community centered organizations. Int J Leadersh Stud 7:29–47

Gilbert JA, Raffo DN, Sutarso T (2013) Gender, conflict, and workplace bullying: is civility policy the silver bullet? J Managerial Issues 25:79–98

Hensey M (2000) A few 'lessons learned' from acquisitions. J Manag Eng 16(4):36–38

Manz CC, Sims HP Jr (1984) Searching for the "unleader:" organizational member views on leading self-managed groups. Hum Relat 37:409–424. https://doi.org/10.1177/001872678403700504

Moore CW, Woodrow PJ (1999) Collaborative problem solving within organizations. In: Susskind LE, McKearnan S, Thomas-Larmer J (eds) The consensus building handbook. Sage, Thousand Oaks, pp 591–630

Peck MS (1987) The different drum: community making and peace. Touchstone, New York

Rusbult CE, Farrell D, Rogers G, Mainous AG (1988) Impact of exchange variables on exit, voice, loyalty, and neglect: an integrative model of responses to declining job satisfaction. Acad Manage J 31: 599–627. https://doi.org/10.2307/256461

Sheridan JH (1994) Dividends from diversity: an Exxon Chemical plant's proactive approach seeks to unleash human potential. Ind Week 243:23–26

Straz M (2015) 4 ways innovative companies are celebrating their employees. Entrepreneur, Aug. Retrieved from http://www.entrepreneur.com/article/249460

Susskind LE (1999) An alternative to Robert's rules of order for groups, organizations, and ad hoc assemblies that want to operate by consensus. In: Susskind L, McKearnan S, Thomas-Larmer J (eds) The consensus building handbook. Sage, Thousand Oaks, pp 3–60

Susskind LE (2009) The consensus building approach [Web log comment]. Retrieved from http://theconsensusbuildingapproach.blogspot.com/2009/01/consensus-building-approach-to_16.html

Thomas DA, Ely RJ (1996) Making differences matter: a new paradigm for managing diversity. Harv Bus Rev 74:79–90. https://doi.org/10.1225/96510

Tracy SJ, Lutgen-Sandvik P, Alberts JK (2006) Nightmares, demons, and slaves: exploring the painful metaphor of workplace bullying. Manag Commun Q 20: 148–185. https://doi.org/10.1177/0893318906291980

Uzzi B, Dunlap S (2012) Make your enemies your allies: three steps to reversing a rivalry at work. Harv Bus Rev 90:133–136

Wodak R, Kwon W, Clarke I (2011) 'Getting people on board': discursive leadership for consensus building in team meetings. Discourse Soc 22:592–644. https://doi.org/10.1177/0957926511405410

## Leadership and Emergency Management

William L. Waugh
Georgia State University, Atlanta, GA, USA

Leadership is one of the core issues in emergency management. Leadership is all the more important during crisis situations (Boin et al. 2016) because the leader is more visible to the public and under pressure to perform effectively because lives and property may be at stake. Leadership is also more difficult in an environment in which authority is shared, resources are dispersed, expertise is scattered among other agencies and levels of government, and institutional capabilities are uneven. The first question that is asked during a disaster is "Who is in charge" and no one may be in charge.

Within some emergency management systems, symbolic leadership is also very important. The costs of failure can be dire for political leaders. The leader of the emergency management organization represents the political leaders. There are expectations that the head of government will make an appearance to demonstrate his or her concern for the safety of people at risk and support for the crisis management team's efforts. It must also be noted that involvement in crisis situations is only a small part of most emergency management leader's responsibilities. Much of his or her time is spent advocating for the program, assuring that the administrative structure that supports the program is functioning effectively, and preparing plans, conducting exercises, and performing other duties to assure that the jurisdiction is addressing risks and preparing for potential disasters. In general, the leadership of individual agencies and programs is a different issue than the management of emergency management functions and tasks. The common wisdom in emergency management is that programs should be located in the executive office of the president, governor, mayor, or other head of government so that its efforts will enjoy the visibility and political weight of that office. To be buried in an administrative department complicates communication with the executive when crises occur and can reduce the financial, material, and political resources that the program receives. That was the argument against moving the Federal Emergency Management Agency into the US Department of Homeland Security in 2003.

In the United States, the answer to the question "Who is in Charge" is complicated by the nature of the nation's political system and the complexity of its administrative system. The federal system is characterized by a division of power with authority divided between the federal and state governments. There is a division of power within states to the extent that the authority of local governments is defined in statute and/or constitution. State authorities, however, generally can preempt local action (Dillon's Rule) although it is seldom done and can be a messy political act. Nonetheless, looking at a chart of the government structure, one might assume that the federal government is in charge and there are circumstances in which that is true. Most disasters, however, are local, and local officials have principal

responsibility for the disaster response. A fire or flood is usually handled by local emergency responders, and the recovery process is handled by the local American Red Cross chapter or another local nongovernmental organization. As the scale of the disaster increases, more local governments and perhaps the state government or even multiple state governments become involved. Customarily, state officials defer to local officials as long as they have the resources to deal with the disaster.

In theory, that is how the larger American emergency management system operates. State officials assist local officials if needed, and federal or national officials assist state and local officials if needed. Leadership, in essence, is exercised by the lead government officials. Within each level of government, there are agencies responsible for dealing with hazards and disasters. Normally these are the lead agencies if a hazard exists or a disaster occurs, but there may be conflicts over jurisdiction. For example, in the US federal government, the agency responsible for dealing with hazardous material spills and accidents is the Environmental Protection Agency – unless the spill or accident occurs offshore or on a waterway in which case the US Coast Guard is the lead agency. Similar jurisdictional conflicts occur with other hazards and within other levels of government.

The first component of emergency management leadership is authority. The Emergency Management Accreditation Program Standard begins with the issue of legal authority. Does the agency have the legal authority to act when disaster strikes and does the emergency management program have a designated leader or lead administrator? At the local level, the lines of authority may or may not be easy to trace. Emergency management authority may reside with the Fire Department, the Police Department, the Public Works Department, a separate Emergency Management Office, or some other agency. Some communities do not have an emergency management office at all and depend upon their fire or police department or an outside agency. Moreover, local emergency managers may be part-time or unpaid volunteers. Notwithstanding the designation of a lead agency and a lead administrator, other agencies and personnel may be integral parts of the emergency management program.

In terms of disaster response, incident management systems have been designed to assure some unity of command. The Incident Command System (ICS) was developed in the early 1970s for fighting wildfires in California. ICS has become the most common incident management system in the United States, and it, or some variation, has been adopted in other nations. The structure includes the incident commander (leader), the staff personnel (e.g., public information, liaison, and safety officers), and the planning, operations, administration/finance, and logistics chiefs. As events get larger, a Unified Command (US) is set up in which there is collective decision-making with the emergency manager coordinating the process. A policy group exercises command. As events get even larger, a Multi-Agency Coordination System (MACS) is set up to accommodate the participation of more agencies. And, finally, the National Incident Management System (NIMS) was implemented by the US Department of Homeland Security, creating area commands and functional command organizations. A bureaucratic leadership structure was the result. ICS has served the fire service relatively well because it was designed to fit the disciplined approach to firefighting. Other agencies, such as the military and public health, have been somewhat less comfortable with ICS (Waugh 2009). It is a top-down command structure, but it should be flexible if circumstances require.

The national emergency management system is characterized by fragmented authority, dispersed resources, and dispersed expertise. Strictly linear lines of authority often do not fit. The emergency management system includes civilian public agencies (such as emergency management and regulatory agencies), military units, emergency responders (e.g., fire and emergency medical services), public health agencies, medical facilities/agencies, law enforcement agencies, nongovernmental organizations (large and small, faith-based and secular, local and national and international nongovernmental organizations), insurance and other private interests, contractors,

unaffiliated volunteers, and more. The diversity of the network itself suggests that command and control leadership will be less effective than collaborative leadership. Not all of the actors are subject to direction from central authorities. They can bring essential skills and other resources. Such a network tends to be an open system rather than a closed one – meaning that information will be shared with those outside of the network as well as within. Secrecy will be difficult. Decisions will have to be made with the participation of many agencies, if not all. Perhaps most importantly, there will be cultural differences that will complicate communication and collaborative operations. Some organizations are used to centralized decision-making, and others are used to more open and decentralized decision-making. Jargon, differences in information sharing, differences in accountability systems, differences over operations and missions, and so on will complicate joint operations. And, not all participants will understand ICS and/or NIMS. Some, in fact, may not accept efforts to build a central command system, and some may simply resist authority as a matter of principle (Waugh 2009).

Leadership became a major issue during the Hurricane Katrina disaster in 2005. Who was in charge? In many cases, local emergency management agencies were overwhelmed and desperately needing outside assistance. State agencies were also overwhelmed. Leadership was missing. Governors, mayors, and administrators were uncertain of their authority. Many National Guard units had been deployed to Iraq and Afghanistan. There were concerns within the emergency management professional community that too many decisions were being made by local, state, and federal officials with little or no knowledge or expertise in emergency management (Waugh 2006). As consequence, in 2006, Michael Selves, then president of the International Association of Emergency Managers, the major professional organization for local emergency managers, asked the Federal Emergency Management Agency to organize a working group to define the function of emergency managers. During the Katrina response, federal, state, and local officials; the media; and the general public clearly did not understand the role of emergency managers. Even emergency managers themselves were hard-pressed to describe their responsibilities. The working group represented the International Association of Emergency Managers, the National Emergency Management Association (mostly state emergency management professionals), the Emergency Management Accreditation Program (standard setting and accreditation body for state and local programs), the National Fire Protection Association's NFPA 1600 standard committee, the private sector, and the academe. The group agreed on the definition: "Emergency management is the managerial function charged with creating the framework within which communities reduce vulnerabilities and cope with disasters." It also identified eight core principles:

1. Comprehensive – emergency managers consider and take into account all hazards, all phases, all stakeholders, and all impacts relevant to disasters.
2. Progressive – emergency managers anticipate future disasters and take preventive and preparatory measures to build disaster-resistant and disaster-resilient communities.
3. Collaborative – emergency managers create and sustain broad and sincere relationships among individuals and organizations to encourage trust, advocate a team atmosphere, build consensus, and facilitate communication.
4. Integrated – emergency managers are responsible for ensuring to the highest possible degree of unity of effort among all levels of government and all elements of a community.
5. Coordinated – emergency managers organize all relevant stakeholders with a common purpose.
6. Flexible – emergency managers rely on creative and innovative approaches to solving disaster challenges. This is especially the case after disasters when predefined approaches may be inadequate to the situation at hand.
7. Professional – emergency managers value a science- and knowledge-based approach based on education, training, experience,

ethical practice, public stewardship, and continuous improvement.

8. Risk driven – emergency managers utilize sound risk management principles: hazard identification, risk analysis, and impact analysis. Priorities and resources are assigned on the basis of this process (Selves et al. 2007).

With the eight principles, a core skill set for emergency managers began to take shape. Value was placed on emergency management education and training, as well as experience. Value was also placed on management expertise. Emergency managers are not generally emergency responders. They manage human, financial, and material resources, as well as maintain the emergency management program and coordinate with those who are responsible for managing hazards and/or dealing with disasters. As an emergency management expert, Lucien Canton (2007) put it, they are responsible for the decisions concerning when and where emergency shelters should be opened and closed, but not for the actual operation of the shelters. There are community organizations with mass sheltering experience and expertise that can better fulfill that need. Much the same can be said of mass feeding and medical services. Copies of the principles are displayed in FEMA training facilities. The principles are subject to review and revision by the professional community that developed them.

From the eight principles that reflect the functions of emergency managers, one can glean skills that would be expected of emergency management leaders. A broad perspective, view to the future, attention to the science of disasters and human behavior, flexibility, collaboration, and attention to measured risk when decisions are made are centeral to the emergency management culture. The need to address the risks associated with climate change is a case in point.

The leadership literature suggests a variety of traits, styles, and contingency-based factors that may affect leadership approaches. Denhardt et al. (2009) have argued that we have moved on from traits and styles to strategies of leadership. The choice of leadership approach depends upon the context and the goals. Transformational leadership was an idea born in studies of government and political leaders. There is a clear example in emergency management. When James Lee Witt became FEMA administrator in 1993, he stood at the door of the FEMA headquarters in Washington, D.C., and shook hands with employees as they came to work. FEMA had been castigated during the responses to Hurricanes Hugo in 1989, Andrew in 1992, and Iniki in 1992, and congress had considered dismantling the agency and sending its constituent programs back whence they had come. Witt transformed the culture of the agency and reorganized around the all-hazard model (Waugh and Streib 2006). Quite literally, the 1990s is frequently called the "Golden Age of FEMA" because of those changes. Witt was a transformational leader, but that is not the only leadership approach that might work in an agency like FEMA. The administrative context and the politics required fundamental change in the organization to assure effective action and accountability.

In many respects, FEMA administrator Craig Fugate has been a transformational leader. With the Federal Emergency Management Agency's adoption of the Whole Community approach, the role of the emergency manager became more comprehensive. Citizen engagement became much more critical. The Whole Community approach asks emergency managers to:

- Understand community complexity
- Recognize community capabilities and needs
- Foster relationships with community leaders
- Build and maintain partnerships
- Empower local action
- Leverage and strengthen social infrastructure, networks, and assets
- Enable the public to lead, not follow, in identifying priorities, organizing support, implementing programs, and evaluating outcomes. Empower them to draw on their full potential in developing collective actions and solutions

According to Fugate, with the Whole Community approach, "Government can and will continue to serve disaster survivors. However, we

fully recognize that a government-centric approach to disaster management will not be enough to meet the challenges posed by a catastrophic incident. That is why we must fully engage our entire societal capacity..." (FEMA 2011: 2). "The benefits of Whole Community include a more informed, shared understanding of community risks, needs, and capabilities; an increase in resources through the empowerment of community members; and, in the end, more resilient communities. A more sophisticated understanding of a community's needs and capabilities also leads to a more efficient use of existing resources regardless of the size of the incident or community constraints" (pp. 2–3). In some measure, the new approach was in response to the threat of pandemic. The nation was preparing for catastrophic disasters in which communities can expect that they will have to take care of themselves for an extended period of time without assistance from outside agencies. It was also due to the recognition that the "first responders" to a disaster are often family, friends, and neighbors of those affected. They are the first search and rescue team and they may be the first to provide medical assistance. They provide food and shelter. The policy change, too, was in recognition that every community is different and a one-size-fits-all approach might not be effective in all cases. Some people and some communities need more assistance than others in disasters, and they may need specific kinds of assistance that few others need. The challenge for local emergency managers, then, is to understand the needs, vulnerabilities, strengths, values, norms, institutional structure, networks, and priorities of their residents. Reducing social vulnerability will increase resilience. Recognizing poverty, for example, reduces the community's ability to respond to and recover from major disasters. Public health officials were surprised during the Katrina disaster when the largest medical needs were for treatment of chronic diseases, such as heart disease and diabetes, rather than broken limbs and other physical injuries. Also, improving community resilience has become a focus of emergency management programs. In a small town, the loss of a single business or several businesses can severely damage the local economy. Local economies are often very fragile.

As a consequence of the reinvention of emergency management, particularly community-level emergency management, the role of the emergency manager has expanded. In 1987, Thomas Drabek concluded in *The Professional Emergency Manager* that interpersonal skills were most important for emergency managers to be effective. *The Principles of Emergency Management* called for collaborative skills, as well as management and communication skills to deal with the networks involved in the broader program. The Whole Community approach put even greater weight on communication and collaborative skills. Working with multiple networks of individuals and organizations also requires political and social skills. And coordinating the efforts of multiple networks requires good management skills. The emergency manager needs broad knowledge of emergency management functions, but people skills lie at the core. Technical specialists can be found in emergency response agencies, colleges and universities, hospitals, and other organizations.

Leadership in emergency management has to be collaborative. There has to be information sharing for all to have the same sense of direction. There has to be common purpose if the emergency management program is to adapt and improvise when situations require. There has to be awareness of the political, social, economic, and cultural context of emergency management in choosing courses of action. A lack of understanding of how governments operate has been common among emergency management and Homeland Security officials. During the Katrina response in 2005, for example, responders from outside of the South or the particular state to which they were deployed did not understand local custom or local laws. In many respects, every state is different in terms of the authority of local governments, and, even within a state, local authority may vary considerably based upon the size of the jurisdiction, the form of government, or even the quirks of state and/or local politics. In some communities, the highest local official is the probate judge even though he or she does not have administrative influence over the government. County sheriffs, judges, mayors, city

and county managers, and other institutions may share authority over emergency management functions. The role of emergency manager may be quite ambiguous in other words.

Leadership has to rest on relationships. Trust is the necessary ingredient in making cooperation and collaboration work. One of the commonly cited rules in emergency management has been that it is far easier to work with people that one has worked with before. Familiarity facilitates communication and trust. Disaster exercises, as well as disasters themselves, provide opportunity to meet essential personnel who may also work together in the future. Putting faces to names makes it easier to share information and other resources. It is also easier to trust someone that has already demonstrated their trustworthiness.

Lastly, leadership requires an ethical foundation (Kapucu and Ozerdem 2013). Ethical lapses undermine trust and, therefore, undermine leadership. Discrimination against minorities, for example, affected local disaster responses in Louisiana during the Katrina disaster. The IAEM Code of Ethics requires emergency management professionals to be attentive to the ethical implications of their actions. Social equity, equal treatment of all residents without regard to race, gender, age, religion, or sexual orientation, is an American value and a value that has to be preserved in American emergency management (Saban 2014).

## References

Boin A, t Hart P, Stern E, Sudelius B (2016) Politics of crisis management: public leadership under pressure. Cambridge University Press, New York

Canton LG (2007) Emergency management: concepts and strategies for effective programs. Wiley InterScience, Hoboken

Denhardt RB, Denhardt JV, Aristigueta MP (2009) Managing human behavior in public and nonprofit organizations, 2nd edn. SAGE, Los Angeles

Drabek T (1987) The professional emergency manager. University of Colorado, Institute for Behavioral Science, Boulder

FEMA (2011) A whole community approach to emergency management: principles, themes, and pathways for action. FDOC 104-008-1/December

Kapucu N, Ozerdem A (2013) Managing emergencies and crises. Jones & Bartlett Learning, Burlington

Saban LI (2014) Disaster emergency management: the emergence of professional help services for victims of natural disasters. SUNY Press, Albany

Selves M et al (2007) The principles of emergency management. Emergency Management Institute, Federal Emergency Management Agency, Emmitsburg

Waugh WL Jr (2006) The political costs of failure in the responses to Hurricanes Katrina and Rita. Ann Am Acad Pol Soc Sci, Special Issue on Shelter from the Storm: Repairing the National Emergency Management System after Hurricanes Katrina and Rita, ed. W.-L. Waugh, 604, Mar:10–25

Waugh WL Jr (2009) Mechanisms for collaboration in emergency management: ICS, NIMS, and the problem with command and control. In: Bingham L, O'Leary R (eds) The collaborative public manager: new ideas for the twenty-first century. Georgetown University Press, Washington, DC, pp 157–176

Waugh WL, Jr, Streib G (2006) Collaboration and leadership for effective emergency management. Public Adm Rev Special Issue (Dec):131–40

# Leadership and Humor

Anna Sanina
National Research University Higher School of Economics, St. Petersburg, Russia

## Synonyms

Humor; Irony; Leadership; Power

## Definition

**Irony** is a rhetorical technique or situation that is strange or funny because things happen in a way that seems to differ radically from what somebody expected.
**Humor** is a funny or amusing quality of people, things, pictures, words, or situations.
**Leadership** is the ability to lead other people or to have power on them.
**Power** is the ability to control people or things.

## Introduction

Mockery of the political reality gives people a certain sense of freedom and revenge against the

political elites. Historically, political jokes and caricatures go hand and hand with the political leadership. Humor somehow places authorities in absurd situations portrayed in a negative light, distorting the external features and speech deficiencies. In the age of digital media, we have much more of this humor power, comparing to previous times, and people actively use it.

Digital media provide more comfortable styles of information perception. People experience mobile information "on the go" as more relevant to their daily lives than mainstream news (Voltmer and Brants 2011). The blogosphere has become the second (and sometimes first) home to humorists and cartoonists; social networks are full of ironic motivational posters (demotivators) and ironic vernacular images covering various forms of political life. Today, all of them are the special way of reaction to these or other government's actions, statements of political leaders, and the current political changes. They are the result of the emotional evaluation of events, which is expressed as a visual allegory of irony, which has hidden meaning, understandable to active users of digital media. Objects of irony and its forms and expressions combine the several cognitive layers of meaning, as well as carry a strong emotional and social burden.

Political irony and humor display, among other, the "emotional turn" (Gould 2009) in the study of social and political processes that take place in recent times. Understanding political emotions as a motivational force (Staiger et al. 2010) posits irony and humor as ubiquitous features of social life. When people provide, accept, and understand humor, they recreate themselves by developing connections in the flows of political, economic, and cultural information. Irony contributes to the process of creating a political sense on cognitive and emotional levels (Hutcheon 1994).

Irony and humor themselves are strong political emotions, because they are always a conflict, the breaking of reality into several simultaneous worlds that contradict each other. They represent "emotional absurdity" (Veatch 1998) and imply that the subject (1) perceives what is happening as a disruption of a subjective moral principle – the vision of what a situation should be – and (2) simultaneously perceives it as normal. The essence of political humor is to emotionally express contradictions between "they, the authority," and "we, the people," and probably to reveal the absurdity of situation. It is based upon bewilderment and surprise and does not always evoke laughter, but sadness, grief, irritability, and other emotions (Sanina 2017).

Additionally, irony and humor constitute a powerful mechanism of social unification. The utilization of the latter implies the existence of some common experience and, therefore, as a final result, self-identification with the group, society, and state (Sanina 2014). Different people and various cultures have diverse principles that influence how humor is perceived. Veatch states that for a group to perceive something as funny, its members should possess similar subjective moral principles and that these exact principles define what makes a particular person laugh and what does not: it is unlikely that a feminist will laugh at anecdotes about blondes or that a person of African-American descent will find racist jokes humorous (Veatch 1998). People only laugh at what does not contradict their deep moral beliefs. When people laugh at jokes, they recreate themselves by developing connections in the flows of political, economic, and cultural information.

## Humor as an Object for Analysis

According to postmodern positions, the whole world appears in front of each person as a web of signs that act, resonate, and mutually suppress each other. The whole reality represents some text that whimsically intertwines itself with diverse linguistic, stylistic, psychological, and social prerequisites. Therefore, these days, the interpretation of every text is performed according to a special communication model with the particular feature that is being partially or fully applied to a system of communicating the humor. The essence of ironic discourse is that the true sense of the message is unnoticed, incomprehensible, or misinterpreted. According to Wilson and Sperber's (Wilson and Sperber 2012) echoic mention theory

of irony, the rhetoric of irony should be explored according to a basic interpretation mechanism that remains unchanged despite cultural differences. Thus, irony is viewed as a result of metalinguistic activity: the speaker refers to something that was said by someone before (that is where the echo metaphor comes from) and at the same time expresses his or her personal attitude towards what is said. Irony is a way to distance oneself from the cited point of view in order to laugh at it and to prove its inconsistency.

All of this presents a major problem for interpretation in the research sense of comprehending the vast quantity of hidden meanings that are characteristic of the modern sociocultural environment. In this case, the research methodology of "discursive interpretation" (Shtompka 2007) became one of the most important tools to understand the relations between leadership and humor. The notion of discourse emphasizes that the analysis is not only signs and rules that give certain meanings to the jokes. It also affects the social and individual contexts where these rules are used. In other words, the ultimate goal of the analysis we are interested in is what sense is put by producers and consumers of humor and irony into their actions.

## Leadership and Humor in Russia: A Case Study of "Potsreotizm" Livejournal Community

One of the most important spaces of the humorous representations of the political leaderships in Russia is the Internet communities and groups. Among them, the oldest one is the "Potsreotizm" Livejournal community (http://potsreotizm.livejournal.com). Internet community was chosen as a particular object that itself represents a space for developing a civil identity. This Internet journal was founded on June 22, 2006.

The name of the community is humorous itself. In different languages (Russian, English, Ukrainian, Idish), this word is attributed to lexemes considered to be obscene. Nevertheless, it is widely utilized in literature (Sergey Dovlatov, Stewen King, Max Frei) in both the pejorative and ironic senses. With the spread of the Internet, the word "Pots" became used in network slang and is often inserted into other words, thus altering their spellings (e.g., «Patient» to «Potsient», «Pochemu» (rus.) to «Potsemu») and adding various other connotations to the words.

The word "potsreotizm" itself is a contextual synonym for so-called kvass patriotism (another version is "hurray-patriotism"), which was supposedly introduced into the language by the Russian poet Count Pyotr Vyazemsky in order to denote the people who purposefully showed off their "Russianness" and dressed themselves in what they believed were traditional Russian costumes but in which they were often mistaken for Persians. "Kvass patriotism" is a falsely interpreted love for motherland when everything that is native is being glorified simply because it is native and everything foreign is being denied for being foreign. Potsreotizm is patriotism taken to absurd levels. This is the context that community attributes to this word. "Potsreotizm" is a virtual union of people whose goal is to critically represent material and symbolic objects, situations, and actions that according to them destroy the moral and political principles of the citizens and also both the rational and sensual expressions of love for the motherland, the pride in the achievements and culture of one's own country, the desire to identify oneself with that country, and the aspiration to defend its interests. The main goal of the "Potsreotizm" community is to disrupt the existing notions of the beliefs and rules of conduct that are associated with the actions, goals, and ambitions of the political leaders and authorities. In this disruptive community, members use humor as a weapon against the political leaders (Sanina 2012).

In the Potsreotizm virtual community, two types of humor are used. The first type is based upon creolized text and includes an illustration in which the words are incorporated into the picture. The conflict necessary for the irony – the break with reality – is here based on the word play and its visual surroundings. Meaning and illustration comprise two possible but conflicting types of reality. The ironic contrast is connected with the ideological level of perception and concerns

worldview, the system of conventional norms, and the rules of conduct. The second type is a "silent irony" wherein the effect of reality's conflict is based exclusively upon the illustrations, without using text.

The main difficulty with wordless irony lies in the need for worldview explication. This mechanism includes a transformation of expectations, a revision of the system of regulations and, based upon this, an emotional reaction (disapproval, laughter, criticism). In the case of visual irony, we deal not only with an illustration but with the individual and group consciousness that shapes it. At the same time, the community members discussing the photograph understand the situational inconsistency as well as what the author of the post intended when he published the picture.

## Objects of the Humor

The objects of humor are various and consist of different elements (Sanina 2012). Nevertheless, active (or taking action) and passive (upon which action is being taken) objects can be identified. Active objects can, in turn, be divided into individuals (exact images of widely recognized personalities), a separate "we" (depictions of common citizens), and groups (individuals as representatives of a certain social group).

The leaders of each individual's group, as can be justifiably expected, are the president and the premier minister of Russia, Vladimir Putin and Dmitry Medvedev. Generally, their depiction and emotional evaluation are based on the silent irony that considerably intensifies the meaning of the representation. The contexts of the representations are mostly general and include everyday events: Medvedev can be witnessed on a train, looking through a microscope on a visit to a research institute, looking through the gun sight of a grenade launcher, and painting a children's toy in a recreation center for kids. Putin can be witnessed at a young player's hockey session, in a gym, and singing a song by a fire with the construction workers for the Sochi Olympics. The effect of irony is built on comparing and confronting the public and private spheres and can be conveyed through a popular and famous Russian saying: "This is not my Czar's business. . .." Every unofficial interaction of the country's leaders with common people is mainly perceived as condescension or "not their business," and exactly this fact provokes irony and humor.

The second place is occupied by the patriarch of Russia and ordinary priests. The major interest in the ironic depiction of this group stems from the intensification of "official orthodox discourse" and from church participation in the political matters of the country. Despite the results of polls stating that the number of respondents voting for the return of religious studies to schools has slightly increased (from 47 % in 2001 to 54 % in 2016), discussions about the strengthening of the social and political influence of the Orthodox Church in Russia take place frequently.

The validity of the religious feelings of the Russian people, both common citizens and political leaders, is often questioned and becomes a reason for irony for "Potsreotizm" community members. On the one hand, such rapid growth in the number of religious believers after living for 70 years in an atheistic country can be understood in the context of the search for identity. On the other hand, such a swift move to "religiosity" raises the question of the depth of religious feelings and emotions that are mostly considered to be of a private and intimate nature. Therefore, each public demonstration and mass proclaiming of religiosity also becomes an object of irony for community members.

The objects of passive irony typically comprise symbolic, material-symbolic, material, and institutional elements. To the symbolic elements, the following components can be attributed: the words "Russia" and "Russian," the Russian national emblem and hymn, the flag of the Russian Federation, specific signs that possess patriotic meaning (in the first case, those connected with World War II), imperial and Soviet symbols (including Lenin and Stalin), attributes of state festivities, and studies of patriotism. To the material-symbolic objects of irony, the following components can be attributed: roads (highways), a long-time Russian problem, the VAZ car factory,

the Russian Skolkovo Innovation Center, and vodka as a "traditional Russian drink." To material objects, the following elements can be attributed: the personal possessions of the political elite (houses, country houses, and yachts) as well as decorating these objects or other personal belongings in traditional Russian styles.

Institutional objects are represented by state structures, political and social organizations, and institutions (elections, army, church, political parties). One of the leading parties to be visually depicted is "United Russia"; the runner-up is the Communist Party of the Russian Federation. Representing institutional objects is one of the main examples of how the current situation in the country is perceived by the members of the community. It becomes highly significant when political changes are taking place, e.g., during election campaigns and elections themselves. One of the final reasons for the active discussion of this topic among community members was the elections in the State Duma on December 4, 2011, which provoked mass protests among the Russian population with the slogan, "We are for honest elections!" (Volkov 2012).

## The Role of Humor in the Processes of the Leader's Image Construction and Civic Identity Formation

Virtual community members, as Internet users, are often influenced by global values that in turn develop in them an outlook of the world upon which they build the ironic effect of the images represented. Mutually understood meanings indicate that we address a specific societal unit for which civil identity does not necessarily mean extreme loyalty and patriotism as demanded by official government discourse.

This weblog community members' image of the political leaders is defined by clear, although not always verbalized, statements that can be conveniently formulated in the following way:

- State public figures should not perform outside tasks as their duties because (1) their public role means that closer attention is being paid to them, (2) their "state" status by default means that they have a great number of administrative tasks and therefore should be completely occupied, and (3) the "showing off" demonstrated by state figures diminishes the real effectiveness of state administration.
- The religious world should be separate from the secular, and the church should be detached from state administration. Religion is associated with worldview and the search for self; politics and state administration are connected with activity, specifically, professional activity. Thus, demonstrating unity is nothing more than showing off, which leads to pseudo-religiousness and pseudo-statehood.
- State symbols, including depictions of political leaders (their clothes, diaries, interior decorations, etc.) in everyday or private contexts, should not be used.
- Patriotism, including the process of patriotic education, should not be overly enthusiastic and performative: feelings about the "state" are private and should not be shown off.

The informatization of society, the intensification of communication processes, the spread of the Internet, and the establishment of postmodern culture have led not only to new social phenomena and processes but also to a new type of group outlook, a new perception, and a new vision of the world that can be characterized as ironic (Behler 1990). Today, irony is transformed into a general model according to which the construction and internalization of various social, cultural, political, and economic phenomena are taking place. This fact allows for claims of the emergence of a new, modeling sociocultural function of irony that was not specific to this particular instrument of communication in previous historical periods. This idea is conveyed by a major increase in the role of irony as a stylistic figure and a speech formula in literature, mass media, advertising, and everyday discourse. Humor is used by mass media and especially by the new media in a similar way that carries out "laughter control" on a macro level, for example, criticizing not the top members of the political elite but the elite itself; the satire makes the subject ideologically more

neutral. This particular form of "laughing out" creates an illusion that bureaucratic structures adhere to criticism and therefore appear to be developing and taking into account individual opinion – in this way, society's integrity is sustained.

Although irony and humor, which reflects the attitude of a certain group of Russians to power, does not pretend to the sudden destruction of the social order as the real protests, it is a combination of signals of necessity of social-political changes. Digital media provide new, safe opportunities for political participation and interaction (Akdeniz 2002), and people use them as new ways of communication and communication with like-minded persons. Humor is a reduced form of political expression of emotions that people prefer in a situation of disunity and disintegration of society. Routine, prevailing over an eventfulness of images with ironic character, indicates that the focus of ironists is above all the difference in the perception of the current political situation, "we, the people who understand visual political irony," and "they, the people who watch official TV channels," and is loyal to the existing political leaders and authorities.

In this sense, irony and humor can provide an idea of the nonlinear, rhizome characteristics of a modern culture that lacks distinct borders. Their daily usage leads to what were traditionally considered exclusive categories (power, sexuality, and death) now playing the roles of cultural categories that heuristically describe modern social situations. Irony and humor unite diverse elements into a dynamic, conceptual unity, thus opening the way for interpretation ambiguity. They act as the basis for the dynamic association of various elements of modern culture, which suggests the dynamic demonstration of their roles in reflecting the discourse of modern culture and modern social action.

## References

Akdeniz Y (2002) Anonymity, democracy, and cyberspace. Soc Res: Int Q 69(1):223–237

Behler E (1990) Irony and the discourse of modernity. University of Washington Press, Washington, DC

Gould D (2009) Moving politics: emotion and ACT UP's fight against AIDS. University of Chicago Press, Chicago

Hutcheon L (1994) Irony's edge: the theory and politics of irony. Routledge, London/New York

Sanina A (2012) Competing for a citizen: "visible" and "invisible" forms of state identity in Russia. J Eur Stud 3:126–146

Sanina A (2014) Visual political irony in Russian new media. Discourse Context Media 6:11–21

Sanina A (2017) 'Whom are you kidding?' Visual political irony in contemporary Russia. Forum Qualitative Sozialforschung/Forum: Qualitative Soc Res

Shtompka P (2007) Vizual'naja sociologija: fotografija kak metod issledovanija. Logos, Moscow (in Russian)

Staiger J, Cvetkovich A, Reynolds A (2010) Political emotions. Routledge, New York

Veatch T (1998) A theory of humor. Humor Int J Humor Res 11(2):161–216

Volkov D (2012) Protestnoe dvizhenie v Rossii (2011–2013). www.levada.ru/sites/default/files/movementzepozt_O.pdf (in Russian)

Voltmer K, Brants K (2011) Introduction: mediatization and de-centralization of political communication. In: Political communication in postmodern democracy: challenging the primacy of politics. Palgrave Macmillan, New York, pp 1–18

Wilson D, Sperber D (2012) Meaning and relevance. Cambridge University Press, Cambridge

L

# Leadership and Innovation

Lois M. Warner
School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

## Synonyms

Creativity; Improvement; Initiative; Problem solving

## Definition

Public sector innovation introduces new and improved approaches to the delivery of public goods and services, through capacity development that often incorporates new technologies, and through information sharing that widens the

range of possibilities open to public organizations in responding to the needs and expectations of the public whom they serve. Among the challenges to leading public sector innovation is that it involves trial and error, and at the onset, there is uncertainty about the actual outcomes. This can obstruct the availability of support and cooperation that would be necessary for its success. Leadership is a crucial factor that can determine what support and cooperation public sector innovation receives.

Leaders in the political arena and at different levels of authority in public organizations have varying degrees of influence over whether innovation is to be an option pursued by a public organization: what outcomes will be projected, and what financial and other resources will be available for accomplishing them. There are numerous leadership styles and their effectiveness may vary in different situations and environments. Given the increasing need for innovation in a changing global environment, to lead public sector innovation effectively, public representatives and officials require knowledge about different leadership styles and about when the application of a particular approach is appropriate.

## Introduction

In the twenty-first century, there has been a significant amount of innovation in the public sector, documented to a large extent by innovation awards programs in different parts of the world. There are dozens public sector innovation awards being presented, primarily at the national level. There are also regional and international awards programs. Altogether, these programs evaluate hundreds of nominations annually, disseminate publications that list cases as good practices, and maintain databases on award winning innovations as reference points for the public administration field. Indeed, innovation awards programs are valuable for their role in information building and sharing, but moreover, for providing incentives and catalysts for continuous innovation in the field.

Awards programs foster problem-solving innovations by inviting nominations in categories where public sector deficiencies are evident. Award winning innovations most often demonstrate that they have positively affected the quality of life for individuals and communities, with the potential for replication in similar environments. When crafting governments' agenda, political leaders take note of public problems, identify where the need exists for innovation, and influence the founding of consensus to justify mandates for public organizations to address them. Elected political leaders can, legitimately, define desired outcomes and allocate resources for pursuing certain innovations.

Many innovation award recipients emphasize the importance of political leadership at the highest level. When actively involved, high-ranking political leaders import the clarity and decisiveness needed for building momentum toward advancing innovations in public organizations. Winning innovation awards provides political leaders with opportunities to showcase their successes. They are then better able to validate expenditures for other innovative policy designs. Such success promotes positive reviews of the responsible public organizations, celebrates the diligence and expertise of employees, and enriches their work experiences and job satisfaction, ultimately contributing to building the foundations for innovation as part of their organizational culture.

At the organizational level, department heads can be instrumental in facilitating innovation. Their in-depth understanding of operational aspects of an organization empowers them to direct expertise and applicable skills to pioneer and fulfill innovation projects. Furthermore, at another level in the organization, frontline supervisors can lead the integral aspects of innovative endeavors, such as at the point of contact with the public service recipients. Their observations and feedback on lessons learned are often fundamental to the degree of responsiveness that can be accomplished, and the overall outcomes of an innovation.

## Challenges to Leading Innovation in Public Organizations

There are many challenges to innovation in the public sector that render effective political and

organizational leadership essential criteria at every level. Added to the challenge of obtaining adequate support and cooperation to pursue innovations is the increase in public demand for goods and services, building employee trust, and keeping abreast of new technologies. The continuing trend in the movement of populations from rural to urban areas, in order to access public goods and services, creates the challenge for public organizations to achieve adequate capacities through which to deliver those goods and services. In many parts of the world, political leaders must address the uncertainties before them about whether they can meet the demands of increasing numbers of new residents, with limited financial and other types of resources, demands for education and health care, predominantly.

Public organizations achieve efficiency by standardizing processes. Training requirements evolve around achieving efficiency and this lead to specialization within a work force. Specialization supports confidence building among employees, therefore, leaders within organizations face challenges of resistance toward innovation from employees who are being asked to undertake new roles and unpracticed tasks. Many studies show that major obstacles to innovation come from within related organizations, based on employees' resistance, set against the time needed to introduce and perfect the use of new methods that incorporate new technologies. Successful leaders, while upholding organizational goals, must inspire and accommodate these changes within their workforce. Earning employees' trust, by transferring focus to the important goals and objectives of the innovation, can motivate the honing of new technological efficiencies among public employees.

A major innovation to receive support from political and organizational leaders, in addressing the challenges outlined here, is the development of eGovernment (governing processes through electronic Internet-based technologies). eGovernment is designed to be cost-effective in disseminating up-to-date public information, in improving connectivity and engagement between the public and their elected and appointed officials, and in facilitating online transactions that reduce the client flow through public organizations experiencing capacity limitations, for example, with equipment, space, and staff. At the same time, however, modern technologies continue to create the demand for innovations (Borins 2002) in order to maximize their potential to continue to improve and expand the delivery of public goods and services. Indeed, those technologies impose new learning and training requirements within organizations, and across the citizenry.

## Leading Public Sector Innovation Effectively

Effective leadership for public sector innovation succeeds in creating environments that are conducive to innovation (Wipulanusat et al. 2017), with adequate support and cooperation to pursue it as an iterative process. Ideally, disposition toward innovation should be integral to the organization's culture. Other essential factors that strengthen the relationship between leadership and innovation are the leader's ability to mobilize resources, their commitment to accomplishing the goals of the innovation, and good communication and decision-making skills (Lykke et al. 2017).

Being able to mobilize resources is a critical skill for leading innovation that is useful for both political and organizational leaders. The political leader can provide funding, whereas leaders within organizations can make good use of funding based on their understanding of avoiding waste and achieving efficiency. Leading innovation efficiently within the organization also builds on good management of the human resources. Understanding public sector motivation is important to ensure that employees remain highly motivated. This occurs when they identify with the mission of the organization and are committed to its achievement. From a practical perspective, appropriate remuneration is also a key factor in sustaining employee motivation. Leaders need to demonstrate consideration for their subordinates' needs and ensure that they have funds in place in order to keep them compensated.

The leader's commitment to the innovation process is also essential for successful innovation.

Political leaders are normally committed to achieving the outcomes, when they are the ones initiating the innovation. Their desire is to see the goals accomplished. When innovations are initiated at the organization level, leaders within the organization are similarly committed. Mutual support and cooperation are important between political and organizational leaders in this regard, since the two types of leadership are reciprocal. Lack of cooperation between them can provide obstacles to making adequate resources available during the innovation processes. At the organization level, innovation can also be initiated within the boundaries of bureaucratic discretion, in that leaders within the organization can create innovative ways to use available resources without needing political cooperation. But, cooperation with other employees in the organization is equally essential.

Political leaders need good communication skills. They must clearly communicate the goals of a proposed innovation to gain agreement over its importance and to justify public funding. To achieve this result, they must present a long-term vision, pertaining to how the innovation will affect the public good. Organizational leaders also need good communication skills to inspire cooperation and collaboration with the related workforce: to inspire their commitment to the organizational goals, and to engage with them to make good use of their feedback in forging forward with the innovation.

A leader who is a good decision-maker can succeed with introducing and implementing innovations. In this context, a good decision-maker gathers and processes information, and evaluates it as it relates to achieving the goals and objectives of the innovation. Such decision-making activities should incorporate stakeholders' inputs and recommendations, with the decision-maker being open to new ideas about the issue. Mindful that ideas about which decisions are most appropriate vary, an effective decision-maker can seek information based on the skills and expertise of the stakeholders. Political stakeholders typically expect a rational approach, in terms of maximizing output, while minimizing input, taking into consideration social and economic aspects, respectively. In contrast, organizational leaders routinely view the process through the lens of the organization, in terms of maximizing the application of available expertise and minimizing the need for restructuring and retraining.

A multiplicity of leadership skills enable successful innovation and they do not fit neatly into one leadership style, although those that demonstrate value for organizational goals and consideration for subordinates are recognized as particularly appropriate for effectively leading public sector innovation. "*Transformational leadership*" is most often prescribed for succeeding with innovation. Transformational leadership (Bass 1985) is a collaborative process between leaders and their subordinates aimed to identify the need for change, devise a vision of what the change might be, and develop a course of action for achieving it. Transformational leaders work well with their subordinates, encouraging them to look beyond self-interests toward achieving the common good. According to Burns (1978), transformational leadership develops when leaders possess great capabilities that their subordinates recognize, when they have the ability to inspire and motivate others, when they genuinely exhibit consideration for their followers, while at the same time challenging them to continuously improve their performance.

## Leadership Styles that Are Ineffective for Innovation

Achieving innovation requires cooperation and promoting a shared vision. Classical leadership styles are ineffective in this regard because they tend to be autocratic, with the manager retaining as much power and authority as possible in the decision-making processes. When staff are expected to obey orders, without explanation, and without the opportunity to provide input, their role can become mechanical. Although clear instructions are useful during innovation processes, delegation alone is inadequate. It does not support conditions for the feedback and exchange of ideas that are essential to facilitating incremental modifications. In addition, autocratic leaders employ threats and punishment to manage employees'

performance. This is inappropriate because it diminishes the benefits of learning experiences that may be derived from miscalculations that might occur throughout innovation processes.

Managers leading innovation should also beware of laissez-faire style leadership. In that style of leadership little guidance is provided. Employees have the freedom to set goals, make decisions, and solve problems on their own. Laissez-faire leadership might work well in situations where employees are well trained for the tasks, experienced, and confident, but not when there is inexperience in developmental processes and possibilities for revealing incompetence. During innovation, participants need regular interaction, feedback, and encouragement in their relationship with the leader. Staff can have unique and informative perspectives that provide greater insight, making these interactions likewise beneficial to leaders. Laissez-faire leaders are seen to be withholding leadership and the much needed interaction with employees that must be central to their role in leading innovation.

## Conclusions

Successful public sector innovation benefits from high-level political leadership and leadership from appointed administrators working within government departments and agencies. To a great extent, these leaders' effectiveness depends on their ability to create environments that are conducive to innovation. To create such environments, both types of leaders must mobilize financial and other resources, demonstrate commitment to the goals of related public organizations and to achieving the desired outcomes of the innovation, in the public's interest. They can cooperate to complement each other's inputs and collaborate with the workforce to maximize desired outcomes. Possessing good communication skills will aid them in achieving clarity regarding the innovation process and serve to inspire and motivate their followers. Decision-makers also need to be collaborative and open to ideas from others who are involved. Advocates for leading public sector innovation recognize transformational leadership as the most appropriate leadership style, and they advise against those that are autocratic or laissez-faire.

## Cross-References


- ▶ Innovation and the Public Workplace
- ▶ Leaders and Innovations in Public Organizations
- ▶ Organizational Innovation


## References


Bass BM (1985) Leadership and performance beyond expectations. Free Press, New York

Borins S (2002) Leadership and innovation in the public sector. Leadersh Org Dev J 23:467–476

Burns JM (1978) Leadership. Harper & Row, New York

Lykke MR, Hans Klijn E, Lewis JM, Ysa T (2017) Assessing public leadership styles for innovation: a comparison of Copenhagen, Rotterdam and Barcelona. Public Manage Rev 19(2):134–156

Wipulanusat W, Panuwatwanich K, Stewart R (2017) Exploring leadership styles for innovation: an exploratory factor analysis. Eng Manag Prod Serv 9(1):7–17


L

# Leadership and Public Employee Trust


Hugo D. Asencio and Rui Sun
Department of Public Administration, California State University, Dominguez Hills, Carson, CA, USA


## Synonyms

Administrative leadership; Federal agencies; Government organizations; Subordinate trust; Transactional leadership; Transformational leadership

## Definitions

Leadership is getting people to do what they otherwise would not do through transactional and transformational behaviors. Employee trust in

leaders is the faith employees have in leaders' intentions and the confidence they have in leaders' actions.

## Introduction

Leaders play a key role in building and sustaining trust. They earn trust when they honor their agreements; behave consistently; invest in their followers by giving feedback and providing them with opportunities to acquire new skills; involve employees in decision-making; maintain open channels of communication; and hold people accountable.

Trust is crucial for the long-term stability of organizations. On one hand, employees who trust their leaders are more comfortable sharing sensitive information or admitting mistakes. They also tend to reciprocate for trusted leaders by working hard on required tasks and performing beyond basic expectations. Further, employees who trust their leaders are more likely to accept those leaders' actions. On the other hand, employees who mistrust their leaders often seek ways to avoid vulnerable situations, which, in turn, can affect their overall performance. Employee distrust of leaders also increases transaction costs within organizations (Cho and Poister 2013).

Given the significance of trust in organizations, scholars have investigated the determinants of interpersonal trust in public organizations. Some of the factors that have been studied include career development, communication, empowerment, feedback, job security, managerial fairness, performance appraisal, organizational support, participation in decision-making, public service reform, public service motivation, procedural justice, and strategic planning. Nevertheless, the relationship between leadership and interpersonal trust in public organizations remains understudied. A few studies (e.g., Asencio and Mujkic 2016) have examined the impact of different leadership approaches on employee trust within public organizations. However, since these studies are cross-sectional, they only capture leadership and employee trust at a certain time and do not account for any changes that may happen in the organization over time.

Public administration studies tend to investigate management strategies at one point and have largely overlooked the endogeneity problem of leadership. Thus, the causal inferences derived from them are less accurate. Cross-sectional studies cannot examine the dynamic relationship between leadership and employee trust that may change over time, so they either underestimate or overestimate the perceived effects of leadership (Oberfield 2014). Further, leadership and trust may be simultaneously correlated to each other; that is, leaders' behaviors may affect the level of employee trust in them, and the level of employee trust may cause leaders to change the way they lead. In addition, employee trust in leaders may influence how employees perceive the behaviors of their leaders. That is, employees who trust their leaders may perceive leaders' behaviors differently than those who have no trust in their leaders.

## Leadership in Public Organizations

Transactional and transformational leadership are two of the most well-known approaches to leadership. Transformational leadership emerged in 1978 with the publication of James MacGregor Burns' classic work titled *Leadership*. Burns distinguished between transactional and transformational leadership and argued that leaders were either transactional or transformational, but not both. Later, Bernard Bass extended Burns' work, arguing that leaders could switch between the two approaches depending on the situation. Although Bass believed that possessing both types of leadership would help achieve the best results, he considered transactional leadership a lower level of leadership and argued that transformational leadership, as a more advanced level of leadership, should augment transactional leadership behaviors.

The transactional approach to leadership emphasizes task- and people-oriented behaviors. Leaders who favor this approach focus on task completion; provide financial incentives and recognition to motivate employees; and rely on punishments to secure compliance. Transactional leaders engage in contingent reward – clarify

expectations and reward or punish employees for meeting or not meeting expectations (Bass and Avolio 1990). Transactional leaders also manage by exception: actively, by closely monitoring performance to anticipate problems and take corrective actions; or passively, by intervening only when problems arise.

The transformational approach to leadership also emphasizes people-oriented behaviors. However, rather than emphasizing financial incentives and recognition as transactional leadership does, this approach highlights the importance of organizational behaviors (Van Wart 2011). Transformational leaders engage in four types of behaviors. First, they generate *idealized influence* over employees: leaders act as role models and display ethical behavior, for which followers admire and respect them, identify with them, and want to emulate them. Second, they give employees *inspirational motivation*: leaders demonstrate commitment and raise employees' awareness about the organizational values and goals and communicate an inspiring and shared vision of the future. Third, they offer *intellectual stimulation* to employees: leaders ask for employees' ideas and encourage employees to view issues from new perspectives (Bass 1985). Last, they provide employees with *individualized consideration*: leaders show concern for employees' welfare, develop, and empower employees.

## Employee Trust in Leaders

Trust is a multidimensional construct. It is "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al. 1998, p. 395). Trust also refers to the level of confidence a person has in others to act in fair and predictable ways. Thus, employee trust in leaders can be defined as employees' faith in leaders' intentions and confidence in leaders' actions.

According to Lewicky and Bunker (1996), three sequentially linked types of trust exist in professional relationships. At the lower level is *calculus-based trust*, "based on assuring consistency of behavior; that is, individuals will do what [leaders] say because they fear the consequences of not doing what they say" (p. 119). At the middle level is *knowledge-based trust*, which develops over time as a person gets to know another well enough to be able to predict his or her behavior. At the upper level, *identification-based trust* "exists because the parties effectively understand and appreciate the other's wants; this mutual understanding is developed to the point where they can effectively act for the other" (p. 122). When such trust exists, individuals identify with others and want to incorporate the other's ideas and ways of doing things into their own identity.

Employee trust in leaders is important within organizations. Employees who trust their leaders will not only spend less time "covering their backs" but will also work hard on required tasks and go above and beyond requirements in their performance. In addition, when employees trust their leaders, they are more comfortable sharing sensitive information or admitting mistakes. Furthermore, these employees will be more likely to defer to their leaders and accept their decisions, enabling leaders to spend less time explaining and justifying their actions.

## Employee Trust as an Outcome of Leadership

Leaders play an essential role in building and sustaining trust. From a transactional leadership approach, when leaders reward, punish, and monitor performance or underperformance consistently, employees trust and feel confident that their leaders will continue to engage in these behaviors. From a transformational leadership approach, leaders who model ethical behavior show employees that they can be trusted (Gillespie and Mann 2004). Moreover, when they communicate attainable organizational goals, leaders motivate employees to achieve such goals, facilitating the development of trust. In addition, leaders who encourage employees to view issues from new perspectives coach employees and show commitment to employee

development, further helping to build trust. Finally, when leaders show concern for their employees' welfare and empower them to make their own decisions, they show that they care and can be trusted.

Empirical studies suggest that both transactional and transformational leadership have a positive impact on employee trust in leaders. For instance, a survey of students in a public university in the United States found that both transactional and transformational leadership had a positive effect on trust in leaders. Another survey of teams in a large public research and development organization in Australia revealed that transactional and transformational leadership are positively correlated to employee trust in leaders.

Both transactional and transformational leadership are appropriate in private and public sectors. However, to be more effective, public leaders must be more transformational than transactional because transformational leadership behaviors augment the effectiveness of transactional ones (Bass and Avolio 1993). That is, the incremental change brought about by transactional leadership is enhanced when public leaders engage in transformational leadership. For example, offering incentives to followers for achieving results is enhanced by inspiring subordinates to look beyond their self-interest.

Compared to private institutions, leaders being more transformational than transactional are essential for public organizations where social purpose is more important. Further, public leaders experience more difficulties motivating their followers than their counterparts in private organizations, because they are more limited in the use of extrinsic rewards. Researchers conducted interviews with organizational leaders and found that for public and nonprofit leaders, developing others and being inspirational – competencies of transformational leaders – are more important than engaging in performance management, a behavior of transactional leaders.

Moreover, transformational leaders gain trust when their followers perceive care and concern in their relationship with leaders, while transactional leaders put more less focus on the relationship with subordinates and more on ensuring that they are seen to be fair and dependable. Also, transactional leadership does not require a high level of trust between employees and leaders (Jung and Avolio 2000). Employees only trust transactional leaders to the extent that leaders reliably execute exchanges such as rewarding employees' performance. On the contrary, transformational leaders are trusted because employees identify with them and want to incorporate into their own identity their leaders' ideas and ways of doing things. For example, a cross-sectional study of employees in a utility and entertainment organization revealed that compared to transactional leadership behaviors, transformational ones have a larger positive impact on employee trust in leaders.

## A Sample of US Federal Employees

To examine the relationship between leadership and employee trust in leaders, a longitudinal dataset was compiled using a sample of 396 US federal subagencies from 2006 to 2015. Data were collected from a federal employee survey conducted by the US Office of Personnel Management (OPM). Originally named the Federal Human Capital Survey (FHCS) in 2002, the survey became the Federal Employee Viewpoint Survey (FEVS) in 2010. OPM administered the FHCS/FEVS biennially from 2002 to 2010 and changed to surveying annually after 2010. The FHCS/FEVS consists of 73–84 core questions and 11–14 demographic items each year. During the period of 2006–2015, the government-wide response rate ranged from 46% to 57%, and the number of responses varied each year, ranging from 212,223 in 2008 to 687,687 in 2012.

The sample is limited to nonsupervisor employees only, which account for about 68% to 78% of total respondents in the 2006–2015 FHCS/FEVS surveys. Due to missing data in subagency and supervisory status, the dataset is an unbalanced panel that consists of 1494 observations for 396 federal subagencies from 2006 to 2015. Subagencies are one level below the

agency such as the US Patent and Trademark Office, Census Bureau, National Park Service, etc. While the subagencies in the sample do not fully represent the US federal government, they do cover a wide range of agencies, including all 15 executive departments and 26 independent agencies, among which, the Department of Defense, Department of Homeland Security, and Department of Justice, account for approximately 44% of the total observations.

## Regression Analysis of Leadership and Trust

The effect of transactional and transformational leadership on employee trust in leaders is estimated through a set of regressions using trust percentage and trust average in a federal subagency as the dependent variables and an index score of the transactional leadership and that of transformational leadership in each federal subagency as the independent variables. The regression model also controls for gender, race, age, retirement status, and turnover rate of each subagency. Two-way fixed effects (FE) regressions are employed to help control for unobserved factors that vary across subagencies but are time invariant (such as unique organizational structures and cultures, as well as historical circumstances for each subagency) and that change over time but are constant among subagencies (such as national policy interventions, technological innovations, and macroeconomic conditions). These unobserved factors could establish expectations in public employees about bureaucratic capacity and the potential for government success, thus affecting their trust in organizational leaders.

## Endogeneity of Leadership

Existing studies on leadership often assume that transactional and transformational leadership are exogenous behaviors, randomly occurring in organizations. However, as Bommer, Rubin, and Baldwin (2004) pointed out, "leaders do not behave in a vacuum where their own attitudes completely determine their behavior" (p. 199). That is, leadership depends on other factors, such as the organizational context (Pawar and Eastman 1997). In fact, a few researchers warn that an endogeneity problem may exist because the relationship between a leader's actions and employee trust could be reciprocal (Cho and Poister 2014). That is, while leaders' transactional and transformational leadership may help increase employee trust in them (see theoretical discussion above), it is also plausible that leaders' behaviors are simply a result of their perception of employee trust in them. If leaders think their employees have trust in them, they are more likely to engage in transformational behavior such as motivating employees to go above and beyond or give them more individualized considerations. In addition, it is possible that employees who are trusting tend to perceive their leaders to be more transformational than transactional, and employees who are less trusting tend to perceive their leaders to be more transactional than transformational.

To solve the endogeneity problem of leadership, instrumental variables (or "instruments") that plausibly generate exogenous variation in the incidence of transactional and transformational leadership need to be utilized. The instruments must be directly related to leadership behaviors, but not directly related to other unobserved factors affecting employee trust in leaders. Employee feeling of personal accomplishment ("Accomplishment") and employee knowledge-sharing ("Sharing") were proposed as two instruments. The underlying assumption is that when employees have a feeling of personal fulfillment at work, and when they share job knowledge with each other, leaders get cues from employees, which, in turn, may impact whether they engage in transactional or transformational leadership behaviors. That is, leaders may decide to empower employees, to solicit ideas from them, and to encourage them to view problems from new perspectives – all three elements of transformational leadership. Leaders may also decide to reward employees for their performance – a competency of transactional

leadership. Moreover, leaders' rewarding behavior is likely to increase as a result of employees' feelings of personal accomplishment and willingness to share job knowledge with their colleagues. Thus, it is expected that Accomplishment and Sharing satisfy the instrument relevance criterion.

In terms of instrument exogeneity, one can argue that when employees have a feeling of personal accomplishment at work and share job knowledge with each other does not necessarily mean that they trust their leaders. Employees may derive a feeling of personal accomplishment because of the nature of the work they perform, such as the monetary and social benefits the work provides, or their beliefs that the tasks they complete are meaningful and make a difference in people's lives. While leaders may set up easier or harder tasks for employees to complete, it is the nature of the task itself that influences whether employees derive a sense of achievement when performing it. Having such a feeling of accomplishment does not mean that employees will necessarily trust their leaders. Similarly, employees may distrust their leaders but still hold a feeling of personal accomplishment because the work they do meets their biological, social, and psychological needs.

As for employee knowledge-sharing behavior, employees may be willing to share job knowledge in order to have their peers reciprocate this behavior. Also, employees may be intrinsically motivated to share job knowledge with their peers. That is, they may want to do it for its own sake, for the mere pleasure and satisfaction they get from engaging in this behavior, which can facilitate the development of trust among employees themselves, but not necessarily the development of employee trust in leaders – the dependent variable in this study.

On average, approximately 65.9% of employees in a subagency have trust in their leaders, and the mean score of trust in a typical subagency is 3.7 (somewhere between "Neither Agree nor Disagree" to "Agree"). The mean scores of transactional and transformational leadership behaviors in a typical subagency are 2.9 and 3.3, respectively; both measures have a standard deviation of 0.2. In addition, employees in the sample seem to feel self-accomplished and share knowledge with each other well, with a mean score of 3.8 for Accomplishment and 3.7 for Sharing.

## Regression Results

Regression results from models that treat transactional and transformational leadership as exogenous events indicate that both transactional and transformational leadership are likely to have a positive impact on employee trust in leaders, holding all other things constant. Nevertheless, a closer look at the results shows some contradictions. On one hand, the effect of transactional leadership on the percentage of employees who trust their leaders appears to be larger than that of transformational leadership. On the other hand, transformational leadership appears to have a larger effect on the mean score of employee trust in leaders than transactional leadership.

However, regression results from models that treat transactional and transformational leadership as endogenous events indicate that only transactional leadership is likely to have a positive impact on employee trust, holding all other things constant. It is important to note that the effect is much larger than the one obtained from the exogenous models.

Regarding the control variables, the results of the endogenous models are similar to the ones obtained from the exogenous models. That is, the percentage of minority employees has a negative impact on both the percentage and mean score of employee trust in leaders. This suggests that public leaders need to do a better job at engaging diversity within their organizations.

Also, the results show that time affects employee trust in leaders. The year dummies show statistical significance in both exogenous and endogenous FE models. In the endogenous models, the year 2008 is negatively associated with employee trust in leaders, measured as both percentage and average, while other years show positive correlations with employee trust. This indicates that the relationship between leadership and employee trust does change over time. For

example, the overall economic condition of the nation during the 2007–2009 Great Recession could have had a significant impact on the perceptions of federal employees about their leaders. Cross-sectional studies that do not consider time changes may have produced biased estimates.

## Conclusion

Time is an important factor affecting employee trust in leaders. The results show the relationship between leadership and employee trust is dynamic and can change over time. Thus, the use of longitudinal data is necessary for more accurate estimates of the effect of leadership on employee trust. In addition, the findings suggest that transactional leadership leads to higher levels of employee trust in leaders, which is consistent with existing cross-sectional studies in which transactional leadership has been treated as an exogenous event. However, contrary to these studies, the effects are much larger in magnitude. This suggests that previous studies that do not address the endogeneity of leadership may have underestimated its impact on employee trust in leaders.

Interestingly, controlling for leadership's endogeneity, this study finds no evidence that transformational leadership promotes employee trust in leaders. Although the results in the exogenous models are consistent with previous findings suggesting that transformational leadership leads to increased levels of employee trust in leaders, endogeneity is an important issue that must be addressed. The results in the endogenous models using the instrumental variable approach are more robust because they isolate the exogenous part of leadership, which, in turn, allows for consistent estimation of the regression coefficients.

While transformational leadership does not show statistical significance in the endogenous models, one should note that employees may not necessarily see a connection between transformational leadership and trust in their leaders. When asked if they trust their leaders, employees may only be thinking about calculus-based trust (e.g., whether leaders are consistent in rewarding performance) and not the types of trust that transformational leaders can build: knowledge-based trust and identification-based trust. This means that employees have not actually experienced higher levels of trust in their leaders. If so, both leaders and employees in the federal government would need leadership training that combines "coaching, classroom instruction, feedback, and experiential training" (Seidle et al. 2016, p. 603). In this way, leaders would improve their transformational leadership skills and become more effective at building employee trust; employees, in turn, would be better prepared to be effective leaders in the future.

It is also important to mention that the positive impact of transactional leadership found in this study may simply reflect that leaders who favor this leadership approach only gain conditional, calculus-based trust of their followers. That is, employees may only trust their leaders as long as they are seen as consistent in executing exchanges, such as rewarding performance. Although it may not be enough to unleash employees' full potential, developing trust based on a calculus of costs and benefits is still important for leaders in the federal government. This is because calculus-based trust enables higher levels of trust to develop, such as knowledge-based trust and identification-based trust.

Furthermore, given the results in this study, leaders in the federal government need to do a better job at gaining trust from diverse employees by creating a more supportive organizational culture that values the different perspectives of the employees.

## References

Asencio HD, Mujkic E (2016) Leadership behaviors and trust in leaders: evidence from the US federal government. Public Adm Q 40(1):156–179

Bass BM (1985) Leadership and performance beyond expectations. Free Press, New York

Bass BM, Avolio BJ (1990) Developing transformational leadership: 1992 and beyond. J Eur Ind Train 14(5):21–27

Bass BM, Avolio BJ (1993) Transformational leadership and organizational culture. Public Adm Q 17(1):112–121

Bommer WH, Rubin RS, Baldwin TT (2004) Setting the stage for effective leadership: antecedents of

transformational leadership behavior. Leadersh Q 15(2):195–210
Cho YJ, Poister TH (2013) Human resource management practices and trust in public organizations. Public Manag Rev 15(6):816–838
Cho YJ, Poister TH (2014) Managerial practices, trust in leadership, and performance: case of the Georgia department of transportation. Public Pers Manag 43(2):179–196
Gillespie N, Mann L (2004) Transformational leadership and shared values: the building blocks of trust. J Manag Psychol 19(6):588–607
Jung DI, Avolio BJ (2000) Opening the black box: an experimental investigation of the mediating effects of trust and value congruence on transformational and transactional leadership. J Organ Behav 21(8):949–964
Lewicky RJ, Bunker BB (1996) Developing and maintaining trust in work relationships. In: Kramer RM, Tyler TR (eds) Trust in organizations: Frontiers of theory and research. Sage, Thousand Oaks, pp 114–139
Oberfield ZW (2014) Public management in time: a longitudinal examination of the full range of leadership. J Public Adm Res Theory 24(2):407–429
Pawar BS, Eastman KK (1997) The nature and implications of contextual influences on transformational leadership: a conceptual examination. Acad Manag Rev 22(1):80–109
Rousseau DM, Sitkin SB, Burt RS, Camerer C (1998) Not so different after all: a cross discipline view of trust. Acad Manag Rev 23(3):393–404
Seidle B, Fernandez S, Perry JL (2016) Do leadership training and development make a difference in the public sector? A panel study. Public Adm Rev 76(4):603–613
Van Wart M (2011) Dynamics of leadership in public service: theory and practice, 2nd edn. M.E. Sharpe, New York

# Leadership and Religion

Gary E. Roberts
Robertson School of Government,
Regent University, Virginia Beach, VA, USA

## Synonyms

Ethical and moral leadership; Faith in the workplace; Leadership and spirituality; Leadership ethics; Moral leadership; Religion in the workplace; Religious friendly workplace; Religious leadership; Role of religion in leadership decision-making; Separation of church and state; Servant leadership and religion; Servant leadership; Workplace spirituality

## Definition

Leadership and religion is defined as how the adherence to a formal and codified system of beliefs on the nature of the transcendent and the purpose of life influences the job-related attitudes and behaviors of public managers and executives with special emphasis on the policy and management decision-making process.

## Introduction

The interface between leadership and religion is a foundational global dimension that influences all aspects of public administration given its ubiquitous role in the human condition. Recent data from the Pew Foundation indicates that 84% of the world's population is religiously affiliated and is set to increase to 87% in 2050 (Gümüsay 2018; Pew Research Center 2015). This entry will summarize the primary conceptual and empirical research on the influence of religion in the general leadership literature with special focus on the unique organizational environment of public administration. The literature demonstrates an overall positive effect of religion on leadership, but with many complex moderator and mediator variables.

## Unique Environment of Public Administration

One of the founding attributes of the United States political system as Alexis De Tocqueville observed is the role of religion in its democratic foundation (Fulton and Wood 2018). The United States and many other democratic constitutional systems are characterized by freedom of religion, but with legal limits on its formal integration within the public administration system. The separation of church and state doctrine as well as

legal and ethical requirements for religious neutrality require governmental administrators and employees to make policy and management decisions using secular deontological, teleological, and character virtue-based professional values and norms that promote the greater public interest. However, religious values and beliefs cannot be completely compartmentalized from the leadership decision-making process of individual public administrators given the varying degrees of religiosity and religious commitment that influence the salience of religion at the internal psychological level. Religious belief is widespread in the general population and within the ranks of public sector employees. Research in the United States demonstrates that public employees are more religious and manifest less secular attitudes than employees possess in the business and nonprofit sectors (Houston et al. 2008). In addition, US public employees exhibit a higher level of spirituality related to achieving transcendence, demonstrating compassion for others, perceiving interconnectedness, and experiencing life meaning (Houston and Cartwright 2007). Public employees in the US demonstrate little religious denominational difference with the general population, but demonstrate higher levels of commitment and activity to their religious communities (Freeman and Houston (2010). However, there is no empirical evidence on the formal or informal integration of religion into the leadership decision-making process.

## Differentiating Religion and Spirituality

One of the challenging elements of assessing the influence of religion on leadership is the symbiotic relationship of formal and established religious belief systems and generic spirituality and the complexity of religion given the vast diversity of religious belief, expression, and experience both within and between religions. There is an inherent overlap between religious and spiritual values and principles with many spiritual principles manifesting a genesis in formal religion. Hence, from a research measurement standpoint both constructs present operational and conceptual challenges. The legal definition of religion in the United States was established in a 1982 Federal Court of Appeals Ruling in *Africa v. Commonwealth of Pennsylvania* (1981):

> First, a religion addresses fundamental and ultimate questions having to do with deep and imponderable matter. Second, a religion is comprehensive in nature; it consists of a belief system, rather than an isolated teaching. Third, a religion often can be recognized by the presence of certain formal and external signs (Bruce 2000a)

There is no equivalent legal definition of spirituality with dozens of variants appearing in the research literature. However, the work of Bruce (2000b) provided a five-element definition of spirituality in the public-sector workplace consisting of promoting harmonious relationships, the pursuit of personal and collective character integrity, the integration of holistic and authentic love promoting the best interests of others over self, the search for enduring life purpose and meaning, and achieving a sense of the transcendent.

## Pro and Con Arguments for Integrating Religion into Leadership into the Public Sector

The debate on the proper role of religion in leadership within the public sector is ongoing and intense. The proponents of permitting public administrators to integrate religious values into leadership decision-making center on three aspects, promoting diversity and the richness of human experience, improving the quality of decision-making, and enhancing the morality and ethicality of government. The three main global arguments contrary to the integration of religion are (1) The US constitution requires governmental neutrality regarding both policy and leadership decision-making given the separation of state and states (2) that the formal integration of religion enhances conflict and division given the reality of conflicting mutually exclusive religious truth claims, and (3) that religion introduces a non-rational form of reasoning eroding decision making quality.

A proponent of religious integration into the workplace, Douglas Hicks (2003), presented three principles to govern religious expression with elaboration by Roberts (2015):

1. Spiritual and religious expression must observe and honor the dignity of all persons and the diversity of religious and nonreligious views in the workplace. For example, on an organizational listserve that communicates training principles, it would be appropriate for a public agency director to discuss the integration of scriptural servant leadership principles into the workplace, but it would not permit the posting of biblical passages condemning gay marriage. As a Christian evangelical, the leader's personal religious beliefs may oppose same sex marriage, but they cannot be expressed in an official internal media platform to protest legally established public policies.
2. All religious and spiritual expression is voluntary and explicitly and implicitly non-coercive precluding either a promise of benefit or threat of loss.
3. There can be no formal establishment of a "state" religion or spiritual practice.

Hicks (2003) posits that a forced compartmentalization of religion and spirituality in the workplace disenfranchises those with genuine religious and spiritual beliefs and diminishes the richness and vitality of the human experience at work.

## Levels of Analysis in Integrating Leadership and Religion

The research literature on the relationship between leadership and religion addresses almost exclusively the private and nonprofit sectors. However, there is scant empirical research on the integration of religion and its effects across all social science domains. There are clearly unique contextual differences between the sectors, but there are no a priori rationales to conclude that public sector leaders possess unique attributes or employ a different approach to the decision-making process. There is no single comprehensive framework for the integration of religion into leadership. A synthesis of the existing literature generates the following religion and leadership dimensions.

1. *Levels of Analysis:* The organizational level in which leadership is exercised consisting of line employees, group leaders, first-level supervisors, mid-level managers, and executives. For example, at the executive level, decision-making entails organization-wide strategic variables such as mission, vision, service, or product change and responding to organizational failures in which religious elements such as God's will and purpose can play an internal role in the leader's thinking and reasoning (Phipps 2012). At the first-level supervisor level, one important leadership dimension is performance management that frequently entails the integration of religious principles such as forgiveness and patience (Roberts 2015).
2. *The Decision Making Process:* Identifying the various religious values, attitudes, behaviors, schemas, and worldviews that characterize varying religions that are applied to the decision-making process. For example, studies of this genre address how sacred writings influence leaders and the adoption of such practices as prayer and meditation (Kriger and Seng 2005).
3. *Level of Integration into the Workplace:* Assessing the degree to which leaders indirectly to directly integrate religion into their work (ranging from direct integration to compartmentalization) and the associated mediation variables such as degree of religiosity, religious commitment, and spiritual discipline practices (Phipps 2012).
4. *Organizational Moderators:* Degree of formal support for religious integration through the religious friendly workplace is a potential important moderator that accentuates the validity and application of religion into the leadership process. The elements of the religious workplace include (Cash et al. 2000):
   (a) Nondiscrimination policy for religious (or nonreligious) belief & practice
   (b) Religious practice workplace policy that clearly defines permissible activities

(c) Reasonable accommodation strategies to adjust work duties to accommodate religious beliefs and practices
(d) Leave policy for religious observance
(e) Religious diversity and discrimination avoidance education of managers and employees
(f) Allowance for voluntary prayer/meditation and study time during the work day (breaks, lunch, etc.) and during non-working hours
(g) Permit voluntary prayer before each work day and at events and meetings
(h) Promote religious and spiritual events, retreats, seminars, service, and volunteer opportunities
(i) An employee website or bulletin board to promote religious/spiritual activities (not available to the public)
(j) Policy that permits the display of religious objects in the office and in employee dress
(k) Workplace chaplain program
(l) Religious mental health counseling programs
(m) Religious-based wellness and employee assistance programs
(n) Permit employees to transmit religious information on company email or intranet system

5. *Religious Moderators:* Type of religion, inter and intra religion differences, gender, age, race, and other personal characteristics, region/nation, and culture. The focus of the research is to identify the commonalities and differences between religions and how they conform, differ, and can strengthen established secular leadership approaches. For example, Gümüsay (2018) developed a framework to analyze the major Abrahamic religions (Judaism, Christianity, Islam) using three shared religious principles, (1) the belief in the existence of and relationship to a god, (2) the faith in and pursuit of a hereafter purpose, and (3) the belief in and attempted adherence to a sacred scripture, and how these principles were reflected in moral theories of leadership including ethical, authentic, spiritual, and servant leadership. Kriger and Seng (2005) completed a detailed ontological analysis of the five major world religions (Christianity, Islam, Judaism, Hinduism, and Buddhism) analyzing their commonalities and their respective contributions to expanding and improving behavior-based leadership theories. For example, each of the major world religions promotes a "golden rule" emphasis on love as a foundational decision rule reinforcing the importance of employee growth and development as a foundational leadership dimension. A study by Ayyash-Abdo (2001) compared the leadership styles of Christian and Muslims in Lebanon and found that Christians adopt a more individualistic approach in contrast to the more collective perspective of Muslims. A final example is a study in France, Germany, and the United Kingdom as how strategies for resolving conflict varied by religion with Christians preferring a dominating style while Muslims a more obliging and compromising style (Croucher 2011).

6. *Ethical Behavior and Decision Making:*
(a) For example, are religious leaders more ethical than their secular counterparts? The research evidence is mixed, moderated by such factors as the degree of religiosity with a higher level associated with conduct that is more ethical while other studies demonstrate lower levels or no difference (Phipps 2012).
(b) Conflict between religious practices and secular ethics. How adherence to religious norms and values may conflict with secular ethical principles. That is, how adherence to "God's will" or direction leads to behavior or outcomes deemed unethical in the secular realm (Phipps 2012). For example, should a leader override organizational rules for the immediate termination for employee theft given their religious values that emphasize grace, mercy, and forgiveness as guided by prayer and the leading of the holy spirit? Other empirical research explores how leadership adherence to religious principles can intentionally or unintentionally exploit employees through guilt and manipulation or claims that

"God's will" or direction requires sacrifices thereby promoting or justifying excessive work levels, lower salary, or more adverse working conditions (McCormack et al. 2014; Gümüsay 2018).

## Summary of Empirical Evidence on the Influence of Religion on Leadership

The overall breadth and depth of empirical research on the influence of religion on leadership is sparse, with the majority research conducted in the private sector. McCormack et al. (2014) summarize an array of research literature demonstrating a generally positive influence of religion in the workplace in terms of improved mental health, a stronger sense of community, a greater sense of employee purpose, ethical behavior and decision-making, overall higher organizational effectiveness, and a generally favorable influence of religion on management decision-making. However, there are significant gaps in research at all levels, hence the need for ongoing research investment.

## Leadership and Religion Case Example, Servant Leadership

To demonstrate an example analysis of religious integration into leadership study, the work of Roberts (2015) on the universality of servant leadership is summarized. Servant leadership has been demonstrated to be an effective leadership approach across a wide range of cultures (Roberts 2015). Servant leadership emphasizes the role of leader as promoting the mission and the best interests of employees through employee empowerment and development (Roberts 2015). This final section illustrates how the four major religions reinforce servant leader principles through their foundational belief and values systems.

### Important Servant Leader Attributes in Judaism

Judaism emphasizes many key elements consistent with servant leadership. It begins with the promotion of a division of power to avoid excessive degrees of centralization of authority. This was reflected in the communal nature of leadership in the synagogue. Another key element is the emphasis on delegation and empowerment as seen in Exodus 18, when Moses assigned 50 worthy men to serve as judges to reduce his workload and lower waiting times, as well as the importance of an organized leadership succession process as recorded in Deuteronomy 31.

### Important Servant Leader Attributes in Christianity

Christianity is the religion that explicitly endorses many key elements consistent with servant leadership. It begins with an overt Christological focus as leaders are called to authentic discipleship based on the example of Jesus Christ. Hence, there is imitation of the Divine, as leaders strive to reproduce the character, behavior, and conduct of Christ in accomplishing the organization's mission (Bekker 2010). Servant leaders strive to use power in a meek and humble fashion, recognizing that their source of authority comes from God, and their role as stewards in using power to honor God through mission accomplishment and the growth and well-being of followers.

### Important Servant Leader Attributes in Islam

Islam emphasizes the importance of integrity by leaders. For example, its teachings claim a harmony between the life of Mohammad (the founding prophet of Islam) and the teachings of the Koran on the foundational importance of virtuous character attributes and being an authentic adherent and example (Kriger and Seng 2005; Bekker 2010). Islam views leaders as "caretakers" entrusted by Allah to steward carefully the precious human, animal, material, and monetary resources given by God (Kriger and Seng 2005).

### Important Servant Leader Attributes in Buddhism

Buddhism enumerates many teachings consistent with servant leadership. Leaders in

Buddhism are called to embrace altruism and our universal interdependency within a system. The foundation is the shared character traits (the four immeasurable states) of love, compassion, joy, and equanimity (calm temperament under stress) (Kriger and Seng 2005; Bekker 2010). The ultimate example of servant leadership in Buddhism is the Bodhisattva, a leader who sacrifices his or her personal opportunity to achieve enlightenment (the cessation of desire and achieving unity with the universe) to help others struggling with personal character growth (Bekker 2010).

## Conclusion

The relationship between religion and leadership in public administration is an area of intense interest generating divergent views on the appropriateness and efficacy of religious integration in policy and decision-making. Given religion's foundational role in society, the debate will continue with varying degrees of intensity and conflict.

## Cross-References


- ▶ Abusive Leadership
- ▶ Authentic Leadership
- ▶ Bureaucracy and Leadership
- ▶ Collaborative Governance
- ▶ Contingency Theory of Leadership
- ▶ Ethical Leadership
- ▶ Group Power and Leadership
- ▶ Heroic Leadership
- ▶ Judeo-Christian Leadership in the Public Sector
- ▶ Leadership Development in Organizations
- ▶ Leadership in Organizations
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Motivation and Leadership
- ▶ Organizational Identity Leadership
- ▶ Public Sector Leadership and Governance
- ▶ Servant Leadership
- ▶ Spiritual Leadership
- ▶ Transformational Leadership


## References


Africa v. Commonwealth of Pennsylvania (1981) 662 F.2d 1025, 1034, 3rd Cir

Ayyash-Abdo H (2001) Individualism and collectivism: the case of Lebanon. Soc Behav Personal 29(5):503–518

Bekker C (2010) A modest history of the concept of service as leadership in four religious traditions. In: van Dierendonck D, Patterson K (eds) Servant leadership: developments in theory and research. Palgrave Macmillan, New York, pp 55–66

Bruce WM (2000a) Public administrator attitudes about spirituality: an exploratory study. Am Rev Public Adm 30(4):460–472. Retrieved from http://eres.regent.edu:2048/login?url=https://search.proquest.com/docview/203258483?accountid=13479

Bruce WM (2000b) Spirituality in public service. Int J Org Theory Behav 3(3/4):599–632. https://doi.org/10.1108/IJOTB-03-03-04-2000-B015

Cash KC, Gray GR, Rood SA (2000) A framework for accommodating religion and spirituality in the workplace. Acad Manag Exec 14(3):124–134

Croucher S (2011) Muslim and Christian conflict styles in Western Europe. Int J Confl Manag 22(1):60–74

Freeman PK, Houston DJ (2010) Belonging, believing, behaving: the religious character of public servants. Adm Soc 42(6):694. Retrieved from http://eres.regent.edu:2048/login?url=https://search.proquest.com/docview/756725813?accountid=13479

Fulton BR, Wood RL (2018) Civil society organizations and the enduring role of religion in promoting democratic engagement. Volunta 1–12. https://doi.org/10.1007/s11266-018-9965-2

Gümüsay AA (2018) Embracing religions in moral theories of leadership. Acad Manag Perspect. Published online: https://journals.aom.org/doi/10.5465/amp.2017.0130

Hicks DA (2003) Religion and the workplace: pluralism, spirituality, leadership. Cambridge University Press, Cambridge

Houston DJ, Cartwright KE (2007) Spirituality and public service. Public Adm Rev 67(1):88–102. Retrieved from http://eres.regent.edu:2048/login?url=https://search.proquest.com/docview/197174641?accountid=13479

Houston DJ, Freeman PK, Feldman DL (2008) How naked is the public square? Religion, public service, and implications for public administration. Public Adm Rev 68(3):428–444. Retrieved from http://eres.regent.edu:2048/login?url=https://search.proquest.com/docview/197175129?accountid=13479

Kriger M, Seng Y (2005) Leadership with inner meaning: a contingency theory of leadership based on the worldview of five religions. Leadersh Q 16:771–806

McCormack M, Brinkley-Rubinstein L, Craven KL (2014) Leadership religiosity: A critical analysis. Leadersh Org Dev J 35(7):622–636. Retrieved from http://eres.regent.edu:2048/login?url=https://search.proquest.com/docview/1651361377?accountid=13479

Pew Research Center (2015) The future of world religions: population growth projections, 2010–2050. Pew Research Center, Washington, DC. Retrieved from http://www.pewforum.org/2015/04/02/religious-projections-2010-2050/

Phipps K (2012) Spirituality and strategic leadership: the influence of spiritual beliefs on strategic decision making. J Bus Ethics 106(2):177–189. https://doi.org/10.1007/s10551-011-0988-5

Roberts G (2015) Developing Christian servant leadership: faith-based character growth at work. Palgrave Macmillan, New York

## Leadership and Social Justice

Sherry Penney
University of Massachusetts Boston, Boston, MA, USA

### Synonyms

Leadership: Guidance, Direction, Control, Management, Supervision, Coordination, Teamwork, Collaboration; Social Justice: Human rights, Common Good, Equality

### Introduction

The twenty-first century is characterized by a climate of complexity, ambiguity, uncertainty, and constant change. This atmosphere provides new challenges to leaders everywhere. In this context an understanding of the need for attention to social justice by leaders becomes paramount.

The meaning of social justice in the world setting and in the United States has generated much discussion and had various meaning over the years. Catholic thinkers who were prominent in discussions of the meaning of social justice looked back to Saint Thomas Aquinas and his emphasis on the appropriate balance between individual liberty and community responsibility. In the early years of the nineteenth century, the term was used more widely. It also referred to social action as a means to social justice and was very applicable to the 1848 revolutions in Europe. In the United States as well as Europe, it was also a time of reform movements in many social justice areas, particularly women's rights and the anti-slavery movement. These discussions as well as ones in later centuries, however, often did not include substantial input from those who were marginalized – those for whom the social justice initiatives were intended.

In the latter part of the nineteenth century, the idea of social justice and the role of the community and the responsibility of its citizens to each other were outlined by John Stuart Mill in *Utilitarianism* where he calls on individuals to understand the association between their happiness and the good of the whole. In the twentieth century, social justice concepts for the United States, in particular, were also promoted by John Dewey, who advocated new methods for the education of citizens. Throughout the twentieth and twenty-first centuries, much of the research and writing about social justice centers on improving social justice in education, particularly advocating for quality education for all individuals (Brown 2009).

The social justice idea was also prominent in works by John Rawls (1971), who focused on justice as fairness – as distributive justice. He called for basic rights of citizens as free and equal persons. Following the thinking of Rawls, theologians' and philosophers' discussions of social justice often related it to the broader issue of human rights. That discussion continues to the present time and human rights are more and more a prominent component of social justice.

In the late nineteenth and early twentieth centuries, several of the tycoons of business, such as Rockefeller, Carnegie, and Ford, all provided substantial funding to address many social concerns and also established foundations to continue their work (Bugg-Levine and Sullivan 2015). This generosity continues to this day through their foundations and set a high standard for other businesses to follow. However, paradoxically, these and many other successful individuals did not make social justice and employee working conditions a primary objective of their **own** businesses. Many contemporary business organizations also have established foundations, which

support a variety of social justice activities. This tradition of corporate philanthropy centered on social justice initiatives has seen major contributions from organizations such as the Gates Foundation as well as Mark Zuckerberg's commitment in a variety of social justice areas.

In spite of many generous gifts, successful social change efforts are often more difficult to measure than traditional business success and only a small portion of large philanthropic gifts (excluding the Gates Foundation) is focused on social change (Foster et al. 2016). Many of the large gifts go to established institutions: symphonies, theaters, art museums, hospitals, universities, and the like.

In the twenty-first century, social justice continues to have various meanings, which usually include the idea of fair relations between the individual and society. This view relates justice to a reciprocal relationship to society. Issues such as health care, poverty and income equality, working conditions, education, criminal justice, mental health, housing, and the environment are frequently part of social justice efforts. Recently the idea of social justice has been expanded to include a greater focus on green/environmental issues and increased corporate social responsibility (Penney and Neilson 2010). It is noteworthy that some pension funds in the United Kingdom, Scotland, and Sweden are now moving toward "green" investments and this trend will likely continue. Two of the largest pension funds in the world CalSTRS and CalPERS are selling fossil fuel investments. Strategies that consider climate change an important component of social justice look to become more significant in the twenty-first century (Rodriguez-Montemayor 2016). Those involved in social justice endeavors may participate in some or all of the above areas. Social justice activities continue to be supported by private foundations, corporate philanthropy, nonprofit organizations, and/or governmental agencies.

In 2015, Michael Novak and Paul Adams in *Social Justice Isn't What You Think It Is* take another look at social justice and again refer back to the Catholic tradition. They discuss the concept of the free individual and the role individuals must play in fostering social justice. Discussions of the role of the individual in solving social problems along with that of societal and governmental organizations' involvement in social justice continue, with some stressing the individual's responsibility and others seeing a broader role for governmental agencies, nonprofits, and others.

However, the need for successful social change initiatives continues to grow along with requests for additional financial support and research on what efforts are the most successful and why. An important challenge now and in the future is to increase the effectiveness of social justice efforts as well as to enhance replication of successful initiatives. Recently, some individuals who desire to improve successful social justice outcomes are promoting the idea of "emergence." They believe that efforts to solve complex social problems work best when diverse individuals work together with a shared goal, while acting on their own without an individual (a leader) directing them (Darling 2016). This practice, which builds on previous work in collaboration, team building, and cross-sector networking, shows promise for tackling and resolving difficult and long-standing social justice issues (Penney and Neilson 2010).

There are many successful social justice initiatives throughout the world, but many of these efforts are not well known outside their immediate geographical areas. Other gains have been made in more general areas such as improved working conditions with labor laws and regulations in place. Diseases such as polio are largely eradicated, and substantial progress in AIDS research and treatment has taken place. So views on social justice continue to vary, and the work involved in fostering social justice continues in many different forms and in various cultural settings. Because of the complexity of issues facing society in the twenty-first century, increased attention must be paid to social justice and its importance. Without improvement in the many social justice initiatives, societies throughout the world will face increasing problems, and the solutions will be more difficult to achieve the longer the problems persist.

Leadership, too, has had and continues to have a variety of meanings. President John Quincy

Adams provided an excellent summary: "If your actions inspire others to dream more, learn more, do more and become more, you are a leader" (www.brainyquotes.com). Others have stated that leadership involves leaders, followers, and a common goal. In recent years the role of followers has become more pronounced. The need for collaboration and teamwork is stressed as necessary for effective leadership as well as for successful change efforts. Leaders also are called upon to empower others, particularly those with whom they work. Leadership development often includes exercises in teamwork, strategies for change, collaboration, context, gray thinking, networking, communication, as well as explorations about purpose and authenticity.

The most recent generations of emerging leaders have indicated that they want new models of leadership. They are anxious to lead but do not want to lead as they have been led. Their ideas are important since in the United States alone, some several million Boomers will be retiring in the next decade. Those in Gen X and Y (X, born 1965–80; Y, born 1981–99) will be assuming leadership positions as Boomers retire, and many of these individuals demonstrate a strong social justice commitment.

Previous views on leadership, which assumed leadership was reserved for a few individuals and that only a select few could become leaders, are no longer as popular as they once were. This view equated leadership with a capital "L" – a powerful individual leader was in charge, and followers would follow such a person believing that she/he would solve problems and support needed reforms (Penney and Neilson 2009). This view encompassed, in particular, the political and business sectors. Gradually it has been replaced with a different view of leadership.

The twenty-first century calls for leaders at all levels of society whether on college campuses, in religious organizations, in communities, in government, or in business. For effective leadership in the twenty-first century, the assumption is that it is possible for everyone to lead and that leadership means making a difference. Leadership with a small "l" is a more powerful concept. This leadership is collaborative and supports the concept that everyone has the potential to be a leader. Worries about "groupthink," as teamwork in organizations becomes the norm, create a concern for some individuals. However, most leadership practitioners see that teamwork is important but also recognize the need for people to spend time engaging in innovation and creative thinking outside of teamwork settings.

The generations (Gen X, Y, and Z) that have followed the Boomers show a commitment to social justice and to corporate social responsibility, which become important factors as they choose where to work and whether to remain in an organization. Many of these individuals believe that it is important for individuals to be involved in their communities and to participate in a variety of social justice areas. Individuals in private businesses are becoming more aware of social justice issues and of the need for them to be civically engaged. For Gen X, a focus on community service is of significant importance (Penney and Neilson 2010).

Leadership captured the headlines when *Time* (2006) noted that the Great Man Theory of History sees "the history of the world is but the biography of great men. Carlyle to whom the Great Man theory is attributed believed that it is the few, the powerful and the famous who shape our collective destiny. The Great Man theory of leadership took a serious beating this year." Instead of choosing a person of the year, as was traditional, the magazine supported collaborative leadership and stated: "It's a story about community and collaboration on a scale never seen before."

One promising aspect of this expansion of the understanding of both social justice and leadership is that leaders in the first decade of the twenty-first century are turning more and more to an understanding of the need for social justice as an essential component of effective leadership. Combining social justice concerns with leadership is, therefore, a very positive development. It expands what we mean by social justice and what is required for effective leadership.

Societal factors continue to bring social justice issues to the forefront of discussions and public policy. Income inequality has contributed to social injustice and income disparity has been increasing since the 1980s. Michael Sandel (2009) shares his

concern that the growing inequality in American life undermines the very nature of democratic citizenship and that attention should be given to a reconstruction of the infrastructure of civic life. This issue becomes more significant as the global population continues to increase and may reach nine billion by 2050 (Sowcik et al. 2015). These factors call on leaders to address issues of environmental concern and availability of technology as well as more traditional social issues, particularly as the Earth's population increases.

Social justice concerns are also becoming issues for those in business. In 2011, several authors contributed their views on the need for businesses entities to address social justice by examining, "What Great Companies Do Differently." The need for social justice initiatives was emphasized, and the general conclusion was that companies that perform best over time are the ones that build a social purpose into their operations. Rosabeth Moss Kanter points out that companies are more than instruments for generating money. They are also vehicles for accomplishing social purposes and for providing meaningful livelihoods for those who work for them. Moreover, she notes that "conceiving of the firm as a social institution serves as a buffer against uncertainty and change by providing corporations with a coherent identity" (Kanter 2011). This expanded concept of social justice as part of a company goal for both its internal constituents as well as external needs is important as it relates to a renewed commitment to social justice. Organizations which champion their social justice external efforts can certainly be criticized when their internal structures do not provide social justice to their workers in terms of working conditions that promote fair wages, family leave policies, suitable working conditions, and day care. This topic has also become one that is now regularly discussed by boards of directors. Moreover, companies that claim that they serve society demonstrate credibility when the leaders themselves allocate time, talent, and resources to community projects.

Alison Beard and Richard Hornik (2011) highlight five companies which, they suggest, do more than play lip service to community engagements. In addition, these companies have succeeded commercially, providing evidence that doing the right thing does not conflict with bottom line numbers. Heerad Sabeti (2011) sees this change more broadly and praises for-profit businesses that are dealing with social and environmental issues (HBR 2011).

It is not surprising, therefore, that in 2015 the list of the 100 top business leaders (HBR 2015) included a social justice component, which it had not done in earlier such surveys. In addition to measuring country-adjusted total shareholder return, industry-adjusted total shareholder return, and change in market capitalization, this survey added what they called ESG (environmental, social, and governance) performance measures. Economic factors counted for 80% in the listing and the social justice factors accounted for 20%.

The person at the top of the list – No.1 of the 100 – was Lars Sørensen of Novo Nordisk in Denmark. That company was cited for having a measurable engagement with social and environmental issues. Sørensen notes that, "in the long term, social and environmental issues become financial issues" (Ignatius 2015). No. 2 was John Chambers of Cisco System in the United States. The 100 CEOs represent 23 nationalities and businesses located in 19 countries. Many other individuals, who could be identified as leaders in the business world, had lower rankings on the list because their businesses did not measure high on ESG issues (HBR 2015).

It is interesting to note that Warren Buffett, the well-known and highly respected business leader, was 101 on the list. Buffet's ESG performance ranked 789 out of 907 CEOs. However, his son, Howard Buffett, has worked on social justice initiatives particularly to increase knowledge of sustainable farming techniques and is chair and CEO of Howard Buffett Foundation (Buffet 2016), which is, in part, focused on socially conscious investments.

Leaders in this century need vision, need to be change agents, need to be collaborative, and promote team work and employee engagement and empowerment, but they also must be committed to social justice in order to provide a positive future for younger generations. Many areas require increased attention from international and local governmental agencies, nonprofits, and communities. Social justice is no longer optional.

Social justice concerns must be a major part of any leader's agenda in the future. Counting social justice commitment as a significant part of effective leadership is now not only moving into discussions in boardrooms but also becoming essential to overall policy in many organizations. An understanding that social justice is important not only to organizations but also needed to make societies stronger is a predominate feature of the twenty-first century.

These are the times of ambiguity, constant change, complexity, and uncertainty, and helping people develop a set of leadership "skills/competencies" is no longer sufficient. To deal with the new realities and solve social justice issues, individuals must develop and use advanced networks. Networks of individuals working collaboratively on complex issues are better able to develop strategies for dealing with ambiguity. Individuals need to take more time than previously to understand the total context of an area of concern and of all the players involved. Most issues are not black and white but are gray, and gray thinking – thinking which looks carefully at all sides of the issues before making a hasty decision one way or another – is essential (Sample 2002). Solutions often are not evident because many of the problems are more complex than previously, and answers and possible solutions will come from new ways of thinking and new ways of people working together.

## Conclusion

Leaders must be committed to social justice, be comfortable with change, and dedicated to helping their organizations prepare for and deal with these realities. So welcome to the leadership for the twenty-first century. It is collaborative and inclusive, champions change now and in the future, and requires a commitment to social justice. The future portends to be one of permanent white water, and enlightened leadership will help us navigate the waves and rocks in our path. Actions and positive results related to social justice will not be a choice for leaders. Social justice is an imperative.

## References

Adams JQ. http://www.brainyquotes.com/quotes/authors/j/john_quincy_adams.html. Assessed 16 Jan 16

Beard A, Hornik R (2011) It's hard to be good. Harv Bus Rev 89:88–97

Brown KM (2009) Preparing future leaders for social justice, equity and excellence. Christopher-Gordon Publishers, Norwood

Buffet W (2016). http://www.cnbc.com/2015/0310shy-warrenbuftets-son-isnt-the-heir-apparent.html. Assessed 19 Jan 16

Bugg-Levine A, Sullivan K (2015) Improving corporate nonprofit partnerships. Stanf Soc Innov Rev http://www.ssireview.org/blog/entry/improving_corporate_nonpr. . .

Darling M (2016) What's the value proposition of emergence? http://www.effectivephilanthropy.org/Author/Marilynand/. Assessed 29 Jan 2016

Foster W, Perreault G, Powell A, Addy C (2016) Making big bets for social change. Stanf Soc Innov Rev, Winter. http://ssir.org/entry/making_big_bets_for_social_change. . .

Ignatius A (2015) Leadership with a conscience. Harv Bus Rev:50–59

Kanter R (2011) How great companies think differently. Harv Bus Rev 89:65–78

Penney S, Neilson P (2009) Voices of the future: emerging leaders. Center for Collaborative Leadership, Boston

Penney S, Neilson P (2010) Next generation leadership: insights from emerging leaders. Palgrave Macmillan, New York

Rawls J (1971) A theory of justice. Harvard College, Cambridge, MA

Rodriquez-Montemayor E (2016) Will pensions funds go green? http://knowledgeinseadedu/blog/insead-blog/will-pension-funds-go-green, p 4. Assessed 12 Feb 2016

Sabetti H (2011) The for-benefit enterprise. Harv Bus Rev 89:99–104

Sample SB (2002) The contrarian's guide to leadership. Jossey-Bass, San Francisco

Sandel MJ (2009) Justice: what's the right thing to do? Farrar, Straus and Giroux, New York

Sowcik M, Anderson A, McNutt M, Murphy SE (eds) (2015) Leadership 2050: critical challenges, key concepts and emerging trends. Emerald Group Publishing, Bradford

Time (2006) Person of the year issue, 25 Dec 2006

### If You're Interested in this Topic, You Might also Find the Articles Listed Below to be Helpful

Amaeshi K, Adegbite E, Rajwani T (2016) Corporate social responsibility in challenging and non-enabling institutional contexts: do institutional voids matter? J Bus Ethics 134(1)

Beard A (2015) CEOS with daughters run more socially responsible firms. Harv Bus Rev 93(11)

Bennis W (2003) On becoming a leader. Basic Books, New York
Bennis W, Spreitzer GN, Cummings TG (eds) (2001) The future of leadership. Jossey-Bass, San Francisco
Brimm L (2015) How to embrace complex change. Harv Bus Rev 93(9)
Bush T (2008) Leadership and management development in education. Sage Publications, Thousand Oaks
Chell E, Spence LJ, Perrini F, Harris JD (2016) Social entrepreneurship and business ethics: does social equal ethical? J Bus Ethics 133(4)
Conger J, Spreitzer G (1999) The leader's change handbook: an essential guide to setting direction and taking action. Jossey-Bass, San Francisco
Gardner JW (1990) On leadership. The Free Press, New York
Goleman D (2013) The focused leader. Harv Bus Rev 91(12)
Grant HM, Crutchfield L (2008) The hub of leadership: lessons from the social sector. Leader Leader, Spring, pp 45–52
Green T, Tinson J, Peloza J (2016) Giving the gift of goodness: an exploration of socially responsible gift-giving. J Bus Ethics 134(1)
Harjoto M, Laksmana I, Lee R (2015) Board diversity and corporate social responsibility. J Bus Ethics 132(4)
Heifetz R (1994) Leadership without easy answers. Harvard University Press, Cambridge, MA
https://en.wikipedia.org/wiki/Social_Justice
Kellerman B (2004) Bad leadership: what it is, how it happens, why it matters. Harvard Business School Publishing, Boston
Kotter J (1994) Leading change. Harvard Business Review Press, Cambridge, MA
Lanaj K, Hollenbeck JR (2015) Leadership over-emergence in self-managed teams: the role of gender and countervailing biases. Acad Manag J 58(5)
Lin H, Baker C (2016) Ordinary aristocrats: the discursive construction of philanthropists as ethical leaders. J Bus Ethics (2)
Linker M (2015) Intellectual empathy: critical thinking for social justice. University of Michigan Press, Ann Arbor
Liu H, Baker C (2016) Ordinary aristocrats: the discursive construction of philanthropists as ethical leaders. J Bus Ethics 133(2)
Lund-Thomsen P, Lindgreen A, Vanhamme J (2016) Industrial clusters and corporate social responsibility in developing countries: what we know, what we do not know, and what we need to know. J Bus Ethics 133(1)
Martinez-Ferrero BS (2016) Corporate social responsibility as a strategic shield against cost of earnings management practices. J Bus Ethics 133(2)
Novak M, Adams P (2015) Social justice isn't what you think it is. Encounter Books, New York
O'Faircheallaigh C (2015) Social equity and large mining projects: voluntary industry initiatives, public regulation and community development agreements. J Bus Ethics 131(4)
Penney S (2011) Voices of the future: leadership for the 21st century. J Leadersh Stud 5(3)
Piskorski MJ (2011) Social strategies that work. Harv Bus Rev 89(11)
Rodgers W, Söderbom A, Guiral A (2015) Corporate social responsibility enhanced control systems reducing the likelihood of fraud. J Bus Ethics 131(4)
Verdorfer AP, Steinheider B, Burkus D (2015) Exploring the socio-moral climate in organizations: an empirical examination of determinants, consequences, and mediating mechanisms. J Bus Ethics 132(1)
Westerman-Behaylo M, Rehbein K, Fort T (2015) Enhancing the concept of corporate diplomacy: encompassing political corporate social responsibility, international relations, and peace through commerce. Acad Manag Perspect 29(4)
Wolcott G (2015) The new (old) case for the ethics of business. J Bus Ethics 132(1)

## Leadership and Society

Sharon Mastracci
Department of Political Science, University of Utah, Salt Lake City, UT, USA

L

### Synonyms

Integrity; Morals; Principles; Public Integrity

### Definition

Administrative leadership: Leadership from the frontline supervisor (or even lead worker) to the nonpolitical head of the organization (Van Wart 2003).

Affective leadership: Leadership that accounts for emotional labor demands in an organization, where emotional labor is the effort to suppress inappropriate emotions and/or elicit appropriate emotions within oneself or in another person, as determined by demands of the job (Newman et al. 2009).

Ethical leadership: Fostering ethical conduct in organizations and setting ethical standards that govern the organization's members (Jurkiewicz 2006).

## Eras in Leadership Theory

Leadership is distinguished from management as follows: "If you can count it, you can control it, you can program it, and therefore you can manage it. If you cannot count it, you have to do leadership" (Fairholm 2004, p. 578). Administrative leadership is addressed separately from executive leadership, where administrative leadership focuses specifically on public sector organizations. Van Wart (2003, p. 216) defines administrative leadership as "leadership from the frontline supervisor (or even lead worker) to the non-political head of the organization." Van Wart analyzes the public administration literature on administrative leadership and reveals six distinct eras in mainstream leadership research (2003, p. 218):

1. **Great man thesis**: Emphasizes the emergence of a great individual who has a substantial effect on society, pre-1900s through the present.
2. **Trait theory**: Emphasizes individual traits and skills of leaders and leadership as an inborn attribute rather than a skill to be learned (1900–1948).
3. **Contingency theory**: Examines the situational variables leaders must deal with and represents a shift from traits to behaviors and influenced by human relations theory and behavioral science (1948–1980s).
4. **Transformational theory**: Underscores the importance of leadership to change organizations, processes, or overall culture, influenced by the decline of American dominance in business, finance, and science and the need to reenergize faltering industries (1978 to present).
5. **Servant leadership theory**: Stewardship approach characterized by its emphasis on a leader's ethical responsibilities to internal and external audiences further underscores legal responsibilities of public sector leaders and central role of the citizenry (1977 to present).
6. **Multifaceted leadership theory**: Emphasizes the integration of different streams of thought about leadership, particularly transactional schools of thought (trait and behavior) and transformational schools (stewardship and entrepreneurial) (1990s to the present).

Van Wart (2003) notes that over time, scholarship and perceptions on leadership have evolved from trait perspectives that emphasize the innate character of leaders to leadership as a skill that can be learned and then back to a more nuanced version of trait theory, where leadership can be learned, but certain characteristics are identified in leaders that can be assessed and cultivated. While selected traits and behaviors are now better understood, current multifaceted leadership theory is "a more sophisticated model that could accommodate entirely different missions and environments" (2003, p. 224). But research focused in particular on public service is necessary to understand the special circumstances posed in the public sector because "entrepreneurial behavior cannot be blithely endorsed when public administrators are entrusted with the authority of the state" (2003, p. 224). Reform pressures over the past decades are also unique to the public sector and provide a context that differs from mainstream executive leadership research.

As an entry based not solely on leadership, but rather leadership and society, this essay takes as its starting point the considerable groundwork laid by the Van Wart (2003) analysis and looks to innovative areas of leadership study – ethical leadership, affective leadership, and feminist leadership – and ends with by speculating on exciting areas for future inquiry.

## Ethical Leadership

Ethical leadership expands the notion of leadership to include the leader's own actions to serve as an example of ideal behavior. Carole Jukiewicz defines ethical leadership as "fostering ethical conduct in organizations and… set[ting] ethical standards that govern the organization's members" (2006, p. 246). Bedi, Alpaslan, and Green further specify the leader's individual behavior: "Ethical leaders are fair, honest, and principled

individuals that use various forms of rewards, punishments, and communication mechanisms to influence their followers' ethical behavior" (2015, p. 1). While the individual leader's behavior is the focus, her or his actions and choices must be made known to others. Ethical leadership is in the perception of coworkers, subordinates, and peers of fair decision making, trustworthiness, communicating openly on ethical issues, and behaving in an ethical manner. In this way, ethical leadership is interpersonal, perceptual (Heres 2014), and at least partly performative. Capturing the perceptual aspect of ethic leadership, Don Menzel (2015b, p. 316) emphasizes "three basic ingredients: being an ethical role model to others, treating people fairly, and actively managing ethics in the organization." A leader's ethical behavior affects others through social learning theory, which "focuses on the antecedents and consequences of ethical leadership, and suggests that individuals learn the norms of appropriate conduct … through their own experience and by observing others" (Bedi et al. 2015, p. 2). Ethical leadership reflects and shapes organizational values and ethical leaders serve as exemplars representing the organization to others (Lu and Guy 2014; Menzel 2015a; Podger and Menzel 2014). In their meta-analysis of outcomes, Bedi et al. (2015) find ethical leadership increases job satisfaction, organizational commitment, and organizational citizenship behavior a willingness to report ethics violations (Hassan et al. 2014). An absence of ethical leadership is related to higher rates of turnover intention and absenteeism (Bedi et al. 2015). Ethical leadership is linked to more effective governance (Jurkiewicz 2006; Menzel 2005; Menzel and Jurkiewicz 2005) and mitigates the negative impact of emotional labor on public servants (Mauno et al. 2016). Jurkiewicz and Thompson (2000) examine organizational and executive ethics in healthcare and the role of leadership during times of change and find that an organization's ethical environment changes only very slowly. In sum, ethical leadership expands the purview of responsibility for leading an organization beyond the narrow concepts of efficiency and organizational performance. Leaders also set examples for ethical conduct for others in the organization. Another interesting area of inquiry into leaders and leadership takes account of emotions in organizations and has been studied as affective leadership.

## Affective Leadership

Affective leadership is that which accounts for the emotional labor demands in an organization. Emotional labor is the effort to suppress inappropriate emotions and/or elicit appropriate emotions within oneself or in another person, where "appropriate" and "inappropriate" are dictated by the demands of the job. Emotional labor is so fundamental to some jobs that to fail to engage in it is to fail to do the job. Skills fundamental to emotional labor and leadership are essential to quality public service. Fairholm (2004, p. 578) notes that the concept of "leadership issues in terms of values and relationships" dates as far back as Mary Parker Follett, Chester Barnard, and Dwight Waldo, but the dominance of cognitive factors in leadership theory has eclipsed the important role of emotions in organizations. Citizen satisfaction and customer service matter to organizational performance, and an emotionally engaged leader plays a pivotal role in their determination. Public sector reforms over the past few decades – most notably New Public Management reforms – have created an environment where understaffed public services must meet the same customer expectations as business establishments. In such an environment, positive exchanges become a benchmark for organizational performance. When citizens meet friendly street-level bureaucrats – or those whom they perceive to be friendly – the public is more likely to have a positive assessment of services rendered and of public services in general. Citizens may complain about government but might compliment a particular agency or particular public servant when they experience a positive interpersonal encounter with a public servant. The goal of citizen satisfaction is met by maintaining a work environment that rewards positive exchanges between citizens and the state. This requires workers who are capable, experienced, and motivated to perform and who

take pride in their work and leaders who recognize and champion this cause. Working in public service requires employees who are skilled in the performance of emotional labor and affective delivery and leadership that recognizes, evaluates, rewards, and practices emotional labor effectively. Newman et al. (2009) connect emotional labor to the leadership discourse by examining the practice of emotional labor in the context of leadership theory and conclude that affective leadership is intrinsically associated with emotional labor. Affective leadership includes more elements than those addressed by trait theorists (Van Wart 2003) including charisma, empathy, intuition, and emotional control. Affective leadership is fundamental to successful job performance. Leadership continues to be cited as the weakest link in public service, resulting in poor agency performance and low employee morale (Kramer 2008). As Alvin Toffler observed, a style of leadership that worked in the past may not work in the present, much less the future. Van Wart (2003) notes that early, instrumental views on leadership and particularly views on administrative leadership were influenced by scientific management theory. Just as production and management progressed from the Industrial Revolution to the age of technology, "there must be a leadership revolution" (Parker and Begnaud 2004, p. 2). Similarly, Bennis (2000) urges scholars to "rethink our most basic concepts of leadership" (2000, p. 170). The preoccupation with traits and behaviors – the transactional approach – ignores the important role of emotions in organizations and "can lead to theory and research that portrays organization members as cognitive stick figures whose behavior is unaffected by emotions" (Mowday and Sutton 1993, p. 197). The era of leadership as stewardship described by Van Wart (2003) introduced the important role of subordinates, who have become a major component in the analysis of leadership (Poppa 2005, p. 28). Emotional labor and affective leadership together further our understanding of leadership in the current era of multifaceted theory (Van Wart 2003). The work of government is interpersonal, with all of the intersubjectivities that this entails, where "daily experiences often unfold as a series of performance episodes" (Beal et al. 2006, p. 1054). Leadership theory that overlooks the role of emotion in organizations and affective interpersonal interactions lacks meaning in modern public administration: "If we want public administration scholarship capable of speaking truth to power, it must speak language that is meaningful" (Guy 2003, p. 652). Emotional labor is fundamental to effective public service. It animates knowledge work in interpersonal transactions and affective leadership facilitates effective emotional labor throughout the organization: "When people are treated as numbered units, interchangeable parts of no interest or value in themselves, empathy is sacrificed in the name of efficiency and cost-effectiveness" (Goleman 2006, p. 252). Emotional competence varies with the individual, and affective leaders recognize this for the purpose of maximizing organizational effectiveness and facilitating rewarding public service. At high skill levels, affective leadership prepares the worker to negotiate through considerable complexity and to make a reasoned response. Less-skilled workers who do not benefit from affective leaders make inappropriate responses or responses that fail to facilitate the interaction. Emotion work is learned, and affective leaders facilitate learning.

Studies comparing exemplary leaders with mediocre ones have found that the competencies that distinguish the best from the worst in human services have little to do with technical knowledge or skill, and "everything to do with social and emotional intelligence . . . What distinguishes leaders . . . goes far beyond that knowledge, into interpersonal skills like empathy, conflict resolution, and people development" (Goleman 2006, p. 261). Best practice leaders "encourage the heart. They listen carefully for quiet whisperings in dark corners. They attend to the subtle cues. They sniff the air to get the scent. They watch the faces" (Kouzes and Posner 1987, p. 115). Compassionate public service needs caring leaders, ones who can give subordinates "the sense of a safe emotional base to work from" and who can "communicate with people at an emotional level" (Lau 2000, p. 59). Connectivity and relationship building are key characteristics to affective leadership, as are developing rapport and emotional

engagement: "The best bosses are people who are trustworthy, emphatic and connected, who make us feel calm, appreciated, and inspired" (Goleman 2006, p. 277). "'Feeling connected' . . . refers not to some value niceness but to concrete emotional links between [leader and worker] . . . One powerful method to foster such links is to build . . . the sort of attuned relationship between [them]" (Goleman 2006, p. 282). Affective leadership sets the emotional tone that flows through their organizations, which, in turn, has consequences for how well collective objectives are met. Leaders need to nurture "social wisdom" or the qualities that allow the people we connect with in the workplace to flourish (Goleman 2006, p. 315). For Denhardt and Denhardt (2006), leadership is deeply rooted in the human psyche and requires considerable inner resources required by the leader. Ilgen and Klein (1989) argue that the absence of emotional labor or consideration of emotions in organizations is partly attributable to a historical preference in the organizational literature for cognitive constructs, which is reflected in leadership theory. Sy et al. (2005) observe changes to leadership theory, such that "affect is receiving increasing attention in the study of leadership" (2005, p. 304). This is echoed by Fairholm (2004) who notes that selected areas of public service scholarship "mixes the efficiency and productivity mantra of scientific management with the relationship, teamwork, values, and empowerment vocabulary of recent leadership literature, such as that found in the values-based leadership and emotional intelligence literature" (2004, p. 582). A fundamental challenge facing administrative leaders is not to make their work more efficient but to make it more humane and caring (Stivers 2008). Affective leadership, and recognizing the centrality of emotional labor, is the way in which this is addressed.

## Feminist Leadership

Like ethical leadership and affective leadership, feminist leadership lies within the category of multifaceted leadership theory by expanding the concept of leadership beyond traits or behaviors to include context. As such, this approach characterizes "leadership as a holistic product of socially-defined settings, common aims, discursive meanings, and individual perceptions, beliefs, and values" (Rusaw 2005, p. 385). Akin to Creswell's (2014) transformative research design, a model of feminist leadership takes a normative stance and rejects strictly "legal-rational conceptions of organization and the role of leader-manager neutrality in political relationships" (Rusaw 2005, p. 385). Feminist leadership facilitates participation across a wide range of different stakeholders, particularly those lacking voice or who tend to be at the margins of political decision making, and serves as a catalyst to give voice and coproduce solutions with those affected by social, economic, and political inequalities. Rusaw reveals five dimensions of feminist leadership (2005, pp. 388–389):

1. **Relating and creating knowledge**: Feminist leadership emphasizes interpersonal relationships and recognizes the different ways men and women learn social roles and create new knowledge.
2. **Commitment to care**: Feminist leaders are concerned with the quality of compassion and social responsibilities in their organizations, not just efficiencies.
3. **Standpoint theory**: Feminist leadership acknowledges different perspectives based on individuals' lived experiences and seeks to incorporate marginalized voices.
4. **Critiquing dominant structures**: Feminist leadership does not reproduce dominant organizational power structures due to discrimination, alienating bureaucracy, or institutional injustices.
5. **Pluralism**: Feminist leadership is not hierarchical nor defined in terms of job title.

New Public Management reforms have had the effects of reifying quantitative performance measures and undervaluing caring labor, both of which are particularly fundamental to effective and equitable public service: "Education, medical care, social work, and many other services have both a technical, tangible component and a care

component. Both are necessary for successful outcomes" (Leuenberger 2005, p. 403). The parallels with affective leadership and ethical leadership are clear: "Focus on market efficiency exclusively has led to social and economic problems such as purchaser/provider split, corrosion of public service capital, and inequity in service provision and availability … and has replaced it with dehumanized, mechanical efforts" (Lueuenberger 2005, p. 402). Reorienting organizational mission and implementing a feminist leadership approach can undermine dehumanizing reform trends.

## Discussion

Exciting areas for future research include leadership and culture or cross-national comparisons of public sector leadership (Berman et al. 2013; Orazi et al. 2013), spirituality and leadership (Fairholm 2004; Giacalone and Jurkiewicz 2003), and leading regardless of one's position in the hierarchy or leading in place (O'Leary 2013; Rusaw 2005). Leading in place means that "power emanates *from consensus* rather than from being the means for achieving consensus" (Rusaw 2005, p. 389, emphasis supplied). Along with the evolution of leadership theory to include multiple facets of leaders and leading, so too must leadership theory address society in order to be useful to a new generation of administrative leaders: "Public administrators bring a values perspective to the work they do and recognize their potentially influential place in society … moving to higher-order perspectives increases a public administrator's capacity to cope with increasingly complex issues, organizations, and relationships" (Fairholm 2004, p. 586). Narrow definitions of leadership that fail to account for complexity consequently fail to prepare public administrators for their roles as leaders in society.

## References


Beal DJ, Trougakos JP, Weiss HM, Green SG (2006) Episodic processes in emotional labor: perceptions of affective delivery and regulation strategies. J Appl Psychol 91(5):1053–1065

Bedi A, Alpaslan CM, Green S (2015) A meta-analytic review of ethical leadership outcomes and moderators. J Bus Ethics. https://doi.org/10.1007/s10551-015-2625-1

Bennis W (2000) Managing the dream: reflections on leadership and change. Perseus, Cambridge, MA

Berman E et al (2013) Public executive leadership in East and West: an examination of HRM factors in eight countries. Rev Public Pers Adm 33(2):164–184

Creswell JW (2014) Research design: qualitative, quantitative, and mixed methods approaches, 4th edn. Sage, Thousand Oaks

Denhardt RB, Denhardt JV (2006) The dance of leadership: the art of leading in business, government, and society. M.E. Sharpe, Armonk

Fairholm MR (2004) Different perspectives on the practice of leadership. Public Adm Rev 64(5):577–590

Giacalone RA, Jurkiewicz CL (2003) Right from wrong: the influence of spirituality on perceptions of ethical business practices. J Bus Ethics 46(1):85–97

Goleman D (2006) Social intelligence: the new science of human relationships. Bantam, New York

Guy ME (2003) Ties that bind: the link between public administration and political science. J Polit 65(3):641–655

Hassan S, Wright BE, Yukl G (2014) Does ethical leadership matter in government? Effects of organizational commitment, absenteeism, and willingness to report ethical problems. Public Adm Rev 74(3):333–343

Heres L (2014) One size fits all? The content, origins, and effect of follower expectations of ethical leadership. Radboud University, Nijmegen

Ilgen DR, Klein HJ (1989) Organizational behavior. Annu Rev Psychol 40(2):327–351

Jurkiewicz CL (2006) Soul food: Morrison and the transformative power of ethical leadership in the public sector. Public Integr 8(3):245–256

Jurkiewicz CL, Thompson CR (2000) Conflict of interest: organizational versus executive ethics in health care. J Health Hum Serv Adm 23(1):100–123

Kouzes JM, Posner BZ (1987) The leadership challenge: how to get extraordinary things done in organizations. Jossey-Bass, San Francisco

Kramer R (2008) Learning how to learn: action learning for leadership development. In: Morse RS, Terry B (eds) Innovations in public sector leadership development. NAPA, Washington, DC

Lau E (2000) Government of the future. Organisation for Economic Co-operation and Development, Paris

Leuenberger DZ (2005) Love's labor found: contribution from feminist theory to the 'labor of care' in the work of public administration. Adm Theory Prax 27(2):401–406

Lu X, Guy ME (2014) How emotional labor and ethical leadership affect job engagement for Chinese public servants. Public Pers Manag 43(1):3–24

Mauno S, Mervi R, Ulla K, de Bloom J (2016) Emotional labor and work engagement among nurses: examining perceived compassion, leadership and work ethic as stress buffers. J Adv Nurs. https://doi.org/10.1111/jan.12906

Menzel DC (2005) Research on ethics and integrity in governance. Public Integr 7(2):147–168

Menzel DC (2015a) Research on ethics and integrity in public administration: moving forward, looking back. Public Integr 17(3):343–370
Menzel DC (2015b) Leadership in public administration: creative and/or ethical? Public Integr 17(3):315–318
Menzel DC, Jurkiewicz CL (2005) Introduction to the symposium on ethics and integrity in governance: European perspectives. Public Integr 8(1):5–9
Mowday RT, Sutton RI (1993) Organizational behavior: linking individuals and groups to organizational context. Annu Rev Psychol 44(1):195–229
Newman MA, Guy ME, Mastracci S (2009) Beyond cognition: affective leadership and emotional labor. Public Adm Rev 69(1):6–20
O'Leary R (2013) The ethics of dissent: managing guerilla government, 2nd edn. CQ Press, Washington, DC
Orazi DC, Turrini A, Valotti G (2013) Public sector leadership: new perspectives for research and practice. Int Rev Adm Sci 79(3):486–504
Parker JP, Begnaud LG (2004) Developing creative leadership. Teacher Ideas Press, Portsmouth
Podger A, Menzel DC (2014) East-West values and ethical leadership in China. Public Integr 16(2):159–164
Poppa M (2005) Leaders who transform society. What drives them and why we are attracted. Praeger, Westport
Rusaw C (2005) A proposed model of feminist public sector leadership. Adm Theory Prax 27(2):385–393
Stivers C (2008) The significance of the administrative state. Public Adm Rev 68(1):53–56
Sy T, Côté S, Saavendra R (2005) The contagious leader: Impact of the leader's mood on the mood of group members, group affective tone, and group processes. J Appl Psychol 90(2):295–305
Van Wart M (2003) Public sector leadership theory: an assessment. Public Adm Rev 63(2):214–228

# Leadership and Technology

Jeannie Pridmore[1] and John Overocker[2]
[1]University of West Georgia, Carrollton, GA, USA
[2]Carroll County Public Defender, Carrollton, GA, USA

## Synonyms

Governance; Privacy policy

## Definition

Information technology: Is the application of computers to store, retrieve, transmit, and manipulate data.

Leadership: The activity of leading a group of people or an organization.

## Introduction

In the digital world of big data, nothing could be more important than information privacy and security. Having effective leadership in this area is key to ensuring that appropriate strategies, priorities, policies, and processes are successfully designed, implemented, and embedded to maximize innovation and minimize the risks arising from the use of information technology (IT). Given recent controversies such as Eric Snowden and the battle between Apple and the FBI, privacy advocates warn that we might be "sleepwalking into a surveillance society" (Greenwald 2013).

IT has enabled the rise of big data. As technology continues to advance especially in the areas of wearable and smart mobile devices, personal information is being captured, stored, shared, and even stolen at levels that have never before been experienced (Thierer 2015). Everyday attacks are conducted to obtain and exploit information by criminals and governments worldwide.

IT and big data hold tremendous potential benefits from improving safety and physical security to personal benefits such as individualized healthcare treatment and fraud detection. However, the concerns over data privacy and personal security are very real. While many may feel that as long as someone is not doing anything wrong, why should anyone care if others see what is being done. Is it wrong to take a shower, or is it wrong to visit a website on human rights? Is it wrong to not want every aspect of daily life tracked, stored, and possibly used against them?

It's easy to say personal privacy is not as important as preventing crimes, but having leaders who fully understand the critical importance of data privacy and security and finding the needed balance between privacy and the needs for big data analysis may be the biggest challenge of our time and one of the most important policy issues in the world today (Rubinstein 2013). This issue must be thoughtfully addressed by proactive leaders.

The expectation of privacy in the United States varies from place to place and from situation to situation. The right to privacy protects an individual's right to be protected from unreasonable or offensive intrusion into their private affairs and concerns. The method by which the courts determine government action as reasonable is under the protection of the Fourth Amendment. There is, to a certain extent, a debate as to whether a right to privacy exists in the United States (*see Griswold v. Connecticut*, 381 US 479 (1965) (*J. Black dissenting*)) in which Justice Black makes the case that there are no specific protections of a citizen's privacy only instances when privacy protection is a peripheral effect of the enforcement of other rights.

The emergence of the right to privacy is of fairly recent origins (Rubenfeld 1989). For the purposes of this brief, the authors take the view that a right to privacy does exist (*J. Goldberg concurring*). The right to privacy in the United States is far too broad a topic to be fully tackled in this brief. The brief will focus on the privacy in regard to IT in the twenty-first century.

## The Right to Privacy

The right to privacy in the United States protects physical privacy and other intrusions, such as the prevention of eavesdropping and prying into some personal records. Privacy concerns generally involve at least one of three groups:

1. Government
2. Private entities
3. Other individuals

The US Constitution is a limiting document on the government's power and does not protect individual's privacy from the invasion by private citizens or entities. This holds true even if the information or property is later handed over to the government, unless the third party was operating under government instruction.

The Fourth Amendment states "(t)he right of people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized." The Fourth Amendment protects against *unreasonable* search and seizure by the government.

A seizure occurs when the government takes possession of items or detains people. A search is any intrusion by the government into something in which one has a reasonable expectation of privacy. Though the Fourth Amendment protects individual privacy from the government, it is important to highlight the amount of data and transactions that occur online today means that the government or other entities can access and track massive amounts of personal data without any physical intrusion and without the individual ever being aware that they are being watched.

## Privacy and Information Technology

In 1999, Sun Microsystems' CEO Scott McNealy said, "You have zero privacy anyway. Get over it." (Sprenger 1999). The fact that personal information is now much more of a commodity (more sothan in 1890 or 1999, for that matter) means privacy rights might need to be examined more as individual property. In the first decade of thetwenty-first century, the number of people connected to the Internet increased from 350 million in 2001 to more than two billion in 2010 (Pridmore and Overocker 2016). By 2025, the majority of the world's population, the majority of eight billion people, will be connected to the Internet (Khan et al. 2014).

Currently there are over five billion individuals using smart mobile devices, and by 2020, it's estimated that 50 billion devices will be connected to the Internet and data production will be 44 times greater than in 2009 (Khan et al. 2014). These smart mobile devices mean that billions of people are enabling a very intimate form of personal surveillance. These devices go everywhere and can be used to not only track everything the owner does but also everyone around the owner.

These devices have added a tremendous amount of complexity to the right to privacy topic and are proving to be a substantial challenge for lawmakers to understand how new technologies (smart devices and data collection from their "free" services) can and should be used in keeping with the right to privacy. The Supreme Court has offered little guidance by distinguishing between technology that simply enhances an individual's senses and technology that creates new superhuman powers such as location tracking or backdoor encryption. For example, in *Katz*, it was recognized that new technologies can make a private space versus public space impossible to separate. However, failure to clearly explain concerns about new technology and arbitrary use of language has been confusing to the lower courts (Fairfield 2009).

To date, the courts have not reached a consensus on what constitutes a reasonable expectation of Internet privacy (Fairfield 2009). There are still questions as to whether there is a reasonable expectation of Internet privacy. When an individual engages in transactions on their smart device, they normally must first agree to the terms of the service provider. These agreements are typically referred to as end-user license agreements (EULA) and terms of service (TOS) or simply set out in lesser documents such as Code of Conduct and Reimbursement Policies (Lim 2008). Many criticize these contracts as being too one sided and argue for the courts to acknowledge traditional common law rights (Cifrino 2014).

Since the Fourth Amendment only applies to the government, the biggest concern for privacy of US citizens should be that of private organizations collecting, storing, and possibly selling personal data. However, when congress passed the Patriot Act, it gave the US government unprecedented authority to conduct surveillance. Since its passage, privacy intrusions and government overreach have been a concern. The Patriot Act increases the government's surveillance powers in the following areas ("The USA PATRIOT Act"):

1. It increases the government's ability to look at an individual's records being held by third parties (Section 215).
2. It increases the government's ability to search without notice private property (Section 213).
3. It widens a narrow exception to the Fourth Amendment that had been created for the collection of foreign intelligence information (Section 218).
4. It extends the Fourth Amendment exception for spying and gathering "addressing" information about the origin and destination of communications, as opposed to the content (Section 214).

Government officials continue to attest that these powers are only invoked on people of interest or individuals who are suspected of wrongdoing or are associated with known terrorists. Critics have raised concerns of possible overreach and unchecked government power to electronically track individuals with very little evidence. If the revelations of Eric Snowden are true, the ease with which the government tracks and stores personal data from the masses is staggering. Mr Snowden also leaked that the US government had worked with major organizations such as Apple, Microsoft, and Google, to influence their encryption techniques and essentially create a backdoor into their technology.

Since then, many organizations have tried to distance themselves from government involvement (Greenwald and MacAskill 2013), thus leading to the Apple versus FBI case of 2016, with Apple refusing to create a backdoor for the government to unlock an iPhone. Apple's stance is that if they did what the government wanted, it would ultimately make all iPhones vulnerable to being hacked. Allowing the government to have backdoors into IT puts everyone at risk for privacy breaches, not just known criminals or people of interest.

## The Future of Privacy Policy and Information Technology

It's important to note that most people do understand many of the privacy risks associated with using IT. However, people have fallen in love with the online world and their smart devices. Users of technology accept that they are giving their

personal data away in exchange for the convenience of the systems they use. Some might argue that anyone who has a problem with their personal data being known should simply choose to not use technology in their daily life. However, this is not a reasonable suggestion. It puts all of the reasonability on the user, and none on those who are collecting the data.

Privacy policies are needed for governments and corporations alike. Going forward leaders and policy makers are needed who can fully understand these issues and who can enact IT privacy policies that make sense. Regulation for the sack of regulation is not needed. Leaders are needed who are able to weigh the benefits of data collection against the harms that it could cause. Privacy policies are needed to help minimize potential harm that can come for privacy breaches, and they need to address the personal data generated by the user, access to their smart devices themselves, and access to other smart devices near them. Based on the Fair Information Practice Principles (FIPPs), the following tenets need to be studied, considered, and implemented (Gellman 2014):

1. Individual Control of Data
2. Transparency of Data Collection and Use
3. Respect for Context of Data
4. Security of Data
5. Access to Data
6. Focused Data Collection instead of Mass Collection
7. Accountability for the Data Collected

Probably the two biggest reasons for a lack of privacy policy and IT are a lack of leaders who fully understand these issues and the difficulty of how to translate these principles into legally enforceable regulations. Each of the items above could be interpreted several different ways. In addition, privacy policies will have to be developed gradually and grow organically as technology changes.

## Conclusion

Future debate and research is critical for the field of privacy and IT. This debate needs to happen now not only from a US perspective but also as a global concern. Technology is advancing so fast. It is important to begin this process today if there is any hope in being able to keep up with new technology as it is introduced. Secondly, with the global rise of the Internet population from developing countries, there is a projected flood of users that may not share the same concept of privacy as most "Western" users because of cultural and legal differences. Without established policies in place, this large influx of new users who may not be concerned or share the same concept of privacy could detrimentally impact the right to privacy on the Internet.

## References

Cifrino CJ (2014) Virtual property, virtual rights: why contract law, not property law, must be the governing paradigm in the law of virtual worlds. Boston College Law Rev 55(235):235–264. http://lawdigitalcommons.bc.edu/bclr/vol55/iss1/7

Fairfield J (2009) Escape into the Panoption: virtual worlds and the surveillance society. Yale Law J Pocket Part 118:131–135

Gellman R (2014) Willis Ware's lasting contribution to privacy: fair information practices. IEEE Secur Priv 12(4):51–54

Greenwald G (2013) NSA collecting phone records of millions of Verizon customers daily. Guardian. http://www.guardian.co.uk/world/2013/jun/06/nsa-phone-records-verizon-court-order

Greenwald G, MacAskill E (2013) NSA prism program taps in to user data of Apple, Google and others. Guardian. http://www.guardian.co.uk/world/2013/jun/06/us-tech-giants-nsa-data

Griswold v. Connecticut (1965) 381 U.S. 479, pp 483–484

Khan N, Yaqoob I, Hashem IAT, Inayat Z, Ali WKM, Alam M, Shiraz M, Gani A (2014) Big data: survey, technologies, opportunities, and challenges. Sci World J 2014: 18 pp, Article ID 712826. https://doi.org/10.1155/2014/712826

Lim HYF (2008) Who monitors the monitor-virtual world governance and the failure of contract law remedies in virtual worlds. Vanderbilt J Entertain Technol Law 11: 1053–1073

Pridmore J, Overocker J (2016) Privacy in virtual worlds: a US perspective to a global concern. In: Sivan Y (ed) Handbook on 3D3C platforms applications and tools for three dimensional systems for community, creation and commerce. Springer, Cham, pp 161–178

Rubenfeld J (1989) The right of privacy. Harv Law Rev 102(4):737–807

Rubinstein IS (2013) Big Data: the end of privacy or a new beginning? Int Data Privacy Law 3(2):74–87

Sprenger P (1999) Sun on privacy: "Get over it". Wired. http://archive.wired.com/politics/law/news/1999/01/17538

The USA PATRIOT Act: preserving life and liberty. http://www.justice.gov/archive/ll/highlights.htm. Retrieved 15 Oct 2013

Thierer A (2015) The internet of things and wearable technology: addressing privacy and security concerns without derailing innovation. Richmond J Law Technol 21(6). http://jolt.richmond.edu/v21i2/article6.pdf

# Leadership Behavior for Successful Change Management

Hamid Mahmood Gelaidan[1], Abdullah Al-Swidi[1] and Hashed Ahmed Mabkhot[2]

[1]Department of Management and Marketing, College of Business and Economics, Qatar University, Doha, Qatar

[2]School of Business Management, College of Business, Universiti Utara Malaysia, Sintok, Kedah, Malaysia

## Synonyms

Business process reengineering; Organizational development; Organizational excellences

## Definition

Successful change management is the effective leadership of the organizational development initiatives and the business process reengineering efforts to achieve excellence organizational business results.

## Introduction

To keep pace with the current changing and challenging business environment, organizational change has become an integral part of the organizational life cycle. Due to internal and external factors such as globalization, business change, the changing global economy, and massive technological advancements, organizations are forced to respond effectively to survive and grow in the marketplace. To survive, grow, and remain competitive, organizations continually attempt to make changes (Battilana et al. 2010). However, not all change initiatives are effective – 70% of all major changes fail (Vakola 2014). It has been argued that some change initiatives fail due to the lack of strategy and vision, lack of management commitment and support, lack of trust, ineffective communication plans, lack of change management skills, and strong resistance to change (Vakola et al. 2004).

In the context of higher education, due to factors such as the lack of funding, increasing student numbers, growing competition, changing teaching and learning mechanisms, and technological advancements, this sector has undergone major changes. Therefore, universities have had to embrace such changes proactively to remain relevant (By et al. 2008). Similarly, Malaysian higher education institutions have been working hard to achieve local and international recognition by following global academic trends and introducing various changes. The introduction of these changes created challenges, and organizations failed to implement changes fully due to several factors. The main factor is people and their perceptions of the changes introduced by the universities, and in this case, Kurt Lewin's (1951) three-stage theory applies. The theory emphasizes people's readiness for change through the creation of a sense of urgency. Therefore, to achieve a high level of satisfaction in an organization, the organization may need to cultivate the emotional intelligence of its employees to break down the inherent resistance to change.

Despite the growing importance of change management, Dalton and Gottlieb (2003) and Mrayyan et al. (2008) have highlighted the lack of research on this topic. Similarly, Dasborough et al. (2015) have argued that emotional responses to organizational change are still largely ignored in the literature. However, factors such as organizational commitment, emotional intelligence, and leadership behavior are expected to have a great influence on employees' readiness for change in all types of organizations in general and in the Malaysian

higher education context in particular (Nordin 2011). Therefore, this study attempted to contribute to the literature by investigating the joint effects of leadership behavior and emotional intelligence on organizational readiness for change at different levels of organizational commitment.

## Change Management Model: Kurt Lewin's Three-Step Model

The main theory for the current study is the Kurt Lewin's Three-Step Model (Lewin 1951) which is based on the premise of three-stage process. The first stage is unfreezing which is important for the other two stages to undergo with people making effective change. Lewin believed that the stability of the human behavior is an important factor that helps bring about successful change. The second stage of Lewin's theory is movement or change, which can be linked to different outcomes in the form of behaviors, values, attitudes, structures, or processes. This notion is reinforced by previous studies (Cummings and Worley 2001). The third stage of Lewin's model is refreezing which is important for the change's sustainability. It works for the stability of the group equilibrium and guarantees that new behaviors are not open to regression.

## Leadership Behavior and Organizational Readiness for Change

The study of change management is necessary especially at the moment due to the fast-paced technology and continuously increasing the people required. Same with other area in business management field or any other area, many theories have discussed the change management phenomena and argued how the individual or group can support the change. The review of the related theories and their contribution to the current research is discussed. Herold et al. (2008) argued that if an organization does not carry out daily change, it would not be able to maintain its position in the marketplace. Thus, change is essential for maintaining organizational validity and accessibility. Martins (2008) supported this view and indicated that change has turned out to be a significant obstacle not only on the organizational level but also on the individual level, including for leaders. Furthermore, a thorough review of past research shows that the focus in organizational change research has been on organizational factors, while individual factors such as readiness for change have been greatly neglected (Vakola et al. 2004).

Therefore, organizational readiness for change is usually accompanied by introducing change gradually as described by Kurt Lewin's Three-Step Model (Mrayyan et al. 2008). They defined organizational readiness for change as a person's or an organization's subjective feelings or perceived ability regarding change readiness. They stated that "readiness" is a process of becoming ready and that the outcomes relate to readiness for change. Leadership plays an important role in every organizational change. Erkutlu (2008) and Gelaidan and Ahmed (2013b) agreed, suggesting that leadership behavior directly affects employees' results. Numerous studies emphasize the classification of the features and significance of transformational and transactional leadership styles (Avolio et al. 1999). According to Bass (1985), the transactional leadership style involves leaders exchanging rewards for followers' positive performance. In contrast, transformational leadership involves leaders making sacrifices for their followers and surpasses the transactional style. These sacrifices relate to how leaders motivate their followers to work to achieve their performance targets. Therefore, producing various positive outcomes in organizational scenarios requires transformational leadership behaviors (Kiyani et al. 2013; Leban and Zulauf 2004).

In line with this, leadership is a crucial factor in enhancing followers' attitudes toward the development or achievement of organizations' objectives. Therefore, as is expected and has been proven, leadership behavior can direct and determine employees' attitudes toward organizations' performance, for example, by preparing employees for change and inspiring them to feel committed. In addition, researchers who have dedicated their work to change management consider trust in management a required prerequisite

for minimizing workers' resistance to change (Vakola 2014); this is reflected in studies conducted by Coyle-Shapiro and Morrow (2003), Cunningham et al. (2002), and Kiefer (2005). Moreover, when workers, who are the recipients of change, consider their leader capable of dealing with change as well as trustworthy and supportive, and when they believe their leader respects them, they are more inclined to support change (Martin 1998; Wanberg and Banas 2000). Although leadership has been proven to have a theoretical relevance in change management, few empirical works have examined the relationship between leadership behavior and employee readiness for change (Gelaidan and Ahmed 2013a).

## Emotional Intelligence and Organizational Readiness for Change

The introduction of the term emotional intelligence (EI) dated back to the 1990s. Salovey and Mayer (1990) were the pioneers to introduce the name "emotional intelligence" to describe the peoples' control of their emotions. In their paper, the emotional intelligence was defined to be the ability to monitor feelings and emotion of yourself and others and to use this information to guide your actions and behaviors. This definition was recently adopted by Golman (1995) and further categorized the emotional intelligence into self-awareness, managing emotions, motivating oneself, empathy, and handling relationships.

The current study adopted the definition of EI as provided by (Mayer et al. 1997) as the skills and abilities to perceive and appraise accurately and understand the emotions and emotional knowledge, the ability to generate feelings when to facilitate thought, and the ability to understand emotion and emotional knowledge. It is also the ability of the individual to regulate emotions to promote emotional and intellectual growth.

According to prior studies, employee attitudes and behaviors should be developed to introduce the required change in the organization (Armenakis et al. 1993; Bernerth 2004). Based on the literature, individuals are the main unit of analysis in the investigation of successful organizational change programs (Judge et al. 1999). Hence, prior to implementing change programs, it is crucial for management to determine employees' views of change. Salovey and Mayer (1990) stated that emotional intelligence is the individual's capability to express and perceive emotion and to understand emotional knowledge. Moreover, Coetzee and Harry (2013) stressed that it is important for people to develop their emotional intelligence skills, as these skills can strengthen their profession ability. Emotional intelligence not only provides performance itself but also provides potential for performance, and using this potential is a matter of personal choice (Jain and Singh 2012).

Change causes intense emotions that can influence change implementation (Daus et al. 2012). Therefore, attention recently has shifted to emotions experienced during organizational changes. Dasborough et al. (2015) noted that, in the context of universities, it is especially important to focus on the emotional aspects linked to change implementation. Thus, in addition to identifying how employees' perceptions spark emotional reactions to change, in this study, this study also attempted to examine people's emotions before and after changes take place, as recommended by Dasborough et al. (2015). Furthermore, a study by Seo et al. (2012) revealed that positive and negative emotions are related to commitment, resistance, and change support. Thus, this study attempted to investigate the holistic emotional experience of change use methods that enable complex emotions to arise and to examine the dynamic aspects of emotions in the long term.

## Does Employees' Commitment Make a Difference?

Organizational commitment was defined by Porter et al. (1974) as the combined strength of an individual's identification with and participation in specific organizational activities. Furthermore, they divided organizational commitment into two concepts, namely, behavior and attitude, and asserted that commitment is a feeling of obligation characterized by exerting effort toward achieving organizational goals. However, Martins (2008) viewed

organizational commitment as a more active and positive attitude toward the organization.

Moreover, it was argued by J.P. Meyer and Allen (1997) that an organization can be successful in the change process if employees are highly committed. They claimed that commitment and obligation are greatest once they are based on belief in the importance of the change, because then employees simply want to see the change implemented successfully. In addition, John P. Meyer and Allen (1991) indicated that organizational commitment consists of three components, namely, affective, continuance, and normative commitment, and argued that employees can be involved in all types of commitment to varying degrees. Furthermore, J.P. Meyer and Allen (1997) asserted that commitment, demonstration of emotional attachment, and identification with employees will bring about high employee involvement in the organization.

## Conclusions

This study was an attempt to examine factors influencing individuals' readiness for organizational change. The results show that leadership behavior and emotional intelligence have positive effects on employees' readiness for change. Emotionally intelligent employees with effective leaders are more likely to be open to change. In addition, the effects of leadership behavior and emotional intelligence on employees' readiness for change are strong in both low and high levels of organizational commitment. These findings have several implications. First, it would be invaluable for organizations planning or undergoing change to develop a high readiness state by assessing managers and change agents for their change readiness. Second, it is crucial for organizations to encourage and promote employee readiness for change through adopting the appropriate leadership style that facilitates proper communication channels between employees and leaders. This level of communication should engage employees and ensure their participation in planning and implementing changes. To better explain the existing gap, future research is suggested to investigate the effects of various other factors such as training, motivation, culture, and recognition. In addition, research focus should be on investigating the link between readiness for change and successful change implementation initiatives.

In summary, this study emphasizes the importance of individual readiness for change regarding any successful organizational change. If employees lack change readiness, change implementation is likely to be unsuccessful. Thus, in light of the outcomes of this study, managers handling disruptive change are encouraged to consider the identification, assessment, and enhancement of individual readiness for change while keeping in mind the key factors for successful change implementation.

## References

Armenakis AA, Harris SG, Mossholder KW (1993) Creating readiness for organizational change. Hum Relat 46(6):681–704

Avolio B, Bass B, Jung D (1999) Re-examining the components of transformational and transactional leadership using the multifactor leadership questionnaire. J Occup Organ Psychol 72:441–462

Bass B (1985) Leadership: good, better, best. Organ Dyn 13(3):26–40

Battilana J, Gilmartin M, Sengul M, Pache A-C, Alexander JA (2010) Leadership competencies for implementing planned organizational change. Leadersh Q 21(3): 422–438

Bernerth J (2004) Expanding our understanding of the change message. Hum Resour Dev Rev 3(1):36–52. https://doi.org/10.1177/1534484303261230

By RT, Diefenbach T, Klarner P (2008) Getting organizational change right in public services: the case of European higher education. J Chang Manag 8(1):21–35

Coetzee M, Harry N (2013) Emotional intelligence as a predictor of employees' career adaptability. J Vocat Behav 84(1):90–97. https://doi.org/10.1016/j.jvb.2013.09.001

Coyle-Shapiro JAM, Morrow PC (2003) The role of individual differences in employee adoption of TQM orientation. J Vocat Behav 62(2):320–340. https://doi.org/10.1016/s0001-8791(02)00041-6

Cummings TG, Worley CG (2001) Organizational development and change, 7th edn. South-Western College Publishing, Cincinnati

Cunningham CE, Woodward CA, Shannon HS, MacIntosh J, Lendrum B, Rosenbloom D, Brown J (2002) Readiness for organizational change: a longitudinal study of workplace, psychological and behavioural

correlates. J Occup Organ Psychol 75(4):377–392. https://doi.org/10.1348/096317902321119637
Dalton CC, Gottlieb LN (2003) The concept of readiness to change. J Adv Nurs 42(2):108–117
Dasborough M, Lamb P, Suseno Y (2015) Understanding emotions in higher education change management. J Organ Chang Manag 28(4):579–590. https://doi.org/10.1108/JOCM-11-2013-0235
Daus CS, Dasborough MT, Jordan PJ, Ashkanasy NM (2012) We are all mad in wonderland: an organizational culture framework for emotions and emotional intelligence research experiencing and managing emotions in the workplace Chapter 14. Emerald Group Publishing Limited, pp 375–399
Erkutlu H (2008) The impact of transformational leadership on organizational and leadership effectiveness: the Turkish case. J Manag Dev 27(7):708–726
Gelaidan HM, Ahmed H (2013a) The factors effecting employee commitment to change in public sector: evidence from Yemen. Int Bus Res 6(3):75
Gelaidan HM, Ahmed H (2013b) Using partial least squares approach to predict the impact of transformational leadership on employee commitment to organizational change. Int Bus Manag 7(4):306–316
Golman D (1995) Emotional intelligence: why it can matter more that IQ. Audio Renaissance Tapes, Los Angeles
Hempel PS, Martinsons MG (2009) Developing international organizational change theory using cases from China. Hum Relat 62(4):459–499. https://doi.org/10.1177/0018726708101980
Herold DM, Fedor DB, Caldwell S, Liu Y (2008) The effects of transformational and change leadership on employees' commitment to a change: a multilevel study. J Appl Psychol 93(2):346–357
Jain A, Singh C (2012) "Ad you like it": advertisement sourcing and selection technique across multiple heterogeneous applications. SIGSOFT Softw Eng Notes 37(4):1–6. https://doi.org/10.1145/2237796.2237802
Judge TA, Thoresen CJ, Pucik V, Welbourne TM (1999) Managerial coping with organizational change: a dispositional perspective. J Appl Psychol 84(1):107–122
Kiefer T (2005) Feeling bad: antecedents and consequences of negative emotions in ongoing change. J Organ Behav 26(8):875–897. https://doi.org/10.1002/job.339
Kiyani K, Saher N, Saleem S, Iqbal M (2013) Emotional Intelligence (EI) and employee outcomes: the mediating effect of authentic leadership style. Interdiscip J Contemp Res Bus 5(1):394–405
Leban W, Zulauf C (2004) Linking emotional intelligence abilities and transformational leadership styles. Leadersh Org Dev J 25(7):554–564
Lewin K (1951) In: Cartwright D (ed) Field theory in social science: selected theoretical papers. Harpers, Oxford
Martin M (1998) Trust leadership. J Leadersh Stud 5(5):41
Martins L (2008) Organizational development and change
Mayer JD, Salovey P, Sluyter D (1997) Emotional development and emotional intelligence: educational implications. Basic Books, New York, NY, pp 3–31
Meyer JP, Allen NJ (1991) A three-component conceptualization of organizational commitment. Hum Resour Manag Rev 1(1):61
Meyer JP, Allen NJ (1997) Commitment in the workplace: theory, research, and application. Sage, Thousand Oaks
Mrayyan MT, Modallal R, Awamreh K, Atoum M, Abdullah M, Suliman S (2008) Readiness of organizations for change, motivation and conflict-handling intentions: senior nursing students' perceptions. Nurse Educ Pract 8(2):120–128. https://doi.org/10.1016/j.nepr.2007.04.001
Nordin N (2011) The influence of emotional intelligence, leadership behaviour and organizational commitment on organizational readiness for change in higher learning institution. Procedia-Soc Behav Sci 29:129–138
Porter LW, Steers RM, Mowday RT, Boulian PV (1974) Organizational commitment, job satisfaction, and turnover among psychiatric technicians. J Appl Psychol 59(5):603–609
Salovey P, Mayer JD (1990) Emotion intelligence. Imagin Cogn Pers 9(3):185
Seo M-G, Taylor MS, Hill NS, Zhang X, Tesluk PE, Lorinkova NM (2012) The role of affect and leadership during organizational change. Pers Psychol 65(1):121–165. https://doi.org/10.1111/j.1744-6570.2011.01240.x
Vakola M (2014) What's in there for me? Individual readiness to change and the perceived impact of organizational change. Leadersh Org Dev J 35(3):195–209. https://doi.org/10.1108/LODJ-05-2012-0064
Vakola M, Tsaousis I, Nikolaou I (2004) The role of emotional intelligence and personality variables on attitudes toward organisational change. J Manag Psychol 19(2):88–110
Wanberg CR, Banas JT (2000) Predictors and outcomes of openness to changes in a reorganizing workplace. J Appl Psychol 85(1):132–142. https://doi.org/10.1037/0021-9010.85.1.132

L

# Leadership Challenges in Civic Engagement

Chris McInerney and Cian Finn
Department of Politics and Public Administration, University of Limerick, Limerick, Ireland

## Introduction

This chapter examines the multiple challenges posed to public administration by contemporary approaches to civic engagement. Civic engagement and public participation are relatively ambiguous terms conceptually and politically.

This is evident from the proliferation of terms used to describe a practice which includes, among others, public engagement, citizen engagement, civic engagement, public participation, citizen participation, community participation, public deliberation, deliberative democracy, network governance, empowered participatory governance, and collaborative governance (Nabatchi and Amsler 2014). For ease of understanding, engagement and participation can be considered umbrella terms for the numerous methods afforded to the public to engage in governance and to influence decisions of importance to their lives and to wider society and which go beyond traditional forms of political participation.

Civic engagement takes institutional and non-institutional forms. Institutional engagement takes place in formal participatory mechanisms or processes which exist within and alongside existing representative and bureaucratic institutions (-Warren 2009). These institutions are sometimes understood as so-called upstream or quasi-legislative processes used to create, shape, and implement policy (Nabatchi and Amsler 2014). Noninstitutional engagement by contrast is often ad hoc, informal, and within existing networks. It may well respond to short-term needs and operate with minimal structure and bureaucracy.

Any focus on civic engagement cannot be disconnected from understandings of the broader concept of "governance." Described by Pierre and Peters as a "notoriously slippery concept," governance is subject to a number of diverse academic and practitioner definitions (Pierre and Peters 2000). However, from these definitions, some shared themes are evident: a recognition of changing contexts and roles, concern with coordination between state and non-state actors, achieving new means of inducing collective action, recognition of autonomous capacity outside of the institutions of the state, and the design in some cases at least of new institutions to accommodate governance practices.

The shift from government to governance has helped stimulate a renewed and/or increased interest in civic engagement, public participation, and deeper democracy, though the concept of citizen participation predates the current popularity of governance. Hence, public officials find themselves required to better inform, consult, and collaborate with citizens particularly in the delivery of public services. Supranational organizations such as the World Bank and the European Union promote and encourage the active involvement of citizens in local decision-making and endorse engagement as a central component of good governance.

## Civic Engagement: Why Should Public Administration Be Concerned?

The growing interest in civic engagement comes in response to perceived democratic deficits and declining citizen trust in politics and public administration. In the traditional model of democracy, citizens elect representatives who, in conjunction with public administration, form and implement policy on their behalf. This system is not always responsive to the preferences and needs of citizens or capable of producing public policy or outcomes that address complex and/or wicked issues (Warren 2009). Engagement therefore has the potential to deepen democracy through increasing the active involvement of citizens in governance, extending the surface area of the state, and improving state performance and political outcomes. By increasing the participation of otherwise marginalized groups, it becomes possible to produce more just and inclusive public policies thereby increasing the legitimacy of and trust in public administration.

Despite extensive engagement experiences, few models of exemplary civic engagement have been produced. Indeed, evidence suggests that distrust and tension between citizens and public administration are common, often as a result of isolation from decision-making and from a mismatch of values, aspiration, and expectation (Morse 2008). Participation, as currently facilitated and institutionalized, has largely failed to fulfill its democratizing and decision-making potential not least because of limited scrutiny on the relationship between public administration

and civic engagement. Much of the focus within the civic engagement literature and practice is on the perceived importance of institutional design and the capacity, competence, and motivations of public participants and less on the role of public administration and the attributes, skills, and disposition of leaders within it.

Recurring weaknesses in civic engagement include: inadequacy of attention to approach, structures, roles, processes, methods, and resources; reliance on formalized structures such as fixed agendas, predetermined outcomes, restricted discussion, speedy decision-making, and the excessive use of technical language; an absence of genuine commitment to community involvement by officials; an excessive and unbalanced burden of expectations placed upon community representatives in terms of representation and accountability; inadequate recognition of diversity within communities; limited effort to monitor and evaluate and inadequate funding for community engagement processes.

## Enabling Civic Engagement

Having established that civic engagement is a core but underperforming element of mainstream governance, we now turn to the specific role of public administration and public leadership.

Taking the role of public administration first, it is clear that promoting good-quality, effective, and efficacious civic engagement requires robust institutions or processes of engagement. In practice, in the world of civic engagement, these are often facilitated and operated by public administration. In brief, public officials will often:

i. Design and define the frameworks within which civic engagement occurs. While politicians and/or officials may determine whether or at what level civic engagement may happen, invariably it is public officials who have a major role in shaping the mechanics of engagement.
ii. Operate the civic engagement machinery. In most cases public administration provides the ongoing, regular interface between the state and civil society and individual citizen participants. Officials are most often on the frontline of civic engagement and are expected to provide the operational capacity necessary to enable, facilitate, or indeed manage and control a variety of inputs into public policy processes.
iii. Determine who to engage with. In more formally structured civic engagement processes, officials often set the criteria for who should or should not be invited or involved, essentially determining the membership of the public policy "authorizing environment" (Moore 1995). Less fully explored or facilitated is the existence of distinct organizational spaces and mechanisms to draw and enable representation for marginalized and those underrepresented in traditional democratic arenas.
iv. Decide who is listened to and who is heard. While engagement affords the opportunity to participate, there is no guarantee that the opinions of all participants will be equally valued and listened to. Public administration must deal with a greater number of stakeholders and balance the demands of multiple actors.
v. Determine how different groups are listened to, either in highly formalized and rigid processes within fixed and inflexible rules and with predetermined outcomes or in more open, deliberative spaces where there is a real chance of influencing outcomes. In dealing with inexperienced actors not yet accustomed to active involvement in governance, officials may have to be proactive and creative in maximizing their participation. Officials may also be challenged to ensure equal opportunity to give voice to as well as respect different forms of speaking and reasoning.
vi. Allocate and/or withdraw resources. Officials may occupy multiple and potentially conflicting roles, on one hand determining the allocation of resources to non-state actors and on the other engaging with them in their role as policy advocates. Where resource allocation and civic engagement responsibilities

rest with the same public entity, the dangers of coercion, co-option, or conflict may be present.

vii. Manage and mediate access to/from/between actors in policy processes, putting them in a powerful but sometimes criticized position due to the suggested negative implication for the traditional dichotomy between politics and public administration.

These roles are performed by public administration systems all over the world. Public officials are now considered more active in the policy process due to their enhanced role in organizing and administering networks and producing and designing institutions of engagement. Engagement necessitates joint problem solving and closer interaction between citizens and officials at the policy interface. The relationship between the public and public administration is increasingly presented as one of partnership and collaboration in which engagement is understood as a form of bureaucratic responsiveness to citizens and civil society and where public participation adds at least some capacity to enhance the trust between citizens and public administration (Bryer 2007).

However, participation alters the traditional role of the administrator as "expert, implementer, and ruler" and the citizen as "client, voter, and customer" (Callahan 2007). The creation of participatory spaces and the institutionalization of formal collaboration between citizens and elites involve the tacit assumption of the need for officials to alter their legal-rational bureaucratic ethics and traditional roles (Bryer 2007). The hierarchical and bureaucratic nature of public administration laid down in traditional theories of public administration appears to be at odds with more sustained collaboration between officials, citizens, and civil society as is required within New Public Governance/public value approaches (Denhardt and Denhardt 2015; Moore 1995). Moreover, highly bureaucratic and hierarchical modes of organization are not best suited to respond to non-routine activities that require innovation or creativity (Cooke and Muir 2012; Mulgan 2012). Equally, questions persist about the capacity of New Public Management frameworks to engage substantively with members of the public as democratic citizens as opposed to clients or customers of public services.

It can be argued therefore that participatory democracy is incompatible with the traditional rules-based ethos of public administration. Instead, participation requires public administration to evolve from an exclusive ethos of bureaucracy to an ethos or logic of participation and democracy. In this regard the distinction between a bureaucratic ethos and a democratic ethos within public administration is illuminating. With a bureaucratic ethos, the core values include: accountability, competency, economy, impartiality, predictability, and trustworthiness. By contrast, in the democratic ethos, associated with the New Public Administration movement, values such as advocacy, compassion, confidentiality, individual rights, political awareness, and the public interest are considered important alongside the smooth running of bureaucracy. Ongoing and meaningful citizen participation, directly and through civil society organizations, is an important element of the democratic process.

Clearly, problems arise when adherents to a bureaucratic ethos simply but subtly refuse to accept the democratic legitimacy of citizen participation and civic engagement and may explicitly or more passively resist participatory processes. Issues of belief, disposition, and values emerge as key factors in determining a possible transition to a more citizen-oriented public administration.

It is in such circumstances that a focused public leadership for civic engagement assumes greater importance.

## Building Capacity for Public Leadership

To increase the effectiveness of civic engagement and satisfaction with its outcomes from the perspectives of all participants leadership within public administration is of paramount importance.

For civic engagement to move beyond the rhetorical and the cosmetic, leadership from within public administration is a fundamental

requirement. Successful engagement requires a champion or set of champions in government, civil society, or, as is the concern here, in public administration. Capacity building within public administration however has been largely opportunistic, unsystematic, and frequently focused on the bureaucratic and instrumental, reflecting much of the preoccupations of public sector capacity building on technical, instrumental objectives. More generally it is suggested that there has been inadequate attention paid to public leadership within the field of public administration and within public administration scholarship (Kellis and Ran 2012; Morse 2008). At the same time, citizen/civil society capacity and knowledge is increasing, as is citizen demand for involvement in decision-making. As a result leaders within public administration are challenged to adjust how they facilitate and enable greater citizen voice and influence. A number of elements are central to this.

## Locating Leadership and Leadership Training Within an Appropriate Public Administration Paradigm

In practice, the dominant public administration paradigms and associated models of public leadership continue to be based on the bureaucratic values of traditional public administration and on the now questioned, market-oriented values of New Public Management (NPM) (Farazmand 2012). This has led some to suggest that rather than operating in an era of New Public Governance, what we see is simply NPM with a governance face. Whether or not the demise of NPM is as profound as some suggest, there is little widespread evidence to demonstrate that leadership orientations within public administration have evolved to accommodate a more democratic ethos. Nor does it reach the heights expected of New Public Leadership and its contrast between management as an exercise in coping with tame problems and leadership as a practice of tackling and coping with complex and dynamic wicked problems (Brooks and Grint 2010).

It is perhaps not surprising, therefore, that of the three "environments" in Moore's original public value framework – task, the authorizing environment, and operational capacity – it is operational capacity and associated questions of institutional design that are frequently the least developed (Shaw 2012). In short, the paradigmatic drivers of operational capacity, including leadership capacity, continue to emphasize the instrumental: training for individual bureaucrats, improving administrative systems, organizational strengthening, decentering service delivery, reducing the size of the state, and some degree of emphasis on increased political accountability. From a civic engagement, perspective leadership capacity to emerge new forms of operational and leadership styles are required.

## Engendering Appropriate Leadership Styles

While the practical focus of leadership in public administration remains dominated by the instrumental, there has been considerable development of academic models of leadership with capacity to more fully embrace a civic engagement ethos. Early distinctions were drawn between more instrumental, transactional forms of leadership designed to maintain stability and continuity and transformative leadership with a capacity to more effectively stimulate and manage change. Other leadership styles have emphasized interpersonal leadership, entrepreneurial approaches, network governance leadership, integrative leadership, and collaborative leadership. While all of these have implications for civic engagement potential and network governance, integrative and collaborative styles of leadership place greater emphasis on collaboration, communication, and cooperation. In brief, they emphasize, to greater or lesser degree, working across boundaries, facilitation, consensus building, self-awareness, civic capacity, trust building, partnership, mutual learning, appropriate mind-set, risk taking, and passion.

The challenge to develop such capacity among individual leaders is not inconsiderable and

involves a number of distinct components variously described as attributes, skills, behaviors, knowledge or cognitive development, disposition, mind-set, or psychological transformation (Morse 2008; Schachter and Aliaga 2004). Clearly, the ability to build all of these elements into formulaic leadership training programs is likely to be crowded out by a narrower emphasis on attributes associated with value for money, efficiency, and effectiveness. This underscores the need to add alternative approaches to their delivery, including workplace training; frontline placements, including within civil society organizations; knowledge exchange forums; and experiential and problem-based learning. Crucially though, the emphasis must be placed on starting from the "inside out" thereby by ensuring that command and control impulses can be adjusted to enable meaningful engagement (Morse 2008).

## Conclusion

In conclusion, the not inconsiderable leadership challenges for civic engagement could be summed up as including:

- To more fully conceive of governance, public participation, and civic engagement as opportunities for authentic, integrated collaborative exercises, with the potential to produce better policy and democratic outcomes
- To confront the non-authentic, rhetorical adherence to principles of civic engagement and their dilution by control and command-centered administered regime
- To embed and legitimize, both politically and administratively, a democratic ethos within public administration systems upon which more meaningful leadership for civic engagement can be built
- To develop the ability of public leaders to see the value added of civic engagement over a longer time horizon and to gain the necessary characteristics to actualize and operationalize its potential
- To adjust leadership training programs, including MPA programs, to move beyond the technical and more instrumental focus that has dominated for many years to embrace authentic, transformative, and collaborative leadership opportunities

## References

Brooks S, Grint K (2010) A new public leadership challenge. In: Brooks S, Grint K (eds) The new public leadership challenges. Palgrave Macmillan, Basingstoke

Bryer TA (2007) Toward a relevant agenda for a responsive public administration. J Public Adm Res Theory 17(3): 479–500

Callahan K (2007) Citizen participation: models and methods. Int J Public Adm 30(11):1179–1196. https://doi.org/10.1080/01900690701225366

Cooke G, Muir R (2012) The relational state: how recognising the importance of human relationships could revolutionise the role of the state. IPPR, London

Denhardt JV, Denhardt RB (2015) The new public service - serving, not steering, 4th edn. Routledge, New York

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12(3):223–241. https://doi.org/10.1007/s11115-012-0186-7

Kellis DS, Ran B (2012) Modern leadership principles for public administration: time to move forward. J Public Aff 13(1):130–141

Moore MH (1995) Creating public value – strategic management in government. Harvard University Press, Cambridge, MA

Morse RS (2008) Developing public leaders in an age of collaborative governance. In: Morse RS, Buss TF (eds) Innovations in public leadership development. Armonk, M.E. Sharpe

Mulgan G (2012) Government with the people: the outlines of a relational state. In: Cooke G, Muir R (eds) The relational state: how recognising the importance of human relationships could revolutionise the role of the state. IPPR, London

Nabatchi T, Amsler LB (2014) Direct public engagement in local government. Am Rev Public Adm 44(4S):63S–88S. https://doi.org/10.1177/0275074013519702

Pierre J, Peters BG (2000) Governance, politics and the state. Macmillan, New York

Schachter HL, Aliaga M (2004) Educating administrators to interact with citizens: a research note. Public Organ Rev Glob J 3:433–422

Shaw R (2012) Another size fits all? Public value management and challenges for institutional design. Public Manag Rev 15(4):477–500

Warren ME (2009) Governance-driven democratization. Crit Policy Stud 3(1):3–13. https://doi.org/10.1080/19460170903158040

# Leadership Competencies of Public Administrators in Millennial India

Girish Balasubramanian[1], Sanjeev Chopra[2] and Ram Kumar Kakani[3,4]
[1]Indian Institute of Management (IIM) Lucknow, Lucknow, India
[2]Government of Odisha, Bhubaneswar, India
[3]Indian Institute of Management Kozhikode (IIMK), Kozhikode, India
[4]NCLDCA, LBSNAA, Mussoorie, India

## Synonyms

Bureaucracy; Competency; Competence in public administration; Civil service; District magistrate; IAS; India; Indian Administrative Service; Leadership; Leadership training; Public service; Training of bureaucrats

## Definitions

**Leadership competencies:** Know-how, skills, experiences, and values all put together – under the meta category of competencies (Roberts 1997) – enable an individual to work effectively. Lawler (1994, p. 4) comments about competency-based organizations as, "...organizational systems in which the capabilities of the individuals are the primary focus and which cause them to be managed in a way that provides competitive advantage." Leadership positions are a complex job requiring consensus building and/or balancing competing demands of stakeholders which requires a unique combination of knowledge, skills, attitudes, and behavior, enabling a leader to deliver seamlessly toward an organization's rationale.

## Introduction

In a world of increasing digitization and external communications, a democratic government's demands from public administrators for both effective and efficient administration have increased substantially. In the process, most generalist public administrators have to continuously adapt to such changing times by learning and managing new age activities such as artificial intelligence (AI), cyber security, data governance, and social media management. These are new knowledge frontiers beyond their comfort zones of traditional law and order and day-to-day government functioning.

In the Indian context, the Indian Administrative Service (IAS) is considered a coveted jewel in the crown of public administration. IAS has been commonly referred to as the "steel frame" of the erstwhile British territorial rule. For administrative ease, each Indian state is subdivided into 700+ districts, having an average population of about two million. An IAS officer designated as the District Collector or District Magistrate (DM) is given the responsibility to lead each of these districts. The DM is responsible for supervising and executing all development schemes proposed by both the central and state governments within their respective district (Kakani and Marathe 2018). Further, the job of an IAS is prone to job rotation. They are entrusted with a wide range of responsibilities, including law enforcement, polling, and/or any disaster response to the district administration.

IAS officers are recruited either through the direct recruitment process conducted by the Union Public Service Commission (UPSC) or through promotions from the state cadre. Direct recruitment is done through a highly competitive and rigorous entrance examination in which, out of about 1.8 million applicants, only 150–200 are selected. Scholars often refer to these bureaucrats as a case of bright and good people caught in a bad system (Saxena 2010). After selection, these "probationary" officers undergo a rigorous 2-year training at India's premier public administration institute, the Lal Bahadur Shastri National Academy of Administration (LBSNAA). This training is a combination of classroom and on-the-job training of about a year under a mentor DM.

The coveted leadership position of a "DM" often comes at a young age (about 25–37 years of age), having various tasks in hand, in a complex

environment, and is thereby often under stress to deliver quality services with optimum resources. Their knowledge, skills, attitudes, and behavior enable them to work both efficiently and effectively, and these are their competencies (Lawler 1994).

This competency-based framework is more suited for administrators these days as it is more malleable. Thus, administrators in both public sector and private sector alike have been migrating to becoming competency-based organizations.

It is important to note that there is no common set of competencies identified for the public administrators. Moreover, contextual variations have been observed in the critical competencies which are likely to lead to effective performance of the public administrators (see Virtanen 2000). Thus, this entry specifically aims to present the essential competencies for the IAS officers to enable them to discharge their duties effectively as District Magistrates. It is important to understand these specific competencies as the state traditions of Indian public administration context are different and may limit the application of other available frameworks (Gupta et al. 2018).

## Method

The Department of Personnel and Training, Government of India (GoI), and United Nations Development Programme (UNDP) initiated an assignment titled "Strengthening HRM of Civil Services" in 2011 with the aim to transition civil services from a rule-based administration to a competency-based approach. With help of experts (i.e., serving civil servants from both Indian central and state governments), a competency dictionary consisting of 25 core competencies across different roles was developed (Government of India-UNDP 2013). Subsequently, this list was circulated to the faculty members of LBSNAA. Each faculty was tasked to enlist 8–10 competencies, which according to them would be relevant for future "DMs." A list of top 14 competencies took shape, based on which a focused group discussion was conducted to bring out the final list of eight competencies, as presented in Table 1.

## Competencies Identified

Table 1 presents the competencies identified along with their definitions

Importantly, transitioning to "competency-based approach" would only be complete when

**Leadership Competencies of Public Administrators in Millennial India, Table 1** The eight main competencies identified along with the relevant description

| Competency | Description |
|---|---|
| 1. Decision-making | Takes into account relevant facts, tasks, goals, constraints, risk, and conflicting points of view to make timely decisions |
| 2. Innovative thinking | Approaches issues differently, offers alternate/out-of-the-box solutions, open to change, and strives for efficiency by working smartly |
| 3. Integrity | Regularly behaves in an open, fair, and transparent way, honors one's commitments, and works to uphold the values of public service |
| 4. Leading others | Ability to engage, galvanize, and enable the team to excel |
| 5. People first | Passion for serving people with distinctive care for the marginalized and needy. Being approachable, warm, caring, and unbiased while interacting with people. Realizes the need of the people and constantly strives to improve the public services |
| 6. Planning and coordination | Ability to plan, organize, and monitor work with effective deployment of resources such as time, money, and people |
| 7. Problem-solving | Appreciate a situation by breaking into parts, organizing information methodically, and setting priorities |
| 8. Self-awareness and self-control | Recognizes one's own emotional causes and controls one's emotional reactions. Maintains sense of professionalism and emotional restraint when provoked, faced with hostility, or working under increased stress. It includes resilience and stamina despite prolonged adversities |

Source: Competency Dictionary for Civil Services (Government of India-UNDP 2013)

**Leadership Competencies of Public Administrators in Millennial India, Table 2** The key behavioral indicators for each level of the eight competencies identified

| Level | Behavior description |
|---|---|
| **Competency 1: People first** | |
| 5 | Tracks global trends, develops strategy, and drives a culture of working with and through delivery partners to establish service levels |
| 4 | Sets standards and systems to improve public services and uses multiple mechanisms to obtain community insights, in order to drive |
| 3 | Promotes a culture focused on the needs of the people; say, redesigns and monitors new initiatives, using technology where relevant |
| 2 | Understands issues from peoples' perspective; anticipates the needs by actively seeking information from all sections of community to improve service |
| 1 | Responds with speed and sensitivity to peoples' needs, mainly service delivery to marginalized |
| **Competency 2: Leading others** | |
| 5 | Communicates a compelling vision and inspires people in rising to the challenge of meeting the goals of civil services |
| 4 | Assumes leadership, empowers, galvanizes, and protects the team and its reputation vis-à-vis the larger organization or the community |
| 3 | Promotes an open culture, secures support, backs the team, and resolves conflict, if any |
| 2 | Creates appropriate structures and promotes team effectiveness and formulates clear objectives for team members to perform |
| 1 | Shares information/reasons to motivate and regularly updates team regarding changes and decisions made on related work |
| **Competency 3: Integrity** | |
| 5 | Is a role model and leads by example by maintaining high standards of professionalism and impartiality |
| 4 | Is seen<br>unflinching on public service values; stands firm when dealing with unreasonable requests and demands |
| 3 | Acts on values even at personal cost and when it is not easy to do so. Has conviction to make and stand by such decisions |
| 2 | Models the civil services values and encourages others to consistently follow them; typically guided by public interest in conflicting situations |
| 1 | Acts ethically. Gives frank and honest opinion when sought. Does not share information loosely with others |
| **Competency 4: Decision-making** | |
| 5 | Makes long-term strategic decisions to manage and mitigate risks in interest of the society |
| 4 | Makes decisions in complex situations and clearly communicates at a strategic level to move things forward |
| 3 | Demonstrates decisiveness when under pressure or faced with uncertainty and/or limited information; consults experts to get additional information |
| 2 | Gathers information for decision-making and empowers team members to make decisions. In case of ambiguity, gathers information/new data for decision-making |
| 1 | Follows guidelines effectively and maintains clear communication and transparency on the reasons for the decision taken |
| **Competency 5: Planning, coordination, and implementation** | |
| 5 | Long-term planning focus to create a stable and predictable environment to enable organization in reaching its full potential |
| 4 | Manages competing priorities along with balancing the priorities of different interest groups keeping in mind the bigger picture |
| 3 | Considers interrelated activities to produce an integrated plan to achieve the overall objectives. Prioritizes tasks, anticipates, and manages risks |
| 2 | Monitors own progress and keeps oneself up-to-date to makes necessary adjustments to timelines, work plan, and resource allocation as necessary |
| 1 | Organizes and schedules own work and uses available resources optimally to meet work objective |

(continued)

**Leadership Competencies of Public Administrators in Millennial India, Table 2** (continued)

| Level | Behavior description |
|---|---|
| **Competency 6: Problem-solving** | |
| 5 | Develops solutions to complex problems that address not only immediate quick fixes but also takes steps for medium- to long-term impact of the solutions |
| 4 | Identifies multiple relationships to diagnose multiple cause-and-effect relationships in a problem, develops options, and mitigates risk |
| 3 | Identifies basic cause-and-effect relationships to weighs pros and cons of different options |
| 2 | Breaks down problems and complex issues into smaller parts for easier analysis of the root cause |
| 1 | Organizes information systematically in order to identify critical problems |
| **Competency 7: Self-awareness and self-control** | |
| 5 | Nurtures a culture of rationality, calm behavior, and emotional maturity in a large organization |
| 4 | Manages self and others under high stress or adversity and coaches/mentors others on ways to manage stress |
| 3 | Manages stress effectively and continues providing effective leadership in situations of stress or adversity |
| 2 | Responds calmly in difficult situations and is aware of how one's emotions and actions impact others |
| 1 | Is aware of self and restrains emotional impulses and remains calm in stressful situations |
| **Competency 8: Innovative thinking** | |
| 5 | Creates a culture of innovation, flexibility, and responsiveness, mobilizing the organization resources to respond swiftly to changing priorities |
| 4 | Encourages "out-of-the-box" solutions and puts in place mechanisms to identify and implement changes to transform flexibility, responsiveness, and quality |
| 3 | Proactively engages with stakeholders to effect continuous improvement in service and is prepared to meet the challenges of difficult change |
| 2 | Suggests innovative ways of solving issues and improving current ways of working; applies learning from experience |
| 1 | Is open to new ideas and change and improvises in case of issues of urgent importance |

Source: Competency Dictionary for Civil Services (Government of India-UNDP 2013); and Leadership competencies for effective public administration: a study of Indian Administrative Service officers Gupta et al. 2018

key behavioral indicators for each competency are known, as presented in Table 2.

A questionnaire survey consisting of the key behaviors related to each of the competencies identified was administered to the serving IAS officers with a minimum tenure of 3 years. The primary reason for administering this survey was to carry out *training needs analysis* by the last two authors – as part of their work in designing the training modules and content at the LBSNAA. It was ensured that the IAS officers responding to the survey were a mix of a wide range of experience with an average of 15 years of work experience having representation from all parts of India. The survey taken by 218 IAS officers gave insights into the key behaviors for each of the competencies identified. Table 2 presents the behavioral indicators for each of the competencies identified. Subsequently we move to summarize the frequencies for the different behavioral indicators for the eight competencies identified.

For the "leading others" competency, "empowers, inspires, and galvanizes the team to achieve the administrative objectives" was identified as the significant behavior as indicated in Fig. 2. The consequence of this competency is the "people first" in which the IAS officers identified the use of technology to redesign and monitor the public service as the most important behavioral indicator as indicated in the Fig. 1. As highlighted earlier the IAS as a DM often ends up working on issues impacting some stakeholders adversely, but nevertheless, they have to take a buy-in from the relevant stakeholders. The ability to foresee the impact of decisions was identified as an important indicator for the "decision-making" competency (Fig. 3), while optimum resource allocation was critical for the

**Leadership Competencies of Public Administrators in Millennial India, Fig. 1** Figure indicating the preferred behavioral indicators for People First Competency

**Leadership Competencies of Public Administrators in Millennial India, Fig. 2** Figure indicating the preferred behavioral indicator for Leading Others Competency

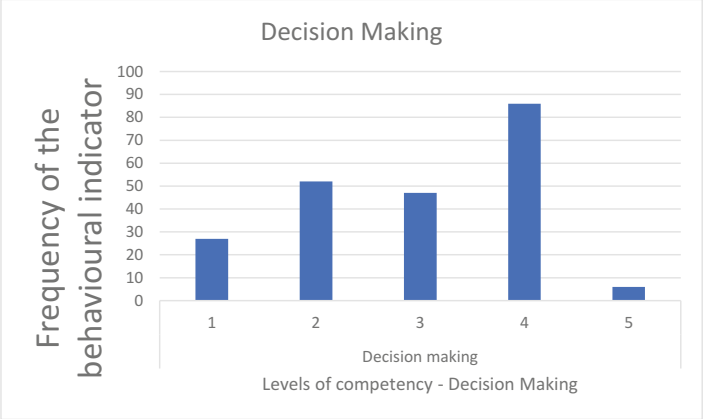


**Leadership Competencies of Public Administrators in Millennial India, Fig. 3** Figure indicating the preferred behavioral indicator for the decision-making competency

"planning, coordination, and implementation" competency (Fig. 4). The medium- to long-term consideration was identified as a critical behavioral indicator for "problem-solving" (Fig. 5), while the ability to respond professionally was an important behavioral indicator for "self-awareness and self-control" (Fig. 6). Openness to new ideas and change was critical for

L

**Leadership Competencies of Public Administrators in Millennial India, Fig. 4** Figure indicating the preferred behavioral indicator for the planning coordination and implementation competency

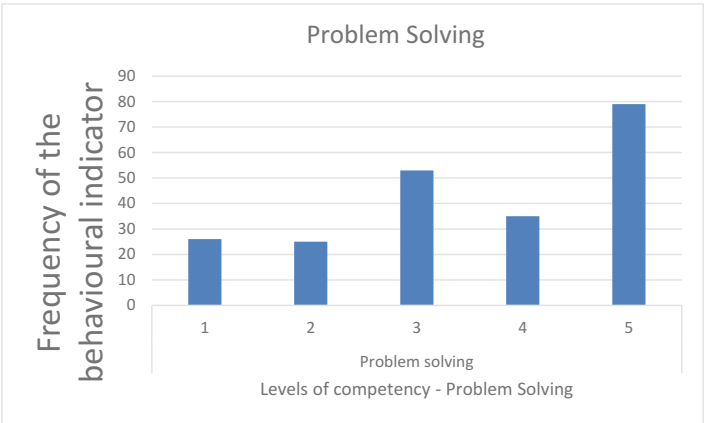


**Leadership Competencies of Public Administrators in Millennial India, Fig. 5** Figure indicating the preferred behavioral indicator for the problem-solving competency

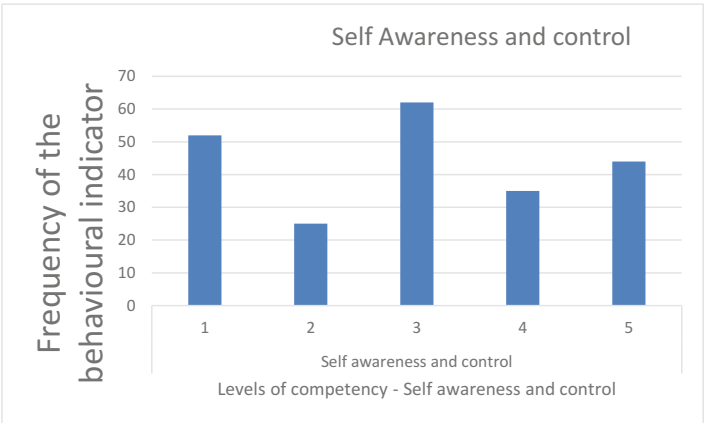


**Leadership Competencies of Public Administrators in Millennial India, Fig. 6** Figure indicating the preferred behavioral indicator for the self-awareness and self-control competency

"innovative thinking" (Fig. 7). Honesty, honoring promise, and responsibility were the most important behavioral indicator for the "integrity" competency (Fig. 8).

## Conclusion

It is true that world over public administration has been transitioning into competency-based

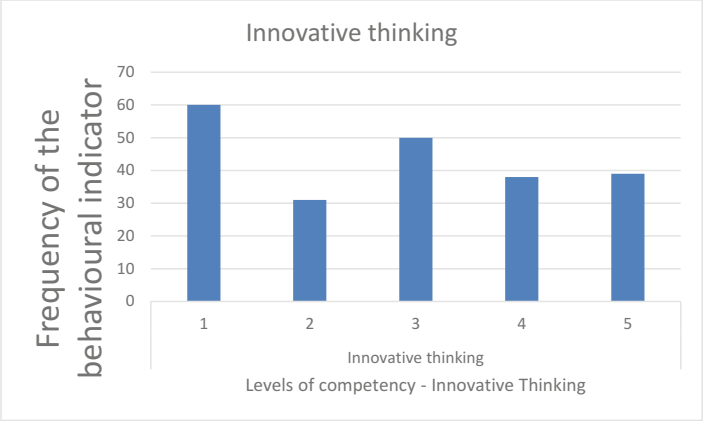


**Leadership Competencies of Public Administrators in Millennial India, Fig. 7** Figure indicating the preferred behavioral indicator for the innovative thinking competency

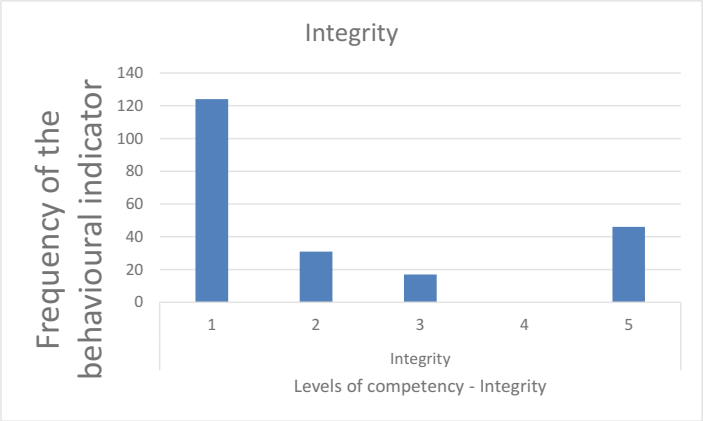


**Leadership Competencies of Public Administrators in Millennial India, Fig. 8** Figure indicating the preferred behavioral indicator for the integrity competency

organizations; however, one needs to bear in mind contextual variations. The uniqueness of Indian context was explained, and subsequently the public administration specifically the IAS and their early leadership role of District Magistrate was put in perspective. Eight competencies were identified, viz., "decision-making," "leading others," "people first," "innovative thinking," "integrity," "planning coordination and implementation," "problem-solving," and "self-awareness and self-control," through expert inputs from trainers and serving officers of LBSNAA. These competencies identified are also in consonance with the key traits identified by Kirkpatrick and Locke (1991) such as drive, honesty and integrity, self-confidence, and motivation, which enable a leader in the necessary skill acquisition and upgradation.

These competencies along with desired levels can be used as a benchmark for effective training of the new recruits. The training modules could be designed to incorporate the development of the competencies identified. Additionally, the recruitment and selection processes could be done based on these competencies. The behavioral indicators for various competencies can also be used for the performance management of the IAS. The survey (see Figs. 1, 2, 3, 4, 5, 6, 7, and 8) observes that the level of competency "problem-solving" and competency "leading others" demanded to perform as DM are far higher compared to the level of competency "integrity" and competency "planning coordination and implementation" to perform indicating the demanding and practical nature of challenge.

## Cross-References

- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and the New Public Management
- ▶ Comparative Capacity Development
- ▶ Governance and Corruption in India
- ▶ Human Resource Management Problems and Public Sector Management
- ▶ Theories of Leadership

## References

Government of India-UNDP (2013) Tool-kit and competency dictionary for civil services officers [online]. Ministry of Personnel, Public Grievances and Pensions. http://persmin.gov.in/otraining/Implementation%20Tool-kit.pdf

Gupta V, Chopra S, Kakani RK (2018) Leadership competencies for effective public administration: a study of Indian Administrative Service officers. J Asian Public Policy 11(1):98–120

Kakani R, Marathe G (2018) A day in the life of a district magistrate. In: SAGE Business Cases. 2020. https://doi.org/10.4135/9781526437310

Kirkpatrick SA, Locke EA (1991) Do traits matter. Acad Manag Exec 5(2):48–60

Lawler E (1994) From job-based to competency-based organizations. J Organ Behav 15:3–15

Roberts G (1997) Recruitment and selection: a competency approach. IPD, London

Saxena NC (2010) The IAS officer–predator or victim? Commonwealth Comp Polit 48(4):445–456

Virtanen T (2000) Changing competences of public managers: tensions in commitment. Int J Public Sect Manag 13(4):333–341

# Leadership Development

Trenton J. Davis and P. Cary Christian
Institute for Public and Nonprofit Studies, Georgia Southern University, Statesboro, GA, USA

## Synonyms

Leadership education; Leadership training; Management education; Management improvement; Management training

## Definition

Leadership development is defined as "expanding the collective capacity of organizational members to engage effectively in leadership roles and processes" (Day 2000, p. 582).

## Introduction

Leadership development, while conceptually intuitive, requires complex interactions between mentors, peers, and those who are led within a social network that may extend beyond the organization. Given today's competitive and interconnected environment, organizations of all sizes and across all sectors should be concerned with developing effective leaders. Effective leaders engender innovation, respond and adapt to market changes, are creative at solving problems, and maintain a high level of performance (Amagoh 2009). While there is not a universally accepted definition of leadership, it is often described as a form of motivation where a leader compels action through noncoercive means (Popper and Lipshitz 1993). Thus, the focus tends to be on the dyadic relationships between a leader and follower, rather than the organizational conditions needed for the development of effective leaders. Leadership development looks beyond developing individual skills and is distinct from leader development. Given this, traditional leadership theories tend not to be very helpful in understanding the process of development.

Development implies a change in state over time from simpler forms of activity to more complex thought processes and activities. For example, an employee relegated to carrying out the same job functions and tasks is not undergoing development since there are no changes to her ability to perform new or complex duties. It is the ongoing cycle of learning, growing, and becoming more capable that facilitates an individual's ability to address more complex problems and situations. In its simplified form, leadership development is the process of helping individuals

to develop the skills necessary to become effective leaders.

Popper and Lipshitz (1993) identify three components of a successful leadership development program. The first is developing self-efficacy or the extent to which an individual believes in his ability to perform well in a given situation. Second is recognizing that developing different types of leaders requires multiple approaches to motivation. The third incorporates developing specific leadership skills, both written and oral, that in turn will enhance interactions between leaders and followers – and ultimately lead to increases in followers' motivations. Day et al. (2014) notes that leadership development is inherently multilevel and longitudinal. It requires a focus on both the development of the individual as a leader and on the social capital created by the interaction between the leader, followers, and social environment. It is also important that individuals be given an opportunity to practice new skills and knowledge in an actual work environment, rather than exclusively within a classroom setting.

## Approaches to Developing Interpersonal and Intrapersonal Leadership Skills

According to Day (2000, p. 585), the "primary emphasis in leadership development is on building and using interpersonal competence." A leader skilled at interacting with and influencing others has a high degree of interpersonal competence. Enhancing social awareness and social skills are two primary ways to increase interpersonal competence. Specifically, developing skills related to the ability to coordinate activities, negotiation skills, and skills of persuasion, as well as cultivating an awareness of the reactions of others along with an understanding of why they react in a certain way, will lead to a gain in interpersonal competence (Mumford et al. 2007). Moreover, the success of leadership capabilities is partially dependent upon the social context within which they are practiced. For example, an otherwise outstanding manager may be ineffective within an organization if his skills were developed without reference to the context in which the manager works. Thus, there is the potential for leadership development activities to contribute to the social capital of the organization and make it more effective overall. As a result, developmental activities should be designed with their impact on social capital development in mind (Day et al. 2014).

There are a variety of approaches available that can be integrated into a leadership development program. Though most leadership development programs will entail some degree of formal classroom training, a myriad of other approaches should be incorporated in order to address both the human and social capital components of development. According to Day (2000, p. 586), there is a "need to transcend the outdated notion that leadership development occurs only through specially designed programs held in particular locations." Rather, leadership development is an ongoing and continuous process that can occur anywhere.

### Experience-Based Approach

Thomas and Cheese (2005) devised the experience-based approach, which requires individuals to continuously examine their own experiences for insight into what it takes to lead and develop more fully into an effective leader. The experience-based approach encourages lifelong learning, as individuals rely on the totality of their experiences for direction and guidance (Amagoh 2009). For example, the experience gained through different job assignments can push individuals to be better strategic or critical thinkers. Through different job experiences over time, individuals acquire increased leadership capacity.

While there is an assumption that experience plays an important role in effective leadership, job tenure has not been shown to be a good predictor of leadership ability (Day et al. 2014). Leadership derives from complex interactions between people within the social and organizational environments where they work (Day 2000). Time on the job alone is insufficient to guarantee the quality of knowledge, skills, and experiences gained at each position that aids in the development of leadership

capabilities. Additionally, not all leaders learn at the same pace or in the same manner, and different types of experience may be more beneficial in leadership development at varying points in the careers of different individuals (Mumford et al. 2000a). It also takes time for individuals to move from leadership concepts learned to the ability to demonstrate those concepts through leadership behaviors. A benefit of the experience-based approach, however, is an organization's ability to link the formalized components of its leadership development program with actual work assignments.

### Skill Development

Not all leaders share the same characteristics and skills across similar developmental levels. Rather, there is a diversity of traits, abilities, personalities, and behaviors among individuals (Mumford et al. 2000b). This may even be true for individuals who progressed through similar leadership development regimes. Skill development occurs in a progressive fashion over time, with an individual moving from simpler skills to more complex ones as leaders interact with and learn from their experiences. Each successive skill level requires greater sophistication in capabilities across skill domains focused on how individuals internalize their experiences. Mumford et al. (2000a) found that technical training was more strongly related to increases in skills as individuals progressed from lower- to mid-level positions within an organization. As leaders rise to more senior level positions within the organization, acquiring higher-level strategic and business skills becomes more predictive of increased levels of performance than other intrapersonal or interpersonal skills (Mumford et al. 2007).

### Personality Development

Historically, the impact of personality traits on leadership ability has generally not been found to determine leadership effectiveness, yet studies have also shown that personality should not be excluded from the study of leadership (Day et al. 2014). For example, conscientiousness has been identified as a significant predictor of leader performance. In a large study of identical ($N = 238$) and fraternal ($N = 188$) twins, Arvey et al. (2006) found that 30% of the variance in leadership role occupancy could be explained by genetic influences and the remainder by environmental factors.

Mumford et al. (2000b) found that individuals lacking the ability and motivation required for skill development were less likely to hold senior leadership positions. This is consistent with the finding that self-development activities are predictive of leader development activities. Specifically, individuals with personality characteristics related to work orientation (job involvement, organizational commitment), mastery orientation (conscientiousness intellectual maturity), and career-growth orientation (feedback-seeking behaviors) display more motivation to engage in leadership development activities and are more skilled at engaging in these types of activities. Self-development enables leaders to adapt to both internally and externally changing environments and to be more productive and effective (Boyce et al. 2010).

## The Tools of Leadership Development

Allio (2005) notes that most leadership training initiatives do not produce leaders because the core leadership traits of character, creativity, and compassion cannot be taught cognitively. Successful leadership development is less about specific tools or practices and more about consistent and intentional implementation throughout the organization and across organizational levels. However, effective leadership skills can be taught by supplementing training with learning challenges and mentoring. While many of the tools reviewed in this section were originally developed for purposes other than leadership development, each has been shown to be at least partially effective in this area and in many cases may "[. . .] form the backbone of contemporary leadership development systems" (Day 2000, p. 587).

### 360-Degree Feedback

360-degree feedback (also known as multisource feedback, multi-rater feedback, and 360-degree

assessments) has been widely used in the area of performance management and has become a prominent process in leadership development (Day et al. 2014). It is a form of assessment that captures not only an individual's perceptions of their own leadership skills but also the perspectives of others connected to the organization. The assumption is that there will likely be differences between these perspectives, thus providing the leader with valuable feedback regarding how others view his overall performance and effectiveness. 360-degree feedback processes hold a methodological advantage over other assessment tools by minimizing the validity threats of self-report bias. Donaldson and Grant-Vallone (2002) suggest at least two data sources, such as peers, subordinates, supervisors, and, on occasion, external stakeholders. This ties into an important assumption that individuals behave differently with different constituencies and are perhaps more effective with some than others.

### Coaching

Coaching is a form of one-on-one learning and behavioral change. It involves practical, goal-oriented interactions between a coach and an individual aimed at improving individual performance and personal satisfaction (Day 2000). In turn, this leads to improvements in overall organizational effectiveness. Coaching relationships typically unfold over the course of several months, but can be limited to a discrete event or specific area of growth and improvement. Coaches are oftentimes external to the organization, but may be internal, and engage in a process of diagnosis, intervention, and follow-up maintenance and support. While coaching can be a proactive process aimed at enhancing one's leadership skills, it has been estimated that three-quarters of coaching relationships begin due to a perceived crisis (Day 2000). Organizations should be sensitive to any potential stigma attached to beginning a coaching relationship. Day (2000) suggests that when everyone has a coach, it helps to avoid the potential for negative stigma as well as possible feelings of favoritism that might occur when coaching is limited to a single individual. While there are many benefits of utilizing coaching as a leadership development tool, the relatively high cost of coaching may make it difficult for all, but the largest organizations to afford even though productivity gains from coaching may be large when integrated with other development activities.

### Mentoring

Mentoring is a form of leadership development that occurs between a more experienced or skilled mentor and a less experienced or skilled protégé. This usually entails pairing a senior executive or manager with a junior one. This dynamic leads to greater intrapersonal competence, as it provides the protégé with a more sophisticated and strategic perspective on the organization. Mentoring relationships can also take the form of peer or group mentoring depending on the needs and preferences of the organization and individuals involved. Mentoring relationships are intended to be of benefit to both the mentor and the protégé. Through mutual learning, mentors are able to hone their leadership skills by leading the protégé; by contrast, the protégé develops leadership capabilities from the feedback received and role modeling that occurs (Amagoh 2009).

Mentoring programs can be formal in nature, where they are planned, monitored, and evaluated by the organization. Informal mentoring may also occur and, in fact, may be encouraged by the organization (Day 2000). Additionally, gender has been shown to play a role in mentoring relationships. Dreher and Cox (1996) found that protégés of male mentors experienced greater financial benefits than those of female mentors. There is also a line of research (Day 2000) indicating that race plays a role in the mentoring process, specifically in the way that different racial minorities accept critical feedback given by a mentor.

Mentoring relationships are complex as they are based on a social exchange between at least two individuals. Mentoring programs are intended to foster teamwork, enhance motivation, and improve the competency and skill levels of those involved (Day 2000).

### Networks

As a leadership development tool, networking is intended to assist individuals with fostering broader peer connections and relationships. As Day (2000, p. 596) noted: "An important goal of networking initiatives is to develop leaders beyond merely knowing *what* and knowing *how*, to knowing *who* in terms of problem-solving resources." Networks provide individuals with an additional source of expertise and support outside of their immediate work group or organization that can be tapped into when needed. Networking initiatives tied specifically to leadership development initiatives might take the form of formal seminars or workshops or less formal weekly or monthly luncheons. Networks can also be established through electronic dialogue (an electronic mail list serve or discussion board), where individuals seek out guidance, discuss mutual challenges, and share opportunities. A primary emphasis is placed on building support among peers, which in turn leads to individual growth and development. Peer relationships tend to be long-term relationships covering years as opposed to the shorter-term relationships developed in mentoring and coaching activities (Day 2000). In the area of leadership development, organizations should promote both informal and formal networking initiatives by making such opportunities known as well as promoting the benefits of networking.

### Action Learning

According to Amagoh (2009, p. 996), "Action learning is a vital component of most leadership development programs, and constitutes one of the core leadership development methods at best-practice organizations." Action learning is premised on the belief that individuals learn best when working on real-time organizational problems (Revans 1980). Action learning entails learning through doing, as opposed to traditional, lecture-based classroom instruction. As Revans (1998, p. 14), the founder of action learning, noted, "there can be no action without learning, and no learning without action." This is because lessons learned through traditional classroom instruction most often do not alter an individual's long-term behavior. Rather, shortly after the training has concluded, there is a strong tendency to slip back into previous behavioral patterns. Action learning involves a continuous process of learning and reflection, with the primary goal of getting work done. When individuals are engaged in meaningful action coupled with conscientious inquiry and reflection, the opportunity for long-term learning emerges. As such, action learning has been rated higher than coaching and 360-degree feedback as a leadership development tool (Leonard and Lang 2010).

While the basic action learning model is similar across organizations, a benefit of action learning is that learning is focused on developing skills and competencies deemed important to the individual. In other words, it is not based on a standard curriculum or universal set of skills. Moreover, action learning can be used in the development of virtually any leadership behavior or skill, but it is particularly effective in developing collaboration, conflict resolution, and sharing skills (Leonard and Lang 2010).

## The Challenge of Leadership Development in Public Organizations

Given funding constraints in government, leaders in the public sector generally must function with fewer resources than their counterparts in the private sector. Fewer resources often lead to an inability to provide adequate incentives, which makes it more difficult to motivate employees. However, the overriding concern in the public sector is greater than employee job performance and satisfaction: leadership deficits have a direct influence on the quality of governance. Public managers also require extended leadership competencies related to service delivery through partnerships, networks, and other types of contractual arrangements. Resource constraints and the impact of networked governance tend to make effective leadership development a critical issue in the public sector. Yet, Schofield et al. (2008) note that only 36% of public sector respondents in a UK study reported that their organization was doing enough to develop the next generation of

leaders. In the 2015 update to the study examining the best places to work in the US federal government, only 51.6% of federal employees thought their agency had effective leadership with only 43.8% saying their senior leaders were effective (Partnership for Public Service 2016). In a study of US federal government leadership development programs, Ingraham and Getha-Taylor (2004, p. 111) found that private and public sector approaches to leadership development have more similarities than differences, but that the "public sector needs to get serious about leadership." They further note that the design of public leadership development programs will depend on the organization's goals, specific needs, and core competencies and must target the development of leaders at all levels. Leadership development in public administration is not necessarily different from leadership development in other disciplines, but designing the development program within the framework of the public context is essential to maximize the effectiveness of the organization.

## Conclusion

The importance of leadership development extends beyond the individual level. The nature of today's complex and interconnected organizations requires strong leadership. Effective leaders can have a positive impact on their organizations, while similarly ineffective leaders can have a negative one. Leadership development programs should focus on building interpersonal and intrapersonal leadership skills, as well as employ a variety of development tools. Tools such as 360-degree feedback, coaching, mentoring, networking, and action learning are found in many of the most successful leadership development programs. The key to effective leadership development, however, is intentional and sustained implementation of the specific development techniques endorsed by the organization. Leadership development need not be confined to the upper echelon of the formal organizational hierarchy; rather, it should be infused throughout the organization. Groves (2007, p. 256) recommends that organizations focus on six leadership development pipelines: (1) develop a mentoring network by engaging all managers in mentoring relationships, (2) engage managers in the process of identifying high-potential employees, (3) engage managers at all levels in development activities of high-potential employees, (4) avoid heir apparent designations when engaging in succession planning and instead base those decisions on a diverse pool of candidates, (5) seek to establish a supportive organizational culture by engaging senior management in development and performance management activities, and (6) evaluate the success of the leadership development activities within the organization.

Strong leadership is viewed as a precursor to organizational performance and growth. It is also understood that most leaders are not born; rather, they are made or are "grown" (Blunt 2010, p. 38). This implies that the knowledge, skills, behaviors, mind-sets, and abilities needed to be an effective leader can be developed. Thus, effective leadership development benefits not only the individual but also the organization as it seeks to develop the workforce necessary to meet current and future challenges.



## Cross-References


- ▶ Authentic Leadership
- ▶ Bureaucracy and Leadership
- ▶ Leadership Effectiveness
- ▶ Leadership Group Coaching
- ▶ Leadership in Organizations
- ▶ Managerial Leadership
- ▶ Three Hundred Sixty-Degree Assessment


## References


Allio RJ (2005) Leadership development: teaching versus learning. Manag Decis 43(7/8):1071–1077

Amagoh F (2009) Leadership development and leadership effectiveness. Manag Decis 47(6):989–999

Arvey RD, Rotundo M, Johnson W, Zhang Z, McGue M (2006) The determinants of leadership role occupancy: genetic and personality factors. Leadersh Q 17(1):1–20

Blunt R (2010) How leaders are grown: the lessons of example and experience. In: Perry JL (ed) The Jossey-Bass reader on nonprofit and public leadership. Jossey-Bass, San Francisco, pp 38–54
Boyce LA, Zaccaro SJ, Wisecarver MZ (2010) Propensity for self-development of leadership attributes: understanding, predicting, and supporting performance of leader self-development. Leadersh Q 21(1):159–178
Day DV (2000) Leadership development: a review in context. Leadersh Q 11(4):581–613
Day DV, Fleenor JW, Atwater LE, Sturm RE, McKee RA (2014) Advances in leader and leadership development: a review of 25 years of research and theory. Leadersh Q 25(1):63–82
Donaldson SI, Grant-Vallone EJ (2002) Understanding self report bias on organizational behavior research. J Bus Psychol 17(2):245–260
Dreher G, Cox TH Jr (1996) Race, gender, and opportunity: a study of compensation attainment and the establishment of mentoring relationships. J Appl Psychol 81(3):297–308
Groves K (2007) Integrating leadership development and succession planning best practices. J Manag Psychol 26(3):239–260
Ingraham PW, Getha-Taylor H (2004) Leadership in the public sector models and assumptions for leadership development in the federal government. Rev Public Pers Adm 24(2):95–112
Leonard HS, Lang F (2010) Leadership development via action learning. Adv Dev Hum Resour 12(2):225–240
Mumford M, Marks MA, Connelly MS, Zaccaro SJ, Reiter-Palmon R (2000a) Development of leadership skills: experience and timing. Leadersh Q 11(1): 87–114
Mumford M, Zaccaro SJ, Johnson JF, Diana M, Gilbert JA, Threlfall K (2000b) Patterns of leader characteristics: implications for performance and development. Leadersh Q 11(1):115–133
Mumford TV, Campion MA, Morgeson FP (2007) The leadership skills strataplex: leadership skill requirements across organizational levels. Leadersh Q 18(2): 154–166
Partnership for Public Service (2016) The best places to work in the federal government. Retrieved 29 May 2016, from http://bestplacestowork.org
Popper M, Lipshitz R (1993) Putting leadership theory to work: a conceptual framework for theory-based leadership development. Leadersh Org Dev J 14(7):23–27
Revans RW (1980) Action learning. Blond & Briggs, London
Revans RW (1998) ABC of action learning: empowering managers to act and learn from action. Tavistock, London
Schofield CP, Holton V, Pegg M, Sweeney AD, Rizzello J (2008) Leadership and management issues in the UK public sector. Ashridge and National School of Government, Berkhamsted
Thomas RJ, Cheese P (2005) Leadership experience is the best teacher. Strateg Leadersh 33(3):24–29

# Leadership Development in Organizations

Rebecca J. Reichard and Dayna O. Walker
Division of Behavioral and Organizational Sciences, Claremont Graduate University, Claremont, CA, USA

## Synonyms

Leader development; Management development; Talent development

## Definition

Leadership development is the increase in the collective leadership capacity of an entire group, department, or organization. Leader development is the increase in a single individual's capacity to fulfill leadership roles and responsibilities.

## Leadership Development in Organizations

To understand development of leaders, it is important to first clearly define the terms leader and leadership. A leader is an individual who influences oneself and/or group members toward a goal. Leaders may be in a formal managerial role (e.g., supervisor), may emerge from a peer group, or may rotate from person to person. Viewed this way, development emphasizes change in an individual leader's knowledge and skills (Day 2000). For example, activities such as formal classroom training, job rotation, and off-site meetings are often-used forms of *leader* development. Whereas "leader" refers to an individual, the term leadership refers to an interactive process of social influence. From this perspective, the individual leader is but one component of an interactive network (Marion and Uhl-Bien 2001), characterized by reciprocal influence. As such, Day (2000) defined *leadership* development as a group level phenomenon, where the group's total leadership capacity

is increased through developmental activities aimed at building interpersonal relationships. So, although these terms are used interchangeably herein, leadership development encompasses the development of individuals as leaders; it goes beyond to emphasize the development of the leadership of the collective.

## Leadership Development Fundamentals

The practice of leadership development in organizations has long outpaced the empirical research to support these practices, creating a challenge for managers who wish to ground their leadership development practices in evidence-based methodologies. However, research on leadership development has advanced considerably in the last 25 years, catching up considerably with current practices and pushing the boundaries of what is known about how leaders develop over time.

People often wonder how much of leadership is "made" versus "born." A common misconception held by leaders and non-leaders alike is that leadership is an innate gift that certain individuals are simply endowed with at birth. Some people possess special traits – outspokenness, likeability, and charisma – that other people do not possess and cannot develop. However, studies conducted on identical twins raised apart (thus teasing out the effects of nature versus nurture) demonstrate that only about 30% of leadership emergence in adulthood can be traced to hereditary factors (Arvey et al. 2006). That leaves about 70% left to be developed over time through practice. Thus, the idea that leaders are simply born and not made is, in fact, a myth challenged by the current research evidence. An important implication of this finding is that organizations do not necessarily have to hire externally to find qualified leaders because they can cultivate leadership from within their current employees. Nonetheless, cultivating leadership takes both time and resources, and the outcome of these investments may not be readily apparent.

Leadership development occurs over the entire human life span (Day et al. 2009). Beginning in early childhood and extending into retirement, people who put themselves in challenging leadership situations and reflect on their learning will likely continue to develop as leaders. In fact, studies show that when leaders experience more developmental challenge (i.e., unfamiliar work situations, high levels of responsibilities, the need to influence without formal authority or manage diversity) and when leaders reflect on these experiences in a structured way, they are more likely to develop (DeRue et al. 2012). However, development may not always be positive or linear. In fact, recent evidence suggests that leadership performance can even decline over a short time span of 3 months (Day and Sin 2011). Any potential growth experience may involve some setbacks, so although leadership development may not always be positive in the short run, with continued focus on learning, change is possible over the long run.

## Leadership Development Outcomes

What develops in leadership development? The vast majority of research and writing in the domain of leadership centers on answering the question "what is effective leadership?" that leaders should be developing toward. Briefly, many theories and tests of leadership have been put forth, and the major ones include behavioral theories, contingency theories, and new-genre theories of leadership. With regard to behavioral theories, researchers at Ohio State University identified two broad categories of effective leader behaviors, those focused on structuring the group's task (i.e., initiating structure) and those focused on building relationships within the group (i.e., consideration; Stogdill 1950). A series of additional leader behavior styles emerged, such as autocratic versus participative leadership. Contingency theory refined this behavioral approach by setting forth various situational factors (i.e., existing leader member relations, task structure, and leader position power), which determined when each of these leader behaviors would be more or less effective (e.g., Fiedler 1967).

More recently, a set of theories referred to as new-genre theories of leadership have emerged (e.g., charismatic and transformational leadership), with the theory of transformational leadership dominating this paradigm (Bryman 1992).

Transformational leadership refers to a set of leadership behaviors which inspire followers to achieve performance beyond expectations by aligning the followers' goals with those of the group (Bass and Riggio 2006). A series of correlational meta-analyses have demonstrated the positive relationship between the four transformational leadership behaviors (i.e., idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation) and important organizational outcomes (e.g., Judge and Piccolo 2004). As a result, more recently the number of studies focused on training and developing transformational leaders has been on a steep increase (Avolio et al. 2009).

An even more recent perspective on leader development, "authentic leadership development," provides a different view on the above perspective (Gardner et al. 2005). According to this approach, leaders should align their values and behaviors through gaining heightened levels of self-awareness, self-regulation, and self-development (Reichard and Johnson 2011). Authentic leaders are transparent in their interactions, try to see multiple perspectives on an issue, and have a strong moral compass (Walumbwa et al. 2008). This approach to leader development aligns with the Gallup organization's positive psychological approach of strength-based leader development, where a leader first identifies their natural talents, further develops them into strengths through training and development of functional expertise, and builds a team such that team members' strengths balance the leader's areas of weakness (Rath and Conchie 2008).

Finally, leader development outcomes may also be a function of time (Day and Dragoni 2015). Short-term indicators of leader development include outcomes such as changes in leadership confidence, self-awareness, knowledge and skills, and identifying as a leader. Longer-term outcomes of leader development include things such as deeper or more complicated understanding of leadership and adult development. For example, novice leaders often see leadership in terms of hierarchical roles and job titles (i.e., a simplistic view), whereas more advanced leaders see leadership in terms of ongoing and informal social influence independent from formal job titles (i.e., a more complicated view). At the group level, short-term indicators of leadership development include changes in outcomes such as shared mindsets, team learning, knowledge of team members' unique skillsets, and psychological safety (the team's trust in the ability to be vulnerable with one other). Finally, a longer-term outcome of leadership development is improved leadership capacity (Day and Dragoni 2015). An important implication of this research is when designing and evaluating leadership interventions, it is important to be mindful of the specific outcomes sought and to be realistic about the time span over which those outcomes are likely to unfold.

Taken together, the emerging thinking on leader development has shifted away from prescribing development toward specific leader behaviors or styles that a leader *should* enact and has instead began to emphasize a more complex, long-term exploration of one's core values and identity and aligning leadership behaviors with one's true self.

## Leadership Development Practices

Due to the importance of having qualified leaders at all levels of organizations, managers and human resource professionals use a variety of leadership development tools and interventions to improve individual and collective leadership capacity. This section outlines the most commonly used practices, highlighting the strengths, limitations, and degree of empirical support of each (see Table 1).

**Competency Models**. A popular approach used by 75–80% of companies, competency modeling is the process of (a) identifying competencies and (b) linking them to various human resource management systems, such as leadership development. Competencies are organizationally valued personal characteristics assumed to drive the competitive advantage of the business. Examples of competencies include "drive for results," "business acumen," and "leading courageously." Once identified, linking competencies to leadership development involves integrating assessment, training, experiential opportunities, and succession decisions to the competencies.

**Leadership Development in Organizations, Table 1** Common leader development practices

| LD practice | Description | Strengths | Limitations | Empirical support |
|---|---|---|---|---|
| Competency models | Framework defining effective leadership linked to the strategic success of the organization | Alignment with business strategy | Difficult to clearly define and assess | Limited |
| Leader assessment | Feedback provides information on strengths and weaknesses to increase leader awareness and inform development goals | Self – quick, inexpensive; 360 – incorporates multiple perspectives; identify blind spots; Assessment center – behavioral focus | Self – self-enhancement bias; 360 – perceptual biases; Assessment center – exorbitant cost | Moderate |
| Identifying high potentials | Early identification of organizational members who have the potential to fill key leadership roles within the organization | Succession planning; acknowledges differing levels of developmental readiness | Potential political divisions; potential to overlook underperformers | Limited |
| Formal training | Structured events and courses organized by the organization, including both virtual and in-person programs | Efficient; standardized | Transfer of training to job; limited flexibility | Large |
| Job rotations | Moving employees through a series of jobs in a variety of functional areas or among multiple jobs in a single functional area | On-the-job learning, exposure to multiple contexts and networks | Difficulty of managing rotational assignments | Moderate |
| Action learning | A group of 6–30 leaders collaborate to plan and implement a solution to a real organizational problem | Experiential learning; internal networking and relationship building; long term and low cost | Viewed as unimportant if problem is not high priority; difficulty collaborating in competitive cultures | Limited |
| Executive coaching | One-on-one collaboration between coach and leader to improve the leader's leadership | One on one; flexible; adapts to leader's needs | High cost | Moderate |

The keys in identifying such competencies are the link to business strategy and the separation of the best leaders from the rest. However, this can be an arduous task. Often identification of competencies is based on top management preferences as opposed to empirical procedures often used in traditional job analysis (Sanchez and Levine 2009). As a result, the competencies identified are often not behavioral in nature and difficult to clearly define, objectively assess, and ultimately develop. Further complicating the use of competency models is that most are propriety to a particular consulting firm or organization, which makes any systematic investigation or analysis tenuous. Taken together, there is limited empirical support for the use of competency modeling in leadership development.

**Leader Assessment**. With regard to leadership development, the primary role of assessment is to facilitate leader awareness of their strengths and weaknesses and inform development planning. The three major forms of leader assessment – self-report, 360° feedback, and simulations/assessment centers – each have their advantages and limitations. Self-report simply involves asking leaders to offer their personal opinion on their leadership strengths and weaknesses. The measures used for self-report assessment can range from a resume, interviews, and open-ended questions to quantitative (Likert-type) survey ratings.

Although self-report assessments are quick, inexpensive, readily available, and easy to implement, they suffer from self-enhancement bias due to impression management motives and are hypothetical in nature.

In 360° assessment, leaders' self-ratings are contrasted to ratings from the immediate supervisor, peers, subordinates, and sometimes even customers. The level of agreement between self and others' ratings can shed light on a leader's blind spot (Fleenor et al. 2010). Some leaders overestimate their leadership skills, and although some level of confidence is healthy, taken to the extreme, this can result in "surprise" failures. On the other hand, some leaders underestimate their leadership skills, which may be a result of low confidence, the imposter syndrome, or a cultural preference for modesty. Through 360° feedback, leaders' self-awareness should be enhanced allowing targeted efforts to identify and eliminate deficits or integrate and build upon strengths through leader development planning.

Advantages of 360° assessment are inclusion of others' views of the leaders and, like self-report assessments, are relatively easy to implement and score on a large scale using online systems with a moderate cost. However, others' assessments of a leader are far from perfect as they tap into others' *perceptions* of a leader's behaviors *not* actual behavior. Perceptions can be biased due to rater motivation (e.g., politics, lack of accountability, lack of trust in assessment process), contextual factors (e.g., lack of opportunity to observe, observations in strong versus weak situations), rater characteristics (e.g., mood), and rater-ratee interactions (e.g., in-group/liking; Fleenor et al. 2010).

A third approach, assessment center, is a method that uses multiple assessment techniques based on standardized methods and pooled judgments of multiple assessors (International Task Force on Assessment Center Guidelines 2009). Common simulations include an email activity, leaderless group discussion, and one-on-one role play with a trained actor playing the role of a follower. Regardless of simulation format, each simulation is standard in terms of instructions, timing, and experience for each leader. Simulations are evaluated by trained assessors using behaviorally anchored rating scales. Because the focus is the actual behavior that the leader displayed during the simulations, assessment centers have an advantage over other forms of assessment. In fact, assessment centers have shown low adverse impact and good predictive validity of leader job performance (Arthur et al. 2003). On the negative side, assessment centers are prohibitively expensive and time-consuming, do not tap routine performance on the job, and are difficult to develop (i.e., behavioral anchored rating scales).

Taken together, leader assessment plays a major role in self-awareness and leader development planning in leadership development. Assessment tools should be reliable and valid measures of leadership. Empirical research related to the psychometric tools available to evaluate the effectiveness of leader assessment measures is strong; however, there is limited evidence that assessment feedback has positive effects on leader self-awareness and development.

**Identifying High Potentials**. One role of leader assessment is to identify "high potential" employees, who are likely to fill key leadership roles within the organization. Often top management teams will select high potentials based on cognitive skills, personality, learning ability, existing leadership skills and established performance leading, motivation to learn and lead, and values/culture fit with the organization (Silzer and Church 2009). Often high potentials are given additional developmental experiences, such as challenging assignments, job rotation, networking opportunities, and training. Sometimes identified high potentials are made aware of their special status and other times they are not.

An advantage of this approach is that it emphasizes the need to have a pipeline of potential future leaders ready to be promoted quickly. Succession planning is an essential activity for ensuring that smooth transitions can be made if a critical executive quits or retires from their role. Identifying high potentials also signals that certain individuals may be more developmentally ready (motivated and capable; Hannah and Avolio 2010) than others and therefore may yield a larger

return on development investments. However, potential downsides of identifying high potentials include creating political divisions within teams or departments where not everyone is labeled "high potential," setting up unrealistic expectations or feelings of entitlement, and overlooking those that may have future potential but are currently underperforming. Finally, the empirical evidence for identifying high potentials is limited with most applied work being conducted by consulting firms like Korn Ferry.

**Formal Training**. The dominant approach to leadership development, formal training, involves events and courses organized by the organization, including both virtual and in-person programs (Noe 2013). Traditional face-to-face classroom learning falls under this category. An advantage of formal training is that it is an efficient way to deliver large amounts of standardized information to a large group of people. As such, it is a useful means of introducing basic leadership concepts to first-time managers. However, because formal training is limited to structured learning environments (e.g., classrooms, online courses, orchestrated events), there are fewer opportunities for learners to actively engage with the material. This is a problem for adult learners who often prefer concrete experiences over theoretical instruction, are motivated to learn when confronted with real-world problems, and have a need to be self-directed (Knowles 1975). Also, the problem of whether knowledge and skills learned in formal training will transfer back to the job is a major challenge. Finally, the structured nature of formal training limits the flexibility of this approach to be tailored to individual learning needs. As such, formal training should be used intentionally and sparingly and should not be an exclusive means of leadership development for any organization.

The most recent meta-analysis on formal leadership training interventions suggests that, on average, the effect size for pre- to posttest assessment changes in leadership outcomes is about a half standard deviation in the positive direction (Avolio et al. 2009). This means that, on average, leadership interventions tend to be moderately successful though there are many factors that can dramatically increase or decrease this effect (e.g., training participant readiness, program design). Although the amount of available empirical research for the effects of formal leadership training is extensive in comparison to other leadership development strategies, the size of training effects is moderate in degree particularly considering the short-term duration of training studies in the available literature (Avolio et al. 2009).

**Job Rotations**. Job rotation involves moving employees through a series of jobs in a variety of functional areas or among multiple jobs in a single functional area (Noe 2013). The advantage of this approach is that it allows employees to develop leadership through on-the-job experience, which is consistent with adult learning principles (Knowles 1975). Also, exposure to multiple contexts can help leaders learn to appreciate the complexity and dynamic nature of leadership. For example, what works well in one environment may not work in another due to changing contextual factors.

Potential downsides of job rotation include the difficulty of managing rotational assignments. Intentionally moving managers from one functional area to the next essentially increases turnover in those departments, which can create some logistical challenges when the rotating managers frequently change systems, processes, and procedures. Also, frequent leadership changes can leave employees managed by those in rotational assignments feel they are in a perpetual state of flux and uncertainty about the future (Martin et al. 2014). Care must be provided to structure the experience such that learning is maximized for the leader while disruption is minimized for those they are leading.

Rigorous research on job rotation is scarce. However, at least one study has found that job rotation is positively linked to salaries, promotions, and perceived administrative, business, and technical skill learning outcomes (Campion et al. 1994). However, the self-reported nature of results in this study limits the conclusions that can be drawn about objective benefits of job rotation. Therefore, evidence for job rotation is moderate.

**Action Learning**. Action learning involves bringing between 6 and 30 leaders together to

develop and implement a plan to solve a real organizational problem (Noe 2013). The group meets periodically for a few months to discuss the challenge, develop potential solutions, implement plans, and evaluate progress. Often facilitators will coach the team in creating sound solutions as well as structuring the experience for learning. As third parties not directly involved in coming up with the solutions, facilitators can observe and provide feedback throughout the process. Facilitators can either be designated trainers and/or executive leaders in the organization. Executives increase the visibility and importance of the experience, whereas designated trainers can help the group reflect on how communication is occurring, how decisions are being made, and whether any changes would benefit the group.

In addition to the direct benefit of innovative solutions to complex issues, a strength of this approach is that leaders from different functional areas come together to work on a common problem thereby fostering internal networking and relationship building. Additionally, action learning is relatively low cost compared to other methods as it can be conducted by internal staff and requires minimal time away from leaders' day-to-day work (Lamoureux 2010). Ideally, the action learning team works on issues relevant to all participants' actual work responsibilities, thus increasing motivation and transfer of skills. A potential weakness of action learning is that if teams are not tasked with solving a real or important issue, they may not take the experience seriously. Similarly, in highly competitive organizational cultures, action learning can be seen as an opportunity to vie for attention or to demonstrate performance rather than as an opportunity to grow. Careful instructional design and framing can combat these potential challenges.

Although rigorous empirical research on action learning is scant, case studies suggest action learning can help leaders develop leadership skills such as communication and collaboration while driving business strategy (Cone and Woodward 2007; Marquardt 2004). Compared to more rigorous study designs, case studies rank relatively low internal validity because they do not rule out many alternative explanations for the results. Therefore, the existing empirical support for action learning is weak.

**Executive Coaching**. Executive coaching involves one-on-one collaboration between coach and client to improve the client's leadership. The content of coaching is highly dependent upon the individual client's needs, although the process typically involves identifying learning goals, challenging existing limitations, exploring future possibilities for growth, and providing accountability and support in the attainment of desired goals (Ting and Hart 2004). Coaching relies heavily on the use of open-ended and non-judgmental questions to help the client address underlying beliefs and assumptions that may be holding them back from their full leadership potential. Here we refer to coaching as discrete interventions facilitated by individuals trained explicitly in the practice of coaching and contracted by the organization to coach a given individual, as opposed to manager as coach.

An important goal of coaching is to expand the client's perspective of themselves as leaders and of the leadership issues they face so that the client can develop solutions to their own challenges (Noe 2013). A strength of the practice is that because coaching is one on one and has a strong focus on questioning underlying assumptions about leadership and interpersonal interactions, it is well poised to facilitate the longer-term outcomes of individual leader development. Coaches can help clients reframe events or make meaning out of leadership situations in new ways, essentially altering the lens through which the client interprets their role and entire working environment. These fundamental shifts may facilitate deeper and more complicated understanding of leadership as well as more holistic adult development. Coaching is also highly flexible as a practice in that the coach and client can adapt the intervention to meet the leader's specific needs. A weakness of this approach is the expense involved. Highly experienced coaches can charge up to $335 per hour (Corbett and Kennedy 2014). This high cost can be prohibitive for some organizations, and as a result external coaches are often reserved only for executive leaders.

Research on the effectiveness of coaching interventions is still in early stages, but a recent meta-analysis aggregating results from 18 studies suggests that coaching tends to be positively correlated with outcomes such as performance/skills, self-regulation, attitudes, coping, and well-being (Theeboom et al. 2014). Despite this positive initial support, evaluations of coaching tend to be limited to self-report changes in key outcomes, which tend to be inflated upward and biased by memory effects (Ely et al. 2010). Until more rigorous research is conducted and meta-analyses can be conducted on a larger numbers of studies, the evidence base for coaching remains moderate.

## Conclusion

In conclusion, leadership development is a complex topic. A first step is defining what constitutes effective leadership as evidenced by empirical research (e.g., transformational leadership) or for a particular organization (e.g., competency modeling). Taking this a step further considers leadership and leadership development as an emergent and reciprocal process that is collectively rather than individually enacted. A final layer of complexity comes with understanding development as a process that occurs over time requiring long-term planning, motivation, and implementation on behalf of both organizations, teams, and individuals. Given this complexity, current leadership development practices have a number of strengths and limitations that are relatively limited in terms of empirical support. However, the field of research and practice of leadership development is increasingly tackling these complexities and will likely result in innovative future approaches to the leadership development challenges faced by organizations.

## Cross-References


- ▶ Agency Theory in Organizations
- ▶ Authority in Organizations
- ▶ Diversity in Organizations
- ▶ Flexible Organizations
- ▶ Leadership Group Coaching
- ▶ Leadership in Organizations
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Socialization


## References


Arthur W Jr, Day EA, McNelly TL, Edens PS (2003) A meta-analysis of the criterion-related validity of assessment center dimensions. Pers Psychol 56(1): 125–153

Arvey RD, Rotundo M, Johnson W, Zhang Z, McGue M (2006) The determinants of leadership role occupancy: genetic and personality factors. Leadersh Q 17:1–20

Avolio BJ, Reichard RJ, Hannah ST, Walumbwa FO, Chan A (2009) A meta-analytic review of leadership impact research: experimental and quasi-experimental studies. Leadersh Q 20:764–784

Bass BM, Riggio RE (2006) Transformational leadership, 2nd edn. Lawrence Erlbaum, Mahwah

Bryman A (1992) Charisma and leadership in organizations. SAGE, London

Campion MA, Cheraskin L, Stevens MJ (1994) Career-related antecedents and outcomes of job rotation. Acad Manag J 37:1518–1542

Cone J, Woodward M (2007) Action learning helps PepsiCo's sales leaders develop business acumen and innovation skills. Glob Bus Organ Excell 26:27–35

Corbett K, Kennedy J (2014) Executive coaching survey'14: evidence & interaction earnings report. Sherpa Coaching, LLC, Louisville

Day DV (2000) Leadership development: a review in context. Leadersh Q 11:581–613

Day DV, Dragoni L (2015) Leadership development: an outcome-oriented review based on time and levels of analyses. Annu Rev Organ Psych Organ Behav 2: 133–156

Day DV, Sin H (2011) Longitudinal tests of an integrative model of leader development: charting and understanding developmental trajectories. Leadersh Q 22: 545–560

Day DV, Harrison MM, Halpin SM (2009) An integrative approach to leader development: connecting adult development, identity and expertise. Routledge/Taylor & Francis Group, New York

DeRue DS, Nahrgang JD, Hollenbeck JR, Workman K (2012) A quasi-experimental study of after-event reviews and leadership development. J Appl Psychol 97:997–1015

Ely K, Boyce LA, Nelson JK, Zaccaro SJ, Hernez-Broome G, Whyman W (2010) Evaluating leadership coaching: a review and integrated framework. Leadersh Q 21:585–599

Fiedler FE (1967) A theory of leadership effectiveness. McGraw-Hill, New York
Fleenor JW, Smither JW, Atwater LE, Braddy PW, Sturm RE (2010) Self-other rating agreement in leadership: a review. Leadersh Q 21:1005–1034
Gardner WL, Avolio BJ, Luthans F, May DR, Walumbwa F (2005) "Can you see the real me?" A self-based model of authentic leader and follower development. Leadersh Q 16:343–372
Hannah ST, Avolio BJ (2010) Ready or not: how do we accelerate the developmental readiness of leaders? J Organ Behav 31:1181–1187
International Task Force on Assessment Center Guidelines (2009) Guidelines and ethical considerations for assessment center operations. Int J Sel Assess 17(3): 243–253
Judge TA, Piccolo RF (2004) Transformational and transactional leadership: a meta-analytic test of their relative validity. J Appl Psychol 89:755–768
Knowles MS (1975) Self-directed learning: a guide for learners and teachers. Association Press, New York
Lamoureux K (2010) Experiential learning for leadership development: approaches, best practices, and case studies. Bersin Assoc Res Report 1:1–38
Marion R, Uhl-Bien M (2001) Leadership in complex organizations. Leadersh Q 12:389–418
Marquardt M (2004) Harnessing the poser of action learning. T+D 8:26–32
Martin BO, Kolomitro K, Lam TCM (2014) Training methods: a review and analysis. Hum Resour Dev Rev 13:11–35
Noe RA (2013) Employee training and development, 6th edn. McGraw-Hill, Singapore
Rath T, Conchie B (2008) Strengths based leadership: great leaders, teams, and why people follow. Gallup Press, New York
Reichard RJ, Johnson SJ (2011) Leader self development as organizational strategy. Leadersh Q 22:33–42
Sanchez JI, Levine EL (2009) What is (or should be) the difference between competency modeling and traditional job analysis? Hum Resour Manag Rev 19: 53–63
Silzer R, Church AH (2009) The pearls and perils of identifying potential. Ind Organ Psychol 2(4): 377–412
Stogdill RM (1950) Leadership, membership and organization. Psychol Bull 47:1–14
Theeboom T, Beersma B, van Vianen AEM (2014) Does coaching work? A meta-analysis on the effects of coaching on individual level outcomes in an organizational context. J Posit Psychol 9:1–18
Ting S, Hart EW (2004) Formal coaching. In: McCauley CD, Van Velsor E (eds) The center for creative leadership handbook of leadership development. Wiley, San Francisco, pp 116–150
Walumbwa FO, Avolio BJ, Gardner WL, Wernsing TS, Peterson SJ (2008) Authentic leadership: development and validation of a theory-based measure. J Manag 34: 89–126

# Leadership Effectiveness

John Uhr
Australian National University, Canberra, ACT, Australia

## Synonyms

Accountability; Ethics; Followers; Integrity; Leaders; Legitimacy; Probity; Responsibility; Supporters

## Introduction: Assessing Leadership

This account of leadership effectiveness is a general guide to a complicated problem. The core problem is how we measure the impacts leaders have and how we distinguish effective from ineffective leaders. Students of leadership encounter many examples of excellent or poor leadership, and of admirable or regrettable individual leaders. The task is to reflect on these examples and to devise a systemic account of leadership effectiveness to help explain the general difference between excellent and poor leadership. This entry develops one such systemic account reflecting recent examinations of leadership where ethics is often the missing ingredient.

Individual leaders have certain qualities of vision and inspiration which help them make their influence. Leaders are characterized by an inner sense of vision which helps them accept the heavy responsibilities of leadership. They are also characterized by the inspiration they can bring to others to share some of those leadership responsibilities (Nye 2014). Yet what makes some leaders more effective than others? Part of the answer is that leadership is a shared activity where a group shares responsibility for shaping the endeavor of a larger team, which often includes many supporters who want to be partners – or at least players – and not simply followers (Ford and Harding 2015; Margetts et al. 2015).

Leadership effectiveness comes about when those formally in charge convince their enterprise

of the larger public benefits they together can provide. Leadership ineffectiveness results when the relationships between formal leaders and the informal entity break down – sometimes from defective vision or inspiration and sometimes from confusion or distrust among supporters (Uhr 2015).

## A Model of Leadership Effectiveness

There is no one privileged academic discipline with unrivaled mastery of the important yet elusive topic of leadership (Grint 2010; Keohane 2010). The tone of this contribution reflects the author's discipline of political science but with many references to other sources, including new leadership journals which indicate how specialized the study of leadership can become. This account describes a model of leadership effectiveness based around three Ps: product, productivity, and probity. These three terms are used generally to refer to three core components of effective leadership. This general model sees probity as an important safeguard of integrity in leadership, which is a missing ingredient in many mechanisms of leadership effectiveness (Uhr 1999). Put very generally, effective leadership builds and promotes a "product" (using this term loosely to describe any good or service valued by others) consistent with "productivity" (i.e., with high returns for resources used) and "probity" (i.e., with high respect for the norms and procedures of public integrity).

To be sure, there are many examples of powerful leaders promoting dubious goods and services with high levels of waste and low levels of integrity. The term "leadership" is ambiguous enough to cover many forms of influential power, including "bad leadership" (Kellerman 2004). The focus here is on "good leadership" in democratic societies where the three Ps sketch an appropriate norm of leadership effectiveness: effective leaders have to have a product worth delivering, have to secure the resources to grow the enterprise, and have to nurture a culture of integrity in that enterprise. The larger team has to know that they are being asked to comply with a culture of public integrity – and that they are an ethical enterprise and not simply a convenience of business or government (Jacobson 2015; Uhr 2015).

Leadership is often thought to be undervalued or even unwanted in democracies, as though "the people" can manage themselves well enough. Democracies actually have their own types of leadership with a greater presence of public accountability than in nondemocratic societies (Beerbohm 2015; Winston 2015). Prodemocratic leadership can make willing leaders use their distinctive vision to inspire their supporters to take substantial roles as stewards of the three Ps described above. Not all leaders want to include supporters and followers in the structure of leadership: many leaders want to be a reframer and not a reflector of their supporters. The trick for reframers is to use a leader's inspiration and vision to persuade rather than compel supporters to see things their way – as modeled in many ways by Mandela whose effective leadership continues to attract close academic attention (Ciulla 2016).

This deft task of reframing reflects the "theater of trust" surrounding democratic leaders: their effectiveness requires that they act theatrically, using their rhetorical gifts to pave their vision and inspiration as pathways forward for those prepared to follow. Slick leaders can use clever rhetoric to disguise defects in their leadership strategy; good leaders try to make a publicly credible case for product improvement (Fairhurst and Connaughton 2014; Keegan 1987, pp. 318–321). The danger of cagy misleading by incompetent leaders means that effective enterprises need to use the administrative checks and balances of public accountability to ensure that their culture of public integrity is properly secured. The task is not to jettison leadership rhetoric simply because it is a difficult and demanding leadership skill often misused by ineffective leaders – Hitler being a standard model (Keegan 1987, pp. 304–310). Instead, the real task is to discover the ways that effective leadership makes good use of leaders' rhetoric to promote probity and public integrity. Our task now is to focus on how the three Ps scheme helps us unpack leadership effectiveness.

## Which Leaders Matter?

Not surprisingly, effective leadership is highly praised. Many media journals publish annual rankings of global leaders which can give us examples of those public figures who seem to dominate the list of noteworthy leaders. The first thing to learn is that some rankings define leaders simply as those who hold power, with the list confined to those power-holders who sit at the top of organizations with no necessary commitment to product worthiness or cost-efficiency or investments in integrity. For our purposes, these "power" rankings are quite useful because they help us begin to see how distinctive more open and accountable forms of leadership effectiveness can be.

Begin, for example, with the *Fortune* list of the "world's 50 greatest leaders," with this group as the top six: entrepreneur Tim Cook, central banker Mario Draghi, Chinese chief leader Xi Jinping, Pope Francis, Indian prime minister Narendra Modi, and singer-songwriter Taylor Swift ("The World's 50 Greatest Leaders" 2015). This is a ranking of "great" leaders where their effectiveness includes making their followers "great" in some valuable sense. Other rankings target particular aspects of "greatness," such as "thought." Note that the leading contenders shift, as we can see in the "thought leaders" ranking of the top six: Pope Francis, novelist Paulo Coelho, economist Muhammand Yunis, novelist Orha Pamuk, whistle-blower Edward Snowden, and writer Umberto Ecco ("Toplist Global 2015" 2015). These two rankings do not give us many examples of leaders in government, in part because the lists are targeted to qualities not often associated with the running of government, such as "greatness" or "thought." But when we turn to the useful *Forbes* ranking of the "world's most powerful people," we get a rather different top six: Russian chief leader Vladimir Putin, German chief minister Angela Merkel, US president Barack Obama, Pope Francis, Chinese leader Xi Jinping, and US philanthropist Bill Gates ("The World's Most Powerful People 2016" n.d.).

Once we move from ranking "greatness" and "thoughtfulness" to ranking power, we bring into focus leaders at the head of governments who fit the conventional model of what a powerful leader looks like. But the price we pay for getting close to power is that we are making no judgment about any of the three Ps in our preferred model of leadership effectiveness. Why is it that Putin fails to feature in the list of greatness or thoughtfulness but tops the power list? And why is it that Pope Francis scores highly on all three rankings: is his greatness a measure of his powerfulness or his thoughtfulness, and what can other leaders learn from him about how to manage the power of thought? Finally, what can leadership analysts learn from Pope Francis about the thought of power which is the main theme of so many conventional studies of leadership?

## Defining Leadership Effectiveness

The term "leadership" refers to the practice of leading (or convening or directing) an organization (Kellerman 2010). The term usually refers to the role of senior officials (e.g., a president or a chairman or general manager or board of management) authorized as "the leaders" of an organization. Small-sized organizations might authorize a small number of leading officers but large-sized organizations often increase "the leadership team" to resemble a committee or cabinet, with a CEO or chief executive presiding over a team of senior executives delegated (or "tasked") with specific responsibilities. In contemporary circumstances, "the leaders" are themselves accountable to those, like a government minister or a board of directors, who appointed them, who monitor their performance as the officials entrusted with the executive power expected of leaders, and in many cases who have the power to dismiss them (Grint 2010).

Leadership is thus the role associated with the exercise of *executive power* and is often used as a term to describe the standards or benchmarks expected of top executives. Executive power is a practical power about getting things done, separate from *legislative power* for officially making the laws and *judicial power* for determining lawful authority. Leadership effectiveness refers to the practical performance of executives as leaders

of their organizations who, often in political settings, implement policy consistent with legal and judicial authority. Thus, there is often a context for leadership, with leaders respecting – or at least not openly disrespecting – legal and judicial priorities. Studies of leadership effectiveness measure the formal and informal skills used by leaders, hoping to encourage high performance from leaders and to help explain low performance by those leaders who encounter limitations either in their internal personal attributes or in their external contexts – for example, when facing opposition or inquiry from nonexecutives such as legislators or judges.

Legislators and judges are often separated from the political executive and most accounts of public leadership minimize legislative and judicial officers. This turn away from two of the three branches of democratic government flatters holders of executive power. But it is also a figment of analysis to ignore the very real leadership provided by legislators and judges which can modify the reach of executive leadership. More than that, it can generate different types of public leadership suited to the public roles of legislators (e.g., as experts in specific policy fields) or judges (e.g., as judicial innovators or legal activists). Academic literature on the roles of legislatures or courts reveal important forms of nonexecutive leadership which even the most ambitious political executives have to take into account.

Traditional approaches to the study of leadership tended to focus on powerful individuals exercising some supreme form of public leadership (Brown 2015). Today, the focus tends to be on groups or collectives rather than individuals. Leadership is now understood as a scheme of networking, with leaders establishing relationships of power-sharing. Executive power can still be treated in terms of singular individuals like heads of government who preside over the executive branch of government. But the more promising approach is to treat executive leadership in terms of networks of power and to see leadership in terms of power-relationships. One important implication here is that leaders have to see themselves as partners in such power-relationships: even those leaders at or near the top of influential institutions operate as partners rather than chiefs – acting more as coordinators than dictators. This implies that leadership effectiveness will be measured according to relationships of shared power through close study of negotiated leadership networks. Highly effective leadership will often be pluralized rather than personal, respecting the shared responsibilities of many leaders in the construction of leadership.

Political leadership is perhaps the most challenging area of modern public leadership (Uhr 2015; Winston 2015). Directing a small or medium organization in civil society requires a great deal of leadership skill; but directing a large public or governmental entity or even a political entity like a city or a state or province requires not only very high leadership skills but also a large number of leaders who can share the multiple responsibilities of executive power. The leadership of a modern democratic nation-state operates through networks of overlapping power, with many different forms of executive power exercised by elected and appointed party-politicians, by professional bureaucrats, by legislative scrutineers, by authorized and sometimes independent "executive agencies" and, to add to the complexity, by judicial arbiters of disputed executive power. There might well be "a leader" in the sense that a president or a prime minister holds formal authority as the chief political executive, yet leadership of the system of democratic governance is not confined to such a monarchical or authoritarian public figure, even if a chief political executive were to try to act like an authoritarian monarch.

Systemic change can indeed occur when, as sometimes happens, chief executives dominate the system of government and become authoritarian or even despotic, threatening to move towards either oligarchy (rule of the rich) or tyranny (rule of the one unlimited ruler). Democratic norms of good public leadership point in other directions with higher expectations of public sovereignty and public accountability. If democratic norms are our preferred political norms, what then are the implications for leadership effectiveness across contemporary democracies? If our models of effective leaders rule out as wayward the bad

forms of leadership of oligarchs or despots or tyrants, what then are ruled in as good forms of leadership effectiveness (Uhr 1999)?

## Types of Leadership

There are many types of leadership in modern democratic societies. As will be examined in the next section below, there are also many types of effectiveness which vary with the sort of leadership being exercised. Focusing here on types of public leadership, we can see that democratic leadership is pluralized, with different types of leadership taking place not only in the central sphere of "the government" but also in wider spheres of "civil society." The public recognize leaders in both spheres, which is one way of saying that public leadership occurs whenever the public – or recognizable elements of the public – define themselves as "followers" of different public figures. Many public figures might try to cultivate a following but the leaders who really matter are those who can speak with some sort of public voice, even if that voice is limited to the language of skeptical opposition to those "in power" who hold executive offices in government (Hudkins 2015).

For example, critics on both the left and the right wings of contemporary democratic governments can mobilize significant public resentment against the mainstream managers of public power exercised by ruling political executives. Leaders on the left can act, a little like US activist Bernie Sanders, in support of socialistic reforms of the system of government; and leaders on the right can act, a little like US activist Donald Trump, in support of libertarian reforms of the political system. In between both types of public leadership, we find a contested landscape of public leadership involving president Obama holding formal authority as the chief political executive competing with many Congressional holders of legislative power, under the watchful care of the judiciary.

Civil society protects many other types of public leadership. Many are business leaders in the private sector who marshal their followers as customers or clients interested in purchasing products and services. Others are in the media sector attempting to shape and mold public opinion through new forms of journalism and public commentary. Others again are in religious spheres where leaders compete as interpreters of sacred scripture who see their followers as communities of faith committed to core religious values, some of which might be consistent with the system of politics and some of which might be antagonistic to those elements of the political system corrupted by antireligious values.

One significant field of leadership comes from those who in parliamentary systems of government are called "the loyal opposition." Disloyal opposition would refer to critics of the constitutional regime who oppose not only those holding executive power but also the established system for the allocation of political powers. The political development of modern democracy has plenty of examples of disloyal oppositionists who have acted as founders of new democratic regimes by destroying earlier predemocratic regimes. Such founders are very important public leaders whose own leadership effectiveness includes threats of civil war and revolution as practices necessary for regime change towards a more democratic future. Loyal oppositionists are those who support the core values of the existing regime but use constitutional means to hold the political executive publicly accountable – through parliament, the courts, the media, and civil society, generally.

Finally, we should note the role of "followers" as leaders (Ford and Harding 2015). Simplified models of leadership often reflect top-down modes of direction with a small minority of proactive leaders commanding the reactive behavior of those who follow the leadership line. More complex models of leadership can include what we might call "lesser leaders" who hold much less power in an organization but who, at certain times, can exercise leadership leverage – sometimes (as the conscience of the team) by holding firm to traditional practices which have gone out of favor with those at the top, at other times (as the inspirer of innovation) by nudging towards improvements in operating processes, and even

at times (as a frustrated friendly critic) by dissenting from existing leaders in order to establish new organizations or new networks capable of bypassing blockages restraining established leadership routines.

One conclusion emerging from this review of types of leadership is that contemporary democratic systems rely on many networks of leadership which do not neatly map on to hierarchical models where leadership is located mainly near the top of a small number of influential pyramids of power. Leadership effectiveness is complicated because many leaders share some but not all of the power necessary to contribute to the public leadership of modern societies. Across government, few heads of even the most powerful agencies can do their work without the active cooperation of many other leaders from many other institutions. While leadership effectiveness within their own agency might rest often on the power of command, effectiveness across networks of shared powers rests on mutually agreed arrangements which require leaders to deliberate frequently over the nature of their leadership projects. The checks and balances of democratic constitutionalism bring with it the obligation for leaders to "negotiate the network" through which their leadership effectiveness will make its mark. Hence, ambitious public leaders are increasingly deliberative and necessarily talkative as they go about "staging" the surprisingly theatrical components of their networks of leadership (Uhr 2014a).

## Types of Effectiveness

To be effective, a leader has to be convincing to supporters and followers. Thus, a basic level of effectiveness is becoming and remaining a leader, whether that be a sole office or as part of a leadership team. But three important questions then need to be asked about leadership effectiveness: is it productive (generating ends); is it economical (conserving means); and is it ethical (integrity-compliant). The three questions comprise a useful framework for establishing whether instances of leadership are fit for purpose, measured by three standard tests of what effectiveness can mean. Take as an example the leadership of newly appointed chief executive officer of a professional body like an association of accountants or doctors or lawyers. These three core questions get at some of the hard realities of leadership, asking whether the new leader is (i) generating a product; (ii) productively managing resources; and (iii) promoting the integrity of the association.

The answers likely to help the new CEO are like three levels of confirmation for the support shown by followers. Of course, some leaders will cultivate supporters who are generous with their trust and do not look very closely at the available evidence which might well modify or even erode their trust. But in the case of a deserving CEO, the three levels of confirmation will clarify the product being generated (such as the reputation for independence of the professional association), the cost-effectiveness of the production process (economical use of resources), and the wider public integrity of the association (promoting the public interest). Each of these three questions measures a core aspect of effectiveness. Trusting supporters will tend to make their own confirmations of their leader's effectiveness; and distrusting critics will tend to discount the evidence readily favored by the leader's followers. The result is debate over the relevance of the evidence gathered around defining the product, calculating cost-effectiveness, and judging ethical integrity. Effective leaders manage these debates to their own advantage, hoping that their leadership rhetoric can persuade audiences of the beneficial impact coming from their energy and ethics (Uhr 2014a).

Admittedly, many debates framed by leaders have more energy than ethics. Students of leadership should not expect scientific norms of strict impartiality to dominate debates over leadership effectiveness which are usually debates over the public value of products, productivity, and public integrity. Many of these debates are professional debates over the nature of the professional-development activity in question: different subtypes of accountants or doctors or lawyers will value the three items quite differently, depending on their professional perspective about the nature of accountancy or medicine or legal practice.

Some debates, however, become increasingly political as leaders and critics debate the wider public value of leadership activities. The most instructive examples are disputes over the leadership of entities providing public services at the request of, but not under the complete direction of, the executive government. In the discipline of public administration, one prominent class of such entities were civil service agencies where few political leaders had as much operational leadership as the many professional civil servants who managed the bulk of policy implementation (Menzel 2015; Uhr 2014b). Questions about the leadership effectiveness of those in charge of a treasury or a state department or a defense agency open up quite complicated exercises in data-gathering as evaluators move from assessing not only partisan political leaders but also professedly impartial bureaucrats. The end result can be several layers of assessment which blend the effectiveness of party-political and bureaucratically neutral leaders who share the leadership of one large and complex public institution.

## Two Examples

Two real-life examples illustrate some of the challenges to leadership effectiveness. Both affect policy makers and public administrators, although in quite different ways. Neither example comes from the mainstream of public policy or administration yet both establish significant policy implications. The first example relates to the automobile manufacturer Volkswagen (VW) with a graphic picture of conventional models of leadership practice which appear to be highly effective – until exposed by skeptical regulators and distrustful media. The second example relates to a famous, or notorious, whistle-blower Edward Snowden (mentioned earlier in the rankings of "thoughtful" leaders): the former contract employee of the US National Security Agency who fled to Russia in order to release national security information in the hope of persuading communities around the world to oppose US strategies of international security. Both are interesting examples of leadership effectiveness. The VW case illustrates the wily practices of a dominant industry specialist with considerable commercial success based on deceptive publicity about diesel engines reputedly minimizing the environmental risks of emission impacts. VW ranked high as a model of leadership effectiveness – until company leaders finally conceded that their predecessors had deceived the international community about the very real emission risks posed by the suspect diesel engines. The Snowden case illustrates the other end of the spectrum where a disgruntled employee breaks loose, armed with vast amounts of secret information from the US government. He seeks refuge in a foreign country where he can challenge the leadership credentials of the US government's security policies and practices.

A common element in both cases is the media. The VW case shows a very large international firm struggling against distrustful journalists and a number of regulatory bodies responsible for managing aspects of health and safety in the USA and Europe. The Snowden case shows the power that can be exercised by one employee (or former contractor) when they seize confidential information, sometimes from willing colleagues, allegedly proving that the US security strategies are more pernicious than we might believe. One lesson is that leaders have to learn to know their limits: the VW leadership team failed to acknowledge that their successful product which was proving a great commercial success was in breach of integrity standards because it misled the regulators about the deceptively high emissions it generated. The VW case apparently did not generate a "Snowden" episode but something of the reverse, in that those who would have known of the leadership deceit did little to publicize these leadership faults publicly. The Snowden case looks at the problem from the perspective of the leadership impact that a quite junior employee can have. Snowden found no way that he could use the information internally to get any change in security policy or administration, which convinced him that his own leadership strategy was to become a whistle-blower to expose the government's deceptive leadership effectiveness.

Both examples fit the three-level analysis outlined above. The leadership team at VW was

convinced that their trusted diesel engines were market leaders which could be very profitable. This team eventually fell under public pressure calling on them to disclose the full story of product deception. The dilemma for VW leaders was that many senior officials managing the firm knew that their claims for leadership effectiveness could not pass the third test of ethical integrity. For years, senior VW leaders enjoyed considerable public praise for winning the first and second tests of leadership effectiveness: they promoted a valued product which was very profitable. The trouble was that the curious regulators knew that the product was too good to be true, and eventually they discovered the evidence from VW about the deceptively clever "switches" which sent misleading information about clean engine emissions. The collapse of the leadership team showed that their so-called effectiveness was eventually misleading – causing the firm to lose very much income and reputation.

The Snowden case is helpful in showing leaders how careful they must be in managing those employees who no longer want to be followers. Even in cases very much unlike that of VW, leadership teams need to know that not only competitors or external scrutineers but also internal employees can believe that their leaders are far from effective despite apparent successes in the two tests of product and productivity. One important implication is that ethics is not only the final but also the fundamental test of leadership effectiveness: effective leaders have to carry the debate over ethics with their immediate internal supporters and also with interested external publics and accountability agencies.

Note that this debate is over *public* integrity and not simply the local values of their accustomed organizational culture. The VW case probably went through phases where local employees were convinced that the style of leadership effectiveness was "the way we do things around here" which can and does benefit the firm. But the test of integrity is substantially more demanding: it asks leaders to align their style of effectiveness around the best available standards which leaders and indeed their critics can see in the best public interest. The VW case faced its moment of truth when the leadership elite within the firm accepted that the standards being used by skeptical regulators were credibly "in the best public interest." The Snowden case draws on, precisely because the whistle-blower has seized a leadership role which is reinforced by his conviction that his disclosures are, at least in his view, also in the public interest – a standard which is persistently denied by his former US paymasters.

## Three Effectiveness Debates

Students of public leadership have warned us against misplaced precision in judging leaders' performance ('t Hart and Uhr 2008). Some forms of leadership effectiveness might fit neatly into tidy categories of analysis but most will be challenging to classify as leaders debate relationships with those sharing leadership power. One lesson is that students of leadership effectiveness have to be prepared to assess the contribution all those (leaders, supporters, followers, even dissenters) with stakes in the leadership activity have in debating and attempting to redirect each phase in the 3P process. The most effective leaders will be those who manage the sometimes protracted debates so that "the enterprise" can come to appreciate the wider public impact of their enterprise – over and above the narrower private benefits gained by those in "the enterprise."

### Debating the Product

The first level of effectiveness is "having an effect" through promotion of a product. The nature of the product depends on the type of leadership under examination. A head of government commands the power of the political executive and can be expected to promote the agenda of the entity he leads, which is the government. A good example is the promotion of public health through the legislation and policy implementation of "Obamacare" by president Obama, which became a classic case study in debates over the effectiveness of this national leader. The leader's craft in securing legislative support for this national policy innovation helped raise his stocks as a leader by showing his renewed effectiveness.

Opponents however saw the initiative as undermining federalism by imposing new demands on state governments to help manage public health care. Thus, the surprising legislative success by a leader without party control over Congress was seized on by followers as evidence of the leader's effectiveness. But the gridlock of federal policy confusion over health care was also cited by opponents as evidence of the lack of effectiveness of this same leader.

### Debating Productivity

The second level of effectiveness is "managing well" through the economic use of resources. Critics of prevailing leaders of government often contend that ruling administrators increase levels of public debt through faulty budget-making. In response, serving leaders can claim that their government budgets have limited public debt and have increased the rates of growth in the economy. At more difficult periods, the same leaders have to call on opponents to rally together with government to lower debt burdens and increase cost-effectiveness. Here is a classic field for debate over the role of productivity in defining leadership effectiveness. What is often typical in these debates is the power conflict between two arms of government where both the political executive and the legislature can have substantial impacts on the content of annual budgets. Even the third arm of government can become involved in judging whether law and policy are strictly constitutional, thereby adding substantially to the burden on executive leaders when justifying their schemes of leadership.

### Debating Ethical Integrity

The third level of effectiveness is complying with public integrity. Probity here is not simply reactive: avoiding reliance on suspicious self-interest falls short of the standard here required. Probity can mean something proactive: such as, promoting wider respect across the enterprise for the norms and processes of public integrity. A leader with evidence of effectiveness in the two preceding levels still needs to provide credible evidence that their economical promotion of a popular service or product does not breach but actually promotes rules or standards of public integrity. This justification of integrity can take either of two forms: minimally, as a reactive defense of due process with claims that no activity by leaders has been out of line with the commonly regarded procedural safeguards in policy making and program implementation; or more constructively, as a proactive argument that the public interest required reforms to strengthen policy and administration against emerging new challenges to the status quo. Typical examples relate to the imposition of new standards or safeguards in health and environmental policy. Reforming leaders claim that new worlds of uncertainty have required new mechanisms of social control to contain emerging risks, such as health hazards or environmental contaminants. Critics of such reformist leaders counter with claims that the governments have over-regulated, with consequential risks to society from intrusive bureaucracy freed from the traditional constraints against improper processes of public administration. In this third phase of leadership, those with their hands firmly on the levers of executive power face their most demanding challenge as they nudge the debate around wider social norms of public integrity, often seen by enterprise insiders as inappropriately external to the leaders' charter. Much to the regret of many leaders, democratic systems of policy and public administration tend to intrude more and more deeply into the inner worlds of leadership effectiveness. Demands of public accountability weigh heavily on leaders on any enterprise deemed to be serving a public purpose, however modest.

## Conclusion: Recovering Leadership Rhetoric

At the beginning, we gave brief attention to two personal qualities of vision and inspiration. We also noted quite different rankings of top leaders with remarkably different pictures of how vision and inspiration work in leadership settings. The hard truth was that those leaders ranked as "the most powerful" tended to score poorly on the

three Ps model of leadership effectiveness. Putin is the outstanding example of a leader who most certainly has "a product" but it is far from clear that he is a model of "productivity" or an exemplar of "probity." This can be contrasted with the rankings of the great and the thoughtful who tend to be outside of government leadership, either managing their own entities or taking roles as public intellectuals.

What is relevant to our discussion is not that these leaders display leadership that is not powerful but that they display different kinds of power than that displayed by heads of government. The leadership effectiveness of the leaders ranked as top in the greatness or thoughtfulness list are good examples of how vision and inspiration – two topics noted as outside the immediate focus in this entry – can promote styles of leadership effectiveness that measures on to the three Ps model of product, productivity, and probity.

One of the themes of this entry has been negotiated leadership. The model of leadership effectiveness we have highlighted notes the importance of leaders' rhetoric as they construct the enterprise they want with the team they value. Rhetoric might sound at odds with ethics but the three Ps model examined here rests ultimately on shared rhetoric about probity, with leaders and supporters agreeing that what they do and how they do it complies with public integrity – and can be publicly accountable for that compliance. Students of leadership have frequently noted this ethical quality to the rhetoric of leadership (Keegan 1987, pp. 54–59, 140–145; Toye 2013). Time now to have it acknowledged solidly in our models of leadership effectiveness.

## References


Beerbohm E (2015) Is democratic leadership possible? Am Polit Sci Rev 109(4):639–652. https://doi.org/10.1017/S0003055415000398

Brown A (2015) Questioning the mythology of the strong leader. Leadership 11(3):374–383. https://doi.org/10.1177/1742715015590066

Ciulla JB (2016) Searching for Mandela: the insights of biographical research. Leadership 12(2):186–197. https://doi.org/10.1177/1742715014550541

Fairhurst GT, Connaughton SL (2014) Leadership: a communicative perspective. Leadership 10(1):7–35. https://doi.org/10.1177/1742715013509396

Ford J, Harding N (2015) Followers in leadership theory: fiction, fantasy and illusion. Leadership. https://doi.org/10.1177/1742715015621372

Grint K (2010) Leadership: a very short introduction. Oxford University Press, Oxford/New York

Hudkins JM (2015) Speaking with the people's voice: how presidents invoke public opinion. By Mehltretter Drury JP. Texas A&M University Press, College Station, 2014. 195 pp. Pres Stud Q 45(2):408–410. https://doi.org/10.1111/psq.12195

Jacobson GC (2015) How presidents shape their party's reputation and prospects: new evidence. Pres Stud Q 45(1):1–28. https://doi.org/10.1111/psq.12168

Keegan J (1987) The mask of command. Cape, London

Kellerman B (2004) Bad leadership: what it is, how it happens, why it matters. Harvard Business School Press, Boston

Kellerman B (ed) (2010) Leadership: essential selections on power, authority, and influence. McGraw-Hill, New York

Keohane NO (2010) Thinking about leadership. Princeton University Press, Princeton

Margetts HZ, John P, Hale SA, Reissfelder S (2015) Leadership without leaders? Starters and followers in online collective action. Pol Stud 63(2):278–299. https://doi.org/10.1111/1467-9248.12075

Menzel DC (2015) Research on ethics and integrity in public administration: moving forward, looking back. Public Integr 17(4):343–370. https://doi.org/10.1080/10999922.2015.1060824

Nye JS (2014) Transformational and transactional presidents. Leadership 10(1):118–124. https://doi.org/10.1177/1742715013512049

't Hart P, Uhr J (eds) (2008) Public leadership: perspectives and practices. ANU E Press, Canberra

The World's 50 Greatest Leaders (2015, March 26) Retrieved May 30, 2017, from http://fortune.com/worlds-greatest-leaders/2015/

The World's Most Powerful People 2016 (n.d.) Retrieved May 30, 2017, from https://www.forbes.com/powerful-people/#447292bc4d7e

Toplist Global 2015 (2015) Retrieved May 30, 2017, from http://www.thoughtleaders.world/en/thought-leaders-2015/global/

Toye R (2013) Rhetoric: a very short introduction, 1st edn. Oxford University Press, Oxford

Uhr J (1999) Institutions of integrity: balancing values and verification in democratic governance. Public Integr 1(1):94–106

Uhr J (2014a) Civil service accountability. In: Bovens M, Goodin RE, Schillenabs T (eds) The Oxford handbook of public accountability. Oxford University Press, Oxford, pp 226–241

Uhr J (2014b) Rhetorical and performative analysis. In: Rhodes RAW, 't Hart P (eds) The Oxford handbook of political leadership. Oxford University Press, Oxford, pp 253–266

Uhr J (2015) Prudential public leadership: promoting ethics in public policy and administration, 1st edn. Palgrave Macmillan, New York
Winston KI (2015) Ethics in public life: good practitioners in a rising Asia. Palgrave Macmillan, New York

# Leadership Failures

Valerie L. Patterson
Florida International University, Miami, FL, USA

## Synonyms

Leadership errors; Leadership mistakes

## Definition

When negative unintended consequences occur as the result of mistakes, errors, ignorance, lack of expertise, flawed communication, and inability to lead. The unintended consequences can have a minor or major impact on the organization being led, the public being served, and the surrounding internal and external environment. In some situations, the failures can lead to death and have a long-term catastrophic impact.

## Introduction

Richards and Engle (1986) offer the following definition of leadership "Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished" (p. 206). This definition is useful for examining failures because failure is frequently associated with leaders who have not mastered communication skills, especially in conveying mission, vision, and goals, incongruent or conflicting values between leader and followers, and turbulence and conflict in both the internal and external organizational environment that thwart goal attainment.

Categorizing failure can be useful. Edmonson (2011) suggests that mistakes that lead to failure in organizations fall into three broad categories: those that are preventable, complexity-related mistakes, and those that are intelligent (in that valuable lessons are learned). She asserts that all failures then are not created equal.

Leadership failures reinforce the notion that leaders are not infallible and that they are human. Leaders, followers, and observers of the leadership process should know that failure is inevitable. Mistakes made by leaders can be huge in terms of subsequent impact and thus leave a historical mark. Thompson (2007) identifies this kind of failure as *catastrophic leadership failure*. These examples of leadership failure offer lessons learned that are useful for avoiding future failures if the lessons are heeded.

This entry will interrogate the meaning of leadership failures. Theoretical perspectives that explore failures attributed to leadership will be reviewed. Three examples of leadership failures in the public sector will be presented. Lessons learned from failure, strategies for mitigation, and useful ideas for avoiding mistakes from past examples of leadership failures will also be offered.

## Theoretical Perspectives

Hierarchical structures in government organizations can lead to difficulty in identifying, categorizing, and locating the nexus of leadership failures, even though the nature of hierarchy suggests otherwise. A hierarchical model suggests that the ability to locate the "leader" (and the blame) should be straightforward. But when things go very wrong in the public sector, the ethic of structure and the problem of "many hands" as argued by Thompson (1980) offers insight. Thompson argued because "many different officials contribute in many different ways to discussions and policies in the modern state [it] makes it difficult to ascribe moral responsibility to any official" (p. 905).

Bureaucratic hierarchical structures – which characterize many government organizations – are designed to work in environments where standard operating procedure is routine and where

predictable behavior can be applied. So bureaucracies historically have been modeled in a manner that approaches the complete elimination of personalized relationships and nonrational considerations. One attribute of bureaucracies as argued by Weber (1922) is the clearly defined rules precluding the necessity to issue specific instructions for each specific case. Weber sought to conceptualize an organization that would be free of emotional reactions and other types of irrational behavior.

However, leaders heading twenty-first century bureaucracies and charged with decision-making responsibilities are operating in an environment that is increasingly characterized by chaos and turbulence and their external environments extend beyond cities and states – are far more global than their predecessors – creating an increased potential for unexpected or unpredictable events to occur. These unexpected results frequently fall under the category of negative unintended consequences and may be identified as leadership failures. Merton (1936) discussed five different ways the actions of entities that make large scale decisions can have unintended consequences that can be positive, negative, or neutral – the identified causes are ignorance, error, immediate interest, basic values, and self-defeating prophecy. When leaders lose focus or have not adequately prepared for their leadership failures occur. Some failures are major and have catastrophic effects (for example, human casualties result); astute leaders pay close attention to these kinds of failure and process the lessons learned to avoid repeating them.

Leadership theory has examined traits (in what ways do leaders differ), style (examining the actions of leaders), contingency (the impact of circumstances), leader-member exchange (what occurs in the leader-follower relationship), and transformation (how are followers transformed by leaders). Theories on effective leadership abound. Leaders motivate, guide, direct, create visioning, and inspire followers. Failure can occur when these leaders do not make these things occur.

Leaders are important and in organizations are expected to behave in a manner that fosters high performance in meeting organizational goals. An iconic pop symbol was adept at pushing band members to the point where they exceeded what they felt were their artistic limits; effective and successful leaders motivate and develop their followers in this way. Clearly one of the hallmarks of leadership is for the leader to be expert enough, persuasive enough, and charismatic enough to convince others to follow. Leadership failures occur because expertise and charisma given current complexities are insufficient for meeting today's challenges. Leaders need other attributes like influence as well.

Exploring effective leadership is useful for thinking through leadership failure. Effective leaders are flexible and adaptive as these are skills that are essential for managing in organizations and especially for managing crises (Yukl and Mahsud 2010). Yukl and Mahsud argue that leaders are confronted with different situations that require different styles, thus effective leaders possess proficiency in using a wide range of diagnostic skills. Some situations require decisive action in unusual circumstances, and one example of leadership failure is an inability to respond in a decisive manner. Leaders who have limited knowledge and technical expertise fall in this category.

## Emotional Intelligence

Leadership failures reveal the challenges leaders face when they are required to make decisions that challenge their inability to know all and be all. Emotional intelligence is a necessary element of successful and effective leadership and connotes a leader's ability to be aware of both self and others, especially in handling emotions and relationships. It has been defined in the literature by Mayer and Salovey (1997) as follows "Emotional intelligence is the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth." Successful leaders are adept at combining their cognitive ability with their emotional intelligence to address workplace challenges. This leadership

competency is necessary across all levels of decision-making.

## Catastrophic Leadership Failure (CLF)

As stress level rises, cognitive ability is impacted. Thompson (2007) argues that leaders who fail to continually develop their cognitive abilities *and* their emotional intelligence place themselves and their organizations at risk for catastrophic leadership failure.

When a leader's stress level is elevated beyond a certain point, the ability to maximize the use of both cognitive ability and emotional intelligence to make decisions that are both timely and effective is placed at risk and adversely impacted (Thompson 2007). These kinds of decisions can be recognized as characterized by fear, defensiveness, denial, and over-analysis.

## Other Important Elements

Mittelstaedt (2005) suggests that "the three biggest causes of failures are not believing data, disregarding new phenomena, and not taking responsibility for problems." McCorkle and Witt (2014) argue that counterproductive communication habits on the part of the leader are a harbinger of additional pitfalls that are sure to follow. Zwilling (2016) also asserts that "effective leadership requires effective communication, including verbal, written, and body language." Micromanagement can lead to failures as the growth and expertise of followers may be stifled. Over-management can result in leadership failures because the leader fails to trust in the expertise of followers and does not delegate.

## Noted Examples of Leadership Failures in Government Organizations

One approach for examining leadership failures is to review examples. There are several more recent examples of failed/flawed leadership in government organizations that are useful for considering this topic. Failed leadership in government organizations can have a disastrous impact and cause the further erosion of public trust and confidence. While there are others, three twenty-first century examples that seem particularly useful are – the handling of the 9/11 terrorist attack in New York City in 2001, the Hurricane Katrina disaster in New Orleans in 2005, and the death of Michael Brown in Ferguson, Missouri, in 2014. The examples that follow should not be viewed as a comprehensive exploration and assessment of leadership failures. They are offered as brief summaries that should be explored to provide additional insight and understanding of leadership failures occurring in public organizations.

## September/11/2001

An exploration of leadership failures related to the September 11, 2001, reveals criticism directed to multiple leaders of government agencies, particularly leaders of intelligence agencies in the USA. Reflections and critique point to failure to develop and/or implement a comprehensive strategy for combating terrorism, failure to delegate authority, failure to act on critical information, and failure to develop a coordinated response to acquired vital information at the highest levels of intelligence and defense agencies. Other leadership-centered failures include failure to coordinate human resources and the failure associated with the creation of a massive, cumbersome bureaucracy in the form of the Department of Homeland Security (DHS). DHS combined 22 agencies that are at times dysfunctional because of the unwieldy form of this department.

Reflections from 9/11 for leadership lessons cannot be considered without linking and incorporating the "War on Terror." This war that continues some 15 years later further highlights leadership failures of key decision makers. Multiple American military campaigns, deaths of innocent civilians and military personnel, limited healthcare and mental health treatment afforded to returning US veterans, Abu Ghraib, Guantanamo detention, global anger, global unrest, and subsequent domestic and international

acts of terror are the outcomes and reflect the negative unintended consequences that can occur.

## Hurricane Katrina in New Orleans

Leadership failures related to Hurricane Katrina can be found on the federal, state, and local levels of government. Some argue that the response to Hurricane Katrina reflects an inability on the part of government leaders to learn the lessons from 9/11. Leaders across all levels engaged in behavior that is counter to effective leadership. One failure with a cascading impact was poorly executed decision-making at the highest levels of federal government. The placing of inexperienced people who lacked important qualifications is identified as a leadership failure that occurred. Government leaders failed in their ability to assess the potential magnitude and impact of the storm and were unprepared to make timely decisions and coordinate a response as required by the disaster that resulted. Leaders at the local and state levels demonstrated a superficial and incomplete knowledge of historically marginalized and disadvantaged communities in the city of New Orleans, leaving thousands vulnerable and unable to evacuate. The inability of government leaders to rise above political and partisan interests before, during, and after Hurricane Katrina is also identified in the literature as an example of leadership failure. Leaders at the highest levels used politics and partisanship to center their actions and reactions to the events that unfolded before and after Hurricane Katrina. The literature reveals that failures occur when the wrong people are chosen to lead organizations. In the case of Hurricane Katrina, finger-pointing, blame placing, and political survival were given primacy over finding solutions and alleviating the pain and suffering of residents facing dire circumstances in the aftermath of the storm. One frequently noted leadership failure at the federal level was the appointment of an agency director who lacked expertise in emergency management. This director was not prepared to motivate agency personnel or offer direction in achieving emergency management goals. He failed to demonstrate the most rudimentary capacity to direct and lead the federal response, an essential charge and responsibility of the agency he headed.

## Civil Unrest and the Death of Michael Brown in Ferguson, Missouri

A more recent example of failed leadership across multiple levels is the response of law enforcement agencies, elected leaders, and government officials to protests and civil disobedience in the shooting of Michael Brown in Ferguson, Missouri, in August 2014. The initial obvious circumstances of Brown's death – unarmed with his body left uncovered in the streets for a reported four hours – immediately resulted in community protests. Failed leadership manifested itself in myriad ways, and the constitutional rights of protestors were violated. Similar to the other examples presented in this entry – government officials across multiple levels (this time local, county, and state) failed to communicate and coordinate their response to the unrest; when communication occurred the messages were disjointed and conflicting; police officers used military equipment (like tanks and drones) that they had not be adequately trained to use to dispel protests; excessive force was used against protesters; and active violation of the constitutional rights of protestors by law enforcement occurred.

Brown's death focused attention on the absence of diversity among higher ranking public officials in a town that was predominantly African-American. Brown's death and the resulting civil unrest led to a subsequent Department of Justice (DOJ) investigation that exposed troubling policy and practices that disproportionately impacted poor black people in Ferguson. City leaders were aware of and encouraged law enforcement efforts focused more on maximizing revenue than ensuring safety for the citizens, especially those residing in the black community. The Department of Justice issued a report in March 2015 that detailed "a pattern or practice of unlawful conduct within the Ferguson Police Department" (p.1). In the year 2013 alone, 9,000 warrants for minor violations were issued,

deemed disproportionate for a city the size of Ferguson. The DOJ investigation determined that two-thirds of Ferguson's black population had received warrants. Ferguson's leaders created a culture that encouraged and rewarded the writing of citations and the collection of fines to increase city revenue, a practice that created a dependency on the collected revenue. These warrants were issued for the arrest and incarceration of people who were financially vulnerable and unable to pay the fines, and their incarceration created additional vulnerabilities, poverty, and marginalization.

The DOJ investigation found the police leadership did little to ensure that officers under their supervision acted in accordance with law and policy. The pattern of stops conducted by law enforcement in Ferguson was characterized by many First and Fourth amendment violations.

## Cultural Competency and Leadership Failure

Hierarchical leadership models are limiting in today's organizations. A singular view of leadership that is grounded in the predominant use of authoritarianism and patriarchy can be linked to all of the examples of failures at the highest levels presented in this entry. The ever-changing dimensions of diversity in the twenty-first century and their complex nuances require leaders who are adept at understanding the impact of cultural competence on leadership effectiveness. Leaders who embrace styles that are insulated and parochial are destined for failure. Useful research acknowledges that some leadership characteristics seem universal across multiple global societies – trustworthy, just, honest, and decisive. How these traits are performed across multiple societies may differ however (Hoppe and Eckert 2011). Leaders should start from and ground cultural competence in their responses and interaction with subordinates, peers, clients, the public, communities, and other important stakeholders. To avoid failure, leadership must be inclusive and open to diverse ways of knowing, thinking, and being.

## Lessons Learned

Light (2014) examines what he identifies as a cascade of government failures and ranks them by news interest. Two of the examples presented in this entry are ranked 1st and 3rd based on the news coverage generated. While Light does not specifically identify each as a leadership failure, he does identify leadership as one of the contributing factors to failures in government and argues – "Government's top appointees might have been unqualified to lead; could have made poor decisions before, during, and after the failures appeared; or might have taken their posts after long delays created by the presidential appointments process" (p. 11). He asserts that one of the first steps in reducing failure is to ensure that vision, delivery, and their intersections are considered "at every stage of the policy process" (p. 23). Lessons learned from failure should be embraced and acted on. Failure should force introspection and reflection in leaders. Leaders of public organizations must understand that a universal lesson is if you break something, you should fix it. Across the three examples presented in this entry, it is clear that failure should lead to more collaboration and communication among principals and less finger-pointing and blaming. Public leaders should serve their constituencies and not themselves.

In one exploration of the things that successful leaders do in a crisis, Newlands (2014) found that failure should not be taken personally. This means leaders should take tangible steps to ensure that when similar situations occur different steps are taken. Effective leaders learn from failure. Several experts advocate the use of transformational leadership. Northouse (2016) (while acknowledging and documenting weaknesses) argues that "transformational leadership appears to be a valuable and widely used approach" (p. 190). In terms of effective approaches, Yukl's (1999) research offers evidence that the transformational model of leadership is effective. This argument is supported by research which demonstrates that the transformational approach to leadership "was positively related to follower satisfaction, motivation, and performance (Northouse 2016).

Emotional intelligence is touted as essential to successful leadership. The importance of awareness and honing of a leader's emotional intelligence is a lesson that is learned from the exploration of leadership failures.

Leaders can avoid failure by realizing that leadership is a constant process that involves commitment to learning and relearning (Bennis and Nanus 1985) whether focused on intellectual, social, or emotional intelligence.

## Conclusion

This entry has examined leadership failures and offers a brief overview of examples of failure, important elements of failure that are explored in the literature, lesson learned from failure, strategies for mitigation, and useful ideas for avoiding mistakes from leadership failures of the past.

## Cross-References


- ▶ Cultural Competence in Nonprofit Organizations
- ▶ Emotional Intelligence as an Antecedent of Leader Emotion Contrasting Behaviors
- ▶ Ethical Leadership
- ▶ Ethics and Social Policy
- ▶ Exercises in Crisis Management Training
- ▶ Human Rights in the Twenty-First Century
- ▶ Institutional Racism and the Public Sector
- ▶ Leadership Across Hierarchical Levels
- ▶ Leadership and Emergency Management
- ▶ Leadership and Social Justice
- ▶ Leadership Development
- ▶ Leadership Development in Organizations
- ▶ Leadership Effectiveness
- ▶ Leadership in Organizations
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Organizational Decision-Making
- ▶ Organizations and Environment
- ▶ Psychology of Leadership
- ▶ Public Values in Public Organizations
- ▶ Social Equity Leadership


## References


Bennis WG, Nanus B (1985) Leaders: the strategies for taking charge. Harper & Row, New York

Edmonson AC (2011) Strategies for learning from failure. Harvard Business Review. Online retrieved from https://hbr.org/2011/04/strategies-for-learning-from-failure

Hoppe M, Eckert R (2011) Leader effectiveness and culture: the globe study. Center for Creative Leadership. Retrieved from http://www.ccl.org/leadership/pdf/assessments/globestudy.pdf

Light P (2014) A cascade of failures: why government fails, and how to stop it. Center for Effective Public Management, Brookings

Mayer JD, Salovey P (1997) What is emotional intelligence? In: Salovey P, Sluyter D (eds) Emotional development and emotional intelligence: implications for educators. Basic Books, New York, pp 3–31

McCorkle S, Witt SL (2014) People skills for public managers. M.E. Sharpe, Armonk

Merton R (1936) The unanticipated consequences of purposive social action. Am Sociol Rev 1(6): 894–904

Mittelstaedt RE (2005) A month after Katrina: lessons from leadership failures. Knowledge@Wharton. Retrieved 20 May 2016 from http://knowledge.wharton.upenn.edu/article/a-month-after-katrina-lessons-from-leadership-failures/

Newlands M (2014) 5 things successful leaders do in a crisis. Inc.com. Retrieved 1 May 2016 from http://www.inc.com/murray-newlands/5-things-successful-leaders-do-in-a-crisis.html

Northouse P (2016) Leadership – theory and practice. Sage, California

Richards D, Engle S (1986) After the vision: suggestions to corporate visionaries and vision champions. In: Adams JD (ed) Transforming leadership. Miles River Press, Alexandria, pp 199–214

Thompson D (1980) Am Polit Sci Rev 74(4):905–916. Retrieved 17 May 2016 from https://blogs.commons.georgetown.edu/ppol-560-fall2011/files/Ethics-Thompson-Moral-Responsibility.pdf

Thompson HL (2007) PhD. Retrieved 17 May 2016 from https://www.hpsys.com/PDFs/CatastrophicLeadershipFailureOverviewv2_18SEP2007.pdf

United States. Department of Justice. Civil Rights Division. Investigation of the Ferguson Police Department. March 4, 2015. Web. 11 May 2016 https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf

Weber M (1922) Bureaucracy. In: Gerth H, Mills CW (eds) Max weber: essays in sociology. Oxford University Press, Oxford, UK

Yukl GA (1999) An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. Leadersh Q 10(2):285–305

Yukl G (2012) Leadership in organizations, 8th edn. Prentice Hall, Upper Saddle River

Yukl G, Mahsud R (2010) Why flexible and adaptive leadership is essential. Consult Psychol J 62(2):81–93
Zwilling M (2016) Leadership is learned from experience, mentoring, and failure. Entrepreneur online. https://www.entrepreneur.com/article/273414

# Leadership Group Coaching

Katharina Balazs
ESCP Europe Business School, Paris, France

## Synonyms

Executive coaching; Group executive coaching; Leadership coaching

## Definition

Leadership group coaching is a process by which one or several executive coaches provide help to executives in a group setting, enabling these executives to develop their own leadership skills through increased self-knowledge, self-development, and feedback and thus to contribute to the success and sustainability of their organizations.

## Introduction

In this chapter, we will look at the difference between individual, one-to-one executive coaching and group executive coaching and explore the benefits of the latter as compared to the former. Then we will explore the journey of group executive coaching in more detail – the preparation phase, the coaching process, and its follow-up. We will explore both the measurable and the implicit outcomes and impact of both the individual and the group executive coaching process. Finally, we will take a closer look at the role of the coach in the process, the kind of preparation that is required of an effective group coach, and the possible pitfalls that can harm the coaching process.

## Why Executive Leadership Coaching?

The last years have seen a sharp increase in the demand for executive leadership coaching in the business world. Corporate America, for example, is spending more than $1 billion annually on executive coaching (Symonds 2011). While coaching used to be associated with less than optimal performance, with executives being offered coaching as a last resort – and in utmost secrecy – before being definitely considered unsuitable for their organizations or their positions, today having a personal leadership coach has become a privilege accorded to the best performers and highest potentials in the organization. According to the Ridler Report (2013), an internationally reputed research project on coaching, which analyzes strategic trends in the executive coaching field based on extensive data, 83% of those questioned about why executives received coaching said that the first and foremost reason was the coachee receiving significant additional developmental investment because of them being highly valuable for the organization. Only 10% indicated that the reason executives were offered coaching was significant underperformance. Thus, for today's executives, having one's own coach has become a sign of prestige, with every self-respecting executive demanding one.

This brings about the question: why has coaching gone from warning sign to reward? The answers are manifold. For many organizations, what was an effective way of running the business a few years ago is no longer valid today, and competencies and skills that were the cornerstone of an executives' repertoire have become obsolete. This creates relentless pressure for today's leaders, requiring them to concentrate on long-term, strategic thinking, while at the same time producing outstanding results in the short term.

Another reason for the importance that executive coaching has taken on has to do with the change in organizational cultures and leadership styles during these past years (Kets de Vries 2005). Organizational structures have become flatter, more spread out – sometimes globally -boundary-less and often virtual. The old model

of command and control leadership has become ineffective in these kinds of structures, where power has been replaced by influence resulting from unique skills, the right kind of network, and global/cross-cultural knowledge. These new organizational forms put high demands on executives' emotional intelligence (EQ), interpersonal skills, and relationship management. Given the extent to which business education has put the emphasis on hard skills, many of these softer skills are in short supply in today's organizations. Executive coaching can address the lack of these skills and help in developing them.

Last but not least, the ever-growing legal and corporate governance demands are contributing to executives' sense of insecurity and disorientation. This, when they complain of "having nobody to talk to," has become a dire reality to many executives who realize that the higher they are in the organization, the more difficult it becomes to exchange with others about their concerns. Executive coaches are thus becoming the preferred sparring partner, as they have often both extensive business experience and are thus familiar with the issues executives face, but are, at the same time, as outsiders, more "neutral" than colleagues and superiors within the organization.

For the organization, executive coaching can be used as a remedy for many ills: as a way of retaining and developing high potentials, a learning opportunity, and also as a preventive measure against burnout and stress. It provides executives with the opportunity for continuous learning and with ways of self-renewal and coping with tough situations. As a result, and given that organizations and executives have become keenly aware of the value of coaching both on the individual and the organizational levels, the coaching market has become a multibillion-dollar enterprise, with leadership coaching having become a major activity for large consulting firms, as well as small, boutique coaching providers, and also constituting an integral part of most executive education programs of leading business schools.

As a first step, let us start by examining the distinction between individual and group coaching processes.

## What Is Group Executive Coaching and Why Is It Successful?

In today's organizations, we mainly find two kinds of coaching processes: one-on-one coaching and small-group coaching.

One-on-one leadership coaching can be considered as a cocreation process between the coach and the coachee, in which the coach supports the executive to reach a mutually determined goal, which can contain anything from the willingness to delegate more to mastering a successful leadership transition and even to acquire better strategic thinking. This kind of coaching can be very effective when it is conducted over a certain amount of time (often 3–6 months) with one to two sessions a month. On the downside, the outcome is dependent on the chemistry and relationship that develops between coach and coachee, and what is more, the coachee is confronted with only one point of view.

Leadership (small) group coaching, on the other hand, is a very effective alternative to individual coaching, one which is more likely to result in durable changes in leadership behavior. This kind of coaching, as opposed to one-to-one coaching, is most often part of a broader executive development program in business schools. Groups are made up of a small number of (3–6) executives who are either from different companies participating in open enrolment programs or participants of a customized company-specific program. In this later case, the participants either come together from across the whole organization, functionally and/or geographically, or can also be members of the same department, and even the entire top management team, if the goal is to create a better-functioning team.

Group coaching is an intervention approach pioneered by professor Manfred Kets de Vries from INSEAD's Global Leadership Center (IGLC) in 2003. He was the first to successfully develop a clinically oriented psychodynamic group coaching process for leadership development, providing participants with accelerated, experiential learning in leadership skills. Kets de Vries, a psychoanalyst as well as a business school

professor, created a methodology called the clinical orientation, which is solidly grounded in concepts of psychoanalytic psychology, short-term dynamic psychotherapy, cognitive theory, human development, and family systems theory. This approach can be extremely powerful in deciphering and providing solutions to deep-seated leadership and organizational issues that do not lend themselves to traditional organizational change interventions (Van den Poel and Ward 2015).

The advantage of the psychodynamic approach is that it allows and encourages participants to take time to reflect on their own functioning, motivational forces, strengths and development areas, and the underlying reasons for their successes and failures. In today's turbo-charged organizations, where the constant need to act does not leave any time for self-reflection, being able to reflect and talk about oneself, one's personal history and timeline, and explore issues until then left unexplored in a safe, noncompetitive environment creates a sense of meaning participants have often been missing in their quest for the next milestone.

The group members' role is crucial in this process. They listen, reflect, ask questions, and raise challenges to each other, creating a sense of emotional engagement that is very unusual after such a short time spent together. One of the forces of group coaching that comes from this kind of interaction among group members, and which is entirely absent in one-to-one coaching, is the extent to which participants recognize themselves and their own personal challenges in the others. From having had the perception of being the only one with their particular questionings, they undergo a process of sharing and bonding, which, in the end, helps them to increased self-acceptance and appreciation.

The success of the leadership group coaching method is illustrated by the numbers: from being an entrepreneurial start-up venture, the INSEAD Global Leadership Center counts over 100 group coaching interventions a year, working with a global network of 100 executive coaches and providing coaching to over 4000 executives every year. As these outcomes suggest, small-group coaching has unique advantages and is an accelerator of leadership development at the individual, team, and organizational levels, while offering a more cost-effective alternative of tackling major individual and organizational challenges (Van den Poel and Ward 2015).

In the following, we will look at how concretely the group coaching "journey" works, from the preparation phase of the process to the follow-up and its concrete outcome and results.

## The Group Coaching "Leadership Journey"

### Preparation

Psychodynamically oriented group coaching work has a strong action-learning component, so it is important to do some diagnostic work up front to identify key issues executives face. This will allow to set priorities and the focus for the interventions. Thus, the group coaching process starts with participants reflecting on their own leadership styles and patterns. To support this reflection, participants are asked to complete a proprietary – and entirely confidential, with access granted to the coach dedicated to the participants' specific coaching group only – global 360-degree feedback questionnaire.

The questionnaire is adapted to goal of the intervention: when the goal is the exploration of strategic leadership issues, most often the GELM (Global Executive Leadership Mirror) is used, as it covers the entire range of issues executives face. When addressing top teams in companies, a specific team-oriented 360 questionnaire, the LAQ (Leadership Archetype Questionnaire), is used. When assessing the organizational culture of companies, the OCA (Organizational Culture Audit) questionnaire will be the one best suited for the purpose. And sometimes, corporate clients insist on using their own, 360-degree feedback. Experienced group executive coaches are certified in many of these instruments and are skilled in adapting to and using even those they are not familiar with. It is important to point out that the questionnaires do not constitute an assessment of participants' skills, competences, or potential but are uniquely used as a basis for creating a

personalized leadership development approach for each individual executive.

To complete the whole picture, participants are asked not only to fill in the questionnaires themselves but also to select a number of observers who do it for them: superiors, peers, and direct repots, as well as people from outside their professional peer group, for example, partners or adult children. This measurable, quantitative feedback, provided by self as well as outsiders, is combined with qualitative feedback from participants' personal environment, as well as a detailed biography of each participant. All material is then provided to the group coaches, helping them to prepare for the coaching intervention and acquire a certain familiarity with the participants from multiple points of view.

### The Coaching Process

Group coaching workshops typically take 1–2 days, depending on the group size. Groups of four to six work best, facilitated by the professional coach. The workshops are structured to transition participants into an atmosphere conducive to this work, then, when the necessary trust is present, conduct a 1–1.5 h session with each participant, after which participants will be helped to transition back to their daily lives. Based on their feedback instruments and other exercises, participants engage in a discussion of their feedback facilitated by their executive coach and with the other participants present, with the facilitators inviting other participants to share their views as well where appropriate.

In more in-depth versions of this group leadership process, the leadership coaching is spread over two modules of the executive program with one or more full coaching days in each module. Certain programs follow-up with individual one-on-one coaching, on others, the coaching day is preceded by a day of outdoor experiential learning exercises, constituting yet another source of valuable feedback material about the participants (Van den Poel and Ward 2015).

As an important part of the workshops, participants work with the coaches and the rest of the group to elaborate individual leadership action plans, with action items related to business and personal objectives, which are to be implemented during the 3–6 months after the coaching day. At the end of the day, participants commit publicly to their action items and are held accountable by other members of the group for their progress through a process called peer coaching, which entails regular contact and support between group members. The main goal of the after-group period shifts from applying lessons learned about one's own individual leadership style to applying these skills to team and organizational leadership.

### Follow-Up

In order to ensure that the insights and learning points of the coaching create a lasting effect in participants' lives, at least one follow-up of some kind is essential. This can be one or several group conference calls with the coach a few weeks after the coaching day, or one or more follow-up calls with one's peers or with the coach 1–2 months after the program, the goal being to support the participants in implementing their leadership action plan (Kets de Vries 2015).

### Outcome and Impact

Given the nature of coaching, namely, that it targets first and foremost individual human beings' internal processes – which then impact organizations – it is not surprising that the value of coaching for organizations has been hard to measure. Attempts have been made to measure the "ROI" of coaching from both a quantitative and a qualitative point of view: the Global Coaching Report of the International Coaching Federation suggests an analysis of the benefits of coaching based on two performance metrics – one to measure return on investment (thus, its monetary benefits) and the other to measure return on expectations (coaching's nonmonetary benefits) (ICF 2009).

Looking at the impact of coaching from a quantitative, point of view, several sources point to considerable benefits. According to the Global Coaching Report of the ICF mentioned above, when asked if they or their company had experienced any financial changes (gains or losses) as a result of coaching, 40% of clients indicated that a

positive financial change had occurred, while 19% were unsure. The key findings of this study on individual and company ROI are the following:

- Individual ROI: 68% of individuals indicated that they had at least made back their initial investment.
- Company ROI: 86% of those able to provide figures to calculate company ROI indicated that their company had at least made their investment back, with 19% of them indicating an ROI of at least 50 times the initial investment and a further 28% indicating an ROI of 10–49 times the investment.

Another source, a recent global survey by PriceWaterhouseCoopers and the Association Resource Center described in Forbes (Symonds 2011) puts the mean return on investment in coaching seven times the initial investment, with more than 25% of coaching clients reported a ROI of 10–49 times the cost.

In terms of return on expectations – i.e., non-monetary outcomes – the key findings of the ICF study were the following:

The vast majority of clients indicated being very satisfied with their experience. Ninety-six percent of clients indicated that they would repeat the coaching experience given the same circumstances that lead them there in the first place. The main benefits of the coaching process were described as being heightened self-esteem/self-confidence (80%), better relationships (73%), increased communication (72%) and interpersonal skills (71%), higher work performance (70%), better work/life balance (67%), and wellness (63%).

On a personal level, the most observable benefits experienced by executives as a result of their leadership coaching journey can be found both in the short and in the longer terms: the former is most evident when executives work on a very specific behavior at reentry, for example, "better listening" or "delegating more." The latter, longer-term effect kicks in during the first weeks and months after reentry. Coming out of the coaching process with heightened self-awareness, executives will experiment with a new leadership style, which over time will create a deeper level of change in their leadership identity, thus having an effect on followers' perceptions and behavior. This, in turn, will have a long-term influence on a number of aspects of the organization's culture and strategy, with the coaching process thus resulting in a virtuous and self-reinforcing circle of positive change (Kets de Vries 2005).

It becomes clear from these studies that executive coaching can have considerable, even measurable impact. Let us now take a look at how and why group executive coaching differs in impact from one-to-one coaching.

In group coaching situations, there are a number of forces of change that increase the likelihood that participants will go through more lasting development. One of them is the abovementioned effect of the group coaching setting providing participants with a considerable dose of hope, as a consequence of noticing how the other people in the group are making better choices in their lives. Also, as mentioned, being part of a group of people with similar backgrounds and experiences helps the participants recognize that what they are going through is universal and that they are not alone in their confusion. Furthermore, the members of the group will be able to help each other by sharing information and strengths and by providing mutual support to each other, thus boosting their self-confidence. In addition, the group provides participants the opportunity to explore and experiment with new behaviors without too much risk, as it is a comfortable setting to practice behaviors that could turn out to be destructive or unhelpful in real life. By interacting with other people and receiving feedback from the group and the coach, each individual can gain a greater understanding of him- or herself and learn what works and what doesn't when it comes to their leadership style and functioning. The setting and support also help the participants realize that they are responsible for their own lives, actions, and choices. None of these factors are present to the same extent in one-to-one individual coaching.

Having described the coaching process and its outcomes, it is important to say a few words about the person whose role is crucial to the process and its success or failure: the executive coach.

## The Coach

In this final part of our chapter, we will look at the role of the coach in a small-group setting. The way the coach handles not only the group, but also him- or herself can make or break a group coaching experience. There are many traps that group executive coaches need to be aware of in order to help executives get the most effective coaching experience.

The majority of executive coaches subscribe to two main streams of thought. These can be summed up as the *psychodynamic* and the *cognitive-behavioral* approaches. While the first orientation pays a considerable amount of attention to the client's past history (exploring the reasons for present-day problem behavior) as a basis for creating change, the second one disregards the past entirely, to focus on challenges that need to be taken care of in the present and in the future.

Both forms of executive coaching can be successful in accomplishing the same thing: to help executives that struggle with contemporary issues in their lives – to help them function more effectively. The choice of one approach or the other very much depends on the coach's training, style, and personality. Some coaches use only one approach with all their clients, while others tailor their approach based on a particular client's needs, symptoms, and personality, mixing and matching the two approaches for maximum results.

The essence of the two approaches is the following (Kets de Vries 2005): conceptually, coaches who prefer the psychodynamic approach try to help executives acquire increased self-knowledge and a deeper understanding of their relationships with others. To accomplish this task, they pay attention to the fact that a great deal of human behavior is unconscious. Furthermore, they also take into consideration that one's personal history deeply impacts the way they think, feel, and act in the present. Thus their main focus will be to find the hidden feelings and motives that participants have – to resolve unconscious conflicts as shown in present behavior. To discover these links, psychodynamically oriented coaches make a great effort to explore how events that have happened in early life have affected the way participants feel about themselves, how they relate to others, and how they deal with their and others' emotions. Through the examination of these unresolved conflicts (that are results of dysfunctional relationships from the past), they help their clients acquire a greater understanding of the influence of the past on present behavior – they help them to become more conscious of their unconscious thoughts, feelings, and motives. This kind of understanding will help coaches realize which aspects of those problems they may be able to solve or improve. In this journey of self-exploration, the coach will aid their clients to learn how to take greater control over their lives and respond to challenging situations with healthy coping skills.

The underlying concept behind the other prevalent approach to coaching, the cognitive-behavioral approach, is that thoughts and feelings play a fundamental role in human behavior. Coaches who follow this method suggest that change happens when participants overcome their difficulties by identifying and changing dysfunctional patterns of thinking, behavior, and emotional responses and acquire new coping techniques and problem-solving skills. Thus what these coaches do is making a great effort to help their clients recognize maladaptive thought patterns and behaviors and correct them through conscious effort. The ultimate objective is to make clients understand that while they can't control every aspect of the world around them, they can take control of how they interpret and deal with things in their environment. This approach is more focused on the "here and now" compared to the psychodynamic one and does not devote much attention to the reasons of maladaptive behavior.

## The Pitfalls of Group Coaching

Psychodynamically oriented leadership coaches draw heavily on psychotherapeutic frameworks and skills. In leadership coaching, as in psychotherapy, there may be a discussion (depending on how deep the leadership coach and the client are willing to go) of blind spots, defensive reactions, and irrational thoughts. Thus, whatever depth the

leadership coach and the client is prepared to go to, it is important to be prepared for emergencies in the coaching process, and coaches need to recognize the danger signs that can derail it.

For these reasons, effective and constructive leadership coaching is built on a solid base of psychological understanding and practice. Particularly in the case of group interventions, it is essential that the leadership coach has had some clinical training; otherwise, he or she will not be able to decipher dysfunctional group dynamics and individual pathology. Ideally, aspiring leadership coaches undergo clinical training to prepare them for the kind of deep-seated psychological problems that can derail the leadership coaching process. This kind of training starts with the coach becoming aware of his or her own psychological issues, which, left unexplored, will infiltrate and contaminate the coaching process. Only those leadership coaches, who have had some training in psychological techniques and methods, in combination with intensive experience of life in organizations, are equipped to be most effective in the domain of group executive coaching. Coaches who are lacking training and experience in these two fundamental areas are likely to do more harm than good. Because the leadership coaching process often awakens deep-seated psychological problems, raising issues that need much more than a simple coaching intervention, leadership coaches who do not have solid psychological training are woefully unequipped. A leadership coach's inability to recognize such problems, or the tendency to downplay them, can have detrimental results for individual and organization.

## Conclusion

As we have seen in this chapter, while individual, one-to-one coaching can be very effective, group executive coaching brings some distinct advantages to the individual coachee, the group, and the organization, with both measurable and implicit benefits. As the constant changes in organizational practices and processes put increasing and new types of pressures on leaders, executive coaching – and in particular group executive coaching – has shown to significantly contribute to executives managing the growing pressures. Looking at the way the practice of coaching has expanded from last-resort solution to a global industry in a matter of a few years, it seems fair to say that group executive coaching as an effective executive development tool is here to stay.

## Cross-References

► Culture and Organizations
► Leadership Development in Organizations
► Leadership in Organizations

## References

ICF (2009) ICF global coaching client study. ICF, Association Resource Centre/PricewaterhouseCoopers LLP, Lexington

Kets de Vries MFR (2005) Leadership group coaching in action: the Zen of creating high performance teams. Acad Manag Exec 19(1):61–76

Kets de Vries MF (2015) Vision without action is a hallucination: group coaching and strategy implementation. Organ Dyn 44(1):1–8

Mann C (2013) The Ridler report: trends in the use of executive coaching. EMCC, London

Symonds M (2011) Executive coaching – another set of clothes for the emperor? Forbes. http://www.forbes.com/sites/mattsymonds/2011/01/21/executive-coaching-another-set-of-clothes-for-the-emperor/#5b50fdad1d76

Van den Poel M, Ward G (2015) How small group coaching can accelerate leadership development. EFMD Glob Focus 9(1):48–51

# Leadership in Organizations

Anna Marie Schuh
Department of Political Science and Public Administration, Roosevelt University, Chicago, IL, USA

## Synonyms

Direction; Guidance; Management

## Definition

Leadership is the act of engaging others to pursue activities toward a specific goal. Organizational leadership involves engagement that supports goals that enhance the state of the organization.

## Introduction

Leadership is not one approach and studying leadership is not an exact science. Definitions and explanations have varied over time. More importantly, organizational leadership style needs to vary to accommodate individual skills, organizational mission, and environmental factors.

Dwight D. Eisenhower, who was the Supreme Commander of the European Allied Forces during World War II and the 34th President of the United States, said that "Leadership is the art of getting someone else to do something you want done because he wants to do it . . ." In Eisenhower's view, leadership is essentially about motivation and interaction with others (Eisenhower 1954). Many years before, Max Weber studied leadership in which he noted that the authority of leaders comes from three sources: charisma (force of personality), traditional authority (organizational structure), and legal-rational authority (rules and regulation). From Weber's perspective, leadership is about situation (Weber 1978). Putting these two views together, leadership within an organization encompasses two elements: the leadership situation and interaction with others.

## Leadership Situation

Beginning with the situation perspective identified by Weber, Dartey-Baah reviews three leadership types, two of which fall into the situational category. Transactional leadership involves a transaction-based reward system, passive management so that employees have space to carry out functions and active management only when there is a deviation. This leadership approach functions best in a stable environment (Dartey-Baah 2015). Aviolo et al. add transactional leadership which involves exchange of rewards for performance (Avolio et al. 2009). Kellis and Ran conclude that as public service evolves into a collection of different organization types providing service, the traditional transactional leadership style loses its power (Kellis and Ran 2013).

Dartey-Baah's second situational leadership type is resilient leadership. Resilient leadership involves first-rate performance against goals. This performance responds to a situation in which market and technology are changing and success is achieved through innovation. Resilient leadership requires emotional intelligence from the leader who needs to keep the work force focused on organizational goals during turbulent times. While Dartey-Baah notes that situational leadership types generally focus on ensuring compliance with established procedures, because of the unsettled environment of the resilient leader, deviation from established procedures is a possibility (Dartey-Baah 2015).



## Leader Interaction with Others

As Aviola et al. note, the perspective on leadership has changed over time. Leadership is now described in dynamic terms such as shared, relational, and strategic. The leadership literature now focuses on holistic and positive forms of leadership with an emphasis on causality between leadership, impacts, and outcomes. The follower has become more important in the system. Researchers see leadership as complex, distributed, and shared with alternate leadership approaches such as E-leadership (i.e., leadership using technology to manage dispersed individuals and groups) becoming more prominent (Avolio et al. 2009).

Consistent with the movement to more interactive, contextual leadership, Althaus uses a metaphor approach in talking about the effects of leadership on organizations. She identifies three useful metaphors (i.e., mandarin, executive, and Sherpa) concerning those who exercise leadership in influencing those who govern. She suggests that the Sherpa is the most effective metaphor for the public sector, although the executive

metaphor is most prevalent in modern times. Below is her explanation of each metaphor.

- Mandarins are elite and lead from position, often a birthright position. They are small in number and connect with those in power through family, class, culture, and the same schools. Mandarins are advisors to top officials and do not necessarily hold official positions. They are small in number and often do not interact directly with bureaucrats but rather provide their advice directly to the top elected or politically appointed official.
- Executives are top bureaucratic officials who assist rather than advise top elected or appointed officials. Executives tend to be goal-oriented, dominated by the execution process, encouraged by performance incentives, and focused on the interests of the elected official.
- Sherpas lead through team work and act as the representative of the leader in the facilitation of the team. They build on the work the organization has already completed and take the position that the leader cannot lead without the help of the follower. In addition to their focus on teamwork, Sherpas emphasize experience, goal creation, and environment. They obtain their power from their superior skill and knowledge; however, to maintain power, they must continually demonstrate this skill and knowledge. Sherpas have a common goal with the political official, blend into the background, and see their role as subservient to the political official (Althaus 2016).

Dartey-Baah also addresses leader interaction with others when he discusses transformational leadership. This leadership type encompasses both a holistic and an individualistic attainment of group goals. The leader communicates through inspiration and works to advance the leadership abilities of employees. The purpose of transformational leadership is to share organizational goal responsibility with employees (Dartey-Baah 2015). Aviolo et al. add that transformational leaders go beyond self-interest to inspire performance beyond normal expectations. The transformative leader often is charismatic, visionary, inspiring, and ideologically motivated (Avolio et al. 2009). Kellis and Ran note that relational leadership ideas include idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Kellis and Ran 2013). In this context, Ljungholm concludes that transformational leaders use networks and pay attention to external challenges while crowdsourcing solutions with employees and other interested parties (Ljungholm 2014).

Additional authors address interaction between leaders and others. Mary Parker Follett first identified shared leadership as a situation in which team members lead each other (Follett 1924). In discussing complexity leadership, Aviolo et al. suggest that in addition to follower behavior, the leader must look at the entire organizational context to determine which leadership approach (i.e., adaptive, enabling, and administrative) is best (Avolio et al. 2009). Arena and Bien point out that complexity leadership also involves unleashing organizational capacity and the need to change from a focus on human capital to social capital. This requires adaptation and innovation in response to the pressure and opportunities (Arena and Uhl-Bien 2016).

Levay defines the charismatic leader as one who has power because the followers see the leader as extraordinary, especially gifted, and inspired. She adds that charismatic leaders arise in change environments and such leaders can both support and resist change (Levay 2010). Wright et al. suggest that charismatic leaders articulate a strategic vision, often take personal risks, and engage in unconventional behaviors to motivate followers (Wright et al. 2012). Zehir et al. note a positive connection between charismatic leadership, ethical climate, and organizational citizenship behavior. When a charismatic leader models ethical behavior, organizational members are motivated to follow ethical policies and establish helpful relationships (Zehir et al. 2014).

Greenleaf first identified the concept of servant leadership (Greenleaf 1991), and Spears notes that servant leadership includes the following characteristics: listening, empathy, healing, awareness, persuasion, conceptualization, foresight,

stewardship, commitment, and guiding community (Spears 2004). These are all values that motivate others to participate in the leader's goals. Lord and Brown note that leaders connect their self-concept to followers and make their values relevant to the situation (Lord and Brown 2001). Milakovich and Gordon discuss relational leadership in which leaders work together with others to develop a common collective meaning about the work. They note this approach makes everyone accountable for outcomes and encourages customer service (Milakovich and Gordon 2013).

Ethical leadership uses elements of charismatic and servant leadership to cultivate the relationship between the leader and those being led. Cooper and Wright note that ethical leaders avoid the easy way out and focus on honor and style (Cooper 1992). Hassan indicates that ethical leadership involves an ethical role model, fair treatment of others, and management promotion of ethical norms. He identifies benefits that include development of a sense of ownership and provision of a sense of autonomy for employees. Hassan notes that ethical leadership provides a safe environment for employees, and he adds that performance improves and employees exercise voice when employees function in an environment of ethical leadership. Still ethical leadership does have potential drawbacks. Hassan identifies two potential negative consequences: higher risks perceived by minorities for exercising voice and a bias by supervisors against subordinates that exercise voice (Hassan 2015). Aviolo et al. add that ethical leaders promote norms to other stakeholders through their personal actions and interpersonal relationships (Avolio et al. 2009).

Leadership involving interaction with others is the area that continues to draw researcher interest, and many additional types of interaction-based leadership are being explored – too many to cover in a short article. However, a few examples give some sense of the work being done in this area. Doig and Hargrove note that entrepreneurial leaders have unusual drive and use rewards and sanctions to build coalitions that achieve large goals (Doig and Hargrove 1987). Aviolo et al. suggest multicultural leaders working in environments with multiple cultural contexts require cross-cultural knowledge and sensitivity. They note that cognitive leadership involves an emphasis on leaders understanding how followers think and process information. They also highlight authentic leadership which involves transparent and ethical leader behavior (Avolio et al. 2009), while Schneider adds that interorganizational relationships are more important than organizational hierarchy (Schneider 2002).

## Political Leadership

Stansfield analyzes public administration leadership from the aspect of the political leader, e.g., ministers in Great Britain and political appointees in the USA. She notes that political leaders have three areas of concern: arenas, achievements, and activities. With respect to arenas, political leaders deal with higher-level political officials, bureaucrats within their departments, and the public. With respect to achievements, these leaders typically have driving ambitions to support the goals of the elected official and can be easily frustrated when high change ambitions are stifled by limited opportunities to achieve that change. While political leaders recognize and take advantage of opportunities, they are also aware of personal risks such as being fired by the elected official or losing the current position because the elected official loses the election (Stansfield 2016).

With respect to activities, political leaders lead, communicate clearly what they want, manage connections through the development of strategic partnerships, and work within cross perspectives and multiple arenas. Political leaders are accustomed to dealing with contentious issues. They balance a focus on support for the leader of the party while paying attention to the needs of the bureaucracy that they lead. Successful political leaders persist, build alliances, maintain connections with elected officials, and keep close ties with their constituencies (Stansfield 2016).

Allen addresses the connection between political leaders and career or subject matter experts when he discusses meta-leadership. He notes that people, departments, and organizations need to

address major onetime events by disregarding traditional boundaries to develop trust, networks, collaboration, and cooperation. He stresses the importance of the political leader understanding himself, his emotions, the events, and the challenge correctly. He highlights the need for the political leader to support staff (Allen 2012).

## Bureaucratic Leadership

An important part of leadership in government research has been the interaction of the leadership style with public service motivation (PSM). Wright et al. note that transformational leadership enhances PSM and the result shapes positive organizational outcomes. The effect is indirect by shaping the values and perceptions of followers through the clarification of organizational goals. Wright et al. add that public service transformational leaders serve as role models, point followers toward goals, and challenge old organization assumptions. These activities strengthen goal clarity, improve follower motivation, and increase the employee's positive perception of the agency mission (Wright et al. 2012).

Althaus notes that public administration is a balance between strict accountability and the public interest against expedient political requirements. The bureaucratic leader becomes a trusted policy guide for and a hauler of administrative issues to the political leader. Althaus adds that in this environment no one single leadership model works (Althaus 2016).

Stansfield notes that civil servants need to allow political leaders space and scope to shape agendas, develop relationships, and operate from a political perspective (Stansfield 2016). Consistent with Stansfield's perspective, Kellis and Ran suggest that public administrators are reluctant to choose strong leadership in deference to the role of the elected official in policy making. They highlight the need for the public administrators to be authentic, following an internal moral compass and behaving consistent with that compass. There is a tension between leadership discretion and accountability to the will of the people. The work of the public administrator crosses multiple partnerships, departments, levels of government, and networks. In this context, new public leadership theory focuses on organizational stakeholder involvement rather than decision-making centered in one person (Kellis and Ran 2013).

Ingraham notes that the public service environment is complicated by unanticipated needs, constrained resources, and a focus on performance (Ingraham 2005). Riccuci indicates that executive bureaucrats require both political and managerial acumen, the ability to deal with difficult situations and technical expertise (Riccucci 1995). Smith suggests that women tend to be selected for public leadership positions when times are tough and the risks are high (Smith 2015).

## Conclusion

Leadership approaches in organizations have varied over time. However, the trend is clear. Older leadership methods tend to be focused on structure, while newer leadership methods focus on adaptiveness. Older leadership perspectives tend to focus on process, and newer leadership perspectives focus on people. Older leadership techniques tend to provide rewards and punishments, while newer leaderships techniques share information and encourage employee involvement.

The older leadership tactics still work in stable environments. However, most organizations no longer have stable environments. The environment for public sector organizations is particularly rife with change. Elections bring cyclic change. Restricted budgets, which currently affect most public organizations, cause change. The demands for transparency raised by the public, the involvement of the public in voicing policy concerns using new social networking tools, and long-term mistrust of government all push change in the public sector. This change will force public sector leaders to use the newest leadership techniques.

## Cross-References

► Collective Dimensions of Leadership
► Contingency Theory of Leadership
► Group Power and Leadership

## References


Allen TW (2012) Confronting complexity and creating unity of effort: the leadership challenge for public administrators. Public Adm Rev 72(3):320–321

Althaus (2016) The administrative Sherpa and the journey of public service leadership. Adm Soc 48(4):395–420

Arena M, Uhl-Bien M (2016) Complexity leadership theory: shifting from human capital to social capital. People Strategy 39(2):22–27

Avolio BJ, Walumbwa FO, Weber TJ (2009) Leadership: current theories, research, and future directions. Annu Rev Psychol 60:421–449

Cooper TL (ed) (1992) Exemplary public administrators: character and leadership in Government. Jossey-Bass, San Francisco

Dartey-Baah K (2015) Resilient leadership: a transformational-transactional leadership mix. J Glob Responsibility 6(1):99–112

Doig JW, Hargrove EC (eds) (1987) Leadership and innovation: a biographical perspective on entrepreneurs in Government. Johns Hopkins University Press, Baltimore

Eisenhower DD (1954) Remarks at the annual conference of the society for personnel administration. The American Presidency Project

Follett MP (1924) Creative experience. Longmans Green, New York

Greenleaf RK (1991) The servant as leader. Robert Greenleaf Center, Indianapolis

Hassan S (2015) The importance of ethical leadership and personal control in promoting improvement-centered voice among Government employees. J Public Adm Res Theory 25(3):697–719

Ingraham PW (2005) Performance: promises to keep and miles to go. Public Adm Rev 65(4):390–395

Kellis DS, Ran B (2013) Modern leadership principles for public administration: time to move forward. J Public Aff 13(1):130–141

Levay C (2010) Charismatic leadership in resistance to change. Leadersh Q 21(1):127–143

Ljungholm DP (2014) Transformational leadership behavior in public sector organizations. Contemp Read Law Soc Justice 6(1):76–81

Lord RG, Brown DJ (2001) Leadership, values, and subordinate self-concepts. Leadersh Q 12:133–152

Milakovich ME, Gordon GJ (2013) Public administration in America, 11th edn. Cenage Learning, Independence

Riccucci NM (1995) Unsung heroes: dederal execucrats making a difference. Georgetown University Press, Washington, DC

Schneider M (2002) A stakeholder model of organizational leadership. Organ Sci 13(2):209–220

Smith AE (2015) On the edge of a glass cliff: women in leadership in public organizations. Public Adm Q 39(3):484–517

Spears LC (2004) The understanding and practice of servant leadership. In: Spears LC, Lawrence M (eds) Practicing servantleadership: succeeding through trust, bravery and forgiveness. Jossey-Bass, San Francisco, pp 167–200

Stansfield A (2016) Clear purpose or sheer survival? National ministerial leadership across multiple arenas. Am Rev Public Adm 46(4):478–498

Weber M (1978) Economy and society (vol 2) (trans: Roth G, Wittich C). University of California Press, Oakland

Wright BE, Moynihan DP, Pandey SK (2012) Pulling the levers: transformational leadership, public service motivation, and mission valence. Public Adm Rev 72(2):206–215

Zehir C, Müceldili B, Altindag E, Sehitoglu Y, Zehir S (2014) Charismatic leadership and organizational citizenship behavior: the mediating role of ethical climate. Soc Behav Pers 42(8):1365–1375


# Leadership in the Public Sector of Trinidad


Simone Francois-Whittier
Department of Political Science, University of the West Indies, St. Augustine, Trinidad and Tobago


L

## Synonyms

Chief administrator; Under secretary

## Definition

The most senior civil servant of a government ministry charged with running the ministry on a day-to-day basis.

Permanent secretaries are the non-political, usually career civil service heads, leaders (and "accounting officers"), or chief executives of government ministries who have security of tenure and are expected to hold their positions for a number of years, i.e., permanently, at a ministry as distinct from the changing political heads of these ministries; in Trinidad and Tobago's instance, the political posts are called ministers and junior/deputy ministers.

The permanent secretary (PS) is the most senior civil servant and accounting officer, in a government ministry. Each permanent secretary supports the government minister at the head of the ministry, providing a second rung of

leadership, and is also accountable to parliament for the ministry's actions and performance.

## Introduction

The part of the national economy composed of government ministries, departments, and government-run enterprises and agencies that provide goods and services to the population is known as the public sector. Such goods and services include health care, education, security, public roads, transportation systems, as well as the economic management of the resources of the state.

In Trinidad and Tobago, the President of the Republic acts on the advice of the prime minister and appoints ministers under the provisions of subsection (3) of Section 76 of the Laws of Trinidad and Tobago. Every ministry is led by a minister, and in some cases, ministries have a deputy or junior minister or parliamentary secretary. These ministers have cabinet responsibility for the ministry that they are appointed to by the president.

The current structure of the public sector of Trinidad and Tobago has multiple levels of leadership. The Civil Service Act Chapter 23:01 of the Laws of Trinidad and Tobago states,

> *3. (1) The several public offices in the public service from time to time set out in the First Schedule shall be deemed to constitute the Civil Service of Trinidad and Tobago which is hereby established for the purposes of this Act.*
>
> *(2) A public officer who holds a public office in the public service that by subsection (1) is deemed to be an office in the Civil Service shall be referred to as a civil servant.*

This act goes on to outline certain senior public officers in its Second Schedule. The permanent secretary is named in this schedule, this office is present in each ministry, and its holder is the most senior civil servant and is responsible for the day-to-day running of the ministry.

The permanent secretary's post forms the second level of leadership in each ministry and is charged with leading the ministry in a functional sense. Persons holding this office often ascend to the position based on a system of seniority-based promotion. Leadership in government ministries often demonstrates a functional perspective of leadership where leadership is determined by the organizational context (Katz and Kahn 1978) and at the service of organizational effectiveness (Zaccaro and Klimoski 2001; Hackman and Walton 1986). In such a system, the hierarchical context of leadership would determine the degree of responsibility, influence, control, and power that any position holds. In this context the permanent secretary would hold the second highest position of leadership in the ministry's hierarchy.

## Role and Function of the Permanent Secretary

The permanent secretary is expected to direct the operations and activities of a ministry. The permanent secretary provides the leadership necessary for the effective functioning and supervising of its departments, divisions, finances, and human resources. The permanent secretary also provides policy advice to the minister, formulates and implements policies and programs, and gives decision-making support to the minister. The permanent secretary is involved in overseeing the ministry's financial management, procurement, strategic planning, and strategic functions. The permanent secretary is also responsible for the ministry's public relations and recruitment activities and ensures that appropriate human resource management policies are implemented.

A permanent secretary is expected to use their initiative, discretion, and independent judgment in keeping with existing legislation and policies in order to achieve identified performance goals in keeping with the government's policy framework. The permanent secretary is the accounting officer and procurement officer of the ministry and is responsible for the development and review of the annual budgetary proposals and administers disbursements in accordance with existing financial regulations. The permanent secretary is also expected to manage a cadre of professional, technical, and administrative personnel and negotiate

and communicate effectively with both internal and external clients.

The permanent secretary is required to report to the parliament and attend parliamentary proceedings adding another dimension to the role and function of the office.

The permanent secretary reports to the minister on the operations and accomplishments of the ministry and ensures that the minister is provided with the required notes for cabinet, speeches, briefing documents, as well as responses to parliamentary questions. The permanent secretary also represents the minister and government in local and international fora.

## The Law and the Permanent Secretary

The permanent secretary's role and function is not outlined in one piece of national legislation; instead a number of divergent pieces of legislation outline the parameters within which the permanent secretary must function, and these are the:

1. Civil Service Act Chapter 23:01 of the Laws of Trinidad and Tobago
2. The Exchequer and Audit Act Chapter 69:01
3. The Financial Regulations, made under Section 45(1) of the Exchequer and Audit Act Chapter 69:01
4. The Integrity in Public Life Act 2000
5. The Public Procurement and Disposal of Public Property Act 2015

The **Civil Service Act Chap. 23:01** outlines the permanent secretary's role with respect to recruitment, staff allocation, reporting, record keeping, fiscal responsibility, performance management, payment of allowances, staffing arrangements, personnel management, property management, and staff discipline.

The **Exchequer and Audit Act Chap. 69:01** outlines the role of the permanent secretary regarding financial oversight and his/her role as the accounting officer with regard to the inspection of the official books and records. Under this act, the permanent secretary has additional reporting responsibilities with regard to the reporting of undue delays in revenue collection. Section 4(b) of the financial regulations indicates that, as accounting officer, the permanent secretary is responsible for ensuring that the public funds entrusted to him/her are properly *safeguarded and are applied only to the purposes intended by Parliament* and that *the financial business of the State for which he is responsible is properly conducted*.

The **Financial Regulations** made under Section 45(1) of the Exchequer and Audit Act Chap. 69:01 go on to outline in great detail the responsibilities and liabilities of the accounting officer. The accounting officer is responsible for ensuring that the prescribed system of accounting is established and maintained, supervising the receipt of public funds and the appropriate allocation of same, the securing of public money and the appropriate management of this money, and the strict supervision of subordinate officers who collect and spend public money. The Permanent Secretary is required to prepare and transmit to the Auditor General an account of the money expended by his/her Ministry.

The **Public Procurement and Disposal of Public Property Act 2015** outlines how public property should be retained and disposed of in accordance with the principles of good governance such as *accountability, transparency, integrity and value for money.* It outlines how procuring entities, the public bodies engaged in procurement proceedings, should conduct business. Consequently, the act's provisions outline how permanent secretaries are expected to execute public procurement on behalf of the state. It also outlines how stores and equipment of a public body should be disposed of, thereby outlining the role of the permanent secretary as the accounting officer.

The **Integrity in Public Life Act 2000** requires permanent secretaries who are identified as "persons in public life" to file declarations of their income, assets, and liabilities with the Integrity Commission. This commission was established to prevent corruption on the part of persons in public life through its provisions for public disclosure, regulation of the conduct of persons who carry out functions on behalf of the public, and the

preservation and promotion of the integrity of public institutions and officials. These persons, including permanent secretaries, are expected to file a declaration of income, assets, and liabilities in excess of 10,000 Trinidad and Tobago dollars with the commission and to advise the commission of any changes in their registrable interests. Any breach of the provisions of the act would result in the commission taking such action as it deems appropriate, or, in the instance that an offence has been committed, referring the matter to the Director of Public Prosecutions.

Section 24 of the Integrity in Public Life Act 2000 requires permanent secretaries (and other persons in public life) to perform their functions and administer public resources in an *effective and efficient manner*. This section of the act goes on to stipulate that such officials are to:

(a) *Be fair and impartial in exercising his public duty*
(b) *Afford no undue preferential treatment to any group or individual*
(c) *Arrange his private interests whether pecuniary or otherwise in such a manner as to maintain public confidence and trust in his integrity*
(d) *A person to whom this part applies shall not*:
(e) *Use his office for the improper advancement of his own or his family's personal or financial interests or the interest of any person*
(f) *Engage in any transaction, acquire any position or have any commercial or other interest that is incompatible with his office, function and duty or the discharge thereof*
(g) *Use public property or services for activities not related to his official work*
(h) *Directly or indirectly use his office for private gain*

This act goes on further to outline the perimeters within which the permanent secretaries can operate with regard to the receipt of gifts, confidentiality, a prohibition on the use of "insider information" and influence, as well as conflict of interests. This act prohibits these officials from breeching the confidentiality of their offices, using their positions to disclose sensitive information to which they have become privy, as well as the use of their respective offices to influence or coerce persons in order to further their own personal interests. The act also sets a limit on the value and nature of the gifts that these officials are allowed to receive and under what circumstances.

The foregoing pieces of legislation outline the very wide gamut of the permanent secretaries' responsibilities which range from that of the financial responsibilities attached to the post to the high standards of personal conduct and integrity expected of the officer to their responsibilities for the maintenance of government property. These laws have as an underlying theme the requirement of high standards of professional and personal conduct resulting in good governance.

There is however one other aspect of the permanent secretaries' role that must be examined, that of their interaction with the political directorate, i.e., the elected/selected politicians who are given the responsibility of being the minister of each ministry. At times the relationships between the respective permanent secretaries and the respective ministers often involve conflicts of a financial and policy-related nature and lead to inefficiencies in service delivery and a lack of effective governance.

## Conflict Between the Permanent Secretary and the Political Directorate

In the public sector of Trinidad and Tobago, there is ample room for conflict between the permanent secretary and the executive/political directorate due to the absence of specific rules and regulations to govern the very delicate relationship between the two offices. The term "political directorate" refers to the executive inclusive of cabinet ministers as well as other elected or selected politicians.

According to Svara (1999, 678), *The complementarity of politics and administration holds that the relationship between elected officials and administrators is characterized by interdependency, extensive interaction, distinct but overlapping roles, and political supremacy and administrative subordination coexisting with reciprocity of influence in both policy making and administration*.

Such *extensive interaction* and *interdependency* as well as *overlapping roles* often

lead to conflict. These "political" office holders are not bound by the same terms, conditions, laws, and regulations as their respective permanent secretaries; indeed conflicts often occur due to the perceived inflexibility of the permanent secretaries and their reluctance in some instances to unquestioningly go along with and implement executive's plans (Larson and Coe 1999).

Indeed it is widely acknowledged, though not accepted, that the elected/selected minister, as the political leader and representative of the executive, has responsibility for policy direction of the ministry that he/she has been charged with based on the general policies of the government of the day (Agere 1999). Alternately, the permanent secretary, in his/her capacity as the "leader" of the ministry, has responsibility for the day-to-day running/administration of the ministry. The interaction of the offices of the minister and permanent secretary is often not that clear-cut, and lines become blurred, with ministers requiring the cooperation of permanent secretaries in order to have the human and capital resources allocated and disbursed to have certain initiatives executed and the permanent secretary relying on the minister to have certain policy decisions taken to cabinet for executive approval. The two offices by necessity are required to have a symbiotic relationship; if cooperation and symbiosis do not take place between the two offices, the work of the Ministry will be impeded and the permanent secretary's role of ensuring the effective and efficient performance of the ministry would not be carried out.

The permanent secretary is expected to support, guide, and advise the minister on all aspects of the work of the respective ministry, and in so doing he/she plays a very important leadership role. The permanent secretary cannot coerce or force a minister to take his/her advice or to pursue any particular course of action. The Exchequer and Audit Act Chap. 69.01 makes provision for instances where there is disagreement between the permanent secretary/accounting officer and the minister, in Section 10 of the act. In such an instance the permanent secretary is expected to place his/her objections in writing to the minister and following the minister's adherence of his decision, accept the decision, and act only on the written instructions of the minister; copies of the objections are to be forwarded to the treasury and auditor general.

However, there are other instances of conflict upon which the laws and regulations remain silent, such as policy direction, politically motivated/partisan changes in non-legislated processes and procedures, political interference in the administration, and daily running of the ministry (Singh and Singh 2011; Hodder 2009; Farazmand 2001). If the permanent secretary is unfamiliar or unsure of his/her role and function, it is possible for an overzealous minister to assume the role of "administrative leader" and become the "de facto permanent secretary" of the ministry and commandeer its operations. There is little or no legislative or regulatory redress for such an infraction, and often such an occurrence can only be stopped by directly appealing to the head of the public service and possibly the prime minister for an intervention (Larson and Coe 1999).



## Conclusion

The permanent secretary carries out a very important leadership role in the public sector of Trinidad and Tobago. The holder of this office is expected to direct the operations and activities of a ministry, while adhering to the various laws and regulations which govern the operations of the office and the agencies within the public sector. Attached to this office is a great deal of responsibility; indeed, the holders of said office are accountable to the executive and legislature while not being elected officials themselves. Further to which, the permanent secretary is expected to guard the public interest against unscrupulous politicians and administrative inefficiency and wastage.

While there are various laws which govern the work of the permanent secretary, it is extremely important for a permanent secretary to be intimately acquainted with and to understand the length and breadth of his/her duties and functions in order to carry out the areas of the work for

which there are no rules or legislation. A permanent secretary who is thoroughly acquainted with their duties as well as the laws/regulations that govern the same would be well placed to guard against conflicts with the political directorate and be able to avoid any attempts at political interference or influence and successfully don the mantle of leadership.

## Cross-References

- ▶ Civil Service Law and Public Personnel Management
- ▶ Constructivist Theories of Leadership
- ▶ Contingency Theory of Leadership
- ▶ Governance and Leadership
- ▶ Leaders and Innovations in Public Organizations
- ▶ Managerial Functions in the Public Sector
- ▶ New Public Management
- ▶ Political Ideology in the Bureaucracy
- ▶ Politics and Bureaucracy
- ▶ Tenure and Public Administration

## References

Agere S (1999) Redefining management roles – improving the functional relationship between Ministers and Permanent Secretaries. In: Managing the public service strategies for improvement series, vol 10. Commonwealth Secretariat, London

Farazmand A (ed) (2001) Handbook of comparative and development public administration. Marcel Dekker, New York

Hackman JR, Walton RE (1986) Leading groups in organizations. In: Goodman PS et al (eds) Designing effective work groups. Jossey-Bass, San Francisco

Hodder R (2009) Political interference in the Philippine civil service. Environ Plann C Gov Policy 27(5): 766–782

Katz D, Kahn RL (1978) The social psychology of organizations, 2nd edn. Wiley, New York

Larson PE, Coe A (1999) The evolving role of the top public servants. In: Managing the public service strategies for improvement series, vol 7. Commonwealth Secretariat, London

Singh H, Singh P (2011) Indian administration. https://books.google.tt/books?id=rBcciYfcNQIC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false. Accessed 27 Sept 2016

Svara JH (1999) Complementarity of politics and administration as a legitimate alternative to the dichotomy model. Adm Soc 30(6):676–705

Zaccaro SJ, Klimoski RJ (eds) (2001) The nature of organizational leadership: understanding the performance imperatives confronting today's leaders. Jossey-Bass, San Francisco

# Leadership in the Remote, Freelance, and Virtual Workforce Era

Francesca Flood
Hope Verdad, LLC, Lake Frederick, VA, USA

## Synonyms

Freelance – self-employed

## Definitions

Esprit de corps – team cohesion and loyalty
Virtual workforce – off-site staff

## Introduction

Within the next decade, companies anticipate that more than one third of their full-time, permanent workforce will work remotely (Inavero 2018). Complimenting on-site staff with remote expertise can provide huge benefits to companies including cost savings, speed, and flexibility (Younger and Kearns 2017). Recruiting talent has become increasingly difficult requiring more agile work models. To address this phenomenon, companies are embracing a remote, freelance, and virtual workforce. A virtual team can be defined as "a group of individuals who work across time, space, and organizational boundaries, and interact primarily through electronic communications" (Experteer 2018, paragraph 1). To access needed skills, organizations are searching beyond their local market, hiring team members across states and countries. Adopting a remote workforce

model has eased hiring for many organizations and increased access to talent (Inavero 2018). Those who refuse to adopt this new model risk losing their current employees as well as potentially overlooking future talent.

Leading a distributed workforce requires resources, formal policies, and new ideas to create teams who will be relied on to achieve goals and objectives. Performance management, training, communication, and relationship building take on a different level of complexity when employees are not on-site and dispersed across multiple time zones and varied cultures (Hickman and Pendall 2018), all of which challenge the ability of managers to adequately motivate, coach, and develop employees within a virtual environment. This increasing trend will require new leadership skills in an era when staff no longer work in the office next door.

## Background

More than three decades ago, a sense that the demands and style of workforce were shifting began to develop. A new entrepreneurial style of leadership was emerging to accommodate this new employee mindset (Kanter 1986). Just as the new workforces of the 1960s, 1970s, and 1980s demanded radical change, so too will the workers of the twenty-first century. New employee characteristics and attitudes are shifting not only in location but in hours, job sharing, and evaluation (Kennelly 2015). Multiple, converging factors are influencing the shift in workplace staffing and leadership roles. Major advances in technology, shortage of talent, and new generational expectations are at the forefront. In many cases, companies offer employees a remote work environment out of necessity. Global companies in the technology and other sectors employ highly skilled employees regardless of their geographic residence (Predictive Advantage 2014).

Though most organizations are using a remote workforce and have technological systems in place to support them, many do not have policies in place for off-site workers. Organizations who have implemented policies believe they have become more lenient and inclusive (Inavero 2018). Still, for those who grew up in a traditional management style, it may be difficult to alter long-held beliefs. The era of managing while walking around and using visual cuing to check on employee well-being is changing. Leaders will no longer be able to discern the dedicated and hardworking employees simply by their on-site hours or visible presence (Ware and Grantham 2010). As the new millennial leaders take the helm, some previous generation management may resist, desiring to keep things status quo or preventing any deviation from established protocols (Flood and Klausner 2018). The changing workforce landscape will present many opportunities as well as challenges.

## Challenges to Consider

As more organizations implement a virtual and remote workforce model, the need to address unforeseen modifications in structure, procedures, technology, management, and other operational aspects increases. With off-site staff, leaders will need to explicitly communicate the values and culture of the organization to ensure understanding and acceptance (Ware and Grantham 2010). Despite the challenges associated with remote work environments, increasingly, staff has come to expect to work off-site not as a privilege or perk but as a normal part of their job (Predictive Advantage 2014).

When organizations migrate to a remote work environment, myriad factors must be considered. Such factors include recruiting, pay structure, performance measurement, how bonds and connections between workers will be developed to form a team, operational protocols, and training. Moreover, organizational culture and the recognition and understanding of cultural diversity are key areas of focus. Transitioning from a command orientation and bureaucratic hierarchical culture requires not only training but commitment (Flood and Klausner 2018).

Successful remote workers will be self-directed, motivated, resourceful, and able to

identify their own career paths. Unlike employees who relied on management's detailed direction, leaders will need to recognize and cultivate talent that can solve problems, network with their peers, and direct their own projects (Hickman and Pendall 2018). An essential role of leadership will be to build personal relationships as this may be the only connection workers have with the organization and how they form their impression of it.

Though some managers may assume that remote and on-site employees can be managed the same way, there is a great difference between the two. Without physical proximity to fellow workers and the commensurate social element associated with an on-site workplace, the remote employee may feel isolated. Without visual cues, body language, and face-to-face communications developed with day-to-day contact, there are less team cohesion, trust, camaraderie, and satisfaction with the team (Experteer 2018). Without a sense of belonging, it is difficult for remote workers to understand the role they play and build a shared sense of purpose.

When conflicts arise in an on-site environment, management can resolve such disagreements between parties by bringing them together in discussion. In a virtual workplace, leaders may lack the skills and tools to manage such conflicts (Younger and Kearns 2017). Without sufficient training to work with remote staff, conversations become less effective, project management and deadlines falter, and speed of decision-making suffers (Experteer 2018). Moreover, an inherent risk of overreliance on electronic communication may develop. Rather than utilizing mediums that facilitate visual communications such as video conferencing, communication might be relegated to emails and texting. When used as part of an overall communication strategy, these mechanisms are useful. When overused or used exclusively, communication and hence relationships suffer. Management can deliver hard messages hiding behind email, and staff may become blunt and use inappropriate language or exaggerate (Warrell 2012). Technology is a powerful and driving force. Yet technology is not without its own challenges. In addition to functionality issues, lacking eye contact or physical contact, technology can facilitate inappropriate behavior often seen on social media.

New definition and clarity must be assigned to old nomenclature, as words will take on new meanings. With the advent of a remote workforce, terms such as timeliness, completeness, consistency, and open-door policy may have a new perspective. For staff who are working several time zones ahead, a response due by the end of day may not be addressed until the following morning. Given the amount of emails, text messages, and calls received daily, most appreciate brief responses. However, understanding what elements constitute completion in remote engagement needs to be clarified. Are there deadlines, next steps, or specific follow-up actions that precede completion? Consistency in performance translates to reliability letting members know they can count on their virtual team. Having an open-door policy in a virtual environment must transcend the physical realm allowing remote staff members access to leadership in a time zone that may not coincide with management's office hours (Predictive Advantage 2018).

Not everyone is cut out to work remotely. Many lack self-discipline/self-direction, do not have an environment conducive to working away from the office, require more immediate feedback, or need to be in physical proximity to others. Working remotely is a physical and psychological separation. The lines between home and personal life can become blurred, leading to endemic burnout among remote workers unless they learn how to turn work off. Employees who are denied the opportunity for remote work could harbor resentment toward those who do perceiving inequity (Ware and Grantham 2010).

Before an organization implements a remote workforce model, team members must understand why the program is being launched, the desired business objectives for doing so, and the role they will play in achieving them. Blending an on-site workforce with a remote team can create challenges that cause suspicion and resistance from employees. Without trust and collaboration in an organization, overall performance suffers (Younger and Kearns 2017). The proliferation of the virtual team has had a significant impact on managers, who must reconsider traditional

management strategies on how to meet the unique challenges, communicate, and collaborate (Predictive Advantage 2014).

## Leadership Response

Emerging leaders who will manage the remote workforce of today and into the future will be markedly different from the leadership of the twentieth century (Hickman and Pendall 2018). A new workforce with flexible work hours that cater to their lifestyle and wide geographic mobility will demand it. The top-down decision model will give way to autonomous and agile workers capable of self-management and motivation as well as resourcefulness (Flood and Klausner 2018). At the same time, when problems do arise, management is available to help remedy the situation (Hickman and Pendall 2018).

Managing staff from a distance is vastly different than managing face-to-face. Beyond technical and business skills, leadership must acquire specialized aptitudes for coaching, adaptability, career guidance, communicating, interpersonal relationships, and developing cultural sensitivity (Predictive Advantage 2014). While outcomes and performance are key metrics to determine the effectiveness of staff, another essential characteristic to successful remote management is mutual trust between staff and leadership (Younger and Kearns 2017). Relationships at the office are born from comradery, collaboration, and personal interaction. From these, trust develops creating a sense of cohesion and confidence in each other. Lacking physical interaction, management must develop a trust that virtual teams can effectively communicate, self-manage their time, possess motivation, and have resourcefulness to deliver results (Predictive Advantage 2014).

When teams are in physical proximity, they socialize, share personal narratives, and develop bonds of friendship. An esprit de corps grows beyond the boundaries of work, tasks, and the physical office. This human connectedness, where family photos are shared, socials are planned, and staff vent about work, becomes part of the organization's subculture and an integral part of employees' lives (Kennelly 2015). Working alone can be lonely, and remote employees need to feel a part of work's social connectedness. Technology can be used to see faces, hear voices, build teams, brainstorm, and share socially. Team events, whether in person or virtual, need to occur to provide a sense of belonging. Such events offer remote and on-site staff an opportunity to experience a different side of their teammates through body language, sense of humor, and personal stories. Moreover, such events provide an opportunity to recognize remote staff in front of their peers for job performance (Workfront 2019).

Migrating to a remote work platform is not simply a matter of allowing existing employees to work off-site. It will require astute recruiting and ensuring not only the right technical talent but personalities suited to working off-site. Organizations are using personality assessments as a tool for managers to recruit the right people (Predictive Advantage 2014). Moreover, managers can select on-site employees who have demonstrated the skills and abilities for self-direction. With a global workforce, leaders will need to navigate varying personalities from multicultural backgrounds and create an ethos of collaboration, cultivating a team from disparate individual contributors.

Implementing a remote workforce will require an overhaul of formal training programs for all levels of the organization from top leadership to down. There will be a need to raise awareness of the new work environment and its implications (Ware and Grantham 2010). Protocols and measurement matrices will be required to measure performance, thus requiring closer collaboration between human resources, procurement, legal, and information (Dessain 2014). Expectations which are specific, measurable, action-oriented, realistic, and time-bound must be communicated. Human resources must now embrace a new paradigm of a virtual workforce that is hyper-connected through technology (Kennelly 2015).

A micromanagement style will no longer work for a remote workforce that thrives on autonomy. Without seeing individuals face-to-face, new communication etiquette must be developed. Unlike situations where a manager can pop into an office in physical proximity to clarify, correct, or update objectives, remote employees require better

upfront communication and regular updates. Learning how to build trust throughout the organization will become an essential part of organizational culture (Ware and Grantham 2010).

More than diverse personalities, a global staff presents myriad cultures, race, ethnicities, and religions, perhaps more diverse than many staff have been exposed to. Establishing a workforce that recruits from the world requires cultural awareness, and sensitivity training is essential (Experteer 2018). While a remote workforce will present its challenges, it also presents an opportunity for employee loyalty and retention. Instead of losing a valued employee when personal circumstances create a need for relocation, remote work helps retain these valued employees plus their institutional knowledge. The costly expenses to recruit, hire, and train a replacement are reduced or eliminated (Ware and Grantham 2010).

## Conclusion

Virtual collaboration technology, skill shortages, the sharing economy, as well as millennials' expectation for a more flexible employment model will drive the remote workforce phenomenon (Dessain 2014). Each generation of leadership will need to embrace the new paradigm of doing business. It is a new workforce and new workplace. Remote working is expected to increase substantially with the generational shift of the workforce, continued technological advancements, and expanded globalization. Preparing for and addressing these challenges enables the organization to inculcate an inclusive remote workforce culture. The right leadership will build trust with constant contact, encourage open dialogue, and cultivate collaboration (Kennelly 2015). As organizations move toward a remote workforce, the more virtual they become, the more essential the leadership skills.

## Cross-References


- ▶ Culture and Organizations
- ▶ Diversity and Its Management in Organizations
- ▶ Diversity in Organizations
- ▶ Flattening Organizations
- ▶ Flexible Organizations
- ▶ Leadership in Organizations
- ▶ Organizational Boundary Spanning
- ▶ Organizational Decision-Making


## References


Dessain N (2014) Talent-as-a-service: how to navigate the new workforce ecosystem. Workforce Solut Rev 26–28

Experteer (2018) What are the challenges of working in virtual teams? Retrieved from https://us.experteer.com/magazine/what-are-the-challenges-of-working-in-virtual-teams/

Flood F, Klausner M (2018) High-performance work teams and organizations. In: Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Meteor, pp 1–6

Hickman A, Pendall R (2018) The end of the traditional manager. *Gallup*. Retrieved from https://www.gallup.com/workplace/236108/end-traditional-manager.aspx

Inavero (2018) 2018 future workforce report: hiring manager insights on flexible and remote work trends. Retrieved from https://www.slideshare.net/upwork/2018-future-workforce-report-hiring-manager-insights-on-flexible-and-remote-work-trends

Kanter RM (1986) The new workforce meets the changing workplace: strains, dilemmas, and contradictions in attempts to implement participative and entrepreneurial management. Hum Resour Manag 4(25): 515–537

Kennelly J (2015) Embracing the virtual workforce Hum Resour 22–23

Predictive Advantage (2014) Managing the challenges of the new virtual workforce: the use of personality data to build and develop high performing virtual teams. Retrieved from https://www.predictive-advantage.com/wp-content/uploads/2014/04/Virtual_Workforce_Whitepaper_PA.pdf

Ware J Grantham C (2010) Managing a remote workforce: proven practices from successful leaders. *The Work Design Collaborative*, pp 1–27

Warrell M (2012) Hiding behind email? Four times you should never use email. Retrieved from: https://www.forbes.com/sites/margiewarrell/2012/08/27/do-you-hide-behind-email/#392978e8238c

Workfront (2019) 5 CEOSs reveal their best remote working practices. Retrieved from: https://www.workfront.com/blog/5-ceos-reveal-their-best-remote-working-practices

Younger J, Kearns M (2017) Building trust between your employees and freelancers. Harvard Business School Publishing. Brighton, Massachusetts. pp 1–5

# Leadership on Immigrant Integration

Jamie Longazel
Department of Political Science, John Jay College of Criminal Justice, City University of New York, New York, NY, USA

## Synonyms

Acclimation; Immigrant incorporation

## Definition

When individuals, organizations, or governments take initiative to foster immigrants becoming part of the community or society within which they have recently settled, without requiring newcomers to relinquish their own culture.

## Introduction

The term *integration* describes more than one group coming together and becoming part of a whole. *Immigrant integration*, then, involves immigrants becoming a part of the community or society within which they have recently settled. Note how this is distinct from *assimilation*, which many people often mistakenly use interchangeably with integration. Assimilation refers to groups shedding their previous culture in favor of the new one; with integration, the original culture is retained.

## The "5 Ws" of Leadership on Immigrant Integration

Of the "5 Ws" – who, what, where, when, and why – *who* is probably the most important with regard to leadership on immigrant integration. Who takes the lead? Or, who *should* take the lead? We can obviously put the latter question up for debate, but there is a long tradition in immigrant communities and advocacy circles of asserting that *immigrants themselves* ought to be at the helm. "Nothing about us without us," the saying goes. This seems simple enough: No one can speak to a group's needs and desires better than the actual members of that group. Yet, power relations are such that this often becomes the exception rather than the rule in policymaking.

One reason for this is that immigrants are typically underrepresented in legislative bodies. According to a recent report from the Pew Research Center (2015), people born outside of the United States comprise only 1% (six members) of the US Congress, despite accounting for 13% of the nation's total population. However, this has not stopped immigrant communities from putting pressure on lawmakers or from working to foster integration on their own. Some of the most notable examples of leadership on immigrant integration come from the bottom-up rather than top-down. Nonprofit, grassroots, and faith-based organizations – many created and led by immigrants – often provide essential services. Such groups also engage in meaningful advocacy and provide newcomers with a sense of community, including space to embrace their native culture.

Which leads to the *what* question: What is leadership on immigrant integration? What does it look like? In terms of policy, we might say there are two types of efforts that generally facilitate integration: those that provide *access* – measures that allow immigrants to acquire the basic services and resources they need – and *protections* – efforts to protect immigrants from a variety of abuses, which would otherwise inhibit the integration process. In the United States, policies focused on increasing access to services include but are not limited to: agreements to accept the Mexican *matricula consular* ID card – and other countries' equivalents – as valid forms of identification; governmental efforts to provide translation and interpretation services; and various programs that, cognizant of culture, language, and other potential barriers, increase access to housing, employment, education, healthcare, and the like.

While many of these policies are immigrant-specific, others that are not still have wide applicability and can thus be beneficial to immigrant populations (Mitnik and Halpren-Finnerty 2010). Labor-related policies are a good example of protective efforts. Policies that protect against wage theft, improve working conditions, and increase wages offer important benefits to working class people generally, but, considering that immigrants are often exploited for their labor and are often victimized by wage theft, these polices are especially valuable for facilitating the integration process.

Under this category we can also include policies that protect undocumented immigrants who are crime victims. Because of the threat of deportation, many undocumented immigrants – as many as 70% according to a recent report (Theodore 2013) – are hesitant about turning to law enforcement when they are the victims of a crime. This problem is especially pronounced in domestic violence cases (e.g., Orloff et al. 2003–2005). And because in the USA so many immigrants live in "mixed-status families" (i.e., some family members have authorization to be in the country, others do not), the problem affects more people than many realize.

As an example of a policy that would combat this problem – and, indeed, an example of policy leadership – the Massachusetts legislature recently introduced legislation called the Safe Communities Act (SCA). Among other things, the SCA would not allow local police officers to arrest a person strictly because of their immigration status. As the Massachusetts Immigrant and Refugee Advocacy Coalition (n.d.) puts it, "the Safe Communities Act protects the civil rights, safety and well-being of all residents by drawing a clear line between immigration enforcement and public safety."

*Where* is leadership on immigrant integration happening? Integration efforts typically take place at the local level. Indeed, US law distinguishes between *immigration* policy – which involves issues of citizenship and border control and is within the purview of the federal government – and *immigrant* policy – which involves the dissemination of services and is a local matter. In recent years, many cities have taken on a leadership role by making integration a priority and declaring themselves "immigrant friendly." (Note that this is distinct from the "sanctuary city" designation, which is often over-used as a scare-tactic in political rhetoric but generally refers to cities that refuse to cooperate with federal immigration officials, thus making their jurisdictions "safe" for undocumented immigrants.)

For example, Dayton, Ohio approved the "Welcome Dayton – Immigrant Friendly City" resolution in 2011, which articulated an action plan around immigrant integration in a variety of realms (e.g., business, local government, social services). Efforts such as these, some of which do a good job of involving immigrants in the process, have inspired other jurisdictions to adopt similar practices. In fact, representatives from various "welcoming cities" have taken on a leadership role by working together to share information and best practices on their immigrant integration efforts. Dayton is among a host of cities that have affiliated with "Welcoming America," a nonprofit organization devoted to aiding integration on a broader level by bringing such communities together.

Even though the local level is often where the action is, US states as well as countries have also exhibited leadership on immigrant integration. One recent trend in the USA involves state governments taking steps to accommodate immigrant professionals who have received certificates or degrees from outside the USA. A 2015 bill in the state of Georgia, for instance, sought to accommodate nurses trained in their home countries in such ways. At the national level, and in sharp contrast to the United States, Canada's official governmental policy declares support for multiculturalism. According to sociologist Irene Bloemraad (2006), this has important implications for how immigrants differently integrate into these two countries. Her research found that Canada does a much better job with citizenship acquisition and that these inclusive policies increase political participation among citizens born outside of Canada.

It makes sense to take the final two "Ws" – *when* and *why* – together: *When* – or, under what conditions – do leaders on immigrant integration tend to emerge? And *why* is leadership on immigrant integration important? Notably, many of the integration efforts described above have emerged in response to a corresponding resurgence of nativism, accompanied by exclusionary policies and rhetoric at the national, state, and local-levels. The SCA in Massachusetts – like many other state-level pro-immigrant initiatives passed in the USA since 2017 – was a direct response to the Trump administration's efforts to ramp up deportations and ban Muslims from entering the USA. Immigrant-friendly initiatives like Welcome Dayton similarly came at a time when exclusionary state- and local-level measures were proliferating.

It perhaps goes without saying that exclusionary policies have substantially hindered immigrant integration. In some cases, this has been the stated intent. Some exclusionary policies, such as California's Proposition 187, passed by ballot initiative in 1994, attempt to deny undocumented immigrants access to education and social service benefits. Others aim to instill fear within immigrant populations, thereby not-so-subtly encouraging them to relocate to others locales or to return to their countries of origin. "Self-deportation" was the name given to the strategy underlying policies of this sort.

The most well-known of these in the USA is probably Arizona's SB 1070. Colloquially referred to as the "show me your papers" bill, this law allowed police to stop and question anyone whom they had "reasonable suspicion" was in the country without authorization. Hazleton, Pennsylvania's 2006 Illegal Immigration Relief Act (IIRA) – which sought to punish landlords and businesses for renting to or hiring undocumented immigrants and to make English the city's official language – is a prominent local-level example. This ordinance, though ruled unconstitutional and never enforced, was passed with the explicit intent of "[eliminating] illegal aliens from the city of Hazleton" (Longazel 2016, p. 2).

Policies like these speak directly to why leadership on immigrant integration is so important. Although the claim is usually that these are simply efforts to uphold the rule of law or to root out crime, empirical evidence as well as the actual experience of immigrants, particularly Latinx immigrants, in these communities tells a very different story. A large body of social science research shows that immigrants *do not* commit more crime; in fact, they may actually help reduce it. Moreover, researchers have found that in places where exclusionary legislation was introduced, there were corresponding increases in harassment, discrimination, and hate crimes, as well as corresponding hardships like psychological distress (for a review, see Longazel 2013). These effects, importantly, have been widely experienced within the Latinx community regardless of legal or immigration status. That is, they are felt by authorized immigrants as well as Latinx folks who were born in the USA. Reports have shown that fear among immigrant populations in response to SB 1070 was felt as far away as Texas (Sáenz et al. 2012). In Hazleton, US citizens who lived in that city for decades were being threatened and told to "go back to their countries" in the wake of the passage of the IIRA (Longazel 2016).

Clearly, then, leadership on immigrant integration is important in that it contests policies that stymy integration and harm immigrant communities. However, the importance of leadership on immigrant integration becomes even more apparent when we consider it in relation to the alternative of taking *no action*. Given the continued dominance of assimilationist thinking, many municipalities have chosen to stay away from the contentious debates associated with this issue, presumably with the assumption that immigrants will find their way on their own. The roots of assimilationism in the social sciences date back to the Chicago School of Sociology, which, in the 1920s and 1930s, asked questions about "what kind" of immigrants will assimilate into the dominant culture. Are some ethnic groups "better suited" to the task than others? Are there certain variables that "predict" whether one is capable of conforming? More recently, however, immigration scholars have been arguing that a lack of action – or, more

relevant here, a lack of *leadership* – leads to institutional deficiencies that inhibit immigrant integration, regardless of who comprises a given immigrant population.

## Conclusion

In a word, fostering immigrant integration requires that communities act *proactively* and with meaningful input from immigrants themselves. Beyond satisfying day-to-day necessities, policies that are "intentionally created" and "thoughtfully implemented," Linda Williams (2015, p. 433) notes, create a climate characterized by "welcomeness," which features increased levels of trust, respect, support, and community engagement. At this point we have a good sense of what works to foster immigrant integration; what is therefore most needed are leaders who can help make it a reality.

## Cross-References

► Immigration Policy

## References

Bloemraad I (2006) Becoming a citizen: Incorporating immigrants and refugees in the United States and Canada. University of California Press, Berkeley

Longazel J (2013) Subordinating myth: latino/a immigration, crime, and exclusion. Sociol Compass 7(2):87–96

Longazel J (2016) Undocumented fears: immigration and the politics of divide and conquer in Hazleton, Pennsylvania. Temple University Press, Philadelphia

Massachusetts Immigrant and Refugee Advocacy Coalition (n.d.) The time to act is now: support the safe communities act! Retrieved from https://www.miracoalition.org/safe-communities

Mitnik PA, Halpren-Finnerty J (2010) Immigration and local governments: inclusionary local policies in the era of state rescaling. In: Varsanyi MW (ed) Taking local control: immigration policy activism in U.S. cities and states. Stanford University Press, Stanford, pp 51–72

Orloff LE, Dutton MA, Hass GA, Ammar N (2003–2005) Battered immigrant women's willingness to call for help and police response. UCLA Women's Law J 13:43–100

Pew Research Center (2015) Foreign-Born Share of Congress Little Changed Since Bottoming Out in 1960s. Retrieved from http://www.pewresearch.org/fact-tank/2015/09/23/fewer-immigrants-in-congress-today-than-in-years-past/ft_15-09-09_foreingborncongress_640px/

Sáenz R, Menjívar C, García SJE (2012) Arizona's SB 1070: setting conditions for violations of human rights here and beyond. In: Blau J, Frezzo M (eds) Sociology and human rights: a bill of rights for the twenty-first century. Sage, Newbury Park, pp 155–178

Theodore N (2013) Insecure communities: latino perceptions of police involvement in immigration enforcement. Retrieved from http://www.policylink.org/sites/default/files/INSECURE_COMMUNITIES_REPORT_FINAL.PDF

Williams L (2015) Beyond enforcement: welcomeness, local law enforcement, and immigrants. Public Adm Rev 75(3):433–442

# Leadership Style in Entrepreneurship

Aaron J. Young
Pepperdine University, Malibu, CA, USA

## Synonyms

Entrepreneurs; Entrepreneurship; Entrepreneurship framework; Innovation; Leadership paradox; Organizational effectiveness; Small business; Transformation

## Definitions

- *Entrepreneur.* Business leaders whose organization delivers products and/or services to a defined customer base
- *Entrepreneurship.* Practice of creating or extracting value for a business in response to identified opportunities
- *Small business.* A new, existing, or mature organization with employees ranging from 20 to 150 persons with growing year-over-year revenues

- *Leadership paradox.* The choices leaders are compelled to make based on a resource model that encourages trade-offs whereas the situation values one or more choices to be valid options for the organization and, therefore, presents the challenge of how leaders can accommodate for multiple alternatives
- *Entrepreneurship framework.* A set of guiding concepts that provides basis for structuring related activities into a holistic understanding of the entrepreneurship
- *Innovation.* Creation, development, implementation, deployment of new product, processes, and/or services to improve on available internal or external product, processes, and/or services
- *Transformation.* Changing existing organizational structures to meet the strategic needs relating to people, processes, and systems
- *Organizational effectiveness.* Intentional organizational behaviors directed at producing as expected results and outcomes

## Introduction

Entrepreneurship has in many ways led to an expansive growth in recent years. The democratization of resources and information has provided entrepreneurs several advantages. Entrepreneurs have more access to new tools to manage their business, which helps reduce overhead, administration time, and money. For some, the increased funding has meant investments in capital expenditures. Others are able to think outside the box and come up with novel solutions and in doing so generate more business. The continual maturation of ecosystems can help advance many businesses.

As expected, entrepreneurs are in higher demand to help identify and solve novel problems. While entrepreneurial activities vary, the individuals connected to such activities seemingly consider each opportunity to act in a given time period as a condition for their modus operandi. Furthermore, entrepreneurs who face critical impact events, like a global pandemic, often recognize their skill sets will be tested. Herein lies a challenge many entrepreneurs are facing. The choice between alternative solutions to continue the business during critical impact can cause distress for the entrepreneur and their teams. While many entrepreneurs would choose between alternatives, there are other entrepreneurs who may rethink how they approach choosing altogether (Smith et al. 2016). This paradox for a leader is to figure out how to accommodate for the selection of all alternatives to address core challenges to the business.

How an entrepreneur approaches leading through these choice points in their organization can in many ways challenge the effectiveness of the business in the future. Each entrepreneur faces the tension between leading through a vision to overcome challenges with the need to empower their people to drive results. Resilient organizations tend to have safeguards to protect against dynamics that cause instability. Thus, an entrepreneur's perspective in addressing the needs of their organization during tumult can create an understanding that may fortify future success. To bridge some of an entrepreneur's basic understanding of the organizational characteristics and behaviors with models and frameworks that present a breakdown of key focal areas can provide insights into an approach to reconcile broad challenges to the business.

## Leadership Paradox in Context of Critical Impacts

An examination of critical impact events may provide context by which entrepreneurs may view their current situation and standing of their business. The entrepreneur's objective to generate value by creating and/or extracting newness related to market needs highlights the multifaceted aspects in reviewing impacts to the business. As an example, the volatility induced by a global pandemic creates the opportunity for reflection in ways many entrepreneurs may not have considered. It is clear the many entrepreneurs have responsibilities that extend beyond their control, for example, extending lines of finance to continue their operations. While financial solvency may be a consideration for some entrepreneurs,

it may not be the only pressing consideration. In the normal context of evaluating business performance as a function of economic outcomes may not be expansive enough to describe organizational objectives against the backdrop of large-scale disruptions. It stands to reason that many entrepreneurs evaluate how and to what extent organizational resiliency exists in their organizations today.

Under normal circumstances entrepreneurs are able to make judgments and decide how to handle business performance and growth within normalized operating conditions. However, the challenge of returning to normal is that many assumptions related to how we work have been challenged and especially by the disruption caused by a global pandemic. The rise of telework arrangements and decrease in travel are symptomatic responses to the health and safety conditions required for current business operations. While some industries have adapted better than others, all entrepreneurs are seeking the right solution for their business in order to adapt and pivot to new ways of working. Of course, not all businesses have been able to adjust due to the physical nature in dependencies on human interaction relating to their business. It is likely, however, that entrepreneurs across industries are thinking how to prevent their business from eroding to the point of failure. From this perspective the question of what needs to be changed is prevalent across entrepreneurs and with leadership as a particular focal point.

The degree of difficulty and challenges an entrepreneur faces likely varies depending on the nature and complexity of the business. Some entrepreneurs face the uphill battle of trying to manage inventory and moving physical products with supply and shipping lines disrupted related to the global pandemic. Other entrepreneurs face the challenge of providing product demonstrations in a virtual setting. Still other entrepreneurs face the challenge of connecting with their customers when physical customer service is not possible. This type of disconnect to the customers can be fatal to a business. An organization's touch points to the customer are generally connected through a series of processes, which include the people responsible for driving output and outcomes related to these processes. It stands to reason one of the most important activities an entrepreneur faces during critical impact events, like a global pandemic, then is leadership. How leaders care for individuals they are responsible for creates the internal organizational dialogue many organizational leaders must reconcile.

Entrepreneurs face the ongoing challenge to balance the resources of the firm with conditions in the market. Many times, this may mean the daily evaluation and trade-offs between time, investments, and people. Unlike more established organizations, entrepreneurial firms tend to lack formal structures that help maintain stability in managing resources. However, many entrepreneurs recognize the paradox in their decisions. Each time a decision to resource one part of the business is made, other parts of the business are left to solve for their own priorities. Entrepreneurs find themselves in a paradox of leading organizations knowing that tensions may exist relating to how alternatives are weighed up. Entrepreneurs may ask themselves if the current priority is to manage for today's business problem or address some fundamental future state that requires deeper analysis and considerations. They may also need to review their business model and the constraints that keep them true to their core business. The impact to the way business is conducted may be a limiting factor in the entrepreneur's ability to discern real choices to the business. Furthermore, there is a tension between the obligations to principal stakeholders and the broader ecosystem the business participates in. In other words, the driving impetus for the business may require attention on various fronts.

The notion of driving convergence within the organization tends to be fleeting when the volume and intensity of competing priorities demand attention. For the entrepreneur, this problem manifests itself in various parts of the business as well as downstream embedded in discrete processes. Subsequent leadership involvement may become an exercise in reconciling the tensions between alternatives of a current and a future state. It stands to reason then that events such as a global pandemic intensify and increase the time pressure related to leadership activities. However, an

entrepreneur may choose a practical approach to mitigating the tensions on the business and systems by organizing components of the system against a logical framework or architecture.

## Perspective on Influencing Factors to Entrepreneurship Framework

A framework applied to entrepreneurship should contextualize general components in so much as to capture key activities and work streams. While many frameworks for entrepreneurship seem to exist, the use of a consolidated representation framework provides sufficient themes for review. Here it is understood that the context by which the entrepreneur has framed the business determines the size, complexity, and involvement required for the business to run. A fixture of the business must require a defined resource model along with processes to support the business and maintain organizational effectiveness. Ultimately, the entrepreneur must solve for some novel problem and/or condition. Each entrepreneur will invariably apply their own perspective to how they approach the problems and/or conditions they are trying to solve for. To synthesize all the tension relating to each of these components within a general entrepreneurship framework is too expansive for current scope and analysis; but samples of diametrically opposed issues around the framework components allow for a better understanding of the trade-off considerations to converge resource management as well as disconnect hyper-focused issues that may do well to be rearranged to explore other connections.

As the size of an organization often matters in so much as to explain magnitude and impact, the context by which an entrepreneurial firm is evaluated can span across various segments. Today, entrepreneurs connote a sense of small, nimble start-up like organizations set out to solve complex technology problems affecting the other like-minded technology providers. Technology was not decidedly the hallmark of a value creating entrepreneur. Prior to this image, an entrepreneur could be envisioned as a proactive businessperson looking to solve any problem big or small impacting their community or address neglected product and services offerings by larger, more established firms. Furthermore, an entrepreneur may have been working on a product or service for decades before becoming more commercially successful through new approaches to the business. As it happens, time horizons may not depict an accurate current state of entrepreneurship nor validate a successful venture unless the organization is contextualized in a way that provides a better understanding of the problems and solutions an entrepreneur and team are providing value for.

For some entrepreneurs, the notion of planning well is in direct conflict with the spontaneous nature of creation and innovation. The perception of adding structure around concepts and ideas may perpetuate the notion that entrepreneurism is a reactionary activity occurring at the whims of a mastermind entrepreneur. However, successful small firms rely on well-planned strategies to help execute the entrepreneur's vision (Hannon and Atherton 1998). Said more specifically, the entrepreneur's focus on being aware of externalities, pursuit in converting known and unknown opportunities to business results, and determining how to build momentum through successive outcomes underscores the necessary posture in competitive markets.

While many entrepreneurs may engage in strategic planning activities throughout the organization in an attempt to solidify management competence, the maturity of effective planning tends to vary across industries and between individual entrepreneurs. An argument arises that entrepreneurs who tend to focus heavily on planning activities miss out on acting decisively to business opportunities (Hannon and Atherton 1998). The criticism may be better articulated as the trade-off between overemphasizing planning activities compared to the focus of transitioning plans to action. This is not to diminish business insights and intelligence as an irrelevant artifact linked to strategic planning, but rather the need to make the information as actionable to the business as possible. Entrepreneurs must balance their business against the context in which the business may be most optimally positioned to thrive using

planning as a backdrop to help guide their understanding and decisions for the business and the organization.

Business objectives require resourcing to translate plans into activities. Resourcing for many organizations is often a laborious process. In cases where the business resource models require raw materials, plant, power, and equipment, or large capital outlays, the organization may require additional layers of complexity related to the resourcing process. For those organizations whereby people represent the largest challenge in proper resourcing, the ability to define the right resource model can become challenging. A resourcing plan may include broad alignment to an organization's strategy, connecting several layers down to the activity and task level within an organization. To find the right level of detail may require the entrepreneur to have flexibility in their thinking. One way to approach resourcing is to break down activities into the most logical organizational structure and assign responsibilities to individuals with a collection of tasks. Another option is to supply an organization according to the priorities of the business demand. As entrepreneurs think about the trade-offs between the number of resources and the performance of the firm, inevitably an entrepreneur's own leadership may influence the resourcing model. In other words, how the entrepreneur chooses to lead their organization may contribute to enhancements in the overall abilities of the firm.

An entrepreneur, who contributes to building dynamic capabilities through resourcing activities, can reinforce an internal operating model focused on carrying out the organization's strategic plan. The challenge many entrepreneurs face is how to create a reliable routine that enables business processing (Worley et al. 2016). Typically, processes become static over time, thereby entrenching ways of doing business as part of its cultural norms. In fact, when challenging situations arise like the impact of a global pandemic, an organization's ability to change course tends to highlight neglected areas of the business. However, entrepreneurs who are active in challenging their own approach to managing the business can better enable the formation of dynamic capabilities to address unforeseen events. Dynamic capabilities allow for organizations to repeatably and reliably create value in unpredictable environments. By favoring dynamic capabilities, entrepreneurs are able to view resourcing as an activity that directly supports the strategic intent of the organization.

Another challenge entrepreneurs may face in cultivating dynamic capabilities is in the ways their teams are able to connect, especially when physical distance is an operating norm (Flood 2019). Some organizations are not well-equipped to foster team collaboration across multiple locations. This may be a result of a business that is heavily dependent on physical locations. Another reason an organization may not be prepared to support employees in multiplied physical locations may be related to the ability of the organization to operate across digital touch points to get work done. For a variety of reasons, the notion of having remote work as a norm may not be at practical. Furthermore, the effectiveness of collaboration can be limited by the familiarity team members have with one another. Separation may cause additional challenges when team members are expected to integrate new members to the organization but cannot meet in person. When the entrepreneur is challenged by the additional resource model constraints, as is the case when there are obstacles to effective collaboration, thoughtful leadership tends to underscore the ability of the organization to continue to deliver value for their clients and/or customers.

To codify routines into processes in order to meet business objectives, effective entrepreneurial organizations tend to bridge people and their responsible tasks in a way that helps drive value to the business. An entrepreneur may choose a collection of processes that are uniquely suited for the business as to avoid implementing any industry standard processes. Opposite to this an entrepreneur may choose to only implement industry standard processes with little to no variation to account for their business. More practically, most entrepreneurs will fall somewhere in the middle to these scenarios. The notion of having a baseline of standard processes means the level of sameness

can be applied to tasks that are not considered differentiators or value creators for the business. Therefore, the limited number of unique processes to the business can be managed in a way that supports entrepreneurship, in so far to say that process building is an activity that supports individuals to create and/or extract value for the business.

At the center of an organization's core competency lies a set of unique processes that enables the business to generate and extract value for clients and/or customers. Processes that involved manual and/or physical tasks may be considered finite in its set of unique applications. By comparison processes transacted digitally tend to generate more unique process combinations. Any mixture then would contribute to uniqueness itself. It stands to reason the speed and scale value can be created, derived, and/or extracted for entrepreneurs rely on the contribution of digital processes to the total value generated by the business. Today, business ecosystems thrive under the knowledge economy conditions. The knowledge economy contributes to the ability of organizations to host any number of digital processes and apply them to their business. Entrepreneurs are able to further differentiate their offerings through a digital marketing mix.

As the processes continue to enable businesses, a concern for entrepreneurs becomes how to prioritize current and future needs. It can be tempting to create a process for as many operational and management tasks possible. Digital processes allow for nuances that do not exist with more discrete functions. Entrepreneurs are faced with the decision to prioritize a crowded inventory of processes. Furthermore, assessing the benefits realization attached to additional process may not be immediately evident. An entrepreneur, who can keep in mind the core processes related to true value creation, is positioned to lead their organization through challenging conditions while still serving their core clients and/or customers.

Part of an entrepreneurship frame of references lies in navigating challenges from market conditions' effect on to the internal operations ability to transform concepts and ideas to unique solutions and offerings. As entrepreneurs connect their vision and strategy to execution, often a preceding consideration is to be informed by relative business intelligence to inform the foundational activities. Beyond understanding the competitive landscape, entrepreneurs may seek additional information to provide them an advantage in the marketplace. In some instances, this can mean a better understanding of a customer's journey and attempting to align their products and/or services to specific milestones in that journey. Other examples for entrepreneurs may be to attempt to gain advantage in areas of technical detail they can exploit, an opportunity not yet covered by competitors. Another advantage an entrepreneur can attempt to leverage is by partnering with other similar businesses to create a joint effort to address a market need. The creation of business intelligence then becomes an internal activity that informs entrepreneurs of what may be possible to address their strategic needs. Furthermore, the transformation of business intelligence initiates an innovation process addressing what people, process, and systems may be directed to bring new concepts to fruition.

Embedded processes targeted to support innovation require a desire by leadership to develop additional momentum in fostering a transparent culture open to new ideas. For many organizations, an initial step is to focus on high collaboration activities across the organization. The thought is to generate a collective creativity (Hill et al. 2013) that permeates the organization and influences the way people approach solving problems in the organization. Entrepreneurs are able to help their organizations envision ways to solve problems that are beneficial to the commercial outcomes of the business. While innovation encompasses a wide-ranging set of activities, in general, innovation is an assumed part of the operating model for entrepreneurs.

Innovation as an operating model can act more like cultural norms for an entrepreneurial organization than process enablers. As many entrepreneurial operations grow and mature, the tendency to have a well-developed management system can be overlooked in favor of loosely connected processes. At times this may simply mean the

entrepreneur does not value systems the same way they might value flexibility. While this is not to indicate systems cannot be flexible, it is an example of how perceptions can influence decisions. As a result, some entrepreneurs may value hiring like-minded individuals to help run the business. However, studies have shown diversity can support the creative processes that support innovation. Diversity of perspectives, thoughts, and backgrounds can lead to increased flexibility and novel problem-solving. Entrepreneurs are challenged in balancing the various needs and tensions in order to facilitate growth for their business.

For successful entrepreneurs who grapple with the various internal and external forces impacting their business on a daily basis, finding the right area of the business to invest their time can be challenging. To complicate matters the level of impact to the business can be difficult to discern based on time and competing priorities. An organization may find the best course of action is to reprioritize activities to reduce overall strain on resources and only focus on value-generating activities. Conversely, externalities have similar consequences if not accounted for by the organization. Again, for the entrepreneur from each operational response come the understanding and need to balance initiatives against a quantified cost. Perhaps most difficult of all is the distraction imposed on the entrepreneur seeking out truly value-generating activities for the business.

To pursue new opportunities can be part of the thrill of being an entrepreneur. An entrepreneur may believe that their greatest strength is to apply unyielding passion to solving problems in areas they feel they can most impact. The pursuit of determining how to create or extract value in the business keeps an entrepreneur in an ongoing cycle in feeding their passions. However, entrepreneurs may find themselves in a position of creating problems when none existed to begin with. It is possible that the entrepreneur can end up being required to demonstrate self-restraint in the pursuit of entrepreneurship. The goal would likely be an issue of focusing one's efforts rather than dissuade or dampen the entrepreneur's passion. The impact of being too narrow focused on what evokes interest then may become problematic in maintaining business objectives.

A tension likely exists for the entrepreneur wherein passion is mitigated by a need for structure. Structure can activate a different type of excitement for the entrepreneur. While pursing the role as creator, the entrepreneur may inadvertently put the business in a position whereby it has lost some forward performance momentum. The entrepreneur, who has worked tirelessly to move the organization's agenda forward, may desire a more stable basis to grow the business and by extension their own success. The degree of structure the entrepreneur chooses to focus on may depend on the situation and critical impacts to the business. Also, depending on the skill sets within the organization, the entrepreneur may lean on others to help better control business activities. As activities begin to have better management control, the entrepreneur may shift to a more disciplined mindset. Inevitably, the entrepreneur may switch back to pursuing fundamental needs to generate value. The entrepreneur operates in a cyclical state of tension, which in normal times of business is acceptable and can be managed by those directly impacted by the nature of the entrepreneur.

Critical impacts to a business create new mitigating factors and strains in the entrepreneur's frameworks. The lens by which entrepreneurship highlights the context and concepts of the business, core processes, resources, and the entrepreneur's own tension as important components in reviewing how critical impacts affect the ability to generate value. Furthermore, the actions taken within the organization to respond to critical impacts are amplified by the trade-offs in attempting to achieve a vision and the compromises needed to adjust for the times. Such mitigating factors to success may then warrant consideration cultural dimensions. Therefore, a reasonable expectation for the organization might be to engage in change management strategies throughout events around critical impacts.

## Transformational and Courageous Leadership

The increased frequency of change management strategies within an organization affected by a critical impact event likely will involve a holistic thinking approach and vision to give structure and direction for what comes next. As an entrepreneur connects disparate thoughts to relate their business with possible opportunities, the vision forward eventually materializes. Certainly, when innovative concepts arise that the organization feels can generate new value and the business case made, the entrepreneur and their leaders in the organization embark to execute on these strategies. In doing so, the entrepreneur is set to lead ongoing transformation to the business and organization.

In order to transform the business, entrepreneurs must recognize the organizational shifts necessary and their own contributions in leading these initiatives. While the shifts that require responses to new activities in the organization coincide predominately with the individual needs of the business going forward, the setting for transformation likely will have similarities for other entrepreneurs as well (Bass and Avolio 1994). Similarities around fostering creative insights to innovate, drive and energy, and an awareness for team needs are common priorities leaders in entrepreneurial organizations maintain. As transformation activities intensify, entrepreneurs can expect additional work to focus on keeping team performance high.

Team performance, as a process, can be thought of as a prioritization exercise in gaining alignment throughout a transformation within an organization. To activate team performance when there are a number of changes, entrepreneurs must refocus their framework and thinking on how they might approach changes to their organization (Dionne et al. 2004). As concepts solidify and changes to the operating model align to business performance, if entrepreneurs fail to address how their teams will respond to the changes, the risk of managing the transformation likely increases, and a more dramatic event may lead to business failure. As a response, an entrepreneur might then lean more into leading their organization to ensure the manifestation of their vision across the organization. An entrepreneur would need to enforce a vision that helps their people understand a new landscape. Furthermore, the entrepreneur's vision would require effort to create cohesion within the organization. There needs to be a clear motivation that inspires the organization to accept the new conditions for the business. An entrepreneur may elect to utilize exciting imagery to create inspiration. This can begin with strategic planning sessions to expand the organization's understanding of what the business can be in the future. The entrepreneur guides the visioning and translation into strategy by outlining a new notion of a paradigm they can all achieve together. The consensus that gets built can create the impetus for additional thinking of how to actualize the strategy through well-considered processes that enable further value. Choice points become evident as leadership considers the resourcing needs to support new concepts.

Creating buy-in requires additional grounding for the new ideas to take hold within the organization. Transformational leadership relies on idealized influence in order to further the cohesion within a team (Dionne et al. 2004). Entrepreneurs would do well to understand how their influence helps to model the behaviors and actions within their organizations. During strategic planning, leadership may recognize that what is being attempted will require a shift in how they operate. Discussions may arise wherein it becomes evident that the organization needs to modify how individuals approach supporting the strategy. Training sessions and core competencies may need to be planned out and workshopped throughout the organization. This process may lead to additional consideration for how teams organize themselves and if special resources would be necessary. As activities cascade from the top, the entrepreneur and their leadership team will be looked role modeling behaviors, thus enhancing the cohesion of the transformation. Over time these efforts likely permeate throughout the organization and become fixed as part of the new normal operating model.

While the organization works through sizable changes and the efforts to bring together the various work streams, leaders would do well to recognize additional, more tailor needs to particular individuals. There can be plenty of reasons why the need for specialized actions would be necessary. However, as an entrepreneur faces the possibility of their vision deteriorating before any real momentum is gained, it behooves the entrepreneur to think through targeted communication to connect the past, present critical impacts, and future state. For some, the notion of connecting to the new vision is unclear. This opportunity to address concerns over the plan and changes in process may help the entrepreneur to think through other downstream obstacles or questions directed toward the business. The benefit for all concerned is the validation in confirming alignment as an active part of the transformation process. Teams may require additional follow-up as they encounter niche problems that only affect their part of the business. Another example is the time required to flesh out how innovative ideas become operationalized. These incidents may require more communication and feedback loops than perhaps anticipated and demand ongoing monitoring to ensure forward progress throughout the organization.

The best laid plans can fall short of the objectives without rigor around the transformation process. As much as an entrepreneur's passion empowers the organization to move forward, the opposing tension of adding discipline throughout the organization can counterbalance backsliding effects. To consider the various ideas and initiatives that are required in generating transformation, an entrepreneur likely will need to reconcile what and how their business operations can bridge the current and future state. Each decision needs to be considered, but not all decisions should be considered true choice points. By prioritizing activities that generate value for the business, an organization can embed these activities as core processes moving forward. However, again the tension between forward progress and preventing a breakdown in the business becomes a focus for the entrepreneur to balance. A balance can be struck as opposing elements are worked through with decision-makers and stakeholders within the organization. At times this can clarify roles between parts of the business that overlap in the new structure. There may be times wherein making decisions about how to proceed with translating requirements to meet objectives needs to be iterated on. Ultimately, however, in order to progress through the transformation, the entrepreneur must recognize, be accountable for, and direct abstract concepts to become plans and acted upon to become activities for the business to thrive past a critical impact juncture.

By creating accountability measures, organizational effectiveness should become more pronounced as a staple activity. Individuals involved in transformation activities would have undoubtedly felt the effects of the entrepreneur's effort to manifest their vision (Hill et al. 2012). It would also stand to reason what and how teams reacted to changes would be noticeable. However, as a transformational leader, the entrepreneur would do well to consider how effective the organization can be to eliminate wasted efforts related to such a large effort. The baseline would serve as an indicator for continuous improvement (Lawler 1995). By establishing a clear line of sight connection from the transformation outcomes to the business and strategy, the corresponding organizational design and management can be reinforced through each organizational update.

To coincide with activities that highlight progress made during transformation, the organization should consider sets of standard tasks, or a playbook, to implement. By establishing a standard template by which can be deployed to service-specific outcomes, the results can be standardized and reported for tracking. The traceability of activities helps establish focus even when an entrepreneur has not completely figured out the details for a particular change initiative. The benefit to the business can then be measured and evaluated for future usage. Thus, even a limited, but thoughtful, set of plays may provide enough oversight without becoming overbearing. Some examples of plays include creating feedback processes, focusing on agility initiatives, operationalizing short-term and long-term strategic plans, and integrating winning processes that

have shown to contribute to new value for the business (Worley and Lawler 2010).

Conversely, as the entrepreneur strives to be effective in their transformation effort, the narrow focus may cause some areas of the business to be overlooked. With business pressures likely to be front of mind for an entrepreneur, the desire to force organizational effectiveness in order to optimize time and resources may reduce attention to fringe or moderately measured areas of the business. Small activities are likely to be candidates to be overlooked as it is likely they do not represent key drivers to the business. However, the same logic may allow some entrepreneurs to overlook seemingly minor details in the transformation process. New methodologies in the business are likely to have minor details that are either not well understood by all stakeholders or may unknowingly be a cause for concern for certain individuals. The organization must have a comprehensive understanding of the entire system to avoid risks to the transformation process (Howarth and Rafferty 2009). However, an entrepreneur can instill a perspective with their leadership team to support complementary behaviors such as searching for complete understanding of internal systems.

The complexity around the transforming of a business can create strain in the organization that even with a well-detailed plan may likely require leadership intervention. Entrepreneurs may recognize that with all the changes occurring throughout their organization, the ability to operate without additional problems may be challenging. The operations of the business are often spread and cascaded through various lines of the organization. As activities span further away from the entrepreneur's immediate control, instances where the entrepreneur's understanding, assumptions, and expectations of transformation activities can be questioned. To verify understanding, challenge assumptions, and level set expectations, the entrepreneur can adopt a courageous leadership approach in an effort to counteract their own zealous pursuit of transformation. During the transformation process, an organization will be stepping out of their comfort zone and can benefit from ensuring the kind of dialogue needed to support the change is happening throughout the organization (Beer 2020). The entrepreneur should endorse and hold their leaders responsible for engaging the right people at the right time with the right topics. This means leaders should be engaging in honest dialogue with individuals whose work is most affected by the changes, to ensure that individuals closest to the problems that are being worked on have contributed to the solution. Furthermore, if gaps exist in the transformation plans, leaders must find ways to reconcile their own thoughts and agendas with certain realities. Leaders may find that changes may require more in-depth, systematic updates but that the lessons learned through discovery may provide a better strategic execution option.

Being courageous means being open to a different view of the problem and solution without becoming accusatory. By adopting practices that help facilitate courageous leadership style, the organization is signaling the importance of the collective over individualism. Entrepreneurs are able to empower their leaders to confront difficult issues and hold them accountable to resolve conflict. Thus, the way leaders can then inspire trust with their teams can be driven from a place of personal and shared understanding. By allowing individuals to participate fully in the transformation process, entrepreneurs can be more assured that the commitments and activities flowing through the organization can represent reliable milestones toward progress.

## Conclusion

The perspectives shared as a review of current models and frameworks that are being applied critical impact events, such as a global pandemic, reveal additional research may be necessary to provide additional structure to the themes discussed. The growing crossover literature in the fields of entrepreneurship, transformational leadership, and organizational effectiveness may contribute to specific topics that may add insight into how work streams can utilize findings for their benefit. With uncertainty bound to provide opportunities to researchers interested in trying to

help entrepreneurs make sense of critical impact events, the rise in studies focused on geographical and demographic segmentations. Furthermore, the subject around contemporary social and environmental topics presents a potentially much larger lens to include for study. By examining the current environment using the same cascading review approach, future bodies of work may find greater synergies in this area and evolve an understanding of critical impacts to entrepreneurship and leadership activities.

## Cross-References


- ▶ Corporate Intrapreneurship: An Overview
- ▶ Diversity, Equity, and Inclusion: Strategic Plans for Start-Ups
- ▶ Fit: Market and Strategy
- ▶ Organizational Culture and Socialization


## References


Bass BM, Avolio BJ (1994) Transformational leadership and organizational culture. Int J Public Adm 17(3–4):541–554

Beer M (2020) Transformational leadership requires courage. Leader to Leader 2020(96):33–38

Dionne SD, Yammarino FJ, Atwater LE, Spangler WD (2004) Transformational leadership and team performance. Journal of organizational change management 17(2):177–193

Flood F (2019) Leadership in the remote, freelance, and virtual workforce era. Springer Nature. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. pp 1–5. https://doi.org/10.1007/978-3-319-31816-5_3825-1

Hannon PD, Atherton A (1998) Small firm success and the art of orienteering: the value of plans, planning, and strategic awareness in the competitive small firm. J Small Bus Enterp Dev 5(2):102–119

Hill NS, Seo MG, Kang JH, Taylor MS (2012) Building employee commitment to change across organizational levels: the influence of hierarchical distance and direct managers' transformational leadership. Organ Sci 23(3):758–777

Hill LA, Brandeau G, Truelove E, Linebeck K (2013) Collective genius: the art and practice of leading innovation. Harvard Business Review Press, Boston

Howarth MD, Rafferty AE (2009) Transformational leadership and organizational change: the impact of vision and content delivery. Acad Manag Proc 2009(1):1–6

Lawler EE (1995) Organizational effectiveness: new realities and challenges. The performance imperative. Jossey Bass, San Francisco

Smith WK, Lewis MW, Tushman ML (2016) "Both/and" leadership. Harv Bus Rev 94(5):62–70

Worley CG, Lawler EE (2010) Agility and organization design: a diagnostic framework. Organ Dyn 39(2): 194–204

Worley CG, Williams T, Lawler EE (2016) Creating management processes built for change. MIT Sloan Manag Rev 58(1):77


# Leadership Styles: Choose Early


Joanne Howard[1], Leodis Scott[2], Diane Howard[2] and Angela Freeman[3]

[1]Stuart School of Business, Public Administration Program, Illinois Institute of Technology, Chicago, IL, USA

[2]College of Education, DePaul University, Chicago, IL, USA

[3]Northwestern University Feinberg School of Medicine, Chicago, IL, USA


## Synonyms

Administration; Direction; Governance; Management; Orchestration; Supervision; Style

## Introduction

During the 2019–2020 academic year, four faculty members taught 27 classes between them in the areas of education, healthcare administration, and management. The students enrolled in these graduate courses would go on to become first-time managers, middle managers, or were changing their career focus to enter a new career phase. The total number of students was 540 and they hailed from eight international countries and the United States. The students were outstanding in their course work, but their main deficit was knowledge about themselves and their leadership style.

Bolman (2020) indicated a vital element of leadership is the ability to see what is coming. Since the future is inherently uncertain, that means one needs to study what is happening, see where current forces demanding attention in the world are, and make appropriate choices. It is even more imperative that first-time leaders understand their managerial skillset and organizational fit.

The researchers used the Leadership Orientations Self-Assessment test on Lee Bolman's website to provide a baseline for the students about their leadership style. The test asks a series of questions that allow the students to determine which of the four different conceptions of organizations and of the task of leadership they fit into. Bolman and Deal (2008) present the four frames – Structural, Human Resource, Political, and Symbolic – as a means for students to self-assess. Originally published in 1981, Bolman and Deal has become a cornerstone in public service and administration for considering different types of organizations and now the kinds of leaders that are best aligned to be effective in these organizations. This simple breakdown of four frames or types of organizations, namely, structural, human resources, political, and symbolic, help business leaders and managers continually rethink and reframe their organizations.

More specifically, the structural frame represents traditional factory-design organizations and social architectures that promote clear missions, roles, and goals that can include tasks for implementing technology and improving the overall work environment. The human resources frame demonstrates a more personal, family, and relationship-style of organizations that considers the needs and skills of employees and empower them for continued development. The political frame exemplifies the kinds of organizations that promote advocacy and political ideologies with keen attention toward power, politics, competition, and even conflict. The symbolic frame illustrates organizations of inspiration that produces a collective culture through stories and metaphors, and recognition of heroes, champions, and images of success and ceremony.

The journal authors repeat the definitions of the Four Frames below for expediency.

| | |
|---|---|
| **Structural** | This Frame focuses on the obvious "how" of change. It is mainly a task-orientated Frame. It concentrates on strategy; setting measurable goals; clarifying tasks, responsibilities, and reporting lines; agreeing metrics and deadlines; and creating systems and procedures. |
| **Human Resource** | The HR Frame places more emphasis on people's needs. It chiefly focuses on giving employees the power and opportunity to perform their jobs well, while at the same time, addressing their needs for human contact, personal growth, and job satisfaction. |
| **Political** | The Political Frame addresses the problem of individuals and interest groups having sometimes conflicting (often hidden) agendas, especially at times when budgets are limited, and the organization must make difficult choices. In this Frame you will see coalition-building, conflict resolution work, and power-base building to support the leader's initiatives. |
| **Symbolic** | The Symbolic Frame addresses people's needs for a sense of purpose and meaning in their work. It focuses on inspiring people by making the organization's direction feel significant and distinctive. It includes creating a motivating vision and recognizing superb performance through company celebrations. |

## The Four Authors

The writers are in various stages of their professional careers, so they used themselves as a benchmark to better advise students who seek their counsel. A thumbnail sketch of their careers follows.

Joanne Howard, 30 years of nonprofit and educational management with 20 years of teaching experience. Dr. Howard scored the highest in the Human Resources Frame.

Diane Howard, 30 years of senior positions in healthcare operations; association

management; insurance marketing; and 16 years of teaching experience. Dr. Howard scored high in the areas of Political and Human Resources Frames.

Leodis Scott, midcareer university faculty member with military experience. Dr. Scott scored highest in the areas of Structural and Symbolic Frames.

Angela Freeman is a doctoral student with program management experience with a master's in public health. She scored high in the Structural Frame area.

## Reflections on Past Experiences and Key Lessons

The authors are in different generations: Howard and Howard are Baby Boomers, Scott is in Generation X, and Freeman is a Millennial. The authors were born and raised in New Jersey, Illinois, and Michigan, respectively. The characteristics they share are growing up in stable families with high achieving parents; they are African American; and each suffered the loss of a parent at a young age. The similarities bear mentioning as they each indicated it had a bearing on their desire to control their personal and professional lives. They understood at an early age that life is fleeting; opportunities present themselves, and there is an urgency to take advantage of them; and, most importantly, that sacrifices had been made for them and there *must* be a return on this investment. The return is passing wisdom and lessons learned to another generation.

Berman (2010) indicated in *Making a Difference* that to successfully lead nonprofit enterprises is a management challenge, and the following attributes of leadership play an essential role: integrity, independence, mature confidence, corporate manners, a sense of context, courage, and commitment.

Salamon (2003) reflects on the changing context on nonprofit leadership, and by extension, for profit management, that challenges and opportunities are presented daily. All organizations, regardless of their tax status, must content with fiscal challenges, competition, effectiveness, and technology. The opportunities should also be front of mind and new, mid-career, and senior managers must exhibit leadership prowess in dealing with social and demographic shifts. The nonprofit and private sector organizations that have had the agility to pivot to embrace current social issues (LGBTQ rights, Black Lives Matter, the new push for Voting Rights, for example) will be the better for it and road tested for changes to come.

## What They Learned from Their Students

The students the faculty taught during the 2019–2020 school year are divided into large categories to protect the participating students and the respective universities where the faculty currently teach:

| Gender | |
|---|---|
| Male | 221 |
| Female | 298 |
| Non-conforming | 21 |

The students were from China, Korea, India, Nigeria, Russia, Saudi Arabia, Taiwan, Turkey, Ukraine, Viet Nam, and the United States. The age range was 23–36 years of age. Surprisingly, the students had many similarities: they were all ambitious, had capitalistic tendencies, loved hip hop music, loved to travel, and were overly dependent on social media to keep themselves informed. The internet provided an interesting way to break down barriers during classes, and the faculty witnessed substantial social cohesion among the classmates at their respective schools.

The key elements that helped to unite the students were current events, food, information-sharing about campus social events, and other sources of entertainment. Anecdotally, the authors found the students to be far more collaborative than the authors found themselves to be when they were in graduate school. This younger generation is disrupting the way learning occurs in higher

education; and they are more vocal about how they want to learn, be taught by, share classroom and campus space with, and what they want their future world to be, and, they want immediate action. Organizations that are slow to adapt to the needs of this younger generation do so at their own peril. There are ways that multiple generations can acclimate their leadership styles to coalesce around organizational values.

## Intergenerational Learning

The Leadership Competency Model is divided into the three domains of people, execution, and transformation (Calhoun et al. 2008). The competencies advanced by high-achieving professionals and organizations relate to 26 behavioral and technical competencies as individuals progress through their careers from entry-level to mid-level and advanced stages of lifelong development (Calhoun et al. 2008). In the early phase of a career, the People domain of the leadership competency grid is critical because the professional needs to have interpersonal understanding of their motivations and aspirations. The emerging leader must take responsibility to understand their impact on others and to improve their capabilities, as well as the capabilities of others (Calhoun et al. 2008). The individual needs to focus on advancing the interpersonal understanding of who and what they are and want to become (Fig. 1).

In the People domain, the organizational leader has optimal human resources to recruit and retain good staff. The leader and staff could hear and understand the thoughts, feelings, and concerns of others. Professionalism is the ethics and values that a leader displays and infuses the organization. The leader is also someone who is good at relationship building and exudes self-confidence. The leader invests in the development of themselves and staff and seeks out talent to develop the breadth and depth of the organization. The organization also functions as a team with members complementing each other in how work is accomplished.

In the Execution domain, the leader takes the vision and strategy of the organization to drive organizational performance (Calhoun et al. 2008). The competencies include accountability, change leadership, collaboration, impact and influence, and initiative as behavioral skills to develop in this domain. In addition, technical skills in information technology management, performance measurement, process management and organizational design, and project management are critical to professional development in this domain.

As the professional develops and broadens their scope of responsibility, a higher order of leadership is required in the Transformation domain, which includes visioning, energizing, and stimulating change processes (Calhoun et al. 2008). The Transformation domain includes the behavioral skills of achievement orientation, community orientation, innovative thinking, and strategic orientation. The technical skills of financial and analytical thinking are contained in this domain (Calhoun et al. 2008).

Transformational Learning addresses the external environment in which the three model programs operate. It addresses the broader community that includes economics, social supports, and education. There is an organizational advocate, whose leadership style is coalition and building. The advocate clarifies what they want and what they can get; they assess the distribution of power and interests; they build linkages to other stakeholders; and they use persuasion first, then use negotiation and coercion only if necessary (Bolman and Deal 1997). In the context of student learning, the student must interface with the external environment as they apply their skills to the world of work.

With multiple generations in the workforce, it is incumbent that senior and junior managers engage throughout various organizations for significant exchange of ideas to flourish for the mutual benefit of private sector, nonprofit sector, and governmental organizations.

## Conclusion

Newly minted graduates of management-oriented professional schools with limited managerial experience have a vested interest in determining

**Leadership Styles: Choose Early, Fig. 1** NCHL competency model

their leadership styles. With the advent of a global pandemic and the contraction in many industries, there is a need for new thinking and ideas to infuse the workplace. Dalio (2017) and Butler (2019) list lessons learned in their professional and personal lives that can serve as a benchmark for younger generations. Mistakes recorded are ones that individuals choose not to replicate.

The primary step for first-time managers is to determine their leadership style and to be cognizant of their mistakes and successes. The road to transformative leadership is long and continuous. Execution for results and people with strong interpersonal skills are critical to the strategic management. It is incumbent upon senior managers to provide an environment for information-sharing to enhance the competencies of junior managers. It is also important for junior managers to work with senior managers to advance their innovative thinking to work for continuous improvement.

What we present here is the opportunity for potential leaders to consider their personal characteristics in alignment with the best suited type of organization. NCHL Competency Model features the intersectionality of people, execution, and

transformation domains. The combination of characteristics listed within each domain will differ depending on the type of organization potential leaders choose to enter. Our research notes that in the domain of execution, a structural organization would mostly benefit, whereas in the people domain, a human resources organization would appear most effective.

However, in the transformation, our research suggests that these related characteristics would best be suited for both political and symbolic types of organizations. This point further supports the importance of transformational leadership that transcends beyond execution and people but bring about a higher degree of analytical and innovative thinking.

Finally, in our advocation for leaders to consider taking the Bolman Leadership Orientations Self-Assessment Test, we are not suggesting that misalignment of leadership style and type of organization is immediately problematic. Rather, we contend that knowing what your dominant characteristics are will allow leaders to connect and relate to others in the organization that display those significant characteristics that may be different than yours. In this way, learning about your leadership style and the organization type will lead to more effective teams, organizations, and management overall.

## References

Berman H (2010) Making a difference: the management and governance of nonprofit enterprises. CCE Publications, Rochester/York

Bolman L (2020) Leadership orientation: self-assessment quiz. https://fs25.formsite.com/josseybass/form29/ndex.html. Accessed 3 Jan 2019

Bolman LG, Deal T (1997) Reframing organizations: artistry, choice, and leadership. San Francisco, California: Jossey-Bass

Bolman LG, Deal TE (2008) Reframing organizations: artistry, choice, and leadership, 4th edn. Jossey-Bass, San Francisco

Calhoun JG, Dollett L, Sinioris ME, Wainio JA, Butler PW, Griffith JR, Warden GL (2008) Development of an interpersonal competency model for healthcare leadership. J Healthc Manag Chicago 53(6):375–391

Dalio R (2017) Principles: life and work. Simon & Schuster, New York

Howard D (2019) Peter Butler: In first person. Chicago, Illinois: Rush University Medical Center Archives

Salamon LM (2003) The resilient sector: the state of nonprofit America. Brookings Institution Press, Washington, DC

# Leadership, Brazil

Evelyn Levy
Senior Public Sector Specialist, Sao Paulo, Brazil

## Synonyms

Political appointees; Public executives; Senior civil service; Senior executive service

## Definitions

Leadership has become a central concern within the public sector in the last decades of the twentieth century (OECD 2002). Various causes have driven top civil servants to different roles, compared to the Weberian hierarchical model of public administration, prevalent in the early and mid-twentieth century. Although these factors cannot be generalized throughout all countries, certain conditions became common trends affecting governance: globalization, ICT, diversified and fragmented societies, decentralization of government, turning public management far more complex than before. In a short definition, leadership can be conceptualized in such terms: "*Administrative leadership is a composite of providing technical performance, internal direction to followers, external organization direction – all with a public service orientation.*"(Villoria and Iglesias 2011). Therefore, public leaders are expected to: obtain results, understand the context within which they operate, develop new and innovative working patterns, and inspire to get convergence of efforts. Within a world of rapid change, they are expected to facilitate adaptation in order to make the public sector give effective and efficient responses to society's demands. A wider

definition of public leadership can also include middle managers and operational supervisors.

## Introduction

Brazil is a federation, and therefore, the Brazilian public administration comprises the Federal Government, state (26) and municipal governments (5570), and the Federal District. Public officials were distributed in 2016 such as:

| | Number of public officials | Number of public official per 1000 inhabitants |
|---|---|---|
| Federal Government | 1,081,600 | 5.2 |
| State governments and the Federal District | 3,120,000 | 15 |
| Municipalities | 4,992,000 | 24 |

Source: Dapp.fgv.br/estado brasileiro

A Weberian civil service started to be created under President Getúlio Vargas, 1937; but it took several decades till the idea of an impersonal and meritocratic bureaucracy took ground and became widespread. Patronage was very common during the democratic period (1945–1964). Under the military regime (1964–1985), Government concentrated mostly on developing the country infrastructure, which was implemented through state-owned enterprises (SOEs). A new perspective aroused with democratization and was reflected in the 1988 Constitution. The "Citizen Constitution" intended to be a tool to overturn Brazil's resilient social inequalities through the creation of a welfare state.

At the same time, legislators intended to finally strengthen the institution of an independent and professional bureaucracy, selected exclusively by meritocratic criteria in public selection processes (Levy and Coelho 2018). In parallel, the 1988 Constitution maintained the possibility of hiring on "confidence" grounds; these are the "*cargos comissionados*" (commissioned posts) for managerial or advisory purposes. The commissioned posts can be held either by public officials, in strict sense, or by individuals who do not belong to the civil service. To a certain extent, "*cargos comissionados*" are equivalent to political appointees. But because of their number and managerial content, they widely surpass the concept of political appointees, by comparison with countries within the Westminster model. Undoubtedly, those individuals occupying *commissioned posts* are the top officials of the Brazilian public administration and therefore are supposedly the *public leaders*. Because of the multifaceted nature of these *commissioned posts* – ranging from political advice to highly technical expertise or strategic management capacity – it becomes difficult to draw a line differentiating professionals from politically appointed officials. Politicization can become very *intense.*

## Coalition Presidentialism and *Commissioned Posts*

The top level of the Brazilian public administration (in all levels of government) and its performance is highly impacted by the features of the relation between the Executive and Legislative, named as "coalition presidentialism." According to Pereira and Pessoa (2015), *"the political management of Brazilian presidentialism includes the size of the coalition, its ideological dispersion, the distance to the average ideology of Congress and the proportionality in the distribution of ministries."* The larger the coalition – in terms of number of parties – and the wider the ideological dispersion of its components, the harder it is for the Executive to manage the coalition and obtain majorities in Congress. In order to do so, the ruling party must share ministries and/or *commissioned posts* with their partners in the coalition. Designating individuals appointed by the coalition partners to these various posts is a way to co-opt these parties; another reason to appoint on politically allegiance grounds is the need of the ruling party to control its coalition partners when or where power has been delegated.

In the Federal Government, around 3% of positions were *cargos comissionados* in 2016, allowing the President full discretion over their hiring.

The number is greater if posts in the SOEs are also taken into consideration. According to Alessio (2017), in 2016, there were:

Positions appointed by the president with full discretion

| | |
|---|---|
| DAS system (senior and middle managers and advisors leading ministries and foundations) | 19,441 |
| IFES (federal universities and three foundations) | 8,261 |
| Regulatory agencies | 3,242 |
| All positions (includes positions within SOEs) | 99,122 |

Source: Alessio (2017)

The landscape is quite uneven. From 1999 till 2014, the number of outsiders who occupied DAS positions has decreased from 44% to 30%. Actually, more positions were designated to federal civil servants, including at higher echelons. Around 24% of federal civil servants and 51% of outsiders were affiliated to political parties under Lula (2003–2010). The presence of outsiders occupying these positions differs from ministry to ministry: Finance and Foreign Affairs had over 90% of these positions occupied by civil servants, while Cities Ministry had only 25%. In addition, a special category of *commissioned posts* has been created: the *commissioned functions* (*funções comissionadas*) which are only meant to be occupied by civil servants.

Coalition partners have shown more interest in positions with high tendency to regulate and/or manage significant budgets. Most of all, they showed their interest – especially under Lula and Roussef, whose coalitions were larger and ideologically more heterogeneous – in strategic posts of large SOEs, such as PETROBRAS.

Some perverse consequences derived from this patronage system. In the case of ministries and public organizations in general, *a high turnover* – 30% per year, in average – (Lopes 2015) of top level managers, with dreadful impacts in the implementation of public policies.

In SOEs, very high levels of *corruption* were carried out. The "Mensalão" crisis (2005) and *Carwash Operation* (2014) were able to reveal diversion of billions of dollars, leading several businessmen and high rank politicians – including President Lula – to prison.

## Strategies Developed to Improve Leadership and Overcome Patronage

In contrast with little attention given to performance when designating top managers at Federal and state governments, hiring new and competent public officials has been very intense after 2003. Competitive salaries at the Federal level attracted talented youngsters from all over the country. The number of undergraduate courses on Public Management rose from 10 in 1995 to 200 in 2010 producing capable candidates for the public sector (Fadul et al. 2014).

On the other hand, many steps were taken in order to protect *commissioned posts* from political seizure: under Roussef, 75% of lower level posts (DAS1, 2, 3) were reserved to civil servants, as well as 50% of DAS4. The total number of DAS positions that could be fulfilled by outsiders decreased further more under President Temer (2016–2018) to 15,234.

Alessio (2017) points to some additional conditions to designate some of these posts:

- In the case of universities, officials must be elected by the academic community, having the President the final word, for instance, on the chancellor's choice.
- In case of regulatory agencies, top officials have to be examined by the Senate.

Only in the 30 federal research institutes managerial capacity is taken into account, when selecting their leaders through search committees are responsible for selecting the top level managers is in 30 scientific institutes.

At state level, some important initiatives have been taken in order to build a performing top management. In São Paulo (Alessio 2012) and Minas Gerais (Ávila et al. 2013), for instance, middle managers in Health and Education sectors started to be hired after getting a certificate on managerial competences.

Minas also started hiring strategic managers for complex projects, through headhunters. Goiás introduced selective (blind) processes to hire their middle managers.

A significant investment has been made in training, especially for middle managers at Federal and state level (The situation in Municipalities is not being considered because the difference between them – size, performance, resources – is very big; there is also scarce research on local realities.). ENAP, the National School of Public Administration, coordinates and integrates over 200 schools of government.

## New Developments Coming from Civil Society

Poor public services have been at the heart of huge demonstrations all over the country in 2013. Low levels of productivity in the public sector started to raise civil society's attention. A series of innovative initiatives have emerged in the last years; among them, the following can be mentioned:

- Brazilian Movement for Competitiveness (MBC), sponsored by businessmen, is linked to advocacy in favor of Good Governance, giving also support to governments to increase its efficient use of financial resources and stir results based management.
- Vetor Brasil selects leaders for top-level posts and hires trainees for temporary work.
- The Council for Public Leadership (CLP) is also sponsored by a group of businessmen; it works on the side of advocacy and training of active top level officials, developing leadership competences and creating a national network of public leaders.
- Lemann Foundation, a family foundation, committed to the advancement of Public Education in Brazil, is lately supporting the cause of hiring public leaders through selective processes and tying their work to the achievement of results.

These initiatives certainly change the traditional context for the public sector: new stakeholders, other than political parties, start to have wider influence on its performance.

## Conclusions

The corruption scandals have produced an enormous impact on society and their political views. Political parties and politicians are trying to give new answers in Parliament and in Government.

Seven state governors, recently elected, have signed an article published in "Folha de São Paulo" entitled "*We have to attract the best, managers are crucial for the public sector*. . .."

> It is time to modernize the way we select our leaders. This means we have to combine confidence and the necessary competences. Therefore, although confidence and politics are fundamental to choose our leaders, we have to guarantee that a professional pre-selection takes place. (Hartung et al. 2018.

At the Federal Government, recent elections have produced a significant political shift to more liberal conceptions. "New politics," claimed by the winning coalition, are intended to decrease direct political parties influence on the Executive through *commissioned posts.* A more technical profile of ministers is being sought and a handful of ex-military are replacing posts traditionally occupied by politicians.

The spirit of the 1988 Constitution has produced significant advancements in building a professional and qualified civil service. Legislators believed that the mere existence of a civil service would allow public services to improve and would create a shield to protect government from patronage. But fragmentation of the party system has led the Executive to negotiate posts, with no programmatic commitments. The Legislative has not acted as principal, asking for the Executive's accountability for results. These are low incentives for a performing public sector. It is very soon to evaluate recent developments. Society's outcries and organization may reverse an appalling historical curse.

## References

Alessio MF (2012) Profissionalizando a Administração Pública: o caso da certificação de dirigentes públicos paulistas. V Congresso CONSAD de Gestão Pública, Brasília

Alessio MF (2017) Estratégias de escolha de dirigentes públicos no Brasil: alcances e limitações das experiências recentes à luz do debate internacional. Phd. dissertation presented to Escola de Administração de Empresas de São Paulo, Fundação Getúlio Vargas, São Paulo

Ávila I, Porto B, Custódio L, Viana E (2013) Certificação ocupacional em Minas Gerais: instrumentos de gestão para garantir a indicação de quadros técnicos para a ocupação de cargos comissionados. VI Congresso CONSAD de Gestão Pública, Brasília

Fadul EMC, Coelho FS, Lustosa da Costa FJ, Gomes RC (2014) Administração pública no Brasil: reflexões sobre o campo de saber a partir da Divisão Acadêmica da Associação Nacional de Pós-Graduação e Pesquisa em Administração (2009–2013). Revista de Administração Pública (RAP) 48:1329–1354

Hartung P, Leite E, Santana C (2018) Precisamos atrair os melhores para o governo: Profissionalizar a gestão no setor público é crucial, Folha de São Paulo, 12/16/2018

Levy E, Coelho F (2018) The end of a cycle: 30 years of civil service reform in Brazil. In: Presented in 25 congress of the International Political Science Association/IPSA, Brisbane

Lopes FG (org) (2015) Cargos de Confiança no presidencialismo de coalizão brasileiro. IPEA, Brasília

OECD (2002) Liderança e Setor Público no século 21. MP, SEGES, Brasília

Pereira C, Pessoa S (2015) PSDB e PT discordam mais sobre alianças do que sobre inclusão. Folha de São Paulo, 10/11/2015

Villoria M, Iglesias A (2011) Leadership in public management: some theoretical and methodological considerations. Innovar 21(42). ISSN electrónico 2248-6968. ISSN impreso 0121-5051

# Leadership, Conflict, and Knowledge Sharing in the Public University

José Luis Ballesteros-Rodríguez, Nieves L. Díaz-Díaz, Inmaculada Aguiar-Díaz and Petra De Saá-Pérez
Departamento Economía Financiera y Contabilidad, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain

## Synonyms

Disagreement and conflict at public universities; Leadership at public universities; Public universities knowledge management

## Definitions

Task-oriented leadership refers to those leader behaviors that facilitate the understanding of task requirements, operating procedures, and the acquisition of task information. Relationship-oriented leadership refers to those behaviors regarding concern and respect for followers, looking out for their welfare. Task conflict is a perception of disagreement that involves differences in viewpoints, ideas, and opinions about the task being performed. Relationship conflict is a perception of interpersonal incompatibility among individuals, related to disagreements about values and personal issues. Knowledge sharing refers to deliberate interpersonal interaction processes, such as discussions, exchanging ideas, or joint problem-solving, where knowledge is exchanged.

## Introduction

Knowledge management practices within public universities are becoming an important issue because they can help to increase universities productivity, in particular, scientific production. However, research carried out at public universities largely depends on effective collaboration for knowledge sharing among academics. In this regard, the success processes related to the Nonaka's SECI model of knowledge occur at the research group level, because researchers must know and trust each other to exchange their knowledge (Nistor et al. 2015).

In academic institutions, researchers obtain much of their knowledge through interactive face-to-face communications, rather than from written documents (Tan 2016). Thus, knowledge sharing among researcher could lead to better performance. However, people may have reasons for not making their knowledge available to others, treating their knowledge as a valuable and sensitive asset that must be carefully handled (He et al. 2014). For this reason, it is critical to understand the underlying effects of the collaboration among researchers and their willingness to share knowledge with others. In this sense, knowledge sharing can be fostered if leaders show

certain behaviors related to knowledge management activities, convincing their group members that the exchange of ideas is beneficial for everyone (Tian et al. 2009). Besides, leaders can also help by reducing hoarding behavior, which generates high levels of conflict and trying to inspire group members to share knowledge (Bai et al. 2016).

## The Influence of Leadership on Knowledge Sharing

In the university context, research is motivated by the individual objectives of academics, who may choose whether or not to share knowledge, but also with whom. For that reason, the knowledge-sharing process becomes challenging and cannot be arbitrary manage (He et al. 2014). In this way, it is necessary to emphasize the role of university laboratories' leaders, who should promote a culture that fosters knowledge sharing, by convincing their group members that an open debate could be beneficial in terms of publications and citations (Tian et al. 2009). Leaders can help to eliminate hoarding behavior and try to inspire group members to share. Thus, knowledge sharing can be fostered if leaders have certain behaviors directly related to knowledge management activities. Examples of these behaviors could be: monitoring the environment for relevant new knowledge to share it within the group, challenging group members to try new approaches to problems, and pairing experienced individuals with less experienced members (Lee et al. 2010).

From a behavioral perspective, leadership styles can be divided into two categories: task- or relationship-oriented. A task-oriented leader deals with task accomplishment and facilitates the understanding of task requirements, operating procedures, and the acquisition of task information. A relationship-oriented leader facilitates behavioral interactions, cognitive structures, and attitudes that must be developed before members can work effectively as a team. This kind of leader shows concern and respect for his/her followers, looks out for their welfare, and expresses appreciation and support (Bass 1990).

## The Influence of Conflict Types on Knowledge Sharing

In universities, academics collect and offer knowledge at different times and in different contexts. Sharing knowledge means that researchers have to invest time and effort in encouraging the flow of knowledge among their group members, who have different types of specialized expertise. This process enhances group conflict when members discuss their different points of view using arguments and counterarguments (Jiang et al. 2016). In this sense, task conflict is a perception of disagreement among group members about the content of their decisions, and it involves differences in viewpoints, ideas, and opinions about the task being performed. Relationship conflict is a perception of interpersonal incompatibility among individuals, related to disagreements about values and personal issues (Jehn et al. 2008). Both types of conflict can be seen in group members' moods, which may be expressed as negativity, irritability, and resentment on a personal level. However, although conflict has generally been viewed as unfavorable, a particular type of conflict could be beneficial because, in certain circumstances, task conflict can increase effectiveness. Groups that experience task conflict tend to make better decisions because this conflict encourages greater cognitive understanding of the issue being considered and the acceptance of group decisions, and it prevents groupthink. However, if the level of task conflict becomes so intense that information processing is blocked, this positive effect is reduced. Thus, if task conflict is not well managed, it can also be destructive to knowledge sharing (Bai et al. 2016; Jiang et al. 2016).

Although it is clear that knowledge-sharing processes have a cognitive nature, it must also be recognized that they have an essential relationship component. For knowledge sharing to exist, there must be emotional ties linking the group members because a positive attitude towards knowledge sharing requires the presence of social relationships based on trust. Thus, relationship conflict can be an obstacle because it hinders open communication and fosters hostility and suspicion

about others' ideas and arguments, drastically reducing the group's information processing ability (Lu et al. 2011).

## How Can Leadership Influence the Conflict to Encourage Knowledge Sharing?

The research group's performance is closely related to the leader's behavior because some members may be linked to the research group for a relatively short time, focus mainly on scientific issues, and not have much of an opportunity to get to know each other (Nistor et al. 2015). In this context, conflict is inherent to the interactions that occur within a group. But this conflict does not appear spontaneously or unjustifiably, and the way the leader manages conflict will have a substantial impact on the group's performance.

Leaders must help members to minimize the likelihood of reaching dysfunctional conflicts, seeking the right group environment that can stimulate creative chaos. This aim can be achieved through different leadership styles or behaviors. Leaders with task-oriented behavior often serve as examples for team members, reducing the negative consequences of task conflict by focusing on goal achievement and establishing well-defined patterns of communication (Bai et al. 2016). Moreover, team members who perceive a greater task-oriented leadership style experience positive emotions toward their colleagues more frequently, thus reducing relationship conflict. By contrast, a leader's relationship-oriented behavior will help to maintain or control an appropriate level of conflict by establishing good interpersonal relationships within the team to prevent both task and relationship conflicts.

## Conclusion

Knowledge sharing has become an element of interest for all kinds of organizations that try to build on knowledge to achieve a competitive advantage. This interest is even higher in public organizations such as universities because their purpose is the creation and transfer of knowledge to society. In this regard, leaders' behaviors (task- or relationship-oriented) is a critical issue to consider because they have a direct, positive, and significant effect on knowledge sharing, as well as an indirect impact by reducing the negative impact of high levels of task and relationship conflict. Therefore, leaders can play a pivotal role in knowledge-sharing activities within research groups in public universities because they can create an environment of positive interactions among group members in order to facilitate knowledge-sharing activities, which, in turn, contribute to the creation of new knowledge (Rotolo and Messeni-Petruzzelli 2013). Knowledge sharing can be encouraged by fostering social interactions and stimulating interpersonal relationships that minimize conflict and improve proper behaviors among group members (Bai et al. 2016).

## Lessons for Public University Managers

In the public sector, and in particular in public universities, it is necessary to shed light on understanding the knowledge management process. Managers in private companies have different tools and mechanisms to promote knowledge management practices in their organizations that may not be available to those who have similar positions in public organizations. Thus, the proper management of knowledge sharing in research groups can benefit management processes in universities as knowledge creation and dissemination centers. It should be noted that knowledge sharing has positive connotations for academics, which tend to view it as a valuable and pleasant experience. In other words, researchers believe that engaging in knowledge-sharing activities can be advantageous because it also has intrinsic rewards. This enjoyment is closely linked to the researcher's mood, which can be significantly undermined by the existence of high levels of conflict within the group.

Public universities should create a proper context where individuals feel motivated to engage in sharing knowledge. People in charge of public universities should consider the need to improve

the leadership skills of academic's leaders because these they can help to create better conditions for knowledge sharing among academics. Besides, it should be noted that, within the academic context, a person who is considered "an expert" could lead a research group without having the appropriate leadership expertise, skills, and knowledge. Therefore, public university decision-makers should actively improve the leadership skills of these academics. This recommendation is reinforced by the fact that the issues addressed in this entry affect issues that are not related to the recruitment, compensation, or career planning fields, which usually are beyond the reach of research group leaders in public universities. In this sense, this entry highlights the need to focus on the aspects of human resources management that could be within the sphere of influence of academic research group leaders. Thus, through an adequate training program, public universities could help research leaders to manage their human resources better and promote higher levels of knowledge sharing, without having to modify incentive and reward systems. In universities and other public organizations, training programs could improve group leaders' interpersonal skills, so that they can be in a better position to prevent unpleasant situations within the group that can hinder knowledge sharing. Also, the content of training programs could help leaders to directly impact knowledge sharing because it might help them to find a proper strategy to foster knowledge sharing. Training can help them to identify and assess knowledge-sharing barriers and opportunities and develop an appropriate way to cope with the former and achieve the latter. Training programs could also improve the necessary communication skills to better transmit the importance of knowledge-sharing activities for the benefit of the whole group.

In conclusion, knowledge management can significantly contribute to effectiveness in public organizations. In this regard, this entry broadens the literature on knowledge management in public universities by addressing how the leader's role directly influences knowledge sharing. It also extends the literature by showing how leaders of public organizations, such as universities, can indirectly contribute to knowledge sharing, by reducing the harmful effects of task and relationship conflicts. In this way, this entry provides managers of public universities with interesting notions about leadership roles they have to foster to take advantage of knowledge as a strategic resource.

## Cross-References

► Knowledge Utilization in Organizations
► Managing Conflict in Organizations
► Team Leadership

## References

Bai Y, Lin L, Li PP (2016) How to enable employee creativity in a team context: a cross-level mediating process of transformational leadership. J Bus Res 69(9):3240–3250

Bass BJ (1990) From transactional to transformational leadership: learning to share the vision. Organ Dyn 18(3):19–31

He H, Baruch Y, Lin CP (2014) Modeling team knowledge sharing and team flexibility: the role of within-team competition. Hum Relat 67(8):947–978

Jehn KA, Greer L, Levine S, Szulanski G (2008) The effects of conflict types, dimensions, and emergent states on group outcomes. Group Decis Negot 17(6):465–495

Jiang X, Flores HR, Leelawong R, Manz CC (2016) The effect of team empowerment on team performance: a cross-cultural perspective on the mediating roles of knowledge sharing and intra-group conflict. Int J Confl Manag 27(1):62–87

Lee P, Gillespie N, Mann L, Wearing A (2010) Leadership and trust: their effect on knowledge sharing and team performance. Manag Learn 41(4):473–491

Lu L, Zhou F, Leung K (2011) Effects of task and relationship conflicts on individual work behaviors. Int J Confl Manag 22(2):131–150

Nistor N, Daxecker I, Stanciu D, Diekamp O (2015) Sense of community in academic communities of practice: predictors and effects. High Educ 69(2):257–273

Rotolo D, Messeni-Petruzzelli A (2013) When does centrality matter? Scientific productivity and the moderating role of research specialization and cross-community ties. J Organ Behav 34(5):648–670

Tan CNL (2016) Enhancing knowledge sharing and research collaboration among academics: the role of knowledge management. High Educ 71(4):525–556

Tian J, Nakamori Y, Wierzbicki AP (2009) Knowledge management and knowledge creation in academia: a study based on surveys in a Japanese research university. J Knowl Manag 13(2):76–92

# Leadership, Ethics, and Decision-Making

Jessica A. Scholl[1], Helen J. Mederer[2] and Richard W. Scholl[2]
[1]Scholl Advisory, EU Business School, Müchen, DE, Germany
[2]Schmidt Labor Research Center, University of Rhode Island, Kingston, RI, USA

## Synonyms

Ethical decision-making; Leadership style; Moral managers; Problem solving; Transformational leadership

## Introduction

The leadership, ethics, and decision-making nexus is complex; yet many scholars posit a direct relationship between ethical behaviors influenced by leaders and enhanced organizational performance (Brown and Treviño 2006; Detert et al. 2007; Ehrhart 2004; LePine et al. 2008). Furthermore, given the aggregate number of issues encompassed within the term "ethics," there are few management decisions free of any ethical component. Decision-making is embedded in the concept of leadership, as those who have the authority and the ability to make informed, well-reasoned, and timely decisions are often viewed as leaders. Early research in the field of organizational behavior established an understanding of decision-making processes as essential to an understanding of the behavior of organizations (Cyert and March 1963; March and Simon 1958). Despite such a clear overlap, leadership, ethics, and decision-making are often discussed in isolation from one another or through paradigms that propose relatively new concepts rather than integrate existing ones. However, through an analysis of well-established paradigms in each of these areas, as well as the leading thought on ethical leadership and ethical decision-making, a clear depiction of the interdependency among leadership, ethics, and decision-making begins to emerge.

More specifically, decision-making is a dynamic mechanism through which ethical leaders influence ethical behavioral outcomes of group members. To understand how this relationship functions, it is important to distinguish between the two widely established components of ethical leadership: moral person and moral manager. A leader who is moral person and self-identifies as a moral person or possesses a moral identity is more likely to integrate ethics into their decision-making processes and, thus, produce ethical outcomes. A moral person is someone seen as possessing trustworthiness, integrity, and honesty. As a moral manager, a leader will inform the decision-making of group members by role-modeling behavior as a moral person, communicating relevant information, as well as strategically using rewards and punishments to develop group members' capacity for ethical decision-making on their own (Treviño et al. 2006). This chapter will present and discuss the research on how leaders can establish themselves as moral people and moral managers.

## Theoretical Frameworks: Ethical Leadership and Ethical Decision-Making

Decision-making is embedded in the intersection between ethics and leadership. Based on leading research in the area, Brown and his colleagues define ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcements, and decision-making" (Brown et al. 2005, p. 120).

### Moral Versus Amoral and Immoral Management

Immoral managers make decisions that are discordant with the ethical standards of an organization or society, in general. They actively choose options or adopt behaviors they know to be unethical in order to pursue some other aim. An

L

immoral manager's motives are often selfish and unsupported by any moral philosophy. At the extreme, they do not consider stakeholder interests, unless these interests benefit the manager, when making decisions, and show little regard for those who stand between them and their interests.

It is important to note that moral management stands in contrast to not only immoral management, but amoral management. Amoral managers that simply fail to recognize the moral components of decision-making in organizations can do so intentionally or unintentionally. Perhaps not as nefarious as immoral managers, amoral management can be just as damning ethically to an organization.

Intentionally amoral managers believe that business decisions can be isolated from ethics and intentionally exclude any ethical considerations from factoring into their judgments. Unintentionally amoral managers lack the moral awareness and ethical perception needed to realize the ethical components of decisions. Regardless of intentionality, amoral managers fail to provide the ethical guidance their organizations need.

### Ethical Decision-Making Models

Ethical decision-making models provide a framework for understanding the specific ways in which leader qualities and behavior affect certain behavioral outcomes among organizational members. Closely aligned with traditional decision-making process models, Rest (1986) outlined a process for ethical decision-making based upon four steps: moral awareness, moral judgment, moral intention, and moral action or behavior. The initial moral awareness step, similar to problem identification in the rational decision-making model, recognizes the moral aspect, dilemma, or component of a situation. The moral judgment step, encompassing the establishment and evaluation of criteria and alternatives, involves deciding whether potential actions are ethical. Intention, or the selection of a moral alternative over others, establishes the goal of moral action. Finally, behavior, or implementation, describes engagement in ethical actions. Throughout this process, variables related to the individual, organizational, or situational context and moral intensity of the issue moderate and mediate outcomes. This framework is useful for understanding both how a leader makes ethical decisions and influences those of others.

Moral intensity plays a moderating role throughout the decision-making process. When the magnitude of consequences is great, social consensus is strong, probability of effect is high, temporal immediacy and geographical proximity exist, effect is concentrated, decision-makers self-identify with those affected by the decision, and resultant moral intensity is shown to lead to greater moral awareness, better moral judgment, moral intent, and moral action (Brown and Treviño 2006).

## Leaders as Moral Persons and Ethical Decision-Making

Leaders are seen as moral persons when they demonstrate certain traits, behaviors, and decision-making patterns. Critical traits include integrity, trustworthiness, and honesty. The corresponding behaviors generally reveal a concern for other people, openness, and a personal morality (Treviño et al. 2000). While it is important that these traits and behaviors be recognized as ethical from an external perspective, a leader that self-identifies as a moral person – otherwise known as having a *moral identity* – will more successfully make ethical decisions and influence others to behave in ethical ways (Mayer et al. 2012). Indeed, studies reveal moral identity to be a robust indicator of organizational ethical outcomes (Mayer et al. 2012).

### Moral Person and Awareness

The literature establishes several mechanisms through which a leader's moral person influences the decision-making process. In the initial stage, a person that self-identifies as ethical will have greater moral awareness, or the ability to recognize the ethical component of an issue or decision. According to Lapsley and Lasky, a person who has a moral identity is "one for whom moral schemas are chronically available, readily primed,

and easily activated for information processing" (2001, p. 347). Thus, leaders who are moral persons will naturally consider relevant ethical issues when making a decision or at a minimum recognize where a moral dimension might need further consideration.

Moral awareness assumes an above-average familiarity with a broad range of ethical issues. However, there are leaders considered to be moral persons that simply have never been exposed to certain issues or had cause to consider them. Moral persons aiming to be ethical leaders can employ certain strategies, such as stakeholder engagement or participative decision-making, to counteract deficiencies in moral awareness.

### Moral Person and Judgment

The judgment stage of the decision-making process is influenced by the cognitive thought processes of a moral person, or moral judgment. Kohlberg's (1969) theory of cognitive moral development proposes three levels of development to differentiate the reasoning processes used when making moral judgments. A moral person can be said to have advanced to the final or postconventional, autonomous, principled level within Kohlberg's moral development schema. Within each level, two stages exist to further differentiate development. Once reaching the final level, a moral person can reside at stage 5 – social-contract orientation – or stage 6, universal-ethical-principle orientation. Both stages are characterized by an emphasis on the universality of individual rights and ethical principles. Thus, a moral person would likely seek and weight criteria based on the moral philosophy to which he or she prescribes. An ethical consequentialist – someone who evaluates the ethics of a decision based on the outcomes of that decision rather than the actions employed to produce said outcomes – would include effects of a decision within the list of criteria analyzed. On the other hand, an ethical formalist – someone who determines the ethics of a situation based on the actions taken or means rather than effects or ends – would only identify criteria related to a specific behavior rather than the outcomes of such behavior. Werhane (1999) suggests that moral imagination is needed to generate decision alternatives that recognize and address the norms, relationships, and social roles interfused within the situation. Once alternatives are developed, a moral person may evaluate them based on which best promotes the fair treatment of people (principle of justice), best protects an individual's moral and legal rights (principle of rights), or produces the greatest good for the greatest number of people (has the greatest utility principle of utilitarianism).

### Moral Person and Intention

The personal morality of a leader influences the way in which alternatives are selected at the intention stage of the decision-making process. Theoretically, a person with greater moral awareness would be less likely to use subconscious decision-making biases that lead to unintended, unethical outcomes. Because they prioritize moral values over others (Rest 1986), their selections are less likely to be based on mental schemas responsible for biased decision-making. Mental schemas are often unintended yet still self-serving. However, even individuals with high morality have unconscious biases or use decision-making heuristics, or shortcuts. Specifically, four sources of unconscious influence have been suggested as particularly common, including implicit forms of prejudice, self-serving biases, conflicts of interest, and fundamental attribution errors. The fundamental attribution error is the tendency to overclaim credit when things go right and blame others when things go wrong. Other dangerous biases may include anchoring adjustment, availability heuristic, escalation of commitment, hindsight, correlation and causality bias, overconfidence, framing, satisficing, familiarity (greater willingness to harm strangers), and discounting (minimizing or ignoring decisions that do not have immediate consequences). Recognizing the existence of these biases or heuristics, a moral person can seek to consciously avoid them when identifying and selecting a moral alternative.

Several studies establish a direct causal link between moral identity and ethical leadership, explaining that a strong perception of oneself as moral functions as a self-regulatory mechanism motivating moral action (Aquino et al. 2009;

Mayer et al. 2012). Leaders whose main source of motivation is the desire to reinforce an ethical self-concept, either in their own eyes or through those of others, will demonstrate moral intent.

### Moral Person and Moral Action or Behavior

The issue of moral agency arises at the behavior or implementation stage of the decision-making process, as leaders that are moral persons likely have the capacity to act with reference to right and wrong. In other words, they are likely to have the resources, legitimacy, and knowledge to transform a moral intent into a moral action. To illustrate, two members of an organization witness the CEO alter financial reports to make it appear as if he'd been more effective during his tenure. Both members share similar levels of organizational commitment and recognize the unethical action as harmful to the general welfare of the organization and want to protect the organization by reporting the CEO. While one member is a low-level accountant with limited job security and power within the firm, the other is the Chief Financial Officer, who reports directly to the Board of Directors. In this scenario, both employees share similar levels of moral awareness, moral judgment, and moral intent but, differ in their ability to realize their intent through action. Even if the accountant was able to report the CEO's actions to the Board, he may choose to believe the CEO, with whom he likely have a relationship, over a low-level, expendable employee. Alternatively, the CFO may have stronger moral agency to take moral action in that she has the credibility and access to convince the Board of the CEO's transgression.

## Leaders as Moral Managers and the Influence on the Decision-Making of Others

Being a moral person is essential to being an ethical leader, but this quality alone does not enable a leader to consistently influence the decision-making of others. In addition to demonstrating personal morality, ethical leaders are moral managers. As a corollary to moral person, the concept of moral management captures the components of ethical leadership that relate to a leader's interaction with group members and the organization.

While it is important for leaders to contribute to the design, development, and implementation of formal policies, structures, and systems intended to guide ethical decision-making, these actions alone do not constitute moral management. Trevino and Brown (2004) note that one of the largest myths surrounding business ethics says that ethics can be managed solely through formal ethics codes and programs. While leaders should ensure the existence of standards, training, advice lines, and reporting mechanisms, these elements will only increase the likelihood that observed misconduct will be curtailed or reported (Treviño and Brown 2004). In other words, leaders aiming to affect ethical outcomes must not only create a formal framework that informs, places incentives, and constrains decision-making but also must manage morally by using their power and position to ensure employees are informed, socialized, and empowered to behave in a way that reinforces the said framework. Thus, leaders that can be defined as moral managers role model ethical behavior, communicate consistently about values and ethics, and use reward and control systems to influence ethical behavioral outcomes. Additionally, they are likely to employ participative leadership and decision-making styles.

### Leadership Styles

Leadership style is a variable developed to describe the way leaders interact with their group members when making decisions and attempting to influence the behavioral direction of the group. While many descriptive versions of leader style have been proposed, most of them can be grouped into three distinct categories. The categories are described along three continua; autocratic versus participative, transactional versus transformational, and task versus socio-emotional. Most applicable to the analysis of moral management in decision-making is the autocratic–participative continuum.

### Leader's Decision-Making Style

Moral managers may employ a stakeholder engagement strategy to inform each stage of the decision-making process. In this manner, a leader's decision-making style can moderate the impact of personal morality on ethical outcomes. The literature plots styles in relation to two axes: (1) level of group engagement in decision-making presets (problem identification or awareness, alternative generation, and evaluation or judgment) and (2) level of group involvement in actual alternative selection and implementation. Leaders with autocratic styles demand limited input from group members, while participative styles encompass various levels of participation on both axes. While autocratic styles can be seen as a means of output control, they rely too heavily on one person's ability to recognize the full breadth of moral components in decisions, to weigh criteria and alternatives fairly, and to make selections absent of the influence of bias.

Participative decision-making styles can counteract an individual's own moral limitations. By engaging others, a leader can draw on collective insight and various perspectives to identify important moral components of decisions. Group and/or stakeholder input can limit a leader's personal biases in the weighing of criteria and evaluation of alternatives. Collaboratively selecting an option, in effect, employs several ethics tests. The test of making something public, or disclosure rule, tests whether a decision can withstand public disclosure or scrutiny. The test of ventilation exposes an intention to stakeholders with a diversity of viewpoints to determine how well it takes into consideration different perspectives. Thus, the logical conclusion is that the wider the variety of stakeholders engaged, the more likely ethical missteps can be flagged and better alternatives developed.

### Leader's Influence Approach

There are many models that present typologies of the way in which leaders attempt to influence the behavior and decision-making of their work members. For example, French and Raven (1959) present an often used typology of the five bases of power. Etzioni (1975) argues that organizations and their leaders influence behavior in three fundamental ways which he calls coercive power, remunerative power, and normative power. Another approach is presented by Walton (1985) who suggests that organizations have an array of influence strategies ranging from control to commitment strategies. Finally, leaders can adopt and seek to influence by employing a style that falls on the transactional–transformational leadership spectrum.

Transactional leaders use exchange, rewards, and coercion to direct the behavior of group members. They rely on coercive, reward, and legitimate basis of power. They follow the tenets of a control strategy of human resource management. They use Etzioni's coercive and remunerative forms of control.

Transformational leaders use French and Raven's expert and referent power bases, follow a commitment strategy, and use Etzioni's normative control.

The ways in which leaders influence ethical behavioral outputs can be explored further through the control mechanisms used by organizations (Katz and Kahn 1966). Within control mechanisms, there are four general processes through which leaders can reduce human variability in decision-making: centralization, formalization, output control, and enculturation.

### Centralization

The use of centralization as a behavioral and decision-making control strategy requires that all decisions made by group members are ultimately approved by the group's leader. On the decision-making continuum ranging from autocratic to participative, this is clearly on the autocratic end. While this may ensure that all decisions originating from this work group conform to the organization's ethical standards, it relies heavily on the assumption that the leader is an ethical person who knows and conforms to these standards.

While this strategy may accomplish the goal of conformity to standards, it is a slow process in which the work group will not be able to react to changing demands and respond to crises. Additionally, group members are unlikely to be prepared for ethical leadership if the group's leader moves on.

### Formalization: Developing Reward and Control Systems

Formalization is the development and enforcement of a set of rules, policies, behavioral guidelines, and procedures designed to control the behavior and decision-making of organizational members. Systems designed to control the way work outcomes are performed are called process controls. Outcome controls are an alternative type of control systems designed to control work outcomes directly. These systems use outcome measures such as goals, quotas, and objectives. An important role of top leadership is to develop these systems in a way that is clear, is relevant, is easy to understand, and is not in conflict with other important organizational objectives and performance requirements.

Another important element of a process control system is the means used to enforce behavioral standards. These are generally either rewards of sanctions for compliance or noncompliance to the standards. The standards can be established as a set of stand-alone codes, as in a published code of ethics, as part of a disciplinary system, or integrated into the performance appraisal system of an organization. Likewise, the rewards and sanctions can be applied directly to compliance or noncompliance or tied to the performance appraisal process, as in merit pay systems. While rewards can be used as part of the control structures, sanctions usually depend on coercive power to enforce rules, that is, formal negative sanctions and punishment for rule violations. When sanctions are publicized, there is possibility of vicarious reinforcement in the form of social learning, when organizational members learn about the consequences of certain important violations.

Process control systems become a central component of an organization's structure. Some organizations have formal structures, called mechanistic structures, while others have rather loose structures with fewer process or behavioral control, or organic structures. In the ethical decision-making literature, there has been a lot written about establishing and applying consequences to violations of ethical standards (James 2000). In some cases these have been proven to be very effective in reducing ethical misconduct and breaches. Code of conduct, code of ethics, whistle-blowing policies and support, transparency measures, hotlines, trainings, formal sanctions, and communication policies are just some of the approaches used by organizations (Lindsay et al. 1996).

While formalization as an approach can be effective if correctly applied, leaders have reported some problems with this approach. Organizations find that they cannot establish rules for every contingency, and some decisions are so embroiled in uncertainty and the need to act quickly that they have to give decision-making more autonomy and fewer constraints. When decision-makers are given more autonomy, organizations have to rely on individual group members' ethical decision-making ability. Leaders find that they cannot monitor all behaviors and decisions made by their work group members leaving open the likelihood that many violations go unchecked. Another issue facing leaders performing in mechanistic structures is that they cannot develop rewards and sanctions for all rules. Some of these issues can be taken care of through increasing the internalization by work group members of important ethical standards, the development of a system of social sanctions to replace leader monitoring and formal sanction, and the use of systems of output control. These are discussed in the next sections.

### Output Control: Infusing Ethical Standards into Goals

When organizations operate in dynamic environments, it is difficult to respond to the changing needs and demands of their stakeholders with mechanistic structures, characterized by a myriad of complex rules and procedures. To be more effective at adapting to these changes, firms adopt more organic organizational structures, characterized by flatter structures and fewer set procedures. Leaders must develop ways to control work group member behavior without relying on process or behavioral control methods. They turn to output of outcome-based methods. Control is achieved through processes such as goal setting, developing quotas, and maybe performance evaluation metrics.

Outcome control procedures hold group members accountable for the results of their work and not the means used to achieve them. Total outcome measures, say to workers, get results by any means possible. When decision-makers are free to achieve results by whatever means available, they can react more quickly to changing stakeholder demands, but it leaves organizations wide open to ethical breaches. Other issues with a goal-based approach are that all work performance cannot be assessed in terms of outcomes, some outcomes cannot be accurately measured, and the achievement of many goals cannot be attributed to a single individual.

There are a couple of ways to deal with this ethical dilemma. The first is to move from a total goal focus to a goal focus with constraints. In fact, this is what most organizations do as few organizations give employees total autonomy without consideration of laws or other standards. The task facing leaders is which ethical standards to enforce within the goal-based system. The second solution is to couple a goal-based approach with an approach that works to internalize ethical standards into the decision-making and motivational processes of work group members. These enculturation methods are discussed in the next section.

## Enculturation and Role Modeling

One of the most effective ways to increase the likelihood of the use of ethical standards in organizational decision-making is by developing a strong organizational culture or, more specifically, a strong ethical culture (Mayer 2014). A strong culture is defined as having a defined direction, or course, which drives the organization, pervasiveness, or how widely the cultural elements are shared among members, and strength, or the degree of influence the culture has on organizational members (Kilmann et al. 1986). Cultural control mechanisms include social norms, shared values, shared mental models, consensual schema, and social identities. Ethical cultures use all of these mechanisms at various times and to different degrees. There are a number of things leaders can do to establish strong ethical cultures. These include role modeling, communication, reinforcing the social identity of group members, enacting more participative leadership styles, and developing more transparent decision-making processes.

### Role-Modeling Ethical Behavior

One of the most significant pathways through which to influence member behavior is through role modeling – or the demonstration of certain behaviors with the aim of emulation. Social learning theory (Bandura 1986) posits the ability to learn appropriate behaviors through observing the behavior of others. "Group members exposed to similar cues in an environment regarding norms for appropriate behavior tend to behave in a fairly homogeneous manner" (Mayer et al. 2012, p. 152). Thus, it is important to dissect the ways in which a leader's behavior can influence group members at each stage of the decision-making process.

A leader that consistently recognizes and integrates moral issues into decision-making demonstrates a level of moral awareness that group members can emulate or seek to develop. Theoretically, group members that consistently witness leaders addressing ethical issues will develop greater moral awareness, enhancing their ability to recognize the moral components of issues at the initial stages of the decision-making process.

Determining and communicating is considered a single process considers ethical is one of the most significant challenges to creating an ethical organization. Yet, group members need this criteria to develop ethical alternatives. Through their own actions and decisions, moral managers demonstrate what the leadership views as ethical, clarifying any ambiguity employees may have or sense.

Beyond basic clarification, role modeling also sets expectations for group member behavior. For instance, leaders with high moral identity internalization define success by the way results were achieved, as well as what was achieved (Mayer et al. 2012). Group members observing this behavior will likely prioritize alternatives that align with this philosophy in the judgment and intention stages of the decision-making process.

Finally, a leader can demonstrate how to translate moral intent into moral action. A leader

generally operates within the same organizational systems and structures as group members. Thus, group members can learn how to implement a moral decision within these confines or through these systems. For instance, one leader may address employee misconduct in small group meetings, while another may arrange one-to-one discussions, thus highlighting the most appropriate forum for raising issues regarding ethical misconduct among employees.

The extent to which role-modeling ethical behavior will influence the decision-making of group members depends upon two factors. First, a moral manager must demonstrate cross-situational behavioral consistency to ensure that any particular decision is not viewed as idiosyncratic; rather that it is based on a world view that reflects a set of ethical principles. Second, group members are more likely to emulate and internalize leader behavior when a leader's power stems from innate characteristics such as expertise, legitimacy, and identification, rather than actions as with coercion and reward.

### Reinforcing Social Identity

The social identity of individuals is a very important component of their self-concepts which drives a large portion of their decisions (Ashford and Mael 1989). Social identities can be centered on sources such as professions, social groups, location of origin, or work organizations. One driver of social identity is a closeness of values between the source entity and the individual. Individuals take on the social identity of their work organization when, among other variables, the organization's espoused social values and the individual's social values are aligned. When employees make decisions and behave in ways consistent with these values, leaders can recognize the importance of these actions and validate these values as part of the individual's self-concept.

### Participative Decision-Making

When leaders move along the continuum from autocratic toward participative, they open up a number of human resource development strategies for increasing their organizations' capacity for ethical decision-making.

Group decisions are decision process in which leaders meet with their work groups to make a decision or to solve a problem. These process can range from a process in which leaders present the problem, decision criteria, and alternatives they are considering and ask for consultation, through processes where leaders present the problem and engage the groups to develop criteria and alternative solutions, but leaders make the final choice, all the way to full group participation with the groups empowered to complete all steps of the problem-solving process and the leader taking on a process facilitator role.

Leaders can be instrumental in establishing decision-making or problem-solving constructs, prototypes, or models that ensure important stakeholders are considered in establishing criteria, ensure criteria set also includes the company's ethical standards, develop search processes that are likely to discover or create innovative solution alternatives, and ensure alternatives are evaluated by the criteria set established by the group. Effective leaders also use group decisions to teaching group members skills like stakeholder interest analysis, means–ends analysis, moral awareness, and moral imagination.

## The Leadership, Ethics, and Decision-Making Nexus in Practice

The constellation of moving parts that result in leaders embodying and promoting ethics in their organization is complex. For this reason, many organizations have implemented ethics programs to provide the guidance and oversight needed for ethical behavioral outputs. Those leading these initiatives, generally termed ethics officers, are the formal manifestations of ethical leadership. Ethics officers have the arduous task of setting the organizational standards for moral personhood and moral management. At the same time, they are often responsible for ensuring the appropriate situational or organizational factors are in place to guide organizational members in their ethical decision-making. These factors include written standards of conduct, mechanisms to seek ethics guidance, integration of ethical conduct into

performance evaluations and incentive systems, and proper channels for reporting misconduct or whistle-blowing.

As discussed above, individual factors, such as values and consistency of individual values with organizationally espoused values, moderate the role of ethics in an employee's decision-making. Thus, ethics programs would not be complete without training programs aimed at cultivating greater moral awareness, moral intensity, moral judgment, and moral behavior in the individual. The placement of ethics officers in organizational hierarchy and the ability to "manage ethics upward" are two important determinants of the effectiveness of ethics officers.

As part of its ethics program, Texas Instruments has created a wallet-size "Ethics Quick Test" card for employees to carry. The test includes the following questions:

1. Is the action legal?
2. Does it comply with our values?
3. If you do it, will you feel bad?
4. How will it look in the newspaper?
5. If you know it's wrong, don't do it.
6. If you're not sure, ask.
7. Keep asking until you get an answer.

*Texas Instruments*, "*Ethics Quick Test*" (*Texas Instruments Ethics Office*), *wallet card*. (Source: Carroll and Buchholtz 2014, p. 347)

## Conclusions

Leaders shape organizations through the decisions they make. Therefore, an organization aiming to be ethical will need ethical leaders who make ethical decisions. Furthermore, leaders influence the way others make decisions. A moral person is a precondition to develop a moral manager. Moral managers influence organizational members to behave in ethical ways to bring forth ethical organizational outcomes. Ethical outcomes have been found to enhance organizational performance.

Ethical decision-making models posit that ethical leaders need to both demonstrate and promote ethical decision-making through increasing awareness, role-modeling ethical judgment, and integrating values that demonstrate intention. Ethical behavior as both process and outcome also needs to be validated to influence ethical behavior in employees.

As moral managers, organizational leaders influence the decision-making of others through informing, incentivizing, and empowering others to follow formal policies. The accomplishment of these leadership tasks is affected by leadership styles and decision-making styles and by leaders' influence approach. They are also modified by the specific control mechanisms used by organizations such as the degree of centralization and formalization of reward and control systems.

One of the most effective ways to elicit ethical behavior is enculturation through role modeling of ethical behavior. Especially relevant is leaders' ability to role model the translation of intent into action. Ethical leadership is most effective when leaders are consistent across situations in modeling ethical decision-making and when their leadership behavior stems from "moral person" traits. A key element of enculturation is to reinforce employees' social identities through noting the compatibility of employees' personal values and organizational values. Participative leadership also is the most effective leadership style in influencing ethical behavior in decision-making.

Many organizations implement formal ethics programs and structures to provide the guidance, oversight, and accountability for promoting ethical behavior. These help organizations set ethical standards and put in place the appropriate structure (organizational and situational factors) that enable organization members to follow the organization's ethical standards. Thus, both ethics programs and accountability structures are necessary conditions to promote leadership in ethical decision-making.

## Cross-References

► Code of Ethics
► Ethical Competence
► Ethical Leaders
► Ethics and Organizational Culture

L

▶ Ethics Officers
▶ Leading the Ethical Organization

## References

Aquino K, Freeman D, Reed A II, Lim VK, Felps W (2009) Testing a social-cognitive model of moral behavior: the interactive influence of situations and moral identity centrality. J Pers Soc Psychol 97(1):123

Ashford BE, Mael F (1989) Social identity theory and the organization. Acad Manag Rev 14:20–39

Bandura A (1986) Social foundations of thought and action: a social cognitive theory. Prentice Hall, Englewood Cliffs

Brown ME, Treviño LK (2006) Ethical leadership: a review and future directions. Leadersh Q 17(6): 595–616

Brown ME, Treviño LK, Harrison DA (2005) Ethical leadership: a social learning perspective for construct development and testing. Organ Behav Hum Decis Process 97(2):117–134

Carroll AB, Buchholtz AK (2014) Business and society: ethics, sustainability, and stakeholder management, 9th edn. Nelson Education, Canada

Cyert RM, March JG (1963) A behavioral theory of the firm, 2nd edn. Wiley-Blackwell, Englewood Cliffs

Detert JR, Treviño LK, Burris ER, Andiappen M (2007) Managerial models of influence and counter productivity in organizations: a longitudinal business unit-level investigation. J Appl Psychol 92(4):993–1005

Ehrhart MG (2004) Leadership and procedural justice climate as antecedents of unit-level organizational citizenship behavior. Pers Psychol 57(1):61–94

Etzioni A (1975) A comparative analysis of complex organizations, Enlargedth edn. The Free Press, New York

French JRP, Raven B (1959) The bases of social power. In: Cartwright D (ed) Studies in social power. University of Michigan, Institute for Social Research, Ann Arbor, pp 150–167

James HS Jr (2000) Reinforcing ethical decision making through organizational structure. J Bus Ethics 28(1): 43–58

Katz D, Kahn RL (1966) The social psychology of organizations. Wiley, New York

Kilmann RH, Saxton MJ, Serpa R (1986) Issues in understanding and changing culture. Calif Manag Rev 28(2): 87–94

Kohlberg L (1969) Stages in the development of moral thought and action. Holt, Rinehart & Winston, New York

Lapsley DK, Lasky B (2001) Prototypic moral character. Identity Int J Theory Res 1(4):345–363

LePine JA, Piccolo RF, Jackson CL, Mathieu JE, Saul JR (2008) A meta-analysis of teamwork processes: tests of a multidimensional model and relationships with team effectiveness criteria. Pers Psychol 61(2): 273–307

Lindsay RM, Lindsay LM, Irvine VB (1996) Instilling ethical behavior in organizations: a survey of Canadian companies. J Bus Ethics 15(4):393–407

March JG, Simon HA (1958) Organizations. Wiley, New York

Mayer DM (2014) A review of the literature on ethical climate and culture. In: Schneider B, Barbera KM (eds) The oxford handbook of organizational climate and culture. Oxford University Press, Oxford, pp 415–439

Mayer DM, Aquino K, Greenbaum RL, Kuenzi M (2012) Who displays ethical leadership, and why does it matter? An examination of antecedents and consequences of ethical leadership. Acad Manag J 55(1):151–171

Rest JR (1986) Moral development: advances in theory and research. Praeger, New York, pp 176–182

Treviño LK, Brown ME (2004) Managing to be ethical: debunking five business ethics myths. Acad Manag Exec 18(2):69–81

Treviño LK, Hartman LP, Brown M (2000) Moral person and moral manager: how executives develop a reputation for ethical leadership. Calif Manag Rev 42(4): 128–142

Treviño LK, Weaver GR, Reynolds SJ (2006) Behavioral ethics in organizations: a review. J Manag 32(6): 951–990

Walton RE (1985) From control to commitment in the workplace. Harv Bus Rev 63(2):77–84

Werhane PH (1999) Moral imagination and management decision-making. Oxford University Press, New York

# Leading Climate Change at the Local Government Level

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

## Synonyms

Climate change; Climate resilience; Preparedness; Sustainability

## Definition

The climate change actions at the local government level have increased in recent years with the progressive rise in threats from extreme weather events and the lack of action by the

national governments around the globe. The activities undertaken by local governments to counter the irreversible effects of climate change include climate action planning, climate mitigation, climate adaptation, climate preparedness, and resilience planning.

## Introduction

Cities are leading the global efforts and taking a proactive role in addressing the threats of climate change. Most of the climate change activities are undertaken in response to the threats from extreme weather events causing significant damage and disruptions to the service delivery, the infrastructure, and the resources. Notable climate change threats include intense rain events, floods, sea level rise, droughts, and heat waves, with the immediate impact to the urban areas. A spectrum of environmental, economic, and social issues and predicaments in communities expose the external and internal vulnerabilities faced by the local governments, further exacerbated by the climate change and extreme weather.

Climate leadership at local levels of government is well documented (C40 Cities 2017; Ryan 2015). Most of the climate actions are aimed at reducing the GHG emissions, mitigating the impact of climate change, or adapting to new climate realities. In the United States, cities from Fort Collins, CO, to cities of Satellite Beach, Sarasota, Pensacola, and Broward and Miami-Dade counties in Florida, and Portland, OR, Chicago, IL, New York, NY, Los Angeles and San Francisco, CA to Grand Rapids and Ann Arbor in Michigan are preparing for and working toward incorporating a long-term climate resilience planning into the decision-making process. In Pensacola, the city council named the Climate Mitigation and Adaptation Task Force to make the climate action recommendations for the city and the region (Baucum 2017).

As an example of an active leadership at the community level, authors of the Grand Rapids Climate Resiliency Report reviewed the climate change trends, with the long-term regional assessments, making policy recommendations for policy- and decision-makers in the city and the region (WMEAC 2013). WMEAC (2013) defined the climate resiliency as "the ability of a community to simultaneously balance ecological, economic, and social systems to maintain or increase the quality of life in an uncertain, dynamic climate future" (p.viii). The application of the cities' climate action plans and strategies is part of the ongoing efforts and insights into the complexity of climate change and the corresponding economic, environmental, governance, and social conditions of the community.

In defiance to the US administration's decision to withdraw from the world climate treaties, and in showing leadership, 391 US mayors signed the commitments on behalf of their cities to reduce GHG emissions in-line with the Paris climate accord requirements (Climate Mayors 2017). Moreover, over 250 mayors committed to the 100% renewable energy targets (USCM 2017). These efforts by city governments to mitigate the air pollutants in communities and to promote climate resilience and preparedness are necessary to prepare for the next weather-induced, record-breaking natural disaster occurring frequently. Elected and appointed officials in cities are expected to prepare for the future extreme weather events and climate change-related impacts.

## The Realities of Climate Change

A significant body of research provides for undisputable evidence of human-caused disruptions to the earth climate systems, leading to potentially devastating consequences for life on earth. The threats of climate change include the increasing global temperature, the sea level rise, and extreme weather patterns across the globe, with the severe effects on economic aspects of life from agriculture and forestry to fisheries, biodiversity, energy and water use, transportation and logistics, species diversity and ocean management (Fletcher 2013; IPCC 2014; Karl et al. 2009; Mach et al. 2016; Malcolm et al. 2006; Mayhew 2001; Pecl et al. 2017; Segan et al. 2015; Stott et al. 2016; Urban 2015; Visser et al. 2014).

## Scientific Consensus and Climate Change Denial

Despite scientific consensus on the root causes of the changing climate, a defiant minority with significant financial backing from traditional energy industries are efficiently interrupting the effort to counter the effects of climate change. The slow nature of the global community action to address the threats of climate change is coupled with the outright hostility of the current United States and some state administrations to the issue of climate change. In addition to the US administration's decision to withdraw from the multinational climate accord signed in Paris by all but two countries in the world, some state hostilities toward climate science are exemplified by the directives from the governor's office to the state staff disallowing them to use the phrases related to climate change. In Florida, for example, Korten (2015) reported how the state officials were banned from using the climate change in official state documents and communication. While the brunt of the climate change impact will be localized to communities and cities impacted by the extreme events, the new political realities in the United States will dictate cities to rely on their resources, with significant cost burden carried by the local governments.

## Cities and Vulnerabilities to Climate Change

Researchers have effectively demonstrated the cities' vulnerabilities to climate change. The pressing needs and demands to address the threats to the health of the environment with an increase in greenhouse gas emissions and symptoms related to increased pollution and the cost of traditional energy sources are well documented (Burch 2010; Hallegatte et al. 2011). Hallegatte et al. (2011) posited the cities to be most vulnerable to climate change and the implementation of climate action strategies to be the most effective on a local scale. Moreover, Fitzgerald et al. (2012) suggested: "emissions of greenhouse gases leading to climate change, represent the most important current environmental challenge" (p. 371). Furthermore, Silva et al. (2013) linked the increase in mortality rates to industrial and other pollution from fossil fuels from human activities and further linked it to the impact of the climate change. Finally, beyond addressing environmental concerns, Fitzgerald (2010) noted the connection between cities' strategies to climate change and job creation and economic development.

Residents in cities living in poverty are more vulnerable to natural disasters and the effects of climate change, and environmental shocks are threatening their livelihoods and undermining food and job security. Thus, improving the environmental management of the local natural resources can inadvertently increase the resilience of vulnerable residents to environmental risks and improve their livelihoods. Poverty and the local environmental risks are linked to multiple factors including livelihood, health, resilience to environmental threats, and the economic development. Poverty levels and the environmental health are linked in dynamically specific approaches through a geographic location, scale, and the economic, social, and cultural characteristics of the individuals and households within cities. By addressing climate issues, communities ensure a sustainable path to poverty reduction and human development. With the degradation of the environment, poverty is expected to increase as the healthy environment and natural resources contribute to the economic growth and level of employment through various industry sectors. As climate change increase so do the risks to various industries, including agricultural, forestry, fishing, manufacturing, and transportation among many other sectors and industries.

## Climate Mitigation, Adaptation, Preparedness, and Resilience

The efforts to address threats of climate change in cities are multilayered and vary from region to region. However, most of the differences are

based on the type of government, the available budget, community demands, number of employees, pressures, and threats from extreme weather. The commonalities among various approaches by cities in addressing climate change are reflected through greenhouse gas emission reduction, climate change mitigation, adaptation, preparedness, climate resilience, energy efficiency and conservation, energy management, community resiliency, and renewable energy use and production. As observed by Alibašić (2014), climate science is instrumental to cities' planning for mitigation of the effects and adaptation to the impacts of climate change (p. 27).

Climate mitigation strategies include efforts to reduce reliance on traditional sources of energy, including waste-to-energy and renewable energy production, reduction of waste and the use of nonrenewable resources, and repurpose and reuse of the resources, leading to decreases of pollutants into the atmosphere. Climate adaptation efforts require local governments to prepare for and execute policies and programs, with a process and design change in mind for cities to adapt to inevitable changes occurring in the environment. Both the climate mitigation and climate adaptation strategies indicate the requirements for various approaches and policies cities need to undertake to mitigate and adapt to the impact of climate change.

The community-wide preparedness and resilience take into consideration emergency preparedness, sustainable energy planning, climate change data, historical weather patterns, and health and safety issues and incorporates them into the city-wide long-term sustainability and strategic plans. Such communities realize the need for energy reduction, transfer of power production and consumption to renewable energy sources, easy access to public transit infrastructure, uninterrupted water delivery, access to local and organic foods, and reduction of waste by the reuse of resources in order to withstand stresses and recover from shocks with essential functions intact. All of these efforts must be measured, tracked, and progressively reported to provide for transparency, good governance, and accountability and to promote resiliency within the city (Alibašić 2017).

## Conclusion

Chief features of climate change actions at the local governments' level are the cities' ability to prepare their respective communities to be more agile and adaptive to extreme weather events and disasters. Cities' resilience efforts are flexible, with a firm leadership commitment and steady comprehension of the new realities on the ground. The comprehensive nature of climate action efforts in cities is the use of a dynamic approach to resiliency planning, continually adapting to changing economic, environmental, and social conditions as a result of new realities. Local governments' climate preparedness is exemplified through a constant review and revisions of the existing plans, layering and preparing to adapt and mitigate new occurrences.

The local climate action leadership is exemplified through the ability to plan for and concentrate efforts toward protecting all residents, particularly those living in poverty or vulnerable situations, by ensuring environmental stability and protecting the economy from the harmful effects of disasters.The critical component of the climate mitigation, adaptation, preparedness, readiness, and resilience planning in cities is the ability of elected and appointed officials and administrators to integrate the relevant climate science data into the short-term and long-term plans and strategies, and to connect them directly to the budgetary and fiscal plans. Climate-resilient cities are better equipped to respond to shocks and events caused by the global climatic changes.

## Cross-References

► Accountability
► Asset Management
► Ethics and Accountability

## References


Alibašić H (2014) Planning and implementing climate resiliency in grand rapids. The review. May–June. Michigan Municipal League. Retrieved from. http://www.mml.org/resources/publications/mmr/issue/may-june2014/review-mayjune2014-online.pdf

Alibašić H (2017) Measuring the sustainability impact in local governments using the quadruple bottom line. Int J Sustain Policy Pract 13(3):37–45

Baucum J (2017) Pensacola climate change task force meets to curb local global warming impact. Pensacola News Journal. Retrieved from: http://www.pnj.com/story/news/politics/2017/06/02/pensacola-climate-change-task-force-trump-paris-accord/362602001/

Burch S (2010) In pursuit of resilient, low carbon communities: an examination of barriers to action in three Canadian cities. Energ Policy 38:7575–7585. https://doi.org/10.1016/j.enpol.2009.06.070

C40 Cities (2017) C40 cities. Retrieved from: http://www.c40.org/cities

Climate Mayors (2017) Cities adopt the Paris Climate Agreement goals. Retrieved from http://climatemayors.org/

Fitzgerald J (2010) Emerald cities: urban sustainability and economic development. Oxford University Press, New York

Fitzgerald BG, O'Doherty T, Moles R, O'Regan B (2012) A quantitative method for the evaluation of policies to enhance urban sustainability. Ecol Indic 18:371–378. https://doi.org/10.1016/j.ecolind.2011.12.002

Fletcher C (2013) Climate change what the science tells us. Wiley, Hoboken

Hallegatte S, Henriet F, Corfee-Morlot J (2011) The economics of climate change impacts and policy benefits at city scale: a conceptual framework. Clim Chang 104:51–87. https://doi.org/10.1007/s10584-010-9976-5

IPCC (2014) Summary for policymakers. In: Field CB, Barros VR, Dokken DJ, Mach KJ, Mastrandrea MD, Bilir TE, Chatterjee M, Ebi KL, Estrada YO, Genova RC, Girma B, Kissel ES, Levy AN, MacCracken S, Mastrandrea PR, White LL (eds) Climate change 2014: impacts, adaptation, and vulnerability. Part a: global and sectoral aspects. Contribution of working group II to the fifth assessment report of the intergovernmental panel on climate change. Cambridge University Press, Cambridge, pp 1–32

Karl TR, Melillo JM, Peterson TC (2009) Global climate change impacts in the United States. (US Global Change Research Program)

Korten T (2015) In Florida, officials ban term 'climate change'. Florida Center for Investigative Reporting. Retrieved on 22 Sept 2017 from http://www.miamiherald.com/news/state/florida/article12983720.html

Mach KJ, Mastrandrea MD, Bilir TE et al (2016) Understanding and responding to danger from climate change: the role of key risks in the IPCC AR5. Clim Chang 136:427. https://doi.org/10.1007/s10584-016-1645-x

Malcolm JR, Liu C, Neilson RP, Hansen L, Hannah L (2006) Global warming and extinctions of endemic species from biodiversity hotspots. Conserv Biol 20: 538–548

Mayhew MJ (2001) Appetite for destruction. Forum Appl Res Publ Policy 16(3):62–67

Pecl GT, Araújo MB, Bell JD, Blanchard J, Bonebrake TC, Chen IC, . . . Falconi L (2017) Biodiversity redistribution under climate change: impacts on ecosystems and human well-being. Science 355:6332

Ryan D (2015) From commitment to action: a literature review on climate policy implementation at city level. Clim Chang 131:519–529

Segan DB et al (2015) Considering the impact of climate change on human communities significantly alters the outcome of species and site-based vulnerability assessments. Divers Distrib 21:1101–1111

Silva RA, West JJ, Zhang Y, Anenberg SS, Lamarque J, Shindell DT, . . ., Zeng G (2013) Global premature mortality due to anthropogenic outdoor air pollution and the contribution of past climate change. Environ Res Lett 8: 034005, 1–11. https://doi.org/10.1088/1748-9326/8/3/034005

Stott PA, Christidis N, Otto FE, Sun Y, Vanderlinden JP, van Oldenborgh, GJ, . . ., Zwiers FW (2016) Attribution of extreme weather and climate-related events. Wiley Interdiscip Rev Clim Chang 7(1): 23–41

The US Conference of Mayors (USCM) (2017) 85th Annual Meeting 2017 Adopted Resolutions. Retrieved from: http://legacy.usmayors.org/resolutions/85th_Conference/proposedcommittee.asp?committee=Energy

Urban MC (2015) Accelerating extinction risk from climate change. Science 348:571–573

Visser H, Petersen AC, Ligtvoet W (2014) On the relation between weather-related disaster impacts, vulnerability and climate change. Clim Chang 125:461–477

West Michigan Environmental Action Council (WMEAC) (2013) Grand rapids climate resiliency report. Retrieved on 11 Nov 2017 from: https://wmeac.org/wp-content/uploads/2014/10/grand-rapids-climate-resiliency-report-master-web.pdf


# Leading Governmental Reform


David Arellano-Gault
Centro de Investigación y Docencia Económicas, Mexico City, Mexico


## Synonyms

Managing administrative reforms; Strategy of governmental reform

## Introduction

Governmental reform is usually seen as a rational process of change and improved governance. In practice, however, reforms are extremely intricate, costly, and risky processes. Rarely do they achieve all their objectives, while reformers' proposals are full of promises and rhetoric. In many respects, reforms are political projects wrapped in arguments and administrative techniques that create high social expectations of improvement of the governments that propose them. Reforms are usually legitimized through concepts such as progress, development, efficiency, savings, modernization, or transformation. And they regularly affect or attempt to affect the behavior of tens of organizations and thousands of people, both inside and outside government itself. Their complexity is such that they usually require a long time to be legitimized and implemented and more still for their impact to be evaluated – which usually extends beyond the term of a particular administration. The extent to which a proposed reform achieves all its objectives and does so in the way that was intended is ultimately a vague question and, some would suggest, immaterial in the long run (Brunsson and Olsen 2007). What is important is to demonstrate will, raise hopes, and achieve certain changes that may, in any case, serve as the basis for a further-reaching transformation. What is clear is that contemporary governments can hardly be legitimized if they do not propose major changes and reforms.

## The Challenge of Leading Governmental Reforms

Etymologically, the term "reform" comes from the Latin. It is composed of the root *formae* meaning "image" or "form" and the prefix *re-*, which is a reiteration. Inherent in the term, then, is the idea of putting back into shape or conditioning so that something, whatever it may be, functions according to an original, prefigured objective.

In this respect, a reform is an act of conditioning, but by adding the adjective *governmental*, the idea of conditioning acquires an importance that includes any change planned *ex profeso* that affects or involves not only the government in question but possibly its relations with the legislative and judicial branches, various laws and mandates, and, of course, the behavior of hundreds of people in the various organizations involved (both public and private). Reforms are therefore multidimensional, and the ability to adopt them calls not only for political and managerial skills but also for leadership and innovation. From this perspective, it is conceivable that a governmental reform involves not only ideas and projects but also efforts to affect dozens of different, heterogeneous organizations, comprising the political and administrative system of a country or region (Bobbio et al. 1998). It should therefore be stressed that the design of a reform is just the beginning of a long process that will require the *guidance* and *leadership* of certain people, for a long time and with enormous costs, restrictions, contingencies, and uncertainties to face. In other words, the process of implementation is often such a challenge that it defies the aspirations and assumptions through which the reformers themselves legitimized their proposals. Reformers generally wish to recover or build frameworks of formal power and rationality in the action of multiple actors and organizations, yet they must achieve this in a real world of multiple rationalities and different, disparate agendas (Peters and Pierre Withford 2012), usually in conjunction with extraordinary pressure of time. Thus, implementing a governmental reform involves bringing about significant changes in the behavior of many people in the quest for new and renewed effects of the action of the government apparatus. These effects and behaviors are expected to come close to fulfilling an aspiration for change and improvement within a highly dynamic political and organizational environment. From a managerial perspective, administering and directing a reform involve a capacity for leadership over very different structures and processes of various formally established authorities and organizations as well as their administrative apparatuses and policies and processes. This all takes place within a logic of great uncertainty, constant contingencies, and increasing restrictions as the end of the

administration that proposed the reform approaches.

Leading a governmental reform is only partly a matter of great ideas that appeal through their promises. It is more than worrying about a public policy design vision. It is, above all, a political and managerial act of creating new opportunities through the breaking of inertia and balances within a framework of restrictions and multiple interests – rather like what Moore (1995) defines as public value in a more specific management context. It is a form of leadership that can aspire to little control and acts in a context of high uncertainty, which, however, seeks to achieve the results expected by the rhetorical promises of the reform itself.

Directing governmental reforms requires political and managerial capacities in concert. A reform may be a rhetorical proposal for change, but it is also a proposal with a far-reaching political impact, in response to various triggers. A classic example is stimuli that are external or exogenous to government such as international crises that are usually accompanied by solutions proposed by multilateral agencies. Another trigger process may be a need for legitimacy due to a gap or a real or imagined distance from a better past (Lasswell 1951). In this respect, reforms can be seen as projects regarded as indispensable, although based on very different values and expectations that are usually very high and even impractical though no less necessary according to the various social actors demanding them. The third trigger occurs when there is a large asymmetry between what actually happens and what should formally happen with implications regarding effectiveness and efficiency in the performance of organizational actions. When it is clear that government and administrative objectives are not being achieved, it is tempting to consider modifying the rules, structures, processes, and recruitment mechanisms or even changing/adapting the objectives themselves in order to be able to condition elements that will help reduce situations of inefficiency, ineffectiveness, poor quality, or responsiveness in dealing with public functions and problems (Kelman 2005; Pollitt and Bouckaert 2011).

Leadership of a reform, then, appears to be critical since it is a process involving the management and administration of high expectations and the mobilization of multiple organizations, regulatory frameworks, and political actors in spaces of growing contingency and restriction. It is therefore not surprising that reforms are increasingly legitimized by using simplifying force ideas and simple, direct rhetorical proposals. Nor is it surprising that given the complexity of a reform project, it is often necessary to admit and promise that it is possible to use tools and models that assume that reform is a rational, coherent, manageable process that can be directed. Managing these expectations in order to convince many social and political actors is an essential part of the leadership of a reform. Once the reform is perceived as socially desirable and feasible, it is time to integrate the various elements and proposals involved in a logic capable of linking them into an application that is as congruous as possible. This process should keep in mind the important balance between what it is hoped will be achieved and what the restrictions and political conflicts involved will actually make it possible to achieve. It is not uncommon for the design of reforms to include a hard core of nonnegotiable, pressing changes (e.g., budget cuts, decentralization, introduction of competition mechanisms, expansion of participants/managers actors) and a second area of more plastic components that make it possible to submit the proposal to different actors who can be discursively persuaded about how to operationalize and which route to take to solve previously identified real (or imagined) problems (Pollitt and Bouckaert 2011). Leading a reform involves the ability to construct these two areas of reform and walk down the winding path of their negotiation.

However, the way forces begin to operate in reform involves considering – and knowing how to act strategically in consequence – a wide range of factors that can be grouped into three dimensions: *political and organizational implications*, *contextual implications* that emerge when the reform is presented and promoted, and the *implications of implementation*, *prior to and within the process of the reform itself*. The management and

prior strategic treatment of these dimensions can turn them into either obstacles or catalysts that facilitate the promotion and desired management of reform. The timing of how every possible situation is dealt with and foreseen according to a vision of reform is therefore relevant as regards the results of change/conditioning achieved.

Inducing an attitude of change is no simple matter, particularly if it involves government, although some opposition forces may be reduced if the *triggers* that motivate reform have produced acute effects and problems with a high impact and visibility. In these cases, the use of "shock and awe" can be a catalyst that agglomerates forces for reform or simply something that expresses the need to create changes (Kelman 2005), although the strategic management of timing between the various dimensions is a crucial factor.

As for *political and organizational implications*, the leadership process usually takes various elements into account:

1. The sphere of the jurisdiction in which the reform will be promoted, in other words, if it is national, subnational, or sectoral. This indicates the type of political and organizational stakeholders that could emerge *per se* and the struggle that would take place between the different types of discourse, whether it will be a highly technical discussion or rather one that mobilizes/agglomerates the forces and social causes used to promote or prevent a change – whether of the type that "activate the discontent" or are "change feeding on itself" (Kelman 2005).
2. Determining the jurisdiction also helps identify the lobbying that needs to be carried out – inter- or intraorganizational – and the kind of transactions/commitments that could occur between political forces.
3. The characteristics of the political system and the rules established for driving change also determine the extent and real possibilities of the supports and coalitions that must be established and the spheres of power (judicial, legislative, and executive) that must be connected in order to bring about change. In this respect, it matters whether the person who proposes the change is an actor who is part of the government or the opposition and whether it is feasible to find points of agreement to solve the problem that the change is intended to solve.
4. *Path dependence* provides strong clues about how a proposed change could be received or limited on the basis of past decisions. In this respect, it is an element that can help predict how to design the lobbying strategy and construct the hard core of the reform so that it is consistent and can be embedded into the prevailing system of values and institutions.
5. The organizational sphere is therefore critical: organizations are the real homes of change, where the concepts, processes, and resources of reform in its many projects and constituent parts are created and defined. And, of course, they are the scenario where changes to the legal framework, the structure, and processes of concrete action that will bring the reform to life will eventually be implemented. It is a well-known fact that since organizations are spaces of stability and change, routines, standard processes of action, rules, and labor specialization will largely determine the real effects of a reform. Leading change in spaces of stability such as organizations is probably one of the most serious leadership challenges to be faced in the adoption of a reform. Let us not forget, moreover, that we are talking about directing a reform that affects a number of organizations with their own internal logic and context. The various organizational forces, such as hierarchy, which are essential to limiting the faculties and fields of discretionality of many actors, are also a kind of obstacle since they create spheres of resistance to change because of the uncertainty they create. Organizations, as apparatuses designed to ensure stable, standardized action, are formally intended to achieve compliance with specific goals – that is the principle of bureaucracy. They are highly resistant – often with good reason – to the change and innovation proposed by reform. Innovations can be rhetorically appealing, but highly risky in action, or in the internal calculation of the dynamics of power and organizational

coalitions (Cyert and March 1992), which is why the general proposals of the reform encounter local obstacles or ones that are specific to each organization. In practice, a reform may involve the ability to lead change in dozens of organizations, each with its own internal logic and particular context. Organizational change involves modifying the functioning of the intraorganizational system, reconfiguring its rules and spheres of power between units, while confronting the vision/criteria of the actors implementing the reform and those promoting it from the top of the government structure.

6. Likewise, the composition of the spheres of power between units within an organization is an element that will be capable of rejecting or boycotting the overall change proposed. This is especially true since change entails a cost for public servants in their different areas: costs that can range from learning or acquiring new skills and knowledge to undertaking new routines. Moreover, there is a tension between change, which is innovative per se, and the framework, particularly an informal one, of an organization since it potentially threatens the structures, culture, values, incentives, identification, and power relations that have developed over time (Kelman 2005). In this respect, established power relationships and existing groups prevent each member from being critical and even limit their ability to decide. Leading a reform usually means ensuring that the managerial and political allies in the various organizations can transmit and translate reforms into these more specific logics (Halligan in Peters and Pierre 2012).
7. The depth of the change to be achieved is the last major element of political and organizational implications, since there is a positive correlation between the depth of the proposed reform type and the expected level of risk. This situation can limit the progress of the reform by agglomerating several actors against it due to the scope of the endeavor.

These factors, which leading a reform takes into account, clearly describe the need for a strategic approach to managing governmental reforms. Promoting a change of this nature not only involves following the formal procedures stipulated by the regulatory framework or assuming that the ideas for a reform support themselves or are based on their rational or political appeal. The alignment and constant negotiation with the political and organizational field of reform require a perspective, a constant direction that makes it possible to circumvent the various contingencies so that the effects of the reform resemble the promises made when it was conceived and designed.

From a strategic perspective, then, the leadership of a reform takes into account the multiple conceptual forces and interactions between organizations and people, which will resist the proposed change. It would appear that the only thing the reformer can be certain about is the fact that reality will resist. Leading a reform process involves knowing in advance that the proposed reform will undergo modifications during its discussion, which will subsequently be altered during the process of implementation (Wildavsky and Pressman 1973). As regards these implications, the following factors should be considered:

1. The identification of actors who support or oppose change is crucial. This will make it possible to distinguish between what is desirable and actually feasible through the reform on the one hand and, on the other, to generate agreements that reconcile the path and the instruments for achieving what is expected within a framework of the possible.
2. The breadth and capacity for action, resonance, and power of the actors who can take part, in this regard, the mass media, citizens, and the business sector, as well as the diversity within the ranks of each, can help shape or hinder the reform's agenda of change. The proposed change may have watchdogs, for and against, and modify relations between the two very quickly.
3. The number of *triggers* and the extent of their effects can galvanize the acceptance or rejection of the reform. This factor can potentially

promote change and create common spaces that anchor the discussion and public debate, "without problems, reforms are difficult to justify" (Brunsson 2009).

4. Accidents and contingent events – national or international – that occur during the process of debating the reform can serve as catalysts that encourage or completely derail the proposal. In this respect, this type of contingencies may be a "window of opportunity" (Kingdon 2010) for making improvements or identifying potential corrections to the proposal.
5. The construction of the discourse and the message that will be conveyed to different audiences and actors is a fundamental step in a governmental reform. Marketing a reform calls for the ability to adapt clearly and simply according to each interlocutor while maintaining consistency as regards the hard core of the desired objectives and operational and administrative ways of achieving them (Brunsson 2009). It is important that the message be transmitted in full, although the use of ambiguity may help avoid committing to difficult-to-achieve goals (Moore 1995) and dodge the militant actions of sectors and groups that could stand to lose as a result of the change. The consistency of the message and its coherence – realistic expectations – with social, political, and economic values is important, since it determines whether the proposal will be accepted (Pollitt and Bouckaert 2011).
6. It is also, to some extent, useful for the objectives or proposals of the reform to be proposed broadly or even ambiguously, since given the complexity of the implications and factors, it is difficult to ensure the planned, controlled implementation of the expected changes. In this respect, leading a reform involves a virtuous combination of specific skills and capacities: being able to handle the uncertainty and ambiguity in favor of the reform and thus, paradoxically, being capable of ensuring that the effects of the reform, after the resistance, contingencies, and counter reforms, achieve some of the expected effects clearly and precisely.

## Conclusion

Governmental reforms tend to be in many respects abstract, simplistic, and rhetorical, at least in their basic or general proposal designed to convince the broadest public. But even the simplest reform, as discussed above, affects dozens of organizations and hundreds of people. The process of implementing a reform is therefore obviously not a program with a linear action: "[R]eformers typically treat implementation as their main problem" (Brunsson 2009: 9). The challenge is not only to agglomerate the forces in favor of change and keep its hard core intact but also to create beliefs and even hopes that will facilitate the processing and acceptance of changes both by bureaucrats and by other political actors – so that the implementation marches toward a combination of the desirable and the feasible. The challenge of implementation shows how reformers actually have very limited power in the process of conducting and implementing reform – their greatest influence may lie in triggering the need for and the idea of change (Brunsson 2009). Many processes of leading governmental reforms quickly understand that from the moment a reform is proposed, it opens up a set of multiple arenas and stakeholders. These sets and arenas turn the reform from an abstract project into a dynamic of real interaction in constant motion. That is why, in practice, reforms often obtain results with less breadth and depth than expected, which is to some extent *normal*. A governmental reform fires quickly at a constantly moving dynamic, and its leadership must be no less agile.

If governmental reforms are projects that generate constantly moving political and managerial dynamics, the strategy and tactics of implementation therefore end up being critical. Given a shifting reality of this nature and the contingencies and accidents that inevitably happen along the way, the strategic priorities for leading a reform can be summarized in three indispensable minimal points: the reform must offer *substantive value*; it must obtain and maintain *constant or minimum legitimate and political sustainability over time*; and the offers and costs involved in the reform must be maintained and sustained

within a *relatively stable operational and administrative feasibility* – adapting Moore's ideas (1995) on management action. These three strategic elements are those that can potentially strike a fair balance between the desirable/aspirational and the pragmatically feasible. Insofar as the value offered by the reform is important for various sectors of society, the process of change proposed by the reform will be able to be sustained as a result of the support of various stakeholders who agree to assume the costs involved.

Political and legitimate sustainability is a requirement that is achieved insofar as the political system legally and administratively permits change for a reasonably long period. Different interests, which are highly volatile, must be aligned in a certain way, so that the degree of support for the reform, which usually declines over time, is constant and sufficient to promote the essential changes. Lastly, administrative and operational feasibility means taking the organizational dynamics involved seriously: a dynamic of multiple, heterogeneous organizations that will be responsible for translating changes into reality and action and generating the expected outcomes, which are the true manifestation of the effects of the reform. These three minimum elements of Moore's strategic triangle (1995) give a clear idea of the challenges of leading a relatively coherent, consistent, socially useful reform process within an environment of uncertainty and contingency any governmental reform invariably faces.

## Cross-References


- ► Administrative Reform
- ► Incremental Theory of Decision-Making
- ► Leadership in Organizations
- ► Models of Organizational Change


## References


Bobbio N, Matteucci N, Pasquino G (1998) Diccionario de política, 11th edn. Siglo XXI, Mexico

Brunsson N (2009) Reform as routine. Organizational change and stability in the modern world. Oxford University Press, New York

Brunsson N, Olsen P (2007) La reforma de las organizaciones. CIDE, Mexico

Cyert R, March J (1992) A behavioral theory of the firm, 2nd edn. Blackwell, Malden

Kelman S (2005) Unleashing change. A study of organizational renewal in government. Brookings Institution Press, Washington, DC

Kingdon JW (2010) Agendas, alternatives, and public policies, 2nd edn. Pearson, Essex

Lasswell HD (1951) The Policy Orientation. In: Lerner D, Lasswell HD (eds) The policy sciences: recent developments in scope and method. Stanford University Press, Stanford, pp 3–15

Moore M (1995) Creating public value. Strategic management in government. Harvard University Press, London/Cambridge, MA

Peters BG, Pierre J (eds) (2012) The SAGE handbook of public administration, 2nd edn. Sage publications, London

Pollitt C, Bouckaert G (2011) Public management reform. A comparative analysis- new public management, governance, and the neo-Weberian state, 3rd edn. Oxford University Press, New York

Wildavsky A, Pressman JL (1973) Implementation. Sage, London


# Leading Groups


Amine Nasr
School of Management, University of Massachusetts Boston, Boston, MA, USA


## Synonyms

Group leadership; Motivational Leadership; Effective Leadership; Transformational Leadership; Transactional Leadership

Leaders are often correlated with the likes of JKF, Alexander the Great, Martin Luther King Jr, or Julius Caesar, all of whom displayed spectacular levels of character and charm. However, their place in history was not simply due to their own natural talents, but more so in the alignment of their talents to the needs of the people and circumstances around them.

Leadership at the core is the ability to guide or inspire a group toward achieving a particular objective (Robbins and Judge 2015). The diversity in human nature, coupled with the endless array of circumstance surrounding it, makes

finding a universal solution in successful leadership quite difficult. To lead a group requires a dynamic individual with certain qualities that leverage the situational elements, even more so for individuals who are new to a leadership role that lack past experiences of which to reference. The ability to accurately read and respond to the circumstances at hand is required in effective management. As a basic example, unruly group members, or those requiring discipline, may conform when assertive behavior is applied from the leader. Alternatively, assertion can be highly adverse if the members are competent and experienced. Therefore, a good leader must be able to assess and adjust to individual behaviors or needs.

Effective communication is a key attribute. The quality, and frequency of communication, is in many ways the platform on how relationships develop between the leader and the members. Effective communication is undoubtedly a two-way process and must be promoted as such for various critical functions of relationship development. Trust, for example, is difficult to obtain if members cannot identify some level of interest or empathy from their leader toward their needs (Schoorman et al. 2007). This fuels the perception that the leader is either uncaring, or that the group is not worth caring for. Member confidence will suffer and a sense of individual expendability will perpetuate. Such a group norm would undoubtedly have cascading adverse effects on overall performance. In short, with poor communication, group alignment will be extremely difficult to achieve, and with poor alignment follows poor performance.

Leaders who communicate well are also less likely to foster a group environment which breeds expectations based on assumption. Inefficiencies in overall group performance can in way or another be traced to assumptions. A leader who assumes that group members understand how he or she feels about certain behaviors, or what certain task expectations are without having been explicitly expressed, can generally yield greater rates of task revisions. If nothing else, members will generally invest more time understanding what the expectations are rather than working toward them. Assumptions can be most threatening in the initial stages of relationship development given that members have minimal knowledge of the leader's standards or behaviors. In short, communication is key. Tone, body language, timing, and appropriate content are all critical elements of explicit as well as implicit communication and should therefore be appropriately balanced and channeled.

Emotional elements in the group dynamic are equally powerful. Meaningful displays of compassion, for example, can breed group comradery, reinforce commitment, and promote selflessness. Abraham Lincoln once stated: "I'm a success today because I had a friend who believed in me and I didn't have the heart to let him down" (American Civil War Story 2012). Similar to the pressures felt by Lincoln, vocal and actionable displays of confidence toward the group, or a group member, can reinforce the overall objective by showing that personal risk is placed in the ability to achieve their portion of that objective. The tremendous inspirational value in this behavior can greatly empower the group and also reinforce the strengths and values of the collective peer-to-peer investments being made.

Equally significant within the group is actual task competency. Leaders must provide group members with the resources needed to confidently fulfill their duties without a sense of dependency on the leader or other members. Good practices would involve initial one-on-one assessments with the members to establish a mutually agreeable working relationship, with reoccurring meetings to serve as checks and balances. The aim should be to develop members toward task independence and self-sufficiency as reasonably appropriate. This enablement leads to greater satisfaction in working toward task achievement and promotes a greater sense of equity within the group. If the leader identifies potential risks or deviations in task achievement beyond the initial period, the leader must be able to accurately assess the threshold of task assistance needed, while avoiding discrediting the individual. The latter perception will translate into lack of confidence from the leader in the abilities of the individual. The impact could reduce member morale and disengagement from the group. More so, a poorly

handled intervention could be misperceived by other members and greatly influence group trust and alignment.

In addition to ensuring that all members are equipped with the resources and knowledge needed to complete their task, the leader should also provide a clear and in-depth explanation of why the task is significant. The latter will reflect consideration and respect which helps to support the emotional needs in group alignment. Not only by highlighting the overall value that the member is providing in completing the task but more so by showing that effort is being allocated to provide the explanation. In other words, it increases a sense of self-worth. This ultimately instills a trusting relationship that can boost morale and generally yield better performance (Akst 2007). Although much of the alignment process occurs early on, maintaining an open forum which welcomes members to vet concerns or unmet needs is crucial for overcoming issues beyond the early stages.

Alignment is a critical aspect in group performance. Role definition, as well as effective communication, will enable the alignment process and reduce assumptive decision-making. Alignment can be achieved with two general approaches. The first would leverage the preordained authority of the leader to dictate task assignment. The second approach intends to establish trust, rather than authority, as means to leverage the leadership role. Trust can promote the individual transparencies that foster genuine forms of alignment. The bonds forged in this approach are generally far more resilient than a dictated format, primarily due to the emotional value that trust delivers and the job satisfaction that it yields.

Without exception, trust among leaders and group members is a critical component for long-term success. To build trust, a leader must set high standards in ethics, transparency, selflessness, dedication, and confidence toward the group. Trust takes time and consistency to develop. Without trust, inspirational leadership is virtually impossible to convey. More so, genuine trust is often difficult to obtain as an authoritative figure. Having the self-awareness to distinguish when one's own behavior is perceived as authoritative, rather than inspirational, is equally as important as having the knowledge to adopt and value one versus the other. When one thinks of authority, thoughts of punishment or fear generally come to mind. Inspirational leaders on the other hand generally evoke trust, passion, and hope. In modern-day realities, many circumstances may require a dynamic ratio of each.

The leader should be mindful that too much flexibility in the alignment process can be counterproductive to group performance. Although consideration is beneficial, a willingness to adjust beyond initial task structuring can be perceived as inability by the leader to enforce accountability if objectives are not met. In other words, a perception may occur that a flexible leader is flexible in general, whether prior to or post task assignment. Allow the members to be comfortable enough in communicating their needs, but not to the extent where accountability is overshadowed. This risk may also induce members to see the leadership role as equitable, where attempts to assume task designation on their own may result. Members can potentially go beyond his or her role responsibilities and assume an informal authoritative position by directing other members as well. This behavior can have a tremendous impact on group alignment if role definition is not clearly established and reinforced as needed.

Various challenges in personality misalignment will occasionally arise that cannot be overcome through communication or task assistance. For example, a naturally domineering personality within the group may be too engrained for adjustment. In such dilemmas, alignment can be achieved by strategically allowing member participation in the decision-making process. These scenarios are quite common and effective for leaders when mitigated appropriately. However, clear role definition is critical in these circumstances. Otherwise, a partial display of power transfer can be misperceived as opportunity for the participating member to challenge the leadership role.

Although member participation in decision-making can have strategic utilization as a defensive mechanism, it is far more common as a supporting measure for leadership roles. These

relationships are most common within large, well-structured organizations whose leaders are in need of efficient decision-making due to limited personal bandwidth. For example, CEOs of large companies often depend on multiple layers of advisors and administrators whose responsibilities are to provide guidance or summarized analyses to expedite decision-making. These relationships often leverage trust and power sharing, but are rarely sustainable without clear role definition.

In a less formalized group setting or reporting structure, leaders will often develop ingroups (Lewis and Bates 2014). Ingroup formation takes place early on in the relationship development process and reflects weighted or preferred relationships between the leaders with select individuals. Leaders should be cautious to avoid ingroups altogether, more so if it is based on criteria that clearly presents no tangible support for the leader. For example, a leader should not align with a group member simply because they have similar taste in humor or similar interests outside the workplace. This behavior can be extremely disruptive to overall group performance. In general, signs of favoritism can result in negative work attitudes and task withdrawal among excluded group members. If the leader clearly sees disproportionate value in certain members based on skillset or experience and feels obligated to leverage those values, the leader should make every effort to remain objective and transparent in utilizing that relationship without displaying over appreciation as other members may feel disadvantaged and lose morale.

Motivation within the group is generally driven by the attitude of the leader. Some leaders are naturally charismatic and enthusiastic, whereas others are not. Nevertheless, leaders should make every effort to portray a strong sense of passion and enthusiasm when appropriate. Displaying high levels of engagement by sharing a long-term vision, showing a willingness to take personal risks and compassion toward members, and acting outside the leadership role are effective ways to inspire group members (Conger and Kanungo 1998). This type of behavior can be very effective in reinforcing group identity, increasing group commitment, and increasing overall member satisfaction. However, leaders should be aware of their actions and communications. Although certain inspirational behaviors can be effective, it should not be assumed that recycling the same messages and behaviors time and time again will yield the same results. Generally speaking, most group members are inclined to skepticism when leaders behave exuberantly and are exceptionally receptive to generic or disingenuous forms of motivation. Authenticity can rarely be manufactured when using inspirational messaging. As a leader, if genuine enthusiasm or belief in the vision statement is lacking for whatever reason, then perhaps more strategic or practical forms of inspiration such as incentives should be used if motivation is truly needed. Over time, group dynamics experience variant needs, both emotional and task oriented. Therefore, motivational support should be aligned in tone and delivery with situational variables. In some circumstances, the leader may have personal distractions unrelated to the workplace that impact his or her level of engagement and create a perception counterproductive in driving morale. Self-awareness in these circumstances can prevent the group from misinterpreting a negative emotional display as being related to the group. If personal issues cannot be mitigated properly, the leader may consider sharing an appropriate level of detail explaining the shift in behavior in order to prevent adverse group reactions, but also to reinforce the mutual respect and consideration toward the group relationship. If nothing else, this behavior reinforces a caring group culture.

Maintaining group motivation can be as challenging as any task that leaders face in group management. Highly intelligent group members will generally embody leadership qualities of their own and are less likely to respond to inspirational tactics given their experience and ability to screen for tangible content. Managing high performers can be as challenging or more than managing under performers. These individuals should be valued and carefully managed, as their skills are often leveraged more so than other members. Any methods of inspiration for these individuals should in some way be

tailored or differentiated, as their threshold for inspiration will undoubtedly differ from other members. If neglected or mistreated, their power can be leveraged within the group against the leader, or they may leave the group altogether.

The dynamics in achieving effective group output has traditionally suggested that two general leadership styles exist, transactional and transformational (Stam 2015). Transactional leadership being very task oriented and highly structured, whereas transformational leadership being inspirational and stimulating in nature. Transactional leadership in present-day settings may be less of an actual leadership role, but better labeled as a task enablement or task management role. Project managers, for example, may often provide no specific expertise such as marketing or engineering, but are rather given the sole responsibility of aligning the project team to meet clearly outlined action items. Their leadership role can be viewed as highly transactional given that the task achievement approach is very much structured and standardized. More so, the project team members can often be exceeding in experience or rank and do not share the same reporting structure as the leader. For this group dynamic to function, the project manager's ability to influence group members is generally limited to the dictation of standardized processes and project guidelines. The question arises of whether the definition of transactional leadership has changed in these types of standardized segments, or whether these segments are no longer considered to be leadership roles. Transformational leadership on the other hand can offer endless capabilities only to be limited by the actual prowess and character of the leader. Point being, the power of inspiration has the potential to excel the group performance beyond the limitations of any single individual within the group.

The challenges of leadership roles are ever changing, several of which have been mentioned that apply to internal group dynamics. Other issues however, such as false correlation with negative performance, require anticipatory engagement. Exceptional leaders can be faced with circumstances of which they cannot control, yet the outcome can have tremendous impact on group success. One example occurs when organizational leaders lose funding which supports critical group functions, ultimately resulting in failed project goals. Another example may be a military general that has the misfortune of losing half the platoon due to the spread of disease, leading to defeat. Although these circumstances are often uncontrollable, the status of the leader and the group falls victim to the external perception of association with failure. External perception is much harder to control than the internal group perception. In order to limit the impact of false pretense toward the group, the leader should engage in strategic external communication when appropriate, in order to provide insight to the challenges if he or she feels the need to protect self or group interests. The leader would also be emphasizing the responsibility and commitment in defending the group identity. More so, he or she would create a greater commonality within the group, as well as meeting the due diligence for having the leadership role.

"Uneasy lies the head that wears a crown" (Shakespeare 1596) is a bit audacious for present day-leaders; it does however reflect the burdens of leader responsibilities. To be a leader goes beyond internal management, it also entails the task of group identity and representation. If a leader is seen as incapable or unwilling to defend his or her members, confidence and trust within the group will surely diminish.

In the twenty-first century, leaders are faced with responsibilities that become more challenging as occupations and social lifestyles increase in variety and complexity. Globalization in the last decade alone has spawned endless cross dependencies among individuals or groups. Many of whom may often have conflicting peripheral responsibilities and beliefs. In parallel, as technology continues to advance, the human role in task achievement has changed the need for leadership in many traditional sectors. With the drivers of industrialization naturally favoring process standardization for the sake of efficiency, the structured nature of transactional leadership also conforms to standardization within commoditized group functions, further blurring the lines of perceived leadership as industrialization expands. Despite these realities, the need for authentic

leadership still exists in other settings, perhaps more than ever.

The previous suggestions on group leadership are not universally applicable and therefore should be challenged and tailored whenever taken into practice. Personalities are vastly complex, and even more so when merged with others. Having touched on the risk associated with assumptive decision making, aspiring leaders cannot assume that chance will offer the complementary circumstances needed for success. Rather, leaders must have the ability to assess, appreciate, adjust, and inspire in order to succeed, and as with any great leader, their value can rarely be denied.

## Cross-References


- ▶ Authentic Leadership
- ▶ Group Power and Leadership
- ▶ Leadership Across Hierarchical Levels
- ▶ Leadership Development in Organizations
- ▶ Leadership Effectiveness
- ▶ Leadership Group Coaching
- ▶ Leadership in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Organizational Identity Leadership
- ▶ Transactional Leadership
- ▶ Transformational Leadership


## References


Akst D (2007) The rewards of recognizing a job well done. Wall Street J, 31 Jan, D9

American Civil War Story. Abraham Lincoln Quotes (2012). Retrieved from http://www.americancivilwarstory.com/abraham-lincoln-quotes.html

Conger JA, Kanungo RN (1998) Charismatic leadership in organizations. Sage, Thousand Oaks, p 94

Lewis GJ, Bates TC (2014) Common heritable effects underpin concerns over norm maintenance and in-group favoritism: evidence from genetic analyses of right-wing authoritarianism and traditionalism. J Pers 82(4):297–309

Robbins SP, Judge TA (2015) Organizational behavior, 17th edn. Pearson Education, Harlow, p 382

Schoorman FD, Mayer RC, Davis JH (2007) An integrative model of organizational trust: past, present, and future. Acad Manag Rev 32(2):344–354

Shakespeare W (1596) Henry IV. Part 2, Act 3, scene 1, lines 26–31

Stam D (2015) Leveraging transformational and transactional leadership to cultivate the generation of organization-focused ideas. Leadersh Q 26(2):204–219


# Leading Innovation


Anthony E. Middlebrooks
Horn Program in Entrepreneurship, University of Delaware, Newark, DE, USA


## Synonyms

Creative leadership; Idea leadership; Innovation management

## Definition

The process of influencing others and creating conditions to facilitate the generation of unique ideas and their translation into value.

## Introduction

The field of innovation across research and practice has exploded over the past 20 years, producing a rich and extensive collection of literature, tools, case studies, and general guidance. Navigating such extensive resources, however, may now only be possible at the broad level, leaving the details to the specific facet of innovation that one requires (Fagerberg et al. 2012). Numerous compilations and "handbooks" aspire to covering the broad range of the field, guiding one to additional sources (Fagerberg et al. 2005; Shalley et al. 2015; Shavinina 2003; Zhou and Shalley 2008). *Leading innovation* is one such specific facet, seeking to blend two extraordinarily complex and dynamic processes (leadership and innovation) to powerful ends.

Innovation is defined as the process of generating unique ideas and translating them into value. Innovation provides a consistent form of value for individuals, organizations, and societies. Forms of

value vary based on the focus of the entity and can include market share and economic capital, network and social capital, the degree to which a problem is addressed, individual development, and even added meaningfulness to a context (spiritual capital). While the form of value varies, generating a unique idea, approach, process, or system and subsequently using the latter to add value represents the essential benefit of innovation. Further, because ideas evolve and emerge from cross-perspective and related notions, fostering innovation is a positive causal loop – the more unique ideas are engaged, the more new ideas materialize (Johnson 2010). Consequently, influencing innovation enhances value by definition. Many factors influence innovation; however, individuals and/or groups serving as leader comprise the most purposeful and consequential (Amabile and Khaire 2008; Redmond et al. 1993).

Leadership by definition is a *process* of influence, which means it is *not* the person presently serving in the leadership position (and their related characteristics), nor is leadership a singular product. The latter notion is critical to leading innovation as iteration, failure, and continuous improvement represent key activities to both effective leadership and innovation. Leadership also differs from management. Classic management activities included forecasting, planning, organizing, commanding, coordinating, and controlling, with a common distinction: Management produces order and consistency, while leadership produces change and movement (Zaleznik 2004). In reality, a flexible leadership approach will include critical activities where leadership behaviors and management programs and systems work together (Yukl and Lepsinger 2005).

Leadership is the process of influencing others toward a *common vision*, and in this case the common vision is innovation – generating unique ideas and translating them into value. This vision differs from organizational effectiveness, improvement, growth, and/or quality control. Although not mutually exclusive, leading others to generate unique ideas and translating them into real value comprises a unique set of personal dispositions, leadership approaches, processes, and tools enabling one to create the conditions and culture that nurtures innovation. Thus, leading innovation is defined as: "The process of influencing others and creating conditions to facilitate the generation of unique ideas and their translation into value."

## Defining Innovation

From the user perspective, innovation often appears as a single solution or product – something new or better. But when viewed from the perspective of the innovator, the process begins with problem finding and identification, specifically seeking the best opportunity to add value. Understanding the full range of innovation provides a greater likelihood that the most impactful problem or opportunity will be the focus on innovation efforts. Innovations as an outcome have been delineated by areas. Keeley's (2013) ten types of innovation across the four subcategories of finance, process, offerings, and delivery include business model, networks and alliances, enabling process, core processes, product performance, product system, service, channel, brand, and customer experience. Innovation has also been parsed by the degree of uniqueness or change – such as adapt versus innovate (see Kirton's KAI, Mudd 1995), or accept, reject, or integrate existing paradigms vis-à-vis the new idea. The latter models cross degree of innovation with type of leadership activity (Sternberg et al. 2001).

Although not synonymous, creativity plays a key role within innovation. Creativity is responsible for the "unique" aspect of an idea and as such is a foundational individual capacity and process for innovation. Creativity is simply defined as the personal characteristics, press, and process that leads to the generation of unique ideas that have value. The term press refers to the contextual variables that influence creativity. Considerable research and applied work have focused on how a leader can enhance and utilize their own creativity, how creativity influences leadership, and how leaders impact creative activity and culture. Resources focused on the creativity-leadership

relationship are of significant practical value to leading innovation.

## Leading the Process

One important aspect of leading innovation comprises facilitating others through specific steps of the innovation process. Many specific and general innovation processes have been created, both descriptive and prescriptive. Process models can be found in research and practice and are described under a variety of related terms such as creative problem solving, ideation, heuristic, creativity, or design process. Despite their many forms and types, *all* innovation processes can be mapped onto a general process consisting of three major phases: *Understand, Imagine, and Implement*. The Understand phase examines what is known about the problem, context, stakeholders, history, etc. The Imagine phase emphasizes generating the most creative ideas for addressing the problem. And the Implement phase outlines the activities, resources, timelines, and other factors and actions necessary to bring the idea to reality (Dundon 2002). Activities and achievement within each of these major process phases (understand, imagine, implement) might consist of numerous activities depending on the specific model.

Each phase, including specific steps, contributes the most by enhancing two complementary activities – divergent and convergent thinking. Divergent is the process of expanding out to generate many, many ideas for a single problem, while convergent is the process of narrowing to identify a single best idea from a larger set. Again, the divergent-convergent complement should occur throughout the process. For example, one might divergently generate many possible sources to explore for further understanding a problem and then convergently choose the best sources. The two distinguishing elements of innovation – unique idea and translation to value – rely on maximizing divergent and convergent activities. A wide variety of techniques have been developed to prompt and guide both divergent and convergent thinking. These are basic tools that leaders can learn, employ, and teach to others.

## Personal Capacities

Another important aspect of leading innovation consists of identifying and fostering specific personal capacities that enhance one's own and other's ability to innovate. The dynamic nature of both innovation and leadership necessitate in situ and impromptu actions and decisions to best facilitate the process. Early research into the creative person comprised identifying individuals producing creative things (or for the effective leader, those leading effectively), and then observing and labeling their characteristics (Runco 2014). Unwieldy lists of characteristics or "traits" resulted. For leadership, these have now been summarized to include five most closely tied to effective leadership: intelligence, determination, sociability, self-confidence, and integrity. Creative person traits include curious, energetic, experimenting, independent, industrious, open-minded, perceptive, risk-taker, sensitive, and many more from lists that remain extensive.

More static notions of personal traits have given way to dispositions or habitual ways of thinking and processing information that can be learned and developed. Capacities such as those described as psychological capital (confidence or self-efficacy, resilience or grit, optimism, hope) have been found related to effective leadership (Luthans et al. 2007). Relatedly, dispositions enhancing creativity include open-mindedness, divergent thinking, and creative confidence. The root idea of confidence is trust in oneself; thus, creative confidence is trust in oneself as a creative individual; or as Kelley (2012) describes it: (individuals) "...natural ability to come up with new ideas and the courage to try them out."

Leading innovation includes the development of personal capacities as well as facilitating when to apply those capacities. Personal capacities for innovation enhance the *processes* of individuals and groups exploring and seeing multiple perspectives, taking measured risks in generating unique ideas, continuously improving outcomes, and overcoming blocks to these activities (Amabile and Pratt 2016). The set of dispositions called design thinking captures these personal capacities and is described as "an approach that

uses the designer's sensibility and methods for problem solving to meet people's needs in a technologically feasible and commercially viable way. In other words, design thinking is human-centered innovation" (IDEO 2015). The specific dispositions of design thinking include (Bruck and Middlebrooks 2010):

| |
|---|
| ***User-centered***: mind-set that focuses on the user and how they experience and feel |
| ***Explorative***: mind-set that assumes purposeful ambiguity and curiosity |
| ***Divergent***: mind-set of generating many, many ideas for a single problem |
| ***Multi-disciplinary***: mind-set that engages many minds and pursues multiple areas of expertise |
| ***Iterative***: mind-set of always seeing solutions in process – assessing and improving |
| ***Integrative***: mind-set of attending to and balancing multiple and contrasting variables, and creatively resolving the tensions between them |

Design thinking dispositions generally align with the different phases of creative problem-solving and have been utilized to enhance innovation on specific projects and generally (Reiter-Palmon and Illies 2004). Organizations use design thinking for internal challenges, developing individual employees, more fully engaging customers, building better teams, exploring and identifying opportunities, and expanding the time that employees generate ideas. Most significant, design thinking represents a shift in mind-set and consequent ways in which leaders and followers address problems and one another.

Leading innovation as enhancing personal capacities and facilitating process are integrally intertwined. Another model aligns thinking habits directly with the formal creative problem-solving model (Puccio et al. 2011). The process and aligned thinking skills are noted in Table 1.

In addition to traits and dispositions, effectively leading innovation requires the personal capacity to see and eliminate variables inhibiting or mentally blocking creativity at all levels – individually, group, organization, and culture – "blockbusting" as Adams (1986) terms it in the foundational source on conceptual blocks. Blocks can also be psychological (fear), cultural (norms), social (other's judgement), literal (deadlines, distractions, environment), as well as conceptual (how you see things). The most detrimental block, self-editing or self-censoring, kills creative ideas – what Matthew May (2016) calls "ideacide."

## Leadership Style: Transformational and Authentic

Two formal leadership approaches have been most extensively examined relative to leading innovation: transformational leadership and authentic leadership. Transformational leadership is characterized by the four I's of individual consideration, intellectual stimulation, inspirational motivation, and idealized influence (Bass 1999). Numerous studies have shown transformational leadership has significant effects on creativity (Gumusluoglu and Ilsev 2009; Khalili 2016). At the individual level, transformational leadership influences employees' creativity through psychological empowerment. At the organizational level, transformational leadership is positively associated with organizational innovation. However, in some studies the effects were mediated by promotion focus and creative process engagement, by emphasizing

**Leading Innovation, Table 1** Thinking habits aligned with creative problem solving

| **Creative problem-solving stages** | Assessing the situation | Exploring the vision | Formulating challenges | Exploring ideas | Formulating solutions | Exploring acceptance | Formulating a plan |
|---|---|---|---|---|---|---|---|
| **Thinking habits that facilitate CPS stage** | Diagnostic thinking | Visionary thinking | Strategic thinking | Ideational thinking | Evaluative thinking | Contextual thinking | Tactical thinking |

a learning orientation, or by applying leadership to a specific part of the creativity process. Yet other studies indicate limited effects of transformational leadership, and even negative effects like increased follower dependency, which decreased creativity (Eisenbeiß and Boerner 2013).

Authentic leadership consists of a broader group of approaches that promote a positive psychological, relational, and ethical climate, which has been found to foster creativity in employees (Rego et al. 2012). Authentic leaders attend to follower psychological capital (self-efficacy/confidence, optimism, resilience, hope), which has been associated with increased creativity, particularly in the case of self-efficacy (Avey et al. 2012).

The general takeaway from these findings is that there are no simple recipes stating: Do this leadership style and it will result in that performance outcome. Recent research reviews indicate less influence of general leadership style versus the impact of specific leadership strategies (Tummers and Kruyen 2014), such as empowering followers (Zhang and Bartol 2010) and increasing self-efficacy. Leadership and innovation are simply too complicated, individual-based, context-based, and situational. Consequently, research on what factors promote and inhibit creativity, and the variables that mediate those effects, comprises another rich field of inquiry and application.

## Culture and Climate

The most impactful aspect of leading innovation lies in creating the conditions and culture for creativity to flourish while establishing the parameters and process of managing the translation of creativity into value. This essential paradox identified by Hill et al. (2014) nicely summarizes the dynamic and mindful challenge leaders face in facilitating the right balance for each individual and for the larger organization. Hill et al. describe six specific paradoxes that inform an organization's innovation efforts. Leaders should assess the organization on each paradox and then compare that assessment to what aspect of each paradox *should* be emphasized to maximize innovation given the present circumstances. The six paradoxes include (a) individual identity versus collective identity, (b) support versus confrontation, (c) learning and development versus performance, (d) improvisation versus structure, (e) patience versus urgency, and (f) bottom-up initiatives versus top-down interventions. Leaders of innovative organizations balance these paradoxes to achieve three capabilities. According to Hill et al., innovative organizations have creative abrasion (having a marketplace of ideas and perspectives through discussion and debate), creative agility (systems and processes to quickly try, assess, reflect, and refine ideas), and creative resolution (decision-making processes that integrate opposing ideas by taking a both/and approach). Note that creative abrasion, agility, and resolution each require a mindful mix of both leadership and management activities.

Fostering a climate of creativity and innovation is perhaps the most impactful aspect of leading innovation. Climate refers to the psychological, emotional, and practical conditions that enhance (or inhibit) innovation. Those conditions, when institutionalized in systems and structure and normed into practices, result in culture. Informally, culture is defined as the way things are done around here, including the often invisible norms that influence thinking and behavior. Ekvall (1996) outlines ten climate dimensions impacting creativity in organizations, which leaders can purposefully design into the follower experience:

Challenge – How challenged, emotionally involved, and committed? How meaningful do they find the work?

Freedom – How much autonomy in planning, deciding, and acting?

Idea time – How much time to generate and elaborate on new ideas?

Dynamism – How many new things, different perspectives, and "eventfulness"?

Idea support – How much active listening, encouragement, and attention to new ideas and perspectives?

Trust and openness – How emotionally and psychologically safe to propose new ideas?

Playfulness and humor – How relaxed and play oriented?

Debate – How much encouragement and pursuit of diverse perspectives?
Risk-taking – How willing to try new things and tolerate uncertainty?
Conflicts – In the negative sense, how much interpersonal conflict, hostility, etc., blocks the creative climate?

Designing a culture fostering innovation must accurately assess the climate from the user's perspective. *KEYS: Assessing the Climate for Creativity* is one reliable, valid tool for assessing the work environment dimensions that play a role in creativity (Amabile et al. 1996). Using comprehensive research on creativity in organizations, the KEYS looks at work environment dimensions that support creativity:

- Management practices like freedom, challenging work, encouragement of creativity through management, and work group supports
- Organizational encouragement
- Lack of impediments
- Sufficient resources
- Realistic workload pressures
- Creative and productive output

The KEYS and other measures can be used by leaders to diagnose the relative degree to which work environments foster creative work and effectiveness of work environment improvements.

Summarizing the research, Shalley and Gilson (2004) came to three practical conclusions: First, followers need to feel supported – by the leader, their colleagues, their work, and the organizational culture. This includes adequate resources, rewards, and recognition. Second, leaders must clearly communicate that creativity and innovation is a valued goal, including modeling by the leader and rewards for creative outcomes. Third, leaders must create opportunities for followers to interact with a rich and diverse pool of skills, interests, and perspectives. Table 2 lists forty suggestions for leading innovation drawn from research and practice. The dynamic nature of individuals and organizations makes leading innovation a complicated endeavor; however, the benefits of designing a climate, developing

**Leading Innovation, Table 2** 40 ways to foster innovation

| At this organization | Leaders make it so. . .<br>Leaders encourage/foster the notion. . . |
|---|---|
| *I think or know. . .*<br>**Psychological** | 1. The company trusts me<br>2. I am important to the company<br>3. My work is important to the company<br>4. My idea will be heard<br>5. I offer a unique perspective<br>6. My company expects creativity<br>7. Perfection is not the goal<br>8. Every idea is valued, even if it does not work or is not acted upon<br>9. My manager will welcome new ideas<br>10. Clarity of mission<br>11. Clarity of goals, especially when generating ideas<br>12. Clear criteria for solutions<br>13. Urgency of project |
| *I feel. . .*<br>**Emotional** | 14. Free to make mistakes<br>15. Judgment is suspended for a time when generating ideas<br>16. Inspired by a vision. . .or provoked<br>17. Confident to think critically<br>18. Relaxed<br>19. A passion for my work<br>20. The work is personally meaningful<br>21. Celebrate short- term wins as well as long- term gains |
| *I have. . .*<br>**Resources** | 22. Time for innovation<br>23. Innovative leadership<br>24. Leaders that support and facilitate creativity<br>25. Leaders that model creativity<br>26. A space for creativity. . .and a space that encourages creative thinking<br>27. Off-site meeting opportunities<br>28. Fun<br>29. Constant feedback<br>30. Close contact with others<br>31. Other's ideas to build off (access to)<br>32. A diverse group of colleagues |
| *We do. . .*<br>**Systems and structure** | 33. Reward creativity and innovation<br>34. Train for innovation<br>35. Hire for innovation<br>36. Test new ideas<br>37. Embark on the unknown with optimism<br>38. Manage the creative process<br>39. Allow space for creativity and the innovative culture to self-spread<br>40. Purposefully displace people out of routine thinking |

capacities, and facilitating the process go far beyond the resulting product.

## Cross-References

- ▶ Authentic Leadership
- ▶ Innovation and the Public Workplace
- ▶ Leaders and Innovations in Public Organizations
- ▶ Leadership in Organizations
- ▶ Transformational Leadership

## References


Adams JL (1986) Conceptual blockbusting: a guide to better ideas. Addison-Wesley, Reading

Amabile TM (1996) Creativity and innovation in organizations. Harvard Business School, Boston

Amabile TM, Khaire M (2008) Creativity and the role of the leader. Harv Bus Rev 86:10

Amabile TM, Pratt MG (2016) The dynamic componential model of creativity and innovation in organizations: making progress, making meaning. Res Organ Behav 36:157–183

Amabile TM, Conti R, Coon H, Lazenby J, Herron M (1996) Assessing the work environment for creativity. Acad Manag J 39(5):1154–1184

Avey JB, Richmond FL, Nixon DR (2012) Leader positivity and follower creativity: an experimental analysis. J Creat Behav 46(2):99–118

Avolio BJ, Walumbwa FO, Weber TJ (2009) Leadership: current theories, research, and future directions. Annu Rev Psychol 60:421–449

Bass BM (1999) Two decades of research and development in transformational leadership. Eur J Work Organ Psy 8(1):9–32

Bennis WG, Townsend R (1995) Reinventing leadership: strategies to empower the organization. Morrow, New York

Bruck J, Middlebrooks A (2010) Design-based learning for leadership. Acad Exch Q 14(2):17–22

Dundon E (2002) The seeds of innovation: cultivating the synergy that fosters new ideas. AMACOM, New York

Eisenbeiß SA, Boerner S (2013) A double-edged sword: transformational leadership and individual creativity. Br J Manag 24(1):54–68

Ekvall G (1996) Organizational climate for creativity and innovation. Eur J Work Organ Psy 5(1):105–123

Fagerberg J, Mowery DC, Nelson RR (2005) The Oxford handbook of innovation. Oxford University Press, Oxford

Fagerberg J, Fosaas M, Sapprasert K (2012) Innovation: exploring the knowledge base. Res Policy 41(7): 1132–1153

Gumusluoglu L, Ilsev A (2009) Transformational leadership, creativity, and organizational innovation. J Bus Res 62(4):461–473

Hill LA, Brandeau G, Truelove E, Lineback K (2014) Collective genius: no longer casting themselves as solo visionaries, smart leaders are rewriting the rules of innovation. Harv Bus Rev 92:6

IDEO (2015) About IDEO. Retrieved from http://www.ideo.com/thinking/approach/

Johnson S (2010) Where good ideas come from: the natural history of innovation. Riverhead Books, New York

Keeley L (2013) Ten types of innovation: the discipline of building breakthroughs. Wiley, Hoboken

Kelley T, Kelley D (2012) Reclaim your creative confidence. Harv Bus Rev 90:12

Khalili A (2016) Linking transformational leadership, creativity, innovation, and innovation-supportive climate. Manag Decis 54:9

Luthans F, Avolio BJ (2003) Authentic leadership: a positive developmental approach. In: Cameron KS, Dutton JE, Quinn RE (eds) Positive organizational scholarship: foundations of a new discipline. Berrett-Koehler, San Francisco, pp 241–258

Luthans F, Youssef CM, Avolio BJ (2007) Psychological capital. Oxford University Press, New York

May M (2016) Ideacide: the perils of self-censoring (and how you can stop it). 99u magazine, 14 April. http://99u.com/articles/53751/ideacide-the-perils-of-self-censoring-and-how-you-can-stop-it

Middlebrooks T (2015) Creativity and innovation: provoking ideas for leadership. J Leadersh Stud 9:42–44

Mudd S (1995) Kirton adaption-innovation theory: organizational implications. Technovation 15(3): 165–175

Puccio GJ, Mance M, Murdock M (2011) Creative leadership: skills that drive change, 2nd edn. SAGE, Thousand Oaks

Redmond MR, Mumford MD, Teach R (1993) Putting creativity to work: effects of leader behavior on subordinate creativity. Organ Behav Hum Decis Process 55(1):120–151

Rego A, Sousa F, Marques C, Cunha MP (2012) Authentic leadership promoting employees' psychological capital and creativity. J Bus Res 65(3):429–437

Reiter-Palmon R, Illies JJ (2004) Leadership and creativity: understanding leadership from a creative problem-solving perspective. Leadersh Q 15(1):55–77

Runco MA (2014) Creativity: theories and themes: research, development, and practice, 2nd edn. Elsevier Academic Press, Amsterdam

Shalley CE, Gilson LL (2004) What leaders need to know: a review of social and contextual factors that can foster or hinder creativity. Leadersh Q 15(1):33–53

Shalley CE, Hitt MA, Zhou J (2015) The Oxford handbook of creativity, innovation, and entrepreneurship. Oxford University Press, Oxford, UK

Shavinina LV (2003) The international handbook on innovation. Pergamon, Oxford

Shin S, Zhou J (2003) Transformational leadership, conservation, and creativity: evidence from Korea. Acad Manag J 46(6):703–714
Sternberg R, Kaufman J, Pretz J (2001) The propulsion model of creative contributions applied to the arts and letters. J Creat Behav 35(2):75–101
Tummers LG (Lars), Kruyen PM (2014) The influence of leadership on creativity: a systematic review of experimental studies
Walumbwa FO, Avolio BJ, Gardner WL, Wernsing TS, Peterson SJ (2008) Authentic leadership: development and validation of a theory-based measure. J Manag 34(1):89–126
Yukl G, Lepsinger R (2005) Why integrating the leading and managing roles is essential for organizational effectiveness. (interrelationship). Organ Dyn 34(4):361–375
Zaleznik A (2004) Managers and leaders: are they different? Clin Leadersh Manag Rev 18(3):171–177
Zhang X, Bartol KM (2010) Linking empowering leadership and participant creativity: the influence of psychological empowerment, intrinsic motivation, and creative process engagement. Acad Manag J 53(1): 107–128
Zhou J (1998) Feedback valence, feedback style, task autonomy, and achievement orientation: Interactive effects on creative performance. J Appl Psychol 83(2):261
Zhou J, Shalley CE (2008) Handbook of organizational creativity. Lawrence Erlbaum Associates, New York

# Leading Organizational Change

Brian Beauregard
University of Massachusetts, Boston, MA, USA

## Synonyms

Champion of change; Directing change; Executing change; Leading systemic change; Optimally shaping business transformations; Reorganization; Restructuring organizations

## Definition

Change affects every organization, and it is imperative that managers prepare for it and effectively lead and support their employees through transitional periods. In recent years, change occurs so quickly that it is essential for managers to create and maintain a culture of change in their organizations in order to adapt swiftly and sufficiently. The chapter will discuss the driving forces of organizational change and how leaders can effectively implement change.

## Introduction

Change is happening at an increasingly rapid rate and organizations across all industries that do not plan for it will not prosper. Some of the internal and external catalysts for change are technology, competition, expansion in workplace diversity, globalization, regulatory agents, and the surplus or lack of resources (Lewin 1945, 1947; Argyris 1999). Before planning and implementing a change, managers need to be cognizant of and sensitive to the fact that most people fear change and unknown outcomes. There are several techniques that will help mitigate resistance to change such as maintaining open communication, establishing trust, engaging all employees in the change process, reducing employee stress, and creating a positive, nurturing environment that is supportive of innovation and flexibility (Kotter 2007). Subordinates should be allowed to freely and openly contribute their feedback on change that will impact their jobs; managers should consistently give them this platform to express themselves and foster a culture of change.

## The Driving Forces of Change

Of the driving forces that cause the need for organizational change, one of the most influential within the past two decades is innovations and advancements in technology. As technology continues to become increasingly highly automated, the need for human interaction has decreased tremendously, and this has led to a vast reduction in manufacturing and service industry jobs. Humans are competing with computers that can do their jobs faster, and in most cases, automation yields a higher profit due to the reduction in payroll and operating expenses. Technological advancements

continue to reshape the workplace and workflow processes; it is not a fad that will phase out, and because of this, organizations need to progress and adapt in order to remain competitive in their perspective industries. Managers should prudently invest in both technology and their employees. Wide sweeping change can carry a lot of risk and may cause chaos in an organization especially if it is not thoroughly planned and executed. Incremental changes should always be considered because it carries less risk both operationally and financially, gives the employees more time to adapt, and allows the management team to analyze the results and to reevaluate before introducing the next phase of the implementation. One technological development that a manager should consider is having their employees work from home; this trend is increasing over time. This greatly reduces the cost associated with maintaining an office space and it reduces the employee's transportation expenses. It also gives the employee greater flexibility and capacity to create a harmonious work/life balance.

Competition is another harbinger of change. The speed in which a new product is launched from design to market has accelerated drastically in recent times. This causes extreme pressure for organizations to quickly adopt new business platforms and processes. However, industry regulations, quality controls, and safety should not be compromised to meet deadlines or to cut costs. Managers may use an incentive program to reward employees for creative and innovative achievements; this will help create a culture of change and motivate employees to want to succeed in future endeavors.

The workplace continues to become more diverse in respect to sex, gender identity, age, race, ethnicity, sexual orientation, disability, and religion. Organizations should both accept and celebrate the changing diversity in the workplace. Managers need to recognize that a team has a greater chance at achieving success when everyone contributes and collaborates. Inclusivity is essential to creating a positive work environment that is accepting of all employees. Cultural diversity competency trainings should be conducted so that employees understand that acceptance and inclusivity are part of the organization's values. When hiring, promoting, or even engaging with employees and potential employees, managers should avoid making assumptions predicated on stereotypes or preconceived identity-based judgements. It is not only discriminatory but it is also not based on facts. Two examples of stereotypes are younger employees perform better at their jobs than older employees and woman are not as effective leaders as men; studies have found neither to be true. There is no evidence that shows younger employees perform better than older employees at their jobs (Tergesen 2014). Women have been found to be equally as effective as men in leadership roles (Paustian-Underdahl et al. 2014).

Globalization has strongly affected organizations and has created both opportunity and challenges. By outsourcing labor, an organization can make a significant reduction in cost. Senior management must weigh the benefits of cost reduction to the desire to support their local community. If an organization is in danger of going out of business, outsourcing labor to reduce labor costs might be their only option to persevere. Incremental change can be used in this scenario as well; if time is on the organization's side, begin with outsourcing one department or one aspect of a department. The number of global organizations has also increased in recent years and this has presented new, unique challenges. Tax codes and laws vary greatly in different countries. Having subordinates in different countries imposes a barrier because the most effective mode of communication is face to face. Managers must adapt to these changes by utilizing videoconferencing and teleconferencing to communicate when face-to-face communication is not possible. Managers will also need to learn the cultural norms, practices, and values in order to effectively lead a team that is in another country.

Regulatory agents such as tax codes and state and federal laws are continually changing, and organizations need to be in compliance with the changes that are passed. This need for organizational change is brought about by an external force and it is mandatory by law. Managers can be upfront and honest about these changes with their employees and provide them with details

and guidance on why the compliance regulations have been changed. If properly educated on the matter, the employees will understand that these changes were prompted by a regulatory agent and not by the organization.

A change in resources may drastically impact an organization depending on the scale and whether it is a surplus of resources or lack of resources. If an organization has a surplus of funds, a manager may use this as an opportunity to invest in something that will enhance the organization's mission statement. A lack of resources may be seen by managers as an indication that something needs to be changed in order to keep the organization functioning well. Examine workflows and determine if there are changes that can be made to make it more efficient so that employees can accomplish more with less resources. Limited resources may also be seen as a gateway to the inception of innovations.

## How Leaders Can Effectively Implement Change

Maintaining an open communication on why change is necessary is essential to creating a culture of change. Since verbal communication is the most effective mode of communication, it should be delivered in this way because it is extremely important that communication regarding change is not misinterpreted. Face-to-face communication is recommended either in a one-on-one meeting or in a group meeting if the change affects the whole group. Managers should thoroughly explain the need for change. For example, if there is a new product that must make it to the market before a competing organization does, one way managers can effectively meet a deadline to launch a design into production is by applying the punctuated equilibrium model to the team group. The date of the deadline and each employees' roles and expectations should be clearly communicated to them, and the timeframe and expectations need to be reasonable. When using the model, managers should expect that little to no progress will occur after the initial meeting, and then miraculously, a burst of enthusiasm and progress will follow exactly in the middle of the deadline timeframe. A stagnant period will resume after the midpoint group meeting, but a wave of enthusiasm will return near the end date of the set timeframe, and the goal will have been achieved. When the application of this model is used appropriately, the group project is successful more often than not. Effective communication is essential to succeeding when using this model (Garfield and Denis 2012).

Establishing trust will greatly improve a manager's chances of winning over employees' willingness to adapt to organizational change, and it will reduce employees' anxiety during periods of change. Trust is built over time between managers and their subordinates, and if attained, it will lead to organizational commitment, loyalty, and higher job satisfaction rates which correlate to higher productivity levels. Trust building can be strengthened during a period of organizational change. One example of the benefits of establishing trust during a transitional period is if an organization suddenly experiences a massive loss in funding. Managers should articulate to their employees exactly what is happening with the funding and enlist their aid in finding solutions. At the other end of the spectrum of trust is manipulation. Managers that use manipulation to assist in implementing change should do so with great caution. It carries a lot of risk because if the employees find out that they were misled or told something that was false, trust will be broken, and they may carry resentment against the organization.

Engaging employees in the change process will prepare them for current and future changes. Managers should allow employees to participate and have the right to influence decision-making that will be impactful to their jobs. If employees feel that they have a role in the decision-making, they will view organizational change more favorably. Employees may have some insight into what can be changed within their workflows and processes and can identify what can be altered to make things operate more efficiently. They may find waste in their workflows and if eliminated, they will produce more in the same amount of time.

A growing number of organizations are investing in wellness programs for their

employees to reduce stress. Some stress can be beneficial as it can motivate an individual, but an unmanageable abundance of stress can negatively impact productivity, and it can lead to quickened job turnover. The wellness programs will support employees in times of organizational change. Another coping mechanism managers can provide during periods of change is an appropriate platform that will allow employees to vent their frustrations without the threat of punitive retaliation. Solutions do not necessarily have to be provided, and it gives the employees another coping mechanism to handle stress. Sometimes through venting out frustrations, an unexpected positive by-product is a resolution or the start of an idea that will lead to one.

Managers can develop a culture of change by creating a positive, nurturing environment that is supportive of innovation and flexibility. To encourage innovation, accomplishments should be rewarded and failures should not be penalized. Recognition of employees through praise may also be used to show them that they are greatly valued by the organization and this does not cost anything; it also assists in cultivating a positive work environment. Managers may look at a lack of resources as an opportunity because when resources are scarce, the creation of innovations is at its highest. An example of this is the development of green technologies to replace the dependence on energy created by fossil fuels. In addition, managers should recruit and hire employees that adapt well to change and have a high tolerance for ambiguity. Have all job applicants take a test that measures their tolerance for ambiguity (Menzel and Jurkiewicz 2005). During the interview process, managers may also ask the following open-ended questions to see how well they adapt to change: describe a change that took place at a previous job, what was your role in this change, and what did you do to help make this change successful? Also, when hiring, managers should recruit employees whose values align with the organization's values because when they do align, the employee's job satisfaction is higher, they are more loyal to the organization, and they are more likely to stay at the organization longer.

## Conclusion

In conclusion, organizational change is inevitable and continual, and by becoming an agent of change, managers have the power to influence how well their employees adapt to it. The traditional jobs that required their employees to simply maintain the status quo for 40 years are fleeting. Adjusting well to organizational change is the new status quo of our times. Managers should be hypervigilant to the driving forces of change that are prevalent in their perspective industries, and they should try to stay ahead of current standard business practices in order to remain competitive. Managers should be proactive by preparing their employees for change and by identifying the signs of employees' resistance to change; the earlier it is identified and addressed, the better. Lastly, once a culture of change is established, it must be maintained and nourished so that the organization is best prepared for future changes; this will give the organization its greatest chance at prosperity (Kim et al. 2015).



## Cross-References


- ▶ Effective Communication and Persuasion
- ▶ Globalization and Culture
- ▶ Leadership Effectiveness
- ▶ Leadership in Organizations
- ▶ Managing Diversity in the Caribbean
- ▶ Organizations and Globalization
- ▶ Social Capital and Organizational Change
- ▶ Transformational Leadership


## References


Argyris M (1999) On organisational learning. Blackwell, Oxford

Garfield MJ, Denis AR (2012) Toward an integrated model of group development: disruption of routines by technology-induced change. J Manag Inf Syst 29(3):43

Kim J, Egan T, Tolson H (2015) Examining the dimensions of the learning organization questionnaire: a review and critique of research utilizing the DLOQ. Hum Resour Dev Rev 14:91–112

Kotter JP (2007) Leading change: why transformational efforts fail. Harv Bus Rev 85:96–103

Lewin K (1945) The research Center for Group Dynamics at Massachusetts Institute of Technology. Sociometry 8:126–136
Lewin K (1947) Frontiers in group dynamics: I. Concept, method, and reality in social sciences; social change. Hum Relat 1:5–41
Menzel DC, Jurkiewicz CL (2005) Introduction to the symposium on ethics and integrity in governance: european perspectives. Public Integr 8(1):5–11
Paustian-Underdahl SC, Walker LS, Woehr DJ (2014) Gender and perceptions of leadership effectiveness: a meta-analysis of contextual moderators. J Appl Psychol 99(6):1129
Tergesen A (2014) Why everything you know about aging is probably wrong. Wall Street J. https://www.wsj.com/articles/why-everything-you-think-about-aging-may-be-wrong-1417408057

# Leading People-Centered Cultures

Jeanette Black
College of STEMM, University of Wisconsin Stout, Menomonie, WI, USA

## Synonyms

Employees; Leaders; Leadership; People; People-centered organizational cultures; People-focused culture

## Definitions

*Organizational culture*: A collective experience that emerges from the beliefs and social interactions of its members.

*Organizational climate*: A set of measurable properties of the work environment, perceived directly or indirectly by the people who live and work in this environment and assumed to influence their motivation and behavior.

*People-centered organizational culture*: An organizational culture focused on employees that builds trust, leverages the talent within the organization, and used to develop performance measures and business success factors that are reflective of the employee culture.

*High-performance organizations*: An organization that embodies *people-first values*, creates a strong and positive culture of trust among its people, and thus sustains a high level of profitability.

*Leadership*: An influence relationship among leaders and followers who intend real changes and outcomes that reflect shared purpose.

## Introduction

The dilemma for today's organizational leaders is described in terms of balancing shareholder demands with achieving longevity or sustainability. More accurately, the dilemma has been about providing an environment that espouses individual freedom while ensuring that the financial and nonfinancial targets of the organization are met. When an organization is focused on the numbers, rules, and regulations, inevitably systems and processes tend to be developed to ensure staff conformance to those rules. Such quantitative targets dictate organizational behavior. Rules and regulations control behavior, stifle creativity, and build an environment based on mistrust, self-interest and ambition, deceit, and complaints. When the cultural environment of the organization is designed to focus on its people (employees), the opposite happens. An employee-focused culture builds trust, leverages the talent within the organization, and can be used to develop performance measures and business success factors that are reflective of the employee culture. Such organizations consistently perform at exceptional levels over an extended period of time.

## People–Centered Organizational Cultures

People-centered organizational cultures are founded on the ideas that

- All people are important.
- A strong belief in people shapes the organizational culture.

- Happy people working together perform at higher levels.
- All people benefit as a result (Black and Laventure 2015, p. 9).

**All People Are Important.** The view that all people are important provides the foundation for creating an exciting, supportive, dynamic, and innovative work environment while resulting in substantial growth and profits. To accomplish this, organizational leaders, middle management, and frontline supervisors shift the focus from numbers and results to the organization's greatest asset – its employees. Six characteristics used to drive high performance in people-centered organizations, focused on individual involvement, and effective leadership are:

- Organizational cultures can be the ultimate competitive advantage.
- Involvement can be the most effective source of control.
- All employees add significant value.
- Lateral processes are the key to organizational efficiencies.
- Organizations are designed around people, products, and customers.
- Efficient leadership focused on employees is the key to organizational leadership (Black and Laventure 2015, p. 10).

As a result, workers perform at the highest level – every day, that opinions count, that coworkers share the commitment to quality, and that a personal connection between the work and the company's mission is developed. The impact of the people-focused culture is substantial and synergistic.

Company leaders must create an environment where trust, creativity, and innovation flourish, while meeting the performance criteria specified by the stakeholders. Applying this philosophy to organization design ensures that the nature of the organization is shaped by the people in the organization. The starting point for designing, developing, and transforming an organization lies in the leader understanding the people in the organization and the relationships between these individuals and external stakeholders (Weymes 2005). Leaders develop the vision and goals, creating a focus on the customer, and developing systems and processes are important. Leaders who create an environment that allows employee's freedom generates new and innovative approaches, fosters harmonious working relationships, building trust and integrity.

The starting point lies in the nature of the relationships among employees. Employees are rational individuals who are seeking self-actualization (achieving one's purpose in life), happiness, and wisdom. Therefore, an organization's performance depends on the nature of the relationships formed by individuals within that organization and relationships with external stakeholders. Unfortunately, the workplace can often create a work environment where employees have little commitment to their employer and, therefore, little loyalty (Weymes 2005). A leader's belief in people and the accompanying values of treating each person and task with dignity, trust, and respect serve as both the bedrock foundation for business decisions and a springboard for performance, growth, and innovation. Thus, all employees benefit in the challenges, risk, and success of the organization, resulting in increased employee engagement and commitment (Black and Laventure 2015).

**A Strong Belief in People Shapes the Organizational Culture**. Leaders of people-centered organizational cultures view employees and employment as a long-term investment, a source of competitive advantage that must be supported and protected at all times. Leaders of organizations with people-focused organizational cultures are constantly changing and adapting to new ideas, people, resources, technology, challenges, and opportunities (Black and Laventure 2015).

**Happy People Working Together Perform at Higher Levels**. In today's fast-paced business environment, the quality of working relationships and trust generated by unwavering business integrity is emerging as a key competitive and strategic advantage. People-focused cultures, coupled with effective leadership, help managers respond more rapidly to customer needs and changes in the

business environment. Because leadership and frontline managers care deeply about their people, they tend to listen more intently to what the company's various stakeholders have to say. These adaptive organizations consistently and substantially outperform companies with more traditional corporate cultures on four major measures: revenue, workforce expansion, stock price, and net income. For leaders to ensure that there is a high degree of commitment among the employees, it is necessary to make certain that a match exists between the purpose of the organization and the dreams of the individuals (Weymes 2005). Individual inspirational dreams become the inspirational dreams of organizations.

**All People Benefit**. When leaders at all levels truly believe that all people are important and support that belief with their actions, amazing things can happen. There is a strong correlation between a belief in people, working together, and long-term profit and growth for everyone involved (Black and Laventure 2015).

## Leadership and Organizational Culture

The content formation of organizational culture begins with the decisions made by organizational leaders. Creating and managing organizational culture is the single most important role of the leader (Schein 2010). Top leaders set the tone of the culture by defining the goals of and for the organization, which are then operationalized throughout the company.

## Seven Key Leadership Elements of People–Centered Cultures

Research by Black and Laventure (2015) suggest that people-centered organizational cultures share the following key elements:

- Leveraging people-first core values.
- Leadership that walks the talk.
- Open communication.
- High levels of trust.
- Aligned operations and work environments focused on HR and talent development practices.
- Change responsiveness.
- Organizational resiliency (p. 16).

These elements are incorporated into the fabric of the organization and are built on the aspirations, talents, and dreams of the employees and constantly interact with and shape each other. Organizations that promote such values as openness, trust, initiative, teamwork and collaboration, the humane treatment of workers, creativity, quality, empowerment, and delegation obtain better results (Huang and Dastmalchian 2006). As a result, organizations experienced significantly lower employee turnover when they valued respect and teamwork.

## Leading High–Performing Organizations (HPO) as People–Centered Organizations

Although the concept of being a high-performance organization (HPO) is becoming increasingly important, the concept is still not well understood. Although there may be a lack of understanding of the HPO concept, there is significant evidence that HPOs drive business results. Leaders of HPOs spend the time and money to create and support positive stakeholder relations and cultivate high-performance work environments which are worthwhile investments repaid with significant returns to the firms. The culture of an HPO shapes its worldview. This, in turn, predisposes behavior in the organization. The hallmark of an HPO is the people-first core values. By creating a people-focused culture with a focus on creating a wonderful environment for employees, the culture sets the tone for employees to also treat customers and other stakeholders well. Leaders of HPOs produce higher levels of employee productivity, stronger customer loyalty, and higher profit margins (Black and Laventure 2015).

The leaders of an HPO can be thought of as *connectors* (Gladwell 2000). Connectors are significant because of the ability to link people, ideas, and resources. In HPOs, leaders facilitate collaboration between all stakeholders through the connections created. Furthermore, these leaders can bring people together from different disciplines, backgrounds, generations, and cultures and leverage all those individuals have to offer. These connections allow for the development of creativity, innovation, and problem solving among stakeholders while promoting a healthy workplace environment. It is important that the leaders of HPOs set the tone by being good connectors and collaborators themselves and assigning clear decision rights and responsibilities (Black and Laventure 2015).

Leaders consciously and unconsciously embed their tendencies and preferences into their organizations through a variety of mechanisms, such as metrics; criteria for the allocation of rewards, such as profit sharing and bonuses; and personnel decisions (Schein 2010). The most influential of these practices are leadership, recruitment, onboarding, reward-system alignment, decision-making processes, and organizational learning (Verbos et al. 2007).

Leadership, culture, and strategy are interrelated. Leaders further reinforce organizational culture through secondary articulation or reinforcement mechanisms, such as organizational design and structure decisions, stories and myths, and formal statements (Schein 2010). Effective leaders also continually shape the culture through their strategic vision, determining what receives attention and what is celebrated (Hartnell and Walumbwa 2011). Successful execution of strategy requires a supportive organizational culture.

Although organizational leaders shape organizational culture, cultural norms and expectations must be disseminated throughout the organization. *Cultural carriers* – the formal and informal leaders throughout the organization – reinforce the thoughts and actions of the cultural leader; this support is known as *walking the talk* (Armenakis et al. 2011). These manifestations are interpreted, evaluated, and enacted in varying ways because cultural members have differing interests, experiences, responsibilities, and values. Therefore, what leaders do and how those actions are carried through and manifested in the culture are more of a determinant of effectiveness than what leaders believe or value, because the manner in which beliefs and personal values manifest in the day-to-day actions of leaders can vary widely (Nieminen et al. 2013). These become the motivational drivers for success within the organization.

## Effective Leadership and Organizational Climate

A *positive organizational climate* – a good workplace environment – is often the byproduct of effective leadership. Effective leadership is crucial to superior business performance. Leaders recognize that the effectiveness of an organization's leaders can be the difference between being a good and being a great organization. They also understand the profound impact, the decisions of founders, and other top leaders in the early stages of the organization's life cycle have on the development of that organization and that those decisions lead to the creation of strategies, structure, climate, and culture (Schein 2010).

Leaders directly influence the behavior and actions of the organization's members, as well as perceptions of those members. According to Momeni (2009), "more than 70% of organizational climate directly results from a manager's morale and behaviors" (p. 46). Emotional intelligence "refers to an ability to recognize the meaning of emotions and their relationships, and to reason and problem-solve based on them." Emotional intelligence is further defined as one's ability to manage and monitor one's own emotions, to recognize different types of emotions in others, to distinguish the difference between one's emotions and those of others, and to possess the ability to direct information toward decision-making

actions (Mayer and Salovey 1993). Emotional intelligence has been identified as a measure for distinguishing superior leadership skills and abilities (Kersten 2007).

When leaders of people-centered organizations put these values into action, these organizations and the stakeholders (e.g., their employees, vendors, suppliers, and partners) benefit. These values put into action create the organizational climate, which is a relatively enduring characteristic of an organization distinguishing it from other organizations and embodies members' collective perceptions about the organization related to autonomy, trust, cohesiveness, support, recognition, innovation, and fairness (Kersten 2007). If the leaders walk the talk and truly put the value system into action, employees will become the very fabric of the organization and will be integral to its success.

The successful implementation of strategies is aligned with an organizational leader's effectiveness in making decisions, the effective marshaling of resources and capabilities, and appropriate responses to the environment (Connell 2001). Strategic awareness must therefore include self-awareness on the part of the managers, including an awareness of their own management style and its possible influence on employees and the organization's culture (Osborne and Cowen 2002). By walking the talk, leaders of people-centered cultures create environments that foster communication, build trust, and facilitate teamwork.

Leaders of people-centered cultures are aware of their actions and how they are interpreted in people-centered organizational cultures. This awareness and behavior is reflected in and modeled by genuineness, care, and authenticity of the leader and leadership within the organization (Norman et al. 2005). People-centered organizations have leaders who can read and predict through complexity, think through complex problems, engage groups in dynamic adaptive organizational change, and manage emotion appropriately. Leadership is the key to how internal and external organizational dynamics translate and link internally to the organization and externally to the community.

## Leaders of People–Centered Cultures Defining Responsible Global Citizenship

In order to enhance organizational performance, leaders of corporations need to focus on their social dimensions. This means that they need to strive to align both the individual and the collective interests of employees, and the employees need to match personal values, capacities, and ambitions with those of the workplace environment. The alignment of personal and collective interests has become essential to contemporary business. No longer can companies treat their employees as resources, as numbers, as costs, but as human beings. Employees should not be thought of as assets or liabilities but, rather, as human beings, who have social needs (Black and Laventure 2015).

## Organizational Ethics and Moral Fitness

Organizational cultures can also be classified as either ethical or unethical, which can be described through the company's policies, procedures, operating principles, and training (Schein 2010). Leaders of companies that invest in instilling ethical principles in their organizational culture demonstrate a strong commitment to their organizational values, empowerment, and trust. Ethics provides standards in an organizational culture and the framework for decision-making. However, the top leaders must model ethical behavior and must show high levels of trust and respect to their fellow members of the culture. Leaders need to help employees think through ethical issues and decisions, especially those "right versus right" dilemmas that pit one moral choice against another. Corporate culture and ethics can represent a powerful decision-making tool.

To achieve a people-focused culture, leaders need to include the management of business toward the common good instead of the management of business exclusively for profits, power, or any other interest if those are contrary to the common good. Caring for people and a sense of service generates loyalty. Recognition and respect for people and their human rights, care, service, and management toward the common good must be shared beliefs and values in a people-process culture. Leadership at all levels of the organization must demonstrate genuine care for employees. Respecting people and their human rights also means integrity, with a steadfast attitude of trustfulness, keeping promises and fulfilling contacts, fairness, and organizational justice. In other words, people assist, support, and compete with one another through care and service (Black and Laventure 2015).

## Corporate Social Responsibility and Sustainability

Russell et al. (2007) determined four distinct understandings of sustainability in organizations. Leaders described sustainability in terms of.

1. A corporation working toward long-term economic performance.
2. A corporation working toward positive outcomes for the natural environment.
3. A corporation that supports employees and social outcomes.
4. A corporation with a holistic approach to conducting business within a community.

Doing business is no longer only making profits; leaders of people-centered organizations also must behave in a socially responsible way. This responsibility includes not only environmental concerns, such as minimizing the organization's carbon footprint, but also must be expanded to include social system issues and international economic issues that must be highly integrated into the organization (Metcalf and Benn 2012). This quest for new and expanding responsibilities – often called *corporate social responsibility* – implies considering issues beyond the conventional scope of a business.

Corporate social responsibility refers to a growing appeal asking organizations to take a broader social responsibility into account, behaving accordingly in an accountable manner, thus behaving as good corporate citizens (Schoemaker et al. 2006). Organizational change is embraced and that an ethical approach to work is developed among all employees for organizational sustainability. Employees become the sustainability champions for the company and the community. The focus of corporate social responsibility defines the corporate identity, making the company more transparent, trying to develop a system of accounting for one's actions (Driscoll and Hoffman 2000). These are characteristics of people-centered organizations.

Sustainable leadership for a people-centered organization can be described as one that reflects the definition of the sustainable organization as those organizations that build on natural capital enhance human and societal welfare and contribute to appropriate economic and technological development (Russell and McIntosh 2011). These companies are innovative and people focused. Sustainability principles are embedded across the organization and within every aspect of the organizational culture. Leaders of people-centered organizational cultures conduct business through the adoption of long-term perspectives that support their employees, business, and communities.



## References

Armenakis A, Brown S, Mehta A (2011) Organizational cultural: assessment and transformation. J Chang Manag 11(3):305–328

Black JM, Laventure K (2015) The human factor to profitability. Building a people-centered culture for long term success. Forward by Lui, K. and Cervenka, D. Riverview Book Group, GreenLeaf Publishing, Austin

Connell J (2001) Influence of firm size on organizational culture and employee morale. J Manag Res 1(4): 220–232
Driscoll DM, Hoffman WM (2000) Ethics matters. How to implement values-driven management. Bentley College, Waltham
Gladwell M (2000) The tipping point: how little things can make a big difference. Little, Brown, New York
Hartnell CA, Walumbwa FO (2011) Transformational leadership and organizational culture: toward integrating a multilevel framework. In: Ashkanasy N, Wilderom C, Peterson M (eds) The handbook of organizational culture and climate, 2nd edn. Sage, Los Angeles, pp 225–248
Huang HJ, Dastmalchian A (2006) Implications of trust and distrust for organizations: role of customer orientation in a four-nation study. Pers Rev 35(4): 361–371
Kersten J (2007) Emotions in employee supervisor workplace relationships. The lived experience of women professionals. Doctoral dissertation, ProQuest dissertations publishing. (Order No. 3255585)
Mayer JD, Salovey P (1993) The intelligence of emotional intelligence. Intelligence 17(4):433–442
Metcalf L, Benn S (2012) Leadership for sustainability: an evaluation of leadership ability. J Bus Ethics 112(3):369–384
Momeni N (2009) The relation between managers' emotional intelligence and the organizational climate they create. Public Personnel Manage 38(2):35–48
Nieminen L, Biermeier-Hanson B, Denison DR (2013) Aligning leadership and organizational culture: the leader-culture fit framework for coaching organizational leaders. Consult Psychol J Practice Res 65(3):177–198
Norman S, Luthans B, Luthans K (2005) The proposed contagion effect of hopeful leaders on the resiliency of employees and organizations. J Leadersh Org Stud 12(2):55–64
Osborne RL, Cowen SS (2002) High performance companies. The distinguishing profile. Manag Decis 40(3):227–231
Russell SV, McIntosh M (2011) Changing organizational culture for sustainability. In: Ashkanasy N, Wilderom C, Peterson M (eds) The handbook of organizational culture and climate, 2nd edn. Sage, Los Angeles, CA, pp 393–411
Russell SV, Haigh N, Griffiths A (2007) Understanding corporate sustainability: recognizing the impact of different governance systems. In: Benn S, Dunphy D (eds) Corporate governance and sustainability. Routledge, Abington, pp 36–56
Schein EH (2010) Organizational culture and leadership, 4th edn. Jossey-Bass, San Francisco
Schoemaker M, Nijhof A, Jonker J (2006) Human value management: the influence of the contemporary developments of corporate social responsibility and social capital on HRM. Manag Rev 17(4): 448–465
Verbos A, Gerard J, Forshey P, Harding C, Miller J (2007) The positive ethical organization: enacting a living of ethics and ethical organizational identity. J Bus Ethics 76(1):17–33
Weymes E (2005) Organizations which make a difference: a philosophical argument for the "people focused organization". Corp Gov 5(2):142–158

# Leading the Ethical Organization

J. Travis Bland
Department of Public Administration,
University of Illinois at Springfield, Springfield, IL, USA

## Synonyms

Ethical management; Moral administration; Moral leadership; Organizational integrity; Public service ethics and leadership; Responsible leadership

## Definition

Behavioral ethics: Descriptive effort aimed at explaining the processes that produce decisions, whether ethical or unethical.
Bounded awareness: When, due to the limitations on human rationality, people fail to see and use information that is readily available to them.
Ethical blindness: When the ethical dimension of a decision is not visible to the decision-maker and the values that normally would shape their decision-making are left out of the process.
Normative ethics: Prescription of strategies or methods for weighing alternative courses of action on the basis of the principles that ought to govern the ethicality of a decision.
Special relationship: Relationship between public servants and citizens in America that includes the obligation to serve the public interest, while guaranteeing and advancing certain values.

## Introduction

As discussed by Frederickson and Hart (1985), there is a "special relationship" that exists between public servants and citizens in America. This relationship is built on what the authors term the "patriotism of benevolence," which requires that public servants share a commitment to the fundamental principles of the regime and a genuine concern for the well-being of their fellow citizens. When public servants are party to acts that are deemed unethical or immoral, they violate the "special relationship" and public sector organizations pay a high price. Not only does it have the potential to damage the reputation of the organization, it may undermine the trust and confidence that citizens place in their government. It would be a mistake, however, to attribute such failings solely to the character or disposition of the public servants. Organizational structures and cultures are not neutral with respect to ethical conduct. They typically play a much more powerful role in shaping human behavior than might be assumed (Zimbardo 2007). For this reason, a modified version of one of Cooper's (2004) "big" questions for administrative ethics guides the remainder of this chapter. What do public sector leaders need to know to design and oversee organizational environments that are supportive of ethical conduct? In other words, what do they need to know to lead ethical organizations and, thereby, protect and promote the "special relationship"?

Organizations are human creations formed to serve specific purposes. They function as socially constructed systems, such that the interactions and decisions of their members will have a structuring effect that constrains and enables future activities (Giddens 1984). The study of administrative ethics at the organizational level, then, is fundamentally about the situational pressures unique to the organization and its environment that influence the decision-making processes of public servants (Dobel 2006; Wittmer 2005). Leaders who understand these pressures are better equipped to design and oversee organizational environments that are supportive of ethical conduct. Here, the term ethical conduct refers to decisions that are in accordance with the principles of right and wrong governing the conduct of individuals in their organizational and public service roles (Svara 2007). Those principles are embedded in and defined by the "special relationship." They infuse public sector organizations with higher institutional purposes, namely, to serve the interests of the people, upon which public servants must evaluate their moral and professional obligations (Heclo 2008). In addition to promoting and modeling those principles, ethical leaders will develop safeguards against their violation (Denhardt 1988; Menzel 2007).

Individuals, however, do not come to organizations as blank slates. Instead, they bring with them their own cultural, educational, and professional experiences, values or character traits, interests, and ethical orientations. Some individuals will attempt to use organizations to maximize their self-interests, whereas others may be more altruistic. Organizations and their leaders can attempt to screen and hire individuals that meet a certain ethical norm or standard, but this is quite hard to assess. The ethical organization, then, will nurture the ethicality of its members, but recognizes that this alone does not ensure ethical decision-making. Sometimes individuals, even if they are highly developed morally, do not recognize that the decisions they are making have ethical implications. When morally unaware or disengaged, important principles are left out of their decision-making process. Awareness, however, does not ensure ethicality, but it does change the focus of the decision-making process. The ethical organization, then, will also foster ethical dialogue and inject ethical concerns into the routine activities of public servants. This may bolster their awareness and encourage them to regularly evaluate their moral and professional obligations.

To lead the ethical organization, the critical design task for public sector leaders involves striking an appropriate balance between cultivating internal controls and relying on external controls to support ethical conduct (Cooper 2012). Internal controls are a reflection of the moral or ethical development of individuals, whereas external controls (e.g., rules, regulations, and codes of ethics) are intended to make public sector

organizations less reliant on such development. To strike an appropriate balance, as argued by Cooper (2012), leaders must understand and incorporate four key elements into the design of their organizational environments: individual attributes, organizational structure, organizational culture, and societal expectations. As the foundation for reviewing each of these design elements, this chapter begins with an outline of several ethical decision-making models or approaches to ethics.

## Ethical (Unethical) Decision-Making

To improve the study and understanding of ethical behavior, a number of ethical decision-making models have been developed. The various models can be grouped into two broad approaches to ethics: normative (prescriptive) and behavioral (descriptive). The former works backward from the principles that ought to govern the ethicality of a decision to prescribe strategies or methods for weighing alternative courses of action, which are thought to increase the likelihood of an ethical result (Cooper 2012; Svara 2007). The latter is more of a descriptive effort aimed at explaining the processes that produce actual decisions, whether ethical or unethical. Normative approaches, then, tend to focus on improvements in the internal, dispositional qualities of the decision-maker. This includes improvements in their moral reasoning abilities, often emphasizing the use of various philosophical lenses to make decisions (e.g., deontology vs. utilitarianism), and the refinement of their character or moral development. Behavioral approaches tend to focus on the interplay between the internal, dispositional qualities of the decision-maker and external, situational factors to generate an improved understanding of how and why ethical and unethical decisions are actually made (Wittmer 2005). The former proceeds from an assumption of rationality, while the latter does not.

Behavioral ethicists have found ample empirical evidence that ethical and unethical decision-making processes are often less rational and deliberate than assumed (Palazzo et al. 2012). Most human decision-making, which Kahneman (2011) labels System 1, is unconscious, intuitive, and, often, emotionally driven. This means that public servants of high character, even if they are skilled at moral reasoning, may rarely access those qualities or engage the cognitive parts of their brain (System 2). It would be a mistake, then, for leaders to take a strictly normative approach and design their organizational environments from an assumption of rationality. Rational decision-making includes the full gathering of information and the weighing of alternative options against some standard to reach an optimal decision. Humans, however, tend to "satisfice" because their rationality, as argued by Simon (1983, p. 34), "is very limited, very much bounded by the situation and by human computational powers." These limitations may bound the awareness of a decision-maker and prevent them from seeing or accessing important information during the decision-making process, thereby constraining or complicating normative considerations (Chugh and Bazerman 2007). This bounded awareness can lead to ethical judgements that the decision-maker cannot defend, often referred to as moral dumbfounding. This is because they have unknowingly or unconsciously violated the principles of right or wrong that ought to govern their conduct.

Despite the inherent value in developing public servants who are skilled at moral reasoning and who are of strong character, behavioral ethics research suggests that individuals rarely deliberate or reason like philosophers and that situational factors often dominate their dispositional qualities. When it comes to the design of organizational environments, then, leaders must bridge the gap between normative and behavioral approaches to ethics. Distinguishing between the process that produces a decision (moral or amoral decision-making) and the decision that resulted (ethical or unethical), Tenbrunsel and Smith-Crowe (2008) offer a model that can help leaders bridge this gap. In their model, moral awareness or the recognition that a decision has moral or ethical implications is crucial, but it does not guarantee ethicality.

Instead, it serves as the point of departure from which ethical considerations will or will not be included in the decision-making process that follows. In this model, it is the decision frame or perspective of the decision-maker that filters what is seen and informs their moral awareness.

This notion of framing is a compliment to the concepts of bounded rationality and bounded awareness. Decision frames are developed by individuals as they interact with their environment and try to simplify complex situations to facilitate understanding. As stated by Palazzo et al. (2012, p. 326), this is a sensemaking process that produces frames that "guide how information is processed, controlling what information is attended to and, just as important, what is obscured." A normative frame generates a heightened level of moral awareness, such that a decision-maker will "process and encode incoming information into moral categories" (p. 324). This increases the likelihood that they will weigh the alternative courses of action against the principles that ought to govern the ethicality of a decision. Other frames (e.g., legal, technical, political, or economic), however, do not generate moral awareness, which means that these principles would not be incorporated into their decision-making processes.

The decision-maker can only use or be under the influence of one frame at a time. Yet, a situation or decision can be viewed from multiple frames, which is vital to, but does not ensure, ethical decision-making. Behavioral ethicists, however, have uncovered a number of individual cognitive limitations and situational pressures that contribute to instances of rigid framing, whereby a decision-maker is unable or unlikely to switch from one frame to another. This increases the likelihood of an unethical decision because, when locked into a non-normative frame, they will remain unaware or disengaged from the decision's moral or ethical dimensions. The remainder of this chapter incorporates these factors into its review of what public sector leaders need to know about the four key elements to the design of organizational environment that are supportive of ethical conduct.

## The Key Design Elements

Violations of the "special relationship" that exists between public servants and citizens occur almost daily. Public sector leaders who commit the fundamental attribution error will attribute such failings solely to the disposition of the public servants, while neglecting the potential influence of the situational pressures that are unique to their organizations and environments (Zimbardo 2007). Yet, the dynamic nature of person-situation interactions can produce instances of rigid framing. In these instances, the decision-making process is likely amoral, which means that important principles are either not part of the process or that certain lesser principles have been promoted at their expense. The critical design task, then, is the striking of an appropriate balance between the cultivation of internal controls and the development of external controls that will work together to promote and protect the "special relationship." This requires a bridging of the gap between the normative and behavioral approaches to ethics, which will help ensure that public servants do not make sense of, or frame, their situations too rigidly.

### Individual Attributes

Through administrative discretion, public servants participate in governing. Alongside elected officials, they occupy the ethical space between the foundational principles of the regime (e.g., freedom, equality, due process, and separation of powers) and the particularistic concerns of citizens (Rohr 1989, 1996). This discretion, then, empowers them as moral agents. Here, moral agency includes both the power to refrain from decisions or actions that violate those principles and the power to proactively assist with their advancement. Internal controls, then, should help public servants navigate any tensions that might arise between their instrumental or technical responsibilities and their responsibilities as moral agents. They should help them evaluate their moral and professional obligations and help them make ethically defensible decisions.

Internal controls, then, serve as the normative frame and are the "moral standards" or "self-

sanctions" by which public servants exercise their administrative discretion and moral agency (Bandura 1999). These are deep-seated and can reflect a lifetime of attitudes and beliefs. They are not easily changed. As such, efforts to cultivate internal controls emphasize important attributes that are related to the cognitive and moral development of public servants. These efforts may include trainings and opportunities for public servants to develop and practice their reasoning skills, thereby bolstering their experiential awareness of the types of ethical dilemmas that they may face. Leaders may also cultivate internal controls by promoting the individual and professional virtues or values important to their organizations and that ought to define the character of a public servant.

Despite their importance, internal controls, as argued by Bandura (1999, p. 2), "do not operate invariantly as internal regulators of conduct." They do not come into play unless they are activated. The self-regulation of behavior is not entirely rational. In addition to the possibility that individuals might knowingly choose to do wrong, there are number of cognitive limitations, often referred to as heuristics and biases, which can create ethical blind spots (Bazerman and Moore 2009; Drumwright et al. 2015; Palazzo et al. 2012). These blind spots can derail rationality and unknowingly lead individuals to decisions and behaviors that run counter to important principles and substantially alter the delivery of public services.

First, individuals tend to focus on the things that are readily available and tangible at the expense of the abstract and vague. Thus, they struggle to imagine or deal with the consequences of a decision that are distant in time and space. Second, according to the concept of just-noticeable differences, individuals struggle to recognize the ethical implications of gradual changes in their work environments. This can create a slippery slope in which they gradually become participants in extreme violations of the "special relationship." Third, once individuals have invested time, money, and effort in a decision, it creates a sunk cost that makes it difficult for them to abandon that decision even if it turned out to be wrong. This is often described as the escalation of commitment.

A fourth cognitive limitation includes the tendency for individuals to overestimate their own ethicality. This can cause them to be overconfident and overreliant on their own emotions and intuitions in situations with serious ethical implications. Yet, an individual's view of reality is often subconsciously shaped by self-serving biases that manipulate their decision frames, compartmentalize their thoughts and actions, and conjure up rationalizations to justify their decisions after the fact (Drumwright et al. 2015). The corresponding decisions, then, selectively draw on important principles and values in ways that may unknowingly serve the interests of the individual. The rationalizations help alleviate any psychological tensions or cognitive dissonance that might normally be felt by an individual in conditions of rationality (Johnson 2016).

Framing or limiting what is seen or attended to these cognitive limitations may block or bound the moral awareness of public servants. This diminishes the effectiveness of internal controls. While making public servants aware of these limitation through trainings can help the decision-maker de-bias their judgements (Bazerman and Moore 2009), the attention of a public servant is always situated, that is, placed in an organizational and environmental context that is either supportive of, or complicates, ethical decision-making.

### Organizational Structure

The self-regulation of behavior is not entirely intrapsychic. Situational pressures matter. They may exacerbate cognitive limitations as well as influence how individuals frame or make sense of their situation (Palazzo et al. 2012). Beginning with the pressures at the organizational level, there are several structural arrangements that promote rigid framing. Hierarchical arrangements, for example, tend to discourage questioning and produce an over obedience to authority or what Reed (2014) referred to as "sheeplike" behavior by followers. This can lead to the displacement of responsibility, wherein individuals participate in and justify unethical decisions by arguing that they were simply following orders. Often,

hierarchical arrangements also communicate the notion that individuals at the lower levels of a hierarchy ought to focus on doing the work and leave the thinking to individuals at the higher levels. This can produce a mindless, unquestioning attitude (Morgan 2006). Further, the modern bureaucratic organization tends to break complex problems into manageable chunks and structure their jobs, specialized functions, and subunits around those chunks. This diffuses information and fragments responsibility, which can lead to the problem of distancing. Distancing occurs when an individual no longer can see or feel the full consequences of their decisions or actions. These structural arrangements disconnect the individual from the larger whole, thereby generating a frame that makes everything appear separate and unrelated (Senge 2006). This frame will certainly distort or alter a public servant's evaluation of their moral and ethical obligations.

Organizational structures, however, can be supplemented by external controls that function as safeguards, while supporting ethical decision-making. Sound governance structures will include an "ethics infrastructure" that fosters ethical dialogue and injects ethical concerns into the routine activities of public servants (Jurkiewicz 2015; Reed 2014). In addition to creating channels for dissent, this includes structures to ensure that the principles governing their conduct are clearly communicated and understood as well as rewards and punishments that serve to motivate and induce compliance. These can take a number of forms, but often include codes of ethics, oaths of office, ethics trainings, ethics audits, regulatory oversight, and performance and evaluation processes that serve as accountability mechanisms. Ideally, this infrastructure will operate as a separate entity and include other protections to ensure that individuals can freely communicate their ethical concerns without fear of repercussion.

When necessary, external controls may enforce compliance, but their primary purpose should be to work against rigid framing and, thereby, increase the effectiveness of internal controls. External controls that attempt to replace, rather than inform, administrative discretion and moral agency can lead to lower levels of reasoning, whereby ethicality is almost exclusively assessed in relation to agency rules (Rohr 1989). Agency rules, however, do not define the totality of a public servant's moral and professional obligations. Structural arrangements should protect the ethical autonomy of public servants and empower them with decision-making responsibilities, while ensuring that important principles are promoted and protected in the process.

### Organizational Culture

Culture is a powerful force that influences the decisions and behaviors of individuals in groups and organizations. Sometimes this influence is in direct opposition to the structural arrangements of the organization and complicates ethical decision-making. According to Schein (2010), culture refers to the shared assumptions that are learned by a group as it interacts with, and adapts to, its internal and external context. Those assumptions become so embedded and taken for granted that individuals rarely recognize their influence. Yet, they are shared and mutually reinforced, mostly subconsciously, as the correct way to perceive, think, and feel by visible artifacts, rituals, myths, values, and norms. Cultural forces can develop at various levels of the organization and, because the assumptions are so deeply embedded, they are hard to decipher, understand, and manage.

Scholars have identified several cultural forces and their underlying assumptions that can frame situations in ways that are particularly detrimental to ethical conduct. This includes a culture of technical-rationality (Adams and Balfour 2015), which is built on the assumption that public servants can and should apply abstract principles as objective scientists. Thus, the scientific method is promoted in such a way that it may reduce their sensitivity to important principles and cause them to miss the full implications of their decisions or actions. In a culture of conformity, often characterized by groupthink pressures, public servants are likely driven by a desire to belong or to avoid the perceived negative consequences associated with nonconformity. In addition to these examples, Schein (2010) offers some underlying cultural assumptions that are related to time, space,

human nature, human activity, and human relationships that may also influence framing.

Cultural forces are the product, then, of shared sensemaking and learning. What public sector leaders pay attention to, how they react to situations, the principles they support, model and reward, and the emphasis they place on ethicality will go a long way in shaping the assumptions and cultural framing that influence the decisions and behaviors of public servants. Leaders who understand the dynamics of culture will also manage or attempt to shape the underlying assumptions that surround the structural arrangements of their organization. They must utilize structure and culture to manage meaning and socialization processes (Johnson 2016) in such a way that the "special relationship" is paramount in the minds of public servants and assumed to be a valuable and reliable decision frame. Such a strong, principled culture will require sustained and consistent communication over long periods of time. Yet, as argued by Kurtz (2014), self-sanctioning, or internal controls, and such a strong culture of integrity are compliments to, not replacements for, external controls such as regulatory oversight.

### Societal Expectations

The fourth and final design element, according to Cooper (2012), is the most fundamental because it connects the other elements most explicitly to the "special relationship," thereby promoting democratic values and the primacy of the citizenry. Societal expectations, if taken into account and managed correctly, will help ensure that the other elements work together and reinforce one another in ways that discourage rigid framing. While there are a number of ways that a society communicates its expectations of public sector organizations, two are key to the design of organizational environments that are supportive of ethical conduct: public participation and laws and policies. Interactions with the public create an opportunity for public servants to reevaluate their moral and professional obligations and do so in light of relevant social trends and the public's interests. Leaders can create channels for public access and encourage civic engagement through the use of organizational structures. Laws and policies establish the boundaries or limits of administrative discretion, while linking public servants to the branches of government that are more directly subject to the discipline of the ballot box. Leaders can cultivate internal controls and cultural forces that engender a respect for the law and the sovereignty of the citizenry.

## Conclusion

To design and oversee organizational environments that are supportive of ethical conduct, leaders need to attend to the normative concerns by promoting the principles that ought to define the ethicality of a decision, while preparing for and addressing the behavioral realities of how decisions are made. Those behavioral realities tend to derail rationality and generate rigid framing. The ethical organization, however, manages to overcome those tendencies. It does so because its leaders understand the four key design elements, discussed above, and see to it that they reinforce one another and synergistically protect and promote the "special relationship." Yet, the leader of the ethical organization must realize that their own ethical and moral failures can undermine the entire enterprise.

## Cross-References

► Administrative Ethics
► Administrative Theory of Ethics
► Ethical Leaders
► Ethics and Organizational Culture
► Leadership, Ethics, and Decision-Making

## References

Adams GB, Balfour DL (2015) Unmasking administrative evil. M.E. Sharpe, Armonk

Bandura A (1999) Moral disengagement in the perpetration of inhumanities. Pers Soc Psychol Rev 3: 193–209

Bazerman M, Moore D (2009) Judgment in managerial decision making. Wiley, Hoboken

Chugh D, Bazerman M (2007) Bounded awareness: what you fail to see can hurt you. Mind Soc 6:1–18

Cooper T (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 64(4):395–407
Cooper T (2012) The responsible administrator: an approach to ethics for the administrative role. Jossey-Bass, San Francisco
Denhardt K (1988) The ethics of public service. Greenwood Press, Westport
Dobel JP (2006) Public management as ethics. In: Ferlie E, Lynn L Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, pp 161–181
Drumwright M, Prentice R, Biasucci C (2015) Behavioral ethics and teaching ethical decision making. Decis Sci J Innov Educ 13(3):431–458
Frederickson GH, Hart DK (1985) The public service and the patriotism of benevolence. Public Adm Rev 45(5): 547–553
Giddens A (1984) The constitution of society: outline of the theory of structuration. Polity Press, Oxford
Heclo H (2008) On thinking institutionally. Oxford University Press, New York
Johnson C (2016) Organizational ethics: a practical approach. Sage, Los Angeles
Jurkiewicz C (2015) Ethics: governance structures. In: Berman E (ed) Encyclopedia of public administration and policy. Taylor & Francis, New York
Kahneman D (2011) Thinking: fast and slow. Farrar, Straus, & Giroux, New York
Kurtz RS (2014) Organizational deviance, integrity, and regulation. The 2008 MT Tintomara spill. Public Integr 17(1):75–89
Menzel D (2007) Ethics management for public administrators: building organizations of integrity. M.E. Sharpe, New York
Morgan G (2006) Images of organization. Sage, Thousand Oaks
Palazzo G, Krings F, Hoffrage U (2012) Ethical blindness. J Bus Ethics 109:323–338
Reed G (2014) Expressing loyal dissent: moral considerations from literature on followership. Public Integr 17(1):5–18
Rohr J (1989) Ethics for bureaucrats: an essay on law and values. Marcel Dekker, New York
Rohr J (1996) An address. J Public Adm Res Theory 6(4): 547–558
Schein E (2010) Organizational culture and leadership. Jossey-Bass, San Francisco
Senge P (2006) The fifth discipline: the art and practice of the learning organization. Doubleday, New York
Simon H (1983) Reason in human affairs. Stanford University Press, Stanford
Svara J (2007) The ethics primer for public administrators in government and nonprofit organizations. Jones & Bartlett Publishers, Sudbury
Tenbrunsel A, Smith-Crowe K (2008) Ethical decision making: where we've been and where we're going. Acad Manag Ann 2(1):545–607
Wittmer D (2005) Developing a behavioral model of ethical decision making in organizations: conceptual and empirical research. In: Frederickson HG, Ghere R (eds) Ethics in public management. M.E. Sharpe, New York, pp 49–69
Zimbardo P (2007) The Lucifer effect: understanding how good people turn evil. Random House, New York

## Lean in the Public Sector? Try Flexible Professionalism

Roland Zullo
Institute for Research on Labor, Employment and the Economy, University of Michigan, Ann Arbor, MI, USA

Lean operational principles have U.S. lineages: Ford's mass production system (Fujimoto 1999), the just-in-time inventory practices of the U.S. grocery industry (Ohno 1988), and Deming's statistical process improvement techniques (Deming 1982). As a coherent philosophy, however, Lean was born in the post WW II Japanese reconstruction period, where these earlier threads of practice were merged and refined. Lean gained converts worldwide with the success of the Japanese auto industry, most notably Toyota (Imai 1986; Ohno 1988; Womack et al. 1990), and has since migrated to other industries, including public and private nonprofit organizations (Fryer et al. 2007; Radnor and Walley 2008; Suárez-Barraza et al. 2012).

A main objective of Lean is the minimization of operational waste (Shah and Ward 2007; Womack and Jones 1996), making Lean an inviting proposition in an era of governmental fiscal stress. Our purpose is to explore the extent that the Lean philosophy can apply to publicly financed and managed operations. In short, the fit between Lean and public good production is poor, although some aspects of Lean can be transferred. This essay explains the logical discord between Lean and public good production and offers an alternative schema, flexible professionalism, which posits that quality public goods are a function of lateral competency, cross-unit

coordination, and poly-directional professionalism. Such operational objectives are achievable by establishing a stable and skilled workforce.

Our point of departure is the disparate origins of private good and public good demand. Private goods originate from exchanges that are divorced from requirements to be socially inclusive, allowing producers to thrive through strategic exclusion. Public goods arise from political processes which, when democratic, pressure providers to respond to social diversity and community contingency. These added demands require producers of public goods to deviate from standards of efficiency observed in private markets. Consequently, the unit cost reduction aspects of Lean, such as the pull method for achieving continuous and efficient process flow, are less relevant for public good production. Indeed, forceful applications may induce dysfunction.

Flexible professionalism does finds common ground with aspects of Lean that stress customer responsiveness. The central premise is that citizen-derived demand is best met by nurturing "healthy fat" in the form of surplus employee skill for effectively handling citizen diversity and community contingency. Flexible professionalism adheres to the Gestalt notion that "the whole is greater than the sum of its parts" by asserting that organizational performance is highest when the many within the whole are laterally and cooperatively dedicated toward a public mission.

## Literature on Lean and Public Goods

Lean philosophy has as its starting point a quest for an alignment between customer-defined value and product attributes, with practitioners coached to eliminate activities that do not add value for the customer (Womack and Jones 1996). Yet despite the customer-first theme, as a practical matter, tailoring production to satisfy varied customer wants must be balanced against the opposing pressure to compete financially through scale economies (Hines et al. 2004). Arguably, unit cost reduction via waste elimination is Lean's main appeal (Monden 2012).

In execution, Lean is multidimensional where, in private good production, can involve just-in-time inventory, cellular teams, integrated supplier relationships, and periodic quality testing and refinement. A main goal is to achieve a continuous flow of operations by balancing the movement of material across discrete production stages. One method in manufacturing is to incrementally increase assembly line speed in order to expose underperforming stages of production. Once discovered, resources are deployed to upgrade subpar work areas. Tactics for improving the efficiency of a work station can involve ergonomics, rapid die change, teamwork, improved material handling, and so forth and ideally are based on input from line personnel. Enthusiasts for this form of continuous improvement claim both increased system productivity and better working conditions (Womack et al. 1990).

Trials of Lean in the public sector, however, suggest an unnatural fit. Successful cases apparently required significant upfront investment. Survey results by Yasin et al. (2001) mention the need to imbue employees in Lean culture and philosophy, modify facility layout, negotiate new procedures with suppliers, and perform a comprehensive organizational assessment to identify promising applications. Extended negotiations between stakeholders were likewise needed to introduce Lean concepts in a Danish context (Pedersen and Huniche 2011). Even with significant pre-Lean investment, staff acceptance is not guaranteed (Carter et al. 2011).

Suárez-Barraza et al. (2009) report Lean adoption for three town councils in Spain. One council improved the social service and parks and gardens units by cleaning and expanding physical space. A second improved tax collection through employee skill training, which enhanced internal labor market flexibility. A third improved process flow for license authorization, largely by reducing the number of licenses and paperwork requirements. Notable is that none of the councils implemented Lean system-wide; the efforts were limited to specific functions within units. Streamlining occurred where the tasks were routine (e.g., processing paperwork) or involved changes in public policy

(i.e., fewer forms and a reduction in the number of licenses).

Suárez-Barraza and Ramis-Pujol (2010) describe a case study of a Mexican bureau that consulted with other Mexican agencies on matters dealing with staffing, human resources, and labor relations. To implement Lean, a virtual production line was established to process staff recruitment applications. Process time declined significantly, waste was reduced, and customer satisfaction improved. Although Suárez-Barraza and Ramis-Pujol (2010) fall short of mentioning limitations, it does appear that Lean was used only for a comparably low technical and routine consultative activity.

Indeed, examples of where Lean practice extends to core public functions are scarce. In a case of a public health organization, Smith et al. (2012) find some success in applying Lean to client visit scheduling, which in turn freed nursing hours for other activities. Lean was never attempted in the more central role of ministering nursing care. Similarly, Ng et al. (2010) attribute gains in client satisfaction to an application of Lean in a Canadian hospital emergency room, but results were achieved by reducing wait times rather than improving care quality. In their analysis of a public purchasing department, Waterman and McCue (2012) offer that one barrier to Lean in government is the nonstandard duties that are involved in producing public goods. More generally, activities that inherently rely on professional judgment are poor candidates for Lean (Roffe 1998).

On a related theme, Scorsone (2008) reports on an application of Lean for a government purchasing department and observes that one confounding factor for Lean implementation is the responsibility to administer public law. Performance goals in the public sector are diffuse precisely because public organizations have missions that defy time-based metrics for efficiency. Government waste, or "muda," can often be traced to due processes and other public safeguards embedded within democratic institutions.

A summary of the attempts to implement Lean in health-care organizations by Radnor et al. (2012) echo the foregoing challenges, adding that defining customer value is harder when customers are citizens, and where because of information asymmetries citizens look to the provider to define value. Radnor and Osborne (2013) and Osborne et al. (2013) have rejected the Lean approach to public services altogether and have called for a theory specific to public operations. The gist of their argument is that Lean evolved from manufacturing, where the labor requirements, capital, and organizational logic do not transfer to government agencies.

One prospective conceptualization is to reverse the emphasis away from flow efficiency and toward citizen-defined value. Lean experiments viewed as successful have focused on customer satisfaction rather than waste reduction (Di Pietro et al. 2013). In discussing an application of TQM to public service, Milakovich (1990) concludes that the way to grow quality is to remove barriers across governmental units, provide training, foster professionalism, and remove numerical metrics as a basis for performance evaluation and reward. The present essay extends this promising lead.



## Private Markets and Public Goods

What is a market? Markets form when enterprises target a subset of customers from the full universe of persons that might need or desire a certain good (Samuelson 1954). Price is the usual mechanism for exclusion, although utilitarian or psychological factors play a role in defining markets. The liberty to exclude segments of society from consideration is a prime dimension in the entrepreneurial hunt for competitive advantage and is ultimately how markets originate. Profit symbolizes the value of an organization's output in relation to a market niche.

Public good demand is instead determined by a political body which must, to some degree, answer to a plebiscite. In a democracy, public good demand is shaped by a community through the election process and other venues, such as open deliberations. As collectively financed goods, elected and administrative officials are obligated to factor in the diverse attributes of a population: rich and poor, elderly and youth, men

and women, immigrant and native, handicapped and able, and so forth, when ruling on the character of a good. Unlike economic markets, where goods are designed to match refined buyer traits (socioeconomic, psychological, and so forth), public goods have inclusive charters with different parameters: population (e.g., children), social function (e.g., education), or political jurisdiction (e.g., school district). Markets are nonexistent, because price ceases to be a mechanism for exclusion. Instead, public good producers are saddled with a mandate to accommodate any disadvantaged constituent that cannot access a comparable good produced through private means.

Producers in market environs are pressured toward operational linearity. The incentive toward linear efficiency is intensified by the fact that investment returns must be coaxed from voluntary private transactions. Success by the organization in meeting customer value is measurable: price and sales data provide feedback signals, per unit expenses and gross margins are quantifiable, and operational adjustments can be made in response to changes in demand or input costs. Once the organization finds a product line, Lean process improvements can kick in, where the operation is decomposed into discrete steps for an efficiency and contribution assessment. Profit accumulation disciplines the system toward unit cost reduction, where employee performance, like products, can be assessed with standard metrics, and rewards can be dispensed to align employee behavior with the goal of meeting market demand.

In the public arena, performance is measured by less definitive metrics pulsating through political channels, such as community approval, effect on population well-being, or perceived fulfillment of a mission. The democratic processes that shape public good demand and the generalized revenue source of involuntary taxation impose a mandate to balance the diverse demands of a constituency within the boundaries of a given budgetary and legal context. Meeting citizen-shaped values require a departure from customer-driven version of efficiency, while the relative low-risk source of tax-generated funding grants providers the latitude to do so. From the lens of Lean, socialized operations are rife with waste: school districts disproportionately assign teachers to special needs pupils; transit systems accommodate handicapped riders at a cost greater than for the unimpaired; solid waste collection units deviate from routine curbside pickup to perform walk-up services for the elderly; and so forth. Such failures to conform to Lean's flow optimization objectives are, however, precisely the markers for success in meeting an inclusive, social mission.

Differences in the origins of demand trickle down to the "shop floor" activities of personnel. Locating and mining private markets require creativity and ingenuity. Yet in most contexts, advanced discretionary judgment is reserved for positions involved in securing a competitive advantage, such as product development or corporate strategy. Nearly all personnel outside of corporate headquarters or engineering are assigned a role in efficiently supplying product. Non-managerial ingenuity might be tapped to improve station efficiency or product quality, but opportunities for substantive influence beyond this scope are rare, if not a manipulative ruse (Babson 1993; Lewchuk and Robertson 1997). Work for the majority of persons in the private world consists of sequential and routine tasks that are channeled toward optimizing financial metrics.

In contrast, the salient character of public work is routine tasks punctuated by varied demands from a diverse community with democratic rights. Quality is judged less by the standardization of output than by provider sensitivity to citizen diversity and response to community contingency (e.g., snowstorms, water main breaks, power outages, terrorist attacks, and so forth). Moreover, citizens relate to performance factors that are hard to monetize, such as equity and justice, and claims for good access are ubiquitous. These features affect expectations of good delivery and perceptions of quality. So, for example, rather than enforce a ridged code, law enforcement should consider mitigating circumstances behind people's actions; instead of drilling students for standardized tests, K-12 districts should challenge students to think critically, solve problems, and exercise creativity. Any linear and formulaic

application of law, policy, or craft can result in output that violates citizen-derived values.

## Organizational Logic of Public Goods Production

Public goods production has three operational requisites that are weak to nonexistent for organizations supplying private markets. First, workers delivering public goods are tasked with a range of unconventional and non-routine responsibilities. Law enforcement officers handle crime incidents but also lecture children on public safety; school custodians will set the broom aside to protect a bullied child; parks employees locate lost hikers; and so forth. Quite unlike the linear efficiency goal of Lean, public goods production calls for lateral competency to meet the varied expectations of a diverse constituency. Value is found in effective responses to contingent events and the personal attention given to extenuating circumstances.

An overlapping operational requisite is integrated response capacity, defined as occasions when employees from one functional unit are asked to assist another functional unit to handle a pressing community need. Integrated response is common practice for smaller municipalities. For example, to effectively clear snowbound roads, sanitation workers at many municipalities assist streets departments by taking shifts driving plows during snowstorms. Familiarity with the street layout and a commercial driver's license qualifies sanitation workers for this role. Similarly, persons from the streets department will assist water department employees with excavation, material transportation, or traffic control when a water main ruptures. Integrated response capacity is an efficient method of marshaling skill and effort across multiple functional units to handle emergencies or non-routine situations.

The importance of integrated response capacity relates to the weight of the social mission and insularity of the responsible agency. Schools, hospitals, and law enforcement agencies typically display a high degree of integrated response capacity. The mission of public schools to advance the intellectual, physical, and civic development of children requires actors within the school community to collaborate, often in small ways, toward this goal. The need for integrated response capacity is especially strong where security and public safety are priorities. In prisons, where custody and security are paramount, employees in ancillary units, such as health care or food service, are trained to respond to emergencies involving prisoners, including backing up corrections officers. Integrated response capacity is perhaps most critical when human survival is at risk, such as in the case of military missions.

Third, public production involves situations where there are no scripted courses of action; where problem uniqueness requires polydirectional thinking, and ultimately the quality of a good depends on professional judgment. Teacher performance turns on how well teachers assess and respond to the unique needs of each child. Imposing incentive driven constraints on the profession have failed because they press teachers to suspend best practice and treat students, via standardized test scores, like a commodity. In general, the "performance-based" mechanisms that have come to permeate government (OFPP et al. 1998) tempt professionals to disregard client uniqueness.

For many professional occupations, performance is optimized by shielding employees from pressure to conform to economic incentives that are commonly found at the individual or organizational level in private economic markets. Predictable forms of moral hazards arise when teachers are rewarded based on the performance of children on standardized tests, or when police officers receive bonuses for making arrests, and so forth. Disabling rewards that channel employee decisions toward financial metrics frees professionals to act in accordance with socially defined, nonlinear objectives for output quality and integrity.

Incentive neutral environments are especially important for occupations that administer public law or concern vulnerable populations due to power imbalances and information asymmetries. Moral hazards caused by perverse incentives might pose little harm for services

like garbage collection, because unhappy home owners have sufficient political status, less so for children, the destitute, the elderly, the handicapped, persons confined to institutions, and so forth. One advantage to socialized good production is that a governing authority gains full control to structure a compensation plan that eliminates economic incentives to act in ways that are contrary to a social mission.

## Flexible Professionalism: An Alternative to Lean

Flexible professionalism is the capacity to deploy talent within and across agency units for the purpose of meeting citizen-defined value. Unlike Lean's attention toward linear efficiency, flexible professionalism pushes the boundaries of worker ability and capacity laterally. Rather than conceptualize the production system as a series of work stations meant to yield defined output, system components are integrated and coordinated to satisfy citizen and community derived demand. Finally, with flexible professionalism improving workstation efficiency is less important than nurturing poly-directional professional judgment.

Flexible professionalism is usually an organic creation borne of necessity rather than a programmatic approach to public good production and can be regularly observed in small municipalities where functional units have few staff, relations between units are informal, and collective responses to community issues are common. Smallness dictates and enables flexible professionalism. Fewer staff requires employees to wear multiple hats, which develops lateral competency. Manpower to handle anomalous or emergency situations require participation from multiple units. At the same time, the informal relations across persons and departments allows for the rapid deployment of labor to handle non-routine events. Finally, smallness eases the job of a central authority to coordinate and delegate tasks across departments or units.

Figure 1 provides a Venn diagram to illustrate the concept. The three circles with solid lines are functional units administered by a single public authority. Conceptually, the circles might represent the water, parks, and street departments of a municipality or perhaps the teaching, custodial, and transit functions of a school district.

Each functional unit has a set of core duties symbolized by circles with dashed lines, $\mu$, as well as non-routine obligations that fall outside of the core duties, $\sigma$. Note that the functions are integrated and mutually supportive, as shown by the areas where the larger circles overlap.

Flexible professionalism begins by distinguishing between core, $\mu$, and non-routine, $\sigma$, tasks. Core tasks are defined as are the duties necessary to complete the function mission and serve a population under ordinary circumstances. With refuse collection, for example, core tasks are the daily routes for the pickup and disposal of garbage, recycling, and compostable waste. With school custodial services, core tasks are the cleaning and maintenance schedules. Flexible professionalism begins by staffing a system with enough direct labor to proficiently provide the good as if non-routine demands did not exist.

To the extent that the waste minimization aspect of Lean applies to public good production, it does so within $\mu$. Modernized garbage trucks or improved routing might reduce the time required for garbage pickup; better cleaning supplies or machinery might improve the efficiency of school building maintenance; and so forth. For some functional units, the opportunity to trim waste will be greater than with others. As the literature has shown, professions such as teaching and nursing that must contend with client uniqueness are adverse to Lean streamlining. For professional roles, Lean process efficiency gains make sense only at the margins for administrative tasks.

Key: $\mu$ = core tasks; $\sigma$ = non-routine tasks

Instead of linear efficiency, skill development is emphasized. One hallmark of a system with a high degree of flexible professionalism is a workforce with skills that extend beyond core duties. Surplus skill enables workers to handle or assist with the value-added demands for good output by raising awareness of citizen diversity and the range of proper responses. In Fig. 1, the full range of work performed by personnel in a unit extends beyond the core, designated by $\sigma$. While the efficiency

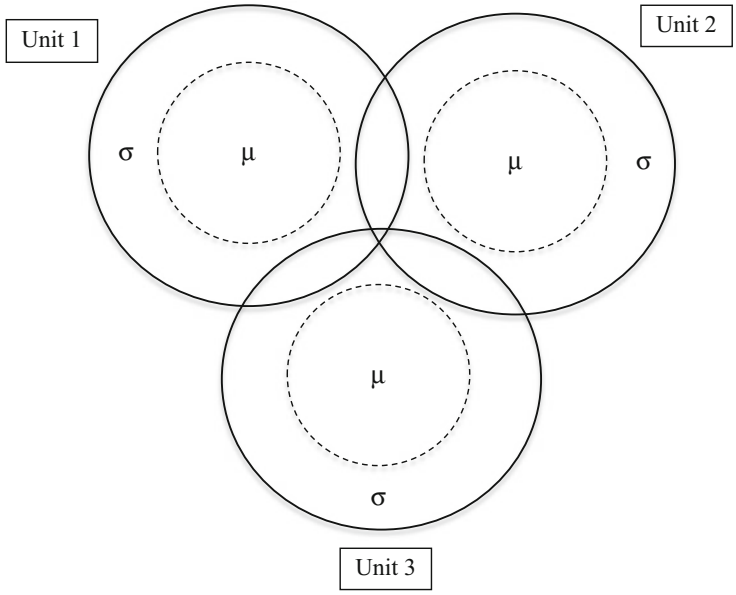


**Lean in the Public Sector? Try Flexible Professionalism, Fig. 1** Flexible professionalism

aspects of Lean might apply within μ, the customer responsiveness aspect of Lean is about effectively handling deviations from the core, σ. Skill training is meant to maximize σ within budget constraints. Knowledge diffusion can be systematically nurtured with a training program that encourages the transfer of experiential knowledge among direct labor. Structured like an apprenticeship, with senior paired with junior or skilled with the less skilled, training plans can be initiated by management or incorporated within a labor agreement if the workforce is unionized.

Overlapping areas in Fig. 1 are where the agency engages in cross-training so that persons in one unit can assist with a non-routine situation in another unit. Examples will help illustrate the concept. Many municipal workers spend time outdoors: refuse collectors, parks and street employees, transit workers, and so forth. Neighborhood knowledge and contacts with community members place them in a position to witness and report on matters that might affect public safety, such as criminal activity or medical emergencies. Municipal workers can be trained to spot, report, and assist in situations that would otherwise be considered the purview of a public safety or ambulance unit. The supporting units do not replace the professionals trained to handle crime and health emergencies; rather, the objective is to augment the capacity of these units to carry out their mission.

Again, this form of integrated response is established practice in many smaller municipalities. When emergency situations occur, municipalities will deploy necessary labor to address the situation. Citizens' benefit from this coordinated delivery model through a rapid problem resolution and minimal service downtime. The overlapping areas in Fig. 1 are not limited to emergencies. Cultural or civic events that attract spectators (e.g., parades, festivals, concerts) require personnel for crowd control, security, setup, and post-event cleanup. Teams of municipal workers can apply their skill and effort toward these value-added community activities. The practice can be systematically developed by anticipating emergency and non-routine events, identifying proximate personnel support (i.e., where units spatially overlap and skill sets can collude), and then implementing a cross-training program to grow capacity. Aside from training, integrated response is enabled when workers are under the same coordinating administration. The liberal deployment of manpower is impaired when units function as operational silos because a labor force answers to multiple employers.

What flexible professionalism achieves is the maximal use of system talent for the public good. Trust in the judgment of a well-trained workforce is the underlying managerial mindset. And to motivate judgment on behalf of citizens and community, competing motivational pressures in the workplace need to be addressed. Rewards that stoke competition among personnel, such as merit pay, should be disabled to encourage cooperation. Compensation systems that feature relatively compressed pay are favored over pay systems with large disparity. Deeds committed on behalf of community should be recognized and deviations from rule or policy tolerated as long as intent was driven by the public good.

Compensation typically correlates with worker qualifications, and thus surplus skill carries a price. Further, the investment in skill establishes incentives to minimize employee turnover and establish a stable team of direct staff. One potential offset to higher direct labor costs are reductions in administrative costs related to direct oversight. What allow management to reduce indirect expenses are the maturity, skill level, and stability of the direct staff. In this regard, a useful metric is the span of control or the ratio of supervisors to direct service personnel. The systematic paring of administrative overhead can accompany flexible professionalism development.

## Concluding Conditions for Flexible Professionalism

Lean involves balancing customer demands for valued product attributes against pressures to standardize production to achieve cost efficiency. Flexible professionalism involves balancing the demands of a diverse citizenry against the constraints of a public budget and law. Both ideas have as their point of origin the end users of the good, where the two diverge is in the operational methodology. Lean improves linear efficiency by squeezing non-value-added waste from the production system. Flexible professionalism emphasizes skill development and inter-unit cooperation to develop lateral competency, contingency responsiveness, and poly-directional judgment. This final section outlines the preconditions for developing flexible professionalism.

1. Democracy. Unlike the private sector, where demand can be assessed through market share, sales data, profits, and so forth, public good demand is determined through democratic institutions. Fair elections, open meetings (and public posting of recorded sessions), freedom of information rights, and channels for citizen input (e.g., surveys) are necessary to receive and gauge citizen feedback. Strengthening democratic practice and creating avenues for citizen voice enables an understanding of citizen-derived demand.
2. Central authority. Central administrations unify planning and communication and are positioned to resolve inter-unit disagreement. Centralized authorities need the capacity to coordinate a response to a non-routine task or event as well as the power to flexibly deploy labor. A decentralized administrative structure, where functional units take on the character of fiefdoms, impedes cooperation across units.
3. Discretionary budgeting. Budgetary models that punish functional units for establishing training programs or the lending of capacity to another unit will discourage flexible professionalism. The accounting and budget system must finance skill development and inter-unit cooperation. Resources will be required, for instance, to cover the cost of overtime when manpower is lent to handle a pressing community concern. Eliminating disincentives to grow and share human resources is critical for flexible professionalism.
4. Job security. As argued, skill development is core to flexible professionalism. The mechanisms for transferring skill throughout the direct the labor force require senior employees that are willing to share experiential knowledge with junior employees. One behavioral constraint is the fear by senior workers that once knowledge is divulged they will be replaced by lower-paid, junior coworkers.

Sufficient job security protections are therefore needed to gain the cooperation of senior staff.

5. Equitable compensation. Large variation in compensation is characteristic of command and control organizations where a few dictate and the many obey. Equitable compensation instead acknowledges team responsibility by recognizing the contributions of individuals throughout the hierarchy. Organizations that aim to foster cooperation and shared effort have more compressed compensation plans. Payment schemes that tend to induce negative forms of competition, such as merit pay, are discouraged.

Barriers to implementing flexible professionalism are created by the divergent interests within an organization. Status and hierarchy norms across occupations may impede worker cooperation. Large municipal departments that develop independent political power can prevent or minimize inter-organizational collaboration. Labor unions can assert jurisdictional rights around their occupations and prevent collaboration. To effectuate flexible professionalism, public management must identify and address such barriers between workers, groups of workers, and administrative units.

## References


Babson S (1993) Lean or mean: the MIT model and lean production at Mazda. Labor Stud J 18(2):3–24

Carter B, Danford A, Howcroft D, Richardson H, Smith A, Taylor P (2011) Lean and mean in the civil service: the case of processing in HMRC. Public Money Manag 31(2):115–122. https://doi.org/10.1080/09540962.2011.560708

Deming WE (1982) Out of the crisis. MIT Press, Cambridge, MA

Di Pietro L, Mugion RG, Renzi MF (2013) An integrated approach between Lean and customer feedback tools: an empirical study in the public sector. Total Qual Manag Bus Excell 24(7–8):899–917. https://doi.org/10.1080/14783363.2013.791106

Fryer KJ, Antony J, Douglas A (2007) Critical success factors of continuous improvement in the public sector. TQM Mag 19(5):497–517. https://doi.org/10.1108/09544780710817900

Fujimoto T (1999) The evolution of a manufacturing system at Toyota. Oxford University Press, New York

Hines P, Holweg M, Rich N (2004) Learning to evolve: a review of contemporary lean thinking. Int J Oper Prod Manag 24(10):994–1011. https://doi.org/10.1108/01443570410558049

Imai M (1986) Kaizen: the key to Japan's competitive success. Random House, New York

Lewchuk W, Robertson D (1997) Production without empowerment: work reorganization from the perspective of motor vehicle workers. Cap Class 21(3):37–64. https://doi.org/10.1177/030981689706300104

Milakovich ME (1990) Total quality management for public sector productivity improvement. Public Product Manag Rev 14(1):19–32. https://doi.org/10.2307/3380520

Monden Y (2012) Toyota production system: an integrated approach to just-in-time, 4th edn. CRC Press, Boca Raton

Ng D, Vail G, Thomas S, Schmidt N (2010) Applying the Lean principles of the Toyota Production System to reduce wait times in the emergency department. Can J Emerg Med 12(1):50–57. https://doi.org/10.1017/S1481803500012021

Office of Federal Procurement Policy (OFPP), Office of Management and Budget (OMB), Executive Office of the President (1998) Best practices for performance-based contracting: a guide to best practices for performance-based service contracting. Final edition. http://www.whitehouse.gov/omb/procurement_guide_pbsc

Ohno T (1988) Toyota production system: beyond large-scale production. Productivity Press, Portland

Osborne SP, Radnor Z, Nasi G (2013) A new theory for public service management? Toward a (public) service-dominant approach. Am Rev Public Adm 43(2):135–158. https://doi.org/10.1177/0275074012466935

Pedersen ERG, Huniche M (2011) Negotiating lean. Int J Product Perform Manag 60(6):550–566. https://doi.org/10.1108/17410401111150742

Radnor Z, Osborne SP (2013) Lean: a failed theory for public services? Public Manag Rev 15(2):265–287. https://doi.org/10.1080/14719037.2012.748820

Radnor Z, Walley P (2008) Learning to walk before we try to run: adapting Lean for the public sector. Public Money Manag 28(1):13–20. https://doi.org/10.1111/j.1467-9302.2008.00613.x

Radnor ZJ, Holweg M, Waring J (2012) Lean in healthcare: the unfilled promise? Soc Sci Med 74(3):364–371. https://doi.org/10.1016/j.socscimed.2011.02.011

Roffe IM (1998) Conceptual problems of continuous quality improvement and innovation in higher education. Qual Assur Educ 6(2):74–82. https://doi.org/10.1108/09684889810205723

Samuelson PA (1954) A pure theory of public expenditure. Rev Econ Stat 36(4):387–389. https://doi.org/10.2307/1925895

Scorsone EA (2008) New development: what are the challenges in transferring lean thinking to government?

Public Money Manag 28(1):61–64. https://doi.org/10.1111/j.1467-9302.2008.00621.x
Shah R, Ward PT (2007) Defining and developing measures of lean production. J Oper Manag 25(4):785–805. https://doi.org/10.1016/j.jom.2007.01.019
Smith G, Poteat-Godwin A, Harrison LM, Randolph GD (2012) Applying Lean principles and Kaizen rapid improvement events in public health practice. J Public Health Manag Pract 18(1):52–54. https://doi.org/10.1097/PHH.0b013e31823f57c0
Suárez-Barraza MF, Ramis-Pujol J (2010) Implementation of Lean-Kaizen in the human resource service process. J Manuf Technol Manag 21(3):388–410. https://doi.org/10.1108/17410381011024359
Suárez-Barraza MF, Smith T, Dahlgaard-Park SM (2009) Lean-Kaizen public service: an empirical approach in Spanish local governments. TQM J 21(2):143–167. https://doi.org/10.1108/17542730910938146
Suárez-Barraza MF, Smith T, Dahlgaard-Park SM (2012) Lean service: a literature analysis and classification. Total Qual Manag Bus Excell 23(3–4):359–380. https://doi.org/10.1080/14783363.2011.637777
Waterman J, McCue C (2012) Lean thinking within the public purchasing department: the case of the U.K. public service. J Public Procure 12(4):505–527
Womack JP, Jones DT (1996) Lean thinking: banish the waste and create wealth in your organization. Simon and Schuster, New York
Womack JP, Jones DT, Roos D (1990) The machine that changed the world. Harper Perennial, New York
Yasin MM, Wafa MA, Small MH (2001) Just-in-time implementation in the public sector. Int J Oper Prod Manag 21(9):1195–1204. https://doi.org/10.1108/EUM0000000005925

# Learning Bureaucracy

Geunpil Ryu
Leadership Development Group, POSCO Group University, Incheon, South Korea

## Synonyms

Learning organization; Organizational learning

## Definitions

A *learning bureaucracy* refers to continuous efforts by the government to enhance government performance through systematic learning endeavors.

## Introduction

A *learning organization* refers to an organization that encourages and facilitates learning in order to continually transform itself to enhance its capability (Senge 1990). It also can be generally defined as an organization skilled at creating, acquiring, and transferring knowledge (Garvin et al. 2008). Importantly, "learning organization" can be distinguished from "organizational learning" because organizational learning refers to a system-level entity of learning, while a learning bureaucracy refers to the process of learning within organizations (Fenwick and McMillan 2005). To sum up, a *learning bureaucracy* refers to continuous efforts by the government to enhance government performance through systematic learning endeavors.

In single-loop learning, which is common in continuous improvement programs, employees learn how to identify and correct problems. In contrast, double-loop learning involves a fundamental shift in the way employees learn because employees must change the core values and basic assumptions related to how they work (Argyris 1993). Thus, single-loop learning occurs when a public employee successfully solves his or her job-related problem. Double-loop learning occurs when the employee changes behaviors and attitudes based on what he or she has learned.

## Why Is a Learning Bureaucracy?

Innovation is considered a competence that allows individuals to deal with the complexity of the operating environment of today. A learning bureaucracy is a strong source of innovation since it focuses on solving organizational problems whose solutions often require innovative efforts. Suppose, for instance, that a public agency wants to enhance its service quality for citizens. Public officials in the organization may interview the citizenry, focusing on their problems or claims about services they have received, and then through a collective group thinking process, the organization finally arrives at an innovative idea to solve the

problems. In addition, public employees' efforts in implementing the innovation may positively affect government performance.

Further, learning strengthens individuals' cognitive skills since it allows them to see the content and structural form of something new and formulate a new knowledge structure based on previous knowledge. Accordingly, a learning organization can derive better decisions from the process undergone during trial-and-error learning (Senge 1990). For instance, suppose that a public employee has learned important lessons from his or her wrong decision. He or she may analyze the decision in terms of what led to the wrong decision. The public organization may request that he or she teach the lessons learned through the analysis process to prevent other employees from making similar wrong decisions.

Third, collaboration is all about learning together and from each other (Argyris 1993). A learning organization's projects are created by a group of chosen experts on the topic and are intended to strengthen collaboration and communication between members and with other professionals participating in these projects. Likewise, team-based learning encourages individuals to engage in developing communication and other interpersonal skills, which creates a kind of institutionalized learning or organizational capability. For example, while joining an organizational project, group members may initially share their ideas to identify what they feel are the fundamental problems of the project, and in the process, conflicts may emerge based on each individual member's thinking style. Eventually, through the group's interactions, they may learn the necessary communication skills to deliver their ideas without annoying other members. Importantly, they may learn the value of collaborating with team members to solve organizational problems.

## How to Build a Learning Bureaucracy?

According to Senge (1990), a learning bureaucracy organization has five components: (1) systems thinking, (2) personal mastery, (3) mental model, (4) shared vision, and (5) team learning. *Systems thinking* is a conceptual framework that treats the organization as a complex system. *Personal mastery* implies gaining job proficiency. *Mental model* means assumptions or images about how one understands the world. Building a *shared vision* emphasizes the importance of creating a genuine organizational vison – a picture of the future. *Team learning* is a state wherein team members think together to achieve common goals (Senge 1990). In a similar vein, Watkins and Marsick (1993) suggested six imperatives for a learning bureaucracy organization: (1) empowering people toward a collective vision, (2) promoting inquiry and dialogue, (3) encouraging collaboration and team learning, (4) creating continuous learning opportunities, (5) connecting the organization to the environment, and (6) establishing systems to capture and share learning.

This entry proposes four important actions for a learning bureaucracy. First, at the individual level, providing incentives to share public employees' job-related knowledge is important since shared knowledge could lead to another creative idea for public organizations. Second, at the team level, using effective learning tools such as communities of practice and action learning are suggested for learning organizations. Third, supervisors and managers who lead groups, teams, or departments should have developmental leadership training to facilitate public employees' motivation for learning. Fourth, creating a learning culture open to various and different ideas at the organizational level is recommended.

### Providing Incentives for Knowledge Sharing

A *knowledge management system* (KMS) can be defined as an innovative management tool for creating new knowledge by sharing job-related knowledge through IT systems that results in enhancing performance or efficiency (Inkpen 2000). If job-related knowledge can be shared and managed within an organization effectively, then the efficiency within the organization will greatly increase. For example, suppose that a

group of members are working on a project to improve service quality for public citizens. If they had a well-documented service process, they could save time and money and ensure the success of the project.

The success of KMS initiatives depends upon public employees' motivation and their willingness to share and use the knowledge of others (Inkpen 2000). Incentives can be offered to help improve knowledge sharing within an organization. There are many incentive systems that aid in knowledge sharing. In some public organizations, recognition in annual employee conferences is enough to encourage employees to share information. In other organizations, a formal structure of a reward system is applied. Public employees are encouraged to share information by rewarding them financially when they reach a certain knowledge quota. In addition, employees can be encouraged to share what they know if the KMS that they are involved in is easily accessible.

### Using Effective Learning Tools

For a learning bureaucracy, effective learning tools such as *communities of practice* (CoPs) and *action learning* are recommended. First, CoPs are groups of people who share a concern or a passion for something they do and who learn how to do it better as they interact regularly in order to solve organizational problems. Importantly, Lave and Wenger (1991), in rejecting the knowledge transfer model (which isolates knowledge from practice), developed a view of learning known as *social construction*, which means putting knowledge into the organizational context. Problem-solving CoPs can enjoy three benefits: (1) solving organizational problems, (2) enhancing cooperation among the participants, and (3) sharing tacit knowledge (Lave and Wenger 1991). Moreover, CoP theorists and practitioners emphasize a group composition made up of participants with varied backgrounds for learning organization, which leads to both creative ideas and learning about each other while ideas are exchanged. *Situational* learning occurs since CoPs focus on real problems facing public organizations. Finally, all CoP members should have reflection time to share their experiences with the participants, focusing on what they learned in the day's meeting or the whole project process (Lave and Wenger 1991).

Second, *action* learning is an experiential learning method in which participants learn by doing and then reflect on what they have done (Revans 1982). Like CoPs, action learning also emphasizes collective and situational learning by solving real organizational problems and by incorporating a reflection time to share experiences and knowledge. However, action learning further emphasizes the importance of employing a facilitator or learning coach who can ask appropriate questions of the group in order to facilitate their learning experience (Revans 1982).

### Developing Leadership to Enhance Learning

Organizational learning is strongly influenced by the behavior of leaders. When leaders actively question and listen to their followers, the followers feel encouraged to learn. For a learning bureaucracy, Senge (1990) placed great emphasis on the three roles of the leader in the creation of this learning organization. First, as a *designer*, a leader should create a common vision with shared values and purpose. Second, in the role of *teacher*, the leader is seen as a coach who works with the mental models present in the organization. The third role, that of the leader as *steward*, is more vaguely defined and refers largely to the nurturing attitude of the leader (Senge 1990).

### Creating a Learning Culture

*Organizational culture* refers to basic assumptions and beliefs shared by members of an organization (Schein 1985). To instill a learning bureaucracy, public organizations need to build a learning culture. Creating a learning culture built by leaders and other key people who learn from

their experiences influences the learning of others and creates an environment of expectations that shapes and supports desired results. Cultivating a learning culture may be a fundamental change for an organization, requiring a combination of strategies to encourage and enhance public employees' competencies and abilities (Marsick and Watkins 2003).

In order to create a learning culture in public organizations, Garvin et al. (2008) identified three vital components: psychological safety, an appreciation of differences, and openness to new ideas. In regard to psychological safety, public employees must feel confident they will not be marginalized when disagreeing with others in the workplace, asking simple questions, acknowledging mistakes, or voicing a minority viewpoint. They must instead feel comfortable expressing their opinions about work-related issues. Next, organizations should foster an appreciation of differences, which occurs when people realize the benefit of learning from opposing ideas. Recognizing the value of different outlooks can promote energy, motivation, and innovative thinking and decrease exhaustion and lack of focus. Finally, in a learning culture, employees should know that learning is not simply about correcting mistakes and solving problems; it is also about being open to new ideas and developing innovative approaches. Employees should be encouraged to take risks and feel empowered to discover the unproven and unknown (Garvin et al. 2008).

## Conclusions

The current entry addresses the issue of how to build a learning bureaucracy. Four important activities are recommended: (1) provide incentives for knowledge sharing; (2) use effective learning tools; (3) develop leadership to enhance learning; and (4) create a learning culture. First, public organizations should provide extrinsic and intrinsic incentives to share their job-related knowledge to their employees, and if possible, the use of KMSs are suggested in order to effectively and efficiently impart that knowledge. Second, concrete and effective learning tools such as CoPs and action learning are suggested since the tools are effective in helping members learn from each other because they allow participants to share ideas and reflect on what is learned. Third, effective leaders are also important when creating a learning bureaucracy because they serve an important role in initiating and facilitating their followers' learning and because they act as coaches for career development. Finally, an appropriate learning culture must be cultivated in which members freely share knowledge and ideas with each other, and this culture must be sustained by psychological safety, an appreciation of differences, and an openness to new ideas.

## Cross-References

► Knowledge Management and Governance
► Leadership Development

L

## References

Argyris C (1993) Why individuals and organizations have difficulty in double-loop learning. In: Argyris C (ed) On organizational learning. Blackwell, Cambridge, MA

Fenwick J, McMillan J (2005) Organisational learning and public sector management: an alternative view. Public Policy Admin 20(3):42–55

Garvin DA, Edmondson AC, Gino F (2008) Is yours a learning organization? Harv Bus Rev 86(3):109–116

Inkpen AC (2000) Learning through joint ventures: a framework of knowledge acquisition. J Manag Stud 37:1019–1043

Lave J, Wenger E (1991) Situated learning: legitimate peripheral participation. Cambridge University Press, Cambridge, UK

Marsick VJ, Watkins KE (2003) Demonstrating the value of an organization's learning culture: the dimensions of the learning organization questionnaire. Adv Dev Hum Resour 5(2):132–151

Revans RW (1982) What is action learning? J Manag Dev 1(3):64–75

Schein EH (1985) Organizational culture and leadership. Jossey-Bass, San Francisco

Senge PM (1990) The fifth discipline: the art and practice of the learning organization. Doubleday, New York

Watkins KE, Marsick WJ (1993) Sculpting the learning organization. Jossey-Bass, San Francisco

# Learning in Public Sector Organizations: Beware the Competency Rabbit Hole

William J. Rauh
College of Charleston, Hanahan, SC, USA
University of South Carolina, Columbia, SC, USA

## Synonyms

Collaborative learning; Learning as a competitive advantage; Team learning

## Definition

Organizational learning is a process that addresses how organizations create, retain, and transfer knowledge. Often organizations that are substantially similar seek knowledge from each other. In the public sector, though this presents challenges since these organizations typically compete for similar resources, e.g., learning as a means of gaining a competitive advantage create potential costs for public organizations.

## Introduction

Organizational learning has received renewed attention in public organizations over the past 10 years. Although the literature has been complimentary of the role learning has in organizations and has pointed out the benefits of being a learning organization, a number of threats have also been identified. For example, Visser and Togt (Visser and Van der Togt 2016) point out that the relationship between political authorities and public service organizations moderates the effectiveness and value of learning in public sector organizations. For this reason, they suggest that public sector organizations should be given room to learn from each other's problems. In a similar vein Krause and Woods (2012) and Hollibaugh (Hollibaugh 2016) identify threats resulting political conflicts over organizational missions and the political goals for an organization. Additionally, Denhardt and Denhardt (2015) and Osborne et al. (2015) identify threats from mission creep and the competing measures for public service provision (equity versus efficiency, market-based mechanisms versus accountability, and so on).

There is a potentially thornier problem for organizational learning in the public sector given fixed budget allocations. There is pressure from the public for greater innovation (Osborne and Brown 2011) and many of these problems cannot be solved by standard solutions or through increased spending (Hartley et al. 2013). There is an incentive therefore to collaborate and learn in order to address the problems. Organizations that learn from each other are more likely than not to have similar missions – broadly defined such as a Department of Corrections and a Department of Parole both having broad missions of public safety but different individual missions. The higher levels of interorganizational connections make learning between similarly situated organizations more likely, but these organizations are also competing for funds from similar sources (Salamon 1999). This implies that there are points of diminishing returns for learning on organizations, particularly public organizations. Further it implies that if an organization chooses to use its resources for learning in an attempt to gain an advantage (reputation, scope of authority, etc.), then the long-term efficiencies gained must be at least equal to the costs of learning or else learning becomes costly to an organization.

Levitt and March (1988) and Herriott et al. (Herriott et al. 1985) describe learning organizations as having problems overcoming strong commitments, the competencies they have relied on, and thus missing environmental or technical changes to their own peril, i.e., a competency trap. This manuscript argues when organizations learn they may indeed avoid competency traps, but they must also be wary not to take on too many new goals or activities less they sacrifice the

activities for which they are best suited. In other words, organizational learning can reach a point of diminishing returns. To make this case, this manuscript proposes a general equilibrium model of organizational learning to examine the types of goals public organizations pursue.

Public administration scholars tend to make assumptions about organizational learning in order to make broader points about increasing policy knowledge within organizations. For example, Head and Alford (2015) fully acknowledge the role of learning in tackling the policy challenges associated with increasingly pluralist societies, but they do not detail how that learning takes place (Admittedly their intent was to raise the issue of "wicked problems" rather than to address learning as a whole.) (see also Inazu 2017). Private sector archetypes of learning have been used as models of organizational learning in public organizations, e.g., Rashman et al. (2009) lament that the public sector continues to rely on the private sector for empirical validation of the learning principles which it then adopts. Application of many private sector learning theories to public organizations and leadership teams has not been as productive as in the private sector (Jos and Tompkins 2009; Dekker and Hansen 2004; Greiling and Halachmi 2013). Partial explanations for this are found in the strategies public sector managers take in protecting their scare budgetary resources. Public sector managers tend to take defensive strategies when responding to threats in their organizational environment (Rauh 2015; Hamilton et al. 2016); this is in part because they are working on a fixed budgetary allocation requiring additional bargaining over goals, e.g., getting it wrong is likely to have higher costs relative to the budget in a public organization. This is as compared to private sector budgets that tend to be the product of more analytical approaches (Nutt 2005).

In general this paints a picture of public sector organizations as places of bargaining over specific objectives and the means/finances of reaching those objectives (Tosey et al. 2012; Boyne and Walker 2004). At the same time, there are broader endgames such as building good reputation and being seen as the organization to turn to on specific issues (Carpenter 2001; Carpenter and Krause 2015). There is a conflict and an implicit argument here that because public organizations bargain over incomplete and shifting objectives while having a relatively finite set of resources, when learning occurs, its benefits may satisfy short terms concerns while imposing long-term costs. Additionally, there is a potential blind-spot for organizations that seek to learn from substantially similar organizations in order to gain a competitive advantage. They tend to compete for similar funds. This means that if they attempt to assume the activities of their similar counterparts as means of gaining a competitive advantage, the efficiencies gained must be at least equal to the learning costs. If they are not, then the result is a reduced allocation to every other activity the organization pursues.

The purpose of this manuscript then is to establish that when (public) organizational learning occurs with an eye towards temporary objectives (that may not align with broader goals), then such pursuits may be costly to public organizations. Moreover, because of the bargaining nature of public organizations' budgets and objectives (bargaining with political officials over what objectives should be met for example), learning that seems beneficial can actually impose long-term costs. This manuscript proceeds with a discussion of the literature on learning in public organizations followed by a general equilibrium model of organizational learning detailing the costs and benefits of learning and a vignette applying the model. This is followed by discussions and conclusions. Note that this manuscript confines its analysis to organizations with similar broad missions. While the cost dimensions may still exist for cross-sector collaborations, i.e., learning benefits must be at least equal to their cost, there are different incentives for cross-sectoral collaboration than for collaboration between similarly situated agencies including diversifying funding sources (Tulder et al. 2016).

## Learning in Public Organizations

Learning is a relationship characterized by changing knowledge and changing actions (see Rein and Schon 1991; Visser and Van der Togt 2016). In other words, if $X$ is desired in situation $Y$ under conditions $c_1, c_2, \ldots, c_n$ then the preferred course is $Z$. While Visser and Van der Togt (2016) do a good job of opening up these assumptions and detailing the learning models associated with the above tautology, this does not get at the question of *should* one desire $X$? Often time this is not a question that an organization's leaders have the luxury of addressing because the desired goal or policy objective is mandated from political authorities. Other times these goals are broad and it is the method of achieving them that is at question (Arnold 1990).

Bohte and Meier (2000) reiterate that the normative portion of this question is often addressed in terms of output measures. In other words when outputs are measured in numerical terms, then organizations are incentivized to pursue the measure as opposed to the broader social outcome associated with it. One can take it as a given that such goal displacement exists given that public organizations are still largely evaluated on output measures: test scores for schools, recidivism rates for parole boards, response times for police, etc. The context in which learning can be costly is then tied to both the issue of goal displacement that is accompanied by broader effects since the attaining the softer output measures becomes more difficult when policy prescriptions are based on changes in outputs.

There are reputational incentives for pursuing such outcomes though and these may come without an eye to broader costs. Often times taking on new tasks and providing outcomes that "sound good" or even those that empirically show a benefit are used as selling points to enhance the reputation of one's agency (Waeraas and Maor 2015; Maor 2015). Pursuing such ends can be appealing for agency managers who seek to retain confidence of political principals by differentiating themselves from substantially similar agencies (Carpenter 2001). This obviously poses another potential cost for an agency as well as a potential benefit. Different administrations of and changing control of legislative committees suggest political principals vary on how agreeable they are to an agency expanding its authority. This also means that while one set of political principals may be more apt to accept agency outcomes that "look good," another set of political principals may wish for more explicitly beneficial provision of services. If the former is the goal of learning though it may produce short-term gains for an agency while subjecting it to long-term costs. This is likely more true today given the retrenchment of many agencies and the corresponding need to seek funds outside the traditional channels of government (Cox et al. 2016).

Organizational goals whether mandated, functions of a measurable outcome, or matters of satisfying the public interest all include judgments about objectives. Therefore, the objectives encompass a strategic element – how an agency goes about carrying out activities they believe move it towards attaining these objectives (Rainey and Steinbauer 1999; Jung 2014; Jung and Lee 2013). Because of the broad nature of the public mission, there may be multiple goals and therefore multiple objectives available (Moxham 2013). In public safety, for example, incarceration, monitoring, retraining, etc., are all things that can be classified as goals for an agency or for separate agencies. This does not mean that randomly choosing among these goals will result in the accomplishing the public mission of public safety, there must be a strategic choice of which goals are more valuable and which strategies will be used to achieve them followed by training and learning within the organization on how to incorporate these strategies. Because organizations' missions tend to be specialized, the goals must be attenuated to that specialization (West 1984), otherwise an agency may move outside its realm of expertise. Learning within this context of trying to achieve the organization's goal is the primary driver then, more-so than things such as having a learning culture which has been shown to have a mediating rather than a direct effect on organizational outcomes. For example, Song and

Kolb (2013) found that a learning culture had an indirect effect on an organizational financial performance and was mediated by knowledge creation.

Understanding how an organization's goals relate to its mission, and how the organizational mission relates to the broader public mission are necessities for understandings the capacity and limits for organizational learning (Goh 1998). At the same time, learning within an organization is a collective activity (Merriam et al. 2007). Individuals rely on new information, past experiences, and current conditions to evaluate the value of learned facts and how to apply them (Song and Kolb 2013; Song et al. 2012), for example, they could occur individually or collectively depending on how the information is presented or the learning styles of the individuals. It is likely that how an individual learns has an effect on the value of the information presented; therefore, new information gained through collaboration with an organization engaged in a similar mission may be seen as more valuable than information obtained in a vacuum. I address this point later on but for my purposes here the goal is to establish that learning can have decreasing returns rather than to establish where those decreasing returns are most likely to occur.

## Public Sector Organizational Learning and Empowerment

Organizational learning in the public sector is more circumscribed than in private firms because when learned practices go too far afield from the stated policy goals of elected authority then political powers respond to reshape or realign the goals of public organizations (Mintzburg 1996; Pollack 2003). While predictability and uniformity may be desired by both political authority and the public at large (Bovens and Zouridis 2002), the public often does not have a well-defined concept of what they want or how they want it (Hupe and Buffat 2014). Additionally, when it comes to the predictability of policy outcomes, elected officials are often happy to let the bureaucracy proceed based on their own expertise, particularly for nonengineered problems (Jones and Baumgartner 2012). Non-engineered problems refer to those problems for which the policy process does not predict first-best solutions, for example, providing education, addressing issues of poverty, or addressing crime.

This lack of clarity on policy preferences and therefore on goals leaves agencies with a fairly wide range of objective for achieving policy goals (McCubbins and Schwartz 1984) particularly on issues that are externally focused such as insurance policy, water quality, or education (MacKenzie and Hafken 2002; Rauh 2015). This goes beyond transaction cost considerations (e.g., Feiock 2013) which are more about transaction risks and the factors affecting the perceptions of those risks. In the case described herein, individual agencies have a desire to collaborate and, but the benefits of learning are assessed incorrectly or are given a value that is tied to something other than the mission of the agency such as providing a politically appealing outcome that may nonetheless be costly (see Canes-Wrone 2015; Grose et al. 2015; and West 2004).

## Learning from Similar Organizations: Possible Threats?

When one considers organizational learning, it is helpful to consider from whom the organization learns. The failure of the New Public Management to deliver on the promises of increased efficiency and effectiveness has dispelled the myth that innovations from the private sector will lead to better satisfaction of public demands. This has given rise to institutional solutions in which similarly situated organizations operate within their set of norms and discourses to solve problems (Peters 2011; Hartley et al. 2013). This implies that organizations with broadly similar missions operate within similar institutional frameworks and thus when learning that is goal oriented occurs it is likely to come from these similarly situated organizations (Ayra and Lin 2007; Peters 2011). Put simply, organizations with broadly similar missions (Corrections and Probation both have broad missions of public safety) have more interorganizational linkages than their

organizations with more dissimilar missions (Wholey and Huonker 1993; Ayra and Lin 2007). Therefore, one may not be surprised if information sharing, collaboration, and learning occur between organizations with similar broad missions. These organizations also tend to compete for the same funds though and also tend to seek reputational advantage over the other by differentiating themselves (Carpenter 2001). Even though public funds represent a relatively stable source of revenue for public organizations (Gronbjerg et al. 1995), government retrenchment policies have led organizations to seek other funding sources (Salamon 1999; Ayra and Lin 2007). The resulting overlap in funding means that organizations with similar broad missions are also competing for allocations from similar pots of funding. Therefore, if these organizations were to learn from each other, they are also seeking a competitive advantage. If, as is argued herein, learning can be costly, then unless the learned behavior results in an efficiency gain that is at least equal to the cost to obtain that gain, or is associated with a corresponding increase in funds, then the strategy actually places the organization at a disadvantage.

## An Equilibrium Model of Organizational Learning in Public Organizations

Using the learning model was first proposed by Findlay and Kierzkowski (1983), i.e., comparative advantages for endogenous skill acquisition. This manuscript uses a general equilibrium equation for demonstration purposes in place of instrumental language in order to provide a formal statement that can be used to make predictions about the effects of learning and subsequent goal addition on organizations with finite budget constraints. Suppose that $G$ goals are mission specific at each instance, the remaining $(N - G)$ equals $U$, the nonmission-specific goals (Those goals which are applied by statute such as EEO, Affirmative Action, etc. – for an excellent summary of the importance of these to organization's service attainment see Piotrowski and Rosenbloom (2002), or Piotrowski (2010).). A survey of the organization's goals would therefore be:

$$UT + G(T - \theta) = NT \tag{1}$$

The total number of goals is always $NT$, comprising $UT$ nonmission-specific goals and $G(T - \theta)$ mission-specific goals.

Now consider that the organization's learning relative to its goals now includes a learning period in which its goals can be evolving based upon their experience with the other organization:

$$UT + G\theta + G(T - \theta) = NT' \tag{2}$$

Now the total number of goals $NT'$ is comprised of $UT$ nonmission-specific goals, $G\theta$ *goals in waiting*, and $G(T - \theta)$ mission-specific goals.

Organizational learning transforms the learned material into organizational goals after a time of $\theta$. This activity requires specific inputs to the arrangement (resources, personnel, technology, etc.) denoted by $K$. The "output" $Q$ for a goal can then be thought of in terms of a production function. This output can be expressed as the attainment of some level of service within specified costs. This study purposely does not address these as outcomes here since outcomes are notoriously difficult to measure and goal displacement tends to occur with output measures:

$$Q = F(K, G; \theta) \tag{3}$$

In which $Q$ is the output to the organization of acquiring new goals measured in cost savings to the organization that emerges after $G$ goals are nurtured in the network for time $\theta$ with $K$ units of resource inputs. The specific inputs are assumed to be fixed from an exogenous supply (this works theoretically since there are set budgets for organizations with priorities based on negotiated solutions). This assumes constant returns to scale in $Q$, $K$, $E$, and $\theta$. Therefore,

$$q = f(k), \tag{4}$$

where $q = \frac{Q}{G}$ and $k = \frac{K}{G}$, so $q$ represents the knowledge units acquired moving towards developing new goals if the organization inputs $k$ for the duration of $\theta$. Generally, knowledge units may be the perception that an action is particularly valuable to the organization or that a particular activity is costing the organization. This assumes that $f(k) > 0$.

Because each mission-specific goal embodies $q$ units of knowledge in terms of cost savings, and there are $G(T - \theta)$ mission-specific goals, the contributory ability of mission specific goals to the organizations is:

$$qG(T - \theta) = R_1 \tag{5}$$

and of nonmission-specific goals $R_2$ it is:

$$UT = R_2 \tag{6}$$

So $R_1$ and $R_2$ represent the contributory ability of the each goal to the broader mission. These are entailed in the services provided by the organization $S$.

The service delivery profile of an organization can be considered as a menu of single services, $S_1$ and $S_2$, the cost of which is determined by the price dictated by the markets. The production function for these services is:

$$\begin{aligned} S_1 &= S_1(R_{11}, R_{21}) \\ S_2 &= S_2(R_{12}, R_{22}) \end{aligned} \tag{7}$$

If the relative costs of providing services are such that both services can be provided in equilibrium, then the rewards for achieving both types of goals will be strictly determined by the service to cost ratio $p$ and the production function for each of the services. The benefit of learning about new (mission specific) goals will be $w_1 q = w_1 f(k)$, where $w_1$ represents the benefit for a one unit of knowledge increase and each goal possesses $q = f(k)$ units in cost savings. So the benefit of learning is about new goals determined by their payoff and the costs. The benefit for learning about nonmission-specific goals is $w_2$.

Consider now the learning costs problem. The interest rate in a "perfect world" market is denoted by $r$ that is applied to all monetized values – so it is constant. The gross benefit of acquiring new knowledge in a network arrangement is then:

$$\int_{\theta}^{T} w_1 f(k) g^{-rt} dt = \frac{1}{r} w_1 f(k) \left(g^{-r\theta} - g^{-rT}\right) \tag{8}$$

The costs of resources may consist of many elements; for the purposes here, this study treats them as unitary, but noting that $Q = f(k)G$.

Note that this integral is the gross benefit to the organization for pursuing a new goal (replacing or altering a goal). The rate at which an organization learns to value new goals and then learns to implement them is determined by the necessity of reaching the mission goals. In other words, it is clear that the organization must strive towards its mission goals regardless of which goals it chooses. Since the organization has $k$ limited resources, they must borrow from $k$ to cover the training and materiel costs of bringing on new goals. This means that goals which help it achieve its mission should be most preferred.

The costs of achieving any goal requires at least three inputs: (1) the knowledge fees and potential infrastructure costs associated with training employees and providing materiel; (2) the opportunity cost which is lost by the organization if they had chosen to reinvest those same funds during the training period for employees; and (3) the foregone increases associated with redirecting the employees efforts (if an employee is working in a new area under the new goals then they are not working in the previous mission goals). With regard to the first issue, this study assumes that each unit of training and material is equal to the marginal value of the output over aggregated time periods and discounted to present value. In other words, the costs of providing for

new goals are a time-bound cost-benefit calculation.

$$\frac{\Delta Q}{\Delta G} = f(k) - f'(k)k \tag{9}$$

So the change in outputs resulting from the change in goals is a difference function of the inputs needed to achieve both.

Subtracting the resource/training costs from Eq. 8, we see that:

$$\pi = \frac{1}{r} \times \left[ w \frac{\Delta Q}{\Delta G} \left( g^{-r\theta} - g^{-rT} \right) - w_2 \left( 1 - g^{-rT} \right) \right] \tag{10}$$

Notice that if $\pi$ is positive there is an incentive for new goals to be brought on. So if it is positive then there is a net benefit, provided goals are replaced or altered, but not taking on new goals (after all the assumption is that goals are altered or replaced but that $NT$ is stationary). If one removes the assumption that goals are stationary though and allow that organizations can bring on goals which they believe benefit its mission, then one sees that the net benefit for bringing on additional goals is reduced and the benefit of obtaining current goals is also reduced. The above equations imply that since the lifetime (organizational) benefit of bringing on additional goals encroaches on the costs of achieving its current goals, organizations would do better to adjust strategies for achieving current goals or replace existing goals.

## Example of the Department of Corrections in South Carolina

In the overall mission of ensuring public safety, the South Carolina Code 24–19-110 provides that an officer from either the Department of Corrections of the Department of Probation, Parole, and Pardon Services may serve to monitor a paroled juvenile offender under the state's Young Offender Parole and Reentry Services program (Program). There are required monitoring standards and reports that must be filled out as with any administrative process; however, the missions of the Department of Corrections and the Department of Probation, Parole, and Pardon are entirely separate. Corrections focus on inmates and rehabilitative services; Probation, Pardons, and Parole is community supervision (www.doc.sc.gov; www.dppps.sc.gov). The Department of Corrections lobbied to begin the program after an arrangement between the SC Department of Juvenile Justice with the Department of Probation, Pardon and Parole in 2007 known as the Intensive Supervision Program (SC DJJ 2007).

Under the Program Youthful Offenders (ages 17–34) who meet specific requirements (no felony, violent offenses, etc.) are slated for early but monitored release. The Program aims to address the societal needs of offenders including school and work attendance and to take actions which encouraged the completion of high school or the obtaining of a GED. Historically the monitoring activities of the Department of Corrections had been focused on monitoring recidivism without attention to the societal factors which impacted recidivism.

The cost in 2015 of housing one inmate for a year was $18,119 per year (SC Department of Corrections 2016). The cost per inmate was accounted for in a 9.6 to 1 officer to inmate ratio and the costs of food, medical supplies, overhead, etc. By contrast the average median salary of a Probation, Parole, and Pardons (2016) agent (the individuals normally dealing with this type of activity) is $48,719; with a median 29% fringe this comes to $62,847.51. With 20 cases per office that is an average cost of $3142.38 per individual. With a 42% recidivism rate over 5 years for traditional inmates and a 15.5% recidivism rate for the Program and the state of South Carolina's net present value tables with a rate of 1.7336% over a 5-year period, one sees that:

*Costs of Incarceration with a 42% Recidivism Rate*

$$\$18{,}119(.42) = \$7609.98$$
$$\$7609.98(1 - .017336)^5 = \$6972.83$$

$5378.45 is the potential cost over 5 years of an incarcerated individual.

*Costs of Incarceration with 15.5% Recidivism Rate*

$$\$18{,}119(.155) = \$2808.45$$
$$\$2808.45(1 - .017336)^5 = \$2573.30$$

$6972.83 − $2573.30 = $4339.52 in assumed potential cost savings for the Program over a 5-year period. However, this does not account for the fact that the Program has specific entrance requirements. If one considers that the SC Department of Corrections' inmate population consists of 50% of inmates who meet the age requirements and 66% of all inmates have a current or prior violent offense (SC Department of Correction 2016), then the population applicable for the program decreases sharply as does the comparative success. Assuming that even half of the individuals in the violent offender category are also in the age category, this means that 16.5% of the entire inmate population would be eligible for the Program. Likewise assuming that all nonviolent offenders were also in the age group, only 50% of the population would be eligible for the program. This places the true recidivism rate compared to the population as a whole at a minimum of 39% and a maximum of 54% if one considers a normal distribution of violent offenders across the population of inmates.

*Maximum True Recidivism Rate for Program*

$$\$18{,}119(.54) = \$9784.26$$
$$\$9784.26(1 - .017336)^5 = \$8965.06$$

*Minimum True Recidivism Rate for Program*

$$\$18{,}119(.39) = \$7066.41$$
$$\$7066.41(1 - .017336)^5 = \$6474.77$$

Effectively this means that it would have to be the case that 47% of the prison population must eligible for the Program for it to be as effective as the standard approach, a number which the Department of Corrections cannot obtain, considering that 40% of all adult violent crime arrests are against individuals aged 18–25 even though they comprise just 22% of the population (Bureau of Justice Statistics 2014). Therefore, one can say with some degree of certainty that the program is likely to be less effective than the standard Probations, Parole, and Pardons approach.

## Discussion

The intent of this study was to establish that learning has the potential to impose costs upon an organization and to identify some potential reasons why this may occur. To this end, the model and example above have shown that learning can affect the resource distributions of public organizations by identifying how learning that leads to a subsequent addition of goals or behaviors that are not aligned to the mission affects the allocation of funds to the organization as a whole. Empirical results have shown that the effect of learning on an organization depends on the number of goals in an organization and the allocation of funds to those goals. Therefore, as goals are added to a fixed allocation, unless they are explicitly cost-saving, they will result in a cost to the organization. Contrary to a straightforward application of organizational learning, unless the new activities an organization takes on are explicitly tied to a mission-specific goal in way that is either at least marginally substitutional (any additional resources it takes to achieve are made up for by efficiency gains) then taking on new learned behaviors will impose a cost on an organization.

This provides at least some explanation for why we do not see organizations jockeying for responsibilities in market-like competition but instead see organizations requesting that they be allowed greater administrative innovation with accompanying budgets (a central point of Carpenter's 2001 argument for expanding

reputations). There is an irony here though. Seemingly an organization would need to differentiate itself in order to show value and thereby argue for a larger allocation; however, learning in a collaborative arrangement is typically done between organizations with broadly related missions which have more interorganizational linkages than their dissimilar counterparts (Wholey and Huonker 1993; Ayra and Lin 2007). What the results here imply then is that even though funds to public organizations are a generally stable source of revenue (e.g., Gronbjerg et al. 1995), governmental retrenchment drive organizations to seek alternative funding sources (Salamon 1999). According to Ayra and Lin (2007), funding overlaps incentivize similar organizations to act as competitors rather than complements. It makes sense therefore that organizations with a similar broad mission, such as public safety, would want to collaborate and seek a competitive advantage in resources from the activities of the other organization. What the above results show though is that when this occurs, an organization can actually harm itself through such activities as opposed to gaining a competitive advantage.

Because an organization's capacity to achieve its mission-specific goals is an important determinant of its long-term success (both in terms of allocation and reputation, e.g., Carpenter 2001; Piotrowski and Rosenbloom 2002), the impact of adding costly activities provides another link between allocation, reputation, and goal attainment. The results of this study further suggest that the scale of an organization's activities is tied to its ability to take on new activities.

## Conclusion

This study suggests that equilibrium cannot be obtained from collaborative learning without inputs of additional resources or the displacement of some other goal or competency. The vignette provided suggests that even though the PPP produced better results in a nominal sense, the cost for achieving each individual result was greater than those costs incurred by corrections. This study extends previous work on organizational learning and collaboration by highlighting some of the potential costs associated with organizational learning. Most previous studies of collaboration and organizational learning have focused on the potential benefits of organizational learning such as improved performance (Arganoff and McGuire 2003) and management of resources (Silvia 2011) but have ignored some of the potential costs. In line with previous research (Grose et al. 2015; Song and Kolb 2012), it has been argued that organizational learning may impose costs because the pursuit of a goal may appear attractive on a politically attractive measure but may nonetheless impose explicit costs. These costs are likely to be higher in organizations that pursue less specialized missions and hence when monitoring of agency performance is more fluid. This analysis stresses the role that an outcome which plays well politically can have on increasing an organization's desire to increase its collaborative learning.

Organizational learning is quite obviously not explicitly costly; however, goals that are learned through collaboration with another agency should be given greater scrutiny. The model presented here indicates some reasons why and also points to some scenarios in which an agency may experience more costs than benefits from learning. Activities requiring the use of an increasing degree of knowledge learned outside the agency's specialization are more likely to impose long-run costs on an agency. Given the resource-dependent nature of public agencies, it will be more difficult for agencies without the capacity to readily demand increases in resources, or to make a case for resources specific to a learned activity, and to find collaborative learning opportunities that will be a net positive. This implies that agencies without strong reputations or substantial clout in the budget writing process may be limited in their ability to pursue beneficial collaborative learning arrangements.

This study also points to a problem of potential adverse selection in collaborative learning for public organizations. This may partly explain why more collaborative learning also increases

agency budgets (Kettl 2006). Organizations that are successful at collaboration may (1) realize that increased resources are necessary, whereas unsuccessful collaborations may both not recognize the necessity of additional resources and instead think that collaboration will reduce resource dependence, or (2) they may lack the status or ability to demand additional resources. Additional study in this area should then look not just at successful collaborations and identify what worked, but also failed collaborative learning opportunities and identify why they failed. One takeaway that will likely be present given this study is that in order to enjoy the benefits of collaborative organizational learning, agencies must increase their resources lest their current missions suffer.

## Cross-References

▶ Networks and Networking
▶ Performance Measurement

## References

Arganoff R, McGuire M (2003) Collaborative public management: new strategies for local government. Georgetown University Press, Washington, DC

Arnold RD (1990) The logic of congressional action. Yale University Press, New Haven

Ayra B, Lin J (2007) Understanding collaboration outcomes from an extended resource-based view perspective: the roles of organizational characteristics, partner attributes, and network structures. J Manag 33(5):697–723

Bohte J, Meier KJ (2000) Goal displacement: assessing the motivation for organizational cheating. Public Adm Rev 60(2):173–182

Bovens M, Zouridis S (2002) From street-level to system-level bureaucracies: how information and communication technology is transforming administrative discretion and constitutional control. Public Adm Rev 62(2):174–184

Boyne GA, Walker RM (2004) Strategy content and public service organizations. J Public Adm Res Theory 14(2):231–252

Bureau of Justice Statistics (2014) Data collections. https://www.bjs.gov/index.cfm?ty=dca

Canes-Wrone B (2015) From mass preferences to policy. Am Rev Polit Sci 18(1):147–165

Carpenter D (2001) The forging of bureaucratic autonomy: reputations, networks, and policy innovation in executive agencies, 1862–1928. Princeton University Press, Princeton

Carpenter D, Krause G (2015) Reputation and public administration. Public Adm Rev 72(1):26–32

Cox R, Buck S, Morgan B (2016) Public administration in theory and practice, chapter 4. Routledge, New York, pp 65–87

Davis CE, West JP (1984) Implementing public programs: equal employment opportunity, affirmative action, and administrative policy options. Rev Public Pers Adm 4(3):16–30

Dekker S, Hansen D (2004) Learning under pressure: the effects of politicization on organizational learning in public bureaucracies. J Public Adm Res Theory 14(2):211–230

Denhardt JV, Denhadrt RB (2015) The new public service revisited. Public Adm Rev 75(3):664–672

Feiock RC (2013) The institutional collective action framework. Policy Stud J 41(3):397–425

Findlay R, Kierzkowski H (1983) International trade and human capital: a simple general equilibrium model. J Polit Econ 91(6):957–978

Goh SC (1998) Toward a learning organization: the strategic building blocks. Adv Manag J 63(2):15–22

Greiling A, Halachmi D (2013) Transparency in E-government, and accountability: some issues and considerations. Public Perform Manag Rev 36(4):562–584

Gronbjerg (1995) Understanding nonprofit funding: managing revenues in social services and community development organizations. Jossey-Bass, New York

Grose CR, Malhotra N, Van Houweling RP (2015) Explaining explanations: how legislators explain their policy positions and how citizens react. Am J Polit Sci 59(3):724–743

Hamitlon L, Poister T, Pasha O (2016) Operationalizing strategy content: an example from the transit industry. Int J Public Adm 39(5):395–403

Hartley J, Sorensen E, Torfing J (2013) Collaborative innovation: a viable alternative to market-competition and organizational entrepreneurship. Public Adm Rev 73 (6):821–830

Head BW, Alford J (2015) Wicked problems: implications for public policy and management. Adm Soc 47(6):711–739

Herriott SR, Levinthal D, March J (1985) Learning from experience in organizations. Am Econ Rev 75(2):289–302

Hollibaugh GE Jr (2016) The incompetence trap: the (conditional) irrelevance of agency expertise. J Public Adm Res Theory 27(2):217–235

Hupe P, Buffat A (2014) A public service gap: capturing contexts in a comparative approach of street-level bureaucracy. Public Manag Rev 16(4):548–569

Inazu J (2017) Confident pluralism: surviving and thriving through deep difference. University of Chicago Press, Chicago

Jones BD, Baumgartner FR (2012) From there to here: punctuated equilibrium to the general punctuation

L

thesis to a theory of government information processing. Policy Stud J 40(1):1–20
Jung CS (2014) Organizational goal ambiguity and job satisfaction in the public sector. J Public Adm Res Theory 24(4):955–981
Jung CS, Lee G (2013) Goals, strategic planning, and performance in government agencies. Public Manag Rev 15(6):781–815
Kettl D (2006) Managing boundaries in American administration: the collaboration imperative. Public Adm Rev 66(1):10–19
Krause GA, Woods N (2012) Policy delegation, comparative institutional capacity, and administrative politics in the American states. In: Haider-Markel DP (ed) Oxford handbook of state and local government. Oxford University Press, New York
Levitt B, March JG (1988) Organizational learning. Annu Rev Sociol 14:319–340
MacKenzie GC, Hafken M (2002) Scandal proof: do ethics laws make government ethical. Brookings Institute Press, New York
Maor M (2015) Theorizing bureaucratic reputation. In: Waeraas A, Maor M (eds) Organizational reputation in the public sector. Routledge, New York
McCubbins MD, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179
Merriam SB, Caffarella R, Baumgartner LM (2007) Self-directed learning. In: Merriam SB, Caffarella R, Baumgartner LM (eds) Learning in adulthood: a comprehensive guide, 3rd edn. Jossey-Bass, San Francisco
Mintzburg H (1996) Managing government, governing management. Harv Bus Rev Reprint 96306:73–83
Moxham C (2013) Measuring up: examining the potential for voluntary sector performance measurement to improve public service delivery. Public Money Manag 33(3):193–200
Nutt PC (2005) Comparing public and private sector decision-making practices. J Public Admin Res Theory 16(2):298–318
Osborne S, Brown L (2011) Innovation, public policy and public services delivery in the UK. The word that would be king. Public Adm 89(4):1335–1350
Osborne SP, Radnor Z, Nasi G (2015) A new theory for public service management? Toward a (public) service-dominant approach. Am Rev Public Adm 43(2):135–158
Peters BG (2011) Institutional theory in political science: the new institutionalism, 3rd edn. Continuum, London
Piotrowski SJ (2010) Transparency and secrecy: a reader linking literature and contemporary debate. Lexington Books, Lanham
Piotrowski S, Rosenbloom D (2002) Nonmission–based values in results–oriented public management: the case of freedom of information. Public Adm Rev 62(6):643–657
Pollack MA (2003) The engine of European integration: delegation, agency and agenda setting in the EU. Oxford University Press, New York
Rainey H, Steinbauer P (1999) Galloping elephants: developing elements of a theory of effective government organizations. J Public Adm Res Theory 9(1):1–32
Rashman L, Withers E, Hartley J (2009) Organizational learning and knowledge in public service organizations: a systematic review of the literature. Int J Manag Rev 11(4):463–494
Rauh J (2015) Predicting political influence on state ethics commissions: of course we are ethical – nudge nudge, wink wink. Public Adm Rev 75(1):98–110
Rein M, Schon D (1991) Frame reflective policy discourse. In: Wagner P, Weiss C, Wittrock B, Wollman H (eds) Social science and modern states: national experiences and theoretical crossroads. Cambridge University Press, New York
Salamon L (1999) America's nonprofit sector: a primer. The Foundation Center, New York
SC Department of Juvenile Justice (2007) Annual accountability report, fiscal year 2006–2007. http://www.scstatehouse.gov/Archives/aar2007/N12.pdf
SC Department of Corrections (2016) Adult corrections statistics. https://doc.sd.gov/about/stats/
Silvia C (2011) Collaborative governance concepts for successful network leadership. State Local Gov Rev 43(1):66–71
Song JH, Kolb JA (2012) Learning organizational culture and firm performance the mediating effects of knowledge creation in Korean firms. J Leadersh Org Stud 20(2):252–264
Song JH, Kolb JA, Lee UH, Kim HK (2012) Role of transformational leadership in effective organizational knowledge creation practices: mediating effects of employees' work engagement. Hum Resour Dev Q 23(1):65–101
Tosey P, Visser M, Saunders M (2012) The origins and conceptualizations of 'triple-loop' learning: a critical review. Manag Learn 43(3):291–307
van Tulder R, Seitanidi M, Crane A, Brammer S (2016) Enhancing the impact of cross-sector partnerships: four impact loops for channeling impact studies. J Bus Ethics 135(1):1–17
Visser M, Van der Togt K (2016) Learning in public sector organizations: a theory of action approach. Public Organ Rev 16(2):235–249
Waeraas A, Maor M (2015) Organizational reputation in the public sector. Routledge, New York
West J (1984) City personnel management: issues and reforms. Pers Adm 13(3):317–334
West WF (2004) Formal procedures, informal processes, accountability, and responsiveness in bureaucratic policy making: an institutional policy analysis. Public Adm Rev 64(1):66–80
Wholey DR, Huonker JW (1993) Effects of generalism and niche overlap on network linkages among youth service agencies. Acad Manag J 36(2):349–371

# Lebanese Bureaucracy

Imane Hijal-Moghrabi
Public Administration and Leadership Program, The University of Texas of the Permian Basin, Odessa, TX, USA

## Synonyms

Administrative apparatus; Public administration; Public offices; Public service

## Definitions

Lebanese organization of government; The Lebanese machinery of government; The executive branch of organizations of the Lebanese government.

## Introduction

Lebanon is a small Middle-Eastern country, located on the Mediterranean at a crossroads between the East and the West – a very strategic location that made the country exceptionally attractive to invaders and conquerors throughout its long history that dates back to over 6000 years. However, Lebanon, as we know it today, is a recently created entity, invented by the French in 1920 to replace what was previously known as "Mount Lebanon" under the Ottoman Empire (1516–1918). This entity was placed under the French Mandate for 23 years before it became an independent state in 1943.

The Post-independence Period witnessed the development of the country's administrative and economic infrastructure and, hence, the institutionalization of its bureaucracy. In the 1960s, Lebanon flourished economically to become the "Pearl of the Mediterranean." This "golden age" was, soon, put into an end with the outbreak of the Lebanese Civil War in the mid-1970s that turned the country and its bureaucracy back to the point of zero. Shortly after the end of the civil war in 1990 to the present, Lebanon has been undergoing serious attempts to rebuild, revitalize, reform, and modernize its bureaucracy.

This entry sheds light on the Lebanese bureaucracy. It determines its scope and size, highlights its major characteristics and deficiencies, and tracks its evolution since independence to the present, emphasizing the efforts at institutionalizing and reforming it.

## Bureaucracy in Lebanon

### Scope and Size

Public bureaucracy, in general, is the locus of government action and the key institution of governance and administration. It refers to the administrative apparatus, consisting of all public offices that are in charge of implementing policies and programs and delivering services to the public.

The Lebanese bureaucracy is the executive arm of the Lebanese government – the means through which policies are implemented and services are delivered. The Lebanese bureaucracy encompasses the public sector, which comprises the central administration (all ministries including the administrative cadre of the Ministry of Defense, the Ministry of Justice, the Ministry of Interior, and the Ministry of Foreign Affairs), regional and local administrations, public autonomous agencies, and independent services.

The Lebanese bureaucracy is governed by a set of laws and regulations, most of which date back to the 1950s – most notably, the Public Personnel Code (Legislative Decree No. 112/1959) and the Administrative Organization Code (Legislative Decree No. 111/1959). The bureaucracy is also controlled by four external watchdog agencies: the Civil Service Board (CSB), the Central Inspection Commission (CIC), the Bureau of Accounts (BOA), and the General Disciplinary Council (GDC).

The scope and size of the Lebanese bureaucracy has expanded since the days of independence due to the expansion of the role of government and its intervention in social and economic development. Given its population, Lebanon is considered to have a large public sector

(Haase 2017). As estimated by the World Bank (2005), the public sector in Lebanon employs between 220,000 and 230,000 public employees.

The civil service in Lebanon is organized into five grades. Senior officials (General Directors and Directors or Chiefs of Services) fall within Grades I and II, respectively. Middle management positions (Chiefs of Bureaus and Chiefs of Sections) are classified as Grade III. Clerical and manual positions fall within Grades IV and V, respectively.

## Characteristics and Deficiencies

We cannot separate the bureaucracy from the environment in which it operates. This environment, whether internal or external, greatly affects and shapes the way the administration functions. The Lebanese bureaucracy is no exception. It has been for long affected by social attitudes and values inherent in the Lebanese culture and society. Thus, in order to properly understand the Lebanese bureaucracy, it should be viewed in the light of its history, society, and political culture.

The Lebanese society has been described as a pluralistic society. In this respect, two broad aspects of traditional pluralism are prevailing in Lebanon: one is the extraordinary pervasive influence of families and family allegiances in politics, and the other is the religious and sectarian fragmentation of the country. So strong are these factors that Lebanon's political and administrative institutions, traditional and modern, have been molded to reflect them (Hudson 1968).

The family is one of the basic fundamental institutions in the Lebanese society. It plays an important role in shaping the values and the way of life of its members. The Lebanese family is patriarchal and very closely knit one. The Lebanese are born into the family and find it extremely hard to leave it. In fact, they seem to surrender their independence and individuality and submit to the rule of the father (Iskandar 1964). The patriarchal structure of the family is reflected in the bureaucracy, where power and authority are concentrated at the top of the hierarchy, and little authority is being delegated downwards. Family ties and allegiances also resulted in nepotism, favoritism, and corruption that have plagued the Lebanese bureaucracy for a long time.

Sectarianism is another aspect of traditional pluralism in Lebanon. The religious sect persists as a social entity that greatly influences and determines the entire way of life of its members. "To leave one sect is to leave one's whole world, and to live without loyalties, the protection of the community, the consciousness of social identity, and the comfort of normality" (Hourani 1954, p. 64). Religious sectarianism and confessionalism in Lebanon greatly interfere with the governmental and administrative system. The three most important legal manifestations of sectarianism can be found in the National Pact of 1943, the Personal Status Law, and the bureaucracy.

At the administrative level, before the 1990 constitutional amendment, the bureaucracy was regarded as a "sectarian establishment" (Kisirwani and Parle 1987) that represents Lebanon's many religious and ethnic groups. However, the 1990 amendment of the Constitution eliminated sectarianism as the basis for employment for all grades, except Grade I positions, and required that these positions be distributed equally between Muslims and Christians. Nevertheless, sectarianism informally persisted, particularly in matters of promotions and transfers. Sectarianism has imposed restrictions on the bureaucracy to the extent of paralyzing its normal role in many circumstances. This is particularly true because when sectarianism provides advantages to certain employees, this is often done at the expense of merit and competence.

Related to family allegiances and sectarianism, political elite is another aspect of the Lebanese society that has significantly influenced the bureaucracy. The political elites share power across communal lines and run the country by compromise, keeping in mind the interest of their constituents. These people are referred to as Zuama'. A Za'im, in a specifically Lebanese sense, is a political leader who possesses the support of a locally circumscribed community and retains this support by fostering, or appearing to foster, the interests of as many as possible from

amongst his clientele (Hottinger 1966). Viewed this way, political elites have fostered a patron-client relationship that has obstructed the proper functioning of the bureaucracy in Lebanon and resulted in widespread corruption.

Bureaucratic corruption is a salient feature and an epidemic problem of the Lebanese bureaucracy. Bureaucratic corruption in Lebanon is found in all its forms. It is manifested through favoritism, nepotism, bribery, intermediary (or *wasta* in the Lebanese terminology), and pay-off usually as a direct exchange for a service. These forms of corruption are the result of a patron-client relationship and the weakness of administrative control mechanisms and hierarchical supervision. More importantly, these are the outcomes of a weak professional ethics and a lack of commitment on the part of civil servants. Civil servants resort to *wasta* for attaining personal benefits as well as for promoting institutional and public ends. Citizens, in turn, seek *wasta* with regard to almost any transaction they have with the bureaucracy by appealing to people of influence such as politicians and connected officials to get their things done. Bureaucratic corruption and inefficiencies have engendered a "service delivery gap," which is often filled out by the private and civil society organizations (Haase 2017).

As a result of bureaucratic corruption, there is a popular distrust of government in Lebanon – a strong feeling shared with many that the bureaucracy is not regularized as well as it is personalized and that the public office is viewed not as a trust and a service to the whole society, but as a means to preserve social influence and power. More importantly, the bureaucracy is considered inefficient, ineffective, unresponsive to the needs and demands of people, and even, unable to provide its citizens with basic goods and services.

One further characteristic of the Lebanese bureaucracy is that it is resistant to change. Resistance to change is a normal social phenomenon. People are accustomed to a norm of conduct, and such norms cannot be dropped easily. People tend to preserve the status-quo because they are afraid of the possible risks underlying change. Others defend the status quo because they are, simply, part of it. The Lebanese experience is no exception. The outcome has been, however, the dominance of previous norms of conducts. These attitudinal problems have constituted a serious obstacle in the face of several attempts at reforming the administration.

In addition to these attitudinal problems, the Lebanese bureaucracy cannot escape the heritage of the past which greatly influenced and shaped its institutions and procedures. The Ottoman Rule and the French Mandate have left deep imprints on the culture of the Lebanese society, in general, and on the way the bureaucracy operates, in particular.

This has been manifested, mainly, in one of the basic features, and most serious problems, of the Lebanese bureaucracy – the high degree of centralization of administrative authority at the top of the hierarchy where all decisions, regardless of their substance and importance, are concentrated. This tendency toward overcentralization overburdens senior officials with petty details, as well as underutilizes the time and talents of subordinates. Tasks that could readily be executed by subordinates often sit on their desks awaiting instructions from above.

Related to the idea of overcentralization is the idea of excessive controls. Signatures and counter-signatures are required extensively and almost on every administrative transaction. Controls by various administrative echelons and external control agencies, such as the Bureau of Accounts, the Central Inspection Commission, and the Civil Service Board, are extensive and, sometimes, overlap.

Another carry-over from the Mandate Era is the legalistic orientation of the Lebanese bureaucracy (Bashir 1964), whereby laws specify administrative functions in details and place greater emphasis on the strict enforcement of legal provisions in their narrowest sense. Laws and regulations have been devised in such a specific and detailed manner that little to no discretion can be exercised by the individual civil servant. Such formalization has paralyzed the work processes

and procedures of the bureaucracy and resulted in serious delays and obstruction of developmental projects badly needed in the country.

The Lebanese bureaucracy is not only highly centralized but also highly authoritarian in nature (Bashir 1977; Iskandar 1964). The system of communications and relationships between superior officers and their subordinates within the various levels of the hierarchy is dominated by an authoritarian approach. For instance, the Legislative Decree No. 111/1959 requires the subordinate to blindly obey his superior and execute orders even if these orders are violating the law. As a result of this authoritarian approach, employees display little initiative, or independent judgment, and shy away from assuming responsibility. The authoritarian nature of the system, further, creates fear and anxiety in the heart of civil servants toward revealing some information they feel they can comfortably say.

This authoritarian approach is deeply rooted in the Ottoman and French rule, which attempted to develop and foster the responsibility and the accountability of the civil servants to the Ottoman and French masters rather than to the people. This attitude of domination on the part of superiors and the obedience on the part of subordinates is not only the result of centuries of foreign rules, but the outcome of the patriarchal nature of the Lebanese society as well. The highly centralized and authoritarian features of the Lebanese bureaucracy have resulted in a set of bureaupathologies, or dysfunctional behavior, that have impaired the efficiency of the administrative apparatus such as rigidity, red tape, and delay of actions.

Last but not least, the Lebanese bureaucracy is currently governed by a set of outdated laws and regulations that were issued more than 50 years ago. They were appropriate to their time, but have not been significantly modified since. The reliance on outdated legal texts has rendered the bureaucracy unable of keeping up with the changes of the day.

## Evolution and Reforms

The history of the Lebanese bureaucracy since independence can be subdivided into three important eras: The Postindependence Era, The Civil-War Era, and The Post-Civil War Era.

### The Postindependence Era (1943–1975)

President Bechara el-Khoury assumed office immediately after independence for two consecutive terms (1943–1952). The major concern of his administration was to consolidate peace and order in the newly independent state and to amend the Constitution. During this time, Lebanon moved quickly onto the foreign scene through its participation first at the regional level as a founding member of the Arab League in 1945 and, then, at the international level as the founding member of the United Nations in the same year. Efforts also were made to establish diplomatic relations with a number of countries. However, all this came at the expense of neglecting the country's administrative affairs.

Personnel matters were handled on personal basis, as there was no central personnel agency to control and coordinate personnel-related issues. Within each agency/administration, there was, instead, a unit referred to as "*Diwan*," or secretariat, in charge with these matters. As a result, nepotism in the appointment of civil servants and laxity in the enforcement of laws and regulations became a normal practice (Bashir 1977). However, two notable achievements took place under the Khoury Administration: the passage of a new Municipal Law in 1947 and the establishment of the Bureau of Accounts in 1951 as the guardian of financial morality within the bureaucracy. This audit court is entrusted with the supervision of public funds through checking and scrutinizing the legality of financial transactions and their conformity with rules and regulations.

Khoury was followed by President Camille Chamoun (1952–1956) who was aware of the need for administrative reforms. Accordingly, Chamoun passed several decree laws as an attempt to reorganize the bureaucracy. Most remarkably was the Legislative Decree No. 13/1953 which formally organized the Lebanese bureaucracy by creating civil service grades and establishing competitive examinations as a condition for appointment in high administrative echelons. In addition, the Chamoun Administration lifted immunity over civil servants and, as a result, terminated the service of a number of public employees who were accused of partisan conduct and abuse of public authority. Equally

important was the establishment of a new Ministry of National Planning to be responsible for formulating an economic and social plan for the country in 1958.

Among the other developments that took place under the Chamoun Administration were the recruitment of a Ford Foundation consultant who was requested to conduct a comprehensive study of administrative reform and the establishment, probably for the first time, of seven public autonomous agencies which set in motion an important trend that continued under the Shehab Administration. In 1958, the country witnessed serious internal political turmoil that resulted in the almost collapse of the political system in Lebanon and the obstruction of the developmental plans that were underway.

The real institutionalization of the Lebanese bureaucracy, however, occurred under President Fouad Shehab (1958–1964) who attempted to initiate an ambitious and comprehensive governmental reform, encompassing administrative, social, and economic endeavors. His motto was to build "the State of Independence" (Crow and Iskandar 1961; Grassmuck and Salibi 1964). He, apparently, saw the restoration and the strengthening of the administration as a means of establishing the power of the state over the sects and over local political leaders (Grassmuck and Salibi 1964). Shehab thought of professionalizing the civil service and using it as a tool to overcome Lebanon's factual politics by decreasing his contacts with traditional politicians and by relying, instead, on a cadre of competent and efficient civil servants.

The Shehabi reform was characterized by the use of a reasonably sophisticated and well-organized machinery. The major emphasis of the Shehabi reforms focused on revising many of the basic policy laws and on dealing with all the features of the administration, including personnel-related issues, work methods and procedures, and inspection and control. These attempts were embodied in a set of legislative decrees through which a prominent movement was materialized. The most significant of these attempts was the passage of a new personnel code (Legislative Decree No. 112/59); the creation of two external control agencies – the Civil Service Board (Legislative Decree No. 114/59) to be in charge with coordinating all personnel matters and the Central Inspection Commission (Legislative Decree No. 115/59) to be in charge with overseeing administrative transactions and conducting studies to improve the bureaucracy – the reorganization of the Bureau of Accounts (Legislative Decree No. 118/59), in addition to the establishment of the National Institute of Public Administration and Development within the Civil Service Board to be entrusted with the responsibility of preparing candidates for public offices and training already existing employees throughout the bureaucracy.

Reform attempts that took place under Shehab were the most serious and comprehensive. They laid down the foundations and the present framework of the Lebanese bureaucracy. The establishment of the CSB and CIC, for instance, intended to depoliticize the administration and promote an impartial bureaucracy, free from political pressures and interferences. Similarly, the passage of the new personnel code, determining employees' rights and duties, and covering all personnel matters relating to selection, appointment, testing, training, promotion, and transfer, laid down the bases of the merit system within the bureaucracy. Other notable achievements were in the social, economic, and developmental areas. These include the establishment of the Central Bank and the National Security Fund in 1963; the establishment of the council of Implementation of Major Projects for the City of Beirut in 1963; and the creation of the Fruit Office, and the Green Plan, just to name a few.

The 1959 reforms constitute, therefore, a turning point in the history of the Lebanese bureaucracy. Reformers started to look at the public service from a new perspective. This, of course, was accompanied with a shift in the role of government from a provider of public services to a planner and a participator in the process of economic and social development as well.

President Shehab was succeeded by President Charles Helou (1964–1970), who was committed to protect and preserve the Shehabi achievements. His reform attempts centered around eliminating

corruption in the bureaucracy through taking purgative measures against corrupt civil servants and through establishing a General Disciplinary Council to ensure proper conducts of public employees.

Helou was followed by President Suleiman Frenjyeh (1970–1976) – a traditional leader who opposed the Shehabi line. Frenjyeh sought to reassert the authority of the old political, sectarian, and feudal class by allowing increased political intervention in the bureaucracy. Before the end of his term, the civil war erupted in 1975, entering the country in an endless unrest and deterioration on all fronts.

### The Civil War Era (1975–1990)

The war resulted in tragic loss in human lives, alarming emigration of the youth and the educated individuals, widespread damage to the country's infrastructure, and the collapse of the economy. The total damage of physical assets sustained during this period was estimated by the United Nations at $25 billion (United Nations Development Program 1991).

With the advent of the civil war in the mid-1970s, reform programs were interrupted, and the bureaucracy returned to the starting point – to what it was before independence and even worse. The civil war inflicted serious damages to both the body of the bureaucracy and its spirit, thus moving the administration from a state of disorder to a state of paralysis and from deviation to collapse. It resulted in an extensive damage to office buildings, facilities, and equipment, as well as in serious devastation in the provision of essential public services due to significant damages in the country's infrastructure. It was reported that in 1992, about 50% of telephone connections were in service. "All water treatment plans were seriously damaged; the power system has 500–600 M.V. generating capacity; most of government schools and hospitals were severely damaged, and there was no functioning treatment facilities" (World Bank 1992, p. 19).

The most serious damage was, however, in the erosion of higher authority which was manifested through the lack of control and supervision within the bureaucracy. For instance, the Civil Service Council, the watchdog agency of the merit system, did entirely abandon its oversight function. The major criteria in personnel decisions on initial appointments and promotions were personal influence and external pressures (Kisirwani and Parle 1987). The war also led to a widespread corruption of all forms and to a large increase in all types of external pressures on the bureaucracy.

In addition, the war resulted in a shortage of personnel both quantitative and qualitative due to natural attrition, resignations, and to the Lebanese government policy to freeze civil service appointments. It was estimated that as of 1992, about 60% of civil service positions were vacant, in addition to approximately 2000 public employees who were still on the payroll but hold other jobs in Lebanon or abroad (Knox 1992). As for the remaining civil servants, many of them were seriously handicapped by outdated skills and patterns of thought as a result of the lack of exposure to new ideas and developments.

The war also resulted in a significant loss in public revenues emanating from the unwillingness of the public to pay for inadequate public services and the inability of government to collect various taxes and fees. The serious deterioration in the provision of essential public services led to the emergence of certain private groups which particularly replaced the government in the provision of alternative form of services (such as electricity and telecommunications) at rates beyond the reach of middle and lower income groups (Antoun 2008). In short, during the civil war, the main issue was how to settle conflicts and stop the bloody war. No attempts for administrative reform were undertaken.

### The Postwar Era (1990–Present)

The Tai'f Accord of 1989 marked the end of hostilities and ushered a new era of peace and normalcy. The first priority was to implement the Tai'f Accord through amending the Constitution and holding parliamentary elections. Rehabilitating and reforming the bureaucracy imposed itself as an urgent need. And the first postwar government, headed by Prime Minister Rafik Hariri, showed a great commitment to revitalize and reform the bureaucracy from the damages inflicted upon it by the civil war. This

commitment was coupled with a serious support by a number of international donor organizations such as the World Band and the United Nations Development Program (UNDP).

Rebuilding the bureaucracy and improving its capabilities were seen as the precondition for rebuilding the economy and restoring government services. For any expected success in the economic, social, or political development of the country depends a great deal on the reinvention of a bureaucracy capable of guiding such programs to their successful ends.

In addition to rehabilitating governmental buildings and offices, administrative problems in postwar Lebanon have been essentially expressed in terms of overstaffing at lower levels, understaffing at the senior and middle management levels, inadequate skills and training, structural distortions, outdated methods and practices, low wages, loss of resources, in addition to widespread spoils and corruption. Thus, among the major issues that postwar administrative reforms had to address were reorganizing the structure of the bureaucracy, filling vacancies, streamlining work methods and procedures, activating training, eliminating corruption, creating a job classification plan, and a new pay scale.

In order to carry out the task of administrative reform, an Office of Institutional Development – later known as the Office of the Minister for Administrative Reform (OMSAR) – was established to study and assess the needs of rehabilitating and reforming the bureaucracy. The office is supported and funded by the United Nations Development Program and is directly related to the Minister of State in charge with the responsibility of administrative reform. At the outset, the role of the office was, mainly, to support the government in its initial efforts to rebuild government services and, thereafter, to ensure continuous improvement is made. OMSAR has been seen as central to the reform process, without which the necessary energy and momentum for reform could not be developed.

Among the major issues that OMSAR is currently dealing with are: reviewing the current structure of the Lebanese bureaucracy; reviewing the present organizing texts most of which are outdated going back to the 1950s; reviewing work methods and procedures as well as the new technology; and assessing human resources needs in terms of training, coaching, evaluations, etc. However, administrative reform is not solely the responsibility of OMSAR. External control agencies play an important role in this process, and so does the National Institute of Public Administration which was turned into an autonomous agency in 2000.

## Conclusion

The Lebanese bureaucracy, as we know it today, is only 75 years old. However, it has been shaped by a long history of Ottoman and French domination and by the deeply rooted social norms and political culture of the country. Although the characteristics and deficiencies of the Lebanese bureaucracy seem to be static, the evolution of this bureaucracy since independence reflects a constant change, characterized by its ups and downs within a life cycle of birth, death, and then rebirth. This life cycle has been translated in terms of initiation, reform, deterioration, rehabilitation, revitalization, and modernization.

Since its independence, Lebanon has witnessed a series of attempts aiming at reforming and modernizing its bureaucracy. Almost every administration carried along with it a program for administrative reform, with the Shehabi reforms being the most significant of all. In the past two decades, there have been serious efforts, coupled with a serious commitment, to reform the bureaucracy – a commitment on the part of the government and on the part of international organizations that are supporting and funding administrative reform programs. Reforming and modernizing the bureaucracy has been viewed as an *apriori* condition to restore trust in government, to improve service delivery, and to rebuild and boost the country's economy.

## Cross-References

► Bureaucracy and System Maintenance

## References

Antoun R (2008) Toward a national anti-corruption strategy. The Lebanese Transparency Association and United Nations Development Program, Beirut
Bashir I (1964) Planned administrative change in Lebanon. American University of Beirut, Beirut
Bashir I (1977) Civil service reforms in Lebanon. American University of Beirut, Beirut
Crow R, Iskandar A (1961) Administrative reform in Lebanon, 1958–1959. Int Rev Adm Sci 27:293–307
Grassmuck G, Salibi K (1964) Reformed administration in Lebanon. American University of Beirut, Beirut
Haase T (2017) A challenging state of affairs: public administration in the Republic of Lebanon. Int Rev Public Adm. (Published online: October 2017)
Hottinger A (1966) Zuama in historical perspective. In: Binder L (ed) Politics in Lebanon. Wiley, New York
Hourani A (1954) Syria and Lebanon: A political essay. London: Oxford University Press
Hudson M (1968) The precarious republic. Random House, New York
Iskandar A (1964) Bureaucracy in Lebanon. American University of Beirut, Beirut
Kisirwani M, Parle W (1987) Assessing the impact of the post-civil war period on the Lebanese bureaucracy: a view from inside. J Asian Afr Stud 22(1–2):17–32
Knox D (1992) Rehabilitating the public administration: the issue. UNDP report, 28 Aug 1992
United Nations Development Program (UNDP) (1991) United Nations inter-agency needs assessment mission to Lebanon, 1991 Report
World Bank (1992) Emergency construction and rehabilitation project. (Report, November 1992)
World Bank (2005) Lebanon: public expenditure reform priorities for fiscal adjustment, growth and poverty alleviation (Report no. 32857-LB). Washington, DC

# Lebanese Higher Education Landscape

Jad Kawtharani
Institutional Effectiveness and Quality Assurance, Doha Institute for Graduate Studies, Doha, Qatar

## The Lebanese Higher Education Landscape

### The Historical Evolution of Higher Education in Lebanon

To be able to understand how the Lebanese higher education landscape came to be, as we see it today, one must understand the historical context in which education and higher education evolved in Lebanon. Lebanon, a republic formally established in the early twentieth century, was historically part of the Ottoman Empire since its inception in the fourteenth century until its downfall in 1923. Directly after, Lebanon was temporarily held under colonial mandate by the Republic of France, until attaining its independence in November 22, 1943. The country thus carries a heritage from the Ottoman Empire, which demised in the form of a Turkish colonial state, followed by a brief but influential French mandate of 20 years ending in independence. The socioeconomic and geopolitical factors (during the French mandate) were manifested at two levels: the local level where the competing interests of Lebanon's religious sects sought to establish strong *national* footholds by securing regional and international alliances, and a regional and the international level expressed through competing economic power in post-industrial-revolution Europe. The historic heritage and both the socioeconomic and geopolitical dynamics during the formation of Lebanon have influenced the molding of its educational landscape and the role of the "state" in regulating education amid conflicting sectarian interests, albeit in an amalgamate residual fashion that echoes both Ottoman and French eras (Bashur et al. 1999, pp. 106–107).

The Ottoman Empire, until the years that preceded its demise, approached education as a religious matter that needs not to be regulated by the state but by the religious sects themselves who were indeed left free to establish institutions of education and regulate their educational affairs (Bashur et al. 1999, pp. 106–107; Bashur 1974). This margin of tolerance gave rise to a strong presence of Christian missionaries who invested heavily in religious institutions and especially those for education in Lebanon. This amounted to 47 schools by the year 1882, two of which have been considered as landmark educational achievements in Lebanon and the region: The Syrian Protestant Collage (now the American University of Beirut) founded in 1866 by the Evangelists and the Saint Joseph Collage (now the University of

Saint Joseph) founded in 1875 by the Jesuits. However, some time before that, the Ottoman Empire's lack of interest in regulating education took a turn in 1846 when an Ottoman Imperial decree authorized the establishment of a ministry of *knowledge* (education) which in turn replaced the religious sects' jurisdiction over education. This decree naturally covered Lebanon being part of the Empire (Bashur et al. 1999, pp. 108–112). The decree stipulated that education is divided into elementary, secondary, and higher stages and that it is free for the public, which indeed holds true today as mandated in Lebanon's constitution. It also reserved the rights for religious sects to establish schools but it differentiated public and private institutes of education. By 1869, the Ottoman Empire had established public (state) schools that were very limited in number and of mediocre standing compared to the prevalent private schools. The first attempt by the *state* (at that time the Ottoman Empire) to regulate education was in the form of regulations on private institutes such as the need for approval of the programs being taught (Bashur et al. 1999, pp. 108–112). In 1913, the importance of education and the role of the state were further emphasized by a decree stating that elementary education is both free and mandatory to the extent that parents were imprisoned for not assuring their children's elementary education. It is worth noting that due to their limited number, their less than average conditions and teaching capabilities, and due to the anti-Turkish nationalistic sentiments, the Lebanese *communities* did not trust the Ottoman public school system; they deemed it of poor quality and incapable of developing its students' abilities and enabling them to reach better social standings. This led to stronger rooting of private education, something that is still engrained in the Lebanese culture today (Bashur et al. 1999, p. 117).

The French mandate strengthened this tendency further, contradicting by this their own educational philosophy implemented in France, and encouraged the privatization of the education system. This resulted in a major increase in the number of private institutes of education from 668 private schools in 1919 (the year the Allied forces entered Lebanon) to 1279 in 1943 (the year of independence) with a mere 308 of the schools being public equivalent to only 19% of the total number of schools (Bashur et al. 1999, pp. 173–175). The French policy further subdued state education by heavily funding private schools who taught French and French curricula (almost all private schools); for example, 90% of the student of Jesuits schools where fully financially sponsored (Bashur et al. 1999, p. 121). This policy also gave way to a Jesuit domination of the education system throughout the period of the mandate and well into the post-independence era till the late 1950s, where the Jesuit fathers supervised the ministry of *knowledge and arts* thus controlling school curricula, teaching language, degree types, and examination ordinances (Bashur et al. 1999, p. 124).

This snapshot allows for a reflection upon how the historic factors and their postindependence residual influences, alongside severe social, religious, and political divisions, paved the way for an entrenchment of a multisectarian private system of education. Moreover, the political system in Lebanon, which is sectarian in nature, controlled the institutionalization of education and mainly sought to serve its own agendas without fear of accountability due to lack of monitoring mechanisms and regulatory legislation that were beyond the reach of the country's weak parliament (Bashur et al. 1999, p. 146). The result of a centralized system, which was controlled politically and in the absence of accountability, was devastating and quite the opposite of what would be expected, i.e., instead of centralized monitoring and regulation, absence of regulation prevailed and the education sector suffered from violations and irregularities. We conclude this section by quoting from Bashur et al. (1999, p. 149), "it is by no historical chance that the condition of the State's administration of education is suffering and lost among the quantum numbers of ministerial directorates, administrations, and units but rather it is the manifestation of the absence of a political will and decision to found a reformed education system." The role of the State in higher education is further investigated, along with the issues of centralization vs. decentralization, in the section "State and Higher Education."

## Description of Current System

### The Lebanese Higher Education Institutions

Lebanon's Education sector is enormous as it includes one third of the population and forms an intricate space where social, economic, and political factors and agendas intertwine (Amine 1994, p. 13.). Historically, Lebanon attained a regional reputation as a node of higher education, cradling the oldest and the most prestigious universities in the Arab world. In addition, the existence of modern (founded in nineteenth and twentieth century) higher education institutions; the increasing social pressure of a small sized population, enhanced by limited natural and economic resources; a geostrategic position in the Arab world; and an early embracement of a global economic market resulted in prioritizing the development of human capital to service the economic sectors both nationally and regionally. This in turn increased the demand on higher education and led the way to social and political groups catering for this demand by establishing new institutes (Amine 1994). This massification of higher education demand and provision started in the 1960s with President Fouad Shehab's program of state reform and building of state institutions. Strangely enough, the massification continued throughout the Civil War, which started in 1975 and ended in 1990. The increased demand and supply in education in an era of chaos, unaccountability, warring factions, and lack of state supervision came at a heavy price, as it undermined the quality of education (Amine 1994, p. 17). Of course, some higher education institutions strived and did excel by maintaining highest possible standards of teaching, and these were the institutes that allowed Lebanon to safe keep its reputation as a node of higher education in the Arab world. The above introduction helps to explain the increased number of higher education institutions and underlines the wide variations of quality between institutions and the impact of the Civil War on education in Lebanon. It also shows the ability of the current system to challenge any attempts to reform and establish quality in education. In preparation for further elaboration, in the subsequent sections, on the challenges and factors that impeded the progress of the Lebanese higher education, (whether intrinsic within the structure of system itself or residuals from the Civil War or originating elsewhere) a listing of the institutions of higher education will be presented.

Higher education commenced in the nineteenth century, by the founding of the Syrian Evangelical College in 1866, which was later named the American University of Beirut (AUB) (www.aub.edu.lb), followed by the University of Saint Joseph (USJ) in 1875 (www.usj.edu.lb) and the Sagesse University (which was first a law school), also in 1875 (www.uls.edu.lb). The Middle East University was founded in 1939 (www.meu.edu.lb), and then the Lebanese American University (LAU) in 1947 which was then named the Beirut College for Women (www.lau.edu.lb). A milestone in the evolution of the Lebanese higher education scene was the establishment of the Lebanese University (LU) in 1951, which was and still is today the largest and the only state funded public university in Lebanon (www.lu.edu.lb). Other private universities followed such as Haigazian University (HU) which was founded in 1955 (www.haigazian.edu.lb), the Beirut Arab University (BAU) in 1960 in affiliation with the Egyptian University of Alexandria (www.bau.edu.lb), the Holy Spirit University of Kaslik in 1961 (www.usek.edu.lb). These institutions, to a large extent, were able to preserve a reputation as Lebanon's and the region's most elite and prestigious universities and constituted a major influence in the higher education area in the region and Arab World. Suffice it to say that the impeding geopolitical and sectarian pressures, during the Civil War, resulted in the creation of additional universities during the period from 1980 to 1990, such as the Beirut Islamic School in 1986 (www.biu.edu.lb), the Notre Dam University in 1987 (www.ndu.edu.lb), University of Balamand in 1988 (www.balamand.edu.lb), and Al Manar University of Tripoli in 1990 (www.mut.edu.lb). Some of these institutions established themselves as serious universities and contributed to the much needed provision in higher education in a country divided by war and sectarianism. Year 1990 marked the end of the Civil War and a new

postwar era for the higher education landscape, which grew immensely for the past two decades. With increasing public demand for higher education, the system now caters to more than 190,000 students in 2015 compared to only 115,000 in 1995. This rise was mainly due to the private sector economy suddenly flourishing and rapidly expanding due to postwar investments and economic opportunities (Tempus 2012). The added provision was largely in the form of a large number of new private universities. The number of higher education institutes almost doubled since the 1990s with an increase of 22 new universities, all-private (MEHE 2016). At an estimated population of less than four million, Lebanon is now serviced by 48 higher education institutes, only one of them is public – the Lebanese University. Of the 47 private institutions, 36 have been given the license of a university whereas 11 compromise technical institutions, university collages, and institutions for theology and religions. These institutions have been founded mostly after the 1990s and have less than three faculties and mostly award technical or bachelor degrees.

#### Typology and Characteristics

The typology of the Lebanese higher education landscape is multifaceted. It is identified by a vast domination of private institutions and with one public university, which caters for 40% of the total population of students. However, the diversity is also manifested in many other aspects such as the university systems themselves: American, French, British, Canadian, Egyptian, and hybrids thereof. Universities also vary in whether they are religious/sectarian or secular, nonprofit or for-profit, or entrepreneurial as in family ventures or established by legal entities. The characteristics are vastly varying and although the scope of this study does not address these characteristics directly, it is important nonetheless to identify, analyze, and understand the major differences among the universities. Table 1 summarizes the main characteristics of the 36 private universities:

#### Sectarianism and Higher Education

The sectarian political factors exert significant pressures on the education system as a whole, including higher education, to the extent that the latter has been subdued to narrow political agendas that mirror prevalent political and sectarian divisions (Alamin 1994, p. 22). One illustrative example of this state of paralyzes is the divergence and lack of consensus, among politicians, and by consequence of pressures exerted by politicians, among education policy makers, on a unified "History of Lebanon" textbook to be adopted on a nation-wide basis in all Lebanese elementary schools. This is a simple, yet powerful example, on how sectarianism has intertwined with and consequently paralyzed the educational system's autonomy and integrity. This sectarian schism in education, which has its roots in the nineteenth century, was manifested concretely in the early 1970s on the eve of the Civil War, in the form of opposing views on the identity of Lebanon (Alamin 1994, p. 38). Ideological politics seeped into the classrooms and the textbooks with students' political views being influenced by sectarian pressures from those sharing their religious affiliation and by education as well. As a result, the education system was molded into serving the sectarian aspirations of the political groups, which dominated the geopolitical spheres in Lebanon.

## State and Higher Education

### The Role of the State

The intention of this section is neither to introduce the various models and systems of governments worldwide nor to present a political analysis discourse on Lebanon as a "state" and its system of government. The aim is to situate the Lebanese model of government within the context of higher education and to highlight the role of the state in this sector. It would help in this respect to note some of the major differences between the government system in Lebanon and those of its neighboring Arab countries. Elia Harik (Bashur et al. 1999) argues that most Arab countries can be depicted as "Patron" states or as transitioning "Patron" states that are typically based on centralized systems of governments where the state is in close control of all economic, political, and

**Lebanese Higher Education Landscape, Table 1** List of Lebanese Universities (Source: Ministry of Higher Education (MEHE 2012))

| University | Student count (2010) | Number of faculties | License date | Degrees awarded | Teaching language/ system | Website |
|---|---|---|---|---|---|---|
| Lebanese Academy of Fine Arts (ALBA) (before joining UOB) | N/A | 1 | 03 November 1944 | Bachelor | | http://www.alba.edu.lb |
| American University of Beirut (AUB) | 7,523 | 7 | 26 December 1961 | Diploma, Bachelor, Masters, PhD | American Credit System | www.aub.edu.lb |
| Beirut Arab University (BAU) | 16,124 | 10 | 26 December 1961 | Bachelor, Masters, PhD | English/ Arabic Credit System | www.bau.edu.lb |
| La Sagesse University (ULS) | 2,650 | 5 | 26 December 1961 | Bachelor, Masters | English/ Arabic/ French Credit System | http://www.uls.edu.lb |
| Holly Spirit University of Kaslik (USEK) | 6,805 | 11 | 26 December 1961 | Bachelor, Masters, PhD | English/ Arabic/ French Credit System | http://usek.edu.lb |
| Middle East University (MEU) | 178 | 4 | 26 December 1961 | Bachelor, Masters | English Credit System | http://www.meu.edu.lb |
| Saint Joseph University (USJ) | 9,331 | 11 | 26 December 1961 | Bachelor, Masters, PhD | French Annual Courses/ French Credit System | www.usj.edu.lb |
| Lebanese American University (LAU) - formerly Beirut College University | 5,450 | 4 | 26 December 1961 | Bachelor, Masters | American Credit System | www.lau.edu.lb |
| Haigazian University (HU) | 581 | 4 | 26 December 1961 | Bachelor, Masters | American Credit System | www.haigazian.edu.lb |
| Beirut Islamic University (BIU) | 532 | 1 | 15 October 1986 | Bachelor, Masters, PhD | Arabic Annual Courses | www.biu.edu.lb |
| Makassed University of Beirut (MU) | 183 | 3 | 15 October 1986 | Bachelor, Masters | Arabic Credit System | http://www.makassed.org.lb |
| Notre Dame University (NDU) | 5,699 | 7 | 14 August 1987 | Bachelor, Masters | English Credit System | www.ndu.edu.lb |
| University Of Balamand (UOB) | 3,864 | 10 | 04 June 1988 | Bachelor, Masters, PhD | English/ French Credit System | http://www.balamand.edu.lb |
| Manar University of Tripoli (MUT) | 380 | 4 | 15 November 1990 | Bachelor | English/ Arabic American System | http://www.mut.edu.lb |
| Global University (GU) | ? | 3 | 23 October 1992 | Bachelor, Masters | English/ Arabic Credit System | www.gu.edu.lb |

(continued)

**Lebanese Higher Education Landscape, Table 1** (continued)

| University | Student count (2010) | Number of faculties | License date | Degrees awarded | Teaching language/ system | Website |
|---|---|---|---|---|---|---|
| Islamic University of Lebanon (IUL) | 5,546 | 9 | 12 June 1996 | Bachelor, Masters, PhD | English/ Arabic French Annual Courses | http://www.iul.edu.lb |
| Antonin University (UPA) | 2,039 | 8 | 05 October 1996 | Bachelor, Masters | Arabic/ French/ English | www.upa.edu.lb |
| Lebanese French University of Technology and Applied Sciences (LFU) | 1,106 | 3 | 05 October 1996 | Bachelor | French Annual Courses | www.cut.edu.lb |
| Jinan University (JU) | 1,626 | 4 | 21 December 1999 | Bachelor, Masters | N/A | www.jinan.edu.lb |
| Hariri Canadian University (HCU) | 1,038 | 3 | 21 December 1999 | Bachelor, Masters | English Credit System | www.hcu.edu.lb |
| Lebanese German University (LGU) | 369 | 3 | 21 December 1999 | Bachelor, Masters | English/ French Credit System | www.lgu.edu.lb |
| Kafaat University AKU | N/A | 4 | 21 December 1999 | Diploma, Bachelor | French | http://www.aku.edu.lb/ |
| American University of Technology (AUT) | 772 | 3 | 14 January 2000 | Bachelor, Masters | English Credit System | www.aut.edu.lb |
| Arab Open University (AOU) | 4,075 | 4 | 22 June 2000 | Bachelors | English Credit System | http://www.aou.edu.lb |
| Sainte Family University (USF) | 335 | 3 | 19 July 2000 | Bachelor | English/ French Credit System | www.usf.edu.lb |
| American University of Science & Technology (AUST) | 2,055 | 3 | 07 August 2000 | Bachelor, Masters | English/ French Credit System | www.aust.edu.lb |
| Modern University of Business & Sciences (MUBS) | 1,521 | 3 | 07 August 2000 | Bachelor, Masters | English/ French/ Arabic Credit System | www.mubs.edu.lb |
| Arts Sciences & Technology University of Lebanon (AUL) | 3,363 | 3 | 07 August 2000 | Bachelor, Masters | English/ French Credit System | http://www.aul.edu.lb |
| Lebanese Canadian University | 1,117 | 3 | 07 August 2000 | Bachelor, Masters | English/ French Credit System | http://www.lcu.edu.lb |
| Lebanese International University (LIU) | 13,706 | 6 | 22 March 2001 | Bachelors | American Credit System | http://www.liu.edu.lb |
| University of Tripoli (UOT) | N/A | 3 | 14 April 2009 | Bachelor, Masters | Arabic/ English Annual Courses | info@ut.edu.lb |

(continued)

**Lebanese Higher Education Landscape, Table 1** (continued)

| University | Student count (2010) | Number of faculties | License date | Degrees awarded | Teaching language/ system | Website |
|---|---|---|---|---|---|---|
| University Of Sciences And Arts In Lebanon USAL | N/A | 3 | 14 April 2009 | Bachelor | Arabic and English | http://www.usal.edu.lb/ |
| American University of Culture & Education (AUCE) | 2,993 | 3 | 17 June 2009 | Bachelor, Masters | English Credit System | http://www.auce.edu.lb |
| Al Maaref University | N/A | 3 | 22 December 2011 | Bachelor | Arabic and English | http://www.mu.edu.lb/main/ |
| Phoenicia University (PU) | N/A | 6 | 10 October 2012 | Bachelor | Arabic and English | https://pu.edu.lb/ |
| AZM University | N/A | 3 | 20 August 2015 | Bachelor | English | http://www.azmuniversity.edu.lb/home |

educational matters of the country. These countries approach education, including higher education, as a national priority with the purpose of raising politically indoctrinated generations. They also consider that it is the unquestionable duty of the state to provide education to the public. Lebanon, Harik continues, has been characterized as a nonauthoritarian democratic form of government that allows for a provision of education by both the private sector and the state itself. As we have seen in the previous section, the Lebanese government since its independence has allowed the private and civil sectors to provide for education and specifically higher education, while playing the role of a monitor and regulator. According to Harik, a departure from this policy could, however, be observed in the directions taken by the post-Civil War governments since the early 1990s. They started to adopt characteristics of the "Patron" state by increasing control in several aspects of life and specifically education, which the new governments started viewing as an opportunity to forge a common national identity within post-Civil War generation. Examples of this are the attempts by the government to establish unified pre-higher education curricula that apply to both public and private schools. The more important argument that Harik presents is establishing doubts on the ability of the government in Lebanon to represent the interests of the "public good," which is quite difficult to define, and consequently increase its control on such aspects of the "public life" and specifically education; he also raises an even more important issue on whether the government in Lebanon has actually the capacity and capability to exercise such an increased control.

## The Regulation of Higher Education in Lebanon

The Lebanese Constitution ensures the freedom and independence of education, it states "...education is free so long as it is not contrary to public order and morals and does not touch the dignity of any of the religions or creeds. No derogation shall affect the right of religious communities to have their own schools subject to the general prescriptions on public education issued by the State" (Article 10 – Lebanese Constitution). However, it does not establish the right of nor guarantee the provision for each citizen to have proper education.

Higher education in Lebanon is divided into two categories: vocational tertiary education and general or nonvocational higher education – in this article we focus on the latter.

Policy on higher education lies within the authority of the Ministry of Education and Higher

Education (MEHE 2016). This authority is mandated through laws and regulations that are based on the higher education legislation, which goes back to the 1960s and was revised and amended in 1996. The 1961 law established the Council for higher education, which has the prerogative to license new higher education institutions. On the other hand, the Lebanese University is self-governing and has its own autonomous structure. The MEHE operates and regulates the sector through two standing committees, the first is the Technical Committee and the second is the Equivalency Committee. These committees are in charge of regulating, more or less, the quality assurance aspects of the higher education sector in respect to licensing, auditing, and institutions/programs of study validation.

In 2002, and undoubtedly in response to the intense proliferation and expansion of private universities, the Directorate General for Higher Education (DGHE) was established as part of the Ministry of Education and Higher Education in order to regulate the private higher education sector and supervise, maintain, and coordinate all actions related to it. As such, the DGHE is the government entity in charge of the aforementioned private higher education institutions in Lebanon.

## Need for Reform and Quality Evaluation

### Accountability, Public Interest, and Internalization of Higher Education

The rise in the number of private universities in Lebanon, of which only a small part are openly declared as nonprofit institutions, has led to concerns on the quality of education they provide. Lebanon is in dire need of proper ways to ensure that it will maintain its regional reputation as a quality provider of higher education. Demands for accountability and assurances of the quality of the Lebanese higher education system have now increased within the institutions of higher education themselves and among the public, the employers, and policy-makers alike (Kaissi et al. 2008).

The ever expanding and globally diverse systems of higher education bring to the forefront the challenge of quality and quality assurance. In regional contexts and within individual countries debate is continuing on the role and form of quality and quality assurance for higher education. In the case of Lebanon, the practice of a system of external examiners or the more formal and institutionalized independent quality assurance authority are absent, which is only now being addressed in the form of draft law for the Lebanese Agency for Quality Assurance (MEHE 2016).

Within the Lebanese higher education context, accreditation is fairly new, but nonetheless the accreditation trend has recently picked up pace, and out of the 47 private competing institutes of higher education, a small number of universities has already acquired, or are in the process of acquiring, professional accreditation from international accreditation providing agencies such as AACSB, Accreditation Board for Engineering and Technology (ABET), Open University Validation Services (OUVS), and others. Although the vast majority has not yet been involved in such demanding processes, the majority is feeling the pressure. This comes at a time when government and regulatory boards stress issues of quality and reform within the Lebanese higher educational system and where public bodies – employers, parents, students, and society – have become more aware and even more demanding of the need for notions of quality and accreditation. Moreover, the huge competition among these universities and their vast diversification, manifested in the university reputations (prestigious or newly established), educational models (American, French, British, or other), nonprofit or profit seeking, and their academic affiliations with other universities (international, regional, or solely local) have started raising questions among stakeholders of higher education. For example, what makes a university better? How can a university's worth and quality be established? Does accreditation serve such a purpose? Does it effectively affect quality? The research literature does not provide direct answers to these questions although it is

now commonly deemed by the public and the universities themselves as a differentiator of quality and a stamp of approval to a university's worth. The race for acquiring accreditation in the Lebanese higher education community has been increasing while the concept of accreditation and its applications still leaves many questions unanswered all of which, accreditation and its associated questions, need answers, thus inducing further enhanced the scholarly interest into studying the specifics of accreditation.

Kaissi et al. (2008) identify several factors that affect the Lebanese higher education system such as globalization as manifested in regional cooperation, trade agreements, and demand for technology development, which increased the international exchange of resources with the region including human capital. The accelerating globalization of higher education, with international and cross-border providers of higher education acting as major players, rendered the need, to develop frameworks for quality assurance and international recognition of awards and qualifications, has never been so important. The authors (Kaissi et al. 2008) believe that these factors are affecting the Lebanese higher education system and pressuring it to make sure that its awarded qualifications are internationally competitive and recognized by the international labor market.

The human resource is Lebanon's most competitive asset and as such, it should be the country's main priority to enhance human capability by vocational training and education. However, the education sector suffers weakened public management due its low institutional capacity, efficiency, and quality (EURO-MED Partnership 2006). The Lebanese education sector also suffers from continuous migration from the country of youth and middle-class, and by high unemployment and low confidence in equal access to economic opportunities (Euro-Med Partnership 2006). Despite these aggravating factors, the private education sector has had positive influence on Lebanese education by attracting competent skills and resources in teaching and administration. Moreover, the national expenditure on education is relatively high (9% of GDP) and mainly due to private sources, which comprise 60% of this expenditure. Adult literacy has increased from 65% in 1972 to reach 85% in 1997, primary schooling is almost universal, net enrolments in secondary education are around 50%; post-secondary enrolments are around 25%, and gender differences are not particularly significant (Euro-Med Partnership 2006).

### Attempts at Reform

The aforementioned challenges establish the need to further develop the higher education sector. The government recognizes the shortcomings in the education system, and has launched a number of reforms, that have been manifested in several reform projects and one decreed law and two draft laws currently being considered by the Ministry of Higher Education:

- The law for organizing the private higher education sector (law #285) which was passed in 2014
- The draft law for creating the Lebanese Agency for Quality Assurance
- The draft law for restructuring the directorate of higher education in the Ministry of Higher Education

Other reform projects pertain to developing an information system in support of the national education strategy, reforming the administrative capacity of education strategic planning, rationalization of teaching staff management, and improving teacher training/inspection and counseling/examination and evaluation (Euro-Med Partnership 2006).

The Ministry of Higher Education has declared that the reform of the Lebanese higher education system and in particular areas of improving quality of this system sits high on its agenda (Higher Education Strategic Plan: Documentation of Ministry of Higher Education, DGHE, 2007/2008).

In addition, the area of reform of higher education and particularly the emphasis on quality assurance in the Arab world and particularly in Lebanon has been established as part of the EU country strategy paper (Lebanon 2007–2013) (EC 2012), and part of the recommendations of the World Bank (MENA Development Report,

"The Road not Travelled"), Education Reforms in the Middle East and North Africa (World Bank Publications 2008), and with the recommendations of the conference of Arab ministers of Higher Education in Dubai 2007.

Kaissi et al. (2008), in a project that was funded by the Trans-European Mobility Scheme for University Studies (Tempus), attempt to highlight the European experience in the field of quality assurance and to exemplify, within the Lebanese higher education context, the benefits and challenges linked to the development of quality management in higher education. TEMPUS aims to create an area of co-operation and support the modernization of higher education in countries surrounding the European Union in contribution to the globalization challenge facing higher education institutions (TEMPUS 2012). The aforementioned project, named Quality Assurance for Higher Education in Lebanon (QAHEL), investigates several QA models that have been used in Europe, from participative models to more centralized approaches, providing an opportunity for Lebanese higher education institutions to become aware of the existence of quality assurance systems and allow them to benefit from it. The project and its outcomes are of special interest to this research and thus will be elaborated in the following.

The project puts forth specific goals, namely, to the development of three guides in quality assurance for higher education, train Lebanese academics in the field, and support universities to establish their own institutional quality assurance units. A steering committee for the project was formed, and it devised the following approach to achieve the above. The first step was to evaluate "quality in Lebanon" through a closed-ended questionnaire, which was developed by the steering committee, covering the following issues in quality: "mission statements, goals, program planning, student admission, academic appointments, academic staff appraisal, support services, research, self and external evaluation, benchmarking, governance, non-academic quality issues (attractiveness of campus, positive attitude of staff. . .)." The questionnaire also included open-ended questions with two main objectives. The first is to identify other important quality assurance mechanisms and procedures that respondents think are important for the Lebanese higher education sector (not included in the questionnaire), the second is to identify the problems and gaps facing the Lebanese universities in the field of quality assurance. The findings of the questionnaire showed important problems and gaps in the system. The lack of laws, national agency, national standards, and guidelines for quality assurance processes and lack of accreditation procedures were mentioned by 62.5% of responding universities. Other findings included lack of understanding of the quality assurance system, the political and sectarian interference, lack of faculty and staff development, lack of adequate library facilities, and lack of cooperation and coordination. The second step in the approach of the project was to develop three guideline documents, which provide advice on standards and performance indicators for the Lebanese universities. The document covers the areas of quality and quality management, self-evaluation, and quality audits and accreditation for higher education institutions. The guides attempted ". . .to safeguard and promote public confidence in the quality of higher education in Lebanon, assist institutions in enhancing the quality of their provision, ensure that there is clarity and transparency in quality assurance processes and outcomes, and provide a measure of accountability."

The project concludes by highlighting the "urgent need to enhance the quality of the Lebanese higher education system and to establish a Lebanese National Quality Assurance Agency," the agency, as Kaissi et al. (2008) describe it, is expected to play key functions in enhancing higher education quality in Lebanon:

- Setting criteria for higher education standards based on the QAHEL outcomes;
- Promoting and disseminating good practice of quality assurance in higher education in Lebanon;
- Assessments related to the initial opening of programs and institutions;
- Supervision of the current functioning (institutions/programs)

- Granting accreditation
- The dissemination of information on the recognition and accreditation status of both institutions and programs

The project concludes with the need for higher education stakeholders (higher education institutions, students, teachers, researchers, professional bodies, and employers. . .) to agree on the scope of work and a set of guidelines for such a future national agency that can provide both a reference framework and a total approach to quality in the Lebanese higher education sector. It would provide a system of standards and indicators for the Lebanese higher education sector, as it progresses, through self-improvement, towards international best practice.

## References

Amine A (1994) Education in Lebanon: perspectives and observations. Dar Al Jadid, Beirut

Bashur M (1974) The Lebanese education system structure. The Center for Educational Research and Development, Beirut

Bashur M, Harik I, Kobeussy H, Abu Rujeili K, Al-Ghusayni R, Al-Awit H (1999) The state and education in Lebanon. Lebanese Association for Educational Studies, Beirut

EC (2012) European Commission. Retrieved 8 Sept 2012, from http://ec.europa.eu/index_en.htm

EURO-MED Partnership (2006) Country strategy paper 2002–2006 & Nationation Indicative programme 2002–2004, vol 0

Kaissi B, Abou Chahine S, Jammal A (2008) Theme: new approaches to quality assurance in the changing world of higher education title: towards a new higher education quality assurance system for Lebanon Abstract. Retrieved from http://www.inqaahe.org/admin/files/assets/subsites/1/documenten/1241709235_28-kaissi-towards-a-new-he-qa-system-for-lebanon.pdf

MEHE (2016) Ministry of Education and Higher Education. Retrieved 8 Sept 2012, from http://www.higher-edu.gov.lb/

Tempus (2012) Tempus programme 2007–2013. Retrieved 8 Sept 2012, from http://eacea.ec.europa.eu/tempus/index_en.php

World Bank Publications (2008) MENA development report: the road not travelled, education reforms in the Middle East and North Africa. Retrieved 8 Sept 2012, from http://siteresources.worldbank.org/INTMENA/Resources/EDU_Flagship_Full_ENG.pdf

# Legal Challenges to IT in Public Administration

Cassandra Dodge[1,2] and Cara Rabe-Hemp[1]
[1]Department of Criminal Justice Science, Illinois State University, Normal, IL, USA
[2]Department of Criminology, University of South Florida, Tampa, FL, USA

## Synonyms

Cyberlaw, e-law; Electronic government, e-government

## Definition

Public administrative organizations: Government organizations that are responsible for executive functions, actions, and policy (Appleby 1947).
Cyberlaws/e-laws: A series of laws designed to specifically address the requirements and restraints placed on e-government and e-commerce entities (Otenyo and Lind 2011).
Compliance: Fulfillment of external laws and regulations.
Digital signature: Electronic validation technique used to authenticate and validate digital documents.
Electronic government: The use of information and communication technologies to deliver public services (Holmes 2001).
ICT: Information and Communication Technologies.

## Introduction

The increased use of Internet-based technologies and information and communication technologies (ICT), such as broadband, e-mail, fiber optics, text messaging, 4G, search engines, teleconferencing, and Wi-Fi, has been advocated as a vehicle to reform public administration. The goals of the reform, to make public administration "better and more efficient, effective, responsive, and

lean," rely on what has been coined as e-government, or use ICT to deliver public services (Otenyo and Lind 2011, p. 105).

The use of ICT in public administration is not particularly a new concept. As early as the 1970s and 1980s, computers were used to assist in administration, albeit in simplistic forms such as word processing (Groothuis 2007). In more recent years, technological innovations have increased the capabilities of administrative organizations. Internet and e-mail applications have allowed citizens to increase communications with government entities in ways not previously possible. For example, a recent Pew research study found that more Americans are using ICTs to access information, ask questions, and receive government services online (Pew Internet and American Life Project 2010). In many cases, physical documentation and communication are being phased out in favor of the efficiency of the digital age.

However, these conveniences do not change the obligations of public administrative bodies to adhere to the rule of law. Like its physical predecessors, digital data can be considered sensitive or private. Unlike physical documents, digital data can potentially be accessed externally. A poignant example of this is the organization *WikiLeaks*, which claims to have a database of more than one million leaked diplomatic and military documents. Their July 2010 release of 76,900 documents related to the war in Afghanistan prompted considerable public concern regarding the safeguarding of digital governmental information. It is the responsibility of public administration entities to ensure the data is protected, and it is only accessed and altered through authorized means. To ensure that these agencies are held to a sufficient standard of security, as well has to hold them responsible for abuses of sensitive data, additional legal constraints outlining the use of ICT and the associated data have been placed on public administration. For example, On December 17, 2002, the E-Government Act was enacted. The legislation was designed to address prior shortcomings of the federal government and improve the management and development of Internet-based technologies and information and communication technologies (E-Government Act 2002). On the other hand, open and transparent decision-making is crucial to the accountability of governmental officials. It is on this basis that the Freedom of Information Act (FOIA) of 1996 was passed. This balancing act between protecting information necessary to the security of the nation, protecting the rights of individuals to have privacy, and making information regarding the accountability of governmental decision-making more transparent underlies the legal challenges to Internet-based technologies and information and communication technologies in public administration.

## What Is Cyberlaw?

Actions of public administrative entities are largely controlled by existing constitutional and regulatory laws. These laws serve as the framework for creating regulations that address new areas of concern, such as the development and implementation of ICT in public administration. Cyberlaws, also referred to as e-laws, are a series of laws designed to specifically address the requirements and restraints placed on e-government and e-commerce entities (Otenyo and Lind 2011). The purpose of cyberlaw is twofold. First, cyberlaws are meant to establish procedures and requirements for the use of ICT in order to protect and secure sensitive and personal data. Five areas of concern have been of particular interest in the development of cyberlaws: the regulation of information processing, regulation of information transmission, regulation of content, governance of secrecy protocols and personal data protection, and directives indicating the form of information (Otenyo and Lind 2011).

Second, cyberlaws establish boundaries on the use of ICT by government agencies in order to prevent violations of constitutional rights. Admittedly, some cyberlaws have actually expanded the powers of these agencies and are controversial due to the perception that they infringe on the rights of citizens. One such example is the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, colloquially known as the

Patriot Act. The Patriot Act greatly expanded the surveillance capabilities of federal law enforcement and intelligence agencies, authorizing the electronic monitoring of citizens in the name of national security (US PATRIOT Act 2001). In addition to concerns of overstepping the bounds of constitutionality and privacy, it has also been argued that the overdevelopment of cyberlaws can become a hindrance on e-governance and the benefits it could potentially provide.

## Examples of Cyberlaws

Cyberlaws can be implemented at the state or federal level and vary in their scope and purpose (Otenyo and Lind 2011). For example, some of these laws are designed to specifically address the activities of individual government agencies. On the other hand, some cyberlaws are designed to set standards and requirements for all agencies. Other cyberlaws were created to supplement prior legislation, using the original law as a framework while elaborating on new requirements that take ICT into consideration. The following section outlines several federal cyberlaws that have a direct effect on the operation of public administration. While this is not an all-inclusive list of federal cyberlaws, the selected legislations illustrate some of the challenges faced by public administration in regard to information technology and ICT.

As previously indicated, the E-Government Act of 2002 was designed to address prior flaws in the development, maintenance, and implementation of ICT in conjunction with federal agencies (E-Government Act 2002). Within the E-Government Act, two other significant pieces of e-law legislation were also enacted: the Federal Information Security Management Act (FISMA) and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA). FISMA focuses on the security of federal data and information systems. Within the text of FISMA, information security is defined as "protecting information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide. . .integrity. . . confidentiality. . . availability" (FISMA 2002, p. 2947). The law concerns all information systems operated by agencies in the legislative and executive branches of the federal government. In order to remain in compliance with FISMA, all federal agencies are required to develop, document, and implement programming designed to establish security procedures and protocols to protect agency assets and operations. These requirements also extend to cover ICT systems and data provided or managed by third parties on behalf of a federal agency. In order to receive certification and accreditation, system managers are required to complete an inventory of the information system, categorize the systems based on risk level, develop and implement security controls, conduct a risk assessment, and develop a security plan. Following accreditation, monitoring of the system continues, and the process repeats (FISMA 2002).

Compliance with FISMA is costly and time consuming, and the responses to the law are mixed. Advocates argue that the law created a legitimate framework for the management of information security. Opponents of the law argue it is far from perfect. Two of the largest areas of concerns are the issue of user complacency and the measurement instrument for compliance. Agency managers may consider the requirements as a checklist that needs to be completed, rather than considering the actual purpose of security. The requirements for compliance do not help alleviate this mindset, as compliance only requires the development of a security plan. There is no consideration for the effectiveness of the plan (Jackson 2007, 2009).

As alluded to before, some cyberlaws target specific types of data or specific agencies; CIPSEA is one such law. CIPSEA was enacted to establish uniform policies across federal statistical agencies, such as the Bureau of Labor Statistics, the Bureau of Economic Analysis, and the Census Bureau. The policies specifically concerned confidentiality protections for statistical data and allowances for information sharing between these bureaus. The law was designed to address concerns of citizens and businesses, who had become reluctant, or even hostile to the idea of participating in federal statistical surveys

(CIPSEA 2002). This concern is legitimate. Journalist Joab Jackson illustrated the two sides of this issue in an example concerning the energy department and energy companies. In order to remain competitive, companies must keep trade information secret. Alternatively, the energy department needs statistical data on energy use trends (Jackson 2004). The federal perspective was addressed in Subtitle A of CIPSEA:

> Declining trust of the public in the protection of information provided under a pledge of confidentiality to the agencies adversely affects both the accuracy and completeness of statistical analyses. . .Ensuring that information provided under a pledge of confidentiality for statistical purposes receives protection is essential in continuing public cooperation in statistical programs. (CIPSEA 2002, p. 2965)

CIPSEA was designed as a form of legal reassurance to citizens and businesses that all data collected by these agencies would not contain identifying information and the data would be used for statistical purposes only unless informed consent was obtained (CIPSEA 2002).

Another benefit of cyberlaws is the possibility of increased transparency of government agencies. Some laws were already in place to serve such a purpose and became the framework in which cyberlaws have been developed. The Freedom of Information Act (FOIA) was initially established in 1966. The law outlines mandatory disclosure procedures for requested information and documentation controlled by the US government as well as establishes exemptions to the law (FOIA 1966). As a result of the expansion of ICT, the Electronic Freedom of Information Act (E-FOIA) of 1996 amended the original law: all records created after November 1, 1996 must be made available through electronic means. Additionally, the law required that all agencies publish indexes from 1967 and beyond, which had already been required in a physical format, electronically no later than December 31, 1999. Due to the added administrative strain such requirements added to agencies, the response time for request completion was extended to 20 days (E-FOIA 1996). In the years immediately following its initial implementation, compliance with E-FOIA was problematic. Specifically, agencies were struggling to transfer the significant amount of records to electronic formats while also maintaining and responding to new FOIA requests, especially with a lack of additional funding, staff, and resources (Dat' 2000). This is not an uncommon issue in regard to the difference between legislation in theory and in practice. Leslie A. Jensen, a FOIA specialist, summarized the issue overall, stating, "E-FOIA overall is a good thing. But it is the same old story. In my opinion, Congress sometimes mandates without giving funds. I think we've done well in E-FOIA given the constraints in funds" (Dat' 2000, n.p.).

As mentioned before, one of the areas of interest when developing cyberlaws concerns the form information can take. More specifically, such laws may address the legal validity of digital documentation. The Electronic Signatures in Global and National Commerce Act of 2000 (ESIGN Act) specifically concerns the validity of digital signatures used during financial transactions in the private sector. The intent of the ESIGN Act was to ensure that a signature could "not be denied legal effect, validity, or enforceability solely because it is in electronic form" (E-SIGN Act 2000, p. 464). Ultimately, these records were to be considered legally equivalent to the signature in physical documents. Interestingly, government entities do not fall under the purview of the ESIGN Act. The ambiguity of confirming identities through ICT brought the validity of digital signatures in e-government into question. In order to ensure that a digital signature is valid, and therefore legally binding, e-government infrastructures have a few options. First is the use of public key infrastructure (PKI), a security architecture that uses cryptography to authenticate digital information as well as ensures the security of the data transmitted. Other options include, but are not limited to, identification by PIN or password, knowledge-based authentication, biometrics, and digitized images of physical signatures (Otenyo and Lind 2011). These cyberlaw examples illustrate how the law must keep pace with the ever-evolving attempts of ICT to enhance the privacy, security, and performance of public administration technologies (Milakovich 2012).

## Impositions on the Use of IT in Public Administration

Federal and state governments may also use other methods of controlling how ICT and the related data are implemented. Government agencies may place impositions on public administration entities. Unlike legal controls, conforming to government impositions is not required, though there is a reward for compliance. Compliance with guidelines, often referencing the use of ICT and the availability of data, is required in order to receive grants or other financial benefits. Alternatively, legislation both establishes a legal requirement and holds the secondary benefit of ensuring the accountability of agencies that violate these laws.

## Conclusion

As with most bureaucracies, the shift to digital governance has been slow-going, though the reality of digital age is irrefutable. With that considered, it is no surprise that public administration is continually being subjected to an ever-changing world of legal challenges regarding the implementation and protection of information systems and ICT. Each legislation comes with its own hurdles. Some requirements are not well planned, such as the FISMA compliance standards or the lack of resources offered to ensure compliance of E-FOIA. While these laws can be considered as overbearing and can constrain the effectiveness of e-government, they do address real concerns about the risks these technologies created. Without proper security and data management protocols, personal information has been compromised and abused. These laws also help increase government transparency and reduce secrecy. Alternately, some laws were developed to allow such behavior legally by the government in the name of national security. The point, however, is that information technology is a tool that is equally useful and dangerous to public administration. As a result, legal guidelines are a necessity.

## Cross-References


- ▶ e-Government Procurement (e-GP)
- ▶ E-Government, Accountability, and Performance
- ▶ E-Government: Informatization of Government and Politics


## References


Appleby PH (1947) Toward better public administration. Public Adm Rev 7(2):93–99

Confidential Information Protection and Statistical Efficiency Act of 2002 (PL 107–347, 17 Dec 2002), 116 United States Statutes at Large, pp 2962–2970

Dat' S (2000) Congress scrutinizes E-FOIA compliance. GNC: technology, tools and tactics for public sector IT. https://gcn.com/articles/2000/06/02/congress-scrutinizes-efoia-compliance.aspx. Retrieved 30 Mar 2016

E-Government Act of 2002 (PL 107–347, 17 Dec 2002), 116 United States Statutes at Large, pp 2899–2970

Electronic Freedom of Information Act of 1996 (PL 104–231, 2 Oct 1996), 110 United States Statutes at Large, pp 3048–3054

Electronic Signatures in Global and National Commerce Act of 2000 (PL 106–229, 30 June 2000), 114 United States Statutes at Large, pp 464–476

Federal Information Security Management Act of 2002 (PL 107–347, 17 Dec 2002), 116 United States Statutes at Large, pp 2946–2961

Freedom of Information Act of 1966 (PL 89–487, 4 July 1966), 80 United States Statutes at Large, pp 250–251

Groothuis M (2007) Applying ICTs in juridical decision making by government agencies. In: Anttiroiko AV, Malkia M (eds) Encyclopedia of digital government. IGI Global, Hershey, pp 87–95

Holmes D (2001) eGov: eBusiness strategies for government. Nicholas Brealey, London

Jackson J (2004) Keeping data sources confidential. GNC: technology, tools and tactics for public sector IT. https://gcn.com/articles/2004/10/22/keeping-data-sources-confidential.aspx. Retrieved 29 Mar 2016

Jackson W (2007) FISMA's effectiveness questioned. GNC: technology, tools and tactics for public sector IT. https://gcn.com/Articles/2007/03/18/FISMAs-effectiveness-questioned.aspx. Retrieved 29 Mar 2016

Jackson W (2009) Keith Rhodes | Effective IT security starts with risk analysis, former GAO CTO says. GNC: technology, tools and tactics for public sector IT. https://gcn.com/Articles/2009/06/15/Interview-Keith-Rhodes-IT-security.aspx. Retrieved 30 Mar 2016

Milakovich ME (2012) Digital governance: new technologies for improving public service and participation. Routledge, New York

Otenyo EE, Lind NS (2011) E-government: the use of information and communication technologies in administration. Teneo Press, Youngstown
Pew Internet and American Life Project (2010) Government online: the internet gives citizens new paths to government services and information. http://pewinternet.org/Reports/2010/E-Governemnt.aspx. Retrieved 31 Mar 2016
Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (PL 107–56, 26 Oct 2001), 115 United States Statutes at Large, pp 272–402

# Legal Ethics

Douglas B. Marcello
Marcello and Kivisto, LLC, Carlisle, PA, USA

## Synonyms

Judicial ethics; Legal responsibility; Professional responsibility

## Introduction

Legal ethics are the ethereal bond that enables the judicial system to render peaceful disposition of societal conflict. The ultimate legitimacy of the legal system is dependent upon the perception by the society it serves that it is a fair process achieving just results. This requires that the legal process be founded upon ethical standards for the conduct of the participants and procedures. There is no legitimate legal system without legal ethics.

Legal ethics are important to maintain the integrity of the system and public support for the process and its outcomes. Society is dependent on the peaceful determination of legal disputes for its civil operation. Rather than relegating disputes to be resolved through the exertion of force or deceit, a legal system founded on ethical conduct engenders the public trust necessary for acceptance of the peaceful proceedings and the resulting outcomes. Devoid of ethical underpinnings, the judicial system would have no such support and thus collapse as a public institution.

The principles of legal ethics are implemented by defining the permissible conduct of attorneys relative to the other participants in the legal system. These participants are the clients, the courts, and third parties tangentially in contact with the legal process. The ethical governance of these relationships is the ultimate preservation of the integrity of the process and its legitimacy to society.

Virtually all of the interactions among attorneys and the participants are beyond the direct oversight of any controlling authority. Instead, the propriety of the interaction is self-regulated with guidance and direction by the permissible parameters of legal ethics. These ethical standards are implemented by the professional rules set for attorneys. As opposed to the clients and third parties, the attorneys are trained in the law, knowledgeable in the ethical parameters, and subject to professional discipline for any violations of those standards.

The principles of legal ethics, intended for societal support of the justice system and enforced by defining and regulating attorney conduct, also seek to address the interests and needs of the individuals in the process. Freedman and Smith assert that the concept of individualized justice embraces two concepts – respect for the individual in light of his circumstances and the control of the individual over important life decisions (Freedman and Smith 2016). These concepts combine to comprise the foundation for the adversarial system for the purposes of individual justice (Freedman and Smith 2016). These are the principles that are at the core of legal ethics.

## Operation of the Rules of Legal Ethics

The ethical standards for the legal process are the product of professional adoption of the generally accepted rules. These rules are intended to meet the societal needs for the legitimacy of the process while preserving respect for the individual in the process and their control over important decisions.

The rules are subject to formal adoption by the controlling professional body as the overriding

ethical principles for the governance of conduct. Just as the success of the judicial system requires public belief in the integrity of the process, the ethical rules for conduct require a mandate of the professional constituents. That acceptance is the requisite for consistent compliance.

The adopted ethical standards provide an overarching framework of guiding principles. Ethics, in general, are the principles that guide conduct in the absence of direct supervision. It is said that integrity is what you do when no one is watching. The overarching framework of legal ethical principles provides direction for conduct for professional self-supervision.

The infinite variety of potential possibilities of ethical issues confronting the practitioner precludes a definitive code of reference for specific application to every conceivable situation. Legal ethics remain an exception in an algorithm-guided society. Each situation requires individual judgment founded on guidance of the ethical rules. The practitioner must determine the course most consistent with the framework and proceed in ways that are consistent with those principles. The further the issue diverges from the framework, the more challenging the choice of action by the practitioner.

The challenge is further accentuated by the conflict between ethical rules founded on competing principles. These frequently arise when considering the conflict between the interest of society, such as a just outcome based upon complete consideration of the truth, and respect for the individual, such as confidentiality. Navigation through these ethical conflicts is the circumstance that is most difficult to resolve for those engaged in the practice of law.

## Governance of Legal Ethics

The rules for legal ethics in the United States have been established by a private organization, the American Bar Association ("ABA"), rather than by Congress or state legislatures (Freedman and Smith 2016). The Model Rules of Professional Conduct were adopted by the "ABA" House of Delegates in 1983 (ABA 2016). Before this, legal ethics were guided by the "ABA" Model Code of Professional Responsibility that was adopted in 1969 (ABA 2016). This model was the successor to the 1908 Canons of Professional Responsibility (ABA 2016).

While intended to promote and protect the underlying principles needed for societal respect for the judicial system, ethical rules have been reflective of contemporary societal and professional mores as well. For example, Freedman and Smith state that the 1908 Canon of Ethics was not motivated by a desire to regulate the bar, but were a reaction to mass immigration that peaked in that year, intended to preserve the practice to those who were native-born, white, Anglo-Saxon, Protestant monopoly (Freedman and Smith 2016). More recently, ethical prohibitions against attorney advertising as being degrading to the profession have given way to a contemporary acceptance of the practice as a first amendment expression. Today, the rules of legal ethics are confronting the challenges of social media in society. These include the attorney's use of social media for communication and promotion as well as the parameters of permissible access to the social media content of legal adversaries.

Rules for legal ethics are adopted on a state-by-state basis by the applicable state authority. Each state guideline is founded on the "ABA" Model Rules. However, the product of this ethical federalism is variations of individual states ethical rules differing from both the Model Rules and those of other states.

Just as the each state decides the specifics of its governing ethical code of legal conduct, so too do they determine the methods of enforcement. Most states establish a legal disciplinary board charged with the responsibility and power to enforce the rules and determine sanctions for transgressions. Discipline is determined after a hearing to afford the accused with due process. Disciplinary penalties include written sanctions, suspensions, or the ultimate penalty of disbarment.

## Rules of Legal Ethics

The ethical rules address the relationship of an attorney with the multiple participants with whom he interacts – the client, the court, and

third parties. Each constituency presents particular needs for the attorney to address. The ethical challenge arises in the interface between these constituencies.

## Rules of Legal Ethics as to the Client

The client is pre-eminent in the consideration of legal ethics. Hazard states that the relationship between the lawyer and the client is at the center of the law of lawyering (Hazard Jr et al. 2016). The ethical provisions are predicated upon the protection of the client interest within the framework of the legal process. The integrity of the judicial system begins with the belief of the participant that their needs and interests will be addressed in a manner that is fair and just.

The mainstay of legal ethics is the confidentiality of client communications. It all starts here. A client's security that their communications will be held in confidence is the predicate for full legal representation based upon the consideration of all of the facts.

The law is a fact-driven profession. A legal determination is dependent upon the application of the law to the specific facts of the case. In the absence of confidentiality, a client would hesitate to communicate the pertinent facts with full candor and completeness. The concept of confidentiality is vital to providing full representation to the individual. The ability of the attorney to provide wise counsel requires the client to fully provide information, even if embarrassing or incriminating (Freedman and Smith 2016). The potential result of incomplete conveyance of the facts is a deprivation of full representation.

The ethical rules providing for confidentiality in the legal process are tantamount to that of a doctor's or psychiatrist's patient's ability to present the history and symptoms needed by the professional to render a diagnosis and the proper treatment. In both the legal and medical contexts, the vital importance of factual completeness to the professional mandates a protection of confidentiality as a core ethical principle.

Confidentiality is also important as a fundamental expectation of the public. While they may not be fully versed in the particulars of the rule, the public is well aware that confidentiality is at the heart of the attorney-client relationship (Hazard Jr et al. 2016). The public perception of an attorney is that of "keepers of secrets" as much as being litigators, or advisors or draftsmen of contracts or wills (Hazard Jr et al. 2016). The ethical rules controlling confidentiality ensure that the profession meets those expectations. Confidentiality similarly results in a trust by the client which fosters an inclination in the client to accept the attorney's advice to do the right thing (Freedman and Smith 2016).

The "ABA" Model Rules provide that "a lawyer shall not reveal information relating to the representation of a client" in the absence of informed consent by the client, implied authorization necessary to carry out the representation, or exceptions enumerated by the rule (Rule 1.6a). Even inadvertent disclosure is precluded by the rules (Rule 1.6c).

The ethical protection of confidentiality is buttressed by the recognition of the attorney-client privilege by the rules of litigation. However, the ethical rule regarding confidentiality extends beyond the bounds of attorney-client privilege as the latter only protects against compelled disclosure and only as to communications between the client and the attorney (Hazard Jr et al. 2016). Again, the protection of client communications from disclosure in litigation is the same as that afforded to doctor-patient, psychiatrist-patient, and clergy-parishioner communications.

Hazard notes that the confidentiality often creates the tension as it exacts a sacrifice of the truth-finding and justice-seeking aims of the law generally (Hazard Jr et al. 2016). This balance is sought to be addressed by limited exceptions to the rule of confidentiality. These exceptions to client confidentiality are limited to prevention of the most severe societal harm (certain death or substantial bodily harm, commission of a crime or fraud reasonably certain to result in substantial injury to the financial interest or property of another, or to rectify or mitigate such financial injury), for the attorney to secure advice as to compliance with the ethical rules or determine a conflict of interest, to comply with a law or court order, or to establish a claim or defense in a conflict between the attorney and the client (Rule

1.6b). These exceptions are intended to address the conflict between the interests and expectations of the individual client and those of the judicial system.

The second ethical principle related to the client is the avoidance of conflict of interest. An attorney may not represent a client if the representation involves a current conflict of interest (Rule 1.7). Loyalty to clients is one of the core values of the legal profession, perhaps as vital as confidentiality and zealous representation (Hazard Jr et al. 2016). Just as the client needs unqualified assurance that he can freely communicate with his counsel, so too must he have no question that his interests are the attorney's sole concern. Institutional integrity is dependent upon the client not questioning whether his interests are being unfulfilled or even betrayed by the attorney's conflict with the interests of another.

A situation does not require an absolute or unquestionable conflict in the interests of the client or another. Instead, a conflict of interest refers to a situation where there is a reasonable possibility that an attorney will not be able to fulfill the legitimate demands of their time, attention, and loyalty (Freedman and Smith 2016).

The "ABA" Model Rules limit the exceptions to the prohibition against conflicts of interest to those instances in which the attorney believes he can represent the various clients, the representation is not prohibited by law, the representation does not involve the assertion of a claim by one client against the other, and "each affected client gives informed consent, confirmed in writing" (Rule 1.7b). Similarly, the "ABA" Model Rules prohibit attorney-client business interactions or resolution of multiple clients' civil or criminal actions in the aggregate (Rule 1.8). The prohibition of conflicting representation survives the termination of the attorney-client relationship with regard to the same or substantially related matters (Rule 1.9). The "ABA" Model Rules further impute a conflict to all members of a law firm if any of the attorneys are prohibited by the rules applicable to the conflict of interest in the absence of certain qualifying restrictions (Rule 1.10).

A third client-related ethical principle is that the attorney shall abide by the client's decisions as to the objective of representation and consult with him concerning the means by which they will be achieved (Rule 1.2). This applies in civil actions to the decision to settle and in criminal actions to decisions as to waiver of a jury trial, acceptance of a plea, or whether the client will testify. In addition to these core ethical provisions, the attorney's relation with the client give rise to other obligations (Rule 1.2a). This rule fulfills the previously discussed necessity that the system ensure client control of important decisions.

A client's involvement in the important decisions of his legal issues is of limited value in the absence of the client's possession of the information necessary to make informed decisions. Accordingly, the "ABA" Model Rules require effective communication by the attorney with the client (Rule 1.4). An attorney must explain a matter to the extent reasonably necessary for the client to make informed decisions as to his representation (Rule 1.4b). Additional rules as to client communication include the obligation to promptly inform the client of any decision or circumstance with respect to which the client's informed consent is required by the rules, consultation with the client as to the means by which his legal objectives are to be achieved, keeping the client informed as to the status of the matter, promptly complying with reasonable requests for information, and informing the client as to limitations of representations by the ethical rules (Rule 1.4a1-5).

## Rules of Legal Ethics: The Process

The rules of legal ethics similarly provide for protection of the process, the second of the tripartite elements of the judicial system. Just as the client requires confidence as to their individual interests predicated upon ethical principles, so too the integrity of the system is dependent on the legal ethical considerations as to the attorney's interactions with the courts.

The hallmark of the judicial system is the zealous representation of the client by the attorney. The client expects his attorney to prosecute his case and advocate for his interests to the fullest

possible extent. It is only when this occurs that the client has full confidence in the integrity of the legal system. However, an attorney's zealotry is not unrestrained. The prosecution of the client's interest is tempered by the considerations for the preservation of integrity of the process. These limitations preserve societal confidence in the integrity of the process.

The primary ethical principles that are protective of the process are the attorney's duty of candor to the court and fairness to opponents. Without either principle, the process degrades to a competition of untruthfulness. The result would be to undermine societal confidence in the system as a whole.

The attorney has a duty of candor to the tribunal (Rule 3.3). This duty goes beyond truthfulness in representation of facts and law. It extends to correction of prior misstatements, disclosure of controlling authority contrary to his position, and the preclusion from offering evidence known to be false (Rule 3.3).

The more challenging requirements of this rule arise from the tension between the requisite candor and protection of the client confidence. In that regard, if an attorney knows that the client or a witness has offered evidence known to be false or represents a client in an adjudicative proceeding that he knows is or has been engaging in criminal or fraudulent conduct, the attorney "shall take reasonable remedial measures" (Rule 3.3 (a)(3) and (b)). Such circumstances present the most taxing ethical challenges to the practitioner to fulfill the competing obligations to the client and to the process. The limited guidance to a practitioner by the rules is that the attorney may refuse to offer evidence, other than the testimony of a defendant in a criminal case, that the attorney reasonably believes is false (Rule 3.3(a)(3)).

The rules of legal ethics, protective of the process, similarly address the conduct of the attorney relative to the opposing party. These standards preclude obstructing the opposition's access to evidence, falsifying evidence, knowingly disobeying an obligation under the rules, making frivolous discovery requests, or alluding to a matter at trial that will not be supported by admissible evidence (Rule 3.4).

## Rules of Legal Ethics: Third Parties

As the attorney is traditionally viewed as a zealous advocate for his client interacting with those engaged in the legal process, both adversaries and courts, the existence of ethical standards for his interaction with both is expected. What is less obvious is the attorney's ethical obligation to third parties other than those he represents, to whom he is in an adversarial relationship, or the tribunal in which the legal matter is proceeding.

Freedman and Smith state that a premise of the adversary system is that one involved in a legal matter is entitled to have the benefit of a trained and skilled lawyer (Freedman and Smith 2016). The rules thus deal with two categories of circumstances – communications by the attorney with an individual who is unrepresented by counsel and communications with an individual who is represented by an attorney (Freedman and Smith 2016). The provisions of the rules are not restricted to those who are adverse to the attorney (Freedman and Smith 2016).

An attorney's interaction with third parties is subject to ethical constraints. The foundation of this interaction is the attorney's obligation for truthfulness (Rule 4.1). This obligation is to not make a false statement of material fact to a third person in the course of representation of his client (Rule 4.1(a)). Further, an attorney may not fail to disclose a material fact to a third person when the disclosure is necessary to avoid in assisting in criminal or fraudulent action by the client (Rule 4.1(b)). However, even this latter obligation is qualified by the obligation of confidentiality to the client as set forth by the "ABA" Model Rules. This again gives rise to ethical tectonic plates, bearing the force and pressure against the conflicting mandates.

In dealing with an unrepresented third person in the course of representing his client, an attorney may not misrepresent himself as being disinterested in the subject matter or even imply as much (Rule 4.3). Further, an attorney may not give legal advice to an unrepresented person other than recommend that he seeks legal representation (Rule 4.3). Among the purposes of this rule is to avoid the unrepresented individual's misconception of

legal representation by the attorney based upon providing legal advice (Freedman and Smith 2016).

Among the most clear proscriptions of legal ethics is the prohibition of an attorney from communication with a third party that he knows is represented by an attorney (Rule 4.2). The representation of the third person by the attorney must be known by the communicating attorney to be subject to the prohibition.

Other rules relating to this relationship provide that the attorney shall not employ means that are bereft of any purpose other than to embarrass, delay, or burden a third person or obtain information involution of that third person's legal rights (Rule 4.4).

## Conclusion

Legal ethics are the foundation of the acceptance of the legal process by individuals and society. The ethical rules are directed to attorneys to control their conduct relative to clients, the legal process, and third parties. The result is a self-regulated system that is the foundation of the legal justice system.

## Cross-References


- ▶ Code of Ethics
- ▶ Ethical Frameworks
- ▶ Organizational Justice
- ▶ Professional Ethics
- ▶ Public Values in Public Organizations
- ▶ Social Equity Leadership


## References


American Bar Association (2016) Model rules of professional conduct. American Bar Association, Chicago

Freedman MH, Smith A (2016) Understanding lawyers' ethics. Carolina Academic Press, LLC, Chapel Hill

Hazard GC Jr, Hodes WW, Jarvis PR (2016) The law of lawyering, 4th edn. Wolters Kluwer, New York


# Legal Issues in Nonprofit Management


Joseph Mead
Cleveland State University,
Cleveland, OH, USA


## Synonyms

Charity law; NGO law; Nonprofit law; Nonprofit policy

## Definition

Nonprofit management is the study and practice of running organizations motivated by a primary purpose other than profit-seeking. Legal issues of nonprofit management are those aspects of regulatory public policy that apply with unique force to managers of nonprofit organizations.

## Introduction

Nonprofits encompass a wide variety of organizational forms, purposes, and activities, and the full scope of legal issues faced by a nonprofit leader can vary widely depending on sector, structure, and country. Legal issues relating to nonprofit organizations fall into roughly three categories: organizational, tax-exempt, and operations.

## Understanding Nonprofit Legal Structure

There are several different forms nonprofits can take. The most common is the corporate form, which requires filing incorporation paperwork or obtaining a charter with a government office. A corporation is allowed to own property, sue and be sued in its own name, and exist permanently apart from any of its founders. In the United States, states manage the incorporation process and specify the rules that must be followed. As

long as the organization meets some minimal filing requirements, incorporation is a ministerial process without any discretion. Unless a nonprofit seeks tax benefits (see below), the reporting requirements for simply existing as a nonprofit corporation are typically pretty minimal in the United States. In other countries with a more skeptical public policy view on nonprofits, organizations are subject to extensive government oversight of their activities and may even be denied incorporation if the government determines the organization's goals or activities are counter to public policy.

Although the rules for nonprofit corporations are often similar to for-profit, or business, corporations, the primary difference is that nonprofit corporations are prohibited from sharing excess profits with insiders. One of the most common requirements for a nonprofit corporation is a board of directors or trustees who are responsible for governing the organization. The number and terms of board members are usually specified by the organization in their bylaws. Governments vary in the number of board members required – some allow just a handful, or even one, while others impose a much larger minimum size. The board is responsible for hiring and overseeing the chief executive officer, usually a paid position, who manages the staff and the day-to-day functioning of the organization.

Board members owe duties of care and loyalty to the organization. This means that each board member is legally required to make sure that they don't enrich themselves at the organization's expense and that they pay attention to the organization with enough detail to make good decisions about the organization's direction. For extreme bad behavior, board members can be removed from their position or held personally liable.

In most nonprofit organizations, new board members are selected by existing board members. This creates a self-perpetuating board. See entry: ▶ "Differences Between Nonprofit Agencies and Membership Associations." However, some organizations – for example, labor unions, homeowners' associations, and some advocacy organizations – are created with a formal, voting membership. Under this arrangement, members vote to elect board members and can vote to amend governing documents. Significantly, members are *not* owners or shareholders and do not have any claim to the organization's revenue, although they do have the right to certain types of information about the organization's activities. It is up to the organization to specify the qualifications of members. For example, members of a homeowner's association may be every property owner who pays dues to the organization, or an advocacy group may include anyone who has made a set donation over the prior year.

In many places, there is a distinction between "nonprofit" and "charitable," with "charitable" organizations being a subset of nonprofit organizations. "Nonprofit" generically refers to organizations which prohibit the sharing of surplus revenue or assets with members or owners, a prohibition sometimes called the nondistribution constraint. The nondistribution constraint allows payment of fair market salaries and contractual obligations, but does not allow for excess assets or revenue to be distributed to insiders in excess of fair market value. In many places, nonprofits can be created to pursue any lawful purpose.

"Charitable," in contrast, is a subset of nonprofit organizations that is designed primarily to pursue a purpose that is considered charitable. The definition of charitable has evolved through time and in part reflects country-specific preferences. To be charitable, the organization need not strive to benefit everyone, but it must benefit more than just a few closely connected insiders. In many countries, the articulation of charitable purposes is a descendant of England's Charitable Uses Act of 1601. The United Kingdom's 2011 statement of charitable purposes reflects a typical, modern approach:

(a) The prevention or relief of poverty
(b) The advancement of education
(c) The advancement of religion
(d) The advancement of health or the saving of lives
(e) The advancement of citizenship or community development
(f) The advancement of the arts, culture, heritage, or science

(g) The advancement of amateur sport
(h) The advancement of human rights, conflict resolution, or reconciliation or the promotion of religious or racial harmony or equality and diversity
(i) The advancement of environmental protection or improvement
(j) The relief of those in need because of youth, age, ill-health, disability, financial hardship, or other disadvantage
(k) The advancement of animal welfare
(l) The promotion of the efficiency of the armed forces of the Crown or of the efficiency of the police, fire, and rescue services or ambulance services (Charities Act 2011, c. 25 (Eng.), available at http://www.legislation.gov.uk/ukpga/2011/25/pdfs/ukpga_201 10025_en.pdf)

Depending on the country, advocating for policy change as a major goal can be considered a charitable purpose or can be flatly prohibited (Chevalier-Watts 2017; Salamon 1997).

## Nonprofits and Tax Rules: Exemptions, Benefits, and Subsidies

Certain categories of nonprofits are often given preferential tax treatment, including exemptions from corporate income tax, property tax, and tax benefits for individuals who donate to the organization. Specific rules vary by jurisdiction, but generally the nonprofit must prove to the satisfaction of the taxing authority that its mission is such that it qualifies for the exemption, that it is operated for the public benefit, and that it follows strict rules against distributing revenue or assets to insiders above a fair market wage. Jurisdictions differ in how stringent the review is. For a good summary of tax treatment of nonprofits between several different countries, see Dehne et al. (2008). For example, in the United States, many different types of nonprofit organizations are exempted from the federal corporate income tax, but only certain types of charitable organizations also receive the benefit of the charitable deduction, which can allow donors to the organization a benefit on their individual taxes.

Among the more rigid requirements for tax exemption are rules prohibiting personal benefit. Insiders are often limited in their ability to profit from the nonprofit's activities. In the case of staff, such as the executive director, the nonprofit can pay a fair market wage to employees but must be careful not to overpay. Having careful.

Even when nonprofits qualify for income tax exemption, they may still be taxed on commercial activity, such as selling goods or services to raise funds. Jurisdictions differ on which circumstances trigger such a tax. Some (such as Australia and Greece) look to the *destination* of the income and exclude income if the revenue is used to further the organization's charitable purpose. Others (such as the United States) consider the *source* of the income, taxing the income unless the commercial activity *itself* directly furthers the charitable mission. For example, a tax-exempt library that sells food off-site at a bake sale to generate revenue to support the library's operations would likely be taxed on that revenue in a jurisdiction that considered the source of the income, but not in a jurisdiction that considers the destination of the funds. Some nations contain specific rules for certain types of revenue, such as Finland's exemption of real estate income (Dehne et al. 2008). Across jurisdictions, donations made to organizations are typically excluded from the organization's tax obligations and may also come with tax benefits to the donor.

Tax benefits may come with restrictions on the organization's activities. In the United States, for example, federally tax-exempt charitable organizations are prohibited from engaging in political activity and limited in the amount of money that they may spend attempting to influence legislation. However, US nonprofits that are federally tax-exempt for noncharitable reasons – such as a 501(c)(4) social welfare organization, such as certain advocacy groups – have fewer restrictions on their political and lobbying activities.

Motivated by concerns of undue influence and hoarding large amounts of money, some nations have special rules regarding foundations, which are entities that have a primary mission of providing grants to other organizations rather than directly providing services. In the United States, for example, certain foundations are subject to

additional rules requiring a minimum annual distribution and more severe restrictions on lobbying for legal changes and engaging in transactions with board members.

Nonprofits that attempt to move donated funds from one country to another often run into serious legal issues, both in the nation of origin and the nation of delivery. From the perspective of the nation of origin, many jurisdictions desire to keep donated funds locally, particularly before granting a tax benefit to the organization. And several nations are deeply skeptical of foreign influence and tightly regulate the influx of foreign dollars, although these restrictions have tended to be relaxed in recent years.

## Legal Issues Raised by Nonprofit Operations and Activities

Finally, nonprofit organizations must navigate legal issues raised by any of their programming or activities. For example, health-care nonprofits must comply with numerous licensing, privacy, and standard of care rules related to their health-care functions. Common legal issues that many nonprofit organizations must navigate involve managing personnel (especially volunteers), regulations on fundraising, and limits on how revenue can be spent.

As with most employers, nonprofits will need to follow numerous rules about employee pay, safety, treatment, health care, hours, and rules prohibiting discrimination. Nonprofits have the additional challenge of managing volunteers, workers who provide labor without expectation of being paid. Unpaid workers can raise additional legal issues (International Federation of Red Cross and Red Crescent Societies 2011; Restall 2005). Although most nations allow nonprofits to accept donated labor, some impose limits. For example, some countries limit the number of hours a child can volunteer or prohibit people with certain types of criminal convictions from interacting with vulnerable populations.

One thorny issue is whether an unpaid worker is covered by laws applicable to employees, such as minimum wage or health-care rules, maximum hour limits, tax obligations, and safety or screening requirements, particularly if that "unpaid" worker receives certain types of benefits or compensation. For example, reimbursements paid for actual, out-of-pocket expenses typically do not create risk of the volunteer being considered an employee, but other types of compensation or financial gain to the volunteer may lend to classification as an employee, triggering rules such as wage, hour, and safety requirements. Moreover, in the United States, laws prohibiting discrimination or harassment on the basis of protected characteristics, such as race, sex, or disability, only apply to employees, which leaves volunteers uncovered. Some other nations, however, prohibit discrimination against volunteers through broader, more comprehensive anti-discrimination laws.

Nonprofits that seek to raise money by asking for donations may have additional obligations. In the United States, most states require nonprofits to register with a state authority before soliciting a contribution, whether by advertisement, email, phone, or in person. The nonprofit must provide specific information about their finances, how much is spent on the cost of the fundraising appeal, and certain information about board members. Other nations require similar public financial disclosures of all nonprofits, regardless of how they raise their revenue.

Nations often restrict nonprofits on how their money can be spent. First, money that is donated typically must be spent consistent with the donors' wishes. Moreover, a nonprofit must spend its assets consistent with its mission and not to support a wholly unrelated end. This also means that nonprofits may not spend money on activities that are illegal, although some nations allow nonprofits to spend money to advocate for changes to the law. Third, nonprofits may be limited in transferring money to another country, as nations prefer domestic spending. Finally, nations impose strict limits on supporting activities or organizations associated with terrorism, imposing severe criminal penalties or asset seizure for violations. Nonprofits are expected to carefully monitor spending outlays to ensure that all expenditures are approved via appropriate internal safeguards and are used to promote the organization's mission.

## Conclusion

As with any enterprise, the size and complexity of legal rules grows with the size and scope of the nonprofit organization. Different nations have different nuances in how each provision is interpreted and applied. As new policy choices and social realities emerge, the law governing nonprofit organizations will continue to evolve and mature.

## Cross-References

▶ Differences Between Nonprofit Agencies and Membership Associations

## References

Charities Act 2011, c. 25 (Eng.). Available at http://www.legislation.gov.uk/ukpga/2011/25/pdfs/ukpga_20110025_en.pdf

Chevalier-Watts J (2017) Charity law: international perspectives. Routledge, London

Dehne A, Friedrich P, Nam CW, Parsche R (2008) Taxation of nonprofit associations in an international comparison. Nonprofit Volunt Sect Q. https://doi.org/10.1177/0899764008315545

International Federation of Red Cross and Red Crescent Societies (2011) Legal issues relating to volunteering: Toolkit for National Societies. Retrieved from http://www.ifrc.org/docs/IDRL/Volunteers/Legal%20issues%20related%20to%20volunteering%20-%20Toolkit%20for%20National%20Societies%20-%20En.pdf

Restall M (2005) Volunteers and the law. Axis Europe, London

Salamon LM (1997) The international guide to nonprofit law. Wiley, New Jersey

# Legal Liability

Jason Hochstatter
Milwaukee, WI, USA
Illinois State University, Normal, IL, USA

## Synonyms

Accountability; Accountableness; Blame; Burden; Compulsion; Culpability; Debt; Duty; Indebtedness; Obligation; Onus; Owing; Subjection; Susceptibility

## Definition

Liability refers to money or debts owed or something disadvantageous.

## Introduction

Legal liability is a person's legal responsibility for something. This responsibility can be financial, such as the expectation that if you break something, you should pay for it to be repaired, or it can carry other costs, such as a prison sentence, community service, or even death.

Legal liability can be broken down into two types. Criminal liability is a person's responsibility to obey laws, and if a person breaks a law, they are required to pay the legally described cost of doing so (Cooter 1991). For example, if Jerry Jones gets pulled over for speeding, he may be given a ticket by the police officer and be required to pay a fine. However, if the police officer also searches Mr. Jones' car and discovers the pound of cocaine he was smuggling across the border, there may be more serious consequences in addition to the speeding ticket.

Civil liability is different than criminal liability in that criminal liability is typically between an individual and his or her government, while civil liability is typically between two or more individuals or businesses typically as a result of negligent actions. For example, if little Joey accidently hits a baseball too hard and breaks a neighbor's window, his parents' might be found liable for allowing little Joey to do that in a place where he could easily cause damage and be required to pay for replacing the window. If Zapco Motors makes a car with a faulty ignition that causes one of their sedans to explode upon starting, and this accidently kills Elizabeth Smith, then Zapco Motors could be found civilly liable for the wrongful death of Ms. Smith. Typically, individuals and businesses purchase insurance policies to protect themselves from civil liability.

The purpose of this segment will be to provide an overview of what liability is, the differences between criminal and civil liability, and the different ways that individuals and business attempt to mitigate it.

## Criminal Liability

Criminal liability becomes an issue when someone breaks a law that the state can charge them with a crime for, and they typically come with consequences that can range from financial penalties, to imprisonment, to death in some cases. It is a debt that a lawbreaker owes to the state. This section will cover what exactly liability is, when it is established, potential consequences that the state may impose, as well as ways that individuals may attempt to mitigate liability.

In some ways, criminal liability is like a disease. You can't see it, people may treat you differently because of it, and it stays with you, mostly unseen, until it is cured. You "catch" liability, or rather become criminally liable for something, by doing something against the law. If someone shoots a man in Reno just to watch him die, he has just become criminally liable for the crime of murder. The liability in this case is the responsibility to pay the state specified cost of breaking the law, and once paid, the person is no longer liable for that crime.

Last Tuesday, Jane Jackson was ticketed for jaywalking and she paid a small fine. When Jane jaywalked, she became criminally liable for the crime of jaywalking. When the police officer caught her and ticketed her, she was charged and assigned a punishment for her crime. Finally, when Jane Jackson pays her ticket, she is no longer liable for the crime of jaywalking.

Sometimes criminal liability can have lasting effects. For example, in some states, people who have committed crimes deemed to be felonies, or particularly serious crimes, are no longer allowed to vote. In these cases, those individuals are no longer liable for the crime they no longer committed, but part of their payment was that they are no longer able to vote.

There are some instances that someone can break without becoming criminally liable for them. Criminal liability primarily comes into play when the law specifically indicates that it should come into play. In these cases, it is possible that the person could still be civilly liable, even if they are not criminally liable.

A person must typically intend to break the law in order to be criminally liable for breaking the law. The court does not typically want to put people in jail for honest mistakes or accidents, so for many laws, there is a requirement of "mens rea," which is a Latin phrase meaning the law breaking must be intentional (Parker 1993).

James Walsh is driving home from work and runs a red light, causing a three-car pileup. James is found to be responsible for the car accident, but the police do not ticket him for damaging the other vehicles, because he did not intend to damage the other vehicles. The police officer does give James a ticket for running the red light, however, because James did know that by doing so he would break that traffic law. James will still be civilly liable for the damage to the other vehicles, as well as any medical bills that those people may have had.

Will Lawson is driving home from work, but he is pulled over and ticketed for speeding. Will believed that he had been driving the speed limit, because his speedometer never read above the speed limit. Will takes his car to the mechanic to check the speedometer, which they find to be faulty. Will may take this document to court to reduce the charge to having a defective speedometer, as he had no way of knowing that he was speeding.

Some crimes are considered by the court to be especially distasteful regardless of the circumstances, so there is a strict liability requirement (Cantu 2002). This means that no matter what the intent of the lawbreaker, they are still criminally liable for their actions.

In some states, statutory rape is considered to be a crime of strict liability. Tiffany and George have sex. Tiffany had asked George if he was above the age of consent, but George lied and said he was 21, even though Tiffany had reason to believe that George was above the age of

consent, she is now liable for statutory rape, because intent does not matter in this case.

The ramifications of a criminal offense may vary depending upon the severity of the offense, if the offender has previous convictions, and what the laws in the state dictate. Typical punishments might include a monetary fine, imprisonment, loss of certain privileges, or even death. Lesser offenses, especially nonviolent offenses, tend to be punishable by fine. Violent offenses, or offenses that could be violent, tend to be punishable by imprisonment. Crimes that are considered to be especially heinous might be eligible for the death penalty depending on the state.

Ben Johnson is pulled over for speeding, and he is issued a ticket. If Ben was only going ten miles per hour over the speed limit, he would typically be charged a small fine. If Ben was going forty or fifty miles per hour, he might be charged with reckless driving, or street racing, which may carry a higher fine, as well as restrictions about his driving privileges. Additional side effects not imposed by the court could potentially include increased premiums for Ben's auto insurance or even loss of his job if he is no longer able to get to work due to a lost driver's license.

Bethany Thomas is arrested for killing David Radkin. If Bethany kills David in a moment of anger during a fight, she would go to jail for it, but if Bethany planned to kill David and intentionally murdered him, then the state will be much harsher on her and potentially give her life in prison or the death penalty. In either of these cases, Bethany would likely be considered a felon, which would affect her ability to get a job, her ability to purchase a gun, and in some states her ability to vote.

Criminal liability is primarily mitigated by not committing crimes. Ignorance of what the law states is not considered a defense for committing the crime, so an individual needs to have enough knowledge of the law so that they do not commit a crime. It is common sense that it is against the law to murder someone or steal something, but frequently there are other laws that one might not think about. If John owns a house, he ought to know what local ordinances affect him as a homeowner, so that he does not violate them and become liable for paying a fine. Banks need to know all of the relevant laws about banking, so that the government does not impose fines or other penalties, making them less profitable.

## Civil Liability

Civil liability becomes an issue when an individual breaks a law that affects another person, but it may be something that the state does not get involved with. Civil liability can be seen as a debt that one person legally owes to another person (Cooter 1991). This section will cover what exactly civil liability is, when it is established, potential consequences that the state may impose, as well as ways that individuals may attempt to mitigate liability.

Civil liability is typically created when one person damages another person in some way. Property damage, bodily injury, copyright infringement, or breaking a contract are just a few ways in which civil liability can be created (Cooter 1991). Civil liability can even be created at the same time that criminal liability is created. In the well-known OJ Simpson murder case, Simpson was found not guilty at his criminal trial, but he was later found to be civilly liable for the death of his ex-wife.

John is an auto parts manufacturer and has agreed to deliver 500 wheels to Susan by Friday. They have signed a contract, and the contract outlines that if John fails to deliver the wheels by the deadline, he will have to pay a penalty of $500 to compensate Susan, because she is relying upon timely delivery of the wheels. The moment that John fails to deliver the 500 wheels on time is the same moment that he becomes civilly liable for paying Susan the $500 compensation.

Little Jimmy is playing baseball in the backyard, and he accidently breaks a neighbor's window with a fly ball. If Little Jimmy has the money for replacing the window, he may be made to pay for it, but it is more likely that Little Jimmy's parents will pay for the window, accepting liability for the actions of their son.

The potential consequences of civil liability are much more limited than they are with criminal liability. Unless a criminal act has also been

committed, things like a criminal record, jail time, and capital punishment are off the table. Typically, civil liability is limited to exchanges of money or goods.

Joan is walking through Steven's property when she unknowingly walks over an entrance to Steven's hidden underground cellar, and the door collapses. Joan falls in the cellar and breaks her leg. Steven neglected to adequately make the cellar entrance visible and neglected to ensure that it was safe should someone step on it. His neglect makes Steven civilly liable for Joan falling into his cellar, and because of this, the court decides that he should pay for any medical bills that Joan incurs as a result of falling through the cellar door.

Craig is renting a house to Richard for $1,000 per month. Unfortunately, Richard loses his job and is unable to continue paying his rent. Because Richard is now no longer paying his rent, he has now broken his contract. Craig becomes concerned that he will no longer be able to pay for the mortgage on his own house, and the mortgage on his rental property, and moves to evict Richard so that he can find a tenant who will be able to pay rent. The court finds Richard liable for not paying his rent, and it orders that Richard be evicted. While the eviction may not be a monetary cost to Richard, an eviction will go on his record and he may find it more difficult to find an apartment in the future.

While you can be both civilly and criminally liable for an act, intent is a major dividing line between civil and criminal liability. Criminal liability typically requires that the act is intentional, whereas civil liability does not; it typically only requires damages or neglect that causes damages. Damage typically considered to be some sort of harm that comes to someone due to someone's actions.

If James causes a car accident and accidently kills someone, he may not be tried in a criminal court because he did not intend to kill someone, unless the way the law is written in James' state is written differently, or if he is found to be criminally negligent. James may still be required to make a wrongful death payment in this case regardless of criminal liability because in causing the accident, he was found to be negligent.

It can be impossible to avoid civil liability. James cuts off Susan in traffic, and Susan can't avoid rear ending his car. The majority states assign fault to one person or the other in the event of an auto accident, even if both were at fault. Some states are considered to be no-fault states when it comes to auto accidents because blame is not assigned, and each party's insurance pays for their own damages, but these are rare. In this instance, most states would consider Susan liable for following too closely, even if James was driving dangerously. There are ways to avoid, mitigate, and transfer liability depending on the situation.

Avoiding liability is simply not doing something that could potentially make you liable for something (Dorfman 2007). If Will decides that he is a terrible driver, he may stop driving to avoid getting into a costly car accident. This is not always a viable solution, as many people need to drive to work and a business that is not putting itself at liability risk is not doing much business.

Self-insuring decides that there is an acceptable level of risk for what they stand to lose and simply plan to pay for it if that issue crops up (Dorfman 2007). A non-liability example is if I drive an old car that is about to fall apart, I may decide to accept the risk that if I get into an accident, I would be personally responsible for paying and for replacing it. This method is less common for civil liability because civil lawsuits can become expensive very quickly, and liability insurance is inexpensive.

Reducing the risk is taking actions that will minimize exposure to risk (Dorfman 2007). This is a commonsense approach to liability that boils down to not being negligent. In a previous example, where Joan was hurt by falling into Steven's hidden underground cellar, Steven could have reduced his risk by posting a caution sign or by having the entrance be in plain sight, rather than hidden. If either of these things were true, it would have reduced the risk of Joan accidently getting hurt, and in some cases, Steven would have a better defense if the issue does go to court.

The last method of managing risk of civil liability is to transfer the risk to someone else (Dorfman 2007). Insurance companies offer policies where they will take on your risk of civil liability. They

will pay for a legal defense as well as damages up to a limit set by the policy. This is often inexpensive coverage to provide, and broad liability coverage is typically included with all auto, homeowner's, renter's, and commercial insurance policies. Insurance does not typically protect against intentional acts, so if John smashes someone's windshield with a baseball bat, he is on his own.

## Conclusion

This chapter has attempted to broadly describe and explain the complex issue of liability. Risk management analysts, insurance companies, and lawyers all make their living off of interpreting the seemingly simple rules laid out here. Multinational corporations can have their profits decimated if they do not manage their risk properly. Individuals may face million-dollar lawsuits if they are negligent and may be sent to jail for the rest of their lives if they commit a crime. This overview is only meant to serve as an introduction into a vast topic.

## Cross-References


- ▶ Administrative and Judicial Due Process
- ▶ Administrative Justice
- ▶ Arbitration in Public Administration
- ▶ Federal Criminal Appeal Process and Social Policy
- ▶ Mediation in Public Administration
- ▶ Risk and Organizations


## References


Cantu CE (2002) Distinguishing the concept of strict liability for ultra-hazardous activities from strict products liability under section 402A of the restatement (second) of torts: two parallel lines of reasoning that should never meet. Akron Law Rev 35(1):31–57

Cooter RD (1991) Economic theories of legal liability. J Econ Perspect 5(3):11–30

Dorfman MS (2007) Introduction to risk management and insurance. Prentice Hall, Englewood Cliffs

Parker JS (1993) The economics of mens rea. Va Law Rev 79(4):741–811


# Legal Versus Ethical


Anna Simonati
Faculty of Law, Trento University, Trento, Italy


## The Relationship Between Lawfulness and Ethics: Preliminary Remarks

It is quite interesting – and perhaps surprising – that *ethical* and *legal* may be considered as opposite terms (MacKinnon and Fiala 2015; Lyons 1984).

If one looks at the origin of the legal phenomenon, in fact, there is a strict link with ethics (which, in the past, was expressed in the belief of the divine origin and legitimacy of sovereign power).

Anyway, there is clearly at least one main difference between what is legal and what is ethical. The concept of *ethical* has always to do with a voluntary choice of a person, according to his/her perception of good and evil (Huberts 2014). If something is legal, instead, this means that a decision has been taken by the lawmakers, in light of evaluations which are not (and could not be) individual, but must reflect a collective dimension.

An open issue regards the possible existence of a theoretical bi-univocal correspondence between ethics and law. In principle, as already pointed out, legal rules find their origin in moral commands and prohibitions. At the same time, following the rules in force should be, first of all, a moral duty for individuals, groups and authorities: which is the very soul of the principle of lawfulness. Therefore, between the two fields, there should be a sort of correspondence; the difference has essentially to do with the nature of the punishment for the breach of the ethic and of the legal rules.

But history teaches us that, during the centuries, several statutes have been emitted with contents that nowadays are considered nonethical. Just to mention some self-evident examples, in the recent past – and still, in some systems – slavery, racial apartheid, and discrimination

against women were and sometimes still are perfectly legal, notwithstanding, according to the most shared view, they are clearly nonethical.

The explanation for such a contradiction is double. From a side, legal rules – like all the products of human choices – may be wrong. From the other side, the cultural sensitivity is not still, and it has progressively changed. Even if a principle (for instance, equality) was generally accepted many centuries ago by the great majority of the legal systems, its implementation was deeply different in the various contexts (Beck Jørgensen and Vrangbæk 2011). The contradiction is possible also because ethics normally consists of guidelines, while legal rules also have specific content.

Another level of the possible contrast between what is ethical and what is legal may be grasped, especially in the field of public action. A legal discourse, when a behavior of an authority or institution is involved, postulates the protection of the interest of the whole community, which sometimes requires a sacrifice of the interest or view of a part of the population. Therefore, the question is as follows: is the prevalence of the public interest (which is normally pursued by the statutes) necessarily ethical? From this point of view, the problem of the complex relationship between lawfulness and ethics – in rule-making and in administrative action in strict sense – is particularly evident in some "sensitive" fields: for instance, let's think at human activities potentially impacting the protection of natural environment or public health, or at the distribution of scarce resources (like it happens in social housing and in urban law in general), or at the protection of minorities and "weak" parts of population through the introduction of affirmative measures (Rittel and Webber 1973; Scott 2009).

## Lawfulness, Ethics, and Legal Sources

In the system of legal sources, there was traditionally space – and, within certain limits, still there is space – for routines, which, if commonly shared in a community, may become legally binding: *diuturni mores consensu utentium comprobati* (Gaius). This shows that an ethical behavior, even if not imposed by the rules in force, may spontaneously become potentially legally enforceable.

The opportunity for customs to become real sources of law is nowadays normally admitted in the legal systems either when "positive" rules are completely absent or when their content is so wide to require a specification in order to be properly implemented.

However, there is not only this solution, in order to integrate a legislative framework which is not complete. Other tools may be used, particularly when administrative action is involved.

Sometimes, in fact, the statutes in force do not contain an exhaustive description of how administration should work. Therefore, if one looks only at the "positive" law, the "minimum necessary" level of accomplishment with the legal rules would be enough. On the contrary, if one looks at the legal system as a whole, it would be easily grasped that, from an ethical point of view, some principles of fair administration (to make two very different examples, the ancient *audi alteram partem* principle and the more recent principle according to which the final assessment of an oral test must be recorded) are self-executing and the compliance with them is normally compulsory.

Besides, especially from the point of view of good behavior of public servants, Codes of Ethics have started being emitted in the latest decades in many legal systems (Meine and Dunn 2013; Ochoa and Graycar 2016). The open issue about these tools is their legal value. Tendentially, one could infer that, if there is not an expressed reference to them in a legal source, they work as guidelines to implement best practices. However, they can help officers and employees in avoiding not only illegal but also unfair conducts, indicating the link with the general principles. They also have the function to create a sort of preventive consciousness about the ethical dilemmas that administration must face in its daily action, when the solution to concrete problems is not clearly or exhaustively indicated in the statutes in force.

Considering all these elements, one may infer that the possible contrast between ethics and

lawfulness has to be checked out very carefully. When a gap in the rules in force seems to suggest that – as not expressly forbidden – an action is implicitly allowed even if nonethical, it is necessary to look at the whole legal system. In fact, the prohibition of the nonethical behavior may probably derive from the general principles, notwithstanding they are not written or they are expressed in very wide terms.

## Lawfulness, Ethics, and Administrative Measures

The problem of the possible contrast between ethics and legality is mainly relevant, in the field of administrative action, with reference to the exercise of discretionary power. Discretionary power, in fact, requires public authorities to balance interests. The best solution for the single case is not directly indicated by the legislators; on the contrary, it must be found out by carefully identifying the dominant public interest. Approximately, one could say that it is the greatest good for the greatest number; however, the respect for minorities and dissenting voices is an ethical value, and consequently it has become a legal priority as well, as many statutes (especially about administrative procedures) in various legal systems at present show.

An important side of the relationship between ethics and lawfulness of administrative action regards the breach of the rules about the emission of administrative individual measures.

In this field, there is often a contrast between formal and substantial defects of the measures. Both, of course, make the act illegal, but they do not always produce the same effects.

According to some legal systems, an act cannot be declared void, due to just formal infringements of procedural individual rights. Moreover (and parallelly), if there is not a proof of a substantial breach of an individual interest, the act may not be declared void in presence of certain procedural irregularities. In such cases, the autonomous relevance of the public interest at the compliance with the principle of lawfulness is not enough to justify the elimination of the measure, which may be quashed only if there is a further interest to eliminate it. In other words, according to some legislators, a strict respect for the principle of lawfulness is inefficient and unfair (consequently – one could infer – at least partially nonethical), if it has just the consequence of compelling administration to repeat an institutional action, when no element of its result must change. So, when the breach of law regards rules about forms or procedure, the measure has just "formal defects" and it cannot be quashed if it is evident that its content should anyway have been the same. Of course, this normally happens when the exercise of the administrative power is completely bound by the statutes. Whenever there is discretionary power, instead, it is almost impossible for the competent authority to produce the required evidence of the substantial irrelevance of the legal breach.

Besides, when a discretionary power is involved, normally in the legal systems there is a settled rule, according to which its exercise is reserved to public administration. In other words, in light of the general principle of separation of powers, the court before which a measure has been challenged may not evaluate the specific content of the administrative choice. Judicial review regards, instead, only the respect for the procedural rules and the general principles of good administration (equal treatment, participation by all the private stakeholders, transparency, and so on). This means that, if the legal procedure and the "macro-principles" have been respected, there are often no judicial tools to compel administration to change a decision which is considered "just" wrong from an ethical perspective. Consequently, public authorities themselves should be carefully self-critical and open to change their opinion, either in front of an administrative appeal by the interested private party or ex officio.

## Lawfulness, Ethics, and Privatization of Administrative Action

Another aspect of the issue of the possible contrast between lawfulness and ethics is linked with the progressive involvement of (at least formally)

private subjects in the fulfillment of public interest. Because of their private nature, these bodies are often bound by (civil law) rules, which are partially different from the administrative law ones and require the compliance with fewer obligations.

This may make their action much more flexible and less expensive, with a possible violation of the principle of equality when they are involved in activities that are substantially the same than the ones held by the authorities. In such cases, the mere implementation of the traditional rules would produce an undesired unfair effect. Consequently, sometimes the legal systems themselves impose the assimilation of these bodies to public authorities. A typical example can be found in the European Union, where the legal concept of "body governed by public law" was created in the public procurement directives to avoid circumventions of the rules in force by the public entities of the member States, which at that purpose constituted totally ruled by private law companies. In the case, a supranational system introduced mechanisms to neutralize what was considered as a nonethic implementation of statutes by the national legislators.

Some other times, the involvement of private subjects in public interest activities can put in evidence another possible consequence of the difference between ethics and lawfulness. In particular, the implementation of spontaneous best practices is often easier for private bodies than for public authorities, because the borders of private freedom are wider than the ones of administrative autonomy. In fact, even if they are not compelled to do so, private entities sometimes hold virtuous behaviors, to pursue values of equity and substantial justice. An example is the voluntary implementation of anti-discriminatory practices by private corporations, especially to protect people belonging to minorities or other vulnerable groups. It is interesting to notice that these good practices, if frequently implemented, are able to become (first) soft law and (then) real binding rules. Such a result may happen when the best practice produces an efficient defense of the public interest and, consequently, it is requested to be respected as a preferential element to obtain public grants or favorable administrative measures. In this case, what is originally just ethical progressively converts into legal.

## Legal Vs. Ethical in a "Totemic" Tool: Short Remarks about Whistle-Blowing

With specific regard to administrative action, a particular instrument is important to mention, because it perfectly represents the possible tension between ethics and lawfulness: it is whistle-blowing in public bureaus.

Not all the legal systems rule whistle-blowing. It starts being encouraged by some legislators to overcome severe phenomena of maladministration; however, there are cross-cultural differences in the ethical perception of this tool, which is based on the dilemma of conflicting loyalties.

As it is well known, whistle-blowing is strictly linked with the theory of public service motivation (Ritz et al. 2016). Public officers who act as whistle-blowers are normally motivated by concern for the public interest; moreover, they are often high performers, and they report high levels of achievement, job commitment, and job satisfaction. Besides, they are likely to work in high-performing work groups and organizations.

This is very interesting, because it shows that a stimulating working environment substantially encourages public servants to overcome their possible moral compunctions for a superior (general) advantage.

However, whistle-blowing is not only connected with a conflict between different loyalties. In most cases, it has also to do with an illegal behavior which – as it is aimed at contrasting a third party's more severely illegal (and anyway unfair) behavior – is considered ethic. This clearly happens, for instance, whenever the whistle-blower has to disclose (first, to an authority and, then, probably to the public in general) confidential data.

This example shows that, notwithstanding it is a constant goal for rule-makers and administrative authorities to overcome the causes of contradiction between ethics and lawfulness, they are not totally erasable. Moreover, there are fields where

the legislative contribution may not be self-sufficient and the prevalence of one value on the other depends on a personal choice by an individual.

## Conclusion

Ethics and lawfulness are clearly strictly linked with each other. In principle, ethics should be, from a side, the basis for the legislative choices; from the other side, the full compliance with the legal rules in force should be a categorical imperative.

Notwithstanding this, in reality there is not between them a two-way relationship. The full respect for the statutes in force may sometimes produce the breach of ethic commands; sometimes there is a conflict among legal sources of different level and other problems are caused by the absence of clear and precise rules in certain fields. Numerous open issues regard the exercise of discretionary power, also because – especially at present, in our very complex and complicated societies – it is not simple to choose (first) what are the private positions to be sacrificed in the public interest and (second) what is, in comparison with the others, the main and prevalent public interest to be pursued. In this perspective, the greatest good for the greatest number is not always the best solution. It is also interesting to notice that sometimes the legislators realize that non-perfectly legal decisions may be coherent with ethic values; consequently, they make formal or procedural mistakes in the emission of an administrative measure irrelevant, denying the act to be quashed if it does not really infringe an individual interest.

When the solution to the single problem is not directly offered by the legal rules in force, the correct balance between lawfulness and ethics may be found either in a comprehensive vision of the legal system or in the implementation of best practices. These ones, in particular, sometimes progressively grow in importance (in light of their constant use with good results) and, at the end of a process of metamorphosis of their nature, become legally binding.

However, one must realize that the role of personal choices among different (and sometimes conflicting) values by public servants and other people involved in administrative decision-making cannot be eliminated, as the example of whistle-blowing clearly shows.

## Cross-References


- ▶ Administrative Discretion
- ▶ Administrative Ethics
- ▶ Administrative Evil
- ▶ Administrative Procedure
- ▶ Administrative Theory of Ethics
- ▶ Code of Ethics
- ▶ Compliance Versus Ethical Capacity
- ▶ Costs of Ethics
- ▶ Ethical Competence
- ▶ Ethical Probity in Public Service
- ▶ Ethical Values
- ▶ Ethics and Duty
- ▶ Ethics and Policing
- ▶ Ethics and Public Policy
- ▶ Ethics Policy
- ▶ Global Ethics
- ▶ Law and Public Administration Ethics
- ▶ Managing Conflict in Organizations
- ▶ Privatization and Public Management
- ▶ Theories of Ethics
- ▶ Transparency
- ▶ Whistleblowers in Organizations


## References


Beck Jørgensen T, Vrangbæk K (2011) Value dynamics: towards a framework for analyzing public value changes. Int J Public Adm 34(8):486–496

Gaius, Institutiones Iustiniani, lib. 1, tit. 2, § 9

Huberts L (ed) (2014) The integrity of governance. What it is, what we know, what is done, and where to go. Palgrave MacMillan, London

Lyons D (1984) Ethics and the rule of law. Cambridge University Press, Cambridge

MacKinnon B, Fiala A (2015) Ethics. Theory and contemporary issues. Cengage Learning, Stamford

Meine MF, Dunn TP (2013) The search for ethical competency. Do ethics codes matter? Public Interest 15(2): 149–166

Ochoa R, Graycar A (2016) Tackling conflicts of interest: policy instruments in different settings. Public Interest 18(1):83–100
Rittel HWJ, Webber MM (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169
Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426
Scott J (ed) (2009) Environmental protection: European law and governance. Oxford University Press, Oxford

## Legislation and Policy for the Nonprofit Sector, Japan

Kyoko Ohta
Faculty of Law and Letters, Ehime University, Matsuyama, Japan

### Synonyms

Gray zone; Nonprofit sector; Public benefit; Public interest corporation; Specific nonprofit corporation

### Definitions

Overview of the recent legislations for Japan's nonprofit sector and the argument over the resulting institutional diversity.

### Introduction

In 2018, the Law Concerning the Promotion of Specific Nonprofit Organization Activities (the NPO Law), a monumental law for Japan's nonprofit sector was in force for 20 years. The mid 1990s when this law was promoted by citizens' groups and the political process unfolded was a watershed period for Japan's nonprofit sector or for civil society. This paper reports on a study of the characteristics of and challenges facing the legal system of Japan's nonprofit sector focusing on the period since the enactment of the NPO Law.

Many studies of Japan's nonprofit sector systems and policies have been dealt with themes such as the following:

1. The reasons for and background events culminating in the 1998 enactment of the Law Concerning the Promotion of Specific Nonprofit Organization Activities (the NPO Law), the NPO support tax system in 2001, and the revision to the NPO law in 2012. With particular focus on activities of international NGO since the 1980s, and activities related to the Great Hanshin Earthquake of 1995, and the following policy making process encouraged by citizens' groups (Kojima 2003; Matsunami 2008; Osborne 2003).
2. Reasons for and background events culminating in the revision of the public interest corporation system in 2006 (Okamoto 2015).
3. Regarding the relationship of NPO and public administration mainly in municipalities since the enactment of the NPO Law, concerning the actual state of the partnership with municipalities in individual fields such as welfare, environment, education and urban planning (Yasuhiko 2014).
4. International comparative research centered on quantitative analysis of the field of nonprofit organizations (Salamon & Associates 1998; Salamon & Anheier 1998).
5. Research on neighborhood associations (Pekkanen 2006).

The analytical perspective common to existing research that analyzed the characteristic of Japan's nonprofit sector from the viewpoint of international comparison in particular since 2000 has been based on historical institutionalism (Schwartz & Pharr 2003; Pekkanen 2006; Okamoto 2015). That is to say, the view that a unique legal system and critical functions of the state related to the nonprofit sector in a certain country have greatly influenced the formation of the characteristics of its nonprofit sector (Smith 2011; for a different perspective, such as "social origins" theory, see Salamon & Anheier 1998). But during the 20-year period beginning with the enactment of the NPO Law in 1998, the legal

system surrounding the nonprofit sector has itself been transformed. This paper gives an overview of the state of the system during this period at the same time as it organizes a new argument that has resulted from the transformation of this system. This new argument is, in short, over whether or not the nonprofit sector legal systems that have been increasingly diversified (or have become increasingly fragmented) by the NPO Law and by new public interest corporation system should be integrated into a single system in the future.

## Legislations for the Nonprofit Sector

This section overviews the two important legislations for the Japanese nonprofit sector: the establishment of the NPO Law and the reform of the historic public interest corporation system.

Events in the background to the process of the enactment of the NPO Law include the anti-pollution movement of the 1960s, environmental protection movements in various regions that developed later into the national trust movement, rising formation of corporate foundations in various fields since the 1970s, the following various philanthropic activities promoted by these foundations since 1980s, community-based welfare activities and the flourish of international NGOs. Another event often said to be an important trigger is the Great Hanshin Earthquake of January 17, 1995. In 1 day, 60,000 volunteers, and overall a total of 1.3 million volunteers took part. At the same time, however, the criticism was made of a systemic shortcoming of the efforts, namely, that almost none of the volunteers had corporate status (Amemiya 2002, pp 29–30).

In Japan, organizations must obtain the status of "legal person" (hōjin) to have legal standing. Although it is possible to operate without that status, groups lacking it cannot sign contracts as an organization, and that makes it impossible for them to do such things as open a bank account, own property or sign a lease for office space, or undertake joint projects with the government. The lack of legal standing may also deprive organizations of social recognition they would otherwise win (Schwartz 2003, p 10).

The Law Concerning the Promotion of Specific Nonprofit Organization Activities (the NPO Law) was passed unanimously by the plenary session of the House of Representatives, became law and was promulgated in March 1998 and came into force on December 1 of the same year. The tax system under the NPO Law treats nonprofit corporations as "foundations without juridical personality," which means that corporate tax is levied only in the case of for-profit business activities. Provisions regarding tax deductions for charitable donations were not incorporated when the NPO Law was enacted. The Law Partially Revising the Act on Special Measures Concerning Taxation of March 2001 was passed by the Diet and came into force on October 1, 2001, permitting tax deductions for charitable donations in the case where the donation is made to a nonprofit corporation certified to have satisfied specified conditions.

The Law Partially Revising the Law Concerning the Promotion of Specific Nonprofit Organization Activities that came into force on April 1, 2012 introduced the following changes: (1) It established a new authorization system. Along with revising authorization criteria, it moved jurisdiction for authorization work from the Commissioner of the National Tax Agency to the competent authority (mainly prefecture government). (2) It established a preauthorization system. (3) It established a required supervisory regulation.

The reform of public interest corporation system eliminated about 25,000 incorporated foundations and incorporated associations by converting them to one of four types of newly created legal persons – general incorporated association, general incorporated foundation, public interest incorporated association, or public interest incorporated foundation – or if not, by abolishing them. Incorporated foundations and incorporated associations under the old system were corporations permitted by the competent authority under the provisions of Article 34 of the old Civil Code enacted in 1896 and enforced in 1898 ("Civil Code" corporations).

According to the Basic Policy for the Fundamental Reform of the Public Interest Corporation

System decided by the Cabinet on June 27, 2003, the following is the aim of the reform of the public interest corporation system (https://www.gyoukaku.go.jp/jimukyoku/koueki-bappon/kihon_housin/index.html):

> As the values of individuals and social needs have broadly diversified in Japan, it is vital to take aggressive steps to position the private nonprofit sector that can provide diverse services to meet social needs that cannot be satisfied by the public sector and the private for-profit sector in the social economic system. The present system governing public interest corporations that has not been radically revised for more than 100 years since the enactment of the Civil Code (associations and foundations under Article 34 of the Civil Code) has played a major historical role, but it has been criticized regarding various points: the inconvenience of establishing corporations under the principle of permission by a competent authority, lack of clarity of criteria for judging the public benefit, and survival of corporations that resemble for-profit corporations. Therefore, radically revising the present public interest corporation system in order to appropriately resolve such problems and encouraging the sound development of activities of the private nonprofit sector are vital challenges.

The reform has four major characteristics. (1) Abolition of the competent authority system, (2) establishing the general corporation system that permits establishment simply by registration regardless of whether public benefits are or not provided (rule-based principle), (3) definition of "business for public interest purposes" (22 items + others) and legislation of authorization criteria, etc., so that they are more easily understood, and (4) approval of tax incentives such as exempting profits of business certified to be business for public interest purposes from taxation, and preferential measures for donations to public interest corporations. Preferential measures for taxes on contributions under the new public interest corporation system are its major achievement. It can be stated that such a generous preferential tax system does not exist in any other country (Amemiya 2015, pp 18–21, 28).

The three new acts to reform the public interest corporation system were enacted in May 2006 and came into force on December 1, 2008, followed by a five-year transition period that ended with full enforcement on December 1, 2013. The new system features at two-step incorporation structure. The first step is obtaining corporate status and the second step is becoming a public interest corporation with recognition of the public benefits of the corporation. Among cases under the jurisdiction of both the national government and the jurisdiction of prefectures, far more transitioned to general corporation than to public interest corporation. Various reasons for desiring to transition to general corporation included business for public interest purposes being less than 50% of a corporation's business, its desire to be under fewer restrictions, or its administrative system being too weak to prepare the necessary documentation. Some corporations wished to transition to a public interest corporation after transitioning to a general corporation and completing its new system under this status (Amemiya 2015, p 23).

Regarding this, nonprofit corporations obtain corporate status premised on providing specified degree of public benefits, so their system is a similar system in that it too is designed as a two-step system: first corporate status is relatively easily obtained under the rule-based principle, followed by becoming a certified specific nonprofit organization with its public benefits certified by a tax authority (prefecture government under the revised law enforced in 2012).

## Argument over the Split System

After the legislation of the NPO Law in 1998 and the reform of the public interest corporation system in 2006, the Japanese nonprofit sector now has two coexisting legal person systems for general purpose, both of which have several similar requirements for gaining these statuses. There are also other categories of special purpose legal persons, such as social welfare corporation, educational corporation (for private schools), medical corporation, and legal person for offenders rehabilitation, all of which are regulated by individual laws. In addition, there are self-help cooperatives, such as labor unions, consumer cooperatives, agriculture cooperatives, and fishery cooperatives, organized by 20-something laws. In sum, Japan's nonprofit sector organizations are

split between more than a hundred different laws, according to their unique historical backgrounds or bureaucratic sectionalism (Okamoto 2015, pp 8–9).

In order to challenge this situation, some jurists and the people working for public interest corporations in particular had an argument over the necessity of the unified nonprofit corporation system. They claimed that the unified system would contribute to the presence of the sector as a whole and enhance the transparency and make the whole system understandable. On the other hand, for the people working for the Nonprofit Corporations and intermediary and advocacy organizations who had an experience of political process of the enactment of the NPO law in 1998 in particular preferred the coexistence of two legal systems, since it would offer a choice and would guarantee the plurality of the sector (Ohta 2015a, b). The relatively substitutable between the two systems are specific nonprofit corporations and new general incorporated association, both can be established under the rule-based principle. Or, certified specific nonprofit corporations, which are certified according to its structure and contents of the income, and authorized public interest incorporated associations, which are authorized according to its structure and contents of the expenditure in budget (Yamaoka 2015, p 142). Though the latter pair share the similar preferential tax system, their legal systems as a whole are substantially different.

How can we understand the coexistence of the two legal systems for the nonprofit sector? Yamaoka (2015) distinguishes two sources of public benefits: "public benefits by citizens" and "public benefits by the private sector." Of these, activities of "public benefits by the private sector" are relatively widespread, and these activities were conducted by former public interest corporations and other "Civil Code" corporations. Activities of "public benefits by citizens," on the other hand, are represented mainly by nonprofit corporations and should be distinguished in its nature from the former. (Of course, there were many other forms of organizations, including former public interest corporations and other "Civil Code" corporations, which were devoted to the activities of "public benefits by citizens.")

Whether someone sees this difference small or crucial will depend on his or her position. In order to encourage the discussion between two camps, a survey was carried out in 2014 with the partnership of intermediary organizations of public interest corporations and nonprofit corporations. The survey investigates into the choice of corporation types by the two groups of new general incorporated associations and foundations, and specified nonprofit corporations, who gained either status in the years between 2008 and 2013 (Committee for the Survey 2015). According to the survey report, there is a significant difference in the reason for the choice between two groups. It also finds a difference between what is recognized as merits and advantages by the two groups. For who choose general incorporated associations and foundations, there are advantages in convenience and quickness of startup, and freedom from the regulations of the fields they work, management, and competent authorities. For whom choose specified nonprofit corporations, there are advantages in the reputation of high degree of citizenship, participation, and trust from the public sector.

It is also said in the report that such differences are resulted from the institutional design and the historical background, as well as from the way each group has been treated by their stakeholders. According to the survey, the relationship to the public sector in particular seems to have an impact. There are lots of subsidies, commissions, and designated managers of specific public facilities in municipalities, which are applicable only to specific nonprofit corporations and ruled out for general incorporated associations and foundations. The report points out that differentiated approaches by public sector themselves could come from different institutional designs and historical backgrounds of two types of corporations, and two will be closer if attitude of the public sector is changed (Committee for the Survey 2015, p 80).

In order to contribute to such a new argument, this paper concludes with a discussion of the

characteristics of the concept of public benefit in Japan from the perspective of the study of public administration. In Japan, activities of "public benefits by the private sector," such as corporate philanthropic activities through "Civil Code" corporations, had been widely recognized, rather than activities of "public benefits by citizens" throughout the late twentieth century. Meanwhile, "Civil Code" corporations also included either so-called quasi-public organizations or organizations in an administrative gray zone – types active under strict criteria for permission and supervision of administrative bodies – so "public benefits by the private sector" activities have also been recognized as the gray zone of administrative activities. Organizations in the administrative gray zone here include various organizations from quasi-public institutions such as nondepartmental public bodies (NDPB) or agencies, to more private ones like quasi-autonomous nongovernmental organizations (Quangos). The former public interest or "Civil Code" organizations, which functioned as the complement of public administration, belong to this category.

Such organizations in the administrative gray zone played an important role for the Japanese public administration. With regard to the proportion of the number of public servants in central and local governments against the population and the proportion of the national budget against the GDP, Japanese government is relatively "small," compared to many other advanced democracies. However, a plenty of organizations in the gray zone, which are strictly not in the public sector, have a close relationship with public sector organizations, supply the place of them, and complement their work at their beck and call. These organizations should not be underestimated when we understand the actual size and functions of the Japanese public administration (Mabuchi 2008, chapter 6).

The former public interest corporations in the gray zone contributed to the postwar rapid economic growth where resources in the private sector were mobilized to the maximum for the national goal. More recently, they were expected to play a quasi-public role to compensate the reduced number of public servant and public services in the era of retrenchment. In addition, it should be noted that these organizations in the gray zone have been comfortable place for the retired officials who look for the second appointment with reasonable pay. Because of this background, ironically, former public interest corporations were, contrary to their denomination, associated with wicked images of vested interests and appropriation of public services. Under the new public interest corporation system, which reflects the aim of the reform, what should be promoted above all is due administration of the system to encourage the activities of "public benefit by the private sector" in a real sense.

"Public benefits by citizens" on the other hand, are about searching for what are the public benefits of civil society from the viewpoint of citizens who are completely independent of the government or administrative bodies, and are displayed as influence in the forms of the capacity to propose and to advocate public policies. This influence is created because these nonprofit organizations provide their own services and learn lessons. (However, it is a mistake to simply view "public benefits by citizens" as identical to mere service provider.) As pointed out by Pekkanen (2006), although Japan's nonprofit sector is quantitatively not necessary small, because such advocacy capacity is weak, "public benefits by citizens" has been considered weaker than "public benefits by the private sector." As the establishment of the NPO Law and the new public interest corporation system have completed and diversified the legal system surrounding the nonprofit sector, the question as to whether or not to unify these systems in the future should probably be discussed by finding a way to contribute to the expansion of "public benefits by citizens."

## Cross-References

► Ethics and the Nonprofit Sector
► Ethics and the Public Interest

L

## References

Amemiya T (2002) NPO and law. In: Yamamoto H et al (eds) NPO, Law and Public Administration. Minerva Shobo, Kyoto, pp 28–55 (Japanese)

Amemiya T (2015) The current state and future prospects of public interest corporation reform. In: Okamoto M (ed) Potential for the civil society sector: the outcome of the biggest reform in 110 years and its problems. K. G. University Press, Nishinomiya, pp 17–36 (Japanese)

Committee for the Survey (into the Choice of Juridical Personalities by Nonprofit Organizations) (2015) Report for the survey into the choice of juridical personalities by nonprofit organizations (Japanese) http://www.jnpoc.ne.jp/download/research-hieiri-sentaku-chousa_2015.pdf

Kojima H (2003) Policy Making and the NPO Law: issue, policy and politics. Yuhikaku Publishing, Tokyo (Japanese)

Mabuchi M (2008) Public Administration. Yuhikaku Publishing, Tokyo (Japanese)

Matsunami (2008) The policy process for the NPO law. In: Mabuchi M, Kitayama T (eds) Policy Process in the Era of Political Realignment. Jigakusha Publishing, Tokyo, pp 160–177 (Japanese)

Ohta T (2015a) The process of the reform. In: Okamoto M (ed) Potential for the civil society sector: the outcome of the biggest reform in 110 years and its problems. K. G. University Press, Nishinomiya, pp 37–78 (Japanese)

Ohta, T (2015b) The structure and the transformation of the nonprofit sector. In: Okamoto M (ed) Potential for the civil society sector: the outcome of the biggest reform in 110 years and its problems. K. G. University Press, Nishinomiya, pp 115–135 (Japanese)

Okamoto M (ed) (2015) Potential for the Civil Society Sector: the outcome of the biggest reform in 110 years and its problems. K.G. University Press, Nishinomiya (Japanese)

Osborne SP (ed) (2003) The Voluntary and Nonprofit Sector in Japan: the challenges of change. Routledge, London

Pekkanen R (2006) Japan's Dual Civil Society: members without advocates. Stanford University Press, Stanford

Salamon L, Anheier H (1998) Social origins of civil society: explaining the nonprofit sector cross-nationally. Voluntas 9(3):213–248

Salamon L & Associates (1998) Global Civil Society: dimensions of the nonprofit sector. The Johns Hopkins Center for Civil Society Studies, Baltimore

Schwartz FJ (2003) Introduction. In: Schwartz FJ, Pharr SJ (eds) The State of Civil Society in Japan. Cambridge University Press, Cambridge, pp 1–19

Schwartz FJ, Pharr SJ (eds) (2003) The State of Civil Society in Japan. Cambridge University Press, Oxford

Smith SR (2011) The nonprofit sector. In: Edwards M (ed) The Oxford Handbook of Civil Society. Oxford University Press, Oxford, pp 29–41

The Basic Policy for the Fundamental Reform of the Public Interest Corporation System (Japanese) https://www.gyoukaku.go.jp/jimukyoku/koueki-bappon/kihon_housin/index.html

Yamaoka Y (2015) The unified vision for the future of nonprofit corporation systems. In: Okamoto M (ed) Potential for the civil society sector: the outcome of the biggest reform in 110 years and its problems. K. G. University Press, Nishinomiya, pp 137–155 (Japanese)

Yasuhiko K (2014) Utility of Partnership between Public Administration and Citizens: Empirical Approach. Horitsu Bunka Sha, Kyoto (Japanese)

# Legislative Oversight of Bureaucracy

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

## Synonyms

Bureaucratic accountability; Congressional oversight; Cycle of oversight; Legislative engagement; Parliamentary oversight

## Definition

*Legislative Oversight of Bureaucracies* refers to the set of activities that legislatures perform in order to evaluate the performance of bureaucratic institutions and the implementation of policies by bureaucrats.

## Introduction

Legislatures represent a vital pillar in democratic dispensations, and there are three primary functions attributed to legislative bodies (see Stapenhurst et al. 2008). First, they are responsible for *representation*, to articulate the divergent, and sometimes conflicting, voices of constituents and to defend the core interests of their electoral constituencies. Second, they are responsible for *lawmaking*, creating, debating, and passing

legislation that serves the interests of their constituents. Third, legislatures are responsible for *oversight*, which is to say "act as a watchdog" for the bureaucracy and for other arms of government, to ensure that the implementation of policies, as well as the institutions themselves, conform with their stipulated objectives.

Out of these three functions: representation, lawmaking, and oversight, the first two are generally well studied by scholars, constitutionally secured or mandated, and well understood by other agents of institutional power. However, the role of oversight has received less attention, is less understood, harder to evaluate, more open to negotiation, and if performed, is often done in a less consistent way than the other two roles. For example, even if legislators perform their representation role poorly, at least this role is tested in elections, and has a performance standard in terms of whether constituents feel that they are getting what they want. Similarly, lawmaking is a role that is constitutionally mandated in nearly every system, including those that may not necessarily be designated as "democratic." By contrast, the oversight role of legislatures is not addressed with the same level of urgency, and may not receive the same level of cooperation or acceptance from other institutional actors. Worse yet, oversight is generally conducted in a manner that lacks public visibility and is dispersed across different areas and over different lengths of time.

The less addressed nature of the oversight role notwithstanding, legislatures can improve the level of social governance by conducting their oversight duties in an effective way, because this role enhances the degree of accountability, transparency, and participation, all of which are crucial to the vitality of democracy. This is because legislative oversight of the institutions including the bureaucracy ensures that these agents remain responsive to the democratic will and are made answerable (held accountable) for their actions (see Chohan 2016).

The essential justification for *legislative* oversight of the bureaucracy is that bureaucrats are unelected, and are thus not directly responsible or answerable to the people. As unelected experts, bureaucrats can drift policies away from the original intent under which the policies were created. This creates a *principal-agent problem* that requires oversight to make the bureaucrats regularly accountable for the implementation of policy. By contrast, legislators are democratically elected individuals who are expected to advocate, and remained attuned to, the aspirations of their voters. Their democratic mandate justifies their watchdog relationship vis-à-vis the bureaucracy. This is why an increasing number of legislative scholars now believe that oversight is or should be the main activity of legislatures (see Stapenhurst et al. 2008).

In this sense, the problem of legislative oversight is subsumed within the longstanding quandaries pondered by thinkers of government, for as one of the American founding fathers James Madison noted:

> In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself.

Oversight can be thought of as the set of activities that a legislature undertakes in order to watch over bureaucratic institutions and on the policies implemented by these institutions so as to conform with their stipulated objectives, while being mindful of the impact of bureaucratic judgments and actions on the electorate that voted the legislators into power. From the perspective of accountability theory, the legislative oversight of the bureaucracy is a form of *horizontal accountability*, which means that it is part of the system of mechanisms for state institutions to check abuses or transgressions by one another (see Stapenhurst et al. 2008). This horizontal accountability should help in limiting the untoward exercise of power both by personnel and institutions of government.

Given this logic for a legislative oversight role, how can legislatures actually go about conducting their oversight work?

## The Tools for Oversight

There is in fact an array of tools that a legislature can and should use in order to perform oversight functions. They are enumerated in Table 1, and are

**Legislative Oversight of Bureaucracy, Table 1** Oversight tools for legislatures

| Oversight tool | Timing of activity | Process/body | External/internal |
|---|---|---|---|
| Questions | Ex ante & Ex post | Process | Internal |
| Question time | Ex ante & Ex post | Process | Internal |
| Hearings in plenary sittings | Ex post | Process | Internal |
| Interpellations | Ex post | Process | Internal |
| Committees (in general) | Ex ante & Ex post | Body | Internal |
| Parliamentary accounts committees (specific) | Ex post | Body | Internal |
| Commissions of inquiry | Ex ante & Ex post | Body | Internal |
| Ombudsman | Ex post | Body | External |
| Auditor-general | Ex post | Body | External |
| Legislative Budget Office | Ex ante & Ex post | Body | External[a] |

[a]Legislative Budget Offices are usually "external" in that they usually exercise independence from parliament through the status of "independent officer," but in some cases, notably Canada, the Parliamentary Budget Office has been denied this status, and this has affected its ability to perform its budgetary oversight work

described by three properties: the timing of activity, process/body, and external/internal. The timing of activity can be described by its *ante* nature, which is to say, before a policy is formulated, legislated, or implemented; or its *ex post* nature, which is to say, overseeing existing policies, after they are instated. The distinction of process and body refers to whether the form of oversight involves a series of actions (process: interpellations, questions, etc.) or to delegating oversight to a mechanism (body: committee, legislative budget office, etc.) (see also Stapenhurst et al. 2008). Oversight is *external* if it is conducted by an institution related to parliament, but which exercises a measure of independence from it. It is *internal* if the oversight is conducted from within the legislature itself.

The array of tools available to a legislature will depend on the provisions in the constitution that ascribe specific powers to the legislature. Furthermore, within legislatures, the committees tend to be the main vehicles of conducting oversight; while outside of the legislatures, the auditor general and ombudsman tend to serve as important mechanisms. Legislative Budget Offices are a comparatively new innovation in the oversight landscape, but their numbers are growing, with more than 40 working institutions around the world today. In terms of political design, it has been found that parliamentary systems tend to have more oversight tools at their disposal than presidential systems do. However, this does not mean that *actual* oversight is more effective in parliamentary systems than in presidential ones.

Given all of these possibilities for conducting oversight, it is pertinent to ask whether these tools are indeed put to use, to what extent, and whether they produce results. In practice, it appears that the presence of the tools is a necessary condition for effective oversight, but having the tools alone does not assure effective oversight without the fulfillment of other important conditions.

Some of these variables include: a robust constitutional mandate for legislative oversight, the degree to which bureaucrats are ready and willing to cooperate with the legislature, sufficient access to information to make proper and informed judgments relating to oversight, amenable personalities and their influence within the legislature, the proactiveness of legislators, the historical relationship between the legislature and the bureaucracy, the salience of issues being examined, and the general political climate and mood of the country.

Oversight tools tend to be more impactful if they force a quick response from the bureaucracy. As an example, questions to be answered immediately in the assembly or in committees tend to be more powerful oversight tools. The nonpartisanship, or at least appearance of nonpartisanship, may also be an important determinant in the power of an oversight tool. As an example, Legislative Budget Offices must provide fiscal analysis in an impartial manner, without regard

to political factors, solely on the economic merits of budgetary items. This helps them to act as an important oversight mechanism in the budget process (see Chohan 2016). Similarly, the ombudsman is an independent and impartial office, which makes it an important avenue of recourse in oversight.

## Difficulties in Oversight

Despite the aforementioned merits of oversight, as well as the requirements and the tools of oversight, in many countries there is still a critical deficit of transparency and accountability, and legislative oversight is but one part of that preponderant concern. In practice, the legislatures of many countries find it difficult to actually perform effective oversight, whether over the bureaucracy, over the budget, or over other branches of government (see also Fashagba 2009). These difficulties stem both from within and without, and can greatly hamper any significant oversight initiative.

The first difficulty arises when the bureaucracy is unwilling to provide the necessary information to the legislature. This may be due to the recalcitrance of bureaucratic culture, but may also depend on whether bureaucrats, often wielding far more specific and ample expertise on the issue, deem that legislators should not be delivered the information because it is secret, sensitive, or even just too complex. Furthermore, in some countries the lack of access to information may simply result from poor record-keeping and other such operational deficiencies. If legislators do not have recourse to a means of sanction against recalcitrant bureaucrats, then they may be helpless or at best severely limited in their oversight duties (see also Fashagba 2009).

A second difficulty arises from the lack of "attention" from legislators due to the sheer volume of matters that may require oversight. Oversight is a function of prioritization, which is why legislators must divide their attention prudently between relevant issues. If legislators attempt to oversee every aspect of bureaucratic function, they are unlikely to perform their oversight role effectively due to a lack of focus. A third difficulty stems from lack of resources such as funding or expertise. Oversight requires well-endowed legislatures that can muster sufficient resources to conduct that role. This is evident in many young legislatures, where the resource endowment is limited by insufficient competencies in research and fact-finding (see Chohan 2016).

A fourth difficulty arises from the internal politics and bickering of the legislatures, which can equally erode oversight delivery capability. Partisan agendas within the legislature can fragment the institution and prevent oversight of specific issues against which a faction within parliament holds reservations. A fifth difficulty arises from the lack of consistency among legislators. In some countries, legislatures suffer from a significant turnover of members, which means that they do not stay around long enough to complete oversight projects, and also that many inexperienced MPs enter in each period, who may in turn find it difficult to develop oversight-related acumen (see Chohan 2016). A sixth difficulty stems from corrupt practices, whereby legislators may collude with public servants to share an agency's or ministry's funds or other resources (see Fashagba 2009).

## Conclusion

Oversight is best contextualized as a cycle, wherein both ex ante and ex post processes remain continually at work (see Stapenhurst et al. 2008). Treating legislative oversight of the bureaucracy as an intermittent or periodic process can only weaken its effectiveness. At its best, which is to say, in situations where the legislature's oversight is considered a significant factor, bureaucratic agencies may be tacitly induced to shape and effectuate policy before being brought to account, and may design and act on policy with regard to anticipated legislative reactions. Yet, as the aforementioned discussion has shown, such outcomes are often stymied by a variety of limitations emanating both from within the legislature and without.

Nevertheless, an open question still persists about the causality of oversight mechanisms. It is observed that more democratically robust countries

tend to have better oversight. But is it that they had better oversight tools that they became more democratic? Or is it because they were more democratic that they put in more oversight tools? Furthermore, there are several important international organizations, such as the World Bank, that are drawing renewed focus to the creation of legislative oversight mechanisms, as a means of ensuring more participatory and accountable development. However, the actual premise of their practitioner efforts is still not a sufficiently addressed question: is legislative oversight really good for democracy? From the research undertaken by these organizations, the evidence for legislative oversight is at best suggestive (see Stapenhurst et al. 2008). Nonetheless, given the increasing interest expressed around the world for stronger oversight mechanisms that assure the vitality of democracy, legislative oversight is likely to constitute an area of further academic and practitioner interest in the years to come.

## Cross-References

► Budget Approval and the Legislative Process

## References

Chohan UW (2016) The idea of legislative budgeting in Iraq. Int J Contemp Iraqi Stud 10(1–2):89–103
Fashagba JY (2009) Legislative oversight under the Nigerian presidential system. J Legis Stud 15(4):439–459
Stapenhurst F, Pelizzo R, Olson DM, von Trapp L (2008) Legislative oversight and budgeting: A world perspective. World Bank Institute, Washington, DC

# Legislative Power

Marjorie Sarbaugh-Thompson
Wayne State University, Detroit, MI, USA

## Synonyms

Legislative politics; The power game

## Definition

Legislative power is the capacity of a legislative chamber or actors within that chamber to thwart, encourage, or compel actions by others.

## Introduction

Power is a difficult concept to define and possibly even harder to measure. This dilemma has been extensively documented (March 1966). But power is essential to the work of a legislature. So the difficult task of defining and measuring does not absolve us from the need to discuss legislative power. In this discussion, we explore first the nature of legislative power within the chamber, including its distribution among legislators and the resources that give rise to individual legislators' power. Then we address the external uses of legislative power, first to check the executive branch and then more broadly in a network of actors including legislators, other government actors, interest groups, and voters.

## The Nature of Legislative Power

Power in general comes in two overarching forms: the power to block or thwart action and the power to encourage or compel compliance (Bachrach and Baratz 1962). With respect to legislative power, the power to thwart is typified in legislative gridlock; the power to persuade undergirds legislative compromise and negotiation. The two forms of power often comingle in practice, but the distinction between the power to prevent and the power to persuade is useful in discussing legislative power. In the following discussion, we also consider the distribution and use of both these forms of power among actors within and outside a legislative chamber. Moreover, we explore the difference between formal and informal resources of power on legislators' efforts to persuade or to sabotage other actors' efforts.

## Power Within a Legislative Chamber

Some legislators are more and less powerful compared to their colleagues. Often these additional increments of power accompany formal positions, such as caucus leadership positions and committee chairs. But in many legislatures, there are also powerful legislators who do not hold formal positions of authority. In some legislatures, the concentration of power in the hands of a few chamber leaders is extreme, with the speaker or majority leader exerting a lot of power over her or his colleagues. In these legislatures it is rare for legislators other than caucus leaders or committee chairs to wield power. Other legislatures are more egalitarian, with power distributed more broadly throughout the entire membership.

These differences are especially apparent in state legislatures. Some of these are replicas of the US Congress – the so-called professional state legislatures – in which leaders, such as the speaker, have access to staff resources and sizeable campaign coffers. These leaders also have the power to set the chambers' agenda by controlling what business reaches the floor for votes and which committees are tasked with crafting specific pieces of legislation. Thus legislative power can be concentrated in the hands of a few actors. In other legislatures, sometimes referred to as part-time or citizen legislature, power can be more widely distributed among many legislators.

## Comparing Concentrated Versus Distributed Power

Although it might seem logical that concentrated power would produce better outcomes, there is some evidence that in democratic institutions, widely distributed power leads to more programmatic success (see the work of Tannenbaum 1961, 1968, 1986). Tannenbaum argues that this is the result of a greater volume of power in an organization in which power is distributed more broadly among the membership.

This raises questions about whether power is a finite commodity that is allocated among members of a group or whether it is possible for the volume of power in a group to expand as more participants are empowered or to contract as it is concentrated in the hands of a smaller cabal. At the heart of this debate is whether power is zero-sum or not. That is, if one person gains some amount of power, does someone else lose an equal amount of power?

The tendency in a democracy is to conclude that the more people who are empowered, the more effective the system. One can easily envision advantages of wider participation in generating options, crafting compromises, and coopting legislators into supporting a deal. This definition of the effectiveness of power seems to focus heavily on the power to persuade rather than the power to thwart, however.

On the other hand, one can readily conceive of instances in which concentrated power would be quite effective in blocking negotiated compromises, depending on the prerogatives to thwart action wielded by a key legislator – for example, a speaker or majority leader. So power concentrated in the hands of the speaker or a committee chair means that other legislators lack the means to rebuff the speaker's blockage. Therefore, when one thinks about the effective use of power, the form of power seems to interact with the concentration or distribution of power.

## Formal Power Versus Informal Power

The distinction between formal and informal power is germane to the distribution of power in a legislature and is associated with the two forms of power as well. Formal power arises from the official positions that legislators hold and the prerogatives associated with those positions. For example, chamber leaders, such as the speaker or majority leader, are authorized to select committee chairs or to control the calendar for floor votes and other chamber business. Formal power, therefore, is more likely to be concentrated in the hands of a small group of legislators, typically caucus leaders such as the speaker or majority leader. And, when one person among these leaders possesses a prerogative, other legislators typically lack that source of power. Therefore, formal

power does seem to be a zero-sum commodity. If the constitution or the chamber rules change and shift a particular prerogative from one legislative position to another, then one legislator loses power and another gains an equal amount of power. This power inheres in the position not the person. Moreover, as speakers come and go, the legislator holding the speakership gains and loses power.

Informal power on the other hand is derived from personal qualities, such as a legislator's reputation as an honest broker in negotiations, or from her or his knowledge, expertise, or experience. In other words, informal power is personal – accruing to an individual. The number of legislators who have knowledge about or expertise on an issue is not finite. It can expand or contract without shifting power from one legislator to another. Informal power is clearly non-zero-sum and lends itself to expansion and contraction across time and circumstances.

French and Raven (1959) developed a widely known taxonomy of the sources of power. These sources include: legitimate power (based on formal prerogatives), referent power (based on personal qualities), expert power (based on knowledge and expertise), coercion (based on credible threats), and rewards (based on the ability to distribute something of value). Referent power and expert power fall into the category of informal power. Legitimate power is clearly formal power, while the ability to coerce and reward are likely to be enhanced by the prerogatives of a legislator holding a formal position. But one can also envision coercion and rewards that might involve informal power in tandem with formal power.

Obviously formal power and informal power are not mutually exclusive. A legislator holding a formal position with attendant sources or power can use that power more or less effectively based on his or her personal qualities and reputation – informal power. Moreover, power is relational. Legislators with power have to be willing to use their power, but their actions do not occur in a vacuum – their colleagues can comply or resist based on their own, often informal, power resources.

## The Use of Legislative Power

Externally, legislative power is fundamental to the American system of checks and balances between branches of government. In particular, during periods of gridlock, legislatures are seen as thwarting or checking the power of the executive branch. This power is exercised through refusal to pass budgets and laws, refusal to confirm appointees, failure to ratify treaties, or by publicly challenging and embarrassing executive branch appointees and civil servants during oversight hearings. The use of legislative power to thwart the executive branch does not occur in a vacuum and depends on the power resources the executive branch brings to the table. For example, is the governor or the president able to reward or coerce the legislature into a more supportive or at least less oppositional posture? The power of a legislature varies in tandem with the formal and informal powers of its executive branch partners – typically the US president or state governors. Thus, power is relational – contingent on power and intentions of multiple sets of actors. The formal powers of these executive branch partners typically is codified in constitutions, but their informal powers rise and fall with their public popularity and their expertise and experience.

Among US state governments, the formal powers granted to legislatures and governors vary widely as demonstrated by an ongoing multi-year project by Martorano et al. (2016) analyzing state constitutions. In some states, legislative sessions are limited. State legislators are restricted to meeting for a set number of days per year or sometimes even just a few days every other year (see Montana and North Dakota). In these states, the power of the legislature vis-à-vis the governor is quite limited, and the executive branch is the dominant actor. In other states, with more professional legislatures, the national system of checks and balances between coequal branches of government is replicated at the state level. These legislatures, which often meet year-round, have more power to thwart or to motivate the behavior of their executive branch counterparts. For their part, the head of the executive branch, whether a governor or the president can parry legislative

power using various forms of the veto. On the other hand, legislatures can refuse to fund executive branch activities, and presidents and governors cannot pass laws.

More importantly for readers in the field of public administration, legislatures, both state and national, typically have the power to monitor or oversee the work of the bureaucracy. There are two broad categories of oversight: fire alarm and police patrol. The former is a response to a crisis or at least an unanticipated problem. The latter, police patrol oversight, involves continuous and systematic trawling for agency performance measures. It is unclear how effectively legislatures perform this task of overseeing the work of the bureaucracy. And oversight hearings often peak during periods of divided government implying that the motivation is political gain rather than service delivery improvement. Moreover, there is some evidence that state legislators fail to use this power because they do not realize that they can. Sarbaugh-Thompson et al. (2010) in interviews with legislators in a highly professional chamber discovered that a sizeable proportion of these legislators believe that the governor is solely responsible for monitoring the work of the state agencies. These authors attribute some of this to the lack of experience introduced under state legislative term limits, but more broadly it underscores the fact that an effective use of power requires skill and will.

It appears that legislators who perform oversight of the bureaucracy effectively are veterans who combine both formal and informal power. Legislators who are described by their colleagues as exemplars of state agency monitoring accomplish this in two ways. First, they are highly experienced with a vast reservoir of knowledge about the work of the agency. Second, they are likely to have personal relationships with agency bureaucrats based on trust and honesty. For example, there are stories of legislators who help interns from their office apply for civil service jobs. These interns then feel confident that they can confide in the legislator or legislative staff that they know personally if they want to provide information about a problem within the agency. This facilitates confidential leaks of key information that can be useful in committee hearings scrutinizing the work of the agency. Similarly, these bureaucrats with ties to a legislator's office are an easily accessible source of information when the legislator has a question about how things are going within an agency. So once again, we find that legitimate power (committee chair's prerogatives to call state agency staff as witnesses in committee hearings) in tandem with informal power accruing from skill and trustworthiness (expertise and referent power) enhances the use of power.

## Power as a Relational Phenomenon

This brings us to another important characteristic of legislative power – it is part of a multiplayer game. The classic iron triangle depiction of legislative power as a vertex in a triangle formed with interest groups and state agencies moves our vision of legislative power beyond the confines of the chamber or the branches of government. Legislative power is fundamentally relational. It is based at least in part on a grant of power from the larger public – both voters and ordinary citizens at the ballot box. Legislative power can, also, serve as a tool used by the extraordinarily advantaged groups and individuals who attempt to use their money and their own positions of power in the economy and global affairs to persuade legislators to do their bidding.

Voters' and ordinary citizens' efforts to channel the legislators' power toward fulfilling their wishes is limited for a host of reasons. Chief among these is the fact that with the advent of sophisticated demographic models and creatively drawn district boundaries, it is increasingly likely that legislators have more say in selecting their preferred voters than voters do in electing their preferred legislator. Moreover, there is rarely a cohesive public mandate that legislators could respond to even if they wished to do so. That is, public opinion is notoriously unstable and fragmented on specific issues. Economic and interest group elites can be just as diverse and fragmented as the general public, but there are instances in which they formulate a more cohesive agenda and coerce or reward legislators using

their resources of power, such as campaign donations, media attention, or their seal of approval to their group's members.

As the cast of players expands, the legislative power game looks more like issue networks rather than iron triangles (Heclo 1978). Legislators are enmeshed in a complex web of power-wielding actors pursuing multiple goals, and these other actors mediate legislative power. For example, the power of the big financial institutions to bring down the economy during the 2008 financial crisis induced reluctant legislators to use their power of the purse to prop up the banks while individual homeowners suffered.

Rather than individual players there are teams of players, and legislators are part of one or often several teams. In the 2008 financial crisis, there were financial sector interest groups, both the executive branch and legislative branches of government, both political parties' presidential candidates, and throngs of fearful citizens and other business interests, as well as international global actors. So the legislative power game is not a two-player game. The legislative power game might more aptly be imagined as the Tour de France rather than a football or baseball game. Individual teammates' importance ebbs and flows depending on the context and issues. And multiple teams vie for leadership, jockeying for top positions.

## Political Parties as Conduits of Legislative Power

A discussion of legislative power would be profoundly incomplete without discussing the mediating role of political parties. Within a legislature, political parties, at their best, are teams seeking success for a common agenda. At their worst, political parties in the legislature are gangs in which loyalty to the ingroup and opposition to the outgroup are essential for survival. Yet loyalty to the dictates of his or her political party can lead a legislator to risk electoral defeat. So the political party, just as a team or gang might, insures that the loyal member can benefit even in defeat. This reward for loyalty can be fulfilled by placing a defeated legislator in an appointed position in government or under the umbrella of allied groups external to government (e.g., lobbying or think tank positions).

Discussing political parties brings us full circle in our discussion – back to the individual distribution of power within a legislative chamber. Chamber leaders are also party leaders. They can combine the prerogatives of their formal position in the chamber with informal power resources to enforce party discipline. Campaign funds provided by chamber political action committees (PACs) are not unique to national politics. They are powerful resources for state legislative leaders that can be used to reward loyal behavior. Prized committee assignments reward loyal partisans within the chambers. On the other hand, individual legislators often donate large sums to the chamber caucus PAC, which the leader uses to reward compliant colleagues. But this money often comes with expectations of a plum committee assignment or some other reward. So the speaker's power is checked by the power of other legislators. Moreover, legislative leaders are chosen by popular vote of their co-partisans, so although their formal powers might permit harsh tactics to hold their caucus in line, their willingness to threaten their colleagues is constrained by a parallel threat that their colleagues might oust them from their leadership position. Once again, power is relational and must be viewed within the larger system and the current circumstances.

## Measurement of Power

Finally, we turn to the question of how to assess and measure power. How do we determine who is more powerful in a particular legislature? And even more challenging, how do we compare the power of different legislatures? A lot of attention focuses on measuring the power of legislative leaders whom most observers widely agree are typically the most powerful actors within a legislature.

There are two overarching approaches to measuring legislative leaders' power: reputational measures based on the judgment of knowledgeable informants or a composite of various formal

prerogatives assigned to leaders by constitutions and chamber rules. One of the more interesting finding of the research on the power of legislative leaders is that these two approaches to measuring leadership power are poorly correlated (Battista 2011). This reminds us that power involves both formal and informal facets. Reputational measures of power are likely to incorporate informal power, while the list of formal prerogatives is restricted to only one facet of power – formal power. It is then less surprising that these measures are not highly correlated. Once again we point out that power includes informal and formal components. But, moreover, it is relational and needs to be measured vis-à-vis the power of other network actors (e.g., executive branch partners and interest group networks).

One underutilized approach to analyzing legislative power involves network analysis – a set of analytic tools based on matrix algebra that focuses on the ties between actors. This set of techniques lends itself to reputation analysis of the power of legislative leaders because all legislators in a chamber can be asked who they consider to be powerful. This information is then entered into matrices in which the respondents form the rows of a matrix and in which all chamber members form the columns. A value in a cell in a matrix represents that a particular respondent (the row) named a particular colleague (the column) as powerful. There are numerous ways to analyze the resulting matrix to determine the concentration of power and linkages between powerful legislators within the chamber (Hanneman and Riddle 2005). Not only is this set of techniques well suited to data based on reputational measures of power, network analysis underscores the relational nature of power.

## Conclusion

Legislative power inheres in positions (formal power) and arises from individual qualities and behaviors (informal power). Sometimes legislative power is widely distributed and other times it is concentrated narrowly in the hands of a few key legislators, typically chamber leaders. It requires both skill and will to use legislative power effectively. Its use includes the power both to thwart actions of others and to encourage or motivate action by others. But legislative power does not exist in a vacuum. It exists in a network of actors, all of whom have their own bases of power and their own levels of skill and willingness to use power to thwart or to enhance the plans of legislators. This produces a multiplayer legislative power game in which political parties, both within and outside the legislature, are key players.

## Cross-References

► Network Structures

## References

Bachrach P, Baratz MS (1962) Two faces of power. Am Polit Sci Rev 56(4):947–952

Battista JC (2011) Formal and Perceived Leadership Power in US State Legislatures. State Politics and Policy Quarterly 11(1):102–118

French JR, Raven B (1959) The bases of social power. In: Cartwright D, Zander A (eds) Group dynamics. Harper and Row, New York

Hanneman RA, Riddle M (2005) Introduction to social network methods. University of California, Riverside. Riverside published in digital form at http://faculty.ucr.edu/~hanneman/

Heclo H (1978) Issue networks and the executive establishment. In: King A (ed) The New American political system. American Enterprise Institute, Washington, DC, pp 87–107, 115–124

March JG (1966) The power of power. In: David E (ed) Varieties of political theory. Prentice-Hall, Englewood Cliffs, pp 39–70

Martorano N, Hamm KE, Hedlund RD (2016) Measuring state legislative committee power: change and chamber differences in the 20th Century. Paper presented at the Midwest Political Science Association, Chicago, 8 Apr 2016

Sarbaugh-Thompson M, Strate J, LeRoux K, Elling RC, Thompson L, Elder CD (2010) Legislators and administrators: complex relationships complicated by term limits. Legis Stud Q 35(1):57–89

Tannenbaum AS (1961) Control and effectiveness in a voluntary organization. Am J Sociol 67(1):33–46

Tannenbaum AS (1968) Control in organizations. McGraw-Hill, New York

Tannenbaum AS (1986) Controversies concerning control and democracy in organizations. Int Yearb Organ Democr 3:279–304. John Wiley

# Legislative Study on Government Regulation

Lucas Lockhart
Department of Political Science, University of Minnesota, Minneapolis, MN, USA

## Synonyms

Legislative delegation of regulatory power

## Introduction: Politics Not Complexity

The legislative study of government regulation is largely dominated by the following question: why and under what conditions do legislators delegate regulatory power to independent commissions and/or executive bureaucracies? One of the most obvious and frequently cited drivers of delegation is the increasingly complex and dynamic nature of modern society. Given that the time and resources of lawmakers are scarce, they may find it difficult to craft coherent policy responses to the social risks and market failures created by unceasing socioeconomic change. As a result, delegation to specialized nonlegislative actors with high levels of policy expertise can be a net positive for legislators, particularly when policies are technically complex and their effects uncertain (Bawn 1995). Legislators can indirectly provide policies that both interest groups and citizens demand without becoming consumed with the politically unrewarding tasks of oversight, monitoring, and detailed policy implementation. Citizens and interest groups get "better" regulatory policy because it is made by specialized actors with higher levels of technical expertise and better knowledge of ever shifting social and economic conditions.

While this "gains from specialization" account is intuitive on its face, it is politically naïve and ignores instances in which legislative bodies bypass opportunities for delegation and directly address complex regulatory issues themselves (Fiorina 1982). Four decades of social scientific research repeatedly comes to the same conclusion: politics are paramount in legislators' regulatory decision making. Not only do political conditions shape legislators' decisions to retain or delegate regulatory power, they fundamentally affect the amount of discretion that lawmakers grant to their regulatory agents (Moe 1984; McCubbins 1985; Huber and Shipan 2002). Government regulation cannot be understood without direct reference to political struggles between legislators, executives, bureaucrats, political parties, and interest groups.

## The Decision to Retain or Delegate Regulatory Power

The initial decision over whether to retain regulatory authority or to delegate it to some non-legislative administrative entity is driven by several factors. These include (1) levels of legislative and bureaucratic capacity, (2) whether a particular regulatory area creates opportunities to claim credit or avoid blame for the benefits and costs of policies, (3) policy uncertainty, (4) the desire to lock in preferred policies to increase policy stability and coherence, and (5) levels of policy agreement among legislators, executives, and bureaucrats.

For a legislature to retain regulatory power, they must have the capacity to do so. In other words, they must possess the necessary organization, financial resources, knowledge, and experience among members and staff to effectively formulate regulatory rules and monitor adherence to those rules by social actors (Huber and Shipan 2002). If a particular legislature lacks a robust and specialized committee system or if legislators and their staff simply lack the necessary policy expertise, the delegation of regulatory power will become increasingly appealing. Obviously, this is a relative judgment. Legislators' willingness to delegate will also be dependent upon the technical capacity of bureaucratic actors to regulate in ways that reflect legislators' preferences (Huber and McCarty 2004).

Even if a particular legislature has the capacity to retain regulatory authority, it may lack the political incentives to do so. Government

regulation creates benefits and costs for different groups within society. While legislators are undoubtedly concerned with securing their ideal regulatory policies, their policy pursuits are almost always shaped by their desire to claim credit for policy benefits and to avoid blame for their costs (Fiorina 1982). As a result, where benefits are large and visible to their constituents and/or politically powerful interest groups, legislators should be loath to delegate regulatory authority. Where costs are significant and easily perceivable, delegation should be pursued aggressively. However, legislators do not always have a clear understanding of the costs and benefits of particular regulatory policies. This policy uncertainty and the doubt it creates with regard to future opportunities for credit claiming should lessen legislators' desire to retain regulatory authority.

On occasion, legislators do have a clear idea of what the optimal regulatory policy should be over the long run, but they lack the short-term political incentives to consistently pursue that policy. This time inconsistency problem can occur with regard to a variety of policies, but has been the most systematically explored with regard to the regulation of money supply and public utilities (Kydland and Prescott 1977; Rogoff 1985; Spiller and Tommasi 2005). More broadly, lawmakers often recognize the benefits of regulatory stability and consistency over time, but short-term electoral concerns may tempt them to strategically alter rulemaking or monitoring efforts in an attempt to win political contributions from powerful interests or votes from the general public. When these credibility problems become sufficiently costly for lawmakers in terms of forgone private investment, economic stagnation, or social disruption, the delegation of regulatory power to a politically insulated administrative entity becomes more attractive (Gilardi 2005).

The final and perhaps most important factor driving legislators' decision to delegate regulatory authority is the degree to which the incentives facing their potential regulatory agents are compatible with their regulatory policy preferences. Stated simply, if legislators and those to whom they delegate will regulate in precisely the same way, legislators face few costs from ceding regulatory authority. In contrast, if potential regulatory agents have significantly different preferences from those held by legislators or lack the incentives to pursue legislators' preferences, lawmakers will be more likely to retain regulatory authority or severely limit their regulatory agents' discretion (Epstein and O'Halloran 1999; Volden 2002a).

To summarize, past research suggests that legislators will be the most likely to delegate regulatory authority when (1) policies are complex and policy effects uncertain, (2) legislative capacity is low and bureaucratic capacity is high, (3) opportunities for credit claiming are few and blame avoidance is politically expedient, (4) maintaining credible commitments to long-run regulatory policy stability and consistency is difficult, and (5) potential regulatory agents share the legislators' policy preferences.

## Legislators' Choice of Regulatory Agent

Legislatures that do delegate regulatory authority cannot do so without costs. Known as "agency costs" in social scientific literature, these costs are often nonmonetary, are affected by political conditions, and include the costs of monitoring regulatory agents and the costs incurred when regulatory agents defy legislators' preferences (McCubbins 1985). Like the initial decision to delegate, the desire to minimize agency costs fundamentally shapes *how* regulatory power is delegated. Fortunately for legislators, they are often able to choose among existing regulatory agencies or create new organizations from scratch. The most basic choice is whether to delegate regulatory duties to the executive bureaucracy or an independent regulatory commission. The latter has become increasingly common across much of the world and can be found in a wide variety of economic and social sectors (Gilardi 2005; Levi-Faur 2005). Independent commissions differ from executive bureaucracies in their greater insulation from executive influence, multimember boards, staggered appointment terms, and longer-term lengths that do not coincide with executives' tenure in office, formal protection

from policy-related dismissal, and even requirements that appointments alternate in terms of partisanship (Gilardi 2002). In contrast, most executive agencies lack any semblance of political autonomy and are often run by a single agency head that executives can appoint and remove at will.

Research is clear; legislators' choice between independent commissions and executive agencies is inherently political. These findings are most obvious in political systems with a separation of executive and legislative power such as the United States. Echoing findings from Epstein and O'Halloran (1999), Volden (2002b) finds that legislatures are more likely to delegate regulatory authority to executive agencies when the executive branch is of the same political party (i.e., unified government), while delegating to independent commission is more common under divided government. Work by Wood and Bohte (2004) reinforce these conclusions. They find that conflict between the legislative and executive branch, measured in terms of presidential vetoes and veto override attempts, increases the probability of creating independent commissions with politically insulated leadership.

Another political factor that shapes regulatory organization are overall levels of political uncertainty. When legislative majorities are weak or divided, or if electoral turnover is high, legislators face greater uncertainty as to whether their regulatory policies will be preserved after the next election. Evidence suggests that this directly affects legislators' organizational preferences as they seek to insulate their regulatory policies from future majorities (Moe 1990). Once again, Wood and Bohte (2004) find that as the proportion of new members of Congress increases, as majorities get smaller in size, and party cohesion decreases, new regulatory organizations are more likely to be independent commissions and have politically insulated leadership. This finding is not limited to the American context. Scholars of the European Union have found that agency independence varies according to the feasibility of policy change within the supervising EU institution. Wonka and Rittberger (2010) find that agencies overseen by supranational forums, which are operated according to qualified majority decision rules, are more independent than agencies overseen by the EU's intergovernmental decision-making forums where cross-national unanimity is required. Stated differently, when decision-making rules ease policy change and thereby increase political uncertainty, EU lawmakers confer higher levels of political autonomy to EU regulatory agencies.

Finally, political uncertainty may also heighten legislators' concerns with regard to policy credibility. Particularly when electoral turnover is high and institutional veto points are few, alternating legislative majorities may lead to drastic alterations in rulemaking, monitoring, and enforcement priorities. This instability and incoherence may be particularly damaging in economic sectors that are recently privatized, exposed to international competition, or dependent upon long-term investments. As a result, desires for greater policy credibility may be another factor driving legislators' preference for politically insulated commissions over more politicized executive agencies. Despite the intuitive nature of this argument, it has received only mixed empirical support depending upon how credibility problems and political uncertainty are conceptualized (Elgie and McMenamin 2005; Gilardi 2002).

## Legislative Control of Regulatory Agents

In addition to the choice of regulatory organization, legislators have a variety of other ways with which to control their regulatory agents both before and after delegation has occurred. As before, choices concerning regulatory agency control and discretion are deeply influenced by politics. Perhaps the most straightforward way for legislators to control their regulatory agents is through the specificity of authorizing statutes (see ▶ "Lawmaking and Public Administration" for related issues). If lawmakers want to exercise a maximum degree of control over their regulatory agents, they carefully draft highly detailed statutes that leave little room for interpretation or bureaucratic discretion (Huber and Shipan 2002; see ▶ "Administrative Discretion" for a more focused

discussion of this issue). Obviously, crafting highly detailed statutes dealing with complex regulatory issues is not without costs, and only some legislative bodies have the capacity to draft them. That said, political disagreement and threats of political uncertainty once again reemerge as key driver of statutory detail. Utilizing Medicaid legislation from 38 American states and labor legislation from 29 parliamentary democracies, Huber and Shipan (2002) find that the specificity of statutes is positively related to policy disagreement between American governors and state legislatures, levels of cabinet turnover, federalism, and the presence of minority and coalition governments. All of these conditions either increase opportunities for conflict between legislators and their regulatory agents or heighten the risk that future legislative coalitions will have different regulatory priorities.

Crafting detailed legislation is often accompanied by other levers of influence. The most prominent among these are administrative procedures that regulatory agents must follow when exercising delegated power (see ▶ "Administrative Procedure" for more detail). The Administrative Procedure Act of 1946 is a clear example. The Act and others like it require that agencies provide information to the public regarding their internal organization and decision-making practices, publish notices of proposed and final rules, and involve the public in rulemaking through mandatory comment (and response) periods (see ▶ "Agency Rulemaking" and ▶ "Formal Rulemaking in Public Administration" for more detail). Other administrative procedures alter the judicial process by lowering barriers to litigation for particular groups or assigning the burden of proof to specific parties. Within some regulatory jurisdictions, agencies must submit proposed rules to cost-benefit or budget impact analyses. According to pioneering work of McCubbins et al. (1987), legislators create these administrative procedures to reduce bureaucrats' informational advantages, raise the costs of ignoring legislative preferences, and "stack the deck" in favor of interest groups that share legislators' regulatory preferences. Rather than have to expend scarce time and resources constantly monitoring their regulatory agents, many administrative procedures allow legislators to delegate oversight activities to private interest groups. When agencies deviate from legislative intent, interest groups trip "fire alarms" in the form of litigation, hostile comments during notice and comment periods, press campaigns, or direct lobbying (McCubbins and Schwartz 1984).

The final set of methods available to legislators is perhaps the most familiar to ordinary citizens. Legislators can hold high-profile congressional hearings or investigations to embarrass wayward agency officials, cut agency budgets, block nominations to agency leadership positions, reduce agency discretion through legislative change, or, if allowed by law, exercise a legislative veto over regulatory rules (see ▶ "Legislative Veto" for more detail). While these more high-profile actions may create clearer opportunities for credit claiming and position taking, they are also more costly in terms of time, bargaining, and coordination.



## Conclusion

Policy complexity, gains from specialization, and technical capacity obviously have a significant impact on legislators' regulatory decisions. However, political considerations are never absent from legislators' minds and may even come to dominate regulatory choice. These considerations include opportunities to claim credit and avoid blame, the political uncertainties associated with electoral politics, the difficulties involved in delivering regulatory policy stability and consistency over time, interest group mobilization, and divergent policy preferences within and between legislative, executive, and bureaucratic actors. All of these political conditions profoundly shape whether legislators retain regulatory power or delegate it to bureaucratic actors. Furthermore, they affect the political independence of regulatory organizations, the amount of discretion they are granted, and the procedures they must follow when exercising their regulatory duties.

## Cross-References


- ▶ Administrative Discretion
- ▶ Administrative Procedure
- ▶ Agency Rulemaking
- ▶ Formal Rulemaking in Public Administration
- ▶ Lawmaking and Public Administration
- ▶ Legislative Veto


## References


Bawn K (1995) Political control versus expertise: congressional choices about administrative procedures. Am Polit Sci Rev 89(10):62–73

Elgie R, McMenamin I (2005) Credible commitment, political uncertainty or policy complexity? Explaining variations in the independence of non-majoritarian institutions in France. Br J Polit Sci 35(3):531–548

Epstein D, O'Halloran S (1999) Delegating powers: a transaction cost politics approach to policy making under separate powers. Cambridge University Press, Cambridge

Fiorina M (1982) Group concentration and the delegation of regulatory authority. Calif Inst Technol Soc Sci Working Pap 438:1–45

Gilardi F (2002) Policy credibility and delegation to independent regulatory agencies: a comparative empirical analysis. J Eur Public Policy 9(6):873–893

Gilardi F (2005) The institutional foundations of regulatory capitalism: the diffusion of independent regulatory agencies in Western Europe. Ann Am Acad Pol Soc Sci 598(1):84–101

Huber J, McCarty N (2004) Bureaucratic capacity, delegation, and political reform. Am Polit Sci Rev 98(2): 481–494

Huber J, Shipan C (2002) Deliberate discretion? The institutional foundations of bureaucratic autonomy. Cambridge University Press, Cambridge, UK

Kydland F, Prescott E (1977) Rules rather than discretion: the inconsistency of optimal plans. J Polit Econ 85(3): 473–491

Levi-Faur D (2005) The global diffusion of regulatory capitalism. Ann Am Acad Pol Soc Sci 598(1):12–32

McCubbins M (1985) The legislative design of regulatory structure. Am J Polit Sci 29(4):721–748

McCubbins M, Schwartz T (1984) Congressional oversight overlooked: police patrols versus fire alarms. Am J Polit Sci 28(1):165–179

McCubbins M, Noll R, Weingast B (1987) Administrative procedures as instruments of political control. J Law Econ Org 3(2):243–277

Moe T (1984) The new economics of organization. Am J Polit Sci 28(4):739–777

Moe T (1990) Political institutions: the neglected side of the story. J Law Econ Org 6:213–253

Rogoff K (1985) The optimal degree of commitment to an intermediate monetary target. Q J Econ 100(4): 1169–1189

Spiller P, Tommasi M (2005) The institutions of regulation: an application to public utilities. In: Handbook of new institutional economics. Springer, Berlin, pp 515–543

Volden C (2002a) A formal model of the politics of delegation in a separation of powers system. Am J Polit Sci 46(1):111–133

Volden C (2002b) Delegating power to bureaucracies: evidence from the states. J Law Econ Org 18(1): 187–220

Wonka A, Rittberger B (2010) Credibility, complexity and uncertainty: explaining the institutional independence of 29 EU agencies. West Eur Polit 33(4):730–752

Wood BD, Bohte J (2004) Political transaction costs and the politics of administrative design. J Polit 66(1): 176–202


# Legislative Veto


Gregory Neddenriep
Northeastern Illinois University, Chicago, IL, USA


## Synonyms

Congressional veto

## Definition

Legislative vetoes are negotiated arrangements between Congress and the executive branch whereby Congress gives agencies discretionary authority to establish administrative regulations that have the force of law, while Congress exercises supervisory control by retaining the authority to prohibit certain executive actions by passing either a concurrent resolution in both of its chambers or a simple resolution in one of its chambers or committees. Legislative vetoes technically occur outside the Constitution's step-by-step lawmaking process, and they reverse the bargaining roles traditionally occupied by the legislative and executive branches in their negotiations with one another.

## Introduction

Most scholars believe that legislative vetoes originated in the 1930s, but others say that they can be traced to an earlier time. Legislative vetoes have been inserted into substantive pieces of legislation dealing with the environment, the economy, arms sales, federal salaries, product safety standards, student loans, and executive branch reorganizations. This procedural device was invented because presidents and their administrators sought more discretion over public policy, but Congress would not yield this authority without retaining supervisory control. Congress found that exerting control in the constitutionally prescribed manner – by passing a public law – was unacceptable because it was cumbersome, slow, and subject to the president's veto. The legislative veto, therefore, serves as a compromise whereby executive agencies are allowed to promulgate administrative regulations and make policy decisions that have the force of law unless Congress objects. Congress can object by passing concurrent resolutions in both chambers or by passing a simple resolution in one of its chambers or committees. These efficient arrangements essentially reverse the lawmaking process set out in the United States Constitution. Rather than Congress presenting legislation to the president for approval or veto, it is the executive branch's responsibility to initiate proposals and Congress's responsibility to decide whether proposals will take effect. Furthermore, the legislative veto relaxes the Constitution's bicameral requirement that calls for both chambers of Congress to play a role in the lawmaking process. This entry considers the constitutional dimensions of the legislative veto and the implications of the United States Supreme Court's decision to declare such arrangements unconstitutional.

## The Way Federal Courts Have Approached the Legislative Veto

Although the legislative veto seems to have emerged in the 1930s, it was not until the 1970s when federal courts began seriously considering whether this practice violated the United States Constitution. The federal courts initially decided these cases on narrow or procedural grounds, seeming to appreciate that these legislative-executive arrangements were collaborative compromises designed to satisfy pressing and legitimate institutional needs. Federal courts, however, became more willing to engage the substantive issue as Congress began using legislative vetoes to broadly dictate administrative policy rather than using them to carefully target specific administrative determinations (Fisher 2007; Nowak and Rotunda 1995). This evolutionary process reached its dénouement when the United States Supreme Court considered *Immigration and Naturalization Service v. Chadha* in 1983.

In *Chadha*, the Court struck down a legislative veto embedded in the Immigration and Nationality Act that allowed either chamber of Congress to pass a resolution overruling the attorney general's decision to suspend certain deportations. Chief Justice Warren Burger wrote the Court's opinion, which was joined by six other justices on the issue of the one-chamber veto. According to Burger, this legislative veto and others like it violated separation of powers derived from the Constitution's overarching structure as well as two constitutional requirements emanating from the separation of powers: One, bicameralism located in Article I, Sections 1 and 7; two, both "presentment" clauses found in Article I, Section 7. In other words, the Court concluded that, when making law, both chambers of Congress must participate because this facilitates deliberation and debate in varied settings, encourages thorough analysis of issues, and safeguards liberty by distributing power. Furthermore, the Court concluded that any legislation that Congress passes must be subject to the possibility of a presidential veto so presidents may protect the public from imprudent laws, encourage laws to have a national perspective, and prevent Congress from usurping executive power. The Court insisted that Congress comply with bicameralism and presentment whenever its actions change the legal rights, obligations, or relationships of persons who are not part of the legislative branch. Presumably this means that Congress may manage its internal affairs as it sees fit, and it need not honor these

precepts when fulfilling its role in treaties, impeachments, and appointments. However, it must forgo the legislative veto after it assigns administrative responsibilities to executive agencies. Taken at face value, *Chadha* stands for the proposition that once a bill is enacted into law, Congress may not intervene in executive branch affairs unless it passes another public law.

The decision was formalistic. Rather than valuing efficiency and other practical considerations, the Court suggested that it would closely adhere to the Constitution's text, history, and structure when resolving these types of disputes (Korn 1994–1995). Some aides in the Reagan administration favored this approach because they believed that it would reduce congressional interference in executive branch affairs. Likewise, some administrators applauded the ruling because they believed that the legislative veto negatively affected the policy implementation process. These administrators reasoned that the Administrative Procedure Act of 1946 created a process that allowed administrative rules to be put in place only after the public had been given an opportunity to comment on the proposals so as to promote due process, transparency, and responsiveness (West and Cooper 1983). They thought that the legislative veto work against these objectives because congressional control was exercised privately, the public was not directly involved, and Congress was assumed to be more responsive to organized interests than the general public.

Although the legislative veto is a "creature" of the federal government, states have experimented with it from time-to-time. Beginning with Kansas in 1939, as many as 17 general assemblies wielded the legislative veto at one time or another (Levinson 1987). The Court's ruling in *Chadha* did not affect these legislative vetoes because their validity turns on how each state's constitution is interpreted. Nevertheless, many state courts eventually ruled that legislative vetoes violate separation of powers.

## Criticisms of the *Chadha* Decision

Justice Byron White, who dissented, and scholars such as Eskridge and Ferejohn (1992) expressed concern that *Chadha* impaired the government's ability to make policy in a way that was practical, feasible, flexible, and efficient. These functionalists suggested that courts should either adopt a more elastic interpretation of separation of powers or be more reluctant to intervene in situations where the other branches of government have streamlined the policy-making process through consensual negotiation. Rather than a decision based on the Constitution's text and structure, functionalists would have preferred *Chadha* to have turned upon the legislative veto's origin, purpose, and how it balanced power between the branches (Korn 1994–1995). Furthermore, functionalists pointed out that *Chadha* is difficult to reconcile with many time-honored congressional shortcuts such as the suspension of rules, unanimous consent agreements, and the placement of riders on appropriations bills. Similarly, they noted that *Chadha's* call for strict procedural adherence is at odds with the president's unilateral creation of law-like policies with executive orders.

Critics also challenged the way the *Chadha* Court applied the separation of powers doctrine, which, at its core, is designed to ensure that the governmental branches are coequal and dominant in their constitutionally assigned areas. First, according to Justices Rehnquist and White, the Court should not have struck down the legislative veto in the Immigration and Nationality Act while still preserving the remainder of this legislation. By doing so, the Court advantaged the president in a deal that Congress would have been reticent to accept without this concession. Second, critics reject the Court's assertion that legislative vetoes create new law each time they are invoked (Fisher 2007). Instead, they see the legislative veto as a part of the original bargain struck between Congress and the president. Hence, when courts invalidate a legislative veto like the one in *Chadha*, it is the judiciary that creates new law by altering the original agreement. Finally, Justice White observed that legislative vetoes maintain the *status quo* rather than conferring some special advantage upon Congress. In the Constitution's lawmaking process, Congress initiates proposals and the president must approve or disapprove without modifying their content. The legislative veto is similar in

that one branch initiates proposals, while the other must accept or reject them without amendment. Therefore, from White's perspective, both branches remain equal bargaining partners although their roles have reversed.

## Aftermath of *Chadha* and Fate of the Legislative Veto

Shortly after *Chadha*, some scholars predicted that the decision would induce conflict between the executive branch and Congress because it invalidated a mechanism that promoted institutional bargaining and cooperation (Cooper 1983; Franck and Bob 1985). More recently, scholars have contended that the importance of the legislative veto has been exaggerated (Korn 1996) or that Congress has been able to fulfill its intuitional role because it found other strategies and procedural devices to replace the legislative veto (Fisher 2007; Franklin 1986). According to the later perspective, relationships between the branches remained substantially the same because presidents and their administrators still demanded flexible authority, while Congress still insisted on a satisfactory means of supervisory control.

The literature gives great attention to strategies and procedures that Congress began using in place of the legislative veto (Fisher 2007; Franklin 1986; Korn 1994–1995). Congress exercised control by writing laws that placed detailed constraints on executive agencies, by granting agencies authority for shorter periods of time, and by attaching language to appropriations bills that prohibited agencies from using funds for specific activities. Congress also relied on a court sanctioned "report-and-wait" strategy where it passed statutes requiring agencies to notify an oversight committee before taking certain actions or implementing particular programs. This approach compelled agencies to seek prior approval from the oversight committee if they desired to take prompt action. Moreover, Congress passed statutes containing a joint resolution of approval procedure, which required presidents to garner the support of both chambers of Congress within a given time period or particular regulations or programs would automatically lapse. This procedure honors bicameralism and presentment, occurs within the lawmaking process, yet produces the same result as a legislative veto if one chamber withholds support. As these examples illustrate, Congress demonstrated great procedural ingenuity while attempting to comply with *Chadha*, but many of its alternative approaches inconvenienced the executive branch.

There have also been instances where the two political branches of government circumvented *Chadha*. On some occasions, Congress inserted legislative vetoes into legislation, while presidents often signed these bills into law without complaint (Fisher 1985, 1993, 2007; Glennon 1989). On other occasions, the bargainers entered into these arrangements informally by moving the "legislative vetoes" from the face of the legislation to the conference reports and by giving their agreements innocuous designations such as "legislative-executive understandings" (Fisher 1993, 2007; *see also*, Glennon 1989). Although these gentlemen's agreements are contrary to the spirit of *Chadha*, they are unlikely to violate the letter of the law because they are unenforceable and not technically part of the legislation. Yet, in application, they function like an overt legislative veto when they satisfy the institutional needs of the bargainers. Fisher (2007) explains that presidents and their administrators usually acquiesce and are disinclined to litigate because they attach considerable value to administrative flexibility. In essence, presidents and their administrators have generally concluded that it is better to tolerate the occasional congressional intrusion rather than receive no grant of authority at all or receive only small modicums of discretionary authority through a series of *Chadha*-compliant laws. In sum, administrators have come to realize that Congress is more willing to grant them authority and flexibility so long as it is convinced that it has a sufficient means of supervisory control.

Does Congress have any limit when using procedural devices like the legislative veto? In a legal sense, the answer is, "yes." In *Metropolitan Washington Airports Authority v. Citizens for the Abatement of Aircraft Noise* (1991), the Supreme Court, relying on separation of powers, struck down a federal law that created a congressional review board that could veto the actions of a

regulatory body that operated two District of Columbia airports. Hence, the Court has been willing to reassert *Chadha* even though the other branches of government find it to be out-of-step with the realities of modern government. Yet it is difficult for the federal courts to reassert *Chadha* and to insist on close adherence to the Constitution's formalities when the executive branch consensually bargains with Congress and is disinclined to litigate. Therefore, as a practical matter, members of Congress and their bargaining partners in the executive branch can enter into these arrangements in satisfaction of their institutional needs so long as no third-party stakeholder is willing and able to bring the matter before the federal courts.

## Conclusion

The legislative veto is a procedural mechanism that enables Congress to oversee executive branch agencies after it has granted them discretionary authority. It works by reversing the direction of the Constitution's lawmaking process so that executive agencies initiate proposals and Congress accepts or rejects them through various forms of resolution. The Supreme Court, in *INS v. Chadha* (1983), declared this practice to be a violation of the Constitution's separation of powers framework, as well as bicameralism and the presentment, which both emanate from separation of powers. However, functionalists objected to the Court's wooden interpretation of separation of powers and argued that the decision denied governmental actors a flexible and efficient means of completing their responsibilities. In the end, scholars concluded that the importance of the legislative veto has been overstated or that Congress continues to fulfill its institutional role because it either found sufficient procedural substitutes or ways to circumvent the *Chadha* decision.

## Cross-References

► Agency Rulemaking
► Legislative Power
► Public Administration Theory

## References

Cooper J (1983) Postscript on the congressional veto: is there life after Chadha? Polit Sci Q 98(3):427–429
Eskridge WN Jr, Ferejohn J (1992) The Article I, Section 7 Game. Georget Law J 80:523–563
Fisher L (1985) Judicial misjudgments about the lawmaking process: the legislative veto case. Public Adm Rev 45:705–711
Fisher L (1993) The legislative veto: invalidated, it survives. Law Contemp Probl 56(4):273–292
Fisher L (2007) Constitutional conflicts between Congress and the President, Revised 5th edn. University Press of Kansas, Lawrence
Franck TM, Bob CA (1985) The return of Humpty-Dumpty: foreign relations law after the Chadha case. Am J Int Law 79(4):912–960
Franklin DP (1986) Why the legislative veto isn't dead. Pres Stud Q 16(3):491–502
Glennon MJ (1989) The Good Friday accords: legislative veto by another name? Am J Int Law 83(3):544–546
Korn J (1994–1995) The legislative veto and the limits of public choice analysis. Polit Sci Q 109(5): 873–894
Korn J (1996) The power of separation: American constitutionalism and the myth of the legislative veto. Princeton University Press, Princeton
Levinson HL (1987) The decline of the legislative veto: federal/state comparisons and interactions. Publius J Fed 17(1):115–132
Nowak JE, Rotunda RD (1995) Constitutional law, 5th edn. West Publishing, St. Paul
West W, Cooper J (1983) The congressional veto and administrative rulemaking. Polit Sci Q 98(2): 285–304

# Legitimacy in Public Administration

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Accountability; Appropriateness; Reasonableness; Responsiveness

## Definition

Public purpose: "A governmental action or direction that purports to benefit the populace as a whole" (Wild 2006, p. 212).

## Introduction

In a legal sense, the idea of legitimacy is fairly straightforward – what is legitimate complies "with the law; [is] lawful"; beyond this, what is legitimate is also "genuine [and] valid" (Garner 2006, p. 423). From a public administration perspective, though, the discourse over legitimacy has been fraught with disagreement and cries of crises facing the field on fronts of theory and practice. Given the place of administration in the public sphere, sometimes thought to be precarious given the unelected status of administrators, much time and effort has been allotted to defending public administration's role and function. Such efforts have shifted over time, from a focus on neutrality, expertise, and experience as a reservoir of authenticity and value in the carrying out of official function to an increasing need for administrators to be accountable on numerous bases – for their attention to particular needs, potential to play a valuable interactive role with the public, and yet to remain true to old standards of administration as the whims of public opinion may yet require. Rifts real and imagined are regularly part of the legitimacy discourse: rational versus responsive/participative, institutional versus strategic, efficiency and effectiveness versus morality, and particular interests attributed to the consent of the whole.

The landscape of public administration legitimacy has at various times been trying, with passionate insistence on the value of administration to the larger enterprise of governance and brusque refutations of such claims. Expectations for legitimacy in administration have changed along with the public's belief in what is valid and genuine about government, policy, and the relationship of the citizenry with the public sector. This entry assesses legitimacy and specifically legitimacy in public administration, reviewing historical shifts in this concept and highlighting views on public administration legitimacy relevant to the present.

## Legitimacy

Legitimacy may be defined as a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, p. 574). "Legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws" (Scott 1995, p. 45). For the public sector, legitimacy might be thought to be the difference between the capacity of administration to implement policy and the public's expectations for administration (Pierre 1993). Elsewhere, administrative legitimacy has been modeled as a four-part typology: administration and administrators serve as "instruments of presidential control," "experts... [at] apolitical problem solving," implementers of legislative command, and "forums for bargaining among diverse interest groups" (Seifter 2014, p. 447), and legitimacy derives from how well these functions are addressed.

In public administration, government actions by elected officials or administrators should serve a public purpose. Further, "an administrative agency's power to regulate in the public interest must always be grounded in a valid grant of authority" (Food and Drug Administration vs. Brown and Williamson Tobacco Corporation, 529 US 120 (2000)). This might include "constitutional and statutory grants and limitations subject to judicial interpretation," or if there is no clear view for or against about whether an activity is allowed, an assessment can be made about whether the activity or policy is reasonably related to activities specifically authorized by law (McCarthy 1995, p. 2–3). Judicial review has further informed and constrained the administrative process, particularly noting that "we must take care not to extend the scope of the statute beyond the point where [the legislative authority] indicated it would stop" (529 US 120).

Administrative legitimacy is typically associated with three ideals: "the rule of law, sound public policy, and democracy" (Arkush 2012, p. 611). With improved attention to the democracy ideal, administration has great and possibly unrealized potential to positively impact citizen's lives as well as to increase its own legitimacy. The next section reviews the historical basis of legitimacy in government.

## The Historical Basis of Legitimacy in Government

As mentioned at the outset of this entry, accord with law is the primary source of legitimacy. "What is actually legitimate in a well-developed, advanced society is the rule of law – the mechanisms, the procedures that have been established to govern it" (Pauker 1973, p. 3). Consent of the governed and right use of the authority of the public accorded to its government has historically been central considerations in discussions of legitimacy. In his *Second Treatise of Government* (1690), John Locke wrote that "all peaceful beginnings of government have been laid in the consent of the people." What makes a person a bona fide member of a society is freely given consent to be governed, "the better to preserve himself, his liberty and property." In exchange, government must agree that

> the power of the society. . .can never be supposed to extend farther, than the common good. . .whoever has the legislative or supreme power of any commonwealth, is bound to govern by established standing laws, promulgated and known to the people, and not by extemporary decrees; by indifferent and upright judges, who are to decide controversies by those laws; and to employ the force of the community at home, only in the execution of such laws, or abroad to prevent or redress foreign injuries, and secure the community from inroads and invasion. And all this to be directed to no other end, but the peace, safety, and public good of the people. (Locke 1690)

The American system of public administration has been described as "subordinated to democratic control and [therefore] must be responsive to public opinion" (White 1955, p. 23). The need to balance efforts to review and check administration from various quarters with labors to understand and respond to public opinion has been challenging. Historically, for legitimacy in the public sphere, a generally accepted assumption has been that "the part stands for the whole" (Rosanvallon 2011, p. 2). A working model of legitimacy of the public enterprise has been dependent on this distortion. This assumption plays a normative role in stabilizing a public sphere and its structures, even though it exists as a symbolic trope: the vote is a proxy for popular assent and a statement of the collective will of the entire. The people writ large do not "share identical, preconstituted ends. . .homogeneity is presupposed by the category of the People, and thus by the idea of the popular sovereignty itself" (Harmon 2006, p. 128). Homogeneity does not exist, and so the legitimacy project is essentially undermined, at least in the respect of popular direct consent, at its root.

This is problematic for purposes of discerning consent for administration. A system of voting cannot express the concerns of society as a whole; those that vote do not all agree with one another, and even if they do, what they say as a collective cannot be taken in any broader sense, as a total will beyond the people that voted. It is important to remember that consent given to administration is restricted and subject to change: "The disposition to obedience is general, but to the spirit rather than to the letter of the law, and to reasonable regulations rather than to those that interfere with custom and habit" (White 1955, p. 24). Efforts toward regulatory extremes may be seen as overreaching, even if they meet legal tests, because they fail to attend to common conventions of reasonableness. Extreme efforts to implement poor public policy can aggravate an otherwise docile public.

In more recent times, different senses of legitimacy have arisen – including values like "impartiality, pluralism, compassion, and proximity" (Rosanvallon 2011, p. 5). These shifts may have represented a coming to terms with the failure of classical legitimacy to achieve an accounting of the collective will of the people and an effort to make an effort to appeal to a populace increasing

dissociated from its role as citizenry. Calculating the needs of a public can be extremely difficult, even with local knowledge, a great sense of compassion on the part of public employees, and a commitment to public service. Further, [Social justice] "is very specifically defined by each society for itself at a given time" (Pauker 1973, p. 8). Even if achievement of general constructions of justice were possible for the whole of humankind, the small-t truth involved in defining what is just and fair at any given time, in a specific place, makes knowing justice when one sees it unexpectedly difficult. Merely seeking to provide justice, or impartiality and compassion, does not necessarily mean that the effort will produce the intended result or that the whole public will perceive the effort as intended.

For public administration, legitimacy is all the more complex given changing political views. Politics at least has the virtue of election of representatives by the people; public administrators are most often not elected, and their presence in the system of government over a period of hundreds of years has created some anxiety as theorists of the field have sought, to varying degrees of success, to sketch out the most legitimate place of public administrators, and in their best possible context in service to the public interest.

Within the public administration community, an early refuge was rationality and expertise. Public administration could be made to serve the common good, by developing the best processes to accomplish the work of governance, using the most efficient and effective means available. Wilson (1887) considered the work of administration to be the realizing of direction decided elsewhere, by political forces, and Goodnow (1900) further developed the idea of administration's place to suggest the best ways to accomplish the desired ends of political forces. Later, Taylor (1919/1911) brought forward scientific management with the notion of developing such "best ways" of accomplishing tasks. The early public administration literature gave rationality a solid foundation; in effect, science would save government administration the way it would save other aspects of life.

White (1955) observed that public administrators had increasingly taken on a professional guise, with specific training, professional organizations, and tenure in position. The professionalization of the public sector heightened the perception of the enterprise as legitimate: administrators were increasingly portrayed as skilled technicians employed in a merit system, implementing often complex policies, with their informed by professional codes of service.

It has been suggested more recently that the place of administration is also one of direct representations, given its role of daily interaction with the public on a street-level basis in the implementation of policy. Democratic governance might be best enabled not through a public service that exists solely as a rational implementer of policy, but through a public sector more aware of its "responsibility to serve and empower citizens" (Denhardt and Denhardt 2000, p. 549). Public administrators might have a better sense of the popular will through their daily close and specific relations than do elected officials often far-removed from the lived experience of citizens. Government should not concern itself exclusively with running its operations like a business, because it is not a business. "Public servants must attend to law, community values, political norms, professional standards, and citizen interests" (Denhardt and Denhardt 2000, p. 554). It is not sufficient to operate within the legal framework or accumulate self-interests as a proxy for broad public benefits (Denhardt and Denhardt 2000). In New Public Service literature, the shift from old public administration to New Public Management reverted back from a more purely efficient position to one that speaks to the role of representation of administration, and the difference between the merely legal basis of administration, to a basis in thought and action that is legal and provides for due consideration to appropriateness of the role of administration in the public sphere.

The next section looks at legitimacy in the practice of public administration, both within agencies and in the environment within which agencies operate.

## Legitimacy in the Practice of Public Administration

### Internal Legitimacy

It has been observed that public administration in practice operates as a "balance wheel" (Rohr 1986, p. 182), wherein administrative agencies select among sources of constitutional oversight. Meanwhile, administration has been expected to display "fidelity to the constitutional heritage," "disciplined discourse," (Rohr 1986, p. 192), as well as "professional competence" (Rohr 1986, p. 193). However, higher ideals are sometimes diminished by the need for attention to organizational survival: "[Administrative agencies'] preoccupation with the low arts of organizational survival blinds them to the brighter angels of their nature" (Rohr 1986, p. 182). Administrative agencies are thus caught in a bind – they are expected to be subordinate and accountable to the caprices of the political leaders of the present, but responsive to the demand that they remain above the fray and professional, avoiding political interference in the implementation of rules. Agencies are ideally expected to gain their strength from propriety and insight (Rohr 1986), but the ideals can only act as a rough guide for the practicing administrator. The administrator might advocate, but not too much. Administrators must follow the capriciousness of politics or risk accusations of lack of accountability. Even then, they must not act to the point where it becomes dangerous to the survival of the agency or the continuance of its mission.

A balancing exists between "taking initiative to achieve the goals of government... [and] action...informed by expertise" (McSwite 1997, p. 33) and responsibility through separation of administration from "elected representatives [that enunciate] policy as a meaningful 'whole' – providing self-contained statements that can serve as a basis for effective control and accountability" (McSwite 1997, p. 40); this recalls the Friedrich-Finer debate. Increasingly, as more was made of the dual nature of public administration, through indirect accountability to the public through elected officials and heightened expectations of direct accountability to the public through interaction and participation, administration has in some sense had to come to terms with its foundations and purpose. The field in practice may have been long content to portray itself as legitimated on the basis of technical expertise – as "Men of Reason" (McSwite 1997, p. 102) – but it is more appropriately part of governmental process, playing an essential role in bridging the social and political spheres and maintaining the stability of society, and legitimate on that basis. Even where a separation of power is advantageous in government, there are times when "appropriate use of independent moral judgment by public officials" (Tuckness 2008, p. 268), the sort favored by Locke, is also valuable.

### External Legitimacy

Managerial and regime values are both important and must be included in any effort to achieve legitimacy in governance, even if a precise, optimal mix of values is elusive (Feldman 2015). There is a general expectation among the public that managerial ends must not trump appropriate levels of attention to broader societal principles, such as those of constitutional standing. Administrators are wise to understand that the best way is not a purely technical tack, when there is a cultural expectation of adherence to societal values.

There remains the matter of how public administration may vary in the perception of its legitimacy depending on audience. Certain groups, particularly those that have had their specific concerns taken up by government through policymaking with programs and official structures enacted, may find the public sector and its administration to be proactive and pleasing. Other groups may feel disenfranchised, left out of official processes and proceeds, and find governments' machinations less acceptable. This unenthusiastic sentiment may tint how the public sees government and administration as a whole, even if a holistic view may suggest that government operates equitably, fairly, and efficiently. To make matters worse, there are segments of the population as a practical matter that are less involved in the exercise of voice to effect policy change. Class divisions that could be bridged by a proactive public administration, intent on

bringing citizens into the public policy process as active participants, instead become ingrained. Freedom and liberty may only exist for those well-off enough to become involved (Forster 1936). Such exclusion has been part of the public landscape for some time in many places around the world and has led to apathy: "In most countries the majority of people are fairly passive. They do not get deeply involved in public life. . .People just do not get that excited" (Pauker 1973, pp. 6–7). Illegitimate governments may consider the involvement of those who voice their opinions as a true statement of the broader consent of the government and thus take advantage of this lack of interest in the product of government. Without an involved and knowledgeable public acting as a check on, for example, a lack of adherence to the rule of law, governments may increasingly stray from their functional mandates and legislative authority. Some government actors desirous of self-serving gains may depend upon an uninvolved, alienated public, as apathy might simplify efforts toward corrupt ends.

The legitimacy of public administration may, like the broader public sector system, be viewed as a system more or less in equilibrium over time. As a public agency interacts with other agencies, branches of government, and its larger environment, the agency will at times be perceived as more or less legitimate. These fluctuations might have little to do with the agency itself or its actions, as quality of product in governance may be attributed to an agency given its environment: a poorly operated agency in an environment of excellence may be perceived as relatively better than a like agency surrounded by inferiority. What is perhaps most important for the agency is that disequilibrium may result in expectation of change – whether a change in leadership, program offerings, approaches to service delivery, or similar adjustments. Because the agency is informed by its past activity as well as its operating environment, it may be expected that such adjustments may require substantial effort, time, and resources to effect the desired change. Instances of substantial disequilibria may result in similarly large corrections (Johnson 1966). Another sort of disequilibrium, where legal aspects may be out of alignment with cultural expectations, within and outside the agency, may also yield disruption to operations. Social systems regularly experience disequilibria. However, the failure to recognize such phenomena – noting how programs and their results may be out of balance with what is reasonable and appropriate and therefore expected – is a hallmark of illegitimacy in the public sphere, whether or not the actions and culture of the governmental enterprise are legal and whether perpetrated by elected officials or administrators.

The connection of internal and external legitimacy is notable: "[organizational] members will seek to reduce any discrepancy between their perceptions of the organization...and their perceptions of the external image" (Breit 2014, p. 588). This can be considered as a form of sensemaking, as organization members attempt to reduce any cognitive dissonance that may be present between their view of their agency and its mission and the perceptions of their work held by the wider community (Breit 2014).



## Legitimacy of Public Administration as an Academic Discipline

Over the history of public administration as a self-aware academic discipline, significant attention has been paid to the legitimacy of public administration, tracking with the interest in practice. To the extent that public administration is taken in by the "Man of Reason" myth and a consuming belief in technical excellence of cost-benefit analyses and performance measurement, it trades some of its essential legitimacy and ability to properly account for the true human benefit of its efforts. Lives and citizen needs are not always directly translatable to simple calculations and balance sheets. Such banal approaches might serve only to "legitimize existing structures of rationality and power" (Denhardt and Denhardt 1979, p. 114), leaving people who desperately need to play a role in the public sphere out of the discussion and uninvolved and the larger goal of a democratic and representative government, at best, a fiction useful for its narrative value. As a

field of study, public administration does the practice of administration a disservice by insisting that the purely technical-rational is the one true way, or even a best way, forward.

From a theoretical viewpoint, the work of public administration as an academic pursuit might seek to help current or would-be practitioners better understand what is expected of them, well beyond technical skill or abstruse theory, and thus help them to increase their legitimacy. Instead, public administration literature, where it is out of touch, blares like a fire alarm about a crisis of legitimacy, and all the while the quiet, competent work of public administration moves forward largely unabated. As it is, administration might seem like it is arguing for its existence against an angry public, when no suitable alternative actually exists, and the public is not actually all that angry. The part does not represent the whole, even when the political sphere might find its interests benefitted from such rhetoric.

Where public administration theory has helped is noting that, for example, the crisis of administrative legitimacy might be more properly laid at the feet of the people generally, thanks in large part to a pervasive governmentality, where "political order is a product of the endlessly repeated microlevel production and reproduction of the models of representation whose very generation includes production and reproduction of the political order it precedes" (Catlaw 2005, p. 469). Legitimacy in such a state of affairs does not reside in vast narrative, but in the interactions between a citizen and an official, in the moment of service. Government, and the spirit of public service, is made and reified in such moments. The possibility of growth in public legitimacy exists in constant attention to a balancing of the legal, with policies that result in intended effects, and through means and methods that are appropriate and reasonable given the unique context for decisions, at all levels of public organizations.

## Conclusion

A government that has lost touch with its citizenry is engaging in behavior that tests legitimacy (Pauker 1973). The reason for public administration's move toward the local and participative is that there is a genuine need for open discourse and to welcome the public back into public administration. Perhaps the best way for a competent, skilled, and expert public administration to show its value to the population is, and perhaps has always been, for administration to be open and responsive: about knowledge, processes, and benefit to the cause of a just civilization. The careful balancing of the machinery of government, between lawfulness and due attention to appropriateness and reasonableness, can help assure legitimacy for the public sector across its diverse pursuits.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Democratic Administration
- ▶ Federal Government, Russia
- ▶ Impact of Law on Public Administration
- ▶ Integrating Values in the Public Sector
- ▶ Judicial Review
- ▶ Organizational Values
- ▶ Organizations as Moral Agents
- ▶ Public Organizations and Regulations
- ▶ Public Values in Public Organizations
- ▶ Street-Level Bureaucracy
- ▶ Value Congruence


## References


Arkush D (2012) Democracy and administrative legitimacy. Wake Forest Law Rev 47:611–629

Breit E (2014) Remedy through paradox? Constructions of internal legitimacy in a publicly discredited organization. Manag Commun Q 28(4):585–608

Catlaw TJ (2005) Constitution as executive order: the administrative state and the political ontology of "we the people". Adm Soc 37(4):445–482

Denhardt RB, Denhardt KG (1979) Public administration and the critique of domination. Adm Soc 11(1): 107–120

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Feldman DL (2015) The legitimacy of U.S. government agency power. Public Adm Rev 75(1):75–84

Forster EM (1936) Liberty in England. In: Abinger harvest. Harcourt, Brace, Jovanovich, Orlando, pp 63–70

Garner BA (2006) Black's law dictionary, 3rd edn. Thomson West, St. Paul

Goodnow FJ (1900) Politics and administration: a study in government. Macmillan, New York
Harmon MH (2006) Public administration's final exam: a pragmatist restructuring of the profession and the discipline. University of Alabama Press, Tuscaloosa
Johnson C (1966) Revolutionary change. Little, Brown, and Company, Boston
Locke J (1690) The second treatise of government. Retrieved from https://www.gutenberg.org/files/7370/7370-h/7370-h.htm
McCarthy DJ Jr (1995) Local government law in a nutshell, 4th edn. Thomson West, St. Paul
McSwite OC (1997) Legitimacy in public administration: a discourse analysis. SAGE, Thousand Oaks
Pauker GJ (1973) Sources of instability in developing countries. Rand Corporation, Santa Monica
Pierre J (1993) Legitimacy, institutional change, and the politics of public administration in Sweden. Int Polit Sci Rev 14(4):387–401
Rohr JA (1986) To run a constitution: the legitimacy of the administrative state. University Press of Kansas, Lawrence
Rosanvallon P (2011) Democratic legitimacy: impartiality, reflexivity, proximity (trans: Goldhammer A). Princeton University Press, Princeton
Scott WR (1995) Institutions and organizations. SAGE, Thousand Oaks
Seifter M (2014) States, agencies, and legitimacy. Vanderbilt Law Rev 67(2):443–473
Suchman MC (1995) Managing legitimacy: strategic and institutional approaches. Acad Manag Rev 20(3): 571–610
Taylor FW (1919, orig 1911) The principles of scientific management. Harper & Brothers, New York
Tuckness A (2008) John Locke and public administration. Adm Soc 40(3):253–270
White LD (1955) Introduction to the study of public administration, 4th edn. Macmillan, New York
Wild SE (2006) Webster's new world law dictionary. Wiley, Hoboken
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

# Legitimacy of Public Procurement Projects

Stephen Terry
Department of Administration and Law,
University of West Florida, Pensacola, FL, USA

## Synonyms

Authority; Authenticity; Constitutionality; Credibility; Equity; Rationality; Validity

## Definition

Contemporary sources of validity, authenticity, and progress in public enterprises.

## Introduction

Modern public procurement fulfills a global host of societal, civilizational, and governmental agency needs. In the case of the United States, it all started with the Purveyor of Public Affairs Act of 1795, which first enabled the government to buy needed supplies and materials. While Congress has passed numerous public procurement regulations since, three major statues forge the field's foundational authority: the Federal Property and Administrative Services Act of 1949 (FPASA) (10 U.S.C. §§ 2301-2314), the Armed Services Procurement Act of 1947 (ASPA) (40 U.S.C. §§ 471-514, 41 U.S.C §§ 251-260), and the Competition in Contracting Act of 1984 (CICA) (41 U.S.C. §§ 253) (U.S. Government 2020). The ASPA oversees the acquisition of all property (except real estate), construction, and services by defense agencies. The FPASA, on the other hand, governs acquisitions by civilian departments and executive agencies not governed by the ASPA. CICA applies to both defense and civilian agencies. This third statute requires that the government achieve "full and open competition" wherever possible in the procurement process. CICA also granted the Government Accountability Office (GAO) as well as the General Services Administration (GSA) Board of Contract Appeals the ability to hear and decide bid protests. While the field's ability to enforce compliance flows from formal Constitutional authority, it is its legitimacy that grants an animating spirit. Legitimacy and authority are intricately intertwined but not synonymous. Both concepts entail power, and it is the warrant that grants the contracting officer (CO) constitutional power to administer a government contract.

The legitimacy of governmental action is a narrative as ancient as the musings of Plato (Friedrich 1972). This narrative continues to evolve and expand, and certain thinkers have served as architects driving forward the social

science within. Debatably the leading social theorist of the twentieth century, Max Weber developed a tripartite theory in 1922 for sources of legitimate government. His theory's general categories are "traditional," "rational-legal," and "charismatic" (Weber 1922). They correspond with three concrete means of validation found in modern public procurement. This trio consist of the ability of vendors protest a bid award, field professionalism, and a public approval-oriented upholding of the public interest. The tenants of credibility, efficacy, and transparency undergird both these three means and the rhetoric of investing in this increasingly essential mechanism of modern government. Understanding public procurement's role and mechanisms in government, as well as its essential values, are keys to formulating meaningful progress and skillfully crafted reform within its public service.

When tax money crosses the private–public barrier in order to be apportioned for profit-oriented commercial activities, it is public procurement's legitimacy that enables it to fulfill its ethos: To wisely spend taxes. Recent estimates place the United States' state and local procurement spending at over 1.7 trillion dollars (GAO 2017) and the federal at over 550 billion (GAO 2017). Prevailing trends indicate a growing governmental preference for a privatization of the social support projects necessary for a democratic constitutional republic to thrive. This field's contemporary relevance extends globally; as of 2012, public procurement spending has grown to represent over 18.42% of the total world GDP (Mahmood 2010). Cracks in the edifice of public procurement are found in three forms. The first is a form of market failure – the asymmetry of information – between the bidding vendor and the procuring agency (Mahmood 2010). From this imbalance arises the issues that surround contract theory's moral hazard, adverse selection, and plausible deniability (Melese 2018). This asymmetry and its related issues are the core reasons why legitimate public procurement regulations and a consistent rule of law are so vital. Currently, in the United States, the most relevant body of rules rests in the Federal Acquisition Regulations, promulgated by Congress in 1984. The FAR's overarching vision for public procurement is fourfold: "Satisfy the customer in terms of cost, quality, and timeliness of the delivered product or service. . .Minimize administrative operating costs. . .Conduct business with integrity, fairness, and openness; and. . . Fulfill public policy objectives" (FAR 1.102(b)). This expansive code, its references, and its specialized subsections guide government acquisitions nationally (USGSA 2020). However, these federal codes are not ubiquitously perceived nor accepted as sufficiently comprehensively applicable for the localized public procurement at state and local levels (Tukamuhabwa 2012; Sutinen and Kuperan 1999). While the FAR does enjoy precedence in the case of an intergovernmental conflict, the vast majority of public procurement activities and appeals remain, by regulation, within the arbitration boundaries of their originating level's jurisdiction (Duvall et al. 2013). While there is a consistency and utility benefit arising from a standardized body of regulation, legitimate modern public procurement is far from a one-size-fits-all strategy. Here, specialization well serves the aims of effective public procurement (Russell and Meehan 2014). One community's needs, in a diverse complex nation, is rarely identical elsewhere. The second weakness, especially in complex contracts that are broad in scope, lies in the uncertainty inherent to the principal-agent relationship (Brown, et al. 2015). A third weakness exists through the need for a sufficient threshold of public trust (Hunsaker 2009).

Understanding the roots of public procurement's legitimacy informs the scientific designing of meaningful reforms that progress good government and its ideal spending patterns. In an era of increasing inter-connectedness, media vigilance, and competing ideologies – this is relevant. The willingness of involved agents to comply with the contract, as well as regulations, is based on the perceived legitimacy of the authorities charged with implementing those regulations (Sutinen and Kuperan 1999; Tukamuhabwa 2012). Institutional rhetoric is essential for the existence of any group that claims to perform public service. In a world of myriad competing demands for resources – one tax dollar spent

implies one not spent in another realm. Legitimacy in public procurement is assured by three foundational elements. Firstly, there is the bidding vendor's ability to protest a contract award is the first; this signals a legitimacy via transparency. Secondly, there is the professionalism of public procurement professionals; this signals a legitimacy via credibility. Thirdly, there is the commitment to the public interest; this signals a legitimacy via efficacy – which is the spirit of representative government.

## Recourse for Bid Protest

Increasing implementation in e-procurement has served as an aid to ensure that all salient contract data is communicated in a prompt, clear, and comprehensive manner so that a bidding vendor may enjoy a fair and reasonable window with which to challenge award decisions (Bromberg and Manoharan 2015). In the hands of fallible humans, this facet is doubly critical in the event that a contract fails; and failure does occur. A transparency of communications and data serve the reviewing courts well in ensuing legal battles. For courts seeking to hold government accountable to itself, the litmus test in each disputed case is whether an agency action and accompanying legal conclusions are found to constitute an arbitrary and capricious abuse of discretion that flows contrary to the procuring agency's constitutional right, power, privilege, or immunity (5 U.S. Code § 706). If so, that agency breaks its warrant and thus loses any claims of sovereignty.

Sovereignty is an ultimate mandate of authority that once was reserved for aristocrats claiming divine right or despots claiming an expediency of security (Greenleaf 1957). That sovereignty now rests divided among three fragments within the United States' government, and each agency may extend that power of sovereignty to satisfy individual agency needs. Public procurement occurs at all three key levels of local, state, and federal. A common thread across all sovereign representative authority is a primal responsibility and accountability unto each dollar spent. Legitimacy theory posits that the procuring agency is responsible to disclose its practices to stakeholders – particularly to the public – and to justify its role within society (Tukamuhabwa 2012; Russell and Meehan 2014). For this reason, the tenant of transparency informs a credible bid protest and timely appeals process. Regarding increasing volumes, the United States Court of Federal Claims (COFC) and the United States Government Accountability Office (GAO), the two principal *protest venues* for bid protest, experienced a dramatic increase in bid protests in response to awarded contracts. Across the years of 2001 to 2012, protests filed by interested parties rose from 1,146 to 2,475, with an inversely correlated effectiveness rating that sank from 42% to 33% (Stein 2014). The GAO first commenced accepting bid protests in the 1920s (Stein 2014). Since then, Congress has authorized three distinct bid *protest venues* for an unsuccessful bidding vendor: The procuring agency, the GAO, and the COFC (FAR 33.101) (31 U.S. Code § 3552). US District Courts do not have any bid protest jurisdiction. A capable, responsive, and accessible bid protest process is essential for the legitimacy of public procurement, and investment is needed in order to keep pace with rising demand. As for state and local levels, the recourses for bid protest remain largely inconsistent and unique to the agency and office (Melese 2018). Using a review body with specific expertise of professional industry knowledge to handle complaints reinforces the legitimacy of award decisions while simultaneously augmenting the government's responsiveness to formal protests. Additionally, alternative resolution mechanisms are established to encourage informal problem solving and thus avoid costly reviews, public embarrassment, and pitched legal battles (OECD 2009).

Over the past few decades, the United States has advocated for the adoption of bid protests systems and thus accompanying enhanced public procurement legitimacy (Melese 2018). The World Trade Organization's "Agreement on Government Procurement" now requires that its members ensure that a functioning bid challenge system be in place. Article 9 of the United Nation's Convention Against Corruption now specifically calls for an effective system of

domestic review and appeal for unsatisfied private bidders (OCED 2009; GAO 2017). Although bid protests may seem to merely raise costs, compound delays, and incite adversarial relations – bid protests are a contemporary and proven means not only for holding public administration officials accountable but also for expanding vendor/citizen participation in the acquisition process (Hawkins et al. 2016; Melese 2018; OECD 2009). Multiple forums for protest are necessary as each watcher requires a watcher. Procuring agency protests are generally viewed with disfavor by vendors and are, in practice, seldom used compared to other forums (Melese 2018; GAO 2017). Despite the rise in bid protests in recent years, only a small percentage of federal awards are protested via the GAO, which contains a finite processing capacity (Hawkins et al. 2016). Furthermore, the percentage of successful protests that result in an eventual award reversal are even smaller. The prospect of an adverse GAO decision drives many agencies to act more deliberately for a prompter corrective action, when a credible protest does emerge. Although the GAO is by far the most popular bid protest forum and is generally acknowledged as the leading authority on federal contract formation issues, the COFC offers an alternative bid protest forum as well as a largely de novo review (Melese 2018). Bid protests at the COFC are not limited to 100 days, as they are at the GAO (Yukins 2017). However, bid protests via the COFC often constitute a more expansive and thus more costly process to litigate (Hawkins et al. 2016).

## Professionalism

Elected officials are unable to effectively nor efficiently adjudicate their funds if they also seek to maintain their seat, deliberate policy, and guide the spirit of a nation. The warranted, legitimate, and professional contracting officer CO serves as both the gateway guardian and the keeper of the rules. In AD 605, the Sui Dynasty of China saw the rise of the first civil service (Roberts 1999). Since then, specialization and delegation have evolved to become integrated as core elements of proficient public administration. While elected officials are the original source of representative authority for a CO, it is a Senior Procurement Executive (SPE) who issues the empowering warrant. The Agency Head appoints the SPE, appointed pursuant to 41 U.S.C. 1702(c), as their designee to delegate that warrant as the FAR indicates that warranting authority is delegable (Yukins 2017). The SPE then authorizes a Head of Contracting Authority (HCA) to further extend that warrant to the Commissioners and Deputy Commissioners of the Federal Acquisition Service, the Public Buildings Service, and the Chief Administrative Services Officer. The HCA establishes budgets for CO training plans, monitors CO performance, and appoints the members who constitute the Contracting Officer Warrant Board. It is this board that ensures that all criteria of the Federal Acquisition Certification, as directed by the Contracting Officer Warrant Program under the Office of Acquisition Policy, have been met by a CO candidate before the warrant is granted (FAR 501.603-2(a)(1)). Complicated as it may be this unbroken hierarchical chain of warranting authority seeks to assure mutual vigilance and accountability – elements that are essential to the professional legitimacy of contracting professionals and their field. The tenant of credibility imbues the COs' warrant with the sovereign authority to legally and financially bind the government financially to a legal contract (Yukins 2017). Legitimacy animates the good-faith relations contained and the trust required to harmoniously accomplish the public procurement professional's civic promise that they are performing to best satisfy the customer, their people.

## Public Interest

Public procurement faces a publicity challenge. Subpar levels of public trust not only necessitate a thickening of onerous and costly red tape; but also this poor trust impedes well-intended reforms to meaningfully affect progress serving the public interest (Hunsaker 2009). In 2016, the Organisation for Economic Co-operation and

Development (OECD) described that public procurement is among the most corruption-prone government activity in existence. In 2019, Rustiarini et al. expounded the "fraud diamond view" that corroborates this facet of the field as well as how lucrative collusion remains. Public procurement is indeed a high-risk area for fraud – particularly within the government institutions. Situational factors of pressure and opportunity interact with psychological aspects of rationalization to enable an individual capability to commit fraud. With each scandal, legitimacy takes a hit and positive progress is muddled by kneejerk reforms that seek to maintain signaling a representing of the public interest (Rustiarini et al. 2019). The OECD in 2005 observed that it is difficult to combat fraud and corruption in public procurement if a group of individuals collude, with common interest, in maintaining secrecy. Indeed, the sheer volume of transactions, the financial interests at stake, and "the complexity of the process, the close interaction between public officials and businesses, and the multitude of stakeholders" align to make public procurement resistant to simple solutions aimed at purging corruption and or boosting representativeness (OECD 2016; Brown et al. 2015). When government awards a contract, it does more than to merely entrust a private enterprise to perform the work of the people. Funding is the lifeblood and incentivizer of a good society that is promoted by the administrative efforts of organized public service. When the government opens its treasuries to outside private businesses, that procuring agency not only endorses but also stakes its own credibility on the contract consequences (Sutinen and Kuperan 1999).

This concept of legitimacy and upholding the public interest is not inherent to any single project at any particular realm of governance (Russell and Meehan 2014). Rather, it collectively emanates from the individual actions of all members of the Acquisition Team; which includes not only representatives of the technical, supply, and procurement communities but also the customers they serve, and the contractors who provide the products and services (FAR 1.102(c)). The modern procurement specialist's ethos is marked by a professional blend of technical expertise, legal authority, and a visible commitment to carrying out the will of their elected government, and their agency's dominant ideological priorities (Russell and Meehan 2014). Additionally, to further an adherence to the public interest and the accompanying legitimacy benefit, public procurement is also utilized as an instrument of innovation. Innovation signals the sincere achievement of a greater efficacy and efficacy in spending tax dollars. Agencies may place an order for something that currently does not exist. This idealized product thus enjoys a potential source of funding as well as a fiscally incentivized impetus for development. In the 1990s, this phenomenon was known as "public technology procurement" (Edquist 2009). This term "technology" has evolved to be replaced by the concept of "innovation"; that is, using public demand to spark innovation (Edquist 2009).

## Conclusion

The field and profession of public procurement is an exemplar of a social science. It is an art, science, discipline, and – most essentially – a public service. The scientific aspects are most clearly revealed via the intellectual scholarship that encompasses systematic studies of not only its structure but also the sum of humanity's conduct within. While the scientific method does remain relevant here, observation and experiment compose but a part of this archetype. To treat public procurement merely as a hard science (e.g., chemistry) would omit the social, artistic, and public service elements. To elucidate the legitimizing pathways and signaling ideological ethos, phronetic research of core presuppositions reveal both the core values and most salient issues that impede the achieving of a greater representativeness unto the public interest (Russell and Meehan 2014). Legitimacy derives from the degree that the affected communities believe in the validity of public procurement to both advance society and better civilization. This is where the public service performance element is most evident. The art element exhibits itself via the myriad relationships

and intangible good-faith norms that are established with each action and omission. This cultural characteristic infers a guiding principle that is endemic not only to the social sciences, but also government's establishment of generalized laws and regulations. With human behavior as the beginning, means, and end – the administrative and political capital expended on a reform is bound for disappointment if the only litmus test be the impact of technical efficiency gains or shrunken budgets. Optimization, given the core sources of modern public procurement's legitimacy, may take many forms and appear limited – especially in the short term. Signaling matters. Each well-considered reform to the global public procurement paradigm encourages a communal momentum – and most importantly – signals a renewal to the commitment of legitimacy and active progress (Russell and Meehan 2014). Also, contained within the civic promise to wisely spend tax money is the quest to mitigate the greatest recurring issues of contract theory: information asymmetry, moral hazard, adverse selection, and waste. By breaking down, the poorly performing ideas and replacing them via innovating novel ones, public procurement professionals advance their field and the governance's holistic dialectic (Edquist 2009). In the field of public procurement and its legitimacy, the whole is greater than the sum of its parts.

## Cross-References


- ▶ Legitimacy in Public Administration
- ▶ Procurement Integrity
- ▶ Public Procurement and Public Trust
- ▶ Public Procurement Trends in Public Administration Research: 1972–2017
- ▶ Public Purchasing and Agency Theory


## References


Bromberg D, Manoharan A (2015). E-procurement implementation in the United States: understanding progress in local government. Public Adm Q, Fall 39 (3):306–392

Brown T, Potoski M, Van Slyke D (2015) Managing complex contracts: a theoretical approach. J Public Adm Res Theory 26(2):294–308

Duvall R, Elling T, Taylor T (2013) Public procurement in the United States: overview. Thompson Reuters Practical Law. https://content.next.westlaw.com/Document/I2ef1290d1ed511e38578f7ccc38dcbee/View/FullText.html?originationContext=document&transitionType=DocumentItem&contextData=(sc.DocLink)&firstPage=true

Edquist C (2009) Public procurement for innovation (PPI) – a pilot study, Centre for Innovation, Research and Competence in the Learning Economy. Lund University, Lund

Friedrich C (1972) Authority and legitimacy. In: Tradition and authority. Key concepts in political science. Palgrave/The Pall Mall Press, London

Government Accountability Office (2017). Contracting Data Analysis: Assessment of Government-wide Trends. Retrieved August 15, 2020 from https://www.gao.gov/products/GAO-17244SP

Greenleaf W (1957) James I and the Divine right of kings. Polit Stud 5(1):36–48

Hawkins T, Yoder C, Gravier M (2016) Federal bid protests: is the tail wagging the dog? J Public Procure, Summer 16(2):152–190

Hunsaker K (2009) Ethics in public procurement. J Public Procure 9(3/4):411–418

Mahmood S (2010) Public procurement and corruption in Bangladesh: confronting the challenges and opportunities. J Public Adm Policy Res 2(6):103–111

Melese F (2018) Cost-benefit analysis of bid protests: A Representative Bidder Model. Def Peace Econ 28: 1–15.

Organisation for Economic Co-operation and Development (2009) OECD principles for integrity in public procurement. OECD Publishing, Paris

Roberts J (1999) A concise history of China. Harvard University Press, Cambridge, MA

Russell C, Meehan J (2014) Exploring legitimacy in major public procurement projects. Conference: proceeding of the 6th international public procurement conference. J Public Procure, Winter 14(4):419–461

Rustiarini N, Sutrisno T, Nurkholis N, Andayani W (2019) Why people commit public procurement fraud? The fraud diamond view. J Public Procure 19(4):1–16

Stein S (2014) Bid protests in the United States. Constr Law Int 9(1):11–17

Sutinen J, Kuperan K (1999) A socio-economic theory of regulatory compliance. Int J Soc Econ 26:174–193

Tukamuhabwa B (2012) Antecedents and consequences of public procurement non-compliance behavior. J Econ Behav Stud 4(1):34–46

United States General Services Administration (2020) Federal acquisition regulations. (Part 1 to 51). United States Government, Washington, DC

United States Government (2020) United States Code. 5 U.S. Code § 706, 31 U.S. Code § 3552, 10 U.S.C, 41 U.S.C

Weber M (1922) The three types of legitimate rule. Preussische Jahrbücher 187:1–2
Yukins C (2017) The U.S. Federal Procurement system: an introduction, GWU Law School Public Law Research paper no. 2017-75. Social Science Research Network, Washington, DC

## Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) Workplace Policy

Nicole M. Elias
Department of Public Management, John Jay College of Criminal Justice, City University of New York, New York, NY, USA

### Synonyms

Gender; Gender identity; Gender inclusion; Gender nonconforming; Gender variance; LGBTQ+; LGBTQ+ workplace policy; Sex; Workplace inclusion

### Definitions

| | |
|---|---|
| Bisexual | Sexual attraction to two or more genders |
| Cisgender | A cisgender person is a person whose gender identity and sex assigned at birth are in alignment |
| Gay | A man or man-aligned person who is attracted only to men or men-aligned people |
| Gender identity | A perception and presentation of one's own gender |
| Gender inclusion | Equity, fairness, and representation of all genders |
| Gender nonconforming | A gender nonconforming person is a person whose gender identity and/or expression is not typical according to mainstream gender norms. A gender nonconforming person is not necessarily a transgender or gender variant person |
| Gender variance | A synonym for gender nonconforming, a gender variant person is one whose gender identity or expression does not conform to traditional gender norms |
| Gender | A social construct that assigns physical and behavioral characteristics based on one's sex |
| Lesbian | A woman or woman-aligned person who is attracted only to women and women-aligned people |
| LGBTQ | An acronym that represents lesbian, gay, bisexual, transgender, and queer people. The + symbolizes the numerous other gender identities and sexual orientations that are not listed but included in this umbrella acronym |
| Queer | Often used as an umbrella term to encompass all LGBTQ+ identities. People in the LGBTQ+ community may use "queer" to describe themselves, meaning they are not heterosexual and/or cisgender |
| Sex | A binary categorization based on physical and genetic characteristics such as genitals and chromosomes. Traditionally, "male" and "female" sex categories |
| Sexual orientation | The gender or genders to which one feels sexual attraction |
| Transgender | A transgender person is a person whose gender identity does not align with their sex assigned at birth |

## Diversity Management in the Public Sector

The definition of "diversity" has broadened over the past two decades, departing from a historical focus on demographic factors such as race and ethnicity to include the following individual attributes: socioeconomic status, culture, gender, job role, education, profession, age, and ability (Elias 2013; Ozturk and Tatli 2016). With this expanded understanding inmind, diversity management involves strategic organizational efforts to support and value difference within agency culture, policy, and practice. Simply recruiting and hiring employees who fit specific demographic categories is no longer a strategic method for managing diversity (Hand 2010).

An effective diversity management program must be integrated throughout the institution, with programs, trainings, and organizational behaviors that consider the unique contributions of individuals within the entire organization (Hand 2010). Ongoing practices of diversity management move beyond promoting diversity and inclusion in the workplace to more pragmatic tools for building social equity across organizational cultures and ideals. In public administration, scholars have shown how diversity management may be expanded at the educational level to challenge existing concerns of status quo that hinder the success of marginalized groups within society (Hand 2010). Key to the broader definition of diversity management is cultural competency (Elias 2013; Hand 2010). Specifically, public agencies should have cultural competency throughout various processes and policies to be truly welcoming of diversity and promote a place of inclusion.

There is burgeoning research on diversity management within the public sector. Key areas of the literature range from exploring the value of diversity (Blessett et al. 2013), representative bureaucracy, or examining how representation functions within the workplace (Elias 2013), and proposing and critiquing means of enacting diversity in public organizations (Elias 2017).

Many diversity programs initially focused on affirmative action implementation (Thomas 1990) but had historically not targeted the assessment of implementation (Choi and Rainey 2014). An effective diversity management program includes an evaluation of its programs, looking at how social equity and organizational fairness are integrated into policy and procedure. Organizational fairness administered throughout a public agency's diversity management program has been shown to increase employee satisfaction (Choi and Rainey 2014). Women tend to indicate higher satisfaction than men when their companies properly manage diversity with organizational fairness (Choi and Rainey 2014). The field of public administration has witnessed shifts in employee programming, from a focus on historical factors such as efficiency and integrity to the theory of new public administration. With this shift has come a focus on diversity with an ever-broadening definition to meet the growth and fluctuations of the interconnected, ever-expanding, twenty-first century environment. This shift, driven by ongoing social, political, and cultural factors, promotes new conceptions of identity and representation and encourages public administrators to consider next steps of diversity management. A central concern is integrating new identity categories into diversity definitions, policy, and programming. LGBTQ+ identities are in need of greater diversity management attention and inclusion in public sector organizations.

## History of LGBTQ+ Public Employees

Substantial challenges exist to offering an organizational culture that integrates diversity management into all levels of its practices, particularly for transgender and transitioning employees (Ozturk and Tatli 2016). Some of these barriers may include existing marginalization of transitioning and transgender individuals within the broader LGBTQ+ community (Ozturk and Tatli 2016). Staggering statistics indicate that ongoing discrimination of transgender employees within the workplace is a cyclical practice, with the National Transgender Survey reporting that 90% of survey takers had been harassed at work, and 26% of

those who took the survey had lost their employment because of their transition (Tuttle 2015). Many of the existing challenges within the field of public administration are a direct result of historical policies that discriminated against LGBTQ+ individuals within the workplace. Such discrimination was inherent in federal agencies, during the "Lavendar Scare," a time in which a number of gay individuals were forcibly removed from federal government service (Elias 2017). By November 1950, what came to be known as the "purge of the perverts" resulted in more than 600 federal employees losing employment because of their sexual orientation (Elias 2017). Following this policy, President Eisenhower's "Let's Clean House" campaign included removal of individuals who were gay or lesbian, at that time considered to have a "sexual perversion" (Elias 2017). After such blatant discrimination, the Civil Service Reform Act of 1978 passed, which in 1980 through court proceeding, was determined to apply to the category of sexual orientation (Elias 2017).

Following executive orders issued by former President Obama, some diversity policies simply provided employees the option to choose the bathroom that best met their gender identity (Tuttle 2015). However, programs now need to move beyond acknowledging the minimal steps of equality such as bathroom and locker room use, to holistically considering how organizations can move toward a culture of diversity and inclusion. Such policy initiatives should consider how cultural competency can move an organizational culture toward a broadened perspective of diversity (Elias 2017). While many public administration agencies, especially at the local government levels, may not yet have addressed transgender policy on an agency level scale, it is imperative for public administration agencies to proactively adopt policy and procedure that provides employees information about who to meet with and contact when planning a transition (Elias et al. 2018). Among other concerns, the agency should address locker and restroom policies appropriately, and dress code should remain fluid as to not cause discriminatory practice (Elias et al. 2018).

Because of ongoing stigma associated with transitioning identity, individuals who are transgender or transitioning may consistently live disclosure disconnects – where the identity displayed in one aspect of a person's life, such as home or community, may not match the identity reflected in the workplace (Ozturk and Tatli 2016). This may cause stress and result in additional hindrances to understanding the needs of transgender and transitioning employees. Public administrators must consider the need to implement policy that welcomes transitioning employees into the workplace. There are approximately 1.4 million people living in the USA who identity as transgender (Flores et al. 2016). The need to appropriately revise and update outdated policies that may marginalize employees who do not fit their traditional sex and gender categorization cannot be overlooked in today's ever-expanding definition of diversity.

After a long history of discrimination stemming from many actions of the 1950s, new policies have been adopted that protect sexual orientation within the workplace. However, oftentimes such policies do not speak to the topic of gender identity within the work environment (Elias 2017). As of 2014, a number of States have not taken necessary measures to adopt laws that ban discrimination in the workplace based on sexual orientation and gender identity (Mihelich 2014). In 2012, the US Office of Personnel Management began asking employees, through the Federal Employee Viewpoint Survey, about LGBTQ+ demographics. The addition of this question represented a key turning point in US policy and practice relative to employees' perception of the federal government's LGBTQ+ policies. The data gathered through the inclusion of this question since 2012 has been used for various public administration initiatives (Elias 2017). Although the addition of this question has been significant for the study of LGBT topics within the federal workplace, it has also shown how little information is available about the LGBT population within the federal workplace (Elias et al. 2018). This lack of data was exacerbated by a historical stigma on LGBT matters within the workplace (Elias 2017). Considering the troubled

history and challenges with accurately representing the LGBTQ+ population, integrating LGBTQ+ identities into diversity management practices becomes a pressing concern in the public sector.

## LGBTQ+ Diversity Management

Over the past two decades, there has been much scholarly discussion about gender diversity and how best to enhance gender diversity within the workplace through recruitment, management, and programming that focuses on flexibility for family needs within the workplace (Brotherton 2013), distribution of equitable benefits to LGBTQ+ employees, and to employees in same-sex marriages. Much of this literature has centered around the pay gap between cisgender male and female workers, and how this pay gap may be systemically engrained in agency culture (Bishu and Alkadry 2017). However, organizational culture, policy, and practice that target transgender, transitioning, and nonbinary employees within the workplace are growing categories of research within the public administration field.

While the federal government has paved the way to collect data on LGBTQ+ populations, in many cases, state and local governments remain far behind implementing policies that are friendly to transitioning individuals. Several projects have attempted to address this apparent research gap, which is evident both here in the USA as well as in the UK (Cravens 2015). Others have shown how the intersection of federal, state, and local government laws about transgender policies and protections can interact and sometimes conflict (Taylor 2007). Additional research is needed on policy changes to better manage diversity initiatives for LGBTQ+ public servants (Elias et al. 2018).

Despite the need for public administration agencies to adopt LGBTQ+ policies, a number of state and local governments have yet to take such measures. Although reasons for not adopting LGBTQ+ policies have historically cited organization size, researchers have shown that other factors, such as internal dynamics of an organization, broader community culture, partisanship, and competition are all factors that may influence adoption of LGBTQ+ policies. The adoption of LGBTQ+ policies is strongly correlated with advocacy and interest groups (Cravens 2015). Many employees in the transition process experience employment challenges because of lack of organizational support, both within the workplace and within the context of the broader organization (Elias et al. 2018; Ozturk and Tatli 2016). Among these challenges is silencing of LGBTQ+ employee voices within the broader organization. All public agencies should realize the need for clear procedures that impact a transitioning or transgender employee. Concerns about dress code, bathroom and locker room use, as well as any organizational policies that are gender specific may be particularly pertinent for transgender and transitioning employees. The sections below detail the need for proactive transition plans, bathroom and locker room usage, and dress codes that an agency should consider when adopting policies for transgender and transitioning employees.

### Transition Plans

The workplace culture of many public agencies that consider traditional cisgender approaches within policies and procedures, work attitude, and culture may cause challenges to employees transitioning within the workplace. Specifically, if transgender employees do not identify within the binary male-female dynamic, but instead present a more gender fluid approach, colleagues may be intolerable of the employee's behavior and presentation (Elias et al. 2018). Other concerns poignantly impact transgender employees' work experiences, such as being harassed, receiving inadequate support within the management of the public agency, and being subject to outdated and irrelevant human resource policies that do not pertain to the transgender employees' experiences (Elias et al. 2018). There has been little research on how to best train employees within the workplace to understand the needs of transgender employees, and the particular needs of

transgender employees who are in the transition process (Elias et al. 2018). Such diversity training should promote cultural competency within the workplace, with an inclusive environment where a transgender employee feels comfortable and supported to openly converse with coworkers about the decision to transition. Many transgender workers experience fear surrounding the initial decision to transition, with top concerns about experiencing prejudice, losing work experience completed before their transition, and losing their employment because of the transition process. Additional concerns apparent within workplace culture occur when a transgender employee transitions not from male to female or female to male but from female or male to nonbinary. The transgender employee who identifies as nonbinary within the workplace may experience increased challenges and harassment as coworkers judge appearance and behavior against gender norms (Elias 2017; Elias et al. 2018). Agencies that do not have policies, procedures, and training with the goal of inclusivity and cultural competency severely lack the ability to properly support an employee through the transition process. Moreover, public agencies that are not prepared with a transition plan to support all of their employees may lose employees who are valuable assets and may face legal concerns because of lack of agency support.

Without a plan of how best to work with the employee during the transition process, the transition has the potential to be more challenging for both the agency and employee. The majority of federal, state, and local agencies have not taken the necessary steps to formulate a transition plan (Elias 2017). Employees may be left wondering how to properly reflect their new name on agency records, and employers may experience difficulty changing all of the records of the employee's information. Without a plan, agencies may struggle with how best to support the transitioning employee. Agencies should clearly define the contacts and resources for transitioning individuals. This type of plan provides the agency with the organizational readiness to properly assist and respond to a transitioning individual. For the employee, it provides a level of security. For coworkers, such policy should provide a training and expectations portion (Elias 2017).

### Bathrooms and Locker Room Usage

The "bathroom issue" has captured the national spotlight, particularly with North Carolina's House Bill 2 (House Bill 2 is titled "An Act to Provide for Single-Sex Multiple Occupancy Bathroom and Changing Facilities in Schools and Public Agencies and to Create Statewide Consistency in Regulation of Employment and Public Accommodations. House Bill 2 was subsequently repealed by House Bill 142.) which banned bathroom use based on gender identity that did not correspond to biological sex assigned at birth. Since 2016, this Act has been declared unlawful under the Civil Rights Act, Titles VII and IX, and under the Violence Against Women Reauthorization Act of 2013. Confusion among agency leaders is not an excuse for denial of bathroom access and is considered discrimination. Agencies may take additional steps to ensure all have access to safe and comfortable bathrooms by renovating such facilities (Elias et al. 2018). Agency policy should clearly define that individuals who are transitioning do not have to have undergone specific medical or surgical treatment to use the restroom or locker room facilities that best fit their gender identity (Elias et al. 2018). For transitioning and transgender employees, bathroom and locker room use can pose a daily challenge depending on the organizational policy or lack of policy. Oftentimes, a transitioning or transgender person's appearance may not match their sex assigned at birth and entering a gender-specific bathroom that does not match someone's gender identity may cause the person to experience harassment. Even if a person is not specifically harassed for entering and using a bathroom or locker room that does not match their preferred gender, they may be subject to other types of reactions and comments by coworkers. This can lead to an uncomfortable or hostile working environment. A method to mitigate conflict surrounding bathroom and locker room usage at work is to define policies for the use of these

spaces. Oftentimes, transgender employees have been prohibited from using the restroom that matches their gender identity. A 2015 Equal Employment Opportunity Commission, in *Lusadi v. Department of the Army*, that an individual's access to a bathroom after transition is protected under Title VII of the Civil Rights Act of 1964. Furthermore, employees and supervisors who do not agree with a coworker using the bathroom that matches their gender identity after transition is not a valid reason for an employer to use to deny access to the restroom that matches that employee's gender identity (Elias 2017). To fully implement a diversity management solution that fully accounts for the needs of transgender employees, a transgender policy should include a provision that no employee may be denied access to the restroom or locker room that fits their gender identity. The agency should not require proof of transition or other medical procedure to allow access to the applicable restroom or locker room (Elias 2017).

### Dress Codes

It is imperative that when an employee is planning a transition process, the agency supports that person with a set of policies and procedures that is relevant to transgender experiences. Training should be offered to employees to ensure they are aware of the needs of transgender individuals, before and after the transition process. Agencies' dress codes should consider gender fluidity and needs of transgender employees, to ensure that an agency is not incorrectly requiring someone to dress according to their sex assigned at birth, rather than their current gender identity (Elias 2017; Elias et al. 2018). Additionally, dress codes should not require grooming or clothing-specific requirements based on an employee's gender or gender identity. Implementation of any dress code policy should consider all employees, regardless of gender identity, and allow for fluidity in gender identity and presentation. Agency policies should allow for flexible dress codes that provide all employees the option to wear loose-fitting clothing that does not reveal biological sex. Such a policy should state that employees will not be required to dress in conformance with any specific gender identity.

### Next Steps for Transgender Inclusion

Public administration agencies should adopt comprehensive LGBTQ+ diversity management policies and practices to be inclusive of transgender employees. At a minimum, transgender policies should account for practices relative to an employee's transition, bathroom and locker room use, and dress code. These are only three of the most pressing issues that need greater attention and should be included in agency policy. Other considerations include more informal interactions, how personal pronouns will change after or during a person's transition, record keeping, and anti-harassment statements (Elias et al. 2018). Creating a transgender-inclusive workplace requires organizational changes that include personnel, policy, legal, and medical issues unique to transgender people (Colvin 2007).

Because their gender identity does not often match their sex, transgender employees face high levels of discrimination, violence, and harassment. The workplace is considered one of the riskiest places for transgender individuals (Colvin 2007). Public administration agencies, especially at the state and local governmental levels, have been rather slow compared to private organizations, to adopt antidiscrimination policies (Choi and Rainey 2014). In cases where such policies do exist, enforcement may be either lacking or nonexistent (Colvin 2007), which may feed into the cyclical pattern of discrimination. In cases where agencies have adopted antidiscrimination policy, these policies may not speak to the specific needs of transgender and transitioning employees within the workplace. Policy for transgender and transitioning employees should move beyond antidiscrimination policies, to provide equal access to health care and other benefits, such as sick leave, policies to update personnel records and organizational contacts to make the transition process at work more smooth (Colvin 2007).

Public service organizations should look to implement employment practices and cultures of

inclusivity for LGBTQ+ employees. Public administrative agencies should be proactive by adopting a set of standard procedures that provide employees and supervisors with information on who to contact to obtain agency policy and available resources. Such procedures should include one point of contact to change all applicable gender records for the transitioning employee(s), to ensure the agency and employees each have clear information on what processes to follow. Agencies that implement a transgender policy will also promote awareness among colleagues about the needs and concerns of transgender employees within the workplace. Public agencies should further promote safe environments for all individuals, by establishing clear guidelines on bathroom and locker room use.

To be effective, public agencies should craft policy that takes into account the perspectives of LGBTQ+ employees and addresses the unique needs of transgender employees. All employees should be respected and safe in their work environments. Without implementation of policies that consider the entire agency population, an organization cannot effectively establish a safe and welcoming environment for transgender employees (Elias et al. 2018). Central to this goal is keeping communication open and fluid among leadership and employees at every level of the organizational structure. LGBTQ+ advocacy groups and employee resource groups are critical points of contact for beginning to understand the needs and LGBTQ+ employees and devise policy that speaks to these needs. This emergent policy area will continue to evolve with the help of supportive leadership and members of public organizations who feel comfortable to pose questions, voice concerns, and share experiences that result in more inclusive and supportive diversity management policy and practice.

## Cross-References

► Gender Equality in Public Procurement
► Workplace Adversity

## References

Bishu SG, Alkadry MG (2017) A systematic review of the gender pay gap and factors that predict it. Adm Soc 49(1):65–104

Blessett B, Alkandry M, Rubaii N (2013) Management and governance: 21st century implications for diversity in public administration. Public Adm Q 37(3):302–305

Brotherton P (2013) Flextime increases while reduced schedules decline. T+D 67(3):25

Choi S, Rainey HG (2014) Organizational fairness and diversity management in public organizations: does fairness matter in managing diversity? Rev Public Pers Adm 34(4):307–331

Colvin RA (2007) The rise of transgender-inclusive laws: how well are municipalities implementing supportive nondsiscrimination public employment policies? Rev Public Pers Adm 27(4):336–360

Cravens RG III (2015) Morality politics and municipal LGBT policy adoption: a rare-event analysis. State Local Gov Rev 47(1):15–25

Elias NM (2013) Shifting diversity perspectives and new avenues for representative bureaucracy. Public Adm Q 37(3):331–373

Elias NM (2017) Constructing and implementing transgender policy for public administration. Adm Soc 49(1):20–47

Elias NM, Johnson RL, Ovando D, Ramirez J (2018) Improving transgender policy for a more equitable workplace. J Public Manag Soc Policy 24(2):53–81

Flores, A. R., Herman JL, Gates GJ, Brown TN (2016) How many adults identify as transgender in the United States? (Rep.). Retrieved https://williamsinstitute.law.ucla.edu/wp-content/uploads/How-Many-Adults-Identify-as-Transgender-in-the-United-States.pdf

Hand LC (2010) Review of "Diversity and public administration: theory, issues, and perspectives, 2nd ed". J Public Aff Educ 16(4):659–664

Mihelich M (2014) The changing landscape of LGBT discrimination laws: there are no federal laws that ban discrimination for sexual orientation or gender identity in the workplace, but companies and lawmakers are working to change that. Workforce (Media Tech Publishing, Inc.), 93(10):22

Ozturk MB, Tatli A (2016) Gender identity inclusion in the workplace: broadening diversity management research and practice through the case of transgender employees in the UK. Int J Hum Resour Manag 27(8):781–802. https://doi.org/10.1080/09585192.2015.1042902

Taylor JK (2007) Transgender identities and public policy in the United States: the relevance for public administration. Adm Soc 39(7):833–856

Thomas RR Jr (1990) From affirmative action to affirming diversity. Harv Bus Rev 68(2):107–117

Tuttle H (2015) Developing a strategy for transgender employees. Risk Manage 62(7):4+

L

# Levels Within Elites

Ilkka Ruostetsaari
School of Management, University of Tampere, Tampere, Finland

## Synonyms

Inner circle; Oligarchy; Power elite; Ruling class; Upper class

## Definition

Researchers on leadership have presented numerous definitions of an elite. Here elite refers to people who by virtue of their strategic position in influential organizations or in formally non-organized social groups are capable of regularly exercising influence on the formation of significant societal decisions.

## Introduction

The essence of classical elite theory can be reduced to Gaetano Mosca's (1939, 50) claim that there are in all societies two classes of people: a class that rules and a class that is ruled. Elite theory and study on elites have been criticized for working with an overly simplistic division between elites and the mass, with the former thought to hold power and the latter thought to be excluded from power. Although elements of such thinking can be detected in the best-known works of elite theory, the elite position is not a black-and-white, either-or proposition. Elite theory can well work with a more complex and multilayered conception of power (Etzioni-Halevy 1993, 29). The aim of this entry is to assess different levels or strata within the elites and their interrelationship.

## Classical Elite Theory

Many elite theorists distinguish between two levels or strata of power within the elite. Such a distinction appears in Mosca (1939), Pareto (1963), and Mills (1956), although with some variation. This represents an attempt to take account of differences in the degree and the type of influence wielded by elite members. In some cases, the lower stratum of the elite serves as a bridge between the core of decision-makers and the rest of society. It mediates between the rulers and the ruled, transmitting information in either direction and providing explanations and justifications for elite policy. Furthermore, it may be the source from which the higher elite is recruited as well as the level at which outsiders first enter elite circles from below (Parry 1969, 33).

C. Wright Mills (1956, 288–290), for example, makes a distinction within the power elite between an inner circle and outer fringes. The inner circle consists of those who interchange leading roles at the top of various institutions in politics, business, and the military. The outer fringes of the power elite consist of "those who count," even though they are not involved in making decisions, nor do they move from one role to another between institutions. In his studies of the political role of large business corporations in the United States and the UK, Michael Useem (1984, 61) has likewise identified among top executives an inner circle that "constitutes a distinct, politicized business segment, if a segment is defined as a subset of class members sharing a specific social location with partially distinct interests."

Elites (and, by implication, elite theory) have been described as the antithesis of democracy. According to Mosca and Pareto, a prime aim of their work was to demolish the myths of democracy (Parry 1969, 141). But there are other interpretations, too. The view that the existence of several elites or leadership groups is compatible with democracy is called democratic elitism or democratic elite theory. A key principle of this theory is that elites cannot be defined a priori as compatible or incompatible with democracy, but this compatibility depends on the characteristics

of the elite (see Ruostetsaari 2007). Democratic elitism can be seen as a combination that reconciles classical elite theory (the hypothesis of the concentration of power among elites) and pluralism (the hypothesis of competition among elites). Democratic elitism is associated especially with Max Weber (1864–1920) and Joseph Schumpeter (1883–1946).

## Elites, Sub-elites, and the Public

Eva Etzioni-Halevy's demo-elite perspective is one of the most significant attempts to develop elite theory. Her description of the structures of power and influence makes a distinction between three echelons: elites, sub-elites, and the public. Elites are those people who occupy the highest echelons of power and influence structures. Next, the middle ranks of power structures are occupied by sub-elites. Finally, the lowest rank is occupied by the public, but even this stratum is not completely powerless. Like classes, each category within the elite structure can be further divided into sub-groups. Since the distribution of resources in society is a matter of degree some people have more and others have less resources, the elite structure or the distribution of power and influence is not a matter of either-or. As resources are not equally divided in any society, elite and power structures are best described in terms of gradations rather than as dichotomies (Etzioni-Halevy 1993, 29–30, 94–95, 1997, 1999).

The sub-elites have less power and influence than elites. In the political sphere, sub-elites include backbench or rank-and-file members of legislatures and leaders of sizeable, but not the largest, interest groups. In the economic sphere, sub-elites include the middle management of major corporations and the owners and top executives of smaller companies. Furthermore, they include the middle echelons of the bureaucracy, the military and the police, leaders of smaller social movements, holders of middle level or even junior judicial, media and academic positions, as well as officials or activists in labor unions and social movements. Those excluded from these strata constitute Etzioni-Halevy's third stratum, the public (Etzioni-Halevy 1993, 95–96).

According to Etzioni-Halevy (1993, 96), some sub-elites are second in command to elites in the same organizations. In these cases, the member sub-elites may represent elites before the rank and file, or vice versa, or both. Their position may be that of "the meat in the sandwich," "buffer zone," or "mediator," between the elite and members of the rank-and-file public. Hence, the autonomy of sub-elites from their own elites, those who stand at the helm of their organizations, may be no less significant than the autonomy from other elites. However, if the elites and sub-elites do not belong to the same organization, which is the normal situation, but represent more generally larger societal sectors, such as business and administration, it is doubtful whether, for instance, managers of big multinational firms can represent managers of small and medium-sized firms in relation to the government, or can mid-level civil servants represent junior civil servants in relation to the senior civil servants, that is the administrative elite.

However, there is no compelling reason to view the structures of elites and power as dichotomous or even trichotomous. The power structure of any society, or organization, can be described by the metaphor of a dartboard, in which the inner bullseye or the inner circle of power is surrounded by progressively weaker rings of influence. The radial sectors of the dartboard describe the sectors of society, which are divided between different strata of power and influence. Hence, the elites can be found in politics, public administration, business, civic associations, the mass media, science, culture, etc. Drawing the line where the "elite" ends and "the people" begins in each radial sector is an empirical question that has to be separately addressed in each research (Ruostetsaari 2015, 25).

## Vertical and Horizontal Mobility

Mobility, in the sense of reproduction, replacement, elite circulation, or convergence, has played a pivotal role in classical elite theories. The

replacement of one elite by another occurs in one of two ways: either through a gradual process of infiltration described by Mosca, or as Pareto had it, "the circulation of elites"; or through a violent revolution in which one group of elites is replaced by another. According to Pareto, the most obvious and most common obstacle to free elite circulation is the aristocratic principle: descendants of the elite are promoted to elite positions regardless of their abilities, at the same time as the most talented descendants of nonelite parents are excluded. Taken to an extreme, this process leads to elite inbreeding and ultimately to the degeneration of the elite. For this reason relatively unhindered elite circulation in the social hierarchy, both upward and down, is a condition for a healthy and strong society (Parry 1969, 39, 45–50, 60–63).

C. Wright Mills referred to horizontal circulation as a source of the coherence of the power elite. According to his theory, the degree of elite coherence is determined by the density of interplay between institutions. If institutions share several contacts and interests in common, the elites of those institutions will have a tendency to form a coherent group. "Institutional closeness" is highest when individuals move frequently from one leading position to another across institutions. By way of an example, Mills mentions top executives of major American corporations who have held important public offices, but who have returned to leading business roles or top positions in foundations. The ease with these kinds of roles are exchanged indicates the degree of group cohesiveness within the power elite, that is, the political directorate and occupants of leading positions in major corporations and the military: the more frequently roles are exchanged and the higher the degree of institutional closeness, the greater the cohesiveness of the power elite (Mills 1956, 10–11, 19, 287–288). In other words, a monolithic elite originates as a result of increasing interpenetration and overlapping between elite groups. If, on the other hand, mobility between the various elite groups is relatively weak, and if the separation generated by specialization and expertise is significant, then the pluralist interpretation of elite structure gains support (Dogan 2003, 5).

However, Mills's conception of the elite is not based exclusively on the interrelations between elite members in dominant institutions but also on their social and psychological similarity and their position in the highest social stratum. The coherence of the power elite can be understood against the origin, career, and lifestyles of elite members. The mutual connections among elite members lead to a common lifestyle and to a sense of unity. Self-consciousness, awareness of one's membership in the elite, furthers the cohesion of the power elite. Most elite members come from a similar social background: they have been recruited into the elite from the highest social stratum in society. Education is particularly important to the reproduction of the highest social stratum: exclusive education creates and reproduces the traditions of the highest social stratum and controls the access of new, affluent, and talented individuals into the elite (Mills 1956, 10–11, 63–66, 287–289).

## Elite Typology

The different elite theory perspectives can be combined in a way that integrates vertical and horizontal elite circulation into the same model. Classical elite theory maintains that different elite groups, such as the political, administrative, and business elite, are characterized by exclusivity, coherence, and unanimity (Meisel 1958), which can be cross-tabulated to develop a typology (c.f. Scott 1991, 119) (Fig. 1). The first variable in the typology is the degree of openness of the elite structure, which refers to vertical elite circulation. With respect to openness, recruitment into elites can vary from low (which means that elites have a much higher socioeconomic background than the citizenry) to high (which means that elites have a similar socioeconomic background to the general population). Members of the inner circle, that is the highest elite level, can be recruited from the lower elite levels or individuals who do not belong to elite circles at all.

The second variable of horizontal circulation refers to the degree of elite coherence, combining the variables of cohesion and unanimity. Elite

**Levels Within Elites, Fig. 1** Types of elite structures (Source: Ruostetsaari 2015, 29)

| | | DEGREE OF COHERENCE | |
|---|---|---|---|
| | | high | low |
| DEGREE OF OPENESS IN RECRUITMENT | low | Exclusive | Segmented |
| | high | Inclusive | Fragmented |

coherence is high if members of the elite and sub-elites have close interaction with one another, similar patterns of career mobility, and if they share similar opinions, attitudes, and values. The coherence of the elite structure is also reinforced by high mobility, in other words, frequent exchanges of roles between different elite groups and a sense of shared interests. Weak vertical links with the citizenry have the same reinforcing effect: this will protect the elite against any erosive effects caused by demands and control by the citizenry, which have the potential to create discord by pitting elite members against one another. According to Etzioni-Halevy (1993, 101), the autonomy of elites requires independence not only vis-à-vis other elite groups and the state but also the groups or classes they represent. Pakulski and Körösényi (2012, 24–25) argue that the political elite, for instance, needs authorization from the electorate – the trust and confidence of voters – but also considerable autonomy, insulation from the immediate pressures that come with mass authorization. Under such conditions of autonomy, politicians can accept public responsibility, the latter discharged to both parliaments and mass electorates.

The elite structure can be described as *exclusive* when elites come from a more privileged socioeconomic background than the citizenry and when they are recruited from society's highest strata, when they have very close mutual contact and they share similar values and attitudes. By contrast there is a wide gulf between the attitudes of elites and the citizenry. At the other end of the typology, a *fragmented* elite structure is characterized by a broad socioeconomic recruitment base, limited interplay between elites, and a wide gulf in attitudes. Elites might share certain societal rules of the game in common, for instance a consensus about the democratic process, but they differ in their views about many societal objectives. On the other hand, there are close links between citizen groups and elites, and they share similar attitudes (Ruostetsaari 2015, 29–31; see also Higley and Moore 1981, 2001; cf. Etzioni-Halevy 1993; Higley 2007).

In an exclusive elite structure, consensus among the various elite groups is so strong that we can talk about the existence of a single power elite. In a fragmented elite structure, by contrast, the consensus among elites is so weak that it is not justified to talk about a single power elite.

## Conclusion

Elite theorists argue that only democratic regimes are subject to regular, systematic elite competition and ascent (Schumpeter), mobility (Weber), and circulation (Pareto) (Pakulski and Körösényi 2012, 16). The importance of elite competition as a necessary condition for democracy has been stressed above all by democratic elitism (see Etzioni-Halevy 1993; Higley 2007; Engelstad 2010). According to the critics of democratic elitism, however, the classical criteria of democracy are not satisfied by the citizenry exercising its

control, primarily through elections, on the political elite only (Bachrach 1967). Competing elites may even be internally oligarchic when they are closed to citizen participation.

In fact, the degree of democracy in a society depends, firstly, on active vertical circulation, as pointed out by Pareto and Mosca, in other words, on the openness of elites. This means it must be possible for individuals coming from different socioeconomic backgrounds and lower elite levels to be recruited into elite positions. However, a very high degree of vertical circulation causes excessive turnover among elite members and therefore does not contribute to the functioning of democracy, because it may undermine both the stability of decision-making processes, the expertise of leaders and executives, and the attractiveness of leadership positions (Pakulski and Körösényi 2012, 153).

Secondly, the degree of democracy depends on slight horizontal elite circulation as stressed by Mills and democratic elitism, that is, on the separation of elites rather than on elite competition as such. John Higley et al. (1991) have suggested that integrated national elites are not enemies of democracy but on the contrary are a necessary condition for democracy. This argument is justified if a consensual relationship among various elites involves only formally and informally agreed rules and norms of policy-making. Consensus among elites must not be allowed to go so far that they are connected by close interaction and mobility and by agreement about the goals for the development of society. A closely integrated elite structure reduces elite competition and the responsiveness of elites toward the citizenry. For this reason elite autonomy, as stressed by Etzioni-Halevy (1993, 99–101), is an important condition for democracy. In the terms of the elite typology adopted here, an exclusive elite structure is inadequate, whereas a fragmented elite structure best meets the criteria of classical democracy. A fragmented elite structure can encourage individuals' mobility not only between different elite levels but also between various elites, such as elites of politics, business, and public administration.

## Cross-References


- ▶ Abusive Leadership
- ▶ Implicit Leadership Theories
- ▶ Power and Leadership
- ▶ Theories of Leadership


## References


Bachrach P (1967) The theory of democratic elitism. A critique. Little, Brown, Boston

Dogan M (2003) Introduction: diversity of elite configurations and clusters of power. In: Dogan M (ed) Elite configurations at the apex of power. Brill, Leiden/Boston, pp 1–15

Engelstad F (2010) Democratic elitism – conflict and consensus. In: Best H, Higley J (eds) Democratic elitism: new theoretical and comparative perspectives. Brill, Leiden/Boston, pp 61–77

Etzioni-Halevy E (1993) The elite connection. Problems and potential of western democracy. Polity Press, Cambridge

Etzioni-Halevy E (1997) Classes and elites in democracy and democratization. Garland, New York/London

Etzioni-Halevy E (1999) Èlites, inequality and the quality of democracy in ultramodern society. Int Rev Sociol 9: 239–250

Higley J (2007) Democracy and elites. In: Engelstad F, Gulbrandsen T (eds) Comparative studies of social and political elites. Elsevier, Amsterdam, pp 249–263

Higley J, Moore G (1981) Elite integration in the United States and Australia. Am Polit Sci Rev 75: 581–597

Higley J, Moore G (2001) Political elite studies at the year 2000: introduction. Int Rev Sociol 11:175–180

Higley J, Hoffman-Lange U, Kadushin C, Moore G (1991) Elite integration in stable democracies. Eur Sociol Rev 7:35–53

Meisel J (1958) The myth of the ruling class. Gaetano Mosca and the "elite". University of Michigan Press, Ann Arbor

Mills CW (1956) The power elite. Oxford University Press, New York

Mosca G (1939) The ruling class. McGraw-Hill, New York/London

Pakulski J, Körösényi A (2012) Toward leader democracy. Anthem Press, London

Pareto V (1963) The mind and society. A treatise on general sociology. Dover, New York

Parry G (1969) Political elites. Allen and Unwin, London

Ruostetsaari I (2007) Elites and democracy: are they compatible? In: Engelstad F, Gulbrandsen T (eds) Comparative studies of social and political elites. Elsevier, Amsterdam, pp 265–274

Ruostetsaari I (2015) Elite recruitment and coherence of the inner core of power in Finland. Changing patterns

during the economic crises of 1991–2011. Lexington Books, Lanham
Scott J (1991) Who rules Britain? Polity Press, Cambridge
Useem M (1984) The inner circle. Large corporations and the rise of business political activity in the US and UK. Oxford University Press, New York

# Life Cycles of Nonprofit Organizations

Mark A. Hager
School of Community Resources and Development, Arizona State University, Phoenix, AZ, USA

## Synonyms

Development cycle or stages; Life stages; Lifecycles

## Definition

Organizational life cycle refers to different stages of operations, spanning from concept and founding to decline and closure. "Cycle" implies that organizations in decline might be revitalized back to a growth phase. However, most conceptions simply recognize that organizations in different life stages have different liabilities, needs, behaviors, and potentials.

## Introduction

Most topics in this encyclopedia focus on public administration and policy as *government*. While government agencies and municipalities face any number of development issues as described in organizational studies, they are not typically a subject of the life cycles literatures. Rather, life cycles have been used to describe the development needs and life chances of private organizations. Life, product, and technology cycles are frequently invoked in business studies, but the notion of life cycles or stages is also common in the study or discussion of public-serving organizations, typically nonprofit organizations. This chapter discusses the life cycle notion generally but gives special attention to the life cycle idea as it has been applied to nonprofit organizations and social-entrepreneurial action.

## Life Cycle in Organizational Studies

"Life cycle" is a metaphor for helping us conceptualize various organizational processes. In his popular book *Images of Organizations*, Gareth Morgan (2006) suggests that we can gain deeper understanding and appreciation of organizations if we conceive of them in terms that are familiar to us. By comparing organizations to brains, or machines, or prisons, or organisms, we can communicate vital functions in images with which we or our audiences are already familiar. When we tell our mother that "she is the heart of our family," the organism analogy immediately communicates the sentiment that mother is vital to the family's function, although no one would confuse the family with an actual blood-pumping creature. It's a metaphor.

The use of such metaphors in organizational science is a minor controversy. Herbert Kaufman opened an influential essay more than 40 years ago with the observation that "[w]hen social scientists employ the language of biological evolution in their disciplines, biologists wince. The metaphors are usually more than strained" (1975, p. 131). The life metaphor that organizations are born, grow, and die akin to living creatures has been around for over 50 years, usually attributed to Chandler (1962). Since then, the metaphor has cropped up regularly. The greatest mileage in recent years seems to come in the work of consultants who have the job of translating difficult and sometimes boring topics into exciting and understandable workshops. Metaphors work better in practice workshops than in theoretical treatises. No one has run further with the nonprofit life cycle metaphor than Susan Kenney Stevens, whose 2002 book codifies her core message that

effective strategy must take into account the life stage and experience of the organization.

To be sure, academics have gotten less mileage out of the metaphor, at least as an explanatory theory. That is, while academics have routinely invoked the organism life cycle metaphor in one way or another, it is usually only to build an initial frame in familiar terms. No one goes so far as to suggest that obstetrics might help us guide foundings, that cancer research might help us fend off bankruptcies, or that technology advances in the conduct of autopsies might help us plumb the mysteries of the thousands of organizations that "die" each year. Consequently, the life cycle metaphor seems not to have moved much as a theoretical or conceptual device over the past half-century.

Life cycles in organizational science received a thorough treatment in 1980 with the publication of Kimberly and Miles' (1980) edited volume on the topic. Kimberly's attention to the controversy of the metaphor in his opening chapter is striking, especially his efforts to establish the life cycle idea as simple metaphor rather than serious theory. "Death is an inevitable feature of biological life. The same cannot be said for organizations. There is nothing about organizational life in itself that, of necessity, implies organizational death," he writes. "There is no inevitable linear sequence of stages in organizational life" (1980, p. 7). However, Kimberly then defends the multitude of chapters that follow that introduction as "constructive." The metaphor, he concludes, pushes us "to ask new questions about organizations... and it does force us to think deeply about the influence of context on organizational life" (1980, p. 13). This has been the promise and the fruits of the life cycle metaphor in decades since.

This is not to say that the concepts and literatures related to the life cycle metaphor have not flowed and changed over that time. Ideas gain and lose currency. For example, organizational population ecology introduced through the 1980s a series of influential ideas related to the "age" of organizations. As indicated below, the liability of newness argument has been the most substantial contribution to life cycle thinking. However, this title of "most substantial contribution" may be challenged by current attention to the conditions for creation of social enterprise. The relatively recent focus on social entrepreneurship has introduced both new concepts and new language regarding the founding and early needs of organizations. The result of these periodic forays is an intellectual stew spanning many decades, with different fields and scholarly traditions adding their voice to different stages of the life cycle metaphor.

As noted in the introduction, not all work related to the life cycle metaphor invoke the idea of a "cycle." Stevens' (2002) conception is circular, however, conceiving of organizations running from (1) idea to (2) start-up to (3) growth to (4) maturity to (5) decline to (6) turnaround which if successful can lead back to (3) growth but if unsuccessful will lead to (7) termination. Most others, however, engage the metaphor as a set of stages that may be important to understanding the current needs of organizations but do not stress the idea of a loop or cycle. The remainder of this chapter outlines prominent thinking on these various stages as has been considered variously by different scholarly traditions over the past half-century.

## From Nascence to Birth

Stevens describes the "idea" stage, or the remnants of the organization before it is established. Building on the recent emergence of a social entrepreneurship literature, Andersson (2016; Andersson et al. 2015) has championed a broader concept of "nascency," which refers to the range of environmental forces and seeds of innovation that serve as precursors for the development of new enterprises. Indeed, many of the questions asked by social entrepreneurship scholars inform the nascent stage, including the training and motivations of entrepreneurs, and the conditions for the establishment of new organizations.

The nascency concept is new, but it serves to tie key themes in social entrepreneurship to longer traditions related to organizational life cycles. While nascence is an important precursor stage, Andersson's discussion of nascency in the

nonprofit context raises questions about whether we should think of it as part of a cycle or stage model at all. First, he observes that nonprofits and social enterprises generally do not adhere to a particular pattern of emergence; they coalesce toward formal founding in myriad ways. Secondly, he notes that the length of nascency varies widely, with many never progressing beyond the idea stage (the idea just dies quietly). So, while some variety of nascence is a stage of the life cycle for all organizations, the variety of paths and vagary of results are inconsistent with a metaphor that suggests that organizational life unfolds in a circumscribed way.

This observation about the utility of the life cycle metaphor for understanding foundings also extends to research into the early formal stage of nonprofit organizations. To be sure, the formal organizations we can observe (as going concerns) have all graduated to that stage. However, research such as that by Carman and Nesbit (2013) emphasizes the variety of reasons why individuals create nonprofit organizations and point out that some are converted from business organizations or spun-off from government programs. The implication is that prevailing descriptions of both nascency and foundings bely simple proscribed models for how organizations unfold in their early stages. The implications of these recent characterizations on the life cycle model will unfold in coming decades.

## From Birth Through the Liability of Newness

A prominent theoretical argument through the 1980s regards the difficulties that young organizations have in establishing themselves. Indeed, "age dependence" on survival chances can be said to be one of several major early themes in the establishment of organizational population ecology and probably stands as the most theoretically and empirically rich development of research relevant to the life cycle model.

The conceptual underpinnings of the "liability of newness" is traced back to an out-of-the-way book chapter published by Arthur Stinchcombe in 1965. In that chapter, he describes and discusses why organizations might face difficulties in their early days. He observes that out of sheer experience older organizations have the luxury of easy reproduction of roles, skills, procedures, and other elements of culture, but new organizations must rely on conflicting cultures produced outside the organization. Stinchcombe suggests that inventing new roles and structuring relations for maximum performance have high costs in "time, worry, conflict, and temporary inefficiency" (1965, p. 148). Relatedly, he observes that old organizations rely on established internal relationships, while new organizations must rely on relationships among strangers. He extends this argument to external relationships as well, observing that the lack of established rapport with clients and vendors is part of a liability that can doom an organization until these elements of culture become established in the organization.

That book chapter gained sudden prominence in the late 1970s and 1980s as the go-to source for motivating research on the relationship between the youth of an organization and its life chances. This tradition did not tend to emphasize a life cycle metaphor in its explorations of age but instead employed a different biological metaphor: organizational populations as community ecology. Although the homages began with Stinchcombe, the theoretical explanations quickly moved from the single organization level to the community level. Just as populations of rabbits vary with changes in the populations of predator foxes, population changes in organizations were theorized as dependent on competition, resource availability, and the fit of organizations with environments. Young organizations were particularly seen as disadvantaged, and "age" enjoyed great prominence in sophisticated research published by Michael Hannan, John Freeman, Glenn Carroll, and an insular cadre of others. They explored the liability of newness in a variety of organizational populations, including newspapers, semiconductor firms, and unions.

While unions might be seen as a type of public-serving organization of interest to public administration and public policy, the age-dependent arguments were eventually tested by scholars

more centrally interested in the behaviors of nonprofit organizations. Singh et al. (1986) reported on a population of voluntary social service organizations and expressly invoked the life cycle arguments originally articulated by Stinchcombe, coupled with the popular idea that disruptions to organizational processes might "reset" the organization back to where it again suffers from the liability of newness. This theoretical offshoot squares solidly with the life cycle model. Singh and colleagues describe this cycle thusly: "...the liability of newness for a population of organizations may arise mainly from internal processes such as the coordination of new roles for participants and the development of trust among strangers. If this is the case, then reorganizations or organizational changes that are fundamental enough... will reduce the reliability of performance of the organization to that of a younger organization" (1986, p. 173).

What might reset the liability of newness clock? Singh and colleagues consider change in service area, change in chief executive, change in goals, change in client groups, and change in structure. Others later considered neo-institutional and social capital explanations for the liability of newness. However, in 2000, the population ecology camp had almost totally moved on from its early emphasis on age dependence, and the methodological and theoretical developments on this theme came to a halt. Age became a control variable in the new themes of this tradition (mostly focused on the relationship between the density of organizations in a field on their legitimacy and competition) rather than an area of focus. However, the combination of theoretical focus and methodological sophistication make that foray into understanding the liability of newness a key stage in the history of the life cycle model.

## From Newness to the Liability of Adolescence

More than a decade of attention on liabilities of newness for young organizations substantially increased our understanding of the conditions for growth of fledgling enterprises. Growth was seen as the fruit of overcoming the liability of newness, so long as organizations did not "reset" their progress by somehow compromising the core competencies on which their culture was based.

So, if the now-establishing organization stays the course, does that mean it is out of the woods and ready to thrive? Scholars in the 1990s investigated this question, introducing a twist on the liability of newness argument. Brüderl and Schüssler (1990) argued that many small organizations are artificially propped up by a stock of resources, goodwill, and no real expectation of success in the early going. Consequently, many are not under any real threat of failure during this "honeymoon period." The real test, they argued, comes when the honeymoon ends: resources thin and expectations rise. According to this formulation, adolescence can be an even more dangerous time for organizations, as they are pushed out of the nest. The liability of adolescence enjoyed some attention and empirical validation through the 1990s, although other research continued to validate the liability of newness thesis. In his own retrospective, Henderson (1999) suggests that whether the increased risk of failure comes at founding or a few years after founding is a relatively minor distinction. Whether at birth or adolescence, organizations have liabilities that they must overcome in order to grow into more productive stages.

## Battling Structural Inertia

Since Stinchcombe's description of the liability of newness points to problems stemming from the lack of routines, structures, and relationships in fledgling organizations, perhaps we should expect that organizations that overcome these liabilities are now primed for maximum production and impact. Certainly, survival and stability are important for organizations operating in their prime. However, the establishment of routines, structures, and relationships introduces a new problem:

structural inertia. "Inertia" here is another metaphor borrowed from the physical sciences: matter in its existing state tends to stay in that state unless influenced by an external force. Structural inertia refers to the rigidity that comes to organizations that have so successfully overcome the initial liabilities described by Stinchcombe, laying down strong structures, relationships, supply lines, and culture.

The structural inertia concept was introduced in Hannan and Freeman's seminal 1977 article that thrusted organizational population ecology temporarily to the heart of organization studies, but the concept did not get a full conceptual treatment until the authors returned to the topic a few years later (in Hannan and Freeman 1984). Key to the structural inertia argument is the relationship between organizational structures and their fit with the external environment. If external environments do not change, or change very slowly (what Hannan and Freeman called "coarse-grained" environmental change), then inert organizations that built their structures and relationships to conform to that environment might do very well and even thrive. The problem comes when environments change. Evolution has led freshwater fish to thrive in a freshwater pool, but freshwater fish perform poorly when oceans flood their pools or when their pools dry up entirely. The fishes' progeny (should any survive) may be able to adapt over time, but since adaptation is an evolutionary process rather than an instantaneous one, today's fish (those whose environments are compromised) are at risk of elimination. According to the structural inertia argument, resource investments, constraints on information exchange, internal political constraints, and a social resistance to reorganization conspire against attempts by managers to strategically adapt in a changing environment. In short, the very forces that help organizations overcome the liabilities of newness and adolescence might become challenges to organizations operating in fine-grained environments, where change is common and occasionally ground-shaking.

The dangers of structural inertia are a cautionary tale for organizations operating in the prime of their life cycle. Although the connection is not typically drawn, the conversation has shifted in recent years from the value of bureaucratic structure to the value of nimble innovation and the ability to react to external environments. Although an orientation to innovation and change is difficult to sustain in organizations as they grow and age, *innovation* is at the core of most current conceptions of social entrepreneurship and the development of organizations that have the best chance of having a real impact on social problems.

## Closure

Death of organizations is not inevitable; theoretically an organization can adapt and survive indefinitely. That said, organizations close regularly. Scholarship on the closure stage of organizations might be considered in two camps. For one, research occasionally focuses on closure processes in individual organizations. Sutton (1987) presents a "process model" of closure processes that is reminiscent of life cycle models, concluding that after organizations fail in efforts to avert demise, they announce the impending closure, disband, reconnect with colleagues, and undertake parting ceremonies. Duckles et al. (2005) also take the process model approach but focus on the forces that doom nonprofit organizations before they decide to close.

The second camp considers the characteristics of failing organizations compared to survivors. This approach considers many cases in statistical models rather than the small number of cases usually considered in process modeling. The greatest advances in the study of organizational closure came from the focus of the early wave of organizational ecology on failure. As discussed above, the liability of newness is the closure of organizations. The liability of structural inertia in a fine-grained environment is the

closure of organizations. Consequently, we know more about the determinants of closure of organizations than we do about foundings. Although research on organizational demise slowed through the 1990s as the population ecologists moved to other topics, individual scholars have returned to the topic periodically since then. The topic of which organizations live and which organizations die endures.

## Conclusion

The life cycle metaphor gives both practitioners and academics a familiar model for considering complex organizational processes. Although the conceptual model of organizations moving through actual stages of life has never held sway in academic treatments of the topic, scholars routinely consider different stages and the strategic implications for organizations operating in different phases of their life course. If the past is any indication, future scholarship will continue to wrestle with the ideas discussed in this chapter while bringing new ones to the Table. A recent article by Fisher et al. (2016) is a good example. The first line of the article invokes Stinchcombe and the liability of newness but then combines organizational identity concerns of the neo-institutionalists with environmental fit concerns of the ecologists, all in a quest to better understand how legitimacy plays out across the life cycle. More than 50 years of thinking on these topics provide us the basis for better understanding the lives and fates of the organizations we study and work in.

## Cross-References


- ▶ Culture and Organizations
- ▶ Flexible Organizations
- ▶ Nonprofit Organizations
- ▶ Organizational Environment
- ▶ Organizational Life Cycles
- ▶ Organizations and Environment
- ▶ Population Ecology Theory of Organizations
- ▶ Social Entrepreneurship
- ▶ Termination of Nonprofit Organizations


## References


Andersson FO (2016) Nascent nonprofit entrepreneurship: exploring the formative stage of emerging nonprofit organizations. Nonprofit Volunt Sect Q 45(4):806–824

Andersson FO, Faulk L, Stewart AJ (2015) Toward more targeted capacity building: diagnosing capacity needs across organizational life stages. Voluntas. https://doi.org/10.1007/s11266-015-9634-7

Brüderl J, Schüssler R (1990) Organizational mortality: the liabilities of newness and adolescence. Adm Sci Q 35: 530–547

Carman JG, Nesbit R (2013) Founding new nonprofit organizations: syndrome or symptom? Nonprofit Volunt Sect Q 42(3):603–621

Chandler AD (1962) Strategy and structure: chapters in the history of the American enterprise. MIT Press, Cambridge, MA

Duckles BM, Hager MA, Galaskiewicz J (2005) How nonprofits close: using narratives to study organizational processes. In: Eslbach KD (ed) Qualitative organizational research. Information Age Publishing, Greenwich, pp 169–203

Fisher G, Kotha S, Lahiri A (2016) Changing with the times: an integrated view of identity, legitimacy, and new venture life cycles. Acad Manag Rev 41(3): 383–409

Hannan MT, Freeman J (1977) The population ecology of organizations. Am J Sociol 82:929–964

Hannan MT, Freeman J (1984) Structural inertia and organizational change. Am Sociol Rev 49:149–164

Henderson AD (1999) Firm strategy and age dependence: a contingent view of the liabilities of newness, adolescence and obsolescence. Adm Sci Q 44(2): 281–314

Kaufman H (1975) The natural history of human organizations. Adm Soc 7(2):131–149

Kimberly JR (1980) The life cycle analogy and the study of organizations: introduction. In: Kimberly JR, Miles RH (eds) The organizational life cycle. Jossey-Bass Publishers, San Francisco, pp 1–14

Kimberly JR, Miles RH (eds) (1980) The organizational life cycle: issues in the creation, transformation, and decline of organizations. Jossey-Bass Publishers, San Francisco

Morgan G (2006) Image of organizations, updated edn. Sage, Thousand Oaks

Singh JV, Tucker DJ, House RJ (1986) Organizational legitimacy and the liability of newness. Adm Sci Q 31:171–193

Stevens SK (2002) Nonprofit lifecycles: stage-based wisdom for nonprofit capacity, 2nd edn. Self-published: Stagewise Enterprises

Stinchcombe AL (1965) Social structure and organizations. In: March JG (ed) Handbook of organizations. Rand McNally, Chicago, pp 153–193

Sutton RI (1987) The process of organizational death: disbanding and reconnecting. Adm Sci Q 32: 542–569

# Lifestyle in Large Cities in Russia

Alina Pishnyak and Natalia Khalina
Centre for Studies of Income and Living Standards, National Research University Higher School of Economics, Moscow, Russian Federation

## Synonyms

Differentiation of Russia's population; Everyday practices; Large cities in Russia; Leisure; Lifestyle; Megalopolis in Russia; Settlement differentiation in Russia; Standard of living

## Introduction

In the study of lifestyle, experts appeal to different aspects of life. By "lifestyle," some people understand only consumer practices, others focus their attention on civic and political activity, and others depict it through objective characteristics of employment, education, and welfare. Considering the existing approaches, here we present a description of the lifestyle in big cities of Russia, using data from various sources – from official statistics to sample household surveys to present a picture in detail. Special attention is paid to the cases of the two federal cities – Moscow and St. Petersburg, as the most striking examples of the formation of a special urban lifestyle in contemporary Russia.

## Changing Perceptions of Lifestyle in the Modern History of Russia

The study of lifestyle has become one of the priority directions of sociological research in post-reform Russia. Expansion of the range of consumer opportunities against the background of rapid income differentiation growth (which was especially true for large cities) has brought about significant changes in the standards of living of the population and their significant diversification. It became obvious that even at the level of rhetoric, the concept of the dual division of the lifestyle to the Soviet and capitalist one, widely spread in the era of the Soviet Union, has outlived its usefulness and needs a new classification. Over the past decades, many approaches have been proposed to identify different groups of population by type of consumption, social activity, cultural, and leisure preferences, etc. (A similar work was performed within the framework of sociological studies of companies involved in the collection of sociological data in Russia: GFK-Rus, Levada-Center, FOM, Ipsos, etc.).

Special attention was paid to studying the lifestyle determinants. Empirical studies have given reason to believe that income, if it is among the influencing lifestyle factors, is not the main one – the theory of the class conditionality of lifestyle (The idea of lifestyle determinism by belonging to a status group, not to a particular class, occurs in the works of M. Weber (2010)) again came under attack. On the contrary, the interpretation of lifestyle as the "realization of self-identity in reality" (definition by E. Giddens (1991)) once again confirmed its worth. It became obvious that the formation of one's own standards takes place in correlation with the standards of the social environment (and for citizens it is not only a close circle of friends, but also those who they have to deal with in their everyday practices of various kinds). Thus, lifestyle is not always income-driven, but the desire to maintain certain consumer standards (in the broadest sense of the term (It is about the consumption of goods and services in a wide range – from household to leisure, etc.)) can change claims to income.

Regardless of what is cause and what is consequence, the following is undeniable: the more there are income opportunities and more diverse consumer alternatives, the more active is the generation of new proposals, and the more intense is the process of change. Places of concentration of both consumer proposals (including innovation) and income opportunities in modern Russia are the major cities, especially Moscow and St. Petersburg.

## Socio-Economic Characteristics of the Lifestyle of the Major Cities of Russia

According to the statistics of 2016, Russia has 64 large cities (with population from 250 thousand to 1 million inhabitants) and 15 cities, which are home to respectively 19.1% and 22.5% of the total population of Russia (Population of the Russian Federation. . . 2016).

Russian cities differ significantly from each other in the context of socio-economic indicators and lifestyle of the population. The focus of this entry is to megalopolises; therefore, we will concentrate on the description of the situation in the largest cities of the country.

Federal cities are leaders of the postindustrial economy characterized by a high level of development: GDP per capita in Moscow is 47 thousand dollars at purchasing power parity, in Saint Petersburg – 22 thousand dollars, which is comparable with developed countries (Zubarevich 2012). However, according to experts of Deutsche Bank (Deutsche Bank https://www.db.com/russia/index_ru.htm), Moscow surpasses the quality of life in not only Beijing, New Delhi, and Sao Paulo but also in Singapore, known for its developed infrastructure and an emphasis on the latest technology (The ranking is based on eight subindexes compiled by crowd-sourced information database Numbeo, which create a broad picture of what it is like to live in different cities.).

### The Standard of Living, Income, and Employment

Rosstat data indicates significant differences in the major Russian cities from other types of settlements in terms of standard of living. For example, the national average of the deprived (According to the methodology used in the report UNDP (Human Development Report 2016. Human Development for Everyone. UNDP, NY).) is about 14% of the population and the socially excluded (According to the methodology used in the report UNDP (Regional Social Exclusion Report: Beyond transition, towards inclusive societies. UNDP 2011).) make approximately 7%, whereas in Moscow and St. Petersburg, the share of the deprived does not exceed 3–4%, and the excluded – 1% (According to the Comprehensive monitoring of living conditions of the population (2016), sample – 59,994 households, 134,852 individuals.). Average per capita incomes in Moscow are two times superior to the average level in Russia, in St. Petersburg – 1.4 times. Roughly, the same gap is seen in the ratio of the average wage of the working population. In the major cities, the unemployment rate (Rosstat data for December 2016.) and the share of workers employed without proper registration of labor relations with the employer are lower. The bulk of the unemployment in megalopolis areas is a short-term fluctuation and is associated primarily with the change of jobs. But residents of large cities work much more – a half of the Moscow inhabitants have a 40-h working week at their primary place of work and about a third work overtime. The qualification and professional structure of employment in large cities is also significantly different from the national one. In particular, the number of employees who take positions of specialists of higher qualification is dominant (and their share in the structure of employees is gradually increasing) and working occupations represent the narrowest sector.

### Education

Residents of large cities are more involved in educational processes. It is recorded at all levels of education: from early development and preschool classes to adult education. The city offers its residents a bigger number of educational opportunities: the offer is wider here, including the sector of paid services. However, a choice of free classes is also considerably wider – citizens can take the advantage of different houses of creativity, clubs, and leisure centers offering the training free of charge.

In general, the population in the Federal cities is the most educated: half of Moscow residents and 40% of the population of St. Petersburg aged over 15 years have a university degree (The data of Rosstat on level of education of those employed in the economy in 2016.).

However, the educational structure is different in families of different socio-demographic types: for example, the largest educational resource is

characteristic for working households, the smallest resource – for households of pensioners. Education of younger age cohorts are generally higher than the education of the citizens of the middle and older ages (According to the Comprehensive monitoring of living conditions of the population (2016), sample – 59,994 households, 134,852 individuals.). Perhaps, this causes the gap in the socio-economic situation of different groups of the population.

### Inequality

Of course, not all residents of big cities are characterized by high income and standard of living. It must be noted that in large cities, the indicators of socio-economic differentiation of the population are ahead of the average for Russia. For example, in Moscow, the wealthiest households (the fifth quintile per capita income) owns almost half of total household income and the average per capita income in this group is eight times higher than the income of low-income households (the first quintile by per capita income). Consumer spending of the rich is four times greater than spending of the poor. And if the cost structure of the first group is characterized by a low share of spending on food and a high share of payment for medical services, transport, communication services, and travel cost, the second basket consists mainly of products and the mandatory payments (The data of the sample survey of households of Moscow (2015), sample – 1500 households.).

It should be noted that the middle class in Russia is urban rooted and the majority of its members reside in large cities. Even though the middle class in Moscow has not become the most popular element of the stratification composition of the society and it is about 30% (According to the survey "Moscow and Muscovites" (2014), sample – 3000 respondents, the survey was conducted in GHANA "Institute of humanitarian development of metropolis." The share of the middle class is identified on the basis of the three-criteria approach – welfare, socio-professional status, and identity.), Russian cities are often characterized by a special consumer model.

### Consumption of Goods and Services, Finance, and Leisure

In the 2000s, Russia passed the period of domination of the living standard of the poor and embarked on the path of creating a new mass consumer model (Ovcharova et al. 2013), especially in large cities. Being a financial and economic center of Russia, Moscow provides the conditions for obtaining high wages, and infrastructure of the capital gives impetus to the development of various everyday practices.

In megalopolises, lifestyle is the most modernized (Zubarevich 2012). With regard to the purchase of goods, the most of the shopping here is done via modern retail formats (hypermarkets, supermarkets, discounters, etc.), which, that should be noted, are not presented in all types of settlements. In addition, residents of large cities often use the Internet for shopping online (if in Moscow, the consumer tends to buy clothes and shoes via the Internet, then in other major cities, the most actual purchase is a purchase of household appliances and electronics).

In large cities, a network of shopping centers, restaurants and clubs, sports complexes of a new format are rapidly developing. Besides, the traditional sector of cultural organizations (theatres, museums, cinemas) in the federal cities remains significantly wider than in other types of settlements. This capacity boosts demand for services, spins the flywheel of consumption.

In addition, for residents of large cities, financial services, particularly credit services, are more affordable. Although city residents have their own savings (including those held in banks) more often than other Russians, they also have loans with large volumes to be paid back.

In general, higher incomes and a more developed demand for market services contributed to a strong structural shift of the economy of the megacities in the direction of the service sector. It is reflected in the composition of GRP of major cities and is clearly recorded in the structure of household expenditure: the share of expenditure on different types of services in the budget of a resident of a large city is higher than the corresponding figure in the budget of other Russians.

Tourism and travel services, including foreign ones, are also more popular among residents of large cities. Leisure time for many people is not just free time, but the possibility of self-development; therefore, residents of large cities try to spend weekends or holidays away from home, getting new experience and impressions, including implementing their own hobbies and other passions. The more educated and wealthy residents of the capital go on vacation and visit foreign countries more often. More than 20% of them have repeatedly traveled abroad (the average for the sample of Moscow residents, 12%) in the last 12 months. We should mention the typical for residents of large Russian cities way of spending free time – going to the countryside where they can do gardening not for survival (as in the Russian provinces) but as a leisure activity.

Additionally, we note the significantly greater involvement of cities in the practices of healthy lifestyle and sport activities in particular (which is true for the more educated and younger citizens).

### Transport and Getting Around the City

The infrastructure of the city, the facilities it offers will definitely attract migration flows. Major cities grow, and, besides, the capital cities give an impetus to the development of satellite cities.

Because of their scale, cities have their transport characteristic features and it takes more time from city residents to get around. Megacities are characterized by significant spatial dispersion of the various activities of the citizens, places of residence, work, education, consumption of various services, etc. The most pressing issue is the imbalance between population settlement and places of employment that, on the one hand, increases the load on the transport system, and on the other hand, makes the time spent on moving around the city by transport an important factor in the organization of daily life of citizens. The median duration of travel from home to work for a Muscovite is 40 min, while one in four needs an hour or more to get to work.

Although the set of means of public transport in metropolitan areas corresponds to the world level, the problem of passenger traffic is quite acute. The Moscow metro transports more than eight million passengers every day, St. Petersburg – nearly three million. Besides, the major cities are leaders in the number of cars per 1000 population.

### Information Space

For residents of large cities, it is characteristic to be fully involved in the Internet space. In large cities, the Internet has become a part of everyday life not only for younger ages but also for the older age cohorts. More than two-thirds of the residents of federal cities use the Internet daily, while providers annually capture a doubling of traffic. In recent years, the growth is mainly due to the users of pension age.

However, the majority of inhabitants of large cities use the Internet for communication, gaming, and entertainment, and the TV remains the main source of information for citizens (over 80%). The proportion of those who get news from the Internet (about 40%) is also significant – they are younger and more educated citizens.

Nevertheless, even the television, radio, and press in metropolitan areas have their peculiarities: the choice of channels and publications are more diverse and, consequently, the picture is more complete, based on different points of view. Today, residents of large cities are increasingly turning to independent sources, demonstrating opposition views.

### Housing and Real Estate

Residents of large cities are in a more rigid housing for the meter housing, but they are located in more qualitative terms in the context of the equipment housing services. The cost per square meter in large cities of Russia is much higher than the national average. According to Rosstat, at the beginning of 2017, the average price of a square meter in Moscow is 2.8 times greater than the national average (http://www.gks.ru/dbscripts/cbsd/DBInet.cgi).

The subjective evaluations of housing conditions of residents of large cities are higher than in Russia on average. For example, in Moscow, only 6% of respondents believe that they live in

cramped conditions and 5% are not satisfied with the quality of their housing.

In large cities, the share of mortgage housing is significantly more than in other localities of Russia, and the segment of those who buy housing as an investment is also much wider. The rental housing market is more advanced – the leader here, of course, is the capital city.

### Demographics

However, the life of the city attracts people. Providing a wide range of jobs and consumer opportunities, cities attract population from geographic regions (for example, only half of the population of Moscow is represented by those who have lived in the capital since their birth), especially the young and active.

However, in general, by the age structure, cities are more "adult" than other types of settlement: in large Russian cities, the share of population of pension age reaches 1/4. This is partly due to the fact that the birth of children in large cities occurs at a later age than in other types of settlements, and, by the average number of births in Russia, female residents of large cities considerably concede to those women living in small towns and villages. For the representatives of urban youth, it is characteristic to have a longer period of training; they later acquire a stable job and later come into family units. All these factors together with relatively higher life expectancy determine the trend of an aging population in large cities.

### Health and Medicine

The availability of medical care for residents of large cities is higher than for other Russians. Medical infrastructure of urban areas is qualitatively different from those in other types of settlements. The level of outpatient care uptake among residents with health problems is higher than in Russia on average. As a result, residents of big cities is somewhat less than all Russians are treated in hospitals, and among the reasons for the refusal of medical treatment, they mention personal circumstances (lack of time and unwillingness to be treated) significantly more often than problems with the availability of services.

The official charge for medical treatment and stay in hospitals is much more common in federal cities than in other region. Among residents of metropolitan areas, involvement in programs of voluntary medical insurance is much more common than in average in Russia. This is a consequence of popularity of such programs among employers in the capital and greater development of health care providers working outside the program of obligatory medical insurance together with a higher paying capacity of patients. For example, the proportion of the adult population of Moscow (The survey of "Moscow and Muscovites" (2014), sample – 3000 respondents.) covered by voluntary health insurance is about 18% while the national average coverage is 4% (RLMS HSE NRU (2014), sample – 4872 households.).

Another important fact related to the health of the population is a higher prevalence in the habit of smoking cigarettes among residents of large cities. Moreover, it is noted in relation to both men and women. For example, in Russia on average, the proportion of smokers is about 30% (RLMS HSE NRU (2014), sampling – 4872 households.), and in Moscow – more than 40% of the population aged 18 years (The survey "Moscow and Muscovites" (2014), sample – 3000 respondents.).

Alcohol consumption in large cities is not much different from practices of consumption in Russia as a whole. However, we can say that even if the proportion of drinkers in cities is bigger than in rural areas, residents of large metropolitan areas drink alcohol less frequently and in smaller quantities in terms of the volume of pure ethanol. They often give preference to dry wines and champagne and drink less home-made brew, which is characteristic of alcohol consumption of rural residents.

It is also worth noting that the environment has a serious influence on the health of the residents of the federal centers, because large cities cannot boast of clean urban air. In the environmental component, they are inferior to medium and small cities. But this trend is observed worldwide, and it is confirmed by the data on the environment protection (Rosstat: Gks.ru).

### Stress and Social Tension

The rhythm of the city requires permanent involvement in current processes from the population, making a feeling of lack of available time acute, increasing the level of stress and social tension.

In general, the environment of the metropolis appears to be safe for 70% of Muscovites. However, 47% of respondents believe that it is impossible to feel safe, being late in the evening or at night in a residential area of the capital, and of 37.8% see certain risks in staying in the dark in the area of their residence. Educated, wealthy, and young residents of the metropolis assess the situation in a more positive way. Assessing the concerns of the population with different problems, it should be noted that the greatest concern among Muscovites has been crime and terrorism (share of those who "really care" about the problem – 66%), personal safety (57%), and access to medical services (59%). Their concern about the opportunity to get an education is significantly lower (33%).

Moreover, residents of large cities show civil activity. In cases of emergency, they are willing to organize and offer financial assistance to victims, be volunteers. However, residents of large cities demonstrate a greater willingness to protest actions, if what is happening affects them.

## Conclusion

The major cities of Russia are characterized by functional diversity; they have the multilateral potential, outstanding economic and geographic position. They usually have the progressive block that is a combination of science, higher education, engineering, advanced manufacturing, and also art and culture. Leading companies, institutions, and universities hold the leading position in their fields of activity. This combination creates an atmosphere of creativity, and it makes a big Russian city a notorious engine of progress. Due to the agglomeration effect (and also due to the effect of the capital rent in Moscow (Zubarevich 2017)), a Russian megalopolis generates the infrastructure benefits and provides greater opportunities to implement various consumer practices. Using the expanded range of opportunities, higher incomes, and quality goods and services, a major city promises a higher quality of life.

All of this draws significant migration flows to a large city, including the population with the greatest potential.

A modern inhabitant of a large city is characterized by high levels of education and skills, inclusion in various information flows, due to the constant access to the Internet.

Bearing in mind what is said on the consumption of education, health, and other services, it is necessary to admit that in Russia, the residents of large cities are investing far more in human capital than the rest of the citizens.

Nevertheless, the big city creates not only opportunities but also a number of limitations and barriers to the implementation of the needs and preferences of its inhabitants. For example, citizens do not have the time, money, and information in order to present a more active demand for cultural projects. Moreover, the rhythm of the city, the need to provide the accustomed level of consumption by maintaining a certain level of income, accessibility, and time needed to get to work or the necessary locations, and the perception of security increase the level of social stress, thereby imposing imprint on the lifestyle of modern residents of a big city in Russia.

## References

Weber M (2010) The distribution of power within the community: classes, Stände, parties (trans. Waters D, Waters T, et al). J Class Sociol 10(2):137–152

Giddens A (1991) Modernity and self-identity: self and society in the late modern age. Polity Press, Cambridge

The population of the Russian Federation for municipalities on January 1, 2016 (2016) Federal State Statistics Service (Rosstat), Moscow (in Russian)

Zubarevich N (2012) Social differentiation of regions and cities of Russia. Pro et Contra 4–5(56):135–152 (in Russian)

Human Development Report (2016) Human Development for Everyone. UNDP, NY

Regional Social Exclusion Report: Beyond transition, towards inclusive (2011) societies, UNDP

Ovcharova LN, Popova DO, Pishnyak AI, Shepeleva EV (2013) From standard survival to a responsible choice. Pro et Contra 17, 6(61), 6–34 (in Russian)
Russian Longitudinal Monitoring Survey - RLMS HSE NRU (2014) https://www.hse.ru/en/rlms/
Zubarevich N (2017) The development of Russian agglomerations: trends, resources and capabilities management. Social Sciences and Modernity 6:5–21 (in Russian)

# Lilly Ledbetter Fair Pay Act

Michelle L. Wade
West Chester University, West Chester, PA, USA

## Synonyms

Equal opportunity employment legislation; Equal pay complaints; Gender wage gap; Wage discrimination

## Definition

The Lilly Ledbetter Fair Pay Act of 2009 is a law that addresses the timeframe in which a person can sue for wage discrimination, stating that a discriminatory compensation decision or practice is a discrete act of discrimination each time it occurs, not just when the initial discriminatory compensation decision is made.

## Introduction

The Lilly Ledbetter Fair Pay Act of 2009 was the first piece of legislation signed into law by President Barack Obama. Although the name of the law sounds like it addresses equal pay, it actually only addresses the timeframe in which one can sue for wage discrimination. This legislation says that a discriminatory compensation decision is a discrete act of discrimination every time it happens, not just when the initial discriminatory compensation decision is made. Ultimately, it makes it somewhat easier for women to win wage discrimination claims. The primary impetus for the passage of the Lilly Ledbetter Fair Pay Act was the Supreme Court decision in *Ledbetter v. Goodyear* (2007). Lilly Ledbetter brought suit against Goodyear Tire Company when she discovered that she was making significantly less than her male colleagues. Although Ledbetter won her case at the district court level, Goodyear appealed the decision and won in an appellate court. The case eventually went before the Supreme Court of the United States (SCOTUS), and the Court decided in Goodyear's favor – arguing that Ledbetter had not filed her claim within the statute of limitations. Supreme Court Justice Ruth Bader Ginsberg did not agree with the majority in this decision and read her dissent from the bench – urging Congress to pass legislation that would prevent such an occurrence in the future. Opponents of the *Ledbetter* decision quickly mobilized to introduce new legislation that would become the Lilly Ledbetter Fair Pay Act. This entry analyzes the impetus for and the passage of the Lilly Ledbetter Fair Pay Act. The background of equal opportunity employment legislation and the circumstances that led Ledbetter to sue Goodyear are addressed first, followed by an examination of the *Ledbetter v. Goodyear* court case and the passage of the Lilly Ledbetter Fair Pay Act (LLFPA).

## Women and Employment Legislation

In 1919, Montana and Michigan passed equal pay laws – long before the United States (U.S.) Congress did. During World War I and II, equal pay became a national issue as a way to protect men's wages while they were at war. Equal pay was supported by women's rights advocates as well as groups like unions that were not concerned with women's rights, but with the maintenance of men's wages during the wars. If women made the same wage as men, then women would not be able to undercut men's salaries, and there would be little incentive to hire women if they had to be paid the same as men. The Departments of War, Navy, and Labor also supported equal pay for women during the war to protect men's wages. In 1945, equal pay legislation was proposed in

Congress, but it failed to pass. By 1963, 23 states had already passed equal pay laws. In 1963, Congress passed the Equal Pay Act, which "prohibits sex-based wage discrimination between men and women in the same establishment who perform jobs that require substantially equal skill, effort and responsibility under similar working conditions" (U.S. EEOC 1963). Despite this protection, wage discrimination still exists. In 2016, women made only 80.5 cents for every dollar that men made, not controlling for any other factors (IWPR 2018). Even when education, similar positions, and temporary leave are controlled for, women still make less than men though the gap narrows.

One of the greatest victories for women in employment law was Title VII of the Civil Rights Act of 1964. Title VII "prohibits discrimination on basis of race, color, religion, sex, and national origin in hiring, promotion, and termination decisions" (U.S. EEOC 1964). While the Equal Pay Act of 1963 addresses wage discrimination specifically, Title VII of the Civil Rights Act addresses discrimination more broadly. The implications of the Lilly Ledbetter Fair Pay Act extend beyond just women as the legislation benefits anyone filing a discrimination complaint under Title VII of the Civil Rights Act.

## Ledbetter's Complaint

In 1979, Lilly Ledbetter began working for Goodyear Tire Company in Gadsen, Alabama. Ledbetter was one of the first female managers in the plant and was employed as an Area Manager. Initially, Ledbetter was paid on par with the male managers in the plant. In 1981, Goodyear adopted a pay-for-performance appraisal system that was based on the performance of the managers. It was at this point that Ledbetter's compensation started to lag behind that of her male colleagues. Although Ledbetter suspected that she made less than the male managers in the plant, company policy dictated that salary information was confidential.

In 1998, Ledbetter received an anonymous note at work that contained salary information for herself and her male colleagues. At that time Ledbetter's salary was roughly $15,000 less than her highest paid male colleague and was still lower than the lowest paid male (*Ledbetter v. Goodyear Tire and Rubber Co., Inc.*, ([11th Cir. 2003]). A male colleague who also started around the same time as Ledbetter earned a base salary of $59,028 in 1998 while Ledbetter earned a base salary of $44,724 even though they made the same amount in 1979 (*Ledbetter v. Goodyear Tire and Rubber Co., Inc,* 421 F.3d 1169 [11th Cir. 2005]).

## Equal Employment Opportunity Commission (EEOC) Complaint

Ledbetter filed a complaint with the EEOC and brought claims of wage discrimination and a retaliation claim that violated Title VII of the Civil Right Act of 1964, the Equal Pay Act, and the Age Discrimination in Employment Act (ADEA). Ledbetter argued that she received less pay because of her sex and that she was transferred to another department in retaliation for sex discrimination complaints in the past or because of her sex or age (*Ledbetter v. Goodyear Tire and Rubber Co., Inc,* 421 F.3d 169 [11th Cir. 2005]). Title VII of the Civil Rights Act prohibits discrimination on the basis of sex, race, religion, color, and national origin while the ADEA prohibits discrimination against people over the age of 40 (Public Law 90-202 1967). The Equal Pay Act prohibits wage discrimination on the basis of sex. Claims under Title VII must be filed with the EEOC within 180 or 300 days of the discriminatory incident. The statute of limitations can vary by state. It depends on whether or not a state has an administrative office similar to the EEOC. In a deferral state that has such an office, complainants have up to 300 days to file with the state agency. In a non-deferral state like Alabama, the statute of limitations is 180 days (*Ledbetter v. Goodyear Tire and Rubber Co., Inc,* 421 F.3d 169 [11th Cir. 2005]). If an employee does not file a claim within the statute of limitations, then he/she cannot sue the employer at a later date.

## Northern District Court of Alabama

Ledbetter's case was heard in the US District Court for the Northern District of Alabama, Eastern Division. The only claims that proceeded to trial were the punitive transfer claim and the Title VII claim of disparate pay. At trial, Goodyear argued that Ledbetter's lower salary was a result of her performance, not sex discrimination. There was no record, however, of Ledbetter's performance reviews or those of her colleagues before 1992. Although performance reviews after 1992 indicate lower performance ratings overall, Ledbetter received a top performance award in 1995 (*Ledbetter v. Goodyear Tire and Rubber Co., Inc*). Ledbetter's Title VII claim for disparate pay relied on precedent that "an employee's pay was not time-barred so long as the plaintiff received within the limitations period at least one paycheck implementing the pay rate the employee challenged as unlawful" (*Ledbetter v. Goodyear Tire and Rubber Co., Inc.*, [11th Cir. 2003]). In 2003, a federal jury sided with Ledbetter on the disparate pay claim and awarded her $3.8 million dollars. This award was later reduced to $360,000 because punitive damages are limited according to the company's size under Title VII.

## 11th Circuit Court of Appeals

Goodyear successfully appealed the decision to the 11th Circuit Court of Appeals in 2005 and argued that Ledbetter's claim was time-barred because of the statute of limitations. According to the Appellate Court, only Ledbetter's most recent paychecks were eligible for a disparate pay claim because they were the only ones that occurred within the 180 day statute of limitations.

## Supreme Court of the United States

Ledbetter appealed the decision of the 11th Circuit Court, and the question before the Supreme Court centered on whether or not a plaintiff can sue for disparate pay if the *pay* itself was received during the statute of limitations period, but the *decision* to pay an individual less occurred outside of the statute of limitations period. Ledbetter argued that because she received at least one paycheck within the statute of limitations, her past pay could be considered for a disparate pay claim. SCOTUS disagreed. In a 5–4 decision, a majority supported by Justices Alito, Roberts, Scalia, Kennedy, and Thomas upheld the 11th Circuit's decision – finding that Ledbetter's claim for disparate pay fell outside of the statute of limitations.

In its 2007 decision, SCOTUS relied on precedent from *United Air Lines, Inc. v. Evans*, *Delaware State College v. Ricks*, *Lorance v. AT&T Technologies, Inc*, and *National Railroad Passenger Corporation v. Morgan* and concluded that a *wage compensation decision* was a "discrete act" that triggered the filing period with the EEOC, not necessarily the *pay* itself. This was a sticking point in the Ledbetter case because Goodyear had a salary review system, and Ledbetter did not file a complaint with the EEOC after performance reviews prior to 1998.

Justice Ginsberg – author of the dissenting opinion along with Justices Stevens, Souter, and Breyer – argued that precedent set in *Bazemore* suggests that unlawful discrimination occurs when a current salary has been affected by gender or race-based discrimination. Actual pay, not just the actual pay setting decisions, constitutes discrimination. After all, Ledbetter was unaware of discriminatory pay setting decisions until she received the anonymous note with salary information on it.

Ginsburg also used the *Morgan* decision to buttress her position, claiming it established unlawful employment practices that were discrete acts as well as acts recurring in nature. Ginsburg argued that Ledbetter's experience was more similar to a hostile work environment claim that was the culmination of multiple acts that built up over time rather than a discrete act. She then specifically called on Congress to fix the Court's narrow interpretation of Title VII of the Civil Rights Act of 1964.

## Mobilization

Almost immediately after the Supreme Court decision was announced, some members of Congress expressed intent to nullify the Court's decision. Representative George Miller (Democrat from California) sponsored the Lilly Ledbetter Fair Pay Act, and the House Committee on Education and Labor began hearing testimony in June 2007. Wade Henderson (President and CEO of the Leadership Conference on Civil Rights) testified on behalf of the Lilly Ledbetter Fair Pay Act. Later that summer, the House Subcommittee on Constitution, Civil Rights, and Civil Liberties held a hearing to determine the impact of the *Ledbetter* decision on the enforcement of civil rights laws. After the 2007 SCOTUS decision, Ledbetter gradually became a public figure with her testimony at Congressional hearings and public speaking engagements. She wrote an op-ed for the *Christian Science Monitor* in 2007, urging Congress to pass the bill then in committee.

## The Lilly Ledbetter Fair Pay Act

Although the Lilly Ledbetter Fair Pay Act was proposed in 2007, it lacked the necessary votes in the Senate. In the House, votes broke down primarily along party lines, with support from Democrats and opposition from Republicans. Although the bill did pass the House, it never came up for a vote in the Senate because it lacked the necessary votes for consideration.

Opponents of the Lilly Ledbetter Fair Pay Act included the Bush administration, most Congressional Republicans, the US Chamber of Commerce, the National Association of Manufacturers, and other business groups. The business community felt the legislation would be an additional administrative burden on businesses by requiring them to maintain employee files indefinitely.

Supporters of the Lilly Ledbetter Fair Pay Act included civil rights advocates, organized labor, most Congressional Democrats, and women's rights groups. After Obama became the presumptive presidential nominee, the National Women's Law Center invited Ledbetter to speak at the Democratic National Convention in 2008 on behalf of the Obama campaign. It was at that point when Ledbetter joined the Obama campaign and started stumping around the country for him.

After the 2008 election of Obama, the bill was re-introduced as H.R. 11 in the 111th Congress. On January 22, 2009, H.R. 11 passed 247-111 in the House, and the Senate version, S. 181, passed 61-36 in the Senate (*Cong. Rec.* 2009, 155, 13: 22). The number of Democrats in the Senate had increased from 49 to 56 after the election, allowing the bill to be brought to the floor for a vote early in 2009. The change in membership and the perceived mandate from Obama's election victory gave the Democrats enough votes to end a potential Republican filibuster. In the end, there was some bi-partisan support with five Republicans in the Senate voting in favor of the legislation. Every female member of the Senate (regardless of party) voted in support of the law. Results in the House were less bi-partisan with only three Republicans voting for the bill (Govtrack 2009).

The Lilly Ledbetter Fair Pay Act explicitly overturned the Supreme Court's decision in *Ledbetter* and says that a discriminatory compensation decision is a discrete act of discrimination every time a person is paid, not just when the initial discriminatory compensation decision is made. The LLFPA amended Title VII of the Civil Rights Act of 1964 and the Age Discrimination Employment Act of 1967. It also modified the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. In Section 4, the law specifies that it does not affect pensions, which was a central concern for businesses that opposed the law (Public Law 111-2, 2009). Businesses do not have to increase pension payments if evidence of wage discrimination is found. The EEOC maintains responsibility for enforcement of the law.

There are several implications of the Lilly Ledbetter Fair Act for practitioners and managers in human resource management. Documentation of salary decisions and performance reviews are important for any manager and not just to prevent

lawsuits. It is important for practicing managers to promote equity in compensation decisions for the sake of justice and fairness.

## Conclusion

The Supreme Court decision in *Ledbetter v. Goodyear* was a direct catalyst for the passage of the Lilly Ledbetter Fair Pay Act, and the results of the November 2008 election facilitated the passage of the bill. While the Lilly Ledbetter Fair Pay Act does provide additional protections for workers, it does not actually provide for equal pay. Treating each disparate pay check as a discrete act of discrimination does not benefit an employee who is unaware of such wage discrimination in the first place. Since the law only addresses the timeliness of complaints, it is unlikely to solve the underlying problem of sex discrimination in salary decisions. Furthermore, salary information is still confidential in most organizations. Some organizations even specifically prohibit discussions of salary. Until there is salary transparency in organizations, disparate pay will continue to be a problem.

## Cross-References


- ▶ Ethics and Accountability
- ▶ Public Sector Employment and International Labor Rights: The International Labor Organization on Public Sector Workers


## References


Congressional Record, 111th Congress, Senate, United States Congress, 2009, vol 155, no 13.22 Jan 2009

Govtrack.us. Congress. Votes, H.R. 11 (111th) LLFPA of 2009. Retrieved from https://www.govtrack.us/congress/votes/111-2009/h9

IWPR. Institute for Women's Policy Research (2018) Fact sheet #C464. The gender wage gap: 2017. Earnings differences by race and ethnicity. Retrieved from https://iwpr.org/publications/gender-wage-gap-2017-race-ethnicity/

Ledbetter v. Goodyear Tire and Rubber Co., Inc., 421 F.3d 169 ([U.S. App. 11th Cir. 2005])

Ledbetter v. Goodyear Tire and Rubber Co., Inc., 2007 550 U.S. 618. 127 S. Ct. 2162, 167 L. Ed 2d 982 ([U.S. S. Ct. 2007])

Ledbetter v. Goodyear Tire and Rubber Co., Inc., ([11th Cir. 2003]

Public Law 111-2 (2009) Lilly Ledbetter fair pact act of 2009

Public Law 90-202 (1967) Age discrimination act of 1967

U.S. EEOC (1963) Equal employment opportunity commission. The equal pay act of 1963. Retrieved from https://www.eeoc.gov/laws/statutes/epa.cfm

U.S. EEOC (1964) Equal employment opportunity commission. Title VII of the civil rights act. Retrieved from https://www.eeoc.gov/laws/statutes/titlevii.cfm


# Linear Regression


Kamal Kasmaoui
ESC Pau Business School, Pau, France


L

## Synonyms

Cross-sectional regression; Linearization; Pooling linear regression; Time series regression

The main objective of regression analysis is to develop an equation showing how the variables are linked. The predicted variable is called the dependent variable and is noted by $y$.

The variables used to forecast the value of the dependent variable are referred to as the independent variables and are designated by $x$.

Regression is likely the most important tool at the disposal of the econometrician.

## Definition of Linear Regression Analysis

Linear regression is used to explore the extent to which a variable or set of variables may predict a dependent variable. In addition, linear regression also provides results in terms of the significance of the predictor variables as well as the magnitude (estimated coefficient value)

and sign of relationship (negative or positive estimated coefficient sign).

Linear regression involves describing and assessing the relationship between a given variable (generally referred to as a dependent variable) and one or more other variables (generally referred to as independent variables).

Generally the dependent variable is indicated by $y$ and the independent variable(s) by $x_1, x_2 \ldots x_p$ where there are p independent variables.

## Distinction Between Regression and Correlation

If we say that y and x are correlated, it implies that we consider y and x in a completely symmetrical way.

However, in regression, we treat the dependent variable (y) and the independent variable(s) (x) differently. It is assumed that the variable y is random or "stochastic" in a certain way, i.e., it has a probability distribution. However, it is assumed that the x variables have fixed ("non-stochastic") values in the repeated samples.

Simple linear regression requires both an independent and a dependent variable. Furthermore, the relationship between the two variables is represented by a linear line. Whereas, regression analysis using two or more independent variables is known as multiple regression.

The regression model is represented by an equation describing how y is related to x and an error term.

Regression is used to study the relationship between two or more variables. It should be noted that there are several types of regressions. First, a distinction is made between parametric and nonparametric regression. In parametric regression, it is assumed that the form of the relationship between the variables is known, so the estimation function is known a priori. In contrast, nonparametric regression presumes that the estimation function is not predetermined.

We also recall here that in parametric regression we distinguish between two types of regression: linear regression and nonlinear regression.

In this chapter, we are interested in linear regression.

## Some Elementary Definitions

### Dependent Variable

The dependent variable is the variable that is affected by the independent variable.

Dependent variables are measures that, by hypothesis, are likely to depend on the change in modality of one or more independent variables. The measurement of the dependent variable allows, by comparing the results of the different experimental groups (or experimental modalities), to test the effect of the influence of the independent variable.

### Quantitative Variable

Quantitative variables therefore measure "quantities." There are two types of quantitative variables can be distinguished: The first type is the variable that can take any value in a given range. We use the continuous term to describe this type of variable. A continuous variable can theoretically take an infinite number of values, forming a continuous set, such as the time required to complete a task, the height, weight of a person, etc.

The second type of quantitative variable is the one that takes values such as the number of workers in an industrial establishment. This type of quantitative variable is known as a discontinuous variable, for example, the number of items in a list and the number of people in a room.

### Qualitative Variable

The qualitative variable divides a population into categories. It often comes in the forms of binary information, for example, decision to buy or not to buy a product, obtain a diploma, a person does or does not own personal

computer, the local collectivity has or does not have a financial rating, etc.

### Data

***Continuous*** data can be any value and is not restricted to specific numbers, for example, sales in euros or size centimeter.

***Discrete*** data is usually integers, so it cannot take all the values, for example, the number of people working in a company and the number of students on the universities.

Econometrics enables economists to either validate a theory or to use it as an investigative tool.

Econometrics is a tool that allows economists to refute or confirm established theories.

The economist assumes relationships; the implementation of econometric methods yields estimates of the value of the coefficients as well as the expected precision. The estimation of coefficients is based on data collected by the author or by certain international organizations such as World Bank, IMF, etc. After estimating the model, we check whether the model is adequate or not. If so, we interpret the results. If not, we reformulate another model that would be more appropriate.

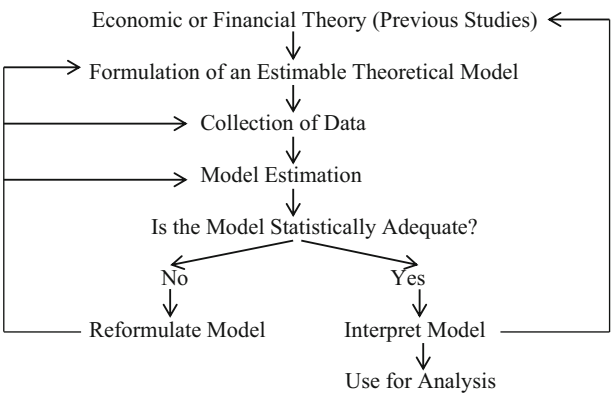


Source: Chris Brooks (2008)

## The Simple Regression Model

We present the most basic model: an endogenous variable is explained by an exogenous variable. The model reflects a simplification or caricature of reality. Example of a model:

$$y = \alpha_0 + \alpha_1 x + \varepsilon \quad (1)$$

where $y$ = wage, $x$ = education, $\alpha_0$ and $\alpha_1$ are the model parameters or regression coefficients, and $\varepsilon$ is a random variable called the error term.

The simple linear regression equation is $E(y) = \alpha_0 + \alpha_1 x$:

$\alpha_0$ is the $y$ intercept of the regression line.

$\alpha_1$ is the slope of the regression line.

$E(y)$ is the expected value of $y$ for a given $x$ value.

∗ Positive linear relationship can be illustrated by the following figure:

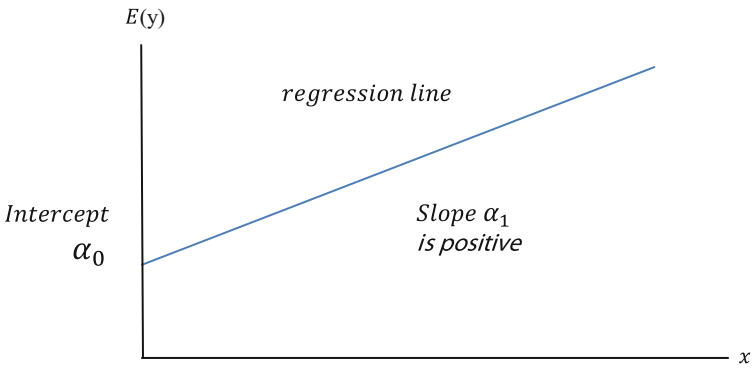


Source: Anderson et al. (2010)
∗ Negative linear relationship

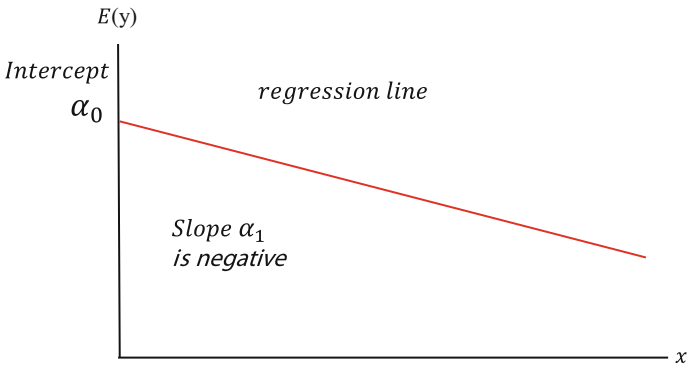


Source: Anderson et al. (2010)
∗ No relationship

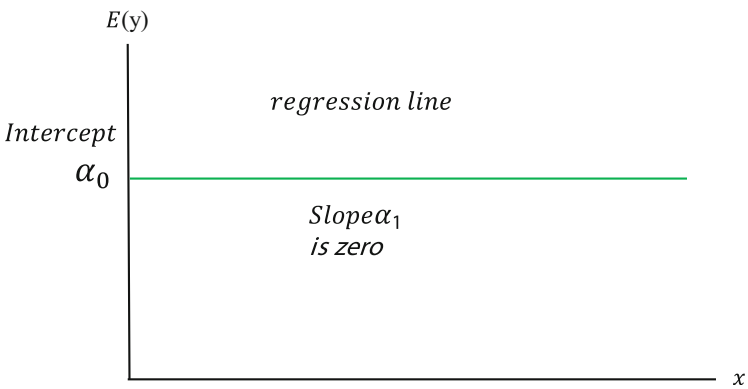

Source: Anderson et al. (2010) The estimated simple linear regression equation is written:

$$\widehat{y} = \alpha_0 + \alpha_1 x$$

$\widehat{y}$ is the estimated value of y for a given x value.

## Estimation Process

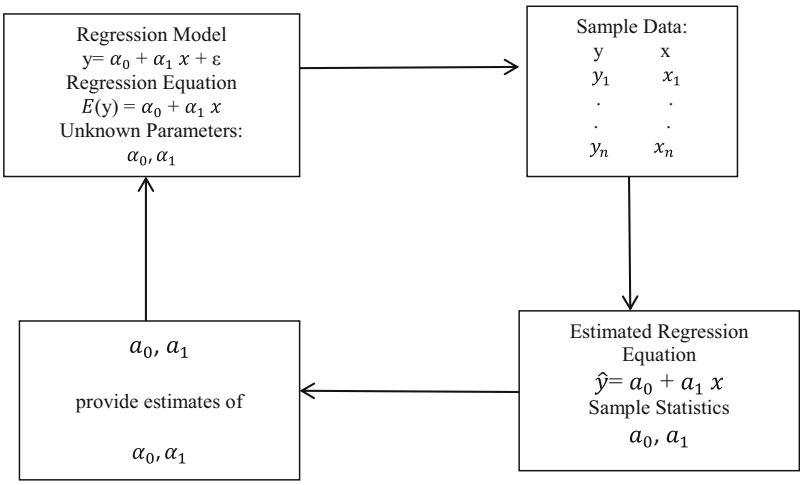


Source: Anderson et al. (2010)

## Specification

It is interesting to recall that there are three types of data that econometricians could use for the analysis:

Time series models, variables represent phenomena observed at regular time intervals, such as consumption and annual income over 30 years for a given country. The model is written:

$$y_t = \alpha_0 + \alpha_1 x_t + \varepsilon_t, \text{t} = 1, \ldots, 30 \quad (2)$$

The cross-sectional models, the variables represent phenomena observed at the same time but concerning several individuals, for example, consumption and income observed on a sample of 30 countries.

The model is then written:

$$y_i = \alpha_0 + \alpha_1 x_i + \varepsilon_i, \text{i} = 1, \ldots, 30 \quad (3)$$

Panel data models, in which data are represented in a double dimension: individual and temporal, they have both time series and cross-sectional dimensions. Generally each observation is reported by t and the total number of observations by T for time series, while each observation is reported by i and the total number of observations by N for cross-sectional data.

For example, consumption and income observed on a sample of 30 countries over a 30 year period. The model is written:

$$y_{it} = \alpha_{0i} + \alpha_{1i} x_{it} + \varepsilon_{it}, \quad \text{t} = 1, \ldots, 30 \text{ and i} = 1, \ldots, 30 \quad (4)$$

## The Multiple Regression Model

The multiple regression model is an extension of the simple regression model. For the latter, we have already considered that an endogenous variable is explained using a single exogenous variable. Nevertheless, it is extremely rare for an

economic or social phenomenon to be captured by a single variable. The multiple linear model is a generalization of the simple regression model in which several explanatory variables are included:

$$y_t = \alpha_0 + \alpha_1 x_{1t} + \alpha_2 x_{2t} + \ldots + \alpha_p x_{pt} + \varepsilon_t \quad (5)$$

$y_t = variable\ to\ be\ explained.$
$x_{1t} = explanatory\ variable\ 1.$
$x_{2t} = explanatory\ variable\ 2.$
$\ldots$

$$x_{pt} = explanatory\ variable\ p.$$

$$\alpha_0,\ \alpha_1 \ldots,\ \alpha_p = \text{model parameters.}$$

$\varepsilon_t$ = specification error (difference between the true model and the specified model), this error is unknown and will remain unknown.

$$n = \text{number of observations.}$$

## Parameter Estimation

It is interesting to note that there are several estimation techniques, but the one most used is the ordinary least square (OLS) regression.

## Least Squares Criterion

In order to estimate the coefficients or parameters of the model, we apply the ordinary least squares method, which consists in minimizing the sum of the squares of the errors ($\varepsilon^2$), i.e.,

$$Min \sum_{t=1}^{n} \varepsilon_t^2 = Min\ \varepsilon'\varepsilon = Min \sum (y_i - \widehat{y}_i)^2$$
$$= Min\ (y - \alpha x)'(y - \alpha x)$$

where:

$y_i$: represents the observed value of the dependent variable for the ith observation.

$\widehat{y}_i$ : is the estimated value of the dependent variable for the ith observation.

Estimation of the parameter $\alpha_1$:

$$\alpha_1 = \frac{\sum (x_i - \overline{x})(y_i - \overline{y})}{\sum (x_i - \overline{x})^2}$$

where:

$x_i$ = the independent variable for $i$th observation
$y_i$ = the dependent variable for $i$th observation
$\overline{x}$ = the mean for independent variable
$\overline{y}$ = the mean value for dependent variable
The constant for the estimated model is:

$$a_0 = \overline{y} - a_1 \overline{x}$$

Example (Anderson et al. 2010): Reed auto sales

As part of the advertising campaign, Reed auto broadcasts one or more television advertisements during the week preceding the sale, knowing that Reed auto regularly organizes a special 1-week sale. Data from a sample of five previous sales are shown on the table:

| Number of TV ads (x) | Number of car sold (y) |
|---|---|
| 1 | 14 |
| 3 | 24 |
| 2 | 18 |
| 1 | 17 |
| 3 | 27 |

We have an intuition that the correlation between number of TV ads (x) and number of car sold (y) is positive, so we want to know if there is a relationship between x and y given the data we have. The first step is to form a scatter diagram of the two variables.

∗ **scatter diagram**

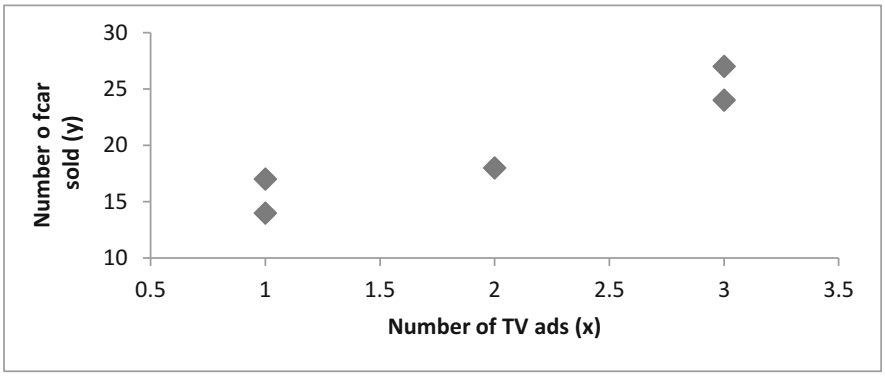


Source: author's calculation

## Line of Best Fit

The general equation for a straight line is written as:

$$y = \alpha_0 + \alpha_1 x$$

to obtain the most appropriate line for the data. Nevertheless, this equation ($y = a + b\ x$) is absolutely deterministic. Because this is not realistic, we need to add a random disturbance term, ε in the equation.

$$y = \alpha_0 + \alpha_1 x + \varepsilon$$

The term disturbance can encompass a number of characteristics:

- We always neglect certain determinants of y.
- There may exist errors in the measurement of y that cannot be modelled.
- Random external influences on y that we cannot model.

## The Assumptions of Classical Linear Model

For model estimation, the following assumptions are required to be completed concerning the $\varepsilon_t$ (unobservable error terms):

1. $E(\varepsilon_t) = 0$, the errors terms have zero mean.
2. $Var\ (\varepsilon_t) = \sigma^2$, the errors have constant variance.
3. $Cov(\varepsilon_i, \varepsilon_j) = 0$, the statistical errors are independent of each other.
4. $Cov(\varepsilon_t, x_t) = 0$, no relationship between the error and the independent variables $x_t$.

## Determining the Regression Coefficients

How to determine $\alpha_0$ and $\alpha_1$?

We choose a and b so that the distances (vertical) between the data points and the fitted lines are reduced to a minimum (so that the line fits as closely as possible to the data):

L

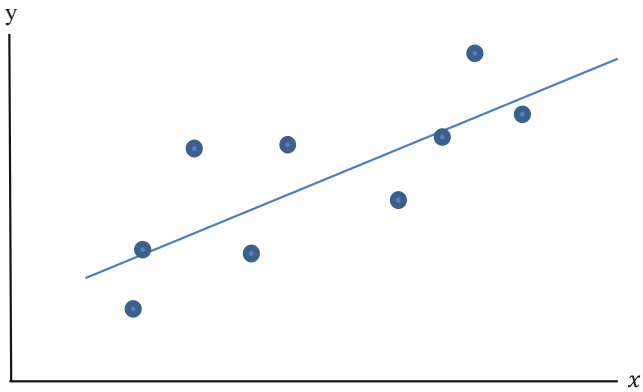


Source: author's calculation

| Number of TV ads (x) | Number of car sold (y) |
|---|---|
| 1 | 14 |
| 3 | 24 |
| 2 | 18 |
| 1 | 17 |
| 3 | 27 |
| $\sum x = 10$ | $\sum y = 100$ |
| $\bar{x} = 2$ | $\bar{y} = 20$ |

## Slope for the Estimated Regression Equation

$$\alpha_1 = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sum (x_i - \bar{x})^2} = \frac{20}{4} = 5$$

The constant for the estimated regression equation

$$a_0 = \bar{y} - a_1 \bar{x} = 20 - 5(2) = 10$$

## Estimated Regression Equation

$$\hat{y} = 10 + 5x$$

Coefficient of determination is a major result of the regression analysis. It is considered as the proportion of the variance of the dependent variable that is predictable from the independent variable. It is formulated as follows:

$r^2$ = Sum of Squares due to Regression / Total Sum of Squares

Total Sum of Squares = Sum of Squares due to Regression + Sum of Squares due to Error

$$\sum (y_i - \bar{y})^2 = \sum (\hat{y}_i - \bar{y})^2 + \sum (y_i - \hat{y}_i)^2$$

$r^2$ = Sum of Squares due to Regression / Total Sum of Squares = 100/114= 0.8872

87.72% of the variation in the number of cars sold is explained by the variation in the number of television ads. This indicates that the regression relationship is very strong.

## Linearization of Nonlinear Models

In many cases, economic theory must be formalized using nonlinear relationships.

We will examine the case of models whose specification is not linear but which are linear with respect to their parameters.

### Exponential Type Functions

Estimation of a Cobb-Douglas production function

$$Y = A\,K^{\alpha}L^{\beta}$$

$$A = \text{is technology}$$

$$K = \text{capital}$$

$$L = \text{labor}$$

In order to estimate this nonlinear (exponential) model, we use the logarithmic function to linearize the model:

$$Log(Y) = Log(A) + \alpha\, Log\,(K) + \beta\, Log(L) + \varepsilon$$

The parameters α and β can be interpreted as follows: the percentage changes in K and L that influence the percentage change in Y. Parameters α and β are the elasticity of production with respect to capital and labor $\left(\text{elasticity} = \frac{\frac{\Delta y}{y}}{\frac{\Delta x}{x}}\right)$.

### Example

This example is based on Bourbonnais (2009) using our own data.

Production data for 20 companies

| Y | K | L |
|---|---|---|
| 42,88738 | 2 | 10 |
| 57,129884 | 3 | 12 |
| 65,179127 | 4 | 11 |
| 69,672271 | 5 | 13 |
| 85,460921 | 6 | 14 |
| 74,634667 | 5 | 13 |
| 91,223408 | 6 | 15 |
| 82,948763 | 5 | 15 |
| 50,954002 | 2 | 12 |
| 108,44007 | 9 | 15 |
| 86,153364 | 6 | 14 |
| 67,027474 | 4 | 12 |
| 76,490267 | 5 | 14 |
| 58,716509 | 3 | 13 |
| 50,627514 | 2 | 12 |
| 83,641509 | 5 | 17 |
| 57,06262 | 4 | 10 |
| 83,970232 | 8 | 11 |
| 97,31201 | 7 | 16 |
| 72,914346 | 5 | 12 |

I remind you that we have the following relationship to estimate: $Y = A\,K^{\alpha}\,L^{\beta}$

Estimation of coefficients

In order to estimate this nonlinear model, we proceed to a logarithmic transformation, to linearize it:

$$Log(Y) = Log(A) + \beta_1\, Log\,(K) + \beta_2\, Log(L) + \varepsilon LY = \beta_0 + \beta_1\, LK + \beta_2\, LL + \varepsilon$$

where LY, LK, and LL are the variables Y, K, and L transformed by the logarithmic function.

LY = Log (Y)

LK = Log (K)

LL = Log (L)

Data transformed into logarithms:

| LOG(Y) | LOG(K) | LOG(L) |
|---|---|---|
| 1,6323295 | 0,30103 | 1 |
| 1,7568633 | 0,4771213 | 1,0791812 |
| 1,8141085 | 0,60206 | 1,0413927 |
| 1,84306 | 0,69897 | 1,1139434 |
| 1,9317676 | 0,7781513 | 1,146128 |
| 1,8729406 | 0,69897 | 1,1139434 |
| 1,9601063 | 0,7781513 | 1,1760913 |
| 1,9188099 | 0,69897 | 1,1760913 |
| 1,7071783 | 0,30103 | 1,0791812 |

| LOG(Y) | LOG(K) | LOG(L) |
|---|---|---|
| 2,0351898 | 0,9542425 | 1,1760913 |
| 1,9352722 | 0,7781513 | 1,146128 |
| 1,8262529 | 0,60206 | 1,0791812 |
| 1,8836062 | 0,69897 | 1,146128 |
| 1,7687602 | 0,4771213 | 1,1139434 |
| 1,7043866 | 0,30103 | 1,0791812 |
| 1,9224219 | 0,69897 | 1,2304489 |
| 1,7563517 | 0,60206 | 1 |
| 1,9241254 | 0,90309 | 1,0413927 |
| 1,9881664 | 0,845098 | 1,20412 |
| 1,862813 | 0,69897 | 1,0791812 |

## Estimation Results

The first column present the parameters (the intercept and the values of $\widehat{\beta}_0$ and $\widehat{\beta}_1$ ).

In the second column, we find the standard errors for each parameter.

The third column shows the value of T test.

The fourth column displays the p-value (probability value) which shows whether the variable is significant or not.

The coefficients associated with the variables KL and LL are significant. Because the p-value associated with these two explanatory variables are lower than 5% (for more details, see Makhlouf 2017), so the capital and labor have a significant impact on production. But, what is the size of the impact of each of the variables?

For this, we will see the value of the two estimated coefficients $\beta_1$ and $\beta_2$ for the following equation:

$$LY = \widehat{\beta}_0 + \widehat{\beta}_1\, LK + \widehat{\beta}_2\, LL$$

On the basis of the results of Table 1, the estimated model is written as follows:

$$LY = \widehat{\beta}_0 + \widehat{\beta}_1\, LK + \widehat{\beta}_2\, LL$$
$$LY = 0.95 + 0.42\, LK + 0.56\, LL$$

The elasticity of production to capital is equal to 0.42.

The elasticity of production to labor is equal to 0.56.

The values of the estimated parameters $\widehat{\beta}_1$ and$\widehat{\beta}_2$ can be interpreted as follows: if the capital factor increases by 1%, production increases by 0.42%, and if the labor factor increases by 1%, production increases by 0.56%.

Therefore, the estimated nonlinear equation $\widehat{Y} = A\, K^{\alpha}\, L^{\beta}$ can be written as follows:

knowing that $\widehat{\beta}_0 = Log\,(A) = 0.95$, so $A = e^{0.95} = 2.58$, and $\widehat{Y} = 2.58\, K^{0.42}\, L^{0.56}$.

**Linear Regression, Table 1** Estimation results

```
Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept)  0.95650    0.06485  14.748 4.05e-11 ***
LK           0.42457    0.02161  19.648 4.00e-13 ***
LL           0.55982    0.06394   8.755 1.05e-07 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1

Residual standard error: 0.01523 on 17 degrees of freedom
Multiple R-squared: 0.9814, Adjusted R-squared: 0.9792
F-statistic: 447.6 on 2 and 17 DF,  p-value: 1.986e-15
```

Source: author's calculation. (These results are from the R software.)

## References

Anderson DR, Sweeney DJ, Williams TA (2010) Essentials of statistics for business and economics, 6th edn. USA: Cengage Learning. ISBN 13: 978-0-538-75458-3; ISBN 10: 0-538-75458-3

Books, C (2008) Introductory econometrics for finance (3rd edn). New York: Cambridge University Press

Boubonnais R (2009) Econométrie, 7éme edition. Dunod, Paris

Lallemand C, Gronier G (2015) Méthodes de design UX: 30 méthodes fondamentales pour concevoir et évaluer les systèmes interactifs. Editions Eyrolles. Paris

Makhlouf, F (2017) Regression analysis. Global encyclopedia of public administration, public policy, and governance. Farazmand, A. (Ed.) New York, NY: Springer

Wooldridge JM (2009) Introductory econometrics. A modern approach, International student edition, 4th edn. Canada: Cengage Learning. ISBN-10:0-324-78890-8; ISBN-13/978-0-324-78890-7

# Link Between Administration, Politics, and Bureaucracy

Israel Nyaburi Nyadera[1,2] and Md Nazmul Islam[2]
[1]University Of Macau, Macau, China
[2]Ankara Yildirim Beyazit University, Ankara, Turkey

## Synonyms

Administration; Bureaucracy; Governance; Politics; Politics and bureaucracy nexus; Public administration

## Definition

*Relationship between administration, politics, and bureaucracy*: To examine how relations between public servants and political elites influence performance and affect administration in general. This is done by examining the nature and processes through which administrative structures and features are shaped within developed and developing countries. It examines how political players use their positions and instruments of power for personal gains or attempt to fulfil promises they made to their electoral base by influencing bureaucrats involved in policymaking and implementation. More often reforms have entailed making changes in the administrative structure of a particular country so as to overcome challenges and promote efficiency. However, an unhealthy interaction between politicians and bureaucrats has lots of negative consequences on public service delivery.

## Introduction

Structured system of managing public affairs has historical origins and remains significantly relevant to human societies. However, it gains prominences among industrialized countries which sought to establish hierarchical bureaucracy consisting of professionals to collaborate with political leadership in delivering quality public goods. This involved establishing and restructuring of administrative agencies, civil service, and public budgets in order to promote citizens' welfare and security and fulfil their demands (Kettle and Fesler 1991). Waldo (1948), Redford (1969), Marx (1957), Rohr (1986), and others were among the first scholars to develop the philosophical and theoretical tools of examining key aspects of administration, governance, bureaucracy, and public management. Nevertheless, significant changes experienced at the domestic and international levels have compelled scholars and practitioners to rethink the different dimensions in theoretical and practical application of public administration. More often, reforms have entailed making changes in the administrative structure of a particular country so as to overcome challenges and promote efficiency. New approaches like the introduction of ideas such as good governance, new public management, and public private partnership, among others have been introduced with mixed results in various countries. On the other hand, interaction between politics and bureaucracy in administrative systems has shown unique trends among developing and developed societies and has sometimes had devastating results.

The nexus between politics and bureaucracy as well as administration and bureaucracy has thus attracted several academic scholarships over a

number of years. Majority of these studies have sought to highlight ways in which scholars and practitioners can complement each other. Scholars have also sought to investigate the general relationship between politics and administration in the category of developed, developing, and least developed countries. Studies in political-administrative relationship among developed and developing countries have highlighted new developments especially on how and why administration, bureaucracy, and politics are core themes in the discussion part of public administration. Systematic comparative studies of bureaucracy, administration, and politics has evolved since the late 1808s. This is the time former American President Woodrow Wilson had sought to establish a boundary between political and administrative spheres (Rosenbloom 2008; Sager and Rosser 2009; Peters 2010; Overeem 2012). In his extended works, Wilson sought to classify the roles and responsibility of politicians and administrators especially in the process of policy formulation and implementation formulations and policy processes which ultimately subjected this discipline to further inquiries in academia (Demir and Nyhan 2008; Georgiou 2014).

This study, therefore, seeks to examine the relations between politics and bureaucracy and the resulting impact of administration in general. It aims to highlight how relations between bureaucrats and politicians might influence policymakers in developed and developing countries to formulate and implement the policies in any sphere of administration. It identifies that politicians and bureaucrats in a country may have similar goals of providing public services but may differ on the process and criteria of implementing these goals. This is attributed to the diverging interests especially to the audience they seek to impress.

## Nexus between Administration, Politics, and Bureaucracy

In theory, frequently defined roles and responsibilities of political executives and bureaucrats suggest that there should not be any tension between the two sets of authority. The former is supposed to formulate policies and the latter is tasked with implementing them. However, in reality, substantial tensions exist as a result of conflict of interest and overlapping roles. Power distribution and power distance between politicians and bureaucrats has over the years been identified as one of the key measures of determining the level of independence and autonomy public servants have from political elites. Similarly, policymaking, and its implementation, is often hazy and blurred. For centuries, the question of "who governs whom" has remained salient among many studies, most of which have fallen short of providing a substantial answer. In the earlier times, bureaucrats serving in kingdoms, monarchies, or empires obtained their privileges by being loyal to the king or whoever governed. This means that there was an obvious thin line between the King and the bureaucrats; thus the administrative system was highly shaped by the ruler's discretion. In contemporary democracies, politicians derive their mandate and legitimacy to govern from the citizens either directly or indirectly while bureaucrats are guided by existing laws and legislations governing performance of public servants. This change has had an important impact on the manner in which politicians and bureaucrats relate. It has created fierce rivalry between democratically elected executives and government appointed or nominated officers.

Despite clear tensions, the place and importance of bureaucrats cannot be undermined. Existing literature suggest that although the contributions of bureaucrats may be dramatic and sometimes neglected, they nevertheless play a crucial role of information-providing, interact closely with political decision makers, and offer advice to executives. The ability of bureaucrats to control the nature and amount of information policy makers receive makes bureaucrats enjoy significant leverage and influence on the policy outcome. Noteworthy, in the contemporary setting, this form of approach is likely to be more applicable in developed democracies and less important in existing populist and authoritarian regimes.

Similarly, the interface and interaction between administration and politics is always dependent on country's political culture and on political and administrative system (Onder and Nyadera 2019). Anglo-American administrative system tries to maintain a distinct line separating administration and politics. On the other hand, European countries, such as Germany, emphasize more on principles, rules, and procedure in the public sector management. Scandinavian and Nordic countries have adopted a more rational administrative system when it comes to policy formulations and agenda settings. Their administrative system is characterized by interconnecting administration and politics to achieve policy solutions. However, South Asia, particularly India, Pakistan, and Bangladesh, as well as most African countries are often intertwined and depending on the circumstances the executive wields more power and authority over the bureaucracy and will in many cases influence bureaucratic processes and decisions.

Max Weber in his early and mainstream writings begun to examine the relationship, similarities, and differences between administration, politics, and bureaucracy. This trend has continued to evolve and become more embedded in the study of public administration as scholars sought to establish the "scientific management school" (Gerth and Mills 1946). Some of the fundamental concerns for scholars included but not limited to questions of bureaucrats having undue influence on policy or state agents politicizing the bureaucracy. Even though the bureaucracy is at times considered to be overshadowed by the executive, Goodnow (1900, p. 5) opines that "[t]he administrative system has, however, as great influence in giving its tone to the general governmental system as has the form of government set forth in the constitution." Both Weber and Wilson provide a distinct argument on the relations between administration and politics. Weber highlighted that the very "ideal types" of administration should be based on different dimensions such as logic or rationality (Gerth and Mills 1946). On the other hand, Wilson is a strong proponent of administrative systems with less political interference and hilly efficient. For Wilson, if bureaucrats were unchecked could result into "an offensive official class, – a distinct, semi-corporate body with sympathies divorced from those of a progressive, free-spirited people."

Scholars such as Simon (1976) emphasizes the importance of a well-established bureaucracy where he believes the factual element of political decisions lay. They believe bureaucrats may be vulnerable to personal goals and ambitions that they seek to achieve through the organizations they lead and therefore reject any external interference. Simon further observes that the importance of bureaucracies means that they have to be not only compliant but also neutral at all times. Finer (1941) gives a more skeptical view of the bureaucrats especially if their actions are regulated by internal mechanisms rather than external factors such as the judiciary or legislature. For Finer, allowing bureaucrats to self-check their action through internal methods is open for abuse.

## Contextual Framework

To give the relationship between administration, politics, and bureaucracy a contextual design, this paper looks at two approaches. First is the principal-agent theory a theory that emerged in the field of economics in the mid-1970s and later adopted in public administration. The theory highlights the nature of engagements between the bureaucratic agent and the political principle. It is based on the assumption that the political principal is seeking the services of the bureaucratic agent, but in the process, the principle is doubtful of whether the agent share similar preferences or is willing to share all the information they possess. Aware of the agent's ability to influence and capacity to access information, the principle is continuously seeking to develop measures to structure, monitor, and sanction the agent.

The second approach is the relationship between top bureaucrats and politicians. This approach has increasingly gained significant

attention among scholars due to the growing trend of increased interaction between the two actors. Aberbach et al. (1981) argue that whenever top bureaucrats interact with politicians, a "creative dialogue" ensues which makes it difficult to identify who has an upper hand in influencing the other. They identify that politicians seem to be driven by in their approach while bureaucrats tend to be cautious and rely on facts in responding to the politicians. Studies that followed concluded that indeed top bureaucrats maintain a close relationship with the political elites whom they give advice and guidance in policymaking processes. Whether the politician or bureaucrat has an upper hand in influencing the final decision, it is important to acknowledge that both parties need to make concessions for the sake of smooth administrative outcomes.

Two important approaches of contextualizing the relationship between political and bureaucrats are autonomy and separation. The former refers to the "amount of freedom and extent of independence in which public servants can perform their duties without being influenced by political players. The former is used to refer to the 'extent to which the bureaucracy is distinct from the political system" (Dasandi and Esteve 2017). The manner in which countries adopt the principle of autonomy and separation differs from one country to another.

## Links Between Administration, Politics, and Bureaucracy in Developed Countries

The common characteristics of the developed countries' administration can be regarded as well-structured, advanced, and developed. Most industrial-based democracies such as Canada, Japan, UK and the USA fall under this category. In several indexes, developed countries enjoy higher standards of living as their citizens have access to higher income levels, better health care system, very high literacy rate, as well as production and consuming of sophisticated and modern technologies. In terms of governance, these countries enjoy efficiencies, equality, and the rule of law for all citizens, which are some of the main indicators. In making and implementing public policies, developed countries have comparatively effective governance, management, bureaucratic, political, and administrative systems. In addition, developed countries' public policies always depend on their society's requirements and demands meaning increasingly adopting bottom-up policymaking processes. Usually, citizens of developed countries play a big role and are active participants in the process of governance, a role provided for and protected by their constitution. To understand the links and relations between administration, politics, and bureaucracy, it is important to classify the concepts, practices, and evolvement of the administrative system in the developed countries. Dominant system of governance as well as the institutions has been applied in the developed countries to reach the high level of performance.

Historically, between 1650 and 1850, the West including European countries experienced three revolutions. These were: English Revolution of 1688, the American Revolution of 1776, and the French Revolution of 1789, which lead them to change and restructure their administrative systems and abolish the status quo in comparison to countries in the non-Western world (Jerisat 1997, p. 13). Political and economic realities demand different level of skills, commitment, and values to run the state and its administration. The changes that emerged with the liberal constitutional state after the collapse of absolute monarchies changed the government's responsibility with emphasis on the protection of human rights and liberties and promoting Laissez faire system. The citizens became more involved in governance, the public sector begun to experience rapid reforms that emphasize on merit.

In the developed countries, political-bureaucratic relations are characterized by clear role separation between politicians and bureaucrats. Strong collaboration between the executive and bureaucrats in administrative processes can be seen and while both parties may have some autonomy to take certain decisions, such privileges are guided by the law which creates strong political and bureaucratic institutions. In countries such as Australia, Canada, Japan, South Korea, UK, and

the USA, there is a developed legislative and legal framework within the civil service that require public servants while creating a balance with the political players. Administrative process for the bureaucrats is dominated, recruited, and promoted based on the meritocracy. Most of the developed Western and democratic countries follow the Weberian model in their administrative system, and thus influence the relations between politics and administration in that manner (Hansen and Ejersbo 2002). Though in theory developed countries should be immune to negative interference of bureaucracy by political elites and vice versa, in reality, the opposite is true. More so with the increasing populism trends in some of these countries which has led to intimidation of public servants. Apart from direct and negative, which is arguably much lower in developed countries than in developing ones, there are other forms of interference that may be unintended or a consequence of the administrative structure. Noticeably, there are constant efforts and reforms aimed at increasing the degree of separation between political and administrative responsibility and accountability (Svara 2006).

Such reforms are often intended to increase the autonomy of the bureaucracy while at the same time ensuring that the needed cooperation between the two entities is achieved. An important distinction is that in the event a politician is appointed in the bureaucracy, he/she is required to adhere to the code of conduct strictly and remain impartial at all times. Some other salient features that characterize the links between administration, politics, and bureaucracy include integrated and collaborative system of power distribution, mostly to maintain the effective and efficient relations between bureaucracy and politics; this means that to achieve the desired outcomes, politicians and bureaucrats not only have to work closely but also adopt relevant technologies and administrative strategies to complement their efforts. Most of the administrative structures in developed countries have embraced approaches from the private sector and also cooperate with non-state actors through initiatives such as public private partnership (PPP). These new systems not only reduce the tension between bureaucrats and politicians as several services are now being provided by private sector, it also brings on board a third actor who can break the deadlock in case agreements between the two are in jeopardy. Nonetheless emphasis is laid on ethics and accountability for both administrators and political elites when discharging their duties.

Among the developed societies, public administration and political actions are managed through a set of checks and balances that legalize the connections between the political and bureaucratic institutions in the country. Both the political elites and bureaucrats are not only required to act within the parameters of the law but also violations of the guiding principles are taken much more seriously. Different arms of government work in a well-choreographed manner which ensures accountability and sufficient monitoring of each actor's actions. These regulations also provide a defined avenue of engagement that is supposed to be respected by the politicians and public servants for the broader good of the country.

The trend of having distinct but collaborative relations between politicians and public administrators can be seen in Western but also many non-Western countries such as Singapore, South Korea, and Japan. These countries exercise a good balance between the political and bureaucratic elites. This can be attributed to the high level of autonomy the public sector enjoys in these countries. Clear demarcation of the roles and responsibilities often creates a phenomenon where public servants act as implementing agencies for the political executive. This should not be mistaken to mean subordination of the bureaucracy but rather a classical case of separation of roles. The objective is to reduce the possibility of overlapping functions between the two actors and increase speed and efficiency in decision making. The success of this kind of system depends heavily on the political neutrality of those working in the bureaucracy. This is because, most democratic societies experience frequent change in governments, and therefore if public servants are inclined to certain political ideologies, then such frequent changes will lead to serious disunity in the public sector.

## Links Between Administration, Politics, and Bureaucracy in Developing Countries

Administrative system in most developing countries reflects the model left behind by the colonial administration. Most recently, however, several countries have undertaken serious reforms to reshape their administrative structures. This has been influenced by a number of domestic factors such as the desire to fulfill government role in provision of services to the people and by external factors such as growing regional and international interactions as well as the impact of globalization. Similarly, conditions set by donor countries and agencies on developing countries have also sought to reshape the administrative characteristics of these countries and more importantly the relationship between public servants and politicians. However, some of these efforts are yet to yield the desired outcomes partly due to skepticism often associated with proposals and recommendations from external actors more so former colonial powers. Secondly, since most of the donor agent-driven reforms are based on integrating private sector practices in the public sectors (see ► "New Public Management"), the limited success is also associated with the simplistic approach that does not put into consideration the understanding and practice as well as limitations of the private in the developing countries. The impact of this has been little progress in the efforts to reduce the influence of politics and political elites in the bureaucracy.

One prominent feature of bureaucracy-politics relations in developing societies is patronage. While this is a feature that even developed countries have once experienced, it is the extent and slow progress in dealing with the perpetrators of such actions that raises concerns in developing countries that stands out. Upon independence, most developing countries did not have an elaborate private sector that had the ability to employ many people. Combined with the euphoria that came with independence, the public sector became the leading employer as governments attempted to live up to the hopes and aspirations of their people during the struggle for independence. This made employment into the public sector a political tool used by the elites to reward their support base. In addition, at the core of the patronage problem is the lack of sufficient reforms in the civil service in order to introduce a merit-based recruitment and promotion system. This left the public service in developing countries blotted and with less qualified personnel which affected productivity and triggered a vicious cycle of poverty, underdevelopment, political patronage, and inefficiency. Developed countries on the other hand continue to benefit from reforms made in the civil service that not only allows some of the best and qualified individuals to engage in public service delivery, but also it allows for separation between politicians and bureaucrats.

The close link between the political elites and bureaucrats has led to serious economic and administrative problems. One of them is that it gives room to unchecked corruption which continues to be a crisis in developing countries. Even worse is that those responsible for loss of public resources either through theft or dubious projects that have no economic value do not take responsibility and are often recycled in various government departments. It is not surprising to find that the top 20 worst countries performing on the corruption index are from the developing countries which tend to lose more money than they borrow from donors for development. Corruption has turned most administrative units in developing countries inefficient and characterized by impunity. This is seen through deliberate actions by the politicians and bureaucrats who become barriers to administrative reforms.

The nature of relations between bureaucrats and politicians in developing countries is further shaped by other factors beyond the desire for efficiency and effectiveness. For example, resources and power that bureaucrats possess and can benefit politicians and vice versa significantly influence their interaction. Financial, institutional, and informational resources shared between politicians and bureaucrats but useful for both encourages both parties to work closely. This can be seen with judiciary and prosecution officers who may delay corruption or abuse of

office charges on politicians while politicians can facilitate speedy promotion for the bureaucrats. Such cooperation triggered by the desire to benefit from each other's resources negatively affects administrative roles of bureaucrats.

The second factor that influences bureaucracy-politics relations is representation. In theory, public servants are supposed to represent the view, goals, interests, and aspirations of the general public and remain neutral. However, in developing countries and some developed countries also, representation may have a different meaning. In this case, representation based on identity, be it ethnic, religious, racial, or clan representation, is a common trend among developing countries. Weak institutions and polarizing political processes have seen job opportunities in the public sector become a tool for promoting one's own support base and an important means of shaping attitudes and opinion of their support base at the same time strengthening control of the country's political and bureaucratic spheres. This has resulted not only into horizontal inequality but also catalyst of civil wars.

Third factor is career progression and recruitment into the civil service. According to Weber's ideal system of bureaucracy, recruitment and promotion of individuals must be based on merit. In the absence of merit-based recruitment, civil services are characterized by corrupt, unskilled, and incompetent bureaucrats who need the support of the political elites to remain in office thus eroding their independence. To curb this problem, developed systems have adopted entry exams as a means of recruiting public servants. This is useful in making civil service more prestigious, dominated by highly skilled people and autonomy in decision making. Performance becomes the basis of career progression as opposed to political and personal ties. It is worth noting that some developing countries have also begun implementing merit-based recruitment processes as well as introduction of programs that improve the quality of public service personnel through in-service training.

The forth factor influencing relations between bureaucrats and politicians in developing countries are interests, values, and motivation. While research on how self-motivation and interest to further public well-being has been studied among politicians, such traits are not only limited to political elites but can also be traced among bureaucrats. In some Asian countries, Confucius' principles such as benevolence, goodness, and order (hierarchy) are dominant, while in some Muslim majority countries, principles such as trustworthiness (*Amanah*), responsible (*Tanggungjawab*), sincerity (*Ikhlas*), dedication (*Dedikasi*), moderation (Sederhana), disciplined (*Berdisiplin*), collaborative (*Bekerjasama*), virtuous (*Berbudi Mulia*), and grateful (*Bersyukur*) are prominent in the bureaucracy, politics, and civil service. Of importance is how strong culture and desire towards bringing change and development in a country strengthen the relationship between political and public servants. There are also some relations and values that are strengthened through networks established at elite schools and universities whose graduates seem to dominate top administrative and political positions. Some of them develop similar ideology and mentality that can either forester cooperation or cause rivalry if the actors are from different backgrounds. In most developing countries, politics and bureaucracies are dominated by people from particular lineage or class which tends to shape their relations.

## Conclusion

Previous studies on the relations between politics and bureaucracy relate and influence each other predominantly focusing on established democracies and developed countries. The nature of such relations in developing countries has often been ignored. Yet the interaction between these two entities is increasingly becoming an important aspect in understanding why some developing countries are struggling to take off and experience rapid and sustainable growth. Similarly, little emphasis on developing countries' public administration trends has left analysis of the bloc on the lenses of developed countries yet there are several striking differences among them. This explains why the "best practices" approach floated by donor agencies is not often successful. This study presents a comparison on how political-

administrative and bureaucratic relations are experienced in both developed and developing systems and countries. While the study has given a general analysis and not a case study of specific countries, it provides a basis for future research on country case and comparative studies.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Administrative Reform
- ▶ Bullying in Public Administration
- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Personality: Does Employee Ethnicity Matter?
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Politics and Administration


## References


Aberbach JD, Putnam RD, Bert AR (1981) Bureaucrats and Politicians in Western Democracies. Harvard University Press, Cambridge, MA

Dasandi N, Esteve M (2017) The politics–bureaucracy interface in developing countries. Public Adm Dev 37(4):231–245

Demir T, Nyhan RC (2008) The politics administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68:81–96

Georgiou I (2014) Seeing the Forest for the trees: an atlas of the politics-administration dichotomy. Public Adm Rev 74(2):156–175

Gerth HH, Mills CW (1946) From max weber: essays in sociology. Oxford University Press, New York

Finer H (1941) Administrative responsibility in democratic government. Classics of Administrative Ethics 5–26

Hansen KM, Ejersbo N (2002) The relationship between politicians and administrators—a logic of disharmony. Public Adm 80(4):733–750

Jerisat JE (1997) The global revolution in public management: driving themes, missing inks. J Policy Anal Manage 16(3):446–462

Kettle D, Fesler J (1991) The politics of administrative process. Chatham House, Newark

Marx MF (1957) The administrative state. The University of Chicago Press, Chicago

Onder M, Nyadera IN (2019) The role of non-economic drivers in development planning: the case of South Korea and Turkey. Int J Public Adm:1–11. https://www.tandfonline.com/doi/full/10.1080/01900692.2019.1628057

Overeem P (2012) The politics administration dichotomy: towards a constitutional perspective. Taylor and Francis, Boca Raton

Peters BG (2010) The politics of bureaucracy: an introduction to comparative public administration, 6th edn. Routledge, London

Redford E (1969) Democracy and the administrative state. Oxford University Press, Oxford

Rohr J (1986) To run a constitution: the legitimacy of the administrative state. University Press of Kansas, London/Lawrence

Rosenbloom D (2008) The politics–administration dichotomy in US historical context. Public Adm Rev 68(1): 57–60

Sager F, Rosser C (2009) Weber, Wilson, and Hegel: Theories of modern bureaucracy. Public Adm Rev 69(6): 1136–1147

Simon HA (1976 [1945]) Administrative behaviour. A study of decision-making processes in administrative organization. Free Press, New York

Svara JH (2006) Introduction: politicians and administrators in the political process—a review of themes and issues in the literature. Int J Public Adm 29(12):953–976

Waldo D (1948) The administrative state. Ronald Press Co, New York

Wilson W (1887/1992) The study of administration. In: Shafritz JM, Hyde AC (eds) Classics of public administration. Brooks/Cole Publishing, Pacific Grove


# Living Lab


Rianne Dekker and Albert Meijer
Utrecht University School of Governance, Utrecht, The Netherlands


## Synonyms

Design methodology; Innovation labs; Living laboratories

## Definition

Living labs are a research and design methodology applied by research institutes in cooperation with public and private partners for developing and testing innovations in co-creation with users in real-life settings.

## Introduction

Living lab refers to both a methodology to experimentation and innovation and the physical spaces in which this is situated. The methodology helps tackling problems at hand by *designing* and *testing* of new solutions. "Living labs" or "living laboratories" were originally developed for technological innovation in the 1990s. Since the 2000s, living labs have been an emerging practice in the social sciences, focusing on social innovation. Surprisingly, public administration research has paid scant attention to living labs to date.

An obvious obstacle to application of a living lab approach in public administration research is the lack of conceptual and methodological clarity (cf. Bergvall-Kåreborn and Ståhlbröst 2009). A large variety of research practices has been gathered under this label. In some cases, living labs are collaborative practices embedded in research projects, and in others they are experimentation sites that are part of a university or government institution.

This entry in the *Global Encyclopedia of Public Administration, Public Policy, and Governance* presents an overview of key characteristics of living labs, common objects under study in living labs, and research methods that are used in living labs to evaluate the design. It then offers an assessment of the value of this research methodology for public administration and contributes practical, methodological, and ethical guidelines to implement the living lab approach in public administration research.

## Key Characteristics of Living Labs

Four key aspects of a living lab recur in different applications. First, living labs use an iterative process of gradually improving and refining a product in successive stages of research and design. Studies generally distinguish three to six phases in the research and design cycle (Almirall and Wareham 2011). Usually, the initial phase entails inventory of users' needs and wishes, the middle phase(s) the design of a prototype, and the last phase evaluation of the product or service. Key to living labs is that the process can take spontaneous turns and yield unexpected results. The end result of the process is not fixed at the beginning. In successive iterations, the design improves and becomes more concrete. The living lab therefore has a medium- to long-term time span (Følstad 2008). In many cases, the living lab is not just a temporary test bed, but it *is* the product or service that remains available to the users for a longer period of time.

A second core element of a living lab is that it is a cooperation between multiple stakeholders – varying from universities to businesses, government organizations, and NGOs. These stakeholders each have an interest in the product or service that is being developed, and they deliver input from various perspectives. As a result, living labs are often public-private partnerships and usually co-funded by the participating stakeholders.

The third core element of living labs is the locus of the research and design process. This is the physical setting in which the product or service is envisioned to be implemented. These can be people's homes, organizations, cities ("urban living labs"), or regions. Innovations are developed to fit the specific local context. At the same time, this real-life setting means that the naming of living labs after controlled *lab* environments is misleading and indicative of how social science tends to uncritically adopt concepts from the natural sciences.

The fourth and last core element of living labs is that users are closely involved as "co-creators" of the product or service. They are considered to have specialized knowledge from a user perspective. They are involved from the early onset of the innovation process, and their experiences and preferences become part of the product or service that is being designed. This is also referred to as "user-driven" innovation. It is sometimes asserted that involvement in the living lab will (creatively) empower the individual user or the community as a whole. However, there are also ethical risks involved with user-driven innovation. Users often do not have a say in the scope of the living lab, and the innovation that they co-create is sometimes taken away after the innovation process ends.

## Objects of Study in Living Labs

By definition, all living lab studies focus on innovation, but what innovations have been studied through living labs? There is still an obvious link of living labs to studies of ICTs, focusing on ICTs' usability. This is relevant for public administration as public innovation often involves new technologies. Several living lab studies focused on the topic of e-government and e-participation. Also, many living labs have urban development, rural development, or smart cities as their object of study. Smart city living labs link ICTs to urban development with big data. Other studies of urban and rural development investigate, for example, participative governance arrangements in cities and (sustainable) energy. Also, applications of the living lab have emerged in governance domains such as healthcare, education, and mobility.

Living labs tend to focus on socio-technical innovations including many topics that are relevant to PA. This indicates that living labs are a suitable approach to support and study processes of social and in particular public innovation as well. Living labs can help develop new policy and governance solutions related to grand societal challenges such as democracy and participation, urban development, and sustainable energy.

Besides studying innovation in specific public services or policy solutions, living labs can also provide insight in the overall process of public innovation itself. Living labs entail "collaborative" or "open" processes of innovation. They can also provide insight in collaboration in public-private partnerships and co-creation of products or services with users. Indeed, a number of living lab studies focus on the process of public innovation (e.g., Van Geenhuizen 2013).

## Research Methods of Living Labs

The design process of living labs is often organized in a bottom-up, trial-and-error fashion. Because of successive iterations of design, living labs usually include multiple moments of measurement. There is large variation in the research methods used for this. The most common research method of living labs is continuous monitoring the use of the product or service by users in the real-life setting of the living lab. In many original applications of living labs for technological innovation, the product itself generates user data. In other studies, user behavior is monitored by way of observation.

Cross-sectional collection and analysis of qualitative and/or quantitative data are also common. Surveys and interviews are conducted with users about their experiences. Some living labs take a quasi-experimental design including an ex ante and ex post test of user experience. The main benchmark used in evaluating solutions is the user experience. If users are not satisfied with a mid-term outcome, the design process will take another iteration. In many living labs, there is also attention for stakeholders' satisfaction with the innovation process and intermediate designs.

Little methodological consistency and standardization can be found among living labs. Also, there have been scarce efforts to conduct empirical assessments of the merits of the living lab approach, either in comparison with other methodologies or to understand the long-term impacts of living labs. Dekker et al. (2019) conclude that the ecological validity of living lab studies is generally high. Observed behavior can be generalized to natural behavior in the world as products or services are tested in a real-life setting with intended user groups. When interventions are introduced in the users' own context, implementation effects are avoided, and evaluative claims are likely to be well grounded. Due to the lack of a control group or a controlled environment, however, also Hawthorne effects are likely to occur. Users are closely involved in all phases of the research and design process, and there is extensive attention for their needs and wishes. Therefore, improvement in user experience throughout the project may result from the living lab setting instead of the improved product or service.

High ecological validity of living lab studies generally goes along with lower external validity and generalizability of findings. Because of the specific research setting in which the product or service was designed, evaluative claims can be generalized to other user groups or settings only

to a limited extent. Related to this, the scalability of living labs is a concern: extending the scale or transferring the model elsewhere has proven difficult. Also ethical issues are present as living labs require informed consent of users for their participation over longer time periods. Furthermore, it may not be ethical to again withdraw the product or service from the users after the development process has finished.

A research opportunity for public administration is that living labs accelerate dissemination of knowledge between academics and practitioners (Van Geenhuizen 2013). However, balancing the interests of partners in the living lab can be a challenge – not only in implementation of the living lab but also in dissemination and (commercial) exploitation of the developed product or service. Stakeholders in the living lab may object dissemination of information before they have access to the finished product or may specifically object dissemination of information on failed designs and shortcomings in the design.

## Practical, Methodological, and Ethical Guidelines for Living Labs in PA

Living labs show good potential for research into public policy and public administration, but the approach has bring several challenges and limitations. Guidelines for action research provide an important basis for enhancing methodological robustness. In addition, specific features of living labs require specific attention. For that reason, drawing upon the corpus of literature on research in the social sciences, Dekker et al. (2019) developed guidelines for living labs in public administration that can be used to strengthen the designs of living lab projects; to tackle methodological, practical, and ethical issues; and to enhance the value for practitioners. These are discussed below and summarized in Table 1.

1. *Methodological robustness*. More systematic reporting of the research design is advised including reflection on methodological limitations to help others to better situate the findings and their broader relevance. Other guidelines

**Living Lab, Table 1** Guidelines for living labs in public administration research

| | |
|---|---|
| Methodological robustness | *Project initiation* |
| | Report the specific starting situation and aims for which the living lab was implemented to prevent pro-innovation bias |
| | Develop a research design and indicate at the start how and under which conditions this can be adapted |
| | *Data collection* |
| | Use mixed methods to collect information from different angles or motivate the choice for one specific method of data collection |
| | Engage different researchers in the collection of data to prevent a bias in the observations |
| | Ensure that user experience is part of data collection and analysis |
| | *Data analysis* |
| | Apply process tracing to analyze effects of interventions |
| | Engage a devil's advocate in the analysis to challenge analyses and conclusions and to prevent group think |
| | Engage an independent analyst to assess the role of researchers |
| | *Reporting* |
| | Explicate to what extent the study adheres to various elements of the living lab definition |
| | Report on both successful and failed living labs |
| | Report the roles and interests of researchers and other stakeholders in the living lab |
| | Present an explicit reflection on the impact of context and process characteristics on the research findings |
| Practical implementation | Clearly define the role of each partner in the living lab and apply methods of process management to the implementation of the living lab to ensure productive collaboration and mutual trust |
| | Reach an explicit agreement about the balance between the societal and academic outputs of the living lab |
| Ethical and legal issues | Provide a clear operationalization of the key principles guiding interventions: informed consent and |

(continued)

L

**Living Lab, Table 1** (continued)

| | |
|---|---|
| | do no harm, given the intensive and long-term engagement of users |
| | Inform stakeholders and users about the double role of the researchers: contribution to the lab and academic knowledge production |
| | Obtain explicit and continuous permission from the stakeholders that this information can be used for independent research and academic publications |
| | Do consider not only the effects for target groups in the living lab but also external effects such as damage to the broader environment |
| | Have the living lab reviewed by an institutional review board that takes both the practical and academic value into account |
| | Conduct an ex ante legal analysis to identify legal risks and find appropriate ways of dealing with them |
| Value for practitioners | Build strong methodological knowledge about living labs and convey this to practitioners when they are designing a living lab |
| | Engage both in a supportive and a critical way with stakeholders in the living lab: be a critical friend |

include registering the living lab project before the start to prevent a pro-innovation bias in the reporting of results and stimulate publication on "failed" living labs, the key role of process tracing in theory development and doing this with outsiders to prevent groupthink, and explicit reflection on the role and position of researchers in the reporting of results of living labs as is common in interpretive research.

2. *Practical implementation*. Before starting the living lab, the role of each partner should be explicated. Principles of process management can be applied to the living lab to ensure a productive collaboration with stakeholders and end users. Multiple and even conflicting views on the product or service are not inherently problematic but will contribute to the applicability of the design. The partners should reach explicit agreement about the balance between commercial, societal, and academic outputs of the living lab and moments and ways to disseminate them.
3. *Ethical issues*. Continued informed consent of users involved in living labs is crucial. Users need to understand that the lab is used for generic (and sometimes commercial) knowledge production and that living labs may end when this process is finished. They also need to be able to end their commitment to the living lab at any time. The interests and integrity of the research partner may be pressured by diverging interests and limit the independence of research. Therefore, ex ante analysis of ethical risks is recommended.
4. *Value for public administration practice*. To tackle the challenge of sustainable funding and scalability of living labs, it is crucial to show the value of these labs for practitioners and private stakeholders. The value of continued social experimenting has to be demonstrated. To this end, researchers should not only engage in instrumental analyses of the lab but also contribute reflection on the desirability of interventions. Also, they should advise on transferability and scalability of certain aspects of the living lab, rather than the full concept.

## Conclusion

The living lab fits a trend toward experimentalist and design-oriented approaches in public administration (Sabel and Zeitlin 2012; Bason 2016) and offers a specific methodology. This answers a call for generating more usable knowledge for practitioners to tackle grand societal challenges (Perry 2012; Pollitt 2017). Living labs build upon the tradition of (participatory) action research in their aim to produce both scientifically and socially relevant knowledge and transformative action but put an emphasis on an iterative process of design and testing and co-creation with users. In comparison with design experiments and innovation labs (McGann et al. 2018; Tõnurist et al. 2017), living labs place more emphasis on iterative ways of learning-by-doing and are less

focused on developing a common conception of the problem and solution. These specific elements make living labs an interesting method for studying the effects of newly developed policy interventions and public services and also processes of public innovation, collaboration in public-private partnerships, and co-creation.

The living lab approach is, however, only just emerging in the field of PA. A common definition, robust methods, and normative questions demand attention in order to make this approach valuable to public administration research. Dekker et al. (2019) propose a definition and a set of guidelines that can form the basis for using living labs in public administration research. The set of guidelines for living lab research for public innovation offers directions for methodological robustness, practical implementation, dealing with ethical issues, and highlighting the value of living labs for practitioners. All in all, it is argued that living labs broaden the methodological toolkit of research into public administration, not as a method in its own regard but as a research approach combining a number of methods and techniques in a novel way and setting.

## Cross-References


- ▶ Innovation Ecosystem
- ▶ Open Innovation
- ▶ Program Evaluation
- ▶ Social Innovation


## References


Almirall E, Wareham J (2011) Living labs: arbiters of mid- and ground-level innovation. Tech Anal Strat Manag 23:87–102

Bason C (2016) Design for policy. Routledge, Oxon

Bergvall-Kåreborn B, Ståhlbröst A (2009) Living Lab: an open and citizen-centric approach for innovation. Int J Innov Reg Dev 1(4):356–370

Dekker R, Franco Contreras JS, Meijer AJ (2019) The living lab as a methodology for public administration research: a systematic literature review of its applications in the social sciences. Int J Public Adm, early view online

Følstad A (2008) Living labs for innovation and development of communication technology: A literature review. Electron J Virtual Organ Netw 10:99–131

McGann M, Blomkamp E, Lewis JM (2018) The rise of public sector innovation labs: experiments in design thinking for policy. Policy Sci 51(3):249–267

Perry JL (2012) How can we improve our science to generate more usable knowledge for public professionals? Public Adm Rev 72(4):479–482

Pollitt C (2017) Public administration research since 1980: slipping away from the real world? Int J Public Sect Manag 30(6–7):555–565

Sabel CF, Zeitlin J (2012) Experimentalist governance. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, pp 169–183

Tõnurist P, Kattel R, Lember V (2017) Innovation labs in the public sector: what they are and what they do? Public Manag Rev 19(10):1455–1479

Van Geenhuizen M (2013) From ivory tower to living lab: accelerating the use of university knowledge. Environ Plann C Gov Policy 31(6):1115–1132


# Lobbying


Meeyoung Lamothe and Elizabeth Bell
The University of Oklahoma, Norman, OK, USA


## Synonyms

Civic engagement; Political activity

## Definition

Around the world, lobbying is commonly referred to as any activity undertaken by interest groups, including nonprofit organizations, to influence the legislative or public policy-related actions of lawmakers and public officials. What constitutes lobbying and the extent to which such activity is regulated is largely determined by sovereign governments. In the United States (US), nonprofit legal experts as well as practitioners define lobbying more narrowly as efforts to impact specific legislative actions, such as supporting or opposing pending legislation.

## Introduction

Despite the rapid growth of the nonprofit sector and the proliferation of research in this field, nonprofit lobbying is an area that presents several challenges for scholars and practitioners. For example, there has been confusion over the exact definition of lobbying and how it differs from advocacy. In addition, legal and regulatory frameworks for nonprofit lobbying are not as straightforward as they might appear and are evolving frequently. In terms of academic research on this topic, scholars have only recently started fully exploring lobbying and other political activities by charitable organizations. The purpose of this chapter is to provide a broad overview of the concept of nonprofit lobbying and the current state of knowledge on the topic.

The following section begins by discussing how lobbying is understood by scholars and practitioners including specific activities considered to be lobbying and how these activities differ from other types of political participation by nonprofits. The next section reviews legal and regulatory regimes regarding nonprofit lobbying. While nonprofit lobbying is a global phenomenon wherever civil society exists, legal and regulatory schemes affect the scope and nature of lobbying and differ significantly across countries and continents. In recent years, international non-governmental organizations (INGOs) have played a significant role in mobilizing resources to lobby the United Nations (UN) and other multilateral organizations for global policymaking. The extent and effectiveness of an INGO's advocacy and lobbying in nation-states, however, varies tremendously and depends on the openness and stability of the political system and legal environment of the country in which the INGO is attempting to effect policy change. For instance, while non-Western countries may severely limit lobbying by nonprofits, the United States and Western Europe generally permit such activity, but regulate it under established legal frameworks. The US regulatory structure is explored as a specific example in this section. In the third section, the discussion is focused on the importance of the role of nonprofits in representing marginalized groups in policy agendas as a way to think about potential implications of limiting nonprofit lobbying. The remaining sections examine the current state of scholarly findings, largely based on the Unites States literature, on the extent to which nonprofits engage in lobbying, the barriers to lobbying, and the organizational characteristics associated with increased engagement in lobbying activities.

## Lobbying Terminology

Prior to discussing the specifics of nonprofit lobbying-related issues, there is a need to clarify what the term, lobbying, entails in the nonprofit literature and how it is differentiated from other terms such as advocacy, political activity, or electioneering. This is necessary partly because, unlike legal experts and nonprofit practitioners, academic scholars sometimes do not draw sharp contrasts among these terms in their research. For example, Berry and Arons (2003) define "lobbying" quite broadly to include any activity undertaken to influence policymakers' understanding of issues or their action on them, although they acknowledge the legal distinction that exists and study how such regulation limits nonprofits' ability to lobby. Likewise, scholars such as Chaves et al. (2004) interpret the term, "political activity" broadly to accommodate lobbying, advocacy, as well as other activities intended to influence public policy processes, while nonprofit practitioners understand political activity as electioneering that is strictly prohibited. Even among nonprofit practitioners, confusion seems to be widely present as to precisely what constitutes lobbying and to what extent nonprofits are allowed to be involved in such activities.

Generally speaking, typical lobbying activities include contacting lawmakers to encourage them to sponsor certain legislation or vote for or against pending bills. This is considered direct lobbying. There is also indirect, or grassroots, lobbying. Grassroots lobbying involves encouraging the general public to influence lawmakers' actions, rather than the organizations appealing directly to legislative bodies, themselves. The strict and narrow understanding of what legally constitutes, or is regulated as, "lobbying" helps nonprofit

practitioners navigate the complex regulatory environment when participating in the political process. In other words, a clearly defined, legal understanding of lobbying allows nonprofit managers to separate lobbying from a broader set of advocacy activities intended to influence public policies such as disseminating information, conducting research, litigating or testifying in court, or holding protest events. Political campaign activity is further distinguished from advocacy and lobbying activities as it only refers to actions taken in support or opposition to specific candidates for office. Political campaign activity can be anything from contributing money, endorsing, or offering favors to particular candidates.

## Lobbying Regulation in the United States

Clarifying lobbying terminology is important because of different legal and regulatory implications associated with it. But why regulate lobbying? The purpose of this section is to discuss the extent to which nonprofit lobbying is regulated and the rationales behind such restrictions. Despite the varying scope and intensity in different polities, nonprofit organizations and voluntary associations are generally regarded as the embodiment of civil society and social capital. In democratic regimes, these organizations, especially civic and advocacy nonprofit entities, thrive outside of formal political institutions and serve as the primary vehicle through which citizens express and exchange policy preferences, organize political activity, and demand government action. Civic engagement and the use of nonprofits as organizational venues for political participation are limited or even severely suppressed in countries where democratic governments are absent or dysfunctional.

In democratic systems, associational rights and freedom of speech are usually granted and protected to the fullest extent. However, this does not mean that power and access to government decision-making by civic groups are unfettered. On the contrary, attempts to influence legislation and intervene in election processes by nonprofit organizations and voluntary associations are often regulated activities. A challenge has been to promote the role of civil society in democracy without allowing its undue influence on government. Examining nonprofit lobbying-related regulations in the United States might effectively illustrate the effort of government to balance the role of nonprofits in a democratic polity and the challenges associated with it. It should be noted that specific rules and regulations discussed in this example will have only limited applicability to other democratic countries where legal and political systems might be different from those of the United States.

In the United States, freedom of speech and rights to form associations, including rights to petition government to address grievance through these associations, are constitutionally guaranteed. However, the extent to which nonprofits can assert their rights to influence public policy is complicated under the US legal framework, especially charitable tax law. In the United States, nonprofit organizations receive a variety of generous tax benefits from government, although the types and scope of the benefits differ, depending on whether they are classified as charitable organizations whose main missions are to promote the public interest and the welfare of the general public or as various noncharitable entities that primarily pursue policy advocacy or support the well-being of their members. While all types of nonprofits receive corporate income tax-exemption benefits, charitable organizations, which are also called 501c3 organizations according to their tax classification code, enjoy special tax treatment for their donors due to their broad public missions. That is, people who financially contribute to qualifying charitable nonprofits can claim deduction of their donation from their taxable incomes. This comprises sizable forgone tax revenues for government and is seen as a form of government subsidy to the charitable nonprofit sector.

It is this government subsidy that provides a rationale for limiting 501c3 charitable organizations' lobbying activity. Both the US Congress and the courts agree that the government should not fund nonprofits' lobbying geared toward influencing its own legislative actions

(Colinvaux 2017). Limiting charitable organizations' lobbying is not without debates, however. One reason for the critiques of such regulation is that charitable organizations often represent the underprivileged and politically underrepresented segments of the society and should be given a place in public policy debates to speak on behalf of the voiceless. This unique role played by nonprofit organizations in the political process is further explored in the next section.

The compromise that the US Congress made to ease the tension between constitutional rights and regulatory needs was the passage of the Tax Reform Act of 1976 (Public Law 94-455) that allows 501c3 charitable nonprofit organizations to lobby to a limited degree, but with much clearer guidelines than what was available before regarding the legal definition of lobbying, the exclusion of activities that are otherwise considered lobbying, and a reduced punishment for excessive lobbying (United States Congress 1976). More specifically, under this new legal scheme, charitable nonprofit organizations' lobbying activities fall under two alternative tests to determine their compliance with lobbying regulations: the "no substantial part" test that had existed under the old scheme and that is still the default rule and the "expenditure" test that has become available after the passage of the 1976 Tax Reform Act (Internal Revenue Code §§ 501(h), 4911). In the United States, the main federal tax law enforcement organization that monitors nonprofits' compliance with the tax law is the Internal Revenue Service (IRS), the agency that is also responsible for enforcing federal individual and corporate income tax collections and refunds. Section 501(h), the IRS tax code authorized under the 1976 Tax Reform Act, enables charitable organizations to be subject under the "expenditure" test, if chosen by the nonprofits, rather than the traditional "no substantial part" test for their lobbying limit compliance (Internal Revenue Code §§ 501(h), 4911).

Looking closely at these two tests, charitable nonprofits that do not elect 501(h) for their lobbying and thus fall under the "no substantial part" test must comply with the IRS regulation that lobbying should not consist of the substantial part of their activities in order to maintain 501(c)(3) status (Internal Revenue Service 2016). In other words, a 501(c)(3) organization may engage in some lobbying, but cannot pursue such activities as the main mission of the organization. To be clear, these restrictions apply only to lobbying and not to advocacy activity as alluded to in the previous section. Thus, while charitable organizations may jeopardize their tax-exempt status by committing a substantial portion of their activities to contacting and persuading members of a legislative body to adopt or reject specific legislation, they are not limited in their ability to engage in activities that bolster education and awareness of public policy issues and even provide consultations to lawmakers regarding general policy matters.

Separating what is considered lobbying from a broad spectrum of advocacy activities is relatively straightforward in the IRS rules. What appears to be rather ambiguous is how to determine the extent of lobbying that may constitute "substantial" because such determination is not only based on lobbying expenditures but also considers volunteer time spent on lobbying, the regularity of their activities, and even the extent of publicity the organizations garner regarding their lobbying. Many of these factors can be circumstantial rather than hard facts and thus are likely to invite subjectivity in judgment. Some courts argued that more than 5% of expenditures constitute a substantial part, but the IRS denies the existence of such a clear-cut rule of thumb. If the lobbying activity is determined to exceed the legal limit defined or interpreted by the IRS, the organization may lose its tax-exempt status, which makes all of its income taxable or may incur an excise tax for 5% of lobbying expenditures during the year in which the substantial lobbying activity took place.

Electing to go under 501(h) and the related "expenditure" test for lobbying compliance presents many advantages for US charitable organizations that wish to actively lobby lawmakers. The expenditure test involves a more in-depth analysis of how much money the organization has spent on lobbying activities and accounts for only monetary expenditures when determining nonprofits' compliance with the regulation. By focusing regulation only on expenditures rather

than types and intensity of activities, the expenditure test expands nonprofits' ability to increase their engagement in lobbying. This test also clarifies further what constitutes lobbying for the purpose of regulation and what is excluded from such activity. The list of exclusions includes not only policy advocacy and consultation to lawmakers but also self-defense-related lobbying and any contact with executive branch officials over program implementation issues.

An important distinction in the expenditure test is whether the lobbying activity is classified as direct or grassroots lobbying. According to the 1976 Tax Reform Act, 501(c)(3) charitable organizations may spend one fourth as much on grassroots lobbying as on direct lobbying and may only spend a total $1 million on both. However, if the lobbying activity does not involve direct expenditures of money by the organization, it does not count against this $1 million limit. A summary of the lobbying expenditure limits based on the size of the organization (measured by the amount of exempt purpose expenditures) is presented in Table 1 below.

The 1976 Tax Reform Act also implemented transparency requirements under the Lobbying Disclosure Act for 501(c)(3) charitable organizations requesting the expenditure test that have professional lobbyists and spend more than $24,500 on lobbying at the federal level. Consequently, those 501(c)(3) charitable organizations are required to report lobbying expenditures to congress as well as reporting them in their annual filing with the IRS. If the organization is determined to have engaged in excessive lobbying for more than 3 years, tax-exempt status will be revoked, and all of the income for that time period is then subject to taxation. However, if the organization only exceeds the lobbying limits in a particular year, it is subject to a 25% excise tax on the excess expenditures instead.

**Lobbying, Table 1** Breakdown of the expenditure test

| If the amount of exempt purpose expenditures is: | Lobbying nontaxable amount is: |
|---|---|
| ≤$500,000 | 20% of the exempt purpose expenditures |
| >$500,00 but ≤$1,000,000 | $100,000 plus 15% of the excess of exempt purpose expenditures over $500,000 |
| >$1,000,000 but ≤$1,500,000 | $175,000 plus 10% of the excess of exempt purpose expenditures over $1,000,000 |
| >$1,500,000 but ≤$17,000,000 | $225,000 plus 5% of the exempt purpose expenditures over $1,500,000 |
| >$17,000,000 | $1,000,000 |

*Source*: The Internal Revenue Service. "Measuring Lobbying Activity- Expenditure Test". Retrieved from https://www.irs.gov/charities-non-profits/measuring-lobbying-activity-expenditure-test

The discussions above regarding the specifics of lobbying regulation are limited only to 501c3 charitable organizations, especially public charities. Private foundations, which are classified under the same tax code as 501c3 public charities and thus receive similar tax deduction benefits for their donors (but a lower level of deduction benefits than those for public charities), are subject to stricter lobbying regulation in that they are basically prohibited from engaging in any lobbying activity, although just as the case with 501c3 public charities, they are fully entitled to be engaged in advocacy. In fact, private foundations have been major supporters of various social and rights movements in US history through their activism in advocacy. One of the underlying rationales for the lobbying restriction by the government is to curb potentially undue influence on public policymaking processes by powerful private interests. The US government, however, allows private foundations to make general-purpose grants to charitable nonprofit organizations as long as the grants are not earmarked for lobbying.

It should also be noted that noncharitable organizations, most commonly social welfare organizations, labor unions, and business trade groups, which are classified under 501c4, 501c5, and 501c6 tax codes, respectively, are granted unlimited lobbying power by the US government to advance their policy and legislative agendas without jeopardizing their tax-exempt status. This status is given to noncharitable organizations partly because donors to these organizations are not subsidized by the government for their

contributions. That is, contributions to noncharitable nonprofits are not allowed to be deducted from the taxable incomes of donors. Since the money noncharitable organizations spend on lobbying comes from after-tax dollars, the government has weaker grounds to limit lobbying, a form of political speech, by these private nonprofit groups.

## Normative Considerations

The importance of the role of nonprofit organizations in representing certain segments of populations in the political process was briefly mentioned in the previous section. This section highlights the implications of government regulations on nonprofit lobbying for equitable representation and effective governance. It also details the arguments that have been made in opposition to restrictions on nonprofit organizations' ability to lobby the government.

Some scholars view regulations on nonprofit advocacy as bad public policy which is unjust. Research has revealed that suppression of nonprofits' political engagement is more common in developing countries. For example, over the years, China has tightly controlled its grassroots civic organizations through intrusive registration and monitoring processes and tried to regulate INGOs through similar procedures (Ye 2003). NGOs elsewhere in mostly non-Western countries face similar barriers or worse as nonprofit lobbying might be prohibited altogether. Within the United States, the constitutionality of lobbying regulations has been called into question by those interested in preserving freedom of speech and expression. However, in *Reagan v. Taxation with Representation of Washington* (1983), the US Supreme Court upheld the constitutionality of lobbying restrictions on charitable nonprofits.

Considering the agenda bias that is recognized by those who study lobbying and policy, nonprofits' political voices might be a key to preserving the equitable representation of the poor and underserved. According to Baumgartner et al. (2009), the agenda in the US legislature often does not reflect policy priorities of the marginalized but mirrors the preferences of mobilized interest groups. The underrepresentation of certain groups of citizens on the congressional agenda poses a serious challenge for effective governance as the issues that matter to the disadvantaged are largely left out of legislative decision-making, leading to a significant imbalance in public policies. In other words, the underrepresentation on political agendas of marginalized citizens is linked to policy outcomes. Considering these biases against disempowered groups in both policy agendas, and policy outcomes, nonprofit lobbying may be a key to improving democratic governance through bolstering the representation of those with suppressed political voices in the United States and worldwide.

## Methods and Extent of Lobbying Activity

Previous sections provided an overall legal and regulatory context for nonprofit lobbying. This section focuses on reviewing some of the specific methods individual nonprofit organizations adopt to lobby government and scholarly findings as to the extent to which these nonprofits engage in lobbying activities. The literature is relatively limited in these matters, and the review of the scholarly works relies mostly on US-based studies.

Among a few studies published on this topic, Salamon et al. (2008) report from their US-based survey of 311 nonprofit organizations in the fields of human services, economic development, and the arts that charities' involvement in policy advocacy or lobbying is not uncommon. In fact, nearly three-fourths of the responding nonprofits in their survey say they engage in advocacy or lobbying somewhat regularly. When they are asked about their participation in "lobbying" specifically (i.e., the narrow, legal definition of lobbying), more than half of the organizations (59%) indicate that they engage in some form of lobbying. While Salamon et al.'s (2008) report suggests a surprising extent

of lobbying activity by charitable organizations, their findings are at odds with those of other studies that report nonprofit lobbying and come with several caveats. For example, close to 90% of the organizations who lobby spend less than 2% of their budget for lobbying and rarely allocate substantial amounts of staff time for public policy activities. The scant resources nonprofit organizations devote to advocacy or lobbying may explain why their lobbying often takes the form of simply signing a letter or calling elected officials to express their endorsement of or opposition to particular legislation rather than hiring a lobbyist or organizing a public event for grassroots lobbying, which requires a more intensive level of organizational commitment. While these observations are made primarily based on Salamon et al.'s (2008) findings, other studies that broadly collect data in the United States regarding nonprofit advocacy, as well as lobbying activities, find similar tendencies (DeVita et al. 2014).

Salamon et al. (2008) also report that when nonprofits engage in lobbying, their focus tends to be on protecting funding or opposing regulations that directly affect them rather than advocating for broad policy goals as they try to prioritize their efforts toward self-preservation when resources are limited (Salamon et al. 2008). Based on a survey of human service organizations in the United States, Sandfort (2014) makes similar points that nonprofits focus their lobbying on the acquisition and maintenance of government resources. It is important to observe that the studies cited here largely focus their surveys and analyses on human service nonprofit organizations that tend to heavily rely on government for funding. It is reasonable to believe that both the focus and methods of lobbying could be very different for a variety of civic groups and rights-based organizations whose primary missions are to promote the public interest and societal benefits. For example, unlike human service organizations, these groups may pursue direct and indirect lobbying more actively by contacting lawmakers and pressuring them through their member communications in order to advance broader public interest goals.

It should also be noted that the extent of lobbying by nonprofit organizations varies substantially, depending on the level of government they target. Scholars report that nonprofit organizations tend to be much more active in their efforts to interact with lawmakers and influence public policies at the state and local level, as compared to the federal level, because they face less competition from business interest groups, have better access to policymakers, and thus are more successful in lobbying at the lower levels of government (Berry and Arons 2003; Salamon et al. 2008). At the national level, successful nonprofit lobbying is mainly associated with a relatively small group of citizen advocacy organizations whose missions are often related to environmental protection, consumer safety, and various rights-based public interests and societal benefits (Berry 2001). Scholars attribute effective lobbying by these groups to their tenacity and strategic focus in advocacy, superb knowledge and expertise on policy issues, and institutional capacity (Berry 2001).

Despite the well-publicized lobbying success of citizen advocacy groups, their impacts tend to be limited to a few highly salient policy matters. Business firms as well as trade organizations constitute the most dominant lobbying forces for the vast majority of issues brought up at nations' capitols. This is certainly the case in the United States. Many traditional human service agencies that heavily rely on public funding argue that lobbying at any level of government is not part of their typical activities. It is interesting, however, that there are significant differences between H electors (i.e., nonprofits that take the 501-(h) election to be subject to the expenditure test for their lobbying activities) and the other conventional nonprofits who do not elect the H option in terms of the level of knowledge they have about lobbying-related regulations and the extent of actual lobbying activities (Berry and Arons 2003). That is, H electors are much more knowledgeable about government rules regarding participation in public policy and political processes than nonelectors. Likewise, H electors are considerably more actively engaged in lobbying than their counterparts.

## Barriers to Nonprofit Lobbying

Despite the lack of accurate information available to estimate the true scope and extent of lobbying by charities, scholars largely agree that lobbying is, at least on the surface, a shunned activity. In fact, as mentioned earlier, Salamon et al.'s (2008) recent study that reports lobbying engagement by high percentages of the nonprofits responding to their survey is an exception rather than a norm in this field of study. The most common factors contributing to this inactivity are lack of staff time, resources, and skills that nonprofits can leverage (Salamon et al. 2008). While these are practical obstacles, there also seem to be widespread perceptual and cultural barriers that prevent nonprofits from actively injecting themselves into the political process, including by the means of lobbying. Fear of potentially losing current and/or future funding and other privileges they enjoy from government often leads charities to disengage themselves from any involvement in lobbying. Scholars, in general, theorize this phenomenon as "don't-bite-the-hand-that-feeds-you resource dependence" (Chaves et al. 2004, 295) by the nonprofit sector, especially human service nonprofit agencies, and hypothesize that heavy reliance on government for funding will suppress nonprofit advocacy and lobbying against government policies. The worries of funding cuts and other forms of political retaliation are rarely substantiated by empirical evidence, but that does little to alleviate general concerns and fear by nonprofit leaders and managers toward political involvement.

Scholars also observe strong cultural barriers that keep nonprofits from becoming politically engaged. For many nonprofit leaders, politics or lobbying is a dirty word that they do not want to associate themselves with (Berry and Arons 2003). Some executives or board members are deeply ambivalent about the effectiveness of lobbying for advancing missions, partly because they doubt they can exert significant influence on policymakers regarding welfare policies for the underprivileged and the voiceless and partly because they simply are uncertain and fearful of such activities.

## Determinants of Lobbying

Given the limited number of nonprofit organizations that do engage in lobbying, researchers have investigated factors that facilitate overcoming legal apprehension. Research has revealed the role of organizational characteristics such as size, access to information and communication technology, and field of activity (Child and Grønbjerg 2007). Specifically, organizational size is positively associated with lobbying and advocacy activity, suggesting that organizations with higher capacity are more likely to engage in such activities. Likewise, access to information and technology increases the likelihood that a nonprofit organization will engage in advocacy. The fields of activity associated with the highest levels of nonprofit advocacy are environmental, health, and education.

Another organizational characteristic influential in determining political engagement is the mission. More specifically, those organizations with a mission that explicitly seeks social changes are more likely to engage in the policymaking process (Pekkanen et al. 2014). Moreover, if a nonprofit is in a situation where policy restricts its ability to pursue organizational missions, it will be more likely to contact public officials (Nicholson-Crotty 2007). Strategic management has also been identified as an influential factor that affects whether a nonprofit engages in lobbying (Leroux and Goerdel 2009). For instance, participation in collaborative networking increases the likelihood of advocacy activity (Leroux and Goerdel 2009). Lastly, scholars examine whether government funding suppresses or promotes nonprofits' lobbying efforts. Findings are mixed in that some report positive effects (Pekkanen et al. 2014; Chaves et al. 2004), while others find no significant relationship (Child and Grønbjerg 2007).

## Conclusion

In this chapter, we examined the concepts and issues pertaining to nonprofit lobbying. In doing so, we discussed the legal framework

determining the scope of nonprofit lobbying in the United States as well as the extent that nonprofits are engaged in lobbying and the factors that facilitate or hinder such activities. Despite the limited scope of our inquiry on the topic, especially due to our focus on the US example and US-based scholarly works, the review of the current state of nonprofit lobbying provided in this chapter offers a few discernable insights for this field of study. Most notably, our review suggests that nonprofits, especially largely charitable nonprofits whose missions focus on service delivery rather than policy advocacy, are still only reluctant participants in lobbying and political processes. This is a clear contrast from their business counterparts and competitors in public policy marketplaces.

Nonprofits' unwillingness to engage fully and actively in lobbying is not simply the results of legal restrictions. Along with actual legal impediments, both a lack of accurate understanding about the laws and cultural barriers may play significant roles. Interestingly, taking relatively weak or inactive positions in lobbying does not imply that nonprofits are not influential actors in public policy processes, as they find numerous ways to advocate for their causes without being "legally" involved in lobbying activities. This "informal" way of advocating for their social missions and representing the marginalized might be an important means for nonprofits organizations whose activities largely take place in less democratic systems with only limited access to policy and political processes.

There has been a substantial growth in the nonprofit lobbying and advocacy-related literature in recent years. Much of the research focuses on the basics – for example, identifying the nonprofits that lobby, the extent to which nonprofits engage in lobbying, and under what conditions nonprofits are likely to lobby for policy change. Going forward, it will be particularly important for researchers and practitioners to carefully consider the effect of nonprofit lobbying on policy outcomes across different contexts and political systems.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Social Impact Bond


## References


Baumgartner FR, Berry JM, Hojnacki M, Leech BL, Kimball DC (2009) Lobbying and policy change: who wins, who loses, and why. University of Chicago Press, Chicago/London

Berry JM (2001) Effective advocacy for nonprofits. Nonprofit advocacy and the policy process. The Urban Institute, Washington, DC, pp 1–8

Berry JM, Arons DF (2003) A voice for nonprofits. Brookings, Washington, DC

Chaves M, Stephens L, Galaskiewicz J (2004) Does government funding suppress Nonprofits' political activity? Am Sociol Rev 69(2):292–316

Child CD, Grønbjerg KA (2007) Nonprofit advocacy organizations: their characteristics and activities. Soc Sci Q 88(1):259–281

Colinvaux R (2017) Nonprofits and advocacy. In: Boris E, Steeple CE (eds) Nonprofits and government: collaboration and conflict. The Urban Institute Press, Washington, DC, pp 191–216

DeVita C, Nikolova M, Roeger KL (2014) Nonprofit advocacy in the nation's capital. In: Pekkanen RJ, Smith SR, Tsujinaka Y (eds) Nonprofits & advocacy: engaging community and government in an era of retrenchment. The Johns Hopkins University Press, Baltimore, pp 85–106

Internal Revenue Code §§ 501(h), 4911

Internal Revenue Service (2016) Lobbying. Accessed from https://www.irs.gov/charities-non-profits/lobbying

LeRoux K, Goerdel HT (2009) Political advocacy by nonprofit organizations: a strategic management explanation. Public Perform Manag Rev 32(4):514–536

Nicholson-Crotty J (2007) Politics, policy, and the motivations for advocacy in nonprofit reproductive health and family planning providers. Nonprofit Volunt Sect Q 36(1):5–21

Pekkanen RJ, Smith SR, Tsujinaka Y (2014) Nonprofits and advocacy: engaging community and government in an era of retrenchment. JHU Press, Baltimore

Salamon LM, Geller SL, Lorentz SC (2008) Nonprofit America: a force for democracy? Johns Hopkins University Center for Civil Society. Studies, Baltimore

Sandfort J (2014) Analyzing the practice of nonprofit advocacy: comparing two human service networks. In: Pekkanen RJ, Smith SR, Tsujinaka Y (eds) Nonprofits & advocacy: engaging community and government in an era of retrenchment. The Johns Hopkins University Press, Baltimore, pp 222–253

United States Congress (1976) Tax Reform Act of 1976 (Pub. L. No. 94-455)
Ye Z (2003) China's emerging civil society. The Brookings Institution. Accessed from https://www.brookings.edu/wp-content/uploads/2016/06/ye2003.pdf

## Lobbying and Social Policy

Stephen Chavez
University of Mississippi, Oxford, MS, USA

### Synonyms

Faction; Lobby-agent; Lobbyist

### Definition

Lobbying: Seek to influence (a politician or public official) on an issue; a number of citizens, whether amounting to a minority or majority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.

Social Policy: Domestic policies focusing on the human condition, such as education, housing, welfare, and equality.

Direct lobbying: Lobbying that attempts to impact legislation through communication with a member or employee of a legislative body, or with a government official who participates in formulating legislation.

Grass roots lobbying: Lobbying that attempts to impact legislation by attempting to affect the opinion of the public with respect to the legislation and encouraging the audience to take action with respect to the legislation.

### Introduction

Lobbyist can be traced back to as early as the seventeenth century when citizens would gather near the English House of Commons in a large lobby and express their opinions. The term lobby-agent came to U.S. politics in the early nineteenth century. In 1832, the term was shortened to lobbyist and was widely used at the U.S. Capitol. When the constitution was written, the framers considered both the importance and dangers that come with faction. The intent was to construct a government preventing powerful interest groups from imposing their will upon the government. The idea was to prevent these factions from obtaining too much power by having to compete with other factions. Factions then became what is now lobbyists. Lobbying serves as an educational tool and makes it easier for individuals to be heard by gaining power in numbers. Lobbying has become a very useful tool in social policy. It is used to protect individuals against everyday risks. Aside from helping government officials obtain information, lobbying helps citizens gain access to legislatures that without lobbying would be very difficult. Lobbying works to break down complex issues that are important in social policy and makes passing legislation possible ("Political Lobbyist" 2008).

### The Role of Lobbying in Public Policy

Lobbying works to influence public policy at all levels in the USA: federal, state, local. Individuals, interest groups, and even different government agencies typically use each other in efforts to alter public policy positions and public policy outcomes. Lobbying is so important in the process of government that it is protected under the First Amendment of the U.S. Constitution "right to petition the government" and protected under the Federal Regulation of Lobbying Act of 1946 and the Lobbying Act of 1976. Professional lobbyist conduct research and provide information and analysis to legislative bodies, government agencies, and citizens. When balanced with competitive lobbying providing multiple perspectives, informed decisions can be made regarding public policy and its implementation. Critical to the lobby process, however, is integrity and trust. Lobbyists live on their reputations that are built on previous efforts. When integrity and trust

abound, a lobbyist or lobbying organization might be invited to help write the piece of legislation being considered. Given that many state legislatures are not professional in the sense of not having full-time legislators with full-time staff assistance, integrity and trust of lobbyists becomes critical given the extent of reliance upon them (Squire and Moncrief 2015).

Not all citizens are represented in the lobbying process. Poor people and the most vulnerable in society tend not to have as much lobbying support as do citizens and groups with money and resources. Nevertheless, "lobbying provides the main channel through which citizens and organizations can attempt to influence the political process. Allowing citizens to create their own political agendas and to push for them is important in all policy categories but is especially important in the realm of social policy" (Bernhagen 2013).

## Lobbying Regulations

While lobbying is protected under the Lobbying Act of 1946 it is regulated through other legislation (Libby 2012). The Lobbying Act of 1976 links lobbying to the expenditure of money. An organization is viewed as a lobbying entity if and when it spends money on shaping public policy. Money may be spent on staff and resources, as well as on the actual engagement in the policy arena. The Act also determines the amount an organization can spend, with the ceiling being $1 million in direct lobbying and $250,000 for grassroots lobbying efforts.

The Lobbying Act of 1976 also provides exemptions. Key policy activities exempted include: membership communications, testimonies to legislative bodies, discussion of broad social issues, and nonpartisan research (Libby 2012).

Further, the Lobbying Disclosure Act of 1995 determines when a lobbyist must register with the legislative body. While variations exist among state legislatures, the common pattern is as follows: if a lobbyist organization spends more than $11,500 on an activity, and if a staff member is spending 20 percent or more time on that activity, then registration is required (HLOGA 2007).

## Lobbying Strategies

Lobbying is pursued in a variety of ways, depending on money and focus. The tactic will be different depending on the issue and the level of government involved. Lobbying at the federal level requires the personal attention of the lobbyist, but also strategies based on convincing large groups of voters and other lobbying organizations. Lobbying in a small town school board in Mississippi, on the other hand, will require less money but perhaps more of the personal touch that reflects local culture and customs.

Grassroots tactics involve reaching down to the citizens. This may include organizing rallies, and demonstration, or letter writing campaigns. It might also entail the cost of media advertisement. Direct tactics involves the lobbying organization bypassing citizen-based efforts and to focus on persuading members of the legislature and staffers in the bureaucratic agency. Both grassroots and direct tactics are typically mixed in an effort to be effective.

Pat Libby (2012) outlines ten "common elements" or strategies for successful lobbying. These are:

- Identifying the problem that the policy should remedy
- Research the issue to provide information for both grassroots and direct lobbying
- Creating a fact sheet that summaries the research findings
- Branding the issue, or framing the proposed problem and remedy in a marketing fashion
- Target potential supporters
- Build a coalition of supporters
- Develop and disseminate comprehensive information, based on the fact sheet information, to the coalition of supporters
- Launch a media campaign that is based on the location and focus of the policy
- Lobby elected officials
- Monitor the progress of the legislative process

## Major Lobby Associations and Corresponding Targets

Education is a major category within social policy. There is correlation that derives from education policy that is seen to have an effect on other aspects of social policy. All members of society are impacted when education levels are increased and education opportunities are allotted to all. There are many lobbying firms that attempt to impact social policy through education. A few of these national lobbying firms are "Teach for America," "National Education Association," "college board," "American Assn of School Administrators," "EducationCounsel," and even "BGR Group" a firm run by former Mississippi Governor, Haley Barbour. These groups intend to increase the education level and make sure education is more easily accessible. The work can be found all over the spectrum; from low-income schools and districts with the goal to help the schools and increase opportunities of students through education to groups working to advance education through professional employees. From preschool to colleges, interest groups work to influence education on every level in hopes to better the systems and opportunities.

Congressional committees are where all the federal bills that effect policy begin to take shape. Lobbyist looking to influence the education system work in the House with the, "Committee on Education and the Workforce," and in the Senate with, "Health, Education, Labor, and Pensions." These committees break down into smaller subcommittees that discuss legislative issues on a more focused and specialized level. These subcommittees are targets of lobbyist. In the House, the subcommittees are, "Subcommittee on Early Childhood, Elementary, and Secondary Education," and "Subcommittee on Higher Education and Workforce Development." In the Senate, they are "Subcommittee on Children and Families," and "Subcommittee on Employment and Workplace Safety." Lobbyist work with these committees and subcommittees to present information and help influence policy making in every step of legislation.

Lobbyist's ultimate goal is to push their agenda. Therefore, they work with every agent of policy. Lobbyist in education work with the Department of Education for the best odds to influence policy. While there are many different agencies within the Department of Education, some major agencies within that lobbyist would look to target would be, "Office of Elementary and Secondary Education," "National Center for Education Statistics," and "Office of Career, Technical, and Adult Education." Other agencies within the department focus on aspects of immigrant education, special education, federal aid, sexual assault within schools, civil rights, and many more topics within the educational field. There are agencies covering every topic of educational issues. Depending on what exactly the lobbyist is pushing for will determine which agency within the department they will try to work with.

Lobbyist works not only on a national level, but also within the states. In the state of Mississippi, for instance, education lobbyist work with committees within both the House and Senate by advising through meetings, providing information, and helping to write legislation. Mississippi representatives do not work full time, as do members of congress, this is important for lobbyist because they are on tight schedules when it comes to achieving their policy goals. Reaching the subcommittees are important for lobbyist, however, subcommittees in Mississippi are not "standing." The chairman of each committee is responsible for forming subcommittees whenever session is in. Outside of the state capital, lobbyist work with the state's Department of Education. The different agencies within the department that lobbyist targets include "Academic Education," "Career and Technical Education," "Educator Quality," "School Financial Services."

In Mississippi and the other states, lobbying is as important as it is at the national level. It is a complex process involving many different associations and many targets in the legislature and agencies. They involve many different strategies with the goal to help provide information and progress legislation.

## Conclusion: Summary and Prospects for the Twenty-First Century

Lobbying is a very important agent in the legislation process. Through different tactics, lobbyists work to inform and influence the moves and decisions of legislators. The information provided by lobbyists helps the flow of bills under consideration. Lobbying helps to give others a voice. It allows an outlet for all people, not only legislators, passionately legislation of importance. It is an effective means to express opinions and exercise input in a democratic society

The future of lobbying is unclear. Previous administrations have enacted laws and restrictions on lobbying in an effort to make it more ethical and transparent "Revolving door" restrictions prevent members of congress from becoming lobbyists for an extended amount of time once they leave office. This hinders unethical lobbying and helps provide an efficient legislation process.

Yet with a rise in social media, there has been more diversity added to the way information is developed, disseminated, and consumed. Trends show a decline in registered lobbying and an increase in virtual messages to members of legislatures. Traditional lobbying will still exist in ways of fundraising and meetings because connections are what make lobbying effective. This will cause lobbying in the future to combine traditional lobbying skills with the new age tech-savvy ways of communication. Though lobbying will experience change, providing information is still important and the future for lobbying is bright.

## References

Bernhagen P (2013) When do politicians listen to lobbyists (and who benefits when they do)? Eur J Polit Res 52(1): 20–43

Honest Leadership and Open Government Act of 2007 (Pub. L. 110–81, 121 Stat. 735, enacted 14 Sept 2007)

Libby P, Associates (2012) The lobbying strategy handbook: 10 steps to advancing any cause effectively. Sage, Thousand Oaks

"Political lobbyists." (2008) West's encyclopedia of American law, 2nd edn. The Gale Group 12 Jul 2017. http://legal-dictionary.thefreedictionary.com/Political+lobbyists

Squire P, Moncrief G (2015) State legislatures today: politics under the domes, 2nd edn. Rowman & Littlefield, Lanham

# Lobbying in Public Administration

Beverly A. Cigler
Penn State Harrisburg, Middletown, PA, USA

## Synonyms

Big Seven; Intergovernmental lobby; State and local government interest representation

## Introduction

When most people think of interest groups that lobby government they usually focus on private sector organizations. It is less known that states and their local governments also lobby a great deal within the American political system. Most attention is given to organizations representing state and local government officials that work to achieve consensus among their members on issues important to their member governments. They then lobby another level of government to achieve their policy preferences. Legislators and legislatures are the primary targets of the lobbying and, thus, the focus here. The groups discussed sometimes also lobby executive branch agencies, however. This essay focuses on government-to-government lobbying, not all lobbying in public administration, which is much too broad of a topic for a short essay.

Intergovernmental lobbying also includes single governments such as a state, city, county, or special-purpose governments – school districts, port authorities, water and sewer systems, universities, and many others. All states and many large municipalities and counties have lobbying offices in Washington, DC, generally located in the Hall of

the States, conveniently physically near Capitol Hill. The special-purpose governments can have national, state, and local representation and some very large municipalities, counties, universities, and specific special-purpose governments also have offices in state capitals that employ lobbyists.

The most studied aspects of government-to-government lobbying are activities performed by well-established national membership organizations that represent governors, mayors, county executives and commissioners, state legislators, and other elected officials at the state and local levels. The component of the intergovernmental lobby that is most studied is often referred to as the "Big Seven." It consists of the National Governors Association (NGA), National Conference of State Legislatures (NCSL), Council of State Governments (CSG), National League of Cities (NLC), US Conference of Mayors (USCM), National Association of Counties (NACo), and the International City/County Management Association (ICMA). ICMA, however, does not formally lobby; instead, it represents nonelected professionals such as municipal and city managers as well as county managers. CSG also does not formally lobby and is unique in that it represents officials from all branches of government – executive, legislative, and judicial. In addition, CSG has dozens of affiliate organizations tied to functional policy areas that focus on specific policy concerns related to their mission. The "Big Seven" is, thus, composed of five national organizations that lobby the national government, collectively known as SLIG's – state and local interest groups – and often supplemented by working closely with the ICMA and CSG, which do not lobby. The collaboration with ICMA and CSG enhances the credibility of the organizations representing elected officials as partisanship and ideological positions are lessened. The NLC's membership consists primarily of small and moderately sized municipalities and the USCM represents the interests of the nation's largest cities.

Cammisa (1995) explains that intergovernmental lobby members' interests are spatial and programmatic. Haider (1974) explains that spatial concerns traditionally are about interactions between one level of government that has funding control and program implementation authority within a geographical entity and other governments that receive funding. Recipient governments advocate for various funding amounts and desire flexibility and less regulation from the level of government providing the funding. When the Big Seven is internally unified and can work effectively across other state and local groups, a united front can interact with Congress, but such unity is very difficult to achieve in our increasingly polarized society. Differences in partisanship, ideology, and personality, along with regional rivalries and demographic realities, make consensus difficult and achieving unity on many key issues is often out of reach (Cigler 1995, 2012).

## Not Just Special Interests

Overall, the generalist organizations attempt to show that they are not "just another special interest" within the political system; instead, they claim to work in pursuit of the public interest (Cigler 1995, 2012). In fact, these groups often label themselves as public interest groups (PIGs) as they pursue benefits not limited solely to their members. Other observers, including some government officials, however, sometimes use the acronym PIG in a pejorative manner. Despite this unflattering characterization of the generalist organizations, it is accurate to describe their work as aimed at a wide variety of programs that benefit all or much of society and not just their dues-paying members. The groups share interest in similar policy concerns and operate within the interest group sector that takes stands on broad issues related to health, welfare, and education; economic development, job creation, workforce development, trade, and cultural affairs; consumer protection; agriculture, and rural development; energy, the environment, and natural resources; banking, insurance, and financial services; budget and taxation; homeland security and emergency management; telecommunications and information technology; transportation and infrastructure; criminal justice and public safety; and civil rights, among other policy concerns.

The policy reach of these groups is very broad, extending beyond domestic issues to those having components of both domestic and international policy. State governments usually have foreign trade offices that represent and promote their economic interests abroad. States engage in international issues in ways previously not envisioned as they build relationships beyond economic trade promotion, cultural exchanges, and tourism. Activities include the broad climate change agenda, human rights issues, economic sanctions and divestment policies, global finance issues, drug policy and other criminal justice issues, food safety, and much more. Again, the intergovernmental associations play a coordinative role and individual cities and states are active in the international arena.

Obviously, consensus on any of the broad range of domestic and international issues is difficult to forge, but the organizations produce a wealth of information and often research useful to policymakers, the general public, and other organizations. Again, they do not just serve their members who may never agree to a single organizational position on a particular issue. Instead, their activities go beyond the traditional sphere covered by a typical interest group.

On important issues where consensus cannot be reached within a Big Seven organization, or across the Big Seven organizations, individual states, cities, and counties often rely on their own Washington offices for advocacy. This often occurs for issues specific to a state for which the NGA cannot be expected to allocate substantial time to or to take a stance, for example. A governor generally takes the lead in opening a state office. Jensen (2016) found three key benefits of individual state offices: procurement of federal grant funding or success in securing favorable funding formulas for a federal grant program; help in achieving a policy goal, often through a waiver that allows the state more flexibility in administering a federal program or regulation; and political benefits such as increased visibility and prestige for a governor.

The local government organizations within the Big Seven also have lobby organizations at the state level. For example, the NLC, which represents small and medium-sized municipalities, has state affiliate organizations called municipal leagues. Counties have state-based county associations. Although they are not formal affiliates of NACo (Cigler 1994), the state county associations cooperate with NACo. Whether formal affiliates of a national association or independent state-level organizations, the state-based organizations lobby state legislatures and seek a "seat at the table" in legislative and executive branch actions. ICMA also has affiliate organizations in the states, which, like the ICMA, do not lobby, but help build the managerial capacity of municipal and county managers. In fact, ICMA works internationally to build managerial excellence. State-level ICMA affiliates are often housed within a state-based municipal organization that provides administrative services to the operation by serving as its secretariat.

All of the organizations within the intergovernmental lobby do much more than lobby. In fact, they are what Salisbury would call "service organizations" that do "interest representation" (Salisbury 1984). The intergovernmental organizations do provide some selective benefits to their members such as newsletters and some research products. However, rather than serving as "just another special interest group," they promote efficiency and effectiveness of government programs and attempt to facilitate intergovernmental partnerships at every level that are important especially to policy formulation and implementation. All perform research and build collaborative relationships among their members, as well as provide a host of services for them. The associations monitor and report on legislative and executive actions, develop and analyze policies, communicate in multiple formats with policymakers, and mobilize political support. The groups vary in their levels of sophistication, but all are service organizations for their dues-paying members. In addition to their Washington, DC offices, the NCSL and CSG have offices in Denver and Lexington, Kentucky, respectively, and the CSG also has regional offices. Many of the intergovernmental organizations have offices in the Hall of the States, which facilitates contact with each other and with members of Congress who represent their constituent governmental units.

## Government Growth Linked to Intergovernmental Lobbying

The growth of government programs and the proliferation of intergovernmental groups are linked. The generalist associations are a twentieth-century phenomenon, with formation and/or expansion occurring primarily during the New Deal era in the 1930s and in the 1960s and 1970s when Great Society programs were initiated to fight poverty and government programs required cooperation among and between governments at all levels. The earliest organizations grew out of the Good Government movement associated with confronting corruption and urban bosses as society urbanized and governments professionalized. The NGA was formed in 1908, ICMA in 1914, the CSG in 1933, and NCSL in 1948. NLC emerged in 1924, USCM in 1933, and NACo in 1936. The three local government generalist organizations within the Big Seven – NLC, USCM, and NACo – are still often called the urban lobby. The "C" in ICMA, which primarily promotes professionalism in government, originally stood only for cities but later came to designate cities and counties as the roles and responsibilities of counties expanded.

It is important to note that the intergovernmental lobby resembles other interest groups in its use of the courts to deal with policy issues of greatest concern. For example, the Big Seven has a State and Local Legal Center that works with its member organizations on filing amicus curiae briefs before the US Supreme Court to promote their policy initiatives, especially relating to federalism. One specialist group, especially, the National Association of State Attorneys General, is housed in Washington, DC, and is a powerful force in American litigation, with many states joining together for important lawsuits. An example of their success is states' ability to charge sales taxes on online purchases by consumers.

The Big Seven also has strong competitors. For example, conservatives created the American Legislative Exchange (ALEC) in 1973. Its founders argued that the NCSL was too liberal, despite its professed allegiance to nonpartisanship since entire legislatures are NCSL members. The founder of ALEC also cofounded the leading national conservative think tank, the Heritage Foundation, also in 1973. ALEC's members comprise a large number of state legislators as individual members, many in leadership positions. ALEC, Heritage, and the state affiliates of Heritage offer a well-coordinated network on a broad set of conservative issues and are known for drafting model laws that are proposed in state legislatures nationwide. Key issues include opposition to taxes and support for taxpayer bill of rights (TABOR) laws and opposition to civil rights laws, abortion rights, gun control, and many consumer, labor, and environmental laws. Liberal and progressive groups have attempted to form in response to ALEC, but none of the efforts have resulted in success matching the ALEC-Heritage-Heritage Affiliates reach.

## Specialist Organizations

The overall intergovernmental lobby is far larger than the generalist organizations that represent many state or local governments either at the national or state level. Thousands of specialist organizations also lobby for one or more issues, generally representing nonelected officials at both the national and state levels. Examples of specialists are the state attorney generals mentioned earlier, state highway and transportation officials, budgeting officials, and officials from highway, housing, and other substantive areas. Radin (1990) found that California, for example, had about 80 officials and agencies with Washington representation. Compared to the generalist organizations, there has been less research on the specialist or functional organizations (Berechman 2018; Marbach and Leckrone 2002) such as the National Association of State Budget Officers or the American Association of State Highway and Transportation Officials (AASHTO).

As government programs grew in complexity, with greater spending and regulations, the specialist organizations have increased in the significance of their impact. Changes in policymaking and service delivery systems expanded

opportunities for nearly every type of administrative speciality to influence legislation and programs. Congress itself is organized in terms of functional policy areas and the specialist organizations can provide highly detailed information to committees and individual legislators, as well as executive branch agencies. As such, staff of the specialist associations comprised of state and local officials often have relatively easier access than generalist associations to policymaking arenas.

## Intergovernmental Interest Representation Typology

Cigler (2012) presented a revised typology of her earlier (Cigler 1995) depiction of the gamut of state and local interest representation in the American political system, which is even broader than discussed thus far in this essay. The typology includes the Big Seven and state-level generalist organizations, the single jurisdictional representation of state and local governments, and specialist organizations promoting functional interests. The typology includes additional components: new and resurgent generalist associations, public interest organizations, and an informational infrastructure. Each is discussed briefly below.

A number of generalist government organizations were established in the 1980s and 1990s or created earlier and grew stronger during that period – all much later than the founding of the Big Seven organizations. Some of the younger generalist organizations think that the term Big Seven is outdated and that there is a Big Eight or Big Nine or more. Examples of the newer generalist organizations are the National Association of Towns and Townships (NATaT) and the National Association of Regional Councils (NARC).

Just as the generalist organizations comprising the Big Seven emerged as "products of the times," so did these newer generalist organizations. Most people live in large cities and counties, but small local jurisdictions are the most numerous governmental units. NATaT, founded in the 1960s, saw a resurgence in the 1980s during the Reagan administration as a largely conservative group. Strong membership services and ties to township associations within several states helped NATaT achieve policy successes and expand its role.

NARC gained in importance because geographical organization of metropolitan areas does not necessarily match the nature of policy problems, which spill over jurisdictional boundaries. Regional organizations can be an alternative to or a supplement for the established generalist associations representing spatially defined entities such as cities in dealing with functional policy concerns.

The National Civic League, founded in 1894 as part of the "good government" reform movement, then called the National Municipal League, is an example of a resurgent organization. There are several thousand nonprofits promoting citizen engagement in issues of governance in their communities. Such groups sponsor conferences, networking, and publications by recruiting dues-paying members. Thousands of organizations, especially those focused on urban and environmental topics, have emerged. Depending on the policy area, they often work with the major intergovernmental groups, although there may be disagreements on ideology and goals.

When there are perceived threats to poverty, child welfare, civil rights, environmental, and other sectors the rate of group formation increases. Once again, these organizations have competition, especially from conservatives and right-wing think tanks opposed to what they perceive as taxpayer-funded lobbying since their work, in part, is drawn from funds from programs they support. The public interest organizations, however, claim to promote key values in the political system: responsiveness, representativeness, accountability, equity, and effectiveness, not just ideological positions on policies.

Another component of Cigler's state and local interest representation typology (2012) is the array of national- and state-level units that facilitate understanding of intergovernmental issues through research and data collection in light of a longstanding decline in the national government's institutional capacity for analyzing intergovernmental issues, especially since the early 1980s. Many of these units are within government, such

as the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and congressional subcommittees. Similar units exist in states and the key offices for increasing analytical strength, such as the former Advisory Commission on Intergovernmental Relations (ACIR), were either eliminated or saw substantial diminishment of financial and other support. The decline of government's analytical ability to understand intergovernmental issues have lessened the capabilities of the national and state intergovernmental associations as well as the access they had to such resources previously.

## Conclusion

The relative success of the components of the intergovernmental lobby within public administration depends on the issue and many organizational factors such as size, resources, cohesion, and leadership, among many other factors. After decades of little research, recent years have seen a significant surge of interest and research on the intergovernmental lobby. Much more is known about the Big Seven than specialist organizations. Relatively little research has focused on state-level organizations until recently (Payson 2017, 2020a, b). Jensen (2019) has recent provided a review of the utility of research findings on intergovernmental lobbying. These recent works are recommended as initial reading for those interested in the topic of government-to-government lobbying.

## References

Berechman J (2018) The infrastructure we ride on: decision making in transportation investment. Palgrave Macmillan, Cham

Cammisa AM (1995) Governments as interest groups: intergovernmental lobbying and the federal system. Praeger, Westport

Cigler BA (1994) The county-state connection: a national study of associations of counties. Public Adm Rev 54: 3–11

Cigler BA (1995) Not just another special interest: Intergovernmental representation. In: Cigler AJ, Loomis BA (eds) Interest group politics, 4th edn. CQ Press, Washington, DC, pp 131–153

Cigler BA (2012) Not just another special interest: the intergovernmental lobby revisited. In: Cigler AJ, Loomis BA (eds) Interest group politics, 8th edn. CQ Press, Washington, DC, pp 264–296

Haider DH (1974) When governments come to Washington: governors, mayors, and intergovernmental lobbying. The Free Press, New York

Jensen JM (2016) The governors' lobbyists: federal-state relations offices and governors associations in Washington. University of Michigan Press, Ann Arbor

Jensen JM (2019) Intergovernmental lobbying in the United States: assessing the benefits of accumulated knowledge. State Local Gov Rev 50(4):270–281

Marbach JR, Wesley Leckrone J (2002) Intergovernmental lobbying for the passage of TEA-21. Publius J Federalism 32:45–64

Payson JA (2017) When are local incumbents held accountable for government performance? Evidence from U.S. School Districts. Legis Stud Q 42(3):421–448

Payson JA (2020a) The partisan logic of city mobilization: evidence from state lobbying disclosures. Am Polit Sci Rev 114(3):677–690

Payson JA (2020b) Cities in the statehouse: how local governments use lobbyists to secure state funding. J Polit 82(2):403–417

Radin BA (1990) California in Washington: California public organizations in the nation's capital. In: Kirlin JJ, Winkler DR (eds) California policy choices. University of Southern California School of Public Administration, Los Angeles, pp 279–3000

Salisbury RH (1984) Interest representation: the dominance of institutions. Am Polit Sci Rev 78(1):64–76

# Local Autonomy in South Korea

Chad David Anderson
Department of Public Administration,
Incheon National University,
Incheon, Republic of Korea

## Synonyms

Decentralization; Local government; Local governance

## Introduction

National governments are presented with a range of choices regarding administrative organization

according to geographical area that range from highly centralized to highly decentralized. The main trade-offs are between clear responsibility and less duplication of services in centralized systems and greater flexibility and more local accountability. These choices have important consequences for the nature of power, politics, local government functions, and resources (Peters 2001: 151–152). Decentralization, also known as local autonomy, is the process where authority is redistributed from centralized authority to local authority (Bahl 2008). The Republic of Korea has increased local autonomy along with democratization, giving local government more to do, in addition to more budgetary discretion. The current level of local autonomy is based on long-standing efforts since liberation in 1945 in favor of independent elected government that came to fruition as part of the establishment and implementation of the current representative democracy.

The Republic of Korea is a unitary state with a strong national government that delegates authority to various local divisions and subdivisions of the country. The current system of South Korean local autonomy should be understood in the context of what immediately preceded it: the direct control of regional and local government administration by the national government. Even with local autonomy, "national governments still maintain centralized power over local government through supervision of delegated functions central government branch offices, and financial subsidies" (Kim 1997b: 254).

## Origins and History of Local Autonomy

This current system of local autonomy is relatively recent, based on the Constitution of 1988 that established the current system of government. However, the roots of local autonomy date back to the Local Autonomy Act of 1949, which was passed shortly after the 1948 founding of the Republic of Korea. Modern Korean administrative divisions in both the North and the South are based on the eight provinces (Pyeongan (P'yŏngan), Hamgyeong (Hamgyŏng), Hwanghae, Gyeonggi (Kyŏnggi), Gangwon (Kangwŏn), Chungcheong (Ch'ungch'ŏng), Gyeongsang (Kyŏngsang), and Jeolla (Chŏlla)) established during the Joseon (Chosŏn/Chosun) Era (1392–1897) (Nahm 1999: 51) (There are a number of different systems of transliterating Korean. This chapter uses the Revised Romanization adopted by the Korean government since 2000 with common English spellings for names of Koreans, as recommended by the Revised Romanization. When this results in a difference in spelling with a source or with common English usage, the other spelling is given in parentheses.). These have been maintained in modified form through Japanese occupation, national division, and all of the subsequent six South Korean republics since the founding of the first in 1948 (see Fig. 1).

The level of subnational decentralization is related to the organization of the entire political system (Peters 2001: 151). During the 500 years of the Joseon (Chosŏn/Chosun) era in Korea prior

**Local Autonomy in South Korea, Fig. 1** The historical provinces of Korea

L

to the twentieth century, strong central authority based on the king and his government in the capital was both the practical reality and the ethical ideal. The scholars staffing and advising the bureaucracy both from the idealistic neo-Confucians and their more realistic legalist critics held centralized authority to be a virtue in Joseon (Chosŏn/Chosun). Local affairs were run by authorities appointed by the crown. These local authorities were further monitored by inspectors from the capital (Kim 1997a). However, centralized power was not absolute but was checked by both the scholarly bureaucrats and scholarly nobles outside of government. The Confucian concept of self-rule by virtue found expression in local affairs, as through *yuhyangso* (office of local self-rule), *hyangyak* (self-help societies), and even the system of *gye* (a collective investment savings system with a rotating payout) (Ahn 2005: 25). However, these local autonomous institutions were more "moral than political" in function (Cho 1993: 229). There were also remote areas too inaccessible to be under direct royal supervision where local elites ran their own affairs in line with what they understood to be state priorities.

Close supervision of local affairs by the central government is one common trait of centralized rule (Peters 2001: 151). This provided a common thread from the authoritarian system under the monarchy, through Japanese rule, US military occupation, and postwar authoritarian rule (Kim 1997a). The usurpation of state authority under Japanese occupation continued this general system of direct control of local affairs by authorities appointed by the Japanese Governor-General. It also ended the decentralizing trends in Joseon, further concentrating state power. The major innovation took place during the period when Japanese occupation was based on the ostensible premise of preparing Korea for self-rule when the Japanese also operated local advisory councils for the purpose of assisting Japanese occupation (Kim 1997a: 84).

Following liberation and national division in 1945, the US Military Government in Korea largely continued the Japanese system, although purged of Japanese, with plans for local self-rule under the provisional government ultimately postponed until the creation of the Republic of Korea in 1948. In spite of any plans to the contrary, the military nature of the occupation did mean that centralized authority was actually intensified during this time (Kim 1997a: 87).

The Local Autonomy Act of 1949 then defined the initial system of local governance under the First Republic. However, implementation of local self-governance was again postponed, this time due to political conflict. President Syngman Rhee (Lee Seung-man) pressed for implementation in 1952 during the Korean War as part of plans to extend his rule under the rationale that consistent administration was necessary for implementing local self-government though done to enhance the power of the central government in Seoul (Ahn 2005: 26). The elections for the new local councils were held during the war (Choi 2016: 135).

After Rhee (Lee) was forced from power in 1960, the Second Republic prepared and enacted full autonomy as part of a broad plan for decentralization. However, local autonomy was overruled and abolished when Park Chung-hee (Park Jeong-hui) overthrew the government in a military coup. The Park regime used the primacy of national security and an emphasis on economic growth for national development to justify suppressing any moves toward decentralization or local autonomy. Under President Park, the Ministry of Home Affairs exercised overall control of local affairs through elite bureaucrats dispatched from Seoul and answerable to the Ministry (Kim 1997a). The intent was to maintain close supervision of local affairs by the central government under the assumption that anything less than tight control would lead to democratizing pressures. However, it is common that this level of control often results in the central government representatives overseeing local affairs acting as mediators between national and local interests or even to their co-optation by local interests where they then represent local desires to the national government (Peters 2001: 151). The system of national appointment

of local officials was to continue for about 30 years through the Third, Fourth, and Fifth Republics.

Decentralization has been used internationally as a tactic for dealing with ethnic differences (Peters 2001: 152), which was not a concern in mono-ethnic Korea. However, Korea was increasingly divided along regional lines, and uneven development was also an increasing problem. In addition, the opposition came to see local autonomy as part of the pro-democracy movement. President Chun Doo-hwan (Jeon Du-hwan) faced increasing popular protest from the democracy movement with citizen demands for restoring local autonomy and the direct election of the president. President Chun (Jeon) agreed to this agenda in 1987, and his fellow former general Roh Tae-woo (Roh Tae-u) was elected in December of that year (Song 2009; Bae and Kim 2013). The Local Autonomy Act was then revised and redrafted in 1988. On the other hand, the actual implementation of local autonomy was delayed for years until the first local council elections were held in 1991. The first elections for local executives were not held until 1995 (Ahn 2005: 27). The process of establishing Korean autonomy was largely controlled by negotiations among actors at the center of Korean politics, in particular between the authoritarian government and the opposition parties (Song 2009; Kim 2010; Bae and Kim 2013).

## Structure of Local Autonomy

South Korea is divided beneath the unitary central government into two levels of autonomous government and a lower level of purely administrative divisions (see Fig. 2). Regional government represents the highest level of autonomous government authority under the central government and includes 17 autonomous governmental entities, including nine provinces and eight cities independent of adjacent or surrounding provinces. The provinces include eight regular provinces descended from those established during the Joseon (Chosŏn/Chosun) Dynasty-North Chungcheong (Ch'ungch'ŏng), South Chungcheong (Ch'ungch'ŏng), Gangwon (Kangwŏn), Gyeonggi (Kyŏnggi), North Gyeongsang (Kyŏngsang), South Gyeongsang (Kyŏngsang), North Jeolla (Chŏlla), and South Jeolla (Chŏlla), as well as the island of Jeju (Cheju), a special self-governing province. The eight cities include the special city of Seoul, the special self-governing Sejong City, and the six metropolitan cities of Busan (Pusan), Daegu (Taegu), Daejeon (Taejŏn), Gwangju (Kwangju), Incheon (Inchŏn), and Ulsan (see Fig. 3 and Table 1) ("Metropolitan city" does not refer to metropolitan areas but is the translation for the Korean language designation *gwangyeoksi* for the class of consolidated autonomous cities at the level of regional government. For example, Incheon Metropolitan City falls within the Seoul

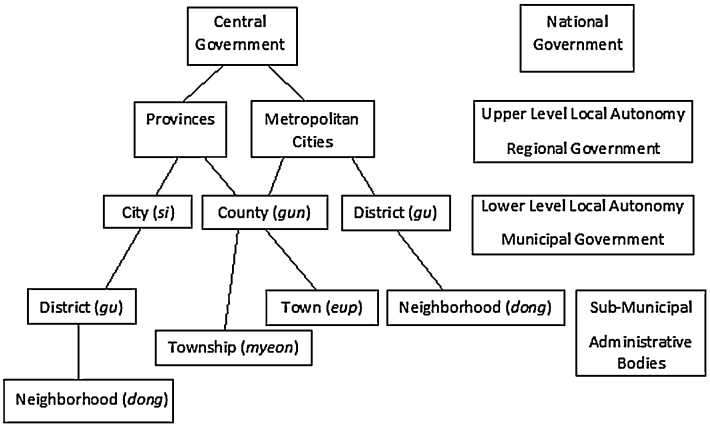


**Local Autonomy in South Korea, Fig. 2** The structure of South Korean government. (Developed from Choi 2016)

L

**Local Autonomy in South Korea, Fig. 3** The present provinces and metropolitan cities of South Korea

**Local Autonomy in South Korea, Table 1** The metropolitan cities and provinces of Korea. (Source: KOSIS 2019)

| City name | Designation | Population (2017) |
|---|---|---|
| Seoul | Special city | 9,741,871 |
| Sejong | Special self-governing city | 276,589 |
| Busan (Pusan) | Metropolitan city | 3,416,918 |
| Daegu (Taegu) | Metropolitan city | 2,453,041 |
| Daejeon (Taejeon) | Metropolitan city | 1,525,849 |
| Gwangju (Kwangju) | Metropolitan city | 1,496,172 |
| Incheon (Inchŏn) | Metropolitan city | 2,925,967 |
| Ulsan | Metropolitan city | 1,157,077 |
| Province name | | |
| North Chungcheong (Ch'ungch'ŏng) | Province | 1,611,009 |
| South Chungcheong (Ch'ungch'ŏng) | Province | 2,162,426 |
| Gangwon (Kangwŏn) | Province | 1,521,386 |
| Gyeonggi (Kyŏnggi) | Province | 12,851,601 |
| North Gyeongsang (Kyŏngsang) | Province | 2,677,058 |
| South Gyeongsang (Kyŏngsang) | Province | 3,345,293 |
| North Jeolla (Chŏlla) | Province | 1,826,174 |
| South Jeolla (Chŏlla) | Province | 1,792,319 |
| Jeju (Cheju) | Self-governing province | 641,757 |

metropolitan area but has its own separate autonomous status.).

The next level of autonomous government is made up of municipalities underneath the provinces and special and metropolitan cities. The provinces are divided into urban cities (*si*) and rural counties (*gun*), while the metropolitan and special cities are divided into urban districts (*gu*) and rural counties (*gun*). These provincial cities, urban districts, and counties make up a third level of government, all entitled to self-government under the Local Autonomy Act.

There are further subdivisions that exist at an administrative level to implement higher legal and administrative acts within their jurisdiction. Urban districts (*gu*) are divided into neighborhoods (*dong*). Counties (*gun*) in provinces and metropolitan cities are divided into towns (*eup*) and rural townships (*myeon*). Provincial cities have nonautonomous districts (*gu*) as well as neighborhoods (*dong*), towns (*eup*), and townships (*myeon*) (see Fig. 2). (The English terms in use vary. *Gu* may be known as districts, wards, and even boroughs. *Dong* may be called neighborhoods, villages, wards, and districts. *Myeon* may be called town, township, or community. *Gun* is generally called a county.)

The three special regional entities have a special structure. Seoul is purely urban, with only districts (*gu*) and neighborhoods (*dong*). Sejong City was recently created to serve as the new administrative capital from a county. The city has no districts (*gu*), only two neighborhoods (*dong*), one town (*eup*), and nine townships (*myeon*). It is also still smaller in population than many provincial cities. Jeju has 2 cities, no counties, 4 towns (*eup*), 3 townships (*myeon*), and 19 neighborhoods (*dong*).

While municipalities may be merged or split, their self-governing status means a local referendum is required and the residents and the governing local council and government are required to consider the public interest as well as the social, cultural, and economic interests of residents when drawing up proposed changes. Residents and the governing local council have the power to decide the boundaries and the total quantity of municipalities within a regional jurisdiction. Unlike the international pattern, which has been moving toward consolidation (Peters 2001: 153), the trend in Korea has been toward an increasing number of most local autonomous government entities. Right after the first round of elections for local executives in 1995, there were 15 regional governments (provinces and metropolitan and special cities) with Ulsan added in 1997 and Sejong in 2012 for the present 17, 68 provincial cities increased to 75 plus two administrative cities, and 74 urban districts increased to 69 autonomous and 35 administrative. Only the 102 rural counties decreased to 82, following the decline in rural populations (Kim 1997b: 238; Choi 2016: 138).

The main entities of both the regional (provincial/metropolitan) and municipal (city/district/county) levels of government are the local council and the local executive (governor for the provinces, supervisor for the counties, and mayor elsewhere). (The Korean term for governor is *jisa*, county supervisor is *gunsu*, and mayor adds -jang to the name of the entity, i.e., *sijang*, *gucheongjang*, *dongjang*, *eupjang*, and *myeonjang*.) There is no legal differentiation among different types of local government operating at the same level under the Constitution and the Local Autonomy Act, except that governments with a population greater than 500,000 incur extra administrative burdens. In addition, the three special entities (Seoul, Sejong City, and Jeju (Cheju)) are governed by special laws that set them apart from other regional governments (Choi 2016: 138).

Accountability to local voters is a critical feature of local autonomy (Bahl 2008: 6). As mentioned above, the local councils were elected first, in 1991, and then both council members and local executives were elected in 1995 (Ahn 2005: 27). Return to local elections had been a key demand of the democracy movement in the 1980s and was likewise supported by the elected members in the opposition to President Chun (Jeon). The transition to local elections was heavily contested and debated in the national government. President Chun's (Jeon's) successor, Roh Tae-woo (Roh Tae-u), a fellow former general and member of the same party, worked to slow down

implementation of local elections, while the opposition parties pushed for faster implementation. President Roh tried to delay elections indefinitely but faced a crisis in 1991. The government and the opposition compromised to allow immediate election of councils, with the election of local executives in 1995, after Roh's term was over (Ahn 2005: 27–28; Bae and Kim 2013).

Local councils are elected for both the regional and municipal level local governments every 4 years. Representation is on the basis of population, so the number of council members elected increases or decreases with the population. Election was initially for single-member districts, but the elections have been for proportional multimember districts since 2006 (Park 2006: 17). Local executives are also chosen every 4 years, at the same time as local councils. The number of regional executives has increased with the addition of Ulsan and Sejong City. The number of municipal executives has decreased slightly on the other hand, due to consolidation in rural municipal counties declining in population (Choi 2016).

The local councils were established first, in advance of independent elected executives, and act as the representative body as well as the highest authority for a local government in the realm of autonomous functions (Park 2006; Choi 2016). For example, the council has the authority to pass ordinances, set the draft budget, and to perform other tasks no other body is explicitly assigned by law. The size of a council is based on local population. Local council members are elected every 4 years by a plurality of local citizens for seats, with extra seats assigned on the basis of proportional representation. There was an expectation that the institution of local legislative authority would increase democracy in Korea (Ahn 2005: 27–28). However, local councils tend to lack policy expertise and the resources to enact detailed policy reflecting the people's will, so the local bureaucracy has tended to be more active in bringing forward proposals (Park 2006: 19).

The elected local executive is also chosen by a plurality of local voters every 4 years. The local executive is chief of the local administration and local government employees, manages the budget, and manages and maintains local property (Park 2006; Choi 2016). The executive may also table motions and give instructions. The executive is responsible to the local council in its area of authority and to the central government for carrying out tasks delegated by it. The local executive may be dismissed by the court for illegal actions and may also be recalled by citizens. However, the executive has been the focus of politics and the exercise of power. The mayor represents a broader geographical area than individual council members. In addition to this, control over the budget, the bureaucracy, and appointments gives the local executive a number of advantages that has given them the ability to dominate local politics (Park 2006: 20). In spite of the famous example of Seoul Mayor Oh Se-hoon (O Sehun) quarrelling with an opposition council, the experience of executive-council relations has been less contentious (Lee and Anderson 2015). The first decade of local autonomy saw a regular pattern of deference to local executive authority, with close to 90% of executive-initiated ordinances being passed across the nation in the fourth and fifth local council sessions across the nation (Ahn 2005: 31; Park 2006: 19–20).

## Functions

Central governments around the world generally use subnational governments to implement national policy priorities (Peters 2001: 152). Autonomous local government in Korea is given power to address responsibilities delegated by the central government as well as to deal with issues that only concern the local jurisdiction. The first set of issues is the delegated responsibilities, and the latter represent the autonomous responsibilities. The division in number of actual functions between the two is close to 1:1, with delegated responsibilities making up about 48% of the total and the autonomous responsibilities accounting for the other 52%. The central government, however, still accounts for three-quarters of all government functions (Kim 1997b: 239).

The Local Autonomy Act specifies the functions local government must perform. As part of their local autonomy, local governments are given little direction as to how to carry out autonomous functions. On the other hand, the central government provides instructions for carrying out delegated tasks, and the instructions may be very specific.

Local authorities may be involved in any matter falling into its local area except for diplomacy and national security and defense, which are the exclusive responsibility of the central government. Specifically, the Constitution calls for local authorities to attend to the welfare of local residents and protect their property (Choi 2016: 135). In addition, they are to enact ordinances and regulations as necessary to meet responsibilities as delegated by the national government and may also do so as they choose within the realm of autonomous responsibilities. The areas of "exclusive or preponderant common interest of local residents" represent the main basis for local self-government autonomous and independent of higher authority (Choi 2016: 137).

The Local Autonomy Act also differentiates between different autonomous duties by level, including a detailed listing of possible local functions. This includes selection of local personnel, local development and economic management, local welfare, and local planning. In practice, these things include social welfare provision, transportation, waste collection, libraries, cultural and sports facilities, health facilities, and sewage and environmental maintenance, among others. Many of the delegated functions, like registering residents and maintaining data for election rolls, involve areas of shared concern across governmental levels.

Decentralized systems around the world do not tend to provide many resources or ensure uniformity of services across different local governments (Peters 2001: 152). However, the Korean central government exercises a number of controls over local governments. Though local government is autonomous when carrying out autonomous functions, it reports to the governing national ministry when exercising delegated functions. Furthermore, apparent autonomy is attenuated due to the great need for intergovernmental cooperation. This happens within a level as when Gyeonggi (Kyŏnggi) Province, Incheon, and Seoul cooperate on issues affecting the capital region such as shared resource management and shared transportation infrastructure. It happens across levels as municipalities and regional governments, theoretically independent of each other, regularly consult and cooperate regarding anything that could impact the other. As anything a metropolitan does regarding urban development, for example, will affect the districts (*gu*) inside of the city, there is substantial cooperation on a wide range of issues.

In addition to direct supervision of delegated functions, the Local Autonomy Act also provides for the central government to exercise further control over the autonomous levels of government through a system of local supervision. The purpose of supervision is to check that local governments are operating in accordance with the law, and the supervisory authority has the power to stop actions or ordinances that are against the law. In addition, the National Assembly conducts regular annual inspections that may target local government either through examination of central government bodies to which local government is responsible or through enforcement of anti-corruption measures (Ahn 2005: 52; Choi 2016: 144).

## Resources

Fiscal decentralization has been identified as "the empowerment of people by the empowerment of their local governments" (Bahl 2008: 4). One issue that has been raised since the implementation of local autonomy is the issue of finances. The range of fiscal resources varies greatly among governments, with some governments having very little independence. Of course, Seoul, by its very size and special status, enjoys substantial resources and can accomplish a great deal with its resources that cannot be done by other local governments (Lee and Anderson 2016). There has been some effort made to give local governments more resources by transferring

**Local Autonomy in South Korea, Table 2** Provinces and metropolitan cities ranked by proportion of own-source revenue. (Source: MOIS 2019)

| City name | Designation | Fiscal autonomy (2018) (%) |
|---|---|---|
| Seoul | Special city | 83.80 |
| Sejong | Special self-governing city | 67.78 |
| Gyeonggi (Kyŏnggi) | Province | 61.64 |
| Incheon (Inchŏn) | Metropolitan city | 61.26 |
| Ulsan | Metropolitan city | 54.69 |
| Busan (Pusan) | Metropolitan city | 51.69 |
| Daegu (Taegu) | Metropolitan city | 48.40 |
| Daejeon (Taejeon) | Metropolitan city | 44.65 |
| Gwangju (Kwangju) | Metropolitan city | 44.37 |
| Jeju (Cheju) | Self-governing province | 43.55 |
| South Gyeongsang (Kyŏngsang) | Province | 36.63 |
| South Chungcheong (Ch'ungch'ŏng) | Province | 33.61 |
| North Chungcheong (Ch'ungch'ŏng) | Province | 32.43 |
| Gangwon (Kangwŏn) | Province | 27.52 |
| North Gyeongsang (Kyŏngsang) | Province | 27.47 |
| North Jeolla (Chŏlla) | Province | 24.51 |
| South Jeolla (Chŏlla) | Province | 21.41 |

taxes from the central government to the local governments as well as through subsidies and grants. The actual level of fiscal autonomy in general has been estimated to be about 90% of the OECD average (Choi 2016: 149–150). Table 2 shows the level of fiscal autonomy for all of the provinces and metropolitan cities.

However, the central government has maintained the strongest taxes for itself. The national government receives the proceeds from the corporate income tax, individual income tax, and the value-added tax (VAT), among others. Provinces have the real estate acquisition tax, the registration tax, and licensing fees, among others. Provincial cities and counties have the resident's tax, the property tax, the city planning tax, and the automobile tax. Metropolitan cities and their urban entities have the same list of local taxes, though the mix is different, with the urban districts (*gu*) depending on property taxes, licenses, and business registrations, while the metropolitan governments have the others (Kim and Kim 2003). Local governments do not have a great degree of flexibility but can make use of user fees as well, and urban districts (*gu*) sell volume-based trash bags to raise funds but also manage solid and food waste. Overall, intergovernmental transfers (mostly from higher government sources) account for 60% of local government funding, local taxes provide about 32%, while user fees, sales, rents, and other sources make up the other 8% (Kim and Kim 2003; Choi 2016: 146).

In spite of roughly half of tasks being delegated, there is greater discretion for expenditures than for revenues as the central government does not provide strict budget guidelines. This discretion has led to some issues. These include a lack of planning so that priorities may rapidly change with a change of administration. There has been increasing public demand for welfare, so expenditures have grown significantly over time, especially with the institution of free school lunches in some jurisdictions since 2010. Overall there has also been a stress on political rationality over economic rationality, with pet projects and prestige spending sometimes going forward even when not economically justifiable. On the other hand, entitlements and matching fund requirements

have the effect of limiting discretion somewhat (Kim and Kim 2003).

Actual expenditures across different types of governments in recent years have been divided between education (43.5%), general services (26%), economic affairs (15%), environment (4%), public order and safety (4%), culture (2.5%), health (2%), social protection (1.5%), and housing (1.5%) (Choi 2016: 148). Naturally, there is significant variance according to the type and size and resources of various governments. In addition, there has been some use of spending assigned in one area to accomplish other purposes. For example, culture spending seems to have been used to provide welfare, particularly under more liberal politicians, while culture has also been used for development purposes under more conservative politicians (Lee and Anderson 2015).

The discrepancy between the low level of discretion in raising revenues and the great discretion in expenditures means that there has been a temptation to spend. This has led to debt crises in some jurisdictions, particularly at the regional level where residents may look to Seoul for what they think is possible while local officials have more modest resources available (Kim and Kim 2003). The 2010 election may have been tipped in Incheon (Inchŏn) when the challenger publicly revealed at a debate the actual amount of the city's debt to the shock of many members of the public. Even so, maybe hamstrung by his own fiscal prudence, he failed to win the reelection 4 years later after administering through austerity.

## Opportunities and Challenges

Local autonomy has achieved a significant amount since its implementation in South Korea. These include an expanded scope for representative democracy, with more elections and more opportunities for public input into governance. There has been a measure of decentralization and the ability for local citizens to exercise more discretion in addressing their own affairs. Civil society has expanded at the local level as organizations previously active at the national level expand to press for local changes and new organizations are formed at the local level. Policy innovations and reforms have come about, particularly in local development strategies, open government policies, improvements in civic petitioning of local government, and improved health services (Ahn 2005).

On the other hand, there have been problems and challenges. These include legacies of authoritarianism, with the central government continuing to limit local autonomy through limiting resources, through supervisory authority, and through inspections as well as local elites taking advantage of the position of the local executive to concentrate power (Kim 1997b; Ahn 2005). This very power also gives an opening for irresponsibility and corruption among elected officials. Resident satisfaction with local policies is often low, and corruption has continued with bribery, numerous violations of election law, and political fraud (Ahn 2005: 55–56). Patronage spending and waste on economically unviable projects have also been an issue (Kim and Kim 2003; Ahn 2005: 58–59).

Local government does not have much of a participatory character, but instead retains a strong representative character. Even so, the representative local councils have largely deferred to local executives, who often wield more power than legislators in national government (Ahn 2005). The local council does not seem to have fulfilled its democratizing potential, although the example of the council battles in Seoul covered well by the national media would suggest otherwise (Lee and Anderson 2015).

Although there have been increases in civic activity at the local level, it is not always clear how well local residents understand and engage in local issues. Local elections seem to be used by voters as a referendum and check on the current government, and this nationalization of elections has restricted the features of local accountability, while local election results have generally replicated regional patterns of political support (Park 2006: 16). Context matters in relation to the fortunes of a president's party in local elections,

particularly as the presidential term lasts 5 years while local elections are held every 4 years, and a president's popularity tends to decline over time (Song 2009: 189–190).

President Kim Dae-jung's party fared well in 1998 near the start of his term, but as he neared the end of his presidency with declining popularity in 2002, the conservative opposition won 11 of 16 regional executive offices (Song 2009: 189). Late in Roh Moo-hyun's (Roh Mu-hyeon) term in 2006, the conservative opposition made further gains (Song 2009: 202). President Lee Myung-bak (Lee Myeong-bak) had likewise lost his luster by 2010, and his party lost six regional executive offices, with gains made by all opposition parties. The 2014 elections were mixed. Relatively early in the Park Geunhye Administration, her party made gains overall, though the lead opposition did well in metropolitan cities, including Seoul. Following Moon Jae-in's (Mun Jae-in) popularity and public approval of his meetings with Kim Jong-un (Kim Jong-eun), his Democratic Party made major gains almost exclusively at the expense of the main conservative opposition Liberty Korea. At least since 2010, there have been deliberate attempts to encourage this, with the liberal Democratic Party and left Democratic Labor Party forming an electoral alliance to advance the program for free school lunches as the representative policy of their "welfare state theory."

There is also evidence that local voters vote more based on a reaction to the president's performance only when national issues have salience. Relative popularity of the incumbent local executive and support for a regional party are among the most important local factors. These tend to have more impact when there is little salience to national issues (Song 2009).

After a decline from 68% in participation in the 1995 local elections down to a low of 48.99% in 2002 (Park 2006), participation has steadily rebounded since to 51.6% in 2006, 54.5% in 2010, 56.8% in 2014, and up to 60.2% in 2018. This is in spite of elections requiring multiple complicated and potentially unrelated decisions for an electorate used to making one choice during presidential elections and two during National Assembly elections. Voters do seem to be warming to local government and are getting involved even as the process continues to become more complicated. There also seems to be an increase in civic activity at the local level (Bae and Kim 2013) and an increase in the number of civic groups nationally and active in local affairs since the implementation of local autonomy (Kim 2010: 802).

## Cross-References


- ▶ Centralization and Decentralization
- ▶ Comparative Decentralization Policy Trajectories in Egypt and Tunisia
- ▶ Concept and Experience of Decentralization in Latin America
- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Decentralization and Economic Growth in International Context
- ▶ Decentralization and Governance
- ▶ Decentralization in Lebanon
- ▶ Decentralization Promotion in Japan
- ▶ Federalism, Brazil
- ▶ Globalization and Subnational Governments
- ▶ History of Korean Urban Development
- ▶ Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making
- ▶ Korean Public Administration: Historical Approach
- ▶ Local Finance in Japan
- ▶ Local Governance
- ▶ Local Government Budgeting in Bangladesh
- ▶ Local Government in Uzbekistan
- ▶ Local Governments and the Property Tax in the USA
- ▶ Local Governments in Russia
- ▶ Local Governments, Brazil
- ▶ Local Politics
- ▶ National and Local Governments Relationship in Bangladesh
- ▶ Politics and Government in Hong Kong
- ▶ Regional Governance
- ▶ Territorial Fiscal Self-rule

## References

Ahn C-S (2005) National democracy and local governance: appraising a decade of local democracy in South Korea. In: Ahn C-S (ed) New development in local democracy and decentralization in East Asia: Korea in comparative perspective. Seoul National University Press, Seoul, pp 24–67

Bae Y, Kim S (2013) Civil society and local activism in South Korea's local democratization. Democratization 20(2):260–286

Bahl R (2008) The pillars of fiscal decentralization. CAF working paper, 2008/07. CAF, Caracas. http://scioteca.caf.com/handle/123456789/257 Accessed 27 May 2019

Cho C-H (1993) The politics of local self-government in South Korea. In: Kim K-W, Jung Y-D (eds) Korean public administration and policy in transition: volume 1, governmental institutions and policy processes. KAPA, Seoul, pp 229–238

Choi Y-C (2016) Local government. In: Park K-K, Lee W, Lee S-H (eds) Understanding Korean public administration: lessons learned from practice. Routledge, New York, pp 134–154

Hwang Y-W (1993) Determination of local government budget in Korea. In: Kim K-W, Jung Y-d (eds) Korean public administration and policy in transition: volume 1, governmental institutions and policy processes. KAPA, Seoul, pp 239–264

Kim BW (1997a) Korean bureaucracy in historical perspective. In: Kim BW, Kim PS (eds) Korean public administration: managing the uneven development. Hollym, Seoul, pp 76–93

Kim BW (1997b) Revitalizing the local public service in South Korea: new challenges, barriers, and strategies. In: Kim BW, Kim PS (eds) Korean public administration: managing the uneven development. Hollym, Seoul, pp 238–258

Kim S (2010) Public trust in Japan and South Korea: does the rise of critical citizens matter? Public Adm Rev 70(50):801–810

Kim P, Kim J (2003) Fiscal autonomy of Korean local governments and intergovernmental relations in the 1990s. J Public Budg Account Financ Manag 15(3):414–437

Korea Statistical Information Service (KOSIS) (2019) Statistical database. http://kosiskr and http://kosiskr/eng. Accessed 25 May 2019

Lee JY, Anderson CD (2015) Political orientation as a determiner of cultural expenditures at the district level in local Korean government. Hangugjachihaengjeonghagbo 29(2):1–14

Lee J, Anderson CD (2016) Urban development. In: Park K-K, Lee W, Lee S-H (eds) Understanding Korean public administration: lessons learned from practice. Routledge, New York, pp 170–186

Ministry of Information and Security (MOIS) (2019) Local Finance Integrated Open System. http://lofin.mois.go.kr/portal/main.do and http://lofin.mois.go.kr/portal/emain.do. http://lofin.mois.go.kr/websquare/websquare.jsp?w2xPath=/ui/portal/gongsi/item/sd002_tg002.xml&ix_code=A014. Accessed 25 May 2019

Nahm AC (1999) A panorama of 5000 years: Korean history, 2nd revised edn. Hollym, Seoul

Park C-M (2006) Local governance and community power in Korea. Korea J 46(4):9–32

Peters BG (2001) The politics of bureaucracy, 5th edn. Routledge, New York

Song BK (2009) Does the President's popularity matter in Korea's local elections? Pac Aff 82(2):189–209

# Local Church as Social Action

Sabrina D. Wooten
Strategic Impact Services, LLC, Walden University, Virginia Beach, VA, USA

## Definition

Virginia Poverty Measure (VPM): A measure that estimates poverty at the sub-state level, accounting for public assistance that impacts household economic security, such as food stamps, welfare programs, and housing assistance.

Targeting: Is a process which benefits are channeled to the members of the high priority group that a program aims to serve.

## Introduction

It is no secret that the tumultuous effects of the economy negatively impacted localities, states, and as well as individual households. Most individuals know at least someone who is struggling with a mortgage payment, car payment, as well as everyday necessities such as food. The rising costs of taxes and unemployment have forced some individuals and households to seek help to obtain supplies as well as feed their families. In fact, the need is great across the nation, especially in Hampton Roads. There is a consistent rise in the need for food supplies and food bank services. According to the Foodbank of Southeastern Virginia, the number of clients served has increased

at least 24% from the same period last year (www.hamptonroads.com). Additionally, other Hampton Road agencies have similarly witnessed a growing demand for food and supplies.

Unfortunately, collecting monetary and food donations is not successful in providing the support and assistance required to address the level of disparity. Hence, current donations are not commensurate with the demand for food. Moreover, the high demand for food coupled with the shortage in resources and supplies leads to a significant shortage for the families and households located in Hampton Roads and beyond.

Proponents of the food bank industry are uncertain of the direct cause of the increased demand for food and supplies within the community. Yet, outreach workers, charity workers, and coordinators attribute the following factors to this enigma (Ibid):

1. Slow economic recovery from unemployment and under employment.
2. Sequestration – substantial budget cuts that have extracted defense funding vital to the region. An ODU study estimated that sequestration resulted in the loss of 12,000 jobs and 2 billion dollars in decreased spending.
3. Five percent cut in food stamp benefits and other programs.

The abovementioned factors impacted 211,000 households with children (Ibid). In addition, the elderly and veterans are negatively impacted as well.

One local church in Norfolk, Virginia, has partnered with other proponents of this social problem to help battle against poverty and hunger. Calvary Revival Church commenced working with the mayor of Norfolk, Virginia, and the Mayor's Commission on Poverty Reduction over 3 years ago to help provide solutions and recommendations to improve the lives of citizens living in poverty. The Mayor's Commission on Poverty Reduction contributed several factors to the immense level of poverty that persists in the Norfolk community. The commission noted factors such as the lack of education, job loss, unplanned pregnancies, as well as the lack of opportunities for a competitive salary to name a few (City of Norfolk, Communitas Consulting (CC) 2014). In addition, the commission elaborated further on the issue of education and employment in the following manner: "the two largest factors affecting poverty are educational attainment and economic opportunity. There is a strong and direct relationship between educational attainment, earnings and employability. The Bureau of Labor Statistics reports that in 2012 an adult (aged 25+) with a bachelor's degree earned about 60% more than an adult with just a high school diploma and was only about half as likely to be unemployed" (City of Norfolk, Communitas Consulting (CC) 2014).

As a result, the commission formulated a strategy that focuses on four critical areas that will stymie poverty in the future. The four factors consist of supporting early childhood development and parents, strengthening opportunities for adults to thrive in the workplace, improving the education and career paths of young adults, and revitalizing neighborhoods within the city (City of Norfolk, Communitas Consulting (CC) 2014). Consequently, it is also important to note that Calvary Revival Church led the discourse for revitalizing the Norfolk community. For instance, the organization coordinated and held community meetings to discuss a strategy to revitalize the local area with regard to generating revenue as well as attracting new corporations to the local area. In fact, the ministry had an intricate role in formulating a solid plan to rebuild the local business arena and marketplace near the church. The organization provided a substantial amount of feedback concerning this area and offered its expertise and facility to host subsequent meetings. Hence, Calvary Revival Church is committed to partnering with the citizens, business leaders, and government officials to bring future stability and transformation to the municipality. Furthermore, the organization is an integral partner, agent of change, and an oasis in the desert for the Norfolk community.

## Profile of Residents Served in Norfolk

A recent report on poverty in Norfolk provides a snapshot of the current situation; Norfolk had a 2012 unemployment rate of 12.8% representing 14,703 individuals. Statewide, the comparable rate is 4.8%. The unemployment rate is higher for those aged 16–24 years old (43.2%) than for those aged 20–24 (22%) and 25–44 (11.3%). Regarding education, individuals with less than a high school diploma had the highest unemployment rate (15.5%), followed by high school level education (11%) and some college or associate degree (11.2%).

Regarding race and ethnicity, African-Americans in Norfolk have an unemployment rate of 17.5%, compared to the unemployment rate for African-Americans statewide rate of 12.2% (City of Norfolk, Communitas Consulting (CC) 2014).

"In Norfolk and across the United States, those living in poverty are disproportionately young. While around 20 percent of Norfolk's population lives below the poverty level, more than one in four of Norfolk's children experienced poverty in the last year (versus one in seven children statewide.) Over half of Norfolk residents (about 22,300) living below the poverty level are under 25 years of age, and 35 percent (about 14,000) are children under the age of 18" (City of Norfolk, Communitas Consulting (CC) 2014). "Using the Virginia Poverty Measure (VPM) the authors estimate that in the West Hampton Roads region 18% of children live in poverty and another 26% of children live between 100% and 150% of the poverty line" (City of Norfolk, Communitas Consulting (CC) 2014). This accounts for a total economic insecurity rate of approximately 44% of children. About 32% of these children (or approximately 25,000 of 78,000 total children in or near poverty) live in married-parent families. The socioeconomical impact on children, youth, and minorities is staggering and unprecedented. The grave disparity in education and the lack of planning demonstrate that a diverse lifestyle and way of thinking must be embraced prior to effective change taking place. Accordingly, the individuals impacted by these external factors must take personal responsibility for the current situation and intentionally embrace steps to move forward in the future. Yet, progressing forward will not only require personal responsibility, this course of action will also require accountability from the key stakeholders that include government officials, community leaders, citizens, business professionals, parents, educational officials, and other neighborhood gatekeepers as well as conscientious planning. As a result, there is a call to action within the community and surrounding areas. The key players must execute the strategic plan that has been set forth by the commission and seek tangible results. Calvary Revival Church is at the forefront of this movement ready to work hand and hand with the proponents associated with this revolutionary change.

## Need for Food Bank Services

Recent statistics indicate that food bank services have increased in the Hampton Roads area about 24% (www.hamptonroads.com). Increased unemployment due to increased job loss is a major component of this development. Additionally, the reduction in social services such as Medicaid, food stamps, Medicare, and other pertinent programs have made it increasingly difficult to meet basic needs such as purchasing food, purchasing gas, paying utilities, and paying mortgages. Additionally, the major budget cuts with regard to the military in Hampton Roads have really hit home. In fact, every facet of Hampton Road's economy has been impacted by the budget cuts.

## The Local Church Provides Food Distribution Services

A local ministry, Calvary Revival Church located in Norfolk, Virginia, reaches out to support people in need who are impacted by economic hardship within the community. The outreach department operates a substantial food and clothing distribution program that serves participants throughout

the Hampton Roads area. The budget for this program is about $20,000, and the purpose of this program is to assist struggling families with basic needs and resources. The local church receives supplies from local organizations as well as weekly donations from congregants and local food banks.

## Organization Description

Calvary Revival Church consists of three separate entities to include the church, school, and a retail bookstore. The vast majority of staff members are members of the church and play a vital role in the organization. The church consists of a marketing department, outreach/mission department, human resource department, operations department, accounting department, and administration department. This organization is responsible for five local church plants, salvation of many souls, as well as the church home of citizens, local, national, and worldwide. The strategic outreach department operates a midsized food and clothing distribution program that serves the homeless communities in Virginia Beach, Norfolk, and Portsmouth.

## Strategic Outreach Department

The outreach department consists of an outreach director, one staff member, and several volunteers. The characteristics of the clients are as follows: individuals and households that have an annual income below the poverty line. Additionally, they represent a low socioeconomic and educational status. In addition, client participants are homeless, inner-city individuals who have succumbed to hard times. Consequently, statistics describe the characteristics of individuals who live in poverty as follows (www.dss.virginia.gov):

- Twenty-one percent have less than a high school education, 10% are high school graduates or have a GED, 4% have some college.
- Fifteen percent are 24 years old and younger, 8% are 25–64 years old and 8% are 65 years old and older.
- Thirty-one percent are households with children headed by females and 4% are married with children.
- Nineteen percent are Black individuals, 8% are Caucasian individuals and 8% are Asian individuals.
- Thirteen percent are Hispanic and 8% are non-Hispanic.
- Nineteen percent have a disability.

These individuals require services that are offered by the food distribution program available at the ministry.

The mission of the Strategic Outreach Ministries' Program is to reach urban and global communities with the Great Commission mandate. The food distribution program is a part of the Urban Mission Ministry. The goal is to provide food and supplies to residents of Norfolk on a weekly basis. Similarly, the goals and objectives of the overall outreach department are clearly defined as follows: "the overall goal of the Outreach Department is to reach the community through meeting the needs of people before proactively sharing the Gospel. The objectives of the department are met in the following manner:

1. Mobilizing community efforts through prayer and discipleship.
2. Establishing local sites to mentor and/or tutor students and adults preparing for the General Educational Development Exam (GED).
3. Developing a ministry dedicated to serving youth that encourages a lifestyle of positive self-image and strong moral character.
4. Providing food and clothing for the homeless in the community and those that need assistance" (Nyirenda 2014).

In addition, the goal and the objective of the food distribution program is as follows:

(1) "Come along side those who require food assistance by supplementing their grocery needs, but not taking on the role of meeting all their grocery needs" (Ibid).
(2) Help others embrace life, live life and give life.

According to Dr. Nyirenda, the Outreach Director, the goals and objectives of the program are met and exceeded each week (Ibid). Dr. Nyirenda states that this fact is evidenced by "the heart of gratitude" and the amount of clients that are serviced on a weekly basis (Ibid).

Accordingly, the effectiveness of this program stems from the fact that the program serves a high percentage of clients on a weekly basis. For instance, the volunteer staff serves about 839 families a month with an average of 4686 individuals per month (Ibid).

In the same manner, the outreach director states that the program requires at least "$146.00–$ 289.00" a week to feed the average family. The associated expense is successfully met each week as the organization adjusts its budget to the number of clientele served on a weekly basis (Ibid). Next, the food distribution program offers spiritual encouragement to the participants of the program. This characteristic is a tenet of the mission of the organization that includes the outreach program. The vision of the organization is to "build an overcoming church out of broken lives through the power of Jesus Christ" (www.crcglobal.org). In addition, the mission of the organization is to embrace life, live life, and give life. As a result, the outreach program was designed to minister to the natural desire for food and the spiritual need for salvation and transformation. Although this element of the program cannot be accurately assessed through cause-and-effect data, the ministry has experienced more than 20,000 salvations within the organization in the last decade of ministry. Furthermore, according to the outreach director, the lives of clients are changed because many of them express that they have received salvation and have changed their lives. For instance, several of the program recipients express gratitude and come back to serve as volunteers to support and serve others in need (Nyirenda 2014). Therefore, the director indicates that this characteristic is essential to the overall success of the program and the kingdom of God.

The strategic outreach department also expands its influence by reaching out to the homeless and impoverished who are on the streets of Norfolk, Virginia Beach, and Portsmouth.

For instance, the ministry team delivers food, blankets, water, and clothing to people in need by van on a weekly basis. Additionally, the ministry provides street ministry services on-site by spreading the Gospel of Jesus Christ and the message of salvation. Many lives are saved and transformed by the power of God.

In the same manner, the ministry visits local communities in Norfolk, Virginia, such as Calvert Square and Young's Terrace where the highest concentration of poverty exists providing door-to-door evangelism, mentoring programs, as well as the GED program. The following programs were designed and deployed by Calvary Revival Church to assist the needs of this community as well as other surrounding communities. For example, Kingdom Igniters provide community outreach with prayer walks and discipleship programs. Secondly, Kingdom Educators provide the ladies with a Mission mentoring program for girls and the My Brother's Keepers mentoring program for boys as well as the General Educational Development (GED program) for adults. Next, Kingdom Revivers provide ministry and support to local nursing homes in the Hampton Roads area. Finally, Global Missions partners with Bosnia, Uganda, Kenya, Dominican Republic, India, Southeast Asia, Columbia, and China and has planted numerous churches. The goal of the Global Mission program is as follows: (1) cutting-edge evangelism, (2) church planting (3), leadership development, and (4) economic empowerment.

Currently, Calvary Revival Church supports five church plans in Uganda and is in the process of establishing two more church plants. In addition, the goal for the future is to plant ten churches in Uganda and create the Calvary Mission Center that consist of a church, children's center, kindergarten, as well as a vocational training center. The Mission Center will serve one hundred (100) children in kindergarten, fifty (50) young people in the vocational training center, twenty (20) orphan children, and one hundred-fifty (150) people in the church. Hence, the ministry not only impacts the local community but the nations as well.

## Conclusion: Elements of an Effective Outreach Program

A brief literary review highlights the essential elements of an effective outreach program. First, Collins et al. reports that their outreach programs were effective as a result of "street" or community outreach in which the outreach workers worked one-on-one with participants (1999, p. 279). The outreach workers were successful in distributing HIV/AIDS prevention messages in the form of role models, safe sex materials, and personal persuasion tactics (Ibid). In fact, findings indicate that the outreach program and intervention can effectively modify AIDS/HIV behavior. Second, targeting was emphasized by Houssou and Zeller as an effective element of their outreach efforts to provide food to the poor and vulnerable (2011, p. 627). According to the authors, targeting involves two elements "first, defining who should receive benefits (e.g. poor, vulnerable) and second establishing mechanisms for identifying these people" (Ibid). Next, Rajabiun et al. researched and emphasized programs designed to identify, enhance, and evaluate service-delivery strategies to engage underserved HIV/AIDS primary care (2007, S-9). The authors accredit the successfulness of their outreach program to "relationship building, referrals. HIV information, appointment, accompaniment, service coordination, program information as well as HIV risk counseling" (Ibid, S-19). Finally, Brandon et al. reports that program design is an essential element to a successful outreach program (1994, p. 62). The authors note that there are two diverse models of outreach that require different program activities and organization. The two programs are individual client advocacy programs and community services programs (Ibid 1994, p. 76). Implementing the wrong model may result in major consequences. Thus, administration must implement the correct design model to experience a successful outreach program.

The authors also offer the following lessons to improve outreach programs (Ibid 1994, p. 77):

- Allocate primary resources to appropriate outreach efforts such as campaigns to increase participants.
- Select and implement the appropriate organizational strategy.
- Employ or increase staff to address increased participant numbers.
- Joint training must be mandatory with outreach program activities. "Training should be repeated periodically as legislative and administrative requirements change" (Ibid).

This organization has implemented the abovementioned elements to comprise an effective outreach program within the Hampton Roads' community. Matthew 5:13–14 confirms that the church is the salt of the earth and the light of the world. A city that is set on a hill that cannot be hid. One local church in Norfolk, Virginia, shines as a beacon of light in the Hampton Roads area by providing much-needed supplies, services, and food to those who are less fortunate. This organization made its primary function to serve the social needs of its citizens on a weekly basis. Although serving the needs of others is a challenge and a daunting task, this organization has served the community well for over twenty-six (26) years. As a result, this service has spawned a community of people whose lives are restored and forever transformed.

## Cross-References

► Christianity And Meeting The Needs Of The Poor, The Homeless, and the Imprisoned

## References

Anonymous (2013) Interview
Anonymous (2014a, b, c) Survey
Brandon RW et al (1994) Outreach for entitlement programs: lessons from food stamp outreach in Washington state. Soc Serv Rev 68:62–80
City of Norfolk, Communitas Consulting (2014) Norfolk plan to reduce poverty
Collins C et al (1999) Evaluation of the exposure of a theory-based street outreach HIV intervention on

African-American drug users. Eval Program Plann 22: 279–293
Frye D (2014a) Interview. Jan
Frye (2014b) and Wooten (2014)
Greenberg G et al (2007) Receipt of disability through an outreach program for homeless veterans. Mil Med 172: 461–465. www.hamptonroads.com. Accessed 28 Feb 2014
Nyirenda T (2014 Mar) Interview. www.Wikipedia.org
Wooten S (2014) Observation. p 1

# Local Economic Development Implementation

Akpeko Agbevade
Department of Political Science, University of Ghana, Legon, Ghana

## Synonyms

Locality development

## Definitions

| | |
|---|---|
| Local Economic Development | A bottom-up approach to development involving collaboration between local government units (LGUs), the private sector, nongovernmental organizations, and other actors utilizing available local resources aimed at creating new employment opportunities, income generation, and infrastructure provision with the object of poverty reduction and improved quality of life of residence within the LGUs. |
| Implementation | The translation of a public policy into action in order to achieve the stated objectives of the policy |

## Introduction

Local economic development (LED) as an alternative to top-down approach to development emerged from the global North during the late 1960s and the early 1970s (Blakely 1994: 50) following the development impasse, failure of preceding development approaches, and the unsatisfactory outcome of structural development adjustment programs (Blakely 1994: 50; Nel 2001: 1004). In the South, Nel (2001: 1004); Rodriguez-Pose and Tijmstra (2005: 3); Yatta (2015) and Helmsing (2003) argued that economic challenges, changes in the national and international economic environment, forced structural adjustment programs, natural and political shocks and their outcomes, namely, poverty, unemployment, a fall in industrial activities, debt crisis, colossal currency devaluation, and the inability of governments to intervene at the local level culminated in the implementation of LED as a development strategy. However, the developed and developing countries responded differently. While the former responded through heavy investment, big business support and large project developments undertaken by well-resourced local agencies, the latter took the form of community-based initiatives, utilizing indigenous skills and seeking primarily to ensure survival, rather than participation in the global economy (Mensah et al. 2013a:146).

This digest interrogates some of the nuances that shaped the implementation of LED as a public policy. The entry discusses the meaning to tease out some features of LED, the implementation strategies, financing LED, the actors, dynamics shaping LED implementation, beneficent outcomes, challenges in LED implementation, and conclusion.

## The Meaning of Local Economic Development

LED as a developmental and social science lexicon has a legion of definitions. Generally, LED has been defined as a partnership between the public, private, nongovernmental organizations,

and local government units (LGUs) with the principal goal of creating local employment (World Bank 2003: 1; The United Nations Human Settlement Programme (UN-HABITAT 2005: 2; Blakely 1994: 49). The partners in LED utilize available local resources (human, natural materials, and institutions) as well as formulate endogenous policies to create new employment opportunities for the local citizens. The UN-HABITAT (2005: 2) posited that it is aimed at improving the future quality of life of all people within a given geographical area with emphasis on the poor and marginalized and it is self-sustaining. The LED is therefore a bottom-up process, which is driven by local actors using local resources to develop the economic capacity of localities to improve the economic status and the quality of life of residence for poverty reduction in the LGUs. Agbevade (2018b: 9) extrapolated the following six features of LED. First, LED is an ongoing process involving several stakeholders sometimes with competing and conflicting interests. Second, LED is participatory in nature with the involvement of all actors. However, the extent of actors' involvement is contingent on its strength and resources. Third, it is territorial in approach. Thus, it focuses on localities and not sectors. Fourth, it uses the available resources of a locality to drive the employment creation, income generation, infrastructure development, and poverty reduction agenda of the area. Fifth, it is bottom-up in nature rather than the widely accepted top-down model of development and sixth, it is aimed at improving the quality of life of people within a locality through the economic stimulation with its resultant creation of decent jobs, income generation, and poverty reduction.

## Local Economic Development Implementation Strategies

Implementation in public policy refers to the series of activities undertaken by government and its institutions to achieve the goals and objectives stipulated in policy statements. It is regarded as the action phase of the policy process. Policy implementation sits within the "policy cycle," which involves series of discrete processes beginning with agenda setting, policy formulation/adoption, implementation, monitoring and evaluation, policy change or termination. LED policies are implemented through LED strategies.

LED strategies refer to planned actions for specific development goals of a community derived from the available opportunities – economic and social. Strategies are vital in the implementation of LED because they provide clarity of thought and generate consensus during the local economic development process (Blakely and Bradshaw 2002: 158). The UN-HABITAT (2005: 2) also sees LED strategies as process-oriented and nonprescriptive endeavors, which incorporate three elements, namely:

(i) Local values such as poverty reduction, basic needs, local jobs, integration of social and environmental values
(ii) Economic drivers, which include value-added resource utilization, local skills training, local income retention, and regional cooperation;
(iii) Development, which encompasses the role of structural change and the quality of development

Helmsing (2003) enumerated three new generations of LED initiatives, which are, community economic development, enterprise development, and locality development. It is from these initiatives that LED strategies are derived. Notable LED strategies include "One Village One Product" (OVOP) in Malawi, beekeeping in the West Nile in Uganda, tourism, Multi-Purpose Community Centers (MPCC) in South Africa, micro-credit provision, agro-processing, structural development, health and educational activities, upgrading the skills of artisans, provision of market, capacity development, business permitting, etc., in Ghana. LED has had minor impact due to the excessive concentration on the "hardware" aspect of LED, which is infrastructure instead of the "software" aspect, which encompasses training programs, access to credit, and other intangible strategies that promote local economic development (Oduro-Ofori 2016). The

effectiveness of LED strategies hinges principally on the creation of enabling environment by LGUs. Economic hardware, economic software, and organizational capacity are the three forms of enabling environment in LGUs and these significantly enhance LED implementation (Rodriguez-Pose and Tijmstra 2005: 17).

LED implementation is boosted with strategic planning (the UN-HABITAT 2005: 3; Rodriguez-Pose and Tijmstra 2005: 2–3; Yatta 2009: 301–306). Strategic planning is important in LED because it serves as a blue print for implementation and a more flexible and effective approach to simultaneously enhance economic growth and poverty reduction. To derive the benefits of strategic planning, four key strategic questions must be posed. These are "where are we now?; where do we want to go?; how are we going to get there?; and how do we know when we have arrived?"

Successful implementation of LED requires resources and capacity. Most LED interventions have concentrated on the resource aspect to the detriment of the capacity component. However, when capacity is given the needed priority, it has the advantage of making up for the limited resources in LED because capacity has the tendency to turn the resources into development opportunities (Blakely and Bradshaw 2002: 56). Other push factors for successful LED implementation include the use of local materials, avoidance of waste, diversification of local economic activities, subsistence production, and the creation of niche market (Lasimbang 2008).

Appropriate and strong institutions are linchpins in LED implementation. The UN-HABITAT (2005: 4) proposed four activities that governments should undertake for effective LED implementation. These activities are: first, the combination of governance with culture to gain respect, legitimacy, and acceptance of the local citizens; second, the need for clear decision rules and procedures in government; third, safe political environment; and fourth, an enabling environment that should have a high ease of business entry and efficient regulation enforcement. Weak state institutions coupled with excessive politicization negatively affects LED implementation.

## Financing Local Economic Development

Finance is sine qua non in the implementation of LED policies. No wonder Blakely and Bradshaw (2002) identified it as one of the six critical ingredients for successful LED implementation. Rusu (2014) indicated that the successful implementation of LED hinges a lot on financial stability because its unavailability makes implementation a wild goose chase. LGUs have different sources of financing LED. These include Internally Generated Funds (IGF), higher government tiers, intergovernmental transfers, and donor or private sector funding (Agbevade 2018a: 61; Patterson 2008: 11–15). Most LGUs do not have secured sources of LED financing hence the continuous reliance on unpredictable charitable donors such as the World Bank, European Union, United States Agency for International Development (USAID), and Department for International Development (DFID) (Patterson 2008: 11–15). The dependence on these funding sources has resulted in the truncation of numerous LED projects when these organizations withdrew from the projects due to either policy expiration or new organizational direction. The ability of LGUs to attract funds for LED programs depends on the category of the LGU, the political commitment of the leadership to woo investors to the area as well as how the locality is marketed to the outside world and the strategic location of the locality to national politics (Agbevade 2018a: 65–67).

## Actors in Local Economic Development Policy Implementation

Actors are stakeholders with a stake in a policy. Actors in LED implementation may be categorized into primary and secondary actors. The primary actors include the LGUs, the LED beneficiaries, the central government, and other actors with direct responsibility in implementation. The secondary actors are those with no explicit role in LED implementation but their involvement helps in shaping LED implementation. They include transaction advisors, service providers, consultants, etc. The LGUs as kingpins

are required to provide the necessary conditions such as basic infrastructure and urban development services for the private sector to function effectively. In addition, the LGUs should actively interrogate their economic base, understand local obstacles to economic growth and investment and pursue strategically planned programs and projects (The World Bank 2003). The LGUs must also aid the informal economy within their jurisdictions through business support, such as training in business management (Nyawo and Mubangizi 2015: 1–15). These roles are performed through participation, facilitation, regulation, and adjustment of LGUs. LGUs are able to perform these onerous tasks if they have the needed capacity. Actors in LED are not cast in iron. The actors are determined by the locality and the type of strategy pursued.

## Dynamics Shaping Local Economic Development Implementation

LED implementation is shaped by diverse dynamics. Some of these are political; leadership will and commitment; land tenure system; and administrative, procedural, and institutional issues (Agbevade 2020b).

First of such dynamics is politics. Politics is ubiquitous and as such it impacts LED programs. This often takes the form of political recruitments to the LGUs and the commitment of these political appointees to the implementation of LED. In addition, LED implementation involves a plethora of actors with vested interests, complexity of joint action, and several veto points. As a result, LED implementation is characterized with conflicts, negotiations, bargaining, and struggles, which are features of the public policy process. During these, the actors with resources, strength, and strong bargaining power dominate the less endowed. The existence of actors is not sufficient but the willingness of these actors to cooperate with each other is paramount.

Further on the politics of LED, Wolman and Spitzley (1996: 130–131) argued that politicians engage themselves in LED activities for two reasons. These are: one, credit claiming, which is defined as an act to generate a belief in a relevant political actor(s) that one is personally responsible for causing the government, or some unit thereof, to do something that the actor(s) considers desirable. Two, blame avoidance, which stems from the fact that politicians wish to avoid the accusation of standing by and doing nothing while the citizenry are unemployed, there is less infrastructure in the locality and high level of poverty.

A second dynamic is land tenure system. Land tenure system refers to the mechanisms of land ownership within a geographical area. Land ownership is central to the success of LED. As such when LED beneficiaries do not have access to land to do business, LED programs will be deemed as not successful.

A third dynamic is leadership will and commitment. Leadership is paramount and cannot be ignored in LED implementation. This is because leadership gives guidance, direction to public policy as well as allocates the needed resources to execute the objectives of the policy. Therefore, the degree of leadership will and commitment to the implementation of LED goes a long way in shaping the success or failure.

Administrative, institutional and procedural issues matter in LED implementation. This is because public policy is a process that involves several actors (institutions). Robust and independent institutions and processes influence the LED process. However, when these are not independent and robust, they will be subject to the whims and caprices of politicians who manipulate them to their political advantage.

## Beneficent Outcomes of Local Economic Development

The end result of every LED policy is to create new and decent employment opportunities, income generation, infrastructure provision, and poverty reduction aimed at improved quality of life.

The benefits of LED have been classified into social and economic (Rodriguez-Pose and Tijmstra 2005). Socially, the implementation of LED strategies have empowered local societies

and generated local dialogue as the local citizens participate in decisions affecting them. The LED process also made local institutions more transparent and accountable, thereby strengthening the growth and development of civil society organizations. Economically, LED strategies generated sustainable employment in enterprises more capable of enduring changes in the global economic environment and contributed to attaining goals of decent work.

The benefits of LED do not inure to the entire LGUs because most of the interventions were limited in scope and therefore cover limited number of residence. Agbevade (2020a) for instance argued that LED culminated into poverty reduction; however, the benefits were limited to the households of LED participants.

## Challenges to Local Economic Development Implementation

The implementation of LED is fraught with several hiccups, which hinder the attainment of policy targets. Notable among the challenges are finance, bureaucratic red-tape in the issuance of business permits, inadequate human resource, poor work ethics, excessive politicization, lack of beneficiary involvement in target setting, implementation of rival LED policies, poor land tenure system, etc. These challenges cause the implementation of LED to either be "dead on arrival," truncated midway, or non-realization of LED policy objectives.

## Conclusion

The practical details of local economic development as a public policy have been discussed. LED is the magic wand or game changer for locality development across the globe. However, this will not occur in a vacuum. Appropriate policy measures such as committed leadership; strong, robust, and independent state institutions; a workable land tenure system; financing; and minimum political interference are needed. If these impetuses are provided, the desired outcomes of LED including decent job creation, income generation, infrastructure provision, and poverty reduction aimed at improved quality of life will be attained globally.

## Cross-References


- ▶ Decentralization and Governance
- ▶ Economic Development Policy
- ▶ Economic-Administrative Systems for Local Development
- ▶ Local Governance


## References


Agbevade A (2018a) Financing local economic development in Ghana: a comparative analysis of the Accra Metropolitan, Keta Municipal and Shai-Osudoku District Assemblies. ADRRI J Arts Soc Sci Ghana 16(1.4):52–73

Agbevade A (2018b) Value chain and local economic development in the Shai-Osudoku District Assembly of Ghana: the experience of the Asutuare rice farming project. J Public Adm Policy Res 10(2):7–19

Agbevade A (2020a) Local economic development and poverty reduction in Ghana: evidence from three local government units. Greenhill J Leadersh Gov 2(1):47–79

Agbevade A (2020b) Implementation dynamics of local economic development: comparative empirical experiences from Ghana's local governance system. Local Econ 35(6):609–624

Blakely EJ (1994) Planning local economic development. Sage, Newbury Park

Blakely EJ, Bradshaw TK (2002) Planning local economic development: theory and practice. Sage, London

Helmsing AHJ (2003) Local economic development: new generations of actors, policies and instruments for Africa. Public Adm Dev 23:67–76

Lasimbang J (2008) Indigenous peoples and local economic development. Asia Indigenous Peoples Pact 5:42–45

Mensah JK, Bawole JN, Ahenkwa A (2013a) Local economic development initiatives in Ghana: the challenges and the way forward. J Public Adm Gov 3(2):142–160

Mensah JK, Domfeh AK, Ahenkwa A, Bawole JN (2013b) Policy and institutional perspectives on local economic development in Africa: the Ghanaian perspective. J Afr Stud Dev 5(7):163–170

Nel E (2001) Local economic development: a review and assessment of its current status in South Africa. Urban Stud 38(7):1003–1024

Nyawo J, Mubangizi BC (2015) Arts and craft in local economic development: tourism possibilities in Mtubatuba Local Municipality. Afr J Hosp Tour Leis 4(2):1–15

Oduro-Ofori E (2016) Decentralization and local economic development promotion at the district level in Ghana. In: Dick E, Gaesing K, Inkoom D, Kausel T (eds) Decentralization and regional development: experiences and lessons from four continents over three decades. Accessed at https://www.springer.com/in. Retrieved 5 Nov 2016

Patterson C (2008) Country Report. Local Economic Development in South Africa, GIZ

Rodriguez-Pose A, Tijmstra S (2005) Local economic development as an alternative approach to economic development in Sub Saharan Africa: a report for the World Bank. The World Bank, Washington, DC, pp 1–20

Rusu E (2014) Decentralization and local economic development in the knowledge society. Manage Strat J 26(4):59–67

United Nations Human Settlements Programme (UN-HABITAT) and EcoPlan International Inc (2005) Promoting local economic development through strategic planning. The local economic development series, vol 1. UN-HABITAT and EPI, Nairobi

Wolman H, Spitzley D (1996) The politics of local economic development. Econ Dev Q 10(2):115–150

World Bank (2003) Local economic development a primer: developing and implementing local economic development strategies and action plans. World Bank, Washington, DC

Yatta F (2009) Local economic governance. In: Bellina S, Magro H, Villemeur de V (eds) Democratic governance: a new paradigm for development, London: C. Hurst and Co Ltd

Yatta F (2015) Local economic development in Africa: implementation, constraints and prospects, dialogue and capacity building of local and regional authorities in EU partner countries in the fields of development and local governance. PLATFORMA, Kampala

# Local Finance in Japan

Shunsuke Kimura
Professional Graduate School, Meiji University, Tokyo, Japan

## Synonyms

Block grants; Budget; Categorical grants; Tax

## Definition

The Japanese local finance system is designed to establish guarantees and equalization for local governments.

## Introduction

One of the objectives of this paper is to explore the local finance system in Japan. The Local Autonomy Law prescribes that each local government shall perform inherent community affairs, while it will also enable to provide different services developed by its own or those approved of by cabinet order or other laws. The area of local governments' activities is extensive and they have played a significant role in civil service. Therefore, Japanese local expenditure has been basically larger than that of the central government since FY 1953. Such significant functions by the local governments are supported by their finance system.

Framework of local finance system includes trends, division of responsibilities, and finance program. Japan has a two-tier system of local government that consists of prefectures and municipalities. As of August 1, 2018, the total number of local authorities (i.e., prefectures and municipalities) was 1,771: 47 prefectures (including Tokyo Metropolis) and 1,724 municipalities.

The total annual expenditure in the Ordinary Accounts of all local governments in FY 2015 (April 1, 2015, to March 31, 2016) amounted to 98.4 trillion yen (net) or USD 984 billion, expenditure by prefectural authorities amounted to 50.7 trillion yen (gross) or USD 507 billion, and the municipal authorities including Tokyo's wards amounted to 56.5 trillion yen (gross) or USD 565 billion. After World War II, local governments' expenditure grew more rapidly than that of the central government. The enormous increase in local government expenditure after the war was caused not only by inflation but also by a significant expansion of local government functions in various fields, encouraged by the spread of the concept of the welfare state. Major expansions

occurred in the following fields: education, security, public health service, and public works.

In Japan, corresponding to their characteristics, responsibilities for public administrative affairs are divided between the central and local governments according to national laws. The distribution is stipulated in the relevant national laws as follows:

1. Affairs related to safety: diplomacy, defense, judiciary, and criminal punishment are handled by the central government; police forces are managed by prefectures; and fire defense and family registers are the responsibility of municipalities.
2. Affairs related to the maintenance of social capital: large-scale roads and rivers that extend over a wide area are maintained by the central government; others are the responsibility of the local governments.
3. Affairs related to education: universities are handled by the central government, high school and special education by prefectures, and junior high schools, elementary schools, and kindergartens by municipalities.
4. Affairs related to welfare, health, and sanitation: licenses and permits are issued by the central government; actual services are the responsibility of the locality.
5. Affairs related to industry and economy: matters affecting the nation as a whole are managed by the central government; regional economic development is left to the local governments.

In accordance with this distribution, local governments carry out major aspects of governmental activities and are responsible for about 60% of all government expenditure. Therefore, the central government is expected to guarantee sufficient financial resources to local governments to enable them to perform their services effectively. For this purpose, the central government forms basic policies for local public finance during every fiscal year prior to its start. The local public finance program is a concrete system (hereinafter "finance program"). The policies formed by the central government are consolidated into the finance program, which is not an annual budget but is an indicator of a local governments' financial management. Its role covers the following three points:

1. It provides a means for annually assessing the scale of local public finance. This assessment enables adjustments to be made using national public finances.
2. It guarantees an overall source of revenue for local public finance. If a shortfall in local revenue is anticipated, the central government must ensure that sufficient finances for the local governments are available through various adjustments.
3. It serves as an annual indicator of the local government's financial management. Local governments can obtain information necessary to their budget drafting process by referring to the finance program.

## Revenue: Local Taxes, LAT, National Treasury Disbursements, and Local Loans

### Local Taxes: An Overview

Major sources of local revenues are local taxes, local allocation tax (hereinafter "LAT"), national treasury disbursements (hereinafter "NTD"), and local loans.

In Japan, every ordinary local government is authorized to levy and collect several kinds of local taxes by the local tax law. In the 2015 fiscal year, the total amount of local taxes was 39.1 trillion yen, of which 18.0 trillion yen was prefectural tax revenue and 21.1 trillion yen was municipal tax revenue. Among the prefectural taxes, the prefectural inhabitant tax accounts for the largest share at 33.9%. In the case of municipal taxes, the municipal inhabitant tax was the largest at 45.3% of the total municipal tax revenue.

### Local Allocation Tax (LAT)

LAT is also a principal finance resource. The source of LAT is a certain percentage of the following national taxes designated by the local allocation tax law as revenue for local governments:

(A) 33.1% of the total yield of income and corporation tax (from FY 2015)
(B) 50.0% of the total yield of the liquor tax (from FY 2015)
(C) 22.3% of the yield of the consumption tax (from FY 2014)
(D) The full amount of the yield of the local corporation tax (from FY 2014)

LAT consists of regular allocation tax (hereinafter "RAT") and special allocation tax (hereinafter "SAT"). RAT accounts for 94% of total LAT and SAT accounts for 6%. The Minister for Internal Affairs and Communications (hereinafter "Minister") allocates the total amount of RAT to local governments whose standard levels of revenue are below that of their expenditures so as to supplement the shortfall. SAT is granted to local governments according to their extraordinary financial needs that cannot be satisfied by the allocation of RAT, for example, temporary expenditures for the measures taken to protect against natural disasters.

The LAT system fulfills a significant role as a financial guaranteeing and equalizing system. Through the finance program, the central government takes necessary measures to balance the total revenues and expenditures of local governments at the macro-level when there is a gap between these revenues. The shortfall in the revenue is usually covered by the addition of LAT and other sources of finance. In this respect, LAT plays a significant role in guaranteeing the financial resource at the macro-level.

LAT also functions as the equalization system; this system has played a role in rectifying disparities in fiscal capacity. The sum, which is based on an established formula, is allocated to promote equality in local government revenues and to guarantee well-planned local government administration. The formula is as follows: RAT = standard financial need − standard financial revenue. For each local government, both the standard financial need and the standard financial revenue are calculated every year; as a result, RAT is advantageously distributed to less well-off local government. In this framework, the disparities in the financial resources among rich and poor local governments are considerably reduced by LAT. Since the local governments may use LAT at their own discretion, the LAT system does not impair the freedom of local governments in carrying out their functions.

In FY 2015, LAT was 17.4 trillion yen (RAT 15.8 trillion yen, SAT 1.0 trillion yen, and SAT for recovery from earthquake disaster 0.6 trillion yen), and it represented about 17% of the total revenue of local governments.

### National Treasury Disbursements (NTD)

There are various methods for the central government to disburse funds to local governments. They are usually divided into three categories: disbursements for national tasks, obligatory shares, and grants-in-aid.

(A) Disbursements for national tasks are the funds for local governments that perform national projects due to efficiency and economies of scale. Local governments deal with a number of national projects in various fields of nationwide administration, for example, national election, population census, and so on. The central government shall fully disburse the costs of such services provided by local governments in the form of national treasury disbursements.
(B) Obligatory shares are the funds paid by the central government based on shared responsibility between the central and local governments. In principle, local governments should bear expenses for local public affairs. However, because there are profits both for the local and for the central government, all or a part of the expenses should be borne by the central government as an obligatory share to ensure smooth implementation. Major types are as follows:
    (a) Expenditures for specific or nationwide projects that are required to be financed by the central government in order to ensure smooth implementation. These are projects that are of common interest both to the central and local

governments but must be conducted by the local governments by virtue of the provisions of laws or cabinet orders, for example, expenditures for compulsory education, public assistance, nursery schools, and so on.

(b) Expenditures for public works projects that are implemented by the local governments in accordance with national economic progress plans, for example, expenditures for public works.

(c) Expenditures for disaster-related projects, for example, expenditures for disaster relief, reconstruction after disasters affecting infrastructure and agricultural facilities, and so on.

(C) Grants-in-aid are the funds paid by the central government to local governments with a view to supporting, encouraging, and promoting their implementation. They are not obligatory and the central government has the power to create or abolish them when circumstances change.

## Local Loans

When local governments carry out large-scale construction projects, they are normally unable to finance these projects completely with their current revenues; therefore, they have to secure local loans, which are the necessary funds, through long-term borrowing. In Japan, local government loans are made when road construction, school establishment, and construction work for rebuilding after natural disasters are carried out.

The loans have the following two major roles:

(A) The loans enable local governments to finance large-scale public projects that require significant funds in one fiscal year.

(B) Resources for repaying local loans are found in future tax revenue; thus the burden of payment would be evenly placed upon the residents who benefit from the project across generational lines.

Prior to FY 2005, local governments had to obtain approval from the Minister or the Prefectural Governor to avail local government loans. However, this system was abolished, and the "informed consulting" system started as part of the decentralization reform in 2006. Under this system, local governments must consult with the Minister in the case of prefectures and designated cities, or with the Prefectural Governor in the case of other municipalities, when they plan to avail local government loans. Local governments can avail loans without obtaining an agreement but such loans are assumed to be less creditworthy. Moreover, the "prior notification system" was introduced in FY 2012. Local governments which meet the requirements, such as the real debt expenditure ratio (*) being below a certain level, may, in principle, now make loans without informed consulting as long as they give prior notification. The loans system has been drastically reviewed since FY 2016 by expanding the range of the prior notification system from the perspective of strengthening local governments' autonomy.

(*) This ratio is an index to assess the financial burden of debt service expenditure and quasi-debt service expenditure for each local government.

The amount of the fund is decided in the local government bond plan every fiscal year. From FY 2010 to FY 2016, the total amount of the fund decreased due to the shoring up of local government finances and controlling capital expenditures. However, in FY 2017, the amount of the fund increased by 0.1% in order to deal with the shortage of local funds under the difficult local finance situation, to fulfill local revitalization, to promote disaster control, and so on. Funds for local government loans are classified into three types: government funds, Japan Finance Organization for Municipalities funds, and private funds (publicly subscribed funds and other private funds). Government funds have been decreasing since the drastic reforms to the treasury investment and loan system in 2001. On the other hand, publicly subscribed funds demonstrate an upward trend. In this way, the funding of local loans has shifted from public to private sector funding.

## Expenditure: Outline, Public Debt Expenditure, and Promoting Soundness

The expenditure of the local government is usually analyzed according to two criteria, composition by purpose and composition by characteristic.

In terms of the composition by purpose in FY 2015, the major expenditures were social welfare and security (25.7%), education (17.1%), public debt (13.1%), and public works (11.9%). These data show that social welfare, education, and public works are major public service fields in Japan. Recently, the expenditure regarding social welfare has shown continued and remarkable growth. The major expenditures of social welfare are composed of three types: elderly welfare, child welfare, and public financial assistance expenditures. Each expenditure shows a pronounced increase and these are the current critical issues for Japanese local administration.

Second, in terms of the composition of the same expenditures by characteristic, the major expenditures were salaries and wages (22.9%), capital expenditure for public works construction (14.4%), allowance in aid (13.6%), and debt charges (13.1%). Expenditure on salaries and wages, which has decreased, reached its lowest point in FY 2013; this is the outcome of the local governments' administrative reforms. Capital expenditure has decreased in the same way, but since 2013 it has demonstrated an upward trend. Disaster control was a contributing factor in this trend, which was triggered by the Great East Japan Earthquake in 2011.

Expenditure to repay public debt, with which local governments pay off loans and their interest, is an expense particularly lacking in flexibility and thus necessitating constant vigilance. At the end of FY 2015, the outstanding amount of local government loans, which are loans taken out by the local governments, stood at some 146 trillion yen, and the level remains high at an amount equivalent to roughly 1.43 times total revenues and some 2.45 times total general revenue resources, such as local taxes and LAT. Therefore, the reduction of outstanding loans through pursuing administrative reform has been one of the most urgent issues for local governments.

The severity of the financial situation of Japanese local governments was illustrated by the bankruptcy of Yubari in Hokkaido in 2006. This incident triggered the enactment in 2007 of the law relating to the financial soundness of local governments. The new law improved various aspects of the prevailing system. For example, the following methods were adopted:

(A) Establishment of indexes and full information disclosure
  (a) Establishment of the real deficit ratio as flow indexes, that is, the consolidated real deficit ratio, real debt expenditure ratio, and so on
  (b) Establishment of the future burden ratio as stock indexes, that is, indexes of real liabilities including public enterprises, third sector enterprises, and so on
(B) Attachment of audit inspection reports and reporting to the assembly, together with a public announcement

Through such comprehensive indexes and the examination process, the new system aims at the early detection of the financial deterioration of the local government.

## Key Concepts: Guarantee and Equalization

As previously mentioned, the Japanese local finance system has two key concepts: guarantee and equalization. The central government in Japan takes responsibility for enforcing proper financial practices in local government. Finance programs guarantee adequate revenue to local governments in order to allow them to provide a national standard level of public services; the local governments' allocated responsibilities are basically stipulated by the national laws. Each ministry drafts and enacts various new national laws every year. Some of these laws are structured so that local governments have responsibilities for administrative actions that incur certain costs. Under the financial program, such costs are reflected as the new standardized elements of the

total expenditure of the finance program. After the adjustment of the macro-level balance between the revenue and expenditure in the finance program, the guaranteed financial circumstances for the local governments are substantialized, and their public responsibilities can be carried out. In the context of guarantee, each local government can have a stable budget compilation under the finance program.

Secondly, equalization is also the key concept based on the premise of horizontal equity among citizens. Such equity requires that all jurisdictions have the potential ability to provide common levels of public services at a common tax rate. Therefore, the equalization fund should reflect both differences in tax capacity and those in financial need across jurisdictions. This idea is realized through the RAT, which is paid to local governments whose basic financial needs exceed basic financial revenues. In addition, wealthy local governments whose revenue exceeds need are neither eligible for the fund nor obliged to contribute to fiscal adjustment. This system means that a local government with reasonable tax effort can provide a reasonable level of public service (*). The origin of this system is the Local Finance Equalization Grant Law that was enacted in 1950. During the 1950s and 1960s, Japan was an economically poor country, and the disparities among the jurisdictions regarding population size and the levels of industrial concentrations were remarkable. Therefore, depending on where one lived, there were significant shortcomings in schools, roads, hospitals, waterworks, and medical care for elderly people. In such circumstances, the Japanese government adopted the financial equalizing system in order to provide a national standard level of public services.

To date, these two key concepts have been the linchpins of the Japanese local finance system, and they have exerted great influence on the framework of the system.

(*) Out of 47 prefectures and 1719 municipalities (with Tokyo's Special Wards counted as one municipality), only Tokyo Metropolis and 59 municipalities were not allocated with RAT in fiscal year 2015.

## Challenge and Future Direction: Decentralization and Expanding General Revenue Sources

The challenges of the Japanese local finance system are closely related with decentralization reform. The representative case is the issue of NTD. The system of NTD has proven effective in enabling local governments not only to maintain their administration at a satisfactory level but also to gain sufficient revenue for large-scale construction projects. Thus, the amount of NTD has grown and the field it covers has also expanded. However, such growth and expansion have strengthened centralization. NTD are made conditionally on local governments that comply with strict and detailed operational standards. In the case of the public construction works, even the brands of construction materials and parts were sometimes specified by the central government. Therefore, the system of NTD has been placed under continuous review, and in the period from FY 2004 to FY 2006, there were drastic reforms of three main components of local financial resources, the so-called Trinity Reform.

The reform includes the following elements: a reduction in NTD of 4.7 trillion yen, a transfer of the national tax resources to local tax resources of 3.0 trillion yen, and the streamlining reform of the LAT by 5.1 trillion yen. The outcome of the reform was compromised among different parties, but the reform contributed to strengthening the overall fiscal capacities of local governments. Further decentralization reform is thought to be necessary for establishing more meaningful financial autonomy.

The term "general revenue sources" refers to local taxes, LAT, local transfer taxes, and special local grant/similar grants. They are not earmarked and can be used for any kind of expenses in the same way as general revenue sources. The general revenue sources are, therefore, the core financial sources for each local government's financial management. Local governments have recently offset the remarkable increase in social welfare expenditure with the reduction of human resource expenditure and so on. However, the social

welfare demand is expected to increase further and, therefore, expanding general revenue sources is desired by local governments. Moreover, fulfilling local revitalization regarding population decrease since 2010 and promoting disaster control, especially since the Great East Japan Earthquake in 2011, have been key responsibilities for local governments.

In order to take the appropriate measures regarding such demands, general revenue sources are required. In this manner, expanding general revenue sources has so far been the challenge among local governments. In other words, to set a proper balance between the demand (range of local public services) and the supply (local financial resources) has been the ultimate issue for the local finance system.

## References

Ikawa H (2007) Recent local financial system reform (Trinity Reform). Council of Local Authorities for International Relations, Tokyo

Kaizuka K, Kruger AO (2006) Tackling Japan's fiscal challenges. International Monetary Fund, New York

Kawato Y (2010) The new system for promoting soundness in local finance in Japan. Council of Local Authorities for International Relations, Tokyo

Mochida N (2008) Fiscal decentralization and local public finance in Japan. Routledge, Oxford

Steiner K (1965) Local government in Japan. Stanford University Press, Stanford

# Local Financial Emergencies in the USA

Julius A. Nukpezah
Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

## Synonyms

Financial crisis; Fiscal crisis; Fiscal distress; Fiscal emergencies; Fiscal stress

## Definition

Local financial emergencies are events that affect the economic viability and long-term financial capability of a local government as a going concern because of deteriorating resources, inability to meet operational needs, and failure to repay loans and meet community needs over a period. Financial and economic indicators of the existence of financial emergencies include revenue-expenditure imbalances, expenditure violations, property tax delinquencies, declining assessed property values, increased liabilities, and failure to honor debt obligations when they are due (ACIR 1973; Coe 2008; Crosby and Robbins 2013; Kloha et al. 2005; Beckett-Camarata 2004; Beckett-Camarata and Grizzle 2014; Scorsone and Padovani 2014).

## Introduction

With increasing deterioration in fiscal health, US local governments may go through periods of fiscal watch, fiscal stress, and a declaration of the existence of a financial emergency, which requires an immediate action from governmental actors to avoid further harm to local credibility that affects the provision of public goods and services (Beckett-Camarata 2004). The causes of financial emergencies are multifaceted and a function of the prevailing political environment, the external and internal factors of the local government. Financial emergencies in the USA can be traced to the early history of the country when the national government failed to pay its debt after the revolutionary war that led to independence. However, recent events following the Great Recession have resulted in several local governments declaring financial emergencies. Some of these local governments file for Chapter 9 (Reorganization of municipalities) Bankruptcy protection, which makes discussions about the subject increasingly more relevant.

Although local governments are creatures of their states, state governments may extend to their local governments' Home Rule status that enables them to develop their Charters and be self-

governing. However, during financial emergencies, some states choose to intervene to correct the fiscal indiscipline while others leave to the local governments to fix their budgetary challenges. This entry provides a succinct overview of financial emergency practices across local governments in the American states. It describes the causes of financial emergencies, offers a historical context of it, lists examples of major financial emergencies in the USA, reports on how states and local governments intervene in local fiscal crises, and identifies strategies that contribute to the recovery of local governments from financial emergencies.

## The Causes of Local Financial Emergencies

The causes of local financial emergencies include the following:

1. Periods of economic recession that lead to socioeconomic and demographic deteriorations are precursors of financial emergencies. For example, spiking unemployment rates, high poverty rates, and declining household incomes that characterize recessions affect local government's taxable income (Stone et al. 2015).
2. Shifts in urban populations from declining industrial states to those with better economies and living conditions contribute to home abandonment that not only increase blights in the neglected cities and escalate the cost of city maintenance but reduces revenues from property taxes (Skidmore and Scorsone 2011).
3. Bad fiscal policies of local government leaders cause financial difficulties and consequently financial emergencies (Beckett-Camarata 2004; Nukpezah 2017). For example, corruption, weak structural leadership, and near-sighted decision-making escalated debts of Harrisburg, Pennsylvania, and are blamed on the city's financial emergencies in 2011 (Beckett-Camarata and Grizzle 2014).
4. Studies suggest political factors such as a city's form of government contribute to financial emergencies. For example, the relative inefficiencies of strong mayor form of government accounted for the financial emergencies in some American local governments (Beckett-Camarata and Grizzle 2014; Clark and Gorina 2017; Nukpezah 2017).
5. Exogenous factors outside the control of local governments such as job market shifts, federal and state revenue cuts, global economic liberalism, and the global debt crisis affect local finances leading to financial emergencies (Coe 2008; Kloha et al. 2005; Watson et al. 2005).
6. Natural or human-made disasters increase local expenditures outside budgetary appropriations and potentially lead to financial emergencies (Watson et al. 2005; Beckett-Camarata 2004). For example, a devastating natural disaster such as fire, hurricane, or tornado may disrupt the local economy and destroy its infrastructure making it difficult to honor its debt obligations when they are due.
7. Failure to balance local budget with consequent deficit spending may lead to financial emergencies. Because local governments across most states require their local governments to operate with a balanced budget rule, expenditures that exceed revenue is a clear indication that appropriation rules are being violated and that a local government is experiencing a declining revenue base.
8. With the rate of growth of local employees exceeding that of population growth of the cities they work at, post-retirement healthcare liabilities are increasing due to shrinking local government revenues with consequences for fiscal sustainability.
9. Fraud and mismanagement are yet other reasons for financial emergencies. The Orange County bankruptcy in 1994 was attributed to fraud and white-collar crime, which resulted in $2 billion chapter 9 Bankruptcy filing due to investment losses of the county investment pool.
10. Wrong project projections that produce faulty estimates have also contributed to project

failures and inability to pay debts when they become due. This is because the projects overestimate project benefit over the cost.

## History of Local Financial Emergencies

Historical analysis reveals that a major reason for local financial emergencies is default on debts. Local debt issues across the American states have increased from $40 million in 1850, when only a few local governments consider debts, to about $1.9 trillion in 2018. Local governments are credible borrowers. However, unexpected traumatic events may prevent them from honoring their debt obligations. The first default on debt by an American government was by the federal government in 1790 when it was unable to pay its debt after the nation's war for independence. Similar to state and federal governments, local governments use the bond market to raise revenues for infrastructure projects such as roads, bridges, airports, dams, and sewerage treatment plants among others. The pay-as-you-use method of financing projects ensures that infrastructure projects are implemented for residents to enjoy quality services while they pay for it through taxation, user fees, and charges.

The first local government to default in the payment of its debt is Mobile, Alabama, in 1838 due to economic depression and bank failures (ACIR 1973). Examining periods of major financial crises suggest these coincide with periods of economic recessions. For example, during the 1873–1879 economic recession in the USA, 25 percent of local debts were in default (ACIR 1973). Estimates suggest that two-thirds of the defaults on debt were related to infrastructure development bonds. Similarly, the 1893 economic recession was associated with increased defaults on debt because of reduction in wealth and income caused by the recession.

The peak number of defaults on debt, however, was during the Great Depression (1929–1936) when more than 3,200 local governments defaulted on their debts (ACIR 1973). The Great Recession (2007–2009) was also associated with several local governments declaring financial emergencies with a heightened number of these government declaring chapter 9 bankruptcies (Nukpezah 2017). Periods of economic recession are characterized by high unemployment and loss of wealth and income, which affect the assessed value of property and hence local revenues needed to pay back loans.

## Major Local Financial Emergencies in the USA

- Recent scholarship focuses on Michigan because of the many financial emergencies in the state. Since 2000, more than 20 financial emergencies have been declared in the state. Noteworthy ones include Flint and Detroit. Flint's financial emergency morphed into a public health emergency in 2014 due to contamination of its water supply with lead due to efforts to cut local expenditure on potable water (Nukpezah 2017). Detroit's financial emergency after the Great Recession led to an $18 billion bankruptcy filing in 2013, making it the largest bankruptcy case in US history.
- Although the first local government to default on its debt payment is located in Alabama, the state does not intervene in local fiscal affairs. In 2011, Jefferson County, Alabama, filed a $4 billion bankruptcy due to its inability to meet its bond obligations for investments in its sewer (Howell-Moroney and Hall 2011). Earlier in 2009, the city of Prichard, Alabama, suffered fiscal crisis that affected its ability to pay employee-mandated pensions leading to bankruptcy filing.
- California is another state that does not intervene in local fiscal crisis, opting to leave local governments to address fiscal challenges on their own. Notable recent financial emergencies in the state since 2008 Great Recession include Stockton, which filed a $1 billion chapter 9 Bankruptcy in 2012, and San Bernardino County, which also filed a $500 million bankruptcy in 2012. The state is also known for Orange County financial debacle that filed for a $2 billion bankruptcy after the County

finance manager made risky investments with the County investment pool funds.

- Harrisburg, Pennsylvania, has faced fiscal challenges as well following the Great Recession. It reported an estimated $1.2 billion debt, a $13 million deficit, and missed payments of general obligation debts that were due (Beckett-Camarata and Grizzle 2014). The mounting fiscal challenges of the city led to a chapter 9 Bankruptcy filing in 2011.
- In 1976, local financial emergency was declared in the city of New York, with consequent state takeover and the local government placed in a receivership, which lasted about 10 years (Kossis 2012).
- A study on Ohio identified 15 local governments that were experiencing financial emergencies (Beckett-Camarata 2004). These included Campbell, Manchester, and Plymouth that did not regain fiscal health during the course of the study. Cleveland, East Liverpool, and three other cities regained fiscal health. The major fiscal emergency factors in Ohio cities were increased expenditures in the face of decreasing tax base and declining local revenues.
- Other financial emergencies that led to bankruptcy filings have been due to local fiscal stress that caused the inability to pay employee state and local mandated pensions in Central Falls, Rhode Island (2011). Gould, Arkansas, 2008 bankruptcy filing was due to spending money meant to pay employee income taxes. West Fall County's loss of lawsuit in 2009 led to a bankruptcy filing as well.

## Interventions to Local Financial Emergencies

Interventions to local financial emergencies may come from the local governments themselves, the state, or a combination of both.

### State Intervention Through Receivership

Laws exist in 19 states that allow state governments to intervene in local affairs to restore fiscal discipline (Pew Charitable Trust 2013). The first state to introduce a receivership law is Missouri, although Memphis, Tennessee, was the first US city to be placed under receivership in 1879 following its inability to pay its debts when they were due (Kossis 2012). Receiverships allow the state to take over the administration of a local government during a financial crisis and appoint a receiver (an emergency manager), to address the challenges (Nickels 2016). A state may also provide support through its temporary appointee to reduce local debt, labor cost, and increase funding by authorizing new taxes or dissolve the local government (Nickels 2016).

Although there are nuances in state laws authorizing state interventions, they all invariably recognize state supremacy over local governments in local affairs and see an obligation for states to intervene on behalf of local residents. The authority of the locally elected officials is subservient to that of the state appointed officials during receivership. While cases of receiverships have been contested in both state and federal courts, there exist legal precedent for state supremacy over local governments and that local authority given under Home Rule statute is subservient to state authority (Richardson 2011). Notable cities that have been placed under receivership include the city of New York, New York; Detroit and Flint, Michigan; and Camden, New Jersey.

### Municipal Bankruptcy Filing by Local Governments

Chapter 9 of the US Bankruptcy Code allows local governments to seek federal protection from their debtors if local financial solvency conditions are threatened, and the local government is unable to pay its debts when they become due. Since 1937, when the bankruptcy Code was passed, there have been more than 600 municipal filings across states that allow it for their municipalities. About a dozen of these bankruptcies were filed since the 2008 Great Recession. However, not all eligible local governments take advantage of the legal provision because bankruptcy is not desirable to most local governments and creditors (Callahan and

Pisano 2014; Hendrick and Crosby 2014). This is because it could lead to fiscal challenges for creditors due to loss of outstanding payments. Moreover, local governments could lose their reputation and credibility with future creditors making a bankruptcy filing a rare local event.

## Strategies to Address Local Financial Emergencies

For more than a century and a half, state and local governments have experimented with different strategies to address fiscal constraints. The following are notable strategies governments have employed:

- *Exploring new sources of revenues:* State and local officials tasked with the responsibility of addressing the fiscal challenge consider introducing or increasing fees, user charges, and local taxes to meet budgetary expectations.
- *Reduction in expenditures to produce balanced budgets:* The strategies include the elimination of some government businesses and reduction in the level of public services, such as street lighting, police and fire service, and accessibility of recreational facilities.
- *Reorganization of local government bureaucracies to streamline local budgets:* The reorganization of the local bureaucracies eliminates some offices and merges others to reduce administrative costs to government.
- *Contracting out and fostering interlocal agreements:* Evidence suggests contracting out city services to private, nonprofit, and other public agencies are cost-cutting measures that save local government funds. Smaller cities in fiscal distress usually contract out services such as trash collection to larger ones. Other cities would contract out park and recreational services to the county to reduce cost.
- *Diversifying the local economy:* This is important because many rust belt cities that are dependent on the auto industry experienced fiscal stress following the decline of the industry during the downturn years of recession. However, those cities that are sufficiently diverse withstand the fiscal stress.

## Conclusion

Local financial emergencies have a long history dating back to the 1830s. State and local governments have developed innovations to deal with the challenges that municipalities face. The federal government introduced bankruptcy protection for local governments to address the fiscal challenges. This entry has discussed financial emergency practices across local governments in the USA. It showed that the causes of financial emergencies are numerous and include both internal and external political, economic, social, and environmental factors. The historical analysis revealed that failure to honor debt obligations is a major cause of fiscal crises, which is heightened during periods of economic recessions. While state and local level strategies for combating financial emergencies exists, the focus has been on increasing revenues and reducing expenditures using novel opportunities.

## Cross-References

► Financial Health and Distress in Local Government

## References

Advisory Commission on Intergovernmental Relations [ACIR] (1973) City financial emergencies: the intergovernmental dimension. U.S. Government Printing Office, Washington, DC

Beckett-Camarata J (2004) Identifying and coping with fiscal emergencies in Ohio local governments. Int J Public Adm 27(8–9):615–630

Beckett-Camarata J, Grizzle C (2014) The financial crisis in Harrisburg, Pennsylvania. Public Financ Manag 14(1):5–29
Callahan R, Pisano M (2014) Bankruptcy: the divergent cases of the City and the County of San Bernardino. Public Financ Manag 14(1):84–105
Clark AF, Gorina E (2017) Emergency financial management in small Michigan cities: short-term fix or long-term sustainability? Public Adm Q 41(3): 532–568
Coe CK (2008) Preventing local government fiscal crises: emerging best practices. Public Adm Rev 68(4):759–767
Crosby A, Robbins D (2013) Mission impossible: monitoring municipal fiscal sustainability and stress in Michigan. J Public Budg Account Financ Manag 25(3):522
Hendrick R, Crosby A (2014) Does bankruptcy really matter? The solvency of municipal governments in the Chicago metropolitan region. Public Financ Manag 14(1):48–83
Howell-Moroney ME, Hall JL (2011) Waste in the sewer: the collapse of accountability and transparency in public finance in Jefferson County, Alabama. Public Adm Rev 71(2):232–242
Kloha P, Weissert CS, Kleine R (2005) Developing and testing a composite model to predict local fiscal distress. Public Adm Rev 65(3):313–323
Kossis LD (2012) Examining the conflict between municipal receivership and local autonomy. Va Law Rev 98:1109–1148
Nickels AE (2016) Approaches to municipal takeover: home rule erosion and state intervention in Michigan and New Jersey. State Local Gov Rev 48(3):194–207
Nukpezah JA (2017) The financial and public health emergencies in Flint, Michigan: crisis management and the American federalism. Risk Hazards Crisis Public Policy 8(4):284–311
Pew Charitable Trusts (2013) The state role in local government financial distress. The Pew Charitable Trusts. Report.
Richardson JJ (2011) Dillon's rule is from Mars, home rule is from Venus: Local government autonomy and the rules of statutory construction. Publius: The Journal of Federalism 41(4):662–685
Scorsone E, Padovani E (2014) Through the complexity of bankruptcy in local governments. Public Financ Manag 14(1):1–4
Skidmore M, Scorsone E (2011) Causes and consequences of fiscal stress in Michigan cities. Reg Sci Urban Econ 41(4):360–371
Stone SB, Singla A, Comeaux J, Kirschner C (2015) A comparison of financial indicators: the case of Detroit. Public Budg Financ 35(4):90–111
Watson DJ, Handley DM, Hassett WL (2005) Financial distress and municipal bankruptcy: the case of Prichard, Alabama. J Public Budg Account Financ Manag 17(2):129

# Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan

Hideki Kido
Kyoto Women's University, Kyoto, Japan

## Synonyms

Fiscal autonomy; Local tax system reforms; Municipal autonomy; Municipal reforms

## Introduction

This section consists of two parts to describe the process and consequence of local fiscal reforms in the 2000s in Japan. The first part will mention the process and result of local fiscal reforms implemented by the central government. The second part will explain the municipal amalgamations as a result of local fiscal reallocation.

Following the administrative decentralization in the 1990s, the central government under Prime Minister Junichiro Koizumi implemented series of reforms in local fiscal allocation including fiscal transfer from the central to local governments (prefectural and municipal governments) and local tax system called Sanmi Ittai Kaikaku (the Trinity Reform).

This fiscal reallocation influenced fiscal basis of municipal governments (city, town, and village), especially fiscally fragile small municipalities. As a result, a large number of small municipalities decided to amalgamate with other municipalities to strengthen fiscal basis and the number of municipalities in Japan was reduced from 3200 to 1700 within 5 years.

## Trinity Fiscal Reform

First, this part will explain how the central government implemented local fiscal reforms

consisting of reducing fiscal transfer from the central to local governments and transferring tax resources to local governments. In Japan, fiscal transfer from the central to prefectural or municipal governments takes two forms. One is the Local Allocation Tax (Chiho Kohfu Zei) and another is a Subsidy (Kokko Shishutsu Kin).

In the Trinity Reform, the Local Allocation Tax was cut by 5.1 Trillion Yen, and the Subsidy was also reduced by 4.7 Trillion Yen. At the same time, part of national Income Tax was transferred to local governments by increasing residential tax rate by 3.0 Trillion Yen. In total, local governments gained 3.0 Trillion yen as their own tax resources, losing 9.8 Trillion Yen as fiscal transfer from the central government.

First, the Local Allocation Tax is equalizing fiscal resource disparities among local governments by reallocating fiscal resources according to the gap between the demand and resource of local governments for public services. The demand is calculated based on the population, area size, the number of elementary and junior high school students, and other factors of each local government which relates to the demand of public services. The resource is also calculated based on the number of tax payer, cars, and other factors which relates to local tax.

Local governments can use this transfer for any purpose, so this transfer can be considered as one of the independent financial resource of local governments. Because the tax resources are eccentrically located to urban area, rural municipalities tend to receive more local allocation tax. This transfer has played a role in redistributing financial source to mainly support rural areas because local governments in rural areas are more likely to face severe financial condition than those in urban areas. Consequently, rural areas which have smaller populations have received more local allocation tax per capita.

Second, the subsidy has been mainly used for community development and can be used for predefined purpose set by the central government. In this point, the subsidy is considered as fiscal means of central government to control local governments. Indeed, local governments cannot use subsidy freely, but they can still strategically choose the type of subsidy to accomplish their policy goal.

Figures 1 and 2 show the share of revenue of prefectures and municipalities in 2002, just before the Trinity Reform. At prefectures, Local Tax accounts for about 30% of revenue, and local bonds shares 15% in the revenue. On the other hand, Local Allocation Tax accounts for about 20% and Subsidy constitutes 18% of the revenue. At municipalities, Local Tax accounts for 34% and Local bonds accounts for 10% of the revenue. At the same time, Local Allocation Tax accounts for 18% and Subsidy accounts for 9% of the

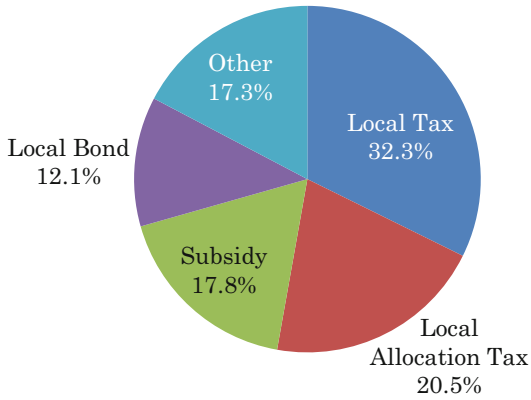


**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 1** Revenue of prefectures in 2002 (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication)

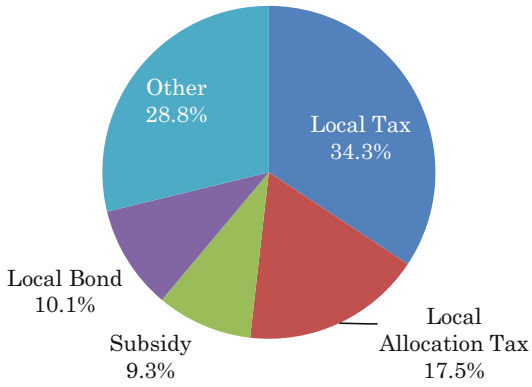


**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 2** Revenue of municipalities in 2002 (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication)

revenue. At both prefectures and municipalities, independent revenue resource, which local governments can manage by themselves, accounts for about 40% of the revenue. On the other hand, fiscal transfer (Local Allocation Tax and Subsidy) account for 30% (municipalities) to 40% (prefectures) of the revenue.

Even regarding the independent fiscal resources of local governments, there are strong constraints imposed by the central government on local governments in issuing municipal bonds. In addition, local governments cannot alter tax rates freely by their own authority. Local governments also heavily depend on fiscal transfer from the central government for their revenue sources. In this sense, the central government had strong influence on local governments in terms of fiscal resources. The Trinity Reform changes significantly this local fiscal system.

Figure 3 shows the changes of fiscal resources of prefectures in the Trinity Reform. The central governments cut about 20% of fiscal transfer to local government and at the same time transferred tax resources by increasing the residential tax rate which is one of major tax resources for local governments. Consequently, prefectures gather more revenue from the Local Tax. The same tendencies can apply to municipalities shown in Fig. 4. Municipalities collect more money by the Local Tax after the Trinity Reform. This fiscal reallocation not only promotes fiscal autonomy of local governments but also increases fiscal disparities among local governments. The difference between prefectures and municipalities is the subsidy. The total amount of subsidy from the central to local government decreased by 20%, but most of reduction was to prefectural governments by cutting subsidy for compulsory education. However, cut of the Local Allocation Tax damaged small fiscally weak municipalities and so municipal amalgamation mentioned later started just after the Trinity Reform. The following part will describe the process and factors of the Trinity Fiscal Reform.

Prime Minister Koizumi is well known as a reformer in Japan. He destroyed series of existing governmental system including postal system, public agency, public finance, and so on. Among these governmental reforms, in 2002 the Koizumi Administration launched the fiscal reforms in the local fiscal system including reduction of the fiscal transfer from the central government and increase tax base of local governments. This fiscal reform is regarded as the remaining task which was argued in the decentralization reforms in 1990s but not implemented (Nishio 2007; Kanai 2007). It was thought that political actors both at

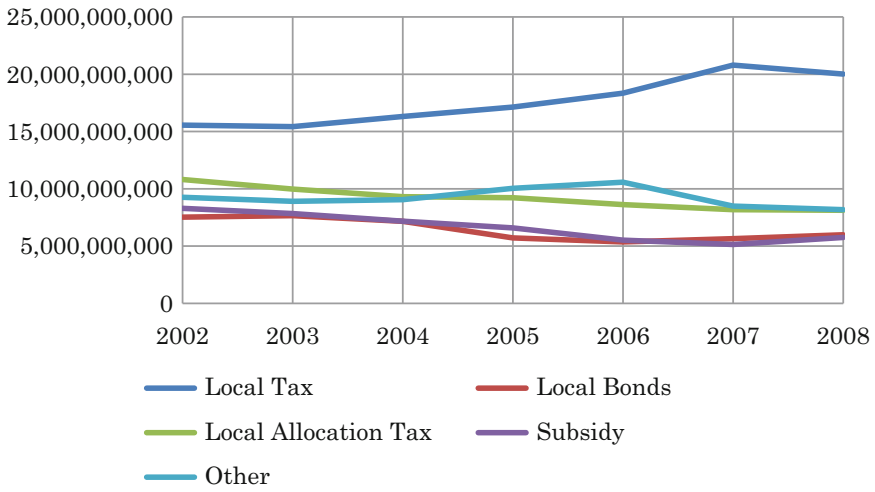


**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 3** Prefectural Revenue (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication. Thousand Yen)

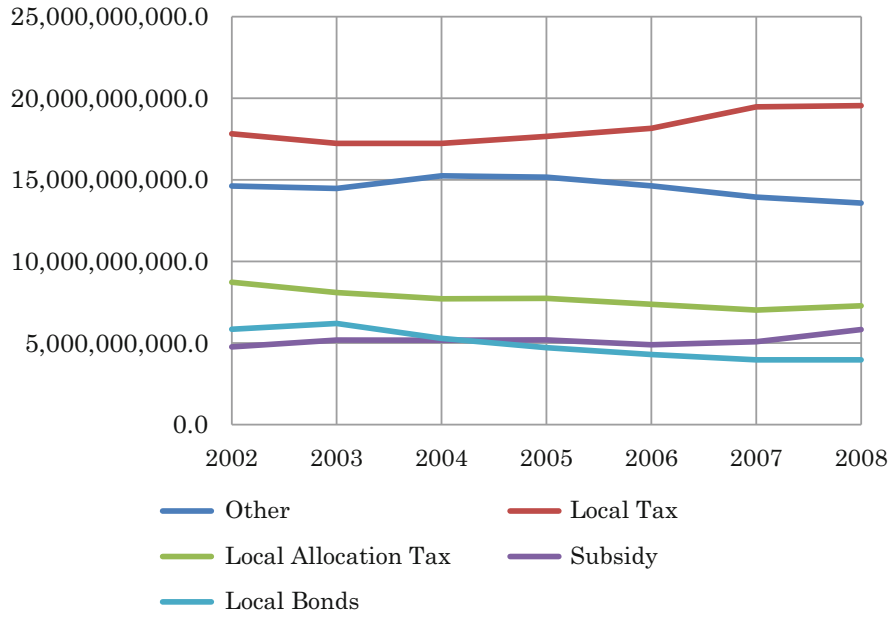


**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 4** Municipal Revenue (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication. Thousand Yen)

national and local levels would not agree with fiscal reforms.

Kitamura points out there is the three-way standoff in this reform (Kitamura 2006). National politicians dislike reducing fiscal transfer because they lose influence in determining the allocation of subsidy. Also national government ministries disagree with the reform to maintain their power to allocate subsidy (Ex. Ministry of Land, Infrastructure, Transport, and Tourism), or losing their power resource in taxation by transferring the tax base from the central to local governments (Ministry of Finance). Local governments also oppose to the reform because the total amount of revenue source was supposed to decrease as a result of the reform. Especially local government which rely their fiscal resources heavily on local allocation tax tried to keep the fiscal reallocation system. In spite of these oppositions, the Koizumi Administration implemented three dimension fiscal reforms. Scholars have argued the reason why Prime Minister Koizumi can enforce the reform. There are roughly two groups of study to explain the reason.

First, some studies stress that the central government decide the reform. These studies focus on the leadership of core executives of central government, especially the political influence of Prime Minister Koizumi. They indicate that Koizumi can decide the reform because he receives the support from the public who are in favor of implementing series of governmental reforms (Tanimoto 2008). Kitamura argue that Koizumi managed political interest of Ministry of Finance which seeks financial recovery, Ministry of Internal Affairs and Communication which supports local governments, and other central government ministries which aim at maintaining subsidies (Kitamura 2006). Koizumi provides some benefits to these three types of political actors and persuades them to accept pains of reform.

Second, other studies give their attention to the role of local governments and intergovernmental relations between the central and local governments. Local government groups organized by municipal and prefectural governments negotiate with the central government at the intergovernmental meeting. The Association of Prefectural Governors coordinates the opinion among

prefectural and municipal governments and suggests the contents of reforms including reduction of fiscal transfer and increasing tax base of local governments at the intergovernmental meeting (Sunahara 2007). Another intergovernmental factor is the party organization. The LDP, ruling party of Japan at the time of reform, supports local governments because they has connection with local governments and relies its political activities on local party organization. This connection enables local governments to enhance their interest in the fiscal reform that the central government transfers major tax resources by decreasing income tax at the central government and increasing residential tax at the local government (Kido 2016).

## Heisei Municipal Amalgamation

This part will argue the consequences of local fiscal reforms described above. One of such consequences is a large number of municipal amalgamations, the so-called "Heisei no Dai Gappei (Major Municipal Amalgamations in the Heisei Era, hereafter the Heisei Amalgamation)." In order to strengthen fiscal bases, fiscally challenged municipalities (most of them are small rural side towns or villages) started to amalgamate with other municipalities just after the central government implemented fiscal transfer reforms. The central government also promoted such municipal amalgamations by providing financial support to amalgamated municipalities. As a result, the number of municipal governments was decreased from over 3200 to 1700.

In Japan, Municipalities can amalgamate with other municipalities if they agree with one of two types of amalgamation. One type is Shinsetsu Gappei (Amalgamation by establishing new municipality), and another is Hennyu Gappei (Amalgamation by absorbing surrounding municipalites). If one municipality would like to amalgamate with one or more surrounding municipalities, consisting municipalities usually establish Committee for Coordinating Municipal Amalgamation. After deciding the type of amalgamation, the name of new municipality, the place of municipality office, and other necessary conditions, consisting municipalities amalgamate with each other.

Japan has experienced radical municipality amalgamations three times since the Meiji Era (Fig. 5). First, the municipality system, which

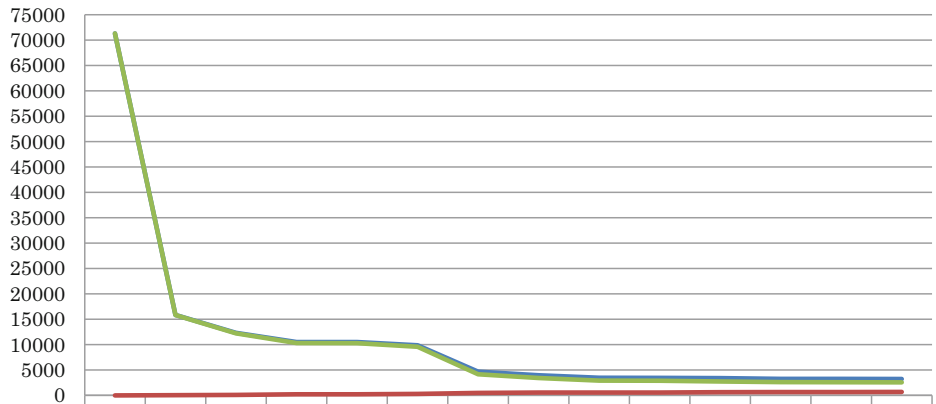


| | 1888 | 1889 | 1922 | 1945 | 1947 | 1953 | 1956 | 1961 | 1962 | 1965 | 1975 | 1985 | 1995 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 71314 | 15859 | 12315 | 10520 | 10505 | 9868 | 4668 | 3975 | 3472 | 3453 | 3392 | 3257 | 3253 | 3229 |
| City | 0 | 39 | 91 | 205 | 210 | 286 | 495 | 556 | 558 | 560 | 643 | 651 | 663 | 671 |
| Town and Village | 71314 | 15820 | 12224 | 10315 | 10295 | 9582 | 4173 | 3419 | 2914 | 2893 | 2749 | 2606 | 2590 | 2558 |

**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 5** Number of municipalities (1888–1999) (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication)

consisted of towns and villages, was reorganized as cities, towns, and villages in 1889. As a result of this reorganization, over 70,000 towns and villages were integrated into 39 cities, and 15,800 towns and villages. This reorganization aimed at developing municipalities' administrative basis in dealing with education, family registration, and taxation.

Second, after World War II, several laws were enacted for promoting municipality amalgamations; in 1953, the Towns and Villages Merger Law, and in 1956, the Law for Promoting the Establishment of New Municipalities. The number of municipalities was reduced to about 3,400 after this amalgamation.

Following these two waves, the "Heisei" amalgamation, the third wave, appeared as an initiative of the central government. To promote amalgamations, the Municipal Merger Law was renewed in 1995 as temporary legislation with a 10-year term limit. However, the Municipal Merger Law was amended in 1999 before the end of the term limit. With this amendment, the central government in Japan has strongly forged ahead with municipal amalgamation with the target number set at 1,000 municipalities.

However, in Japan, the central government cannot force a municipality to amalgamate with other municipalities because forced municipal amalgamation is considered as eroding the local autonomy which is constitutionally assured. As a result the central government promotes municipal amalgamations by relying mostly on fiscal method. The central government uses both carrots and sticks to encourage municipal amalgamations.

In the Major Heisei Amalgamations, the central government uses fiscal carrots and sticks. It actually tried to promote municipal amalgamation before the trinity reform. The central government revised the Special Low on the Merger of Municipalities in 1995 to promote municipal amalgamations by removing impediment for municipalities to amalgamate with other municipalities.

Furthermore, under the banner of decentralization reform in Japan in the 1990s, the central government delegated much more administrative power to municipalities. In the first stage of the reform, the Committee for the Promotion of Decentralization did not argue about municipality amalgamation, because it focused on terminating the agency-delegated functions. After the first stage, the argument of municipality amalgamations appeared in the policy-making process. In 1998, the 25th Local Government System Research Council published a final report about municipality amalgamations. In this report, the Council suggested that it is necessary to reinforce the residents' initiative and the role of prefectures in municipality amalgamations, in order to promote amalgamations. Following this report, the central government of Japan increased financial and administrative supports to municipalities. The Ministry of Home Affairs (MOHA) set the promotion of municipality amalgamation as the policy with overriding priority in local finance and administration. MOHA started to consider the pattern of amalgamation in each prefecture, to expand the residents' initiative, and to offer financial supports to prefectures which stimulate municipality amalgamations. In August 1999, MOHA requested prefectures to decide the plan for amalgamation which stipulates the pattern of amalgamations in each prefecture in the Road Map for the Promotion of Municipality Amalgamations.

However, as shown in the Fig. 6, the number of municipal amalgamations between 1995 and 1999 is just three even though the revision of law. In 1999, the central government revised the law again to promote more strongly the municipal amalgamation. In this revision, the central government introduced several special treatments for municipal amalgamation including residential initiative to introduce municipal amalgamation committee, fiscal support for municipalities to amalgamate with other municipalities, loosening the requirement to be a city, and making an exception on the term and number of municipal assembly members. In Japan, to be a city one municipality has to have more than 50,000 residents and meet other requirements on urbanization of municipality. However, in this revision, one municipality can be a city with more than 30,000 residents. This revision encourages towns

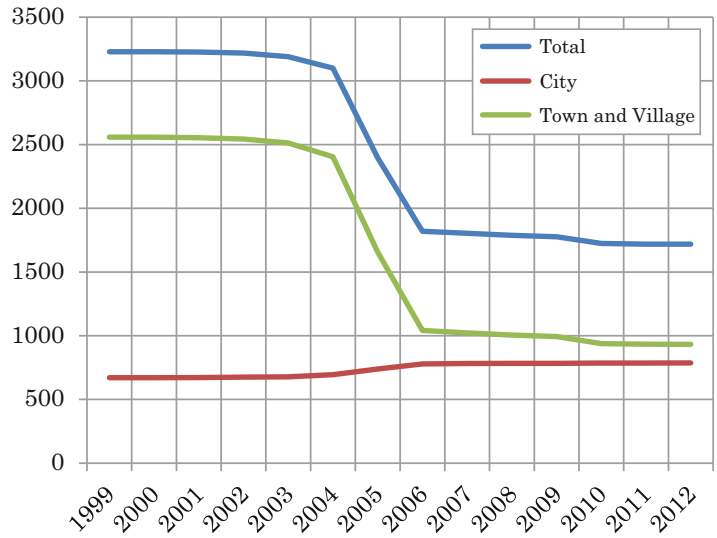


**Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan, Fig. 6** Heisei Municipal Amalgamation (Source: Made by author based on the data available from Ministry of Internal Affairs and Communication. Thousand Yen)

and villages to amalgamate with other municipalities to be a city.

In addition, in 2000, the central government set the goal of the number of municipalities at 1000 after the promotion of municipal amalgamations in the Outline of Administrative Reform. Even after this revision the number of municipal amalgamation did not increase and there were only 11 cases between 1999 and 2002 (Fig. 6). To accomplish the goal set in the Outline of Administrative Reform, the central government needed to introduce further measures.

In this context, as described above, the Trinity Reform reduces the amount of fiscal transfer from the central to local governments and increasing tax resources of local governments by increasing the tax rate of residential tax. However, this promotes the fiscal gap among municipalities. Fiscally challenged municipalities which are mostly located in the country side cannot gather tax with residential tax because they have smaller population. On the other hand, wealthy municipalities which locate in urban area can tax more than before the reform from their residents.

This reform strongly promotes municipal amalgamations. Among three dimensions of reforms, the cut of local allocation tax force small municipalities which rely on it for their fiscal revenue to amalgamate with other municipalities (Kido and Nakamura 2008). The number of municipalities started to decrease from the year of 2004 just after the central government cut the fiscal transfer to local governments by the Trinity Reform. The number continued to decrease until it reached to about 1,700. As shown in Fig. 6, the number of town and village decreased significantly from 2,500 to 1,000, although the number of city increased slightly during the Heisei Amalgamation. This means that fiscally fragile small towns and villages amalgamate with surrounding municipalities and became a city.

## Conclusion

This section explains the Trinity Reform and Heisei Municipal Amalgamation in Japan in the 2000s.

First, the Koizumi Administration implemented local fiscal reform called "Trinity Reform" starting 2003 including three dimensions of reforms: reducing local allocation tax, subsidy, and increasing local tax. This reform changed the local fiscal system significantly that local governments are more independent from the central government in terms of fiscal resources. In particular, fiscally weak

municipalities have faced difficulties to manage their revenue because the tax resources are concentrated to urban area.

Second, as a result of trinity reform, the number of municipalities reduced significantly after 2003 when the central government started the reduction of fiscal transfer. The numbers was reduced to 1700 within just 5 years. This is the third wave of municipal amalgamations in Japan since the Meiji era.

As seen in this section, local government system in Japan has changed significantly in the 2000s. Therefore, it is necessary to examine what these institutional changes in Japan would cause political or public administrative outcomes. Japanese case will provide rich information for comparative public administration.

## Cross-References

► Regional Governance

## References

Kanai T (2007) Jichi Seido [Local system in Japan]. Tokyo: University of Tokyo Press (in Japanese)

Kido H (2016) Chuo Chiho Kankei niokeru Seito Ruhto no Yakuwari: Zaisei Iten Kaikaku no Nihon Kanada Hikaku [Party routes in intergovernmental relations: a comparative study of fiscal transfer reforms in Japan and Canada]. Nenpo Seijigaku 2016-I pp. 259–282. (in Japanese)

Kido H, Nakamura E (2008) Shichoson Gappei no Kankyoteki Yohin to Senryakuteki Yohin [Strategy and environment: determinants of municipal amalgamations]. Nenpo Gyosei Kenkyu 43 pp. 112–130. (in Japanese)

Kitamura W (2006) Sanmi Ittai Kaikaku ni yoru Chuo Chiho Kankei no Henyo: Sansukumi no Tairitsu, Nidankai no Shinten, Hitotsu no Kiketsu [Changes of intergovernmental relations as a result of Trinity Fiscal Reform: the three-way standoff, two round process, and one result]. In: Tokyo Daigaku Shakai Kagaku Kenkyu Sho (ed) Ushinawareta Junen wo Koete [Beyond the lost decade], vol II. Tokyo: University of Tokyo Press (in Japanese)

Nishio M (2007) Chiho Bunken Kaikaku [Decentralization reform in Japan]. University of Tokyo Press (in Japanese)

Sunahara Y (2007) Chuo Seifu no Zaiseisaiken to Chiho Bunken Kaikaku: Chiho Bunken Kaikaku Suishin Kaigi no Keiken kara Nani wo Manabukoto ga Dekiruka [Fiscal restructuring at the central government and the fiscal decentralization reform in Japan]. Kokyo Seisaku Kenkyu 7 pp. 132–144. (in Japanese)

Tanimoto Y (2008) Kuni ni yoru 'Ue kara' no Jichitai Tosei no Jizoku to Henyo: Kokko Hojo Futan Kin Seido Kaikaku to jichitai Tosei [Control of municipalities by the Central Government: changes and continuity]. In: Morita A, Taguchi K, Kanai T (eds) Bunken Kaikaku no Dotai [The dynamics of decentralization reform in Japan]. Tokyo: University of Tokyo Press (in Japanese)

# Local Governance

Parvaz Azharul Huq
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Decentralization; Democratic local governance; Local government; Local self-government; New local governance; Participatory local governance

## Definition

Local governance is a new process of decision-making and resource distribution at the local levels using markets, quasi-markets, and the networks of mutually interdependent organizations, entities, and actors. This is a new form of governing system which transcends – both in theory and practice – the traditional conception of local government. While local government is a building block of local governance, the latter encompasses a wide gamut of formal and informal institutions, processes, and relationships. In its simplest form, local governance can be defined as the collective action of the local government institutions, various government agencies, private sector, and civil society groups to manage common socioeconomic and political affairs of a given locality below the national or sub-national level.

## Introduction

Local government, more specifically local self-government, refers to the kind of government bodies which are comprised of representatives elected by the people and have administrative, legislative, and executive authority and functions to discharge on the territories under their jurisdiction below the national or sub-national level. Local government institutions can be created by national constitutions, state constitutions, ordinary legislation of a higher level of central government, provincial or state legislation, or executive order (Shah and Shah 2006:1). On the other hand, local governance – as an extended and a reformed form of local government – denotes the formulation and execution of collective action at the local level. It underscores the need for looking beyond the narrow perspective of legal frameworks and local government institutions. As such, it refers to a consultative and collaborative process that replaces the traditional mode of decision-making by the officials behind the closed doors inside the local councils. Local governance seriously considers the changing circumstance of our time, for example, the change in the actor constellation in the public policy arena. It follows a horizontal consultative interactions among a wide range of public, private, and other societal actors in the process of the formulation and the implementation of policies. Local governance exhibits the perceived changes in the nature and role of the state following a major public-sector reform that took place between the 1980s and 1990s at the advent of the new worldwide social, political, and economic circumstances.

## The Increased Importance of Localism

Recently localism has received special attention both in political and academic arena. Harriss et al. (2004) convincingly outline how the current conception of localism is intertwined with and favorable to the process of globalization and the changing sociopolitical and economic circumstance since the 1990s. The complex process of globalization has been reinforcing the transformation of state power and politics in such a way that localization of politics has become an integral part of restructuring of nation-states. Globalization has integrated many of the nation-states into global networks, flows, and the global market. Global market forces together with the pressure of neoliberal discourses have forced many nation-states to undergo the processes of "de-statization" (e.g., market liberalization) and "denationalization" (e.g., decentralization, devolution, and privatization). As a result of the processes, the conception of "local" has assimilated a revived dimension in relation to global-local connectivity. According to Massey, "local" is "...a product of wider contacts; the local is always already a product in part of 'global' forces..." (Massey 1995:183). Local sites are no longer sealed off from relational and translocal linkages (broader networks). Simultaneously, the primacy of local-level politics has increased with a renewed identity in the context of global transformation (Harriss et al. 2004).

## The Shift from Local Government to Local Governance

This is not so long ago until when the state and government were used synonymously and interchangeably. Government was seen as the embodiment as well as exposition of state sovereignty (Cheema and Rondinelli 2007). It is the government who was solely responsible for articulating people's interests and providing services to them. Academic discussions and debates at that time revolved around what kind of economic plan was required to follow or what level of government remained more efficient and appropriate to deliver services. State interventions and control was thought to be the only solution to the problems and challenges the society had encountered at that time. Various basic services such as health, education, housing, etc. were considered as public goods, and those were the prerogative to the government as the main service provider. The postwar economic system in the western liberal democracies was very much influenced by the ideas of Keynes (1883–1946).

But by the early 1980s, the world witnessed a number of phenomenal changes in the political and economic spheres. Between the 1970s and 1990s, the world experienced the third wave of democratization partly because of the decreased legitimacy of the authoritarian regimes due to poor economic performance (Huntington 1991). Such widespread democratization process was followed by the collapse of Soviet Union at the beginning of the 1990s. This was a great blow to the idea of centrally planned economic system. The wave of prodemocratic transition along with technological development, especially in the field of ICT, acted as catalysts for the expansion of globalization throughout the world. One of the greatest consequences of globalization is the ever-increasing economic and political interdependence of the nation-states. Simultaneously, globalization has changed the nature of capital by emancipating its control from the state. The development of big multinational corporations, who are not loyal to a particular nation-state, is gradually taking the control of capital. Therefore, the world has witnessed the rise of a kind of private sector which is relatively free from rigorous state control. Again, the promotion of liberal democracy together with the forces of globalization (i.e., economic liberalization) contributed also to the proliferation of various private nonprofit organizations, nongovernmental organizations (NGOs), professional groups, faith-based groups, community-based organizations (CBOs), etc. not only in the western societies but also in the global south.

In the social sphere, both the developed and developing societies embraced quite a number of changes as well as challenges. Due to the concentration of major economic activities in a few geographical areas, the pace of human migration and urbanization has increased. The influx of migrants in a few urban centers has been resulted in ever-widening social segregation between the rich and poor, black and white, immigrants and locals, and so on. Providing employment, health, education, and other social services to the disadvantaged groups has appeared as a major challenge for the government. Again, because of the advancement of medical science, the life expectancy both in the developed and developing countries has increased. This has given the rise in the number of elderly population who requires special welfare system. In addition to these, the ever-increasing economic involvement of women demands for extending the coverage of child welfare system in order to support working parents. Moreover, while the technological development especially in the field of ICT has offered a number of opportunities for human well-being, it has also poised new kind of social problems, for example, cyber-crimes. Beside these, climate change-induced environmental degradation has appeared as a single most important threat against human existence. At the face of these diverse societal problems, the government's capacity as a single entity in addressing the challenges has been proved inadequate.

By the end of 1980s, the public policy arena became configured with a new constellation of actors beside the government. Gradually, big multinational corporations, private companies, professional organizations, nonprofit voluntary organizations, and community-based organizations entrenched into providing services like health, education, housing, etc. which was previously been considered as pure public goods and services. As such, the concept of "public" which was synonymous to government started to be replaced by a new kind of publicness which is shared by multiple stakeholders in the process of governing (Saito 2008). Accommodation of these new actors in the governing process called for a deep-rooted reform in the art of business of the government. According to Bevir (2009), the paradigm shift from government to governance took place in two waves: the first was aimed at incorporating business sector's management styles in the public sector which is known as New Public Management (NPM); the second wave was an attempt to develop new institutional arrangement for managing and coordinating the functions of a joined-up series of networks under the banner of "joined-up governance," "one-stop government" or "whole-of-government," etc. The shift is marked by the following: from public toward private forms of governance, from public toward forms of governance in which the civic society plays an important role, from central forms to decentralized forms, from national forms to

international and supranational forms, from geographical forms to functional forms, and from vertical to horizontal forms (Bekkers et al. 2007). Rhodes (1996) identifies a number of characteristics of governance: interdependence between organizations, continuous interactions among the network members, game-like interaction among the network participants, and a significant amount of autonomy from the state. In a nutshell, the shift entails a two-dimensional transformation for the local government institutions: from sole decision-makers to coordinators, collaborators, or co-governors and from service providers to enablers, coproducers, or partners.

## Local Governance and Decentralization

Local governance and decentralization are intricately related to each other, and at times these two concepts are used interchangeably. However, the two concepts are not the same. A well-planned decentralization is a prerequisite for successful transition from local government to local governance, but decentralization alone – even with its highest form "devolution" – may not lead to the development of a functional local governance system. Local governance is more than just simply decentralizing the administrative, legislative, and financial functions and authorities to the lower levels. The transition from government to governance depends much on various additional policies, programs, or strategies undertaken by various international, national, or local entities in creating an enabling environment at the local level to building, for example, strong civil society organizations, private sectors, well-functioning market, etc. More importantly it requires to redefine central-local relationship.

Generally, decentralization has been defined as "...the transfer of authority, responsibility, and resources – through deconcentration, delegation, or devolution – from the centre to lower levels of administration" (Cheema and Rondinelli 2007:1). In contrast to "deconcentration" and "delegation" which often refers to the shift of some administrative and managerial responsibilities and authorities to some government agencies at the lower levels, "devolution" (also known as democratic decentralization) is the transfer of significant power, authority (including lawmaking), and resources to the lower-level bodies, which are democratic in some way and to some degree (election or by some other means that induce local people's participation) and which are largely or wholly independent of higher levels of government (Conyers 1981; Manor 1999; Cheema and Rondinelli 2007). A promising decentralization, more specifically democratic decentralization, must entail a mixture of all three components, e.g., democratic, fiscal, and administrative (Harriss et al. 2004; Cheema and Rondinelli 2007).

Not always, but in most of the cases, decentralization has been the result of intentional decisions by the policymakers. Manor (1999) states that there are ample examples, i.e., South Africa, Namibia, the Philippines, Bolivia, some Indian states, and others, where decentralization was aimed at a genuine attempt to empowerment by promoting participatory local governance at the local level, tapping partnership between state and society, enhancing the accountability of elected representatives and transparency of the government, and so on. Contrary to this, he further mentions, decentralization could be advanced for narrow or partisan advantage and consolidating a local power base of the central government by drawing powerful figures at local level into official positions, obtaining local resources which the ruling party can exploit for partisan advantages, mobilizing voters, and so on.

## Local Governance and Citizen Participation

Various studies and writings indicate about the ineffectiveness of liberal democratic mechanisms both in the developed and developing countries, since the gap between ordinary people and the state institutions has been widening in many of those countries. The political representation system of electoral democracy seems to fail there in accomplishing some central ideas of democratic politics, like the active political participation of citizens, building consensus through dialogue, bringing equity, and so on (Fung and Wright

2003). Therefore, focus has turned to participatory mechanisms that are represented as extending and going beyond the limits of representative, electoral democracy. Though the concept of participation was not new in the local government sphere, it was relatively recently that the concept was increasingly being related to the right of citizenship and democratic governance. Since the 1990s, there has been growing interest around the world in involving citizens more directly in the governance process. This interest has given rise to new spaces for participation as well as new frames of participation under the concepts of "participatory governance," "citizenship participation," or "empowered participatory governance" (Fung and Wright 2003:5; Gaventa 2003:4). This new form of civic participation calls for a reconfiguration of relationships and responsibilities between the citizens and local state institutions through participation in the newly created spaces (Cornwall 2002).

Since the term governance by default implies wider participation in decision-making by accepting a wide range of actors other than the state, it may be described as more or less participatory depending on the level of influence of the non-state actors. The degree and type of involvement of different actors in governance, therefore, particularly depends upon the relationships among them, as well as on the role and attitudes of each actor. But when we talk about a well-designed participatory local governance system, it combines a true representative democratic system at the local level as well as the scope for direct citizen participation in the decision-making and implementation process related to the local issues for making local government more responsive and more effective in service delivery. As such, participatory local governance is about readjusting the traditional boundaries and building a new relationship between the state and citizen by creating intermediary spaces – new forms of social and political associations – where participants from both sides can interact in a new way. Participatory governance refers to an approach toward citizen participation beyond the electoral process and which draws on community participation in identifying local priorities and planning and implementing programs, whereby citizens become "makers and shapers" (Cornwall and Gaventa 2000).

One of the main focuses of participatory local governance is the inclusion of poor and marginalized people. In this way, it is different from good governance where participation in decision-making is an element among others to run government businesses (Satterthwaite et al. 2005). For Schneider (1999) participatory governance in the context of poverty reduction means to empower the poor. Participatory governance, thus, aims for greater, broader, and deeper participation. It does mean that the increased relationship between governments and citizens goes beyond the participation within a specific project, neighborhood, and policy. Participation in a specific project or neighborhood – even though in such practices government officials or elected local representatives and citizens are tied in the decision-making process – could be a sign of good governance, but not participatory governance. Bishop and Davis (2002:27) identify the elements of participation in a participatory governance process: a measure of citizen involvement in decisions that might otherwise be the sole prerogative of executive government or elected representatives, a commitment to seek the views of those affected by a decision, some transfer of authority from government to citizens, and a transparent process which ensures citizens are informed about policy processes.

## Conclusion

To conclude, the global shift from local government to local governance can be seen as a transformation of the governing process from monocentric to a polycentric system where multiple actors interact with each other in order to realize their common interests. Although local governance has a locality-based focus, the process has a strong translocal linkage. Therefore, it often transcends a specific geographical location or policy arena. The recent thrust of the changes toward local governance is not only about to bringing efficiency in the public sphere but also to

promoting democratic values and social inclusion at the wider societal level.

## Cross-References


- ▶ Governance, Local Communities, and Citizens Participation
- ▶ Participatory Governance
- ▶ Reinventing Government


## References


Bekkers V, Dijkstra G, Fenger M (2007) Governance and the democratic deficit: introduction. In: Bekkers V, Dijkstra G, Fenger M (eds) Governance and the democratic deficit: assessing the democratic legitimacy of governance practices. Ashgate Publishing, Hampshire/Burlington

Bevir M (2009) Key concepts in governance. Sage, Los Angeles/London

Bishop P, Davis G (2002) Mapping public participation in policy choices. Aust J Public Adm 61(1):14–29

Cheema GS, Rondinelli DA (2007) From government decentralization to decentralized governance. In: Cheema GS, Rondinelli DA (eds) Decentralizing governance: emerging concepts and practices. Brookings Institution Press, Washington, DC, pp 1–20

Conyers D (1981) Decentralisation for regional development: a comparative study of Tanzania, Zambia and Papua New Guineas. Public Adm Dev 1(2):107–120

Cornwall A (2002) Making spaces, changing places: situating participation in development. IDS Working Paper, Institute of Development Studies, Sussex

Cornwall A, Gaventa J (2000) From users and choosers to makers and shapers: responding participation in social policy. IDS Bull 31:50–62. Sussex, Institute of Development Studies

Fung A, Wright EO (2003) Thinking about empowered participatory governance. In: Fung A, Wright EO (eds) Deeping democracy. Verso, London/New York

Gaventa J (2003) Towards participatory local governance: assessing the transformative possibilities. Participation: from tyranny to transformation, Manchester

Harriss J, Stokke K, Tornquist O (2004) Introduction: the new local politics of democratisation. In: Harriss J, Stokke K, Tornquist O (eds) Politicising democracy: the new local politics of democratisation. Macmillan, Hampshire, pp 1–28

Huntington SP (1991) The third wave: democratization in the late twentieth century. University of Oklahoma Press, Norman

Manor J (1999) The political economy of democratic decentralisation. The World Bank, Washington, DC

Massey D (1995) Places and their pasts. Hist Work J 39(1):182–192

Rhodes RAW (1996) The new governance: governing without government. Pol Stud XLIV:652–667

Saito F (2008) Decentralization and local governance: introduction and overview. In: Foundations for local governance: decentralization in comparative perspective. Physica, Heidelberg

Satterthwaite D, Boonyabancha S, d'Cruz C, Cabannes Y, Mitlin D, Patel S, Stein A (2005) Tools and methods for participatory governance in cities. In: 6th global forum on reinventing government towards participatory and transparent governance. Republic of Korea, Seoul

Schneider H (1999) Participatory governance for poverty reduction. J Int Dev 11(4):521–534

Shah A, Shah S (2006) The new vision of local governance and the evolving roles of local governments. In: Shah A (ed) Local governance in developing countries. The World Bank, Washington, DC, pp 1–46


# Local Governance and Public Service Delivery in Ghana and Nigeria


Harrison Adewale Idowu
Adekunle Ajasin University, Akungba-Akoko, Nigeria
Obafemi Awolowo University, Ile-Ife, Nigeria


## Synonyms

Grassroots governance; Leadership; Local government; Municipal government; Social services

## Definitions

**Local Governance:** This refers to the provision of political leadership to the people at the local/grassroots level. It implies the act whereby institutions of government make policies and provide public goods to the people at the local level.

**Public Service:** This refers to the entirety of services made available to citizens by the government and it is usually not for profit-making purposes.

**Service Delivery:** This implies the provision of certain services to a given people over a period

L

of time. It is the provision of healthcare, sanitation and water services, electricity supply, among others, to a group of people.

## Introduction

Across the African continent, governance at the local levels is as devastating as what is tenable at the national level, sometimes, even worse. While national governments have bulk of the responsibility to ensure the welfare of citizens, it is however correct that local governance structures are the closest to the people. As such, it is ordinarily expected that those at the helm of affairs at the local level of governance owe the people at that local level a good and quality life. They can provide this by way of qualitative and quantitative public service delivery to the people at the grassroots. While providing such public services is important, ensuring that the people for which these services are meant have uninterrupted and unlimited access to them is paramount. It, therefore, behooves of those at local level of governance to ensure public service delivery and actual access to these services.

The responsibility of providing quality governance and essential services to the people at the grassroots has been placed on local governments in most parts of Africa (Nwoba 2015). Such essential public services include, but are by no means limited to, primary healthcare services, quality education, security, sanitation services, safe drinking water, and reliable electricity, among others. In Western Africa, the condition of local governance and public service delivery is not different. Public goods and services still vary largely in terms of quality and quantity across developing countries (World Bank 2004).

Nigeria operates a federal structure with 36 states and 774 local government councils. Given this structure, local governments are the closest to the people. Ghana operates a unitary structure with 16 regions, 228 districts, 792 councils, and over 16,000 unit committees at the smallest level of administration closest to the people. In Nigeria, citizens hardly have access to reliable electricity, good roads, safe drinking water, quality primary healthcare services, security, and quality public schools, among others. Often times, citizens have become government for themselves with little or no help from the state, especially from local level. Where some are available, quality and access continue to constitute major challenges. Even though a little progress has been made over the years, the question of quality, quantity, and access persist in Nigeria. Conversely, despite the public–private partnership on public service delivery meant to improve quality and access to public service in the country, Ghanaians continue to face difficulty accessing essential public services due to lack of facilities or service shortage in quality and quantity (Armah-Attoh 2015: 3). Nonetheless, Ghana has perhaps made a little progress over Nigeria, but this fact has not exonerated the country from the general poor local governance and public service delivery ravaging the African continent.

Ghana and Nigeria could be regarded as leaders in the West African subregion, given their economic and political prowess. This justifies the choice of the countries for this entry. The entry thus compares Ghana and Nigeria on the basis of local governance and public service delivery. This is with the view to open up more comparative grounds for the countries and find a common local governance and public service delivery challenge (s) associated with the countries, West African subregion, and, by extension, Africa. By comparing the countries, the entry provides the opportunity for lessons to be learnt from both countries, while the country lagging behind can adopt methods from the one which has made significant progress over time. The entry also proffers way forward to address local governance and public service delivery challenges in the countries.

Following this introduction, section 4 presents the evolution of local governance in Ghana and Nigeria. Section 5 is on the state of local governance and public service delivery in Ghana and Nigeria; section 6 is on access to public services in the countries. Section 7 gives the concluding remarks.

## Evolution of Local Governance in Ghana and Nigeria

As early as 1982, the decentralization that was put in place by the Provisional National Defense Council (PNDC) had given rise to the local government structure in Ghana (Ahwoi 2010). This made provision for four-tier governance structure of regional, district, area, and town/village councils. In 1988, the LG Law 207 ensured that political, fiscal, and administrative powers were extended to the local and subnational structures. The LG Law 207 explicitly outlined the functions and responsibilities of each structures at the local governance level. With the draft of the 1992 Constitution of the Republic of Ghana, local governance was further enshrined and consolidated in the constitution. The 1992 constitution further consolidated the provisions of LG Law 207 and the two documents have since served the foundation of local governance in Ghana to date. All other policy guidelines and legislations on local governance in Ghana have derived from either LG Law 207 or the 1992 constitution, or both.

In Nigeria, local governance predated the colonial administration in the country. Long before the colonial masters established their colony in Nigeria, the country had local governance structures in place and these structures delivered essential services to the people. The evolution of local governance in Nigeria could be explained in three different epochs – the precolonial, colonial, and postcolonial era (Agba et al. 2013). During the precolonial period, local governance was delivered to the people via traditional systems uniquely designed by each ethnic group. The traditional systems thus acted as local governments and provided basic services to their people.

During the colonial period, the colonial administrators met a working local governance structure on ground, hence, only needed to improve on them to achieve better efficiency. As such, they made use of native authorities. The native authorities were merely a rephrase of traditional systems as they were not different from their predecessor – traditional systems in terms of roles and functions. At the end of colonial rule in Nigeria, the regions resorted to their unique mode of local governance, with some retaining the traditional systems, some switching to elections of local authorities, while others relied on both systems. In 1976, there was a major reform in the local government and governance structure in Nigeria. Local government became officially and constitutionally recognized as the third tier of government and enshrined for the first time in the 1979 constitution of the Federal Republic of Nigeria. The 1979 constitution, thus, spelt out the role of local government in Nigeria. This was also replicated in the 1999 constitution (as amended).

## The State of Local Governance and Public Service Delivery in Ghana and Nigeria

The provision of public services to Ghanaians is a constitutional responsibility of the different levels of government from national to the local level of governance structure. Even though the national government retains the policy-making power over service delivery, the responsibility to provide facilities and implement such public service delivery policies is shared. The fact that local governments are closer to the people makes them more accountable to the people and are thus held responsible to bring essential services to the people. This is especially true for people at the grassroots. Therefore, while the Ghanaian Assemblies are responsible for the provision of basic education, the districts are responsible for sanitation services, public healthcare delivery, and environmental protection services. To achieve the Sustainable Development Goals (SDGs) in Ghana, the country has incorporated the SDGs into its national development – the Ghana shared Growth and Development Agenda (GSGDA) (Government of Ghana n.d.). This agenda is expected to be vigorously pursued by all the assemblies at the metropolitan, municipal, and district levels of the country. This has, to a long extent, impacted on service delivery to the grassroots in Ghana.

Like its other African counterparts, local governance and public service delivery still face critical challenges in Ghana. Owing to scarce resources and the rapidly growing population,

urbanization, and development, public service delivery faces even greater challenges in the country (Armah-Attoh 2015). To address this growing challenge, Ghana has explored the public–private partnership on the task of public service delivery. While this approach may come to the rescue of government, the reality is often that citizens may be at the receiving end of profit-seeking private sector service providers. This justifies, also, the skepticism and apprehension among Ghanaians on the prospects of the private profit-seeking sector to provide essential services to the public without exploiting them. The implication of this, therefore, is that while Ghanaians may enjoy better quality services and higher quantity of these services, they may have to pay more. This approach somewhat delegates government responsibility to private individuals and firms. Despite this development, Ghanaians continue to have difficulties accessing quality public services (Armah-Attoh 2015: 2).

As of 2014, most Ghanaians were not satisfied with the state of public service delivery in the country. That year, 70% of Ghanaians claimed that the local government was performing "badly" or "very badly" in local road maintenance, while 75% were dissatisfied with the provision of reliable electricity. With respect to maintenance of roads and bridges, providing water and sanitation services, addressing education needs, and improving basic healthcare services, 68%, 66%, 63%, and 61% of Ghanaians respectively feel government was performing "badly" or "very badly" (Afrobarometer 2014/2015). Nevertheless, there has been significant improvement on public service delivery in Ghana over the space of 4 years. For instance, in 2018, only 23.4% of Ghanaians were dissatisfied with reliable electricity supply, while 41% rate the maintenance of roads and bridges as "very bad" or "fairly bad." With respect to provision of water and sanitation services, addressing education needs, and improving basic healthcare, only 33.6%, 17.2%, and 28.9% of Ghanaians, respectively, feel that public service in these areas are in a "very bad" or "fairly bad" state (Afrobarometer 2016/2018). These more recent ratings show significant improvements in public service delivery in Ghana over the space of 4 years.

On the general performance of local governments in Ghana, Ghanaians' rating of performance at local government level and delivery of public services had witnessed improvement, signaling significant improvement in local governance and public service delivery in Ghana over the years. While 58% of Ghanaians "strongly disapprove" or "disapprove" of local government performance in 2014, by 2018 the percentage of such perception had dropped significantly to 33.8% (Afrobarometer 2014a/2015a, 2016a/2018a).

In Nigeria, local government is also the closest to the people and is, thus, expected to provide governance and public services to the people, especially at the grassroots. Albeit, there seems to be widespread perception and evidences over the years that local government has performed abysmally with respect to public service delivery (Obasanjo 2003). While the central and state governments legislate on most aspects of public affairs in Nigeria, local governments are, however, mandated to provide basic public services to the people, especially at the grassroots. Such services may include the provision of safe drinking water, maintenance of local markets and motor parks, maintenance of local roads, construction of primary healthcare centers and primary education, and provision of basic healthcare services, among others. Like in other parts of Africa, local governance and public service delivery have remained in a significantly poor state in Nigeria, with only a little progress made over the years.

Since independence in 1960, governance and public service delivery have consistently worsened in the country and many citizens have already lost hope and confidence on the government's ability to provide these basic essential services. Hence, most Nigerians have resorted to patronizing private sector for their security, health, and education services, among others. This development has no doubt reduced the value citizens place on government and public services in Nigeria. There continues to be dwindling trust among Nigerians toward government's ability to provide quality governance and provide essential services (Mimiko 2018).

What it seems Nigerians have accepted is the slogan "all man for himself," a dictum which completely removes the existence of and relevance of government/governance. The people essentially do not feel government's existence because the public services which are meant to keep the essence and importance of government alive are largely missing, leaving citizens to fend and struggle for themselves.

Quality remains a challenge with public service delivery where they are existent in Nigeria. Where public services are available, they are often grossly inadequate both in terms of quantity and quality. Local governments have failed to come to the rescue of the people at the grassroots. This neglect at the local level continues to manifest in poor environmental state; dilapidated school, healthcare, and market facilities/buildings; poor healthcare centers (Olusola 2011: 337); bad conditions of local roads; no or inadequate reliable electricity supply and lack of access to safe drinking water in most rural areas where local governments are meant to be most evident. Some challenges with local governments and public service delivery in Nigeria include institutionalized corruption, political instability over the past years by way of military intervention in politics, eroded local government autonomy, and controversial/confrontational state–local government relations. Others include inadequate local government funding, unprofessionalism of local government administrators, and poor work ethics among those in government, among others.

Citizens' rating of local governance and public service delivery in Nigeria over a period of 4 years shows only a little and insignificant improvement. For instance, in 2014, 68% of Nigerians were dissatisfied with the state of electricity supply in the country, while 59.8% felt the maintenance of roads and bridges were handled "very badly" or "fairly badly." With respect to provision of water and sanitation services, 64.4% of Nigerians rated it "very badly" or "fairly badly" and 51.8% felt dissatisfied with government's handling of improving basic healthcare services (Afrobarometer 2014/2015). Four years later, only a little or no improvements were recorded. In 2018, 63.3% of Nigerians still felt the government was performing "fairly badly" or "very badly" with respect to reliable electricity supply; and 59.3% still rated provision of water and sanitation services as "fairly bad" or "very bad." While other aspects witnessed only a little, yet, poor performance, other areas only experienced a leap frog improvement. With respect to maintenance of road, fewer citizens (46.7%) rated government as performing "fairly badly" or "very badly," while 48.6% felt government was doing "fairly badly" or "very badly" with respect to meeting education needs of citizens (Afrobarometer 2016/2018). Also, among ten selected public services in the country, only four were rated as being in "good" state, while others were rated "poor" (Idowu 2019).

On the general performance of local governments, in 2014, most Nigerians (63.1%) "strongly disapprove" or "disapprove" good performance, and 62.8% still held the same perception 4 years later in 2018 (Afrobarometer 2014b/2015b, 2016b/2018b). To date, not much has changed in terms of local governance and public service delivery in Nigeria.

## The Question of Access to Public Services in Ghana and Nigeria

While the availability of public services is important, even more important is how easily accessible these services are to the people they are meant to serve. Access to basic public services are the citizens' right and must never be treated as a privilege (Ofori-Mensah 2017). Albeit, accessing public services in Africa still remains a major challenge, with citizens having to pay extra as kickbacks at times to gain access to such services. Besides the aforementioned is the question of timing – the amount of time it takes before citizens can gain access to public services, in the case that they are able to gain access. These remain a critical challenge in Africa, Ghana, and Nigeria inclusive. While this is a general challenge, the degree may differ significantly across board. Evidences show that Ghana is ahead of Nigeria in this regard, however, with only a slight difference, as access still constitutes a serious challenge to public service delivery in both countries.

While much remains to be done, the fact cannot be denied that Ghana has made some progress on access to public services. Prominent achievement by Ghana is the halving of the percentage of the population without access to safe drinking water (Ofori-Mensah 2017). Despite this feat, rural dwellers still suffer significantly from limited access to water (safe drinking water and water for general use). Ghanaians rate access to medical care in Ghana compared to a few years ago as "much worse" or "worse" (14.1%). While 36.6% claim it is "better" or "much better," 44.9% Ghanaians aver that nothing has changed over the past few years. On ease of access, while only 3.2% Ghanaians aver that it is "very easy" or "easy" to obtain household services, 9.2% claim it is "difficult" or "very difficult." Whereas 24.5% of Ghanaians posit that it is "easy" or "very easy" to obtain medical treatment in public hospitals, 19.1% say it is "difficult" or "very difficult" to obtain medical treatment (Afrobarometer 2016/2018).

Access to public services in Nigeria is not much different from what is obtainable in Ghana. While the fact is not only that public services are grossly inadequate to rural dwellers, with urban dwellers having more access, in Nigeria, access is also skewed to favor the rich and influential in society. As such, in an environment of grossly scarce resources, the rich and influential get the best of the services there exist, ahead of ordinary masses and the poor. Also, citizens often need to make some extra "unofficial" payments in order to gain access to certain public services in Nigeria. Where citizens are not able to bear this extra cost, they are often denied access. Access to health facilities, safe drinking water, and other household services remains a challenge, especially for the poor, middle class, and rural dwellers in Nigeria.

Access to medical care in Nigeria, compared to a few years ago, shows that 31.4% of Nigerians say it is "much worse" or "worse," while 34.9% claim it is "better" or "much better," and 33.4% aver that nothing has changed over the years. With respect to ease of access, only 13.1% of Nigerians posit that it is "very easy" or "easy" to obtain household services, while 19% say it is "very difficult" or "difficult" to obtain such services. On ease of access to medical treatment from public health facilities, 22.5% Nigerians claim it is "very easy" or "easy" to obtain medical treatment from a public facility, while 17% claim it is "difficult" or "very difficult" to obtain medical treatment from a public facility (Afrobarometer 2016/2018).

## Conclusion

The entry has been able to show in a systematic manner, the state of local governance and public service delivery in Ghana and Nigeria. While it is not disputable that the state of local governance and public service delivery remain generally in poor conditions across the African continent, and, indeed Ghana and Nigeria; nonetheless, Ghana has made some significant progress in these aspects over a period of time. While Nigeria has not remained stagnant either, progress made in local governance and public service delivery has been quite slow and insignificant. Conversely, ease of access to public services in the two countries is similar and poor, with the poor and rural dwellers significantly marginalized. Governments in Ghana and Nigeria, and, indeed, the entire African continent must do more to improve on local governance and public service delivery and ease of access to these services where available. This is the only way the so much desired development can be achieved on the continent.

## Cross-References

► Good Governance

## References

Afrobarometer (2014a/2015a) (2016a/2018a) Ghana. www.afrobarometer.org/online-data-analysis/analyse-online. Accessed 5 May 2020

Afrobarometer (2014b/2015b) (2016b/2018b) Nigeria. www.afrobarometer.org/online-data-analysis/analyse-online. Accessed 5 May 2020

Agba MS, Akwara AF, Idu AY (2013) Local government and social service delivery in Nigeria: a content analysis. AJIS 2(2):455–462

Ahwoi K (2010) Local government and decentralization in Ghana. Unimax Macmillan Limited, Accra
Armah-Attoh D (2015) The quality of public services: an intrinsic factor in Ghanaian evaluations of government performance. Afrobarometer policy paper, no. 21
Government of Ghana (n.d.) Ghana factors SDGs into development framework. www.ghana.gov.gh/index.php/news/1989-ghana-factors-sdgs-into-development-framework. Accessed 5 May 2020
Idowu HA (2019) Governance and basic welfare delivery in Nigeria and South Africa. Paper presented at the International conference for research on African challenges (ICRAC). The American University in Cairo, Egypt, 4–5 December
Mimiko NO (2018) Concern with campaign promises and accountability in democracies: the case of Nigeria. The 28th anniversary lecture and celebrations series, Leaven Club International, Ile-Ife Unit
Nwoba MOE (2015) An evaluation of social services delivered by local governments in Nigeria: a study of Ebonyi state local governments' administration (1996–2012). J Policy Dev Stud 9(3):142–152
Obasanjo O (2003) Address presented at the inauguration of the Technical Committee on the Review of the Structure of local government councils in Abuja. June 25. https://www.nigeriafirst.org/speeches.html. Accessed 5 May 2020
Ofori-Mensah M (2017) Access to basic public services: challenges Ghana must overcome. IEA monograph no. 46. The Institute of Economic Affairs, Accra
Olusola OO (2011) Boosting internally generated revenue of local government in Ogun state, Nigeria: a study of selected local governments in Ogun state. Eur J Hum Soc Sci 8(1):336–348
World Bank (2004) World development report: making service work for poor people. https://openknowledge.worldbank.org/bitstream/handle/10986/5986/WDR%202004%20-%20English.pdf?sequence=1. Accessed 5 May 2020

# Local Governance in the Caribbean

Bishnu Ragoonath
Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Local Government; Local Governance; Decentralization

## Definition

Whereas the concept "local government" is normally well understood as a subnational level of government which has jurisdiction over the administration of a limited range of public or state functions, within a specified geographical area, local governance, from a Caribbean perspective, proposes to be those processes and the institutional framework within a locality or community through which power and authority are exercised, in influencing policy, decision-making and implementation regarding the conduct of local public affairs, and the direction of local development.

## Introduction

Most Commonwealth Caribbean states, during the colonial period under British rule, had systems of local government. With independence, however, national governments reevaluated the efficacy of the existing local government systems. The result was that some states retained a system of local government, while others reformed the local government systems, ensuring that they were no longer subnational governmental authorities, but rather became administering arms of the central government, while in other states, the systems were simply abolished and all functions transferred to central government. Such reforms have ensured that there is no uniform local government configuration within the Caribbean region. But based on the reforms adopted, several states claim to have created systems of local governance. This entry critically reviews this claim.

Local governance from a Caribbean perspective is supposed to represent a combination of three compound ideals, namely, democracy, public management, and development. In terms of democracy, governance expands on the narrow meanings of democracy, so much so that legitimacy of governments based on free and fair elections are inadequate in the modern conceptualization of governance. Governance thus is to represent consensus building, participation, and civic awareness. It is also pegged with the

principles of integrity and morality in the execution of public affairs to the end of achieving social and economic development.

The concerns with social and economic development, within the context of governance, are ones where people and more critically peopled-centered policies are the primary focus of government. Development is not here to be seen in the context of infrastructural or economic growth, but rather it is geared toward improving the social, economic, political, cultural, and even psychological quality of life of the citizenry, integrating them into the society while at the same time empowering them to live fulfilled lives. Empowerment here must include the right to participate fully in the decision-making process as it affects one's life, as well as to have economic and social security. To be sure, governance from a developmental perspective puts people first, whereby policies and processes are to be people focused.

But in putting people first, governments, operating under the umbrella of governance, must operationalize its activities with a public management focus. The public management focus of governance is based on strong principles of management including proper human resource management as well as strategic management. In fact within the context of governance, governments with the consensus of the citizenry must determine developmental goals and purposes and design and implement systems to pursue such. Proper management principles and practices inclusive of accountability, transparency, integrity, and even morality must be adopted and instituted in the quest to achieve total quality management within the context of governance.

Local governance in the Caribbean therefore is to be measured in relation to the pursuit of democracy, development, and good public management. Cognizant that different states approached local governance differently, any understanding and analysis of local governance must start from an understanding of what exist on the ground, country by country. The next section of this entry reviews the current configuration of local governance from a country by country basis. This will be followed by an assessment of these systems based on the issues of development democracy and public management. The enrty will then focus on critical issues and challenges to local governance in the Caribbean.

## Local Governance and/or Local Government in the Caribbean

**Antigua and Barbuda** Local governance in the twin island state of Antigua and Barbuda epitomizes the lack of uniformity in local governance. The island of Barbuda has a constitutionally entrenched elected Council of Barbuda which acts as the authority for that island and can draft resolutions concerning community issues and domestic affairs. However on the island of Antigua, there are no such local governance systems. The Ministry of Social Transformation and Human Resource Development however has a local government department which has the responsibility for reviewing and making recommendations for local government reform. There are currently no district/parish/community councils in Antigua, but there seems to be a long-term aim of establishing district councils throughout that island.

**The Bahamas** Local government was introduced in the Bahamas in 1996 and exists in all inhabited islands with the exception of New Providence (where the capital city is located and for which local issues are administered directly by central government). There are thirty two (32) local government districts in the "Family Islands."

**Barbados** The system of local government which existed in Barbados prior to that country gaining its independence from Britain was abolished in 1968. Since then there is no official local government system. Local governance however is said to be implemented via a voluntary Constituency Council system. There are 30 councils existing in Barbados. These councils assist in managing resources assigned for the development of their respective constituency. The councils also serve as a conduit for information from the community to the central government.

**Belize** Although a 2009 national policy on local governance was approved for Belize, the

**Local Governance in the Caribbean, Table 1** Status of local governance systems in the Caribbean

| Entire island as a local government system (elected) | Constitutional/legal local government system (elected) | Local governance system (central government-appointed councils) | No local government nor informal local governance structures |
|---|---|---|---|
| Barbuda | Bahamas | Barbados (Constituency Council) | Antigua |
| Nevis | Belize | St Lucia | Grenada |
| Tobago | Dominica | | St. Kitts |
| | Guyana | | St. Vincent |
| | Jamaica | | |
| | Trinidad | | |

fact remains that this local governance policy was to provide guidance and direction for the systems and practices of local government. Local government is implemented in Belize through four types of local authorities, namely, the city councils, town councils, community councils, and the alcaldes. There are two (2) city councils (Belize and Belmopan) and seven (7) town councils which encompass the urban population within six (6) administrative districts of the country. Additionally, there are one hundred and eighty (180) villages and twelve (12) community councils. The alcalde system operates alongside the village councils and acts as local magistrates at the village and community level.

**Dominica** The current local government system in Dominica is said to have started during the colonial era. Today the local government system comprises three municipal councils, the Carib Council, and thirty seven (37) village councils. While all these councils are elected, it may be noted that the central government has the right to nominate at least 3 members of 8 on all village councils and 5 members for 13 of each municipal council. Through its nominative capacity, the central government can heavily influence the local government system and its functioning.

**Grenada** For over one hundred (100) years, Grenada had a formal local government system and included a Commission for Local Government. However, over time the entire system was dismantled. Currently there is no existing local government system in Grenada. It may be instructive to note that the Constitution of Grenada does state "that there shall be a council for Carriacou and Petite Martinique which shall be the principal organ of local government." As stated above no such system is however in place.

**Guyana** The constitution provides for a local government system which divides the country into ten administrative regions, each having a Regional Democratic Council headed by a regional chairman. Additionally there are six (6) municipalities and sixty-five (65) Neighbourhood Democratic Councils (NDC). The Amerindian Act also established local governance councils for Amerindian settlements.

**Jamaica** Local government in Jamaica dates back to 1662. The current system of local government consists of fourteen (14) local authorities comprising twelve (12) parish councils, one (1) municipal authority (Kingston and St. Andrew), and one (1) municipality – Portsmore. Parish Development Committees (PDCs), representing civil society, community-based organizations, and the private sector and including the local and central government agencies, have been established in all local government jurisdictions. The role of these committees is to facilitate the participation of local stakeholders in the management of local affairs and to guide local development through the preparation and implementation of parish development plans.

**St. Kitts and Nevis** Local government does not exist in St. Kitts. In Nevis however, there is a constitutional provision for extensive local autonomy. Nevis is considered as a devolved local government administration of St. Kitts and Nevis. It has complete autonomy with constitutional provisions for secession.

**St. Lucia** Elected local government was suspended in St. Lucia in 1979. At that time, local government was operationalized through eleven (11) local authorities operating as a city council (Castries), town councils (3), and village councils (7). In 2012 the Constituency Council Act was passed creating 15 Constituency Councils. The Constituency Council Act, 2012, makes provision for community involvement in local authority decision-making. A Local Authorities Bill has since been drafted to replace the current Constituency Councils. This proposed legislation will address issues relating to the institutional, financial, and legislative frameworks of local authorities. All local government functions however are centrally administered.

**St. Vincent and the Grenadines** Until its dissolution in 1973, a local government system comprising twelve (12) elected councils existed in St. Vincent and the Grenadines. Since then, the central government administers limited local government services through "local authorities" which are really deconcentrated central government structures. In 2002, Parliament passed a resolution to appoint a Commission on Local Government Reform to examine the existing arrangements and make appropriate recommendations for the establishment of democratic local government. A proposal to include local government in the constitution failed when the draft constitution did not receive the support of the people in a referendum held in 2009.

**Trinidad and Tobago** The reform of the local government system in Trinidad and Tobago has been under consideration for more than a decade. To be sure since 2004, there have been two Green Papers and one White Paper proposing reforms for local government in Trinidad, while there have been proposals for the reform of the Tobago House of Assembly in 2012–2013. In all instances, however, after extensive consultations with the citizenry, there have been no changes to the systems of local governance which existed since the 1990s. Notwithstanding that however, in Trinidad the Municipal Corporations Act of 1990 ensures that there is a system of elected local government for 14 municipal corporations in Trinidad, while the 1996 Tobago House of Assembly Act provides similar coverage for Tobago.

## Democracy in Caribbean Local Governance

Democracy, from the Caribbean local governance perspective, should represent consensus building, participation, and civic awareness. While elections are normally viewed as being an integral part of good governance systems, at least in two Caribbean states, the central government has refrained from including elections in their local governance models. Moreover, in the states where there are no formal or informal local governance structures, discussions on local government/governance reform seem to settle more toward the viewpoint against elections at the local level.

Until 1979 the St. Lucia local government system included elected local government councils. Since then there has been no elections although there have been reforms and even the expansion of the local governance systems with the establishment of new local government authorities within the ten administrative quarters into which the island is divided. The central government ministry with responsibility for local government normally consults civil society organizations, and the names of individuals are identified and recommended to the minister who then seeks Cabinet approval for the appointment of members of the local government councils. But even with a council being appointed, the minister assumes overall responsibility for policy formulation and direction of the local councils. Citizen participation, consensus building, and civic awareness in this system are thus limited in accordance with the ministry's consultation with civil society organizations and the minister's wishes.

A near similar state of affairs exists in Barbados. In this instance however, citizens can apply to the central government to be appointed to the Constituency Councils, and the minister makes the required appointments. Cleary this situation does not empower citizens. In both these cases however, there is the claim that the persons appointed can promote consensus building in the

community, and by extension there is the further claim that the system is not dogged by party or "tribal" politics. These claims are not always upheld by the supporters of the parties which do not hold central government. Be that as it may, there seems to be a genuine fear of electoral "tribal" politics in countries which promote local governance as opposed to local government. In fact it is this fear which the Prime Minister of St. Vincent and the Grenadines has expressed as his rationale for not supporting the recommendation from the Commission on Local Government Reform for elected local government in that country.

Turning to the democracy and participation in countries where there still exist local government systems, again there is no uniformity. To be sure, apart from the island systems where voter turnout at local government polls exceeds two thirds of the electorate, most of the other local government systems receive a failing grade for participation and democracy. Starting with the case of Guyana, since that country gained independence, there have only been three local government polls (1968, 1974, and 2016). Effectively, only in the Bahamas, Belize, Dominica, Jamaica, and Trinidad and Tobago have there been "regular" elections. But in suggesting that there have been regular local government elections, voter turnout at local government polls has been low. In fact in 2012 in Jamaica, the turnout was 34%. In 2013, in Trinidad, turnout at the local government polls was 43.6% of the electorate. In 2016, in Guyana, 47.1% of the electorate voted in the local government elections. Also in 2016, in Dominica turnout has been less than 20%. Elections are scheduled to be held in both Jamaica and Trinidad and Tobago on November 28, 2016. Based on the existing trends and political environment in both states, a low poll is again expected. Accordingly, only Belize can boast of a turnout at municipal elections of over 50% of the electorate. From the perspective of voter participation, the local governance systems in the Caribbean leave a lot to be desired.

As indicated above in the systems where the entire island is considered a single local government structure, voter turnout had been relatively high. In Barbuda turnout at the last local governance poll rested at 82% of the electorate. In Nevis it was 81%, while in Tobago it was 70%.

A point must be noted about democracy and Caribbean Local Governance. Party politics dominates the political culture in every country in the region. To this end, local government elections seem never to focus on the community, but rather on political issues as identified by political parties. This is most visibly seen in the case of Dominica, whereupon while the system calls for nonpartisan local government elections, the political parties are always integrally involved in the nomination of candidates and in mobilizing popular support, and at the end of the polls, "parties" claim victories.

## Development and Good Public Management via Local Governance Systems

Development is supposedly the most viable selling point for the retention of local governance systems in the Caribbean. To be sure, the true role of local government, even from colonial times, was supposed to be development oriented. Local government systems were supposed to be a training ground for politicians, facilitating them with a forum for debate and advocacy. The functions of local government were all expected to have a developmental result. Thus, for instance, the building and maintenance of markets allow for economic trade as well as a sanitary environment for the sale of food. Similarly maintaining parks and playgrounds and public spaces is supposed to create the enabling environment for healthy lifestyles. Effectively, in a strong local government/governance system, all the functions provided by a local authority are supposed to aid the development of the human person in the community. Of course this only happens with good management systems (be it human resource, financial, and project) being utilized.

In the Caribbean however, as noted earlier, local government and governance systems are very weak. Moreover, executive local government systems exist only in the Bahamas, Barbuda,

Belize, Dominica, Guyana, Jamaica, Nevis, and Trinidad and Tobago, and even in these states the local governance systems are heavily restricted in what they do. In Dominica, for instance, the village councils have road maintenance as the primary function. In the other territories alongside the road maintenance function, local governments oversee the maintenance of markets, waste collection and disposal, and in some instances public health and even child welfare. Effectively there is no uniform list of functions that local government systems undertake, though whatever is done can be said to have a developmental impact on the citizenry.

The challenge however has always been ensuring effectiveness, efficiency, and economy in embarking on the work of the local government authorities as well as in minimizing corruption. These issues become important since most local authorities are not financially autonomous and depend on central government for subventions, which are usually inadequate, as well as staff to implement their limited functions. The effect of all of this combined is that local government systems in the Caribbean region seem to fail at ensuring good public management. From this perspective, local governance in the Caribbean seems to be unable to meet what may be considered to be fundamental objectives for any local governance system.

## Conclusion

Although several Caribbean states have stayed on the local governance bandwagon, the fact remains that the systems in place are merely shadows of what a good local governance system should be like. Several central governments have agreed that there is urgent need to reform, but the reform agenda seems to be pegged on electoral victories either for central government or local government. Be that as it may, the lobby for local governance and more critically elected local government remains strong among the citizenry in the Caribbean. Whether central governments will adhere to the wishes of the people, we can only wait and see.

## References

Caribbean Forum of Local Government Ministers (2008) Regional policy and cooperation framework on local Governance and local democracy in the Caribbean. Caribbean Forum of Local Government Ministers, Jamaica

Commonwealth Local Government Forum (2016) Commonwealth local government handbook 2015–16. Commonwealth Local Government Forum, London

Persaud P (ed) (2004) Decentralization and local government in the Caribbean. National Democratic Institute for International Affairs, Washington, DC, pp 9–24

Ragoonath B (2004a) Embracing civil society in local governance; challenges and prospects for the commonwealth Caribbean. In: Menke J (ed) Political democracy social democracy and the market in the Caribbean. Anton de Kom University of Suriname, Suriname, pp 141–162

Ragoonath B (2004b) Local democracy and good governance in the Caribbean: an agenda for regional co-operation. In: Local democracy and good governance in the Caribbean: report of the regional symposium held in Montego Bay Jamaica. Making Local Governance Work Series 1. Commonwealth Secretariat, London, pp 67–85

Ragoonath B (2009) Yes to local government, no to participatory democracy: the local governance reform dilemma in Trinidad, St. Lucia and St. Vincent. Commonw J Local Gov 3:31–50

# Local Government Benchmarking

Nuno F. da Cruz
LSE Cities, London School of Economics and Political Science, London, UK

## Synonyms

Comparison; Indicators; Measurement; Monitoring; Municipal performance

## Definition

Benchmarking is the systematic comparison of certain performance measures with predefined reference levels, aiming at continuous improvement.

## Introduction

The various facets of "measurement," "comparison," "evaluation," and "monitoring" of government performance stubbornly continue to be topics of international relevance. Within this context, debates focusing on the subnational level of governance have been claiming more and more space in the academic and policy arenas. The extra attention given to the "local" is easier to explain. The decisions and actions of local executives have a very real and immediate impact on people's lives. Local governments are the closest link to the State for the majority of the world population. They are responsible for crucial policy sectors such as spatial planning, transport, and utility services and are also the enablers of many social and cultural activities (LSE Cities 2016). While most people already lives in cities, urbanization trends will continue to put strain, but also relevance, on local government institutions around the globe. In fact, the decentralization of powers from nation states to local governments can currently be observed across jurisdictions.

The endless debate about the advantages *versus* the perverse effects of assessing the performance of local governments and their institutions, on the other hand, is not so easy to encapsulate. Advocates, on the one hand, claim that local government benchmarking (the concept is discussed in the following section) is an absolute necessity, at least if one wishes to have effective and efficient public services (and public servants!), and that measuring, comparing, and monitoring performance are the only true way of making local governments transparent and accountable. Detractors, on the other hand, argue that these initiatives are generally naïve about the reality, open to manipulation and disguise methodological and technical limitations that ultimately lead to unfair results and pernicious governance impacts. As it often turns out, both sides of this debate are right in many of their assertions but perhaps exaggerate on the potential or the inevitable doom of local government benchmarking.

It is true that most local benchmarking initiatives do not acknowledge the inherent politics of the indicators used to measure and compare performance. As Kitchin et al. (2015, p. 6) emphasize, local government benchmarking systems are "complex, politically-infused, sociotechnical systems that, rather than reflecting cities, actively frame and produce them." However, most critical voices did not spawn from this theoretical and very sensible critique. In many ways, the major backlash against local government benchmarking stems from the fact that performance measurement was a central piece of the – now widely discredited – new public management (NPM) paradigm.

The UK was a frontrunner in the widespread adoption of these practices at the local level. The creation of the Audit Commission in 1982 and subsequent programs such as the Comprehensive Performance Assessment (introduced in England in 2002, revised in 2005), the Comprehensive Area Assessment (introduced in England in 2008), the Scottish Best Value Audits (introduced in 2003 and revised in 2009), and the Wales Programme for Improvement (replaced the Best Value regime in 2002) were all clear indications of this NPM approach to local governance (da Cruz and Marques 2014). Although the details and effects of these developments varied considerably, the mandatory and coercive nature of the initiatives was the predominant attitude.

Following the British example, similar programs were implemented in many other countries during the 1980s and 1990s. However, the compulsory benchmarking initiatives were slowly replaced by voluntary schemes. The initial motivations behind the intention to measure and compare local government performance were service failures that eroded the confidence of citizens and of higher tiers of government in the capacity of local authorities to deliver. The problem is that the "cure" that was generally proposed to overcome the service shortcomings was broadly inadequate. In simple terms, NPM supporters called for the inclusion of private sector practices into public sector entities. Benchmarking itself has its origins in the private sector (da Cruz and Marques 2014; Ammons and Roenigk 2015). However, as time showed, governments and public sector entities are much more intricate than private companies.

The mission, objectives, incentives, rules, and regulations that characterize public or governmental bodies as well as their history, longevity, and crucial role in society make them very peculiar. For all these reasons, the simple/direct import of private sector practices to the public sphere was destined to failure.

On several occasions, the counterreaction to the NPM legacy and first wave of benchmarking initiatives has been to categorize all contemporary indicator, dashboard, or other performance measurement schemes as taking a neoliberal approach to local governance. To be fair, any technocratic apparatus developed with the supposed intent of completely removing political discretion from the equation – or with grand claims about its capacity to show localities as they really are and even single-handedly solve local problems and facilitate more efficient and effective governance – may well be a pure ideological (or perhaps simply uninformed) endeavor.

Although research into developing adequate local government performance measurement devices and benchmarking practices may not be so fashionable these days, the fact is that one still seems to need it. (In fact, one may always need research into this field; with time comes new social, political, administrative, and technological stimuli and possibilities, which essentially make benchmarking a dynamic process.) Despite some academic objections, metrics, indicators, and targets are the backbone of many processes with a real and significant impact on the ground. From local infrastructure investment plans to documents setting international agendas, the measurement, comparison, evaluation, and monitoring of particular phenomena are operational requirements. For example, the recent Policy Paper for Habitat III on urban governance, capacity, and institutional development (Habitat III 2016) calls for new indicators that focus on issues like equity and participation as a way of shifting attention to these problems (e.g., away from the usual concerns, such as the GDP, which has been measured and monitored for decades).

Even if academics and decision-makers were to simply reject benchmarking schemes, dismissing them for being incapable of controlling for local governance complexities, they would continue to be implemented by auditors, donors, analysts, journalists, and many other stakeholders. And if these exercises are developed with little theoretical knowledge and/or practical know-how, then the results are surely bound to be meaningless or even pernicious which, in turn, would further add to the reaction against local government benchmarking programs. A way out of this vicious cycle is to keep nurturing an inclusive and agnostic discussion on the issue, envisioning the incremental betterment of the use of benchmarking in/by local government, which should be viewed as just another tool among many available to help protect the public interest (however it is conceived locally). This entry is an attempt to contribute to this discussion.

The remainder of this entry is organized as follows. The next section briefly describes different types of (local government) benchmarking. Section "Introduction" presents some important definitions regarding indicators and methodologies that have been used to measure and compare local government performance. The fourth section discusses the strengths and limitations of the use of measurement and benchmarking in local governance and how they are connected to the purpose and target audience. The fifth and final section concludes this entry.

## Types of Benchmarking

"Benchmarking" can be loosely defined as the systematic comparison of certain performance measures with predefined reference levels, aiming at continuous improvement (da Cruz and Marques 2014). There are however many types of benchmarking that differ in their purpose, process, and ownership. Ammons and Roenigk (2015) argue that there are three types of benchmarking in the public sector, the "comparison of performance statistics," "visioning initiatives," and "best practice benchmarking." The most common version of benchmarking applied by (local) governments is the comparison of performance

statistics, where authorities compare their figures with applicable standards or the figures of other service producers (i.e., other local governments or entities providing the same services). This type of comparison is sometimes called "metric benchmarking" or "results benchmarking" (Ammons and Roenigk 2015). Some authors also refer to "metric benchmarking" when the process involves quantifying the relative performance of local governments. These assessments are frequently voluntary but can also be compulsory (e.g., if it is required by higher tiers of government). The necessary information may be collected by a single local government, cooperatively by several municipalities or by a third party.

The (less common) visioning initiatives focus on broad goals for a locality or a region. These programs tend to be more based on social targets than on service delivery metrics. Best practice benchmarking – or "process benchmarking" – comprises a detailed scrutiny of particular operating or production procedures. The goal here is to identify the top performers of a particular process (say selective collection of recyclable urban waste), understand what makes them top performers, and ultimately adopt or adapt their practices. Finally, it is worth mentioning a type of benchmarking that does not fit well in the previous categories: "customer survey benchmarking" entails the gathering and analysis of customer's (i.e., citizen's) perceptions (da Cruz and Marques 2014).

Another way of categorizing benchmarking initiatives has to do with their scope. If a given local government compares its performance against that of other municipalities (e.g., to learn and improve certain processes), it is said that it is performing "external benchmarking." If that local government compares the performance of its various departments and/or employees (e.g., to assign rewards and/or sanctions), the exercise is called "internal benchmarking."

With regard to their nature, benchmarking can be "competitive," "cooperative," or "collaborative" (Kitchin et al. 2015). In competitive benchmarking, local governments can be rated or ranked regardless of their willingness to participate. In cooperative benchmarking schemes, local governments cooperate with the analyst/assessor, usually on the basis that they are not competing directly with the other participants regarding the issue being compared. The rarer case of collaborative benchmarking requires several local governments working together to select or design specific indicators and to share information and knowledge with each other.

Referring back to the role of higher tiers of government in the comparison of performance statistics of local governments, several distinctions can be made (da Cruz and Marques 2014). When the central government orders and/or facilitates performance reporting, benchmarking can be labeled as "vertically intergovernmental." When there is an implicit or explicit comparison between local governments, it can be categorized as "horizontally intergovernmental." If a higher tier of government assumes the design of the benchmarking model and the control or supervision of information exchange, some authors classify this as "compulsory hierarchical management" (Kuhlmann and Jäkel 2013). A "vertically coordinated management" refers to the cases where higher tiers of government cooperate with local governments to design the model, gather the data, and react to the results. "Voluntary local self-management" applies to programs where higher levels of government have no intervention. Finally, "independent monitoring" is used to classify those initiatives where the civil society, nongovernment organizations, scholars, or other stakeholders carry out local government benchmarking, for example, using perception or publicly available administrative data (da Cruz et al. 2016).

## Indicators and Methodologies

All the above mentioned types of benchmarking require different sets of indicators and sometimes models to aggregate these indicators. Indicators allow assessing the impact levels of a particular phenomenon and ascertaining the degree to which a particular objective is being achieved. They do

not have to be "quantitative" necessarily. Complex phenomena can be evaluated through "constructed" performance descriptors that use categories describing and defining the different performance levels "qualitatively." Nevertheless, whenever they are conceivable, "direct" (or natural) quantitative indicators are preferable, because they are unambiguous. But because the underlying phenomena of interest are often intangible or not directly observable, "indirect" (or proxy) indicators must be used instead (Kitchin et al. 2015). The quality and type of data used is a decisive factor for the success of any benchmarking exercise. Models based on objective, factual, hard data tend to be less controversial than the ones relying on, for example, perception-based data, such as surveys or expert coding (da Cruz and Marques 2014).

There are three main types of local government indicators with regard their purpose (da Cruz and Marques 2014). "Descriptive" and "contextual" indicators provide insight into the operational environment of local governments. They represent, for example, population, spatial, geographical, or natural characteristics that, in most cases, are not controllable by local decision-makers. "Diagnostic," "performance," and "target" indicators are obviously the ones more relevant for this chapter. These indicators may refer to "input" (resources required/consumed), "output" (amount of work/services provided), "efficiency" (relationship between outputs and inputs), "outcome" (results, consequences, or impacts), "effectiveness" (quality, responsiveness, achievement rate), or "productivity" (combining efficiency and effectiveness or change in efficiency over time). When targets are set for these indicators, they can be absolute (to reach a predefined level) or relative (e.g., to be in the top 10% local governments on that indicator). Finally, "predictive" and "conditional" indicators attempt to simulate and forecast future events and performances. Despite being a growing field with practical significance, predictive analytics are not so interesting for local government benchmarking (at least as it is defined here).

As in many other circumstances, on the matter of local government benchmarking, indicators are merely "partial" measures of performance. A "single indicator" will necessarily have a narrow scope, and gauging the "global" performance of something as complex as a local government is an exercise that involves the consideration of many relevant variables and conflicting objectives. "Composite indicators" combine many single metrics to develop a measure that attempts to determine the degree to which many partial objectives (or the overall objective) are being achieved. There are several methods to aggregate single indicators and/or consider several variables at once. In efficiency or productivity analysis, both "parametric" and "nonparametric" methodologies have been used to carry out benchmarking (da Cruz and Marques 2014). Parametric methodologies require an a priori definition of the cost or production function to which each unit is compared to (e.g., stochastic frontier analysis). Nonparametric methodologies use the information about the inputs consumed and outputs produced within the dataset to estimate the overall scores (e.g., data envelopment analysis). These methods are also classified as "frontier" when the units are compared against an efficient or best practice frontier (and "non-frontier" otherwise).

The ways in which the many inputs and outputs (and sometimes exogenous variables) are rescaled to come about with an overall measure of performance in these methods are typically quite complex (and opaque), and its practical significance is often contested. Conversely, in multicriteria decision analysis modeling, the focus is usually on ensuring that the evaluation model fits the preferences of the problem owner or relevant decision-maker(s) (e.g., that the functions that transform impacts measured by the indicators in "value" or "utility" and that the weights that allow for aggregating the various criteria are in line with their value system) (da Cruz et al. 2016). Irrespective of the body of knowledge and toolkit selected to aggregate single indicators, on many occasions, the process is just too complex, costly, time-consuming, or controversial to be implemented in practice. The use of scorecards and dashboards is often a way to circumvent these obstacles (da Cruz and Marques 2014; Kitchin et al. 2015).

## Purpose, Audience, and Limitations of Benchmarking in Local Government

The ability to cast a vote periodically in free and fair elections is a key societal mechanism to exercise the "right to the city" (Habitat III 2016). A healthy local democracy, however, requires much more than this. For example, populations also need to have a voice and to be able to scrutinize the actions of their representatives and "vote with their feet." But to fully enjoy these and other crucial privileges, citizens need to have access to information. In reality, the point made about local democracy and availability of information could be made about any levels of governance. Nonetheless, it is worth stressing it here due to the visibility (e.g., *media* attention and other external scrutiny) and accountability mechanisms being generally weaker at the local level, particularly in smaller and mid-sized localities (Transparency International 2015).

The most useful information for any stakeholder tends to be the one that is comparable (and thus prone to benchmarking exercises such as ranking in league tables, assignment of ratings, etc.). For example, assuming that, for a given locality, the actual local government revenue in a particular year corresponded to 70% of what was originally budgeted, was this a "good" or a "bad" performance? An obvious approach to try to answer this question would be to check the implementation of the revenue budget in other local governments or even the regional or national average. It might be the case that this figure is close to the average since the mix of funding sources raises uncertainty about the budget or certain socioeconomic conditions impact on the financial income of most localities. Perhaps a local shock or a following political decision can explain a lower rate (e.g., the Mayor decided to reduce the bulk of local taxes in view of a surge of unemployment in the locality). Or maybe the local executive endorses poor financial management. This illustration is also useful to point out that performance statistics do not contain answers in themselves. They are just a means to tap into the mechanisms behind certain phenomena.

In simple terms, performance measurement and benchmarking in local government can have two main purposes, which are linked to two different audiences (e.g., internal management and local administrators, as opposed to public accountability and local citizens). To begin with, there is internal management: as mentioned at the outset, local governments are responsible for many societal tasks, some more tangible (like providing drinking water, treatment of wastewater, collection and treatment of urban waste, suitable mobility services, among others) and some more intangible (like promoting inclusiveness, social equity and cohesion, cultural dynamism, economic development, etc.). Regarding the more palpable set of responsibilities, irrespective of the organizational mode of delivery (i.e., public, mixed or private management), local administrations need performance measurement and benchmarks to ensure that the services delivered are meeting the needs of the population and to monitor how public funds are being spent (e.g., could the same level of service be delivered at a lower cost? would potential savings arise through technological innovation or different communication strategies? are there exogenous factors affecting fixed costs?).

Even if local governments do not engage with this type of assessment themselves, they are often subject to it via external regulation. Many utility and other local infrastructure services are subject to the authority of sector-specific regulators (though the powers of regulatory agencies can vary substantially, from mere "naming and shaming" influence to tariff-setting prerogatives). Other high-level monitoring is very common, for instance, concerning municipal finances (e.g., debt ratios, financial independence, average payment period to suppliers). Many of the performance statistics used for this kind of "internal management" are not interesting to the general public. In fact, some authors highlight the perils of an overload of data (da Cruz and Marques 2014). Although, as a principle, all administrative information should be accessible to the public (at least upon request), the communication strategy must consider the audience and final users' needs.

The importance of comparing performance statistics on the operations of local public services with peer localities as a means (among other means) to identify strengths and weaknesses is not hugely controversial. One should expect public managers to act professionally and assess and monitor performance to be part of the day-to-day job. The use of those performance statistics to enact rewards and sanctions to and within local government administrations, however, is clearly problematic. It is problematic because it is impossible to consider all the factors affecting performance (and it can therefore be biased or unfair); because "someone" selected the indicators or designed the evaluation model and – willingly or unwillingly – attached a certain value system to it (which can therefore be challenged); and because the main objective of benchmarking (which should be seeking continuous improvement) becomes a principal-agent game.

If done sensibly, it is the actual process of benchmarking, more than the final results, that can generate the most benefit. Thinking about problems, discussing practices, and exploring ways to assess them collectively contribute to organizational learning. The most successful local government benchmarking experiences are the ones that are able to stimulate "peer-to-peer" learning and dissemination of innovative practices among localities after comparing data. As Ammons and Roenigk (2015, p. 309) put it: "The promise of benchmarking as a management tool for local governments rests on the premise that organizations can learn from one another. If this premise is correct, then the practices that have led to success in one local government can be learned through benchmarking, adapted as necessary, and applied by another local government to improve its own operations and results."

This idea of learning with peers to adapt or adopt new practices is more in line with the concept of process benchmarking discussed above. However, this is not the type of benchmarking more commonly used. There are several reasons for this. In particular, it highly depends on the willingness and commitment of the participants (voluntary schemes tend to be more prone to these practices). First, not all representatives and top officials and public managers welcome comparisons (Ammons and Roenigk 2015). Mistrust, fear of embarrassment, and resistance to reporting "bad news" are customary in benchmarking initiatives (da Cruz and Marques 2014). Second, benchmarking consumes resources. Local governments need to commit time and financial resources to engage with robust benchmarking processes. In a setting of reduced public budgets, local governments might have other immediate priorities (although in the long run the investment may well pay off). In light of this, many benchmarking projects simply rely on the comparison of performance statistics (mostly through rankings), neglecting the ultimate objective of governance and service improvement and devolving the process into a "beauty contest" (Ammons and Roenigk 2015).

Most of the simple examples and illustrations mentioned so far focus on assessing specific/bounded problems, services, or activities individually. As discussed above, attempting to assess the performance of a range of policy sectors or even the overall performance of local governments generally entails the use of composite indicators or of scorecards and dashboards. This is obviously a much more ambitious undertaking. There is no denying, however, that, if feasible, it could be useful for citizens and other stakeholders. On the whole, populations are concerned with all aspects of local governance. They are also more concerned (and affected by) results and outcomes than with intermediate measures. Scholars from various fields of research (public administration, operational research, sociology, political science, etc.) should continue to carry out enquiries into this topic.

Despite the complications, there is already a wealth of recent studies on the design and use of composite indicators to assess and inform local governance practices. The Municipal Transparency Index developed in Portugal, for example, is an interesting case (da Cruz et al. 2016). This tool, which proposes to assess the transparency of local governments by scrutinizing the type and amount of information disclosed by them on their official websites, was modeled in a participatory manner, where a group of decision-makers with legitimacy to weigh in on the topic defined

what should be measured and how it should be valued in the assessment. Other interesting examples exist in the literature, and the success factor seems to be the extent to which the analysts/facilitators can consider the needs of the final users as well as the opinions of those being monitored and develop a protocol that safeguards them from misconceived reactions and allows for identifying the reasons behind (superior/inferior) performance.

Beyond the substantive issues at the core of local government benchmarking, other more practical limitations need also to be considered. Some of these issues are connected to human error. As in other applications, collecting data and measuring local government performance typically require a battery of coders and assessors, which unavoidably add "noise" to the data. The items being scored can also be imperfect measures of the phenomenon they propose to gauge. Sometimes, the indicators can even have a perverse effect. Consider now a case where the implementation of the spending budget is used as a proxy measure to assess the credibility of the local policies and planning (e.g., as a percentage, weighting each entry of the budget by its initial amount). The normative belief here would be that rates of budget execution close to 100% would indicate higher credibility. However, a local government that managed to attain considerable savings in the expected spending (e.g., because it innovated and found cheaper ways to deliver services or a specific project proved to be unattractive due to some external development) will have an incentive to spend "no matter what," even if it is wasteful, in order to appear more credible in its commitments (if there is no effort to contextualize these indicators, which is the most common case in local government benchmarking schemes). Setting off strategic responses to maximize scores, with little care for the true public interest, is a major drawback of many local government benchmarking practices. Finally, some authors argue that benchmarking deploys isomorphic forces that drive local governments toward adopting the same practices and, therefore, promoting uniformity rather than innovation and improvement. Other authors, however, claim that process benchmarking is actually an "act of defiance" in relation to isomorphism by fostering local governments to depart from the "business as usual" whenever superior practices are identified (Ammons and Roenigk 2015).

## Conclusion

It is important to keep in mind that very often "what gets measured is what matters." This can be problematic by putting too much emphasis on certain more tangible (and therefore more "measurable") problems. Still, in local governance the problem certainly supersedes the tool. And the problem is how to keep improving and reinventing the practices of local governments so that their key role in governance and their relationship with citizens and other stakeholders can continuously respond to a dynamic environment and contribute to a healthier and fairer society. When done sensibly, benchmarking can assist in this endless effort. However, it is just a small part of a much larger set of concerns and approaches to the problem.

If local government benchmarking passes all the preliminary tests (e.g., there is willingness to engage by the local leaders, the stakeholders involved are conscious of the limitations and inherent implications of using indicators and benchmarking to inform local governance, resources are available to carry out the assessment and inquire into the causes,. . .), there are still many matters to consider. First and foremost, one needs to make sure the right things are being measured, in the right way, and that the results are in the right format, considering the purpose and audience. One also needs to ensure that the champions of benchmarking initiatives are constantly aware and flexible enough to change the scheme (e.g., adapt to new or newly uncovered requirements) and committed to critically evaluate the likely unintended effects. With all these steps and requirements, local government benchmarking can be very complex and indeed very costly. The research community may help navigate the complexity and curb these costs by trying to adopt a nonideological approach to the issue ex ante.

It is a matter of fact that most contemporary benchmarking efforts in local government simply rely on comparison of performance statistics. There is generally no effort to conduct further analyses concerning the causes for inferior/superior practices or outcomes and very little engagement between local governments and their departments about these matters. Without this follow-up built into the schemes, benchmarking becomes a hollow game that corrupts the theoretical objectives and prompts defensiveness and even rejection by the stakeholders.

Another beneficial change in the perceptions about local government benchmarking would have to do with communication, particularly when the audience/final user is the general public (effective communication in internal benchmarking is also important, but its lack may not be so damaging in this case). It is important to raise awareness about the boundaries of benchmarking and the fact that "bad" results or scores do not necessarily reflect "bad" performances or incompetency. There might be a good reason to run a deficit or sustain higher debt levels. It might be the right thing to do, given the needs of the local population or the electoral commitments of the executive. However, once again, benchmarking can lend a hand to politicians who seek to defend their nonconforming, though very legitimate, performance. Benchmarking has many problems and limitations. However, placing all trust in political rhetoric does not sound ideal as a sole alternative to it (the track record of many localities suggests so). There are many approaches to observe and understand local governance (e.g., ethnographic studies, multidisciplinary approaches) that produce different but valuable insights.

In an ideal world, process benchmarking would be the preferred form for local governments, but, in practice, this rarely ever happens (some of the reasons were discussed above) even though, in theory, this type of cooperation should be more expected in the public sector (since private entities tend to protect knowledge for competitive leverage and commercial advantage). As a second best alternative, the comparison of performance statistics can also have its merits. Its success highly depends on the process of designing the scheme and on the uses of the scores. Attempting to introduce high-powered incentives by linking financial incentives (e.g., block grants by the central government) can result in unfair results on the ground. Naming and shaming practices are certainly much more harmless in that sense.

Indicators and benchmarking models are infused with values, politics, and context. For this reason, it is crucial to avoid that performance measurement and benchmarking become yet another tool by the powerful and for the powerful against the weak. Benchmarking will never solve all the problems of local governments. It will also never replace the political process, and the grand claims about the potential of technocratic solutions should be critically challenged. However, if adequately designed, it can help local institutions and other public entities to do a better job in the pursuit of the priorities that should be set by the legitimate representatives of the citizens.

## Cross-References


- ▶ Comparative Public Performance Management Systems
- ▶ E-Government, Accountability, and Performance
- ▶ Governmental Accountability
- ▶ Performance Evaluation and Reporting
- ▶ Performance Management


## References


Ammons D, Roenigk D (2015) Benchmarking and interorganizational learning in local government. J Public Adm Res Theory 25(1):309–335

da Cruz NF, Marques R (2014) Scorecards for sustainable local governments. Cities 39:165–170

da Cruz NF, Tavares A, Marques R, Jorge S, de Sousa L (2016) Measuring local government transparency. Public Manag Rev 18(6):866–893

Habitat III (2016) Habitat III policy paper 4: urban governance, capacity and institutional development. Habitat III Secretariat, Nairobi

Kitchin R, Lauriault T, McArdle G (2015) Knowing and governing cities through urban indicators, city benchmarking and real-time dashboards. Reg Stud 2(1):6–28

Kuhlmann S, Jäkel T (2013) Competing, collaborating or controlling? Comparing benchmarking in European local government. Public Money Manag 33(4): 269–276

LSE Cities (2016) How cities are governed: building a global database for current models of urban governance. http://urbangovernance.net. Accessed 11 Mar 2016

Transparency International (2015) Local governance integrity: principles and standards. Transparency International, Berlin

# Local Government Budgeting in Bangladesh

Mohammad Rafiqul Islam Talukdar
Government and Politics, Asian University of Bangladesh, Dhaka, Bangladesh

## Synonyms

Bangladesh perspective; Budgetary autonomy; Budgetary decisions; Budgeting process; Influencing phenomena in budgeting; Local government Union Councils

## Definition

Local government budgeting in Bangladesh refers to the effects of influences and magnitude of autonomy in budgetary process and budgeting decisions of local government Union Councils on the perspective of Bangladesh.

## Introduction

The research on the influencing phenomena and autonomy at the budgetary process of local government Union Councils/Parishads (UPs) in Bangladesh is based on a combination of political psychology, applied economics, and public management issues.

**Political psychology** is an interdisciplinary academic field related to describing, in this study, how individuals as public institutional representatives make their decisions relating to budgeting considering the exogenous political and cognitive psychological factors, and thus it is dedicated to understanding politics, politicians, and political behavior from a psychological perspective.

The way Henley (1992) defines *budgeting*, it strongly reveals the concept of "**applied economics**." *Budgeting is a process of measuring and converting plans for the use of real* (i.e., *physical*) *resources into financial values* (Henley 1992).

**Public management** issues include decentralization, local government finance, and local governance, as well as organization and budgeting theories and local government budgetary process.

A 2001 study of Khan observes that one of the vital concerns in relation to decentralization in Bangladesh is greater autonomy of the local state (Khan 2001). The principal premise of the current-round research is that a greater autonomy of the local state helps improve the effectiveness of decentralization. The other premise of the research is that demands for public goods and services are increasingly exceeding the supply at local governments in Bangladesh and elsewhere, particularly in developing countries.

The main purpose of the research is to explore the nature, cause, and consequences of the dimensions of influences and magnitude of autonomy in budgeting decisions of local government Union Councils in Bangladesh.

The research contributed in the literature stream of public administration, specifically in decentralization, in local government finance as well as budgeting, and in local governance studies. The study findings to some extent substantiated the rationality of conditional national government transfers to the sub-national governments in Bangladesh. Beyond the general theoretical and practical significance of the study, its findings led to inviting a fundamental debate on the national-local tax base system and appreciated the fact that central hindrance toward effective functioning of the local government Union Councils in Bangladesh is the crisis of ownership and competence of UP representatives.

## Context

Bangladesh, officially the People's Republic of Bangladesh, is a sovereign state located in South Asia, whose capital is Dhaka and state language is Bengali (Talukdar 2014). Despite a long heritage of local government in Bangladesh, success of decentralization is mixed here, and it has brought a little pro-people innovation.

There are several distinct reasons for that: first, a weak intergovernmental relationship – poor status of balance of power between central and local governments and poorly set inherent links between and among local government institutions; second, disproportionate magnitude of administrative, political, and fiscal decentralization; third, the frequent changes of the system; fourth, imbalance between functions, finance, and functionaries; and fifth, absence of an aggregate local governance policy. The focus of the research is intrinsically linked to the all five reasons for the mixed success of decentralization in Bangladesh.

Until the recent development of decentralization in Bangladesh, only the Union Parishad – *the lowest level unit of rural local government in Bangladesh* – to some extent, had the devolutionary decentralization among the rural local government institutions there (Talukdar 2010). By now, Bangladesh has separate acts/laws for all local government institutions and elected councils for all such institutions.

## Study Method

The study has employed qualitative method with six case studies on criteria based purposively selected UPs at Sunamganj district in Bangladesh. The data collection techniques of the research include 'in-depth interviews' of chairpersons and secretaries of the unit of analysis (i.e., UPs), 'focus group discussions' of members of UPs, 'document reviews' of UPs, 'media review', and 'researcher's comprehensive observations'.

This study further employs an emergent framework. The emergent approach allows here understanding the concerns of research questions from the perspective of the elected representatives and secretaries to the UPs, that is, the research participants' perceptions and concerns as they emerge, rather than their voice being refocused. Such emergent approach is going to follow the lens of some existing theories. The study draws on the grounded-theory approach to data collection, analysis, as well as interpretation, and thus its findings are closely linked to data and the context. There are some key variations between this approach and the full grounded-theory method defined by Glaser (1978, 1992).

Figure 1 shows the data analysis mapping, used in this research, focusing on the causes and process of influences and their implications on the budgetary autonomy of local government UPs in Bangladesh.

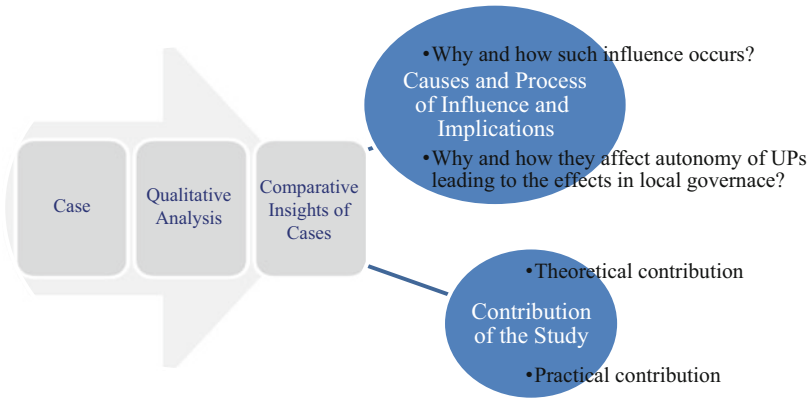


**Local Government Budgeting in Bangladesh, Fig. 1** Data analysis mapping

## Research Results

Almost all the influencing phenomena – source of resources, previous year budget, scarcity of resources, local demands, political and personal traits of the Chair, local problems, legal aspects, UP competence aspects, and council management – hold both de jure and de facto characters, except political and personal traits of UP Chairs, and legal aspect. There is no de jure ground for political and personal traits of UP Chairs, excluding the fact that they must be elected by the electorate of the community, while the legal aspect holds entirely de jure nature.

A rising scale of community demands; a limited scope of revenues; an excessive dependence on governmental transfers as well as a high magnitude of conditionality of the transfers; an absence of highly competent and responsible UP leadership as well as councils; the government politics with local government, i.e., keeping UPs highly dependent both administratively (e.g., staff shortage and legal dominations) and financially (e.g., leaving UPs with very limited revenue sources); and the legal constraints all help make excessive as well as diversified effects of the influencing phenomena in the UP budgeting process and decisions.

Box 1 shows how causal relations govern the causal mechanism as well as influence in UP budgeting decisions and beyond.

**Box 1 Theoretical Skeleton of How Causes Govern the Influence Mechanism in Union Council Budgeting and Beyond**

First, scarcity and sources of resources have their influence in making UPs resource-centric focused that is alike Pfeffer and Salanci's (1978) resource dependence theory. These, in effect, make UPs heavily dependent on excessive conditional intergovernmental and slightly on nongovernmental transfers for undertaking their assigned responsibilities and delivering best possible public services.

Second, government transfers are likely to be based on the previous year actual transfers and revised budgets and the performances as well as outcomes of the previous year transfers in local governance. In effect, last year's actual government transfers tailored the revised budget of the local government Union Councils. The government's response to the new year budget is not necessarily based on the proposed budget only but also heavily based on the government's politics of the budgetary process and decisions – i.e., budgetary incrementalism approach of the government that principally counts the performances as well as outcomes of the previous year transfers also that is alike to the well-expressed Wildavsky's seminal work, "The Politics of the Budgetary Process" (Wildavsky 1964).

Third, evolving local problems and increasing demands make UPs concerned regarding external environments to assume and adapt with contingency factors and make them interconnected with other local government institutes in their areas as well as dependent on national government and non-government for financial support and technical cooperation. Thus, these aspects stress interorganizational relations (Baker et al. 2011) and allow UPs more interactions with their environments that is alike Thompson's (1967) and Lawrence and Lorsch's (1967) structural contingency theory.

Fourth, applications of the relevant government law, rules, and regulations and their dominance go beyond budgeting decisions of UPs to their management as well as local governance. UP competence aspect matters in their management, planning, and budgeting processes and helps build UP confidence and competitive advantages, effects of which go to the local governance.

Fifth, political and personal traits of the Chair influence UPs not only in getting competitive advantage in planning and budgeting process and decisions but also

(continued)

**Box 1 Theoretical Skeleton of How Causes Govern the Influence Mechanism in Union Council Budgeting and Beyond** (continued)

in building a self-responsible Union Council and participatory management as well as robust local governance architecture. Political affiliation and leadership quality also help build political and social networking, and thus ruling party-affiliated UP Chairs could have access to some special grants, but they still lose some opportunities if there are strained relations with the concerned Member of Parliament (MP).

Sixth, UP council management encompasses a UP management culture leading to the magnitude of transparency and accountability in UP budgeting decisions. Such accountability mechanism helps pave the pathway of robust local governance.

The research reveals that the influence of concerned phenomena in UP budgeting decision-making process does not certainly collide with the autonomy of UPs in the budgetary decisions, but their effects are evident with varying degrees and dimensions on the budgetary autonomy of UPs, even to the UP overall management and local governance.

The indicator-based empirical analysis reveals that the magnitude of influences is almost double than that of the budgetary autonomy of UPs at Sunamganj district in Bangladesh. The local government UPs seem to be homogeneous in Bangladesh. Thus, the budgetary autonomy of local government Union Councils is a serious apprehension in the study of decentralization and local governance in Bangladesh.

## Contributions

### Theoretical Contribution

Management of public services could be improved in terms of accountability and performance, if they are entrusted to the local level officials, compared to the far detached national bureaucrats (Ostrom et al. 1993). But empirical observations support that there are lots of other deliberations here. Rationality of the government conditions and control on local government Union Councils in Bangladesh is tied to the crisis of self-responsibility as well as competence of Union Council Chairs and members.

Government conditions are furthermore entrenched in the inevitable intergovernmental resource dependency and call for ensuring financial accountability and monitoring the performance of local government Union Councils. However, the community perception of "accountability" is quite different from the accountability frame academics advocate. This observation is somehow supported by Ahmed et al. (2016). Figure 2 below illustrates the comprehensive accountability framework of the local government Union Councils in Bangladesh.

Both the UP representatives and the general citizens put less emphasis on formal accountability tools and concerns, but more on the social accountability with traditional and informal practices (Ahmed et al. 2016:42). Observation of the current research supports Ahmed et al. (2016). Thus, the UPs' social contributions and performance would be highly appreciated if those could be documented properly.

Nonetheless, field observations also reveal that institutional ownership as well as competence of UPs to manage their revenue and expenditure portfolio sensibly is a serious concern that justifies the conditionality and guidelines of government transfers to them.

In fact, ownership, competence, as well as financial accountability and conditionality are intrinsically linked. These are also linked to an important unresolved question that is beyond this research's terms of reference: What make the local government UP representatives seriously interested to be elected there? What are the incentives and motivational factors for them to be elected there? The research documents their salary and formal benefits, which seem very poor. The 2016 study of Ahmed et al. partly raises the same concern. Ahmed et al. (2016), however, present a precise response to the unresolved question:

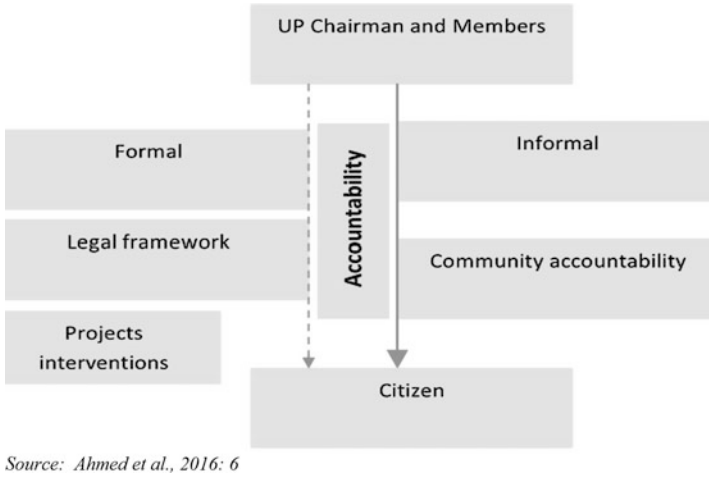


**Local Government Budgeting in Bangladesh, Fig. 2** Formal and informal accountability flow of UPs

> By influence of the positions they (elected members and chairs) can grab many lucrative businesses and make money. The people do not think that UP representatives are making money from UPs rather they utilize UP leadership identity in exploiting many other lucrative money-making ventures. (Ahmed et al. 2016: 45)

Nonetheless, Ahmed et al.'s (2016) response is not evidence based and still could be treated as anecdote. Further study to understand the political psychology of UP representatives regarding their interest for being elected is a must.

### Practical Contribution

Practical contribution of the study proves the fact of maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints.

Research proves that the maximum possible amount can be collected from the local revenue assignments is relatively very insufficient comparing to the aggregate budget of a year (as shown in Table 1).

The research solves this problem providing the two options: first, increasing local tax base/net by trading off national government resource base at the local level and second, tax from the all local sources should be collected by local governments and then this collected tax shall contribute equitably to the national government as well.

By putting the both options above, the research just invites an academic debate. Yet the solution alone cannot solve the autonomy crisis of UPs unless the legal constraint (GOB 2009: Sect. 54:3) is resolved.

**Local Government Budgeting in Bangladesh, Table 1** Maximum possible amount of UP own revenue compared to the budget

| Sample UPs | Aggregate budget 2016–2017 | Maximum possible amount/scope of own revenue | Ratio |
|---|---|---|---|
| Fenarbak | 18,200,000 | 1,343,000 | 14:1 |
| Jamalgonj Sadar | 20,428,000 | 1,611,000 | 13:1 |
| Joysree | 7,972,000 | 300,000 | 27:1 |
| Modhanagar | 8,050,000 | 300,000 | 27:1 |
| Uttar Sukhair Rajapur | 8,628,000 | 650,000 | 13:1 |
| Bhimkhali | 13,487,000 | 595,000 | 23:1 |
| Average | 12,794,167 | 799,833 | 16:1 |

## Conclusion

Beyond the theoretical and practical contributions of the study, the research observations somehow support both the principal and secondary premises of this research mentioned in the introduction of this research brief. In the former case, research shows that autonomy of the local state alone

cannot improve the effectiveness of decentralization. It must go with local government ownership, competence, and accountability framework.

The observations of this study and literature review strengthen the latter case that the demands for public goods and services are increasingly exceeding the supply at local governments in Bangladesh and elsewhere, particularly in developing countries. Yet the revenue assignments of local governments in most developing countries including Bangladesh are often very poorly designed and very limited.

The research proves that the maximum possible amount that can be collected from the local revenue assignments is relatively very insufficient compared to the aggregate budget of a year. Thus, the maximum level local revenue collection cannot solve the autonomy crisis of UPs considering the current revenue base and legal constraints.

Consequently, increasing local tax base/net by trading off national government resource base at the local level along with the legal reforms is one way to establish minimum autonomy through growing its own resource capacity. But this alone cannot provide the resources needed to an UP considering its growing local problems and increasing community demands.

Thus, it requires flexible as well as less conditional intergovernmental transfers following its approved budget submitted to the government. Government's incrementalism approach in transferring funds based on the previous year transferred amount and performance audit should not be stereotyped; rather it must be responsive to the UP-approved budget submitted to the appropriate authority of the government. Otherwise, the citizenry involvement, as well as stakeholder consultative processes, for example, ward shaba meetings and UP open-budget meetings, might superficially become counterfeit.

Local governments in Bangladesh, particularly Union Councils, have yet to grow a high sense of self-responsibility, commitment, as well as competent leadership and capable councils. Once this grows, the basis for lessening government conditions to the intergovernmental transfers and/or increasing local tax base of the local government will pave the way.

The research, also, takes a stance that reducing government control and increasing competent as well as responsible UP councils and leadership should go side by side. Furthermore, it suggests placing here robust oversight and accountability mechanisms.

Importantly, two issues, found in this research, require further study.

First, the further study requires an in-depth understanding of how the influencing phenomena affect beyond the UP budgeting decisions to its overall management and local governance. In other words, to what extent do these influencing phenomena affect the autonomy of UPs in their overall management and local governance?

Second, further study is necessary to understand the reasons why UP representatives are interested in being elected and what kind of incentives are attractive for them to be elected despite their salary and formal benefits being very poor.

## References

Ahmed T, Ahmmed KN, Razzaque F (2016) Social accountability mechanisms: a study on the Union Parishads in Bangladesh (Special publication series no. 02, March 2016)

Baker E, Kan M, Teo STT (2011) Developing a collaborative network organization: leadership challenges at multiple levels. J Organ Chang Manag 24(6):853–875

Glaser B (1978) Theoretical sensitivity. Sociology Press, Mill Valley

Glaser B (1992) Basics of grounded theory analysis. Sociology Press, Mill Valley

GOB (2009) The local government (Union Parishad) act 2009. Local Government Division, Dhaka

Henley D (ed) (1992) Public sector accounting and financial control, 4th edn. Chapman & Hall, London/New York

Khan NA (2001) The political economy of decentralized local governance in Bangladesh: a retrospect. Indian J Soc Work 62(1):90–105

Lawrence PR, Lorsch JW (1967) Organization and environment. Harvard University Press, Cambridge, MA

Ostrom E, Schroeder L, Wynne S (1993) Institutional incentives and sustainable development. West View Press, Boulder

Pfeffer J, Salancik GR (1978) The external control of organizations: a resource dependence perspective. Harper & Row, New York

Talukdar MRI (2010) Democratic decentralization in Bangladesh: implications in poverty reduction and human rights. J Adm Stud, Jahangir Nagar Univ 3: 108–116

Talukdar MRI (2014) Local governance in Bangladesh – policy and strategy framework. Osder Publications, Dhaka
Thompson JD (1967) Organizations in action. McGraw-Hill, New York
Wildavsky A (1964) The politics of the budgetary process. Little, Brown and Company, Boston

# Local Government in Kazakhstan

Saule Emrich-Bakenova
Department of Public Administration and International Development College of Social Sciences, KIMEP University, Almaty, Kazakhstan

## Synonyms

Decentralization; Local self-government; Public administration; Regional development; Sub-national government

## Introduction

Kazakhstan is a highly centralized unitary state system which, for various reasons, has pursued decentralization more than once since gaining independence in 1991. In doing so, Kazakhstan has established its own model of local government, institutionalized in law and policy, which divides responsibilities and powers with the central government and grants citizens a specific form of local self-government, including the right to take small-scale budgetary decisions within their areas of authority.

Local government in Kazakhstan is principally codified in law by the Constitution of Kazakhstan (1995) and by the Law on Local Public Administration and Self-Government (2001; hereafter the Law). In addition, local government is affected by various policy documents and most recently decentralization objectives are set out in the national development plan, Strategy "Kazakhstan 2050," the Plan of the Nation: 100 Concrete Step, Policy Framework for development of local self-government (President of the Republic of Kazakhstan 2012a, b, 2015).

These are only a few key legislative and policy initiatives, among many more adopted and proposed decrees, laws, and codes that Kazakhstan developed since its independence. On the one hand, these legislative and policy activities are evidence of a strong intent of political elite to "define a clear role for local government" (OECD 2017, 55). On the other hand, a successive list of legislative and policy outputs and multiple amendments to existing documents may support the view that local government is in an ongoing state of transformation (OECD 2017; Yuvitsa 2019).

Indeed reforms of local government in Kazakhstan are characterized as difficult and contradictory. From 2001 until 2017, the Law on Local Public Administration and Self-Government was amended by 84 other laws (Dosmyrza and Zhanuzakova 2017). Over 33% of the changes were made in the period between 2011–2012 and 2014–2015. There was on average one change every 65 days. Most frequently amended were provisions that regulate authority of local executives of different levels (108 changes) followed by 24 amendments concerning local representative bodies (Ibid.). The frequency and number of changes in the Law at minimum is a solid indication of instability of the legal base of local government.

Yet, there is another perspective. Kazakhstan experts emphasize that unitary structure does not presume super concentration of power by the central state. It only safeguards against territorial separatism (Gabdualiyev 2015, 12). Political elites are taking one step at a time which is different from "stamping feet" or being "stuck" in the reform process. It is in fact a clearly measured approach to avoid possible mistakes and various possibilities for destabilization in general and in local territorial units specifically (Vaida 2019). Local government development then is not just "a matter of managerial wisdom, but also a useful political strategy for enhancing the autonomy of executive elites" and safeguarding monopoly control of the central state (Dunleavy and O'Leary

1987, 180). The political formula of Kazakh decentralization is best expressed in the following statement: decentralization measures should be encouraged only in so far as they would not lead to the "weakening of dominant vertical power and jeopardizing implementation discipline and order. The central government should be always on guard" (President of the Republic of Kazakhstan 2012a).

The argument we advance here is contrary to the assertion of some of the reviewers that the existing model of local government in Kazakhstan is in a constant flux, prone to uncertainties, and lacking effectiveness. On the contrary, it shows, regardless of employed methods and forms, remarkable stability and continuity. Kazakhstan continues to be true to its "pre-independence" features with the central government being at the "pinnacle" and local governments continue playing the role of implementation bodies of central government policies (OECD 2017, 40; see also Bhuiyan 2010; Aitkazinov 2010a; Makhmutova 2006, 2001).

In this chapter, we review principal features of the local government model in Kazakhstan. We first describe the administrative-territorial structure of Kazakhstan followed by review of actors and their functions in local public administration and self-government, and briefly review the financial bases of local government and local self-government. We conclude the review with implications of the local government model.

## Territorial Structure: What Is Local?

In accordance with the Law on Administrative-Territorial System (1993), Kazakhstan consists of regions and settlements. Regions include oblasts (regions), rayons (districts), and rural districts. Settlements are compactly populated areas formed as a result of economic or other societal activities of citizens with population of no less than 50 inhabitants. Settlements are in turn subdivided into urban and rural. Urban settlements include cities of republican, oblast, and district significance including villages that are situated on their territories. Rural settlements include all the remaining populated areas regardless of their subdivision.

There are three tiers of governments below central government (Table 1). First tier: three cities of republican significance (Nur-Sultan, capital; Almaty, former capital; and Shymkent) and 14 oblasts (regions). The second tier comprises oblasts that are further subdivided into smaller units: rayons (districts) and cities of oblast significance (more than 50,000 inhabitants). The third tier comprises the cities of rayon significance (between 10,000 and 50,000 inhabitants), districts with the larger cities, rural districts, townships, and villages.

In the Soviet era, subnational levels of administrative-territorial unities were categorized as *local* (Aitkazinov 2009). This generalized usage of the term "local" continues in contemporary Kazakhstan. Despite the difference, it equally applies to distinct territorial levels: oblast (first tier), rayon (second tier), and villages (third tier).

Oblasts in Kazakhstan cover large territory, exceeding in some cases the territory of European states, with population size over one million. The oblast level of the state administration is also a primary authority at the regional level responsible for implementation of state socioeconomic policies and coordination and control of local public administration bodies and self-government. It could not be managed as local (municipal) entity. It is considered intermediate (mezzo) subnational level (Ibid.).

Another caveat is that the Constitution (1995) does not define levels of local self-government (Beisembayeva et al. 2015). The Law then, taking this for granted, states that local self-government could be established on several levels: oblast, rayon, city district in cities, cities of rayon significance, towns, and villages. As argued (Gabdualiyev 2015), it would have been logical to identify self-governments with second and third tiers. It is on the rayon and lower levels, local governments are responsible for a broad array of social, economic, and cultural services (e.g., targeting and delivery of social assistance benefits, services to seniors and disabled, ambulance, organization of preschools,

management of communal property, construction, repairs, maintenance of roads, encouragement of entrepreneurship, municipal transportation, sanitary, and water services). These levels are closer to the local population providing them with more effective opportunity for being able to participate directly in managing local issues and being heard.

Continuous association of local government with all three tiers of administrative-territorial units is further complicated by the dominance of regional policies at the expense of localities. Unlike in the European countries, where frequently regional policy-making is highly fragmented and hardly susceptible to political control (Hulst 2005), in Kazakhstan the opposite is true. Optimization of regions and their borders in 1997 led to delineation of regional issues. As a result, the role and interests of local (specifically third tier) communities, where officially over 40% of Kazakh population resides, have been somewhat suppressed by prerogatives of regional planning and development. Central government considers village level as a means for tackling regional policies with focus on the growth of urban centers and mono-cities. The focus on efficiency and effectiveness in use of resources undermines consideration of other factors, including the ability and desire of affected people to move. Consolidation of small, economically constrained settlements into bigger units forces local populations to move to infrastructure as opposed to moving "infrastructure to people" (President of the Republic of Kazakhstan 2018). State budget resources are given to villages with higher economic potentials, while the rest are financed from local budgets and other financial resources.

Decisions about reorganization of administrative-territorial units are made by the president and the government. Determination of economic potential of rural settlements and villages is made by central and local public administration executives (Nurbayev 2019; Jaxylykov 2019). According to international reviewers (OECD 2017), for the most part, Kazakhstan's administrative and territorial divisions have experienced very few and "measured" changes since independence. The principle change has been a reduction in the number of villages and townships (See Table 1). Nevertheless, the issue of top-down reorganization with strong involvement of central state (as in the Soviet era) in restructuring of local communities is difficult to dispute (Yuvitsa 2019). For example, reorganization of third tier territorial units does formally include consideration of representatives of self-government. However, as discussed in later section on forms of local self-government involvement, under existing model, participation of local government community in discussions is only a formality.

## Central State Administration of Local Government

The President of Kazakhstan plays a principle role in providing direction with respect to the country's policies including those concerning local government. All the principle elements of

**Local Government in Kazakhstan, Table 1** Administrative-territorial units through time (as of 2018)

| Central government | | Year 2000 | Year 2008 | Year 2018 |
|---|---|---|---|---|
| First tier | Oblast | 14 oblast and 2 cities of oblast significance | Same as 2000 | 14 oblast and 3 cities of oblast significance |
| Second tier | Rayon | 170 | 175 | 183 |
| | City | 85 | 86 | 87 |
| Third tier | Rural districts<br>Townships<br>Villages | 2,103<br>200<br>7,863 | 2,474<br>35<br>7,105 | 2,253<br>30<br>6,454 |

Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan https://taldau.stat.gov.kz/ru/NewIndex/GetIndex/703909?keyword=

local government development are outlined in presidential strategic documents (e.g., President of the Republic of Kazakhstan 2012a, b, 2015). The president also has the power to appoint and dismiss regional executives (akims) and initiate earlier dissolution of local representative bodies (maslikhats).

The central government is in charge of developing main directions of socioeconomic policy of the state and, in coordination with the president, approving state programs. The government within the granted by the Constitution authority issues decisions that are obligatory on the entire territory of Kazakhstan, and it may also, partially or in full, revoke or suspend decisions of local executive bodies. Local executive bodies only exercise those powers and responsibilities that the central government grants to them. These arrangements are outlined in the Constitution (1995) and detailed in the Law.

Responsibility for local government resides within one or another central department (ministry). Since 2011, general issues concerning local government development in Kazakhstan were under the Ministry of Economic Development and Trade, specifically the Committee on Regional Development. In 2013, the Committee was reorganized and regional oversight was transferred to the newly established Ministry of Regional Development. In 2014, the Ministry was abolished and responsibilities for local government, including oversight and accountability of local executive bodies for regional development, were moved under the Ministry of National Economy, department of regional development. The department's role has been to oversee regional and interregional development, development of mono-cities, local self-government, and village development.

However, these reorganizations may not be over. In Fall 2019, one of the Parliamentary deputies of the leading party Nur-Otan called for the return of the Ministry of Regional Development, arguing that matters of regional development are too complex and require specific differentiated approaches that would account for local specifics including interest of the local population (Tengrinews.kz 2019).

## Constitutional and Legal Basis of Local Government

The First Constitution (1993) of post-independent Kazakhstan in the section *State Territorial Organization and Local Administration* assigned local representative bodies, elected directly by the local population, with decision-making powers within their areas of authority for the period of 5 years and subject to earlier termination by the Supreme Council of Kazakhstan. The local executives appeared under the responsibility of the president and the government (Constitution 1993, Article 92).

The current (second) Constitution of Kazakhstan (1995) has refined, detailed, and expanded the system of local government with addition of the provision on self-government in the section *Local Public Administration and Self-government.* However, this section of the Constitution has not been preserved in its original way and undergone further amendments in 2007. Overall, the Constitution of 1995 (regardless of further changes) reaffirmed the hierarchical organization of the state and subordination of local executive bodies to the central government. The Constitution also defers to the Law in shaping and detailing roles and responsibilities of local representatives and executives bodies and self-government.

## Local Government Institutions

Local public administration is presented by two institutions: representative (maslikhat) and executive (akim and akimat) bodies. As subjects of local public administration, representative bodies express the interests of the local population of the corresponding administrative-territorial units. Local executive bodies are involved in the development of local economy, social sphere, and administrative-political system.

If local representative bodies work in accordance with the Constitution and the laws, then local executive bodies act within the Constitution and in accordance with decisions of the president, the government, and higher-ranking executive bodies (Sapargaliyev 2014). Given that local

representative and executive bodies are part of the unified system of public administration system on local level, they cannot unilaterally determine their own authority. As outlined in the Constitution, competencies of local public administration bodies are determined by the Law. Both maslikhats and akimats are prohibited by law to adopt decisions that would block the development of common labor, capital, finance market, and free exchange of goods and services with the territory of Kazakhstan.

### Local Representative Bodies (Maslikhats)

Maslikhats are the representative bodies of public administration on oblasts and on local levels with exception of villages, rural districts, and townships. The maslikhat's apparatus is a state organization maintained from local budget. Maslikhats deputies are directly elected for the period of 5 years by the population of the corresponding administrative-territorial unit.

Even if maslikhats are supposed to act on behalf of the electorate, general state interests come as priority. Violation of this principle signifies violation of the Constitution and laws. For example, the unitary structure of the state, its territorial integrity, and the form of state administration cannot be changed and maslikhat does not have the right to consider these questions under the pretense of the will of its electorate. This would signify negative political consequences (Sapargaliyev 2014). Those decisions that are outside of the framework of the Constitution and laws could be annulled by the maslikhat itself or by the court decision.

There is no vertical subordination between the Parliament of Kazakhstan (majilis) and maslikhats of all levels. Maslikhats are not considered part of the general system of representative bodies and are not a legislative branch. Normative decisions which they adopt on the territory of their jurisdiction in the hierarchy of legal acts are inferior to acts of the parliament, the president, and the government. While separate, there are though few relations between these two institutions.

Maslikhats deputies elect senators. Previously and ironically, the senate had the power of earlier termination of maslikhats of all levels. Presently, this power is in the president and maslikhats themselves. For the purpose of constructive dialogue, in 2007, senate established a council for cooperation with local representative bodies (Aitkazinov 2009, 98; See Senate of the Parliament http://senate.parlam.kz/ru-RU/senate/maslikhat).

In 2016, maslikhat elections were tied to the election to Parliament (Majilis). While this increases the publicity of the event, election to the local representative bodies in comparison to the Parliament are quite invisible. People who are elected are less known to the electorate (Abramov 2019). For example, more than a half of the maslikhat deputies as a rule represent businesses and only few are engaged in professional politics (Ibid.). In the 2016 election, over 50% of elected deputies represented business structures, 40% worked in public organizations, and around 7% were representative of political parties and NGOs (Informburo.kz 2016).

One would assume that maslikhats independence is ensured in the absence of vertical subordination among maslikhats themselves. However, this does not constitute absence of relationship among them. Specifically, decisions of upper level maslikhat are compulsory for implementation by low levels of maslikhat. At the same time, upper level (e.g., oblast) maslikhat does not have the right to interfere with activities of low levels even in cases of adoption of unlawful decisions. Oblast maslikhat is a connecting body between all maslikhats of rayon and city levels, providing coordination of their activities and collaboration with executive bodies of the region, territorial units of central state, and others state institutions (Aitkazinov 2009; Makhmutova 2001, 2006). However, there are no clear-cut borders in the responsibilities among the levels of local representative bodies. The only exception is the number of deputies corresponding to each territorial level. The Central Electoral Committee decides how many deputies will work in maslikhats within the following range: oblast (region) level – up to 50 members; city level – up to 30; and rayon – up to 25. For example, presently in Almaty with population of 1.9 million – 37 deputies; in Almaty region (about 2 million) – 43 deputies; in east Kazakhstan oblast 1.4 million – 43 deputies; and

in the capital with population of 1.1 million – 25 deputies (Abramov 2019).

In law, the relationship between maslikhats and local executive bodies is based on the principle of checks and balances with accountability of akimats before maslikhats in those questions that are within the competency of maslikhats (Uvarov and Uvarova 2014). Maslikhats have delineated competency in approval and review of implementation of economic, social, environmental programs, and budgets by akims. They also oversee appointments into local public administration bodies (akimats) and review their activities. Moreover, maslikhats have the power to approve presidential nominations for oblast level akims and use Constitutional power of no confidence in akims of all levels.

However, in giving their approval of akims candidacy, maslikhat deputies maslikhat deputies simply rubber-stamp the candidate presented by the President, who has no opponent (Aitkazinov 2009; Informburo. kz 2019). Nor do they ever use granted to them Constitutional power of non-confidence in akims (OECD 2017).

Thus, though integral to the local level and having extensive powers, in practice maslikhats are seldom a decisive body, playing marginal role in local politics.

### Local Executive Bodies (Akimats and Akims)

Unlike maslikhats, local executive bodies are present on all the three tiers of territorial subdivisions: oblast, cities, rayons, and village.

Akimats are formed by akims, who coordinate their staffing with maslikhats. As collegial executive body, akimats are accountable for their activities before the representative body. While this is a very democratic provision, nevertheless it is not entirely developed. More is stated about responsibility attached to individual positions in local executive system as opposed to collegial body, as akimat (Sapargaliyev 2014).

Within their areas of authority, local executives, akims, exercise considerable authority. This includes regulatory and legal decisions on broad administrative and managerial matters of state policies on corresponding territorial units. Akims of oblast level develop socioeconomic forecasts of territorial development, programs, and their implementation; work on drafting local budget and annual report; approve strategic plans of executive bodies; manage communal property; and foster entrepreneurial development and investment environment in their jurisdictions. Low-level executive bodies also have a long list of responsibilities, including assistance in collection of taxes and other obligatory payments, regulation of various land issues, construction and maintenance of housing, road maintenance, development of farming, entrepreneurship, issues related to military support, notary, support in local social infrastructure, and sanitary works. With such broad and extensive roles and responsibilities, local executives naturally are in a constant state of performance evaluation. They present activity reports to maslikhats, to local population including local self-government. Akims and their respective akimats also receive annual ratings from various organizations outside of public administration (Center for Strategic Research 2019; Zakon.kz 2015). However, the most decisive checkpoint for local executives is their performance evaluation by the president and central government (the Ministry of National Economy) in terms of implementation of state strategic objectives, decrees, laws, budget programs, public service delivery, and human resource management (Ibid.).

Before the Law of 2001, akims were in exclusive subordination to the president and had an autonomous position in relation to the government. This was contradictory to the Constitution of 1995 since government is an executive power and leads activities of all executive bodies. This also led to tension between the government and akims of regional level. Presently, after adoption of the Law, akims have double status: they are representatives of the president and the government.

Akims of regional (oblast) level, before Constitutional changes of 2007, were appointed by the president based on submission of the prime minister. Presently, as discussed, they are appointed by the president with approval of the regional representative body, maslikhat. Akims, and specifically regional akims, as political civil servants

(Emrich-Bakenova 2009), are moved frequently from region to region or to positions in central government which makes their interest in regional or local development questionable (OECD 2017).

Until Constitutional amendments of 1998, all akims of second and third tier were appointed by superior akims. Since 2001, appointments were made based on experimental indirect elections in selected small rayons and villages. Deputies of rayon level maslikhats were casting their votes for akims for a period of 2 and later 4 years. As employees of public administration, akims could not have their own real political platform. Already during the first election, 74% of the population preferred direct election of local executives (Ileuova et al. 2002; Echo 2013; Zakon.kz 2013; Nomad.su 2005; Makhmutova 2001).

The latest election of akims took place in 2017 based on general and, in some aspects, ambiguous rules. All the candidates for akim position are proposed by one official – akim of rayon. Maslikhat deputies of corresponding rayon (city) subsequently cast their votes. While candidacies of akims are discussed during the local self-government meetings, the peculiarities of conducting those meetings (see below) make the process a formality. Over 96% of maslikhat deputies of rayon level are members of Nur-Otan party. In 2017 election of akims, 96.1% elected akims are members of Nur-Otan. The other peculiar result of the 2017 election is that a majority of elected akims received 90% or 100% of candidate votes (Echo 2018). This absolute support had also been observed in the previous elections.

In 2018, the Ministry of Justice worked on the draft law that would introduce direct election of local akims with the right for advancement of candidates by the political parties. This change was supposed to facilitate improvement of law on election and streamline it with recommendations of international organizations (Kapital.kz 2018). However, the draft law failed in the senate, which decided to keep the status quo that is indirect election (Zakon.kz 2018).

Elections of akims in Kazakhstan have been under a high degree of control by central government. As a result, local akims essentially remain as its representatives rather than of local communities (Echo 2018; OECD 2017).

## Local Self-Government (LSG)

The development of local self-government in Kazakhstan has a long and difficult history (see Makhmutova 2001; Gabdualiyev 2015; Muminov n.d.; Chebotarev 2015). It could be argued that from 1995 to 2009, the LSG had been a symbolic ideal lacking stable Constitutional and legislative base. However, now that this hurdle has been bypassed, the present LSG's institutional elements are significantly intertwined and overlap with local public administration and are affected by the strong overarching role of local executives (akims).

### History of LSG

The Constitution of 1993 while determining that administrative territorial units are independent in their management of local affairs within the limits of the law, nevertheless did not contain reference to LSG as an institute of its own. Some experts argue that at the time full-fledged self-government with division of functions between state and LSG was not possible (Gabdualiyev 2015, 7). Kazakhstan was undergoing a period of transition where the role of the central state was unquestionable in preserving territorial integrity and political stability (Emrich-Bakenova 2009; Bhuiyan 2010; Makhmutova 2001).

In the Constitution of 1995, the concept of "local self-government" is mentioned in several Articles (7, 33, 61, 89). These constitutional references presume not only the existence of the LSG as an institution separate from public administration but also that its organization and activities are regulated by separately adopted law. Article 92 of the Constitution requires that laws mentioned in its text should be adopted no later than within 2 years after adoption of the Constitution itself. While the very first draft of the law on LSG was developed in time, subsequently it was sent multiple times for revision, then for discussion with oblast akims, heads of central, and other executive bodies (Muminov n.d.). Overall, the Ministry of Justice

delivered several drafts starting from 1996, 1997, 1999, 2002, 2006 (several drafts), and 2007. All the drafts were lacking legislative clarity and understanding of the nature of local self-government. One of the general deficiencies, in view of experts, was that the LSG was intended to be not as public body responsible for the local issues with its own representative and executive bodies, budget and property but as a voluntary organization of citizens (KIBHR 2010; Chebotarev 2015; Makhmutova 2001).

At the urging of the Constitutional Council of Kazakhstan that overlooks implementation of constitutional provisions, the Government proposed and Parliament finally agreed to rework the Law on Local Public Administration (2001) and subsequently, in 2009, adopted the Law on Local Public Administration and Self-Government (Gabdualiyev 2015; Constitutional Council 2008). The Law, however, was fragmented and contained only brief provisions related to LSG with the section that regulates "participation of citizens in local self-government" consisting of only six Articles. The Law lacked not only legal provisions of organization and activities of self-government, but also principles and state guarantees of their implementation (Aitkazinov 2010b).

In light of the presidential message Kazakhstan-2050 (President of the Republic of Kazakhstan 2012a), which emphasized a rational "educated" approach toward decentralization, and the policy *Concept of Development of Local Self-Government* (President of the Republic of Kazakhstan 2012b) that outlined concrete steps of LSG development in Kazakhstan, including increased role of population in decision-making of local significance, election of local akims, and financial independence of local levels, the Law went through multiple revisions, as mentioned earlier (Dosmyrza and Zhanuzakova 2017).

## Model of LSG

The Constitution (1995) Article 89 states that Kazakhstan recognizes LSG for *independent* resolution by the population of issues of local significance. LSG is executed by the population *directly* as well as through *maslikhats* and *other bodies* of local self-government in local communities on the territories with compactly populated groups. LSG could be the delegated functions of public administration. Independence of LSG authority is guaranteed within the limits of the law.

While the Constitution grants rights to the population independently to decide issues of local significance, the Law empowers not only maslikhats but also akims and akimats of all levels to be bodies of LSG.

Maslikhat simultaneously is a body of local public administration and the body through which the population gains self-government. Article 86 of the Constitution was not amended accordingly and continues to indicate that maslikhats are bodies of local public administration. Yet by giving to maslikhats the status of bodies of local self-government, the Law did not account for the fact that there are no maslikhats lower than district level.

Even though the Constitution (1995) does not mention local executive bodies among the actors of LSG, the Law clearly states that akims of all levels, like maslikhats, have dual functions of public administration and local self-government. How justifiable is the fact that lawmakers give local state executives the role of LSG in the Law? As some scholars argue, in the constitutional law, LSG reflects reality and not a utopian picture. Therefore, LSG develops from and is fully within the state system. Therefore, the Kazakh model of local authority has its logical continuation in practice and in theory (Gabdualiyev 2015, 62).

The Law presents self-government as separate from the state, as initiative of people in localities. At the same time, the Law outlines the relationship of maslikhats and akimats with bodies of local self-government and entrusts the former to create necessary conditions for LSG establishment and development.

Thus, as argued, as far as concerns legal institutionalization of other bodies of self-government for the development of municipal democracy in Kazakhstan, the principle law contains a "colossal potential" (Gabdualiyev 2015). In other words, the Law is evolving and those other bodies of LSG may still be in making.

The Law allows citizens, permanent residents and stateless persons to participate in LSG activities including the right to elect and be elected into its systems. Meanwhile, the Constitution (Article 33) and the law on Election identify only citizens as having the electoral right in Kazakhstan. Given that election to maslikhats could only be exercised by citizens of Kazakhstan but maslikhats have the dual role of local public administration and LSG bodies, there arises yet one more basis for concern related to political risks and national security (Gabdualiyev 2015).

The Law is vague regarding the authority of local self-government and that of public administration. In other words, the Law does not differentiate among functions and responsibilities of maslikhats and akimats which they are supposed to undertake as public administration bodies and as bodies of self – government. Lack of clear differentiation between "state affairs" and "affairs of self-government" as well as dual functions of akims and maslikhats is in essence a sign of legal conflict (Echo 2018; Aitkazinov 2010).

The Law also grants exclusive authority to local akims to closely oversee LSG meetings even for local initiatives. Meetings could be called by submission to the akim of an application signed by no less than 10% of the local population. The 10% requirement may become a problem given that in the cities of rayon significance and villages, population may comprise 10,000 and 2,000–3,000, respectively. In some instances, the population of villages could be even bigger, over 20,000–30,000 (Chebotarev 2015; Jaxylykov 2019).

Decisions adopted during the local gathering or meeting are subject yet again to obligatory consideration by local akims who have the right to disagree with the decision. If after the second round of discussions there is no consensus between the participants and akim, the issue is directed for review to maslikhat of rayon level (city of oblast significance) and subsequently for the final resolution to a higher ranking akim.

Even though a recent review of LSG meetings did not find a single case of an akim in disagreement with local community positions (Echo 2018), nevertheless the entire process that leads to the initiation of self-government meetings is extremely centralized, with local akims controlling the agenda items. What's more, the outcome of LSG meetings themselves are only considered as recommendations. The actual decision belongs to the local or higher ranking akim.

Thus, while the Law (Article 39–5) guarantees independence to the LSG, this independence is questionable. In other words, the independence of local self-government is limited by the provisions of the Law itself.

Quite sharply and succinctly, one Kazakhstani expert pointed out that Kazakh political elites searched and found the form of LSG *optimal for themselves*. They arrived to the unprecedented decision, practically without international analogies, by giving status of LSG to the bodies of local public administration, akims (akimats) and maslikhats (Chebotarev 2015) (For example, in the Constitution of Russian Federation (Article 12) local self-government is not part of the system of public administration (Gabdualiyev 2015, 39). According to the European Charter of Local Self-Government: "Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority" (European Charter 1985, Article 4). The described model of LSG in Kazakhstan seemingly does not adhere to the European model because of the dual status of public administration bodies.). As a result, LSG not only in law but in practice is clearly a function of state administration and its local bodies.

## Economic and Financial Base of Local Government

To be able to exercise the granted powers and responsibilities, local governments should also have adequate economic support. The Law (Article 3) outlines the principle elements of economic and financial basis of local public administration and self-government. Those include:

- Local budget
- Communal property
- Other property in accordance with the law of Kazakhstan

We focus on issues related to local budget.

### Local Budget

Fiscal relations in Kazakhstan are framed by the Budget Code, which identifies a four-level system: republican, oblast, rayon, and village. Local budget includes all the levels below republican. In outlining fiscal relations between the levels, the Budget Code defines rigidly the scope of activities of local executives and the areas of their mandatory expenditures, including type of transfers and tax revenues. The autonomy of local governments is limited in terms of their ability to adjust allocations in accordance with local needs and budget possibilities (OECD 2017).

Local budget and republican budget are mainly formed by tax revenue. However, contrary to the republican budget, local budgets are formed also by the means of individual income tax, property tax, and some types of excise taxes. Altogether local budgets have 15 types of obligatory taxes and fees (Taibekuly 2015). Oblasts in Kazakhstan differ in the level of economic development, and the capacity to generate independent revenue streams through taxes or other means (OECD 2017; Bhuiyan 2010; Makhmutova 2006). Those regions that have high tax capacity (Almaty city, – 61%; Nur-Sultan, 39%; Mangistau oblast, 68%) (Taibekuly 2015), thus have high level of self-support from local budget and less dependency on transfers from the central state. These high capacity regions are also budgetary donors into the central budget. According to fiscal equalization policy, oblasts with greater capacity to generate revenue have had part of their income deducted and contributed to the national budget, whereas oblasts with lesser fiscal capacity receive a subvention from the central government. However, for partial offsetting of deductions, all oblasts, including those which contribute more to the national budget, are entitled to transfer payments (OECD 2017).

### LSG Budget

LSG budgeting was introduced into the Budget Code of Kazakhstan on a gradual basis only in 2018. Initially it included only 1062 rural districts with populations of over 2000 people. The plan is to introduce LSG budgeting across the country in 2020 (Ministry of Finance of the Republic of Kazakhstan 2018).

Revenue sources of the LSG budget consist of individual income tax, property tax, land tax, tax on transport, advertisement fees and other non-tax revenue sources such as fines imposed by local akims, voluntary contributions of citizens and legal entities, and revenue from rent of communal property.

Akims find the LSG budget insufficient. The review of LSGs pilot budget implementation indicates that only in a few districts do tax revenues cover 75 percent of budget expenditures. In more cases, revenues cover only 25 percent of expenditures (Echo 2018). The focus of central Government on budgetary transfers (discussed earlier) rewards already relatively well-off local communities. Those communities that are economically vulnerable face either liquidation or amalgamation, or reliance on whatever small LSG revenue they may collect.

Akims consulted with local communities in developing the 2018 pilot budget. However, this consultation was a formality. Control over developing and implementing the budget involved predominantly those LSG members who had been given these functions formally. A majority of local populations did not participate in the budget process (Ibid.).

## Conclusions

The review points out that Kazakhstan has developed its distinct national model of local government.

In Kazakhstan, regional and local territorial units are named as local governments. However, regional policy priorities overweigh local interests.

While the Constitution (1995) delineates between local public administration and local

self-government as distinct institutions, local representative and executive public administration bodies have dual overlapping role in being simultaneously organs of state administration and self-government. These arrangements lack clear differentiations between what constitute state and self-government affairs.

The review also points out that within the strict and complex system of checks which is imposed on the role and organization of self-government meetings and elections of local executives in lower tier, the institute of local self-government is nothing more than a function of central and local executives' priorities as opposed to grass-roots independence of local population.

While maslikhats as representative local body directly elected by population are the closest to a real full-fledged institution of local government and for that matter self-government, nevertheless, they fail to become such. Due to the dominance of local executives, maslikhats are the weakest and least significant institutions in Kazakhstan.

A rigid budgetary system that limits autonomy of local governments in their activities has been supplemented by an equally centralized model of village-level participatory budgeting. Like many other elements that define the relationship between tiers of government in Kazakhstan, there is a clear dominance of public administration executives acting on behalf of the central state over the economic base of LSG.

Within the developed national model of local government, status of the central state and its local executives continues to occupy an overwhelming number of positions in the development of the legal and fiscal spheres, their implementation, and control. Therefore, it could be concluded that local governments in Kazakhstan do not possess to a full extent those rights that are provided to them in the Constitution.

## References


Abramov V (2019) Незаметные маслихаты [Invisible] August 16. Available at https://vlast.kz/politika/34820-nezametnye-maslihaty.html

Aitkazinov EB (2009) Представительные и исполнительные органы власти регионального уровня Республики Казахстан: Некоторые Вопросы Правового Статуса [Representatve and executive bodies of regional level of the Republic of Kazakhstan: questions of legal status]. Вестник Московского Университета (11). Право. No 1

Aitkazinov EB (2010a) Местное самоуправление в Республике Казахстан: состояние, тенденции, перспективы [Local self-government in the Republic of Kazakhstan] Государство и право. № 8: 106 – 111. Available at http://club.bibliopskov.ru/index.php?option=com_content&task=view&id=319&Itemid=97

Aitkazinov EB (2010b) Правовые проблемы взаимоотношений региональных представительных и исполнительных органов власти Республики Казахстан [Legal issues in the relationship of regional representative and executive bodies of the Republic of Kazakhstan] Вестник Московского Университета (11). Право. No 3

Baituk G (2006) Маслихаты — власть без власти [Maslikhats – authority without power] April 13. Available at https://zonakz.net/2006/04/13/

Beisembayeva GM, Musina AZ, Sartova RB (2015) Развитие местного самоуправления в Республике Казахстан на современном этапе [Current development of self-government in the Republic of Kazakhstan] Вестник КарГУ. Available at http://articlekz.com/article/11693

Bhuiyan SH (2010) Decentralization and local governance in Kazakhstan. Int J Public Adm 33:658–672

Borchashvili ES (2010) Реализация конституционных норм в отраслевом законодательстве Республики Казахстан [Constitutional norms in legislative statutes]. Вестник института законодательства Республики Казахстан 4(20):31–35

Center for Strategic Research (2019) Рейтинг эффективности деятельности акимов регионов Казахстана [Rating of effectiveness of regional Akims of Kazakhstan]. Available at https://www.ofstrategy.kz/ru/research/project-portrait/item/653-rejting-effektivnosti-deyatelnosti-akimov-regionov-kazakhstana-po-itogam-1-go-polugodiya-2019-goda

Chebotarev A (2015) Местное самоуправление в Казахстане: возможные контуры реформирования [Local self-government in Kazakhstan: framework of reforms] June 11. Available at http://www.alternativakz.com/index.php?nid=302

Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan https://www.stat.gov.kz/

Constitutional Council (2008) Message of the Constitutional Council of the Republic of Kazakhstan On constitutionality of law of the Republic of Kazakhstan. June 28

Dosmyrza D, Zhanuzakova LT (2017) Статистический анализ Закона Республики Казахстан «О местном государственном управлении и самоуправлении в Республике Казахстан» от 23 января 2001 года № 148 [Statistical analysis of the law on Local public administration and self-government in the Republic of


L

Kazakhstan, January 23 2001 № 148]. Available at https://www.zakon.kz/4893657-statisticheskiy-analiz-zakona.html

Dunleavy P, O'Leary B (1987) Theories of the state: the politics of liberal democracy. Macmillan Education, Basingstoke

Echo (2013) Выборы акимов городов районного значения, сельских округов, поселков и сел Республики Казахстан, не входящих в состав сельского округа – 2013 [Election of akims of cities of raion significance, rural districts, villages in the Republic of Kazakhstan – 2013]. Available at http://www.echo.kz/images/reports/kz_251013_ru.pdf

Echo (2018) Развитие местного самоуправления в Казахстане [Development of local self-government in Kazakhstan]. Available at http://www.echo.kz/images/reports/msu_echo.pdf

Emrich-Bakenova S (2009) Trajectory of civil service development in Kazakhstan: Nexus of politics and administration. Governance 22(4):717–745

Gabdualiyev M (2015) Муниципальное право Республики Казахстана [Municipal law of the Republic of Kazakhstan] Foliant. Astana

Hulst R (2005) Regional governance in unitary states: lessons from the Netherlands in comparative perspective. Local Gov Stud 31(1):99–120

Ileuova GT, Serazhiyev SH, Alzhani ZK (2002) Анализ результатов эксперементальных выборов акимов сельских округов [Analysis of results of experimental elections of rural akims] Analytic. Available at https://ofstrategy.kz/index.php/ru/research/politic-research/item/191-analiz-ugroz-natsionalnoj-bezopasnosti-rk-na-sredne srochnuyu-perspektivu

Informburo.kz (2016) Выборы 30 представителей местной законодательной власти состоялись 30 октября в 10 регионах Казахстана [Election of 30 representatives on October 30 in 10 regions of Kazakhstan] October 31. Available at https://informburo.kz/novosti/cik-oglasila-itogi-vyborov-deputatov-maslihatov.html

Informburo.kz (2019) Сельский аким задержан по делу о нападении на активистку. Что этому предшествовало? [Village akim is detained for the attack on the activist. What happened?] September 7. Available at https://informburo.kz/stati/selskiy-akim-zaderzhan-po-delu-o-napadenii-na-aktivistku-chto-etomu-predshestvovalo.html

Jaxylykov S (2019) Сверхбольшие села юга Казахстана и государственная политика развития сельских территорий [Oversized villages of the south of Kazakhstan and state policy in development of rural territories] Almaty. Available at https://www.soros.kz/ru/extra-large-villages-of-the-south-of-kazakhstan/

Kapital.kz (2018) Сельских акимов будет выбирать местное население [Village akims are going to be elected by local population] May 23. Available at https://kapital.kz/gosudarstvo/69336/sel-skikh-akimov-budet-vybirat-mestnoye-naseleniye.html

KIBHR (Kazakhstan International Bureau for Human Rights and Rule of Law) (2010) Краткий Обзор выполнения Казахстаном Обязательств ОБСЕ в области совершенствования системы местного самоуправлениюю [Brief review of Kazakhstan's compliance with its responsibilities before OECD in the improvement of the system of local self-government]. Available at https://bureau.kz/files/bureau/Docs/Analysis

Makhmutova M (2001) Local government in Kazakhstan. In: Munteanu I, Popa V (eds) Developing new rules in the old environment. Local governments in Eastern Europe, in the Caucasus and Central Asia, vol 3. LGI/OSI, Budapest, pp 403–468

Makhmutova M (2006) Local government organization and finance: Kazakhstan, Chapter 8. In: Shah A (ed) Local governance in developing countries. The World Bank, Washington, DC

Ministry of Finance of the Republic of Kazakhstan (2018) Стратегический план Министерства финансов Республики Казахҗтан на 2017 – 2021 годы [Strategic plan of Ministry of Finance of the Republic of Kazakhstan 2017-2021] Available at http://www.minfin.gov.kz

Muminov A (n.d.) В этом законе четко отражены и разграничены действия местных государственных органов. Бауржан Мухамеджанов [In the law there are clearly demarcated activities of local public administration bodies]. Available at https://online.zakon.kz/Document/?doc_id=1013903#pos=3;-183

Nomad.su (2005) Экспериментальные выборы акимов районов Республики [Experimental election of raion level akims in Kazakhstan] August 15. Available at http://nomad.su/?a=3-200508150230

Nurbayev Z (2019) Есть ли будущее у малокомплектных школ? [Is there a future for small schools?] February 13. Available at https://vlast.kz/obsshestvo/31691-ostavit-nelza-zakryt-est-li-budusee-u-malokomplektnyh-skol.html

OECD (Organization for Economic Cooperation and Development) (2017) Decentralization and multi-level governance in Kazakhstan. https://doi.org/10.1787/9789264280700-en

President of the Republic of Kazakhstan (2012a) Message of the President of Kazakhstan N. A. Nazarbayev to People of Kazakhstan. Strategy "Kazakhstan 2050." December 14. Available at http://www.akorda.kz/

President of the Republic of Kazakhstan (2012b) Decree on the concept of the development of local government in Kazakhstan, No. 438. November 28. Available at https://tengrinews.kz/zakon/prezident_respubliki_kazahstan/hozyaystvennaya_deyatelnost/id-U1200000438/

President of the Republic of Kazakhstan (2015) The 100 concrete steps set out by President Nursultan Nazarbayev to implement the five institutional reforms.

May 2015. Available at http://www.adilet.gov.kz/ru/articles/100-shagov-po-5-institucionalnym-reformam
President of the Republic of Kazakhstan (2018) Message of the President of the Republic of Kazakhstan. October 5. Astana https://www.akorda.kz/ru/addresses/addresses_of_president/poslanie-prezidenta-respubliki-kazahstan-nnazarbaeva-narodu-kazahstana-5-oktyabrya-2018-g
Sapargaliyev G (2014) Конституционное право Республики Казахстан [Constitutional law of the Republic of Kazakhstan]. Almaty. Жеті Жаргы
Taibekuly A (2015) Налоговая система Казахстана: решения и вызовы [Tax system of Kazakhstan: solutions and challenges]. Институт мировой экономики и политики при Фонде Первого Президента Респ. Казахстан - лидера нации [Institute of World economy and Politics under the Fund of the First President of the Republic of Kazakhstan]. December
Tengrinews.kz (2019) В Казахстане предложили вернуть Министерство регионального развития [It was suggested to renew mandate of the Ministry of regional development] September 12. Available at https://tengrinews.kz/kazakhstan_news/kazahstane-predlojili-vernut-ministerstvo-regionalnogo-378956/
Uvarov VN, Uvarova NV (2014) Теория государственного управления [Theory of state administration]. Textbook. Almaty. Гуманитарный ун-т транспорта и права им. Д. А. Кунаева
Vaida, M (2019) Местное самоуправление в Казахстане стало реальностью [Local self-government in Kazakhstan is a reality] August 22. Available at https://camonitor.kz/33561-mestnoe-samoupravlenie-v-kazahstane-stalo-realnostyu.html
Yuvitsa N (2019) Местное управление в Республике Казахстан: попытка создания национальной модели [Local government in Kazakhstan: an attempt to create a national model]. УПРАВЛЕНИЕ 7(1):26–34
Zakon.kz (2013) История выборов акимов в Казахстане [History of akims election in Kazakhstan] June 13. Available at https://www.zakon.kz/4561885-istorija-vyborov-akimov-v-kazakhstane.html
Zakon.kz (2015) Рейтинг качества работы акиматов областей, городов республиканского подчинения и акиматов областных центров за 2014 год [Rating of performance of oblast, cities of republican level, oblast centers akimats for the period of 2014] January 12. Available at https://www.zakon.kz/4680790-rejjting-kachestva-raboty-akimatov.html
Zakon.kz (2018) Прямых выборов акимов в Казахстане не будет [There are not going to be direct election of akims in Kazakhstan] June 12. Available at https://www.zakon.kz/4924290-pryamyh-vyborov-akimov-v-kazahstane-ne.html

# Local Government in Uzbekistan

Rustamjon Urinboyev
University of Helsinki, Aleksanteri Institute, Helsinki, Finland
Department of Sociology of Law, Faculty of Social Sciences, Lund University, Lund, Sweden

## Synonyms

Decentralization in Uzbekistan; Local government in Central Asia; Public administration in Uzbekistan; Subnational government in Uzbekistan

## Introduction

Uzbekistan became an independent state in 1991 following the demise of the Soviet Union. Coming on the heels of a global discourse on good governance and decentralization, Uzbekistan embarked on the highly complex task of reforming its public administration system. The implementation of these reforms, however, proved to be a daunting task, since the country had to deal with its Soviet legacy and its internal power structures and contradictions: weak state institutions, poorly developed national identities, and entrenched subnational political networks (cf., Ilkhamov 2004; Markowitz 2008; Melvin 2004).

Local government is one of the most problematic areas in Uzbekistan where the failure of the reform initiatives is quite evident. This chapter delineates the processes involved and explores the context, problems, quality, and trajectories of local governance in Uzbekistan. More specifically, it addresses the following two questions: (a) What are the responsibilities of local governments and do they carry them out in an adequate and efficient manner? (b) How do local governments involve communities and their organizations in the governing process in terms of the

principles of good governance, such as transparency, accountability, rule of law, voice, democracy, and accountability? In doing so, the paper examines four conditions: contextual, structural, institutional, and human resource. These conditions are considered to be factors that can account for the capacity of local governments in Uzbekistan.

The rest of the chapter proceeds as follows: the next section describes the internal structure of local governments, which will be instructive in understanding the conditions under which they function in Uzbekistan. This is followed by the presentation of a brief overview of the tasks and service delivery responsibilities of local governments. The financial conditions and actual service delivery capacity of local governments are then discussed. The section after that examines the relations between the central and local government, followed by concluding remarks on the main trends and challenges local governments face. Suggestions on areas for governance reform are also provided.

## The Internal Structure of Local Governments

In Uzbekistan, the local government consists of a local state administration (administrative body) and an elected local council (legislative body) at the regional (oblast) and district (raion) levels. Representatives are appointed/elected for a period of 5 years. The local administration represents the executive and regulatory bodies of the state at the regional, district, or city/town levels and implements the policies of the president and central government in the provinces. All the heads of the local state administrations are appointed by the central government, subject to [symbolical] approval by the corresponding local councils (Bektemirov and Rahimov 2001). The president appoints regional (oblast level) governors, who in turn appoint district and city/town governors that come under regional subordination. Thus, the district and city governors are accountable to the regional governor, who in turn is accountable to the president. This means that local governors often experience double or even triple subordination, being accountable to the regional governor, the central government, and the president.

The local councils, running alongside the local state administrations, are the primary local legislative bodies. The council representatives are elected by the residents of the respective administrative-territorial units through general and direct vote (Bektemirov and Rahimov 2001). As elected bodies, the local councils are expected to express and realize the will of the citizens in their respective administrative-territorial units. At least in theory, local councils can exert some influence over their administrative bodies. However, this is not the case in practice as the heads of the local state administrations enjoy absolute power in the management of local affairs (e.g., Popa and Munteanu 2001). Since all the governors are appointed, the local councils cannot exert significant influence on them. Even though governors periodically report to their local councils on the current situation of the territory, this process is mainly symbolic in nature (Bektemirov and Rahimov 2001). This is because the governors of the regional, city, or district state administrations simultaneously exercise executive authority and serve as local council chairmen. This means it is very difficult to distinguish between the functions of the local state administration and the local self-government bodies, since the same individual (i.e., the governor) heads both branches of power.

In addition to the regional and district state administrations, there are sub-district level governance institutions – mahalla committees – in towns and rural areas. Mahalla committees were part of the state farms, collective farms, and enterprises during the Soviet era, but shortly after independence, Uzbek authorities revamped these institutions, assigning them new legal status as "local self-government bodies of citizens" (Giffen et al. 2005). Mahalla committees assist district/town administrations in implementing local development projects, collecting taxes, administering social welfare programs, maintaining and repairing roads, disposing of waste, ensuring security and order, removing garbage, maintaining playgrounds and sports fields, and many other tasks that are of local

importance (Bektemirov and Rahimov 2001; Urinboyev 2011). Regarding the financing and autonomy of these sub-district self-government institutions vis-a-vis the higher-level local state administrations, they are fully dependent on budget allocations from the latter and regularly report to the head of the district or city/town administrations. The chairmen and secretaries of the mahalla committees are salaried state officials. This means that mahalla committees do not have any real capacity to act as sites of local democracy and participation but merely serve as sub-district extensions of the local state administrations.

However, it should be noted that some form of informal autonomy can be observed at the level of the informal/social mahalla. Hence, there is a need to distinguish between the mahalla committees (administrative mahalla) and the informal mahallas (social mahalla). The Uzbek people usually refer to the chairmen of the mahalla committees as the "eyes and ears of the local government" ("quloq" in the Uzbek language), given the fact that they serve the interests of the local government. The leaders of the social mahallas, on the other hand, are elected by mahalla residents during informal gatherings in mosques or teahouses (guzar). They work pro bono for the community and represent the interests of the mahalla people. The social mahallas function informally and autonomously and can thus be regarded as a genuine citizen self-government institution (Urinboyev 2014, 2018). They offer a community-based alternative dispute resolution mechanism and provide a space for informal governance of everyday life and social relations. The analysis of scholarly literature shows that for many Uzbeks, social mahallas are more legitimate and easily accessible than the formal state institutions (Aminova and Jegers 2011; Masaru 2006; Sievers 2002; Urinboyev 2011, 2013a, b).

## Tasks and Service Delivery Responsibilities of Local Governments

The tasks decentralized to local governments in Uzbekistan include environmental protection, prevention of natural and technological accidents, fire protection, public sanitation, public order and security, local economic and social development, culture, tourism, sports, maintenance of leisure facilities, communal services (e.g., water, gas, electricity, heat, waste management, sewage, engineering infrastructures), construction, maintenance and local road repair, public transport, employment and job creation support, and the development of small and medium enterprises.

Almost all healthcare services are provided by the public authorities. The central government manages healthcare services through the regional, district, and city/town level healthcare offices of the Ministry of Health. Healthcare services are primarily financed by the central budget and administered by territorial structures of the respective ministry. The local government is only responsible for the maintenance and renovation of healthcare institutions (Bektemirov and Rahimov 2001). Schooling is the joint responsibility of the central and local government in the sense that the local offices of the Ministry of Education pay teachers' wages and oversee administrative control; other expenditures such as school maintenance are included in the local government budget (Bektemirov and Rahimov 2001).

Unlike Kazakhstan, Kyrgyzstan, and Tajikistan where local governments are responsible mainly for providing social assistance to needy families, the mahalla committees (administrative mahalla) in Uzbekistan are responsible for the administration and targeting of state social welfare benefits, such as child and maternity benefits, and social assistance to low-income families, families with children under 16, and single mothers with children under 2 (Coudouel and Marnie 1999; Micklewright and Marnie 2005). Funding for these programs is established centrally as part of the consolidated budget expenditures, which in turn are transferred to the mahalla committees. The remaining social protection programs (e.g., pensions, veterans of the war benefits) are the responsibility of the district/city level units of the Ministry of Labor and Social Protection (Bektemirov and Rahimov 2001).

## Financial Conditions and Actual Service Delivery Capacity of Local Governments

One of the most important criteria used by the citizens to assess the performance of local governments is the quality and accessibility of local public services (Popa and Munteanu 2001). However, there are only a few studies with data on citizens' satisfaction with local government performance in Uzbekistan. This is because Uzbekistan has long been a heavily authoritarian and closed country, making it difficult for local and foreign organizations and researchers to evaluate the performance and effectiveness of the local government in the country. Neema Noori's (2006) study of decentralization processes in Uzbekistan is one of the few in this respect. As Noori argues, decentralization has had a negative impact on public service delivery in Uzbekistan because it was not accompanied by the corresponding resources and consequently worsened the quality and accessibility of public services. Hence, the central government has delegated numerous tasks and service delivery responsibilities to the local governments without providing adequate funding (Kandiyoti 2007; Noori 2006). One of the key challenges to improve the performance of local governments in Uzbekistan is to bridge the gap between their economic and social functions and the meagre financial means available for their implementation.

The healthcare provision situation is also problematic. In Uzbekistan, the healthcare system is financed by the state, which means medical services should be free of charge. However, the healthcare system is de facto private and highly reliant on informal forms of financing. Most patients have to make informal payments to medical professionals in order to receive proper medical treatment, even though the public authorities claim that citizens are entitled to free medical care. Local governments do not have sufficient resources to maintain adequately the healthcare infrastructures, the majority of which were built during the Soviet period.

A similar situation can also be observed in the field of education. Due to their vulnerable financial situation, local governments do not have sufficient resources to maintain local schools and provide an adequate number of books or to build modern sports facilities. The parents usually cover these expenditures.

These problems can be largely explained by the fact that the local governments in Uzbekistan have limited financial autonomy and are strongly dependent on the central government (Ergashev et al. 2006; Sievers 2002; Urinboyev 2015). Local budgets mainly consist of transfers from the central government and local tax revenues. Local budget planning is centralized and closely tied to the national budget. This implies that central government bodies determined the revenue bases of the local budgets. The local governments cannot independently establish tax rates or collect their own revenues through local taxes, with the exception of some insignificant local fees, taxes, and duties, such as a land tax. National budget funds are redistributed among different regions by deducting budget surpluses from the regions that perform well and making allocations in the form of subventions, subsidies, or equalization transfers to vulnerable regions that cannot cover their needs. The revenues collected from local taxes constitute a small portion of the local governments' revenues and are insufficient for covering even the basic expenses. Hence, the ability of local governments to raise their own revenues is considerably limited, and they remain dependent on transfers from the central government to fulfill their service delivery functions. Consequently, they neither enjoy fiscal autonomy nor do they receive transfers from the central government that are sufficient to meet their service delivery needs (Leschenko and Troschke 2006).

Due to the incapacity of the local government to address adequately the local needs, social mahallas have evolved to respond to the declining state capacity in the post-Soviet era, acting as a pseudo-local government entity. This means that people living in the same neighborhood (mahalla) pool their efforts and engage in mutual aid practices by exchanging labor, money, material goods, and services. Typical mutual aid practices include the community financing of constructing irrigation facilities, cleaning streets, asphalting roads,

building houses or mosques, organizing weddings, funerals and circumcision feasts, and many other services not provided by the local government.

## The Relations Between the Central and Local Government

The local government in Uzbekistan functions in a rather complex environment characterized by an authoritarian political culture, limited financial autonomy, and weak local legislative bodies. The power and functions between the central state agencies and local governments are ambiguously distributed, which largely derives from the deficiencies in national laws that do not clearly specify the functions and powers across various tiers of the government. The central government bodies make most of the administrative decisions concerning district and regional public service delivery issues. In these bodies, a hierarchy of power starts at the ministry, followed by the ministry's main regional departments, and followed by the district or city units. Ministries control the daily activities of their territorial agencies and directly appoint their heads, in coordination with the governor, which implies that the territorial units of the ministries are accountable to their central bodies and thereby rarely coordinate with local governments.

Local councils, despite having official status as local legislative bodies, are in practice subordinated to the local state administrations. Hence, institutions of self-governance fulfill completely different functions and aims than the officially declared ones. This means that there is very little or no understanding of the true essence of local government reform in the country. As Abdukhalilov (2007) notes, in Uzbekistan, administrative reforms are often understood as a cutback in staff or an attempt to save money. More importantly, administrative reforms do not contain a single paragraph about the necessity to change the hierarchical norms and mentality of the managers.

Accordingly, Uzbekistan's public administration system can hardly be regarded as "decentralized" given that local governments are highly dependent on the central government at all levels – administratively, financially, and politically. Overdependence on the central government limits the ability of local governments to support local development. The malfunctioning local governments are mainly the outcome of a centralized government that does not delegate any real autonomy to local administrations (Bektemirov and Rahimov 2001). Under these circumstances political and civil servants at all levels do not feel any accountability to the citizens; rather, they try to meet the expectations of those who have the power and authority to hire them. Public participation in local politics is almost nonexistent, and local elections are merely used to assert and legitimize the central government's influence in the periphery. Openness and transparency are not viewed as a norm in the day-to-day operations of the local administrations. Local government officials care less about informing people about their work or listening to their opinions on the level and quality of public services. They are chiefly concerned with fulfilling the orders and expectations of the central government.

## Concluding Remarks

As shown in the previous sections, the relationship between the local state administrations and the central government is often based on subordinate relations rather than on mutual cooperation. Local government reform is interpreted merely in terms of citizens' active participation in local government, but other key conditions for local self-government (i.e., autonomy of local self-government structures from the state) are largely neglected (Ilkhamov 2004; Urinboyev 2015). As the results demonstrate, the core challenge hindering local government reform in Uzbekistan comes from the persistence of authoritarian style administrative practices. Although there have been some local government reform initiatives in the country, they remain "on paper" and have little or no effect on the governance processes. In practice, the local governments continue to be subordinated to the central government in all public policy issues, be

it education, taxation, health care, welfare, or agriculture. As a result, the local governments do not have any real capacity to adequately address the needs and concerns of citizens, as they are merely concerned with implementing centrally designed policies.

Another area of concern is financial autonomy. Since the local governments do not have a solid financial base and the important public policy decisions are made at the central government level, there is little or no possibility at the local level for citizens to voice their concerns about public goods and services. One visible consequence is the emergence of citizens' alternatives: informal coping strategies that are based on mutual aid practices. These alternative strategies are short-term solutions that have little to do with local development issues and negatively influence the image and legitimacy of the central government. It is thus suggested that local government reform should go beyond official proclamations and rhetoric and grant more political and financial autonomy in practice.

## Cross-References


- ▶ Civil Service Development in Kazakhstan
- ▶ Governance in Tajikistan
- ▶ Local Government in Kazakhstan
- ▶ Public Administration in Kyrgyzstan
- ▶ Public Sector Reforms in Central Asia


## References


Abdukhalilov A (2007) Stages and special features of the Administrative Reforms in the Republic of Uzbekistan. Cent Asia Caucasus 6(48):18. Retrieved from http://cyberleninka.ru/article/n/stages-and-special-features-of-the-administrative-reforms-in-the-republic-of-uzbekistan

Aminova M, Jegers M (2011) Informal structures and governance processes in transition economies: The Case of Uzbekistan. Int J Public Adm 34(9):579–590. https://doi.org/10.1080/01900692.2011.588436

Bektemirov K, Rahimov E (2001) Local Government in Uzbekistan. In: Popa V, Munteanu I (eds) Developing new rules in the old environment. Local governments in Eastern Europe, in the Caucasus and in Central Asia. Local Government and Public Service Reform Initiative, Open Society Institute Europe, Budapest, pp 469–520

Coudouel A, Marnie S (1999) From universal to targeted social assistance: an assessment of the Uzbek Experience. MOCT-MOST: Econ Policy Trans Econ 9(4):443–458

Ergashev B, Iusupov I, Pogrebniak A, Korenev I, Allaev B, Gaibullaev O, . . . , Saifulin R (2006) Public Administration Reform in Uzbekistan. Probl Econ Transit 48(12):32–82

Giffen J, Earle L, Buxton C (2005) The development of civil society in Central Asia. Intrac Oxford. Retrieved from http://scholar.google.co.uk/scholar_url?url=http%3A%2F%2Fr4d.dfid.gov.uk%2FPDF%2FOutputs%2FUrbanisation%2FR7649-report.pdf&hl=en&sa=T&oi=ggp&ct=res&cd=332&ei=NLbcVMi4NtLQqQHDmoCQBw&scisig=AAGBfm1XpZZJHWjfT4OyrmnbyP7hdALOiA&nossl=1&ws=1279x817

Ilkhamov A (2004) the limits of centralization: regional challenges in Uzbekistan. In: The transformation of central asia. States and societies from soviet rule to independence. Cornell University Press, Ithaca, pp 159–181

Kandiyoti D (2007) Post-soviet institutional design and the paradoxes of the Uzbek Path. Cent Asian Surv 26(1):31–48

Leschenko N, Troschke M (2006) Fiscal decentralization in centralized states: the case of Central Asia (No. 261). Arbeiten aus dem Osteuropa-Institut München. Retrieved from http://www.econstor.eu/handle/10419/32273

Markowitz LP (2008) Local Elites, Prokurators and Extraction in Rural Uzbekistan. Cent Asian Surv 27(1):1–14

Masaru S (2006) The politics of civil society, Mahalla and NGOs: Uzbekistan. In: Osamu L, Tomohiko U (eds) Reconstruction and interaction of Slavic Eurasia and its neighbouring worlds. Slavic Research Center, Hokkaido University, Sapporo, pp 335–370

Melvin NJ (2004) Authoritarian pathways in Central Asia: a comparison of Kazakhstan, the Kyrgyz Republic, and Uzbekistan. In: Democracy and pluralism in Central Eurasia, Cummings center series. Frank Cass, London, pp 127–128

Micklewright J, Marnie S (2005) Targeting social assistance in a transition economy: The Mahallas in Uzbekistan. Soc Policy Adm 39(4):431–447

Noori N (2006) Expanding state authority, cutting back local services: decentralization and its contradictions in Uzbekistan. Cent Asian Surv 25(4):533–549

Popa V, Munteanu I (2001) Local Government Reforms in the Former Soviet Union: between hope and change. In: Popa V, Munteanu I (eds) Developing new rules in the old environment. Local governments in Eastern Europe, in the Caucasus and in Central Asia. Local Government and Public Service Reform Initiative,

Open Society Institute Europe, Budapest, pp 19–44. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN008028.pdf
Sievers EW (2002) Uzbekistan's Mahalla: from Soviet to Absolutist Residential Community Associations. J Int Comp Law Chicago-Kent 2:91–158
Urinboyev R (2011) Law, social norms and welfare as means of public administration: Case study of Mahalla institutions in Uzbekistan. NISPAcee J Public Adm Policy 4(1):33–57
Urinboyev R (2013a) Living law and political stability in post-Soviet Central Asia. A case study of the Ferghana Valley in Uzbekistan. Ph.D. Dissertation, Lund studies in sociology of law, Lund University, Lund
Urinboyev R (2013b) Public administration developments in post-Soviet Central Asia. In: Vintar M, Rosenbaum A, Jenei G, Drechsler W (eds) The past, present and future of public administration in Central and Eastern Europe. NISPAcee Press, Bratislava, pp 296–303
Urinboyev R (2014) Is there an islamic public administration legacy in post-Soviet Central Asia? An ethnographic study of everyday Mahalla life in rural Ferghana, Uzbekistan. Adm Cult 15(2):35–57
Urinboyev R (2015) Local government capacity in post-Soviet Central Asia. Public Policy Adm 14(3):177–199. https://doi.org/10.5755/j01.ppaa.14.3.13431
Urinboyev R (2018) Mahalla. In: Ledeneva A (ed) The global encyclopaedia of informality. UCL Press, London. Retrieved from http://in-formality.com/wiki/index.php?title=Mahallah

# Local Government Investment Pools

Julius A. Nukpezah
Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

## Synonyms

County investment pools; Joint investment pools; Joint investment trust; Liquid asset fund; Local agency investment fund; Pooled money portfolio; Public agency investment trust; Public deposit investment pools

## Definition

Local government investment pools (LGIPs) are cash management tools that operate within state boundaries and combine available funds from participating governments for investment in short-term securities with each investor receiving a prorated return based on their net assets in the fund.

## Introduction

As cash management innovation in the states, LGIPs use short-term securities in its investment strategy so they can allocate earnings to their investors daily. Although LGIPs are similar to money market mutual funds (MMMFs) and do not have the credit backing of Federal Deposit Insurance Corporation (FDIC), there are differences. While MMMFs are for pooling investment cash from private sector individuals, businesses, corporations, and political entities, LGIPs receive deposits only from governmental units within the states where they operate, which makes them a unique type of MMMF.

Whereas the federal government regulates the MMMFs through Securities and Exchange Commission (SEC), it is not mandatory for LGIPs to submit to these regulations. Like the MMMFs, however, LGIPs seek to maintain a net asset value of $1.00 per share with a penny variation on either side, although recent Government Accounting Standard Board (GASB) statement now allow shares to float in either direction in the allocation of gains and losses to investors. To ensure their safety and liquidity, LGIPs use short-term securities, such as US Treasury Bills. They also invest in certificates of deposit (CDs), corporate commercial papers, Banker's Acceptance, repurchase agreements, and other short-term securities that state laws allow.

In the more than four decades since their creation, LGIPs have become the cash management tool of choice for local governments because they are managed prudently by skilled fund managers

who seek to mitigate investment risks for their depositors (Bland et al. 2015). This article provides a detailed overview of LGIPs, which includes their benefits and their adoption across the states. The article also covers the demand and supply of cash to the LGIPs. Lastly, it discusses their inherent risks, strategies to keep them safe, and how they are organized.

## Benefits of LGIPs

LGIPs have several advantages for local cash investments.

1. LGIPs offer economies of scale to political units in a state by pooling and investing their available cash (Thompson and Gates 1988), which provide cost savings on administrative charges and reduce the cost of investing, especially for smaller local governments. By pooling their investment cash, LGIPs have higher bargaining power in the marketplace that enables them to negotiate terms for their investments and bid on larger investment portfolios that attract higher returns.
2. LGIPs provide small governments with access to professional management services. This is because LGIPs employ skilled technical staff or contract out the management of investment funds to professional money managers. Smaller governments that do not have the financial resources to hire experienced fund managers with experience in national and international investment trading benefit by pooling resources with other depositors.
3. LGIPs offer cash and investment services that are liquid and operate like depositories for local governments. The fund deposits are on call, and in most cases, are available for withdrawal whenever they are needed. The high liquidity of the funds is convenient for local governments who may want to keep their cash invested until they are needed for the execution of their public policies.
4. LGIPs offer more diversified portfolios, which decrease the risks of investment losses due to market changes and defaults by issuers of securities. By diversifying, LGIPs improve their cash flows without resorting to lower yielding investments with short maturities.
5. LGIPs operate only within state boundaries and are tailored to the needs of political units within a state, and by law utilize only securities that are on the legal list approved by the state for their investment portfolios. This means governmental units investing need not be concerned about whether their investment choices comply with state regulation, as they would be if they were investing with fund managers outside the state.
6. Federal laws do not require LGIPs to follow SEC and the Investment Company Act of 1940 regulations because they operate only within state boundaries and are subject only to state laws. This allows LGIPs to tailor their investment policies to the needs of local governments within their states. LGIPs, therefore, offer a more appropriate alternative for local governments seeking to invest their cash reserves than MMMFs that operate nationally (Bland et al. 2015).
7. Local governments that invest with LGIPs benefit from other cooperative arrangements such as access to innovations in treasury management and share risk with other governments.

## Adoption and Spread of LGIPs

Approval for the creation of LGIPs originates from state legislatures who grant statutory authority for agencies of state and local governments to organize LGIPs. Usually, the state treasurer's office is given the authority to create such a fund. In other cases, a state-approved interlocal agreement is enacted allowing political units in a state to commingle their cash resources for investment. In all, 44 states have adopted LGIPs as an investment vehicle for their state agencies and local governments. Following Connecticut's adoption of an LGIP in 1972, Montana, Oregon (1973), Illinois and Utah (1974) followed in that order. By the end of the 1970s, 12 states had LGIPs in place.

The 1980s reported the most adoptions with 20 states opting for LGIPs. This high rate of adoption is due to the high interest rates in the money market. The 1980s also marked the beginning of the New Public Management ideas and the rise of public entrepreneurship that encouraged market techniques in government management (Osborne and Gaebler 1992). In the 1990s, ten states adopted LGIPs, bringing the number to 42. The last two states to adopt were Indiana and Rhode Island, who did so in 2007 and 2011, respectively. Public finance literature in the 1990s hailed entrepreneurial public managers for raising revenues through investment incomes to address local revenue challenges (Kearns 1995; Klein et al. 2010; Chapman 1996).

Conditions in the internal and external environment of a state collectively influence the likelihood of states adopting an LGIP. A panel data analysis of the determinants of the adoption of LGIPs from 1972 to 2011 indicates that states whose neighbors adopt LGIPs in a given year are more likely to do so in subsequent years. Also, states with more opportunities for collaboration (as in their political fragmentation) and commitment to interlocal cooperation (assessed with interlocal expenditures) increase their likelihood of adopting an LGIP (Nukpezah 2018a). This particular finding extends the scholarship on interlocal cooperation and shows that local governments recognize the benefits of joint investments.

Currently, there are more than 90,000 local governments in the United States making the country very fragmented. The number of local governments in each state has varied across the states and over time. Hawaii has the least number of local governments, which increased from 20 in 1972 to 22 currently. Other states with fewer numbers of local governments include Rhode Island (134), Alaska (178), and Nevada (192). On the other hand, the most fragmented states are Illinois (6,964), Texas (5,148), Pennsylvania (4,898), and California (4,426). Those states with more local governments most likely have more opportunities for commingling their fund for investing.

Furthermore, financial and economic conditions of a state also contribute to the adoption of LGIPs. Generally, states that report higher fiscal health were more likely to adopt an LGIP in a given year. Specifically, states that report higher employment rates, higher revenues (as in local tax, property tax, own source, and intergovernmental revenues), and higher expenditure on financial administration report a higher likelihood of adopting an LGIP. This is because greater revenue efforts increase the incentive to invest and lower transaction costs for joint investments (Nukpezah 2018a).

The adoption of LGIPs across the states demonstrates that states are rational in their policy choices and are responsive to the needs of their local governments to be competitive with their cash management practices aimed at adding value to taxpayers' money. The adoption patterns also show that states recognize the opportunities in their environment given the financial and economic well-being of local governments in their jurisdiction and make choices to reflect that. Lastly, it affirms the influence of the policy environment, that is, a state's neighbors are essential to its adoption of innovations.

## Demand and Supply of Cash to LGIPs

The LGIP markets operate in 44 states, which provide the opportunity for suppliers and demanders of investment cash to interact. While all the political units (e.g., counties, cities, school districts, special districts, and other agencies) in states that have LGIPs are potential suppliers of investment cash to the LGIPs, the LGIPs demand cash for investment on the promise of offering better returns in the form of investment incomes. Some states (e.g., California) comingle funds from local governments and state agencies while others (e.g., Louisiana) separate these funds.

Supply of cash by local governments (participation in the LGIPs) has grown steadily over the last 46 years. In 1991, 15,286 government units supplied more than $45.4 billion to the LGIPs (Cook and Duffield 1993). A study

conducted in 2016 of LGIPs revealed that there were more than 27,300 government depositor accounts in 23 LGIPs from 23 states (Nukpezah and Bland 2017). A conservative estimate suggests there are more than 165 LGIPs with a net asset of more than $300 billion as of 2016 (Nukpezah and Bland 2017). Evidence further reveals that factors influencing the supply of investment cash to the LGIPs include local tax revenues, particularly sales and property tax (Modlin and Stewart 2013). Local governments that report higher fiscal resources are more likely to use LGIPs for managing their cash resources.

Depositor demand for LGIP services, on the other hand, is influenced by the safety, liquidity, and confidence in the management of the LGIPs (Bland et al. 2015). Moreover, increasing the number of LGIPs operating in a state result in a cumulative increase in demand for the services LGIPs offer (Nukpezah and Bland 2017). That is to say, those states that have more LGIP service providers report more local government users of LGIPs compared to those states that operate a monopoly market. Multiple LGIP service providers in a state increase participation in these pools because of the benefits of competition it grants to depositors (Nukpezah 2018b).

## Risks and Challenges of LGIPs

Like all investments, there are possibilities of losses when investing with the LGIPs. Investors with funds deposited in LGIPs lose direct control of their cash and have to go with the securities that the LGIP management decides to use and comply with their investment policies and strategies. There could also be managerial incompetence, lax supervision, and inadequate oversight of the funds that lead to risky choices and investment losses. The risks of investing in LGIPs include default, credit, liquidity, and market risks.

Default risk leads to investment losses due to the issuer's inability to honor the repayment of interests, the principal, or both. Credit risk occurs when some of the securities in an LGIP's portfolio lose value due to a dropping of the security's credit quality. When credit risk makes it difficult to sell a security, it leads to the increased illiquidity of the LGIP fund – liquidity risk. Market risk occurs when the Federal Reserve changes the federal funds rate, causing changes in other market interest rates. When the federal funds rate increases, an LGIP's portfolio loses value because its securities are yielding rates of return below what is now available in the market. The converse is also true.

Although experienced fund managers have the competence of averting risks, few LGIPs have incurred big losses because of the above risks. The major ones include the following:

- West Virginia Consolidated Investment Fund reported $279 million in losses on its investments in 1987 due to market risk and lax oversight, which led to the impeachment of the state treasurer by the House of Delegates and his resignation before the Senate hearing (Hayes 1999).
- Orange County Investment Pool, California, lost $1.7 billion in investments in 1994 due to default and market risks, which compelled the county to file for chapter ► "Organizational Structure and Crisis Management" bankruptcy protection.
- Texas Local Government Investment Pool (TexPool) experienced a run by fund depositors in 1995 due to an allegation that it was investing in risky derivatives, which led to a loss of more than $75 million in 1995 (Bunch 1999).
- State Investment Fund of Wisconsin lost $95 million due to poor investment oversight from the treasury department in 1995 (Lynch et al. 2002).
- Florida Local Government Investment Pool experienced a run by depositors due to the allegation that it was investing in sub-prime mortgage-backed securities, which led to a $1.1 billion loss in 2007.
- More recently, Illinois Metropolitan Investment Fund announced a $50.4 million loss, which they attributed to being victims of financial fraud in 2015.

## Strategies to Keep LGIPs Safe

Despite the losses, LGIPs are safe havens for depositing public funds by political units in their respective states. The high level of safety is also due to the increased regulation and the streamlining of requirements for investing public funds in the LGIPs across the American states. Strategies to keep LGIPs safe include the following:

- States require that LGIPs receiving public funds comply with three objectives for managing funds listed in order of priority as: (1) preservation and safety of principal; (2) liquidity; and (3) yield.
- LGIPs measure their performance and take appropriate actions. Performance may be measured with the pool's yield spread – the difference between the LGIP yield and a risk free rate – which also measures its risk premium (Bland et al. 2015; Nukpezah and Bland 2017). LGIPs reporting a higher yield spread have a higher risk premium.
- LGIPs maintain investment policies, which identify strategies for investment given its ability to mitigate the inherent risks. Some states make it mandatory for their LGIPs to receive ratings from a nationally accredited rating agency that vouches for the credibility of the fund. Rating agencies require transparency from the LGIPs in the way of investment disclosures of the fund managers' choices and daily reporting requirements. LGIPs that operate in 23 of the 44 states are rated.
- LGIPs may also self-censor, submit to SEC's Rule 2a-7 that regulates the investment industry, and operate with the highest possible rating although these are not required. Rating and compliance with Rule 2a-7 control investment managers' portfolio composition and investment strategies and thereby reduce the use of risky securities.
- LGIP portfolios maintain a weighted average maturity (WAM) of 60 days or less to ensure the liquidity of the fund. Moreover, the LGIPs limit investment in securities of nongovernment bond issuers to not more than 5% to limit the possibility of losses.
- LGIPs may also outsource the management of the fund to third-party investment fund managers to improve their efficiency and overall performance. This is often the case after a panic-related run on the LGIP to assure investors that the fund is under skilled professional managers (Bland et al. 2015).
- There is also mandatory training for fund managers to update their skills regularly in treasury management. Training focusses on understanding the legal list in fund managers' respective states and public funds investment laws, cash handling techniques, and the appropriate application of prudent person rule in investing.

## Organization of LGIPs

Regarding the organization of the LGIPs, there are two types: (1) state-sponsored LGIPs and (2) local government-sponsored LGIPs (interlocal agreement pools) (Nukpezah 2018b).

### State-Sponsored LGIPs

These are LGIPs sponsored by states to pool funds from all political units in their states for investing with each participant receiving a prorated benefit based on their shares in the investment fund. Thirty-two states have such pools, which are managed by the state treasurer's office, state investment boards, local government advisory councils, a third-party investment manager, or a combination thereof.

### Local Government Sponsored LGIPs

These LGIPs draw on state laws that permit interlocal agreements among local governments to commingle their cash reserves for investment purposes. This model uses a nonprofit corporation, such as a state municipal league, the trust department of a commercial bank, third-party investment manager, or a combination thereof to manage LGIP funds (National Association of Counties 2010). Although LGIPs may be

designed for pooling funds from all political units in a state, specialized pools include County Sponsored LGIPs and School District Sponsored LGIPs.

County sponsored LGIPs are the county versions of state-sponsored LGIPs, which pool funds from local governments within county boundaries for investment and are managed by the county treasurer. Although four states allow pooling by their counties (California, Nevada, Washington, and Michigan), California with 58 counties sponsored LGIPs is the state with most LGIPs in the country (National Association of Counties 2010). School boards and independent school districts, on the other hand, sponsor School District Sponsored LGIPs, for pooling funds from their members for investment with each receiving benefits based on their shares. Minnesota School District Liquid Asset Fund and Oklahoma Public School Asset Pool are exclusively for school district use.

## Conclusion

Although states that do not have LGIPs use alternative cash management practices that suit the needs of their local governments (Nukpezah and Abutabenjeh 2018), LGIPs have revolutionized state and local cash management practices in the United States. Before the 1970s, states and local governments held more than 40% of their assets in cash. This figure has declined significantly to less than 3% due to opportunities that LGIPs and other short-term investments provide to political entities (Bland et al. 2015; Mikesell 2011). These opportunities enable governments to raise extra income from tax revenues between their collection and disbursement thereby increasing value for taxpayers. LGIPs now constitute a multi-billion dollar industry and require attention from policymakers to ensure that they are managed prudently without compromising on their safety and liquidity. This will ensure that local governments receive the full benefit of their funds for the betterment of their governments and residents.

## Cross-References

▶ Cash Management
▶ Cash Management in the US Accounting Systems

## References

Bland RL, Nukpezah JA, Shinkle P (2015) Determinants of depositor demand for the Texas local government investment Pool. Public Budg Finance 35(3):95–115

Bunch BS (1999) TexPool's experiences in the 1990s: policy implications for other state investment pools. Public Budg Finance 19(4):21–34

Chapman JI (1996) The challenge of entrepreneurship: an Orange County case study. Munic Finance J 17(2):16–32

Cook TQ, Duffield JG (1993) Money market mutual funds and other short-term investment pools. In: Instruments of the money market, 7th edn. Federal Reserve Bank of Richmond, Richmond, pp 156–172

Hayes VR Jr (1999) The dangers of relying on a legal list: a case study of the West Virginia consolidated investment fund. Public Budg Finance 19(4):49–64

Kearns KP (1995) Accountability and entrepreneurial public management: the case of the Orange County investment fund. Public Budg Finance 15(3):3–21

Klein PG, Mahoney JT, McGahan AM, Pitelis CN (2010) Toward a theory of public entrepreneurship. Eur Manag Rev 7(1):1–15

Lynch TD, Shamsub H, Onwujuba C (2002) A strategy to prevent losses in local government investment pools. Public Budg Finance 22(1):60–79

Mikesell J (2011) Managing public funds: cash management, employee retirement and sovereign wealth funds. In: Mikesell J (ed) Fiscal administration. Wadsworth Publishing, Belmont, pp 667–694

Modlin S, Stewart LS (2013) Assessing participation in the state-sponsored local government investment Pool during the recession: an examination of North Carolina counties. Public Budg Finance 33(4):90–107

National Association of Counties (2010) Legal county investments: a state by state report. April 2010

Nukpezah JA (2018a) Opportunities for collaboration and the adoption of local government investment pools. Int J Public Adm. https://doi.org/10.1080/01900692.2018.1520243

Nukpezah JA (2018b) The effects of institutional typologies on the performance of state-sponsored local government investment pools. Public Money Manag 38(3):213–222

Nukpezah JA, Abutabenjeh S (2018) Institutional isomorphism and cash management practices in Mississippi. J Public Budg Account Financ Manag 30(3):1–22

Nukpezah JA, Bland RL (2017) The impact of new vendors on depositor demand and performance of the

Texas local government investment Pool. Munic Finance J 38(1):1–25
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial Spirit is transforming the public sector. Addison-Wesley, Reading
Thompson F, Gates BL (1988) Estimating the liquidity requirements of cash pools. State Local Gov Rev 20(3):105–112

# Local Government Size and Democracy

Tom Entwistle[1], Rhys Andrews[1] and Valeria Guarneros-Meza[2]
[1]Cardiff Business School, Cardiff University, Cardiff, UK
[2]Department of Politics and Public Policy, De Montfort University, Leicester, UK

## Synonyms

Civic engagement; Local democracy; Local governance; Local politics

## Definitions

Conventionally, the size of a local government refers to the size of the population resident within its jurisdiction, though it may also refer to the size of its budget or its workforce. The optimum local government size has been a perennial object of scholarly concern, especially in terms of the implications of size for democracy and political participation. In this context, local democracy can be regarded as the attitudes, behaviors and institutions that underpin electoral and nonelectoral participation in local politics.

## Introduction

The size of local government has long been linked with the health of democracy. Since Aristotle argued that the civic friendship – upon which the common good depended – could not be achieved in cities with more than 100,000 citizens, theorists of participatory democracy have continually asserted that small is beautiful for efficacious engagement with politics and policy-making (Dahl 1967). The small is beautiful school has not however had it all its own way.

Again following Aristotle, the advocates of size point to the greater system capacity of larger governments which allow them to offer a broader range of services, perform their responsibilities to a higher standard and engage with weightier issues (Dahl and Tufte 1973). But also, at a time when participation is realized more through a panoply of sophisticated techniques and technologies than physical attendance at a public meeting (Dunleavy et al. 2006), larger governments may have an engagement advantage over their smaller neighbors. While lacking the close ties of small communities, larger governments might have a greater capacity to communicate policy and performance issues to citizens and also provide them with better opportunities to engage with the decision-making process. The chapter asks whether small is still beautiful or whether changes in the technology of engagement mean that big might be better?

## Small Is Beautiful?

The argument that small scale is better for local democracy stands on four legs. The first is focused on the relationship between citizens and a geographical place. "The small-is-beautiful school" suggests that "citizens are *locally orientated*" (Kelleher and Lowery 2009, p. 66). Dahl (1967, p. 954) argues that the spatial dimensions of a *polis* need to be "human, not colossal, the dimensions not of an empire but of a town." Small scale promises a knowledge of, and connection with, a specific place so that citizens, as Dahl (1967, p. 954) puts it, can know the "town… [and] its countryside about." Advocates of small-scale governance argue that citizens feel more efficacious in relation to the governance of the very local places to which they have an attachment simply by virtue of the greater stake they have in the future of those places. They further suggest

that citizens will be more interested by, and knowledgeable of, the "*smaller issues*" which are determined at this level of governance (Kelleher and Lowery 2009, p. 66).

Closely related to the attachment to a particular place and its issues, is the social attachment to the people associated with that place. A small scale of governance promises improved knowledge of and empathy for fellow citizens. "At its best," as Dahl (1967, p. 954) puts it, "citizenship would be close to friend-ship, close even to a kind of extended family, where human relations are intense rather than bland." In more theoretical terms, small numbers reduce heterogeneity and the associated costs of collective action by making it easier to communicate, develop shared values, and foster the sense of reciprocity, which underpin political efficacy, as well as sound governance (Farazmand 2004).

Third, small-scale governments offer a closer connection between citizens and their decision makers. "The essential point," again according to Dahl (1967, p. 957), "is that nothing can overcome the dismal fact that as the number of citizens increases the proportion who can participate directly in discussions with their top leaders must necessarily grow smaller and smaller." Importantly, in emphasizing access to "top leaders," Dahl discounts the democratic benefits of increased elected representation; irrespective of the ratio of citizens to representatives, the relational distance between "top leaders" and citizens increases with population size. Hence, the smaller the scale, the better will be the accessibility, responsiveness and accountability of governments. Kelleher and Lowery (2009, p. 64) explain that the problem is a collective action one in which: "Any act of participation by a citizen is less likely to influence outcomes on local public goods as the number of citizens within a city grows."

Fourth and finally, public choice theorists emphasize that in the interests of both public service efficiency and equity, small governments will be better able to offer bespoke policies and services to the local population. Assuming there is considerable variance in individual and community preferences, the larger the scale, the greater the divergence between the nature of citizens' demands and the supply of standard or one-size-fits-all government services. The smaller the population served by any one government, the closer the match between any one service and the preferences of its users/recipients/beneficiaries (Niskanen 1971). Where services are more closely matched to the preferences of citizens, so the argument goes, they might well be more satisfied with their government's performance and more inclined to feel that they are able to influence decisions (Kelleher and Lowery 2009).

Within the European and Australian context, empirical work largely supports the small is beautiful school (e.g., Drew and Dollery 2016; Hansen 2015) – a finding also confirmed in quasi-experimental studies of the impact of local government amalgamations (e.g., Lassen and Serritzlew 2011; Rodrigues and Meza forthcoming) – see Andrews et al. forthcoming, for a more complete review.

## But Could Big Be Better?

Although in many ways persuasive, the argument that small governments will necessarily be more participative can be turned on its head: it is just as plausible to argue that citizens will feel attachment to larger areas and bigger issues; that larger and more diverse populations will provide more opportunities for collective action; that larger areas will attract better and more communicative leaders; and that with the benefits of scale, larger governments will provide better services and therefore satisfy their citizens more. In terms of the logic of their arguments, at least, the relative merits of the "small is beautiful" and "large is lively" schools seem evenly matched. There is also some empirical support for the democratic benefits of size. Kelleher and Lowery (2009) furnish evidence of a positive relationship between size and voter registration and civic organization membership in the United States.

While the balance of evidence to date tips in favor of small over large governments, developments in the technology of engagement suggest that the relationship between size and democracy

may be changing. The case for small governments presumes that citizens participate though traditional political institutions where decisions are made by politicians and influenced by political processes – like voting and campaigning – that are hierarchical and episodic. But it is increasingly clear that public participation in local decision making is not always realized through the types of representative or direct democracy envisaged by advocates of small government. Traditional approaches to direct and representative democracy are fundamentally ill-suited to the challenge of governing the complex mass societies of the contemporary world, and technological solutions to overcoming obstacles to participation may therefore be required. Indeed, developments in information and communication technologies have now made it possible for citizens to participate in the business of government to an unprecedented scale and depth (Dunleavy et al. 2006).

The last few decades have seen a huge growth in the range of engagement techniques which promise participation without direct or representative democracy (at least in the traditional senses of those terms). Blomgren Bingham et al. (2005) describe a range of 'new governance processes' – including deliberative democracy, e-democracy, public conversations, participatory budgeting, citizen juries, study circles – as used across different levels of government in the USA. More formally constituted neighborhood, community or area forums – sometimes with delegated budgets and dedicated staff – have been established to assist the governance of particular services or to tackle problems of engrained deprivation across the world (Fung and Wright 2001).

Although all governments – whether large or small – can experiment with new forms of engagement, these developments are particularly germane to big governments. By introducing new participatory structures that reach out to citizens, larger governments may lessen the relational distance between citizens and key decision makers (Dahl 1967). New forms of citizen engagement may therefore represent a civic investment particularly appropriate to larger governments in that they might bring government closer to citizens in a way that can make them feel more informed about, and empowered to influence, decision-making. Furthermore, the new structures for public participation require considerable resources both for their administration in the narrow sense of the word, but also for the locally differentiated services and extended time lines that they are likely to demand (Blomgren Bingham et al. 2005). Larger governments may then have both a greater need but also a greater capacity to fund engagement initiatives.

While still tentative, research on the adoption of engagement initiatives by US local governments bears this out. Wang (2001, pp. 330–331) finds that "larger governments tend to have higher participation in service or management functions and decision making." A result that might be explained either by citizen desires to maintain a tighter grip of larger organizations or else "that large governments have more resources and capacities that can be used to enhance participation" (Wang 2001, p. 331). Finally – again based on US survey data – Jun and Bryer (2017, p. 851) find "the greater the organizational size and the greater the number of services provided by the municipal government, the more likely local governments will promote citizen participation in financial decision-making." Surveying both the literature and survey data from the UK, Andrews et al. (forthcoming) conclude that there is some evidence to suggest that the new forms of engagement might allow larger local governments to "overcome the burden of bigness."

## Conclusion

While the bulk of the evidence still supports the convention that small governments enjoy a democratic advantage over their larger cousins, there are signs that this might be changing. Developments in both the technology and form of citizen engagement might work to the advantage of larger governments which have both the resources and the inclination to engage with their citizens in different ways. Twenty-first century citizen engagement may not measure up to the ideals of

Athenian democracy but it might provide larger governments with the opportunity to redress the democratic deficit.

## Cross-References

► Cost Efficiency
► Public Participation

## References

Andrews R, Entwistle T, Guarneros-Meza V (forthcoming) Local government size and political efficacy: do citizen panels make a difference? Int J Public Adm
Blomgren Bingham L, Nabatchi T, O'Leary R (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65:547–558
Dahl RA (1967) The city in the future of local democracy. Am Polit Sci Rev 61:953–970
Dahl RA, Tufte ER (1973) Size and democracy. Stanford University Press, Stanford
Drew J, Dollery B (2016) Does size still matter? An empirical analysis of the effectiveness of Victorian local authorities. Local Gov Stud 42:15–28
Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16:467–494
Farazmand A (ed) (2004) Sound governance: policy and administrative innovations. Greenwood Publishing Group, London
Fung A, Wright EO (2001) Deepening democracy: innovations in empowered participatory governance. Polit Soc 29(1):5–41
Hansen SW (2015) The democratic costs of size: how increasing size affects citizen satisfaction with local government. Pol Stud 63:373–389
Jun K-N, Bryer T (2017) Facilitating public participation in local governments in hard times. Am Rev Public Adm 47(7):840–856
Kelleher CA, Lowery D (2009) Central city size, metropolitan institutions and political participation. Br J Polit Sci 39:59–92
Lassen DD, Serritzlew S (2011) Jurisdiction size and local democracy: evidence on internal political efficacy from large-scale municipal reform. Am Polit Sci Rev 105:238–258
Niskanen W (1971) Bureaucracy and representative government. Aldine, Chicago
Rodrigues M, Meza OD (forthcoming) "Is there anybody out there?" Political implications of a territorial integration. J Urban Aff
Wang X (2001) Assessing public participation in U.S. cities. Public Perform Manag Rev 24(4):322–336

# Local Government Structural Reforms

Michael A. Tumanut
University of the Philippines Diliman, Quezon City, Philippines

## Synonyms

Administrative-territorial reform; Gerrymandering; Local government restructuring; Regional reform; State rescaling; Territorial reorganization; District creation

## Definition

Variegated reconfigurations on local government system, tier, number, size, or status.

## Introduction

Central to the study of local government structural reforms is the notion of subnational territory, the conceptualization of which is manifold: as invention, symbol, small world, or state apparatus. In politics and governance, subnational territories or local governments are creatures of the state, spaces of power, politics, and contention, and are breeding grounds for mindsets and cultures that influence political attitudes and outcomes. Local governments are also apparatuses to serve the overall goals of the state; reform on local borders, therefore, implies adjustment in approaches to achieving state goals. Accordingly, territorial reorganization is construed not only as mere reconfiguration of state machinery but also as a power-sharing mechanism, especially unfolding against the backdrop of democratization and decentralization (see Baldersheim and Rose 2010).

Shaped by history and tradition, many local governments serve as frontliners in service delivery and provide avenues for citizen participation. But, equally important, they are also spaces of economic production, investment, and regulation. In an era of

development agendas and search for alternatives, it is therefore fitting that fostering development – at national, regional, or local level, in any shape or form – also takes a territorial or spatial approach.

This entry defines and describes this phenomenon as well as attempts to summarize its features, processes, and underlying mechanisms.

## Typology, Context, and Motives

Prior to the 1980s when reform initiatives concerning local governments were first unbundled, subnational structural reform had long been lumped in the scholarship of public sector reform. Since then, several typologies of "local government reform" have been introduced, integrated, and reinterpreted as follows: functional, financial, organizational/management, jurisdictional, and structural (see Dollery et al. 2008). This entry focuses on the "structural" type of local government reform. It generally refers to *change on local government landscape, whether on system, tier, size, number, or status*. Local governments are broadly defined as substate, multipurpose entities or authorities in single-tiered (i.e., basic units) or multitiered system (e.g., with intermediate or submunicipal level, or both).

Structural reforms are diversely contoured as, inter alia, changes in number of local governments (through merger of contiguous units, or fragmentation), introduction of new tier (intermediate or sub-municipal), and improvement in unit status (e.g., from city to autonomous unit). These transformations are classified as: upscaling, downscaling, and transcaling (see Table 1). Discussion of boundary reform alongside proliferation of urban and intermediary cities and the ensuing agglomeration or corridor development are outside the scope of this entry.

Structural reform choice can slide across several continuums: between small and large units or between fragmentation and consolidation, between privatization and government expansion, or between centralization and decentralization (Kopric 2012).

*Framing and context*. Scholars differ in the framing of territorial reform: as means to achieve efficiency, response to spatial and demographic shifts, mechanism to dissipate politico-economic crises, or tool for democratization and accountability improvement. Some frame reforms using the lens of ideological or values imposition. The problems identified and arguments used for or against reform are diverse and context specific. For Leland and Thurmaier (2004), strong framing of problem through discourse is paramount to reform attempts.

**Local Government Structural Reforms, Table 1** Typology of local government structural reform

| Type | Manifestation |
|---|---|
| Upscaling | Consolidation (reducing number of units or creating larger single-tier municipalities); introduction of higher-order tier; regionalization; differentiation of legal status of units (e.g., improvement of status); hosting arrangement; regional policy structures |
| Downscaling | Fragmentation (creating new units); establishment of submunicipal entities |
| Transcaling | Loose agreements (e.g., intermunicipal cooperation, joint enterprises); contracting out |

Note: Reform types and examples are drawn from Baldersheim and Rose (2010), and Dollery and Robotti (2008)

The context of reform varies. For some, the frames of reference used include challenges induced by globalization, modernization, as well as influence of earlier reform experimentation, or by the ebb and flow of government service portfolio. Local attributes may also complicate reform. Reference to decentralization and democratization is a common frame, particularly among developing countries. Europeanization as a philosophy has been prevalent in Europe, which, for example, manifests in erecting structures to utilize regional funds. In Indonesia and India, territorial fragmentation was framed as corrective measure to address ethnic-related injustices.

*Motives.* In the systematic literature review of Karkin et al. (2019), motives for upscaling are mainly political/electoral, and pertain to upgrades on service delivery. Strengthening local democracy and structure are secondary motives, which may be complemented by presence of crisis-

trigger (e.g., disaster) or facilitated by policy transfer and institutional isomorphism. On the side of downscaling/fragmentation, opportunism, patronage, and power perpetuation have been observed alongside economic and pro-democracy motives; in others, reform is partly attributable to shifts in government type, political attitude, and beliefs system, as exhibited in Indonesia, India, and several Eastern European countries.

## Scholarship, Trends, and Reform Experiences

Various viewpoints have been employed in the study of structural reform: historical, economic, welfare state, post-functionalist, and institutionalism. Academic literature on upscaling is replete with theoretical models, comparative analyses, and country-specific evidences. Contrarily, downscaling, specifically fragmentation – the reform choice of many developing, democratizing and transitional countries – is an under-examined variant of structural reform, but is an emerging research theme.

*Europe.* Reform choice undulates to context, space, and time as evidenced by Europe. Despite Europeanization, the continent's variegated subnational government systems and structural transformations are notable. Central Eastern Europe has, in the past few decades, recorded significant increase in municipality number, but has recently slackened. Inversely, Western Europe has continuously contracted the number of municipalities to favor larger municipalities despite recent downturn in reform rate in general.

In the 1990s, following major political transformation, several Central Eastern European countries had reorganized their local governments in a "rapid and relatively short" manner; in some, restructuring was protracted (Swianiewicz 2010, p 183). Whereas, between 2012 and 2016, the municipal borders in this region (except for Albania) were almost unchanged (see Table 2), many have undergone series of fragmentation. Poland, Slovenia, and Hungary, for example, have for several decades reorganized, fragmented, or regionalized their subnational units. Though most of the region is touted as pro-democracy (i.e., pro-fragmentation), some pockets were pro-consolidation proponents, particularly the socialist countries after the Second World War and a few transitional countries in early 1990s (Kopric 2012).

Bigger municipalities, on the other hand, are preferred in Western Europe. Municipal consolidation has come in several waves in different parts of the region. Nordic municipalities have continuously shrunk in number since the beginning of the twenty-first century (see Table 3). This region has long been branded as pro-consolidation bloc. Although Sweden's local borders have remained stable this century, amalgamation was forceful and protracted in its reform agenda in the 1950s–1970s.

Between 2012 and 2018, most of Western-Southern Europe had continued contracting the number of their municipalities (see Table 4). The

**Local Government Structural Reforms, Table 2** Change in the number of municipalities in Central Eastern Europe (2012–2016)

| Country | Unit number | Country | Unit number |
|---|---|---|---|
| Albania | 373→61 | Latvia | 119→119 |
| Bosnia and Herzegovina | 137→145 | Lithuania | 60→60 |
| Bulgaria | 256→265 | Montenegro | 21→23 |
| Croatia | 556→555 | Poland | 2,479→2,479 |
| Czechia | 6250→6258 | Romania | 3,181→3,181 |
| Estonia | 226→213 | Serbia | 174→174 |
| Macedonia | 85→82 | Slovakia | 2,930→2,930 |
| Greece | 325→325 | Slovenia | 211→212 |
| Hungary | 3,177→3,201 | Ukraine | 11,517→10,885 |

Figures are culled from CEMR (2016)

**Local Government Structural Reforms, Table 3** Change in the number of municipalities in Nordic Countries (2000–2018)

| Country | Number (2000–2010) | Number (2012–2018) |
|---|---|---|
| Denmark | 275→98 | 98→98 |
| Finland | 436→342 | 336→311 |
| Iceland | 124→77 | 76→74 |
| Norway | 435→430 | 430→422 |
| Sweden | 289→290 | 290→290 |

Figures are culled from OECD (2018), CEMR (2016), and NORDREGIO (2010)

**Local Government Structural Reforms, Table 4** Change in the number of municipalities in Western-Southern Europe (2012–2018)

| Country | Unit number | Country | Unit number |
|---|---|---|---|
| Austria | 2,357→2,098 | Malta | 68→68 |
| Belgium | 589→589 | Netherlands | 418→380 |
| France | 36,700→35,357 | Portugal | 4,567→3,400 |
| Germany | 11,481→11,054 | Spain | 8,169→8,124 |
| Italy | 8,094→7,960 | Switzerland | 2,551→2,222 |
| Luxembourg | 106→102 | United Kingdom | 433→391 |

Figures are culled from CEMR (2016) and OECD (2018)

Alpine countries (e.g., France, Switzerland, Italy), including Spain, have been labeled as "traditionalists" or those exhibiting little or slow reform, while the rest are old democracies that are pro-consolidation (Kopric 2012).

Contemporarily, Europe's municipal boundary reform in general has been incremental and sporadic. As for other reform choices, trends of regionalization and multilevel governance, since the 1950s, have been observed in European and other OECD countries (Hooghe et al. 2010). While there is an emerging literature that explores submunicipal units, a comparative literature is sparse (see Hlepas et al. 2018). Moreover, network creation, cooperative and hosting arrangements, and recentralization of services, among others, have become alternative solutions in a complex subnational landscape. In particular, intermunicipal cooperation has steadily gained ground across the world. These transcaling options are generally less intrusive.

*Africa*. Outside Eastern Europe, the regions of Africa, Latin America, and Southeast Asia exemplify the creation of new units through fragmentation (usually at the region or intermediate level).

Since 1990, the borders of Uganda's districts and South Africa's provinces are the most volatile in the continent, where a fourfold and twofold increase, respectively, in the number of first-tier units have been recorded. In others, structural reform has manifested in the introduction of new tier (e.g., in Burkina Faso, Ivory Coast, Morocco), dissolution/reorganization of first-order tier (e.g., provinces in Kenya, Madagascar), consolidation (e.g., Rwandan provinces, Moroccan districts), and renaming and fragmentation (e.g., Chad, Benin, Cameroon, Niger) or renaming and consolidation (e.g., Libya, Namibia). Borders of first-tier units have been inert in lusophone states (e.g., Angola, Mozambique, Sao Tome and Principe), and generally slower in North Africa. At large, fragmentation is a common reform choice in Africa (see Table 5).

*Southeast Asia.* New provinces have also proliferated alongside rapid urbanization in Southeast Asia. All countries (excluding Singapore and Brunei) have increased the number of their first-order units since 1990, with local borders of Vietnam, Malaysia, and Indonesia being most unstable (see Table 6). In the Philippines, change in legal status

**Local Government Structural Reforms, Table 5** Change in first-order[a] administrative unit in Africa (1990–2019)

| Country | Number | Tier | Country | Number | Tier |
|---|---|---|---|---|---|
| Algeria | 48→58 | Province | Mauritania | 13→15 | Region |
| Burkina Faso | 30→45 | Province | Namibia | 13→14 | Region |
| Burundi | 15→18 | Province | Niger | 7→8 | Region |
| Cape Verde | 15→22 | County | Nigeria | 21→36 | State |
| Egypt | 26→27 | Governorate | Senegal | 10→14 | Region |
| Guinea-Bissau | 8→9 | Region | South Africa | 4→9 | Province |
| Liberia | 13→15 | County | Tanzania | 24→30 | Region |
| Malawi | 24→28 | District | Tunisia | 23→24 | Governorate |
| Mali | 8→11 | Region | Uganda | 34→135 | District |
| Mauritius | 11→12 | District | Zambia | 9→10 | Province |
| Morocco | 16→12 | District | Zimbabwe | 8→10 | Province |

Figures are culled from OECD, World Factbook, citypopulation.de, statoids.com
[a]First-order refers to highest subnational tier (federated states in Nigeria and South Africa)

**Local Government Structural Reforms, Table 6** Increase in first-order unit in Southeast Asia (1990–2019)

| Country | Number | Tier |
|---|---|---|
| Cambodia | 20→25 | Province |
| Indonesia | 26→34 | Province |
| Laos | 17→18 | Province and prefecture |
| Malaysia[a] | 116→154 | City/municipality-level district |
| Myanmar | 14→15 | State, region, union territory |
| Philippines | 109→134 | Province and "independent" city |
| Thailand | 73→77 | Province |
| Vietnam | 40→63 | Province and "special" municipality |

Figures are culled from OECD, World Factbook, citypopulation.de, statoids.com
[a]Below state level (1999–2019 data)

of independent cities has contributed to increase in province-level units. Despite the recent throng of new provinces, territorial splitting is continuously being proposed in this region.

*Latin America.* Similarly, municipal fragmentation or "atomization" has continuously pervaded government reform in Latin America (see Table 7), to complement ongoing decentralization reforms in some countries. In over two decades, Argentina doubled its number of municipalities. Brazil, Venezuela, and Paraguay also saw significant increases. In smaller countries (e.g., El Salvador, Costa Rica, Guyana, and Suriname), municipal borders remain unchanged. In some areas, municipal atomization was accompanied by other structural reform choices, such as introduction of second subnational tier in Uruguay in 2009, and establishment of regions and dissolution of departments in Peru in 2002.

*Rest of Asia-Pacific.* In other OECD-member countries outside Europe, consolidation has become permanent fixture in their reform agenda. Japan is the archetype of municipal amalgamation in this group, as it has witnessed three great waves of consolidation since the late nineteenth century. Reform rates in Canada and Australia vary by province/state, while in the United States, territorial reform is sporadic at the city–county level and is more pronounced among special-purpose entities. Many municipalities in New Zealand and South Korea have likewise amalgamated.

## Processes, Actors, and Mechanisms

Procedures, approaches, and "game rules" are dictated by formal rules (e.g., state constitutions, local government acts). To illustrate, periodic statute

**Local Government Structural Reforms, Table 7** Increase in number of municipalities in Latin America (1994–2019)

| Country | Number | Country | Number |
|---|---|---|---|
| Argentina | 1,100→2,252 | Guatemala | 330→340 |
| Bolivia | 296→342 | Honduras | 291→298 |
| Brazil | 4,974→5,570 | Mexico | 2,397→2,464 |
| Chile | 334→346 | Nicaragua | 143→153 |
| Colombia | 1,034→1,122 | Panama | 67→77 |
| Costa Rica | 81→82 | Paraguay | 213→254 |
| Dominican Republic | 137→160 | Peru | 1,798→2,058 |
| Ecuador | 193→221 | Venezuela | 282→335 |

Adapted from Nickson (2019); additional updates from OECD, World Factbook, citypopulation.de, statoids.com

**Local Government Structural Reforms, Table 8** Actors and incentives in territorial reform

| Actor | Collective goal | Selective goal |
|---|---|---|
| Ministry officials, special commissions, national legislators | Government leadership | Greater influence, political power, reelection |
| Elected local officials | Community leadership | Political power, reelection |
| Government employees | Public service | Job protection, greater autonomy |
| Chamber of commerce, merchants, media | Community image, status | Financial gain |
| Manufacturers, developers, contractors | Economic development | Financial gain |
| Civic groups | Accountability, good government | Status, prestige, membership |
| Academics, professional organizations | Progressive reform, good government | Influence, program expansion |
| Racial, ethnic minorities | Representation | Greater influence, government access |
| Homeowners associations; tax control groups | Lower taxes, greater access, efficiency | Lower individual taxes, exclusion |

Adapted from Feiock (2004), p 299

amendments in Japan have facilitated the reduction in the number of municipalities, a long-standing agenda of the central government. The "reform game" therefore may be tiered and nested: constitutional (i.e., game to change "reform game rules") and collective (i.e., actual game of reform at the subnational level) (Tumanut 2015).

Reform choices are formulated and attained using different approaches: political (top-down, bottom-up, or sandwich), technical (by bureau/ministry), or reliance on independent commission. Political expediency and vagueness in reform rules may trigger a top-down approach. Bottom-up approach, on the other hand, is characterized by initiative of elected local officials or residents. In some countries, legitimation through referendum is mandated by law (e.g., the Philippines); in others, referendum is only consultative (e.g., Japan). Master plans (including formal assessment of units) are drawn in some countries (e.g., South Korea). In some, consultation committees are established before authorities decide. From an institutional lens, reform game in some countries is multi-tiered and accordingly involves multiple actors, like in the Philippines where the constellation of veto players in the structural reform game is found to be large. In some countries, structural reform is a local affair and thus requires only a few veto points (e.g., the USA).

In short, rules and institutions can be analyzed at various levels (e.g., national or local, collective or individual) and forms (e.g., financial, political, electoral). As formal rules differ, so do the constellation of actors, and the incentives they face (see Table 8). Veto power or influence over reform

decisions, however, is not equally shared among actors.

From an institutional choice framework, territorial reform is a collective action problem, especially in bottom-up or sandwich approach. Policy entrepreneur, united elites, vertical coalition, and cohesion in actors' preferences have been described as mechanisms of successful reform. Similarly, opportunism (whether electoral, political or pecuniary) and reciprocity norm are common reform mechanisms in developing countries in the investigation of district creation.

Inherent in many reform procedures is the use of criteria. Geographical area and population, two of the commonly used criteria, are found to have association with number of jurisdictions and subnational tiers (Gomez-Reino and Martinez-Vasquez 2013). Viability assessment may also include sufficient revenue base, infrastructure level, or capacity vis-à-vis service portfolio. Others consider local identity, history, spatial scope of daily life, and terrestrial attributes.

## Conclusion

This entry described how local government structural reforms are pervasive, continuing, and variegated. It also summarized the diverse contexts, processes, actors, motives, and mechanisms in the "structural reform game."

Goal attainment of these reforms, however, has perplexed scholars. In the recent systematic literature reviews on territorial reform effects (e.g., Tavares 2018; Fox and Gurley 2006), evidences are mixed; in some, empirical findings are weak to support hypothesized effects on efficiency, expenditure, financial management, scale economies, customer satisfaction, service quality, or local democracy. Put differently, there is no guarantee that structural reforms will improve local governments in general. Such an uncertainty has stalled reform agenda in some areas and has also sparked debates to rescale or reverse reform efforts in others (e.g., demands for demerger in Canada).

Though complexity and ambiguity may characterize reform contexts and outcomes, the growing literature intends to aid authorities to better engineer reform agenda and strategies, as well as to manage expectations. The literature may also direct them to less radical and less intrusive alternatives in the structural reform portfolio.

## Cross-References


- ▶ Administrative Reform
- ▶ Comparative Administrative Reforms
- ▶ Intermunicipal Cooperation
- ▶ International Local Cooperation
- ▶ Local Government Size and Democracy
- ▶ Metropolitan Governance
- ▶ Patronage and the Politics of District/City Creation in Uganda
- ▶ Politics of Municipal Consolidation
- ▶ Territorial Governance


## References


Baldersheim H, Rose L (2010) Territorial choice: the politics of boundaries and borders. Palgrave Macmillan, Hampshire

Dollery B, Garcea J, LeSage E Jr (2008) Local government reform: a comparative analysis of advanced Anglo-American countries. Edward Elgar Publishing Ltd, Cheltenham

Dollery B, Robotti L (2008) The theory and practice of local government reform. Cheltenham, UK: Edward Elgar Publishing Ltd

Feiock R (2004) Institutional choice, collective action, and governance. In: Carr J, Feiock R (eds) City-County consolidation and its alternatives: reshaping the local government landscape. M.E. Sharpe, Armonk

Fox W, Gurley T (2006) Will consolidation improve subnational governments? Policy research working paper 3913. The World Bank. Washington, DC

Gomez-Reino J, Martinez-Vasquez J (2013) An international perspective on the determinants of local government fragmentation. In: Lago-Penas S, Martinez-Vasquez J (eds) The challenge of local government size: theoretical perspectives, international experience and policy reform. Edward Elgar, Cheltenham

Hlepas NK, Kersting N, Kuhlmann S, Swianiewicz P, Teles F (2018) Sub-municipal governance in Europe. https://doi.org/10.1007/978-3-319-64725-8

Hooghe L, Marks G, Schakel A (2010) The rise of regional authority: a comparative study of 42 democracies. Routledge, New York

Karkin N, Gocoglu V, Yavuzcehre PS (2019) Municipal amalgamation in international perspective: motives addressed in scholarly research. Asia Pac J Public

Adm 41(4):187–202. https://doi.org/10.1080/23276665.2019.1698843
Kopric I (2012) Consolidation, fragmentation, and special statuses of local authorities in Europe. Croat Comp Public Admin 12(4):1175–1196
Leland S, Thurmaier K (2004) Case studies of City-County consolidation: reshaping the local government landscape. M.E. Sharpe, Armonk
Nickson A (2019) Local government in Latin America: the struggle to overcome social exclusion. In: Kerley R, Liddle J, Dunning P (eds) The Routledge Handbook of International Local Government. Routledge, Oxon
Swianiewicz P (2010) If territorial fragmentation is a problem, is amalgamation a solution? An east European perspective. Local Gov Stud 36(2):183–203
Tavares A (2018) Municipal amalgamations and their effects: a literature review. Misc Geogr 22(1):5–15
Tumanut M (2015) Reforming subnational territories as government reform. Philipp J Public Adm 59(2):178–207

# Local Government System in Nigeria

Omomayowa O. Abati[1] and Oluwaseun Kugbayi[2]
[1]Department of Political Science, Kings University, Odeomu, Nigeria
[2]Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

## Synonyms

Decentralization; Local Council Development Areas (LCDAs); Local development; Local governance

## Definition

Local government is the government at the grass roots with a given population and constitutional power to elect officials for the administrative and regulatory functions in the local area.

## Introduction

Local government system in Nigeria has its antecedence in the pre-colonial era when each of the separate communities that make up today's Nigeria was administered in what has been variedly described by scholars as provincial, kingship, empires systems, etc. (Kirk-Greene 1965; Fadipe 1970; Afigbo 1972; Atanda 1973). However, some discussions take the colonial period as the inception. These pre-colonial systems of local governance were very simple but with variation from place to place. An attempt to account for this variation by Adewunmi and Egwurube (1985) led to four role categorizations which are executive/participatory, nonexecutive/participatory, strong-executive/participatory, and weak-executive/participatory systems. They argued that the Fulani emirate system typifies the strong-executive/participatory system while the confederate nature of the Yoruba kingship system represents the weak-executive/participatory system. But the unique type of traditional authority system in the Eastern region fell outside their executive/participatory classification, thereby typifying the nonexecutive/participatory system.

Though not all pre-colonial local government systems can appear to fall neatly in these executive/participatory roles categorization, Adewunmi and Egwrube's categorization is a remarkable attempt to conceptualize pre-colonial political system away from the common historical and narrative approach. However, with the advent of the European colonial system, these pre-colonial systems gave way to the Native Authority system which subsequently birthed the modern form of local government. Drawing on this pre-colonial antecedence, this chapter entry provides a trajectory description of the Nigerian local government system up to the recent introduction of the Local Council Development Areas (LCDAs).

## History of Local Government System in Nigeria

### Pre-Colonial Era

Local government system in Nigeria has its origin in the existing pre-colonial traditional systems and not in the Westminster system imposed upon the country (Bello-Imam 1996). Before the advent of British rule, Nigeria was not a single country with a central government as it is today; rather it was

made up of many independent states with varying but similar systems of government. For instance, in the Hausa/Fulani setting, the Emir was an almost absolute autocratic ruler; in the Yoruba setting, the Oba was more than a chief; he was a divine king and the personification of the whole town. Though the Obi was the most revered title in the Igbo society, his status was earned and not ascribed, and the governance of the village was by direct democracy (Uchendu 1965). So, it is plausible to assert that the traditional rulers performed legislative, executive, and judicial functions in the Hausa/Fulani and Yoruba communities in the pre-colonial era, whereas political power was largely fragmented among Igbo communities. The strength of these pre-colonial systems was what led the British Colonial government to utilize existing traditional institutions to penetrate the rural communities. These indigenous institutions owing nothing to European political concepts were the foundations upon which local government system in Nigeria was built.

## Colonial Era

With the penetration of colonial system in the year 1900, there were subtle changes to the system of local governance predominant during the pre-colonial era through the introduction of indirect rule. The machinery for the operation of the indirect rule by Lord Lugard was the native administration system. The Northern empires were the first recipient of the native administration system officially through the Native Revenue Proclamation No. 2 of 1906 (Kirk-Greene 1965). Consequently, the areas governed by the Emirs were converted to Native Authorities and constituted the first institutions of local government under the colonial era. The adoption in the North was an instant success because the people had been used to the absolute authority of their Emirs.

Given the successful implementation of the system in Northern Nigeria, the native administrative system was formally introduced in other kingdoms after the amalgamation of the northern and southern protectorates in 1914. Invariably, among the Yorubas, the leading Obas were designated sole native authorities. In the East, artificial, hardly indigenous warrant chiefs were created and given executive, legislative, and judicial powers in respective villages. But, because the system grossly misinterpreted the indigenous political organization, it did not survive long in the region (Adewunmi and Egwurube 1985). With the increasing relevance of the nationalists in the administration of the region, major strides were taken which brought about the birth of Local Government Ordinances in the eastern and western regions in 1950 and 1953, respectively. However, native administrative system continued to be relevant in the northern region beyond 1960.

## Postcolonial Era

The last decade of the colonial era witnessed a gradual transfer of political power and authority from the traditional rulers to the nationalist politicians who had started to assume de facto superior powers in all matters concerning governance of the people. On attainment of independence in 1960, traditional rulers had become mere appendages of the politicians or parliamentary enactments.

With the introduction of competitive party and election of public officers into the local level, conciliar impersonal structures of local government were introduced to replace the existing personal autocratic system. By this democratization of local government councils, traditional rulers in the northern region who had hitherto continued to exert tremendous control started to lose control at a very rapid rate. Even more rapidly, the warrant chiefs in the eastern region had become increasingly unpopular as the Igbos could be considered to have set the pace of democratization of local government as early as 1950. So, during the first republic after independence, the power to appoint, remunerate, discipline, and remove traditional rulers was transferred to local government councils. This system remained until the military coup of 1966. After the dissolution of the local government, a search for a uniform approach to local governance started. Eventually, the nationwide cross-fertilization of ideas that started in the year 1969 culminated into the landmark reform of 1976.

## Local Government Reforms in Nigeria

### 1976 Local Government Reforms

The 1976 reform marked unique historical changes in local government administration in Nigeria in many respects. The reform was part of the government's response to the Udoji Public Service Review Commission recommendations. In order to make local government more effective, the reform introduced a new pattern of the intergovernmental relationship which brought the federal government into direct contact with local government authorities. The reform was the most radical and far-reaching policy solution for devolution of power to local government by establishing a multipurpose single-tier local government system all over Nigeria with uniform structure and functions. Thus, the 1979 Constitution recognized it as the third tier of government within the federal system.

The uniformity of the reform can be conceptualized in terms of the functions and duties of all the local governments. The administrative and political structures of local government were the same throughout the country. Chairman was elected in every local government council to head the council. In addition, they were organized on departmental basis. The experience between 1976 and 1979 when the new constitution became operational showed that some significant achievements had been recorded by local governments in various parts of the country.

As remarkable as the 1976 reform seemed, it was not without its own defects. For instance, Nigeria, a federal state opting for a uniform system of local government, appeared to be defeating the very essence of federalism which is to let each state decide its own organization (Daloz 1989). The standardization, as it is with the 1976 reform, is the attribute of unitary system of government and not federal system of government. Also, the 1979 Constitution, by allowing states to make laws creating local governments, allowed for the abuse which the system experienced under many state governments in the Second Republic. In the light of all these, it was only a matter of time before the structuring principles of the local government became due for another review in 1984.

### Dasuki-Led Reform Committee

The military, upon taking over the seat of power in 1983, introduced a sole administrator system as an interim stop-gap modification to reorient the local government system. Given that the sole administrator system was not intended to replace the 1976 local government reforms, a 21-man committee was constituted in 1984 under the chairmanship of Alhaji Ibrahim Dasuki to review the 1976 reforms.

The Dasuki-led committee started its exercise by reviewing the problems that plagued the local governments during the previous administration. The major problem identified was the proliferation of unviable local government councils; adequate preparation was not done before their creation, and consequently, their creation engineered an endless demand for further creation. The committee concluded that nothing was wrong with the number of local governments being 301, that rather the problem was the handlers of the system. The committee was concerned with issues of boundary adjustments, lack of geographical contiguity, and the dichotomy of development focus. As a result, it recommended the following with regard to standard structure of a local government: (a) a minimum population of between 100,000 and 150,000, (b) a minimum tax paying population of 20,000, (c) traditional association and wishes of the community in the areas, (d) ability to generate internally at least 50% of the revenue required to fund its annual recurrent expenditure, and (e) administrative convenience.

The committee also introduced the concept of management audit as a new innovation in the management of finances in local governments. As an incentive for accountability and prudence, the committee introduced the "council of the year award" initiative. These recommendations were accepted by the federal military government. The Dasuki-led committee identified the challenge of the local government to raise enough internally generated revenue and as such recommended that the tax collection strategy

of local government should be revamped. To aid this, it recommended that persons should be compelled to register according to their local government.

The committee also deliberated on the condition of service and the quality of staff at the local government councils and recommended comprehensive training programs which were to be undertaken in three Nigerian universities: University of Ife, Ahmadu Bello University, and University of Nigeria, Nsukka. It also recommended that funding should be sourced by setting aside 2.5% of the total personnel emolument vote of each local government. The government accepted this recommendation and directed the state governments to commence preliminary training programs in local governments for their staff. Concerned also about the role of traditional rulers, the committee recommended the establishment of an emirate/traditional council which will be saddled with the monitoring of appointment, removal, and disposition of traditional rulers to curb the tide of politically motivated appointments and removals. The government accepted this recommendation.

### Babangida-Led Reforms

Most of the reforms initiated under the Babangida military regime were predicated on the report of the Political Bureau set up in 1986 and the Dasuki Committee report of 1984. The Political Bureau headed by Dr. Samuel Joseph Cookey had a mandate to review the political history of Nigeria and identify the causes of the failure of democratic institutions. After a thorough analysis of the country's political history, the Bureau recommended a presidential system of government with corresponding constitutional democracy and a socialist system where the state shall be the commanding height of national economy.

The most changes made in the system of local government under Babangida regime drew insight from these recommendations. The only area where the government distanced itself from the Bureau was on the issue of socialism. Besides, Babangida administration committed itself to ensure that the populace at the grass roots participated fully in governance by devolving more responsibilities to the local government and allowing them some autonomy to function effectively as the third tier of government. Therefore, the reforms were planned to lay the economic and political foundation for grass roots-oriented development.

## Creation of New Local Government Areas (LGAs) in Nigeria

In 1987, Babangida's administration tinkered with the federal structure by increasing the LGAs from the existing 301 to 449 LGAs, and later on August 27, 1991, he increased it to 500 LGAs, only to create 89 new LGAs on September 23 of the same year, bringing the number to staggering 589 LGAs by the end of that year. Likewise, Abacha who took over from the interim government of Ernest Shonekan in 1993 initially increased the number of LGAs from the existing 589 to 593 LGAs in 1995 and a year later increased further to a staggering 704 LGAs.

With the emergence of the fourth republic in 1999, the persistent outcry for the creation of more local government areas became more noticeable to the extent that by 2003, not less than 500 local government areas were either in the process of creation or have been created by a number of state governments in Nigeria. The attempts to create new local government areas by state governments were initially unsuccessful, resulting in cancelation. This inability of state governments to successfully create new local government was majorly attributed to the ambiguity of the 1999 constitution.

## The LCDA Era: Lagos State as Pacesetter

In agreement with Section 7(1) and Section 3(6) of the 1999 Constitution of Nigeria which gives state governments the power to establish local governments (Federal Republic of Nigeria 1999), most states through their respective Houses of Assembly enact laws to provide legal backings for the new LCDAs. In the instance of

Lagos State, the 37 new local government areas (later renamed Local Council Development Areas) were established by the creation of New Local Government Areas Law No 5 of 2002, as amended by the creation of New Local Government Areas (Amendment) Law No 15 of 2004, as further amended by the creation of New Local Government Areas (Amendment) Law No 2 of 2005.

However, the constitution further qualifies the power given to the state government by satisfying the provisions of Section 8(3) and (4) which provides for a bill to be passed to the effect of the creation through the instrumentality of the State House of Assembly after a statewide referendum has been conducted. In compliance with these provisions, the Lagos State Independent Electoral Commission (LASIEC) conducted the statewide referendum on the creation of the new 37 LGAs on May 21, 2002, which witnessed overwhelming support for the creation of the LGAs. As a result, the state assembly passed the resolution of the referendum into law.

While Sections 7(1) and 8(3) and (4), respectively, are in harmony with the spirit of federalism by protecting the separate organization and quasi-sovereignty power of other federating units, the provisions of Section 3(6) and Part 1 of the First Schedule which list the number of existing LGAs hamper this separate organization and quasi-sovereignty, making it appear as though no further LGA outside the ones in existence is recognized by the constitution.

However, in a bid to solve the inconsistency, the Constitution went further in Section 8(5) requiring the National Assembly to make substantial provisions by Act with reference to the names and headquarters of the new LGAs. In order to enable the National House of Assembly to perform this function, Section 8(6) required the State House of Assembly after the creation of the new LGAs to make adequate returns to the National Assembly. This provision, however, became the basis for a legal tussle over the constitutionality of the new 37 LCDAs between Lagos State and Federal Government. The case settled once and for all the powers of the state governments to create additional local government areas. However, it is expected that the State Assemblies will apply to the National Assemblies to ratify the creation and subsequently list them in the constitution for federation recognition.

## Conclusion

Despite the many reforms that have been affected in the administration of local government system in the country, there is still agitation over the best system to adopt for local governance in Nigeria. Controversies still arise with respect to revenue sharing and fiscal relations among the three levels of government. The agitations for local government reforms are an important part of the recent demands for the restructuring of the federal system in the country.

## Cross-References


- ▶ Comparative Public Administration and Globalization
- ▶ Decentralization and Governance
- ▶ Federalism and Public Administration


## References


Adewunmi JB, Egwurube J (1985) Role of traditional rulers in historical perspectives. In: Aborisade O (ed) Local government and the traditional rulers in Nigeria. University of Ife Press, Ile-Ife

Afigbo AE (1972) The warrant chiefs. Longman, London

Atanda JA (1973) The new Oyo empire. Longman, London

Bello-Imam IB (1996) Local government in Nigeria: evolving a third tier of government. Heinemann Educational Books Nig. Plc. & French Institute for Research in Africa (IFRA), Ibadan

Daloz J-P (1989) The 1976 local government reform in Nigeria and the 1982 decentralisation reform in France: some comparative remarks. In: Aborisade O (ed) Nigerian local government reformed. Obafemi Awolowo University Press Limited, Ile-Ife

Fadipe NA (1970) The sociology of the Yoruba. Ibadan University Press, Ibadan

Federal Republic of Nigeria (1999) The 1999 constitution. Federal Government Press, Lagos

Kirk-Greene AHM (1965) The principle of native administration in Nigeria: selected documents 1900–1947. Oxford University Press, London
Uchendu V (1965) The Igbo of South East Nigeria. Holt, Rinehart & Winston, New York

## Local Government Under Austerity, Narrowing the Accountability Landscape in England

Laurence Ferry[1] and Peter Murphy[2]
[1]Durham University Business School, Stockton on Tees, UK
[2]Nottingham Business School, Nottingham, UK

### Synonyms

Answerability; Culpability; Economy; Liability; Responsibility; Self-denial

### Definition

Accountability is an obligation to provide an account to someone with a legitimate interest. Its historic origins were formalized through the practice of bookkeeping and the discipline of accounting. Public accountability is considered to be a cornerstone of modern democracy.

Austerity, as experienced by the UK economy since 2010, is a form of government-induced deflation in which the economy adjusts through the reduction of wages, prices, and public spending to restore competitiveness, which is, allegedly, best achieved through cutting the state's budget, debts, and deficits.

### Introduction

This is a descriptive review of legislative, policy, and organizational developments in English local government between 2010 and 2015. Under the Conservative-led Coalition government, accountability and transparency arrangements were subject to significant change.

This entry begins with a discussion of the literature on accountability and transparency and what this means for public management, before contextualizing it to local government in England. It suggests five themes that may also be relevant for policy makers and practitioners before drawing some generalized conclusions.

One question often raised is whether accountability and transparency are the same thing, support one another or can undermine one another. Hood (2010) refers to this as "Siamese twins, matching parts and awkward couple."

Accountability is an obligation to provide an account to someone with a legitimate interest. It involves a counting of possessions and the classifying of information on the basis of norms and conventions. Its historic origins were therefore formalized through the practice of bookkeeping and the discipline of accounting (Bovens et al. 2014). For the public services in the UK, the formalization of accountability was initially manifested through accounting as an assessment by an audit (financial conformance). More recently, the accounting aspect of assessment has been further formalized through detailed performance management arrangements (operational performance) and ever expanding regulation as bodies that perform assessment increasingly cover every aspect of accountability from health and safety to equality, etc. (Power 1997). This expanding remit has been championed for strengthening accountability (Campbell-Smith 2008; Audit Commission 2009), but while it has had benefits, there have also been negative effects (Downe et al. 2010; Martin et al. 2013). This includes a challenge on cost grounds and whether it provides overall value for money.

In contrast to accountability, transparency champions openness as a means to prevent abuses of power, which has had a strong influence on democratic governance (Bovens et al. 2014). Initially, transparency was formalized in the UK

public services through an opening up of archives, making minutes publicly available, and unlocking meetings for public attendance. This was to make information, data, and discussion more open, visible, and free as part of transparency processes that support accountability. In recent decades, tranparency in the UK and elsewhere has increased through the Freedom of Information Act and other initiatives and especially following the opportunities to share data and meetings online through the internet and e-government where there has been an exponential increase in data availability.

Over recent decades, in order to facilitate accountability, various governments have brought in significant performance management frameworks and thereby accumulated more information about how subnational levels of government are operating. However, as governments have emphasized some aspects of performance management, such as building measurement systems to acquire more performance data, they have sometimes neglected wider organizational change that would facilitate the use of such information at the implementation level (Ferry et al. 2017).

Since the early 1980s, successive UK governments have also supplemented financial controls, through audit for financial conformance, with a range of centralized performance management frameworks that set out how local government should operate and what they should focus on. The performance of individual local authorities were monitored against these frameworks through a comprehensive system of indicators and external audit and inspection, in order to try and create a "golden thread" that linked ministerial objectives and pronouncements with the administration of policy at the local level. These initiatives sought to facilitate the continuous improvement of public services and assess this improvement through the "economy, efficiency, and effectiveness" with which local authorities delivered services – with these values for money, objectives were reflected in performance frameworks and indicators.

In contrast, since 2010, the Government has embraced a policy of "austerity localism" (Lowndes and Pratchett 2012) and undertaken governing and budgeting for deficit reduction through changes to the spending review, budget, and audit and accountability arrangements (Ferry and Eckersley 2015). For example, reforms such as the Localism Act 2011 have given local authorities greater autonomy over spending decisions but not local revenue generation. Other changes have seen the abolition of the Audit Commission, which previously coordinated and delivered external audit, inspection, and national reports on locally delivered public services in the UK (Timmins and Gash 2014) and the abandonment of performance management frameworks and performance audit that has meant that since 2010, local authorities have been less focused on service outputs and outcomes than was previously the case (NAO 2014).

The Local Audit and Accountability Act 2014 confirmed that future local authority audits would be overseen centrally by the NAO, focus solely on financial management, and have no performance assessment. This, together with the prevailing austerity, made "financial conformance" rather than "operational performance," the overriding focus, for both central and local government and ostensibly weakened local accountability, because it obscured the potential impact of austerity cuts (Ferry and Eckersley 2015).

The NAO have recently demonstrated how "changes in public service provision have increased the risk of provider failure" (NAO 2015, p. 9), and the accountability deficit for performance at an "individual" local authority level is only partially addressed through the NAO (2014) value for money report on "financial sustainability." The "lack" or inadequacy of performance information currently available also makes assessing the value for money aspects of financial sustainability a "challenge." Essentially, the NAO suggest that the new accountability and audit arrangements lets us know if the DCLG and local authorities are spending within budget, but

not what value the public are getting for their money.

To make up for the diminution in accountability arrangements, the transparency agenda led to ministerial claims that an army of "armchair auditors" would fill the accountability void created by the closure of the Audit Commission and the abandonment of performance audit (DCLG 2010), but this has demonstrably failed to materialize with the result that local authorities are not comprehensively or robustly assessed on the quality of service outputs and outcomes (Ferry et al. 2015). This, combined with austerity, has reinforced the principle that holding down input costs through an overriding focus on budgetary stewardship is the predominant managerial objective within local authorities, which means that there is reduced scope for officers to innovate or try new ideas (Ferry et al. 2017).

In England, over the last 5 years, it is contended that the accountability arrangements have diminished and not been adequately replaced by transparency initiatives. Research from elsewhere, however, suggests that over the longer term some performance information use will be reintroduced as financial stress eases and the focus once again shifts back to value for money and not merely cutback management (Raudla et al. 2013). This is very important and a number of themes can be set out for critical reflection by global policy makers and practitioners alike. This may contribute to a broader debate on accountability and transparency which are particularly important pillars underpinning our democratic system of governance but are also important to jurisdictions with other forms of governance. Five themes from our study will now be set out, to be followed by some generalized conclusions.

## Theme 1: Transparency May Not Adequately Replace Accountability

For English local government, the accountability and transparency arrangements are now part of a more complex organizational landscape wherein it is contended that accountability has been reduced and not adequately replaced by increased transparency.

For example, in terms of accountability, the emphasis is now firmly on financial conformance and Sector Led Improvement (SLI) by local government themselves (House of Commons 2011). Value for money capability has been significantly reduced following abolition of the Audit Commission and decommissioning of corporate performance management arrangements. Future policy makers must decide if they need to strengthen accountability particularly when austerity recedes and the focus on cutback management becomes less paramount and gives way to a revised interest in value for money.

Audit arrangements are now subject to the Local Audit and Accountability Act 2014, which repealed the Audit Commission Act 1998 and reformed the processes for performance and financial audit of local government. These reforms included abolishing the Audit Commission (which closed on 31 March 2015) and transferring a number of its responsibilities to other organizations, including the NAO. In the place of the Audit Commission, there is a new framework for local public audit, due to start after the Commission's current contracts with audit suppliers end in 2016/17 or potentially in 2019/20 if all the contracts are extended. A transitional body Public Sector Audit Appointments Limited (PSAA) will oversee the contracts in the intervening period. The NAO will produce the code of practice and supporting guidelines for local authorities as well as enhance its existing value for money studies by conducting a small number of reports into local public service delivery.

Once the transitional audit arrangements come to an end, local public sector bodies will have the power to appoint their own auditors, although local bodies can collaborate and continue to procure audit at a collective or national level (Timmins and Gash 2014).

In terms of performance management, the coalition government has dismantled much of the performance management framework for local government, replacing centrally driven performance reporting and data requirements in favor of sector self-regulation, transparency, and local accountability.

Following the abolition of national performance frameworks, local authorities and the

LGA introduced a SLI approach to improvement (House of Commons 2011; Timmins and Gash 2014). This is based on four underlying principles: Local authorities are responsible for their own performance, local authorities should be accountable locally not nationally, there is a sense of collective responsibility for the performance of the sector as a whole, and the role of the LGA is to provide tools and support (LGA 2015).

## Theme 2: Loss of Formal Information and Interrogation Capacity Has Not Been Replaced by Informal Arrangements

Information and its interrogation have both suffered a significant loss of capacity partially due to the abolition of the Audit Commission and the dismantling of performance management arrangements. This creates significant challenges in being able to ascertain what programs to undertake and determine which are providing value for money. The diminishing evidence base leaves things more open to opinion and politics. Citizens may therefore judge on a diverse range of things, and there is less independent evidence to refute or support such judgments.

DCLG's local authority statistics and CIPFA's financial and performance databases allow for investigation and analysis of expenditure and performance information although the latter is only available to subscribers. However, the collection, analysis, availability, transparency, and interrogation of these data and other local authority statistics have become increasingly difficult since 2010.

Although ministers argued initially that volunteer "armchair auditors" would step into the gap created by the Audit Commission's abolition and analyze the data published under transparency requirements, this has not proved to be the case. Even if this army of volunteer researchers had emerged, they would be unable to draw meaningful conclusions and recommendations from the raw data that has become available (House of Commons Public Accounts Committee 2015).

## Theme 3: Austerity and Cutback Management Will Challenge Governance Relationships

During the recent sustained period of austerity in England, the theory and practice of cutback management has been adopted. These new arrangements coupled with localism for English local government (Lowndes and Pratchett 2012) have provided a significant challenge for practitioners in the governance of their local authorities, leadership of services, and strategic alignment of plans and delivery especially for those involving multiple partners.

Practitioners must therefore understand these pressures and manage the risks associated with cutback management but also make provision for governance, leadership, and strategic alignment for the future when austerity recedes and value for money becomes more paramount. Good governance enables a local authority's leadership to pursue its vision effectively and also underpins that vision with control and the management of risk. To assist good governance, CIPFA and the Society of Local Authority Chief Executives (SOLACE) issued Delivering Good Governance in Local Government: Framework and Accompanying Guidance Note in 2007, which was updated in 2012 through an addendum and revisions.

To facilitate strategic alignment, DCLG awarded the CIPFA/SOLACE Framework "proper practices" status through nonstatutory guidance. As a result, local authorities must prepare and publish an annual governance statement to accompany the statement of accounts in order to meet a statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. This regulation requires local authorities to prepare a statement of internal control in accordance with the Framework's "proper practices" for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business. These statements follow a standardized template set out in the framework, in which local authorities make their practices and structures open and explicit, and

map them against agreed best practice. This helps to ensure that governance practices are strategically aligned.

However, strategic alignment is under pressure, because local government has been undergoing significant change in an increasingly complex environment. In addition to economic and financial sustainability challenges, the Localism Act and other legislation has brought new roles, opportunities, and greater flexibility. Furthermore, local authorities have been changing their models of service delivery for some time; local public services are now delivered directly, through partnerships, collaboration, and commissioning, and by combined authorities. The introduction of new structures and ways of working provide challenges for strategic alignment in managing risk, ensuring transparency, and demonstrating accountability.

## Theme 4: A Reduction in Performance Information Is Constraining Public Reporting, Scrutiny, and Public Assurance

The changes to performance management information in particular has meant that reporting is more partial, scrutiny has become more variable, structures have changed, and quality assurance is receding with the demise of professionalized performance audit. Public assurance of value for money is therefore more difficult to establish.

Local authority financial reporting to central government now focuses solely on financial information. The reports are based on the statutory requirement for local authorities to ensure accountability and transparency for financial stewardship, which is set out in the Local Government Act 1972. A single individual, the Section 151 Officer (who is often the finance director and must be a qualified accountant), is personally responsible for producing a balanced revenue budget every year. The Local Government Act 2003 makes a balanced budget a requirement and the Section 151 officer has to report on the robustness of estimates and adequacy of reserves. These budgets and reports are then subject to a financial audit. Since 2010, there has been no statutory requirement for local authorities to produce performance reports for central government.

Internal "overview and scrutiny" committees were established by the Local Government Act 2000. They were intended as a counterbalance to the new executive structures created by that Act, which required all large local authorities to introduce either elected mayors or a leader and cabinet system. The role of these committees was to develop and review policy and make recommendations to the council. Following the Localism Act 2011, councils with executive governance arrangements are only required to have one overview and scrutiny committee that is independent of the executive.

Many local authorities have separate staff and financial resources for overview and scrutiny committees, although annual surveys conducted by the Centre for Public Scrutiny indicate constantly diminishing resources over the last 8 years (Centre for Public Scrutiny 2015). The Centre has recently called on local authorities to "up their game" in respect of scrutiny following the scandals associated with children's services in Rotherham, and a report by Grant Thornton highlighted concerns from officers and councilors that they no longer provide sufficient interrogation.

## Theme 5: Changing the Mix of Accountability and Transparency Arrangements May Involve Value for Money Risks

The challenges of austerity localism for the financial sustainability and resilience of local government coupled with significant changes to accountability and transparency arrangements raise real and potential value for money risks.

The statutory requirements of the Local Audit and Accountability Act 2014 concentrate on annual financial reporting. This may hinder broader short-, medium-, and long-term sustainable management of financial and other resources.

These risks are not mitigated by other parts of the performance management and/or public assurance regimes, which could be perceived as a weakness of the current regime over previous performance and financial assurance arrangements.

The problem is compounded by the abolition of centralized performance monitoring frameworks, comparable quality assured indicators, and the Audit Commission itself and ultimately means that there is insufficient data available on the quality and scope of local government services as well as very limited capacity to interrogate this data effectively.

## Conclusions

Public accountability may be a cornerstone of democracy but in advanced western liberal democracies, transparency is perceived to be relatively less expensive because of the capacity and capability of the internet to disseminate large quantities of data that citizens readily have access to. It is therefore an attractive option in times of austerity and financial cutbacks for policy makers and practitioners to reduce professionalized accountability as a means to save money and to promote transparency as a surrogate.

However, an important issue for policy makers, regulators, and practitioners is that transparency is not a straightforward panacea for a reduction in accountability arrangements. Financial cutbacks alone should not be an acceptable reason to undermine and significantly reduce public accountability.

It is easy to appreciate, if not wholly to neither agree with nor consider suitable, how financial conformance has been allowed to become the main focus of a reduced professionalized accountability apparatus as part of the policy and practice of cutback management under austerity in the UK. The problem is that such arrangements are not adequate for the assessment of value for money or for assessing neither the financial resilience nor the sustainability of public services. This is because these arrangements generate significant challenges for governance, leadership, and strategic alignment in managing risk. Indeed systemic "service" failure becomes a concern as the sole focus becomes the budget. This problem is only exacerbated as reporting is partial, scrutiny variable and quality assurance reducing as the focus becomes the current financial position rather than a comprehensive view of performance. Essentially, any changes in accountability and transparency arrangements inevitably change the risk profile with regards to value for money.

If we are to have economic efficient and effective public services, which the citizen has the right to expect, then arrangements to properly assess operational performance are just as important and must complement those for financial conformance. This should be the case whether public money is being used during austerity or in a period of growth. In a liberal democracy, the assurance of the public that government is providing appropriate stewardship of public money is sacrosanct and so should the achievement of value for money.



## Cross-References


- ▶ Accountability
- ▶ Accountability Mechanisms
- ▶ Auditing
- ▶ Budgeting and Austerity
- ▶ Governmental Accountability
- ▶ Performance Auditing
- ▶ Performance Management


## References


Audit Commission (2009) Final score: the impact of comprehensive performance assessment of local government 2002–2008. Audit Commission, London

Bovens M, Goodin R, Schillemans T (2014) The Oxford handbook of public accountability. Oxford University Press, Oxford

Campbell-Smith D (2008) Follow the money: the audit Commission public money and the Management of Public Services 1983–2008. Allen Lane, London

Centre for Public Scrutiny (2015) Annual review 2014–2015. Available at http://www.cfps.org.uk/publications?item=11649&offset=0. Accessed 12 Aug 2015

Department of Communities and Local Government (2010) Departmental books are open to an army of

armchair auditors. Statement by Rt Hon Eric Pickles Secretary of State, 12 August 2010. DCLG, London
Downe J, Grace C, Martin S, Nutley S (2010) Theories of public service improvement – a comparative analysis of local performance assessment frameworks. Public Manag Rev 12(5):663–678
Ferry L, Coombs H, Eckersley P (2017) Budgetary stewardship, innovation and working culture: identifying the missing ingredient in English and Welsh local authorities' recipes for austerity management. Financ Account Manag 33(2):220–243
Ferry L, Eckersley P (2015) Budgeting and governing for deficit reduction in the UK public sector: act three 'accountability and audit arrangements'. Public Money Manag 35(3):203–210
Ferry L, Eckersley P, Zakaria Z (2015) Accountability and transparency in English local government: moving from "matching parts" to "awkward couple"? Financ Account Manag 31(3):345–361
Ferry L, Murphy P (2017) What about financial sustainability of local government!–a critical review of accountability, transparency, and public assurance arrangements in England during austerity. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1292285
Hood C (2010) Accountability and transparency: Siamese twins, matching parts, awkward couple? West Eur Polit 33(5):989–1009
House of Commons (2011) Select committee: audit and inspection of local authorities – Communities and Local Government Committee 4th report. TSO, Norwich
House of Commons Public Accounts Committee (2015) Financial sustainability of local authorities. Thirty–fourth report of session 2014–15. HC 833. TSO, Norwich
Local Government Association (2015) Taking stock: where next with sector-led improvement? LGA, London
Lowndes V, Pratchett L (2012) Local governance under the coalition government: austerity, localism and the big society. Local Gov Stud 38(1):21–40
Martin S, Downe J, Grace C, Nutley S (2013) New development: all change? Performance assessment regimes in UK local government. Public Money Manag 33(4): 277–280
National Audit Office (2014) Financial sustainability of local authorities. House of Commons, London
National Audit Office (2015) Principles paper: managing provider failure. House of Commons, London
Power M (1997) The audit Society: rituals of verification. Oxford University Press, Oxford
Raudla R, Savi R, Liedemann E (2013) The use of performance information in cutback budgeting: the case of Estonia. COCOPS sponsored paper prepared for ECPR general conference, Bordeaux, 4–7 Sept 2013
Timmins N, Gash T (2014) Dying to improve: the demise of the Audit Commission and other improvement agencies. Institute for Government, London

# Local Governments and Crisis Management

Romeo B. Lavarias
Division of Emergency Management, City of Miramar Fire-Rescue Department, Miramar, FL, USA

## Synonyms

Contingency planning; Crisis planning; Disaster management; Disaster planning; Emergency management; Emergency preparedness

## Definition

Crisis management refers to the efforts made by organizations to prepare for, respond to, recover from, and mitigate against disasters and crises.

## Introduction

In the *Handbook of Crisis and Emergency Management* (Farazmand 2001), the editor's discussion of the nature of crisis is still relevant today as it was in 2000, in the context of its impact on local government. The editor accurately states that crises, "scramble plans, interrupt continuities, and brutally paralyze normal government operations and human lives" (p. 3). He elaborates that there are "two types of crisis: a process-oriented one developing over a period of time, and the other a sudden rupture developing within weeks, days, hours, or even minutes" (Farazmand 1996). The first description of what constitutes a crisis has been applied generally to a local government experiencing a natural disaster (hurricane, flood, wildfire, landslide, mudslide, earthquake, etc.) through setting up policies and procedures to mitigate and prepare for these eventualities. However, in today's complex society, the second description of crisis is much more reflective of what local governments face today. Crisis in local government does not only include natural

disasters (add tsunamis and nuclear reactor meltdown to the list), but now must include domestic terrorist attacks (homegrown terrorism); bioterrorism; school shooting; active shooter; controversial police shooting; disease outbreaks (Zika virus); cyber attack; ransomware; local governments' own internal issues, i.e., Flint water crisis; and the effects of climate change.

But while the types of crisis events have increased, natural disasters are still the prevalent crisis for local governments. According to the International Federation of Red Cross and Red Crescent Societies, there were a total of 317 natural disasters that affected 94 countries. These disasters impacted 107,000,000 people. Of this total 58,000,000 people in China were affected by floods and drought, 5,884 people were killed by technological disasters, and 8,186 people were killed by other natural disasters. The top five disasters globally from 2005 to 2014 were floods (1,753), earthquakes (1,254), storms (988), heat wave (262), and drought (223). Regardless, local government must be able to handle any crisis confidently and effectively because "...public support is a key pillar of effective government. Negative views of government diminish stakeholder interest in solving government's operational problems and undermine the ability of government ..." (Lavigna 2009).

The field of crisis management is known by other names, such as emergency preparedness, disaster management, emergency management, disaster planning, contingency planning, crisis planning, incident management, organizational resilience, and so forth. However, crisis management coincides with emergency management in terms of establishing a solid structure on how to be resilient after a disaster (Maldonado 2015). The beginning of this field in the United States, and its formal and modern conception for the purposes of this discussion, started from the creation of the Federal Emergency Management Agency (FEMA) in 1979 through President Jimmy Carter's Executive Order 12127. Yet even before FEMA's formal creation, the field of emergency management suffered from lack of interest and an identity crisis. It was most aptly described in Dwight Waldo's (1980) book, *The Enterprise of Public Administration*: *A Summary View*, where he stated,

> When editor-in-chief of the *Public Administration Review*, I tried to identify someone willing to organize a symposium on what I called alternately *disaster management* and *emergency management*. Again, even advertising for a symposium editor failed: not a single candidate. The reasons for our collective indifference I judged to be several, including a perceived lack of professional pay off in this area and vague sense that it is peculiar if not un-American to be looking for trouble. Most fundamentally I think this is involved: Administration is concerned with rationality, order, calculability, efficiency: how can these be applied to the unpredictable, the disorderly, the destructive? (p. 185)

Waldo's (1980) statements are correct portrayals of the way environment crisis and emergency managers operate. Their efforts are attempts at mitigating the unpredictable, disorderly, and destructive elements of a crisis in an environment where order and efficiency are the primary objectives of an organization. Somers and Svara (2009) go on to state that

> ...there is an inherent inconsistency between 'management' and 'emergency.' Management seeks to control and regularize activities. It seeks to reduce variation across a wide range of occurrences and to achieve optimal conditions. In contrast to normal management problems, emergencies are rare and unique. Some aspects of "emergencies" can be "managed" in a traditional sense, but anticipating emergencies takes managers into the realm of uncertainty, and responding to emergencies requires creativity and flexibility in dealing with circumstances that cannot be fully anticipated. (p. 181)

Waldo's (1980) position about public administration and emergency management is further refined by Waugh (2007) who states that,

> There is a natural affinity between public administration and emergency management largely because emergency managers plan, organize, manage, human resource, lead, coordinate, review and deal with budgets. Whether they work in the public, nonprofit, or private sector, their organizational responsibilities are critical to their disaster responsibilities. Indeed, most of their time is spent in managing human and financial resources and dealing with other officials and organizations. The discipline of public administration provides a foundation for emergency management educational programs and

> the discipline is increasingly associated with emergency management research. (p. 163)

Waugh (2007, p. 3) reflects on the origin of emergency management as the "quintessential governmental role. It is the role for which communities were formed and governments were constituted in the first place – to provide support and assistance when the resources of individuals and families are overwhelmed." Emergency management today is seen as a complex function that involves almost every facet of everyday life, a multitude of subjects, and coordination among a variety and multitude of local, state, federal, nonprofit, and nongovernmental organizations (NGOs). Crisis and emergency managers need to be able to successfully understand how each facet works individually as well as together toward a common goal. According to McGuire and Silvia (2010), "... public managers find themselves in situations in which the problems facing their organization are increasingly severe, [that] they will [have to] reach out to other entities and agencies" (p. 286). The study by McGuire and Silvia demonstrates that the emergency manager ... is affected greatly by his or her operating environment and that his or her perceptions of the severity of problems and managerial skill explain the level of intergovernmental collaborative activity by that manager" (p. 287).

## National Incident Management System (NIMS)

Taking into account the challenges mentioned earlier that today's crisis and emergency managers contend with, a system that addresses the prevention, response, recovery, and mitigation of a crisis had to be developed. It had to be a system that would enable local government personnel to work together to address a common crisis as well as provide an image to residents that their local government was in control. According to Walters (2010), the general public expects the federal government will "ride in" to save the day when, in reality, an effective emergency management structure's foundation is a combination of a well-developed local response capacity with some help from the state (p. 35). In addition, no two disasters are ever the same, because each disaster has its unique quirks that may require different intergovernmental responsibilities and relationships (Walters 2010). So a crisis or emergency manager may find him- or herself having to coordinate with several levels of government (federal, state, and local), nongovernmental organizations, adjacent jurisdictions, the media, and all city departments. In short, according to Waugh (2007), in the event of a crisis or disaster there will be "a large cast of actors, with a broad range of capabilities and variety of intentions. As a result of this reality, to be able to coordinate an intergovernmental, multi-organizational, public-nonprofit-private sector network can and will be a monumental task. It will be a task that requires considerable technical, administrative, political, social and interpersonal skill." Complicating the task is the constant changeover of personnel in all these organizations. This aspect is identified in a white paper prepared by the National Homeland Security Consortium in October 2010, where "the impending change of federal, state, and territorial leaders in key positions can create instability" (p. 6). This is why NIMS was created.

According to FEMA (2016) and its policy that all incidents (crises) begin and end locally, NIMS provides "a comprehensive, national approach to incident management that is applicable at all jurisdictional levels and across functional disciplines. One of the key intents of NIMS is to improve coordination and cooperation between public and private entities in a variety of incident management activities and provide a common standard for overall incident management." NIMS enables government at all levels (federal, state, tribal, and local), the private sector, and nongovernmental organizations (NGOs) to work together on incidents regardless of the incident's cause, size, location, or complexity (FEMA 2016). In essence, whether it is a single agency fire response to a multiagency, multi-jurisdictional natural disaster, or terrorism response, NIMS creates a common language and common hierarchy where regardless of an organization's purpose staff can all operate seamlessly and without the confusion of

individual departmental jargon or specific internal operations that are unfamiliar to other departments.

According to Kiltz (2011, p. 9), "In order to prepare professionals to serve within the homeland security enterprise, it will be necessary to provide them with the knowledge and skills to perceive, analyze and respond to disasters and crisis from multiple perspectives and paradigms." However, even with NIMS in place, local governments face the issue of a lack of NIMS trained personnel. When NIMS experienced trained staff leave, they are replaced by new staff that are not trained in NIMS or may not have even been through a disaster. Complicating the lack of trained staff further is new disaster technology, new standards of procedures, and communications with city staff and residents. New disaster technology (WebEOC, weather apps, disaster apps, etc.) provides a streamline and efficient way to monitor a crisis anytime; however the system is often only used during a crisis. It leads to staff being unable to remember their training (if they had any) to properly use the system, which results in the need for on the spot refresher training under the pressure of an upcoming crisis. New technologies are constantly being introduced and standards of procedures are constantly being revised and updated. But how they may impact a crisis is often not considered in their development or deployment to those staff that will need to utilize it before, during, and after a crisis. It results in conflicting rules that may hinder the local government staff in carrying out its duties during a crisis. Finally, with the increasing dependency and utility of social media, there is a constant need for information from staff and residents on what to do, where to go for resources, and how to reduce the impact of a crisis. It requires constant and almost instantaneous information pushed out quickly and accurately, which can be complicated. Staff is often working under short time frames, with incomplete information due to lack of feedback from the environment, power shortages, and lack of adequate resources. A proposed remedy to the situation is constant year round training and exercises coupled with the simple use of checklists.

## Training and Exercise

Local governments' ability to plan, respond to, and recover from a broad range of crises and disasters in the future will be determined in large part by the quality and commitment of the local, state, and national emergency management systems. To improve this quality and demonstrate the priority, crisis and emergency managers must lead the effort for government staff to not only be trained but to exercise the skills they have learned through the training. But these efforts take time and resources that many governments feel that they cannot afford due to shrinking budgets. What must happen is a change in the organizational culture where the benefits of crisis and emergency management are seen as an investment that provides a return in the form of speed of recovery (back to normalcy) and confidence instilled in the general public that their government is handling the situation. One additional improvement added to many governments' crisis management arsenal is the use of simple checklists and emergency management software.

The value and simplicity of checklists was covered in Atul Gawande's (2010) book, *The Checklist Manifesto*: *How To Get Things Right*. In his book, he emphasized that checklists help experts manage a complex process. They make priorities clearer and prompt people to function better as a team. They essentially help people be as smart as possible every step of the way, ensuring that everyone has all the critical information, that everyone is systematic about decision-making, and that everyone that needs to be spoken to be included. All are key factors in crisis and emergency management. With the utilization of checklists in the NIMS process, personnel are now more able to perform their assigned duties and responsibilities and understand where they fit in. In many cases, the checklists are modified to suit the different phases of a crisis and/or disaster for every position in the NIMS organizational structure.

In addition to the checklists, governments have utilized technology to help advance their crisis management efforts. Emergency management software helps in monitoring the

development and recovery efforts of a crisis. It allows all participants to know what is happening at every phase of the crisis or disaster and in every section of the NIMS. But most importantly it helps record all resources (staff hours, equipment, resources, repairs, etc.) used in the course of dealing with crisis and receiving federal reimbursement from FEMA. Through FEMA reimbursement, governments are better able to aid the public in recovery, assist businesses to apply for short-term loans, and help governments to make mitigation efforts that lessen the impact of a crisis in the future. From an economic perspective, this process is critical in being able to replenish the funds in their budget that were expended such as employee salaries, cost of equipment, and resources used before, during, and after the crisis.

## Conclusion

In terms of natural disasters, the World Bank has stated that through a combination of climate change, population growth and urbanization over 170 million people every year – up from 60 million just three decades ago – are impacted by natural disasters. The total cost of destructive storms, floods, and droughts has jumped from $14 billion to $40 billion annually. They predict that the number of people affected and the destructive cost will continually rise as more people move to urban areas and the coast. In terms of man-made disasters, the growth in urban areas has also directly led to an increases in urban (versus nonurban) terrorism (Savitch 2008). In the last four decades since 2008, cities have been subject to more than 12,000 incidents of terrorism and incurred 73,000 casualties. Approximately three out of every four attacks and four out of five casualties occur in a city (Savitch 2008). Based on these realities, crisis management must continually adapt to these future risks, threats, and vulnerabilities. It can accomplish this by coupling with emergency management, whose primary purpose is to mount efforts to help the community at large through preparedness, response, recovery, and mitigation.

How government operates before, during, and after a disaster can either instill or destroy the public's confidence in it, which could last for years after the community recovers. Training at all levels of government is essential. In today's instantaneous society, the public has come to being provided with just-in-time deliveries at their doorsteps. In the event of a disaster, there will be an interruption of these deliveries that could compound the crisis or disaster and create a breakdown in society. The degradation may be avoided by having trained government emergency personnel prepared to react at every stage of a crisis or disaster. It is accepted that government cannot rise to the occasion if they do not have adequate training to fall back on. A well-trained government staff provides reassurance to the public and elected officials that the government is in charge and making every effort to bring the public's life back to normal.

## References

Executive Order 12127 (n.d.) Retrieved 2016, from http://www.fema.gov/about-agency

Farazmand A (1996) Regime change and elite change: the Iranian revolution of 1978–79. Presented at the international conference on regime change and elite change in El Paular, 30 May–1 June

Farazmand A (ed) (2001) Handbook of crisis and emergency management. Marcel Dekker, New York

Gawande A (2010) The checklist manifesto: how to get things right. Picador, New York

International Federation of Red Cross and Red Crescent Societies (2016). Retrieved from http://ifrc-media.org/interactive/world-disasters-report-2015/

Kilitz L (2011) The challenges of developing a homeland security discipline to meet future threats to the homeland. J Homel Secur Emerg Manag 8(2):Article 1

Lavigna R (2009) Making a difference on the front lines of government. PA Times 32(7):11

Maldonado MM (2015) When disasters hits, are we ready? PA Times, 18 Sept 2015

McGuire M, Silvia C (2010) The effect of problem severity, managerial and organizational capacity, and agency structure on intergovernmental collaboration: evidence from local emergency management. Public Adm Rev 70(2):279–288

Savitch HV (2008) Cities in a time of terror: space, territory, and local resilience. M.E. Sharpe, New York

Somers S, Svara JH (2009) Assessing and managing environmental risk: connecting local government

management with emergency management. Public Adm Rev 69(2):181–193
Waldo D (1980) The enterprise of public administration: a summary view. Chandler & Sharp, Novato
Walters J (2010) FEMA: making a comeback. Governing:34–36
Waugh WL Jr (2007) Public administration, emergency management, and disaster policy. In: McEntire DA (ed) Disciplines, disasters, and emergency management: the convergence and divergence of concepts, issues, and trends from the research literature. Charles C. Thomas, Springfield, p 163
Williams C (2016) Natural disasters already cost $40 billion a year. It could get a lot worse. Retrieved from http://www.huffingtonpost.com/entry/world-bank-report-natural-disasters_us_5739ec1ce4b060aa781ac879

# Local Governments and the Property Tax in the USA

Julius A. Nukpezah
Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA

## Synonyms

Local authority; Wealth tax

## Definitions

| | |
|---|---|
| Property tax | is a wealth tax utilized by local governments as a primary revenue source and is applied to (1) real property, which entails land and its improvements, and (2) personal property, which is the tangible and intangible aspects of a taxpayer's personal wealth. |
| Local governments | are political units of a state and include counties, municipalities, school districts, and special districts. |

## Introduction

Property tax is a primary source of revenue for local governments in the 50 American states. While dependence on this source of revenue has declined for state and federal governments over the years, local governments continue to look to property tax as a revenue source for the provision of public goods and services to their residents. For the fiscal year 2015, property tax contributed the most to state and local government revenues (31.1%) with general sales (23.5%), individual income (23.5%), corporate income (3.7%), and other (18.2%) taxes lagging behind (Tax Foundation 2018). This makes property tax an important subject for both scholarly and professional interests. Local tax efforts, especially from property, determine the quality of services local governments can provide, including the quality of school districts, which contributes to local prosperity, progress, and autonomy.

This chapter provides a discussion on property tax in the context of local governments within the US federal arrangement. The chapter discusses local property tax in the federal context. Also, the history of the property tax and the property tax revolt that provide a background to property tax in the USA are examined. Furthermore, the uses and benefits of property tax to local governments, property tax base and rate, and property tax exemption as an economic development tool are reviewed. Finally, the conclusion expresses the hope that local property tax will continue to be a reliable revenue source for local governments.

## Local Governments in the Federal Context

The tenth amendment to the US Constitution establishes the federal arrangement; the rights of states and federal governments as sovereigns. The amendment asserts that the federal government possesses only those powers that are delegated to it by the US Constitution and that the states exercise all remaining powers. Thus, because the US Constitution is silent on local governments, they are creatures of the states that allow them

to exist and derive their authority from respective state Constitutions and statutes. While the relationship between local governments and their respective states is vertical, the relationship between one local government and another is horizontal. Vertical relationships exist among governments with unequal authority (i.e., a superior-subordinate relationship), while governments in horizontal relationships are considered equals.

While local governments exist at the leisure of their states, some of these governments such as municipalities may receive Home Rule status that enables them to establish Charters for self-governing and to regulate local matters. These governments introduce user charges and fees for government services such as utilities as part of their proprietary activities, tax the wealth of residents through property taxation, have local options for sales tax, and make bylaws that do not conflict with state Constitution and laws. Non-Home Rule states allow their local governments to administer their governments using state statutes or variations thereof that are permitted by the states. The Courts have upheld the supremacy of states in precedential rulings that Home Rule status of municipalities is subservient to state constitutional authority in what has come to be known as Dillon's Rule (doctrine).

Local governments are classified as general purpose governments that provide multiple services and include counties and municipalities (cities, towns, and villages) or single-purpose governments that perform only one function and include special districts and independent school districts. For example, independent school districts are single-purpose governments because they provide only educational services. The 2012 US Census of Governments indicates that there are 90,056 local governments in the USA, which are made up of the following:

- 3,031 counties or county equivalents
- 35,879 municipalities and townships
- 12,880 independent school districts
- 38,266 special districts

*Counties* are administrative units of a state and the mechanism through which states provide services such as public health and social services to their residents. Because counties cover the entire US geographic land area, unincorporated areas that would not be served by incorporated cities receive municipal services from their county governments. The Sheriff office, county road infrastructure, and emergency services that are provided by the county are financed through property tax.

*Municipalities* are general purpose governments that provide wide-ranging public services such as trash collection, utility services, water, and electricity through user charges and fees. However, municipalities also impose a property tax on wealth in their jurisdictions for the production of public goods and services such as public safety, public works, parks, and recreational facilities.

*Special districts* provide only one specific service within their boundary jurisdiction and are established for regional provision of particular government services such as fire, sanitation, sewerage, water, mosquito control, airport, public transportation, and hospital services. Independent school districts, the largest group of special districts, provide educational services to the districts they serve. Where special districts are organized as taxing authorities, they tax properties to finance their activities. Property tax is the primary own-source tax revenue for Kindergarten through high school (K-12 education) education.

## History of the Property Tax

The property tax has a long history in the USA and predates the founding of the nation. However, over the centuries, reliance on property tax for revenue has been changing for federal, state, and local governments. In 1992, property tax contributed 73% of total local government revenue and 45% of state tax revenue attesting to the increasing dependence of the tax by local governments. However, reliance on property tax has declined

for both governments with a decline for states steeper. States now derive less than 2% of their revenue from property tax, while local governments derive more than 40% of their revenue from this revenue source.

The colonial government tax the wealth of residents, primarily land. Understandably, this taxation is unpopular. The revolt consequently led to the revolutionary wars and eventual independence of the USA. In the early history of the USA, the national government derived revenue from tariffs on imports, excise, and direct taxes. The passage of the federal income tax law in 1913 introduced a major source of revenue for the federal government. Individual and social security payroll taxes contributed 46% and 32% of total federal revenue in 2015.

After the independence of the USA, state governments had the responsibility for most of the activities that are now managed by local governments and derive a large portion of their revenues from property tax for infrastructure development and construction of transportation systems including waterways and canals. However, beginning with the twentieth century, states started developing new revenue sources from sales and income taxes and dependence on property tax as a revenue source wanes. Property tax is the most crucial source of revenue for local governments. It is easier for local governments to use this tax source to demonstrate the quality of services they provide to residents and thereby justify its use than state and federal governments. Goods and services produced with benefit taxes are tangible and readily observable as in education services, road infrastructure, and public safety.

However, property tax yield has been dropping since World War II (Aaron 1975). The level of property tax a local government collects is an indicator of its relative importance in the region and quality of local education. The less property tax a local government can collect means more of other taxes or less public expenditure on public goods and services. The use of market approaches to local government has led to the use of benefit-based revenue, such as user charges and fees.

## Local Governments and the Property Tax Revolt

Citizen aversion for property tax could be traced to the colonial era and the American Revolution in the seventeenth century that eventually led to the colonies' independence from Great Britain (Mullins and Wallin 2004). Citizen unhappiness with property tax during the Great Depression years of the 1930s caused worker agitation against the payment of property taxes due to high unemployment rates and loss of economic opportunities (Yuan et al. 2007). While the above revolts were national in character, local government crises in the late 1970s and the early 1980s produced variations across the states regarding tax and expenditure limitations. Notable tax revolts by citizens occurred in California, Massachusetts, Colorado, and Oregon and have occupied significant places in American tax scholarship and history:

- California's People's Initiative to Limit Property Taxation, also called Proposition 13, was passed after citizen agitation when the state Supreme Court declared unconstitutional the system of financing education through local property tax. The law limited tax rates on the full assessed value of properties to no more than 1%. It prohibits assessments of existing property values except to changes in ownership and new construction, which ensures that senior citizens do not lose their homes due to higher valuation and taxation. It decreased property tax to 1976 assessment value and restricted annual increases in assessed value to inflation but not exceeding 2% per annum. It also requires a two-thirds majority by voters to amend the law.
- Massachusetts's Proposition 2½ passed in 1980 following anti-tax interest group campaigns. It provides that property tax revenue by local governments in the state should not exceed 2.5% of the assessed value of the taxable property of the jurisdiction. The law also places limits on annual increases in property tax to no more than 2.5%. The excise tax rate on automobile in the state was limited to 2.5%. However, the law provides that citizens

of a local government may vote in a referendum to override the provision and consequently approve increases.

- Colorado's Taxpayer Bills of Rights (TABOR) passed in 1992, championed by pro-free-market interest groups advocating for limits on growth of government. The law seeks to limit tax growth to inflation and population increases. It asserts that voter referenda must approve larger increases. The government is to refund excess revenues to taxpayers. The refund provision, however, was differed by sunset provision in 2005 and renewed in 2011. However, before the repeal, Colorado governments refunded more than $2 billion to taxpayers. Since the suspension of the refund provision, more than $17 billion has been made available for other public programs by the state.
- Oregon's Property Tax Reduction and Limitation Amendment (Ballot Measure 47) passed in 1996. It reduced property tax rates, thereby reducing taxes by at least 10% of the 1994/1995 figures. It limited future increases in assessed values and tax rate to no more than 3% and limited local revenue accumulation. Furthermore, the Measure required double majority rules for local tax measures to pass. Double majority rule means that the majority of citizens must participate in the referendum and that majority of those voting must support the measure for it to take effect. The double majority rule was amended to a single majority by measure 50 in 1997 voter referendum.

In all, 46 states have introduced some form of constitutional or statutory limitations for states and local governments. Tax and expenditure limits (TELs) usually involve placing restrictions on tax rates, assessed values, revenue, and expenditure of local governments (Yuan et al. 2007). If local governments' ability to raise revenue is hindered, it obstructs local political autonomy and leads to increased dependence on state and national governments leading to centralization in the financing of local public services. Empirical studies also find that state-level tax and expenditure limits hurt the economic performance of the states (Bae et al. 2012).

Other effects of tax and expenditure limits include limits on local government employment abilities due to constraints on revenues and expenditures. Contrary to expectation, the Bae et al. study finds that reduced tax burden does not necessarily stimulate economic growth. However, local governments experiencing fiscal constraints through tax and expenditure limits would likely consider diversifying their revenue sources and levy user charges and fees on residents. User charges and fees utilize benefit-received principles where consumers pay market value for their consumption and, therefore, eliminate wastage and constraint on taxpayers' money (Yuan et al. 2007).

TELs are classified into seven categories as follows (Mullins and Wallin 2004):

- *Overall property tax limits*. This is the most common and places ceiling on property tax rates that may not be exceeded.
- *Specific property tax limits*. This applies to specific jurisdictions.
- *Property tax levy limits*. This policy constrains the total amount of levy that may be collected.
- *General revenue limits*. This laces a cap on revenue that may be collected.
- *General expenditure limits*. This constrains spending to a fiscal year.
- *Property assessment limits*. This controls the ability of local governments to raise revenue by a reassessment of property or administrative escalation of property values.
- *Full disclosure limits*. This requires truth in taxation – public discussion usually at town hall meetings and specific legislative decisions through voting.

## Uses and Benefits of Property Tax to Local Governments

While federal and state governments derive most of their revenues from income and consumption (sales) taxes, respectively, local governments tax wealth (properties) within their jurisdictions, which contributes to most of local revenue sources. It is also known that northeastern states

tend to depend more on property tax for financing local programs than do southern and western states. Because local governments utilize property tax revenues to improve the quality of public goods, higher property tax is associated with higher budgetary spending, which translates into higher public services as well as a higher quality of school districts (Oates 1969). Benefits of the property tax as a revenue source include the following:

- Benefits from property tax payments are tangible and observable in the quality of goods and services the local government provides. For example, controlling for all factors, local governments that report higher revenue efforts also benefit from better public services. Furthermore, the better services that communities provide with taxpayer money contribute to safer neighborhoods, more livable communities, and higher quality of school districts.
- The property tax is a stable source of revenue for local governments compared with revenue from sales and income, which are less predictable. Property values do not fluctuate drastically once determined, which contributes to effective revenue forecasting and budgeting of local expenditures.
- Nonresidents who own property in the tax jurisdiction are reached by property tax and contribute to local revenue, which makes the tax difficult to evade. Mobile households move to neighboring cities that do not have sales tax to evade it. Similarly, income taxes are self-reported and could be underreported by taxpayers. However, properties are not mobile; valuation and assessment of properties are done by designated government offices and are difficult to avoid.
- When used judiciously, property tax increases the quality of public services and hence property values. This is because there is high demand for safer communities and quality school districts. Moreover, communities with higher valued properties tend to have lower taxes because lower rates likely generate the revenue needed for the production of goods and services.

There are challenges with property tax administration that contribute to their lack of popularity. These include:

- The tax liability is paid in one lump sum during the tax season, which makes them unpopular relative to consumption and income taxes that are paid in small increments over the course of the year.
- Local governments with several exempted properties tend to shift the cost of providing public goods to owners of properties that are not exempt. For example, federal, state, and local buildings are exempt from property taxes. Also exempt are properties owned by charities and religious organizations, although the cost of protecting these properties are borne by local taxes.
- Methods of assessing property values vary across one jurisdiction to the other, which often pose a misunderstanding between property owners and evaluators.
- Areas with more vertical layering of local governments may result in households paying more in property taxes than those with fewer local governments in vertical layering because of a shared common tax base.

## Property Tax Base, Tax Rates, and Exemptions

Tax base refers to what is included in the assessment of a taxpayer's liability. That is, what the government considered taxable. The percentage that is applied to the tax base (what is taxable) to determine taxpayer liability is the tax rate. Property taxation abounds in anomalies with regard to the base and the rate that is applied to property owners. Consequently, the property tax may be regressive, where there is the tendency of the proportion of taxpayer's income paid out in property tax to decline as incomes rises (Aaron 1975).

In most taxing jurisdictions in the USA, the law requires that all properties be taxed at the same effective rate. However, unequal administration of tax abounds. Unequal administration

of rates may be intentional or unintentional. Intentional unequal administration arises when tax administration purposely reduces the assessment of certain taxpayers. Unintentional variation, on the other hand, results from active discrimination because of the determination of the market value of a real property. This is because reformers propose special exemptions and rebates, which alter the tax base.

Tax base includes real property such as land and improvements thereof, namely, buildings, infrastructure developments, and improvements. The base may also be personal property such as tangible (e.g., equipment, vehicles, and jewelry) and intangible assets (stock, bank deposits, and insurance policies). Many overlapping governments, however, have different rates and different exemptions. The property tax rate is not always determined by objective criteria. Whereas one jurisdiction may exempt some facilities such as cemeteries, medical facilities, farmlands, nonprofit organizations, and public buildings from the base and hence exempted from paying taxes, others do not. Henry George championed the idea that one way of encouraging infilling or development of communities is by using a two-tier property tax policy and proposed that land should be taxed at a higher rate than improvements. This policy forces developers to put land into use quickly.

Furthermore, methods of taxing business properties vary widely from one jurisdiction to the other and that the market value of property used by railroads, utility, banks, and mines is difficult to ascertain, which explains the differences. Besides, the coverage of personal tangible and intangible property varies. Some jurisdictions tax personal items such as cars (e.g., Missouri, Arkansas, and Montana); however, others choose not to. Different jurisdictions claim the authority to tax intangibles such as stocks, bonds, and cash, among others at varying rates. Consequently, tax rates vary widely across the states and local governments. Hawaii (0.29%) has the lowest effective tax rate for its governments, whereas New Jersey (2.16%) has the highest (Tax Foundation 2018). In 2015, the per capita property tax collected for all governments in the USA was $1,518; this, however, varies widely from a high of $3,074 in New Jersey to $540 in Alaska (Tax Foundation 2018).

*Homestead* exemptions provide for the reduction of assessed values of a property by some fixed amounts. Relatively inexpensive housing is usually exempt from taxation. There may be a lower effective average tax rate for owner-occupant properties, while senior citizens may receive homestead exemptions on their properties.

*Circuit breaker* programs provide payment to taxpayers usually as an income tax refund equal to the excess of residential property tax waiver, usually over a specified fraction of income. Circuit breakers aim at reducing the supposed regressivity of the property tax and protect low-income taxpayers, which enable aged taxpayers to remain in homes that they might otherwise have to vacate.

## Property Tax Exemption as an Economic Development Tool

Local tax policy and tax revenues are tools for economic development. Local community economic development is a rationale for changing the economic situation within the community (Shaffer et al. 2006) and embodies (1) economic development, which focuses on jobs, income, and business growth, and (2) community development, which focuses on equal rights and institutional organizations. Community economic development promotes growth and structural change and enhances community relationships (Boothroyd and Davis 1993). Community economic development seeks to address problems with negative consequences including urban decay, sprawl, concentrated poverty, and environmental degradation. When community economic development is defined in the context of wealth creation, it entails more jobs, tax revenues, and a combination of these while ensuring a sustainable source of revenue for local governments.

Strategies for economic development include (1) business attraction, which uses incentives to get business in; (2) business retention, which aims at keeping the industries in the local community;

and (3) improving quality of life and sustainability, which is about environmental protection, economic growth, and social progress (equity).

To attract large-scale businesses that are capable of transforming local economies to relocate to specific local areas, local governments offer property tax incentives to induce these businesses. Annually, local governments forgo billions of dollars in expected revenues from machinery and equipment tax, in earmarking tax-exempt enterprise zone, and creating tax increment financing (TIF) districts for local economic development. Once these businesses relocate, they must be incentivized to remain in the communities since other localities would likely make offers to attract them. Local governments may wish to induce certain firms to locate or remain within their jurisdictions because these firms contribute more to tax revenue through the public services they consume. Businesses also provide jobs and increase local income and property value.

*Tax increment financings* (TIFs) are tools for local economic development designed for blighted communities by which a municipality places an artificial tax boundary or district around a parcel of a property slated for development or redevelopment. The year in which the district is established is the base year, and the property value at that time is the base assessed value. Increased value of property resulting from the improvements becomes the incremental assessed value. The additional revenue generated is the incremental revenue, which is used to pay back any financing or cost associated with those improvements. The additional revenue or incremental revenue continues to accrue to the development authority until improvements are paid for. The incremental revenue for the property tax is used solely on the TIF district.

Criticisms against TIF as an economic development tool are that it is a zero-sum game – it develops a TIF district at the expense of another area of the same region (Man and Rosentraub 1998; Dye and Merriman 2000). However, overall, TIF is perceived as contributing to local economic development. TIF is politically attractive because of the claim that it is self-serving and that it finances development projects from increased tax revenue that the project generates rather than from new taxes or tax increases. TIF enhances the interjurisdictional competitive advantage of cities and is associated with reorientation of local development policies from rehabilitation to revitalization (Anderson 1990; Man and Rosentraub 1998; Skidmore and Kashian 2010; Byrne 2010).

## Conclusion

This chapter has discussed property tax in the context of the American federalism. Given the reliance on property tax, it does appear that the tax will continue to dominate local government administration in the foreseeable future. This is because the tax revenue determines to a large extent the quality of school districts and hence educational services that local governments provide. Furthermore, absent alternative sources of revenue such as local options for sales tax, property tax is the primary own source of revenue for supporting county services such as road infrastructure, rural transportation, street lighting, and firefighting, among others. The property tax, therefore, has a future of continuity in the US local government administration.

## Cross-References


- ▶ Financial Management for Local Government
- ▶ Local Governance
- ▶ Local Sales Taxes


## References


Aaron HJ (1975) Who pays the property tax? A new view. The Brookings Institutions, Washington, DC

Anderson JE (1990) Tax increment financing: municipal adoption and growth. Natl Tax J 43(2):155–163

Bae S, Moon SG, Jung C (2012) Economic effects of state-level tax and expenditure limitations. Public Adm Rev 72(5):649–658

Boothroyd P, Davis HC (1993) Community economic development: three approaches. J Plan Educ Res 12:230–240

Byrne PF (2010) Does tax increment financing deliver on its promise of jobs? The impact of tax

increment financing on municipal employment growth. Econ Dev Q 24(1):13–22
Dye RF, Merriman DF (2000) The effects of tax increment financing on economic development. J Urban Econ 47(2):306–328
Man JY, Rosentraub MS (1998) Tax increment financing: municipal adoption and effects on property value growth. Public Financ Rev 26(6):523–547
Mullins DR, Wallin BA (2004) Tax expenditure limitations: introduction and overview. Public Budg Financ Winter:2–15
Oates WE (1969) The effects of property taxes and local public spending on property values: an empirical study of tax capitalization and the Tiebout hypothesis. J Polit Econ 77(6):957–971
Shaffer R, Deller S, Marcouiller D (2006) Rethinking community economic development. Econ Dev Q 20:59
Skidmore M, Kashian R (2010) On the relationship between tax increment finance and property taxation. Reg Sci Urban Econ 40(6):407–414
Tax Foundation (2018) Facts & Figures 2018: how does your state compare? Tax Foundation, Washington, DC
Yuan B, Cordes J, Brunori D, Bell M (2007) Tax expenditure limitations and their effects on local public finances. Lincoln Institute of Land Policy and George Washington Institute for Public Policy Property Tax Roundtable in Washington, DC. http://www. gwu.edu/~gwipp/lincoln/Yuan_Cordes_Brunori_Bell.pdf (accessed July 1, 2019).

# Local Governments Debt

Pedro J. Camões
Research Centre in Political Science (CICP), University of Minho, Braga, Portugal

## Synonyms

Borrower – debtor; Debt instruments; Golden rule; Gross debt; Lender – creditor; Net debt; Total gross debt – total debt or total debt liabilities

## Definition

- **Debt** is a liability in which a creditor has a claim on the debtor.
- **Debt instrument** is a financial claim that requires payment(s) of interest and/or principal by the debtor to the creditor at a date, or dates, in the future.
- **Total gross debt** ("total debt" or "total debt liabilities") consists of all liabilities that are debt instruments.
- **Net debt** is calculated as gross debt minus financial assets corresponding to debt instruments.
- **Domestic debts** are debt liabilities owed by residents to residents of same economy.
- **External debts** are debt liabilities owed by residents to nonresidents.
- **Interest** is the cost (expense) that the debtor incurs for the use of the **principal** outstanding.
- **"Golden rule"** of balanced budget prescribes that local authorities should never take on debt to cover current expenditure; it allows, or even promotes, prudent borrowing for capital projects.
- **Capital budget** includes capital receipts (such as revenues from municipal property, various grants received for capital purposes, and borrowed funds) which are spent on local investments or projects.
- **Current budget** includes current revenues used basically to cover operating expenditures.

## Introduction

In the public sector, debt results when public organizations borrow money from an individual or another organization with the promise of repayment at a later date (Mikesell 2013). Subnational governments borrow and accumulate debt in order to finance a part of their assigned functions. In a decentralized setting, these functions are related with the provision of local public goods and services left to be accomplished when markets fail. Within some limits, the theory recommends that, in certain cases such as public investment, it is preferable to finance investment projects from borrowing rather than from current local revenues, because these are paid by tax and the benefits are future (Musgrave 1959). To a small or large extent, local government debt is the rule, not the exception, around the world, as depicted in Fig. 1 that presents data of the OECD countries. In general, local government debt accounts for no more than 15% of GDP, with the exception of Japan with more than 35%.

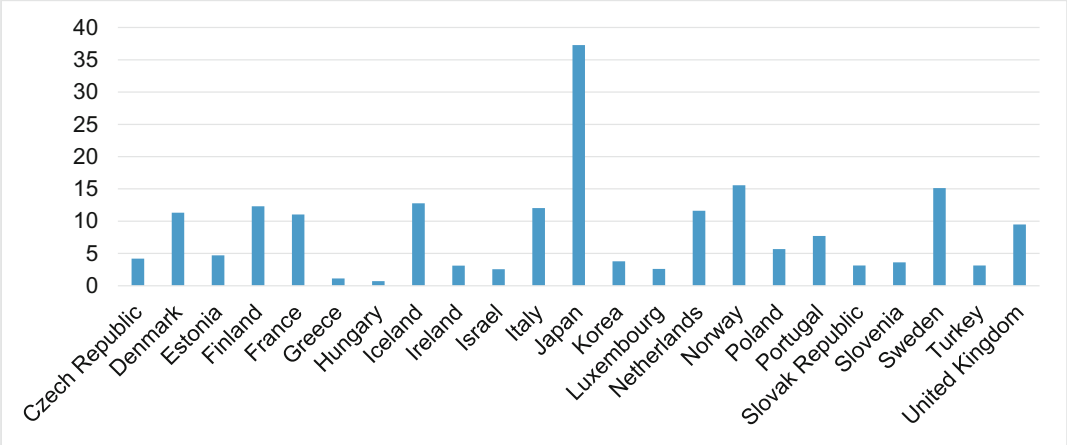


**Local Governments Debt, Fig. 1** Local government debt as percentage of GDP, 2014. Note: federal countries excluded: Australia, Austria, Belgium, Switzerland, Germany, USA, Spain, Canada. (Source: OECD, *Regions at Glance 2016*, Fig. 3.15)

There is a limit to debt accumulation, however, known as the "golden rule" of the balanced budget (Musgrave 1959), which prescribes that local authorities should never take on debt to cover the current expenditure, but it allows – and according to the some more interventionist views, even recommends – sustainable borrowing for capital investment. This is the rationale behind the frequent prohibition of long-term borrowing for operating expenditure. For example, in West European countries, this is the case in Austria, Denmark, France, Germany, Italy, Norway, Spain, Switzerland, and the United Kingdom. Usually it is permissible to borrow funds for short term (not longer than one budget year), but for cash liquidity purposes only. Notwithstanding, it is important to underline that these general rules are not always very strictly followed.

Along with these benefit of creating capitals, there are also potential hazards in borrowing, both at a microeconomic and at a macroeconomic level. The microeconomic danger lies in the potential for excessive indebtedness of some local governments of a given public sector, which may lead to serious difficulties in the repayment of loans and may even end up jeopardizing the provision of vital public services (local government sustainability). At the macroeconomic level, local governments may contribute to the overall level of public debt (public sector sustainability). At this level, local government indebtedness may have a negative effect with respect to inflation and other important aggregates of the entire national economy.

This entry intends to present a brief description and implications of the main concepts related with local government debt, as presented in the next section. The section explains the functions of borrowing and the main principles regarding its management at the local level. Considering that local government borrowing is generally limited by formal rules of different types, the third section briefly reviews their nature and functions. The fourth section presents some comparative data. The conclusion ends with some recommendations.

## Debt and Associate Concepts

A **liability** is a **debt instrument** since is the requirement to make payments in the future, which can be made in any form, for example, cash and deposits. The **lender** forgoes purchasing power for the promise of repayment later, while the **borrower** receives purchasing power now and makes repayments later. Through the operation, the **creditor** (lender) establishes a principal liability for the **debtor** (borrower), which may change in value over time until extinguished. **Interest** is the cost of borrowing, i.e., the expense that the

debtor incurs for the use of the **principal** outstanding. In formal terms, a debt contract specifies the details of the operation, typically with respect to interest, repayments, time, etc.

The debt amount – **gross debt** – is the total that includes resources originally advanced plus interest accrued to date minus any repayments, meaning that the definition of gross debt does not differentiate between principal and interest accrued.

The timing of future payments of principal and/or interest is not necessarily known. In many instances, the schedule of payments is known, such as on debt securities and loans. In other instance the exact schedule of payments may not be known. For example, the timing of payment might be at the demand of the creditor, such as for noninterest-bearing demand deposits; or when the debtor is in arrears, and it is not known whether or when the arrears will actually be paid. Periodic debt service payments can be classified as interest payments or principal payments, from a cash accounting perspective, but, for most purposes, interest is an accrual concept.

Since borrowing results in additional costs related in the form of interests, using and managing (local) government debt is a challenge to administrators under any circumstances (Shah 2008). This is even more so as decentralization of responsibility, fiscal stress, and pressure to privatize public services increase worldwide (Dafflon 2002). For risk management, debt liabilities and assets may be dealt with in an integrated manner, focusing on net debt (liabilities deducted by assets). For example, debt may have been incurred to fund assets that will generate income to meet liabilities.

## Functions of Borrowing and Its Management

There are three main reasons explaining why local governments borrow (Fisher 2015). First and above all, borrowing is incurred to finance the realization of public capital projects or investments (schools, roads, water and sewer systems, etc.) defined in the assigned competences of local government jurisdictions. The second reason is to cover budgetary deficits whenever annual expenditures are greater than annual revenues (Mikesell 2013). The third is to provide cash flow for short-term spending. This is a particular type of debt since it is repaid in the same economic period, means that it does not add up to the amount of debt.

In some instances, local governments refinance their debt, when they borrow new funds merely to pay off old debt. This must be option when interest rates of the new debt are lower than the previous one and it is a mere substitution of one debt by another at lower cost.

### The "Golden Rule" and the Current Capital Divide

The basic idea with regard to debt management was stated decades ago by Musgrave (1959), who recommended to follow the "golden rule" that long-term borrowing is allowed for capital projects but prohibited for current purposes. This approach implies and requires a clear distinction between the current and capital budgets of local governments.

A capital budget includes capital receipts (such as revenues from municipal property, various grants received for capital purposes, and borrowed funds) which are spent on local investments or projects, while the current budget includes current revenues used basically to cover operating expenditures (Dafflon 2002). The surplus in the current budget can also be used to support capital needs – typically to repay loans contracted for investment projects. This system increases the transparency of local financial management (Shah 2008). It makes it easier to assess whether current revenues are sufficient to cover operating expenditures, or what the level of operating surplus is. In addition, this information supports the planning and execution of viable capital development programs and helps in assessing creditworthiness.

### No Borrowing to Cover Operating Expenses

There is a common agreement that borrowing to cover current expenditures is either non-acceptable or only accepted in very rare and

specific cases, usually to cover deficits arising from uneven cash flows within a budgetary year and for very short periods of time (Dafflon 2002). The rule of limiting current expenditures to the maximum of current revenues prevents the local government from growing beyond its optimal size, which may be seen as the fiscal burden that voters/taxpayers democratically agree to bear in order to finance the desired provision of public goods. Borrowing creates a short-term fiscal illusion and causes the demand for public services to be artificially high, since it reflects the supply financed partially by credit or bonds, rather than by local tax effort. Moreover, borrowing for operating spending would lead to an excessive debt burden and quickly lead to the rolling over of loans (financing payment of previous debt with new loans) and to very serious indebtedness problems reflecting a structurally imbalanced position (financial unsustainability). In addition, an unbalanced current budget may result in both macro- and microeconomic negative consequences, as the private investments could be crowded out, since local government borrowing draws on a pool of limited financial resources available from local creditors. Local government borrowers are more attractive to banks than private borrowers, because giving credit to public sector entities implies, in most cases, lower risk. Additionally, the competition for borrowing by local governments pressures interest rates, with a negative effect of making private investments more costly.

## Borrowing to Finance Investments Makes Sense

The classic theory of fiscal federalism (Oates 1972) not only allows but recommends the option to finance investment projects with acquired funds (borrowing) instead of own-source or current revenues (Musgrave 1959). In the first place, the rationale is related with "inter-temporal equity," in terms of a balanced burden between costs and the access to benefits. The costs of an investment (expenditures) are typically incurred when the project is implemented (e.g., when a sewage treatment plant is constructed or a city bus is purchased), but the benefits from it are spread out over a longer period. When the capital project is financed with current revenues, those who financed it through their local taxes may not always benefit from it in the future, for example, if they move to another city. At the same time, those who benefit from the project may not have participated in financing it if they moved in to the city after it was completed. But with financing through bank credit or the issuing of bonds, there is an assurance that most users will pay for the benefits either through local taxes or directly through user charges. In a nutshell, borrowing over time is an effective way to overcome the problem of inequitable burden of costs among local tax payers.

Secondly, financing investments through debt is the way to ensure an optimal allocation of resources, in the sense of a tighter relationship between those who benefit and those who pay for them. Though this argument may appear somewhat abstract, virtually any text on management or economics supports it.

Thirdly, there is consensus, both in textbooks and among practitioners, that the benefits derived from an accelerated local development overshadow the costs of borrowing (Mikesell 2013). Very often the benefits of an investment (higher prices or rents, wider scope of interested investors, attraction of new projects, providing additional jobs and tax revenues) are greater than the costs resulting from interest payments to the bank or other creditors.

Fourthly, choosing debt to finance investment projects allows reducing operational costs, when replacing old and costly public equipments leads to reduction in current expenditures, often with an increased quality of services to local citizens. This costs reduction (savings) may in fact be much larger than the costs of borrowing.

In addition, since longer projects tend to cost more, financing from current revenues usually delays the completion of the project for a longer period of time. This leads to higher constant costs and higher total volume of spent resources.

Lastly, there is the advantage in terms of stabilization of required budget resources, since the volume of local government capital spending

fluctuates over the years. If capital projects are financed from current revenues, the demand for resources changes over time as well, which creates instability and uncertainty.

In sum, the best practices of debt management require a clear distinction between the current and capital budgets of local government (Shah 2008). This separation of current and capital budgets is generally followed in Western Europe (though with some exceptions) but less frequent in the case in Central and Eastern Europe and other countries.

## Rules on Debt and Borrowing

Based on the theory of fiscal federalism, laws or statutes very often limit or even prohibit the local levels of government from borrowing (Oates 1972). There are various reasons for this regulation. No regulation would be necessary if one could rely on financial market discipline in the sense that tighter credit market conditions, in the form of higher interest rates, would impose effective sanctions. The creditors would demand higher interest from those municipalities that

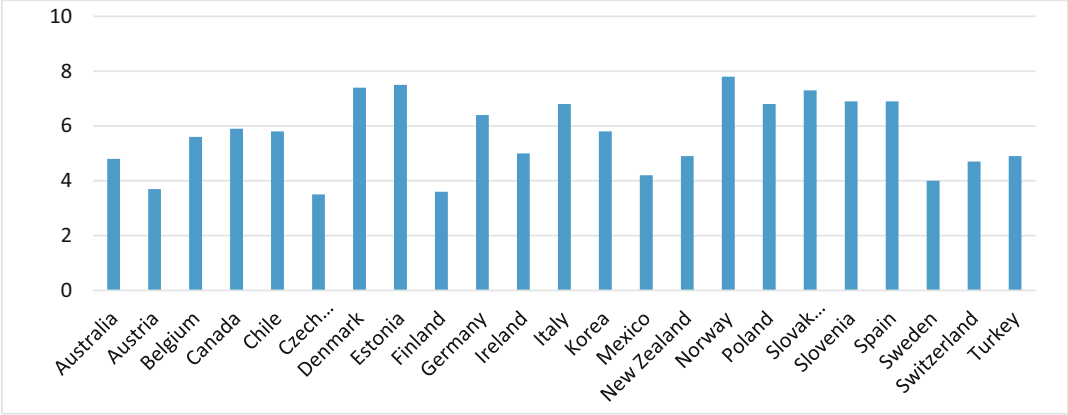


**Local Governments Debt, Fig. 2** Fiscal rules ensuring local debt sustainability, 2011. (Source: OECD, Fiscal Decentralization Database, Table 20 (Fiscal Rules Indicator))

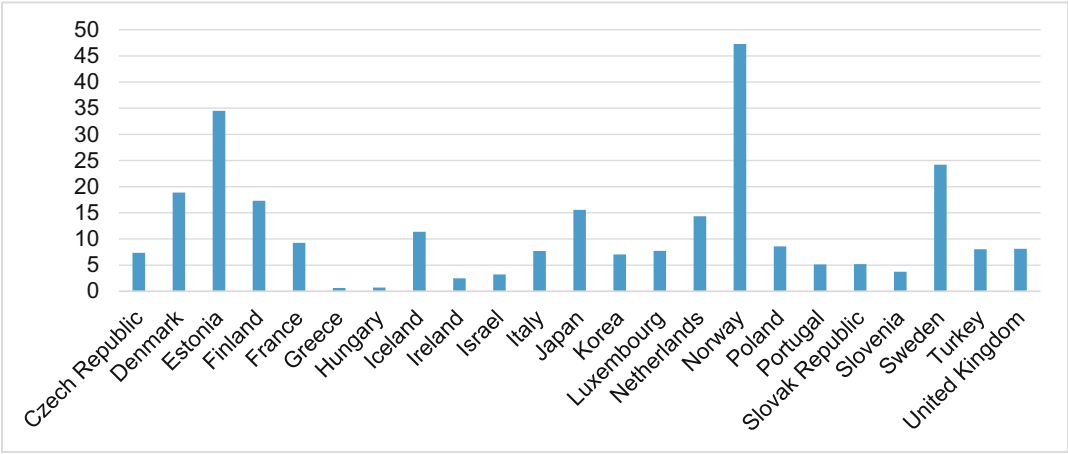


**Local Governments Debt, Fig. 3** Local government debt as percentage of total public debt, 2014. Note: federal countries excluded: Australia, Austria, Belgium, Switzerland, Germany, USA, Spain, Canada. (Source: OECD, *Regions at Glance 2016*, Fig. 3.15)

borrow more than they can effectively bear. A similar mechanism would happen if local governments would try to issue bonds: the rating would be low and the market would refuse to buy bonds or would demand a very high interest premium. In this case, legal regulation of local government debt would also be redundant.

However, the theory suggests that the financial market discipline argument does not hold true in reality (Dafflon 2002). On the one hand, lenders do not possess adequate information on the local government financial stance while, on the other hand, local governments do not act to avoid exclusion from the credit market because they do not recognize appropriately market information. In sum, there is a consensus that external regulations and control of local borrowing plays a positive role in ensuring financial sustainability and supporting the development of the local credit market.

Regulation of debt and borrowing in practical terms functions in two modes. Either is based on borrowing controls, including individual borrowing limits and permissions, or is based on control of the level of indebtedness and control of the current budget, which needs to include resources for servicing debt on capital projects. Using one or other mechanism, countries do rely on regulatory systems to ensure local sustainability. Figure 2 shows that "rules are the rule," not the exception, among OECD countries. The OECD database of subcentral government fiscal rules provides a qualitative indicator on the rigidity of rules (with outcomes scaled from 0 to 10), which shows that, although some important variation, no country ignores the need of formal rules to control local government debt.

The same prescriptions also apply when it comes to regulate several levels of government in a supranational setting, with clear implications to subnational governments. As a consequence of the creation, in the European context, of what is called the "Euro zone," the recent regulations of the Maastricht stabilization pact have brought a new element into discussions of local indebtedness. The Maastricht Treaty imposes not only a limit on the overall level of public debt (which should not exceed 60% of GDP) but also on public budgets' deficit (annually limited to 3% of GDP). This transformation reinforces the



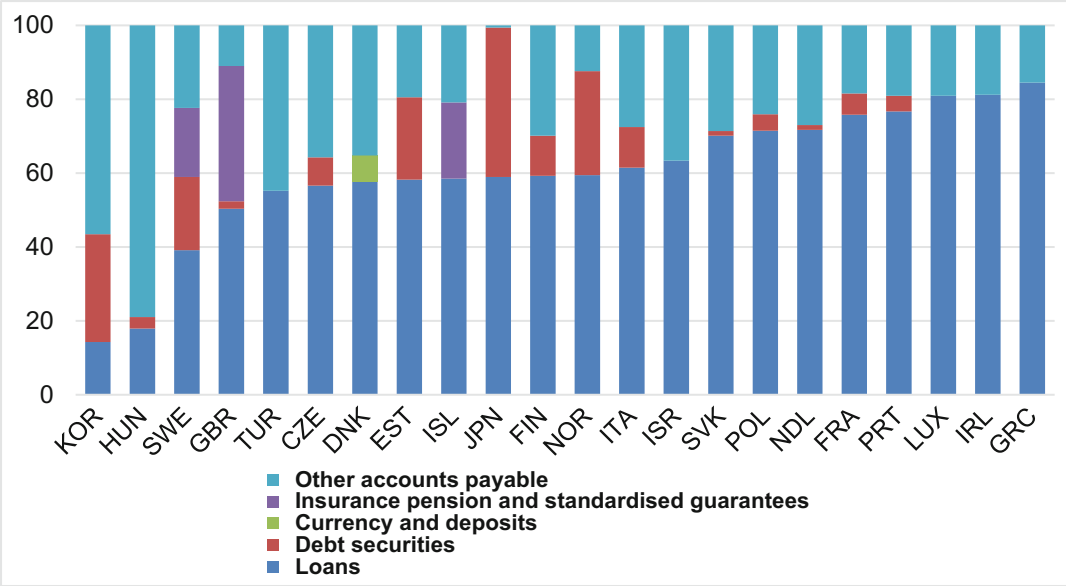


**Local Governments Debt, Fig. 4** Local government debt per capita (USD 2005). Note: federal countries excluded: Australia, Austria, Belgium, Switzerland, Germany, USA, Spain, Canada. (Source: OECD, *Regions at Glance 2016*, Fig. 3.15)

point that, at a macroeconomic level, local government financial management should not contribute to exceed the overall level of public debt (public sector sustainability).

This issue raises the question of how much local governments contribute and to what extent they should contribute to "eating up" the overall limit of the national public debt (fiscal common framework). In some countries there have been discussions about whether the debt limit should be distributed among tiers of government. Figure 3 presents information on the contribution of local government to the overall amount of public debt. In the large majority of countries, local government debt accounts for no more than 10% of the total public debt. The most visible exceptions are Norway (over 45%), Estónia (35%), and a group of countries that includes Denmark, Finland, Iceland, Japan, and Sweden (above 25%).

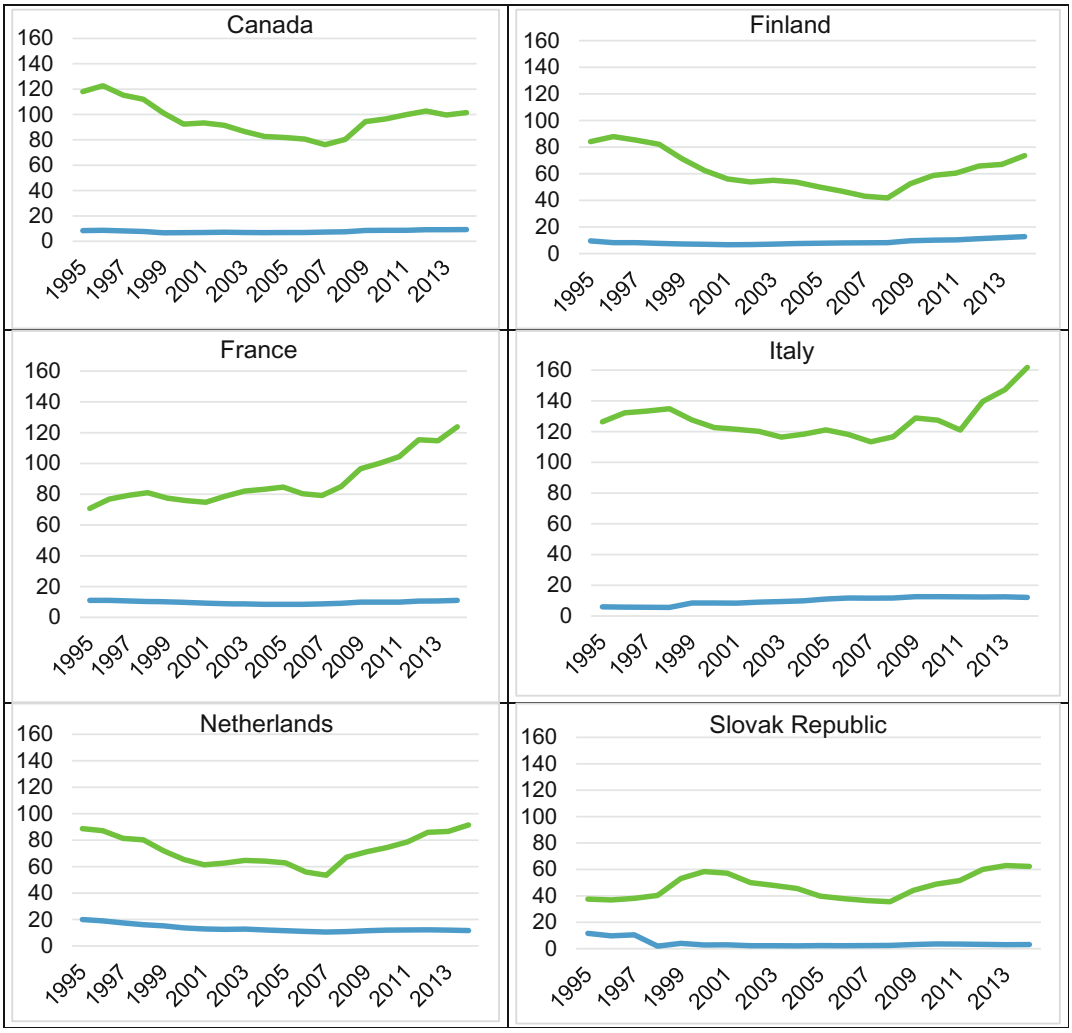


**Local Governments Debt, Fig. 5** Evolution of total and local government debt in some OECD countries, 1995–2014. (Source: OECD, *Fiscal Decentralization Database*, Table 19 (Subnational Debt as percentage of GDP))

From the above, it seems correct to conclude that the relatively small share of local government debt is driven by legal restrictions to local borrowing because, in a majority of countries, local governments can borrow only for the long term to finance investments.

## Local Government Debt Worldwide

Figure 4 shows that the most important source in the composition of local debt in OECD countries. In 19 of the 22 countries shown, loans account for at least 50% of local debt. In Ireland, Greece and Luxembourg, it accounts for more than 80%. The opposite cases are Korea and Hungary with less than 20%.

Figure 5, presenting six illustrative countries, traces how local government debt has evolved in the last two decades. This is especially important in the context of an increasing path of overall public sector debt observed in the same period. If not in the entire period (as is the case of Japan), it is clear a common and strong increase in public debt after 2006, which is certainly linked with the world financial crisis. It is also clear that, in the same period, local governments did not contribute to debt growth. The evolution shows a remarkable stability over the period, in a pattern that is common to many other countries. This fiscal discipline is likely related to the debt limitations imposed to local governments.

## Conclusion

Local governments acquire capital assets to accomplish their assigned functions. In theory and practical terms, incurring in long-term debt is the recommended mechanism to finance capital investments. Given that capital investments are expenditures that benefit future generations, borrowing ensures (i) a balanced burden of cost and access to benefits – "inter-temporal equity"; and (ii) an optimal allocation of resources, in the sense of a closer relationship between those who benefit and those who pay for them.

However, financial market discipline does not ensure local financial sustainability, and there is a consensus that external regulations and control of local borrowing are necessary. This is done either through borrowing controls, including individual borrowing limits and permissions, or based on control of the level of indebtedness and control of the current budget, which needs to include resources for servicing debt on capital projects.

The conclusion is that the relatively small share of local government debt is driven by legal restrictions imposed to local borrowing because typically local governments are allowed to borrow only for the long term to finance capital investment ("golden rule").

## Cross-References


- ▶ Budgetary Constraints
- ▶ Budgeting in the Public Sector
- ▶ Capital Budgeting
- ▶ Deficit Control
- ▶ Financial Health and Distress in Local Government
- ▶ Financial Sustainability
- ▶ New Public Financial Management


## References


Dafflon B (2002) Local public finance in Europe: balancing the budget and controlling debt. Edward Elgar, Cheltenham/Northampton

Fisher RC (2015) State and local public finance. Routledge, London

Mikesell JL (2013) Fiscal administration: analysis and applications for the public sector. Wadsworth, Boston

Musgrave RA (1959) The theory of public finance: a study in public economy. McGraw-Hill, New York

Oates WE (1972) Fiscal federalism. Harcourt Brace Jovanovich, New York

Shah A (2008) Local public financial management. The World Bank, Washington, DC

# Local Governments in Russia

Natalia Ermasova[1] and Maksim Mokeev[2]
[1]Public Administration, Governors State University, University Park, Chicago, IL, USA
[2]Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

## Synonyms

Local administration; Municipalities

## Definition

The organizations that provide public services in a particular town or area, controlled by officials chosen in local elections.

## Introduction

Local self-government is one of the most important institutions of the contemporary society. Today it is simultaneously considered as a form of citizens' participation in public affairs (an element of the civil society), as one of the levels of public power, and as a constituent of the market economy (delivering certain services to citizens). In the Russian history, there was no gradual evolutionary development of the system of municipal government, natural for the development of local authorities in most of the contemporary developed countries. It had been eventually replaced by a rigid centralization and total lack of independence at a local level during the Soviet period. Nowadays under the conditions of reforming, the system of local self-government in Russia is still on the way of searching for its effective forms and models, so the researchers and experts of public administration pay significant attention to domestic and foreign experience of local authorities functioning.

## History of Local Governments in Russia

The system of self-government accomplished by population had been developed as a result of the reforms in nineteenth century. The Russian Constitution of 1993 has established as a matter of fact a unique status of local government. The Constitution has excluded it from the system of State government bodies and stated that the structure of institutions of local government is to be established by the population independently.

## The Structure of Local Government

The number of Russian local governments continues to increase and the geographical coverage expands. As a result of the transition to a two-level model of local government organization, the first level being municipal districts and city districts and the second level being urban and rural settlements within municipal districts, the number of municipal entities in Russia more than doubled from 2005 to 2006, from 11,733 to 24,372. City districts are local governments in urbanized areas within the other regions. Municipal districts generally cover larger areas that range from urban to rural; these units resemble American counties in their geographic coverage (Zhuravskaia 1998). The lower-level units exist only within specific portions of municipal districts. They are urban and rural settlements, providing more localized services within municipalities to their populations. The most numerous type of municipality is the rural settlement (82%), followed by urban settlements, municipal districts (7.4%), and city districts (2.2%). This structure may be explained with the following example. Belgorod Oblast is one of the 83 regional governments. Within the Belgorod Oblast, there are 309 primary localities, including 19 municipal districts; 3 urban districts, 1 of which is Belgorod City; 25 urban settlements; and 262 rural settlements.

Local self-government in Russia is highly decentralized. It is usual to begin a discussion of local self-government with the observation that there are more than 24,000 municipalities of

different kinds across the country as a result of the continuing municipal reform. Local self-government is represented by quite a complicated labyrinth of overlapping jurisdictions including cities, towns, rural settlements, and rural districts.

Local self-government has been supposed to accomplish its own powers. According to the constitution, local self-government in the Russian Federation ensures the independent solution by the population of the issues of local significance. The local self-government bodies independently manage municipal property; develop, adopt, and manage the local budgets; introduce local taxes and dues; and carry out other local functions. Local governments may also be vested by law with certain state powers and receive the necessary material and financial resources for their implementation.

These constitutional regulations, and also the ratification of the European Charter of Local Self-Government by Russia in 1998, have served as a powerful spur to renew the interest to search for an optimal model of local self-government which would consider domestic traditions and realities and at the same time correspond to the world standards.

## Russian Municipal Reform

The contemporary stage of the Russian municipal reform is rooted in a fundamental work of the Russian Government commission on delimitation of powers between the federal, regional, and local authorities initiated by the President Vladimir Putin in 2001. One of the outcomes of this work was the adoption of the Federal law "On the General Principles of the Organization of Local Self-Government in the Russian Federation" in 2003 which has changed local self-government institutions significantly. The developers of this law have managed to achieve a reasonable combination of positive aspects of more than 10 years' of experience of local self-government functioning in contemporary Russia and the elements of the organization of the local authorities best practices taken from abroad. Thus, what has been put into the basis of the bill was the German model of local government which combines a variety of forms of realization of local authority and a significant regulation by the state.

Basically the municipal reform has been driven by three major goals: (1) to bring local governance closer to citizens, (2) to determine clearly local government competences, and (3) to ensure that the financial resources match the functions of local governments at each level. The key ideas of the local self-government reform have been articulated in the certain law provisions.

First, the reform has changed the status and the boundaries of numerous Russian municipalities by introducing a new so-called two-tier model which includes three types of territorial entities: settlements (urban and rural), municipal districts (roughly equivalent to a county in the USA or a *Landkreis* in Germany), and city okrugs (cities standing somewhat apart to cover a range of issues of local significance of both settlements and municipal districts). The establishment of settlement boundaries has been based on the two types of criteria: (1) the population of about 1000 inhabitants (so, the rural settlement may contain several villages) and (2) the walking accessibility of local authorities located in the "administrative center" from any part of the settlement within half of the working day. These criteria consideration makes possible to ensure accessibility and accountability of municipal authorities to the population and to adapt services to local needs; while larger structures (municipal districts) carry out financial equalization and create favorable conditions for strategic development (*Problems of Reforming Local Self-Governance: Structural and Financial Aspects and Moscow* 2005). Besides, on the basis of urban settlements, it is possible to establish urban okrugs, which represent the one-level model of municipal entity combining the functions of both settlement and municipal district.

Municipalities are assumed to be equal with no subordination between a municipal district and settlements composing it. As a result of the reform, the total number of municipalities has more than doubled to 24,035. Among them there are 506 city okrugs, 1809 municipal districts, 1746 urban settlements, and 19,738 rural settlements. Alfred Evans, American researcher,

mentions that a tremendous increase in the number of local governments will ensure sharp growth in the number of municipal officials and a substantial expansion of the need for financial resources to support the staff, facilities, equipment, etc. of the new local governments (Evans).

However, the two-tier model implies, on the one hand, to ensure the closeness of the authorities to residents and, on the other hand, the necessary concentration of resources. Such a combination creates the conditions for delegation of a considerable set of functions to the local level and raises its political and social significance.

Consequently, the other essential reform goal was to revise the limits of local government competences in order to consider the actual abilities of both levels of local self-government and to ensure the availability and quality of vital local services.

Before the municipal reform implementation, the Russian legislation provided for a unified list of local self-government powers regardless of the territory status and size which caused reasonable doubts in equal abilities of a small village as compared to a big city. Moreover, because of the legislation ambiguities concerning specific local functions, local self-governments run a heavy deficit of financial resources and as a consequence had no capacity to carry out all their responsibilities.

Owing to the municipal reform, there were two lists of issues established of local significance that define the limits of local government competence according to the type of municipality. Thus, the law vests culture and sport facilities, road construction, parks and recreation, land use planning, housing, water disposal, heating, electric power, gas and fuel supplies, area improvement, garbage collection, and other utilities in urban and rural settlements, while a municipal district focuses mostly on health care, general and supplementary education, preschool education, and provision of equal budget revenue supply among settlements.

There are also several issues that can be called "inter-municipal": they imply intersection of competence of all types of municipalities. In such cases the law divides powers between settlements and municipal districts by stating the "inter-settlement powers." For example, as far as housing and utility sector is concerned, municipal districts have to arrange electric power and gas supplies up to the boundaries of settlements and to arrange recycling and processing domestic and industrial wastes.

In order to make municipal service delivery effective, the law also provides the lists of municipal property categories for each type of municipality that can be owned and used to implement the powers of local governments. The property owned by municipalities which is not being used to carry out local government functions should be changed in use or alienated by 2012.

To achieve all reform objectives, a transition period has been set in order to provide gradual implementation of the federal law provisions. Initially this transition period has been established for 2003–2006, but due to certain ambiguities in legislation and different readiness of territories, the law has been fully enacted in 2009. However, the enactment of the law does not mean that the municipal reform is completed. As far as key issues of the reform are not solved, it remains a continuous process of adjustment of local self-government forms and models, local authorities' responsibilities, and optimization of legislation and intergovernmental relations.

Leonid Davydov, the Chairman of the Commission on Local Self-Government of the Public Chamber of the Russian Federation, says that the contradictions in legislation which is also being constantly amended, the insufficiency of financial resources to implement local governments' functions, the lack of well-trained personnel, and the "administrative pressing" have seriously decreased the effects of the reform (Public Chamber of the Russian Federation).

## Fiscal Autonomy of Local Governments

Indeed, although the principle of fiscal autonomy and of sufficient funding has been stated in law to enable municipal governments to satisfy the obligations that have been imposed on them, more significance has been attached to equalization of revenue supply mechanisms at the levels of municipal districts and regions rather than to the provision of an adequate local tax base. Two local

taxes – land tax and property tax – do not cover all the expenditures of local governments.

As a result, most of the revenues come to local budgets not from their own sources but as financial aids from upper levels of budgetary system mainly having special purposes. Consequently local governments do not have enough income to carry out their functions under the law, and the inconsistency between the stated responsibilities of local self-government and its financial capabilities becomes their greatest problem.

In this situation municipalities must rely on transfers from the federal and regional budgets in order to try to perform the functions that are expected of them. Besides, this brings the issue of municipal independence to the political agenda.

The problem must be solved by elimination of senseless circulation of revenues from local society to the regional and federal budgets and back. The true independence of local budgets can be provided only by legally stated local revenue sources like taxes and dues.

One of the primary reasons of the situation is a certain contradiction between the local government reform and the processes of centralization of public administration launched in 2000s. As the Institute of Contemporary Development reports, the newly created settlements have appeared to be out of real financial, infrastructure, and human resources and have been forced to perform and at the same time struggle with the endeavors of the upper levels of public power to concentrate on the resources while the responsibilities were being transferred down (Public Chamber of the Russian Federation).

Because of the ongoing process of delimitation of powers, the law "On the General Principles of the Organization of Local Self-Government in the Russian Federation" is being constantly amended with regard to the issues of local significance – the lists of mandatory powers. Therefore the municipalities became responsible for the implementation of more powers than were stated initially, in spite of the lack of resources, regulation abilities, and decision-making rights. Most of these responsibilities have never been inherent to the local self-government in Russia: agriculture development assistance, small-scale enterprise assistance, preventing terrorism and extremism, and public defense.

Besides, in the conditions of ambiguity of certain legislation, the higher levels of authority try to assign their responsibilities to local governments without providing sufficient funding to carry out those duties. Moreover, there can be traced the tendency of suppression by regional and district authorities of the capability of local self-government to resolve questions of local significance independently.

Although the law provides for equality of municipalities, subordination relations between heads of regions and mayors of municipal districts and between mayors of municipal districts and mayors of settlements remain widespread. Often settlement governments are forced by the regional governments to delegate their powers to municipal districts by contract. According to the official data among the powers which are usually delegated from settlements to municipal districts, there are such essential functions as development and implementation of budget, settlement development plans, zoning, and construction rules development (Ministry of Regional Development of Russian Federation). Obviously, this fact reveals the lack of certain professional skills at the settlement level, but it is also important that the delegation of key functions intensifies settlements' dependence on municipal districts.

The continuing increase of local governments' responsibilities is also supplemented by the recent trend to involve municipalities into the public administration reform. Today all the local administrations are expected to adopt their "anti-corruption" plans and programs, to develop e-government technologies and to provide e-services.

One of the underestimated issues of contemporary local self-government in Russia is the "living of local societies at the political periphery" (Public Chamber of the Russian Federation). The interest to the municipal reform is not systematic. When the reform has been officially finished, local government has found itself out of the political agenda. It is quite typical for the public administration elite of the central government to think of the local self-government as of the topic of "little significance"

and to transfer all the discussions on local affairs to the regional level.

## Conclusions

The centralization trends, the state control over the municipal resources, and the lack of the incentives to development of local self-government give birth to psychological dependence, apathy, and the lack of the initiatives in local communities (Ermasova and Mikesell 2016). Solution of the abovementioned problems is not a local issue. It concerns the very essence of the public policy in Russia; its goals and priorities on the way of creation of a decentralized, democratic law-bound state; and the development of the civil society.

In his address to the Federal Assembly on December 12, 2013, the President of Russia paid much attention to enhancing and renewing local government. He emphasized the clarification of the general principles of local government organization and development of strong, independent, financially sustainable local authorities as the most important task for today. President's proclamation of the ensuring of balance of responsibilities and resources at the local level in accordance with common sense as the priority of the public policy can definitely give a necessary impetus to the improvement of the division of powers between levels of government, the principles of financial support of local governments, a comprehensive state support of local self-government – one of the most important social institutions – and the foundation of public authority in Russia.

## Cross-References


- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Regional Executives, Russia


## References


Ermasova N, Mikesell J (2016) Fiscal disparity and equalization in the Russian Federation. Post-Communist Econ 28(1):1–15

Evans A (n.d) The reform of local government in Russia: goals and implications. http://www.cdi.org/russia/johnson/2008-75-15.cfm

Ministry of Regional Development of Russian Federation. The preliminary results of transition period of implementation of the federal law "On General Principles of Organization of Local Self-Government in Russian Federation". http://www.minregion.ru/activities/msu/463/

Problems of reforming local self-governance: structural and financial aspects. (2005) Moscow: IET, p 23

Public Chamber of the Russian Federation. Local Self-government in Russian Federation. www.oprf.ru/press/conference/90

Zhuravskaia E (1998) Incentives to provide local public goods: fiscal federalism, Russian style. Mimeo: Harvard University


# Local Governments, Brazil


André Marenco
Federal University of Rio Grande do Sul – UFRGS, Porto Alegre, Brazil


## Synonyms

Local policies; Local political institutions; Municipal politics

## Introduction

Brazil is a federation with a presidential government, a bicameral and multiparty legislative branch, and an independent judiciary with the prerogative of constitutional review. Its subnational government structure is divided into 26 states and 1 federal district that choose their respective governors and legislative assemblies. It has 5,570 municipalities, governed by a mayor, secretariats, and a municipal legislative chamber, elected by proportional representation. Mayors are elected for 4-year terms, with the possibility

of one reelection, in elections held during periods that do not coincide with federal and state elections. The quorum required for the election of municipal mayors is *plurality* in municipalities with less than 200,000 voters and *majority runoff* in cities with a constituency above this threshold. Each municipality has a municipal organic law, approved by a vote of two thirds of the municipal legislators, which establishes the guidelines for the functioning of municipal governments, obeying the jurisdictions determined by the Federal Constitution (CF).

Among these 5,500 municipalities, almost half (44%) can be classified as micro-municipalities, with less than ten thousand inhabitants each. However, the population of these micro-cities represents just over 6% of all Brazilians. At the opposite extreme, there are 300 large municipalities with more than 100 thousand inhabitants, which although they are only 5.4% of the local administrations, they make up more than half the national population.

The Federal Constitution of 1988 significantly expanded the prerogatives of municipal governments, enabling them to legislate about local problems, make decisions regarding the creation of municipal taxes and the application of tax revenues, promote land use planning through urban land planning and control of use and occupation, and carry out the concession of public services, especially those related to public transport, to be responsible for basic and infant education, health services, basic care of the population, and protection of the local historical and cultural heritage (Grin and Abrucio 2018; Marenco and Noll 2018). All cities with a population over 20 thousand inhabitants must have a master plan approved by the city council, to be the basic instrument of municipal urban planning (CF, Art. 182, §1).

## Tax

Since 1988, there has been an increase in political decentralization with transfer of revenue, responsibilities, and administrative, fiscal, and political authority to subnational governments, which accompanied greater availability of financial resources generated by the increase in local revenue and intergovernmental tax transfers. Since 2003, voluntary transfers to municipalities exceeded the quota allocated to the states, revealing growing opportunities for obtaining revenue through joint agreements and programs with the Federal Government. At the same time, the municipalization of services transferred them greater responsibility for promoting local economic development and public goods.

The Brazilian federation can be characterized by a combination of political and administrative decentralization but tax revenue centralization (Arretche 2013). In terms of the jurisdiction of its generation, federal taxes collected were equivalent to 21.4% of the gross domestic product (GDP), greater than the revenue from state (8.9%) and municipal (2.4%) taxes (Receita Federal do Brasil 2016). The Federal Government is responsible for 53% of public revenue, leaving 25% for states and 20% for municipalities. However, it is important to draw attention to its evolution, considering the different federal entities: the centralized revenue of the Federal Government reached its peak in the 1980s, retreating after the new constitutional charter; states remained with stable fiscal revenue, while municipalities experienced a significant increase in tax revenue over the last 30 years (Fig. 1):

At the same time, the Federal Constitution (Art. 158 and 159) established mandatory transfers to municipalities: 100% of the revenue from the Rural Property Tax, 50% of the revenue generated by the Tax on Ownership of Automotive Vehicles licensed in each municipality, 25% of the collection of the Tax on the Circulation of Goods and Services, and the Income Tax paid to the Federal Government by autonomous administrative units and foundations in municipalities (CF, Art 158). On the other hand, constitutional provisions have linked the execution of municipal expenditures derived from federal transfer revenue and local revenue to minimum percentages, for education (25%) and healthcare (15%).

Municipalities have the competence to tax urban real estate property and its transfer and may set rates, exemptions, registration, and

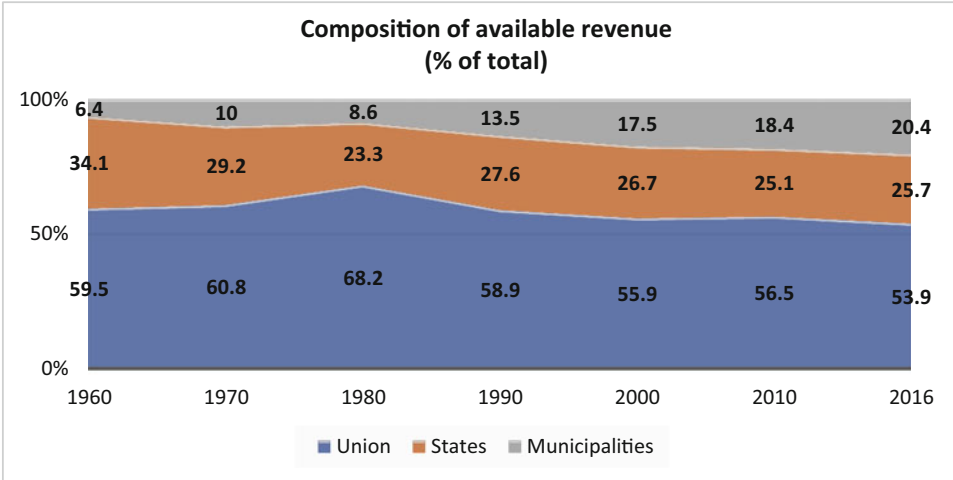


**Local Governments, Brazil, Fig. 1** Composition of available revenue.xlsx. (Source: Receita Federal do Brasil (RFB))

collection of the Urban Land and Property Tax (IPTU) and the Tax on Property Transfers (ITBI). They especially depend on the collection of the Services Tax (ISS), which represents about 3% of national tax revenue, equivalent to 1% of Brazilian GDP. Next to it, IPTU is equivalent to 1.5% of the national tax revenue or 0.51% of the Brazilian GDP (RFB 2016). The importance of the "services" in the municipal tax collection, accounting for approximately twice the revenue from urban property, has consequences on the incentive for tax competition between municipalities and the regressive impact of taxation (De Cesare 2010). IPTU as a percentage of tax revenues for Brazilian municipalities has been on a downward trend. With 21.5% of the average revenue collected by municipal governments in 2002, this percentage has shown successive reductions, reaching only 14.2% of local tax revenues 10 years later, a 33.9% drop in the relative contribution of this tax for the local municipal revenue. Conversely, the Service Tax (ISS) increased its share from 33.3% in 2002 to 46.1% in 2012, corresponding to a 38.4% increase in its relative weight. In 2016, intergovernmental transfers accounted for 62.8% of municipal tax revenues, while the collection of local taxes accounted for only 16.3% of its funds. While large municipalities (above 500 thousand inhabitants) generate 38.6% of their revenue from their own taxes, in small cities with five to ten thousand inhabitants, only 4.9% of their tax revenue comes from municipal taxes, and 87.6% comes from federal transfers.

## Civil Service

Municipal governments can hold civil service exams, hire employees, and establish career plans and the salary policy for their employees. The number of employees in the direct and indirect administration of Brazilian municipalities increased from 4.8 million in 2005 to 6.6 million in 2015, which means that the equivalent of 3.2% of the Brazilian population in 2015 was working for municipal public administrations (Instituto Brasileiro de Geografia e Estatística, IBGE 2015). During this period, the average expenditure on active personnel made up 55.5% of the current municipal expenses. On the other hand, the scale of the municipal public service is strongly correlated with the size of the local population ($p = 0.95$ ***) and budget revenue ($p = 0.92$ ***) (IBGE 2015).

The composition of the public service in Brazilian local governments, according to different types of careers, education level, and size of municipalities, can be examined in the Table 1 below:

**Local Governments, Brazil, Table 1** Municipal public employees, according to employment type/education/size of municipality (in %, 2015)

| Type | Education | Municipal population (thousand inhabitants) | | | | |
|---|---|---|---|---|---|---|
| | | <10 | 10–50 | 50–100 | >100 | Total |
| Statutory | elmt | 16.2 | 14.1 | 12.1 | 9.5 | 14.7 |
| | hs | 23.4 | 22.5 | 22.6 | 22.5 | 22.9 |
| | uni | 22 | 21.4 | 22.9 | 29.2 | 22.2 |
| CLT | elmt | 2.1 | 2.2 | 2.2 | 2.1 | 2.1 |
| No contract | elmt | 3.5 | 4.3 | 4.3 | 2.8 | 3.9 |
| | hs | 6.6 | 9.3 | 9 | 6.4 | 7.9 |
| | uni | 5 | 5.7 | 6 | 5.8 | 5.4 |
| Appointed | elmt | 2.2 | 1.3 | 1.1 | 1.1 | 1.7 |
| | hs | 5.8 | 4.7 | 4 | 3.6 | 5.1 |
| | uni | 3.7 | 2.9 | 2.8 | 3.1 | 3.3 |
| | hs | 3.3 | 3.8 | 3.9 | 4.1 | 3.6 |
| | uni | 2.6 | 3.1 | 3.7 | 4.2 | 2.9 |

Source: IBGE (2015). elmt (elementary), hs (high school), uni (university)

Public employees in municipal governments have different types of employment, based on the type of contract, with different structures and levels of career stability and professional and labor prerogatives, establishing different degrees of autonomy for public bureaucracies in relation to governmental authorities. *Statutory* civil servants constitute the most *professional* segment of the public administration, with selection subject to a civil service exam, and are granted stability after 3 years of employment. Employees hired under the Consolidation of Labor Laws (*CLT*) have a similar status to those in the private sector. Employees *without permanent contract* are those who work as service providers, without an employment relationship and without a signed worker card, including the self-employed, interns, volunteers, and those assigned by other administrations; *appointed positions* are similar to the *spoils system*. Due to the absence of indicators and parameters regarding merit, knowledge, and technical performance that allows comparisons in all municipal administrations, schooling offers a *proxy* for public servant preparedness, qualification, and potential availability of technical and informational resources for public management.

About three-fifths of public servants in the Brazilian municipal administrations are *statutory*, entered through a civil service exam, and have job stability in the position after remaining 3 years on the job. Considering their distribution in relation to education, there is a trend of a reduction in the participation of statutory employees with elementary education as the size of the municipality increases, falling from 16.2% in micro-municipalities to 9.5% in large cities. Statutory employees with a high school education show no variation in their participation based on the size of the municipality, while those with university education maintain a stable proportion in micro-, small- and medium-sized administrations but an increase to 29.2% in cities with more than 100 thousand inhabitants.

Statutory employees with university education are the closest to a government bureaucracy profile based on professional careers and technical performance. Admission to public service through tests and competitions, job stability, and long-term administrative careers associated with the technical knowledge and information offered by higher education would be some of the main features in establishing a process for the professionalization of modern professional bureaucracies.

Three trends stand out when we see the movements in the profile of the municipal employees over the last decade: (1) an increase in the relative share of employees with higher education, regardless of the type professional or administrative ties;

(2) growth of employees with no permanent ties in all municipal administrations, driven by individuals with university or high school education; and (3) a decrease in the share of local administration members with elementary or high school education (in this case, with the exception of those without permanent ties).

## Politics

An obligatory reference regarding municipal politics in Brazil is the works of Leal, identifying a combination of economic and financial decadence of the municipalities, combined with the political and administrative centralization of the states, resulting in dependence of local governments on the state and federal government and the establishment of a chain of vertical subordination between governors, municipal political leaders, and voters (Leal 1975). However, Leal himself cautions against the possibility of changes in this scenario: "We can even imagine an unforeseen situation, namely, the establishment of direct contacts between the municipalities and the Federal government. In this case, a new type of commitment could be made, no longer in favor of state situations, if not precisely against them" (Leal 1975: 257). In a similar vein, Hagopian (1986) mentions the changes brought about by state centralization over traditional patronage based on land ownership, toward a pattern of clientelistic exchange, in which control over public resources (jobs and money) becomes the stronger political currency.

Thus, we must consider the consequences of the institutional arrangements of intergovernmental relations on the level of competition in local politics. One initial factor is regarding the electoral calendar. The election of presidents, governors, and mayors of capitals and cities classified as security areas was interrupted by two decades of authoritarian rule, with the indirect appointment of those seats transferred to electoral colleges under the control of the military government. Therefore, elections for state governors were only held again in 1982, at the end of the authoritarian regime, and direct presidential elections, only in 1989, 4 years after redemocratization. On the other hand, elections for municipal governments in the great majority of small- and medium-sized cities did not suffer interruption, even during the period of authoritarian rule (1964–1985). Thus, three elections for municipal governments (1968, 1972, and 1976) were held during the authoritarian regime and before the return of the elections for state and national authorities. The expected effect of this sequence [local > state > national] can be seen in the reinforcement of local bonds of loyalty, which happen in the disputes over the only executive seat not interdicted by the military. On the other hand, after the redemocratization, the calendar of national elections is on two different cycles: municipal elections for mayors and legislators are held in different years than the election of federal and state representatives (president, senators, federal representatives, state governors, state representatives), which should reinforce a localist dynamic for the municipal competition (Falleti 2010).

The identification of degrees of electoral dominance may provide an indicator of the type of political competition in Brazilian local governments. By electoral dominance, we mean the percentage of votes obtained by the winning party in each election for the municipal government. The winning candidate's percentage of votes provides an indicator to measure the degree of competition and the party's ability to establish broader loyalties and neutralize rival competitors, reducing the space of the opposition. In other words, it makes a difference if a mayor is elected with less than 50% of the valid votes – indicating the presence of strong opposition and significant electoral competition – or, in an opposite situation, a municipal government with more than 50% support, revealing a fragile opposition and reduced electoral competition.

Figure 2 provides an overview of electoral dominance in the last five municipal elections in Brazil:

In all the elections observed, the median values corresponding to the voting obtained by the candidates and victorious parties in each of the 5,500 Brazilian municipalities stood above 50%, a

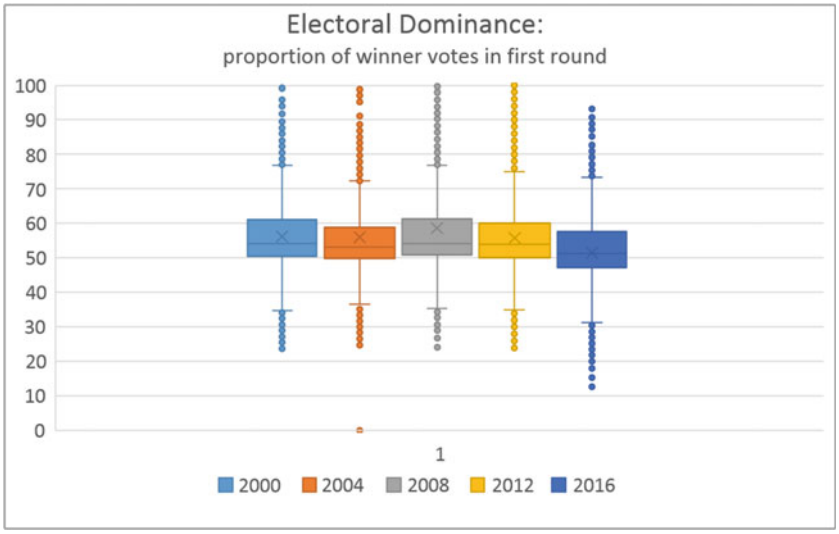


**Local Governments, Brazil, Fig. 2** Electoral dominance.xlsx. (Source: Tribunal Superior Eleitoral (TSE); Instituto Brasileiro de Geografia e Estatística (IBGE))

significant result considering that in 98.3% of the administrations with less than 200,000 voters, only a simple majority is required for the victory. In the upper quartile of the distribution, there are cases where the winning party obtained between 60% and 75% of the votes, with outliers that reach close to 100%. The variation in the lower quartile indicates cases with an electoral victory with only 1/3 of the votes.

More competitive scenarios with winners obtaining less than 50% of the votes correspond to an expected behavior: they are less frequent in micro and small municipalities, where the demographic scale, concentration of economic opportunities, or restricted access to information makes it difficult to establish a pluralistic and competitive electoral arena, but happens more frequently (around 40% of cases) in large municipalities. While for micro and small municipalities the explanation may be a demographic scale that reinforces ties of personal loyalty, the presence in an equivalent proportion of elected officials with more than 50% of the votes in large municipalities in the 2008 and 2012 elections may represent a challenge to understanding of the phenomenon. To explain it, one must remember changes to the election rules for executive governments introduced by the 1988 Constitution. Since 1990, the election of mayors in municipalities with more than 200,000 voters (large municipalities, therefore) occurs by majority runoff, with a second round of voting when none of the contestants reach 50% plus one of the valid votes. Instead of increasing the fragmentation in the supply of candidates, this has provoked anticipated electoral coordination, with the promotion of *large coalitions* already during the first round. At the same time, a new change in electoral legislation, allowing the immediate reelection of incumbents, reinforced their potential to remain in office, multiplying the coordination capacity of large electoral coalitions. In order to reduce uncertainty caused by a second round of voting, *incumbents* promote oversized coalitions, a phenomenon that occurs with high percentages of votes obtained by winning candidates, even in large municipalities.

## Conclusion

Brazil has more than 5,500 municipalities, with local governments that have had their political,

administrative, and fiscal responsibilities and prerogatives expanded since the Federal Constitution of 1988. The composition of public service in Brazilian local administrations shows an increased professionalization trend, with a predominance of statutory employees that enter by civil service exam and acquire job stability after 3 years of activity. Political competition reveals patterns of electoral dominance, translated into a trend for votes to be concentrated in the victorious coalition.

## Cross-References


- ▶ Effectiveness of Local Government, The
- ▶ Local Governance
- ▶ Local Government Size and Democracy
- ▶ Local Politics


## References


Arretche M (2013) Quando instituições federativas fortalecem o governo central? Novos Estud CEBRAP 95:39–57

De Cesare C (2010) Panorama do Imposto sobre a Propriedade Imobiliária na América Latina, 1st edn. Lincoln Institute of Land Policy Working Paper, Cambridge, MA

Falleti T (2010) Decentralization and subnational politics in Latin America. Cambridge University Press, New York

Grin E, Abrucio F (2018) Las capacidades estatales de los municipios brasileños en un contexto de descentralización de políticas. Rev Clad Reforma Dem 70:93–126

Hagopian F (1986) The politics of oligarchy: the persistence of traditional elites in contemporary Brazil. Massachusetts Institute of Technology, Boston

IBGE (2015) Perfil dos municípios brasileiros. IBGE, Brasilia

Leal VN (1975) Coronelismo, enxada e voto, 2nd edn. Alfa-Omega, São Paulo

Marenco A, Noll MI (eds) (2018) A política, as políticas e os controles. Como são governadas as cidades brasileiras, vol 1, 1st edn. Tomo Editorial, Porto Alegre, p 216

Receita Federal do Brasil (2016) Carga Tributária no Brasil 2016. Análise por tributos e base de incidência. RFB, Brasília


# Local Law Enforcement and Public Administration


Emily Schnurr
Northern Arizona University, Flagstaff, AZ, USA


## Synonyms

Cop; Deputy; Patrolman; Peace officer; Police; Police force; Policewoman; Sheriff; Trooper

## Definition

Law enforcement: It is the prevention, detection, and investigation of crime and the apprehension and detention of individuals suspected of law violation. This includes the individuals and agencies responsible for enforcing laws and maintaining public order and public safety (Bureau of Justice 2016).

## Introduction

Society is organized around a set of rules, known as laws. Laws provide structure to our lives and provide boundaries of acceptable behavior. Laws are created by government and implemented by the bureaucracy. Various iterations of police are responsible for ensuring people are following the laws. These agencies attempt to prevent crimes from occurring and to protect people from criminals as well as to apprehend and prosecute lawbreakers. Law enforcement agencies operate at all levels of government, including at multiple levels within states. Agencies such as the Federal Bureau of Investigation (FBI) or the Drug Enforcement Agency (DEA) operate at the national level. Within states, there are county police departments, highway patrol divisions, and, in some states, marine or border patrol organizations.

Broadly speaking, police departments have two mandates. The first is order maintenance. In this function, police officers respond to calls, such as domestic violence or robberies, and work to

resolve those situations as they arise (Wilson 1968). The second is to enforce the laws. This involves investigating crimes and apprehending and detaining criminals (Wilson 1968). A crime-free society would be ideal but is realistically impossible to achieve. In pursuit of that ideal, law enforcement agencies face many challenges, including effectively achieving their mandates, respecting individual rights and freedoms, balancing effective enforcement with bureaucratic discretion, and being sensitive to racial and class-based distinctions within communities.

## Management and Administration of Police Departments

Law enforcement agencies are part of the state bureaucratic apparatus and therefore feature a hierarchical administrative structure. Metropolitan police departments are generally overseen by a chief of police or a police commissioner. The chief or commissioner is usually appointed by the city's mayor. In large cities, there may be multiple ranks of chiefs or commissioners, and those positions may be two separate roles with distinct duties. County police departments are often supervised by a sheriff, which is an elected position. This is an important distinction in that police chiefs or commissioners answer to the mayor, while sheriffs have more autonomy as they are elected in their own right. The next level in the law enforcement hierarchy, directly under the chief, commissioner, or sheriff are ranks of officers, including lieutenants, sergeants, and detectives. Each position carries its own duty-based responsibilities, and depending on the size of the department, each rank may carry varying supervisory responsibilities.

The majority of order maintenance work is done by street-level officers. Police officers perform a variety of tasks in their work, including initiating traffic stops, providing first-responder medical attention, and responding to disturbances, and sometimes more mundane tasks, such as rescuing cats from trees and filling out a great deal of paper work (Wilson 1978). Street-level officers patrol beats, or limited geographic areas, in which the officer becomes familiar with the residents and patterns of activity. Historically, officers would walk their beats, but technological advancements, especially those related to personal transportation, have led to officers patrolling much larger areas. In some instances, this has disconnected officers from their communities, in that instead of walking a beat, now they now drive in patrol cars. Because of this, officers have fewer opportunities for ordinary interactions with community members, and community members have fewer opportunities for ordinary interactions with police officers. In some communities, this has led to disconnect between police and the people they serve, resulting in decreasing levels of trust on both sides. In racially diverse communities, this is can be particularly problematic. This dynamic is discussed more thoroughly in the section below.

Some law enforcement agents are more specialized, in charge of investigating specific categories of crimes. These actors perform more of the for the law enforcement mandate of police work. Detectives are the agents who are largely responsible for this investigative work. Detectives may investigate burglaries, assaults, murders, or any other serious incident which may occur. In larger cities, detectives may be specialized, with units responsible for investigating particular categories of crimes in a given area. Some states organize specialized units to deal with particular issues unique to that geographic region. For example, in Arizona, special units are responsible for patrolling the border in an effort to prevent illegal immigration. In Maryland, a special division of the police is responsible for patrolling the harbor. And in California, some lifeguards are part of police units. This variability illustrates the authority that individual states have in addressing particular problems they face.

Some localities are patrolled by federal agencies. For example, communities located on federal lands may be policed by rangers who are part of the US Forest Service (USFS) or National Park Service (NPS). Other localities, such as Native American lands, have overlapping police agencies. Reservations are broadly managed by the Bureau of Indian Affairs (BIA) in the Department of the Interior (DOI), which helps manage some

aspects of tribal law enforcement. Law enforcement on tribal lands is complicated because since the 1978 Supreme Court case *Oliphant v. Suquamish Indian Tribe*, tribal police do not have jurisdiction over non-tribal members. Non-Natives who commit crimes on tribal lands can only be arrested by state police. Over time, this led to a culture of impunity among white men in particular who lived on or near tribal lands. As of 2012, 86% of rapes of Native women were perpetrated by non-Native men (Crane-Murdoch 2013). Tribal police were legally unable to prosecute the offenders, resulting in nearly no arrests of the criminals, and no justice for the victims. In 2013, Congress added special language to the Violence Against Women Act which allows tribal police to prosecute non-tribal members for domestic violence, dating violence, and the violation of protection orders (Wilson 1978). This Act helps empower local law enforcement to address problems in their communities, though it still leaves wide gaps in the administration of justice on tribal lands.

Police are generally given wide discretion in performing their duties. Police officers spend their days largely away from centralized command and are responsible for their own reporting regarding their activities for the day. This means that officers have the power to determine which crimes to report and which to ignore. This can lead to controversies in some communities regarding bias in police practices. This raises an important question: Who polices the police? The answer is different depending on the community.

In some communities, police oversight is managed almost entirely by police departments themselves. Particularly in small departments, police leadership may be responsible for investigating complaints against officers. Many large departments have a special division, called internal affairs (IA), which investigates police officers suspected of breaking the law. These divisions are somewhat controversial in police departments, as they take authority away from unit managers and place that authority with an outside group (Gottschalk 2010; Wilson 1978). Many communities also feature some type of civilian oversight of police. The presence of civilians on police oversight boards or commissions has been one way for communities to address complaints against police, particularly related to concerns from minorities. The power of civilians varies widely across communities. In some areas, one civilian participates in general police review procedures, while in other areas, boards comprised only of civilians have power to review complaints and make serious policy recommendations to city leadership (Gottschalk 2010). Police oversight is an important element of police administration and management, though it can be a source of contention when police feel their ability to adequately perform their duties is compromised or when citizens mistrust police because they appear above the law themselves.

## Controversies in Law Enforcement Practice

A major controversy in law enforcement practice is the prevalence of corruption in police departments. In some cases, this may consist of misreporting crime statistics in order to create the appearance of crime reduction. Policing a community involves giving a great deal of autonomy and discretion to individual police officers (Gottschalk 2010). Most police work happens outside the view of supervisors or the general public, meaning we trust that police officers will accurately report the details of their work. However, police are tasked with reducing crime, and if reductions are not shown, the department may be accused of ineffectiveness. This incentivizes police officers to not file official reports of crimes or misrepresent the nature of a crime in order to reclassify it as a different type of offense (Wilson 1968). The public wants a police force that will prevent crimes, but crime prevention is impossible to measure. Police can report a reduction in the number of arrests or calls, but there is no way to determine how many crimes did not happen as a result of policing. Wilson (1968) argues this type of corruption could be prevented if the public would lower expectations of police performance, and if police would focus more on the order maintenance rather than law enforcement function of

their profession. On the other hand, there must be a way to hold police accountable for performing their duties, and the current standards of performance for bureaucracies are measured by numbers and statistics.

Another, more serious, place of corruption in police departments involves law enforcement officials abusing their authority. Measuring instances of police misconduct is rife with methodological issues. Many charges against police officers, such as excessive force, are subjective, and it ultimately falls upon police departments themselves to determine whether or not an officer crossed the line (Adams 1959). This is further exacerbated by differences in reporting requirements across states. Each state is largely responsible for setting its own law enforcement policies, meaning a bribe in one department might be an act of "hospitality, generosity, or appreciation" in another department (Gottschalk 2010). Police are put into difficult and dangerous situations as a normal course of their daily work and must have discretion in how to handle a diversity of situations as they encounter them. However, there is a tension between police discretion and individual rights, which is a difficult space for police to navigate under the best of circumstances.

Finally, the practice of law enforcement creates opportunities for police officers to commit crimes. This can include police officers accepting bribes, stealing or planting evidence, and withholding or lying about information to prevent arrest or conviction. Perhaps the most well-known example of this behavior is the Rampart Scandal that rocked the Los Angeles Police Department (LAPD) in the late 1990s. The department had implemented the Community Resources Against Street Hoodlums (CRASH) program to combat gang violence in the 1970s. The program was dissolved in 2000 after 70 officers were implicated in widespread criminal activity, including robbery, rape, perjury, and murder (Boyer 2001). Evidence suggests that the LAPD actively sought to obstruct the investigation of corruption charges against the Rampart division of the CRASH program. While scandals of this scale are relatively rare, this serves to illustrate the potential for disaster that exists when police departments are not adequately supervised.

## Race and Law Enforcement

Perhaps the most controversial aspect of law enforcement is the relationship between police and certain racial or ethnic groups. Allegations of police bias are widespread, and statistical evidence does support the idea that racial minorities are more likely to be stopped by police. This phenomenon has been most widely studied as it relates to African-American populations. African-Americans represent about 13% of the US population but comprise 28% of arrestees, 31% of officer involved shootings, and 28% of people killed by police every year (Mullainathan 2015).

Incidents of police violence against racial minorities are not new but have gained more attention recently after the high-profile deaths of Trayvon Martin in 2012 in Florida and Michael Brown in 2014 in Missouri. Brown's death in particular set of months of unrest in Ferguson, Missouri, where African-Americans are the overwhelming majority of the population, but the police department is overwhelmingly white. These incidents, and many others, have led to calls for reform of the American justice system. Many activists believe the War on Drugs, which began in the 1970s, should officially be ended. The War on Drugs was initially implemented to stop soldiers in Vietnam from using drugs but has evolved into a widespread, multiagency pursuit. The War on Drugs includes many policies related to the legality of certain substances and the punishments for possessing them. Critics claim the War on Drugs has created a culture of mistrust between police and the communities they serve, particularly minority communities, which makes them less likely call the police to maintain order. The War on Drugs largely ties federal police funding to the number of drug-related arrests a department makes, which incentivizes police misconduct and has exacerbated the already tense relationship between police and minority communities. Other reformers have called for changes to police recruiting and training procedures, which some argue teach police cadets to hone in on minority populations. It is unclear exactly what reforms would be successful in

reducing tensions between police and minority communities, but minorities are vocal in their discontent on this issue, and ideally these groups will be able to work out a solution that restores faith in police abilities to fairly maintain order in America.

## Conclusion

Police departments are essential for maintaining order and enforcing laws in American communities. There are many levels of police, and departments are generally hierarchically organized to maintain supervision and stability within departments. In most places at most times, police do their job without controversy, but some departments suffer from persistent problems with corruption and criminality within their ranks. Police departments have long been accused of racial bias in their conduct, and there is some evidence to support these assertions. However, the problem of racial bias in America is not solely one of law enforcement, and while police departments may be a major site of discrimination, they are not alone in dealing with this issue. Some activists feel that police departments are an ideal place to begin implementing reforms dealing with racial discrimination. A good place to start may be incorporating more minority officers into police ranks, particularly the higher ranks of a department. Law enforcement would benefit from heeding the advice of critics rather than closing ranks, and community members would benefit from making their expectations of police match the realities of the modern world.

## Cross-References


- ▶ Constitutional Law and Public Administration
- ▶ Impact of Law on Public Administration
- ▶ Law and Public Administration Ethics
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Lawmaking and Public Administration


## References


Adams K (1959) Measuring the prevalence of police abuse of force. In: Geller WA, Toch H (eds) Police violence: understanding and controlling police abuse of force. Yale University Press, New Haven/London

Boyer PJ (2001) Bad cops. The New Yorker, 21 May 2001. http://www.newyorker.com/magazine/2001/05/21/bad-cops. Accessed 22 Mar 2016

Crane-Murdoch S (2013) On Indian land, criminals can get away with almost anything. The Atlantic, 22 Feb 2013. http://www.theatlantic.com/national/archive/2013/02/on-indian-land-criminals-can-get-away-with-almost-anything/273391/. Accessed 22 Mar 2016

Gottschalk P (2010) Police management. Nova Science Publishers, New York

Mullainathan S (2015) Police killings of blacks: here is what the data say. The New York Times, 16 Oct 2015. http://www.nytimes.com/2015/10/18/upshot/police-killings-of-blacks-what-the-data-says.html. Accessed 23 Mar 2016

Office of Justice Programs. Law enforcement. Bureau of Justice Statistics (2016). http://www.bjs.gov/index.cfm?ty=tp&tid=7. Accessed 16 Mar 2016

Wilson JQ (1968) Dilemmas of police administration. Public Adm Rev 28(5):407–417

Wilson JQ (1978) Varieties of police behavior: the management of law and order in eight communities. Harvard University Press, Cambridge/London


# Local Politics


Markie McBrayer
University of Houston, Houston, TX, USA


## Definition

Allocational policies: policies that have little or no effect on the locality's economy.

At-large elections: in the local context, at-large elections involve the whole city electing a councilmember, who then represents that city.

Council-manager systems: The city manager (an appointed position) maintains much of the budgetary and administrative powers that were originally with the mayor in mayor-council systems, meaning that the mayor has less institutional strength than if he or she were in a mayor-council system. In council-manager systems, the mayor is sometimes selected from among the councilmembers.

Developmental policies: policies that promote local economic growth.

District elections: in the local context, only a geographic portion of the city (known as a district or ward) elects a councilmember that represents the district or ward.

Mayor-council systems: in such systems, mayors are typically vested with more administrative and budgetary power and are elected separately than the council.

Multilevel regression and poststratification: an empirical strategy that involves aggregating public opinion polls, then modeling survey responses as a function of both individual-level characteristics and geography. Then, in the poststratification stage, the estimates are weighted by the proportion of those fitting the individual and geographic characteristics in the locality.

Pluralism: political competition among groups that results in compromised policies.

Redistributive policies: policies that favor relatively disadvantaged groups at the expense of more advantaged groups and, ultimately, of the city's economic development.

Reform institutions: changes brought about to political institutions in the late nineteenth and early twentieth centuries in order to remove what was perceived to be the deleterious effects of political machines. Reform institutions include at-large elections (as opposed to district-based elections), council-manager (as opposed to mayor-council) systems, and nonpartisan elections (as opposed to partisan elections).

Regime theory: In this theory, power is thought to be distributed across different groups and actors in a city, with the local government maintaining some power and private industry retaining some as well. Thus, it is only when the market and state form coalitions that policies are created and implemented.

## Introduction

Local politics and policies are often the frontline of government with which citizens and residents have the most interaction. Tuesday morning, the municipal solid waste department collects trash. On the morning commute, city workers fill a pothole. And at night in warmer climates, the mosquito control district sprays pesticides to lower mosquito populations. There are countless other ways that citizens and residents interact with their local government on a daily basis, and yet, the fields of political science and public policy often focus their research at the national or state level.

The following is a brief survey of the current literature on local politics and policy. It begins with an exploration of different models of local governance – the groups that are most likely to maintain local political power. Second, this brief discussion examines the effects of local governance on responsiveness and the bureaucracy. Research on local policies is then surveyed, including policy typologies used in the literature, service provision, and operationalization of policy. Finally, this entry concludes with recommendations for future areas of study.

## Local Governance

In the study of local politics, traditional models and theories of who governs include pluralism, the economy, regime theory, and institutions. The following explores each model and its implications for representation. The subsequent section will explore recent empirical research that bears out these theories.

First, pluralists argue that local officials are interested in gaining (re)election and in order to do so must enact and reflect their constituents' preferences. Local politicians then enact policies that embody the competition (and compromise) among different groups and their policy preferences. Pluralism is popularly derived from Robert Dahl's *Who Governs* (1961), in which he examines how political power, in New Haven, Connecticut, was dispersed among a variety of groups in the area, none of which had full control of the political process: for instance, Yale University and New Haven's business district competed against one another for policies and control, yet no interest dominated the local government. While there were inequities among groups, Dahl's research stands in stark contrast to the

predominant, more elitist perspective that the political process is likely to be dominated by one group.

The second theoretical framework, the economy, is quite the opposite of pluralism. Instead of constituent preferences competing among one another to be represented, local politicians are largely constrained by economic considerations. That is, city governments will not levy high taxes or pursue significant redistribution because it is thought that it will drive away wealthy residents and municipal capital (Peterson 1981), as cities tend to compete for residents (Tiebout 1956). Ultimately, cities are motivated to seek out and keep middle-class and wealthy individuals and businesses through lower taxes and greater economic development, while avoiding redistributive policies. This theory would suggest that local officials are less inclined to equally represent all constituent interests and would rather pursue policies that favor business interests and middle- and upper-class constituents.

The third theoretical framework is derived from Stone's (1989) regime theory, which in many ways is a compromised view of both pluralism and the economic perspective. Power is thought to be distributed across different groups and actors in a city with the local government maintaining some power and private industry retaining some as well. It is only when the market and state form coalitions that policies are created and implemented. Much of the regime theory research in urban politics focuses on the formation of these coalitions. Using this theoretical framework, one would expect for municipalities to favor the policy preferences of business interests and wealthier individuals in the area. Yet, political officials will still need to please the electorate more generally, given that their support and votes are required to remain in power.

Finally, there are two strands of institutional literature that examine how institutions influence local representation – the effect of reform institutions and how higher levels of government affect local government. First, institutions, whether they are reformed or not, are thought to affect those who maintain political power. In the late nineteenth and early twentieth centuries, many cities began reforming their local political institutions in order to remove what was perceived to be the deleterious effects of political machines. Yet, reform institutions are also considered to be means by which to disenfranchise marginalized groups and members of society – immigrants, minorities, Catholics, etc. Reform institutions include at-large elections (as opposed to district-based elections), council-manager (as opposed to mayor-council) systems, and nonpartisan elections (as opposed to partisan elections). At-large elections involve the whole city electing a councilmember, as opposed to the ward or district-based system, in which only a geographic portion of the city elects a councilmember. In council-manager systems, the mayor has less institutional strength when compared to the mayor-council systems. Instead, the city manager (an appointed position) maintains much of the budgetary and administrative powers that were originally with the mayor in mayor-council systems. Moreover, the mayor may be selected from among the councilmembers and has similar powers as members of the council. In mayor-council systems, the mayor is often elected separately from the city council, and the mayor maintains significant administrative and budgetary power. For the most part, literature shows that these new reform institutions tend to disenfranchise minority voters and discourage the election of minority political officials, suggesting that cities with reform institutions are less representative of minority interests.

The second strand of institutional scholarship argues that local governments are constrained by higher levels of government (i.e., state and federal government). Certainly, the funding and grants that municipalities receive from the state and federal government often have very specific guidelines about how the funds must be spent, and thus, the local government has little discretion in policies to be pursued. Moreover, cities often derive their autonomy from the state, meaning that the will of the state government reigns supreme over the politics and policies of the municipality. For instance, Birmingham, Alabama, recently passed an ordinance that would increase the minimum wage in the area. But, as of February 2016,

Alabama's state government swiftly overturned the ordinance before the policy went into effect. Thus, local politics (and policies) are heavily constrained by higher levels of government, perhaps leading to weaker connections between constituents and their local elected leaders.

## Consequences of Local Governance

More recent urban politics research provides some evidence for all the aforementioned theories, especially with regard to policy. In modeling all four theories, Hajnal and Trounstine (2010) find that economic considerations are quite important, and yet, institutional, political, and need-based considerations also have an effect, though more inconsistent ones, on policy. Gerber and Hopkins (2011) also bear out these inconsistent institutional findings when they conclude that the partisanship of the mayor has little effect on local policies, except in areas where local officials have significant discretion. They state that local officials are, for the most part, constrained by the state and federal governments when it comes to crafting and implementing policy. With regard to reform institutions, they may be less of an impediment to representation than previously thought, as Tausanovitch and Warshaw (2014) have recently found that institutions do not have consistently or statistically significant effects on the relationship between local policy preferences and policies.

Still, other literature finds that local officials are fairly responsive to the policy preferences of their citizens. That is, policies, especially spending, reflect the relative conservatism or liberalism of that locality's constituents. Previously, it had been empirically challenging to measure local policy preferences, with research relying on the presidential vote margin for a large number of localities (Choi et al. 2008), survey results from a small number of cities (Palus 2010), or, more rarely, surveys from a large number of localities (Einstein and Kogan 2015) to gauge local-level policy preferences. More recent research Tausanovitch and Warshaw (2014) has utilized multilevel regression and poststratification to ascertain more accurate estimates of local-level policy preferences. Multilevel regression involves aggregating public opinion polls, then modeling survey responses as a function of both individual-level characteristics and geography. Then, in the poststratification stage, the estimates are weighted by the proportion of those fitting the individual and geographic characteristics in the locality. Even so, it is difficult to determine local-level policy preferences, especially given that much local policy does not fall on the left-right political spectrum. There may not, for example, be any particularly Democratic or Republican way of filling a pothole or collecting the garbage.

In a separate string of literature, scholars have found that the racial diversity of those who govern – mayors, councilmembers, and other officials in key positions – matters for the diversity of the bureaucracy. That is, in local governments with more minority officials, the bureaucracy also tends to be more diverse (Kerr and Mladenka 1994). Generally, reform institutions, especially those with district-based elections (as opposed to at-large elections), are more likely to elect minority candidates to office (Shah 2009). More minority councilmembers and mayors are also associated with greater spending on minority policies (Karnig and Welch 1980), yet other scholarship finds more mixed results (Hopkins and McCabe 2012). And ultimately, there is some evidence that increased descriptive representation in local government generates benefits for minority populations (Meier et al. 2000).

## Local Policies

Besides local governance, explored in the previous section, scholarship has also come to focus on the local policies themselves. The following briefly explores, first, the policy typologies used in the study of urban politics, then the distribution of policies, and finally the operationalization of policy outputs and outcomes.

Peterson (1981) defines three types of policies (developmental, redistributive, and allocational), which have been subsequently adopted in much of the urban politics literature. Developmental

policies tend to promote local economic growth. Examples include creation and maintenance of streets, highways, and other transportation infrastructures. Redistributive policies tend to favor relatively disadvantaged groups at the expense of the city's economic development. Such redistributive policies include, most obviously, welfare but also education, affordable housing, and health care. In contrast, allocational policies have little economic effect on the locality, and they often include such services as parks, trash removal, and police and fire departments. Much subsequent research has adopted this typology in examining the determinants of spending patterns.

Examination of service delivery of these various city policies – developmental, distributive, and allocational – tends to show that none of these policy types are distributed equitably across a city. A variety of studies (see DeHoog 1997 for a review) have examined libraries, parks, streets, and schools, all finding that services were not distributed equitably. In each case, the inequity in service delivery is attributed to one of three reasons. First, bureaucratic rules and decision-making were said to be responsible for the uneven service patterns. Second, local politicians and officials were thought to interfere with and control some city services, thus affecting service patterns. Finally, it was reasoned that there was discrimination in service provision based on class and/or race. That is, disadvantaged groups were less likely to receive services than other more advantaged groups. Oftentimes, the latter two explanations went hand in hand.

Most studies of local policies and politics have utilized total spending, per capita spending, spending broken out by category, or the ratio of spending to taxes. It should be noted that this operationalization of policy commodifies policy as being purely fiscal and thus neglects the question of if and how effective the policy is. In other words, local politics and policy scholarship tend to quantify policy as an output (amount spent), rather than an outcome (how well the policy performs at achieving its desired goal). Only a select few studies within political science (Ammons 2003) have examined how local policies affect outcomes. It should be noted that there is significant research on educational outcomes, but studies of other local policies generally lag behind. Moreover, studies of local policy outcomes tend to be undertaken by economists, rather than political scientists or public administrators. For the most part, there is significant work to be done on urban policy outcomes from a political science or public administration perspective.

## Conclusion

While urban politics and policy scholarship is a rich body of literature, it is also ripe for future research. Below, I provide three recommendations. First, and most generally, local politics can help assess those questions that go unexamined at the state or federal level due to lack of variation. There is incredible diversity among municipalities and local governments in terms of institutional arrangements, demographic characteristics, and community features. Moreover, local politics and policies have far fewer ideological and partisan cues when compared to the state and national level. As mentioned previously, there is not necessarily a conservative or liberal way of picking up garbage.

Second, much of the research thus far has focused on the largest city governments, and there is significant opportunity to expand analyses and test existing theories with smaller, less metropolitan units. Would these same theories, tested with large, urban areas, still be supported in more rural and less metropolitan areas? In addition to expanding units of analysis to less metropolitan areas, scholars and practitioners should also consider that local government is not just limited to the city government. Instead, local governments can also include county governments, school districts, and special purpose districts. Special purpose districts vary from state to state and locality to locality, covering a variety of purposes and services; these include cemetery districts, park and recreation districts, hospital districts, soil and water conservation districts, along with many others. These governmental units not only deserve attention because they are often

overlooked, but they can also help shed light on issues that are unable to be tested at the state or federal level due to lack of variation. For instance, some special purpose districts or school districts have moved from appointing officials to electing officials, and this change would allow scholars to assess a variety of questions: does responsiveness change, do outcomes improve, and does citizen perception improve when there are elected, rather than appointed officials?

Third, and as mentioned in the previous section, there is significant opportunity to assess how governance affects outcomes. Thus far, much of the literature has focused on spending, either total or per capita, without an examination of the efficacy of those expenditures. There needs to be more exploration and experimentation with how governance affects outcomes – the intended aim of the policy.

## Cross-References


- ▶ Financial Health and Distress in Local Government
- ▶ Urban Administration
- ▶ Urban Policy


## References


Ammons DN (2003) Urban services. In: Cities, politics, and policy: a comparative analysis. CQ Press, Washington, DC, pp 254–282

Choi SO, Bae SS, Kwon SW, Feiock R (2008) County limits: policy types and expenditure priorities. Am Rev Public Adm 40(1):29–45

Dahl RA (1961) Who governs? Democracy and power in an American city. Yale University Press, New Haven

DeHoog RH (1997) Urban service delivery. In: Handbook of research on urban politics and policy in the United States. Greenwood Press, Westport, pp 197–209

Einstein KL, Kogan V (2015) Pushing the city limits policy responsiveness in municipal government. Urban Aff Rev. https://doi.org/10.1177/1078087414568027

Gerber ER, Hopkins DJ (2011) When mayors matter: estimating the impact of mayoral partisanship on city policy. Am J Polit Sci 55(2):326–339

Hajnal ZL, Trounstine J (2010) Who or what governs? The effects of economics, politics, institutions, and needs on local spending. Am Polit Res 38(6):1130–1163

Hopkins DJ, McCabe KT (2012) After it's too late: estimating the policy impacts of black mayoralties in US cities. Am Polit Res 40(4):665–700

Karnig A, Welch S (1980) Black representation and urban policy. University of Chicago Press, Chicago

Kerr B, Mladenka KR (1994) Does politics matter? A time-series analysis of minority employment patterns. Am J Polit Sci 38(4):918–943

Meier KJ, Polinard JL, Wrinkle RD (2000) Micheal Giles and Mancur Olson meet Vincent Ostrom: jurisdiction size and Latino representation. Soc Sci Q 81(1): 123–135

Palus CK (2010) Responsiveness in American local governments. State Local Gov Rev 42(2):133–150

Peterson PE (1981) City limits. University of Chicago Press, Chicago

Shah P (2009) Racing toward representation: a hurdle model of Latino incorporation. Am Polit Res 38(1): 84–109

Stone CN (1989) Regime politics: governing Atlanta, 1946–1988. University Press of Kansas, Lawrence

Tausanovitch C, Warshaw C (2014) Representation in municipal government. Am Polit Res 108(3):605–641

Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424


L

# Local Sales Taxes


Whitney B. Afonso
University of North Carolina at Chapel Hill, Chapel Hill, NC, USA


## Synonyms

Local taxes on consumption; Sales taxes for local governments; Subnational sales taxes

## Definition

Local sales taxes are taxes on consumption of goods that are instituted by local governments such as municipalities, counties, and special districts.

## Introduction

Local sales taxes are sales taxes that are adopted, often after a referendum vote, by local

governments. Thirty-eight states have local governments with local sales taxes in place. The laws that govern these local sales taxes vary tremendously state by state. In some states only counties are permitted to adopt local sales taxes; in others, only municipalities; and in some, counties, municipalities, and special districts. There are many possible and actual combinations of jurisdictions. Beyond those basic differences, there are also large differences in the state laws that regulate how these local sales taxes will function, what they will tax, and what rates are permissible.

Local sales taxes are now the second largest source of own source revenue for local governments in the United States, and their popularity and local government reliance on them are only growing. While they are nothing new, the first local sales tax was introduced in New York City in 1934 during the Great Depression. They did not become widespread until the 1970s, and even then only 25 states permitted them. While they have been a vital source of revenue for many local governments for many years, the literature surrounding local sales taxes has largely emerged in the last two decades, though there are notable exceptions. Today many aspects of local sales taxes have been studied including whether they are used to supplement or reduce property taxes, how volatile the revenue generated by local sales taxes is, the revenue-raising capacity of jurisdictions with regard to local sales taxes, and the factors that influence the adoption of local sales taxes.

## Legal Context

Before exploring the analysis of local sales taxes, it is important to understand basics about how the laws surrounding local sales taxes may impact studies, results, and outcomes. Recently Afonso (2017a) presented a framework on local sales tax laws in a context of jurisdictional eligibility and discretionary authority. Jurisdictional eligibility is defined as the set of laws and/or restrictions that dictate which local governments are permitted to adopt local sales taxes. In many cases this means the level(s) of local government, i.e., county, municipal, or special district. However, in some states it may also include constraints involving population, home rule status, and size of tourism industry. Discretionary authority is defined as the sets of laws and/or restrictions that bind the jurisdiction's ability and autonomy to shape and use local sales tax revenue. The two most common ways that discretionary authority is manifested are rate limits and revenue earmarking requirements. This research was followed by an updated discussion of local sales tax complexity and the impact it has on economic nexus (Afonso 2019) (Table 1).

## Areas of Research

The research on local sales taxes is a growing field of inquiry that spans many disciplines, research questions, and approaches. The majority of the research in this area is done via single-state analyses; this is likely due in part to the diverse and complicated nature of the laws governing local sales taxes. In addition to the majority of research being done at the state level, the majority of the research also examines county local sales taxes rather than municipal or some combination of jurisdictions. A third theme among the existing literature is that of those single-state analyses, the majority of them are conducted in the state of Georgia or Oklahoma. This last point is especially problematic given the differences in how local sales taxes are structured; although it is true for Georgia counties, it may not mean anything for West Virginia municipalities or special districts. Despite these limitations there is a great deal of valuable research and insights about local sales taxes that can be taken from this literature. This chapter will cover four of the more prominent and robust lines of literature and briefly discuss some of the other analyses of note.

First things first, what prompts some local governments to adopt local sales taxes almost immediately and others to never adopt? This is a topic that was first examined in the context of counties in Georgia in three separate analyses and examined from multiple perspectives including the effect that property taxes had on adoption, whether the effects of neighbors' local sales tax

**Local Sales Taxes, Table 1** State local sales tax laws by jurisdictional eligibility and discretionary authority

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jurisdictional eligibility | High | California | Nevada | Alabama | Kansas | Oklahoma | Wyoming |
| | | Florida | Ohio | Alaska | Louisiana | Tennessee | |
| | | Illinois | West Virginia | Arizona | Missouri | Texas | |
| | | Minnesota | Wisconsin | Arkansas | New York | Utah | |
| | | Nebraska | | Colorado | North Dakota | Washington | |
| | Low | Hawaii | South Carolina | Georgia | | | |
| | | Iowa | South Dakota | Idaho | | | |
| | | Mississippi | Vermont | Montana | | | |
| | | New Jersey | | New Mexico | | | |
| | | North Carolina | | Pennsylvania | | | |
| | | Low | | High | | | |
| | | Discretionary authority | | | | | |

Note: States with no jurisdictional eligibility and no discretionary authority, i.e., those without local sales taxes are not included. Those states are Connecticut, Delaware, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, Oregon, and Rhode Island
Taken from Afonso (2017a)

adoption have an effect, and the ability to shift the local sales tax burden to nonresidents (Pajari 1984; Zhao 2005; Sjoquist et al. 2007). These analyses are followed up with additional state contexts and perspectives. For example, Luna et al. (2007) examine the final local sales tax adoption in Tennessee counties – this is novel because it is the first to recognize that many local governments will adopt more than one local sales tax. Another example is that of Burge and Rogers (2016) who examine the adoption of local sales taxes in Oklahoma from the perspective of leader-follower dynamics. A final example with this line of research is Afonso (2018) who examines Texas municipal local sales tax adoptions with a repeating events model and is the first to model multiple local sales tax adoptions. In general this line of research finds that being able to export burdens to nonresidents and the adoption of local sales taxes by neighbors and peers are important factors when understanding the adoption path of local governments.

A second important line of research within the local sales tax area is the relationship between local sales taxes and property taxes. This is not surprising since property taxes are the largest source of own source revenue for local governments and local sales taxes are the second largest. The first analysis to tackle this question utilized Georgia counties once again (Jung 2001). Similarly, there was a follow-up study also examining this relationship in Georgia counties (Zhao and Jung 2008). However the second, fourth, and fifth analyses used national samples (Sjoquist et al. 2005; Afonso 2014, 2015). The second used a national sample of large cities, and the fourth and fifth used a sample of counties from 35 states. The results are largely consistent with each other. When answering the question, do local governments use local sales tax revenue to increase total own source revenue or to offset and lower property tax revenue, the consensus is both. The analyses examining the national datasets find that there are two distinct types of local government behavior, and Afonso (2014, 2015) suggests that an important factor that can be used to differentiate these types is the adopted local sales tax rate.

A third line of research involves the volatility of revenue receipts once local governments become more dependent on local sales taxes. This literature is closely related to other literature of revenue portfolio diversity that does not

directly compare dependence on property taxes to dependence on local sales taxes. For the studies that have directly studied the relationship between greater dependence on local sales taxes as opposed to property taxes (Afonso 2013, 2017b; Hou and Seligman 2010), the evidence finds that revenue receipts become more volatile. An important implication of this finding is that local governments will need to address this uncertainty due to the requirement that they balance their budgets. A primary strategy to do this would be to increase the size of their fund balance (or rainy day fund).

The fourth and final line of research to be discussed here is on sales tax competition. This line of research examines issues of cross border shopping, rate setting, and spatial competition (Agrawal 2015; Burge and Rogers 2011; Wong 1996; Luna 2004). A large concern regarding local sales taxes is whether having a higher local sales tax rate in your jurisdiction will encourage consumers to do their shopping in other communities; this is often referred to as tax leakage. As a result there is also examination of whether neighboring jurisdictions' local sales tax rates will impact home local sales tax rates. There is the possibility of policy mimicking where you are more likely to adopt local sales taxes because neighbors and/or peers have done so or tax competition where you will choose to remain *just below* neighbor's rates. The evidence supports that spatial competition does affect both local sales tax rates and tax leakage.

## Conclusion

In many respects, local sales taxes are still in their toddlerhood. While, strictly speaking, they have existed since the 1930s, they did not become widely available until the 1970s, and their adoption and prevalence came subsequently. This is very unlike the property tax. Local sales taxes have grown in popularity, and many have speculated why. One possible reason is that it is not that people prefer local sales taxes to property taxes, but simply that property taxes are too restricted by tax and expenditure limitations and are essentially "tapped out." Another possible reason is that they are genuinely more popular and that citizens prefer local sales taxes to property taxes. There are numerous potential reasons this may be true; perhaps the largest three are that (1) sales tax burden may be shared by both residents and nonresidents (tourists, commuters, students) in a way that the property tax cannot be, (2) people do not realize their full local sales tax burden in the same way as the property tax since it is spread out throughout the year on many purchases, and (3) if residents would have a larger tax burden under a higher property tax rate, then they will prefer local sales taxes.

These reasons also shed some light on some of the concerns regarding sales taxes. First, since people often do not realize their full sales tax burden, they often underestimate it. This is an aspect of a broader concept referred to as fiscal illusion. Second, people want to minimize their tax burdens, and that is rational and expected. However, the sales tax (local or otherwise) is regressive. Regressive simply means that low-income people will pay a larger share of their total income than wealthy people will. It does not mean that the low-income people are paying more in actual dollars, just that it is a higher percentage of total income. Many states often try to make sales taxes less regressive by omitting food and prescription drugs from the tax base.

Another aspect of local sales taxes that has been largely unexplored but is critical in understanding both why they have spread and why they are popular among voters is that the revenue is often earmarked for specific purposes. This means that when citizens vote to adopt local sales taxes, the jurisdiction is not just claiming they are going to use the revenue generated for specific functions/programs/projects – they are legally required to. Earmarks are a common feature of local sales taxes, and many types of earmarks exist. Not surprisingly there are local sales taxes that may be earmarked for popular areas of expenditure like education and transportation, but there are also earmarks for property tax reduction, economic development, and in some states they can be earmarked for projects that the jurisdiction specifies (Afonso 2017a). When citizens know how the revenue is going to be used, and they support that

area of expenditure, they are more likely to support the tax.

Local sales taxes are interesting, complex, and a critical source of revenue for many states' local governments. While there is still a lot more research needed to understand the effect that they may have on government and citizens alike and how they may interact with the economy, other sources of income, and politics, there is a solid foundation of research today. As consumers, and in some case producers, of information, it is essential to understand local sales taxes and to always consider the institutional and legal framework that the local sales taxes are nestled within.

## Cross-References


- ▶ Budgeting and Public Finance
- ▶ Local Governments and the Property Tax in the USA


## References


Afonso WB (2013) Diversification toward stability? The effect of local sales taxes on own source revenue. J Public Budg Account Financ Manag 25(4):649

Afonso WB (2014) Local sales taxes as a means of increasing revenues and reducing property tax burdens: an analysis using propensity score matching. Public Budg Financ 34(2):24–43

Afonso WB (2015) LOST and found tax dollars: local option sales taxes, property taxes, and own source revenue. J Public Budg Account Financ Manag 27(3):318–351

Afonso WB (2017a) State LST laws: a comprehensive analysis of the laws governing local sales taxes. Public Budg Financ 37(4):25–46

Afonso WB (2017b) Revenue portfolio and expenditures: an examination of the volatility of tax revenue and expenditure patterns during the great recession. Int J Public Adm 40(10):896–905

Afonso WB (2018) Time to adoption of local option sales taxes: an examination of Texas municipalities. Public Financ Rev 46(4):558–582

Afonso WB (2019) The barriers created by complexity: a state by state analysis of local sales tax laws in light of the Wayfair ruling. Natl Tax J 72(4):777–800

Agrawal DR (2015) The tax gradient: spatial aspects of fiscal competition. Am Econ J Econ Pol 7(2):1–29

Burge G, Rogers C (2011) Local option sales taxes and consumer spending patterns: fiscal interdependence under multi-tiered local taxation. Reg Sci Urban Econ 41(1):46–58

Burge GS, Rogers CL (2016) Leaders, followers, and asymmetric local tax policy diffusion. J Reg Sci 56(2):313–331

Hou Y, Seligman J (2010) LOST Stability? Consumption Taxes and the Cyclical Variability of State and Local Revenues. Working Paper Series. John Glenn School of Public Affairs, Ohio State University.

Jung C (2001) Does the local-option sales tax provide property tax relief? The Georgia case. Public Budg Financ 21(1):73–86

Luna LA (2004) Local sales tax competition and the effect on county governments' tax rates and tax bases. J Am Tax Assoc 26(1):43–61

Luna L, Bruce DJ, Hawkins RR (2007) Maxing out: an analysis of local option sales tax rate increases. Natl Tax J 60:45–63

Pajari R (1984) Georgia's local option sales tax: who adopts it and why? Southeast Polit Rev 12(2):127–153

Sjoquist DL, Walker MB, Wallace S (2005) Estimating differential responses to local fiscal conditions: a mixture model analysis. Public Financ Rev 33(1):36–61

Sjoquist DL, Smith WJ, Walker MB, Wallace S (2007) An analysis of the time to adoption of local sales taxes: a duration model approach. Public Budg Financ 27(1):20–40

Wong JD (1996) The impact of local option sales taxes on retail sales, employment, payrolls, and establishments: the case for Kansas. Rev Reg Stud 26(2):166–176

Zhao Z (2005) Motivations, obstacles, and resources: the adoption of the general purpose local option sales tax in Georgia counties. Public Financ Rev 33(6):721–746

Zhao ZJ, Jung C (2008) Does earmarked revenue provide property tax relief? Long-term budgetary effects of Georgia's local option sales tax. Public Budg Financ 28(4):52–70


L

# Low Fertility in South Korea: Causes, Consequences, and Policy Responses


HyeonUk Bak
Institute of Governance and Policy Evaluation, Sungkyunkwan University, Seoul, Korea


## Synonyms

Aging society; Fertility change; Fertility decline; Low fertility; Population decline; Pro-natal policy

## Definition

Total fertility rate is defined as the total number of children born or would be born to a woman in her lifetime. Total fertility rate of about 2.1 births per woman is called the population replacement level. Low fertility refers to a total fertility rate below the replacement level. Lowest-low fertility refers to a total fertility rate at or below 1.3.

## Introduction

South Korea is facing a fertility rate crisis. Its rapidly dropping fertility rate is now one of the lowest in the world. In 1960, South Korea's total fertility rate (TFR) was 6.0, dropping to 4.53 in 1970. Since 1983, the TFR in South Korea has remained below the population replacement level (Lee 2009). In 2003, the TFR dropped to 1.19 and has remained below 1.3 ever since (Stephen 2012). As of 2017, South Korea's TFR hit a low of 1.05 and is expected to continue to fall, placing the country at risk for population instability and economic decline (Fig. 1).

## Causes of Low Fertility/Fertility Decline

### The Family Planning (FP) Program

In order to understand the causes of the fertility decline in South Korea, it is important to touch on the population policy, the family planning (FP) program. The Planned Parenthood Federation of Korea (PPFK, Taehan Kajok Kyehoek Hyeophoe) was established in April of 1961 as a part of the Korean government's 5-year economic plan (Stephen 2012). The Korean government regarded the rapid population growth as a serious barrier to economic development (Whang 1981). The FP program, as a population control policy, was introduced in 1962. The objectives of the FP program were to reduce the total fertility rate and the population growth rate (Lee 2010). In 1961, South Korea's population grew by 3% each year. The goal was for this rate to drop to 2% by 1971. In

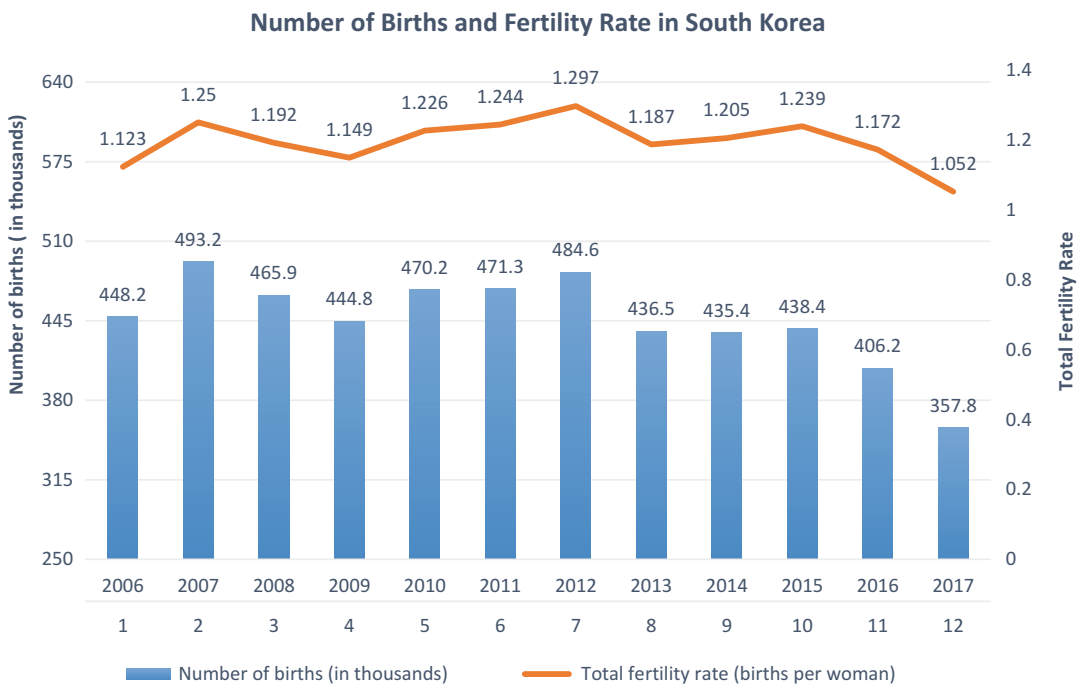


**Low Fertility in South Korea: Causes, Consequences, and Policy Responses, Fig. 1** Number of births and total fertility rate in South Korea. (Source: The National Statistical Office 2018a)

order to achieve the objectives, PPFK not only used medical countermeasures, such as oral contraceptives, condoms, vasectomies, and intrauterine devices, but also conducted an anti-natal campaign (e.g., "If you give birth recklessly, you will inevitably become a beggar" in the 1960s and "Raise well no more than two children without distinction of sex" in the 1970s) (Mahmoudi 2017, p. 42; Whang 1981, p. 37). The Korean government offered economic incentives to families participating in the FP program to heighten the effectiveness of the anti-natal policy. Due to the FP program, the total fertility rate dropped from 6.0 in 1960 to 4.53 by 1970 and 2.1 (a replacement level) by 1983 (Lee 2009; Mahmoudi 2017; Stephen 2012). The fertility rate in South Korea has not returned to the replacement level since 1983, 21 years after the FP program was introduced. Researchers argue that the beginning of the rapid reduction in fertility rates in South Korea is attributable to the FP program (Eun 2007; Lee 2009; Mahmoudi 2017; Stephen 2012).

## Demographic Factors

The age at which a woman first gets married corresponds strongly to fertility rates. In South Korea, the general trend has been for women to marry later. The female's age at first marriage (FAFM) in South Korea rose from 24.8 years in 1990 to 30.0 years in 2015 (The National Statistical Office 2018b). The rise in the female's age at first marriage can be largely attributed to increased rates of university enrollment and labor force participation by women (Lee 2009). The number of women who enrolled in universities increased from 50% in 1995 to 72.7% in 2017 (Lee 2009; Stephen 2012; The National Statistical Office 2018b). The employment rate of women aged 25–29 and 30–34 increased significantly from 53.7% in 2000 to 69.6% in 2017 and from 47.3% in 2000 to 61.0% in 2017, respectively (The National Statistical Office 2018b). The prolonging of the female's age at first marriage plays a vital role in lowering the fertility rate because it curtails the childbearing span and adverse maternal and perinatal outcomes, such as birth defects, infertility, perinatal mortality, and preterm delivery, are higher for women who give birth at older ages (Lee 2009; UN 2014) (Fig. 2).

The fertility rate of married women (marital fertility rate or MFR) in South Korea strongly influences its overall fertility rate. This is because the majority of childbirths in South Korea occur in marital relationships. Most age groups in South Korea show a downward trend in MFR. The MFR declined in all of the following age groups from 1981 to 2005 as follows: (a) married women ages 20–24 dropped from 440 per thousand in 1981 to 202 in 2005; (b) married women ages 25–29 dropped from 279 per thousand in 1981 to 231 in 2005; and (c) married women ages 30–34 dropped from 121 per thousand in 1981 to 108 in 2005 (Byun et al. 2010; Lee 2009). The decrease in MFR has been linked to more couples choosing

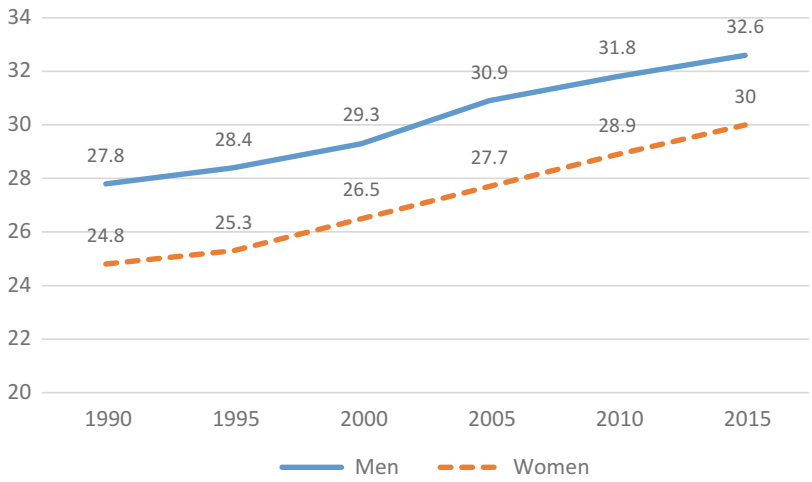


**Low Fertility in South Korea: Causes, Consequences, and Policy Responses, Fig. 2** Age at first marriage in South Korea. (Source: The National Statistical Office 2018b)

L

**Low Fertility in South Korea: Causes, Consequences, and Policy Responses, Table 1** The percentage of unmarried women

| | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| 25–29 | 9.7 | 11.8 | 14.1 | 18.4 | 22.1 | 29.6 | 40.1 | 59.1 | 69.3 | 77.3 |
| 30–34 | 1.4 | 2.1 | 2.7 | 4.2 | 4.3 | 6.7 | 10.7 | 19.0 | 29.1 | 37.5 |
| 35–39 | 0.4 | 0.7 | 1.0 | 1.6 | 2.4 | 3.3 | 4.3 | 7.6 | 12.6 | 19.2 |

Source: Korean Statistical Information Service (KOSIS) (2019)

to have fewer children and an increase in maternal age at first birth (Lee et al. 2015, 2016; Lee 2009).

The increase in the percentage of unmarried women in South Korea also contributes significantly to the country's low fertility rate. Marital fertility is a decisive factor in childbirth, as illustrated by the low proportion of births that occur in unmarried women (Lee et al. 2016). The majority of childbirths in South Korea occur in women ages 25–34. Table 1 shows a sharp increase in the percentage of unmarried women in this age group (25–34) over a span of 45 years. From 1970 to 2015, the percentage of unmarried women ages 25–29 and 30–34 increased from 9.7% to 77.3% and from 1.4% to 37.5%, respectively.

## Cultural Factors

A shift has also occurred in South Korean culture regarding the value and necessity of marriage. Multiple factors have contributed to this change, including increased economic development, urbanization, and individualism. Compared to their predecessors, the younger generation in South Korea has much greater flexibility in their life choices as a result of economic growth and increased opportunities for higher education. In the traditional society in South Korea, people considered marriage an important means of carrying on a family line, maintaining community order, and reproducing the next generation. However, the younger generation views marriage as a choice, not a necessity. Self-realization is preferable to a succession of the family line through marriage (Chang 1993). Researchers also argue that women are more inclined to avoid marriage as a result of a variety of socioeconomic pressures. Examples include concerns that marriage may (a) hinder a woman's career development and success, (b) increase household responsibilities for a working woman, (c) result in a higher economic burden especially if children are involved, and (d) decrease job security in women (Eun 2007; Korean Government 2011, 2016; Lee et al. 2006, 2015).

Another factor that influences low fertility in South Korea is the change in the value of children. Traditionally, South Korean people have considered children necessary because parents derived pleasure, pride, and love from having and rearing children. They depended on their children in retirement, and children played a role in providing family workforce and keeping the continuation of a family line. As individualism, the pursuit of their own happiness, and self-development has been prevalent among the current generation, people have taken actions that optimize their utility and well-being. Therefore, the subjectively perceived value of children has changed as the utility derived from children decreases, while the costs of childrearing and education increase. Previous studies have shown that the importance of having children tends to decrease among South Korean people due to constraints, such as the financial burden of childcare and lack of childbirth-/childcare-friendly environments (Lee et al. 2015, 2016). Researchers also argue that South Korean people's preference for a small number of children is linked to low fertility (Lee 2010; Lee et al. 2016).

Work-life imbalance decreases fertility level in South Korea. South Korea's fertility rate is also negatively affected by the rising number of women completing higher education and joining the workforce. However, because traditional values still place the burden of household duties and childcare primarily on the woman, women are more likely to abandon their careers or take time off because of marriage, pregnancy, childbirth, or

childcare needs. Furthermore, although women can reenter the labor market later, they suffer disadvantages in terms of promotions, salary increases, and job opportunities. Consequently, a growing number of women are choosing to delay childbirth as balancing work and housework/childcare becomes a challenge.

### Socioeconomic Factors

Economic factors have also played a significant role in contributing to the low fertility rate in South Korea. Because of increased unemployment rates and rising job insecurity, there has been a general trend among young people in South Korea to delay marriage and childbirth (Eun 2007; Lee 2009). Since the economic crisis of 1997, employment opportunities have diminished, with companies preferring to hire applicants with more work experience, additional skill sets, and foreign language skills. As a result, young people are spending more time and money (e.g., delaying graduation, going abroad for foreign language acquisition, completing internships, and acquiring additional certifications) competing for employment in a limited job market (Eun 2007). Despite such efforts, youth unemployment among people aged 15–29 years (see Fig. 3) has become a serious problem in South Korea. Researchers suggest that high unemployment among the young population, job insecurity (e.g., temporary positions), the sluggish economy, and low income are the primary reasons single men and women are choosing to delay marriage and childbirth (Lee 2010; Lee et al. 2006; Stephen 2012).

Researchers also argue that the rising rate of labor force participation among South Korean women has a negative correlation with the country's fertility rate (Lee et al. 2016). From 2000 to 2017, the employment rate of women aged 25–29 increased dramatically from 53.7% to 69.6%. Similarly, the employment rate of women aged 30–34 increased from 47.3% in 2000 to 61.0% in 2017 (Eun 2007; The National Statistical Office 2018b). The rapidly rising labor force participation rate among women is attributed to women's educational attainment, increased gender equality, women's growing advancement in society, and improved women's status (Lee et al. 2016).

The lack of childcare facilities and services in South Korea is another major contributor to its low fertility rate. Many couples are choosing to delay or avoid childbirth altogether because of this lack of support (Stephen 2012). Although the number of childcare facilities has increased over the last 10 years, it is still not enough to accommodate the demand for services. In addition, public childcare facilities are preferred over private facilities due to their lower cost and higher safety standards. However, public facilities account for only 7.8% of all childcare facilities in South Korea (Ministry of Health and Welfare 2017). There have also been some concerns regarding the quality and safety of childcare facilities, due to reports of abuse, poor meal service,



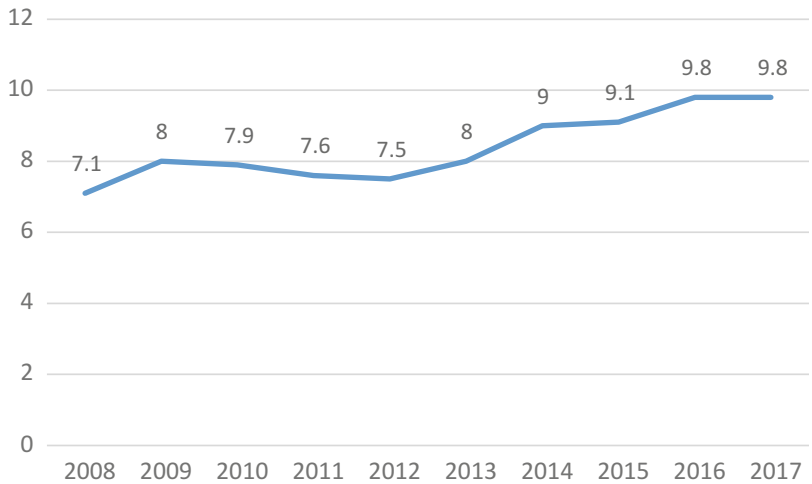


**Low Fertility in South Korea: Causes, Consequences, and Policy Responses, Fig. 3** Youth unemployment rate among people aged 15–29 years. (Source: Korean Statistical Information Service (KOSIS) (2019))

and unqualified caretakers. According to the 2015 National Survey on Fertility and Family Health and Welfare, a considerable number of parents reported not being satisfied with the quality of available childcare services and facilities (Lee et al. 2015).

The additional financial burden of raising a family contributes further to low fertility rates. Married women aged 20–39, with one child or less, have reported abandoning additional pregnancy plans due to high costs of housing, living, and raising children (Korean Government 2011, 2016). Especially, education costs for children in South Korea are a considerable burden for most parents. Korean society, with its Confucian roots, places a strong emphasis on education as the primary source of individual advancement, material success, and social status. The average cost of childhood education accounts for 14.6% of the total household expenditure. In addition, the monthly total cost of childrearing expenses averaged $1,200 per family in 2015, accounting for 56% of the total household expenditure. Specifically, the monthly total cost of childbearing expenses averaged $570 for families with one child, $1,130 for families with two children, and $1,345 for families with three children. In addition, it is estimated that the total cost of raising a child from birth up to college entry is more than $200,000 (Lee et al. 2015; Stephen 2012). Researchers argue that the rise in childcare and education costs, regardless of income level, is closely related to the low fertility rate in South Korea (Lee 2009; Stephen 2012).

## Consequences of Low Fertility

If low fertility continues in the future, several problems will occur. It is estimated that the total population will decrease, after peaking at 52.1 million in 2030, to 48.1 million in 2050 (Korean government 2016). It is also expected that the school-aged population will decrease from 9.9 million in 2010 to 4.6 million in 2050 (Ministry of Health and Welfare 2011). A decrease in the school-aged population will bring about various changes in education. The total enrollment quota is expected to exceed high school graduates since 2020, and the number of unfilled student vacancies at universities and colleges will be 218,000 in 2030 (Korean government 2016; Ministry of Health and Welfare 2011). As the number of unfilled student vacancies at universities and colleges increases, revenues of most universities and colleges will decline, and they have less budget for faculty, facilities, and curriculum. This could lead to decreasing research faculties and increasing adjunct faculties. By hiring more adjunct faculties and reducing investment, the quality of higher education will worsen. In addition, less competitive universities and colleges will be merged or closed.

Rapid demographical change into the aging society is one of the most serious consequences of low fertility in South Korea. Aging refers to a demographic phenomenon that is experiencing a rise in the proportion and the number of elderly people in a population due to declining fertility and increasing life expectancy. A society's aging rate is determined by the proportion of people aged 65 years or older in that population. A population meets criteria for an aging society when the aging rate reaches 7% or higher; aging rates of 14% or higher and 21% or higher define an aged society and a super-aged society, respectively. In 1960, people aged 65 years or older in South Korea equaled only 730,000. As that age group increased in size, South Korea became a so-called aging society in 2000 (3.39 million people with a 7.2% aging rate). Researchers expect that South Korea will cross the threshold into an aged society, with a 15.7% aging rate, by 2020 and into a super-aged society, with a 24.3% aging rate, by 2030 (Korean Government 2016). The pace of change from an aged society to a super-aged society for South Korea is faster than that of most other countries. In comparison to South Korea, which will become a super-aged society in another 10 years, other countries are aging at a much slower rate. France will require another 41 years, Germany another 40 years, Italy 19 years, and the United States 15 years before becoming super-aged societies (Eun 2007). It is estimated that South Korea will become one of the oldest countries in the world by 2060, with an

aging rate exceeding 40% (Korean Statistical Information Service 2019; Stephen 2012).

Low fertility, along with the increase in the aging population, has serious knock-on effects on individuals, families, and society in general. It is expected that significant labor shortage problems will occur in the near future. The working age population will decrease to 20.62 million by 2065 after peaking at 37.6 million in 2016. The working age population accounted for 73.4% of the total population in 2015, but the ratio will decrease to 47.9% by 2065 (The National Statistical Office 2016). In addition, the ratio of the working age population aged 15–24 and 25–49 among the total working population will decrease from 18.0% (6.73 million) in 2015 to 14.8% (3.05 million) by 2065 and from 52.8% (19.79 million) in 2015 to 49.3% (10.15 million) by 2015, respectively. Experts predict that the labor shortage resulting from a declining working-age population and low fertility rate will reach 1.52 million by 2020 (Korean Government 2011).

Another issue facing South Korea is its rapidly aging labor force, as fewer new workers are entering the labor market. It is estimated that the average working population age will increase from 40.3 in 2015 to 42.9 by 2030. As South Korea's labor force ages, more skilled workers enter retirement, and the working population shrinks, labor productivity is expected to decrease and have dire consequences on economic growth (Korean Government 2016). Experts predict that the growth rate of the South Korean economy could fall below 1% in the 2050s.

Under the assumption of a persistently low fertility rate, the decrease in South Korea's working population (i.e., those with high purchasing powers) and an increase in its elderly population (i.e., those with low purchasing powers) will have negative consequences on economic consumption and investment. Higher taxes paid by the working population and businesses may also lead to decreased consumption and investment, hampering economic growth in the long run. Declining domestic markets combined with labor shortage concerns and decreasing productivity raise the potential for a steady decline in economic growth (Korean Government 2011, 2016; Stephen 2012).

A decrease in fertility rates, combined with the sharp increase in the aging population, will increase the public pension cost. As the working population shrinks and more individuals enter retirement, government revenue also drops. In addition, the number of pension recipients will continue to increase, while the number of pension holders has decreased after peaking at 18.9 million in 2014 (Korean Government 2011; Stephen 2012). It is estimated that the National Pension System will be in the red by 2044 and consequently exhausted by 2060 (Korean Government 2016; Ministry of Health and Welfare 2011).

The rapid reduction in fertility rates along with the low economic growth will deteriorate the financial soundness of the Korean government. Government revenue is expected to drop, while public expenditure covering benefits for the elderly (e.g., healthcare and pensions) is expected to increase rapidly. In 2013, the proportion of GDP spent on social welfare and safety net programs was only 9.8%. However, as South Korea's aging population continues to grow and fertility rates remain low, this number is expected to exceed 25% of GDP by 2050 (Korean Government 2011, 2016; Stephen 2012). In addition, South Korea's government debt accounted for a moderate 35.9% of the country's gross domestic product (GDP) in 2014. Researchers prospect that the debt-to-GDP ratio will increase to 64.2% due to the increasing public spending and decreasing revenue due to low fertility and aging population (Korean Government 2016).

A growing elderly population also places significant economic and social burdens upon younger generations, who are expected to support and care for their elders. Not only is the population aging, but life expectancy is also longer. The current generation carries the extra financial burden of caring for their parents and grandparents, in addition to their children. As government expenditures increase to cover the cost of healthcare, pensions, and welfare programs for the increasing number of elderly individuals, the higher the tax burden on younger generations. Generational conflicts often add to the social burden of caring for the elderly and can be exacerbated by a high youth

unemployment rate, job insecurity, and rising housing costs.

## Policy Responses to Low Fertility

As low fertility and an aging population are perceived as serious problems that pose a threat to sustainable national development among the people and policymakers, "Basic Law on Fertility and Aging Society" was enacted in May 2005, and the "Low Fertility, Aging Society Committee" was established in September 2005 to address low fertility and aging population challenges at the national level (Ministry of Health and Welfare 2011, p. 32). The Korean government has implemented the Basic Plan every 5 years, in cooperation with local governments, the related central administrative agencies, and civilian experts, to respond to low fertility and aging population since 2006 (Korean Government 2011).

### The First Basic Plan for Low Fertility and Aged Society (2006–2010)

In 2006, the Korean government announced the implementation of a new policy, called "The First Basic Plan for Low Fertility and Aged Society" (Sareromaji Plan 2010), to address crucial problems in terms of low fertility and aging population. The First Basic Plan was divided into three areas: (1) creating a childbirth- and childcare-friendly environment, (2) laying the groundwork for improving living standards in an aging society, and (3) securing the growth engine for the future (Korean Government 2006, 2011, 2016; Ministry of Health and Welfare 2011).

To foster childbirth- and childcare-friendly environments, the Korean government established a variety of programs and incentive systems: (a) financial support for childcare and preschool education costs, (b) expanding the infrastructure of childcare facilities, (c) revising the tax system to be more favorable to families with multiple children, (d) giving working couples with children priority status at childcare facilities, (e) expanding after-school programs to reduce childcare costs, (f) increasing pay before and after maternity leave, (g) broadening eligibility for maternity leave and paternity leave, (h) granting the right to request flexible working hours, and (i) helping women return to work after childbirth (Eun 2007; Korean Government 2006, 2011; Lee 2009; Ministry of Health and Welfare 2011).

Part 2 of the First Basic Plan was aimed at improving living standards in an aging society, with specific goals to establish an elderly-friendly infrastructure, improve the quality of life of seniors, and reduce the burden of caring for the elderly. The policies and programs of this area included (a) improving the public pension system to increase income stability in the elderly, (b) invigorating public and private pension systems, (c) improving medical care and senior health management for a healthy life of the elderly people, (d) encouraging elderly participation in various cultural and leisure activities, (e) increasing qualified nursing care for the elderly, (f) providing senior-friendly transportation, (g) creating jobs for the elderly, and (h) providing affordable housing options for the elderly (Korean Government 2006, 2011; Ministry of Health and Welfare 2011).

The third area of the Plan was aimed at securing resources to support future social and economic growth in an aging society with a low fertility rate. The policies and programs of this area included (a) expanding opportunities to increase the employment of women and the elderly, (b) embracing expatriate and foreign labor forces in preparation for the shrinking working population, (c) strengthening the link between education and the labor market, (d) increasing job skills development and lifelong education systems, (e) building of new reverse mortgage payment plan, and (f) nurturing the growth and demand for senior-friendly industries (Korean Government 2006, 2011; Ministry of Health and Welfare 2011).

### Outcomes and Criticism to the First Plan

In order to respond to the low fertility and aging society, the First Plan was implemented. There are several policy implications of the First Plan. First, it was possible to establish the government-led response system to low fertility and aging population issues. Second, various laws and policies were enacted and revised to address both low fertility and the increase in the elderly population. Lastly,

the First Plan contributed to building public consensus about the seriousness of low fertility and aging population problems (Korean Government 2011, 2016; Ministry of Health and Welfare 2011).

However, there were several limitations of the First Plan. First, a sizable majority of people were not aware of government policies and programs in terms of low fertility and aging population. Second, the First Plan focused on particular areas (e.g., childcare support for parents with children and basic pension for elderly people) instead of implementing comprehensive policies that benefit a diverse population. Lastly, the effectiveness of the First Plan was limited because of the lack of the participation of the private sector (Korean Government 2011, 2016; Ministry of Health and Welfare 2011).

### The Second Basic Plan for Low Fertility and Aged Society (2011–2015)

The Korean government introduced The Second Basic Plan for Low Fertility and Aged Society to address the limitations of the First Basic Plan. The vision of the Second Basic Plan was to "become an energetic advanced country by successfully responding to aging society and low fertility" (Ministry of Health and Welfare 2011, p. 37). The Second Plan called for enhancement of policies in the same three areas: (a) creating a childbirth- and childcare-friendly environment, (b) laying the groundwork for improving quality of life in the elderly, and (c) securing and enhancing the foundation for future growth (Ministry of Health and Welfare 2011, p. 37). Two new goals of the Second Plan included (a) restoring the fertility rate gradually and establishing a response system to the aging society and (b) raising the fertility rate to the average OECD level and addressing issues of aging more effectively (Korean Government 2011).

The Second Plan further addressed the creation of childbirth- and childcare-friendly environments by focusing on policies, such as improving work-family balance; decreasing the burdens of marriage, childbirth, and childcare; and increasing sound environments for the care of children and adolescents (Korean Government 2011; Ministry of Health and Welfare 2011). Policy tasks of the second area, improving quality of life in an aging society, included developing a response system for aging baby boomers, establishing a stable and energetic postretirement system, and creating an elderly-friendly environment (Korean Government 2011; Ministry of Health and Welfare 2011). Policies of the Second Plan regarding the third key area, securing the growth engine and improving policies, focused on facilitating untapped human resources and improving their competitiveness, improving socioeconomic policies addressing an aging population, and promoting senior-friendly industries (Korean Government 2011; Ministry of Health and Welfare 2011).

### Outcomes and Criticism to the Second Plan

In order to achieve the vision and goals of the Second Plan, the Korean government set up 231 subprojects in these four key areas between 2011 and 2015, including (a) 95 projects supporting childbirth- and childcare-friendly environments, (b) 78 projects addressing quality of life in the elderly, and (c) 58 projects aimed at securing the growth engine and enhancing policies area by area. In addition, approximately 109.9 trillion won ($98.7 billion) was allocated for the budget of the Second Plan, which was three times higher than that of the First Plan (Korean Government 2016). Although the Second Plan allocated a huge budget and manpower and implemented various policies and programs to raise the fertility rate and address problems regarding the aging population, the total fertility rate had been below 1.3, and the speed of aging had not changed over 5 years (2011–2015) of the Second Plan (Korean Government 2016; The National Statistical Office 2016).

### The Third Basic Plan for Low Fertility and Aged Society (2016–2020)

The Third Basic Plan, called Bridge Plan 2020, adopted a new paradigm to seek solutions for an aging society with a low fertility rate. Despite spending 152.1 trillion won ($135.6 billion) over 10 years (2006–2015) to address this problem, the Korean government has been largely unsuccessful in resolving low fertility and aging population issues. South Korea continues to have one of the

lowest fertility rates in the world. In response to the policy failures of the First and Second Plans, which turned out to be too limited and short-sighted, the Third Basic Plan offers a more comprehensive and structured approach, with policies aimed at addressing population concerns for at least one generation (20–30 years). These include policies created to solve the fundamental social and structural problems of low fertility and aging, especially in the areas of employment, education, and housing. The budget for the Third Plan is set at 197.5 trillion won ($177.4 billion) between 2016 and 2020 (34.5 trillion won ($30.9 billion) in 2016, 37.3 trillion won ($33.5 billion) in 2017, 38.4 trillion won ($34.5 billion) in 2018, 42.5 trillion won ($38.1 billion) in 2019, and 44.5 trillion won ($39.9 billion) in 2020 (Korean Government 2016).

The vision of the Third Plan is to build a sustainable society that fosters happy and productive lives in every generation, from the very young to the very old. Policies of the Third Plan are aimed at successfully addressing delayed marriage, abandoned pregnancy plans, unsatisfactory childcare and education systems, and the imbalance between work and family life. Examples of specific policy points include (a) providing diverse youth employment opportunities, (b) offering housing loans with low interest rates, (c) creating a marriage-/childbirth-friendly environment, (d) expanding treatment options and support for infertile couples, (e) creating favorable conditions for childrearing, (f) increasing financial support for childcare costs, (g) educational reform to reduce private education expenses, and (h) creating a work-life balance atmosphere (Korean Government 2016).

## Conclusion

South Korea has experienced the challenge of low fertility since 1983, when its total fertility rate first dropped below replacement fertility levels. Although the Korean government attempts to stem and reverse this trend, South Korea continues to have one of the lowest fertility rates in the world. Demographic, economic, and sociocultural factors have contributed to this problem. More women are marrying later in life or choosing not to marry at all. Fertility rates among married women are also dropping as more couples choose not to have children and as the rate of women joining the workforce continues to rise. Additional economic factors that discourage childbirth include labor market insecurity, increased unemployment rates, and increased costs of childrearing, including education expenses. Sociocultural factors that further contribute to the low fertility rate include a lack of work-life balance, shifting value placements on marriage and children, and insufficient access to quality childcare facilities and services.

To address the challenge of an aging population with a low fertility rate, the Korean government developed the Basic Plan for Low Fertility and Aged Society (also called Saeromaji Plan). The First Plan (2006–2010) focused on creating childbirth- and childcare-friendly environments, laying the groundwork for improving living standards for the elderly, securing the growth engine in an aging society with low fertility, and increasing social awareness of the problem to create solutions. During the First Plan, 42.2 trillion won ($37.9 billion) was spent, and 237 projects were implemented. The Second Plan expanded on the three key areas of the First Plan, with an additional 109.9 trillion won ($98.7 billion) spent between 2011 and 2015. The Third Plan, called Bridge Plan 2020, adopted a new paradigm with a more comprehensive, structural, and macro approach. New policies have been implemented, emphasizing youth employment opportunities, social responsibility for pregnancy and childbirth, expansion of childcare services, educational reform, and improved work-family balance. The goal of the most recent Plan is to boost the total fertility rate up to 1.5 by 2020.

Although the Korean government has established a variety of policies and programs and allocated a generous budget to address the country's low fertility rate, the effectiveness of the pro-natal policies has only been marginal. Factors contributing to the fertility rate crisis are diverse and complex. A more comprehensive and far-reaching approach by the government is needed to reverse the problem. Successful policies should identify the fundamental causes of low

fertility, fully apprehend target needs, collaborate with the private sector to create solutions, and approach problems with a long-term view.

## Cross-References

▶ Population Policy, China
▶ Pronatal Responses to National Decline
▶ Retirement Crisis: Global

## References

Byun, Kim, Lee (2010) A study on changes in marriage patterns and their impact on the fertility. KIHASA, Sejong
Chang HS (1993) Modernisation and changing family structure in Korea. Doctoral dissertation, University of Sheffield
Eun KS (2007) Lowest-low fertility in the Republic of Korea: causes, consequences and policy responses. Asia-Pac Popul J 22(2):51–72
Korean Government (2006) The first basic planning for low fertility and aged society (2006–2010). Korean Government, Sejong
Korean Government (2011) The second basic planning for low fertility and aged society (2011–2015). Korean Government, Sejong
Korean Government (2016) The third basic planning for low fertility and aged society (2016–2020). Korean Government, Sejong
Korean Statistical Information Service (2019) Demographics and employment statistics. http://kosis.kr/statisticsList/statisticsListIndex.do?menuId=M_01_01&vwcd=MT_ZTITLE&parmTabId=M_01_01&parentId=B.1;B1.2;B1A.3;#B1A.3
Lee SS (2009) Low fertility and policy responses in Korea. Jpn J Popul 7(1):57–70
Lee SS (2010) Trends in low fertility and policy responses in Korea. Paper presented at EWC-KIHASA joint conference on the public responses to low fertility and aging society, Seoul, Korea, October 2010
Lee SS, Jung YS, Kim HK, Choi EY, Park SK, Cho NH, . . . Kang JH (2006) The 2005 national survey on marriage and fertility dynamics. KIHASA, Sejong
Lee SS, Park JS, Lee SY, Oh MA, Choi HJ, Song MY (2015) The 2015 national survey on fertility and family health and welfare. KIHASA, Sejong
Lee SS, Choi HJ, Gye BO, Kim KK, Kim DS, Seo MH, . . . Chun HS (2016) Paradigm shifts in family policy on changes in marriage and fertility behavior. KIHASA, Sejong
Mahmoudi KM (2017) Rapid decline of fertility rate in South Korea: causes and consequences. Open J Soc Sci 5(07):42–45
Ministry of Health and Welfare (2011) The current state of low fertility and aging population in Korea. MOHW, Sejong
Ministry of Health and Welfare (2017) 2017 childcare statistics. MOHW, Sejong
Stephen EH (2012) Bracing for low fertility and a larger elderly population in South Korea. On Korea 6:1–10
The National Statistical Office (2016) Population Projection: 2015–2065. KOSTAT, Sejong
The National Statistical Office (2018a) 2017 childbirth statistics. KOSTAT, Sejong
The National Statistical Office (2018b) 2018 statistical analysis of Korean women's lives. KOSTAT, Sejong
United Nations (2014) World fertility report 2013: fertility at the extremes. The Department of Economic and Social Affairs, New York
Whang IJ (1981) Korean national family planning program. East-West Resource Systems Institute, Hawaii

# Low-Income Housing Policy in the United States

Yanmei Li
School of Urban and Regional Planning, Florida Atlantic University, Boca Raton, FL, USA

L

## Synonyms

Affordable housing; Public housing; Social housing

## Definition

Low-income housing policies are those that focus on providing decent housing or housing assistance, regardless of renter- or owner-occupied housing, to low-income individuals or families who are not able to afford market-rate housing. Low-income housing policies vary in different countries and remain as one of the most challenging public policies.

## Introduction

Modern housing policies in the United States date back to the birth of contemporary urban planning,

roughly around the end of the nineteenth century and the beginning of the twentieth century. There were earlier attempts to reform the living conditions of the poor; however, the 1901 New York State Tenement House Act formally and officially improved the design of tenement buildings to make them more sanitary and environmentally healthier (e.g., by adding natural sun light to apartments and improving the sewage systems). In the late 1920s and early 1930s, during the New Deal Era, the Great Depression threw millions into financial trouble, and many faced the threat of losing their homes to mortgage foreclosures. The Housing Act of 1934 authorized the establishment of the FHA (Federal Housing Administration) to help pull homeowners out of the debt crisis. FHA guaranteed mortgages established strict underwriting standards in certain urban areas, which encouraged the practice of mortgage redlining where many low-income minority neighborhoods lost their credit access to secure a mortgage. Redlining deepened the racial and class segregation in the American residential landscape. Pockets of slums were deprived of reinvestment opportunities and experienced deteriorating conditions.

The 1949 Housing Act initiated an urban renewal movement, in the hopes of removing slums and ghettos to restore urban beauty as portrayed by many early urban planners, architects, and urban designers. While intentioned, the contradicting policies of providing public housing in the midst of urban renewal created slums instead of eradicating them (von Hoffman 2000). The 1954 Housing Act further defined slum prevention policies, in the hopes of curbing the formation of new slums, urban squatters, and ghettos. The urban renewal movement displaced many low-income minority enclaves yet did not solve the fundamental problems of urban poverty and its concentration.

During President Kennedy's and later President Johnson's term, the necessity to assist those in need for decent and sanitary housing was urgent. The "Great Society" program during President Johnson's administration was created to tackle the urban ills and problems. In 1965 the Department of Housing and Urban Development (HUD) was created to provide financial and technical assistance to individuals and communities in housing and community development. The creation of HUD signaled the inception of contemporary US low-income housing policies. Since the mid-1960s, various programs have been created, expired, or evolved (Schwartz 2015). Various legislations have enabled many housing programs for low- to moderate-income households to be successfully implemented. Some notable legislation is among the following: the 1968 Fair Housing Act, the 1975 Home Mortgage Disclosure Act (HMDA), and the 1977 Community Reinvestment Act (CRA). The Fair Housing Act makes housing discrimination illegal; HMDA does not allow for mortgage discrimination; and the CRA allows greater credit access in lower-income minority neighborhoods. All these legislations laid a solid foundation for the evolution of low-income housing policies in contemporary America. Financial assistance and tax incentives for providing low-income and affordable housing remain the policy priorities of the country.

## Supply-Side Policy

Supply-side policy was the earliest type of housing policies established and implemented in the United States. As the name indicates, supply-side policies emphasize using policies and programs to increase the supply of low-income housing stock. Some of the most notable supply-side housing policies are the project-based Section 8 rental assistance program, Section 8 housing rehabilitation program, mortgage or mortgage interest assistance programs (e.g., Section 236, Section 212(d)(3), and Section 515), public housing programs, and most recently the Low-Income Housing Tax Credit (LIHTC) program. Due to various issues, such as expiration of the contracts and the concentration of poverty, housing affordability was challenged, and the effectiveness of moving low-income people to higher-opportunity areas became questionable. Many of the supply-side programs expired and were not renewed. For example, except for the project-based Section 8 rental assistance program, all other Section 8 programs were reformed or eliminated. Most of the

mortgage or mortgage interest assistance programs, except Section 515, were also eliminated. Section 515 provides direct housing mortgage assistance to rural multi-family rental housing owners. The scope of these programs providing low-income housing stock is often limited, making them costly without yielding a large quantity of housing units.

In 1974, the creation of Community Development Block Grant (CDBG) replaced many of the supply-side housing assistance programs and gave local communities greater flexibility in managing the funds. However, CDBG provides much broader assistance beyond housing. This program is structured to be either supply-side assistance or demand-side assistance. Communities can use the funds for infrastructure or housing or a combination of both. The grant provides down payment assistance, home repair assistance, HVAC (heating, ventilation, and air conditioning) assistance, and housing assistance to people with special needs (such as the homeless, people with HIV/AIDS, people with disabilities, etc.). Another similar block grant program, the HOME Investment Partnership Program, focuses mostly on housing assistance. HOME is the largest federal block grant program exclusively designated to provide affordable housing for low-income individuals or households.

Public housing programs were another major set of supply-side programs in the United States. Public housing provides subsidized or free housing to individuals or families with very low or extremely low income (usually below 60% of the Area Median Income (AMI)). Public Housing Authorities (PHA) throughout the country provide management and oversight of the public housing stock. The challenges facing public housing in the United States are multifold. The first issue concerns poor management. At one time, the management was so chaotic that the Chicago Housing Authority was taken over by Congress. Gangs sprung up in the "projects," and high crime paralyzed social life and trust. Housing quality was in horrendous conditions and many of the units became uninhabitable. Another issue regarding public housing is concentrated poverty in public housing towers in large cities. The third issue concerns the lack of maintenance for older public housing stock. Some of the oldest housing projects were almost a century old, but lack of funding made it a daunting task to rehabilitate or repair those dilapidated housing units. In order to tackle all these issues, a new program, HOPE VI, was established in the early 1980s. HOPE VI no longer built concentrated public housing in a few limited places and reformed housing management. Many cities tore down old public housing stock; however, not every unit was later replaced. The reform in public housing, therefore, drastically reduced the public housing stock, leaving many homeless. The demolition and new construction of public housing displaced many former public housing residents, and only a small percentage returned to public housing after the new construction. During the Obama administration, the Choice Neighborhoods program, which focuses on housing, people, and neighborhoods and replaces or transforms distressed public or HUD-assisted housing to well-constructed and well-managed housing, requires a one unit to one unit replacement; however, the implementation of the program has proven difficult. Nowadays, the reform of the public housing programs remains a challenging issue.

The Tax Reform Act of 1986, which aims to simplify tax code and to reform tax incentives, established a landmark program – the Low-Income Housing Tax Credit (LIHTC) program. Since the inception of the program, LIHTC has created over two million low-income housing units. Now LIHTC is the largest program to help provide low-income housing units in the United States. The tax credit is allocated by state housing agencies, and usually at least 10% of the credit is required to be awarded to nonprofit organizations. The tax credit is allocated based on a formula, where the percentage of low-income units and whether the project is located in certain Qualified Census Tracts (QCT) (lower-income areas) or difficult to develop areas (high housing cost areas) play important roles in determining the amount of tax credit the developers may receive. The housing units were required to be affordable for at least 15 years, and the contracts may be renewed afterward. However, one issue is that once the affordable window lapses due to nonrenewal, loss of affordable housing units will become inevitable.

LIHTC provides a large amount of equity to the developers in building low-income housing units. The developers then sell the tax credits to the investors and use the funds in construction. During the boom years of the housing market, the tax credit was in strong demand. Many use it as tax shelters, and therefore the tax credit was oftentimes sold at a premium. However, during the recent housing downturn, the demand for the credit was drastically affected, and these tax credits were often sold at a deep discount. To date LIHTC is still very popular among developers of affordable housing. However, issues have arisen in the program. For example, fraud, especially the inflation of development costs of a project and the laundering of profit using shell companies, has been detected in a few metropolitan areas, such as in Florida's Miami-Dade County (PBS and NPR 2017). Another intrinsic issue of the program is the location of the projects. Many LIHTC projects are located in low-income minority distressed areas, due to incentives to build in Qualified Census Tracts, and community opposition. NIMBYism (Not in My Back Yard) has greatly hindered the goal of locating both the project-based and tenant-based assistance programs in higher-opportunity areas. Regardless of these self-limiting issues, LIHTC is still the most important program providing low-income and affordable housing in the United States. Some other supply-side policies were authorized and passed by Congress in response to the most recent foreclosure crisis. The Neighborhood Stabilization Program (NSP), which was authorized by the 2009 American Recovery and Reinvestment Act, was one of the most notable programs providing funding in acquisition, demolition, and rehabilitation of foreclosed housing units. Some of the NSP activities also include new construction of affordable housing units. Many nonprofit housing organizations, such as Community Land Trust (CLT), were able to use the funds to acquire affordable housing units and provide them to low- to moderate-income individuals or families with income below 120% AMI. With a large quantity of foreclosures during the "Great Recession," the scope of NSP in reversing the impact of foreclosed or vacant homes on neighborhoods is often limited. However, NSP has helped to alleviate some of the fiscal and financial burdens of local communities in disposing foreclosed or vacant homes.

## Demand-Side Policy

The largest and most important demand-side housing assistance program is the Section 8 Housing Choice Voucher program. This program replaced some of the former project-based Section 8 housing assistance programs. The purpose of the program is to improve flexibility and to deconcentrate poverty caused by the concentration of Section 8 projects in low-income distressed neighborhoods. The Section 8 Voucher program is often awarded using a lottery system to eligible applicants. The voucher program is administered by local housing authorities, which can opt to sign intergovernmental agreements to allow voucher holders to move between different jurisdictions. The program pays the difference between what a voucher holder can afford (usually not more than 30% of their income and may cover utility costs) and the asking rent. However, the asking rent must be within the limits of local Fair Market Rent (FMR) as determined by HUD. Fair Market Rent is usually determined based on the number of bedrooms. The asking rent is then compared to the FMR and the household size of the voucher holder. If the tenant (voucher holder) has to pay all the utilities, the asking rent may be requested to be lower by the Housing Authority.

Different from the project-based Section 8 housing assistance which is place specific, the Section 8 Housing Choice Voucher program enables the voucher holders to choose wherever they would like to live so long as the future landlords accept the vouchers. Unfortunately, many landlords hesitate to rent to the voucher holders due to fear of crime and vandalism of properties. However, most voucher holders are great tenants due to their fear of losing the vouchers. The chance of receiving a voucher is usually rather low with long waiting lists. Some voucher holders are not able to find a place which accepts vouchers, during the required time frame. They then lose the vouchers. The consequence of losing

the vouchers is usually devastating, particularly for single-parent families with multiple children.

In order to encourage finding housing in higher-opportunity areas, HUD initiated another program, called Moving to Opportunity, to provide counseling and other assistance in helping the voucher holders move to areas with more opportunities, such as better schools, more employment opportunities, and more amenities such as transportation, recreation, and grocery stores. However, research has indicated that few voucher holders have moved to higher-opportunity areas; for those who have, the opportunities are better, but still not high. Families with children and large households tend to move to higher-opportunity areas more than those with smaller households or senior households (Walter et al. 2015).

The Section 8 Voucher program awards more than two million vouchers currently and remains the largest demand-side low-income housing assistance program. Some other demand-side programs, such as housing assistance provided by CDBG and HOME, usually benefit a smaller number of individuals and families. These programs offer a range of housing assistance programs, such as homebuyer counseling, down payment assistance, home repair assistance, home HVAC assistance, mortgage reduction and forgiveness assistance, and first-time homebuyer assistance. Most of those programs target low- to moderate-income individuals and families. Some of the programs, such as the expired first-time homebuyer tax credit program, award those buying a home for the first time in 2008, 2009, and 2010. The income limits to qualify for the credit depends on in which year one purchased the home. The highest first-time homebuyer tax credit was $8000 or 10% of the home purchase price (whichever is smaller) and did not require repayment if the homebuyer live in the home as a primary residence for at least 3 years. The specific requirements differed in the years 2008, 2009, and 2010, and existing homeowners could also qualify for a smaller tax credit under certain terms and conditions. Many of the temporary housing assistance programs established during the American Recovery and Reinvestment Act of 2009 have phased out after the "Great Recession." However, they did play important roles in promoting recovery from the recession. Permanent housing assistance programs under CDBG, HOME Investment Partnership program, and others are still administered and implemented by state housing agencies or departments of development. The beneficiary of those programs is low- to moderate-income people, especially those in Appalachian areas, and those with special needs.

## Evaluation and Impact of the Low-Income Housing Policy

The positive impact of low-income housing policies and programs is that they provide low-income housing stock and help low-income individuals or households find decent housing to live in. The nature of the low profit of low-income housing makes it a public good. Therefore, the government has to assume its responsibilities to provide housing assistance. As mentioned earlier, financial assistance and tax incentives are the two major approaches in providing housing assistance. Over the years, all these programs have helped millions of low-income individuals and families to live in decent housing units. However, challenges remain. Long waiting lists for the Section 8 Voucher program, community opposition to low-income and affordable housing, loss of housing affordability once affordability requirements for units lapse or expire, loss of public housing stock, concentration of low-income housing in certain areas, and the rise of rents and housing prices in many metropolitan areas are some of the most prominent challenges facing the provision of low-income housing in the United States.

Increasing housing costs have made many households (nearly half of all households) cost burdened (Joint Center for Housing Studies of Harvard University 2017). These households pay more than 30% of their income in housing, and many low-income households, particularly renters, are severely burdened. For families with very limited disposable income, increased housing costs means a reduced budget for other necessities. Food, clothing, transportation, and medical expenses are often compromised due to an increased housing cost burden. Furthermore, the

private insurance system has driven up medical costs, and many are not able to afford medical or preventive care without coverage of health insurance. Losing income due to job losses or disability may drive these households into homelessness. Currently more than half a million people experience homeless on any given night in the United States, and there are more than 1.5 million homeless people using emergency shelter and food assistance services. Local shelters and food banks often are not sufficient to provide shelter and food to homeless population.

Another major issue is that financial- and tax incentive-based assistance has its limitations. During economic downturn and budget austerity, funding reduction may severely hinder the provision of low-income housing units and therefore not sufficient to offer housing assistance to families in dire need. Occasional fraud and abuse add another layer of uncertainty for many of the housing assistance programs.

Another issue may lie in the fragmentation of a housing policy at different administrative levels. The federal government usually provides financial assistance, which is administered by state and local governments. However, the lack of police power and legislative power of HUD makes it a mere funding administrator for offering financial and technical assistance to individuals and communities. Except for overall planning and zoning requirements, state governments usually do not intervene with local planning and zoning decisions. Therefore, except for the notable national programs in providing low-income housing units and housing assistance, state and local governments usually engage in very limited activities in providing low-income and affordable housing. Many local communities are reluctant to provide any affordable housing due to the fear of decreasing property values and school quality associated with the influx of lower-income residents. Therefore, creative approaches need to be taken to help provide low-income housing in areas with the strongest needs. For example, inclusionary zoning, where new developments are required to provide a certain percentage of affordable housing, has been practiced in many local municipalities. Allowing accessory dwelling units and micro homes are some other options that local communities can use to tackle the challenge of providing affordable housing.

## Cross-References

▶ Public Administration Theory
▶ Urban Policy

## References

Joint Center for Housing Studies of Harvard University (2017) The state of the nation's housing 2017. Retrieved from: http://www.Jchs.harvard.Edu/research/state_nations_housing

PBS (Public Broadcasting Service) and NPR (National Public Radio) (2017) Poverty, politics and profit. Aired on 9 May 2017, and 10 May 2017

Schwartz A (2015) Housing policy in the United States, 3rd edn. Taylor & Francis, New York City

Von Hoffman A (2000) A study in contradictions: the origins and legacy of the housing act of 1949. Hous Policy Debate 11(2):299–326

Walter RJ, Li Y, Atherwood S (2015) Moving to opportunity? An examination of housing choice vouchers on urban poverty deconcentration in South Florida. Hous Stud 30(7):1064–1091

# Lying

Seref G. Onder
University of Cincinnati, Cincinnati, OH, USA

## Synonyms

Administrative ethics; Administrative morality

## Introduction

Is it ever acceptable for a public official to lie or engage in deception? Is there a morally significant difference between lying and other behavior like misleading, deception, or evasion? These are some of the critical questions that scholars of ethics trying to answer for ages.

Lying in public sector is a serious problem for a society. Different cultures have different stories, songs, memes, and sayings which express how evil this behavior and how it can be harmful not only for individuals but also for the community. On the other hand, lying is one of the most common behaviors that we encounter almost every day in our private and public life. Lying in public sector has been one of the hottest topics discussed in political, legal, and moral philosophy. Reactions to public officials who tell lies or try to deceive people have varied from giving full support to disapproving the behavior as a whole. There is also another approach agreeing that there might be a room of tolerance for public officials to "not telling the truth" in some critical situations in order to maintain public good. In this essay, first the definition of lying will be discussed. Then, the morality of this behavior will be examined while sharing different approaches that support, reject, and conditionally tolerate the behavior of lying and misleading truth.

## Lying

Cohen (2008) notes that "lying is as old as speech" (p. 189). It is in the creation of the human and even animals, like birds, use deception as a tactic to deal with their enemies and rivals. Although lying, deception, and evasion are accepted as instinctive behavior and discussed widely in the literature of administrative ethic, there are no consensus about the definitions and righteousness of them. Thus, the discussions about lying, deception, or evasion are grouped in two main domains. One is the "conceptual" discussion which deals with the definitional aspect, and the other is the "normative" discussion which focuses on the value and morality of them (Carson 2010; Mahon 2008). Consistent with the problem of definition, the morality of lying, deception and evasion are controversial from different moral perspectives. Some scholars have no tolerance for lying (Kant 2007, 2011), while some others see no problem lying for the happiness of majority (Sandel 2010). Eventually, the question of morality for these activities has different answers from different angles.

Bok (1979) defines lie as an "intentionally deceptive message which is stated" (p. 13), and it can be any form like verbal, written, or nonverbal. Williams (2002) defines lying as "an assertion, the content of which the speaker believes to be false, which is made with the intention to deceive the hearer with respect to that content" (p. 98). Using Williams' definition, Mahon (2008) lists four necessary conditions of lying as (i) statement condition, (ii) untruthfulness condition, (iii) addressee condition, and (iv) intention to deceive addressee condition. Deception, on the other hand, is defined as "causing someone to believe what is false" (Mahon 2008). From this simplicity, Bok (1979) states that deception is a larger avenue which includes lying in it as a part. Evasion can also be seen as a type of deception which aims to mislead as it is seen in Sandel's assessments (Sandel 2010, p. 72). Adler (1997) on the other hand highlights the "intention" condition as a key factor of lying, while it is not necessary for a deception. Moreover, Adler argues, contrary to lying, intentional deceptions can aim "tact, politeness, excuses, reticence, avoidance, or evasion, which are ways to protect privacy, promote social harmony, and encourage interest" (Adler 1997, p. 435). He further notes that putting a makeup or wearing a wig is intentional deception; however, none of them is seen as morally problematic. Although the discussion about the differences of lying, deception, or evasion is so important to evaluate them, lines between these three behaviors could not be so strict. Therefore, the "bold-face lies" and "artful deception" (Sandel 2010, p. 73) will be used to represent two distinctive situations. The term of "bold-face lies" means as an ill-ended serious behavior which may hurt someone as a result and the "artful deception" which most likely cause no harm.

## Morality of Lying

As Cohen (2008) states, lying or deception is a natural behavior even a necessity to deal with the life-threatening situations. In here, the question of

"What is wrong about lying?" could be asked. Indeed, one line of argument justifies deception or even bold-face lies in public sector, if it serves for the purpose of public good. Moreover, as Churchill, in one of his well-known quotes, says "In wartime, truth is so precious that she should always be attended by a bodyguard of lies." From this quote, it can be assumed that war time is a condition for that justification (Cohen 2008, p. 190). Many philosophers like Niccolò Machiavelli, Max Weber, Jeremy Bentham, and Michael Walzer can be seen at the supporters' side, who accept lying and deceiving of public officials as moral – or immoral – but acceptable. This approach, also named as *teleological* approach (Calhoun 2004; Griffin 1989), has consequentialists characteristic. Bentham (2007), as a utilitarian, would see no moral problem in the public officials' lies, as long as they increase the happiness of the majority. Ramsay (2002), who labels Machiavelli as an "embryonic utilitarian," states that Machiavellianism requires that politicians must be consequentialist in their actions. According to this perspective, in order to secure the state and maintain public good, "the end justifies the means" doctrine can be internalized. Indeed, Walzer (1973) cites Machiavelli in his article and notes that "even when he – a public servant – lies and tortures, his hands will be clean, for he has done what he should do as best he can, standing alone in a moment of time, forced to choose" (p. 169). Weber (1946) talks about two types of ethics: one is "ethics of conviction" (Primoratz 2007, p. xiv) and the other "ethics of responsibility." He describes ethic of conviction as acting with the pure intention without considering consequences, while ethics of responsibility considers the consequences of action. Weber argues that ethics of conviction may not work in political life. Griffin (1989) names this situation as "dual morality" which describes two different moral worlds; "one for private life and one for political life" (p. 41). Thus, according to them, public officials can commit crimes and lie for the sake of state and power, as "tragic heroes" who may carry the burden of lying on their shoulders for the rest of his lives (Walzer 1973; Weber 1946). Last but not least, Walzer (2004) introduces a moral dilemma with the title of "dirty hands problem" which describes "a situation where political and military leaders may sometimes find themselves in situations where they cannot avoid acting immorally" (p. 46) like lying or killing.

This line of argument shared above and the reasoning provided represents the supporter's side. On the opposite side of the discussion, there is a line of rejection that does not accept lying or any misleading statements whether in public or private life, as they are absolutely immoral. This approach, named as *deontological* approach (Calhoun 2004; Griffin 1989), points out the "intention" side of the action to determine the morality. Augustine and Kant rejects lying and deception at the center of the action. For Augustine, "lying is always wrong, no matter what circumstances surround it" (Griffin 1989, p. 36). Immanuel Kant (1724–1804), one of the most influential philosophers who contributed the moral philosophy, highlights the human dignity and respect while discussing the morality against the utilitarianism which holds the principle of maximizing pleasure and the greatest good for the greatest number. His opposition to utilitarianism involves that the greatest happiness which gives many people pleasure does not make everything right and moral. In the same vein, any lie or deception which seeks happiness of majority will still be accepted as an immoral behavior from Kantian perspective (Sandel 2010, p. 59). Indeed, the ethics of conviction (or ultimate ends) approach that Weber explained perfectly matches with the Kant's deontological argument of "duty" which makes public officials moral or immoral individuals (Kant 2011).

Kant (2007), while responding to Benjamin Constant's critics in his article titled "On a Supposed Right to Lie," refuses lying in any situation no matter how serious the consequences would be and no matter how noble the reasons behind were. He describes lie as "merely an intentionally untruthful declaration to another man does not require the additional condition that it must do harm to another" (p. 200). As a result, lying is an action that lacks of moral worthiness, as telling the truth is a clear duty, even if the consequences are

seen so serious and detrimental. Even, in an extreme situation of a murderer who asks from a person whether he/she keeps the victim in his/her house or not. The logic behind this position is that if everybody tells a lie in such a situation, society will be evil as a whole that no one believes each other, since the principle of right will be damaged. Moreover, telling lie will be a certain violation of human dignity. Although Constant argues that people should tell the truth only to those who deserve it, from the other side, lying always will become a violation of the "principle of right" (Sandel 2010, p. 71).

Kant (2007) rejects the defense which assumes the lying as a duty in the case of saving one's life. He develops the murderer example by comparing responsibly of the harm caused by truthful statement versus responsibility of the harm caused by a lie. Kant argues that contrary to what is believed that lying will save the victims life, it can cause harm if the victim left from the back door and came across the murderer when he/she continued to look for him/her outside. In that case, Kant claims that the person who tells lie will be the responsible one for the result. For him, even in the situation that the lie does not harm anyone, it is still immoral as it hurts general humanity and the principle of right. "To be truthful (honest) in all declarations is, therefore, a sacred and unconditionally commanding law of reason that admits of no expediency whatsoever" (Kant 2007, p. 200).

Indeed, Kant's argument about human dignity and principle of right is quite persuasive that if everybody tells lie in such a dire situation, there will be no value of right. However, the "clever evasion" that Kant played against the King Friedrich Wilhelm II is opening another discussion which provides a useful tool for not lying. In short, King Wilhelm requests from Kant not to write about religion, Kant accepts King's request with a carefully selected words "As your Majesty's faithful subject, I shall in the future completely desist from all public lectures or papers concerning religion," while he is predicting that King will not live long. After King's death in a couple of years, Kant starts again his writing and lectures about religious by defending himself as he was not lying as the pledge he used was only valid during the King's life. Considering Kant's artful deception, Sandel (2010) develops the murderer example and offers a wise solution for not to tell lie. In a dire situation which you are hiding one of your friends from a killer, instead of helping murderer by telling the truth for the sake of morality, people can tell another truth which allows us to refrain from lying. Like the example of Clinton given by Sandel, the president's response to drug experience question in presidential campaign has no lie but party misleading. "I had never broken the antidrug laws of this country or state," although he tried a pot in England while he was a student in the late 1960s (2010, pp. 71–72). Cohen (2008) names this misleading impression as being economical with the truth (p. 190).

Sandel (2005) uses another Clinton's deception (Monica Lewinsky) as an example to express his position about the private and public life difference from moral perspective. According to him, preference of not telling the truth about a private misconduct can be more justifiable, when it is compared with the issues related to public. Sander also shares Johnson's intention of concealment about Vietnam War and Roosevelt's denial about World War II involvement in his assessments (109).

Lie is harmful, and when it becomes the characteristic of the relationships, it will definitely not only works for its reasoning (even noble or simple) but also destroy the social life. However, for the case of deception, ways of finding the truth can be found with additional questions and critical thinking. This is how the lawyer use deception for their goods and how they deal with the others' deceptive tactic (Sandel 2010, p. 73).

This part of the moral debate is providing the "room of tolerance" in lying and deceiving in public sector. Bok (1979) is offering a moderate way in her seminal book which seems quite similar to "artful dodge" (p. 72) that Sandel (2010) mentioned. Her examination involves both strong and weak sides of teleological and deontological approach. She asks the same question how acceptable lying and deceiving people. She sees "white lies" and unintentional deceptions which emerge unexpectedly more innocent than the bold-face

lies like public officials use occasionally with all due respect for the public good.

Bok (1979), by accepting white lies in some degree, offers a couple of security walls for lying in order to make it difficult for people to use lying as a tool. "Principle of veracity" is one of these walls which tells without a plausible explanation everybody has to refrain from lying and prefer truthful statements (p. 32). The second wall is "need of publicity" to justify the lie which might be quite difficult, when we consider public officials who find them in a position (like President Clinton) situation of defending (p. 96). Bok's security walls are drawing limits for public official that shows how far they can go. Furthermore, her principles are giving the answer of when and for what purposes public official can tell lie or deceive. Even for the situation of telling lie for the public good, public officials have to have permissible reasons. If they cannot provide those explanations, like Bok's suggestion, they should prefer truth (Bok 1979).

The other consideration comes from "white lies" and individual rights argument. Bok (1979) providing some examples with the doctor-patient relationship, emergencies, and innocent situations in her book. Although most of the religions accept lying as one of the biggest sins, a level of justification is given for "white lies" which have peaceful purposes. In Islam, for example, Muslims are allowed to use white lies: (i) when they are in a danger, (ii) when they want to restore husband-wife relationships, and (iii) when they are assigned as a peacemaker between two groups. Talmud also allows its believers to lie in three situations: "involving knowledge," a researcher can hide his knowledge whenever he/she needs; "hospitality," a person can lie in order not to make the home owner unhappy; and "sex," a partner can avoid telling truth when asked about performance of his conjugal duties (Sandel 2005, p. 110). One last assessment can be highlighted here by citing Sandel's Clinton example. He uses "sex" exception to provide a defensible argument for president's deception. According to him, Clinton has the right of deceiving or even lying as the issue is related to an individual right. Therefore, it can be argued here, when individual rights are the subject of the issue and there is no harm from not telling truth, that public official might prefer hiding the reality from others.

## Conclusion

The question of morality and possible moral differences between a lie and a misleading or evasive truth is facing with its first challenge at the definition phase. The literature falls short to provide clear lines among lying, deception, and evasion. As Mahon (2008), Adler (1997), and Bok (1979) deal with the definition of these behaviors, many factors are on the stage which may affect the concept and meaning of these terms. Using "not telling truth" as a term instead of lying or deception might provide a better picture. Beyond the definition discussion, there is an old prevailing debate in the moral philosophy which seeks the answer of "what is right and wrong" and "what is the right thing to do" to decide the morality of lie, deception, and evasion. There is a grounding to support, reject, and partly accept the lying and/or deception in the public sector. These approaches can be summarized as teleological, deontological, and middle-way approaches.

## Cross-References


- ▶ Ethical Leaders
- ▶ Ethics and Duty
- ▶ Kantian Ethics
- ▶ Utilitarianism


## References


Adler JE (1997) Lying, deceiving, or falsely implicating. J Philos 94(9):435–452. https://doi.org/10.2307/2564617

Bentham J (2007) Principles of morals and legislation. In: Sandel MJ (ed) Justice: a reader. Oxford University Press, Oxford, pp 9–14

Bok S (1979) Lying moral choice in public and private life. Vintage Books, New York

Calhoun L (2004) The problem of "dirty hands" and corrupt leadership. Independent Rev 8(3):363–385

Carson TL (2010) Lying and deception: theory and practice. Oxford University Press, Oxford
Cohen M (2008) 101 ethical dilemmas. Routledge/Taylor & Francis, London
Griffin L (1989) The problem of dirty hands. J Relig Ethics 17(1):31–61. https://doi.org/10.2307/40017779
Kant I (2007) On a supposed right to lie because of philanthropic concerns. In: Sandel MJ (ed) Justice: a reader, 1st edn. Oxford University Press, Oxford
Kant I (2011) In: Timmermann J (ed) Groundwork of the metaphysics of morals: a German-English edition. Cambridge University Press, Cambridge
Mahon JE (2008) The definition of lying and deception. In: The Stanford encyclopedia of philosophy (Fall 2008 Edition.). Retrieved from http://www.science.uva.nl/~seop/entries/lying-definition/
Primoratz I (2007) Politics and morality. Palgrave MacMillan, Basingstoke
Ramsay M (2002) Machiavelli (1469–1527). In: Edwards A, Townshend J (eds) Interpreting modern political philosophy: from Machiavelli to Marx [...] [. . .]. Palgrave MacMillan, Basingstoke
Sandel MJ (2005) Public philosophy: essays on morality in politics. Harvard University Press, Cambridge, MA
Sandel MJ (2010) Justice: what's the right thing to do? (Reprint.). Farrar, Straus and Giroux, New York
Walzer M (1973) Political action: the problem of dirty hands. Philos Public Aff 2(2):160–180
Walzer M (2004) Emergency ethics. In: Arguing about war. Yale University Press, New Haven/London, pp 33–50
Weber M (1946) Politics as a vocation (trans: Gerth HH, Mills CW). From Max Weber: essays in sociology. Oxford University Press, New York
Williams B (2002) Truth & truthfulness: an essay in genealogy. Princeton University Press, Princeton

# M

## Management Innovation and Power Sector Governance in Nigeria

Johnpaul Chukwujindu Onele[1], Ikechukwu Ogeze Ukeje[1], Raphael Abumchukwu Ekwunife[2], Sunday Odo Nwangbo[1], Collins Moses Igwe[3] and Ernest N. Ejem[1]
[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria
[2]Department of Mass Communication, Evangel University Akaeze, Abakaliki, Nigeria
[3]Department of Public Administration, Federal University, Oye, Nigeria

### Synonyms

Cogovernance; Comanagement; Creative management; Decentralized management; Dynamic management; Innovative management; Neo management

### Definition

Management Innovation: A creatively dynamic approach to leading and ordering an organizational setting; a critical shift from the normal and formal management environment to a new and promising one; new idea in management theory and practice; exploring new alternatives in public service delivery.

Power Sector Governance: Mutual management of the power sector by both the state agency and the power users; decentralized power management model involving the citizenry; building linkage between public and private management of the power sector; people-focused approached and management perspective drawn from their user-experience(s).

> First of all, worldwide trends toward democratisation have opened the door to citizen demands for a more active say in the "what and how" of governance. (Brinkerhoff 2000, p. 239)

### Introduction

In recent times, there has been growing concern about administrative reforms, inclusive representation, and social accountability in Nigeria-Africa as a way of engendering efficiency, effectiveness, and a sound-administrative governance nexus through enhanced citizens participation, transparency, and openness in a democracy (Idike et al. 2019; Ukeje et al. 2020a; Ndukwe et al. 2021). Given that the "citizens are no longer tolerant of abuses of public trust and of the malfeasance of the past; they expect accountability and transparency" (Brinkerhoff 2000, p. 239). According to Farazmand et al. (2019, p. 10), citing Farazmand (2017), globalization has made the citizen-

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

government relationship more bilateral, changing the status of citizens from a "captive audience" of the local public administration to active "citizens." In Nigeria for example, this scenario has led to "endsars" and "end bad governance" protests including breaking into government warehouses to reclaim palliatives supposedly meant for citizens but being hoarded by the leadership for no tangible reason. Importantly, the citizens in a democratic state represent the epicenter in the attainment of sustainable development goals and targets by 2030 (Chukwuemeka et al. 2020; Idike et al. 2020b) and a critical element in the entire governance process (Ukeje et al. 2020b). According to Idike et al. (2020):

> The purpose of government and governance everywhere in the world in human societies is to meet and provide for the basic needs of citizens, as well as to manage the collective affairs of society in a manner that enhances the welfare of the citizens and promote sustainable and progressive development in the state. (p. 1)

However, the management of PEs in most African countries has been influenced by some political underpinnings and other environmental factors which in turn had slammed on the managerial efficiency and effectiveness of the public enterprises (Okpata 2004, p. 175). This has great implications not only on the management of PEs but also in the overall attainment of reliable and citizen-centered Power Sector Governance (PSG) and sustainability in developing countries. According to Okpata, Nigerians, having imbibed a wrong cultural value of exploiting public offices for personal gains, perceive a successful bureaucrat on the basis of wealth indices; thus, the wealth a public officer possesses becomes a measure of his managerial success, rather than his achievement of organizational set objectives (Drucker 1967). Gradual deterioration of the Nigerian bureaucracy in terms of service delivery has necessitated a historical review of reforms with a view to proffering a conceptual solution (Ukeje et al. 2019, p. 4).

This cultural value of looting public treasury informs the nature of the influences of politics on the management of Nigerian public enterprises since the 1980s, thereby giving rise to a kind of policy reform for enhanced service delivery. This policy decision was also informed by the frequent inability of these enterprises to generate the expected surplus, hence the need for alternatives to improve on the general performance, after several administrative reforms and institution of probes and inquiries into the management performance of our public enterprises failed to reposition the sector on the side of higher performance and citizens satisfaction.

This agrees with the position that "public sector governance issues, challenges, public service delivery, and outcomes for communities and societies are very central and critical to the study of management in Nigeria especially in an era of heightened corruption and mismanagement" (Ndukwe et al. 2021, p. 1); hence, the need for a management innovation – a kind of management shift and dynamics in the entire service delivery processes. Since there has been a relentless search for most adequate service provisioning mode that will induce accountability and efficiency in Nigeria public institutions (Idike et al. 2020a), studies on public accountability, corruption, and anti-corruption efforts have insufficiently dealt with coordination and control of related reforms in public organizations (Onyango 2018, p. 4). For instance in the words of Ezeani (2006, p. 225): power supply in Nigeria is unreliable; consequently, most PEs rely on standby generators which cost much to purchase and maintain.

Lending his voice, Ukeje et al. (2021) assert that:

> The privatisation of public enterprises in Nigeria was simply the personalisation or commoditisation of these outlets. The political elite sold the structures to themselves and used them as a patronage extensions. The patron-client network was built overtime and maintained. Appointments into the service delivery outlets were based on "Ima mmadu" (whom you know) that is, connection.

Thus, a sense of urgency to address electric power failure in Nigeria has always greeted many elected officers. This is revealed in concerted efforts they tend to exhibit at the inception of their administrations. However, till date, Nigeria still experienced epileptic power supply. Again, even before he was elected in 2015, President Muhammadu Buhari made campaign promise to resolve the

power sector quagmire. In his New Year message to Nigerian, Buhari (2020) asserts:

> Power has been a problem for a generation. We know we need to pick up the pace of progress. We have solutions to help separate parts of the value chain to work better together. In the past few months, we have engaged extensively with stakeholders to develop a series of comprehensive solutions to improve the reliability and availability of electricity across the country. The solutions include ensuring fiscal accountability for the sector, increasing both government and private sector investments in the power transmission and distribution segments, improving payment transparency through the deployment of smart meters and ensuring regulatory actions maximize service delivery.

Campaign promise on revamping the power sector has been one of the winning points of many Nigerian presidential candidates. Needlessly to say, campaign strategy of capitalizing on solving perceived "wicked problems" in Nigeria is a tradition and culture of Nigerian politicians. Though with little or no concern about their capabilities, they indulge in "big" promises but divulge in real actions. Power failure is a type of "wicked problem" in Nigeria. "Wicked problems" in Nigeria are those problems that Nigerians know how to solve but cannot solve them. This area too needs serious research attention. Electric power is the lifeline of economic development and socioeconomic wellbeing of world families. Electric energy demands occupy the top place of global priority. Accordingly, it is the most desirable and most used form of energy (Oyedepo 2012). It constitutes huge capital expenditure in Nigeria, where its persistent failure raises a question mark and instigates the tendency to probe electric power funding.

In this article, we are making a case for integrating the people into the production and management dynamics of the electric energy, which agrees with the concept of cogovernance, coproduction, and comanagement as sustainable solutions to the energy problem in Nigeria power sector. Apart from obvious problems of understaffing and poor conditions of service, a major problem of the energy sector is the disconnect between the energy management system and the citizenry. Good service management rather than privatization is required to make a public service organization more efficient and effectively outward-oriented (Gronroos 2018, p. 1). However, this state of disconnect in the energy management sector is compounded by the capture of the energy regime by comprador bourgeoisies referred to as "witches and demons" (borrowing the metaphor of former Minister for Power, the entrenched interest of these powerful few has led to the formation of energy regime mafia-empire that is pitched against poor Nigerian majority).

Drawing from a hypothetical principal/agent conceptual model in a recent study on "Politics of Patrimonialism, Influence of Principal/Agent Relationships on Discretionary Powers of Street-Level Bureaucrats in Nigeria," published in Global Encyclopedia of Public Administration, Public Policy, and Governance (see Ukeje et al. 2021), the elite stakeholders in the power sector through their networks employ incompetent workers who eventually exhibit their incompetency at the frontline which results into service failure. This entry further argues that the third-force alternative – which serves as a form of management shift and cogovernance dynamics – can help to bridge the gap between the citizens and the EEDC through its feedback mechanism and comanagement roles in the power sector. Therefore, we learn from the existing model of sound governance (Farazmand 2004, 2017), to construct a policy pathway for arresting erratic energy situations in Nigeria. Sound governance aims at identifying best ways to ensure citizens' productive participation (Farazmand 2004). We advocate for a power management innovation model that will give citizens a sense of ownership and collective responsibility to ensure energy sustainability.

Innovative management model entails creating a third layer citizens' service management system, interfaced with the mainstream service provision management channel. Existing frameworks in Nigerian public service delivery processes have failed due to lack of government-driven efforts to engender efficient and timely service delivery (Idike et al. 2019; Ukeje et al. 2020a) due to the fact that scholarly "literature on bureaucratization and service delivery, particularly the Nigerian bureaucracy, has not done much to seriously

conceive bureaucratization as action taken toward increased controls and adherence to rigid procedures in ensuring citizens' satisfaction" (Ukeje et al. 2019, p. 2). The theoretical model we are proposing is an independent citizen's initiative and establishment; a kind of citizen's centric service charter and social accountability platform in the power sector. The data we gathered from the citizens show that they are more comfortable with citizen-centric institutional initiatives rather than one mid-wifed and sponsored by the government. The reason is that they have full control of this kind of establishment and can be objective, rejecting, or accepting any proposal presented to them without fear or favor. With this kind of citizen-oriented formidable force, interaction with government agencies will normally be on a neutral or leveled ground. Ultimately, the result is a collaborative management effort between the government and its citizens.

## The Nigerian Power and SDGs 17

According to the UN General Assembly (2015), sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Table 1).

Meeting energy needs of Nigerians should occupy a central place in government policies. Energy supply is a necessity in order to achieve socioeconomic development (Okafor 2008). World over, electricity is a top agenda and draws the most popular attention among both developed and developing states (Olugbenga et al. 2013). Nigerian manufacturers have consistently identified poor power supply as the most important constraint to their business (Akinbami and Momodu 2012). Despite several efforts at ameliorating the challenge, indications are that solution to the current situation is missing. This awareness gave us an impetus to seek and then to present an innovative idea on how to solve the problem. Evaluation of management performance of the power sector would have gone a long way to show which area in the production, distribution, and delivery system that needed attention. However, lack of this database is one of the challenges that the system is facing. Performance management is concerned with how performance information can be used in making future decisions (Kline and Aristigueta 2017). As noted earlier, we propose a decentralized management system that will integrate citizen into the power management system through a citizen-led alternative management initiative. The emergence of new scholarly thought on Dynamic Performance Management (DPM) was inspired by the need to address "wicked problems," which demands detailed and time-specific performance tools (Kline and Aristigueta 2017). Addressing "wicked problems" in Nigeria demands dynamic management tools that involve the people who are the ultimate product users.

**Management Innovation and Power Sector Governance in Nigeria, Table 1** Overview of sustainable development goal 7 targets

| Goal 7: "Ensure access to affordable, reliable, sustainable, and modern energy for all" |
|---|
| 7.1 by 2030, ensure universal access to affordable, reliable, and modern energy services |
| 7.2 increase substantially the share of renewable energy in the global energy mix |
| 7.3 double the global rate of improvement in energy efficiency |
| 7.a by 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology |
| 7.b by 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing states, and land-locked developing countries, in accordance with their respective programs of support |

Source: UN General Assembly (2015, p. 19)

## Coproduction, Comanagement, and Sound Governance

Coproduction can be defined as a practice in the delivery of public services in which citizens are involved in the creating of public policies and services. It emerged emphasizing the relegated important roles clients could play in improved outcomes of service design and delivery (Puolokainen and Jaansoo 2018). This is also an outgrowth of concern for government and citizens interactions as opposed to the previous management systems. The historical trajectory of management evolution recognizes that there had existed management styles and systems that outlived their relevance. Old Public Administration characterized by centralized management system and rigid administrative structures saw government as an almighty producer and dispenser of public goods and services. This outrageous confidence was humbled by the stress and strain on government resources occasioned by their sole production and distribution of economic and social goods and services. Also, the end-users lamented the inefficiency of the system to meet their needs, monopolistic nature, and limitations of choices. The government was pressurized into relieving their burden to the private and engaging them in service provision. This was captured under the nomenclature of New Public Management. However, because profit maximization (Powell 2016) and less concern for social welfare are the core features of this production and service delivery system, the citizens were still dissatisfied. New Public Governance emerged amid the need for coherence and coordination in service delivery system (Puolokainen and Jaansoo 2018). There was still dissatisfaction among the people calling for the need to engage the people directly in the management dynamics, hence, coproduction and comanagement.

Be that as it may, this management model can also fail if sound governance principles are not considered in its design and practice. Sound governance has been propounded as an alternative model to good governance. Sound governance relies on citizens' engagement, citizens' participation in various forms, institutionally and politically (Farazmand 2017). Thus, Farazmand (2004, p. 19) noted:

> Innovation is key to sound governance, and innovation in policy and administration is central to sound governance. Without policy and administrative innovations, governance falls into decay and ineffectiveness, loses capacity to govern, and becomes a target of criticism and failure. Sound governance therefore demands continuous innovation. . .

Knowing that the laboratory of innovation is the society, a platform for harnessing and tapping it is a society invented production space under their complete control and governance. That is, the alternative dynamic management initiative of the citizenry, which we propose, that will serve as an organized interface between the state and the citizen. The medium will permit innovation, policy design, and management style harmonization for better impact. It will also help the government to reconcile citizens' grievances and understand their dissatisfaction. Studies have shown that various reforms in Nigerian electric energy sector have failed to achieve their intended objects (Ohajianya et al. 2014). One of the reasons given for this is unfettered corruption (Okafor 2008). Others have cited inefficient management system (Oyedepo 2012) while yet others identify lack of political will and vested interests as the cause of policy reform failures (Ohajianya et al. 2014). So far, no study has examined the dimension of co-production buoyed by sound governance principles in search for solutions to perennial power failures in Nigeria.

Comanagement of public institutions is an arrangement where citizens induce changes in public policy or organizations and are themselves required to act in a certain manner to complement the change or reform they induced. A continuous process of supportive interaction between government agencies, "the third sector and the community" (Pestoff 1992).

In the Nigeria Power sector, meterage was introduced as a way of ensuring accountable power use by citizens that is commensurate with the price they pay. The present variant is the prepaid type where prepaid meters are installed for distribution companies' (DCs) customers who

are allowed to purchase vouchers from the service companies recharge and use them as they desire. This immunes them from possible exploitation by the service companies, and at the same time compel them to adopt voluntary conservatory use of power resource in their homes.

This study found that those who have prepaid meters ration their power resource to specific appliances needed for time. For example, some switch off their television and stereo set when refrigerator is powered on or choose which light bulb to power depending on what is needed. Some switch off entire lights while going to bed and finally, people who have prepaid meters choose to use "energy-saving bulbs." These are uncommon practices: a depart from the pervasive culture of waste and mismanagement among many Nigerians. For example, in the course of fieldwork, this study found that consumers on bulk billing option are randomly given monthly bills (estimated billing system). This category does not have the conservatory culture of those with prepaid meters. It is believed widely that metering will help to curb wastage of generated power, reduce inefficiency, engender constant power supply (since DCs' net returns would depend on power availability and use by customers); and mitigate corruption in the entire process. Surprisingly, the DCs have been dragging their feet to fully implement the policy despite government white paper and order to do so. The challenge of meter installations has even been debated by the Nigerian Senate and a position declared. Till date, it remains curious why the policy is yet to be consummated. Only a few who have the wherewithal to demand for meters and beat the deliberate bureaucratic obstacles to getting the meters have them today. This is despite the glaring gains of the prepaid meter innovation.

One challenge identified to be facing the prepaid meter policy is the activities of "comprodo bourgeoisies" (the witches and demons). Most of these "powerful individuals," businessmen and politicians command enormous influence in the circle of power due to their "contributions in forming the government" and have understandably become "sacred cows" immune to government reforms and punitive force. In such a situation, government nationally becomes weak and idealistic. Although this is neither peculiar to Nigeria nor third world governments, there is a marked difference in the resource power and motivation of government between the two worlds due ostensibly to the level of citizens' expectation and participation.

It is a citizen-based public accountability mechanism which allows citizens to hold their government accountable, demand performance of contract, seek compensation for injuries, and mitigate abuses of public privileges. Where citizens' expectations are high, public accountability is also high, and progress in public agencies is raised as well. This is especially useful for developing democracies where semblance of authoritarianism still persists leading to personalization of state apparatus. There is however the need to develop an instrument for measuring it vis-à-vis courses that raise and encourage or undermine it.

## Citizens Expectations and Probono Community-Led Management Initiative Experience

As stated earlier on, many theories have been adduced to explain the power sector malaise in Nigeria. One being the Mafia theory referred to as "witches and demons," a sort of conspiracy theory as noted by the then Minister of Power in Nigeria. Presently, there exists a pseudo-partnership between EEDC and its customers. There is what is now an informal organization or arrangement called Community Electricity Management Committee; a citizen/customers platform responsible for the collection of utility rates (charges) from power users on monthly basis and remitting the same to power distribution companies. This structure as noted earlier is informal and mainly exists in communities where the buck-billing system is being used. It has no statutory responsibilities and has no enforcement obligations in so far as EEDC is concerned. That is, it does not contribute to decision-making in the company. Yet, its revenue drive activities hardly exclude it as a veritable management layer of the organization.

In the course of this research, the committee was found to play critical coproduction roles such as replacement of damaged transformers, repair of dilapidated low and high tension lines, fault reporting, revenue collection and remittance, disciplinary enforcement through informal mechanisms and networks, but not on the company or its staff; and security of power infrastructure.

But it was also observed that these committees did not have a sense of direction in terms of what they want and how to get them either from the companies or government. For example, committee members reported that they do experience service failure many times, often with no explanation or notice from the DC, and that they lacked capacity to deal with the problem. In fact, a respondent said:

> We had no power supply for over 8 months now. About three months ago, we started effort to repair our damaged transformer which they refused to replace. Before we began to try to repair the transformer through freewill donations from people in the village, we had gone to EEDC for over 3 months just to get them to repair it. They kept telling us that they were bringing new transformer for us from Lagos that we should be patient. Having stayed for about four months and nothing happened, we decided to try politicians. Eventually, we got a development center coordinator, who donated refurbished transformer to us. This blew up immediately it was energized. Frustrated, we decided to contribute money to repair our own. The first attempt failed and we were forced to contribute money a second time to buy a new one. It cost us close to 3 Million naira to install a 300KVA transformer. What was disappointing was that after we installed it, to energize it became a problem. The company said we did not seek their permission before helping ourselves. We had to begin crossing hurdles, writing letters and wielding influence here and there before the transformer was eventually connected to power. Till date no appreciation has come from EEDC to us.

## A Potent Sign from EBSU Students Community

What demonstrates the management prospects this layer (third force) of interaction holds if formalized and empowered is the typically enforced relationship that exists between the EEDC and Ebonyi State University Students Community. It is now a popular knowledge that during school holidays, power supply is usually erratic but steady when they return to their campuses. Researchers found why. Students are known to protest very easily and even involve in riot, to the extent of destroying some infrastructure and even assaulting EEDC staff. As a result, the company's staffs are afraid of the students' activities, sometimes using the punitive billing system noted earlier in this article as a retaliatory measure. Even so, there is always resistance from students, leading to reversal of the action by EEDC.

## Incentive to Perform

In the course of this article, we identified one of the reasons for the paucity of power infrastructure to be afraid of losses resulting in rationalized investment mode by investors in the power sector. Most of these investors are big sponsors of government. It is as if the government is deliberately creating monopolies as political compensation and support matrix. So, it is not news or surprising that there are "witches and demons" in the business or power sector in Nigeria. These individuals have a business interest in the oil sector. And this is the sector that supplies gas to power generating plants (a stratum of power problems in Nigeria). Yet, the incidence of students encounter with the DC mentioned above was able to elicit desired service from the same DC controlled by these "witches and demons." This uncovers major weakness of the "Mafia gang theory" and rather demonstrates eloquently that the people can get service institutions especially those within the domain of government, to function as they should; provided the popular will is there.

## Popular Will and Political Will: A Nexus

Popular will presupposes the general will of the people expressed in their expectations on their government in relation to public good deliverability. On the other hand, political will is the resoluteness of a legitimate political authority to

deliver on its contract with the people it represents; overcoming in that process challenges both from within and outside government and country. The two are, however, mutually exclusive concepts but are rather mutually dependent and re-embracing. Where political will is weak, popular will has been seen to play critical roles in energizing it to overcome its challenges to perform. This experience is more frequent in the developed democracies. On the other hand, political will can strengthen the exercise of popular will by creating structures (legal, social, and economic) that boost citizen's political awareness and broaden opportunities for them to participate in government.

## The Dilemma of Mutualism in Nigeria: Identifying the Challenge and Raising the Bar

In the consummation of this study, an agenda is herein proposed – that the Nigerian state seeks to empower its citizens to participate more in government through co-management of public institutions. It is proposed that a law which leaves debts of liabilities for lawful damages on service institutions will certainly buoy citizens demand curve and increase accountability since service providers will have to choose between extent of avoidable liability and the cost of rendering expected services to the citizens.

This has been proven by the students; that irrespective of the presence, imagined, or real witches and demons, service companies have been compelled by citizens to render services as expected and that when it is possible for them to withhold this service in the form of power rationing or load shedding, and they will conveniently excuse themselves from responsible activity. It might be important for a formal recognition and empowerment of the existing informal structures (community electricity management committee) through statutory instruments that assign them, limited but clearly defined rights and responsibilities in the service provision process. This way, the focus of the witches and demons will be diffused from government to a more resistant area – the society of which they easily lose control. This way, the two areas (politics and society) will mutually strengthen each other.

## Lack of Control and Supervision

The dimensions of citizens' expectation are herein explored first for clarity of understanding. As a mechanism of interest articulation, aggregation for the citizens offering opportunities for input-output maze in the public policy process, citizens' expectation framework has the following dimensions:

- Sovereignty of citizens' interest (sovereignty will)
- Limited liberty
- State service
- Partnership: cogovernance, comanagement, and coproduction

Hence, citizens' expectation hinges on the undisputed sovereign will of the people based on the social contract of state responsibility. Emanating from this is such liberty for citizens permissible within the framework of law. The nature of what is being proposed here may appear contradictory, but it is not at all. Limited liberty is used here in the sense of modern democratic exercise where individual liberty and mass action are free from the manacles of state dictatorship but free from elements of anarchy. This way, both state and popular forces are restrained within the ambits of lawful action. Then, the absolute recognition of the essence stated with all its agencies and paraphernalia-service, service to the people, that the state loses legitimacy and taste, the moment this obligation is put in jeopardy.

Lastly partnership: This is where cogovernance, comanagement, and coproduction have emerged which is where this article is based. Study found that the state and its agencies are displaced from the reach of the people. Our survey showed that there is little or no control over government or its agency. With the continuous experiences of service failure by the EEDC customers, the service company could not be held to account either by the

government or the people. For instance, there is no robust, effectual customer relations programme and feedback mechanism for managing company/customer relationships, except for a frequent "lself-help" measures like riots, bribery and assaults on EEDC staff, undertaken by "disenchanted and frustrated" customers as last resort responses to service failure; a fundamental problematic for the service pact and for co-management.

## A Fundamental Problem

Many theories may have explained the dysfunctionality of Nigeria public institutions and the disappointing programs or the less attractive privatization policy. Perhaps, a good explanation is the entrenched, pervasive rent-seeking and clientele network between public officers in Nigeria and their cronies in the market sector. It is no news that public officers use their cronies to acquire public assets and stocks under pretentious privatization or PPP programs in Nigeria. And so, the complexities of interest make it difficult for meaningful, responsible control over public policies like PPP or outright privatization, what is here referred to as interest demagoguery.

## Creating the Third Force

Importantly, engagements of citizens through active participation is key in the development of any nation, state or institution and enables the citizens exercise their legal rights, meet their obligations and mediate their differences devoid of all kinds of restrictions in addressing their peculiar problem (Ukeje and Chukwuemeka 2021). Thus, as identified earlier in this article, there is an informal structure which serves as an interface between EEDC and its customers. Its name and structure vary from place to place. The problem, however, is that this body has no formal, legal authority to exert considerable influence, as much as advisory, in the management of EEDC. An interviewee regretted this fundamental lack, thus:

> Yes, I am a member of the committee, I have served in it since 2010, the problem is that the committee has no definite responsibility and powers. It is not even recognized by law. So, you do not have the right to take any action. Our duty is just to collect monthly bills and remit to them. EEDC! WE also complain to them if there is fault anywhere but many times, they respond when they want to, especially when the fault will cost money.

Asked whether he thinks they could control the activities of EEDC, another customer said.

> Yes we can. There are many ways we can do that. One way is to have a dedicated account where certain agreed amount will be deposited from the monthly bills. The money will then be used for prompt responses to issues concerning power. If this is done, you will see that EEDC will not want that deductions to be expended anyhow. They will do something to ensure that the money becomes asset for them. EEDC officials and nominated members from the committee will be signatory to it. But the problem is that we do not have the power and responsibilities to us. They are talking now about state and community policing. But nobody is talking about policing public institution.

The response above makes clear the needs for a "third force" in the management of public assets especially PPP programs as EEDC/Government pact is. It is believed that this will curb exploitation and resolve service failure reasonably.

## Benefits of a Third Force

1. A third force will help to reduce exploitation as stated above. It will, if empowered to do so, be integral to the service process, the entire process of managing the service machinery – procurement, preservation, maintenance, and development of power infrastructure. This way, the normal and frequent excuses of EEDC staff will not hold water.

   A committee member agrees:

> It will help a lot. At least these excuses they use to give will no more be there. We will know how much our bill actually is. Not this one that they just give you any amount they like every month which is not static. It changes every month whether there are activities that consume power or not, you must pay. If you ask for meter, they will say it is in America, in London and such excuses so will not get the meter. If government makes us part of the

process, we will be able to know when meters are available or to even request EEDC to order for some from the consolidated fund.

2. It will serve as a platform for popular mobilization: The people could be a veritable resource for public good. EEDC as presently constituted is understaffed. This committee can provide alternative human resource intervention for the EEDC with little or no cost at all.

   Respondent 3:

   Indeed EEDC is missing a lot.

   Presently, they are understaffed. Yet you cannot go near their facility even if you know what to do. In many occasions, trees and grasses cover their facilities: transformers, wires and poles. If they do not come to clear it, nobody would, because their transformers are usually fenced. Again, sometimes, there could be a minor fault which somebody can handle with little training. Sadly, this too will have to wait for EEDC staff, sometimes for days, weeks and months before they are corrected. We have members in our committee who trained as electricians, who do wiring in houses and even join the EEDC in connection and disconnections. But they are more about the money than about service.

   Providing reasonable technical training for some members of this committee will help make up for the human resource gap in the campaign.

3. Interest Melting Pot: as already established in the course of this discussion, the relationship between the state and the witches and demons seems growing and intractable. Note: for example, the lopsided war against corruption in Nigeria under President Buhari. Members of the opposition who are accused of appropriation or embezzlement of public funds either in private capacity in dealings with government contracts or in public service capacity are promptly excused once they defect to the ruling party, All Progressives Congress (APC). As noted previously also, these people serve indispensable political stock for the ruling elites and at this point, the state apparatus goes willfully blind. This is not peculiar to Nigeria. So, vested interest is not, pragmatically speaking divorced from the state. What is different among states with respect to vested interests and inertia is the degree of influence it wields in value allocation and the established institutional mechanisms for resolving them. That's what distinguishes one state from another.

   In the case of Nigeria, it is clear that a third force will hold the key to resolving this conflict in a continuous fashion. It will stand as an objective force moderating the excess of the private business and the overbearing posture and deliberate docility of government to act in areas it has vested interest.

   Respondent 4:

   I think we can do so many things. For example, we cannot be influenced by politician or private investors not to work and to remain in darkness. How many people can you bribe or influence any other way? For example, if our duties are clearly spelt out by act of parliament such that the government cannot override us lawfully, we can withstand government and its agents or cronies. They won't have choice than to do the right thing. Don't forget that communities will have their own management committee; with the members reporting to a government ministry or commission (suppose your idea works).

## Reinventing Feedback Techniques and Complaints Management: Issues and Challenges Imperative for Sound PSG

The importance of feedback techniques and complaints management is an integral part of effective PSG. It is noted that communication itself is an element without which service delivery by any organization will be impeded. It is an indispensable component of effective communication. The utilization of the feedback mechanism by a distribution company like EEDC enables the organization to devise ways and strategies to improve on or adjust in order to ensure optimum output. Anaekwe (2018)

explains that the source is intently anticipating a feedback from the receiver, having initiated a carefully orchestrated communication message aimed at influencing, impacting, or affecting the decoder. According to Kurtulus (2011), the effectiveness of the entire communication process is thus measured by the effect which the message exerts on the receiver.

Bringing the EEDC to the power front, multiplicity of complaints flood into the distribution company. Such letters are suffered from issues such as power outage, over-inflated bills, estimated bills in the presence of meters, disconnection problems, and failure of the institution to respond to customer's complaints, among others (Udeajah 2017). According to Brewer (2007, p. 550), complaints arise because citizens experience inappropriate or discourteous treatment, omissions, mistakes, faults, inconsistencies, misleading guidance, unclear procedures, or displayed bias or injustices in their dealings with public officials.

How EEDC responds to these complaints is an issue of great concern to this research since the bulk of customer dissatisfaction with the performances of the Company tends to result from a communication gap between it and its numerous customers; particularly arising from the power consumers being completely left in the dark as regards the handling of their oral/written complaints and formal/informal misgiving registered to the company (NERC 2016).

Examining the relationship between EEDC and its customers, the use of feedback explains whether things are going in the right direction or whether a direction is needed (Hardavella et al. 2017). The absence or ineffective use of the feedback mechanism by an organization, this, has cost implication. David and McGarthy (2015, p. 1) are of the view that "feedback is the process in which part of the output of a system is returned to its input in order to regulate its further output . . ." Not just in EEDC, in every organization, feedback is instrumental to getting the organization on track and serves to guide people in knowing how they and others perceive organizational performance. Feedback, therefore, should be regular and appropriate so as to serve the management in making decisions that promote organizational goals and objectives.

## Conclusion

This article tried to make a case for integrating the people into the production and management dynamics of electric energy which agrees with the entire concept of cogovernance, coproduction, and comanagement as sustainable solutions to energy problem in Nigeria power sector. The article further argues that the third-force alternative which serves as a form of management shift and cogovernance dynamics can help to bridge the gap between the citizens and the EEDC through its feedback mechanism and comanagement roles in the power sector. Management innovation in the context of this study implies a creatively dynamic approach to leading and ordering an organizational setting; a critical shift from the normal and formal management environment to a new and promising one; a new idea in management theory and practice; and exploring new alternatives in public service delivery. This can only be achieved through: mutual management of the power sector by both the state agency and the power users; decentralized power management model involving the citizenry; building linkage between public and private management of the power sector; and a people-focused approach and management perspective drawn from their user-experience(s).

Importantly, since citizens' awareness, expectation, and engagements are necessary tools and pathways to an accountable and reliable governance system, one way to promote accountability and responsibility among public office holders might be to provide beyond-border supports for civil society groups currently starved of finances, sense of belonging, and other logistics. This way, they will engage the government better. One problem area however is that government may see that as infractions of its sovereignty and international meddlesomeness in its domestic affairs capable of causing diplomatic upset. But there are many ways of doing these things.

This makes the subject of this entry germane as additional causal insight into the outcome

differential often observed and as an additional contribution to energy policy literature. Because there seems to be no difference in diagnostic and prescriptive research parameters across regions despite the larger social, cultural, technological, and politico-administrative differences surrounding energy programs and policies of several regions, we highlight the imperativeness of specificity of research, taking recourse to environments peculiarities as codeterminant of energy policy outcomes in a prevailing condition of state capture.

## Cross-References


- ▶ New Public Management
- ▶ New Public Management and Governance
- ▶ Privatization Question, Perspectives and Experiences


## References


Akinbami JFK, Momodu AS (2012) Electricity energy production pathway for sustainable development in Nigeria: a case study of energy recovery from agro-forestry wastes. Int J Sustain Energy 31(3):155–173

Anaekwe R (2018) The role of effective communication on organisational performance. A study of NAU, Awka. https://www.researchgate.net/publication/328492679

Brewer B (2007) Citizen or customer? Complaints handling in the public sector. Int Rev Adm Sci 73(4): 549–556

Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20:239–252

Buhari M (2020) President Muhammadu Buhari's new year's message to Nigerians on January 1, 2020. Available online: https://www.vanguardngr.com2020/01/full-text-president-muhammadu-buharis-new-years-message-to-nigerians/. Accessed 1 Jan 2020

Chukwuemeka E, Ewuim N, Ukeje IO (2020) Paradox of human capital development and SDGs implementation in nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland. https://doi.org/10.1007/978-3-319-31816-5_4136-1

David K, McGarthy D (2015) The importance of feedback and why effective leaders will provide it and seek it. www.engineersjournal. Accessed 24 Mar 2019

Drucker PE (1967) The effective executive. Harper Row, London

Ezeani EO (2006) Fundamentals of public administration. Snaap Press, Enugu

Farazmand A (2004) Sound governance. Policy and administrative innovations. Praeger, Westport

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17:595–617

Farazmand A, Danaeefard H, Mostafazadeh M, Sadeghi MR (2019) Trends in public administration research: a content analysis of Iranian journal articles (2004–2017). Int J Public Adm. https://doi.org/10.1080/01900692.2019.1598689

Gronroos C (2018) Reforming public services: does service logic have anything to offer? Public Manag Rev. https://doi.org/10.1080/14719037.2018.1529879

Hardavella G, Aamli-Gaagnat A, Saad N, Rousalova I, Sreter KB (2017) How to give and receive feedback effectively. Breathe 13:327–333

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in nigeria bureaucracy: the federal character principle experience. Cogent Soc Sci 5(1):1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545.

Idike AN, Ukeje IO, Nwangbo SO, Onele JC, Okezie BN, Nnaji IL, Akor IC (2020a) Privatisation question, perspectives and experiences. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4174-1

Idike AN, Ukeje IO, Ogbulu U, Aloh JN, Obasi VU, Nwachukwu K, Osuebi K, Ejem EN (2020b) The practice of human capital development process and poverty reduction: consequences for Sustainable Development Goals in Ebonyi state, Nigeria. Public Organ Rev 21:263–280. Springer. https://doi.org/10.1007/s11115-020-00482-5

Kline A, Aristigueta MP (2017) Comparative public performance management systems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Kurtulus K (2011) Performance feedback: individual based reflection and the effect on motivation. Bus Econ Res J 2(4):115–134

Ndukwe C, Ukeje IO, Onele JC, Ogbonnaya CE, Iwuala HO, Kanu C, Obasi VU, Ejem EN, Nweke CJ (2021) Public sector governance and ethical compliance indices. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

NERC (2016) NERC charges Enugu Disco to improve on metering. https://nerc.gov.ng

Ohajianya AC, Abumere OE, Owate IO, Osarolube E (2014) Erratic power supply in Nigeria: causes and solutions. Int J Eng Sci Invent 3(7):51–55

Okafor EE (2008) Development crisis of power supply and implications for industrial sector in Nigeria. Stud Tribes Tribals 6(2):83–92

Okpata FO (2004) The politics of public enterprises management in Nigeria. Afr J Polit Adm Stud 1(1):175–188
Olugbenga TK, Jumah AA, Philips DA (2013) The current and future challenges of electricity market in Nigeria in the face of deregulation process. Afr J Eng Res 1(2): 33–39
Onyango G (2018) Devolution, coordination, and control of accountability reforms in Kenya. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Oyedepo SO (2012) On energy for sustainable development in Nigeria. Renew Sust Energ Rev 16:2583–2598. https://doi.org/10.1016/j.srer.2012.02.010
Pestoff VA (1992) Third sector and co-operative services-an alternative to privatization. J Consum Policy 15: 21–45
Powell J (2016) PPPs and the SDGs: don't believe the hype. University of Greenwich Working Paper. Available online: http://gala.gre.ac.uk/16843/ (accessed on 19 October 2018).
Puolokainen T, Jaansoo A (2018) Bureaucracy and service delivery. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Udeajah G (2017) Enugu Disco, consumers parley over poor electricity supply. Guardian Newspaper. Accessed 25 Mar 2019
Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020a) Public service recruitment practices and implications for sustainable development in Ebonyi State, Nigeria. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394
Ukeje IO, Onele JC, Okezie BN, Ekwunife AR, Ogbonnaya CE, Nwangbo SO (2020b) Public service ethics and accountability. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4173-1
Ukeje IO, Chukwuemeka E (2021) Public policy implementation and government intervention schemes in Nigeria: a participatory human capital development approach. Int J Trend Scient Res Develop 5(5):36–45. http://www.ijtsrd.com/papers/ijtsrd42554.pdf
Ukeje IO, Nwangbo SO, Onele JP (2021) Politics of patrimonialism, influence of principal/agent relationships on discretionary powers of street-level bureaucrats in Nigeria. In: Farazmand A (ed) https://meteor.springer.com/project/dashboard.jsf?id=273. Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4205-1
United Nations General Assembly (2015) Resolution adopted by the general assembly on 25 September 2015, ref. A/RES/70/1. Annual report, New York

# Management of Immigration Crisis

Steven G. Koven
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

## Synonyms

Administration; Emergency; Entry; Migration; Resettlement; Supervision

## Definition

Management of immigration refers to oversight of migration patterns. Immigration crisis refers to native anxieties regarding border control and entry of undocumented migrants.

## Introduction

America is said to be a nation of immigrants. Successive waves of people migrated to the United States from the time of the earliest settlements to the present day. Each wave of immigration was greeted with a great deal of anxiety. In response to this fear of foreigners, in the late 1790s, colonists sought to limit entry of "others" by passing the Alien and Sedition Acts of 1798. Between 1830 and 1850, antipathy toward Catholics (mostly Irish and German) accelerated. Deadly anti-immigrant/anti-Catholic riots broke out in major cities such as New York, Philadelphia, Boston, and Louisville. Beginning in the late 1880s, opponents of immigration passed the Chinese Exclusion Act of 1882. This legislation was followed by other restrictive laws such as the Quota Act of 1921 and the Immigration Act of 1924. Immigration, particularly immigration from Southern and Eastern Europe, declined precipitously as a result of the restrictive legislation (Koven and Götzke 2010, p. 11).

In recent years, opponents of immigration have reared their heads and made immigration a major

political issue. Spurred on by growing numbers of immigrants, stagnant wages for many Americans, fear of terrorism, perceptions of a "broken" immigration system, images of porous borders, and inaction from Congress and political figures generated various proposals. These plans include ideas such as building a wall between the United States and Mexico, deporting undocumented immigrants, and terminating Muslim immigration into the United States. Xenophobic-oriented measures, however, were sharply criticized by some leaders as being out of step with American values, impractical, mean spirited, or simply too costly. Nevertheless, many Americans embraced these restrictive proposals as necessary and proper for a country that was losing control of its borders and losing control of its future.

In order to assess the various strategies and plans for managing immigration, this chapter will (1) review previous immigration trends, (2) discuss economic and cultural anxieties related to immigration, (3) identify contemporary legislative proposals, (4) discuss restriction and assimilation options, and (5) offer tentative conclusions.

## Immigration Trends

In 2013, over 40 million foreign-born people resided in the United States, a number representing 13% of the total US population. This proportion is comparable to the share of foreign-born residents in the United States between 1860 and 1880 yet is lower than the 14.8 share present in 1880 and the 14.7 share in 1910. In absolute numbers, the 40 million foreign-born denoted the highest total number of foreign-born residents in US history. Proportions as well as numbers of foreign-born sharply increased from 1970, when foreign-born residents comprised only 4.7% of the total US population.

Nativist anxiety coincided with immigration growth. Historically, fears of "others" have been traced to twin concerns related to economic prosperity and cultural identity. Cultural traditionalists historically have contended that American exceptionalism is grounded in an American distinctiveness that facilitates freedom and prosperity. Any threat to the existing culture is therefore viewed as a threat to these outcomes (Huntington 2004). Influxes of less-educated, lower-income migrants emigrating from totalitarian societies were viewed as a precursor to social conflict and national decline.

Around the turn of the twentieth century, Massachusetts Senator (1893–1924) Henry Cabot Lodge was a strong proponent of the view that immigration posed a threat to America's cultural and economic foundation. Lodge and a group of Harvard classmates organized the Immigration Restriction League (IRL) to promote literacy test requirements for immigrants. This requirement embodied a strategy aimed at keeping "undesirables" out of the country. After repeated attempts, the literacy test became law in 1917. In this year, Congress overrode a veto of the legislation by President Woodrow Wilson.

Lodge's anti-immigrant views were not universally embraced. The business community as well as industrialists such as Andrew Carnegie welcomed the ready supply of immigrant labor. Carnegie characterized immigration as a "golden stream" that contributed greatly to a highly successful form of industrial production. Labor organizations, however, supported immigration restriction. A steady stream of cheap, unskilled immigrant workers was viewed by leaders of the US labor movement as detrimental to their interests. The American Federation of Labor President Samuel Gompers himself, a Jewish immigrant from Great Britain, advocated total exclusion of the Chinese and selective restriction of Europeans (Zolberg 2006, pp. 217, 219).

Even the antitrust, Progressive Party Leader Theodore Roosevelt expressed reservations about immigration. In a 1918 speech in Des Moines, Iowa, Roosevelt pronounced that America was a nation, not a "polyglot boarding house." According to Roosevelt, in America there was no room for any 50–50 American (such as German-Americans or Irish Americans); there could be but one loyalty and that was to the Stars and Stripes. In his last public statement (read shortly before his death in 1919), Roosevelt asserted that if immigrants assimilate they should be treated as everyone else. This belief in nondiscrimination and equality for immigrants was fundamentally grounded upon the view that migrants must

become "American." Roosevelt concluded that in the United States there was room for only one language (the English language) and that the melting pot/crucible of America should turn out Americans, not transient dwellers in a foreign land.

Contemporary immigration rhetorically centered around various ideological cleavages, among them the dissimilarities between Anglo-Saxon, Latin, and Muslim belief systems. These fissures replicate the late nineteenth and early twentieth century anxieties. During this time period, migrations to the United States originated mostly from Southern and Eastern Europe. Nordic native-born Americans such as those in the Immigration Restriction League favored exclusion of these migrants or, at a minimum, some process for greater selectivity.

In 1921, immigration was dramatically curtailed by restricting the two-thirds of all immigrants that migrated from Southern and Eastern Europe. European immigration dropped dramatically by 1922. Many immigrant groups were affected by the xenophobic sentiment that prevailed at this time. Japanese immigration had been virtually eliminated by means of informal agreement (Gentlemen's Agreement of 1907) between the United States and the Empire of Japan. Under the terms of the Gentlemen's Agreement, Japan agreed not to issue passports for Japanese citizens wishing to work in the United States. The United States in turn agreed to accept the presence of Japanese immigrants already residing in America and to permit the immigration of wives, children, and parents. In 1920, further restrictive legislation was supported by President Warren Harding who was praised by the nativist Immigration Restriction League as the first American president who genuinely supported immigration restriction (p. 253).

## Economic and Cultural Concerns

Some empirical studies support the hypothesis that immigration tends to depress wages of native-born citizens, particularly those with less than a high school diploma (Borjas 1999, p. 14). Other studies question this conclusion while contending that the wage gap between high school dropouts and high school graduates has remained nearly constant since 1980, despite a large influx of less-educated immigrants (Card 2005).

In terms of earnings, data indicates that recent immigrants earned significantly less than native-born Americans and possessed lower skill levels than previous cohorts of émigrés (Borjas 1999, p. 21). In addition to the fear of depressing wages for the less educated, native-born Americans expressed concern that Hispanic immigrants would burden American citizens financially because of the need to increase government spending for law enforcement, education, welfare, and health care.

Economic concerns are supplemented with cultural anxiety over immigration. Divergent cultures are said to threaten core values regarding work, religion, sources of status, concept of time, and the significance of initiative, education, self-reliance, as well as ambition (Huntington 2004, p. 254). Huntington (2004) suggested that an influx of Third World immigrants could lead to a weakened adherence to the "American Creed" and a destabilization of the core values of equality, majority rule, rule of law, liberty, pragmatism, and equality of opportunity. Huntington concluded that in the contemporary world, the greatest threat to the societal security of nations emanated from immigration.

The contemporary fear of immigrants was aided by early eugenicists such as Madison Grant. Grant provided intellectual support for restricting immigration in his 1916 book, *The Passing of the Great Race*. In this treatise, Grant promoted the view that the expansion of non-Nordic residents would engender base behavior and eventually lead to the subjection of Nordics to inferior races. He contended that by abandoning cultural values, Nordics were about to commit racial suicide (Grant 1916). Spurred on by nativists, such as Grant, congressional legislation that severely restricted the flow of immigration was enacted.

## Congressional Legislation and Policy Prescriptions

Historically immigration has been managed through legislation or agreements between

sovereign nations. The Chinese Exclusion Acts of 1882, 1884, 1888, and 1892 effectively terminated Chinese immigration to the United States. The "Gentleman's Agreement" of 1907 between the United States and Japan restricted Japanese migration. The Immigration Act of 1917, Quota Act of 1921, and Immigration Act of 1924 severely limited the numbers of immigrant permitted to enter the United States. The legislation of the 1920s sought to encourage immigration from Northern European countries and discourage immigration from other locales. In 1924, more Italians, Czechs, Yugoslavs, Greeks, Lithuanians, Hungarians, Poles, Chinese, and Japanese actually left the United States than entered (Koven and Götzke 2010, p. 133). Fears of immigrants have been reignited in the early twenty-first century.

Contemporary politicians have exploited the immigration issue, perhaps none more so than Donald Trump. In a 2011 book, Trump outlined his plan to manage the immigration "crisis" (Trump 2011). Trump's plan called for (1) building a fence between the United States and Mexico, (2) deporting illegal immigrants, (3) eliminating the use of "cozy" immigration detention facilities, (4) opposing legislation that would establish a process for illegal immigrants to receive conditional residency and upon meeting certain conditions, receive permanent residency, and (5) terminate tuition benefits to undocumented immigrants.

In addition, Trump's plan proposed impounding payments derived from illegal immigrant wages, increasing fees on visas, imposing fees on border crossing cards, imposing fees on ports of entry to the United States from Mexico, tripling the number of US Immigration and Customs Enforcement (ICE) officers, implementing a nationwide e-verify system, returning all criminal aliens to their home countries, detaining all illegal aliens apprehended crossing the border until they are sent home, cutting off federal grants to any city which refuses to cooperate with federal law enforcement agents, subjecting individuals who refuse to leave at the time their visa expires to criminal penalties, allowing ICE officers to accompany local police departments in conducting raids of street gangs, banning immigration of Muslims, and ending birthright citizenship. Trump emphasized the need to look at Israel as a model for controlling borders by building a wall.

Trump also highlighted the need to improve wages and security for all Americans. These goals would be accomplished by increasing the prevailing salaries of foreign workers that were admitted to enter the United States as a consequence of their specialized knowledge and higher education. The intent of the proposed wage increase was to induce companies to give more jobs to the domestic pool of workers. The Trump plan would also tighten standards for the admission of refugees and asylum seekers.

Trump's plan differed from other proposed legislation (such as the Border Security, Economic Opportunity, and Immigration Modernization Act of 2013, also known as the Schumer-Rubio immigration bill) in a number of respects. Major differences between the Trump and Schumer-Rubio bill existed in regard to treatment of undocumented immigrants and immigrants with advanced skills. The Schumer-Rubio bill proposed to create a path to citizenship for undocumented immigrants already residing in the United States, provide more work permits for immigrants with advanced degrees in science, math, technology, or engineering (STEM), increase visas available for low-skilled workers, establish an agricultural worker program, and permit more hiring of immigrants by employers who demonstrate they cannot recruit US workers. The Schumer-Rubio bill did not advocate controversial features of Trump's proposals such as building a wall, making Mexico pay for the wall, ending anchor baby citizenship, deporting illegal aliens, and banning Muslim immigration.

The 2016 Republican Presidential Candidate Jeb Bush was highly critical of Trump's immigration proposals. In contrast to Trump, former Governor Bush proposed a clear path to legalization for large numbers of undocumented immigrants. Bush's plan included obtaining work permits, paying taxes, paying a small fine, and learning English. Federal benefits would be denied to undocumented immigrants prior to obtaining legal status. Bush castigated Trump's immigration ideas as unrealistic, costly, unconstitutional, a

violation of conservative principles, and likely to create unnecessary friction with a large trading partner. He noted that revoking birthright citizenship would require a change to the US Constitution, a process that was both politically difficult and time consuming.

In contrast to Bush's assertion that the United States does not bring in enough highly skilled immigrants, Trump lamented the fact the many US graduates with science, technology, engineering, and mathematics (STEM) degrees did not find jobs in those fields. He criticized Bush's immigration proposals as representing amnesty for lawbreakers.

## Assimilation or Restriction?

Former Harvard Professor Samuel Huntington proposed three specific strategies for managing immigration. Countries could respond to this threat by: (1) restricting immigration, (2) allowing immigration without assimilation, and (3) fostering immigration and assimilation (Huntington 2004, p. 181). According to Huntington, America was in danger of drifting into a culturally bifurcated Anglo-Hispanic society with two national languages. In addition, immigration was perceived as threatening political principles found in the American Creed, such as liberty, equality, democracy, individualism, human rights, the rule of law, and private property (p. 46). Huntington decried a foreign "culture of Catholicism" that was rooted in immigrant mistrust of people outside the family, lack of initiative, lack of self-reliance, low priority for education, and acceptance of poverty as a virtue necessary for entrance into heaven. These values were perceived by Huntington as un-American and threats to the nation's Protestant culture (p. 254).

Aside from restriction, Huntington's other nostrums addressed the issue of assimilation. Assimilation or "Americanizing" the immigrant was viewed by Huntington as a means to counter fading nationalism. Americanization is idealized by Huntington as a key element in American history. History in turn is seen as providing a guide for the future. For example, at the turn of the twentieth century, industrial corporations established schools at their factories to teach English and American values. Settlement houses, YMCAs, churches, and patriotic groups also sponsored programs. Instruction was provided in language, American history, civics, homemaking, personal hygiene, and vocational training (Koven and Götzke 2010, p. 10).

The Americanization movement that began with private organizations spread to local and state governments. Eventually the federal government as well as over 30 states passed laws establishing Americanization programs. Public schools were central to the effort to Americanize millions of immigrants who emigrated to the United States between 1890 and 1924. Reformers such as Horace Mann and John Dewey viewed education as the instrument to create a unified society out of the multitude of diversity created by immigration (Huntington 2004, p. 135). Progressives in general used education as the basic tool in an attempt to assimilate or Americanize the millions of immigrants to the United States. The Federal Bureau of Education also promoted Americanization efforts. In 1919, the Bureau urged the transformation of schools from places that existed exclusively as a dwelling for daytime learning of children into community centers with evening programs for the assimilation of adults (p. 135).

## Conclusions

Contemporary perceptions of the immigration crisis mimic earlier rhetoric. The language of today remains similar to that of the past; only the faces of the protagonists differ. In the 1920s, politicians and social elites railed against Bohemian/Czech, Jewish, and Italian immigrants. These immigrants were pejoratively characterized as undesirables (Zolberg 2006, p. 260). Today, politicians decry the flow of undocumented Mexican and Central American migrant as well as the intrusion of potentially dangerous Muslims.

The question of how to "manage" massive levels of immigration is not novel. Proposed solutions are not unique. Exploring America's past is

essential in answering the pressing question of how to manage the current immigration "crisis." A review of American history reveals a clear linkage between immigration and economics. In the early seventeenth century, representatives of the worker starved Virginia colony frequented taverns and markets of England in search of settlers (Koven and Götzke 2010, p. 124). As US industries grew in the late nineteenth century, America opened its doors to immigrants who flocked to America in search of employment. Foreign workers filled factories and mines in burgeoning automobile, steel, coal, tire, construction, and other industries. During World War II when massive numbers of Americans were fighting overseas, the United States imported workers by adopting the Bracero Program to employ Mexican nationals as agricultural and railroad laborers.

Economic contraction produced the opposite effect. Poor economic conditions were greeted with anxiety over wages and xenophobic resentment of the "other." In the 1920s, politicians passed legislation to restrict the entry of foreigners. Laws were successfully implemented and immigration was curtailed. The Quota and Immigration Acts of the 1920s effectively limited entry and is illustrative of one possible management strategy. A second strategy of assimilation was also pursued at the turn of the twentieth century. Assimilation, according to many scholars, represented a great American success story. Assimilation enabled America to grow and develop its economy with dedicated, energetic, ambitious, and talented people who became committed to America's Anglo-Protestant culture as well as the values of the American Creed (Huntington 2004, p. 203). Exclusion and cultural assimilation plans, however, are not without detractors. The concept of exclusion runs counter to the vision of America as a nation of immigrants. Assimilation raises the question of eradicating cultures, denying freedom of expression, and forcing ethnocentric views on others.

An alternative immigration strategy is that of adopting merit-based rather than family-based criteria for granting legal residency. Numerous advanced industrial countries have enacted point-based merit systems. Criteria such as education, work experience, and adoptability are heavily weighed under these systems (Koven and Götzke 2010, p. 200). The United States, however, remains committed to an immigration system largely based on some type of family relationship.

In contrast to US immigration policies, nations such as Argentina, Australia, Brazil, Canada, France, Germany, Greece, Hong Kong, India, Israel, Mexico, New Zealand, Nicaragua, Russia, Singapore, and the United Kingdom have all adopted skill-based policies for granting residency. The adoption of a point system with skill-based criteria has produced a different nationality mix of immigrants than the nationality mix of those nations such as the United States that prioritize family ties (p. 202). The adoption of a skill-based point system by the United States would likely starkly alter the national composition of US immigrants.

Immigration remains a challenge to American society. Some perceive this challenge as rising to the level of "crisis" with all the ominous implications. One should remember, however, that the United States has navigated the contours of large-scale immigration in the past and policy makers can learn from previous initiatives.

## Cross-References


- ► Butterfly Theory of Crisis Management
- ► Coordination and Collaboration in Crisis Management
- ► Counterterrorism and Community Resilience
- ► Evolution of Crisis Management


## References


Borjas G (1999) Heaven's door. Princeton University Press, Princeton

Card D (2005) Is new immigration really so bad? Econ J 115(507):F300–F323

Grant M (1916) The passing of the great race. C. Scribner's Sons, New York

Huntington S (2004) Who are we? The challenges to America's national identity. Simon & Schuster, New York

Koven S, Götzke F (2010) American immigration policy: confronting the nation's challenges. Springer, New York
Trump D (2011) Time to get tough: making America #1 again. Regnery Publishing, Washington, DC
Zolberg A (2006) A nation by design: immigration policy in the fashioning of America. Russell Sage, New York

## Management Practices in the Public Sector of Bangladesh

Masamitsu Kurata[1] and Yutaka Arimoto[2]
[1]Department of Economics, Sophia University, Tokyo, Japan
[2]Institute of Economic Research, Hitotsubashi University, Tokyo, Japan

### Synonyms

*Kaizen*; Lean; Plan-Do-Check-Act (PDCA); Total Quality Management (TQM)

### Brief Definition

Management practices: A set of practices to arrange actors and resources to improve organizational performance.

### Introduction

Local governments play a vital role in providing public services such as education, health, and basic infrastructure. However, the quantity and quality of public services are poor in developing countries (World Bank 2003). Understanding the barriers that impede efficient public service delivery and examining the methods to improve the public sector's effectiveness are critically important to secure citizens' basic human needs and to achieve the Sustainable Development Goals set forth by the United Nations. This section focuses on management practices as one potential driver to improve public service delivery and document their antecedents in the context of local governments in Bangladesh.

In a broad sense, public management can be classified as either *internal management* to stabilize internal operations of the system or *external management* (or *managerial networking*) to protect the organization from external shocks or to exploit external opportunities (O'Toole and Meier 1999, 2014). Both types of management matter. Walker and Andrews (2015), who conducted a comprehensive meta-analysis on the "management-performance" hypothesis, confirmed that public performance (especially the effectiveness of public services) can be improved through the internal management of strategy content (Andrews et al. 2012), planning (Boyne and Gould-Williams 2003), and staff quality (Pitts and Jarry 2009) and the external management of networking and collaboration with other stakeholders (Meier and O'Toole 2010).

If better public management brings about positive effects, what characteristics are associated with the adoption of these practices? For the internal management of strategic planning and process innovation, for example, the literature has identified various antecedents categorized by three aspects: (1) environmental factors such as political and public demands, media attention, participation in interorganizational relationships, and the size and growth of the population; (2) organizational factors such as organizational size, slack resources (e.g., time, budget, and ICT facilities), incentive systems, and the level of internal conflicts or required coordination; and (3) individual factors such as a manager's leadership abilities, cognitive style, position (tenure), employee autonomy, and job-related knowledge and skills (for a review, see Walker 2014; De Vries et al. 2015). External management or networking with other stakeholders is also affected by environments with diverse stakeholder demands, organizational structures and strategies, and managers' characteristics from past experience, educational background, position, perceptions, and specific managerial skills (Andrews et al. 2011).

The purpose of this section is to investigate the antecedents of the adoption of internal and external management practices in the public sector of Bangladesh. Bangladesh is a developing country in Southern Asia, where 25% of the population is

still living under the absolute poverty level (Government of Bangladesh [GOB] 2015a). Because public administration is in the process of devolution and experiencing many challenges, local administrative officers are confronted with a complex environment with great uncertainty (for details, see section "Structure of the Central and Local Governments"). This socioeconomic and political context makes public management even more important for the improved performance of public organizations (Andrews et al. 2011; O'Toole and Meier 2014).

This section's contribution is fourfold. First, a nationally representative survey on public management in Bangladesh was conducted, targeting 1,615 local offices in 202 subdistricts nationwide. A crucial limitation of the existing literature is that almost all of the studies referenced above depend on data from Western countries, which raises concerns about the external validity of these findings in their application to non-Western developing countries (De Vries et al. 2015). The original dataset sheds light on the differences and similarities in the antecedents of management practices between developed and developing countries.

Second, instead of focusing on a specific organization or service, this section covers eight departments that are in charge of the following standard public services: agriculture, education, health, and social support. Although previous studies on public management often focused on a specific organization, for example, public schools or hospitals, the context and environment should vary by sector (O'Toole and Meier 2014). The multi-sectoral scope can provide more general and robust findings common to various environmental settings.

Third, internal and external management are examined simultaneously. More precisely, this section classifies two types of management practices: *office management practices*, corresponding to internal management, which is related to cleaning, targeting, planning, standardization, monitoring, and improvement, and *collaborative management practices*, corresponding to external management, which facilitates collaboration with both public and private stakeholders. In contrast with many studies that address only internal or external management, this section's approach provides an opportunity to statistically test the hypothesis proposed by Agranoff and McGuire (2004), which proposes that the antecedents of internal and external management practices are different. ("The contacts, activities, policy tools, and other connections discovered in this study lead us to conclude that the capacities required to operate successfully in collaborative settings are different from the capacities needed to succeed at managing a single organization" (Agranoff and McGuire 2004, 175).)

Fourth, in addition to various possible antecedents, an officer's awareness of management techniques regarding "lean thinking," such as Plan-Do-Check-Act (PDCA), Total Quality Management (TQM), and *Kaizen* (i.e., the Japanese word for "continuous improvement") is included. (According to Radnor and Osborne (2013, 267), "Lean (also referred to as the Toyota Production System or TPS) originated within the Toyota Motor Corporation for the manufacturing of cars as a then radical alternative to the traditional method of mass production and batching principles for optimal efficiency, quality, speed and cost" and "seeks to 'design out' overburden (muri), inconsistency (mura) and waste (muda) in operational processes.") This section focuses on these techniques because such improvement methodologies have recently become part of a popular approach to public service reform in developed countries (Radnor and Osborne 2013) and have been identified as effective tools for the private sectors of developing countries to promote management practices and achieve profitable outcomes (Sonobe and Otsuka 2014). Moreover, awareness of management techniques can be manipulated more easily than other fixed antecedents such as organizational size and an officer's personality. If unawareness or informational constraints on management techniques are the primary obstacles to management practices, consultation and training can be effective, as shown by Bloom et al. (2013) with their randomized control trial in Indian textile firms.

This section finds that awareness of management techniques is positively correlated with both office (internal) and collaborative (external)

management practices. The correlation is sizable especially for practices related to internal process management such as making improvements, standardization, and for creating public-public partnership networks with other departments and local councils. On the other hand, almost all office resources, including budgets, staff, and materials, are *not* systematically associated with both management practices, contrary to the findings in the literature from Western developed countries.

The remainder of this section is organized as follows: section "Institutional Background" explains the context and institutional background; section "Data and methods" presents the data and methods; section "Results" reports the results; section "Discussion" discusses the findings; and section "Conclusion" concludes.

## Institutional Background

### Governmental Strategy for Improving Public Services

During the past 25 years, Bangladesh has achieved stable economic growth and rapid poverty reduction. The average gross domestic product (GDP) growth rate from 1990 to 2014 was 5.3%. Accordingly, the poverty ratio for citizens at the national poverty line (2,122 kcal/day) is estimated to have been substantially reduced from 56.7% in 1991 to 24.8% in 2015. Bangladesh is also achieving 17 of the 44 indicators of the Millennium Development Goals (MDGs) targeted for 2015 (GOB 2015a). Targets such as reducing poverty, increasing enrollment in primary schools, reducing infant and maternal mortality rates, improving immunization coverage, and reducing the incidence of communicable diseases were met. However, targets related to hunger, employment, quality of education, adult literacy, maternal health, and sanitation need greater attention.

To promote further socioeconomic development, the Bangladeshi government considers improving public services to be a priority. The Sixth Five-Year Plan (2011–2015) states, "Emphasis will be given to improving service delivery in basic services such as education, health, nutrition and water supply," and sets forth a strategy comprised of four pillars: (1) strengthening the civil service, (2) promoting devolution to local governments, (3) strengthening public-private partnerships (PPPs), and (4) strengthening planning and budgetary processes (GOB 2011, 32).

Regarding the first pillar, "strong training" is prescribed as a means to develop public administration capacity (GOB 2011, 32). Among public training institutions, the Bangladesh Public Administration Training Centre (BPATC) plays a central role in providing training for public officers. For example, all new entrants into the Bangladesh Civil Service (BCS) must take a 6-month Foundation Training Course wherein officers acquire general knowledge regarding administration as well as specific rules, regulations, processes, and procedures in public service delivery.

The second pillar, devolution to local governments, has long been a challenge. Although the Local Government Acts (Upazila Parishad Act of 1998, subsequent amendments in 2011, and the Union Parishad Act of 2009) were enacted to "transfer" 17 selected departments and the central government's BCS to the jurisdiction of local government institutions, functional integration remains incomplete (Rahman and Ahmed 2015).

The third and fourth pillars are countermeasures against weak administrative capacity in terms of human and budgetary resources. The Bangladeshi government has promoted PPPs, especially "collaboration with NGOs in the delivery of basic education, health and population management services" to support local administration (GOB 2011, 33). As a major initiative for improving planning and budgetary processes, the medium-term budgetary framework (MTBF) was introduced to all ministries in 2010. The MTBF addresses not only budget allocations but also information about mission statements, strategic objectives, priority spending areas, key performance indicators, recent achievements, and medium-term targets (GOB 2015b).

Although these four pillars are expected to improve public service delivery, it is unclear as to how they can be implemented in practice. What

type of "strong training" is needed to achieve the missions stated in the MTBF? How do public officers enhance collaboration with local governments and the private sector? Motivated by these questions, this study focuses on the knowledge of management techniques and the actual adoption of management practices in connection with all four pillars.

## Structure of the Central and Local Governments

Figure 1 indicates the structure of public administration in Bangladesh. For administrative purposes, the country is divided into 8 divisions with 64 districts, 489 subdistricts (*upazilas*), and 4,542 unions as of the end of fiscal year 2016. The structure of public service delivery in local areas is divided among the central and local governments.

The central government, headed by the prime minister, is comprised of the ministries and subordinate departments with headquarters in the capital city of Dhaka. Line departments under their respective line ministries, which are responsible for basic public services, have field offices in relevant divisions, districts, and subdistricts.

This section focuses on the subdistrict offices of the line departments. They represent the lowest tier of the departmental hierarchy and stand at the frontline of public service delivery. Subdistrict officers head subdistrict offices. They manage frontline staff and budgets under the supervision of district officers. Subdistrict officers have a certain degree of autonomy and discretion in managing implementation processes, from selecting beneficiaries to actually providing services (e.g., vaccinating livestock, managing school latrines, and disbursing allowances and pensions). However, because tasks, targets, and budgets are assigned in a top-down manner from the

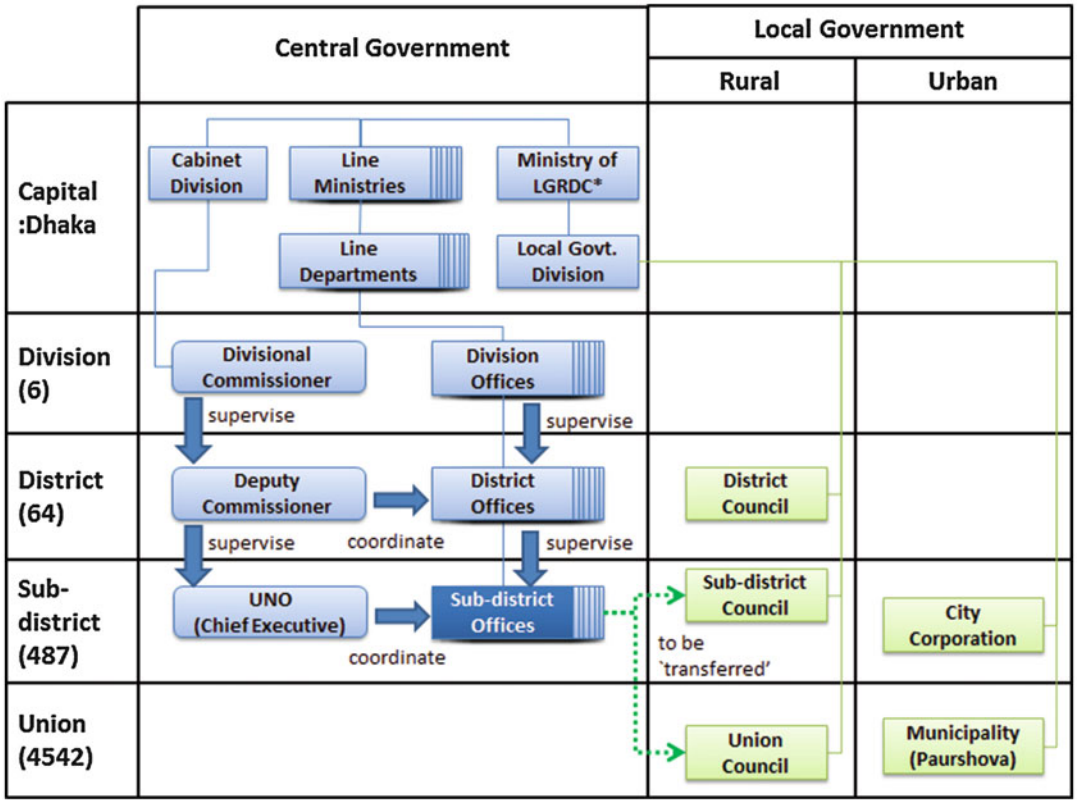


**Management Practices in the Public Sector of Bangladesh, Fig. 1** Structure of Bangladeshi Public Administration (Note: *Ministry of Local Government, Rural Development and Cooperatives)

headquarters, subdistrict officers have a limited role in formulating policy.

To coordinate the line department field offices, the central government appoints and dispatches chief executives from the Cabinet Division in three tiers: Divisional Commissioners for divisions, Deputy Commissioners for districts, and *Upazila Nirbahi* Officers (UNOs) for subdistricts. At the subdistrict level, the UNO offices and the subdistrict offices of the line departments usually share buildings or sites. Thus, they work in close physical proximity. UNOs oversee various affairs, including coordinating and supporting the activities of the subdistrict offices. For example, UNOs hold regular coordination meetings to share information among the subdistrict officers of various line departments and to discuss interdepartmental issues.

The authority of the local government is divided among the following five institutions: district, subdistrict, and union councils are headed by chairpersons in rural areas, and city corporations and municipalities are headed by mayors in urban areas. In totality, approximately 60,000 councilors are elected by citizens. The central government regulates all of these institutions through the Local Government Division. At the subdistrict level, subdistrict (*upazila*) councils represent the local government. Subdistrict councils consist of one chairperson, two vice chairpersons (one seat is permanently reserved for a woman), and a union chairperson from each union in the subdistrict.

As mentioned above, subdistrict officers of the 17 line departments are supposed to be "transferred" to the subdistrict and union councils. However, because this devolution has not yet been realized, both councils face serious human and financial capacity constraints. Nevertheless, they have important functions for public service delivery in collaboration with the line departments of the central government. For example, union councils nominate beneficiaries for some social safety net programs (e.g., the Vulnerable Group Development Program for low-income women and the Gratuitous Relief Program for disaster victims) provided by the subdistrict offices of line departments (Rahman et al. 2011). Therefore, although the devolution of subdistrict offices has not been completely realized, in practice, subdistrict offices and local councils are collaborating closely.

## Data and Methods

### Analytical Framework

Figure 2 presents an analytical framework for public service delivery in the form of an input-process-output diagram. Inputs for public service delivery are human resources (staff), financial resources (office budgets), and material resources (facilities). Inputs are exogenous to subdistrict officers because they are allocated in a top-down manner.

Regarding the service delivery process, this section distinguishes two types of management practices. The first is *office management practices*, corresponding to internal management, which includes cleaning, targeting, planning, standardization, monitoring, and process improvements to effectively utilize the given resources. Although these practices are explained in detail in section "Data and Methods," these are essentially standard practices necessary for running a PDCA cycle.

The second type of management practice related to external management is *collaborative management practices*, i.e., collaboration with public and private stakeholders (e.g., UNOs, councils, nongovernmental organizations [NGOs] and citizens) outside the office to complement limited office resources. This practice is an important aspect of collaborative public management, defined as "a concept that describes the process of facilitating and operating in multi-organisational arrangements to solve problems that cannot be solved or easily solved by single organisations" (Agranoff and McGuire 2004, 4). In particular, NGOs are recognized as possible candidates to supplement the lack of government resources in delivering public services in Bangladesh (World Bank 2003).

### Survey Design

Data was collected under the "Project for Improving Public Services through Total Quality Management in Bangladesh". (This is an

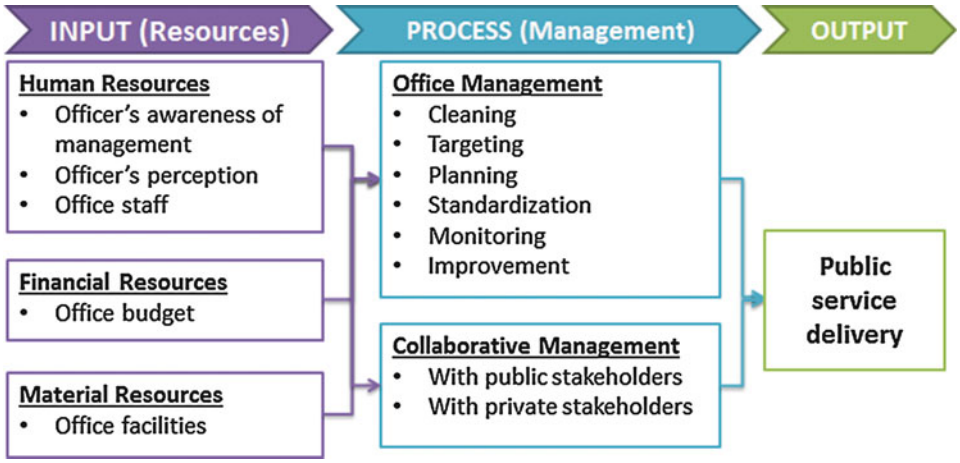


**Management Practices in the Public Sector of Bangladesh, Fig. 2** Analytical framework: input-process-output diagram of public service delivery

official development assistance (ODA) project co-financed by the Japan International Cooperation Agency (JICA) and the Government of Bangladesh and was implemented by the BPATC.) The objective of the survey is to collect information about the current conditions in the adoption of management practices and in the outputs/outcomes of public services. Because of time and budget constraints, the survey limits its focus to eight departments: Livestock Services, Fisheries, Food, Social Services, Youth Development, Women's Affairs, Secondary and Higher Education, and Public Health Engineering. These departments are selected because they directly provide basic public services to citizens and have local offices in all subdistricts. Although they oversee different sectors and beneficiaries, their tasks and duties are quite similar: providing training, disbursing subsidies and allowances, providing microcredit programs, and setting standards and regulations.

The survey was conducted in 202 subdistricts, which amounts to 41% of the 487 total subdistricts in Bangladesh. The survey area was selected in two ways. First, all 64 district capitals (subdistricts known as *Sadar Upazilas*) were covered because these areas were the main target of the project. Second, 138 subdistricts other than district capitals were chosen randomly via stratified sampling in proportion to the number of subdistricts in each district.

Data were collected at the subdistrict offices for each department using a structured questionnaire for face-to-face interviews with subdistrict officers from April to June 2014. To ensure that they properly answered the questionnaire and in order to avoid non-response bias, the survey was authorized by the headquarters of target departments via official letters. Finally, the sample size was 1,615 offices, consisting of 8 departments in 202 subdistricts. (Although the sample size should be 1,616 offices (8 departments × 202 subdistricts), 1 office in the Department of Women's Affairs could not participate in the survey due to the officer's extended absence.)

The questionnaire is organized in two parts. The first part asks all departments common questions on the following topics in line with the analytical framework illustrated in Fig. 2: (1) human resources (staff), (2) financial resources (revenue budget), (3) material resources (facilities), (4) the officer's awareness of management techniques (e.g., TQM, PDCA, and *Kaizen*), (5) the officer's awareness of his/her and others' perceptions of the work environment, and (6) the adoption of management practices in the subdistrict office.

The second part seeks department-specific administrative statistics, aiming to collect information concerning outputs and outcomes of the public services delivered by each department. For example, the questionnaire asked subdistrict

officers of the Department of Livestock Services about the number of vaccinations for livestock and the number of training courses for farmers as outputs and about the production of milk, meat, and eggs as outcomes. Such items were constructed by using the statistics from the MTBF, which clarify departmental output and outcome indicators. The statistical items were reviewed and authorized by the headquarters of each department, which permitted each subdistrict office to register the data to plan and monitor their service delivery. Therefore, the response rate for the administrative statistics can be regarded as an objective indicator of the achievements related to planning and monitoring in that subdistrict office.

## Variables

### Outcome Variables

Main outcome variables are classified into two groups: (1) *office management practices* within subdistrict offices and (2) *collaborative management practices* involving external public and private stakeholders.

For office management practices, the section selected the following 14 practices, classified into 6 categories:

(i) Cleaning: (1) cleaning offices regularly and (2) filing and sorting office documents
(ii) Targeting: (3) setting measurable targets and (4) discussing them with staff
(iii) Planning: (5) planning time schedules, (6) personnel assignments, and (7) budget allocations
(iv) Standardization: (8) using guidelines or manuals and (9) using task lists
(v) Monitoring: (10) holding regular meetings, (11) reporting progress, and (12) communicating with citizens
(vi) Improvement: (13) proposing new plans or methods and (14) modifying methods to deliver services

These practices were selected after discussions with TQM experts and officials at the BPATC to fit the context of the subdistrict offices.

The survey asked officers whether they had adopted these 14 practices during the past 3 months and recorded responses as dummy variables (i.e., yes or no). Such closed-end questions to measure office management were also used in the Management and Organizational Practices Survey conducted by the US Census Bureau. Although this approach might be inferior in accuracy compared with open-ended questions, which were used in the World Management Survey, it incurs lower survey costs and registers higher response rates. Simple averages were calculated for the adoption rates of each of the six management categories as well as the rate for overall categories as the main outcome variable.

In addition to these self-reported subjective indicators, response rates were utilized for department-specific administrative statistics as objective indicators. The survey prepared approximately 30 items for each department that were supposedly monitored by subdistrict offices. Response rates were calculated as the ratio of items addressed to the total number of items.

As for collaborative management practices with other stakeholders, the survey asked about the frequency (days) of communication with public and private stakeholders during the past 30 days. The public stakeholders were UNOs (chief executives of the subdistricts), the district officers of the UNOs' line departments (i.e., a subdistrict officer's superior), subdistrict officers of other line departments, local councils of the subdistricts and unions, and respective staff members for reference. Private stakeholders included NGOs and citizens.

### Explanatory Variables

Regarding the key explanatory variables that may correlate with the adoption of management practices, the section focused on officers' awareness of management techniques and perceptions of their work environments and office resources. After consultation with project experts and officials at the BPATC, variables were designed to capture the current situation in the context of the Bangladeshi public sector.

To measure awareness of management techniques, the survey asked subdistrict officers

whether they knew the terms PDCA, TQM, and *Kaizen* on a three-point Likert scale (don't know, know something, or know well). Then a dummy variable denoting whether subdistrict officers knew well or knew something about all three techniques was constructed. This variable can be seen as a proxy for the knowledge of management.

To assess perceptions of self and others in the work environment, the survey asked 10 questions regarding satisfaction, motivation, confidence, leadership, busyness, need for improvement, trust in staff, reluctance of staff, recognition by the UNO, and recognition by the district officer. A five-point Likert scale of agreement (−2, strongly disagree; −1, disagree; 0, neutral; 1, agree; 2, strongly agree) was applied to each item listed in Panel B of Table 1.

Other controls include variables denoting office resources: human resources (number of staff members), financial resources (annual office budget), and material resources (office facilities and equipment such as shelves, computers, access to the Internet, and vehicles). Subdistrict officers' characteristics such as gender, age, education level, and salary are also included. To control for the geographical and socioeconomic characteristics of the subdistricts, this section used subdistrict dummy variables in the statistical estimation.

### Statistical Method

This section examined the association between the adoption of office and collaborative management practices as outcome variables and key explanatory variables using a descriptive analysis and multivariate regressions. For the descriptive analysis, unadjusted mean adoption rates of management practices based on the awareness of key management techniques are reported.

For multivariate regressions, this analysis estimates

$$y_{ijk} = \alpha + \beta \mathrm{AWARE}_{ijk} + X_{ijk}\gamma + D_j + U_k + \varepsilon_{ijk},$$

where $y_{ijk}$ is the outcome variable for the office and collaborative management practices of subdistrict office $i$ of department $j$ in subdistrict $k$. $\mathrm{AWARE}_{ijk}$ is the indicator of knowledge of the management techniques. $X_{ijk}$ is the vector of variables representing officers' perceptions and characteristics and other control variables capturing office resources. $D_j$ and $U_k$ are department and subdistrict fixed effects, respectively. Finally, $\varepsilon_{ijk}$ is the error term, and α, β, and γ are parameters to be estimated.

This model is estimated by ordinary least squares (OLS) with standard errors clustered by subdistrict. The model also includes survey team fixed effects to control for differences in the survey teams regarding the quality of interviews and data collection, which may particularly affect the response rate for administrative statistics.

## Results

### Summary Statistics

Table 1 reports the summary statistics of all variables.

Panel A summarizes the outcome variables. The adoption rates of office management techniques are relatively high. On average, across 1,615 offices, the overall adoption rate of all six categories is 82%. The adoption rate is highest for "cleaning" (96%), followed by "targeting" (95%), "planning" (87%), and "monitoring" (86%). Practices of "standardization" (69%) and "improvement" (62%) are less commonly adopted.

The response rate to key administrative statistics is 70% (SD = 21%). The difference in response rates is largely driven by variations among departments, ranging from 51% to 87%. The analysis includes department fixed effects in the regression analyses below to control for this.

Regarding collaborative management practices, the number of days spent communicating with stakeholders during the 30 days before the interview is 3.2 days (SD = 3.3) for office staff, 5.2 days (SD = 5.7) for UNOs and district officers, 4.1 days (SD = 5.1) for officers of other departments, 3.9 days (SD = 4.3) for local councils, 1.3 days (SD = 1.9) for NGOs, and 2.7 days (SD = 4.9) for citizens. The total number of days communicating with any of the above stakeholders is 20.6 days (SD = 20.3). Panel B summarizes the explanatory variables. Twenty-one

**Management Practices in the Public Sector of Bangladesh, Table 1** Summary statistics

| Variable | Definition | Mean | SD | Min | Max |
|---|---|---|---|---|---|
| **Panel A: Outcomes** | | | | | |
| **Office management practices** | Average implementation rate of management practices during the past three months. | | | | |
| Cleaning | (1) Office cleaning and (2) document filing | 0.96 | 0.17 | 0 | 1 |
| Targeting | (3) Setting office targets and (4) discussion of targets with staff | 0.95 | 0.18 | 0 | 1 |
| Planning | Planning (5) work schedules (6) personnel assignments and (7) office budgets | 0.87 | 0.21 | 0 | 1 |
| Standardization | Utilizing (8) guidelines/manuals and (9) task lists | 0.69 | 0.37 | 0 | 1 |
| Monitoring | (10) Conducting regular meetings with staff (11) reporting progress to the boss and (12) communication with citizens | 0.86 | 0.23 | 0 | 1 |
| Improvement | (13) Proposing of new plan/method and (14) modifiying of the way of service delivery | 0.62 | 0.42 | 0 | 1 |
| All practices | All office management practices | 0.82 | 0.16 | 0 | 1 |
| **Response rate to administrative statistics** | Average response rate to departmental questions about basic statistics for specific public services | 0.7 | 0.21 | 0 | 1 |
| **Collaborative management practices** | Number of days in contact with related stakeholders during the past 30 days. | | | | |
| Own staff | Staff of own office | 3.24 | 3.35 | 0 | 20 |
| UNO and district officer | UNO (chief executive of the subdistrict) and district officer | 5.24 | 5.72 | 0 | 30 |
| Officers of other departments | Other subdistrict officers in the same and other subdistricts | 4.09 | 5.11 | 0 | 30 |
| Local councils | Local councils (subdistrict and union councils) | 3.93 | 4.31 | 0 | 30 |
| NGO | NGO members | 1.28 | 1.88 | 0 | 20 |
| Citizens | Citizens | 2.73 | 4.89 | 0 | 20 |
| All stakeholders | All related stakeholders | 20.64 | 20.3 | 0 | 153 |
| **Panel B: Primary explanatory variables** | | | | | |
| **Awareness of management concepts (dummy)** | 1 if aware of all three management concepts (PDCA, TQM, and *Kaizen*) | 0.21 | dummy | 0 | 1 |
| **Officer's perception (5-point scale)** | (−2: strongly disagree, −1: disagree, 0: neutral, 1: agree, 2: strongly agree) | | | | |
| Satisfaction | Are you satisfied with your job these days? | 1.55 | 0.73 | −2 | 2 |
| Motivation | Are you well motivated to deliver quality services as a government official? | 1.41 | 0.9 | −2 | 2 |
| Confidence | Do you think you can accomplish your goals based on your own ideas? | 1.01 | 1.17 | −2 | 2 |
| Leadership | Do you think you can lead office staff to improve your service on your own initiative? | 1.53 | 0.78 | −2 | 2 |
| Busyness | Do you think you have too much work these days? | 1.08 | 1.1 | −2 | 2 |

**Management Practices in the Public Sector of Bangladesh, Table 1** (continued)

| Variable | Definition | Mean | SD | Min | Max |
|---|---|---|---|---|---|
| Need for Improvement | Do you think your office needs to improve public service delivery continuously? | 1.42 | 0.88 | −2 | 2 |
| Trust in office staff | Do you think most staff can be trusted in your office? | 1.2 | 0.97 | −2 | 2 |
| Reluctance of office staff | Do you think some staff is reluctant to improve public service in your office? | −0.96 | 1.23 | −2 | 2 |
| Recognition by UNO | Do you think your work is well recognized by the UNO? | 1.46 | 0.87 | −2 | 2 |
| Recognition by district officer | Do you think your work is well recognized by the district officer? | 1.5 | 0.86 | −2 | 2 |
| **Panel C: Controls** | | | | | |
| **Officer's characteristics** | | | | | |
| Female (dummy) | 1 if officer is female | 0.15 | dummy | 0 | 1 |
| Age | Officer's age | 45 | 8.2 | 20 | 70 |
| Masters or above (dummy) | 1 if officer holds a master's degree or above | 0.09 | dummy | 0 | 1 |
| Log salary | Officer's annual salary (log) | 9.68 | 0.35 | 7.18 | 11.41 |
| **Office resources** | | | | | |
| Log annual budget | Annual office budget (log, per staff) | 12.16 | 0.62 | 8.2 | 16.75 |
| Number of telephones & fax | Number of telephones and fax machines in the office (per staff) | 0.17 | 0.2 | 0 | 2.5 |
| Number of PCs & printers | Number of PCs and printers in the office (per staff) | 0.28 | 0.26 | 0 | 4 |
| Internet access (dummy) | 1 if the office has Internet access | 0.74 | dummy | 0 | 1 |
| Number of shelves | Number of shelves in the office (per staff) | 0.57 | 0.45 | 0 | 6.38 |
| Number of vehicles | Number of vehicles (bicycles and motorcycles) in the office (per staff) | 0.24 | 0.3 | 0 | 5 |
| Number of office staff | Number of office staff | 7.05 | 3.55 | 0 | 20 |
| Average age of office staff | Average age of office staff | 43.42 | 4.51 | 24.65 | 64.5 |

Note: N = 1,615 for all variables. UNO: *Upazila Nirbahi* Officers; NGO: non-governmental organization; PDCA: Plan-Do-Check-Act; TQM: Total Quality Management.

percent of the officers are aware (knew at least something) about all three management techniques (PDCA, TQM, and *Kaizen*). Figure 3 shows the level awareness by technique.

Regarding officers' perceptions, the average scores from the five-point Likert scale (a higher score means higher agreement) are as follows: 4.6 (SD = 0.7) for "satisfaction," 4.4 (SD = 0.9) for "motivation," 4.0 (SD = 1.2) for "confidence," 4.5 (SD = 0.8) for "leadership," 4.1 (SD = 1.1) for "busyness," 4.4 (SD = 0.9) for "needs for improvement," 4.2 (SD = 1.0) for "trust in office staff," 2.0 (SD = 1.2) for "reluctance of office staff," 4.5 (SD = 0.9) for "recognition by UNO," and 4.5 (SD = 0.9) for "recognition by district officer."

Panel C of Table 1 summarizes other control variables denoting officer characteristics and office resources.

## Descriptive Results

Table 2 provides information concerning unconditional outcome variables based on the awareness of key management techniques. Adoption rates of office management practices are higher for aware offices than for unaware offices in all six categories. Differences in adoption rates range from 1.1 percentage points (cleaning) to 10.3 percentage points (improvement). Similarly, the response rate for key administrative statistics is higher for aware offices: 72.8% (aware) versus 69.3% (unaware). However, the unconditional indicators of collaborative management practices are not significantly different. In fact, on average, aware offices spent fewer days than unaware offices collaborating with office staff, supervisors, NGOs, and citizens.

## Main Regression Results

Table 3 presents multivariate regression estimates for the adoption of office management practices. Column (1) reports estimates for the average adoption rates of overall practices. Columns (2) through (7) present results for each category. Column (8) regresses response rates.

Table 3 shows that awareness correlates positively with adoption and response rates. Column (1) indicates that the average adoption rate for overall practices among aware offices was significantly higher, by 3.8 percentage points, compared with unaware offices, or 4.5% higher compared with the unadjusted mean for unaware offices (81.5%). The breakdown of the results by management category in Columns (2) through (7) reveals that the adoption rate is higher for aware offices than unaware offices in all management categories except "cleaning" (0.3 percentage points lower, −0.3% compared with the unadjusted mean for unaware offices). The coefficient is significantly higher in the categories



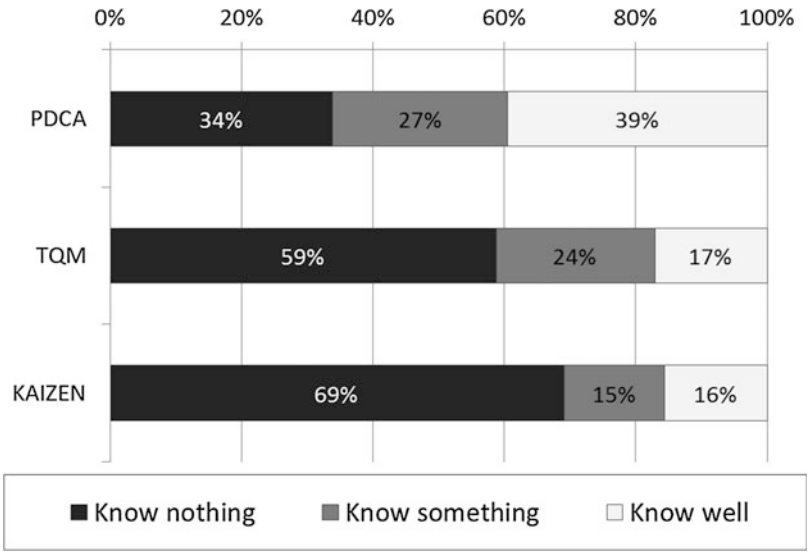


**Management Practices in the Public Sector of Bangladesh,**
**Fig. 3** Awareness of key management techniques (Note: n = 1615)

**Management Practices in the Public Sector of Bangladesh, Table 2** Mean comparison of outcome variables by awareness of key management techniques

| Variable | Awareness of PDCA, TQM and *Kaizen* | | | Difference | | *p*-value |
|---|---|---|---|---|---|---|
| | Total ($n$ = 1,615) | Aware ($n$ = 345) | Unaware ($n$ = 1,270) | | [95% Conf. Interval] | |
| **Office management practices** | | | | | | |
| Cleaning | 0.955 | 0.964 | 0.953 | 0.011 | [−0.008, 0.030] | 0.267 |
| Targeting | 0.951 | 0.970 | 0.946 | 0.024 | [0.005, 0.043] | 0.012 |
| Planning | 0.867 | 0.903 | 0.857 | 0.046 | [0.023, 0.069] | 0.000 |
| Standard | 0.694 | 0.745 | 0.680 | 0.065 | [0.022, 0.108] | 0.003 |
| Monitoring | 0.861 | 0.885 | 0.854 | 0.031 | [0.004, 0.057] | 0.022 |
| Improvement | 0.622 | 0.703 | 0.600 | 0.103 | [0.055, 0.152] | 0.000 |
| Total | 0.825 | 0.862 | 0.815 | 0.047 | [0.027, 0.066] | 0.000 |
| **Response rate to administrative statistics** | 0.700 | 0.728 | 0.693 | 0.036 | [0.012, 0.059] | 0.003 |
| **Collaborative management practices** | | | | | | |
| Own staff | 3.237 | 3.174 | 3.254 | −0.080 | [−0.435, 0.276] | 0.660 |
| UNO and district officer | 5.245 | 5.035 | 5.302 | −0.267 | [−0.888, 0.355] | 0.400 |
| Officers of other departments | 4.092 | 4.194 | 4.064 | 0.130 | [−0.444, 0.705] | 0.656 |
| Local councils | 3.931 | 4.217 | 3.853 | 0.365 | [−0.189, 0.919] | 0.197 |
| NGO | 1.276 | 1.258 | 1.281 | −0.023 | [−0.244, 0.198] | 0.837 |
| Citizens | 2.731 | 2.513 | 2.790 | −0.277 | [−0.817, 0.263] | 0.314 |
| All stakeholders | 20.641 | 20.539 | 20.669 | −0.130 | [−2.438, 2.178] | 0.912 |

Note: 'Aware' refers to offices that 'know well' or 'know something' about all three techniques: PDCA, TQM and *Kaizen*. The 'Difference' column reports the difference between the two groups. *P*-values of Welch's *t*-test are reported in the last column for each outcome. Those below 0.05 are emphasised in bold letters. UNO: *Upazila Nirbahi* Officers; NGO: non-governmental organisation; PDCA: Plan-Do-Check-Act; TQM: Total Quality Management.

"planning" (4.7 percentage points, +5.4%), "standardization" (6.0 percentage points, +8.8%), and improvement (6.5 percentage points, +10.8%). Coefficients for "targeting" and "monitoring" are both positive but not significant. Column (8) indicates a higher response rate to administrative statistics by aware offices, although the estimate is insignificant.

The correlation between officers' perceptions and adoption of practices is unclear and inconsistent; signs of the coefficients are mixed across management categories. However, the coefficient for "trust in office staff" is significantly negative, and the coefficient for "reluctance of office staff" is significantly positive for all practices. This result is driven by a relatively large coefficient for "improvement." Any other consistent associations between any other officer characteristic and office resource are not observed.

Table 4 reports the estimates for collaborative management practices. Column (1) regresses the days spent collaborating with a stakeholder. Columns (2) through (7) report the results for collaboration with each stakeholder.

**Management Practices in the Public Sector of Bangladesh, Table 3** Correlates of office management practices and response rates (OLS)

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | Office management practices | | | | | | | Response |
| | All practices | Cleaning | Targeting | Planning | Standardization | Monitoring | Improvement | rate |
| **Awareness of management concepts** | | | | | | | | |
| Aware of PDCA, TQM and *Kaizen* | 0.038** | −0.003 | 0.022 | 0.047** | 0.060* | 0.033 | 0.065* | 0.016 |
| | (0.012) | (0.011) | (0.014) | (0.017) | (0.027) | (0.019) | (0.029) | (0.012) |
| **Officer's perception** | | | | | | | | |
| Satisfaction | 0.002 | 0.020* | 0.001 | −0.002 | −0.005 | 0.006 | −0.008 | 0.017 |
| | (0.009) | (0.010) | (0.012) | (0.013) | (0.017) | (0.014) | (0.022) | (0.010) |
| Motivation | 0.002 | −0.008 | 0.013 | 0.012 | −0.005 | 0.002 | −0.002 | 0.004 |
| | (0.007) | (0.005) | (0.010) | (0.009) | (0.015) | (0.008) | (0.015) | (0.007) |
| Confidence | −0.002 | −0.006 | 0.000 | 0.006 | 0.001 | −0.015* | 0.002 | −0.000 |
| | (0.004) | (0.003) | (0.006) | (0.005) | (0.008) | (0.006) | (0.010) | (0.004) |
| Leadership | −0.009 | 0.004 | 0.001 | 0.001 | −0.024 | 0.003 | −0.037 | −0.005 |
| | (0.008) | (0.008) | (0.009) | (0.012) | (0.016) | (0.013) | (0.019) | (0.007) |
| Busyness | 0.004 | −0.002 | 0.012 | 0.003 | 0.012 | −0.008 | 0.007 | 0.003 |
| | (0.005) | (0.004) | (0.008) | (0.007) | (0.011) | (0.006) | (0.012) | (0.006) |
| Need for improvement | 0.004 | 0.007 | 0.021* | −0.007 | −0.007 | 0.017 | −0.006 | −0.003 |
| | (0.007) | (0.008) | (0.010) | (0.010) | (0.014) | (0.012) | (0.015) | (0.006) |
| Trust in office staff | −0.011* | 0.011 | −0.007 | −0.013 | −0.009 | −0.011 | −0.040** | 0.004 |
| | (0.005) | (0.006) | (0.006) | (0.007) | (0.011) | (0.008) | (0.013) | (0.006) |
| Reluctance of office staff | 0.011** | −0.004 | −0.001 | 0.008 | 0.014 | 0.005 | 0.046*** | 0.007 |
| | (0.004) | (0.004) | (0.005) | (0.006) | (0.009) | (0.005) | (0.011) | (0.004) |
| Recognition by UNO | 0.000 | −0.007 | −0.007 | −0.000 | −0.023 | 0.013 | 0.025 | 0.006 |
| | (0.007) | (0.006) | (0.010) | (0.011) | (0.019) | (0.013) | (0.019) | (0.009) |
| Recognition by district officers | −0.005 | −0.002 | −0.021 | −0.003 | 0.005 | −0.006 | −0.001 | −0.010 |
| | (0.008) | (0.009) | (0.011) | (0.011) | (0.017) | (0.012) | (0.020) | (0.007) |

(continued)

**Management Practices in the Public Sector of Bangladesh, Table 3** (continued)

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | Office management practices | | | | | | | Response |
| | All practices | Cleaning | Targeting | Planning | Standardization | Monitoring | Improvement | rate |
| **Officer's characteristics** | | | | | | | | |
| Female (dummy) | 0.007 | 0.032 | 0.006 | −0.013 | 0.012 | 0.009 | −0.001 | 0.003 |
| | (0.013) | (0.016) | (0.015) | (0.020) | (0.031) | (0.019) | (0.034) | (0.016) |
| Age | 0.000 | −0.001 | −0.000 | −0.002* | 0.002 | −0.000 | 0.002 | 0.001 |
| | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) | (0.001) |
| Master's or above (dummy) | −0.021 | 0.005 | −0.028 | −0.051 | −0.026 | −0.006 | −0.020 | −0.014 |
| | (0.019) | (0.020) | (0.019) | (0.026) | (0.051) | (0.026) | (0.049) | (0.022) |
| Log salary | −0.010 | 0.007 | −0.019 | 0.030 | −0.032 | −0.010 | −0.038 | −0.009 |
| | (0.012) | (0.016) | (0.014) | (0.020) | (0.027) | (0.019) | (0.028) | (0.017) |
| **Office resources** | | | | | | | | |
| Log annual budget | −0.001 | 0.022** | −0.014 | −0.008 | 0.003 | −0.002 | −0.009 | −0.006 |
| | (0.007) | (0.007) | (0.010) | (0.010) | (0.016) | (0.010) | (0.017) | (0.008) |
| Number of telephones & fax | −0.008 | −0.018 | 0.020 | 0.014 | −0.083 | 0.010 | 0.006 | 0.008 |
| | (0.023) | (0.028) | (0.027) | (0.040) | (0.056) | (0.036) | (0.059) | (0.030) |
| Number of PCs & printers | 0.027 | 0.034 | 0.020 | 0.034 | 0.009 | 0.018 | 0.046 | −0.025 |
| | (0.022) | (0.029) | (0.030) | (0.028) | (0.049) | (0.031) | (0.053) | (0.024) |
| Internet access (dummy) | −0.004 | −0.029* | −0.015 | −0.017 | 0.035 | −0.012 | 0.016 | 0.029* |
| | (0.012) | (0.013) | (0.018) | (0.017) | (0.027) | (0.018) | (0.026) | (0.013) |
| Number of shelves | −0.009 | −0.023 | −0.007 | −0.006 | 0.032 | −0.036 | −0.011 | 0.005 |
| | (0.010) | (0.027) | (0.013) | (0.014) | (0.034) | (0.025) | (0.034) | (0.013) |
| Number of vehicles | 0.004 | 0.004 | −0.002 | −0.001 | 0.010 | 0.003 | 0.010 | −0.002 |
| | (0.015) | (0.015) | (0.026) | (0.020) | (0.030) | (0.020) | (0.032) | (0.015) |

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | **Office management practices** | | | | | | | **Response** |
| | All practices | Cleaning | Targeting | Planning | Standardization | Monitoring | Improvement | **rate** |
| Number of office staff | 0.004 | −0.000 | 0.003 | 0.006* | 0.006 | 0.004 | 0.003 | 0.002 |
| | (0.002) | (0.002) | (0.003) | (0.003) | (0.004) | (0.003) | (0.005) | (0.002) |
| Average age of office staff | −0.000 | 0.001 | 0.001 | −0.000 | −0.001 | 0.001 | −0.002 | −0.000 |
| | (0.001) | (0.001) | (0.001) | (0.001) | (0.002) | (0.002) | (0.003) | (0.001) |
| Constant | 1.007*** | 0.550** | 1.241*** | 0.678** | 1.257** | 0.890*** | 1.428*** | 1.135*** |
| | (0.163) | (0.210) | (0.191) | (0.215) | (0.394) | (0.244) | (0.418) | (0.187) |
| N | 1615 | 1615 | 1615 | 1615 | 1615 | 1615 | 1615 | 1615 |
| R-sq | 0.438 | 0.377 | 0.224 | 0.317 | 0.429 | 0.370 | 0.451 | 0.571 |

Note: Dependent variables are the adoption rates for office management practices and response rates for administrative information. Fourteen activities relating to office management practices are aggregated into six categories and the total (for the details, see Table 1). Department, subdistrict and survey team fixed effects are included but not reported. Standard errors clustered by subdistrict are in parentheses. *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. UNO: *Upazila Nirbahi* Officers; NGO: non-governmental organisation; PDCA: Plan-Do-Check-Act; TQM: Total Quality Management.

Column (1) shows that, on average, aware offices spend 3.2 more days with stakeholders during the previous 30 days than do unaware offices. Columns (2) through (7) indicate that the correlation between awareness and collaboration is sizable and positive for all stakeholders; the effect is significant for local councils (0.8 days) and officers of other departments (0.8 days).

Regarding officers' perceptions, again, Table 4 shows no sizable or consistent pattern of correlation. However, the analysis does find a positive correlation between busyness and collaboration, which is significant for collaboration with citizens (0.6 days). Regarding officers' characteristics, officers holding a master's degree or above are less likely to collaborate. Although the coefficient is insignificant except for collaboration with officers of other departments, it was sizable for all stakeholders (−3.9 days). For office resources, there is no clear, sizable, and consistent correlation observed except for the positive effect of Internet access, although it is insignificant with the exception of collaboration with citizens.

## Discussion

The main statistical findings can be summarized as follows. First, the adoption rate of office management practices overall is high (82%), but the adoption rates of practices related to "standardization" (69%) and "improvement" (62%) are relatively uncommon compared with those related to "cleaning," "targeting," "planning," and "monitoring." This finding indicates that the "Plan" process of the PDCA cycle is relatively well implemented, but the "Do," "Check," and "Action" processes need further improvement. Additionally, the average response rate of 71% to administrative statistics is disappointing. The statistics are fundamental and necessary for setting targets and monitoring the progress of each department's main tasks. It is therefore unsurprising that nearly 40% of the offices have not adopted "improvement" practices.

Second, awareness of key management techniques is positively correlated with the adoption of both office and collaborative management practices. The difference is sizable, with the adoption rates of "improvement" and "standardization" for aware offices exceeding those for unaware offices by 10.8% and 8.8%, respectively. This finding is consistent with the literature, which emphasizes the importance of knowledge and learning to improve public service processes and performance (Walker 2014). The result also supports the evidence provided by Indian textile firms that one potential reason why firms in developing countries do not adopt productive operational management practices is that they are simply unaware of such practices (Bloom et al. 2013). Bloom et al. (2013) found that it is easy to overcome this information constraint by merely explaining the existence of these practices, which eventually leads to rapid adoption. This suggests that unawareness is a key barrier to the implementation of such practices and that relatively simple interventions that provide information about management practices and best practices may boost adoption in the public sector as well. With regard to the hypothesis that antecedents are different between internal and external management (Agranoff and McGuire 2004), the results imply that awareness of management techniques is positively related to both.

Third, officers who trust their staff members are less likely to adopt office management practices, whereas those who think that their staff members are reluctant tend to adopt more practices. A natural interpretation of this behavior is that office management practices are substitutes for trust or good relationships; officers adopt these practices because they cannot trust their staff or if the staff members are reluctant. These effects are significant and sizable, especially in the adoption of improvement practices, which implies that subdistrict officers tend to modify the method of public service delivery when their staff are reluctant and maintain the same method of public service delivery when staff members are trustworthy. This function of public management to maintain organizational discipline may be evidenced in developing countries where the absenteeism of public workers is typically widespread.

Fourth, office resources are not associated with both office and collaborative management

**Management Practices in the Public Sector of Bangladesh, Table 4** Correlates of collaborative management practices (OLS)

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| | All stakeholders | Own staff | UNO and District officer | Officers of other departments | Local councils | NGO | Citizen |
| **Awareness of management concepts** | | | | | | | |
| Aware of PDCA, TQM and *Kaizen* | 3.173** | 0.092 | 0.663 | 0.833* | 0.821** | 0.243 | 0.373 |
| | (1.159) | (0.231) | (0.339) | (0.326) | (0.307) | (0.134) | (0.290) |
| **Officer's perception** | | | | | | | |
| Satisfaction | −0.273 | −0.094 | −0.044 | −0.058 | −0.064 | −0.086 | 0.027 |
| | (0.849) | (0.211) | (0.287) | (0.229) | (0.210) | (0.109) | (0.219) |
| Motivation | 0.577 | −0.011 | 0.067 | 0.183 | 0.271 | 0.019 | 0.131 |
| | (0.922) | (0.175) | (0.280) | (0.257) | (0.232) | (0.092) | (0.186) |
| Confidence | −0.158 | −0.066 | −0.083 | −0.013 | 0.003 | 0.065 | −0.111 |
| | (0.414) | (0.098) | (0.135) | (0.117) | (0.099) | (0.051) | (0.110) |
| Leadership | 0.899 | −0.034 | 0.559 | 0.187 | 0.024 | 0.133 | −0.044 |
| | (0.883) | (0.238) | (0.315) | (0.233) | (0.196) | (0.077) | (0.202) |
| Busyness | 1.853 | 0.281 | 0.466 | 0.230 | 0.071 | 0.066 | 0.596** |
| | (0.960) | (0.176) | (0.278) | (0.246) | (0.166) | (0.051) | (0.225) |
| Need for improvement | 0.444 | 0.141 | 0.105 | 0.284 | −0.121 | 0.019 | 0.064 |
| | (0.776) | (0.167) | (0.223) | (0.180) | (0.172) | (0.083) | (0.199) |
| Trust in office staff | 0.844 | 0.013 | 0.143 | 0.398* | 0.216 | −0.014 | 0.094 |
| | (0.608) | (0.145) | (0.200) | (0.170) | (0.133) | (0.061) | (0.163) |
| Reluctance of office staff | 0.158 | 0.066 | 0.047 | 0.211 | −0.003 | −0.078 | −0.011 |
| | (0.448) | (0.079) | (0.140) | (0.126) | (0.117) | (0.049) | (0.101) |
| Recognition by UNO | 0.055 | 0.011 | 0.379 | −0.035 | −0.230 | −0.019 | 0.027 |
| | (0.798) | (0.125) | (0.242) | (0.257) | (0.224) | (0.075) | (0.256) |
| Recognition by district officers | −0.710 | 0.090 | −0.448 | −0.123 | 0.018 | −0.006 | −0.239 |
| | (1.005) | (0.153) | (0.303) | (0.241) | (0.271) | (0.087) | (0.241) |

(continued)

**Management Practices in the Public Sector of Bangladesh, Table 4** (continued)

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| | All stakeholders | Own staff | UNO and District officer | Officers of other departments | Local councils | NGO | Citizen |
| **Officer's characteristics** | | | | | | | |
| Female (dummy) | 0.377 | −0.358 | −0.010 | 0.239 | 0.459 | −0.091 | 0.191 |
| | (1.516) | (0.318) | (0.485) | (0.415) | (0.388) | (0.219) | (0.323) |
| Age | −0.068 | 0.001 | −0.037 | −0.016 | 0.003 | 0.014 | −0.028 |
| | (0.059) | (0.011) | (0.020) | (0.015) | (0.016) | (0.010) | (0.016) |
| Master's or above (dummy) | −3.898 | −0.047 | −1.256 | −1.179* | −0.673 | −0.259 | −0.350 |
| | (2.699) | (0.399) | (0.797) | (0.576) | (0.635) | (0.246) | (0.685) |
| Log salary | 0.769 | 0.172 | 0.358 | 0.586 | −0.170 | −0.194 | 0.086 |
| | (1.276) | (0.261) | (0.399) | (0.371) | (0.329) | (0.154) | (0.308) |
| **Office resources** | | | | | | | |
| Log annual budget | 0.496 | 0.032 | 0.091 | −0.078 | 0.313 | −0.025 | 0.144 |
| | (0.577) | (0.104) | (0.197) | (0.210) | (0.248) | (0.056) | (0.126) |
| Number of telephones & fax | −2.803 | −0.296 | −1.282 | −0.605 | −0.003 | −0.051 | −0.273 |
| | (2.568) | (0.501) | (1.078) | (0.660) | (0.427) | (0.237) | (0.675) |
| Number of PCs & printers | 0.632 | −0.206 | 0.335 | 1.152 | 0.421 | 0.083 | −0.903 |
| | (2.558) | (0.420) | (0.784) | (1.146) | (0.837) | (0.325) | (0.573) |
| Internet access (dummy) | 2.782* | 0.261 | 0.566 | 0.583 | 0.325 | 0.112 | 0.798* |
| | (1.356) | (0.266) | (0.424) | (0.365) | (0.309) | (0.147) | (0.336) |
| Number of shelves | 0.644 | −0.054 | 0.030 | 0.575 | 0.035 | −0.141 | 0.086 |
| | (1.147) | (0.296) | (0.335) | (0.570) | (0.314) | (0.118) | (0.304) |
| Number of vehicles | −4.109* | −0.670* | −0.897 | −1.174* | −0.601 | 0.126 | −0.668 |
| | (1.655) | (0.305) | (0.505) | (0.480) | (0.385) | (0.155) | (0.433) |

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| | All stakeholders | Own staff | UNO and District officer | Officers of other departments | Local councils | NGO | Citizen |
| Number of office staff | 0.231 | −0.013 | 0.005 | 0.102 | 0.110* | 0.024 | 0.015 |
| | (0.197) | (0.048) | (0.061) | (0.053) | (0.047) | (0.022) | (0.053) |
| Average age of office staff | 0.097 | −0.026 | 0.039 | 0.014 | 0.006 | 0.010 | 0.047 |
| | (0.111) | (0.019) | (0.036) | (0.032) | (0.029) | (0.012) | (0.027) |
| Constant | 14.466 | 5.373 | 1.624 | 0.132 | 1.157 | 3.086 | 2.464 |
| | (18.681) | (3.107) | (5.406) | (5.523) | (4.950) | (1.871) | (4.248) |
| N | 1615 | 1615 | 1615 | 1615 | 1615 | 1615 | 1615 |
| R-sq | 0.551 | 0.344 | 0.467 | 0.476 | 0.377 | 0.286 | 0.516 |

Note: Dependent variables are days spent on collaborative management practices (number of days communicating with stakeholders during the past 30 days). Department, subdistrict and survey team fixed effects are included but not reported. Standard errors clustered by subdistrict are in parentheses. *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. UNO: *Upazila Nirbahi* Officers; NGO: non-governmental organisation; PDCA: Plan-Do-Check-Act; TQM: Total Quality Management.

practices. This result is not consistent with the standard view that slack resources contribute to the adoption of management practices (O'Toole and Meier 2014). However, this is unsurprising, given that the practices on which we focused did not necessarily rely on physical or financial resources. The exception is the positive correlation between Internet access and collaboration with citizens, which may suggest the importance of information infrastructure in facilitating public relations.

Overall, the findings imply room for improvement in the "Do," "Check," and "Act" processes in the PDCA cycle. In particular, the constant update of fundamental administrative statistics is necessary to set objective targets and monitor progress. To move forward in this respect, the results suggest that simple interventions to raise awareness about management techniques may be effective in improving the adoption of management practices.

The obvious limitation of this study is that the findings are merely associations based on cross-sectional data. Further, careful investigation is necessary to establish causal links. Another important limitation is that the survey has disregarded the broader question of whether the adoption of management practices is associated with effective, efficient, and fair public service delivery in the context of developing countries. Addressing that issue is beyond the scope of this section because the survey was unsuccessful in collecting performance data. Regarding the technical aspects, measurements for management practices in this section may be less accurate than the measures constructed from the now-standard method of the World Management Survey, which uses open-ended questions. It may be considered that simple, discrete closed-ended questions regarding specific and objective management practices are reliable at least for capturing qualitative information about their adoption, which is relatively obvious and distinct.

## Conclusion

This section found that the awareness of management techniques such as PDCA, TQM, and *Kaizen* is positively correlated with the adoption of office management practices, especially those related to planning, standardization, and improvement. In addition, a positive correlation for collaboration with stakeholders was observed.

A possible overall interpretation of the results is that the lack of knowledge of basic management techniques may be an obstacle to the adoption of management practices. Offering a simple training course about concrete methods and practices may be effective in improving the adoption of management practices.

## Cross-References


- ▶ Asset Management
- ▶ Collaborative Public Management (CPM)
- ▶ Employee (Labor Management) Relations
- ▶ Knowledge Management and Governance
- ▶ Knowledge Utilization in Organizations
- ▶ Organizational Learning
- ▶ Total Quality Management


## References


Agranoff R, McGuire M (2004) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Andrews R, Boyne GA, Meier KJ, O'Toole LJ Jr, Walker RM (2011) Environmental and organizational determinants of external networking. Am Rev Public Adm 41(4):355–374

Andrews R, Boyne GA, Meier KJ, O'Toole LJ Jr, Walker RM (2012) Vertical strategic alignment and public service performance. Public Adm 90:77–98

Bloom N, Eifert B, Mahajan A, McKenzie D, Roberts J (2013) Does management matter? Evidence from India. Q J Econ 128:1–51

Boyne GA, Gould-Williams J (2003) Planning and performance in public organizations: an empirical analysis. Public Manage Rev 5:115–132

De Vries H, Bekkers V, Tummers L (2015) Innovation in the public sector: a systematic review and future research agenda. Public Adm 94(1):146–166

Government of Bangladesh (2011) Sixth Five Year Plan (FY2011-FY2015): accelerating growth and reducing poverty

Government of Bangladesh (2015a) Millennium development goals: Bangladesh Progress Report

Government of Bangladesh (2015b) Seventh Five Year Plan (FY2016–FY2020): accelerating growth, empowering citizens. Final draft

Meier KJ, O'Toole LJ Jr (2010) Beware of managers not bearing gifts: how management capacity augments the impact of managerial networking. Public Adm 88:1025–1044
O'Toole LJ Jr, Meier KJ (1999) Modeling the impact of public management: implications of structural context. J Public Adm Res Theory 9(4):505–526
O'Toole LJ Jr, Meier KJ (2014) Public management, context, and performance: in quest of a more general theory. J Public Adm Res Theory 25(1):237–256
Pitts DW, Jarry E (2009) Getting to know you: ethnic diversity, time and performance in public organizations. Public Adm 87:503–518
Radnor Z, Osborne SP (2013) Lean: a failed theory for public services? Public Manage Rev 15(2):265–287
Rahman HZ, Ahmed T (2015) Strategy on local government strengthening: background paper for the Bangladesh 7th Five Year Plan
Rahman HZ, Chawdhury LA, Ali KS (2011) Social safety nets in Bangladesh. volume 1: Review of issues and analytical inventory. PPRC/UNDP, Dhaka
Sonobe T, Otsuka K (2014) Cluster-based industrial development: KAIZEN management for MSE growth in developing countries. Palgrave Macmillan, Basingstoke
Walker RM (2014) Internal and external antecedents of process innovation: a review and extension. Public Manage Rev 16(1):21–44
Walker RM, Andrews R (2015) Local government management and performance: a review of evidence. J Public Adm Res Theory 25(1):101–133
World Bank (2003) World development report 2004: making services work for poor people. The World Bank, Washington, DC

# Management Science in the Public Sector

Kevin P. Kearns
Graduate School of Public and International Affairs, University of Pittsburgh, Pittsburgh, PA, USA

## Synonyms

Decision analysis; Industrial engineering; Operations research; Scientific management

## Definition

Management science is an interdisciplinary field that develops and applies a wide variety of analytical concepts and tools to help decision-makers address complex challenges in organizations. Management science uses data and modeling to help decision-makers structure a problem within prescribed parameters to reach an envisioned goal, usually optimization of a desirable outcome like cost-effectiveness or minimization of an undesirable outcome like risk or loss.

## Introduction

Management science draws on fields such as mathematics, statistics, decision theory, econometrics, operations research, game theory, industrial engineering, and systems theory, to name a few. This field has such extensive overlap with the field of operations research that the two are considered nearly synonymous. In fact, in the mid-1990s, the Operations Research Society of America merged with the Institute of Management Sciences to form the Institute for Operations Research and the Management Sciences (INFORMS).

Conceivably, we could trace the roots of management science all the way back to the ancient Romans, Egyptians, and Chinese. But for practical purposes modern management science has its roots in the industrial engineering and process improvement efforts that helped fuel the industrial revolution. Frederick Taylor's famous time and motion studies and other studies (Taylor 1914) were a precursor to modern methods of optimizing assembly processes, and in Taylor's work, one can even see traces of total quality management (TQM) and other process improvement techniques that came into favor in the 1970s and 1980s.

It was not until World War II, however, that management science began to take the general form that we know today. The public sector, particularly the military, provided an essential catalyst for the development of ever more complex applications of management science such as optimizing bombing strategies in World War II, the design of resource deployment by Robert McNamara's "whiz kids" during the Vietnam conflict, and present-day logistics management

techniques to support US troops in the Middle East and elsewhere.

## General Applications of Management Science

Management science has been used principally in two ways. First, **modeling** helps management scientists build representations or simulations of real-world phenomena such as production processes or performance thresholds of products or services. The purpose of modeling is to replicate as closely as possible the phenomenon in question, allowing decision-makers to experiment with different assumptions in a laboratory-like environment by changing the parameters of key variables or components of the model. The purpose of modeling is to test and predict various outcomes under different assumed circumstances. Predicting the spread of a disease is one prominent example of modeling that is used in the field of public health. Modeling also is used as a tool in the research and development phase of products or services or to construct hypothetical scenarios based on data.

Second, management science is also used to construct **decision support tools and systems** that can be used to help organizations optimize or minimize certain outcomes. One example is designing an optimal troop deployment strategy and providing just the right amount of logistical support for the cost-effective implementation of that strategy. Other frequently used applications are in supply chain management, inventory control, and transportation logistics. Decision support systems can also be used to design regulators of complex systems that automatically trigger when certain conditions are detected. For example, banks and credit card companies detect fraud or identity theft when certain purchase patterns do not conform to the behavioral norms established in the modeling process. Also, security and intelligence agencies cull mountains of data from myriad sources using network analysis and other tools to detect anomalies associated with security threats such as terrorist attacks.

## Selected Applications in the Public Sector

While military applications may be most obvious, there are many other public sector applications of management science that, in some instances, have improved efficiency or even reinvented the delivery of public goods and services at all levels of government. A comprehensive list of all management science applications is well beyond our scope here but some of the more prominent examples are briefly described below.

### Project Management

In addition to the day-to-day delivery of public goods and services, public sector organizations often undertake discrete projects that are bounded in time and space. Examples include the design and implementation of new information systems or other operational infrastructure, the development and implementation of new or modified programs and services, the production of technical specifications for new construction or other procurement, and many other projects that can be bounded within prespecified parameters. The success of these projects depends, in part, on the careful sequencing of multiple steps and the well-timed delivery of required components and equipment along the way. Even moderately complex projects demand careful planning and coordination of activities inside and outside of the organization. Poorly sequenced or ill-timed delivery of key components can result in huge cost overruns and, in the longer term, might jeopardize the quality and effectiveness of the end product.

Management science methodologies such as program (or project) evaluation and review technique (PERT) have been used for many years to help project managers identify and map the many required activities and deliverables in any given project (Archibald 1987; Lu and AbouRizk 2000). The result is not a linear string of project steps but rather a complex network of activities, some of which require a particular sequence while others can be completed in parallel to each other. Once the network of activities is mapped, probability and risk analysis can be used to identify the most optimistic, least optimistic, and most likely

schedule of activities and the costs associated with each. Most importantly, PERT reveals a project's so-called critical path which is composed of the activities that are the true drivers of the completion schedule with obvious implications for cost overruns and other negative outcomes. Any effort by the project manager to speed up the project will need to focus on the activities that are located along the critical path. Speeding up activities that are not on the critical path will have no effect on project completion date.

PERT and its various offspring have been applied in a wide variety of projects in public and nonprofit organization including flow analysis in hospital emergency care, urban planning and construction projects, infrastructure maintenance and replacement, design and operationalization of military hardware, and many others.

Project management in government is complicated by a variety of demands that do not plague the private sector. For example, public sector projects often involve multiple agencies or different levels of government – federal, state, and local. This results in a much larger and more diverse array of constituents to whom project managers are accountable, more laws and regulations governing procurement and subcontracting, and more requirements for interagency coordination in the public sector. All of these factors must be accounted for in PERT analysis. Failure to do so is one important cause of frequent delays and cost overruns in large public sector projects.

## Supply Chain Management

Supply chain management involves the application of management science methods to control the flow of goods and services from their origin to their consumption or use by consumers. It generally involves not only movement of these goods and services but their temporary storage in inventory. Thus, supply chain management includes related methods of inventory management, including specific financial ratios that provide a barometer of how well an organization is managing its inventory.

Supply chains can involve a number of semi-autonomous external suppliers as is the case, for example, with various types of food production, processing, inspection, and transportation. Another example is the assembly and movement of government aid either internationally or domestically, such as getting food, clean water, and building materials to areas devastated by natural disasters. Alternatively, the supply chain can be internal to a single organization such as the Internal Revenue Service developing a supply chain model for processing tax returns from citizens.

Supply chain operations reference (SCOR) is a method for documenting a supply chain's processes and activities (Poluha 2007). Like its cousin PERT, SCOR can be used to assess supply chain performance and reveal opportunities for improvement in processing, movement, storage, or quality. Supply chain management also draws upon queuing theory, systems theory, as well as operations research methods like Monte Carlo simulations to optimize the location of various storage and transfer facilities. Among the many applications of queuing theory are air traffic control and toll booth management.

In the public sector, supply chain management is much more susceptible to high risks, especially in areas like military operations, food inspection, water purification, air traffic control, criminal justice records and procedures, emergency response systems, foreign aid, and many other government functions that require a flow of goods and services from one point to another. For example, at the time of this writing, public officials in Michigan are engaged in efforts to correct the damage done by switching the supply of Flint's water from Lake Huron to the Flint River. It has been discovered that water from the river is highly corrosive, thus damaging the City's waterlines and leading to unhealthy levels of lead in the water consumed by residents. Initiated as a cost-saving measure, the supply chain strategy may have disastrous public health consequences, particularly for children.

In certain instances, we have seen alarming gaps in the government's ability to effectively manage supply chains. For example, it's generally recognized that Walmart outperformed the Federal Emergency Management Agency (FEMA) in managing the flow of supplies and goods to

communities devastated by Hurricane Katrina. Supply chain management is at the heart of Walmart's business model, and therefore, that company is exceptionally good at it.

Another complication when applying supply chain management in government is that only tangible goods can be temporarily stored in inventory. Thus, the supply chain of *intangible* government services cannot benefit from the management science methods of optimizing inventory management. Even a "tangible" service such as firefighting provides an example of the limitations of supply chain management in government. In a sense, firefighting services *are* inventoried while personnel and equipment wait in firehouses until the alarm signals the need to deliver their services to the "consumer." The inventory costs of firefighting are a huge drain on municipal budgets, yet attempting to manage these inventory costs may be perceived as diminishing the readiness of this lifesaving service, thus placing elected officials at political risk from citizens and employee unions.

Supply chain management in the public sector has become both more important and more difficult as governments at all levels rely more on outsourcing programs and services rather than providing them directly. More than half of the federal budget is used for the purchase of goods and services from the private sector, whether businesses or nonprofits. Tracking the supply chains of thousands of contractors and subcontractors is a tall order, but often is mandated by regulations governing environmental protection, labor safety, international trade, international security, and so on. The globalization of the economy also complicates supply chain management in both the private and public sectors. Finally, there is the issue of how to hold a bewildering number of suppliers accountable to the public for the quality and performance of their services while also holding public officials accountable for fairness, finances, and ethical behavior. Kearns (1996), Behn (2001), and Romzek and Johnston (2005) among others have proposed frameworks for monitoring accountability in service delivery networks that include a mixture of actors and motives.

## Public–Private Partnerships

A relatively new form of outsourcing is the so-called public–private partnership (PPP). In one version of the PPP, the government "owner" leases a tangible asset, like a bridge or a toll road, to a private firm to manage and maintain for a prescribed period of time. In this case, the initial financing and construction was undertaken by the government entity, so the PPP is essentially a transfer of maintenance and management responsibilities to the private sector partner. In another form, the private firm actually assumes all responsibilities from the start including design, financing, construction, and management of the facility.

In many instances the cost of the service provided by the PPP is borne only by actual users, such as travelers on toll roads or consumers of clean water. Using management science methods like risk analysis, supply chain analysis, and econometric forecasting, government "owners" of these assets reason that they can be more effectively and efficiently managed by a private firm with specialized skills.

Like supply chain management, the advent of public–private partnerships reflects the growing trend (in both business and government organizations) to focus on core competencies while abandoning the self-contained, vertically integrated operational models of traditional government service provision. In addition, a PPP can help a government entity avoid additional debt obligations in, for example, large construction or rehabilitation projects.

But PPPs are not without their challenges. For example, accurate risk assessment, under conditions of extreme uncertainty, is an essential prerequisite for a successful PPP. A challenge to effective negotiations and management of these complex PPPs is that the two principal partners – the government "owner" and the private sector "leaser" – may apply different, and not fully compatible, risk criteria (Grimsey and Lewis 2002).

In addition to their technical complexity and risk, some critiques of PPPs emanate from the core philosophy that the delivery of certain public

goods should never be outsourced to private firms. This is the traditional notion – not without merit – that roads, bridges, dams, and other large infrastructure assets are the exemplars of a "public good" in the most traditional definition of that term. The fear is that a for-profit firm, with a cost-containment philosophy, might be tempted to jeopardize safety or concern for future generations in its quest for short-term profit maximization.

## A Broader View of Management Science

Our discussion to this point has focused on the technical aspects and examples of management science in government. We'll conclude this entry by briefly examining a broader view of the management sciences in government.

In the early 1990s, a new philosophy of government service began to emerge that came to be known as "New Public Management." The publication of Reinventing Government (Osborne and Gaebler 1992) followed by the report of Vice President Gore's National Public Review (Gore 1993) catalyzed the widespread adoption of a variety of public management techniques such as decentralizing and disaggregating bureaucratic functions, greater and more sophisticated use of outsourcing, introduction of competitive and market-based mechanisms, development of social enterprise models for diversifying revenue, more pervasive use performance management systems, and the reconceptualization of citizens as "customers." Soon these entrepreneurial ideas and business management models spread to the private nonprofit sector. In the philosophy of "social entrepreneurship," charitable foundations and individual donors were reconceived as investors, and the concept of venture philanthropy paralleled the model spearheaded by venture capitalists in the private sector (Letts et al. 1997). Nonprofits themselves were urged to be more entrepreneurial by leveraging their core assets and capabilities into profit-making subsidiary businesses that are either embodied in or adjunct to the core mission (Dees et al. 2001).

Various mechanisms and tools of NPM have been critiqued from both practical and theoretical perspectives (Terry 1998; Hood and Peters 2004; Dunn and Miller 2007). It has been suggested that entrepreneurial public management emphasizes risk taking, lack of transparency, and separates professional managers from the elected officials and citizens to whom they are accountable. Ultimately, the increasing use of outsourcing may produce a "hallow state" that is devoid of service delivery capacity and political legitimacy, "where a government . . . has chosen to contract all of its production capability to third parties, perhaps retaining only a systems integration function that is responsible for negotiating, monitoring, and evaluating contracts" (Milward and Provan 2000, p. 362). Moreover, it has been suggested that the concept of citizens as "customers" devalues and demeans the democratic notion of citizenship with all of its many responsibilities as well as privileges. For example, citizens are often called upon to support, politically and financially, services that they never actually consume but which are essential for the betterment of society as a whole. A colleague once critiqued NPM for producing what he called "vending machine government" wherein citizens pay only for what they consume and, in the process, feel justified in denying responsibility for the many roles and functions of a democratic government that have nothing to do with consumption, efficiency, or entrepreneurial management.

## Summation

Management science can be technically confined to an array of models and techniques designed to optimize (or minimize) selected outcomes under known or assumed constraints. In this narrow interpretation, management science has become an important tool in the design of specific functions and processes in all types of complex organizations, including many government and nonprofit entities. Interpreted more broadly as the application of business management

techniques in the public sector, management science generates heated debates regarding its intended and unintended consequences.

## Cross-References

- ▶ Comprehensive Model of Decision-Making
- ▶ Data-Driven Management
- ▶ New Public Management
- ▶ Organizational Excellence
- ▶ Privatization and Public Management
- ▶ Risk and Organizations
- ▶ Systems and Complexity Theories of Organizations
- ▶ Total Quality Management

## References

Archibald RD (1987) Key milestones in the early PERT/CPM/PDM days. Proj Manag J 18(3):29–31
Behn R (2001) Rethinking democratic accountability. Brookings Institution, Washington, DC
Dees JG, Emerson J, Economy P (2001) Enterprising nonprofits: a toolkit for social entrepreneurs. Wiley, New York
Dunn WN, Miller DY (2007) A critique of the new public management and the neo-Weberian state: advancing a critical theory of administrative reform. Public Organ Rev 7(4):345–358
Gore A (1993) From red tape to results: creating a government that works better and costs less. A report of the national performance review. US Government Printing Office, Washington, DC
Grimsey D, Lewis M (2002) Evaluating the risks of public-private partnerships for infrastructure projects. Int J Proj Manag 20(2):107–118
Hood C, Peters G (2004) The middle aging of new public management: into the age of paradox? J Public Adm Res Theory 14(3):267–282
Kearns K (1996) Managing for accountability: preserving the public trust in public and nonprofit organizations. Jossey-Bass, San Francisco
Letts C, Ryan W, Grossman A (1997) Virtuous capital: what foundations can learn from venture capitalists. Harv Bus Rev 75(2):36+
Lu M, AbouRizk S (2000) Simplified CPM/PERT simulation model. J Constr Eng Manag 126(3):219–226
Milward HB, Provan K (2000) Governing the hallow state. J Public Adm Res Theory 10(2):359–379
Osborne D, Gaebler T (1992) Reinventing government. Addison-Wesley, Reading
Poluha RG (2007) Application of the SCOR model in supply chain management. Cambria Press, Youngstown
Romzek B, Johnston J (2005) State social services contracting: exploring the determinants of effective contract accountability. Public Adm Rev 65(4): 436–449
Taylor FW (1914) The principles of scientific management. Harper Brothers, New York
Terry L (1998) Administrative leadership, neo-managerialism, and the public management movement. Public Adm Rev 58(3):194–200

# Management Strategies and Budgetary Politics

George E. Hale
Kutztown University of Pennsylvania, Kutztown, PA, USA

## Synonyms

Executive strategy and resource allocation; Organizational policy and public financial management

## Introduction

Management strategies are a central feature of budgetary politics. Yet no single strategy guides the deployment of public funds. Public agencies often adopt management strategies to align or fit with their economic and political environments, but there are risks. Strategies can work in certain contexts, but fail to achieve results in others. For example, the management approaches well suited to an era of incremental, year-by-year expansion of government funding do not work well when agencies face the need for deep spending cutbacks. Simply put, the engine driving agency budgets cannot easily be thrown into reverse. In short, there is no one best way to manage government agencies and budgets.

While the budget literature largely focuses on strategies and tactics employed to acquire resources, less is known about how management strategies are adapted to different environments in order to produce results. However, it is the results of programs that are ultimately most important,

and it is the role of management strategy to consistently produce results by keeping organizations on time and on budget. One management theorist (Daft 2000) defines management strategy as "the general plan of action by which an organization intends to achieve its objectives." While it is not feasible to definitively link-specific strategies with organizational success, it is possible to identify patterns where management strategies are adapted to certain environments.

Management strategies evolve in response to the opportunities and constraints presented by different contexts. Daft (2000) identifies three basic strategies – growth, stability, and retrenchment. When examining management strategies and public budgetary politics, it is possible to expand upon on these generic strategies. Management strategies can respond to at least six different conditions ranging from favorable to extremely unfavorable: rapid growth, incremental growth, stability, cutbacks, poverty, and environmental uncertainty. As a result, there is significant variance in the management strategies adopted. The choice of strategy influences the potential for goal achievement. It can also enhance or compromise the potential for acquiring additional resources. Since what works in one context may fail in another, executives are making important decisions when they decide on strategy.

## Management Strategies

### Rapid Growth

The rapid growth of public programs sounds too good to be true for program advocates. Yet it can also produce challenges and carry big risks. In the private sector, rapidly expanding companies often fail by running out of cash while ramping up their inventory. In the public sphere, accelerated growth gives rise to other risks. At times it can lead to failure in accomplishing the mission. Expanding agencies are often unable to hire people, award contracts, develop training programs, or secure equipment as fast as necessary. Complex governmental rules, regulations, and procedures can inhibit the speedy deployment of resources. It is as if water simply backs up behind a dam. While repaid expansion of governmental programs is not the norm, neither is it rare. The creation of new agencies such as NASA or EPA in the 1960s or the Transportation Security Administration recently or the mobilization of troops to fight wars in Iraq and Afghanistan provides examples of situations with extreme pressures to produce results immediately.

Challenged by rapid growth, executives often employ distinctive management strategies. One is to partner with other organizations to short-circuit the administrative hurdles that hinder expansion. A partnership or contracting-out strategy can include different levels of government, other agencies, nonprofits, or private firms. For example, the expansion of federal domestic spending during the Great Society years relied heavily on over 500 different intergovernmental programs to carry out federal priorities. Additionally, faced with the challenge of fighting of two wars in the Middle East, recently, the Department of Defense repeatedly supplemented active duty forces with National Guard units. Moreover, the national response to the 9–11 attacks expanded our intelligence agencies and produced explosive increases in the number of private contractors working for the CIA, NSA, and other related agencies. Until the capacity is built to handle big tasks, it makes sense to partner with entities with the capacity to produce results or with organizations that are more nimble.

Sometimes executives rapidly expand programs within a larger and more stable organization. In these cases, they may adopt a directed management strategy of "robbing Peter to pay Paul" or reprogramming funds. For instance, frustrated by the lack of urgency within the bureaucracy, Defense Secretary Robert Gates (Gates 2014) found it necessary to accelerate the development of Mine-Resistant, Ambush-Protected Vehicles (MRAPs) to protect American troops from improvised explosive devices in Iraq. While he ultimately secured supplemental appropriations for the program, initially Gates reprogrammed or moved funds from other programs to MRAP development by giving it a legal priority over the other military systems. This resulted in the first major military procurement

program moving from decision to full production in less than a year for the first time since World War II.

Periods of rapid expansion eventually end as growth tapers off. Sooner or later organizations adjust to modest growth and compete for needed resources. During this deceleration phase management, strategies need to be adjusted to become sustainable. When government programs face the prospect of the modest year-by-year spending increases of incremental budgeting, different management strategies are often called for.

### Incremental Growth

Budgeting in an environment that gave rise to incremental budget growth was often the norm in post-World War II America. As a result, the strategies used to campaign for expanded budgets occupy a central role in budgetary politics (Rubin 2014; Wildavsky 1975). Often these strategies involve tailoring budget justifications to meet the preferences of legislators. For example, the techniques for budgetary expansion include a long list tactics such as the "camel's nose in the tent," that is, starting a program with a small base of funding. At other times, funding depends on making programs look inexpensive by understanding costs, by spreading start-up costs over several years, or by obtaining funding from multiple sources. In these cases, budgetary advocacy is closely linked to management strategies based on starting small and expanding slowly.

Other incremental management strategies can enhance funding over time. One such strategy is to locate programs or facilities in many geographic locations in order to construct large coalitions of legislative supporters. For example, starting with J. Edgar Hoover, the FBI has decentralized its top management. The key actors reporting to the director are the special agents in charge of the 56 strategically placed field offices located in major cities throughout the nation. Similarly, many federal agencies rely on decentralization when they use their own administratively determined formulas to set aside grant funds for each state or region in order to build geographically broad support.

Other organizations adopt management strategies to facilitate incremental growth by avoiding competition with other agencies. Creating government-owned enterprises, public authorities, special purpose governments, or special districts reflect management strategies that insulate activities from competition with other entities for resources (Rubin 2014). Additionally, earmarked revenues or trust funds can provide stable funding and predictable flows of revenues that promote longer-term planning. For example, highway trust funds secured by motor fuel taxes allow state transportation departments to develop and implement multiyear capital improvement plans. These long-term plans also become lobbying tools once lawmakers grasp that the entire program needs to be funded on schedule if their favored projects are to be funded without delay.

Yet not every agency aggressively desires to expand its budget. Some management strategies stress stability over the opportunity to maximize their budgets.

### Stability

Management strategies do not always aim at increasing budgets. For instance, when it is important to integrate operations and improve efficiency, it may make sense to center a management strategy on stability after a period of rapid growth. Alternatively, stability also may reflect an ongoing management approach instead of a temporary phase of consolidation.

Some agencies adopt management strategies designed to preserve autonomy at the price of sacrificing resources. Wilson (1989, 190, 191) notes that agencies may "avoid taking on tasks that differ significantly from those that are at the heart of the organization's mission" or those resulting in "divided or hostile constituencies." For instance, under J. Edgar Hoover, the FBI for many years resisted taking over responsibility for investigating drug trafficking and organized crime. Hoover preferred to focus on crimes that were easier to solve and carried less risk of organizational failure. Furthermore, not every agency seeks to grow its budget. A significant number prefer to avoid risk and controversy. One study of federal reorganization plans found in ten of

twenty-five cases agencies actively resisted opportunities to grow.

Additionally, organizations dominated by a single profession often rely on stable management strategies based on professional norms. For example, highway engineers often prioritize "fast, safe, and efficient" projects that increase traffic circulation over projects reflecting other priorities such as neighborhood streets, preservation, and quality of life issues. Similarly, in the past, many public libraries gave priority to being repositories of quality, standard works valued by upper and middle class readers over the recreational reading habits of lower-income patrons. While these approaches are less common today, management strategies focused on stability evolve slowly in response to changes in the professional education and socialization.

### Cutbacks

When the budgetary environment turns negative, executives must adopt new management strategies often called "cutback management" (Behn 1980; Levine 1978). If the pressure to cut is a temporary response to brief slowdown in the economy, officials can adopt short-term budget reduction measures such as across-the-board cuts, hiring freezes, or raids on reserve accounts. These short-term measures may suffice and do little harm if the economy rebounds quickly. If the required retrenchment is long term and deep, these expediencies can compound the long-term problem since they eventually inflate the price tag associated with items such as deferred maintenance, skipped pension payments, or new debt instruments.

If cutbacks need to be large and continuing, a new management strategy makes sense. The challenge is not just to shrink an organization but also to ensure that it remains effective. Cutback management cannot simply rely on cutting the fat in the budget. Although decentralization is typical when resources are growing, a centralized plan is needed for cutback management to work. Organizational units cannot be counted on to volunteer to take the hits associated with cutbacks. Chief executives must identify and choose among difficult alternatives. To sustain performance, a cutback management strategy must reflect a wide range of issues such as focusing on the core mission, terminating or reducing weak or ineffective programs, renegotiating contracts, shedding surplus property, and securing employee sacrifices. Executive decision-making alone is not enough. Behn (1980, 619–620) writes, "Leadership for cutback management involves establishing the inevitably of resource decline, dramatizing the opportunity costs of not cutting-back, and creating a new corporate strategy to match the new realities so as to make acceptance of retrenchment possible."

After cutback management moves an organization to a lower resource level, it may be necessary to adopt another management approach. Sometimes organizations will cut back to levels consistent with long-term stability. Conversely, other organizations must adjust to conditions amounting to poverty.

### Poverty

When every year the cost of providing public services grows faster than revenues, a public agency's milieu is "poor and certain" (Wildavsky 1975). Such a condition exists in many cities. City officials know that what they will have to spend will not keep pace with the cost of providing the services currently offered. For them the big issue is creating ways to recapture funds that are currently budgeted. New programs or expansions are out of the question. This poverty prompts executives to adopt a distinctive set of management strategies.

One management strategy is to tightly control spending to create a modest surplus as a hedge or cushion against unexpected developments. Wildavsky labels this strategy as "revenue budgeting." Since the budget must be balanced, revenues control spending. Tight control over spending, arbitrary decision-rules to deny spending requests, and a strong "no money" premise are used to hold spending down. Denying all requests for new positions, imposing across-the-board reductions, and freezing vacant positions are constant features of "revenue budgeting." In this context, budgeting is not based on citizen demands; it is preoccupied with limited funds. For city managers, mayors, and budget directors, the purpose

of revenue budgeting is not resource allocation or reallocation. Instead this management strategy focuses on staying afloat, meeting the next payroll, paying vendors at the last possible moment, and ending the year with a modest surplus.

Poverty gives rise to other management strategies. When organizing public services, cities face two options. They can use public workers, facilities, and equipment to produce services. Alternatively, they can purchase services from private companies or other governments (Savas 2005). A contracting-out strategy provides potential advantages such as access to economies of scale, reduced labor costs, and lower prices through competition. While any organization may take this route, for some it is not really an option. Less than 40% of all cities rely on only their own municipal employees for service delivery related to public works. Moreover, when cities provide social services, approximately 75% use employees from private agencies or firms. The widespread adoption of contracting-out strategies reflects cost advantages. While savings don't always result from contracting-out if competition is limited, the economies can be substantial. One survey of 100 cities found savings of 20% in public works, 17% in health and human services, and 16% in support services (Stein 2003).

Other management strategies for coping with poverty include more radical steps such as privatization of services through the sale or long-term lease of public assets. For example, while the majority of Americans obtain their water from publicly owned and operated utilities, private companies serve over 70 million Americans. A range of options consistent with a privatization strategy include purchasing services, contracting for operations, arranging for private design, construction and operation of new facilities, or the sale of a public facility. Another variation on this approach is divestiture by transferring programs to another governmental unit as when some cities merge public libraries and parks with countywide systems.

Nonetheless, there are some conditions worse than certainty and poverty. For example, uncertainty abounds when conditions reflect runaway inflation or collapsing revenues. In these highly uncertain environments, the greatest challenge is to identify any workable management strategy.

### Uncertainty

Some budgetary environments lack the predictability we typically expect to find. Caiden and Wildavsky (1980) argue that intense uncertainty is common in underdeveloped or poor countries. Uncertainty also arises in developed nations under conditions of hyperinflation or rapidly deteriorating revenues such as occurred during the recent Great Recession. Under conditions of uncertainty, officials not only do not know what will happen next, they also don't know where things currently stand.

When reality changes daily, when revenues collapse, when costs explode, and when financial reports are suspect, normal management strategies go out the window. These conditions give rise to "repetitive budgeting," where budgeting is a continuous process struggling to hit a moving target. Before budgets are completed, the baseline assumptions are out-of-date. Budgets are constantly made and revised; they are never finished. When repetitive budgeting takes place, central budget and finance officers respond by lowering revenue estimates as a hedge to create a buffer or surplus. They also exert control over the release of funds so that each disbursement is potentially subject to renegotiation with the line agencies of government.

Conventional management strategies are difficult to employ under these conditions. Organizations increase their lobbying in an effort to obtain funds. They may also look for other sources of money to keep funds outside the scope of central reviewers. They hide resources. They also typically narrow their time horizons by ignoring long-term planning and capital investment. Their need to keep options open frustrates the development of a coherent long-term management strategy.

## Conclusion

Management strategies often are responses to changing conditions. Well-crafted strategies can help organizations accomplish their goals and

compete for resources. Furthermore, some strategies are more likely to be effective in some situations than others. For instance, short-term budget-cutting strategies appropriate for a temporary or modest downturn may compound problems if cutback management is needed for the long term. Conversely, few are likely to make the sacrifices needed for cutback management unless they expect a permanent contraction in the resources. Additionally, some management strategies may be effective in more than one circumstance. For example, a contracting-out management strategy is frequently used for rapid program expansions as well as for cost reductions under conditions of poverty.

Since there is no one best way to manage, executives must carefully consider their options and learn from experience. In periods of rapid growth or uncertainty, it may be imperative to quickly find workable strategies. Another challenge is to be able to switch management strategies as budgetary politics and environments change. For example, periods of rapid growth never last long, and during deceleration phase, new management strategies may be necessary. Similarly, over the last several decades, many governments have faced the need to move from incremental budgeting to cutback management. It is essential that budgetary politics and management strategies be closely linked to environmental constraints. To succeed public executives must be able to acquire needed resources. However, obtaining funding is not enough. Sound management strategies appropriately matching the situation are also essential for achieving results that matter.

## References

Behn R (1980) Leadership for cut-back management: the use of corporate strategy. Public Adm Rev 40(6): 613–620

Caiden N, Wildavsky A (1980) Planning and budgeting in poor countries. Transaction, New Brunswick

Daft RL (2000) Management, 5th edn. The Dryden Press, Orlando

Gates RM (2014) Duty: memoirs of a Secretary at War. Alfred A. Knopf, New York

Levine CH (1978) Organizational decline and cutback management. Public Adm Rev 38(4):316–325

Rubin IS (2014) The politics of public budgeting: getting and spending, borrowing and balancing. Sage CQ Press, Los Angeles

Savas ES (2005) Privatization in the city: successes, failures, lessons. CQ Press, Washington, DC

Stein RM (2003) Politics of revenue and spending policies. In: Pelissero JP (ed) Cities, politics, and policy: a comparative analysis. CQ Press, Washington, DC, pp 217–236

Wildavsky A (1975) Budgeting: a comparative theory of budgetary processes. Little, Brown and Company, Boston

Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York

# Management Versus Leadership

Berry Tholen
Institute for Management Research, Department of Public Administration, Radboud University, Nijmegen, The Netherlands

## Introduction

Within the leadership literature and the management literature, two different but more or less mirroring advocacies can be discerned. On the one hand, there is advocacy for true leadership, namely, a form of leadership that expresses emotion and passion and not cool rationality, which is characterized by creativity and the fostering of innovation instead of routine, and that understands quality and value and goes beyond concerns for effectiveness and efficiency. This true type of leadership is contrasted with "mere management" (e.g., Zaleznik 1977; Murray 2010). On the other hand, there is a broad management literature that favors a rational type of management. This literature ranks knowledge higher than intuition and what feels best; it puts proven approaches and predictability over chance and risky trials, and it values problem-solving capacity over soul-searching. Management, in this line, is contrasted with irrational forms of steering and organizing (e.g., Beer 1967; Taylor 1911). Both of these advocacies use the same conceptual dichotomies but with quite different valuations.

These two mirroring advocacies can be found in the field of Business, but also in Public Administration literature. In his *Politics as a Vocation*, Max Weber, for instance, comments on the German politicians of his day for not being real leaders but mere managers. They did not have the passion, vision, and authenticity that characterize the true leader; instead, they expressed risk aversion and grayness. These "Beamtennaturen" (civil servant/manager types) blocked change for the good in Germany (Weber 1948). On the other side of the ocean, at about the same time, Wilson and Goodnow argued that city management, and public administration in general, should be protected from the intrusion of political leaders. Public management should have the character of "semi-scientific expertise" (Goodnow 1974; Wilson 1966).

In the following sections, four issues will be addressed:

- What is meant by rational management, and what are the main concerns of the advocates of this ideal?
- What is meant by true leadership, and what is allegedly wrong with "mere management"?
- What is the relation between these two advocacy types?
- What comments can be provided to the management-leadership opposition?

This chapter focuses on understandings of leadership and management. Its subject is this conceptual dichotomy and its use in literature. This chapter does not address the empirical study of the actual relations (cooperative or conflicting) between the management level and leadership level in public or private organizations.

There is, as the examples of Weber and Wilson above illustrate, an overlap between the theme of this chapter and the administration-politics dichotomy in Public Administration literature. The latter, however, to a large extent, is concerned with another issue: the position of appointed and neutral civil servants versus elected and partisan politicians. This chapter will address only aspects of the administration-policy debate that are relevant and inextricably related to the management versus leadership issue.

## The Advocacy for Rational Management

Advocates of the science and expertise of management typically note the costs and losses that are the consequences of less informed ways of organizing and steering. These advocates maintain that all kinds of work processes and decision making become more efficient and effective when we can decide on them and organize them rationally. The true manager is a modern professional.

The managing professional has acquired knowledge and particular methods to arrive at sound decisions. This means that he is able to distinguish factors that are of importance for the problem that he is facing, knows how to measure relevant variables, and can identify the options he or she has and their consequences. He knows how to make decisions that are well informed, logical, and oriented to realizing goals at minimal costs (Simon 1967).

Since the early days of this managerial approach, its advocates differ regarding what a rational or scientific type of organizational management actually entails. According to some, it is the maximal division of labor, protocol and procedures, and control. This is, for instance, the case in Taylor's "Scientific approach to management" (Taylor 1911). In more recent years, others have opted for the integration of functions, flexibility, and individual responsibility as the most rational form of managing organizations (e.g., Beer 1967; Murray 2010). What they all have in common, however, is that tested procedures built on robust empirical knowledge regarding what works best is attainable and should be used maximally to achieve the best results.

In the advocacy for rational management, several underlying motives can be distinguished. A primary concern is about actually realizing desired and desirable outcomes. Advocates of rational management in business want to make sure that scarce and costly resources are used effectively and efficiently. The future of firms and corporations depends on it. Rational managers abhor amateurism and unreflective approaches for this reason (e.g., Beer 1967). In public management, the advocates of the rational approach criticize unanalyzed policies and merely

symbolic policy making for a similar reason: resources are not, or at least not optimally, used to address societal problems (e.g., Simon 1967). The emphasis that some have given to evidence-based policy making fits this rational perspective of public management very well.

This first managerial concern, in fact, expresses the Enlightenment ideal. This ideal wants to leave the mythical stage behind and approach the world in a scientific way. It wants to proceed not by relying on some authority or established practice but by autonomous critical thinking (e.g., Kant 2015).

A second concern is closely related to the first one but is not identical to it: predictability. Employing the type of rationality that has become dominant in modernity according to Weber – goal rationality or instrumental rationality – typically helps to make our surrounding world more predictable. We can control natural phenomena (at least far more than in earlier days), and we can control the phenomena in social and organizational settings. Because of the use that is made of managerial knowledge, we know what to expect (Weber 1978).

The realization of effectiveness and reliability can be hindered on three levels. On the individual or psychological level, a lack of discipline or ignorance can be identified as the cause. On the organizational level, irrationality might be part of an organizational culture that is strongly tradition or identity-based (conventional or affectual in Weber's terms). Explanations can also be provided on the sociological or cultural level. The lack of managerial rationalism is then linked to the lack of development of Enlightenment values. Society, or certain areas in it, might still be dominated by irrational thinking and not yet be guided by the ideas of modernity (Weber 1978).

## The Advocacy for True Leadership

The literature on leadership typically presents lists of contrasting characteristics of the true leader versus the mere manager. The leader follows his heart and is involved, authentic, and enthusiastic. The leader focuses on goals and on what is of value. His main interest is not the organizational machinery but the good that it can, and should, accomplish. He focuses on people and not on systems and structures. The leader stands for trust, not control, and for innovation, creativity, spontaneity, and surprise (see, for instance, Certo 1997; Hull and Ozeroff 2004; Kotter 1990; Kotterman 2006; Murray 2010; Yukl 1989; for lists of lists see Algahtani 2014 and Lopez 2014). In this literature, the leader typically is pictured in terms that make the manager look dull and gray.

In the older literature, to be sure, true (political) leadership has also been distinguished from its aberrations. In Erasmus, for example, a typical expression of the mediaeval concern can be found: a true leader should fight selfish vices such as pride and strive for personal glory (Erasmus 1963). Another example is Machiavelli's typical concern for realistic leadership over naïve utopianism (Machiavelli 1989). True leadership, as Weber and contemporary writers envision it, however, is not opposed to selfishness or naivety but to management. There might be something good in managerial knowledge and skills, and there is a certain attraction in managing and being a manager, but it is not in management that the true leader should excel. Put even more strongly, managing is something that a true leader steers clear of.

Different types of reasons are given for the looming threat of managerialism. The first type focuses on the individual level. Research findings are cited that suggest that people favor managerial skills as opposed to leadership skills because they assume that managing is easier than leading (Kotterman 2006). At the organizational level, an inherent conservatism, inertia, and risk-aversion is noted; organizations, like machines, tend to be path dependent (Zaleznick 1977). A third type of diagnosis identifies a typical trait of modernity: the ever-intensifying focus on instrumental rationality. All spheres of human life have come under the spell of a way of thinking that values logic and efficiency and drives out concerns for substantial values, myths, and emotions. This tendency can be found not only in production processes but also, for instance, in

the arts, education, or politics. The bureaucratization of institutions and the rise of the rational manager as a dominant type are manifestations of this development (Habermas 1984; MacIntyre 1985; Weber 2011).

Why is managerialism a threat, and why is true leadership of importance? One answer typically given in the Business literature is that corporations and firms need innovation, flexibility, passionate leadership, and the like to flourish. Organizations, especially commercial organizations, have to address dynamic, competitive environments. The status-quo orientation of mere managerialism cannot offer organizations the *esprit* that they need to constantly renew themselves and prosper (Murray 2010).

A second type of argument for true leadership emphasizes the downsides of modernity, especially the consequences of a spreading instrumental rationality. This rationalism brings us routines and fixed procedures that lead to "iron cages" and a "petrification" of organizational life (Weber 2011). All aspects of our life world become colonized by this way of instrumental thinking (Habermas 1984). The focus on effectiveness and efficiency drives out our concern and appreciation for the intrinsic values and qualities of all kinds of social practices in education, arts, politics, etc. (MacIntyre 1985). To remedy this growing dominance of modern rational thought, some emphasize the value of the Romantic side of modernism: emotions, passion, and authenticity (Ch. Taylor 1989). Others opt for a revival of premodern perspectives as an alternative: intrinsic qualities of common practices and individual development (MacIntyre 1985). The true leader is able to stimulate individuals and organizations to break free from petrified relations and work processes by his charisma and passionate enthusiasm (Weber 1948, 2011). He typically has the virtues that make him put intrinsic values first and enable him to make social practices flourish (MacIntyre 1985).

## Relation Between the Two Advocacies

The advocacies for true leadership and real management differ, but they clearly share the same dichotomies. At least the following distinctions can be found (comp. Algahtani 2014; Kotterman 2006):

- The rational versus the emotional. The manager typically is analytical, calculating, professional, detached, and employs expert knowledge. The leader follows his heart and is involved, authentic, and enthusiastic.
- Instrumental rationality versus value rationality. The manager knows how to get results, and he knows what works. He focuses on making procedures effective. The leader focuses on goals and on what is of value. He focuses on people and not on systems and structures.
- Stabilizing versus innovating. The manager typically is concerned with controlling, certifying, and making things predictable. The leader stands for trust instead of control and for innovation, creativity, spontaneity, and surprise. While the manager is risk averse, the leader takes risks. The leader is less concerned with the short term than the long term.

An important difference between the advocacies in the use of these dichotomies is their different valuation (and framing) of the items. What is creativity and innovation for one side, for instance, means insecurity and unpredictability for the other; what is focusing on realizing goals for one side is a one-sided fixation on means and efficiency for the other.

The overview in the two sections above illustrates that these dichotomies are applied at several levels. Sometimes the opposition between manager and leader is presented at the individual level and concerns different personality traits or different orientations within one person. Sometimes the focus is on particular roles in an organization: the managerial role and the leadership role. In still other cases, the dichotomy is presented in a characterization of the societal culture. In all these cases, however, the advocates on both sides argue that one side has come to dominate the other – a development that is threatening something valuable and that, therefore, should be reversed. The point, however, is not that the other side is completely wrong and should be eradicated. The message is that a better balance should be struck (At the organizational level, see,

for instance, Algahtani 2014 and Kotter 1990. At the societal level, see MacIntyre 1985. For both, see Weber 1948, 2011).

The agonistic relation between true leadership and proper management takes as its setting modernity, and organizational life therein more particularly. It can, however, be linked to a much older one. Leadership versus management might be understood as a manifestation of the classical relation between pathos and logos or the *Dionysian* and the *Apollonian* (comp. Nietzsche 1995).

## Critical Observations

The dichotomy on which the opposition between management' and leadership builds might be vulnerable to two types of comments: an empirical comment and a conceptual one.

Advocates in the debate over management versus leadership criticize one another for depreciating certain values they themselves think important. Critics lament, for instance, the lack of appreciation for managerial values in comments regarding "managerialism" (e.g., Du Gay 2000; Terry 2003). However, while both sides make strong claims about the effects that their preferred approaches have, these empirical claims are hardly ever contested in this literature. The large body of existing research on, for instance, individual traits and leadership effectiveness, the effects of routines and regulated processes, and leadership styles and their effect, is hardly ever referred to in this debate, nor is the dichotomy refined by using research findings about the effects of certain approaches in different situations, branches, or sectors. The question, therefore, remains open regarding whether the claims made in the debate by either side will survive empirical scrutiny.

Additionally, on a conceptual level, the dichotomies can be challenged. Within not only psychology but also epistemology and ethics, the distinction between the rational and the emotional has been questioned (e.g., Morton 2010; Nussbaum 2001). Similar doubts have been raised regarding the distinction between (neutral) instruments and (desirable and valuable) aims (e.g., Svara 1998). The idea of a dichotomy without a third approach has been questioned more fundamentally in the opposition between instrumental rationality and value rationality, for instance, by Habermas. He introduced the notions of practical rationality and especially communicative rationality to overcome this dichotomy (Habermas 1984).

## Conclusion

The debate regarding management versus leadership is a debate about which values deserve emancipation in individual orientation, organizational life, or society at large. Advocates from both sides tend to put the values they favor in a positive light and frame the opposing values in a less favorable way. The ultimate goal of both sides is not to eradicate the other but to strike a better balance between the opposing perspectives. The opponents basically differ on their diagnosis of the state of the world and on what is now most needed.

## References

Algahtani A (2014) Are leadership and management different? A review. J Manage Policies Practices 2(3):71–82

Beer S (1967) Management science: the business use of operations research. Aldous Books, UK

Certo SC (1997) Modern management. Prentice Hall, Princeton

Du Gay P (2000) In praise of bureaucracy. Sage, London

Erasmus D (1963) The education of a Christian Prince. (trans: Lester K. Born [1516]). Octagon Books, New York

Goodnow FJ(1974) City government in the United States [1904]. The Century Co., New York

Habermas J (1984) The theory of communicative action, vol I: reason and the rationalization of society, (trans: T. McCarthy). Beacon, Boston

Hull T, Ozeroff P (2004) The transition from manager to leader. Harper and Row, New York

Kant I (2015) Answering the question: what is enlightenment? [1784]. London Publishers, Wallachia

Kotter JP (1990) A force for change: how leadership differs from management. Free Press, New York

Kotterman J (2006) Leadership versus management: what's the difference? J Qual Particip 29(2):13–17

Lopez R (2014) The relation between leadership and management: instructional approaches and its connection to organizational growth. J Business Stud Quartr 6(1):98–112

MacIntyre M (1985) After virtue. Duckworth, London

Machiavelli N (1989) The prince. In: The chief works and others, vol 1. (transl. Allan Gilbert, [1531]). Duke University press, Durham, pp 5–96
Morton A (2010) Epistemic emotions. In: Goldie P (ed) The Oxford handbook of philosophy of emotion. Oxford University Press, Oxford, pp 385–399
Murray A (2010) The wall street journal essential guide to management. HarperCollins Publishers, New York
Nietzsche F (1995) The birth of the tragedy [1872]. Dover Publications, New York
Nussbaum MC (2001) Upheavals of thought. The intelligence of emotions. Cambridge University Press, Cambridge
Simon HA (1967) Administrative behavior. The Free Press, New York
Svara J (1998) The politics-administration dichotomy model as aberration. Public Adm Rev 58(1):51–58
Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York
Taylor C (1989) Sources of the self. The making of the modern identity. Harvard University Press, Cambridge
Terry LD (2003) Leadership of public bureaucracies: the administrator as conservator. Sharpe, New York
Weber M (1948) Politics as a vocation [1918]. In: Gerth HH, Mills CW (eds) From Max Weber. essays in sociology. Routledge & Kegan Paul, London, pp 77–128
Weber M (1978) In: Roth C, Wittich C (eds) Economy and society. University of California Press, Berkeley
Weber M (2011) The protestant ethic and the spirit of capitalism [1920]. Oxford university press, Oxford
Wilson W (1966) The papers of Woodrow Wilson, vol 5. Princeton University Press, Princeton
Yukl G (1989) Managerial leadership: a review of theory and research. J Manag 15(2):251–189
Zaleznik A (1977) Managers and leaders: are they different? Harvard Bus Rev pp 67–78

# Managerial Functions in the Public Sector

Alan Lawton and Julie Rayner
Federation University Australia, Gippsland Campus, Churchill, VIC, Australia

## Synonyms

Administrative; Executive; Management; Professional; Purposes; Roles; Tasks

## Introduction

The managerial functions in the public sector are many and varied and this chapter maps their terrain. In so doing, it addresses a number of key questions: First, what are these managerial functions and have they changed over time? Second, what skills are required by public sector managers to carry out these functions? Third, are the functions and skills unique to the public sector? In seeking to answer these questions, it is suggested that managerial functions will be conditional upon organizational structures, on community expectations of public managers, and on the political direction that public servants are given by their political leaders.

Throughout the discussion, the term public managers is used to refer to those appointed civil servants and local government officers who are responsible for overseeing the delivery of public services whether they are in education, healthcare, social welfare, policing, defense, economic development, or waste disposal. The term public managers should be distinguished from public service professionals such as teachers, social workers, clinicians, or police officers. It is recognized that many of these professionals are, increasingly, taking on managerial functions, and this is discussed below.

Management is also distinguished from leadership as it is generally considered that management is concerned with planning; budgeting; measuring and managing performance, people, and change; and ensuring the day-to-day running of the organization. In itself, management is a complex, difficult, and essential task. Leadership is considered to be about taking an organization into the future, having a vision, leading, and inspiring rather than managing people. Leadership can be found throughout the organization, not only at the top and is not just exercised by the politicians. Both leadership and management are essential, and, as suggested below, leadership is required from more and more people. At the same time, effective leadership might be comparatively rare and an important consideration is how to assess the performance of both leadership and management. Not only that but in seeking to improve and develop leadership skills, there is a continuing debate about whether effective leaders are born rather than made.

## Organizational Structures

Managerial functions should be inextricably linked to the organizational structures within which they are carried out. In Max Weber's (1978) classical bureaucracy, characterized by hierarchy, task specialization, objectivity, neutrality, and universality, functions will be clearly delineated at different levels within the organization. Roles are well defined and rule-following is important, and expected, and determined in advance, and there is no variation. If a public manager occupies a specific position within the hierarchy, say middle management, then certain expectations will come with the role. Similar functions will be carried out whether in health, social services, or the environment. The classic functions of management were established by Henri Fayol (1916) and involve the activities of planning, organizing, coordinating, communicating, and controlling. In the public sector, discretion will be limited and the exercise of autonomous decision-making will be discouraged. Under traditional public administration, there is a clear division between the formulation of public policy by politicians and the implementation of policy by public managers. There is a sharp distinction between the public and private lives of public managers and public service is delivered by full-time careerists who have undergone professional training.

Of course, it is now argued that classical bureaucracy was an ideal type, and if it ever existed in practice, then its days are long gone, even though features of it will remain in particular services. In child protection agencies, for example, it is expected that due account is taken of legislation, protocols, and procedures and that accountability is paramount. In welfare services, it is anticipated that principles of fairness and objectivity ensure that like cases are treated alike, whereas in leisure services or economic development, some innovation and discretion might be allowed. While politicians, business, and the public in general might denigrate bureaucracy and "red tape," at the same time citizens demand to be treated fairly and equally. As such, it is recognized that bureaucratic procedure and "red tape" contribute to such outcomes.

In contrast to managing through bureaucracy, managing through the market, both internal and external, involves competition and choice emphasizing performance and outcomes rather than throughputs or outputs. There will be a focus on results; the managerial function will be to achieve performance targets through the economic and efficient use of public resources. Financial performance will be closely monitored and citizens will be treated as customers.

While several public services are now delivered in a competitive environment, for example, leisure, waste disposal, and some aspects of health and education, many public services are delivered through partnerships with the private and not-for-profit sectors. Here managerial functions will involve the specification and monitoring of contracts, negotiating with a range of external stakeholders and ensuring that performance requirements are met. External deliverers will be held to account and expected to meet predetermined performance targets. Contracts will be either renewed or terminated subject to legal requirements and legislation.

The organizational structures required to manage the public services through either markets or partnerships are likely to be flatter and will require the manager to look outward toward other organizations rather than up and down the internal hierarchy. Under these circumstances, the public managers have more discretion and will allow the "managers to manage." The downside of this is that traditional accountability through the hierarchy may be weakened and the democratic legitimacy of decisions could be undermined. Thus, it could be asked if policy is being made by the public manager operating under conditions of discretion, what role is there for the politician? Is there a trade-off to be made between democracy and the, perhaps, quicker, more flexible and more innovative delivery of public services?

Such questions are difficult to answer and the best way to respond may be to treat the delivery of public services, not as a homogenous whole, but on a case-by-case basis. Hence, in the area of child protection, society may want public managers to follow the rules, not to take any risks, to be closely monitored, and to be held accountable by their line managers through hierarchical arrangements. In contrast, where the state is involved in economic development, some element of risk-taking,

innovation, or experimentation might be considered acceptable. However, even here we would expect due consideration of key principles of public service including transparency and accountability.

## Managerial Skills

Management of all types is, invariably, the management of relationships as much as it is the management of tasks. This is particularly the case in much of the public sector which is, after all, predominantly part of the service sector. The public sector provides services in the form of education, health, social care, and so on. Historically, relationships were internal to the bureaucracy and essentially hierarchical – implementing the policies set by those above and supervising the delivery by those below. Professionals within the public sector such as social workers, doctors, and teachers had relationships with clients, patients, and students outside of the sector. Public officials had, in many cases, to deal with those external to the organization through those professionals. The education officer would work through the teachers and the health administrator through the medical professions.

In a more complex public sector working with and through other bodies, both public and private, particularly with the ever-increasing use of outsourcing, these relationships become increasingly varied and ambiguous. Public managers at all levels will have relationships with a range of different stakeholders including partners, citizens, clients, customers, politicians, regulators, and so on. In an ambiguous and fragmented public sector, the public official will need to develop skills of listening, negotiating, persuading, transforming, and leadership.

Under coproduction, public officials are expected to engage with, rather than deliver to, a whole host of community groups. Coproduction is derived from the community and not the market, and therefore, the official has to find new ways of engaging with the citizen (Denhardt and Denhardt 2015). In the past the ballot box could be taken as expressing the will of the people. However, in those countries where voting is not compulsory, it has declined steadily at election time, particularly in local elections.

The changing requirements and skills of public officials can be seen in just about any job advert for a senior public official around the world. A recent job advertisement (February 2016) for a senior government position in the Northern Territories of Australia is clear about the kind of person that it is looking for:

- Are you an innovative leader passionate about supporting businesses to start, run, and grow?
- An exciting leadership opportunity to deliver economic benefits for the NT through strong engagement with the business community.
- You understand commercial imperatives with a proven track record in achieving results in a dynamic environment and a commitment to strengthen services to regional and remote areas.
- You are driven by a client-centered approach that realizes the importance of a culture of service collaboration.
- The successful candidate will be an active member of the executive team committed to driving the right environment for business, industry, and workers.

This particular job advert is for an executive director business, but the language of innovation, passion, leadership, delivery, engagement, achievement, commitment, client-centered, and a team player are found increasingly across the public services.

What is proposed is that new ideal types of public managers should be recognized, and these new types take various forms and will include:

1. The deliverer – public managers still have to manage people, performance, tasks, and budgets. Under New Public Management (NPM) of the 1990s, managers were expected to be given the "freedom to manage." They still have to ensure the day-to-day delivery of public services.
2. The policy-maker – in practice, public managers have always influenced policy. Street-level bureaucrats have exercised discretion in the implementation of policies in this way influencing policy on the ground. Senior managers have

shaped policy in the options that they have offered politicians and the advice given on the practicalities of different policy choices.

3. The negotiator – public managers sit at the heart of a web of relationships both internal and external to their organizations. These relationships will be both formal and informal and require soft skills of listening, nurturing, and facilitating and hard skills of contract supervision and compliance, performance accountability, and conflict mediation.
4. The steward – ensuring the protection, and continuity, of the public interest through fairness and consistency in the application of rules and the law.
5. The implementer – in states where there is a high degree of central government control, managers will need to align local initiatives with central government targets and implement central government policy.
6. The democrat – public managers are accountable to citizens, users, consumers, and customers of public services. Participation in the democratic process by diverse groups takes different forms, and public managers will need to find ways of legitimizing public services by engaging with such groups in the coproduction of public services.

Public managers are expected to move between these different roles constantly and to respond to the demanding expectations of multiple stakeholders in a multicultural environment.

The notion of the hybrid manager has also been used to describe the crossover between managerial roles and professional roles. For example, as doctors and clinicians have to manage their own budgets or to operate under resource constraints, professional expertise will be supplemented by managerial skills. Hence, they are all managers now, in some form or another, whether they like it or not.

## The Distinctiveness of Public Sector Management

A key consideration is the extent to which management is the same irrespective of the type of organization, the government, or the industry sector the organization is in or whether the organization is classified as public, private, voluntary, third sector, or a hybrid. Under the rhetoric of NPM, it was argued that the public sector needs a good dose of the skills thought common among private sector managers. Certainly, governments in many countries subscribed to the view that the perceived ills of the public sector – inefficiency, waste, red tape, the lack of innovation, flexibility, and dynamism – could be cured by the importation of private sector managers and their skills and techniques. Little evidence was presented that the private sector was dynamic, innovative, and flexible and large corporations, in particular, have proven to be just as cumbersome and heavy-footed as the most bureaucratic of government departments. However, is there something distinctive about the public sector which requires managerial skills and functions unique to this sector?

Discussions of difference focus on a number of dimensions. First, that of publicness, that is, how is the organization funded, who owns and controls it, and what are the features of its external environment? All organizations operate in unstable environments that are subject to the law, to political oversight, and to the demands of fickle citizens whether they are acting in their capacities of clients, users of services, patients, or customers. All organizations are regulated by law, including the protection of consumer, client, and employee rights or the protection of the environment. All organizations are subject to key external stakeholders in the form of shareholders, or the voting public or politicians themselves. It could be argued that the political life cycle requires short-term results, similarly so do shareholders other than institutional shareholders that might be in it for the long haul.

It is difficult to argue that many organizations are fundamentally public or private. Neither schools, health services, social services, police, nor prison services have been immune from competition in some form or another. Thus, variance between different sectors in terms of publicness appears to be ones of degree rather than absolute (Boyne 2002).

A second dimension of difference might be in terms of public sector organizations having

multiple and, sometimes, ambiguous goals, and there does appear to be some support for this. Think of the prison service that is committed to both rehabilitation and to retribution or to children's services when it is not always clear what is in the best interests of the child when estranged parents cannot agree on custody arrangements.

A third area of difference might be in terms of organizational structure relying heavily on hierarchy although there appears to be little evidence that the private sector generally is leaner, less bureaucratic, more flexible, and with greater managerial autonomy at lower levels.

A fourth dimension concerns the values that public officials hold dear. It has long been considered that important principles underpin public service, and these include honesty, integrity, accountability, impartiality, respecting the law, selflessness, openness, and responsiveness. A public service ethos is said to exist that public officials subscribe to. They are expected to practice these principles to the best of their professional expertise and to make efficient and effective use of public funds. They are motivated by a keen commitment to the public interest and less interested in financial incentives and find reward in work that makes them believe they are "making a difference." In the debate over whether public services should be delivered by private sector contractors, a key issue is the extent to which said contractors will act in the private interests of their shareholders rather than the public interest. Nevertheless, research on public service motivation has demonstrated that individuals working in other sectors can subscribe to similar principles. Once again, the 77distinction between different sectors is not entirely clear and that similar values can inform the work of managers working in different sectors.

If country and regional differences in managerial functions are examined, then the picture is equally blurry (Lynn Jr 2006). It has been argued that under NPM management tasks converge and that delivering public services under similar conditions requires comparable skills. However, evidence of convergence has been easier to find in rhetoric rather than in practice. The Anglo-Saxon version of NPM is more hard-edged than the continental European version. For example, national characteristics impact the role of public officials and will include the type of state; the extent to which the civil service is politicized; the extent of federalization; the traditions of public service; social and cultural norms concerning nepotism; the extent, and acceptance, of bribery and corruption; and so forth.

## Conclusion

Public managers work in a complex, ambiguous, and messy environment and it is not getting any less so. They have to be adaptable, resilient, tenacious, driven, and engaged and welcome change. Was it ever different? While today's environment may be less stable and the pace of change quicker, let us not forget how public officials exhibited similar qualities in the past, particularly in times of turbulence experienced, for example, during the Second World War.

It is also the case that public managers today are expected to exhibit different types of skills. It is no longer evident that expertise in a particular profession whether it be teaching, architecture, or the law would be sufficient to ensure career advancement as strategic, financial, and people skills are all considered essential for today's top managers in the public services. This cuts both ways as financial and operational skills in themselves are not sufficient without a deep knowledge of the business or the profession that is being managed and led.

A picture of a dynamic public service environment with managers having to adopt and develop new skills has been presented. Moreover, the enduring nature of hierarchy, rule-following, standard operating procedures, the importance of financial planning and budgetary control, day-to-day focus, and the pressure to meet central government targets is conceded. They cannot be dismissed as relics of a bygone age; rather, the functions of managers reflect the particular services within which they operate, and the skills required to carry out those functions will vary from service to service. The public service is not constituted by a monolithic bureaucracy but is formed by many

large- and small-scale activities delivering different services to citizens within the parameters of political oversight, justice, and fairness.

## Cross-References

▶ Bureaucracy and Leadership
▶ Managerial Leadership
▶ Motivation-Based Theories of Organization

## References

Boyne GA (2002) Public and private management: what's the difference? J Manag Stud 39(1):97–122
Denhardt JV, Denhardt RB (2015) The new public service: serving, not steering, 4th edn. Routledge/Abingdon, New York/Oxon
Fayol H (1916) [1990] General principles of management. In: Pugh DS (ed) Organizational theory, 3rd edn. Penguin Books/University of California Press, New York/Los Angeles, pp 179–181
Lynn LE Jr (2006) Public management: old and new. Routledge/Abingdon, New York/Oxon
Weber M (1978) Economy and Society (edited by Roth G and Wittich, C). University of California Press, Berkeley/London

# Managerial Leadership

Arthur J. Sementelli
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Leader as Manager; Manager as leader

## Introduction

Managerial leadership is a term most often used in the 1970s as part of broader scholarship that attempted to understand how a manager might be a leader without necessarily occupying a traditional leadership position in an organizational structure. Since then, it has increasingly been folded into more generalized discussions of leadership theory while remaining in use primarily in practitioner-based applications and outlets. Notable exceptions remain, but in many instances, this conflation into more general discussions of leadership has removed some of the meaning associated with the term "managerial leadership." Scholarly discussions in the literature often emerge from the work of Yukl (1989), who provided important insights into major issues in discussions of managerial leadership. Consequently, though it might appear somewhat dated, the Yukl (1989) piece remains as a foundation for anyone who wants a substantive basis for the state of managerial leadership theory and praxis.

There are two basic scenarios where managerial leadership can be observed or experienced. The first scenario is the manager as a leader, where an employee in a traditionally managerial role takes on leadership duties including but not limited to acting as a change agent. The second scenario is the leader as a manager where the leader addresses the implementation, maintenance, and reinforcement of processes such as organizational change. In a tactical sense, the leader becomes intimately involved in the day-to-day management of affairs, which is normally part of managerial practices.

## Conditions for Managerial Leadership

Managerial leadership requires certain conditions to be met for it to happen. In each case, there must be a person charged with the supervision of employees that has either a strategic or tactical scope. The responsibility is for both employees and the results of their efforts. Using the terms strategic and tactical, one might claim managerial roles are primarily tactical in nature, while leadership roles are primarily strategic. Even with the identifiers of tactical and strategic, we are left with the assumption that organizations are tasked to solve problems, regardless of the sector they happen to occupy. Subsequently, it is likely that the tactical achievement of organizational goals might have certain strategic effects, regardless of whether or not they are intended. Furthermore,

organizations are responsible to some group such as a board of directors, investors, citizens, or other proxy for society. This in turn implicitly allows for the possibility that tactical decisions (primarily managerial) can impact work groups, the organization as a whole, and the responsible group. In this sense, managerial decisions can affect leadership environments, decisions and strategy, and vice versa.

Understanding that the impact of management and leadership on organizational goals is not one way, but it is dynamic and helps to better capture the tensions among organizational goals and managerial leadership Northouse (2015). If we work from the notion that organizations are designed to cooperatively provide solutions, rather than setting the target goals, we uncover a space that allows for multifaceted leadership and managerial behavior. As goals are typically poorly defined, especially in the public sector, the manner in which managers and leaders approach achievement can vary wildly, raising questions of administrative discretion, authority, and other foundational concepts largely beyond the scope of this discussion Northouse (2015). The notable exception would be situations where an employee is engaged in a "leadership behavior" not a part of their formal position. In most situations, even within discussions of whistle-blower behavior, which has certain institutionalized protections, these actions are problematic for both the organization and employee, given structural power disparities. So even when the intent of leadership behavior is positive, it remains problematic within the confines of public, nonprofit, and private organizations, where it could reasonably be identified as insubordination.

So, we are left with a recurring problem. Managers are often assumed to be focused on the tactical attainment of organizational goals. It is this arguably narrow assumption that often fails to take account for the leadership behaviors managers undertake regularly. For example, managers promote effectiveness by directing subordinates Northouse (2015). This might require inspirational behavior and communication, which is often seen as a leadership behavior. Confusing matters further, managers also tend to populate executive positions leading to the need for research by Andersen (2015) as an example of how we might begin to apprehend the conflation of managerial leadership with other "forms" of leadership, including political and transformational leadership.

The position of manager also has an explicit assumption that there are subordinates along with tasks. This a priori hearkens back to classical and neoclassical discussions of leadership and supervision with an implicit social contract among all parties (managers, leaders, subordinates), where the subordinates agree to take direction from managers and leaders as long as they are moving toward accomplishing organizational tasks. The other part of this is that clear communication remains essential among all parties. A major problem that emerges from these needs is that the sources of power are often both temporary and poorly delineated, allowing for negative outcomes due to unclear lines of authority and responsibility.

Some scholars including O'Reilly and Reed (2010) wrestled with the multiple natures of a manager and leader, characterizing them as hybrid behaviors. This has some potential, especially in the context of service-based organizations which tend to be more fluid and complex, particularly when responding to citizen and client behaviors. Both citizen and client behaviors have the problems of being politically shaped and situationally fluid, creating multiple opportunities for conflict, confusion, and dissatisfaction Croft et al. (2015), making it an ideal context for the hybrid behaviors proposed by O'Reilly and Reed (2010); Blom and Alvesson (2014).

Furthermore, the demand for managerial and leadership participation becomes more pronounced in contemporary organizations. Rather than targeting formal organizational relationships, Yukl (1989) identified how hybrid behaviors emerge when there is less reliance on formal structures and more on situational or tactical events also common to service-focused organizations allowing for managers to act as leaders and vice versa. Rather than "creating" a need for more leaders or managers, an existing supervisory, specialist, or executive personnel can fill immediate

needs albeit on a temporary basis consistent with how we understand the practices of "managerial leadership."

## Differentiation Issues

Literature tends to organize managers as transactional and leaders as transformational. In practice, this suffers from a lack of clarity, as managers in general, and managerial leaders can frequently undertake leadership behavior that could be identified as transformational. Moreover, some claim that there are few (good) "leaders" available to serve in organizations as catalysts for transformation, making it more likely that people occupying leadership positions are characterized as transactional leaders muddying things.

This confusion is most apparent in the public sector where long-standing questions regarding the abuse of discretionary power abound, alongside hyper-politicized contexts aching to seize opportunities to extend some real or imagined sphere of influence. Consequently, managerial leadership (by the manager) is best tolerated during crises or natural disasters where there appears to be more implied comfort with individuals operating outside the formal organizational chains of command.

At the core of the problem is an implicit desire for people, particularly those in supervisory roles, to exhibit and encourage the behaviors of proactivity, risk seeking, initiative, and creative adaptation, which essentially gives every employee the potential to be either a leader or manager in certain environments. It is this sort of active participation which tends to be problematic, especially during a contemporary age of oversight, where most, if not all, decisions and choices in public organizations are scrutinized, evaluated, and critiqued.

What can mitigate the negative connotations of such environments? First, it is beneficial for the person engaging in either the managerial or leader behavior to be highly skilled, qualified, and/or experienced relative to the context of the situation. Second, some demonstrations of past success in handling related or otherwise similar situations tend to assuage some of the concerns about abuses of power, lack of oversight, and possible damage. Third, if the organization has multiple contingencies in place for uncertainty, it can help maintain lines of authority and responsibility and can mitigate concerns about unchecked discretion in particular by recasting managerial leadership as part of developmental or situational processes that maintains oversight.

## Conflation Issues

Some problems of conflation stem from a lack of clarity about what it means to be a "leader" versus a manager. As early as 1964, Blake and Mouton (1964) developed a *managerial* grid model which also is known as a *leadership* grid. Throughout discussions of their work, people consistently use "leadership" and management concepts interchangeably. This failure to adequately differentiate among managerial and leadership conceptions early in the development of the literature helps explain why the notion of managerial leadership has largely been absorbed into more generic discussions of leadership. Leadership also suffers from an inherent lack of conceptual clarity and cohesion.

Contemporary scholarship on leadership has made modest improvements in regard to the study or use of managerial leadership and its practices. Leadership generally remains somewhat unclear, and only a few (i.e., Van Wart) are concerned about either conflation or the inherent ambiguity in the scholarship. Another scholar, Anderson (2015), raised concerns about conflation by examining transformational leadership and political leadership concurrently with managerial leadership. Anderson concluded that transformational leadership is a political leadership theory, making it "less relevant to managerial leadership" (Andersen 2015, p. 765). Moreover, he alluded to how issues of conflation might be at least partially responsible for inconsistencies in empirical research. Briefly, poor theory can lead to inconsistent outcomes.

The conflation of political and managerial gets to the heart of the problem. Leadership encompasses multiple experiences, events, and

practices. Rather than attempting to "silo" concepts and categories using terms like managerial leadership, political leadership, transformational leadership, and transactional leadership, it could be more fruitful to examine these ideas as components, elements, or facets of leadership. Empirically, one might treat these concepts as vectors to be examined as part of a more holistic view of leadership. Conceptually, it could move discussions of each of these phenomena or epiphenomena to the forefront, allowing both scholars and practitioners the opportunity to finally begin untangling the concepts surrounding and linking leadership in general to managerial leadership.

As is, the current state of the literature lacks cohesion and suffers from multiple conceptual issues that might be resolved by considering the proposals forwarded in the paragraph above. If undertaken seriously, such a project might benefit both theory and practices of leadership and managerial leadership. Furthermore, it would be beneficial for managerial leadership to be considered as something that allows conceptualizations to emerge from practice, while it also informing them. Additionally, both scholars and practitioners must embrace the possibility that managers can engage in leadership roles and vice versa.

## Moving Forward

Framing some of the long-standing issues provides us with a basis for study. We can argue that "managerial leadership" is an *observable phenomenon* where someone is *acting* both as a manager and as a leader at the same time. This identifies a key property of the concept, the simultaneous presence of both managerial and leadership behaviors. Next, we can consider how this might happen if we have managers and leaders. "Manager" and "leader" often are labels, titles, and positions (Andersen 2015). In contrast, managerial leadership is a practical action that reflects the experiences of someone labeled as either a manager or leader. Scholars might consider the triggers for behaviors unique to managerial leadership. Finding antecedents is likely the simplest and most impactful of the three questions considered here. As a starting point, one of the more obvious antecedents might be unplanned or planned changes stemming from some shift in the political, social, economic, or built environments. Both the change management and organization development literature could provide powerful insights into theory and practices of managerial leadership.

Once the proposed questions for moving forward have begun to be adequately explored, we can then move toward more coherent, focused discussions that impact theory and practices of leadership studies generally. As an example, one might next consider why someone without the label of "leader" might function as one in certain contexts (i.e., crises) and how we might reconcile such behavioral choices with mainstream themes like administrative discretion. Conducting a circumspect analysis of managerial leadership and its relation to public affairs can clarify and shape how we view personality, training, and experiences.

Drilling down further on the "environment," it remains important to consider questions of effectiveness and of course power alongside discretion. Managerial leadership has some potential to explain uncommon situations where managers behaving as leaders can operate outside their formal sphere of influence. Considering and reflecting upon these phenomena can help build bridges to the bureaucratic behavior literature as well as the streams mentioned earlier.

Consider further how links to both the organization development and change management literature allows change agents to be identified as managerial leaders. This might justify how one might improve performance by making adjustments to the situation or environment. In classical hierarchical structures, but more so in public organizations, such decisions and action can elicit multiple conflicting responses ranging from concerns about abuse of discretion by a manager to a lack of "leadership."

Building linkages to multiple theory streams helps supplement the understudied almost unitary reliance on law to address managerial and leadership behavior. Adopting a praxis-based approach

can help us better understand the nuances and difference among vectors of leadership, especially managerial leadership. It remains imperative to sort out the issues of differentiation and conflation presented above prior to meaningful engagement with the concept. Otherwise, understanding managerial leadership becomes unnecessarily challenging in the context of discretion, formal authority, oversight, and related concepts.

The conflation of managerial leadership and political leadership is most troubling. It has become common in economic organizations to treat the two as similar if not identical concepts. This is problematic since managers operating as *political* leaders, engaging in activities related to social movements and other behavior most associated with the practices of transformational leadership, tend to fly in the face of professional standards. Managers could conceivably unintentionally cause harm to their own organization. If such an action is intentional, such practices of managerial leadership can evoke discussions of the "toxic triangle" literature (Padilla et al. 2007) or the classic work by Finer (1941) in the context of public and nonprofit organizations.

## Best Fits

Note that the questions raised earlier rarely impact the private sector. There are multiple cases where proactivity, risk seeking, initiative, and creative adaptation behaviors are highly incentivized, particularly in telecommunications and R&D-focused organizations. From this perspective, managerial leadership appears most suited to private sector, knowledge-intensive organizations with nontraditional organizational structures more comfortable with elevated perceptions of risk.

Managerial leadership appears more suited to organizations and environments which cyclically experience radical changes at a brisk pace, which supports a sectoral fit for the private sector and possibly some specific nonprofit or not for profit organizations that meet organizational change criteria. As a concept, managerial leadership might best be understood as an emergent phenomenon, meaning that overall changes in economies, combined with steady movement away from traditional organizational structures and practices, make it more likely to be observed than in traditional organization forms.

Despite the limitations discussed in this piece, managerial leadership has interesting characteristics that make it viable for reconsideration in the context of contemporary public administration and governance. It can express some of the dynamic elements of both leadership and management not adequately captured by other related concepts. Areas of inquiry including those emerging classical organization theories (ala Barnard 1938) and more contemporary work on leadership by organizational subordinates (Yukl 1989) allow for both academic and practitioner consideration of managerial leadership. It has enhanced potential in the context of unplanned changes and crisis, providing some insight on how public organizations react to both risk and uncertainty, possibly even as a phenomenon for organizational diagnosis. We conclude with a concept that has been employed intermittently across sectors for decades. Managerial leadership has appeared sporadically in discussions of public sector leadership and leadership more generally. To be relevant in contemporary public affairs and governance, scholars and practitioners must be cognizant of the issues raised in this piece.



## References

Andersen J (2015) Barking up the wrong tree. On the fallacies of the transformational leadership theory. Leadersh Org Dev J 36(6):765–777

Barnard C (1938) Functions of the executive. Harvard University Press, Cambridge, MA

Blake R, Mouton J (1964) The Managerial grid: the key to leadership excellence. Gulf Publishing Co, Houston

Blom M, Alvesson M (2014) Leadership on demand: followers as initiators and inhibitors of managerial leadership. Scand J Manag 30(3):344–357

Croft C, Currie G, Lockett A (2015) The impact of emotionally important social identities on the construction of a managerial leader identity: a challenge for nurses in the English National Health Service. Organ Stud 36(1): 113–131

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1(4):335–350

Northouse P (2015) Leadership: theory and practice. SAGE, Thousand Oaks
O'Reilly D, Reed M (2010) 'Leaderism': an evolution of managerialism in UK public service reform. Public Adm 88:960–978
Padilla A, Hogan R, Kaiser R (2007) The toxic triangle: destructive leaders, susceptible followers, and conducive environments. Leadersh Q 18(3):176–194
Yukl G (1989) Managerial leadership: a review of theory and research. J Manag 15(2):251–289

# Managerial Performance Appraisal

Behrooz Kalantari
MPA Program, Savannah State University, Savannah, GA, USA

## Synonyms

Performance assessment; Performance evaluation

## Definition

A systematic, general, and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives.

## Introduction

Human resource management (HRM) covers the design, development, and implementation of interrelated activities that influence how a work organization attracts job applicants, retains motivated and successful employees, and ultimately carries out a proper performance appraisal. The main objective of the performance appraisal is to improve organizational efficiency and productivity. People are the organizations' best assets, and without proper direction from HRM, the organization would seize to exist (Manzoor 2012). Effective HRM practices have been linked to higher employee performance, customer satisfaction, and greater financial results (Dressler 2003). Therefore, after hiring qualified employees, properly measuring their performance and keeping them motivated becomes an essential task in order to accomplish the objectives of the organizations.

## Strategic Human Resource Management

In recent decades, due to the complexity of organizational issues, it has become a common practice for HR personnel to practice strategic human resource management. Strategic HRM refers to the stage when decisions are made by human resource managers after taking into account the mission, vision, and current status of the organization (Berman et al. 2016). Based on this model, the direction of the organization is determined through coordination of daily operations with the organizational goals and objectives in mind.

Using the strategic HRM approach, the main objective is to align personnel's knowledge, skills, and abilities with the vision, mission, and goals of the organization with a view on increasing organizational commitment and employee efficiency. Strategic HRM uses organizational behavior theories and principles to improve employees' attitudes and behaviors. Ultimately improving organizational productivity is affected by the way performance evaluation systems are designed and implemented. When employees have a sense that they are valued and their contribution and work is appreciated by the organization, they exhibit organizational citizenship behaviors, specifically organizational commitment and productivity (Gavino et al. 2012). Better organizational commitment and performance and better outcomes is an indication of alignment between the organizational mission, vision, and goals and operationalized strategies through a viable performance evaluation system.

## Performance Evaluations: Proponents

The practice of performance appraisals has its proponents and opponents. Supporters argue that the performance appraisal (evaluation) is the most

vital task of determining an employee's success in an organization. Performance appraisal refers to the process and activities used to determine (measure) each individual employee's contribution to the overall effectiveness of an organization. Many studies on organizations substantiate the observation that those organizations that put more emphasis on the development of their human capital remain more productive and efficient in accomplishing their goals and objectives. As a result, employee development has to be planned properly and be coordinated through the proper establishment of a valid performance evaluation system (Buss and Morse 2008). This makes performance evaluation the most crucial activity to be performed in any organization. The process of performance appraisal is an inherent and indispensable part of the operations of all organizations. Therefore, for any organization to achieve its strategic goals, it has to devise a viable system of performance appraisal that pays more attention to the human element of the organization (Stivers 2001).

Performance evaluation is the major tool to measure and communicate the gap between how productive employees are and how much they have to improve (Boswell 2002). In addition, appropriate performance appraisal is a great contributor to organizational success because it helps with the achievement of desired organizational goals and objectives (Stivers 2001). In order for the performance appraisal to be effective, it has to be done regularly and properly designed and implemented across the board (Naeem 2017). After completion of a performance appraisal practice, if it is conducted properly, the employees should be aware of their strength and weaknesses and know exactly what kind of training they need to fulfill the requirements of their job. In addition, it can be a major motivational source for employees because it tells the employees what areas they are good at and will be rewarded for and what areas they need improvement.

A viable performance appraisal system needs to be designed for enhancing employees' trust and making them believe in the fairness of the system. The evaluation appraisal system has to be very transparent, and the organizational objectives (strategies) need to be very clear in order for the employees to exert their full efforts toward achieving them. It is thought that such an evaluation system will positively affect organizational effectiveness, efficiency, job satisfaction, job involvement, absenteeism, and job stress.

## Performance Evaluations: Opponents

Critics have argued that there are several problems with the evaluating systems used at the present time, especially in the public sector. They include the usage of a generic evaluation format (ranking system) throughout the organizations by which employees are evaluated at the end of an annual period and are ranked against each other. This system has two major problems. The first one is that it evaluates factors that are not related to the goals and objectives (strategies) of the organization. The second problem is that it makes the performance appraisal system a competitive exercise among the employees by ranking them against each other.

In the ranking for performance, each individual tries to surpass the other rather than attempting to grow and develop themselves. This approach is counterproductive because it stops the growth and development of the individual and not enough attention is given to the growth of their individual talent(s) that may benefit the organization. In contrast, the emphasis should be on how to help the employees to reach their full potential rather than requiring them to match the performance of certain individuals inside or outside the organization. For employees to be at their best, they should be able to follow their own individual path of development and choose how to pursue their individual goals by themselves. In other words, they should be compared to themselves rather than to someone else elsewhere.

In order to deal with the negative effect of this type of evaluations, the managers should have frequent meetings with the employees and provide one-on-one feedback on their performance. In these meetings, employees develop their own personal objectives that are directly related to the organizational objectives (strategies) and ask for

the resources to meet those objectives. In this process the employees become responsible for their objectives and take ownership of the accomplishment. They also become responsible for their own growth and development. This does not underestimate the role of the manager to assist the employees in any way possible to accomplish their objectives.

## Performance Evaluation Systems

Starting in the 1950s, for over two decades, most of the evaluation systems, especially in the private sector, were "trait-based." The trait-focused system concentrated on characteristics such as loyalty, helpfulness, dependability, and punctuality. Most trait-focused systems use a simple checklist with ratings such as "excellent," "satisfactory" or "needs improvement," or similar options (Ismail 2018). However, in reality, the appraisal format focused on the proxies of performance and did not establish a relationship with the actual performance of individual employees. In this method, the criteria used were remotely associated with actual performance; therefore, they were practically useless in determining the actual performance of employees.

Major changes in performance appraisal standards came after the passage of the Civil Service Reform Act of 1978, which tried to fix the shortcoming of the "trait-oriented" performance appraisal. Presently several "result-based" methods are used to improve the previous system which can be referred to as "result-based systems." These types of performance appraisal also known as "outcome-oriented" approaches do not look to employees' behavior nor do concentrate on the personal characteristics or personality of employees. Instead, the result-based systems approach looks at their contribution to the goals and objectives of the organization as well as the accomplishments of the organizational tasks. For this system to be successful, it is important that organizational goals and objectives are clear and concise, and employees should be able to know what to expect. During the years, many appraisal systems were developed that derived from the result-based systems philosophy. They include the following:

1. Behaviorally anchored rating (BARS): is designed to measure the successful behaviors that relate to the performance of a job.
2. Checklist method: lists several different statements concerning the behaviors that contribute to the accomplishment of the job.
3. Critical incident method: the rater keeps a file of each critical incident that might influence the performance of an employee.
4. Essay method: the rater composes an essay on the strength and weaknesses of the employee in performing the job.
5. Graphics rating systems: the rater is provided with a special scale in each category under evaluation and is required to rate each employee in that category.
6. Ranking methods: the rater looks at the organization as a whole and ranks employees according to their contribution.
7. Work standards: usually is used in production industries and establishes a national average for every industry. Everyone's performance is evaluated against those standards.
8. Self-appraisal: Employees are supposed to evaluate themselves and provide an honest opinion of their own performance and their contribution to the organization (Kalantari 2007).

## Pitfalls of Performance Evaluation Methods

As indicated earlier, conducting the performance evaluation of employees' work is the most critical stage of the overall functions of a manager. However, most studies found that even if all previous stages are conducted properly, there are still some precautions that have to be taken into consideration to complete the process accurately. In general, there are three most common categories of errors that might negatively influence the process of performance evaluation including the following:

1. Range error: This error is associated with the general psyche of the evaluator. Using the

normal "bell curve instrument," some evaluators like to rate all employees in one particular area of the normal curve, for example, if the rater puts everyone in the positive area of the curve has committed a "range error."

2. Perceptual and personal bias: It manifests itself in two ways either in a positive (halo effect) or negative (horn effect) manner.
3. Association error: The evaluating factors that the evaluator uses to evaluate employees are associated with factors that are unrelated to the task accomplishment. They include errors such as "recency error," "organizational politics," "group vs. individual focus," and "similar to me" (Kalantari 2007).

All of those errors can severely influence the process of conducting proper performance evaluations. The errors can demoralize the employees and as a result reverse the positive impact that performance appraisals can have on the employees. In reality, it turns the evaluation system into a de-motivator which ultimately negatively affects the productivity of the organization.

In the final analysis, it should be emphasized that a viable and accurate performance evaluation (appraisal) system should start with a clear, concise, and actionable strategic plan that can guide the development of clear and actionable goals. After the development of clear goals, the most important part of the process is development of achievable and actionable objectives that usually are referred to as "strategies." They represent specific activities that are required in accomplishing the organizational tasks (performance indicators) which are the same as organizational objectives (strategies). Those strategies later become the main goals of employees to achieve.

Therefore, development of performance indicators that are measurable and actionable is the most important part of the process of conducting the proper performance evaluation. In addition, it is essential that everyone in the organization is aware of the development of those strategies and how they are going to be measured in order to get the most buy-ins among the employees. Finally, those specific strategies have to be under constant review and improvement in order to achieve the best fit between the organizational objectives and individuals strategies. As indicated earlier, they have to be clear, unambiguous, and actionable. After actionable strategies are clearly set, they have to be assigned to employees to be accomplished. In the end, employees should be able to demonstrate if they have accomplished their goals (strategies). It is important that the evaluator be aware of the pitfalls of the evaluation process at all times.

## Conclusion

Employees can receive constructive criticism and be able to learn from their mistakes through open lines of communication with their evaluators. Professional development is essential in any evaluation practice. Employees can grow and learn from their performance and try to do better when it comes to future performance. The manager can find what the employees are passionate about and find a common ground between their passion and organizational objectives (strategies), something that helps them to grow and develop a positive relationship with their jobs.

## References

Berman E, Bowman J, West J, Van Wart M (2016) Human resource management in public service: paradoxes, processes, and problems, 3rd edn. Sage, Thousand Oaks

Boswell W (2002) Separating the developmental and evaluative performance appraisal uses. J Bus Psychol 16:391–412

Buss TF, Morse RS (2008) Innovations in public leadership development. M. E. Sharpe, Armonk

Dressler G (2003) Human resource management. Prentice Hall, Upper Saddle River

Gavino MC, Wayne SJ, Erdogan B (2012) Discretionary and transactional human resource practices and employee outcomes: the role of perceived organizational support. Hum Resour Manag 51(5):665–686

Ismail HN (2018) The relationships among performance appraisal satisfaction, career development, and creative behavior. J Dev Areas 52:109–124

Kalantari B (2007) Linking performance appraisal to organizational strategic planning: a challenging task in the new millennium. In: Farazmand A (ed) Strategic public

administration: building and managing human capital for the 21st century. Praeger, New York, pp 319–339
Manzoor Q (2012) Impact of employees motivation on organizational effectiveness. Bus Manage Strategy 3:1–12
Naeem MJ (2017) The relationship of employees' performance appraisal satisfaction with employees' outcomes: evidence from higher educational institutes. FWU J Soc Sci 11:71–81
Stivers BP (2001) Building a balanced performance management system. SAM Adv Manag J 12:21

# Managerial Power

M. Afzalur Rahim
Center for Advanced Studies in Management, Bowling Green, KY, USA

Power is "the fundamental concept in social science. . .in the same sense in which energy is the fundamental concept in physics" – *Bertrand Russell* (1938, p 12)

## Synonyms

Authority; Command; Control; Influence; Sway

## Synopsis

There are six power bases managers can acquire, maintain, and use appropriately to achieve desired results. These bases are coercive, reward, legitimate, information, expert, and referent. The first four are called position powers and remaining two are called personal powers. These power bases, except coercive, can be effective in attaining desired results depending how they are used. Coercive power can be used for disciplining a subordinate, maintaining safety standards, or for dealing with emergency situations, but too much exercise of this power can have negative consequences in the long run. Other position powers, such as reward, legitimate, and information, can be used to obtain desired results, provided that the influencing agents have high expert and referent powers. Also expert power can be used to achieve desired results, but the influencing agent must have high referent power. In other words, personal powers mediate the relationships between position powers and desired outcomes. Also referent power base mediates the relationship between expert power and desired results. Another way of understanding this is that position powers are ineffective unless a supervisor possesses adequate personal power bases. Managers who possess high personal power use position powers more effectively than managers who have low personal power.

## Introduction

Power is a significant construct in management and other social sciences and it "is as ancient and ubiquitous as any that social theory can boast. . .one could set up an endless parade of great names from Plato and Aristotle through Machiavelli and Hobbes to Pareto and Weber to demonstrate that a large number of seminal social theorists have devoted a great deal of attention to power and the phenomena associated with it" (Dahl 1957, p. 201).

During the last six decades, there were many theoretical and empirical studies on power in organizations and its influence on subordinates' job performance, job satisfaction, motivation, commitment, and turnover intention. Managers need power to influence subordinates so that desired goals are attained. Managers who feel powerless are likely to be frustrated and ineffective. There are several sources of power that may be used to influence subordinates. The phenomena of social power are all pervasive in groups, organizations, and societies. The process of exercising power in organizations influences dyadic relationships between supervisor and subordinates, between colleagues, and two unrelated individuals. Effective managers are able to acquire, maintain, and use the right types of power to deal with various situations needed to attain desired goals. In other words, the essence of effective leadership is associated with the use of power appropriately to obtain desired individual, group, and organizational goals. The objective of this chapter is to discuss the various types of

power that may be possessed by managers, how these powers can be acquired and maintained, and how these powers can be used to deal with various situations to attain desired goals.

## Nature of Power

### Defining Power and Influence

Power is defined as the ability of one party to change or control the behavior, attitudes, opinions, objectives, needs, and values of another party (Rahim 2009). This definition implies that the theory of power for the present discussion is associated with the influence one has over another individual. *Power bases* differ from *influence attempt* as the former is associated with the ability to use power and the latter with the actual use of power. Compliance with the wishes of a supervisor is associated with the amount of power possessed and used by the supervisor.

### Taxonomy of Power Bases

Several classifications of leader or supervisory power have been set forth, but the bases of power taxonomy suggested by French and Raven (1959) and Raven (1993) – coercive, reward, legitimate, information, expert, and referent – still appear to be fairly representative and popular in application. There were many theoretical work and empirical studies on the French–Raven taxonomy of power bases (Hinkin and Schriesheim 1989; Ivancevich 1970; Rahim 2014; Rahim et al. 2001).

**Position Power Base**. Coercive, reward, legitimate, and information power bases are associated with the rank or position a manager holds in an organization. That is, a manager acquires these power bases by occupying a position in an organization. These power bases together constitute the position power of an organization**al** member.

*Coercive Power*. This is associated with subordinates' perception that their supervisor has the ability to punish them if they fail to conform to the influence attempt. Giving poorperformance review, suspending, ridiculing, demoting, or reprimanding a subordinate constitute common ways of using coercive power by a supervisor. This power is essentially based on the subordinates' perception that their supervisor can punish them for noncompliance.

Supervisors can use this power occasionally to induce compliance from subordinates to deal with emergency situations, meeting deadlines, and maintaining safety standards. Unfortunately, frequent use of this power will be counterproductive as it may lead to reduced job performance, job satisfaction, and alienation of employees. Frequent use of this source of power may be associated with decline in productivity and creativity. If some employees feel that they have been unfairly punished, they may withhold their contributions to the organization or leave their organization. Performance-contingent enactment of this power base is needed to minimize its adverse effect.

*Reward Power*. This is associated with the perception of subordinates that their supervisor can reward them for desired behavior. Supervisors often use financial rewards, such as pay raises, bonus, and promotions, and nonfinancial rewards, such as recognition, advancement, and pleasant work assignments to exert reward power over their subordinates. In order for this power to be effective, rewards must be provided to the employees for job performance and other contributions to the organization. There must not be any rewards for nonperformance or for political reasons.

There are some limitations to using this power. Supervisors may not have any control over pay raises, bonus, and promotions. In many cases the decisions regarding these are generally made by top management or board of directors. Also individual employees may have different needs – some want recognition and others want opportunities for growth – which cannot be satisfied with the standardized rewards system of an organization. Therefore, it is often quite challenging for supervisors to provide appropriate rewards to satisfy individual needs. Under this situation, supervisors are well advised to provide nonfinancial rewards to employees.

*Legitimate Power*. This comes from the position or organizational rank that a supervisor holds. It is associated with subordinates' perception that their supervisor has a right to expect compliance

with his/her wishes. This power is based on the internalized values of the subordinates which dictate that the supervisor has the right to prescribe and control their behavior and they have the obligation to accept the influence. A primary source of this power is the cultural and institutional acceptance by subordinates of roles played by supervisors. Appropriate uses of coercive and reward powers can enhance legitimate power.

Leaders often rely upon legitimate power to exercise authority, though overreliance upon it for more than routine processes is often self-limiting. Effective leaders do not rely on this power to motivate their workforce. As will be seen later, these leaders use their personal powers to motivate employees to attain goals. Also there is a "zone of indifference" within which the subordinates will accept directives (Zelditch and Walker 1984). This power is ineffective outside this zone. In other words, subordinates will comply with the wishes of their supervisor if they believe that their supervisors have legitimate authority to do so. Employees will resist following supervisor's instructions if they believe that their supervisor's instructions are not legitimate.

*Information Power*. This type of power is associated with employees' belief that their supervisor possesses or has access to special proprietary information needed by employees to perform their jobs. A supervisor may have access to privileged information that can be used to influence the behavior of subordinates. This power also includes one's ability to acquire information that others want which is not presently available.

We are now living in an information age, so this power has become more important than ever. Failure to provide the right information to the employees on a timely basis by managers may diminish this power base. In order to enhance this power base, a manager has to acquire relevant information continuously and distribute it effectively.

**Personal Power Base**. The remaining two power bases are associated with a person, not a position. Individuals acquire these power bases through their own efforts and together they constitute personal power.

*Expert Power*. It is based on subordinates' belief that their supervisor has adequate professional experience, training, special expertise, and access to knowledge who will be able to deal with the unit's problems effectively. Accountants, marketing researchers, and engineers may exert significant influence on their subordinates because of their specialized skills. Supervisors with this power base should be able to solve task-related problems brought by employees.

Expert power of managers may be diminished in course of time if they fail to improve and maintain their professional knowledge and skills. If a manager shares his knowledge with subordinates frequently, it may diminish this power base. The challenge for managers is to continuously improve their knowledge and skills through self-learning, education, and training. It should be noted that expert power may also be possessed by subordinates who have professional knowledge and judgment a supervisor must rely upon for effective work-related decisions.

*Referent Power*. This type of power is based on the desire of subordinates to identify and associate with their superior. Identification is the feeling of oneness of a subordinate with their superior. Here the control is dependent upon the supervisor's leadership style or charisma to attract subordinates so that they follow their leadership. Managers with high referent power have personal qualities that inspire subordinates to do their job better. Rahim's (2014) study shows that referent power is more effective than other power bases in influencing subordinates' job performance and satisfaction. Managers with high referent power are able to generate trust, openness, and respect in their interactions with others. Without these leadership qualities associated with referent power, other power bases may not be very effective in changing the behaviors of subordinates. There are other variants of referent power which are as follows:

*Affiliation or Connection Power*. Leaders acquire this power from their acquaintance or association with influential individuals inside or outside the organization. People with this power within an organization can get things done

more effectively than others. Individuals who form valuable relationships with others (networking) acquire this power.

*Credibility Power*. This power is associated with one's trustworthiness, integrity, and reliability.

*Persuasiveness Power*. This is another variation of referent power which is associated with one's articulateness, expressiveness, and ability to reason effectively. Leaders with high social skills are likely to possess this power.

*Prestige Power*. This is associated with the status, esteem, or personal reputation of leaders in organizations.

As discussed before, referent power is more effective than other power bases in influencing outcomes, such as subordinates' job performance, satisfaction, and turnover intention. Greater referent power gives increased emphasis and utility to the other power bases for a leader. Another issue is the clear linkage between expert and referent power bases. This probably indicates that managers who have high expert power have high cognitive abilities, but managers who are high on referent power have high noncognitive skills, capabilities, and competencies. It is very possible for a leader to possess both competencies. Goleman (1998) has suggested that managers with the later skills possess what he calls emotional intelligence (EQ). Without EQ "a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader" (Goleman 1998, p. 108). The field of leadership studies would benefit from further research that investigated connections between power bases and EQ.

## Interdependence of Power Bases

There are significant intercorrelations among the six power bases. These interrelationships should be explained so that management practitioners can acquire and use appropriate power bases to influence their subordinates' job performance and satisfaction. A change in the perception of one power base may affect the perceptions of other power bases. For example, a change in the perception of reduced reward power may affect the perception of greater use of coercive power and the reduction of legitimate and referent powers, but not expert power (Greene and Podsakoff 1981). Knowing how power bases influence each other is important as each power base may influence outcomes, not only directly but also through the mediation of other power bases. It appears that the position power influences outcomes through the mediation of personal power. Stated in another way, position power influences the personal power, which in turn, influences outcomes (see Rahim 2014). These findings make sense, as supervisors who use reward power associated with performance as well as their legitimate power may be perceived by their subordinates as competent, friendly, considerate, and fair.

Several studies have found that the expert and referent power bases were also significantly correlated. One possible explanation of this phenomenon is that subordinates like to identify and associate with a supervisor who possesses expert power. Furthermore, these studies reported that the reverse influence (i.e., referent power influencing expert power) is unlikely to happen. In other words, the perception of expert power positively influences the perception of referent power, but the reverse relationship is not possible.

## Comparing Managerial Power Profiles Across Cultures

Rahim and Magner's (1996) cross-cultural field study that compared the power profiles across three national cultures – the USA, South Korea, and Bangladesh – suggests interesting patterns that are likely important for expatriate managers. First, supervisors in individualistic cultures (such as the USA) appear to generally have higher levels of each power base than collectivistic cultures (such as S. Korea). Second, supervisors in individualistic cultures appear to place greater relative emphasis on coercive power than do those in collectivistic cultures, while supervisors in collectivistic cultures appear to place greater relative emphasis on expert power than do those in individualistic cultures.

There are important implications for expatriate managers who are assigned to work in cultures different from their own. These managers may be

well served by participating in training so as to change and use their power bases consistent with the host cultures. For example, coercive power in an individualistic culture may have been used extensively in dealing with subordinates, but it is likely to be ineffective as a basis for leading employees in their new work setting in a collectivistic culture.

## The Dark Side of Power

People are familiar with the expression, "Power corrupts and absolute power corrupts absolutely." Effective managers use their power bases to achieve desired results. Unfortunately, some managers have used their power bases for their personal gains. This is true for all the power bases, but the personal powers can be used in ways that subordinates will not notice, but they are used to manipulate subordinates to attain selfish ends. The following case – Misuse of Power, adapted from Rahim (2016) – is designed to show the dark side of power.

### Misuse of Power

"It hardly seemed possible that the man had sway over politics and media for so long. Appearing before a Parliamentary committee on July 19, 2011 to explain how phone hacking had flourished in his British newspapers, why his company is alleged to have paid $160,000 in bribes to policemen, and why two people in his pay have been jailed and several arrested, Rupert Murdoch paused alarmingly and fumbled his answers" ("Last of the moguls," 2011, p. 9). It is alleged that Rupert Murdoch's son, James Murdoch, himself authorized hush money to victims, but Rupert Murdoch denied any knowledge about these illegal activities and suggested that he should not be held responsible for these acts committed by his employees.

Rupert Murdoch, by destroying criminal evidence, threatening politicians, hacking phones, and paying off police, could intimidate opponents and make or break government officials. Fresh allegations of attempted phone hacking of Britain's royal family and illegally accessing medical and financial records of former prime minister Gordon Brown by Murdoch's *The Sun* and *Sunday Times* newspapers have caused further damage. Murdoch is known for dictating editorial positions to his papers. He could push politicians to back his ideas on political issues and destroy the careers of politicians with smear campaigns.

Public uproar against News Corporation and its owner Rupert Murdoch resulted in several high-profile resignations including London's Metropolitan Police Service, Sir Paul Stevenson. A number of arrests and convictions followed, most notably of the *News of the World* managing editor Andy Coulson. Boycotts by advertisers resulted in the dissolution of the *News of the World* after 168 years of publication. Also public pressure forced Murdoch to cancel its proposed acquisition of the British satellite broadcaster BSkyB.

Rupert Murdock's father was Keith Murdock, a war reporter in the early 1900s who covered the WWI under strict military guidelines. Later Keith Murdock broke these guidelines while building his empire and influencing the news. "Like Father, Like Son, and Like Grandson – The Murdock family has had their hands in political influence, money, media, and power including infiltrating the halls of government and its secrets" ("Murdoch's dynasty," 2011).

## Effectiveness of Power Bases

### Job Performance

Rahim (2014) developed and tested a structural equation model of the relationship between five power bases and job performance and satisfaction of employees with 254 groups (see Fig. 1). This is the first group-level study which shows that expert and referent power bases mediate the relationships of coercive, reward, and legitimate power bases to job performance and satisfaction, and referent power base mediates the relationship between expert power and job performance and satisfaction. The study contributed to our understanding of the linkages between position and personal power bases, expert and referent power bases,

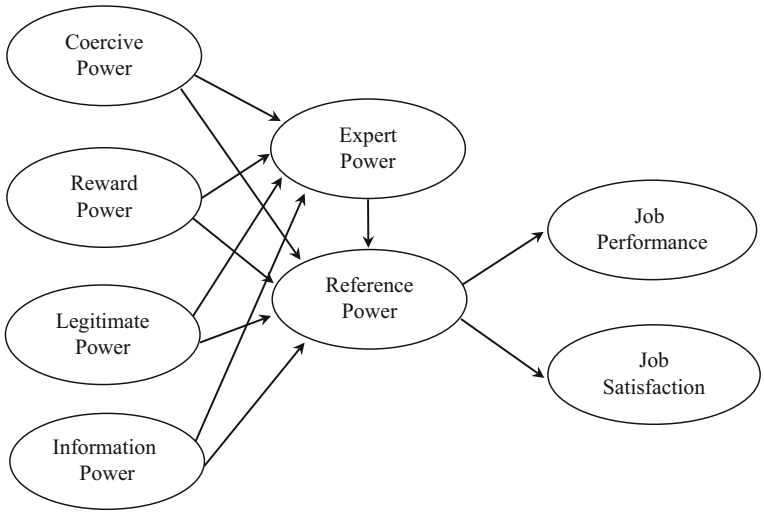


**Managerial Power, Fig. 1** A new model of the bases of managerial power and job performance and satisfaction of employees

and their links to job performance and satisfaction of employees.

### Compliance with the Wishes of Supervisor

In a major study Warren (1968) found that the use of five types of power by principals was positively associated with total conformity (behavioral and attitudinal) of teachers. The correlation between referent power and conformity was the highest. Rahim and Afza's (1993) study with 308 US. accountants showed that the expert and referent power bases were positively associated with attitudinal compliance, but legitimate and referent power bases were positively associated with behavioral compliance. This study also shows that the expert and referent power bases were associated with a beneficial decrease in employees' intention to leave the organization.

### Satisfaction with Work and Supervision

Satisfaction with work and supervision are important dependent variables for the study of power. This is because one of the principal reasons for the possession and/or use of power is to keep the subordinates satisfied. A study by Busch (1980) indicated that expert and referent powers were positively related to satisfaction with supervision of employees. Coercive power base was negatively, though not uniformly, related to their satisfaction to supervision. Reward and legitimate power bases were not consistently related to satisfaction with supervision.

Studies on leadership by Sims and Szilagyi (1975), Keller and Szilagyi (1976), and Podsakoff et al. (1982) found that reward based on performance was positively correlated with satisfaction with supervision, but punishment based on performance had no effects on the satisfaction with supervision. Rahim and Afza's (1993) study showed that referent power base was positively associated with satisfaction with supervision among accountants. Another study with 476 managers in the USA shows that legitimate power was negatively associated with satisfaction with supervision, while expert and referent power bases were positively associated with satisfaction with supervision (Rahim 1989).

### Organizational Commitment

A study by Rahim and Psenicka (1996) reported that overall position power influences personal power; expert power, in turn, positively influences referent power; referent power, in turn, positively influences workgroup commitment. Finally, commitment negatively influences workgroup conflict. The findings of this study are consistent with Rahim's (2014) study on job performance and satisfaction of subordinates.

Another study showed that conflict management strategies mediated the relationship between power bases and organizational commitment in

the USA and Greece (Rahim et al. 2003). The study showed that referent power is more effective than other power bases in influencing dependent variables. Without the qualities associated with referent power, other power bases may not be very effective in changing the behavior of subordinates.

### Power Bases in Cross-Cultural Context

A study by Rahim et al. (1994b) with 459 managers in the USA and 625 managers in South Korea found that the legitimate, expert, and referent power bases were positively associated with compliance in the USA. In South Korea, legitimate, referent, and reward power bases are associated with compliance. It is not clear why expert power base was not associated with compliance. One can speculate why reward power is associated with compliance in South Korea and not the USA. This study also reported that legitimate power was negatively associated with satisfaction with supervision in the USA and South Korea. Referent power in the USA and reward, expert, and referent powers in South Korea were positively associated with satisfaction with supervision.

A field study in Bangladesh shows that legitimate and expert power bases were positively associated with organizational commitment (Rahim et al. 1994a). This study also reported that coercive power was negatively associated with the effectiveness (performance, conformance, dependability, and personal adjustment) of employees, and expert power was positively associated with effectiveness. Another study in Bulgaria shows that referent power base was positively associated with effectiveness (Rahim et al. 2000).

### Women Executives' Perception of Best and Worst Bosses

Oyster (1992) conducted an interesting study on women executives' perception of the power bases used by the "best" and "worst" supervisors. Results show that male supervisors were more likely than female bosses to be identified as the worst supervisors, but males and females were equally likely to be identified as the best supervisors. The best supervisors used more reward, information, expert, and referent and less coercive and legitimate powers than worst supervisors.

As discussed in the section on the interdependence of all the power bases, an alternative explanation of the weak relationship between position power and outcomes is that position power base may influence outcome variables through the mediation of personal power. In other words, coercive, reward, legitimate, and information powers influence expert and referent powers; expert power influences the referent power, and this, in turn, influences outcomes. In future studies, the relationships of the power bases to other criterion variables, such as motivation, creative behavior, and organizational citizenship behavior of employees, may be investigated.

## Implications for Management

What can leaders do to acquire and maintain the right types of power and learn how to use them to deal with different situations to attain goals? Leaders can be more effective in enhancing functional outcomes of subordinates by enhancing their own personal and position powers. Supervisors' use of reward, legitimate, information, expert, and referent power bases may have compound positive impacts on the subordinates' job performance, satisfaction, and other functional outcomes. The three typical mistakes managers make are:

1. They do not know the types of power they possess.
2. They try to use the powers they do not have to achieve results.
3. They try to deal with different situations by enacting the wrong types of power.

Figure 1 shows that position powers (coercive, reward, legitimate, and information) do not influence subordinates' job performance and satisfaction directly. The reason for this is that personal powers mediate the relationship between position powers and desired outcomes. In other words, position powers can be enacted when the managers have high personal powers. Managers with high personal powers enact position powers

differently than managers with low personal powers. Figure 1 also shows that referent power mediates the relationship between expert power and desired outcomes. This indicates that the use of expert power will not be effective unless a manager has high referent power.

On whole, position powers can be used to deal with many day-to-day matters, but when it comes to dealing with complex issues that require the use of problem solving approach, personal powers have to be used. In order to deal with the preceding discussion on the three problems managers face in using different power bases, the following interventions are suggested.

**Managers Do Not Know Their Power Bases**. They are not fully aware of the extent to which they can access different types of power. Managers can be provided feedback regarding their six power bases. The six power bases can be measured with the 29-item Rahim Leader Power Inventory (RLPI) developed by Rahim (1988) and recently expanded to include information power. The instrument uses a 5-point Likert scale to measure subordinates' perceptions regarding their supervisors' six power bases. The subscales are computed by averaging the responses to each subscale, and a higher score indicates greater base of one type of power. The data are averaged by departments, and the power indexes are given to the managers of respective departments.

**Managers Try to Use the Powers They Do Not Have**. Education and training can change managers' power bases in order to obtain desired results. There should be changes at the individual and organizational levels to make the enactment of power effective.

1. Training may be provided to managers so that they use coercive power to deal with inadequate performance of subordinates. There is no need to enhance coercive power base of managers.
2. Training may be provided to managers so that they learn how to provide various kinds of rewards to subordinates for their contributions to the organization. Employees are more likely to follow a leader's instructions if he or she provides rewards to subordinates contingent upon performance.
3. Supervisors can enhance legitimate power base if they provide instructions clearly, make sure that instructions are reasonable and appropriate, and explain their reasons for the instructions. Training can help supervisors to do just that, since subordinates may not carry out directives adequately if they believe the directives are unreasonable or unjustified.
4. Managers can improve legitimate power if they provide appropriate and timely information to employees so that they can perform their jobs adequately. Supervisory training on what type of information is need**ed** at what time by different subordinates should help to improve this power base.
5. Basic education, job-related training, and on-the-job training are essential for improving managers' expert power base. Managers should also be encouraged to enhance their skills through continuous self-learning. They will also need appropriate job experience to build on this power base.
6. Literature shows that referent power is more effective than other powers in influencing dependent variables. Although this power base has the most potential, referent power is probably used the least. Supervisors who have low referent power may be provided social intelligence training so that they learn to be empathetic to the subordinates' needs and feelings, treat them ethically, and with dignity, and present subordinates' concerns to upper-level managers when there is a need to do so. These strategies should enhance a supervisor's base of referent power.

   Appropriate reinforcement may be provided by organizations so that managers take initiative to enhance their understanding of the use of referent and expert powers. Of course, training may be of limited value when it comes to improving the referent power base. Organizations may have to adopt a policy of recruiting managers with social skills and charisma who are likely to bring adequate referent power.

**Enacting Wrong Types of Power to Deal with Different Situations**. Ineffective managers sometimes use wrong types of powers to deal with

various situations. The challenge managers face is to match the right power with a given situation so that desirable objectives are attained. In general position powers can be used to handle day-to-day problems, but complex problems cannot be used in dealing with the position powers. These problems can be only handled with the enactment of personal powers to obtain desirable outcomes.

Appropriate training can help managers understand and internalize how power bases can be enacted to enhance desirable results. Lectures, case studies, and simulations may be used to train managers to use powers effectively.

## Conclusion

Managers should know what kinds of power they have and how they can be used in different situations to attain objectives. Managers must learn to minimize the use of coercive power. The remaining position powers can be used to deal with day-to-day situations. Because the personal power bases mediate the relationship between the position powers and the desired results, the use of position powers will not be effective unless the managers have high personal powers. For dealing with complex problems, managers have to learn to use their personal power bases. Power bases, except coercive power base, can be used to enhance desired results provided that managers learn the complex relationships of position and personal powers to routine and strategic problems and challenges to obtain desired results.

## References


Bush P (1980) The sales manager's bases of social power and influence upon the sales force. J Mark 44(4): 91–101

Dahl RA (1957) The concept of power. Behav Sci 2: 201–215

French JRP Jr, Raven B (1959) The bases of social power. In: Cartwright D (ed) Studies in social power. Institute for Social Research, Ann Arbor, pp 150–167

Goleman D (1998) Working with emotional intelligence. Bantum Books, New York

Greene CN, Podsakoff PM (1981) Effects of withdrawal of a performance-contingent reward on supervisory influence and power. Acad Manag J 24:527–542

Hinkin TR, Schriesheim CA (1989) Development and application of new scales to measure the French and Raven 1959 bases of social power. J Appl Psychol 74: 561–567

Ivancevich JM (1970) An analysis of control, bases of control, and satisfaction in an organizational setting. Acad Manag J 13:427–436

Keller RT, Szilagyi AD (1976) Employee reactions to leader reward behavior. Acad Manag J 19:619–627

Last of the moguls (2011, July 23) *Economist*, p. 9

Murdoch's dynasty of abuse of power (2011). http://www.politicolnews.com/sir-keith-murdochs-broken-rules. Accessed on 22 July 2011

Oyster CK (1992) Perceptions of power: female executives' descriptions of power usage by "best" and "worst" bosses. Psychol Women Q 16:527–533

Podsakoff PM, Todor WD, Skov R (1982) Effects of leader contingent and noncontingent reward and punishment behaviors on subordinate performance and satisfaction. Acad Manag J 25:810–821

Rahim MA (1988) The development of a leader power inventory. Multivar Behav Res 23:491–502

Rahim MA (1989) Relationships of leader power to compliance and satisfaction with supervision: evidence from a national sample of managers. J Manag 15:545–556

Rahim MA (2009) Bases of leader power and effectiveness. In: Tjosvold D, Wisse B (eds) Power and interdependence in organizations. Cambridge University Press, Cambridge, UK, pp 224–243

Rahim MA (2014) A model of managerial power bases: alternative explanations of reported findings. Curr Top Manage 17:23–40

Rahim MA (2016) Power. In: Rahim MA (ed) Management: theory, research, and practice. Cognella Academic, San Diego, pp 89–96

Rahim MA, Afza M (1993) Leader power, commitment, satisfaction, compliance, and propensity to leave a job among U.S. accountants. J Soc Psychol 133(5): 611–625

Rahim MA, Antonioni D, Krumov K, Ilieva S (2000) Power, conflict, and effectiveness: a cross-cultural study in the United States and Bulgaria. Eur Psychol 5:28–33

Rahim MA, Antonioni D, Psenicka C (2001) A structural equations model of leader power, subordinates' styles of handling conflict and job performance. Int J Confl Manag 12:191–211

Rahim MA, Khan AA, Uddin SJ (1994a) Leader power and subordinates' organizational commitment and effectiveness: test of a theory in a developing country. Int Exec 36:327–341

Rahim MA, Kim NH, Kim JS (1994b) Bases of leader power, subordinate compliance, and satisfaction with supervision: a cross-cultural study of managers in the U.S. and S. Korea. Int J Organ Anal 2:136–154

Rahim MA, Magner MR (1996) Confirmatory factor analysis of the bases of leader power: first-order factor model and its invariance across groups. Multivar Behav Res 31:495–516

Rahim MA, Psenicka C, Nicolopoulos A, Antonioni D (2003) Relationships of leader power to

subordinates' styles of handling conflict and organizational commitment: a comparison between the U.S. and Greece. In: Rahim MA, Golembiewski RT, Kackenzie KD (eds) Current topics in management, vol 8. Transaction, Piscataway, NJ, pp 187–204
Raven BH (1993) The bases of power: origins and recent developments. J Soc Issues 49:227–251
Russell B (1938) Power: a new social analysis. W. W. Norton, New York
Sims HP Jr, Szilagyi AD (1975) Leader reward behavior and subordinate satisfaction and performance. Organ Behav Hum Perform 14:426–438
Warren DI (1968) Power, visibility, and conformity in formal organizations. Am Sociol Rev 33:951–970
Zelditch M, Walker HA (1984) Legitimacy and the stability of authority. In: Bacharach SB, Lawler EJ (eds) Advances in group processes, vol 1. JAI Press, Greenwich, pp 1–25

# Managing Conflict in Organizations

Rafiqul Islam
Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh

## Synonyms

Battle; Clash; Contention; Contradiction; Controversy; Discord; Dispute; Strife; War

## Definition

Conflict in organization can be defined as a clash or struggle between individuals or groups that occurs because of incompatible behavior they expose for each other's positions, ideas, or interest.

## Introduction

Conflict is a common phenomenon in everyday life. Conflicts are experienced every day by both individuals and groups in any organization, society, state, or international arena. People always live and work with conflict in organizations (Fisher et al. 2000; Donohue and Kolt 1992). Conflict can take place at different levels of organization, including intrapersonal, interpersonal, intragroup, intergroup, and interorganizational levels. Individuals can be engaged in conflict in organizations for a variety of reasons, such as ideology, culture, personality, identity, power, prestige, status, and so on. While some conflicts are desirable in organizations, others are undesirable or highly avoidable. Again, some conflicts are easily manageable, others are hardly containable.

The purpose of this entry is to expound different types of conflicts confronted by individuals in organizations and examine the ways and means to resolve organizational conflicts. This entry is divided into two main sections. The first section begins with a brief discussion on the meaning of conflict, followed by discussion of different views and sources of conflict, respectively. The final section of the entry analyzes different levels of organizational conflict and strategies for managing conflicts in organizations, followed by a brief conclusion.



## Defining Conflict

The meaning of conflict varies from one context to another. Conflict can be viewed as a controversy or contradiction with any specific issue or problem. Conflict can arise from incompatible or inconsistent behavior between two or more individuals or groups of individuals on attaining the same goals or scarce resources. Conflict is also defined as a struggle between individuals or groups that occurs because of opposition they hold for each other's positions and ideas. Conflict can also arise from disagreement between individuals on any issue or problem (Crossman 2011). Any contradiction or confusion that arises in the minds of individuals can also give rise to a conflict.

Conflict can take place in organizations due to incompatible preferences or outcomes. For example, a goal conflict can emerge in an organization due to the gap between preferred or expected outcome perceived by manager and actual outcome or performance accomplished by the employees. Individuals in organizations can be engaged in conflict because of their incompatible thoughts and ideas on an issue or the work itself. People are also

involved in affective conflicts in organizations due to their incompatible or inconsistent feelings and/or emotions towards each other. Individuals in organizations are also engaged in conflict because of their inconsistent or incompatible views on the process of getting the work done in organizations (Hellriegel et al. 2000). This type of procedural conflict generally takes place in organizations between superior and subordinate or between management and labor union.

## Different Views on Conflict

Hellriegel et al. (2000) have explained three different views on conflict: (1) positive view, (2) negative view, and (3) balanced view. These three different views of conflict are briefly discussed as follows:

1. Positive View on Conflict

   The positive view of conflict holds that conflict in organization has positive consequences. From this perspective, it is believed that conflict in organization can give rise to creativity and innovation. This view also holds that the creation and/or resolution of conflict may generate constructive problem-solving activities. Positive conflict usually takes place in an organization when members of the organization are in disagreement for the attainment of common goals in which a new way of resolving the conflict is sought in collaborative manner. Hellriegel et al. (2000) have identified three categories of positive effects of conflict in organizations: (i) beneficial effects on productivity, (ii) relationship outcome, such as increase of sensitivity on others and developing better communication methods, and (iii) constructive organizational change, more effective control and better job description.
2. Negative View on Conflict

   The negative view on conflict holds that conflict may have serious negative consequences or effects on organization. Negative conflicts may occur in organization due to inequalities, discrimination, and injustice. Due to inequalities, discrimination, and/or intolerance, violent or destructive conflict takes place, which may cause the loss of lives of people or destruction of properties. In organizations, workplace violence takes place because of discrimination based on race, ethnicity, religion, culture, gender, and so on. In some situation where cooperation is required, if severe conflict and competition prevail, it may reduce performance.
3. Balanced View on Conflict

   The balanced view on conflict holds that conflict may be sometimes desirable and sometimes undesirable. This view also holds that some conflict should be avoided and others should be properly managed. The balanced conflict has consequences, ranging from negative outcomes (loss of skilled employees, sabotage, low quality of work, stress, and violence) to positive outcomes (creative alternatives, increased motivation and high quality of work, and personal satisfaction).

## Sources of Conflict

There are varied sources from which conflict arises. However, different sources from which conflict emanates include concern with self, different goals and resources, power, ideologies, varied norms, culture, relationship, and so on (Pareek 2013; Daft 1989). These sources of conflict are briefly discussed as follows:

Concern with Self

Individuals in a group within an organization are more likely to engage in conflict when their main concern is to serve their own interests. This type of self-interested conflict mainly arises when they have narrow perspective that results in a focus on short-term goals. This self-centered narrow perspective of individuals can be changed by creating a totalistic, long-term and broader perspective or mindset so that the interests of all can be served in a collective and collaborative manner.

Different Goals and Resources

Differential goals and resources can be an important source of conflict in organizations.

Intra- or intergroup conflict can arise from difficulties over the sharing of resources. When group members perceive the resources as scarce or limited, they tend to fight over who will receive what. However, beyond their individualistic orientation, if the people become capable of perceiving as expandable, the energy of the members can be used on effort to share and expand them. If the resources are not expandable they can be at least perceived as sharable.

Power and Status

Due to imbalance of power, conflict can take place between the parties. Power can be a basis of conflict in a group within an organization. Power is often viewed as limited like other resources. It is argued that in organizations, whether public or private, if the holder of power exercises absolute power and does not share it with other members it will create mistrust among others and give rise to conflict within organization. However, if the power holder shares it with other members, they will be empowered without reducing the power of the power holder. This power sharing initiative by the power holder in fact eliminates mistrusts from the members and helps increase everyone's power that brings about positive impact on organizations.

Ideologies

Ideological difference is an important source of conflict between individuals within organizations. In most organizations, management and workers are engaged in conflict because of ideological difference. This difference represents basic beliefs about the purpose and goals of organizations and the labor union (Daft 1989). However, organizations can only succeed, if members of the organization accept their ideological differences and work together to attain their common goals despite ideological differences (Pareek 2013).

Varied Norms and Culture

Conflict can arise from differences in culture and varied norms. In order for the organization to promote cultural harmony as well as productivity, cultural diversity must be valued and respected. Although many groups work towards uniform norms or standards of behavior, the demand for uniformity may lead to intolerance of differences. Since people from diverse cultures work together in organizations, conflict can take place due to differences in diverse cultures and norms. Again, uniform norms and standards of behavior can give rise to intolerance of differences. The intolerance of cultural differences can be minimized through promoting shared norms and values.

Relationship

Relationship is viewed as a source of conflict in organization. If the members of an organization trust each other and are very reliable upon one another, there is less likelihood that they will engage in conflict against each other. However, if the members are independent of each other and if their relationship is very hostile, they are more likely to engage in conflict with each other. Indeed, conflict in organization can be avoided or prevented by promoting a congenial relationship through building trust and integrity among the members.

Psychological Distance

In organization, conflict can take place due to psychological distance between management and workers. Workers often do not feel engaged in the organization when they perceive that their needs are not being met. This led them to satisfy their needs by joining a union. When the union is formed, the members' identity is merged with the union identity instead of the organizational identity and they try to achieve their gains through the union. This often throws the union and management into a win-lose conflict situation (Daft 1989).

## Levels of Organizational Conflict

Conflict in organization can take place at different communication levels. In general, there are five

basic levels of organization at which people may be engaged in conflict (Hellriegel et al. 2000; French et al. 2011):

1. Intrapersonal conflict (within an individual)
2. Interpersonal conflict (between individuals)
3. Intragroup conflict (within a group)
4. Intergroup conflict (between groups)
5. Interorganizational conflict (between organizations)

### Intrapersonal Conflict

Intrapersonal conflict refers to such type of conflict which occurs within an individual. Intrapersonal conflict generally involves some forms of goal, cognitive, or affective conflict. Inner tensions and frustrations often work within individual, which are responsible for causing intrapersonal conflict. For instance, conflict within an individual in choosing a job between/among different jobs is viewed as an intrapersonal conflict. Intrapersonal conflict may be of three main types: (i) approach-approach conflict, (ii) avoidance-avoidance conflict, and (iii) approach-avoidance conflict (Hellriegel et al. 2000; French et al. 2011). Approach-approach conflict refers to incompatible behavior of individual in choosing among two or more alternatives, each of which is expected to have positive outcome. For example, deciding to choose between a valued promotion in an organization and a desirable new job in another organization (Luthans 1981).

Avoidance-avoidance conflict refers to incompatible behavior of individual in choosing among two or more alternatives, each of which is expected to have negative consequences or outcomes. For example, relatively low pay in remote areas. Approach-avoidance conflict refers to incompatible behavior of an individual in choosing something that has both positive and negative consequences. For example, deciding in choosing a job that offers high salary but in a remote area (Hellriegel et al. 2000; French et al. 2011; also see Luthans 1981).

### Interpersonal Conflict

Interpersonal conflict refers to such type of conflict that occurs between two or more individuals who are in opposition to one another. Interpersonal conflict may be substantive or emotional in nature or both. Aggressive argument between two members of a selection committee over their preferences on the merit of hiring a job applicant is the example of a substantive interpersonal conflict, while disagreement between two persons on wearing office attire is an example of emotional interpersonal conflict. On the other hand, to be engaged in conflict over management style may be the example of both substantive and emotional interpersonal conflicts (French et al. 2011; Luthans 1981).

Many interpersonal conflicts are based on some type of role conflict or role ambiguity. A role is a cluster of tasks or behaviors that others expect a person to perform in doing a job. Role conflict refers to a focal person perceiving incompatible messages and pressures from the role senders. A role set is a group of role senders that directly affect the focal person. Role ambiguity is the uncertainty or lack of clarity surrounding expectations about a single role. Role ambiguity often causes stress and triggers coping behaviors (Hellriegel et al. 2000; also see Luthans 1981).

### Intragroup Conflict

Intragroup conflict refers to conflict that takes place between individuals within a group. Intragroup conflict can take place in a social, economic, or political organization. Conflict on a family-run business is the example of intragroup conflict (Hellriegel et al. 2000; French et al. 2011). Intragroup conflict can occur between the teammates in a football or cricket match on the issue of finding the best strategy to win the game. Similarly, disagreement between or among the students of a class over selection of a site for an excursion tour is also an example of intragroup conflict.

### Intergroup Conflict

Intergroup conflict refers to opposition or clashes between different groups, teams, or departments (French et al. 2011; Kreitner and Kinicki 2010). Intergroup conflict can occur due to a variety of reasons, such as work interdependence of the groups, goal differences, and perceptual differences between different groups within

organizations (Ivancevich et al. 2011). Intergroup conflict in organization can be of different categories, such as vertical conflict, horizontal conflict, line-staff conflict, and diversity-based conflict. Vertical conflict occurs between groups at different levels in an organization. Conflicts between superiors and subordinates or between management and workers are the examples of vertical conflict. Horizontal conflict takes place between different groups at the same level of hierarchy in an organization. For example, in a business firm, horizontal conflict can occur between management of sales department and production department due to imbalance between sales and production of goods. Likewise, intergroup conflict can take place between line and staff persons in an organization. Diversity-based conflict often takes place in different multicultural organizations based on race, ethnicity, religion, age, or gender (Hellriegel et al. 2000; also see French et al. 2011).

### Interorganizational Conflict

Another level of conflict in organization is interorganizational conflict that occurs between entire organizations or independent units in large organizations. In business arena, interorganizational conflict usually reflects the competition and rivalry between organizations operating in marketplaces. Interorganizational conflict may involve conflicts between multinational corporations and local entrepreneurs and conflict between government and NGOs (Hellriegel et al. 2000; French et al. 2011). In third world countries, different NGOs, including social and human rights organizations, are engaged in conflict with the governments. The creation of new organizational structures such as joint ventures, strategic alliances, and networks can help reduce conflict both between new partners and also within participating organizations.

## Strategies for Managing Conflict in Organizations

Although some conflicts may produce desirable outcomes in organizations, in most of the cases conflicts in organization produce negative consequences. These conflicts producing negative or devastating consequences need to be resolved or contained. While it is difficult to entirely eliminate conflicts, most of the conflicts in organization can be effectively managed or contained. Different scholars have suggested different methods or strategies for managing conflict in organization. K. W. Thomas (1976) has explained five different styles/strategies for managing conflict in organizations: (1) avoiding style, (2) forcing style, (3) accommodating style, (4) collaborating style, and (5) compromising style. These five conflict management strategies are briefly discussed as follows:

Avoiding Style/Method

The avoiding style refers to unassertive and uncooperative behaviors of individuals. An individual uses this conflict management style to stay away from conflict, ignore disagreement, or remain neutral. The avoiding style of conflict management reflects an aversion to tension and frustration and may involve decision to let a conflict work itself out. Individuals using the avoiding style receive unfavorable evaluation by others. In order for individuals to avoid conflict in organizations usually (i) follow rules and let others make decisions, (ii) do not take any controversial positions, and (iii) shun away topics that are sources of disputes. The avoiding style or strategy is desirable in three main situations: (1) when the issue is minor, (2) when individuals have insufficient information to effectively deal with conflict, and (3) when other individuals may be more effective to deal with/resolve the conflict (Hellriegel et al. 2000; Ivancevich et al. 2011).

Forcing/Dominating Style

The forcing style refers to assertive and uncooperative behavior of individuals. This method reflects a win-lose approach to managing interpersonal conflict in organization. The forcing style is also viewed as dominating approach. Individuals using the forcing style have very high concerns for self and no concern for others (Hellriegel et al. 2000; Ivancevich et al. 2011). Individuals using the

forcing or dominating style use force or dominance to resolve conflict. Dominating lends to be a power-oriented approach. According to Hampton et al. (1978), dominance may develop through individuals, coalitions, or majorities. Many creatures resolve conflict by individual force or dominance, based on fighting ability or physical dominance. In organizations, managers by dint of their formal authority can sometimes exercise dominance and dismiss one or more of the conflicting parties. Coalitions of two or more members in an organization can generate support to individuals against others. Again, a manager's decision by a majority consensus can exert adverse impact on the minority rights in an organization (Hampton et al. 1978).

The forcing or dominating approach is viewed as win-lose approach to conflict resolution (Hellriegel et al. 2000; Luthans 1981). An example of the forcing approach to conflict resolution/management is an individual insisting his/her position be accepted during disagreements. Top management in mechanistic or hierarchical system of organization usually uses this type of conflict management technique to resolve conflict in organizations. One of the advantages of using the forcing style is that individuals can take quicker decisions in resolving conflict.

Accommodating Style

The accommodating is just the opposite approach from dominance or forcing. The accommodating style refers to both cooperative and unassertive behaviors of individuals. According to this approach, accommodation may represent an unselfish act, a long-term strategy to encourage cooperation by others, or a submission to the wishes of others. An accommodating party or group places maximum emphasis on satisfying the needs of other groups (Hellriegel et al. 2000; Ivancevich et al. 2011). Accommodators are favorably evaluated by others but also perceived as weak and submissive. Using the accommodating style, conflict is best managed through the submission of personal goals to maintain good relations with those who are valued. Individuals have low concern for selves and high concern for others. To make others happy, individuals using this style choose to do all for it. Accommodating may be essential in some situations when preserving the peace and avoiding disharmony are more important than reaching a settlement maximizes a particular group's concerns (Ivancevich et al. 2011).

Collaborating Style

The collaborating style refers to strong cooperative and assertive behaviors of individuals. The collaborating style is viewed as a win-win approach to conflict management or resolution (Hellriegel et al. 2000). The collaborating style, sometimes called integrating or problem-solving approach attempts to resolve conflict by placing maximum emphasis on both groups' concerns or on maximizing joint results for both parties (Ivancevich et al. 2011). This style is more applicable under the following favorable conditions: (1) when conflict is viewed as neutral, helpful, and creative, (2) when conflicting parties exhibit trust in and candor with each other, and (3) when commitment of the conflicting parties becomes essential for satisfaction of all parties (Hellriegel et al. 2000).

Parties using collaborating or problem-solving method for managing or resolving conflict try to remove distrust from each other; share, examine, and assess the reasons for conflict; and then search for a solution for all. Since all parties are candid and trust each other, conflict is recognized openly and evaluated by all concerned. Conflicting parties using the collaborating approach often welcome new solutions through mutual discussion from a variety of viewpoints (Hellriegel et al. 2000; Ivancevich et al. 2011).

Compromising Style/Approach

Compromising is a traditional method for resolving interpersonal as well as intergroup

conflicts. The compromising style refers to behavior at an intermediate level of cooperation and assertiveness. The compromising strategy is established based on give and take approach to conflict management or resolution. The maxim of the compromising method is that in order for both parties to take something, they are also ready to give up something. For the parties to reach a compromise settlement, negotiations and/or mediations are also used as tools for conflict management/resolution. Individuals using compromising style try to find a fair combination of gains and losses for both parties (Hellriegel et al. 2000).

Compromising is a middle-of-the-road approach. It usually involves giving up more than forcing or dominating and less than accommodating. With compromise, there is no distinct winner or loser, and the resolution reached probably is not ideal for either group (Ivancevich et al. 2011). Compromising is also viewed as lose-lose approach to conflict management/resolution because no party wins and both parties lose something to settle the conflict (Luthans 1981).

Pondy (1967) has identified three major conceptual approaches to managing organizational conflicts: (i) bargaining approach, (ii) bureaucratic approach, and (iii) systems approach. The bargaining approach, according to Pondy (1967), deals with interest groups who compete against each other for limited resources. This strategy to resolve the conflict makes an attempt to either increase the pool of available resources or decrease the demand of the competing parties. The bargaining approach, which is also known as collective bargaining, is usually used in organization through negotiation of agreement between management and workers (Daft 1989). The bureaucratic approach to conflict deals with the vertical authority relationships in a hierarchical structure. According to this model, conflict takes place when superiors try to control subordinates and the subordinates resist such control. According to Pondy (1967), the strategy used to resolve the conflict, arising from such situation, is to alter impersonal bureaucratic rules for personal control (Luthans 1981).

While the bargaining model emphasizes the problems of competition and the bureaucratic model is concerned with the difficulties of control, systems approach says about the coordination problems. The systems approach deals with lateral or horizontal relationships between functions, such as marketing and production of an organization. According to Luthans (1981), two major strategies can be used to reduce functional conflict and attain coordination. The first strategy is to reduce goal differentiation by modified incentive or by proper selection, training, or assessment procedures. The second strategy is to reduce functional interdependence by reducing dependence on common resources by reducing pressure for consensus and by loosening up schedules, or introducing buffers, such as inventories or contingency funds (Luthans 1981).

Team building is also used as a strategy to resolve worker-management conflict in organizations. Each group, forming a team of about 10–12 members, may make a solution to a problem. The representative from each team or group may be used to negotiate with the representative of the competing group. In this process, a mutually agreed upon solution can be sought to resolve the conflict. Gain sharing is also viewed as a strategy for resolving conflict in organization. Gain sharing provides a connection between organization performance and employee compensation through a paid annual bonus. Employee security can be also viewed as a conflict management strategy in that both management and workers create a "common fate" culture that means they succeed or fail together (Daft 1989).

## Conclusion

In sum, conflict is inevitable in every organization whether small or large. Individuals or groups can confront conflict at different levels of

organization, such as intrapersonal, interpersonal, intragroup, intergroup, and interorganizational levels. Intrapersonal conflict generally occurs due to inner tensions and frustrations within individuals. Interpersonal conflict, on the other hand, takes place between two or more individuals who are in opposition to one another. Intragroup conflict, however, occurs between different individuals within a group, while intergroup conflict occurs between two or more groups of individuals in an organization. Interorganizational conflicts usually occur between different organizations or independent units of large organizations.

Conflict in organization can arise from a variety of sources, some of which include concern with self, different goals and resources, power and status, ideologies, varied norms and culture, relationship, and psychological distance. Based on the types, sources, and levels of conflicts as well as the nature and complexity of organization, the strategies for managing and/or resolving conflict in organization can vary. The avoiding strategy reflects the unassertive and uncooperative behavior of individuals. Individuals using the withdrawal or avoiding strategy/style usually withdraw or stay away from conflict. As the forcing or dominating approach//strategy reflects assertive and uncooperative behavior of individuals, individuals using the forcing or dominating style exert force or coercion for resolving conflict in organizations. The forcing or dominating strategy for managing conflict is used in hierarchical or mechanical organizations. The accommodating strategy is opposite from the forcing/dominating approach, because individuals being holder of unassertive behavior sacrifice their own needs for satisfying the needs of other individuals.

The collaborating/integrating strategy, which is viewed as "win-win" approach to conflict management attempts to resolve conflict by maximizing joint results for both parties. Since the collaborative strategy emphasizes the participation and cooperation of conflicting parties to resolve conflict, it is more efficacious and effective in complex or organic organizations in which the integration of all parties are highly required for the attainment of common goals of the organizations. While the collaborating strategy is viewed as "win-win" approach to conflict management, the compromising strategy is based on the maxim of "give and take" in that both parties are ready to give up something in order for them to take something. Finally, given the above discussions, it can be asserted that the efficacy and effectiveness of different conflict management strategies are contingent upon different circumstances and/or situations.

## References


Crossman A (2011) Conflict and stress in organizations. In: Butler M, Rose E (eds) Introduction to organizational behavior. Chartered Institute of Personnel and Development, London, pp 157–179

Daft RL (1989) Organizational theory and design. West Publishing Company, New York, pp 443–481

Donohue WA, Kolt R (1992) Managing interpersonal conflict. SAGE, Newbury Park

Fisher SA, Dekha IL, Jawed SR, Williams S, Williams S (2000) Working with conflict: skills and strategies for action. Zed Books, New York

French R, Rayner C, Rees G, Rumbles S, Schermerhorn J Jr, Hunt J, Osborn R (2011) Chapter 11: Communication, conflict and negotiation in organization. In: Organizational behavior. Wiley, West Sussex, pp 531–570

Hampton DR, Summer CE, Webber RA (1978) Organizational behavior and the practice of management. Scott, Forsman and Company, Glenview, pp 672–739

Hellriegel D, Slocum JW, Woodman RW (2000) Organizational behavior. South Western College Publisher, Cincinnati

Ivancevich JM, Konopaske R, Matteson MT (2011) Chapter 11: Managing conflict and negotiations. In: Organizational behavior and management. McGraw-Hill, New York, pp 309–338

Kreitner R, Kinicki A (2010) Chapter 13: Managing conflict and negotiation. In: Organizational behavior, 8th edn. Tata McGraw Hill Education, New Delhi, pp 355–379

Luthans F (1981) Chapter 13: Conflict and stress. In: Organizational behavior. McGraw-Hill International Book Company, Auckland, pp 365–385

Pareek U (2013) Chapter 16: Conflict management. In: Understanding organizational behavior. Oxford University Press, pp 415–433

Pondy LR (1967) Organizational conflict: concepts and models. Adm Sci Q 2:296–320

Thomas KW (1976) Conflict and conflict management. In: Dunnette M (ed) Handbook of industrial and organizational psychology. Rand McNally

# Managing Diversity in the Caribbean

Jacqueline H. Stephenson
Department of Management Studies, University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Caribbean; Discrimination; Diversity; Equality; Gender; Legislation; Race; Sexual orientation

## Definition

This entry is intended to examine diversity, evaluate the challenges and benefits of managing a diverse workforce, and explore the realities of diversity within the Caribbean context.

## Introduction

Within the organizational context, the concept of diversity management focuses on facilitating an understanding of employee differences. This is with a view of equipping managers with the requisite skills to effectively manage employees, thus ensuring that their optimum level of productivity is realized (Armstrong et al. 2010; Olsen and Martins 2012). Diversity may be categorised as surface level (e.g. race, age and sex) and deep level diversity (e.g. experiences, preferences, and values) (Avery and McKay 2010; Joshi and Roh 2009; Phillips and Loyd 2006). Internationally, due to migration and changing demographics, globalization, and international mergers (Olsen and Martins 2012; White 2009), societies and by extension the available labor pool are also becoming more diverse. Therefore, a key consideration for organizations is the extent to which its pervading culture is one where homogeneity is preferred or heterogeneity is embraced. Research suggests that there are benefits (increased profitability and an enhanced competitive advantage) associated with diversity (Guillaume et al. 2013; Tyran and Gibson 2008; Van Der Vegt et al. 2005); thus, organizations which resist the inclusion of diverse employees may do so at their peril.

In the Caribbean region, as it relates to race, given the history of slavery and indentured labor, there remain some latent hostilities among the racial groups which comprise the populace, which in turn gives rise to, on occasion, discrimination on the basis of race, particularly between those persons of African and Indian descent. As it relates to sexual orientation, with buggery laws still in place in many Caribbean islands (a remnant of colonial laws), discrimination against homosexuals continues, with no legal recourse available to those adversely affected. On the contrary, those persons who have been charged and found guilty of violating the buggery legislation may be imprisoned or subjected to capital punishment. Turning to gender differences, there is evidence to suggest that in the Caribbean, women are treated less favorably than men particularly in the workplace vis-à-vis remuneration and career progression.

In this entry, we will discuss diversity and diversity management, critically assess the findings of the existing literature as it relates to the benefits and challenges of diversity to organizations and the extent to which there are contextual factors which are likely to mediate the impact of organizational diversity efforts, and analyze the extent to which antidiscrimination legislation has had an impact on organizational diversity and diversity management within the Caribbean.

## Diversity Management

Arguments in favor of diversity are pervasive throughout the literature and include increased adaptability, access to a wide range of skills experience and perspectives, and greater appeal to a more diverse range of clients less absenteeism and more customer satisfaction (McKay et al. 2011; Van Knippenberg and Schippers 2007). However, just as ubiquitous in the

literature are suggestions that these purported advantages are not always realized. Indeed, there are a number of challenges which organizations face when trying to become more diverse, including increased levels of conflict, ineffective communication, preference for homogeneity, and discrimination (see Stephenson and Lewin 1996). According to the research undertaken by Phillips and Loyd (2006), the expectations of the realization of the multiple benefits of diversity imply that simply by virtue of their differences, an individual may add value to the organization, which has not been proven to be representative of reality. Arguably, this further implies that homogeneous groups of employees are not as effective as diverse groups, which similarly has not been supported by research. Nevertheless, acceptance of these assertions by organizations could result in unrealistic expectations of managers from their employees and exaggerate the expected contribution of one group(s) when compared to the other (Phillips and Loyd 2006).

The extent to which an organization realizes the benefits from diversity is contingent upon the support for diversity at all levels of the organization, i.e., operational as well as the various supervisory and management levels and the extent to which the organizations' policies and practices are equitably and consistently applied (Armstrong et al. 2010). Even where a systematic strategy is implemented to embrace diversity, there is no absolute guarantee of success, particularly where the organization is largely homogeneous and the extant culture supports excluding employees who are different and wide-ranging organizational change is necessary (Gonzalez 2010). There is a paucity of research in relation to the effectiveness of diversity programs (Guillaume et al. 2013); notwithstanding this, research by Armstrong et al. (2010) suggests that managers can take action to include and effectively manage diverse human resources; this may involve developing effective diversity/equality management programs in the organization, increasing organizational support for diversity through the use of diversity champions, providing training where required and adapting the organization's strategy where possible to clearly delineate support for diversity and fair and transparent diversity efforts, and monitoring and evaluating diversity efforts on an ongoing basis (Armstrong et al. 2010).

The concept of diversity is associated with discrimination. Where individuals believe that one group of people is different from themselves in some way, they often rely on stereotypes to assess their behavior, likely responses, level of expected productivity, and performance. The reliance on stereotypes while convenient means that all persons within a single group (however defined) are treated as homogeneous, rather than considered an individual (Kirton and Greene 2010). Internationally, some countries have enacted legislation which prohibit discrimination and promote equality in a wide range of areas including employment. The burden of identifying incidences of discrimination and/or inequitable treatment in organizations, however, rests primarily with the employee, who must also support any claims of discrimination with evidence. While the penalties for legislative breaches are generally monetary in nature, they are not typically so onerous that they act as a deterrent where organizations are determined not to make cultural and organizational changes to ensure they are in compliance. Importantly, anti-discriminatory legislation (e.g., the UK's Equality Act 2010) does not equate to requiring diversity in organizations, and legislation may allow for some exceptions to the requirement of nondiscrimination, thereby providing the organizations with a loophole on which they can rely.

The Caribbean region is heterogeneous as it relates to race, age, religion, sex, and sexual orientation (inter alia). The right to nondiscriminatory treatment is enshrined within the constitution of the island states in the Caribbean Region. However, the language contained therein focuses generally on the protection of human rights. Notwithstanding this, there are three island states (in the English-speaking Caribbean), namely, Guyana, St. Lucia, and the Republic of Trinidad and Tobago, which have enacted specific legislation to make unlawful,

specific grounds of discrimination. While discrimination may be perpetuated on various grounds including but not limited to age, race, sexual orientation, religion/belief, disability, and gender, it appears to be more prevalent in the Caribbean region on the grounds of race, sexual orientation, and gender.

## Racial Diversity in the Region

The social, cultural, and ethnic diversity of the islands of the Caribbean are influenced by their colonial history and its influential role on the social, economic, and political development in the region. This in turn has had an impact on whether and the extent to which there are problems of discrimination and equality in the West Indies. Trinidad and Tobago is the Caribbean's most ethnically diverse society, where the dominant ethnic groups are Afro-Trinidadians and Indo-Trinidadians; however, the population also consists of persons of Chinese, European, and Middle Eastern extraction. Guyana's primary ethnic groups consist of persons of East Indian, African, and to a lesser extent Amerindian descent. St. Lucia's population consists primarily of persons of African descent; however, there are also those citizens of East Indian descent and mixed race.

As it relates to race, given the history of slavery and indentured labor within the Caribbean, there remain some latent hostilities among the racial groups which comprise the populace, which in turn gives rise, on occasion, to discrimination on the basis of race, particularly between those persons of African and Indian descent. The racial composition of these islands is consistent with the other English-speaking islands in the region and reflects the demography which existed post-slavery, during the colonial period. Along with the introduction of different races came different cultures and religions; thus, the islands evolved into a community which was and remains diverse in terms of religious groups as well including but not limited to Roman Catholic, protestant Christians, Hindu, Muslim, and other nontraditional groups.

## The Question of Sexual Orientation in the Caribbean

Turning now to sexual orientation, within the English-speaking Caribbean, there are several islands where homosexuality is against the law (namely, Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia; St. Vincent and the Grenadines). In these islands, persons found to be in violation of the relevant legislation may face custodial sentences or capital punishment. For example, in Trinidad, the Sexual Offenses Act (1986) criminalizes homosexuality, and those found guilty of breaking the law may face terms of imprisonment which range from 5 years (if the act is committed by a minor), to 25 years (if the act is committed by an adult on another adult), to life (if the act is committed by an adult on a minor). Similarly, the St. Lucia Criminal Code (2004) and the Criminal Law (Offences) Act of Guyana (1998) prohibit buggery, and persons found guilty may be faced with up to a 10-year term of imprisonment or a life sentence if the act is committed by force and without consent. In effect, these laws criminalize private consensual acts between adults. Notwithstanding this, across many Caribbean islands, once sexual behavior is kept private, criminal prosecution is unlikely. Indeed, police officers neither routinely nor actively seek out persons practicing homosexuality in order to prosecute them. However, where sexually prohibited behavior is openly practiced, it is perceived as an attempt to corrupt public morals and displays of public outrage by offended citizens, likely. As a consequence, these citizens may make a complaint to the police, subsequent to which, law enforcement officers are obligated to investigate and take action against the offending party.

In many Caribbean islands, such outrage results from religious beliefs. Those who subscribe to a homosexual lifestyle are stigmatized within society, and there are many anecdotal examples of harassment and discrimination and other forms of maltreatment of homosexuals vis-à-vis access to employment, housing, health care, and other social services. Many of the existing nongovernmental organizations (NGOs)

and lesbian, gay, bisexual, and transgender (LGBT) groups across the Caribbean have lobbied their respective governments (without success) to amend or repeal the sexual offenses legislation and to include nondiscrimination on the basis of sexual orientation in the equality legislation (where it exists) or to develop a wide-ranging anti-discrimination legislation.

## Discrimination on the Basis of Gender

Across the Caribbean, women account for more than 50% of population; thus, there is a need for their increased representation and participation at all decision-making levels of society. While legislation to ensure equality of opportunity and treatment in employment exists, it is often not actioned, and the violation of women's rights within the workplace persists, especially among those from the lower socioeconomic bracket. All existing legislation promoting equality between women and men must be supported by constant campaigning to raise awareness of the existence of such legislation and by encouraging dialogue with and between men and women. In Caribbean where functional democracy obtains, the emphasis is on inclusion of all groups of persons in the development process, working on the basis of popular consent and participation, legitimacy, and accountability of those who govern and responding to the actual needs and interests of the public. This in turn will contribute to the achievement of a more egalitarian society, where the rights of both women and men are regarded as important and ultimately the further development of the region. The United Nations Women's Convention has been signed and ratified by most Caribbean member states. The Convention compels signatories to take appropriate measures to eliminate discrimination against women, in both the private and public sector. In an attempt to redress the balance in terms of remuneration, some Caribbean islands have also implemented equal pay legislation. These include Antigua and Barbuda, Dominica, St. Vincent and the Grenadines, and Jamaica.

## Anti-discrimination Legislation in the Caribbean

As relatively new laws, the extent to which anti-discrimination legislation in the Caribbean has been effective in eliminating or reducing the incidence of discrimination has not been assessed. However, the laws are essentially self-enforcing, in that claimants must take the initiative to report the prohibited action and provide evidence in support of their claims. To support their efficacy and to ensure the laws function as a catalyst for change, legislators must be aware that compliance is likely to be achieved through enforcement, education, and the provision of legal guidance (e.g., through the court adjudications and tribunal decisions) and the development of a culture within the workplace and society which does not accept discrimination on any grounds (Havinga 2002; Loretto and White 2006). The prohibited grounds of discrimination based on the current anti-discrimination legislation in the Caribbean are as follows:

- Trinidad's Equal Opportunity Act 2000, prohibits discrimination within employment, vocational training, accommodation, education, provision of goods and services on the grounds of sex, race, ethnicity, and origin including geographical origin, religion, marital status, and disability.
- Guyana's Prevention of Discrimination Act 1997, prohibits discrimination in employment, training, recruitment, and membership or professional bodies. The protected grounds of discrimination are race, sex, religion, color, ethnic origin, indigenous population, national extraction, social origin, economic status, political opinion, disability, family responsibilities, pregnancy, marital status, and age.
- St. Lucia's Equality of Opportunity and Treatment in Employment and Occupation Act 2000, provides legal protection against discrimination in the workplace on the grounds of race, sex, religion, color, ethnic origin, family responsibilities, pregnancy, marital status, or age.

For each of these Acts, the burden of proof lies with the complainant, who must prove that the responding party has a prima facie case of discrimination to answer. Moreover, legal exceptions may weaken efforts toward nondiscrimination, inclusion, and diversity (Dickens 2007). The primary exception upon which these laws turn is permitting discrimination in employment, where the grounds of discrimination are found to be a genuine and determining occupational requirement (GDOR). In practice, this exception means that where either the employee or applicant fails to meet this requirement, or the employer is not satisfied that it is met, discrimination is permissible. In effect, such exceptions may offer legitimacy to discrimination and as such stymie compliance objectives (Hornstein et al. 2001; Sargeant 2006). Consequently, instead of pursuing inclusive and nondiscriminatory employment practices, where determined to do so, employers may persist in treating persons differently while utilizing and relying on the exception of "genuine and determining occupational requirements." Moreover, Gagnon and Cornelius (2000) suggest that legal approaches adopted to address discrimination and promote diversity are limited in the extent to which they can effect equality and inclusion because they do not require a commitment from organizations to pursue nondiscrimination. Indeed, significant and sustainable organizational change would arguably require a change in culture which is beyond the scope of the legislation. One further way which has been suggested for enhancing legislative effectiveness is through the means of amendments to the legislation with a view of addressing evident shortcomings and to increasing the scope of employment practices where discrimination is prohibited (Dickens and Hall 2006).

## Conclusion

Across the English-speaking Caribbean, anti-discrimination legislation is not widespread, with currently only three island states having enacted such legislation, namely, Trinidad and Tobago, Guyana, and St. Lucia. Yet still there are other Caribbean islands where the discrimination legislation is in the discussion phase as is the case, for example, in Barbados, where discussion white papers on legislation prohibiting discrimination on the basis of age and disability have been tabled in parliament. To this end, the government has declared its commitment to reviewing existing legislation and amending or developing further legislation to eliminate discrimination and promote equality of opportunity for persons with disabilities and age.

However, questions remain over the inequality and inconsistency of a system which retains laws criminalizing the private behavior of persons in the LGBT community while offering protection from discrimination on other grounds. The legislative framework provides a procedural right of individual complaint on specific grounds in specific circumstances, rather than a positive right to freedom from discrimination. It may be argued that the numerous exceptions and exemptions created weaken both the strength of the law as a tool for litigating rights as it does as an advocacy tool for articulating equality norms.



## Cross-References

▶ Diversity and Its Management in Organizations
▶ Diversity in Organizations
▶ Equity Theory of Organizations

## References

Armstrong C, Flood PC, Guthrie JP, Liu W, Maccurtain S, Mkamwa T (2010) The impact of diversity and equality management on firm performance: beyond high performance work systems. Hum Resour Manag 49(6): 977–998

Avery DR, McKay PF (2010) Doing diversity right: an empirically based approach to effective diversity management. Int Rev Ind Organ Psychol 25:227

Criminal Law (Offences) Act of Guyana (1998)

Dickens L (2007) The road is long: thirty years of equality legislation in britain. Br J Ind Relat 45(3):463–494

Dickens L, Hall M (2006) Fairness – up to a point. Assessing the impact of New Labour's employment legislation. Hum Resour Manag J 16(4):338–356

Equal Opportunity Act 2000 (Trinidad and Tobago)

Equality Act 2010 (United Kingdom)

Equality of Opportunity and Treatment in Employment and Occupation Act 2000 (St. Lucia)
Gagnon S, Cornelius N (2000) Re-examining workplace equality: applying Sen and Nussbaum's capability approach. Hum Resour Manag J 10(4):68–87
González C (2010) Leadership, diversity and succession planning in academia. Res O P Ser Center for Studies High Edu (CSHE) 8(10):1–10
Guillaume YRF, Dawson YF, Woods SA, Sacramento CA, West MA (2013) Getting diversity at work to work: what we know and what we still don't know. J Occup Organ Psychol 86:123–141
Havinga T (2002) The effects and limits of anti-discrimination law in the Netherlands. Inter J Sociol Law 30:75–90
Hornstein Z, Encel S, Gunderson M, Neumark D (2001) Outlawing age discrimination foreign lessons UK choices. Policy Press/Joseph Rowntree Foundation, Bristol
Joshi A, Roh H (2009) The role of context in work team diversity research: a meta-analytic review. Acad Manag J 52(3):599–627
Kirton G, Greene AM (2010) The dynamics of managing diversity: a critical approach, 3rd edn. Elsevier, Oxford
Loretto W, White P (2006) Work, more work and retirement: older workers' perspectives. Soc Policy Soc 5(4): 495–506
McKay PF, Avery DR, Liao H, Morris MA (2011) Does diversity climate lead to customer satisfaction? It depends on the service climate and business unit demography. Organ Sci 22(3):788–803
Olsen JE, Martins LL (2012) Understanding organizational diversity management programs: a theoretical framework and directions for future research. J Organ Behav 33:1168–1187
Phillips KW, Loyd DL (2006) Surface and deep-level diversity collide: the effects on dissenting group members. Organ Behav Hum Decis Process 99: 143–160
Prevention of Discrimination Act 1997 (Guyana)
Sargeant M (2006) Age discrimination in employment. Gower Publishing Limited, Hampshire
Sexual Offenses Act 1986 (Trinidad and Tobago)
St Lucia Criminal Code (2004)
Stephenson K, Lewin D (1996) Managing workforce diversity: macro and micro level HR implications of network analysis. Int J Manpow 17(4/5):168–196
Tyran KL, Gibson CB (2008) Is what you see, what you get? The relationship among surface-and deep-level heterogeneity characteristics, group efficacy, and team reputation. Group Org Manag 33(1):46–76
van Der Vegt GS, Van de Vliert E, Huang X (2005) Location-level links between diversity and innovative climate depend on national power distance. Acad Manag J 48(6):1171–1182
van Knippenberg D, Schippers MC (2007) Work group diversity. Annu Rev Psychol 58:515–541
White G (2009) Diversity in workplace causes rise in unique employee benefits and changes in cafeteria plans. J Manag Market Res 2:1–9

# Managing Homeland Security

Jeremy Plant
Penn State Harrisburg, Middletown, PA, USA

## Synonyms

Counterterrorism; Cybersecurity; Managing risk; Network organization and management; Threats and vulnerabilities

The terrorist attacks of September 11, 2001 exposed not only the vulnerability of the US homeland to catastrophic acts of terrorism but also the need to define what is meant by homeland security, to build institutions to counter threats, and to plan an effective strategy to manage homeland security activities.

What do we mean by "homeland security?" Is there a shared definition, a common meaning for the term, which exploded on the nation's consciousness with the attacks on the World Trade Center and the Pentagon that September day? In the wake of the first major terrorist attacks on US soil, most definitions focused almost solely on terrorism. The USA PATRIOT Act (Public Law 107-56), hastily drawn in the first month after 9/11, focused on ways in which law enforcement agencies could gather information on and detain suspected terrorists. Even as the Department of Homeland Security was charged with responsibilities for natural and non-terror-based human-caused disasters, the central focus on terrorism was seen by most as the defining mission of homeland security. As late as 2007, two years after the catastrophic damage to the Gulf Coast inflicted by Hurricane Katrina, homeland security was defined in the National Strategy for Homeland Security as "a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur." More recently, the definition has been expanded to consider all hazards. For example, the 2010 Quadrennial Homeland Security Review (QHSR), which will be examined in detail

below, utilized a definition of homeland security as "a concerted national effort to ensure a homeland that is safe, secure, and resilient against terrorism and other hazards where American interests, aspirations, and way of life can thrive."

Two models were posited in the immediate aftermath of the 9/11 attacks: an Office of Homeland Security in the Executive Office of the Presidency, to coordinate efforts across the executive branch of government, and a new Department of Homeland Security, to bring under one umbrella the cluster of administrative units engaged in homeland security activities scattered across existing departments or enjoying independent agency status. President Bush favored the White House-based coordinating office and created the Office of Homeland Security with former Pennsylvania governor Tom Ridge on October 8, 2001, by Executive Order 13228. The order also established the Homeland Security Council to develop an overall approach to homeland security. Leaders in Congress, however, felt that a new department was needed, both to provide better coordination and cooperation among the plethora of agencies involved in homeland security operations and to be more accountable than a White House staff operation to the legislative branch. After a good deal of negotiations, the Department of Homeland Security (DHS) was established through passage of the Homeland Security Act of 2002 (P. L. 107-296) on November 25, 2002. This statute and subsequent presidential directives and legislation have provided the legal and administrative basis of the nation's approach to the new and daunting field of homeland security.

Managing homeland security is, arguably, the most difficult administrative task in US governance. It involves managing the third largest executive department, cobbled together in a short time frame to meet the requirements of the Homeland Security Act. Legislation and executive orders have charged the department with direct management of airline security, including the large body of workers needed to screen passengers and luggage. They require DHS management to assess risks, threats, and vulnerabilities across a wide spectrum of potential calamities, including natural as well as man-made disasters, accidents as well as planned terrorist attacks, and even pandemics and health-related threats. They put DHS at the center of a vast network of public and private sector entities, providing and sharing information on a real-time basis across the range of possible events. They mandate careful planning and risk assessment with a limited amount of empirical data to draw from and zero margin for error. At the core of homeland security is the management and flow of information, derived from average citizens witnessing suspicious behavior up to sophisticated intelligence activities requiring top-secret clearance and security.

Given the complexity and enormity of the homeland security enterprise, it is not surprising that criticism of DHS has been widespread. DHS is often among the lowest-rated executive units in terms of effectiveness and employee morale. Over a decade after its creation, DHS still lacks a shared headquarters campus, with its components scattered across the Washington region in mostly leased office space. It has been criticized as being more reactive than proactive; as being slow in producing plans and other products required by statute or presidential directive; and as lacking good internal management, including the ability to show how its budget reflects a clear set of policy priorities. The Gulf of Mexico hurricanes in 2005 exposed the administrative shortcomings of the Federal Emergency Management Agency (FEMA) and raised serious questions of how emergency response best fit into the structure and culture of DHS.

On the bright side, though, one can point out the absence of significant terrorist activity since 2001, the foiling of several terrorist attempts, and the building of a functioning network of state, local, nonprofit, business, and federal organizations that on a daily basis share an enormous amount and variety of information. Leadership of DHS at the top levels has generally been strong and stable over both a Republican and Democratic administration.

As we move through the second decade since the emergence of homeland security as a major component of public policy and administration, two management issues seem to dominate. First, how can the structure and internal management

approach of DHS continue to evolve in ways that enhance its mission; and second, how can the overall homeland security enterprise, the network of involved governmental and private organizations, remain effective as some threats and vulnerabilities wane and others (the most notable of late being cyber security) become more salient given external forces. The two challenges, to be sure, are interconnected and complementary: DHS needs the network of partners to do its job, and the network needs a central player, DHS, to coordinate and lead. In this sense, managing homeland security exemplifies what contemporary public management scholars see as the two poles of governance: network governance and the management of agile, effective, adaptive organizations.

## Managing the Department of Homeland Security

The Homeland Security Act of 2002 mandated the transfer of 22 agencies and over 100 organizational subunits to the new Department of Homeland Security. Melding such a diverse set of organizations into some degree of cohesion was the first order of business for DHS's top leadership, Tom Ridge and Admiral James Loy, Ridge's Deputy Secretary. Admiral Loy was chosen to lead the effort to organize the internal operations of DHS. He was a logical choice, having been the top official at two of the major components of the new department, the US Coast Guard (USCG) and the newly formed Transportation Security Agency (TSA). Loy based his management philosophy on "values-based leadership" and worked to develop a sense of shared values within DHS. Despite the urgency with which DHS had been created, the first years of DHS saw no repeat of the catastrophic events that had led to its formation, allowing the new department to gradually gain ground it its efforts to become an integrated entity.

The first major reorganization of DHS occurred under Secretary Michael Chertoff, Ridge's successor, in July 2005. The goal of the reorganization was to achieve better operational efficiencies and to focus the department more on risk analysis and develop policies based on the risk-based approach favored by the Secretary. Much of the reorganization focused on headquarters' activities and included the formation of a new Directorate of Policy (renamed Office of Policy in 2007), the Office of Intelligence and Analysis, the Operations Coordination Office, the Directorate for Preparedness, and the movement of FEMA from the Emergency Preparedness and Response Directorate (the predecessor of the newly formed Directorate for Preparedness) with some of its functions moved to other units of DHS.

Later in 2005, Hurricane Katrina, the worst natural disaster in decades, revealed weaknesses both in DHS's structure and the network of first responders charged with immediate action in the wake of catastrophic events. It also showed how the initial focus on terrorism had made the department ill-equipped to deal with other sorts of hazards. FEMA, which had been a professionally led independent agency in the Clinton Administration, was buried deep within the organizational structure of DHS and led by patronage appointees ill-equipped to handle a crisis of this magnitude. To address the perceived deficiencies of Katrina, Congress passed the Post-Katrina Emergency Management Reform Act (PKEMRA) of 2006 (P. L. 109-295). The act strengthened the emergency management aspects of DHS by adding subunits to FEMA and creating the Office of Health Affairs, led by the Assistant Secretary for Health Affairs and Chief Medical Officer.

The Obama Administration made no fundamental changes in the structure of DHS. The current structure of DHS is shown below. It includes seven major line agencies that deliver services directly and interface with the public in highly visible roles:

- US Customs and Border Protection (CBP)
- US Coast Guard (USCG)
- US Citizenship and Immigration Services (USCIS)
- Federal Emergency Management Agency (FEMA)

- US Immigration and Customs Enforcement (ICE)
- US Secret Service
- Transportation Security Administration (TSA)

The other major subunits within the department serve largely in headquarters' functions, assisting the Secretary and Deputy Secretary in developing policy, working with key stakeholders, and insuring compliance with law and regulations. The key unit in providing management direction for the department is the Directorate of Management. The unit is led by the Under Secretary for Management, the third highest ranking individual in the department. Reporting to the Under Secretary are the Chief Financial Officer, Chief Communications Officer, Chief Information Officer, Chief Readiness Support Officer, and Chief Security Officer. The goals of the directorate are to integrate the management function with DHS, improve customer service, and sustain financial stewardship. As noted below, developing a sense of integration of management functions has been and remains a critical challenge for DHS.

One challenge for top DHS management has been the physical scattering of DHS offices in over 50 locations around the Washington metro area. The headquarters of DHS is in Northwest Washington, far from other federal departments, in a rather inauspicious collection of low buildings near American University. An ambitious plan to create a headquarters campus in Southeast Washington at the site of the historic St. Elizabeth Hospital is still uncompleted, with only the headquarters building of the Coast Guard in place at the time of this writing. First proposed in 2006 with a price tag of $4.5 billion, the project has been scaled down to $2.4 billion, but even with reduction it will be the largest construction project ever for the General Services Administration. The plan is to consolidate over 14,000 DHS employees in over 50 buildings at the site across from Reagan National Airport. The timetable now aims at completion sometime in the 2020s. Without such a central location, the continuing efforts of DHS leadership to create a sense of unity within the department seem destined to fall short of the mark.

## Mission-Based Management

All federal agencies are required to develop mission-based strategies under the Government Performance Results Act (GPRA) of 1993 and the updated GPRA Modernization Act of 2010 (P. L. 111-352). For DHS, however, an additional requirement was added after passage of the Implementing the 9/11 Commission Act of 2007 (P. L. 107-296). DHS was charged with preparing a comprehensive review of its priorities, goals, and operations every 4 years in a Quadrennial Homeland Security Review (QHSR). The QHSR exercise was seen by its promoters as a way of engaging all units of DHS and its partners in providing a strategic view of the overall homeland security enterprise.

The first such QHSR was promulgated by DHS in February 2010. As noted in the Preface by Secretary Janet Napolitano, the document was meant to be a "strategic analysis" of what the report termed "the homeland security enterprise" – the entire network of federal, state, local, tribal, and territorial governments, the private and nonprofit sectors, and the citizenry. It reflected Congress's concern that the most basic questions regarding homeland security remained unclear; in the words of the QHSR, these include "What is homeland security?", "How is the homeland best made secure?", and "What does it mean to be prepared?".

As noted above, the 2010 QHSR provided a new definition for homeland security that included all hazards, not just terrorism. Building on this broader view of homeland security, the 2010 QHSR identified five missions for DHS and the homeland security enterprise as a whole:

- Preventing Terrorism and Enhancing Security
- Securing and Managing Our Borders
- Enforcing and Administering Our Immigration Laws
- Safeguarding and Securing Cyberspace
- Ensuring Resilience to Disasters

Secretary Napolitano made clear in the review that it did not lay out a blueprint for the internal management of DHS, or to relate priorities to

resources, but was instead a first step in laying out a clear mission for the nation's homeland security enterprise. The statutory requirements of the QHSRs, however, clearly require the identification of a "budget plan required to provide sufficient resources to successfully execute the full range of missions called for in the national security strategy" described in the review (U. S. Department of Homeland Security 2010, pp. iii–iv).

The second QHSR was issued on June 18, 2014. Compared to the 2010 QHSR, the 2014 review reflected a concern less to redefine the mission of DHS or the meaning of homeland security than to address management issues within DHS and the networks engaged in homeland security activities. In the words of Secretary Jeh Johnson, who took over the leadership of DHS on December 23, 2013,

> This report provides a strong analytic and strategic foundation for one of my highest priorities, which is ensuring that the Department invests and operates in a cohesive, unified fashion and makes decisions that strengthen Departmental unity of effort." Secretary Johnson went on to note that "to support priority security requirements in a sustainable way, a corollary responsibility for DHS is to become more efficient and effective across a large and decentralized structure. As a Department, we must eliminate duplicative processes, develop common platforms, and purchase single solutions, while pursuing important commitments. . .DHS must and will also address the low morale that exists within many of its components. (US Department of Homeland Security 2014, p. 3)

The five basic missions identified in the 2010 QHSR were retained in the QHSR, as was the operational definition of homeland security. However, the FY 14-18 Strategic Plan modified the list somewhat, with five major strategies showing some changes based on the growing salience of cyber security and biological threats:

- Securing against evolving terrorist threats
- Safeguarding and securing cyberspace
- Countering biological threats and hazards
- Securing and managing flows of people and goods
- Strengthening homeland security through better public/private partnerships

The QHSR exercises have been complemented by PPD-8, National Preparedness, issued in 2011. This presidential directive charged DHS with the development of the National Preparedness Goal, the National Preparedness System, the National Planning Frameworks, the National Preparedness Report, and the Federal Interagency Operational Plans. It directs DHS to build and improve the capabilities necessary to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk to the security of the nation.

Perhaps the most significant result of the QHSR exercises and PPD-8 has been moving the management focus of DHS away from a concern primarily with the organization of the department to a focus more on the network of organizations that make up the overall homeland security enterprise. Although DHS from its inception has worked closely with other players in homeland security, it took the maturation of the department and a consensus that its overall organizational structure was appropriate for its mission to move to a greater focus on its relationships with outside agencies and organizations.

## The Homeland Security Enterprise: Managing Networks

DHS has been designated the principal organization in the United States to manage homeland security programs and activities, but to achieve its goals, it must work in partnership with other federal agencies, state, and local governments, business and nonprofit organizations, counterpart agencies in other nations, and the citizenry of the United States. This is the notion of the homeland security enterprise, which was instituted with the establishment of the National Incident Management System (NIMS) at the formation of DHS and which has been reinforced in the QHSRs and strategic plans of DHS. Two statistics help illustrate the need to employ the network concept to homeland security. First, in FY 2014, a little over half of federal funding for homeland security-related programs went not to DHS but to other federal agencies; DHS received roughly 49%. Second, in the area

of critical infrastructure protection, a key aspect of the enterprise, over 80% of assets identified as critical to the nation's security are owned by the private sector, including virtually all transportation systems, the power grid, agricultural assets, and other sectors of the economy.

Network management has moved to the forefront of public management theory and practice as government has devolved responsibilities to state and local governments, created partnerships with businesses and nonprofit organizations, contracted for services, and developed intergovernmental relations with state and local governments. Given the urgency of the immediate post-9/11 environment, it was inevitable that partnering with other levels of government and private stakeholders was essential. Over time, these relationships have matured and stabilized through the flow of information, shared training and planning exercises, and responses to catastrophic events such as hurricanes, the Deepwater Horizon oil spill in the Gulf of Mexico in 2010, and the Boston Marathon bombing in 2013.

The Department has recognized the need to create formal councils and panels to connect with key stakeholders. One important example is in the area of infrastructure security. With so much of the nation's critical infrastructure and key resources owned and operated by the private sector, effective network arrangements are key to protecting these assets from both man-made and natural disasters. This is accomplished by connecting DHS to other parts of the enterprise through the National Infrastructure Advisory Council and the Critical Infrastructure Partnership Advisory Council, both of which provide valuable input from public and private organizations managing or operating critical infrastructure and key resources. The National Infrastructure Protection Plan (NIPP) promulgated in 2006 provides the basis for continuing relationships in 11 specific sectors of infrastructure. To achieve coordination and to share information in each sector, several types of network activities have been established: information sharing and analysis centers (ISACs), Critical Infrastructure and Key Resources Coordinating Councils, and Critical Infrastructure and Key Resources Government Coordinating Councils, which identify the federal departments and agencies designated as the Sector-Specific Agency (SSA) with lead responsibility for a given sector.

Below the national level, every state and territory has created a homeland security organization reporting to the governor. Three models are currently utilized: an agency within another state department or agency, a stand-alone homeland security agency, and an entity within the governor's office. Their primary job is to develop statewide preparedness plans and to insure coordination in case of catastrophic events and to be the conduit for grants from DHS. A key player in each state is the state's designated homeland security advisor. At DHS, the Office of Intergovernmental Affairs is the principal point at which the department connects with subnational government entities.

A specific management tool at the subnational level is the fusion center. Fusion centers are managed by state and local governments to "fuse" information from a variety of sources – criminal justice data, information on emergency management activities, and health data – to prevent all sorts of catastrophic events. They have been utilized most often to engage police units with the potential for terrorist threats.

The network approach is largely a means of sharing information among the myriad of players in the homeland security enterprise. One such activity is the National Terrorism Advisory System, which replaced the much-derided color-coded alert system instituted in the first years of DHS. The NTAS alerts are categorized in two levels: elevated alert, which warns of a credible terrorism threat against the Unites States, and imminent alert, warning of a credible and specific impending threat. A bulletin is issued daily by NTAS, with information on how to report possible threats and the duration of the current threat alert.

## Conclusion: Challenges Facing the Homeland Security Enterprise

In 2017 a new presidential administration became the third to address proper management

of the homeland security enterprise. The Trump administration has promised significant changes in policies entrusted to DHS to administer, most notably in border and immigration enforcement activities. It is less clear whether the new leadership of DHS intends to institute major changes to the structure and mission of DHS. DHS Secretary John F. Kelly has made clear that the administration intends to move forward with plans to expand the REAL ID program and oppose court rulings limiting the department's ability to restrict or more closely monitor entry to the United States from countries seen as supporting or harboring terrorist (US Department of Homeland Security 2017). It seems unlikely that the federal role will expand to the extent that it overwhelms the network approach to working with its partners in state and local government, but at the time of this writing in mid-2017, little about the new administration seems clear enough to project the likely future. History has shown that the homeland security responsibility is defined largely by events outside the control of any administration: terrorist attacks, pandemics, hurricanes, earthquakes, and all range of man-made and natural threats and catastrophes. Recent events in both the United States and various parts of the world suggest that the threats from terrorism, climate change, and pandemics are growing and not receding. The best approach to deal with an uncertain and threatening future is to create organizations and networks that are agile, adaptive, and inclusive. The mission given to DHS and the overall homeland security enterprise remains a daunting challenge to find the best approach to organizing and managing what remains perhaps the most complicated and high-risk area of public management.

## Cross-References


- ▶ Executive Orders and Public Administration
- ▶ Federalism and Public Administration
- ▶ Globalization and Terrorism
- ▶ Networks and Networking
- ▶ Network Structures


## References


U.S. Department of Homeland Security (2010) Quadrennial homeland security review report: a strategic framework for a secure homeland

U.S. Department of Homeland Security (2014) The 2014 quadrennial homeland security review

U.S. Department of Homeland Security (2017) Oral testimony of DHS Secretary Kelly for a house committee on homeland security hearing titled "Department of Homeland Security Reauthorization and the President's FY 2018 Budget Request"


# Managing Pay in the Public Services


Stephen J. Perkins
Global Policy Institute, London Metropolitan University, London, UK


## Synonyms

Compensation; Pay remuneration; Reward

## Definition

Located in its socioeconomic context, pay may be defined as something for something, reward for time, physical energy, know-how, and status. Definitions of other terms follow embedded in the text.

## Introduction

Public sector pay is a significant feature in government expenditures. For example, in the UK, according to the Office for National Statistics, in 2009 the public sector pay bill amounted to some 30% of overall government expenditure. In an era of "austerity management," that fact has attracted even more attention to questions around managing pay in the public services around the world.

The object of this entry is briefly to address three aspects of the debate:

- What is the object of managing pay in the public services?

- What ideas drive the choice of approach to managing pay?
- What consequences have been observed in recent years?

Each of these is addressed in turn in what follows.

## Object(s)

The first question must respond to the challenge of whether or not the object of managing pay in the public services is singular – or if multiple objectives may be identified. To address that without going into a lengthy discourse, it is helpful to refer to Lupton and Gowler's classic (1969) text "Selecting A Wage Payment System." These authors refer to debates reaching back well before the publication of their short volume that identify the existence of what has been referred to as a bargain-around-employee effort (an "effort-reward exchange"), one that bridges the indeterminate nature of the employment relationship. In other words, in work situations it is never possible precisely to specify what activities are to be undertaken by an individual employee, depending on how the parties interpret the nature of the relationship. Unlike programmable machines human workers apply their subjective understanding of their role description, leaving open the possibility that the effort applied will vary depending on that understanding, with implications for work outcomes. To help close the potential gap, using employee pay as an explicit reward for compliance with the employer's desire for effort, Lupton and Gowler suggest categorizing effort across four intersecting dimensions: time-effort, energy-effort, competence-effort, and status-effort.

Taking each in turn, (1) paying for time-effort compensates employees for the time devoted to their work (classical economics theory focuses on this aspect: incentivizing the individual to forego nominal leisure time for time in the workplace). (2) Energy-effort, in particular, focusing on manual work situations, concerns the physical effort an individual might devote resulting in measurable outputs in, say, a manufacturing process, for example, rewarded on the basis of what has been termed "measured day work" or "payment by the results." (3) More relevant in situations applicable to a number of public services employees such as healthcare workers, local and national government officials, teachers, and so on, competence-effort involves applying specialist know-how to deliver services. And (4) status-effort concerns the application of high-level expertise and decision-making accountability, applicable to those supervising and managing the work of others, particularly in professional organizational settings such as those found in the public services – e.g., education, healthcare, urban planning.

In the case of each of Lupton and Gowler's effort-bargaining categories, the issue for the employer is one of managing the process. For example, there is the risk of a gap between the availability of an employee's time and how the individual uses it for the employer. There is also the issue of scope to replace physical effort with capital investment to automate manufacturing processes, shifting the focus away from managing revenue (pay) costs. And in the case of specialist and high-level accountability-based work, the issue arises as to whether what has traditionally been understood as "professional" work may be subjected to detailed managerial oversight. In its contemporary application, academic commentary suggests a reconfiguration of professional work and thus expectations of – and explicit recognition for the effort applied by – those employed to undertake it.

## Ideas

Those reflections lead into the second question, which can be situated in the context of debates about notions of "modernization" in public policy settings. Organisation for Economic Co-operation and Development (OECD) commentary published in 2012 refers to the ways in which the approach labeled "new public management" (NPM) has influenced attempts to control pay for public service workers for at least two decades. The same report adds that the changes have been given urgency due to the austerity agenda pursued

by many governments across OECD countries in recent years, with consequences for managing the pay of those individuals and groups employed in government jobs – at national, regional, and local levels within the various jurisdictions.

Margetts (2012) is among those scholars for whom definition of "modernity" and "modernization" needs to be properly specified. She uses a trinity of processes to describe public policy modernization, processes which align with NPM-style oversight of the public services employee-employer effort-reward exchange: (1) efficiency and "incentivization" at the level of the individual actor; (2) integration, interconnectedness, standardization, and formalization; and (3) specialization, expertise, scientific advancement, and technological innovation.

Following the logic of NPM, modernizing pay for public services employees involves managerial interventions intended to shift the emphasis from time- and energy-effort toward competence- and status-effort. Or rather performance outcomes from applying these latter two, re-specifying the basis of professional work bringing traditionally autonomous experts under the control of a more standardized bureaucratic framework of continuous managerial appraisal. Such practices contrasting with work organization and assessment of outcomes being determined by professionals themselves (Noordegraaf 2013).

State employment agencies have been recorded, in accordance with this rationale, attempting to move away from universal norms for pay determination, where the effort-reward exchange is specified under collective bargaining processes, in favor of pay administration at a more devolved level. With individual managers expected to evaluate employee "contribution" levels influencing individual pay awards. The related assumption is that localized market rates attaching to supply of and demand for types of expertise in a so-called knowledge economy, coupled with individual performance as judged managerially, should set individual pay levels, not nationally bargained norms and "seniority" (periods of tenure in post). Furthermore, under public services austerity cost control principles greater attention is placed on reward from all sources – "total rewards management," in the jargon.

In some cases NPM coupled with an emphasis on cutting costs under austerity regimes has taken a step further with outsourcing of public service work a preferred option, that is, removing whole categories of "noncore" employees (e.g., non-clinical employees in healthcare organizations) to expose their pay to localized private sector market norms.

## Consequences

Turning to the third question above, recent OECD commentary argues that coupling NPM with the austerity agenda has meant that changes have been managerially complex and, for employees, anxiety-inducing leading to the risk of resistance, given limited time for managements to prepare to implement what may be viewed as a fundamental rewriting of the implicit or "psychological" contract against which pay in the public services is determined. Moreover, managerial preparedness to accept the changed accountability for devolved and individualized effort-reward determination has been found wanting, with the outcome that NPM aspirations may have been compromised at least to some extent where the intention was to make public services more accountable to "clients" for high-performance organizational outcomes.

Perkins and White (2010: 254) note "undoubted change" but also "significant areas where progress has been less than envisaged." And, for example, in the UK very recently resistance among professional "knowledge workers," exemplified by junior doctors engaged in a high-profile dispute with national government employers around pay levels associated with meeting the needs of a service involving regular "unsocial hours" working, has at least called for reflection on the scope with which public service managers can codify how professional work and compensation for it is to be controlled in accordance with NPM norms.

One explanation may be found in "path-dependency" theorizing. Sahakiants et al. (2015) refer to argument in the academic literature foregrounding historical events and institutional self-reinforcing mechanisms derived from potentially inefficient patterns of action built up over

time by the possibly unintended consequences of earlier decisions and positive feedback processes. These phenomena may "lock-in" practices such as pay determination or encourage resistance to changes to the status quo. More practically, as Perkins and White (2010) conclude, a lack of serious investment to facilitate public services transformation in how pay and other service conditions are determined may have forestalled re-specification of the effort-reward exchange in any fundamental way, where the financing of incentives to cooperate is needed to be found through efficiency savings across the particular service or significant parts of it. Amplified by the exigencies of austerity politics, which risk undermining long-term efficiencies in public services provision if pay levels are permanently reduced through "skills leakage" out of the sector.

None of these arguments are intended however to adopt a dogmatically negative view of the consequences in every instance of changing the basis on which public services pay may be managed. Focusing on the specific notion of pay for performance, some analysts have argued consistently against attempts to incentivize people through extrinsic rewards (like "bonus" pay). In theoretical terms, such interventions risk crowding out the intrinsic motivation individual employees have to do a good job. However, informed by a study focused on developing economies, Jeff Friedman (reported speaking to a research paper he had had published in 2011 at a Centre for Market and Public Organisation conference) criticized these conclusions. Friedman's point is that a majority of studies used to inform the "crowding-out effect" concerns have been based on laboratory experiments using "rich students from western countries" and that the conditions fail to replicate those in the real world.

Friedman contends that employees are already incentivized for working – through being paid wages. As these may be assumed to have the effect of motivating individuals to turn up for work, then the offer of additional (bonus) pay reflecting performance contributions might be assumed to have the potential to enhance motivation. Potentially *crowding in* the motivational effects, say, of a public service worker motivated to serve the public good. For example, Friedman cites the case of a Zambian healthcare worker speaking positively about the benefits of the introduction of bonus supplements beyond employees' salaries. The individual was recorded as working in a geographically remote facility that rarely has supervisory visits from senior managers. The respondent's view was that the additional pay, contingent on performance outcomes achieved, served to demonstrate that "somebody cares" about us. The suggestion is that some NPM ideas applied to managing employee pay may not be inappropriate in principle.

As Perkins and White (2010) observe, however, problems arise when policy makers fail to ensure that those to whom they devolve managerial accountability to enact policy are not equipped and supported to discharge their duties as intended. Informed by Australian data gathered in a large public research organization, Brown (2001) cautions employers making choices between alternative pay adjustment systems to avoid approaches that may be incompatible with employee preferences when accounting for situational factors. Brown's study found that higher levels of perceived job security were associated with support for pay adjustment based on individual merit, while good promotional opportunities following performance appraisal were associated with lower levels of support.

Finally there is the "fairness" debate that continues throughout many business systems when considering the remuneration gains made by senior corporate executives which, although with sums well below those seen in liberal market economies such as the USA, have percolated into public services pay outcomes. With the result that, to counter public outrage, investigations have been ordered by government employers, such as the one encapsulated in a 2011 report by economist Will Hutton into "Fair Pay in Public Sector," initially at least giving rise to suggestions that pay dispersion between those at the top of organizations and those at lower levels ought to be regulated against transparent norms setting a maximum on the gap deemed acceptable. Propositions reinforced by increasingly prevalent expectations that equal pay for equal value should apply at peer level when comparing rewards mindful of demographic factors across a heterogeneous public services workforce.

As an adjunct of fairness considerations, there is long-standing interest in explaining the persistence of corruption among public servants, especially in less-developed nations, where low civil service pay levels have been theorized as an important contributing factor. Gong and Wu (2012) draw attention to the assumption that, when salaries are low but service expectations remain high, government officials may demand more compensation from informal or even illegal channels than what is officially sanctioned. These authors apply Chinese case study evidence to caution against uncritical acceptance of such thinking – the relationship between high pay and low corruption in public services should not be regarded as simply linear.

## Conclusion

Given its significance, governments worldwide have made increasingly determined interventions actively to manage the pay of people employed in public services roles. We have considered three issues. First, the intended role of interventions by managers around pay in the public services, concluding that it has been to shift the balance on to employees themselves to assure performance contingent pay outcomes. Second, the ideology informing approaches to public services pay management, finding that notions of NPM have been embraced to modernize and so regulate public employees' pay in the way described in answer to the first point. The idea drives choice of approach and intended outcome. Third, consequences of directional convergence on contingent pay regimes under NPM thinking – some of which may be viewed as unintentional and not necessarily desirable. Here, deeply embedded institutional structures demand our attention influencing the likely complete attainment – or not – of NPM goals in pay determination. However, as discussed above, while some academic commentary criticizes the more express-intended linkage between pay and performance, there is evidence for a "Hawthorne effect": like the celebrated classic study, those on the receiving end of active managerial interventions may in some cases at least regard the "interest" taken in them warmly so that positive outcomes managerially are at least a possibility.

## Cross-References

▶ Institutional Theory of Organizations
▶ Modernity and Bureaucracy
▶ New Public Management
▶ Reward Management

## References

Brown M (2001) Merit pay preferences among public sector employees. Hum Resour Manag J 11(4):38–54
Gong T, Wu AM (2012) Does increased civil service pay deter corruption? Evidence from China. Rev Public Pers Adm 32(2):192–204
Lupton T, Gowler D (1969) Selecting a wage payment system. Kogan Page Associates, London
Margetts H (2012) Modernization dreams and public policy reform. In: Margetts HP, Hood C (eds) Paradoxes of modernization: unintended consequences of public policy reform. Oxford University Press, Oxford
Noordegraaf M (2013) Reconfiguring professional work: changing forms of professionalism in public services. Adm Soc XX(X):1–28
Perkins SJ, White G (2010) Modernising pay in the UK public services: trends and implications. Hum Resour Manag J 20(3):244–257
Sahakiants I, Festing M, Perkins SJ (2015) Pay for performance in Europe. In: Brewster C, Sparrow P, Dickmann M (eds) International HRM: contemporary issues in Europe, 3rd edn. Routledge, London
Whitley R (2000) Divergent capitalisms: the social structuring and change of business systems. Oxford University Press, Oxford

# Managing Police Organizations

Sean McCandless[1] and G. Michael Vogler[2]
[1]University of Illinois-Springfield, Springfield, IL, USA
[2]Denver Police Department, Denver, CO, USA

## Synonyms

Management, Police

## Definitions

Managing police organizations is the process by which police managers optimize the delivery of

efficient, effective, economical, and equitable services through taking into account multiple dimensions, including environments, human relations, community dynamics, and organizational performance.

## Introduction

Police departments are no exceptions to the need for public organizations to have good management. These dimensions are discussed in terms of the major factors constituting the management of public organizations (see Rainey 2009).

## Environments

Police departments reside in multiple environments. Police managers, regardless of level, must know of and be responsive to these environments.

First, police managers operate within multiple legal environments. Constitutional law, especially rulings by courts, is at the highest level. Police managers must ensure proper training in constitutional law. Especially important considerations are the provisions of the Fourth Amendment, such as searches and seizures, probable cause, and outgrowths of the Fourth Amendment related to reasonable suspicion. Officers must also understand principles of the Fifth Amendment, such as to due process and Miranda rights. Further, managers must cultivate practices that enshrine protections of the 14th Amendment's due process clauses and equal protection clauses. Many of these protections are doubly listed and expanded upon in state constitutions, thus mandating police managers be aware of constitutional law at multiple levels. This requires an evolving understanding of how court rulings – such as that in *Florida v. Jardines* (2013), which provided limits to how police use drug sniffing dogs to obtain warrants – mandate changes in practice. At the state and local levels, managers should be aware of changing definitions of illegality. One such example is Colorado, which recently legalized private marijuana consumption, which provided changes to policing requirements.

Second, political and economic environments affect what police agencies do. Elected leaders, especially at the state and local levels, affect policing priorities. Police managers must be advocates for their departments with these leaders, who ultimately approve police budgets. Managers must be aware of what political leaders are likely to fund and support, be responsive to their concerns, and stand accountable for departmental actions, especially to mayors and city councils.

Third, police managers must be aware of historical and community environments. While all communities have overlaps in terms of prevalent crimes, each community presents unique policing challenges. For instance, a community that has an issue with heroin trafficking will require different policing strategies and tactics than one that does not have these issues. Police managers need to modify practices accordingly. Further, each community has multiple community groups with different expectations and desires. Police managers must be aware of these different expectations and seek to balance them fairly. This requires being aware of stakeholders and who have historically been excluded from conversations, which ideally promotes the greatest possible community buy-in to departmental activities.

## Goals, Values, Culture, and People

Police serve multiple social functions – enforcing laws, providing law and order, and being responsive to the community. Departmental, officer, and community values should be aligned. If they are different, police managers will be unable to effectively complete departmental missions. Achieving balance could be problematic. For instance, a department may be adept at keeping its operations close to what a community expects, but officers within departments may feel that certain policies and goals produce inefficiencies and lower the effectiveness of law enforcement. Frequently, when police officers discuss issues with the community, officers are primed to discuss issues such as drugs, auto theft, gang activity, and similar crimes. Police employ statistics and have accompanying strategies to address these problems, but when officers and communities exchange ideas,

officers may be shocked to find communities may not share similar concerns regarding the crimes police find most important. Community expectations frequently are not about criminal activity but quality of life issues (e.g., speeding, homeless presence in parks). This is one of inherent problems with Data Driven Policing programs such as COMPSTAT – police solely set the issues to be addressed and the benchmarks for success. Thus, when police see themselves as successful achieving their statistical objectives, the community may be left with a sense of alienation.

Police managers need to cultivate multiple values – professionalism, upholding constitutional values, being fair, and responding to community expectations. Many values are evident in the Code of Ethics of the International Association of Chiefs of Police, which notes that an offer's "fundamental duty is to serve the community; to safeguard lives and property; to protect the innocent against deception, the weak against oppression or intimidation and the peaceful against violence or disorder; and to respect the constitutional rights of all to liberty, equality and justice." Other elements include enforcing the law "courteously and appropriately" and accepting the badge of office "as a public trust to be held so long as [the officer is] true to the ethics of police service." (International Association of Chiefs of Police, 2017)

Police culture has experienced changes in the roles officers are expected to perform. Officers are being seen less in terms of the traditional model of warriors but as guardians. Members of the President's Task Force on 21st Century Policing noted that police officers and soldiers, while bearing similarities, have different missions and rules of engagement, with a soldier's mission being to conquer whereas a police officer's mission is to be a guardian and to protect (the latter of which especially emphasizing the importance of making independent decisions) (President's Task Force on 21st Century Policing 2015) (Police Executive Research Forum, 2016). Line officers can see this shift as embodying conflicting messaging from the public, elected officials, and senior command (Stoughton 2015). These officers have increasingly complained that this model switch represents a threat to their safety (see Davis 2015) and that contradictory roles expected by different groups contributes to occupational stress (Adbollahi 2002). Police managers need to demonstrate to officers how this conception of role shift meets community expectations but also to emphasize that the guardian role is increasingly what communities expect even in critical and traumatic incidents.

Other dimensions of culture and people affect police management. One is that departments may have different groups and factions within them. Conflict within departments can come from these factions. Similar to the general public, officers may associate with fellow officers who share demographic characteristics, especially based upon race, gender, sexual orientation, generation, seniority, and education. Intraorganizational tensions can mirror societal conflicts (e.g., LGBTQ rights movement and Black Lives Matter). While education in itself typically does not cause conflict, advanced education can prepare officers for promotion. Those with greater education will often be promoted ahead of those who might be objectively superior officers but who cannot effectively compete on promotional exams. Officers' demographic characteristics and the demographic make-up of a department affect management. Police generation is also a source of factions. The first years of officers' career define how they see the art and craft of policing. Thus, officers on various sides of societal policing benchmarks are likely to see policing differently, and such benchmarks include pre/post Miranda rights, pre/post Rodney King riots, pre/-post 9/11, pre/post Black Lives Matter movement, and pre/post mass implementation of body cameras.

## Incentives

Departments require both extrinsic and intrinsic incentives. Pay is an extrinsic incentive, which can vary widely between departments, even within the same general area. The financial condition of a city/county is the primary factor influencing pay differences. Community expectations of police factor into pay and benefits. An agency requiring a bachelor's degree for entry-level officers will typically pay higher than one

requiring a high school diploma. Benefits can vary and are frequently the same package offered to all governmental employees. Pay and benefits are linked to initial recruitment and retention. Officers hired by an agency with low pay and benefits will, once they have experience, frequently transfer to larger departments with better compensation packages. Pension plans and retirement options are also important. Due to the stressful nature of policing, the retirement age is considerably lower (55) than the private sector (63). Opportunities for advancement are also incentives. In larger departments, such opportunities come in waves, and smaller departments might have fewer opportunities. Many departments have strict seniority systems to determine pay, shifts, vacations, and days off. This system often determines when officers receive advanced training or promotions. Some argue this eliminates issues of favoritism and nepotism, yet these models may fail to sufficiently incentivize and motivate officers. Intrinsic motivations include officers being motivated by a sense of serving the community, exercising discretion, and policy-making.

## Structures, Tasks, Technologies, and Processes

Police departments have multiple structures, tasks, technologies, and processes. First, departments are quasi-military structures with multiple tasks. Much of this can be conceived of in terms of span of control, namely, how many subordinates one person can supervise. Generally, this is considered 4-7 depending on the characteristic of the tasks the subordinate is performing. It is generally considered that less supervision is necessary when tasks are more routine and when fewer options are available for an officer to choose from. Conversely, when available discretion is more variable, more supervision is required. In policing, situations can unfold rapidly, and there often is no way to micro-manage the entire length of the chain of command. In a midsized or larger department of 100 officers or more, the span of control necessitates that a chief supervises a handful of deputy chiefs, who then supervise senior command staff such as lower level chiefs/commanders/captains. Senior command officers oversee junior command officers (lieutenants), who supervise line supervisors such as sergeants corporals, who provide supervision to line officers and detectives. Communication and direction go through the chain to try to ensure messages and expectations are met. Given the rapidly changing nature of policing, it is not practical for chief executives to make every decision and give each new direction. By allowing the chain of command to know the objectives and rules of engagement, these decisions and direction can be given by those closes to the action with the most knowledge in the shortest time frame.

Second, departments have multiple tasks, such as patrol, investigations, and more. Patrol is the heart of policing. The primary task is responding to calls for service. These are calls of criminal issues, civil disputes, and other emergencies. It is typical that people will call the police for problems they cannot handle on their own or for which they do not know the appropriate resource. Patrol also initiates street level self-initiated activity such as traffic stops. This is where most complaints are generated as well as where highly controversial incidents such as the deaths of Michael Brown and Eric Garner occur. Police managers need to set appropriate guidelines for such stops, such as ensuring that officers are aware of not only constitutional requirements for such stops but also that any force used is proportional, especially deadly force, which should only be used as a last resort.

Investigations might be conceived of as where patrol leaves off. Patrol determines that a crime likely occurred and conducts the initial investigation. The case is then passed to the detectives for follow-up and coordination with the prosecutor's office. There are units that engage in self-initiated work, such as vice/narcotics and intelligence. Other tasks include inventory, technology management, finance, grants, human resource management, and training.

Third, technologies in police departments have undergone significant changes in recent decades. Technologies available to departments vary by department (which is also a function of budgeting and need), such as the weapons available (both

firearms and beyond), cameras (both in cars and on the body, but not all departments have either or both), computers and IT (especially databases and tracking software), and cutting-edge technology (such as drones and thermal imaging).

Relatedly, police managers must be aware of legal issues of technology, especially related to the fourth Amendment and emerging technology. Recent discussions of police technologies have concerned privacy and militarization. Debate of the use of body cameras is growing with broader implementation, and there are continuing debates about when the cameras should be activated and de-activated, such as when should a video be released to the public, the role of defense attorneys, and the processing of freedom of information requests. Body cameras raise multiple issues regarding privacy, especially.

Police managers must also make decisions on how to budget departments, especially regarding how to allocate funds for equipment, training, officer recruitment and retention, and community outreach. A critical element of this is recruiting a talented and diverse force. Many police departments have had issues with sufficient staffing, thus experiencing personnel shortfalls. It has also been historically difficult to promote racial and gender parity within departments, and some agencies have begun targeting recruiting to make the ranks more reflective of the populations.

## Leadership and Strategy

While many may associate leadership and strategy to those at the top of a public organization, there are not confined to particular levels. All levels exhibit elements of leadership.

For those at the strategic apex, especially chiefs, leadership and strategy consist of balancing numerous dimensions. These include being aware of community expectations, especially at times when community expectations might conflict. A police manager must be an arbiter between multiple community expectations to attempt to ensure that all populations receive high quality law enforcement.

Further, chiefs must be aware of officers' expectations. When controversial issues arise, the police leader is frequently put in a difficult position. The leader has a responsibility to the community to be forthright, transparent, and responsive. Simultaneously, officers have an expectation that leaders will support them and give them the benefit of the doubt until there is evidence of wrongdoing. In these cases, it is difficult to satisfy the expectation of both the officers and community.

It is also critical to acknowledge that leadership exists at the street level as well. In any service call, an officer must enforce the laws, protect the public and ensure safety, be an adjudicator, make decisions about right and wrong, and take appropriate action (Vinzant and Crothers 1994).

Relatedly, police managers must address stress. One of the leading contributors to police stress is from the organization itself. Some of this is logistical and part of the realities of policing, such as shift work, on-call, and unpredictable days off. However, much police stress is rooted in organizational leadership cultures, and issues concern perceptions that discipline as well as performance evaluations are unfair and unjustified, due process is lacking, and that there are few opportunities to achieve higher ranks (Adbollahi 2002).

Police managers must also understand and nurture officers' mental health. The warrior mentality does not lend itself to emotional resiliency. The guardians protect themselves in the same light as they protect those they serve. In this process, leadership addressed the stigma and taboos surrounding of mental health. "This is not about touchy-feely conversations; it's about supporting officers' mental health in the same way as you would their physical health and creating an agency culture that keeps officers resilient, adaptable, and fit for duty" (Usher et al. 2016, p. 17). Departments are increasingly being called upon to formalize mental health initiatives for officers.

## Organizational Performance

Police departments are also expected to perform in multiple ways, which can be conceived of in terms of the four pillars of public administration – efficiency, effectiveness, economy, and social equity. Police agencies have historically focused on efficiency – answering the greatest feasible

number of service calls in as little amount of time as possible (i.e., to use resources well). Effectiveness is a core goal of law enforcement, namely, the degree to which police are successful in their mission. Economy is also critical in that police agencies are expected to provide services at the lowest possible cost. Finally, fostering social equity is increasingly important. While most measures of police performance focus on efficiency, police agencies are increasingly being held responsible for fairness, especially toward historically marginalized groups. One side effect of having multiple types of performance, especially ones historically dominated by efficiency, is that police agencies experience difficulties in balancing these areas. In order to achieve one or two, the others may experience issues, especially concerning making sure that social equity is well represented (Charbonneau and Riccucci 2008).

## Conclusion

Managing police organizations can be broadly conceived of in similar terms as managing public agencies writ large. However, as demonstrated above, management requires numerous dimensions to be taken into account. Given the nature of policing, particularly its dangers and multiple, often competing expectations of performance, police managers should be aware of and take into consideration the most efficient, effective, economical, and equitable balance between multiple dimensions.

## Cross-References

► Culture and Organizations
► Rethinking the Models of Police Oversight: Toward a New Paradigm

## References

Adbollahi MK (2002) Understanding police stress research. J Forensic Psychol Pract 2:1–24
Charbonneau E, Riccucci NM (2008) Beyond the usual suspects: an analysis of the performance measurement literature on social equity indicators in policing. Public Perform Manage Rev 31(4):604–620
Davis, K. (2015, July 3). Warrior or Guardian? Retrieved from Officer.com: https://www.officer.com/tactical/firearm-accessories/article/12089105/warrior-or-guardian.
International Association of Chiefs of Police. (2017). Law enforcement code of ethics. Retrieved from: http://www.theiacp.org/codeofethics
*Florida v. Jardines*, 589 US (2013)
Police Executive Research Forum (2016) Guiding principles on use of force. Washington, DC, Police Executive Research Forum
President's Task Force on 21st Century Policing (2015) Final report of the President's Task Force on 21st Century Policing. Office of Community Oriented Policing Services, Washington, DC
Rainey HG (2009) Understanding and managing public organizations, 4th edn. Jossey-Bass, San Francisco
Stoughton S (2015) Law Enforcement's "warrior" problem. Harv Law Rev 128:225–234
Usher L, Friedhoff S, Cochran S, Pandya A (2016) Preparing for the unimaginable. US Department of Justice, Community Oriented Policing Services, Washington DC
Vinzant J, Crothers L (1994) Street-level leadership: the role of patrol officers in community policing. Criminal Justice Rev 19(2):189–211

# Managing Telework in the American Bureaucracy

Dimple Sunayna Johnson[1], Aaron D. Johnson[2] and Kristen Crossney[1]
[1]West Chester University of Pennsylvania, West Chester, PA, USA
[2]Montgomery College, Germantown, MD, USA

## Synonyms

Managerial styles; Remote work; Supervisor; Telecommuting; Telework

## Definition

Managing telework in the bureaucracy refers to agencies and managers encouraging and promoting telework in the American federal government.

## Introduction

The 2009–2010 snowstorm in the Washington DC Metro area crippled the nation's capital and shut

M

down the government for days, costing the federal government an insurmountable amount per day. Subsequently, the 2010 Telecommute Enhancement Act formalized telework in the American federal government, supporting remote work and providing a means for employees to continue working during emergencies (Caillier 2015). The Telework Enhancement Act brought with the government into the twenty-first century, promoting telework within the public sector and its associated agencies. However, over a decade later, many agencies have been slow to adopt to telework, while other agencies have been retracting the policy by restricting and even eliminating the benefit (Wagner 2018).

In 2017 only 21% of the 43% eligible federal employees in the United States partook in some form of telecommute work (Office of Personnel Management [OPM] 2018). While telecommuting eligibility remains steady, the participation has declined (OPM 2018). This decline may be attributed to a lack of confidence supervisors have in telework, and the lack of trust managers have in remote employees (Wagner 2018). Thus, while eligibility and worker interest are relevant factors in telecommuting, supervisor discretion becomes the key deciding factor in telework adoption.

The American federal government annually reports on the status of telecommuting, documenting the number of federal employees who are teleworkers, how often workers telecommute, and the associated outcomes. However, the evaluation of the frequency of telework opportunities from the perspectives of leadership and management continues to be overlooked. Agency managers are ultimately responsible for endorsing their employees to telework. This essay addresses how the potential telework opportunities of federal employees may be impacted by the perceptions they have of their supervisor's managerial type. The goal is to provide agencies and managers with the necessary information to create awareness around the impact the supervisor's perceived managerial types have on the employee's telecommuting frequency.

## Telecommuting Background

The term *telecommuting* was coined by Dr. Jack Nilles, an American agency manager, who initiated a telework project in 1973 to combat the issue of increased commuters and rising oil prices (Allen et al. 2015). Twenty years later, many large companies in the United States were practicing in remote work to comply with the 1990 Clean Air Act (Allen et al. 2015). This was followed by the 2010 Telecommute Enhancement Act (Act) that formalized telecommuting in the federal government. The Act defines telework as a superior/subordinate agreement that allows an employee to conduct their work responsibilities from a remote worksite. Telecommuting, also known as telework and remote work (Mokhtarian 1991), will be used interchangeably through this essay. Telework will be conceptualized as a "remote work type [that] would be considered telecommuting if it involved remote management and reduced commute travel" (Mokhtarian 1991, p. 5).

Telework can vary in frequency, i.e., the number of times an employee telecommutes in a workweek, ranging from situational/routine or part-time/full-time (Caillier 2015; Mokhtarian 1991; OPM 2018). Whereby "routine telework occurs as part of a previously approved, ongoing, and regular schedule. Situational telework is approved on a case-by-case basis, where the hours worked were not part of a previously approved, ongoing, and regular telework schedule" (OPM 2018, p. 10). Additionally, telecommuting has generally been characterized as working from home. However, employer satellite offices that are closer to an employee's home and are equipped much like the main office can also be considered a form of remote worksite (Caillier 2015).

The OPM (2018) issued a report on the *Status of Telework in the Federal Government*, documenting that from the American federal employees that telecommuted in 2017, 83% experienced improved morale; 77% experienced reduced stress; 68% experienced improved health; and 72% experienced improved performance (OPM 2018). These metrics support research findings which indicate that employees experience reduced stress and higher productivity as a result of spending less time commuting (Goodrich 1990). The government agencies have also benefited from remote work through increased

worker productivity, reduced overhead operations costs, and an appealing retention and recruitment benefit (Goodrich 1990). Additional benefits to telework include helping to alleviate heavy traffic on congested roadways, reducing air pollutants by having fewer cars on the roads, and enhancing the community's economic development through increasing the potential number of parents in the workforce by providing alternative work opportunities from the home (Goodrich 1990).

Some studies reveal that the benefits of remote work vary based on the frequency of telecommuting (Caillier 2015; Golden 2006). Caillier (2015) states that frequent teleworkers have a higher level of public service motivation than those that did not telework as frequently; the exact frequency (i.e., 1 day vs. 2–3 days vs. 4–5 days) was shown to have a direct impact on motivation, attitude, job satisfaction, and productivity. Studies also show that "the degree of teleworking was found to be positively related to organizational commitment and negatively related to turnover intentions, such that a higher degree of teleworking was associated with more commitment to the organization and weakened turnover intentions" (Golden 2006, p. 183).

Despite these benefits, reports indicate that telework participation among American federal employees has been stagnant and almost at a slow decline since 2016 (OPM 2018). Telework in federal government was intended to provide employees with a better quality of life and provide employers with the ability to "continue business as usual" during emergencies, when travel to the main office is prohibited (Caillier 2015). However, federal managers continue to disregard the use of remote work (Day and Burbach 2011). OPM has created avenues to provide managers with the necessary training and resources to promote and advocate for remote work; however, the percentage of routine subordinates participating in telework is still restricted by managerial inflexibility (OPM 2018).

## Telecommuting and Managerial Types

Leaders are the frontline to successful telework adoption, and it is important that they actively and positively use their influence to embrace remote work policies as part of an employee's work style (Goodrich 1990). However, supervisors, especially those that are new to remote management, may lack the necessary confidence, causing the management to micromanage the teleworker's tasks instead of managing the outcomes (Day and Burbach 2011; Goodrich 1990). Furthermore, managers may contribute to the employee's feelings of isolation by inadvertently neglecting to include remote workers (Day and Burbach 2011). Leaders of teleworkers need to assume more responsibility when managing remote workers and need to lead by example, keeping lines of communication open and taking on "a collaborative management approach in which teleworkers are empowered to manage their own activities" (Day and Burbach 2011, p. 12). Management's role in successfully implementing telework is important from the perspective of frequency in remote work participation. An employee's telecommute frequency in turn impacts the ability to assess various goals; "for example, situational telework facilitates continuity of operations planning, while frequent routine telework may facilitate real estate reduction goals" (OPM 2018, p. 10). While telework frequency affects the organization, the frequency of telework opportunities can be influenced by an employee's perceptions regarding how legitimate or realistic such opportunities might be facilitated. The leadership styles employed by supervisors on the frontline can play an influential role in breeding various perceptions about remote work opportunities.

Blake and Mouton's (1964) two-dimensional managerial grid provides leaders with a framework to understand the gaps in their supervision. The grid provides a means to (1) predict the impact the managerial behavior has on peers and subordinates; (2) achieve individual and organizational development changes; and (3) determine organizational culture and the associated barriers (Blake and Mouton 1964). The grid rates managers on their concern for people and their concern for production and has been universally used across the government to identify different ways of supervision (Blake and Mouton 1964). The five key managerial types include *team management*, the optimal

managerial type that organizes people and production into a unified system; *middle-of-the-road* management, a negotiator who attempts to compromise some of the concerns with both the people led and production to be undertaken; *task management*, a manager who focuses on production and considers people as resources to achieve goals; *country-club management*, one who focuses on creating a comfortable environment for the people; and *impoverished management*, one who expends minimum effort with people and production (Blake and Mouton 1964). The managerial grid has been used to work on core management issues such as supervision, planning, execution, follow-up, conflict, commitment, and management development (Blake and Mouton 1964).

## Telecommuting Sector Comparison

While the American government has the OPM agency tasked to promote and advocate for remote work, resources have largely focused on performance, policies, and procedures. There has been little to no awareness about the impact managerial types have on successful telework adoption. This is an important consideration because, ultimately, individual agencies and subsequently the managers within those agencies are responsible for successfully implementing and supporting their employees in pursuing telework (Goodrich 1990).

Are there potential relationships between telework and a supervisor's perceived managerial type based upon working in the government or in other nongovernment organizations? Whether one is working for an impoverished manager, a team manager, or any of the other three managerial types, there may be an equal opportunity for telework. Additionally, an employee working for the government has no greater opportunity to telecommute than an employee working at any other type of organization. One might remain unconvinced that how a supervisor prioritizes task and relational issues has no effect on telework decisions. However, the perception of a realistic telework opportunity might not be held equally when working for supervisors with various managerial types. Employees who perceive themselves working for country-club managers may believe they have slightly more opportunities to telework than employees who perceive themselves working for middle-of-the-road and task managers. The difference from one end of the spectrum to the other regarding perceived managerial type might be connected to the perceived opportunity to potentially telework one more day out of the week.

While employees with managers that adopt the country-club managerial style may be more prone to have the highest frequency of telework, extensive research is needed to make a conclusive claim. Sampling the government employee population is a hard endeavor; this is probably why some of the most prolific scholars in the field opt to use secondary data as a means of exploring such variables. Federal employees can display concern and trepidation about the anonymity participating in such inquiries, likely fearful of potential retaliation from agency management as may be seen by agency's slow telework adoption rates and the impact management have on an agency employee's decision to telecommute (OPM 2018; Paez and Scott 2007).

## Conclusion

Since telecommuting is usually at the manager's discretion, adoption rates are impacted by the manager's decision and approach toward remote work, in turn impacting an employee's decision on whether or not to telework (OPM 2018; Paez and Scott 2007). Agency leaders in the American federal government need to be cognizant that their actions result in their employees' reactions. As a result, it is imperative to understand the impact a leader's managerial type has on an employee's telecommuting frequency.

Frontline supervisors and managers are the key to successful telework implementation (Goodrich 1990; OPM 2018). Blake and Mouton's (1964) managerial grid is an important consideration when assessing teleworker turnover rates, especially if work-life balance is compromised and public employee telework participation continues to experience a slow adoption rate. Additionally, perceptions of a frontline supervisor's managerial style can also impact an employee's desire to

telework. Given the transactional nature of the supervisor-subordinate relationship, employee's perceptions of their frontline supervisors likely play a role in the employee's interest and decision to pursue telework.

The reality is that leaders need to be aware of the impact that their managerial types have on an employee's telework frequency, and the American government can benefit from understanding the implications to telecommuting per the managerial types. Leadership's demeanors impact an employee's telework frequency and more importantly, their confidence in responding to such studies without retaliation. Telework is here to stay (Caillier 2015; OPM 2018). To successfully pave the path for the betterment for implementation and adoption, public employees in the United States need to be assured that their telework participation and contribution to such academic research is void of any concerns of retaliation.

## Cross-References


- ▶ Leadership in the Remote, Freelance, and Virtual Workforce Era
- ▶ Managerial Leadership
- ▶ Team Leadership
- ▶ Theories of Leadership
- ▶ Work-Life Programs


## References


Allen T, Golden T, Shockley K (2015) How effective is telecommuting? Assessing the status of our scientific findings. Psychol Sci Public Interest 16(2):40–68

Blake RR, Mouton JS (1964) The managerial grid. Gulf Publishing Company

Caillier JG (2015) Do teleworkers possess higher levels of public service motivation? Public Organ Rev 16(4): 461–476. https://doi.org/10.1007/s11115-015-0318-y

Day FC, Burbach ME (2011) Telework considerations for public managers with strategies for increasing utilization. Commun IBIMA:1–18. https://doi.org/10.5171/2011.880212

Golden TD (2006) Avoiding depletion in virtual work: telework and the intervening impact of work exhaustion on commitment and turnover intentions. J Vocat Behav 69(1):176–187. https://doi.org/10.1016/j.jvb.2006.02.003

Goodrich JN (1990) Telecommuting in America. Bus Horiz 33:31–37. https://doi.org/10.1016/0007-6813(90)90053-E

Mokhtarian PL (1991) Defining telecommuting. Transp Res Rec 1305:271–281

Office of Personnel Management (2018) 2017 Status of telework in federal government: report to congress. Author. Retrieved from https://www.telework.gov/reports-studies/reports-to-congress/2018-report-to-congress.pdf

Paez A, Scott DM (2007) Social influence on travel behavior: a simulation example of the decision to telecommute. Environ Plan A 39(3):647–665. https://doi.org/10.1068/a37424

Wagner E (2018) D.C.-Area Lawmaker plans bill to protect telework programs. Government Executive. Retrieved from https://www.govexec.com/management/2018/04/connolly-suspicion-telework-part-attitudinal-and-cultural-barriers/147825/


# Managing the Impact of Food Price Rise in Sub-Saharan Africa


Gilles Quentin Kane[1], Isabelle Piot-Lepetit[2], Gwladys Laure Mabah Tene[3] and Jean Joël Ambagna[1]

[1]Faculty of Economics and Management, University of Yaoundé II, Yaoundé, Cameroon

[2]Economics and Management Division, INRA-MOISA, Univ. Montpellier, Montpellier, France

[3]Department of Farming Systems, Rural Sociology and Economy, Institute of Agricultural Research for Development, Yaoundé, Cameroon


M

## Synonyms

Consumer good health; Consumer wellbeing

## Definitions

**Consumer Welfare** is the individual benefits resulting from the consumption of services and goods.

## Introduction

Agriculture plays a prominent role in the economy of most countries in sub-Saharan Africa (SSA),

with a great potential to drive economic growth and reduce poverty and hunger. But, due to subsistence agricultural practices, high postharvest losses, fragmented markets, or recurrent climate shocks, food security is a big challenge in those countries. Besides, a great percentage of the population depending on agriculture for their living are poor. As a consequence of increasing pressure on food supply, the world food market experienced a dramatic surge in the price of many staple commodities between 2006 and mid-2008, with for instance, a growth rate of 47% for rice, 44% for maize, and 43% for wheat (De Janvry and Sadoulet 2010).

This raises concern about the impact of food price hikes on the welfare of poor people, since they already spend a large share of their income on food. High food prices have had serious impacts on poor populations, dramatically reducing their already low purchasing power and leading to an increase in hunger worldwide. Following food prices surge, the number of undernourished has increased, especially in Asia-Pacific and SSA by 41 million and 38 million, respectively, according to the Food and Agriculture Organization. In terms of consumer welfare, it has been shown that food price increase reduces consumer welfare in general but depending on the context. Empirical evidence highlights that rural poor are worse off (Leyaro et al. 2010), notably very poor rural households with limited farm and nonfarm incomes (Tafere et al. 2010), while other authors point out the adverse effects on urban poor (Ackah and Appleton 2007; Arndt et al. 2016; Rodriguez-Takeuchi and Imai 2013). Besides, it has been also shown, for instance, in Brazil by Ferreira et al. (2013) that it is the middle-income group that suffered more welfare losses due to the 2008 food price rise.

Thus, context-specific studies are needed to investigate the impact of rising food price on consumer welfare, taking into account specific socio-demographic factors and then design appropriate policies. Indeed, the remaining question that has not been totally solved in the literature deals with the type of policies that better targets poor people. Is a policy targeting food products a better option than a policy targeting specific populations to reduce the impact of food price rises on consumer welfare and especially on poor populations located either in urban or rural areas in SSA? This study tries to answer this question by evaluating the impact of price rises on consumer welfare and by differentiating effects by food products, location, and poverty status of consumers using Cameroonian case study. As many others SSA countries, Cameroon experienced a price hike of main stable foods. Between 2005 and 2007, prices increased by 41.5% for cereals, 103% for chicken, 44.5% for beef, and 30% for fish, 72% for a liter of palm oil (Medou 2008).

## Method

In the microeconomic theory, the impact of price changes on consumer welfare is generally analyzed by either the consumer surplus framework or the compensating variation (CV) methodology. However, the use of the consumer surplus as a measure of economic welfare is not subject of consensus in the literature. The analysis of the impact of a change in food prices on household welfare based on the compensating variation framework introduced by Deaton (1989) is most often used. The compensating variation is defined as the amount of money required to compensate a household for a change in prices aiming to restore the pre-change utility level.

One major issue in such an analysis is to estimate price elasticities, for so doing, Quadratic Almost Ideal Demand System (QUAIDS) model by Banks et al. (1997) will be used to analyze demand taking into account the quadratic form of consumer preferences.

Besides we will include socio-demographic effects since they can affect household demand and expenditure allocation. Using Ray (1983) "demographic scaling" method, effects of a change in demographic variables will be modeled in a similar way as effects of a change in prices (Poi 2012; Pollak and Wales 1992).

Data used are from the household consumption survey, conducted in 2007 by the National Institute of Statistics in Cameroon. The survey was nationally representative and includes variables

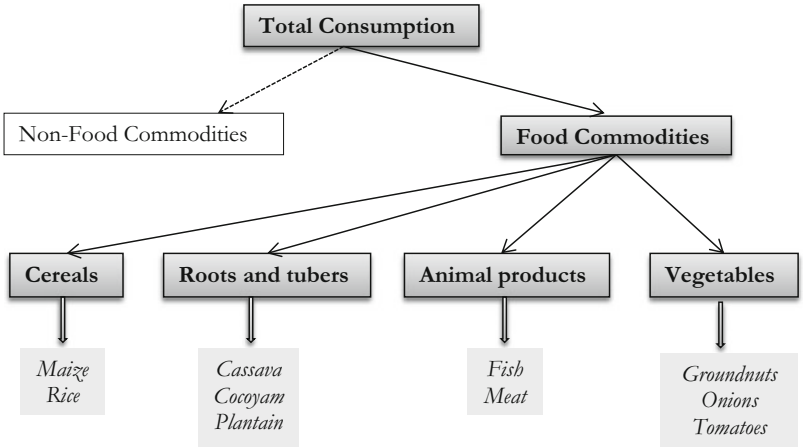


**Managing the Impact of Food Price Rise in Sub-Saharan Africa, Fig. 1** A three-stage allocation of total consumption. (Source: Adapted from Béké 2013)

on household expenditures, demographics, and economic activities.

Following the composition of most Cameroonian household's food basket, we aggregate food commodities into four groups: cereals, roots and tubers, animal products, and vegetables (Fig. 1).

The two demographic variables introduced into the QUAIDS model are the location of households, namely, urban or rural, and their poverty status.

## Results and Discussion

### Description of Household Food Expenditure Patterns in Cameroon

At the sample level, roots and tubers constitute the largest share of household total food expenditure, followed by animal products and cereals. The food expenditure share for animal products is higher in urban areas and for nonpoor populations, while it is that for cereals that is higher in rural areas and for the poor. This reflects the fact that maize and rice are also staple goods for most poor households. Finally, the expenditure share for vegetables is relatively low whatever the location or the poverty status.

Food expenditure elasticities show that cereals, roots and tubers, and vegetables are normal goods, with elasticities between 0 and 1. On the other hand, animal products, with an expenditure elasticity higher than 1, are luxury goods. Similar results were found by Béké (2013) for the Republic of Côte d'Ivoire. Thus, an increase of 1% in income leads to an increase of 1.19% in demand for animal products, 0.99% for roots and tubers, 0.92% for cereals, and 0.71% for vegetables. While the demand for animal products and vegetables is highly changed after an increase in income, the demand for roots and tubers as well as for cereals appears to be less sensitive to such a change.

Own-price elasticities point out an inelastic demand for all commodity groups; all elasticities are below unity. Except for vegetables and animal products in rural areas, all commodity groups have positive signs for cross-price elasticities, as expected for substitutable products. On the other hand, animal products and vegetables are complementary goods in rural areas; an increase in the consumption of fish and meat also increases the consumption of vegetables. It is also highlights that cereals and roots and tubers are substitute of animal products and vegetables in both rural and urban areas.

### The Impact of Food Price Rises on Consumer Welfare in Cameroon

We simulated a price increase in each commodity group of 10% and 40% both in the short- and long-term. Indeed, an analysis of food price variations in 2008 showed that prices increased within a range of 10% for fruits and vegetables and 40% for cereals, including imported ones such as rice and maize (Medou 2008).

Results show that the impact of an increase in cereal prices of 10% has almost the same effect at

short and long term on the welfare of Cameroonian consumers. The CV is evaluated between 2.6% and 2.7% of their initial food expenditure. On the other hand, an increase of 40% of the price of cereals has a stronger impact on consumer welfare with a CV that is between 10.4% and 12.3% of their initial food expenditure. The impact on the welfare of Cameroonian consumers of an increase in the price of roots and tubers is the highest of the four commodity groups with a range between 3.3% and 3.4% for an increase in prices of 10% and between 13.5% and 15.3% for an increase in prices of 40%, highlighting the importance of this group of commodities in the daily consumption of households in Cameroon. Regarding animal products, the effect is within the same range as that observed for cereals. At the sample level, the amount of money necessary for compensating welfare losses is between 2.8% and 12.8% depending on the intensity of the price rise and the possibility for consumer to adjust or not their consumption basket after the price increase. Otherwise, the effect of an increase in vegetable prices on Cameroonian consumer welfare is the lowest of all groups of commodities with a value of 1.3% for an increase in prices of 10% and a range between 5.2% and 5.8% for an increase in prices of 40%.

Besides, poor households whatever their location are affected by an increase in the price of cereals and roots and tubers. Furthermore, the welfare of rural households whatever their poverty status is highly affected by an increase in the price of roots and tubers. Similar results were found by Ackah and Appleton (2007) and Leyaro et al. (2010). An increase in the price of animal products mostly affects nonpoor households in both urban and rural areas. This is in line with the fact that those households spend more of their total food budget on animal products, the latter being a luxury good.

## Summary of Main Findings and Policy Recommendations

The results showed that the demand for food commodities in Cameroon is price sensitive. A positive relationship between price rises and household welfare losses is also observed. However, the impact depends on the intensity of the price change; the highest the price increase is, the highest the impact also is. Besides, welfare effects in the long-term are greater than in the short-term, but only for high price rises. Moreover, results highlighted different welfare losses depending on the geographical location and poverty status of the household. The highest welfare loss results from an increase in the price of roots and tubers. Poor and nonpoor households irrespective to their location are similarly affected by an increase in the price of roots and tubers. Additionally, the urban and rural non poor are also affected by an increase in the price of animal products, while rural consumers whatever their poverty status as well as the urban poor are the most affected by an increase in the price of cereals. Even though, the impact of an increase in cereal prices has a higher effect on the welfare of poor households, it is the urban poor rather than the rural poor that are the most affected. For animal products, urban nonpoor are more worse off, while an increase in the price of vegetables has the smallest effect on the welfare of consumers whatever their location or their poverty status. Thus, both product-targeting policies especially on roots and tubers and policies aiming to increase poor households' revenues would be of interest to increase food availability and access for poor households.

Regarding recommendations to policy-makers, our results showed that a product- and a population-targeting policies should be developed and implemented in order to manage the impact of food price rises on Cameroonian consumer welfare. In order to fight against poverty and hunger and to prevent the effects of price hikes on in SSA countries as Cameroon, the primary type of support concerns increasing the production of roots and tubers, since it clearly appears as the most important component of the daily consumption of all Cameroonian households. Thus, it is clear that a product-targeting policy is really important to reduce the impact of food price rises on consumer welfare. The second type of results concerns populations the most affected by rises in the price of roots and tubers. There are the poor ones, and especially the rural poor. While those most affected by increases in cereal prices are the

urban poor. Thus, the second food product to target to reach out poor population in Cameroon either in rural or urban areas should be cereals. Facilitating access to these two groups of commodities is really important as poor populations are dependent on their production or imports for their livelihood. Therefore, a population-targeting policy has also to be considered to fight hunger and avoid new food riots.

## Conclusion

To conclude, this study was useful to point out really important elements regarding the design of policies fighting against poverty and hunger in developing countries. Indeed, without a comprehensive understanding of which category of households is affected by changes in food prices and how sensitive they are to such changes, it may be difficult for policy-makers to implement efficient policies. Similar studies for other developing countries are of importance, even though data collection remains a major issue.

## Cross-References

► Developed Welfare
► Global Poverty and Inequality

## References

Ackah C, Appleton S (2007) Food price changes and consumer welfare in Ghana in the 1990s, CREDIT research paper 07/03. University of Nottingham, Centre for Research in Economic Development and International Trade, Nottingham

Arndt C, Hussain MA, Salvucci V, Østerdal LP (2016) Effects of food price shocks on child malnutrition: the Mozambican experience 2008/2009. Econ Hum Biol 22:1–13

Banks J, Blundell R, Lewbel A (1997) Quadratic engle curves and consumer demand. Rev Econ Stat 79(4):527–539

Béké TE (2013) Analysis of substitutions in demand for food crops in Ivory Coast. Paper presented at the African Economic Research Consortium biannual, Nairobi

De Janvry A, Sadoulet E (2010) The global food crisis and Guatemala: what crisis and for whom? World Dev 38(9):1328–1339

Deaton A (1989) Rice prices and income distribution in Thailand: a non-parametric analysis. Econ J 99(Suppl 395):1–37

Ferreira FHG, Fruttero A, Leite P, Lucchetti L (2013) Rising food prices and household welfare: evidence from Brazil in 2008. J Agric Econ 64(1):151–176

Leyaro V, Morrissey O, Owens T (2010) Food prices, tax reforms and consumer welfare in Tanzania 1991–2007. Int Tax Public Financ 17(4):430–450

Medou JC (2008) Evaluation de l'impact de la flambée des prix des denrées alimentaires sur les ménages dans les milieux urbains camerounais. United Nations World Food Programme, Yaoundé

Poi BP (2012) Easy demand-system estimation with QUAIDS. Stata J 12(3):433–446

Pollak RA, Wales TJ (1992) Demand system specification and estimation. Oxford University Press, New York

Ray R (1983) Measuring the cost of children: an alternative approach. J Public Econ 22:89–102

Rodriguez-Takeuchi L, Imai KS (2013) Food price surges and poverty in urban Colombia: new evidence from household survey data. Food Policy 43:227–236

Tafere K, Taffesse SA, Tamru S, Tefera N, Zelekawork P (2010) Food demand elasticities in Ethiopia: estimates using household income consumption expenditure (HICE) survey data, Ethiopia strategy support program II working paper 011. IFPRI, Addis Ababa

M

# Managing Workforce Diversity Through Human Resource Management

Shah Md Azimul Ehsan
Department of Public Administration, Faculty of Social Sciences, Jagannath University, Dhaka, Bangladesh

## Synonyms

Diversity; Diversity management; Heterogeneity in organizations; Managing diversity

## Definition

**HRM** is concerned with all aspects of how people are employed and managed in organizations (Armstrong 2017).

**Diversity** refers to the state of being different (Mousa 2019). Workforce diversity refers to the differences and the similarities among employees

in terms of race, cultural background, nationality, religion, age, sexual orientation, physical abilities, disabilities, etc. (Saxena 2014).

## Introduction

Workforce diversity acknowledges the fact that people, in reality, differ in various visible and invisible dimensions. Some of the most common types of diversities seen at the workplace are based on gender, ethnicity, age-group, physical attributes, culture, sexual orientation, religion, nationality, language, color, social status, marital status, physical disability, and personality (Kossek et al. 2005; Shen et al. 2009). In recent times, workforce diversity has become a much talked about topic in the human resource management (HRM) domain. This is because its trajectory has been on the rise for the last few decades. In most global corporations, a cross-cultural or multicultural workforce has become a common phenomenon (Joplin and Daus 1997; Shen et al. 2009). According to Shen, D'Netto, and Tang (2010), globalization and enhanced internationalization have been two predominant underlying reasons that have contributed to diversity in the workforce, particularly in the Western economies. On one hand, the duo factors have facilitated the cross-border trade and expansion of businesses; while on the other hand, they have resulted in a high influx of international migration. However, not all cross-border migrations are induced by pull factors. Rather, the growing political tensions across the globe, specifically in the Middle East, have pushed many in search of safer homes. In fact, the last decade has seen a surge in the refugee crisis globally. All these factors have led to a change in the socioeconomic trends and demographics composition of the increasing workforce in both the developed and the transitional economies (Hunt et al. 2015).

Considering the fact that workforce diversity has increased quite dramatically, there is a plethora of literature, for instance, Wilson and Iles (1999), Richard (2000), Bassett-Jones (2005), and Childs (2005) that argues that this diverse workforce can turn out into a blessing and a key to sustained competitive advantage for the organizations. This is because a diverse workforce provides better quality and innovative superior solutions to organizational problems than the homogenous groups; which can ultimately lead to organizational efficiency, effectiveness, and profitability. However, there is another stream of literature (Williams and O'Reilly 1998; Bowers et al. 2000; Webber and Donahue 2001; Van Knippenberg and Schippers 2007; Roberge and Van Dick 2010), which has been skeptical regarding such optimistic claims made in the preceding literature. Their argument stems from the fact that workforce diversity can often be a nightmare for organizations as it decreases group cohesiveness within the organization that gives rise to conflict. Again, it can also lead to counterproductive work behavior like discrimination, derogation, and ostracism. Moreover, these literatures also argue that there is no direct causal relationship between workforce diversity and organizational performance. Therefore, it implies that workforce diversity has both advantages and disadvantages. The ornamental existence of diversity in the organization's workforce will not yield positive results; rather it is something that has to be managed with effectiveness (Agocs and Burr 1996; Liff and Wajcman 1996; Storey 1999; Thomas 1990; Shen et al. 2009). In fact, effective diversity management facilitates in reducing turnover, absenteeism, and attracting the best candidates (Cox and Blake 1991; Richard 2000). A number of studies suggest that in case of managing workforce diversity, HRM can play an instrumental role. This is because HRM can ensure both equality as well as the effective use of diversity (Konrad and Linnehan 1995; Truss et al. 1997; Goodman et al. 2003; Shen et al. 2009; D'Netto et al. 2014).

On this backdrop, the specific objective of this entry is to critically discuss and highlight the role of HRM in managing diversity in the workplace. Having set the context in the introductory part, the next section critically discusses how the idea of managing diversity and equal opportunity differs from one another. The following section sheds light on both the benefits and the limitations of diversity in organizations from a critical lens. The subsequent section puts some critical insights on

how organizations can gain higher returns from workforce diversity using human resource functional areas.

## Equal Opportunity and Diversity Management: Are They Identical?

There are two main approaches to dealing with diversity issues in organizations. One is "equal opportunity" while the other is "diversity management." Managing diversity has its roots in the 1960s civil rights movements in the USA, which were based on liberal political philosophy (Webb 1997). It sparked the demand for an equal employment opportunity. The idea was to end all sorts of discrimination that prevented the entrance of diverse people into the organizations through legal enactments like Equal Employment Opportunity (EEO) and AA (Affirmative Action), which would ultimately lead to the achievement of bias-free-recruitment (Cox and Blake 1991). According to Kandola and Fullerton (1994) and Gordon (1995), equal opportunity starts externally and is primarily driven by the enforcement of legislation that compels organizations to comply with the law in promoting diversity and bringing discrimination to an end. This approach of equal opportunity, which is predominantly based on categorical morality, has become a universal norm. In fact, organizations across the globe, and even constitutions of different countries, have a succinct declaration on EEO and AA.

However, critics of equal opportunity claim that although it might prove to be beneficial in the short run, it will create more problems for the organizations in the long run. Moreover, it has also been criticized for its circumscribed focus, i.e., mere reliance on external legislation in fixing the diversity issues. Besides, Shen et al. (2009), Ng and Wyrick (2011), and Hunt, Layton, and Prince (2015) argue that despite the EEO and AA, integration of women and racial minorities has yet not been successfully done into the workplace. Therefore, it implies that to manage diversity, such an approach is needed, which will be holistic in nature. Diversity management is such a type of panacea that has been termed by Thompson (1997) as an alternative approach to traditional EEO and AA policies and practices. Unlike equal opportunity, diversity management views diverse workforce from a positive perspective (Maxwell et al. 2001). It is guided by the philosophy of consequential morality, i.e., driven by a business case. In other words, diversity management not only recognizes the fact that individuals are different but also values and harnesses that culture of inclusion in organizational practices (Gordon 1995). Because of such an organizational environment, the diverse workforces feel much valued that further enhance their level of satisfaction. This is reflected through their dedicated contribution toward the achievement of organizational goals (Kandola and Fullerton 1994). In terms of scope, Kossek et al. (2005) rightly pointed out that diversity management covers a much broader arena than EEO and AA. Thus, it suffices to say that equal opportunity starting externally through legislation treats only the symptoms of diversity issues. Conversely, diversity management starting internally provides a comprehensive prescription of how to deal with diversity and manage it with sheer effectiveness.



## Benefits and Limitations of Diversity in Organizations

As discussed earlier, diversity in organizations can lead to both positive as well as negative outcomes. From this angle, it can be perceived as a "double-edged sword" (Milliken and Martins 1996). A recent study by McKinsey found that ethnically diverse and gender diverse companies are most likely to outperform their competitors by 35% and 15%, respectively. The study also states that a workforce that is diverse in terms of ethnicity and gender provide organizations more tools for "*problem-solving, broader thinking and better solutions*" (Hunt et al. 2015: 12). These findings align with the more recent "The Great British Diversity Experiment" (Amway 2018), as well as the earlier studies (Wright et al. 1995; Bassett-Jones 2005; Childs 2005; Richard 2000; Wilson and Iles 1999). All these studies argue that when organizations have a diverse workforce, they have

a hub of employees who are not only different, coming from various backgrounds; but also have a distinct way of viewing the problems. As a matter of fact, when these heterogeneous minds thrive to get a solution for organizational problems, their contrastive perspectives facilitate to come up with much creative and innovative solutions than homogenous minds. Consequently, this provides organizations with a sustained competitive advantage and higher returns. Again, when organizations have a multicultural diverse workforce, it helps to improve the corporate image. This further aids in the expansion of the businesses in untapped markets (Kandola 1995).

However, as mentioned earlier, diversity can also lead to several undesirable consequences in the organizations like communication breakdown, low cohesion, employee dissatisfaction due to discrimination, prejudice, and bias, which further result in high turnover (Milliken and Martins 1996; Williams and O'Reilly 1998). This happens mostly when organizations try to deal with diversity only through EEO and AA. An organization might recruit ethnically diverse members for the sake of compliance with the legislative requirements. Nonetheless, if the organization lacks a congenial environment that promotes a culture of inclusion, then they have to face a series of obstacles in case of availing training opportunities, getting a promotion, and fair pay. When they realize that they cannot progress forward because of the "glass ceilings"; they get suffocated with such a tokenistic scheme and prefer to take the exit option. Moreover, authors of social categorization theory (Tajfel 1981) and social identity theory (Turner 1987) argue that diversity often provokes distinction among groups leading to organizational conflict. All these collectively can have a negative implication on the overall organizational performance (Sacco and Schmitt 2003).

## Role of HRM in Managing Diversity

Diversity has indeed got its limitations; nonetheless, it is not something that is beyond manageable. Several studies, for instance, Agocs and Burr (1996), Liff and Wajcman (1996), Storey (1999), and Truss et al. (1997) suggest that most of these diversity-related challenges can be resolved through effective HR diversity management. In fact, Shen et al. (2009) have put forward a comprehensive framework (as shown in Fig. 1) that advocates for managing diversity from three dimensions, viz., strategic, tactical, and operational levels.

Shen et al. (2009) rightly noted that undoubtedly HR diversity management can address diversity issues; however, if there is a lack of such commitment at the top level of organizations, then there will be broad daylight between expectations and reality. In other words, at the strategic level, a pro-diversity mindset is a prerequisite for top-level leadership. They have to acknowledge the fact that diversity can be an instrumental factor for organizational success. Nonetheless, only having such realization is not enough. Rather, organizational vision, mission, and business strategy should give a reflection of those commitments. If there is a dearth of such commitment within the existing organizational culture, then there is a subsequent requirement of bringing cultural change that would foster an atmosphere of mutual respect (Shen et al. 2009). Moreover, if the upper echelons in organizations lack such mindset and intent, as per the findings of "The Great British Diversity Experiment," it will be worthwhile to replace them with new ones (Amway 2018). All these will facilitate in removing both the operational and the psychological barriers in managing diversity (Shen et al. 2009).

To materialize what has been laid down in the organizational vision and mission, organizations should formulate and formalize a series of HRM diversity policies (Reskin and McBrier 2000) at the tactical level. These have been discussed below.

(i) **Recruitment and Selection**

As recruitment and selection is the gateway into the organization, organizations must ensure EEO for everyone that will not only put everyone on an equal footing but also end the chances of discrimination. Most organizations, for instance, IBM, Xerox, and J. C. Penny adhere to the principle of EEO (Ted 2005). While Coca Cola has ensured

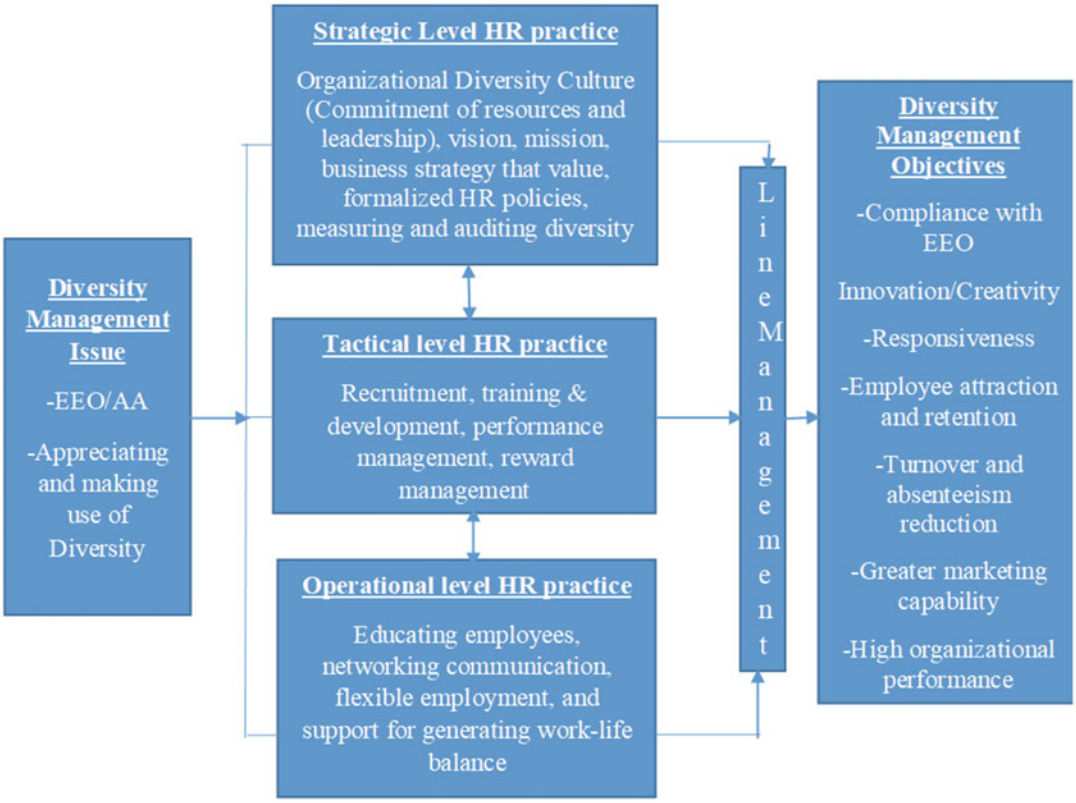


**Managing Workforce Diversity Through Human Resource Management, Fig. 1** Managing diversity through HRM. (Adopted from Shen et al. (2009: 245))

that 38% of their new hires are diverse (Hunt et al. 2015). To ensure that diverse people get recruited, scholars like Perlman (1992), Kramar (1998), Allen et al. (2004), and Childs (2005) have advocated few other strategies, such as demographic data analysis and representation of ethnic employees on selection panels. Walmart has put the strategy of demographic data analysis into practice. It conducts such analysis for comprehending the demography of the country in which it operates. Moreover, it has encouraged its subsidiaries in each country to create their own diversity and inclusion plan that would reflect the local needs (Hunt et al. 2015). Again, the Ford Foundation study revealed that, as they hired more minority and female board members in selection panels, it resulted in greater diversity in recruitment (Burbridge et al. 2002). Moreover, interviewers while interviewing a candidate of different color or religion or sex should be extra careful of any sort of biases, prejudice, and stereotyping that might make thinner their chances of being recruited (Shen et al. 2009). Scholars like Cole (2002) also suggested that during screening potential candidates, it is advisable to cross-examine their attitudes and perception toward diversity. If this is not done adequately, then intolerant people might get into the organization with the probable risk of making the organizational environment toxic and less conducive toward managing diversity.

(ii) **Training and Development**

In case of managing diversity-related issues, effective diversity training, according to D'Netto and Sohal (1999) cover three

fundamental areas. First, it ensures equal opportunity for training and development for all the employees; second, it emphasizes diversity training to enhance diversity-related awareness; and third, it focuses on meeting the needs of diverse employees. Diversity training can prove to be extremely beneficial as it will help to inculcate the value of diversity among employees. Morrison, Ruderman, and Hughes (1993) and Kossek and Lobel (1996) argue that it can sensitize employees regarding the impact of stereotypes on their own or others' behavior. However, Shen et al. (2009) rightly noted that returns from diversity training will depend on two factors, first, the content of training, and second, who is delivering it. In other words, diversity training should be so designed such that it has the elements of socio-psychological research on stereotyping and linkages on how to reduce prejudice. While Kossek et al. (2005) opined that diversity training if conducted through facilitators will yield better results, along with diversity training, it's important to provide customized training to a diverse workforce as per their needs. More specifically, organizations should have such a career progression plan for this diverse workforce, so that they can avail necessary training opportunities, grow professionally, and get prepared to take more challenging roles. Few scholars have suggested the incorporation of mentoring programs that will work as a springboard for the diverse workforce to go past the "glass ceilings" (Powell and Butterfield 1994; Ragins 2002). Coca-Cola has been successfully adopting mentoring programs to support the progression and retention of employees from minority backgrounds (Hunt et al. 2015). Finally, to ensure that the diverse workforce is not discriminated against during promotion or career advancement programs, Cox (2001) suggests that those panels should be constituted with a representation of diverse board members.

(iii) **Performance Management**

In order to address the diversity issues, a performance management system should be designed in such a way so that performance appraisal practices are objective (instead of being subjective), fair, and equitable (Schuler et al. 1993). Arguing on the same vein, Fulkerson and Schuler (1992) stated that the appraisal mechanism should not focus on personality or demographic differences; rather it should aim to measure an individual's performance. In other words, they advocated that organizations should make their appraisal system as culturally neutral as possible. While D'Netto and Sohal (1999) opined that inclusion of multicultural managers in the appraisal platforms can greatly help in ensuring objective performance appraisal. Scholars like Loden and Rosener (1991), Morrison (1992), and Schreiber et al. (1993) have also suggested that organizations should provide constructive feedback and must ensure continuous supporting mechanisms in the form of coaching. This will assist the diverse employees to further develop and get themselves well equipped. Organizations can also consider the option of using "diversity management" as a benchmark for evaluating the performance of the managers. More specifically, the upper echelons would evaluate the manager's role in diversity management during the hiring or promoting diverse people into the organizational workforce (Morrison 1992; Sessa 1992; Kramar 1998).

(iv) **Reward Management**

An effective reward management system based on the principles of equal pay and performance-based pay can go a long way in managing the diversity issues as well as attracting and retaining diverse workforces (Shen et al. 2009; D'Netto et al. 2014). In other words, organizations should not discriminate on pay packages of the employees depending on their gender, race, color, religion, nationality, or any other differences, as the earlier studies have found. Rather, they should design the entire compensation system, wage determinants, and benefits in such a way that will reward the contribution of diverse employees equitably, i.e., taking into

consideration of each individual's knowledge, skills, and ability (Brickson 2000; D'Netto et al. 2014). Such a reward system will create harmony among the diverse workforce. Moreover, for developing a cooperative culture and team membership among this diverse workforce, organizations should also emphasize team goals and a collective reward system (Chatman et al. 1998).

Finally, at the operational level, for managing diversity, organizations need to put some additional efforts as suggested by Shen et al. (2009). These include educating employees beyond formal training programs, networking communication, ensuring flexible employment, and providing support for generating work–life balance. Moreover, at all levels, be it strategic, tactical, or operational, line managers should be involved as a fundamental component of HR diversity management (Shen et al. 2009).

## Conclusion

Diversity in the workforce has become an inevitable reality these days. The Great British Diversity Experiment rightly termed diversity as the "New Darwinism." Therefore, as it is to stay and "survival for the fittest" is the way to go, organizations cannot but embrace diversity. Having said that, embracing diversity might not be a straightforward task for organizations. This is because diversity has got both the pros and cons. There is no doubt that diversity can prove to be a game-changer for organizational success; however, if not managed effectively, it can lead to organizational conflict, employee dissatisfaction, absenteeism, and high turnover. The traditional way of dealing with diversity was limited to EEO and AA. However, this entry agrees with the proposition of Shen et al. (2009) and the findings of the Great British Diversity Experiment that the approach of EEO or AA in managing diversity issues is rather a superficial one. On that account, to deal with diversity issues comprehensively, diversity management through HRM can be a perfect antidote. Nonetheless, this prescription will only work provided the upper echelons of the organizations have a pro-diversity mindset that recognizes workforce diversity as a critical factor for business success. Once that commitment is achieved at the strategic level, the reflection of that philosophy will be mirrored both at the tactical and operational levels, i.e., organizational vision, mission, business strategy, and the HRM policies.

## Cross-References

▶ Diversity and Its Management in Organizations
▶ Diversity in Organizations

## References

Agocs C, Burr C (1996) Employment equity, affirmative actions and managing diversity: assessing the differences. Int J Manpow 17(4/5):30–45

Allen RS, Dawson GA, Wheatley KK, White CS (2004) Diversity practices: learning responses for modern organizations. Dev Learn Organ 18(6):13–15

Amway (2018) Top 5 findings of the Great British Diversity Experiment. Big Think [online]. Retrieved from https://bigthink.com/amway/the-top-5-findings-of-the-great-british-diversity-experiment

Armstrong M (2017) Armstrong's handbook of human resource management practice. Kogan Page, New York

Bassett-Jones N (2005) The paradox of diversity management, creativity and innovation. Creat Innov Manag 14: 169–175

Bowers CA, Pharmer JA, Salas E (2000) When member homogeneity is needed in work teams. A meta-analysis. Small Group Res 31:305–327

Brickson S (2000) The impact of identity orientation on individual and organizational outcomes in demographically diverse settings. Acad Manag Rev 25:82–101

Burbridge L, Diaz W, Odendahl T, Shaw A (2002) The meaning and impact of board and staff diversity in the philanthropic field, joint affinity groups, San Francisco [online]. Retrieved from http://wings.issuelab.org/resources/13876/13876.pdf

Chatman JA, Polzer JT, Barsade SG (1998) Being different yet feeling similar: the influence of demographic composition and organizational culture on work processes and outcomes. Adm Sci Q 43:749–780

Childs JT (2005) Managing workforce diversity at IBM: a global HR topic that has arrived. Hum Resour Manag 44:73–77

Cole Y (2002) Corporate reputation matters. DiversityInc 2:58–62

Cox T (2001) Creating the multicultural organization. Jossey-Bass, San Francisco

Cox T, Blake S (1991) Managing cultural diversity: implications for organizational competitiveness. Acad Manag Exec 5(3):45–56

D'Netto B, Sohal AS (1999) Human resource practices and workforce diversity: an empirical assessment. Int J Manpow 20:530–547

D'Netto B, Shen J, Chelliah J, Monga M (2014) Human resource diversity management practices in the Australian manufacturing sector. Int J Hum Resour Manag 25(9):1243–1266

Fulkerson JR, Schuler RS (1992) Managing worldwide diversity at Pepsi-Cola International. In: Jackson SE (ed) Diversity in the workplace: human resources initiatives. Guilford Press, New York, pp 248–276

Goodman J, Fields D, Blum T (2003) Cracks in the glass ceiling: in what kind of organizations do women make it to the top? Group Org Manag 28:475–501

Gordon J (1995) Different from what? Diversity as a performance issue. Training 32(5):25–33

Hunt V, Layton D, Prince S (2015) Diversity matters. McKinsey Q 1(1):15–29

Joplin JRW, Daus CS (1997) Challenges of leading a diverse workforce. Acad Manag Exec 11(3):32–48

Kandola R (1995) Managing diversity: new broom or old hat? Int Rev Ind Organ Psychol 10:131–168

Kandola R, Fullerton J (1994) Managing the mosaic. CIPD, London

Konrad A, Linnehan F (1995) Formalized human resource management structures: coordinating equal opportunity or concealing organizational practices. Acad Manag J 38:787–820

Kossek EE, Lobel SA (1996) Managing diversity: human resource strategies for transforming the workplace. Blackwell, Oxford, UK

Kossek EE, Lobel SA, Brown AJ (2005) Human resource strategies to manage workforce diversity. In: Konrad AM, Prasad P, Pringle JM (eds) Handbook of workplace diversity. Sage, Thousand Oaks, pp 54–74

Kramar R (1998) Flexibility in Australia: implications for employees and managers. Empl Relat 20(5):453–460

Liff S, Wajcman J (1996) "Sameness" and "difference" revisited: which way forward for equal opportunity initiatives? J Manag Stud 33(1):79–94

Loden M, Rosener JB (1991) Workforce America! Managing employee diversity as a vital resource. Irwin, Burr Ridge

Maxwell GA, Blair S, McDougall M (2001) Edging towards managing diversity in practice. Empl Relat 23(5):468–482

Milliken FJ, Martins LL (1996) Searching for common threads: understanding the multiple effects of diversity in organizational groups. Acad Manag Rev 21: 402–433

Morrison A (1992) The new leaders: guidelines on leadership diversity in America. Jossey-Bass, San Francisco

Morrison A, Ruderman M, Hughes JM (1993) Making diversity happen: controversies and solutions. Center for Creative Leadership, Greensboro

Mousa M (2019) Organizational inclusion, responsible leadership and physicians' psychological contract: a study from Egypt. Equal Divers Incl 39(2):126–144

Ng ES, Wyrick CR (2011) Motivational bases for managing diversity: a model of leadership commitment. Hum Resour Manag Rev 21(4):368–376

Perlman L (1992) Turning diversity into opportunity. Paper presented at Conference Board Report 75th anniversary symposia series in diversity's strength: capitalizing on the new workforce. Conference Board, New York, pp 15–16

Powell GN, Butterfield DA (1994) Investigating the "glass ceiling" phenomenon: an empirical study of actual promotions to top management. Acad Manag J 37(1): 68–86

Ragins BR (2002) Understanding diversified mentoring relationships: definitions, challenges and strategies. In: Clutterbuck D, Ragins B (eds) Mentoring and diversity: an international perspective. Butterworth-Heinemann, Oxford, UK, pp 23–53

Reskin B, McBrier D (2000) Why not ascription? Organizations' employment of male and female managers. Am Sociol Rev 65(2):210–233

Richard OC (2000) Racial diversity, business strategy, and firm performance: a resource-based view. Acad Manag J 43:164–177

Roberge MÉ, Van Dick R (2010) Recognizing the benefits of diversity: when and how does diversity increase group performance? Hum Resour Manag Rev 20(4): 295–308

Sacco JM, Schmitt NW (2003) The relationship between demographic diversity and profitability: a longitudinal study. Paper presented at 18th annual conference of the Society for Industrial and Organizational Psychology, Orlando

Saxena A (2014) Workforce diversity: a key to improve productivity. Proc Econ Financ 11:76–85

Schreiber CT, Price KF, Morrison A (1993) Workplace diversity and the glass ceiling: practices, barriers, possibilities. Hum Resour Plan 16:51–69

Schuler RS, Dowling PJ, DeCieri H (1993) An integrative framework of strategic international human resource management. Int J Hum Resour Manag 5:717–764

Sessa VI (1992) Managing diversity at the Xerox Corporation: balanced work force goals and caucus groups. In: Jackson SE (ed) Diversity in the workplace. The Guilford, New York, pp 37–64

Shen J, Chanda A, D'Netto B, Monga M (2009) Managing diversity through human resource: an international perspective and conceptual framework. Int J Hum Resour Manag 20:235–251

Shen J, D'Netto B, Tang J (2010) Effects of HR diversity management on OCB in China. Int J Hum Resour Manag 21:2152–2168

Storey J (1999) Equal opportunities in retrospect and prospect. Hum Resour Manag J 9(1):5–8

Tajfel H (1981) Human groups and social categories. Cambridge University Press, Cambridge, UK

Ted JT (2005) Diversity at IBM, global workforce diversity. Hum Resour Manag 44(1):73–77

Thomas RJ (1990) From affirmative action to affirmative diversity. Harv Bus Rev 68(2):107–117

Thompson N (1997) Anti discriminatory practice. Macmillan, Basingstoke

Truss C, Gratton L, Hope-Hailey V, McGovern P, Stiles P (1997) Soft and hard models of human resource management: a reappraisal. J Manag Stud 34:53–73
Turner JC (1987) Rediscovering the social group: a self-categorization theory. Basil Blackwell, Oxford, UK
Van Knippenberg D, Schippers MC (2007) Work group diversity. Annu Rev Psychol 58:515–541
Webb J (1997) The politics of equal opportunity. Gend Work Organ 4(3):159–169
Webber SS, Donahue LM (2001) Impact of highly and less job-related diversity on work group cohesion and performance: a meta-analysis. J Manag 27:141–162
Williams KY, O'Reilly CA (1998) Demography and diversity in organizations: a review of 40 years of research. Res Organ Behav 20:77–140
Wilson EM, Iles PA (1999) Managing diversity – an employment and service delivery challenge. Int J Public Sect Manag 12(1):27–49
Wright P, Ferris SP, Hiller JS, Kroll M (1995) Competitiveness through management of diversity: Effects on stock price valuation. Acad Manag J 38(1):272–287

# Marketing in Nonprofit Organizations

Barry D. Friedman
University of North Georgia, Dahlonega, GA, USA

## Synonyms

Customer orientation

## Definition

Marketing: a managerial function whose purpose is to cause the organization to offer to the marketplace products and services that satisfy consumers' needs.

## Introduction

Marketing is a managerial function whose purpose is to cause the organization to offer to the marketplace products and services that satisfy consumers' needs. The modern marketing concept has succeeded an earlier management mindset that assumed that an enterprise would be successful if it would improve on product design (as in the aspiration of "building a better mousetrap") or enhance its skill of selling to otherwise reluctant customers. Management expert Peter Drucker popularized the concept that an organization's success would be best served if it would explore and identify the public's needs and wants and then provide gratification to the public by delivering products and services that satiate its desires.

Many business firms adopted the marketing orientation, especially as they observed enterprises like McDonald's restaurants and Microsoft earn spectacular profits by satisfying the public's need for the intangible benefits of convenience, simplicity of use, and time-saving efficiency. That fast-food restaurants were offering less flavorful meals and expecting customers in effect to wait on themselves proved to be entirely beside the point. Soaring profits and recurring stock splits caught the attention of entrepreneurs around the world.

Meanwhile, managers of nonprofit institutions disregarded the example of market-oriented business firms, assuming that practices that generated impressive profits were inapplicable to organizations that have no profit-seeking owners. In 1969, marketing experts Philip Kotler and Sidney J. Levy proposed that marketing is an inevitable function of nonprofit management, and the first nonprofit-marketing textbooks emerged in the early 1980s. The effort to persuade nonprofit managers to focus on customer-oriented marketing has met significant resistance, especially as such managers have mistaken marketing for aggressive salesmanship or cutthroat competitiveness.

## Application to the Nonprofit Sector

In the commercial marketplace, sellers and buyers make countless decisions about whether to enter into transactions with each other. Most commonly, cash changes hands and, as the seller and buyer conclude the exchange, each considers herself better off than she was before the transaction. These exchanges are based on satisfying each party's desire to serve her self-interest. The marketing approach is naturally compatible with this

marketplace pattern of participants acting in their self-interest.

Transactions in the nonprofit sector tend to be more complex. For example, a charity soliciting a donation from a donor has the challenge of asking the donor to make a sacrifice, which is essentially the payment of money in exchange for nothing of tangible value. A charity may also solicit unpaid labor from willing individuals, such that the volunteers donate their time and effort in exchange for no compensation. At first blush, most nonprofit managers concluded that the concept of marketing offered nothing to help them attract the resources that they needed to be successful.

Proponents of nonprofit marketing have responded by challenging the notion that donors, volunteers, or other participants in nonprofit-sector transactions would act in a manner that is *contrary* to self-interest. Self-destructive behavior would be irrational. Marketing proponents suggested that an evaluation of the motivations of people and organizations that cooperate with nonprofit institutions is warranted. Identifications of such motivations would be useful in determining how to appeal to the people who have needs that nonprofit-sector transactions satisfy.

## Theory of Marketing

The theory of marketing is founded on the assumption that the authoritative experts about what will make potential customers happy are the customers themselves. Organizations that supply goods and services have a long history of thinking that they know what the public wants more than the public does. This thinking is at least as prevalent in the nonprofit sector as it is in the for-profit sector. Proponents of marketing assert that organizations err when they neglect to do research about the behaviors and interests of potential customers and clients.

An organization, through aggressive salesmanship or even deceit, might succeed in drawing a customer, client, or donor into a transaction but, if the transaction does not result in some level of gratification, the relationship might end then and there. Manipulation may result in one sale to a customer, but there is very little possibility of a long-term benefit.

In brief, the theory of marketing calls on organizations to be *customer-oriented* and to elevate the consumer to the status of centrality in the organization's mindset. Marketing is a *way of thinking* about how to conduct business with potential consumers. Marketing is also a *function* that involves research about the marketplace, design of products and services, pricing, distribution, and promotion.

## Audience of Nonprofit Marketing and Services

A key step in the creation of any marketing program is *targeting*. A business firm will classify the public into groups based on variations of demographic characteristics, lifestyle preferences, and situational needs. Then, the firm will decide which segments to target and will develop products, services, and promotional messages specific to the various segments.

For a nonprofit institution, targeting is also necessary. Furthermore, marketing managers must classify the public by their potential roles, including consumers, volunteers, and donors.

*Donors* would be further classified into the various categories of sources of donated funds: individuals, other nonprofit organizations, for-profit firms, foundations, and governments. In the case of individuals, a charity would evaluate the motivations that cause a person to decide to make a sacrifice for the charity's cause. Sargeant and Woodliffe (2008, pp. 127–133) list these motives:

- Altruism and self-interest
- Empathy
- Sympathy
- Fear/pity/guilt
- Social justice
- Prestige and "making a difference"
- Tax relief

Schervish (2008, pp. 168–176) lists more specific motivators for *wealthy* donors.

- Identification ("[g]iven the strength of identification as the wellspring of charitable giving, it is not surprising that donors contribute the greatest bulk of their charitable dollars to causes from whose services the donors directly benefit" (ibid., p. 168)).
- Gratitude ("[t]he motivation of identification is complemented by a particularly strong sense of gratitude for unmerited advantages or, as some say, 'blessings' in reaching financial success" (ibid., p. 170)).
- Financial security (". . . those who understand themselves as financially secure contribute a higher percentage of their wealth, a higher percentage of their income and a higher dollar amount to charity" (ibid., p. 171)).
- Limiting transfers to heirs.
- The satisfaction of *philia* – i.e., "brotherly love."
- Hyperagency ("[h]yperagency refers to the enhanced capacity of wealthy individuals to establish or control substantially the conditions under which they and others will work and live" (ibid., p. 176)).

*Consumers* are a source of revenue. Nonprofit organizations need to consider other sources of revenue beyond donations. Such sources may include fees and sales of products and services. Therefore, the organization has a greater need to cause its products and services to appear to be attractive to potential customers or clients if a price or fee will be charged, possibly for such intangible assets as education, advocacy, and affiliation.

When a nonprofit organization is offering products or services to customers or clients without charge, a marketing program is still necessary to attract such individuals. Although the clients may not be paying money, the organization still needs them to invest their time, effort, and receptiveness to what the organization wants them to accomplish.

Evidence of the efficacy of such free services, such as marketing evaluations, may be necessary to satisfy the demands of institutional donors – for-profit firms, foundations, and governments – that provide funding that makes the free services possible.

*Volunteers*' unpaid labor is a "free" resource that is vitally important to many nonprofits. For volunteers, there needs to be a process that is as formal as the human-resources process for the paid staff. This includes a parallel hierarchical structure for classification (by their positions' skill and duty requirements), recruitment, supervision, evaluation, and rewards. A poorly executed utilization of volunteers will typically lead to low volunteer productivity, dissatisfaction, and revolving-door turnover. It behooves an organization that wishes to benefit from volunteer labor to treat the volunteer staff as a parallel organization alongside the paid staff. It is an error for an organization's management to conceive of volunteers as the "unskilled" part of its workforce, although that is often what is on managers' minds. Volunteers serve as members of boards of directors, organizers, fund-raisers, field volunteers, and supervisors of other volunteers – positions that often require advanced knowledge, skills, and abilities. Just as there is a hierarchy of employees, there can and should be a hierarchy of volunteers that allows for advancement based on ability and successful achievement.

The management of a volunteer-driven organization can segment the volunteer market and, in recruiting volunteers, use the target-marketing approach to find and attract volunteers. As volunteers are not paid for their labor, their valuable effort can deliver a generous benefit to the organization. However, when volunteers are not utilized productively or when unqualified individuals occupy volunteer positions, even the fact that they are unpaid means little to the organization that is reaping few benefits because of haphazard volunteer management. See also the entry about ► "Volunteers and Volunteer Management".

## Special Traits of Nonprofit Services

The original approaches to customer-oriented marketing focused on the sale of tangible products by for-profit firms. The separate features of services motivated marketing experts to develop different, specific approaches to the marketing of services.

For the marketing of products, a description of *marketing mix* involves what have become the famous "four P's" of marketing: E. Jerome McCarthy explained in 1964 that when consumers consider the purchase of a tangible item, they are actually evaluating the mix of product, price, place, and promotion. As marketing experts contemplated the application of marketing principles to services, they encountered the insufficiency of the "four P's" approach.

Eight characteristics of services necessitate marketing approaches that differ from the treatment of products:

- Intangibility
- High buyer involvement
- Difficulty in evaluating them
- No inventories (services are *perishable*, which means that they cannot be stored for later use)
- Strict time criteria
- Importance of contact points
- Little standardization
- Simultaneous production and consumption

Therefore, a number of scholars have offered an alternative to the "four P's." For example, Booms and Bitner (1981) offered "seven P's" of service marketing: product or service offering, price, promotion, place, physical evidence, process, and people. For the health-care sector, the literature, in many places, suggests transforming the "four P's" into the "four C's," as follows (but with numerous variations):

| | | |
|---|---|---|
| Product | → | Consumer (consumer needs or consumer value) |
| Price | → | Cost |
| Promotion | → | Communication |
| Place | → | Convenience |

Arguably, an even more complex challenge arises in the realm of *social marketing*. Social marketing involves an effort to change the destructive behavior of large numbers of members of the public. Social-marketing campaigns have taken on the objective of changing such behaviors as drunk driving, excessive gambling, obesity and unhealthy eating, smoking, alcohol abuse, and carbon-emitting practices. Other campaigns have encouraged less use of motor vehicles, management of pest control, recycling, energy conservation, composting, and disaster preparedness. In the case of social marketing, Sargeant proposes "six P's": product, price, place, promotion, partnership, and policy (Sargeant 2009, p. 221).

## The Value of the Brand

[Source for photo: International Committee of the Red Cross. (2016). "Syria: First aid in months reaches over 70,000 people in the central Syrian region of Al Houleh." March 23. Caption: "ICRC trucks enter the besieged area of Al Houleh, Syria (ICRC/P. Krzysiek)." Retrieved on October 31, 2016, from https://www.icrc.org/en/document/syria-first-aid-months-reaches-over-70000-people-central-syrian-region-al-houleh.]

Marketing managers in nonprofit organizations owe it to the organizations to nurture their brand. The brand of an organization includes its name, its symbol (logo), its slogan, its spokesperson (whether a human or a cartoon character like Smokey Bear), other designs associated with the organization in the public's mind, and factors that build the organization's reputation. When, according to international Red Cross sources, Swiss General Guillaume-Henri Dufour proposed in 1863 using the design of a red cross on a white field to represent the newly formed committee whose purpose was to "neutralize" medical personnel in warfare so that, instead of being captured as prisoners, they could tend to wounded soldiers, history was made. The centerpiece of one of the world's most recognizable and valuable nonprofit brands came onto the world scene. Those who stand to benefit from this international nonprofit organization's services and those who might support its operations financially or politically are stirred by the appearance of the Red Cross emblem (an example of which the arrival of a Red Cross-emblazoned humanitarian-aid convoy in Syria in 2016 -is depicted in Fig. 1).

Cone Communications, a public-relations agency for consumer brands, evaluated the brands of U S nonprofits in 2009 and found that the most valuable brands are those of the YMCA of the

**Marketing in Nonprofit Organizations, Fig. 1** ICRC trucks enter the besieged area of Al Houleh, Syria. ICRC/P. Krzysiek (The image illustrates the article "Syria: First aid in months reaches over 70,000 people in the central Syrian region of Al Houleh" (March 23, 2016), https://www.icrc.org/en/document/syria-first-aid-months-reaches-over-70000-people-central-syrian-region-al-houleh)

USA, $6.4 billion; the Salvation Army, $4.7 billion; and United Way of America, $4.5 billion. (Various sources report widely diverging brand values. Many value the top nonprofit brands in the tens of billions of dollars.) Brands can be a source of revenue, such as when for-profit firms invest in nonprofits by sponsoring their events, appearing in publications and on Web sites, and loaning out their executives in exchange for having an association with respected organizations.

## Misunderstandings About Marketing

This encyclopedia entry began with the statement, "Marketing is a managerial function whose purpose is to cause the organization to offer to the marketplace products and services that satisfy consumers' needs." Anyone who commits that statement to memory will have a clearer understanding about marketing than 99% of business and nonprofit professionals. In the for-profit sector, many executives think that marketing involves promotion (especially advertising) and public relations. In the nonprofit sector, many executives think that marketing involves – besides promotion and public relations – fund-raising. This is why a chief executive – told that her organization is not doing marketing well enough – will hire a public-relations director or an advertising director or a fund-raising director and believe that her organization is now adequately staffed to carry out the marketing function as well as other organizations do.

But, until the marketing concept is embraced intelligently by the organization, the advertising, public-relations, or fund-raising director will do nothing more than to try to disseminate messages from an organization that has neglected to properly evaluate society's needs and desires and determine how best to satisfy *those* needs and desires. Thus, if the organization is offering goods or services toward which the public is indifferent, the advertising, public-relations, or fund-raising director is likely to spin his wheels as he tries to force on the members of his audience things that they do not want.

Marketing advocates provide the advice that an organization should have an individual not only whose *function* is marketing but also whose *education* is in marketing, so that he is well aware that his job is not confined to public relations and can so explain to others. Furthermore, because so many organizations that have embraced the marketing concept have met with so much success, other organizations should recognize that marketing is not a peripheral function of the organization but rather a *fundamental* function along with such others, if they apply, as manufacturing, distribution, purchasing, finance, research and development, and human resources. Accordingly, a chief executive setting out to give to marketing a visible place in her

organization would reasonably consider the creation of the position of vice president for marketing. In that vice president's division of the organization could be such positions as advertising manager, public-relations manager, and marketing-research manager. Until the marketing concept becomes well known to and accepted by the organization's other vice presidents and managers, the vice president for marketing will need support from the chief executive, in that elevation of marketing to a place of influence in the organization may be a change that others will want to discredit and eliminate, so that things can go "back to normal" for them.

## Benefits

Proponents of nonprofit marketing cite some significant benefits for organizations that adopt the approach of customer-centered marketing.

- Improvement in levels of customer satisfaction.
- Attraction of more resources.
- Enhancement of the organization's ability to "define its distinctive competencies."
- A more coherent framework for "researching needs, setting objectives, planning to meet those objectives, and [instigating] formal control activities to ensure that [the objectives] will actually be achieved" (Sargeant 2009, p. 39).
- Existence of "a paradigm that is more appropriate for the environment in which nonprofits must operate."
- Enhanced perspective about how to facilitate desired exchanges.
- Introduction of measures of performance into the managerial decision-making process.
- Introduction of a terminology that "better aligns the tasks performed by nonprofits with the reality of the marketplace."
- Availability of perspective and vocabulary that is cross-cultural and can guide organizations in dealing with "[c]oncepts such as trade deficits, embargoes, devaluation of foreign currency, price fixing, deceptive advertising, product safety, and unethical selling" (Burnett 2007, pp. 14–15).

## Conclusion

Marketing is actually an inevitable function of every organization that wishes to engage in transactions with consumers in the free marketplace. In some way or another, the head of an organization and her top aides will be speculating about how to attract others into transactions with the organization. The only question then becomes whether an organization will carry out the function adeptly or will approach the marketplace in a clumsy, ineffective manner. An organization that believes that the goods or services that it wants to offer are the right things for consumers to use and that reluctant consumers are misinformed about what is best for them is likely to experience a long struggle to close deals with the public. Many organizations have discovered that their long-term success is best served when they first determine what consumers want and then develop offerings that satisfy what they want. Any organizational leader who has not come to terms with the advantage of offering what consumers want is well advised to reconsider the wisdom of her strategy.

## Cross-References

► Volunteers and Volunteer Management.

## References

Booms BH, Bitner MJ (1981) Marketing strategies and organization structures for service firms. In: Donnelly JH, George WR (eds) Marketing of services. American Marketing Association, Chicago, pp 47–51

Burnett JJ (2007) Nonprofit marketing best practices. Wiley, Hoboken

Sargeant A (2009) Marketing management for nonprofit organizations, 3rd edn. Oxford University Press, New York

Sargeant A, Woodliffe L (2008) Individual giving behaviour: a multidisciplinary review. In: Sargeant A, Wymer W (eds) The Routledge companion to nonprofit marketing. Routledge, New York, pp 111–144

Schervish PG (2008) Why the wealthy give: factors which mobilize philanthropy among high net-worth individuals. In: Sargeant A, Wymer W (eds) The Routledge companion to nonprofit marketing. Routledge, New York, pp 165–181

# Marketization of Higher Education

Tom S. Karlsson[1] and Susanna Karlsson[2]
[1]School of Public Administration, University of Gothenburg, Gothenburg, Sweden
[2]Department of Swedish, University of Gothenburg, Gothenburg, Sweden

## Synonyms

Higher education; Internationalization; Language policy; Marketization

## Definition

Internationalization concerns the process by which higher education rearranges scopes and aims to fit global platforms of educational and research exchange.

Privatization concerns the process by which enterprises and organizations, previously publicly governed, are transferred into private or semiprivate ownership structures.

Education as profit-making enterprise concerns an organization that restructures educational curriculum primarily in order to make it appealing for tuition-paying students.

Higher education as a public good refers to it being recognized as benefitting society in total and that it is rendered available for everyone without monetary hindrance in terms of tuition fees.

~~Privatization of education for profitable business.~~

~~Education for business profit.~~

## Introduction

Higher education is usually conceptualized as being autonomous from market and state interventions. Academic scholars have been free to organize and realize educational content on their own terms. One reason for this lies in the academic freedom, which safeguards the pursuit of knowledge and a right to educate students on such knowledge. Increasingly, higher education has been subjected to global trends of *internationalization*. This implies the construction of a global agenda for facilitating student and staff mobility in order to increase student employability across borders and instigate a comparability of different degrees. An effect of internationalization is that competition has been introduced in higher education, leading to changing pedagogical practices and understandings of higher education is. Drawing from economic theory, it can be argued that internationalization transforms higher education from a public to a private good, making it susceptible to market powers. This process can be labeled *marketization*, meaning that higher education becomes a service as any other.

## Higher Education as a Tradable Commodity

The *Bologna Process* organizes 48 countries in creating a unified educational market in Europe. The Bologna Process has as its goal to create a harmonization of higher education in the participating countries, creating a common educational standard that can be used and recognized in European countries. This idea falls in line with the general aim of facilitating free movement for citizens within the European Union and making students more employable in a wide variety of countries and job markets. The key success factor is argued to lie in *internationalization*. With internationalization of higher education, students (and staff) are expected to move within and between different higher education institutions in Europe. *Mobility* is a key performance indicator for the success of internationalization.

Internationalization is embedded in a neoliberal discourse, augmenting a practice of competition between higher education institutions and a market view of citizenship (Robertson and Keeling 2008; Siiner 2016). This has been raised in literature under at least three themes. First, as Brandenburg and De Wit (2015) argue, internationalization is intended to increase *student* and *degree mobility.* In relation to this,

internationalization is also intended to increase *staff mobility*. The two are interrelated, meaning that a higher degree of student mobility will attract more international staff, and vice versa. Second, internationalization *standardizes available education*. In order to facilitate a meaningful and effective student mobility, curriculums are increasingly transformed into something that can be traded (De Vita and Case 2003) and higher education becomes aligned across borders. Brooks (2018) labels it a *homogenization* of higher education. Third, higher education is increasingly understood to be a service as any other. In this respect higher education has globally been subjected to *deregulations* (Jongbloed 2003) and *privatization* (Ball 2004). As higher education becomes transformed to a service as any other, customer and consumer perspectives are highlighted and embedded in higher education culture. This has led to the rise of *degree mills* (Knight 2015) and a pedagogical transformation in which academics are more prone to satisfying students (or consumers) rather than being academic professionals (Ball 2004; Molesworth et al. 2009).

## Higher Education Understood as a Good

In economic theory, all goods (and services) can be discussed in terms of two different characteristics: *rivalry* and *excludability*. Rivalry concerns whether the consumption of a good by one individual hinders or prevents another individual from consuming it or having access to it. Non-rivalry means that even though it is consumed by one individual, there is no prevention from other individuals consuming it at the same time or at a later stage. The good is not and cannot be confined to one owner or user at a time. Excludability refers to how and whether a good can be consumed by an individual. Excludable goods are characterized by prevention, often in terms of having to pay for its access. This means that a good can be excluded from consummation if relevant parties have not paid for it. Non-excludability, on the other hand, means that the good cannot be withheld from consumers on the basis of payment.

If higher education is understood as a good, it would conventionally be understood as something that can be consumed by more than one individual (non-rivalry). If one student partakes in education that does not, by itself, hinder another student from doing the same. Education is, by its very essence, a non-rivalry good. When it comes to who have access to it, a number of different practices and contexts can be found globally. It is not unusual that the state has some form of subsidized or fully financed higher education, which is open for its citizens in different forms. Higher education is understood to be an opportunity for the individual at the same time as it provides society with better equipped labor. Educating one individual will lead to improvements among those citizens that have not undertaken a higher education, as the understandings and knowledge gained within higher education will provide others with benefits, implicitly. This is what economics refer to as spillover effects (or *externalities*). However, it may also be the case that higher education is turned into an excludable good, e.g., by means of high tuition fees. Benefits from higher education may in this way be confined to some individuals, transforming it into an excludable good.

Goods that are characterized as non-rivalry and non-excludability are often unprofitable and need some form of state funding or subsidizing. This is true for a number of different goods, among them higher education. This means that costs for higher education in many cases is a large fiscal cost for states. Given that the market is perceived as a norm, unprofitable goods are often constructed as having a lower status than profitable ones. An effect of this is that states increasingly look to alternative models for governing higher education, such as *marketization*, as it helps to carry public expenditures (Marginson 2007).

Transforming higher education from public to private good is not something that just happens. It is an effect of public policy and policy decisions. This means that marketization (although obfuscated through the use of words such as internationalization) is a deliberate effect of politics. The production of policy will indivertibly affect and change the way in which higher education is perceived in different contexts.

## The Importance of Language (Use)

Higher education institutions are global arenas for exchanging ideas and thoughts, between researchers as well as between staff and students. With the global agenda of internationalization, language use has become an important aspect to govern. When contexts move from monolingual to multilingual milieus, two aspects become important. First, which languages have primacy and when? Second, how are higher institutions handling the presence of multilingual contexts?

For the majority of internationalized higher education institutions that operates in contexts where English is not the primary language, questions concerning language primacy are always present. In such settings, internationalization requires a practice for how to teach and communicate with international students (and staff). The most common alternative to local languages is some variety of English. In fact, it is often required that educational programs on bachelor or master levels be given in English. One reason for this is that English predominantly is considered a *lingua franca*. This means that in order to have a successful internationalization, higher education institutions need to adopt *English as a medium of instruction* (EMI), even though this may be negative in terms of educational quality (Duong and Chua 2016; Maringe 2009). Even under circumstances where international students are expected to have a sufficient proficiency in the local language, internationalization presumes a necessity of EMI. At least two plausible explanations can be found for this. First, internationalization assumes student mobility and employability. In order to produce internationally employable and useful students, higher education institutions must provide an education that can be utilized in many different settings globally. An assumption, then, is that English will make such utilization possible. Second, the competitive nature in which higher education currently exists presumes a language that can (and will) attract new students. It is also presumed that EMI will make it easier to recruit, employ, and maintain international staff, who would be hard-pressed to teach in the local language (should it be any other than English). This means that the introduction of EMI in higher education may be understood as a way to meet the expectations and requirements from international students (Salö 2016).

As English more predominantly becomes the primary language in internationalization contexts, it raises a question of how national higher education institutions cope with the transformation from monolingual to multilingual milieus. A common strategy is for the institutions to construct *language policies*. Such policies can be understood in different ways; one is that it is about language management where some actors have (or think they have) authority over one of several language domains (Spolsky 2004, 2012). From this perspective, language policies can reveal embedded ideologies about languages and the activities a language is linked to (Karlsson and Karlsson 2020). In multilingual milieus it is expected that local languages will be given some form of protection by language policy makers, but also that they formulate directives of when and for what activities other languages can or should be used. Next to local languages, English is the typical such other language mentioned in codified language policies.

It is through such language policies that marketization become observable. It has been shown how advocating certain language's primacy in certain contexts within higher education are based in a need to attract students and staff that perform on high levels. By constructing a policy that has a permissive stance toward English (or other languages) with a clear basis that this is needed to attract international students and staff underscores how higher education becomes a tradable commodity. It is important to understand that it is not the choice or highlighting of English as such that indicates marketization. It is rather the observation that such choice is commonly based in a perceived need to internationalize higher education.

## Conclusions

Higher education is conventionally understood as arenas for exchanging thoughts, challenging

known truths, and exploring the unknown. Trying to do this on a global arena requires that a common knowledge is used so that others may partake in the exchange. This is an upside of internationalization. This language is normally English. This, in turn, means that internationalized contexts, such as higher education, conventionally develop some form of multilingual milieus. The other side is that internationalization leads to a view of students and staff as important factors for success. That is, in order for internationalization to be perceived as successful it requires a certain degree of student and staff mobility. It has furthermore been found that internationalization has resulted in standardized curriculum and a transformation of higher education into a service as any other.

Language policies reveal embedded ideologies about language and linked activities. When arguing for, e.g., English as a medium of instruction as an important factor for attracting new students and staff, this links into a neoliberal discourse of competition between higher education institutions. This means that internationalization as a concept and empirical phenomenon embeds ideas about competing for scarce resources (students and staff) on a global market. From an economic perspective, the transformation of higher education can be understood as a move away from a public to a private good. Higher education institutions are increasingly reconceptualizing programs and education in a way that will attract more students. By making such programs and educations seemingly exclusive by means of accepting a few (top performing) students that pay high tuition fees, issues of rivalry and excludability are introduced. That is, there is a risk that internationalization could lead to educations for a privileged few.

## Cross-References


- ▶ Higher Education Governance and Reforms
- ▶ Privatization
- ▶ Public Higher Education as Social Policy


## References


Ball SJ (2004) Education for sale. In: The commodification of everything: King's Annual Education Lecture 2004

Brandenburg U, De Wit H (2015) The end of internationalization. Int High Educ (62). https://doi.org/10.6017/ihe.2011.62.8533

Brooks R (2018) Higher education mobilities: a cross-national European comparison. Geoforum 93:87–96. https://doi.org/10.1016/j.geoforum.2018.05.009

De Vita G, Case P (2003) Rethinking the internationalisation agenda in UK higher education. J Furth High Educ 27(4):383–398. https://doi.org/10.1080/0309877032000128082

Duong VA, Chua CS (2016) English as a symbol of internationalization in higher education: a case study of Vietnam. High Educ Res Dev 35(4):669–683. https://doi.org/10.1080/07294360.2015.1137876

Jongbloed B (2003) Marketisation in higher education, Clark's triangle and the essential ingredients of markets. High Educ Q 57(2):110–135. https://doi.org/10.1111/1468-2273.00238

Karlsson S, Karlsson TS (2020) Language policy as 'frozen' ideology: exploring the administrative function in Swedish higher education. Curr Issues Lang Plan 21(1):67–87. https://doi.org/10.1007/s11115-020-00476-3

Knight J (2015) Internationalization brings important benefits as well as risks. Int High Educ (46). https://doi.org/10.6017/ihe.2007.46.7939

Marginson S (2007) The public/private divide in higher education: a global revision. High Educ 53(3):307–333. https://doi.org/10.1007/s10734-005-8230-y

Maringe F (2009) Strategies and challenges of internationalisation in HE: an exploratory study of UK universities. Int J Educ Manag 23(7):553–563. https://doi.org/10.1108/09513540910990799

Molesworth M, Nixon E, Scullion R (2009) Having, being and higher education: the marketisation of the university and the transformation of the student into consumer. Teach High Educ 14(3):277–287. https://doi.org/10.1080/13562510902898841

Robertson SL, Keeling R (2008) Stirring the lions: strategy and tactics in global higher education. Glob Soc Educ 6(3):221–240. https://doi.org/10.1080/14767720802343316

Salö L (2016) Languages and linguistic exchanges in Swedish academia: practices, processes, and globalizing markets. Department of Swedish Language and Multilingualism, Stockholm University, Stockholm

Siiner M (2016) University administrators as forced language policy agents. An institutional ethnography of parallel language strategy and practices at the University of Copenhagen. Curr Issues Lang Plan 17(3-4):441–458. https://doi.org/10.1080/14664208.2016.1204058

Spolsky B (2004) Language policy. Cambridge University Press, Cambridge

Spolsky B (2012) The Cambridge handbook of language policy. Cambridge University Press, Cambridge

# Marriage and Divorce as Social Policy

Paul Bayer
Regent University, Virginia Beach, VA, USA

## Synonyms

Association; Breakup; Consortium; Dissolution; Matrimony; Monogamy; Nuptials; Separation; Split Wedding; Wedlock

## Definition

Divorce: The legal dissolution of a marriage by a court or other competent body.
Lex loci contractus: Latin for "law of the place where the contract is made".
Marriage: The legally or formally recognized union of a man and a woman (or, in some jurisdiction, two people of the same sex) as partners in a relationship.
No-fault Divorce: Termination of marriage in which irreconcilable differences or irretrievable breakdown of the marriage is citied for the termination of the marriage.
Prenuptial Agreement: Existing or occurring before marriage; terms or conditions agreed to before marriage.
Writ of Mandamus: Order form a court to an inferior government official ordering the government official to properly fulfill their official duties or correct abuse of discretion.

## Introduction

"Destroy the family, and you destroy society," is a quote attributed to Vladimir I. Lenin, the Russian leader of the Communist Revolution, as a politician, and a political theorist (though it may be more correctly attributed to Communist leaders during Lenin's time however). According to Saint Augustine, marriage or more specifically the family, is the basic building block for a society. Considering both Lenin and Augustine's thoughts concerning family, marriage and divorce are two very important issues in the United States today.

Since the beginning of recorded history, the union of a man and a woman for the purpose of procreation, companionship, sexual expression, and financial stability has been a cornerstone of society. As time has progressed, civilization has continued to establish and refine much policy concerning the boundaries and ramifications of marriage. The United States has increasingly implemented new laws set to protect the institution of marriage and oversee an untimely dissolution in the case of divorce. Some of these specific laws governing marriage and divorce include: setting restrictions such as age (18 years old), marriage license recognized by state, and sufficient mental capacity for marriage; divorce includes meeting requirements such as "fault--based divorce" or determining the reason why the couple's marriage has failed and "no-fault-based divorce" in which the couple can claim they are simply incompatible with each other.

Much has changed in the culture of the makeup of the family since the time of Augustine in the third century A.D. Until approximately the 1950s and early 1960s, marriage was considered a fundamental aspect of society in the United States. The idea of divorce on the other hand was considered to be very taboo. It was not until 1969, that the state of California enacted a law in which no fault had to be established for a divorce. The law led to a chain reaction in which *no-fault divorce* was legalized in many states. From that time forward, divorce has become a very commonplace occurrence in American day-to-day life.

As a result there are many questions concerning the topic of marriage and divorce. The entry will seek to answer several key concepts concerning the topic of marriage and divorce. First, marriage will be explored as it is defined today by the state and by the people. Also included in this section will be what is not considered marriage; this is important as the definition of marriage has changed over the past couple of years, as defined by the state and the courts.

Second, divorce will be explored along with the implications of divorce. When a marriage

ends, it is often an ugly affair in which the law is involved. Traditionally there was a need for a burden of proof between two people when they sought a divorce; it was a difficult challenge for lawyers representing people obtaining a divorce in the United States before the 1960s. Since then the field of law and policy governing divorce has substantially grown and now is a well-developed field. It has so much to the extent that a lawyer must specialize in who they represent. Do they represent the husband, wife, children, or the estate? Due to the growth of the field of law governing the policy concerning divorce, a number of questions must be answered including: What is typical procedure concerning divorce? What are different ways to resolve a divorce? How are estates divided? Where do children involved land in the aftermath of the divorce?

Following how the state is involved in divorces, future trends will be speculated upon. In the last century, the definition and parameters of marriage have shifted to such an extent that they seem to resemble a moving target. Is that really the case? If this is true, what are the implications of this? What are common attitudes regarding marriage and will these attitudes play out in the social policies concerning marriage and divorce?

Finally, what are some perspectives from academia? Academics certainly have an effect on the general populace and can influence the thoughts of the public. The public, in turn, elect the government officials who create the policy which governs the people. With that in mind, do academics look at the trends and see potential dangers concerning marriage and divorce? Are there people within the academic community who support future trends? Do some people regard what has been traditionally considered as marriage as moral and correct?

## Marriage as Social Policy

To define marriage and look at where US policy stands concerning marriage, looking first at what is not considered marriage will be instrumental. US law is wide ranging on the topic of marriage despite the fact that the state actually plays a minimal role in governing the affairs of marriage. The state defines what is necessary for a relationship of marriage to be valid, and lays out both the procedures in becoming married as well as the dissolution of the marriage into divorce.

What does US policy entail when it comes to quasi-marriage relationships?

The first place to look is one of the areas outside of legal marriage that is becoming more popular among adults-cohabitation. Cohabitation is the act in which two romantically adults live with each other sharing resources such as bank accounts, food, cars, living space, clothing. Sometimes one or both of the adults bring children into the newly formed relationship and sometimes the adults will pursue more children exclusively with each other. The seminal point about cohabiting is that neither of the adults is looking to move into a marriage contract with each other. If the relationship falls apart while cohabiting, US policy does not protect the equitable results that it does in marriage. Often, the plaintiff is left empty-handed in their pursuits of damages against the defendant.

If the relationship is successful, or if two consenting adults would like to, they can form a registered domestic partnership sometimes known as a civil union. In this model, two adults go before the state and form a contract that states that they are committed to living with each other and sharing resources among each other. There are two issues at hand when considering a registered domestic partnership. The first is recognizing whether or not the state completely limits the partnership through statutes, or whether there are to be benefits that go beyond the statutory limits. To point, say an adult couple comes together in a contract to be in a civil union. One of the two adults has children from a prior relationship and the other does not. If the relationship breaks up, does the adult who had no children have an implied responsibility to the children of the other adult? The other issue is whether a couple can limit their statutory responsibilities before entering the contract.

The answer to the first of these two questions is, it depends. Some states do not give marital benefits to those in merely a civil union. Other states such as Hawaii and Vermont, both give

marital benefits to the adults so long as the adults meet a set of criteria.

The last sort of quasi-marriage relationship to be addressed is a prenuptial agreement. Throughout the history of the United States, the people who most often entered into prenuptial agreements were those who wanted to protect status, wealth, and property that they or their family possessed. In addition to those people, the other common group of people who formed a prenuptial agreement was those who had once been married before. These people formed the agreements in order to protect their children if another divorce would become imminent. The agreement, historically, was not able to secure items such as economic values that were beyond the legality of the power that each party of the agreement had. Today however, courts have imposed policy that attempts to make the process of a prenuptial agreement a fair and equitable process. Each individual is now required to provide full disclosure on their economic situation, and to properly portray themselves as they are. In addition to these criteria, a waiting period is usually established after conditions have been agreed to.

Though marriage encompasses many of the features of the three previously discussed relationships, it encompasses still much more. When it comes to social policy in the United States concerning marriage, it has generally been regarded as a major life changing stage entered into during someone's life. The process of marriage is regulated by the states and has traditionally been one of the last stalwart areas of the law that is still left to the state governments in the United States.

To begin the topic of marriage, how do the states regulate marriage? States have formed expansive policies concerning marriage, its dissolution (annulment in this section), minimum age, marriage in prison, a person's mental competence, incestuous marriages, sex regarding transsexualism, and same-sex marriage, as well as the number of spouses one can have. Each of these areas will be briefly touched upon, and the attempt will be made to show where policy is regarding each of these areas of regulation.

Annulment has been around for a long time dating back to the Catholic Church, a process in which an adult couple can claim that the marriage was never valid in the first place. The process is a recognized area of social policy in the United States today and adults can have their marriages annulled within the US court system. To do so, an adult couple must meet what the courts consider being essential criterion; that is, how did each of the adults portray themselves to each other? If one adult stated they did not want children, while they secretly did desire a large family, this could be grounds for annulment.

Age has been a longstanding regulation of the state when it comes to marriage. In the past, the age requirement to be married was as young as 14 for a boy and 12 for a girl. Today those numbers have changed. In general, with parental consent, young people can get married as early as 16; however, some states allow for 15. The youngest age most states allow young people to get married without parental consent is at the age of 18.

If an adult is in prison and unmarried, can they still get married? US policy would state that yes, they still can get married. In fact, there are regulations about prisons so as to protect the individual's rights to marry. Prisons can delay a marriage (albeit not indefinitely) and set a time for when a marriage can occur. Only in cases where the security and order of a prison are endangered can a prison deny a marriage; however, the act of proving two consenting adults would bring disorder and chaos to a prison though marriage is a tough burden for prisons to provide.

Mental competence is one of the areas in which it can be used as a basis for providing for an annulment. State policy regarding this issue is set forth by the *Larson v. Larson* in which the husband married his wife, despite some of her mental health concerns being known about before the marriage. The plaintiff waited 10 years before he filed for an annulment and the courts disregarded the file stating that he should have filed his paperwork within a reasonable amount of time.

Regarding incestuous marriage, more and more is becoming known about the problems associated with genetics and biology. As more becomes known about genetics, the laws regarding incestuous relationships may be revised.

Generally, incestuous relationships are well regulated in most states. States in the United States have in general, either the prohibition of marriage and/or sexual intercourse.

Transsexual and same-sex marriages have been two areas of social policy that have expanded greatly in recent memory. Each of these topics will be discussed furthermore later in the entry; however, expanded marital rights to both groups have been enjoyed by each people group starting in the 1990s.

What about when two grown adults come together and successfully marry each other? What are some of the common areas in which the state provides policy? The big areas are personal property, obligations of the married spouses, and sexual intimacy and safety.

Before jumping into what the United States' social policy is for these areas of marriage, a concept brought to fruition and practice by the court system needs to be explained. This concept has been the basis for many rulings that courts have provided in cases involving the topic of marriage. That concept is what can be called, "freedom to marry as a fundamental right." The concept seems to be essentially an equalizer when it comes to marriage. Most justices, when quoting the freedom to marry, usually relate the topic at hand to some level of equality. Such as, two people come together and wish to be married despite being of the same sex. As the court rulings have gone in recent years in the United States, the courts look at this particular issue and have increasingly ruled in favor of same-sex couples. The writing of the court usually determines that the Department of Public Health (often who has an interest in determining who can be married) has insufficient evidence of denying same-sex couples marriage; the courts go on to say the couple has a fundamental, even constitutional right to be married. This particular concept also plays out in an already established marriage which will come to light in the following text.

A good point for relating the equity found in the freedom to marry concept is found in property. Traditionally, marriage has been seen in the United States as two people coming together as one; the woman essentially becoming nothing more than an extension of her husband in which he becomes her main provider, property owner, and status. Over the last half century, marriage has become more equitable as a woman has more economic claim in a marriage than she has ever had before. Today, women are not left destitute if a marriage fails, with the husband taking the property and the money. The courts do their best to determine who gets what, and they try to split the estate half and half. There are factors that change or even prevent an exactly equal share such as which spouse contributed the most money for the house, or the cars. Today, many wives hold title to property with their spouses, as "tenants by the entirety, with rights of survivorship." This clause allows the couple to hold title to a property together, the marriage itself is almost a legal entity of its own.

Obligations of married spouses are another large area of the field of law that provides policy for how things should function for a married couple. There are three areas of obligation that are most important here: parents taking care of children, adult children taking care of adults, and spouses taking care of each other.

For parents taking care of children, the courts often look at the structure of the relationships and how the individuals treat the children. It is often a very, if not the most contested area in a marriage when it comes to legal obligations. Most often, if a marriage fails, the father will be responsible for support of the legitimate children. More often than not, the courts declare the mother is responsible for the children if they are illegitimate children. Parents raising children together are fiscally responsible for their children. As it has been determined by precedence set forth in case law, parents can be held to be responsible for their children's higher level education as some parents have been taken to court by their children with the courts forcing the parents to pay for their children's education.

What about in the cases of stepparents? There is no clear cut policy, as it depends on the case scenario. A stepparent will likely be released of fiscal responsibility of the marriage fails unless they took it upon themselves to be the fiscal caretaker of the adopted or stepchild.

In the United States, social security is used as a means of securing a family or individual

economically. It is rather modest in terms when compared to other western industrialized nations. Social security is used today by many retired Americans. As a result, many adult children are free from taking on the responsibility of taking care of their elderly parents.

In the obligations between spouses, here it can be seen that equity in marriage is key in providing more rights for women. For example, if a husband dies intestate, his estate will pass to his wife through policies laid out by the state. If he has children, his wife is usually entitled to at least one third of the total estate before the children have their fair shares. In recent times, marriage has evolved into an economic partnership in which each spouse contributes to the economic being of the marriage.

Finally, in marriage, policy concerning sexual intimacy and safety has continued to grow rapidly in recent years. Half a century ago in the United States, when a man and woman married, two became one in the man. The wife was completely subservient to her husband by taking care of the house, the children, and by taking the man's last name. A woman was even expected to give up her own bodily rights to her husband. As time has gone on, women are more on equal grounds in marriage with men. Today many women keep their maiden name as a part of their last name, and many women make significant contributions to the economic well-being of the marriage. This equity in marriage has led to protections for women in marriage as well. In 1994, the Violence against Woman Act was passed in Congress. Though repealed by the Supreme Court, the law was telling of the times. Today, women have protections against marital rape, which can be in the form of a civil restraining order preventing the man from being in the woman's presence. Finally, when there is violence in a marriage, the spouse of the injured spouse is often the first and prime suspect. Clearly today, there are more protections for spouses under United States Law.

## Divorce

Divorce, like marriage, is a social issue that the state takes great interest in as it has a stake in both of the spouses' interests and any children under the spouses. Each member of the family has the potential to live within the state, and they can either make contributions to the state or they can be detrimental to society. As a result of the potentials, the states have all written statutes which govern the process of divorce such as providing guidelines on how to divorce, and also by providing guidelines on what happens after the divorce. The first key area to look at then is how does the state decree that a married couple can divorce each other? When two adults are married and domiciled in a state, they can also get a divorce within that state by meeting the state's residency requirement. Most states require residency in which two adults seeking a divorce must be a resident of the state they are seeking the divorce within. The reason being is the state has a compelling interest in the marriage. Within the realm of the marriage is the path for procreation which is a necessity for the state. The residency requirements are used to provide time to consider the divorce before the divorce is carried out. It once was the case that most states had a residency requirement of living within the state for 1–2 years before the divorce could be completed. Today, almost all states still have a residency requirement (with the exceptions of Alaska, South Dakota, and Washington) in which two adults must live in it for a time. The longer the requirement, it could be inferred the more seriously the state takes the marriage and the preservation of the marriage. States like Nebraska, South Carolina, and West Virginia all require a year of residency before someone can proceed with the divorce.

Establishing fault in a divorce has historically been a huge part of divorce proceedings. The United States divorce proceedings are based on English Common Law and have thus traditionally been adversarial. In these fault-based divorce proceedings, one adult must show the court that their spouse has acted in a manner that compromised the integrity of the marriage whether that be infidelity, verbal or physical abuse, desertion, and/or cruelty. To convince the judge to grant a divorce, the injured spouse had to prove one of these elements. For the injured spouse, infidelity and

perhaps physical abuse would not be as hard to prove as it would be to prove that their spouse has deserted them or been cruel to them. The majority of states today still practice fault-based divorce. If the divorce is granted by the judge, the divorce ruling can have major implications for the spouse that was the injurer in receiving their part of the marriage estate.

A new system, a no-fault divorce system has been gaining popularity in the states since California first implemented it in 1969. In a no-fault divorce, it only takes one spouse to cite "irreconcilable differences" with their spouse to obtain the divorce being granted. The goal of this system was to replace the adversarial system and grant a fifty-fifty split in the estate of the marriage. Though the system does not always grant an equal fifty-fifty split, it does, however, do a better job of differentiating what each spouse brought to the marriage. The court looks more at who earned what, paid more for the house, car, boat, etc., who rehabilitated the property, and other factors in the marriage to determine who gets what after the divorce. Thanks to the no-fault divorce system, title to property is no longer de facto given to "he who holds title takes the property." More often than not today, whoever is the primary caregiver to the children, will usually inherit the home.

Who gets the children? Child custody has become a heated area of the law. Typically, the judge in the case renders who will receive the children through his own discretion. The trend has been to try and codify standards in which it is decided who gets the children today. The child will go to the parent based off of the judge's interpretations of the standards. Some of these guidelines include the primary caretaker preference, what is in the best interest of the child, and joint custody. The primary caretaker preference is what it states it is in the name. The adult who is known or found to be the primary caretaker is the one who would get the children. The mother is often the recipient of the children when this guideline is used as it often is the mother who primarily takes care of the children. When a court goes with what is best for the child, they look at a number of factors such as: who does the child want to stay with, who will the child be the safest with, who can provide for the child fiscally. Then there is joint custody which has grown in popularity despite the fact that it requires cooperation on both of the spouses. Cooperation is required as both of the spouses will be making decisions together about their child. The child, on the other hand, is able to continue their relationship to both of their parents. For the joint custody approach to be successful, it all hinges on the cooperation of the parents.

## Trends in Marriage

With policy having been laid out, what is the future of marriage and divorce in the United States? It might be said that marriage has become more "optional" in the younger generations in the United States. Since no-fault divorces grew in popularity after becoming legal in California, divorce rates rose, peaked, and have fallen slightly though remained consistent. Marriage has been replaced by cohabitation and a change in attitude about marriage as cohabitation rates have been soaring.

Since the 1980s cohabitation rates have risen. Women surveyed as to whether they had ever cohabited jumped from 30% stating that at some point in their life they cohabited to as much as 61% stating they have cohabited at a point in their life. In the 1990s more than half of all marriages were preceded by a cohabiting relationship. As stated in the text above, cohabitation is a quasi-marriage relationship. It has similarities to marriage, but the relationship is not recognized by law as marriage. Despite the rise in cohabiting relationships, marriage is still held as an ideal. Cohabiting is a means of testing the relationship or having the benefits of marriage without the cost of marrying.

An interesting trend as a result of increased cohabitation is the view of the younger generations who have come out of the cohabited relationships. Adults today, 35 years and younger overwhelmingly support same-sex marriage (70% of adults

35 and younger favor same-sex marriage). An inference of the logical trend of cohabiting once being taboo, to being accepted, and same-sex marriage once being taboo and now accepted might mean further changes in marriage will be likely. Is it possible bigamy will be promoted by the future younger generations? Might marriage lose some of its protections of the state? These questions will require further research in time.

## Perspective from Academic Community

Marriage, as it can be seen from the above text, is something the state has a great interest in and arguable in the preservation of marriage. There is a sentiment in the United States in which divorce is held as undesirable due to the social ills that are often produced with a divorce. The number of divorces held in the United States has been on the rise since the 1970s and continues to hold steady. It may be a result of the no-fault divorces becoming more popular or as a result of relaxed government limits on divorce proceedings such as the residency guidelines. As was mentioned earlier, what might the academic community think about marriage and divorce? This section of the entry will briefly explain conservative views held by the academic community.

What is the argument that favors a more traditional marriage? An argument from the academic community starts with the basic understanding of marriage: that marriage is a relationship of permanency, for better *or* worse; it is a relationship in which procreation is a key aspect of marriage (Lee and George 2014). Marriage is an institution that was created well before the state was. Today the state has tried to claim that it determines what a marriage is. Marriage, however, is a bodily, emotional, and spiritual bonding of adults, in which the natural step in marriage is to rear children together. Due to the unique relationship of marriage, anything outside of it is not marriage. For example, cohabiting couples are not bonded bodily, emotionally, and spiritually as a married couple are. A same-sex marriage is not bonding bodily as a marriage is, as there is no potential for procreation.

## Conclusion

Marriage has evolved in the United States over the last 60–70 years and the potential for further changes seems likely. The trends of cohabiting have risen, and same-sex marriage is now legal. There is a good chance that marriage will continue to change in the future and evolve and time goes on. Despite the changes marriage has undergone in the United States, it is still the ideal for many adult couples in the United States. The state has recognized the shifting attitudes about marriage in the United States and has adjusted policy according to it. Today, it is easier to get married, easier to divorce a spouse, and it has become clearer for the implications for both decisions. There are further areas for study regarding future trends, and any studies will be of great interest for the states' greatest interest in marriage is procreation. Whatever may be the next outcome in marriage, the state will be there to oversee the outcome and to attempt to provide the appropriate policies for the outcome.



## References

DiFonzo JH, Stern RC (2016) Intimate associations. The University of Michigan Press, Ann Arbor

Garrison M, Scott ES (2012) Marriage at the crossroads: law, policy, and the brave new world of twenty-first-century families. Cambridge University Press, New York

Grossman JL, Friedman LM (2011) Inside the castle: law and the family in the 20th century America. Princeton University Press, Princeton

Hackstaff KB (1999) Marriage in a culture of divorce. Temple University Press, Philadelphia

Hasday JE (2014) Family law reimagined. Harvard University Press, Cambridge, MA

Katz SN (2015) Family law in America, 2nd edn. Oxford University Press, New York

Lee P, George RP (2014) Conjugal union: what marriage is and why it matters. Cambridge University Press, New York

Metz T (2010) Untying the knot: marriage, the state, and the case for divorce. Princeton University Press, Princeton

# Marxist Theory of Organizations

Osaore A. Aideyan
Department of Politics and Government, Illinois State University, Normal, IL, USA

## Synonyms

Contradictions between activity and outcome; Forces and relations of production; Labor and product; Organizational contradiction

## Definition

A theory that sees organizations as objective historical outcomes of practical collective activity, especially activity organized around the production of material life and the production of social life.

## Introduction

Compared to other classical organizational theories – scientific and administrative management – Marxian theory of organizations presents a rather unfamiliar view of organizations since Marx himself provided little in terms of a theoretical analysis of organizations. As a result, Marxist ideas have been interpreted and appropriated in a number of different ways leading to a number of competing schools of Marxism on organizational forms. Among the competing schools are structural, humanist, determinist, political, economistic, and autonomist. Underlying these different schools are several common categories and propositions that can be traced back to Marx's writings, in particular the concepts of productive forces, and social relations of production are specified in a range of classical and emerging topics in organization studies such as work organizations, public bureaucracies, and courts of law (Heydebrand 1977); bureaucracy, professions and professional firms, and families and households (Adler 2011); organizational learning and communities of practice (Ingvaldsen in Vidal et al. 2015); knowledge work, teamwork, and collaborations (Adler in Vidal et al. 2015); and organizational change, routines, and path dependency (Maielli in Vidal et al. 2015). Taken together and in comparison to scientific and administrative management which focuses on management of work, workers, and issues concerning work, Marxist theory of organizations focuses on material dialectics which takes the mode of production as the engine of structural stability and cohesion and conflict and change.

As an alternative approach to organizational theory, Marxist theory according to Heydebrand (1977) aims to espouse a deeper, underlying structure of organizations by emphasizing the grounding of organizational forms in the social relationships existing in society, which are enabled by specific historical conditions.

While scientific and administrative management focuses on management of work and workers and issues concerning overall organizational structure, Marxist theory in contrast focuses on how the management of work and workers occurs within the structures of global capitalism. Accordingly, any attempt to understand how tasks are performed in organizations must be situated in the context of a broader understanding of the processes operating in global capitalism.

In addition to presenting an unfamiliar view of organizations, Marxist theories of organizations are also discomforting as they argue that the effects of global capitalism are to ensure that the powerful and wealthy continue to prosper at the expense of the powerless and poor.

Like all theories that have been influenced by Marxist writings, contributions of Marxist scholars to the analysis of some key organizational forms share the following key Marxian views.

## Few Basic Categories and Propositions of Marxian Analysis

The first category and perhaps the central contribution of Marxian social theory that is shared by organizational theorists is the view that the social world should be analyzed as a totality. Of

immediate interest here is the call for an integration of diverse strands of approach to the understanding of the social world, an approach that offers a robust platform for combining historical depth with interdisciplinary breadth (Vidal et al. 2015).

A second key element of Marxist thought, which serves to emphasize further the call for interdisciplinary approach, is the materialist conception of history (Hobden and Jones 2014). The central contention here is that processes of historical change are ultimately a reflection of the level of economic development of society. Effectively, economic development is the motor of history. The central dynamic that Marx identifies is the tension or contradiction between the means and relations of production (dialectical materialism) to the development of industrial capitalism. Together, the means of production and the relations of production form the economic base of a given society. As the means of production advances, existing forms of production become obsolete and fetter restricting the most effective utilization of the new productive capacity (Hobden and Jones 2014). This process leads to societal change whereby the relations of production are transformed in order to better accommodate the new means of production. This means of production conditions other aspects of life or the superstructure – social, political, and intellectual (Marx 1970).

From this perspective, according to Heydebrand (1977), the historical formation of the forces and relations of production is merely a special case of the fundamental process of ongoing human practical activity which, in the course of human history, is confronted not only with nature but increasingly with its own products. In the language of Marx, this human activity or praxis tends to come in contradiction with the practical activity of social groups and hence conflict (Marx 1904). Building on this proposition, organizations are conceived as established structure (outcome) and process (activity).

The third key element of Marxist analysis which seeks to emphasize modes of production is the conceptualization of capitalism. Embodied in his work *Critique of Political Economy*, Marx presents the capitalist mode of production as a process that emerged when the forces of production reach a level of sophistication where they can only be deployed effectively under a complex division of labor based on the commodification of labor (Vidal et al. 2015). This process of labor commodification happens through a process of violent dispossession that deprives workers of alternative ways to access consumption or production resources and thus forces workers to exchange their capacity to work for wage as if this capacity too were a commodity produced for sale in the market. The corresponding relations of production are defined by two, more specific relations – a relation of competition among producers or the capitalist class and the wage relation subordinating workers to managerial authority of the firm that employs them (Adler 2011). In this system, goods and services are exchanged as commodities in markets producing profits for capitalist enterprises. These profits stem from surplus values extracted from workers.

A fourth conceptual core of Marxist economic analysis is class. Class is particularly important for understanding the absence of harmony of interests between various social groups in society. Marxists hold that society is systematically prone to class conflict, in particular capitalist societies. The main axis of conflict is between the capitalists (bourgeoisie) and the workers (proletariat).

## Marx-Inspired Thinking About Organizational Forms

When applied to organizations, a dialectical-historical conception defines organizations as the concrete structural manifestations of social institutions that are more or less established outcome of historically specific human practical activity. Leaving aside the differences among the many schools of Marxism in organizational studies, we focus on what we consider as the core concepts, assumptions, and propositions that enrich our understanding of traditional and emerging topics in organization studies.

While organizations are themselves sites of contradictions, they are like other social structures part of a larger political economy, a macro-social and historical context, and particularly part of a

historical formation in which a given mode of production is tending toward dominance over others. The basic contradictions within the political system of advanced capitalist states, for example, that between the state and economy and labor or within capital itself, will be reflected in the formation and transformation of almost all types of organizations (Heydebrand 1977).

Unlike the traditional functionalist, organicist conceptions of organizations, Marxist theory focuses primarily on the conflictual aspects of employment relation and the ramifications for the structure and function of organizations (Adler 2011). This distinctive feature of Marxist approach compared to other conflict theories is attributing the deep cause of conflict to exploitation rather than to domination by authority noted in the works of Weber and Dahrendorf. Accordingly, in organizations devoted primarily to productive activity, the crucial internal contradiction arises from policies designed to rationalize work activity and the historical outcome of this process, namely, a system of authority relations based on the division of labor and, most importantly, on the control of labor (Heydebrand 1977).

A major contribution of Marxist perspective on organizational forms is its conceptualization of the role of bureaucracy in capitalist production and under socialism. Using Wright's (1974 in Adler 2011) critical Marxist account of bureaucracy as one form of bureaucratic analysis, bureaucracy in contrast to Weber's classical account is prevalent not because of its efficiency but because it is effective as a form of domination appropriate to exploitative capitalist production relations. In comparison, the optimistic view Marxist account of bureaucracy represented by Adler's work (2006) sees bureaucracies as performing dual roles; as part of the forces of production, it is seen as a powerful social organizing technology that enables the effective functioning of a group of workers. As part of the relations of production, it is a coercive mechanism for exploitation.

Under socialism, which Marxist like Lenin argues is a superior form of social organization, the tasks of government and the bureaucratic administration would be simplified so they can be performed by every literate person rather than only by specialized functionaries in the classical Weberian sense. In addition, bureaucrats under socialism would be elected and recallable, and they be paid wages comparable to other workers. As an example, Hearn (1978) argues that during the Chinese Cultural Revolution, Mao and the leadership of the Chinese Communist Party sought to create a form of bureaucracy that avoided the risks of technocratic domination by a combination of politics in command and the mass line. This strategy following Marxist mantra of empowering everyone gave lower-level functionaries and citizens at large some say in their relations with the bureaucracy.

Marxist concept and proposition are also useful in understanding the role managers play in organizations. This role according to Adler (2011) is better understood in the context of the growing complexity and size of firms along with their progressive bureaucratization, which has led to considerable growth in the number of managers. Accordingly, in Marxist account, managers play a contradictory role. On one hand, they are agents of capitalist exploitation, and on the other, they are coordinators of a complex division of labor and part of the collective worker. Put in another way, managers are agents of control and profit maximization.

Building on the foundations of Marx, more recent Marxist works on organizational studies have focused on the proliferation of alternative employment arrangements (part-time, interim, and contract work) or what is known as contingent work, the emergent insecurity of regular employment, and the movement toward outsourcing of jobs. From the perspective of critical Marxists, these new forms or works fragment existing collectives. More specifically, they undermine the modest countervailing powers that some workers have managed to establish through union activities (Adler 2011). From the perspective of optimistic Marxist, these new forms of employment arrangements while exploitative are in some cases a reflection of the deepening social division of labor, as activities are aggregated to form into new industries.

Under the rubric of feminist approaches to organization studies, Marxist theory of

organizations offers some useful lenses for understanding families and households (Calas and Smircich 2006). As an organizational form, the family is undergoing considerable change. For example, the rise of single-parent households and the increasing involvement of women in wage-earning workforce have deeply transformed the family. A key contribution of feminist work to Marxist understanding of organizational forms has been to challenge accounts of the relation between the realms of production and reproduction. In the broad field of feminist studies, many scholars (Acker 2000; Acker and Van Houten 1974; Smith 2002) argue that the production process presupposes a reproduction process, where men and women play different roles in these two processes, and that these differences are interrelated. Likewise this interrelation is important for understanding not only the structures of family and nonwork life but also for understanding the role of gender within production relations.

Network organization is another theme that Marxist theory offers some useful insights. Since the days of Marx, Marxists have predicted the growing concentration and centralization of industry and a tendency toward the domination of major industries by large, bureaucratized oligopolistic firms (Sweezy and Baran 1966 in Adler 2011). The major task of these large firms is to link smaller, more focused firms in highly adaptable customer-supplier relationships. In typical Marxian analysis, these relationships are nothing but structures of domination (Fields 2004).

The history of Taylorism and scientific management has attracted a sizeable literature inspired by Marxism especially its effects on specific organization (Nelson 1992) and its use in the public sector among others (Schachter 1989). More like Marxist views of classical bureaucratic analysis of Weber, Taylorism is often considered as not only a management technique but a template for capitalist exploitation of labor. As Braverman (1974) notes, it is management's program of real subordination made explicit. A less critical Marxist view of Taylor's scientific management is found in the works of Nelson (1980) and Kelly (2005), who on the basis of empirical observations show that Taylorism has brought improvements in the terms and conditions of employment for many workers.

Given the key roles of control and exploitation to Marxist theory as highlighted above, Marxist organization studies have naturally paid attention to how workers respond to control and exploitation. Adler (2009) identifies alienation, consent, and resistance as the three forms of responses to capitalist control and exploitation. Alienation refers to the structure of relations of production that deprive workers of control over the end and means of work activity (Jermier 1985). Using Gramsci's concept of hegemony, Marxist organization scholars argue that consent is typically a mix of acquiescence, internalized ideology, and coercion (Burawoy 1990). Resistance refers to collective struggle by workers through union activities to gain recognition and autonomy.

## Conclusion

Built on an interdisciplinary analysis of human history and the dynamics of capitalist development as a distinct mode of production, Marxist theory of organizational studies offers greater historical understanding of the origins of contemporary events and to differentiate more confidently between those events that portend radical changes of the status quo and those that reflect adaptation (Vidal et al. 2015). Events and phenomena we observe today may inflect historical trends.

## Cross-References

► Scientific Management Theory of Organizations

## References

Acker J (2000) Gendered contradictions in organizational equity projects. Organization 7(4):625–632

Acker J, Van Houten DR (1974) Differential recruitment and control: the sex structuring of organizations. Adm Sci Q 19(2):152–163

Adler P (2006) Beyond hacker idiocy: a new community in software development. In: Heckscher C, Adler P (eds) The firm as a collaborative community: reconstructing

trust in the knowledge economy. Oxford University Press, New York
Adler P (2009) Marx and organization studies today. In: Adler P (ed) The oxford handbook of sociology and organization studies: classical foundations. Oxford University Press, New York
Adler P (2011) Marxist philosophy and organization studies: Marxist contributions to the understanding of some important organizational forms. In: Tsoukas H, Chia R (eds) Philosophy and organizational theory (Research in the sociology of organizations). Emerald Group Publishing Limited, Bingley
Braverman H (1974) Labor and monopoly capital: the degradation of work in the twentieth century. Monthly Review Press, New York
Burawoy M (1990) Marxism as science: historical challenges and theoretical growth. Am Sociol Rev 55(6): 775–793
Calas MB, Smircich L (2006) From the woman's point of view ten years later: towards a feminist organization studies. In: Clegg SR, Hardy C, Lawrence TBN, Nord W (eds) The sage handbook of organization studies, 2nd edn. Sage, London
Fields G (2004) Territories of profit: communications, capitalist development, and the innovative enterprises of G. F. Swift and Dell Computer. Stanford University Press, Stanford
Hearn F (1978) Rationality and bureaucracy: Maoist contributions to a Marxist theory of bureaucracy. Sociol Q 19(1):37–54
Heydebrand W (1977) Organizational contradictions in public bureaucracies: toward a Marxian theory of organizations. Sociol Q 18(1):83–107
Hobden S, Jones RW (2014) Marxist and critical theories of international relations. In: Baylis J, Smith S, Owens P (eds) The globalization of world politics: an introduction to international relations. Oxford University Press, New York
Jermier JM (1985) When the sleeper wakes: a short story extending themes in radical organization theory. J Manag 11:67–80
Kelly K (2005) Labor movements and mobilization. In: Ackroyd S et al (eds) The oxford handbook of work and organization. Oxford University Press, Oxford
Marx K (1904) A contribution to the critique of political economy. C. H. Kerr, Chicago
Marx K (1970) The German ideology. Lawrence and Wishart, London
Nelson D (1980) Frederick Taylor and the rise of scientific management. University of Wisconsin Press, Madison
Nelson D (ed) (1992) A mental revolution: scientific management since Taylor. Ohio University Press, Columbus
Schachter HL (1989) Frederick Taylor and the public administration community: a reevaluation. State University of New York Press, Albany
Smith RA (2002) Race, gender, and authority in the workplace: theory and research. Annu Rev Sociol 28: 509–542
Sweezy P, Baran PA (1966) Monopoly capital: an essay on the American economic and social order. Monthly Review Press, New York
Vidal M, Adler P, Delbridge R (2015) When organization studies turns to societal problems: the contribution of Marxist grand theory. Organ Stud 36(4):405–422
Wright E (1974/75) To control or to smash bureaucracy: Weber and Lenin on politics, the state, and bureaucracy. Berkley J Soc 19:69–108

# Mass Incarceration in Urban America

Felix Kumah-Abiwu
Center for African Studies, Department of Pan-African Studies, Kent State University, Kent, OH, USA

## Synonyms

Confinement; Detention; Imprisonment

## Definition

Incarceration or imprisonment is defined as a legally imposed deprivation of personal liberty after a person is found guilty by a court of law for serious crimes defined as felonies by federal and state legislatures (Travis et al. 2014).

## Introduction

The USA does not only share many commonalities with advanced democratic societies in the world, but it is often described as the "Leader of the Free World" with admirable democratic values worth emulating by other nations. At the same time, the USA, unlike other major Western societies, finds itself in the category of authoritarian countries such as Russia and China with high prison populations. The USA constitutes about 5% of the world population, but it has more than 25% of the world's total prison population (De Giorgi 2015), making it the number one country in the world with the highest prison population (Turney 2014; Alexander 2012).

While the prison population is reported to be on a slight decline in the last few years, Thorpe

(2014), as other scholars (Manza and Uggen 2006), noted that the US prison population has not only increased more than 600% since the 1970s, but two-thirds of the incarcerated people are serving prison sentences for nonviolent offenses such as property theft and drug offenses. Prior to the last few years when the prison population has seen some declines, as noted, De Giorgi (2015) observed that the USA had about 2.3 million people imprisoned with about 4.7 million on parole or probation making a combined total of 7 million people under some form of penal control in the criminal justice system. While scholars and policymakers have raised concerns about the disturbing mass incarceration trends in America, a critical question that has not escaped the attention of observers of the incarceration terrain centers on the racial disparities of the prison population. In other words, America's prison population is disproportionately composed of racial minorities from urban communities, especially African American and Hispanic males (Thorpe 2014).

The factors that have driven and continued to drive mass incarceration in America are subject to contentious debates. For some, the never-ending presence of crime, gang activities, trafficking, and use of hard drugs such as heroin and cocaine in many communities, especially urban communities (Clear 2007; Travis et al. 2014; Simes 2018), have been used to explain the rise in mass incarceration. Others explain the mass incarceration as a product of profit-motivated prison industrial complex system, school-to-prison pipeline practices, and the reliance on the prison system by some communities for economic survival (Douglas et al. 2018). For others, the narrative of the so-called "law and order" rhetoric for political mobilization (Travis et al. 2014; Nadelmann 1990) and race as a factor cannot be ignored in explaining America's mass incarceration. In other words, mass incarceration is significantly shaped by race and how race (Black people) has often been linked to "criminality" (Alexander 2012; Travis et al. 2014).

For a concise overview of the discourse on race, class, urban communities, and America's criminal justice system, this entry examines mass incarceration in urban America and the wider implications on African Americans. The entry is organized into two parts in examining these issues. The first part examines the evolution of America's mass incarceration from the 1970s to the present era. This part also explores some theoretical ideas or underpinnings in the evolution of mass incarceration. The second part discusses the implications of mass incarceration on urban communities with a focus on African Americans. The entry concludes with some policy ideas and recommendations on America's criminal justice system.

## Overview of Mass Incarceration in America

In his almost a century-year-old publication on the origins of America's prison system, Harry Barnes observed that the penal or prison system originated in ancient times and became institutionalized with societal changes over time (Barnes 1921). At the beginning of the eighteenth century, for example, the penal system was largely applied to political and religious offenders as well as debtors (Barnes 1921). Colonial America produced what Barnes (1921) describes as the modern prison system that was characterized by jails and workhouses. For Enns (2014), the rise in America's prison population could best be explained by the popular embrace of *punitiveness* as a social concept and preference by political actors and the general public.

While the idea of *punitiveness* provides some useful insights to better understand society's embrace and practices of imprisonment as the preferred choice for punishments in the slavery and post-slavery eras, Gilmore's (2000) work on slavery and America's criminal justice system has, however, argued that prisons might not have been a direct extension of slavery, but the strong link between institutionalized and systematic racist laws that were introduced in the post-slavery era created fertile grounds for the growth in the imprisonment of African Americans (Gilmore 2000). For example, the segregated or Jim Crow laws of the American South from the late 1880s to the early 1950s not only deny African Americans their basic civil rights (Butchart 2010), but severe

penalties for so-called "crimes" such as loitering, vagrancy, and public drunkenness among others were introduced and aggressively enforced. To Gilmore (2000), the institution of slavery was not only racialized, but the system of slavery was also built on coercive labor. In the same vein, one can understand the current patterns of mass incarceration through the interconnections between racism, criminalization, and labor in the post-slavery era (Gilmore 2000). As Cavadino and Dignan (2006) have suggested, America's mass incarceration is shaped by the conception of criminality, race, and public preference for severe punishment for decades. It also involves the intersectionality of societal/cultural factors, perceptions, historical narratives, and social norms of who "perpetrators" and "victims" of criminal acts are "expected" to racially look like (Cavadino and Dignan 2006). This is where it becomes essential to underscore how "blackness" has been historically defined, framed, reframed, and portrayed in America's violent criminal justice system (Thorpe 2014). This violence of mass incarceration against minority urban communities seems not to represent what Thorpe (2014) describes as the ideals of resistance to violence that America was founded on as a nation. Instead, mass incarceration challenges one's imagination of how the American society has become so tolerant to the violence of imprisoning its citizens than any other country in the world (Thorpe 2014).

## Explaining Mass Incarceration in Urban America

Before examining the main explanatory factors of America's mass incarceration, it would be useful to briefly discuss some theoretical underpinnings that have shaped research works on mass incarceration. This entry draws on Simes' (2018) review of two main perspectives from the literature for the discussion. The first is the *urban inequality perspective*. This perspective underscores the argument that a number of poor neighborhoods in urban cities tend to experience high levels of incarceration because of the connection of urban areas to spatial distribution of crime (Simes 2018; Clear 2007; Travis et al. 2014). The second is the *social control perspective*. While this perspective acknowledges the high rates of incarceration in urban neighborhoods, scholars of this perspective argue that high incarceration is a process of social control of racial minority groups who have been segregated to urban locations and dislocated from mainstream social and economic opportunities (Simes 2018; Goffman 2014). Broadly, as Simes (2018) has suggested, socioeconomic difficulties such as poverty and lack of opportunities have some connection to crime and incarceration.

The two perspectives provide useful theoretical lens in advancing our understanding of mass incarceration in urban America, but race as a critical factor, as articulated in the central thesis of the *critical race theory* (Bell 1992), might provide a more persuasive explanation for America's mass incarceration. The main conceptual idea of the *critical race theory* highlights the argument that institutionalized racism does not only occupy a dominant place in the American society, but issues of race and racism permeate key areas of the society such as law, popular culture, media, policy, and public/private institutions (Bell 1992; Orelus 2013). Critical race theorists also argue that race as a factor is more likely to directly and/or indirectly influence decisions of individuals, groups, and institutions as race is often employed as a powerful tool in the marginalization of minority groups, especially African Americans (Bell 1992; Delgado and Stefancic 1995; Kumah-Abiwu 2019a).

What factors then explain America's mass incarceration? The next section discusses these factors with supporting examples. For clarity purposes, the section is discussed from two standpoints. The first explores the evolution of the "war on drugs" as a major explanatory factor in shaping mass incarceration in America. The second examines federal drug laws and punitive policy responses in the enforcement of these laws as other factors that have shaped America's mass incarceration. Also discussed is the politics of framing the war on drugs with the so-called law and order political rhetoric from the 1980s onwards.

## The War on Drugs

The 1960s was a turbulent period in America's history that was not only characterized by civil rights and anti-war protests, but the era also witnessed a surge in the trafficking and use of narcotic or illegal drugs (Nadelmann 1990; Kumah-Abiwu 2012, 2014). The use of narcotic drugs was unlawful in most cases, but hard drugs such as cocaine and heroin were also associated with the rich and famous (Musto 1999). The drug surge was mostly fueled by cultural forces of "anti-political establishment" views among college students who were part of the anti-war movement of the 1960s (Musto 1999; Ferraiolo 2007). Strangely, the use of marijuana became a "glorified phenomenon" in the American popular culture, especially in songs and movies with links to the anti-war movement (Ferraiolo 2007). Confronted with these social challenges, President Richard Nixon redefined the drug issue as America's "public enemy number one" and declared an all-out "war" on illegal drugs in 1971 (Musto 1999; Kumah-Abiwu 2012).

Two schools of thought exist among scholars on Nixon's declaration of the war on drugs. For some, Nixon declared the war on drugs as a policy response to the worsening drug problem of the era (Bertram et al. 1996). For others, Nixon's declaration of the war on drugs was a fulfillment of his law and order and tough-on-crime promises to the American people during his presidential campaign (Bertram et al. 1996). Regardless, the evolution of the so-called war on drugs changed America's prison landscape through various federal drug laws that were passed by Congress and state legislatures since the 1970s. The next section discusses some of the federal drug laws and their consequences on urban America.

## Drug Laws and Mass Incarceration

One of the strategies Richard Nixon adopted after declaring the war on drug was to renew the politics of issue framing (Kumah-Abiwu 2017) and the pervasive public perception regarding the "link" between drug use and criminal activities as the basis for his drug control policy (Bertram et al. 1996). On the legislative front, for example, the Comprehensive Drug Abuse Prevention and Control Act (CDAPCA) of 1970 was Nixon's major drug control law that was passed by Congress (Musto and Korsmeyer 2002). One of the key elements of the law was the creation of five categories of controlled substances, also known as schedules, a method for determining the possible abuse of controlled substances, harmfulness, and potential use for medical purposes. Marijuana was classified under schedule I with hard drugs such as heroin and deemed as a potentially dangerous drug for abuse (Sharp 1994).

Unlike Nixon's war-like narcotics policy, the drug war rhetoric briefly deescalated in the Administrations of Gerald Ford and Jimmy Carter (Sharp 1994) in the late 1970s, but reescalated from the 1980s onwards when Ronald Reagan became president (Goode 2005). Not only was the war on drugs intensified with punitive anti-drug laws, but the emergence of crack cocaine in the 1980s (Ferraiolo 2007; Sharp 1994) and the use of it in urban communities changed the calculus of the war on drugs and the growth of incarceration across America. Two major changes occurred with respect to how the war on drugs was pursued. First, stricter federal and state drug laws were enacted with aggressive enforcement in poor urban areas. Second, the drug laws galvanized mass incarceration of nonviolent crimes in many of these urban communities (Goode 2005).

Describing the drug laws of the Reagan era, for example, Wisotsky (1986) noted that the legislative offensive by the Reagan administration against the trafficking and use of narcotic drugs culminated into the passage of the 1984, 1986, and 1988 anti-drug laws. These laws were not only punitive (Ferraiolo 2007), but their key provisions included mandatory minimum sentences for drug offenders based on the amount of powdered or crack cocaine found in the possession of offenders (Musto 1999; Kumah-Abiwu 2012). A case in point was the 1986 anti-drug law. The law provided stiffer punishment for all drug offenders, but the punishment for crack cocaine drug offenders was different from powdered cocaine drug offenders (Musto 1999). For example, the penalty drug offenders receive for the possession of 5 g of crack cocaine was equivalent to the penalty for the possession of 500 g of

powdered cocaine with prison sentences ranging from 5 to 40 years (Musto 1999). In the words of Reinarman and Levine (2004), the crack and powdered cocaine dichotomy shows the class and racial elements of people who use these drugs. For instance, powder cocaine was mostly used in private settings among more affluent white Americans, while crack cocaine was sold and used in inner-city street corners. Similarly, powder cocaine was often sold in half-gram or one-gram units for $50 to $100 in the mid-1980s, while crack cocaine was sold in small "rocks" for $5 to $10 (Reinarman and Levine 2004).

Given the class and the racial components of people who use these drugs as Reinarman and Levine (2004) have noted, it was not surprising when urban poor communities became the target of aggressive law enforcement in the 1980s (Musto 1999). Clearly, the class/race status and dichotomy appear to connect quite well to the concepts of *urban inequality and social control perspectives* (Simes 2018) in explaining America's mass incarceration. But the important question on the disproportionate/racial composition of America's prison population seems unanswered. In other words, why should one racial group be the main "target" for mass incarceration despite the widespread use of illicit drugs among the general population?

As scholars have argued, racial disparity is not only the crux of US drug control dilemma, but race as a factor appears to shape federal and state drug laws and their enforcement strategies (Reinarman and Levine 2004). According to the National Association for the Advancement of Colored People (NAACP), African Americans and Whites use drugs at almost the same rates, but African Americans are six times more likely to be arrested and charged than Whites. Also, African Americans represent about 5% of illegal drug users, but account for 29% of people often arrested and 33% of those imprisoned for drug offenses (NAACP 2020). Reinarman and Levine (2004) captured the racial disparity dilemma with two examples worth reiterating at this point. To these scholars, America witnessed a surge in cocaine use by affluent Whites such as investment bankers, stockbrokers, Hollywood and rock stars, as well as professional athletes in the 1970s with many of them showing up in hospitals. Congress responded by passing laws to extend health insurance coverage to include drug treatment for them. However, when crack cocaine spread among African Americans and Latinos in the mid-1980s in poor urban communities, Congress passed new laws to extend the length of criminal sentences for crack offenses (Reinarman and Levine 2004).

This is where the federal narcotic laws that were passed in the escalation period of the war on drugs from the 1980s and onwards become important to underscore. For some, Nixon is credited with launching the war on drugs, but it was during the 1980s that the drug war actually escalated (Thoumi 2003). Like Reagan, President Bush also framed drug abuse as one of America's severe problems and demanded about $1.5 billion increase in domestic law enforcement for drug control and $3.5 billion for global efforts to reduce the supply of illegal drugs (Kumah-Abiwu 2019b) into the USA. Aided by the saliency of the drug issue in the 1980s, public support for stricter drug laws increased due to the sustained media campaign against drug use (Bertram et al. 1996; Kumah-Abiwu 2012).

For Travis et al. (2014), the 1980s throughout the 1990s represent the strictest era of drug laws that were passed by Congress and other state legislatures mandating lengthy prison sentences ranging from 5, 10, and 20 years or longer for drug and other criminal offenses. These stricter sentences continued into the 1990s with the "three strikes and you're out" laws which mandated minimum sentences of 25 years and longer for affected offenders. Some of these laws also required offenders to serve at least 85% of their prison sentences (Travis et al. 2014). The 1994 crime bill (Violent Crime Control and Law Enforcement Act of 1994), which was signed into law by President Bill Clinton also incentivized states with federal funding for building more prisons, increased prison sentences, and the reduction in early release of prisoners (Chung et al. 2019). For many, the 1994 crime law is one of the drug laws that has been responsible for the rapid increase in the disproportionate mass incarceration of African American males from the 1990s onwards (Chung et al. 2019).

Another aspect of the mass incarceration debate relates to the "connection" between drug use and criminal actions. Travis and colleagues argued that the changes in the prison sentences in most of the drug laws reflected a pervasive public perception that views incarceration as a tool for crime control. Yet, for four decades, America's incarceration rate increased with the crime rates showing no clear and consistent trends. The rate of violent crime, for example, rose, then fell, rose again, then declined sharply during the four decades of the drug issue (Travis et al. 2014). The likely explanation of mass incarceration, as Travis et al. (2014) have noted, might not necessarily be about the rise in crime, but the policy choices by legislators and political actors who favored aggressive law enforcement of drug laws in many urban areas for various reasons. On their part, Reinarman and Levine (2004) have suggested that America's mass incarceration seems to be the manifestation of the complex interplay and actions of politicians, the media, and the drug-control establishments to repress the urban underclass.

In fact, the urban underclass argument is a reminder of the *social control perspective* that highlights how racial minority groups in urban locations have not only been dislocated from the mainstream social and economic opportunities (Simes 2018), but efforts to socially control these urban communities are often based on their "perceived threats" to the social order. This might explain why Travis et al. (2014) have argued that social control through the war on drugs became the norm in urban/minority communities given the way most Americans view incarceration as an instrument for crime control. Smith and Hattery's (2008) reasoning on the above discussion might be useful to reiterate at this moment. In the words of Smith and Hattery (2008), mass incarceration appears to be a strategy to remove the so-called "un-useful members" of the capitalist society as reflected in the way ex-convicts are disenfranchised from the political process and reduced to a second-class citizens with weakened abilities to challenge the social and political power structures (Smith and Hattery 2008). Mauer's (2009) ideas on the social control argument are equally revealing. To Mauer (2009), law enforcement agencies have for decades focused their resources on curtailing narcotic drugs in low-income communities with the argument that drugs in urban neighborhoods are more likely to be disruptive to these communities. What this argument failed to recognize, as Mauer (2009) has maintained, is the fact that drug trafficking and use are common in White communities and can also be destructive to these communities.

Another dimension on the causes of mass incarceration deals with what could be described as the politics of issue framing (Kumah-Abiwu 2017) of the drug war, criminality issues, and the race factor. Legal scholar Scully (2002) got it right by arguing that the sustained onslaught on many African American communities through the war on drugs can be understood by examining how these communities have been historically framed and reframed through racial labels. From the era of slavery when the US Constitution does not even recognize the basic rights of Blacks as human beings, to the era of Jim Crow or segregated era laws with codes that criminalized the behavior of Black people, to the present era where "blackness" has been dehumanized and criminalized (Scully 2002). It could therefore be argued that racial disparities in mass imprisonment are the outcomes of negative perceptions/racial stereotypes and the racialized practices against African Americans at decision points such as police arrests, case handlings, and the imposition of prison sentences by judges (Travis et al. 2014). The media portrayal of African Americans, especially males as "offenders" and Whites as "victims" are a few cases in point (Travis et al. 2014). Clearly, the politics of framing the war on drugs and the violence nexus vis-à-vis the distortion of crime as Scully (2002) describes it was especially on display from the 1980s onwards. For example, there is no doubt that crack cocaine was widespread in many urban communities, but the way the media and political actors framed and repeatedly claimed that crack cocaine drove users to desperate acts of crime and violence show a clear case of the politics of issue framing (Reinarman and

Levine 2004). With the negative media portrayal of crack cocaine use as a dangerous "epidemic" that was connected to violence and criminal acts with the likelihood of its spread to affluent suburban communities (Reinarman and Levine 2004), it was not surprising when the law and order rhetoric and tough-on-crime mantra became the message for political operatives with the corresponding consequences for urban America.

## Consequences of Mass Incarceration

The 1990 report by the Sentencing Project raised public attention to the alarming trend in mass incarceration and the racial element of how one in four Black men between the ages of 20 and 29 were under some form of penal control in America (Roberts 2004). The collateral damage in terms of the consequences of mass incarceration in urban America is without doubt troubling. The list is long and out of scope for a lengthy discussion in this entry given the succinct requirement of the entry chapter. Nevertheless, an overview of the main consequences is discussed from two positions. First, the short-term consequences such as overcrowding and other health-related conditions linked with incarceration. And second, the long-term consequences such as the disruption of family structures and the political disenfranchisement of ex-felons.

With respect to the first position, Travis and colleagues noted that the increase in America's imprisonment from the 1970s resulted in the rapid overcrowding of many prisons. The speed and enormous size of the prison influx created further problems for states that were unable to build additional bed spaces to meet the rising demand. Large dormitory facilities and makeshift facilities were constructed to meet growing demands. It should be noted that the newly built facilities were different from the mid-1970s prison spaces where the average prisoner was housed in a single cell of about 60 squarefeet in dimension (Travis et al. 2014). On the health conditions of inmates, especially those from urban areas who are already faced with serious socioeconomic inequalities, Wildeman and Wang (2017) suggested that incarceration tends to offer short-term improvements in the health care of inmates due to the availability of medical care in the prison system. However, the post-incarceration period tends to always present profound harmful effects on the physical and mental health for most ex-felons and their families.

On the second position, Michelle Alexander's book titled *The New Jim Crow Law: Mass Incarceration in the Age of Colorblindness* captures the central debates on the consequences of mass incarceration on many African Americans and their political disenfranchisement. As revealed in the literature, Blacks were not only denied their humanity in slavery, but their aspirations for freedom and human dignity in the post-slavery era were short lived with the introduction of Jim Crow/segregated era laws which reduced African Americans into second-class citizens (Alexander 2012; Scully 2002). Drawing a strong parallel between the Jim Crow era of the 1950s and the consequences of the ongoing mass incarceration, it is clear, as Alexander (2012) has argued, that Americans, especially African Americans with "criminal records" are now living in a new Jim Crow era. To put it differently, America's racial history of slavery and Jim Crow era segregated laws have been transformed and replaced with another "racial caste" system of mass incarceration (Alexander 2012).

With strong cases in support of the central argument of her book, Alexander (2012) argues that ex-felons are being discriminated against in public housing, employment opportunities, the right to vote because of their status as ex-felons, and access to student loans for education. The long-term issue of educational inequity in these urban areas as Kumah-Abiwu (2020) has argued in his recent entry on educational inequity in America's urban communities is another important point to underscore. In essence, the mass incarceration of many African Americans as a result of the so-called war on drugs has created long-term consequences of racial injustice and

political disenfranchisement of fellow American citizens for nonviolent crimes (Alexander 2012). This practice of denying the right to vote to people with a criminal conviction, especially people from poor urban minority communities, is raising further questions about the growth of America's prison population and the transformation in the practice of citizenship and democratic rights in the USA (Travis et al. 2014). Unlike other Western democracies, the USA is the only major Western democracy that disenfranchises most of its prisoners and those who have completed their prison sentences (Travis et al. 2014; Manza and Uggen 2006). While efforts are being made to effect policy change, Chung et al. (2019) noted that about 6.1 million Americans have been prohibited from voting as of 2016. Simply put, as Alexander (2012) has reminded us, America's mass incarceration and its effects on many African Americans in urban communities are akin or similar to the Jim Crow era of the 1950s.

America's mass incarceration is also connected to recent sociopolitical events and modern social movements such as the Black Lives Matter (BLM) movement and their activism in raising public awareness on issues of racial injustice, mass incarceration of Blacks, and the criminal justice system. Rickford (2015) discussed similar issues on how BLM movement has become a modern practice of mass struggle with the movement representing the most recognizable expression of outrage by African Americans and many others against police aggression and racist violence. For Rickford (2015), as Escobar (2015) has also argued, BLM is not only addressing the reality that touches the lives of many in America's urban communities, but the movement is also increasing public awareness about structural racism and other issues such as the mass incarceration of Blacks in poor urban communities. It is expected that the relevance of contemporary social movements such as the BLM will not only continue to keep the discourse on criminal justice reform on the public agenda, but pathways can be created through policy ideas that will lead to genuine criminal justice reforms across the USA, especially at the state and local levels.

## Conclusion

The ongoing scholarly and public debates on why the prison population has increased more than 600% since the 1970s in the USA with two-thirds of the incarcerated people serving prison time for nonviolent drug offenses (Thorpe 2014) with enormous consequences of the mass incarceration on urban communities will continue to perplex the imagination of observers for some time. At the same time, the staggering fact that the USA with 5% of the world population has 25% of the total prison population of the world (De Giorgi 2015) might challenge the consciousness of the American people for policy change.

To understand the factors that have continued to shape America's mass incarceration and the consequences, this entry chapter has examined the discourse on mass incarceration in the context of the war of drugs. The entry integrated the concepts of *urban inequality perspective*, *social control perspective* (Simes 2018; Goffman 2014), and the *critical race theory* (Bell 1992) to advance the argument that the interplay of race, the war on drugs, and the politics of framing the law and order/tough-on-crime rhetoric have contributed largely to the increase in America's mass incarceration. It is clear, as the discussions in the entry chapter have revealed, that America's mass incarceration is creating a "second-class citizenship status" for many African Americans who have been disproportionately targeted in the so-called war on drug. Like other works of this nature, this entry does not condone criminal acts in anyway, but it is critical to also underscore the disturbing trends where poor urban minority communities are being besieged and unfairly and racially "targeted" in the war on drugs.

From the policy standpoint in terms of policy ideas and recommendations, this entry offers two specific recommendations. First, policy change through prison reform initiatives are urgently needed to address the imbalance in America's prison population. The ongoing policy initiative on prison reforms at the federal level is encouraging, but further reforms are needed at the state and

local levels. Second, there is the need to also rethink the drug control policy of the USA from the punitive law enforcement strategy toward a more public health approach to drug control policy.

## References


Alexander M (2012) The new Jim Crow: mass incarceration in the age of colorblindness. The New Press, New York

Barnes HE (1921) Historical origins of the prison system in America. J Crim Law Criminol 12:35–60

Bell D (1992) Faces at the bottom of the well: the permanence of racism. Basic Books, New York

Bertram EM, Sharpe BK, Andreas P (1996) Drugs war politics: the price of denial. University of California Press, Berkeley

Butchart ER (2010) Black hope, white power: emancipation, reconstruction and the legacy of unequal schooling in the U.S. South, 1861–1880. Paedagog Hist 46(1/2):33–50

Cavadino M, Dignan J (2006) Penal policy and political economy. Criminol Crim Just 6:435–456

Chung E, Pearl B, Hunter L (2019) The 1994 crime bill continues to undercut justice reform – Here's how to stop it. Center for America Progress. Retrieved 30 July 2020 from https://www.americanprogress.org/issues/criminal-justice/reports/2019/03/26/467486/1994-crime-bill-continues-undercut-justice-reform-heres-stop/

Clear TR (2007) Imprisoning communities: how mass incarceration makes disadvantaged neighborhoods worse. Oxford University Press, New York

De Giorgi A (2015) Five theses on mass incarceration. Special issue: beyond mass incarceration: crisis and critique in North American penal systems. Soc Justice 42:5–30

Delgado R, Stefancic J (1995) Critical race theory: the cutting edge. Temple University Press, Philadelphia

Douglas KM, Sjoberg G, Saenz R, Embrick DG (2018) Bureaucratic capitalism, mass incarceration and race and ethnicity in America. In: Pinar B, Feagin J (eds) Racial and ethnic relations handbook. Kluwer/Springer, New York

Enns PK (2014) The public's increasing punitiveness and its influence on mass incarceration in the United States. Am J Polit Sci 58:857–872

Escobar EJ (2015) The unintended consequences of the carceral state: Chicana/opolitical mobilization in post–World War II America. J Am Hist 102:174–184

Ferraiolo K (2007) From killer weed to popular medicine: the evolution of American drug control policy, 1937–2000. J Policy Hist 19:147–179

Gilmore K (2000) Slavery and prison: understanding the connections. Soc Justice 27:195–205

Goffman A (2014) On the run: fugitive life in an American city. University of Chicago Press, Chicago

Goode E (2005) Drugs in American society, 6th edn. McGrawHill, New York

Kumah-Abiwu F (2012) The dynamics of US narcotics policy change: implications for the global narcotics regime. Lambert Academic Publishing, Saarbrücken

Kumah-Abiwu F (2014) The quest for global narcotics policy change: does the United States matter? Int J Public Adm 37:53–64

Kumah-Abiwu F (2017) Issue framing and electoral violence in Ghana: a conceptual analysis. Commonwealth Comp Polit 55:165–186

Kumah-Abiwu F (2019a) Media gatekeeping and portrayal of Black men in America. J Men's Stud 1–18. Published online on May 14. https://doi.org/10.1177/1060826519846429

Kumah-Abiwu F (2019b) Changing trends in West Africa's drug policy terrain: atheoretical perspective. Commonwealth Comp Polit 57:52–70

Kumah-Abiwu F (2020) Educational inequity in America's urban communities. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4044-1

Manza J, Uggen C (2006) Locked out: felon disenfranchisement and American democracy. Oxford University Press, New York

Mauer M (2009) The changing racial dynamics of the war on drugs. The Sentencing Project, Washington, DC

Musto D (1999) The American disease: origins of narcotics controls. Oxford University Press, New York

Musto DF, Korsmeyer P (2002) The quest for drug control: politics and federal policy in a period of increasing substance abuse, 1963–1981. Yale University Press, New Haven

NAACP (2020) National association for the advancement of colored people. Retrieved 30 July 2020 from https://www.naacp.org/criminal-justice-fact-sheet/

Nadelmann E (1990) Global prohibition regimes: the evolution of norms in international society. Int Organ 44:479–526

Orelus PW (2013) Unpacking the race talk. J Black Stud 44:572–589

Reinarman C, Levine H (2004) Crack in the rearview mirror: deconstructing drug war mythology. Soc Justice 31(1–2):182–199

Rickford R (2015) Black lives matter: toward a modern practice of mass struggle. New Labor Forum 25:34–42

Roberts DE (2004) The social and moral costs of mass incarceration in African American communities. Stanford Law Rev 56:1271–1305

Scully JA (2002) Killing the black community: a commentary on the United States war on Drugs. In: Sillman J, Bhattacharjee A (eds) Policing the national body: race, gender and criminalization. South End Press, Cambridge, MA, pp 55–81

Sharp E (1994) The dilemma of drug policy in the United States. Harper Collins College Publishers, New York

Simes JT (2018) Place and punishment: the spatial context of mass incarceration. J Quant Criminol 34:513–533

Smith E, Hattery A (2008) Incarceration: a tool for racial segregation and labor exploitation. Race Gender Class 15:79–97
Thorpe R (2014) Urban divestment, rural decline and the politics of mass incarceration. Good Soc 23:17–29
Thoumi F (2003) Illegal drugs, economy, and society in the andes. The Johns Hopkins University Press, Baltimore
Travis J, Western B, Redburn S (eds) (2014) The growth of incarceration in the United States: exploring causes and consequences. National Academy Press, Washington, DC
Turney K (2014) Incarceration and social inequality: challenges and directions for future research. Ann Am Acad Pol Soc Sci 651:97–101
Wildeman C, Wang EA (2017) Mass incarceration, public health, and widening inequality in the USA. Lancet (London, England) 389:1464–1474
Wisotsky S (1986) Breaking the impasse in the war on drugs. Greenwood Press, New York

# Mass Media and Politics in Nigeria: The Age-Long War

Raphael Abumchukwu Ekwunife[1], Christiana Ogeri Chukwu[2], Osita George Agha[1], Ikechukwu Ogeze Ukeje[3] and Cyprian Afam Anih[1]
[1]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Abakaliki, Nigeria
[2]Department of Mass Communication, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Ndufu Alike, Nigeria
[3]Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Abakaliki, Nigeria

## Synonyms

Agenda setting; Cultural imperialism; Globalization; Media ownership; Political theory; Status conferral

## Definitions

Mass Media: These refer to channels of information gathering and dissemination that perform a surveillance function on the government.

Political Theory: This refers to the political philosophy of any given government which enables such a political system to make and implement laws that check the activities of various institutions, particularly the media.

Media Laws: These explain the overt and covert laws made by the government in order to check the freedom enjoyed by the press. Such laws are primarily made to gag the press and make the media a pro-government machinery.

Governance: This is the exercise of political, economic, and administrative authority in the management of a nation's affair. It embraces all approaches – good and bad – that societies apply to distribute power and manage public resources and problems.

Imperialism: Imperialism refers to the subtle control that is facilitated by the media which a nation exercises over another nation as a result of its strong political and economic muscle, whereby such domination by a politically and economically vibrant nation causes the cultural erosion of the dominated country.

## Introduction

The interface between the media and the government is inextricable. The media is a strong institution that exerts a strong influence on the political institution. To this extent, the media is described as the Fourth Estate of the Realm. This implies that the media is an arm of the government just as the executive, the legislature, and the judiciary. Writing on "The Media as the Fourth Estate of the Realm: Real or Imagined," Ndolo (2011, p. 5) notes:

> . . .the press is a fourth branch of government that serves the public by acting as a watchdog, a kind of German shepherd whose glittering eye is eternally fixed on the Executive, Legislative and Judiciary to make certain that they do not abuse their power.

A one-time president of the United States of America – Thomas Jefferson – underscores the all-important need of the media in any government in 1787 when he asserted that he would choose a press without the government over government without the press. Writing from Paris to Edward Carrington whom President Jefferson sent on delegation to the Continental Congress

from 1786 to 1788, the President maintained that it is only the people that can censor public office holders and other managers of national resources. However, this kind of censorship can only apply in a society where freedom of speech and, consequently, press freedom are upheld (Ekwunife et al. 2021). The friction between the media and the government as an age-long thing could be traced to the authoritarian England when the state feared the all-powerful effect of the media under the assumption of the mass society theory (Okunna and Omenugha 2012; Udeze 2012). It was believed that the media had the power, the irresistible power to make its audience behave as advocated; hence, media criticisms against the government were feared and checked. The influence of the media on the ruling class could be pro-government or anti-government. In any case, every government seeks a press that will be pro-government; promoting and upholding its programs and activities to earn legitimacy before the people. Looking at the relationship between the media and government and how the government can influence the workings of the media, the political institution invariably determines to a large extent the modus operandi of the media by making laws which either provide an enabling environment for media operations or serve as a glitch to free press. In many situations, such overt and covert laws or measures of media control end up making the media a propaganda machinery, a sycophant, and a biased arbiter for the government. Therefore, the entry of this study seeks to examine how the media and government influence each other and also explain the implication of this to media practice, governance, and society.

## Origins

Following the establishment of a printing press in Abeokuta, Nigeria, in 1854, the advent of the first newspaper in Nigeria – *Iwe Irohin* – in 1859 was made possible (Okunna and Omenugha 2012; Omu 1978). *Iwe Irohin* was established by Rev. Henry Townsend, and the aim was "to get the people to read, since at this time, the Church Missionary Society (CMS) had trained about 3000 persons who could read and write and thus needed materials to read (NOUN 2017). While the press at this time was not primarily to attack the government, it is necessary to point out that the first paper in Nigeria – *Iwe Irohin* – made mordant remarks about slave trade in its contents and thus could be said to perform a surveillance function on the government. Many other newspapers followed, but mention must be made of the *Lagos Weekly Record* established by John Payne Jackson which was described as the first militant newspaper that was a thorn in the flesh of the colonial administration (NOUN 2017; Omu 1978), followed by the *West African Pilot* established by Nnamdi Azikiwe in 1937. These two newspapers were very nationalistic and vitriolic in content, leading to the ban of the *West African Pilot* for 6 weeks in 1945. The bullet effect of the media is evident that while some nations such as South Africa and Kenya got their independence in a pool of blood, Nigeria, through the press, got hers on a platter of gold through nationalists' writings. Worthy of note is the fact that earlier press was not profit driven. In fact, Dr. Nnamdi Azikiwe was the first person to turn newspaper business into a profit venture (NOUN 2017; Azikiwe 1971).

A look at the development of the broadcast media in Nigeria shows that radio arrived much earlier than television. The beginning of radio broadcasting in Nigeria could be traced to "December 19, 1932, when the BBC set up an experimental Radio-receiving station in Lagos to pick up the short wave transmissions of the empire service from Daventory" (Ndolo 2005, p.48). This was a radio rediffusion service meant to relay programs from the BBC in London. In the view of Okenwa (2011), it is "the monitoring and relaying (of) programmes from the BBC to her Majesty's servants in this part of the world." This shows that the introduction of radio in Nigeria was for political interest. The proper arrival of radio in Nigeria was in 1936 when the Radio Distribution service was centered in Lagos to distribute programs coming from the BBC in London (Okunna 1998). From here, the Nigeria Broadcasting Service (NBS) came up in 1951. In 1993, the Federal Government granted licenses

to private broadcasting in Nigeria which brought Ray Power Radio on the scene as the first private radio station in Nigeria, followed by Minaj Systems Radio in 1994. From here, the proliferation of radio followed. Television as part of broadcasting arrived nearly 30 decades after the radio in Nigeria. Notwithstanding, "Nigeria had the first television station on the African continent, and today it boasts the most extensive service" (Bourgault 1995, p.103). Western Nigeria Television was inaugurated in Ibadan in 1959 and then the Eastern Nigeria Television in 1960. In the year 1962, the Northern Nigeria found its own radio, thus establishing the TV station in the three regions of the country.

Several factors could be said to have aided the growth and development of the print and broadcast media in Nigeria. Some of them are technology (printing press), value system, minimal corruption, regulatory influences, competition, nationalism, absence of commercialization, tribalism and ethnicity, political parties, and so on.

It is necessary to explain that the struggle for nationalism and independence were factors that influenced the growth and development of the early media, particularly the print. In this struggle for nationalism which made the press criticize government programs and policies, the contributions of the *Lagos Weekly Record* and Nnamdi Azikiwe's *West African Pilot* remain most significant (Omu 1978). Next to this was tribalism. While the chain of papers called the ADVOCATE (established by Dr. Nnamdi Azikiwe) was seen to represent the interest of the Eastern region, Awolowo established the tribune to protect and project western ideologies. Gaskiya Tafi Kwabo was one of the papers to protect the Northern region. Establishment of newspapers and broadcast stations was a project so much propelled by political interest as the parties used such media for campaigns and interest representation. Each party saw the need to own and use the media. Hence, private broadcasting emerged after many years of government monopoly of broadcasting. The reason why the government held monopoly of the broadcast media for over four decades explains the friction between the government and the media.

## Media Ownership and Control in Nigeria

There are two major kinds of media ownership pattern in Nigeria. This could either be government or private ownership pattern. By government ownership, the medium – print or electronic – is owned by the government; hence, it belongs to the public. In Nigeria, every government, be it military or civilian, strives to have the state-owned media. This is primarily for political and economic reasons (Hilliard 2002). A government that is in control of the media can be sure of consolidating power. From the days of the authoritarian England, the government understood the importance of owning and controlling the media. Scholars (Okunna 1998; Siebert et al. 1973) observe that the authoritarian England set up media outfits that were staffed and controlled by the state because of the fear that the media could be used to adversely influence governance if left in the hands of private individuals. Authoritarian England therefore mapped out measures and strategies to control not just government but individually owned media.

Understanding the relationship between the media and the government, countries in the developing world have monopolized media ownership. Nigeria, for example, held the ownership of the broadcast media for 41 years until 1992 when President Ibrahim Badamosi Babangida deregulated the broadcast industry by Decree 38 of 1992 that allowed private ownership of the broadcast media. By this deregulation, individuals arrived on the scene of broadcast ownership with Ray Power Radio as the first in Nigeria, followed by the defunct Minaj Systems Radio, in Obosi, Anambra State (Okunna and Omenugha 2012). Today, there is a proliferation of radio and TV stations in Nigeria.

In Nigeria, media ownership could be overtly or covertly programmed. Overt ownership applies where the medium is directly owned and managed by the government or an individual, while covert ownership implies a stealthy and subtle ownership of a medium, which though is not openly expressed, but is expressed through control measures such as management structure and financing, among others. Government control measures are efficient ways of exercising control, and by

implication, ownership of both the public and private media. The ruling class has always found ways of bringing the media under its control. In Nigeria, such measures include heavy taxation, repressive and stringent legislations, pre- and post-censorship, (Ekwunife et al. 2021), assassination of media workers, direct and indirect control of essential production inputs, proscription of media houses, and licensing/patent system (Udeze 2012), among others. The squabbles that have existed between the government and the media in Nigeria are evidenced in many examples: the shutting down of many media outfits like the Daily Concord and Africa Independent Television; fining of Channels Television following its coverage of the ENDSARS protest in Nigeria; mal-handling of press men such as Minere Amakiri by the then governor of Rivers State, Diete-Spiff; the arrest and torture of Tunde Thompson and Nduka Irabor of the *Guardian* newspaper; the arrest and re-arrest of activist and former presidential aspirant Omoyele Sowore regardless of court order; the May 2019 arrest of Kaduna journalist Stephen Icefan and Bayelsa State publisher Jones Abiri; the August 2019 disappearance of activist and senior media influencer Abubakar "Idris Dariyata"; the detention of Agba Jalingo in August 2019; and the cases of journalists Joe Ogbodu and Prince Amour Udemud in 2019 in Delta State on the criminal defamation charges (Igwe 2020).

Still emphasizing the subtle means of media control in Nigeria, the media could be controlled through financing as who plays the piper dictates the tune. Government being a heavy advertiser could withdraw adverts in order to elicit media loyalty. This is not peculiar to the government. An individual could also withdraw advert which is a major source of media revenue. In all this, the aim could be to influence media content and strain editorial independence (Ekwunife et al. 2021). The bringing or withdrawal of adverts from a media house can either kill or sustain a media organization. The government can withdraw her financial assistance such as subventions (even in government-owned media) as a way of putting the media to financial pressures so as to compel them to conform to government policies and philosophies. This is a strong covert control measure that has yielded desired results for the government over time. The influence of financing in determining media content and overall management of the media could be seen in the operations of all state-owned media across the nation, turning such state-owned media into machineries that blow the trumpets for states. In an attempt to control the media, another way through which this is done is through the management structure. By this, the management composition of a media is arranged to reflect the interest of the proprietor or certain ideologies which could be political. When this is the case, news content is often slanted to suit some interest which could be private, group, or government.

In the broadcast industry, while ownership and control could be private or government owned, scholars (Udomisor 2013; Ukonu 2005) have argued that the National Broadcasting Commission (NBC), which is the body that regulates broadcasting, has devised approaches to pin down the privately owned media so that the interest of the government will be promoted and preserved. NBC itself, which is said to be a neutral body for the regulation of the broadcast industry, has so much been criticized following its composition and operations. For example, the chairman of the body is to be appointed by the minister of information who in turn is appointed by the president. Invariably, it is a recycling of the government in power which maintains the hegemony and resists every opposition party, ideologies, and philosophies. The high handedness of NBC as a repressive state apparatus against the private media is captured in the works of Udomisor (2013), Ukonu (2005), Nwachukwu (1998), and Onwumechili et al. (2011). Looking at the role of NBC, it could be argued that the allocation of frequency by NBC could be done on the basis of political exigency. This may leave the private stations on frequencies with poor network and limited reach. Sometimes, such wavelengths experience atmospheric jamming, causing a noise – an interference in the communication process. It should be noted that while stronger channels such as Very High Frequency (VHF) and Short Wave (SW) are exclusively assigned to the

federal government-owned stations, the weak ones in terms of coverage such as the Ultra High Frequency (UHF) and Frequency Modulation (FM) are allocated to state and privately owned stations. Such wavelength allocations could either strengthen or weaken media operations but will certainly put the government-owned stations at a vantage point.

## The Media and Authoritarianism

To examine the relationship between the media and politics, a review of the normative theories of the press will provide an insight. These classical theories are the authoritarian, soviet communist, libertarian, and social responsibility theories. The soviet communist theory does not encourage individual ownership of the media and sees the media as part of the government which must be used to advance governance. Only party members and loyalists were allowed to use the media. Libertarianism originated in the USA and advocates full freedom for the media. It is a free press where the media personnel are seen as rational beings who could decide what was right or wrong. The social responsibility theory believes that the media should exercise its duty with responsibility or have the government regulate her. From the classical period till now, these theories have provided the bases upon which the workings of the media have been carried out in different societies. A little more attention will be devoted to the authoritarianism which is the most pervasive of these earlier theories of the press – both historically and geographically (Siebert et al. 1973). Authoritarianism as a press theory originated from England in the sixteenth century and has been adopted by most countries as society and technology became developed to produce the mass media of communication. Siebert et al. (1973, p. 9) write: "It furnishes the basis for the press systems in many modern societies; even where it has been abandoned, it has continued to influence the practices of a number of governments which theoretically adhere to libertarian principles." For about two centuries, the authoritarian theory provided the framework for the relationship between the government and the media. Okunna (1998) and Udeze (2017) observe that the theory placed premium on the state as supreme; hence, reportage was expected to be pro-government. Negative criticisms against the government were strictly prohibited. Back to its formative stage in England, only the Queen who represented the state could decide what was right or wrong. Okunna and Omenugha (2012) highlighted that the Queen had sages or "wise men" who could decide what was right or wrong. Hence, individual opinions were not welcomed. While authoritarianism allowed individual ownership of the press, the mode of operation of those media was determined by the government, and the theory has been the mode of operation in many parts of the modern world more than any other theory. Tying points together, Siebert et al. (1973, p. 11) write:

> . . .the authoritarian's theory demanded a unity of intellectual activity since only through unity could the state operate successfully for the good of all. The idealist in the authoritarian camp postulated that this unity would come from the realization of the contribution of each to the society as a whole, while the realists recognized that such unity of thought could in most circumstances be attained only through constant surveillance and control

This explains the control which such authoritarian system has over all institutions, including the press. It is necessary to point out that the earlier western European societies operated on the authoritarian principle, hence the media system. Some of the basic assumptions were that:

- Man can only attain his full potential as a member of the society or a group, and not as an individual, and the state is the highest expression of group organization.
- Without the state, man remains a primitive being. He only achieves his ends through the state.
- Knowledge was discoverable through mental effort of the "wise men" who are capable of analyzing and synthesizing thought and information.

Some of the exponents of authoritarianism were Plato, Machiavelli, Thomas Hobbes, and Georg Hegel. Plato maintained that once the authority in a state is decentralized or equally distributed,

disintegration sets in. No publication was to threaten the position of the monarch for that would amount to threatening the stability of the state, and no censure should diminish the authority of the ruler. Consequently, the authoritarian principles sought to protect the state from media attack with many laws such as the law of sedition and libel. Till today, these are still very much prevalent.

## Mass Media and Cultural Imperialism

Among the relationships which the mass media has with other institutions, the link between mass media and cultural institutions is also noteworthy. Culture refers to the totality of a people's way of life that encompasses language, beliefs, religion, moral codes, arts, dress codes, and political beliefs, among others. Culture is both artifact (material culture) and mentefact (non-material culture/mental abstraction). While the mass media helps immensely to disseminate and preserve various cultures at a global level, it has been criticized heavily for being involved in the deliberate politics of causing cultural erosion, particularly the erosion of the cultures of the developing nations of the world. Okunna (1993) observes that the effect of the media in causing cultural erosion is evident in the eroding of Philippine culture as a result of the influx of American films and media contents into the recipient's country. This agrees with cultivation theory by George Gerbner which proposes that heavy viewing of television programs by the masses will create a homogeneous audience. This in turn influences audience perception of reality. Politically, agitations have evolved from the developing nations concerning the imbalance in global mass communication that ends up eroding the cultures of the developing countries. MacBride (1980) addresses this imbalance in the New World Information and Communication Order (NWICO) debate, noting that the imbalance in global mass communication is empirically proven. While the positive functions of the media in promoting cultural transmission are observable, global mass communication through the vehicles of the "Big Four" which are the world news agencies – Reuters, American Associated Press, United Press International, and Agence France Presse – has also shown gross unfairness in the global neighborhood that can sow seeds of unrest, frustration, and alienation in the impoverished people in the developing nations. Okunna (1998, p. 141) underscores the effect of the global media in cultural transmission when she writes: "...mass communication is a major carrier of culture, and that the mass media are cultural instruments which supply the cultural fare and shape the cultural experience of many millions of people in the modern world." With the use of satellite broadcasting, the entire world has been miniaturized into a global village where the new media technology helps to transmit cultures (particularly the cultures of the developed world due to media dependency) globally. This is invariably causing an erosion of the cultures of the countries that are technologically, economically, and politically less developed. This is a subtle and tactful imposition of western culture, particularly that of America (technically called Americanization in the field of mass communication) as the global culture. While the global media promotes the exchange of ideas at a global level (globalization), scholars have argued that this exchange further widens the gap between the north and the south.

This is cultural imperialism, a subtle politics of cultural dominion promoted by the media as a result of the huge political and economic dominance which the developed nations exert. Imperialism can be political, economic, or both. In any case, the dominant western culture imposes its values, ideas, views, beliefs, assumptions, and language, among others, upon a dependent third world culture through the process of global mass communication. The dominance of western culture is thus predicated on the control of media hardware or technology by the developed nations. This is an imperialistic relationship. In global mass communication, this dominance has been given different nomenclatures: cultural mainstreaming, cultural synchronization, cultural triangulation, and cultural homogenization (McQuail 2006; Bittner 1989; Okunna 1998).

## Mass Media, Agenda Setting, and Status Conferral

One strong relationship between the media and government is connected to the agenda setting function of the media and status conferral. By agenda setting, Sandman et al. (1976) write that while the media do not tell us what to think, they tell us what to think about. By implication, what the news media ignore is deemed not to be news, while any event which the media give attention to its coverage and reportage becomes news. Among the numerous happenings in the society, it is the ones that the media select, present, and discuss that the public knows about and discusses. What the news media – whether private or public – select for reportage can therefore be influenced by certain interest such as news commercialization, legislation, and regulation, among others. In the view of Onyeisi (2018), news commercialization has played a key role in altering the reality in news reportage and straining editorial independence. On this note, the mass media can be influenced to set political agenda for the society by deciding what political topic people talk about. The media set agenda for good governance by using its advocacy to ensure that governance is people oriented. However, media advocacies could be manipulated to suit certain individuals' or group's interest, ideologies, and other propensities.

In today's Nigeria, for example, popular agenda set by the media bothers on COVID-19, insecurity evidenced by terrorism, brutal killings by herdsmen, and commercialized abduction on a regular basis. In spite of these news reports, their frequency of presentation and framing could be politically subjective to influence audience' interpretation and perception. This explains why a particular event could have different versions of presentations and interpretations by different news outlets just to sway opinion. For example, while the Nigerian government was swift to mention the perpetrators of the Owerri prison invasion in less than 24 h of occurrence, those behind the Ishielu massacre in Ebonyi State are termed "unknown gunmen." Idike et al. (2019) explained such politics in line with inter-ethnic rivalry and national disunity which continue unabated because of governance issues associated with representative bureaucracy. The social media which is disposed to beating bureaucracy, gate-keeping, and checkpoints (Ekwunife et al. 2020a, b) has described this report as partisan. Observations have shown that news items that do not project the government in good light are often not carried by the mainstream media due to covert control. Therefore, the agenda setting function of the media can be a matter of political exigency.

By status conferral, the mass media confers status and legitimacy on political leaders and issues, thereby making them appear important and right. By constantly featuring a political aspirant in the media, an air of importance and credibility is created around him. This explains why political aspirants struggle for space and airtime in the media during electioneering. This is a strong link between the media and the political institution.

## Conclusion

The factors that determine the operations of the media in any given society are hydra-headed. All that are seen in the media as contents are products of the society as the mass media do not operate in isolation. The environment furnishes the media with materials for contents. To establish the inextricable relationship between the media and politics, both can be described as friends and enemies at the same time. The political institution cannot do without the press and vice versa. Common measures through which the media confers status on political figures include:

- Writing larger headlines that feature the favored candidate
- Placing the candidate at strategic positions where he is very visible in the print
- Showing the candidate's pictures/videos with other prominence-enhancing images
- Engaging in flattery articles about the candidate
- Featuring more of the candidate's quotes
- Featuring more lead stories on the candidate

## Cross-References

▶ Democratic Governance in Developing Nations

## References

Azikiwe N (1971) Odyssey. Praeger, New York
Bittner J (1989) Introduction to mass communication. Prentice Hall. New Jersey
Bourgault L (1995) Mass media in sub-saharan Africa. Indiana University Press, Bloomington
Ekwunife RA et al (2020a) Bureaucracy and citizen journalism. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4118-1
Ekwunife RA et al (2020b) Citizen journalism and crisis management: Nigeria and South Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4119-1
Ekwunife RA, Agbo MU, Nwachukwu HI (2021) Press freedom and democracy in Nigeria: 2015–2020. Global encyclopedia of public administration, public policy and governance. Springer
Hilliard J (2002) Media and power. Rutledge, London
Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the federal character principle experience. Cogent Soc Sci. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545
Igwe U (2020) Five years on: are Nigerians better or worse under President Buhari? blogs.ise.ac.uk. 5 Mar 2021
MacBride (1980) Many voices one world: communication and society. Today and tomorrow. Ibadan University press, Ibadan
McQuail D (2006) McQuail's theory of mass communication. Sage, London
Ndolo IS (2005) Mass media systems and society. Rhyce Kerex, Enugu
Ndolo IS (2011) Media as the fourth estate of the realm: real or imagined. In: Ndolo S (ed) Contemporary issues in communication and society. Rhyce Kerex, Enugu
NOUN (2017) History of Nigerian mass media. National Open University of Nigeria, Lagos
Nwachukwu F (1998) Media ownership in Nigeria: present and future. In Pradip Thomas and Phillip Lee (eds). Media development. Sage. New Delhi
Okenwa SN (2011) Theoretical perspectives to media management. In: Ndolo S (ed) Contemporary issues in communication and society. Rhyce Kerex, Enugu
Okunna CS (1993) Global communication and cultural synchronization. In: Okunna CS (ed) Theory and practice of mass communication. ABIC, Enugu
Okunna CS (1998) Introduction to mass communication. New Generation Books, Enugu
Okunna CS, Omenugha KA (2012) Introduction to mass communication. New Generation Books, Enugu
Omu F (1978) Press and politics in Nigeria (1880–1937). Longman, London
Onwumechili C, Ndolo IS, Uzoma D (2011) Evaluating the regulation of the Nigerian broadcasting industry: are expectation being met? In: Ndolo IS (ed) Contemporary issues in communication and society. Rhyce Kerex, Enugu
Onyeisi (2018) Issues in Nigeria mass media. A PhD lecture note. Department of Mass Communication, Enugu State University of Science and Technology, Enugu
Sandman P, Rubin DM, Sachsman DB (1976) Introductory analysis of American mass communications. Englewood Cliff. New Jersey. Prentice Hall
Siebert FS, Person T, Schramm W (1973) Four theories of the press. University of Illinois Press, Chicago
Udeze SE (2012) Media law and ethics. New Generation Books, Enugu
Udeze SE (2017) Mass communication theories. A PhD lecture note. Department of mass communication. Enugu state university of science and technology. Enugu
Udomisor IW (2013) Management of radio and television stations in Nigeria. New Media Mass Commun 10: 2–11
Ukonu MO (2005) Influence of media ownership patterns on media freedom and professionalism in Nigeria. Nsukka J Humanit 15. 144–159

# Maternal and Newborn Health Concerns in a Growing Urban Population

Aubrey Frantz
University of North Texas at Dallas, Dallas, TX, USA

## Synonyms

COVID-19; Digital health; eHealth; Maternal morbidity; Maternal mortality; Neonatal mortality; Pregnancy; Telehealth; Telemedicine; Women's health

## Introduction

The environment in which humans live and reproduce is evolving. The world is rapidly urbanizing and it is estimated that within the

next generation, nearly 70% of the world's population, approximately 7 billion people, will live in cities. Likewise, as the urban population grows and cities expand, the majority of pregnancies and births will take place in urban areas. The World Health Organization (WHO) defines maternal mortality as "the death of a woman while pregnant or within forty-two days of termination of pregnancy, irrespective of the duration and site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management but not from accidental or incidental causes." Accordingly, the World Health Organization's Global Health Observatory data estimates that 295,000 women die from maternal causes each year. Maternal mortality is an important indicator of societal health and is intimately related to neonatal mortality, the death of a newborn within the first 28 days of life. Like maternal health, newborn health is an important indicator of the overall health of a society. In 2018, 2.5 million newborns died within the first month of life, with maternal health complications attributing to an estimated 1.5 million of these newborn deaths. Neonatal mortality accounts for nearly 50% of all deaths under the age of 5. In addition to maternal and neonatal mortality, it is estimated that 15–25 million women suffer from maternal morbidity, any acute or chronic health complications due to pregnancy or childbirth. The yearly global economic burden of maternal morbidity is estimated to be $6.8 billion. As a result, maternal mortality is considered a public health crisis and improving maternal and newborn health should be a top priority for growing urban populations.

The purpose of this entry is to provide an overview of the emerging international challenges affecting maternal and newborn health in urban environments. Shifting maternal demographics, socioeconomic disparities, and the current COVID-19 pandemic are among contributing factors that increase the risk of maternal and newborn mortality. The role of digital health in addressing these urban maternal and newborn health challenges is discussed, along with barriers to telehealth access, coverage, and implementation.

## Causes of Maternal and Newborn Mortality

The main health complications that account for the majority of maternal deaths are well known. Hemorrhage (severe bleeding), hypertensive disorders (preeclampsia and eclampsia), and sepsis are the leading direct obstetric causes of maternal mortality and account for nearly 75% of maternal deaths (Say et al. 2014). However, health experts agree that more than 60% of these deaths are preventable, which equates to more than 177,000 preventable deaths a year.

Up to 90% of these maternal and newborn deaths are in developing countries, where the rates of urbanization are among the highest in the world. In many of these countries, urban population growth has outpaced the ability of the health services to expand and care for the growing population. However, this public health crisis is not limited to developing nations. The USA, where 82% of the population lives in cities or urban areas and where the urban population is projected to be between 87–90% by 2050, has the highest rate of maternal mortality in the developed world. Global increases in maternal age, widening income disparities, and the current COVID-19 pandemic are emergent urban concerns that challenge maternal and newborn health worldwide.

### Maternal Age

As cities expand and urban populations grow, urban maternal demographics are also changing. While global fertility rates have been steadily declining over the past generation, the average age of mothers at their first birth has been increasing. Likewise, over the past decade, the birthrate for women 35 years of age and older has increased, while the birthrate for women under 35 has decreased. More than 13% of births worldwide are mothers 35 years or older, which is significantly more than previous generations (Kassebaum et al. 2017). Maternal age is a strong risk factor for pregnancy-related complications and death, with a significantly higher risk of morbidity and mortality observed after the age of 30 (Blanc et al. 2013).

Although this demographic trend is observed in both rural and urban populations, it is particularly striking in metropolitan areas. Using data from the National Center for Health Statistics, a recent analysis of four decades of pregnancies and births has shown that the age of first-time mothers varies significantly with geography – with first-time mothers being older in large, densely populated cities (Bui and Miller 2018). In the USA, the average age of first-time mothers in rural communities is 24.5 years, while the average age of mothers in urban areas is 27.7 years. Even more striking, the average age of mothers giving birth for the first time in large metropolitan areas, such as San Francisco and New York City, is 32 and 31, respectively (Bui and Miller 2018). Similar shifts in urban maternal demographics have been recorded throughout the developed world. Greece, Australia, South Korea, Japan, Italy, Switzerland, and Luxemburg all have an average age of first time mothers over 30 years old (Livingston 2018).

Advanced maternal age, defined as 35 years of age and older at the time of pregnancy, is associated with increased risk of obstetric complications, preterm deliveries, infections, and postpartum hemorrhage (Blanc et al. 2013; Cleary-Goldman et al. 2005). Women over 35 are also more likely to delivery via cesarean section, as compared to younger women. While a cesarean delivery can be an essential life-saving surgery for a mother and newborn, studies have shown that cesarean deliveries are associated with an increased risk of all leading direct obstetric causes of maternal mortality, including hemorrhage, infection, preeclampsia and complicated recoveries. For women aged 35 and older, the risk for severe complication associated with cesarean deliveries is three times greater than women under 35. Furthermore, improper postpartum care can further exacerbate complications following surgery and, if not adequately treated, can lead to death. Notably, a large study looking at more than seven million live births across the USA from 2008–2009 to 2013–2014 found that the maternal mortality rate increased by 90% for women over 40, but did not significantly increase for women under 40 years of age (MacDorman et al. 2017). Equally concerning is the increased neonatal risks due to advanced maternal age – advanced maternal age is associated with an increased risk of preterm deliveries, low birth weight, neonatal admissions, and intrauterine deaths (Sandeep and Shanthi 2020).

### Income Disparities and the Urban Poor

Overall, maternal and newborn health in urban areas is considered better than rural areas and maternal and newborn mortality rates are generally lower in urban areas, as compared to surrounding rural communities. This urban–rural difference is largely explained by greater access to healthcare services in an urban environment (Vlahov et al. 2005). However, this generalization about an urban health advantage may be somewhat deceiving. Marginalized populations in urban areas and densely populated cities are often subject to additional barriers that restrict access to quality healthcare services, even when these resources are located nearby. Maternal and newborn health data from cities and metropolitan areas are often not segregated by socioeconomic factors. These factors undoubtedly affect the health of mothers, newborns, and families. Instead, the averages of the entire urban population are often compared to that of the rural counterpart. The studies that have attempted to categorize the urban maternal population into socioeconomic groups have found across-the-board that urban populations living in poverty (the urban poor) experience a greater degree of healthcare exclusion, as compared to the urban middle and upper classes. In fact, data from 30 developing countries across Africa, Asia, and Latin America indicate that the urban poor do not have better access to maternal health services than the rural population and rates of maternal and newborn mortality are significantly higher than the urban rich (Matthews et al. 2010). A UNICEF analysis of 56 mostly low- and middle-income countries, representing 28% of the global population, concluded that child mortality is 31% higher for urban poor children, as compared to urban rich children (UNICEF 2018). As for developed countries, the USA has the highest income inequality of all G7 nations and

has the highest maternal mortality rates in the developed world.

The prevalence of pregnant women with chronic conditions, such as hypertension, diabetes, and chronic heart disease, has also significantly increased over the past decade. These chronic conditions severely increase the risk of pregnancy and postpartum complications, including death. While the risk of developing these chronic conditions generally increases with age, particularly in women 30 and older, the greatest increases in the prevalence of these chronic conditions have been observed in low-income women of both developed and developing countries (Admon et al. 2017). Identifying and managing chronic conditions prior to pregnancy and during the prenatal period provide the best chance for a healthy pregnancy and delivery. However, low-income women are also significantly less likely to access the recommended pre-pregnancy and prenatal care. According to the Medicaid and CHIP Payment and Access Commission (MACPAC), from 2012–2014, less than 36% of uninsured women in the USA received the recommended prenatal care, as compared to 84% of privately insured women. Women with Medicaid were significantly less likely to begin prenatal treatment in the first trimester, as compared to women with private insurance. This lack of early prenatal quality care increases the risk of maternal morbidity and mortality four-fold (Advising Congress on Medicaid and CHIP policy 2018).

To compound this association between income and maternal health, fertility rates tend to be higher in low socioeconomic populations worldwide. As household income increases, the birth rate tends to decrease. These trends translate to more pregnancies and more births in urban areas. Consequently, these densely populated areas are becoming even more populated and more inequitable. In 2017, the birthrate in the USA was highest in families whose income was less than $10,000 US dollars per year, whereas the birthrate was lowest in families whose income was more than $200,000 per year (Duffin 2019).

The percentage of births that occur in a hospital or birthing facility, known as institutional births, is an accepted measure of healthcare coverage for both mothers and newborns. Increasing the institutional birthrate has been a prime strategy in many countries to reduce maternal and newborn mortality. Globally, WHO reports that 76% of births occur in a hospital or birthing center. However, when this data are analyzed based on socioeconomic class, the percentages are vastly different. In Cambodia and Nepal, for example, the urban rich have an institutional birthrate of over 80%, compared to an institutional birth rate of 20% for the urban poor (Matthews et al. 2010). In sub-Saharan Africa, one of the most rapidly urbanizing regions in the world and where maternal and newborn mortality are the highest, the institutional birthrates of the urban rich and urban poor are 85% and 36%, respectively (UNICEF 2018).

While an institutional birth is considered essential to ensure that the delivery environment is adequately prepared to handle medical complications, it does not necessarily ensure that the delivery is managed by a skilled birth attendant (SBA), such as a doctor, nurse, or midwife. WHO acknowledges that the presence of an SBA during delivery is essential to reducing the number of preventable maternal and newborn deaths. According to UNICEF data, 81% of births in 2019 were attended by a SBA. A WHO analysis of 45 of the world's most populated developing countries indicate that wealth is highly correlated with the presence of an SBA at the time of delivery – while SBA attendance is significantly higher in urban compared to rural areas, rural births and the urban poor births have relatively similar attendance, whereas the proportion of urban rich deliveries that are assisted by a skilled birth attendant is significantly higher (Houweling et al. 2007; UNICEF 2018).

## Impact of COVID-19 on Maternal and Newborn Health

The world is currently dealing with an unprecedented healthcare challenge. Over 100 million babies are estimated to be born during the first 9 months of the COVID-19 pandemic. The countries with the expected highest number of births not only coincide with the highest rates of urbanization worldwide, but are also among the

countries with some of the highest maternal and newborn mortality rates. These countries include India, China, Nigeria, Pakistan, and Indonesia. While initial data suggest that pregnant women do not have an increased risk of contracting the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2; coronavirus), and the risk of transmitting the virus to a fetus or infant is low, the Centers for Disease Control and Preventions (CDC) reported in June 2020 that pregnant women may be at an increased risk for severe COVID-19 illness (Ellington 2020). Nonetheless, the real impact of the COVID-19 pandemic on maternal and newborn health will likely be indirect. The COVID-19 pandemic has required healthcare systems worldwide to divert resources. Cities across the globe are reporting reduced hospital capacity, supply and equipment shortages, and a lack of skilled birth attendants due to these healthcare works being reassigned to care for COVID-19 patients (UNICEF 2020). Significant disruption in routine healthcare services, including maternal and newborn care, is consequently observed. In the USA, the country with the sixth highest expected number of births in 2020, more pregnant women are opting for home births due to fears of infection and companion restrictions in the hospitals (Schmidt 2020).

A recent study by Tim Roberton and colleagues estimates that the COVID-19 pandemic may increase maternal and child mortality rates by 38% and 45%, respectively. This novel study focused on 118 low- and middle-income countries, and identified a disruption of routine health services and reduced access to necessary resources as the major causes of these potential deaths (Roberton et al. 2020). While these mortality estimates are devastating, the predicted indirect adverse effects are not without precedent. Previous infectious disease outbreaks and epidemics have caused notable reductions in maternal healthcare coverage. The 2014 Ebola virus outbreak in Africa led to a 22% decrease in prenatal care visits, as well as decreases in institutional births and postnatal care visits (Jones et al. 2016). These reductions in maternal healthcare coverage resulted in approximately 3600 additional maternal and newborn deaths within 1 year of the outbreak (Sochas et al. 2017).

However, unlike the Ebola epidemic of 2014, maternal and child health in low-, middle- and high-income cities across the globe will likely suffer short-term and long-term consequences of the COVID-19 pandemic. As of May 2020, data from several states in India indicate that the number of institutional births have decreased nearly 40% during the pandemic (Kumar et al. 2020). Regional data from many of America's major cities suggests that access to maternal healthcare and reproductive services are being constrained. Marginalized urban communities are being disproportionately impacted by the drastic societal changes, such as unemployment, financial burdens, and lack of childcare due to COVID-19 lockdowns, which further hinders access to maternal healthcare services (Kotlar 2020). Moreover, in efforts to control and lessen the time women and newborns spend in the hospital environment, the number of scheduled labor inductions and cesarean sections being performed, particularly in metropolitan hospitals with a high COVID-19 burden, have increased during the pandemic. These nonmedically indicated (elective) deliveries, along with reducing postpartum hospital recovery time, are associated with an increased risk of maternal and newborn mortality and morbidity (Main et al. 2010).

In efforts to prevent additional maternal and newborn deaths in the coming months and years, UNICEF and WHO are urging governments and healthcare providers to enact strategies to ensure pregnant women receive uninterrupted perinatal care and to allocate additional resources and funding to maternal and child health services. However, it is likely that as funds continue to be funneled to support infectious disease care, maternal and newborn healthcare funding will also be negatively impacted for years to come. Many states have put temporary restrictions on reproductive healthcare services, such as abortions, labeling these services as elective or nonessential procedures (Bayefsky et al. 2020; Kotlar 2020). For women seeking an abortion during this time, it is likely that the legal gestational age will be surpassed by the time these restrictions are lifted. Consequently, pregnant women who are denied wanted abortions are significantly more likely to

suffer from pregnancy and postpartum complications, as well as maternal and newborn mortality (Gerdts et al. 2016).

## Strategies to Improve Urban Maternal and Newborn Health

Maternal and newborn mortality has been recognized as a public health crisis for several decades. In 2000, the United Nations Member States developed the Millennium Development Goals (MDGs), a set of eight goals to address global poverty; the fifth (MDG5) of which was to improve maternal health worldwide. Specifically, MDG5 set a target to reduce the 1990 global maternal mortality rate by 75% by 2015. While improvements in maternal health have been observed, the UN failed to reach their MDG5 goal. In 2015 the UN developed the Sustainable Development Goals, which established targets to reduce the global maternal mortality rate to less than 70 per 100,000 live births by 2030. Currently, the world is not on track to achieve this goal in the next decade.

Strategies to improve maternal and newborn health must address the changing urban environment as well as be able to respond and adapt to patients' needs, limitations, and preferences. Digital health involves the use of digital technologies to improve the health and well-being of individuals. While the term digital health encompasses many diverse technological innovations, telehealth, the provision of healthcare remotely by means of electronic information and telecommunication technologies, is an example that has proved to be successful in rural and underserved communities. Interestingly, in the USA, rural hospitals generally have more widespread telehealth capabilities than their urban counterparts (Puro and Feyereisen 2020). Accordingly, considering the barriers to quality maternal care and the additional challenges and risk factors described above, cultivating and expanding digital health resources and telehealth programs in cities and urban areas may be an effective strategy to improve maternal and newborn health.

### Telehealth

Although WHO recommends a minimum of eight prenatal care visits during pregnancy, only 64% of pregnant women worldwide receive four or more prenatal care visits (WHO 2018). Thus, for pregnant women who cannot financially afford, or otherwise have restricted access to, the eight or more routine prenatal office visits recommended by current guidelines, telehealth is a cost-effective solution to increase access to quality prenatal care and reduce in-office visits. Accordingly, quality prenatal telehealth programs should include, at minimum, scheduled virtual visits with a skilled health professional, at home monitoring of weight, blood pressure, and fetal heart rate, and 24-h access to on-call healthcare providers. Support for this flexible healthcare structure comes from large survey data of women who had recently given birth at urban academic institutions. These survey results indicate that the current prenatal and postpartum care guidelines are not aligned with patient preferences and that patients would prefer digital health, telehealth, and remote-monitoring options (Peahl et al. 2020). Furthermore, while telehealth can be useful, and even preferred, for routine prenatal care in low risk pregnancies, telehealth has also been shown to be instrumental in high-risk pregnancies. Telehealth has been used to effectively monitor and manage hypertension, chronic heart disease conditions, diabetes, pre- and postpartum bleeding, preterm labor, as well as placental and fetal abnormalities (Aziz et al. 2020; Whittington and Magann 2020). Overall, patient and provider satisfaction is high in both high- and low-income communities where maternal telehealth programs have been implemented.

Telehealth is also emerging as an important tool to manage healthcare during the COVID-19 pandemic. Telehealth is being used to not only triage and manage COVID-19 patients, but also to manage primary care and minimize the spread of the virus (CDC 2020; Fryer et al. 2020; Hollander and Carr 2020). UNICEF and WHO recommend that pregnant women follow the same social distancing guidelines as the general public and advise pregnant women to consider virtual and in-home prenatal check-ups, when

possible. Likewise, UNICEF is adamantly appealing to governments and healthcare providers to ensure that maternal and newborn care is not interrupted or compromised during this time. Encouraging the use and expansion of telehealth programs can alleviate the concerns of pregnant women who worry about prenatal and postpartum in-office visits, utilize physicians' time efficiently, and most importantly, maintain continuous quality maternal care.

Support for telehealth programs in the USA is aided by regulations such as the Medicare Telehealth Parity Act of 2015, which expanded coverage to Medicare beneficiaries in rural and urban areas. However, prior to March 2020, less than 1% of Medicare patients have ever used a telehealth service. Furthermore, regulations still exist that constrain the use of telehealth. Many states require patients to have a preexisting physician–patient relationship prior to remote conferencing, while other states require a telepresenter (a medical professional, such as a nurse, at the patient's site). Some states do not allow prescriptions to be prescribed online. Additionally, state-level medical licensing requires out-of-state providers to pay for medical licenses from each state that they practice from remotely. In efforts to reduce these barriers, nearly half of all states in the USA have pledged support for an Interstate Medical Licensure Compact (CDC 2019).

Additional barriers to establishing, expanding and sustaining telehealth programs exist in low income areas and developing nations, which often coincide with the most vulnerable maternal and newborn populations. The use of digital health apps and telehealth programs require access to reliable high-speed broadband internet and a mobile device. While most urban residents own a smartphone, this percentage is statistically lower for individuals with an income of less than 30,000 US dollars a year (Anderson and Kumar 2019). On the provider side, a technically challenged staff that may be resistant to change is the most cited barrier to telehealth adoption (Scott Kruse et al. 2018). The operation of telehealth programs require training and funding that developing countries and low-income communities may not be able to provide. Furthermore, there needs to be a shift in the functional approach to telehealth in these developing communities. In developed countries, telehealth is often used to supplement traditional healthcare; whereas telehealth in developing countries tends to be used as an alternative to an otherwise inadequate or inaccessible traditional healthcare model.

### Digital Health Resources

Along with continuous quality prenatal care and professionally assisted deliveries, WHO and CDC assert that patient education is essential to prevent maternal mortality and improve maternal and newborn health outcomes. Women must be aware of pregnancy and postpartum warning signs and symptoms, as well as understand how to properly manage any preexisting or chronic conditions that may complicate pregnancy or delivery. Numerous studies have concluded that women who are knowledgeable of pregnancy-related warning signs are significantly more likely to take appropriate healthcare seeking actions when necessary (Dangura 2020; Mwilike et al. 2018; Okour et al. 2012). WHO's focused antenatal care guidelines for all pregnant women include provision of information about the danger signs during pregnancy and instructions for self-blood pressure monitoring. Likewise, the Association of Women's Health Obstetricians and Neonatal Nurses cite that teaching women to recognize the post-birth warning signs of hemorrhage is one of the most important strategies to prevent maternal mortality and morbidity. This level of pregnancy education and awareness is particularly necessary for already marginalized women who lack access to continuous perinatal care, or encounter language or cultural barriers when communicating with their physician or healthcare providers. Digital health has the ability to offer an accessible and convenient means of obtaining comprehensible pregnancy and postpartum health information, without additional direct costs or in-person office visits.

Notably, pregnancy apps are currently one of the most widely used mobile health apps for smartphones. Common features of many of these apps include educational information, pregnancy resources, pregnancy tracking, and record keeping.

Similar to telehealth preferences, surveys from Australia, Korea, Germany, Ireland, New Zealand, South Asia, and the USA have all concluded that women overwhelmingly favor integration of pregnancy apps into their routine prenatal care. However, despite data that indicate that over 90% of women in their peak reproductive years (19–34 years of age) own a smartphone (Silver et al. 2019), there are lower levels of pregnancy app use for women in low socioeconomic groups. Technology literacy, health literacy, and language barriers are suspected to be causes for the reduced use of digital health resources, including pregnancy apps (Hughson et al. 2018). Likewise, as cities expand, the urban population tends to become more culturally and ethnically diverse and socioeconomic disparities can become even more pronounced. Considering the potential for these types of digital resources to improve maternal health, efforts should be directed to develop and redesign pregnancy apps that provide accurate, physician-backed information that is easy to understand for all literacy levels and caters to diverse maternal populations (Garnweidner-Holme et al. 2015).

While the popularity of pregnancy apps is soaring in developed regions, the potential positive impact on maternal health may be even greater in developing urban areas. Pew Research Center surveys conducted in 11 of the world's most populous developing and emerging countries in 2019 determined that 53% of adults in these areas own or have access to a smartphone. Moreover, smartphone use is significantly higher among younger adults in their reproductive years, as compared to adults 50 years or older (Silver et al. 2019). Accordingly, pregnancy apps offer an innovative and viable method to provide pregnancy education to women in developing urban areas, where healthcare systems have not yet been able to expand to accommodate the growing population. Several digital healthcare providers have taken the initiative to develop pregnancy apps that target and serve women in developing areas. Examples include MAMA in Bangladesh, India, Nigeria, and South Africa, Safe Pregnancy and Birth in Central and South America, GiftedMom in Cameroon and Nigeria, and JamboMama! in Tanzania. However, to significantly impact positive outcomes in maternal health, healthcare providers and governments alike must promote awareness, engagement, and expansion of these digital health tools to women and families in their communities.

Adaptations and innovations in maternal and newborn care are not limited to conventional healthcare systems or state and national healthcare policies. Community participation, mobilization and empowerment are recognized as important factors in improving health outcomes at the local level (Haldane et al. 2019). Successful community-based maternal and newborn healthcare programs depend on community-based healthcare workers (CHWs). The WHO states that CHWs should be selected by, trained, and work in the communities from which they are members. CHWs are not medical professionals, but rather have targeted training that allows them to carry out particular healthcare-related functions (Cometto et al. 2018). The home visits administered by CHWs, which may include basic antenatal and newborn care, diagnoses. and management of chronic conditions, as well as the distribution of essential medicine, have been associated with reduced maternal and newborn mortality in urban poor populations (Lassi et al. 2016; Nwameme et al. 2018). Equipping CHWs with digital health tools and resources tailored to their communities can assist CHWs in collecting patient health data, providing reminders and alerts, providing referrals and follow-ups, and offering training opportunities (Cometto et al. 2018; Schuttner et al. 2014). Furthermore, in addition to directly delivering healthcare services, CHWs can be effective facilitators of information and provide pregnancy and newborn care education (Lassi et al. 2019). Thus, while socioeconomic and cultural barriers exist that hinder access to continuous quality maternal and newborn care, CHWs can bridge the gap between the marginalized mother and the medical providers, and serve as knowledgeable advocates for their communities.

## Conclusion

The urban environment is evolving and maternal and newborn healthcare must adapt to protect

women, newborns, and families. In an ideal maternal healthcare system, all women would have access to comprehensive, continuous healthcare before, during, and after pregnancy. However, throughout the world, many women, particularly the urban poor, do not have access to this ideal, quality maternal care. Additionally, as cities expand and the size of the urban population grows, maternal demographics are also shifting, along with the risk factors associated with pregnancy and delivery. As previously mentioned, 60% of maternal deaths are considered preventable. Identifying risks early in pregnancy and managing these risks through accessible and continuous prenatal and postnatal care can aid in achieving the worldwide goal of ending preventable maternal mortality. Lastly, as the world is in the midst of the COVID-19 pandemic, pregnant women in densely populated cities are faced with additional barriers to quality maternal care. While the actual impact has yet to be determined, the pandemic will undoubtedly have short- and long-term effects on urban maternal and newborn health.

Established telehealth programs offer a relatively immediate strategy to improve maternal and newborn health in urban areas. While gaps in access and coverage do exist, telehealth in conjunction with digital health resources have the ability to provide continuous and cost-effective, quality perinatal care, as well as effectively monitor and manage chronic conditions and risk factors associated with an older and diverse urban maternal population. Importantly, telehealth also addresses the emergent concerns of women and healthcare providers by minimizing infections and efficiently utilizing resources.

While barriers to telehealth largely center on policy at the local and national levels, the international demand for telehealth programs has rapidly increased in response to the COVID-19 pandemic (Fisk et al. 2020; Hong et al. 2020). As a result, critical changes have been implemented across the globe to address the immediate need for telehealth. The Ministry of Health in Australia announced significant expansion of telehealth services, including allowing vulnerable general practitioners and healthcare professional to use telehealth for all primary care consultations. Many countries of the EU have loosened restrictions on online prescriptions and expanded reimbursement options for telehealth services. The Indian government has confirmed that it is legal to practice telehealth in India, as long as the practice complies with the recently released telehealth guidelines. In the USA, the Centers for Medicare and Medicaid (CMS), has removed geographical restrictions for patients and providers, as well as expanded reimbursement options for in-home telehealth visits. The US Department of Health and Human Services waived particular HIPPA (Health Insurance Portability and Accountability Act) regulations, which have generally limited providers from delivering remote or mobile care. Furthermore, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) pledges millions of dollars in additional funding to help expand current telehealth programs.

As healthcare systems worldwide establish and expand telehealth programs and digital health resources in response to the global health crisis, decisions and investments will need to be made to sustain these programs and resources for long-term use. While these decisions may come with trade-offs, WHO asserts that "maternal, antenatal and newborn health matters to every person, society and country, and should be viewed from both a human rights and wellbeing perspective as highly important topics." The world's population is now predominantly urban and several billion pregnancies and births will take place in the urban environment within the next generation. Recognizing and addressing urban maternal and newborn health concerns is vital to preventing maternal and newborn mortality and improving the health of all people.

## References

Admon LK, Winkelman TNA, Moniz MH, Davis MM, Heisler M, Dalton VK (2017) Disparities in chronic conditions among women hospitalized for delivery in the united states, 2005–2014. Obstet Gynecol 130 (6):1319–1326. https://doi.org/10.1097/AOG.0000000000002357

Advising Congress on Medicaid and CHIP Policy (2018) Access in brief: pregnant women and medicaid. Retrieved from https://www.macpac.gov/publication/access-in-brief-pregnant-women-and-medicaid/

Anderson M, Kumar M (2019) Digital divide persists even as lower-income Americans make gains in tech adoption. Retrieved from https://www.pewresearch.org/fact-tank/2019/05/07/digital-divide-persists-even-as-lower-income-americans-make-gains-in-tech-adoption/

Aziz A, Zork N, Aubey JJ, Baptiste CD, D'Alton ME, Emeruwa UN et al (2020) Telehealth for high-risk pregnancies in the setting of the COVID-19 pandemic. Am J Perinatol 37(8):800–808. https://doi.org/10.1055/s-0040-1712121

Bayefsky MJ, Bartz D, Watson KL (2020) Abortion during the covid-19 pandemic — ensuring access to an essential health service. N Engl J Med 382(19):e47. https://doi.org/10.1056/NEJMp2008006

Blanc AK, Winfrey W, Ross J (2013) New findings for maternal mortality age patterns: aggregated results for 38 countries. PLoS One 8(4):e59864. https://doi.org/10.1371/journal.pone.0059864

Bui Q, Miller C (2018) The age that women have babies: how a gap divides america. Retrieved from https://www.nytimes.com/interactive/2018/08/04/upshot/up-birth-age-gap.html

CDC (2019) Telehealth and telemedicine: a research anthology of law and policy resources. Retrieved from https://www.cdc.gov/phlp/publications/topic/anthologies/anthologies-telehealth.html

CDC (2020) Coronavirus disease 2019 (COVID-19). Retrieved from https://www.cdc.gov/coronavirus/2019-ncov/hcp/telehealth.html

Cleary-Goldman J, Malone FD, Vidaver J, Ball RH, Nyberg DA, Comstock CH et al (2005) Impact of maternal age on obstetric outcome. Obstet Gynecol 105(5 Pt 1):983–990. 105/5/983 [pii]

Cometto G, Ford N, Pfaffman-Zambruni J, Akl EA, Lehmann U, McPake B et al (2018) Health policy and system support to optimise community health worker programmes: an abridged WHO guideline. Lancet Glob Health 6(12):e1397–e1404. https://doi.org/10.1016/S2214-109X(18)30482-0

Dangura AD (2020) Knowledge about child birth and postpartum obstetric danger signs and associated factors among mothers in dale district, southern Ethiopia. BMC Pregnancy Childbirth 20(1):340. https://doi.org/10.1186/s12884-020-02989-7

Duffin E (2019) Birth rate in the united states in 2017, by household income. Retrieved from https://www.statista.com/statistics/241530/birth-rate-by-family-income-in-the-us/

Ellington S (2020) Characteristics of women of reproductive age with laboratory-confirmed SARS-CoV-2 infection by pregnancy status – united states, January 22–June 7, 2020. Retrieved from https://www.cdc.gov/mmwr/volumes/69/wr/mm6925a1.htm

Fisk M, Livingstone A, Pit SW (2020) Telehealth in the context of COVID-19: changing perspectives in Australia, the United Kingdom, and the United States. J Med Internet Res 22(6):e19264. https://doi.org/10.2196/19264

Fryer K, Delgado A, Foti T, Reid CN, Marshall J (2020) Implementation of obstetric telehealth during COVID-19 and beyond. Matern Child Health J:1–7. https://doi.org/10.1007/s10995-020-02967-7

Garnweidner-Holme LM, Borgen I, Garitano I, Noll J, Lukasse M (2015) Designing and developing a mobile smartphone application for women with gestational diabetes mellitus followed-up at diabetes outpatient clinics in Norway. Healthcare (Basel, Switzerland) 3(2):310–323. https://doi.org/10.3390/healthcare3020310

Gerdts C, Dobkin L, Foster DG, Schwarz EB (2016) Side effects, physical health consequences, and mortality associated with abortion and birth after an unwanted pregnancy. Womens Health Issues 26(1):55–59. https://doi.org/10.1016/j.whi.2015.10.001

Haldane V, Chuah FLH, Srivastava A, Singh SR, Koh GCH, Seng CK, Legido-Quigley H (2019) Community participation in health services development, implementation, and evaluation: a systematic review of empowerment, health, community, and process outcomes. PLoS One 14(5). https://doi.org/10.1371/journal.pone.0216112

Hollander JE, Carr BG (2020) Virtually perfect? Telemedicine for covid-19. N Engl J Med 382(18):1679–1681. https://doi.org/10.1056/NEJMp2003539

Hong Y, Lawrence J, Williams D, Mainous A III (2020) Population-level interest and telehealth capacity of US hospitals in response to COVID-19: cross-sectional analysis of google search and national hospital survey data. JMIR Public Health Surveill 6(2):e18961. https://doi.org/10.2196/18961

Houweling TA, Ronsmans C, Campbell OM, Kunst AE (2007) Huge poor-rich inequalities in maternity care: an international comparative study of maternity and child care in developing countries. Bull World Health Organ 85(10):745–754

Hughson JP, Daly JO, Woodward-Kron R, Hajek J, Story D (2018) The rise of pregnancy apps and the implications for culturally and linguistically diverse women: narrative review. JMIR Mhealth Uhealth 6(11):e189. https://doi.org/10.2196/mhealth.9119

Jones SA, Gopalakrishnan S, Ameh CA, White S, van den Broek NR (2016) 'Women and babies are dying but not of ebola': the effect of the ebola virus epidemic on the availability, uptake and outcomes of maternal and newborn health services in Sierra Leone. BMJ Glob Health 1(3):e000065. https://doi.org/10.1136/bmjgh-2016-000065

Kassebaum NJ, Barber RM, Bhutta ZA, Dandona L, Gething PW, Hay SI et al (2017) Global, regional, and national levels of maternal mortality, 1990–2015: a systematic analysis for the global burden of disease study 2015. Obstet Gynecol Surv 72(1):11–13. https://doi.org/10.1097/01.ogx.0000511935.64476.66

Kotlar B (2020) Amidst the COVID-19 pandemic, we must remember maternal health. Retrieved from https://www.mhtf.org/2020/04/18/amidst-the-covid-19-pandemic-we-must-remember-maternal-health/

Kumar R, Mistira R, Singh RK (2020) During covid-19 lockdown, births at clinics plummet by 40%. Retrieved from https://www.hindustantimes.com/india-news/during-lockdown-births-at-clinics-plummet-by-40/story-D1DzxlaZhGswBRtHbeXwjN.html

Lassi ZS, Kumar R, Bhutta ZA (2016) Community-based care to improve maternal, newborn, and child health. In: Black RE, Laxminarayan R, Temmerman M, Walker N (eds) Reproductive, maternal, newborn, and child health: disease control priorities, vol 2, 3rd edn. The International Bank for Reconstruction and Development/The World Bank, Washington, DC. Retrieved from http://www.ncbi.nlm.nih.gov/books/NBK361898/

Lassi ZS, Kedzior SG, Bhutta ZA (2019) Community-based maternal and newborn educational care packages for improving neonatal health and survival in low- and middle-income countries. Cochrane Database Syst Rev 2019(11). https://doi.org/10.1002/14651858.CD007647.pub2

Livingston G (2018) U.S. women are postponing motherhood, but not as much as those in most other developed nations. Retrieved from https://www.pewresearch.org/fact-tank/2018/06/28/u-s-women-are-postponing-motherhood-but-not-as-much-as-those-in-most-other-developed-nations/

MacDorman MF, Declercq E, Thoma ME (2017) Trends in maternal mortality by socio-demographic characteristics and cause of death in 27 states and the District of Columbia. Obstet Gynecol 129(5):811–818. https://doi.org/10.1097/AOG.0000000000001968

Main E, Oshiro B, Chagolla B, Bingham D, Dang-Kilduff L, Kowalewski L (2010) Elimination of nonmedically indicated (Elective) deliveries before 39 weeks gestational age. (California Maternal Quality Care Collaborative Toolkit to Transform Maternity Care) Developed under contract #08- 85012 with the California Department of Public Health; Maternal, Child and Adolescent Health Division; First edition published by March of Dimes, July 2010

Matthews Z, Channon A, Neal S, Osrin D, Madise N, Stones W (2010) Examining the "urban advantage" in maternal health care in developing countries. PLoS Med 7(9):e1000327. https://doi.org/10.1371/journal.pmed.1000327

Mwilike B, Nalwadda G, Kagawa M, Malima K, Mselle L, Horiuchi S (2018) Knowledge of danger signs during pregnancy and subsequent healthcare seeking actions among women in urban Tanzania: a cross-sectional study. BMC Pregnancy Childbirth 18(1):4. https://doi.org/10.1186/s12884-017-1628-6

Nwameme AU, Tabong PT, Adongo PB (2018) Implementing community-based health planning and services in impoverished urban communities: health workers' perspective. BMC Health Serv Res 18. https://doi.org/10.1186/s12913-018-3005-1

Okour A, Alkhateeb M, Amarin Z (2012) Awareness of danger signs and symptoms of pregnancy complication among women in Jordan. Int J Gynaecol Obstet 118(1):11–14. https://doi.org/10.1016/j.ijgo.2012.01.020

Peahl AF, Novara A, Heisler M, Dalton VK, Moniz MH, Smith RD (2020) Patient preferences for prenatal and postpartum care delivery: a survey of postpartum women. Obstet Gynecol 135(5):1038–1046. https://doi.org/10.1097/AOG.0000000000003731

Puro NA, Feyereisen S (2020) Telehealth availability in US hospitals in the face of the COVID-19 pandemic. J Rural Health 00(00). https://doi.org/10.1111/jrh.12482

Roberton T, Carter ED, Chou VB, Stegmuller AR, Jackson BD, Tam Y et al (2020) Early estimates of the indirect effects of the COVID-19 pandemic on maternal and child mortality in low-income and middle-income countries: a modelling study. Lancet Glob Health 8(7):e901–e908. https://doi.org/10.1016/S2214-109X(20)30229-1

Sandeep S, Shanthi E (2020) Study on impact of maternal age on pregnancy outcome at a tertiary care hospital. Int J Res Pharmaceut Sci 11(SPL2):235–238. https://doi.org/10.26452/ijrps.v11iSPL2.2235

Say L, Chou D, Gemmill A, Tunçalp Ö, Moller A, Daniels J et al (2014) Global causes of maternal death: a WHO systematic analysis. Lancet Glob Health 2(6):e323–e333. https://doi.org/10.1016/S2214-109X(14)70227-X

Schmidt S (2020) Pregnant women are opting for home births as hospitals prepare for coronavirus. Retrieved from https://www.washingtonpost.com/dc-md-va/2020/03/20/pregnant-women-worried-about-hospitals-amid-coronavirus-are-turning-home-births-an-alternative/

Schuttner L, Sindano N, Theis M, Zue C, Joseph J, Chilengi R et al (2014) A mobile phone-based, community health worker program for referral, follow-up, and service outreach in rural Zambia: outcomes and overview. Telemed J E Health 20(8):721–728. https://doi.org/10.1089/tmj.2013.0240

Scott Kruse C, Karem P, Shifflett K, Vegi L, Ravi K, Brooks M (2018) Evaluating barriers to adopting telemedicine worldwide: a systematic review. J Telemed Telecare 24(1):4–12. https://doi.org/10.1177/1357633X16674087

Silver L, Smith A, Johnson C, Jiang J, Anderson M, Rainie L (2019) Mobile connectivity in emerging economies. Pew Research Center. Retrieved from https://www.pewresearch.org/internet/2019/03/07/mobile-connectivity-in-emerging-economies/

Sochas L, Channon AA, Nam S (2017) Counting indirect crisis-related deaths in the context of a low-resilience health system: the case of maternal and neonatal health during the ebola epidemic in Sierra Leone. Health Policy Plan 32(suppl_3):iii32–iii39. https://doi.org/10.1093/heapol/czx108

UNICEF (2018) Advantage or paradox: the challenge for children and young people of growing up urban. Retrieved from https://data.unicef.org/resources/urban-paradox-report/

UNICEF (2020) Pregnant mothers and babies born during COVID-19 pandemic threatened by strained health systems and disruptions in services. Retrieved from https://www.unicef.org/press-releases/pregnant-mothers-and-babies-born-during-covid-19-pandemic-threatened-strained-health

Vlahov D, Vlahov D, Galea S, Galea S, Freudenberg N, Freudenberg N (2005) The urban health "advantage". J Urban Health 82(1):1–4. https://doi.org/10.1093/jurban/jti001

Whittington JR, Magann EF (2020) Telemedicine in high-risk obstetrics. Obstet Gynecol Clin N Am 47(2):249–257. https://doi.org/10.1016/j.ogc.2020.02.007
World Health Organization (WHO) (2018) WHO Recommendations on Antenatal Care for a Positive Pregnancy Experience: Summary. Geneva, Switzerland: WHO; 2018. Licence: CC BY-NC-SA 3.0 IGO

# Max Weber and Organizational Theory

David K. Brown
Illinois State University, Normal, IL, USA

## Synonyms

Bureaucratic theory; Rationalization theory

## Definition

Legitimate authority: rule with the consent of the ruled based on cultural beliefs that justify social hierarchies.
Charismatic leadership: a highly personal type of rule where a following obeys an individual due to belief in that person's unique, gifted qualities.
Traditionalism: a system of rule where subordinates obey the demands of a group of superiors because they are natural inheritors of such authority.
Legal rationalism: a modern form of rule embedded in impersonal, written rules of conduct and subordination to offices held by persons who claim technical expertise required to perform specific tasks.

## Introduction

Max Weber (1864–1920) was a German social theorist who was instrumental in the establishment of the discipline of sociology and much of its subsequent development. His circle of colleagues and students included luminaries of the era such as Georg Simmel, Robert Michels, Werner Sombart, George Jellinek, Edgar Jaffe, Ernst Troeltsch, and Heinrich Rickert (Mommsen and Osterhammel 2010). Weber made widespread contributions to economic and political sociology, as well as the study of kinship, religion and culture, law, race/ethnicity, education, and the methodology of social science. Works titled *Economy and Society* (1922) and *General Economic History* (1919b–1920) suggest the scope of his analyses. Weber's sociology was informed by a keen analysis of power structures and a deep historical sense about organizations. His work can be viewed as an effort to understand the defining features of modernity in the West, particularly the highly rational and transformative character of modern forms of social organization, thought, and action which he contrasted with prior historical forms. Weber's organizational theory was a perspective that he applied to economic institutions, businesses, nations, political parties, cities, families, schools, religious groups, and voluntary organizations. In each case, he engaged in comparative-historical studies that sought to show the causal development of modern modes of social organization.

M

## Concept Formation in Weber's Organizational Sociology: Ideal Types and *Verstehen*

Much confusion about Weber's perspective has resulted from failure to understand the methodological context of his writing. Weber, like many others, was embroiled in the great *Methodenstreit* (methodological controversy) of the early twentieth century which concerned the goals and character of disciplines that studied human history. One side advocated a humanities orientation that would create aesthetic/empathetic knowledge, while the other side sought social sciences that would parallel the causal-explanatory framework of natural sciences. Weber was decidedly on the latter side of the debate, but sought some degree of compromise with his notion of *verstehen* (interpretive understanding of actors' cultural dispositions toward types of social action *as a component* of causal explanation). Weber's *The Protestant Ethic and the Spirit of Capitalism* (1904a–1905), for example, famously argued

that religious motives played a pivotal role in the emergence of rationalized capitalism, alongside a plethora of structural causes.

The cornerstones of Weber's analyses of historical social change were his "ideal type" concepts. These were neo-Kantian constructs that he adapted from Heinrich Rickert's epistemology (Burger 1976). Ideal types were conceptually "pure" abstractions drawn from a broad set of concrete historical cases (Weber 1904b–1919, 89–110). An ideal type of organizational structure such as bureaucracy thus was a depiction of what a fully bureaucratic organization would look like. There could be many contrasting ideal types as well as subtypes arranged along continua. Empirical cases always displayed elements of several such conceptual frames of reference.

An important consequence of this method is that one cannot logically "disprove" an ideal type with empirical cases that fail to measure up fully to the specifications of the pure type – such variance is fully expected. A good deal of administrative science following Weber misunderstood the purpose of ideal-type concepts and sought to "prove Weber wrong" merely by noting non-bureaucratic elements in modern bureaucratic organizations. Weber's point was that different places and historical eras were marked by social constellations that were markedly tilted in the direction of one or another form of organization.

## Three Connotations of "Rationality"

As both Kalberg (1980) and Schluchter (1981) have persuasively argued, the centrality of the concept of "rationality" in Weber's work takes on several associated meanings. One sense of rationality is tied to his theory of social action and cultural motivation where he distinguishes:

(a) Affectual action driven by emotional attachments
(b) Traditional action embedded in habituation
(c) Value-rational action tied to belief in the ultimate validity of religious and other cultural ideals irrespective of outcomes
(d) A peculiarly modern form of instrumentally-rational action that is determined by the technical efficiency of given means to achieve rationally determined ends (Weber 1922, 24–26)

Another sense of rationality is connected to Weber's (1922, 215–54; 956–1157) analysis of historical organizational power structures. In this context, he employs a three-part typology of charismatic, traditional, and legal-rational forms of "legitimate authority" and subtypes within each that will be discussed below. In contrast to simple "domination" which Weber (1922, 212) defines as "the probability that certain specific commands (or all commands) will be obeyed by a given group of persons" for reasons ranging from interests in survival to material rewards accruing from compliance, legitimate authority implies additionally *cultural beliefs* of subordinates that justify their obedience. This circumstance produces distinctive administrative outcomes. Social action types are tied to these types of legitimate authority.

Finally, Weber speaks at times of rationality as a broad force that actively seeks to transform social life in accordance with impersonal principles of predictability and calculability that are reinforced by legalistic written rules and professional expert administrators and arbiters, i.e., the "rationalization" of society.

## Charismatic Authority and Its Transformations

Charismatic authority is a primordial form with modern remnants. It is a simple administrative structure composed of a charismatic leader and a group of followers. Mommsen (1974) argued that it is better characterized as "leadership" than "authority" for this reason. Among the various types of legitimate authority, the charismatic form is the most "personalized" type, with power literally vested in an individual. Religious prophets and other revolutionary leaders, such as Jesus Christ and Fidel Castro, in the earliest phases of nonformalized leader/following structures are

prime examples. Possession of charisma comes from utterly noninstitutionalized mechanisms—it inheres in the person and cannot be acquired by others through formal training, hereditary transmission, or other vehicles.

The basis for legitimacy in charismatic authority is a belief among followers in the extraordinary and unique "giftedness" of the leader in various capacities that justifies compliance with administrative mandates (in the form of revelations) as a matter of "duty" that is irrespective of economic and rational considerations. Its irrational, unpredictable, affective/emotive basis of decision-making and other actions is diametrically opposed to rational-legal principles of authority. Charismatic leaders have had revolutionary capabilities in uprooting especially traditional forms of authority. Weber (1922, 1114) notes that charismatic authority suffers from an inherent instability that derives from the necessity of leaders to provide ongoing "proofs" of their unique abilities to rule:

"The charismatic hero derives his authority not from an established order and enactments, as if it were an official competence, and not from custom or feudal fealty, as under patrimonialism. He gains and retains it solely by proving his powers in practice. . .by bringing well-being to his faithful followers; if they do not fare well, he obviously is not the god-sent master."

This situation is complicated further by the limited administrative scope of an individual leader and by the absence of rules of succession to compensate for the leader's mortality.

Weber (1922, 1121–48) refers to the transformation of charismatic authority to legal-rational and traditional forms as the "routinization" of charisma. Passing of individual charisma to formalized channels of acquisition such as kinship lineages, ethnic and racial group memberships, offices, kingship, plutocracy (bought memberships), and schooling are examples of this process that takes purely personal authority to more complex, group-level administrative forms. This facet of charismatic authority has been useful for understanding the trajectories of upstart religious and political movements that challenge traditional and legal-rational governance structures.

## Varieties of Traditionalism

Weber's concept of traditional authority included several variants that were pervasive in world history. Everything was centered on rule within "household" economic and political structures. It was typically a male-dominated system legitimated by cultural beliefs in historically immutable hereditary rights of a *group*, rather than an individual charismatic leader. Weber (1922, 215–17) describes this belief as:

> [R]esting on an established belief in the sanctity of immemorial traditions and the legitimacy of those exercising authority under them. . .based on personal loyalty which results from a common upbringing. . .The person exercising authority is not a 'superior,' but a personal master, his administrative staff does not consist mainly of officials but of personal retainers, and the ruled are not 'members' of an association but are either his traditional 'comrades' or his 'subjects.'

Patriarchy was the simplest and most personalized form, with a single male authority claiming hereditary rights to power. Gerontocracies extended this power to a group of elders. Patrimonialism created the beginning of a still relatively powerless administrative staff of extended kin group members who implemented masters' orders in relation to subjects. The feudal estate was a more complex structural precursor to modern bureaucracies, where a staff of military, judicial, and other officials assumed varying degrees of discretionary power and social status (i.e., privileges of an "estate").

Traditionalism, even in its most advanced administrative forms, always was a fetter on the development of expansive, formally rationalized economic, and political institutions because of its mooring in arbitrary personal authority and the complacency of time-honored practices. In Weber's (1922, 237–41) view, the absence of impersonal, universal, and consistent legal codes of conduct that promote stability and calculability limited capitalist developments under such regimes to trading, tax farming, state supplications, and colonialism.

As Shils (1981) discussed, this form persists in many realms of contemporary societies. Meyer and Rowan (1977) and Dimaggio and Powell

(1983) provided classic analyses of formal rationality in organizations *as traditions* of institutionalized mythic/ritualistic practices and mimicry of other organizations.

## Legal-Rational Authority

The third type of legitimate authority is the legal-rational form manifested in bureaucracies as late historical developments. As Bendix (1978) elaborated along Weberian lines, a precondition for its emergence was the uprooting of traditional authority in all its forms by democratic political movements and accompanying citizenship rights. This form of organization had its origins in modern political/legal structures and in the Western rational capitalist economy. Weber saw this mode of organization and authority as a highly transformative force that was spreading to all institutional arenas as the definitive mark of modern civilization. Compared to other historical forms of organization, the legal-rational bureaucracy was a very stable arrangement that would be difficult to supplant in any significant measure. A belief in the legitimacy of impersonal, democratically enacted, formal rules of administration as technically efficient means to achieve collective goals replaces prior bases of authority. Predictability, consistency, stability, calculability, technical competencies, and clearly delineated impersonal authority are hallmarks of this type of organization.

Weber's (1922, 217–225; 956–1005) lengthy depiction of an ideal-typical legal-rational bureaucracy in its fullest, always empirically unrealized form contains the following key elements:

1. Consistent performance of administrative functions in a manner that is governed by written rules of conduct that are preserved and accessible to appropriate parties.
2. Clearly specified areas of substantive jurisdiction, together with the requisite authority to carry out duties within a technically defined division of labor.
3. Hierarchical organization of appointed (not elected) offices with rights of appeal and grievance from lower to higher offices. Offices serve as primary, full-time, career occupations of incumbents and are not appropriated by their holders; they are subject to rules of appropriate conduct and dismissal.
4. Specialized technical training qualifies individuals for offices. In the strongest cases, this competence is credentialed through formal examinations and/or educational degrees.
5. Officials are non-owners of the productive and administrative apparatuses of the organization.

Classic studies of governmental and industrial bureaucracies by Selznick (1949) and Gouldner (1964) demonstrated that these features of modern organizations may be present or absent to greater or lesser extents in concrete cases and may be found in combination with elements of charismatic and traditional organizational structures where such cases deviate from the ideal type.

Weber (1922, 973) argued that bureaucracy was "technically superior" to other prior forms of administration in terms of "precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, [and] reduction of friction and of material and personal costs." Stinchcombe (2001) clarified that formality indeed works best *where these traits are needed to perform particular tasks*, i.e., in complex, geographically and functionally far-flung enterprises, such as running large business enterprises or universities where personal rule is an inefficient device.

The structural framework of legal rationalism would be of little consequence if it were not accompanied by corresponding cultural predispositions and propensities to particular courses of action. Weber discusses at the social action level pervasive "instrumentally rational" conduct that is guided by beliefs in achieving organizational goals through the most technically efficacious means and the belief that the hierarchy of authority and technical competence of office incumbents is the legitimate way to do these things. The secular "spirit" of capitalism that Weber (1904a–1905) depicted as ironically emerging from believers' calculations of their religious salvation prospects is precisely this "culture" of legal rationality or what later analysts would come to call a "bureaucratic ethos." Elias (1939) traced

this trend as a form of internal "discipline" in the modern age.

This juggernaut of structural, cultural, and social action forces had few limits in terms of spheres of influence. Weber's (1911) analysis of the evolution of the uniquely rational character of Western music is a fascinating extension of his theory, as are his studies of the growth of legal rationalism in law, education, religion, and cities, to name a few. Later elaborations of Weber's ideas about rationalization include Merton's (1938) classic study of the development of systematic scientific and technological pursuits, "critical theorists" such as Habermas (1981) who depicted rational colonization of the "life world" of modern societies and Ritzer's (2000) popular account of the "McDonaldization" of society in accord with the routines of the fast-food chain.

## Conclusion

Weber (1904a–1905, 182) had trepidations about the entrenchment of legal-rational authority as an "iron cage" that governed various spheres of society:

"No one knows who will live in this cage in the future, or whether at the end of this tremendous development entirely new prophets will arise, or there will be a great rebirth of old ideas and ideals, or, if neither, mechanized petrification, embellished with a sort of convulsive self-importance. For of the last state of this cultural development, it might well be truly said: 'Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never achieved.'"

Democracy movements and citizenship rights had ended the powers of traditional authorities in many areas, but bureaucracy substituted for them the nominally "impersonal" rule of professional experts in widespread contexts which remained a source of contentious power struggle. Tensions between democracy and bureaucracy produced recurring popular calls for a return to charismatic and traditional forms of rule. Technical efficiency principles "disenchanted" the world of human creativity, passion, and leadership that Weber saw as essential to social and political life. Weber knew that we were relegated to bureaucratic institutions for the foreseeable future, but he nevertheless argued in his famous "Politics as a Vocation" speech for an infusion of a restorative charismatic element of passion to modern organizational life Weber (1919a).

Weber's legacy in organizational studies is immense, with continuing relevance in the twenty-first century. There is an ongoing genre of "Weberian Studies" that attests to this fact (Scaff 2014). As more of Weber's unpublished and untranslated writings become accessible, an even fuller recognition of his already daunting contributions will become possible.

## Cross-References


- ▶ Bureaucracy and Capitalism
- ▶ Bureaucratic Power
- ▶ Modernity and Bureaucracy
- ▶ Representative Bureaucracy


## References


Bendix R (1978) Kings or people: power and the mandate to rule. University of California Press, Berkeley

Burger T (1976) Max Weber's theory of concept formation: history, laws, and ideal types. Duke University Press, Durham

DiMaggio P, Powell W (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Elias N 1939 (2000) The civilizing process. Blackwell Publishing, Oxford, UK

Gouldner AW (1964) Patterns of industrial bureaucracy. Free Press, New York

Habermas J (1981) The theory of communicative action. volume 1: reason and the rationalization of society. Beacon Press, Boston

Kalberg S (1980) Max Weber's types of rationality: cornerstones for the analysis of rationalization processes in history. Am J Sociol 85(5):1145–1179

Merton R 1938 (1970) Science, technology, and society in 17th century England. Harper and Row, New York

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ritual. Am J Sociol 83(2):340–363

Mommsen W (1974) The age of bureaucracy: perspectives on the political sociology of Max Weber. Basil Blackwell, Oxford

Mommsen W, Osterhammel J (2010) Max Weber and his contemporaries. Routledge, London

Ritzer G (2000) The McDonaldization of society. Pine Forge Press, Thousand Oaks

Scaff L (2014) Weber and the Weberians. Palgrave Macmillan, New York
Schluchter W (1981) The rise of western rationalism. University of California Press, Berkeley
Selznick P 1949 (2011) TVA and the grass roots: a study of politics and organizations. Quid Pro Books, New Orleans
Shils E (1981) Tradition. University of Chicago Press, Chicago
Stinchcombe AL (2001) When formality works: authority and abstraction in law and organizations. University of Chicago Press, Chicago
Weber M 1904a–05 (1958) The protestant ethic and the spirit of capitalism. Charles Scribner's Sons, New York
Weber M 1904b–19 (1949) The methodology of the social sciences. Free Press, New York
Weber M 1911 (1958) The rational and social foundations of music. Southern Illinois University Press, Carbondale
Weber M 1919a (1946) Politics as a vocation. In: From Max Weber. Oxford University Press, New York, pp 77–128
Weber M 1919b–20 (1981) General economic history. Transaction Books, New York
Weber M 1922 (1978) Economy and society. University of California Press, Berkeley

# Measures for Police Performance in Spain and Finland

Antti Rautiainen[1], Elena Urquía-Grande[2] and Clara Muñoz-Colomina[2]
[1]Jyväskylä University School of Business and Economics (JSBE), University of Jyväskylä, Jyväskylä, Finland
[2]Faculty of Economics and Business, Universidad Complutense Madrid (UCM), Madrid, Spain

## Synonyms

Comparative public administration performance analysis; Performance indicators; Performance measures; Tools for analyzing police performance and risks

## Introduction

Measures for police performance, i.e., performance measurement (PM) tools for police work, are analyzed in this entry. This entry suggests practical performance measures for analyzing police work quality, cost-effectiveness, and risks and is based on a comparative case study using both qualitative and quantitative data from Spain and Finland. Performance measurement (PM) within the public administration has grown in both number and importance, even if measuring, for example, police performance is not easy because of the intangible nature of safety and some other outputs (see Lapsley 2009; Rautiainen et al. 2017). Performance measures (or indicators) are currently an integral part of police work, focusing on the quantifiable elements of performance, such as services or operations performed or on the public perceptions on police (Rautiainen et al. 2017). However, there are differences between countries in the ways of public service production, and thus the applicable key performance indicators (KPIs) may also differ. The service field and country-specific differences offer an interesting field for comparative public administration (CPA; see Jreisat 2018) analysis.

In official police reporting, there are typically relatively few KPIs about police work quality and risks, even if police work may be different in different countries and regions (Rautiainen et al. 2017). Exact all-round indicators of police performance are difficult to find because in different contexts and circumstances also different performance management is needed. Therefore, comparative case research into KPI development and risk issues at different analysis levels (local police, national police, and society) may reveal new insights for improving police work management. Generally, police functions include defending public security and maintaining order and law compliance. Yet there are several focus areas of police service provision. It is not clear how performance in these areas (e.g., in citizen security or traffic security) can be measured and what KPIs are emphasized in police work. Further, the measures needed and the perceived value created for the public may differ depending on the focus of operations, such as number of arrests, etc., or achieving of social impact (Davies 2017; Trochmann and Gover 2016).

This entry analyzes the risks and applicable PM indicators of police work, comparing Finland

and Spain, targeting to develop value-added risk and quality balanced measures for managing police work performance, taking into account the country-specific differences. This entry therefore analyzes the similarities and differences among police PM in Finland (a Northern European country with about five million inhabitants only) and in Spain (a Southern European country with 46 million inhabitants). The comparison of police work in two European countries with different sizes and traditions allowed us to understand the complexity of police performance management and to further develop and design new performance indicators to measure police work quality and risks in a balanced way.

There is much research on performance indicator design in the public sector. Typically the research has emphasized key performance indicators (KPI) in balancing financial and operative perspectives of public sector operations (Batac and Carassus 2009; Muñoz et al. 2006). There is also a lot of accounting and PM research into health services, but the risks in public sector operations have received relatively little attention (Lapsley 2009). Further, several political and other stakeholders present in the public sector may affect managerial decision-making and complicate the use of KPIs. Therefore, police work stakeholders may benefit from assessing performance in a balanced way, i.e., taking into account multiple performance aspects, such as risks, cost-effectiveness, and the citizens' perception of the quality of service.

There are a few accounting studies on police services and police PM (e.g., Carmona and Grönlund 2003; Collier 2006; Rautiainen et al. 2017). These studies have noted the complexity of police work PM and the difficulty of creating KPIs that foster cost-effectiveness. Further, there is literature on police strategic and risk management, where it has been noted that the risks of police work relate, for example, to community unrest, use of force (Davies 2017; Trochmann and Gover 2016), or perceived stress (Hart et al. 1993). Stress and community unrest may also be visible at the organizational level financially because of, for example, absences or in overtime pay (De la Fuente et al. 2013; Niemi 2012; Vuorensyrjä 2012). In risk management-focused police research, the focus often tends to be either on financial or personal aspects (e.g., Kohan and Mazmanian 2003), though these are not necessarily disconnected issues, and there may also be political risks related to financial budget negotiations (Rautiainen et al. 2017). The diversity of police work complicates the design of balanced indicators so that overall cost-effectiveness and the risks of services are difficult to measure (Diez-Ticio and Mancebon 2002). Thus, there is a need for analysis of KPIs, risk management, and managerial decision-making in security services among European countries with differing sizes and cultural backgrounds (see Carmona and Grönlund 2003; Collier 2006). Here an aim is to combine aspects of PM, quality, and risk management by creating comparable police cost-effectiveness indicators for police managers and for future PM research. In order to understand the differences and similarities in the police work, a comparative approach is used, i.e., police organizations from differing European countries with potential differences in operating culture and risk management are observed. The research questions (RQs) are as follows:

*RQ1: What KPIs on quality and risks of Police work are used in Spain and in Finland?*

*RQ2: What kind of complementary indicators might be developed based on existing PM and risk data?*

In case studies the use of both numerical and qualitative data (mixed data) may be useful, although often qualitative interpretive case research tradition is mainly followed. This means looking for meanings in the case events and data in order to understand how performance indicators might be used in a more motivating way, redesigned or new measures constructed (Kasanen et al. 1993). The research questions will be answered based on analysis of police work KPIs in Finland and in Spain available on the Internet, using archival data and published reports, and data from interviews and discussions with police managers and other personnel. Further, additional qualitative data was gathered in 2013 with 11 recorded follow-up interviews with police officers in both Spain and Finland

(Appendix 1). These interviews provide a perspective on the trends of police work.

Contributions to public sector PM literature are sought for by comparing police PM in two European countries with quality, efficiency, and risk measurement focus (Lapsley 2009; Kohan and Mazmanian 2003). This increases accounting knowledge of risk-based indicators suitable for police work performance measurement. Next, the Spanish and Finnish cases are introduced, including analysis of the disclosure, usefulness, and comparability of KPIs. Finally, new measures for risk-based performance both in terms of financial and professional risks may facilitate balanced police work performance measurement, including quality, cost-effectiveness, and risk issues.

## Spanish Case Study

The aims of the Spanish police are to protect citizens, to foster compliance with the law, and to control the traffic in the country. The Spanish police comprise three institutions: the national police, the Guardia Civil, and the local police. The national police and the Guardia Civil are positioned under the Ministry of Interior, while the local police depend on the local councils. In Spain, there are 52 provinces and 8116 municipalities. The Spanish police defends the security of 46.7 million inhabitants, 10% of whom are immigrants, and has over 60.6 million tourists annually.

Spanish police work is divided into several areas as coordination, traffic, citizen security and harmony, and administrative and judicial areas. These functions are divided among the three police bodies. For example, the local police and the Guardia Civil have their traffic control competences divided into urban or rural areas. Further, the national police and the Guardia Civil are more focused on counter-terrorism, cybercrime, and environmental crimes, while the local police are more focused on citizen security, domestic violence, and traffic offenses. Currently the three bodies prioritize the measurement of the risks, quality, and cost-effectiveness of the services offered to the citizens. Data about each police institution are published on the Internet including its aims, services, KPIs, and other statistics. The currently published indicators do not provide much information about quality, risks, or cost-effectiveness. The statistical information disclosed by each police institution may have some differences of focus, but the general KPI categories are relatively similar (see Appendix 2). The researchers were involved in the development of police performance reporting practices and the comparability of the KPIs among Spanish regions in a longitudinal municipality project during 4 years.

In order to examine the qualitative aspects of the research, data from five follow-up interviews in the Central Spain Police District (Appendix 1) are also used. Regarding the use of KPIs in decision-making, some of the interviewees informed us about a cultural change toward measuring results, instead of inputs, as Appendix 2 shows.

> Our main focus is on the citizen perception and satisfaction; therefore, the most important indicators are outcome indicators such as the amount of crime offences solved or the delinquency rate. (Interviewee 1)

Absence from work is measured also because high police visibility is seen as preventive activity, even though it is difficult to measure. From the economic point of view, the police are trying to maximize results with the minimum of resources. Gradually cost consciousness is spreading, even though some police officers still consider operative decisions to be separate from finances. These opposite views may, however, frustrate police officers and reduce their job satisfaction.

> For some years now rationalization of the services has spread: cost is prioritized when before it never was. Cost indicators were not relevant when we had to make interventions. (Interviewee 2)

> When the police have to act against crime . . . they will not look at the cost of the activity, but reductions in the budget are currently made by reducing investments drastically, so that we have no more new vehicles, offices etc. (Interviewee 3)

> Police must achieve the maximum cost efficiency in parallel with citizen satisfaction. (Interviewee 1)

Regarding risk and quality analysis, interviewees 1 and 4 saw the development of new crime types and the cutting of resources as risks in police work.

> The biggest threat currently to achieving good quality police work, from the operational point of view, is the use of new technologies by delinquents (cybercrime) and by international terrorists. From the financial point of view the budget is decreasing and there are fewer human resources, and from the administrative point of view there is the increase in regulations to comply with and the number of reports to fill in before any intervention. (Interviewee 1)

Some qualitative (e.g., political or personal) PM aspects on individual level risks, such as stress, health issues, or experiencing physical harm (e.g., by certain demographic groups), can be considered confidential or difficult to measure. This decreases the amount of such KPI information being disclosed, so the risks to different local police organizations cannot be properly compared, with the consequence that local area performance cannot yet be judged based on risk and quality data. Increased disclosure of information might facilitate the development of more comparable indicators of performance.

## Finnish Case Study

In Finland, there are only 5.35 million inhabitants in total and far fewer immigrants than in Spain. The Finnish police are organized as a national unit under the Ministry of the Interior. There are central national sub-units, for example, for financial crimes and for national security, and then there are 11 local police areas. The local police areas are not organized under local government organizations but belong to the one national Finnish police. Finnish police performance statistics are gathered routinely and systematically in a Crime Reporting System by the local police areas. Further, the Emergency Response Center (where citizens call for emergency help) keeps statistics on the response times and the number of emergency calls. Lately attention has been paid to the accuracy of statistics, because statistics on costs and effects are an essential part of the funding negotiations with the Ministry of the Interior. Further, when scarce resources have to be faced, the response times are prioritized: crime investigation times do not always need to be fast, but response times need to be. The most important performance information (see Appendix 3) is given to the media and is publicly disclosed on the Internet, mostly at the national (aggregate) level.

Some police work KPIs may need to be analyzed together. For example, if the overall funding of the police increases but the number of crimes investigated remains relatively similar, poor cost-effectiveness might be indicated. But an increase in the percentage of severe crimes or drug crimes being solved might give a more in-depth view of the situation. Because the effects of different types of crimes are not known, the long-term cost-effectiveness of police work cannot really stated, but simple indicators potentially representing police work cost-effectiveness can be constructed.

In the sparsely populated areas of Finland, there are automatic traffic surveillance cameras, which are cheaper than police patrols. However, this also indicates a choice toward preventive controlling and assigning the scarce resources to more strategic crime fighting duties in the urban areas. For example, the average response times for important emergency calls in Finland have decreased in general (especially in the Helsinki capital city area during recent years). Thus, the *average* efficiency may have increased, even though regional differences (variation) in service levels have grown.

Relatively little data is available regarding police work risk factors and the well-being of police officers in Finland. In a medical study, Niemi (2012) noted that police officers often spend a lot of time in a car or in the office, and this kind of work increases the risk of diabetes and cardiovascular diseases that are associated with being overweight. Vuorensyrjä (2012) noted that the risk of physical harm toward the police officer or his/her family was considered small in Finland, but police work was considered very hectic. Further, an insufficient flow of information and unwanted leadership styles were seen as possible causes of work-related stress (ibid.). Moreover, repetitive administrative duties and complaint management tend to be disliked, and, obviously, the perceived fitness level required for field activities deteriorates with aging (ibid.).

In the six Finnish follow-up interviews (Appendix 1), it was found that without clear rules the employees cannot know what is expected

from them, a situation which may lead to lack of focus, frustration, and subsequently low job satisfaction. Further, there is a risk of non-equal practices and costly errors if clear rules for operations are missing.

> Now [after a fusion of 5 small police units] . . .formal bureaucracy or administration has increased. . . . Some feel it is frustrating but . . . it is necessary. [Interviewee 3]

Under the recent tight economic situation, there has been a clear focus on financial issues and budgetary discipline in police work planning. By prioritizing their operations (e.g., having police officers present at known problem times, such as Friday nights), the police department has managed both to reduce costs and to improve their average response time KPI. With emphasis on a certain KPI (the average response time) and with careful risk-based work planning, the cost-effectiveness of the police has improved.

> We can't be waiting in scarcely populated areas if there is a call. . . There is little traffic and few missions. . . We need to shape our operations according to case density (or crime risk) in order to focus our operations on places where there is the greatest call pressure. [Interviewee 3]

> In a way the maximum sentence of certain crime indicates its severity, or weight but. . . we don't weigh our cases . . .Our recent organization changes are financially based but recently. . . severe crimes have become more prominent, such as organized crime, financial crime and drug crime, and they are not issues just for the local village. [Interviewee 1]

This shaping of operations based on crime risks suggests that cost-effectiveness can be improved with risk analysis. However, optimizing of resources may lead to risk of physical harm if suddenly there is a need for more force and back-up units are unavailable.

## Quality, Cost-Effectiveness, and Risk Performance Measures: Some Proposals

### Police Work Quality: The Comparative Quality Factor (CQF)

At the organizational level, next, the use of the *Comparative Quality Factor (CQF)* is proposed as a practical complement to the KPIs already disclosed. The Comparative Quality Factor (CQF) is a weighted average-based performance measure that considers the improvements in the operational quality of work and applies the improvement percentage to the actual amount of output produced, in order to get a comparable figure for the output between separate years, countries, or areas. For example, if the quality of service has improved by 1%, the output now is comparable to 1.01 times the output before (assuming some linearity and complementarity in small changes). The quality of police work is difficult to measure, but the crime solving percent and the timeliness of operations (measured according to response times) may be considered proxies for quality. The solving percent might be weighed with the severity of crimes (judging from the average or maximum sentences), if considered necessary. However, the respondents were relatively reluctant to prioritize solving crimes but thought that the police should try to solve everything in order to give a reliable signal to the public. Therefore the first part of the CQF formula (with 50% or 1/2 weight) is calculated based on the *solving percent of the equivalent number of crimes*, and the second part (also 50% weight) is calculated based on the *average response time*.

$$\mathrm{CQF} = \frac{\text{Solving\%in year X}}{\text{Solving\%in year X} - 1} * \tfrac{1}{2} * \frac{\text{Crimes in year X}}{\text{Crimes in year X} - 1} + \tfrac{1}{2} * \frac{\text{Response time in year X} - 1}{\text{Response time in year X}}$$

The CQF formula is designed so that continuous improvement is striven for. It is considered that improving the solving percent (solving more crimes) is a good thing, especially if the workload (number of reported crimes) has increased. It is assumed that the number of crimes and the distribution of different crime types are relatively comparable among years. Finally, getting to the crime scene faster is considered a good thing, and a shorter average response time in minutes compared to the previous year improves the CQF (because the response time of the previous year

is over the division line). The interpretation of the CQF formula is that if the CQF is above one, the effectiveness (also a proxy for quality) of police work has improved.

### Illustration of the Police Work Cost-Effectiveness Index

The case analyses show that police work cost-effectiveness is not easily captured. However, in order to have research results that aim at practical developments (Kasanen et al. 1993), next the *Police Work Cost-Effectiveness* index (PWCE) for aggregate level police work analysis (the organizational or even societal level) is proposed. The basic idea of the PWCE index is to calculate the cost of comparable (equivalent) services. For example, the value for the ratio of "Funding/number of crimes" can be multiplied by the Comparative Quality Factor (CQF): see PWCE formula below.

$$\mathbf{PWCE} = \frac{\text{Total Police Funding Year X}}{\text{Total crimes in year X} * \mathbf{CQF}} = \text{Equivalent police cost} - \text{effectiveness}$$

The CQF adjustment facilitates better (albeit not perfect) comparability among years and countries. This kind of simplified measure might be useful in decision-making as a proxy measure of progress. The costs per solved (equivalent) crime might be of use in assessing how economical the police work is, but the PWCE type approach (e.g., the CQF) reacts to improvements in multiple areas of service, for example, in crime solving and in the timelines of services, thus also potentially revealing trends in police work cost-effectiveness.

### Risk-Adjusted Measurement

Davies (2017) mentions assessment of threat level and other risks in use-of-force situations. However, threat levels or the importance of assignments are difficult to decide either personally or at an organizational level. For organizational level analyses, preliminary risk analysis approaches are next presented, e.g., for prioritizing different crime cases in police work. First, the risk categorization is presented in Table 1. The different duties are graded using several categories of importance. However, in Table 1, the different columns are not related but represent independent categories so that, for example, the probability of the crime to recur is not related to the monetary value of the crime. The probability to recur means whether the criminal if not caught is likely to continue committing crimes that cause significant harm to others. Monetary value is involved, for example, in burglaries and in financial crimes. Small monetary amounts might be given little weight (low grading). Crimes with a high maximum sentence have already been considered more severe and more important by the legislative bodies. High societal interest may be involved in crimes made against political or business leaders or against nationality or religious groups, where the press may be very interested and even the image of police is in question. However, if it is (almost) certain that the criminal cannot be caught at all, the police should not prioritize that kind of investigation. The average grades of the different categories are then added up in order to form an *overall total expected risk score*. The more the total expected risk score of a crime is, the more priority is given to the duty or investigation in question.

For example, if probability of recurrence is high, monetary value is medium, maximum sentence is 4 to 10 years, and societal interest is low;

**Measures for Police Performance in Spain and Finland, Table 1** Example risk categories (A–D) and grading for prioritization

| Grade (given independently for categories A to D) | (A) Probability of recurrence if not caught | (B) Monetary value involved | (C) Maximum sentence (years) | (D) Societal interest/ image importance |
|---|---|---|---|---|
| 1 | Very small | Low | Less than 1 | Low |
| 2 | Small | Medium | 1 to 4 years | Medium |
| 3 | Medium | Large | 4 to 10 years | Large |
| 4 | High | Very large | More than 10 | Very large |

an overall expected risk score of 10 (i.e., 4 + 2 + 3 + 1 = 10) is formed. Additional risk categorizations might include using risk data for the time of day, or for the area (e.g., crimes performed in certain city areas). This information might be used in planning patrol routes and work hours for police officers.

At the personal level of risk measurement, personnel surveys and interviews might be most feasible assessment methods. However, considering the expected impacts of different aspects of police work on well-being might be made using the *expected (or perceived) risk impact* (ERI) measurement, presented in Table 2.

In the example in Table 2, the variables include examples mentioned in earlier research (e.g., Hart et al. 1993). The probability estimations are subjective examples used for weighing the effect of different types of risks on the citizens' perceptions (used, e.g., in Spain). The expected effect on police well-being is estimated here using only categories 1–4. The effect grades in this example are 1 (mild positive), 2 (strong positive), 3 (mild negative), and 4 (strong negative). They suggest that negative effects on perceived police work well-being may be more important to avoid than positive effects are to obtain, especially regarding motivation. Further, the impacts of events and personal responses to stress factors (personal danger in use-of-force situations, repetitive work, etc.) may differ among persons, positions, and police organizations (Davies 2017). Further, even with a low probability, a very high-impact event, such as a police officer being killed on duty, may affect the working capacity of several fellow officers. Overall, the motivational and personal aspects of police work do not seem to be much considered both in Finnish and in Spanish police work reports. Some information may be confidential, but there may be a lack of focus on these issues by the central police managers.

## Discussion and Conclusions

This entry compared KPIs and PM practices in police services in Finland and Spain. The current police PM indicators in both countries seemed insufficient for improving quality, cost-effectiveness, and risk measures. As the KPIs may gradually affect behavior and motivation, the focus of control should be carefully considered in each organization, even among differing police work activities, where the focus may be on outcomes or on processes. Further, relatively little information about police work risks and well-being was disclosed, either at the personal or organizational level. As a limitation, but also as a result of this study, a notion can be made that the publicly disclosed police KPI data lacks comparable risk and quality data and measures, which may hamper the possibilities to motivate police officers. Consequently, new indicators for both academic researchers and practitioners may facilitate developments in operations, in risk management and in PM in police work – and possibly in the changing public sector more generally.

Police work is affected by multiple requirements and risks, both at individual and societal levels, which can blur the focus of work but also serve as ways of prioritizing operations and building new KPIs. The multiple risks also complicate police work and thereby affect the pressures and stress felt by police officers, in turn affecting the level of job satisfaction of police officers. Besides personal risk or threat level assessments

**Measures for Police Performance in Spain and Finland, Table 2** Examples of the Expected Risk Impact (ERI) grade at the personal level

| Variable | Probability to occur/ accentuate (during a year) | Expected effect on police well-being and work quality | Expected Risk Impact (ERI grade) |
|---|---|---|---|
| Police salary increase | 40% | Strong positive (2) | **0.8** |
| Less manual reporting | 10% | Mild positive (1) | **0.1** |
| Personal health issues, e.g., overweight | 10% | Mild negative (3) | **0.3** |
| High stress or burnout % | 20% | Mild negative (3) | **0.6** |
| Danger or physical harm (e.g., police being shot at) | 10% | Strong negative (4) | **0.4** |

(Davies 2017), different risk-adjusted measures for the various levels of police organizations can be constructed. Typically the operational (or practical) issues are emphasized in local police work, but financial aspects are more and more emphasized at upper organizational levels (Rautiainen et al. 2017). However, causal links between overall results, spending, and the time allocated to various policing tasks are not clear and require further research. By improving and prioritizing processes, some (administrative, etc.) duties may be made faster, thereby allowing more time for strategic and operative tasks. This would diminish the amount of repetitive administrative duties and PM, which may affect both cost-effectiveness and officer well-being (Vuorensyrjä 2012).

The comparability of KPIs between years, countries, and organizations is not always clear, and some of the disclosed police KPIs do not reveal much about police work cost-effectiveness, for example, in preventive work (e.g., Carmona and Grönlund 2003; Navarro-Galera et al. 2008). A lower amount of investigated crimes may be a sign of the efficiency of preventive work but also a sign of inefficiency, apathy, or lack of resources. Without knowledge of the risks and effects (or perceived severity), i.e., long-term impacts of crimes, it is not clear whether it is better to control traffic or sports events or focus on financial crimes. Therefore, in this entry, ways to prioritize and measure police work were presented, and the adoption of balanced KPIs considering the risks was promoted. Police performance cannot be assessed by financial terms only but also by citizen safety and other measures. With risk-informed decisions, there are possibilities for having risk-adjusted processes that improve the cost-effectiveness of police work (even if it is still difficult to measure; see Batac and Carassus 2009). Moreover, developments in police work should not be arbitrary but based on risk analysis and political consensus, allowing for long-term developments (Collier 2006).

In order to serve both practical and academic interests (Kasanen et al. 1993), new PM tools, namely, the Comparative Quality Factor (CQF) and the Police Work Cost-Effectiveness index (PWCE index), were presented. Further, risk-adjusted performance measures, such as individual perception-based ERI (Expected Risk Impact), were presented. These may facilitate analysis of cost-effectiveness and finding relevant leading indicators of police performance locally, nationally, and internationally. Further, by developing PM, some of the interests of creating client satisfaction, fair treatment of individuals, achievement of social outcomes, and creating just social relationships may be balanced. Finally, if there is crime density-related data, the most probable crime scenes might be estimated based on experience or using computer simulation. Thus, there are several future research lines, such as modelling and analyzing service work in public administration among countries and analyzing the effects of different risks in police work as well as the practical usefulness of the suggested new tools.

## Cross-References

► Public Sector Accounting

## Appendix 1: List of the Main Interviews

| |
|---|
| *Finland: 6 interviews in Autumn 2012; average interview time: 42 min* |
| 1. Chief police officer, Central Finland police department, 54 min |
| 2. Crime investigator, Central Finland police department, 26 min |
| 3. Police officer, Central Finland police department, 45 min |
| 4. Administrative officer, Central Finland police department, 53 min |
| 5. Administrative officer, Eastern Finland police department, 52 min |
| 6. Administrative secretary, Eastern Finland police department, 22 min |
| *Spain: 5 interviews in Autumn 2012; average interview time: 55 min* |
| 1. Chief manager of police, Central Spain police department, 70 min |
| 2. Administrative officer, Central Spain police department, 50 min |
| 3. Police officer, Central Spain police department, 65 min |
| 4. Chief police officer, Central Spain police department, 40 min |
| 5. Administrative police, Central Spain police department, 50 min |

## Appendix 2: Examples of Spanish KPIs

Examples of KPI categories in the Spanish local police (DGT 2014; Gobierno del Interior 2015; Policías Municipales de Madrid, País Vasco, Cataluña, Valencia,...)

| **Spanish SFMP police statistics (sample councils)** |
|---|
| *Traffic area* |
| 1. Average traffic accidents with victims per 100 people |
| 2. Average traffic offences per 100 people |
| 3. Average breathalyzer coverage per 100 people |
| 4. Alcohol offences per 100 people |
| *Citizen security area* |
| 5. Crimes against property per 100 people |
| 6. Crime offences coverage |
| 7. Delinquency rate |
| 8. Citizen security perception |
| *Judiciary police area* |
| 9. Judiciary reports attended per 100 people |
| 10. Total project funding (€ per 100 people) |
| *Human resources* |
| 11. Percentage of police effective presence in the street per police officer per year |
| 12. Number of police officers per 1000 inhabitants |
| 13. Percentage of extraordinary hours (overtime) worked per police officer per year |
| 14. Percentage of hours dedicated to training per police officer |
| 15. Percentage of absent hours due to accidents per police officer |
| 16. Percentage of administrative personnel per police officer |

## Appendix 3: Police KPI Examples in Finland

Examples of Finnish crime statistics categories (Annual Report of the Finnish Police, Poliisi 2013).

| *Surveillance of traffic and security* |
|---|
| 1. Number of crimes against property |
| 2. Severe drug offences |
| 3. Drink-and-drive crimes |
| 4. Traffic offences |
| 5. Financial fraud and other financial crimes |
| 6. Breaking and entries |
| 7. Total number of crimes reported |
| *Crime investigation* |
| 8. Solving % of all crimes |
| 9. Solving % of assaults and body harm |
| 10. Solving % of crimes against property |
| 11. Average response time (minutes) |
| *Licence services* |
| 12. Total No. of Licences and permits given |
| *Administration & other* |
| 13. Total police officers in duty |
| 14. Man years worked in licence services |
| 15. Number of office workers |

(continued)

## References


Annual Report of the Finnish Police. [Poliisi. Vuosikertomus] (2013)

Batac J, Carassus D (2009) Interactions between control and organizational learning in the case of a municipality: a comparative study with Kloot (1997). Manag Account Res 20(2):102–116

Carmona S, Grönlund A (2003) Measures vs. actions: the balanced scorecard in Swedish Law Enforcement. Int J Oper Prod Manag 23(12):1475–1496

Collier P (2006) In search of purpose and priorities: police performance indicators in England and Wales. Public Money Manage 26(3):165–172

Davies A (2017) Shoot/do not shoot – what are the influences? The police recruit perspective. Polic Soc Int J Res Policy 27(5):494–507

De la Fuente EI, Aguayo-Extremera R, Vargas-Pecino C, Cañadas de la Fuente GR (2013) Prevalence and risk factors of burnout syndrome among Spanish Police officers. Psicothema 25(4):488–493

DGT, Dirección General de Tráfico (2014) Indicadores. http://www.dgt.es/es/seguridad-vial/estadisticas-e-indicadores/. Accessed Apr 2019

Diez-Ticio A, Mancebon M (2002) The efficiency of the Spanish police service: an application of the multi-activity DEA model. Appl Econ 34(3):351–362

Gobierno del Interior de España (2015). http://www.interior.gob.es/prensa/balances-e-informes/2015. Accessed Apr 2019

Hart P, Wearing A, Headey B (1993) Assessing police work experiences: development of the police daily hassles and uplifts scales. J Crim Just 21(6):553–572

Jreisat J (2018) Comparative public administration and globalization. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Kasanen E, Lukka K, Siitonen A (1993) The constructive approach in management accounting. J Manag Account Res 5:243–264

Kohan A, Mazmanian D (2003) Police work, burnout, and pro-organizational behaviour. A consideration of daily work experiences. Crim Justice Behav 30(5):559–583

Lapsley I (2009) New public management: the cruellest invention of the human spirit? Abacus 45(1):1–21

Muñoz CI, Campos M, Urquía E, Cano E (2006) Hacia la convergencia de la información publicada por los entes locales. Revista Presupuesto y Gasto Público 44:145–176
Navarro-Galera A, Rodriguez DO, Hernández A (2008) Identifying barriers to the application of standardized performance indicators in local government. Public Manag Rev 10(2):241–262
Niemi J (2012) Poliisityön kuormittavuus ja fyysisen toimintakyvyn edellytykset työstä selviytymiseen. [The work strain in police work and the physical preconditions for managing in work]. Candidate thesis, Faculty of Medicine, University of Eastern Finland
Rautiainen A, Urquía-Grande E, Muñoz-Colomina C (2017) Institutional logics in police performance indicator development: a comparative case study of Spain and Finland. Eur Account Rev 26(2):165–191
Trochmann M, Gover A (2016) Measuring the impact of police representativeness on communities. Policing Int J Police Strateg Manage 39(4):773–790
Vuorensyrjä M (2012) Poliisihenkilöstön työkyky ja työssä jaksaminen [The work ability of police personnel and coping in police work]. Police College Finland, report 98. Tampere

# Measuring Efficiency in Hospitals

Guerrini Andrea[1], Romano Giulia[2], Leardini Chiara[1], Moggi Sara[3] and Indipendenza Alessandro[1]
[1]University of Verona, Verona, Italy
[2]University of Pisa, Pisa, Italy
[3]Department of Business Administration, University of Verona, Verona, Italy

## Synonyms

Cost reduction; Costs and income; Healthcare; Level of consumption

## Definition

It refers to the correct level of consumption of resources to achieve a better health status for the patient.

## Introduction

Measuring efficiency in hospitals has become a major topic in health policy and applied economics in the past three decades. Efficiency in hospitals refers to the correct level of consumption of resources to achieve a better health status for the patient, and it has been analyzed at the country level, as well as in cross-country analyses. Faced with an increase in the complexity and number of population healthcare needs resulting from a gradual aging of the population and an increase in social inequality, the sustainability of the structure of the provision of health services is an increasingly central problem. The aim of the healthcare systems should be to ensure an adequate level of quality of the healthcare provided to citizens using the least resources possible.

Since most countries have based their healthcare systems on public hospitals, it is necessary to control the efficiency level of such hospitals because they are strongly connected to public spending. There is a growing pressure internationally to contain healthcare spending and to improve the performance of health services (Hollingsworth 2012). Thirty years ago, little attention was paid to public spending and there was the belief that hospitals should provide every care necessary, without considering costs. Measuring efficiency, along with quality and productivity, is necessary for providing suggestions to hospital management and medical and nursing for improving the performance of healthcare services. Measuring efficiency is also necessary for ensuring efficient management of activities (such as first-aid accesses, recovery, surgery, outpatient visits), scheduling for future health programs, and continuous monitoring of them. This contribution highlights the concept of efficiency in hospitals, why it is important to measure this efficiency, the different types of efficiency, and how it is possible to assess levels of efficiency.

## Key Variables for Measuring Efficiency in Hospitals

Technical efficiency refers to producing the maximum output in relation to input or to producing a set amount of output using the minimum of input. If an organization is technically efficient, it is operating on a production frontier. Allocative efficiency refers to an organization having an input

mix that minimizes cost, given the input prices, or having an output mix that maximize revenue, given the output prices. Together, technical and allocative efficiency represent overall efficiency. An efficient organization is operating on its cost or revenue frontier (Farrell 1957). Efficiency differs from productivity because productivity refers to the ratio between an output measure and a measure of the input used; however, efficiency refers to the maximum output achievable with the available input. Indeed, hospitals' activity can be assessed at the correct employment of resources to produce the desired output and their contribution to the improvement of the patient's health status. Efficiency and effectiveness are closely connected, but it must be clear that efficiency differs from effectiveness, productivity, and quality. Quality in hospitals is connected to waiting times, perceived quality of healthcare from the patient or their friends and relatives, accuracy of provided care, and the mortality rate of in-hospital care.

In hospitals, efficiency refers to the provision of the maximum or correct level of care to patients using the minimum resources possible. As stated, in many European countries, healthcare systems are principally composed of public hospitals (such as Italy, France, Spain, UK, Norway, Sweden). For example, hospital management can control the resources utilized (e.g., labor, direct costs), while other indicators such as the number of patients or days of hospitalization cannot always be controlled. It is not easy to achieve a high level of efficiency in hospitals because physicians are motivated to provide the correct healthcare to a patient and do not always understand the resources being consumed; indeed, it is important that physicians also have a managerial approach (Kumpusalo et al. 2003). It is also difficult to achieve high levels of efficiency in hospitals because most of countries finance their healthcare systems through the Diagnosis Related Groups system, which means that revenues are fixed, and to improve net income, resources must be employed efficiently. In the early 1990s, on the wave of New Public Management, efficiency became very important for public hospitals, and there was an increasing necessity to monitor the hospital internal situation through performance-management systems of control to better manage hospitals, to schedule new topics, to achieve greater efficiency, and to reduce the public resources used. A performance-management system is also important for monitoring organizational efficiency within hospitals because if efficiency is not controlled, it cannot be measured, and if it is not measured, it cannot be improved. In hospitals, the recipients of the information gained from the performance-management system are the management staff, the physician staff, and the nursing staff, as well as legislators who must use the information to improve the entire healthcare system of the country. From a perspective of corporate social responsibility, patients and the general population should also be informed on how the public resources are spent and which areas are improving and which areas are suffering degeneration. When hospital efficiency is examined, it is important to distinguish between input variables, refer to materials, labor, and invested capital, and output variables, refer to hospital production, for example, number of admissions, number of outpatient visits, and outcome measures which are related to the effectiveness of the care provided.

The input variables most used to measure the efficiency level of hospitals are the number of beds, the number of full-time equivalent staff (e.g., physicians, nurses, and other clinical or nonclinical staff), and operating costs. The input variables usually include material and labor measures. The number of beds is a proxy of the hospital size and of investment capacity. The number of physicians and the number of nurses are the two principal input variables employed to measure hospital efficiency. This is due to the importance of the resource of labor in production processes. Operating costs are often divided into costs of medical supplies, labor, supplies, and other operating costs. Supplies represent a proxy for material resources.

There is less unanimous research consensus in the past years on what constitutes outputs in measuring hospital efficiency. However, the most relevant outputs employed are number of discharges, number of admissions, number of outpatient visits, number of patients per year, number of surgeries,

and days of hospitalization. In the past 40 years, lots of studies have used days of hospitalization as an output, despite sometime this variable has been used as possible efficiency determinant (Hollingsworth 2008). In studies on hospital efficiency, output typically accounts for the activities. The volume of the patients the hospital must manage is considered one of the natural outputs of their own business. However, hospital users want to improve their health status (through hospitals services), so output should be measured in terms of health outcomes. For this reason, many researchers used both activity measures and health-outcome indicators as outputs in their studies.

The outcome indicators employed in researches include mortality rate, unplanned readmission rate, percentage of surgeries with decubitus, and percentage of surgeries deleted (e.g., Bilsel and Davutyan 2014).

Most studies on healthcare efficiency employ Data Envelopment Analysis (DEA) developed by Charnes et al. (1978), with a second important development by Banker et al. (1984), to evaluate hospital efficiency (Hollingsworth 2008). Sherman (1984) was the first study to evaluate hospital efficiency using Data Envelopment Analysis, and Färe et al. (1994) was the first study to employ Data Envelopment Analysis to measure hospital efficiency in Europe, after which, the method became widespread among researchers. Recently, researches in hospital efficiency have made increasing use of parametric methods, principally Stochastic Frontier Analysis (SFA), which is an econometric and parametric approach that was first introduced by Aigner et al. (1997) and Meeusen and van Den Broeck (1977) as a form of production function to estimate productive inefficiency. The estimated error is divided into two components: inefficiency error and random error.

Data Envelopment Analysis allows the researcher to obtain a ranking of hospital efficiency, which then allows the investigation of efficiency determinants. Data Envelopment Analysis creates virtual units and benchmarks these to other decision-making units. While Data Envelopment Analysis cannot test hypotheses because it is based on mathematical programming, Stochastic Frontier Analysis is a parametric method that can test hypotheses, and it separates noise from efficiency scores of Decision Making Units. Banker (1993) suggested combining Data Envelopment Analysis and Stochastic Frontier Analysis. Data Envelopment Analysis is a non-parametric technique, which is often used in operational research to assess the efficiency performance of decision-making units. The method uses the observed input and output to evaluate the production frontier using mathematical-programming techniques. The relative efficiency is the ratio of total weighted output to total weighted input. The ratio ranges are from zero to one; when the ratio is equal to one, the Decision Making Unit is considered relatively efficient. There are two configurations possible of the Data Envelopment Analysis: the input oriented and the output oriented. The input-oriented approach denotes the ability of each Decision Making Unit to minimize the input consumed for a given level of output. The output-oriented approach denotes the ability of each Decision Making Unit to maximize the level of outputs for a given level of inputs. The most widely used of these configurations in analysis of the healthcare sector is the input-oriented approach because hospitals tend to hold health gains constant and minimize inputs. In addition, for hospitals this approach is preferable because hospital management can control the number of staff and costs, while the number of treated patients can be considered an exogenous factor. In the literature, it is common to find a two-stage approach with the first step of efficiency measurement through Data Envelopment Analysis and the second step with an assessment of efficiency determinants within regression analysis. However, recently, there has been an increase in the use of the Data Envelopment Analysis within bias correction through the bootstrap approach developed by Simar and Wilson (1997). Recent developments with Data Envelopment Analysis are the additive Data Envelopment Analysis model and the dynamic network Data Envelopment Analysis model, which as an example were used by Kawaguchi et al. (2014) to assess efficiency in Japanese hospitals.

## Factors Affecting Efficiency

To measure efficiency in hospitals, researchers should pay attention to the selection of variables. Some exogenous factors have an important effect on efficiency, such as demographic characteristics (density of the population, age), size, and public or private ownership. Endogenous factors related to hospital efficiency include the case-mix, complexity of admissions, and skills of medical staff.

The principal findings highlight that hospital size is positively related to the level of efficiency; and days of hospitalization are negatively related to the level of hospital efficiency. In examining the effect of ownership structure on efficiency level, United States studies have demonstrated that public hospitals have a higher efficiency score than not-for-profit hospitals. Research has also found that private hospitals tend to be more efficient when they have more than 1,000 beds (Ramamonjiarivelo 2016; Ding 2014). Studies on European healthcare providers have found that public hospitals have a higher level of efficiency than private hospitals (e.g., Hadad et al. 2013). However, Guerrini et al. (2017) found that a high-competitive context, private hospitals have higher performance in productivity and cost saving than public hospitals. Generally, teaching hospitals are found to have higher costs because of the cost of providing medical education and research (Hollingsworth 2008). In addition, big hospitals have higher performance than smaller hospitals, principally due to economies of scale (Porter and Teisberg 2006). Most studies include only one year in their analyses despite the results of longitudinal analyses being more robust (O'Neil et al. 2008). Days of hospitalization have been found to have a negative effect on efficiency level (Staat 2006). An average age of patients higher than 65 has a positive effect on hospital efficiency, which is attributable to the higher demand of healthcare services required by the elderly population (Hollingsworth 2008).

The most relevant findings of Stochastic Frontier Analysis analyses of hospital efficiency are that not-for-profit hospitals are most efficient, followed by public hospitals and for-profit hospitals. Stochastic Frontier Analysis studies in healthcare focusing on nursing homes have found that the ownership structure is not a significant factor in levels of hospital efficiency (McKay et al. 2003).

These findings of previously studies should be used to provide advice to improve the management of hospitals, with particular attention being paid to hospital production and review of healthcare planning.

New researches on hospital efficiency should adopt the Data Envelopment Analysis method with a bootstrap or double bootstrap and consider for the outputs: number of discharges, number of admissions, number of outpatient visits, number of patients per year, number of surgeries, or days of hospitalization and for the inputs: number of beds, number of full-time equivalent physicians, number of full-time equivalent nursing staff, and operating costs. Until recently, research evidence into hospital efficiency highlighted the trade-off between efficiency and quality. However, more recent research includes qualitative indicators of hospital efficiency (e.g., outcomes such as in-hospital mortality rates, mortality rates in 30 days after the discharge, case-mix index, and rate of surgeries with decubitus) and has found no such trade-off. For this reason, it is suggested that research on hospital efficiency should include quality and outcome indicators to better understand whether resources are used correctly and contribute to achieving a higher level of quality, rather than simply focusing on reducing the amount of resources consumed.

## References

Aigner DJ, Lovell CA, Schmidt P (1997) Formulation and estimation of stochastic frontier production models. J Econ 6(1):21–37

Banker RD (1993) Maximum likelihood, consistency and data envelopment analysis: a statistical foundation. Manag Sci 39(10):1265–1273

Banker RD, Charnes A, Cooper WW (1984) Some models for estimating technical and scale inefficiencies in data envelopment analysis. Manag Sci 30(9): 1078–1092

Bilsel M, Davutyan N (2014) Hospital efficiency with risk adjusted mortality as undesirable output: the Turkish case. Ann Oper Res 221(1):73–88
Charnes A, Cooper WW, Rhodes E (1978) Measuring the efficiency of decision making units. Eur J Oper Res 2(6):429–444
Ding DX (2014) The effect of experience, ownership and focus on productive efficiency: a longitudinal study of US hospitals. J Oper Manag 32(1):1–14
Färe R, Grosskopf S, Lindgren B et al (1994) Productivity developments in Swedish hospitals: a Malmquist output index approach. In: Charnes A, Cooper W, Lewin A et al (eds) Data Envelopment Analysis: Theory, Methodology and Applications. Kluwer, Boston, pp 253–272
Farrell MJ (1957) The measurement of productive efficiency. J R Stat Soc Ser A (Gen) 120(3):253–290
Guerrini A, Romano G, Campedelli B, Moggi S, Leardini C (2017) Public vs. private in hospital efficiency: exploring determinants in a competitive environment. Int J Public Adm 1–9, Published online: 18 Jan 2017. http://www.tandfonline.com/doi/abs/10.1080/01900692.2016.1256892
Hadad S, Hadad Y, Simon-Tuval T (2013) Determinants of healthcare system's efficiency in OECD countries. Eur J Health Econ 14(2):253–265
Hollingsworth B (2008) The measurement of efficiency and productivity of health care delivery. Health Econ 17(10):1107–1128
Hollingsworth B (2012) Revolution, evolution, or status quo? Guidelines for efficiency measurement in health care. J Prod Anal 37(1):1–5
Kawaguchi H, Tone K, Tsutsui M (2014) Estimation of the efficiency of Japanese hospitals using a dynamic and network data envelopment analysis model. Health Care Manag Sci 17(2):101–112
Kumpusalo E, Virjo I, Mattila K, Halila H (2003) Managerial skills of principal physicians assessed by their colleagues: a lesson from Finland. J Health Organ Manag 17(6):457–462
McKay NL, Deily ME, Dorner FH (2003) Ownership and changes in hospital inefficiency, 1986–1991. Inquiry 39(4):388–399
Meeusen W, van Den Broeck J (1977) Efficiency estimation from Cobb-Douglas production functions with composed error. Int Econ Rev 18(2):435–444
O'Neil L, Rauner M, Heidenberger K, Kraus M (2008) A cross-national comparison and taxonomy of DEA-based hospital efficiency studies. Socio Econ Plan Sci 42(3):158–189
Porter ME, Teisberg EO (2006) Redefining health care: creating value-based competition on results. Harvard Business Press, Boston
Ramamonjiarivelo Z (2016) The impact of privatization on efficiency and productivity: the case of US public hospitals. J Health Care Finance 43(2):105–123
Sherman HD (1984) Hospital efficiency measurement and evaluation: empirical test of a new technique. Med Care 22(10):922–938
Simar L, Wilson PW (1997) Sensitivity analysis of efficiency scores: how to bootstrap in nonparametric frontier models. Manag Sci 44(1):49–61
Staat M (2006) Efficiency of hospitals in Germany: a DEA-bootstrap approach. Appl Econ 38(19): 2255–2263

# Measuring Leader Effectiveness

Cassandra R. Henson
College of Health Professions, Interprofessional Health Studies Department, Towson University, Towson, MD, USA

## Synonyms

Good governance; Leadership; Leadership competencies; Performance measurement; Public administration

## Definition

A *leader* is a person with the ability to inspire and motivate those within their work environment. *Leadership* is the act of leading, persuading, and guiding individuals and organizations toward a common goal.

## Introduction

Public administration is indeed an ever-changing environment, and we therefore need leadership that can continue to change and evolve with it. We must continue to grow our field while ensuring effective communication and collaboration with the private and social (nonprofit) sectors. Of course we typically look to senior-level public leadership for the management of this process, and recent research efforts have given some feasible suggestions as to what the role of the public leader should look like. How then should public leaders and their leadership be measured? This article will discuss the foundations of leaders

and leadership, as specifically relevant to public administration. Methods for measuring effectiveness will be suggested, as well as a discussion on what may be needed for the future of public administration.

## Foundations of Leadership

*Leadership Theories*. There have been numerous leadership theories to emerge over the years, and we can each undoubtedly point to a favorite. The opinion of an ideal leader and the traits possessed is quite subjective, but the differences in theories may not be as vast as once thought. Discussion here as it pertains to foundations of leadership theory details a few well-known theories highlighting two distinct approaches: independent and collaborative (Amanchukwu et al. 2015; Roman and McWeeney 2017). Independent theories argue that leadership capabilities lie with the individual, with no (or little) dependence on extrinsic forces and environments. Collaborative theories, however, consider those external environments as well as people that impact the success of leadership. The "great man" theory describes leadership characteristics as natural talent. Basically, this theory implies that the ideal leader is born to be in the role, not simply trained to be. In this theory all successes are to the sole credit of the leader. Similarly, the "trait" theory argues that potential leaders are born with certain traits and values that make it easier to become successful leaders (above average intelligence, integrity, superior decision-making abilities, etc.). The two previously mentioned independent theories dismiss the external influences and environments that impact leadership as well as the associated decision-making required in such a role. The next few theories will briefly discuss collaborative ideologies.

The "contingency" theory implies that leadership and its success is dependent on the environment in which it operates, contrary to the underlying concepts that support the great man and trait theories. In this scenario, certain leaders will excel in certain situations but may perform less than optimally in others. "Participative" theory values the input of others in the decision-making and operational processes. Leaders actually motivate and persuade by encouraging participation by those involved in the achievement of goals or objectives. "Transactional" or "exchange" theory requires a somewhat reciprocal relationship with those seeking guidance from a leader, with consensus on goals or objectives to be accomplished. There are motivational strategies (intrinsic or extrinsic) as well as reward systems implemented by the leader to insure that the agreed upon goals are met. "Skills" theory acknowledges the presence of natural skills and abilities as identified in the independent theories, but focuses more on the skills and knowledge obtained by professional experience and training. Many organizations today follow the skills theory and have dedicated substantial resources to their leadership training and development efforts (Wolinski 2010). "Transformation" theory states that leaders use personality traits to transform others, as they gain support and buy-in for goals and objectives.

## Leadership or Management: Is It All in the Title?

*Leadership* is the act of persuading or guiding others in accomplishing specific organizational goals and objectives (Buchbinder and Shanks 2017). This often social position has the ability to affect real change within an organization's culture, at virtually all levels including the bottom line. Leaders are often without the official title but have the necessary personality traits to persuade peers and colleagues – honest dialogue, integrity in the workplace, and trustworthiness being among the most common of traits.

Every work environment is different as is every industry, presenting quite the challenge for even the most experienced of leaders. Several types of leadership emerge in response to specific needs and functions of the organization, focusing on both internal and external priorities: operational, strategic, and network (Buchbinder and

Shanks 2017). Operational leaders are internally focused, with primary responsibilities lying with the daily routine processes of the organization. Strategic leaders are both internally and externally focused, with efforts centered on the organization as a whole – mission, values, and vision. Network leaders are externally focused, concentrating on the relationships with others in the community and industry. Some of the determining factors of the type of leader needed are size and focus of the organization, amount of communication needed (internally and externally), and the organization's relationship to the community and industry.

*Management* is the control of an organization's resources, utilized to achieve the identified strategic goals. At this level, titles and power are official with specific functions required, but there is still significant support needed from the leaders (Buchbinder and Shanks 2017). The key management functions are strategic planning, reporting and organizing, staffing (training and development), controlling/directing, and decision-making. The accompanying management competencies are conceptual skills (big-picture thinking), technical skills (information technology and task-specific systems), and interpersonal skills (communication and social interactions) (Buchbinder and Shanks 2017).

*Management and Leadership*. Are managers natural leaders within an organization? Are managers and leaders the same? Many would venture to believe these to be true, but it is not the case. The functions are different for each, but the organization needs the partnership of the two to be operationally effective. Sound decision-making skills and management competencies are critical for effective public administration leadership. As professionals, we have become quite adept in transforming theory into practice, but not without the real-world events that have molded our experiences. The next generation of leaders must have the foundation and ability to react quickly, identifying issues within the public service, as well as collaborate to resolve issues within our cross-sector partnerships. The types of leaders (discussed in the next session) focus on different aspects of the real-world scenario, but it's the relationship with the management team that clarifies what needs to be done. The real world is a bit different now, and future public administrators must be educated and properly prepared for these new challenges.

## Measuring Effectiveness: Gauging Leader Performance

*Performance Measurement*. There are numerous schools of thought on performance measurement, but most still revolve around a few common elements. All include the foundational elements of sound mission, objectives, and some basic financial criteria, but begin to vary on which non-financial items are included in their analyses. Behn states that meaningful performance measurement requires a gauge and a context (2003); an effective gauge provides the criterion for measurement, while the context provides the scope within which to operate. According to Behn, the purposes for which performance measurement is used can focus on one specific goal or some combination of the basic eight outlined in his work: evaluation, control, budgeting, promotion, motivation, celebration, learning, and improvement (593).

*Leader Effectiveness Measurement Metrics*. Successful leadership is key to creating and maintaining a high-performing organization, starting with shared mission, vision, and values (Wooldridge 2007), but the challenge becomes how to measure this success. Performance in public administration must be both impactful and meaningful (Tummers and Knies 2013); therefore, the effectiveness measurement metrics used to gauge leader performance must cover a wide range of factors. Effective leaders must show evidence of commitment, motivating and team building, vertical and horizontal communication, and strategic/organizational awareness.

*Level of Commitment*. Leaders succeed when they find their work meaningful and containing purpose. As one identifies with an organization, believing in its core vision and mission, an

emotional attachment is formed creating a sense of satisfaction (Allen and Meyer 1997). With job satisfaction comes increased performance, and potential leaders emerge. These higher levels of commitment result in employees that stay with the organization longer and strive to do more than just the minimum requirement.

*Motivation and Team Building*. While most leaders are intrinsically motivated, others within the organization may require both intrinsic and extrinsic motivators to facilitate goal achievement. Personal values and desired accomplishments are often the intrinsic (internal) motivators driving those that believe in the purpose of the organization as well as the leader guiding the process. Extrinsic motivators such as additional pay, bonuses, status, or job title may be used to persuade those that may not be completely vested in the process. In most cases, there needs to be a balance (in some combination) of both types of motivators for job satisfaction to exist. An effective leader uses motivation to create the common commitment (no matter the intrinsic/extrinsic reason) to build teams, improve relationships, and increase collaborative problem-solving.

*Communication*. Effective communication plays a major role in maintaining employee engagement and commitment (Goleman 2000). Leaders must communicate with all levels of personnel within the organization, horizontal and vertical – with employees to strengthen relationships and commitments as well as with the management team, to be recognized as effective in their role. Communication competency often means improved employee and organizational performance (Garnett et al. 2008).

*Strategic/Organizational Awareness*. While the leader is not responsible for the creation of the organization's strategic plan, they are integral in the implementation of that plan. Ideally, the leader should possess a fair amount of "strategic awareness" – general knowledge of the key goals, objectives, and milestones. Motivation and team building efforts guide daily operations, interdepartmental relationships, as well as the strategic initiatives. Awareness of the organization's strategic initiatives also supports the efforts of the management team.

## Leadership in Public Administration: What We Need

Public administration, as with many other industries, relies on highly competent leaders to move forward, but the challenge appears to be identifying and supporting these leaders (Kellis and Ran 2013). The measurement metrics previously mentioned (commitment, motivation/team building, communication, strategic/organizational awareness) must first be introduced at the academic level. According to NASPAA (Network of Schools of Public Policy, Affairs, and Administration), core public administration competencies to prepare future leaders should include (1) public governance leadership, (2) participation in the policy process, (3) problem-solving and decision-making, (4) application of public service perspectives, and (5) productive communication (NASPAA 2017; Haupt et al. 2017). At the career level, additional support must be available to leaders by way of continued education, training, and development. New leaders must be trained to turn theory into practice, applying what they've learned to real-world scenarios. Public administration would surely continue to benefit from solid foundations and strong leadership.

## Conclusion

Leaders in public administration are an important driving force in efficient and effective agency operations. Strong leadership does impact outcomes, so efforts must be supported and honed by the organization. Integrity, honesty, and ethics must continue to be among the characteristics of leaders, to ensure continued employee engagement and commitment. Collaborative efforts between leaders and managers are needed to manage resources and deliver the desired results while incorporating the mission, values, and vision. Multiple styles of leadership may be necessary to address the internal and external needs of the organization; therefore, versatility of the decision-makers is key.

## Cross-References


- ▶ Ethics and Good Governance
- ▶ Ethics and Organizational Culture
- ▶ Governance
- ▶ Performance Measurement
- ▶ Public Administration Theory
- ▶ Relational Leadership Theory


## References


Allen N, Meyer J (1997) Commitment in the Workplace: Theory, Research and Application. Thousand Oaks, CA: Sage Publications

Amanchukwu R, Stanley G, Ololube N (2015) A review of leadership theories, principles and styles and their relevance to educational management. Management 5(1):6–14

Behn R (2003) Why performance measurement? Different purposes require different measures. Public Adm Rev 63(5):586–606

Buchbinder S, Shanks N (2017) Introduction to health care management, 3rd edn. Jones and Bartlett, Burlington

Garnett J, Marlowe J, Pandey S (2008) Penetrating the performance predicament: communication as a mediator or moderator of organizational culture's impact on public organizational performance. Public Adm Rev 68:266–280

Goleman D (2000) Leadership that gets results. Harv Bus Rev 78(2):78–90

Haupt B, Kapucu N, Hu Q (2017) Core competencies in master of public administration programs: perspectives from local government managers. J Public Adm Educ 23(1):611–624

Kellis D, Ran B (2013) Modern leadership principles for public administration: time to move forward. J Public Aff 13(1):130–141

NASPAA – Network of Schools of Public Policy, Affairs and Administration (2017) NASPAA's accreditation requirements. Retrieved from https://naspaaaccreditation.files.wordpress.com/2015/02/naspaa-accreditation-standards.pdf

Roman A, McWeeney T (2017) Assessing the capacity for public value creation within leadership theories: raising the argument. Int J Theory Behav 20(4):479–518

Tummers L, Knies E (2013) Leadership and meaningful work in the public sector. Public Adm Rev 73(6):859–868

Wolinski S (2010) Leadership theories. Retrieved from https://managementhelp.org/blogs/leadership/2010/04/21/leadership-theories/

Wooldridge B (2007) High performing schools and institutes of administration: the role of standards and excellence. In: Rosenbaum A, John-Mary K (eds) Excellence and leadership in the public sector: the role of education and training. United Nations, New York, pp 44–61


# Media and Covid-19 Palliative: Challenges for Good Governance in Nigeria


Raphael Abumchukwu Ekwunife[1], Helen Ijeoma Nwachukwu[2], Ikechukwu Ogeze Ukeje[3], Basil Uche Onyeneho[1], Roseline Igwemba[1], Sharon Amarachi Ndukwe[1] and Regina Susana Ojogbane[4]

[1]Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

[2]Department of Mass Communication, Coal City University, Enugu, Enugu, Nigeria

[3]Department of Political Science, Alex Ekwueme Federal University Ndufu Alike, Ebonyi State, Abakaliki, Nigeria

[4]Department of Public Administration, Nnamdi Azikiwe University Awka, Awka, Anambra State, Nigeria


## Synonyms

Severe acute respiratory syndrome; Social investment program; Social media; Sound governance

## Definitions

Covid-19: A disease caused by corona virus that leads to respiratory illness while damaging the human immune system, transmitted through droplets of an infected person into another person's eyes, nose, or mouth and highly fatal in nature (Ekwunife et al. 2020c).

Government palliative: An approach that improves the quality of life of individual facing problems associated with life threatening illness

Media: This refers to mainstream and social media which gathered and disseminated information on covid-19 related issues in Nigeria.

Good Governance: This is contextually used as sound governance which in the thought of Farazmand (2017) refers to a more comprehensive governance that is less biased and has all the characteristics of governance that is superior to

M

good governance and is sound technically, organizationally, managerially, politically, and economically. It is democratic and responsive in character.

## Introduction

The phenomenon of coronavirus pandemic, known as covid-19, could not have been more predictable. BBC had reported in 2018 that experts believed a flu pandemic was only a matter of time and that there could be millions of undiscovered viruses in the world, hence the chances that the next pandemic is not worth ignoring. In 2019, US President Donald Trump's Department of Health and Human Services carried out a pandemic exercise named "Crimson Contagion," which imagined a flu pandemic starting in China and spreading around the world. The simulation predicted that 586,000 people would die in the USA alone. Therefore, if the most pessimistic estimates about covid-19 come true, the far better named "Crimson Contagion" will seem like a day in the park. As of 26 March 2020, there were more than 470,000 confirmed cases of covid-19 around the world and more than 20,000 deaths, touching every continent. This was understood to be a pandemic long before the World Health Organization finally declared it one on 11 March 2020.

Coronavirus, otherwise known as covid-19, is a deadly disease which is recognized as an infection caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-COV2). The pandemic is highly contagious and spreads quickly, transmitting from person to person across the globe. Originally, coronavirus emerged in Wuhan city of China. Investigation reveals that cov2 is closely related to SARS like bat viruses. This implies that bat could be the bane of covid-19. The pandemic has touched every part of the world closely, and we should have seen it coming as it marks the return of a very old deadly and familiar enemy of all – both young and old throughout history. Perhaps, nothing has killed more human beings than coronavirus (Kumar et al. 2020).

According to a report published on 24 January 2020, corona virus infected patients have many common features such as fever, cough, and fatigue, while diarrhea and dyspnea were found to be uncommon features. Many of the patients showed bilateral abnormalities. Corona virus was isolated from bronchoalvelor lavage fluid in china in 2020. It was also detected in blood samples. Till now, corona virus was not confirmed in faces and urine sample of patients. While this is not the first pandemic experienced in global history and may not be the last, the entry for this study focuses on the role of the media in the coverage of covid-19 palliative distribution with careful attention to its implication on governance in Nigeria. Attention to the distribution of covid-19 palliative is so significant as the distribution reveals a lot about the managers of national resources and the insensitivity and unpreparedness of the ruling class to the perils of the vulnerable masses, hence, ***hungerdemic*** – a situation of virulent hunger among the people.

## Covid-19: Origins

The pandemic covid-19 emerged in Wuhan city of China and traveled down to 2003 disease outbreak known as Severe Acute Respiratory Syndrome (SARS). The virus belongs to the coronavirus subgroups, which initially affected China's population in Guangdang province. It spread rapidly around the globe with more than 200,000,000 persons infected and several deaths recorded. In 2012, another coronavirus disease was identified in Saudi Arabian nationals known as MERs-Cov (Middle East Respiratory Syndrome Coronavirus), which was also similar to SARS-Cov, as well as ARDS (Walsh 2020).

Investigations show that this disease has similar sources such as bats, dogs, snakes, and so on as the key carriers and transmitters of the virus. Recently in December 2019, China informed the World Health Organization (WHO) about her encounter with the outbreak of the disease in Wuhan City and the drastic spread of the phenomenon which had infected more than 50 persons. Also, it was suggested that persons infected by the virus in Wuhan City of China might have visited the seafood market where live animals like bats, snakes, dogs, rabbits, birds, among others were

sold, or perhaps contracted the virus from consuming the seafoods (Muhammad 2020; Ekwunife et al. 2020c).

On 30 January 2020, the outbreak was declared a public health emergency of international concern. The international community asked for US $675 million to help protect states with weaker health systems as part of its strategic preparedness and response plan. Also, on 11 February 2020, WHO announced a name for the new coronavirus as covid-19, and findings revealed that covid-19 spreads even without the record of visits to seafood market or through its consumption but through human to human as cases have been recorded in more than 100 countries across the world.

## Covid-19 and Nigeria Experience

Nigeria having the population worth over 200 million people, and one of the most populous among the black nations worldide, officially recorded the outbreak of covid-19 pandemic in the country on the 27 February 2020. A 44-year-old Italian citizen was diagnosed of the virus in Lagos State. This was the first case confirmed in Nigeria since the government of China reported its first case in January 2020. As stated on the 24 February 2020, the case arrived the Murtala Muhammad International airport, Lagos State, at 10 pm aboard Turkish airline from Milian, Italy. Report showed that a total number of 16 contacts under follow-up were identified in Lagos State while 36 contacts were identified in Ogun State as a result of the case trip to his company site in Ogun State on the 25 February.

Following these events, the outbreak in Nigeria was announced on 28 February 2020 at a press briefing at 9:30 am by the Honorable Minister of Health. A multisectoral national Emergency Operation Center (EOC) was also activated at level 3. As the highest level of response in the public emergencies led by NCDC, two rapid response teams were deployed to Lagos and Ogun States, respectively, on 28 February for the ongoing risk communication campaign across the country. No doubt this pandemic is still considered a nightmare to Nigerians as well as other countries around the world, placing the world in a condition of inconvenience and hardship (Independent Newspaper 2020).

Following the outbreak of covid-19, activities within and outside the country were withdrawn in respect to managing the spread of the disease. These measures include travel ban on 13 countries with high cases of covid-19 such as China, United States, Spain, Germany, South Korea, lran, Japan, Switzerland, Netherlands, United Kingdom, Italy, and Norway. Schools and institutions of learning were also closed down indefinitely. Transportation, markets, and businesses have faced serious bans as well as religious gatherings above fifty worshippers, among others (Lawrence 2020). Following these restrictions, the National Youth Service Corp activities were also suspended indefinitely, including the Nigeria Football Federation and the National Sports Festival. Furthermore, following the continuous increase of cases confirmed in the country, the government of Nigeria announced a compulsory lockdown and measures to contain the spread of covid-19 in the country. There was the provision of isolation facilities to localities, testing equipment targeted at identifying persons infected by the virus as regards contact tracing, since more than 30% of all cases in the country are found through contact tracing.

There is no doubt that Nigerians experienced difficulties in the lockdown since their everyday livelihood was greatly tempered with. There are now evident concerns that the pandemic has spread further than it was initially expected to. Following the recent mysterious spike in the increased number of deaths in parts of the country, local grave diggers have raised concern of burying larger number of bodies than the usual.

Thus, there is an outbreak in the country, activities suspended, prices of goods and services increased, several persons are getting infected daily, more death cases including young and old, the rich and the poor are recorded with few recovering. Individuals cried, grieved, and lamented because their movements were restricted and lockdown imposed on them. The poor and most vulnerable people in the country were left to hunger and thirst, and frustration has turned individuals to embrace robbery, leaving the country in misery (Alamba 2020).

## Covid-19 and Government Palliative

In the world today, the covid-19 pandemic has exceedingly displaced and disrupted all human activities and everyday living as a result of its unprecedented outbreak. To this effect, on April 13 2020, the President of the country Muhammad Buhari announced a continuing lockdown already imposed in Lagos State, Ogun State, and Abuja – the Nation's capital. Of course, other states were not excluded from these measures as a result of the increasing rate of confirmed cases in the country (Okon 2020). Also, in respect to the containment and fight against the spread of the disease, the Federal and State governments of Nigeria announced and introduced palliative measures as means to support the citizens to enable survival during the lockdown.

Thus, the initiative of palliative measures by the Nigeria government has so far prompted notable and commendable donations from prominent personalities and corporate organizations towards assisting the poor and the most vulnerable people in this period of covid-19 pandemic. However, the reverse seems to be the case as the announced economic assistance by the Nigeria government proves to be compromising, following the process of the palliative disbursement which failed to accomplish its supposed purpose of reaching the vulnerable it was intended to reach (Nwite 2020). Hence, considering the palliative measures announced by Federal and State governments comprising of conditional cash transfer of 20,000 naira (US $52), 50 billion Naira facility by Central Bank of Nigeria, loan repayment waivers, and distribution of food rations, among others were released.

Unfortunately, tears and lamentation trailed continuously among Nigerians, especially in the most affected parts of the country such as Lagos State, Abuja the Federal Capital, Ogun and Kano States as a result of the inadequacies deployed in the palliative distribution process. It is important to note that individuals upon sighting the limited items made available, supposedly intended for millions of Nigerians lost interest as it was proven to be hijacked by middlemen. Following individuals' witnesses, the rate of irresponsibility and undeserving attitudes portrayed through politics in distribution locations of the inadequate relief packages made available is highly condemning and insulting to Nigerian citizenry. Hence, this inadequacy and incompetence deployed towards the palliative distribution to the populace whose daily livelihood depends on everyday earning does not measure up with global best practices in the light of sound governance. More so, it proves that politics has no boundary. It is indeed embarrassing and spite that political elites in Nigeria whom the citizens look up to for assistance prove to be mischievous and appear to be more in need of these palliatives at the critical period of pandemic than the vulnerable. This is evident as already revealed in the quest to latch every opportunity to exercise politics, blinded by continuous ambition of acquiring electoral fortune, thereby constituting irresponsibility towards the disbursement of palliatives to the deserving Nigerians.

In respect to international human rights, Nigeria is obligated to protect people's right to an adequate standard of living, including adequate food and nutrition for the highest attainable standard, health, and right to social security in times of economic crises. Also, countries must demonstrate that they have made every effort to mobilize all available resources, including international assistance, and allocate them in a way that maximizes respect for human rights. This should take into account the precarious situation of disadvantaged and marginalized individuals or groups. Governments are obligated to ensure access to food, water, health care, and other basic needs for everyone at all times, and in particular those subject to lockdown and other severe restriction on movement.

In view of this, Nigeria government is expected to create a plan of action to provide economic relief or support to its populace who is already suffering due to hunger and frustrations incurred as a result of the lockdown, particularly poor households who are not buoyant enough to stock food and purchase health materials prior to the sudden notice of government's decision of an imposed lockdown. In addition, the government is expected to deploy the greatest level of transparency, honesty and efficiency, showing commitment in its responsibility of adequately distributing the provided palliatives across the

country. This will prove and or ensure harmony as well as genuine acceptances from everyone under this present catastrophe caused by COVID 19 pandemic.

## Covid-19 and the Media

The media as the fourth estate of the realm or arm of government has long been recognized as a powerful body responsible for reporting the activities of the government. It plays the role of surveillance as it monitors the activities of the government. It is also a praise singing machinery (Ndolo 2011; Bittner 1989). The media shapes how individuals perceive the world. This roles are realized through adequate and proper research that follow closely the pathways of the technological mediums or channels of communication such as the internet, new media, radio, and television as well as the print media like newspapers, magazines, among others. The place of the new media, in particular, in shaping the world is summarized in the concept of the global village propounded by McMarshal Luhan in which the communication researcher views the media as miniaturizing or shrinking the world into a global village (Okunna 2012). The media being a relentless body in communication has long been exercising its responsibility of gathering factual information on events. In Nigeria, the media has struggled to cover the outbreak of covid-19 as they continue to work relentlessly to curtail and manage the disease through proper information, enlightenment, public education, and impact by promoting adequate responses for proper healthcare precautions and corresponding adherence by the public, as regarding measures targeted at preventing the spread of covid-19.

Moreso, following every necessary step in managing this pandemic, the media has gathered and published verified facts through multiple news stories, emphatic headlines, press briefs/release, and other numerous articles and updates, not minding the challenges and difficulties encountered as they sought for news on the disease. Therefore, the role of curtailing and possibly eradicating covid-19 and saving human lives remains the media's utmost desire and responsibility. This notwithstanding, media communication at some point is considered a rhetoric. This is on the background that the media outlets through control measures remain loyal to their proprietors since "he who plays the piper dictates the tune." The implication here is that many media outlets' coverage of covid-19 in Nigeria was awash with misinformation, fake news, and propaganda simply meant to protect certain interest (Ekwunife et al. 2020c).

Consequently, fake news, misinformation, fear, stigma, and anxiety created through social and mainstream media spread false information and sentiments concerning vaccination for health treatments. Other boiling areas in the media (particularly social media) were the spread of 5G network as the reservoir of covid-19. News also circulated about covid-19 infected nose masks and fairly used clothes deliberately imported from China with the intention of ensuring that Africans died in mass. All these information traffic were happening at the same time when the media paid attention to the statement credited to the wife of Bill Gates that bodies of Africans would liter the street unburied as a result of too many deaths resulting from the pandemic. The implication of this is caught in the writings of Ekwunife et al. (2020c), Ogbuoshi (2006), and Ndolo (2011) regarding the agenda setting function of the media. As these news stories caused traffic in both social and traditional media, they became issues of attention to the masses and elicited comments that heightened tension in the society, thus, corroborating the finding of Ekwunife et al. (2020a) that the social media in particular is a strong purveyor of misinformation in times of crises. There is no doubt that all this only has one motive to ravage the image of the country as well as poison the ignorant minds of the public at large. Thus, it is necessary that the recognized and trusted media organizations attempt to counter this challenge by ensuring balance and objectivity in the reportage of news and information sharing. Again, the media has exceedingly proven its function as an agenda setting body which does not necessarily tell people what to think but tends to tell them what to think about through constant discussions and debates

on the phenomena, "covid-19." By this, the media invariably sets agenda for the people.

In Africa, coronavirus is a reality. Recently, 38 countries and two territories in the WHO African region had reported infections, sparking fears that COVID-19 could overwhelm already fragile public health systems (WHO 2020). Though a key component of managing any crisis is effective communication (Ekwunife et al. 2020b), this could still be difficult during an infodemic. As the world scrambles to contain the coronavirus pandemic, the role of effective communication is becoming increasingly critical. Ntonjira (2020) observes that "health experts and governments need to position themselves as trustworthy sources of information to the public who needs to understand the situation, be aware of the precautions they can take, and stay calm."

Media outlets have so far exhibited commendable efforts in carrying out their agenda setting function as well as sensitizing the public on health matters relating to covid-19. Global Alliance for Public Relations and Communication Management (2020) has pointed out the need for the media to effectively report facts as obliged and in view of communication ethics that is mindful of the right source of information, and employing good language in the quest for truthful and effective communication.

## Media and Covid-19 Palliative; Challenges for Good Governance in Nigeria

In Nigeria, various precautions and measures have so far been implemented, but the threat which Corona virus poses seems to be a battle of an uncertain victory as people in the country are encountering various threats resulting from the global catastrophe. The pandemic has resulted in threats, panic, misinformation, politics of calumny, indecision, and hunger to crown it all. At the peak of the crisis in Nigeria, many persons, particularly in Lagos, defied the lockdown order out of hunger which became more life threatening than the corona virus.

Initially, panic and misinformation in Nigeria seem to be the order of the day, that is, the highest challenge faced by many in the country as the case of the virus continued to rise and spread. On the other hand, misinformation is said to take the lead role in triggering daily development of increase in the number of persons captured by panic. By this, individual States took proactive steps by closing down schools, markets, businesses, places of worship, transportation, etc. There was an indication that human behavior is controlled to inhibit the spread of the virus. This implies that people's behavior towards the disease can be changed in a way that promotes the spread of the virus and or which might endanger individuals' lives as it incurs more risk about the actual phenomena. Also, individuals suffer greatly from panic as a result of misinformation which is evident in Nigeria, leading people to wrong actions and complacency. Many individuals believed that black people could not get infected by the virus as well as the thought that chloroquine toxicity was an effective cure for the virus.

Furthermore, political activities associated with governance of a country are expected to have limits or boundaries towards its citizens as regards issues concerning the containment of a pandemic. It is also alarming to note that Nigeria's economy is in jeopardy (Ozili 2020). Stating this, "Nigeria Center for Disease Control confirms that no money has been released by the Federal government." The challenge and basis involved in the distribution of palliatives by the government to its citizens were also factors that disposed the country as lacking good governance. This is predicated on the platform that the same government has no data base of the citizens to enable equitable distribution of palliatives. Ekwunife et al. (2020c, 14) capture it in the following words:

> In view of sound governance which caters for the empowerment of citizens, a study of this kind questions this rationale for the distribution of palliative in a country that has no data base; a country where the average person lives on less than one dollar per day. These indices. . .are indeed a statement on the poverty level and the insensitivity of the ruling class in Nigeria

In the heat of this quagmire, the ex-governor of Anambra State, Peter Obi noted that "hunger cannot be quarantined." The truth is that while the media was flooded with the news of palliatives

and distribution, the masses complained of hunger and inability to receive any help from the government. It became a period when covid-19 middle men and fraudulent leaders enriched their pockets while the poor masses starved. Hence, nothing less than 100 million Nigerians were imprisoned by poverty following the total lockdown of the country by the Federal and State governments as a measure to curtail the spread of covid-19. There are millions of the country's citizens who are either unemployed or under-employed; people whose means of livelihood depends on daily income which the lockdown measure definitely worsened. Peter Obi, the ex-governor, explained in the media that it would be counterproductive to keep only the elites in mind when taking such far reaching decisions as closing down markets without having some cushioning means for the vulnerable.

It has been a nightmare for many Nigerians who were deprived of working and conducting their daily businesses since the pronouncement of the lockdown. Traders, local food vendors, and others have lamented greatly about their plight of not being able to feed their households during the stay at home, and the fact that they depend on daily earnings as their only means of survival aggravates matters. Using arrests and other stringent measures to control those who left houses as a result of hunger, the government proved insensitive to the plights of the vulnerable masses. This contradicts the principles of sound governance which Farazmand (2017) sees as governance that is responsive, managerially, economically, and democratically sound. Worse still, the media, particularly the government owned media, continually sang the praises of the political class as competent. It is no surprise that in every era, media content is controlled by media owners thereby straining editorial independence.

Looking at government palliative in response to covid-19, it is ridiculous to note that Nigeria's economic response to the distribution of the palliatives did not factually and adequately protect the most vulnerable people in the country. An increase in food prices as a result of the lockdown also means that many cannot stock up on necessities. According to Anietie Ewang (2020), "millions of Nigerians observing the covid-19 lockdown lack food and income that their families need to survive." The covid-19 experience in Nigeria revealed that the upcoming generations' fate in respect to academic pursuit is bleak and uninviting. This is evidenced in the reality show that while many developed systems were keying into online studies, there was not the slightest indication that any ray of light was going to shine for the educational sector in Nigeria; hence, all institutions were completely shut down without a ray of hope. There is no doubt that Nigeria has a weak and underdeveloped digital system even before the outbreak of covid-19, while the covid-19 only exposed these weaknesses, showing that there was no framework to cushion such a challenge or crisis. There is hardly any school or university that offers a full online educational curriculum from start to finish. Most banks and establishments operated on the traditional office mode as opposed to the home model being the major barrier faced by educational and business sectors in Nigeria as a result of not being technology inclined and prepared.

At present, the pandemic has not been declared over. The masses are still suffering their colossal losses which will not be recovered in the nearest time. In the face of these challenging situations, while the media is still loaded with the news of palliatives distributed by different countries, Nigerians have woken up with the news of hike in fuel and electricity tariffs, a reality which has added pepper to the open and painful sore. Worse still, while negotiations between the Federal government and the organized labor over the hike ended in deadlock, unarmed individuals who took to the street in Lagos State for protest have been arrested by the government (Citizen online, September 17, 2020). This is a statement on the democratic nature of governance and citizen participation, a society where legitimate means of registering misgivings by the masses are shunned, hence, autocracy in a democratic dispensation. This is antisound governance!

Consequently, the draining down of the economy and the lack of facilities in the nation's public health to manage both expected and unexpected health challenges is an indication that there is something fundamentally faulty with governance in Nigeria. No wonder many are clamoring and

agitating for a reconstruction of the country, and consequently, the economy so as to ensure equitable distribution of resources which is in tandem with good governance. This is most significant and timely since the formula for the covid-19 palliative distribution in Nigeria remains questionable, a plural country where the distribution of the national cake is hinged on unfounded indices. The government via the media has propagated lots of public health measures to contain the challenge of covid-19 (Lobato 2020) but these measures remain incomplete and ineffective if the economic base of the people is not taken care of. Hence, public health measures must be combined with economic efforts to prevent the pandemic from destroying the society's poorest and most vulnerable people through what this study calls *hungerdemic.* Sound governance must show commitment at critical periods in a nation's experiences like this and fight for adequate and effective measures for curbing the pandemic without drifting away millions of families to their untimely death and grief. Summarizing the influence of poverty in realizing the fight against covid-19, Citizen online (2020, 1) writes:

> The Senate on Tuesday reviewed the nation's fight against the covid-19 pandemic and submitted that the European style adopted by the Presidential Task Force (PTF), which is coordinating the exercise was killing Nigeria's economy. . . poverty was the strongest weapon used in Nigeria to fight the pandemic

## Conclusion

From the fore-going discussion, it could be gleaned that the distribution of palliative during the corona virus pandemic in Nigeria was a pure silhouette of poor governance. The media, both mainstream and the social media, have played active role in informing and misinforming the Nigeria populace. Some of these media outlets are active instruments in the hands of the ruling class who end up projecting and protecting the activities of the governing class irrespective of the damning effect on the vulnerable masses. The indices for ascertaining the vulnerable for covid-19 palliative distributions were very ridiculous as the country could not boast of a strong data base to ensure equitable and even distribution of palliative materials. Worse still, the materials were so hijacked by the rich who were meant to deliver them to the poor. This in particular x-rays the unpreparedness of Nigeria in the face of emergencies, hence an outright negation of sound governance.

## Cross-References

▶ Bureaucracy and Citizen Journalism
▶ Crisis Management and Governance

## References

Alamba S (2020) Nigeria protects the most vulnerable in covid-19 response. Human rights watch

Bittner J (1989) Introduction to mass communication. New Jersey. England

Citizen online (September 16 2020) Poverty, Nigeria's strongest weapon against covid 19. Retrieved at https://thecitizenng.com

Citizen online (September 16 2020) Electricity tariff, fuel hike: NLC issues two-week ultimatum to FG. Retrieved at https://thecitizenng.com

Ekwunife RA, Ukeje IO, Ojiaku K and Robinson D (2020a) Bureaucracy and citizen journalism: implication for media and governance in Nigeria. In Farazmand A (ed) Global Encyclopedia of Public Administration, Public Policy and Governance. Switzerland. Springer. http://springer.iq-technikum.de/referenceworkentry/10.1007/978-3-319-31816-5_3824-1

Ekwunife RA, Kalu O, Ukeje IO, Eguavoen V (2020b) Citizen journalism and crisis management: Nigeria and South Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4119-1

Ekwunife RA et al (2020c) Communication management of COVID-19 in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4153-1

Ewang A (2020) Protect most vulnerable in covid-19 response. Retrieved at www.hrw.org. 4/9/2020. 4:04pm

Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50

Global Alliance for Public Relations and Communication Management (2020) Twelve messages for COVID-19 responsible communication. You Don't Need Social Distancing if. . . Retrieved from https://www.globalalliancepr.org/thoughts/2020/3/25/twelve-messages-for-covid-19-responsible-communication-by-the-global-alliance-for-public-relations-and-communication-management. 26 Mar 2020. 8:15am

Independent Newspaper (2020) Beyond covid-19 palliative politics: Nigeria deserves better. Independent Newspaper Press
Kumar D et al (2020) A review of covid-19. Retrieved at www.researchgate
Lawrence S (2020) The wicked problem of covid-19 pandemic. Retrieved at LASS potsdam-de
Lobato EJ (2020) Coronavirus disease (covid-19): the impact and role of the media during the pandemic. Retrieved at www.Frontiersin.Org
Muhammad AS (2020) Covid-19 infection: origin, transmission, human contagion. J Adv Res, Elsevier. Netherlands
Ndolo IS (2011) Media as the fourth estate of the realm: real or imagined. In: Ndolo S (ed) Contemporary issues in communication and society. Enugu, Rhyce kerex
Ntonjira E (2020) Effective communication. Retrieved at www.scdev.net
Nwite S (2020) The controversy of Nigeria government's covid-19 palliative method by retrieved at www.Tekedia.Com
Okon D (2020) Lamentation still trails Lagos, FG's palliative packages as middlemen hijack programme. Retrieved at BusinessDay.ng
Okunna CS (2012) *Introduction to Mass Communication*. Enugu. New Generation Books.
Ogbuoshi L (2006) *Introduction to Mass Communication*. Enugu. Newmoon Publishers.
Ozili P (2020) Covid-19 pandemic and economic crisis: the Nigeria experience and structural causes. SSRN
Walsh B (2020) Covid-19: the history of pandemics. Retrieved at www.bbc.com
WHO (2020) Mental health consideration. WHO

# Media and Crisis Management

Tham T. Nguyen
Gaylord College of Journalism and Mass Communication, University of Oklahoma, Norman, OK, USA

## Synonyms

Disaster management; Journalism; Mass communication; Mass media; News media

## Definition

The term *media* refers to collective mass communication outlets or channels, which produce, deliver, and store information, data, or news products. News products are the result of a journalistic process of gathering, assessing, creating, and disseminating news via mass media for the general public or target audiences. A news report attributed to an author can take on myriad forms (i.e., written, audio, and visual). News products can be disseminated either through traditional media or digital media or both. Traditional media includes print media, such as newspapers and magazines, as well as broadcast media such as radio and television. Digital media consists of news websites, news blogs, and news applications.

## Introduction

Media and crisis management have a complex and multidimensional relationship (Quarantelli 1996). Media coverage in a crisis situation plays a significant role in affecting individuals' perception of crisis management efforts. Thus, an organization needs to understand how news media work to develop crisis responses and disseminate key messages to target audiences.

Disaster management consists of four phases, including mitigation, preparedness, response, and recovery (Quarantelli 1999). The mitigation phase measures the possible impact of potential disasters (usually before actual ones occur) so as to prevent or reduce potential negative consequences. Disaster management teams need to implement long-term programs to encourage environmental friendly activities through educational programs or land use regulations. Disaster preparedness includes actions planned and executed to prepare for disasters that are likely to occur. Disseminating warnings and implementing evacuations are two important actions during the preparation phase. The response phase consists of crisis responses during and in the aftermath of a disaster event. Public safety is the priority concern during this phase. Possible actions include search and rescue as well as providing emergency medical services or essential items for survivors. The recovery phase attempts to rebuild and restore functional facilities undertaken after the crisis response phase is over. The recovery phase also concerns financial loss and reputational loss of locations affected by a disaster. Once public safety is guaranteed, rebuilding efforts can subsequently provide financial support at a basic level.

## Differences in Media Coverage

Disaster coverage varies in the patterns and depth of news stories among mass media organizations. Also, not all media organizations cover disaster events, instead they maintain their routine topics (i.e., specialized newspapers or magazines). In the wake of severe disasters, mass media organizations, especially middle-sized media outlets, tend to change their formal structures, division of labor, or routine programs to report disaster events.

*Print Media* versus *Broadcast Media.* Media organizations are different in the gatekeeping process as well as the frequency of news reporting during a disaster event. Possessing technological apparatuses, such as radio, television, as well as online newspapers, allows for instant media coverage. The television and the radio often abide by broadcast times and schedules. Whereas TV news can visually depict disaster images, especially images of victims, to attract the viewers' attention, the radio conveys the immediacy of events by using short reports. The radio can gather disaster information from authorities to swiftly disseminate warning messages by abruptly interrupting its current program. In contrast, the print media does not have a specific time frame to report the news. News stories published by print newspapers can provide background material and analytical coverage in the postimpact period and rarely include the transmitting of personal messages to readers in the wake of a disaster (Quarantelli 1996).

*Local Media* versus *National Media.* Local media organizations focus on the detailed consequences of a disaster and establish good relationships with local authorities, when contrasted with the outside media. Good relationships with local authorities allow local reporters to obtain information swiftly and in a straightforward manner. Local media organizations consider disasters, which occur in their own communities, important. Field reporters are perceived to have more autonomy than usual when covering disaster-related stories (Quarantelli 1996). Thus, local media organizations can produce exclusive news stories and extensive media coverage on disasters in their own communities.

Meanwhile, the national media aims to report general information during and in the immediate aftermath of a disaster, as well as challenge authorities with tough questions regarding disaster responses and, possibly, cause disaster myths. Moreover, any national media that attempts to gain greater control of their news with the purpose of providing a good story for viewers might produce greater inaccuracy during its reporting (Fischer 1996). To reduce inaccurate news reporting, the national media tends to rely on local sources of information about the disaster in their communities (Quarantelli 1996). The national media is able to obtain more information from citizen sources than it previously could. Videos, pictures, or information posted on residents' social media can become news stories published by the traditional media. Reporters also develop stories based on the perspectives of those who are able to maintain contact with them.

## Media and Crisis Management

Typically, the media plays a dual role in disaster management, reporting what is happening on the one hand and delivering warning messages on the other (Quarantelli 1999). The media's first role is to perform the function of reporting as an outsider, and its second role is to serve as an integral part of the emergency preparation system. Also, the level of media coverage varies during different phases of a disaster incident.

Mitigation activities do not gain much attention from the media. The media has their own methods of reporting the news to attract their audiences' attention. Interesting or shocking news can attract viewers' attention as well as touch human emotion. Also, not everyone has a long-term view of the future with regard to potential risks for the environment, which are caused by people (i.e., landslide, fossil fuel burning) (Quarantelli 1999). Hence, although disasters can have a high impact, mitigation efforts do not yield sufficient media attention. Media coverage intensifies in the prevention phase, when the probability of a disaster transpiring is high. The media reports news when tracking potential disasters and involved in

emergency responses by disseminating warning messages, disaster preparedness, and even evacuation orders from governmental bodies.

In the prevention stage, crisis management needs to understand how people process information from warning messages transmitted through different sources. The individuals' perception is principally based on message sources, media channels, and message features (Quarantelli 1990). First, people are more likely to believe warning messages through the mass media, which are delivered officially by governmental bodies, rather than member of groups or private citizens. Second, the degrees of credibility are different among mass media sources within a community. People tend to search for disaster warnings from channels that they perceive to be credible. Traditionally, the radio plays an important role in transmitting warnings about potential disasters. People are more likely to believe warning messages when they are propagated by multiple sources, both formal and informal, through mass media and personal information networks. Finally, the consistency, context, and content of the message itself can affect the individuals' perception. The more consistent warning messages are, the more likely people will believe them. A detailed warning message is perceived to be more credible than a general warning message. The context of message delivery is important in enhancing the public's belief of a potential danger. A broadcasting station that ceases its standard programming to completely and immediately broadcast emergency messages is trusted far more by their audiences (Quarantelli 1990). Yet, if a warning message is transmitted by shortly interrupting a current program, people tend to perceive it as an indication of something being wrong, rather than a genuine urge for them to respond to the warning (Quarantelli 1990). Thus, a warning message should transmit prompt concerns of a potential disaster and encourage citizen involvement (Dynes 1998). In other words, the media plays an important role in defining a disaster situation and calling for actions to prevent or mitigate human and financial lost (Rosenthal 1998).

During the response phase, the media serves as a proxy for societal attention to any disasters. Yet, incomplete news reports can lead to an unbalanced picture of what follows in the wake of a disaster event. For example, media reports tend to focus on gathering news from formal and organized search and rescue groups, while many of these efforts are informally undertaken by local people helping one another. Besides, social media has become a prominent topic in traditional media to uncover the power of social media in changing disaster responses.

In the recovery period, disaster responses require an understanding of media coverage and its impacts on public perception regarding damaged locations. Media coverage can influence individuals' risk perception with regard to certain locations. News media tend to focus on conflicting aspects and atypical problems, such as damages and rescue efforts (Quarantelli 1996). Negative news stories can make a location appear more perilous than it really is. Misleading media coverage tends to exaggerate and misconceive the potential risks in a certain location as well as fuel anxieties of potential visitors. On the other hand, positive destination images disseminated by the media can increase visitation. Thus, the accuracy of media coverage is essential in shaping a potential visitors' perception of a given destination. Misleading media coverage can affect recovery efforts, such as the restoring of businesses and the tourist industry.

Crisis management implemented by government bodies and community leaders should have a plan to communicate with the media to provide follow-up information of the recovery process. By doing this, crisis responses can reduce the secondary impact after a disaster incident that precipitates media coverage. The media tends to exaggerate the severity of the situation with shocking news so as to attract its audiences' attention, instead of reporting on multiple aspects of the incident. Consequently, media coverage indirectly diminishes the willingness of individuals to travel to a given place and intensifies the economic challenges, which the disaster recovery efforts are attempting to overcome.

Crisis management must develop a contingency plan to lessen the impact of disasters through mitigation and preparation as well as to better respond to a crisis. Crisis management

needs to identify ways to respond to both the reality and perception of a crisis, anticipate scenarios that constitute a crisis in order to execute response mechanisms, and communicate properly at different phases of an emergency situation. Ideally, crisis management should make the media a part of disaster management planning and involve the media in their rehearsal activities. Once the media knows more about the disaster management plan, news reporting will be more informed and accurate. By doing this, the crisis management team can inform the public what needs to be done and is being done. This process enables the team to provide accurate information in a timely manner as well as dispel rumors.

## The Impact of Media in Crisis Management

Media coverage can cause a certain positive or negative impact on disaster responders, decision-makers, authorities, communities, and the general publics.

*Positive Impact.* The news media plays an important role in providing public services related to disaster management such as broadcasting alerts, warnings, and advisories. During the prevention, response, and recovery phases, the media delivers messages and directions to local communities. Also, media coverage of the consequences of a disaster can stimulate donations and volunteerism. On the other hand, they play a helpful role in transferring needed information to decision-makers in disaster responses. By reporting news at damaged locations, the media depicts reality and provides some information for measuring the effectiveness of disaster responses in addition to suggestive improvements for subsequent disaster preparedness plans.

*Negative Impact.* The media is blamed for misleading public opinion concerning the severity of disasters as well as contributing to the politicization of disaster and crisis management. Selective news reporting occurs when some activities received extensive media coverage, while others gain little treatment. Emergency responses from formal organizations are more often depicted than informal emergent groups and volunteers, who are not part of the traditional news set. Bias in reporting also occurs when the media obtains information from community officials at the command post of an emergency operations center (Quarantelli 1996). Thus, providing balance views from some citizen-generated content is crucial.

Media organizations tend to focus on stories that appear stressful to local residents, as well as controversial or provocative ones to gain its audiences' attention. Negative news stories formulate perpetuated myths, most notably that the local residents are always frightened; disasters affect entire communities, mass shelter utilizations, mass evacuations, victim helplessness, and a high probability of crime and lawlessness throughout the damaged locations. Consequently, people may assume that affected communities need all kinds of goods and services. Thus, disaster response teams may receive unneeded and unwelcome donations (Federal Emergency Management Agency 1999).

On the other hand, the media can be aggressive in gathering information and tends to create news stories in a framing and blaming context (Rosenthal 1998). Critical media coverage can put pressure on crisis managers, decision-makers, and political authorities by questioning the justification of their disaster responses or stating incisive concerns about possible causes of deficient emergency operations and litigation procedures. Hence, it requires the authorities to maintain their public appearance until the crisis is over. Also, news media bear the "freedom of press" and are not obligated to report or give information as requested by any governmental bodies. Critical media coverage can cause stress to crisis responders, interfere or complicate the work of an emergency responder, stimulate political opponents to criticize each other, or attribute responsibility or blame someone for failure to respond to a disaster incident (Federal Emergency Management Agency 1999).

## Implications for Policy Makers and Crisis Managers

Media coverage can influence an individuals' perception on public officials' disaster management.

Critical media coverage consists of media scrutiny of emergency management personnel's actions, while the rescue efforts focus on saving lives and protecting property. Responding to a crisis requires public officials to identify public safety as a primary concern and appear to be responsive and sympathetic to victims. National coverage of local events that illuminates the repercussions of disasters can motivate national and state leaders to respond to the event even when local authorities have not filed a request.

Media coverage can have both positive and negative impact on crisis response efforts. On the one hand, news reporting provides information that may motivate political leaders and public officials to investigate any incompetence, mismanagement, or wrongdoings during disaster responses. On the other hand, newsgathering and investigative reporting search for stories or videos of strong human interests. As a result, the media not only conveys urgency, immediacy, and danger in disaster events but also covers controversial issues among or between public officials. Consequently, media coverage of disaster responses can shift toward debates among public officials and divert the focus away from disaster relief.

## Cross-References


- ▶ Community Resilience and Crisis Management
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Corporate Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Reputation Management in Crisis
- ▶ Unplanned Change and Crisis Management


## References


Dynes RR (1998) Coming to terms with community disaster. What is a disaster. Disaster Research Center, Newark, pp 109–126

Federal Emergency Management Agency (1999) The role of the media in emergency management. Retrieved from http://training.fema.gov/hiedu/docs/hazdem/session%2020%2D%2Dmedia.doc

Fischer HW (1996) What emergency management officials should know to enhance mitigation and effective disaster response. J Conting Crisis Manag 4(4):208–217

Quarantelli EL (1990) The warning process and evacuation behavior: the research evidence. University of Delaware, Newark

Quarantelli EL (1996) Local mass media operations in disasters in the USA. Disaster Prev Manag Int J 5(5):5–10

Quarantelli EL (1999) Disaster related social behavior: summary of 50 years of research findings. Disaster Research Center, Newark

Rosenthal U (1998) Future disasters, future definitions. In: Quarantelli EL (ed) What is a disaster? Routledge, New York, pp 146–159


# Mediation in Public Administration


Amanda Swartzendruber
Illinois State University, Normal, IL, USA


## Synonyms

Alternative dispute resolution; Conflict resolution; Negotiation

## Introduction

Public administration in the United States is moving toward efficiency and transparency. One straightforward approach touted to aid transparency is to increase community involvement in the government. Alternative dispute resolution (ADR) aids in efficiency as it aims to settle disputes without litigation via negotiation, arbitration, or mediation. Mediation allows for public mediators to hail from a variety of backgrounds including counselors, attorneys, advocates, planners, and public administrators. This affords numerous opportunities for community contribution from a vast spectrum of individuals while reducing the caseload of the local court. Mediation is defined as a process where a neutral third party guides disputing parties through negotiation in a safe environment, listens impartially, does not pass judgment, and allows parties to reach a

mutually acceptable solution. Mediation in public matters can be quite effective. If disputants are interdependent, a mediator can find common ground and allow citizens, business leaders, and activists to utilize a safe process to share views, unite goals, and discover agreeable solutions to concerns in their own communities. This is especially helpful when there is a history of dissension between groups. The presence of an outsider with knowledge and beneficial qualifications can ease tensions and allow for progress. In the case where a perception of bias exists with a politician, for example, a mediator can bring legitimacy to the situation. In the occasion a satisfactory solution cannot be reached, the mediator takes on some accountability for the decision. This can assuage some protracted animosity between parties. Mediation as a form of ADR has played an integral part in several major multifaceted events in industry, civil rights, and government over the course of the US history.

## A History of Mediation in US Public Administration

Mediation in US public administration began with labor issues. When unions first formed, common law deemed them illegal labor monopolies. Court injunctions were utilized to break strikes. The legalization of unionization and collective bargaining led to mediation's move to the preferred method for conflict resolution between management and labor. The American Arbitration Association was established in 1926 to offer dispute resolution to avoid civil court; today it operates as a not-for-profit in the ADR field. The National Mediation Board was created in 1934 to tackle issues with labor in the railroad and airline industries and continues to offer statutory mediation, grievance arbitration, and voluntary ADR services such as training, online dispute resolution, and grievance mediation (National Mediation Board 2016). In 1947, the Federal Mediation and Conciliation Service (FMCS) was established with an expanded focus on other areas of labor. This independent agency works with labor and management within government agencies, industry, and local communities (Federal Mediation and Conciliation Service 2016). Over time, the courts legitimized ADR. In 1960, the US Supreme Court handed down three rulings referred to as "The Steelworkers Trilogy" that impacted the legality of ADR methods when it fully legitimatized the arbitration process and limited court involvement by giving deference to the arbitrator's decision (Hodges 1990). The court made it almost impossible to successfully challenge adverse arbitration results in federal courts (Gregory et al. 2010).

Efforts to implement ADR methods aimed to reduce the inefficiency of the judiciary, offer most appropriate processes for each type of case, increase accessibility for citizens and save money for all involved. In 1964, the Civil Rights Act established the Community Relations Service (CRS) to offer nonviolent conflict resolution. It is an agency which works with the government, private and public organizations, and community activists/citizens to tackle issues related to race, disability, religion, gender identity, and sexual orientation (Community Relations Services 2016). Findings by the presidential Commission on Law Enforcement and the Administration of Justice in 1965 illustrated a definitive need to unburden the court system (National Mediation Board 2016). The late 60s saw mediation become a real viable alternative to litigation. The concerns which existed in urban areas spurred an activist response which came in the form of community-focused centers.

In 1969, one such center, the Philadelphia Municipal Court Arbitration Tribunal, developed by the Philadelphia Municipal Court, the Philadelphia District Attorney, and the American Arbitration Association offers disputants binding arbitration (McGillis 1997). In 1971, the Columbus Night Prosecutor's Program used law professors and students to utilize 30-min time slots to mediate cases. These two programs were replicated all over the country (McGillis 1997). The 70s saw an upsurge in mediation as these Neighborhood Justice Centers (NJCs) began to offer cheap or free mediation to resolve minor community disputes. Communities envisioned them as a way to invite citizen participation in the

prevention of and intervention in conflict. The hope was to return power to the people, encourage socialization in the neighborhood, and increase involvement in community development. The courts began to favor this type of ADR because it lessened their load and it served underrepresented disputants and low-income citizens who could not afford a lawyer.

The Federal Mediation and Civil Services Office of Arbitration Services was created in 1973 as well as an advisory committee of 12 labor relations experts and arbitrators to advise on procedures and policies. Also in 1973, the Rochester American Arbitration Association Community Dispute Service Project was created to address racial conflicts in its population. They handled everything from interpersonal criminal matters to city regulations and bad checks (McGillis, Neighborhood Justice Centers and the Mediation of Housing Related Disputes 1979). In 1975 both the Institute for Mediation and Conflict Resolution in Manhattan and the Miami Citizen Dispute Settlement Programs began to offer ADR in their respective cities (Federal Mediation and Conciliation Service 2016).

FMCS officially began to provide ADR in 1975 when Congress passed Public Law 93–531. This required the agency to appoint a mediator to facilitate land negotiations with the Hopi and Navajo Tribes. This is often referred to as the "healing case" by those in the government and the "Relocation Act" by Native American advocates. The mediator was required to instruct each tribe to create a team of five to negotiate, facilitate meetings on a specific timeline, enforce provisions put in place should either team be uncooperative, and have a solution by a deadline or, if not met, provide a recommended settlement to the district court to make a final determination (Congress 1974). The mediation resulted in over 900,000 acres of land going to the Hopis with 1.8 million acres overall divided equally with the Navajo tribe (Yazzie, et al. 2012).

In 1976, the National Conference on the Causes of Popular Dissatisfaction with the Administration of Justice, also known as the Pound Conference, introduced Professor Frank Sander's multi-door courthouse or Dispute Resolution Center idea. He described a method of directing cases filed in court to other options which best address the specific dispute. These options include case evaluation, arbitration, continuation of litigation, early neutral evaluation, and court-annexed mediation. Agents work to direct disputants toward the proper alternative dispute program which helps to streamline processes in court and possibly avoid litigation. The question remained how best to implement these options in communities.

In 1977 the Law Enforcement Assistance Administration (LEAA) of the US Department of Justice published a report entitled "Neighborhood Justice Centers: An Analysis of Potential Models" which reviewed operating programs and then funded three test centers which they studied. They found staff in the operating programs varied anywhere from 4 to 10 employees, cases totaled anywhere from 350 to over 4000, and resolution was found in 90% of cases (McGillis and Mullen, Neighborhood Justice Centers – An Analysis of Potential Models 1977). In 1978 Neighborhood Justice Centers were established in Atlanta, Kansas City, and Los Angeles after a year of planning so they could be studied for best practices. The LEAA identified suitable sponsoring agencies, assisted in developing programs, grant preparation, and award distribution, and hired project directors. They then trained the directors who assisted in staff selection and training and mediator selection and training. In 1979 the LEAA published an Interim Evaluation Report which found it would not work to create a universal model due to complications with individual community needs, resources, and neighborhood perceptions of law enforcement (Sheppard et al. 1979). The centers were more successful if they were tailored to their respective communities and worked into existing service frameworks.

By 1985 there were over 170 programs and support continued to come (Federal Mediation and Conciliation Service 2016). The Civil Service Reform Act of 1990, the Administrative Dispute Resolution Act of 1990, and the Negotiated Rulemaking Act of 1990 directly stated alternative strategies to resolution of administrative

disputes should be implemented by federal and state agencies and departments. In 1993 California passed the Civil Action Mediation Act which established a pilot mediation program for Los Angeles County. It defined mediation as a process where a neutral party facilitates communication between disputants to assist them in reaching a mutually acceptable agreement, and this act remains the statutory basis for mediation programs. By 1995, there were approximately 300 community mediation centers (Federal Mediation and Conciliation Service 2016). This number has continued to grow. The National Association for Community Mediation estimates there are now over 650 centers who hear over 50,000 cases annually (National Association for Community Mediation 2016).

## Mediation in Twenty-First-Century Public Administration

A number of states have adopted the Uniform Mediation Act which provided express authority for the government to utilize mediation (Illinois General Assembly 2004). There are also numerous specific laws in place which allow state agencies to use mediation in certain cases. The National Association for Community Mediation has determined today's community mediation centers should be nonprofit or public agencies with governing/advisory boards who offer alternatives to the judicial system in all stages of conflict, encourage a diverse group of people from the community to volunteer in mediation services without requiring them to have specific credentials, and affect change by offering access to the public without regard to the ability to pay and with consideration for language differences, physical needs, and cultural identities (National Association for Community Mediation 2016). Mediation creates decisions which allow participants to better understand the logic behind how they are reached and help them find justice in unique ways.

A variety of cities now have community mediation programs. One current example, the Community Mediation Center (CMC) of Knoxville, Tennessee, has existed since 1994 and helped thousands. It provides an illustration of the types of programs currently offered from these mediation operations. Court-based programs offered by the CMC include Knox County General Sessions Mediation in civil court which is facilitated by volunteers trained at the CMC. For example, if there is a landlord and tenant dispute or a property dispute between an unmarried couple or roommates, they can sue. In these instances, the people determine the outcome of the case themselves, privately, in a straightforward way and with several legal options (Community Mediation Center 2016). In criminal court, the district attorney can choose to utilize mediation before or after a warrant is issued. These cases tend to be assault, theft, or harassment between people who know each other like former spouses or roommates. In juvenile court, mediation is used in age-related offenses like smoking and truancy, in parenting and visitation cases, and in cases involving children being placed into foster care (Community Mediation Center 2016). Mediation is also used in divorce cases, divorce parenting cases, and domestic violence cases. There are also several non-court programs which use the CMC. These include parent visitation cases, mediation within nonprofit organizations and small businesses, mediation between organizations and small businesses, neighborhood disputes like noise complaints, peer mediation training for schools, and elder care problems (Community Mediation Center 2016).

All federal agencies are required to utilize ADR. For example, the Alternative Dispute Resolution Division is housed within the Departmental Appeals Board of the Department of Health and Human Services (HHS). They oversee mediation in federal cases involving everything from workplace disputes and Equal Employment Opportunity complaints to civil enforcement actions (Department of Health and Human Services 2016). Mediation is also used in the public school system, for example, when parents and teachers disagree over an Individualized Educational Program (IEP). A mediator can work with the two groups to discuss a best course of action for the child's needs. Within the public workplace, mediation may be used by

human resources departments to assist with employers' sensitivity to employee issues, open communication between management and employees, and allow management to proactively address conflict. State environmental agencies utilize mediation for land use disputes. The United States Postal Service utilizes REDRESS mediation which is a program created in 1994 to offer workplace mediation as a test in three Florida locations; today all US Postal workers have access to this service (USPS 2016). It tracks user satisfaction and combines conflict resolution with training to use mediation to improve the workplace as opposed to simply resolving specific disputes (USPS 2016). The Department of Justice utilizes the American with Disabilities Act Mediation Program to refer disputes to mediators with no charge to the disputants (Department of Justice Civil Rights Division 2016). The American Arbitration Association (AAA) was designated by the Congress to assist with over 1500 disputes resulting from the bankruptcy and reorganization of General Motors and Chrysler and has worked via federal statute to settle disputes between sports organizations and the US Olympic Committee and worked with the governments of Louisiana and Mississippi after Hurricanes Katrina and Rita to resolve claims disputes and with the state of North Carolina to offer a statewide disaster mediation program. The federal government also legislates the use of the American Arbitration Association to solve conflicts between private parties (American Arbitration Association 2016). The Financial Industry Regulatory Authority utilizes mediation to resolve security-related disputes between investors, brokerage firms, and individual brokers (Financial Industry Regulatory Authority 2016). Simple discussion of modern-day mediation in the public sphere is difficult because it can include everything from peer mediation to collaborative governments and continues to expand into other areas.

## Conclusion

Mediation can be an effective form of alternative dispute resolution in so many areas in part because it allows all parties to have input. In public administration, this is particularly beneficial as the process can aid in improving relations between government and the constituency by giving people a voice and empowering them through a collaborative process. It is cost saving both in dollars saved by avoiding litigation and in limiting friction and stress which can come with a more adversarial approach to managing conflict. Mediation in public administration will most likely continue to grow in popular use. As the cost of litigation increases, technological innovations like web-based mediation and new areas like foreclosure mediation programs further expand the field. Mediation is now utilized to assist with elder care issues by allowing adult children to resolve conflicts with aging parents and make care decisions. Law firms have added ADR departments to their offices, the government continues to use ADR to handle external and internal disputes, the courts continue to encourage ADR to avoid trials, and the Internet has allowed organizations and individuals to connect and share knowledge. Efforts are being made to standardize mediator training and credentials. In 2012 the Mediation Committee of the American Bar Association's Section of Dispute Resolution offered guidelines for a credentialing program, but currently each state has varying requirements for mediators. Many in the field discuss legitimizing mediation through training requirements with care to avoid alienating possible future participants by making the process too similar to adjudication. Scores of practitioners and scholars are offering training, mentoring, attending/hosting conferences, publishing books, articles and webinars specifically on mediation styles, the need for regulation, and possible additional future uses for mediation. Universities and colleges now offer conflict resolution certificates and degree programs in various departments from law to communication. As long as conflict exists, so too will the need for mediation in all its many forms.

## Cross-References

► Arbitration in Public Administration
► Complex Interaction of Administration and Law
► Future of Public Administration and Law

▶ History of Public Law
▶ Informal Administrative Processes
▶ Labor Unions and Public Law
▶ Private Law and Public Administration

## References

American Arbitration Association (2016) The American Arbitration Association: a long history of working with government. www.adr.org. Accessed 20 Jan 2016
Community Mediation Center (2016) 2Mediate. 2mediate.org. Accessed 21 Dec 2015
Community Relations Services (2016) Department of Justice. www.justice.gov/crs. Accessed 20 Dec 2015
Congress (1974) Navajo and Hopi Settlement Act Public Law 93-531(as amended). Office of Navajo and Hopi Indian Relocation. http://www.onhir.gov/N-H_Settlement_Act_-_titled.pdf. Accessed 21 Feb 2016
Department of Health and Human Services (2016) Health and human services DAB Division. www.hhs.gov/dab/divisions/adr/mediation/process.html. Accessed 2 Feb 2016
Department of Justice Civil Rights Division (2016) ADA. Gov. www.ada.gov/mediate.htm. Accessed 18 Jan 2016
Federal Mediation and Conciliation Service (2016) Federal Mediation and Conciliation Service. https://www.fmcs.gov/aboutus/. Accessed 21 Feb 2016
Financial Industry Regulatory Authority (2016) FINRA arbitration and mediation. www.finra.org/arbitration-and-mediation. Accessed 20 Jan 2016
Gregory DL, Zitelli MK, Papadopoulos CE (2010) The fiftieth anniversary of the steelworkers trilogy: some reflections on judicial review of labor-arbitration decisions – will gold turn to rust? Cathol Univ Law Rev 60:1–31
Hodges AC (1990) The steelworkers trilogy in the public sector. Chi-Kent L Rev 66:631–632
Illinois General Assembly (2004) Illinois General Assembly – Legislation. Illinois General Assembly. http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=2489. Accessed 9 Jan 2016
McGillis D (1979) Neighborhood Justice Centers and the mediation of housing related disputes. National Institute of Justice, US Department of Justice. Urban Law Ann J Urban Contemp Law 17:245–269
McGillis D (1997) Community mediation programs: developments and challenges. National Institute of Justice, US Department of Justice, Washington, DC
McGillis D, Mullen J (1977) Neighborhood Justice Centers – an analysis of potential models. Research, National Institute of Law Enforcement and Criminal Justice: US Department of Justice, Washington, DC
National Association for Community Mediation (2016) 9 Hallmarks of Community Mediation Centers. www.nafcm.org/?page=9Hallmarks. Accessed 5 Feb 2016
National Mediation Board (2016) National Mediation Board. http://www.nmb.gov/about-nmb/nmb-overview/. Accessed 21 Feb 2016
Sheppard DI, Roehl JA, Cook RF (1979) Neighborhood Justice Centers field test: interim evaluation report. Program Evaluation, Law Enforcement Assistance Administration: U.S. Department of Justice, Washington, DC
USPS (2016) United States Postal Service Redress. https://about.usps.com/what-we-are-doing/redress/about.htm. Accessed 2 Feb 2016
Yazzie DH, Chee C, Darden S, Gleason I, Denetdale JN (2012) Public hearing report: the impact of the Navajo-Hopi Land Settlement Act of 1974- P.L. 93–531 et al. Public Hearing, Navajo Nation: Navajo Nation Human Rights Commission, Navajo Nation

# Merit-Based Pay in the Public Sector: Unwillingness to Abandon the Concept

Gurmeet Singh[1], Neale Slack[2] and Shavneet Sharma[1]
[1]School of Business and Management, The University of the South Pacific, Suva, Fiji
[2]Ex-academic of Fiji National University and is now an independent researcher, Sydney, Australia

## Synonyms

Incentive management; Managing pay; Pay for performance; Reward management

## Brief Definitions

*Merit* – being worthy of praise or reward.

*Merit-based pay* – a compensation system that links an individual's salary to an evaluation of their performance.

*Pay* – the act of being paid a wage or salary.

*Performance* – accomplishment of work.

*Public sector* – government and all publicly controlled or funded entities that deliver public programs, goods or services.

## Introduction

For decades governments have been battling budgetary constraints and citizen's perceptions that public servants were under-worked and overpaid, while attempting to seek out and implement practical strategies that would generate evident

improvement in public service performance. Against this backdrop, and with an ever-changing and globalized world where public servants are no longer contracted for life, and governments compete with the private sector to recruit from a limited pool of high performing human resources, the question of how to suitably reward public servants once recruited remains somewhat unanswered and an overwhelming challenge. A proposed solution adopted in various sections of the public sector "is to replace or complement the traditional civil service system of automatic salary increases based on length of service with financial reward for good performance." Such an approach where pay is conditional on performance is commonly referred to as "merit-based pay" or "performance-related pay" and has increasingly been adopted by developed and developing nations' governments (OECD 2005, p. 1). For clarity sake, in this chapter we will use the term merit-based pay ("MBP").

The notion that public servants should be paid based on their work performance seems logical, forms part of MBP systems, and is founded on an evaluation of individual employee achievements and apportionment of financial rewards to the most productive. While the origins of this concept are traced back to the late nineteenth and twentieth century, by the 1940s MBP was broadly accepted in the private sector as a means of rewarding outstanding employees. By the 1980s, MBP systems were also being adopted in the public sector. After four decades of public sector experience with MBP systems, growing consensus among researchers, academics, and government administrators is that these systems have failed to achieve the desired outcomes such as improved employee performance and productivity, job satisfaction, and reduced employee turnover. Nevertheless, the practice continues despite evidence to the contrary (Hawke 2012, p. 19). Governments continue to openly support the MBP concept and "seem unwilling to abandon the concept" (Kellough and Lu 1993, pp. 45, 46).

## Theoretical Underpinnings of Merit-Based Pay

An ongoing belief is that the public sector needs to be more business-like in the way in which it is operated (Dart 2004). Hence, public sector reform has been characterized by the introduction of management practices and techniques derived from the business sector. A case in point is the introduction of MBP systems in the public sector (Swiss 2005). MBP systems focus on the creation of a clear relationship between employee effort and financial incentives. These systems are suggested to be grounded in the expectancy theory, goal-setting theory, and equity theory, with financial incentives intended to sufficiently motivate employees to produce the desired high-performance outcomes (Choi and Whitford 2017). The expectancy theory assumes that employees understand the performance goals and believe they have the required skills to achieve those goals; employees believe that if they perform to the standard as specified in the goals, their performance would be rewarded; and performance rewards would be sufficiently significant as to justify the required additional effort, or workplace behavioral change. The goal-setting theory holds that MBP will improve employee performance, where those goals are clearly defined and challenging, and have been accepted by the employees (O'Donnell and O'Brien 2000). The equity theory maintains that employees evaluate fairness in their relationships with their organizations and employers through a comparison of their perceived inputs (such as applied effort) to their perceived outcomes (such as salary and other benefits) and with the ratios of other employees (Choi and Whitford 2017). Researchers (Green and Heywood 2008) suggest that MBP systems that comply with the foundational assumptions of these theories can motivate employees and improve effort, performance, productivity, and job satisfaction. However, other researchers (Hawke 2012; Kellough et al. 2010; Perry et al. 2009) have established that these ideal assumptions are often not recognizable in the public sector context and contend that MBP systems in the public sector turned out to be abject failures, with no empirical evidence to show that MBP improved motivation and performance in the public sector. Further compounding these disparate viewpoints, Chenhall (2003) suggests that the public sector has specific characteristics which may restrict the naïve adoption of MBP. Bowman

(2010) sums up the status regarding MBP systems in the public sector by stating that in the public sector the linkage between compensation and desired outcomes remains unclear. Despite these opposing viewpoints, mixed findings, and concerns as to whether MBP systems suit the public sector context, these systems remain attractive and continue to be advocated in the public sector as a means of promoting performance improvement (Choi and Whitford 2017).

## Misconception that Pay Motivates

The presumption that pay is foundational to the motivation of public employees is less than conclusive. Researchers suggest that intrinsic rewards such as workplace participation and job enrichment are the main determinants of motivation and job satisfaction rather than monetary compensation. The expectancy theory also recognizes that people differ in what is of importance to them. However, the MBP system fails to take these differences into consideration and merely focuses on providing extrinsic financial incentives (Hawke 2012; Kellough and Lu 1993). It is suggested that individuals with higher levels of intrinsic motivation (motivated to contribute to providing public services for the betterment of society) are attracted to public sector employment and do not require extrinsic incentive systems to direct behavior (Christensen and Wright 2011). However, extrinsic financial incentives forming the basis of MBP systems have the potential of overwhelming and harming the public service intrinsic motivation of these employees, and the employer telegraphing to employees that intrinsic motivation is less important than extrinsic motivation (Prentice et al. 2007).

## Subjective Nature of Performance Evaluations

The subjective nature of the performance appraisal systems linked to MBP systems, in combination with the hierarchical public sector environment, significantly increases the level of managerial discretion, influence and control over employees' work allocation, career progression, and financial compensation and can be problematic in the public sector (Kellough and Lu 1993). Even the best-intentioned performance evaluations are judgmental in nature and presumptive "that the person's inadequate contribution is separable from any systemic origin of poor performance" (Hawke 2012, p. 19). Because people are subjective, the evaluation philosophy, method, and criteria will vary between one rater and another. Also, various factors which are not job-related, such as gender, age, qualifications, physical appearance, etc., influence either favorably or unfavorably rater bias applied to evaluations and outcomes of performance evaluation (Hawke 2012). Politicization of public sector performance appraisals is also possible. Therefore, the public sector has established elaborate procedures to ensure political neutrality of the public administration. Notwithstanding, as a result of the subjective nature of performance appraisal, it could be argued that MBP systems invite political intrusion and create a tension between neutrality and reward for performance (Hawke 2012; Kellough and Lu 1993).

## Specific Characteristics of the Public Sector

Specific characteristics of the public sector are markedly different from the business sector from which MBP systems were derived and have the capacity to negate potential benefits derived from public sector adoption of a MBP system (Chenhall 2003). The public sector is multifaceted, with diverse objectives and priorities that are influenced by issues beyond their control, and which are difficult to define and measure. The public sector also provides community-wide public services to multiple principals, namely, citizens (tax payers) and stakeholders (internal and external of the public sector), each with competing priorities. Further, many public sector tasks are so complex as to require a team of employees to complete (Prentice et al. 2007). These specific characteristics of the public sector make

individual public sector employee task prioritization, performance measurement, attainment, and incentivization extremely difficult (Propper and Wilson 2003).

## Preconditions Required for Successful Merit-Based Pay Implementation

Scholars argue that specific preconditions are required for successful implementation of MBP in the public sector (Choi and Whitford 2017). Preconditions are suggested to include "trust in management, a valid job evaluation system, clear performance factors, consistent and meaningful funding, and accurate personnel appraisal" (Bowman 2010, p. 74). Further, public sector research has identified that performance appraisals, fair recognition of performance, and public sector motivation are strongly associated with job satisfaction (Park and Rainey 2007) and trust, justice, and perceived fairness form crucial connections between financial incentive schemes and behavioral outcomes (Perry et al. 2009). Notwithstanding, Hawke (2012, p. 22) argues that "none of these preconditions can be assured" in the public sector and that fundamental procedural concerns exist regarding MBP systems in the public sector.

## Trust, Perceived Fairness, and Justice Are Central to Merit-Based Pay Systems

The employment relationship is a social and economic exchange between employees and the organization, with management representing the organization in the relationship. "Some suggest that if employees trust management fairly to recognise and reward their contribution, they are more likely to have positive attitudes about their organisations and work" (Choi and Whitford 2017, p. 447). Conversely, where employee's lack trust in the exchange relationship, they can react with dissatisfaction, withdrawal, and counterproductive work behaviors (Cohen-Charash and Spector 2001). Therefore, employee trust and perceptions of fairness and justice are central to successful financial incentive systems such as MBP (Frey et al. 2013), as any reduction in employee perception of fairness and justice relating to rewards distribution may result in distrust of the system, management and organization, and negative behavioral countermeasures taken by employees that adversely affect individual and organizational performance (Salimaki and Jamsen 2010). Cause for concern is that many factors in the public sector (that are beyond the control of individual employees) affect employee performance, perception of fairness and justice, and trust of the performance appraisal and MBP systems, management and the organization and include: managerial hierarchy; unequal power distribution between raters and employees; employee perceptions that performance criteria are imposed, ambiguous, competing, not clearly explained, irrelevant to the work tasks undertaken, and unachievable; and subjectivity, biasness, and discrimination by raters throughout the performance appraisal and rewards distribution processes (Choi and Whitford 2017; O'Donnell and O'Brien 2000).



## Procedural Concerns with Merit-Based Pay Systems

Public sector employees have raised concerns that procedural issues undermine the effective operation of MBP systems in the public sector (Hawke 2012; Choi and Whitford 2017). It is common for MBP systems in the public sector to fail due to the performance appraisal process implemented being dependent on a manager's perception (judgment) of an employee's performance. An absence of objective data and standard criteria for comparing employees, combined with an appraisal system subject to a number of biases, makes it difficult to distinguish between various aspects of individual employees' performance and performing and nonperforming employees and to appropriately distribute MBP rewards. Also, rater leniency in order to avoid conflict and maintain good relations with employees gets the performance appraisals completed, but at the cost of inflated ratings (with employees being rated

higher than their performance actually warrants), therein undermining any true relationship between merit (performance) and pay, and perpetuating a type of automatic pay increase system. Where raters do attempt to establish distinctions in performance between employees, other problems can result. As a result of the evident failings in the performance evaluation system and its application, employees lack confidence in a system that lacks credibility. Exacerbating the lack of confidence and credibility in the appraisal system is that performance raters often lack training in the evaluation of their subordinates, variation exists in the manner in which the appraisals are administered within and across agencies, and a culture supportive for performance evaluation is often not developed. Ultimately, trust is eroded between management and employees, and conflict and dissatisfaction with the appraisal process and the associated MBP system results. Also, employees that received lower performance ratings commonly experience decreased commitment to the organization and alienation in the organization (Hawke 2012; Kellough and Lu 1993).

## Financial Constraints on Merit-Based Pay Systems

Budgetary constraints and reductions resulting from public sector fiscal stress, and specifically imposed on MBP systems, are commonplace. Arbitrary decisions that funding under the MBP system are restricted to the same levels as previous general reward systems, offset arrangements applied whereby funding limitations require that merit increases for some employees must be offset by decreases for others, and the requirement for equity to be maintained across departments and hierarchical levels, severely restrict the opportunity for any tangible benefits to be derived from a MBP system. Considering the obvious financial constraints and potential for antithetical behavioral outcomes such as rater and employee frustration and demotivation, and the resultant adversely impacted performance outcomes, begs the question whether implementation and operation of a MBP system is worth the effort (Hawke 2012; Kellough and Lu 1993).

## Side Effects of Merit-Based Pay Systems

The majority of MBP evaluations in the public sector refer to the USA, UK, Australia, and other OECD countries. These results highlight that despite the attractiveness in principle of rewarding employee good performance, in practice these systems have at best generated limited success and at worst been dismal failures (Cardona 2007). MBP systems in the public sector have also created unintended side effects that have been difficult to address. An inherent problem with incentive payment schemes, and as evident in MBP systems in the public sector, is that they produce an escalation of performance ratings and associated merit payments, which results in increased salary costs. In theory it could be argued that increased salary costs resulting from public sector MBP systems could be offset by corresponding increased productivity, as often is the case in the private sector. However, in actuality measurement of productivity in the public sector is complex and problematic, with some activities conflicting and difficult to measure, and offset of costs often not possible. These systems also require development, implementation and maintenance of sophisticated, bureaucratic, costly, and time- and resource-consuming administrative processes to control, and tie up valuable resources that could otherwise be deployed elsewhere in the organization and put to more productive use.

Where MBP systems are operational, employees often work towards optimizing their own performance regardless of the impact on the system or organization, as evidenced by creative accounting, withholding information, delaying results, and reducing quality at the expense of increased output, etc., which increases individual visibility and control at the expense of cooperation, and misaligns resources with organizational goals. Inappropriate practices relating to perceived absence of procedural fairness and justice, biasness, favoritism, patronage, and subordinate

sycophancy, combined with individual monetary incentivization, are commonplace in MBP systems in the public sector. Under these conditions, side effects proliferate such as conflict among employees; employee demotivation; damage to employee self-image; restriction of employees prepared to work on interdependent tasks; damage to employee morale, teamwork and organizational culture; restriction of output; and decreased performance and service quality (Hawke 2012).

## Unwillingness of the Public Sector to Abandon Merit-Based Pay Systems

The underlying issues relating to MBP systems in the public sector are persistent. Procedural concerns with MBP systems, inherent subjectivity of formal performance appraisal, inadequacy of funding for merit pay, and the potential for use of merit pay as a mechanism for political control (or the illusion of control) remain as undesirable constraints of the MBP compensation system. Despite the MBP system appearing to have failed to achieve its primary objectives, the public sector seems dependent upon, and reluctant to, abandon this system. What then are the reasons for public sector persistence with a failed system? (Hawke 2012; Kellough and Lu 1993).

Due to the enduring negative public perceptions of the public sector, and demands for improved efficiency, transparency, and accountability, the MBP is suggested to be a symbolic response by the government to control the bureaucracy and deemed politically attractive. Hence, MBP has a compelling political argument for its persistence. A perception also endures that the private sector and their management are held in high regard because they know how to run businesses well; therefore, the public sector should imitate the practices of the private sector and be run more like a business. This perception is fundamentally flawed because it ignores the differences between the private and public sectors. Also, it is assumed that the MBP system operated in the private sector is a business management success. Evidence to the contrary in the private sector highlights that MBP system results at best are mixed with some instances of absolute failure. Nevertheless, the perceptions of the private sector and the viewpoints that the public sector should mimic the private sector and implement MBP systems persist. An obvious reason for persistence of MBP systems in the public sector can be explained by the perception that MBP can be used as a control mechanism by management. Simply put, those (management) who control the performance appraisal process also control the rewards distribution and employee behavior and reinforce the bureaucratic hierarchy and power structures. It would be reasonable to suggest that public sector management could be influenced to overlook the inherent failings in the performance appraisal and MBP systems, confident in the expectation that such systems would reinforce their power and control (Hawke 2012; Kellough and Lu 1993).

Finally, MBP systems require considerable "selling" and building of expectations (that these systems have the capacity to increase public sector efficiency, effectiveness, transparency and accountability), in order to gain approval for adoption and funding of such a system. Adoption of MBP systems also requires considerable investment by governments over a number of years, and ongoing training of managers and employees. Considering the enormous sunk costs already incurred by governments relating to MBP systems, an inability to "get the systems working well," desire not to expose dysfunctional systems and organizational consequences of the systems, and the need for bureaucratic and public "face-saving," the public sector continue to be unwilling to abandon the concept (Hawke 2012; Kellough and Lu 1993).

## Conclusion

In theory, MBP systems seem suitable for use in the public sector. However, in practice, MBP systems are challenging to implement and maintain, are founded on flawed performance managements systems which employees perceive as unfair, unjust and not to be trusted, and often produce the opposite results to those expected, such as

employee dissatisfaction and discouragement, and decreased performance output (Hawke 2012, p. 22). Notwithstanding the evident shortcomings in MBP systems, and that these systems for all intents and purposes appear not to have worked very well for the past four decades, governments continue to make MBP systems a central part of their remuneration structures and "seem unwilling to abandon the concept" (Kellough and Lu 1993, pp. 45, 46).

It is suggested that public sector MBP systems need to be redesigned with the direct involvement of management and employees, and based on a well-structured, holistic, transparent, robust, fair, just, and trusted performance management system comprising mutually agreed goal setting, and with regular periodic performance follow-ups between management and employees. Further, considering that many public sector tasks are so complex as to require a team of employees to complete (Prentice et al. 2007), and that the specific characteristics of the public sector operating environment make individual public sector employee task prioritization, performance measurement, attainment, and incentivization extremely difficult (Propper and Wilson 2003), it is further suggested that consideration should be given to adoption of forms of team performance measurement, reward, and recognition.

## Cross-References


- ▶ Managing Pay in the Public Services
- ▶ Motivation Theory and Practice in Public Employment
- ▶ Pay Equity and Performance in the Public Sector
- ▶ Performance Management in the Public Sector


## References


Bowman JS (2010) The success of failure: the paradox of performance pay. Rev Public Pers Adm 30(1):70–88

Cardona F (2007) Performance-related pay in the public service in OECD and EU member states. OECD SIGMA, Paris

Chenhall RH (2003) Management control systems design within its organizational context: findings from contingency-based research and directions for the future. Acc Organ Soc 28:127–168

Choi S, Whitford AB (2017) Employee satisfaction in agencies with merit-based pay: differential effects for three measures. Int Public Manag J 20(3):442–466

Christensen RK, Wright BE (2011) The effects of public service motivation on job choice decisions: disentangling the contributions of person-organization fit and person-job fit. J Public Adm Res Theory 21(4):723–743

Cohen-Charash Y, Spector PE (2001) The role of justice in organizations: a meta-analysis. Organ Behav Hum Decis Process 86(2):278–324

Dart R (2004) Being "business-like" in a nonprofit organization: a grounded and inductive typology. Nonprofit Volunt Sect Q 33(2):290–310

Frey BS, Homberg F, Osterloh M (2013) Organizational control systems and pay-for-performance in the public service. Organ Stud 34(7):949–972

Green C, Heywood JS (2008) Does performance pay increase job satisfaction? Economica 75(300): 710–728

Hawke A (2012) Performance management and the performance pay paradox. In: Wanna J, Vincent S, Podger A (eds) With the benefit of hindsight: valedictory reflections from departmental secretaries, 2004–11. ANU Press, Canberra, pp 15–27

Kellough JE, Lu H (1993) The paradox of merit pay in the public sector: persistence of a problematic procedure. Rev Public Pers Adm 16(2):45–64

Kellough JE, Nigro LG, Brewer GA (2010) Civil service reform under George W. Bush: ideology, politics, and public personnel administration. Rev Public Pers Adm 30(4):404–422

O'Donnell M, O'Brien J (2000) Performance-based pay in the Australian public service: employee perspectives. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.452.3596&rep=rep1&type=pdf

OECD (2005) Paying for performance: policies for government employees. Policy Brief. May. http://www.sigmaweb.org/publicationsdocuments/38708031.pdf

Park SM, Rainey HG (2007) Antecedents, mediators, and consequences of affective, normative, and continuance commitment: empirical tests of commitment effects in federal agencies. Review of Public Personnel Administration, 27(3):197–226. https://doi.org/10.1177/0734371X06296866

Perry JL, Engbers T, Jun SY (2009) Back to the future? Performance-related pay, empirical research, and the perils of persistence. Public Adm Rev 69(1):1–31

Prentice G, Burgess S, Propper C (2007) Performance pay in the public sector: a review of the issues and evidence. Office of Manpower Economics. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.232.7993&rep=rep1&type=pdf

Propper C, Wilson D (2003) The use and usefulness of performance measures in the public sector. Oxf Rev

Econ Policy 19(2):250–268. http://oxrep.oxfordjournals.org/cgi/content/abstract/19/2/250
Salimaki A, Jamsen S (2010) Perceptions of politics and fairness in merit pay. J Manag Psychol 25(3):229–251
Swiss JA (2005) A framework for assessing incentives in results-based management. Public Adm Rev 65(5):592–602

# Metabolism of Public Organizations

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
School of Medicine and Yale New Haven Hospital, Yale University, New Haven, CT, USA

## Synonyms

Budget system; Cost analysis; Cost management; Public research labs; R&D Funding

## Definition

Metabolism of public organization is a managerial approach to explain the utilization and transformation of inputs (mainly public funding) to produce and supply products and services in order to reduce costs and increase the efficiency of organizations in competitive markets.

## Introduction

The concept of metabolism, in a broad analogy, can be applied from biology to public management to analyze processes running from inputs to outputs in organizations and explain how public organizations use economic resources provided by governments to produce/supply outputs and services in society. The concept of metabolism is uncommon in the studies of management and a brief background is useful to clarify it. In biology, metabolism indicates chemical processes that, in living organisms, transform food and drink into energy. The concept of metabolism in a context of Generalized Darwinism in science can explain how complex systems – e.g., organizations – function and behave. Metabolism has a vast use in several disciplines, such as industrial ecology, urban geography, economic geography, ecological economics, etc. (Coccia 2018a). Metabolism of public organizations is a new approach for analyzing the use of inputs (e.g., public funding) to support production, operations, and survival of these organizations in turbulent markets. This approach can also detect organizational problems for designing best practices of public management directed to control and improve the allocation of public funding and other inputs for increasing the efficiency of public organizations themselves (Coccia 2018a). Next section presents a theoretical framework of this new approach for cost analysis of public organizations.

## The Metabolism of Public Organizations

This approach can be described for a specific public organization, such as Public Research Organizations (PROs). A public research organization is an institution that combines economic and human resources to generate new knowledge in basic and applied fields of research, scientific breakthroughs and innovative outputs (cf., Coccia 2014, 2018a; Coccia and Wang 2016). Of course, the approach can be generalized for all typologies of public organizations. The concept of metabolism in public research organizations (PROs) has the goal to explain *how* these complex systems use and transform inputs (e.g., public funds) to manage labs, produce and supply scientific and innovative outputs in society (e.g., scientific research and new knowledge, inventions and technological innovations). In particular, the concept of metabolism, applied in public management, considers public research organizations as complex systems of economic and human resources (inputs), and production processes directed to produce/supply products and services in society (Coccia 2001a, 2008a, b; Coccia et al. 2015; cf., Brown and Svenson 1998):

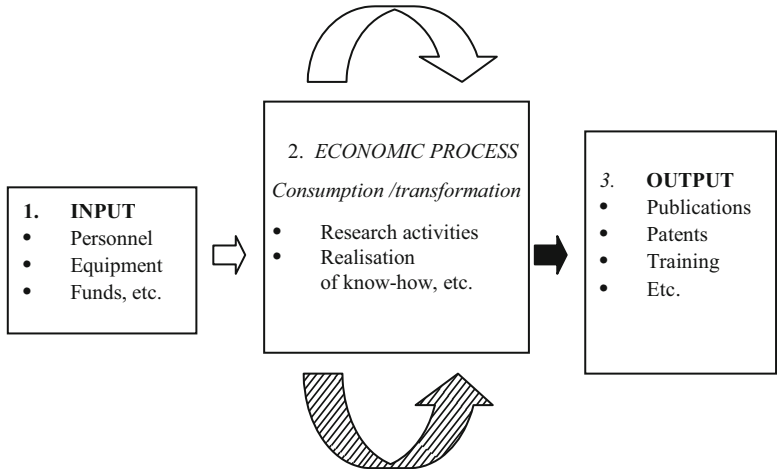


**Metabolism of Public Organizations, Fig. 1** A linear model of the metabolism of public research organizations (PROs)

1. *Inputs:* human resources, equipment, public funding for research, etc.
2. *Production process* transforms inputs into outputs in labs.
3. *Outputs*: publications, software, patents, innovative outputs, etc.

The system of public research organizations is represented in Fig. 1 with a linear model of metabolism.

This approach can identify how public funding for research is used within public research organizations to analyze possible causes of organizational efficiency or inefficiency. Especially, the approach of metabolism here can support managers to analyze costs and design appropriate best practices of R&D management directed to increase efficiency and productivity of public research labs in the presence of scarce economic resources (Coccia 2009, 2016, 2018b).

- Firstly, the preliminary analysis of the metabolism of public organizations is given by descriptive statistics, trends, and bar graphs that represent the arithmetic mean of variables on *y*-axis and inputs (public funding, etc.) on *x*-axis.
- Secondly, the coefficient $M_{it}$ (M = Metabolism) explains the metabolism of public organization *i* over time *t*: it is the ratio of a critical input divided by a source of funding (measured in U$ or €uro for international comparisons, or local currency for domestic comparisons). This coefficient represents a contextual measure in public sector. In particular, the formula of $M_{it}$ for a public organization *i* is given by:

$$M_{it} = \left(\frac{\text{cost of input}}{\text{revenue}}\%\right)_t \quad (1)$$

For instance, considering the cost of personnel in PRO*i*

$$M_{it} = \left(\frac{\text{cost of personnel}}{\text{State subsidy}}\%\right)_t \quad t = time \quad (2)$$

In particular, Eq. (2) indicates the proportion of the cost of an input (personnel) on total revenue; this is a main indicator of the consumption of public funds in PROs for specific inputs. Similar coefficients can be calculated for other inputs divided by revenue of PROs.

- Thirdly, another technique of this approach is the rate of arithmetic growth of main organizational variables, such as revenue (based on state subsidy and public contracts), cost of personnel, and total cost. In particular, if the level of these organizational variables at beginning is $P_a$ and at the end of the period is $P_t$, and the period of time is equal to *t*, the rate of

arithmetic growth $r_a$ of organizational variables is given by:

$$P_t = P_0 + P_0(r_a \cdot t)$$

$$P_t - P_0 = P_0 \ r_a \cdot t$$

and hence

$$r_a = \frac{P_t - P_0}{P_0 \cdot t} = \text{rate of arithmetic growth} \quad (3)$$

## Application: A Case Study of Metabolism within a Large Public Research Body

An application of the approach of metabolism of public organizations is on the largest public research body in Italy: The National Research Council of Italy or Consiglio Nazionale delle Ricerche (in short, CNR) that has an organizational behavior similar to other research institutions in Europe, such as CNRS in France, CSIC in Spain, etc (Coccia 2014). The sources of data are the annual financial statements of the CNR. Results of this approach of metabolism, based on data from income statement of the Italian National Research Council (CNR) over 1997–2015 period, are as follows. Figure 2 shows main components of cost of the CNR; the highest level of cost within this PRO is given by the cost of personnel, followed by cost of service, materials and products, leased assets of third parties. In particular, the cost of personnel is mainly based on salary and social security taxes. Therefore, the analysis here, considering this preliminary result, focuses on critical factor of the cost of personnel to assess the processes of metabolism within this public research organization under study, and as a consequence, its organizational and managerial behavior (cf., Coccia and Rolfo 2010, 2013; Coccia and Cadario 2014; Coccia 2014).

Figure 3 shows that the proportion $M_t$ (Eq. 2) of the cost of personnel on total revenue (state subsidy) within this PRO (i.e., CNR) is growing over time and in 2015, it absorbs more than 65% of total revenue received by government.

Table 1 shows the growth rate of economic factors of the CNR based on Eq. (3). Results indicate, from 1997 to 2015 period, that the cost of personnel has a very high growth rate (167.87), total cost of CNR has a high one (127.44), whereas total revenue (state subsidy) has a lower growth rate: 118.72. This result suggests an

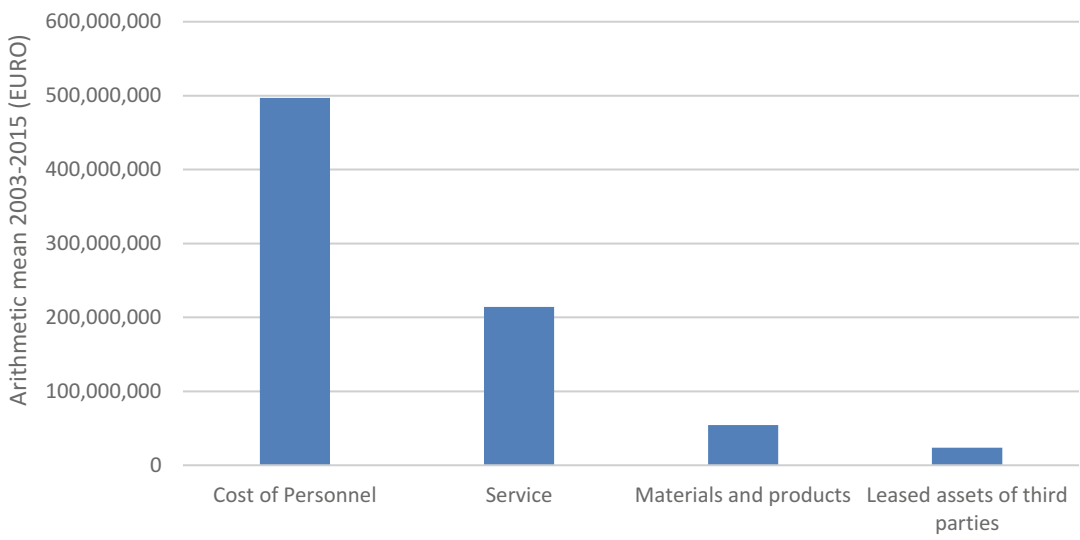


**Metabolism of Public Organizations, Fig. 2** Metabolism of the CNR organization: arithmetic mean of main costs in € (Euro)

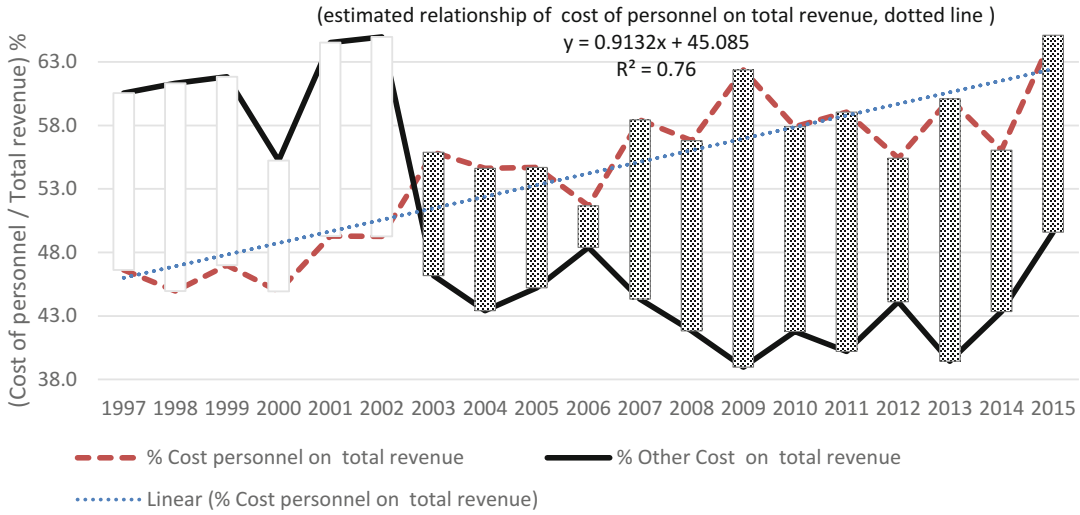


**Metabolism of Public Organizations, Fig. 3** Metabolism of the CNR organization: proportion of the cost of personnel (and other costs) on total revenue from 1997 to 2015

**Metabolism of Public Organizations, Table 1** Metabolism of the CNR organization: rate of arithmetic growth of some economic factors based on data from annual income statements

| Rate of arithmetic growth | Total revenue | Cost of personnel | Total cost |
|---|---|---|---|
| $r_a$ (1997–2015) | 118.72 | 167.87 | 127.44 |

imbalance of growth rates between total revenue from governments and vital costs within this PRO. This imbalance of growth rates can be the source of economic issues for this public organization in the course of time.

To sum up, the analysis of the metabolism seems to reveal that this public research organization absorbs a substantial proportion of public funds (state subsidy and public contracts) to cover high costs of personnel over time. Overall, then, the approach of metabolism applied on this research institution suggests possible organizational inefficiencies, driven by high costs of personnel in the long run.

## Conclusion and Public Management Implications

The metabolism of public organization can reveal critical organizational and managerial issues, such as public research organization described above absorbs a high share of the total revenue for the cost of personnel, generating economic problems and several organizational inefficiencies over time. This result is also due to a public research system in Italy that has rigid research organizations to cope with public rules of budget balance that generate cuts of public funding from governments to research organizations (Coccia 2018a). This approach provides main information for public management of the PRO under study that has to control the growth of the cost of personnel in the presence of shrinking public research lab budgets to support efficiency and sustainability of this research body in the long run.

In general, the approach of metabolism, presented here, is critical to cost analysis and management within public organizations. In particular, this approach can support public management that, in the presence of budget cuts, can improve the allocation of resources and the efficiency of public organization by controlling specific costs (e.g., cost of personnel), and by balancing the utilization of public funding between different costs to support the efficiency

of overall public organization over time. Moreover, if public organizations cannot reduce the high cost of personnel in order to increase general productivity, as well as they cannot offer substantial *extrinsic (financial) incentives* because of rigid scheme of salary and scarce public funds, then public management could increase *intrinsic rewards* to support motivation and performance of public organizations (Belle and Cantarelli 2015; Weibel et al. 2010; cf., Benati and Coccia 2018; Coccia and Benati 2018; Coccia 2019). O'Reilly et al. (1991) have suggested that intrinsic rewards may support job involvement and satisfaction of people in organizations (cf., Coccia 2001b). Specifically, intrinsic rewards may support productivity of personnel also in the presence of budget cuts (cf., Coccia 2019). In this context, Crewson (1997, pp. 503–504) argues that: "Intrinsic rewards are more important to public employees than to those employed in the private sector."

Hence, the approach of metabolism proposed here can be a useful managerial technique to analyze costs and design best practices of public management directed to support efficiency of public organizations in turbulent markets.

## Cross-References


- ▶ Comparative Evaluation Systems
- ▶ Comparative Incentive Systems
- ▶ Comparative Models of Inquiry
- ▶ Comparative Studies
- ▶ Rewards in Bureaucracy and Politics
- ▶ Theories of Self-Determination


## References


Belle N, Cantarelli P (2015) Monetary incentives, motivation, and job effort in the public sector an experimental study with Italian government executives. Rev Public Pers Adm 35(2):99–123. https://doi.org/10.1177/0734371X13520460

Benati I, Coccia M (2018) Rewards in Bureaucracy and Politics. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance – section bureaucracy. Springer International Publishing AG. https://doi.org/10.1007/978-3-319-31816-5_3417-1

Brown MG, Svenson RA (1998) Measuring R&D productivity. Res Technol Manag 41(6):30–35

Coccia M (2001a) A basic model for evaluating R&D performance: theory and application in Italy. R&D Manag 31(4):453–464. https://doi.org/10.1111/1467-9310.00231

Coccia M (2001b) Satisfaction, work involvement and R&D performance. Int J Hum Resour Dev Manag 1(2/3/4):268–282. https://doi.org/10.1504/IJHRDM.2001.001010

Coccia M (2008a) Measuring scientific performance of public research units for strategic change. J Informet 2(3):183–194. https://doi.org/10.1016/j.joi.2008.04.001

Coccia M (2008b) New organizational behaviour of public research institutions: Lessons learned from Italian case study. Int J Buss Innov and Res 2(4):402–419. https://doi.org/10.1504/IJBIR.2008.018589

Coccia M (2009) Research performance and bureaucracy within public research labs. Scientometrics 79(1): 93–107. https://doi.org/10.1007/s11192-009-0406-2

Coccia M (2014) Structure and organisational behaviour of public research institutions under unstable growth of human resources. Int J Services Technol and Manag 20(4/5/6):251–266. https://doi.org/10.1504/IJSTM.2014.068857

Coccia M (2016) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M (2018a) Metabolism of public research organizations: how do laboratories consume state subsidies? Public Organ Rev. https://doi.org/10.1007/s11115-018-0421-y

Coccia M (2018b) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Technol Transf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2019) Theories of Self-determination. In A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer Nature Switzerland. https://doi.org/10.1007/978-3-319-31816-5_3710-1

Coccia M, Benati I (2018) Rewards in public administration: A proposed classification. J Soc and Adm Sci 5(2):68–80. http://doi.org/10.1453/jsas.v5i2.1648

Coccia M, Cadario E (2014) Organisational (un)learning of public research labs in turbulent context. Int J Innov Learn 15(2):115–129. https://doi.org/10.1504/IJIL.2014.059756

Coccia M, Rolfo S (2010) New entrepreneurial behaviour of public research organizations: opportunities and threats of technological services supply. Int J Services Technol Manag 13(1/2):134–151. https://doi.org/10.1504/IJSTM.2010.029674

Coccia M, Rolfo S (2013) Human Resource Management and Organizational Behavior of Public Research Institutions. Int J Pub Adm 36(4):256–268. https://doi.org/10.1080/01900692.2012.756889

Coccia M, Wang L (2016) Evolution and convergence of the patterns of international scientific collaboration. Proc Natl Acad Sci USA. (PNAS) 113(8):2057–2061

Coccia M, Falavigna G, Manello A (2015) The impact of hybrid public and market-oriented financing mechanisms on scientific portfolio and performances of public research labs: a scientometric analysis. Scientometrics 102(1):151–168. https://doi.org/10.1007/s11192-014-1427-z

Crewson PE (1997) Public-service motivation: building empirical evidence of incidence and effect. J Public Adm Res Theory 7(4):499–518

O'Reilly C, Chatman J, Caldwell D (1991) People and organizational culture: a profile comparison approach to assessing person-organization fit. Acad Manag J 34(3):487–516

Weibel A, Rost K, Osterloh M (2010) Pay for performance in the public sector–benefits and (hidden) costs. J Public Adm Res Theory 20:387–412

# Methodology of Theory Building for Public Administration

Hassan Danaeefard
Faculty of Management, Tarbiat Modares University, Tehran, Iran

## Synonyms

Theory construction

## Definition

A theory is one or more hypotheses that temporarily represent, describe, analyze, and explain the behavior of a phenomenon.

## Introduction

Theorists present their theorizing experience in a variety of ways. However, from some theorists' perspectives (Mintzberg 2005), it is impossible to provide an accurate methodology for theorizing. But in recent years, a field called "theory-building research" has emerged that seeks to explore methods of theory-building. It should be noted at the beginning of this essay, the words "theory" and "theory-building" seem vague and sometimes unattractive to many academics (Hatch 1997). The publications about theory-building methodologies infected with ambiguous jargon language have created pessimism and sometimes fear in researchers. Some people think that theorizing is merely the work of scientists, whose primary profession is theoretical knowledge production. The author has studied many books and articles on theory-building in public administration, public policy and management in particular, and the social sciences. It also emphasizes that Mintzberg's theory methodology (2005) and Weick's theory construction approach (1989) are more practical and useful. However, it is necessary to have a comprehensive and systematic methodology that, while being simple and far from the jargon language of some theory-building researchers, shows a kind of order in theorizing and open the black box of the subjectivity of the theorizing process in the approach of Mintzberg (2005) and Weick (1989). By studying the primary methodologies (Dubin 1978; Weick 1989; Lynham 2002; Van de Ven 2007; Carlile and Christensen 2006), the author presents his methodology, which results from his experience. Therefore, this methodology is based on the parts of the above methodologies. The author does not claim comprehensiveness in this regard. Still, he argues that this methodology can foster the audacity of theorizing for experienced researchers and postgraduate and doctoral students.

## What Is a Theory?

There are almost as many definitions of theory as there are people who have talked about theory. Reynolds (1971: 3), for example, sees theory as a set of laws, definitions, axioms, propositions, and descriptions of causal processes. Dubin (1978) considers theory: as a set of causal relationships between variables, as he called units of theory. Gioia and Pitre (1990: 587) describe the theory as a framework for describing, explaining, and representing an observed or experienced

phenomenon. Pedersen (2007) argues that one reason for the ambiguity about theory is the diversity of definitions of theory; therefore, in his article, he tried to enumerate its main components. By analyzing the content of theory definitions, he has determined the four defining elements of the theory: the logical structure, features, parts, and the relationship between theory and research.

Therefore, there are many definitions of the word "theory." "Theories simplify, and by simplification, we [humans] attempt to bring phenomena under a focused lens to see and understand them better. Theories, then, like models, serve to explain and help us understand what happens in our surrounding world. They claim to represent reality or interpret realities, either socially created realities, or as they exist in nature" (Farazmand 2002: 19). "Theories may also be developed through propositions, hypotheses, experimentations, and with empirical studies that produce similar results with consistency over time" (Farazmand 2022, forthcoming). The author finds Mintzberg's (2005) view of theory useful. Mintzberg (2005: 355) argues: "I have no clue how I develop theory. I don't think about it; I just try to do it. In my view, theory is a spectrum that can accommodate different descriptions, explanations, and analyses to varying degrees." By accepting this view, the author defines the theory as follows:

A theory is one or more hypotheses that temporarily represent, describe, analyze, and explain a phenomenon's behavior. So the first point is that theory is always a hypothesis. The second point is that the theory represents the phenomenon; not the phenomenon itself, and description and explanation by a theory are temporary. Third, this definition includes theories from quantitative, qualitative, and mixed-methods research. It also encompasses positivist theories and ranges from ordinary typologies to grand theoretical frameworks. With this definition, the author has presented his theory-building methodology; therefore, based on this definition and the present methodology, we can construct grand theories and middle-range theories (Bourgeois 1979).

## Rationale of New Methodology for Theory-Building

Inspired by Weick's particular approach to theorizing (1989), the author argues that some earlier theory-building methodologies (e.g., Dubin 1978; Lynham 2002; Van de Ven 2007; Carlile and Christensen 2005) put the theorist in methodological strictures. Some of the others (e.g., Weick 1989; Mintzberg 2005) do not articulate the complexities of theorizing and cannot determine the interactions between variables apart from establishing statistical relationships. The complex and technical language of these methodologies creates a fear of theorizing in the theorist. Besides, suppose the theorist is caught in these methodologies' strictures. In that case, he/she is deprived of recognizing and explaining the various aspects of many phenomena that do not fall within these steps' framework. Also, in the author's view, although Weick's (1989) view can address some of the shortcomings of previous methodologies of theorizing, his language is somewhat technical and must be operationalized and taught. Thus, the author tries to simplify these ambiguities in his methodology. On the other hand, the author accepts Mintzberg's (2005) view, who argues that theory should be seen as a spectrum. Accordingly, the author defines the theory as follows:

"A theory is one or more hypothetical propositions that temporarily represent, describe, analyze, and explain the behavior of a phenomenon."

Therefore, the theorist can build different typologies on public administration and public policy, and grand theories by the author's methodology proposed. On the other hand, endorsing Lindblom (1987), the author argues that theorists should not sacrifice creativity, imagination, and originality for validity. Suppose we limit theorizing to the realm of validity. In that case, we will be deprived of knowing many aspects of the phenomenon under study that cannot be understood in a quantitative theory based on provable hypotheses. If a theory catches others' eye, and its theoretical narrative creates in them the belief that it adequately describes, explains, and analyzes the phenomenon's behavior in question, even if it can

be presented in the form of a theory, being a theory it is acceptable. The steps of the author's methodology are described below.

## A General Methodology of Theory-Building

### Understanding an Issue, Problem, or Diagnosing an Anomaly

Most quantitative and qualitative researchers of theory-building research (e.g., Dubin 1978; Freese 1980; Blalock 1969; Lynham 2002; Van de Ven 2007; Whetten 1989) have emphasized that it is the starting point of theory-building to identify a problem. Even Weick (1989), who claims that theorizing is a kind of disciplined imagination, mentions the first element and step of theorizing as a "problem statement." Although the starting point may be the completion of a story (Polanyi 1989), the question (Turner 1987), the strategic research material (Merton 1987), or the scientific anomaly (Schank 1988), in the author's view, the first stage of theory-building has identified an issue or anomaly. Whether the research is theory-based or problem-oriented, the starting point of theorizing can be an issue.

These two elements (issue and anomaly) cover the starting points of all theory-building methodologies of theory researchers; because the issue can be theoretical or practical, and the anomaly can also be theoretical or empirical. Moreover, using the word "problem" in social sciences, which is not pure science, will not be beneficial, although it is common in universities' research methods. Therefore, the term issue seems more appropriate. Although scientific anomaly, in the view of Thomas Kuhn (1962), is relevant only to the theoretical field, the author's view is that the scientific solution of a problem, if over time cannot show its effectiveness, has become a kind of anomaly. Therefore, the first step in theory-building can be to identify an issue or diagnose an anomaly, but understanding an issue or anomaly in a scientific field depends on knowing the phenomenon under study (scientific or theoretical phenomenon), and methodologies and methods of theorizing. A theorist equipped with the power to discern these two theory-building elements is called an expert (Lynham 2002). Accordingly, having expertise (both practical and theoretical) to the appropriate extent is an essential condition for developing a theory. With his/her expertise, when a theorist recognizes an issue or a scientific or practical anomaly, he/she thinks to give it meaning or solve it, which Weick (1989) calls disciplined imagination.

### Perform Scientific Imagination

Lindblom (1987: 512) argues that theorists often write trivial theories because the process of theory construction is hemmed in methodological strictures that favor validation rather than relevance. Relying on Lindblom's assertion, Weick (1989) argues that these methodological strictures undermine the act of theorizing because it diminishes the contribution of imagination, representation, and selection of theorized solutions. It does not pay much attention to the importance of alternative theorizing activities such as mapping the phenomenon's behavior, conceptual development, and speculative thinking (Weick 1989: 516). The author takes Weick's (1989) view as the second step in his proposed theory-building process methodology, arguing that it must have a scientific character when systematic imagination is considered. In the sense that some abstraction process takes place in the theorist's theoretical treasury, it must rely on the induction, deductive, and abductive reasoning. That is, when a person enters the treasury of his/her imagination, he resorts to induction, deduction, and the abduction reasoning process to give meaning to a subject or tiger an initial theory. His/her practical experience helps his/her draw a conclusion based on what he/she has observed in practice and integrate it into a unit. These three processes simultaneously and continuously occur in the theorist's mind, and a kind of intra-mental discourse is continually taking place between them. This imagination may occupy the theorist at work, at home, traveling, or even at rest. In this mind game that operates away from methodological strictures, the theorist builds and destroys his/her theory as a continuous puzzle, increasing and decreasing its element, and relations between; adds or removes margins; but

the theorist performs simultaneously time, scientific imagination. Hence, he/she imagines based on his/her expertise. From the heart of these mental games emerges an "*unexpected raw theory*"; hence, Weick (1989) considers it a thought trial.

### The Emergence of an Unexpected Crude Theory

Weick (1989) relies on evolutionary epistemology, which claims that each phenomenon goes through three stages of evolution: variation, selection, retention, called the second step of his theorizing methodology as the "artificial selection"; but the artificial selection is different from natural selection. According to Darwin's theory of evolution, when a phenomenon emerges, it is selected to adapt to the environment and thus survive. Otherwise, the environment destroys it; because the phenomenon is not compatible with the environment, the environment avoids giving him/her the necessary resources. But in artificial selection, both phenomena and selection criteria are representations (i.e., not real phenomena but their representations). Thus, the imaginary game is played with representations, and the selection of appropriate representations is based on criteria by which, according to Weick (1989), the resulting theory can be complete. Accordingly, Weick (1989) argues that the resulting theory should be "interesting" (Wake inferred this criterion from Davis (1971) as "it's interesting"), believable, and beautiful. Mintzberg (2005) uses the term "surprise" and argues that theory unexpectedly emerges from the theorist's systematic imagination and should surprise others. In other words, a theory must attract others' attention and create a belief that the theorized phenomenon behaves as the theorist theorizes; at the same time, a kind of beauty in the arrangement, relationships, and interactions of the theory evokes in the mind of the reader. But when the theorist's unexpected theory is formed, it must be judged by others.

### Preliminary Judgment of Raw Theory

The theory is formed in the emerged imagination, but it also has Dubin's characteristics (1978). Dubin (1978), in his two-part model (conceptual and empirical formulation of theory), claims that each theory is formed of units that are governed by a kind of rules of interaction and have certain boundaries. According to the units and the type of management of interaction between them, different system states emerge. Propositions are extracted from different states of the system, and then hypotheses are formulated based on them and tested according to empirical criteria. According to the author, at this stage, the theorist presents his/her initial theory in scientific circles (e.g., theorizing meetings, national and international conferences, and specialized roundtables). Feedback and critiques of the theory lead to the refinement of the units of theory and the laws of interaction that govern them and the system's states that govern the theory. But not all theories in the style of positivism will have precise boundaries; if they take such a form, they will lose their philosophical element (Agamben 2009) that will cause their expansion. This step creates relatively clear boundaries for the theory. By applying views, critiques, and suggestions to modify the raw theory, the theorist enters the next stage of theorizing, the formation of enriched theory.

### Articulation of a Rich Theory

The result of presenting raw theory in various circles (from friendly scientific meetings to student classrooms and regional, national, and international circles and theorizing meetings) is to find the gaps and weaknesses of raw theory with the theorist's help. It can solidify its theory and offer an enriched theory. At this step, the theorist may examine the units of theory, the laws of interaction between them, and the states of the theory system, and conclude his/her theory's totality. The theorist now puts his/her theory to the test. Another step might be to publish it in the form of an article or a book.

### Testing Enriched Theory

In the author's view, a theory is a continuum that may be a list of several variables to a grand theory that explains the behavior of a wide range phenomenon at one end of the spectrum. Therefore, at this step, some theories need to be tested on the subjects through various tools to determine the validity of the relationships and rules, as well as

the system states of the theory. In other words, the chance or imaginative nature of the internal interactions of the theory is removed and validated.

### Applying Theory

Experts in a field validate some theories because analysts use those theories to analyze phenomena. In other words, some theories (e.g., Herzberg's theory of motivation) have been and are being used by world leaders when they have been tested. Still, we cannot test the theory of symbolic interaction in the detailed form of a positivist. Scientific circles of the world accept this theory and believe in its practicality (although not everyone may believe so). In other words, when researchers and scholars use a theory to analyze a phenomenon, they are applying it. Thus, when others accept that the real phenomenon in the universe acts on it, some theories' practicality becomes clear.

### Improve Theory

When a theory is accepted in practice, it may develop some anomaly over time. In other words, there may be behavior in the theorized phenomenon that the existing theory cannot explain. In this case, the theory suffers from a lack of explanation. Referring to Porter's theory, for example, Mintzberg (2005) argues that the comparative advantage theory dominated international trade. Still, the behavior of countries such as Japan and Italy created an anomaly in this theory, and Porter proposed the theory of competitive advantage (Mintzberg 2005). Sometimes the theory can remedy anomaly. The theorist improves his/her theory by referring to the previous steps. Sometimes, the current theory cannot explain the behavior of the phenomenon in any way, so it is invalidated, the theorizing steps have to go through (see Fig. 1).

## Conclusion

Doctoral and master's dissertations in the fields of public administration and public policy are deprived of innovation, imagination, and originality by falling into the trap of statistics. It is not uncommon for a student to theorize a merely innovative and creative idea of a phenomenon in the field of public administration or policy-making in his/her dissertation without using statistical techniques and having it accepted by the faculty committee. The student should be allowed to present his creative theory in a narrative rather than merely displaying statistics. According to the author, the methodology proposed in this chapter will help scholars and students to create a variety of typologies, frameworks, and theories by resorting to systematic scientific imagination. This methodology can justify both grand theories and the relationship between two variables. The theory derived from this methodology must have the necessary rationale, and the theorist must have the required expertise to justify the interactions of the elements within his theory. Therefore, any assertion that is disorganized and without substantial support, and lacks rational-logical justification cannot be considered a theory. Mintzberg's typology of organizational structures is a theory, but they have a logical rationale that encourages the reader to believe it. Public-private typology is also a theory, but it is justified; because it tells the reader what a public organization is and what a private organization is. Therefore, not every assertion can be called a theory. This methodology is undoubtedly evolving, and the author does not believe that this framework is final and complete.

The author argues that the initial spark of a theoretical idea or the initial meaning of observation is more valuable than merely testing a theory. This methodology tells the reader that no theory is initially presented in a formula; the theorist must formulate and present his theory's narrative initially; later, some turn its constructs into variables and test it. While having the strengths of these methodologies and avoiding their weaknesses, the author's methodology draws a more realistic theorizing process in the theorist's mind. This methodology does not have

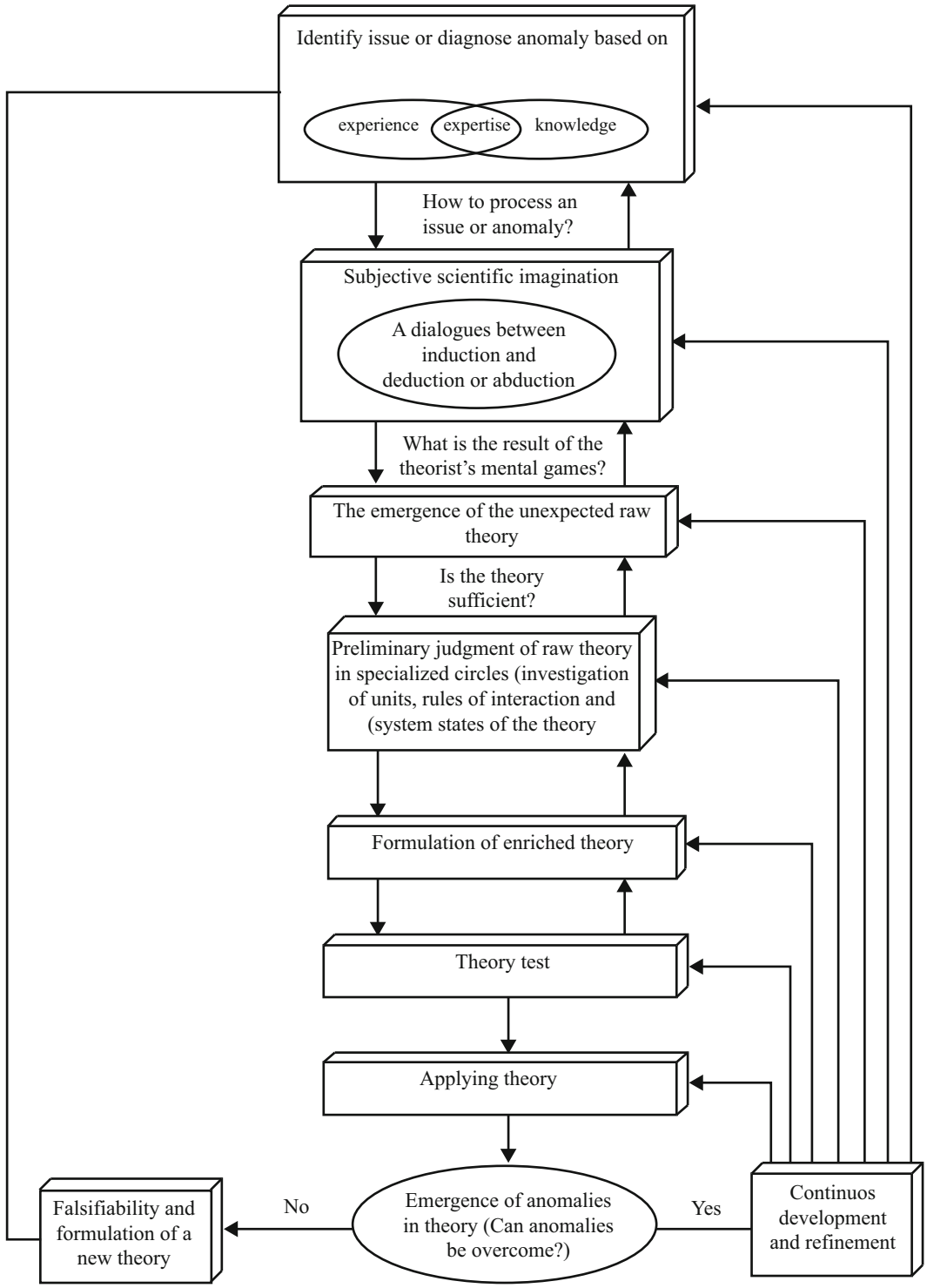


**Methodology of Theory Building for Public Administration, Fig. 1** A general methodology for theory-building

the rigid features of these methodologies. And it agrees with Weick's (1989) viewpoint and Mintzberg's perspective (2005), but the black box makes the last two theorists more transparent. Simultaneously, the theorizing process from the author's point of view is not linear but reciprocal. The dotted lines show these reciprocal states.

## Cross-References

► Islamic Public Administration

## References

Agamben G (2009) What is a paradigm? Filoz Vestn 30(1): 107–125
Blalock HM (1969) Theory construction. Prentice-Hall, Englewood Cliffs
Bourgeois LJ (1979) Toward a method of middle-range theorizing. Acad Manag Rev 4:443–447
Carlile P, Christensen C (2005) The cycles of theory building in management research (Harvard Business School Working Paper No. 05–057). Harvard Business School, Boston
Carlile PR, Christensen CM (2006) The cycles of theory building in management research. School of Management, Boston University and Harvard Business School, Boston
Davis MW (1971) That's interesting. Philos Soc Sci 1: 309–344
Dubin R (1978) Theory building. Free Press, New York
Farazmand A (Ed) (2002) Modern organizations: theory and practice. Praeger, Westport
Farazmand A (2022, forthcoming) Modern organizations: theory and practice, 3rd edn
Freese L (1980) Formal theorizing. Annu Rev Sociol 6: 187–212
Gioia DA, Pitre E (1990) Multiparadigm perspectives on theory building. Acad Manag Rev 15:584–602
Hatch MJ (1997) Organization theory: modern, symbolic, and postmodern perspectives. Oxford University Press, Oxford, UK
Kuhn TS (1962) The structure of scientific revolution. University of Chicago Press, Chicago
Lindblom CE (1987) Alternatives to validity: some thoughts suggested by Campbell's guidelines. Knowl Creat Diffus Util 8:509–520
Lynham SA (2002) The general method of theory-building research in applied disciplines. Adv Dev Hum Resour 4(3):221–241
Merton RK (1987) Three fragments from a sociologist's notebooks. Annu Rev Sociol 13:1–28
Mintzberg H (2005) Developing theory about the development of theory. In: Smith KG, Hitt MA (eds) Great minds in management: the process of theory development. Oxford University Press, Oxford, UK, pp 355–372
Pedersen E (2007) Theory is everywhere: a discourse on theory. Cloth Text Res J 25:106–128
Polanyi L (1989) Telling the American story. MIT Press, Cambridge, MA
Reynolds PD (1971) A primer in theory construction. Bobbs-Merrill, Indianapolis
Schank R (1988) The creative attitude. Macmillan, New York
Turner JH (1987) Analytical theorizing. In: Giddens A, Turner JH (eds) Social theory today. Stanford University Press, Stanford, pp 156–194
Van de Ven AH (2007) Engaged scholarship: a guide for organizational and social research. Oxford University Press, Oxford, UK
Weick KE (1989) Theory construction as disciplined imagination. Acad Manag Rev 14(4):516–531
Whetten DA (1989) What constitutes a theoretical contribution? Acad Manag Rev 14(4):490–495

# Metropolitan Governance

Arto Haveri and Helena Tolkki
School of Management, University of Tampere, Tampere, Finland

## Synonyms

City-region governance arrangements; Metropolitan governance tools; Metropolitan integration and plurality; Metropolitan multilevel governance; Urban governance models; Urban territorialism and deterritorialism

## Metropolitan Governance Answers to Problems of Urbanisation

Metropolitan governance arrangements vary based on two factors: (1) governance mechanisms that consist of combinations of hierarchies and networks and (2) the administrative tiers that primarily steer the structure. This article ponders the sources of success and failure of metropolitan governance in the realm of these factors.

Metropolitan areas are becoming more and more important, as larger proportion of people live in cities all around the world. This creates multiple opportunities. Metropolitan areas produce higher GDBs than the states' average. Urban spaces create social and cultural platforms in which new forms of human activity can develop. Dense urban structure can also diminish pollution. Alternatively and simultaneously, urbanization causes problems and challenges. Uncontrolled growth can lead to urban sprawl and social segregation, which can, again, accelerate congestion and worsen the quality of life in metropolitan areas. Metropolitan challenges are thus complex socially and spatially: both prosperity and poverty are nested in metropolitan areas, and metropolitan challenges include issues that cover neighborhood level, but also ones that are connected to global challenges.

Metropolitan governance is about finding and implementing the right means to respond to these challenges. Existing administrative structures can take care of metropolitan governance tasks, or governance arrangements can be established solely for this purpose. The sphere of approaches to metropolitan governance is wide, but there are two significant factors that define the nature of metropolitan governance. These factors are governance tiers and governance mechanisms. A governance tier refers to the level of government that principally coordinates and steers metropolitan governance: local, regional, or national. Governance mechanisms can be divided into those that are based on hierarchical steering and those that rely on networked cooperation.

Every metropolitan governance model, consisting of different mechanisms and tiers, is a result of both active choices and evolutionary incremental change of the administrative systems, their operating environments, and global trends. The actors and institutions that are dominant in metropolitan governance represent different governments or governance tiers. They also use different governance mechanisms to achieve their goals. Metropolitan governance is a practical combination of different tiers and mechanisms, but the governance system in different metropolitan areas often leans toward one end or the other in both factors.

## Metropolitan Governance Tiers

The actors and institutions struggle to define the "best" territorial scale for dealing with contemporary issues. This structural tension is present in both academic and practitioner discussion on rescaling, and it is particularly strong in the case of metropolitan governance for multiple reasons. First, metropolitan governance cannot be easily determined under any of the existing tiers, since the metropolitan issues cover different spatial scales. Second, metropolitan areas hardly ever respect the borders of existing administrative borders. They are in a constant flux, as they grow and change. Third, metropolitan areas also have an increasingly important role in the state economy and as a place of residence for a growing number of people, and therefore the state level is particularly interested in metropolitan areas and their governance.

The relationships between different levels of representative bodies vary across countries and traditions. This variance can be seen in the representative bodies' tasks, funding, jurisdictions, and autonomy. The role of the existing tiers is mainly connected to the role of local government in the country in question. Similar conceptions of local government also follow geographical borders and historical path dependencies. A well-known example of different traditions in local governments is the division to Napoleonic, Anglo-Saxon, and Nordic and Middle-European variant. In the Franco group, the local governments are pronouncedly political, as local communities are expected to stand for local interests against higher levels of government. In the Anglo group, the local governments are highly autonomous, but they have a weak legal status. In the Nordic and Middle-European group, the local level has the strongest status among the tiers. The examples are from Western democracies, but there are surprisingly big differences in the relationships between

administrative tiers among countries that are seemingly similar.

The status of local government is important in shaping metropolitan governance structures. However, even the status of local actors is mainly connected to their relation vis-à-vis the state. Due to the increasing importance of metropolitan areas, their relationship with the central government is particularly noteworthy among central-local relations. The growing significance of metropolitan areas also appears as twofold nature of this relationship. It may give them a special and more autonomous status among cities and regions, but it can also lead to increased control over the area and its governance.

Metropolitan governance structures thus represent the efforts of national and subnational authorities to close the gap between socio-economic areas and administrative jurisdictions. What kind of metropolitan governance structure is established is largely defined by the power relationships between these authorities.

## Metropolitan Governance Mechanisms

Metropolitan governance is organized with different combinations of hierarchies and networks. The essential difference between these mechanisms is how the citizens' voice is heard. Administrative hierarchies that make decisions on public policies are typically based on representative democracy, where hearing the citizens' voice is based on voting. The representatives make decisions on behalf of the represented, and their mandate is given through predefined and trusted elections. Vertical steering and accountability together with clear jurisdictions based on position are considered to guarantee the transparency, openness, and continuity of the decision-making.

Network governance is based on deliberative democracy. Its main idea is that active citizen participation gives decision-making bodies a much wider perspective on the views of the people than a system that is based on representative democracy. Multiple stakeholders take part through various channels continuously, not just in elections. The networks are also considered to be more flexible than hierarchies, since they are able to regenerate themselves. Thus, networks consisting of independent but interdependent actors are seen to reach better solutions for wicked problems in a world that changes at an accelerating pace.

Networked decision-making is, again, criticized by those who emphasize the importance of representative democracy: different channels of participation hinder the transparency of the process and thus diminish democracy. Horizontal accountability can paralyze networks in conflict situations, as no one has power over others. In addition, a structure that is built upon individual qualities is more vulnerable than a structure that is based on position in the structure, which threatens the continuity of the decision-making bodies. Although the premises of the two mechanisms contrast with one another, they are applied together in the practices of different governance structures, including metropolitan governance.

In the context of metropolitan governance, hierarchical steering basically means that there is a governance structure that covers an area that is defined as metropolitan region, and the decision-making of the structure is based on representative democracy. Among other challenges, the problem of hierarchical steering in the context of metropolitan governance is that the areas tend to grow, and the metropolitan governance structure ends up covering only a part of the metropolitan area. Networked structures can either be multiple territorial communities such as decision-making bodies consisting of municipalities or multiple specialized bodies, possibly covering different functional areas. Municipality-based networks have multiple challenges such as different statuses and competition between the municipalities. Functional networks may cover very different areas and be isolated from other decision-making bodies in the same area. This is connected to another challenge: overlapping and unclear jurisdictions of different actors.

## Success and Failure of Metropolitan Governance

Similar structures in their basic features, such as governance mechanisms and tiers, have succeeded in some metropolitan areas and failed in others. There is no simple recipe for establishing a metropolitan arrangement that has the capacity to govern, the ability to construct effective policy, and to participate in multilevel policymaking.

### Context and Legitimacy

The context of the metropolitan governance structure has a big impact on its success or failure. Not only the institutions but also the different types of administrative and governing traditions, political history, and administrative culture influence which tiers and what kind of combinations of networks and hierarchies are seen as suitable for handling metropolitan-level tasks.

Context creates the invisible framework in which the metropolitan structure can be considered legitimate. Legitimacy, again, is necessary for the governance structure to be able to perform metropolitan governance tasks. Altogether, legitimacy is one of the most significant factors in metropolitan governance arrangements' success, but it does not guarantee it. Fully legitimate structures can end up being more about reproducing legitimate cooperation than about actual governance.

The essence of legitimacy is that the decision-making power is accepted by those who are ruled. What is considered legitimate is connected to the tradition and the relationships between the existing government levels and administrative actors.

When metropolitan governance structures are created in countries, where the local level is strong, the local governments cannot be bypassed. If the local level is nevertheless overridden, fragile legitimacy will likely not be achieved, and the workability of the arrangement is threatened. If the administrative system is highly state-centered, metropolitan governance can also be centralized and steered in a straightforward manner.

Legitimacy is therefore about respecting (national) administrative contexts and their fundaments rather than trying to copy successful models from other metropolitan areas, even if the models are applied in countries with similar administrative premises.

### Legitimacy and Changing Paradigms

The premises of legitimacy change, even though mainly slowly. International trends often appear as theoretical and practical paradigms about governance. These prevailing conceptions about what is important in governance and how capacity can be best achieved effect on what kind of mechanisms and which tiers are even taken under consideration to dominate the metropolitan governance processes.

Metropolitan governance structures, and the way they appear nowadays, are strongly connected to changes in international trends and administrative paradigms, particularly the shift from government to governance. Governance is commonly understood as a shift further from hierarchical structures and toward networked governance structures.

Theoretically, hierarchies and networks have completely different conceptions of what kind of decision-making processes are the most legitimate. Hierarchies rely on input legitimacy, as voting is seen to give the best mandate for representatives. Also, jurisdictions based on position and vertical decision-making structures are considered to guarantee the transparency and reliability of the structure. Networks are based on output legitimacy, as the involvement of various stakeholders is seen to be the best tool to find outcomes. In output legitimacy, the best possible solutions cannot be defined in the input phase or by the representatives alone. Networks' legitimacy as a governance tool is, again, questioned. Networks are seen to be less legitimate, because their decision-making is seen to be less transparent than in hierarchies. Also, networks rely on output legitimacy in theory, but common problem

in networked arrangements is that they are uncapable of solving internal conflicts; why they may actually have challenges is accomplishing visible outputs.

The discussion on regionalism, public choice, new regionalism, and reterritorialization combines the discussion about mechanisms and tiers in metropolitan governance. These paradigms have had their particular golden ages, but they are all still present in discussions about metropolitan governance. Regionalism is the form of metropolitan reform, where the growing metropolitan area and its challenges are attempted to be managed by creating a monocentric and hierarchical metropolitan governance structure with clearly defined area and jurisdictions. Public choice advocates believe that competition between smaller areas, such as local governments, brings the best results. The competition forces the local level actors to keep the taxes low and provide good services to keep their inhabitants and businesses. New regionalism also relies on local governments, but it emphasizes cooperation rather than competition. The best results are seen to be accomplished in networked governance structures of interdependent local actors. Reterritorialization represents a form of regionalism that can be considered even more fundamental in its nature. It is connected to global urbanization, where the competitiveness of nations is created on metropolitan level, thus demanding strong metropolises or megalopolises to compete with other metropolises. Different paradigms fit better in different contexts, but they may also slowly prepare the ground for structures that eventually change the context.

### Cooperation and Continuity

In addition, political power relations affect what is seen realizable and/or desirable under the existing circumstances. Changes in power relations have an influence in establishing and disestablishing metropolitan structures. This means that political power changes can lead to pendular metropolitan reforms: structures that are established under certain political ascendancy can be dissolved in another. In this framework, the success and failure of the structures is connected to wider issues, such as political culture that encourages actor cooperation, trust, and dialogue rather than one that focuses on disrupting the structures that are created by political rivals and creating political cleavages.

## Cross-References

▶ Centralization and Decentralization
▶ Multilevel Governance

## References

Blatter JK (2006) Geographic scale and functional scope in metropolitan governance reform: theory and evidence from Germany. J Urban Aff 28(2):121–150

Brenner N (2003) Metropolitan institutional reform and the rescaling of state space in contemporary Western Europe. Eur Urban Reg Stud 10(4):297–324

Goldsmith M (2002) Central Control over local government – a Western European comparison. Local Gov Stud 28(3):91–112

Hamilton DK (2004) Developing regional regimes: a comparison of two metropolitan areas. J Urban Aff 26(4):455–477

Haveri A, Tolkki H, Nyholm I, Airaksinen J (2018) Sources of legitimacy in metropolitan governance: a comparative case study of governance structures. Int J Public Adm. Published online 06 Jul 2018

Heinelt H, Kübler D (eds) (2005) Metropolitan governance: capacity, democracy and the dynamics of place. Routledge, Milton Park

Hesse JJ, Sharpe LJ (1991) Local government in international perspective: some comparative observations. In: Hesse JJ (ed) Local government and urban affairs in international perspective. Nomos Verlagsgesellschaft, Bade-Baden, pp 603–621

Hoffmann-Martinot V, Sellers J (eds) (2005) Metropolitanization and political change. VSVerlag für Sozialwissenschaften, Wiesbaden

Klijn EH, Skelcher C (2007) Democracy and governance networks, compatible or not? Public Adm 85(3):587–608

Nelles J (2013) Cooperation and capacity? Exploring the sources and limits of city-region governance partnerships. Int J Urban Reg Res 37(4):1349–1367

Savitch H, Vogel RK (2009) Regionalism and urban politics. Theories Urban Polit 2:106–124

Sørensen E, Torfing J (2005) The democratic anchorage of governance networks. Scand Polit Stud 28(3):195–218

Suchman M (1995) Managing legitimacy: strategic and institutional approaches. Acad Manag Rev 20:571–610

# Middle Class Formation in Russia

Svetlana Mareeva
Centre for Stratification Studies, Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Middle class criteria; Middle class identification; Middle strata; Middle-income groups

## Definition

Middle class – social entity that occupies positions in the middle of social structure sharing common social characteristics; according to different approaches, emphasis may be placed on its structural positions in relations of production (socio-professional and educational specifics), level of welfare/income or shared self-identification.

## Introduction

A period of qualitative changes in Russia has led to the transformation of many social aspects, including the social structure. Unsurprisingly, its specific features and certain social groups and strata are of particular interest at the moment. Both the scientific community and the general public are traditionally interested in the social entity of middle class. Questions are raised whether a middle class even exists in Russia and if it does, it needs to be established what it is like; how it correlates to middle classes of the Western countries; what the specifics of its behavioral practices, norms, and values are; how it interacts with the state; and what chances Russia has to become a "middle-class society."

The interest in the middle class is quite understandable. First of all, it is associated with a number of crucial social functions. It comprises the most productive, highly qualified and educated workforce and ensures its intergenerational reproduction. Characterized by possession of accumulated resources, the middle class is interested in sustaining stability of social, economic, and financial institutions, because it has "something to lose." The middle class is the main consumer on many goods and services markets and can also participate in style consumption due to available financial resources, not limited to sustaining survival standard of living. Furthermore, the middle class is the first social group to proceed to mass consumption of innovation products and services and then convey these practices to other social strata. The middle class is also a major taxpayer and hence the state's co-investor in social services. However, the question remains open whether the current Russian middle class can successfully fulfill all these functions.

In addition, middle class development is closely related to Russia's prospects in the world arena: successful political, social, and cultural processes depend not only on reforms conducted on the macro level but also on the population's ability to support them. In this regard, it is the middle class as a mass social subject that can directly and significantly affect the performance of the nation's economic system, define the quality and quantity of human and innovation potential, and establish behavior patterns for other social groups.

The term "middle class," however, does not have a universal definition. Its meaning has been changing along with the social development and social structure transformations, depending on the historical context of a society. Moreover, several conceptually different approaches to identifying the middle class were emerging separately (due to the fact that middle class analysis was based on different goals and objectives that required different methodologies).

In Russia, there is ongoing theoretical debate over the necessary and sufficient conditions for classifying an individual or a household as middle class. Arguments for existence of the middle class in the country are quite often completely different as a result of diverse approaches and respective criteria, as well as the chosen thresholds, for

identifying the sought-for middle class. Differences in the methodology of middle class identification lead to a considerable spread in the estimates of its share, from 2% to 3% to at least half of the population.

## The History of the Middle Class

In a dictionary of sociology, one may come across a definition of this kind: "middle class is a large group of qualified employees and small and medium business owners who occupy similar positions on the labor market and share labor and market values" (Middle Class 1994); in other words, the emphasis here is placed on the common socioeconomic features of its representatives.

In the analysis of preindustrial and early industrial societies, the middle class was usually viewed as a "residual" social group that included everyone who did not belong to large-scale classes (for instance, townspeople like small merchants and tradesmen who were not gentry or peasants). Consequently, the structure of the middle class as a residual category varied together with the changes in society as a whole, in accordance with a specific historical period.

An interpretation closer to the current definition was developed later. According to some scholars, middle class as a specific large-scale social entity emerged in the nineteenth-century USA. However, a more widespread opinion implies that the mass middle class developed with the transition of societies in the Western Europe from the industrial phase to the post-industrial one. During that period, the number of people in the group between the rich and the poor significantly increased, and structural positions corresponding to middle class started to form on a mass scale in the economic structure of the society. This process was facilitated by several factors that had to do with the development of the society and its economic structure during that historical period. Mass production growth led to an increased demand in highly qualified workers and experts; consolidation of production facilities and more complicated management processes resulted in the appearance of a broad category of managers. Developing social infrastructure, including education and healthcare systems, and growing number of universities and colleges contributed to an increase in the number of typical middle class representatives – doctors and teachers. Another factor was the economic and social policy that now focused on supporting middle class instead of helping the poor, because it was the middle class that could, with its growing wealth, provide the economy with workers possessing high-quality human capital, as well as stimulate general economic growth due to a stronger demand in goods and services. As a result, there emerged a major social stratum of non-manual workers that received income in salary for their skills and competencies – in other words, the middle class.

Over time, however, the middle class was becoming less homogeneous, which was reflected in new approaches to its analysis. The middle class was divided into a "new" middle class (qualified specialists and professionals receiving returns on their human capital) and "old" middle class (small entrepreneurs receiving returns on economic capital). Eventually, the "old" middle class also split up into micro-entrepreneurs and the self-employed, on the one hand, and entrepreneurs engaging external workforce, on the other. Due to the heterogeneity of the "new" middle class, various scholars introduced the categories of professionals and managers, professionals and semiprofessionals (based on further differentiation of the income-generating resources). It was noted that all these subgroups have their own specific features and different life chances and prospects of future development.

Thus, it is not a one whole middle class, but "middle classes," or separate subgroups, that increasingly often become the object under consideration. The upper stratum of the new middle class, its "elite," is of particular interest here. This stratum has received different names from different researchers (upper middle class/middle class core/professionals/service class, etc.) but consists, in fact, of highly qualified white collar workers with unique competencies that bring them returns in form of income. Researchers name different

key features of this group, including their work autonomy, high level of culture capital, availability of power at work place, specifics of employment contracts, high level of investments in human capital, etc.

## The History of Middle Class Studies in Russia

Russian sociology also experienced transformations in approaches to the middle class analysis amid changing historical realities of the country. In different time periods, middle class was charged with functions that were considered the most important in certain socioeconomic or political contexts, and the idea of those functions was changing along with the development of society: during different periods of the new Russia's history, the middle class was successively viewed as an indicator of the liberal reforms' efficiency, as the most adapted socioeconomic group, as a potential modernization actor, as an agent of political transformations, etc. (Avraamova and Maleva 2014).

In the contemporary history of Russia, a surge of interest in middle class studies in the 1990s was explained by the fact that the middle class en masse was considered to be a social basis for reforms and at the same time a gauge of ongoing social transformations efficiency. Then, with a deteriorating social and economic situation, the focus shifted to adaptive capabilities of the middle class. In the early 2000s and during the period of further economic growth, researchers addressed functions that theoretically could belong to the middle class, and some studies were dedicated to analyzing the actual performance of those functions. However, results typically showed that certain functions were still uncharacteristic of the Russian middle class (for instance, an active political role), while the most successful behavior proved to be in the areas of consumption and innovation.

Another special topic is the role of the middle class in building a civil society. Some research works concerned a need for democracy among middle class members (this issue has long been the focus of attention of foreign researchers), as well as their attitude towards law and order, authorities and state as a whole. In Russia, this aspect of the middle class sparked particular interest after a wave of protests in 2011–2012 that led to discussions about Russia's further development. However, analyzing if it was the middle class that led the protest movement again runs into the methodological problem of the middle class definition. In particular, the degree of differentiation among the protesters, according to empirical data, was fairly high and their self-identification was not the same, therefore it is incorrect to speak of them as middle class. On the other hand, there was emphasized a certain similarity between the protest movement in Russia and new social movements that emerged in Western countries after the 1960s and were initiated by the "new" middle class or its certain professional subgroups (in contrast to earlier social movements that had mostly lower classes, as well as workers and farmers as their social basis) announcing new demands and emphasizing new, typically middle class problems – the freedom of expression, the problem of identity, etc.

Studies of the relation between the middle class, civil society development, and democratization in Russia continue, and a common answer to the questions raised has not yet been found, although the majority of researchers speak about low political activity of the Russian middle class, its tendency to solve problems independently and individually, and the lack of a foundation for middle class self-identification as a united social entity.

## Approaches to Identifying the Middle Class in the Russian Society

All approaches to identifying the middle class applied by Russian sociologists can be divided into three main groups.

The first approach can be called an economic one. It relies on the idea of the middle class as the main consumer of goods and services, and its crucial criteria are those defining the standards of living and consumption. Therefore, typical issues

under consideration here include income and expenses, ownership of real estate, durable goods, etc.

At the same time, there exist two broad subgroups of methodologies within the economic approach that are based on the amount of income. The first ones can be called absolute as they rely on the predetermined specific income figures, and the second ones are relative as they are based on average or median income figures and determine a middle class identity by comparing the real incomes with these thresholds that are supposed to reflect the typical living standards of a certain society.

A common approach in the first group is the World Bank's methodology, according to which those who have a consumption level of at least 10 dollars a day at purchasing power parity are considered middle class; households with per capita consumption of 5–10 dollars a day are viewed as vulnerable and with 5 dollars or less are viewed as poor (Grant and Hansl 2015). These estimates are based on the results of the World Bank's international empirical studies in many regions of the world.

Applying these thresholds to the empirical data of 2000–2010 allows to make a conclusion that the middle class has significantly grown in numbers over that decade, especially in medium-income countries; nevertheless, not all of these countries can be named "middle-class nations," which means not all of them have a significant share of the middle class population. However, Russia can be referred to as a "middle-class country." Moreover, it holds one of the leading positions among developing countries in terms of the middle class size. According to the World Bank, the middle class share grew from 27% to almost 60% between 2000 and 2010, with an increase not only in the numbers but also in the purchasing power. Under this approach, middle class growth factors included rising salaries and pensions, as well as demographic changes related to dependency burden.

Using this methodology to analyze data from the recent Russian studies (2015–2016) demonstrates that the middle class identified this way comprises the majority of the population – even amid an economic crisis it includes about 90% of Russians. Separating the upper middle class under this model will not solve the problem of heterogeneity, as the bulk of the population remains in the same group which is the core middle class with consumption of 10–50 dollars a day at purchasing power parity.

As for relative approaches (more common in developed countries), the middle class is also identified using different techniques. For instance, it may comprise all people with certain income percentiles (like third quintile, 2–4 quintiles, 3–9 deciles, etc.), but in this case the size of the middle class is predetermined. In other versions of this approach, income limits are based on their relation to median income in the country. A typical range would be 0.75–2 medians, and according to Russian studies, this includes about 60% of the population. However, the standards of living for this major social group are quite modest, as the median income in the country is fairly low (Anikin et al. 2016).

It needs to be emphasized that an approach like this distinguishes not the middle class per se, but the middle strata, although the failure of the Russian middle class to meet the Western wealth criteria is often used as an argument against the existence of the middle class in Russia.

The second approach is based on the self-identification principle. According to it, the middle class consists of those people who identify themselves as such. This approach can be fruitful when analyzing the political consciousness of various social groups, as self-identification is closely related to social well-being, demands to the state, etc.

As the data from different Russian research centers demonstrate (for instance, from the renowned Levada Center), in the past 20 years the vast majority of respondents in Russia self-identified as middle or lower middle class/stratum – this is the result of the Russian people's desire to "be like everyone else." Only after the crisis of 2008–2009 there were notable changes in this distribution: the number of people referring to themselves as lower stratum increased. But this stratum cannot be called homogeneous, so it is not possible to speak about a "class." As the analysis

shows, self-identification is not determined explicitly by profession, education, or level of income but is primarily related to the division of "us/them" ("them" means power, politics, authorities). Besides, in this identification the key element for Russian population is the attribute "middle," not the noun "class."

Finally, the third approach is the most common in the Russian sociology. It is based on the traditions of Neo-Weberian analysis and involves a multidimensional stratification when one needs to meet a number of criteria simultaneously in order to qualify as a middle class, household or individual (including such criteria as education, social and professional status, self-identification, income, etc.).

All attributes of class that are used as criteria for class identification in this approach should contain essential, distinguishing characteristics of it as a social class. Within the class structure, the lower class has no resources sought by the market, the working class offers to the economy its simple capacity for physical labor, which is homogeneous and easily replaceable, and the middle class possesses human capital which generates income on labor markets. Therefore, its key characteristics are social and professional status and education (in Russian case, thresholds are often set as nonmanual work and possession of at least secondary specialized or higher education). Moreover, in Russia these two criteria often are complemented by the criterion of wealth, as income and salaries inequality in the country is partially related to nonmarket factors: their size may depend not on the education or social and professional position but on the industry, region, etc. Sometimes, these criteria are also complemented by self-identification, in order for the middle class to be characterized by the shared sense of its social position and self-consciousness.

It should be noted, though, that the list of criteria used for the middle class identification, as well as their qualifying values, differs significantly and is often substantiated according to different research traditions and concepts. This leads to inevitable discrepancies in evaluating the size of the middle class in the modern Russian society (from declaring its absence to estimating its share at 40–50%). However, there is relative consensus about the size of the middle class in the range of one fifth to one third of the population (studies by the NRU HSE, Institute of Sociology RAS, Institute of Philosophy RAS, Institute of Social and Economic Studies of Population RAS, etc.). At the same time, some scholars point out that the middle class core – its most stable part with most distinct class specifics and characteristics – comprise a smaller share in the middle class a whole, which means that the process of middle class formation in Russia still continues.

Quite often, the list of middle class criteria in Russia becomes significantly bigger. Going beyond the scope of structural analysis (that implies defining middle class based on social^ structural positions) and complementing it by functional analysis (focusing on the functions of a certain social entity), researchers start assigning the middle class with different and often opposite functions, ranging from ensuring social stability or supporting traditional values to becoming an agent of innovation or modernization. However, approaches of this kind that rely on functions ascribed to the middle class do not allow to obtain a clear understanding of the actual characteristics of the existing middle class, regardless of how successfully it performs certain functions.

It should be noted also that middle class studies in Russia usually focus on the "new" middle class, that is, those who receive returns on their human capital – skills and qualifications. As for the "old" middle class, its share in the Russian social structure is insignificant. Russia is considerably behind Western and Eastern Europe, as well as the BRIC countries in terms of business activity. For that reason, the "old" middle class accounts for an insignificant portion of the Russian population and middle class as a whole.

Describing qualitative features of the Russian middle class, scholars point out different aspects (Maleva 2003; Tikhonova and Mareeva 2009; Gontmaher 2013; Gorshkov and Tikhonova 2016). In general, one can speak about the middle class successfully performing the function of consumption and being the agent of innovation practices and behaviors. Among its representatives, active socioeconomic strategies and practices are

more common (regarding labor markets, financial markets, investments in health and education, etc.), as both the relevant norms and values and resources (human, social capital) are available for their realization. The life chances of middle class representatives differ considerably from the life chances of other social groups. However, the middle class should not be overly idealized, either: in terms of political behavior, the middle class is not as active, as it is expected. The ideas of middle class members about the optimal social and political system are inconsistent and quite often conflicting. The middle class is unlikely to initiate reforms, although it may serve as a social foundation for them. So far, middle class members prefer to act independently and unofficially to protect their interests, using their economic and social capital, and not the formal institutions.

An important feature of the Russian middle class pointed out by many scholars is its occupational structure: public sector workers have more chances to become middle class and their share in this social group is higher as compared to market sector workers. This shows that structural positions corresponding to the middle class have formed first of all in the public sector of economy. This fact can influence the values and attitudes of the middle class, including the attitude towards the role of the state in the social life and the need for social and economic policies.

In addition, researchers often pay attention to the lack of homogeneity in the middle class and speak about the need to consider its separate subgroups, either in the context of incorporated professional groups (professionals – semi-professionals – routine workers) or in terms of its concentric structure (core – periphery). This does not, however, contradict the fact of the middle class existence and complies with the abovementioned logic of its analysis in the Western society typical for the 1980s.

## Conclusion

The lack of a single definition and analysis approach results in different estimates of the middle class size in the modern Russian society based on various criteria and their threshold values. However, middle class analysis under the most common multidimensional approach shows that the main limitations for its growth and expansion come from the established social and occupational structure of the economy.

If a stable middle class formation is viewed as one of the priorities of the state socioeconomic and, more importantly, social policy, then its mechanisms should be aimed at increasing full employment in information economy, service economy, and hi-tech industries; increasing the resource potential of the population by encouraging investments and raising the returns on human capital investments; creating institutional conditions enabling middle class members to solve their problems independently, etc.

At the same time, the middle class expansion can lead to a smaller share of population exposed to poverty risks, and the stabilization of periphery groups can prevent impending financial disadvantages. It would also contribute to the reduction of social tensions related to excessive inequalities. Or another solution to this problem could lie in ensuring the mechanism of social mobility that could enable representatives of other social strata to occupy middle class positions in case the necessary education and qualifications are present. Lastly, solving the middle-class problem could provide Russia with long-term strategic advantages resulting in higher quality of human capital in industries that are key for the country's position in the global economy.

## References

Anikin V, Lezhnina Y, Mareeva S, Slobodenyuk E, Tikhonova N (2016) Income stratification: key approaches and application to Russia. Series WP BRP/PSP "Public and social policy", no. WP BRP 02/PSP/2016. NRU HSE

Avraamova E, Maleva T (2014) Evolution of Russian middle class: mission and methodology. Social studies and the modernity, pp 5–17 (in Russian)

Gontmaher E (2013) On the characteristics of contemporary Russian middle class. INSOR. Analytical Bulletin, June 2013 "The development of the middle class" (materials of the Russian-German discussions) (in Russian)

Gorshkov M, Tikhonova N (eds) (2016) Middle class in modern Russia. experience of long-term research. Ves Mir, Moscow (in Russian)
Grant A, Hansl B (2015) Russia economic report: the dawn of a new economic era? Russia economic report, no. 33. World Bank Group, Washington, DC
Maleva T (ed) (2003) Middle classes in Russia: economic and social strategies. Gendalf, Moscow (in Russian)
Middle Class (1994) In: Marshall G (ed) The concise Oxford dictionary of sociology. Oxford University Press, New York
Tikhonova N, Mareeva S (2009) Middle class: theory and reality. Alfa-M, Moscow (in Russian)

# Migration Impacts of State Policy

David A. Campbell
Milligan College, Milligan College, TN, USA

## Synonyms

Economic freedom; Internal migration; Marijuana legalization; Public goods; Same sex marriage

## Definition

*Internal migration* is defined as moving from one location to another within the same country.

*State policy* is the collection of laws that are written and implemented by each of the 50 states and are applied within each state's own jurisdiction.

## Introduction

### Theoretical Origins

Internal migration is a path of research that has been well worn by economists, political scientists, and demographers for over 50 years. One particular kind of migration involves migrants seeking out local governments that offer a package of public services closely aligned with his or her individual preferences. This theory was first put forward in 1956 when Charles Tiebout suggested that localities within a country compete for migrants by offering alternative packages of public goods (Tiebout 1956). Over time, his theory was expanded to include the impact of various types of fiscal policies that include both public expenditures and revenue generation.

## Contemporary Applications

Due to the increasing prevalence of reliable datasets related to economic and personal freedom, research has begun to focus on internal migration in the context of freedom (Ruger and Sorens 2009). Several studies confirm the positive role that economic freedom has on migration (Cebula 2014). Initial work on migratory responses to personal freedom has been mixed, generally finding that the presence of any migratory impact is dependent on the specific issue (Cebula et al. 2015). The legalization of same sex marriage and recreational marijuana use are two high-profile examples of recent changes in personal freedoms. Evidence from state law changes on these issues provides evidence that any migratory response depends on the specific freedom in question (Campbell 2016).

M

## Internal Migration Impacts of State Policy

### Model Framework

Charles Tiebout's original model of migration was published as a response to the theory that no market-based mechanism can be used to determine the appropriate level of government expenditure on public goods (Musgrave 1939; Samuelson 1954). Instead of facing the unhappy conclusion that citizens would simply have to accept a high degree of allocative inefficiency in the provision of these services, he published the seminal article "A Pure Theory of Local Expenditures."

After acknowledging the difficulty of achieving any market mechanism at the federal level, Tiebout proceeded to envision that a form of competition would be possible among local governments. Specifically, he saw these local governments as offering alternative packages of public goods, or "revenue expenditure patterns" (Tiebout 1956). Public goods are characterized by the inability of

providers to exclude individuals from consuming the good, and also by the ability of multiple individuals to consume the good simultaneously. These characteristics make the provision of such goods difficult for markets to achieve and are therefore usually provided by government. Consumer-voters would have the opportunity to select the local government offering a package of public goods that most closely aligns with his or her preferences. Each consumer-voter casts a ballot with their feet by migrating to communities that offer his or her most preferred bundle of public goods.

Over time, the scope of the model has been extended. In addition to the provision of public goods, Tullock (1971) explicitly added taxes as a key element of the bundles offered by local governments, leading the theory to occasionally be referred to as the Tiebout-Tullock hypothesis. Eventually, economists began to include policy determinants of migration that are noneconomic in nature. These policy determinants include various measures of personal freedom such as the legal status of same sex marriage and recreational marijuana use.

The theoretical framework for analyzing migration ultimately rests on the individual. The individual decision to migrate is modeled as an investment governed by wage differentials and the personal costs of migrating (Sjaastad 1962). The benefit to migration is an increase in wage associated with better income prospects in another community. However, this benefit is balanced by the costs associated with the move. In a survey of early literature in the field, Greenwood (1975) finds five variables commonly cited as major determinants of the decision to migrate. They include distance, income, psychic costs, availability of information, and personal characteristics associated with the migrant such as age and education. Among these factors, Greenwood credits distance with being the most significant deterrent to migration. As distance increases, the psychic and information costs do as well. Because of these noneconomic costs that prevent wage arbitrage, many studies find that wage differentials endure.

As the basic framework for analyzing the migration decision evolved, the analysis of factors related to the Tiebout-Tullock hypothesis became more prevalent. West et al. (1976) put forward a conceptual framework for incorporating migratory effects into the analysis of various public policy choices. Consumers, governments, and businesses are actors in the model. They make choices that include the decision to migrate, the level of regulation, the size and scope of fiscal policies, and the location of industry. The ultimate objectives of the migrants in their framework are all related to their quality of life (West et al. 1976).

Working within this conceptual framework, the studies that followed have used a wide array of econometric techniques to evaluate the impact that public policy has on migration. Due to the availability of data, many studies use states as the unit of analysis. Despite the popularity of this approach, some concern has been raised about the considerable heterogeneity among different jurisdictions within a state (Conway and Houtenville 2001). Therefore, when the data allows, compelling studies have also been conducted on migration of a smaller scale, such as within a metropolitan statistical area (Percy et al. 1995). In addition to variation in the units of measurement, various statistical techniques have been used to analyze migration. These include cross-section, two-stage least squares, panel regression, structural vector autoregression, and most popularly gravity models. (Partridge and Rickman 2006) In the latter type, distance and population density are the key determining factors in the decision to migrate (Greenwood 1975).

## Fiscal Policy

The relative generosity of welfare programs was one of the first fiscal policy choices to be researched extensively from the Tiebout-Tullock perspective. While informative, early studies on this topic also had limitations such as the use of race as an instrument for the income level of migrants (Kumar 1977). Later studies corrected for this by targeting only migrants with incomes at or below the federal poverty level. The evidence continued to suggest that higher levels of welfare support tends to draw more low-income migrants into a community (Cebula and Koch 1989; Meyer 1999). Enchautegui (1997) finds that among women, single mothers with small children are

most likely to move based on the benefits to be received through welfare payments. Some research has even suggested that a state will lower its welfare payments in an effort to drive low-income residents into neighboring states (Brueckner 2000).

More recent studies have sought to include an array of state characteristics as controls to evaluate the Tiebout-Tullock hypothesis more closely. Generally, they can be broken down into three broad categories: economic, fiscal, and environmental (Cebula 2009). The economic dimensions of migration generally include measures of expected future income and cost of living. While higher expected incomes tend to attract migrants, a higher cost of living is a deterrent (Conway and Houtenville 2001; Cebula 2005; Cebula 2009). Fiscal factors can include tax determinants such as the personal income tax and property taxes, both of which are found to be significant deterrents to migrants (Cebula 2009). In particular, Saltz (1998) found that states with income taxes tended to attract fewer migrants. On the other side, expenditure per public school student was found to have a positive effect on migration (Cebula 2009). When considering environmental variables, studies have employed a number of instruments to evaluate the effect. They generally find that measures of environmental quality such as the availability of state parks, the quantity of hazardous waste sites, and the rate of violent crime are significant determinants of migration (Cebula 2005). Additionally, analysis of climate variables suggests that migrants are drawn to warmer, temperate climates. (Conway and Houtenville 2001; Cebula 2005; Cebula 2009).

In an attempt to focus on the fiscal determinants of migration, several studies have explicitly targeted the migration decisions of the elderly. Conway and Houtenville (1998) assert that the elderly are a key demographic to examine in the context of migration. In addition to their growing numbers, the elderly are a demographic that is predisposed to moving. Theory suggests that the elderly would seek out fiscal policy packages that differ from those sought by other demographics. Specifically, elderly migrants would be interested in states that lean more heavily on income taxes rather than property or consumption taxes. One area of particular avoidance would be states with large estate, inheritance, and gift (EIG) taxes (Conway and Rork 2006). They would also favor states with expenditure mixes that favor the health sector rather than education.

The empirical findings on elderly migration have been mixed in their support for the Tiebout-Tullock hypothesis. The data on the states that the elderly depart has generally been supportive, suggesting that the elderly are more likely to leave states with higher property and sales taxes, while being less likely to leave states with higher expenditures on health care (Conway and Houtenville 1998). Evidence has also been found to support the elderly being attracted to states with tax exemptions for food expenditures and pension income, as well as low welfare benefits and EIG taxes (Conway and Houtenville 2001).

Alternatively, some studies on the elderly have raised questions about the extent to which the Tiebout-Tullock hypothesis holds. In one instance, the elderly were found to be less likely to leave states with higher expenditures on education (Conway and Houtenville 1998). Another study using a panel regression to isolate the effects of policy across time found that reductions in EIG taxes did not have a positive impact on the number of elderly migrating to the state (Conway and Rork 2006). Finally, panel analysis of state income tax breaks for the elderly (such as exemptions on social security and pension income) did not find them to have an influence over the migration patterns of the elderly (Conway and Rork 2012).

## Economic Freedom

Research on the traditional elements of the Tiebout-Tullock hypothesis is compelling. Taken in aggregate, the literature suggests that the fiscal policy decisions of local governments have an impact on the decisions of migrants. In particular, evidence points to the influence that spending on programs such as welfare, education, and health care can have. Also, the level and type of taxation is found to be significant in many circumstances. When considered in conjunction with regulations on economic activity, these policy variables can

be considered in the context of economic freedom.

Incorporating the perspective of economic freedom has been an important extension of the Tiebout-Tullock hypothesis. Basic economic theory suggests that economic freedom is positively correlated with economic growth. Given this relationship, local governments with greater degrees of economic freedom should also boast some of the most vibrant economies. These fast-growing local economies would benefit not only current residents but also serve to attract migrants from less prosperous areas.

Ashby (2007) was the first to investigate the relationship between economic freedom and internal migration. An index was backed out using the Economic Freedom of North America to determine the level of economic freedom in each of the 50 states. This index is based on the overall size of government as measured through expenditure and transfer programs, the level and type of taxation, and the degree of labor market regulation (Karabegovic et al. 2005). Using a modified gravity model, Ashby (2007) finds that migrants are attracted to states with higher government expenditures and transfers, lower levels of taxation, and fewer labor market restrictions.

Beginning in 2009, the Mercatus Center at George Mason University began publishing a detailed index of the amount of economic and personal freedom in each of the 50 states. The economic portion of this index includes data on fiscal policies such as the tax burden, amount of existing debt, and size of the government workforce. It also includes data on regulatory policies such as those that deal with the labor market, tort law, health insurance, and occupational licensure. When taken together, these economic freedoms account for two-thirds of the total freedom ranking in the index (Ruger and Sorens 2009).

Studies that followed have had the benefit of using this detailed index in evaluating the impact of economic freedom on migration decisions. Incorporating widely accepted determinants of migration as controls, these studies have continued to find that better income prospects, temperate climates, and lower cost of living tend to attract migrants. After controlling for these variables, evidence suggests that migrants are attracted to states with higher levels of economic freedom (Cebula and Clark 2010; Cebula 2014; Cebula et al. 2015). In addition to the findings related to the economic freedom index, additional fiscal policy variables were included in the regressions to account for some dimensions that were not directly incorporated into the index. Specifically, measures of the state income tax burden were found to be a deterrent to migrants (Cebula and Clark 2010; Cebula 2014; Cebula et al. 2015). Also found to be a deterrent was the level of state property taxes (Cebula et al. 2015).

### Personal Freedom

The early part of the twenty-first century was a time of rapid change in the legal status of certain personal liberties. The Defense of Marriage Act (DOMA), passed in 1996, defined marriage at the federal level as the legal union between a man and a woman. In addition to effectively banning same sex marriages at the federal level, DOMA left open to individual states the ability to recognize the institution at the state level. Massachusetts was the first state to legally recognize same sex marriage in 2004. It was followed by Connecticut in 2008 and Iowa and Vermont in 2009. Numerous other states joined in the recognition of same sex marriage leading up to the Supreme Court ruling in Obergefell vs. Hodges in the summer of 2015. Based on the 14th amendment, this ruling effectively required all states to recognize same sex marriage.

The right to marry who you want is salient in the minds of many, particularly those who are unable to do so. In the context of the Tiebout-Tullock hypothesis, it is reasonable to expect that this issue would be significant enough in the minds of affected individuals to lead them to depart states with bans on same sex marriage and enter states that have legalized it. While research on this topic will be limited in its direct impact on future policy due to the Supreme Court ruling, it may yield insight on other popular liberalizations that have not found the closure that same sex marriage achieved.

The legalization of recreational marijuana use is an interesting candidate for analysis. While it

remains illegal on the federal level, individual states are currently able to determine the legal status of marijuana within their jurisdiction. There have been many incremental changes in the legalization of marijuana, such as reduced sentences and legalization of its use for certain medical conditions. However, some states have begun to legalize its recreational use. The first states to do this were Washington and Colorado in 2012. Alaska, Oregon, and the District of Columbia followed with laws that became effective in 2015. Once again, the variation in state laws and salience of this issue in the minds of some creates an interesting opportunity to examine the Tiebout-Tullock hypothesis in the context of personal liberties.

Some empirical work has already been completed that studies the relationship between migration and an aggregate measure of personal freedom. In addition to the economic dimension of the freedom index, Ruger and Sorens (2009) produce a detailed index for personal freedom. This index includes measures of freedom related to tobacco and alcohol use, marriage, education, gun control, and the use of marijuana. The personal freedom component of the index accounts for about one-third of the total freedom index score. Recent studies have found that when controlling for other known determinants of migration, higher levels of personal freedom tend to increase both the number of migrants into a state and also increase the retention of current residents (Cebula and Clark 2010; Cebula 2014).

The data produced by Ruger and Sorens (2009) is incredibly detailed and covers a wide range of personal freedoms. For example, when examining marriage freedoms, it includes a measure for the legal status of same sex marriage. But it also includes components that capture the number of days you are required to wait before getting married and whether any blood tests are necessary. Additionally, the measure for marijuana freedom includes an indicator for the legal status of recreational use. But also included in the indexed value are a number of nuanced aspects such as the decriminalization of first offenses, legalization of medicinal uses, and the maximum possible sentence for offenses. The result is a thorough and rigorous index of many different personal freedoms.

This makes for a good proxy of overall personal freedom. The positive relationships that have been found between the personal freedom index and measures of migration suggest that migrants seek out states with higher overall levels of personal freedom. That being said, it is difficult to believe that many migrants are aware of the detailed nuances of law that are covered by the index. When thinking about migration in the context of a specific issue such as same sex marriage or the legalization of recreational marijuana, it would be more reasonable to target high-profile law changes such as statewide legalizations.

Difference in difference analysis provides a great vehicle for narrowing in on the migratory effects of these specific law changes. Much like the later work of Conway and Rork (2012), a panel regression using the states as subjects has the potential to yield great insight. Conway and Rork (2012) used US Census estimates of migration as the dependent variable. Given the limited frequency of Census estimates and the need to secure enough observations in the dependent variable, their study spanned four decades. Such a model is not possible for the legalization of same sex marriage or marijuana due to the close chronological proximity of state law changes, but there are alternative datasets that may make the analysis feasible.

The Statistics of Income Division of the Internal Revenue Service produces migration data that uses zip codes on tax returns to track the movements of taxpayers. They then publish macro level data showing the inflow and outflow of migrants into each state. This data has the benefit of providing annual data for each tax year. In addition, it is very reliable as the tax returns are matched based on taxpayer identification numbers and traced from one zip code to the next. The largest limitations of this data are that it measures tax returns instead of individuals (though it does include the number of exemptions associated with the tax returns) and does not include any individuals who do not file federal income taxes. Preliminary research on the migratory effect of these single policy liberalizations suggests that

legalizing same sex marriage has a positive effect on the number of migrants entering a state (Campbell 2016). The results for recreational marijuana use are less conclusive, perhaps due to the limited number of states that have legalized it. It may also be the result of prevalent black market activity in recreational marijuana use that is not possible for same sex marriage.

## Conclusion

In an era of tepid economic growth and strained public budgets, it is more important than ever for states to compete economically. In addition to implementing policies that foster strong organic growth at home, states also compete to attract businesses and an educated work force. Over the last 70 years, research has shown that the fiscal choices of a state have a large impact on its ability to attract and retain migrants. In addition, state laws relating to personal freedoms have been studied. Some personal freedoms, such as same sex marriage, appear to attract migrants to a state. Other freedoms, such as the legalization of recreational marijuana use, are less conclusive. With continued competition between states for migrations, it is likely that economic and personal freedom on the state level will continue to expand.

## Cross-References


- ▶ Immigration Polices: A Survey
- ▶ Interregional Migration in Canada
- ▶ Migration of Older Adults
- ▶ Same-Sex Marriage as Social Policy


## References


Ashby N (2007) Economic freedom and migration flows between U.S. states. South Econ J 73(3):677–697

Brueckner J (2000) Welfare reform and the race to the bottom: theory and evidence. South Econ J 66(3): 505–525

Campbell D (2016) Interstate migration in response to the legalization of same sex marriage and recreational Marijuana use: 2005–2013. Presentation. Association of Private Enterprise Education Annual Conference, Las Vegas

Cebula R (2005) Internal migration determinants: recent evidence. Int Adv Econ Res 11:267–274

Cebula R (2009) Migration and the Tiebout-Tullock hypothesis revisited. Am J Econ Sociol 68(2):541–551

Cebula R (2014) The impact of economic freedom and personal freedom on net in-migration in the U.S.: a state-level empirical analysis, 2000 to 2010. J Lab Res 35:88–103

Cebula R, Clark J (2010) Migration, economic freedom and personal freedom: an empirical analysis. J Priv Enterp 27(1):43–62

Cebula R, Koch J (1989) Welfare policies and migration of the poor in the United States: an empirical note. Public Choice 61(2):171–176

Cebula R, Foley M, Hall J (2015) Freedom and gross in-migration: an empirical study of the post-great recession experience. J Econ Financ 2015:1–19

Conway K, Houtenville A (1998) Do the elderly "vote with their feet?". Public Choice 97(4):663–685

Conway K, Houtenville A (2001) Elderly migration and state fiscal policy: evidence from the 1990 census migration flows. Natl Tax J 54(1):103–123

Conway K, Rork J (2006) State "death" taxes and elderly migration – the chicken or the egg? Natl Tax J 59(1): 97–128

Conway K, Rork J (2012) No country for old men (or women) – do state tax policies drive away the elderly? Natl Tax J 65(2):313–356

Enchautegui M (1997) Welfare payments and other economic determinants of female migration. J Labor Econ 15(3):529–554

Greenwood M (1975) Research on internal migration in the United States: a survey. J Econ Lit 13(2):397–433

Karabegovic A, McMahon F, Mitchell G (2005) Economic freedom in North America. The Fraser Institute, Vancouver

Kumar R (1977) More on nonwhite migration, welfare levels, and the political process. Public Choice 32(1): 151–154

Meyer B (1999) Do the poor move to receive higher welfare benefits? NBER Reporter, Summer, p 1999

Musgrave RA (1939) The voluntary exchange theory of public economy. Q J Econ 53(2):213–238

Obergefell vs. Hodges. United States Supreme Court. 26 June 2015. N.p., 26 June 2015. Web. 11 Mar. 2016

Partridge M, Rickman D (2006) An SVAR model of fluctuations in U.S. Migration flows and state labor market dynamics. South Econ J 72(4):958–980

Percy S, Hawkins B, Maier P (1995) Revisiting Tiebout: moving rationales and interjurisdictional relocation. Publius 25(4):1–17

Ruger W, Sorens J (2009) Freedom in the 50 states: an index of personal and economic freedom. Mercatus Center/George Mason University, Fairfax

Saltz I (1998) State income tax policy and geographic labour force mobility in the United States. Appl Econ Lett 5:599–601

Samuelson P (1954) The pure theory of public expenditure. Rev Econ Stat 36(4):387–389
Sjaastad L (1962) The costs and returns of human migration. J Polit Econ 70(5):80–93
Tiebout C (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424
Tullock G (1971) Public decisions as public goods. J Polit Econ 79(4):913–918
West DA, Hamilton JR, Loomis RA (1976) A conceptual framework for guiding policy-related research on migration. Land Econ 52(1):66–76

# Migration of Older Adults

Andy Sharma
Social Sciences Division, Economics and Policy Studies, University of Denver, Denver, CO, USA

## Synonyms

Later-life migration; Older adult residential choice; Retirement migration

## Definition

Older adult migration refers to the residential choices made by adults (typically, near the retirement age of 65 years) with an emphasis on amenity-seeking behavior.

## Introduction

Social scientists (e.g., demographers, geographers, and historians) have formally studied the residential choices of older adults for over a century (Ravenstein 1885; Lee 1966; Stouffer 1940). Economists and sociologists have contributed additional insight into this important decision some Americans deliberate near retirement age (Conway and Rork 2006, 2011; Frey 2010; Johnson et al. 2005; Rogers et al. 1992; Speare and Meyer 1988; Walters 2002a). Policy analysts, regional planners, and public health scholars continue to expand this field of research and, most certainly, a large part of this is due to the aging of the United States (US) population – approximately 10,000 adults reach the age of 65 years every day and this has been on-going since 2011 due to aging of the Baby boom cohort (Vincent and Velkoff 2010; Walters 2002b; Sharma 2012a). By 2020, the 65+ age group will reach 56 million and this will approximate 18% of the total US population. With such a large group and one that will grow for the next two decades, understanding older adult migration (i.e., residential choice) can assist public administrators with planning for economic development, fiscal budgets, and health/social services assessment (Conway and Rork 2012; Serow 2003; Sharma 2011). The present article explores some of these issues and offers guidance on how public service professionals can prepare for a rapidly aging population.

## Theoretical Perspectives

### General Framework

Residential choice, or determining where to live, is a question posed by individuals' throughout the adult lifespan. College-bound students make decisions based not only on costs/tuition, academic prestige, majors offered, athletic events, and social functions but also geography, climate, urban/rural status, and regional amenities. After graduation, some will make another relocation decision due to employment prospects. In this case, wages/salary, cost of living, housing affordability, transportation, and crime will play just as important a role as social amenities (e.g., types of restaurants, availability of singles, nightlife), proximity to parents/family/friends, local culture, and natural landscapes (i.e., beach, lakes, mountains). Given most adults change careers multiple times, another relocation decision will be undertaken and, in this instance, may involve factors related to the public education system and community characteristics due to the potential for family formation and children. In later life, some will again consider relocation and focus on places that offer amenities and provide quality healthcare. For these older adults, the emphasis will now shift to a warmer climate, lower cost of

living, greater natural amenities, and wide range of social outlets (Howells 2011; Sharma 2012a, b; Walters 2000). Throughout the lifecourse, individuals will compare potential destinations by assessing **push** and **pull** factors (Rossi 1955). In his "Laws of Migration," Ravenstein (1885, 1889) first proposed this rudimentary framework where an individual is pushed away from the present location due to unappealing attributes and pulled towards another due to some attractive characteristics. Subsequent work by Dorigo and Tobler (1983), Thornwaite (1934), Tobler (1978), and Wolpert (1965, 1966) provides insight into this comparison matrix employed by individuals.

## Lifecourse Approach and Older Adults

For older adults, decisions involving retirement, health, spouse's health, value of assets, and presence of children/grandchildren are salient lifecourse factors which interplay with "pull of amenities and push of environmental stress" (Wiseman 1980, p. 146; Wiseman and Roseman 1979). The Litwak-Longino Model (1987) succinctly captures some of these elements by constructing a typology of later-life migration. According to this framework, older adult migratory decisions can be classified into three stages: (1) the first move is undertaken by healthy seniors and influenced by pull factors associated with amenities, (2) the second move is motivated by declining health and brings the older adult closer to family/friends, and (3) the third move is prompted by widowhood combined with failing health and transports the individual into institutional care. (An important note: the older adult need not undertake all three moves nor does the move need to be sequential.) Walters (2000) extends this framework by highlighting the spatial dimension to amenity-seeking behavior during the first move, which is the focus of this chapter. In particular, the inclination to gravitate towards areas with warm climates and multiple leisure activities. In addition to the spatial component, both Walters (2000) and Sharma (2013) build upon this typology with the finding that older adults with minor disabilities also exhibit amenity-seeking behavior. This is important to note (discussed in the next section) due to health planning implications for destination states. Additionally, Frey (1995, 2008) and Sharma (2015) contribute to a richer understanding of older adult migration by highlighting network/chain migration when assessing in-migration streams into amenity-rich destinations such as Arizona and Florida. This is a worthwhile finding for it uncovers social/friendship ties can also serve as a pull factor (Cuba and Longino 1991; MacDonald and MacDonald 1964; McPherson et al. 2001).

## Select Destinations

### Arizona

One major destination (i.e., area of heavy in-migration) is Arizona. For over three decades, older adults have flocked to this southwestern state for it offers ample sunshine and warmth during the winter months. Arizona is also known for several leisure activities: baseball spring training camps for the Major League, multitude of golf courses, vibrant art and cultural scene, access to world-class spas/resorts, and quality healthcare. The draw for such amenities is evident in *A Profile of Older American's* 2015 report, which found the population aged 65+ increased by 46% in Arizona from 2004 to 2014 (US Dept. of HHS 2015). According to a recent analysis on migration for all states from 2006 to 2010, Arizona lost nearly 109,000 adults aged 60+ due to out-migration but gained approximately 900,000 older adults from domestic in-migration (Hermalin and Neidert 2014). As for the most recent census estimates, Arizona's population aged 65 and older approximated 16.4% as of July 2015 and this signifies an increase from 13.8% from April 2010 (US Census 2015). Given the total population for the state was over 6.8 million in 2015, this is a sizeable amount.

## Florida

This southeastern state has been and continues to be a top draw for older adult in-migration (Conway and Rork 2010, 2016; Frey et al. 2000;

Haas and Serow 1993). For nearly four decades, retirees have congregated to the coastal areas of the Sunshine state. Fort Lauderdale, Fort Myers, Naples, Orlando, Sarasota, Tampa, and West Palm Beach receive the bulk of retirees seeking year-round warm weather, coastal living, world-renowned golf and tennis resorts, and international cuisine (Sharma 2012a). According to *A Profile of Older Americans* most recent report, the population aged 65+ increased by 30% in Florida from 2004 to 2014 (US Dept. of HHS 2015). In terms of migration, Florida lost nearly 235,000 adults aged 60+ due to out-migration but gained over 2.8 million older adults from domestic in-migration from 2006 to 2010 (Hermalin and Neidert 2014). As for census estimates, Florida's population aged 65 and older approximated 19.4% as of July 2015 or nearly one resident in five is classified as a senior, which is a considerable amount given the total population for the state was over 18.8 million in 2015 (US Census 2015). In some counties (e.g., Sumter, Charlotte, Sarasota), the percentage aged 65+ exceeds 30% (Pew Research Center 2015).

## Nevada

This southwestern state has become a top destination for older adults during the past few decades. With mild winters, scenic mountain ranges, and plentiful outdoor activities, older adults are drawn to this state famous for gambling, tourism, and entertainment. According to *A Profile of Older Americans* report, the population aged 65+ increased by 52% in Nevada from 2004 to 2014 and this is among the highest in the nation (US Dept. of HHS 2015). In terms of migration, Nevada lost nearly 25,000 adults aged 60+ due to out-migration but gained approximately 348,000 older adults from domestic in-migration from 2006 to 2010 (Hermalin and Neidert 2014). As for census estimates, Nevada's population aged 65 and older approximated 14.6% as of July 2015, an increase of nearly 3% from 2010 and nearly double from the past three decades (Powell et al. 2006; US Census 2015). Nevada's older population steadily continues to increase and this is attributed to two driving forces: migration into two, large urban centers (i.e., Las Vegas and Reno) and aging in place in rural areas.

## Emerging Destinations

With steady progress in geriatric medicine and a better understanding of how economic, environmental, genetic, and social factors influence morbidity and mortality, affluent and educated older Americans are enjoying slightly longer life-spans and a higher quality of life. Instead of seeking traditional retirement communities which offer "leisure" amenities, some of these older adults are relocating to regions better known for biking, hiking, and trail-walking – more of the "adventurous" amenities. This is evident for state demographers have noticed substantially increased older adult migration into Colorado, New Mexico, North Carolina, Oregon, Tennessee, and Utah during the past few decades (Frey 2010; Howells 2011; Hermalin and Neidert 2014; Sharma 2012b). These new destinations of choice also offer some of the long-standing amenities sought by retirees – relatively mild winters with ample sunshine, vibrant arts/music/culture scene, multitude of options for fine dining, and quality healthcare in urban centers.

## Select Origins: General Observations

### New Jersey, New York, and the Midwest (Illinois, Iowa, Michigan)

As mentioned previously, residential choice is attributed to both pull and push factors. For older adults, certain characteristics of the origin state (i.e., sending area) may no longer be appealing. That is, soon-to-retire or retired individuals may be pushed away from areas they once considered home (Riley et al. 2016). What could be such potential factors? Although no longer in the labor force, older adults still place considerable emphasis on economic characteristics: income tax, sales tax, estate taxes, property taxes (since most own homes), and inheritance taxes. Both New Jersey and New York maintain high tax

rates and are among the list of most expensive places to live for older adults (Tax Foundation 2016; Howells 2011). An early study by Shan (2010) found a positive association between property taxes and mobility among older adults, and recent work by Önder and Schlunk (2015) also finds older adults migrate away from such states. Interestingly, Önder and Schlunk (2015) continue to find a positive association for property taxes and in-migration (Conway and Houtenville 2001; Voss et al. 1988). In contrast, recent work by Conway and Rork (2012) does not reveal a consistent impact on migration from state tax policies. Moreover, these scholars suggest causality may be in the other direction. That is, states may enact policies to attract older adults rather than older adults being drawn to such states due to pre-existing state tax policies (Conway and Rork 2006). Although this classic problem of same-sign may still apply (i.e., higher property taxes positively associated with both out-migration and in-migration), what remains applicable is older adults with a propensity to migrate examine tax rates between states and take into account how those taxes are used to pay for amenities.

Older adults, who are no longer tied to work/employment/family, may also find living in large, population-dense urban centers costly. According to PayScale, the cost of living for expenses related to energy, health care, housing, grocery, and transportation are higher for various New York cities (e.g., Albany, Buffalo, New York City) relative to several areas of long-standing and steady older adult in-migration in Florida (e.g., Cape Coral, Tampa). As Önder and Schlunk (2015) find, higher living costs can push older adults from origin states. A substantial body of research supports the hypothesis that older adults seek to maximize their fixed income by relocating to places with lower living costs (Conway and Houtenville 1998, 2003; Fournier et al. 1988). This may be one reason why older adults exhibit amenity-migration into rural or nonmetropolitan areas (Brown and Glasgow 2008; Gosnell and Abrams 2011). In general, housing and food costs tend to be lower in such areas, thereby increasing purchasing power for highly demanded nondurable goods.

## Implications for Public Administrators and Policy Analysts

Older adult migration has policy implications for both the destination and origin state. Arizona, Florida, Nevada, and other emerging areas need to be aware of the economic, health, and social tradeoffs that come with population shifts (Das et al. 2009; Graff and Wiseman 1990; Robison and Moen 2000; Serow 2003). For example, healthier and more affluent in-migrating retirees may boost the local economy with increased spending (Day and Barlett 2000). These older adults allocate significant time to driving, frequenting restaurants, visiting art galleries/museums/theater, engaging in community service activities, and volunteering (Gauthier and Smeeding 2003; Krantz-Kent and Stewart 2007). Such an inflow of activity requires communities to consider greater public investments towards housing and transportation (Sharma 2012a, b).

Receiving regions also need to consider increased use of health and social services. As Sharma (2015) notes, some older adults migrate near amenity-rich destinations despite moderate physical limitations. If these older adults decide to age-in-place, then some neighborhoods will dramatically shift in population structure with greater health needs. For example, disability is one notable health consideration among older adults (Sharma 2016; Stenholm et al. 2015; Wahrendorf et al. 2013). The on-set of disability not only reduces quality of life but dwindles personal economic/financial resources, places a heavy mental and physical burden on family care-givers, and is costly for the state. Public service professionals should consider devising plans of actions that include (a) financial, (b) health, and (c) estate planning education/seminars for counties experiencing significant older adult in-migration.

Policy analysts and public administrators in sending areas must also prepare for an aging population. If healthier and more affluent older adults leave and this coincides with (A) out-migration of younger adults and (B) aging in place of the remaining older population, then some counties may become aged enclaves lacking diversity,

being deprived of economic and social capital, and facing a costly burden from high levels of cognitive and mobility disability (Frey 2010; Lehning et al. 2015; Michael and Yen 2014; Rogers and Woodward 1988). In this instance, community planners and state officials must work together to ensure such places (1) do not become food deserts, (2) lack health professionals, and (3) offer limited open/green spaces (Park et al. 2015; Villanueva et al. 2015). A collective effort from public service professionals can ensure older adults maintain health and well-being in the built environment. Housing is another area of concern. Myers and Pitkin (2009) and Myers and Ryu (2008) highlight implications from a Baby boomer sell-off where certain regions (e.g., Midwestern and Northeastern states) may experience a surplus of undesirable homes which may sit on the market for long periods, thereby adversely impacting the economic and social capital of the community. Public service professionals must be aware of both increased demand from in-migration and increased supply from out-migration.

## Conclusion

Throughout the lifecourse, individuals and families make decisions about where to live. Younger adults are much more likely to be mobile due to college, employment prospects, and family formation, while many older adults prefer to age-in-place (Lehning et al. 2015; McHugh and Mings 1996; Plane and Jurjevich 2009; Rogers and Woodward 1988). However, for those with minimal attachment to place, later-life migration is the next step. With the desire to seek amenities and enjoy their remaining healthy years, older adults continue to migrate to select destinations in Arizona, Florida, Nevada, North Carolina, and Tennessee. In time, these steady and well-established streams shift the population structure, requiring local public administrators, policy analysts, and other public service professionals to re-evaluate the economic, environmental, health, political, and social landscape. Emerging destinations may not see such changes yet. Nevertheless, proactive public service professionals should take note. As highlighted above, a sizeable older adult population presents unique challenges to economic development, fiscal budgets, and health/social services. These challenges also apply to sending destinations, such as Illinois, Iowa, Michigan, New Jersey, and New York. After outmigration of relatively healthier and more affluent older adults, county officials should assess how aging-in-place will impact public service needs. With a thorough understanding of demographic changes, public administrators and policy analysts can ensure their residents receive optimal provision of services.

## Cross-References


- ▶ Interregional Migration in Canada
- ▶ Migration Impacts of State Policy
- ▶ Retirement Crisis: USA


## References


Brown DL, Glasgow N (2008) Rural retirement migration, vol 21. Springer Science & Business Media, Berlin

Conway KS, Houtenville AJ (1998) Do the elderly "vote with their feet?". Public Choice 97(4):663–685

Conway KS, Houtenville AJ (2001) Elderly migration and state fiscal policy: evidence from the 1990 census migration flows. Nat Tax J 54(1):103–123

Conway KS, Houtenville AJ (2003) Out with the old, in with the old: a closer look at younger versus older elderly migration. Soc Sci Q 84(2):309–328

Conway KS, Rork JC (2006) State death taxes and elderly migration – the chicken or the egg? Natl Tax J 59(1): 97–128

Conway KS, Rork JC (2010) "Going with the flow" – a comparison of interstate elderly migration during 1970–2000 using the (I) PUMS versus full census data. J Gerontol B Psychol Sci Soc Sci 65(6):767–771

Conway KS, Rork JC (2011) The changing roles of disability, veteran, and socioeconomic status in elderly interstate migration. Res Aging 33(3):256–285

Conway KS, Rork JC (2012) No country for old men (or women) – do state tax policies drive away the elderly? Natl Tax J 65(2):313–356

Conway KS, Rork JC (2016) How has elderly migration changed in the twenty-first century? What the data can – and cannot – tell us. Demography 53(4): 1011–1025

Cuba L, Longino CF (1991) Regional retirement migration: the case of Cape Cod. J Gerontol 46(1):S33–S42
Das BR, Rainey DV, Miller WP (2009) Spatial variability of economic impacts: examining a hypothetical retiree in-migration policy. J Reg Anal Policy 39(1):23–36
Day FA, Barlett JM (2000) Economic impact of retirement migration on the Texas Hill Country. J Appl Gerontol 19(1):78–94
Dorigo G, Tobler W (1983) Push-pull migration laws. Ann Assoc Am Geogr 73(1):1–17
Fournier GM, Rasmussen DW, Serow WJ (1988) Elderly migration: for sun and money. Popul Res Policy Rev 7(2):189–199
Frey WH (1995) Elderly demographic profiles of US states: impacts of "new elderly births", migration, and immigration. Gerontologist 35(6):761–770
Frey WH (2008) America's regional demographics in the early 21st century: the role of seniors, boomers, and new minorities. Public Policy Aging Rep 18(1):1–31
Frey WH (2010) Population and migration. In: State of metropolitan America on the front lines of demographic transformation. Brookings, Metropolitan Policy Program, Washington, DC, pp 36–49
Frey WH, Liaw KL, Lin G (2000) State magnets for different elderly migrant types in the United States. Int J Popul Geogr 6(1):21–44
Gauthier AH, Smeeding TM (2003) Time use at older ages cross-national differences. Res Aging 25(3):247–274
Gosnell H, Abrams J (2011) Amenity migration: diverse conceptualizations of drivers, socioeconomic dimensions, and emerging challenges. GeoJournal 76(4): 303–322
Graff TO, Wiseman RF (1990) Changing pattern of retirement counties since 1965. Geogr Rev 80(3): 239–251
Haas WH, Serow WJ (1993) Amenity retirement migration process: a model and preliminary evidence. Gerontologist 33(2):212–220
Hermalin A, Neidert L (2014) Life time migration in the United States as of 2006–2010: measures, patterns, and applications (No. 14–832). PSC Research Report
Howells J (2011) Where to retire, 7th: America's best and most affordable places. Globe Pequot, Connecticut
Johnson KM, Voss PR, Hammer RB, Fuguitt GV, McNiven S (2005) Temporal and spatial variation in age-specific net migration in the United States. Demography 42(4):791–812
Krantz-Kent R, Stewart J (2007) How do older Americans spend their time. Mon Labor Rev 130:8
Lee ES (1966) A theory of migration. Demography 3(1): 47–57
Lehning AJ, Smith RJ, Dunkle RE (2015) Do age-friendly characteristics influence the expectation to age in place? A comparison of low-income and higher income Detroit elders. J Appl Gerontol 34(2):158–180
Litwak E, Longino CF (1987) Migration patterns among the elderly: a developmental perspective. Gerontologist 27(3):266–272
MacDonald JS, MacDonald LD (1964) Chain migration ethnic neighborhood formation and social networks. Milbank Mem Fund Q 42(1):82–97
McHugh KE, Mings RC (1996) The circle of migration: attachment to place in aging. Ann Assoc Am Geogr 86(3):530–550
McPherson M, Smith-Lovin L, Cook JM (2001) Birds of a feather: homophily in social networks. Annu Rev Sociol 27(1):415–444
Michael YL, Yen IH (2014) Aging and place – neighborhoods and health in a world growing older. J Aging Health 26(8):1251–1260
Myers D, Pitkin J (2009) Demographic forces and turning points in the American city, 1950–2040. Ann Am Acad Pol Soc Sci 626(1):91–111
Myers D, Ryu S (2008) Aging baby boomers and the generational housing bubble: foresight and mitigation of an epic transition. J Am Plan Assoc 74(1):17–33
Önder AS, Schlunk H (2015) State taxes, tax exemptions, and elderly migration. J Reg Anal Policy 45(1):47
Park S, Han Y, Kim B, Dunkle RE (2015) Aging in place of vulnerable older adults person–environment fit perspective. J Appl Gerontol. https://doi.org/10.1177/0733464815617286
Pew Research Center (2015) Where do the oldest Americans live? Fact tank/pew research Center, 2015–7, 09 July
Plane DA, Jurjevich JR (2009) Ties that no longer bind? The patterns and repercussions of age-articulated migration. Prof Geogr 61(1):4–20
Powell P, Kopera-Frye K, Hilton J, Lee R, Lenzi K, Scharmann B (2006) Creating and implementing an interactive senior health and wellness class. J Teach Marriage Fam 6(1):16
Ravenstein EG (1885) The laws of migration. J Stat Soc Lond 48(2):167–235
Ravenstein EG (1889) The laws of migration. J R Stat Soc 52(2):241–305
Riley A, Hawkley LC, Cagney KA (2016) Racial differences in the effects of neighborhood disadvantage on residential mobility in later life. J Gerontol B Psychol Sci Soc Sci 71(6):1131–1140
Robison JT, Moen P (2000) A life-course perspective on housing expectations and shifts in late midlife. Res Aging 22(5):499–532
Rogers A, Woodward J (1988) The sources of regional elderly population growth: migration and aging-in-place. Prof Geogr 40(4):450–459
Rogers A, Frey W, Rees P, Speare A, Warnes A (eds) (1992) Elderly migration and population redistribution: a comparative study. Belhaven, London
Rossi PH (1955) Why families move: a study in the social psychology of urban residential mobility. Free Press, Glencoe
Serow WJ (2003) Economic consequences of retiree concentrations: a review of North American studies. Gerontologist 43(6):897–903
Shan H (2010) Property taxes and elderly mobility. J Urban Econ 67(2):194–205

Sharma A (2011) Selective out-migration from Florida. Popul Res Policy Rev 30(6):817–838
Sharma A (2012a) Temporal and spatial analysis of later-life migration into Florida from 1980–2010 with an application of the Palm Bay Parkway. Plann Theory Pract 13(4):631–640
Sharma A (2012b) Exploratory spatial data analysis of older adult migration: a case study of North Carolina. Appl Geogr 35(1):327–333
Sharma A (2013) The chain is only as strong as the weakest link older adult migration and the first move. Res Aging 35(5):507–532
Sharma A (2015) Appreciating migration flows for health/social services planning: a case study of older adults leaving from New York to Florida. Appl Geogr 62: 85–96
Sharma A (2016) Assessing the risk of institutional entry: a semi-nonparametric framework using a population-based sample of older women. Womens Health Issues 26:564
Speare A, Meyer JW (1988) Types of elderly residential mobility and their determinants. J Gerontol 43(3):S74–S81
Stenholm S, Westerlund H, Head J, Hyde M, Kawachi I, Pentti J, . . . , Vahtera J (2015) Comorbidity and functional trajectories from midlife to old age: the health and retirement study. J Gerontol A Biol Sci Med Sci 70(3):332–338
Stouffer SA (1940) Intervening opportunities: a theory relating mobility and distance. Am Sociol Rev 5(6): 845–867
Tax Foundation (2016) Map: state-local tax burden rankings for FY 2012. The Tax Policy Blog, 2016–1, 20 Jan
Thornwaite CW (1934) Internal migration in the U.S, Philadelphia, University of Pennsylvania Press. U.S. Government, Washington, DC
Tobler WR (1978) A mathematical theory of migration. Environ Plan A 10(11):1223–1239
United States Census Bureau (2015) American Community Survey 1-year estimates, Table GCT0101; generated by Andy Sharma; using American FactFinder. http://factfinder2.census.gov. 15 June 2016
United States Department of Health and Human Services (2015) Administration on aging. In: A statistical profile of older Americans
Villanueva K, Badland H, Hooper P, Koohsari MJ, Mavoa S, Davern M et al (2015) Developing indicators of public open space to promote health and wellbeing in communities. Appl Geogr 57:112–119
Vincent GK, Velkoff VA (2010) The next four decades: the older population in the United States: 2010 to 2050, vol 1138. US Department of Commerce, Economics and Statistics Administration, US Census Bureau, Washington, DC
Voss PR, Gunderson RJ, Manchin R (1988) Death taxes and elderly interstate migration. Res Aging 10(3): 420–450
Wahrendorf M, Reinhardt JD, Siegrist J (2013) Relationships of disability with age among adults aged 50 to 85: evidence from the United States. England and continental Europe PLoS One 8(8):e71893
Walters WH (2000) Types and patterns of later-life migration. Geogr Ann Ser B 82(3):129–147
Walters WH (2002a) Place characteristics and later-life migration. Res Aging 24(2):243–277
Walters WH (2002b) Later-life migration in the United States: a review of recent research. J Plan Lit 17(1): 37–66
Wiseman RF (1980) Why older people move theoretical issues. Res Aging 2(2):141–154
Wiseman RF, Roseman CC (1979) A typology of elderly migration based on the decision making process. Econ Geogr 55(4):324–337
Wolpert J (1965) Behavioral aspects of the decision to migrate. Pap Reg Sci 15(1):159–169
Wolpert J (1966) Migration as an adjustment to environmental stress. J Soc Issues 22(4):92–102

# Migration Trends from the Central America's Northern Triangle to the USA

Hugo Renderos
Southeastern Okhahoma State University, Durant, OK, USA

M

## Synonyms

Asylum; Central America; Comparing; Migration; Migration trends; Northern triangle; Refugees

## Definition

*Migrant* is defined as a person that is outside of the territory in which he or she is a citizen of, is not subject to its legal protection, and lives in a territory belonging to another state of which he or she is not a citizen and is not granted the same rights legally recognized as inherent by the host state of the status of refugee, of naturalized person, or of nationals.

*Trend* is a pattern of small degrees of change in a situation, condition, output, or process or a tendency of a series of pieces of information moving in a certain direction over time that may be represented by a line or curve on a graph.

## Introduction

### Theoretical Origins

People move from one place to another and from one territory to another. People, since the beginning of time, have traveled and migrated from places afar to areas nearby. Over history, people move from their places of origin for various reasons. These migrations are motivated by civil wars, natural disasters, nation building, political or religious persecutions, and economic expansion or depression or to simply populate the earth (Figueroa 2015; Hildebrandt and McKenzie 2005). This entry limits itself to migration trends from three Central American states, Guatemala, El Salvador, and Honduras during the last four decades. It specifically looks into migration by Central Americans to the United States of America (USA) as they envision it as a safe haven and land of opportunities.

Theoretically speaking, the New Economics of Migration Theory (NEMT) posits that migration is an economic family influenced decision made by migrants and whose return are seen as remittances (Figueroa 2015). According to NEMT proponents, Central American migrants migrate for economic reasons. The lack of employment opportunities is one major factor pushing migrants out of their countries of origin (Donato and Sisk 2015). Tucker et al. (2013) argues that migrants migrating northward claim encountering economic hardships and difficulty securing employment in their countries of origin as a major element in deciding to migrate northward. According to migrants, economic factors are but one push factor driving them out of their countries of origin.

## Contemporary Policy Application

For the last 3–4 years, at the center of public debates about the rising numbers of Central American migrants, and especially unaccompanied minors, are the provisions of the William Wilberforce Trafficking Victims Protection Reauthorization Act (TVPRA) of 2008. The act serves as a guide for treatment of minors apprehended at the southern US border and assigns different treatment to citizens apprehended from both bordering countries to the north and south, Canada and Mexico, respectively (Reichert and Massey 1980; Fonseca and Moreno 1988; Goldring 1990; Durand and Massey 1992; Donato 1993, 1994; Cerrutti and Massey 2001; Donato et al. 2008; Creighton and Riosmena 2013). Citizens apprehended from noncontiguous countries, such as Central American states, receive a totally different treatment from immigration officials. Apprehended Canadians and Mexicans, as long as they are not trafficking people, are immediately processed and deported (Donato and Sisk 2015). On the other hand, Central American citizens are apprehended, detained, placed under removal proceedings, and released after being processed. For minor children, they are released to their parents or a legal guardian until a court date is established for their immigration hearing (Donato and Sisk 2015).

During the summer of 2014, when hundreds of thousands of minors were apprehended at the southern US border, each minor was assigned a court date after processing, which oftentimes had a 2-year waiting period, creating a backlog of immigration court hearings. The long waiting period suggested and interpreted by Central Americans that the USA was allowing all undocumented minors an opportunity to receive legal status once they had been through the immigration vetting process (Caldwell 2014a, b; Chrishti and Hipsman 2014). Additionally, Chrishti and Hipsman (2014) suggest the long waiting periods, as well as the Deferred Action for Childhood Arrivals (DACA) program, gave potential migrants the perception that the US's treatment of minors had changed creating the false idea that undocumented minors entering the USA were granted legal status. DACA insinuates the idea that minor undocumented children are welcomed with open arms once they touch the US territory and will ultimately be granted legal permanent residency (Donato and Sisk 2015; Sacchetti 2014).

## Classification of Migrants

Migrants are not easily classifiable because the reasons for which they migrate vary and depend a lot on each individual's circumstances. Koser (2007) attempts to classify migrants into one of three categories, voluntary or forced migrants, political or economic migrants, or legal or illegal migrants. Voluntary migrants are usually individuals migrating because they have been expelled from a certain country for various reasons. One example is when Idi Amin, the former president from Uganda, expelled the Oriental population out of Uganda in 1972. Voluntary migrants are also known as forced migrants as in the case of the Oriental population expelled out of Uganda (Figueroa 2015; Koser 2007).

The second category of migrants identified by Koser (2007) is the political or economic migrant. Migrants under this category are usually refugees that migrate because in their countries of origin, they are not able to secure gainful employment or there is a total lack of employment opportunities. Having no employment opportunities, migrants are forced to look elsewhere for their survival. According to Figueroa (2015), political or economic migrants can either be low- or high-skilled migrants. High-skilled migrants are professionals trained in their countries of origin that have not been able to obtain employment in their field of training or if they have, they are underemployed.

The third category of migrants identified by Koser (2015) is the legal or illegal (documented or undocumented) migrant. Under this category, migrants entering the USA with visas (legal) and overstaying their visa period automatically become undocumented (illegal). Those migrants entering the USA as undocumented or employing fake documents are illegal migrants (Figueroa 2015; Koser 2007).

## Who Are the Central American Migrants?

The top three countries of origin for Central American migrants in the last 20 years are from El Salvador, Guatemala, and Honduras. Central Americans started migrating to the USA in large numbers in the late 1970s and early 1980s. By 1990, the number of Central American migrants in the USA nearly tripled (Stoney and Batalova 2013). The numbers have only increased after 2000. Central American migrants are the fastest growing population than any other region of origin from Latin America. "Central American immigrants' share of the total immigrant population in the USA has steadily grown for the past five decades, from less than 1 percent in 1960 to almost 8 percent in 2011" (Stoney and Batalova 2013, p. 1).

How do Central Americans enter the USA? Compared to other migrant groups in the USA, Central Americans are more likely to enter the USA as undocumented migrants and less likely to enter as refugees (Stoney and Batalova 2013). They are also more likely to attain lawful permanent residence through family petitions. There are certain commonalities shared by all three groups of migrants. They share very similar levels of education, socioeconomic status, and geographic distribution.

Studies conducted by the Migration Policy Institute showed that migrants arriving from all three Central American countries share low levels of English proficiency and formal education. Because they have a lower level of formal education, they were also more likely to have lived under poverty conditions in their countries of origin (Stoney and Batalova 2013). Furthermore, studies showed that these migrants were young and of working age. The minor migrant children apprehended at the southern US border from 2011 to 2014 stated they were looking to establish in three US cities, mainly Los Angeles, New York, and Washington DC, in this order (Stoney and Batalova 2013). From 2011 onward, Central American migrants have been mostly men. The majority of migrants are men but women have now started to increase in numbers.

## Push Factors for Migrating

A crisis arose out of the hundreds of thousands of migrants arriving at the US border starting in the

2010s. It reached an all-time high in 2014 when unaccompanied children started arriving at the border. There were also women with children arriving in record numbers, creating a crisis for US border patrol officials unable to process large numbers of migrants at one time. According to newly arrived migrants, various factors pushed them to migrate when interviewed. Some of the reasons provided ranged from fleeing the world's highest homicide rates, extortions, gang-controlled communities, domestic violence, crime impunity, economic hardships, and high unemployment, among others (Eguizábal et al. 2015; Olson and Zaino 2015).

For the past 10 years, Honduras and El Salvador have competed for having the highest murder rates in the world. For example, in 2007, El Salvador had the highest murder rate per 100,000 inhabitants, 58 murders. In 2008, Honduras passed this number reaching 60 murders per 100,000 inhabitants (Kennedy 2014; Olson and Zaino 2015; Seelke 2016). Again in 2009, El Salvador was number one for having the highest murder rate fixed at 70 murders per 100,000 inhabitants. A year later, Honduras passed the record with78 murders per 100,000 inhabitants (Kennedy 2014).

Territorial and economic control through visible gang presence often results in gang-controlled communities. Many migrants expressed they paid extortions in their countries of origin to prevent violent acts perpetrated against their own person or loved ones. The various communities from which migrants escaped were gang controlled. In order to guarantee their safety and security, gang members asked of each migrant to pay a certain amount on a weekly basis to respect their dignity (Seelke 2016). Domestic violence is prevalent in Central America, where the Northern Triangle has a high number of spousal rapes in comparison to the rest of the isthmus (Seelke 2016). El Salvador and Guatemala have the highest proportion of homicide victims under the age of 20. High unemployment rates are the economic hardships faced by migrants in the Central American region. Governments do not invest in generating employment opportunities for young professionals. Even after obtaining a university-level education, oftentimes professionals find themselves unemployed or underemployed. As a consequence, they are left with no other choice than to migrate north in search of a better quality of life.

## Pull Factors for Migrating

There are some existing pull factors motivating migrants to go north. Family reunification is one factor that is very prevalent among all migrants' decision to move north. Almost all migrants interviewed in the literature reviewed expressed having a relative living in the USA (Donato and Sisk 2015). One in three Salvadoreans has a family member living in the USA.

Economic opportunities are also pulling migrants north. Many migrants claim they are motivated to move northward because even if they work in the crop fields, they are earning money to send back to their loved ones (Donato and Sisk 2015; Kennedy 2014). Sending remittances back to their families increases living conditions for the ones left behind as they are able to afford attending higher education and provide for basic necessities migrants were not able to provide while living in Central America (Donato and Sisk 2015).

Yet another pull factor attracting migrants to move north is the educational opportunities they encounter once they reach their destination. For example, migrants learned to read and write English, which increased their employment opportunities and earn a higher salary than those that could not speak English (Donato and Sisk 2015). Having educational opportunities as youngsters was also a pull factor expressed by mothers and their children when asked why they migrated north (Donato and Sisk 2013, 2015). Being forced to join gangs in public Central American schools was a deciding factor when migrating north for accompanied and unaccompanied minors (Kennedy 2014).

## Implications

What are the implications for the host country? Are US citizens adversely affected by the

employment of migrants, documented or undocumented, in positions normally frowned upon by natives? Do natives really want to work in the fields picking strawberries in the hot California sun or under unsafe and unclean working conditions in meat packing plants? The answers to the above questions are no. Natives in the host country are not adversely affected by jobs normally performed by migrants because they are low paying, unclean, and unsafe positions that natives prefer to avoid (Epstein and Nitzan 2005; Peters 2014, 2015; Taylor and Dyer 2008).

On the other hand, there are positive implications on the receiving countries as remittances sent to the sending countries surpass the millions competing with foreign aid and international investments (Figueroa 2015). In 2012, global remittances reached $401 billion dollars among all three states (Figueroa 2015). Remittances help reduce poverty and improve health, education, and gender equality in the receiving countries. Remittances are sued for expenditures and investments, real estate purchases, and founding small companies (Ratha 2013; Mesnard 2004). Basically, the logic is quite simple: remittances increase income and income improves the quality of life (Figueroa 2015).

## Conclusion

In a global era, where every state is interdependent upon another, states have become borderless for the desolate, marginalized, needy, poor, and adventurous. Migrants are moving in waves and large numbers up north to the USA. The USA must come up with a comprehensive immigration policy for the millions of undocumented migrants already established within its borders. Migrants seeking a better life away from their loved ones and sacrificing their lives while working under unsafe conditions gives migrants an alternative to the life they leave behind. The push and pull factors influencing migrants' decisions to move northward are equally determinant. Migrants in Central America are looking to better their quality of life which they can only find in the USA.

## References


Caldwell AA (2014a) Border patrol resources stretched thin as children illegally enter US alone. Associated Press, June 5. Retrieved from http://www.pbs.org/newshour/rundown/border-patrol-resources-stretched-thin-children-illegally-enter-u-s-alone/

Caldwell AA (2014b) US: looking at all options in illegal immigration surge. Associated Press, June 24. Retrieved from http://katu.com/news/nation-world/us-looking-at-all-options-in-illegal-immigration-surge-11-19-2015

Cerrutti M, Massey DS (2001) On the auspices of female migration from Mexico to the United States. Demography 38:187–200

Chrishti M Hipsman F (2014) Dramatic surge in the arrival of unaccompanied children has deep roots and no simple solutions. Migration Information Source. Migration Policy Institute. Retrieved from http://www.migrationpolicy.org/article/dramatic-surge-arrival-unaccompanied-children-has-deep-roots-and-no-simple-solutions

Creighton MJ, Riosmena F (2013) Migration and the gendered origin of migrant networks among couples in Mexico. Soc Sci Q 94(1):79–99

Donato KM (1993) Current trends and patterns in female migration: evidence from Mexico. Int Migr Rev 27(4): 748–771

Donato KM (1994) US policy and Mexican migration to the United States 1942–92. Soc Sci Q 75(4): 705–729

Donato KM, Sisk B (2013) Shifts in the employment outcomes among Mexican migrants to the United States 1976–2009. Res Soc Stratif Mobil 30(1):63–77

Donato KM, Sisk B (2015) Children's migration to the United States from Mexico and Central America: evidence from the Mexican and Latin American migration projects. J Migr Hum Secur 3(1):58–79

Donato KM, Wagner B, Patterson E (2008) The cat and mouse game at the Mexico-US border: gendered patterns and recent shifts. Int Migr Rev 42(2):330–359

Durand J, Massey D (1992) Mexican migration to the United States: a critical review. Lat Am Res Rev 27: 3–42

Eguizábal C, Ingram M, Curtis K, Korthuis A, Olson E, Phillips N (2015) Crime and violence in Central America's Northern Triangle. Retrieved from https://www.wilsoncenter.org/sites/. . ./FINAL%20PDF_CARSI%20REPORT_0.pdf

Epstein GS, Nitzan S (2005) The struggle over migration policy. IZA discussion paper series, no. 1533

Figueroa AM (2015) Migration from Central America and Mexico to the US: does the movement of people affect the economies of the sending countries? POLITIKON Int Assoc Polit Sci Stud Acad J 29:38–54

Fonseca O, Moreno L (1988) Consideraciones histórico-sociales de la migración de trabajadores michoacanos a los Estados Unidos de América: El caso de Jaripo. In: López G, Galván SP (eds) Migración en el Occidente


M

de México. El Colegio de Michoacán, Zamora de Hidalgo, pp 65–84
Goldring L (1990) Development and migration: a comparative analysis of two Mexican migrant circuits. Working paper no. 37. Commission for the Study of International Migration and Cooperative Economic Development, Washington, DC. Retrieved from http://www.popline.org/node/370822
Hildebrandt N, McKenzie D (2005) The effects of migration on child health in Mexico. Working paper no. 4515. World Bank Policy
Kennedy E (2014) No childhood here: why central American children are fleeing their homes. American Immigration Council, Washington, DC. Retrieved from https://elizabethgkennedy.com/2014/07/01/the-american-immigration-council-publishes-my-perspective-no-childhood-here-why-central-american-children-are-fleeing-their-homes/
Koser K (2007) International migration: a very short introduction. Oxford University Press, Oxford
Koser K (2015) 10 Migration trends to look out for in 2016. World Economic Forum. Retrieved from https://www.webforum.org/agenda/2015/12/10-migration-trends-to-look-out-for-in-2016/
Mesnard A (2004) Temporary migration and capital market imperfections. Oxf Econ Pap 56:242–262
Olson EL, Zaino C (2015) The central america regional security initiative: losing the good fight when good intentions are not enough. The Wilson Center Reports on the Americas #34. Retrieved from https://www.wilsoncenter.org/publication/crime-and-violence-central-americas-northern-triangle-how-us-policy-responses-are
Peters ME (2014) Trade, foreign direct investment, and immigration policy making in the United States. Int Organ 68:811–844
Peters ME (2015) Open trade, closed borders: immigration in the era of globalization. World Polit 67(1): 114–154
Ratha D (2013) The impact of remittances on economic growth and poverty reduction. Migration Policy Institute. 8. Retrieved from http://www.migrationpolicy.org/research/impact-remittances-economic-growth-and-poverty-reduction
Reichert J, Massey D (1980) History and trends in US bound migration from a Mexican Town. Int Migr Rev 145:475–491
Sacchetti M (2014) US deporting children of parents allowed to stay. Boston Globe. Retrieved from https://www.bostonglobe.com/metro/2014/09/22/deporting-children-parents-allowed-stay/kpP4aWNq3olgZbsO4zkiaI/story.html
Seelke CR (2016) Gangs in Central America. Congressional Service Report. Retrieved from http://www.refworld.org/docid/50bf56012.html
Stoney S, Batalova Jeanne (2013) Central American immigrants in the United States. Migration Policy Institute. Retrieved from http://www.migrationpolicy.org/article/central-american-immigrants-united-states-1
Taylor JE, Dyer GA (2008) Migration and the sending economy: a disaggregated rural economy-wide analysis. J Dev Stud 45(6):966–989
Tucker CM, Torres-Pereda P, Minnis AM, Bautista-Arredondo SA (2013) Migration decision-making among mexican youth: individual, family, and community influences. Hisp J Behav Sci 35(1):61–84

# Military Bureaucracy

Mustafa Altunok
Public Administration Department,
Abant İzzet Baysal University, Bolu, Turkey

## Synonyms

Military administration; Military coup regimes; Military hegemony

## Definitions

The military bureaucracy, which continues to be one of the most powerful examples of bureaucracy even in modern times, differs from the civilian bureaucracy in that it corresponds to the military organization with an internal and external security center.

## Introduction

The bureaucracy, as the first concept that comes to mind in relation to the state and public administration, has been at the center of every political development. Bureaucracy, while theoretically pointing to an integrity, forms various clusters in itself and takes on a dual nature with the simplest classification. The military bureaucracy has a different meaning from resembling concepts such as military administration and civilian bureaucracy. The first classification may be a distinction between civilian and military bureaucracy. The military bureaucracy is different from the civilian bureaucracy in that it corresponds to a military organization with an internal and external security

center. Although they are used in an interchangeable way from time to time, military bureaucracy and military government do not mean the same thing. Military administration, located on a higher position than the military bureaucracy, encompasses basic elements and functions such as planning, organizing, staffing, financing, training, equipment, and maintenance of the military bureaucracy (Weber 2015: 2; Weber and Eliasson 2008: 2). Despite a more limited view within military administration, the military bureaucracy is a historical phenomenon that was situated within the center of idea of management, administrative efficiency, and mechanism. Based on this introduction, an argumentation about the origins, significance, and meaning of the military bureaucracy will be presented in this chapter.

## The Roots and Importance of the Military Bureaucracy

It is known that the bureaucracy has always been an important administrative mechanism from the ancient societies to the present day. Communities such as Sumerians, Assyrians, Ancient Egypt, China, Iranians, and Turks presented different examples of bureaucracy in the course of history. The increasing numbers of information belonging to these communities surprise increasingly today's people. One of the most influential people who addressed bureaucracy, which manifested itself as an organizational model in ancient societies and helped it gain its popularity today, is the famous German sociologist Max Weber. Weber's theory of bureaucracy is characterized by a variety of economic, administrative, religious, and cultural dimensions.

The reason why the military bureaucracy is this important is the mandatory presence of soldiers, which are the subjects of military bureaucracy, throughout the history for state societies. Historically, the most fundamental duties of the states have been achieving internal and external security, peace, and prosperity. The events that started with the battle of human beings against the nature and continued with the battle among people and took place in the course of life taught people to fight, defend, and attack. Specialized owners of these learned skills formed a group called the "soldier" in society. The existence of this group was required both for the support and protection of the people in power and for the wars. The presence of the bureaucracy emerged in ancient societies, and the wars that required military officers also broke out in these societies. The close relationship between neolithization and militarization can be sociologically attributed to the emergence of war objectives and conditions of war likelihood at the same time (Baechler 2011: 641). Considering that the most important event affecting the last 10,000 years is wars and security and defense are among the most important public services, the necessity and importance of the military presence is understood.

The importance of organization and social stratification has been emphasized since the emergence of the settled life and surplus product that emerged in line with the irrigated agriculture. On the one hand, there is a need to carry out production and on the other hand to calculate the amount of product produced and to protect it in a systematic way. It is necessary to promote order and security against conflicts within and between societies. Historically examined, it seems that soldiers have played an active role in all of these processes. This role, of course, requires concepts such as order, discipline, order-command, hierarchy, and authority. Regardless of how it is named, it is evident that these concepts are indispensable in terms of bureaucratic life.

## Is the Military Bureaucracy the Guardian of the System or a Threat to It?

The fact that economic and political life itself, and especially its protection, is in the hands of a certain social group makes that group privileged. This has allowed soldiers to have a bureaucratic space, border of which they defined to a great extent. It has been a widely seen fact in many societies since ancient times that soldiers obtained the right to use land in exchange of the services they provide and were allowed to use land for their military services (Weber 1995: 345).

The class of preventive services that the kingdoms built to protect themselves and then the officials who strove for protecting the interests of their community/tribe formed the professional armies that had the protective power of the states with the modern state. As the subject of the professional armies, soldiers have been both the means of force use by the state, and they have been positioned as the most important center of power.

In modern bureaucracies shaped on the heritage of civilizations such as the ancient Egypt and China, it would be useful to examine the ministry organization in order to understand the position of the military bureaucracy. The organization of the classical ministry is established on the axis of activities carried out by the states. The role of regulating and protecting the relations within and outside the country is taken on by the ministries of war and foreign relations, the role of regulating the relations within the individuals in the society and collective units is taken on by the ministry of justice and internal affairs, and the role of deciding with which resources and how needs of political and administrative system can be meet is taken on by the ministry of finance (Poggi 2007: 149). Accordingly, it is possible to arrive at the conclusion that the military bureaucracy has its own ministry organization with the existence of the ministry organization formed by different names such as war, defense, and security. Therefore, if the other ministry areas of activity are called civic, there is also a military-based (non-civic) ministry organization.

Looking at the period from the establishment of the first state to the present day, one of the most important characteristics of the powerful states and of the great leaders is the fact that they have powerful bureaucracies, especially military bureaucracies. The strong army is like an indispensable quality of strong leaders and states. But there is a very interesting point here. Although the strength of the leader's army against the other societies is a must, excessive power of the army can turn into a threat for the leaders in time. On the one hand, the leader becomes a conqueror by expanding his own power by a strong army, and on the other hand, the strong army can turn into a threat of losing his power and even his life to a point beyond control. Despite the fact that this seems to be more valid for older societies, it is possible to come across the same reality in underdeveloped societies today. In recent history, some presidents are seen to adopt invasion as an aggressive strategy for special interests at the expense of broad-based public interests, and they activate their military bureaucracies to establish a "global empire" and expand it (Farazmand 2009: 9).

An examination of the role, organization, orientation, and reflection of the role of military force, which is an actor of one of the ordinary public services, points to a vast field of research with unclear boundaries (Boene 2011: 79). This research area reveals different outcomes, results, and effects in every region. For example, in a developed country, the military bureaucracy refers to a group responsible for the "defense, security" services, whose area of work is defined by the laws, whereas it points to the authoritarian regime representatives, even those in power, in an undeveloped country. In this respect, based on the idea that the bureaucracy acts as a mirror and reflects the society that it originated from in every period of history (Dreyfus 2007: 26), it can be said that the developmental levels of countries and their bureaucracy qualities are related.

It is an accurate prediction that it is always probable that the relationship between the military bureaucracy and the civilian bureaucracy may become a power struggle. As a result of this struggle, they can become a category of military dictatorships within the underdeveloped country systems. These dictatorships emerge in environments where military elites are more powerful against the civilian population. The army, which is the only power well organized in the environment where powerful parties, unions, associations, and effective and independent mass media do not exist, is in a position superior over the social and political system. This situation should be considered in the context of the characteristics of the countries that generally count as underdeveloped or developing. It is really interesting that all of 56 military dictatorships in the year of 1985 were found in countries that had the relevant characteristics (Kışlalı 1998: 256).

The state, the actor of the phenomenon of war in the historical process, forced itself to use resources and production power of unprecedented scale so as to control the effects of resources (and possibilities of rivalry) on their population during the twentieth century (Poggi 2007: 151). At this point, it would be appropriate to talk about two points of tension related to military bureaucracies. One of these is the continuation of the need of communities for military from the primitive times to the day. The second is the fact that the military bureaucracy has the capacity to create anti-democratic conditions, despite all the stages that societies went through or anti-democratic practices they had to face until democracy was learned. On the one hand, security and defense form the main issue of the social and political agenda, and on the other hand, democracy can take forms like "low intensity democracy" (Gills and Rocamora 1992: 501–522) or insufficient democracy in situations where military dictatorships are strengthened.

Despite all the tensions, the military bureaucracy as a concept ranks among the meanings of the concept of bureaucracy. This concept can be described as one of the actors of the administrative system within the social and social scientific category (Bozkurt 1998: 43). Although the military bureaucracy has the basic characteristics of the bureaucracy that Weber theoretically shaped, the military bureaucracy is no exception to the extensively infamous bureaucracies. Even the military bureaucracy is more antipathetic than the general notion of the bureaucracy for many people (Sabrosky et al. 1982: 137). Although the military bureaucracy is an area where the elements of the bureaucracy are skillfully applied, such as hierarchy, continuity, commitment to written rules, and expertise, the attitude toward it is commonly doubtful. These bureaucracies are also called "organized anarchies" (Sabrosky et al. 1982), which produce institutional and interpersonal mutual policy as a very complex and differentiated structure. The sources of the bureaucracy can be listed as knowledge and expertise, decision-making power, political support, political apathy, and institutional ideologies, continuity, and stability (Peters 2001: 234–236). These sources have a more absolute and sharp quality than the civil bureaucracy for military bureaucracies. The anarchic structure of the military buriaucracy is reinforced by the ambiguities at the international level and the priorities of the defense policy (Sabrosky et al. 1982) because the number one item on the national and international policy agenda is promoting security. Therefore, military bureaucracy, which is a mechanism of this, feels itself privileged against the other bureaucratic structures.

## The Military Bureaucracy in the Modern Administrative Systems

Development of the military field and development of the administrative process as a field of science are intertwined with each other. The demonstration of military formations as the first bureaucratic organization model and the search for solutions to many needs and problems that arose during and after wars were determinant factors in the development of administrative theories. Since ancient times, the military field developed principles on how best to manage authoritarian organizations. In addition to principles such as control unit and control area, concepts and practices such as strategy, leader, and decimal system were born with military origin and then brought to the civil administrative area. The driving force of the military approach, which emphasized the strategy, is known to be reflected in the reconstruction philosophy foundations of the governments in the 1990s and in the total quality management movements of the 1990s (Shafritz et al. 2017: 212).

When the military bureaucracy is evaluated in terms of its current position, the USA, which is one of the major developed countries, has the strongest army of the world. After the collapse of the Soviet Union, the US army expanded considerably. Globally, it dominated the oceans and airfields. In many geographies, operations carried by the USA that support the United Nations peacekeeping forces and the armies of other nations are led by US Department of Defense, which is the largest military bureaucracy in history. 1.3 million

people are in the active duty, while 1.1 million people serve in the National Guard or Reserve. The forces are supported by 669,281 civilian personnel. These are all realized with a budget of $500 billion (Weber and Eliasson 2008: 1). This budget can be increased for certain years.

## Military Bureaucracy in Emerging Democracies such as Turkey

In addition to the example of the advanced army and the advanced military bureaucracy, the potential of the military bureaucracy to become a political actor manifests itself in the examples of different countries where the military bureaucracy aims to become a socially privileged cluster. Latin America, Middle Eeast countries, and even European countries are among the countries where the political and military bureaucracy make its presence markedly felt in political and administrative system. As one of these countries, Turkish political history has been shaped by military coups unfortunately. For this reason, it is one of the countries that has experienced the pathological aspects of the military bureaucracy more compared to its rational aspects.

In underdeveloped societies, as a reflection of military pathologies, military coups are generally realized with the motives as "the correction of the mistakes made by the political regime, the protection of the peace and order of the society, the preservation of the integrity of the state." But all of these coups were directed at governments democratically elected by the people. It is interesting to note that although the coup and coup attempts seem to be organized against the governments that are supposed to represent a certain political vision, irrespective of their ideologies, the society is always the one oppressed eventually. Every coup attempt reduced the level of development of these countries. Although the de facto conductors of these coups are actually the commanders of the national army in the military bureaucracy, it is often the common belief among people that some of the developed states are behind the coups. The data obtained show that this belief is not totally wrong or baseless.

## Conclusion

The military bureaucracy, which is foreseen to bear a non-political and a special character, has a two-dimensional nature all over the world, which makes it necessary to control it in relation to the expansion of the military field globally and also to reduce the potential risks of this expansion. For the good functioning of the military bureaucracy, it is necessary that it should be based upon a strict chain of command, hierarchy and authority. On the other hand, it is expected to function in a transparent, accountable, efficient, productive, and professional manner. This looks like a dilemma about the nature of the military bureaucracy.

## Cross-References

► Bureaucratic Elites
► Comparative Political Elites

## References

Baechler J (2011) Savaş ve Barış. In: Sosyolojik düşünce sözlüğü (Yayına Hazırlayanlar: Borlande M, Boudan R, Cherkaouı M, Valade B), (Çev. Arıbaş B). İletişim Yayınları, İstanbul

Boene B (2011) Askeri sosyoloji. In: Sosyolojik düşünce sözlüğü (Yayına Hazırlayanlar: Borlande M, Boudan R, Cherkaouı M, Valade B), (Çev. Arıbaş B). İletişim Yayınları, İstanbul

Bozkurt Ö (1998) Bürokrasi. In: Bozkurt Ö, Ergun T, Sezen S (eds) Kamu yönetimi sözlüğü. Türkiye ve Ortadoğu Amme İdaresi Enstitüsü Yayını, Ankara

Dreyfus F (2007) Bürokrasinin icadı (Çev. Ergüden I). İletişim yayınları, İstanbul

Farazmand A (2009) Bureaucracy, administration, and politics: an introduction. In: Farazmand A (ed) Bureaucracy and democracy. CRC Press, Taylor & Francis Group, United States

Gills B, Rocamora J (1992) Low intensity democracy. Third World Quart 13(3):501–523

Kışlalı AT (1998) Siyasal sistemler siyasal çatışma ve uzlaşma. İmge Kitabevi, Ankara
Peters BG (2001) The politics of bureaucracy. Routledge, London/New York
Poggi G (2007) Devlet, Doğası, Gelişimi ve Geleceği (Çev. Babacan A). İstanbul Bilgi Üniversitesi Yayınları, İstanbul
Sabrosky AN, Thompson JC, Mcpherson KA (1982) Organized anarchies: military bureaucracy in the 1980s. J Appl Behav Sci 18(2):137–153
Shafritz JM, Russell EW, Borick CP (2017) Kamu yönetimini tanımak (Çev. Ed. Öztaş N). Nobel Yayıncılık, Ankara
Weber M (2015) Toplumsal ve Ekonomik Örgütlenme Kuramı (Çev. Ozankaya Ö). İmge Kitabevi, Ankara
Weber JA, Eliasson J (2008) Introduction. In: Weber JA, Eliasson J (eds) Handbook of military administration. CRC Press, Taylor & Francis Group, United States

# Military Coups and Administrative Elites

Md Nurul Momen[1] and Gazi Arafat Uz Zaman Markony[2]
[1]Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh
[2]Department of Public Administration and Governance Studies, Jatiya Kabi Kazi Nazrul Islam University, Mymensingh, Bangladesh

## Synonyms

Emergency governance in Bangladesh; Governance and citizenship; Governance and regulations

## Definition

Military coup or coup d'etat is commonly referred as the violent overthrow of an existing government by power, usually in an unconstitutional or undemocratic way.

Military coup can be defined as the successful or unsuccessful efforts by the military within the state apparatus in order to seize and hold power of the current regime, typically in unconstitutional means (Powell and Thyne 2011).

## Introduction

Military coup in different countries has its history since a long time ago. In many countries across the world, military coups are more frequent, and there have been so many successful coup attempts (Connor and Hebditch 2008), for instance, in the political history of Pakistan. It is also worth to mention that a political and administrative reform as a result of these coups in many countries around the globe is a noticed reality, when coup leader attempts to introduce meaningful reform or changes in order to remain in power for long. In some countries, for instance, at the end of dictatorship in Portugal, coups brought some positive changes in the governance process, but in most of the cases, coups become curse for democratic governance, as overthrowing power doesn't always follow a bloodless procedure, and from administrative point of view, there are chances of setting up authoritarian government in power though coups. However, the objective of the entry attempts to explore the contextual issues of military coups and its implications for administrative reforms.

## Military Coups in Different Regions

Successful coups or the attempt of coups have existed as long as government has, for example, coups by Roman generals and emperors for imperial succession, with a view to seizing and holding power. From the twentieth century, numerous military coups have occurred in different regions of the world. Incidents and motives of overtaking power by the military have become a common feature of the political history in Africa and in some countries of Latin America and Asia, and it is even observed in Europe and in some pacific countries. In most of the cases, political and economic crisis or political instability triggered changes of the existing government through military coups. The following table shows a list of some countries in different regions of the world which faced military coups (both successful and failed) and coup attempts in the last few decades:

| Year | Coups occurred in countries |
|---|---|
| 1965–1970 | Ghana, Greece, Eq. Guinea, Ecuador, Iraq, Kenya, Libya, Malaysia, Morocco, Panama, Philippines, Singapore, Somalia, Uganda, Zambia |
| 1971–1975 | Bangladesh, South Korea, Sierra Leone, Swaziland, Uruguay |
| 1976–1980 | Comoros, Congo, El Salvador, Guyana, Pakistan |
| 1981–1985 | Bangladesh, Spain |
| 1986–1990 | Burkina Faso, Comoros, Zimbabwe |
| 1991–1995 | Algeria, Armenia, Azerbaijan, Belarus, Burundi, Peru |
| 1996–2000 | Albania, Ecuador, Fiji, Haiti, Ivory Coast, Pakistan, Zambia |
| 2001–2005 | African Republic, Mauritania, Nepal, Venezuela |
| 2006–present | Niger, Burundi, Turkey |

Source: Compiled from Marshall and Marshall (2017)

## Military Coups and Administrative Elites

The term "military coup" refers to the military elites who are part of the state apparatus towards overthrowing the current regime. The nexus between military coups and administrative elites has multifaceted dimensions, including both positive and negative linkages. In the case of nonmilitary power transfers, coups are perpetrated by different stakeholders from within or outside the state and, in many cases, backed by the foreign powers. This form of coups includes military to decide whether military will support to make transfer of power successful or oppose to lead the government towards failure. In such events, political and administrative elites are directly or indirectly dependent on the supports by the foreign forces and the military for successful transfer of power. Similarly, civil society coups entail the removal from power of an elected leader through sustained protest, usually with the deliberative interim support of the military (Encarnacion 2013).

It is found that military intervention in the political process involves different political and economic goals. Traditionally, coups have been understood to be caused by political instability (Marinov and Goemans 2013). It's noticed from the past experiences of the military coup that weak political and administrative institutions and ineffective or conflicting role of political and administrative elites create the path to military intervention in the political process. Even without legal or constitutional basis, military intervention in state administration or the process of governance is somehow being supported by administrative elites directly or indirectly, in many cases. Alternatively, military coup leaders maintain link with administrative elites on the likelihood of political instability and economic crises. It is stressed that the political intervention of the military takes a ground reality, when any state is evolved with some determinants, such as lack of awareness in political affairs, faith in strong military, imminent internal and external security threat, failure of governance, and lack of strong leadership that promotes military coups as strong alternative to resolving the current weak or conflicting governance setup (Khan et al. 2018).

There are times when a coup may be supported and welcomed by different stakeholders in a state, especially, when ordinary citizens see the coup necessary for an improved political and economic environment. In such cases, coups are considered by people as the result of political fault, not the result of military interest (Leighton 2010). The question regarding whether any coups are good for democracy, to illustrate the issue, may be highlighted that some coups are treated as *democratic* that acted against an authoritarian or totalitarian regime. It is stressed that when the military supports or bring back democracy in a country, that is considered as *democratic coup*. However, it is commonly perceived that the military coup always smashes democracy, but in some cases, they support the persistent popular opposition against any authoritarian or totalitarian regime, when despotic ruler refuses to step down in response to the popular uprising, for instance, 2017 Zimbabwean coup d'etat. Furthermore, the coup is highly respected within a state, when the military facilitates free and fair election within a short time and ends with transfer of power to democratically elected leader.

Though there are some instances like these *democratic coups*, the other part shows that large numbers of coups are typically occurred and bring personified intervention and do not make any changes in the political structure. Given the context, autocratic political leaders are simply replaced by military leaders, and there is chance to have another autocratic leadership in the seat. Added to that, arbitrary power of the military rulers might be concentrated in single hand, which might be catastrophically turned into another authoritarian leadership for a certain period of time. However, there are numerous examples showing that administrative elites overlook dictatorial decisions or practices which resulted as negative effects on the states, and the administrative elites become beneficiaries for being allies of military regime.

In any coups, if the military plays an increasingly assertive and influential role in governance affairs, the ultimate result is no good, as it becomes the system by itself rather than the exception or short-term solution. Martial law becoming the norms in the long run might set its focus over self-interest, which spoils consensus oriented or democratic idea of governance. This condition might open the path towards further coup and increase the possibility of political and administrative unrest in a state.

Administrative elites have their crucial roles to play either through assisting or opposing to any form of coup. Based on different cases in different regions across the world, there are the many forms of interaction between administrative elites and the military regarding a coup: firstly, the nexus between administrative elites and military leaders might be established and maintained during a coup or during the military government, while politicians have a minor role at that time. Secondly, in short-term or transitional military rule, administrative elites may play major roles in political affairs through handling regular government functions, supporting the military rulers to fix imbalances created through the coup, or assisting the rehabilitation of democratic governance. Finally, administrative and military elites are in highly influential or dominant position, while leaving politicians with peripheral position to gain government power (Greenwood 1970). There is another chance that while keeping administrative elites in minor position in power and low importance in decision-making process (Groll 2014), administrative elites in minor or subsidiary roles are due to the result of established alliance between the military and political elites; however the long-term importance of political education perpetrates the ground for politicians seeking power in order to take government control.

## Military Coups and Its Implications for Administrative Reforms

The question is about whether a coup can ever be democratic. Some studies show that there are some positive changes made by the military coups in different countries, like coup d'etat in Niger in 2010 that was taken as a positive change maker for the country's democratic future. Not only is this a case, but also in many cases it has been noticed, for instance, "from 1950 to 1989, 14% of successful coups against dictatorships led to democracy within two years, while 40% did so from 1990 to 2015" (Derpanopoulos, et al. 2016). These data help to generate the idea that coups can be a successful tactic for establishing or regaining democracy and development in the political process. It is found that autocracy has been replaced by democracy through a coup for restoring democracy, and there have also been associated administrative reforms and changes as an aftermath of such event. Some possible results of coup are explored, which includes transition of the existing regime to more democratic practices, furthermore, replacing of dictator by a new one, and finally establishment of democracy through ending dictatorship. As a part of the regime change, leadership of the existing regime is transferred or restructured; alternatively, civilian dictatorship might be replaced by a military dictator or by a group of autocrat through a coup.

However, in the case of any event mentioned above taking place through a coup, the main purpose of any coup is to transfer and transform the existing formula of governance or the existing leadership. Immediately after each coup, military

ruler establishes new political agenda setting, which includes administrative or political elites of that country. At present, numbers of countries are governed by the ruler with military background, and a very common scenario about coup makers or executioners became part of the government, for instance, in Cuba, Pakistan, Libya, and Sudan. At the same time, it is perceived from the previous experience of coup d'etat countries that coup makers may be the necessary evil, if successful coup works out for the better outcome in the democratic practices. In such cases, public perception indicates coup as the savior of the nation from despotic rule, which helps the executioner to have a life with a period of time and chance to be part of the elites of governance process.

Coups with a view to restore democracy have a desire of organizing credible election as an aftermath of the incident, which is a positive continuum of military coups (Elischer 2017). Also there is another chance that, "the longer the country remains in a coup spell, the less likely it is to adopt election" (Powell and Thyne 2011), because of ruling government's decreasing popularity and being worried of competitive election. But free and fair election is an effective means of building legitimacy; through these elections legitimate political elites form the government.

In another perspective, a coup can act as a prelude to the new form of despotic rule. In such scenario, a dictatorship is replaced by another dictatorship through a coup; there is always a probability of repression taking place, while repression is lower after failed coups, and it becomes higher, if new dictator is in power, and chance is less in case of democratizing of government, as democratically elected political elites have their responsibilities and mandates for public welfare.

## Conclusion

Governing a state requires a balanced situation where the process of governance is maintained by all the relevant stakeholders, such as civil or political, administrative, and military or defense sector. Whether the coups are successful or not, it depends on the quality of support provided by political and administrative elites; however, there is no denying of the fact that the practices of coups are unconstitutional and undemocratic, which is undesirable for any state. At any stages of coups (in pre-coup, during coup, or post-coup situation), civil or political elites, administrative or bureaucratic elites, and military elites must play their role to gain or regain democratic governance; otherwise curse of autocracy may be established in the long run. However, a popular form of governance is desirable for the states in order to ensure quality practices of democratic principles; therefore, consolidated actions of the different stakeholders who are involved in the governance process must be supported by the aforementioned power elites.

## Cross-References


- ▶ Ethics of Military Leadership, The
- ▶ Military Bureaucracy
- ▶ Military Ethics
- ▶ Military Governance and Trends


## References


Connor K, Hebditch D (2008) How to stage a military coup, from planning to execution. Frontline Books, London

Derpanopoulos G, Frantz E, Geddes B, Wright J (2016) Are coups good for democracy? Res Polit 2016:1–7. https://doi.org/10.1177/2053168016630837

Elischer S (2017) How often and why do military coups usher in civilian rule? Coups, Post-Coup elections and autocratic resilience in the Post-Cold War World. COMPASSS working paper 2017-90. http://www.compasss.org/wpseries/Elischer2017.pdf

Encarnacion O (2013) Even good coups are bad: lessons for Egypt from the Philippines, Venezuela and beyond. Foreign Affairs Magazine, July 9, 2013. https://www.foreignaffairs.com/articles/egypt/2013-07-09/even-good-coups-are-bad

Greenwood TD (1970) Bureaucratic-military relations during the military governments of Ghana and Nigeria. MA thesis, University of Windsor, Electronic theses and dissertations. 6854. https://scholar.uwindsor.ca/etd/6854

Groll E (2014) The strange elite politics behind Thailand's Military Coup. Foreign Policy Magazine, May 22, 2014. http://foreignpolicy.com/2014/05/22/the-strange-elite-politics-behind-thailands-military-coup/

Khan HU, Rahman FU, Khan TA, Rahman G (2018) Role of elites in Pakistan. Int J Appl Econ Stud 6(1):19–24

Leighton C (2010) Niger: a coup for democracy? BBC News, Naimey, February 25, 2010. http://news.bbc.co.uk/2/hi/africa/8537043.stm

Marinov N, Goemans H (2013) Coups and democracy. Br J Polit Sci 44(4):799–825, Cambridge University Press. http://pscourses.ucsd.edu/ps200b/Marinov%20Goemans%20Coups%20and%20Democracy.pdf

Marshall MG, Marshall DR (2017) Coup D'État events, 1946–2016. Coup Data Codebook; Center for Systemic Peace, May 23, 2017. http://www.systemicpeace.org/inscr/CSPCoupsCodebook2016.pdf

Powell JM., Thyne CL (2011) Global Instances of Coups from 1950 to 2010: anew dataset. J Peace Res 48(2):249–259. http://www.jonathanmpowell.com/uploads/2/9/9/2/2992308/powell_and_thyne_2011jpr_-_global_instances_of_coups_from_1950_to_2010.pdf

# Military Coups and Military Disengagement

Tuba Eldem
Department of Political Science and International Relations, Fenerbahçe University,
İstanbul, Turkey

## Synonyms

Blow of state; Coup d'état; Military intervention; Military putsch; Regime change

## Definition

A coup d'état is the sudden, often violent, overthrow of an existing government by a small group, and it usually refers to military coup.

A military coup is "the removal or the attempted removal of a state's chief executive by the regular armed forces through the use of threat of force" (Thompson 1973, p. 6).

## Military Coups

The military coup d'états have accounted for nearly 200 regime changes in the developing world, making it the most common method of regime change in the post-World War II era (David 1991, pp. 238–239). Between 1945 and 1976, Nordlinger (1977, p. xi) estimated more than two thirds of the countries of Latin America, Asia, Africa, and the Middle East had experienced varying levels of military intervention. According to Ruth Leger Sivard's study (1986, p. 24), a majority of third world countries were characterized by military controlled governments in 1985, nearly half of them in Africa which recently freed from West's colonial rule. During the 1950s and 1960s, a coup or attempted coup occurred every 4 months in Latin America, every 7 months in Asia, every 3 months in the Middle East, and every 55 days in Africa (Bertsch et al. 1978, p. 431). Between the 1946 and 1970 period, 59 states experienced a total of 274 coup d'états (Thompson 1973, p. 6). Looking at the period between 1945 and 1985, David (1987) noted that more than 350 attempted military coups took place between and of these attempts, 183 coups (or 51%) were successful (pp. 1–2).

By the end of the 1970s, an enormous body of literature on the causes and outcomes of military coups was, therefore, generated (Eldem 2013). Broadly speaking, students of civil-military relations have advanced two general explanations regarding the causes of military coups: one organizational and the other structural. Those at the level of the military organization underlined the military endogenous variables, such as officers' motives (Horowitz 1980) military role beliefs (Fitch 1977, 1998; Nunn 1976, 1983), and corporate interests (Nordlinger 1977; Perlmutter 1977) that "push" or "motivate" the officers to involve in politics. Those that focus on conditions in the larger society and polity argued that structural factors such as "weakness of governmental institutions and leadership" (Danopoulos 1992, pp. 4–5), low levels of political institutionalization (Huntington 1968), "regime vulnerability" (Thompson 1975), dependent development and socioeconomic crises (O'Donnell 1986), and

political culture (Finer 1962) "pull" the armies toward politics and create "opportunity" for the military to intervene.

On the organizational level, military role beliefs are considered as the most important endogenous variables shaping officer corps' predisposition to intervene. Narrowly speaking, role beliefs refer to "military conceptions of their role in politics"; broadly, they include "the entire complex of attitudes that define officers' normative models of civil-military relations" (Fitch 1998, p. 61). Although empirical evidence of professional officer corps' political activism conflicted with Huntington's (1957) straightforward and somewhat tautological association of military professionalism with apolitical military, his emphasis on "the ethic that governs the relationship between civilians and the military" is considered to be the basis of the military's disposition to intervene (Bland 2004, p. 30; Feaver 1999, p. 226; Fitch 1977, 1998; Nunn 1976, 1983, 1995). Students of civil-military relations in Latin America showed that "the professionalization of many South American armies at the beginning of the twentieth century helped the military institutions to elaborate the idea that they constituted not only the main defense of national territorial integrity, but were the main protectors of inalienable national values" (Silva 2001, p. 4). These historical role beliefs of defending "la patria" (the nation or fatherland) against both internal and external threats motivate militaries to participate in politics when they perceive that governments have put la patria at risk (Loveman 1999).

Military's corporate interests, i.e., the desire to protect or enhance the armed forces' resources or position," are often considered as another endogenous variable providing organizational motivation for the military's involvement in politics (Needler 1987; Nordlinger 1977, Perlmutter 1977). This literature showed that most professional officers place a higher value on the survival and effectiveness of the military itself than on anything else (Geddes 1999, p. 126). Officers also value the territorial integrity of their nations and internal order, but the effective pursuit of these goals requires unity, discipline, and sufficient resources (Stepan 1971; Nordlinger 1977). Nordlinger, therefore, argues, for instance, "the great majority of coups, are partly, primarily, or entirely motivated by the defense or enactment of the military's corporate interests" (1977, p. 78). These threats to corporate interests include cutting the military budget, interfering in military promotions, and creating rival security forces (Ibid., Needler 1975). Colton agrees that officers in Soviet Union "intervene against civilian authorities when their perceived interests are being denied or threatened by civilian policy" (1979, p. 240).

The empirical global evidence, however, suggested otherwise. William Thompson's extensive statistical study encompassing 274 military coups that took place in 59 states between 1946 and 1970, for example, shows that corporate grievances played a role only about 43% of the coups (1973, pp. 50–51). Thompson also showed that the types of military grievances present in the instances of coups are also evident in states that do not experience military interventions; grievances alone, therefore, cannot explain a military's propensity for undertaking a coup. In his survey of Ecuadorian coup participants, Fitch (1977) similarly demonstrated that the interests of the military constitute neither constant nor unanimous factors in coup decisions. The literature also revealed a weak relationship between a military's material corporate interests and coups outcomes. Gary Zuk and William Thompson (1982) have examined the 1967–1976 military spending patterns of 66 less developed states and found that military regimes do not increase the size of their budgets following a coup. Growth in military spending of military regimes is not distinctive compared with that of mixed and civilian regimes (p. 66). Even more interestingly, "the greatest decline in proportional military spending took place within the military regime group" (p. 66). As a result, Zuk and Thompson concluded that there was little support for the hypothesis that military coups accelerated the growth of military expenditures and, consequently, little empirical evidence to support a theory positing that militaries sought primarily to defend and advance their material corporate interests (pp. 71–72).

The structural approaches focus on domestic factors which emphasize perceived crisis resulting from underdevelopment of civilian political institutions and power vacuum in shaping the level of military's political activism. Traditionally, the problem of the coup d'état has been viewed as a weakness of governmental institutions and leadership. Military interventions tend to occur when democratic institutions fail to settle political crises and when civilian government prove unable to govern effectively, cope with security threats, and address major social and economic concerns. The military enters the resulting "political vacuum" in order either to force a popularly desired change of government or to save a crisis-ridden political system (Danopoulos 1992, pp. 4–5; Thompson 1975). According to the theory of praetorian politics developed by Huntington in his seminal study of *Political Order in Changing Societies*, coup proneness typically is the result of "political systems with low levels of institutionalization and high levels of participation" (1968, p. 80). Huntington argued that "the most important causes of military intervention in politics are not military but political and reflect not the social and organizational characteristics of the military establishment but the political and institutional structure of the society" (1968, p. 194). Huntington, therefore, considers the military's political activism as characteristic of the weak, institutionalized praetorian polities in which not only the military but all sorts of social forces such as labor unions, businessman, clergy, and universities engage in politics. "Countries which have political armies also have political clergies, political universities, political bureaucracies, political labour unions, and political corporations" (Ibid.). What causes such groups to become politicized is the absence of effective political institutions capable of mediating, refining, and moderating political action. In the absence of effective political institutions "each group employs means which reflect its peculiar nature and capabilities. The wealthy bribe, students riot, workers strike, mobs demonstrate, and the military coup" (p. 196). Military interventions are therefore nothing but a "specific manifestation" of "systemic frustration" (p. 55) that stems from "the general politicization of social forces and institutions" (p. 194). In sum, an absence of political institutions and leaders capable of ameliorating conflict between various social forces creates favorable conditions for a military intervention. In his analysis of 108 countries between 1948 and 1967, Hibbs reached a similar conclusion that "institutionalization alone has a negative impact on coups.... Weakly institutionalized societies, then, are far more likely than those with highly developed institutions to suffer ... political interventions by the military" (1973, p. 102).

The socioeconomic crisis has been underlined as other important structural causes of military coup d'états. The literature on Latin American democratic breakdowns has shown that in most cases, military coup d'états were preceded by socioeconomic crisis, which according to many were clearly related to the problems of dependent development. According to O'Donnell, (1) an economic crisis, originating from the exhaustion of the "easy" stage of the import-substitute industrialization; (2) a sociopolitical crisis, associated with the increased "level of threat" posed by the politically activated urban popular sector; and (3) the formation of informal alliances composed of civilian technocrats, internationalized bourgeoisie, exporting groups, and foreign capital to counter the popular mobilization, were given rise to the formation of military-controlled bureaucratic authoritarian regime in Argentina (1966–1973 and 1976–1983), Brazil (1964–1985), Chile (1973–1990), and Uruguay (1973–1985). Several scholars have shared O'Donnell's emphasis on the formation of civil-military alliances and the importance of civilian appeals to the military for the formation of a coup coalition and the actual execution of coups in South and Central America (Stepan 1971; Wiking 1983; Finer 1988; Hibbs 1973; Luttwak 1968). Despite the common perception of the bourgeoisie as a democratizing force (Moore 1966, p. 418), the empirical research on late industrialized countries show that authoritarian military regimes have often been established with the support of bourgeoisie (Rueschemeyer et al. 1992, p. 271). As O'Donnell (1973) explains, the perceived

threat from the left – coupled with the economic crisis associated with the exhaustion of the initial/ "easy" stage of import substitution industrialization (ISI) and the need to control labor in order to permit greater accumulation for a capital goods sector – led business elites to support the formation of bureaucratic authoritarian regimes coups in much of Latin America. The position of business elites was similar in Central America (Howard 2002). As Huber explains dissident elite sectors and the emerging middle classes appealed for military support in their efforts to gain a share of political power, while the ruling groups frequently relied on the military to squash such challenges (1988, pp. 45–46). Such appeals to the military were frequent during the period of restricted democracy in Argentina, Venezuela, and Peru where various elite sectors lacked strong parties as instruments to protect their interests (Huber 1988, p. 48). The Brazilian coup was similarly "enthusiastically supported by most of the Brazilian media," as well as by bar associations and religious organizations (Skidmore 1988, p. 27).

The most well-developed explanation of military's political activism that combines both military's organizational and broader structural variables is offered by Samuel Finer (1962) in his seminal work *The Man on Horseback*. Finer argued that not only a disposition within the military to intervene in politics (military role beliefs legitimizing a supra-political status and/or threat to national corporate or individual interests) but also an opportunity to do so (legitimacy of such an action) is required for intervention to succeed. Finer, therefore, identified the *political culture* of the society as the key variable in a nation's civil-military dynamic and concluded that civilian control of the military is strongest in those societies with a well-developed political culture. Finer outlines four types of political culture – mature, developed, low, and minimal – distinguished by varying degrees of the public's acceptance and participation to civilian institutions. The level of political culture is considered "mature" when: (1) the political formula justifying the ruler's right to rule is widely accepted, (2) the political system's civil procedures and organs are widely recognized as worthy of authority, and (3) the public's participation and loyalty to the political system's institutions are intense and widespread (p. 87). Finer argues that in those countries with a high political culture, even disposition (or "mood") to intervene may exist; the military, being aware of the legitimacy of the civilian institutions, will refrain from to do so. The typical mode of military's political activism would be restricted to influence. Those countries with a low culture where the public is narrower and weakly organized and the institutions and procedure of the regime in dispute, the question of legitimacy would be less important. Those countries would, therefore, be more vulnerable not only to military pressure and blackmail, but also to direct military intervention. Since Finer's pioneering work, there emerged a consensus in the literature that the military's decision to intervene in politics is a function of the military's ability to justify the action and thus depends on popular support for a military action (Wiking 1983; Belkin and Schofer 2003; Finer 1988; Powell 2012). It is now generally accepted that the nonmilitary roles that the militaries adopted were not simply based on the military's organizational culture or corporate interests but equally on the broader political culture, which provides varying levels of legitimacy to military's political activism (Koonings and Kruijt 2002; Lowenthal 1986; O'Donnell 1986; Needler 1978; Maniruzzaman 1992). "[u]ni-causal explanation of coups, whether focusing on factors endogenous or exogenous to the military" are therefore found "unconvincing" (Sundhaussen 1984, p. 545).

## Military Withdrawal and Democratic Transitions

Starting with Portugal in 1974, the armed forces of many South European and Latin American countries began withdrawal from direct rule and return to the barracks, transferring power to civilians (Huntington 1991). This "global democratic revolution" shifted scholarly focus away from military coup d'états to the study of military withdrawal and from democratic breakdowns to

military influence developing under democratic auspieces (Pion-Berlin 1990). The literature on military withdrawal identified that the conditions favoring military disengagement were simply the reverse of those that triggered coups in the first place (Luckham 1991, p. 16). Military withdrawal is, therefore, considered as a kind of "intervention in reverse" (Maniruzzaman 1987, p. 29; Finer 1985, p. 23; Needler 1980, p. 622). The literature on military withdrawal has shown that a military's return to its barracks requires both willingness on the part of the military to leave or lessen its participation in government (motivation) and the existence of societal and political forces both to urge them out and take their place (opportunity) (Sundhaussen 1984, p. 550; Barkey 1990, pp. 169–192). Military's corporate interests shape the disposition of the military to withdrawal from politics. Military withdrawal from politics when they perceive that extending their direct rule can damage their institutional prestige, social standing, and internal cohesion (Danopoulos 1988a, p. 11). One of the most widely accepted generalizations about transitions in Latin America is in fact that "there is no transition whose beginning is not the consequence – direct or indirect – of important divisions within the authoritarian regime itself" (O'Donnell and Schmitter 1986, p. 19). In cases where military coups produce military regimes, Barbara Geddes (1999) has argued that corporate interests push the military back to the barracks, creating factions and splits within the leadership (p. 120). The Brazilian, Peruvian, and Panamanian militaries had, for example, withdrawn from politics in the 1980s to protect the image of the military institution in their respective countries. The officers in these militaries felt that prolonging their stay in power through the use of brute force would harm the interests and image of the armed forces and therefore pushed for withdrawal and restoration of civilian rule (Danopoulos 1988b, pp. 18–19). In Argentine, tensions between the military as an institution and the military as a government had started in 1980 already (Stepan 1985, pp. 329–30), were aggravated by the severe economic crisis generated by the government's policies, and were completed through the disastrous launching of the Falklands War. In Greece, the process of transition was triggered by the loss of Cyprus war in July 1974 which created splits within the anti-communist right-wing bloc (Verney and Couloumbis 1991, p. 109). Kim's study (2012) on the South Korean military similarly demonstrates how the lack of intra-military cohesion resulted in the military's inability to block the transition to democracy. A highly politicized system of military reshuffling under South Korea's military rule (1979–1993) had created discontented officers who came to see political transition to democracy as a viable means of replacing those in power.

## Conclusion

The review of literature on military coups and withdrawal shows that military role beliefs and military's corporate interests form the military motives that predispose the military to either return to its barracks or stage an intervention. These predispositions are then shaped by political opportunity structures. Conditions advantageous to democratic consolidation are also conditions favoring the military's disengagement from politics. The literature suggests that the armed forces are more likely to disengage from politics when strong political leadership emerges, economic conditions improve, and civilian support for the military declines. We can therefore conclude that the strength of political leadership and the level of military's popular support partially determine domestic political opportunity structures. However, domestic political opportunity structures are also impacted by factors present in the structure of the international state system. The proliferation of new nations and ideologies in the twentieth century combined with the superpower rivalry of the Cold War had created a favorable atmosphere for militaries to intervene without international sanction. In contrast, the twenty-first century witnesses the rise of discourse of liberal democracy and the emergence of norms of democratic control of armed forces. Combining with international conditionality of reform, this changes the domestic balance of power in favor

of civilians and thereby creates an unfavorable atmosphere for military coup d'etat in the post-Cold War era. The recent literature on military coups propelled by prominent military interventions in places such as Thailand (2006; 2014), Egypt (2013), Mali (2012). Honduras (2009), and Niger (2010) show that since the end of the Cold War, there has been a significant increase in the frequency with which military coups generate democratic regimes since coup-makers face international pressure to hold competitive elections (Marinov and Goemans 2014).

## Cross-References


- ▶ Ethics of Military Leadership, The
- ▶ Military Bureaucracy
- ▶ Military Coups and Administrative Elites
- ▶ Military Ethics
- ▶ Military Governance and Trends


## References


Barkey HJ (1990) Why military regimes fail: the perils of transition. Arm Force Soc 16(2):169–192

Belkin A (2005) United e stand: divide-and-conquer politics and the logic of international hostility. SUNY, Albany

Belkin A, Schofer E (2003) Toward a structural understanding of coup risk. J Confl Resolut 47(5):594–620

Bertsch GK, Clark RP, Wood DM (1978) Comparing political systems. Power and policy in three worlds. Wiley, New York

Bland LD (2004) 'Your obedient servant': the military's role in the civil control of armed forces. In: Born H, Haltier K, Malesic M (eds) Renaissance of democratic control of armed forces in contemporary societies. Nomos Verlagsgesellschaft, Baden-Baden, pp 25–36

Colton T (1979) Commissars, commanders, and civilian authority: the structure of soviet military politics. Harvard University Press, Cambridge Mass

Danopoulos CP (1988a) Military dictatorships in retreat: problems and perspectives. In: CP Danopoulos (ed) The decline of military regimes: the civilian influence. Westview Press, Colorado

Danopoulos CP (ed) (1988b) Military disengagement from politics. Routledge, London

Danopoulos CP (1992) Intervention and withdrawal: notes and perspectives. In: Danopoulos CP (ed) From military to civilian rule. Routledge, London, pp 1–18

David SR (1991) Explaining third world alignment. World Polit 43(2):233–256

David SR (1987) Third world coups d'etat and international security. John Hopkins University Press, Baltimore

Eldem T (2013) "Guardians Entrapped: The Demise of the Armed Forces as a Veto Player." Unpublished Ph.D. dissertation, Department of Political Science, University of Toronto

Feaver PD (1999) Civil-military relations. Annu Rev Polit Sci 2:211–241

Finer SE (1962) The man on horseback. The role of the military in politics. Frederick A. Praeger, New York

Finer SE (1985) The retreat to the barracks: notes on the practice and theory of military withdrawal from the seats of power. Third World Q 7(1):16–30

Fitch JS (1977) The military coup d'Etat as a political process: Ecuador, 1948–1976. The Johns Hopkins University Press, Baltimore

Fitch JS (1998) The armed forces and democracy in Latin America. The Johns Hopkins University Press, Baltimore

Geddes B (1999) What do we know about democratization after twenty years? Ann Rev Polit Sci 2:115–144

Hibbs DA (1973) Mass political violence: a cross-national causal analysis. John Wiley, New York

Horowitz D (1980) Coup theories and officers motives: Sri Lanka in comparative perspective. Princeton University Press, Princeton

Huber SE (1988) Capitalist development and democracy in South America. Paper prepared for the Meetings of the Midwest Political Science Association, Chicago, April 1988. http://nd.edu/~kellogg/publications/workingpapers/WPS/122.pdf

Huntington S (1957) The soldier and the state: the theory and politics of civil-military relations. Harvard University Press, Cambridge

Huntington SP (1968) Political order in changing societies. Yale University Press, New Haven

Huntington SP (1991) Democracy's third wave. J Demo 2 (2):12–34

Jackman RW (1978) The predictability of coups d'état: a model with African data. Am Polit Sci Rev 72:1262–1275

Janowitz M (1960) The professional soldier: a social and political portrait. Macmillan, London

Janowitz M (1977) Military institutions and coercion in the developing nations. University of Chicago Press, Chicago

Kim I (2012) Intra-military divisions and democratization in South Korea. Arm Force Soc 39(4):675–694

Koonings K, Kruijt D (2002) Political armies. The military and nation building in the age of democracy. Zed Books, London/New York, pp 162–178

Loveman B (1999) For la Patria: politics and the armed forces in Latin America. Scholarly Resources, Wilmington, DE

Lowenthal AF (1986) Armies and politics in Latin America: introduction to the first edition. In: A Lowenthal, S

Fitch (eds) Armies and politics in Latin America. Holmes and Meier, New York, pp 3–25
Luckham R (1991) Introduction: the military, the developmental state and social forces in Asia and the Pacific: issues for comparative analysis. In V Selochan (ed) The military, the state, and development in Asia and the Pacific. Westview, Boulder, pp 1–49
Luttwak E (1968) Coup d'etat. Penguin, London
Maniruzzaman T (1987) Military withdrawal from politics: a comparative study. Ballinger Publishing, Cambridge
Maniruzzaman T (1992) Arms transfers, military coups, and military rule in developing states. J Conflict Res 36 (4):733–755
Marinov N, Goemans H (2014) Coups and democracy. Br J Polit Sci 44:799–825
Moore B (1966) Social origins of dictatorship and democracy: lord and peasant in the making of the modern world. Boston, MA: Beacon Press
Needler MC (1975) Military motivations in the seizure of power. Latin Am Res Rev 10(3):63–79
Needler MC (1980) The military withdrawal from power in South America. Armed Forces Soc 6:614–623
Needler MC (1987) The problem of democracy in Latin America. Lexington Books, Lexington MA
Nordlinger EA (1977) Soldiers in politics: military coups and governments. Prentice-Hall, Englewood Cliffs
Nunn J (1976) The middle-class military coup revisited. In: Lowenthal AF (ed) Armies and politics in Latin America. Holmes & Meier, New York/London, pp 49–86
Nunn F (1983) Yesterday's soldiers: European military professionalism in South America: 1890–1940. University of Nebraska Press, London
Nunn F (1995) The South American military and re (democratization): professional thought and self-perception. J Interam Stud World Aff 37(2):1–56
O'Donnell G (1973) Modernization and bureaucratic authoritarianism: studies in South American politics. University of California Institute of International Studies, Berkeley, CA
O'Donnell G (1986) Modernization and military coups: theory comparison and the Argentine case. In: Lowenthal A, Fitch S (eds) Armies and politics in Latin America. Holmes and Meier, New York, pp 96–133
O'Donnell G, Schmitter PC (1986) Transitions from authoritarian rule–tentative conclusions about uncertain democracies. The Johns Hopkins University Press
Perlmutter A (1977) The military and politics in modern times. On professionals, praetorians, and revolutionary soldiers. Yale University Press, New Haven/London
Pion-Berlin D (1990) Retreat to the barracks: recent studies on military withdrawal from power. J Interam Stud World Aff 32(1):137–145
Powell J (2012) Determinants of the attempting and outcome of coups d'etat. J Conflict Res 56(6):1017–1040
Rueschemeyer D, Huber Stephens E, Stephens JD (1992) Capitalist development and democracy. University of Chicago Press, Chicago
Silva P (2001) The soldier and the state in South America: essays in civil-military relations. Palgrave, New York
Sivard RL (1986) World military and social expenditures. World Priorities, Washington, DC
Skidmore TE (1988) The politics of military rule in Brazil. Oxford University Press, New York
Stepan AC (1971) The military in politics: changing patterns in Brazil. Princeton University Press, Princeton
Sundhaussen U (1984) Military withdrawal from government responsibility. Armed Forces Soc 10(4):543–562
Thompson WR (1973) The grievances of military coup-makers. Sage, Beverly Hills
Thompson WR (1975) Regime vulnerability and the military coup. Comp Polit 7:459–487
Verney S, Couloumbis T (1991) State-International systems interaction and the Greek transition to democracy in the Mid-1970s. In G Pridham (ed) Encouraging democracy: the international context of regime transition in Southern Europe. Leicester University Press, Leicester, UK
Wiking S (1983) Military coups in sub-Saharan Africa: how to justify illegal assumptions of power. Scandinavian Institute of African Studies, Uppsala
Zimmermann E (1983) Political violence, crises and revolutions: theories and research. Hall, Boston
Zuk G, Thompson WR (1982) The post-coup military spending question: a pooled cross-sectional time series analysis. Am Polit Sci Rev 76(1):60–74



# Military Ethics

Manfred F. Meine and Thomas P. Dunn
Troy University, Troy, AL, USA

## Synonyms

Ethical warfare; Military ethic; Military ethical challenges; Organization evil; Organizational ethics climate; Professional ethics

## Introduction

Societal concern regarding military ethics predates modern history, with writings on the topic dating at least as far back as the Peloponnesian Wars. Despite numerous changes in focus throughout the centuries, any discussion of military ethics has always been, by its very nature, an inevitably complex and frequently contradictory

process, in large part as a result of the typical actions not only expected but routinely and universally required of a professional military. In essence, military forces are to defeat an enemy primarily by taking lives and inflicting destruction, which in itself could be considered an unethical undertaking despite often being arguably justified by so-called just war or national security, or more provocatively as Von Clausewitz suggests in his treatise *On War*, for political ends. The seminal question then becomes how best to institute and enforce an appropriate and acceptable level of organizational ethics and individual ethical behavior in the continuously and rapidly evolving environment surrounding the strategic and tactical conduct of military operations and, ultimately, war.

Even with no realistic possibility of such a controversial position ever garnering universal consensus in the United States, much less internationally, it still seems reasonable to argue that developed countries have progressed significantly beyond previous eras when "rape and pillaging" by the victors was not only reported to be commonplace but even encouraged. Despite such progress since the earliest of recorded history, instances of undesirable actions and behaviors have typically been recorded in all conflicts, especially during World War II, as recently evidenced by the international news media focusing on the question of additional apologies being demanded of Japanese leaders for events during World War II over 70 years ago.

Internationally, the impetus for change in the modern era was the carnage of two World Wars which led to the modern Geneva Conventions and the Laws of War seeking to regulate even the types of weapons and ammunition that may or may not be used in an effort to reach a more humane approach to warfare, if, indeed, "humane" is ever appropriate for use in the same sentence as "war." Unfortunately, despite such laudatory, humanitarian efforts, there has typically been no shortage of so-called war crimes on all sides of military conflicts worldwide. As such, it is understandable that there should be a strong and unrelenting focus on ensuring the most ethical organizational approach to military operations as well as to the behaviors of individual military personnel generally and specifically in time of war.

While military ethics training in the United States had previously centered on moral issues per se, the Vietnam Conflict in general, and the events surrounding the My Lai massacre and ensuing cover-up in particular, sent shock waves through the system and were clearly the primary catalyst for a significant focus change initiative to include elevated expectations for and scrutiny of ethical leadership. Dealing with military ethics, however, requires more than concern about ethical military operations in war but needs to include a focus on other military operations, such as the fight against non-state-sponsored terrorism, and also on the behaviors of military personnel internal to their organizations. As such the ensuing discussion will examine not only the historical and contemporary perspectives on military ethics but will also include speculation as to the future challenges. To clearly understand the various aspects of military ethics, Bryant typologies may be useful to reach clear definitions of the necessary focus areas of military ethics across cultures.

## Definitions and Theoretical Contributions

### Individual Ethics

While all ethical or unethical behaviors involve actions by individuals, the discussion in this category centers on behaviors involved in individual interactions, or as Bryant suggested, intra-occupational actions. As such, sexual harassment or assault by one individual on another would belong in this category, as would lying, cheating, or stealing for personal benefit.

### Organizational Ethics

As noted in the previous category, all behaviors are enacted by individuals, but when organizational cultures or climates allow, support, or even encourage ethical or unethical behaviors, it would seem legitimate to assume that a significant number of "individual behaviors" are a derivative

of the prevailing organizational ethics. An example might be directing, encouraging, or allowing falsification of records or reports to present a more positive picture to superiors or the public.

### The Bryant Typology

In his treatise on crime and deviance in the military, Bryant produced a classic typology of occupational deviance, some of which may be useful in providing definitions of certain aspects of military ethics. His categorizations of criminal behavior in the military, namely, intra-occupational crime (crimes against persons, property, and performance internal to the military setting), fit certain aspects of the individual ethics question related to such issues as sexual harassment and other individual interactions or behaviors. His typology of inter-occupational crime, which focuses on actions toward the enemy military and is related to crimes involving performance of mission-oriented duties, may also be useful in examining organizational ethics climates in the way military organizations deal with opposing forces in general and prisoners of war in particular (Bryant 1979).

### The Danger of the Mission Focus

Military organizations are known for and expected to have a very strong mission focus; however, there is an inherent danger in allowing even such a crucial focus to become excessive since doing so can lead to actions, including unethical actions, to present a positive picture of mission accomplishment or success, for which the body count mission focus during the Vietnam Conflict is a prime and disconcerting example.

### The Danger of the Career Focus

While the mission question focuses on organizations, individual career focus deals with individuals seeking to act in their own best interest. Here too there is the danger of an excessive focus on individual success sometimes encouraged by the so-called zero defects mentality related to career progression, even resulting in officers cheating on exams related to nuclear missile operational proficiency. Career focus can also influence the aforementioned mission area since leaders can influence organizations to take actions or avoid actions simply to protect their own career goals.

## Milestones

### Racial Integration

While racial tensions and perceived injustices continue to plague American society, the US military may well have come a long way in setting the example for society as a whole. Despite early resistance, including the inevitable accusation of inappropriate "social engineering" and additional difficulties along the way, since President Truman ordered the integration of the military services, overall integration can be viewed as an ethical triumph, with career advancement and senior leadership positions fully available to all. A beacon of the success of that effort might well be former Chairman of the Joint Chiefs of Staff and former Secretary of State, Colin Powell.

### Gender Integration

Gender integration may well be a second significant and positive ethics milestone, albeit an unfinished one. Once again the military has set the example for society as a whole with integration of women from the previously separate women's organizations in the services such as the Army's WACS, the Navy's Waves, and the Air Forces WAFS to full inclusion of women into most military occupations, even into the once unthinkable submarine service in the Navy. While there are positive factors for women in the military, to include being paid the same as men for the same work and being generally afforded identical advancement opportunities as men, some limitations continue, with women still being excluded from certain fields. Thus, despite significant successes, the continuing restrictions for women in direct combat roles, such as infantry and armor roles in the Army and Marine Corps and many special operations jobs in all services, may limit their career opportunities. The good news on the other hand is that there are ongoing and unrelenting efforts to open additional if not all of the jobs

to women if they can meet the universal standards. Toward that goal, what has been touted as a major step forward is the experiment of allowing a number of women to enter Army Ranger training as a pilot program, leading to the successful completion of the physically difficult and mentally demanding ranger training course by the first two women, which has already led to the opening of the Ranger School to Army women in general – despite their continuing exclusion from full-fledged ranger organizations, at least for the moment.

### Alternative Lifestyles in the Military

The question of alternative lifestyles in the military, now generally typified by the lesbian, gay, bisexual, and transgender (LGBT) communities serving in the military, while showing some successes in addressing ethical questions of fairness and equity, is still a complex one with the inherent inevitability of more challenges in the future. In the not too distant past, "coming out" or being accused of being a homosexual would generally end any realistic opportunities for advancement in a military career and often lead to discharge. During the Clinton administration, efforts to live up to campaign promises led to the infamous "don't ask don't tell" approach to homosexuals being able to serve. This rather hypocritical approach of allowing people to serve as long as they did not reveal their sexual orientation, nor permitting any relevant inquiries, still meant that military personnel would be discharged from the service if they acted upon their orientation, or if the information about that orientation came to light. During the Obama administration, it seems the question may well have been settled, with the military recognizing same-sex relationships, including marriages, and providing benefits to same-sex partners. Although time will tell what the long-term effects of this policy might be, the change in the military of allowing openly gay individuals to serve seems to have been accepted, with little or no overt resistance, throughout the armed forces and with limited problems being reported. As such, one could justify drawing a tenuous conclusion that this historic and contentious issue may have finally been resolved.

## Past Dilemmas and Problems

### The Vietnam Legacy

Although the Vietnam War may well be just an unsettling memory for many Americans, it remains a topic of both pragmatic interest and scholarly inquiry, which, on both dimensions, certainly serves to legitimize a discussion of events during that distant war and its enduring legacy as viable contributors to an understanding of contemporary military ethics. The phenomenon of war leading to individual and organization deviant behaviors was certainly in evidence during the Vietnam Conflict, and much of the problem can likely be attributed to the establishment of "free-fire zones" which then became the de facto justification for the indiscriminate killing of numerous unarmed civilians resulting in part from the widespread "body count" mentality that became a measure of success for operations and the performance of commanders in Vietnam. The numerous incidents chronicled in books such as *Kill Anything that Moves* and *The Tiger Force* give credence to suggestions that some military organizations during that war exhibited the signs of organizational evil described in Jurkiewicz (2012) book focusing on that topic and providing support for the posited link between events during the Vietnam Conflict and contemporary concerns regarding military ethics.

The numerous organizational and ethical leadership challenges were clearly not the only issues influencing the military's ethics culture during the Vietnam War. Indeed, there were no shortages of individual ethical problems, possibly the most serious of which being the "fraggings" or killing of officers and noncommissioned officers by their own troops, often using fragmentation hand grenades, thus the term fragging. Drug problems, racial turmoil, and self-enrichment schemes through currency manipulation and black-marketing were also not uncommon.

### The Gulf Wars

While the expectation that events during the Vietnam War should and could have served as a lesson for avoiding such incidents in today's conflicts, events such as the alleged prisoner torture at Abu

Ghraib in Iraq and unacceptable actions in Afghanistan such as the widely reported "Stryker Brigade Murders" have again demonstrated that war inevitably leads to inappropriate events and behaviors, and the challenges of ensuring ethical behavior during armed military conflicts remain. More specifically, the ultimate challenge seems to be that once an enemy is clearly identified, labeled, and most frequently demonized, it requires increasingly strong and proactive leadership to maintain ethical control of military forces encompassed by the stresses of combat operations. Furthermore, when military operations deal with brutal terrorist organizations, such as those currently being conducted in the Middle East and elsewhere, and are also being subjected to intense domestic and international scrutiny on a seemingly daily basis, the leadership challenges at all levels of command become even more pronounced.

## Contemporary Issues

Not unlike its emergence at the end of the Vietnam era, the discussion of an impending hollow force has resurfaced as the military is faced with post-Iraq and Afghanistan drawdowns. While it is important to avoid a zero tolerance or risk aversion mindset among military leaders, the insecurity generated by such force reduction environments can lead to a potentially debilitating unwillingness to take even the most carefully calculated and operationally justifiable chances. As a result, drawdowns and zero tolerance for performance missteps can have a significant impact on performance expectations, evaluation standards, and ultimately on organizational goals and the performance of mission-related duties by individuals. Such stress-producing changes can thus be expected to interface with behavior, potentially resulting in generating unethical responses as evidenced by examples such as the Veterans Administration's falsification of patient waiting times to meet goals and even Air Force nuclear missile officers cheating on proficiency exams to avoid the consequences of no tolerance for failure.

Unethical behavior on the part of military members who are under pressure to meet challenging goals or standards, especially when tied directly to sanctions or rewards, may explain claims that lying on the part of military personnel including leaders has actually become part of the military culture. That point was highlighted dramatically just recently by multiple media reports suggesting that intelligence officials were pressured into "sugarcoating" reported successes in dealing with the most significant modern terrorist threat, the organization referred to as ISIS or ISIL.

### Sexual Harassment and Assault

While the military has indeed made significant strides in gender integration, integration has not been without problems as the number of sexual harassment claims and even sexual assaults, primarily against female military members, has not only escalated but, perhaps additionally disconcerting, especially to those who are held accountable for such incidents, has become a frequent focus of media reporting as well. The fact that even senior military leaders have been involved in such incidents ranging from senior officers pressuring or intimidating subordinates into inappropriate sexual situations to one of the most respected top military leaders engaging in adulterous behaviors does not set an appropriately acceptable and mandatory example for military members at large.

Although putting an end to, or at least minimizing, sexual encounters between superiors and subordinates has become a human relations imperative within virtually all social organizations in both the private and public sectors, doing so among military personnel, regardless of their sexual orientation, is of heightened importance due to the unique level of coercive pressure routinely available to superiors over subordinates and the undeniable necessity of embracing and preserving that authoritarian structure for its crucial role in accomplishing the seemingly endless variety of missions assigned to a modern, professional military. As such, the military will face continuing challenges necessitating ethical leadership in sending the signal to all military personnel that inappropriate behavior relating to

romantic and/or sexually oriented situations will not be tolerated. Strengthening the enforcement of anti-fraternization policies and vigorous investigation and disciplinary actions for violations may help, but also establishing a culture of respect between service members, and especially superior-subordinate relationships, is critical, especially if the military has any expectation of continuing to be successful in circumventing congressional efforts to enter a far-reaching slippery slope by taking prosecutorial and disciplinary actions away from commanders in cases of rape or sexual assault.

### Budgets Versus People and Up or Out

A significant ethical and fairness challenge facing today's military leaders and its members is the specter of continued force reductions, especially as the longest wars in US history are winding down, as the so-called war on terrorism continues unabated, and as the "Russian Bear" is aggressively reasserting itself. While eliminating people when the need for manpower declines is not new, there are ethical issues involved in the manner in which such actions are conducted. In the face of unsustainable budgets, it is understandable that savings are needed, and since personnel costs are such a major component of defense spending, personnel reductions are inevitable. Despite their inevitability, the way reductions are carried out can raise not only significant fairness and equity issues but can also have a significant impact on the way military personnel approach their careers and their duties, to include constituting undue influence on how aggressively they carry out their missions.

Since 1947, the military has relied on "up or out" policies, especially for officer promotions, although a RAND Corporation National Defense Research Institute's report (2005) suggested the establishment of exceptions to such policies, especially for certain fields or positions (a policy shift being studied by the Department of Defense for use in certain instances as part of a broad review of military personnel management policies). As currently applied, up or out policies often cause officers seeking a career to be forced out, sometimes with no retirement benefits, for failing to achieve the required promotions along an expected or required career path. When personnel reductions are added to that process, it is not unexpected that a "zero defects" mentality is difficult to avoid, since promotion and elimination boards have reportedly resorted to looking for any signs in officer's records that would justify either denial of promotion or, even worse, selection for mandatory separation. The post-Vietnam Conflict era was filled with such problems as reductions in force (RIF) were aggressively applied. In contemporary efforts to "rightsize" the force, the ethical challenge for military leadership will once again be how to reduce manpower and cost as equitably as possible, especially in the face of the very difficult operational tempo the military services have experienced since the Iraq and Afghanistan wars, often resulting in multiple deployments over relatively short time periods.

### PTSD and Veteran's Healthcare

Unlike the treatment military veterans received after the Vietnam Conflict, today's military receives significant public support. Considering the operational tempo through the long Middle East conflicts, such support is the ethical thing to do, but post-military support for veterans has not been without serious problems stemming from ethical lapses. The long conflicts in the Middle East especially in the face of new dangers presented by insider killings, improvised explosive devices, and suicide bombings have presented the nation's veteran services with new challenges. In addition to the many thousands of severely injured veterans needing care, a new healthcare challenge that was not fully recognized in previous conflicts has emerged in the form of post-traumatic stress disorder (PTSD). In the face of the many physical injuries and the mental health challenges resulting from PTSD, the Veteran's Administration healthcare system has been overwhelmed to the point of becoming dysfunctional in the eyes of veterans and political leaders. This dysfunctionality unfortunately resulted in some widely publicized unethical actions in hiding backlogs in providing veterans access to the VA health system. Processing veteran's claims for various benefits also resulted in tremendous

backlogs, although the VA now claims significant reductions in those backlogs (VA Webpage 2015, accessed September 30, 2015).

Since the nation clearly owes a debt to those who took up the challenge of these difficult conflicts, it is important, ethically and pragmatically, that veterans and service members receive the benefits to which they are entitled. Considering the financial challenges facing the nation and organizations like the VA, ethical leadership will also be key to achieving success in the future of that effort.

### Force Protection

As if the number of ethical challenges facing the military were not already enough, a controversy has arisen recently in the area of what is often called "force protection," or in other words ensuring the safety of military personnel and their families at home, at a time when terror-linked organizations have called for the targeting of military personnel and their families by so-called lone-wolf terrorists in the United States as well as in other countries in which US forces are stationed. The most immediate ethical question, with extensive long-range implications, for military and civilian defense leaders is what actions should be taken to protect people at home. Military personnel are encouraged to avoid putting personal information into social media, but that is certainly a difficult challenge in today's ubiquitous social media climate. Interestingly, although military personnel are routinely armed with modern, mission-related weapons, when they deploy and especially when they go to war, they are not permitted to carry weapons or ammunition when in garrison. When several military personnel were killed by a lone-wolf attack at a recruiting center and nearby reserve base in 2015, it raised the debate about allowing military personnel to be armed in their workplaces. The Department of Defense has not supported arming troops at home, and while the debate has calmed for the moment, with the number of shootings in the United States and now the added concern about lone-wolf attacks, the debate is likely to resurface and continue indefinitely.

## Future Challenges

### Gender Integration Revisited

As previously noted, significant strides have been made by all the military services in integrating women into ever-expanding roles, especially since from an ethical perspective this has been deemed the right thing to do. The highlighted recent success of the first two women in completing the difficult Army Ranger School has likely given a renewed impetus to the effort to expand the roles of women in the services. On the other hand, as might have been predicted, there are now allegations in public media, albeit denied by military authorities, that women were given special treatment to help ensure their success in the Ranger School – claims consistent with an anonymous report by a Ranger School instructor to one of the authors before such allegations became public. Whether such accusations are merely unfounded "sour grapes" on the part of those resisting the integration of women into such elite roles or if they prove to be true, the ongoing studies, especially for the Army in evaluating standards and the feasibility of allowing women into all forward combat roles, are likely to continue generating additional career advancement opportunities for women. This is especially important since the Middle East conflicts have shown that even when occupying support jobs, women have for years been thrust into direct combat situations. As a result, there is little evidence that women could not engage in all elements of military service successfully if they meet the standards. The word standards of course is the seminal challenge, since it is clear that physically there are differences between men and women. What is not always clear, however, is whether the standards, as applied to certain roles, are in fact necessary to complete the required work, or even if they are indeed legitimate predictors of effectiveness in the performance of those roles. As such, the effort to substantiate the link between standards and job or training requirements or expectations is likely to continue long into the future and may well require overcoming resistance from some quarters because of concerns about the perceived "lowering of standards."

### LGBT Questions

As the doors have opened for women in the services, they now have also opened for gays and lesbians to serve openly. While at this point the success of that effort seems assured, there can be no doubt that it will be subjected to intense scrutiny by critics and proponents alike, especially since there is an inherently related and potentially contentious question looming large for the future, with that question being whether or not the "BT" contingent of the "LGBT" demographic will automatically be accorded the legal rights and military acceptance privileges that have now been won by their "LG" compatriots. For example, will openly bisexual persons be accepted into the military environment in keeping with the newly established legal concepts governing the military service of homosexuals, and how will the military deal with accommodating openly transgendered individuals who volunteer to serve in the military or who may be drafted by a conscription system instituted in the future, and/or how will the services deal with active duty military members who seek to change gender? Will the military support such changes, to include allowing military healthcare to perform appropriate surgeries commensurate with gender change, and, once gender change takes place, will any different standards be applied to reconstituted men and women? There obviously are many challenges still to be identified and addressed successfully as the effort to make military service universally available continues to move forward. Although pondering such challenges does have an undeniably compelling intellectual appeal, their pragmatic ramifications are equally compelling and contain considerably more potentially divisive consequences, not the least of which will be those that emerge when the legal imperatives are deemed by one or more of the primary stakeholders to be incompatible with their steadfast religious beliefs.

## The World's Police and the Never-Ending War on Terrorism

For the future, there is no reason to believe that the ethical challenges faced by the US military will be limited to internal organizational and individual ethical issues but will inevitably involve the increasingly controversial role of the United States as the world's police and its parallel challenge of waging a multifaceted and seemingly endless war on terrorism. The US military is certainly engaged worldwide, but of particular concern for the immediate future is its use of high-tech warfare or, more explicitly, killing at a distance. For example, and not unexpectedly, with drone "pilots" sitting safely at their computers in the United States, controlling high-tech weapons that are being lethally employed thousands of miles away, a host of ethical issues have and no doubt will continue to emerge. Such concerns already include those surrounding collateral damage, the killing of suspected terrorists without trials, the killing of Americans engaged in terrorist activities, and conducting such operations without the consent of the country where they are taking place. It is also interesting (both intellectually and pragmatically) to note that current research is even focusing on creating robot weapons which will not require human input in the decision to engage a target. If such efforts do progress to the point of becoming a realistic possibility, a host of new ethical questions will have to be considered. The rapidly changing technologies used by the military for intelligence gathering and warfare in general are likely to also raise additional ethical questions not, as of yet, even conceived.

## The Military and Religion

One additional challenge for the US military that deserves consideration is the question of the military and religion, a challenge with two potential questions. In light of the war on terror, the first question could well revolve around the treatment and acceptance of military members coming from a religious background which is associated with that war, especially in light of the fact that there has already been a highly publicized incident of multiple killings of fellow soldiers by an insider – not only a soldier but also an officer. Insider killings of US servicemen, reportedly by

allied religious extremists, have also been a nagging and all too frequently recurring problem in Afghanistan.

The second question centers on the military's involvement with religion at a time when religion has increasingly become a target in the effort to ensure an ever more rigid separation of government and religion in other parts of society. Historically, the military has employed chaplains to counsel military personnel and provide them access to church services, and much has already changed from the days of new troops being marched to church on Sundays to the current policy of just making religious choices and churches, albeit government ones that continue to be federally funded, available. And yet one cannot but wonder if the "anti-church and state" movement in American society might not create new ethical challenges for military leaders in the future.

## The International Dimension

To this point, discussion of current and future challenges has focused exclusively on the US military with a singular, intranational focus, but with the current and increasingly volatile state of world events, much of the military's mission is not only external to the United States but necessitates interaction with numerous other nations and cultures as well. As such, as the roles being assumed by women in the US forces continues to expand and as the inclusion of LGBT members moves forward, one can only speculate what challenges lie ahead, especially as US personnel interact with cultures where women are not treated as they are in the United States and where homosexuality and even extramarital heterosexual behavior may still be crimes for which conviction can and frequently does result in severe punishment. To accommodate the sensitivities of such cultures, members of the US forces have already been required on occasion to adjust their behaviors, such as women having to wear covering garb that is not part of their prescribed military uniform and/or having to be accompanied by male service members when appearing in public.

Reexamining the role of women in military services internationally clearly suggests there is much variation, but one point appears to be consistent, that being the fact that women's roles in direct combat have consistently been limited by design, by male-oriented physical standards, or simply by personal choice on the part of female service members. It is questionable if that will change significantly in the near future.

## Conclusion

There is no doubt that a military with a proper ethical culture, being enacted by members grounded in clear and strong ethics-based values and being led by ethical leaders who are bolstered by reliable support structures and potential sanctions for intentional ethical failings, is an essential institution for any modern society. In the United States, the high regard in which the military is currently held, and its intermittent history of being a natural laboratory for social equity, demands nothing less than to preserve, and potentially enhance, the military's crucial status in society. It is through strong ethics-focused structures that proper ethical conduct can become a mainstay in the normative structure of the US military.

Clearly the past, present, and future ethical challenges facing the military services are many, but the key question would seem to be whether enough is being done to address the issues highlighted herein, as well as preparing to deal with those that have yet to emerge. Of particular interest are the increasing calls, at the highest levels of the Department of Defense and throughout the military services, for a stronger emphasis on ethics, professionalism, and values in the military. In light of increasing efforts by military professional development schools and training programs and renewed efforts in military academies on instilling the proper values, culture, and the appropriate military ethic, an unavoidable question arises as to whether these initiatives do indeed have the potential to

accomplish their historically elusive goals, or might there already be evidence indicating a need for more? Considering the recent GAO report somewhat critical of the Department of Defense's overall efforts to date and the efforts of the Senior Advisor for Military Professionalism appointed in 2014 specifically, it is suggested that much remains to be done to continue to build and maintain the proper ethics culture throughout the Department of Defense in both the short- and long-term time frames (GAO 2015). The critical area of focus, which is, in essence, as old as military history itself, is likely to continue to be efforts aimed at maintaining or even improving and then perpetuating and enforcing ethical leadership. If that is indeed the issue, the military is not alone, instead sharing yet another of the emerging challenges confronting any contemporary, complex organization, but within the daunting context of the uniquely dire consequences of armed conflict.

## Cross-References


- ▶ Administrative Ethics
- ▶ Ethical Leadership
- ▶ Ethics and Social Policy
- ▶ Models of Organizational Change
- ▶ Motivating Ethical Behavior
- ▶ Organizational Environment
- ▶ Organizational Evil
- ▶ Organizational Values
- ▶ Organizations as Moral Agents


## References


Bryant CD (1979) Khaki-collar crime: deviant behavior in the military context. The Free Press, New York

Jurkiewicz CL (ed) (2012) The foundations of organizational evil. M.E. Sharpe, Armonk

U.S. Government Accountability Office (2015) Military personnel. Report to congressional committees, GAO 15-711, Sept 2015

VA Webpage (2015) VA claims backlog now under 100,000 – lowest in department history. http://www.blogs.va.gov/VAntage/22436/va-claims-backlog-now-under-100000-lowest-in-department-history/.Accessed 30 Sept 2015


# Military Governance and Trends


Fernando Giancotti[1,2] and Anita Renault[3]

[1]Italian Air Force, Air Force Headquarter, Rome, Italy

[2]University of Rome Tor Vergata, Rome, Italy

[3]OpenText Corporation, Enterprise Information Management, Paris, France


## Synonyms

Collective action; Decision-making; Effectiveness of military organizations; Leadership interaction; Military governance; Social norm and institutions

## Definition

Military governance can be considered as the application to the military field of the broader concept of governance, i.e., according to Hufty's Governance Analytical Framework, a social phenomenon, "namely the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions", formal and/or informal, vertical and horizontal, meant also at resolving conflicts.

## Introduction

To define the fundamentals of military governance and its actual trends today, it is necessary to frame the military dimension of governance. Frequent exertion of violence among humans, documented in proximity of the Neolithic Era and thereafter, shows "organized lethal aggression" as a distinctive feature. The level of

Gen. Giancotti has worked mainly on the conceptual framework, while Ms. Renault has focused on the historical research.

effectiveness, lethality, and organization of this violence has varied greatly through the millennia and within different contexts and historical periods. The so-called traditional or prehistoric warfare was largely at the band and tribal level, with little hierarchical organization and coordinated TTPs (Tactics, Techniques, and Procedures). With the rise of "chefferies," starting about 11,000 years ago, more complex and stratified social systems with specialization of functions in the social body and division of labor, a proper warrior caste emerged and therefore a better organized and led combat force. But only states have then produced proper armies, with a professional officer corps, more or less established TTPs, and a military bureaucracy to take care of support functions, from about 5400 years ago. Throughout this spectrum, military governance had to bring to bear on its "collective problem," i.e., being able to effectively exert violence for scopes involving very high stakes, both a decision-making function and an effective interaction among combatants, also through social norms and institutions.

Very specific of the military function is the criticality of the mentioned stakes. In fact, the military is normally a last resort choice to promote or protect very critical interests, and once a conflict has started, the ultimate ones, like life or death or great sufferance of the people and the most gruesome destruction of infrastructure and wealth. Furthermore, the military people, formal and informal, usually the main actors of any violent conflict, accept "by contract" the risk of losing their lives and of being exposed to the utmost sufferance.

Thus, the prize put on an effective military governance is extremely high or at least is very likely to become so in case of actual conflict. Consequently, the need to establish mechanisms such to promote good decision-making and cooperation among people rather than defection in front of the highest danger is crucial. The decision-making question is related to the skill and knowledge of the military leaders and to the general leadership dilemma of how much a leader should allow and listen to the contribution of collaborators. The cooperation issue instead can be considered a special case of the general conundrum of leadership and the effectiveness of the collective action, i.e., how to promote cohesion and convergence on a collective interest (the military objective) rather than defection toward individual ones, like, e.g., survival of individuals fleeing the fight. Both questions show through history a range of solutions that go from a combination of the most autocratic and vertical decision-making with regular exertion of violence to maintain discipline and a compliance based on fear to very contributive decision-making and a cohesion based on strong consensus. Just to give a very general idea of how these issues have been dealt with through time, it can be helpful to give a cursory look at some hints thereof taken from military history, to enable focusing on nowadays trends, evolving to face the continuously emerging new challenges. The two key highlighted aspects are "Decision-Making" and "Leadership Interaction: Fear or/and Trust." Of course, also quality and effectiveness of the "social norm and institutions" produced by the decision-making process and the collective action are relevant, but as a second order of these primary factors. It must be clear that the abovementioned oversimplified classification is meant only to make a general point about military governance, considering some examples, and it is by no means scientifically based.



## A Few Hints on Decision-Making and Leadership Interaction Throughout History

### Assyro-Babylonian Empire

#### Decision-Making

Recent archival papers have showed that Assyrian kings were often helped by military and other kinds of elites. Though in a vertical relation, these circles have supported the kings in the process of establishment and operations of the Assyrian empire. The kings appointed governors and officials on which they could blindly rely on. Even though the relationship between them and the kings stayed always very formal and never

overpassed the bureaucratic level, officials could approach the kings without bodyguards, which was a concrete sign of trust.

#### Leadership Interaction: Fear or/and Trust

Many archives have showed that the kings led their armies in war. Both Sargon II and Tiglath-pileser III are remembered today as having been very active and close to their men during war campaigns. It is even believed that the King Sargon III has lost his life while fighting alongside his army. Kings were thus very respected by the armed forces which showed clear willingness to dedicate their energy and life in serving them. Nonetheless, according to the culture of the times, punishments were harsh and fear was also a relevant factor in maintaining discipline.

### Ancient China

The Chinese general and philosopher Sun Tzu, in his famous masterpiece "The Art of War," accounts both for decision-making and leadership on troops.

#### Decision-Making

Military leaders make decisions which regularly involve high risks and uncertainty, balancing wisdom and strategic planning to de-risk a battle. Reference to officers does not highlight collaborative decision-making.

#### Leadership Interaction: Fear or/and Trust

Generating a personal relation with his commanders and troops and showing benevolence and love for them is a tenet of Sun Tzu leadership. The effective leader should encourage his troops and always remind them for whom they are fighting for: the people. According to Sun Tzu, the valor of the leader should always be reminded to inspire the army and boost the spirits. The Chinese general's opinion is that if the leader succeeds in treating his people with justice and sending strong signs of confidence, the army will answer by demonstrating willingness to serve him and the country. In Sun Tzu's words, when a general treats his army as sons, men will follow him "into the deepest valley." Notwithstanding that, also in China at the time, punishments were harsh and fear was also a relevant factor in maintaining discipline.

### Ancient Greece

#### Decision-Making

As with many ancient societies, the early ancient Greek military structure was very similar to that of the society and wider political power. Significant to this respect is the election of (aristocratic) Athenian generals by the soldiers at Marathon; in this ancient epoch, the core of the army was composed of middle-class, property-owning hoplites that reflected this less autocratic arrangement through their selection of commanders in whom they placed most trust. Later also, aristocrats were assigned to highest rank of the military hierarchy and expected to take key decisions in concert with trusted generals of noble rank.

#### Leadership Interaction: Fear or/and Trust

The centrality of the phalanx in Greek battles reinforced this idea of mutual support and cohesion while requiring trust in a leader who could rarely be present in the main battle line. This patriotic and cohesive core is celebrated by the willingness of Leonidas' men to stand with him at Thermopylae. For Sparta as much as Athens, this was to a degree the result of the soldiers being representatives and members of the state (through position and degree of personal property). Though by Alexander's time this concept had lost much of its relevance, the achievements of Greece in the Persian wars became an ideal of comradeship and collective action that subsequent Greek armies were supposed to emulate. The wider bonds of morale and collective effort were thus key elements of Greek military culture.

### Roman Army

#### Decision-Making

Command of the Republican legions was assigned to consuls, drawn largely from the top of society, reflecting the political landscape. The army was supposedly loyal to the Republic, an

idea reinforced by the property-owning, largely unpaid position of most soldiers. Command was issued and enacted through a formal hierarchy of staff officers and formation commanders (tribunes and legates). Depending upon the commander in question, this could be a relatively open and horizontal process or highly authoritarian. Caesar's accounts in "De bello gallico" highlight an open discussion among the commander-in-chief and the subordinate commanders to enhance decision-making. One of the key roles that was devolved to staffs was a complex and efficient logistical systems that enabled Roman commanders to campaign longer and more effectively than their opponents. This effective management of supply and reinforcement required effective use of subordinates with independent authority. Despite claims by Caesar and accounts of the young Pompey, commanders were rarely expected to take directly part in battles but rather to command their subordinates and the timing of reinforcement. At the lower level, the centurions were supposed to take the commander's orders and adapt them where necessary and within limits, to address the difficulties of command and control in battles of 50,000 troops on each side. However, it is generally believed to have been a looser form of command and control than that of the Greek armies and therefore more effective under many circumstances.

Under the empire, command at an operational level remained roughly the same, but army commanders surrendered strategic freedom to the ruling princeps to whom they and their men swore direct loyalty. This semi-medieval arrangement became stronger in the later empire, with the emperor himself often taking the field in order to ensure loyalty of the army and its generals.

#### Leadership Interaction: Fear or/and Trust

The Roman army was famous for its strict discipline, but that was accepted by the soldiers as necessary to a degree. It is an early and well-documented case of widespread small unit motivation, with squads (contubernio) bunking and fighting together and the 80-man century organized under their own standards. Personal bravery and aggressiveness, formally and publicly rewarded by army commanders with medals and promotions, were a key driving force behind its success, along with continuous training. The high casualty rates of centurions – who lead from the front – speak to this emphasis on bravery and leadership. A key element of this, whoever – and to some degree reflective of the Athenian phalanx – was the concept of state citizenship; the soldiers were active members of the state, and though their democratic ideal declined, they thought of themselves as representative of the Roman state at war, their future tied to its success and failure. This was though balanced by personal loyalty to legion and army commanders who – through the spoils of their campaigns and their ability to guarantee generous retirement packages for their soldiers – melded their forces into what became effectively personal war-bands. This primacy of loyalty to the commander proved a strong and effective bond between soldiers, their immediate officers, and their general, but as it grew stronger, it was to cause continued damage through ongoing civil wars and ultimately played a strong part in the disintegration of the Republic and subsequently the empire. Military governance had then direct impact on major geopolitical turnovers.

### Medieval Chivalry

#### Decision-Making

Authority to command was founded on the idea of the king as the rightful ruler of society: in this sense it was extremely hierarchical but, in reality, may have been more flexible as capable lower-ranking commanders exercised authority under actual battlefield conditions. However, as feudally raised armies often had greater loyalty to an immediate lord or commander rather than the senior noble or king, the debate and planning process had to offer a degree of inclusivity to powerful nobles in order to retain their loyalty, both at an operational and tactical level. By contrast the lower-ranking lords, their professional knights, and cavalry/archer and their levies had little input but were expected simply to fight as they were told.

### Leadership Interaction: Fear or/and Trust

Medieval command was based strongly on the personal charisma and strength of the commander, either king or nobleman, as well as his ability to generate military power, very much together with his ability to pay and support his soldiers. Command traditionally rested on the personal authority and seniority – essentially his reputation – as well as strength of the forces that he brought to the table.

Most medieval campaigns were relatively limited in scope (the Crusades being a notable exception in strategic movement, if not in the style of command). Armies fought in general under their local commanders, though the further up the social scale, the more professional the combatant and hence likely greater willingness to serve. Pay through spoils of war was an important motivating factor, but loyalty to a lord or house, defense of one's land, and some belief in the righteousness of a cause were all contributory factors. Even though it is not easy to determine to which extent the soldiers felt themselves part of their kingdom, it is reasonable a degree of identification, even if not quite the same as Republican or city-state soldier in the previous millennium.

As with the Roman legions, although lacking their sophistication, leadership and bravery were key and nobles were expected to fight in the front lines. Furthermore, the strength of loyalty – both for mercenary and political reasons – should not be underestimated: medieval battles often lasted the best part of a day and saw very heavy casualties before one side retreated, sometimes retaining good order and discipline.

## The Prussian "Revolution in Military Affairs"

### Decision-Making

The Prussian Army's influence in European military affairs has varied between that of a leading power in the eighteenth century and to humiliating defeat against Napoleon and subsequent formation of a new empire from the defeat of his great nephew in 1870. The strong investment in the buildup of a truly professional military under Frederick Wilhelm the First, the soldier-king, sets the stage for a true military power of the eighteenth century. A strong identification of the military with the kingdom ("an army with a country") reinforced this practice, though governance remained largely traditional and based on the person of the king. The aristocracy, largely outpowered due to the absolutistic monarchy, was channeled and given high status in the militarized state system. Senior officers remained of traditional backgrounds and were too be obeyed based on the faith that the kings showed by their appointment. Famous is the picture "War council of Friedrich the Great," the mythic general, statesman, and king, depicting him listening to his general proposing a battle plan. The defeat by larger and faster moving Napoleon armies drove thinking about combined arms efforts and professional instruction for a broadened conscript army and wider officer corps. Emphasis on flexibility of strategy and operations together with responsibility of junior commanders to develop or exceed orders (the modern example of mission-oriented command) was both a key component of effective leadership. Establishment of a staff, a war academy, manuals for officer, and consideration of technical improvements (weapons, transport) were part of a wider open-minded appreciation of how to maximize Prussian military advantages. Producing and sharing knowledge through a staff for the sake of better decision-making was eventually a Prussian invention.

### Leadership Interaction: Fear or/and Trust

The increasingly patriotic and nationalistic underpinnings of the Prussian nation and army, together with concern over disadvantageous strategic situation, drove the formation of professional, offensive doctrine promised on flexibility and concentration of force against single enemies in succession. Within the army, the message of the nation in arms – as was the case in France – delivered both an expectation of performance and the opportunity for advancement.

The focus on junior leader responsibility, combined with effective generation of the army as a national concept, forged close relationships among lower levels of the army. Emphasis on

collaboration across ranks and units together with the military self-identification as the vanguard of the nation created a strong concept of both citizen and professional soldiers. Emphasis on esprit de corps and aggressive action had generated a positive feedback loop from successes in the second half of the nineteenth century, combined with extremely effective governance and supply of units on campaign. Indeed, these were many of the strengths that had allowed Napoleon victory in 1806. Exceeding Bonaparte's armies, the Prussian force of late nineteenth century had professional command, logistics, signals, and weapons together with a strong sense of vertical and horizontal relationships among units and arms. This combination of the moral with the physical and the technical factors was to prove an extremely strong entity.

## Napoleon's Revolution in Military Affairs

### Decision-Making

The experience of the French and their opponents from 1789 to 1815 represents an important military evolution on many levels. Command was essentially hierarchical, relying on competence and charisma to motivate and guide forces but with a degree of debate and collective decision-making. Though much was later made of the levée en masse and new commanders with revolutionary zeal, the management of the early French Revolutionary armies depended significantly on the existing infrastructure and training of the royal army of Louis XVI. As the old commanders and structures died through attrition, the Republican and Napoleonic armies became more meritocratic (often by necessity) as junior, capable commanders – including Bonaparte himself – imposed their more agile vision of military affairs.

Napoleon's famous victories in his early years were a balance of his personal authority and capability combined with that of subordinates. A degree of council on decisions and the articulation of objectives combined with freedom to – and expectation of – exercise judgment at lower levels to take advantage of developing situations. This challenged the more prosaic command structure of his opponents, emphasizing and rewarding personal leadership and results over adherence to established practices.

### Leadership Interaction: Fear or/and Trust

The French Republic was perhaps the first entity since antiquity that managed to generate a common principle of citizenship and shared responsibility. This tilted heavily the trust/fear relationship toward the first term. Furthermore, Napoleon's policies offered prospects and promotion lacking in other armies to those prepared to take risks and forge relationships with their units, motivating their forces to succeed. The Legion of Honor and rapid promotions exemplified the potential rewards of success, as did – initially at least – the ostensible sharing of campaign hardships among officers and men. A focus on battlefield capability and the opportunity to be recognized and gain the rewards of service were key facets of Napoleonic service. Social position, though not unimportant, was not perceived as a barrier to advancement while the opportunity to be recognized in front of one comrades was a key element of the armies' aggressive appetite and resilience. A well-established structure of command allowed flexible organization at lower levels as well as depth of control should individuals be injured. As with the Caesarian legions, discipline was also relatively fierce, providing the stick alongside the carrot of rewards.

Over time and despite the nominal flexibility and opportunity offered, the Imperial Armies became increasingly hierarchical, though they managed to retain their offensive spirit and confidence owing to the personal loyalty shown by middle- and lower-level commanders to their corps or army chiefs and ultimately to Napoleon himself. As long as the regime met with success, this was sustainable, but as defeats mounted, the reliability of army commanders – his marshals – and their subordinate armies began to decline. Nevertheless, the freedom of corps commanders and the collective input under Napoleon's unassailable position continued to be the main feature of control, even if Ney and Grouchy's actions at Waterloo showed the limits of allowing subordinates to operate with minimal oversight.

## Industrial Age Militaries: World Wars and the Cold War

Even a very simple scheme as ours would require a large book by its own to map the last century of military governance. We try to capture some general ideas from the governance and leadership dynamics of the period, to confront with our previous discussion. The Industrial Revolution produced armies by far larger than any other time, through the related demographic explosion, and equipped with the deadliest killing technology ever seen on the planet. In the age of industrial wars, the twentieth century, a Tayloristic approach to the enormous production of violence and of its instruments aimed at enemy systems could maximize coercion of enemy's will. A rather vertical decision-making for large masses of soldiers together with production of huge amounts of armaments to feed the fight have been decisive. Centralized command and control, more or less open to contribution, could often leave men on the ground with no clue of the reason for their orders. Discipline was harsh and court martial proceedings severe. Decision-making was supported by varying degrees of commanders' discussion in the western democracies while being mainly vertical and authoritarian in Hitler's Germany and Stalin's Russia. The cohesion was tied to a nation-state ideal, until that survived the harshness of the battlefield, and to peer-to-peer bond among soldiers. War was generally seen through the lens of the positivistic culture, as an organized, linear process where power factors were engineered to coerce the enemy's will. Actually, economic power and industrial production were key in winning the war for the Allied Powers. But in sum, notwithstanding the enormous scale of the conflict and its incredible technological leaps, not much in terms of decision-making process and leadership interaction had changed, at least for the mainstream war. They were linked to trust to identities as the state, the nation, and some leaders, based on fear for harsh punishment in case of desertion, with a largerly vertical decision-making process. Varying degrees of shared analysis at the top and some tactical freedom from subordinate commanders were often allowed but also often not. The MAD (mutual assured destruction) paradigm of the Cold War added an absolute new and frightening paradigm change to confrontation, de facto quelling the potential for major conflicts. But even there, no corresponding change arose in governance concepts. Remarkable in a sense was the extreme centralization and verticalization of the Soviet military system, fully discovered after the collapse of the Soviet Union. Its operational and tactical fragility is an icon of the inadequacy of linear, disempowering governance systems posed to confront the "fog and friction" of war.

## Drawing Conclusions: Trends in Military Governance Today

Our very shallow look at some fundamental modes of military governance through history has shown a wide variety of decision-making and leadership interaction approaches and of combination thereof. These ranged from a very vertical, authoritarian stance, though coupled to strong charismatic leadership, deaf to contributions and conductive to disaster, like Hitler's strategic conduct of World War II, to the Israel Defense Force model of horizontal relations and diffused leadership, formally loose but dense of interactive exchanges within clear strategic directives. Identification with the institution (Rome, the Republic of Venice, the country, etc.) or with the leader has often been a pillar of motivation to fight, as loyalty to one's own fellow soldiers. Trust could be established between the leader and the soldiers, within the units, and in both cases in the best circumstances. Fear of punishment has always been in varying degrees a contributor, sometimes the main one, to collaboration versus defection. Social norms and institutions generally followed the lines of the different governance modes. Of course, we shall recall that their effectiveness depended largely on the context in which they had to operate.

Nowadays, apart from the dormant nuclear confrontation, conflicts seem to be much smaller

than the global deflagrations of last century but much harder to understand and manage. The end of the Cold War has opened a Pandora's box of tensions and conflicts, in which the industrial age paradigms show very little effectiveness. What has been called a VUCAR (volatile, uncertain, complex, ambiguous, and rapidly changing) world has deeply changed the challenges that militaries face and thus their governance needs. The new emerging trend for the nowadays effective military governance is still inevitably based on satisfaction of the deep needs of humankind: social interaction, leadership, and values as glue of the collective action. The appreciation of those is today key for a mature adhesion to the mission accomplishment. But also on an agile, decentralized but strongly connected network of people whose bond is trust, rather than fear. It is so because of the key importance of the distributed ability to contribute with information and ideas to the decision-making process and the capacity of individuals and teams to take the initiative when their situation awareness so dictates or when centralized control fails. Those are trust-based actions, apt to contribute enormously to effectiveness in complex environments and resilience in any contested endeavor. The age-old conundrum between trust and fear is thus definitely gone to trust, just like the many different combinations of authoritarian versus collaborative decision-making go definitely toward a cooperative mode. Collaborative doesn't correspond to the definition of democratic political process: military officers are appointed and not elected and bear personal responsibility for the decision taken as a synthesis of the decision-making process. But the analytical phase thereof, collecting inputs from rank-and-file, from operational actors of any relevance, from collaborators and staffs, must be highly cooperative and closely networked. Nor does it mean that defection from cooperation and values should stay unpunished. Sanction stays as deterrence thereof and warrantor of fairness and justice in the system. But it is by no means the main reference of the collective action. In this new world, leadership stays as the mainstay of the operational effectiveness, but its focus moves to trust and network. Leadership today has also the great responsibility and the unusual task to bring together people and technology as a system, since if we know that we will always need the first, we cannot hope to do without the second when networking and speed of information exchange are key to agile and effective answers in a VUCAR world. That implies great opportunities but also new challenges, since system thinking is still unusual among humans, let alone among humans and machines. Opportunity and challenge will be multiplied manyfolds in the next future, most likely well before we generally think, as artificial intelligence will explode as a diffused new tool, with mind-numbing implications, among which its potential to utilize humans as tools for mission accomplishment. Thence will military governance, as actually any governance at all, need to be thoroughly redefined once again.

## Cross-References

► Decision Making

M

## References

Schadlow N (2017) War and the art of governance, consolidating combat success into political victory. Georgetown University Press, Washington, DC

Vroom VH, Yetton PW (1973) Leadership and decision-making. University of Pittsburgh Press, Pittsburgh

# Millennials in the Public Workforce

Jessica L. DeShazo
California State University Los Angeles, Los Angeles, CA, USA

## Synonyms

Boomer babies; Generation me; Generation Y

## Definition

Millennials refer to the generation of people who were born after 1980 and reached adulthood in the new millennium. Sometimes, this age range is extended to people who were born at the beginning of the millennium. They follow the group referred to as Generation X.

## Introduction

The composition of the public workforce is undergoing a major demographic shift. The generation of people born between 1946 and 1964, following World War II, known as the baby boomers, are retiring. A new generation of employees are now beginning their careers and becoming leaders in the public sector, the millennials. While we know quite a bit about the baby boomer generation, their impact on the workforce, and their work habits, we know much less about millennials. Since millennials are beginning to make up a larger section of the public work force, it is important to understand millennials and their motivations to work in the public sector, how to effectively manage them, and how to develop their skills and abilities. Since the baby boomer generation is retiring, agencies in the public sector will need to participate in succession planning in order replace those employees who are retiring while maintaining productivity levels. Succession planning occurs when an organization actively plans for the replacement of its top-level executive and senior management positions by identifying potential candidates within the organization and developing their abilities to work at the top level.

As a generation, the millennials have some defining characteristics that will impact how public organizations function and how they engage in succession planning. The millennial generation defies basic stereotypes about their work habits and beliefs. Overall, they have been called a generation that defies description. However, there are some things that can be singled out about this group and their nexus with the public workforce. It is important to keep in mind that this generation has grown up with access to vast amounts of information readily available from computers and mobile devices as well as networks of communication from social media sources. Additionally, this generation has been shaped by the Great Recession. Many of them have seen their parents and grandparents take huge financial losses and in some cases lose their jobs and homes. Society, the economy, and changes in technology have had a great impact on this generation of public employees.

## Motivations to Work in the Public Sector

It is often said that millennials are a "me" generation that is overly concerned with themselves and less with their community and the society in which they live. Why would they then choose to work in the public sector? It would follow that as the "me" generation, they would be more interested in working in the private sector and not in the sector that is focused on serving the public. This is not a correct assumption. Millennials may be concerned about themselves, but they also desire to work in the public sector, including both government and nonprofit organizations specifically because they provide an opportunity for public service. Millennials, like generations before them, are in search of work with meaning and an ability to contribute to the greater good (Ng and Gossett 2013). This could be because of the economic climate of the Great Recession that shaped their view of work and contributing to society. They have a desire for better society and contribute to issues they care about. Millennials want to work in areas that they believe are meaningful.

## Managing Millennials

Millennials tend to desire more balance between work and their personal lives than baby boomers. They are less willing to work long hours everyday of the week just to get ahead in their careers. They would rather have more personal time away from work. For millennials, the ability to have flexible work schedules and telecommuting options are important. While both can be difficult for organizations to implement due to managing the

workload and scheduling conflicts, they provide greater satisfaction for millennial employees who want more work-life balance. Also, not all work in the public sector is amenable to telecommuting or flexible schedules. However, some governments are being more innovative and introducing these formats when possible. For example, many local governments are shifting to a compressed work week, to both save money and increase employee satisfaction. A compressed work week is working the normal amount of hours for full-time employment, usually 40 h, but in fewer days. A common approach to a compressed work week is working 10 h a day for 4 days, which gives employees 3 days away from work instead of two. Such an approach is amenable to millennials because it gives them more continuous personal time.

Other than more work-life balance, millennials tend to need continuous affirmation about their work. They have often been referred to as the "everyone gets a trophy" group because they have been accustomed to receiving positive feedback regardless of their performance. It is the idea that a person receives an "A" for effort. While this may be true, in human resources management, it is well accepted that people perform better in a positive working environment in which they receive constructive criticism and some amount of praise for when they perform a task correctly or perform well overall. Additionally, when training an employee, it is important to provide immediate feedback regarding their work. This helps the employee to understand what they did correctly and what needs to be improved upon. It is a good management skill to use on anyone, regardless of their generation.

There are a few more important points to understand about how to manage millennials. First, this generation uses social media and their personal devices to constantly stay connected with others. While it may seem like a disadvantage, managers can use this to their advantage with group-oriented work. Millennials tend to work well in groups and can communicate with their peers effectively in a professional environment. Second, millennials desire the ability to advance quickly. They are more likely than previous generations to voluntarily leave their jobs in search for higher pay and more fulfilling work. They have less loyalty to an organization and show more loyalty to a cause or mission they believe in and people they work with (Burke et al. 2015). In connection to this point, the millennial generation hold both a diverse and inclusive working environment as being important (Ng and Gossett 2013). This also supports more group-oriented work, and organizations need to maintain a positive working environment if they wish to retain millennial employees.

## Developing the Skills and Abilities of Millennials

Since it is understood that millennials are often seeking meaningful and rewarding work (Ng et al. 2010), developing their skills and abilities should focus more on how their job or role within an organization contributes to fulfilling its public service mission. Researchers are predicting that millennials may become the most educated generation; therefore, organizations can focus less on developing formal knowledge for this generation. The millennial generation seems to learn best through active learning, which requires participation in learning new concepts and skills rather than passive listening. This would make reading handbooks on different processes or skills difficult for millennials to absorb. Instead, teaching new material on the job site would be best delivered through on-the-job training, workshops, or simulations when the previous two are not an option. Additionally, millennials are considered "digital natives," meaning that they have grown up understanding on how to use digital technology. Training of millennials should then focus less on teaching them how to use software and digital technology, and more focus should be on how to effectively multitask with the technology and how to prioritize work tasks.

## Conclusion

Millennials are different from previous generations, especially the baby boomers. However, they still want to contribute to society and work in the public sector. Millennials can be as

productive and effective in public sector work as older generations. As organizations plan for millennials to replace the baby boomers, they must understand the characteristics of the generation in order to maintain productivity and retain their younger employees. Supervisors of millennials must understand how millennials learn, the type of work they desire, and the importance of a positive working environment and working relationships.

## Cross-References

► Motivation-Based Theories of Organization
► Public Service Motivation

## References

Burke RJ, Cooper CL, Antoniou A-SG (2015) The Multigenerational and aging workforce: challenges and opportunities. Edward Elgar Publishing Inc., Northampton

Ng ES, Gossett CW (2013) Career choice in Canadian public service: an exploration of fit with the millennial generation. Public Pers Manag 42(3):337–358

Ng ES, Schweitzer L, Lyons ST (2010) New generation, great expectations: a field study of the millennial generation. J Bus Psychol 25(2):281–292

# Minority Entrepreneurship

LaMonica M. Wiggins[1], Rachel P. Masilamani[2] and Kristine L. Mielcarek-Sharpe[2]
[1]University Library System, University of Pittsburgh, Pittsburgh, PA, USA
[2]Carnegie Library of Pittsburgh, Pittsburgh, PA, USA

## Synonyms

Black owned Business; Disadvantaged business enterprise; Immigrant owned business; LGBTQIA owned business; Minority owned business; Startups; Women owned business

## Introduction

The global COVID-19 pandemic arrived and brought widespread shutdowns to the USA in March 2020, causing reflection on the state of business and information services for minority-owned businesses and startups under constantly changing circumstances. Unlike the 2008 financial crisis, the pandemic immediately affected every aspect of every business and demonstrated that economic health is people's health. Add the prominent killings of George Floyd and Breonna Taylor at the hands of police, the resulting mass protests across the country and the world in support of the Black Lives Matter movement, and it became clear that racial justice would directly impact entrepreneurs and their support systems.

This article examines the historical and contemporary problems and challenges that minorities face when starting or growing a business and highlights some the unique resources and services available to support them along the way.

## Disproportionate Challenges

In the current moment, the impact of deep, long-term wealth inequality is clear. Before the pandemic, minority-owned businesses already faced disproportionate challenges, especially from unequal access to capital and credit. As the pandemic continues, reports indicate that Black- and Latinx-owned businesses are more likely to operate in locations with high COVID-19 levels and that these businesses are less likely to have received Paycheck Protection Program (PPP) relief.

Nevertheless, entrepreneurs of all backgrounds continue to demonstrate flexibility and identify opportunities to adapt and pivot. Buy Black networks and platforms at local levels with worldwide reach online, continue to form, and expand. Additionally, the support networks put in place by different levels of government, universities, and other organizations to address documented challenges facing Black and Brown business owners continue to provide solid support to minority entrepreneurs. Despite devastating estimates of

the impact of the coronavirus pandemic on minority-owned businesses, local and national business news continue to recognize adjustments and pivots that some minority business owners have deployed.

Restaurants and retail businesses around the country have moved to outdoor dining, curbside, and delivery services in response to restrictions and commonsense care for the health and well-being of staff and clients. Some businesses moved to cut costs by closing locations, paring down production, and layoffs or salary cuts. Others identified new niches and evolving needs to serve, such as Black-owned distilleries moving to the hand sanitizer market in response to nationwide shortages of the product. When Black- and other minority-owned businesses have achieved a sufficient cushion of funding to pivot, innovate, and respond to new demands, they succeed in doing so. When carrying the heaviest burden of historic inequities, however, they are likely to falter.

The summer of 2020 brought the Black Lives Matter movement into the mainstream in new ways. Worldwide protests in the wake of police killing George Floyd and Breonna Taylor caused many people to reflect on the disproportionate impact of police violence on Black people. As the wider public becomes more engaged in understanding economic inequality, efforts to support Black entrepreneurship also entered mainstream consumer culture in new ways. Whether Black Lives Matter demonstrators sought to purchase apparel showing their support for the movement from Black-owned businesses or moved their buying power to Black-owned business networks, the market for Black entrepreneurs has expanded.

In urban centers, Black-owned business directories are expanding and becoming more accessible and robust. Mainstream publications and news sources spotlight Black-owned businesses. For instance, Oprah Winfrey's magazine, *O*, usually promotes Black-owned businesses in its annual gift guide, but this year, "Black owned" has become a headline grabbing quality. Consumers of all backgrounds have come to recognize that their buying power can be a tool to address systemic racism, as well as a way to find unique products and services that may not have been marketed to them until just a few months ago.

This article examines the historical and contemporary problems and challenges that minorities face when starting or growing a business and highlights the unique resources and services available to support them along the way.

## Minority-Owned Businesses by the Numbers (Pre-COVID)

Prior to the 1970s, minority enterprises were small in size and often limited to a narrow set of industries. However, in recent years, growth and diversification of minority employer and nonemployer firms has exploded. According to the *Annual Business Survey*, conducted in 2018 and released in 2019, minority businesses account for 18.3% (or one million) of all employer businesses in the USA (United States Census Bureau 2021). By definition, employer firms employ paid workers year-round. This survey, conducted by the United States Census Bureau, provides demographic information on business owners and captures key financial statistics and trends. The survey highlights statistics from each class of racial or ethnic minority recognized by the US government including African American, Hispanic, Asian American, Native American, and Native Hawaiian and Other Pacific Islander and women and veteran businesses.

The top business sectors for minority entrepreneurs were professional, scientific and technical services, construction, healthcare and social assistance, and retail. These businesses employed over 51 million workers and had a combined payroll of $2.6 trillion that year. Hispanic-owned businesses grew to 331,625, up 3% from 2017. Hispanic firms also employed three million workers and had about $101 billion in annual payroll. There were an estimated 577,835 Asian-owned businesses. Asian-owned businesses had the highest receipts ($863.3 billion) among minority groups. Additionally, there were 24,433 American Indian and Alaska Native-owned and 6653 Native Hawaiian and Other Pacific Islander-owned businesses. Of the 124,551 Black-owned enterprises,

28.5% fell into the healthcare and social assistance sectors. Complete statistics can be found in the Annual Business Survey 2019 (United States Census Bureau 2021).

Nonemployer firm data for minority entrepreneurs is not included in the Annual Business Survey. A separate report called *Nonemployer Statistics by Demographics (NES-D*) looks at nonemployer statistics for different ethnic groups in the USA. This data is not collected via a survey, but is compiled linking existing census data to demographic characteristics. This additional data is important to explore for many reasons. Compared to employer owners, owners of nonemployer businesses are younger and more diverse in race, ethnicity, and gender, and about one third of nonemployer businesses are owned by minorities. The nonemployer businesses have no paid employees or payroll, and the vast majority are sole proprietorships.

The most recent release of *Nonemployer Statistics by Demographics (NES-D*) data is from 2017. According to the report, minority-owned nonemployers accounted for about 8.2 million of the total 25.3 million nonemployer businesses (United States Census Bureau 2020b).

## Answering a Legacy of Disparity

Despite rising rates in minority business ownership over the last few decades, many minority entrepreneurs continue to face significant disparities when starting and growing a business. Many of these disparities can be connected to institutional discrimination and racism that have plagued American society since the era of reconstruction.

Historically, minority businesses, more specifically Black businesses, have been the target of state-sponsored inequality and terrorism. There are many examples during the reconstruction period that illustrate a systemic and violent suppression of prosperous minority communities at the hands of White mobs including most notably the Red Summer of 1919 and the burning of *Black Wall Street* at the Tulsa Massacre in 1921. The months shortly after WW I ended are considered to be the bloodiest in American history for White-on-Black riots. Over the course of 10 months, White mobs burned down thriving Black business communities and killed hundreds in major cities all over the country. Known as the Red Summer, this period in time was marred by over 25 race-based riots.

The Tulsa Massacre of 1921 is considered one of the worst assaults on Black business during this time. The Greenwood district, known as *Black Wall Street*, was a thriving Black business community in Tulsa, Oklahoma. This community prospered under a huge oil boom in Oklahoma in the 1920s. By 1921, Greenwood was home to multiple Black-owned hotels and lodges, a public library and hospital, doctor and lawyer offices, banks, restaurants, a movie theater, and the prominent Black newspaper, *The Tulsa Star*. It quickly became the wealthiest African American business community in America and, due to segregation in Oklahoma, was largely self-contained with Black money driving its economy.

A single event on May 31, 1921, would change this community forever. Angered by the alleged rape of a White woman by a Black man, an armed White mob took to the streets. Black residents of Greenwood took up arms against this mob. Being out armed and outmanned, the residents fled to the district. The mob descended on Greenwood, and at the end of the 18 hours, 35 acres of business property and over 1200 homes in Greenwood would be destroyed and 300 of its residents killed and 800 injured.

These types of events became commonplace all over the country over the next decades. While some communities, like the Greenwood neighborhood in Tulsa, were able to rebuild, others were abandoned. Often residents of the communities were not awarded damages through the court system or otherwise compensated. This time in history has had a profound impact on today's racial wealth and opportunity gaps.

The civil rights movement and accompanying legislation sought to address not only the political and social inequalities for people of color but also many of commonplace racially motivated business practices that kept minorities from competing in the free market. The creation of the Small

Business Administration (SBA)'s Section 8 (a) program during this time sought to level the playing field for socially and economically disadvantaged enterprises by requiring that at least 5% of government contracts be awarded to these types of businesses each year (Small Business Administration n.d.). Through a certification process, minority businesses were able to secure business with the federal government. Because of this many small minority firms were able to stabilize and grow.

The creation of the Minority Business Development Agency by executive order under President Nixon in 1969 further illustrated the federal government's commitment to growing America's minority businesses. President Nixon recognized the impact minority businesses have on the American economy and specifically charged this agency with providing support services, funding opportunities, and education initiatives to US minority business enterprises (MBEs) owned and operated by African Americans, Asian Americans, Hasidic Jews, Hispanic Americans, Native Americans, and Pacific Islanders (Minority Business Development Agency n.d.).

Today, however, many of the unique challenges minorities face when starting a business can be linked directly or indirectly to the events and sentiments of the reconstruction and the Jim Crow eras. Some of these challenges include difficulty accessing monetary capital for startup or scaling purposes, lack of access to social capital and business education and experience, and more recently the economic fallout from the COVID-19 pandemic and its disproportionate effects on minority-owned firms.

The success of any new business often relies on the ability to secure and manage monetary capital. Working capital is necessary for building inventory, hiring employees, and customer acquisition. However, studies have shown that minority businesses are less likely than their White counterparts to secure capital through mainstream means. This includes small business loans from traditional lenders like banks. Minority entrepreneurs are viewed as risky investments by traditional lenders due to their perceived lower net worth, lack of collateral, and creditworthiness.

Because of the racial wealth gap, many African Americans and Hispanics have a lower net worth than Whites. This lack of personal finance could mean that when they borrow, they need to borrow more. Having a lower net worth can also mean that you have less high-value collateral for banks and other lenders to collect in the case of loan default. Compounded by lower credit scores on average, minority entrepreneurs often become susceptible to lower loan amounts with higher interest rates than their White counterparts.

Government agencies like the Small Business Administration (SBA), community-based nonprofit organizations, business accelerators, and others are trying to address this racial wealth gap for entrepreneurs in many ways. For example, the SBA works with lending partners to guarantee 7(a), 504, and microloans (Small Business Administration n.d.). By guaranteeing, the SBA is mitigating the risk for lenders while providing competitive funding opportunities for minority entrepreneurs. Other opportunities for funding have become popular recently including crowdfunding, community-based grants, and business accelerator seed funding. Ultimately, all of these programs have increased the level of capital available for minorities.

Another challenge for minority entrepreneurs is the lack of access to social capital. Networks of investors, mentors, and partners are key resources for any new business. Having connections can put a business in a strategic position in the market and also provide that business with invaluable resources and advice in the early stages. However, this type of capital has often been unavailable to minorities. Today, private organizations, government agencies, and nonprofit entities are addressing this issue through the creation of national and community-based cohorts. Groups like the African American, Asian-American, and Hispanic Chambers of Commerce have offices around the country to engage with local minority business communities. These local agencies provide mentoring services and host networking events that foster deeper connections and opportunities for collaboration with other businesses.

Some minority entrepreneurs also have limited exposure to business education and training. On

average, nationally, Black students account for less than 10% of business school enrollment, and this lack of exposure to business fundamentals can put green entrepreneurs at a severe disadvantage. Understanding how to run and organize a business, manage capital, hire employees, acquire customers, access new markets, and navigate contracts and taxes are all skills that entrepreneurs need to have in order to be successful. The lack of a business acumen can keep a minority business small with limited growth.

Business incubators and accelerator programs around the country are helping minority businesses to fill their knowledge gaps. These entities are not only providing space, connections to industry practitioners, seed funding, and mentoring services but also educational workshops and trainings and access to free business planning resources that give entrepreneurs the skills they need to compete.

At the start of 2020, much of the world was engrossed in a worldwide epidemic due to the spread of the novel coronavirus. As local governments began to shut down schools, libraries, and other public places, businesses were forced to close too. Just 3 months into the pandemic, 41% of Black-owned businesses, 32% of Hispanic-owned businesses, and 26% of Asian-owned businesses had already closed, likely permanently, compared to less than 20% of White-owned businesses (Fairlie 2020). These minority businesses were especially vulnerable due to existing racial inequities in health and wealth access that had been further agitated by the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (Care's Act) was signed into law in early 2020. This stimulus package of federal relief for workers and small businesses included the Paycheck Protection Program. Administered by the Small Business Administration, this program was meant to provide loans to small businesses to help them maintain their payroll, hire back those laid off, and cover operating expenses. However, these PPP loans were unequally distributed among small firms, with only 20% of eligible firms in states with the highest densities of Black-owned firms having received loans. This unequal distribution also hit other minority- and women-owned businesses hard. In early 2021, government officials reevaluated and reopened the PPP loan program with an emphasis on minority businesses going forward.

## Mentorship and Programs

Minority-owned businesses need information and support in order to succeed, but it can be difficult to focus on each aspect and need. These types of businesses can get help and support from small business assistance organizations and programs. Mentoring and other support programs will enable participants to readjust, reimagine, or reinvent in preparation for any downturn due to a change in consumer interests, a demographic shift, or something more widespread, unpredictable, and disruptive like the COVID-19 pandemic. All entrepreneurs need to identify their competitors, understand the outlook for their industry, and learn how to find and follow this information in order to be a success now and into the future. Tackling topics like the business plan, incorporation, financing, budgets, marketing, human resources, contracts, licenses, regulations, taxes, and more are the mainstay of these organizations. They offer timely information, tips, and support to businesses with issues ranging from how to diversify a Workforce, how to take a business to the next level, and how to bid on contracts or prepare for an audit to how to recover from a natural disaster.

Some support organizations offer same-day service to clients over the telephone, via video calls and online chats or to walk-ins, while others schedule appointments. Many provide classes, both in person and online, where entrepreneurs can learn solid business skills. These newly acquired business skills can often make them more attractive to investors and put them in a better position to secure customers and contracts.

Small business assistance organizations can be found in plenty of communities, but a new small business, or even those that have been around for a while, may not be fully aware of all the services and resources at their disposal. These organizations serve as educators, resource providers, and

connectors. They can most often be found locally as nonprofits, at colleges and universities and even government agencies. Many help fledgling entrepreneurs acquire basic job and business skills, while others match entrepreneurs with mentors for one-on-one counseling and technical assistance.

There are many active small business support systems and networks throughout the country. A few, major, go to national organizations including the Small Business Administration (SBA), the United States Chamber of Commerce (USCC), and the Minority Business Development Agency (MBDA). The Small Business Administration produces both national and local editions of the *Small Business Resource*, a guide filled with articles and directories to help connect entrepreneurs with local small business assistance and resources (United States Small Business Administration 2020). Guidelines and tools for minority-, women-, veteran-, Native American-owned, and even rural businesses are plentiful via the SBA website or by contacting their local offices as well.

The Small Business Administration's *All Small Mentor-Protégé* program provides an opportunity for a small business to gain sound business knowledge through the guidance of an experienced government contractor. Mentors can help protégés develop management strategies, identify bid opportunities, master the bidding process, and assist with financial and administrative support. Protégés must have a mentor already identified when applying for this program. Requirements and rules, for both mentors and protégés, need to be met and adhered to in order to qualify for and participate in this program. Mentors and protégés can work together for up to 3 years with a possible extension (United States Small Business Administration n.d.-a).

Entrepreneurs can find further assistance from SBA Resources Partners such as the Service Corp of Retired Executives (SCORE), the Small Business Development Centers (SBDCs), the Women's Business Centers, and the Veterans Business Outreach Centers (VBOCs). Each of these partners have extensive programs and customized support for minority, women, and disadvantaged business enterprise (MWDBE) clients.

Founded in 1964, SCORE offers several unique programs for minority entrepreneurs including *SCORE for Black Entrepreneurs,* a website that features blogs, articles, webinars, and infographics that address the challenges Black businesses face (SCORE n.d.-b.) and their mentor program that matches entrepreneurs with volunteer executives who share real-world knowledge which is key to development and success. According to SCORE, "small business owners who receive three or more hours of mentoring report higher revenues and increased growth" (SCORE n.d.-a).

The United States Chamber of Commerce (USCC) is a long-standing organization that has been serving and representing all types and sizes of US businesses. Recognizing the economic importance that small and diverse businesses have on communities, the USCC has developed a number of programs to advance their growth including the *Hiring Our Heroes* program that supports veterans, transitioning service members, and military spouses, the *Native American Enterprise Initiative* that helps tribal business entities and Native American-owned businesses, the *Women Taking the Lead* program that supports and connects women leaders in government and business, and the *Next-Gen Business Partnership*, a nationwide collaboration with historically Black colleges and universities charged with supporting the next generation of diverse business leaders.

For more than 50 years, the Minority Business Development Agency (MBDA) has focused on the needs of minority-owned businesses. In 2020, it adapted its National Minority Development Week activities to a virtual platform and deployed over 10 million in federal funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES). In September of 2020, the MBDA promoted the first *Buy MBE Day*, an initiative to encourage government contractors, corporations, and individuals to purchase from their local minority business communities (Minority Business Development Agency 2020.).

Economically disadvantaged, women, Black and other minority ethnic groups, LGBTQ, and veteran-owned businesses can also connect with organizations that specialize in

supporting their unique needs. Some of these are the U.S. Women's Chamber of Commerce (USWCC), the National Veteran-Owned Business Association (NaVOBA), and the National LGBT Chamber of Commerce (NGLCC). Because needs change throughout the life of a business, entrepreneurs often build long-term relationships with these organizations for sustained support.

Attending a networking event or conference sponsored by small business assistance organizations is another way for entrepreneurs to enhance and expand opportunities. Going to an event in person is a great experience, but virtual events offer valuable opportunities and have become the norm for health and safety reasons during the COVID-19 pandemic. Virtual events facilitate learning and networking without the expense and time of traveling and allow participants to remain local to attend to needs at work and home, major factors for a small business. A simple Internet search can reveal many national, regional, or local conferences, expos, and events happening throughout the year.

One regionally and specially focused example is the U.S. Haitian Chamber of Commerce, Inc., hosts the "Virtual Minority Small Business Conference and Expo." Originally started in Massachusetts, this organization has added chamber locations throughout the country to promote and assist Haitian businesses. Their conference and expo bring together partners, especially in the Boston area, who support the needs of the Haitian community. In response to the unprecedented hardships felt by all small businesses because of the COVID-19 pandemic, they expanded their 2021 Conference to include the needs of Black, Brown, and other minority small businesses (US Haitian Chamber of Commerce, Inc. n.d.).

There are also unique online courses that help entrepreneurs navigate the startup process. First course, focused in the Southwestern Pennsylvania region, is a collaboration project spearheaded by New Sun Rising, La Dorita, and Smallman Galley, three local small business incubators, and Shift Collaborative, a creative agency. The course, funded by the Heinz Endowments, is an online learning tool for food industry startups in Pittsburgh and the surrounding area. Participants learn skills to build their business and navigate the regulations, certifications, and licenses essential to restaurant and other food business operations. This venture was created with an eye toward having an inclusive and sustainable food industry in the region (First Course 2017).

Collaboration between organizations is another strength of these small business assistance programs. They join efforts to offer more complete services to their communities. By listening to the issues and concerns of their clients, they can find ways to help and assist. Referrals occur regularly.

Another vital function of small business organizations is their service as a voice for the small business community when policy changes need to occur. They petition local and national governments. Healthcare, benefits, tax reform, exports, finance, energy, the environment, and other important topics are at the forefront of advocacy groups like the National Small Business Association (National Small Business Association 2021). This was clear when the COVID-19 pandemic struck the heart of the nation's small businesses. The Coronavirus Aid, Relief, and Economic Security Act (CARES), Families First Coronavirus Response Act (FFCRA), and the Paycheck Protection Program (PPP) were some essential pieces of legislation enacted to help small businesses, and these same organizations offered guidance to entrepreneurs about how to apply for and put this aid into action.

Lastly, libraries should also be included in the small business assistance ecosystem. The library is often the first stop for an entrepreneur with a business idea. Libraries provide access to information that can help an entrepreneur further develop their business plan, learn about registering their business, do market research, and locate financials. Because libraries often have a lot of experience working with local small business organizations and funders, they can easily connect entrepreneurs with local small business organizations to get additional, one-on-one, specialized help.

## Government Certification and Contracts

Bidding for government and corporate contracts is another way that minority businesses can stabilize and grow. Federal, state, and local governments, as well as many corporations, have committed to policies that ensure a percentage of their suppliers and service providers are minority-owned small businesses.

According to federal law, 23% of government contract dollars are to be awarded to small businesses. Of this portion, 5% must be given to socially and economically disadvantaged businesses (United States Small Business Administration n.d.-b). Under the new administration, this has been further strengthened by the "Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government" issued on Jan. 20, 2021. In part, it states: "...Government contracting and procurement opportunities should be available on an equal basis to all eligible providers of goods and services. To meet these objectives and to enhance compliance with existing civil rights laws: ...each agency shall ...produce a plan for addressing...any barriers to full and equal participation in agency procurement and contracting opportunities identified pursuant to section 5(b) of this order" (Biden 2021).

Generally, government contracts are awarded to prime contractors, companies that work directly with the government. These contracts often stipulate that a portion of the work must be carried out by minority small businesses. Because prime contractors are responsible for managing all aspects of the job, they must comply with hiring eligible small businesses as subcontractors. There are also contracts, known as set-aside contracts, that can be filled specifically by 8 (a) minority small businesses.

Minority businesses can apply for special certifications in order to bid on set-aside contract work with government or corporate entities. An accredited certification process determines if a business is owned, controlled, and operated by a minority applicant and if they are a small business. This process also determines if the business meets any other socioeconomic conditions for additional certifications. Once granted, the certification allows businesses to compete for jobs that require small and diverse businesses on the job per the contract. Certifications are not one-size-fits-all. It is important to know which one a business qualifies for. Having multiple certificates to cover the different aspects of a business is a strategy that can increase opportunities.

A small business can pursue acquiring additional certifications based on the owner's socioeconomic condition such as woman-owned small business (WOSB), economically disadvantaged woman-owned small business (EDWOSB), minority business enterprise (MBE), veteran-owned small business (VOSB), service-disabled veteran-owned small business (SDVOSB), LGBT business enterprise (LGBTBE), etc. Many of the small business assistance organizations discussed previously aid with certification and may even be a certifying agency. Securing these certifications is vital to leveling the playing field so small businesses can gain access to jobs they may not otherwise be able to compete for. Minority and other diverse businesses increase their credibility and chances of landing bigger contracts by meeting the high standards of the certification process.

The Small Business Administration (SBA) and other certifying agencies provide up-to-date information on requirements. Certifying agencies, which include government bodies, nonprofits, or third-party certifiers, often use the SBA standards to determine requirements and eligibility. Basic criteria include that the owner (s) are US citizens, the business operates primarily in the USA, and it meets specific employee size and gross annual revenues. A tax ID number (EIN) along with a D-U-N-S number, NAICS code (North American Industry Classification System), and SAM number (System for Award Management – required if doing business with the federal government) are necessary to have. Additional documentation about ownership, finances, employees, and scope of business is reviewed, verified, and approved.

## The Future for Minority-Owned Business

The number of minority-owned small businesses is only expected to grow in the future. According to the Minority Business Development Agency, "By 2044, the Nation's prosperity will rely even more on minorities, the fastest growing segment of the population. Entrepreneurship is a sure pathway to wealth creation and a thriving national economy. Today, U.S. minority business enterprises (MBEs) represent 29% of all firms but only 11% have paid employees. If MBEs were to obtain entrepreneurial parity, the U.S. economy would realize 13 million more jobs (United States Census Bureau 2020a)."

On December 18, 2020, after months of negotiation and a chaotic election season, Congress passed a new coronavirus emergency package. In acknowledgment of the need for more robust support for small businesses, particularly minority businesses, the Act includes new funding for the Paycheck Protection Program (PPP) some of which is earmarked for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) as well as nonprofits. The initial coronavirus funds were not sufficient to meet business owners' needs, but this next round offers fresh opportunities to access funds. As a new administration begins its work and vaccines become more widely available, new opportunities will open for minority-owned businesses.

## Conclusion

Even in extraordinary times, the personal qualities and skills that lead to entrepreneurial success remain constant. Another constant is that minorities, women, immigrants, and Black and Brown people continue to face greater barriers in achieving their business goals. Profiles and interviews celebrating successful minority entrepreneurs abound in popular media. Publications rightly highlight perseverance and ability to spot trends without losing sight of the long view as necessary traits for success. The life experiences of minority business owners enable them to identify and develop ideas and markets that others might not. The key for managing unequal access to resources is to learn about the challenges in detail and research and connect with both established and emerging support systems designed to mitigate these challenges.

## Cross-References


- ▶ Bridging the Funding Gap
- ▶ Company Structure and Legal Implications
- ▶ Resources for Entrepreneurs


## References


Biden J (2021) Executive order on advancing racial equity and support for underserved communities through the federal government. The White House, January 20. https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/

Fairlie RW (2020) The impact of covid-19 on small business owners: evidence of early-stage losses from the april 2020 current population survey. (NBER working paper no. 27309), May. Retrieved from https://www.nber.org/papers/w27309

First Course (2017) New online learning tool to teach business skills to food industry start-ups [press release], July 14. First Course. Retrieved January 26, 2021, from http://learnfirstcourse.com/

Minority Business Development Agency (n.d.) The history of the MBDA. Minority Business Development Agency, United States Department of Commerce. https://www.mbda.gov/about/history

Minority Business Development Agency, United States Department of Commerce (2020) Year in review. Retrieved January 14, 2021, from https://www.mbda.gov/2020-year-in-review#:~:text=MBDA%20hosted%20its%20firstever%20virtual%20National%20Minority%20Enterprise,than%206%2C000%20attendees%20from%20more%20than%2010%20countries

National Small Business Association (2021) Issues. Retrieved January 9, 2021, from https://nsba.biz/advocacy/issues/

SCORE Association (n.d.-a) Find a mentor. Retrieved January 9, 2021, from https://www.score.org/find-mentor

SCORE Association (n.d.-b) Score for black entrepreneurs. Retrieved January 9, 2021, from https://www.score.org/blackentrepreneurs#:~:text=Right%20now%2C%20Black%20entrepreneurs%20are%20facing%

20unique%20barriers,and%20get%20you%20where%20you%20want%20to%20go
Small Business Administration (n.d.) 8(a) business development program. Small Business Administration, United States Department of Commerce. https://www.sba.gov/federal-contracting/contracting-assistance-programs/8a-business-development-program
United States Census Bureau (2020a) Minority enterprise development week: September 13–19, 2020. CB20-SFS.112. Retrieved January 13, 2021, from https://www.census.gov/newsroom/stories/minority-enterprise-development-week.html
United States Census Bureau (2020b) Census Bureau releases new demographic data on nonemployer businesses. [Press release], December 17 Retrieved from https://www.census.gov/newsroom/press-releases/2020/nonemployer-businesses.html
United States Census Bureau (2021) Annual business survey release provides data on minority-owned, veteran-owned and women-owned businesses. [Press release], January 28. Retrieved from https://www.census.gov/newsroom/press-releases/2021/annual-business-survey.html
United States Small Business Administration (2020) Small business resource guide. National edition. https://www.sba.gov/sites/default/files/2020-09/ResourceGuideSummerNational2020.pdf
United States Small Business Administration (n.d.-a) All small mentor-protege program. Retrieved January 3, 2021, from https://www.sba.gov/federal-contracting/contracting-assistance-programs/sba-mentor-protege-program
United States Small Business Administration (n.d.-b) Contracting assistance programs. Retrieved January 10, 2021, from https://www.sba.gov/federal-contracting/contracting-assistance-programs
US Haitian Chamber of Commerce, Inc. (n.d.) Retrieved January 7, 2021, from http://www.ushaitianchamber.org/

# Minority Groups and Politics

Dragan Stanisevski
Department of Political Science and Public Administration, Mississippi State University, Mississippi State, MS, USA

## Synonyms

Bureaucracy-aristocracy; Exclusion-discrimination; Politics-power; Representation-inclusion

## Introduction

Public administration is commonly referred to as public service and public administrators as public servants (Denhardt and Denhardt 2015). Nevertheless, whom does public administration serve? This would seem like a plain question; still the answer is often not clear. Logically, there are three options: public administration could serve the majority, the minority, or everybody in the society. The answer, of course, would depend on the nature of the political system. In a democracy, the answer would need to be the people, the public in general, or it is not a democracy at all.

This image of democracy as a common rule nevertheless is a rather modern invention and a bit of a utopian invention for that. For the ancient Hellenes democracy was a far less idealistic option than it is portrayed today by democratic theorists. For Aristotle (2000) and Plato (2008), for example, democracy was a perverse constitutional system exactly because it led to a form of government that did not serve the public interest, the interests of everybody, but merely served the interests of one special group of people, the majority. What about the minorities, one could ask? Doesn't modern democracy instead necessitate a more comprehensive option, serving the common good, the same ideal Plato and Aristotle espoused?

Serving the public at large would seem like a preferred option, but what if the society has relatively stable divisions along ethnic, racial, religious, economic, or ideological lines and the interests of these groups diverge (Stanisevski and Miller 2009)? The issue of stability of divisions between the minorities and the majority brings up an even more intricate question: Who are the minorities? Aren't all of us sometimes a minority in some specific social circumstances or policy issues? Is it feasible to have an absolute consensus on every single policy issue? What then is the definition of a minority? The inconvenient answer is that it depends on the social and historical context. If a particular society has a long history of racial divisions, as is the case in the United States, then racial divisions might be socially more pertinent in delineating who are

the minorities. If on the other side a society has a history of ethnic or religious divisions, a situation common in a number of European societies, then these forms of social divisions might be more visible (Stanisevski 2008; Stanisevski and Miller 2009).

In essence, there is no single standard of delineation of a minority, but there are socially more or less stable divisions in nearly every society. Since different societies have different historical experiences, obviously the patterns of social polarization would also vary across different societies. While there are relatively homogeneous societies in the world, nonetheless a heterogeneity of social composition is increasingly a frequent characteristic in modern societies. This social heterogeneity is more often than not a product of historical accidents rather than careful constitutional designs and nation building. Does this make the assumption of tacit or explicit common agreement to a social contract a difficult proposition in any society that has a significant and entrenched minority population?

This is a perennial problem in democratic governance (Dahl 2005). It is a problem of having to choose between the proverbial Scylla and Charybdis: on the one side the Scylla of exclusion of minorities and on the other side the Charybdis of social polarization and dissolution of the social whole (Homer 1997; Sunstein 2003). This chapter outlines two common approaches to this dilemma: substantive representation and group representation, which are then synthesized into a concluding segment that deals with systemic exclusion and points out the importance of power dynamics in the identity politics in public administration.

## Substantive Representation

The preferred option, governing in the interest of the public at large and in defense of the common good, which is here called substantive representation, is so intractable that Aristotle (2000) and Plato (2008) believed it can only be achieved by actually empowering a minority; that is to say, it was impossible to achieve in a *democracy*, democracy ancient Hellenic style. Instead, Plato (2008) argued that the best and the brightest elites in the society should rule in the public interest, a constitutional order known in ancient Greece as *aristocracy* or which we would today more closely recognize as *meritocracy*.

Aristotle (2000) extended Plato's theme arguing that while aristocracy was normatively a better option, in practice substantive representation was more likely to be achieved by building a constitutionally mixed system, called *polity*, that combines the elements of a democratic rule of many, to which it leans, and an aristocratic/oligarchic rule of few, on which it depends. Aristotle's (2000) model benefits from a healthy skepticism of the benevolence of the aristocracy (rule of the best few representing the common interest). The aristocracy consists of elites, which when empowered frequently become self-interested and corrupt and thus turn aristocracy into an *oligarchy* (rule of few, generally the wealthy, representing special interests) (Aristotle 2000).

Modern constitutional systems of representative democracy are Aristotelian in nature, if not in displayed character. Public administration in particular is an aristocratic aspect of the liberal polity whose day-to-day rule is exercised within a policy framework adopted by the representatives of the people (Wilson 1887). Since the people cannot govern in the daily affairs of any society of meaningful size and complexity (Stanisevski 2011a), and the representatives of the people are bound to be partial to the interests of their constituencies, it regularly comes down to the aristocratic regiments of the supposed expert bureaucrats to represent the common good.

In this endeavor, public administrators are expected to be guided, not unlike Plato's (2008) philosopher kings, by the virtue of their expert education (Weber 1946) and socialized professional ethics (Friedrich 1940). The imperative of neutral professionalism is so extensive in the modern public service that even affirmative action programs in the United States are contemporarily defended as something that benefits the diversity interests of the overall community, not just the minority groups (Skretny 1996). As enlightened guardians of the common good, public administrators are expected to strive to include the

minorities and represent their interests not necessarily because of a desire for fairness and justice, albeit individually the civil servants might have those values as well, but because social inclusion is the most effective method of governing in the common interest.

This managerial consideration, effectiveness in governing, is perhaps more clearly evident in the *representative bureaucracy* approach to minority inclusion, historically the dominant approach in the study and practice of public administration. The core argument of the representative bureaucracy model is that having *passive representation*, higher inclusion of minorities, eventually leads to *active representation*, more attention to and better implementation of policies of specific interest to minorities, but which also benefits the larger community (Selden 1997). While evidence from studies varies (see Meier and Stewart Jr 1992; Selden 1997), the gist of the argument is that inclusion of minorities in public administration is not merely just, but it could also improve the performance and responsiveness of public agencies. As an illustration, if a law enforcement agency with jurisdiction in a say predominately Hispanic community lacks a sufficient number of Spanish-speaking officers, as well as officers that belong to and understand the local culture, this agency would have a hard time communicating with the residents and establishing good community relations. The lack of minority inclusion thus would impede the ability of the agency to perform its duties in this community. While representative bureaucracy model already bridges into the next section, group representation, the arguments are still well within the substantive approach to minority representation with a focus on effectiveness in protecting the common interest not merely particular interests of specific groups.

## Group Representation

The negative implications of the presumption of neutral expertise of public administration for the inclusion and welfare of minority communities were most strongly emphasized by the so-called New Public Administration movement (Frederickson 1980). Indeed, a key tenant of the New Public Administration approach was the requirement for public servants to be responsive to the needs of diverse communities rather than to be neutral implementers of public policy. Or to put it in simpler terms, if public administrators are implementing unjust and discriminatory policies, then the assumption of neutrality only leads to perpetuating injustice and not to protecting the common good. In an extreme example, the usual defense of the Nazi officers at the Nuremberg trials was that they were merely following orders and enforcing the policies they were charged with implementing (McSwite 2002).

The demand for defense of the interests and rights of minority communities in face of a hostile majority would be an essential duty even for Platonic guardians. New Public Administration school of thought, however, takes the argument further and advocates for active support of particular interests of minority communities as a basic necessity for maintaining or establishing social equity. Whereas representative bureaucracy proponents still largely articulate their arguments for minority inclusion from within the common framework of efficient public service, New Public Administration offers an extension of Waldo's (1948) assault on the efficiency narrative and demands group representation and minority inclusion as a matter of social equity and human right.

The aspiration for broader minority inclusion as a matter of social equity reflected the time in which the New Public Administration school of thought emerged, late 1960s Civil Rights Movement, when the efforts for desegregation and recognition of civil rights of minority groups in the United States regularly ran against the populist sentiment of the majority, but also often confronted the brutal oppression conducted by public servants in the segregated South. In such situations, group representation becomes more germane, arguably with an ultimate intention of blurring the dividing line between the particular interests and the common welfare.

The ambition for overcoming entrenched social divisions through a process of segmental group representation is also typical of *power sharing* or *consociational* models of democracy that

are less frequently discussed in American public administration, but are widely used in discussions of conflict resolution and minority integration in divided societies in the comparative politics and comparative public administration literature (Lijphart 1977; Stanisevski 2008; Stanisevski and Miller 2009). The consociational approach focuses more specifically on the institutional arrangements for minority inclusion in the decision-making process. It requires power sharing between the major cultural groups and establishing mechanisms for mandatory consultation, or even minority veto, thus making minority inclusion a procedural necessity. For example, our fictional law enforcement agency would require proportional representation not merely as a matter of enhancing organizational performance or as a demand of social equity but as a matter of institutional procedure and political necessity that mandates sharing of power. The focus here is on balance of powers; a balance which often emerges as a consequence of a political settlement, or an attempt for a settlement, of a deep social divide or protracted conflict (Stanisevski and Miller 2009).

## Conclusion

The focus on power sharing that consociational models of democracy bring directs our attention to a monumental issue that regularly lurks in the background when one discusses minority inclusion in public administration and yet it is commonly sidelined. The "elephant in the room," so to speak, is the issue of *systemic*, *institutional discrimination* that is so deeply imbedded in the very fabric of the political and social system that is quite often unrecognizable to many within the system and sometimes dismissed as a taboo (Young 2000).

One does not need to be a radical to recognize the pervasiveness of the patterns of exclusion and discrimination that comprehensively limit the opportunities for the minorities to advance in many societies. From inequitable educational opportunities, residential segregation, economic depravity, discriminatory law enforcement, and the related existence of an entire prison-industrial complex for mass incarceration that destroys lives and families, to consequent discrepancy in job opportunities that are essential for social mobility of minority communities, the systemic exclusion is not a momentary aberration of the American society, and most Western societies, but a historical pattern specifically institutionalized to preserve the power position of one group of people on expense of other groups of people (Alexander 2010).

In part, the systemic nature of minority exclusion in modern societies is an expression of the failure of modern liberal societies, as Plato (2008) would have predicted, to come to terms with the increasingly oligarchic character of modern liberal democracies. Modern liberal democracies, to the extent that increasingly oligarchic societies could at all be considered as democracies, often end up being seized by special interest groups (Lowi 1969). Although special interest groups typically represent the interests of oligarchic elites, which by definition are economic minorities, they tend to exclude the lower economic strata that are often populated by cultural, racial, or ethnic minorities.

While deeply reified economic inequalities and class divisions are crucially important (Cox 1948), systemic exclusion of minorities moreover cannot be reduced to economics. The depth and the pervasiveness of systematic exclusion of minorities across different social and historical contexts force us to give some attention also to the *psychology of group identity formation*. The psychology of group identity formation generally revolves around survival of the individual in a congregation with other familiar individuals and in an environment where the unknown is commonly considered as hostile (Stanisevski 2015a). The clinging to the group for perceived protection is not surprising given that the desire for survival of oneself and those one feels close to, such as one's offspring, is a primary human instinct (Stanisevski 2011b).

The awareness of the relative importance of ontological security in particular, and of the psychology of group identity formation in general, is both a drawback and a guidepost (Stanisevski 2011b, 2015b). It is a drawback in a sense that it

stresses the historic intransigence of patterns of minority exclusion. It further acknowledges the relevancy of context-dependent power dynamics, the bread and butter of politics (Lasswell 1936), which typically involves group conflict and dividing people between "us" and "them." The fact that Plato (2008) and Aristotle (2000) talked about some of these same issues of inclusion and exclusion about 2500 years ago and we still have not found an acceptable solution should give us at least some pause for reflection.

On the other side, developing an understanding of the psychology of group identity formation provides an opportunity for making more substantial inroads in direction of building more inclusive communities and public institutions by recognizing the degree to which familiarity plays a role in how we approach other people and how we deal with them in our political or social lives. Identity building always requires distinction, but the more we realize how contingent and fleeting our identities are, hopefully the better we could learn to cope with the fallouts of identity politics.

## Cross-References

▶ Power and Minority Representation
▶ Power and Minority Rights

## References

Alexander M (2010) The new Jim Crow: mass incarceration in the age of colorblindness. The New Press, New York

Aristotle (2000) Politics (trans: Jowett B; introduction: analysis, index, Davis HWC). Dover Publication, Mineola. Originally written in the 4th century B.C.E

Cox OC (1948) Caste, class, and race: a study in social dynamics. Doubleday, New York

Dahl RA (2005) Who governs? Democracy and power in an American city, 2nd edn. Yale University Press, New Haven

Denhardt JV, Denhardt RB (2015) The new public service: serving, not steering, 4th edn. Routledge, New York

Frederickson HG (1980) New public administration. The University of Alabama Press, Tuscaloosa

Friedrich CJ (1940) Public policy and the nature of administrative responsibility. In: Mason ES, Friedrich CJ (eds) Public policy. Harvard University Press, Cambridge, MA, pp 3–24

Homer (1997) The odyssey (trans: Fagles R; intro. and notes: Knox B). Penguin Books, New York. Originally written around 8th century B.C.E

Lasswell HD (1936) Politics: who gets what, when, how. Whittlesey House, New York

Lijphart A (1977) Democracy in plural societies: a comparative exploration. Yale University Press, New Haven

Lowi TJ (1969) The end of liberalism: ideology, policy, and the crisis of public authority. W.W. Norton, New York

McSwite OC (2002) Invitation to public administration. M. E. Sharpe, Armonk

Meier KJ, Stewart J Jr (1992) The impact of representative bureaucracies: educational systems and public policies. Am Rev Public Adm 22(3):157–171

Plato (2008) Republic. In Plato, Great dialogues of Plato (trans: Rouse WHD; introduction: Santirocco MS). Signet Classics, New York. Originally written in the 4th century B.C.E

Selden SC (1997) The promise of representative bureaucracy: diversity and responsiveness in a government agency. M. E. Sharpe, Armonk

Skretny JD (1996) The ironies of affirmative action: politics, culture, and justice in America. The University of Chicago Press, Chicago

Stanisevski D (2008) In the shadows of nationalisms: social inclusion and public recognition of Roma and Egyptian identities in Macedonia. Adm Theory Praxis 30(4):476–495

Stanisevski D (2011a) The aporias of democracy: grasping for the shadows. Adm Theory Praxis 33(3):459–463

Stanisevski D (2011b) Fear thy neighbor: ontological security and the illusion of national purity. Adm Theory Praxis 33(1):62–79

Stanisevski D (2015a) Khōra: an inquiry into polytopian philosophy and cosmopolitan governance. Adm Theory Praxis 37(1):34–48

Stanisevski D (2015b) A gay-friendly public service: comparative examination of the impact of intrinsic psychological orientations on the attitudes of public servants toward homosexuality. Public Pers Manag 44(4): 428–449

Stanisevski D, Miller HT (2009) The role of government in managing intercultural relations: multicultural discourse and the politics of culture recognition in Macedonia. Adm Soc 41(5):551–575

Sunstein CR (2003) The law of group polarization. In: Fishkin JS, Laslett P (eds) Debating deliberative democracy. Blackwell Publishing, Malden, pp 80–101

Waldo D (1948) Administrative state: a study of the political theory of the American public administration. The Ronald Press Company, New York

Weber M (1946) From Max Weber: essays in sociology (trans: Gerth HH, Mills CW, eds). Oxford University Press, Oxford

Wilson W (1887) The study of administration. Pol Sci Q 2(2):197–222
Young IM (2000) Inclusion and democracy. Oxford University Press, Oxford

## Misclassification of Independent Contractors

David Bensman
School of Management and Labor Relations, Rutgers University, New Brunswick, NJ, USA

Misclassification of actually employed workers as independent contractors is one of the many ways that most American workers have suffered declining conditions of labor and of social protection in the past 40 years. Until recently, misclassification was an understudied phenomenon, but recent efforts by workers to gain recognition as employees, by unions seeking to organize them, and by government agencies trying to enforce labor laws and/or enhance tax revenues have brought the issue to the attention of many scholars as well as the general public.

Misclassification is controversial because the distinction between an employee and an independent contractor is unclear under Federal law and the laws of the 50 states. While the Fair Labor Standards Act of 1938 defined an employee, it did not define an independent contractor. Immediately many employers began reclassifying their employees as independent contractors, and legal disputes arose about whether or not their actions constituted misclassification. Since the facts of how people are put to work vary from company to company, the result has been a confusing and contradictory set of practices and outcomes.

In 2016, David Weil, head of the US Department of Labor's Wage and Hour Division, and a leading scholar of employment issues, and Laura Fortman, a deputy administrator, published a blog on misclassification which contended that employers were "sometimes misclassifying" their employees in order to cut labor costs. The result, they asserted, was that many workers were deprived of their labor rights, including protection under the health and safety laws and eligibility for workers' compensation and unemployment insurance protections.

There are currently 30 states that define independent contracting, each one somewhat differently, and the Internal Revenue Service has its own definition which is used for federal tax purposes. In July 2015, the US Department of Labor issued its own interpretation. While the definitions vary, usually they emphasize three elements. First, does the company have behavioral control of the worker? The more behavioral control it has, the more likely the worker will be found to be an employee. The second criterion has to be with how the worker earns revenue. Does she/he have an opportunity to make a profit or take a loss? How is she/he paid? Are expenses reimbursed? The third criterion concerns how deeply integrated the worker is in the company business. Is she/he doing work that is central to the company's business model? Does she/he work exclusively for this entity? Is there a written contract, and if so, what responsibilities does it entail?

While some independent contractors are truly independent, including high-paid professionals, working in Silicon Valley, Hollywood, and the - New York financial industry, and enjoying the flexibility of their various relationships with the companies that give them assignments, many more are low-paid workers who are misclassified as independent contractors. No one knows the full extent of the problem, because no comprehensive survey of contingent employment has been done since 2005, but this is not a small phenomenon. A study done for the US Department of Labor in 2000 reported that as many as 30% of employers misclassified, some of their employees as independent contractors. A study of the New York state workforce in 2005 found that 10.6% of the private sector workforce was misclassified as independent contractors.

Much worker misclassification is intentional, done by employers to reduce labor costs by approximately 30%. In part, this savings stems from not making required contributions to unemployment insurance and worker compensation funds, but it also comes from not paying state

and federal taxes. Companies also save by forcing a worker to pay taxes that they are supposed to pay, by failing to pay overtime, and by failing to pay the minimum wage. These forms of cost-avoidance give employers who misclassify an advantage over competitors who do meet their legal obligations.

Misclassification is common in many industries. The Department of Labor's 2016 blog mentioned restaurant dishwashers, cable installers, and home care workers in particular, but the practice has been found in the construction industry, trucking, package delivery, day labor, janitorial and building services, home healthcare, agriculture, poultry and meat processing, home-based work, the public sector, food processing, courier services, dentistry, waitressing, nail salons, nursing, clerical services, and landscaping.

Misclassified workers live a precarious existence, outside the legal protections associated with the employment relationship. Not only can they be terminated at the drop of a hat, but when they are out of work, they are not entitled to unemployment compensation. They are more prone to being injured on the job. Since the companies that put them to work do so only on a short-term basis, they don't invest in training them. This leaves them victim to high rates of workplace accidents. They are also at risk of being made sick by exposures to unsafe materials. When they cannot work, they are not entitled to workers' compensation. Their economic insecurity also makes them vulnerable to mortgage default and bankruptcy. When they attempt to find new work, they are not protected against discrimination. And all too often, they are victims of wage theft and insurance fraud.

Take the case of port truckers. According to a 2008 survey, the median wage of misclassified independent contractors at the ports of New York and New Jersey was $28,000 per year, without health insurance or pension benefits. That amounts to a shade less than $10 per hour. If the median independent contractor's household of three people tried to live on the drivers' income, the family would be living below what The Poverty Research Institute of Legal Services of New Jersey defines as the "true poverty threshold" for New Jersey, $32,484. Nearly three quarters of the independent contractors' families were without health insurance. One quarter of their families received no medical care at all because they could not afford it.

More than one-third of the drivers reported that they had been forced to drive with unsafe chassis, exposing their trucks, themselves, and members of the general public to on-road accidents. Drivers reported that they suffered from high levels of stress, high blood pressure, and asthma, as well as work-related chronic health conditions and injuries. The economics of their relationship to trucking companies means that independent contractors drove old trucks that released high levels of pollutants into the truck cabs and the surrounding environment. The most dangerous element of diesel engine emissions is a particle of 2.5 μm or less in diameter. It is coated with more than 40 dangerous substances. When passed into the bloodstream through the lungs, it causes asthma, lung cancer, and heart disease. Health studies indicate that the truckers' heart and lung diseases, caused by exposure to vehicle exhaust, result in elevated mortality rates.

Construction workers who labor as independent contractors are similarly vulnerable because of their economic insecurity. They are without access to social insurance of any kind, they can't join a union, and they rare get paid sick leave, holiday pay, or overtime. The nonunion, small companies that contract with them provide little training; as a consequence, they suffer high rates of fatal accidents. Bystanders at construction projects are vulnerable too; toppling cranes operated by untrained contractors have killed people and sparked municipal authorities to investigate the industry.

Misclassification also deprives governments of tax revenues and contributions to social insurance funds. The federal government was deprived of between $3 and $4 billion in income and employment tax revenue in 2013. Illinois alone lost between $300 million and $400 million dollars a year. For nearly 20 years, state and federal government departments have been trying to improve enforcement of employment laws. To some extent, these efforts have been in response to

pressure from labor unions which have mounted political and legal campaigns to enhance enforcement so as to raise work standards and enable misclassified independent contractors to join unions. In Massachusetts, Mark Erlich of United Brotherhood of Carpenters Local 40 played a key role in spurring legislative action. In California, it was the Teamsters Union, backed by Change to Win and a coalition of community, faith-based and environmental groups, that provoked then-Attorney General Brown to initiate investigations into misclassification and legal proceedings against cheating employers. The Teamsters' long-standing efforts to expose alleged misclassification at Fed Ex have been the most visible of the efforts to bring misclassification to the attention of government officials and the public. Throughout most of the country, state enforcement efforts have been responses not to substandard work conditions but rather to government loss of revenue. The state reforms fall into three categories. First, there are laws that create the presumption that a worker is an employee rather than an independent contractor unless the employer can overcome that presumption by demonstrating that the worker is truly independent. Twenty-seven states have passed such laws. Second, there are laws confined to the construction industry that codify uniform standards for employment classification in all state legislation regulating the construction industry. Third, there are laws creating a state commission or task force to coordinate enforcement by several agencies. The New York Joint Task Force is a prominent example of this type of reform effort. Its former chair, Patricia Smith, was later appointed by President Obama to head the federal Labor Department's Office of Solicitor of Labor.

In addition to these legislative efforts, the Office of the Attorney General in California has been prominent in bringing lawsuits against companies that misclassify their employees. Under former Attorney General Jerry Brown, now Governor, the Office won five cases against port trucking companies. After Brown was elected Governor, in 2010, the California Legislature passed, in 2011, new legislation on worker misclassification, which was hailed at passage as the strictest and most comprehensive piece of legislation in the nation.

Passage of this legislation brought about a flurry of lawsuits claiming back wages and other remedies for misclassification. In the port trucking industry, the back-pay awards and fines flowing from successful lawsuits have brought several prominent trucking companies into, or on the brink of, bankruptcy.

## Federal Reform of Misclassification Enforcement

Prior to 2009, the Federal Department of Labor did not target cases of misclassification per se. Instead, the Department, with limited resources, attempted to identify workers who were denied the wages due to them. Nowhere in the Department's records was the term "misclassification" used, and specific industries that misclassified employees as independent contractors were not categorized as such. In 2007, at a joint hearing on the misclassification of workers as independent contractors, before two House of Representatives subcommittees, managers of the Department of Labor were grilled about the meager results of their enforcement efforts. Multiple Representatives suggested, during questioning, that the Department do more to focus its efforts on misclassification and to coordinate its enforcement activities with the Internal Revenue Service and other agencies.

In 2009, enforcement efforts became a priority of the Vice President Joe Biden's DOL Misclassification Initiative, a program of his task force on the middle class. Under the new Secretary of Labor, Hilda Solis, the DOL signed a memorandum of understanding with the Internal Revenue Service, according to which the agencies would "work together and share information to reduce the incidence of misclassification of employees, to help reduce the tax gap, and to improve compliance with federal labor laws." The next step was for the Department's agencies to sign memoranda of understanding with state

Commissioners of Labor. To date, 32 states have signed such agreements.

At first, enforcement actions by the DOL lagged due to lack of resources. From 2011 to 2013, the Department of Labor's own account reported that it had only collected over $18 million in lost wages for almost 20,000 misclassified employees. However, the long-delayed confirmation by the US Senate of Thomas Perez to be Secretary of Labor in the summer of 2013 suggested to most observers that the Department's enforcement agenda would be beefed up. This belief was based on Perez' record as Maryland's Secretary of Labor, in which post he aggressively pursued employers who misclassified employees to avoid paying minimum wages and overtime.

The business community pushed hard against Perez, and its resistance caused Senate Republicans to hold up his confirmation for 2 years. After he was confirmed in July, 2013, Perez announced that misclassification constitutes workplace fraud, and he vowed to make combating the practice a priority of his Department.

Similarly, when President Obama, on Sept. 15, 2013, nominated David Weil, a pioneer in strategic labor law enforcement, to be administrator of the Department of Labor's Wage and Hour Division, a post that had been vacant since Obama acceded to the Presidency, Republicans in the Senate once again mounted opposition. Leading business advocates claimed that Weil was biased against employers. A column in *The Wall Street Journal* characterized him as a "union lackey {who} dislikes certain industries, including retailers, homebuilders, janitorial services and fast-food outlets." Echoing these charges, Republican Senators blocked Weil's confirmation until April 28, 2014, when he was confirmed on a 51–42. A professor at Boston University and codirector of The Transparency Policy Project at Harvard University's John F. Kennedy School of Government, Weil had advised the Wage and Labor Division for years and was a prime mover of Massachusetts' campaign to enforce labor laws in the construction industry. He defended himself at his Senate confirmation hearings by asserting his commitment to creating a level playing field for honest employers. In 2015, he issued an "Administrator's Interpretation" which set out the Department's policy on enforcing the Fair Labor Standards Act's definition of employment status. That year, the Wage and Hour Division of the DOL reported that its collaboration with state labor departments had resulted in payment of $74 million in back wages to more than 100,000 employees.

After Weil's confirmation, efforts of the business community and Senate Republicans to block enforcement continued. Although Secretary Perez allocated $10.2 million to aid 19 states in combating misclassification in 2014, Senate Republicans cut the program in 2016. The Secretary's 2017 budget attempts to restore the funds.

## Conclusion

Misclassifying employees as independent contractors is one method that employers use to disguise the existence of an employment relationship. Misclassification occurs frequently both because the laws defining the employment relationship are opaque and because the motivation to misclassify is strong. Employment legislation does not clearly define an employer or an employee. There are multiple jurisdictions regulating employment relationships, and these jurisdictions use various and sometimes contradictory definitions. Case law is inconsistent.

While the opacity of the definition of independent contracting causes some employers to misclassify workers as independent contractors, much misclassification is intentional, because employers have much to gain by denying their responsibilities. It is generally estimated that companies reduce their wage costs by 30% by avoiding unemployment and worker compensation contributions, social security taxes and overtime payments. Furthermore, employers who misclassify are free to discriminate against workers without legal interference and may find it easier to withhold wages. They may also find it easier to evade responsibility for insurance claims and legal infractions.

The practice of disguising employment relationships has become very common in the United States. Studies have shown that as many as one-third of employers misclassify employees as independent contractors and that many other employers use multiple levels of subcontracting to obscure their responsibility. While many independent contractors are high paid and truly independent, the large majority of independent contractors work in low-wage industries and suffer from precarity. They earn low wages without benefits. They are not protected by employment laws. They do not have pensions or health insurance. They are subject to unpredictable or frequent layoffs and lack unemployment insurance coverage. They receive little or no training, so they have limited chances for advancement. They often work long hours without overtime pay. They are subject to wage theft. As is true of many contingent workers, misclassified independent contractors often work in dangerous conditions, and are exposed to unhealthy substances. They suffer inordinate numbers of accidents and suffer from high levels of stress. Their health outcomes are generally poor.

The extent of misclassification is currently unknown because regulators have lacked the will and resources to quantify the practice. State level studies have estimated that one-third of employers misclassify their employees and that 10% of employees are misclassified. In some industries, such as construction, port trucking, and parcel delivery, the practice is much more frequent. Patterns of misclassification have been identified by state regulators in a wide variety of industries. In January 2016, the Bureau of Labor Statistics, an agency under the DOL, announced that it would work with the Census Bureau to bring back the contingent worker supplement to the Current Population Survey, starting May 2017. This step may clarify how many people are working as independent contractors or temporary workers and how many are holding down more than one job at any moment in time.

Misclassification not only adversely impacts workers, but it also drains governments of revenue. State and federal treasuries lose income and payroll tax revenues. In addition, state unemployment insurance and workers' compensation funds are deprived of contributions. In total, the lost receipts total billions of dollars annually. As state and local governments began to suffer from fiscal stringency at the end of the twentieth century, some turned to enforcing employment laws as a means of enhancing revenue. They passed legislation defining independent contracting and misclassification and began mounting enforcement efforts. In the wake of the new legislation, lawsuits against employers for wage theft became more frequent. In the port trucking industry, the overwhelming majority have succeeded. After a congressional oversight hearing in 2007 which exposed the passivity and underfunded nature of US Department of Labor action, the federal government tightened its enforcement. President Obama's appointee as Secretary of Labor promised vigorous enforcement and negotiated partnerships with federal and state agencies to combat misclassification. Thirty-two states have signed memorandums of understanding with the federal Labor Department. Vice President Biden launched a Misclassification Initiative which succeeded in increasing funding for the Wage and Hour Division of the Department of Labor, although Senate Republicans rescinded funding for fiscal year 2016. Business advocates vilified David Weil, President Obama's nominee to administer the Wage and Hour Division, which had been without a leader for more than 4 years, before confirming him after a 7 months delay.

Misclassification of employees and employer disguising of the employment relationship is a worldwide phenomenon. The International Labor Organization has taken up the issue and recommended new regulations and enforcement enforcements. So far, its efforts have been thwarted by business opposition. As a result, the standard employment relationship, as it emerged in Fordist economies in the twentieth centuries, is being undermined. The legislation passed throughout the world to regulate that relationship is becoming outdated and inadequate. Workers find themselves in an ill-defined borderland, a grey zone, where confusion reigns; standards are shifting, lowering, or disappearing; and abuse is

rampant. While the flexibilization of work is creating new opportunities for innovation and entrepreneurship, for most workers, the result is a retreat to the conditions prevailing before regulation began, a jungle of insecurity and exploitation. The effort to redefine the employment relationship, to prevent abuses new and old, and to encompass technological changes in the work environment, is in its infancy.

## References


Bensman D (2009) Port trucking down the low road. Demos, New York

Bensman D (2014) Misclassification: workers on the borderland. J Self-Gov Manag Econ 11(2):1017–1045

Bensman D, Bromberg Y (2008) Report on the port truckers survey at the New Jersey Ports. New Brunswick/New York, Rutgers School of Management and Labor Relations

Kalleberg A (2011) Good jobs, bad jobs. Russell Sage Foundation, New York

National Employment Law Project (2011) NELP summary of independent contractor reforms: new state and federal activity (November 2011). www.nelp.org/content/uploads/2015/03/2011IndependentContractorReformUpdate.pdf

National Employment Law Project (2012) Independent contractor misclassification imposes huge costs on workers and federal and state treasuries (August 2012). www.nelp.3cdn.net/0693974b8e20a9213eg8m6bhyfx.pdf

Rubinstein MN (2012) Employees, employers, and quasi-employers: an analysis of employees and employers who operate in the borderland between an employer-and-employee relationship. Univ Pa J Bus Law 14(3): 605–659

Smith R, Bensman D, Marvy P (2010) The big rig: poverty, pollution, and the misclassification of truck drivers at America's ports. National Employment Law Project, New York

Smith R, Marvy P, Zerolnick J (2014) The big rig overhaul: restoring middle-class jobs at America's ports through labor law enforcement. National Employment Law Project, New York

Stone K, Arthurs H (eds) (2013) Rethinking workplace regulation: beyond the standard contract of employment. Russell Sage, New York

United States Department of Labor, Administrator's Interpretation No. 2015-1. July 15, 2015

Weil D (2014) The fissured workplace: why work became so bad for so many and what we can do about it. Harvard University Press, Cambridge

Zatz N (2011) Beyond misclassification: tackling the independent contractor problem without redefining employment. ABA J Employ Law 26:279–294


# Misconduct and Deviance by Nonprofit Organizations


David Horton Smith
Department of Sociology, Boston College, Chestnut Hill, MA, USA
Centre for Study of the Nonprofit Sector and Civil Society, National Research University Higher School of Economics, Moscow, Russia
School of Health Sciences, University of East Anglia, Norwich, UK
School of Arts and Sciences, City, University of London, London, UK
Institute for Philanthropy, Tsinghua University, Beijing, China
Australian Center for Community Studies and Research (ACCSR), School of Social and Policy Studies, Flinders University, Adelaide, SA, Australia


## Synonyms

Crime in NPOs; Dark side of nonprofit organizations; Deviance and misconduct in NPOs; Deviant Voluntary Associations (DVAs); Fundamentally deviant NPOs; Non-conventional NPOs; Partly deviant NPOs; Rule-breaking in or by nonprofit organizations (NPOs); Tolerable deviance in NPOs; Unconventional NPOs

## Definition

Deviance: refers to rule-breaking in some sociocultural system, such as a society or nation-state, where prevailing system customs and norms are viewed as the rules. There is a spectrum of seriousness of deviance in any such system at any given historical time period.

Misconduct: is mild, tolerable deviance, while *crime* is serious deviance that violates one or more laws of the sociocultural system or nation.

Deviance: in nonprofit *groups* is behavior enacted in or by a nonprofit group that violates one or more of the laws or moral norms of the society in which the group is embedded.

A deviant nonprofit group: is a nonprofit group that deviates significantly from certain laws or moral norms of the society.

A Deviant Voluntary Association (DVA): is an association with one or more major goals or usual means of achieving major goals that deviate from the moral norms or laws of the surrounding society at the time.

## Introduction

An objective, scientific field or discipline centered on nonprofit sector (NPS) research can only be built wisely with full understanding of the objective realities of all its phenomena. All kinds and aspects of nonprofit sector groups, both informal and formal NPOs, as well as all individuals involved in the NPS, such as paid-staff and volunteers of NPOs of different kinds merit careful study, including empirical research and theory about both the potentially or actually beneficial *and* the potentially or actually harmful aspects of NPOs.

The potential or actual negative or harmful aspects associated with the nonprofit sector have been termed *the Dark Side of voluntarism*, referring to nonaccountability and deviance by NPOs. This Dark Side refers to all kinds of perceived rule-breaking, deviance, and misconduct by NPS individual participants, formal and informal volunteers – both regular and episodic, paid staff, officers, and committee or board members, as well as by informal NPS groups, mainly voluntary associations, and by formal NPOs at every territorial level, from International NGOs or INGOs, down to block and building associations, throughout human history and all over the world. The main focus in this chapter is on nonprofit groups and organizations, rather than on individuals in the nonprofit sector or on the profit sector as a whole.

Acknowledging Dark *Side* phenomena is not meant to endorse or condone its occurrence, but rather it is suggestive of efforts by the social scientists to engage in the scientific examination of them. *Potential* harmful or negative effects do not necessarily translate into *actual* harmful or negative effects, but it is wise to know about such possibilities. Identification of deviance or dysfunction and their causation enables the prevention or amelioration of potential risks of Dark Side phenomena. Moreover, there are virtually no human activities, including human activities as group members or participants, which do not have their potential negative aspects, however positive their main effects may be in the long-term. Some Dark Side phenomena that seem to have direct harmful or negative effects on the participants, or on the larger society, may have very beneficial or positive longer-term effects, either for the individuals or the group involved or for the larger community, society, and world, or both. Successful social movement organizations are but one example here. For instance, the anti-slavery movement in the 1800s in England and the USA was strongly resisted initially by the general public, by most businesses, and by the government.

Highlighting the Dark Side of NPOs, or of NPS phenomena more generally, is ultimately a metaphor and overgeneralization for the purpose of communication and emphasis. There is clearly a spectrum of shades of beneficial brightness to harmful darkness of NPS phenomena, applying evaluative criteria in terms of impacts resulting from actions by NPOs or any individuals in the NPS. This spectrum ranges from the positive, bright pole of almost totally good, beneficial, and benevolent, such as the charitable nonprofit service work of Mother Theresa and her Roman Catholic religious order as an NPO. In the middle of the spectrum is a neutral or gray phase of the harmless, inoffensive, and innocuous NPO activity, such as a grassroots association of model train enthusiasts. At the dark, negative pole of almost totally evil, harmful, and detrimental, truly dark side of NPOs are Deviant Voluntary Associations or DVAs, such as the German Nazi Party and its affiliates under Adolf Hitler from 1921–1933, when it was still an NPO, not a part of the German Third Reich 1933+.

## Arguments for NPO Dark Side Research

The following section outlines several important reasons why there is a need for more empirical work and theory with respect to the Dark Side of NPOs:

1. An informed understanding of the Dark Side can provide a more objective and balanced approach to NPS scholarship, helping to overcome widespread *boosterism* among many scholars and especially practitioners. Boosterism, or the tendency to focus solely on the positive aspects of the NPS, runs the risk of overlooking or deemphasizing critical flaws or dysfunctions. Too many researchers, observers, and leaders in this field talk and act as if the sector were indeed angelic or sanctified (e.g., Wagner 2000: Chap. 5), with *only* beneficial activities and outcomes.
2. Studying the Dark Side can connect the field of nonprofit research more clearly and effectively to the general study of crime, deviance, law, and regulation – criminology, penology, deviance studies, criminal justice studies, police science. This linkage very much needs to be developed and strengthened in order to promote scientific and scholarly objectivity.
3. Dark Side study can better provide useful, practical advice to policy-makers and leaders, paid staff, and volunteers in all sectors of society regarding the prevention, monitoring, and appropriate sanctioning of deviance and misconduct in and by NPOs. For instance, knowledge of the determinants of or influences on fraud or theft in NPOs can help prevent or reduce the occurrence of such NPO Dark side events (Zack 2003). Liability issues and other aspects of NPO risk management and accountability are very real practical concerns for all larger NPOs these days, and controlling NPO deviance is one central concern of risk management.
4. Dark Side study can potentially increase the future viability and survival of specific NPOs valuable to society in the longer term. Fairly recent events in the USA show that even a very large and well-known nonprofit can have a Dark Side scandal that leads to its demise within a single year, as occurred in 2009–2010 for the national US NPO named Association of Community Organizations for Reform Now (ACORN). This rapid demise for a national or other territorial level NPO could potentially happen to *any* voluntary organization anywhere. Even when such a Dark Side scandal does not cause the demise of an NPO, such crime or misconduct can deeply harm future resource attraction, as occurred temporarily for the United Way of America in the 1990s, when its top leader William Aramony was imprisoned for his crimes in that NPO.
5. Dark Side study and resulting practical improvements in NPO management and conduct could help to increase societal support for, and giving to, NPOs generally and to the NPS as a whole. The beneficial result nationally might be greater donated time, money, and objects, including human blood and organs, and greater government and business sector support of the NPS. This could result partly from reducing the number of high profile NPO misconduct or deviance scandals, which tend to have a negative effect on general public attitudes as well as on government and business sector attitudes toward the NPS and its groups or activities (e.g., Smith et al. 2016b: Chap. 49).
6. Investigating the Dark Side of the NPS can contribute to an improved understanding of effectiveness, impact, and efficacy of the NPS and its participant NPOs and also its individual participants by pointing out the preventable causes of deviance and misconduct and the problems of regulation and *mis*regulation of the NPS and NPOs (Corbett 2011; Smith 2017a; Smith et al. 2016a: Chaps. 41, 54).

## Relativity of NPO Deviance and Misconduct

NPS Dark Side activities, as in other sectors of society, vary greatly in their shades of beneficial brightness to harmful darkness according to the

ideologies and attitudes of observers or critics. Perceived deviance, as rule-breaking, can be quite relative. In complex, contemporary societies, as contrasted with much earlier, simpler, high consensus, preliterate societies, one person's or one group's *deviance* may be another person's or group's principled *virtue* or benevolence toward society or all mankind. Hitler and his Nazi Party *true believers* were convinced that they were helping all mankind by killing all Jews, Slavs, gypsies, and homosexuals so as to "purify the Aryan race." One person's *terrorist* or *revolutionary* can be another person's *freedom fighter* or *hero*. For political liberation struggles, which label ends up being applied by history to the challenging group or movement often depends upon who wins the struggle, rebellion, or war, whether a conventional war or guerrilla war.

Revolutionary sociopolitical movements and groups have overthrown absolute monarchs, colonial governors, and all manner of other autocrats while seeking self-government and, sometimes, representative democracy in the past 200 years of human history around the globe. These movements and their component groups, usually *Deviant Voluntary Associations*, or *DVAs*, have nearly always been labeled by dominant elites, and many times also by the general public, as dangerous, even depraved, deranged, fanatics, madmen or madpeople, terrorists, traitors, rebels, seditionists, revolutionaries, etc. Such was the case in terms of labeling by the British monarchy, British leaders in the American colonies, and even British sympathizer colonists when many American colonists rose up against their British rulers and started the successful American Revolution in the late 1700s, with DVAs playing a crucial role as Committees of Correspondence and local voluntary militias.

These examples show clearly that the identification and labeling of rule-breakers as *deviants* and rule-breaking events as *deviance* are complex and multi-faceted, often disputed by conflicting stakeholders in a situation. So, too, the specific nouns and adjectives used to stigmatize political opponents are also problematic, especially in struggles for the liberation and freedom of nations or ethnoreligious categories of people in a given society or nation-state. There are at least four key facets of the relativity of the label and concept of *deviant*, and also *deviance*, and all of the more specific, often pejorative, labels used to characterize people with different values and norms, let alone races and ethnoreligious traditions.

## The Relativity of Group Perspectives on Deviance

One facet of this broader relativity is that deviance can be, and often is, defined in opposite or very different ways by any given in-group vs. out-group, that is, depending on the specific group perspective being used as a vantage point. William Shakespeare wrote the truth when he had one of his characters say, "There is nothing either good or bad but thinking makes it so." Members of, or participants in, a deviant NPO or DVA often see themselves as "good people doing the right things." However, their larger society, especially government authorities, may often see them as "bad people doing the wrong things." The larger global society may generally side with one or the other of these two alternative perspectives, or may have a still different perspective, perhaps more mixed and doubtlessly variable among nations, among ethnoreligious categories of people, and through time and history.

As an example, among members of deviant new religions, sometimes pejoratively termed *cults*, consider the Hare Krishna, technically, the International Society for Krishna Consciousness/ISKCON. Beginning in America and spreading elsewhere, *nonmembers* in the 1970s and 1980s were usually seen by ISKCON participants as extremely evil, even as *devils*. By contrast, for many years after ISKCON's founding in 1965, most Americans' attitudes towards the Hare Krishnas were that they were weird but harmless, as members of an initially Eccentric DVA in present terminology. When the Hare Krishnas started bothering people systematically at airports, giving flowers or their religious books then demanding donations, attitudes often shifted toward their being seen as a genuine nuisance but still harmless.

Later, more extreme and illegal deviance by some Hare Krishnas led to sensational exposés in

the mass media and books. These deviant acts by some Hare Krishnas and sensationalizing of such events in the mass media helped shift public attitudes toward the extreme negative end of the spectrum. Such shocking events occurring in the 1980s on the heels of the Jonestown mass suicide in 1978 in Guyana, and a growing anti-cult movement in America and elsewhere, led to increasing stigmatization and more negative labeling of ALL new religions and their participants, not only ISKCON.

## The Relativity of Degree of Societal Consensus on Norms and Customs

A second facet of this relativity of deviance is that broad, let alone virtually total, societal consensus on values, customs, and norms is rare and usually nonexistent in most contemporary nations. In preliterate societies, reaching back from about the 1800s globally to more than two hundred thousand years ago, high consensus on customs-norms was usually present, based on more recent, anthropological studies of pre-contact tribes. As ancient civilizations, monarchies, and empires began to arise roughly 5000 years ago in Egypt and later elsewhere, smaller high-consensus societies were assimilated into larger agglomerations, where overall consensus was weaker. We lack accurate information on most of the population's values and normative attitudes for most or all preindustrial societies, because representative sample surveys of the population were rarely or never done until the mid-twentieth century.

The European Values Survey (EVS) and more recent World Values Survey (WVS) in the past three decades have begun to remedy this huge gap in our knowledge of contemporary societies. Historians have, through the ages, customarily written only or mainly about the national elites and government matters, including wars, with little if any focus on the lives or attitudes of the general population until quite recently, as the social and institutional history of the past 50+ years. But such larger, conglomerate, preindustrial societies also probably lacked broad consensus on anything more than a small number of values and norms. The WVS data show clearly the current lack of consensus on values in both preindustrial and industrial or even postindustrial societies.

In modern nation-states, owing to technological advances, we now have the powerful, nationwide, more consistently socializing influences of mass formal education and widespread exposure to the mass media, including now the Internet and its wide variety of content, plus other personal-social electronic media. As a result, the breadth of consensus on certain key values and norms in such nations is probably much greater in extent than in the intervening period between the roughly 200-millennia-long dominance of preliterate societies on our planet, roughly until two or three millennia ago, down to industrial and post-industrial society dominance, roughly from the mid-1800s on to the present. Even in the most educated contemporary societies with high mass media and Internet-personal-social electronic media exposure, recent national surveys show wide internal variations in many values, customs, and norms, let alone across nations.

## The Relativity of Changing Deviance Attitudes-Perceptions Over Historical Time

What is perceived by many or even most people in a given society as deviant at any given time in its history may not have been perceived as deviant earlier in that society's history or be seen as deviant later in its history. In most prior agrarian societies for many centuries before the 1900s, women were generally treated as objects, not as persons, and had few if any rights. In fact, public attitudes toward a person, organization, or nation can change overnight. For example, consider the galvanizing effect on attitudes toward Japan and the Japanese of the US population right after the Japanese sneak attack on Pearl harbor in 1941 or the similar effect of the 9/11/2001 Al Qaeda terrorist plane crashes into the New York World Trade Center on attitudes toward terrorists and especially Muslim terrorists. The general long-term trend for the past century in global society has been for fewer and fewer types of behavior and beliefs to be seen as fundamentally or intolerably deviant. People worldwide,

especially educated people, are gradually, if only very slowly, becoming more tolerant of differences in values, customs, beliefs, and behavior by people in other nations and other racial or ethnoreligious groups. The Internet, increasing formal education, and ever more widespread globalization through the mass media support this trend.

Such broad attitude-perception changes are especially likely where some sociopolitical movement in a given society or elsewhere in the world has worked hard to gain more public tolerance of, and empathetic understanding for, a particular type of behavior, custom, belief, value, trait, or other characteristic that was previously stigmatized. Examples are the gay and lesbian rights movement in Western societies in the past 75 years and similarly the movement for rights of the physically or mentally disabled. One major part of this global trend toward more tolerance is termed *multiculturalism* – the tolerance and acceptance of the validity or moral rightness, or at least tolerability and minimal acceptability, of various ethnic, racial, and cultural differences within and among different nations.

## The Relativity of Long-Term Contributions to Positive Social Change and Ethical Evolution

Many DVAs and their larger social movements, if present, seem initially very harmful and dangerous, especially to governments, many businesses, and to the categories of people the DVAs are attempting to change, which are often the general public – nearly everyone. But many of these DVAs and their larger sociopolitical movements turn out in the long run to have great benefits for the general population of their nations or even of the whole world. Prominent examples of such ethical evolution are the abolition of slavery, equal rights for women, environmental conservation and ecological balance, civil rights for people of color, tolerance and rights for homosexuals, fair labor practices by employers, and equal rights for the disabled (Smith 2017b).

Among other aspects, the Dark Side of the NPS and NPOs thus also includes significant social system-challenge attempts by DVAs that are based on very positive, humane, social values. These high-principled, system-challenging *Dissenting DVAs* have sought, often successfully, sociocultural change and ethical evolution of human society in pursuit of human rights, civil liberties, social justice, security, peace, tolerance, poverty alleviation, ecological balance, and optimal human individual and societal development. Some sociopolitical movement and one or more of its component DVAs has initiated nearly every important, positive form of sociocultural change and ethical evolution in societies all over the world and throughout human history, ranging from the abolition of slavery to the creation of public zoos, A to Z, but especially since about 1800, with the Industrial Revolution and its accompanying *organizational revolution*. (Smith 2017b).

Gamson's (1990: 53) path-breaking study of a random sample of American social movement organizations from 1800 to 1945 showed that *about half (49%) of such challenging groups studied achieved some significant new advantages*. This is an astounding track record of success in changing American society for the better. The new advantages resulted for the *targets of benefit*, which might have been the challenging group members or some nonmember category or group of people, sometimes most or all of American society. Gamson carefully did random sampling (p. 287) of social movement groups in America for this 145-year period. Thus, these results can properly be generalized to the more than five hundred national, sociopolitical movement-linked, challenging groups as DVAs that existed in this period in America but that were mostly not studied in Gamson's actual sample.

Similar results are likely for other, currently industrial or postindustrial nations of the world that have, or have had for significant historical time periods, democratic governance structures. Tilly's (2004: 140–143) analysis of social movement organizations from 1768 to 2004 in Western Europe and North America suggested that social movements *sometimes* cause more general democratization in nations but can also have the reverse effect or no effect on democratization, whatever other main effects they have had.

Dalton's (1994: 187) study of 64 Western European national or transnational environmental social movement organizations, often as DVAs, indicated that the social movement leaders saw protest by itself as relatively ineffective. Protest and related direct political activities were used often or sometimes by 48% of the environmental groups studied (p. 183). But leaders viewed such actions as most effective when backed up and followed though by more conventional group political activities (pp. 195–198). In general, the environmental social movement and its major social movement organizations have had a substantial positive impact in Western Europe in the past few decades. This has been clearer for the conservation social movement groups than for the ecological balance social movement groups (pp. 256–259).

## Deviance and Misconduct in Conventional or Mainstream NPOS

Approaching milder aspects of NPO deviance by way of studying nonprofit agency *accountability* has been growing in favor recently in the broader research and practice literature. The practical issue of accountability, potential or actual deviance in present terms, in charitable and other NPOS is a very old one, tracing back at least 800 years (Fishman 2007). But increasing numbers of people in the fields of nonprofit management or administration and foundation governance are getting interested in the subject. They approach this topic of accountability mostly from the standpoint of practical steps that need to be taken to avoid deviance, often referred to more euphemistically as *nonaccountability* or *norm--breaking*. They very rarely focus on doing empirical research about the nature and causes of deviance in and by NPOs. The work of Corbett (2011), Jordan and van Tuijl (2007), and Zack (2003) are examples of this growing interest in the accountability of NPOs.

The Dark Side of the NPS clearly exists objectively in all contemporary nations, as evidenced by recurring, credible reports in most of the news media, especially newspapers, regarding NPO deviance *scandals*, mostly dealing with conventional nonprofit agencies or foundations (e.g., Fremont-Smith and Kosaras 2003; Gibelman and Gelman 2001; Greenlee et al. 2007). A few well-known examples involving conventional NPO deviance in or affecting the United States would include the on-going current scandal of child molestation by Roman Catholic priests in America, and the William Aramony financial abuse scandal at the United Way of America in the early 1990s. Several overviews of deviance in NPOs, both agencies and associations, now exist (e.g., Smith et al. 2016a, b: Chap. 54; Zack 2003). Several books broadly critique NPOs for misconduct and deviance, especially in the USA (e.g., Fishman 2007; Smith 2017a; Wagner 2000).

## Deviance and Misconduct in Deviant Voluntary Associations (DVAS)

Most NPOs are conventional or mainstream in their goals and means of achieving them, abiding by prevailing laws and moral norms of their society at the time. However, a very small percentage, perhaps 1% or less, of NPOs are persistently deviant and unconventional from their origins. Because members and often all or most leaders are volunteers, with no paying jobs to lose, voluntary associations are statistically more likely to involve deviance than are paid-staff-based nonprofit agencies. Much of the serious deviance in nonprofit agencies involves stealing or misusing money in some way (Greenlee et al. 2007; Zack 2003), and there is little money in most voluntary associations, especially GAs as local ones.

This tiny percentage of associations termed fundamentally Deviant Voluntary Associations (DVAs) are nearly always deviant from their origins or founding, as suggested above. Transforming from a conventional, non-deviant association to a DVA is historically very rare, according to qualitative research. Accepted moral norms are taken to mean customary definitions of right and wrong activities, including speech or other communication, held by a substantial plurality of normally socialized adults in the society. A more stringent definition of

accepted moral norms could insist on a 51% majority of normally socialized adults. Laws may be customary common laws or enacted laws, from a legislature or other government authority, including an autocrat.

There are three main types of DVAs, varying in their extent and duration of deviance, according to Smith (2017a): Eccentric, Noxious, and Dissenting, described as follows:

### Eccentric DVAs

Among the very tiny percentage of DVAs in any society, the vast majority seem to fall into the category of *Eccentric DVAs*. Even though they are actually innocuous, Eccentric DVAs are usually stigmatized and derided initially by many people in their societies of origin, and are often repressed by government authorities. However, these Eccentric DVAs are, by definition, innocuous in actually causing little objective harm. Any actual harm present tends to affect the DVA members mainly or solely, and the members usually endure this harm voluntarily. Further, this supposed harm is mainly in the eyes of nonmembers or disgruntled former members, not seen by the active members themselves as self-perceived *victims*. Some examples would be innocuous new religions such as modern witches' covens, odd left or right wing political parties, and sexual deviance groups like group marriage or swingers' groups. Eccentric DVAs represent the broad middle ground or gray area of the Dark Side of the NPO spectrum.

### Noxious DVAs

By contrast, *Noxious DVAs* represent *the Darkest of the Dark Side* of the NPO spectrum, having no redeeming positive values. But they are very rare among all associations, and even among DVAs. Such Noxious DVAs are objectively and significantly, often substantially, harmful and violent, even lethal, in an enduring way to their members, to the targets of their activity, to the larger community or society, or to some combination of these. Their deeply and pervasively harmful effects often go far beyond their effects on their members. Some examples here would be certain terrorist organizations and violent hate groups: The German Nazi Party from 1921 to 1933, when it was still essentially a DVA not an arm of government, but also thereafter, taking full power from 1933–1945; the Ku Klux Klan/KKK in America in the 1860s–1890s, the 1920s, and later in the 1950s–1960s; and Al-Qaeda in the past three decades.

### Dissenting DVAs, as the Dark Energy of the NPS

The relatively beneficial and positive part of the Dark Side of NPOs are *Dissenting DVAs*, which in some way are trying to change or improve the *status quo* from their own perspective and *also* from the longer-term perspective of later history. Such DVAs are routinely stigmatized and criticized by nonmembers and especially by the government of their society when they first mount their challenges. Some examples are world religions, such as Christianity and Islam when new, 1800s social movement organizations/SMOs advocating antislavery and woman's voting rights, and the underground resistance organizations during World War II in Nazi-occupied European nations.

However, many Dissenting DVAs are also recognized decades or longer later as contributors to positive social change and ethical evolution in their societies (Smith 2017a, b). Of course, not all Dissenting DVAs turn out to have significant long-term positive societal consequences, but the ones that do have often changed human society for the better permanently (Smith 2017b).

Dissenting DVAs can be seen particularly as *the Dark Energy of the NPS*. This view builds on the conception of volunteerism as a form of potentially renewable, natural energy. Dissenting DVAs are *Dark* Energy because the volunteerism they generate or mobilize initially deviates in major goals or means from existing laws or moral norms of their society. Dissenting DVAs, and perhaps other DVAs (especially a few Eccentric DVAs), also deserve to be seen as a special kind of *energy* because they often cause or energize major societal reactions, including eventually mass mobilization for their goals and often pervasive and significant societal change, if successful (e.g., Gamson 1990: 53).

More broadly, there is a potential and often actual Dark Side to *all* individual and group behavior in any institutional activity area or sector of society. For instance, there are deviant groups in such institutional areas as the family, education, religion, leisure, communication media, politics, and the economy – both conventional and underground. It is human to be selfish and even harmful to others at times, sometimes persistently. It is also usually human, but perhaps to a lesser extent, to have some altruism toward others, especially in one's household or immediate-nuclear family. But there is also much evidence that at least friendly reciprocity is present in helping and giving to others outside one's household and immediate-nuclear family. Sometimes non-reciprocal altruism is also present as individual philanthropic behavior in humans, but this is highly variable among people.

## Conclusion

The Dark Side of NPOs, and of the NPS more generally, has received significant research attention, some of which is cited above and more is listed as references in documents cited. But the researchers involved have rarely been closely identified with the mainstream of voluntaristics research, as in members of ARNOVA (www.arnova.org) or ISTR (www.istr.org), or authors with articles published in their academic journals, *Nonprofit and Voluntary Sector Quarterly* and *Voluntas*.

Reducing neglect of the Dark Side of NPOs in our interdisciplinary field of voluntaristics and NPS research will contribute to building a healthier and more effective NPS and NPOs in the future. It will also contribute to a more comprehensive, less positively biased, interdisciplinary field. If biologists and physiologists studied only healthy organisms, they would never know how to identify, ameliorate, or cure, let alone prevent, diseases and disorders in living organisms. We need to have the scientific curiosity and practical values of applied altruism to do the same in our field. We must examine objectively the full range of Dark Side flaws and problems of deviance in NPOs.

The NPS image as the *Sanctified Sector* (Wagner 2000: Chap. 5) or the *Angelic Sector* (Smith 2017b) that can do little or no wrong is obsolete, just as the *Lady Bountiful* stereotype of volunteers is also obsolete. Such a traditional, *Angelic flat-earth NPS paradigm* (Smith 2016: 40–41) is very narrow, nonobjective, self-serving, and simply false, given the abundant evidence of deviance and misconduct in the NPS both by individuals in NPOs and by whole NPOs, especially as DVAs.

In place of this Angelic flat-earth NPS paradigm, a more objective, broader, more comprehensive, *round-earth paradigm* for voluntaristics research and theory is clearly needed. The author (Smith et al. 2016b: 1373–1375) has sketched the outlines of the new paradigm needed. Such a round-earth paradigm involves looking in a more balanced, thorough, comprehensive, and open-minded way at many phenomena of the NPS where flat-earth paradigms still dominate in most prior and current research and theory in our interdisciplinary voluntaristics field. This suggested paradigm shift regarding the Dark Side of the NPS may be properly seen as one of several needed round-earth paradigm shifts if we are to fully understand the NPS and its varied phenomena objectively, especially all of its NPOs.

In addition, viewing DVAs generally, and Dissenting DVAs in particular, as the *Dark Energy* of the NPS further elaborates on the recently proposed concept of *volunteerism as energy*. Not all such natural and potentially renewable volunteer energy has positive intent or outcomes for society, however attractive it may seem to certain volunteers involved. The Dark Energy of DVAs manifests volunteerism for goals and activities that most or many in society *at the initial time of DVA origins* and often for decades thereafter would consider to be deviance or misconduct. But when *Dissenting* DVAs are involved, the long-term result is often societal progress and ethical evolution, not persisting or widespread harm to the general population.

Increased empirical research and theoretical attention to NPO Dark Side phenomena, especially to DVAs, can probably best be achieved by a fundamental paradigm shift in our

interdisciplinary field and emergent academic discipline of voluntaristics research. The prevailing, positively biased, boosterism that relentlessly views the NPS and NPOs through *rose-colored glasses* does not serve either our interdisciplinary research field or the NPS itself in the long run. The time has come for most voluntaristics and NPO researchers to recognize the need for a paradigm shift in this area. The result will likely be many new hypotheses and much new research that illuminates all aspects of the NPS and NPOs, as with Kuhnian paradigm shifts in other fields of science.

## Cross-References

▶ Differences Between Nonprofit Agencies and Membership Associations
▶ Sociological Study of Nonprofit Organizations

## References

Corbett C (2011) Advancing nonprofit stewardship through self-regulation: translating principles into practice. Kumarian Press, Sterling

Dalton RJ (1994) The green rainbow: environmental groups in Western Europe. Yale University Press, New Haven

Fishman JJ (2007) The faithless fiduciary and the quest for charitable accountability 1200–2005. Carolina Academic Press, Durham

Fremont-Smith MR, Kosaras A (2003) Wrongdoing by officers and directors of charities: a survey of press reports 1995–2002. Working Paper No. 20. The Hauser Center for Nonprofit Organizations, The Kennedy School of Government, Harvard University, Cambridge

Gamson W (1990) The strategy of social protest, 2nd edn. Wadsworth Publishing, Belmont

Gibelman M, Gelman SR (2001) Very public scandals: an analysis of how and why nongovernmental organizations get in trouble. Voluntas 12(1):49–61

Greenlee J, Fischer M, Gordon T, Keating E (2007) An investigation of fraud in nonprofit organizations: occurrences and deterrents. Nonprof Volunt Sec Q 36: 676–694

Jordan L, van Tuijl P (eds) (2007) NGO accountability: politics, principles and innovations. Earthscan, London

Smith DH (2016) A survey of voluntaristics: research on the growth of the global, interdisciplinary, socio-behavioral science field and emergent inter-discipline. Volunt Rev: Brill Res Perspec 1(2):1–81

Smith DH (2017a) The "Dark Energy" of the nonprofit sector: noxious, dissenting, and eccentric types of deviant voluntary associations, their impacts, and how they work. David Horton Smith International, Bradenton

Smith DH (2017b) The global historical and contemporary impacts of voluntary membership associations on human societies. Volunt Rev: Brill Res Perspec 2(4): (in press)

Smith DH, Eng S, Albertson K (2016a) The darker side of philanthropy: how self-interest and incompetence can overcome a love of mankind and serving the public interest. In: Jung T, Phillips S, Harrow J (eds) The Routledge companion to philanthropy. Routledge, London, pp 273–286

Smith DH, Stebbins RA, Grotz J (eds) (2016b) Palgrave handbook of volunteering, civic participation, and nonprofit associations, vol 2 vols. Palgrave Macmillan, Basingstoke

Tilly C (2004) Social movements, 1768–2004. Paradigm Publishers, Boulder

Wagner D (2000) What's love got to do with it? A critical look at American charity. New Press, New York

Zack GM (2003) Fraud and abuse in nonprofit organizations. Wiley, Hoboken

# Mission Change in Nonprofit Organizations

David Berlan
Florida State University, Tallahassee, FL, USA

## Synonyms

Mission creep; Mission drift; Mission stretching

## Definition

A shift in the fundamental public purpose of a nonprofit or nongovernmental organization.

## Introduction

Nonprofits exist to pursue specific public purposes, their missions. A nonprofit mission thus serves as justification for all nonprofit activities and as the source of their legitimacy. It occupies the dominant position for justifying nonprofit

activities, defining nonprofit social value, distinguishing the sector, and establishing differentiation between organizations. Missions influence strategy, goals, programs, and motivation and mobilization of stakeholders. Nonprofit missions are most clearly visible in formal mission statements but may also appear in other formal or informal forms. Formal mission statements are written as nonprofits are founded and serve as critical documents in applications for tax exemption. These statements may later be revised, but even when they remain intact, a nonprofit's mission may still change.

Nonprofit mission change is in short any significant alteration in the specific public purpose being pursued by a given nonprofit. This is not the same as a change in strategy, which emphasizes the means by which the organization is seeking to accomplish its mission, or even a revision of a formal mission statement, which is neither necessary nor sufficient for an act of mission change. Whenever a nonprofit shifts from its previous public purpose, however this happens, mission change has occurred. Revisions of a formal mission statement may occur before, after, concurrent with, or separate from a change in the organization's mission. Similarly, mission changes may be independent from or tied to other changes in the nonprofit, such as funding, leadership, strategy, or structural changes.

Nonprofit mission statements are products of a writing process and are not necessarily readdressed frequently. As a result, over time they may lose their relevance to the nonprofit's current focus. There is also evidence that these statements are written in manners that leave them overly broad and sometimes intentionally vague. Either case can leave the formal mission statement as insufficient for laying out the nonprofit's actual mission. As such, these statements are subject to interpretation that can address this challenge. Individuals in the organization may reach different understandings of what the mission statement implies for the work of the organization and for what its underlying mission truly seeks to accomplish.

Beyond the internal pressures applied to nonprofit missions by those who understand them differently or may seek to make a mark on the organization, external pressures incentivize shifts away from the original purpose. Although most scholarly attention to these pressures focuses on economic pressures, missions can also be subject to isomorphic forces from other external sources that influence both deliberate and subtle forces by exposing individuals to different sources of ideas. Though these forces could apply the same pressures to encourage fidelity to mission, they are more likely to spur shifts away from nonprofit public purposes and toward economic survival. When leaders of nonprofits end up influenced by these forces, the nonprofit's mission can change, most often in a manner that shifts it further away from serving its original purpose.

Mission change takes a wide variety of forms, and although much of the literature subjects these changes to criticism, they can also be forms of healthy adaptation by nonprofits. Finding a balance between responsiveness to the environment and fidelity to nonprofit public purposes is a critical role for nonprofit managers and boards, making mission change an important subject for scholarship and practice alike.



## Internal Dynamics of Mission Interpretation

The formal mission statements of nonprofits typically leave the room open for interpretation and differing internal perspective on how to understand and achieve the nonprofit's mission. Even the concept of mission for nonprofits itself is open to debate, with little or no agreement on how to create or evaluate them (Phills 2005). Further, nonprofit missions are entangled with other fundamental ideas that shape nonprofits, including values, identity, culture, and strategy. As a result, processes of mission interpretation, whether conscious or not, can be expected as natural features of nonprofit management. These processes of interpreting mission both establish an avenue by which organizations can assert fidelity to mission and the potential for significant changes in nonprofit mission (Berlan 2013).

Vague missions can easily abound, with nonprofits designing their formal statements to

provide significant room for adaption, shifting priorities, and the pursuit of multiple goals. Broad framing of missions is common and limits the ability of missions to provide guidance on strategy and operations (Phills 2005). This widespread tendency toward vague missions may arise from conscious decisions, such as sacrificing clarity for flexibility, or unintentional results of statement crafting, such as unfocused writing. Leaders can exacerbate the impact of vague mission or use them to their advantage, either by making existing missions broader or fitting new purposes within the existing mission (Moore 2000).

Divergent values among those in a nonprofit can further create opportunities for missions to be interpreted differently or for internal strains to arise around defining or changing the mission. Organizational values are typically considered as distinct concepts in their own right (Padaki 2000; Voss et al. 2000); they, along with vision statements, sometimes get confused with or wrapped into a nonprofit's mission (Phills 2005). These fundamental ideas can also overlap, or even comprise, yet another, organizational identity (Young 2001). Variations in values and interpretation of mission, vision, or identity among board members, managers, staff, volunteers, and key external stakeholders like beneficiaries and funders make the mission itself subject to potential conflict and change. They also raise the possibility of nonprofits adapting through interpretation that leaves the current mission intact and avoids a change. Nonetheless, the presence of these potential differences in mission and related ideas among key nonprofit actors opens a window for external pressures to potentially encourage mission change.

## External Pressures to Change Missions

Nonprofits balance the pursuit of their mission's public purpose with ensuring sufficient financial resources for the organization to survive and thrive. This tension leads to one of the strongest pressures on nonprofits to change their missions. Most attention to mission from scholars and practitioners alike has identified the need to balance mission and finance, along with distinct pressures deriving from government agencies, foundations and other major funders, commercialization, and competition. Pressures deriving from exposure to other ideas also exist that can lead nonprofits to emulate peers or conform with external norms or standards. Prior scholarship recognizes the impact of organizational and mission characteristics on how nonprofits respond to this pressure.

Several organization theories identify potentially influential variables and processes that could lead to nonprofit mission change. Of particular relevance are resource dependence and new institutionalism. These theories primarily view processes of a change through a lens in which external actors or forces exert pressures for nonprofits to change their missions, and some are able to resist due to organizational characteristics or internal dynamics.

Resource dependence focuses on how nonprofits (and other organizations) seek to secure critical scarce resources necessary for their existence and work. This theory is widely used in nonprofit management and relevant to mission change. Evidence is particularly strong of major funders, including corporations, foundations, government agencies, and wealthy individuals, exerting influence that seeks to shift nonprofit priorities (Froelich 1999). Commercialization, competition, and the pursuit of new revenues sources like earned income strategies also exert similar pressures (Jones 2007). Even where research does not directly address changes in mission, significant pressures have been observed that alter nonprofit strategy, programming, and advocacy efforts, which also could be viewed as a mission change. Resource dependence introduces sources of power for both nonprofits and those who provide their resources, which could explain how some nonprofits, such as those with access to a wide range of potential resource sources or particularly strong claims to legitimacy, can more easily push back against pressures from funders (Froelich 1999).

New institutionalism places emphasis on symbols, legitimacy, and the development of institutions influenced by these ideas. For nonprofits, mission fulfills a key symbolic role and contributes to organizational legitimacy. Development of

organizational myths, which may be driven by processes of mission interpretation or value conflict, shapes the types of change an organization may be willing to undertake (Meyer and Rowan 1977). As an important symbol and influence on the institution over time, mission itself is subject to pressure to change, which could derive from isomorphic forces that encourage similarity between organizations. Isomorphism's inventors DiMaggio and Powell (1983) explained that it would include coercive pressures from government regulation or explicit funder mandates, mimetic pressures from nonprofits engaging with or emulating 'successful' peers, and normative pressures deriving from industry practices, societal norms, and the expectations from the professional backgrounds of individuals in the organization. Nonprofit-specific research has observed some of these, including explicit pressures from government, pressures to alter values in response to collaboration with peers (Voss et al. 2000), and the influence of nonprofit professionalization on the sector (Hwang and Powell 2009).

New institutionalization, like resource dependence, observes some factors that make some organizations more or less resistant to pressures to change. Newer organizations are potentially more subject to pressures, while organizations with greater financial resources see mixed results (Minkoff and Powell 2006). Nonprofits with broader missions can adapt more readily without formally changing their mission, while those subject to external mandates come under greater pressure to change (Minkoff and Powell 2006). Nonprofits that take symbolic steps to reaffirm and reiterate their mission in governance and strategic planning can also limit the influence of pressures to shift. Further, there is evidence that nonprofit missions are relatively stable in the face of pressures to change, such as those from network ties, making changes less common than might be anticipated (Koch et al. 2015).

These theories, combined with internal dynamics that open avenues for potential changes, suggest that mission change occurs through complicated processes influenced by a range of factors. Characteristics of missions themselves leave them more of less susceptible to change, isomorphic forces exerts pressures to emulate similar organizations, powerful external actors seek to influence goals of nonprofits to mirror their own, and organizational characteristics influence the ability to resist. Due to this complicated model of change, processes by which nonprofits change missions, or not, and the resulting form of change vary widely.

## Process and Forms of Mission Change

Nonprofit mission change varies widely, both in the process by which change occurs and the resulting outcomes. In a comprehensive examination of nonprofit mission change, Minkoff and Powell (2006) identify five distinctive pathways by which change occurs. Their first pathway, accommodation, reflects conservative instincts of organizations as they age and become less willing to take risks. Accommodation suggests a combination of resource dependence and institutionalization, wherein comfort with existing resource sources, the mission's symbolism, and current institutional myths leave the nonprofit reluctant to try new ideas or shift in ways that could alienate funders.

The second, proactive change, occurs when organizations move counter to external pressures and typically become more radical. This pathway would appear to repudiate parts of both organization theories by rejecting funder pressures and isomorphic forces driving conformity. It may have roots in the importance of the organization's myth, especially if it is one of radical actions, or in how those within the organization interpret its mission. The third, resistance to change, derives from efforts to maintain the original intent. This fidelity to the mission could occur in organizations with characteristics supportive of resisting external pressures but could also result from internal dynamics of competing interpretations of mission that end up favoring original intentions.

The fourth, reorientation, finds a middle ground between fidelity and responsiveness by adhering to some core values while adapting to environmental pressures. Almost any combination of factors and processes from theory and

prior scholarship could lead to these results, which could themselves vary widely. The final pathway, displacement, finds nonprofits shifting, often drastically, from their original intentions in the pursuit of organizational survival. Displacement aligns most clearly with resource dependence or coercive isomorphism and reflects perceptions that survival outweighs the organization's original public purpose.

Each of these pathways, like resource dependence and new institutionalism, views the process of deciding whether and how to change as integrated with external pressures of some variety. It is also possible for nonprofits to change absent any significant external pressure. This may result from a value conflict (Padaki 2000), efforts to develop a shared organizational identity (Young 2001), or some other form of mission reinterpretation or revision. This leads to a sixth pathway mostly or completely disentangled from the two organization theories. This pathway of internal shifts, much like reorientation, could result in a wide range of new missions.

## Conclusion

Nonprofit missions are subject to pressure to change, whether from internal dynamics of interpretation, external pressures to conform, or unintentional processes of imitation. Though mission change is often criticized and labeled with terms like mission "drift" or "creep" with unspoken pejoratives, this need not be true, as observed in some pathways of change. Though nonprofit mission change is relatively rare or difficult to observe in research, it has the potential to drastically impact nonprofits, whether for better or worse. Positive changes could include positioning a nonprofit to continue making significant contributions, such as the March of Dimes broadening its focus in the wake of polio eradication in the USA, or responding to beneficiary needs. Negative changes could include chasing new funding in ways that harm programs or shifts threatening the organization's founding values, as arguably could be the case when nonprofit hospitals become for-profit or sell to a hospital chain. It can be difficult to immediately decide the impact of a mission change, such as National Geographic selling its media activities to Twenty-First Century Fox, which shows an abandonment of nonprofit values for those programs but may also reflect narrowing its focus toward its most charitable activities.

By altering their fundamental public purposes, nonprofits that undergo mission change transform their reason for existence, source of legitimacy, and primary goals. Even minor changes can have lasting and substantial effects. In particular, changes of this significant nature bring new risks to organizations, including the possibility of failure and organizational death. This new source of risk conflicts with the most prevalent, at least in nonprofit scholarship, source of pressures to change mission: the acquisition of resources tied to other goals. Nonprofits changing their mission in anticipation of gaining or maintaining more resources counterintuitively may also increase their potential for catastrophic outcomes, in part by undermining prior support and claims to legitimacy.

Nonprofit leaders and boards must thus take special care when considering any organizational change that could alter their mission. Though such changes may be critical responses to changing environments or sources of new innovations drastically improving the organization's ability to effect societal change, they can threaten organizational survival, erode nonprofit sector values, and hamper pursuit of public purposes. This should not lead practitioners to automatically reject the possibility of change or scholars to label and consider all changes undesirable mission drift but instead requires that mission be paid greater attention and its potential and process for change be carefully examined and undertaken. Nonprofit mission change is arguably the most impactful, and dangerous, form of organizational change.

## Cross-References

► Decision-Making in Nonprofit Organizations
► Government and Nonprofit Relationships

▶ Institutional Theory of Organizations
▶ Mission, Vision, and Organizational Values
▶ Social Capital and Organizational Change
▶ Social Impact Bond
▶ Stakeholder Perspective in Nonprofit Organizations
▶ Transition in Nonprofit Organizations
▶ Value Congruence

## References

Berlan DG (2013) Taking nonprofits at their word: the role of conflict over mission in organizational change and response to environmental pressures. Public Administration – Dissertations. Syracuse University: Paper 89. http://surface.syr.edu/ppa_etd/89

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Froelich KA (1999) Diversification of revenue strategies: evolving resource dependence in nonprofit organizations. Nonprofit Volunt Sect Q 28(3): 246–268

Hwang H, Powell WW (2009) The rationalization of charity: the influences of professionalism in the nonprofit sector. Adm Sci Q 54(2):268–298

Jones MB (2007) The multiple sources of mission drift. Nonprofit Volunt Sect Q 36(2):299–307

Koch BJ, Galaskiewicz J, Pierson A (2015) The effect of networks on organizational missions. Nonprofit Volunt Sect Q 44(3):510–538

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83(2):340–363

Minkoff DC, Powell WW (2006) Nonprofit mission: constancy, responsiveness, or deflection. In: Powell WW, Steinberg R (eds) The nonprofit sector: a research handbook. Yale University Press, New Haven, pp 591–611

Moore MH (2000) Managing for value: organizational strategy in for-profit, nonprofit, and governmental organizations. Nonprofit Volunt Sect Q 29(s1):183–208

Padaki V (2000) Coming to grips with organisational values. Dev Pract 10(3):420–435

Phills JA (2005) Integrating mission and strategy for nonprofit organizations. Oxford University Press, New York

Voss GB, Cable DM, Voss ZG (2000) Linking organizational values to relationships with external constituents: a study of nonprofit professional theatres. Organ Sci 11(3):330–347

Young DR (2001) Organizational identity in nonprofit organizations: strategic and structural implications. Nonprofit Manag Leadersh 12(2):139–157

# Mission, Vision, and Organizational Values

Terrie Temkin
CoreStrategies for Nonprofits, Inc, Miami, FL, USA

## Synonyms

**Mission**: purpose, raison d'être, goal, aim, duty, pursuit; **Organizational values**: guiding principles, beliefs, tenets; **Vision**: dream, visualization, image, mental picture (all of the future), end result

## Definition

**Mission** is an organization's purpose, what it exists to accomplish.
**Vision** is a picture of how the community will be not only different, but also better, as a result of the organization having accomplished what it set out to do.
**Organizational values** are guiding principles for organizational behavior.

## Introduction

Mission, vision, and values are terms frequently used in the nonprofit or nongovernmental organization (NGO) sector by staff, board directors, volunteers, clients, donors, community leaders, and other stakeholders, as well as consultants, college professors, planning professionals, and authors speaking or writing about the business of nonprofits/NGOs. Unfortunately, all too often, these distinct terms are used interchangeably or misused altogether. This results in confusion not only for those working within organizations but also for those working across organizations.

Contributing to the confusion around the meaning and use of each term is that the favored formats for each have changed over the years. For instance, prior to the mid-1970s when the late management guru Peter Drucker declared mission

statements should not exceed seventeen words, they typically ran for a page or more. Today, there are some calling for mission statements of no more than eight words, claiming people's attention is limited to "who" (the target population), a verb, and a measurable outcome (Starr 2012).

This entry provides the most commonly accepted definitions of the three terms and indicates how they are typically formatted. The benefits to and uses of mission, vision, and value statements in nonprofits/NGOs are also presented, along with when it is appropriate to make changes to them.

## Defining Mission, Vision, and Values and Their Content

### Mission

Mission is an organization's purpose, its raison d'être. A mission statement specifies what the organization is uniquely in business to do.

Some believe it should also indicate where you do your work and for whom, why the purpose is important, and how the organization will go about accomplishing its work, or say something about the culture of the organization. Others argue that the "why" is found in the vision and values, and including the "how" can be unnecessarily limiting because over time an organization may want or need to change its approach. In addition, both "why" and "how" make the mission statement longer and, thus, harder to recall. Since awareness of an organization is enhanced if anyone who cares about an organization can cite its mission statement – whether that be a staff member, board director, client, funder, vendor, or community stakeholder – an argument may be made for keeping the mission statement short.

Despite the pleas for and benefits of brevity, a mission statement is *not* the same thing as a tag line, which is a marketing tool in the form of a proclamation. An example should clarify this. The United Way is an organization that for more than 125 years has brought "people, organizations and communities together around a common cause, a common vision, and a common path," traditionally raising money to accomplish its goals through workplace giving. It pursues its mission "to improve lives by mobilizing the caring power of communities around the world to advance the common good," through the efforts of individuals operating in close to 2000 communities in more than 40 countries. Its tag line is "Live United" (UnitedWay.org). There is clearly a relationship between the mission and the tag line. The first statement gives the "what" – "United Way exists to improve lives and advance the common good." In this case, it also indicates how the organization intends to accomplish its task – "through mobilizing the caring power of communities." The second statement, "Live United," does not state the reason behind the United Way's existence. Rather, it is a rallying cry for the community to come together under the unifying banner of the United Way.

### Vision

The mission statement is important. The community expects to see it in the organization's publications. Funders expect to see it in grant applications. Board directors expect to use it when talking with friends, family, and associates about their involvement with the organization. However, as an articulation of the desired, more perfect, more impactful future that the organization is targeting (Nanus 1992), many believe that vision may actually be more critical than mission. This is because, when drawn well, the verbal picture that is painted of how the community will be stronger or healthier as a result of the organization having accomplished what it set out to do can be transformational. It creates excitement and inspires people to join the organization in making that vision a reality.

The key to the development of an effective vision statement is to focus on desired changes to the *community* rather than the organization (Gottlieb 2008). Returning to our United Way example, employees at, say, Centraide of Greater Montreal (United Way Montreal) might gain a sense of pride if the organization becomes the largest and most influential United Way in the world or if it allocates more grants than any other United Way. Such expressions of vision

will not, however, encourage others outside the organization to step up to become a part of its journey. The reason is that potential stakeholders want to see themselves included in the vision, benefitting from the organization's success. A vision where all residents, regardless of age, socioeconomic class, education level, race, ethnicity, or level of ability, live healthy, active, and connected lives is far more likely to attract them. This community impact view of vision is powerful.

Presenting the vision in the present tense – as mission accomplished – is also valuable. It not only helps everyone more easily visualize the desired future, it helps them identify with the organization's work. Consider a real-life example from the United States. A group that serves to reintegrate ex-offenders into society was contemplating how best to phrase its vision statement. It knew what it wanted to say, but debated between: "The formerly incarcerated *will become* good citizens and neighbors – productive, educated, with strong family and spiritual values, playing an equal role in contributing to a safe and vibrant community," and "The formerly incarcerated *are* good citizens and neighbors – productive, educated, with strong family and spiritual values, playing an equal role in contributing to a safe and vibrant community." The only difference between the two statements is the tense. In the first case, the vision was future-focused – i.e., "the formerly incarcerated *will become* good citizens." In the second case, the vision was present-focused – i.e., "the formerly incarcerated *are* good citizens." After hearing the first vision statement, members of a focus group expressed fear of individuals who were *not yet* good citizens and neighbors, and they made it clear that they did not want ex-offenders living in their neighborhood. When presented with the second statement, the responses were more welcoming. People saw individuals with whom they could identify – people like themselves who had the background and desire to contribute to their neighborhoods. They suddenly understood that they had a vested interest in helping the organization rehabilitate the ex-offenders.

### Values

Organizational values speak to a nonprofit or NGO's core beliefs. Different from personal ethics, such as honesty and integrity – which while important are expected of all organizations – they are unique guiding principles for a specific organization's behavior. An adult literacy program, for instance, might choose values similar to these five: One's level of literacy neither defines that individual nor speaks to his/her intelligence. Everyone deserves to be treated with equal levels of respect. A literate society improves the quality of life for all. Everyone has the capability of becoming functionally literate. And all persons deserve equal access to literacy training. These examples illuminate the "why" behind how our literacy program would choose to act on its mission.

Expressing values in the manner demonstrated above provides unambiguous direction to board and staff. Decisions become easier to make and explain to others. For example, let us say that through a personal contact a board director of this adult literacy program brought to the organization a grant opportunity. That grant opportunity required the program to focus on only one segment of society to the exclusion of others that could also benefit from the organization's literacy training. The organization would have to pass on the grant opportunity to remain consistent with its values. It could do so with less discussion and fewer hurt feelings because the parameters for the organization's choices had previously been agreed upon.

## Using Mission, Vision, and Values in a Nonprofit

Mission, vision, and values are at the heart of nonprofit governance, particularly transformational governance. As defined by Australian consultant Steven Bowman of Conscious Governance (2013), governance – distilled down to its core – is making the choices that create the desired future for the communities the nonprofits/NGOs serve. As you will read in this section, the three critical tools fulfill this charge in a number of ways.

They can help individuals and groups such as the board and staff stay on target, even when they are operating independently on behalf of the organization. Margaret Wheatley, in *Leadership and the New Science: Learning about Organization from an Orderly Universe*, shares with her readers that all living organisms are self-referencing, which allows them to adapt to changes in their environment in sense-making ways – ways that fit their identity. Putting this biologic reality in organizational terms, identity, which is made up of such things as values, norms, and goals, keeps people on target. In other words, because mission, vision, and values provide a nonprofit or NGO with its identity, they provide participants with the direction and boundaries that allow them to function in a highly directed and more competent manner and, therefore, accomplish more on behalf of the organization (1992).

Mission, vision, and values can help an organization solve problems, as well as avoid mission creep and the waste of precious resources. They do this by serving as a key decision screen against which options can be measured to determine which options have the greatest potential for moving the organization forward in the most expeditious way possible. An organization in Bogotá, Colombia, provides an example. The organization was formed by a group of friends who each had different interests but shared a concern for the environment. One started an ecologically friendly hotel. Another started a restaurant that elegantly and deliciously prepared and served unusual species of plants, fish, and insects from all over the country – such as blow fish and fire ants – that would generally be avoided by even the more adventurous eaters, and therefore wasted. Yet another ran a boutique that sold items made by Colombia's indigenous people. These friends, which constituted the board of directors, were always in different parts of the country following their dreams, making it difficult to do the work of the organization and to prove to the community that it was in fact a legitimate nongovernmental organization rather than merely independent businesses. In addition, it was creating friction when one entity spent more organizational funds than another. When the group came together to evaluate and restate its mission, vision, and values, they agreed significant changes needed to be made to be in alignment with their ultimate goals. These changes included dropping one of their projects.

The three tools can help attract and retain support. They can also impact performance. Brown and Yoshioka (2003) found mission to motivate employees in nonprofit organizations and keep them focused. A few years later, Brown, Hillman, and Okun (2012) found passion for mission to positively influence the level of board directors' confidence and participation in their tasks. In a 1992 study by Bradshaw, Murray, and Wolpin, nonprofit CEOs reported sensing a correlation between shared vision and organizational effectiveness. And Paarlberg and Perry's 2007 research showed that strategic or organizational values are motivating, especially when those values are in alignment with people's personal values.

The regular use of mission, vision, and values can also help mitigate one of the most sensitive issues in nonprofits/NGOs – Founder's syndrome. Too often, as an organization becomes more sophisticated, the organization's original visionary and driving force remains in place beyond the point where he or she is still capable of providing the increasing level of leadership needed. This situation usually occurs because the founder is fearful that his or her vision will be lost if someone new is allowed to come in. An established culture of using mission, vision, and values to make every choice is reassuring. The founder is more likely to relinquish significant power, or walk away entirely, when he or she consistently experiences the board and staff regularly preserving what he or she identified as important early on. It becomes easier for that person to accept that incoming leadership will not take the organization in a totally different or unacceptable direction.

Mission, vision, and values are essential considerations when exploring collaborations. It is hard to maintain any relationship without shared values. And it is impossible to work together long term if the collaborative parties are not interested in the same general outcome. Jane Wei-Skillern and Sonia Marciano (2008) list three factors required for successful collaborations in "The Networked Nonprofit." The first is that the partners must put the mission of the collaboration before that of their own organization. That might

mean relinquishing credit or a share of funds if achievement of the vision requires it. Second, the partners have to value trust over control. They have to believe that each partner is committed to doing the right thing for the shared mission and not try to second-guess decisions made by another. And, third, they must see themselves as part of a true team that works together seamlessly, with no one person or organization carrying more weight than any other. These are not easy commitments to make in the real world. Taking the time to discuss at length each organization's views on the mission, vision, and values of the collaborative prior to entering into an agreement can help bring the above to fruition. It can also prevent the untimely emergence of a lot of difficult issues that can destroy not only the collaboration but potentially the project and the community's trust in the organizations involved.

Finally, it is much easier to approach potential corporate partners for support when those corporations share a similar vision with the organization, and their values are aligned. Very few businesses today, especially in the United States, are donating to organizations merely to prove themselves good corporate citizens. With often more nonprofits or NGOs approaching the finite number of corporations in their communities than the corporations can realistically or adequately support, corporations want to ensure that any donations they do make, including donations of time, skills, or materials, add to their bottom line in some way. It falls to the nonprofits or NGOs to differentiate themselves and to demonstrate the value to both parties of a partnership.

Cause-related marketing is based on this reality. The classic example from the United States is Tylenol and the Arthritis Foundation. In the mid-1990s, the Arthritis Foundation allowed bottles of the pain reliever Tylenol (and three other brands manufactured by the same drug company) to carry its name and logo in return for a guarantee of $1 million (US) for research. In addition, the boxes in which the bottles were packaged contained information about arthritis and the Arthritis Foundation. The drug company benefitted from the implied endorsement and the potential for an introduction to new customers. The Arthritis Foundation benefitted from the research dollars and the additional channel through which they could promote their services to individuals who may not have known where to turn for advice on their condition.

But cause-related marketing is not the only type of partnership that can be forged when it can be shown that the mission, vision, and/or values of both parties overlap. A business that requires a workforce with specialized skills might want to support a nonprofit/NGO that provides educational opportunities in that specialty area to youth or adults interested in gaining those skills. Or an entrepreneur struck by a disease might want to partner with a voluntary health organization dedicated to eradicating that disease.

As valuable as mission, vision, and values can be to an organization, they are only effective if they are referenced regularly enough that reliance on them becomes second nature. One way to remind decision-makers to keep mission, vision, and values in mind is to list them at the top of every agenda. Whoever is chairing the particular meeting can also allude to them in the welcome remarks. Appointing a "mission caller" is beneficial as well. This is someone assigned to constantly challenge the group: "Is this consistent with our values?" "Will this move us closer to our vision?" "Is this suitable given our mission?" Such simple questions keep everyone focused on what they have agreed is important. To prevent others from tuning out a voice that becomes too familiar, consider choosing a different person as the mission caller at every board, committee, or staff meeting (Temkin 2015).

## Changing the Organization's Mission, Vision, and Values

While many organizations change their mission and vision statements every time a new board chair is elected or a strategic plan is undertaken, the trend is to take a longer view. This trend is supported by the results of the 2012 study *Beyond the Cause: The Art and Science of Advocacy* by Independent Sector, which found that a 30-year view is more effective than the shorter timeframes most organizations work within when significant change is desired. Independent Sector, an

organization representing the research needs and public policy interests of an international network of nonprofit, foundation, and corporate leaders committed to advancing the common good, analyzed the success of the Human Rights Campaign, Americans for Tax Reform, and General Electric. What it learned was that in each case, the organizations set a "BHAG" – a big, hairy, audacious goal – that they fully realized would take decades to accomplish.

The Human Rights Campaign (HRC) makes a good example. It wanted recognition and equality for the lesbian, gay, bisexual, transgender, and questioning or queer (LGBTQ) communities, which at the time the HRC set this vision regularly risked losing family, friends, and jobs because of their sexual orientation. Leaders from the HRC went to Hollywood and asked screenwriters to add parts for gays and lesbians to television scripts, specifying that the parts portray these individuals as any other character in the stories – as brothers, sisters, doctors, and lawyers. Change did not happen overnight, but seeing acceptance in the media, more and more members of these communities left the closet, and it became more common for their families, friends, and employers to embrace them. Today, in what appeared to occur in record time for such a large social change, gay marriage is legal across the United States and in many other countries around the world. Vision achievement came from never losing sight of the ultimate goal. This meant identifying indicators of success and establishing an action plan with specific strategies and tactics, as well as contingency plans.

There are times when deviation from the long view is appropriate or even essential, such as when an organization's reason for existing is no longer relevant or compelling. This was the case with the March of Dimes. The March of Dimes was founded by US President Franklin D. Roosevelt in 1938, as the National Foundation for Infantile Paralysis to fight the devastation of polio – a disease with which Roosevelt himself lived. With the advent of the polio vaccines, the disease – which at its peak in the mid-twentieth century killed or paralyzed a half-million people throughout the world annually – literally disappeared overnight. With its mission accomplished, the organization opted to shift its focus to the eradication of birth defects rather than disband. But these types of cases are relatively rare.

## Conclusion

Mission, vision, and values are essential tools in the world of nonprofits/NGOs and are the bases of its governance. Each is unique. The mission communicates what the organization exists to do, the vision what its picture of the future is and what it means for the community it serves, and the organizational values what principles will guide its actions. However, when formulated carefully and used together on a regular and consistent basis, they provide motivation, long-term direction, a focus for meetings, a screen for decision making, a way to ensure stability in operations, a bonding device for working with others, and more.

## Cross-References


- ▶ Boards of Directors in Nonprofit Organizations
- ▶ Cause-Related Marketing
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Mission Change in Nonprofit Organizations
- ▶ Transformational Leadership
- ▶ Volunteer Motivations and Nonprofit Organizations


## References


Bowman S (2013) Choice, future, and communities: the true role of the board and governance. In: Temkin T (ed) You and your nonprofit board: advice and practical tips from the field's top practitioners, researchers, and provocateurs. Charity Channel Press, Rancho Santa Margarita, pp 5–8

Bradshaw P, Murray V, Wolpin J (1992) Do nonprofits make a difference? Nonprofit Volunt Sect Q 21(3): 227–249

Brown WA, Yoshioka CF (2003) Mission attachment and satisfaction as factors in employee retention. Nonprofit Manag Leadersh 14(1):5–18
Brown WA, Hillman AJ, Okun MA (2012) Factors that influence monitoring and resource provision among nonprofit board members. Nonprofit Volunt Sect Q 41(1):145–158
Carttar P, Lindquist C, Markham A (2015) Nonprofit management tools and trends report 2015. The Bridgespan Group. Retrieved from https://www.bridgespan.org/insights/library/nonprofit-management-tools-and-trends/nonprofit-management-tools-and-trends-report-2015
Drucker P (1974) Management: tasks, responsibilities, and practices. Harper & Row, New York
Gottlieb H (2008) The Pollyanna principles: reinventing 'nonprofit organizations' to create the future of our world. Renaissance Press, Tucson
Independent Sector (2012) Beyond the cause: the art and science of advocacy. Retrieved from http://www.independentsector.org/beyond_the_cause
Nanus B (1992) Visionary leadership. Jossey-Bass Publishers, San Francisco
Paarlberg LE, Perry J (2007) Values management: aligning employee values and organizational goals. Am Rev Public Admn 37(4):387–408
Starr K (2012) The eight-word mission statement: don't settle for more. Stanf Soc Innov Rev. Retrieved from https://ssir.org/articles/entry/the_eight_word_mission_statement
Temkin T (2015) Better meetings a result of better agendas. On nonprofits. Retrieved from http://www.corestrategies4nonprofits.com/nonprofit_core/Better_Meetings_a_Result_of_Better_Agendas. www.UnitedWay.org
Wei-Skillern J, Marciano S (2008) The networked nonprofit. Stanf Soc Innov Rev. Spring. Retrieved from https://ssir.org/articles/entry/the_networked_nonprofit
Wheatley M (1992) Leadership and the new science: learning about organization from an orderly universe. Berrett-Kohler Publishers, Inc., San Francisco

# Mixed Scanning Model of Decision-Making in Organizations

Amitai Etzioni
The George Washington University, Washington, DC, USA

## Synonyms

Decision-making models

## Definition

Mixed scanning is a hierarchical mode of decision-making that combines higher-order, fundamental decision-making with lower-order, incremental decisions that work out and/or prepare for the higher-order ones.

## Introduction

Mixed scanning is a hierarchical mode of decision-making that combines higher-order, fundamental decision-making with lower-order, incremental decisions that work out, and/or prepare for the higher-order ones. The term "scanning" is used to refer to search, collection, processing, and evaluation of information as well as to the drawing of conclusions, all elements in the service of decision-making. Mixed scanning also contains rules for allocation of resources among the levels of decision-making and for evaluation, leading to changes in the proportion of higher versus lower levels of scanning based on changes in the situation.

## Background

The term and concept was introduced by Amitai Etzioni in an article on mixed scanning as a "third" approach to decision-making, published in the *Public Administration Review* (December 1967), which was awarded the William Mosher Award. It generated a stream of discussion, criticisms, and applications.

For example, chess players, unable to review all the options (Haynes 1974, pp. 7–8) and seeking to do better than merely think one or two steps ahead, running from trouble or toward a seeming opportunity, divide their time and psychic energy between first deciding among fundamental approaches ("ready to attack" vs. "need to further develop the forces"; "attack on the queen, or king, side") and then examining in detail options only within the chosen approach. (In effect, this form

M

of scanning may take place on more than two levels, e.g., choosing a major strategy and a sub-strategy and then examining in detail some options within that sub-strategy.)

Rules for allocation are illustrated in chess when the game must be completed within a given time period. Players will then engage in less higher-level scanning, i.e., allot it less time, as the game progresses, although it may be granted "extra" time if the strategy followed runs into difficulties. This approach is less demanding than the full search of all options that rationalism requires and more "strategic" and innovative than incrementalism.

Mixed scanning is akin to scanning by satellites with two lenses: wide and zoom. Instead of taking a close look at all formations, a prohibitive task, or only at the spots of previous trouble, the wide lenses provide clues as to places to zoom in, looking for details. In the years that passed, a new technology was developed which applies the "double-lens" approach of mixed scanning, Decision Information Discipline System (DIDS). The system provides computer graphic displays of geodata, usually in the form of a map. The system has a zoom capacity that allows its users to zero in instantaneously on subunits (or subsets of variables), for example, states within the USA and counties within the states.

Wallace (1983) studied the ten uses of the system as instances of mixed scanning. In one case a wide scan established that some areas were losing population although they were in parts of the county that by general trends should have been experiencing population growth. The zoom revealed these to be places in which military bases were being closed. In four, possibly five, of the ten cases, the approach led to what Wallace calls "unexpected" findings (p. 318). The broad scanning was more economical than detailed (zoom-in) scanning of all counties. At the same time, the zoom-in scanning of counties, singled out by the broad scanning, prevented the loss of information that would have ensued if only broad scanning would have taken place.

## Operationalization

A significant part of the works that followed the publicity of the original article spelled out the mixed scanning model in programmatic terms, terms that can be used as a guide for decision-makers, as a starting point for a computer program, and as a basis for research designs. Etzioni (1968, pp. 286–288) started this elaboration:

(a) *On strategic occasions* (for definition see d below):
   (i) List all relevant alternatives that come to mind, that the staff raises, and that advisers advocate (including alternatives not usually considered feasible).
   (ii) Examine briefly the alternatives under (i) (for definition of "briefly," see d below), and reject those that reveal a "crippling objection." These include (a) utilitarian objections to alternatives which require means that are not available, (b) normative objections to alternatives which violate the basic values of the decision-makers, and (c) political objections to alternatives which violate the basic values or interests of other actors whose support seems essential for making the decision and/ or implementing it.
   (iii) For all alternatives not rejected under (ii), repeat (ii) in greater though not in full detail (for definition of scale, see d).
   (iv) For those alternatives remaining after (iii), repeat (ii) in still fuller detail (see d). Continue until only one alternative is left, or randomize the choice among those remaining (and ask the staff in the future to collect enough information to differentiate among all the alternatives to be reviewed).

(b) *Before implementation*:
   (i) When possible, fragment the implementation into several sequential steps (an administrative rule).
   (ii) When possible, divide the commitment to implement into several serial steps (a political rule).

(iii) When possible, divide the commitment of assets into several serial steps and maintain a strategic reserve (a utilitarian rule).
(iv) Arrange implementation in such a way that, if possible, costly and less reversible decisions will appear later in the process than those which are more reversible and less costly.
(v) Provide a time schedule for the additional collection and processing of information so that information will become available at the key turning points of the subsequent decisions, but assume "unanticipated" delays in the availability of these inputs. Return to more encompassing scanning when such information becomes available and before such turning points.

(c) *Review while implementing*.
(i) Scan on a semi-encompassing level after the first subset of increments is implemented. If they "work," continue to scan on a semi-encompassing level after longer intervals and in full, overall review, still less frequently.
(ii) Scan more encompassingly whenever a series of increments, although each one seems a step in the first direction, result in deeper difficulties.
(iii) Be sure to scan at set intervals in full, overall review even if everything seems all right, because (a) a major danger that was not visible during earlier scanning but becomes observable now that it is closer might loom a few steps (or increments) ahead; (b) a better strategy might now be possible although it was ruled out in earlier rounds (see if one or more of the crippling objections was removed, but also look for new alternatives not previously examined); and (c) the goal may have been realized and, therefore, need no further incrementation. If this occurs, ask for new goal(s), and consider terminating the project.

(d) *Formulate a rule for the allocation of assets and time among the various levels of scanning. The rule is to assign "slices" of the available pie to*:
(i) "Normal" routines (when incrementing "works")
(ii) Semi-encompassing reviews
(iii) Overall reviews
(iv) Initial reviews when a whole new problem or strategy is considered
(v) A time "trigger," at set intervals, to initiate more encompassing reviews without waiting for a crisis to develop
(vi) An occasional review of the allocation rule in the overall review and the establishment of the patterns of allocation in the initial strategic review

Janis and Mann (1977, p. 37) introduced a major improvement of the program. They point out that while in the initial scanning, all those options that have no "crippling objections" are held over for closer scanning, which amounts to a "quasi-satisficing" approach, "each time the surviving alternatives are reexamined, the testing rule might be changed in the optimizing direction by raising the minimum standard (from crippling objections to more minor objections)."

Starkie (1984, p. 75) concurs with Etzioni that a mere accumulation of numerous incremental changes is not expected to yield the equivalent of a contextual or fundamental decision, because the incrementalist model provides no guidelines for the accumulation; it is likely to be random or scattered. In contrast, in mixed scanning, the fundamental decisions provide such guidance. Starkie correctly points out Etzioni's suggestion that an "incremental 'creep' followed by a sudden change when existing policies are no longer sustainable by modification alone" is but one possible pattern of a combination of incremental and fundamental decisions; incrementation may follow a fundamental decision, just as readily as the other way around. Chadwick (1971) relates the various methods of decision-making to different purposes and techniques of decision-making. He sees rationalism as related to attempts to explore the long

range and sees its techniques as either normative forecasting or exploration and simulation, that is, lacking in empirical content. He sees the purpose of mixed scanning as the "provision of alternative sets of action policies," using evaluation, the design methods, and something he calls "planning balance sheet" (p. 340). No details are provided concerning these techniques, and Chadwick's endorsement of mixed scanning "as a highly acceptable meta-procedure" is based on his judgment that it is flexible but not on an empirical study. "When applying the mixed scanning framework to this chapter, one could argue that a broad, strategic analysis of the transport capacity of the transport corridor will fail to take into account specific, interrelated chokepoints at the local level. For example, the impact of noise protection measures resulting from national legal structures. At the same time, a regional strategy for a certain transport node will neglect the impacts of border-crossing problems on the transport corridor at the transnational level. Mixed scanning is able to tackle these problems." (Patrick A. Witte and T.J.M Spit *4 Sectoral Drawbacks in Transport: Towards a New Analytical Framework on European Transport Corridors*. (Utrecht University) Jan. 2014. p. 53. https://www.researchgate.net/publication/280489809_4_Sectoral_Drawbacks_in_Transport_Towards_a_New_Analytical_Framework_on_European_Transport_Corridors).

All three approaches to decision-making are not only positive, in the sense that they claim to describe the ways decision-makers actually act, but are also normative approaches in that they prescribe how effective decisions ought to be made.

For a criticism, Dr. Jones Adu-Gyamfi writes:

> *In the exploration of mixed-scanning*, Etzioni (1967) *distinguishes between fundamental and incremental decisions. According to him, fundamental decisions set the context for incremental ones and are 'made by exploring the main alternatives the actor sees in view of his conception of his goals...but details and specifications are omitted so that an overview is feasible'* (Etzioni 1967: *389–390*). *It is very difficult to comprehend the distinction between fundamental and incremental decisions. Although Etzioni reiterates that incremental decisions are set on fundamental ones, he also states that 'fundamental decisions are frequently "prepared" by incremental ones in order that the final decision will initiate a less abrupt change'* (Etzioni 1967*: 387*). *He leaves readers confused about whether the final decision is fundamental or incremental. In a later article, he attempted to answer how a fundamental decision could be distinguished from an incremental decision (Etzioni, 1986). He outlined that one way of differentiation is to look at relative size. As a rule of thumb he used 10% or less change i.e., if a decision results in less than 10% changes to budget, then it could be described as incremental, whereas a more than 10% change would be a fundamental decision. It is worth noting that this 10% rule is difficult to substantiate as many policy decisions do not result in changes to budgets. Another way to differentiate between fundamental and incremental decisions outlined by Etzioni (1986) is 'checking for a nestling relationship' (p. 10). He argued that 'if an incremental decision requires or draws on a contextual decision, this is the fundamental one' (p. 10). He did not however elaborate on what 'nestling relationship' means or what a 'contextual decision' is. He thus seems to introduce more concepts to confuse rather than clarify.* (Jones Adu-Gyamfi. *Barriers to Children and Young People's Participation in Policy Making in Ghana*. (University of Bradford) Sept. 2015. p. 4.)

Rationalism assumes an all-powerful actor, as reflected in the notion that actors ought to set their goals and set about implementing them, without asking about their place in various power hierarchies or the strategies needed to deal with them. For instance, a subordinate may need to act differently than a high-ranking executive. Incrementalism is most compatible with the acceptance of existing power relations. Mixed scanning sensitizes the decision-maker to taking into account other actors; one of the major factors scanning encompasses is the posture of other actors and the relations among them.

The structural element received little attention in the more than 50 publications that deal with mixed scanning, possibly due to a widespread tendency to treat decision-making as a disembodied strategy.

## Conclusion

Mixed scanning seems to have an intuitive appeal to a fair number of scholars and action-oriented

students of decision-making. The ways it might be operationalized for the purpose of research or implementation have been clarified over the years, and the essential difference between fundamental and incremental decisions seems not to pose great difficulties. The links between the three different approaches of decision-making and various intra- and interorganizational power structures, as well as between power approaches and consensus building, have been explored. However, it remains to be empirically substantiated if, indeed, rational models are more suitable for totalitarianism or high-power approaches (e.g., master planning); incrementalism to highly pluralistic, special-interest dominated polities; and mixed scanning to systems that combine a balanced commitment to the collectivity with pluralism (Etzioni 1984). The alternative hypothesis would be that rationalism does not work even for highly centralized systems (as the recent changes in USSR and China suggest) and that incrementalism reinforces the weakness of pluralism without a collective framework. All may require mixed scanning albeit using different mixtures of higher and lower levels of scanning.

Above all, mixed scanning is still very short of case studies and quantitative studies of situations in which decision-making strategies were changed from either rationalist or incrementalist ones to mixed scanning. More needs to be known of the results in terms of effectiveness and of the factors that hindered or fostered the use of mixed scanning.

## Cross-References


- ▶ Comprehensive Model of Decision-Making
- ▶ Incremental Theory of Decision-Making
- ▶ Organizational Decision-Making
- ▶ Rational Model of Decision-Making


## References


Chadwick GF (1971) A systems view of planning. Pergamon Press, New York

Etzioni A (1967) Mixed scanning: a 'third' approach to decision making. Public Adm Rev 27:385–392

Etzioni A (1968) The active society: a theory of societal and political processes. The Free Press, New York

Etzioni A (1984) Capital corruption. Harcourt Brace Jovanovich, New York

Haynes PA (1974) Towards a concept of monitoring. Town Plan Rev 45:6–29

Janis I, Mann L (1977) Decision making. The Free Press, New York

Starkie D (1984) Policy changes, configurations, and catastrophes. Policy Polit 12:71–84

Wallace DN (1983) An exploratory study of the utility of the decision information display system for decision making and policy analysis, Ph.D. dissertation. American University


# Mobilizing Internally Generated Funds by Local Governments in Ghana


Ronald Adamtey and Clifford Amoako
Department of Planning, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana


M

## Synonyms

District Assembly; Fiscal decentralization in Ghana; Intergovernmental transfers; Internally generated funds

## Definition

Internally generated funds are financial resources from licenses, fees and miscellaneous charges, taxes, investment income and rates that local governments are permitted by law to mobilize at the local level for the implementation of their development plans.

## Introduction

Fiscal decentralization can be defined as the process of transferring budgetary authority from

central governments to elected subnational governments in order to grant them powers to make decisions regarding taxes and expenses. Fiscal decentralization generally refers to the devolution of taxing and spending powers from the control of central to subnational government authorities. In a well-decentralized system, local governments have considerable powers to mobilize resources, through taxing authorities accompanied by strong tax regulations. This is the devolution of revenue sources and expenditure responsibilities to lower levels of government (Osei 2017). Thus, it means the transfer of decision-making functions and authority from central government to local institutions regarding the allocation of financial resources (Ankamah 2012). Generally, fiscal decentralization can be summed up as the central government passing budgetary authority to elected subnational governments by empowering them to make essential decisions regarding taxing and spending at their level. This means passing fiscal power to any level of government below the center such as states or provinces, cities or districts as in Ghana.

Fiscal decentralization is needed for the other components of decentralization such as political and administrative decentralization to work and for general decentralization to thrive and lead to achieving the benefits of decentralization which includes improved governance, accountability, democratization and citizen participation, and increased efficiency with regards to service delivery (Ayee 1995, 2004; 2008; Smoke 1994; 2001). Consequently, fiscal decentralization is promoted by many development partners hoping to bring governance and service provision closer to the people and facilitate poverty reduction and public accountability (Awortwi 2010a; Crook 2003). With the argument that fiscal decentralization is a positive driver of subnational government growth and development, this form of decentralization has been supported by leading international development organizations such as the World Bank, the Asian Development Bank, the Organization for Economic Cooperation and Development (OECD), and the United States Agency for International Development (USAID) (Osei 2017; Smoke 2001).

Many countries, both developed and developing, have implemented fiscal decentralization policies in various forms with some successes and challenges (Hankla 2009; Litvack et al. 1998). Russia has reformed its intergovernmental fiscal system to replace ad hoc grants with a formula-based transfer leading to some gains in transparency of the revenue system; though this was not accompanied by increased local discretion in the expenditures. Similarly, South Africa has assigned significant non-property taxing powers to subnational governments, including a payroll and turnover tax, and has granted local governments some borrowing powers. However, the South African government still has not put in place a hard budget constraint for local governments to force efficient use of these instruments. China's 1994 fiscal reform dramatically changed the national revenue sharing system, gave local governments more control over the administration of locally assigned taxes, and changed the balance of revenue availability between the two levels of government. However, no commensurate changes in expenditure assignment were made.

Among the administrative and technical weaknesses in fiscal decentralization common to many countries in Africa and even some more advanced countries are that, tax bases of local governments are static, mechanisms for collecting internal revenues are ineffective, and appropriate sanctions or punishment for tax defaulters are absent (Bahl and Linn 1992). Most residents, especially traders, do not feel obliged to pay local taxes. The cooperation and exchange of data between the local governments and other public institutions and state agencies seems not to function very well. Transparency in fiscal decentralization either remains limited and financial information does not reach or is not understood by the general public.

Failed fiscal autonomy/decentralization derails any local government systems and entrenches the powers of the center and can undermine economic development. When fiscal decentralization is successfully implemented, it will lead to economic development, mobilization of adequate local revenue, effective innovation in public service delivery, accountability of elected local officials to the people, capacity development for local

government officials, and local participation in governance process (Akindele et al. 2002). Given this context, there is the need to have stronger structures and sustainable local revenue base for the success of local government systems. This entry analyzes the implementation of fiscal decentralization program in Ghana as operationalized by five selected District Assemblies.

Central to Ghana's Local Government System is a well-designed decentralization framework backed by regulatory and legal frameworks (see Republic of Ghana 1992, 2016a, b). Article 240 of the 1992 Constitution of Ghana states that Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized. Article 245 has also stated that the functions of the District Assembly shall include the formulation and execution of plans, programs, and strategies for the effective mobilization of the resources necessary for the overall development of the district, and levying and collection of taxes, rates, duties, and fees. Section 34 of the Local Government Act, 1993, Act 462, states that in line with the implementation of decentralization policy, the Minister shall, by legislative instrument, establish an Assembly for each district, municipality, and metropolis which, in accordance with clause (3) of Article 241 of the 1992 Constitution, shall constitute the highest political authority in the district. Amendment to Act 462 led to the Local Governance Act, 2016, Act 936 which states in Section12, subsection 1 that all Metropolitan, Municipal, and District Assemblies (MMDAs) are mandated to ensure the overall development of areas under their jurisdiction. Consequently, a District Assembly shall exercise political and administrative authority in the district; promote local economic development; and provide guidance, give direction to, and supervise other administrative authorities in the district as may be prescribed by law. In line with this, MMDAs, as the highest political authorities at the local level, are responsible for the preparation of their budgets for the implementation of their respective Medium-Term Development Plans (MTDPs).

In order to deepen the decentralization process and promote socioeconomic development, Ghana implemented fiscal decentralization reforms by entrusting District Assemblies with the authority and capacity to generate, allocate, and utilize financial resources at the local level. The 1992 Constitution of Ghana recognizes the importance of fiscal decentralization and financing of local service delivery. Consequently, Section 240(a) of the Constitution provides that Parliament shall enact appropriate laws to ensure that functions, powers, responsibilities, and resources are at all times transferred from central government to local government units in a coordinated manner. Section 240(2)(c) also recognizes the development role of the Assemblies and emphasizes on the adequacy and reliability of local government financial resources and states that there shall be established for each local government unit a sound financial base with adequate and reliable revenue.

In line with these legal provisions, District Assemblies of Common Fund (DACF) was established by the DACF Act, 1993 (Ac 455), as a major source of development fund to District Assemblies for the implementation of their MTDPs. Among others, the DACF was created to complement the internally generated funds (IGF) of the District Assemblies to undertake development projects. To further deepen the fiscal decentralization agenda and ensure transparency and accountability in the use and control of public financial resources, a number of key legal instruments and regulations have been enacted; these include Ghana Audit Service Act, 2000 (Act 658); Financial Administration Act, 2003 (Act 654); Public Procurement Act, 2003 (Act 663); and Internal Audit Agency Act, 2004 (Act 656).

Available evidence shows that MMDAs' response to the various pieces of legislations seeking to deepen fiscal decentralization has been poor mobilization of IGF. They have resorted to heavy dependence on the DACF to implement their plans. Implementation of the mandate of the Assemblies requires adequate financial resources therefore under the fiscal decentralization policy, greater part of the resources of MMDAs to implement their plans is expected to be mobilized from internal sources in the form of IGF to finance and manage local development.

It is worth noting that revenue mobilization efforts by MMDAs are undermined by a number of factors including inadequate data on revenue sources, lack of enforcement of revenue collection bye laws, inadequate revenue collectors, and inadequately trained revenue collectors (Ayee 2008). Additionally, the lack of billing resulting from an outdated property valuation list and a lack of electronic databases of property owners show that MMDAs struggle to mobilize IGF. In most MMDAs in Ghana, only a small proportion of properties have been valued. Only a third of MMDAs in the country have employed the services of the Land Valuation Division to estimate the values of some properties to form the basis of property rate fixing. As a result, most MMDAs fixed property rates without proper valuation.

Other constraints to the mobilization of IGF by MMDAs include lack of human and financial resources, weak legal capacity and political interferences (Crook 2003). For many MMDAs, cash is still by far the most common payment method for property rates and business licenses. Yet cash payments allow unacceptably high rates of leakages leading to declining revenues which reduce funds available for MMDAs.

MMDAs also spend substantial proportions of their IGF to pay for the processes of revenue collection such as paying commissioned revenue collectors and contracted revenue collectors. Local governments have been experiencing budget deficits for years, and they consistently spend more than they are able to generate as revenue. The cost of collecting internally generated funds is very high in most MMDAs, particularly among salaried revenue collectors. For the median salaried revenue collectors, their monthly salary is about 60% as high as revenues collected. About one out of five revenue collectors earns a monthly salary that is greater than their revenues collected. There are reports of corruption and dishonesty among revenue collectors, which impedes effective IGF mobilization. Some collectors also complain of low remuneration, which affects their morale, and ultimately revenue collection efforts. Due to the many challenges of revenue collection, most MMDAs continue to depend heavily on central government transfers. There is also evidence that MMDAs are not exploring other sources of revenue, which makes them over-reliant on central government for support. The inability of MMDAs to raise local revenue is also influenced by weakened institutional structures, noncooperative local actors, declining local economies and leakages in the IGF mobilization process.

In the face of all these issues, the National Development Planning Commission (NDPC) has monitored and evaluated IGF mobilization performances of MMDAs across the country. In the 2013 Annual Progress Report on the Implementation of the Ghana Shared Growth and Development Agenda (GSGDA), 2010–2013, the NDPC identified the inability of many MMDAs to mobilize adequate IGF as a major factor that undermines Ghana's fiscal decentralization policy. The NDPC's evaluation suggests that MMDAs in the northern parts of Ghana are lagging behind those in the south. A number of reasons have been given to explain the disparities; these include low economic activities, low capacity of revenue collectors due to inadequate training, lack of accurate data on landed properties and billboards, and lack of structured monitoring of revenue collectors, leading to massive revenue leakages.

Without questioning the disparities, it must be stated that available evidence shows that most MMDAs have unimpressive IGF mobilization records. If the ultimate goal of Ghana's fiscal decentralization is to wean off MMDAs from central government funding, such poor performance can undermine the policy objective. To give Ghana's decentralization any hope will require that MMDAs demonstrate their ability to mobilize adequate IGF. One way to determine this will be a consistent increase in IGF, or at least MMDAs must meet their IGF targets. This contribution describes what prevails in five MMDAs in Ghana which are Awutu Senya East, Yilo Krobo, and Wassa Amenfi East as good performing cases among MMDAs in the southern zone of the country. Lawra and Saboba are described as not performing well in revenue mobilization in the northern zone of the country (see Republic of Ghana 2014). This is a comparative but noncompetitive presentation of five

cases. The case districts were purposively selected across the country for fair geographical spread (see Fig. 1). The objective is to describe the factors at play in revenue mobilization in these MMDAs and share lessons across good performing and nonperforming MMDAs.

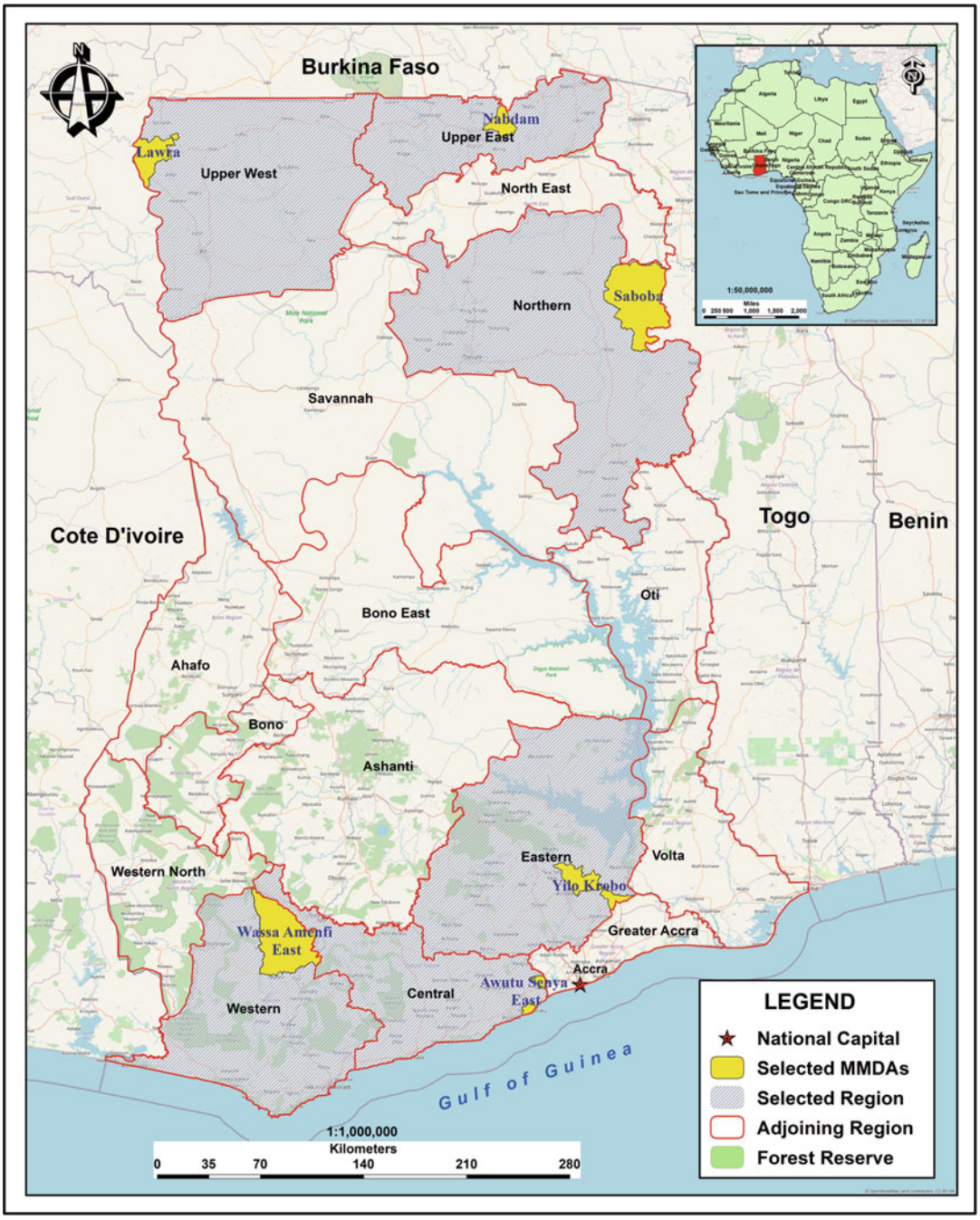


**Mobilizing Internally Generated Funds by Local Governments in Ghana, Fig. 1** Selected MMDAs for IGF Research in National Context, 2018

M

Carved out of the former Awutu Senya District in 2012, the Awutu Senya East Municipality has Kasoa as its capital with an estimated population of 108,422. The municipality is located on the eastern boarder of the Central Region and bounded by Ga South Municipal, Awutu Senya District, and Gomoa East District. The Awutu Senya East Municipal Assembly has consistently exceeded the estimated amount of IGF after 2012 fiscal year. Regardless of the fact that the financial report presented by the Assembly on the proportion of IGF to the total revenue available to the Assembly over the period after 2012 fiscal year declined, the assembly still exceeds its expected IGF and presents a case that needs to be studied and lessons shared.

The Yilo Krobo Municipality is one of the 26 MMDAs in the Eastern Region of Ghana. The municipality covers an area of 805 $km^2$ and has a population of about 87,847. The municipality is bordered by Lower Manya Krobo Municipality and Upper Manya Krobo District, Akwapim North Municipality, Shai-Osudoku District, New Juaben, East Akim Municipalities, and Fanteakwa District. Over the years, the District Assembly is reported to have heavily relied on external funds.

Located almost at the geographic center of the Western Region of Ghana, the Wassa Amenfi East Municipality is bordered by Wassa Amenfi Central District, Prestea Huni Valley, Upper Denkyira East, and the Upper Denkyira West Assemblies. According to the 2010 Housing and Population Census, the Wassa Amenfi East Municipality had a population of 83,478 which is expected to increase to 97,962 in 2018. The municipality's overreliance on the DACF resulted in their inability to meet their annual revenue targets internally which consequently has informed the assembly's, medium-term development plan. With persisting deficits in the annual budget of the municipality, the District Medium Term-Development Plan covering the 2018–2021 already has a projected budget deficit of GH¢6,359,616.57.

The Lawra District Assembly is one of the 11 District Assemblies in the Upper West Region with Lawra as capital. The district lies in the North-Western corner of the Upper West Region in Ghana. It is bounded to the North by Nandom District, to the East by Lambussie-Karni District, to the South and West by the Republic of Burkina Faso. The total area of the District is put at 1,051.2 $km^2$ which is approximately 5.7% of the Region's total land area and has an approximate population of 54,889 people with a growth rate of 1.9%. Like all the other assemblies in the country, Lawra over the years has had to mobilize funds internally to supplement the DACF and other funding sources. However, the annual IGF targets of the Lawra District Assembly have never been met in any given fiscal year.

The Saboba District is one of the 26 districts in the Northern Region of Ghana. The district covers a land area of 1,751.2 $km^2$ and has a population of about 65,706. Saboba District is bounded by River Oti, Gushiegu, and Karaga districts to the West, the Tatali District to the East, Chereponi District to the North, Yendi to the South-West, and Zabzugu to the South. According to the district's District Medium-Term Development Plan, the Saboba district continues to depend heavily on the DACF due to the Assembly's inability mobilize annual estimated amounts of IGF.

The next section will describe the IGF mobilization performances across these MMDAS from 2013 to 2017. This will be followed by a discussion of the issues around IGF mobilization prevailing in these MMDAs.

### No Consistent Increase in IGF

In all the MMDAs, there has not been a steady rise in IGF mobilization. The analysis of actual revenue performance and percentage changes reveal that between 2013 and 2014, the Awutu Senya East Municipal Assembly only achieved 29.1%. This increased to 30.2% in 2014/2015 and reduced to −5.9% in 2015/2016 before rising again, to 53.8% in 2016/2017 (see Fig. 2 and Table 1). For the Yilo Krobo Municipal Assembly, it started with a −55% and increased to 10% in 2014/2015, a further increase to 17.8% in 2015/2016 but dropped to −42.1% in 2016/2017. Similarly, Wassa Amenfi East Municipal Assembly started with 108.1% but dropped to 52.3% (2014/2015), 23% (2015/2016), and −44.1% (2016/2017). The Lawra District Assembly

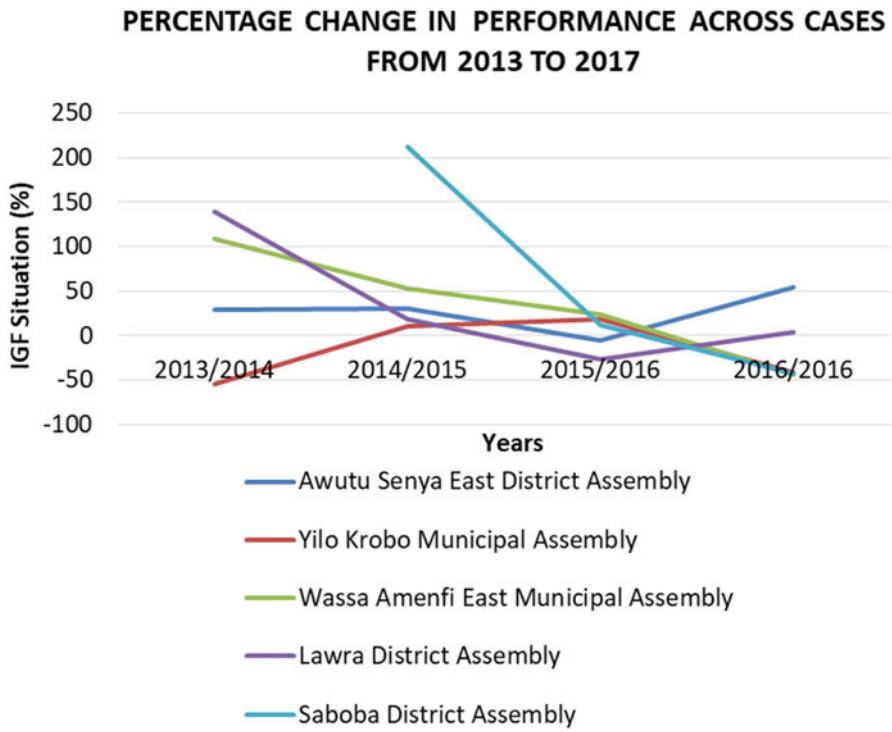


**Mobilizing Internally Generated Funds by Local Governments in Ghana, Fig. 2** Percentage change in revenue performance across cases from 2013 to 2017. (Source: Field Survey, June 2018)



achieved 138.7% (2013/2014) but dropped to 18.6% (2014/2015) and −27.2% (2015/2016) before increasing to 4.2% (2016/2017). The Saboba District Assembly achieved 212.3% (2014/2015) but dropped to 12% (2015/2016) and −42.4% (2016/2017) (Republic of Ghana 2014). These data show that many local governments in Ghana are unable to increase local revenue collection (Crook 2003; Awortwi 2010b).

From both Fig. 2 and Table 1, all the five MMDAs were characterized by dwindling and/or unstable IGF mobilization trends over the period between 2013 and 2017. Apart from Yilo Krobo and Awutu Senya East which made increased revenue between 2013 and 2014, all the other MMDAs dropped in their IGF figures. Even those two cases that showed promise in the first year reduced or dwindled in percentage increases in the second study year – a clear indication of an unstable and inconsistent IGF mobilization trends. The so-called poor-performing MMDAs also recorded rapidly decreasing revenue trends, with some marginal stability and/or increases. The several technical and operational factors responsible for the unstable IGF mobilization trends for the 5 MMDAs are discussed next.

## Discussions

What this entry intends to show is that in order for fiscal decentralization reforms to work for MMDAs to be weaned off central government funding, there must be clear signs of growth or consistent increase in terms of IGF mobilization. But as the data shows, IGF performance cannot be described as consistent. They all recorded some increases and some drops in revenues during the period. The study explored what could explain this phenomenon. Initial thinking was around institutional factors but this could not adequately account for the revenue performance.

**Mobilizing Internally Generated Funds by Local Governments in Ghana, Table 1** IGF mobilization performances across study cases from 2013 to 2017

| Cases | IGF situation (GH₵) | Years under review | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2013 | 2014 | % change 2013/2014 | 2015 | % change 2014/2015 | 2016 | % change 2015/2016 | 2017 | % change 2016/2017 |
| Awutu Senya East District Assembly | Actuals | 1,131,425.43 | 1,460,270.63 | 29.1 | 1,901,716.49 | 30.2 | 1,788,964.56 | −5.9 | 2,750,744.82 | 53.8 |
| Yilo Krobo Municipal Assembly | Actuals | 2,356,660.76 | 1,061,454.19 | −55 | 1,167,505.87 | 10 | 1,374,995.82 | 17.8 | 796,622.72 | −42.1 |
| Wassa Amenfi East Municipal Assembly | Actuals | 413,874.41 | 861,172.07 | 108.1 | 1,311,326.93 | 52.3 | 1,615,751.43 | 23.2 | 902,498.64 | −44.1 |
| Lawra District Assembly | Actuals | 44,022.10 | 105,100.24 | 138.7 | 124,661.37 | 18.6 | 90,787.00 | −27.2 | 94,555.80 | 4.2 |
| Saboba District Assembly | Actuals | No data | 26,331.07 | – | 82,232.80 | 212.3 | 92,081.85 | 12 | 53,031.50 | −42.4 |

Source: Field Survey, June 2018

Existing institutional structures for IGF mobilization for all MMDAs are the same and perform the same functions in line with the local revenue mobilization mandate as specified by the Local Governance Act, 2016 (Act 936). Key departments responsible for revenue mobilization activities at the district level are the Municipal Finance Office, the Budget Unit and the Works Department. In all MMDAs, Finance Officers work closely with the Budget Analysts as part of the Central Administration. Revenue Superintendents monitor the activities of revenue collectors and report to Finance Officers. All these officials and departments are headed by Metropolitan, Municipal, or District Coordinating Directors who supervise all IGF mobilization and other administrative activities in the Assemblies. The reasons why the Assemblies are unable to achieve consistent rise in revenue mobilization or at least not drop from previous years include the quality of revenue collectors, outsourcing of some of the revenue items, logistics for revenue collection, and payment arrangements for revenue collectors.

### Quality of Revenue Collectors

High quality human resource matters in the ability of MMDAs to increase IGF mobilization. For some of the Assemblies, high performance was recorded in periods in which they embarked upon training of revenue collectors. Some MMDAs, for example, trained revenue collectors on current trends, skills, and laws such as the Financial Management Act, 2016 (Act 921). In the Saboba District, which has been described as one of the poorly performing districts, revenue collectors were never trained to do their work. As a result, both commissioned and permanent revenue collectors are left to use their own discretion in doing their work. This situation largely explains the fluctuations in the IGF performance of the Saboba District Assembly. The receipt books and financial reports also indicated some of these challenges at the revenue section of the Assembly. This supports the claim that high quality human resource is key to the success of any organization including revenue collectors at the MMDAs. For the training to be effective, it has to be continuous and for all categories of staff of the organization. For those Assemblies that organized training, the problem, however, was that the training was not continuous and not all categories of revenue collectors were trained. Low-performing MMDAs did not sustain the training of revenue collectors in basic book keeping, accounting, and ethical approach to revenue collection, although these are essential.

### Outsourcing Selected Revenue Items to Private Commissioned Revenue Collectors

According to Ghana's Public Financial Management Act, 2016 (Act 921), MMDAs could outsource the collection of local revenue to private individuals or firms (Republic of Ghana 2016b). Outsourcing of selected revenue items to private firms was helpful in some of the Assemblies such as the Awutu Senya East Municipal Assembly. In this arrangement, having obtained the data on revenue yields from the selected revenue items, the Assembly engaged private firms to collect local revenue for the selected revenue items and locations with their own staff and logistics at no cost to the Municipal Assembly. The assembly then pays the firms a commission of 30% of the total revenue collected. This arrangement enables the Municipal Assembly to reduce the cost of local revenue collection and to free available limited resources for mechanized revenue collectors which enhances collection efficiency. A similar arrangement exists at the Lawra District but this failed to work well due to the nature of the arrangement made between the Assembly and the private firm. In the case of the Lawra Municipal Assembly, the revenue collection contract was awarded to the private firm without accurate information about the potential revenues expected. Hence, without knowing the potential revenue yields, the Assembly engaged a private firm to collect all revenue items as opposed to the practice of the others MMDAs where specific items and specific locations are outsourced to private revenue collectors. What this implies is that although outsourcing can be an effective tool, it has to be strategically designed and implemented.

### Logistics for Revenue Collectors

The availability of adequate logistics is essential for human resources to perform effectively. Those

Assemblies that provided logistics support in the form of travel and transport to revenue collectors were able to increase revenue levels. For example, in the Yilo Krobo and Wassa Amenfi East Municipal Assemblies, the periods in which they paid transport and travel allowances to revenue collectors to enable them travel to all areas in the municipality to collect revenue items assigned them were periods in which they did well (See Fig. 2). In addition to the transport allowance, the provision of other logistics such as raincoats, wellington boots, and umbrella to revenue collectors helped to increase revenue collection. The MMDA that did not give bicycles, raincoats and boots, transportation allowance or any other support made it difficult for revenue collectors to work well. In spite of these issues, however, there were instances that revenue collectors still collected revenues without these listed logistics but did not account to the Assembly. Although it is not clear whether the non-provision of logistics really meant that revenue collectors did not go round to collect these revenues, logistics constitutes a critical component of revenue collection process.

### On-the-Spot Payment of Revenue Collectors

On-the-spot payment of revenue collectors is one of the strategies that motivate revenue collectors and helped in some of the Assemblies. In the Yilo Krobo Municipal Assembly, in order to reduce the stress revenue collectors go through to receive their 20% commission, they were paid their commission "on the spot" when they account for the total revenues they collected. This arrangement, however, contradicts the Public Financial Management Act, 2016 (Act 921), which states that commission revenue collectors are to deposit the money at the bank and their commission is paid through a cheque to be written for them to be cashed at the bank. In spite of this, the "on-the-spot" payment arrangements minimize corrupt practices among revenue collectors and motivate revenue collectors to perform well. When this changed, revenue levels dropped supporting the argument that well-motivated staff is important for organizational performance. For example, when a commission revenue collector comes to account for and deposits receipts of market tolls collected amounting to 200 Ghana Cedis and all the necessary crosschecks are done, this commission collector is required to walk to the bank to deposit the 200 Ghana Cedis at the bank for a receipt. She/he would then bring the receipt back to the Assembly for a cheque of 40 Ghana Cedis (20% commission) to be taken back to the bank to cash the cheque. This process discourages revenue collectors from frequently coming to the Assembly to account for the revenues they have collected. They will rather prefer to keep the money with them until when they think they have enough money to deposit. At this point, they think the process involved in getting their commission will be worth their while. But many of them end up using some of the money they keep and find it difficult to account to the Assembly. This is one of the major causes of revenue leakage in these MMDAs.

The instant payment of the commission revenue collectors was to encourage the collectors to be honest and declare all revenues collected. The argument for on-the-spot payment of revenue collectors as important motivation seems strong because corruption among revenue collectors explain consistently low performance in those Districts where this arrangement was not in place.

## Conclusions

This entry set out to describe the consistency in IGF mobilization by local government bodies. The argument is that for fiscal decentralization to be deepened making it possible for central government to wean off MMDAs, MMDAs must show consistent increase in IGF performance or at least maintain targets rather than dropping. The evidence shows that MMDAs cannot boast of sustained IGF mobilization and it looks quite impossible that mobilizing adequate IGF can be possible. If this continues, it is most likely that the ultimate aim of getting the MMDAs to stand on their feet and wean themselves off central government funding cannot be achieved anytime soon. For this to be possible, the strategies such as training of revenue collectors, outsourcing the

collection of selected revenue items, the provision of logistics, and on-the-spot payment to commission collectors appear to be helpful.

## Quality of Revenue Collectors: Intensify Training of Revenue Collectors

The training of revenue collectors should be adopted by MMDAs that are not doing this. Those MMDAs that train their collectors need to sustain this. The training of revenue collectors can be restructured such that it is organized at the end of every quarter so that lessons are fed into next phase of collection cycle. MMDAs can arrange for their revenue collectors to attend short courses in techniques of revenue mobilization, record keeping, accounting, and revenue reporting.

## Outsourcing the Collection of Selected Revenue Items to Private Commission Collectors

The Assemblies must conduct a study on which of the revenue items or revenue sources and their locations will be appropriate for outsourcing to private commission collectors. Such a study should produce information on what these items can yield and therefore what the Assemblies must expect from the private collector. The contract must be strategically designed such that it is cost-effective to the Assembly.

## Logistics for Revenue Collection

District Assemblies must provide bicycles, motor bicycles, and pickup vehicles for revenue collection purposes. The bicycles and motor bicycles may be particularly helpful as their maintenance cost will be comparatively cheaper than the pickup vehicles helping to reduce revenue collection costs. Personal protective equipment such as wellington boots, raincoats, and custom designed vests need to be provided to revenue collectors. MMDAs must consider collaborating with the local community police to support them to discourage the harassment of revenue collectors.

## Remuneration and Motivation Arrangements for Revenue Collectors

On-the-spot payment of commission revenue collectors might help encourage revenue collectors to promptly account for what they collect. The Assemblies may also consider engaging more permanent revenue collectors whose job security will be tied to performance agreements such that they work to meet set revenue targets weekly. In addition, they might consider instituting incentives such as public recognition at durbars, publication of weekly revenues with names of revenue collectors in town halls, market places, and other public places to motivate others to emulate. Where bicycles and motor bicycles are not provided, the Assemblies must pay transport and travel allowances to revenue collectors for them to be able to reach all areas in the district to collect revenue items assigned them.



## MMDAs Must Invest in Business Ventures

MMDAs might think about investing in business ventures to enable them generate their own revenues. Assemblies such as the Yilo Krobo Municipal have taken the lead in investments by taking advantage of the natural resource potentials of their area to cultivate mangoes. The Lawra and Saboba Districts can take advantage of the large deposits of shea trees available in the district to set up sheanuts processing plant. Such a plant can be used for processing the nuts at a fee. This investment could be additional revenue item that would generate substantial amounts of revenue for the Districts.

## References

Akindele ST, Olaopa OR, Obiyan AS (2002) Fiscal federalism and local government finance in Nigeria: an

examination of revenue rights. Int Rev Adm Sci 68(4):557–577
Ankamah SS (2012) The politics of fiscal decentralization in Ghana: an overview of the fundamentals. Public Adm Res 1:33–41
Awortwi N (2010a) The past, present, and future of decentralization in Africa: a comparative case study of local government development trajectories of Ghana and Uganda. Int J Public Adm 33: 620–634
Awortwi N (2010b) Building new competencies for government administrators and managers in an era of public sector reforms: the case of Mozambique. Int Rev Adm Sci 76:723–748
Ayee JRA (1995) Financing sub-national governments in Ghana: the district assemblies' common fund. Reg Federal Stud 5:292–306
Ayee JRA (2004) Decentralized governance and poverty reduction at the local level in Ghana. Reg Dev Dialogue 25:71–87
Ayee JRA (2008) Decentralized and governance in Ghana. Reg Dev Dialogue 29:34–52
Bahl RW, Linn JF (1992) Urban public finance in developing countries. In: The World Bank. Oxford University Press, New York
Crook RC (2003) Decentralisation and poverty reduction in Africa: the politics of local-central relations. Public Adm Dev 23:77–88
Hankla CR (2009) When is fiscal decentralization good for governance? J Federalism 39(4):632–650
Litvack J, Ahmad J, Bird R (1998) Rethinking decentralization at the World Bank. Discussion paper. World Bank, Washington, DC
Osei E (2017) Fiscal decentralization in Ghana: progress and challenges. Institute for Fiscal Studies Occasional paper 10. http://ifsghana.org/tag/fiscal-decentralization/. Accessed 10/04/19
Republic of Ghana (1992/1992) Constitution of the republic of Ghana. Ghana Publishing Company Limited, Accra
Republic of Ghana (2014) The implementation of the Ghana shared growth and development agenda (GSGDA), 2010–2013 2013 Annual Progress Report. National Development Planning Commission, Accra
Republic of Ghana (2016a) Local Governance Act, 2016 (ACT 936). Ghana Publishing Company Limited, Accra
Republic of Ghana (2016b) Public Financial Management Act, 2016 (Act 921). Ghana Publishing Company Limited, Accra
Smoke P (1994) Local Government finance in developing countries: the case of Kenya. Oxford University Press, Nairobi
Smoke P (2001) Fiscal decentralisation in developing countries: a review of current concepts and practice. Democracy. Governance and Human Rights Program paper, no. 2. United Nations Research Institute for Social Development, Geneva

# Models of Organizational Change

Katharine Leigh
Ball State University, Muncie, IN, USA

## Synonyms

Development; Innovation; Reorganization; Restructuring; Transformation; Transition; Turnaround

## Definition

**Organizational change** is when an organization goes through a transformation in regard to its structure, strategies, methods, technologies, or organizational culture. The change can be prolonged or for a set period of time.

## Introduction

Organizations have been engaging in change for decades. Change can be intentional, in order to move the organization forward with its goals. It can also be unintentional, when other forces cause change. Researchers have been studying change by viewing it through organizational change models. Organizational change models can reveal why change occurs (the driving forces of change), how change will occur (the stages, scale, timing, and process characteristics), and what changes will occur (the content of change, outcomes, and ways to measure it) (Kezar 2001). Models can also reveal an organization's ideology and its values. There are many models an organization can choose from, which can be sorted into six categories: life cycle, evolutionary, dialectical, teleological, social cognition, and cultural. The two main models are teleological (scientific management) or evolutionary (adaptive change).

Teleological models revolve around planned change. Planned change happens intentionally,

usually because a leader wants to implement change. The focus in this model is on individuals with power. Leaders create change by planning, analyzing, and assessing the changes. Scientific management and total quality management (TQM) are examples of teleological models. The benefits of teleological models include the identification of leadership in the change process, the importance of collaboration, and staff development. The drawbacks of teleological models are that they lack recognition that organizational culture can impact change and that not all change can be planned.

Evolutionary models believe that change is always happening and that variables are constantly transforming both people and organizations. The two main types of evolutionary models are social evolutionary and biological. Contingency theory and strategic choice theory are examples of evolutionary models. The main premise underlying all these theories is that change is dependent on circumstances, situational variables, and the environment faced by each organization (Kezar 2001). These models view change as natural, with organizations managing change by reacting to it rather than planning for it. Some later evolutionary models acknowledge that managers can be proactive by anticipating changes in their environments. Systems and interactivity are important in evolutionary models. Organizational systems are viewed as connected and interdependent.

Evolutionary models are different than teleological models in that organizations are considered to be part of an open system, versus a closed system. Managers need to anticipate, analyze, and react to change, as opposed to planning on and implementing change. Some criticisms of evolutionary models are they are overly reliant on environmental factors in describing change, that they de-emphasize strategic choices, and that they stifle creativity.

## Examples of Organizational Models

**Scientific management** is a teleological model and is one of the older models of organizational change. Frederick Taylor began its development in the United States during the 1880s and 1890s (hence why scientific management is sometimes referred to as Taylorism). During this time there was a switch in the production methods of manufacturing, from humans making all of the products to machines replacing humans on assembly lines. Taylor espoused four principles in his book *The Principles of Scientific Management* (1911).

Principle 1: Use the scientific method to study the work being performed, and determine the most efficient way to perform the specific tasks.

Principle 2: Match workers to their jobs based on motivation and capability, and then train them to do the job at maximum efficiency.

Principle 3: Monitor performance and provide instruction and supervision to continue efficiently working.

Principle 4: Allocate the work between managers and workers so that the managers spend time planning and training so workers can focus on their own tasks to achieve the highest efficiency.

There are several criticisms of scientific management. Scientific management involves a large amount of managerial control over workers. This level of control requires a significant number of managers, who tend to be expensive. Another criticism is that an organization cannot adapt to change if a rigid system is imposed on them. Additionally, the model may not value workers' satisfaction. Scientific management's principles can still be seen in today's workforce, such as with systematic selection and training procedures, with the studying of workplace efficiency, and with the idea of systematic organizational design.

**Total quality management (TQM)** is a teleological model that focuses on organizational efforts to create a permanent climate in which organizations continuously improve, delivering high-quality products and/or services to their customers. TQM has its roots in the competition for economic superiority during the 1970s and

1980s between western countries and Japan. Japan was increasing production on high-quality items, such as automobiles and electronics, at competitive costs. The Japanese were able to increase production because of the importance they placed on being processed oriented: their work processes were defined, understood, and in control (Damon 1992). Countries in Europe and the United States were looking for a way to respond to the Japanese methods by focusing on quality control.

TQM urges organizations to use the skills of all of their employees, to eliminate waste, to maximize efficiency, and to refine imperfect processes. Some important TQM concepts are quality is defined by the customer, top management has direct responsibility for quality improvement, increased quality comes from systematic analysis and improvement in work processes, and quality improvement requires persistent effort throughout the whole organization. All of an organization's efforts are part of a system; one cannot change one part of the system without affecting the other parts (Schultz and Vollum 1992). A variation on TQM used in the public sector is New Public Management (NPM).

**Contingency theory** is one of the evolutionary models of organizational theory. Contingency theory argues that there is no single, perfect way to manage an organization. Organizational effectiveness results from matching characteristics of the organizations, such as its structure, to contingencies that mirror the situation of the organization (Donaldson 2001). Contingencies involve both internal and external factors. Some contingencies an organization might encounter are the environment, organizational size, organizational strategy, technology, supplier and distributors, consumer interest groups, governments, and unions. The goal of the organization is to broker the best match between organizational characteristics and contingencies encountered, in hopes of increasing the organizations' overall performance. Organizations must adapt to avoid mismatches between characteristics and contingencies. Change is inevitable, and organizations that do not change (for whatever reason) will see their productivity wane. Since no one type of organization is considered "best" to match all contingencies, different types of organizations are needed, depending on the environment.

Leaders in the contingency theory model will need to apply their personal style of leadership to each situation. Careful management is needed to balance internal needs and also to adapt to environmental circumstances. An effective leader will excel at building interpersonal relationships with their employees, showing support for their careers and concern for their well-being. They will also need to provide structure, via planning and scheduling, to ensure that work is completed and that organizational goals are attained.

**Strategic choice theory** is an evolutionary model that posits that an organization's internal and/or external environment does not completely shape their strategic actions (Tokman et al. 2016). Previous models said that organizations developed along operations requirements based on the external environment. Strategic choice theory believes that while some organizations adapt to their internal and/or external environments by changing themselves, other organizations chose to change their environment instead. These changes can be accomplished by creating strategic goals, which drive adaptation behavior in organizations. An example of adaptation behavior is when an organization chooses to cooperate with another organization because both parties have resources that complement each other. There are three key issues that come from strategic choice analysis: the role of agency and choice, the nature of environment, and the nature of relationships between organizational agents and the environment (Child 1997).

Leaders in strategic choice theory have the power to influence their organization to suit their preferences, regardless of the type of the organization (public or private sector). The environment of the organization does have an impact on leaders, but leaders can choose how to proceed by creating strategic goals. Leaders are very active, and their influence on the organization comes through a political process (Child 1997). Leaders need to be aware of how organizational politics will affect their plans.

## Organizational Change in the Public Sector

Organizations in the public sector also engage in change management for several reasons. First, public sector organizations have customers that they must be accountable to, just like in private organization. There can also be a competition for customers between the public and private sector. Second, if a public organization is not considered to be performing well, their funding could be eliminated. Not only are public organizations in competition with the private sector but also with other public sector organizations vying for monies from the same budget. In order to improve customer service, an organization would want change models that focus on improving processes and removing obstacles that prevent the achievement of its goals (Stewart and Kringas 2003). Differences between the public and private sector impact how change management is handled by the two spheres. For example, political pressure can be more easily exerted on public institutions. Political pressure can vary among countries based on their systems and cultures and also vary from the local level to the national level.

A study in the 1990s examined the restructuring process of a large public housing agency located in an unnamed city in the western part of Austria (Scharitzer and Korunka 2000). The goal of the study was to see the effects of recently implement changes on both the employees of the public housing agency and their customers. Data was collected through qualitative and quantitative instruments, including through face-to-face interviews with employees at all levels in the organization and customer surveys taken at three different points in the change process. The change model used was New Public Management (NPM). NPM is a management system that emphasizes the concept that ideas used in the private sector must be successful in the public sector and has a focus on customer satisfaction. The study showed that the agency's employees experienced job-related stress due to the changes and that the decrease in job satisfaction affected the various levels of employees (such as management or their staff) in different ways. Overall the change was considered a success because customers approved of the more customer-oriented agency.

Researchers performed another change management study in the 1990s, this time in Australia (Stewart and Kringas, Stewart and Kringas 2003). The study reviewed six agencies going through change management. The focus was to ascertain whether the change was considered a success, both by the employees in the agency and by the customers they serve. The size of the changes varied, depending on which of the six agencies were being studied. The researchers found that there were several factors that led to successful outcomes and changes. The factors were an appropriate change model, effective leadership, sufficient resources, and attention to communication. Effective communication was considered to be particularly important. The researchers felt that the administration had a more positive view of the change than their employees. Senior managers were often unwilling or unable to explain their processes to their employees and why they were doing them; instead, they blamed employee resistance for failures in implementation (Stewart and Kringas, Stewart and Kringas 2003). The researchers believe that good communication and a carefully conceptualized strategic plan will increase the likelihood of successful change.

The Chinese government has tried multiple times to change their public administration since 1949. They hoped to achieve greater social and political stability (internally) and to adopt to globalization (externally) (Wang 2010). A well-run government can contribute to stability by helping provide more services, which in turn will help businesses. The reforms implemented by the Chinese government focused on reducing the staff and size of the government, including streamlining departments and services. This had a negative effect on social stability since many citizens lost their jobs and had difficulties securing alternative employment. Criticisms of the reform efforts focused on three factors: too much attention was paid to restructuring, the reforms were initiated and implemented in a top-down manner, and there was a lack of a sound legal

basis for the reforms. The Chinese government often reverted to earlier practices after the completion of specific reforms, including hiring new people to replace those that were removed earlier. Organizational change is especially difficult in China, which is the most populous country in the world, and its politics have an enormous impact on any planning process.

## Conclusion

Organizations, whether they are in the public sector or the private sector, have many change management models to choose from. Organizations could choose a model that focuses on changes they want to see made, or they could choose a model that focuses on the environment in which the organization operates, or they could chose choose a hybrid of these approaches. Philosophically, organizations must decide whether to be proactive or reactive. The former sounds better, but perhaps assumes a level of knowledge, skill, and control that not all organizations possess. Communication is very important, with all of the stakeholders needing to know both what change is going to happen and why that change is going to happen. Political pressures, both inside and outside the organization, also have a significant impact. There may ultimately be no "best" model to choose and no "ideal" way to implement it. Still, organizations must engage in change management, and they are more likely to make good decisions if they search for change models that fit best with their goals.

## Cross-References

► Contingency Theory of Organizations
► Leadership in Organizations

## References

Child J (1997) Strategic choice in the analysis of action, structure, organizations and environment: retrospect and prospect. Org Stud 18(1):43–76

Damon G (1992) The TQM coordinator. In: Persico J Jr (ed) The TQM transformation. Quality Resources, White Plains

Donaldson L (2001) The contingency theory of organizations. Sage, Thousand Oaks

Kezar AJ (2001) Understanding and facilitating organizational change in the 21st century. Jossey-Bass, San Francisco

Schultz LE, Vollum JS (1992) Introduction. In: Persico J Jr (ed) The TQM transformation. Quality Resources, White Plains

Scharitzer D, Korunka C (2000) New public management: evaluating the success of total quality management and change management interventions in public services from the employees' and customers' perspectives. Total Qual Manag 11(7):S941–S953

Stewart J, Kringas P (2003) Change management – strategy and values in six agencies from the Australian public service. Public Adm Rev 63(6):675–688

Tokman M, Richey RG, Deitz GD (2016) A strategic choice theory taxonomy of retailers' strategic orientations. J Mark Theory Pract 24(2):186–208

Wang Q (2010) Administrative reform in China: past, present, and future. Southeast Rev Asian Stud 32: 100–119

# Modernity and Bureaucracy

Louise Briand and Guy Bellemare
Center for Research on Social Innovations (crises.uqam.ca), Université du Québec en Outaouais, Gatineau, QC, Canada

## Synonyms

Administrative political system; Departmental organization

## Definition

The term bureaucracy refers to the Weberian concept although bureaucracy existed well before Weber (Höpfl 2006). Specifically, Weber's bureaucratic ideal type refers to an administrative governing system in which:

– Domination is based on rationality, i.e., on knowledge and science.

- Domination is a set of abstract and coherent rules (e.g., standards).
- Decision-making is entrusted to the most qualified people.
- Order is insured through the control of subordinates within a hierarchical organization.
- Domination is exercised in the context of work only and subordinates obey rules not individuals.

## Introduction

This article entitled "Bureaucracy, Modernity" is about the emergence of bureaucracy *in* modernity and its transformations in late modernity, and it is centered on the following questions: are the organizational transformations of the last few decades a sign that bureaucracy is declining or gaining momentum? Is a *post*-bureaucratic model emerging? This article concludes that bureaucracy is not declining. Instead, this article proposes that bureaucracy be viewed as a form of administrative power – an institutional dimension of modernity (Giddens 1984) – that is dynamic and that its production and reproduction be understood through a study of its structuration, in the hope of relativizing the "bureaucracy vs. post-bureaucracy" debate.

## The Emergence of Bureaucracy in Modernity and Its Evolution in Late Modernity: A Structurationist Perspective

### From Tradition to Modernity or the Rebuilding of Trust

For Giddens (1990), modernity began with a break with tradition and, more particularly, the rejection of destiny and religious cosmology: ". . .a world structured mainly by humanly created risks has little place for divine influences, or indeed for the magical propitiation of cosmic forces or spirits" (Giddens 1990, p. 111). Modernity has thus given agents the sense that the future has become open.

Moreover, modernity is characterized by the "separation of time and space" and the "disembedding of social systems," two conditions of modernity that in turn have led to the metamorphosis of reflexivity. Reflexivity, the third condition of modernity, refers to a body of knowledge that helps provide direction for the future and organize social relations. It is a concept that implies that integration practices henceforth will be reexamined continuously and reformed in light of new knowledge about them that constitutively alters their character.

In modern social systems, the aim of integration practices is to connect "absence and presence" as relations become increasingly suppressed in conditions of copresence. Some phenomena emerge in this context: the "other" becomes invisible and his process impenetrable, because activities depend on connections outside conditions of copresence; social trust therefore becomes difficult, if not impossible, to achieve. However, because trust is the innate vector of ontological security, the increased suppression of relations of copresence spurs efforts to rebuild trust, which in the circumstances implies to create *systemic trust*. Systemic trust is based on abstract systems (symbolic tokens and expert systems) and results in a displacement of trust (from people to abstract systems).

In this sense, organizations, a fundamental characteristic of modernity (Weber 1991; Perrow 1991), become social systems that make up, and are made up of, integration practices (social and system) that enable time-space coordination as part of the trust-building effort. Social integration practices refer to "reciprocity between actors in circumstances of co-presence, while system integration practices allow for reciprocity between actors across extended time-space, outside conditions of co-presence" (Giddens 1984). For example, a budget can be conceptualized as a systemic integration practice. It is the monetary expression of the organization's strategic directions but also a tool that helps coordinate the activities of several actors and allows control of expected results. As a result, a budget is a management practice through which reciprocal relations can be

established. Defined as an integration practice, a budget creates trust in organizations.

Thus, because modernity makes it possible to establish particular forms of organization of human activity, it generates and integrates institutional dimensions, i.e., capitalism, industrialism, administrative power, and control of the means of violence.

Modernity can therefore be described as a loop consisting of the elements "Separation of time and space – Disembedding of social relations – Reflexivity – Integration practices – Trust – Institutionalization of the dimensions of modernity" (Fig. 1). Its circular nature illustrates reflexivity and highlights the fact that integration practices can always be revised.

## From Modernity to Late Modernity or the Rise of Surveillance

Late modernity (from the mid-twentieth century onward) is characterized by increased production of knowledge, and it is spawning the radicalization of modern social organization practices, a state that Giddens (1990) attributes to: (1) the reflexivity and competence of agents, (2) the impossibility of obtaining systematic knowledge about social organizations, (3) the organizational strength of abstract systems and the autonomy this strength confers, (4) the globalization of risks and threats in societies, and (5) the "major problem" of societies – overall control instead of risk management.

By implication, as the body of knowledge *grows* and systemic trust *extends* in late modernity, integration practices *increase* the separation of time and space, *strengthen* institutions of modernity, and *extend* absence. But, because integration practices are a component of power relationships, systemic integration practices do not provide mutual trust experiences (Giddens 1990). In the budget example, trust is not necessarily shared if, for instance, senior managers are the only stakeholders able to monitor the budget. Thus, systemic trust gives rise to and intensifies surveillance (Dandeker 1990; Fig. 2).

An important point is that Giddens (1984) does not view surveillance, power (transformational capacity of power), and domination (relational dimension of power) as intrinsically unhealthy or dangerous. Surveillance characterizes all social relations, particularly relations in organizations (Jenkins 1993). It evinces coordination problems, to be sure (Giddens 1993), but can be conceived as a manifestation of the efforts expended to coordinate human activities in organizations. Surveillance therefore provides opportunities for collective action in the organization, but is a source of conflict if its asymmetry supports non-

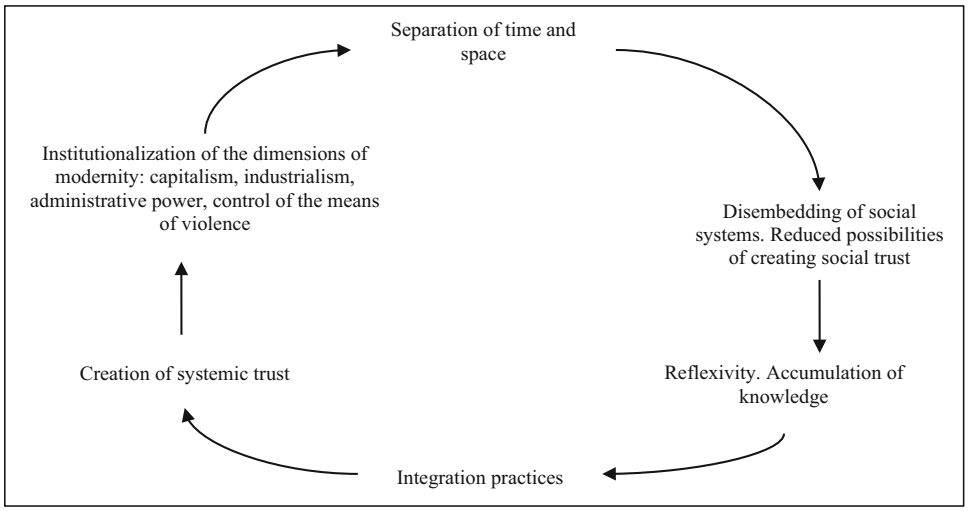


**Modernity and Bureaucracy, Fig. 1** Course of modernity

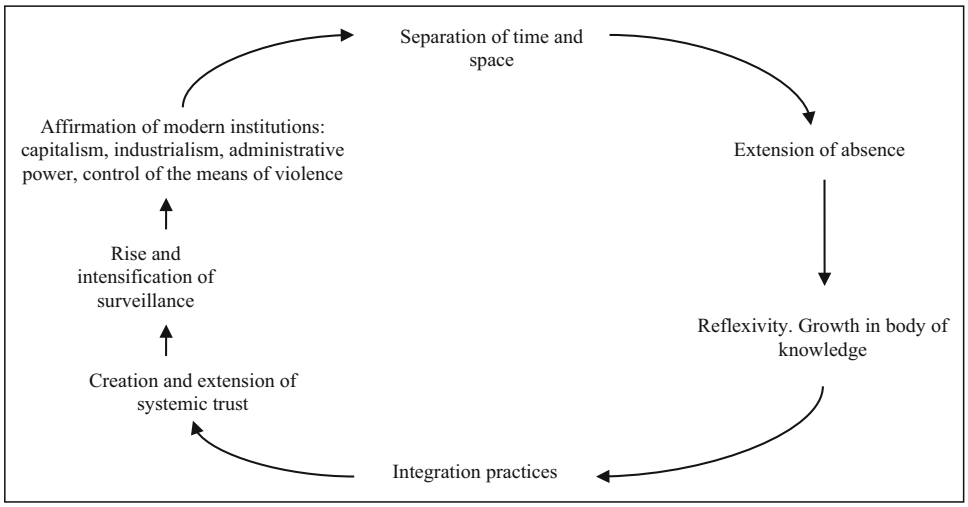


**Modernity and Bureaucracy, Fig. 2** Course of late modernity

legitimate power or domination of an actor or group of actors over others (Tixier 1988; Giddens 1993).

## Bureaucracy in Late Modernity: A Dynamic Administrative Power to Explore

### Bureaucracy: A Form of Administrative Power

Within the framework of the institutionalized dimensions of modernity, the previous diagram (Fig. 2) suggests that administrative power supports knowledge and the structuration of integration practices and is supported by these factors in turn.

Thus, bureaucracy, a type of administrative power (Giddens 1984), (1) develops with the accumulation of knowledge and social activity, (2) relies on and supports the conditions of modernity, and (3) has the means of stabilizing trust in time-space in a context characterized by the disembedding of social relations. Bureaucracy is therefore both the process and outcome of integration practices (e.g., rules and hierarchical organization) that have sustained and constrained its constitution in an effort to rebuild trust:

> [Translation] To the somewhat "blind" trust [social trust] of a "community," "society" can add or substitute another type of trust that can be called a "rational" or "legal" trust, consonant with Weber's legal domination typology. "Rational" trust, constitutive of "society," ensures the existence of a framework within which can be expressed most social relations typical of a partnership. (Lazuech 2002, p. 16)

Bureaucracy therefore originates from a project of economic and social *order* founded on domination (Weber 1971; Chandler 1977; Wren 1994), but because order is more of a pattern in social systems (Giddens 1993) than a formal organizational method, bureaucracy is reproduced and transformed according to changes in human activity and the intended or unintended consequences of activities in modernity and late modernity.

Thus the content of bureaucracy hinges on its ability to ensure integration and sustain trust, and it is specifically this ability – or lack of it – that explains its reproduction and transmutation. From this perspective, so-called "post-bureaucratic" models are no more than an evolutionary form of bureaucracy. Successive management practices are therefore conceived as "theories in use" ("discursively formulated beliefs. . .that actors hold", Giddens 1984) that define the various historical periods of bureaucracy.

The expression "management practices" denotes organizational forms (hierarchical, project based, network, etc.) as well as management

tools (rules, project management technology, contingent work, outsourcing, reengineering, ERP, etc.). Management practices that endure in time and space become the keys to the reproduction of bureaucracy; conversely, when they evolve in time and space, they are viewed as key to the transmutation of bureaucracy.

In this view, whether bureaucracy is at the origin of instrumental relations matters little. Bureaucracy both constitutes and is constituted by structural properties, integration practices, and social relations. It relies on structural traits (the capitalist work contract, most prominently) and refers to other social systems (legal or scientific frameworks). Hence, bureaucracy cannot be reduced to a list of components, a problematic identification exercise most notably because when Weber's descriptions are compared, "[T]here are substantial discrepancies and variations between the different accounts, even regarding what is 'essential', or definitive of the ideal typical bureaucracy" (Höpfl 2006, p. 11).

### Bureaucracy: A Dynamic Administrative Power

Based on the preceding information, bureaucracy enables (Giddens 1990) and is enabled by the rise of the society of organizations (Weber 1991; Perrow 1991) as a component of the trust-rebuilding effort. Bureaucracy as an administrative power is a system of domination based on "the control of information as well as the implementation of specific modes of organizing human activity in space-time control" (Giddens 1984). (According to Giddens, the theme of the transformation of time and space exists in Weber's works but only implicitly.)

At a microlevel, bureaucracy can be understood as a "political dynamic," "[Translation] a project that those in power must constantly work at, solidify and justify" (Courpasson 2000). It is at once a source of power and of power struggles because managers in late modernity are not alone in their quest for control (Child 2005), any governed individual can view himself as a competent actor, there is a strong observed tendency to organizational fragmentation (Reed 1989), and legitimacies with federating claims are proliferating. Bureaucracy in late modernity must therefore be analyzed as a *dynamic* administrative power in light of a theory that lets us understand its constitution.

In short, it cannot be concluded that bureaucracy is declining or that a post-bureaucratic organizational model is emerging. Rather, it is argued that the perspective from which bureaucracy and its transformations are analyzed needs new explanations.

## Conclusion

Bureaucracy is usually defined by its content (hierarchical organization, rules, etc.), an exercise that invokes more difficulties than it solves. Furthermore, orthodox researchers exclude political issues or dynamic properties from their analysis of organizational forms. This is particularly the case with Mintzberg (1982) and Heckscher and Donnellon (1994). Thus, analyses based on an uncertain ideal type (Höpfl 2006), coupled with a tendency to dichotomize (mechanic vs. organic, centralization vs. decentralization, Alvesson and Thompson 2005) in allegedly apolitical contexts (Courpasson 2000), do not lead to comprehension of the meaning and impact of bureaucracy and its transformations.

Critical interpretive researchers are ambivalent about the evolution of bureaucracy and/or the post-bureaucracy phenomenon. A good number of empirical studies (see Alvesson and Thompson 2005 for survey) indeed demonstrate that hierarchical structures are more or less "loose," while control is more or less technical or social, information technologies are more or less present, rules are more or less internalized, social relations are more or less direct, etc. Bureaucracy then becomes "soft" (Courpasson 2000), "lite" a "legacy", migratory and even ghostly ("the return of the machine bureaucracy"), making it difficult to attribute meaning to the evolution of organizational forms and practices.

Nevertheless, Alvesson and Thompson (2005) assert that bureaucracy still exists ("bureaucratic

forms [are not] confined to a few residual institutional niches such as the public sector"; ". . .falls in the size of individual units and decentering organizations may change the forms of bureaucracy but they do not necessarily diminish its impact;" "[bureaucracy] is a living, changing, and diverse set of practices") and, in particular, that one must refine the analysis of organizational transformations and practices in order to assess their impacts:

> To really understand the presence and significance of bureaucracy requires in-depth exploration of organizational practices in different sectors and sections of organizations, thus escaping traditional analytical dichotomies such as mechanistic-organic and centralization-decentralization. Forms of control and coordination do not only interact, overlap with, or weaken one another; managers may comply with, reinforce, or circumscribe bureaucracy. [. . .] Caution is therefore required before ticking off bureaucratic or post-bureaucratic control forms without checking their meaning and impact carefully and in practice. (p. 501)

The analysis of bureaucracy poses a greater challenge than that of organizational transformation issues or the bureaucracy versus post-bureaucracy debate. From the structurationist perspective, any given circumstance presents constraints and opportunities alike, and bureaucracy is no exception.

Defining and analyzing the *organization* is the challenge to be tackled, and it lies on the recognition that an organization, whether private, public, or of the social economy, is first and foremost a *social system* that makes up, and is made up of, integration practices (social and system) that enable time-space coordination as part of the trust-building effort that can give rise to and intensify surveillance and support non-legitimate power or domination of an actor or group of actors over others (Briand and Bellemare 2006).

## Cross-References


- ► Bureaucratic Power
- ► Systems and Complexity Theories of Organizations


## References


Alvesson M, Thompson MP (2005) Post-bureaucracy? In: Ackroyd S, Batt R, Thompson P, Tolbert PS (eds) The Oxford handbook of work and organization. Oxford University Press, New York, pp 485–507

Briand L, Bellemare G (2006) A structurationist analysis of post-bureaucracy in modernity and late Modernity. J Organ Chang Manag 19(1):65–79

Chandler AD (1977) The visible hand. Belknap, Cambridge

Child J (2005) Organization: contemporary principles and practice. Blackwell, Oxford

Courpasson C (2000) L'action contrainte. Organisations libérales et domination. Presses Universitaires de France, Paris

Dandeker C (1990) Surveillance, power and modernity. Polity Press, Cambridge

Giddens A (1984) The constitution of society. Polity Press, Cambridge

Giddens A (1990) The consequences of modernity. Stanford University Press, Stanford

Giddens A (1993) Une théorie critique de la modernité avancée. In: Audet M, Bouchikhi H (eds) Structuration du social et modernité avancée: Autour des travaux d'Anthony Giddens. Presses de l'Université Laval, Sainte-Foy

Heckscher C, Donnellon A (eds) (1994) The post-bureaucratic organization. New perspectives on organizational change. Sage, Thousand Oaks

Höpfl HM (2006) Post-bureaucracy and Weber's 'modern' bureaucrat'. J Organ Chang Manag 19(1):8–21

Jenkins A (1993) Surveillance, pouvoir organisationnel et quadrature du cercle. In: Audet M, Bouchikhi H (eds) Structuration du social et modernité avancée: Autour des travaux d'Anthony Giddens. Presses de l'Université Laval, Sainte-Foy

Lazuech G (2002) Toute confiance est d'une certaine manière aveugle. Anthony Giddens, Pleins Feux, Nantes

Mintzberg M (1982) Structure et dynamique des organisations. English version (1979). Éditions d'organisation, Paris

Perrow C (1991) A society of organizations. Theory Soc 20:725–762

Reed M (1989) The sociology of management. Wheatsheaf, Harvester

Tixier PE (1988) Légitimité et modes de domination dans les organisations. Sociologie du travail 4: 615–629

Weber M (1971) Économie et société. Plon, Paris

Weber M (1991) Histoire économique: esquisse d'une histoire universelle de l'économie et de la société. Gallimard, Paris

Wren DA (1994) The evolution of management thought, 4th edn. Wiley, New York

# Money Laundering Activities of the PKK

Ozcan Ozkan
Turkish National Police, Ankara, Turkey

## Introduction

Money laundering has long been used by organized criminal groups and terrorist organizations, whose financial benefits have remarkably increased as a result of engaging in lucrative businesses such as drugs, arms, and humans trafficking to conceal the origin of their illicit funds (Lilley 2006). While money laundering may be traced back to the emergence of money itself, money laundering for terrorist purposes is not an old phenomenon (Laciner 2008). It has emerged by the rapid process of globalization, globalized nature of the terror threat, and increasing need for the legal instruments for financial activities both domestically and globally (United Nations/Commonwealth Secretariat/International Monetary Fund 2009). A great deal of globalization process has taken place only after the second half of the twentieth century thanks to developments in technology and communication. Terrorist organizations and organized criminal groups alike have also gone global as a result of the rapid globalization for the last decades. Now, criminal groups and terrorist organizations can more easily use diverse countries for recruiting, collecting funds, organizing, propagating, and taking shelter. One of the main concerns of these organizations is to finance their activities (Schott 2006). Although they can find little difficulty in getting money and funds for their operations, they have more difficulty in using the money for their acts since state-level, regional, and global instruments for countering the financing of terrorism have enhanced considerably as a result of tough measures set forth in multilateral agreements among states and international institutions. These measures have promptly necessitated terrorist organizations to use money laundering techniques for their financing (Lilley 2006).

The fact that the financial markets have also been globalized has created new opportunities for both legitimate businesses and illegal organizations. Like everybody else, organized crime and terrorist groups, too, who wish to do business globally, have the opportunity to use open financial systems for rapid mobility of funds. Criminals thus take advantage of this mobility in order to launder the proceeds of their illegal acts and conceal their illegal wealth (Lilley 2006).

There are numerous terrorist organizations that use sophisticated methods to move their illicit funds through financial systems both at home and across the globe. The Kurdistan Workers' Party (Kurdish: Partiya Karkerên Kurdistanê, PKK), an ethno-nationalist terrorist organization rooted in Turkey but operating in various countries including Turkey's neighbors such as Iran, Syria, and Iraq, as well as in Europe, has benefited from similar kinds of terrorism financing activities for a long time (Marcus 2007). To finance its activities, it has engaged in terrorist financing methods and laundered its illicitly gained funds by cash couriers or front companies through which it collects money under the name of donation or aid particularly in Europe where its financial infrastructure heavily relies upon (Roth and Sever 2007). The PKK has long been known to have engaged in various methods to find funding for its activities. While the main concern is not money itself for the group, financial activities have forced the PKK to find ways to maintain relationship with drug and weapons dealers as well as human traffickers from whom it takes commission charges. The financing activities of the PKK particularly in Europe make it necessary for the group to deal with financial management including setting up front organizations for money laundering. Using various kinds of NGOs and media organizations has allowed the PKK to engage in money laundering activities (Marcus 2007). However, since the organization prefers not to use open financial institutions to move the funds, and its illegal money usually comes in the form of cash, it is becoming harder for law enforcement agencies to track money laundering activities of the group.

## Money Laundering and Terrorism Financing

The term "money laundering" may be traced back to the 1920s when mafia groups in the United States showed an active interest in acquiring launderettes to launder the money derived from criminal activities and inject it into the legal instruments (United Nations/Commonwealth Secretariat/International Monetary Fund 2009). According to a report of the World Bank and IMF on Combating Money Laundering and the Financing of Terrorism, money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins. In the same report, the financing of terrorism is defined as the financial support of terrorism or of those who plan, encourage, or take part in terrorist acts (World Bank and IMF 2009).

Money laundering is used for financing the activities of a criminal organization in a way that the organization can conceal the origin of the money in order to be immune from law enforcement control. Money laundering has also been used by terrorist organizations for a long time for financing their activities (Lilley 2006). In this regard, financing of terrorism and money laundering are interrelated. Both have similar objectives and characteristics as well as some differences. While money laundering includes laundering illicit funds in legal channels in order to conceal the origins of the funds, terrorist financing includes both legally and illegally acquired funds for the support of terrorism. In short, while terrorism financing is aimed at providing funds to final destination, money laundering deals with legitimization (Sollier 2007).

Profits made by organized crime and terrorist organizations need to be laundered to be used in the future. While terrorist organizations engage in money laundering for terrorism financing, for most of them money not the primary goal since money is only used as a means leading to their ends. However, for law enforcement units, tracking money is of great importance. One of the axioms of many analysts in the security agencies is "follow the money" meaning criminals, and their networks can be more easily traced, uncovered, and disrupted. On the other hand, once the methods of terrorism financing are identified and traced by law enforcement agencies, it is more likely for terrorist organizations to go into bankruptcy and degenerate, which will consequently bring an end to most of their activities (Lilley 2006).

## Offenses and Methods of Money Laundering

The major aim of money laundering is to inject the dirty money into the legal economy (Sollier 2007). While there are different kinds of methods of terrorist financing and money laundering, there are four general kinds of offenses related to money laundering set forth by the United Nations Convention against Transnational Organized Crime (the Palermo Convention), which contains a broad range of provisions to fight international organized crime (United Nations/Commonwealth Secretariat/International Monetary Fund 2009):

1. *Conversion or transfer of proceeds of crime*: In this method, criminals try to convert financial assets from one type to another. For instance, illegally acquired cash money is used to purchase real estate, to sell criminally derived real estate, or to buy precious metals.
2. *Concealment or disguise of proceeds of crime*: This offense takes place where criminals intentionally conceal or disguise the proceeds of crime. This includes intentional deception of law enforcement units.
3. *Acquisition, possession or use of proceeds*: In this section, in addition to those who provide illegal proceeds, recipients who acquire, possess, or use property have also responsibility.
4. *Participation in, association with or conspiracy to commit, attempts to commit and aiding, abetting, facilitating, and counseling*.

As to the offenses related to money laundering and terrorism financing, the Financial Action Task Force (FATF) designated categories of offenses as such (FATF 40 Recommendations 2003):

- Joining an organized criminal group and racketeering.
- Terrorism and terrorist financing.
- Humans trafficking and migrant smuggling.
- Sexual exploitation, including sexual exploitation of children.
- Illicit drugs trafficking and trafficking in psychotropic substances.
- Illegal arms trafficking.
- Illicit trafficking in stolen and other goods.
- Corruption including bribery.
- Fraud.
- Counterfeiting currency.
- Counterfeiting and piracy of products.
- Environmental crime.
- Murder, grievous bodily injury.
- Kidnapping, hostage-taking.
- Robbery, theft.
- Smuggling.
- Extortion.
- Forgery.
- Piracy.
- Insider trading and market manipulation.

For above offenses, the FATF recommendations require financial institutions and non-financial businesses and professions such as casinos (which also includes internet casinos), real estate agents, dealers in precious metals, dealers in precious stones, lawyers, notaries, other independent legal professionals, accountants, and trust and company service providers to apply national measures to combat money laundering and terrorist financing, and in particular, in detecting and reporting suspicious transactions (World Bank and IMF 2009).

As to the process, money is laundered in three essential stages. *Placement* is the first stage in which illicit funds are separated from their illegal source and injected into the financial system. It also includes carrying of proceeds of crime, such as cash, across borders. *Layering* is the second stage where laundering the funds usually involves creating multiple layers of transactions that further separate the funds from their illegal source in order to make it more difficult to trace these funds to the illegal source (Lilley 2006). The last stage, *integration*, includes injecting the illegal funds into the legitimate economy so that criminals can use the funds without raising suspicion that might trigger investigation and prosecution (Schott 2006).

## The PKK and Money Laundering

The PKK was founded in 1978 by Abdullah Ocalan who was caught in 1999 and is now serving his life sentence in Turkey. Turkey has been suffering from the PKK terrorism since 1979 when the terrorist organization first started its violent campaign in Turkey by an attempt to kill a member of the Turkish Parliament in his house (Marcus 2007). To date, it is responsible for nearly 40,000 Turkish citizens' deaths. One of the reasons why the PKK has remained capable of operating, recruiting, and carrying out terrorist attacks not just inside the country but also in Europe and elsewhere can be attributed to the organization's capacity to survive economically by terrorism financing tools and control a huge amount of money, circulating especially in narcotic and other areas. In addition, money laundering activities of the PKK have also been an important component of its operations inside and outside the country (Roth and Sever 2007).

The terrorist organization PKK has long been known to engage in terrorism financing methods such as commission charges from all kinds of smuggling, extortion, and taxing. The drug dealing is considered as one of the biggest sources of the PKK. Although the PKK is believed to control 80% of the drug market in Europe, the organization usually deny any participation in the drug market. This could be explained by two reasons. First, if the PKK is seen as a drug dealer, it may lose its support in Europe. Second, if it engages in drug dealing, this may lead its members to use drug, thus degenerating the relations within the organization. Therefore, except for taking commission charges from drugs and weapons dealers, the PKK claims not to deal with the narcotic

production and distribution (Marcus 2007). Nevertheless, the PKK's engagement in all levels of narcotic trafficking was accepted by the international community including the US government (Laciner 2008). Given its significant involvement in international drug trafficking and money laundering, the PKK was recognized by the US Drug Enforcement Agency (DEA) as well established in the production and distribution of a variety of opiate products, and to be deeply involved in money laundering. The USA also designated the PKK as a narcotic kingpin in 2008 (Roth and Sever 2007).

In addition to drug dealing, the PKK's finance comes from many traditional and untraditional terrorism financing methods. Among them there is the so-called "revolutionary tax" provided by Kurdish businessmen in Turkey and Europe. The PKK also engages in protection rackets targeting Kurdish owned businesses across Europe where it collects millions of dollars annually from Kurdish businesses and individuals in Europe. In addition, the Kurdish Diaspora voluntarily provides funds to the organization through cultural associations and information centers such as Europe-based the Kurdish Employers Association, the Kurdish Islamic Movement, and the Kurdish Red Crescent, which also deals with money transfers through subsidiary foundations in Switzerland, Britain, Sweden, Belgium, Denmark, and Cyprus.

The accounts of former PKK members interviewed also revealed that the organization's funding comes from various sources including:

- Kidnapping.
- Commission charges from drug dealers.
- Charges in what they call the "organization's customs" from smugglers of weapons, fuel oil, cigarette, food, cattle, etc.
- Forcefully taken revolutionary tax and donation from ordinary citizens, artists and businessmen of Kurdish origin.
- Benefits of media outlets.
- Donation to charities and NGOs.
- Funds collected in social and entertainment activities.
- Direct funds from some states (state-sponsored terrorism financing).
- Direct provision of weapons, trainings, bombs, and ammunition from various countries.

Given the above-mentioned financial activities of the group, one can argue that the PKK has gone beyond a mere ideologically based terrorist organization since the PKK who claimed to defend the Kurdish rights in the region has walked away from a traditional politically motivated organization to a more complex and profit/interest-based and economically driven criminal network. This inevitably leads the organization to engage in money laundering activities. While the PKK commits offenses of money laundering, it does not launder illicit funds in financial intermediaries as other organized crime groups do. Rather, the group prefers using cash couriers consisting of its armed units who carry the funds from different sources to the finance center of the organization in northern Iraq. Money involved in the PKK activities usually comes in the form of cash, which makes it harder for law enforcement agencies to follow the money. In addition, for the PKK, money is not considered as an end, but as a means to continue the fight and trade for supplies (Marcus 2007).

Like many other transnational terrorist organizations, the PKK has benefited from dealing with organized crime groups that engage in lucrative businesses such as illegal trafficking of drugs, humans, and weapons as well as money-laundering activities mainly in Europe. As EU Terrorism Situation and Trend Report (2007) put it, two PKK members were arrested in France in July 2006 for money laundering aimed at financing terrorism. At the end of 2005, three members of the PKK were arrested in Belgium and another one in Germany suspected of financing the PKK. In Belgium, the authorities seized receipt booklets indicating that the arrested suspects were collecting tax from their fellow countrymen (Marcus 2007).

The most prominent evidence that the PKK engaged in money laundering came out of the Sputnik operations in 1996 and in 2002. In the first Sputnik operation conducted simultaneously

by the British Scotland Yard and the Belgian Police in London and Brussels, as well as in Germany and Luxembourg, it was revealed that the PKK was laundering the illicit financial gains from its drugs and weapons smuggling via the MED-TV Broadcasting Company, a media outlet and a screen corporation founded by a British citizen of Kurdish origin in 1995 and acting for the PKK (Houlton 2010). In that operation, the police were able to link an amount of $11 million seized from an account belonging to MED-TV to drugs, weapons, and human trafficking activities of the terrorist organization (Laciner 2008). The Belgian Police discovered that the PKK conducted its money laundering activities through 15 different companies (Roth and Sever 2007).

The case of MED-TV is very crucial to understand the money laundering activities of the PKK in that it served both for the media propaganda for the group and as a legal company to launder the dirty money of the organization. When the members of the PKK had difficulty to launder their illicitly obtained money, they decided to open an account by the name of "Kurdish Association" in England and "Sweden Postal" in Sweden for sending money to the MED-TV under the disguise of donations and consolidations.

The second Sputnik operation conducted by the Belgian and the French police in 2002 revealed that a Paris-based company linked to the PKK involved in money laundering activities. The PKK operatives detained in this operation confessed that money had been transferred to the PKK under the auspices of a company called the Kurdish Foundation Trust, which was located in the British controlled Jersey Islands, known as an offshore haven for international money laundering (Houlton 2010).

Another international police operation led by Belgian authorities and assisted by the Italian and French police was conducted against the PKK's operatives and companies in major cities in Belgium on March 4, 2010 (Houlton 2010). The operation resulted in arresting many high profile PKK members including two of its leading figures, Remzi Kartal and Zubeyir Aydar who since October 2009 have been on a US list of drug traffickers suspected of using smuggling proceeds to fund the PKK (Marcus 2007). The operation was based on the allegation directed against Roj TV-a successor to MEDYA TV which is also a successor to MED TV that was banned after the above-mentioned Sputnik operations and chief operatives of the PKK in Europe regarding its involvement in the financial fraud and tax evasion as well as distributing PKK propaganda, educating PKK members, recruiting members for the PKK, human trafficking, counterfeiting, and racketeering. The operation in which 300 Belgian police officers as well as tax inspectors from the finance ministry participated was launched in coordination with Turkish intelligence, which provided Belgian authorities with information and evidence on the links between the PKK and its European operatives (Houlton 2010).

The PKK has often laundered illegal money under the name of donation or aid via so-called business, cultural, children, and women associations in London, Frankfurt, Paris, Brussels, and other European cities in order to be spent for its television channels, weapons, explosives, militia training, etc. One of these organizations that provide money to the PKK in Europe is International Kurdish Businessmen and Employers Union (known as KARSAZ). The PKK acquired its arms and ammunition from the funds provided by KARSAZ which operates in Germany. The member companies of KARSAZ played an active role in laundering PKK's drug money to be sent to mainly the PKK camps in northern Iraq for purchasing weapons and ammunition (Roth and Sever 2007).

The cross-border transportation of currency known as cash couriers has been often used by the PKK for laundering money. The money collected from donations and businessmen in Turkey and Europe is brought to the financial unit of the organization's military wing, People's Defense Force known in Kurdish as Hêzên Parastina Gel (HPG), in northern Iraq and Iran by the reliable cash couriers. On the other hand, using the banking system is rare in the case of the PKK. However, hawala system or other money transfer methods such as Western Union were used to transfer money from Europe to its supporters in different countries such as Armenia and Syria to finance the daily needs of the members.

## Conclusion

It is no doubt that the PKK, just like many terrorist organizations, engaged in terrorism financing methods. And it is evident that as a fundraiser not just in Turkey but also in Europe, the PKK and the PKK-affiliated entities have needed to launder the illicit money through legal channels if possible (as seen in the case of media and front companies) and illegal channels if not possible such as using cash couriers.

Beyond being a terrorist organization, the PKK has also acted like a mafia by dealing with organized crimes – mainly the drug market – and money laundering. The fact that the PKK has walked away from a traditional politically/ideologically motivated organization to a more complex and profit/interest-based and pragmatically/economically driven criminal network has made it difficult for the governments to dissolve the group by traditional counter-terrorism methods since the current members and would-be members consider the PKK as a profitable organization that they can get respect and power by controlling this huge array of financial activities. Therefore, the policy makers should pay much more attention to the economic development of the region as an incentive for the group's members to lay down arms and end the violent campaign in the region.

In this regard, the PKK, both as a regional and a global threat, not only harms the regional stability in the Middle East but also endangers the Western and international security by taking advantage of democracy and liberal economy. Therefore, it becomes very important to cut resources of the PKK by tracing illegal money transacted under the name of donations, aids, and fundraising and by freezing the financial assets of its members while taking appropriate law enforcement measures in all countries they are operating. Given that the Achilles heel of any criminal organization is its financial survival, cutting lucrative businesses of the PKK will lead to degeneration and finally dissolution of the terrorist organization.

## References

FATF (2003) 40 Recommendations. Retrieved on 15 Nov 2015 from http://www.fatf-gafi.org/media/fatf/documents/FATF%20Standards%20-%2040%20Recommendations%20rc.pdf

Houlton S (2010) Belgian authorities raid houses and businesses associated with the PKK. Deutsche Welle. Retrieved on 15 Nov 2015 from http://www.dw-world.de/dw/article/0,,5319300,00.html

Laciner S (2008) Drug smuggling as main source of PKK terrorism. Retrieved on 10 Nov 2015 from http://www.turkishweekly.net/2008/12/23/news/drug-smuggling-as-the-main-financial-source-of-pkk-terrorism/

Lilley P (2006) Dirty dealing: the untold truth about global money laundering, international crime and terrorism, 3rd edn. Kogan Page, London

Marcus A (2007) Blood and belief: the PKK and the Kurdish fight for independence. NYU Press, New York

Roth MP, Sever M (2007) The Kurdish workers party (PKK) as criminal syndicate: funding terrorism through organized crime, a case study. Stud Confl Terror 30(10):901–920

Schott PA (2006) Reference guide to anti-money laundering and combating the financing of terrorism. World Bank Publications, Washington, DC

Sollier J (2007) The United Nations security council: and the effort to combat money laundering and the financing of terrorism. In: Muller WH, Kalin CH, Goldsworth JG (eds) Anti-money laundering: international law and practice. Wiley, Chichester, pp 37–47

United Nations/Commonwealth Secretariat/International Monetary Fund (2009) Model provisions on money laundering, terrorist financing, preventive measures and proceeds of crime (for common law legal systems). Retrieved on 15 Nov 2015 from http://www.imolin.org/pdf/imolin/Model_Provisions_Final.pdf

World Bank, IMF (2009) Combating money laundering and the financing of terrorism: a comprehensive training guide (workbook). World Bank Publications, Washington, DC

M

# Monitoring and Evaluation

Nasim Banu
Department of Development Studies, Islamic University, Kushtia, Bangladesh

## Synonyms

Policy formulation and execution; Project planning and implementation; Tracking and

assessment to surpass achievement on intending target of task

## Introduction

The concept of monitoring and evaluation (M&E) has emerged in the field of development administration as a techniques of objective planning and project implementation. Monitoring and evaluation is an approach to understanding the planning and implementation of development projects for achieving the desired goals and targets. M&E are extremely effective tools for improving plan formulation and implementation, eliminating time and cost overruns, and discovering organizational physical, financial, technical, motivational and/or administrative inadequacies with a view to remove the obstacles as well as improving beneficiary satisfaction to the level of expected objectives. M&E starts with the challenge of minimizing gaps between what is planned and what is actually implemented, what has been intended as the outcome of the planning and what has actually resulted. The success of planing depends on proper implementation of programs/projects. At all levels of project implementation monitoring and evaluation system provides feedback on the areas of success and deviation where improvement may be required. Conclusively, monitoring and evaluation helps the decision-makers and development managers to find out whether the policies and the progress of development project are on track, off track or doing better than expected targets set for performance which provide an opportunity to make adjustments, correct cause of action and gain valuable institutional, project, program and policy experience and knowledge.

## Definition

Monitoring and evaluation (M&E) is an element of a single management information system to effectively manage a task toward the achievement of intending results. In practice, M&E is described in the context of a plan which consists of tasks, programs, and projects with clearly defined objectives sought through the provision of sets of inputs. M&E promotes accountability and transparency in spending and ensures that resources are properly used to achieve targets/results of project including outputs, effects, and impacts. M&E system is developed to provide continuous feedback in the management process of monitoring and evaluation of progress of a project toward a given goal and, hence, promotes organizational learning, aid in promoting greater transparency and accountability within organizations, and the ability to demonstrate positive results helping greater political and popular support.

## Monitoring and Evaluation as Discipline

M&E is of relatively recent origin which is considered as a tool for effective, objective-oriented management of development projects that focused on tracking the financial and physical implementation of tasks and results. M&E activities provide the means for development planners and decision-makers to (i) monitor the progress of development activities during implementation and remain alert in cause of shortfalls or deviations; for early corrective action (ii) ascertain systematically and objectively the relevance, efficiency, and effectiveness of development activities and their impact of the intended beneficiaries; and (iii) understand lessons for future development planning for better formulation and implementation of projects. In a project cycle, M&E as a set of activities occur in at least four different post-planning stages like implementation or input-output stage, project completion stage or end of gestation period, post-implementation operation and maintenance or the output-effect stage, and full development of effect-impact stage (Figs. 1 and 2).

There are different approaches to M&E like:

(i) The bureaucratic approach is based on formats and put emphasis on compliance with formats.
(ii) The academic approach emphasizes rigor and its strength is generally the precision of its findings.

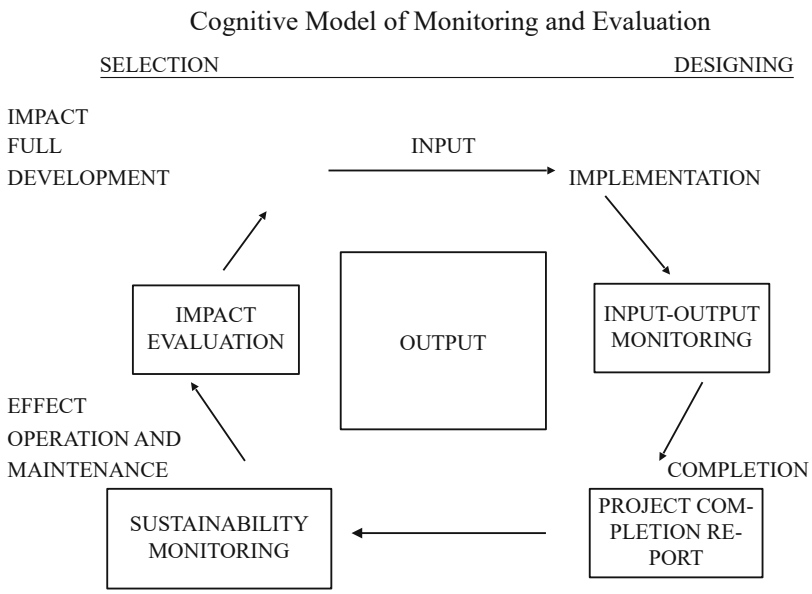


**Monitoring and Evaluation, Fig. 1** Cognitive model of monitoring and evaluation

(iii) The pragmatic approach stresses the fit between demand and supply of information, uses suitable techniques that allow the involvement of local professionals, and takes into account the characteristics of existing data and also emphasizes the dissemination of findings and lessons learned (Osvaldo 2000).

(iv) Technocratic approach that gives emphasis on expertise of the professionals.

## Distinction Between Monitoring and Evaluation

In their role, monitoring and evaluation are yet complimentary but distinct and not inseparable as indicated by the abbreviation "M&E." Monitoring is a process of measuring, recording, collecting, processing, and communicating information to the actors in decision-making and assessing whether tasks are being carried out according to schedule, the intended outputs/results are being produced on/within time in cost-effective manner, and the benefits are reaching the intended beneficiaries. Evaluation is a process for determining systematically and objectively the relevance, efficiency, effectiveness, and impact of activities in the light of the objectives. According to the Organisation for European Co-operation and Development (the OECD), monitoring is a continuous function that uses the systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. On the other hand, evaluation is the systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results with an aim to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact, and sustainability (Michael and Joseph 1994).

**Monitoring** is as old as management; the ancient Egyptians regularly monitored their country's outputs in grain and livestock production more than 5000 years ago. Monitoring is performed to obtain data and information during the implementation of a project to enable the project authority to assess implementation progress with objectives, to take timely right decisions and corrective actions for ensuring progress according to predetermined schedule, and to achieve completion of project within given resources, cost, and time limits. Monitoring involves the provision of regular feedback on the

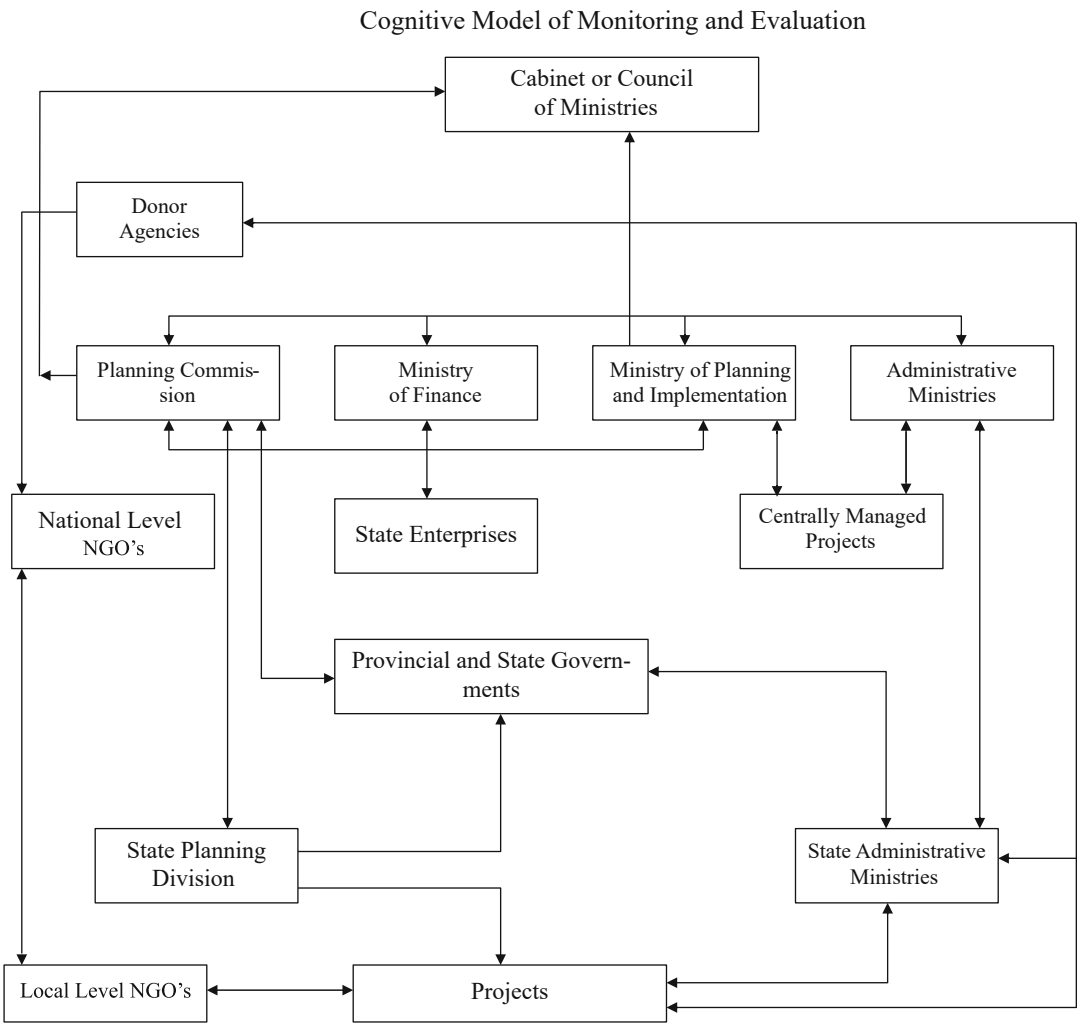


**Monitoring and Evaluation, Fig. 2** Typical structure of a national M&E system

progress of program implementation and the problems faced during implementation; it consists of operational and administrative activities that track resource acquisition and allocation, production, or delivery of services and cost records (Joseph and Bamberger 1994). Monitoring is an essential management tool that helps to improve the efficiency of an ongoing project and in the selection and design of future projects. The main purpose of monitoring is to identify the shortcoming, if any, at early stage regarding delivery of inputs and execution of activities on output production to facilitate corrective measures in time. Projects, which do not have an effective monitoring system, are more likely to suffer delays and cost overruns. Monitoring is basically concerned with the process of routine periodic measurement of project input activities and outputs; it is restricted to watching and overseeing but not questioning the project's objectives. Implementation, operation, and review are three distinct phases that monitoring conducts. The purpose of implementation monitoring is to gather information about projects to determine what is happening, how it compares with the current plan, and what needs to be done in the next. Operational

monitoring concerns with determining whether the project is operating according to plan and to discover the reasons for deviations, if any. Review monitoring is the process of extracting lessons and information from ongoing project for future action specifically to facilitate revision of the current plan and provide information to decision-makers on whether the project has proved as valuable as anticipated at the appraisal stage, including the indications of factors contributing to success or failure. A system currently being emphasized for the development projects targeted to the disadvantaged is termed as "qualitative monitoring." With the growing concern for assessing improvement in real-life situations of the target people, the concept of qualitative monitoring is now being widely used. Participatory techniques for data collection are the main theme and have contributed in strengthening the concept. In qualitative monitoring method, qualitative, not the quantitative, indicators are used in collecting data/information through people's participation by empowering them; this helps in finding required information to unveil the truth. Qualitative monitoring is flexible, respects human values and their freedom, enables gender-sensitive monitoring, and is extremely useful when the people need insight and reasons for unexpected reactions.

**Evaluation** is comparatively a new activity in project management. It is an organizational process for improving activities that are still in progress and for aiding management in future planning, programming, and decision-making. Evaluation is the analysis of a project activity in respect to its continuing relevance, efficiency, effectiveness, present and likely future outputs, effects, and impacts. It can assist decision-makers by providing information related to any needed adjustment of objectives, policies, and implementation strategies of the project, as well as providing information for future planning. Evaluation is carried out during implementation, at completion, and after completion of a project. Evaluation during implementation of project known as "formative" or "ongoing evaluation" examines whether the assumptions or hypotheses made during the project formulation/appraisal stage are still valid and/or adjustments are required to ensure that the overall project execution with underlying design, due to unforeseen factors both external and internal, may necessitate reexamination of the assumptions and the project objectives and activities that initiated in light of gained experience may require redefinition or sharpening of focus. Evaluation at completion of project termed as "summative" or "terminal evaluation" is undertaken from 6 to 12 months after completion of a project either as a substitute of ex post evaluation with short gestation periods or before initiating a follow-up phase of project. Evaluation after completion of project termed as "ex post or impact evaluation" is done at full project development after some years of project execution when it is expected that full benefits and impact of project have been realized. Evaluation is the link between implementation and planning and a continuing management process consisting of planning, implementation, and evaluation. Evaluation critically examines actual or potential results in order to maximize the impact of continuing activities and to provide guidance for planning new ones. Evaluation assists management in making appropriate and timely decisions resulting in improvements to their projects, makes better use of limited resources, and increases the knowledge of environment.



## Result-Based Monitoring and Evaluation

Traditionally, M&E approach focused on monitoring and assessing how well a project, program, or policy could be executed. This traditional approach does not provide policymakers, managers, and stakeholders seeking increased accountability, transparency, and results. Thus, the result-based monitoring and evaluation (RBM&E) has emerged globally for readiness assessment, agreeing on outcomes to monitor, selecting indicators to monitor, establishing baseline data on indicators, monitoring for results, emphasizing the role of evaluation, reporting the findings, utilizing the findings, and sustaining the M&E system within the organization (Kusek and Rist 2004). Result-based monitoring is a continuous process of collecting and analyzing

information to compare how well a project, program, or policy is being implemented against expected results. Monitoring part of RBM&E clarifies program objectives; it links activities and their resources to objectives, translates objectives into performance indicators, and sets targets. Result-based evaluation is an assessment technique of a project, program, or policy through ongoing or completed intervention to determine its relevance, efficiency, effectiveness, impact, and sustainability. Evaluation part analyzes why intended results were or were not achieved and assesses specific causal contributions of activities to results.

All together RBM&E systems are designed to address the fact that outputs have been generated and the activities that have taken place and to assess spending and achievement on objectives at any/all levels to provide feedback in time which can be used to better inform key for decision-makers. It provides feedback on the actual outcomes and goals of actions. RBM&E system is a modern and powerful public management instrument in helping measure and evaluate performance, track progress in achieving desired goals, and then feed this information back into the ongoing processes of governing and decision-making. RBM&E examines implementation process, explores unintended results and provides lessons, highlights significant accomplishment or program potential, and offers recommendations for improvement. RMB&E exercises at macro-level to understand the socioeconomic direction of a country and move to promote greater transparency and accountability on public spending. However, the importance and sustainability of RMB&E system depend on policy and bear genuine demand and appreciation for it. RMB&E requires ensuring necessary valid data is generated in timely and credible/reliable manner; data is examined properly to know insights of the progress; and findings are disseminated to the concerned agencies for further better action and also the need to ensure accountability and continuous capacity building efforts.

M&E is a description of management's needs for information about a project or program at government level of any, particularly developing, country. A strong M&E system helps in the identification of constraints of project implementation and helps in making the project a success (Ismail 1999). Thus, government decision-makers include M&E plan in the project concept paper (PCP) and ensure to direct activities according to the M&E plan while implementation and end of projects. Its application is desired at each stage of project cycle, i.e., project identification and preparation, selection and negotiation, planning and design, implementation and result assessment, management of operation, and identification of a new one. Hence, there is a growing understanding both among the donors and developing countries on the importance of monitoring and evaluation system as a tool for effective, objective-oriented management of development projects.

## Structure of Monitoring and Evaluation System

M&E system can be classified according to the level of integration and the range of activities. The level of integration and complexity of the M&E system tends to be related to the size of the country, its level of economic development and the numbers of projects supported by foreign aid, and its research experience and resources. In countries heavily dependent on foreign aid, monitoring usually begins at the project level. Once a significant number of projects are being monitored, a central monitoring unit, usually in the Ministry of Planning and Finance, may be created with primary responsibility for monitoring the use of foreign aid. The efficient planning and management of national development require timely and accurate information on the progress of projects, the extent to which projects are achieving their objectives in a cost-effective and timely manner, and the contribution of individual projects to the achievement of sectoral and national development objectives. Much of this information can be obtained through a national monitoring and evaluation system that provides the information required by policymakers and managers at the national, sectoral, provincial/state, and local levels. Many countries have established a special

project implementation ministry or agency devoted to increasing the efficiency of project implementation which is responsible for monitoring all major national investment projects and may also monitor programs initiated by the president or prime minister (Joseph and Bamberger 1994).

## Conclusion

Monitoring is an old concept, but evaluation began to emerge both at country level and in the UN system in the early 1950s, and since then, it has evolved slowly. Interest and activities in developing M&E within the UN system varied considerably during the 1960s and 1970s. Evaluation efforts when undertaken in connection with development projects or technical assistance activities were concerned more with disbursement and delivery of physical inputs and outputs than the nature of an impact on beneficiaries; however, this has been changing. There is a growing understanding, both among the donors and developing countries, of the importance of M&E as a tool for effective, objective-oriented management of development projects and programs. The rapid expansion of international development assistance in the 1970s created a demand for systems of control and accountability by donors and government agencies. At the national level, the principal stakeholders are the highest level policymakers, i.e., cabinet/council of ministers, national planning agency, office of the head of government, and to some extent the parliament. Other key stakeholders are the international aid organizations, who finance many of the major development projects and have urged national governments to provide better information on the financial and physical progress of project implementation. Many countries have a considerable degree of central economic planning but have had little discussion on beneficiary evaluation, in which the intended project beneficiaries play an active role in M&E project performance. However, beneficiary involvement in project planning and monitoring is implicit in recent decentralization legislation policies in a number of countries.

## Cross-References

▶ Development Administration

## References

Ismail M (1999) Handbook for logical framework approach to the project design, monitoring and evaluation. ABC Consulting Corporation Ltd, Dhaka

Joseph V, Bamberger M (eds) (1994) Monitoring and evaluating social programs in developing countries: a handbook for policy makers, managers and researchers. The World Bank, Washington, DC

Kusek JZ, Rist RC (2004) A handbook for development practitioners: ten steps to a result based monitoring and evaluation system. The World Bank, Washington, DC

Michael B, Joseph V (eds) (1994) Monitoring and evaluation social programs in developing countries: a handbook for policymakers, managers and researchers. The World Bank, Washington, DC

Osvaldo FN (2000) Learning from monitoring and evaluation. The World Bank, New Delhi

M

# Moral Obliquity in Business Transactions in Sub-Saharan Africa

Viola Kyaterekera[1], Joseph Mpeera Ntayi[2], Ahmad Walugembe[3] and James Mugerwa[4]

[1]Credit Department, Stanbic Bank Uganda Limited, Kampala, Uganda

[2]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

[3]Department of Marketing and International Business, Makerere University Business School, Kampala, Uganda

[4]Institute of Petroleum Studies, Kampala, Uganda

## Synonyms

Aberration; Asynclitism; Deceptiveness; Deflection moral deviance; Eccentricity; Mental deviation; Moral deviation; Moral turpitude; Murkiness; Mysteriousness; Nebulosity;

Nebulousness; Obliqueness; Obscurity; Opacity; Opaqueness

## Definitions of Terms

**Moral obliquity:** Deliberate obscurity of speech or conduct.

**Bullshit:** Bullshit is empty unclarifiable persuasive talk, which bring about smart's own benefit.

**Homophily:** Similarity breeds connections and birds of a feather flock together.

**Serendipity:** The Merriam Webster dictionary defines serendipity as "the faculty or phenomenon of finding valuable or agreeable things not sought for."

**Butterfly effect:** The Merriam Webster dictionary defines "butterfly effect" as a property of chaotic systems (such as the atmosphere) by which small changes in initial conditions can lead to large-scale and unpredictable variation in the future state of the system.

**Self-organization:** The Business dictionary defines self-organization as the ability of a system to spontaneously arrange its components or elements in a purposeful (nonrandom) manner, under appropriate conditions but without the help of an external agency. It is as if the system knows how to "do its own thing." Human communities too display self-organization: in every group a member emerges as the leader (who establishes order and rules) and everybody else follows him or her, usually willingly.

## Introduction

The African continent is replete with cases of moral obliquity promulgated by slanted and/or crooked government regimes imbuing the private sector and the local communities (Ntayi et al. 2012). The Merriam Webster dictionary defines moral obliquity as deviation from moral decency or sound thinking. The most recent cases of moral obliquity in Africa involve the former President of Mauritania, Mohamed Ould Abdel Aziz, who was implicated in wrongdoing and detained by the Economic Crimes Police and questioned over alleged slanted business transaction behaviors during his regime as head of state (Bilal Hussein 2019). Although empirical literature on the moral obliquity of leaders in business transactions is sparse, anecdotal evidence suggest that morally oblique regimes in Africa tending to walk the tightrope of presidential succession have started to emerge (e.g., Angola, Mauritania, Libya, Mali, Eritrea, and South Africa). Similar cases of moral obliquity are observed in South Africa during Zuma's regime where government leadership was trapped in morally questionable business conduct and/or behaviors (Mark Gevisser 2019). In one of the cases brought against him, the Constitutional Court of South Africa ordered Zuma to repay some of $16 million of state funds inappropriately spent during his regime.

It is these anecdotes and many other incidents in Africa which suggest that morally oblique leaders would prefer to avoid the question of succession by remaining in office for the rest of their lives. Despite this observation, the discussion about succession, leadership tenure, and moral obliquity is beyond the scope of this paper. However, since behavior breeds behavior, moral obliquity in state leadership may promote oblique behaviors in economic transactions. This paper uses the homophily theory and complexity theory to discuss an ethnographic case of the Kisenyi Community Market in Kampala, Uganda, and derive a model of ontological variants of moral obliquity with its associated constructs. The ethnographic lens allowed the authors to use induction and enter the market vendors' world and model the realities of moral obliquity. The paper is premised on the fact that today's business transactions are so complex and dynamic often punctuated with incomplete information, which makes it extremely hard for anybody to predict individual's behavior and make meaningful business connection with any assurance (Kay 2010).

A new stream of research from sub-Saharan Africa revealing the presence of a highly competitive business environment, operating under morally oblique behaviors such as outright theft, cutting corners, altering facts, and dishonoring

promises, and lying about certain things in order to protect self-interests has started to emerge (Ntayi et al. 2012). In many business transactions it is extremely hard to draw a distinction between individual's intended target and the "aiming point." Such unclear and morally oblique business behaviors exhibited in a complex and dynamic reality requires theorizing. The theorizing process require unraveling truth by examining persons as they interact with and within their socio-historical settings. Therefore, understanding the "what" and "how" about oblique behavioral phenomenon in such socially constructed reality would require an interpretivist's epistemology constructed from everyday experiences, concepts, and meanings (Blaikie 1993). Surprisingly, interpretivism epistemology has been given less attention by moral obliquity scholars, yet a number of businesses rarely achieve their goals through a direct path, but more commonly through oblique actions (Kay 2012). Kay (2011) suggests that obliquity is the best approach whenever complex systems evolve in an uncertain environment and whenever the effect of our actions depends on the way in which others respond to them.

While extant literature is awash with explanations of ethical behaviors and moral rectitude and their antecedents in a wide variety of business settings, research about what constitutes moral obliquity, the context in which it is enacted, thrives and its explanations in a community market setting is either sparse, anecdotal, and at best speculative. Ntayi et al. (2012) in their attempt to examine unethically questionable behaviors in Ugandan buyer–supplier business transaction revealed the importance of social cohesion in breeding connections that increase the availability of negative social capital which is used to defraud buyers. Although their study suggests that negative social bonding and social distancing operate to facilitate unethical business behavior, their results fall short of exploring the role of complex adaptive mechanisms in social bonding, social connections, market tactics, and ethical behaviors. Yet, Dehghani, Johnson, Hoover, Sagi, Garten, Parmar, Vaisey, Iliev, and Graham (2016) observe that moral similarities encourage social distancing in terms of how people connect and form associations. In spite of this observation, the types of moral similarities that determine this relationship and their adaptive mechanisms are still unknown. Moreover, due to the nature of these studies and limitations resulting from the participation of human subjects, conclusions from these studies are not easily extensible in the market settings characterized with transactional conflicts. This paper intends to address this gap in literature and to posit that moral oblique behaviors are a result of social similarities and bonding between market vendors resulting in homophily, complex adaptive behaviors, and insatiable market tactics.

The available anecdotes in Uganda indicate that the growth of moral obliquity is a result of decreased religious values in the population, continuous interaction with people who practice the same behavior, unemployment, and poverty (New Vision, 13, September, 2013). However, there is no empirical research to warrant such claims. Instead we see cases of moral oblique behaviors taking place in self-employed populations with seemingly thriving businesses. This seems to suggest that the community market environment provides a fertile ground and/or opportunity for probable benefits of obliquity, thereby creating the need to examine the epistemic variants and antecedents of moral obliquity in business transactions in a naturalistic market setting of the Kisenyi Community Market Traders in Uganda. This paper therefore borrows insights from the theory of homophily and complexity to explain the variants and antecedents of moral obliquity. Homophily theory predicts that people are more likely to interact with individuals similar to themselves in respect to a variety of qualities and characteristics (McPherson and Smith-Lovin 2002). Consistent with Crotty, Felgner, Davies, Glidewell, Villarreal, and Ahmed (2003), the authors use interpretive research paradigm to unearth culturally derived and historically situated interpretations of the moral oblique social life – world that exists in Kisenyi Market. In this paper we aim at discovering people's insights, share their meanings, and develop insights about the observed case of Kisenyi market (Bryman 2008). Therefore, we use data from the Kisenyi business

transaction case to capture reality and establish an ontological order in which moral obliquity is conceptualized. This case study presents pertinent observations and experiences while in close interaction with some traders in Kisenyi, an urban slum in the southwestern part of Kampala central division. This richer view of moral obliquity is important because our study helps us to gain insight into what needs to be incorporated into the understanding of moral obliquity. If we adopt these theoretically relevant insights, we can better explain moral obliquity in a context of a developing country. The paper deals with questions of how moral obliquity exists, what constitutes it, how it can be grouped, how it is related within a hierarchy of emerging concepts and constructs from the story of the Kisenyi Business Community, and what accounts for its existence.

## Experience from the Kisenyi Business Community, Kampala, Uganda

Though located in a slum, the Kisenyi Business Community is situated among the key productive areas of downtown in Kampala, Uganda. Given its close proximity to St. Balikuddembe Market (formerly known as Owino Market, Usafi Market) and even without official routes opened, people in the community thrive on such activities like carrying luggage from one business point to another shouting at the top of their voices local phrases **"*fasi-fasi*"** which literary means "give way." The community is a habitat to many Ugandans who migrated from rural areas of Uganda to the capital city, Kampala, in search of employment. The demographics of the area is characterized by the uneducated, educated, old, and children who are forced to work in all sorts of businesses undertakings including selling sweets on the street, food vending, metal works, apparel, artisan services, home goods, and so much more. One cannot fail to locate the market. Known for a large population and a number of criminal gangs in the city, Kisenyi presents itself as a busy and noisy part of Kampala throughout the day till very late in the night. It is one of the places in Kampala where ladies provide extra grip to their bags and men almost provide fulltime cognitive and physical protection to their pockets with their hands. The area is also home to diverse religious denominations ranging from Islam being the dominant as seen from the hijabs and thwabs wore by men and women, respectively, followed by the mainstream Christianity, evangelicals, and animists. Mainstream Christian young men and women are also seen on the sides trying to preach to whoever cares to listen, while shouts of evangelicals can be heard from a distance. The animists and the traditional healers are also busy performing curious arts, sorcery, and antiques, while all sorts of reptiles like snakes and tortoise can be seen obeying the master's voices. At around 4:00 pm, the Imam is heard from a nearby mosque calling people for prayers. There is an interesting coexistence of religious beliefs. **Daily monitor, Sunday April 7 (**2013**),** has described Kisenyi as: *Located just a stone throw away from the city center, Kisenyi paints the picture of a vibrant slum with many small-scale businesses thriving. In the midst of the bustle and hustle that characterizes most streets in Kampala, Kisenyi certainly lives up to this tune, the streets are noisy and crowded. Kisenyi is famous for metal works and grinding mills. To many, it is a place where certainly only the strong hearted can survive. It is one of the dirtiest slums with rubbish and filthy blocked drainage channels marking boundaries of the tarmacked road.*

Being one of the oldest and fastest-changing slums in the country, Kisenyi area has had both permanent and semi-permanent structures with dilapidated iron sheets. Thanks to the transformational efforts of Kampala City Council Authority to replace rusted tin roof buildings by malls, bus terminals, cottage industries, storied commercial, and residential structures. Residents there now boast of having tap water, communal restrooms, tarred connecting roads, street lights, mobile money services, Internet cafés, and you name it. The area is also characterized by some of the worst drainage systems in Uganda which is a threat to both humans and the environment, which are inextricably linked. To the world, it could easily go for a rough complex zone in a rather peaceful city. With this kind of status in the eyes of a common man, even field tasks like photography to beef-up observations and

reporting become tricky unless you have moved with a common dweller in the area or seek permission from a local council (I)[LC1] chairperson who is very hesitant to participate in research.

Upon arrival in Kisenyi Community on 20th January, 2020 at about 3:00 pm, a very lively community was found with the congestion in terms of activity and personnel on site almost compared to a beehive activity. Here the hustle and bustle are real, with thousands of people cooperating in business tasks resulting in inevitable surprises. Every market vendor contributes to the survival and continuity of business transactions by outsourcing product items that they do not possess. The collaborative relationships and the separation of tasks of the market vendors is an interesting survival instinct. I keep my eyes open, not only to avoid being knocked down by the boda-bodas passing by, but also the multitude of people rushing through the area, carrying sack loads on their shoulders and heads.

Both formal and informal sectors converge in this area as seen from the makeshift shops, upcoming arcades, stationary shops, retail and wholesale shops, and a few money lender offices. This market accommodates all kinds of people interacting at many levels of social, cognition, and action domains. This is seen from the dress code – some are in suits, casual dressing, particularly the African fabric for the women who dress casually in socks perhaps to keep their feet away from the rough surface, occasionally with old and worn out aprons and head gears and the conduct of the people in area. While some speak in low tones, others shout at each other and occasionally ragged and or drugged people are seen sniffing aviation fuel from small bottles while some engage in fights. The smell of hemp suddenly engulfs the area and no one seems to care despite the anti-cannabis policies in place.

Much of the language is slang and to fit in, one has to embrace the same. As one might imagine, a simple effort to twist from the usual to slang makes life easier, thus the shift during this visit started with juts, the common fist bump with potential suppliers and/or sellers. With all micro-businesses running on principals of innovation and focusing on results, the moral rectitude is forgotten. Generally, many businessmen and women exhibited lack of any moral fiber creating a need for proper understanding of the underlying factors behind the dubious deals that the area is known for. Also, children of school-going ages are seen carrying out odd jobs such as collection of plastic bottles and garbage collection in a bid to earn a living. In this case study, the innovation was seen right from the roadside food vending to by fabrication works in various workshops. Of interest was the imitation of designs from various leather suitcases utilizing metal work skills which many of the teams got through apprenticeship. To them, the aspect of grit comes in string if you are to survive in business.

### The Business Transaction Experience

In a bid to get the feel of a typical business transaction, interest was taken in the welding and metal fabrication section of the market, given their fascinating skills in innovation. The metal fabricators do not have any form of protective gear save for a few who have sunglasses to protect themselves from the welder's sparks. Uniquely fabricated doors, flower stands, window frames, and gates many of which are made on order are seen on display, however, electricity is illegally connected from the nearby electricity poles which pauses a risk to the environment. Sharp sounds from gas metal arc welding machines are a common feature in the area. This sound tends to irritate and disturb the ear depending on the mechanism that generates it. The sounds come from noisy operations and equipment including welding, foundries, pneumatic equipment (e.g., jack hammers, chipping hammers, etc.), machine tools for forming, dividing and metal cutting, and grinders among many others. By the time you traverse the metal fabrication section you will be suffering from noise-induced hearing loss. The sound pressure levels depend on the total mechanical or electrical energy transformed into acoustical energy.

The most interesting thing is that beneath the filth of Kisenyi Business Community lies ingenuity in its latest form. One can see a variety of nice sight appealing steel products ranging from general fabrication (metal doors and windows, gates,

water and fuel tanks, burglar proofing parts, motor vehicle bodies, brick-making machines, moulds, metallic chairs and beds, tables, etc.) to catering and kitchen equipment (popcorn machines, food warmers, ovens, roasters, cook stoves, nut grinders, and fruit juice extractors), forging (customized fabrications, hinges, latches, door and window designs, gate designs, sports tools, and other traditional tools), light machines and auto parts fabrication (tricycles, welding machines, vehicle front and rear protective bars, silencers, etc.), industrial machinery (agro-processing machines, packing machines, etc.), and foundry (cast iron and aluminium spares, some vehicle spare parts spacers, bushes, bolts and nuts, weighing scales, bull bars, saucepans, moulds, etc.). There is an incredible ingenuity that comes with the metal fabrication.

Unique in this area is the pricing format for the goods which takes the form of price discrimination, charged depending on the way customers appear and present themselves. Many customers are ignorant about the market and therefore unable to make informed choices about their products since much of it is either deliberately withheld or the traders also have scarce knowledge about the products, they trade in to the extent that when one asks many questions, the trader asks what you want. The traders take advantage of this ignorance and boldly tell customer to either buy or leave. With no warranty, the traders simply sell you whatever they have and hope you never go back again, although the vendors we visited assured customers their ability to help out with minor repairs in case defects attributed to poor workmanship are detected. While customers consider the price in exchange for the quality of the metal-fabricated products, many traders confess that quality comes secondary when making money.

The moment a customer appears and shows interest in a product item, about five to ten people come and crowd the area and starts listening to the conversation they are not privy to, ready to give unsolicited advice with a view of either wooing the customer to their side or confusing the customer and in the process steal from them. If you are very critical and observant of the actions of the vendor agents, you can quickly take flight. A customer with a timid personality, frightened by numbers may not easily transact business in such an environment and that may perhaps be one of the reasons why the middle-income class shun these places in preference for the more organized setups like supermarkets. Most of our customers go to the markets credulous of the unethical business practices of the Kisenyi vendors.

Among the group of people who crowded my territory on my arrival to the metal fabrication area was an impressive strikingly smart corpulent young man who introduced himself as "Smart." He easily won my attention. Authoritatively, he told his colleagues to step aside to which they obliged. Later, a one known as Goddie joined Smart. Goddie was a plump short man with a mean look and unlike smart, he seemed too reserved and conservative. He played an observer role most of the time and occasionally communicated through signs despite the fact that he was not dumb and the people around kept on saying that they (Smart and Goddie) had got their prey. The use of sign language made me uncomfortable but Smart kept on saying that all was well. I later came to know the names of these individuals were not real but pseudo names informed by their character. They were hesitant to divulge their names and advised that those were their "work" names.

Impressed by the ingenuity of their work, I quickly pointed at two finished flower vase stands which I ordered immediately. "Smart" quickly pointed at some already finished stands and price tagged them for a whooping UGX100,000/– which I paid for, on sport without any hustle. When I requested for a receipt, Smart was quick to state that they do not issue receipts. Lateron, I came to learn that, Smart was neither the owner nor an employee but had been left behind by the owner to caretake. Refusing to issue receipts was and still is a deliberate attempt to evade taxes and also possibly kill traceability in case of complaints. No sooner had payments been done than the person who placed the order appeared and got perplexed. The woman yelled at me in local dialect: "*nyabootwalawasitandizange?*" literally translated to mean

"*Madam where are you taking my flower vase stands?*". To my consternation, everyone around was unbothered and business continued as if nothing had happened and that is when the reality struck me that I had been cheated. Some of the people who had crowded the area told me to leave because the person I had dealt with had disappeared. However, I insisted that I would not leave the workshop until I got value for my money. You may imagine the kind of commotion I thought would spring up. I quickly stopped and told the claimant that had purchased the same at UGX 100,000/−. Surprisingly, the lady had also bought the same flower vase stand at UGX 60,000/− which she had left behind hoping to return after buying a few foodstuffs. I was left wondering how the woman would have felt had she not found me taking the flower vase stands. Remember, those fabricators do not issue receipts. Meanwhile "Smart" and other people who crowded the workshop at my arrival had disappeared. I painfully handed over the stands to the lady who seemed to have been filled with rage and ready to fight. I then quietly inquired from the remaining young men where Smart had gone. "Goddie" told me to wait until the lady leaves. When she eventually left, Goddie made a hand signal and Smart emerged from one of the temporary structures saying" "*mwanademuebaddeetutwala*" literally meaning that "*the woman was going to take us on.*" Smart seemed to have been betrayed by his colleague as he expected me to have left too. I was told that the city was for the "wise." Those words brought the fact that they were aware that whatever they were doing was wrong but had to survive – breeding the element of *survival perhaps for the shrewdest in action.* It seemed like society had embraced such behavior and everyone was not bothered by what "Smart" had done. It became evident that some people in that community have accepted people as they are in as much as they do not tolerate unacceptable behavior.

Later, I was provided with another flower vase stand as replacement of the ones that had been purchased before and off I went still contemplating on how chanced the two buyers were or how lucky the researcher was that the person that had sold to her the items belonging to another person was actually known and willing to provide an alternative.

## Ontological Variants of Moral Obliquity

In this section we begin with general observations about the Kisenyi Community Market realities, attempt to probe, evaluate, and deduce the concepts attached to the underlying ideas and move on to the discussion of "impersonal" (passive and reflective) constructions underlying moral oblique metaphors which guide us in generating theoretical justification for the presence of moral obliquity. The reality of the Kisenyi Business Community is taken in order to create a representation of the deviations from moral rectitude hereafter referred to as "moral obliquity." The derived model of moral obliquity attempts to provide relatively stable general features and axioms of Kisenyi Business Community that are relatively interesting from a scientific point of view. Consistent with the Kisenyi Business Community story, there were multiple actors who demonstrate substantial heterogeneity. The interactions with the traders reveal a significantly diverse community with many people playing different roles to sustain the groups. These agents emerge through organic self-organization and adaption to the norms and customs of the community. The different agents are fully aware of their capabilities and what to pass on to other agents. Figure 1 presents a summary of the ontological variants of moral obliquity which include deception, moral obscurity, dishonesty, and bullshit as described in subsequent sections.

### Deception

The Kisenyi Business Community case reveals the presence of deception. Smart demonstrates his intrinsic intentional capability to dishonestly sell off a metal fabricated flower vase stand to Viola (the unsuspecting customer), which he had already sold to Victoria. Smart carefully crafts and presents persuasive misleading statements through malevolence, irresponsibility, and sloppiness to Viola which results into a sale. Smart tells Viola that most of the items on display are free for sale without raising Viola's suspicion to the

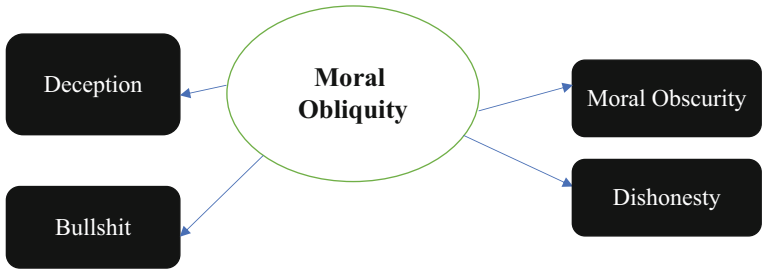


**Moral Obliquity in Business Transactions in Sub-Saharan Africa, Fig. 1** Categorizing moral oblique behaviors among market vendors

contrary. Smart is proficient in presenting, articulating, and actively closing a sale by misrepresenting the truth and failing to disclose information related to the metal-fabricated flower vase stand sale. Smart sells Victoria's item to Viola at a cost of US$28.57 which Viola had acquired from him at a cost of US$18.57 raising the question of Smart's moral uprightness (The USD – UGX exchange rate for Thursday 10 September 2020 was 1 USD = 3705 UGX). Smart uses tactics that increases the chances of persuading Viola to buy an already sold item which she would not have done if she had known the tactics. One wonders whether it is morally right to sell someone else's product for a profit. Smart lacks virtue in so far as receiving more than he ought to, making Viola suffer loss through overpayment. Interestingly, Smart made a deliberate attempt to create an untrue picture in Viola and Victoria with the intention to mislead because of the material benefit he was expecting from the transaction regardless of the effects of his actions on the two customers. Smart gets out of this case neatly because there are no punitive measures resulting from his actions of deception. Smart "intentionally distorted facts about the availability of the metal fabrication stand vase" with an aim of instilling a false belief. We see deception manifesting in form of a lie.

The deceptive behavior of Smart braced by his group members present at the metal fabrication workshop is consistent with the works of Tayfun Aykac, Robert Wilken, Frank Jacob, and Nathalie Prime, (2017) who found deception to be a commonly used negotiation tactic in business. Their work reveals that teams use deception by commission (active misrepresentation of preferences) and deception by omission (passive misrepresentation) in business transactions to attain higher negotiation profits than individual negotiators. This revelation partially explains the sudden appearance of certain group of people at the market pretending to be welcoming customers wherever a buyer appears at the market vendors stall, which disappears upon conclusion of a transaction. This is an adaptive mechanism for the market vendors at Kisenyi community market. This is consistent with literature from evolutionary science which considers deception as socially adaptive behaviors employed for survival purposes (Levine 2014; Levine 2019; Thomas and Biros 2020). The case presents Smart, a caretaker of the metal fabrication workshop, assuming its ownership, and knowingly selling an item which had already been bought by another person. His actions clearly show that he was promoting his own selfish interests. Here we appreciate the fact that Smart focuses on his gain when deciding to lie without minding on how much the other party will lose. The price of the flower vase stand was inflated thereby attempting to cheat the customer. Goddie knowing how much Viola would lose, asked her to wait until the first customer leaves to get her a solution. The ensuing discussion has theoretical implications because market deception is a sufficiently complex domain of deception to warrant its distinct research study. Marketplace vendors, customers, regulators, and scholars have differing worldviews based on their cultural backgrounds, values systems, educational backgrounds, and professional training. Customers face emotional difficulties narrating the veracities of marketplace deception. Whereas some scholars have used a legal lens to interpret market deception, other scholars see the problem through the filter of their disciplines.

### Moral Obscurity

The Kisenyi Business community case presents another interesting perspective of the science of being unraveled in obscurity. Smart's decency, civility, and character in business remain obscure as he conceals information from his customers and misleads them with a hidden intention to defraud. Smart and the members of the metal fabrication workshop conceal, distort, and present confusing information to Viola concerning the sale of the fabricated flower vase stands and yet living for the good should be everyone's jurisdiction of reason. In reality information for making an informed purchase decision was withheld from Viola and yet being good and truthful in business transactions is important as it promotes reason, justice, and happiness. I must say that the group's ability to conceal Smart's intentions and actions from Viola had turned out to be a highly effective stratagem, if Victoria had not found Viola at the workshop on her return. This claim holds water because there is overarching evidence in the case for imputing scheming intentions to Smart and his accomplices. Secondly, Smart has obvious monetary undercurrents attached to his obscurity. The Kisenyi case confirms that desires for the vendors' money and profits are all more easily and swiftly obtained when one departs from what is most true and good. That is a moral construction one makes when he experiences the reality of the Kisenyi Business practices.

Goodness and truth are at bay at Kisenyi Market since it is an inefficient means to securing joy and happiness of the market vendors. In either case the groups obscurantist actions caused harm and waste to Viola and Victoria. The waste mainly involves the two clients who wasted time in trusting Smart and the workshop instead of enjoying their purchase experience and having a fulfilling shopping experience. The harm occurred when obscurantist information was used as grounds for purchase action. Smart voluntarily falsifies data to manipulate the customer's ontological shopping experiences through camouflage. These are a little bit difficult to detect because sellers often act in areas where information is lacking under a mask of good faith. The seller is one who is aware of his bargaining power and uses his position to take advantage of the unsuspecting buyer through obscurantism. These masks of good faith use personal power to infiltrate markets for the sake of material gain/benefit. This gives them ontological leeway to provide guidance to unsuspecting customers and keep them under their yoke. Most prospective customers who are not yet free beings remain in this situation. Not many customers miraculously survive obscurity the way Viola did. Moreover, there are talented fraudsters, and we all know illusionists who have the art of "showing off. "Obscurity uses invented words calculated to hide something real and overcharge in the guise of good and bad negotiation tactics.

### Bullshit

The Kisenyi Community Market demonstrates typical bullshit created and circulated by market vendors. Bullshit is empty unclarifiable persuasive talk, which bring about Smart's own benefit. Smart is "indifferent to how things really are" and "unconcerned with telling the truth" with an intention to mislead (Bullshit), yet truth is the bedrock for the prosperity and survival of business in a competitive environment similar to that of Kisenyi. This case reveals how Smart uses bullshit to conceal, impress, and coerce customers into buying his fabricated metal flower vase stand. Many small businesses in Kisenyi tend to survive on bullshit. This practice is consistent with the findings of Frankfurt (2006), who found bullshit to be a coercive strategy for entrepreneurs in harnessing fear and promote confidence in their perceived belief that they are benefiting from its power. What we see in Kisenyi market is vendors are a reflection of the complex adaptive behaviors in which individuals in the market community self-organize, network, and adapt a business practice that allows vendors to compete and survive in a volatile market environment. From the story, when Smart disappears, Goddie steps in and swings into action and like bees which have the ability to quickly identify a problem and organize themselves to solve it, the traders too are able to overcome such challenges by working together as a group. Healthy competition between market vendors is visible as they try to woo prospective

customers. No wonder bullshit has to be fully embraced as the best coercive strategy in trying to convince customers that they meet the demands of consumers. The Kisenyi business community is a networked environment nested in complex market social network interactions and relationships. During the visit to the community market, one can easily see other vendors in the likes of Smart moving from their stalls to other vendors' stalls picking items, bringing them over to his/her stalls, and presenting and selling them to customers as their own products. The use of sign language, yet he is not dumb, is a common feature of this market as demonstrated by Goddie. This study reveals some evidence of lying in the use of nonverbal cues, body motions, use of syntax, and contextual cues. These are some of the communication behaviors that one has to watch out for while transacting business in Kisenyi. Such communication patterns are examples of adaptative mechanisms used by the Kisenyi market networks to survive. In this paper, we observe manipulation and cheating of customers as a key feature in the Kisenyi market.

It is not all joyful and rosy getting what you need and want in the Kisenyi market since you have to wade through uncharted waters. As soon as you arrive, vendors and/or dealers suddenly appear from every direction shouting at you calling you aunt, uncle, brother, sister, or Mzee. Before you respond someone will be pulling your hand away and taking you to his/her stall as you are being pushed, pressed, and jolted through the narrow stall corridors. Given the competitive nature of business in the Kisenyi market, bullshit jargons are inevitable in presenting sellers with over inflated image of their products with strategic narrative aimed at selling off products. This is a place where the realities of Bullshit and the "Survival of the fittest" are lived and experienced. Some vendors are looking to make a quick buck and as a result they promise all sorts of things ranging from quality, "unique reputation," personalized customer care, solutions oriented, provide beauty, and personal responsibility. By espousing empty buzzwords, market vendors are able to guarantee their customers they are doing the right thing. Goddie acts like he cares much about the fate of the customer and his assurance that something would be done although he belongs to the same group with Smart. He is seen to take charge of the situation.

## Relationship Patterns Among the Antecedents of Moral Obliquity in Uganda

A number of constructs derived from the story and their relationships are presented in Fig. 2 to form a conceptual framework. This conceptual framework brings together constructs and/or metaphors derived from the homophily theory, the complexity theory, and empirical findings from the literature explaining in part the realities of the moral obliquity story from the Kisenyi Community market. It is used to show relationships among these ideas and how they relate to moral obliquity.

### Market Homophily, Voracious Market Tactics, and Moral Obliquity

Examination of the unfolding events at Kisenyi Community market reveals the presence of strong close contacts (bonds) between market vendors in Kisenyi market. Market vendors share similar qualities, characteristics, and ambitions which tend to provide a social fabric and lubricant for interactions, thereby influencing their level of honesty, trust, deception, obscurity, and bullshit. As seen earlier, market vendors exercise certain forms of greedy behavior which exerts transience on their prey, as they compete for resources, and offer opportunities for their own unsuspecting customers. Their actions are consistent with the theory of homophily which asserts that "Similarity breeds connections" (McPherson et al. 2001, p. 415) and "birds of a feather flock together" (p. 417). This observation is further supported by Byrne's (1971) similarity-attraction hypothesis which predicts that people are more likely to interact with those with whom they share similar traits. Market vendors possess network ties developed for information, advice, and resource exchanges that are needed to accomplish their morally oblique market transaction tasks. This is especially true if one analyses how market vendors use their idle time to socialize and engage in

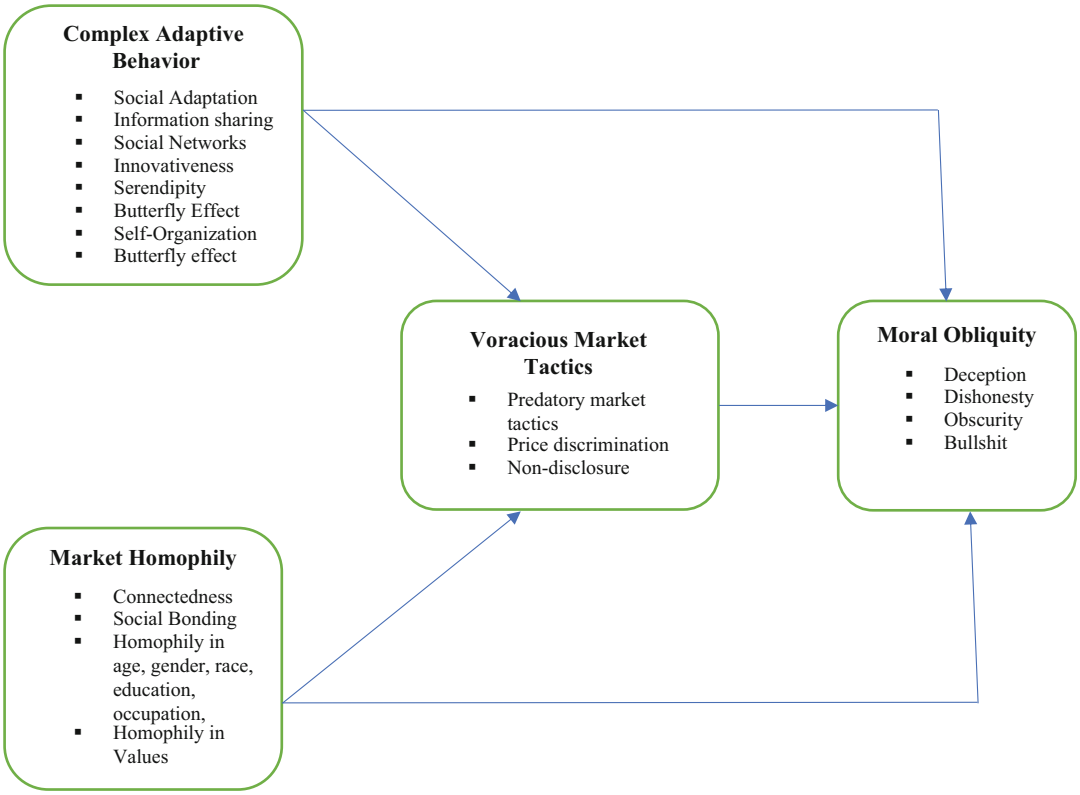


**Moral Obliquity in Business Transactions in Sub-Saharan Africa, Fig. 2** Conceptual framework for moral obliquity variants and antecedents



idle talk when they do not have customers to serve. The idle time and idle talk enable them to form a strong social bond in order to generate and approve bullshit from peers. This activity which originates from one stall spreads to other stalls in the same market until a butterfly effect is achieved. This unreasoned idle talk is usually attractive, inoffensive, and is intended to promote social relationships among the market vendors in the market. If you want to lose friends and be alienated from market vendors in Kisenyi Market, start questioning bullshit.

Additionally, Kisenyi market is replete with cases of predatory market tactics arising out of existential autonomy of the market vendors. When the market conditions do not allow them to achieve their life meaning, market vendors start searching for a meaning that makes sense to them in form of survival. This may mean exploiting opportunities within themselves with an intention to either deceive or defraud customers. In this case we see a selfish character of the vendors which promotes coercion, wantonness, and volitional division or incoherence. It is not uncommon to find market vendors using phrases like "a *man eateth where he worketh.*" This phrase clearly illustrates the fact that somemarket vendor will do anything as a means of survival. The ontological account of Smart's human nature explains his behavior. This behavior is informed by the "short-term gains" mentality and the absence of a sufficient number of good role models in the market communities. From the market side, where Smart was operating from, there were other metal fabricators whose items seemed to be a little more expensive

and like many buyers, Viola sought to save some money by taking the cheaper option which later turned out to be expensive. Smart and group intentionally lowered the prices of their items in a bid to attract customers. This behavior is consistent with Sullivan (1977, p. 111) who observed inter alia that the predator's conduct is calculated to impose losses on other players.

#### Complex, Voracious Market Tactics and Moral Obliquity

The Kisenyi vendors invite every prospective customer passing. They quickly profile them before making a decision to attack. After convincing the prospective customers to listen to them, the market vendors decide the time they should spend "handling" him/her before they search for another customer. The market vendors have developed the rules for attack that maximize the long-term material and/or financial gain. Specifically, their model supports them to ignore low-profitability customer types when more profitable customers arrive. This is understandable because they prefer saving the time, they would have taken handling low-profitability clients to search for more profitable clients so as to earn a higher rate of return. Their tactical choices of attack may depend on the state, appearance, and behavior of the prospective customers. Coalitions and alliances existing in Kisenyi market unravel the beehive like activities. A critical look at bees in light of their instinctive partnership qualities reveals how they agree to work together momentarily in a partnership to accomplish a superordinate goal of mutual interest. From the moral accounting perspective of reciprocation, Smart's actions evoked an obligation on Goddie as displayed by his actions towards Viola. Goddie is forced to exercise fairness on the part of the group for actions of another person. While Smart does not seem to have been penalized, by Goddie, providing an assurance that the situation would be handled was an alert to the members of that community so that such actions would not tolerated by the customer. From the story we can infer that the businessmen are ready to do whatever it takes to survive. Smart knowing that he could be punished immediately hid.

## Conclusion and Implications

### Conclusion

The story of Kisenyi Community market reveals that Moral Obliquity in Uganda comprises the following ontological variants: deception, bullshit, moral obscurity, and dishonesty. Such moral oblique behaviors are common in Kisenyi Business Community market. These behaviors are associated with complex adaptive behaviors, market homophily, and voracious market tactics which characterize the business environment in the Kisenyi Community market. The sellers and dealers in this business area do not seem to have governing principles. Everything they do is based on chance and new market vendors are initiated in their social networks and forced to follow similar practices. Additionally, the complex business environment has taught the Kisenyi business community to adapt beehive behaviors, increase levels of connectedness, social bonding, and emotional support which ease the development and spread of moral obliquity among the members of the business community.

### Theoretical Implications

The application of Homophily theory (McPherson et al. 2001; Monge et al. 2003) and Complexity theory (Goldstein et al. 2010) to explain moral obliquity at Kisenyi community market in this paper implies that constructs derived from homophily and complexity theory blend to explain moral obliquity in diverse business environments. This means that interactive behaviors among individuals similar to themselves in respect to a variety of qualities and characteristics can explain the concept of moral obliquity in diverse environments. The paper advances the view that interpretive philosophical perspective and case study can be useful in documenting an in-depth understanding of human behavior related to moral obliquity in business communities.

This paper was guided by the interpretive philosophical perspective. The interpretive perspective was preferred because of the desire to have an in-depth understanding of human actions/behavior during business interactions in Kisenyi Market and their relationships with the social environment. This was deemed necessary because the extent to which individuals deviate from moral rectitude can be objectively assessed through observation and by participating in the activities of the market. Moral reality is objective, constructed by social interaction and internally experienced by market vendors who constitute membership of the Kisenyi Market society (Sarantakos 2013). The paper therefore undertook a task to examine the moral oblique behaviors of market vendors in Kisenyi, how they relate with others and several aspects of their life, such as socioeconomic interactions, their business interaction culture, and history. Ideas from the case were necessary in order to perceive market vendors' action in the context of the whole market system. We used participant observation combined with other unstructured and structured interviews to collect data. Some members of the research team became part of the phenomenon under investigation in order to be able to feel the way people do in that situation. They were actively involved in the market vendors' daily lives. This method allowed the authors of the paper to unearth reality behind moral obliquity and to obtain insights into the market vendors' worldview and social relationships.

### Practical Implications

The Kisenyi Community market case unveils the practices of deception, bullshit, dishonesty, and moral obscurity as variants of moral obliquity. This implies that business organizations that are looking towards improving the business environment may need to work towards preventing the spread of such behaviors by working on the antecedent constructs of complex adaptive behavior, market homophily practices, and voracious market tactics as antecedents of moral obliquity in business communities in Uganda.

## Cross-References

▶ Moral Responsibility

## References

Aykac T, Wilken R, Jacob F, Prime N (2017) Why teams achieve higher negotiation profits than individuals: the mediating role of deceptive tactics. J Bus Ind Mark 32(4):567. https://doi.org/10.1108/JBIM-10-2015-0179

Blaikie F (1993) Visibility and invisibility in art and craft. J Soc Theo Art Edu 13(1):131–142

Bryman A (2008) Why do researchers integrate/combine/mesh/blend/mix/merge/fuse quantitative and qualitative research. Adv Mix Methods Res 3(2):159–168. https://doi.org/10.1108/17465640810900568

Byrne SH, Schmit JA, Johnson PE (1971) A multifunctional gradient device for use in high-speed liquid chromatography. J Chromatogr Sci 9(10): 592–595

Crotty S, Felgner P, Davies H, Glidewell J, Villarreal L, Ahmed R (2003) Cutting edge: long-term B cell memory in humans after smallpox vaccination. J Immunol 171(10):4969–4973

Daily monitor, Sunday April 7 (2013)

Dehghani M, Johnson K, Hoover J, Sagi E, Garten J, Parmar NJ, Vaisey S, Iliev R, Graham J (2016) Purity homophily in social networks. Journal of Experimental Psychology: General 145(3):366–375. https://doi.org/10.1037/xge0000139

Frankfurt HG (2006) Taking ourselves seriously and getting it right. Stanford University Press, Stanford

Gevisser M (2019) 'State capture': the corruption investigation that has shaken South Africa. https://www.theguardian.com/news/2019/jul/11/state-capture-corruption-investigation-that-has-shaken-south-africa. Downloaded on October 04, 2020

Goldstein J, Hazy J, Lichtenstein B (2010) Complexity and the nexus of leadership: Leveraging nonlinear science to create ecologies of innovation. New York: Palgrave Macmillan. (6th ed.)

Hussein B (2019) The associated press. Africa news. https://www.africanews.com/2020/08/25/mauritania-former-president-aziz-released-from-police-custody//. Downloaded on October 10, 2020

Kay S (2010) Enquiry-based learning and formative assessment environments: student perspectives. Practitioner Research in Higher Education 4(1):52–61

Kay J (2011) Obliquity: why our goals are best achieved indirectly. ISBN 10: 1846682894; ISBN 13: 9781846682896; Profile Books, Penguin Group (USA) LLC

Kay J (2012) Obliquity. Capital Soc 7(1)

M

Levine TR (2014) Truth-default theory (TDT): a theory of human deception and deception detection. J Lang Soc Psychol 33:378–392
Levine TR (2019). Duped: truth-default theory and the social science of lying and deception. UA Press. http://www.uapress.ua.edu/product/Duped,7305.aspx
McPherson M, Smith-Lovin L (2002) Cohesion and membership duration: Linking groups, relations and individuals in an ecology of affiliation, Advances in group processes (Advances in Group Processes, Vol. 19), Emerald Group Publishing Limited, Bingley, pp. 1–36. https://doi.org/10.1016/S0882-6145(02)19002-3
McPherson M, Smith-Lovin L, Cook JM (2001) Birds of a feather: Homophily in social networks. Annu Rev Sociol 27(1):415–444
Monge PR, Peter R, Contractor NS, Contractor PS, Noshir S (2003) Theories of communication networks. Oxford University Press, New York
New Vision. 13, September, 2013. www.newvision.com,
Ntayi JM, Eyaa S, Semukono F (2012) Perceived enforcement of informal buyer-supplier contractual arrangements in Ugandan small and medium enterprises (SMEs). Global J Manag Busi Res 12(8):1–19
Sarantakos S (2013) Social Research. (4th edn.). Palgrave Macmillan Publications, London
Sullivan CW (1977) Diatom mineralization of silicic acid. Ii Regulation of Si (Oh) 4 transport rates during the cell cycle of NaviculaPelliculosa 1. J Phycol 13(1):86–91
Thomas J, Biros D (2020) An empirical evaluation of interpersonal deception theory in a real-world, high-stakes environment. J Crim Psychol 10(3):185–199. https://doi.org/10.1108/JCP-07-2019-0025. ahead-of-print.

# Moral Responsibility

Daniel C. Wisneski[1], G. Scott Morgan[2] and Christopher W. Bauman[3]
[1]Saint Peter's University, Jersey City, NJ, USA
[2]Drew University, Madison, NJ, USA
[3]University of California, Irvine, Irvine, CA, USA

## Synonyms

Accountability; Culpability; Fault; Liability; Obligation

## Definition

Moral responsibility concerns the extent to which a person believes that another individual or group is blameworthy and ought to be accountable for violating standards of conduct by either behaving in an unacceptable manner or failing to behave in an acceptable manner.

## Introduction

The perspective presented in the current entry is rooted in theories of morality that identify the general scope of moral concerns and also acknowledges that there exists considerable variability in whether or how a given individual ascribes moral relevance to a particular action or situation (e.g., Graham et al. 2013; Skitka et al. 2005). The description of moral responsibility included below also draws from social psychological theories of responsibility and blame. These theories identify when people are more versus less likely to judge others as culpable for their actions or omissions (e.g., Malle et al. 2014; Weiner 1986). The sections that follow begin with a discussion of the differences between moral and nonmoral responsibility judgments based on psychological theories that define the moral domain. Next, attributional antecedents of moral responsibility judgments are described. Finally, the current entry ends by discussing the consequences of moral responsibility judgments for subsequent evaluations regarding blame, praise, and others' character.

## General Orientation of the Current Entry

Before proceeding, it is important to note that the general orientation in the current entry toward moral responsibility is descriptive rather than normative (see Bauman and Skitka 2009; Treviño and Weaver 1994). The theories and research reviewed concern how people assign moral responsibility rather than theories of how people *ought* to assign moral responsibility. The term "moral" is also used to refer to an individual's standards regarding fundamental right and wrong (e.g., Skitka et al. 2005, 2015) rather than "ethical," which often is used to refer to consensus standards of right and wrong within a larger community (e.g., Jones 1991). In practice, individual morals and community standards of right and

wrong often correspond (e.g., most people agree that murder and fraud are wrong). Nevertheless, many of today's most contentious public policy issues are rooted in competing visions between those with opposing moral views (e.g., people apply different moral principles to debates about healthcare system reform, levels of taxation, and relations among business, government, and society), and individuals often differ in terms of how strongly they feel about a given issue or event, even when it is categorized as (un)ethical based on community standards or normative philosophy (Skitka et al. 2005). In short, the differences between moral and ethical issues, as interesting and underexplored areas of inquiry, and this brief discussion are included to draw attention to potential benefits of distinguishing between the two. That said, there also are important differences between judgments of responsibility that are and are not morally relevant for a given individual. These differences are addressed in the next section.

## Moral and Nonmoral Responsibility Judgments

Some judgments of responsibility are morally relevant and others are not. If, for example, Casey is responsible for bringing decorations to the company holiday party, Casey's success or failure to bring decorations is not likely to lead to moral praise or condemnation. In contrast, if Pat is responsible for delivering medicine to a child who desperately needs it, then Pat's success or failure is much more likely to evoke moral judgment. Many classic theories of responsibility do not explicitly discuss whether or how moral responsibility judgments differ from responsibility judgments in general (e.g., Shaver 1985; Weiner 1986). However, considerable variability exists in the phenomena that people imbue with their subjective sense of moral right and wrong (Ryan 2014; Skitka et al. 2005, 2015). Theories that attempt to explain the differences between the moral and nonmoral domains therefore provide important information about the characteristics that distinguish moral from nonmoral responsibility judgments (e.g., Graham et al. 2013; Gray et al. 2012; Skitka et al. 2005).

Theorists have taken different approaches to distinguish between moral and nonmoral judgments. Some have identified psychological attributes that are more likely to accompany moral than nonmoral beliefs and judgments. People experience their moral beliefs and attitudes as (1) universally applicable imperatives; (2) objective facts about the world, much like scientific facts; (3) independent of authority decisions or dictate; and (4) imbued with strong emotions (Skitka et al. 2005). Other theorists distinguish between moral and nonmoral judgments by identifying categories of actions or events that people are especially likely to moralize. For example, moral foundations theory predicts that people's moral beliefs stem from at least five distinct concerns: care/harm, fairness/cheating, loyalty/betrayal, authority/subversion, and sanctity/degradation (Graham et al. 2013). People vary in the extent to which they base their personal moral sense on any one of these "foundations," and behaviors seen as relating to one or more foundation are more likely to trigger moral responsibility judgments.

Still other theorists distinguish between moral and nonmoral judgments by identifying relational structures that establish moral relevance. According to the dyadic model of morality, judgments of moral responsibility involve situations that concern "moral agents" who harm "moral patients" (Gray et al. 2012). In other words, responsibility judgments are morally relevant if the target of judgment is capable of willful action, he or she commits an act that involves inflicting "harm" (broadly defined), and the recipient of the target's actions has the capacity to suffer from that harm.

## Components of Responsibility

Attributions of responsibility are the product of multiple component judgments, above and beyond the differences between moral and nonmoral responsibility. The list of components has expanded and evolved over time, which has created a literature where definitions of "responsibility" are varied and at times imprecise (see Malle et al. 2014). However, there is a growing

consensus that the following criteria influence the extent that people hold actors responsible for events: causality, intentionality, the actor's role or status, and the magnitude and valence of events (e.g., Cushman 2008; Malle et al. 2014; Treviño 1992).

**Causality**. Determinations of causality attempt to establish actors' basic levels of involvement in an event (Cushman 2008; Shaver 1985; Weiner 1986). Often, causality judgments follow a "sufficiency criterion;" that is, people conclude that a person caused an outcome if that outcome would not have occurred in the absence of that person's action (Shaver 1985; Weiner 1986). Of course, determinations of causality also can reflect an actor's decision not to intervene in a situation (i.e., behavioral omissions). However, people treat omission and commissions differently because they differ in terms of whether they involve physical movement, the salience of alternative causes, and whether the outcome would occur if the actor were not present (DeScioli et al. 2011; Spranca et al. 1991).

**Intentionality**. Causality is an important component of responsibility, but people routinely differentiate between intentional and unintentional causes of outcomes (Heider 1958; Malle 1999; Shaver 1985). Moreover, bad intentions sometimes are sufficient to prompt condemnation, even if a person did not successfully cause a negative event (Pizarro et al. 2003a; Young et al. 2007). Judgments of intentionality are themselves multidetermined; there are five elements of intentionality: desire, belief, intent, awareness, and skill (Malle and Knobe 1997). People are more likely to consider an action to be intentional when the actor exhibits a *desire* for the outcome to occur and *believes* that an action would lead to the outcome. The actor also needs to *intend* to perform the act by choosing to perform the action rather than acting by accident, and the actor must be *aware* of the act while performing it. Finally, people consider the actor's *skill* or ability to perform the action in a way that yields the intended outcome.

Intentionality is not a necessary condition for attributions of responsibility (actors can be held responsible for accidental but controllable outcomes such as involuntary manslaughter), but intentionality will likely enhance perceived responsibility. For example, Malle and Knobe (1997) report a study that manipulated (a) *desire* in terms of whether Frank hates or likes George, (b) *awareness* in terms of whether Frank was aware he bumped into a blue BMW behind him, and (c) *belief* in terms of whether Frank knew the blue BMW was George's car. They found that perceived intentionality was highest when Frank hated George, was aware that he bumped into a blue BMW, and knew that George drove a blue BMW. However, perceived intentionality was not completely absent when some of these conditions were not satisfied.

When conceptualized in this manner, intentionality subsumes and adds precision to other concepts frequently discussed in the literature on responsibility. Most notably, Weiner's (1986) influential theory of responsibility emphasized the role of controllability, where controllability referred to whether an actor could have behaved otherwise. On the whole, people are more likely to attribute responsibility for controllable than uncontrollable actions. However, not all consequences of controllable behaviors are intentional. For example, people attribute less responsibility in the case of accidents or when an actor was coerced (Woolfolk et al. 2006). Therefore, intentionality serves a similar function as controllability, but adds specificity.

**Role and Status of Actors**. An actor's social role and status are important to responsibility judgments because they affect the norms and expectations that people use as the basis of comparison for an actor's behavior. For example, supervisors may be held responsible for their subordinates' behavior, but subordinates are less likely to be held responsible for their supervisor's behavior (Hamilton 1986; Schultz et al. 1987). People likely view these situations differently because the role and status of the actors affects their obligation and capacity to influence events (Malle et al. 2014). Additionally, actors' role and status also have direct influences on how people perceive behavior. People interpret ambiguous behavior as less wrong when it is committed by a high than low status actor because of halo effects that accompany high status (Polman et al. 2013;

see also Hollander 1958). However, people are more apt to punish unambiguously bad behavior committed by high than low status actors because they perceive highstatus actors' behavior as more intentional (Fragale et al. 2009). Thus, actor status and the obligations that accompany status can either attenuate or amplify responsibility.

**Characteristics of Events**. Although many models highlight rational components of responsibility judgments (e.g., causality and intentionality), evidence suggests that these judgments include biases as well. People appear to be motivated to hold someone accountable for larger compared to smaller transgressions (Alicke 2000; Walster 1966). Explanations for this effect are rooted in the instrumental value of punishing reckless behavior (Alicke 2000) and also point to people's inherent need to view the world as a just and predictable place (Lerner and Miller 1978). Cognitively, especially bad events can trigger motivated reasoning that can affect what people remember, what normative standards are salient, and how people process available information (Ditto et al. 2009).

One particularly vivid demonstration of bias in intentionality judgments is the "side-effect effect." The most commonly studied scenario describes the CEO of a company who is told that a new policy will either harm or help the environment. In either case, the CEO responds by saying that he only cares about increasing profits, not about the incidental side effect on the environment. However, participants who read the harm version indicate that the harm to the environment was intentional, whereas participants who read the help version indicate that the help to the environment was unintentional. This effect occurs even though the harm and help resulted from identical actions (Knobe 2003). It appears that the valence of events can influence the way people process available information and make judgments (Laurent et al. 2015).

## Consequences of Moral Responsibility

Moral responsibility judgments can have a variety of consequences. The previous section included discussions of how attributions of causality and intentionality, the status of the actor, and the severity of the outcome can all influence whether people judge someone morally responsible. This final section discusses two sets of consequences of moral responsibility judgments: (1) whether an actor is blameworthy or praiseworthy and (2) how they affect global evaluations of others.

**Blame and Praise**. The judgment of an actor as morally responsible for a harmful or helpful outcome is what drives the subsequent assignment of blame or praise (Alicke 2000; Malle et al. 2014; Mikula 2003; Pizarro et al. 2003b; Shaver 1985). In terms of blame, the impact of judgments of responsibility on blame often depends on the presence or absence of justifications or excuses (Alicke 2000; Malle et al. 2014; Mikula 2003; Shaver 1985). For example, even once an actor has been judged responsible for a harmful outcome, he or she may claim that the outcome either was, in fact, helpful (i.e., deny the harmfulness of the outcome) or that it served some broader helpful outcome (Shaver 1985). In either case, the responsible party attempts to avoid blame by reframing the harmful outcome. Whether or not these justifications are accepted by the perceiver will determine whether or not the judgment of responsibility will increase the level of blame is assigned.

Compared to blame, less theory and research has been devoted to assignment of praise. Attributions of responsibility also affect assignment of praise (Weiner 1995), but it is unclear how praise and blame might differ, especially in terms of the roles that justifications and excuses might play. One would assume that justifications or excuses for helpful behavior would be relatively rare, but people could offer justifications that attempt to call others' attention to evidence of their good intentions. Therefore, differences in how people assign praise and blame represent an important avenue for future research.

**Moral Judgment Dominates Our View of Others**. Trait inference is a fundamental process that underlies how people relate to one another. People routinely form impressions about actors' traits and stable tendencies based on observable behaviors (e.g., Heider 1958; Jones and Davis

1965). Judgments of moral responsibility are likely to play a particularly influential role in how people view others. Several research programs have converged on the idea that a two-dimensional structure can account for most social evaluations (e.g., Cuddy et al. 2008; Rosenberg and Sedlak 1972; Wojciszke 1994). One dimension reflects competence or ability including attributes of skill and intelligence (or lack thereof). A second dimension reflects interpersonal warmth or morality, including integrity and benevolence. These two components, however, do not appear to carry equal weight in determining people's global evaluations of others. Information relevant to morality, including judgments of moral responsibility, appears to have greater impact than competence (Brambilla et al. 2011; Leach et al. 2007). One reason why morally relevant information may dominate social inferences is that people are more apt to believe that behavior in moral contexts is less attributable to situational causes and is therefore more indicative of the person's disposition (Kim et al. 2004; Reeder and Spores 1983; Tannenbaum et al. 2011). For example, research on trust repair suggests that apologies that acknowledge misdeeds are less effective in the case of violations of integrity than competence (Kim et al. 2004, 2006). In short, shirking one's moral responsibilities is especially detrimental to how others view a person and perhaps also organizations (Bauman and Skitka 2012).

## Conclusion

Judgments of moral responsibility are a product of attributions of causality and intentionality and also reflect features of the actors (e.g., role, status) and actions (e.g., valence and magnitude of outcomes). Judgments of moral and nonmoral responsibility differ because moral judgments: (1) take on a distinct set of psychological characteristics (Skitka et al. 2005), (2) involve behaviors that violate or uphold fundamental moral concerns (Graham et al. 2013), and/or (3) involve a relational structure in which agents harm patients (Gray et al. 2012). Importantly, moral responsibility judgments determine who deserves blame and praise and ultimately influence how we view other people. Judgments of moral responsibility contribute to appraisals of moral character, which play a primary role in people's overall impression of others and willingness to form or maintain relationships with them.

## Cross-References

▶ Administrative Responsibility
▶ Legal Liability
▶ Organizations as Moral Agents

## References

Alicke MD (2000) Culpable control and the psychology of blame. Psychol Bull 126:556–574

Bauman CW, Skitka LJ (2009) In the mind of the perceiver: psychological implications of moral conviction. In: Bartels D, Bauman CW, Skitka LJ, Medin D (eds) Moral judgment and decision making. Psychology of learning and motivation. Academic, San Diego, pp 341–364

Bauman CW, Skitka LJ (2012) Corporate social responsibility as a source of employee satisfaction. Res Organ Behav 32:63–86

Brambilla M, Rusconi P, Sacchi S, Cherubini P (2011) Looking for honesty: the primary role of morality (vs. sociability and competence) in information gathering. Eur J Soc Psychol 41:135–143

Cuddy AJC, Fiske ST, Glick P (2008) Warmth and competence as universal dimensions of social perception: the stereotype content model and the BIAS map. In: Zanna MP (ed) Advances in experimental social psychology, vol 40. Academic, New York, pp 61–149

Cushman FA (2008) Crime and punishment: distinguishing the roles of causal and intentional analysis in moral judgment. Cognition 108:353–380

DeScioli P, Bruening R, Kurzban R (2011) The omission effect in moral cognition: toward a functional explanation. Evol Hum Behav 32:204–215

Ditto PH, Pizarro DA, Tannenbaum D (2009) Motivated moral reasoning. Psychol Learn Motiv 50: 307–338

Fragale AR, Rosen B, Xu C, Merideth I (2009) The higher they are, the harder they fall: the effects of wrongdoer status on observer punishment recommendations and

intentionality attributions. Organ Behav Hum Decis Process 108(1):53–65
Graham J, Haidt J, Koleva S, Motyl M, Iyer R, Wojcik S, Ditto PH (2013) Moral foundations theory: the pragmatic validity of moral pluralism. Adv Exp Soc Psychol 47:55–130
Gray K, Waytz A, Young L (2012) The moral dyad: a fundamental template unifying moral judgment. Psychol Inq 23(2):206–221
Hamilton VL (1986) Chains of command: responsibility attribution in hierarchies. J Appl Soc Psychol 16: 118–138
Heider F (1958) The psychology of interpersonal relations. Wiley, New York
Hollander EP (1958) Conformity, status, and idiosyncrasy credit. Psychol Rev 65:117–127
Jones TM (1991) Ethical decision making by individuals in organizations: an issue-contingent model. Acad Manage Rev 16:366–395
Jones EE, Davis KE (1965) From acts to dispositions: the attribution process in person perception. In: Berkowitz L (ed) Advances in experimental social psychology. Academic, New York, pp 219–266
Kim PH, Ferrin DL, Cooper CD, Dirks KT (2004) Removing the shadow of suspicion: the effects of apology vs. denial for repairing ability- vs. integrity-based trust violations. J Appl Psychol 89:104–118
Kim PH, Dirks KT, Cooper CD, Ferrin DL (2006) When more blame is better than less: the implications of internal vs. external attributions for the repair of trust after a competence- vs. integrity-based trust violation. Organ Behav Hum Decis Process 99:49–65
Knobe J (2003) Intentional action and side effects in ordinary language. Analysis 63:190–194
Laurent SM, Clark BA, Schweitzer KA (2015) Why side-effect outcomes do not affect intuitions about intentional actions: properly shifting the focus from intentional outcomes back to intentional actions. J Pers Soc Psychol 108:18–36
Leach C, Ellemers N, Barreto M (2007) Group virtue: the importance of morality (vs. competence and sociability) in the positive evaluation of in-groups. J Pers Soc Psychol 93:234–249
Lerner MJ, Miller DT (1978) Just world research and the attribution process: looking back and ahead. Psychol Bull 85:1030–1051
Malle BF (1999) How people explain behavior: a new theoretical framework. Pers Soc Psychol Rev 3:23–48
Malle BF, Knobe J (1997) The folk concept of intentionality. J Exp Soc Psychol 33:101–121
Malle DF, Guglielmo S, Monroe AE (2014) A theory of blame. Psychol Inq 25:147–186
Mikula G (2003) Testing an attribution-of-blame model of judgments of injustice. Eur J Soc Psychol 33:793–811
Pizarro DA, Uhlmann E, Bloom P (2003a) Causal deviance and the attribution of moral responsibility. J Exp Soc Psychol 39:653–660
Pizarro D, Uhlmann E, Salovey P (2003b) Asymmetry in judgments of moral praise and blame: the role of perceived meta-desires. Psychol Sci 14:267–272
Polman E, Pettit NC, Wiesenfeld BM (2013) Effects of wrongdoer status on moral licensing. J Exp Soc Psychol 49:614–623
Reeder GD, Spores JM (1983) The attribution of morality. J Pers Soc Psychol 44:736–745
Rosenberg S, Sedlak A (1972) Structural representations of implicit personality theory. In: Berkowitz L (ed) Advances in experimental social psychology, vol 6. Academic, New York, pp 235–297
Ryan TJ (2014) Reconsidering moral issues in politics. J Polit 76:380–397
Schultz TR, Jaggi C, Schleifer M (1987) Assigning vicarious responsibility. Eur J Soc Psychol 17:377–380
Shaver KG (1985) The attribution of blame: causality, responsibility, and blameworthiness. Springer, New York
Skitka LJ, Bauman CW, Sargis E (2005) Moral conviction: another determinant of attitude strength, or something more? J Pers Soc Psychol 88:895–917
Skitka LJ, Morgan GS, Wisneski DC (2015) Political orientation and moral conviction: a conservative advantage or an equal opportunity motivator of political engagement? In: Chapter prepared for Forgas J, Crano W, Fiedler K (eds) Social psychology and politics (the 17th Sydney Symposium). Psychology Press, New York
Spranca M, Minsk E, Baron J (1991) Omission and commission in judgment and choice. J Exp Soc Psychol 27: 76–105
Tannenbaum D, Uhlmann EL, Diermeier D (2011) Moral signals, public outrage, and immaterial harms. J Exp Soc Psychol 47:1249–1254
Treviño LK (1992) The social effects of punishment in organizations. A justice perspective. Acad Manage Rev 17:647–676
Treviño LK, Weaver GR (1994) Business ethics/business ethics: one field or two? Bus Ethics Q 4:113–128
Walster E (1966) Assignment of responsibility for an accident. J Pers Soc Psychol 3:73–79
Weiner B (1986) An attributional theory of motivation and emotion. Springer, New York
Weiner B (1995) Judgments of responsibility: a foundation for a theory of social responsibility. Guilford, New York
Wojciszke B (1994) Multiple meanings of behavior: construing actions in terms of competence and morality. J Pers Soc Psychol 67:222–232
Woolfolk RL, Doris JM, Darley JM (2006) Identification, situational constraint, and social cognition: studies in the attribution of moral responsibility. Cognition 100: 283–301
Young L, Cushman F, Hauser M, Saxe R (2007) The neural basis of the interaction between theory of mind and moral judgment. Proc Natl Acad Sci 104:8235–8240

# Motivating Ethical Behavior

Jessica A. Scholl[1], Helen J. Mederer[2] and Richard W. Scholl[2]
[1]Scholl Advisory, EU Business School, Müchen, Germany
[2]Schmidt Labor Research Center, University of Rhode Island, Kingston, RI, USA

## Synonyms

Affective motivation; Commitment; Ethical behavior; Expectancy; Motivation

## Definition

**Motivation** – The forces that energize, direct, and sustain individual behavior.
**Ethical Behavior** – The degree to which a behavior, decision, or performance outcomes conform to an organization's communicated ethical standards and espoused values.

## Introduction

The incidence of many high-profile corporate and public sector scandals over the past two decades has caused many to wonder why individuals continue to behave unethically despite the existence of rules, constraints, and expected consequences. While some ethical breeches clearly violate an organization's formal rules, others fall within a dangerous gray area. Within this ambiguous territory, those making unethical decisions may be doing so within the letter of the "organizational" law. Thus, it is clear that formal codes and rules alone are not enough to reliably produce ethical behavioral outcomes. Instead, formal systems must be combined with informal measures that address the broader set of motivational forces shaping group member behavior. Thus, the question becomes "what motivates ethical behavior?"

This body of work provides a foundation upon which the forces motivating ethical behavior in the organizational context can be explored. This chapter examines ethical decision-making and ethical behavior from a motivational perspective using motivational models that are prominent in the field of organizational behavior. Although work motivation and ethical motivation theories developed along different academic tracks, it is helpful to look at motivation toward ethical behavior from the perspective of theories of performance motivation. Variables identified in current performance motivation research are useful to use in the examination of ethical decision-making models, as each can inform further research and theoretical integration. In turn, this integration can lead to more holistic applications within organizations.

While there have been many attempts to define ethics, ethical behavior, and ethical decisions, there is no consensus on what is ethical and what is unethical. However, in the context of organizational decision-making, over time organizational leaders establish a structure or control systems that direct behavior and guide decision. Leaders generally start by identifying the national laws, regional laws, and local laws that are pertinent to their organizations. As work processes are developed, process procedures, work rules, and functional rules (e.g., accounting, human resources, finance, etc.) are established and codified into manuals. As needs change and external pressures change, ways to control the ethical breaches are exposed in many different ways. The control methods of choice have been codes of ethics, ethical guidelines, and codes of conduct either directly stating or suggesting what and what not employees should do in making decisions. In addition to these formal standards enforced by leaders, there are informal rules, communicated in the form of social norms, enforced by employees themselves. The set of formal rules is known as the organization's structure and the informal system of social control becomes one the bases of the organization's culture.

In addition to this bundle of process or behavioral control mechanisms, organizations also set up systems to monitor work and decision outcomes by establishing and communicating organizational values that should guide work in the

organization. The cultural equivalent of organizational values is the social values embedded in the culture of the organization. To cap off this system of control, the personal ethical principles and personal values to organizational members are added to the mix.

This chapter will explore the motivation of organizational members to comply with this bundle of behavioral directives, that is, what motivates them to follow these rules? Is the motivation to comply with work rules and procedures different than the motivation to behave ethically? When faced with conflict between work rules and outcomes and ethical codes and values, what factors explain and predict how employees will respond? Figure 1 shows a graphic representation to forces that affect employees' motivation to comply. For the purposes of this chapter, the terms ethical decision and unethical decision will refer to the degree to which a behavior, decision, or performance outcome conforms to an organization's communicated ethical standards and espoused values. This is in contrast to any specific universal or cultural standards of what is right and what is wrong.

## Motivational Approaches to Ethical Decision-Making

What motivates employees to follow known ethical principles when there is no expectation of "getting caught" for violation? Alternatively, what motivates organizational decision-makers to follow their own ethical codes that are in conflict with organizational standards, despite the expectation of being disciplined for noncompliance?

Motivation is the forces that energize, direct, and sustain individual behavior. As applied to ethical behavior, motivation:

1. Energizes people to act ethically or achieve ethical outcomes

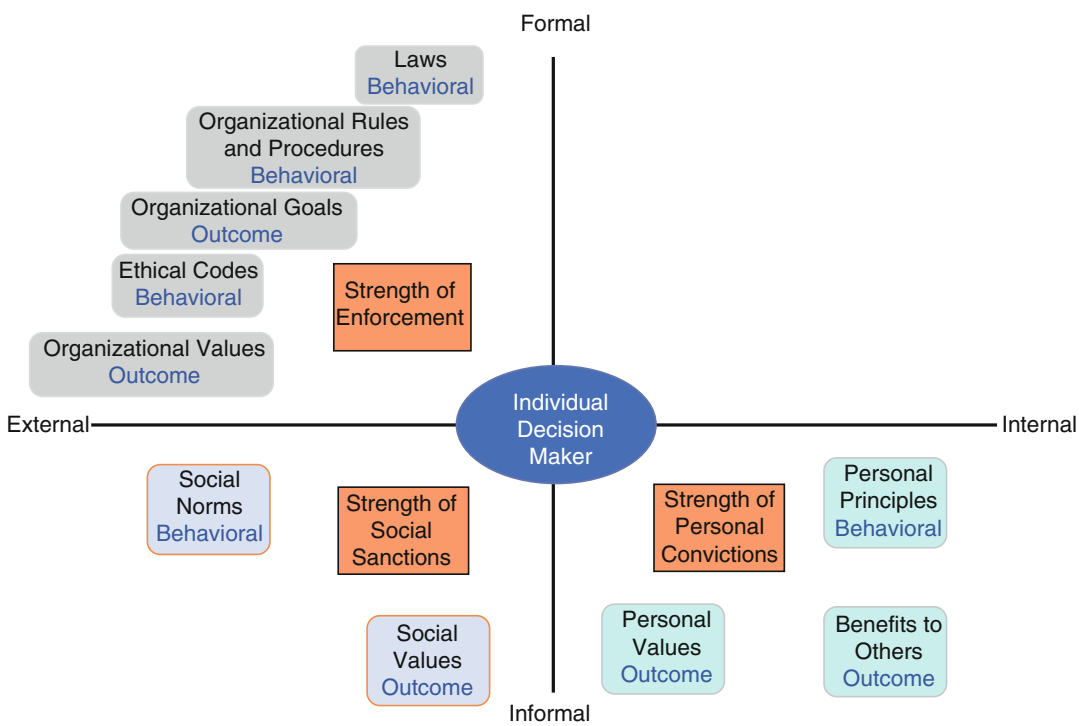


**Motivating Ethical Behavior, Fig. 1** Compliance forces

2. Directs them to select ethical alternatives
3. Sustains moral intention or commits them to a moral course of action

There are a couple of approaches to studying motivation. Each of these approaches includes a number of related theories that attempt to explain individual motivation. Content or dispositional approaches seek to answer the question, what motivates individuals or what explains the variability across different individuals performing in the same situation? Content theories, such as McClelland's (1961) manifest need theory, answer this question by using the concept of individual needs and the idea that the dispositions and needs of individuals vary from one employee to another. Content theories are best used to explain what energizes behavior. The sources of motivation model (Leonard et al. 1999) encompasses many of these theories to provide a content model that explains differential responses to ethical conflicts.

Another method of explaining motivation is to examine the processes that individuals use in making decisions among behavioral options. Process theories are based on the assumptions that variance in individual motivation can best be explained as a cognitive decision-making process. These approaches are called process theories or cognitive theories and include decisional balance theory, goal setting theory, control theory, and expectancy theory. Cognitive theories are based on the premise that motivation is goal directed and they explain how individuals make choices among behavioral alternatives. Behavioral choices are made based on expectation of achieving a set of personal goals; thus, individuals make rational choices among behavioral options based on the perceived consequences of each option. Finally, process theories posit that motivation is situationally specific, based on changes in circumstances, and therefore that motivation is not a dispositional variable. Expectancy theory (Porter and Lawler 1968; Vroom 1964) is often cited as an exemplar of process models and is useful to explain the motivation of ethical behavior.

Since cognitive motivational models explain a behavioral choice process and motivation and behavioral decision-making are so closely aligned, individual motivation and individual decision-making will be used as the same process. When discussing an individual's choice among behavioral alternatives, the terms "ethically sufficient" and "ethically insufficient" describe alternatives that do and do not satisfy the ethical standards established by an organization.

One of the newer approaches to studying motivation, the affective approach, analyzes the way in which the intensity of and direction of affect within emotional states influences human motivation.

Finally, the question of what sustains behavioral choices over time and how this affects ethical behavior can be explained by theories of organizational commitment (Meyer and Allen 1991). Commitment theories can explain the continuance of behavioral patterns or attachment to courses of action.

## Attitudes, Values, and Behaviors

The concepts of attitudes, values, and behavior are fundamental to the understanding of motivation. One of the most common variables in the social sciences, the concept of attitudes, has many different meanings and usages. The definition of an attitude most commonly used is an individual's mental position or behavioral predisposition toward an object. Attitudes are complex collections of feelings, beliefs, and expectations concerning the people, organizations, and things we encounter. Using this conceptualization, attitudes are composed of four distinct components: cognition, affect, behavioral intention, and evaluation. The cognitive components of an attitude are beliefs, theories, expectancies, cause-and-effect beliefs, and perceptions relative to the focal object. The affective component refers to feeling with respect to the focal object such as fear, liking, or anger. Behavioral intentions are goals, aspirations, and our expected responses to the attitude object. The last component of attitudes is the evaluation which is often considered the central component of attitudes. Evaluations consist of the imputation of some degree of goodness or badness of an attitude object. When referring to a

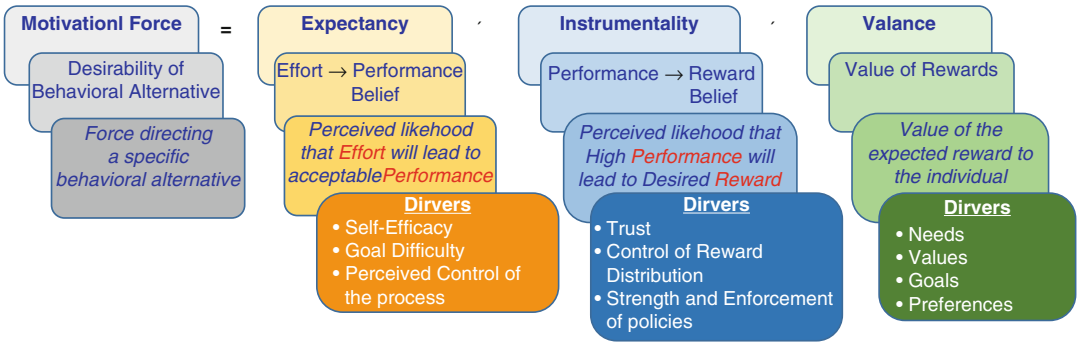


**Motivating Ethical Behavior, Fig. 2** Expectancy theory components

positive or negative attitude toward an object, we are referring to the evaluative component. Evaluations are function of cognitive, affective, and behavioral intentions of the object. It is most often the evaluation that is stored in memory, often without the corresponding cognitions and affect that were responsible for its formation.

Whereas attitudes are focused on objects, people, places, or things and are often changing and even unstable, values are relatively stable representations of the relative importance of ideas and end states. Several motivational models used to explain ethical behavior integrate the concept of values.

## Expectancy Theory

Expectancy theory is one of the most used and cited theories of process or cognitive-based motivation (Porter and Lawler 1968; Vroom 1964). As a process theory, it is used to explain an individual's choices among behavioral alternatives by utilizing the concept of motivational forces (MF). The motivational force is a combination of two individual attitudes, or perceptions, and one individual value. The first individual attitude is called the expectancy perception and is an individual's perceived belief that increased effort will lead to higher levels of performance as defined by managers. The other individual attitude is the instrumentality perception. This represents the perceived likelihood that resultant performance will lead to desired rewards. Finally, valence refers to the relative importance, or value, employees give to expected rewards.

The motivational force is represented by the model depicted in Fig. 2.

In terms of a simple behavioral decision, an ethical conflict occurs when individuals are faced with at least two alternative behavioral paths, one path satisfying ethical standards and the other violating them. In viewing an ethical conflict from an expectancy theory perspective, the alternative with the highest MF would theoretically become the alternative chosen for action (Fudge and Schlacter 1999). Expectancy theory is a useful framework for identifying and isolating specific factors motivating ethical or unethical behavior. An analysis of the factors shaping expectancy, instrumentality, and valence for ethically sufficient behavioral paths and comparing them to the motivational forces of competing ethically insufficient alternatives may reveal the motivational bases of the choice. The following sections of this chapter explain how individuals determine the various motivational forces for the various behavioral alternatives under consideration. In presenting this explanation, the many reasons why an ethically acceptable path may or may not be selected.

### Bounded Rationality

Bounded rationality means that decision-makers do not, and really cannot, consider all decision options or potential problem solutions. When developing a set of alternatives, decision-makers consider only a select set of many possibilities

(Simon 1957). The first stage in descriptive process models of ethical decision-making is generally recognition of a moral issue. Rest (1986) presents a four-stage model beginning with (1) recognition of the moral issue, (2) making the moral judgment, (3) establishing moral intent, and (4) engaging in moral behavior. In a similar sense, many organizational decision-making models start with the problem recognition stage. Decision-makers scan their environments looking for information informing them that there are performance gaps between desired organizational outcomes and actual outcomes. Identification of a gap triggers an initial decision as to whether this gap represents an actual problem, subsequently initiating a problem-solving process when affirmed. This stage is often called the contemplation stage.

Decision-makers in the contemplation stage take many variables into account when examining the performance gap such as what stakeholder groups are affected negatively by the gap. Mitchell et al. (1997) postulate that decision-makers are more likely to consider the interests of a stakeholder when it is perceived to be powerful, legitimate, or requiring urgent attention. Stakeholders that are viewed as powerful and as legitimate are called dominate stakeholders. Those that are legitimate with no substantial base of power or influence are referred to as discretionary stakeholders. When discretionary stakeholders are not considered to be relevant in this stage, there is little likelihood that problem solutions will incorporate satisfaction of the needs or interests of members of this group. When a group with little power is adversely affected by corporate decision, it can ignite a public outcry which is framed as an ethical issue. From an ethical decision-making perspective, two factors significantly influence the recognition of issues and identification of relevant stakeholder groups: moral awareness of the decision-maker (Tenbrunsel and Smith-Crowe 2008) and the moral intensity of the issue (Jones 1991). For this stage, it is the magnitude of consequences facing those involved, the degree of social consensus among the public at large regarding just treatment of this population, the probability that inaction (or a considered problem solution) would affect this group, the temporal immediacy of the issue, the proximity of the group to the decision-maker, and the concentration of the group's problem.

Several factors limit a decision-maker's recognition, or consideration, of behavioral alternatives or problem solutions. There is a natural tendency, especially among leaders, to reduce the complexity of decisions by eliminating or reducing options that would complicate considerations (Messick and Bazerman 1996). Additionally, decision-makers are less likely to recognize moral intensity in issues affecting people or groups from cultures other than their own (Craft 2013). Moral disengagement, when decision-makers cognitively minimize their role in organizational decisions and their effect on others (Tenbrunsel and Smith-Crowe 2008), can further limit a person's ability to recognize and consider significant alternatives or solutions.

### Expectancy and Ethical Behavior

Expectancy is the decision-makers' perceptions that they can properly implement the plan, meet the expectations of others, or carry out a chosen task. This is largely a function of the individual's self-efficacy, task or behavior difficultly, or his or her control over elements needed to manage the outcome. In summary, the expectancy is the individual's perception that she or he has the ability to produce a desired outcome. In ethical decision-making terms, this has been referred to as the locus of control (Lehnert et al. 2015). The orientation of an individual's locus of control can help explain how two individuals who value an ethical behavior equally could experience varying levels of motivation to pursue that behavior. For instance, individuals with an external locus of control may experience less motivational force in pursuit of ethical alternatives because they do not believe their efforts could lead to the performance needed to effect ethical outcomes. On a separate spectrum, individuals with an internal locus of control may still lack the motivational force to purse ethical outcomes, despite their confidence that they could achieve desired performance, because they do not trust that performance will lead to desired rewards. Fudge

and Schlacter (1999) argue that a part of developing self-efficacy as a problem-solving skill is through the observation of effective behavior in similar situations or through formal training.

### Instrumentality and Ethical Behavior

Instrumentality – the belief that rewards directly result from performance – is a function of trust, control, and policies. Instrumentality is strong when (1) an individual has *trust* in those in the position to distribute rewards based on performance, (2) an individual has some level of c*ontrol* over how rewards are distributed, and (3) there exist *policies* that properly reflect and/or regulate the relationship between performance and rewards. Managers seeking to promote ethical performance can tie highly desired rewards closely to desired performance.

As expectancy theory developed over the years, scholars realized that an important part of work motivation was the intrinsic rewards and other positive outcomes directly derived from performance. Unlike the use of extrinsic rewards, like pay increases, which require distribution by someone in a leadership role, intrinsic rewards are rewards people give themselves. When the rewards being sought are intrinsic, the instrumentality component is not relevant since there is no uncertainty as to whether performance will lead to rewards. Instead, the expectancy perception directly links effort to reward and becomes the perceived likelihood that effort will lead to the intrinsic reward. Any rewards for ethical behavior or developing an ethical solution often come from satisfaction one finds in doing the right thing (see entry "Sources of Motivation").

Since the 1980s, when companies were required to monitor and report on ethical violations, organizations moved to using control approaches with extrinsic rewards to motivate ethical compliance. These systems generally are developed through a three-step process consisting of first establishing rules, codes, or other behavioral standards. The second step is to clearly communicate these standards to all employees. The completing step is to establish a monitoring process to ensure compliance with the new behavioral standards. The monitoring process ranges from incorporating standards into the firm's performance appraisal system, establishing behavioral audits, developing employee reporting and whistle-blowing systems, creating ethical committees or judiciary boards, and establishing reward and sanctions (Lindsay et al. 1996).

### Valance and Ethical Behavior

The valence of the outcome of a decision or problem-solving alternative is the value that the decision-maker places on the expected outcomes. Most decision alternatives comprise more than one outcome, so the valance for an alternative path of action is the sum of the valences of each outcome. Outcomes, also known as rewards to a decision-maker, can be extrinsic rewards that are distributed by supervisors or intrinsic rewards coming from the satisfaction of task accomplishment. Outcomes can also have positive valances, attractive rewards, or negative outcomes that are viewed as penalties.

There are many factors that contribute to an individual's determination of reward valence. First and foremost is the individual's personal value set consisting of instrumental and terminal values. Values, such the importance of financial and career success, environmental ecology, justice, recognition, and customer safety, go into the reward outcome valance determination. Two different decision-makers in the same decision scenario are likely to construct different outcome valances because their value sets are different. When value sets are relatively similar, as might be the case in a strong organizational culture, there is more likely to be high consensus among decision-makers. Along with the socialization effect of organizational culture on values and thus outcome valances, nationality, ethnic, and racial cultures have been shown to influence the valance attributed to outcomes and rewards.

### Expectancy Theory and Ethical Behavior

Overall, employees are likely to choose the behavioral path that, for them, has the highest motivational force. The important question is whether the alternative with the highest motivational force is likely to be ethically sound. Employees are often faced with multiple paths to performing a task.

Some of the paths can be ethically sufficient, while others can be ethically insufficient. Sometimes the ethically insufficient alternative has the highest motivational force from the employee's perspective leading to an ethically insufficient behavioral decision. What follows are some of the many reasons why the ethically sufficient has a lower motivational force then the ethically insufficient choice.

The first set of issues occurs when the criteria used to reward performance are based solely on task accomplishment. If an ethically insufficient option is faster and leads to task accomplishment more effectively than the ethically sufficient option, an employee whose performance is evaluated by the quantity of tasks accomplished will perceive the ethically insufficient path as having higher expectancy. Likewise, the instrumentality will be higher for the unethical option if the resultant performance is the basis for a highly sought after promotion.

Low moral reasoning skills account for another expectancy perception-related issue. This refers to situations in which employees do not have the required knowledge and skills to achieve expected performance goals at the same time following ethical standards. Employees also may be in positions where they are looking directly at the needs of two or more stakeholders. Satisfying the needs of the dominant stakeholders is highly rewarded by the company, and satisfying the needs of discretionary stakeholders is rewarded less or not at all. When forced to make the choice between the need satisfaction of a dominant stakeholder and the need satisfaction of discretionary stakeholders, under this scenario most employees would pick the former because they lack the skills to visualize any other choice. If they had developed the skills to creatively design solutions that satisfy the apparent conflicting needs of multiple stakeholders, their low expectancy could be reduced.

There are also a number of issues leading to an employee perception of low instrumentality. For example, employees may believe there are few or no negative consequences for violating ethical standards. Even if there are negative sanctions for violation, they may be perceived as minor compared rewards associated with advancement and promotion.

Looking at valence issues, it is often the case that the valance of the extrinsic rewards for good performance in terms of task accomplishment outweighs the intrinsic satisfaction gained by validating one's set of internal values.

## The Sources of Motivation Model

The sources of motivation model was developed to integrate a large number of content motivational models including need models, intrinsic versus extrinsic motivation models, and theories of inducement and organizational involvement (Leonard et al. 1999). According to this model, there are five basic sources of motivation. Some of them may reinforce one another, while others may be in conflict with one another, potentially leading to interpersonal conflict. When individuals are motivated by more than one source at a given time, the theory proposes that individuals have a dominant source of motivation which generally is activated in situations of intrapersonal conflict. The five sources are as follows.

### Intrinsic Process Motivation

Intrinsic process motivation can be said to be the purest form of motivation. Individuals are motivated solely by the pleasure of the task itself. When individuals are motivated by intrinsic process motivation, they are energized by the need for pleasure and arousal, directed to select options they believe will be enjoyable, and sustained in this behavior by continual pleasure.

It is not common that this source motivates ethical behavior mainly because doing the right thing can create pleasure when the task is completed, but it does not always involve tasks that in themselves are pleasurable. In fact, when faced with the choice between an option that is expected to be pleasurable and one that has a high probability of aligning with ethical standards, it is the pleasurable option which is chosen by intrinsic process dominants. Actually, this source of motivation is often conflicting source to other sources aligned with ethical behaviors. However, since

this is not a dominant source of motivation for most working professionals, it is not often the source of ethical dilemma.

### Instrumental Motivation

Instrumental rewards are a motivating source when individuals believe that the behaviors in which they engage will lead to certain valued outcomes such as pay, promotions, and benefits. Rooted in exchange theory, the basic assumption is that individuals and organizations constitute an exchange relationship. Expectancy and equity theories are currently accepted models of motivation based on exchange relationships.

Instrumental motivation energizes behavior by the need or desire for extrinsic rewards, usually financial rewards, directs behavior toward the behavioral options with the greatest likelihood for high rewards, and sustains continuity of this choice through continuation of these rewards.

If a work team is composed of a high percentage of members whose dominant source of motivation is instrumental, then this source of motivation might be in conflict with making more ethical choices. However, an organization can use this source of motivation to its advantage by clearly identifying desired ethical behaviors and by providing rewards for compliance and penalties for noncompliance. The best practice for this approach is to include employee training in moral reasoning, clearly identifying desired behaviors, making the path between behavioral choices by employees and desired ethical outcomes very clear, and providing desired rewards for compliance (Fudge and Schlacter 1999).

### Self-Concept-Based Motivation

The self-concept is central to many models of motivation. One concept that has gained prominence is identity-based moral motivation (Mayer et al. 2012; Treviño et al. 2006). This is a specific type of self-concept motivation in which the prominent aspect of the individual's self-concept is a set of personal values that the individual uses as a basis for decision-making and exhibiting behaviors. Behavior that contradicts a person's set of moral values creates cognitive dissonance which the person is motivated to reduce.

For the purpose of the self-concept-based model of motivation described here, one's concept of self is composed of four interrelated self-perceptions: the perceived self, the ideal self, one's self-esteem, and a set of social identities. Each of these elements plays a crucial role in understanding how the self-concept relates to energizing, directing, and sustaining organizational behavior. Over time, through a host of lifetime experiences, people develop two important variables associated with their self-perceptions. The first is the level of one's perception of various traits, competencies, and values. For example, a particular person might perceive that he is an excellent carpenter and he ranks himself in the top 10% of carpenters (competency). Another person might see herself as a very honest (value) person, more honest than most people with whom she associates. Someone else could view himself as a person who is more often than not late for an appointment or event (trait). The other self-perception variable is strength. This is an assessment of how strongly individuals hold their views of self-perception level. A strong self-perception indicates that people are relatively sure of their traits, competencies, and values. A weak self-perception, also known as low self-esteem or self-efficacy, is indicative of uncertainty and insecurity about their self-perceptions. Self-perceptions are continually being tested and/or strengthened by task reinforcement and social reinforcement. The source of feedback and affirmation is what differentiates self-concept external motivation from self-concept internal motivation.

One of the most important propositions from this theory is that the stronger one's self-perception of a trait, competency, or value, the weaker the self-concept-based motivation. People who are confident in their self-perceptions are not in need of internal or external validation to reinforce these beliefs, whereas people with weak self-perceptions, especially those with high and weak self-perceptions, are continually seeking external validation and exhibiting behavior that elicits approval from others.

### External Self-Concept-Based Motivation

When feedback and reinforcement confirms an individual's self-perception, the self-perception is validated or affirmed, thus strengthening the self-perception. Invalidation reduces the strength of the self-perception creating a gap between one's self-perception and socially and task-derived feedback. This gap results in a feeling cognitive dissonance with individuals are motivated to reduce. This reduction is most often accomplished by choosing behaviors that the individual believes are likely to increase the positive feedback from others or to increase the positive feedback through task feedback which is feedback obtained from observing actual results of performance.

Self-concept motivation is externally based when individuals are primarily other-directed. In this case, the ideal self is derived by adopting role expectations of their reference groups. Individuals whose dominant source of motivation is external self-concept based (externals) attempt to meet these expectations by behaving in ways which satisfy reference group members, first to gain acceptance, then to gain perception of worth to the group, and finally to gain high status. The needs, for acceptance and status, are similar to McClelland's (1961) need for affiliation and need for power. Self-concept externals are energized by a need for external validation, they select from the behavioral options they consider the most viable option to achieve this external validation, and they are sustained by social feedback validated acceptance, worth or value, and/or status or power.

With respect to ethical behavior, it is the value component of the self-perception that is the most important. When individuals hold a perception of a certain set of values, they behave in ways and make choices that demonstrate to others that they hold these values. For external self-concept individuals, it is important that others believe that they hold a certain set of values whether they actually hold these values or not. This set of values is known as public values or espoused values. Although individuals might not actually hold these values, that does not mean it is not important for others to believe they are strongly held as a means to gain acceptance, worth, and status. Public decisions, votes, speeches, and conversations all motivate self-concept externals to closely examine and monitor the meaning of their actions to others. Therefore, externals are motivated to behave in ways that are consistent with the cultural values of the organization's win which they operate.

### Internal Self-Concept-Based Motivation

Self-concept motivation will be internally based when the individual is primarily inner-directed. Internal self-concept motivation takes the form of individuals setting internal standards that become the basis for the ideal self. Individuals tend to use fixed, competing with one's self, rather than ordinal, competing with others, standards of self-measurement as they first reinforce perceptions of competence and later achieve higher levels of competency. This need for achieving higher levels of competency is similar to what McClelland (1961) refers to as a high need for achievement. The motivating force for individuals who are inner-driven and motivated by their self-concept is task feedback. It is important to these individuals that they themselves view their efforts as vital in achieving task results and that excellent task performance can be attributed to their ideas and actions. This reinforces their internalized traits, competencies, and values which validate their self-concepts. It is not important that others provide reinforcing feedback as is true for other-directed individuals.

Self-concept internals' motivation is energized by a need to affirm their strongly held variables and perceptions of skills and abilities. They select behavioral options that are likely to achieve desired outcomes through means of their skills and that are consistent with their strongly held values. If their values align with organizational notions of ethics, the resultant behavioral pattern is what Rest describes as moral motivation, which is the "degree of commitment to taking the moral course of action, valuing moral values over other values, and taking personal responsibility for moral outcomes" (Rest et al. 1999, p. 101).

### Goal Internalization

There are situations in which individuals internalize the missions of their organizations, empathize with the needs of a group of people or an individual, or shoulder an environmental cause. When this type of outcome is the focus of their efforts, goal internalization is their active source of motivation. Acts aimed at these goals are not valued to demonstrate to others their commitment to a cause or group, like self-concept externals, or to validate a personal attribute, like with the self-concept externals, and they are not motivated by the expectation of an extrinsic reward. Instead, they are motivated by a desire to help a group achieve its goals and the critical factor is whether or not the goal is achieved.

When the group with which employees identify is a dominant stakeholder of their organization, there is a strong likelihood that these employees will be motivated to behave in ways aligned with their company's ethical standards. However, when their stakeholder identification is with a discretionary stakeholder group, they are likely to perceive some of their decisions as ethical conflicts. If these ethical conflicts are resolved in favor of the discretionary stakeholder, the decisions could be viewed as ethical breaches by employers. They could also be viewed as what has been called pro-social rule breaking with is motivated by these employees' attempt to increase job performance and to help a discretionary stakeholder (Morrison 2006).

## Organizational Commitment

Organizational commitment is a variable describing the attachment of individuals to their organizations. While high job satisfaction can be a result of satisfying and rewarding work experiences, if job satisfaction declines, there may be nothing holding previously satisfied employees to their organizations. That is where commitment comes in; it is a force that holds people to their organizations despite growing dissatisfaction. While expectancy may build enjoyment, dedication, and identification with an organization during periods when work expectations are constantly being met, it is often the case that when expectations are unmet (dissatisfaction), employees begin to look elsewhere to meet their economic and professional needs. It is in this context that employees are often more motivated by personally held conceptions of right and wrong rather than organizationally established standards. When these moral philosophies conflict, the resultant behavior can be deemed unethical by the organization. Commitment forces are developed over time through investments, reciprocity, social identity, perceived lack of alternatives, and a need to justify past decisions (Scholl 1981).

Not only do people become committed to parties in a relationship, such as that between employee and employer, but also to courses of action, various stakeholder groups, and to causes and ideals. Commitment becomes a level of psychological attachment and identification with an organization, person, cause, or stakeholder.

When employees develop high levels of commitment to their employer, they generally have internalized the organization's goals and values, see themselves in a long-term relationship with the organization, and tend to exhibit high levels of extra-role behavior, often referred to as citizenship behavior or pro-social behavior. Organizational commitment has been conceptualized as having three components: affective, continuance, and normative (Meyer and Allen 1991).

Craft (2013) found that people reporting high commitment to their employers were less likely to engage in unethical behavior. Related research on highly committed people finds that they are less likely to engage in behavior that negatively affects their organization's reputation. This is largely because of the intended long-term employment relationship, the fact that their social identity is so closely tied to the organization's reputation, and their normative commitment to the products and services of their firms.

### Investments

When people work toward a goal, put effort and time into attempting to find a solution to a difficult problem, or spend time paying one's dues, they are investing in a course of action or a relationship. Once investments are made, people

generally expect some return on their investments. An investment is lost or sacrificed when actions in pursuit of a goal are halted prior to goal attainment. Likewise, investments are lost when a relationship is severed. Exceptions exist when investments made into a course of action or a relationship are transferable to another endeavor. Regardless, investments increase the likelihood that individuals will become committed to certain behavioral choices even when another potential action has a higher motivational force. This pattern of behavior, termed escalation of commitment, explains situations in which an individual continues to rationalize and invest in an ethically insufficient course of action despite growing likelihood of negative outcomes.

For instance, a property developer who has invested significant funds and work hours into a project is more likely to resist pressures to alter his or her course of action to address an environmental problem than one who has invested little and has little commitment to any one plan or course of action.

### Reciprocity

Based on the cultural norm of equitable exchange, reciprocity commits individuals to others when the individuals believe they have received disproportionately greater benefits than they, the individuals, have contributed. This perception often results in feelings of indebtedness. Individuals with felt indebtedness are more likely to make decisions that favor their benefactors. Thus, if the benefactor is an employer that values ethical outcomes, individuals are likely to behave in ways seen as ethically sufficient to the organization. If, however, the behaviors that produce organizational benefits are not ethically sound, reciprocity may incentivize immoral or amoral action.

### Social Identity

Social identity theory holds that people use social labels to define themselves such as occupations, work organizations, and various social causes. There are three characteristics of organizations that increase the likelihood of individual identification: (1) the distinctiveness of the organization's mission and espoused values, (2) the prestige of the organization, and (3) the organization's position relative to competitors and other firms of its type (Ashford and Mael 1989). Human resources practices that effectually validate employee competencies and worth to the organization also enhance the bond between an individual and the organization through the establishment of a shared social identity.

Individuals that are identified with organizations are defensive of their organizations and have a shared interest with the organization to maintain its distinctiveness and prestige and to defend it against its out-groups. Maintaining a reputation of honesty, concern for customer safety, and enhancement of worker rights are all part of establishing and maintaining a reputation of ethical conduct, a reputation that benefits both the socially identified employees and the firm.

### Perceived Lack of Alternatives

A perceived lack of alternative career paths can commit employees to their current employer or occupation. Employees with a very unique type of expertise often believe they have few alternative sources of employment, which binds them to their current employer or occupation. Depending on the type of behavior encouraged by the organization, the commitment obtained through this perceived lack of alternatives can motivate ethical or unethical acts. For instance, if employees believe they need to commit fraud in order keep them from unemployment (i.e., the fraudulent act is sanctioned by their superiors), they may be motivated to engage in this unethical behavior. Alternatively, if keeping one's job is dependent upon complete transparency with regulatory agencies, for example, a perceived lack of alternatives will motivate ethical behavior.

## Affective Motivation

For many years, both economists and behavioral scientists built decision-making and behavioral choice models on the premise that people in the

workforce operated without individual values or emotion. The calculative-cognitive models dominated the organizational behavior textbooks until the beginning of the twenty-first century. In the mid-1990s, a number of scholars began to question the complete rationality of organizational decision-makers by proposing models of affective motivation (Damasio 1994; Goleman 1995; LeDoux 1996). At the beginning of the century, organizational scholars began to integrate some of these ideas into the mainstream organizational literature. So far, there are few theories that combine cognitive models with affective models or even an integrated theory of affective motivation. This section presents the main ideas and principles of this line of research and applies it to the motivation of ethical behavior.

In introducing the role that affect plays in decision-making, Loewenstein and Lerner (2003) argue that emotions affect decision-making in two important ways. Expected emotions are based on assessments of the likelihood of emotional reactions to future events. Immediate emotions are those that occur during the process of making a decision.

### Expected Emotions

The approach to studying the impact of future emotion on a current decision is based on Damasio's (1994) somatic marker hypothesis. According to his hypothesis, individuals develop a type of emotional memory called somatic markers. Somatic makers are links between an event and the affective state (see Fig. 3) of an individual at the time of that event. Based on past experiences, these markers are attached to people, places, events, and other mental representations as an emotional cue. When decision-makers are processing alternatives, they consider alternatives both on a conscious, or calculated basis, and on an often subconscious emotional basis. As the somatic markers associated with all or part of a decision option is stimulated, a physiological-based emotion is invoked. If this emotion is unpleasant, decision-makers might reject a course of action and not really know why. Alternatively, a pleasant reaction might sway decision-makers toward acceptance of that option.

Bazerman et al. (1998) argue that individual behavioral choice is the product of multiple



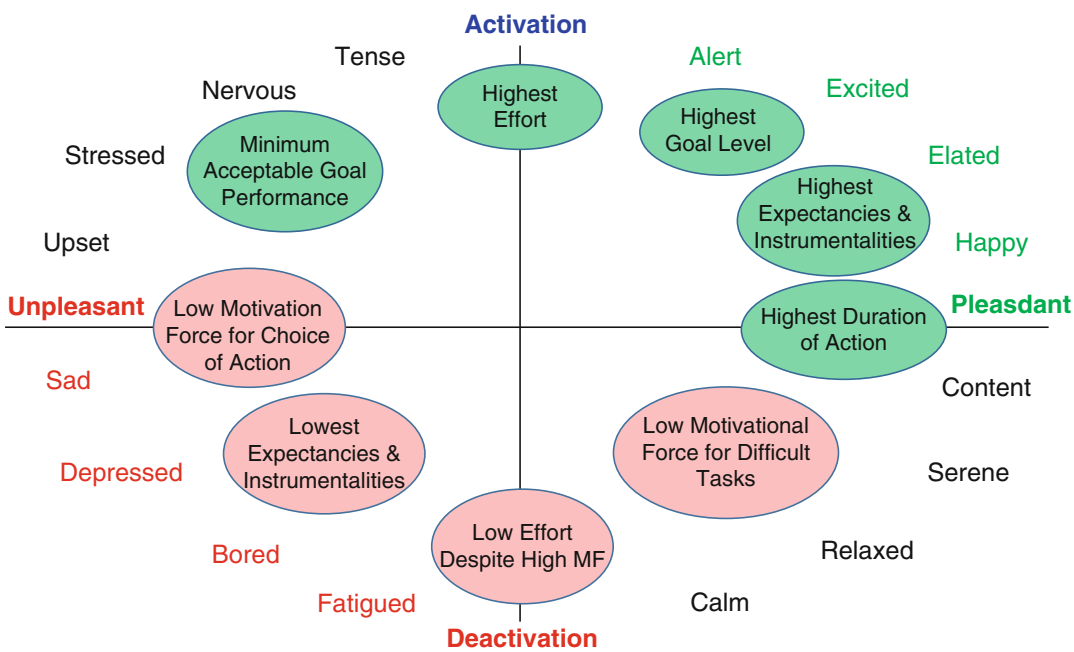


**Motivating Ethical Behavior, Fig. 3** Core affect model. (Source: Based on Seo et al. (2004, p. 426)

selves. The "should self" evaluates alternatives on the basis of rational, cognitive, thoughtful, and cool-headed analysis. The alternative evaluation process of the "want self" is emotional, affective, impulsive, and hot headed. In any behavioral decision, the actual choice of an alternative action is made right before the action is implemented, but the evaluation process can start long before the actual final choice. During this evaluation process, the should and want selves are in constant debate, often changing the intended behavioral choice many times along this path. Bazerman and his colleagues suggest that there are a number of variables that determine the relative influence of the should self or the want self. One of these variables is the timing relative to the actual decision in that the want self is often more influential at the time of the decision.

When the want self dominates, it could have one of two influences on ethical behavior. In one case the choice between logical adherence to a company and responding to the emotional appeal of a discretionary stakeholder could result in an ethical breach – from the company's perspective – if the want self motivates an individual to decide in favor of the discretionary stakeholder. On the other hand, this decision may be seen as more ethical to broader stakeholder groups.

### Immediate Emotions

Another idea gaining acceptance is the concept of the core affect (Russell 2003; Seo et al. 2004). This concept takes the two affective states of unpleasantness and pleasantness and places them on opposite ends of a horizontal continuum. It then puts the variable of energy level on a vertical continuum anchored by the energy levels of activation and deactivation. The resultant model yields four quadrants.

Gaudine and Thorne (2001) point out that most of the prior ethical decision-making research is based on a cognitive-rational perspective, and there is a need for an integrative cognitive-affect approach. Using Rest's (1986) basic model of ethical decision-making, they demonstrate how the two affective dimensions of feeling state and arousal can influence each of Rest's stages of ethical decision-making.

Still in the category of immediate emotions is the theory of emotional hijacking (Goleman 1995). The basic model holds that individuals are subject to emotional triggers in their everyday lives. The triggers first can be evoked by anything people experience, for example, a comment in a conversation, an email message, or even a simple look from someone. A trigger may or may not set off the second stage with what is called the emotional response. If activated, the emotional response is actually a physiological reaction that we interpret as anger, sadness, joy, or any number of other strong reactions. If unchecked, the emotional response may trigger an immediate behavioral response such as angrily yelling at someone, storming out of a room, or quitting a project. The point is that little or no conscious or deliberate thought goes into the behavioral reaction. There are individual differences in the way people experience triggers, the effect these triggers have on emotional reactions, and the ability to prevent the escalation of emotional responses into behavioral responses.

There are many types of ethical breaches that are a direct result of emotional hijacking. For example, public officials involved in sex scandals often experience an element of emotional hijacking. This is one of the reasons so many organizations teach employees variants of emotional training that helps them to develop skills, to recognize their triggers or hot spots, and to practice avoiding transition from trigger to emotional response and ways to control emotional responses so as to keep them from developing into behavioral responses.

## Conclusions and Integration

Understanding what motivates behavior deemed ethical or unethical is essential for organizations interested in preventing ethics violations or in optimizing performance through an ethical culture. To do this, organizations must explore how employees make decisions to pursue courses of

action and behaviors and the degree to which they consider ethical issues throughout this process. More specifically, it is important to explore what energizes behavioral choices, what forces direct this behavior, and what sustains these decisions once made. The literature establishes clear parameters for this analysis. Personal and organizational goals often activate the need for an individual to choose a behavioral path to reach these goals. The behavioral path chosen is limited by their knowledge, skill level, experiences, organizational prescription of allowable options, and their creativity. Their ability to follow the path chosen can be constrained by organizational rules, procedures, social norms, ethical codes, and personal ethical principles. The intensity, direction, and duration of an employee's journey down this chosen behavioral path are the visible elements of motivation. These factors, as well as the preceding choices and goals pursued, are influenced by the source of their motivation. Organizational members can source their motivation from the pleasure they derive from a task or process (intrinsic process motivation), the expectation of certain rewards (instrumental motivation), the need to reinforce an internally held self-image (self-concept internal), the desire to reinforce or shape an externally held perception of the self (self-concept external), or the desire to see a goal be accomplished (goal internalization). Once an organization understands how employees source their motivation to choose and follow certain ethically related behavioral paths, efforts can be made to better align incentives and controls, policies, management strategies, and rules. There is no one-size-fits-all method to motivate ethical behavior. However, a thorough understanding of the dynamic forces shaping an employee's ethical decisions can contribute significantly to an organization's ability to motivate employees in the direction desired.

## Cross-References


- ▶ Expectancy Theory in Organizations
- ▶ Goal-Setting Theory of Organizations
- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Motivation and Leadership
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Citizenship Behavior


## References


Ashford BE, Mael F (1989) Social identity theory and the organization. Acad Manage Rev 14:20–39

Bazerman MH, Tenbrunsel AE, Wade-Benzoni KA (1998) Negotiating with yourself and losing: making decisions with internal competing preferences. Acad Manage Rev 23(2):225–241

Craft JL (2013) A review of the empirical ethical decision-making literature: 2004–2011. J Bus Ethics 117(2):221–259

Damasio AR (1994) Decartes' error: emotion, reason, and the human brain. Avon Books, New York

Fudge RS, Schlacter JL (1999) Motivating employees to act ethically: an expectancy theory approach. J Bus Ethics 18(3):295–304

Gaudine A, Thorne L (2001) Emotion and ethical decision making. J Bus Ethics 31(2):175–187

Goleman D (1995) Emotional intelligence. Bantam, New York

Jones TM (1991) Ethical decision making by individuals in organizations: an issue-contingent model. Acad Manage Rev 16(2):366–395

LeDoux JE (1996) The emotional brain. Simon & Schuster, New York

Lehnert K, Park Y-h, Singh N (2015) Research note and review of the empirical ethical decision-making literature: boundary conditions and extensions. J Bus Ethics 129(1):195–219

Leonard NH, Beauvais LL, Scholl RW (1999) Work motivation: the incorporation of self based processes. Hum Relat 52:969–998

Lindsay RM, Lindsay LM, Irvine VB (1996) Instilling ethical behavior in organizations: a survey of Canadian companies. J Bus Ethics 15(4):393–407

Loewenstein G, Lerner JS (2003) The role of affect in decision making. In: Davidson R, Scherer H, Goldsmith H (eds) Handbook of affective science, vol 619–642. Oxford University Press, New York, p 3

Mayer DM, Aquino K, Greenbaum RL, Kuenzi M (2012) Who displays ethical leadership, and why does it matter? An examination of antecedents and consequences of ethical leadership. Acad Manage J 55(1): 151–171

McClelland DC (1961) The achieving society. Van Nostran, New York

Messick DM, Bazerman MH (1996) Ethical leadership and the psychology of decision making. MIT Sloan Manag Rev 37(2):9

Meyer JP, Allen NJ (1991) A three-component conceptualization of organizational commitment. Hum Res Manag Rev 1(1):64–98
Mitchell RK, Agle BR, Wood DJ (1997) Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts. Acad Manage Rev 22(4):853–886
Morrison EW (2006) Doing the job well: an investigation of pro-social rule breaking. J Manag 32(1):5–28
Porter LW, Lawler EE (1968) Managerial attitudes and performance. Richard D. Irwin, Homewood
Rest JR (1986) Moral development: advances in theory and research. Praeger, New York, pp 176–182
Rest JR, Narvaez D, Bebeau MJ, Thoma SJ (1999) Postconventional moral thinking: a neo-Kohlbergian approach. Lawrence Erlbaum, Mahwah
Russell JA (2003) Core affect and the psychological construct of emotion. Psychol Rev 110:145–172
Scholl RW (1981) Differentiating organizational commitment from expectancy as a motivating force. Acad Manage Rev 6(4):589–599
Seo M-G, Barrett LF, Bartunek JM (2004) The role of affective experience in work motivation. Acad Manage Rev 29(3):423–439
Simon HA (1957) Administrative behavior: a study of decision-making processes in administrative organization, 2nd edn. Macmillan, New York
Tenbrunsel AE, Smith-Crowe K (2008) Ethical decision making: where we've been and where we're going. Acad Manag Ann 2(1):545–607
Treviño LK, Weaver GR, Reynolds SJ (2006) Behavioral ethics in organizations: a review. J Manag 32(6):951–990
Vroom VH (1964) Work and motivation. McGraw Hill, New York

# Motivation and Governance

Md. Mansur Hossen
Centre for Administrative Research and Innovation (CARI), University of Dhaka, Dhaka, Bangladesh

## Synonyms

Actors; Administration; Good governance; Governance; Motivation; Participation

## Definition

Governance is the process of decision-making and the process by which decisions are implemented or not implemented.

Motivation is the process that account for an individual's intensity, direction, and persistence of effort toward attaining a goal.

## Introduction

Motivation and governance are closely related. Without motivation, Governance may face multiple crises. Motivation explains peoples' behavior in a certain situation. It is therefore important to understand what induces individuals to work in what way. It gives the reason for people's actions, desires, and needs. Performance of any organization depends on the performance of the employees, and the performance of employees depends on the level of motivation. Governance is the process of decision-making and the process by which decisions are implemented or not implemented. There are various dimensions of governance. The focus of the paper is the relationship of motivation with public governance. Motivation has a great role in ensuring good governance. Good governance urges people's participation, accountability, and transparency of the administration along with rule of law to run the affairs of the governance. The opportunity of participation in public decision-making makes the stakeholders more powerful. Stakeholders involve themselves in policy formulation and implementation and contribute to ensure good governance.

## Background of Governance and Public Governance

World Bank introduced the term "governance" through its report titled "Sub-Saharan Africa - from crisis to sustainable growth" when the economic performance in the region worsen despite the Structural Adjustment Programs. The report recommended institutional reform and a better and more efficient public sector in Sub-Saharan countries. In 1992, the World Bank developed the concept "Good Governance" in the report titled "Governance and Development." World Bank defines good governance as sound governance

with sound public sector management, free flow of information, justice, respect for human rights and liberty, transparency, accountability, and rule of law. Rampant corruption, absence of human rights, nepotism in public sectors, political violation, and absence of free and fair election accelerated the urgency of good governance throughout the world.

## Governance Process

The term governance is more rhetoric than empirical. Since early 1980s, Governance has emerged as a popular term in development literature. Nevertheless, a consensus on definition is elusive. Governance is defined as the "system of government concentrating on effective and accountable institutions, democratic principles and electoral process, representation and responsible structure of government, in order to open and legitimate relationship between the society and the state" (Haalfani et al. 1994, p. 4). In general terms, Governance denotes "how people are ruled, how the affairs of state are administered and regulated as well as a nation's system of politics and how these function in relation to public administration and law" (Mills and Serageldin 1991, p. 304).

Governance can also be defined as "the manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank 2000). Governance is assessed by scholars from three dimensional perspectives. Such as:

- The process by which government is selected, held accountable, monitored, and replaced.
- The capacity of government to manage resource efficiently and formulate, implement, and enforce sound policies and regulation.
- The extent of participation of the citizens in the affairs of the state.

Hyden (1992, 2007) evaluated governance to an umbrella concept to define an approach to comparative politics. He summarizes five characteristics of governance as:

- A conceptual approach that when fully elaborated can frame a competitive analysis of macro-politics.
- Concerns "big" questions of a "constitutional" nature that establish the rules of political conduct.
- Involves creative intervention by political actors to change structure that inhibit the expression of human potential.
- A rational concept, emphasizing the nature of interaction between state and social actors, and among social actors themselves.
- Referring to particular types of relationships among political actors: that is, those that are socially sanctioned rather than arbitrary.

Governance thus viewed as the sum of three major components of: process, content, and delivery. The process of governance includes factors such as transparency and accountability. Content includes values such as justice and equity. Governance cannot be all process and values. It must ensure that the citizens, especially the poorest, have the basic needs to fulfill and no doubt better than a dictatorship that does not, but it is not good governance. Similarly, regular elections alone do not translate into "good governance." It is only when all these three conditions are fulfilled that governance becomes "good governance."

The sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interest may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance as well as informal arrangement that people and institutions either have agreed to or perceive to be in their interest (Our Global Neighborhoods: 1995).

## Indicators of Governance

Good Governance is a normative conception of values according to which the act of governance is realized, and the method by which groups of social actors interact in a certain social context.

The concept of good governance emerged mainly because practices of bad governance, like corruption, unaccountable governments, lack of transparency in public sector, absent of rule of law, lack of respect for human rights, had become increasingly dangerous and need to be intervene. Good governance which was used for the first time as synonym of normative governance is epitomized by predictable, open, and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm of the government accountable for its action; and a strong civil society participating in the public affairs; and all behaving under rule of law (World Bank Report 1993). Bilney defines good governance as "means of the effective management of a country's social and economic resource in a manner that is open, transparent, accountable, equitable" (Bilney 1994, p. 17). Good governance has become an important element of economic and political agenda. The main purpose of governance is to ensure good governance and the better performance of the employees of the organization ensures good governance of that organization. There are some basic indicators of good governance like participation, rule of law, transparency of decision-making, accountability, predictability or coherence, and effectiveness.

## Participation

Participation is the key element of good governance. It includes equal participation of all the members of society in the process of decision-making. Good Governance requires that the general people has the opportunity to participate during the formulation or design of development policies that affect the communities or groups and able to contribute in the implementation of programs and projects. Even where the policy has minor impact on society, the administration should take the opinions and views of the people. This participation may occur at various level like at the grass root, local government, and regional and national levels through flexible and decentralized form of government. Such participation motivates the people to implement the policies more efficiently and effectively.

## Transparency

Transparency in decision-making or public policy making, especially in budget, regulatory, and procurement processes, is also important to the effective use of resources and reduction of corruption and waste. Access to information is the precondition for ensuring transparency. Information should be made available to the general people and there should be clarity as to rules and regulations. Access to timely information on different problems and services of administration motivate the external actors of organization to involve in the governance process. So, the policies, programs, and projects of the government should be transparent as general people can easily get their desired information.

## The Rule of Law

A predictable, stable, and fair legal framework is important so that individual can easily grasp all sorts of opportunities given by the governance without any fear of arbitrary interference and exploitation. This requires that the rules be known in advance, that it can be equally forced and applied consistently and fairly. Legal framework of the government should be fair and enforced impartially irrespective of caste, creed, culture, and religion. There is a crisis of trust in governance. No can rely on the present governance system because of lack of trust. If the governance can ensure rule of law, the level of trust of external actors will increase. Higher level of trust on governance will motivate the actors to involve in governance process.

## Accountability

Along with transparency and responsiveness, accountability is one of the core components of good governance. Accountability means

answerability, i.e., having obligations to answer questions regarding decisions or actions. In general, accountability involves the power of one actor (internal or external) to make demands upon another to provide information about, or justification for, his/her actions and the composition of the actor subject to those demands to respond. There are different forms of accountability such as: horizontal and vertical, democratic, market and administrative. In governance process, all forms of accountability are important, particularly administrative accountability. Public officials should be answerable for the government behavior and responsive to the entity from which they derive authority. It is all about making the authority accountable to the actors of governance. Accountability of public officials will make the governance more transparent and motivate the actors to involve in the governance process.

## Equity

Equity is also an important pillar of good governance. To ensure social justice, equity is must. All men and women should have equal opportunity to maintain or improve their pattern of livelihood irrespective of caste and creed.

## Predictability

Predictability is another important element of good governance. Predictability indicates that laws and policies should exist that regulate society and that are applied fairly within the society. Predictability requires that the governance and its actors are answerable to the legal authority as private enterprises and individuals.

## Combating Corruption

Corruption is an epidemic of modern capitalist world. It has taken place in every sphere of public life. Corruption is the private use of public property. There are various reasons of corruption. Motivation of the employees has a close linkage with corruption. The salary scale of public official of developing countries is not up to the mark. As a result, they are not positively motivated to perform their work effectively and efficiently. So, the qualities of public services are deteriorating day by day and the public sectors are making a huge lose. As a result, combating corruption has become an important element of good governance. The level of corruption depends on the level of motivation. If corruption exists in every segment of public life, then the general people will be demotivated to participate in the governance process. On the other hand, if the motivational level of line and staff within the organization is not satisfactory, the overall performance of the organization will be decreased.

## Efficiency and Effectiveness

Efficiency and effectiveness is also a key indicator of good governance. Efficiency means how promptly the service can be delivered with less time and cost to the citizens. On the other hand, effectiveness indicates how perfectly the service can be delivered with the stipulated time frame. When the mechanism of an organization provides services to the stakeholders efficiently and effectively, they feel motivated and thus they involve themselves in the governance process.

From the above discussion, it is seen that the element of good governance has close linkage with motivation. Participation, accountability, responsiveness, rule of law, transparency, combating corruption, efficiency, and effectiveness motivate the actors (internal and external) to involve in policy formulation and implementation. Participation also ensures the highest level of commitment and dedication. So, to ensure good governance, the motivation is an essential factor that accelerates the performance of public sectors.

## Governance and Motivation

Motivation of stakeholders of an organization is an important factor of the success of the organization. The word motivation derived from the

word "motive" which means needs, desires, wants, or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. According to Stephen P. Robbines, "Motivation is the process that account for an individual's intensity, direction, and persistence of effort toward attaining a goal." There are three elements of motivation, such as

(i) **Intensity:** The amount of effort put forth by the stakeholders to meet the need of the organization.
(ii) **Direction:** It includes efforts that are channeled toward organizational goals.
(iii) **Persistence:** It includes how long the effort is maintained.

The process of motivation begins with the need of individuals which comes from deficiency. For instance, employees of an organization demand higher pay for challenging job. This demand influences the thought processes of employee that directs him to satisfy the needs by adopting a particular course of action. If the selected job of the employee produces expected results, then obviously he will be motivated for the same job for the want of reward. On the other hand, if the anticipated results are not provided to the employee he would not be motivated to do the same performance further. Following are the basic phases of the process of motivation;

(i) Need identification
(ii) Exploring ways to fulfill the need
(iii) Selecting goals
(iv) Performance of employee
(v) Rewards/punishment as consequence of performance
(vi) Reassessment of deficiencies of need

The main function of governance is to formulate and implement public policies involving different institutions, actors, rules, regulations, and traditions. In governance system, there are heterogeneous actors within the organization and outside the organization. For instance, in local governance there are multidimensional actors like local government unit, NGOs, pressure group, interest group, social elite, politicians, media, and religious leaders. These actors can be divided into two types:

- Actors within the organization (Internal actors): Line and staff of the organization.
- Actors outside the organization (External actors): Political leaders, civil society, pressure groups, NGOs, media, local elites, etc.

Actors within the organization can be influenced through legal rational authority. Legal rational authority (also known as rational authority, Legal authority, rational domination, legal domination, or bureaucratic authority) is a form of leadership in which the authority of an organization or a ruling regime is largely tied to legal rationality, legal legitimacy, and bureaucracy. Actors within the organization (especially employees) are legally bounded to do the work. Internal actors will involve the process willingly or unwillingly. But he has to involve the governance process of the organization. The performance of internal actors depends on organizational motivational strategy. But the actors outside the organizations are not legally bound to do the best performance or even to do the work. It is the responsibility of governance to ensure the best performance of these external actors. The objective of governance is to involve both actors in policy formulation and policy implementation, i.e., governance wants to involve the actors. There are two stages of involvement

(i) Compulsive/formal involvement
(ii) Involvement with dedication and commitment

Compulsive or formal involvement indicates the involvement of actors within organization. Their involvement is must and they can be easily involved in the process of policy formulation and implementation. Internal actors are bound to involve the process because they are in a formal chain of command. But the level of dedication and commitment in policy formulation and implementation indicates their level of motivation.

Their level of motivation will clarify their level of involvement. The level of involvement of internal actors highly depends on level of motivation. Level of motivation depends on two things as well. Such as:

- Need Structure
- Availability of incentives to fulfill the need

External actors are not like internal actors. If the organization wants to involve the external actors in governance process, they may come forward or may not, because it is not mandatory for them to involve in the process of policy formulation and implementation. Although they involve, it is not clear that how much they will participate. The participation of external actors depends on their level of motivation. The motivation of external depends on his/her internal urge, drive, requirement, and needs. In this context, motivation is very important for the organization and actors. If the organization can motivate the external actors, they will obviously involve, because in this regard, motivational mechanism is much more important than formal invitation. And their level of involvement depends on their level of motivation and commitment.

On the basis of this involvement, various motivational theories emerged. It is important for the governance to understand motivation as a whole. For the reasons discussed hereinbefore, the contemporary theories relating to motivation ought to be revisited.

## Motivation Theories and Industrial Sector Governance

Motivation is inducing someone to do a piece of work efficiently and effectively. Many scholars have given different theories of motivation. These theories of motivation are basically given for the development of industrial sector governance. The scholars of public governance are applying these theories in public governance, though the mission and vision of the two governances are different. Industrial governance aims at making and enhancing profit whereas the target of public governance is public service delivery. The Motivation theories can be divided into two types. Such as:

**Content theories:** Content theories focus on the factors that energize, direct, sustain, and stop behavior of individuals. These theories explain "What" motivate an individual's to perform in a certain manner. Content theories include:

(i) Maslow's need hierarchy theory
(ii) McGregor's theory X and Y
(iii) Herzberg's two-factor theory
(iv) McClellan's theory of needs (Three need theory)
(v) Clayton Alderfer's ERG (existence, relatedness, and growth) theory (Clayton 1972).

**Process theories:** Process theories provide a description and analysis of "How" behavior of individuals is energized, directed, sustained, and stopped. Process theories include

(i) Victor Vroom's expectancy theory
(ii) J Stacy Adams' equity theory
(iii) B.F. Skinner's positive reinforcement theory
(iv) Edwin Locke's goal setting theory
(v) Porter & Lawler's performance satisfaction theory

## Content Theories

Human being is driven by need. When his/her needs are fulfilled he becomes motivated to perform well. Abraham Maslow identified five types of need hierarchically. Such as Physiological (the need for food, drink, shelter, and relief from pain), Safety and Security (the need for freedom from threat), Social (The need for friendship, affiliation, interaction, and love), Esteem (the need for self-esteem and for respect from others), Self-actualization (The need to fulfill oneself by maximizing the use of abilities, skills, and potential) (Maslow 1943, 1954). Fredric Herzberg identified two factors of motivation, i.e., hygiene factors and motivating factors (Herzberg 1959, 1987). The factors that prevent dissatisfaction are called hygiene factor. The important hygiene

factors are pay, quality of supervision, company policies, physical working conditions, and job security. The presence of these conditions to the satisfaction of the employee doesn't necessarily motivate him but their absence results in dissatisfaction. On the other hand, motivating factors make the employees to perform well. The important motivating factors are promotional opportunities, opportunities for personal growth, recognition, and achievement. The absence of these conditions doesn't prove highly dissatisfying. But when these are present, they build strong levels of motivation that result in good job performance. Douglas McGregor identified that the people inherently dislike work and try to avoid it. This type of employee needs to be controlled and threatened with punishment (Theory X). On the other hand, works are natural and the employees do the work with enthusiasm and commitment (Theory Y). According to McClelland's theory of need, there are three needs of human being like need for achievement, need for power, and need for affiliation which motivates employees to perform well (McClelland 1961, 1975).

## Process Theories

Process theories explain how individuals are motivated to their work. According to expectancy theory, the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Victor Vroom 2000). There are three relationship of expectation theory like effort-performance relationship, performance-reward relationship, and reward personnel goals relationship. Equity theory explains that individuals compare their job inputs and outcomes with those of others and then respond to eliminate any inequalities. Justice (distributive and procedural) can motive people to perform in an efficient and effective manner. Goal-setting theory of motivation is also important because it deals with feedbacks that lead to higher performance of the individuals. Goal commitment, adequate self-efficacy, task characteristics, and national culture are vital factors of influencing goal-performance.

## Use of These Theories in Public Governance

In the age of NPM (New Public Management), public administration follows the market mechanism for service delivery. NPM popularized the jargon steering not rowing. According to this theory, government is in the mind of competition with private sectors. Though the theories of motivation are given by the private sector, the public sector is using these theories for motivating its employees. The important point to be noted here is that the aim of both sectors is different. Private sectors motivate their employees for more profit but the public sectors motivate their employees for better service delivery.

## Need for Comprehensive Motivation Approach

A comprehensive model of motivation is the crying need for the public sector. Ensuring good governance can motivate the public sector employees to delivery better service to the citizens. The value premises of contemporary motivation theories are profit making, but the value premises of public sector is service delivery. The employees of public sector can be ensured through ensuring participation, accountability, transparency, and rule of law.

## Conclusion

Motivation is an important issue of governance. To run the administration smoothly, all the actors of governance should be incorporated. Incorporation of the actors depends on the level of motivation. The motivation of internal actors is crucial because they formulate the public policies with their technical knowledge and implement that

policy for the development of the country. If the motivational factors are absent, they will not give their best effort. Bad performance of internal actors will push the administration into bad governance. On the other hand, participation is an important element of good governance. Participation of external actors makes the public policies more effective. The participation of external actors depends on the level of motivation made by the governance. Consequently, it can be claimed that motivation and governance are intertwined. By ignoring the factors of motivation, it is difficult for the administration to be more efficient and effective.

## Cross-References

► New Public Management (NPM) Framework, Fiji Correction Services

## References

Bilney Q (1994) Good governance and participatory development in Australia's aid program. Development Bulletin, Sydney

Clayton P (1972) Alderfer existence, relatedness', and growth. Free Press, New York

Haalfani M et al (1994) Towards on understanding of governance: emergence of an idea and its implications for urban research in developing countries. The Center For Urban and Community Studies, University of Toronto, Toronto

Hertzberg F, Masuner B, Snyderman B (1959) The motivation to work. Wiley, New York

Herzebag F (1987) One more time how do you motivate employees? Harv Bus Rev 65:109–120. (Reprinted in Harvard Business Review January 2003, pp 87–98)

Hyden G (2007) The challenges of making governance assessment nationally owned, paper presented to seminar on "Governance assessments and the Paris Declaration: opportunities and for inclusive and national ownership". CMI, Bergen. Also see Hyden G, Branon M (eds) (1992) Governance and politics in Africa. Lyme Rienner Publishers

Maslow AH (1943) A theory of human motivation. Psychol Rev 50:370–396

Maslow AH (1954) Motivation and personality. Harper & Row, New York. Maslow's most recent work is Abraham H. Maslow and Richard Lowly. Toward a psychology of being. Wiley, New York, 1999

Mcclelland DC (1961) The achieving society. Van Nostrand, Princeton

Mcclelland DC (1975) Power: the inner experience. Irvington, New York

Mills LP, Serageldin I (1991) "Governance and external factors" proceedings of the World Bank annual conference on development economics. The World Bank, Washington, DC

Victor Vroom (2000) Leadership and the decision. Making process. Organ Dyn 28(4):82–94

World Bank (2000) Taming Leviathan- reforming governance in Bangladesh. World Bank, Dhaka

World Bank Report (1993) Good governance and sustainable development: a UNDP policy document, 1997

# Motivation and Leadership

Shuyang Peng
School of Public Administration, University of New Mexico, Albuquerque, NM, USA

## Introduction

Motivation and leadership are two evergreen topics in management studies. In public management, Behn (1995, p. 315) considered "how public managers can motivate people… to work energetically and intelligently towards achieving public purpose," one of the three big questions that needs to be answered. The purpose of this chapter is, through introducing theories of motivation and leadership, to show how leaders shape three types of motivation: individual motivation, public service motivation, and organizational collective motivation.

## Leadership and Individual Motivation

Individual motivation is actually a series of factors that drive an individuals' behavior. Motivation can be viewed as either intrinsic or extrinsic. Intrinsic motivation is doing something that is inherently enjoyable and satisfying, whereas extrinsic motivation relies on external

factors such as obtaining rewards or avoiding punishment. In general, people are more motivated by internal gratification than external factors. In organization settings, individual motivation is often examined as work motivation, which reflects the psychological processes that direct, energize, and persist work behaviors (Kanfer 1990).

The following discussion of a leader's influence on individual motivation is mainly drawn from classic motivation and leadership theories. In particular, motivation theories such as needs theory, goal-setting theory, operant conditioning theory, cognitive evaluation theory, participation theory, and job characteristics theory are explained. Leadership theories such as power theory, path-goal theory, participation theory, and transformational and transactional leadership theory are also discussed.

## Leadership and the Needs of Individuals

The need-fulfillment paradigm of motivation theory posits that a person is motivated by their desire to fulfill certain needs. The most famous needs theory goes back to Maslow's hierarchy of needs. According to Maslow (1943), there are five basic human needs: physiological needs, safety needs, love needs, esteem needs, and self-actualization. These needs can be arranged into an ascending sequence based on their relative prepotency. Basically, it means that human needs come in a hierarchical order; only when a person's lower-order needs are satisfied will they pursue higher-order needs.

Needs theory later underwent modifications and expansions suggested by other scholars. Aldefer (1972), for instance, reformulated five levels of needs into three levels, which include existence needs, need for relatedness, and need for growth. In his book *Human Motivation*, McClellan (1985) suggested that people are driven by three types of needs: the need for achievement, the need for power, and the need for affiliation. Different needs drive people to behave differently. For example, people driven by the need for achievement may prefer and perform better at relatively difficult tasks. Needs theory provides considerable insights for leadership behavior, as it suggests that a leader can motivate employees by identifying and satisfying their unique needs.

## Leadership and Goal Setting

The basic premise of goal-setting theory (Locke and Latham 1990) is that goals guide behaviors. When a person sets goals, they have a clearer sense of direction, they tend to direct and increase their efforts toward achieving goals, and they are more likely to strategize new ways of accomplishing their goals (Locke and Latham 1990). According to the theory, three factors are crucial in determining whether a person will achieve their goals. The first factor is goal commitment. People are more likely to achieve goals that they are deeply committed to. Goal commitment is particularly important when goals are specific and difficult. However, a person's goal commitment is influenced both by how much they value the outcome of the goal and their beliefs about their capabilities for successfully accomplishing goals (i.e., self-efficacies). The second factor is feedback, which shows the progress en route to goal achievement. The third critical factor is task difficulty. When a person sets a complex goal, they direct more and longer efforts toward the goal, and they are more likely to achieve the goal.

Based on goal-setting theory, leaders can help employees to set goals and leverage these goals into a source of employee's work motivation. For instance, a leader can enhance an employee's goal commitment by communicating the importance and the values of the established goal and by strengthening an employee's belief that they can achieve the goal. Providing timely and constructive feedback about an employee's performance and progress is also an important motivator. Complex tasks can be introduced from time to time as a means to challenge and motivate employees.

## Leadership and Rewards

Motivation theory has paid considerable attention to how rewards can be used to motivate individual behavior. Operant conditioning theory (Skinner 1953) is such an example. The theory posits that human behavior is guided by its consequences. According to the theory, three main approaches – reinforcement, punishment, and extinction – can therefore be used to control behaviors. Reinforcement can be positive that strengthens behavior by providing rewards. It can also be negative that strengthens behavior by removing an unpleasant stimulus. Punishment is used to prevent unwanted behavior from occurring again. And extinction of behavior occurs when behavior is no longer reinforced by the same consequence.

Although research on operant conditioning has established reward as an effective behavior stimulus, another stream of research has offered a different view. This stream of research, known as cognitive evaluation theory (Deci 1971; Deci and Ryan 1980), examines the undermining effects of external rewards on intrinsic motivation. The theory posits that behaviors are not always contingent upon external rewards but originate from within. A person may perform certain activities in the absence of external rewards because these activities are inherently enjoyable. But in situations where a person is given external rewards, such as a financial bonus, to perform tasks that they enjoy, they tend to put in less effort than in situations where there are no mediated rewards.

This decrease in intrinsic motivation, according to Deci and colleagues, is triggered by the provision of extrinsic rewards that causes locus of causality shifting from internal to external. That is, when extrinsic rewards are offered, one loses a sense of self-determination as the rewards become the controlling agent of one's behavior. The intrinsic motivation is thus undermined. Yet the theory also suggests that the type of reward matters. If intangible rewards such as verbal compliments and feedback are given instead, these rewards can in fact strengthen intrinsic motivation.

Leadership theory also includes discussions of the power of leaders in mediating rewards. The power theory of leadership identifies five types of power bases (French and Raven 1959) that a leader can use to induce certain psychological changes in a subordinate. These five power bases are reward power (i.e., the extent to which a leader has the ability to reward a subordinate), coercive power (i.e., the extent to which a leader has the ability to punish a subordinate), legitimate power (i.e., the extent to which a leader has the legitimate power over a subordinate), referent power (i.e., the extent to which a subordinate identifies with a leader), and expert power (i.e., a leader's level of expertise). Overall, the different types of power employed by a leader would result in varying motivational states of a subordinate.

In public administration, scholars have long questioned the effectiveness of using financial incentives, particularly pay-for-performance programs, in rewarding and motivating public employees. The main argument is that a public sector management and compensation system does not have the flexibility and resources needed to ensure the success of pay-for-performance program (Ingraham 1993). Even those public managers with adequate resources at their disposal may find that providing financial incentives is not a good idea as it may crowd out an employee's intrinsic motivation. Thus, to motivate employees in public sector, it may be more effective for leaders to use nonmonetary incentives such as communicating the importance of public service and providing feedback on work impacts.

## Path-Goal Leadership and Motivation

Path-goal leadership theory explains how leaders can effectively shape a subordinate's motivation. The theorization of path-goal leadership was built on the expectancy theory of motivation.

Expectancy theory was first developed by Vroom (1964) and later expanded by others (e.g., Porter and Lawler 1968). In general, the theory posits that individual motivation is a function of three key factors: (1) expectancy, one's

expectation that making an effort will result in a certain level of performance; (2) instrumentality, one's estimate that a given level of performance will secure certain outcomes or rewards; and (3) valance, how much one wants such an outcome or reward. In other words, a person is more motivated when their efforts will result in a level of performance that they can see will result in an outcome they actually care about.

Building on expectancy theory, path-goal leadership theory emphasizes that leaders can effectively shape a subordinate's motivation by directing their actions to managing these three motivational factors. Specifically, according to House (1971), the essential role of leaders is to ensure a subordinate sees two connections: a clear connection between work efforts and work-goal achievement and a clear connection between work-goal achievement and the rewards that the subordinate values.

To show a subordinate that their hard work will lead to certain goal achievement, a leader needs to clarify the subordinate's responsibility and help to enhance their capabilities in performing tasks. A leader also needs to remove those obstacles that stand in the way of obtaining results. In order to reassure a subordinate that performance will lead to certain valued outcomes, a leader needs to clearly communicate the possible rewards associated with work accomplishments and consistently mediate those rewards. The rewards can be in the form of extrinsic rewards such as higher compensation or promotion or in the form of intrinsic rewards such as a sense of satisfaction and personal growth.

Path-goal theory (House and Mitchell 1974) proposes four types of leadership behavior: directive, supportive, participative, and achievement-oriented and also suggests that an effective leadership style is contingent upon two sets of factors: subordinate characteristics and environmental factors. For example, directive leader behavior may improve a subordinate's satisfaction when tasks and policies are ambiguous because it will help to clarify those tasks and provide guidance. Supportive leadership, in contrast, works well when a subordinate works on stressful or frustrating tasks.

## Participative Leadership and Motivation

Both motivation and leadership theories have recognized the importance of participation. Participative leadership involves a leader encouraging and facilitating employee participation in decision-making. Yukl (2010) aligned four types of participation on a continuum. No participation is on the left and high participation is on the right. Therefore, an autocratic decision, appearing on the extreme left end of the continuum, allows for no participation. Consultation, second from the left, allows some degree of participation such as when a manager asks for an opinion, but the decision is still left entirely to the manager. Moving rightward again, the next type is the joint decision. A joint decision allows for more participation, as managers and participants have equal influence, they discuss and make the decision together. Delegation, on the far right end, gives the decision-making power to others. Managers may give some guidance and may or may not give final approval. Yukl (2010) acknowledged that decision procedures in practice do not necessarily fall neatly into these exact categories. In many cases, different types of decision call for different decision-making procedures.

Nevertheless, participative leadership can provide a number of motivational benefits for employees. According to Lawler (1986), participation in a decision can affect motivation in several ways. To begin with, participation fulfills an employee's need for control, competence, achievement, and personal growth; by fulfilling these needs, an employee's motivation could be increased.

Participation also provides opportunities for an employee to be part of a goal-setting process and to commit to established goals. When an employee sets goals and becomes committed to those goals, they tend to be motivated to achieve the goal. In addition, participation allows an employee to make decisions about how to perform tasks and allows them to obtain feedback about progress and performance. These factors, according to job characteristics theory discussed later in the chapter, are essential in increasing an employee's intrinsic motivation.

## Leader-Member Exchange and Motivation

Derived from role theory and social exchange theory, leader-member exchange (LMX) theory was developed by Graen and colleagues (e.g., Dansereau et al. 1975). The theory focuses on the exchange relationship between leaders and their subordinates. According to the theory, leaders develop different relationships with their subordinates, which range from high-quality relationships to low-quality relationships. A high-quality relationship is characterized by high trust, interaction, support, and rewards, whereas a low-quality relationship is characterized by low trust, interaction, support, and rewards (Dienesch and Liden 1986).

Dansereau et al. (1975) pointed out, in high-quality LMX, leaders often provide subordinates with trust, emotional support, rewards, and work-related privileges such as information, autonomy, and interesting and important tasks. In exchange, subordinates reciprocate with hard work, trust, and loyalty. Because a subordinate often derives various intrinsic and extrinsic rewards from such an exchange relationship, they tend to develop a positive motivational state.

## Transformational Leadership and Motivation

Transformational leadership was first introduced by James MacGregor Burns (1978) in his seminal book, *Leadership*. In this book, Burns drew a distinction between transformational leadership and transactional leadership. Transformational leadership, according to Burns (1978, p. 56), occurs "when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality."

Building on Burns' work, Bass (1985) conceptualized four components of transformational leadership. The first component, idealized influence, refers to the extent to which leaders serve as role models for the followers. The next component, inspirational motivation, describes the extent to which leaders inspire and motivate followers in pursuit of higher goals and missions. The third component, intellectual stimulation, emphasizes the extent to which leaders stimulate followers intellectually by questioning assumptions and encouraging followers to challenge the status quo and make changes. The final component, individual consideration, identifies the extent to which leaders are attentive to their followers' individual needs and growth.

In both Burns and Bass's conceptualizations, transformational leadership is motivational. Using Maslow's hierarchy of needs as an illustration, Burns (1978) suggested that transformational leaders do recognize followers' basic needs. But, more importantly, they encourage followers to move up the hierarchy of needs toward a higher level of self-realization. Bass (1985) also stated that transformational leaders help followers to transcend their self-interest for the collective good of the group, organization, or country. Although Bass (1985) did not consider ascending to the next level of needs as a necessary condition for the occurrence of a transformational process, he did point out that the transformational process usually involves the upgrading of needs.

Besides the direct motivational effects of transformational leadership, there are other key mechanisms, through which transformational leaders shape a follower's motivation. The first mechanism is empowerment (Bass and Riggio 2006). Empowering followers is an important characteristic of transformational leadership. Some examples of leadership behaviors that empower followers are delegating authority and responsibility, encouraging independent thinking, and increasing work autonomy. When a follower feels a sense of empowerment, their motivation will increase.

The second mechanism is self-concept (Shamir et al. 1993). Self-concept, in general, refers to how an individual views and defines himself/herself. It is comprised of values and identities that function as the main source of motivation of individual behavior. Transformational leaders can motivate

followers by activating and shaping those values and identities that are embedded in a follower's self-concept. For instance, if a leader aims to improve a follower's work motivation, they can increase the salience of the identity associated with work in the follower's self-concept, which in turn increases the likelihood of a follower's behaviors reflecting such identity (Shamir et al. 1993).

The third mechanism is self-concordance (Bono and Judge 2003). The self-concordance model of motivation suggests that an individual is autonomously motivated when they pursue goals that align with their internal interests and values. Transformational leaders thus play an essential role in presenting organizational and work goals in terms of values that are endorsed by followers' internal value systems. Once a follower believes that the organization's goal and their work goals are congruent with their internal interests and values, they tend to perform better and be in a more positive motivational state (Bono and Judge 2003).

The fourth mechanism is job characteristics. Job characteristics theory (Hackman and Oldham 1976) posits that when a job is designed to reflect five essential characteristics, it creates the condition for a high level of employee work motivation (Hackman 1980). These five job characteristics are (1) skill variety (the extent to which the job requires a variety of skills to carry out the work), (2) task identity (the extent to which the job requires a completion of identifiable work with visible outcomes), (3) task significance (the extent to which the job has significant impact on other people's lives), (4) autonomy (the extent to which individuals have freedom and discretion in carrying out the work), and (5) feedback (the extent to which individuals will obtain information about their performance). Transformational leaders can communicate information cues that can influence a follower's perceptions toward their job (Piccolo and Colquitt 2006). For instance, a leader can articulate the importance of the work or provide timely feedback to followers to help them identify problems and improve performance.

## Transactional Leadership and Motivation

Unlike transformational leaders who concentrate on follower development, transactional leaders engage followers in social exchange relationships. Instead of motivating followers through empowerment and through appealing to values and identities, Bass (1995) suggested that transactional leaders depend on two tools to manage and motivate followers. The first is the contingent reward, such as a financial bonus. The second is management by exception, meaning leaders passively waiting for mistakes to occur and only intervening when there is a problem. Both of these tools rely on external factors such as reward and punishment to motivate subordinates.

## Leadership and Public Service Motivation

In public administration, scholars are particularly interested in public service motivation (PSM). PSM can be broadly defined as the "motives associated with serving public good" (Perry and Hondeghem 2008, p. 3). According to Perry and Wise (1990), PSM has three motivational bases. Rational motives explain why some individuals gravitate toward public service because of their interest in policy making and advocacy. Norm-based motives involve an individual's desire to serve the public interest and social equity as well as a sense of duty and loyalty to government service. Affective motives describe an individual's patriotism of benevolence.

Leadership plays an important role in motivating employees to engage in public service behaviors. Transformational leadership, as a value-based leadership, is particularly influential. Paarlberg and Lavigna (2010) pointed out several

key management practices that transformational leaders can utilize to foster an employee's PSM.

First, transformational leaders need to articulate and communicate inspirational ideology and the importance of public service values to employees. By doing this, they can inspire employees to go beyond their self-interest to pursue the greater good. Second, transformational leaders can work to foster an alignment between an employee's values and the values of the organization. Such alignment can be achieved by recruiting employees who are responsive to public service values before entering public service and by arranging socialization programs that cultivate public service values. Third, by setting clear public service goals and by communicating the meaning of these goals, transformational leaders can motivate employees to increase their efforts toward goal accomplishment. Fourth, transformational leaders need to show employees a clear connection in terms of how their work has contributed to organizational success and clients' well-being. Knowing their work has an impact can reinforce an employee's beliefs in public service. Fifth, it is important for transformational leaders to create an organizational environment that allows autonomy and flexibility, because autonomy enables employees to accomplish public service goals via actions that they deem appropriate. Lastly, it is not enough for transformational leaders to only preach the correct ideas and values; more importantly, a transformational leader needs to walk the talk by setting an example through their own actions.

## Leadership and Organizational Collective Motivation

There are three key ways through which leaders shape organizational collective motivation. The first way is creating an organizational culture within which there are shared beliefs and values among employees. Organizational culture determines how employees behave, interact with each other, and carry out tasks in an organization. When leaders build a strong organizational culture, it produces a shared commitment among employees toward certain values or goals, which in turn can help to prescribe desired behavior patterns.

The second way is fostering a collective organizational identity. Identity is an important source of motivation. When employees have a shared identity in relation to the organization, they are collectively motivated to behave in a way that reflects that identity. In public organizations, public service identity is perhaps the most salient shared identity among employees. A public service identity forms when an employee embraces and internalizes public service values. Leaders can facilitate this value internalization process by collectively communicating a compelling vision of public service and celebrating an employee's progress in achieving this vision (Yukl 2010).

The third way is augmenting the collective efficacy of employees. Collective efficacy refers to the collective belief that together employees can successfully carry out an organization's goals and mission. It also means the optimism and confidence that employees have in the ability of top leaders to guide the organization to success (Yukl 2010). As collective efficacy may lead to heightened collective motivation, leaders need to find ways to increase such collective efficacy. To this end, Yukl (2010) prescribed several leadership behaviors such as making inspiring speeches, explaining solutions to overcome obstacles or deal with crises, keeping members informed about progress, and celebrating achievements.

## Conclusion

In summary, theories assert that leadership plays a vital role in shaping individual motivation, public service motivation, and organizational collective motivation. To heighten individual motivation, leaders can adopt different strategies depending on the situation. For example, some strategies that

focus on employee development include fulfilling employees' personal needs, enhancing their self-efficacy, and empowering them. Some other strategies that are associated with work include facilitating the work goal-setting process, designing jobs that are interesting and important, augmenting work autonomy, emphasizing intrinsic rewards that employees can derive from work, and providing timely and constructive work feedback to employees.

A leader can also foster an employee's public service motivation. A leader can focus on inspiring the employee to transcend their self-interest for the public good, creating value congruence between the employee and the organization, and facilitating the employee's internalization of public service values as the employee's public service identity is being formed. To increase organizational collective motivation, a leader can create a work culture based on shared beliefs and values, foster a collective identification with the organization, and enhance the collective efficacy of public employees.

## Cross-References


- ▶ Employee Work Motivation
- ▶ Theories of Leadership
- ▶ Transactional Leadership
- ▶ Transformational Leadership


## References


Alderfer CP (1972) Existence, relatedness, and growth: human needs in organizational settings. Free Press, New York

Bass BM (1985) Leadership and performance beyond expectations. Free Press, New York

Bass BM, Riggio RE (2006) Transformational leadership. Psychology Press

Behn RD (1995) The big questions of public management. Public Adm Rev 55(4):313–324

Bono JE, Judge TA (2003) Self-concordance at work: toward understanding the motivational effects of transformational leaders. Acad Manag J 46(5):554–571

Burns JM (1978) Leadership. Harper & Row, New York

Dansereau F, Graen GB, Haga W (1975) A vertical dyad linkage approach to leadership in formal organizations. Organ Behav Hum Perform 13:46–78

Deci EL (1971) Effects of externally mediated rewards on intrinsic motivation. J Pers Soc Psychol 18(1):105

Deci EL, Ryan RM (1980) The empirical exploration of intrinsic motivational processes. In: Berkowitz L (ed) Advances in experimental social psychology, vol 13. Academic Press, New York, pp 39–80

Dienesch RM, Liden RC (1986) Leader-member exchange model of leadership: a critique and further development. Acad Manag Rev 11(3):618–634

French J, Raven BH (1959) The bases of social power. In: Cartwright D (ed) Studies in social power. Institute for Social Research, Ann Arbor, pp 150–167

Hackman JR (1980) Work redesign and motivation. Prof Psychol 11(3):445

Hackman JR, Oldham GR (1976) Motivation through the design of work: test of a theory. Organ Behav Hum Perform 16(2):250–279

House RJ (1971) A path goal theory of leader effectiveness. Adm Sci Q 16:321–339

House RJ, Mitchell T (1974) Path goal theory of leadership. J Contemp Business 3:81–97

Ingraham PW (1993) Of pigs in pokes and policy diffusion: another look at pay-for-performance. Public Adm Rev 53(4):348

Kanfer R (1990) Motivation theory and industrial and organizational psychology. In: Dunnette MD, Hough LM (eds) Handbook of industrial and organizational psychology, vol 1, 2nd edn. Consulting Psychologists Press, Palo Alto, pp 75–170

Lawler EE (1986) High-involvement management. Jossey-Bass, San Francisco

Locke EA, Latham GP (1990) A theory of goal-setting and task performance. Prentice-Hall, Englewood

Maslow AH (1943) A theory of human motivation. Psychol Rev 50(4):370–396

McClelland DC (1985) Human motivation. Scott, Foresman

Paarlberg LE, Lavigna B (2010) Transformational leadership and public service motivation: driving individual and organizational performance. Public Adm Rev 70(5):710–718

Perry JL, Hondeghem A (2008) Editor's introduction. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 2–14

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50:367–373

Piccolo RF, Colquitt JA (2006) Transformational leadership and job behaviors: the mediating role of core job characteristics. Acad Manag J 49(2):327–340

Porter LW, Lawler EE (1968) Managerial attitudes and performance. Dorsey Press, Home-wood

Shamir B, House RJ, Arthur MB (1993) The motivational effects of charismatic leadership: a self-concept based theory. Organ Sci 4(4):577–594

Skinner BF (1953) Science and human behavior. Macmillan, New York

Vroom VH (1964) Work and motivation. Wiley, New York

Yukl GA (2010) Leadership in organizations, 3rd edn. Prentice-Hall, Englewood Cliffs

# Motivation Theory and Practice in Public Employment

Trenton J. Davis
Department of Public and Nonprofit Studies, Georgia Southern University, Statesboro, GA, USA

## Synonyms

Employee motivators; Incentives and rewards; Work motivation

## Definition

Motivation is the behavioral drives one experiences in relation to satisfying some types of perceived need or needs (Gabris and Davis 2016).

## Introduction

Motivation is an "umbrella concept that captures the psychological forces that direct, energize, and maintain action" (Grant 2008, p. 50). While each theory of motivation incorporates its own distinct set of concepts and propositions, there is an underlying commonality of meaning from which a general definition of motivation can be derived. Broadly defined, motivation is the behavioral drives one experiences in relation to satisfying some type of perceived need (Gabris and Davis 2016). For example, if managers find themselves behind in writing a report that is due shortly, the need or goal is to finish the report. This, in turn, motivates or drives them to work longer hours in order to achieve the goal. If not done, the unfinished report will remain a nagging issue causing stress and discomfort. Thus, they are motivated to increase the time to resolve the disequilibrium. This definition captures the core rationale embedded in most theories of motivation. Namely, individuals engage in driven behavior (action choices) as a means for addressing one or more felt needs. However, the motivation process is complicated when employees experience competing and even contradictory needs. To address these complexities, different motivation theories developed nuances and logic concerning the forces that energize, direct, and sustain behavior.

## Public Service Motivation

Theories and assumptions about what motivates public employees are important, as they guide the development of the systems and strategies that organizations use to drive behavior. In the public sector, research has shown that individuals find meaning in their work by making a positive difference in the lives of the citizens they serve. The idea that serving the public is an honorable and noble pursuit is not new. For example, in his description of the servant leader, Robert Greenleaf (1970) made the case that the servant ethic could make a substantial difference in the overall quality of society.

In a now classic article addressing the motivational basis of public service, Perry and Wise (1990, p. 368) defined public service motivation (PSM) as "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions or organizations." They postulated three primary motives associated with an individual's choice to engage in public service. First, individuals may be attracted to public service for rationally motivated reasons. For example, by working for a public agency, some may see this as a means by which to pursue policy preferences in a direct, operational context. Others may exhibit normative motives for working in public service. Here, individuals may pursue public policies they believe are ethically correct, such as advancing more environmentally friendly measures. Third, individuals may pursue public service work for affective reasons in the context of having strong emotional ties to the public service; for instance, some may be drawn to the public sector because of family tradition.

Since that earlier work, Perry (2000) has developed a more comprehensive description of PSM. In his view, the key to formalizing a theory of PSM involves an individual's sociological

context, which may include family, educational, religious, and professional training – factors that combine to influence broader institutions. These institutions reinforce our emerging self-concept and provide a set of self-regulatory processes. It is self-concept that influences individual behavior regarding the career one aspires to, the kinds of rules one chooses to follow, and the types of obligations and commitments one holds toward one's job.

It should be understood that PSM does not literally mean public *sector* motivation. The construct pertains to anyone, even in the private sector, who responds to motives traditionally associated with public institutions. Nonetheless, it can be assumed that individuals planning to enter public sector careers are also likely to display normal to above normal PSM scores. These individuals have self-selected themselves for jobs in which they are expected to serve the public both directly and indirectly; it is reasonable to assume that they will display substantive levels of PSM.

## Trends in Public Administration Theory and Practice

There has been considerable debate and research devoted to understanding where PSM derives from and the role it plays within public organizations. While the empirical research focusing on PSM has been generally supportive (Wright 2008), several trends in contemporary public administration have emerged that complicate and challenge the value of the PSM construct. This does not mean that PSM does not exist or is without intrinsic value, but rather there is a tangled disconnect between the ideals of PSM and the public service reality present in the twenty-first century.

In earlier parlance, government administration was described as most effective when it was detached, objective, and separate from political policy making (Wilson 1887). Public managers were career professionals chosen on the criterion of merit, who provided the specialized expertise necessary for implementing public policy efficiently (Goodsell 2004). These professional public managers ostensibly adhered to codes of ethics that stressed honesty, integrity, duty to the public good, and removal of conflicts of interest (Banovetz 1971). The job of professional public managers was to run government organizations as well-oiled machines, based on widely accepted principles of management (Gulick 1937). Contemporary scholars have criticized the dichotomy model as overly simplistic and flawed, arguing that public administrators and policy officials often share certain roles and responsibilities (Svara 1990). Yet, the image of the public manager as a dedicated, highly trained, and skilled individual who enjoys substantial esteem in his or her profession, coupled with a sense of pride in serving the public, has largely remained a positive ideal-type.

In a conceptually evocative essay, Bowman (2009) argued that the private sector ideology has gained such enormous momentum and become so ingrained in our mindset that it has led to a situation where no one questions whether the benefits of the "private sector is better" ideology are antithetical to public sector ends. Quoting Paul Light, Bowman (2009, p. 331) averred, "We have no data to show that contractors are actually more efficient than government." Yet, the tendency to contract out to the private sector has proliferated, in effect creating a shadow government of private contractors. The implication for many aspiring and current public service professionals is that their primary job becomes that of contract monitor; they no longer do the job themselves but delegate the work to the private sector.

This diminution of public service has been further exacerbated by a principal-agent approach in terms of how organizations perceive and treat their workers. Agency theory holds that most workers do not like their jobs and given the opportunity will engage in moral hazard and shirk their responsibilities (Zajac 1995). Using information asymmetry to their advantage, employees will game the system. As a consequence, public sector organizations frequently implement mechanisms designed to closely monitor employee performance to thwart shirking behavior and keep employees focused on the goals of the organization (Tosi and Gomez-Mejia 1989).

Finally, while many public organizations espouse teamwork and cooperation, they also seek to control the behavior and performance of their employees (Gabris 1998). Elected officials often do not seem to trust public employees to perform well unless they are subjected to strict and often severe rules of accountability and control. Command and control management dovetails nicely with bureaucratic organizational design, which remains the predominant model of public organization structure.

## Emerging Public Management Models

Perry et al. (2006) identified numerous emerging trends associated with how public organizations are being managed. Perry et al. (2006, p. 89) contended, "Sweeping contextual changes surrounding the way the public's business is conducted suggest a renewed need to visit the drivers of human performance in the public sector." The authors posited 13 separate propositions regarding the expectations of future public service employees. These propositions can be summarized in the following manner: Employees will be expected to function within highly integrated team-based management systems, where group or unit output takes precedence over individual performance. Consequently, incentive systems that reward group performance are more likely to become dominant, where output expectations are linked to difficult but achievable goals. Such team-based management systems will place a high value on individual commitment to group goals, facilitated by much broader job descriptions, where employees will be expected to master multiple skills and tasks. Moreover, employees will be expected to participate in team decision processes and take ownership of team performance. Output will be carefully measured and assessed to ascertain goal completion, as well as to assess the effectiveness of the larger organization. In sum, these new public organizations will have flatter hierarchies, less functional specialization, greater reliance on strategic decision-making, and less attachment to traditional top-down authority systems.

With respect to motivation theory and practice in public employment, there are two conceptually distinct models of public management contending for dominance. The first model is economically derivative, portraying public employees as a type of tool to be used in accomplishing public goals, with the caveat that such employees are likely to pursue their own private interests when given a chance to do so. This model also portrays traditional government service provision as largely ineffective and generally inferior to the private sector in terms of carrying out complex tasks. The second model assumes that public organizations are capable of addressing highly complex problems successfully. This model is based on high trust, commitment, group incentives, authority decentralization, and broad job descriptions. Here, the public sector is viewed much more as a potential solution, rather than automatically subrogated as the problem.

## Theories of Motivation

While studies have shown that public employees rank service to the community more highly than personal gain, individuals are motivated in a myriad of ways (Le Grand 2006). Needham, Mangan, and Dickinson (2014, p. 6) noted that "better understanding the bundle of incentives that motivate people to serve the public is part of the workforce challenge for 21st Century public services." With regards to work motivation, there are two main determinants of human behavior – intrinsic motivators and extrinsic motivators. Intrinsic motivators or rewards are derived from the job itself, such as having challenging job tasks, developing new forms of job knowledge, or the sense of duty that one feels as a public employee. Extrinsic motivators or rewards are part of the job situation that is provided by others. They include, for example, salary and benefits, opportunities for advancement, and job security. Research has consistently demonstrated that public employees, due to recruitment, self-selection, and socialization, are more likely to derive motivation through intrinsic rewards than their private sector counterparts (Houston 2006). Public

employees, however, are not motivated by altruism alone. Mulgan (2009) noted that thresholds matter. In other words, public employees are altruistic up to a point and then require other types of motivators and rewards to sustain altruism.

As noted above, motivation can be defined as the drive individuals experience to satisfy perceived need deficiencies. While it is intrinsic and extrinsic motivators, or some combination thereof, that drive behavior, theories of motivation can be sorted into two distinct categories – content theories of motivation and process theories of motivation.

### Content Theories of Motivation

Content theories of motivation attempt to explain *what* drives individuals to engage in goal directed behavior (Hellriegel et al. 1986). That is, content theories refer to the various needs, motives, and rewards attempting to be satisfied. For example, money constitutes an extrinsic motivator because it can be easily converted into tangible, externally useful things that drive motivation, whereas self-esteem serves as an intrinsic motivator that can satisfy individual internal needs for self-meaning.

The "hierarchy of needs" model developed by Abraham Maslow (1943) is a classic content theory of motivation. Maslow argued that humans must first satisfy basic physiological needs, such as hunger and thirst before moving on to more complex needs, such as esteem and self-actualization. These latter needs involve higher psychological states that are more intrinsic than extrinsic. ERG Theory, proposed by Clayton Alderfer (1972), sought to simplify Maslow's construct by reducing the five need levels to three more general levels: existence needs, relatedness needs, and growth needs. Existence needs represent lower order needs, whereas growth needs fall into the highest need category. Individuals progress up the hierarchy one step at a time as a need is satisfied. When both lower order and higher order needs are unmet, an individual will be motivated to direct their effort toward satisfying the lower order need first. When an individual is unable to fulfill a growth need, he or she will regress to lower order need states as their primary motive focal point.

Other notable content motivation theories include the motivation-hygiene theory of Frederick Herzberg (with Mausner and Snyderman 1959), and the achievement theory of David McClelland (1961). Motivation-hygiene theory posits that two distinct factors separate extrinsic and intrinsic motive forces, and that only intrinsic factors truly motivate people. Workers expect *hygiene factors* such as pay, equipment, and working conditions to be adequate for carrying out their jobs. If these factors fall below expectations, they serve to dissatisfy workers; however, once improved, they do not serve as primary motivators. Alternatively, intrinsic motivators such as achievement, recognition, autonomy, the work itself, and responsibility appeal to one's higher psychological needs.

McClelland's (1961) achievement theory is based on the Thematic Apperception Test (TAT). According to McClelland, individuals vary in their need for achievement, affiliation, and power. Achievement motivation is perhaps most crucial for job performance. Achievers prefer to set their own goals and tend to avoid extremes by taking on difficult but achievable tasks. Additionally, achievers prefer tasks that provide more, rather than less feedback (Hellriegel et al. 1986). Individuals with a strong need for affiliation typically seek approval and reassurance from others. They are also characterized by a desire to conform to the wishes and norms of others. Individuals with a strong need for power seek to control their environment. They seek to exercise influence and aspire to positions of leadership.

### Process Theories of Motivation

A more sophisticated approach to motivation involves process theories. Process theories of motivation focus on the cognitive and behavioral processes that drive motivation. Put another way, process motivation theories explore *how* different motivational forces (both extrinsic and intrinsic) interact in ways that motivate individuals. Theories

falling into this category include expectancy theory (Vroom 1964), equity theory (Adams 1965), and goal setting theory (Locke 1968).

Expectancy theory is premised on the belief that individuals undertake a conscious decision-making process when deciding whether and how to act. The decision to act is based on three sets of perceptions. First, individuals must believe that their behavior is related or will lead to certain outcomes (rewards). This is known as the performance-outcome expectancy. Second, individuals place different values on outcomes. Third, individuals change or alter their behavior based on the perceived probability of success. This is known as the effort-performance expectancy. For example, employees seeking a raise (outcome) may alter their work ethic (behavior). However, if employees do not believe that a raise is obtainable or the employee is simply not motivated by monetary rewards, then they are likely to remain unmotivated. Thus, the expectancy process would entail altering both the way an individual's performance is measured, as well as the reward system itself (Gabris and Davis 2016).

Equity theory (or social comparison theory) entails an exchange relationship between an employer and employee. In an effort to drive motivation, the employer provides one or more outcomes including salary and benefits, promotions, and praise. In turn, the employee provides inputs in the form of his or her job performance. Employees compare their input to outcome ratio against other employees (known as comparison others) both within and outside the organization. When employees perceive a balance between the inputs provided and outcomes received, they will likely be satisfied with the exchange relationship. However, employees may feel under-rewarded if they perceive that the ratio of their inputs is less than the ratio of outcomes to inputs for others. This is known as underpayment inequity. Though rarely the case, it is possible for an employee to feel over-rewarded if the perceived ratio of inputs is greater than the ratio of outcomes to inputs for others. This is known as overpayment inequity. A perceived inequity creates an internal state of tension that will motivate employees to reduce by altering or adjusting their inputs accordingly.

Goal setting theory makes several important assumptions regarding how goals motivate people. First, goals should be difficult but achievable. If a goal is perceived as too difficult, achieving it may be attributed more to luck than skill. Similarly, if a goal is seen as too easy then skill is still not a factor. It is when goals balance skill with extraordinary effort that they convey a sense of genuine achievement. Second, goals should be proximate rather than distal. Individuals must perceive that by exerting effort a goal can be achieved quickly, rather than years later. Third, specific goals are more motivational than broad, abstract goals. A final component concerning goal setting theory is that goals should not be viewed as static. Since goals are based on the past as well as some predictions about the future, it may become necessary to alter goals as the circumstances surrounding those goals change.



## Conclusion

The range of practical management activities where motivation theory may be utilized is vast. These strategies include job redesign (Hackman and Oldham 1980), semi-autonomous work teams (Lawler 1992), skill-based pay (Thompson and Lehew 2000), gainsharing (Graham-Moore and Ross 1995), and non-monetary incentives (Allen and Helms 2002). For a detailed summary of each motivational strategy and their applicability to public organizations, see Gabris and Davis (2016). The challenge for public organizations and managers is both to discover and employ the appropriate mix of intrinsic and extrinsic motivators that will drive the behavior of individuals. Complicating matters are the emergent models of public management that depict two very different pictures of today's public service. One model conceives public organizations as more of a problem than a solution, whereas in the second model

public service is viewed much more favorably. Given that many individuals pursue public employment due to a predisposition to serve the public in some capacity, the conflicting nature of the organizational landscape creates challenges about how to best motivate the current and future generation of public employees.

## Cross-References


- ▶ Motivation and Leadership
- ▶ Motivation-Based Theories of Organization
- ▶ Public Service Motivation


## References


Adams JS (1965) Inequity in social exchange. In: Berkowitz LR (ed) Advances in experimental social psychology. Academic, New York, pp 267–299

Alderfer C (1972) Existence, relatedness, and growth: human needs in organizational settings. Free Press, New York

Allen RS, Helms MM (2002) Employee perceptions of the relationship between strategy, rewards and organizational performance. J Bus Strateg 19(2):115–139

Banovetz JM (1971) Managing the modern city. ICMA, Washington, DC

Bowman J (2009) Turbulence in the civil service: whither the public service ethos? In: Hays SW, Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects, 5th edn. Longman, New York, pp 327–338

Gabris GT (1998) Merit pay mania. In: Condrey S (ed) Handbook of practical human resource management. Jossey-Bass, San Francisco, pp 627–657

Gabris GT, Davis TJ (2016) Motivating public service employees in the era of the "new normal". In: Kearney RC, Coggburn JD (eds) Public human resource management: problems and prospects, 6th edn. CQ Press, Washington, DC, pp 182–197

Goodsell CT (2004) The case for bureaucracy: a public administration polemic, 4th edn. CQ Press, Washington, DC

Graham-Moore BE, Ross RA (1995) Gainsharing and employee involvement. Bureau of National Affairs, Washington, DC

Grant AM (2008) Employees without a cause: the motivational effects of prosocial impact in public service. Int Pub Manag J 11(1):48–66

Greenleaf RK (1970) The servant as leader. Robert K. Greenleaf Publishing Center

Gulick L (1937) Notes on the theory of organization. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, New York, pp 3–13

Hackman RJ, Oldham GR (1980) Work redesign. Addison-Wesley, Reading

Hellriegel D, Slocum JW, Woodman RW (1986) Organizational behavior. West Publishing, New York

Herzberg F, Mausner B, Snyderman B (1959) The motivation to work. Wiley, New York

Houston DJ (2006) "Walking the walk" of public service motivation: public employees and charitable gifts of time, blood, and money. J Public Adm Res Theory 16(1):67–86

Lawler EE (1992) The ultimate advantage: creating the high involvement organization. Jossey-Bass, San Francisco

Le Grand J (2006) Motivation, agency and public policy: of knights and knaves, pawns, and queens. Oxford University Press, New York

Locke EA (1968) Towards a theory of task motivation and incentives. Organ Behav Hum Perform 3:157–189

Maslow AA (1943) A theory of human motivation. Psychol Rev 80:370–396

McClelland D (1961) The achieving society. Van Nostrand-Reinhold, Princeton

Mulgan G (2009) The art of public strategy: mobilizing power and knowledge for the common good. Oxford University Press, New York

Needham C, Mangan C, Dickinson H (2014) The 21st century public services workforce: eight lessons from the literature. University of Birmingham, Birmingham

Perry JL (2000) Bringing society in: toward a theory of PSM. J Public Adm Res Theory 10(2):471–488

Perry JL, Wise L (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Perry JL, Mesch D, Paarlberg L (2006) Motivating employees in a new governance era: the performance paradigm revisited. Public Adm Rev 66(4):89–122

Svara J (1990) Official leadership in the city: patterns of conflict and cooperation. Oxford University Press, New York

Thompson JR, Lehew CW (2000) Skill-based pay as an organizational intervention. Rev Public Pers Adm 20(1):20–40

Tosi HL, Gomez-Mejia LR (1989) The decoupling of CEO pay and performance: an agency theory perspective. Adm Sci Q 34(2):169–189

Vroom VH (1964) Work and motivation. Wiley, New York

Wilson W (1887) The study of administration. Polit Sci Quart 2(2):197–222

Wright B (2008) Methodological challenges associated with public service motivation research. In: Perry J, Hondeghem A (eds) Motivation in public management. Oxford University Press, New York, pp 80–98

Zajac EJ (1995) Agency theory. In: Nicholson N (ed) The Blackwell encyclopedia of management and encyclopedic dictionary of organizational behavior. Blackwell, Cambridge, MA, pp 12–14

# Motivational Dimensions in the "Publish or Perish" Dictum

Subhash Appanna[1], Sam Goundar[1] and Sanya Aziz[2]
[1]The University of the South Pacific, Suva, Fiji
[2]University of Queensland, Brisbane, QLD, Australia

## Synonyms

Education reforms, public sector reforms; Institutional requirements, government controls; Motivation, incentive; Rewards, recognition

## Definition

Public sector reforms involve changes that have been made to the public sector since the 1980s in order to improve performance.

Private training establishments are government-sanctioned education providers in New Zealand who are structured on the private company model.

Research and publication refers to a requirement of academic staff to remain research-active so that their quality of teaching and the reputation of the organization that employs them are up to par with sector standards.

## Introduction

Research and publication has traditionally been part of general expectations attached to the role of an academic even though for a long time it was believed that delivering lectures (teaching) and coordinating courses (administration) were the primary requirements. This usually meant that even if one engaged in minimal research and publication, a healthy teaching/administration output was sufficient to ensure career progress. All this changed with the public sector reform process that swept through New Zealand after 1984. Reforms in the education sector from 1989 onwards involved a staggered minimization and attempted total removal of direct government funding with a concomitant prescriptive reliance on self-funding and competitive entrepreneurship among education providers. This meant that competition had to be encouraged through an unprecedented removal of institutional barriers to entry into the sector. As the business potential of the sector became increasingly visible, there was a proliferation of private as well as public providers. This was followed by a gradual realization that the deregulation focus of the initial stages of reforms had compromised standards in the output produced by especially the private training establishments (PTEs) who were structured on the private company model (Appanna and Goundar, 2011). This led to a process of re-regulation that appears to recognize the need for a cost-profit focus in providers, but continues to develop innovative policy frameworks that have a quality-integrity focus.

It is within this institutional framework that structures and requirements are enforced via periodic audits and reviews. One of the institutional requirements placed on providers is to encourage research and publication among staff. Preliminary research revealed that, as with most external demands placed by the New Zealand Qualifications Authority (NZQA), providers were constantly attempting to "beat rather than meet" the system. This was particularly pronounced among New Zealand's more than 600 PTEs who appeared to see virtually every externally imposed requirement as an unnecessary cost. Encouraging staff to research and publish via internal support structures appears to, therefore, have become a characteristic shortcoming among PTEs. This research attempted not only to establish this for a fact but to identify and analyze how these support structures actually operate and how improvements could be made so that the expectations of all the stakeholders in PTEs – owners included – are met in the manner expected. It contends that, given the nature of the industry and its pecuniary potential, a total reliance on internal mechanisms to motivate and encourage research among staff might not be enough for various reasons. The paper concludes that the "beating rather than meeting" requirements approach not only has a detrimental effect on staff research, but it fosters a culture of mediocrity in staff performance that ultimately

damages the institution in a number of ways. This research should, therefore, be highly useful to all stakeholders in the education sector.

## Methodology

This study was developed after an animated weekend discussion that at times bordered on argument, among a number of academics and bureaucrats who were keen on ensuring that the research tradition is kept alive in New Zealand regardless of whether the academic works at a PTE, polytechnic, or university. The research draws extensively on the not-inconsiderable experience of two of the researchers both in the university and PTE sectors. For wider enquiry, corroborative data, and methodological robustness, a total of 11 academics with varying backgrounds – 6 from the PTE studied, 3 academic/administrators, and 2 government bureaucrats – were involved in a series of semiformal, in-depth discussions for the initial part of the research. This was supplemented by a follow-up communication for clarification and verification purposes. In a twist to the methodology chosen, findings almost inevitably ended up being discussed later, *talanoa* style, within mixed portions of the same group on five different occasions in informal settings. What appears here, therefore, had wide consensus among the groups involved. These findings, rather than being conclusive, should serve as a platform for industry-wide research on the topic of motivation for research and publication among academics.

## Overview of the New Zealand Education Sector

New Zealand's Education Act was introduced in 1989, and it was around 1999/2000 that foreign student numbers jumped to 50,026 before hitting a record of 126,919 in 2002 (Ministry of Education 2005). New Zealand's Ministry of Education website stated that "[f]rom 1999 to 2003, New Zealand's previously small international education sector, that is, in terms of enrolments of foreign fee-paying students, experienced rapid growth" (Ministry of Education 2005, p. 4). By 2016, this number had climbed to 125,425 declining to 118,300 in 2017 (Ministry of Education 2018).

A significant portion of students come from China which is the number one source of foreign students in New Zealand, while Indian student numbers showed remarkable increases. International education is New Zealand's fourth largest export industry generating some $5.1b worth of income in 2017–2018 accounting for 1.6% of the country's GDP. This was forecast to rise to 8 million students by 2025 (Education New Zealand 2018). International education also provides employment for over 47,000 citizens each year (Education New Zealand 2018). More importantly for the purposes of this paper, the increase in foreign student numbers after liberalization of the education sector has continued to attract considerable entrepreneurial activity leading to a proliferation of private providers as well as innovative new offerings from existing institutions in the public sector. At present, New Zealand has 1909 tertiary education providers: 153 PTEs, 18 polytechnics, 37 industry training organizations (ITOs), 8 universities, 3 wānanga-based providers, and a number of more narrowly based institutions. The bulk of applications to the NZQA for new course/program approvals emanates from the largely profit-driven PTE segment. PTEs are "private organizations providing education/training (i.e. they are not state-owned)." Their portfolio includes English language training as well as offerings towards academic certificates, diplomas, and degrees at various levels. More importantly, PTEs are the fastest-growing segment among education/training providers in New Zealand.

## Education Policy in New Zealand

Education providers operate within a national policy framework that attempts to ensure that output standards remain roughly the same among the three sets of providers outlined here. The policy framework incorporates a strategic dimension by

saying that current policy aims to build "a world-leading education system that equips all (students) with the knowledge, skills and values to be successful citizens in the twenty-first century" (Ministry of Education 2009, p. 6). Furthermore, the focus of quality assurance in New Zealand falls on the "quality of learning outcomes recognized through qualifications as a whole" as well as the "systems and processes that support quality delivery by providers". It is this latter portion that covers staff involved in the sector. Not only are staff supposed to be adequately qualified to teach at matched levels within the organization, but they are also expected to keep abreast of knowledge development in their respective disciplines by actively engaging in research or research-related activities. Governments' Performance Based Research Fund (PBRF) is aimed at recognizing, rewarding, and encouraging quality research in the education sector. In 2009, PBRF funding had reached $239m, a 45% increase over a 5-year time period with the figure set to match any improvements in research output in the country. This had risen to $300m by 2016 (https://web.archive.org/web/20130512032624/http://www.tec.govt.nz/Documents/Reports%20and%20other%20documents/PBRF-Assessment-Interim-Report-2012.pdf). This initiative is targeted at encouraging providers to hire, develop, retain, and encourage research-savvy and research-motivated academic staff as once a staff member attains PBRF ranking, his/her employer becomes eligible to obtain substantial government financial input to help fuel the research focus further.

## Motivation for the Academic

Earlier studies on motivation saw it as the force energizing or giving direction to behavior; this focus was later expanded to view it as a complex interaction of behaviors, needs, rewards, reinforcements, and cognitive activities (Nkomo et al. 2005). Looking at the motivational profile of an academic from a needs perspective, it would appear that the need to retain one's job and make career progress would be firmly entrenched in the performance appraisal system of the employer – two key elements are usually seen in appraisals of academics: teaching/administration and research/publication. Furthermore, the need to belong and grow usually further encourages research till it becomes cultural and acquires a volition of its own within the organization. A new entrant to this environment would then be pulled into the culture via an acquired need to be accepted and belong in the research-focused environment. Further motivation would come from rewards both expected and unexpected. These include a range of things that fuel the drive to engage in and persist with research and publication. Robson (2004) identified the following as factors that motivate present-day people to work: contributing to corporate success, inspiring boss, sense of loyalty to the company, management praise, peer group respect, incentives, promotion prospects, getting paid, team spirit, and challenging projects.

These work in interesting ways with the academic. Firstly, the academic seeks recognition – both internal and external – through his/her research. This recognition has a number of dimensions. The research gets outside recognition through either a conference invitation or publication or both. The usual path for a budding academic or one who is trying to forge a breakthrough in a new/different area of research is to take it through a conference process and then submit it for possible publication. Further external recognition then follows with invitations to conferences, to review papers and to contribute articles/chapters for publication. Internal recognition, on the other hand, comes from heightened respect from colleagues and management, promotions, salary increments, support for further research, etc. The added respect could also lead to helping build a spirit/culture of research in the organization. This, of course, would need top management commitment and support, and preferably either active leadership by management or a delegated leadership in the absence of an active research profile among management. Another element that drives research in academics is if they are given challenging projects, with clearly linked rewards, and have the direct eyes of management on their performance. This provides them with an opportunity to "shine" in order to gain recognition

from the "top." Unfortunately, in the PTE studied, there were major shortcomings including the type of management, quality of staff, and culture that prevailed in the organization. The following sections focus on these.

## What Happens in PTEs?

Most private training establishments (PTEs) are relative newcomers in the field of education. By their very nature, they are profit-/cost-focused and operate as legally established private companies. This tends to have a flow-on effect on all functional decisions regarding personnel as well those decisions that impact on staff and organizational performance. A typical PTE has a number of structures and practices specifically dedicated to encouraging research and development among staff. The fact that these are institutionally prescribed requirements, which are seen to negatively impact the performance bottom line, tends to create space for a policy-practice divide which can be exploited to the detriment of both the organization and the individual. The ensuing section outlines and discusses some of the key structures and practices involved.

**Staff**: Staff recruitment has two dimensions in a PTE: the recruitment of administrators and that of academics. Top management is institutionally required to comprise personnel with academic and/or academic administration backgrounds. This stipulation, often found problematic, is aimed at ensuring the academic focus of PTEs and content of qualifications attained so that they match roughly the output from other players in the sector – polytechnics and universities. PTEs in New Zealand, however, face difficulties in attracting high-profile personnel for these management positions for a number of reasons. First, remuneration packages offered are not attractive enough. Second, there is virtually no opportunity to progress further in the field making the job a dead-end position. Third, public profiles are hardly enhanced by joining PTEs. Thus, top management positions tend to attract personnel who are not necessarily expecting any further career progress. This tends to have a number of flow-on effects in the organization. For example, top managers find themselves left out of decision-making as soon as processes become standardized. They thus oppose (sometimes inadvertently) any and every attempt that is made at increasing standardization and routinization. This almost automatically leads to a tendency towards micromanagement which suffocates innovation, ownership, problem-solving, continuous improvement, and esteem and self-actualization among subordinate staff.

Top managers' psychological insecurity and need to be involved also have a more insidious and heavily damaging impact on staff motivation and performance. Very often staff initiative becomes "joint enterprise" and, therefore, makes it extremely difficult to identify original effort in order to directly allocate rewards. Conversely, failures of "joint enterprise" can easily lead to accountability being placed solely on the employee without any responsibility taken by the manager involved. This not only discourages initiative among subordinates but also makes them fear treading "too far" even though their initiatives could help greatly in improving organizational performance. Drucker (2006, p. 57) says that in a "traditional workforce, the worker serves the system; in a knowledge workforce, the system must serve the worker" and help unleash his/her full potential. This is hardly likely in an environment where top management often appear to be afraid of being "shown up" if workers are allowed to unleash their full potential.

The problems highlighted in the recruitment of top managers are also prevalent in attracting other workers, especially academic staff. It is not uncommon for PTEs to hire a large proportion of academic staff from among contacts and networks on a part-time basis. This leaves a smaller portion of full-time positions for academic staff. Furthermore, the institutionally required need to have a public profile through its staff is largely served by the part-time component leaving the PTE free to recruit full-time staff who are willing to join at comparatively unattractive (and cheaper) salary packages. They are also usually immigrants who

are more desperate to get a job as soon as possible in order to sustain their lives in a new country. These recruits are more likely to be subjective, less questioning, and less demanding at least in the first few years of employment. From the perspective of the equity theory of motivation, they are more likely to compare their salaries and work conditions with what they left behind rather than with what they could have (Greenberg 2010). This creates a workforce that is comparatively less qualified, more questionably qualified, and less conversant with the intricacies of research and publication. It is not uncommon, for instance, to come across staff who ask: "do we need to research?" "how can we decide what to research?" "what is a peer-reviewed source?" These are just some of the queries identified during the course of research for this paper. They do show emphatically not only a lack of research background but a total lack of appreciation of the need for academic staff to engage in research and publication. Any immediate expectation of research from these staff is, therefore, overly ambitious. Moreover, attempts to encourage research are seen as impositions and resented in secret.

The situation is not helped when those attempting to lead the research drive do not have the right profile. Drucker's contention (2006, p. 57) that what "makes (an academic provider) a great (academic provider) is that it attracts and develops outstanding teachers and scholars" is, therefore, not part of the workings or culture of the PTE studied. The cost-profit focus appears to loom too large in managerial decision-making stunting any attempts to encourage research with a major motivation-focused push in order to develop a long-term agenda that would help reap rewards well beyond the costs outlaid as is seen in learning organizations. Thus, developing a research culture becomes a lost proposition even though it is clearly recognized that "the key to greatness is to look for people's potential and spend time developing it" (Drucker 2006, p. 59). This moves focus to self-motivated research among staff who may be considering making career progress in the sector despite encountering an element of "stagnation" in their current jobs.

**Recognition for research and publication**: In the absence of any concerted and cohesive, long-term focused, ongoing program aimed at developing a research culture, a small number of staff are known to be research-active in the PTE studied. Recognition and support for their effort is clearly facilitated through existing structures. Academic staff are allowed to "free up" 1 day in the 5-day work week to dedicate to conducting research. This appears to assume that staff are research savvy and the organization has a thriving research culture. Both of these assumptions do not stand up to scrutiny as seen from earlier discussions. A major source of recognition for research comes through the PTE progress and promotion apparatus. Here, there are clear policy (as well as staff contract) stipulations about recognition for research output. In reality however, the commonly escalating problem of the policy-practice divide is abused with impunity by management who do not seem to actually respect and cherish research and publication as one of the key roles/outputs of a typical tertiary education provider. It is not uncommon for innovative interpretations to be made of these policy stipulations in order to decline applications for accelerated increments and/or promotions. In one case, an applicant with six pieces of research output was refused promotion because the term "research output" was interpreted differently in what appeared like an obvious attempt to frustrate and deny the applicant.

Another source of encouragement that could be used to drive research in the organization is through support for attending and participating at academic conferences as per convention in the tertiary education sector. The PTE in question, once again, has clear provisions for this. In practice, however, the same reluctance is seen. In one case, an eager new researcher completed a paper and got it accepted for a conference in Germany. In refusing to support her request for the policy-stipulated funding, she was told to send her paper to a local conference within New Zealand – no attempt was made to actually direct her to a local conference as there were none available at the time. Despite this obviously shattering turndown,

2 years later she submitted another application for support to present a paper at a conference in Malaysia. This time the organization stated there were no funds available due to reduced student numbers (profits). No prior organization-wide announcement had been made on the issue up till then. This has ominous implications for both the research philosophy at play and the manner in which organizational structures are being used to boost research and publication – there are obvious motivational implications involved. A key structure in this regard is the research committee which is also to a large extent forcibly established in PTEs through institutional requirements.

**Research committees**: Chaired by a senior academic in the form of the academic head of the institution, the research committee (RC) is set up to spearhead and manage research in an academic institution. Other members of the committee are supposed to comprise senior personnel preferably with a research and publications profile. The research committee is tasked with ensuring that staff are encouraged to undertake research through a series of activities and support structures that ensure that, over time, research, development, and publication become part of the culture of the organization. These research committee activities are clearly designed to motivate and encourage staff to actively engage in research and publication so that tertiary education providers are able to establish, retain, develop, and enhance their academic focus and reputation.

A misguided understanding of the significance and role of research, however, tends to divert the role of research committees in PTEs into becoming a problem and obstacle to research rather than operating as an instrument of encouragement. The research committee covered here repeatedly obstructed attempts by the one junior staff who managed to write and get a paper accepted at an international conference as cited earlier. In another case, a senior researcher and member of the research committee decided to intensify his research with a view to attracting funds to the institution via the PBRF system that was due within 2 years. He wrote full papers that were accepted at three conferences in the first year and four in the second year; all were peer-reviewed and published either in conference proceedings or in linked journals. The research committee supported all these, but agreed to pay for only three conferences. The rest were either paid for by the researcher himself or he managed to obtain external funding.

During discussions on the third conference application, it was pointed out that the existing policy did not preclude anyone from applying for support for more than one conference per year provided requirements, as laid out in the application form, were adequately met and a certain number of points were amassed by the applicant. In fact, the existing system had in-built mechanisms to help process subsequent applications through the allocation of fewer points. To this the Chair responded, "the policy was meant to support research, not to allow a second or third bite . . ." This, despite the fact that the researcher had a full paper and scored a "strong" on the points, system is used to evaluate applications. A closer analysis of the Chair's words appears to be damning of the philosophy and orientation of the PTE in question on the issue of research and publication. He is clearly unhappy to support "too many" conferences by one researcher. In other words, researchers at the institution should limit their research output to one per year if they were targeting conferences. This was an extremely unhelpful message for other members of the organization interested in research. How would this help motivate further research? Moreover, would the PTE ever be able to create "star" researchers in the mold envisaged by the PBRF system? More ominously, this appeared like an attempt to "mediocritize" the researcher who was obviously stretching the prevailing expectation system. Drucker (2006) says that the knowledge workforce is characterized by the fact that workers are no longer simply labor as in the traditional workforce, but they are capital. "And what is decisive in the performance of capital is not what (it) costs . . . Not how much (of it) is being invested (but what's) the productivity of capital" (Drucker 2006, p. 58). In this case, clearly output and

productivity had become subordinated to the stated cost concerns.

There was a further development in the deliberations being analyzed here as it was pointed out that "conference visits are not necessary to publish." This, again, was an extremely counterproductive stance vis-à-vis research because conference visits have a number of positive effects on/for the researcher as well as the organization. These include exposure at an international academic conference; impact on PBRF rating if the paper has been accepted for peer-reviewed publication; impact on research/publications profile internationally; publicity for the PTE and its marketing implications; inspiration to other staff within an environment that actively attempts to encourage academic research; networking for publication and involvement with conference circuits and linked publications; personal development of staff; and the PTE's commitment to research and publication. All these have both direct and indirect motivational implications. Moreover, it is a well-known fact that conference participation markedly enhances the chances of a paper being accepted for publication – this being the expected ultimate aim of both the researcher and the academic employer. Was this a case of simple bad management or a sign of merely incidental regard for research and publication? Was the organization not concerned about enhancing its public reputation and attracting the not-insubstantial funding on offer through the PBRF system? This brings us to the next point.

**PBRF system**: New Zealand established its Performance Based Research Fund system in 2003 "to ensure that excellent research in the tertiary education sector is encouraged and rewarded" (Tertiary Education Commission 2020, http://www.researchfunding.co.nz/pbrf.php). A total of some $300m is disbursed per year to tertiary education providers who meet the set requirements and are able to show an acceptable level of research output. This money is supposed to be used by the provider to further fuel research activity and attempt to improve its status as well as public reputation. Most universities actively promote the fact that they are PBRF rated in order to attract students. The Tertiary Education Commission (TEC) and government expect providers to show their research commitment by allocating funds to research-related activities. They are also required to show how they utilize PBRF allocations if they are able to attract these. Discussions revealed that provider commitment is seen through the amount of internal funds that they allocate and use for research-related activities. It has been found in a number of instances involving PTEs that they do not allocate enough internal funds to research. Earlier cases outlined in this paper appear to show that this is also a problem with the PTE covered here. There is also no transparency in the use of PBRF funds, something that would have helped the institution better make its case about "lack of funds" for research support. In the absence of this, staff de-motivation and speculation became rife especially after trips were supported for selected members after funds were frozen. This does not make for a healthy organizational culture, let alone research culture.

## Conclusions

This study showed that there are a number of key motivational dimensions in the "publish or perish" dictum. Academic staff who engage in research activities expect recognition and rewards that have internal as well as external sources. In PTEs, external recognition does not pose any costs; in fact, it can easily lead to rewards via attraction of PBRF funding. It is with internal recognition that the question of costs arises. This is where visionary management could easily lead to the creation of a research culture that turns initial costs into an inflow of funds in excess of the costs outlaid. If the organization were to fully support three capable and active researchers to conferences over a period of 3 years, this would very likely lead to enough publications and research outputs to attract $60,000 per year of PBRF funding over a 5-year period. On the other hand, if the research effort were to be led by top management in the form of five managers having

"research output" as one of their key performance indicators (KPIs), substantial PBRF funding would again flow in without too much effort. This, however, does not happen in the PTE studied. Not only are top managers research-dormant, they appear to be curiously unsupportive of individual initiatives in research as seen with the cases discussed. The cost-profit mindset also does not help and clouds the research equation.

There are a number of things that PTEs need to do to come out of the dismal research rut that they find themselves in. Firstly, they need to attract managers who are not only research supportive but also research-active. They need to firmly believe in the need for research in academic providers. Secondly, PTEs need to attract and/or develop staff who are either research savvy, research-active or are positively inclined towards research. This will provide an immediate impetus to the research drive. Thirdly, the structures that are prescriptively put in place to ensure that PTEs do not lose their academic hue need to be used correctly so that they deliver expected outcomes. Attempts must be made to ensure that staff progress structures are closely linked to and provide further motivation for research. Furthermore, research committees must be used to encourage research and ensure recognition is given where it is due rather than to suppress the research spirit and, over time, suffocate the flame that drives it. Lastly, PBRF (if attracted) must be clearly used to enhance research in the organization and not to reward non-research endeavors. To this end, external audits need to itemize this as a point of inquiry as it involves government funds. These are just some of the research-related motivation factors that have been identified in the course of this research. A wider research in the PTE sector involving a larger number of PTEs should help greatly in enhancing the quality of these findings.

## Cross-References

► Education Reform and Governance
► Motivation and Governance

## References

Appanna S, Goundar S (2011) Deregulation and control in international education: what happens in private training establishments in NZ? Int J Educ Integr 7(2):53–62

Drucker PF (2006) Classic Drucker. Harvard Business School Publishing, Boston

Education New Zealand (2018) Annual report 2017–2018. Retrieved from https://enz.govt.nz/assets/Uploads/Annual-Report-2017-2018.pdf

Greenberg J (2010) Managing behaviour in organizations, 5th edn. Pearson, Boston

Ministry of Education (2005) The New Zealand international education sector – trends from 1999–2004. Retrieved from https://www.educationcounts.govt.nz/_data/assets/pdf_file/0004/14827/The-NZ-International-Education-Sector-Trends-1999-2004.pdf

Ministry of Education (2009) Tertiary education strategy 2010–2015. Retrieved from http://gdsindexnz.org/wp-content/uploads/2019/04/148.-Tertiary-Education-Strategy-2010-2015.pdf

Ministry of Education (2018) Export education levy annual report. Retrieved from https://enz.govt.nz/assets/Uploads/Export-Education-Levy-Annual-Report-2017-2018.pdf

Nkomo S, Fottler M, McAfee RB (2005) Applications in human resource management, 5th edn. South-Western, Mason

Robson C (2004) What motivates workers today? Hays Office Support, London

Tertiary Education Commission (2020) Performance-based research fund. Retrieved from https://www.tec.govt.nz/funding/funding-and-performance/funding/fund-finder/performance-based-research-fund/#:~:text=The%20purpose%20of%20the%20Performance,the%20basis%20of%20their%20performance

# Motivation-Based Theories of Organization

Laura Langbein[1] and Edmund C. Stazyk[2]
[1]Department Public Administration and Policy, American University, Washington, DC, USA
[2]Department Public Administration and Policy, State University of New York—Albany, Albany, NY, USA

## Synonyms

Incentives

## Definition

Incentives, stimuli, influences, or drives that make people work (or not work), or to undertake other actions.

## Introduction

Theories of organization can ignore neither markets nor motivations. While organizations are common in both the public and nonprofit sector, their origin was in markets. Markets dominate the options available for earning money, and money motivates people to work. Money also motivates the formation of organizations. Williamson (1981) argued that rational agents use organizations to manage tasks when individuals working independently cannot accomplish the task at a lower cost. In this case, an individual (the principal) hires and pays someone else (agent(s)) to help do a task so that the principal profits. But hiring an agent may be risky, especially when tasks are complex or unclear or when the principal fears the agent may know more than the principal. Individuals can contract out complex tasks, but contracting is risky and possibly costlier than hiring an agent who works directly for the principal in an organization (Coase 1937).

Contracting also has high transaction costs, especially when the desired outcome is hard to monitor or when the production process is specific to the organization. Asset specificity means that generic practice is not applicable or available (Williamson 1981). Further, the contractor may have different motives than the principal. In these cases, in-house supply may be cheaper than contracting with a supplier (Klein 1988, 2000; Freeland 2000). In-house production still needs organization, and organization requires some degree of hierarchy to coordinate and control who does what and when. In these cases, hierarchy can be more efficient than either contracting or marketing of individual actors.

The argument that organizations persist in markets because they are more efficient than other alternatives is usually based on the assumption of profit-maximizing actors. The principal wants profit, and the agent wants money in exchange for the opportunity cost of his labor. Lone producers in a market also work for profit. This essay reviews theories that examine other motives for work in organizations or markets.

Money has a time value (Halperin 1986). For workers, there are always other things, besides working for pay, that they could do with their time. Further, when a resource (e.g., time or money) is scarce, the first unit of consumption is far more valuable than the last. Usually, people who have a lot of money have little time; and people who have a lot of time have little money. The first group may be motivated more by the promise of extra time than by extra money; the second group is likely to be motivated more by the promise of extra money, and they are willing to give up time (since they have a lot of it) in exchange for working for additional money.

The theory of diminishing marginal value applies to more than money and time (Horowitz et al. 2007). Even eating pizza has diminishing marginal value: the first slice is far more pleasurable (i.e., adds more to "utility") than the fourth slice. However, this essay focuses on the diminishing marginal value of money. Money is critically important, since it can be converted into many other goods: food, shelter, and even used to make more money.

The role of money in a market economy is undeniable: money makes exchanges much cheaper, reducing transactions costs. Without money, exchanges would be bartered, meaning that buyers and sellers exchange goods or services, rather than money. The seller must find someone else who both wants his pig and is willing to trade his cow for the pig. Or he could find an intermediary who trades a goat in exchange for his pig, and then he finds someone else willing to trade the goat for the cow. With money, the seller can sell the pig to anyone who is willing to buy it at a price that at least covers his costs. The seller uses the money to buy a cow, or anything else. Thus, money has value for both buyers (the principals) and sellers (the agents) and for principals (the buyers) and agents (the seller), reducing the transaction cost of trade for both sides.

## The (Diminishing) Marginal Value of Money

But other things besides money have value and that resource is "monetized" by time: there are only 24 hours in day. Some of that time will be used for making money. Those who make only a small amount of money per unit of time will probably use most of their time making money: since money is scarce, every additional dollar is useful to purchase other scarce items. Those who make a lot of money at work often find that additional time spent at work making even more money would be better spent if the additional time were used for other things that have become scarce. Some of that time will be used for personal enjoyment. However, it is also possible to work (make money) and gain pleasure at the same time. This means that, sometimes, if you are working at a task you enjoy, you are less likely to be attracted by an offer of slightly higher pay to do a task that you enjoy less.

There are many forms of intrinsic preferences that lead employees to forgo wages, especially when time is scarce, in favor of doing what they like to do anyway. For example, some employees value vacation time, or the ability occasionally to work at home, and they may be willing to forgo additional pay in exchange for these nonmonetary benefits. There is also evidence that the possibility of symbolic awards (e.g., recognition at a special ceremony) elicits more effort than monetary pay alone (Kosfeld and Neckermann 2011; Kube et al. 2012).

Because money is likely to be particularly valued by low-wage workers, symbolic or intrinsic awards will not help to attract the most productive among this set of workers. When wages are low, and output is easy to measure, higher wages will induce more work: not only will current workers try to be more productive so they can keep their jobs; the more productive workers will replace less productive workers. Pay for performance does exactly what it says (Lazear 1996).

However, since money has diminishing marginal value, it is not inevitable that high-wage workers will work harder for more money. In fact, if everything, including money, has diminishing marginal utility (Horowitz et al. 2007), the expectation is that performance pay is likely to work best for lower-wage workers. Happily, lower-wage work is also likely to produce outputs (or even outcomes) that are measureable by performance pay. Measuring the outcomes of teaching is far more difficult than measuring the outcome of working in a school cafeteria or for an auto window glass manufacturer (Lazear 1996). However, work that is easy to monitor is exactly the kind of work that can be contracted to an outside supplier: there is neither asset specificity nor information asymmetry between the principal and the agent, and performance contracting will reduce the incentive of the agent to shirk.

By contrast, high-wage ("white collar") work is often asset specific; the outcome is hard to measure; and the pay may be quite generous. Instead of performance pay, which is risky, particularly when the outcome is hard to measure, nonmonetary rewards may induce and reinforce qualitatively better performance. Monetary rewards, often based on simple, noisy, and possibly biased indicators of outcomes, may have additional hidden costs. The measured outcome may not be the intended outcome, and the necessity for comparing one employee's performance to another may induce resentment and noncooperative competition rather than cooperation and better outcomes for the organization.

## Nonmonetary Motives for Work: Public Service

In a competitive labor market, and since margins matter, particularly among higher-paid workers, those who get paid to do what they want to do anyway may even accept a lower wage, relative to similar workers who have no particular personal preference for the work assignment (Rainey 1983). One example is "public service motivation." Public service motivation is one form of intrinsic motivation that is likely to be unique to public service employees, many of whom are white-collar workers. For example, some people love the outdoors: they often wind up in biology, geology, hydrology, etc. and work for

corresponding public or nonprofit agencies. Others are concerned about poverty, and, similarly, wind up working in corresponding public agencies.

Not everyone in these agencies is motivated by public service. It is likely that monetary performance rewards are valued most by those who are (a) lower paid, (b) generally less satisfied or committed to their organization, or (c) not meaningfully motivated by public service. It is also likely that performance rewards work in other ways to motivate workers. For example, performance pay conveys important information to workers highlighting (a) what the organization values are and (b) how managers evaluate employee performance. Jointly, these factors may help focus employees' time, attention, and motivation in those specific directions desired by senior management. Similarly, performance-related pay may be especially important to workers who attach significant weight to their personal reputation or who hope to advance up an organization's hierarchy.

Nevertheless, everything has margins: low-paid workers with high public service motivation may value monetary bonuses, rather than more autonomy or voice in directing their own work. The money margin still has value, but marginal values decrease as the quantity of the resource increase. Thus, the higher-paid worker, who has little time, may place more value on intrinsic rewards, which include voice in directing their own work, recognition, or public service activity, compared to monetary rewards, before he or she looks elsewhere for work.

Public service motivation is particularly common in public (and nonprofit) organizations (Perry and Wise 1990), and it may partly explain why public service pay is often observed to be less in the public sector than it is for comparable jobs in the private sector. But it is also the case that public services are asset specific, so that many public sector jobs are not directly comparable to seemingly similar, private sector jobs. Thus, the very asset specificity of public employment makes public service motivation likely to be an important component of the reward structure among many professional (and some blue collar) public employees. For example, a social worker may be willing to work for a public (or nonprofit) organization for less money than a comparably trained professional who works for a large corporation in the personnel department.

Public service motivation scholarship seemingly validates this assertion (although little research exists supporting its importance among blue-collar workers). For example, research indicates that public sector employees who are capable of fulfilling their altruistic motives are more likely to (a) exhibit prosocial and organizational citizenship behaviors, (b) be satisfied with their jobs and committed to their organizations, and (c) perform at reasonably high levels (see, e.g., Pandey and Stazyk 2008). Further, such findings have often been replicated internationally (mostly in industrialized countries).

## Other Theories of Work Motivation

Nevertheless, some researchers question the theoretical merits and practical utility of pitting public service motivation – a collectivist approach – against individualist (incentive-based) models. Such a separation may not even exist: people gain personal utility from altruistic behavior. In addition, other theories provide insight into additional factors that drive motivation.

Two of the most prominent motivation theories are self-determination and goal-setting theories. The former focuses on the extent to which an individual's choices and actions are self-determined and self-motivated. Unlike many other theories, self-determination theory accounts for the joint importance of extrinsic and intrinsic motivation and assumes motivation is guided by three overarching psychological needs: autonomy (ability to self-direct), relatedness (interactions with others), and competency (mastery of a task) (Ryan and Deci 2000). The latter – goal-setting theory – suggests goals and the process of setting goals can enhance or diminish motivation. For goals to motivate workers, they must be (1) specific and clear, (2) difficult but attainable, (3) communicated to workers, (4) viewed as legitimate by employees, and (5) supported by managers

(Locke and Latham 2006). Consequently, goals that are set by the manager in conjunction with an employee typically produce higher levels of goal commitment and are more likely to be viewed as realistic and attainable by the employee. Notably, some researchers have suggested the efficacy of performance-related pay schemes is contingent on the extent to which they reflect the logic inherent in goal-setting theory (Milkovich and Wigdor 1991).

Despite any differences between them, a primary implication of both self-determination and goal-setting theories is the notion that work can be designed in ways that will either enhance or inhibit employee motivation. This assumption enjoys long-standing support in management scholarship and has informed motivational approaches since Frederick Taylor urged organizations to adapt piece-wage systems and to follow "scientifically" determined best practices (Grant 2007; Hackman and Oldham 1976; Taylor 1911).

Perhaps the strongest formalizations of the job design assumption are contained in job characteristics theory, which demonstrates how certain key job characteristics (e.g., task significance and feedback) affect employees' work experiences, and, in turn, employees' work-related attitudes and behaviors, including motivation, satisfaction, absenteeism, turnover, and performance (e.g., Hackman and Oldham 1976). The goal is to design jobs that increase the meaningfulness of work for employees, which should then have positive spillover effects such as enhanced employee motivation. However, the application of job design techniques cannot easily be separated from an organization's size, core tasks, and objectives. Organizations that are highly bureaucratic, either by choice or because their primary objectives necessitate it, may find it more difficult than small, decentralized organizations to be flexible in structuring jobs and tasks.

Equally as important as the structural aspects of one's work environment are employees' perceptions of their work and their experiences with colleagues. We know, for instance, that employees constantly make assessments about the likelihood that their efforts will translate into valued or preferred outcomes (e.g., expectancy theory) (Vroom 1964). If workers think additional effort is unlikely to result in a desired outcome, they often adjust their level of engagement downward; the converse also seems to be true. Likewise, employees will adjust their work-related contributions based on whether they believe they are being treated fairly (Adams 1963). An employee who believes he is rewarded unfairly relative to a coworker reduces his contributions. Conversely, the employee who is underperforming but highly compensated relative to her colleagues may increase her contributions.

Social interactions and experiences are also highly relevant to employee motivation. Not only do such interactions frequently "teach" workers about an organization's culture and norms, but several emerging streams of scholarship also seem to indicate that social exchanges between workers often drive or inhibit motivation and performance. For example, workers may be more inclined to view feedback or even a leader as legitimate and worthy of following if the employee and leader are of the same background (e.g., similar race/ethnicity/sex) (e.g., Bandura 1977; Lawler and Thye 1999).

## Conclusion

Motivation theories demonstrate that sector preferences explain, to some extent, the motives of workers. Pay, especially when it is scarce, and sector-based value preferences, encapsulated in public service motivation theory, only partially explain motivation. The organizational structure, job characteristics, employee expectations, and social dynamics of one's work environment are also highly relevant. Motivation is, arguably, another name for utility. Just as there are many forms of utility, there are many sources of motivations, indicated by the relative mix of intrinsic (nonmonetary, including recognition, friendship, and public service) and extrinsic (salary or wages, health, retirement, etc.) benefits. Understanding how employees place different relative values on these properties of employment will provide greater understanding about when performance

pay is, and is not, likely to work, especially in the public sector.

## Cross-References

- ▶ Absenteeism in Organizations
- ▶ Employee Work Motivation
- ▶ New Public Management
- ▶ Organizational Excellence
- ▶ Organizational Turnover
- ▶ Performance Management
- ▶ Performance Measurement
- ▶ Privatization and Public Management
- ▶ Public Service Motivation
- ▶ Reward Management

## References


Adams JS (1963) Toward an understanding of inequity. J Abnorm Soc Psychol 67:422–436

Bandura A (1977) Social learning theory. Prentice Hall, Englewood Cliffs

Coase RH (1937) The nature of the firm. Economica 4: 386–405

Freeland RF (2000) Creating holdup through vertical integration: fisher body revisited. J Law Econ 43:33–66

Grant AM (2007) Relational job design and the motivation to make a prosocial difference. Acad Manag Rev 32: 393–417

Hackman JR, Oldham GR (1976) Motivation through the design of work: test of a theory. Organ Behav Hum Perform 16:250–279

Halperin D (1986) Interest in disguise: taxing the "time value of money". Yale Law J 95:506–552

Horowitz J, List J, McConnell KE (2007) A test of diminishing marginal value. Economica 74:650–663

Klein B (1988) Vertical integration as organizational ownership: the fisher body-general motors relationship revisited. J Law Econ Org 4:199–213

Klein B (2000) Fisher-general motors and the nature of the firm. J Law Econ 43:105–142

Kosfeld M, Neckermann S (2011) Getting more work for nothing: symbolic awards and worker performance. Am Econ J Microecon 3:86–99

Kube S, Marechal MA, Puppe C (2012) The currency of reciprocity: gift exchange in the workplace. Am Econ Rev 102:1644–1662

Lawler EJ, Thye SR (1999) Bringing emotions into social exchange theory. Annu Rev Sociol 25:217–244

Lazear EP (1996) Performance pay and productivity, *NBER Working Paper* 5672. National Bureau of Economic Research, Washington, DC

Locke EA, Latham GP (2006) New directions in goal-setting theory. Curr Dir Psychol Sci 15:265–268

Milkovich GT, Wigdor AK (1991) Pay for performance: evaluating performance appraisal and merit pay. National Academy Press, Washington, DC

Pandey SK, Stazyk EC (2008) Antecedents and correlates of public service motivation. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, New York, pp 101–117

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50:367–373

Rainey H (1983) Public agencies and private firms: incentive structures, goals, and individual roles. Adm Soc 15:207–242

Ryan RM, Deci EL (2000) Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. Am Psychol 55:68–78

Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York

Vroom V (1964) Work and motivation. Wiley, New York

Williamson O (1981) The economics of organization: the transaction cost approach. Am J Sociol 87:548–577


# Multidimensional Poverty Dynamic in Chad, Analysis of


Gadom Djal Gadom[1], Gbètoton Nadège Djossou[2], Gilles Quentin Kane[3] and Armand Mboutchouang Kountchou[3]

[1]Faculty of Economics Sciences and Management, University of N'Djamena, N'Djamena, Chad

[2]Faculty of Economics and Management, University of Abomey Calavi, Abomey-Calavi, Benin

[3]Faculty of Economics and Management, University of Yaoundé II, Yaoundé, Cameroon


## Synonyms

Good health; Non-income poverty; Welfare

## Definitions

**Multidimensional wellbeing**: Summarizes wellbeing as a set of different attributes of

wellbeing such as education, health, living standards, longevity, etc.

**Pro-poorness of growth**: *growth* is pro-*poor* when it is mainly benefited to the poor.

## Introduction

Since independence in 1960, chronic unstable security situation in Chad has hindered growth and poverty reduction. During the 1990s, the growth rate has dropped to 3% per year according to the National Institute of Statistic, Economic and Demographic Studies (INSEED). This low economic performance was mainly due to the recurrent political instability and inadequate levels of investments.

In 2003, the country was experiencing the oil exploitation that has had a significant stimulatory effect on the GDP growth. The oil GDP growth from 2002 to 2006 was 7.4% against 6.6% for the non-oil GDP (PND 2013) (National Development Program). The rate of GDP growth which was 3% average in the 1990s reached the peak of 34.7% in 2004 and remains on average about 7% from 2001 to 2013 (INSEED 2013). This peak reached in 2004 coincided with the short period of maximum oil production from 2004 to 2005.

Despite the economic performance due to oil, Chad does not record good indicators of human development. For example, the country is renked 185th over 188 countries in 2016 according to its Human Development Index that was 0.39. Similarly, poverty indices of the country are bad compared with those of sub-Saharan Africa. The results of the third Consumption and the Informal Sector Survey in Chad of National Institute of Statistic, Economic and Demographic Studies (INSEED) show that 46.7% of Chadians live in extreme income poverty in 2011 against 54.8% in 2003. Poverty has reduced, but the number of poor people has increased by 14% from 4.111 to 4.673 million between 2003 and 2011 (World Bank 2013).

Since 2003, the government has set up National Poverty Reduction Papers (NPRP1 from 2003 to 2006 and NPRP2 from 2008 to 2011). These strategies are reinforced by the law 001/PRC/99 in 1999 stating the management and allocation of oil revenues across the country in order to better contribute to poverty reduction. The incidence and depth of poverty was reduced from only eight and five points, respectively, in 2003 and 2011, while the gap between the rich and the poor has widened (INSEED 2013). The intensity of income inequality captured by the Gini index increased by 6.9%, from 0.394 to 0.421 in the same period (World Bank 2013), indicating an unequal distribution of the sources of growth in Chad.

The oil revenues investment should be used to address the development issues at national and subnational levels. In other words, oil revenues should contribute to improve households' wellbeing which includes monetary and non-monetary dimensions. Indeed, the monetary dimension of wellbeing does not give more information about the capabilities of household such as access to health and education basic infrastructures and household environmental facilities. Therefore, it's important to know how disparities related to multidimensional poverty has changed between 2003 and 2011. This study investigates the multidimensional poverty and the pro-poorness of growth in Chad between 2003 and 2011 in a context of oil exploitation.

The second section of the chapter presents the literature review. Sections "Methodology" and "Results," respectively, present the methodology and discuss the results. The last section concludes.

## Literature Review

### The Multidimensional Poverty and Inequality

Understanding the multidimensional aspect of poverty has received growing interest, and a number of multidimensional measures of poverty have been proposed in the literature. The multidimensional measures of poverty summarize wellbeing as a set of different attributes of wellbeing (Alkire et al. 2016). The basic assumption of any multidimensional approach of wellbeing and poverty analysis is that there are relevant dimensions of wellbeing that the economic resources are not able to capture (Martinetti 2000). Foster et al. (1984), Chakravarty (1983), and Shorrocks (1995), have

proposed unidimensional measure of income poverty based on income or consumption. However, income or consumption does not fully describe what individuals can really access. Therefore, measuring poverty based on single dimension (income, consumption) is susceptible to involve biases. These measures do not always highlight every poverty facets and can hide strong differences and inequalities. Moreover, there are many aspects of wellbeing that cannot be monetized such as living standards, health, longevity, education, etc.

The most used methods to compute multidimensional poverty in Africa are the multiple correspondence analysis (MCA) approach (Ki et al. 2005; Asselin 2009), the fuzzy set approach (Diallo 2012; Hounkpodote 2009), and the Alkire-Foster methodology (Alkire et al. 2014, 2016; Agbodji et al. 2015). Ningaye et al. (2011) relied on a MCA to assess the multidimensional poverty in Cameroon. They found evidence that multidimensional poverty can be divided in three spaces (the extreme multipoverty space, the non-multipoverty space, and the space between) and that living in rural areas increases the risk of multidimensional poverty by about 76 times. Appiah-Kubi et al. (2007) analyzed the multidimensional poverty and living condition in Ghana using the fuzzy set theoretic framework on micro data from the Ghana Living Standard Surveys realized in 1991–1992 and 1998–1999. The results reveal that the composite deprivation degree is 0.21 for the whole country that is lower than the head count index of 0.39. Relying on Alkire and Foster multidimensional poverty measures, Batana (2013) estimates multidimensional poverty among women in 14 sub-Saharan African countries and made evidence that the lack of schooling is the most contributor to poverty.

The benefits of growth will remain incomplete if poor's living conditions are not improved. Any policy design that intends to alleviate poverty should also ensures uniformly and equally share of economic progress among different population subgroups within a society. Seth and Alkire (2014) stated that poverty can be mitigated by reducing both its intensity and incidence and also by incorporating inequality concerns. Inequality refers to the difference between or within individuals groups. This difference can be whether a difference in income or wealth distribution or difference in individuals' welfare attributes.

There is evidence that inequality plays an important role in poverty reduction. Using the 1990s rural and urban sector cross-sectional data from a sample of sub-Saharan African (SSA) countries, Fosu (2008) find that more equitable income distribution enhances the impact of growth on poverty. Ali and Thorbecke (2000) estimating poverty path in SSA have shown that poverty has decreased in countries where inequality has declined. Kalwij and Verschoor (2007) assessed the relationship between economic growth and poverty reduction using panel data of 58 developing countries for the period 1980–1998. Authors found that the responsiveness of income growth to poverty reduction is largely explained by income distribution.

### The Pro-poorness of the Nonmonetary Wellbeing

The analysis of the pro-poorness of growth in literature focuses extensively on the income dimension of wellbeing and lead to neglect the non-income dimension of wellbeing (Grosse et al. 2008; Klasen 2008; Lachaud 2007; Oyekale 2015). However, as noted by Kakwani and Pernia (2000), poverty is multidimensional phenomenon. Therefore, considering single dimension in the pro-poorness analysis is "futile." The pro-poor growth analysis should be undertaken using multidimensional approach as noted by Berenger and Bresson (2012). For instance, Grosse et al. (2008) extended the use of growth incidence curves (GIC) in non-income dimension such as education, vaccinations, stunting, mortality, and a composite multidimensional wellbeing measure. This method helps to analyze improvements in different income groups. The empirical results, when considering the case of Bolivia in the period 1989–1998, suggest that growth was pro-poor in both income and non-income dimension in the relative and the weak absolute sense. Recall that pro-poor growth can also be defined in the relative, weak absolute, and strong absolute sense (Grosse et al. 2008; Kakwani et al. 2004; Klasen

2008). The "relative" definition of pro-poor growth suggests that growth benefits more to the poor than to the rich and the relative inequality between the poor and the rich must come down. In the "weak absolute" sense, pro-poor growth simply means that the growth rate of the poor is greater than 0. Finally, the pro-poor growth is said "strong absolute" if the absolute benefits of the poor is larger than those of the rich, meaning that the gap between poor and rich falls.

Uppal (2014) analyzed the pro-poorness of growth in both unidimensional and multidimensional approach in India between 2004–2005 and 2009–2010. The results suggest that in general poverty had declined, but the growth had not been pro-poor over the period of the study. The biggest contributors to poverty were the dimension of education and cooking fuel. Therefore, it has been suggested that government must spend more on this dimension in order to improve wellbeing. In African contest, Lachaud (2007) concluded that the growth was pro-poor in both monetary and nonmonetary dimensions over the period 1994–2003 in Burkina Faso. Indeed, rich was mostly affected than poor by the decline in expenditure and capabilities. However, contrary to other studies, growth was not pro-poor in absolute sense in both national and rural area. Evidence of anti-poor (anti-poor growth is a situation where the negative growth raises poverty, even if there is improvement in inequality (Kakwani et al. 2004)) monetary growth was found in absolute and relative sense in the cities. More importantly, this last author concluded that analyzing the pro-poorness of growth in the income dimension leads to very similar results when taking into account non-income dimension. In addition, the reduction of monetary or nonmonetary poverty due to growth largely depends on the initial level of development.

In the case of Morocco over the period 1987–2004, El Bouhadi et al. (2010) analyzed the pro-poorness of growth in the multidimensional approach by constructing a wellbeing composite index (WCI) based on some primary indicators on the living conditions of the household, the possession of consumer durable goods, and the level of health and education. While the growth was pro-poor in the relative terms at the national level, the story was totally different in urban and rural area. Both poorest and richest households were positively affected by economic growth in urban area, contrary to the rural area where the situation was symmetrically opposed. In Benin, Djossou et al. (2017) found that growth has generally been pro-poor in Benin between 2006 and 2011, even though it is with disparities across subgroups such as women and elderly. Authors found that while there was general improvement in the livelihood of women and the elderly, this mostly favored the non-poor, relative to the poor.

By opposite, Berenger and Bresson (2012), El Bouhadi et al. (2010) found no consistent results between the multidimensional approach and the monetary framework of pro-poor growth. Oyekale (2015) analyzed the pro-poorness of growth using the multidimensional approach in Nigeria over the period 1999–2008. The results showed that in general the growth was not pro-poor in many zones and states.

The use of non-income approach in the pro-poorness of growth is not only the simple translation of what is considered as up to date in the poverty analysis but mainly depends on the policy relevance of the results. Indeed, by focusing on the multidimensional of pro-poor growth, policymakers can be more efficient by targeting the most affected income groups or regions and designing focused policies.

## Methodology

### Data

Data used for this research come from the Chadian household consumption and informal sector surveys ECOSIT 2 and ECOSIT 3 conducted in 2003 and 2011, respectively, by the National Institute of Statistics, Economics and Demographic Studies (INSEED). ECOSIT 2 and ECOSIT 3 contain, respectively, 6695 and 9259 households and are representative survey at national, regional, and departmental levels and collect information related to household characteristics, living conditions, income, employment, education, and other variables.

### Assessing the Multidimensional Index of Wellbeing (MDV)

The objective of this work is, on one hand, to assess the multidimensional wellbeing in Chad between 2003 and 2011 and, on second hand, to analyze the pro-poorness of growth on that period. For this purpose, we initially focus on four dimensions of wellbeing that can potentially be affected by oil revenue investments and transfers to build a multidimensional index of wellbeing (MDW) and inequality. These dimensions are housing, education, health infrastructures, and durable goods according to information available in ECOSIT databases. (These dimensions reflect the sectors where oil revenues are mostly spent according to the National Poverty Reduction Papers (NPRP1 from 2003 to 2006 and NPRP2 from 2008 to 2011).)

Considering the fact that all indicators of these dimensions of wellbeing are categorical, we used the multiple correspondence analysis (MCA) technique to estimate the individual scores of wellbeing. In this vein, the individual $i$ nonmonetary wellbeing can be quantified following the formula:

$$W_i = \frac{\sum_{k=1}^{K} \sum_{j_k=1}^{J_k} w_{j_k} I_{i,j_k}}{K}$$

where $K$ is the number of categorical variables, $J_k$ is the number of categories for indicator $k$, $I_{i,j_k}$ is the binary indicator taking 1 if the individual $i$ has the category $j_k$, and $w_{j_k}$ is the normalized first axis score of the category $j_k$.

From the MDW score, we compute multidimensional inequality index following Araar (2009).

### Estimating the Non-income Pro-poor Growth

The measurement techniques of pro-poor growth are largely focusing on income dimensions. Thin attention has been put on multidimensionality of pro-poor growth. Given that poverty is a multidimensional phenomenon, the pro-poor growth measure should also be multidimensional (Kakwani and Pernia 2000). In this end, we follow Grosse et al. (2008) inspired by Klasen (2008), by extending the growth incidence curve analysis to nonmonetary dimensions.

We measure the pro-poor growth using outcome-based welfare indicators as housing infrastructures and environmental facilities, basic education infrastructures, and durable goods selected via the multiple correspondence analysis (MCA) principles. Thus, to obtain the non-income growth incidence curve (NIGIC), we rank individuals by their scores of wellbeing computed via the non-income indicators and generate the population centiles based on this ranking.

## Results

### The Multidimensional Wellbeing in Chad

The multidimensional wellbeing analysis suggests that the poor are similar in their characteristics. They lack every durable goods: air conditioning, fridge, car, fan, phone, and even radio. Thus, they cannot have any access to information and communication. The poor live in rural areas where there is no modern source of lighting and wood is the most important cooking means. Poor individual housing is not safe and sound. The following materials which are generally used to build houses lead to very little resistance to natural disasters: straw/banco, thatched roof, and clay. Moreover, in poor environment, garbage is thrown away in nature, and there is no hygienic toilet. This suggests that the poor live in unhealthy environments.

The density curves by dimensions indicate that individuals in urban areas have better scores in education, housing, and durable goods than those in rural areas (Fig. 1). This suggests that individuals living in rural areas are the poorest considering education, housing, and durable goods dimensions. One of the main explanations can be the fact that oil revenue was mostly redistributed and invested to the urban area.

The multidimensional inequality calculation (Table 1) shows that multidimensional inequality has slightly increase between 2003 and 2011 from 0.591 to 0.609 even though the household welfare has decreased over time in Chad. It suggests that

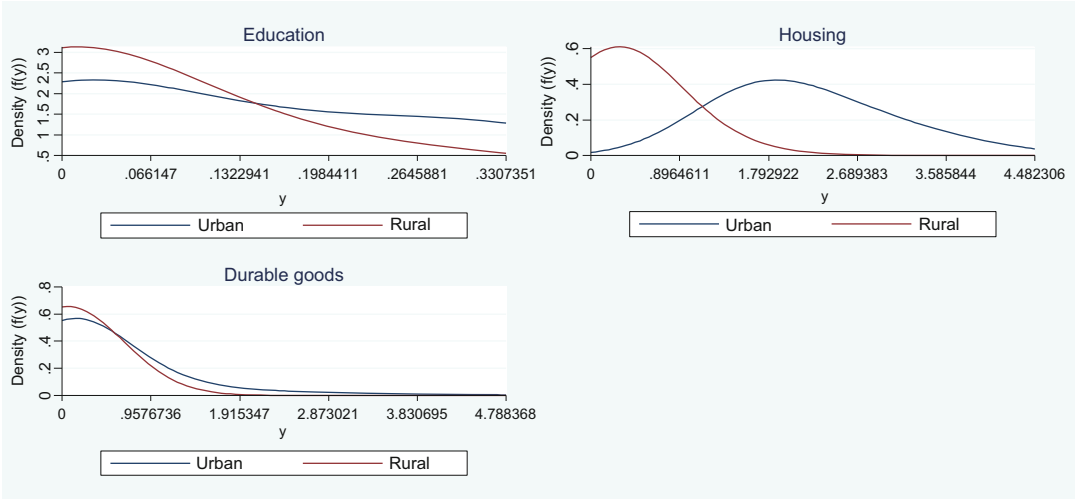


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 1** Density curves of the contribution of scores by dimensions. (Source: Authors' estimation)

**Multidimensional Poverty Dynamic in Chad, Analysis of, Table 1** Calculation of the MDI

| | MDI index | Dimensions relative contributions to the MDI (%) | | |
|---|---|---|---|---|
| | | Housing | Education | Durable goods |
| 2003 | 0.596226 | 28.59 | 31.78 | 39.62 |
| 2011 | 0.615578 | 30.76 | 33.14 | 36.10 |
| Population | 0.609208 | 30.11 | 32.38 | 37.51 |

Source: Authors calculation

redistributive and investment policies implemented in the country since the oil production emergence are inefficient in terms of poverty and inequality reduction. Improvement in those policies appears to be necessary. More specifically, when looking at the relative contribution of each dimension to the MDI index, we observe that the durable goods dimension contributes mostly to the multidimensional inequality between 2003 and 2011. The contribution of both housing and educational dimension to the multidimensional inequality has slightly increased over time, respectively, from 28.59% to 30.76% and from 31.78% to 33.14%.

However, inequalities between the rich and the poor in durable goods have decreased from 39.62% to 36.10% between 2003 and 2011. This suggests that household welfare in terms of durable goods is relatively effective. Chadians have slight facility to hold the car, fridge, phone, air conditioner, etc. Even if some improvements are needed, the durable goods dimension remains the main contributor in multidimensional inequality in Chad.

## Pro-poor Growth Analysis

Economic policies that are to improve the households' welfare have to promote economic growth and to facilitate access to resources and basic public services (health, education, housing, etc.). Economic growth is the important element in the Poverty-Growth-Inequality nexus. The growth is pro-poor if it reduces both inequality and poverty. However, strategies to reduce inequality and poverty or to improve the wellbeing of households through growth cannot produce the expected effects if they do not target both monetary and nonmonetary dimensions of wellbeing.

Figure 2a shows that the log of scores, computed by the MCA method, follow normal distribution. The density curve has shifted to the right side in 2011 indicating the improvement of overall wellbeing. Figure 2b indicates that the density – population proportion – with low MDW levels has decreased between 2003 and 2011. But an

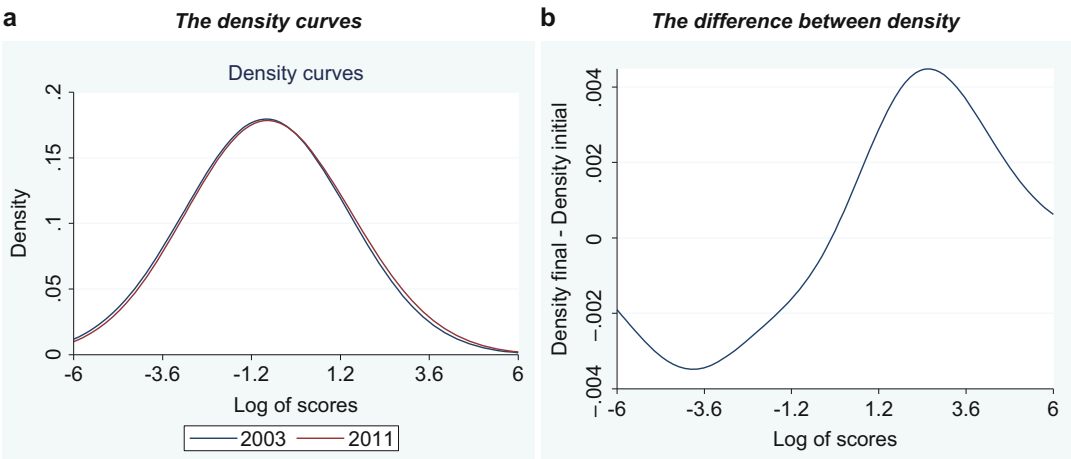


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 2** The density of the log of scores. (Source: Authors' estimation)

accurate analysis of the evolution of multidimensional wellbeing following the social classes (rich, poor) can be made through the growth incidence curve.

The growth incidence curve of wealth takes on a U shape to indicate an increase in the bipolarization of the distribution of wealth (Fig. 3). It shows that 20% of the poorest and 20% of the richest benefited from public services and facilities, whereas the wealth of the large middle class decreased between 2003 and 2011. The wealth of the first poorest decile group has registered a positive growth. For the middle class, located between the 40th and 70th percentile, the growth was negative. These results suggest that the poorest who are mainly constituted by the household from rural areas have earned from the public services improvement (education, health, etc.) thanks to oil revenues investment in these areas. The richest who live in urban areas benefited more from facilities largely concentrated in towns as N'Djamena for example.

An analysis of growth incidence curve following the residence areas produces interesting results as indicated in Fig. 4. This result shows that the poor access to basic services (education, health, and housing) has not improved in urban areas between 2003 and 2011. In other words, the public services, available in urban areas, are not easily accessible to urban poor. However, in rural areas, GIC suggests that the poorest have benefited from the wealth generated during this period, but the wealth of the rich class has declined. Therefore, the situation of the poor in urban areas requires more attention to improve their access to infrastructure and facilities.

The non-income growth incidence curves by dimension of wellbeing (Fig. 5) show the growth in education lies under 0 implying that the growth in this dimension is not pro-poor in the "weak absolute" sense as demonstrated by Grosse et al. (2008) or Klasen (2008). There is slight improvement in durable goods dimension from 10 to 100 percentiles. The NIGIC in the housing side takes U shape as the overall non-income incidence curve (Fig. 3) means that the housing has some determinant effects in the global wellbeing.

The conditional NIGIC (Fig. 6) shows how progress in a particular aspect of human welfare (education, housing, and durable goods) is distributed across the income distribution. The results suggest that the progress in housing and durable goods is well distributed across the income distribution, which means that the public social spending programs have reached the targeted income-poorest population groups. In return, the education progress failed given that the income distributional pattern of improvements in education lies under 0. This implies that the public resources are

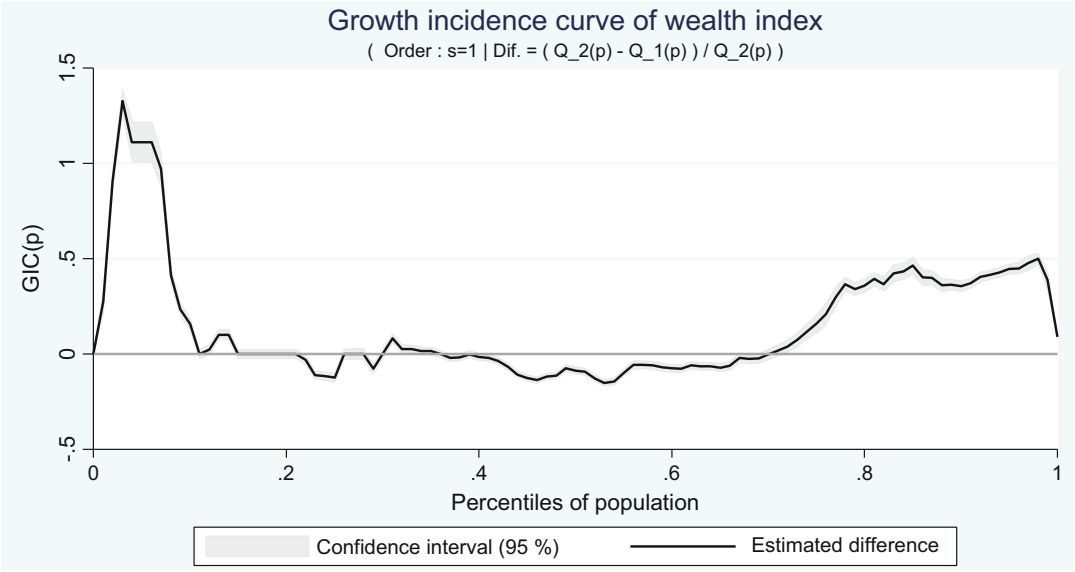


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 3** Overall growth incidence curve. (Source: Authors' estimation)

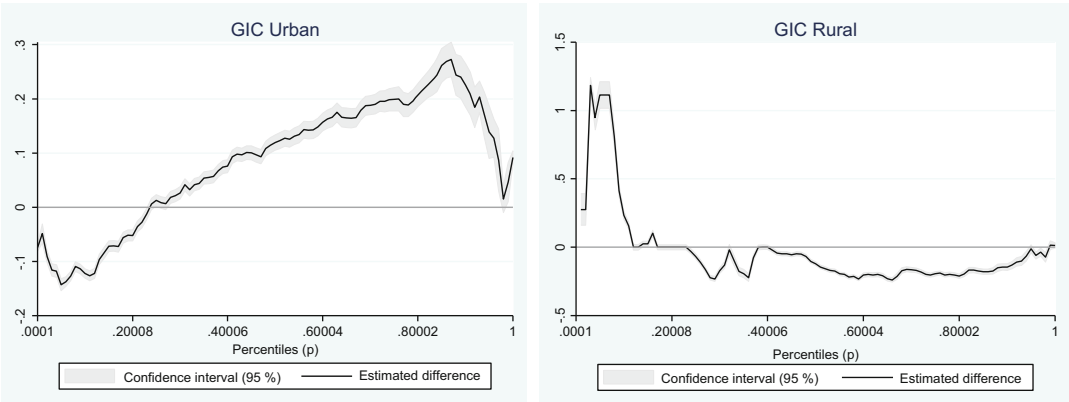


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 4** The growth incidence curves by area. (Source: Authors' estimation)

not effectively allocated and used efficiently in the education project in Chad.

The scores and the contributions of indicators of each dimension of wellbeing are presented in Table A in appendix (available upon request). Weights determine the extent to which the selected attributes contribute to wellbeing. The smaller the number of households deprived in an attribute, the greater the weight attached to it (the reasoning is that if owning a radio is much more common than owning a TV, a greater weight should be given to the former indicator so that if a household does not own a radio, this rare occurrence will be taken much more into account in computing the poverty index than if some household does not own a TV, a case which is assumed to be more frequent) (Aaberge and Brandolini 2014; Ezzrari and Verme 2013; Njong and Ningaye 2008). The value of the MDW for a given individual is the average of

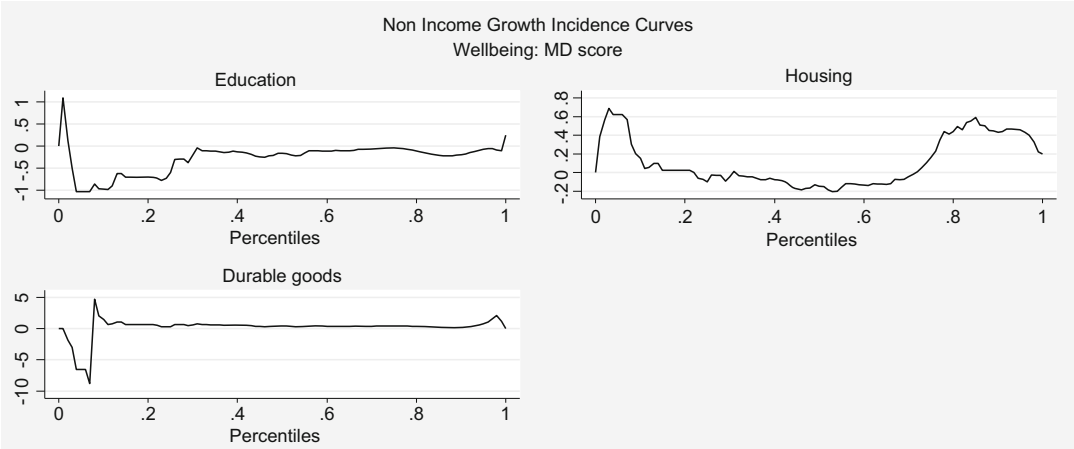


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 5** Non-income growth incidence curves by wellbeing dimension. (Source: Authors' estimation)

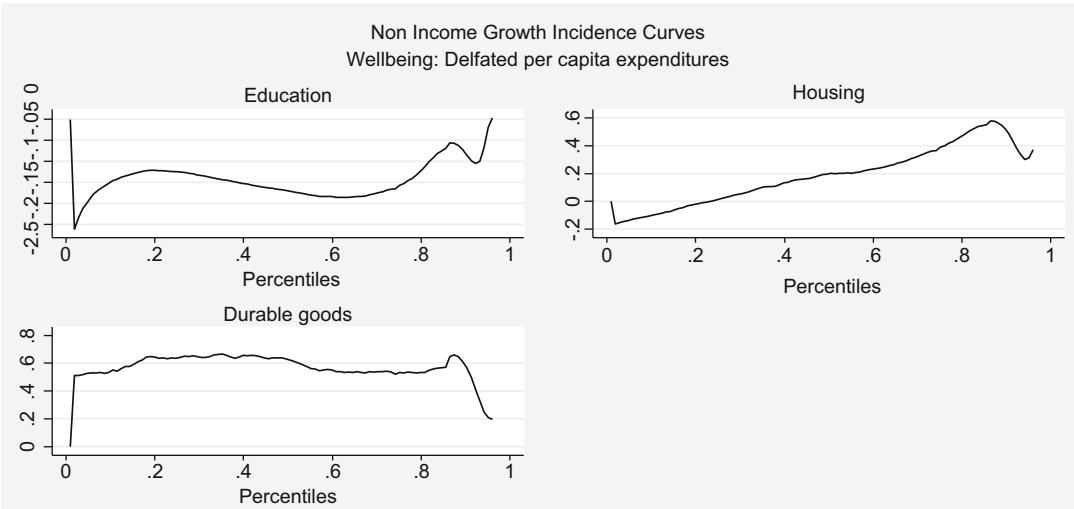


**Multidimensional Poverty Dynamic in Chad, Analysis of, Fig. 6** Conditional non-income growth incidence curves. (Source: Authors' estimation)

its category weights (Asselin 2002). The state of poverty is described by the indicators negatively correlated to the first axis, while wellbeing is captured by the indicators that are positively correlated. A review of the most negatively correlated variables to the first axis allows identifying poor households as those: living in rural area, without radio, cooking with wood, without hygienic toilet and garbage vacation, and do not know to write.

## Conclusion

The objective of this study is to analyze the evolution of multidimensional wellbeing and the propoorness of growth in Chad since the boom in oil exploitation in 2003. The study employs the framework based on the construction of a multidimensional wellbeing scores with the MCA technique. It also uses the growth incidence curves tools. Data used come from Chad household

M

consumption and informal sector surveys (ECOSIT 2 and ECOSIT 3 conducted in 2003 and 2011, respectively). The results suggest that the multidimensional inequality has slightly increased between 2003 and 2011 from 0.591 to 0.609, and both housing and educational dimensions contributions to the multidimensional inequality have increased over time, respectively, from 28.59% to 30.76% and from 31.78% to 33.14%. The durable goods dimension is the main contributor to the MDI index increase, but its contribution decreases from 39.62% to 36.10% between 2003 and 2011. In addition, the GIC indicate that the poorer and richest classes have earned wealth, but for a large middle class, the wealth has decreased. The growth has been pro-poor in Chad between 2003 and 2011 even if the situation of the poor in urban areas requires more attention to improve their access to infrastructure and facilities. The policies aiming to improve the poor wellbeing have to be accompanied by the efficient investment in education and environment facilities (lighting type, hygienic garbage vacation, cooking energy, etc.) and facilitate the household's access to durable good. The urban localities require more attention to better help the poor for access to facilities and services.

## Cross-References

► Global Poverty and Inequality

## References

Aaberge R, Brandolini A (2014) Multidimensional poverty and inequality. Bank of Italy Temi di Discussione (working paper) no, 976

Agbodji AE, Batana YM, Ouedraogo D (2015) Gender inequality in multidimensional welfare deprivation in West Africa: the case of Burkina Faso and Togo. Int J Soc Econ 42:980–1004

Ali AAG, Thorbecke E (2000) The state and path of poverty in Sub-Saharan Africa: some preliminary results. J Afr Econ 9:9–40

Alkire S, Housseini B, Series OS (2014) Multidimensional poverty in Sub-Saharan Africa: levels and trends. Queen Elizabeth House, University of Oxford, Oxford

Alkire S, Jindra C, Robles G, Vaz A (2016) Multidimensional poverty Index-2016: brief methodological note and results. OPHI Brief 42:2

Appiah-Kubi K, Amanning-Ampomah E Ahortor C (2007) Multi-dimensional analysis of poverty in ghana using fuzzy sets theory. PEP PMMA working paper 2007

Araar A (2009) The hybrid multidimensional index of inequality. Working paper no. 09–45. CIRPEE

Asselin L-M (2002) Composite indicator of multidimensional poverty. Multidimensional poverty theory

Asselin L-M (2009) Analysis of multidimensional poverty: theory and case studies. Springer Science & Business Media, New York

Batana YM (2013) Multidimensional measurement of poverty among women in Sub-Saharan Africa. Soc Indic Res 112:337–362

Berenger V, Bresson F (2012) On the "pro-poorness" of growth in a multidimensional context. Rev Income Wealth 58:457–480

Chakravarty SR (1983) Ethically flexible measures of poverty. Can J Econ 16:74–85

Diallo FL (2012) Analysing Multidimensional Poverty in Guinea: A Fuzzy Set Approach. AERC Research Paper 251. African Economic Research Consortium, Nairobi

Djossou GN, Kane GQ, Novignon J (2017) Is growth pro-poor in Benin? Evidence using a multidimensional measure of poverty. Poverty Publ Policy 9(4):426–443

El Bouhadi A, Elkhider A, El Kchirid M (2010) Can economic growth be pro-poor in Moroco? The no-monetary approach. Appl Econ Int Dev 10:176–191

Ezzrari A, Verme P (2013) A multiple correspondence analysis approach to the measurement of multidimensional poverty in Morocco 2001–2007. Springer, New York

Foster J, Greer J, Thorbecke E (1984) A class of decomposable poverty measures. Econometrica 52:761–766

Fosu AK (2008) Inequality and the growth–poverty nexus: specification empirics using African data. Appl Econ Lett 15:563–566

Grosse M, Harttgen K, Klasen S (2008) Measuring pro-poor growth in non-income dimension. World Dev 36:1021–1047

Hounkpodote H (2009) Analyse Multidimensionnelle de la pauvreté au Bénin: une approche par les sous-ensembles flous. University Library of Munich, Germany

INSEED (2013) Profil de pauvreté au Tchad en 2011. National Institute of Statistical Economic and Demographic Studies, Chad

Kakwani N, Pernia EM (2000) What is pro-poor growth? Asian Dev Rev 18:1–16

Kakwani N, Khandker S, Son HH (2004) Pro-poor growth: concepts and measurement with country case studies. Working Paper No. 1. International Poverty Centre, United Nations Development Programme (UNDP), Brasilia

Kalwij A, Verschoor A (2007) Not by growth alone: the role of the distribution of income in regional diversity in poverty reduction. Eur Econ Rev 51:805–829

Ki JB, Faye S, Faye B (2005) Multidimensional Poverty in Senegal: A Non-Monetary Basic Needs Approach. PEP working paper serie 2005–05. Available at SSRN: https://ssrn.com/abstract=3173246

Klasen S (2008) Economic growth and poverty reduction: measurement issues using income and non income indicators. World Dev 36:420–445
Lachaud J-P (2007) Measuring pro-poor growth in Burkina Faso: utility or capabilities space? Rev Écon Dév 15:5–46
Martinetti EC (2000) A multidimensional assessment of well-being based on Sen's functioning approach. Riv Internazionale Sci Soc 108:207–239
Ningaye P, Ndjanyou L, Saakou GM (2011) Multidimensional poverty in Cameroon: determinants and spatial distribution. African Economic Research Consortium, Nairobi
Njong AM Ningaye P (2008) Characterizing weights in the measurement of multidimensional poverty: an application of data-driven approaches to Cameroonian data. Retrieved from Oxford Poverty and Human Development Initiative (OPHI) website: http://www.ophi.org.uk/wp-content/uploads/OPHI-wp21.pdf; http://www.ophi.org.uk/wp-content/uploads/OPHI-wp21.pdf
Oyekale SA (2015) Non-monetary assessment of pro-poor growth in Nigeria: evidence from demographic and health surveys. J Dev Areas 49:107–132
PND (2013) Plan National de Développement. Chadian Ministry of Planing, Economy and International Cooperation, N'Djamena
Seth S Alkire S (2014) Measuring and decomposing nequality among the multidimensionally poor using ordinal data: a counting approach. Queen Elizabeth House, University of Oxford, Oxford
Shorrocks AF (1995) Revisiting the Sen poverty index. Econometrica 63:1225–1230
Uppal A (2014) Multidimensional poverty in India: has the growth been pro-poor on multiple dimensions? Paper prepared for the IARIW 33rd general conference. Rotterdam
WORLD BANK (2013) Dynamic of poverty and inequality since the emergence of oil production. Poverty reduction and economic management 4 Africa region

# Multidimensional Poverty in Nigeria

Tope Shola Akinyetun
Department of Political Science, Adeniran Ogunsanya College of Education, Oto/Ijanikin, Lagos State, Nigeria

## Synonyms

Intricate disadvantage; Multifaceted hardship; Multiple deprivations; Varied poverty

## Definition

Multidimensional poverty is the condition of suffering from multiple disadvantages such as lack of clean water, poor sanitation, poor nutrition, lack of electricity, limited schooling, and household unemployment.

## Introduction

Research suggests that due to higher economic growth and globalization, extreme global poverty has significantly reduced in the last few decades. This notwithstanding, the number of global poor is still quite large and surpasses the population of the USA, UK, France, and Russia put together. Meanwhile, in the sub-Saharan region, the number has gone up by 100 million in the last three decades. The reason, among others, is that the same process of globalization that has helped reduce poverty has also entrenched inequality of wealth and income in most nations and produced new opportunities for corruption, at the expense of quality of life.

However, against the traditional conception of poverty from monetary perspectives, income and wealth have become inadequate in classifying the poor. Attention has recently been drawn to essential factors such as living standards, education, sanitation, health, electricity, and clean water – among others. In other words, it has become essential to characterize poverty beyond monetary-based measurements through an all-encompassing approach termed multidimensional poverty.

Observably, Nigeria, recently branded the poverty capital of the world, exemplifies a country plagued with multidimensional poverty. This is due to the surge in the number of poor people and the prevalence of hunger, poor nutrition, low living standards, deprivation, illiteracy, poor electricity, poor sanitation and restricted access to potable water, particularly in rural areas, and the lack of access to the health care system.

## Poverty

The concept of poverty is contentious. Meanwhile, no matter how one looks at it, poverty centers on lack of access to resources or inability to meet one's needs. According to Townsend (1979: 31), "individuals, families and groups in the population can be said to be in poverty when they lack resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged and approved, in the societies in which they belong." Poverty is a result of the inability of individuals, groups, and society to meet up the minimum required social and economic infrastructure needed for survival, a condition where individuals or groups could not afford the cost to obtain desired goods and services in the economy. There is, to be sure, a non-negligible relationship between poverty and inequality. Poverty is revealed in the economic distance, the economic distance being an entrenched dimension of inequality. This does not imply that there will always be poverty when there is inequality, even though poverty will always manifest in a stage of heightened economic distance.

## Poverty Incidence in Nigeria

Available data from the World Bank Gini index shows that Nigeria is among the 20 countries in the world with the widest gap between the rich and the poor. The Gini index measures the extent to which the distribution or households within an economy deviate from a perfectly equal distribution. A Gini index of zero represents perfect equality while an index of 100 implies perfect inequality. Nigeria has one of the highest Gini indexes in the world, 43.0, compared to other countries such as India (37.8), Bangladesh (32.4), DR Congo (42.1), and Ethiopia (35). According to Ajakaiye et al. (2016), poverty is widespread in Nigeria no matter the method used in computing it, and the incidence has been on the rise over the last ten years. Although, urban poverty has been consistently lower than rural poverty, poverty generally appears to be more prevalent in the northern part of the country with the highest rates hovering between the northeast and northwest zones. The high poverty rate had even become more pronounced by 2010 as virtually all the zones of the country had over 60% poverty incidence.

Due to this high poverty incidence, Nigeria has witnessed an increase in electoral violence, crime, terrorism, and insurgency, especially in the northern part of the country which has the worst indices of poverty compared to the other zones. The country has, in recent times, recorded an upsurge in joblessness, cybercrime, illiteracy, maternal mortality, early marriage, and impunity. These factors continually serve as the foundation of turbulence in all sectors of the country. As a result, there is the imperativeness to describe the extent and severity of poverty from various dimensions, multidimensional poverty.

## Multidimensional Poverty

Multidimensional poverty, according to Rippin (2017), is a holistic appraisal of the relationship between different poverty dimensions and the spread of simultaneous deprivations across the population. Thus, multidimensional poverty measures the spread of simultaneous deprivations across the population while considering the relationship between different poverty dimensions. That is, rather than restrict the definition or measurement of poverty to just simultaneous deprivations (which Rippin referred to as distribution-sensitivity) or poverty dimensions (association-sensitivity or efficiency), multidimensional poverty measures distribution-sensitivity and association-sensitivity. As conceived in this entry, multidimensional poverty is the study and measurement of poverty from various dimensions such as health, education, living standard, sanitation, access to water, electricity, and good

housing. It evolves beyond the one-dimensionality of the study of poverty.

Nonmonetary measurements of poverty were advanced to address the invalidation of the monetary-based method and look beyond income and wealth in measuring poverty. A model of nonmonetary measurement of poverty is the Multidimensional Poverty Index (MPI) developed by the Human Development Report Office of the United Nations Development Programme [UNDP] in collaboration with the Oxford Poverty and Human Development Initiative [OPHI]. It was first published in the 2010 UNDP Global Human Development Report. The MPI complements indirect methods that identify minimum living standards through income or consumption levels. It examines how well people satisfy minimum international standards in social rights (Alkire and Santos 2014). The MPI is an attempt to move beyond the traditional focus on aggregates and to stimulate reasoned public debate. The MPI assesses three main dimensions: health, education, and standard of living, and by MPI standard, individuals who are deprived of at least one-third of the weighted indicators are adjudged to be living in multidimensional poverty.

Multidimensional poverty index (MPI) compares multidimensional poverty in over one hundred (100) countries. It was developed by Alkire and Santos (2014) to identify multiple deprivations at the household and individual levels, particularly regarding dimensions such as health, education, and living standard. The MPI is determined by calculating the headcount and deprivation severity of multidimensionally poor households.

## Multidimensional Poverty in Nigeria

The dimensions of multidimensional poverty are equally weighted (1/4) and further divided across ten (10) indicators. Education, for instance, includes two indicators: years of schooling and child school attendance. Hence, to refer to a household as being deprived concerning education, such a household will have a member who is 15 years and above and has not completed 5 years of schooling. A household is also deprived of education if any child in the household between ages 5 and 15 years is not attending school. The health dimension of the MPI is represented by child mortality and nutrition. A household can be classified as deprived in mortality if any child less than 18 years has died in the household 5 years before the survey. Concerning nutrition, a household is deprived when at least one member is undernourished. The Standard of living dimension is indicated by cooking fuel, sanitation, drinking water, electricity, housing, and assets. For cooking fuel, a household that cooks with dung, wood, charcoal, or coal is deprived. Although sanitation is exhibited with other households, yet, a household that fails to improve its sanitation facility is deprived of sanitation. Concerning drinking water, a household that does not have access to safe drinking water within a short distance is deprived. A household is also deprived if it has floors, roofs, and walls made up of rudimentary materials. Moreover, a household that lacks one or more assets, such as radio, television, telephone, computer, bicycle, motorbike, or car, is said to be asset deprived.

Research indicates that 42.8% of the rural households in Nigeria consume limited food, 32.3% engage in the reduction of meal size, 29.8% skip meals as a means of coping with poverty, about 16.7% always feed their young one first before consuming the remaining food, and 10.6% borrow food from their neighbors. About 9.3% consume nothing throughout the day; this could mean that they engaged in fasting whenever there was a food shortage in the house, while only 7.7% of households sleep hungrily and about 3.2% engage in working on other people's farms for wages to support their households (Amao et al. 2017). More so, the spatial and temporal multidimensional poverty in Nigeria between 1999 and 2008 shows that urban and rural sectors experienced deterioration in two indicators – water and electricity for urban populations and shelter and education for rural

**Multidimensional Poverty in Nigeria, Table 1** Global MPI in Nigeria, 2020

| Area | MPI | H | A | Vulnerable | Severe poverty | Population share |
|---|---|---|---|---|---|---|
| National | 0.254 | 46.4% | 54.8% | 19.2% | 26.8% | 100.0% |
| Urban | 0.106 | 22.9% | 46.4% | 23.0% | 7.8% | 44.3% |
| Rural | 0.372 | 65.1% | 57.2% | 16.2% | 42.0% | 55.7% |

*MPI* Multidimensional poverty index, *H* Incidence of poverty, *A* Average intensity of poverty
Source: Oxford Poverty and Human Development Initiative (2020)

areas. The North Central zone performed the worst with negative changes in all welfare indicators except sanitation (Ajakaiye et al. 2016).

Regional inequalities remain profound with huge disparities between the urban and rural sectors as well as between the southern and northern geopolitical zones of the country. The distribution of positive economic performance has not translated to improvements in multidimensional welfare throughout the country over time. Regional inequalities remain profound, with large disparities between the urban and rural sectors as well as between the southern and northern geopolitical zones of the country. The national MPI for Nigeria includes unemployment as a dimension. This indicates that a household with a 15-year-old member and above who is available for work, yet is looking for one, is employment deprived. A household in Nigeria is multidimensionally poor if it is deprived of more than ¼ of the weighted indicators. Employment and education (years of schooling and school attendance) are the largest weighted contribution to poverty in the country. Moreover, there is a high incidence of poverty across the northern states, with over 80% of their population classified as multidimensionally poor. This contrasts with the southern states of the country (Southwest particularly) which have a comparatively lower poverty incidence.

The headcount ratios by poverty measures by Oxford Poverty and Human Development Initiative [OPHDI] show that by global MPI measure, 46.4% of Nigerians are poor; using $1.90 a day measure, 53.5% are poor; by $3.10 a day measure, 77.6% are poor; and by national measure (national income, consumption, and expenditure), 46.0% Nigerians are poor (see Table 1) (OPHDI 2020). To have a further grasp of the extent of multidimensional poverty in Nigeria, it is imperative to compare the MPI in selected developing countries like Algeria, Kenya, Congo, South Africa, and Nigeria. It is clear that Nigeria has the highest intensity of deprivation (56.6%), the largest number of poor people (98,175), the highest population of people in severe multidimensional poverty (32.3%), and the highest inequality value (0.029).

As part of the National Human Development Report 2018, the National Multidimensional Poverty Index for Nigeria (NG-MPI) was published and commissioned by UNDP Nigeria in collaboration with the National Bureau of Statistics. The national MPI for Nigeria has a total of 11 indicators covering the four equally weighted dimensions of education, health, living standards, and unemployment. The NG-MPI was computed at a subnational level using data from the 2017 Human Development Indices Survey and covered rural and urban areas in all of the 36 states and the Federal Capital Territory (FCT) of Abuja. For calculating the NG-MPI, a household is considered multidimensionally poor if it is deprived of more than ¼ of the weighted indicators. For Nigeria, the share of multidimensionally poor people at the national level is 54% with the average intensity of deprivation standing at 42%. The indicators with the largest weighted contribution to poverty in the country are employment, years of schooling, and school attendance.

In a study involving 395 participants in Lagos State, Nigeria, Akinyetun et al. (2021) found out that multidimensional poverty is more pronounced among people between 25 and 34 years old, due to their unemployment and limited education. The majority of the people lack access to

water, healthcare services, good housing facilities, and a stable power supply. A larger percentage of the houses in the rural areas are filthy, uninhabitable, and dilapidated.

## Addressing Multidimensional Poverty Through Social Inclusion

Social inclusion is relative to an environment and seeks to facilitate an inclusive society wherein the fundamental rights of every member are guaranteed and they can participate in economic, social, political, and civic activities, including being actively involved in the decision-making process and enjoying unlimited access to favorable living standards and general well-being. Busatto (2007) states that:

> Inclusion is a community. No one becomes included by receiving handouts, even if these handouts are given by public bodies and with public resources. No one becomes included by being treated by a program in which they are no more than a number or a statistic. Inclusion is a connection to the network of community development, it is to become more than a speck of dust, to have a forename and surname, with one's distinctive features, skills, and abilities, able to receive and give stimulus, to imitate and be imitated, to participate in a process of changing one's own life and collective life. (p. 4)

Inclusion, however, does not take place in a vacuum, rather it is a communal activity wherein the recognition of an individual is ascertained about how well the others in the community are recognized. Inclusion is a conscious effort that requires planning and proper implementation. Inclusion requires every member of society to assume an interdependent role that will stimulate both individual and communal development.

This is not an attempt to ignore the government's increasing efforts at reducing multidimensional poverty through community level and governance programs. Rather, it stresses the need to consolidate the gains made, implement the abandoned ones, and realign the programs needing overhauling. The various programs by the government include Community-based vocational rehabilitation (CBVR) (to facilitate employment for people with disabilities); National Commission for Nomadic Education (NCNE) (to provide education to Almajiri children and adults); Education Sector Support Programme in Nigeria (ESSPIN) (to improve inclusion policies and practices in basic education); Coalitions for Change (C4C) (to increase inclusion by helping civil society organizations work together and better); Voices for Change (V4C) (to change attitudes of women in leadership and decision-making roles, and violence against women and girls); Mobilization for Development (M4D) (to support local governance by strengthening social accountability and tackling social exclusion in local government service delivery); and State Accountability and Voice Initiative (SAVI) (to bolster governance and accountability).

More so, education plays a critical role in social inclusion by enabling the excluded and marginalized to participate in decision-making while furnishing its recipients with the opportunity to learn about historical processes and the ability to effect change. Education is instrumental in human development, regeneration, empowerment, human rights and freedom, reduction of inequalities, and establishment of social cohesion. It is on this note that the Nigerian government in addition to the private sector, civil societies, and nongovernmental organizations is entreated to drive social inclusion through education.

## Cross-References


- ► Global Poverty and Inequality
- ► Human Capital Intervention and Poverty Reduction


## References


Ajakaiye O, Jerome AT, Olaniyan O, Mahrt K, Alaba OA (2016) Spatial and temporal multidimensional poverty

in Nigeria. In: Arndt C, McKay A, Tarp F (eds) Growth and poverty in Sub-Saharan Africa. Helsinki, United Nations University World Institute for Development
Akinyetun TS, Alausa JA, Odeyemi DD, Ahoton AS (2021) Assessment of the prevalence of multidimensional poverty in Nigeria: Evidence from Oto/Ijanikin, Lagos State. J Soc Change 13(2):24–44
Alkire S, Santos ME (2014) Acute multidimensional poverty: a new index for developing countries. World Dev 59:251–274
Amao J, Ayantoye K, Fanifosi G (2017) An analysis of multidimensional poverty and its determinants in rural Nigeria. J Dev Agric Econ 9(11):303–311
Busatto C (2007) Solidary governance for creating inclusive societies. A contribution to the expert group meeting on creating an inclusive society: practical strategies to promote social integration. Paris
Oxford Poverty and Human Development Initiative (2020) Nigeria country briefing, multidimensional poverty index data bank. Oxford Poverty and Human Development Initiative, University of Oxford. Retrieved from www.ophi.org.uk/multidimensional-poverty-index/mpi-country-briefings/
Rippin N (2017) Efficiency and distributive justice in multidimensional poverty issues. In: White R (ed) Measuring multidimensional poverty and deprivation. Global perspectives on wealth and distribution. Palgrave Macmillan, Cham
Townsend P (1979) Poverty in the United Kingdom; a survey of household resources and standards of living. University of California Press, Berkeley

# Multilevel Governance

George C. Homsy[1], Mildred E. Warner[2] and Zhilin Liu[3]
[1]Sustainable Communities Program, Department of Public Administration, Binghamton University, Binghamton, NY, USA
[2]Department of City and Regional Planning, Cornell University, Ithaca, NY, USA
[3]School of Public Policy & Management, Tsinghua University, Beijing, China

## Synonyms

Bottom-up versus top-down policy analysis; Environmental policy analysis; Network governance; Policy creation and implementation

## Definition

Multilevel governance is an analytical framework through which researchers and policymakers can understand the forces that drive the creation and implementation of policy. It bridges top-down and bottom-up policy initiation. Analysis occurs along five main components (Homsy et al. 2019): (1) the co-production of knowledge vertically and horizontally; (2) the framing of co-benefits; (3) engagement with civil society; (4) provision of fiscal, technical, and other kinds of capacity; and (5) the power of a central authority to coordinate policy and sanction laggards. The framework also recognizes the governance roles of private, nonprofit, and for-profit organizations.

## Introduction

Many complex issues, such as sustainability, challenge traditional governance models, which try to manage issues within physical/political jurisdictions or bureaucratic departments. However, policy development for complex issues needs a multidimensional, cross-jurisdictional, and long-term view (Fiorino 2010). Wicked problems are complicated by differing stakeholder values, institutional complexity, and scientific uncertainty – and often the solutions to these challenges are open to interpretation (Head and Alford 2015). Multilevel governance recognizes that various governmental levels, non-governmental institutions, and citizen input bring together the perspectives and resources necessary to unravel complex problems. The European Union's relationship to its member nations was one of the early situations scrutinized using a multilevel framework (Bulkeley and Betsill 2003).

Multilevel governance bridges decentralized policy action and centralized oversight. The top-down approach worked to clean much of the most heinous pollution in the United States despite a booming economy because such central mandates work best on problems with identifiable pollution

sources and straightforward remedies. However, top-down rules provide little flexibility for adjusting to local circumstances (Mazmanian and Kraft 2009) often resulting in the imposition of "naïve" one-size-fits-all solutions (Ostrom 2010, p. 363). On the other hand, bottom-up solutions to regional and global commons problems seek to fit policy goals to local problems and situations. Local policy action helps improve local compliance and promotes innovative policies (Lutsey and Sperling 2008). However, significant challenges occur with decentralized policymaking including negative externalities, spillovers, regional inequity, and capacity constraints. The lack of policy coordination across a region can result in expensive regulations, poorly formed incentives, or underutilized programs (Salkin and Ostrow 2008).

## Makeup of the Multilevel Governance Analytical Framework

An emerging number of researchers utilize multilevel governance as a better framework for understanding environmental sustainability and other complex regional or commons challenges (Bulkeley 2010; Homsy and Warner 2013). Local governments may initiate environmental protection, but cannot succeed without engaging other cities and towns, higher levels of authority, or subunits, such as neighborhoods. Using the multilevel governance framework, situations can be analyzed across five dimensions: co-production of knowledge, framing of co-benefits, engagement of civil society, provision of capacity, and the coordinating and sanctioning role of a central authority (Homsy et al. 2019).

### Co-production of Knowledge

The lack of local knowledge challenges top-down governance in ways that can make solutions less effective. Local knowledge must be on equal footing with centralized technical expertise (Funtowicz and Ravetz 1993) so that a co-production creates new knowledge from the different perspectives and moderated by situational circumstances (Klenk et al. 2018). Over time, the meeting of expectations and commitments builds trust, and participants start to understand the positions and values of other actors, which can lead to more effective policy implementation (Laurian et al. 2017). Such collaboration represents an increasingly common approach to environmental governance in the United States.

### Framing of Co-benefits

Co-benefits emerged in the 1990s as a way for two or more parties to find value in a policy change. Such a frame helps broaden constituencies for a policy action and helps overcome negative political fallout. For example, a local government may seek to reduce greenhouse gas emissions because it will also result in lower energy costs, increased public health, or economic development. A co-benefits frame can stimulate local action because residents see concerns as important to them.

### Engagement of Civil Society

Citizens can push governments to act, as well as collaborate in research and monitor policy implementation. For example, citizens appointed to local government committees push environmental action in the United States (Homsy and Warner 2015). Cities with wealthier and more educated residents see wider participation around policy discussions, which boosts sustainability outcomes (Cruz and Smith 2016). An important power of civil society includes the ability of citizens to seek compensation or to force action through the judiciary.

### Provision of Capacity

Policy production and implementation need resources. Governments need technical, professional, and financial resources to act. In many cases, higher levels of government have the ability to mobilize the resources and capacity that individual communities lack. These resources can also come from nongovernmental or

semigovernmental organizations, such as municipally owned utilities (Homsy 2018).

### Sanctioning and Coordinating Authority

Within the multilevel framework, a central sanctioning and coordinating authority helps frame the challenges, provides support, determines the distribution of externalities, provides organizational structure, and coerces decentralized parties to act (Homsy and Warner 2013). This authority shares power and does not solely control technical expertise or policymaking; it therefore can encourage local innovation and disseminate best practices. This central entity has the power to sanction non-compliance and ensure decentralized actors coordinate around policy goals (Milward and Provan 2000).

## Example of Multilevel Governance Analysis: Management of the Rouge River Watershed in the United States

This section illustrates how a multilevel analysis enables us to understand the reasons for a successful policy solution to a complex problem. The Rouge River watershed in the US State of Michigan consists of four waterways: a 71 km-long main stream and three major branches. The 1210-km$^2$ Rouge River watershed has more than 1.5 million people living in 48 jurisdictions. For decades, oil from auto companies and waste from steel mills turned the Rouge River into one of the most polluted in the nation. Frustrated by the lack of decentralized action of local and state governments, the US national government imposed top-down sanctions that stopped some of the most toxic pollution.

However, the river still was not clean. As the industrial pollution decreased, a more complex problem emerged. Nonpoint source pollution from a large diversity of sources across the region, such as farm fertilizer, pesticides, and animal waste runoff, continued to damage the watershed. Stormwater runoff still brought significant heavy metals into the river, and scores of local communities dumped millions of gallons of untreated sewage into the waterway every year. To tackle this complex problem, the US Environmental Protection Agency decided to partner with local governments on a cleanup program (U.S. EPA 2003). Using the sanction threat of an expensive federal court order, the US federal government coerced municipalities to sign on to a project that they would eventually design. Each of the five components of the multilevel governance framework is illustrated in this case example.

*Local knowledge and co-production*. Federal officials in the United States recognized that different parts of the Rouge River watershed required different cleanup efforts and that the imposition of a top-down solution would be ineffective. The work of geographically-based working groups revealed that urban and industrialized places might need expensive, engineered solutions, while suburban and rural areas could take a different approach. The involvement of local residents allowed for the targeting of problem spots, such as particular businesses or farms, to find specific and effective solutions. The co-production led to a watershed cleanup effort that fit solutions to particular problems. Citizen groups then monitored the results by working with researchers to count indicator wildlife such as frogs, toads, and insects.

*Framing of co-benefits*. In the Rouge River project, local cleanup efforts are aligned with other economic benefits, especially around the recreation and tourism industries. These co-benefits built political support among a wide variety of constituents. Putrid smells, sewage backups, and dead waterfowl brought together residents, hunters, and public health officials. Each recognized the problem's severity from a different perspective, and these groups pushed for change.

*Engagement of civil society.* The Rouge River cleanup effort included local municipal leaders, community residents, and other stakeholders – and the project undertook a major outreach campaign. Eventually, the federal government stepped

back from managing the project and turned operations over to a nonprofit organization, the Alliance of Rouge Communities, whose main members are local governments and whose associate members include local research and educational institutions and environmental groups.

*Provision of capacity.* Capacity is also a critical component of the multilevel framework. The US federal government spent hundreds of millions of dollars on the Rouge River cleanup – something that state and local authorities would not have been able to do on their own. The funds were spread across different watershed projects, which are now overseen by the Alliance of Rouge Communities organization.

*A coordinating and sanctioning central authority.* On their own, the municipalities, businesses, farms, citizens, and other stakeholders could not solve the complex challenge of non-point source pollution in the Rouge River watershed. The federal government intervened with the sanctioning threat of an expensive lawsuit and that brought the disparate players to the table. The federal government, often through the State of Michigan, coordinated the various stakeholders in an approach that enabled actors to understand the perspectives of others.

## Conclusion

This encyclopedia entry described the five components that make up the multilevel governance analytical framework (framing of co-benefits, engagement of civil society, the co-production of knowledge, the provision of capacity, and the power to sanction and coordinate) and demonstrated how those can illuminate a specific case of policy success. The framework also has been used to understand how other implementation efforts fall short, such as the case of air pollution management policies in China (Homsy et al. 2019).

An important theoretical question moving forward is whether a multilevel governance framework can be used to hold higher levels of government accountable. In both the United States, under President Trump, and China under President Xi, pressure from lower levels may force the national government to enforce laws. The multilevel framework, through the co-production of knowledge and the framing of co-benefits, may instill norms and values at lower levels that cause subnational governments and citizens to pressure the national government to maintain or increase support for environmental protection. It remains to be seen if the sharing of power within a multilevel system provides lower level entities an avenue of upward sanctioning power to push the national government to continue enforcing environmental laws.

A multilevel governance framework provides researchers with an analytical structure that potentially explains the manner in which top-down and bottom-up governance can come together. Future research can test its application in other circumstances around issues of sustainability and in other vertically and horizontally integrated service provision efforts. In practice, this framework enables policymakers to understand the broad range of components needed to tackle regional and global commons issues.



## Cross-References

► Comparative and Development Public Administration and Policy
► Policy Networks as a Form of Governance

## References

Bulkeley H (2010) Cities and the governing of climate change. Annu Rev Environ Resour 35(1):229–253. https://doi.org/10.1146/annurev-environ-072809-101747

Bulkeley H, Betsill M (2003) Cities and climate change: urban sustainability and global environmental governance. Routledge, London

de la Cruz EER, Smith HJM (2016) What encourages cities to become sustainable? Measuring the effectiveness of implementing local adaptation policies. Int

J Public Adm 39(10):718–728. https://doi.org/10.1080/01900692.2015.1023445
Fiorino DJ (2010) Sustainability as a conceptual focus for public administration. Public Adm Rev 70(Special issue):s78–s88
Funtowicz SO, Ravetz JR (1993) Science for the post-normal age. Futures 25(7):739–755. https://doi.org/10.1016/0016-3287(93)90022-L
Head BW, Alford J (2015) Wicked problems: implications for public policy and management. Adm Soc 47(6):711–739. https://doi.org/10.1177/0095399713481601
Homsy GC (2018) Capacity, sustainability, and the community benefits of municipal utility ownership in the United States. J Econ Policy Reform Online First. https://doi.org/10.1080/17487870.2018.1515014
Homsy GC, Warner ME (2013) Climate change and the co-production of knowledge and policy in rural USA communities. Sociol Rural 53(3):291–310. https://doi.org/10.1111/soru.12013
Homsy GC, Warner ME (2015) Cities and sustainability: polycentric action and multilevel governance. Urban Aff Rev 51(1):46–73. https://doi.org/10.1177/1078087414530545
Homsy GC, Liu Z, Warner ME (2019) Multilevel governance: framing the integration of top-down and bottom-up policymaking. Int J Public Adm 42(7):572–582. https://doi.org/10.1080/01900692.2018.1491597
Klenk NL, MacLellan JI, Reeder K, Flueraru D (2018) Local knowledge co-production, emergent climate adaptation publics and regional experimentalist governance: an institutional design case study. In: Leal Filho W (ed) Climate change impacts and adaptation strategies for coastal communities. Springer International Publishing, Cham, pp 261–281. https://doi.org/10.1007/978-3-319-70703-7_14
Laurian L, Walker M, Crawford J (2017) Implementing environmental sustainability in local government: the impacts of framing, agency culture, and structure in US cities and counties. Int J Public Adm 40(3):270–283. https://doi.org/10.1080/01900692.2015.1107738
Lutsey N, Sperling D (2008) America's bottom-up climate change mitigation policy. Energy Policy 36(2):673–685. https://doi.org/10.1016/j.enpol.2007.10.018
Mazmanian DA, Kraft ME (2009) The three epochs of the environmental movement. In: Mazmanian DA, Kraft ME (eds) Toward sustainable communities: transition and transformations in environmental policy. The MIT Press, Cambridge, MA, pp 3–41
Milward HB, Provan KG (2000) Governing the hollow state. J Public Adm Res Theory 10(2):359–379
Ostrom E (2010) Nested externalities and polycentric institutions: must we wait for global solutions to climate change before taking actions at other scales? Economic Theory 49(2):353–369. https://doi.org/10.1007/s00199-010-0558-6
Salkin PE, Ostrow AP (2008) Cooperative federalism and wind: a new framework for achieving sustainability. Hofstra Law Rev 37:1049–1098
U.S. EPA (2003) Watershed-based National Pollutant Discharge Elimination System (NPDES) permitting implementation guidance (No. EPA 833-B-03-004). U.S. Environmental Protection Agency, Washington, DC

# Multilevel Governance and Public Administration, Russia

Ivan Leksin
Lomonosov Moscow State University, School of Public Administration, Moscow, Russian Federation

## Synonyms

Multilevel Government and Public Administration

## Introduction: Orders of Government

To a first approximation, three levels of government exist in Russia: federal, regional, and local. However, neither the federal nor the regional or local governments are single-tier ones by themselves. Federal executive bodies can establish supraregional, regional, and local offices (see, Federal Government, Russia; Regional Executives, Russia). Regional governments have territorial offices as well. As a rule, such offices are being formed by specialized executive bodies (ministries, departments, boards, committees, commissions, inspections, etc.). However, in some constituent units of the Russian Federation, these offices include the ones performing general administrative functions. Thus, in Saint Petersburg, area administrations are the local offices of the city government, while the Moscow City Government has such offices at both district and subdistrict (area) levels. The local self-government is usually regarded as a solid level of government; however, the Federal Law No. 131-FZ dd. 6 October 2003, "On the General

Organizational Principles of Local Self-government in the Russian Federation," provides for both single-tier and two-level municipal organization (see ▶ Institutional Foundations of Local Self-Government, Russia).

Currently Russia comprises 85 constituent units that cover its complete land territory leaving no federal enclaves. The said constituent units are literally "subjects of the Russian Federation" (in Russian, this collocation does not imply their subordinate position to the Federation, but is semantically equivalent to "members of the Federation"):

- Twenty-two republics
- Nine "territories" ("krais")
- Forty-six "provinces" ("oblasts")
- Three city regions ("cities of federal significance")
- One "autonomous province" ("autonomous oblast")
- Four "autonomous districts" or "autonomous areas" ("autonomous okrugs").

In 2000, supraregional territorial divisions called "federal districts" were established by Decree of the President of the Russian Federation No. 849 dd. 2 February 2000, "On the Plenipotentiary Representative of the President of the Russian Federation in the federal district." Currently, constituent units of the Russian Federation are grouped into eight federal districts, each headed by a plenipotentiary representative of the federal President. These officials were never supposed to be rulers, but, since their emergence, they had been being perceived as supraregional supervisors.

Constituent units of the Russian Federation vary considerably by area and population size, as well as in other respects. Surprisingly, Russia's constituent units' governments can even constitute a quasi-hierarchy. Three of the four autonomous okrugs are situated within oblasts. Thus, the both regional governments can have jurisdiction over the same territory and same population. This is a knotty heritage of the Soviet administrative system. In 1992, both oblasts and autonomous okrugs were vested with political autonomy and became constituent units of the Russian Federation. Constitutionally, they are equal. But this equality means they have to share their jurisdiction, and the final distribution of powers would depend on their political and economic weights. This fact explains why this odd construction is regarded as a vanishing one. Only three of the original nine "intraregional" autonomous okrugs survived. In 2005–2008 the relatively weak ones had been merged with either oblasts or krai they used to be parts of. The remaining three autonomous okrugs are the wealthiest regions of Russia due to the ample supplies of natural resources. All of them concluded agreements with the respective oblasts on distribution of jurisdiction (Leksin 2014).

The whole of the territory of every constituent unit of the Russian Federation is in its turn distributed between municipal entities. These can be established in different forms and vary even more dramatically in their size, population, etc. than the Russian regions do (see ▶ Institutional Foundations of Local Self-Government, Russia).

M

## Division of Powers Between Levels of Government

Reasoning from the number of levels of governments, one could expect the constitutional division of powers to correspond to it. Notwithstanding, the Constitution of the Russian Federation distributes all powers solely between the Russian Federation and its constituent units. In Art. 71 and 72, the federal constitution contains two exclusive lists of powers within federal and joint jurisdictions, while Art. 73 of the Constitution provides a promising declaration that beyond the bounds of jurisdiction of the Russian Federation and the powers of the Russian Federation on the issues under joint jurisdiction of the Russian Federation and its constituent units, the latter shall possess plenary powers. At the same time, the Constitution asserts in Art. 12 that local self-government shall constitute a separated form of governance, independent within certain issues.

The constitutional list of exclusive federal powers enumerates:

- Adoption and amending of the Constitution of the Russian Federation and federal laws and control over their observance
- Federal structure and the territory of the Russian Federation
- "Regulation and protection" of the rights and freedoms of man and citizen, citizenship in the Russian Federation, and "regulation and protection" of the rights of national minorities
- Establishment of the system of federal legislative, executive, and judicial bodies; the rules for their organization and operation; and formation of the federal governing institutions
- Federal property and its management
- Adoption of the principles of federal policy and federal programs related to governmental, economic, ecological, social, cultural, and national development of the Russia
- Establishment of the legal basis for the common market; financial regulation, exchange and credit control, tariff legislation, money issue, and the principles of pricing policy; federal economic services, including federal banks
- Federal budget, federal taxes and dues, and federal funds for regional development
- Federal energy systems, nuclear power engineering, and fissionable materials; federal transportation, communications and information, and outer space activities
- Foreign policy and international relations of the Russian Federation, international treaties and agreements of the Russian Federation, and issues of war and peace
- Foreign economic relations of the Russian Federation
- Defense and security; military production; rules for selling and purchasing weapons, ammunition, and military equipment; and production of poisonous substances and narcotic substances and rules for their use
- Determination of the status and protection of the national frontier, territorial sea, air space, exclusive economic zone, and continental shelf of the Russian Federation
- Judicial system, procuracy; criminal and penal legislation; amnesty and pardoning; civil legislation; procedural legislation; and legal regulation of intellectual property
- Federal law of conflict of laws
- Meteorological service, standards, metric system, horometry, geodesy and cartography, geographical names, official statistics, and accounting
- State awards and honorary titles of the Russian Federation
- Federal public service

The list of powers within joint jurisdiction reads as follows:

- Providing for compliance of the constitutions, statutes, laws, and other normative acts of the constituent units of the Russian Federation with the Constitution of the Russian Federation and federal laws
- Protection of rights and freedoms of the individuals; protection of rights of national minorities; providing for law and order, public security; border zone regime
- Issues of possession, use, and disposal of land, subsoil, water, and other natural resources
- Delimitation of public property
- Nature management, protection of the environment, and ensuring ecological safety; specially protected natural territories, protection of historical and cultural monuments
- General issues of education, science, culture, physical culture, and sports
- "Coordination of issues of health care"; protection of the family, maternity, paternity, and childhood; social protection, including social security
- Measures against catastrophes, natural disasters, epidemics, elimination of their aftermath
- Establishment of common principles of taxation and dues in the Russian Federation
- Administrative, administrative procedural, labor, family, housing, land, water, and forest legislation; legislation on mines and environmental protection
- Personnel of the judicial and law enforcement agencies; advocateship, notary offices
- Protection of the traditional habitat and mode of life of small ethnic communities

- Establishment of common principles of organization of the system of "bodies of state authority" and local self-government
- Coordination of international and foreign economic relations of the constituent units of the Russian Federation, fulfillment of international treaties and agreements of the Russian Federation

These lists taken together with the said ruling of Art. 73 produce a somewhat deceptive impression that the jurisdiction is constitutionally divided between the Federation and its constituent units. However, according to the provisions of Art. 5, para. 2 of the Constitution of the Russian Federation, the federal legislator has wide discretion in managing these issues.

Firstly, under provisions of Art. 76 of the Russian Constitution, these lists refer to the legislative field only. In fact, the Constitution of the Russian Federation divides neither executive nor judiciary powers between orders of government. The federal legislator had taken the distribution of these powers upon himself. Thus, for instance, the fact that the matter falls into the federal jurisdiction according to the Russian Constitution does not mean that the Federation is responsible for public administration and law enforcement regarding this matter. On the contrary, the federal legislator may decide freely that the regional executives will be in charge of implementation of the federal legislative decision, while according to the Federal Constitutional Law No. 1-FKZ dd. 31 December 1996, "On the Judicial System of the Russian Federation," both federal and regional courts are entitled to apply both federal and regional laws. In fact, the federal government tends to concentrate on the policy-making, leaving public administration issues to the regional and local governments (Avakyan 2014).

Secondly, the joint jurisdiction of the Russian Federation and its constituent units is not actually joint. Some intergovernmental coordination in the course of passage of the federal laws on the matters within joint jurisdiction is provided for, but the federal constitution does not set parity between federal and regional lawmaking. Moreover, under the Constitution the federal legislator is not restricted from regulating this sphere thoroughly. In fact, the vast joint jurisdiction is concurrent, with overwhelming dominance of the federal legislator.

Thirdly, many of the constitutional formulas are quite equivocal and thus subject to various interpretations. Under these circumstances, the residual powers of constituent units of the Russian Federation cannot be shaped accurately. In the broad sense of the formulas that appear in Art. 71 and 72 of the Constitution, they can cover almost all governmental powers, thus leaving little space for exclusive regional jurisdiction.

Given the current situation, it is not the Constitution but the federal laws that actually divide jurisdiction between the Federation and the regions. Due to this mechanism of distribution of powers, at present the latter is symmetrical, in general, as opposed to the period of 1990s, when the said distribution was largely based on bilateral treaties between federal and regional governments (all these treaties were abrogated in 2001–2005). Currently, the only treaty on division of powers is in force, the one concluded in 2007 between the federal government and the government of the Tatarstan Republic. However, it is rather a symbolic document dealing with insignificant issues. Thus, it does not violate the general symmetry in the division of powers.

On the whole, the Constitution of the Russian Federation provides quite a vague conception of distribution of powers between orders of government. Practically relevant allocation of powers should be searched for in the federal laws. These are the Federal Law No. 184-FZ dd. 6 October 1999, "On the General Principles of Organization of Legislative (Representative) and Executive Bodies of Constituent Units of the Russian Federation," and the Federal Law No. 131-FZ dd. 6 October 2003, "On the General Organizational Principles of Local Self-government in the Russian Federation."

The first of the said laws currently enumerates some 110 blocks of powers laying within joint jurisdiction of the Russian Federation and its constituent units that the regional governments are responsible to exercise using their budgetary

funds. This extensive list is being regularly broadened by the federal legislator.

Aside from the powers relating to the listed issues, the regional governments are mandated by special federal laws to exercise extra powers, at the expense of the federal budget. Besides, numerous agreements on delegation of powers have been being concluded between the federal governmental bodies and the executives of specific regions.

Local governments do not legally possess jurisdiction of their own. Their powers (the "issues of local significance"), as listed by the mentioned Federal Law No. 131-FZ dd. 6 October 2003, overlap with the issues that constitutionally distributed between the Federation and the regions (see ▶ Institutional Foundations of Local Self-Government, Russia).

## Financial Autonomy and Integrity

Under the constitutional and legislative provisions, every order of government is financially autonomous. All constituent units of the Russian Federation and almost all municipal entities have their revenue sources, form the budget of their own, decide upon expenditures, etc.

However, the activities, assets, and incomes that are subject to taxation, as well as the types of taxes that should and can be levied by the governments, and even tax rate are defined in the federal tax code. Moreover, supervision of tax collection is currently centralized in Russia. For all levels of government, it is currently performed by a single governmental body, the Federal Tax Service, that has a branched system of offices throughout the country. Besides, a single federal body, the Federal Treasury, is responsible for cash servicing of budget execution for all governments.

Besides, discretional distribution of tax revenues by the federal legislator leads to disparities between the revenues and expenditures of the certain government that should be covered by means of intergovernmental transfers. Despite the measures being taken during the last years aimed at achieving self-sufficiency by the regional and local governments, this issue is still high on the agenda. The mentioned issues contribute to vertical financial interdependence of the governments.

Surprisingly, some issues of purely regional significance can be financed from the federal budget. Namely, despite the federal identity of Russia, all the courts according to Art. 124 of the Constitution of the Russian Federation should be financed from the federal budget. Therefore, justices of the peace (that are considered to be regional justices) are being maintained at the federal expense. However, in defiance of the cited constitutional provisions, the constitutional and statute courts of constituent units of the Russian Federation (see, ▶ Constitutional Law and Public Administration, Russia) are being financed by the regions themselves according to Art. 27, para. 2 of the Federal Constitutional Law No. 1-FKZ dd. 31 December 1996, "On the Judicial System of the Russian Federation."

Finally, the federal legislator had elaborated a system of rules aimed at maintaining financial discipline. At present, regional and local governments are bound with numerous restrictions, violation of which is fraught with serious legal consequences (see ▶ Regional Executives, Russia; ▶ Institutional Foundations of Local Self-Government, Russia).

## Coordination and Interaction by the Federal Government

Interaction between orders of government is provided via various institutions and officials. First of all, the President of the Russian Federation can be named as the central figure that aggregates political interests referring to different levels of government and articulates the synthetic will in decisions of his own and in the bills he proposes to the State Duma of the Federal Assembly (the lower chamber of the federal parliament). Besides, the Constitution authorizes the President to use conciliatory procedures to solve disputes between the governmental bodies of the Russian Federation and of the constituent units of the Russian Federation, as well as between regional

governments (see ▶ Head of the State and Public Administration, Russia).

The chambers of the Federal Assembly (the parliament of the Russian Federation) undoubtedly contribute to coordination between orders of government. The upper chamber of the Federal Assembly, the Council of the Federation, is the institution specially destined for regional representation (see ▶ Federal Government, Russia). The State Duma plays its role in the intergovernmental relations as well. According to Art. 26.4 of the mentioned Federal Law No. 184-FZ dd. 6 October 1999, the bills on the matters within joint jurisdiction of the Federation and the regions (these make up a majority of all bills) shall be forwarded to the legislatures and to the higher executive bodies of all 85 constituent units of the Russian Federation. Thereafter regional governments have 30 days for presenting their responses to the State Duma. In case negative responses come from more than one third of the regional governments (i.e., currently, from 29 regions, at least), the State Duma forms a conciliatory commission. Besides, each bill on the matters within joint jurisdiction that had been passed by the State Duma in the first reading should be circulated to the regional legislatures again. The latter have another 30 days for drafting their amendments to the bill.

The federal executive was not designed to serve for intergovernmental coordination of policy-making activities. However, in different times the Government of the Russian Federation included various officials whose functions were to elaborate policy based on intergovernmental coordination. Since 2013 one of the deputy prime ministers (vice-chairmen of the Government of the Russian Federation) is simultaneously the plenipotentiary representative of the President of the Russian Federation in the Far Eastern Federal District. In 2010–2014 another deputy prime minister hold the position of the plenipotentiary representative of the President in the North Caucasian Federal District.

Besides, several federal ministries responsible for the policy-making based on the regional needs existed in recent years. Until 2014 the Ministry of Regional Development of the Russian Federation (established in 2004) had been being focused on this function. In 2012 the first body specialized on certain area had been established, the Ministry for the Development of the Russian Far East. In 2014 the Ministry of Crimean Affairs (abolished in 2015) and, lately, the Ministry of North Caucasus Affairs were formed.

Within judiciary the Supreme Court of the Russian Federation performs some sort of coordination between levels of government. This body generalizes the judicial practice on both federal and regional levels and provides its interpretation that is mandatory for both federal and regional courts.

## Specialized Coordinating Institutions

The institutions that are specifically destined for enhancing interaction between orders of government are not public authorities in the strict sense. The eldest of such institutions is the State Council of the Russian Federation. It was designed to compensate the regional leaders for their expulsion from the Council of the Federation in 2000 (see ▶ Regional Executives, Russia). It is not mentioned neither in the Constitution of the Russian Federation nor in any federal law. Established by a bylaw – the presidential Decree No. 1602 dd. 1 September 2000, "On the State Council of the Russian Federation" – initially, it comprised of the President of Russia and chief executives of the constituent entities of the Russian Federation (regional governors, presidents, etc.).

The State Council has always been solely a deliberative body with no regulatory or supervisory functions. Still it could be perceived as an assembly of similar officials of federal and regional levels or as a forum where regional leaders would discuss pressing issues with the federal President on equal terms. Informal authority of the State Council was being maintained due to regular discussions of the vital matters. Besides, joint sessions of the Presidium of the State Council (it consists of eight higher officials of constituent entities of the Russian Federation, each representing one federal district) and the

Security Council of the Russian Federation became common.

A concept of the State Council as an assembly of quasi-equals vanished in December 2004, when regional governors and presidents ceased to be popularly elected officials. However, upon the described reversion to popular elections of chief executives of the constituent entities of the Russian Federation in 2012, political weight of the regional leaders became more commensurable to the one of the federal President.

However, an increase of federal representation in the State Council of the Russian Federation had mitigated this effect. In 2012, the makeup of the State Council experienced two consecutive extensions. Both times several federal officials got membership in this advisory body. The Presidential Decree No. 946 dd. 11 July 2012 added the chairmen (unofficially "speakers") of both chambers of the Federal Assembly and faction leaders in the State Duma of the Federal Assembly as new members of the State Council. According to the Decree of the President No. 1153 dd. 10 August 2012, the plenipotentiary representatives of the President of the Russian Federation in the eight federal districts joined the then-current members of the State Council.

A similar body exists for coordination of legislative policies. The resolutions of the Council of Federation of the Federal Assembly of the Russian Federation No. 124-SF dd. 30 May 2012 and the of the State Duma of the Federal Assembly of the Russian Federation No. 484-6 GD dd. 8 June 2012 established the Council of Legislators under the Federal Assembly of the Russian Federation as a consultative and advisory body to the chambers of the Federal Assembly. Its predecessor had a single-chamber affiliation and was titled "The Council on Interaction of the Council of Federation with the Legislative Bodies of Constituent Units of the Russian Federation (the Council of Legislators)." The renovated Council of Legislators consists of the Chairman of the Council of Federation and his first deputy or a regular deputy, the Chairman of the State Duma and his first deputy or a regular deputy, the chairmen of committees of both chambers of the Federal Assembly, and the chairmen of all regional legislatures. The cochairs of the Council of Legislators are the chairmen of the Council of Federation and of the State Duma. The main functions of the Council of Legislators are to coordinate legislative support of division of jurisdiction between levels of government; to improve the mechanisms of parliamentary control; to enhance interaction of the Council of Federation, the State Duma, and the legislative bodies of constituent units of the Russian Federation in legislative process; and to exchange parliamentary experience.

Since 2005 the State Council of the Russian Federation had been replicated in the federal districts. Under the Decree of the President of the Russian Federation No. 337 dd. 24 March 2005, the councils under plenipotentiary representatives of the President of the Russian Federation in the federal districts were established. Each council consists of the higher officials of the constituent units of the Russian Federation within federal district and of the deputy Procurator-General of the Russian Federation. Besides, until abolishment of the federal Ministry of Regional Development in 2014, its representatives used to participate in the councils under the President's plenipotentiary representatives. As contrasted to the State Council of the Russian Federation, the plenipotentiary representatives of the President of the Russian Federation are not qualified as members of these councils, though acting as their chairmen. Like the State Council itself, the councils under the President's plenipotentiary representatives in the federal districts, being formal institutions, elaborate informal decisions (Kabyshev et al. 2009).

Under some of such councils, the boards of legislators (in the Central Federal District, in the Siberian Federal District) had been established. The main purpose of these boards is preparing proposals, as well as expert and analytical support on the legislative matters to the said councils and to the President's plenipotentiary representatives.

Coordination of the local governments' activities had been provided for by the Federal Law No. 131-FZ dd. 6 October 2003. The institutions responsible for such coordination are, primarily,

the all-Russian National Congress of Municipalities (RNCM), established in 2006, and regional councils of municipal entities.

## Conclusions

Under the constitutional and legislative provisions, the Russian Federation appears to have one of the most multilevel governmental systems in the world. Leaving aside the multilevellness of the general government itself, as well as of the regional governments, up to five formally autonomous governments can operate on the same territory: the federal government, the government of the oblast, the government of the autonomous okrug (see ▶ Constitutional Federalism and Public Administration, Russia), the government of the municipal area, and the government of the settlement (see ▶ Institutional Foundations of Local Self-Government, Russia).

However, given the Russian political and administrative practices, the named types of governments should not be regarded as self-standing orders of government. First, the jurisdictions of these governments are so overlapped that the lower governments regularly operate as the upper government. Second, the lower orders of government are financially dependent on the upper ones to a considerable degree. Third, regional and local governments are subject to supervision and assessment by the federal and regional governments, respectively (see ▶ Regional Executives, Russia; ▶ Institutional Foundations of Local Self-Government, Russia).

As a result, despite the formally multilevel pattern of decision-making and implementation and the institutional separateness of governments, the latter actually tend to integrate into a solid federal-regional-municipal system of public administration.

## Cross-References

- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Constitutional Law and Public Administration, Russia
- ▶ Federal Government, Russia
- ▶ Head of the State and Public Administration, Russia
- ▶ Institutional Foundations of Local Self-Government, Russia
- ▶ Regional Executives, Russia

## References

Avakyan S (ed) (2014) Contemporary problems of organization of public authority. Yustitsinform, Moscow. (in Russian)

Kabyshev S, Leksin I, Elder D et al (2009) Federalism in Russia and Canada. Formula Prava, Moscow. (in Russian)

Leksin I (2014) Territorial organization of Russia: constitutional and legal issues. Lenand, Moscow. (in Russian)

# Multiperspective Public Healthcare Services Organization

Sunil K. Dixit[1,2], Murali Sambasivan[3] and Sardar M. N. Islam[4]

[1]Health Policy and Management Program, Mount Saint Mary's University, Los Angeles, CA, USA

[2]The Victoria Institute of Strategic Economic Studies (VISES), Victoria University, Melbourne, VIC, Australia

[3]Thiagarajar School of Management, Madurai, TN, India

[4]ISILC, VU Research, Victoria University, Melbourne, VIC, Australia

## Synonyms

Discourse analysis; Critical management studies; Sensemaking; Healthcare organizations; Foucault; Critical theory; Weick

## Definition

Since a single theory or perspective may be inadequate for the organization of healthcare

M

services, an integrated multiperspective approach is needed.

## Introduction

Healthcare is not only a complex sector; it is also multidisciplinary because collaboration among different knowledge streams is required to deliver a good quality of healthcare. Healthcare providers have a responsibility to make sure that the patients are satisfied with the services and they recover with minimal complications. Nowadays, episodic reimbursement methods are increasingly being adopted to ensure that both efficiency and quality are integrated into healthcare services delivery. This is the reason why organization of healthcare services delivery requires a careful thought.

A single theory may not be suitable to answer research questions and develop a better understanding of the conceptual aspects of healthcare delivery. Although there have been efforts by researchers to adopt underpinnings of one or more organizational theories, theory integration is yet to be a trend in healthcare research. Besides, evidence-based management and evidence-based healthcare delivery are yet to be in sync. Uncertainty and the possibility of dealing with the events and problems that have never happened before make organizing or organization of healthcare services a difficult task.

Public healthcare delivery organizations are quite different because their performance is linked to the success of healthcare policy. While public healthcare organizations strive to serve the patients, a political or social narrative also becomes a part of the organization of healthcare services. Therefore, public healthcare organizations ought to consider different ways to organize the delivery of healthcare services.

In order to fill the above gaps in the existing knowledge, this entry seeks to integrate Foucauldian discourse theory and sensemaking for the organization of the delivery of healthcare services by public organizations.

## Foucauldian Discourse Theory

Foucauldian discourse theory is a part of the critical management studies research domain that seeks to challenge the "illusions" created by the mainstream management theory. Critical management theorists not only highlight the weaknesses of mainstream management theories but also oppose the use of the critical management theory for prescriptive purposes. Mainstream management perspectives depict powerful managers as the creators of strategy for profitability and efficiency. Too much power rests in the hands of managers in modern organizations, as they may neglect to recognize the value of their employees' tacit knowledge.

The term "discourse" can be defined as "contextually sensitive" written and spoken language as a part of the interactions among individuals, teams, and organizations to create "knowledge and social/institutional practices" (Candlin et al. 1999, p. 323). Each society has its own version of truth based on the social structures and mechanism that determine the types of discourse it accepts (Foucault 1980). For example, in healthcare, professionals in different fields (e.g., doctors) could exercise power over individuals, described by Foucault (1976, p. 139) as "biopolitics", by virtue of specialized knowledge, regulations, and code of practice (Walton 2012).

In the context of social and cultural practices, discourse underpins how the (a) management doctrines are constituted; (b) business or organizational problems are defined; and (c) solutions are prescribed by the managers. Foucauldian discourse theory represents truth and reality constructed by words, ideas, visual language, norms, customs, social activity, and material practices. It describes the manner in which discourses construct a reality (Rose et al. 2006). Foucault's work includes the study of the social effects of the narrative created by various discourses and institutions. By creating and controlling the objects, these discourses seek to convey truth (Leclercq-Vandelannoitte 2011). For example, while the discourse around the Australian healthcare system conveys the message that it is one of the best systems in the

world (Commonwealth of Australia 2019), appropriateness of care in Australia has been an issue (Runciman et al. 2012).

Power relationships are embedded in discourse. An "individual" is not separate from society and discourse. Discourse is used to exercise power to construct subjectivities. Thus, discourses are rooted in the knowledge they create. The knowledge-power nexus creates supercilious managers. Power constructs reality, objects, and the mechanics of truth. Individual and knowledge both belong to this construction. Organizations are created by subjects, and objects are constructed by discourse. Actions of managers and their relationship with others can be understood in the context of knowledge that is created by power (Knights and Morgan 1991). Foucauldian discourse consists of social and cultural contexts, both at inter and intraorganizational levels, and creates, modifies, and recreates a reality. For example, strategy planning and implementation may be done in consultation with employees and middle-level managers; however, Foucauldian discourse analysis illuminates the circulation of power for the purpose of creating strategy.

## Sensemaking

Sensemaking involves constructing the undiscovered by placing "stimuli into some kind of framework" to grasp, describe, and envisage a situation (Starbuck and Milliken 1988, p. 51). Weick (1995) used sensemaking to construct and discover the unknown by placing stimuli in some kind of thinking structure. Sensemaking helps understand, something that is unknown, by using past experiences and related situations. Healthcare organizations operate in a complex and rapidly changing environment in which old business philosophies, practices, and strategies might not always work. Uncertainties and unknown information are embedded in the healthcare organizations' environment. In other words, sensemaking is used to convert a complex world into a situation that can be clearly explained in words (Weick et al. 2005).

When individuals encounter uncertainty, they seek to gather cues from the environment to make sense of what has happened (Maitlis and Christianson 2014). Thus, sensemaking is an ongoing, active, elusive, changing, social, and easy to surmise process. While sensemaking by an individual seeks to explore the meaning of an event, organizational sensemaking focuses on the relevance of an event for the organization's members (Weick et al. 2005). Sensemaking is not an interpretation of something unknown because it seeks to construct, interpret, create, and discover (Weick 1995).

An organizational actor (e.g., a healthcare worker or professional or manager) may find himself, or herself, in the middle of simultaneously ongoing chaotic activities. An individual's experiences and education enable him or her to notice and bracket those activities or events. After grouping, an individual may describe or explain the experience. Sensemaking is retrospective, as an individual looks into the events or experiences of the past to extrapolate a phenomenon. It seeks to link the abstract with something substantive. Sensemaking is shaped by social factors, as an individual's interactions with others influence how he or she makes sense (or takes an action) out of something uncertain. There is a tension among the sensemaking researchers; while some researchers consider sensemaking episodic, others argue that sensemaking is ongoing or continuous (Maclean et al. 2012; Weick 2008, 2012).

## Discourse and Sensemaking in Healthcare

While using Foucauldian discourse to determine autonomy, choice, option, and power in older patients' decision-making, Hicks et al. (2012) found that patients' decision-making was hamstrung by the expertise (of the healthcare professionals). In a study conducted by Robinson et al. (2013) using Foucauldian discourse, participants with chronic pain conditions rejected a biomedical discourse by explaining their own models of pain and challenged the expertise of the healthcare professionals. Haddara and

**Multiperspective Public Healthcare Services Organization, Table 1** A summary of the theoretical underpinnings

| Criteria | Foucauldian discourse | Sensemaking |
|---|---|---|
| Main contributors | Foucault (1976, 1980) | Weick (1995, 2008, 2012); and Weick et al. (2005) |
| Objectives | To understand truth and reality constructed by words, ideas, visual language, norms, customs, social activity, and material practices | To make sense of uncertain, complex, and unpredicted situations |
| Key themes | Contextually sensitive written and spoken language; circulation of power; and narratives created by discourse | Uncertainties; understanding of the unknown; complex environment; and past experiences |
| Relevance to healthcare | The knowledge-power nexus | Uncertain environment; emergence of previously unknown situations; delivery of healthcare services in chaos |
| Element of organization | Interprofessional collaboration; understanding of patients' needs; patient-centered care; the role of discourse in healthcare delivery | Sensemaking by patients and healthcare professional in uncertain situations |

Lingard (2013, p. 1509) contended that for interprofessional collaboration in healthcare, there are at least two discourses, and each has "its own distinctive truths, objects, and language." The power of discourse cannot be ignored, particularly in healthcare, because of the uneven relationship between healthcare service providers and patients.

Sensemaking has been used in healthcare for different purposes, for example, in the implementation of information systems (Jensen et al. 2009); as a performative, material-discursive practice in healthcare operations (Hultin and Mähring 2017); to understand nurses' attempts to clarify incongruous events created by contradicting logics (Kristiansen et al. 2015); for chronic disease self-management (Mamykina et al. 2015); in the role of conversations between organizational members in successful interventions for quality of care improvements (Jordan et al. 2009); for understanding the recognition, assessment, and management of pain in patients' with dementia (Dowding et al. 2016); and for making decisions by multidisciplinary healthcare team members (Rovio-Johansson and Liff 2012).

Discourse analysis and sensemaking complement each other because, in healthcare, while discourse analysis could be used to understand and improve the relationships (a) between healthcare professionals and patients and (b) among the members of healthcare delivery teams, sensemaking is useful in understanding the events or phenomena arising out of chaos. A summary of the theoretical underpinning of discourse and sensemaking is shown in Table 1.

## Conclusion

Healthcare services delivery has three key components – efficiency, effectiveness, and patient satisfaction. Foucauldian discourse could be instrumental in understanding power and relationships among different healthcare professionals. It could be argued that Foucauldian discourse can facilitate coordination both at inter and intraorganizational levels including health policy formulation and implementation. Sensemaking is useful both at the individual and organizational level. While dealing with uncertainty, healthcare professionals often have to derive meaning of an event by applying their expertise and past experiences. Healthcare organizations too use sensemaking to understand and explain the events that might have an impact on employees and others.

## References

Candlin CN, Maley Y, Sutch H (1999) Industrial instability and the discourse of enterprise bargaining. In Sarangi S, Roberts C (eds) Talk, work and institutional order: Discourse in Medical, Mediation and Management Settings (pp 323–350). Berlin: De Gruyter

Commonwealth of Australia (2019) The Australian health system Retrieved from https://www.health.gov.au/about-us/the-australian-health-system
Dowding D, Lichtner V, Allcock N, Briggs M, James K, Keady J, . . . Closs SJ (2016) Using sense-making theory to aid understanding of the recognition, assessment and management of pain in patients with dementia in acute hospital settings. Int J Nurs Stud 53:152–162
Foucault M (1976) The history of sexuality: an introduction, volume I. Pantheon Books, New York
Foucault M (1980) Truth and power. In: Gordon C (ed) Power/knowledge: selected interviews and other writings, 1972–1977. Pantheon Books, New York, pp 109–133
Haddara W, Lingard L (2013) Are we all on the same page? A discourse analysis of interprofessional collaboration. Acad Med 88(10):1509–1515. https://doi.org/10.1097/ACM.0b013e3182a31893
Hicks E, Sims-Gould J, Byrne K, Khan KM, Stolee P (2012) "She was a little bit unrealistic": choice in healthcare decision making for older people. J Aging Stud 26(2):140–148
Hultin L, Mähring M (2017) How practice makes sense in healthcare operations: studying sensemaking as performative, material-discursive practice. Hum Relat 70(5):566–593
Jensen TB, Kjærgaard A, Svejvig P (2009) Using institutional theory with sensemaking theory: a case study of information system implementation in healthcare. J Inf Technol 24(4):343–353
Jordan ME, Lanham HJ, Crabtree BF, Nutting PA, Miller WL, Stange KC, McDaniel RR (2009) The role of conversation in health care interventions: enabling sensemaking and learning. Implement Sci 4(1):15. https://doi.org/10.1186/1748-5908-4-15
Knights D, Morgan G (1991) Corporate strategy, organizations, and subjectivity: a critique. Organ Stud 12(2):251–273. https://doi.org/10.1177/017084069101200205
Kristiansen M, Obstfelder A, Lotherington AT (2015) Nurses' sensemaking of contradicting logics: an underexplored aspect of organisational work in nursing homes. Scand J Manag 31(3):330–337
Leclercq-Vandelannoitte A (2011) Organizations as discursive constructions: a Foucauldian approach. Organ Stud 32(9):1247–1271
Maclean M, Harvey C, Chia R (2012) Sensemaking, storytelling and the legitimization of elite business careers. Hum Relat 65(1):17–40
Maitlis S, Christianson M (2014) Sensemaking in organizations: taking stock and moving forward. Acad Manag Ann 8(1):57–125
Mamykina L, Smaldone AM, Bakken SR (2015) Adopting the sensemaking perspective for chronic disease self-management. J Biomed Inform 56:406–417
Robinson K, Kennedy N, Harmon D (2013) Constructing the experience of chronic pain through discourse. Scand J Occup Ther 20(2):93–100. https://doi.org/10.3109/11038128.2012.720275
Rose N, O'Malley P, Valverde M (2006) Governmentality. Annu Rev Law Soc Sci 2:83–104
Rovio-Johansson A, Liff R (2012) Members' sensemaking in a multi-professional team. J Health Organ Manag 26(5):605–620
Runciman WB, Hunt TD, Hannaford NA, Hibbert PD, Westbrook JI, Coiera EW, . . . Braithwaite J (2012) CareTrack: assessing the appropriateness of health care delivery in Australia. Med J Aust 197(2):100–105
Starbuck WH, Milliken FJ (1988) Executives' perceptual filters: what they notice and how they make sense. In: Hambrick D (ed) The executive effect: concepts and methods for studying top managers. JAI Press, Greenwich, pp 35–65
Walton D (2012) Discourse and power: Michel Foucault. In: Walton D (ed) Doing cultural theory. Sage, London, pp 154–170
Weick KE (1995) Sensemaking in organizations. Sage, Thousand Oaks
Weick KE (2008) Sensemaking. In: Clegg S, Bailey JR (eds) International encyclopedia of organization studies. Sage, Thousand Oaks
Weick KE (2012) Organized sensemaking: a commentary on processes of interpretive work. Hum Relat 65(1):141–153
Weick KE, Sutcliffe KM, Obstfeld D (2005) Organizing and the process of sensemaking. Organ Sci 16(4):409–421

M

## Multitheoretical Public Healthcare Organization

Sunil K. Dixit[1,2] and Murali Sambasivan[3]
[1]Health Policy and Management Program, Mount Saint Mary's University, Los Angeles, CA, USA
[2]The Victoria Institute of Strategic Economic Studies (VISES), Victoria University, Melbourne, VIC, Australia
[3]Thiagarajar School of Management, Madurai, India

### Synonyms

Healthcare organization; Institutional theory; Multitheoretical organization; Organization;

A full research paper version of this entry has been published as: Dixit, S. K., & Sambasivan, M. (2019). An Integrated Multitheoretical Perspective of Public Healthcare Services Delivery Organizations. Public Organization Review, 1–17. doi:10.1007/s11115-019-00440-w

Population ecology theory; Resource-dependence theory; Transaction-cost economics theory

## Definition

Considering the complexity of modern healthcare delivery, it may not be possible to design an efficient healthcare organization by using a single theory. A multitheoretical design of public healthcare services delivery organizations is underpinned by two or more theories.

## Introduction

Healthcare organizations are created by using multidisciplinary knowledge drawn from many disciplines, e.g., economics, sociology, organization theories, political science, public health, and different clinical areas. Modern healthcare organizations adopt evidence-based practices to improve their outcomes, processes, and performance, by deploying multidisciplinary teams of healthcare professionals for patient-centered service delivery. Although a combination of different theories has been used by various healthcare organizations, a collective or integrated multitheoretical perspective is lacking in the modern healthcare organizations.

This entry focuses on four important theories used in healthcare organizations: the resource-dependence theory, institutional theory, population ecology, and transaction-cost economics. Each one of the organization theories discussed provides several elements of healthcare's organization. Healthcare organizations are not merely economic organizations; because of continuous healthcare reforms, healthcare organizations are expected to meet the demands of the population and provide patient-centric, good quality healthcare.

This entry seeks to fill the gaps identified above and contribute to the body of knowledge in several ways. The integration and reconceptualization of organizational theories paves the way to develop a holistic understanding of organizations and organizing. The entry seeks to derive a conceptual understanding of healthcare services delivery organizations from the underpinnings of the theories selected. A public healthcare services delivery organization is one that is owned and controlled by government, and is engaged in providing healthcare directly to patients, such as hospitals and large surgery centers.

The entry has been organized as follows: First, organization theories (resource-dependence theory, institutional theory, population ecology, and transaction-cost economics theory) and their relevance to healthcare have been illuminated. Second, the main themes/elements of the literature reviewed have been summarized. Third, a multitheoretical model of a healthcare services delivery organization has been assembled. Last, the implications for management scholarship, practitioners, and health policy have been highlighted.

The theories selected for this entry and their application to healthcare have been discussed. The key elements of the theories are organized into the following categories: (a) main contributors, (b) objectives, (c) key themes, (d) expected outcomes, (e) criticism, (f) relevance to healthcare, and (g) elements of organization.

## Resource-Dependence Theory

The resource-dependence theory (RDT) illuminates the importance of the internal and external environment for organizations, as the environment can bring both opportunities and threats. The power remains in the hands of those who have access to, and control over, the resources such as material, labor, capital, equipment, and knowledge (Pfeffer and Salancik 1978). Organizations, linked with each other by power relations and resources trade-offs, change the levels of their relationships with other organizations by decreasing or increasing their dependence on the other organizations (Ulrich and Barney 1984). The greater the asymmetry between an organization and the elements of its environment is, the higher the uncertainty will be;

the importance of a resource to the organization depends on how crucial it is for organizational performance (Mick and Shay 2014).

### Resource-Dependence Theory in Healthcare

RDT's applicability to healthcare research is evident by its use in answering a variety of research questions. Nursing care facilities introduced specialty care to maintain an edge over rivals in a highly competitive market (Banaszak-Holl et al. 1996). RDT has been used by nursing homes for total quality management (Weech-Maldonado et al. 2001); the impact of regulation on hospitals (Cook et al. 1983); and analysis of the external environment and its relationship with contract management (Alexander and Morrisey 1989).

## Institutional Theory

Environments, as underpinned by the institutional theory, can influence organizations in two ways. First, they may shape the way an organization engages in the production and delivery of its goods or services. Second, they may shape the social and cultural aspects of an organization to ensure it conforms to the expectations of society. Instead of improving their performance and efficiency, organizations engage in the said conforming behavior to survive, despite the existence of factors that may lead to a prediction of failure under the contingency theory and RDT (Mick and Shay 2014). In essence, the institutional theory adds social legitimacy to the list of resources used to transform inputs into outputs (DiMaggio and Powell 1983). The application of the institutional theory to an organization (e.g., a hospital) would depend on the sources of the pressure applied – regulations, social, or cultural expectations – and the type of pressure.

### Institutional Theory in Healthcare

Since hospitals are subject to institutional pressures to provide healthcare to all, the institutional theory provides an indispensable perspective for healthcare research. The contributions of the institutional theory to healthcare research include pressures for the corporatization of healthcare organizations (Arndt and Bigelow 2006); hospitals' ability to innovate (Yang 2015); symbolic or substantive adoption of technology (Angst et al. 2017); and demand for hospitals to meet the quality as well as the ideological demands of society (White 2000). Hospital leaders need to have the capability, including quality improvement skills, to translate external demands into strategic plans (Burnett et al. 2016).

## Population Ecology Theory

Population ecology theorists, drawing their knowledge from biological theories of natural selection, argue that the environment selects a population of organizations for formation, destruction, and survival. The survival of an organization depends on its position or strength vis-à-vis other organizations in the same field, i.e., its competitors. In other words, social factors and the environment, which are beyond the control of organizations and managers, determine the formation, change, and end of organizations (Aldrich and Ruef 2006; Hannan and Freeman 1989).

### Population Ecology Theory in Healthcare

Driven by the principles of variation, selection, and retention, the population ecology theory can be related to the radical change – the emergence of a patient-centered organization and the disappearance of small physician practices – that the healthcare sector has gone through in the last decade (Mick and Shay 2014). A hospital that is prepared to change itself to meet the demands of its environment by continuously improving the quality of its healthcare is likely to be valued and selected by the environment against others (Shortell and Kaluzny 1994).

## Transaction-Cost Economics

The Transaction-Cost Economics (TCE) theory stands on two assumptions: (a) individuals are

**Multitheoretical Public Healthcare Organization, Table 1** Transaction Cost in Healthcare: Macro- and Micro-level

| Transaction dimension | Key themes | Relevance to healthcare |
|---|---|---|
| *Human dimensions* | | |
| Bounded rationality | Limits on human capacity to absorb, assimilate, and integrate information into decision-making in a meaningful manner | *Macro:* Recertification for continuing clinical education<br>*Micro:* Investment in technology for risk management alerts |
| Opportunism | Propensity of one actor to advance self-interest at the expense of the transaction partner | *Macro:* Regulation and accreditation<br>*Micro:* Internal mechanism for patient privacy and investigation of infractions |
| *Environmental characteristics* | | |
| Asset specificity | Degree to which human, material, and capital inputs can be used for purposes other than originally intended | *Macro:* Clinical specializations, standards of practice, clinical education, and training and licensure<br>*Micro:* Internal staffing, credentialing, and jobs assignments |
| Uncertainty | Unpredictable or unanticipated events that interfere with the ability of one or both parties to fulfill the terms of the transaction | *Macro:* External emergencies<br>*Micro:* Internal emergencies, such as system failure, infection control |

Adapted from Stiles et al. (2001) with modifications

boundedly rational because of the information they have and (b) individuals sometimes engage in opportunistic behavior (Williamson 1975, 1985). TCE deals with the differences in contracting costs and issues, between two equally powerful firms, with significant experience, who hire expert managers to create transactions depending upon their asset specificity, uncertainty/complexity and frequency (Miles 2012; Sanders 2010). Asset specificity can be described as the degree a transaction is dependent on a transaction-specific asset, including both physical and human. TCE underpins the idea that an economic organization tends to have incomplete contracts due to the bounded rationality of individuals (Williamson 1998).

Though all individuals do not engage in opportunistic behavior, it is impossible to identify such behavior *ex ante*, i.e., before entering into a transaction or contract influenced by human factors (bounded rationality and opportunism) and environmental factors, complexity, and uncertainty (Miles 2012). Together with information asymmetry and incomplete information, an optimal government organization can be analyzed only after examining the incentive or disincentive employed to shape the behavior of the state.

### Transaction-Cost Economics in Healthcare

TCE has been used in healthcare research to study the effect of: nurses' staffing on efficiency (Bloom et al. 1997); the redesign of disease management programs (Leeman and Mark 2006); choosing in-house or external patient-safety remedies (Fareed and Mick 2011); and the transaction costs of hospital federations (D'Aunno and Zuckerman 1987). TCE influences the clinical practices, accreditation, regulation, and standards of clinical practice as shown in Table 1.

## A Multitheoretical Model of Public Healthcare Services Delivery Organizations

The resource-dependence theory and population ecology theory use the firm or organization as the main unit for investigation and recognize the significance of their environment for organizations. The transaction-cost economics theory uses contracts and transactions as the fundamental basis for analysis, illuminating the need to minimize transaction costs, from an organization's perspective. The resource-dependence theory seeks to minimize or remove asymmetry between

an organization and the elements of its environment. Organizations adapt to regulation, as well as internal and external pressure to maintain their existence. Organizations, as per the population ecology theory, change according to the environmental demands, to avoid extinction. Under transaction-costs economics, organizations must reduce their transaction costs to remain efficient and competitive.

The theories reviewed in this entry illuminate the following issues: They use a piecemeal approach, such as their control of resources, preparing for internal and external pressures to survive, and reducing their transaction costs, to create an efficient organization. In the absence of empirical data and a hypothesis to test, all ingredients required for new theory building are not present in this entry. However, to investigate the interoperability of these theories, a different method could be used to create a multitheoretical model of healthcare services organizations. Researchers could construct the labels, set a narrative ontology, condense the constructs by abstraction, and create an original and useful story, as per the ideas presented in a review article on the topic of theory building by Shepherd and Suddaby (2017). A summary of the theories discussed in this entry has been presented in Table 2.

## Labeling Constructs

For the sake of clarity, constructs can be defined as extracts (key important points or elements) from the literature reviewed. The key constructs of organization derived from the different theories are summarized in Tables 1 and 2 under the column "*Key Themes*." These constructs are: limits on human capacity to absorb, assimilate, and integrate information into decision-making in a meaningful manner; the propensity of one actor to advance self-interest at the expense of the transaction partner; the degree to which human, material, and capital inputs can be used for purposes other than originally intended; unpredictable or unanticipated events that interfere with the ability of one or both parties to fulfill the terms of the transaction; the internal and external environment; control of resources; organizations' power; resource dependence; conformance to isomorphism; the formation, destruction, and survival of organizations; variation, selection, and retention; bounded rationality; opportunistic behavior; information asymmetry; and transaction costs.

## Narrative Setting: Ontology

The idea of narrative setting revolves around organizing or organization by integrating the underpinnings of the theories reviewed in the context of healthcare, as indicated under the column "*Relevance to Healthcare*" in Table 2. Healthcare organizations deploy or utilize internal and external resources to deliver quality healthcare, subject to their regulation and external environment. Healthcare organizations are expected to meet the expectations of society at-large, as well as their patients. Healthcare organizations have to adhere to the standards of clinical and other healthcare practices and achieve ratings and accreditation to conform to institutional pressures. Multidisciplinary healthcare team members are required to meet the licensing, accreditation, and standards of clinical practices.



## Abstraction

Abstraction refers to a process by which ideas can be refined to get a concrete view of a phenomenon, such as the purpose of healthcare organizations, as shown under the column "*Objectives*" in Table 2. The resource-dependence theory suggests that organizations can maximize their power, based on the resources controlled by them. A research and teaching hospital would have access to the talent and infrastructure to test and adopt new evidence-based clinical practices. Other hospitals may not have access to, or would have difficulty, in competing with research and teaching hospitals. As per the institutional theory, organizational structures and processes conform to normative, coercive, and mimetic isomorphism. A research and teaching hospital is likely to contribute to, and shape, standards of healthcare; other hospitals would eventually conform to the said standards. Similarly, big healthcare organizations have more power (as underpinned by the resource-dependence

**Multitheoretical Public Healthcare Organization, Table 2** A summary of theories

| Criteria | Resource-dependence theory | Institutional theory | Population ecology | Transaction-cost theory |
|---|---|---|---|---|
| Main contributors | Pfeffer and Salancik (1978) | DiMaggio and Powell (1983) | Aldrich and Ruef (2006), Hannan and Freeman (1989) | Williamson (1975), (1985), (1998) |
| Objectives | Organizations maximize their power based on resources they control or have access to | Develop an understanding of how organizational structures and processes conform to normative, coercive, and mimetic isomorphism | Understand the process by which environment selects organizations for survival or destruction | Understand how different characteristics of transactions shape contractual arrangements among organization and individuals |
| Key themes | Internal and external environment; control of resources, organizations' power; and resource dependence | Conformance to isomorphism | Formation, destruction, and survival of organization; and variation, selection, and retention | Bounded rationality; opportunistic behavior; information asymmetry; and transaction costs |
| Expected outcomes | Reduce asymmetry between organization and the elements of its environment | Adapt to regulation, social, and cultural pressures to survive | Evolve as per the demand of the environment | Reduce the transaction costs |
| Criticism | Lesser applicability to mechanistic organizations; long-term application; and weak theoretical predictions | Focus only on organizations not on their deep workings; and too much focus on outcomes | Lack of clarity; and fails to recognize that organizations do, in fact, survive environmental challenges | Terms "transaction" and "efficiency" have not been defined clearly; managers are selfish and opportunistic is a flawed assumption |
| Relevance to healthcare | Healthcare quality; impact of regulation; and ongoing healthcare reforms | Demand for quality healthcare; ideological demands of society; convergence of bureaucracy and institutional theory; hospital ratings; and clinical practices | Health policy; rapidly changing healthcare sector; and utilization of healthcare | Clinical practices; organization design; accreditation; regulation; and standards of clinical practice |
| Elements of organization | Resources, internal and external environment | Regulation, social, and cultural pressures; and outcomes | Environment may destruct an organization | Organizations are transactions between individuals and organizations |

theory) to influence normative, coercive, and memetic isomorphism. The population ecology theory posits that organizations live or die depending on the environment they live or operate in. The transaction-cost theory sees organizations as contractual arrangements among organizations and individuals; therefore, organization in healthcare is simply a web of contractual relationships. Organization in healthcare can be divided into three parts, namely: the purpose of healthcare organizations; their activities; and the expected results or outcomes of their activities, as shown in Fig. 1.

## Compelling Original and Useful Story

The last step in the foregoing discussion, with regard to model building for healthcare services delivery organizations, is an endeavor to discover a phenomenon that is new and was not known previously. First, a healthcare organization would need access to or have control over the available resources to deliver services to patients, as the

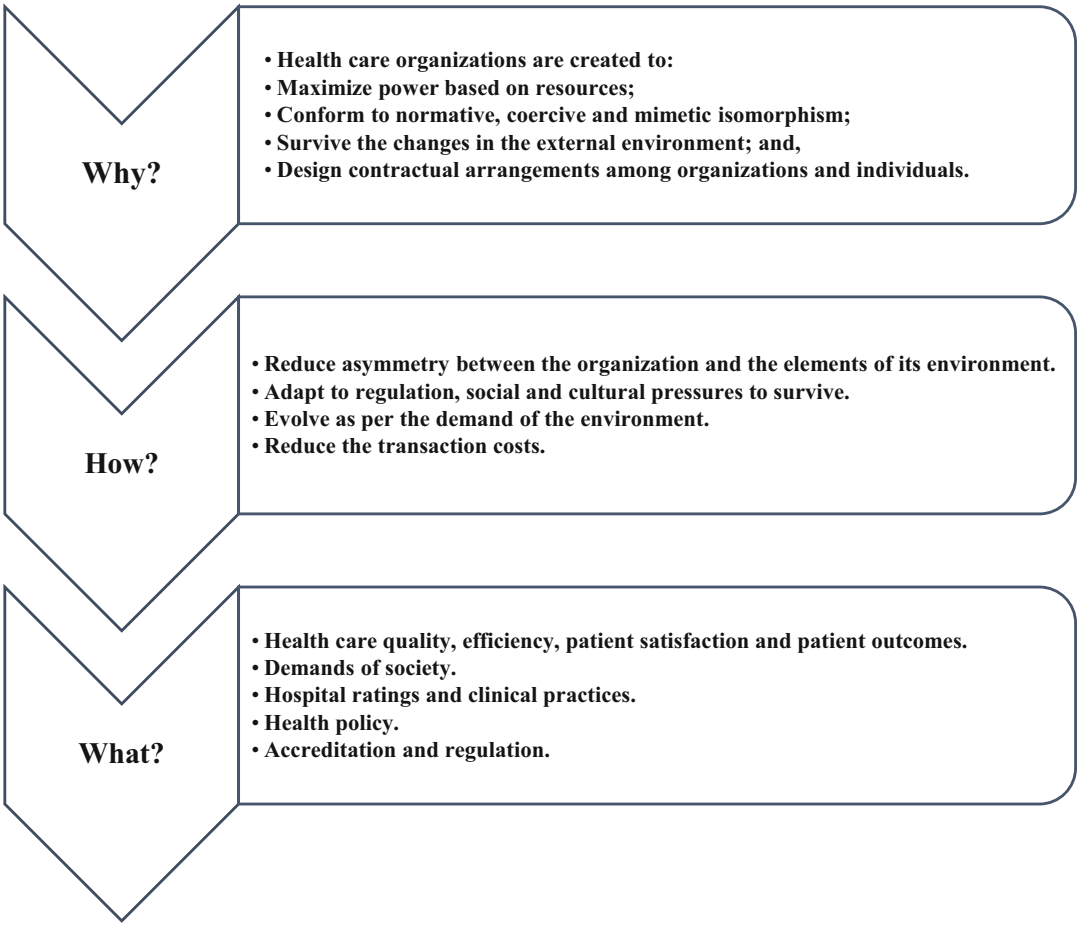


**Multitheoretical Public Healthcare Organization, Fig. 1** Anatomy of a public healthcare services delivery organization

importance of resources is dependent on an organization's performance. Second, environments can shape the delivery of services by a healthcare organization and press it to conform to the expectations of society. It is safe to assume that health policy and regulation influence a healthcare organization's behavior and performance. In the context of the population ecology theory, as a result of changes in health policy and regulation, the environment may select an organization for retention or destruction. Last, the agreements among parties (e.g., employees, healthcare professionals, patients, insurance companies, and others who are somehow involved in the activities of an organization, directly or indirectly) are to minimize the transaction costs.

An integrated model of a public healthcare services delivery organization should have four elements, as a minimum, based on the theories reviewed: suitable resources; an ability to leverage the environment's impact both on the performance and delivery of services; fitness to withstand environmental pressures or changes; and an effective mechanism to minimize the transaction costs that arise out of information asymmetry among the various parties. Key aspects for a multitheoretical organization ought to be: to reduce asymmetry between the organization and the elements of its environment; adapt to regulation, social, and cultural pressures to survive; evolve as per the demands of the environment and reduce the transaction

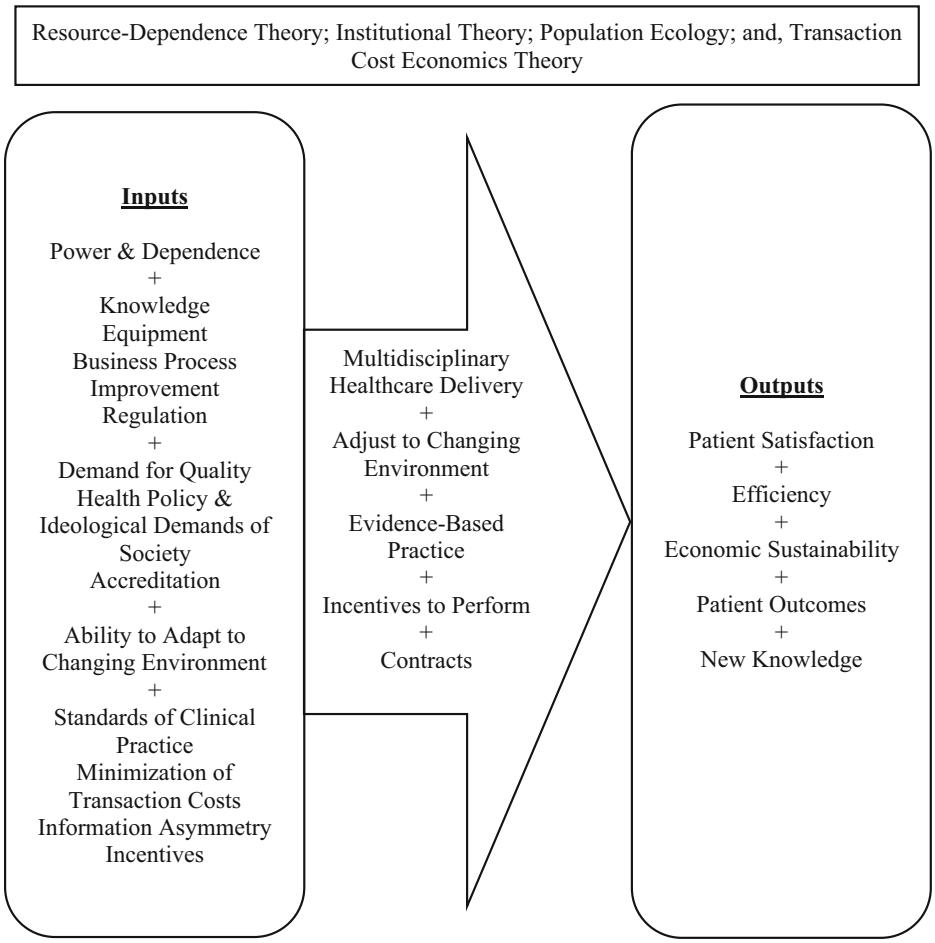


**Multitheoretical Public Healthcare Organization, Fig. 2** A multitheoretical integrated model of a public healthcare services delivery organization

costs as shown under the column "*Expected Outcomes*" in Table 2.

In essence, a healthcare organization would gain power by way of the knowledge and equipment it has; the delivery of healthcare is shaped or facilitated or constrained by regulation, public policy, and society's expectations; an organization can only withstand the environment if it adapts to it; the delivery of healthcare has to be in accordance with the standards of clinical practice; and, an organization delivers healthcare by a contact mechanism in which the parties agree to perform as agreed, while the same organization makes efforts to reduce the transaction cost. The outcomes of organizing or organization in healthcare would include patient satisfaction, efficiency, economic sustainability, patient outcomes, and new knowledge. It is clear that an organization does not have fixed or static components, instead, it evolves, changes, and adapts to its internal and external environments. From a theoretical perspective, a healthcare organization is shown in Fig. 2.

## Conclusion

This entry investigated key elements of a selected group of organizational theories and their relevance to healthcare, with the aim of arriving at a model for a healthcare services delivery organization. The arguments put forward in this entry, to

demonstrate that an explicit implementation of theories, by using an integrative approach advances a holistic understanding of organization, can be summarized as follows:

1. RDT has prompted numerous significant changes in the healthcare sector as the public hospitals strive to do more with the scarce resources available to them. Reimbursement for patient care is based on quality, efficiency, and patient outcomes. Resource dependence and constraints could be opportunities to gain sustainable competitive advantage over competitors.
2. As the hospitals grapple with the challenging task of resource acquisition, retention, and management, regulations and isomorphism put an additional pressure to fall in line with the new regulations, quality standards, and patient expectations. The institutional theory could be a guiding post for the hospitals so that the conforming behavior to survive is avoided, and strategy is rather focused on quality, efficiency, and patient outcomes.
3. Though the population or organizational ecology theory posits only the fittest of all organizations would survive the onslaught of the constantly changing external environment, it does not see a role for the internal environment and structures in evolution of organizations. A temporary reduction in resources could trigger consolidation yielding sustainable improvement in efficiency (Arthur et al. 2017).
4. TCE is a manifestation of economic organization using a contractual approach. In the context of a hospital, a transaction takes place when healthcare services are transferred from a provider to a user. While the internal transaction costs include managing, monitoring, and supply chain management costs, the external transaction costs could be information, bargaining, regulation, and enforcement costs. However, the contracts between hospitals and other parties are incomplete contacts, mainly because hospitals ought not to be looked at as purely economic organizations as it would be awfully hard for the healthcare professionals to adopt an opportunistic behavior due to the constraints of professional code of conduct and regulations. Thus, it is not easy to design organization based on an explicit implementation of TCE alone.

Although the four theories discussed in this entry separately offer a plenty of opportunities to design hospital organizations, such an organization design perhaps would not be complete. If a hospital organization design is based on an explicit and integrated implementation of the four theories, it would be much stronger. This entry offers the following key insights: First, public healthcare services delivery organizations gain prominence, power, and reputation based on the equipment and knowledge they have, as highlighted by accreditations and excellent patient outcomes. Second, healthcare delivery is facilitated or shaped by regulations, public policy, and society's expectations. Third, in order to continue to remain in business, public healthcare services delivery organizations must meet the demands of the changing environment. An organization that is not prepared to adapt to a changing reimbursement or insurance landscape would most likely have difficulty in surviving. Fourth, clinical practice is evidence-based; hence, it is not static. Organizations have to continuously change and follow best practices to deliver quality healthcare services. Fifth, relationships between organizations and others are contracts that are subject to information asymmetry. There would have to be an incentive mechanism to achieve the desired outcomes and minimize transaction costs simultaneously. Last, healthcare service delivery must focus on patient experience, efficiency, economic sustainability and its outcomes, and have a keen desire to improve by using new techniques and knowledge.

The entry highlighted the complexity of issues involved related to healthcare services delivery organizations, therefore, its limitations are obvious and must be highlighted: (a) The idea of having a formal organization structure is missing; (b) a mechanism to design contracts between parties (individuals and organizations) is warranted, (c) although public healthcare services delivery organizations ought to meet the expectations of patients and society, a method or framework for achieving that goal is absent; and (d) no

theory alone is sufficient to serve as a foundation for public healthcare services delivery organizations. It is hoped that the entry will attract the attention of healthcare researchers and theorists to advance this dialogue further.

## References


Aldrich H, Ruef M (2006) Organizations evolving, 2nd edn. SAGE, Thousand Oaks

Alexander JA, Morrisey MA (1989) A resource-dependence model of hospital contract management. Health Serv Res 24(2):259–284

Angst CM, Block ES, D'arcy J, Kelley K (2017) When do IT security investments matter? Accounting for the influence of institutional factors in the context of healthcare data breaches. MIS Q 41(3):893–916

Arndt M, Bigelow B (2006) Toward the creation of an institutional logic for the management of hospitals: efficiency in the early nineteen hundreds. Med Care Res Rev 63(3):369–394

Arthur R, Nicholson A, Sibani P, Christensen M (2017) The tangled nature model for organizational ecology. Computational and Mathematical Organization Theory 23(1):1–31

Banaszak-Holl J, Zinn JS, Mor V (1996) The impact of market and organizational characteristics on nursing care facility service innovation: a resource dependency perspective. Health Serv Res 31(1):97–117

Bloom JR, Alexander JA, Nuchols BA (1997) Nurse staffing patterns and hospital efficiency in the United States. Soc Sci Med 44(2):147–155

Burnett S, Mendel P, Nunes F, Wiig S, van den Bovenkamp H, Karltun A, … Fulop N (2016) Using institutional theory to analyse hospital responses to external demands for finance and quality in five European countries. J Health Serv Res Policy 21(2):109–117

Cook K, Shortell SM, Conrad DA, Morrisey MA (1983) A theory of organizational response to regulation: the case of hospitals. Acad Manag Rev 8(2):193–205

D'Aunno TA, Zuckerman HS (1987) Hospital federations: an integration of perspectives from organizational theory. Med Care Rev 44(2):323–343

DiMaggio P, Powell WW (1983) The iron cage revisited: collective rationality and institutional isomorphism in organizational fields. Am Sociol Rev 48(2):147–160

Fareed N, Mick SS (2011) To make or buy patient safety solutions: a resource dependence and transaction cost economics perspective. Health Care Manag Rev 36(4):288–298

Hannan MT, Freeman J (1989) Organizational ecology. Harvard University Press, Cambridge, MA

Leeman J, Mark B (2006) The chronic care model versus disease management programs: a transaction cost analysis approach. Health Care Manag Rev 31(1):18–25

Mick SS, Shay PD (2014) A primer of organization theories in health care. In: Advances in health care organization theory, 2nd edn. Jossey-Bass, San Francisco, pp 25–52

Miles JA (2012) Management and organization theory: a Jossey-Bass reader. Wiley, Hoboken

Pfeffer J, Salancik GR (1978) The external control of organizations: a resource dependence approach. Harper and Row Publishers, New York

Sanders TJ (2010) Propositions for investigating adoption and diffusion of the magnet hospital concept through the lenses of organization theory. J Manage Market Res 4(March 2010):1–19

Shepherd DA, Suddaby R (2017) Theory building: a review and integration. J Manag 43(1):59–86

Shortell SM, Kaluzny AD (1994) Health care management: organization, design, and behavior, 3rd edn. Delmar Publishers, Albany

Stiles RA, Mick SS, Wise CG (2001) The logic of transaction cost economics in health care organization theory. Health Care Manag Rev 26(2):85–92

Ulrich D, Barney JB (1984) Perspectives in organizations: resource dependence, efficiency, and population. Acad Manag Rev 9(3):471–481

Weech-Maldonado R, Zinn JE, Hamilton RD 3rd. (2001) The performance impact of context in TQM implementation: the nursing facility industry. Health Serv Manag Res 14(3):147–158

White KR (2000) Hospitals sponsored by the Roman Catholic Church: separate, equal, and distinct? Milbank Q 78(2):213

Williamson OE (1975) Markets and hierarchies: analysis and antitrust implications. Free Press, New York

Williamson OE (1985) The economic institutions of capitalism. Free Press, New York

Williamson OE (1998) Transaction cost economics: how it works; where it is headed. De Economist 146(1):23–58

Yang C (2015) Implementing hospital innovation in Taiwan: the perspectives of institutional theory and social capital. Int J Health Plann Manag 30(4):403–425


# Municipal Budgetary Processes


Vincent Reitano
Western Michigan University, Kalamazoo, MI, USA


## Synonyms

Budget; Budgeting

## Definitions

Budgeting: A process that encompasses planning, adoption, implementation, and evaluation.

Budget Model: A format or approach to guide the budget process.

## Introduction

Municipal governments generally follow a budget process that encompasses planning, adoption, implementation, and evaluation. To guide the process, they may select different types of budget models, also referred to as budget formats or approaches (e.g., Grizzle 1986; Reddick 2003), each with different assumptions (Kioko and Marlowe 2016). The use of a particular budget model can have a considerable influence on the way a municipal government makes decisions during the budget process (Kavanagh 2011b).

Municipal governments typically create an operating budget and a capital budget. Operating budgets, as denoted by their title, focus on day-to-day operations, and typically assume an annual time-horizon. Capital budgets, in contrast, focus on the acquisition and maintenance of long-term assets, such as buildings and vehicles that can be used for more than one year. Governments also create a separate capital budget document that may be included in a long-term capital improvement plan. Despite their differences, capital budget decisions can have a financial impact on the operating budget over time (e.g., Bland and Nunn 1992).

Not surprisingly, the municipal budget process does not occur independent of other governmental processes. Instead, budgeting is concomitant with public administration, public policy, and the socio-economic environment that a government operates within (Bartle 2001). Municipal budgeting, therefore, works in relation to other governmental subsystems and the external environment, indicating that municipalities can be open systems (e.g., Gibran and Sekwat 2009; Hendrick 2004).

While open systems theory may provide a pathway forward, theory development in budgeting continues to face the key issue raised by Key (1940): "On what basis shall it be decided to allocate x dollars to activity A instead of activity B." Whether or not budgeting is just an incremental process, as a "theory of nonchange," has also been widely considered (Rubin 2015, p. 26). A variety of budget models, intended for both national and subnational governments, were developed in part to address Key's (1940) question and respond to incrementalism. From zero-based budgeting in the 1970s to participatory budgeting, new models continue to emerge (e.g., Tyer and Willand 1997).

While new budget models continue to be developed, researchers and practitioners have paid increasing attention to the role of fiscal stress and how it influences budgets and decision-making. Various stresses on government revenue sources, such as tax revolts and economic recessions, have moved budgeters to consider cutbacks (e.g., Levine 1978, 1979) and various frameworks for recovery (e.g., Kavanagh 2011a). Underlying the budgetary and financial impacts of fiscal stress is the concern that public service provision be maintained.

Concerns over particular periods of fiscal stress have compelled discussions about fiscal resiliency and sustainability. In response, a longer-term approach to budgeting, not only for the capital budget but also the operating budget, has gained traction (e.g., Kavanagh 2007). Despite these and other developments, empirical evidence still indicates a diffusion of various approaches to budgeting and uses of hybrid budget models (Kavanagh 2011b), alongside lingering questions about financial sustainability based on recent projections (U.S. GAO 2019).

## History of Municipal Budgeting

Over time, municipalities in the United States have adopted different types of budget processes. The history of budgeting, therefore, is replete with examples of reforms to budget processes at different levels of government and in response to different contexts (e.g., Rubin 1993, 1996; Shick 1966; Tyer and Willand 1997). As traced by

Tyer and Willand (1997) and Rubin (1993), budgeting has its roots in the early twentieth century, primarily at the municipal level. Across these developments, Shick (1966) argues there are three distinct developments in budget reform: control, management, and planning.

Local officials and scholars were involved in the development of municipal budgeting and led reforms in the early twentieth century (Rubin 1993). At that time, for example, the New York Bureau of Municipal Research set a pathway forward for early accounting and budgeting reforms (Rubin 1993; Tyer and Willand 1997). Further, an early form of performance budgeting was also conceptualized (Tyer and Willand 1997), and not put into practice until years later at the local level (e.g., Ridley and Simon 1943).

Following early budgeting reform, "the modern debate" on budgeting (Meyers 1996, p. 171) emerged beginning with Key's (1940) seminal article, "The Lack of a Budgetary Theory." As the article title implies, Key (1940) asks a fundamental question regarding budgeting: "On what basis shall it be decided to allocate x dollars to activity A instead of activity B."

Not surprisingly, allocative decisions were rigorously considered by scholars in a variety of fields, including economics and political science. Lewis (1952, p. 44), for example, recommended "to divide available resources into increments and consider which of the alternative uses of each increment would yield the greatest return." Later on, Musgrave's (1959) *The Theory of Public Finance* deemed allocation to be one of the three key branches of public finance, alongside distribution and stabilization. Distribution and stabilization are intended for the central government, whereas allocation will vary in lower levels of government.

The approaches offered by scholars such as Lewis (1952) and Musgrave (1959), however, "were an inviting target for the 'political realists'" (Meyers 1996, p. 173). Essentially, determining allocation through an economic approach to budgeting may have "limits" and not fully reflect the complexity of budget decision-making (Meyers 1996, p. 172). If municipal governments are open systems, then a rational approach may "fail to capture the complexities of public budgeting and yield incomplete theories" (Gibran and Sekwat 2009, p. 617).

Nelson and Balu (2014), for example, demonstrate the difference between the two approaches, specifically rational and open systems, albeit with a focus on special-purpose local governments. Kelly (2005) makes a similar argument about budgeting and concludes that "a theory of budgeting is a theory of political cycles driven by changing public opinion about the proper role of government" (p. 89). These theoretical debates persist to the present day and continue to foster a dialogue around budgeting theory and praxis (Rubin 2015).

## Municipal Budget Models

Kioko and Marlowe (2016, p. 185) make the following observation about the budget process: "Public managers can't control many of the factors that affect their budgets. . .But public managers can control how they make their budgets." For example, municipal managers can't change when a national recession occurs. They can, however, respond strategically through the budget process, to ensure continued public service provision at the local level.

While the municipal budget process may generally proceed through similar steps for each government, from planning, adopting, implementing, and evaluating the budget, there are different models (Kioko and Marlowe 2016), also referred to as formats or approaches (e.g., Grizzle 1986; Reddick 2003). The models range from incremental budgeting to more recent developments such as participatory budgeting, and each has different assumptions about budgeting and the various stakeholders involved in decision-making.

Incremental budgeting, for example, will potentially obviate the aforementioned complexity in budgeting: "this year's budget is based on last year's budget, with special attention given to a narrow range of increases or decreases" (Davis et al. 1966, pp. 529–530). Amidst debates over

incremental budgeting, alternative budget processes emerged. In the 1950s, performance budgeting was introduced, to focus on government activities (Tyer and Willand 1997). Further, "program budgeting was more forward looking while performance budgeting tended to focus on what had been accomplished already," and served as the cornerstone of planning, programming, and budgeting systems (Tyer and Willand 1997, p. 5).

Later on, zero-based and target-based budgeting emerged in the 1970s and 1980s. Zero-based budgeting requires that government agencies or programs submit decision packages that include a considerable amount of information to demonstrate the need for funding. It should be noted, however, that zero-based budgeting does not ensure funding, in contrast to incremental budgeting (e.g., Kavanagh 2011b; Lauth 2014). In contrast, rather than the possibility of a zero-base, target-based budgeting set a target as a percent of a previous budget that must be met (e.g., Kavanagh 2011b).

Empirical evidence indicates that local governments, including municipalities, continue to adopt these budget models in various forms (see, for example, Kavanagh 2011b). In fact, a survey from Kavanagh (2011b) finds that local governments shifted away from line-item and incremental budgets and increased adoption of alternatives such as target and zero-based budgeting, following the Great Recession. Further, consistent with state budgeting research (e.g., Botner 1985; Grizzle 1986; Reddick 2003, 2007), municipalities may select hybrid budget processes (Kavanagh 2011b). A hybrid system may contain elements of different budget models, potentially to reflect the complexity of budgeting. Additionally, practitioners may use hybrid budget models to facilitate budget decision-making for the unique context they work within.

Kavanagh (2011b) and Botner (1985) both used surveys to understand the use of different budget models. Reddick (2002, 2003) considers budget models, also called theories of budget decision-making, in relation to their degree of rationality. Rational choice budgeting, defined as "a *forward-looking process*" is most rational (e.g., zero-based budgeting), followed by incrementalism and then "garbage can" or anarchistic approach to budgeting (see Cohen et al. 1972), which is random (Reddick 2002, p. 2). Reddick (2002, 2003) empirically tests budget decision-making in national governments and US states. At the local level, only Dorta-Velazquez et al. (2010) empirically tests budget decision-making in Spanish municipalities, with evidence of both incremental and rational decision-making, further reinforcing the finding of a hybrid approach to budgeting.

## From Increments to Decrements

As municipal governments began to experience fiscal stress in the 1970s and beyond, the concept of decrements also emerged as another budgeting model (e.g., Behn 1985). As part of a broader literature on cutback management, or cutback budgeting, practitioners and scholars increasingly considered how to cut budgets, with a focus on questions of allocation. Even more recent literature, for example, argues that "an era of cutback management and enhanced interest in government performance. . .will keep the search for a budget theory alive and well" (Frank 2007, p. 228).

Seminal articles from Levine (1978, 1979) detailed cutback management. Levine (1978) created a two-dimensional typology considering the internal versus external and political versus economic factors that cause organizational decline. One of the identified causes of organizational decline in Levine (1978), environmental entropy, is described as "the now familiar phenomena of financially troubled cities and regions" which face "the forced choice of cutting services" (p. 318). In a subsequent article, Levine (1979, p. 180) considered "strategic choices that an organization must make about confronting, planning, targeting, and distributing cuts" (p. 182).

To confront and plan for cuts, organizations can "resist or smooth cuts" which occurs "quite early in the planning process" (Levine 1979, p. 182), potentially via slack resources (e.g., Barrett et al. 2019). To target the cuts,

organizations can pursue decrements of varying sizes, and can cut in a particular area or across the board. Another potential choice focuses on the decision to pursue efficiency or equity when cutting. Over time, a considerable literature has emerged on cutbacks, which has been reviewed comprehensively elsewhere (Raudla et al. 2015).

## Future Developments in Municipal Budgeting

Municipal budgeting research and praxis continues to evolve (e.g., Frank 2007; Rubin 2015). In a retrospective, Rubin (2015) argues that budget research should consider the role of conflict among stakeholders, which relates to prior debates in the literature over the role of politics and even institutions (Meyers 1996). Thus, methods that facilitate stakeholder engagement, including citizens, may continue to gain traction in municipal budgeting, among both researchers and practitioners (e.g., Ebdon and Franklin 2004, 2006).

## Cross-References

► Financial Management for Local Government
► Globalization of Public Budgeting

## References

Barrett N, Fowles J, Jones P, Reitano V (2019) Forecast bias and fiscal slack accumulation in school districts. Am Rev Public Adm 49(5):601–613

Bartle JR (2001) Budgeting, policy, and administration: patterns and dynamics in the United States. Int J Public Adm 24(1):21–30

Behn RD (1985) Cutback budgeting. J Policy Anal Manage 4(2):155–177

Bland RL, Nunn S (1992) The impact of capital spending on municipal operating budgets. Public Budg Financ 12(2):32–47

Botner SB (1985) The use of budgeting/management tools by state governments. Public Adm Rev 45(5):616–620

Cohen M, March J, Olsen J (1972) A garbage can model of organizational choice. Adm Sci Q 17:1–25

Davis OA, Dempster MAH, Wildavsky A (1966) A theory of the budgetary process. Am Polit Sci Rev 60(3): 529–547

Dorta-Velazquez JA, Leon-Ledesma J, Perez-Rodriguez JV (2010) Models of municipal budget allocation: empirical data from Spanish municipalities. Public Budg Financ 30(2):24–46

Ebdon C, Franklin A (2004) Searching for a role for citizens in the budgeting process. Public Budg Financ 24(1):32–49

Ebdon C, Franklin A (2006) Citizen participation in budgeting theory. Public Adm Rev 66(3):437–447

Frank HA (2007) Budget theory: new perspectives for a new millennium. In: Rabin J, Hildreth WB, Miller GJ (eds) Handbook of public administration, 3rd edn. CRC Press/Taylor & Francis, Boca Raton, pp 227–248

Gibran J, Sekwat A (2009) Continuing the search for a theory of public budgeting. J Public Budg Account Financ Manag 21(4):617–644

Grizzle GA (1986) Does budget format really govern the actions of budget makers? Public Budg Financ 6(1): 60–70

Hendrick RA (2004) Assessing and measuring the fiscal health of local governments: focus on Chicago suburban municipalities. Urban Aff Rev 40(1):78–114

Kavanagh S (2007) Financing the future: Long-term financial planning for local government. Government Finance Officers Association, Chicago

Kavanagh S (2011a) A 12-step process to financial recovery: a guide to GFOA's new online resource. Gov Financ Rev 27(2):1–5

Kavanagh S (2011b) Zero-based budgeting: modern experiences and current perspectives. Government Finance Officers Association, Chicago

Kelly J (2005) A century of public budgeting reform: The "key" question. Admin Soc 37(1):89–109

Key VO (1940) The lack of a budgetary theory. Am Polit Sci Rev 34(6):1137–1144

Kioko S, Marlowe J (2016) Financial strategy for public managers. Open access textbook

Lauth TP (2014) Zero-based budgeting redux in Georgia: efficiency or ideology? Public Budg Financ 34(1):1–17

Levine CH (1978) Organizational decline and cutback management. Public Adm Rev 38(4):316–325

Levine CH (1979) More on cutback management: hard questions for hard times. Public Adm Rev 39(2): 179–183

Lewis VB (1952) Toward a theory of the budget process. Public Adm Rev 12(1):42–54

Meyers RT (1996) Is there a key to the normative lock of budgeting? Policy Sci 29:171–188

Musgrave R (1959) The theory of public finance: a study in political economy. McGraw-Hill, London

Nelson AA, Balu R (2014) Local government response to fiscal stress: evidence from the public education sector. Public Adm Rev 74(5):601–614

Raudla R, Savi R, Randma-Liiv T (2015) Cutback management literature in the 1970s and 1980s: taking stock. Int Rev Adm Sci 81(3):433–456
Reddick CG (2002) Testing rival decision-making theories on budget outputs: theories and comparative evidence. Public Budg Financ 22(3):1–25
Reddick CG (2003) Testing rival theories of budgetary decision-making in the US states. Financ Account Manag 19(4):315–339
Reddick CG (2007) State resource allocation and budget formats: toward a hybrid model. J Public Budg Account Financ Manag 19(2):221–244
Ridley CE, Simon HA (1943) Measuring municipal activities: a survey of suggested criteria for appraising administration. International City Managers Association, Chicago
Rubin IS (1993) Who invented budgeting in the United States? Public Adm Rev 53(5):438–444
Rubin IS (1996) Budgeting for accountability: municipal budgeting for the 1990s. Public Budg Financ 16(2): 112–132
Rubin IS (2015) Past and future budget classics: a research agenda. Public Adm Rev 75(1):25–35
Shick A (1966) The road to PPB: the stages of budget reform. Public Adm Rev 26(1):243–258
Tyer C, Willand J (1997) Public budgeting in America: a twentieth century retrospective. J Public Budg Account Financ Manag 9(2):189–212
United States Government Accountability Office (2019) State and local governments' fiscal outlook: 2019 update. GAO, Washington, DC

# Municipal E-Governance in Asia

Aroon P. Manoharan[1], Sean Mossey[1], Haoyu Zhao[1] and Shilpa Viswanath[2]
[1]Department of Public Policy and Public Affairs, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA
[2]Department of Political Science and Public Administration, University of Wisconsin, La Crosse, WI, USA

## Synonyms

Comparative; Digital governance; Digital technology; Global; International and East Asian municipalities; Information technology; Municipal e-governance

## Definitions

E-Governance: The application of information and communication technologies (ICTs) for the provision of public information and services, and to promote participation and democracy.

East Asia: Refers to the eastern region of Asia and comprises of China, Hong Kong, Macau, Taiwan, Japan, Mongolia, North Korea, and South Korea.

## Introduction

Rapid developments in information and communication technology (ICT) applications have created an increasing need for governments at all levels to technologically upgrade and digitize these processes. Increasing expectations from technology-savvy citizens are pushing local governments to open new channels of communication with the public. This entry examines the longitudinal trends in municipal e-governance among Asian municipalities and discusses the advances made in key e-governance categories over a period of 12 years. The entry uses data acquired from a joint study conducted by the E-Governance Institute at Rutgers University-Newark and the McCormack Graduate School at the University of Massachusetts Boston. With local governments across the world becoming increasingly interconnected, this entry presents the latest global and local trends in municipal e-governance and contributes to understanding this phenomenon from an international and comparative perspective.

## Understanding E-Governance Progress

The phenomenon of e-governance refers to "the use of information and communication technologies (ICTs) to support public services, government administration, democratic processes, and relationships among citizens, civil society, the private sector, and the state" (Dawes 2008, p.1). This practice of governance involves promoting democracy through increased political

communication and decentralized flow of public information to citizens (Calista and Melitski 2007). The steady evolution of e-governance as documented by various e-government studies (Layne and Lee 2001; Moon 2002; Manoharan 2013; Ingrams et al. 2018) begins with government agencies developing web portals in an effort to digitize information and make that information publicly accessible, and then moves on to the second stage wherein the government agencies proceed to emulating the private sector's e-commerce model and begin to process online transactions, and finally in the later stages the government agencies engage citizens online in a participatory framework for the purposes of democracy. This progression and evolution of e-governance has been historically monitored by national governments and multilateral agencies such as the United Nations (see the UN E-Government Surveys). Yet, microlevel longitudinal analysis of e-governance trajectories is a rare find in public administration literature.

This research is an effort in assessing the global progress of e-governance at the level of local governments over a period of 12 years. The overarching research question in this entry is to understand the trajectory of e-governance development since the inception of the very first Digital Governance in Municipalities Worldwide Surveys conducted in 2003. Using an expansive data set acquired from the joint study, this entry examines the longitudinal trends in municipal e-governance among Asian municipalities and discusses the advances made in key e-governance categories. Such summary assessment in municipal e-governance is necessary to understand the present and potential policy issues surrounding the practice of e-governance around the world. With governments becoming increasingly interconnected, this entry will contribute to creating awareness of the latest global and local trends, thereby enabling public administrators to pursue better collaboration and coordination in solving global public problems at a local level.

This entry's focus is particularly significant because our analysis indicates that Asian cities have made major progress in efforts to advance their e-governance, compared to cities across the world. This lends itself to the notion that overall e-governance in Asia is approaching worldwide levels and may exceed them in years to come. Recent data from the 2018 United Nations E-Government Survey also finds the progress in e-government development in Asia noticeable. Three of the top ten countries with the highest E-Government Development Index (EGDI) are from the East Asian region (Republic of Korea, Singapore, and Japan). And two thirds of Asian countries (31 out of 47) have above the world average EGDI score of 0.55. This justifies a need to map this phenomenal progression of e-governance in Asia and to deconstruct and analyze the nuances of e-government infrastructure in select Asian municipalities. This entry also marks an important effort in lending a comparative perspective to the study of e-governance in public administration.

## Digital Governance in Municipalities Worldwide Survey

The Digital Governance in Municipalities Worldwide Surveys conducted by the National Center of Public Performance's E-Governance Institute at Rutgers University-Newark focuses on the longitudinal performance of e-governance at the municipal level. The first study was conducted in 2003 and repeated every two years with the latest study conducted in 2015. The survey evaluates the performance of websites of municipalities worldwide based on privacy and security, usability, content, services, and citizen and social engagement, and ranked the cities on a global scale. This entry specifically focuses on the largest cities by population among the top ranked nations, as previous e-governance literature suggests a positive correlation between population size and e-government performance among local governments (Manoharan 2013; Moon 2002).

The survey analyzed the main websites of the top 100 most populated countries worldwide in their native languages in order to capture the full essence of local citizens' perspective of e-governance. Of the 100 cities in the 2015 survey, 97 were found to have websites and were analyzed for the purpose of this entry. The main

state homepage of each city was defined as the official website where information and online services of the city were offered. Any department or agency linked to the main city website was evaluated in the survey. Among these components, the survey applied 18 to 26 measures per component coded on a scale up to 4 points (0,1,2,3) for each measure or as a dichotomy (0,3 or 0,1). To ensure reliability and consistency in measures, the website was evaluated by two evaluators in the native language of the website, and when there was significant variation (+/− 10%), a third evaluator evaluated the website in question. Evaluators were also given explicit instructions regarding what each measure entailed in the survey, and were given examples of each measure throughout the evaluation. Total scores among each component were then scaled to a 20-point value. The maximum score that could be scored by a city would be 20 points for each component, or 100 points overall. Table 1 is sourced from the 2015 Digital Governance in Municipalities Worldwide Survey and further outlines the performance measures.

Of the 100 cities analyzed in the survey, there were 33 cities representing cities with the highest populations worldwide in Asia. Table 2 lists the cities evaluated from Asia in 2015. The table also lists their total e-governance score and their respective score in each of the five components.

## Findings from the Survey: A Longitudinal Perspective

Based on the central research question posed, Table 3 compares the average scores of all the cities with the scores of the Asian cities across the 12 years.

Figure 1 depicts the development in e-governance for Asian cities on a 100-point scale. The findings suggest that Asian cities have improved about 10 points in overall e-governance scores from 2003 to 2015. Figure 2 demonstrates the comparative development of Asian cities and worldwide cities in their e-governance scores, and the findings show several interesting trends. The overall e-governance scores across the world have progressed by approximately 8 points since 2003. Comparatively, the jump has been slightly greater among Asian cities by about 10 points. In addition, the gap between Asian cities and worldwide cities has decreased. In 2003 such a gap was over 5 points, 23.01 for Asian cities compared to 28.49 for worldwide cities. Comparatively, in 2015 this gap was only slightly over 3 points, 33.35 compared for Asian cities compared to 36.57 for worldwide cities.

Figure 3 reflects similar progression among the five categories of e-governance for Asian cities. The category that saw the most significant gain was usability, which improved 3.25 points and is



**Municipal E-Governance in Asia, Table 1** E-Governance performance measures

| E-governance category | Key concepts | Raw score | Weighted score | Keywords |
|---|---|---|---|---|
| Privacy/security | 19 | 27 | 20 | Privacy policies, authentication, encryption, data management, cookies |
| Usability | 20 | 32 | 20 | User-friendly design, branding, length of homepage, targeted audience links or channels, and site search capabilities |
| Content | 26 | 63 | 20 | Access to current accurate information, public documents, reports, publications, and multimedia materials |
| Services | 21 | 61 | 20 | Transactional services – purchase or register, interaction between citizens, businesses, and government |
| Citizen and social engagement | 18 | 48 | 20 | Online civic engagement/policy deliberation, social media applications, citizen-based performance measurement |
| Total | 104 | 231 | 100 | |

Source: Holzer and Manoharan (2016). Digital Governance in Municipalities Worldwide (2015–2016). *The E-Governance Institute, National Center for Public Performance, School of Public Affairs and Administration, Rutgers University-Newark*, 2015–2016

**Municipal E-Governance in Asia, Table 2** Overall e-governance scores among Asian cities (2015)

| Rank | City | Overall | Privacy | Usability | Content | Services | Citizen and social engagement |
|---|---|---|---|---|---|---|---|
| 1 | Seoul | 79.92 | 13.33 | 15.94 | 17.30 | 16.89 | 16.46 |
| 2 | Hong Kong | 67.56 | 12.59 | 17.81 | 13.65 | 14.75 | 8.75 |
| 3 | Yerevan | 59.61 | 3.70 | 17.81 | 14.92 | 12.13 | 11.04 |
| 4 | Tokyo | 57.04 | 8.89 | 18.13 | 12.54 | 13.11 | 4.38 |
| 5 | Singapore | 56.03 | 9.63 | 14.38 | 10.16 | 13.11 | 8.75 |
| 6 | Jerusalem | 49.23 | 8.15 | 11.25 | 12.06 | 13.61 | 4.17 |
| 7 | Manama | 46.03 | 16.30 | 9.69 | 4.60 | 8.36 | 7.08 |
| 8 | Dubai | 43.85 | 10.74 | 15.94 | 6.67 | 9.67 | 0.83 |
| 9 | Kuala Lumpur | 43.03 | 8.89 | 11.88 | 10.32 | 8.20 | 3.75 |
| 10 | Shanghai | 41.63 | 2.22 | 14.69 | 7.78 | 8.20 | 8.75 |
| 11 | Tbilisi | 41.49 | 6.30 | 15.31 | 7.14 | 8.36 | 4.38 |
| 12 | Xinbei | 40.45 | 7.04 | 14.06 | 7.78 | 8.03 | 3.54 |
| 13 | Tehran | 36.75 | 7.41 | 9.38 | 6.67 | 7.05 | 6.25 |
| 14 | Delhi | 31.85 | 2.59 | 11.25 | 7.94 | 8.20 | 1.88 |
| 15 | Muscat | 31.03 | 4.07 | 13.44 | 4.29 | 5.90 | 3.33 |
| 16 | Doha | 30.36 | 4.44 | 12.81 | 4.92 | 6.72 | 1.46 |
| 17 | Amman | 29.31 | 4.07 | 11.88 | 5.40 | 4.43 | 3.54 |
| 18 | Almaty | 28.37 | 0.00 | 13.75 | 4.44 | 7.05 | 3.13 |
| 19 | Ulaanbaatar | 25.90 | 2.22 | 10.00 | 9.52 | 3.11 | 1.04 |
| 20 | Jakarta | 24.62 | 0.00 | 11.25 | 7.94 | 3.77 | 1.67 |
| 21 | Colombo | 23.10 | 1.11 | 11.56 | 4.13 | 4.43 | 1.88 |
| 22 | Tashkent | 21.97 | 0.37 | 9.38 | 4.76 | 4.75 | 2.71 |
| 23 | Karachi | 21.07 | 1.11 | 10.63 | 4.76 | 3.11 | 1.46 |
| 24 | Bangkok | 20.83 | 3.70 | 10.94 | 3.81 | 1.97 | 0.42 |
| 25 | Kathmandu | 20.76 | 1.11 | 10.94 | 3.81 | 3.44 | 1.46 |
| 26 | Dhaka | 20.19 | 0.56 | 10.94 | 4.05 | 3.61 | 1.04 |
| 27 | Ho Chi Minh | 19.75 | 3.33 | 7.81 | 5.40 | 2.79 | 0.42 |
| 28 | Bishkek | 18.62 | 0.00 | 10.00 | 5.24 | 2.13 | 1.25 |
| 29 | Sanaa | 16.57 | 0.00 | 13.44 | 2.06 | 0.66 | 0.42 |
| 30 | Riyadh | 16.36 | 0.00 | 7.81 | 5.08 | 1.80 | 1.67 |
| 31 | Manila | 14.09 | 1.85 | 6.56 | 2.22 | 2.62 | 0.83 |
| 32 | Gaza | 13.08 | 0.00 | 7.50 | 2.38 | 2.79 | 0.42 |
| 33 | Baku | 10.09 | 0.00 | 7.50 | 2.38 | 0.00 | 0.21 |

Source: Holzer and Manoharan (2016). Digital Governance in Municipalities Worldwide (2015–2016). *The E-Governance Institute, National Center for Public Performance, School of Public Affairs and Administration, Rutgers University-Newark*, 2015–2016

also the highest category overall. In service and privacy/security, the gains were 2.34 and 1.93 points, respectively. The smallest gains were in the content (1.85 points) and citizen engagement (0.98 points) categories.

Figure 4 benchmarks these trends compared to cities worldwide. In the area of privacy/security, Asia saw smaller gains in its overall score since 2003 and worldwide averages increased by approximately 1 point more. In the area of usability, however, gains were far greater for Asian cities that progressed over 3 points, while worldwide cities progressed by slightly over 1.5 points. Gains were about the same in the area of content, where Asian cities progressed 1.85 points compared to 1.79 points in worldwide cities. Gains

**Municipal E-Governance in Asia, Table 3** Comparison of Asian cities and worldwide cities

| Survey years | Categories | Scores of Asian cities (2003–2015) | Scores of cities worldwide (2003–2015) |
|---|---|---|---|
| 2003 | Privacy/security | 2.49 | 2.53 |
| | Usability | 8.74 | 11.45 |
| | Content | 5 | 6.43 |
| | Service | 4.17 | 4.82 |
| | Citizen engagement | 2.61 | 3.26 |
| | **E-Governance (Total)** | **23.01** | **28.49** |
| | *Sample size* | *n = 25* | *n = 100* |
| 2005 | Privacy/security | 3.59 | 4.17 |
| | Usability | 8.94 | 12.42 |
| | Content | 4.98 | 7.63 |
| | Service | 3.88 | 5.32 |
| | Citizen engagement | 2.66 | 3.57 |
| | **E-Governance (Total)** | **24.04** | **33.11** |
| | *Sample size* | *n = 24* | *n = 100* |
| 2007 | Privacy/security | 4.3 | 4.49 |
| | Usability | 8.17 | 11.95 |
| | Content | 4.8 | 7.58 |
| | Service | 4.33 | 5.8 |
| | Citizen engagement | 2.59 | 3.55 |
| | **E-Governance (Total)** | **24.19** | **33.37** |
| | *Sample size* | *n = 24* | *n = 100* |
| 2009 | Privacy/security | 4.76 | 5.57 |
| | Usability | 8.21 | 11.96 |
| | Content | 5.09 | 8.21 |
| | Service | 5.19 | 6.68 |
| | Citizen engagement | 2.63 | 3.5 |
| | **E-Governance (Total)** | **25.88** | **35.93** |
| | *Sample size* | *n = 23* | *n = 100* |
| 2011–2012 | Privacy/security | 3.68 | 4.99 |
| | Usability | 10.13 | 12.09 |
| | Content | 5.36 | 7.38 |
| | Service | 5.06 | 5.78 |
| | Citizen engagement | 2.8 | 3.53 |
| | **E-Governance (Total)** | **27.02** | **33.76** |
| | *Sample size* | *n = 28* | *n = 100* |
| 2013–2014 | Privacy/security | 4.33 | 4.88 |
| | Usability | 10.62 | 12.04 |
| | Content | 6.41 | 7.62 |
| | Service | 5.13 | 5.49 |
| | Citizen engagement | 3.63 | 3.34 |
| | **E-Governance (Total)** | **30.1** | **33.37** |
| | *Sample size* | *n = 30* | *n = 100* |

(continued)

**Municipal E-Governance in Asia, Table 3** (continued)

| Survey years | Categories | Scores of Asian cities (2003–2015) | Scores of cities worldwide (2003–2015) |
|---|---|---|---|
| 2015–2016 | Privacy/security | 4.42 | 5.55 |
| | Usability | 11.99 | 12.38 |
| | Content | 6.85 | 8.22 |
| | Service | 6.51 | 6.82 |
| | Citizen engagement | 3.59 | 3.87 |
| | **E-Governance (Total)** | **33.35** | **36.57** |
| | *Sample size* | *n = 33* | *n = 100* |

Source: Holzer and Manoharan (2016). Digital Governance in Municipalities Worldwide (2015–2016). *The E-Governance Institute, National Center for Public Performance, School of Public Affairs and Administration, Rutgers University-Newark*, 2015–2016

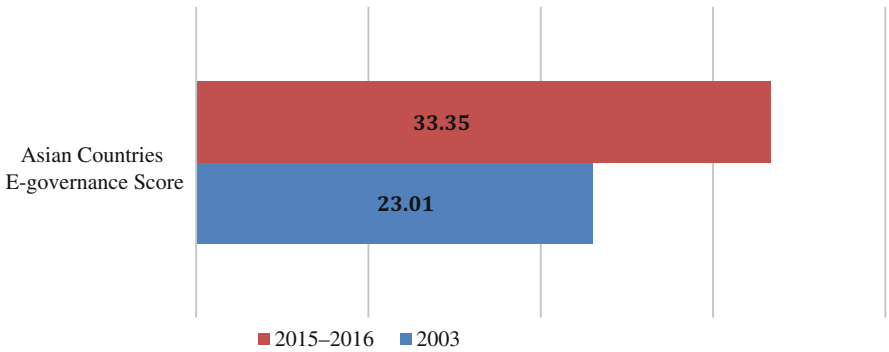


**Municipal E-Governance in Asia, Fig. 1** Overall e-governance score for 2003 and 2015 in Asian cities

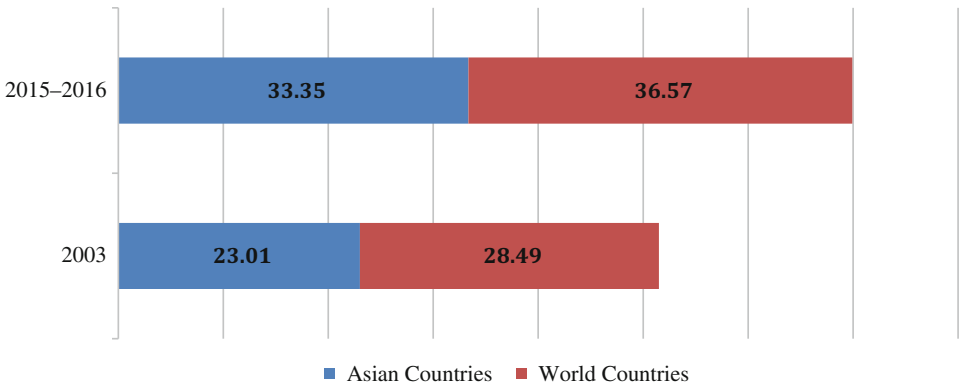


**Municipal E-Governance in Asia, Fig. 2** Comparison of overall e-governance score for 2003 and 2015

were relatively the same in the area of service as well, with 2.34 points for Asian cities compared to 2 points for worldwide cities. While small, gains were also greater in Asian cities for citizen engagement. Scores increased 0.98 points compared to 0.61 for worldwide cities. Overall, gains

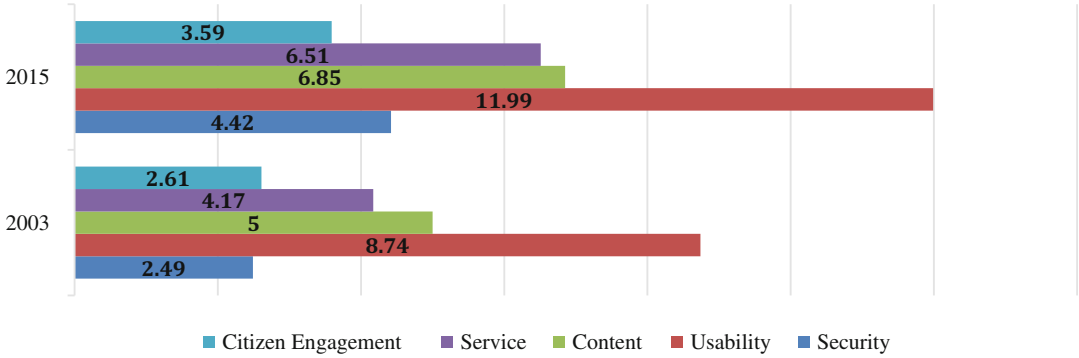


**Municipal E-Governance in Asia, Fig. 3** Five component scores of 2003 and 2015 for Asian cities

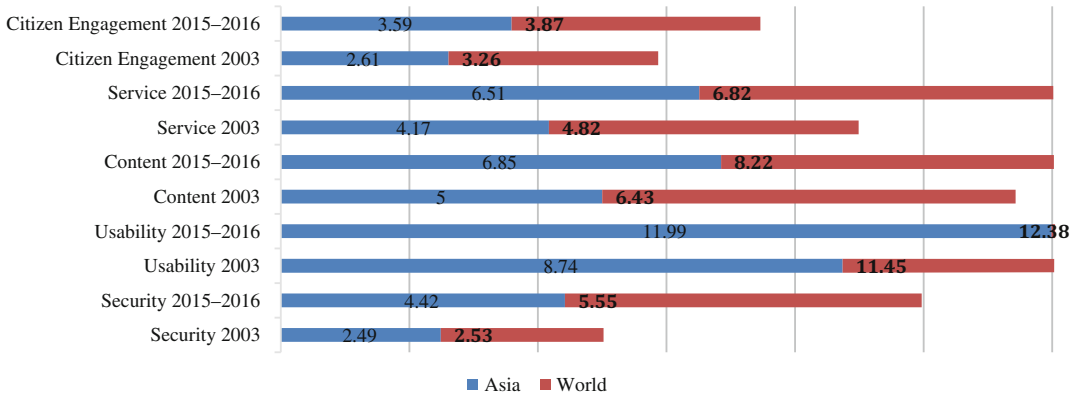


**Municipal E-Governance in Asia, Fig. 4** Comparison of five component scores for 2003 and 2015

were greater for Asian cities in the areas of usability, content, service, and citizen engagement but not for privacy and security.

Figure 5 demonstrates the longitudinal progression of the e-governance score among Asian cities. As can be seen, the greatest progression happened between the years 2013 and 2015, a gain of 3.25 points. However, while progression was slow from 2003 to 2011, it increased relatively about 6.3 points from 2011 and 2015. Overall, the trend has been upward with no year presenting a lower score then prior years.

Figure 6 illustrates this trend in Asian cities compared to those globally. Several points are of interest in this comparison. First, while there has been an overall increased score in e-governance for cities worldwide, there have been periods of lag where scores dropped among global cities. From 2009 to 2013 global e-governance scores decreased with every study. The 2015 e-governance score for cities worldwide, while much higher at 36.57, was still only 0.64 points higher than the 2009 scores. Overall, Asian cities showed upward progression while worldwide cities showed staggered progression.

Figure 7 also analyzes this progression by e-governance component for Asian cities. Overall, each category saw positive progression. Over the years, the progression was staggered for Asian cities. For privacy/security the highest score was achieved in 2009 at 4.76 but there was a notable drop in 2011 to 3.68. The ending score of 4.42 points, while higher than 2003 levels, has not reached 2009 levels. In usability, the scores for Asian cities dropped from 2005 to 2007, but the category has shown overall progression since

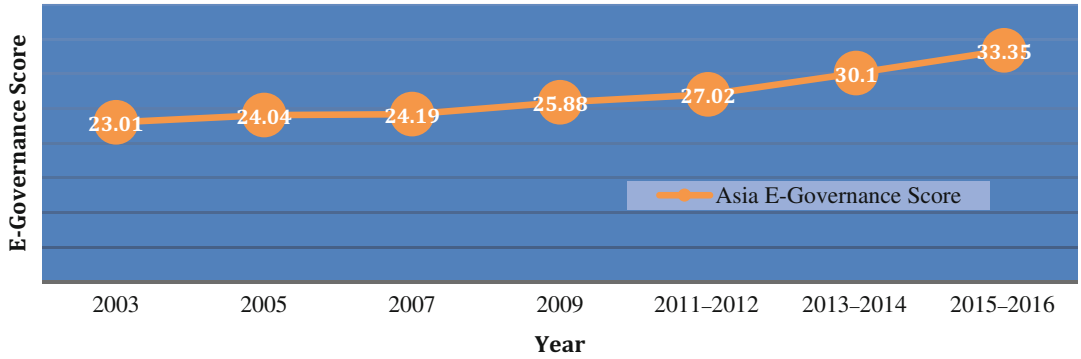


**Municipal E-Governance in Asia, Fig. 5** Longitudinal progression of e-governance for Asian cities

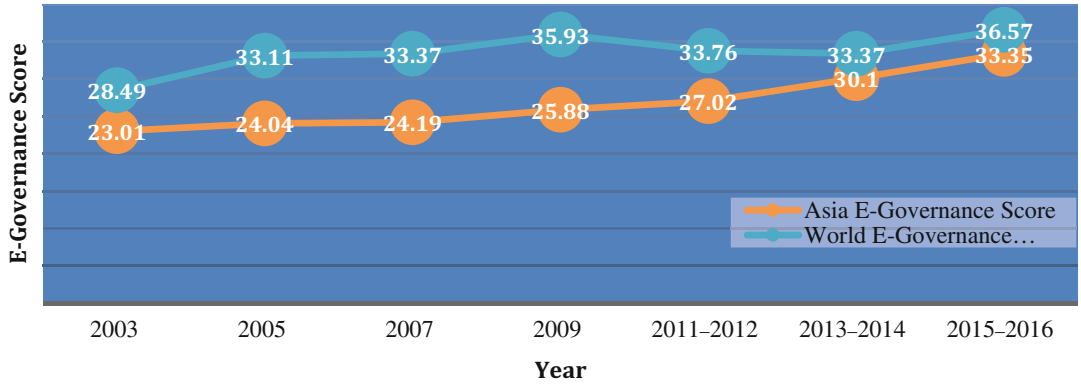


**Municipal E-Governance in Asia, Fig. 6** Comparative longitudinal progression of e-governance

then. For content, there were slight drops from 2003 to 2005 and from 2005 to 2007, but the component has consistently risen since 2007 to its highest levels. In the category of service, scores dropped between 2003 and 2005 and between 2009 and 2011. However, a large gain of nearly 1.5 points occurred from 2015, which gave Asian cities a final score of 6.51. In citizen engagement, scores dropped slightly between 2005 and 2007. That said, the category of citizen engagement has shown upward progression all other years.

Figure 8 reflects the progression of e-governance components worldwide. Several aspects of the distribution are of interest. First, till 2013 cities worldwide possess higher scores in each of the five categories across all years. Only in 2013 do Asian cities achieve a higher score of 3.63 points compared to 3.34 points in citizen engagement. For all other years and scores, cities worldwide possess higher scores. Much like in Asian cities, there is staggered progression among all categories, but with all categories showing overall positive progression.

## Discussion

The findings above show several interesting dynamics regarding the trends of e-governance development in Asia compared to cities globally. Overall, the trends suggest that Asian cities have made significant steps to close the performance gap between their official websites and websites worldwide.

The broader performance in e-governance in Asia has been increasing drastically since 2011. Slower progression prior to this has given way to greater interest in e-governance development in

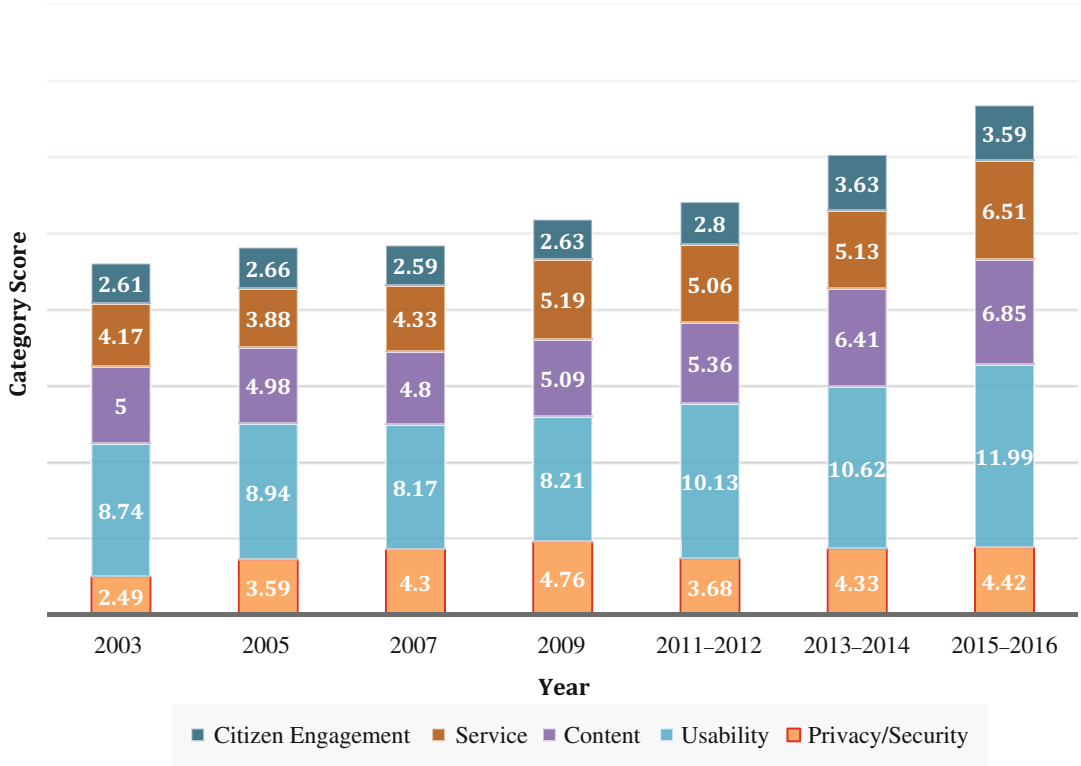


**Municipal E-Governance in Asia, Fig. 7** Longitudinal progression of five components for Asian cities

these regions. This general upward trend of e-governance suggests that Asian cities have consistently been improving their e-governance efforts, particularly in the past 5 years. Globally however, there have been years of descent in e-governance scores, and from 2009 to 2013, there were drops with every survey. While Asian cities have advanced significantly since 2011, the progress of cities worldwide has been much slower. This lends itself to the notion that overall e-governance in Asia is approaching worldwide levels and may exceed them in years to come.

Further, cities in Asia have continued to focus primarily on usability and providing services online. Despite gains in security and privacy, there has been less emphasis in this area among Asian cities compared to cities worldwide. Finally, positive trends in the area of content indicate that Asian cities are placing more emphasis on dissemination of relevant information and content online.

The major observation from the data is that the East Asian cities exemplify the best-case e-governance scenarios: Shanghai, Seoul, Hong Kong, Singapore, and Tokyo. For instance, Hong Kong, which has a website design very similar to that of New York City, has done a tremendous job of sharing its databases with the public through its "Data.One" portal. Citizens in Hong Kong have access to a range of public data, including geospatial, population, public transportation, water quality, weather, etc. This data enable citizens to both oversee government functions and make better choices in their everyday lives. Hong Kong has also designed many mobile applications for citizens to access information and services more conveniently, and is a leading example of mobile government (m-government) in Asia. The city of Shanghai has recently redesigned its official website with a "single window" system that prioritizes citizens as the main focus of e-government process, and

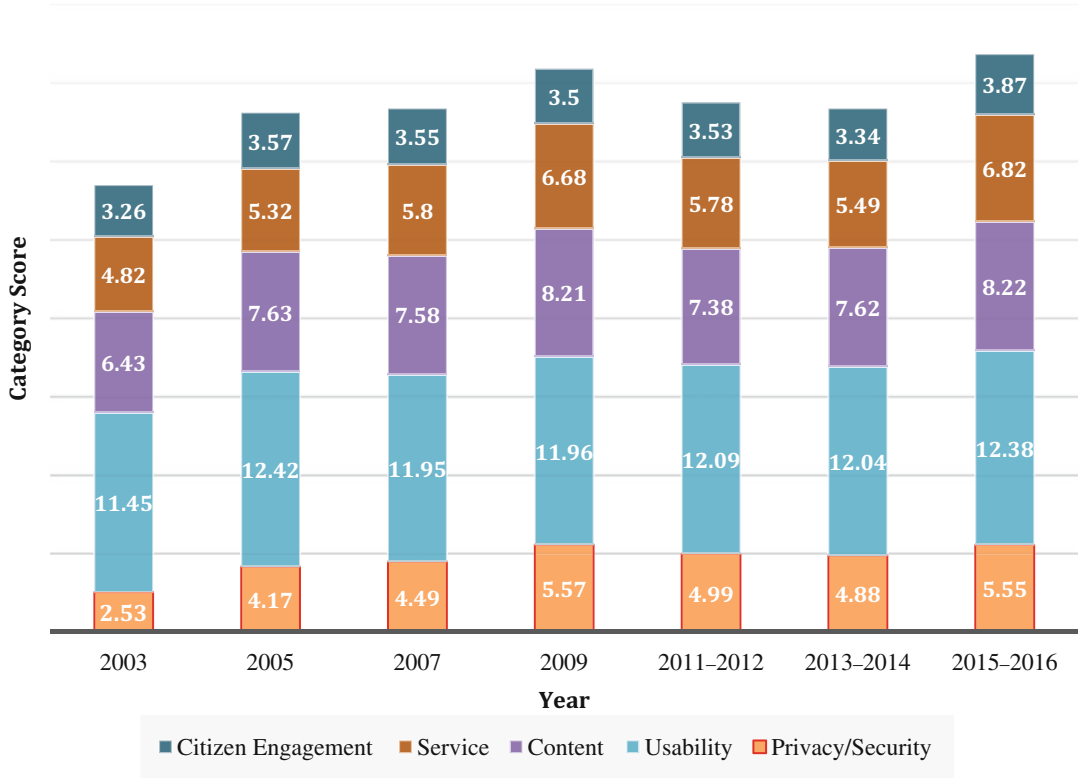


**Municipal E-Governance in Asia, Fig. 8** Longitudinal progression of five components worldwide

provides a concise, clear, and easy-to-use interface with comprehensive contents. Similarly, Seoul and Singapore both have multiple e-governance initiatives (M-Voting, ETax, GovTech, ECitizen Ideas!, OneInbox) geared toward increasing the usability, accessibility, and citizen participation of the civil society via digital initiatives. The Seoul Metropolitan Government's M-Voting platform is an electronic voting system that enables citizens to express and share opinions on diverse policy issues via smartphones and personal computers. Seoul's Electronic Tax (ETAX) and the Open Tax Court provide an online platform for filing returns, paying taxes, requesting certification documents, and viewing past returns and payment history. Comparably, Singapore's Government Technology Agency (GovTech) plays a vital role in e-government development by developing a wide range of ICT solutions and e-services applications in their government.

## Conclusion

The longitudinal analysis of municipal e-governance demonstrates that while progression among the five components of e-governance have varied over the years, they show an upward progression overall. The trends suggest that cities in Asia, much like many cities worldwide, are moving away from citizen engagement efforts in favor of other components of e-governance. It is widely acknowledged in public administration literature that citizen participation can play an important role in government decision-making processes, helping

governments to be more accountable, transparent, and productive. The East Asian municipalities explored in this entry serve as good examples of how municipal governments are becoming more effective and efficient through public investments in usable, accessible, and interactive websites. This entry expands the conversation on how municipal e-governance can facilitate democracy locally and globally, through the use of digital technologies.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Comparative Digitalization
- ▶ Comparative Information Management in Australia and Vietnam: The Case of Gov 2.0
- ▶ Comparative Public Administration and Globalization
- ▶ Development Administration
- ▶ Global Governance and National Governance


## References


Calista DJ, Melitski J (2007) E-government and e-governance: converging constructs of public sector information and communications technologies. Public Adm Q 31:87–120

Dawes SS (2008) The evolution and continuing challenges of e-governance. Public Adm Rev 68(s1):S86–S102

Holzer M, Manoharan AP (2016) Digital governance in municipalities worldwide (2015–16). Seventh global e-governance survey: a longitudinal assessment of municipal websites throughout the world. National Center for Public Performance, Newark

Ingrams A, Manoharan A, Schmidthuber L, Holzer M (2018) Stages and determinants of e-government development: a twelve-year longitudinal study of global cities. Int Public Manag J Adv Online Publ:1–54. https://doi.org/10.1080/10967494.2018.1467987

Layne K, Lee J (2001) Developing fully functional E-government: A four stage model. Gov Inform Q 18(2):122–136

Manoharan A (2013) A three dimensional assessment of US county e-government. State Local Gov Rev 45(3):153–162

Moon MJ (2002) The evolution of e-government among municipalities: rhetoric or reality? Public Adm Rev 62(4):424–433


# Municipal Public Procurement: Strategy and Sustainable Development


Maria Christina Machado Publio[1], Sandra Maria dos Santos[1], Augusto Cézar de Aquino Cabral[1], Marcus Vinícius Veras Machado[1] and Ciro Campos Christo Fernandes[2]

[1]Ceará Federal University, Fortaleza, Brazil

[2]National School of Public Administration, Brasília, Brazil


## Synonyms

Strategic use of public procurement in promoting social impact; Sustainable public procurement; Sustainable public strategy

## Definition

Municipal Public Procurement is the mechanism used by governmental organizations purchases products and services to enable the operation of their activities and the provision of services to the population.

## Introduction

The central theme of this entry is the potential of the use of purchasing power, especially in the scope of municipal public power and its impact on sustainable development. It is an exercise of combining operational activities with strategic objectives of public policies propitiating a repercussion in the dynamics of the local society perceived in the sustainable development.

Public procurement is embedded in supply management and represents one of the pillars within a public institution, both operationally and strategically, in view of budgetary and financial resources, according to Batista and De Varge Maldonado (2008). With the insertion of

M

sustainable development in the agenda of governments, mechanisms were adopted to contribute to this demand.

Elkington, in 1997, presented the triple bottom line concept (TBL) that defines the pillars of sustainable development in three dimensions: social, economic and environmental (Beuron 2012). Its proposal is in line with the basic principles listed in the Brundtland Report: economic development, environmental protection and social equity.

Later, Elkington (2013) presents the three historical waves that supported the three dimensions of TBL: social pressure for the creation of mechanisms of environmental protection; the perception that business and the market should make use of technological innovation and the development of new products to ensure economic growth based on sustainable development and globalization and its consequences for the transformation of organizations and services in order to ensure the interests of civil society. Other initiatives have emerged corroborating the concerns raised by the sustainable development debate and pressing governmental organizations to adopt practical measures such as the emergence of ICLEI – Local Governments for Sustainability, Agenda 21 and the Marrakech Process.

The public manager is now driven to rethink spending, combining quality with the optimization of the application of resources and with a systemic view that purchases drive local public policies in three dimensions: social, economic and environmental.

Throughout history, it has been noticed that legal frameworks have sought to modernize management practices to reconcile the application of resources in public policies, public spending and the incentive on development. Complementary Law 123/2006, which establishes the National Statute for MSEs, opened the horizons for the potential of this important segment of companies, the importance of supporting them, their representativeness in the hiring of workers and the economic dynamics of the country. Micro- and small enterprises account for 60% of the country's formal employment, with 14 million jobs, and are responsible for 25% of GDP – Gross Domestic Product (SEBRAE 2014).

The year of 2016 is marked by the beginning of a period of economic recession in Brazil, which urged labor, political and economic reforms. Public purchases in Brazil account for almost 15% of GDP and represent a significant segment in the process of resumption of economic growth, according to Ribeiro and Inácio (2014).

The policies favoring MSEs in public procurement are supported by federal legislation at the level of municipalities. The main benefits are: possibility to participate in the bidding procedures even if their certificates are expired, in case they are winners, they have an additional period to present the regularized documentation; the possibility of using preemptive rights in the event of a fictitious tie with companies of another size and offering lower bid and winning; the preparation of bids made exclusively for MSEs when the contracting is budgeted at up to R $ 80,000.00 (eighty thousand reais); the compulsory allocation of exclusive lot for MSEs in up to 25% of the bidding that aims at the acquisition of common products and services and the subcontracting of up to 30% of biddings that are unviable directly.

The accomplishment of this research is justified by the following findings: (1) public, national and municipal purchases of the state of Ceará have importance and relevance for the economic development and the generation of employment, income, and profits for MSEs entrepreneurs; (2) public purchases, when associated with sustainable development assumptions, both enable the condition of sustainable purchases, and impact on development indicators; and (3) research, with this focus, is necessary to understand and delineate the current context in which government purchases are placed in municipalities and the possible paths for innovation promotions that enable the achievement of new results with a positive impact on sustainable development.

Since 1997, the state of Ceará has had leaders who have adopted the results-based management model, achieving excellence and transforming local dynamics. Between 1987 up to 2017, economic and social changes in the state and in the municipalities could be observed. They reflected in the indicators, especially on education, attractiveness of industries, level of investments,

infrastructure and economic development, even though the share in the National GDP was 2.18% in 2014.

This entry has main purpose to analyze the impacts of policies favoring MSEs on public procurement for sustainable development. Specific objectives are (1) to analyze the impacts of the MSEs favoritism policy on public procurement; and (2) to analyze the impacts of public procurement in the perspective of sustainable development.

## Review of Literature

According to Ribeiro and Inácio Jr. (2014), the public purchasing process is the mechanism used by governmental organizations to contract the supply of goods and services to enable the operation of their activities and the provision of services to the population.

Law 8666, of June 21, 1993, regulates Art. 37, item XXI, of the Federal Constitution establishes rules for bids and contracts of the Public Administration and briefly describes that the bidding is intended to ensure the promotion of sustainable national development.

In addition, Law No. 12,349 of December 15, 2010, which amended Law No. 8666 of June 21, 1993, established the legal guidelines for the strengthening of the national industry and created mechanisms for sustainable national development, through preferential margins for companies, national products and services, as well as through regulation and updating of the law on bids.

The studies of Portilho and Russo (2008) and Betiol et al. (2012) subsidized the analysis of the conceptual framework considered in the municipal public procurement policy and its relation to sustainability. The authors emphasize that the adoption of sustainable purchases is related to social and environmental principles and motivate a good management. These conclusions are related to the sustainable production and consumption (CSP) targets set out in the Marrakech Process, which culminated in the development of a framework of 10-year programs (10YFP) to support regional and national initiatives to accelerate changes and PCS standards.

In 2010, municipal public purchases in Ceará totaled the equivalent of R $ 4.775 billion. From 2010 to 2016, there was an increase of 52.46% in the amount of expenses, reaching a total value of R $ 7.279 billion. On the other hand, analyzing the evolution of MSEs in the same period, it can be observed that in the end of 2010, 150,585 MSEs were chosen as the National Simple. That number reached 375,067 at the end of 2016, according to data from the Federal Revenue Service (2018). Meanwhile, the total amount of suppliers of public purchases, adding up MSEs, individual and other types of companies went from 125,474 in 2010 to 87,183 in 2016.

Nonetheless, there is a growth in the number of suppliers of type MSEs in the period from 2010 to 2016, which increased from 12,129 in 2010, reaching a total of 15,948 in 2016.

Data researched by SEBRAE (2018), observed that municipalities, when using purchasing power, seek to regulate the local legislation to comply with what the law of bidding and the general law of MSEs establishes as benefits in the bidding procedures.

Sustainable development began to form the agenda and debate on the direction of civilizations since the 1970s, when the process of deepening and reflections on the conditions of sustainability and viability of future generations began (Gonçalves 2005).

Elkington (1999) presents sustainable development in a three-dimensional scope: economic, social and environmental, the Triple Bottom Line. According to Mello (2014), the social dimension is concerned with establishing fair actions for workers, partners and society and seeks to analyze the reduction of social inequalities; the economic dimension is related to the increase of production and social wealth; and the environmental dimension analyzes the interaction of processes with the environment without causing permanent damage.

The concern with the social dimension from the commitment to the sustainable development arose from the need to involve the employees and all the means to create the conditions to raise the

quality of life on the environment in which the organizations are inserted, presented by the World Business Council for Sustainable Development (WBCSD), according to Mello (2014).

The bias of the economic dimension in sustainable development has a multidisciplinary approach. In one hand, authors such as Biage and Calado (2015) portray their benefits and connection in the following aspects: reducing the cost of the product life cycle, driving markets for innovative solutions aimed at sustainability, reducing prices by economies of scale, greater access to markets by micro and small enterprises and diversity of suppliers.

Souza (2014) brings the reflection to the need of the efficiency of the economic systems to ensure the increase of GDP, the strengthening of the economy and the effects on the social fabric. The economic aspect of sustainability encompasses the monetary side of the process. The procurement process involves a contract, the product/ service and the financial resource of the operation. The circulation of money has its impacts.

The logic of sustainability, when coupled with an operational practice can potentiate its effects in the locality. That is, if the acquisition is carried out by local suppliers, the local economy is strengthened, since money would not migrate to other cities. Adding to this, if the acquisition is performed from micro vendors, the impact is more significant than hiring from large companies.

The axis of the environmental dimension of sustainable development is possibly the easiest to delineate and understand. This is because of the nature of the concept. It is spontaneous that the relationship between conservation of natural resources and sustainability itself is perceived.

The main concerns that are now at the center of the government debate are related to environmental issues: energy matrix, renewable sources of raw materials, waste treatment, sanitation conditions with a direct impact on public health, changes in the planet's climatic conditions with major natural catastrophes and guarantee of production and food supply to the population.

Biage and Calado (2015) identified benefits when it comes to sustainable public procurement: contribution to overcome environmental challenges, energy efficiency, reduction of greenhouse gas emissions, supply of non-toxic cleaning products, environmental impact of goods and services, reduction of resource use through recycling and reuse.

By making a more practical reading, it is expected that governments can use their purchasing power, to improve the lives of those who are working in the supplier companies, acquire ecologically correct products, spend efficiently to expand service to the most vulnerable people, to support the strengthening of the local economy by making money circulate in the city, to discipline the performance of the supplier companies, to promote the implementation of new indirect businesses and to promote people's living conditions through the use of resources and the correct disposal and treatment of waste.

## Methodology

This entry is quantitative, exploratory and descriptive. The research population was defined by the universe of 184 municipalities in the state of Ceará and categorized into two groups based on the classification made by SEBRAE, in municipalities that implemented or not the general MSEs law.

Data collection was done through the collection of secondary data from 2010 to 2016, publicly available in the Internet provided by the Brazilian Service of Support to Micro and Small Enterprises (SEBRAE), Research and Economic Strategy Institute of Ceará – IPECE, Court of Accounts of the State of Ceará – TCE/CE and Brazilian Institute of Geography and Statistics – IBGE.

The data collected were analyzed using Microsoft Excel software, SPSS IBM® version 2018 trial and R version 3.4.4, using descriptive statistics, panel data, clusters and regression between variables.

## Analysis of Results

Based on the objectives of this research, the results are organized into two blocks aimed at public procurement and sustainable development.

## Impacts of MSEs Policies on Public Procurement

The first part of the analysis was based on the results of the per capita expenditure of the municipalities. This variable presents the average financial volume circulating in the municipalities, which represents the contracting potential.

When the statistical verification of clusters was applied, from the per capita expenditure figures, the formation of three groups was verified. It was attributed to the three groups resulting by type of municipal average per capita expenditure, the denomination of groups of low, middle and high expenses.

Table 1 shows the main municipal expenditure per capita, according to the clusters obtained.

Another aspect observed is the performance comparison within each cluster, between the municipalities that implemented and those that did not implement the general MSEs support law. It is observed that in the period from 2010 to 2013 all the municipalities had a continuous evolution. Only the high expenses of the municipalities that did not implement had a jump in that interval until 2013.

From the year 2013 to 2016, it was observed that the municipalities that implemented the general law presented increasing values. Municipalities that did not implement the general law and that were in the clusters of low and medium expenses had a lower positive evolution than the municipalities of the cluster of high expenses.

The first group called low expenses was constituted by 172 municipalities, including Fortaleza. The second group, entitled average expenses, was composed of 9 municipalities. Finally, the third group, of high expenses, was constituted by Eusebio, São Gonçalo do Amarante and Sobral.

It can be seen that the expenses with free distribution material, tickets and travel expenses, hiring of personnel resulting from outsourcing, consulting service and labor leasing are the ones that have the lowest incidence and representativeness in the global volume of municipal public purchases. In turn, purchases are concentrated in consumer material, hiring of individuals, provision of legal services, works and purchases of equipment and equipment.

In the case of contracting third-party services - individuals, the difference in the amount disbursed between the clusters and the specific fall in the group of high expenses up to the year 2016 is noticed. This type of expense deserves an analysis due to the number of individuals that are contracted and that may rise the contracting of MIE – individual microentrepreneur. In 2016, there were 47,150 people hired.

Expenses with other third-party corporate services are those with the greatest volume of financial resources. They represent the greatest potential for participation of MSEs. They include all types of diversified services, which are not included in other types of expenditure. Highlight for Fortaleza, which in 2016, bought the amount of R $ 1.4 billion.

In view of the results, the types of expenditure that represent the greatest potential of participation of MSEs in their contracting are summarized: consumables, contracting of legal services and acquisition of permanent material.

The next aspect analyzed in relation to the impact of the implementation of the MSEs general law on public procurement deals with the number of suppliers.

There are two verified aspects: the first finding relates to the increasing growth in the historical series observed, on the number of suppliers of

**Municipal Public Procurement: Strategy and Sustainable Development, Table 1** Average municipal expenditure per capita (R$)

| Expenses per capita | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| Low expenses | 604.28 | 640.69 | 683.74 | 617.50 | 753.76 | 761.16 | 778.76 |
| Average expenses | 1,008.11 | 947.67 | 1,034.78 | 964.22 | 1,054.56 | 1,204.78 | 1,575.22 |
| High expenses | 991.33 | 1,150.33 | 1,164,67 | 1,320.67 | 1,768.67 | 2,064.67 | 2,176.67 |

Source: Search results based on TCE/CE data (2018)

type MSEs in municipal public purchases, and the second finding is related to the quantity of suppliers in the municipalities that implemented the law.

The data corroborate with the concept that when implementing the mechanisms to increase the participation of MSEs, there is a larger register of suppliers interested in supplying to the Public Authorities and the number of procurement procedures is broadened.

## Impacts of Public Procurement on Sustainable Development

The second specific objective addresses the evaluation of the impacts of public procurement on sustainable development.

## Comparison of the Municipal Development Index of the Municipalities (MDI) that Implemented and Did Not Implement the General Law

The overall evolution of the MDI in clusters has not been shown to be perfectly homogeneous. It was evidenced that the evolution of the MDI showed a significant growth during the period analyzed from 2010 to 2016. Each of the groups illustrated in separate graphs, allows a better segmented verification.

Graph 1 shows the evolution of the MDI in the municipalities of the cluster with low expenses. The graph shows that in the group that did not implement the general law, the values are less dispersed and that in the group that implemented,

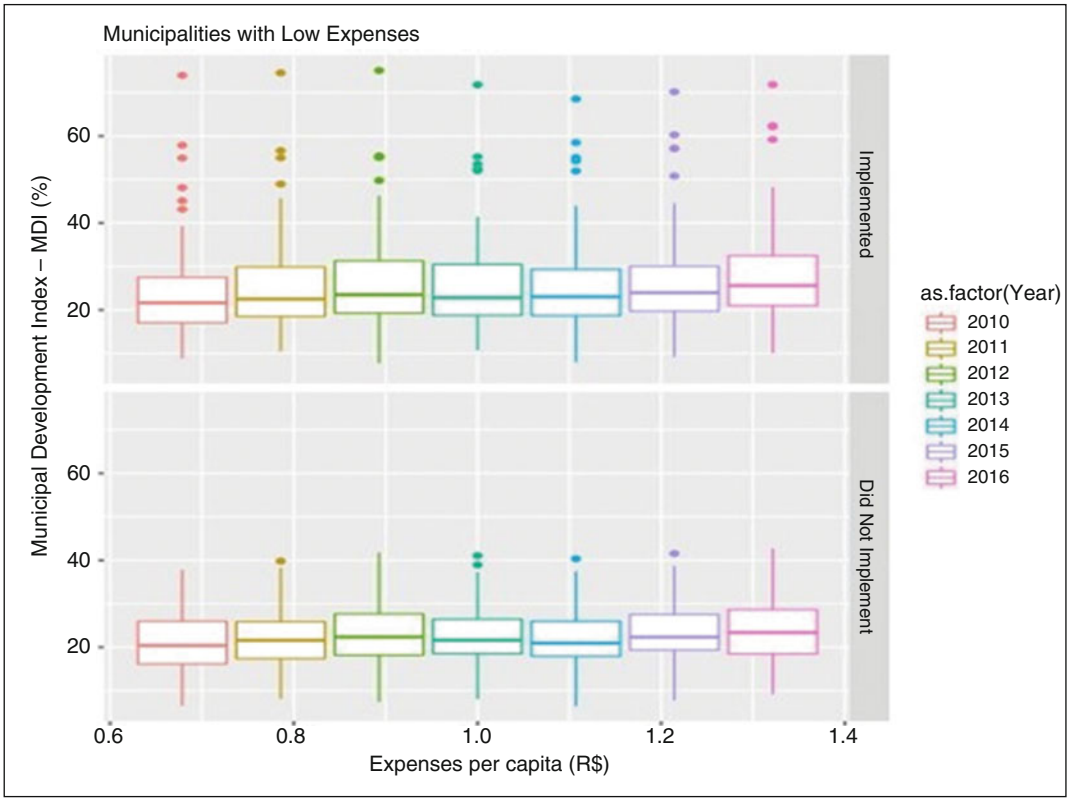


**Municipal Public Procurement: Strategy and Sustainable Development, Graph 1** Evolution of the MDI in municipalities with low expenses. (Source: Search results based on IPECE (2018), SEBRAE (2018) and TCE/CE data (2018))

there are a greater number of outliers that had MDI above average.

Graph 2 shows the evolution of the MDI in municipalities with average expenses. The group of municipalities that implemented the general law stood out with values above the parameters of the municipalities that did not.

In Graph 3, it can be seen that the municipalities of the high expenditure cluster are those with the highest MDI values. However, there is a difference in this group. The municipality that did not implement the law, obtained higher performance in MDI than the others.

The following regression results are applied to the selected variables to test the hypothesis related to the second specific objective.

## Results of Regression

The second part of the analysis of the results is focused on the application of methodologies and statistical verifications to confirm or not the fundamental hypotheses of this study. Table 2 presents the results of the applied tests.

In compliance with the first specific objective, where a relationship between public expenditure and the promotion of MSEs is sought, a fixed effects model is reached (reinforced by the Chow, Breusch-Pagan and Hausman tests). As for the $R^2$ of the model, it can be said that it is not high, but due to the number of parameters estimated, it is possible to see that the model has a robustness due to the sample size (1288

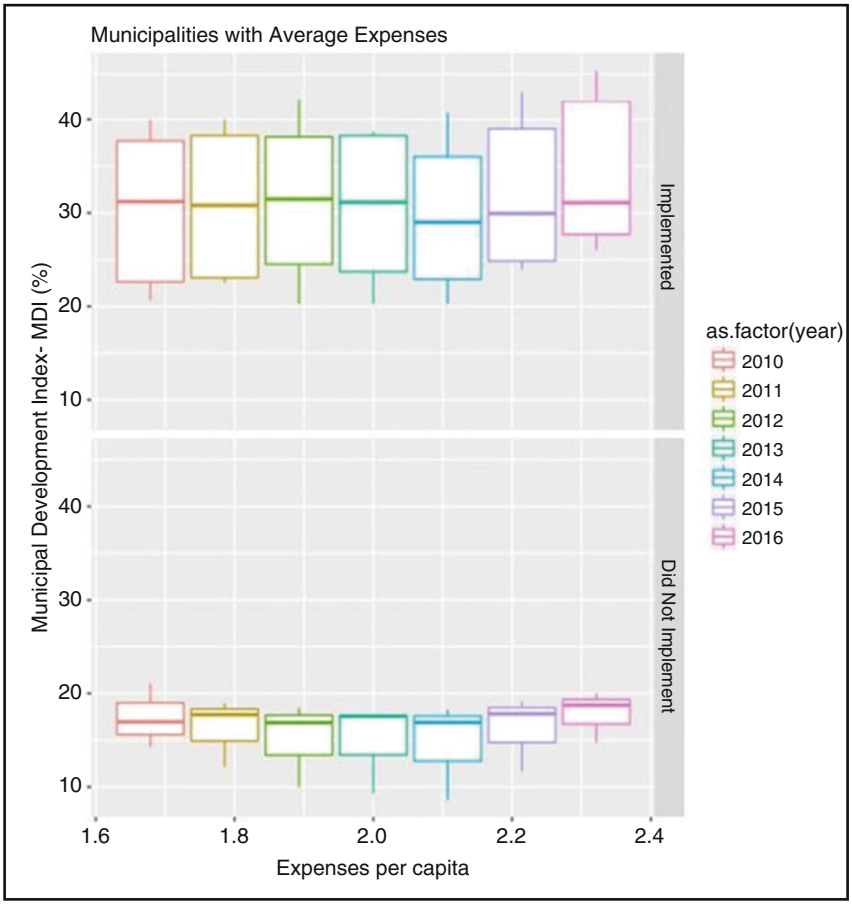


**Municipal Public Procurement: Strategy and Sustainable Development, Graph 2** Evolution of MDI in municipalities with average expenditures. (Source: Search results based on IPECE (2018), SEBRAE (2018) and TCE/CE data (2018))

M

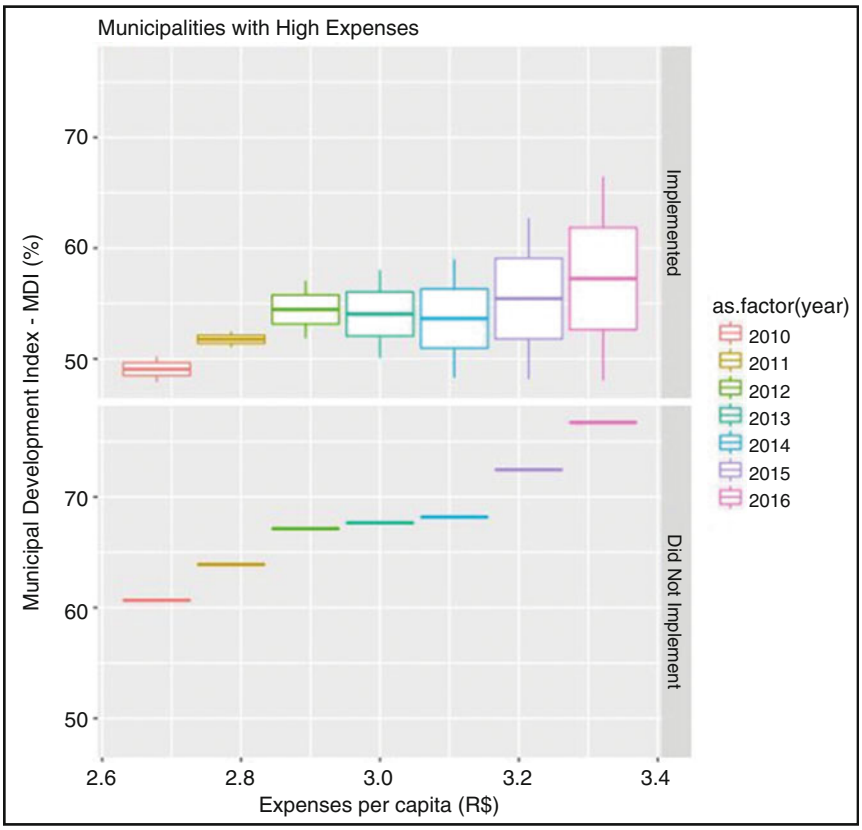


**Municipal Public Procurement: Strategy and Sustainable Development, Graph 3** Evolution of MDI in municipalities with high expenses. (Source: Search results based on IPECE (2018), SEBRAE (2018) and TCE/CE data (2018))

observations) Variance Inflation Factor (VIF), a measure used to evaluate multicollinearity, if this value is greater than 4, there are problems of multicollinearity.

The test of the possibility of representing the expenses by the independent variables (Quantity of Suppliers and MSEs) is significant (Test – F). It should be noted that the coefficient of the number of suppliers is inversely proportional to per capita expenditure, which reinforces the strategy of the public purchasing policy with the promotion of MSEs.

## Conclusion

The results presented confirm the positive consequence and the significance of the applicability of the MSEs favoritism on public purchases with reflected effects on the sustainable development of the municipalities, evidencing the difference between the municipalities that implemented and those that did not implement the general law of support to MSEs.

In terms of per capita expenditure, we can see ranges of values that outline the groups' averages, as well as highlighting the municipalities that stand out with a reasonable volume of resources that allow a greater investment capacity and offer of services to their citizens.

It was verified that the municipalities that implemented the general law presented a comparatively higher growth in the volume of expenses per capita, that is, more working capital and greater contracting potential.

It was also observed a greater number of suppliers in the municipalities that implemented the law, this has a reflection on the competitiveness,

**Municipal Public Procurement: Strategy and Sustainable Development, Table 2** Results of regression models in panel data

| Variables | Public procurement | Sustainable development | Environmental dimension | Economic dimension | Social dimension |
|---|---|---|---|---|---|
| | Dependents | | | | |
| Independents | Expenses *per capita* | MDI[a] | IG1[b] | IG2 | IG4[c] |
| Intercept ($\beta_0$) | | 20.85*** | 25.67*** | | 16.88*** |
| Number of Suppliers | −0.13*** | | | | |
| Number of MSEs | 2.58*** | | | | |
| Expenses *per capita* | | 0.007*** | 0.004* | −0.002** | 0.03*** |
| Construction's Expenses *per capita* | | −0.007*** | −0.002 | 0.01*** | −0.04*** |
| $R^2$ | 0.13 | 0.1 | 0.01 | 0.05 | 0.15 |
| FIV | 1.1 | 1.1 | 1.0 | 1.1 | 1.2 |
| F Test | 83.7*** | 66.1*** | 2.97. | 30.4*** | 115.3*** |
| Chow Test ($H_0$: Use pooled) | 14.6*** | 115.7*** | 41.6*** | 242.8*** | 10.56*** |
| Breusch-Pagan Test ($H_0$: Use pooled) | 2371.2*** | 3400.9*** | 2843.1*** | 3419.90*** | 2528.60*** |
| Hausman Test ($H_0$: Use efeito aleatório) | 64.5*** | 2.0 | 3.1 | 37.5*** | 0.24 |

Source: Search results based on IPECE (2018) and TCE/CE data (2018)
Significance: ***0.001; **0.01; *0.05
[a]Extra measurements of the random effects model: idiosyncratic – var. (5.9), share (0.05); individual – var. (101,3), share (0.95); theta – Mean (0.908)
[b]Extra measures of the random effects model: idiosyncratic – var. (46.8), share (0.14); individual – var. (283.2), share (0.86); theta – Mean (0.8465)
[c]Extra measures of the random effects model: idiosyncratic – var. (77.1), share (0.38); individual – var. (125.1), share (0.62); theta – Mean (0.71)

economics, and expansion of the number of beneficiaries in the share of the total volume of public purchases.

One of the problems identified was the lack of indicators systematized annually that allows a mathematical and statistical model, to monitor the sustainable development of each municipality in the perspective of this study.

Finally, the last specific objective that sought to analyze the impacts of public procurement in the perspective of sustainable development in the social, economic and environmental dimensions was reached with the demonstration of the statistical analysis and result of the regression that presented a high significance and relation between the data of the purchases and quantitative of MSEs suppliers in relation to MDI and their selected variables of the three dimensions of sustainable development.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance
- ▶ Indicators in Public Policy, Brazil


## References


Batista MAC, De Varge Maldonado JMS (2008) The role of the buyer in the procurement process in public institutions of science and technology in health (S & T/S). J Public Adm 42(4):681–700

Betiol LS et al (2012) Sustainable purchasing: the strength of public and business consumption for a green and inclusive economy. São Paulo: Program for Public Administration and Citizenship.

Beuron TA (2012) Organizational and personal values and ecological behaviors: an investigation in the context of socio-environmental management. Masters dissertation.

Federal University of Santa Maria. Center for Social and Human Sciences, Graduate Program in Administration. Depositary Libray: UFSM. Santa Maria, RS.

Biage VSM, Calado LR (2015) Analysis of the results of sustainable public contracting. REAd-Electron J Adm 21(3):601–621

de Mello TM (2014) Management of leverage items portfolio for sustainability in hiring: case study in a mining company. 111 f. Professional master's degree in production engineering. Institution of Education: Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro. Depositary Library: Puc-RJ

de Souza WKA (2014) The use of government purchasing power: an analysis of the sustainable purchasing policy of Minas Gerais. 205f. Dissertation (Master in Public Administration). School of Government Teacher Paulo Neves de Carvalho, Belo Horizonte

Elkington J (1999) Triple bottom-line reporting: looking for balance. Aust CPA 69:18–21

Elkington J (2013) Enter the triple bottom line. In: The triple bottom line. London: Routledge, pp 1–16

Federal Revenue Service (2018) National simple statistics portal (2018). http://www8.receita.fazenda.gov.br/SimplesNacional/Aplicacoes/ATBHE/estatisticasSinac.app/Default.aspx. Accessed 19 Aug

Gonçalves DB (2005) Sustainable development: the challenge of the present generation. J Math 51

IPECE (2018) Municipal Development Index (IDM) of Ceará 2010-2016. https://www.ipece.ce.gov.br/indice-de-desenvolvimento-municipal-idm/. Accessed 11 Mar

Portilho F, Russo FF (2008) Marrakech process: sustainable consumption seen by international organizations. Annals of the IV National Meeting of the National Association of Graduate Studies and Research in Environment and Society. Brasília

Ribeiro CG, Inácio Jr E (2014) Measuring the Brazilian government procurement market. Cadernos de Finanças Públicas, Brasília, n. 14, pp 265–287, dez

SEBRAE (2014) Provider's booklet: the way to succeed in public procurement. http://www.comprasgovernamental.gov.br/arquivos/micro-e-pequenasempresas/cartilha-do-fornecedor-14out2014.pdf. Accessed 11 Mar

SEBRAE (2018) Portal of monitoring of the general law of MPE in the municipalities. http://app.pr.sebrae.com.br/leigeralnacional/VisualizarQuestionario.do. Accessed 16 Apr

SEBRAE (2018) Provider's booklet: the way to succeed in public procurement. 2014. http://www.comprasgovernamental.gov.br/arquivos/micro-e-pequenasempresas/cartilha-do-fornecedor-14out2014.pdf. Accessed 11 Mar

TCE-CE (2018) Municipality Transparency Portal http://www.tce.ce.gov.br/transparencia/index.php/main/municipios. Accessed 26 Jul

# N

## Narcissistic Leadership

Susanne Braun
Durham University Business School, University of Durham, Durham, UK
Ludwig-Maximilians-Universität München, Munich, Germany

### Synonyms

Dark side of leadership; Dark side personality; Implications of narcissism for leadership; Leader narcissism; Narcissistic leaders

### Definition

The concept of narcissistic leadership connects narcissism and approaches to leadership in organizations. Leadership concerns an intentional social influence process with the purpose of driving goal-directed action and interpersonal relationships in organizations (Yukl 2012). Narcissism denotes relatively stable interindividual differences in grandiose views of the self, low empathy and concern for others in interpersonal relationships, and self-regulatory strategies applied to maintain inflated self-views (Campbell et al. 2011). Three constructs are typically distinguished in literature: narcissism as a pathological condition (*narcissistic personality disorder*), narcissism as a subclinical individual difference factor (*trait narcissism*), and *narcissistic leadership*, namely, leaders' actions that are "principally motivated by their own egomaniacal needs and beliefs, superseding the needs and interests of the constituents and institutions they lead" (Rosenthal and Pittinsky 2006, p. 629). The explicit differentiation between leaders' trait narcissism and narcissistic leadership concurs with the concept of trait activation (Tett and Burnett 2003; Tett and Guterman 2000). Traits represent people's behavioral tendencies that will manifest in actual behavior when triggered by relevant situational cues. For example, status symbols are cues that render perceptions of leaders' power over others in the organization more salient. Thus, status symbols may trigger narcissistic leaders' actions for their personal profit at the expense of followers' legitimate interests. This entry reviews theory and empirical evidence related to leaders' trait narcissism as a predictor of leader emergence and leader behavior, narcissistic leadership, and consequences in organizations.

### Introduction

> [. . .] it is narcissists who come closest to our collective image as leaders. [. . .] they have compelling, even gripping, visions for companies, and they have an ability to attract followers. (Maccoby 2004, p. 95)

Scholars have declared leadership to be "the single most important issue in the human sciences" (Hogan and Kaiser 2005, p. 169), thus

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

being a core construct to organizational functioning. People attribute organizational successes or failures to effective or ineffective leadership, invoking the belief that organizations' fate lies in the hands of leaders (Bligh and Schyns 2007). Over the last decade, however, leadership research has broadened its perspective from a predominantly heroic view of leadership to a more differentiated picture, including ineffective forms of leadership (for a meta-analysis of destructive leadership and its outcomes see: Schyns and Schilling 2013).

As the above-stated quote and many vivid accounts from corporate settings exemplify, leadership and narcissism are two closely related concepts – in scholarship and practice. There are two main approaches to link them theoretically: First, leaders' trait narcissism predicts leader emergence and leader behavior. Trait narcissism belongs to the so-called *dark side* leader traits (i.e., socially undesirable, negatively viewed characteristics of leaders), which scholars differentiate from *bright side* leader traits (i.e., socially desirable, positively viewed characteristics of leaders such as conscientiousness, extraversion, or emotional stability; Judge et al. 2009). Second, narcissistic leadership predicts relevant outcomes for individuals, teams, and organizations. From this theoretical perspective, narcissistic leadership belongs to the *dark side of leadership*. It is important to distinguish between leaders' trait narcissism and narcissistic leadership. While trait narcissism is likely to drive narcissistic leadership, it is neither a necessary prerequisite nor is narcissistic leadership an automatic consequence of trait narcissism (Rosenthal and Pittinsky 2006). An evidence-based understanding of leaders' trait narcissism and narcissistic leadership is critical for research and practice because both may put organizational functioning at risk.

The following text first delineates narcissism as a clinical personality disorder and subclinical personality trait. The subsequent section is devoted to trait narcissism as a predictor of leader emergence and leader behavior. Finally, narcissistic leadership and its consequences are outlined.

## Narcissism

Historically, the term narcissism derives from the Greek myth of Narcissus who, paralyzed by the beauty of his own reflection in a pool of water, remained gazing at himself in self-admiration until death. The scholarly interest in narcissism originally stems from Freudian psychoanalysis and has carried on into clinical psychology and psychiatry, social and personality psychology, and organizational psychology. Since scholars look at narcissism through subject-specific lenses, it is necessary to distinguish the main and prevailing theoretical concepts before turning to a more focused view of narcissism in relation to leadership in organizations.

## Narcissistic Personality Disorder

Clinical psychology and psychiatry are concerned with narcissistic personality disorder (NPD), a pathological condition including inflated self-views, strategies to maintain such views, and ignorance of others' needs and interests due to a lack of warmth and empathic concern (Campbell and Baumeister 2006). This pathological form of narcissism results from individuals' extreme, unmanageable needs for validation and admiration from others, aiming at self-enhancing experiences. It causes distress and impairs individuals' day-to-day functioning. Recent conceptualizations of NPD distinguish narcissistic grandiosity and vulnerability as well as overt and covert forms of expression. Narcissistic grandiosity consists of feelings of grandiosity, dominance, and entitlement. Narcissistic vulnerability includes experiences of helplessness, shame, and sensitivity to failure in the face of unrealistically grandiose and fragile self-views. This multidimensional conceptualization of narcissism resonates with current discussions in social and personality psychology as well as organizational psychology.

### Trait Narcissism

The primary theoretical lens through which scholars of social and personality psychology as

well as organizational psychology have looked at narcissism to date is the trait perspective. It considers narcissism as a relatively stable individual difference factor that represents not a pathological condition but rather a subclinical trait. That is, it is seen to exist in all individuals, however, to varying degrees. This conceptualization stands in contrast to the categorical approach of clinical diagnoses. Together with Machiavellianism and psychopathy, trait narcissism forms the so-called *dark triad* of personality (Paulhus and Williams 2002). Campbell et al. (2011) characterize trait narcissism as evolving around three components: inflated views of the self (i.e., seeing oneself as special, feeling entitled to receive preferential treatment), unhealthy interpersonal relationships (i.e., low empathy and concern for others, manipulating and exploiting others), and narcissistic self-regulatory strategies (i.e., enhancing and maintaining inflated self-views).

Factor analyses of the predominant measure of trait narcissism, the Narcissistic Personality Inventory (NPI; Emmons 1984; Raskin and Terry 1988) resulted in four components: exploitativeness/entitlement (i.e., feeling entitled to special treatment), leadership/authority (i.e., the wish and tendency to exert influence and authority), superiority/arrogance (i.e., dominating others and feelings of superiority), and self-absorption/self-admiration (i.e., over-appreciation of oneself and seeing oneself as special). These components clearly accord with grandiose rather than vulnerable narcissism. Recent meta-analytic reviews (Miller and Maples 2011), however, emphasize the need to consider both grandiose and vulnerable narcissism in future research. They revealed unique relations of grandiose and vulnerable narcissism with the established five-factor model of personality (i.e., five personality traits including neuroticism, extraversion, openness to experience, agreeableness, and conscientiousness). Notable differences between grandiose and vulnerable narcissism occurred on four of the five traits, all except for agreeableness, with which both subtypes displayed negative relations (i.e., an antagonistic interpersonal style). Grandiose narcissism relates negatively to neuroticism but positively to extraversion and openness. In contrast, vulnerable narcissism relates positively to neuroticism and negatively to extraversion and conscientiousness (Miller and Maples 2011).

## Trait Narcissism in Organizational Leadership Research

Generally, narcissism as a dark side trait is more likely to have negative than positive implications for organizations. Dark side traits can harm organizational functioning in at least two ways, through their nature (e.g., the destructive intentions of narcissists) and their effects (e.g., the destructive effects of narcissists; Spain et al. 2014). As large meta-analytical examinations reveal, narcissism relates positively to counterproductive work behaviors such as embezzlement, bullying, and aggression. However, in organizational cultures that emphasize duty and loyalty to the collective, individuals with high trait narcissism are less likely to engage in counterproductive work behaviors (O'Boyle et al. 2012). The following two sections summarize theoretical views and hitherto published empirical evidence in response to two questions connecting trait narcissism and leadership. First, are narcissistic individuals more likely to emerge as leaders than non-narcissists? Second, to what extent does leaders' trait narcissism affect leader behavior?

### Trait Narcissism and Leader Emergence

Leader emergence refers to the degree to which others view an individual as a leader (i.e., as "leader-like"). Leader emergence ought to appeal to narcissists because of the visibility and prestige attached to it. Being seen as a leader represents an ideal opportunity for self-enhancement. Indeed, when one thinks of leaders, several individuals come to mind that have been described as narcissists, among them Steve Jobs, Jack Welch, Bill Gates, or Jeff Bezos. An apparent overlap exists between the attributes ascribed to grandiose narcissists and those ascribed to leaders (e.g., self-confidence, extraversion, charisma). Thus, it has been hypothesized that others will be likely to perceive individuals with high trait narcissism as

leaders. Empirical evidence supports this notion. Narcissists are popular at first sight because they produce cues of attractiveness (e.g., flashy and neat dress), competence (e.g., self-assured body movements), interpersonal warmth (e.g., charming facial expression), and humor (e.g., humorous verbal expression; Back et al. 2010). These cues represent prototypical views of leaders. Narcissistic individuals are more likely to emerge as leaders in leaderless groups than non-narcissistic individuals (Nevicka et al. 2011a). Narcissists also display a tendency to ascribe leader-like attributes (e.g., dominant, gregarious, open, intelligent) to themselves, but not to others (Rauthmann 2012).

Outwardly, narcissists appear as charismatic, leader-like figures. However, scholars argue that narcissistic grandiosity only invokes perceptions of *personalized* charisma that empowers leaders, but not their followers (Humphreys et al. 2010). Leaders with personalized charisma put followers at the risk of being exploited. *Socialized* charisma instead incorporates the use of one's power for the good of the collective. Narcissists' self-centeredness, lack of concern for others, and self-aggrandizing strategies stand in contrast to socialized charisma. Indeed, narcissistic leaders produce bold, personalized visions, but not socialized visions (Galvin et al. 2010). In line with these findings, narcissists are seen as charismatic, but do not show individualized consideration for their followers (Khoo and Burch 2008). In essence, while narcissists emerge as leaders, their behavior remains dysfunctional for followers and organizations.

### Trait Narcissism and Leader Behavior

The general behavior of narcissistic leaders (e.g., counterproductive work behavior) is different from narcissistic leadership, the latter of which exclusively concerns leader behavior directed at the constituents that they lead. This section addresses the general behavior that individuals in leadership positions display. Individuals with high trait narcissism see themselves as effective leaders. Their positive self-evaluations stand in contrast to how others evaluate them. Moreover, the positive relationship between leaders' trait narcissism and workplace deviance is stronger for other-ratings than for self-ratings of deviant behavior. Thus, narcissistic leaders perceive their own behavior as less destructive than other organizational stakeholders. Supervisor ratings of task performance do not vary according to leaders' trait narcissism. However, ratings of leaders' contextual performance, that is, actions contributing to positive social and psychological climates in organizations (e.g., helping, respect), decrease with narcissism (Judge et al. 2006).

Furthermore, given the complexity of modern organizations, good decisions are rarely based on the viewpoint of a single individual. Decision-making requires collecting and processing relevant information from multiple perspectives. In this regard, a "narcissistic myopia" has been described (Baumeister and Vohs 2001), indicating narcissists' tendencies to ignore or even discredit opinions running counter to their own views. Recent research suggests that narcissists reject advice not because of overconfidence in their own judgment but because they discount the usefulness of advice from others. Interestingly, this research also implies that narcissists do not increase the use of others' advice even if they are held accountable for subsequent decisions (Kausel et al. 2015).

Empirical evidence further supports the notion that narcissists work for their own financial benefits. In US-American high-tech companies, long-tenured narcissistic CEOs received higher direct compensation (i.e., salary, bonus, stock options) and possessed more share value than long-tenured but less narcissistic CEOs. Also, a more substantial gap occurred between narcissistic CEOs' compensation and the compensation that other members of their top management team received (O'Reilly et al. 2014). For leaders in the public realm, such as politicians, initial evidence suggests that grandiose but not vulnerable narcissists persuade others and thereby win over votes. At the same time, grandiose narcissists are more likely to engage in unethical behaviors (e.g., abuse of power, stealing, bending/breaking rules, cheating on taxes, extramarital affairs; Watts et al. 2013). The following section is concerned with consequences of narcissistic leadership for organizations and their members.

## Consequences of Narcissistic Leadership

Rosenthal and Pittinsky (2006) introduced a behavior-based definition of narcissistic leadership. It is said to occur "when leaders' actions are principally motivated by their own egomaniacal needs and beliefs, superseding the needs and interests of the constituents and institutions they lead" (p. 629). Other authors echo this view of narcissistic leadership as the "exercise of power for strictly personal or selfish ends" (Ouimet 2010, p. 713). Inherent in this view is the differentiation between narcissistic leadership and leaders' trait narcissism. While leaders' trait narcissism is likely to drive narcissistic leadership, it is neither a given prerequisite nor is narcissistic leadership an automatic consequence of leaders' trait narcissism. It is possible that non-narcissists engage in narcissistic leadership, or that leaders with high trait narcissism refrain from narcissistic leadership (Rosenthal and Pittinsky 2006). This view concurs with trait activation theory (Tett and Burnett 2003; Tett and Guterman 2000) and subsequent integrative models (e.g., Hogan and Kaiser 2005), which suggest that leadership mediates the relationship between leader traits and further consequences. Leaders' traits and their actual behavior complement each other. While traits such as narcissism reflect behavioral tendencies, the actual manifestation of leader traits in leadership (e.g., of leader narcissism in narcissistic leadership) is contingent on additional variables (e.g., organizational context, situation, follower traits and behaviors). Accordingly, leadership predicts subsequent outcomes above and beyond leader traits (DeRue et al. 2011).

Meta-analytical results generally suggest that dark side personality traits (e.g., Machiavellianism, psychopathy, narcissism) detract from behaviors related to effective leadership (e.g., decision making/problem solving, achievement orientation, or adaptability/flexibility; Gaddis and Foster 2015). Accordingly, leaders with dispositional tendencies to act in their own interest even at the expense of others will be more likely to engage in destructive leadership (Krasikova et al. 2013). This type of leadership includes volitional engagement in actions that potentially harm organizations and their members as well as harmful methods to exert leadership influence (e.g., aggression, bullying).

Hogan and Kaiser (2005) reframed the question whether narcissistic leadership has "good or bad" consequences for organizations into a bright and dark side model. This model proposes that narcissistic leadership is a mixed blessing because it contributes to positive outcomes (the bright side) and negative outcomes (the dark side). The bright side reflects spontaneous impression formation of people when they are at their best behavior, while the dark side reflects behavior in job-relevant situations in the long run, when people let their guard down. While narcissistic leadership may appear courageous, confident, and charismatic at first sight, it incorporates actions based on a sense of entitlement, which destroys interpersonal relations in the long run. Similarly, in the contextual reinforcement model, Campbell and Campbell (2009) contrast the "emerging zone" (e.g., fixed-term positions, fast-changing environments), in which narcissistic leadership should be effective, with the "enduring zone" (e.g., long-term positions, stable environments), in which narcissistic leadership is likely to damage organizational functioning.

Narcissistic leadership ignores others' contributions and discounts their competence. It incorporates feelings of entitlement to profit from others' performance. Narcissistic CEOs of sport organizations were found to be less likely to show contingent reward leadership or the individualized consideration facet of transformational leadership (Resick et al. 2009). Recent research indicates that followers respond to narcissistic leadership with malicious envy and subsequent counterproductive work behaviors directed at leaders (Braun et al. 2015). Nevertheless, narcissistic leadership appears to include some strategic and visionary qualities. Research confirms positive relations between narcissistic leadership and bold strategic actions (i.e., frequent change in organizational strategy). Narcissistic leadership at the CEO level relates positively to the number and size of organizations' acquisitions, extreme performance

(i.e., big hits or big misses), and fluctuating performance over time (Chatterjee and Hambrick 2007).

Further empirical evidence supports the notion that the boldness component of narcissistic leadership is rooted in unresponsiveness to objective indicators of performance. Generally, individuals are willing to take risky decisions when they are confident in their abilities of doing so. This confidence can be bolstered or dampened by feedback from the external environment, such as performance feedback related to previous decisions (e.g., current firm performance) or social praise (e.g., media reports). For narcissistic leadership, the impact of previous performance on current risk taking is diminished, and the effect of flattering media praise on risk taking increases. Thus, while narcissists in top executive positions seem to respond to positive external views in the media, their leadership is not affected by objective performance information (Chatterjee and Hambrick 2011).

From laboratory research with student samples, insights have been gained into the consequences of narcissistic leadership for the performance of leaders and groups. Narcissistic leadership increases leaders' own task performance when success is rewarded for the entire group rather than individually. These findings support the notion that narcissists perform to gain admiration from others (Nevicka et al. 2011a). In contrast, narcissistic leadership appears to detract from group performance. Task-oriented group interaction decreases, and groups under narcissistic leadership arrive at suboptimal decisions (Nevicka et al. 2011b). Overall, these findings point to the risks of narcissistic leadership for organizational functioning. Therefore, the following two sections discuss important avenues for future engagement of practitioners in organizations and for scholars in the field of narcissistic leadership.

## Implications for Practice

From a practical perspective, organizations need to reflect and advance their strategies to successfully deal with narcissistic leadership. Lubit (2002) recommends that organizations take their hiring and promotion practices as well as performance measurement systems into consideration. Narcissistic leaders charm others and make positive first impressions. Therefore, in addition to personal interviews, background checks and objective measures of previous performance are recommended. Narcissists take bold actions and rely on outward social praise (e.g., social media) rather than objective information (e.g., previous corporate performance). As a consequence, corporate performance fluctuates under narcissistic leadership. In the face of narcissistic leaders' self-centeredness and egomaniacal needs, scholars encourage holding them explicitly accountable for their actions. For example, in addition to performance standards (i.e., *what* should be achieved), this requires procedural standards or organizational fair-play rules (i.e., *how* performance should be achieved) evaluated through peer and supervisor feedback (Ouimet 2010).

A major concern is that narcissistic leadership discounts the importance of employees' wellbeing for organizational functioning. Performance measurement should therefore incorporate not only long-term measures of success but also 360° leadership feedback from employees as a backdrop to promotion and compensation decisions. Alarming results from anonymous, confidential 360° feedback represent an early warning sign and opportunity to address narcissistic leadership. Finally, organizational cultures shaped by higher awareness of narcissistic leadership and its risks, guidelines for ethical behavior, and monitoring of deviant behaviors should counteract the negative consequences of narcissistic leadership (Grijalva and Harms 2014).

## Future Directions

Scholars and practitioners in organizations still know too little about narcissistic leadership. Leadership scholars need to develop and test more differentiated models explaining why and

under which conditions leaders' trait narcissism turns into leadership directed against the legitimate interests and needs of followers and organizations. Scholars suggest future research to look at narcissistic leaders' cognitive processes and how they translate into narcissistic leadership (Keller Hansbrough and Jones 2014): Do narcissists' implicit theories of leadership and followership justify abuse of followers? Are their aggressive outbursts toward followers driven by feelings of superiority, inferiority, or both?

From a theoretical viewpoint, models of self-regulation (e.g., the dynamic self-regulatory model of narcissism; Morf and Rhodewalt 2001) represent a promising avenue to advance the current understanding of narcissistic leadership. This theoretical perspective predicts which self-regulatory strategies link leaders' trait narcissism to narcissistic leadership and subsequent outcomes. It also unravels the paradoxical nature of narcissism: feelings of grandiosity and entitlement on the one hand and constant craving for others' attention and admiration on the other hand. Narcissists employ self-regulatory strategies to maintain and further enhance their inflated self-views (e.g., taking credit for others' achievements, overestimating their intelligence or popularity). If they meet this self-regulatory goal, narcissists develop feelings of pride or excitement. However, if this goal remains unmet, anger and aggression arises, which narcissistic leaders might direct against followers in the form of narcissistic leadership.

In terms of methodological advancements, while the majority of hitherto published studies tested linear relationships between trait narcissism, narcissistic leadership, and outcomes, some of the previous findings indicate more complex, nonlinear relations (Benson and Campbell 2007). Thus, future research could explore the impact of high and low ranges compared to mid ranges of narcissistic leadership on organizational performance, for example. Future research of narcissistic leadership should also make use of advanced research methods (e.g., diary methodology; Ohly et al. 2010) that help unravel the actual dynamics of interactions between leaders, followers, and situational or organizational contexts (e.g., dominance complementarity model; Grijalva and Harms 2014). Necessary methodological advancements also include measures of vulnerable facets of leaders' trait narcissism, and how they translate into narcissistic leadership.

Given narcissists' strong drive to lead and the manifold, most likely disruptive consequences of narcissistic leadership, it is important to ask how the negative sides of narcissistic leadership might be counterbalanced. Preliminary answers to this question have been set forth, for example, the counterbalancing effect of leaders' humility. If leaders are enabled to acknowledge their own limitations and to recognize the valuable contributions of others, this counteracts the toxic side of narcissistic leadership (Owens et al. 2015). However, the interaction of these two seemingly paradoxical sides of leadership – narcissism and humility – needs to be explored in further detail. In particular, it remains unclear how narcissistic leaders get to be humble: Can humility be trained or might leaders learn it from major life events (e.g., death, illness, parenthood)?

Finally, in the face of primarily Western centric views, research of narcissistic leadership would profit from advancements in the form of culture specific models. For example, leaders' trait narcissism appears less likely to translate into narcissistic leadership in collective as compared to individualistic cultures (Grijalva and Harms 2014). The above-stated questions and research gaps warrant further empirical corroboration. Findings from this research will then help organizations to identify means of protecting followers from the abusive or exploitative acts involved in narcissistic leadership.

## Conclusion

To summarize, research in organizations supports the view that leaders' trait narcissism creates particular cognitive frames (i.e., the bolstered ways in which narcissistic leaders

think about themselves and their disregard for others) and motivates predominantly self-directed behavior (i.e., constant striving for self-affirmation and admiration). Trait narcissism fuels leader emergence, such that narcissistic individuals appear "leader-like," as well as leader behavior for self-serving purposes. Leaders' trait narcissism can further turn into narcissistic leadership, motivated by egoistical needs and beliefs, directed against the legitimate interests and needs of those being led. In the face of the detrimental consequences of narcissistic leadership for organizations, scholars and practitioners are challenged to monitor this type of leadership and to develop effective remedies.

## Cross-References


- ▶ Abusive Leadership
- ▶ Implicit Leadership Theories
- ▶ Leadership Development
- ▶ Leadership Effectiveness
- ▶ Leadership in Organizations
- ▶ Power and Leadership
- ▶ Psychology of Leadership
- ▶ Romance of Leadership
- ▶ Theories of Leadership


## References


Back MD, Schmukle SC, Egloff B (2010) Why are narcissists so charming at first sight? Decoding the narcissism–popularity link at zero acquaintance. J Pers Soc Psychol 98:132–145. https://doi.org/10.1037/a0016338

Baumeister RF, Vohs KD (2001) Narcissism as addiction to esteem. Psychol Inq 12:206–210

Benson MJ, Campbell JP (2007) To be, or not to be, linear: an expanded representation of personality and its relationship to leadership performance. Int J Sel Assess 15: 232–249. https://doi.org/10.1111/j.1468-2389.2007.00384.x

Bligh MC, Schyns B (2007) The romance lives on: contemporary issues surrounding the romance of leadership. Leadership 3:343–360. https://doi.org/10.1177/1742715007079316

Braun S, Aydin N, Frey D, Peus C (2015) Leader narcissism predicts followers' malicious envy and counterproductive work behaviors. Paper presented at the 75th annual meeting of the Academy of Management, Vancouver

Campbell WK, Baumeister RF (2006) Narcissistic personality disorder. In: Fisher JE, O'Donohue WT (eds) Practitioner's guide to evidence-based psychotherapy. Springer, New York, pp 423–431

Campbell WK, Campbell SM (2009) On the self-regulatory dynamics created by the particular benefits and costs of narcissism: a contextual reinforcement model and examination of leadership. Self Identity 8:214–232. https://doi.org/10.1080/15298860802505129

Campbell WK, Hoffman BJ, Campbell SM, Marchisio G (2011) Narcissism in organizational contexts. Hum Resour Manag Rev 21:268–284. https://doi.org/10.1016/j.hrmr.2010.10.007

Chatterjee A, Hambrick DC (2007) It's all about me: Narcissistic Chief Executive Officers and their effects on company strategy and performance. Adm Sci Q 52: 351–386. https://doi.org/10.2189/asqu.52.3.351

Chatterjee A, Hambrick DC (2011) Executive personality, capability cues, and risk taking: how narcissistic CEOs react to their successes and stumbles. Adm Sci Q 56: 202–237. https://doi.org/10.1177/0001839211427534

DeRue DS, Nahrgang JD, Wellman N, Humphrey SE (2011) Trait and behavioral theories of leadership: an integration and meta-analytic test of their relative validity. Pers Psychol 64:7–52. https://doi.org/10.1111/j.1744-6570.2010.01201.x

Emmons RA (1984) Factor analysis and construct validity of the Narcissistic Personality Inventory. J Pers Assess 48: 291–300. https://doi.org/10.1207/s15327752jpa4803_11

Gaddis BH, Foster JL (2015) Meta-analysis of dark side personality characteristics and critical work behaviors among leaders across the globe: findings and implications for leadership development and executive coaching. Appl Psychol 64:25–54. https://doi.org/10.1111/apps.12017

Galvin BM, Waldman DA, Balthazard P (2010) Visionary communication qualities as mediators of the relationship between narcissism and attributions of leader charisma. Pers Psychol 63:509–537. https://doi.org/10.1111/j.1744-6570.2010.01179.x

Grijalva E, Harms PD (2014) Narcissism: an integrative synthesis and dominance complementarity model. Acad Manag Perspect 28:108–127. https://doi.org/10.5465/amp.2012.0048

Hogan R, Kaiser RB (2005) What we know about leadership. Rev Gen Psychol 9:169–180. https://doi.org/10.1037/1089-2680.9.2.169

Humphreys J, Zhao D, Ingram K, Gladstone J, Basham L (2010) Situational narcissism and charismatic leadership: a conceptual framework. J Behav Appl Manag 11:118–136

Judge TA, LePine JA, Rich BL (2006) Loving yourself abundantly: relationship of the narcissistic personality to self- and other perceptions of workplace deviance, leadership, and task and contextual performance.

J Appl Psychol 91:762–776. https://doi.org/10.1037/0021-9010.91.4.762

Judge TA, Piccolo RF, Kosalka T (2009) The bright and dark sides of leader traits: a review and theoretical extension of the leader trait paradigm. Leadersh Q 20: 855–875. https://doi.org/10.1016/j.leaqua.2009.09.004

Kausel EE, Culbertson SS, Leiva PI, Slaughter JE, Jackson AT (2015) Too arrogant for their own good? Why and when narcissists dismiss advice. Organ Behav Hum Decis Process 131:33–50. https://doi.org/10.1016/j.obhdp.2015.07.006

Keller Hansbrough T, Jones GE (2014) Inside the minds of narcissists: how narcissistic leaders' cognitive processes contribute to abusive supervision. Z Psychol 222:214–220. https://doi.org/10.1027/2151-2604/a000188

Khoo HS, Burch GSJ (2008) The 'dark side' of leadership personality and transformational leadership: an exploratory study. Personal Individ Differ 44:86–97. https://doi.org/10.1016/j.paid.2007.07.018

Krasikova DV, Green SG, LeBreton JM (2013) Destructive leadership: a theoretical review, integration, and future research agenda. J Manag 39:1308–1338. https://doi.org/10.1177/0149206312471388

Lubit R (2002) The long-term organizational impact of destructively narcissistic managers. Acad Manag Exec 16:127–138. https://doi.org/10.5465/ame.2002.6640218

Maccoby M (2004) Narcissistic leaders: the incredible pros, the inevitable cons. Harv Bus Rev 82:92–101

Miller JD, Maples J (2011) Trait personality models of narcissistic personality disorder, grandiose narcissism, and vulnerable narcissism. In: Campbell WK, Miller JD (eds) The handbook of narcissism and narcissistic personality disorder: theoretical approaches, empirical findings, and treatments. Wiley, Hoboken, pp 71–88

Morf CC, Rhodewalt F (2001) Unraveling the paradoxes of narcissism: a dynamic self-regulatory processing model. Psychol Inq 12:177–196. https://doi.org/10.1207/S15327965PLI1204_1

Nevicka B, De Hoogh AHB, Van Vianen AEM, Beersma B, McIlwain D (2011a) All I need is a stage to shine: narcissists' leader emergence and performance. Leadersh Q 22:910–925. https://doi.org/10.1016/j.leaqua.2011.07.011

Nevicka B, Velden FST, De Hoogh AHB, Van Vianen AEM (2011b) Reality at odds with perceptions: narcissistic leaders and group performance. Psychol Sci 22: 1259–1264. https://doi.org/10.1177/0956797611417259

O'Boyle EH Jr, Forsyth DR, Banks GC, McDaniel MA (2012) A meta-analysis of the Dark Triad and work behavior: a social exchange perspective. J Appl Psychol 97:557–579. https://doi.org/10.1037/a0025679

O'Reilly CA, Doerr B, Caldwell DF, Chatman JA (2014) Narcissistic CEOs and executive compensation. Leadersh Q 25:218–231. https://doi.org/10.1016/j.leaqua.2013.08.002

Ohly S, Sonnentag S, Niessen C, Zapf D (2010) Diary studies in organizational research: an introduction and some practical recommendations. J Pers Psychol 9: 79–93. https://doi.org/10.1027/1866-5888/a000009

Ouimet G (2010) Dynamics of narcissistic leadership in organizations: towards an integrated research model. J Manag Psychol 25:713–726. https://doi.org/10.1108/02683941011075265

Owens BP, Wallace AS, Waldman DA (2015) Leader narcissism and follower outcomes: the counterbalancing effect of leader humility. J Appl Psychol 100: 1203–1213. https://doi.org/10.1037/a0038698

Paulhus DL, Williams KM (2002) The Dark Triad of personality: narcissism, Machiavellianism and psychopathy. J Res Personal 36:556–563. https://doi.org/10.1016/s0092-6566(02)00505-6

Raskin R, Terry H (1988) A principal-components analysis of the Narcissistic Personality Inventory and further evidence of its construct validity. J Pers Soc Psychol 54: 890–902. https://doi.org/10.1037/0022-3514.54.5.890

Rauthmann JF (2012) The Dark Triad and interpersonal perception: similarities and differences in the social consequences of narcissism, Machiavellianism, and psychopathy. Soc Psychol Personal Sci 3:487–496. https://doi.org/10.1177/1948550611427608

Resick CJ, Whitman DS, Weingarden SM, Hiller NJ (2009) The bright-side and the dark-side of CEO personality: examining core self-evaluations, narcissism, transformational leadership, and strategic influence. J Appl Psychol 94:1365–1381. https://doi.org/10.1037/a0016238

Rosenthal SA, Pittinsky TL (2006) Narcissistic leadership. Leadersh Q 17:617–633. https://doi.org/10.1016/j.leaqua.2006.10.005

Schyns B, Schilling J (2013) How bad are the effects of bad leaders? A meta-analysis of destructive leadership and its outcomes. Leadersh Q 24:138–158. https://doi.org/10.1016/j.leaqua.2012.09.001

Spain SM, Harms P, LeBreton JM (2014) The dark side of personality at work. J Organ Behav 35:41–60. https://doi.org/10.1002/job.1894

Tett RP, Burnett DD (2003) A personality trait-based interactionist model of job performance. J Appl Psychol 88:500–517. https://doi.org/10.1037/0021-9010.88.3.500

Tett RP, Guterman HA (2000) Situation trait relevance, trait expression, and cross-situational consistency: testing a principle of trait activation. J Res Pers 34: 397–423. https://doi.org/10.1006/jrpe.2000.2292

Watts AL, Lilienfeld SO, Smith SF, Miller JD, Campbell WK, Waldman ID et al (2013) The double-edged sword of grandiose narcissism: implications for successful and unsuccessful leadership among U.S. presidents. Psychol Sci 24:2379–2389

Yukl GA (2012) Leadership in organizations, 8th edn. Pearson Education, Essex

# Narrative of Governance

António Magalhães[1,2] and Amélia Veiga[1,3]
[1]Faculty of Psychology and Education Sciences, University of Porto, Porto, Portugal
[2]Centre for Research in Higher Education Policies (CIPES), Porto, Portugal
[3]Centre for Research and Intervention in Education (CIIE) and Centre for Research in Higher Education Policies (CIPES), Porto, Portugal

## Synonyms

Account legitimating and justifying; Decision-making; Institutional sense-making; Narration of governance

## Definition

Narratives provide legitimacy and justification to create and/or maintain processes, structures, and action in policy-making, a function of governance. They "are constellations of relationships (connected parts) embedded in time and space" (Somers and Gibson 1996, p. 59), through which discourses on governing and governance are convened by institutions and actors. In this sense, narratives are storytelling that provide meaning to policy, to organizations, and to decision-making (Wagenaar 2011). Narratives feed and are fed by ideas that shape the agenda-setting, the choice of instruments, and the enactment of policies (Schmidt 2008). They are made of ideas, principles, values, and taken-for-granted assumptions stemming from discourses.

## Introduction

In Europe, since the early 1990s, governance has replaced the modern governing perspectives on policy-making and implementation and has assumed a central position in the public sector of political decision-making. The shift from governing to governance underlined the relevance of narratives to better understand the role of the state in political regulation and in its relationships with non-state actors. The narrative of governance has assumed a central position in the political coordination of the public sector, to the detriment of the narrative of governing. Governing refers to the actions taken by the governments to politically steer social systems and corresponds to the way modern states regulated and controlled institutions and public administration. In turn, governance is about the coordination of interdependent activities aimed at the pursuit of political goals at the system and/or institutional levels and the rules and mechanisms that frame decision-making structures and processes. The narrative of governance is to legitimize and justify the increasing fragmentation of decision-making and the interdependence between state and non-state actors.

It is through narratives that discourses, "made up of a limited number of statements for which a group of conditions of existence can be defined" (Foucault 1972, p. 117), come to social action. Actually, discourses are not locked up in the constituent elements of a text; rather they are construed – actively and dynamically – in a continuous interaction among the narrator, the audience, and the context they share. For instance, the neoliberal discourse on the nature and the purpose of public administration is translated into governance narratives, such as New Public Management (NPM). Discourses are the ground on which actors' actions and institutional practices find their legitimacy and justification.

The narrative of governance convenes elements from discourses to invest and fix meaning to core concepts of governance and management. Discourses provide repertoires of elements that narratives put together to provide meaning to social and political action. This emphasizes the power of discourses in the transformation of social and political structures and processes and the way governance is conceived. As narratives are construed on the basis of different weights of discursive elements, they are plural, as it is the

case of the NPM or the network governance narrative.

The narratives of governance are about setting political goals and rule systems, both formally and informally, driving values and norms affecting actors and constellations of actors' behaviors and attitudes (Hall and Taylor 1996). Narratives of governance articulate elements of related and often competing discourses to justify and legitimize governance processes and structures. Somers and Gibson (1996) identified different types of narratives – metanarratives, conceptual, ontological, and public – that can be used to understand processes of sensemaking in policy processes. The continuous articulation between different types of narratives displays the leitmotivs of why governments, public administration, and individual actors provide meaning to courses of (in)action.

Metanarratives can be referred to as "master narratives," with terms such as enlightenment, progress, industrialization, and knowledge society embedded in the assumptions of social and political actors. While operating at a presuppositional level, metanarratives are articulated within public narratives grounding the need for public administration to coordinate interdependent political arenas. Conceptual narratives are those used by social scientists and researchers to approach their subjects and methods of research. In this sense, the narratives of governance are conceptual constructs aimed at explaining the coordination of interdependent political arenas and actors. Ontological narratives refer to the individuals' stories, ascribing meaning to their identities, decisions, and actions. In turn, public narratives involve cultural, institutional formations and networks larger than the single individual. Public narratives meld normative and ideological ingredients and "can be linked to specific conceptions and theories regarding the relationship between the state and the society" (Ferlie et al. 2009, p. 13). The narratives of governance are public narratives as they shape the nature and the purposes of public administration. Public narratives articulate with ontological, conceptual, and metanarratives as they assign meaning to a body of shared social and political phenomena.

## State of the Art

Narratives only exist in their articulation and their diversity, and specificities are contingent to the way they combine ideas, principles, values, and taken-for-granted assumptions stemming from discourses. When public narratives articulate with elements of conceptual narratives, they not only explain and legitimize the coordination of interdependent activities and actors but also clarify the diversity of narratives of governance, for example, the NPM, the network governance (NetG), and the new governance (NewG) to mention a few. The differences between these narratives rely on the discursive elements they convene to legitimize their primacy. These elements stem from discourses – e.g., neoliberal discourse and social democratic discourse – on the public good, individuals and groups, and social interests. Discourses compete for hegemony and struggle to fix the meaning of good, effective, and efficient public administration. Hegemonic discourses fix the meaning of concepts and notions and contribute to their normalization or naturalization. However, there is no definite hegemony of discourses, on the one hand, because it is always contingent and, on the other hand, because narratives bring in the struggle between contending discursive elements.

The prevalence of the NPM narrative in Europe has been underlined by researchers on public administration reforms (e.g., Meek 2002; Pollit and Bouckaert 2004; Paradeise et al. 2009). In spite of its theoretical fluidity (Boston 2011), NPM represents the idea that efficiency and effectiveness are to be achieved through management instruments used in the private sector, specifying objectives and emphasizing competition for clients, performance measurement, and the use of markets as instruments of public policies. Its development as a public narrative has increased the technicality of the governance and management instruments and has strengthened and increased the weight of the managerial structures and processes in the European public sectors. However, the hegemony of the NPM narrative in the reform of public administration across Europe cannot be pointed out as the only "cause" of the

ongoing transformations in this area. Actually, a mix of signs and symptoms of NPM and other governance narratives has been underlined, for instance, in the case of higher education reforms (Paradeise et al. 2009).

To understand and illustrate the diversity of governance narratives and their struggle to fix the meaning of governance, it is of importance to look at their discursive elements. These elements in the NPM narrative are visible in assumptions (Klijn 2012) such as:

- Focus on effectiveness and efficiency of performance and value for money
- Primacy of ideas and techniques stemming from the private sector
- Privatization and contracting out of governmental services in order to increase effectiveness and efficiency
- Use of market and/or quasi-market mechanisms to promote competition in public service provision and in developing public policies
- Use of performance indicators and other mechanisms to identify targets and outputs of the government or the services contracted out, shifting the control from ex ante to ex post and promoting the vertical steering of the systems and strong central administrations

The NetG narrative draws on the conceptual narrative of social network theory. Its discursive elements focus on the development of networks, including interorganizational relationships (Keast and Mandell 2014). The NetG narrative underlines the need to build strong interactions involving actors in the decision-making processes and guaranteeing commitment to common goals rather than on the mere achievement of tasks. Under this perspective, external control mechanisms, taking the form of *light touch* systems, reconfigure steering instruments driving a less dominant hierarchical orientation and underlining greater reciprocity of interdependency of society-government relations.

Discursive elements of NewG, which address public problems and pursue public purposes, underline the collaborative nature among a wide array of third parties in addition to government. In approaching public issues, Salamon (2002) identified tensions arising from (a) a focus on governance techniques rather than on state programs, (b) a focus on networks rather than on hierarchy, (c) a shift from public vs private to public plus private, (d) a shift from command and control to negotiation and persuasion, and (e) a shift from management skills to enablement skills. This is an illustration of the struggle to fix the meaning of governance and management. NewG discursive elements emphasize:

- The use of tools or mechanisms that define the set of actors in decision-making processes determining the roles they play
- The focus on organizational networks rather than on hierarchical agencies establishing interdependencies between public agencies and third-party actors
- The replacement of sharp division between public and private spheres assuming collaboration to the detriment of competition
- The role of incentive measures leading to the outcomes envisaged
- The enablement skills required to horizontally engage actors in collaborative settings and bringing together stakeholders for a common purpose

As conceptual narratives, the narratives of governance are aimed at explaining the coordination of interdependent activities and actors, bringing to the fore diverse perspectives. Actually, the NPM narrative can be traced back to public choice theory, underlining the need to decrease the influence of the state in the economy. The common ground of the NetG and NewG is the conceptual narrative of social network theory. In the case of NetG, networks are "equated with a new form of governance arising in situations where high levels of interdependence of organizations and where hierarchical forms of command and control are no longer the most effective methods for policy development or implementation" (Keast 2014, p. 22). In the case of NewG, while emphasizing the role of non-state actors, it underlines that governments "lose ability to exert full control over the

development of their programmes" (Salamon 2002, p. 11).

The exercise of governance, while articulating these discursive elements of the narratives of governance, is reconceptualizing governance itself. The articulation between these elements reflects the struggle to fix the meaning of good or better governance and, consequently, the presence of discursive elements of different narratives. In this sense, discursive elements of the NetG and NewG, while evidencing the existence of mixed signs in particular governance settings, counterbalance the hegemony of the NPM narrative. Governance seen from the narrative lens makes tangible the influence of discursive elements in the transformation of political processes. This is of importance as they are used to elucidate the concepts with which they are related with.

The role played by narration reveals how discursive elements ascribe meaning to governance. In public administration reforms, the meaning of efficiency and effectiveness has been fixed mainly by the elements of the NPM governance narrative. They assume meaning and held together other discursive elements of the narratives associated with management and performance instruments, particularly those borrowed from the private sector organizations. These discursive elements were drawn from neoliberal discourses on social and political regulation based on market mechanisms (Ferlie et al. 1996; Olssen et al. 2004). Another example of the role played by narration can be found in the governance of higher education public sector, where governance and management discursive elements stemming from neoliberal and collegial discourses strive for supremacy, emphasizing either managerial governance or academic self-governance models.

## Future Perspectives

Public narratives of governance articulate and are articulated by conceptual narratives that influence the understanding about the dynamics of macro-, meso-, and micro-political processes. This makes tangible, on the one hand, their influence on public policy-making and, on the other hand, how public administration reforms are legitimated, justified, and enacted. By linking actors, institutions, and their social and political contexts, the narratives of governance are a dynamic and integrative perspective and processes underlining the importance of institutional knowledge and reflexivity.

Governance "acquires meaning through its positioning relative to other signs" (Offe 2009, p. 379). The exercise of governance challenges individual actors and institutions to assume a stance in the process of fixing the meaning and justifying decisions and their enactment. Actually, the narration of governance is becoming the arena where political processes evolve affecting the agenda-setting, the development of policies, and the evaluation of their outcomes. In this sense, the narrative perspective of governance also challenges policy analysis as it emphasizes the role of discursive elements convened by different types of narratives. At the same time, this perspective opens up avenues for future research on the dynamic features of the political process challenging the hegemony, naturalization, and acceptance of taken-for-granted assumptions on policy processes and structures. For that reason, public administration reforms in Europe can hardly be explained on the basis of discursive elements stemming from a sole narrative of governance, thus challenging both the political processes and their analysis.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ New Public Management
- ▶ Policy Networks as a Form of Governance
- ▶ Politics and Public Policy
- ▶ Reforms and Governance


## References


Boston J (2011) Basic NPM ideas and their development. In T. Cristensen and P. Laegreid The Ashgate Research Companion to New Public Management. Surrey: Ashgate Publishing, pp 17–32


N

Ferlie E, Ashburner L, Fitzgerald L, Pettigrew A (1996) The new public management in action. Oxford University Press, Oxford
Ferlie E, Musselin C, Andresani G (2009) The governance of higher education systems: a public management perspective. In: Paradeise C, Reale E, Bleiklie I, Ferlie E (eds) University governance: Western European comparative perspective. Springer, Dordrecht, pp 1–19
Foucault M (1972) The archeology of knowledge. Routledge, London
Hall PA, Taylor RCR (1996) Political science and the three new institutionalisms. Pol Stud 44(5):936–957. https://doi.org/10.1111/j.1467-9248.1996.tb00343.x
Keast R (2014) Network theory track and trajectories: where from, where to? In: Keast R, Mandell M, Agranoff R (eds) Network theory in the public sector. Routledge, New York, pp 15–32
Keast R, Mandell MR (2014) A composite theory of leadership and management: process catalyst and strategic leveraging - theory of deliberate action in collaborative networks. In: Keast R, Mandell M, Agranoff R (eds) Network theory in the public sector. Routledge, New York, pp 33–50
Klijn EH (2012) New public management and governance: a comparison. In: Levi-Faour D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, pp 201–214
Meek L (2002) On the road to mediocracy? Governance and management of Australian higher education in the market place. In: Amaral A, Jones G, Karseth B (eds) Governing higher education. National perspectives on institutional governance. Kluwer, Dordrecht, pp 253–260
Offe C (2009) Governance: an "empty signifier"? Constellations 16(4):550–562. https://doi.org/10.1111/j.1467-8675.2009.00570.x.
Olssen M, Codd J, O'Neill A-M (2004) Education policy: globalization, citizenship & democracy. Sage, London
Paradeise C, Reale E, Bleiklie I, Ferlie E (2009) University governance: Western European comparative perspectives. Springer, Dordrecht
Pollit C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, Oxford
Salamon L (2002) The tools of government: a guide to the new governance. Oxford University Press, Oxford
Schmidt VA (2008) Discursive institutionalism: the explanatory power of ideas and discourse. Annu Rev Polit Sci 11(1):303–326. https://doi.org/10.1146/annurev.polisci.11.060606.135342
Somers M, Gibson GD (1996) Reclaiming the epistemological "other": narrative and the social construction of identity. In: Calhoun C (ed) Social theory and the politics of identity. Blackwell Publishers, Oxford
Wagenaar H (2011) Meaning in action: interpretation and dialogue in policy analysis. M. E. Scharpe, New York

# National Accounts

Rosa M. Dasí
University of Valencia, Valencia, Spain

## Synonyms

European System of Accounts (ESA); Government financial statistics (GFS); Governmental Accounting; System of National Accounts (SNA)

## Definition

National accounts are a system of accounts and balance sheets that provide an integrated framework to describe an economy (i.e., a region, country, or group of countries), its components, and its relations with other total economies. The System of National Accounts (SNA) is the internationally agreed standard set of recommendations on how to compile measures of economic activity in accordance with established accounting conventions based on economic principles. The recommendations are expressed in terms of a set of concepts, definitions, classifications, and accounting rules that comprise the internationally agreed standard for measuring economic activity. The SNA allows economic data to be compiled and presented in a format that is designed for purposes of economic analysis, decision taking, and policy making (2008 SNA).

In Europe, national accounts are compiled according to the European System of Accounts (ESA 2010), the central framework of reference for the social and economic statistics of the European Union (EU). This system is consistent with international guidelines on national accounting set out in the 2008 SNA. Those guidelines were produced under the joint responsibility of the United Nations (UN), the International Monetary Fund (IMF), the Statistical Office of the European Union (Eurostat), the Organisation for Economic Co-operation and Development (OECD), and the

World Bank. The ESA 2010 is focused on the circumstances and data needs in the EU. As with the 2008 SNA, the ESA 2010 is aligned with the concepts and classifications used in many other social and economic statistics.

## Introduction

National accounts are a system based on common concepts, definitions, classifications, and accounting rules in order to arrive at a consistent, reliable, and comparable quantitative description of an economy. The SNA is a measurement tool adapted to macroeconomic needs, and it provides the conceptual framework required for measuring all aspects of an economy.

The system records economic activities in a structured manner, distinguishing actors belonging to institutional sectors such as households, corporations, and government. The system describes the various transactions or other changes in assets (flows) during a specific period of time as well as the level of stocks.

The main characteristics of the national accounts system are (Eurostat 2014):

- Universality. It is a universal system that takes into account the specific circumstances prevailing in the different economies.
- Transparency. National accounts are transparent and are based on written handbooks and manuals.
- Harmonization. National accounts are harmonized statistics and employ concepts and classifications that are also used for other social and economic statistics (industry, trade, employment statistics, etc.). This alignment enables results to be linked and compared with other main international economic statistics, in particular the IMF Balance of Payments Manual (BPM) or the IMF government finance statistics (GFS).
- Flexibility. The incorporation of satellite accounts into the system offers evidence of its flexibility. Satellite accounts provide a framework, linked to the central accounts, so that attention can be focused on a certain field or aspect of economic and social life. Common examples are satellite accounts for the environment, tourism, or health.

The System of National Accounts may be implemented at different levels of aggregation: at the level of individual economic agents or institutional units (or groups of such units), or institutional sectors, or at the level of the total economy.

The System is built around a sequence of interconnected flow accounts linked to different types of economic activity taking place within a given period of time. Each flow account refers to a different activity as the production or generation, distribution, redistribution, and use of income. Each account introduces a balancing item defined residually as the difference between the total resources and uses registered in the two sides of the account. The sequence of accounts is an articulated whole because the balancing item from one account is the first item in the following account and encapsulates economic constructions of great interest and analytical significance.

The balance sheets that record the values of the stocks of assets and liabilities held by institutional units or sectors at the beginning and end of the period complete this sequence of interconnected flow accounts.

The SNA provides a unique overview of the economy, the major economic stakeholders, and of various economic processes, stocks, and flows. The system records how production is distributed among consumers, corporations, governments, and foreign nations. The SNA shows how income originating in production, as amended by taxes and transfers, flows to these groups and how these flows for consumption, savings, and investment are allocated.

National accounts data is used by governments, economic policy makers, economic modelers and analysts, financial markets, etc. The stakeholders range from the general public to business and from domestic institutions and government entities to international

organizations. As a result, the national accounts are a basic component of macroeconomic statistics that form a basis for economic analysis and policy formulation.

## Uses of National Accounts

National accounts play an important role in society, because they are the main tool of communication and decision-making. The system provides a consistent set of concepts and facts about national economies around the world and serves as a framework for thinking and communicating about national economies and their major components.

All users, whether private or public (administration, international organizations, economists, journalists, households, nonprofit organizations, trade unions, etc.), think and communicate through national concepts, such as economic growth, final consumption expenditure of households, capital formation, government deficit and debt, public subsidies and taxes, and the external position relative to the rest of the world.

Forecasts of national accounts statistics are also available for countries all over the world. In addition, decision-making is affected by national accounts as this is formulated in terms of the SNA.

The SNA can be used to analyze and evaluate:

1. **Monitoring the behavior of the economy**. It provides users coherent, comprehensive, and permanent access to the main macroeconomic indicators, which is useful for monitoring an economy's overall performance, strengths, and weaknesses.
2. **Economic forecasting**. It gives the accounting framework for formulating the equations used in macroeconomic models. From the data series provided, the national accounts indicators can be used to assess the significant parameters which show how the economy behaves and can also be used for predictions.
3. **Central statistical framework** that must be used as the **coordinating framework** for all other statistics so as to obtain consistent definitions and hence data. This is especially true of countries in the early stages of organizing their statistical production.
4. **Macroeconomic analysis and economic policy**. National accounts indicators are used by policy makers to analyze the current situation, identify the main issues, and find a common solution for development.
5. **International comparisons** should be based on national accounts indicators. The performance of one economy as compared to that of another is evaluated by economists, journalists, or other analysts in accordance with the common concepts, definitions, and classifications provided by the SNA.

In Europe, the figures from the ESA framework play a major role in formulating and monitoring social and economic policies for the EU and its member states and are used for:

(a) Monitoring and guiding the euro area macroeconomic and monetary policy making and defining criteria of convergence for the Economic and Monetary Union.
(b) Defining criteria for the Excessive Deficit Procedure (EDP). The Treaty on the Functioning of the European Union (TFEU) obliges EU member states to comply with budgetary discipline by respecting two criteria: a deficit to gross domestic product (GDP) ratio and a debt to GDP ratio not exceeding reference values of 3% and 60%, respectively, as defined in the Protocol on the EDP.
(c) Granting financial support to regions in the EU.
(d) Determining the own resources of the EU budget.

## National Accounts and the Economy

The system of national accounts represents a broad and comprehensive statistical system to describe a national economy and how it works. The system uses data on economic activities to provide a systematic picture of the structure and evolution of a national economy.

A transaction is an economic flow that is an interaction between institutional units (producers and enterprises, consumers and households, financial institutions, government) by mutual agreement or an action within an institutional unit that is useful to treat as a transaction because the unit is operating in two different capacities. Transactions are split into four main groups (ESA 2010, § 1.66):

(a) Transactions in products which describe the origin (domestic output or imports) and use (intermediate consumption, final consumption, capital formation, or exports) of products.
(b) Distributive transactions which describe how value added generated by production is distributed to labor, capital, and government and the redistribution of income and wealth (taxes on income and wealth and other transfers).
(c) Financial transactions which describe the net acquisition of financial assets or the net incurrence of liabilities for each type of financial instrument. Such transactions occur both as counterparts of nonfinancial transactions and as transactions involving only financial instruments.
(d) Transactions not included in the three groups above: acquisitions less disposals of nonproduced nonfinancial assets.

The concept of national accounts provides a substantial contribution to the quality, stability, neutrality, and international comparability of the economic system and describes transactions in national economies and the links between different national economies. The national accounts concept is based on the need to understand and compare different systems within the economy: business accounting, production, employment, productivity, monetary policy, inflation, fiscal policy, public finance, personal income, wealth and consumption, balance of payments, etc.

These different systems describe different aspects of the economy, and national accounts combine these systems into a single accounting framework. As a result, the SNA provides an overview of each of these specific aspects and can also show all interactions between them and within the national economy as a whole.

## Historical Evolution of National Accounts

As stated in the introduction to the SNA 1993, the official interest in the comparability of economic statistics dates back at least to 1928. In that year, the League of Nations, the first international organization whose principal mission was to maintain world peace, held an International Conference on Economic Statistics in order to stimulate the development of this kind of statistics and the adoption of uniform methods of presentation. The Final Act of the Conference stated that international comparability should be a goal, especially between countries with sophisticated statistical systems. It urged countries to consider extending the scope of official statistics in order to facilitate the preparation of estimates of national income at regular intervals. Work on national income received a boost as a result of the Great Depression of the 1930s, on the one hand, and the evolution of macroeconomic theory, on the other.

After the Second World War, there was an immediate need for comparable measures of national income as a basis for the distribution of the costs of international organizations. To meet this need, the Subcommittee on National Income Statistics Committee of Statistical Experts of the League of Nations was created. Consisting primarily of experts who were engaged in the development of estimates of national income in certain countries in Europe, North America, and Australia, the Subcommittee met in December 1945.

The origins of SNA date back to the Subcommittee report, published in 1947. The Subcommittee expected that the guidelines and recommendations in the report would be applied to the widest possible extent in each country in the computation of national income and related accounts in order to secure higher international comparability than in the past. As a result, the

early postwar years saw a transition to regularized statistics among countries.

By 1950, the Statistical Office of the United Nations was able to assemble estimates for National Income Statistics, 1938–1948, for several years from 41 countries based on national sources.

In Europe, national accounts provided a framework for the information concerning the conditions and economic performance that was used to administer postwar aid and encourage economic growth. The Organisation for European Economic Co-operation (OEEC) in 1950 published a set of accounts prepared by its National Accounts Research Unit, a unit set up to promote the comparability of national accounts statistics among member countries. This set of accounts was used to develop a series of country studies, and this experience was the basis for the publication in 1952 of "A Standardized System of National Accounts."

Meanwhile, the Statistical Commission of the United Nations recommended continued work to achieve a uniform reporting basis for the largest number of United Nations members, and the result was based on the 1953 report "A System of National Accounts and Supporting Tables."

The 1953 report recognized the importance of bringing the different international statistical standards into agreement. Specifically, it recognized that the international guidelines on economic and financial statistics and on national accounts should be consistent and well integrated. It noted the care that had been taken in drawing up the SNA to ensure consistency with definitions and classifications used or recommended by others, notably the International Monetary Fund, on international transactions and the OEEC. The first chapter of the 1953 report dealt was on the development and uses of national accounting. The most important use of national accounting statistics had been linked to public policy. In 1968, the Statistical Commission approved a revised SNA.

The first European System of Accounts was published in 1970 (ESA 70) and was the result of work carried out under the sole responsibility of the Statistical Office of the European Union (Eurostat), in collaboration with the statistical offices of the member states, and was the community version of the SNA 68. This system was partially revised and published in 1979 as a second edition of the original system (79 or ESA 79 second edition).

Since the mid-80s, Eurostat collaborated under the Interdepartmental Working Group on National Accounts of the UN, in the preparatory work for the revision of the SNA 68, and culminated in the development of the new SCN in 1993.

Similarly, a review of the ESA (70/79) was initiated by a group including the European Commission and experts from the National Statistical Institutes of the member states. At the Economic and Financial Affairs (ECOFIN) Council meeting in November 1995, the green light was given to the regulation of the Council of the EU on the European System of National and Regional Accounts (ESA 95).

Today has conducted a new review of international national accounting methodologies that culminated with the publication, in 2009, of the SNA in its 2008 version, as well as the recent adoption of the ESA 2010. As in previous methodological changes, the objective is to update and improve accounting measurement systems, adapting it to the changing economic phenomena that it measures (Fig. 1).

## The European System of Accounts ESA 2010

In Europe, national accounts are compiled separately by each EU member state, more specifically by the national statistical office or another institution appointed by the government, according to the ESA 2010. European national accounts are compiled by the Statistical Office of the European Union (Eurostat) by combining member states' national accounts according to a fixed transmission timetable.

The ESA 2010 is the newest internationally compatible EU national accounts framework. The new system was published in the Official Journal of the European Union on 26 June 2013 and was implemented in September 2014, replacing ESA 95. The ESA 2010 is focused on

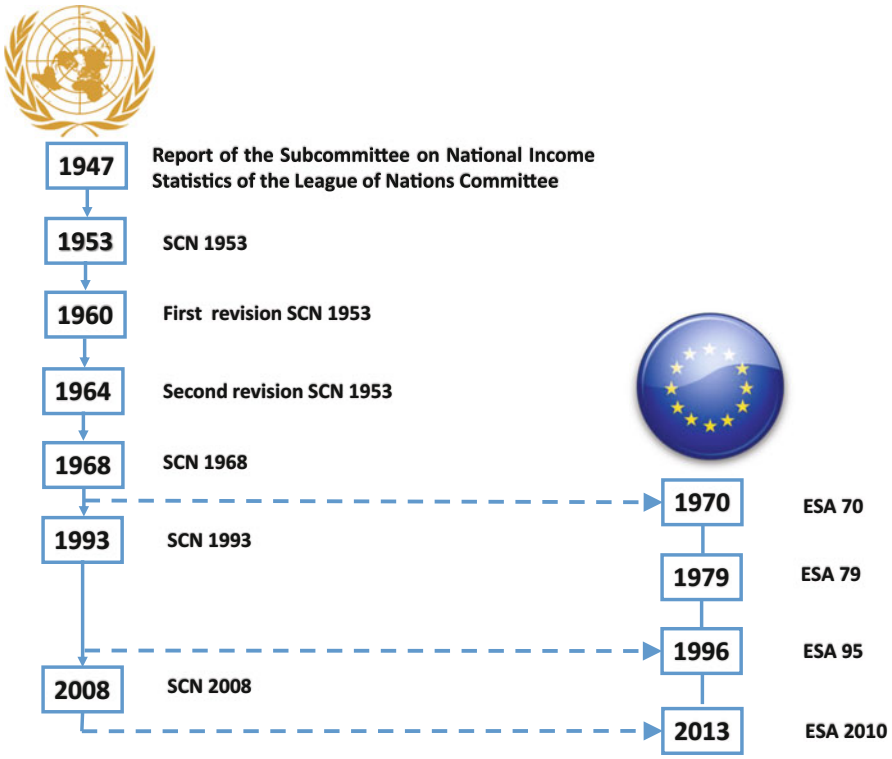


**National Accounts, Fig. 1** Historic versions of the systems of national accounts. (Source: Author)

the circumstances and data needs in the EU and is a legal requirement for all EU member states. Consequently, all national accounts data, including government deficit and debt data, must be compiled and reported on this basis.

This is the European version of the international guidelines 2008 SNA which are being introduced worldwide. Nevertheless, there are several differences between the ESA 2010 and the 2008 SNA due mainly to differences in presentation and more specific and precise concepts in ESA 2010 than in 2008 SNA. However, both systems are in agreement with the concepts and classifications used in many other social and economic statistics and which play an important role in formulating and monitoring the social and economic policies.

The main characteristics of the system are:

- Institutional units and sectors
- The system of accounts and the aggregates
- The input-output framework

## Institutional Units and Sectors

Institutional units are economic entities that are capable of owning goods and assets, of incurring liabilities and of engaging in economic activities and transactions with other units in their own right. For the purposes of the ESA 2010 system, the institutional units are grouped together into five mutually exclusive domestic institutional sectors:

(a) Nonfinancial corporations
(b) Financial corporations
(c) General government
(d) Households
(e) Nonprofit institutions serving households

The five sectors together make up the total domestic economy. Each sector is also divided into subsectors. The ESA 2010 system enables a complete set of flow accounts and balance sheets to be compiled for each sector, and subsector, as well as for the total economy. Nonresident units

can interact with these five domestic sectors, and the interactions are shown between the five domestic sectors and a sixth institutional sector: the rest of the world sector.

## The System of Accounts and the Aggregates

### Rules of Accounting

An account records changes in value accruing to a unit or sector according to the nature of the economic flows shown in the account. It is a table with two columns. The current accounts are those which show production, generation and allocation of income, distribution and redistribution of income, and its use. The accumulation accounts are the capital and financial accounts and the other changes in volume accounts (ESA 2010, § 1.88).

### Terminology for the Two Sides of the Accounts

The ESA 2010 system shows "resources" on the right side of the current accounts where transactions appear which add to the economic value of a unit or a sector. The left side of the accounts shows "uses" – transactions that reduce the economic value. The right side of the accumulation accounts shows "changes in liabilities and net worth," and the left side shows "changes in assets." Balance sheets are presented with "liabilities and net worth" (the difference between assets and liabilities) on the right side and "assets" on the left. Comparison of two successive balance sheets shows changes in liabilities and net worth and changes in assets (ESA 2010, § 1.89).

### Double Entry/Quadruple Entry

For a unit or sector, national accounting is based on the principle of double entry. Each transaction shall be recorded twice, once as a resource (or a change in liabilities) and once as a use (or a change in assets). The total of transactions recorded as resources or changes in liabilities and the total of transactions recorded as uses or changes in assets must be equal, thus permitting a check on the consistency of the accounts (ESA 2010, § 1.91).

National accounts shall be based on a principle of quadruple entry, since most transactions involve two institutional units. Each transaction shall be recorded twice by the two transactors involved. For example, a social benefit in cash paid by a government unit to a household is recorded in the accounts of government as a use under transfers and a negative acquisition of assets under currency and deposits; in the accounts of the household sector, it is recorded as a resource under transfers and an acquisition of assets under currency and deposits (ESA 2010, § 1.92).

### Valuation and Time of Recording

With the exception of some variables concerning population and labor, the ESA 2010 system shows all flows and stocks in monetary terms. Flows and stocks shall be measured according to their exchange value, i.e., the value at which flows and stocks are in fact, or could be, exchanged for cash. Market prices are, thus, the ESA's reference for valuation (ESA 2010, § 1.94).

In addition, flows shall be recorded on an accrual basis, that is, when economic value is created, transformed, or extinguished or when claims and obligations arise, are transformed, or are canceled. Output is recorded when produced and not when paid for by a purchaser. The sale of an asset is recorded when the asset changes hands, not when the corresponding payment is made. Interest is recorded in the accounting period when it accrues, regardless of whether or not it is paid in that period. Recording on an accrual basis applies to all flows, monetary as well as non-monetary and intra-unit as well as flows between units (ESA 2010, § 1.101–102).

### The Sequence of Accounts

The ESA 2010 system is built around a sequence of interconnected accounts. The full sequence of accounts for the institutional units and sectors is composed of current accounts, accumulation accounts, and balance sheets (ESA 2010, § 1.113).

Current accounts deal with the production, generation, distribution, and redistribution of income and the use of such income in the form of final consumption. Accumulation accounts cover changes in assets and liabilities and changes in net worth (the difference for any institutional unit or group of units between its assets and

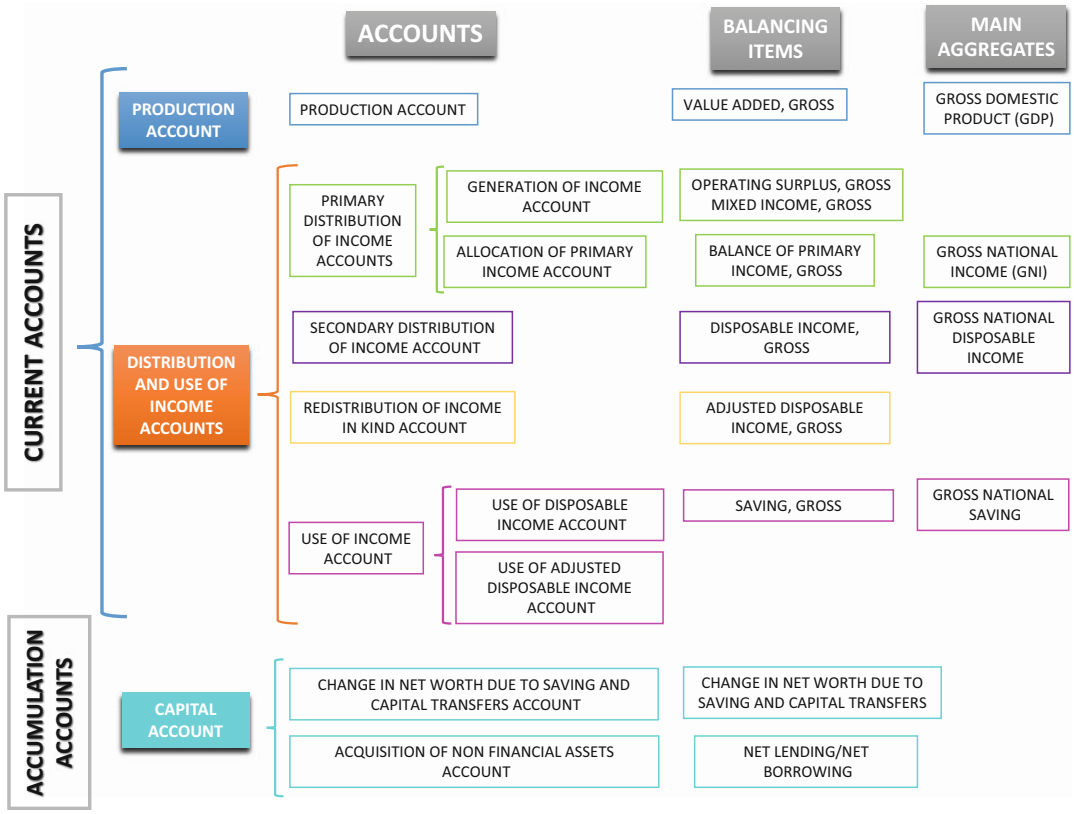


**National Accounts, Fig. 2** The sequence of non financial accounts (Source: ESA 2010)

N

liabilities). Balance sheets present stocks of assets and liabilities and net worth (ESA 2010, § 1.114) (Fig. 2).

The first account in the sequence is the production account, which records the output and inputs of the production process, leaving value added as the balancing item (ESA 2010, § 1.119–1.126).

The value added is taken forward to the next account which is the generation of income account. This leaves operating surplus or mixed income as the balancing item.

The value added, broken down between compensation of employees, taxes, and operating surplus/mixed income, is taken forward with this breakdown to the allocation of primary income account. The breakdown allows the allocation of each factor income to the receiving sector, as opposed to the producing sector. Also recorded in this account are the property income flows into the sector, and those out of the sector, so that the balancing item is the balance of primary incomes flowing into the sector.

The next account records redistribution of these incomes through transfers – the secondary distribution of income account. The major instruments of redistribution are government taxes on, and social benefits for, the household sector. The balancing item is disposable income.

The main sequence of core accounts carries on to the use of a disposable income account, an account relevant to the household sector, as it is here that household final expenditure is recorded, leaving household saving as the balancing item.

At the same time, a parallel account is created, the redistribution of income in kind account. This account has the specific purpose of showing social transfers in kind as an imputed transfer from government to the household sector, so that household income can rise by the value of individual government services. In the next account (use of

adjusted disposable income account), the household use of disposable income is increased by the same amount, as if the household sector were buying the individual services provided by government. Those two imputations cancel out, so that the balancing item is saving, identical to saving in the main sequence of accounts.

Saving is taken on to the capital account where it is used to fund capital formation, allowing for capital transfers in and out of the sectors. Underspending or overspending on the acquisition of real assets results in the balancing item net lending or borrowing. Net lending is a surplus loaned out, and net borrowing is the financing of a deficit.

Finally, the financial accounts are joined so that the detailed lending and borrowing of each sector is laid out so that a balancing item of net lending or borrowing is observed. This should exactly match the net lending/borrowing balancing item of the capital account, and any difference must be a measurement discrepancy between the real and financial recordings of economic activity.

### The Input–Output Framework

The input–output (I–O) framework brings together components of gross value added (GVA), industry inputs and outputs, product supply and demand, and the composition of uses and resources across institutional sectors for the economy. This framework breaks the economy down to display transactions of all goods and services between industries and final consumers for a single period (ESA 2010, 1.136). Information may be presented in two ways:

(a) Supply and use tables
(b) Symmetric input–output tables

## The Government Accounts in ESA 2010

In ESA 2010, the activities of government are presented separately from the rest of the economy in chapter 20 "Organizational Consultation" because, as ESA recognizes, the powers, motivation, and functions of government are different from those of other sectors. This chapter presents government sector accounts and a government finance statistics (GFS) presentation that gives an integrated picture of government economic activities: revenue, expenditure, deficit/surplus, financing, other economic flows, and balance sheet.

It is divided into four sections:

- Section I "Defining the general government sector" gives the delimitation of general government, taking into account their competencies and economic functions. Governments have powers to raise taxes and other compulsory levies and to pass laws affecting the behavior of economic units. Their principal function is to provide goods and services to the community and to households on a non-market basis and to redistribute income and wealth.
- Section II "The government finance presentation of statistics" gives the presentation of the government finance statistics (GFS). The GFS presentation of general government economic activities presents the usual sequence of accounts in a manner that is more suitable for government finance analysts and policy makers. The GFS presentation uses aggregates and balancing items defined in terms of ESA concepts, definitions, classifications, and accounting rules so that they are measured consistently with other macroeconomic variables and with the same measures in other countries.
- Section III "Accounting issues relating to general government" gives additional rules on some more difficult issues of classification and measurement for the general government sector.
- Section IV "The public sector" introduces the notion of public sector.

Another key instrument in national government accounts in Europe, and an indispensable complement to ESA 2010, is the Manual on Government Deficit and Debt (2014) published by Eurostat in order to ensure proper implementation of the ESA conceptual framework for reliable and

comparable statistics across the EU. The Manual provides guidance on the appropriate treatment of statistical issues raised in the EU regarding government financial statistics.

**The Government Finance Presentation of Statistics**

As ESA 2010 recognizes, experience has shown that for government, an alternative presentation to the ESA sequence of accounts in the central framework is better suited to certain analytical requirements. This alternative is known as the government finance statistics (GFS) presentation. It gives a different but still integrated picture of government accounts with the following measures of government economic activity: revenue, expenditure, deficit/surplus, financing, other economic flows, and balance sheet levels.

The ESA-based government finance statistics presentation consists of transactions recorded in the various ESA current accounts, capital account, and financial account, rearranged for nonfinancial transactions into a single account presentation more appropriate to fiscal analysis.

In the GFS system, revenue is defined as the aggregate of all transactions recorded under positive resources in the ESA central framework and subsidies receivable in the current accounts as well as capital transfers receivable recorded in the capital account. Expenditure is an aggregate of all transactions recorded under positive uses and under subsidies payable in the current accounts as well as capital expenditure (gross capital formation plus capital transfers payable) recorded in the capital account. These measures of revenue and expenditure are specific to the government finance statistics presentation, but the underlying transactions are those of the ESA.

The difference between revenue and expenditure, equivalent to the surplus/deficit, is the net lending/net borrowing (B.9). It is equal to the balancing item of the capital account (B.9 N) in the ESA accounts. It represents the amount the government has available to lend or must borrow to finance its nonfinancial operations. The term "net lending/net borrowing" is a sort of terminological shortcut. When the variable is positive (meaning that it shows a financing capacity), it should be called net lending (+); when it is negative (meaning that it shows a borrowing need), it should be called net borrowing(−) (Fig. 3).



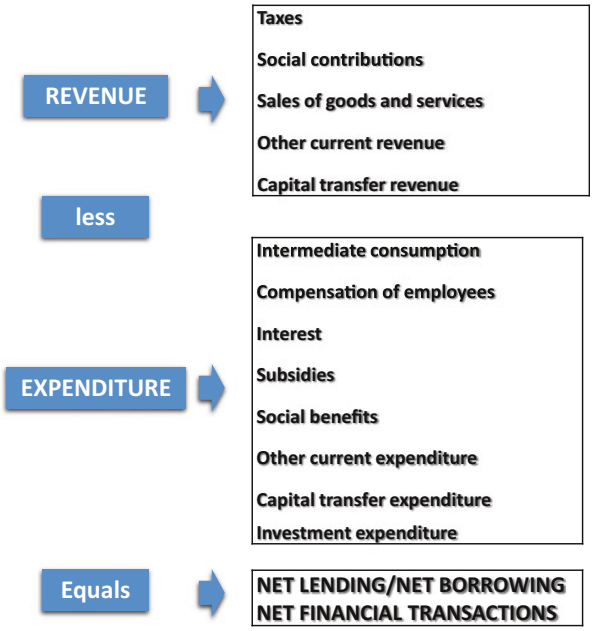


**National Accounts, Fig. 3** Government finance statistics presentation (Source: ESA 2010)

In contrast to many other regions of the world, the GFS have a great impact on the EU public because they are used directly in the decisions of European political and fiscal control, and in the absence of harmonized rules of public accounting, they have become a common standard of public accounting.

## Conclusion

National accounts are an essential instrument for evaluating, analyzing, and forecasting economic phenomena because they measure what needs to be developed and highlight the size and structure of the economy and all its components.

The worldwide guidelines on national accounting are set out in the 2008 SNA. In Europe, national accounts are compiled according to the ESA 2010, the central framework of reference for the social and economic statistics of the EU, and it is consistent with the 2008 SNA. Also, both systems incorporate the same concepts and classifications used in many other social and economic statistics and play a main role in formulating and monitoring the social and economic policies.

## Cross-References

► Accountability
► Accounting for Public Debt and Deficit
► Public Sector Accounting

## References

European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations and World Bank (2009) - System of National Accounts 2008, (2008 SNA) New York

European Union (2013) Regulation (EU) N° 549/2013 of the European Parliament and the Council on 21 May 2013 on the European system of national and regional accounts in the EU (ESA 2010)

Eurostat (2014) Essential SNA: building the basics. Publications Office of the European Union, Luxembourg. ISBN 978-92-79-36333-7

# National and Local Governments Relationship in Bangladesh

Mohammad Rafiqul Islam Talukdar
Government and Politics, Asian University of Bangladesh, Dhaka, Bangladesh

## Synonyms

Balance of power; Bangladesh perspective; Central government; Inter-relation; Local government institutions; National government; Sub-national government

## Definition

National and local governments relationship in Bangladesh refers to the interrelationship and balance of power between the national or central government and sub-national or local government institutions on the perspective of Bangladesh.

## Introduction

The paramount importance of good local governance and thus call for a robust local government system are explicitly supported by the most of contemporary literatures in the domain of decentralization and local governance. This is not the argument point of the current research. Rather by this research, two uniform requirements could be set forth for a robust local government system to be placed anywhere: build balance of power between the local government and the national government as well as the legislative body; and strengthen the inherent links between and/or among the local government institutions and their departments.

While the lateral part of the requirements is supported by some recent studies (for instance, Talukdar 2014; Ahmed 2016), the current round study, on its ground, tests the validity of the first requirement in connection with the national-local relationship, local governance process, and

balance of power in Bangladesh and by meticulously examining the following concerns. Whether or to what extent the balance of power matters for the local governance and its pro-people service delivery in Bangladesh? Whether the constitutional spirit in relation to central-local balance of power helps boost up the local governance in Bangladesh? Considering the practical sense, how far Bangladesh is away from an equitable balance of power arrangement between national and local governments? To what extent the relationship of national and local governments affects other important relationships, for instance, relationship of legislators and elected representatives of the local governments, and relationship of local bureaucrats and elected representatives of the same local governments?

## Contextual Analysis

The Constitution, formulated immediately after the independence, equally lauded for democracy, decentralization, and local governance system in Bangladesh, but none of those aspects of the Constitution has reached into sustainable norm over the span of a long period. Even though strengthening local government institutions is imperative here, in true sense, it has been strained for years just at academic works, reform objectives, and bureaucratic dilemma.

Local government reforms in Bangladesh advanced very distinctly according to the needs of the ruling elites (Westergaard 2000; Khan and Hussain 2001). According to Aminuzzaman (2010), with the changes of governments, the policy agenda of local government is also being kept changing. Table 1 shows the status of the local government in state organs, while Table 2 shows the forms of local government institutions in Bangladesh.

Table 1 demonstrates that there are three organs of the state, while the local government falls under the executive organ of the same.

Table 2 displays that there are a total 11 city corporations, 323 municipalities (out of which 3 are in the hill area), 61 Zila Parishad/district councils, 490 Upazila Parishads/sub-districts (out of which 25 are in the hill area), 4553 Union Parishads (out of which 118 are in the hill area), 1 hill regional council, 3 hill district councils, 3 traditional Raja, and 472 headman-karbari under the local government structure in Bangladesh.

**National and Local Governments Relationship in Bangladesh, Table 1** State organs and local government in Bangladesh

| Executive body | Legislative body | Judicial body |
|---|---|---|
| President, prime minister, and cabinet | National Parliament | Supreme Court |
| Department of Defense services and attorney general | – | Lower court |
| Local government | – | Administrative tribunal |

Source: Talukdar 2013

## Study Methodology

This is a conceptual paper, developed based on a narrative and analytical research, followed by applied research techniques *focused synthesis* and *participant observations.*

> *Focused Synthesis* allows collecting and documenting information as well as data from a range of sources *as diverse literature review, researcher's personal experience, web and media evidence, legislative hearing, court verdict, staff memorandum, unpublished project or study document, anecdotal evidence and story, citation of or discussion with experts, practitioners and stakeholders* (Talukdar 2013a).

> *Participant Observations* involve a range of well-defined, though variable techniques, *for instance, informal interviews, direct observation, participation in the life of a group, collective discussions, analysis of personal documents produced within the group, self-analysis, results from activities undertaken off or online, and life histories* (DeWalt et al. 1998).

## National and Local Governments Relationship

Local governments in all countries must relate to higher levels of government, either state or

N

**National and Local Governments Relationship in Bangladesh, Table 2** Forms of local government institutions in Bangladesh

| **Ministry of Chittagong Hill Tracts Affairs** | **Local Government Division (LGD) under Ministry of Local Government, Rural Development and Cooperatives** | |
|---|---|---|
| **Special local government** | **Rural local government** | **Urban local government** |
| Chittagong Hill Regional Council (1)<br>Chittagong Hill District Councils (3)<br>*Traditional Raja (3) and*<br>*Mouza based headman-karbari (472)* | Zila *Parishad*s<br>(64–3) = 61 | City Corporations (11) |
| Upazila *Parishad*s (25)<br>Municipalities (3) | Upazila *Parishad*s<br>(490–25) = 465 | Municipalities (323–3) = 320 |
| Union *Parishad*s (118) | Union *Parishad*s<br>(4553–118) = 4435 | Cantonment board<br>(one in each cantonment area) |
| *There is a legal debate whether Chittagong Hill Regional Council is to be considered as local government unit/institution. Furthermore, Upazila Parishads, Municipalities and Union Parishads at Hill areas functionally do not have link with the Ministry of Chittagong Hill Tracts Affairs, rather these have direct link with the Local Government Division under the Ministry of Local Government, Rural development and Cooperatives. Also, literarily, Cantonment Board is not considered as a local government institution.* | | |

Source: Adapted from Talukdar 2013

provincial level, or to the national government. Realities in many countries, the higher levels, by and large, dominate relations. For instance, central control, even to the determination of local authorities themselves, is marked in Sri Lanka. Also, Korean experience reveals that freely elected council does not necessarily have recognition of local government unless the entire local politicians do administer central commands.

Nevertheless, globally, even in Asia, there are signs of increasing strength at the local level and cooperation between the levels. In China, for example, local government is increasingly playing a part in local economic development, and some of its local governments are beginning to exercise influence on central government. In general, there is a co-dependency and complement in central and local government relations in Japan.

In the context of local government in Bangladesh, central-local relationship has always been an issue. Although local governments are apparently capable to solve the local problems, the government in many countries, as in Bangladesh, does have the extensive authority to fully control local governments. In Bangladesh, the key aspects and notions of this control are categorized by political, fiscal, and administrative dimensions.

## Political Motives in Reform Initiatives

Despite the fact that many reform initiatives have been taking place for development of local government in Bangladesh, most of such initiatives that hold narrow political motives have resulted in a fragile local government system. Even during democratic regimes, many of the administrative and local government reform committees/commissions worked to produce reports manifesting the then government's desire.

## Fiscal Aspect

Local government institutions cannot impose new tax or increase the rate of imposed taxes or even finalize the budget without approval of the national government. Besides, the government exercises extensive control on functions and spending of local institutions through the financial aid to these institutions (Ahmad 1994: 452). The annual budgets of the local government (LG) units are scrutinized and approved by different levels of government agencies. Again, LG authority is undermined by the government bureaucracy in many ways, for instance, government officials exercise superior authority in appointment of local government staff and by allocating staff

payment sanction in the intergovernmental transfers (Talukdar 2013).

### Administrative Aspect

The government may transfer any institution or service maintained by the local government to the government management and control and reciprocally may alter any institution or service maintained by the government to the local government management and control. Local government institutions do not have authority to undertake any new work without the administrative approval of the pertinent government authority, and this is adversely affecting to the local government innovations and novel initiatives (GOB 2009; Talukdar 2013).

## Local Governance Process

Local governance refers governing at the local level that is viewed broadly to include not only the machinery of the government but also the community at large and its interaction with locally elected authorities, while democratic local governance is, in turn, carried out the local governance in a participatory, responsive, accountable and increasingly effective, as well as democratic fashion. In such a framework, decentralization enables the local governance system with the opportunity to become increasingly democratic in nature (USAID 2000). Many countries around the world – for several reasons and with varying degrees of intention and success – have been attempting to create or strengthen the sub-national or local governments in recent years (Smoke 2003). Box 1 shows some examples of evolving notions with the success and failure stories of local governance in indifferent countries including Bangladesh.

**Box 1 Evolving Notions with the Success and Failure Stories of Local Governance**

In Eastern Europe and the former Soviet Union, rising the local governance was part of the political and economic transformation following the fall of Berlin wall; in Latin America, it was to reinforce the transition to democracy; in South Africa, Sri Lanka, and Indonesia, it was a response to ethnic or regional conflict; and in Chile, Uganda, and Côte d'Ivoire, it was to improve the delivery of basic services (Shah and Thompson 2004), while in Bangladesh, the widespread emphasis is evident on democracy as the current round of decentralization as part of the sustainable development and good governance track of the country.

Even though there are problems associated with the central delivery of services, the experience with decentralization has been quite mixed and diverse in most countries (World Bank 2003; Burki et al. 1999). There are failure evidences, but also success stories. Evidence from Eckardt (2008) supports that regardless of extensive strides of devolution of authority and resources to democratically elected local governments, decentralization in Brazil, Colombia, and West Bengal has attained little in improving service delivery.

However, Faguet (2001) shows that decentralization in Bolivia has led to a well match between local predilections and budgetary allocations. Also, Grindle (2007) notes down that local officials are praised for the innovations they introduced in the governance of their communities and the new spaces they shaped for civic participation. In some cases, governments have become global models for such innovations; Porto Alegre in Brazil, for example, has become famous by introducing the participatory budgeting process. In Mexico, cities such as Aguascalientes, Leon, and Monterrey have become well-known for efficient and responsive governance model. At municipalities in India, Kenya, the Philippines, South Africa, and elsewhere, citizens

(continued)

**Box 1 Evolving Notions with the Success and Failure Stories of Local Governance** (continued)

have shared information, made decisions about resource allocation, monitored policy implementation, and envisioned developments that would change the future of their communities.

Talukdar (2013) identifies that Sirajganj in Bangladesh is also noted for the local governance development that has resulted from the Sirajganj Local Governance Development Fund Project (SLGDFP). Sirajganj Local Governance Development Fund Project, supported by UNDP and UNCDF, had been running successfully from 2000 to 2007 in the 82 Union Parishads of Sirajganj district.

Furthermore, participant observations of the researcher as being formerly staff member of UNDP-Bangladesh under its local governance portfolio during 2008–2010 and as being formerly program board member of local governance program *Sharique* during mid-2013–2016 support to portray another experiment and one innovation in Bangladesh. First, the Government of Bangladesh replicated and tested the experience of SLGDFP in additional five districts (Barguna, Satkhira, Feni, Narsingdi, and Habiganj) and again in Sirajganj through Local Governance Support Project-Learning and Innovation (LGSP-LIC) with the grant support from UNDP and UNCDF, Danida, and the European Union. Second, local governance program *Sharique-III*, in cooperation with National Institute of Local Government (NILG) in Bangladesh, introduced an innovation titled "Union Parishad Local Academy (UPLA)" at three Unions in Rajshahi and Chapai Nawabganj districts of the country during 2013–2016. Sharique-III was mandated by SDC to a consortium comprised of HELVETAS Swiss Intercooperation and BRAC Institute of Governance and Development-BRAC University in Bangladesh for almost three and half years – September 2013 to December 2016.

## Balance of Power

The term *balance of power* refers to the power being held by a subsystem comparing with the system remains strategically balanced. It also signifies the case of somehow in agreement of the competing and cooperating forces with the status quo strengths. Literally status quo denotes the condition or situation that presently exists. In this connection, levels of satisfaction between subsystems and system matter because a discontented subsystem craves the status quo to change, while on the other, the dominant force supports to sustain the status quo.

In a relationship between the government and sub-national governments, *balance of power* means distribution of power and authority between a central or national government and its sub-national or local governments. In federation, *balance power* typically entails the magnitude of power is being centralized in the central federal government or devoted to its regional and provincial governments. The Commonwealth of Australia, for example, is a federation in which the power has distributed between the levels of government favoring the central federal government. In decentralized federation, known as *confederation*, the reverse must be true, i.e., power is to be allocated favoring the sub-national levels of the government (regions, states, or provinces). Canada, for instance, is a model of such *confederation*.

Following this global comparative analysis based on a priori *knowledge*, the focus is being shifted now into Bangladesh with the empirical analysis. The discussion and analysis of *balance power* between the government and local governments in Bangladesh, under the current round study, portray the evidence-based responses to

the research questions sketched at the introduction of the paper.

### Does the Balance of Power Matter?

*Whether or to what extent the balance of power matters for the local governance and its pro-people service delivery in Bangladesh?* Apparently *balance of power* matters for the local governance. It matters because improving as well as enlightening the lives of local people and communities matters.

The most frequently cited problem associated with decentralization is the shortage of capacity at sub-national levels of government in discharging the public services they are assigned (World Bank 2005). Observations reveal that the balance of power between the government and local governments ensures the authority, responsibility, accountability, and capacity for the delivery of public services entrusted to the local entity.

Furthermore, lack of resources and finance remain daunting issues for effective functioning of the local government in Bangladesh. These are not the only barriers for the success of decentralization in Bangladesh; the most critical part in the context of Bangladesh and elsewhere is the changing behavior and institutionalizing decentralization with the democratic values (Talukdar 2013), where balance of power between the levels of government – local and national – does matter.

Fundamentally, balance of power matters because the force of the governance of a state depends upon a strong democracy and a strong democracy necessitates two important elements: the first one is the popular participation at the local level and the second one is the popular participation at the national level. The two are interconnected and intertwined. If popular participation at the grass roots continues to decline, the national politics in a country will not be immune from the consequences. Flourishing democracy at the grass roots is only likely when local people understand the fact what and how local government is responsible for its policy and resources, and where they (local people) can hold the local government accountable for its performance, and whether the local people crucially believe that local government can make a real difference (Talukdar 2013, 2014).

Furthermore, observations suggest the need for government to set and monitor national strategic goals keeping the local government autonomy is pivotal. Local authorities should have the freedom to shape the development framework of their communities and the scope to unlock the full potential of local innovations and to invest for their capacity development. Davey (2003) points out that extent of local discretion would be a matter of balance between national and local interests. Neither the national government control nor the local government autonomy should have unchallenged precedence.

### Constitutional Spirit

*Whether the constitutional spirit in relation to central-local balance of power helps boost up the local governance in Bangladesh*? Although Articles 11 and 59(1) of the Constitution of the People's Republic of Bangladesh promote and prescribe to have democratic local governments, the Article 59(2) and the Article 60 of the Constitution empower the legislature to determine the frame, nature of power, and level of autonomy of local governments. Talukdar (2013) observes that Article 9 which was previously a powerful constitutional instrument for the development of local government institutions in Bangladesh replaced with "Nationalism" by the *Fifteenth Amendment* of the Constitution of Bangladesh in 2011.

Theoretically, democratic local government falls under the democratic decentralization that goes further than the devolution does in terms of autonomy, responsibility, and accountability of the local authority and concerning participation, opportunity, and emancipation of the people. Two interlinked and inevitable components of this latest form of decentralization are structural decentralization and institutional democratization (Talukdar 2013, 2014).

> Structural decentralization refers to devolution in the organization and relationship of government units, in relation to one another including a shift of production and provision functions to more localized government units. (Hicks and Kaminski 1995; Rainey 1997)

Basically, structural decentralization alerts the balance of exercising the power among levels of government favoring localized levels of government; even to some extent this component allows local people's representatives to govern the local government, but values associated with legacy do not always change until it goes with institutional democratization (Talukdar 2013, 2014).

> Institutional democratization refers to this shift in values, rules, skills, and interactions, favoring transparency, equity, responsiveness, accountability, and other traditional democratic values. (Hodgson 2006; McGill 1997; OECD 1996)

Evidence of "institutional democratization" can be found through functioning monitoring and accountability mechanisms and by ensuring the efficient integration of citizenry input into public decision-making process (Coston 1998; Klingner 1996).

A fully fledged democratic decentralization not only creates environment for wider participation and social inclusiveness, as well as for citizens to demand accountability of local authority, but also generates a sense of transparency and accountability of the political system and governance (Talukdar 2013, 2014).

The contemporary decentralization literature recognizes the importance of the central state in bringing this democratic decentralization and thus demands from the central or national government a classy coordination, monitoring, and accountably mechanism to be placed, as well as its willingness to allow autonomy (especially fiscal autonomy), democratic participation, and practice at the local level (Crook 2003; Olow 2003; Dauda 2006). In turn, the local government institutions (LGIs) must show a certain merit of self-government by providing a transparent, accountable, and innovative administration along with a participatory political process that helps in alleviating marginalization and poverty (Dauda 2006).

Furthermore, power of the local government, central-local relationship, degree of democratic and fiscal decentralization, and functions as well as functionaries of the local government are depending on the mode of legislature (as is evident in the Article 60 of the Constitution). Talukdar (2013) reveals that the inclination of the legislation does not seem very conducive for an effectual functioning of the local government in Bangladesh.

Thus, considering the critical concern with regard to constitutional guarantee in ensuring central-local balance of power, some studies, for instance, Ahmed (2012) and Talukdar (2013), support Indian model of constitutional guarantee. The 73rd and 74th Amendments of the Indian Constitution generated a clear sense on the issue. Talukdar (2013, 2014), however, argues with the evidence that constitutional assurance is not the ultimate to build up a high-quality sub-national government as well as good local governance. For example, the success of the local government in Britain, without such constitutional safeguarding, reminds us the fact that democratic practice is central to the democracy and democratic decentralization. But Bangladesh is not in a position of Britain, particularly in terms of democratic practices. While in Uganda and South Africa, political authorities passed statutory and constitutional guarantees for local government development just 23 years back, (In Uganda democratic local councils (previously called resistance councils) were adopted by the 1996 Constitution followed by a further development of the local government by the Local Government Act of 1997. Also, in South Africa the 1996 Constitution provided mandate basically for a democratically decentralized local government [see chapter 7, section 152(1)/e and section 153 (a), Constitution of South Africa, 1996].) now both countries are noted as examples for the democratic development of the local government as well as the robust local governance. The success of these counties has underpinned a lesson that the constitutional guarantee is as important as democratic commitment does for a strong local government system and for serving the deliberate governance at the local level, particularly for a country like Bangladesh.

## Practical Situation

*Considering the practical sense, how far Bangladesh is away from an equitable balance of power arrangement between national and local governments?* To understand the response of this question, it is important to realize the

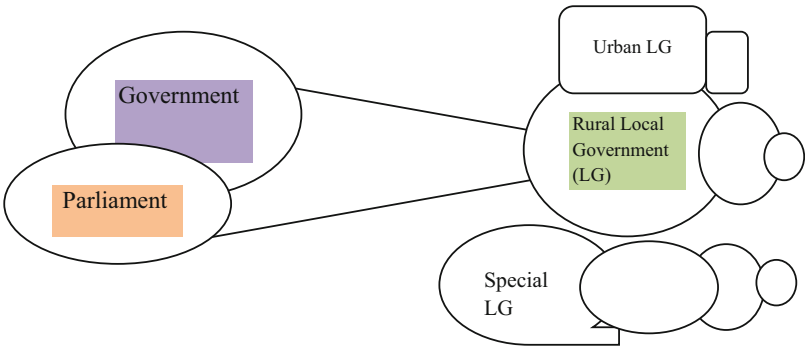


**National and Local Governments Relationship in Bangladesh, Fig. 1** Intergovernmental relationships

relationship of the levels of government that is already discussed. Moreover, Fig. 1 demonstrates the intergovernmental relationship at a glance.

In fact, both the government and legislative body hold linear relationships with the local government units in Bangladesh (as is shown in Fig. 1 and Table 2). How do these linear relationships exist in this case? Any change in the government's attitude/position/policy/circular/rules related to local governance or government line departments (independent variable) affects the local government (dependent variable) much and straightforwardly. Same is true in the case of legislative body (independent variable) and the local government (dependent variable) relation: it could be relating to the local government law formation/amendment or parliamentary committee affairs on local governance or legal and practice issues dealt by legislators concerning local governance.

Any change with relevant aspects of these two independent variables always candidly generates a corresponding change in the stated dependent variable. The government's decision to hold *Zila Parishad* election, for example, made all local government units active and focused toward confirming that election schedule. Another example is that the provision of advisory role of legislator in the *Upazila Parishad (Reintroduction of the Repealed Act and Amendment) Act, 2009*, and subsequent practice of the advisor, inevitably invite a conflict management concern in the upazila governance.

Central-local relationship in the context of Bangladesh has historically been continuing under the framework of dependency theory, while the national government always plays a dominant role here. This might be the result of a long colonial legacy and the absence of democratic government at the national level for a considerable period (1975–1990) of the independent Bangladesh. Observations support, it is also resultant from the excessive influences of the legislators on the local government bodies both de jure and de facto ways.

Also the local government in Bangladesh is not just the creation of the government or of the act of legislature, but also it ought to go under the control of rules and regulations of the government (Ahmad 1994: 450). In practice, the local government institutions get controlled through several conflicting orders and circulars from different agencies or ministries, which most often contradict the original Local Government Acts. Thus, the local government bodies cannot freely exercise their powers, even those bestowed upon them by the national government, within the limits defined by the legislature. This means the local governments are not exclusively empowered and the authority of the local government institutions is undermined by the other authority, even by an individual legislator.

Furthermore, local government bodies in Bangladesh have been persistently resource poor. The local government regulations have empowered them to mobilize resources from the local sources through assessment, levy of taxes, leasing of local Hat-Bazars, etc. But the local government institutions do not receive the total resources generated from the authorized sources (Khan 2000; CPD 2001).

In the case of *Union Parishads* (UPs), for example, out of the total revenue generated from the leasing of the rural market, 25% is retained by

the national government and 10% by the *Upazila Parishad*, and 15% is earmarked for the maintenance of the market, and the rest 50% is the entitlement of the UP. Another feature of the government's financial control on UPs is that the Upazila Nirbahi Officer (UNO) (The UNO, an officer of the central government posted in upazila, serves secretarial services to the elected Upazila Parishad and acts as the principal executive and coordination officer of the upazila.) receives some sorts of funds transferred from UP-mobilized resources, such as share of land transfer tax/fee and market lease money, for retention in the accounts maintained by him/her for lateral distribution to UPs based on the prescribed government guidelines (Khan 2000; CPD 2001).

Local government institutions in Bangladesh are entitled to get the Annual Development Plan (ADP) block grants from the national government. The local government regulations prescribe that the block grant must be used specifically in certain sectors determined by the national government. This pre-determined sectoral allocation seriously limits the scope of local level planning, as well as the flexibility of local bodies to utilize such a financial resource in encountering the demanding needs of the community.

Material, financial, and human resources of local government institutions in Bangladesh are not commensurate with their tasks and responsibilities. They are not self-regulating in determining their internal administrative structures and thus appointing their staff members, even with their own resources. Furthermore, local government institutions (LGIs) do not have, within the regulations, access to national and international capital markets, i.e., there is no sub-national borrowing authority of LGIs, but they have certain level authority to adapt innovations and tailor public-private partnership initiative for limited capital investment (Talukdar 2014).

In principle, supervision, suspension, or dissolution of local government-elected representatives or local councils would be exercised by the pertinent authority of the government in accordance with procedures in acts/laws. But there is no independent local government commission in this regard. The scholars, practitioners, and local elected representatives are lauding the need for an enduring local government commission for years.

### Other Important Relationships

*To what extent the relationship of national and local governments affects other important relationships, for instance, relationship of legislators and elected representatives of local governments and relationship of local bureaucrats and elected representatives of local governments?* The concern relating to inequitable distribution of authority, resources and power between the national government as well as the legislative body and the local governments helps understand the relationship of the government and local governments, as well as the relationship of other influential players in this regard: first, the relationship of concerned legislator and elected representatives of the local governments; and second, the relationship of local bureaucrats and elected representatives of the local governments.

There are understanding gaps between the elected local government bodies and the concerned legislators. There is also a shadow stress between the local bureaucracy and elected representatives. The elements of strained situations exist in the legal aspects (Talukdar 2013). Figure 2 portrays the key players or actors involved in local governance in Bangladesh.

The figure above shows that the closer to the local community is the local government (LG) representatives, officials of the local government institutions and their line departments/agencies, and the local stakeholders, who jointly facilitate local governance by involving in different standing/steering and project committees. Observations reveal that the standing/steering committees of the local government are not active and so in-depth involvement of this enlightened group of the community in the local governance process is missing considerably.

Furthermore, observations and preceding analysis support that the national government typically exercises its dominant influence over the local governments through the intergovernmental transfer and by the complicated orders and

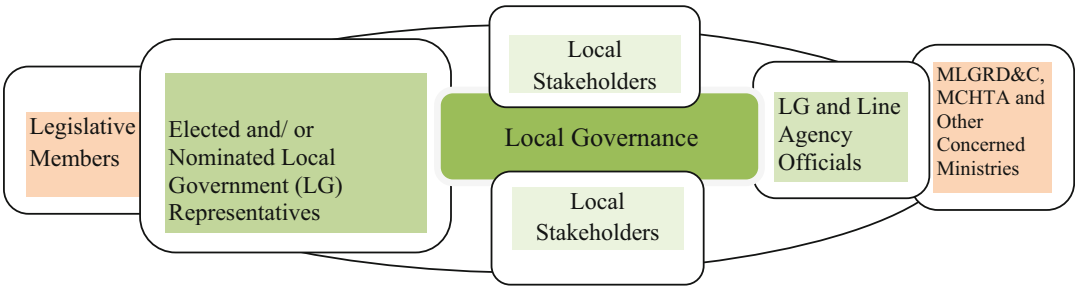


**National and Local Governments Relationship in Bangladesh, Fig. 2** Key players of local governance

circulars from different agencies or ministries. Specifically, concerned ministries of the government hold excessive control over the local governments by rules, regulations, and official letters and/or through their local agents (i.e., officials of the line departments and other local bureaucrats).

A recent study of Talukdar (2018), however, reveals that rationality of the government conditions on intergovernmental transfers and control on local governments is tied to the crisis of self-responsibility and competence of local government representatives. Government conditions are further rooted in the unavoidable intergovernmental resource dependency and call for ensuring financial accountability, as well as monitoring the performance of local governments. Finally, observations also support that the concerned legislative members, given the feeble loop of the relationship between the national and local governments, do immense and overriding influence over the local governance issues.

## Conclusion

The importance of a good local governance is universally acknowledged, and it must require placing a robust local government system. Yet the strengthening local government institutions evolves differently in different countries given the different context and purposes. Even in many places around the globe, it is evident just at academic works, conference discussions, political debates, election manifestos, and/or reform objectives. Development partners and scholars, however, are increasingly in agreement for strengthening mechanisms of local governance in ensuring the governance and development for the people and by the people.

Bangladesh has recently undertaken several legal reforms for strengthening the local governance, but the country has yet to enact the balance of power between the local government institutions and the national government. The latter persists instability of the local government system and distresses quality service delivery needed for the local people. The absence of the balance of power between the government and local governments in Bangladesh helps the national government of the country exercise immense control on local government institutions, but it wanes the institutional value, spirit, and norms of the local government.

## References

Ahmad E (1994) Bangladesh look Proshason (public administration in Bangladesh), 3rd edn. Dhaka University, Dhaka

Ahmed T (2012) Decentralization and the local state. Agamee Prakashani, Dhaka

Ahmed T (2016) Bangladesh: reform agenda for local governance. BGID-BRAC University, Dhaka

Aminuzzaman S (2010) Local government and development in Bangladesh: lessons learned and challenges for improving service delivery of Union Parishad (UP), the paper was drafted under Local Governance Support Project-Learning and Innovation Component (LGSP-LIC) for LGD, Ministry of LGRD&C, Government of People's Republic of Bangladesh

Burki SJ, Perry G, Dillinger W (1999) Beyond the center: decentralizing the state. World Bank, Washington, DC

Coston J (1998) Administrative avenues to democratic governance: the balance of supply and demand. Public Adm Dev 18(5):479–493

CPD (2001) Policy brief on 'Administrative reform and local government'. CPD Taskforce Report, Dhaka
Crook RC (2003) Decentralization and poverty reduction in Africa: the politics of local-central relations. Public Adm Dev 23(1):77–88
Dauda CL (2006) Democracy and decentralization: local politics, marginalization and political accountability in Uganda and South Africa. Public Adm Dev 26:291–302
Davey K (2003) Fiscal decentralization. Keynote paper
DeWalt KM, DeWalt BR, Wayland CB (1998) Participant observation. In: Bernard HR (ed) Handbook of methods in cultural anthropology. Alta Mira Press, Walnut Greek, pp 259–299
Eckardt S (2008) Political accountability, fiscal conditions and local government performance – cross- sectional evidence from Indonesia. Public Adm Dev 28:1–17
Faguet J (2001) Does decentralization increase responsiveness to local needs? Evidence from Bolivia. Policy research working paper no. 2516. World Bank, Washington, DC
GOB (2009) The Local Government (Union Parishad) Act 2009. Local Government Division, Dhaka
Grindle MS (2007) Going local: decentralization, democratization, and the promise of good governance. Princeton University Press, Princeton
Hicks JF, Kaminski B (1995) Local government reform and transition from communism: the case of Poland. J Dev Soc 9(1):1–20
Hodgson G (2006) What are institutions? J Econ Issues 40(1):1–25
Khan ZR (2000) Strengthening local government: recent experience and future agenda. Keynote paper presented at the CPD-CARE Dialogue held in Dhaka, CPD
Khan ZR, Hussain A (2001) Review/stocktaking in local governance. University of Dhaka, Dhaka
Klingner DE (1996) Public personnel management and democratization: a view from three central American Republics. Public Adm Rev 56(4):390–399
McGill R (1997) Civil service reform in developing countries: a strategic perspective from an institutional development base. Int J Public Sect Manag 10(4):254–267
Olow D (2003) Local institutional and political structures and processes: recent experience in Africa. Public Adm Dev 23(1):41–52
Organization for Economic Co-operation and Development (1996) Ethics in the public service current issues and practices. OECD, Paris
Rainey HG (1997) Understanding and managing public organizations. Jossey-Bass, San Francisco
Shah A, Thompson T (2004) Implementing decentralized local governance: treacherous road with potholes, detours and road closures. Policy research working paper 3353. World Bank, Washington, DC
Smoke P (2003) Decentralization in Africa: goals, dimensions, myths and challenges. Public Adm Dev 23(1):7–16
Talukdar MRI (2013) Rural local government in Bangladesh, 2nd edn. Osder Publications, Dhaka
Talukdar MRI (2013a) Towards fighting corruption: the role of corporation. In: Mittal S, Gupta A (eds) Corporate social responsibility and sustainable development. Enriched Publications, New Delhi
Talukdar MRI (2014) Local governance in Bangladesh policy and strategy framework. Osder Publications, Dhaka
Talukdar MRI (2018) PhD thesis titled "Autonomy in budgeting decisions of Union Councils: a study of Sunamganj District in Bangladesh." GSPA-NIDA, Bangkok
USAID: Center for Democracy and Governance (2000) Decentralization and democratic local governance programming handbook. USAID, Washington, DC
Westergaard K (2000) Decentralization in Bangladesh: local government and NGOs. Paper prepared for presentation at the colloquium on decentralization and development at Department of Political Science. Center for Development Research, Copenhagen
World Bank (2003) World development report: making services work for poor people. World Bank and Oxford University Press, Washington, DC
World Bank (2005) Decentralization and service delivery. In: Ahmad J, Devarajan S, Khemani S, Shah S (eds) Policy research working paper no. 3603. World Bank, Washington, DC

# National Labor Relations Act

Steven E. Abraham
State University of New York at Oswego, Oswego, NY, USA

## Synonyms

LMRA; NLRA; Wagner Act

## Definition

The Law governing private sector labor (union-management) relations in most industries.

## Introduction

The National Labor Relations Act (NLRA or the Act) is the law that governs union management

relations in the majority of private sector industries in the Unites States. The heart of the Act is Section 7, which grants employees rights that fall into three categories: (1) the right to form, join, and assist labor unions, (2) the right to bargain collectively through representatives of their own choosing, and (3) the right to engage in concerted activities for the purposes of collective bargaining or other mutual aid and protection. Section 7 also grants employees the right to refrain from any of those. The Act is administered by the National Labor Relations Board (NLRB).

This entry will discuss labor or the Board law in the United States prior to the passage of the NLRA and the passage of the NLRA itself. This will be followed by a discussion of the Act's coverage, how the employees of a firm choose to be represented by a labor organization, collective bargaining under the Act and the meaning of concerted activities.

## Labor Law Prior to the NLRA

Labor relations in the United States was governed by a variety of legal doctrines prior to the NLRA. In the early 1800s, many courts held that concerted activities by workers (e.g., strikes) were common law criminal conspiracies. In a well-known case from that era, *Commonwealth v. Pullis*, 3 Doc. Hist. 59 (Philadelphia Mayor's Court, 1806), workers were convicted of criminal conspiracy for refusing to work except at a specified wage rate and for attempting to prevent others from working for a lower wage.

*Commonwealth v. Hunt*, 45 Mass. 111 (Mass., 1842) marked a shift from criminal to civil liability as the tool for adjudicating union activity. Employees had refused to work for employers who paid their employees less than union scale. The court dismissed the criminal indictment and adopted an ends/means test instead: The finding of a criminal conspiracy required proof of either an illegal purpose or the use of illegal means.

In the early 1900s, the courts began to apply the Sherman Antitrust Act to limit unions' activities. In the Danbury Hatters case (*Loewe v. Lawlor*, U.S., 208 U.S. 274 (1908)), the Supreme Court held for the first time that the "restraints of trade" provisions in the Sherman Antitrust Act could be applied to activities by labor unions. As a result of this decision, unions were subject to both treble damages and injunctions a number of times in the early 1900s. Congress attempted to diminish unions' exposure to antitrust liability in the Clayton Act that that was passed in 1914, but in *Duplex Printing Press Co. v. Deering*, 254 U.S. 443 (1921), the Supreme Court read the Clayton Act provisions protecting labor activity narrowly; this meant that unions continued to be held liable under the Sherman Antitrust Act.

The first federal law to benefit unions was the Norris-LaGuardia Act (1932). Norris-LaGuardia specifically removed federal courts' power to issue injunctions in labor disputes. While this has been modified slightly since 1932, for the most part, unions remain insulated from federal court injunctions to his day. In addition, Norris-LaGuardia prohibited employers from requiring employees or prospective employees to sign "yellow dog contracts" – contracts in which the person agrees not to join a union as a condition of employment.

Another important precursor of the NLRA was Section 7a of the National Industrial Recovery Act ("NIRA") (1933). That section specifically granted employees a number of rights related to unions and collective bargaining. Interestingly, the NIRA would have not been overly effective, however, as there were no penalties on employers who violated its provisions and because there was no agency created to enforce them. Nevertheless, while the NIRA was declared unconstitutional by the Supreme Court in *Schechter Poultry Corp. v. United States*, 295 U.S. 495 (1935), that section would reappear in similar form in the NLRA 2 years later.

The last piece of legislative activity leading up to the NLRA was Labor Disputes Act, introduced into the Senate by Robert Wagner in 1934. The LDA included sections enumerating employee rights related to unions and also specified certain employer unfair employer practices. While the LDA ultimately was withdrawn, much of what was contained in the LDA would reappear in the

Wagner Act, the bill that would become NLRA, the following year.

## Components of the NLRA

The NLRA essentially consists of three separate laws, passed at three different times.

### The Wagner Act

The Wagner Act is the first piece of legislation comprising the NLRA. The National Industrial Recovery Act, mentioned above, has been fairly ineffective in protecting employees from employer retaliation for unionizing and in any event, it has been declared unconstitutional. Both laws were a part of Franklin Delano Roosevelt's New Deal program. The New Deal was Roosevelt's economic recovery plan designed to help the economy recover from the Great Depression. FDR argued that the NLRA would help stabilize the economy by raising wages and giving workers more capacity to buy things, and thus help many Americans who were out of work. The key provision of the Wagner Act, which was similar to the NIRA and the LDA, is Section 7. As enacted in 1935, Section 7 stated:

> Employees shall have the right to self-organization, to form, join or assist labor organizations, to bargain collectively throughout representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

Section 7 was enforced by Section 8, which enumerated five employer unfair labor practices (actions by an employer that would violate the Act), Section 9 of the Wagner Act set forth the procedures for determining whether employees of a company would be represented by a union, and Section 3 of the Act established the National Labor Relations Board, the administrative agency which administers, interprets, and enforces the NLRA. The Wagner Act contained no restrictions on the activities of unions.

### Taft-Hartley Act

Many business and corporate interests continued to oppose the Wagner Act and the expanded rights it gave American workers and unions throughout the 1930s and 1940s. Republicans gained a majority in both houses of Congress in 1946, and in concert with conservative Democrats, introduced a number of bills from 1945–1947 to increase business's ability to resist unionization. Their success was due to a variety of factors - ranging from the Dies Committee investigations into Communists in the labor movement to the public's reaction to a strike wave in 1946, which was occasioned by worker attempts to restore real wages to previous levels after the inflation that occurred during WWII. Ultimately, Congress amended the NLRA in 1947 by enacting the Taft-Hartley Act (also known as the Labor Management Relations Act). The Taft-Hartley Act was enacted only after Congress overrode President Truman's veto. The first major thing done by Taft-Hartley was to add the words "and shall also have the right to refrain from any or all of such activities. . ." to the end of Section 7. Adding these words did more than signal a shift in congressional policy from being totally in support of unions towards neutrality. They paved the way for Congress to restrict unions' activities as well. By stating that employees had the right to refrain from joining unions, engaging in concerted activity, etc., it became possible for Congress to make it illegal for unions to interfere with employees' rights to refrain from the exercise of those rights. The Taft-Hartley Act also added Section 8(b), containing certain unfair labor practices by unions, to the NLRA. Probably the most important of these is Section 8(b)(4)(B), which prohibits unions from engaging in "secondary boycotts" (see below). Finally, the Taft-Hartley Act allowed states to pass right-to-work laws; laws that prohibit unions and employers laws from inserting clauses requiring union membership as a condition of employment into their collective bargaining agreements. Such clauses are permitted in the absence of a state right-to-work law.

### Landrum-Griffin Act

The final piece of NLRA is the Landrum-Griffin Act (also known as the Labor-Management Reporting and Disclosure Act) passed in 1959. Commencing in 1957, Congress held hearings

known as the McClellan hearings, which focused on improper/corrupt practices committed by certain labor unions, most notably the Teamsters. As a result of these hearings, business leaders convinced many in both Houses that legislation was needed to curb unions' abuses. Ultimately, these hearings led to the Landrum Griffin Act. These amendments contain a bill of rights for union members, require certain financial disclosures by unions, prescribe procedures for the election of union officers, and provide civil and criminal remedies for financial abuses by union officers. The Landrum Griffin Act made some minor changes to the existing provisions in the NLRA as well.

There have been no major changes to the NLRA since the Landrum-Griffin Act was enacted in 1959 although the Act was amended in 1974 to extend coverage and protection to employees of nonprofit hospitals. Nonprofit hospital workers were covered by the original Wagner Act in 1935 but were excluded in 1947 with the Taft-Hartley amendments.

## The Act Itself

### Coverage

The NLRA basically applies to virtually all private sector organizations in the United States. The federal government and its employees, with the exception of postal service employees, are covered by Title VII of the Civil Service Reform Act, while railways and airlines are governed by the Railway Labor Act. States and their political subdivisions are covered by laws in each state. While the NLRA could apply to all private sector organizations not covered by the Railway Labor Act, the NLRB has placed jurisdictional limits on its coverage (https://www.nlrb.gov/rights-we-protect/jurisdictional-standards). These standards mean that the NLRA does not cover businesses below a certain size in terms of revenue. Businesses not meeting the NLRB's jurisdictional standards are covered by laws in each state.

One interesting issue related to the coverage of the NLRA deals with whom the Act protects. By its terms, the rights in the Act apply to "employee[s]," as defined in Section 2(3). As part of the Taft-Hartley amendments of 1947, however, the definition of employee was amended to exclude "supervisors" as defined in Section 2(11) of the NLRA. Over the years, there has been a great deal of controversy over which category of workers fall within the definition of "supervisor." Clearly, as the interpretation of "supervisor" expands, the number of people protected by the rights provided by the NLRA decreases.

### What the NLRA Does

As stated above, the key provision of the NLRA is Section 7, which essentially provides three categories of rights to employees: (1) the right to form and join unions, (2) the right to bargain collectively through representatives of their own choosing, (3) and right to engage in concerted activities for the purposes of collective bargaining or other mutual aid and protection. Each of these will be discussed below

#### Employees' Right to Join Unions

As noted above, Section 7 of the NLRA specifically grants employees the right to join a labor organization. This right is safeguarded by the unfair labor practices enumerated in Section 8(a) of the Act. In particular, Section 8(a)(1) makes it an unfair labor practice for an employer "to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in Section 7" and Section 8(a)(3) makes it illegal for an employer to discriminate against an employee "to encourage or discourage membership in any labor organization."

Section 9 of the NLRA basically delineates the procedure for determining whether a group of employees working for an employer will be represented by a labor organization. When a substantial number of employees present evidence to the NLRB that they wish to be represented by a given labor organization, the Board's election process begins. After certifying that a sufficient number of employees have shown interest in being represented by a union (30% is the threshold), the Board will conduct a hearing to establish the terms of the election. Perhaps the most important issue that the Board needs to determine is the

"bargaining unit." The bargaining unit basically refers to the employees that will be grouped together for the purposes of determining whether or not they will be represented by a given labor organization. In other words, it is not necessarily the case that all of the employees of a given organization will be represented by a particular union, even if the union wins the representation election. Rather, the NLRB formulates a "bargaining unit" consisting of employees within the company that share a "community of interest" (similar terms and conditions of employment, similar supervision, etc.). The employees within the bargaining unit vote on whether they wish to be represented by the union. If the union receives a majority of the votes cast, that union will represent all of the employees in the bargaining unit. If the union receives less than a majority, none of the employees is represented by the union. This is known as the NLRA's exclusivity principle, as defined by Section 9(a) of the Act. Once the results of the election are certified, the "contract bar rule" prevents any organizing activity within that same bargaining unit for an entire year. If the union wins the election, it is guaranteed to represent the employees in the bargaining unit for a full year. If the union loses the election, there can be no organizing activity among the employees in the bargaining unit for another year.

Once the NLRB sets the date for the representation election, the preelection campaign takes place, as the union and employees who support that union try to convince the employees in the bargaining unit to vote for the union and the employer tries to convince the employees to vote against the union. Several sections of the Act are relevant to the election campaign. As mentioned earlier, Section 8(a)(1) makes it an unfair labor practice for an employer to interfere with the employees' Section 7 rights and among these rights is the employees' right to join a union (Concomitantly, Section 8(b)(1) makes it an unfair labor practice for unions to interfere with employees' Section 7 rights, which, as stated earlier, include the right to refrain from joining a labor organization.). Section 8(a)(1) is reinforced by Section 8(a)(3), which makes it illegal for an employer to discriminate against employees to discourage or encourage membership in a labor organization. Together, these sections limit the actions that an employer can take in an attempt to persuade the employees to vote against a labor union in a representation election. On the other hand, when the Act was amended in 1947, Section 8(c) was inserted stating "[t]he expressing of any views, argument, or opinion, or the dissemination thereof, whether in written, printed, graphic, or visual form shall not constitute or be evidence of an unfair labor practice under any of the provisions of this Act [subchapter], if such expression contains no threat of reprisal or force or promise of benefit." Judicial decisions interpreting the Act make it clear that Section 8(c) allows an employer to attempt to convince the employees to vote against the union, as long as the employer's campaign does not include threatening the employees if they vote for the union and/or attempting to bribe them to vote against the union.

Another section of the NLRA that is relevant to the NLRB election process is Section 8(a)(2). That section makes it an unfair labor practice for an employer "to dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it." This section has two implications. For one, if more than one labor organization wishes to represent a company's employees, Section 8(a)(2) prohibits an employer from favoring one union over the other. The more important implication of this section is that it prohibits an employer from forming "company dominated unions." In a practice that was quite common at the time the Wagner Act was originally passed, companies, in an attempt to dissuade their employees from voting for truly independent unions, would form "company dominated unions" – sham unions that were basically controlled by the employer – and try to induce their employees to vote for the company dominated union instead of an independent union. Section 8(a)(2) was inserted into the Act to prohibit this practice. In the late 1990s, however, employers contended that Section 8(a)(2) interfered with their ability to utilize various forms of EI (employee involvement) programs. These

employer groups contended that NLRB interpretations of the Act had become so broad that virtually any type of EI program would be considered a "labor organization" and therefore, employer involvement in that EI program would lead to a violation of Section 8(a)(2). In fact, the Republican-controlled Congress passed a law called the "TEAM Act" (Teamwork for Employees and Managers Act). The Team Act would have inserted a proviso into Section 8(a)(2) stating, "Provided further, That it shall not constitute or be evidence of an unfair labor practice under this paragraph for an employer to establish, assist, maintain, or participate in any organization or entity of any kind, in which employees participate, to discuss matters of mutual interest, including issues of quality, productivity and efficiency, and which does not have, claim, or seek authority to negotiate or enter into collective bargaining agreements with the employer or to amend existing collective bargaining agreements between the employer and any labor organization." The Team Act was supported by virtually all organizations representing firms (e.g., the Chamber of Commerce) and opposed by virtually all unions. Ultimately, however, while the Team Act was passed by Congress in 1996, it was vetoed by President Clinton. And in fact, despite the failure of the Team Act, there are many EI programs in place today, in both union and nonunion firms.

Finally, Section 9(e) of the Act authorizes a unit of employees who are currently represented by a union to decertify that union. Essentially, the decertification procedure works in reverse of the certification procedure discussed above. If at least 30% of the employees no longer wish to be represented by the labor union that had been certified to represent them, they can file a decertification petition with the NLRB. And if over 50% of the employees vote against the union, it will be decertified. The same contract bar rule discussed above applies to decertification elections as well. The board will not entertain a decertification petition within the first 12 months after a union has been certified or while a collective bargaining agreement is in effect. But a collective bargaining agreement will operate to bar a decertification petition for only 3 years, even if the contract is for a longer-term.

### The Right to Bargain Collectively

The second right established by the NLRA is the right of employees to "bargain collectively through representatives of their own choosing." This right is further clarified by Section 8(a)(5) of the Act, which makes it an unfair labor practice for an employer "to refuse to bargain collectively with the representatives of his employees, subject to the provisions of section 9(a)." In other words, if a bargaining unit of employees has elected a union to represent them under the procedures established in Section 9 of the Act, Section 8(a)(5) makes it an unfair labor practice for an employer to refuse to bargain with the union. Concomitantly, Section 8(b)(3) of the Act makes it an unfair labor practice for a labor organization "to refuse to bargain collectively with an employer, provided it is the representative of his employees subject to the provisions of Section 9(a)." Collective bargaining is further defined by Section 8(d) of the Act, which requires the parties "to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms or conditions of employment." Section 8(d) also specifies the procedure either party must follow if it wishes to terminate or modify a collective bargaining agreement that is in effect.

Judicial interpretations of the NLRA have held that collective bargaining subjects fall into three categories: mandatory, permissive, and illegal. Illegal subjects are those which may not be included in a collective bargaining agreement even if both parties wish to do so (for example, a union shop clause in a state with a right to work law would be an illegal bargaining subject because right to work laws outlaw union shop clauses). The majority of subjects are considered mandatory subjects of bargaining (e.g., wages, hours, work rules, benefits, discipline, etc.). If a subject of bargaining is considered mandatory, either party has the right to resort to economic weapons if a bargaining impasse is reached. For example, if the parties cannot come to an agreement on wages and they bargain to impasse, the

employees have the right to go on strike and the employer has the right to lock out the employees. With permissive bargaining subjects, however, the parties may not resort to economic weapons if an agreement is not reached. A second important consequence of the mandatory/permissive distinction is that the employer must bargain with the union prior to implementing and/or changing a condition of employment when the change involves a mandatory subject of bargaining, but the employer need not bargain with the union prior to implementing a change concerning a permissive subject. For example, drug testing of employees has been determined to be a mandatory subject of bargaining, and this means that the employer may not unilaterally institute a drug test without bargaining to impasse with the union first. On the other hand, in a controversial series of cases, the Supreme Court has determined that most plant relocation decisions are permissive subjects of bargaining. This allows an employer to relocate a plant without bargaining with the union over the decision to do so. It should be noted, however, that even if a subject is considered to be a permissive subject of bargaining, the employer is required to bargain with the union over the effects of that decision. In other words, while an employer may relocate a plant without bargaining with the union over the decision to do so, the employer must bargain with the union over the effects of that decision.

One final point regarding collective bargaining and the duty to bargain is that it is specifically stated in Section 8(d) of the Act that "but such obligation does not compel either party to agree to a proposal or require the making of a concession." Therefore, it generally is not considered bad faith bargaining to adopt a "take it or leave it" stance with respect to a particular bargaining subject or set of subjects. While adopting such a stance with respect to many bargaining subjects might be considered evidence of bad faith bargaining, especially if this approach is coupled with other indicia of bad faith bargaining, decisions interpreting the Act make it clear that a take it or leave it stance is not, in and of itself, lack of good faith bargaining.

### Concerted Activities

The third right established by the NLRA is the right of employees to "engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection." It is important to note that employees' right to engage in concerted activity is not dependent on whether the employees are represented by a labor organization. In other words, if two or more employees act together for the purposes of "collective bargaining or other mutual aid or protection," the activity would be protected by Section 7 of the NLRA, even if those employees are not represented by a labor organization that has been chosen pursuant to the procedures described in Section 9. For example, if two employees went to management to complain about their wages or something else related to their working conditions and were disciplined for doing so, that discipline would violate Section 8(a)(1) of the Act, because the two employees would have been engaged in concerted activity protected by Section 7 of the Act.

In many ways, one might say that the epitome of "concerted activity" protected by the NLRA is the strike. While Section 7 does not specifically use the word "strike," Section 13 of the Act states "[n]othing in this Act, except as specifically provided for herein, shall be construed so as either to interfere with or impede or diminish in any way the right to strike." Interpretations of the NLRA place strikes into two categories. Economic strikes are those called in an effort to put pressure on the employer during the collective bargaining process, whereas unfair labor strikes are strikes called to protest an unfair labor practice committed by an employer. The difference between the two strikes is that the employer may hire permanent strike replacements to replace economic strikers while only temporary replacements may be hired to replace employees who are on an unfair labor practice strike. Clearly, calling an economic strike is very risky from the employees' perspective. If they participate in an economic strike in order to put pressure on the employer in the collective bargaining process, they risk being permanently replaced. Likely, this explains why strike activity has decreased so significantly over time.

The economic weapon that employers can use in the collective bargaining process which is analogous to the economic strike is the lockout. In a lockout, the employer tells the employees represented by the union that they are not to come to work and operates the organization without the employees. And interpretations of the NLRA allow employers to hire temporary replacements to replace the employees who have been locked out. The employer may not use permanent strike replacements in a lockout, however.

Two other forms of economic pressure that are addressed by the NLRA are the boycott and picketing. The Act places certain limits on both. Section 8(b)(4)(B) prohibits unions from utilizing what is known as a secondary boycott. In a secondary boycott, a union will place economic pressure on a neutral employer with whom the union does not have a dispute in an effort to put indirect pressure on an employer with whom the union does have a dispute. For example, if a union is engaged in a labor dispute with a producer (for example, if the union and the producer cannot agree on a new collective bargaining agreement) and the union boycotted a retailer that uses the producer's goods in order to put pressure on the producer, that would be considered a secondary boycott. Secondary boycotts are outlawed by Section 8(b)(4)(B).

Section 8(b)(7) of the Act places limits on the ability of unions and employees to utilize "recognitional" picketing against an employer. Recognitional picketing is when a group of employees picket an employer, if the object/goal of the picketing is to force the employer to recognize a particular labor union as the representative of the employees. While recognitional picketing is permitted if no particular union has been lawfully chosen to represent the employees of an organization, it is prohibited if another union has been chosen to represent those employees or if there is been a representation election among those employees within the preceding 12 months and the contract bar rule would prohibit there being an election among those employees. If the employees are not currently represented and/or there could be a certification election among the employees, picketing may take place for up to 30 days. After 30 days, picketing must cease and/or a petition for a representation election must be filed with the NLRB.

As alluded to above, a great many activities undertaken by two or more employees would be considered "concerted activities" that are protected by Section 7 of the Act, apart from the traditional forms of concerted activity (strikes, boycotts, picketing) discussed above. And in recent years, a number of cases have involved precisely what types of employee actions are protected by Section 7. For example, in a fairly recent case, the NLRB determined that an employer committed an unfair labor practice by disciplining employees who made Facebook post about their supervisor and their working conditions, because the Facebook posts were considered "concerted activity" protected by Section 7. Therefore, the discipline violated section 8(a)(1) of the Act which makes it an unfair labor practice for employers to interfere with employees' Section 7 rights.

## Conclusion

As stated above, the NLRA consists of three pieces of legislation passed in 1935, 1947, and 1959. While several minor amendments dealing specifically with the healthcare industry were passed in 1974, the main parts of the Act have not been amended since 1959. Many union supporters complain that the NLRA is outdated and needs to be amended, because in its current form, the Act is responsible for a number of adverse consequences faced by unions in the United States. In fact, during the Obama administration, a number of bills, each of which was known as the "Employee Free Choice Act" (EFCA), were introduced into Congress. The EFCA would have amended the NLRA in three major ways. Section 2 would have eliminated the need for representation election to determine whether a unit of employees would be represented by a union if the union could demonstrate that a majority of employees had signed authorization cards expressing their desire to have the union represent

them. Section 3 would have required that following a union's initial certification, the union could require the employer to begin bargaining within 10 days; if an agreement could not be reached within 90 days, the situation would have been referred to mediation; if mediation failed, binding arbitration would have been required. Section 4 would have increased the penalties on employers who discriminate against employees during the union organizing process. While the bill passed the House in 2009, it was never able to pass the Senate. Several other attempts to introduce the EFCA were not successful either. As a result, the NLRA appears, for the most part, as it did in 1959, although many contend that the Act is outdated and responsible for unions' current plight.

## NATO's Transparency/Secrecy Policies

Tsvetelina Sokolova
Faculty of Journalism and Mass Communication (Bulgaria) Mailing, Sofia University, Sofia, Bulgaria

### Synonyms

Access to information; Classification of information; Declassification; Disclosure of documents; Openness; Security organizations

### Definition

NATO's policies concerning classification of information, declassification, disclosure, and public access to information

### Introduction

NATO is among the international organizations that understand the major importance of communication policy, transparency, and accountability (including the release of documents) for the success of its policies and operations.

The organization has approved and published a remarkable amount of documents outlining its policy on communication, release of documents, and classified information ("NATO Security Policy" (June 2002); "The Management of Non-Classified NATO Information" (July 2002); "NATO Strategic Communication Policy" (September 2009); "Policy on the Public Disclosure of NATO Information" (November 2008); "NATO Information Management Policy" (December 2008); Primary Directive on Information Management (2008); "Policy on Retention and Disposition of NATO Information" (February 2009); "NATO Records Policy" (June 2011); "Directive on the Management of Records Generated on Operational Deployment" (February 2012); "Streamlining the Public Disclosure Programme: Request to Submit Items of Ongoing National Sensitivities" (April 2013); "Streamlining the Public Disclosure Programme: Refinement of the Process for Nuclear and Intelligence Related Information" (June 2013); "Guidelines for Inclusion of Non-NATO Nations in the Public Disclosure Process" (March 2014); Directive on the Preservation of NATO Digital Information of Permanent Value (July 2014), etc.). The most recent document with regard to transparency is the "Directive on the Public Disclosure of NATO Information," approved on August 4, 2014. It summarizes the rules of NATO's public disclosure policy.

On the one hand, NATO "recognizes that transparency is key to creating a public climate of support and understanding for the Alliance's missions and accomplishments" (Directive on the Public Disclosure of NATO Information. (Archives Committee, NATO, August 2014), https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_archives/AC_324-D_2014_0010.pdf. Accessed 1 May 2018). The release of documents and information is an element of the NATO's coherent communication policy.

On the other, the vast amount of documents related to public communication that NATO approves does not make the organization better disposed toward disclosure.

## NATO Discloses Documents That Are at Least 30 Years Old

According to the major principle of dissemination, NATO's information becomes public once it is no more classified or sensitive. Information is disclosed and made available to the general public when it "has permanent value and is at least 30 years old; has been declassified by competent authorities in accordance with the NATO Security Policy and has been examined by competent authorities in the member nations and approved for public disclosure" (Public Disclosure of NATO Information. (Note by the Secretary General, NATO, November 2008), http://www.nato.int/nato_static/assets/pdf/pdf_archives/20120327_C-M_2008_0116_INV-Public_Disclosure.pdf. Accessed 1 May 2018).

In short, current NATO information could be disclosed to the public in no less than 30 years given certain conditions are met. When the information is related to the nuclear planning process and intelligence, it will be processed after 50 years (Directive on the Public Disclosure of NATO Information. (Archives Committee, NATO, August 2014), http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_archives/AC_324-D_2014_0010.pdf. Accessed 1 May 2018).

This contradicts with the principles of transparency and accountability which demand that the information becomes available at the appropriate time and with no excessive delay. Contrary to standard legislative practices, concerning classification of information, NATO has no time limit for withholding sensitive information, which means that documents can remain secret indefinitely.

According to "Transparency International" (Classified Information. A Review of Current Legislation across 15 Countries and the EU. (Corruption Risks Series. Defence and Security Programme, Transparency International, 2014, p. 81), http://ti-defence.org/wp-content/uploads/2016/03/140911-Classified-Information.pdf. Accessed 1 May 2018), the absence of expiry of classification of NATO information contradicts the rule of law. "…The usual 30 year rule of archives which provides archival access to 'ordinary documents' at the latest within 30 years of their origination is turned inside out. In this case 30 years is the earliest date to gain access, while there is no time limit to withhold the non-ordinary documents."

The files are disclosed by competent NATO bodies annually or ad hoc. According to the systematic process in case the information is marked "unclassified" at the time of its creation, it shall be disclosed automatically after the 30-year period expires. If it is marked "restricted" and has not been declassified when reaching the 30-year threshold, it shall be first declassified and then disclosed after a further year. The information marked "confidential," "secret," or "top secret" shall be proposed for declassification and public disclosure taking into account the "NATO Exemptions" (Directive on the Public Disclosure of NATO Information. (Archives Committee, NATO, 2014), http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_archives/AC_324-D_2014 _0010.pdf. Accessed 1 May 2018). These are categories of information that shall be withheld from declassification and public disclosure (The list of the so-called "NATO Exemptions" consists of ten exemptions: NATO 1 (information, the public disclosure of which would be likely to endanger NATO internal cohesion, members, missions, infrastructure or personnel), NATO 2 (sensitive personal information about individuals who were born less than 100 years ago), NATO 3 (confidential commercial information), NATO 4 (details about methods or sources of intelligence), NATO 5 (details about methods of mass destruction), NATO 6 (details about current cryptographic systems), NATO 7 (details about current weapons systems), NATO 8 (details about current political or military plans, policies and operations), NATO 9 (details about current internal or external NATO political discussions and sensitivities), and NATO 10 (details about current physical and information security)).

## In General, Even "Unclassified" Documents Are Not Public

Member states have de facto veto power over disclosure in cases of "specific national concerns," whereby information must be withheld.

There is an option for a document to be released on an ad hoc basis upon request of "the competent authorities" or a proposal of the NATO Archivist. During the ad hoc procedure, the release of a document is possible even before the 30-year period expires and even if the information does not have permanent value. Partial release of NATO information has also been allowed.

Documents that are not classified are marked "unclassified," but they are still not publicly available and are used for official NATO purposes only. In general, they are not disseminated to the public (The management of Non-Classified NATO Information. (Note by the Secretary General, NATO, July 2002), https://www.ncia.nato.int/Documents/Legal%20Office/C-M%282002%2960.pdf. Accessed 1 May 2018). Disclosure to the public is possible only with the approval of competent NATO authorities.

The information that is declassified and publicly disclosed in the systematic process should be publicly available in the NATO Archives or in the member states (without further reference to NATO). The disclosed information is not easily accessible online but through the relevant bureaucratic procedures. To gain actual access, the reader must go to the NATO Headquarters Reading Room in Brussels on a prearranged date – which is a highly inefficient procedure for accessing information.

According to "Transparency International" (Classified Information. A Review of Current Legislation across 15 Countries and the EU. (Corruption Risks Series. Defence and Security Programme, Transparency International, 2014, p. 81), http://ti-defence.org/wp-content/uploads/2016/03/140911-Classified-Information.pdf. Accessed 1 May 2018), the only feature which can be considered as pro-openness in NATO's transparency/secrecy policies are the restrictions on over-classification. "The NATO Security Policy prescribes that classified information 'shall be managed to ensure that it is appropriately classified [. . .] and remains classified only as long as this is necessary."

## NATO Has Limited Online Archives

The public information that NATO provides consists mainly of general knowledge materials, press releases, declarations, statements, strategic concepts, technical standards, some financial data, annual report by the Secretary General, and historical archives.

In October 2013, NATO launched the "NATO Archives Online" portal (http://archives.nato.int/) in addition to the "NATO Archives" Programme. The online platform enables access to over 42,000 of the 325,000 publicly disclosed documents, which cover the first 30 years of NATO history (1949–1982). The others, which are not available online, could be accessed for consultation at the NATO Archives Reading Room. Some series of the documents are available up to the 1990s.

Some of the files are of high historical value, for example, the information for the request of the USSR to join NATO in 1954, a report on the rising importance of China on the international stage during the Cold War, etc.

The majority of the documents disclosed online, however, are actually created by the Public Diplomacy Division of NATO and are mainly for public diplomacy purposes rather than for genuine research.

## The Decision-Making Process at NATO Is Not Transparent

NATO transparency policy is not significantly compatible with the models of a transparent organization, which require that it releases up-to-date information about its agenda and raison d'etre, data and analyses that are necessary for making informed decisions within the organization, information about the decision-making process and current activities, and financial data and information necessary for accountability purposes.

NATO has made some progress in disclosing information about its current goals and finances and produces a general accountability report. But it has done poorly with regard to the disclosure of the decision-making process and current activities.

In fact, NATO hardly publishes any original documents concerning its present activities. None of the meetings and sessions of its main bodies are publicly available. The decisions made, minutes, and other records are likewise not disclosed. There is no information about the consultations nor voting within the principal political body of the organization – the North Atlantic Council. NATO publishes hardly any analyses, reports, or other forms of information that is used for making informed decisions.

The organization does not disclose even its common budget, although it provides information about the contributions of the member countries, the total sum of the civil budget, the military budget, and the NATO Security Investment Program (NSIP). The annual defense expenditures of the member states are also publicly available with the incentive to mark the great imbalances in the financial backing of the organization.

In addition to NATO's three budgets (civil, military, and NSIP), there are also the actual contributions by the member states for the NATO-led operations, which make up NATO's most expensive budget heading. With a few exceptions, the operations are backed by nationally procured military forces and military assets such as ships, submarines, aircraft, tanks, artillery, or weapon systems that are or have been deployed in NATO missions in Kosovo, Afghanistan, and Libya. However, information as to how the costs stack up for each of these missions is in short supply (Jan Davis 2015).

## Progress Toward Better Financial Transparency

Since the Wales Summit in September 2014, NATO has been making some efforts to enhance its financial transparency.

A major step forward was the release of the first-ever audit report by the International Board of Auditors for NATO (IBAN) in July 2014. Since 2014 the organization has been releasing individual audit reports of NATO entities and their related financial statements.

In March 2016, NATO published for the first time the executive summaries of the 2016 military and civil budget recommendations.

In May 2016, the organization released data on its Security Investment Program for 2015. This is a kind of a follow-up to the highly critical "Special Report by the International Board of Auditors on the Need to Reform Governance of the NATO Security Investment Program," which is one of the very few up-to-date publicly released "unclassified" documents (published on NATO's website on June 12, 2015). The document highlights significant problems in the way NATO manages its investment program, including the lack of accountability.

Still, the problem with NATO's overall financial picture persists. In April 2016, the chairman of the IBAN Ms Lyn Sachs explained to the NATO Parliamentary Assembly that "there is not one financial picture of NATO that combines NATO's financial position, performance, cash flows and budgets relevant to all NATO bodies. There are separate financial statements from, for instance Allied Command Operations, Allied Command Transformation, the Science and Technology Organization, the International Staff, the International Military Staff and the NATO Communications and Information Agency" (Towards One Financial Statement for All Common-funded Bodies. (NATO, May 2016), https://www.nato.int/cps/en/natohq/news_131544.htm. Accessed 1 May 2018). She therefore recommended consolidating the financial statements of all common-funded NATO bodies to allow readers of the financial statements, including member states, NATO governing bodies, and the public, to have a single document that would allow them to more clearly understand the total amount of funding NATO receives and how this funding is used.

## NATO's Online TV Channel Contributes Little to Transparency

NATO has attempted to demonstrate openness with the launch of its online TV channel (NATOChannel.tv). Unlike the television of the

United Nations however, which broadcasts live of the sessions of some of the main bodies of the organization, the NATO channel presents documentaries about different NATO activities and has live broadcasting only of the press conferences or speeches of the Secretary General and other senior officials or similar events.

NATO is less transparent than the major collective security organization in contemporary world – the United Nations. The UN provides significant amounts of information concerning its decision-making process and budgeting of all of its programs. As for the classification procedures of both organizations, NATO's is more restrictive as it does not set any deadlines for the classification of many of the documents of the organization. The transparency practices of the UN have indicated that transparency can coexist with security on international level and that transparency cannot be considered an impediment to security.

## The NGO Sector Urges for Greater Openness

The insufficient transparency of NATO activities has urged different organizations to raise the issue to the public agenda.

For example, in 2014 the Netherlands Court of Audit (NCA) took the initiative to present an overview of the publicly available information on NATO's finances and its results (NATO Transparency and Public Accountability (The Netherlands Court of Audit, November 2014), https://english.rekenkamer.nl/topics/nato-transparency-and-public-accountability. Accessed 1 May 2018).

The NGO sector has also made efforts to alert and raise awareness about the problem with NATO's insufficient transparency. Examples in that regard are the "NATO Watch," "Transparency International," and "Stockholm International Peace Research Institute" (SIPRI).

In an article, the director for publications of SIPRI Dr. Jan Davis (J. Davis, On "International Right to Know Day" – How Transparent is NATO. (SIPRI, September 2015), https://www.sipri.org/commentary/expert-comment/2015/international-right-know-day-how-transparent-nato. Accessed 1 May 2018) recommends five further steps for enhancing NATO's transparency policies: sharpening national parliaments' scrutiny of NATO affairs, strengthening the democratic mandate of the NATO Parliamentary Assembly, adopting an information openness policy within NATO, publishing annual financial reports, and using the existing NATO TV Channel and YouTube presence to stream more policy dialogues, including some internal NATO meetings, to the public.

## Conclusion

Although NATO has invested a lot of efforts in explaining its disclosure rules, it is still one of the most rigid organizations when it comes to transparency. NATO is virtually nontransparent in its decision-making process. If there is any openness of NATO activities, it is mainly of historical value. The organization allows classifying of almost all of the current activities of the organization upon general criteria and upon the discretion of administrators, which makes the system prone to arbitrary classifications. The public information from the organization is poor to allow the general public to construct informed perceptions about its current activities.

Although NATO has been making efforts toward enhancing transparency in recent years, there has been limited progress. As a less transparent organization, NATO may face more and more difficulties to keep the information status quo in a growingly transparent world. As Pieter and Siemon Wezeman (P. Wezeman, S. Wezeman, Balancing Transparency and National Security. (SIPRI, January 2014), http://www.sipri.org/media/newsletter/essay/wezeman_wezeman_jan14. Accessed 1 May 2018) have noted, secrecy even in sensitive areas such as military matters is already an illusion (because "when everything is secret, nothing is secret"). According to Global Data Leak Report 2017 (Global Data Leak Report

2017. (InfoWatch, 2018), https://infowatch.com/report2017. Accessed 1 May 2018), information leaks worldwide have increased considerably in recent years. The growing interconnectedness among nations, the increasing requirements for accountability, the rise of civil society and communication technologies, and the growing dangers of cyberwarfare will continue to present serious challenges to secretive communication approaches. Effective information management in a more open world requires much more flexible approaches to communication, including both greater information security and greater transparency.

## Cross-References

- ▶ Accountability
- ▶ Budgeting and Decision-Making
- ▶ Fiscal and Financial Transparency
- ▶ Global and International Politics
- ▶ Globalization and Organizations
- ▶ Transparency
- ▶ Transparency Measures in an International Context
- ▶ Whistleblowing

## References

Classified Information. A Review of Current Legislation across 15 Countries and the EU. (Corruption Risks Series. Defence and Security Programme, Transparency International, 2014, p. 81), http://ti-defence.org/wp-content/uploads/2016/03/140911-Classified-Information.pdf. Accessed 1 May 2018.

Global Data Leak Report 2017. (InfoWatch, 2018), https://infowatch.com/report2017. Accessed 1 May 2018.

J. Davis, On 'International Right to Know Day' - How Transparent is NATO. (SIPRI, September 2015), https://www.sipri.org/commentary/expert-comment/2015/international-right-know-day-how-transparent-nato. Accessed 1 May 2018.

NATO Transparency and Public Accountability. (The Netherlands Court of Audit, November 2014), https://english.rekenkamer.nl/topics/nato-transparency-and-public-accountability. Accessed 1 May 2018.

P. Wezeman, S. Wezeman, Balancing Transparency and National Security. (SIPRI, January 2014), http://www.sipri.org/media/newsletter/essay/wezeman_wezeman_jan14. Accessed 1 May 2018.

# Needs Assessment and Nonprofit Organizations

Lili Wang
School of Community Resources and Development, College of Public Service and Community Solutions, Arizona State University, Phoenix, AZ, USA

## Synonyms

Needs identification; Social needs

## Definition

Needs assessment refers to the processes and methods used by evaluators or managers to identify and describe the social needs that a program is intended to address. It is also an important tool to help improve the performance of an organization or a program.

N

## Introduction

In an era of performance management, nonprofit organizations have been increasingly relying on evaluation tools to improve their performances and program impacts. One of the commonly used evaluation tools is needs assessment. Needs assessment refers to the processes and methods used by evaluators or managers to identify and describe the social needs that a program is intended to address, which should be closely related to the organization's mission and vision. Needs assessment is also an important tool to help improve the performance of a nonprofit organization and its programs. The following sections will discuss why needs assessment is important to nonprofit organizations, how to conduct a needs assessment, and what a needs assessment can be used for in the nonprofit setting.

## Why Needs Assessment Is Important to Nonprofit Organizations

Nonprofit organizations, particularly those that provide social and human services, serve their clients through various programs, such as after-school sports programs, job training programs, and mentoring programs. The primary rationale for offering a social program is to alleviate a social problem or meet certain needs. Therefore, before designing and developing a program, nonprofit organizations need to assess the nature and the extent of a social problem, the need for an intervention, and the options to address the social issue. Diagnostic activities, or needs assessment, are a means by which nonprofit organizations can identify the type of services potential clients need and determine the scope of those needs. The findings of the needs assessment help nonprofits justify the programs they develop to their constituency, which includes the communities they serve and prospective funders. Thus, from a managerial perspective, needs assessment can guide program design and is a fundamental part of any program planning.

In addition to justifying the need for a particular program and guiding program design, needs assessment can also help nonprofit organizations prioritize programs according to their relative importance to potential clients. As nonprofit organizations often face limited resources to develop programs and deliver services, it is imperative to prioritize programs according to the social needs in order to maximize the impact of limited resources.

Sponsors and funders increasingly require nonprofit organizations to provide needs assessments and sometimes even provide assistance to promote needs assessment. For example, South Dakota's Office of Chronic Disease Prevention and Health Promotion provides technical assistance and funding through the South Dakota Good & Healthy Community Grant, which provides up to $10,000 for community health needs assessment to promote a better understanding of community health relating to chronic disease prevention and control (Good and Healthy South Dakota 2017). In another example, the State Title V Block grant program for Maternal and Child Health Services requires each state to work collaboratively with relevant organizations to conduct a statewide needs assessment every 5 years, which directly involves community-based nonprofit organizations (United States Department of Health and Human Services 2016). In an increasingly competitive funding environment, nonprofit organizations often use needs assessment as a tool to strengthen funding proposal.

In addition to the practical importance of needs assessment to nonprofit organizations, such as justifying their programs, helping with program design, prioritize programs, and securing funding, needs assessment also has theoretical importance to nonprofit management. The growing adoption and application of the needs assessment tool by nonprofit organizations suggests that nonprofit sector has entered an era of scientific decision-making – using systematic approaches for the collection of facts and applying logic to decision-making. This approach stands in contrast to decision-making based solely on experiences, intuition, and trial and error. This shift can improve the quality of nonprofit decision-making with respect to resource allocation and the achievement of mission-related goals.

## How to Conduct a Needs Assessment

There are three models of needs assessment, which include the discrepancy model, marketing model, and the decision-making model (McKillip 1987). The *discrepancy model* is the most straightforward and widely used. This strategy for needs assessment emphasizes normative expectations and involves the three phases: goal setting or identifying what ought to be, performance measurement or determining what is, and discrepancy identification or identifying differences between the goal and what is. The *marketing model* defines needs assessment as a feedback process used by organizations to learn about and to adapt to the needs of their target populations. A marketing model of needs assessment has three components. First, it involves the selection of the

target population or deciding who is actually or potentially eligible for the service. Second is committing to choice about competitive position, which means distinguishing an agency's services from those offered by other providers. Third is the development of an effective marketing mix by selecting a range and quality of services that will maximize utilization by the target population. The *decision-making model* includes three stages. The first stage is the problem modeling in which need identification takes place. The second stage is aligning quantification and measurements contained in the need identification with the values and interests of decision-makers. The third stage is synthesis, which involves an index that indicates the relative standing of the needs will be provided.

Needs assessment can be broken down into five steps (McKillip 1987). *Step 1* involves identifying users and uses of the needs assessment. The users of the needs assessment are those who will act on the basis of the results and the audiences who may be affected by it. Knowing the uses of the needs assessment can help the researcher focus on the problems and solutions that can be entertained. *Step 2* is describing the target population and the service environment. In this step, researchers will conduct client analysis to compare those who use services with those who are eligible to use services but are not served yet. Geographic dispersion, transportation, demographic characteristics of the target population, eligibility restrictions, and service capacity are important aspects to examine. Resource inventories detailing services available can identify gaps in services and complementary and competing programs. *Step 3* is identifying need. Problems of the target population and possible solutions are described in this step. Normally, three types of problems are identified by needs assessment such as discrepancies, poor outcomes, and maintenance needs. *Discrepancies* refer to differences revealed by comparison of expectations with outcomes. *Poor outcomes* refer to problems involve those at risk of developing poor outcomes. A group with *maintenance needs* can develop poor outcomes if services presently offered are withdrawn or changed. To get a complete picture of the needs, researchers typically use more than one source of information to help identify needs. Needs identification should include information on expectations for outcomes, current outcomes, and the efficacy, feasibility, and utilization of solutions. Surveys, community forums, key informant interviews, focus groups, direct observations, and social indicators are often used to collect information. *Step 4* is assessing the importance of the needs. Once problems and their solutions have been identified, needs are evaluated. *Step 5* is communicating results. The results of the needs assessment must be communicated to decision-makers, users, and other relevant audiences. The effort that goes into this step should equal that given the other steps of the needs assessment. Defining the need and specifying the target population are important steps in a needs assessment and will be elaborated in the following sections.

### Define the "Need"

Needs typically arise when stakeholders are dissatisfied with certain aspects of the existing policies and programs, such as program effectiveness, coverage, or cost, or are concerned that a new social problem has emerged (Rossi et al. 2004). To successfully conduct a needs assessment, it is critical to understand that "need" is a relative term. For example, housing needs can be defined in various ways. Housing needs may mean shelters for homeless persons, affordable housing for low-income family, housing with handicap accessibility, or housing for persons desiring more aesthetic environments or amenities. A person's perception of what is "needed" depends on his or her vantage point, which is often shaped by one's relative wealth or impoverishment. Additionally, what is viewed as a "need" changes over time (Royse et al. 2009). For example, technology advancement has made computer an essential part of our daily life. Computer literacy or the ability to use computers becomes a necessary part of many jobs. Nonprofit organizations offering job training to their clients should integrate the "need" into the program design. Furthermore, a "need" is socially constructed, which could differ in various social and cultural contexts. For

example, a healthy eating and active living program for various racial/ethnic population groups need to take into consideration the different daily food consumptions of their participants. Therefore, when discussing needs assessment, evaluators or nonprofit managers must be cognizant of the fact that what is "needed" is relative. The findings of a needs assessment largely depend on who the evaluator(s) involve in the needs assessment process and when and where the assessment is conducted. The proposed initiatives to address the need, hence, may vary widely depending on how the "need" is defined. This suggests that a clear and specific definition of the "need" can help nonprofit organizations stay focused in addressing the "need" and later evaluate the impact of a program.

When conducting needs assessment, evaluators and nonprofit managers also need to understand the two main aspects of needs assessment. *First*, needs assessment is data driven. Nonprofit organizations need to use data to demonstrate the extent of the social problem and the needs of social programs to address the issue. *Second*, needs assessment is also political. Evaluators need to involve and engage stakeholders early on and throughout the needs assessment process. Additionally, evaluators must have the public's buy-in that a social problem exists and assess the will to ameliorate the problem. A successful needs assessment should bridge the science and politics, consider the data and values of the community, and present the needs and solutions accordingly.

### Use Data to Describe the "Need"

Evaluators must use data to show the extent of needs, including the size, geographic distribution, and intensity of needs. Data could come from existing data sources or collected by the evaluator(s). Existing data sources, particularly those high-quality data sources, such as the decennial US Census, the Current Population Survey of the US Bureau of the Census data, vital statistics records, and other national or regional representative surveys, may be used with confidence to assess certain aspects of social needs. Evaluators should know whether certain good quality data exist in helping assess the needs as using existing data sources could potentially save nonprofit organizations a significant amount of cost in needs assessment. When using existing data sources, evaluators must assess the validity of the data by examining how the information was collected as low-quality data could result in poor needs assessment. Some existing data sources provide periodic measures of certain topics, such as the Current Population Survey provides annual data on the characteristics of the US population, including the composition of households, individual and household income, household members' age, gender, and race. These regularly collected measures can be used to chart historical trends which would provide us with social indicators to monitor changes in social conditions and to assess whether certain social problems or needs have improved or worsened in a certain period of time. While using existing data sources is cost-efficient, the social indicators currently available are limited in their coverage of social problems, focusing mainly on issues of poverty and employment, housing, and national program participation (Rossi et al. 2004). In addition, most existing data supports analysis at national and regional levels but cannot be disaggregated to provide useful and valid information in smaller jurisdictions, such as cities or counties. When there are no existing sources of information available to estimate the extent of needs, evaluators must collect primary data using tools such as agency records, surveys and censuses, key informant interviews/surveys, and focus groups.

Some nonprofit organizations keep excellent records on their clients, such as sociodemographic information, diagnosis, and service utilization. When one organization or several organizations' clients include all the persons manifesting the needs in the community and records are faithfully kept, evaluators can confidently use these records to estimate the community-level needs. However, in many cases, nonprofit organizations do not have complete information on all the persons experiencing a social problem. For example, homeless shelters in a city may have records of homeless people use the shelters, but it is hard to say that all homeless people in the city are in fact served by these shelters. In these cases, a better

way to estimate the need is to undertake original research using complete enumerations (censuses) or sample surveys.

Depending on the sample sizes and degree of technical complexity, such as various sampling methods, sample surveys could require a substantial amount of resources and considerable level of efforts. Designing and implementing sample surveys also could be a complicated process that requires high level of expertise and experience. Therefore, nonprofit organizations often collaborate with reputable national or regional survey agencies to carry out and analyze sample surveys (Rossi et al. 2004).

Compared to sample surveys and censuses, key informant interviews and surveys are easier to conduct but may not be the most reliable approach to estimate the extent of needs. Key informants are persons whose experience, expertise, or position should provide them with knowledge of the magnitude and distribution of the needs (Rossi et al. 2004). They can offer valuable information about the characteristics of the clients that the nonprofit organizations serve and the nature of service needs. However, studies show that key informants' estimate of the scope of needs could vary widely, which would make it hard for evaluators to come up with an accurate estimate of the service needs (Hamilton, Rabinowitz, and Alschuler, Inc. 1987). Therefore, evaluators may choose to use a key informant interview or survey when a better approach is not feasible.

Evaluators can also use focus groups to gather information for needs assessment. Before organizing focus groups, evaluators must ask who the stakeholders are or who would the needs assessment affects. The stakeholders of a nonprofit organization and its programs typically include government agencies, community partner organizations, community leaders, funders, individual donors, clients of the organization's service programs and their families, and so on. Evaluators can organize several focus groups of different stakeholders to learn about each of their perspectives on the "need." A facilitator will follow a focus group protocol to guide the discussion in a focus group session. It typically starts with an introduction of the researcher(s), an explanation of the purpose of the focus group session, ground rules, and how the focus group works. Then the facilitator will ask the participant to introduce themselves, including first name, services received and for how long, connection with the nonprofit organization and so on, followed by a discussion of additional service needs or barriers to the current services, and what can be done to overcome barriers or address needs, and then wrap up with a summary and additional questions and comments. Compared to the key informant interviews, focus groups can reach more stakeholders in the needs assessment process within a certain period of time. However, the tradeoff is that participants may not feel comfortable to share their own opinion in a group setting.

Each of the aforementioned data collection method has its strengths and limitations. An evaluator may choose the method to use for data collection based on the availability of funds and other resources, such as staff time, and how important it is to have an accurate estimate of needs (Rossi et al. 2004).

### Specify the Target Population

The target population is the clients that a specific nonprofit program intended to reach and serve. Defining the social needs and estimating the size and characteristics of a target population are key components of a needs assessment. Target population is usually individual, but it can also be groups, such as families and organizations, geographic and political areas, such as communities and cities, or physical units, such as community gardens and farmers' markets. When the target population is individual, it is usually identified in terms of individuals' social and demographic characteristics. When the target population is groups, areas, or other aggregated units, it is often defined in terms of the characteristics of the individuals that constitute them (Rossi et al. 2004). For example, an after-school program designed to help students from low-income families to improve their reading skills may target elementary schools with at least 50% of the students qualify for the federal free lunch program.

Target population can also be direct or indirect target, depending on whether nonprofit organizations directly provide services to them or indirectly through activities the program arranges. For example, a healthy eating and active living program may directly target elementary school children to educate them about healthy food and staying active. Since parents are typically the ones preparing food for children, the program may also involve the parents as indirect target population and engage them in cooking classes or health fair.

It is imperative that an evaluator clearly define the target population and specify who is included or excluded from program services. The boundaries of target population may not always be clear to program designers or other stakeholders without explanation. For example, a nonprofit organization serving homeless youth needs to specify how they define "homeless" and "youth." Does "homeless" include those living with friends or living in motels? Would those between ages of 18 and 24 be considered youth? Evaluators need to communicate with nonprofit organizations to determine the eligibility criteria. Specifications of the target population should avoid being too over-inclusive or too restrictive. If the target population is defined too restrictively, then few people would qualify for the program/service. On the other hand, if the target population is too over-inclusive, then limited resources may not reach those who need the services the most. Definition of the target population must also be feasible to apply. For example, if a nonprofit organization would like to promote community gardens in an urban senior community and the eligible participants are defined as those of 70 years or older who had at least 2 years of farming experiences growing vegetables before and would commit to plant certain types of vegetables in the garden. It would be difficult, if not impossible, to verify the farming experiences and to apply this criteria in recruiting participants.

The specification of target population and the definition of a need are closely related as stakeholders' perception of what is needed could vary by their perspectives. A thorough needs assessment would engage representatives from each group of stakeholders in the data collection process so different views of "need" are all represented.

## Uses for Needs Assessment in the Nonprofit Setting

As an evaluation tool, needs assessment can be used in numerous ways in the nonprofit setting. *First*, the findings of a needs assessment can help nonprofit organizations develop a better understanding of the service needs of the constituents they serve, which can guide and improve program design. As mentioned earlier, needs assessment is an important part of program planning. It helps to justify and prioritize program focus. *Second*, as funders increasingly require information regarding community needs in the grant application, needs assessment becomes an integral part of funding proposal. Nonprofit organizations can strengthen their grant applications by conducting needs assessments. *Third*, needs assessment can help nonprofit organizations improve their internal management and performance. In a study of nonprofit organizational effectiveness, Herman and Renz (1998) conducted group meetings with nonprofit practitioners and found that adopting various management practices, such as conducting and using needs assessment, strategic planning, measuring customer satisfaction, were likely to enhance nonprofit effectiveness. *Fourth*, needs assessment can also help the development of nonprofit workforce. As an emerging field, nonprofit leadership and management education needs to understand the important skills needed in the nonprofit sector and develop curriculum accordingly to meet the needs. Based on a survey of nonprofit leaders and the alumni and students of a nonprofit management certificate program in the United States, Wang and Ashcraft (2012) find that nonprofit managers consider leadership, ethics and values, long-term planning, funding management, conducting effective meetings, and interpersonal skills to be important for nonprofit employees, while students consider financial management, strategic planning, and fundraising and grant writing to be top skills that nonprofit

employees need trainings on. Results of the study not only help to inform the curriculum revamping of the selected program but also serve to inform the content of other educational programs within the nonprofit professional development education field.

## Conclusion

With the development of scientific management and the growing emphasis on nonprofit performance and accountability in the past few decades, needs assessment has become an important evaluation tool that helps nonprofit organizations improve various aspects of their managerial functions, such as program planning, resource development, and professional training. Therefore, it is critical for nonprofit leaders to understand why needs assessment is important, how to conduct needs assessment, and what needs assessment can be used for in the nonprofit setting.

## Cross-References


- ▶ Data-Driven Management
- ▶ Nonprofit Organizations
- ▶ Performance Management
- ▶ Performance Measurement
- ▶ Politics in Program Evaluation


## References


Good & Healthy South Dakota (2017) Funding opportunities. http://goodandhealthysd.org/about/fundingopportunities/. Accessed 15 Jan 2017

Hamilton, Rabinowitz, and Alschuler, Inc. (1987) The changing face of misery: Los Angeles' Skid Row area in transition: a housing and social services needs of Central City East. Community Development Agency, Los Angeles

Herman RD, Renz DO (1998) Nonprofit organizational effectiveness: contrasts between especially effective and less effective organizations. Nonprofit Manag Leadersh 9(1):23–38

McKillip J (1987) Need analysis: tools for the human services and education. Sage, Newbury Park

Rossi PH, Lipsey MW, Freeman HE (2004) Evaluation: a systematic approach, 7th edn. Sage, Thousand Oaks

Royse D, Staton-Tindall M, Badger K, Webster JM (2009) Needs assessment. Oxford University Press, New York

United States Department of Health and Human Services (2016) Title V Maternal and Child Health Services Block Grant Program. https://mchb.hrsa.gov/maternal-child-health-initiatives/title-v-maternal-and-child-health-services-block-grant-program. Accessed 15 Jan 2017

Wang L, Ashcraft RF (2012) Needs assessment and curriculum mapping: enhancing management skills of the nonprofit workforce. Nonprofit Manag Leadersh 23(1): 121–136


# Neoliberal Policies and Impact on Developing Countries


Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda


## Synonyms

Debts; Deregulation; Developing countries; Double standards; Economy; Free trade; Impact; Neoliberal policies; Privatization; State

## Definitions

Neoliberal policies are defined in this entry as actions or inactions that encourage free-market competition and limited government intervention in the economy such as free trade, deregulation, removal of subsidies, and privatization (see Stiglitz 2002). In this entry, developing countries are defined as countries with low levels of industrialization, financial services, and low levels of Human Development Index compared to other countries. However, this definition is not universally accepted because countries with very huge differences, for example, say Malawi and China, are categorized together as developing yet they are highly differentiated. Thus any definition or categorization has to be used carefully.

N

## Introduction

This entry uses economic theory, economic history, and critical evidence to examine double standards embedded in the assumptions, formulation, and implementation of neoliberal policies and their impact on developing countries. The overall argument made in this entry is that developed countries ardently preaching the neoliberal gospel do not preach what they practiced and do not practice what they preach. Developing countries that implemented wholesale packages of neoliberal policy prescriptions suffered and achieved less in development terms especially when compared to their counterparts that were very careful or never embraced such policies over similar periods.

## The Rise of Neoliberal Policies

In the 1930s when the Great Depression led to market system failure, John Maynard Keynes, a British economist considered the father of modern macroeconomics, came up with a theory that challenged liberalism as the best policy for capitalists. Keynes believed that left on their own, markets lead to destructive cycles of booms, recessions, and depressions. He suggested that for capitalism to grow, government should intervene to increase employment and advance the common good using fiscal and monetary measures. His ideas were widely accepted and helped rebuild Europe after World War II and created a very wealthy, profit-minded corporate and politically influential class. In many developing countries during the 1960s–1970s, governments were also implementing radical state intervention policies that often challenged the power of foreign corporations through nationalization, economic planning, import substitution, and discriminatory monetary, fiscal, and trade policies. These policies were contributing to an industrial revolution as developing countries were growing by 3% annually which compared favorably with the 1–1.5% rich countries achieved during the nineteenth-century industrial revolution (Chang 2002). However, during the late 1970s, inflation, unemployment, two oil shocks, militant labor unions, and huge state-sponsored welfare programs in developed countries advocated by the Keynesian approach could no longer be reconciled with the profit-minded corporate capitalists. Corporate interests decided that the Keynesian regulationist approach no longer worked to their advantage and an alternative ideology that would protect their profit making had to be thought. The answer was found in the old liberal ideas which included cutting state programs viewed as obstacles to profit making within the developed countries themselves, shifting service provision from the state to the profit-making private sector, and protecting the rich while letting the poor face market principles, deregulation among others. This thinking benefited and came to fruition with the election of more conservative political leaders who favored neoliberal policies: Britain (Margaret Thatcher 1979), Canada (Joe Clark 1980), the USA (Ronald Reagan 1980), and Germany (Helmut Kohl 1981). Margaret Thatcher in the UK and Ronald Reagan in the USA initiated austerity programs that consequently led to the fall in global export demand, trade deficits, and a debt crisis since most developing countries were pursuing industrialization through debt financing. This crisis tilted the balance of power in favor of donor countries, IMF, WTO, and the World Bank in the economic management of developing countries. The World Bank argued that the decline in these economies was not due to vagaries of weather, political conflict, or external shocks but poor macroeconomic and sectoral policies emanating from a development paradigm that gave the state a prominent role in the production and regulation of economic activity. The Bank listed policies and strategies such as tariffs on imports; subsidies on education, agriculture, and health; formation and protection of infant industries; and import substitution industrialization as evidence of waste and inefficiency and targeted them for dismantling. Thus, to access loans to service their debts or finances, development programs in developing countries were required by IMF and World Bank to implement SAPs that were more or less the same as neoliberal policies. In addition to adopting free trade which in actual terms meant

opening third world markets for exploitation and reducing the role of the state in the economy which also meant shifting decision-making from government to the corporate-controlled private sector, developing countries' governments were required to abandon agricultural subsidies, privatize their state-owned enterprises, introduce user fees on social services such as education and health, focus on primary rather than higher education, and limit funding on research among other policies which were all imbued with double standards as discussed hereunder (see World Bank 1994; Stiglitz 2002).

## Free-Trade Double Standards

Free trade among nations is the most central policy under the neoliberal orthodoxy whose resistance attracts the worst ostracism or excommunication from neoliberal circles (Chang 2007). The doctrine of free trade among nations which refers to the free movement of goods, services, and capital across national borders without the interference of government-imposed regulatory barriers has its theoretical origins in Adam Smith's ideas published in 1776 in his book *The Wealth of Nations*. Smith criticized the British mercantilist colonial state in America for being corrupt, self-serving, and extracting wealth by force using an expensive military apparatus. His fundamental idea was that the wealth of the nation should be derived from free exchange, and rewards should be shared between different parties to the exchange through division of labor and no party benefits at the expense of another (see Butler 2011). In this regard, Smith aimed to emphasize that free trade was a better system than the mercantile system at the time and its feudalistic legacy (see Schumacher 2012). This was later augmented by the nineteenth-century economist David Ricardo's theory of comparative advantage in which he encouraged nations to specialize in production of certain products while trading for others. He argued that free trade makes it possible for households to consume more goods regardless of whether trading partners are more or less economically advanced. Ricardo further propounded that every country has a comparative advantage for a good or service that they can produce at a lower cost than any other country. Consequently, production is maximized when each country specializes in the good or service that they produce at lowest cost and in such goods can make every country better off by expanding variety of low-cost goods to consumers through competition. Firms with lower wages and production costs can produce goods at low costs and export to other states, generating new income otherwise not possible if they only served the local market. This philosophical underpinning of free trade is very strong among Western countries' neoliberal policy makers and scholars who hypocritically believe that free trade in both commodities and capital contains all that is necessary to deliver prosperity to all and that their own ancestors used it to make their countries rich which is a misrepresentation of economic history (see Friedman 1962; Ferguson 2003). Historically the methods of international trade and wealth accumulation in the most ardent free-trade advocate countries hardly conformed to so-called free-market principles but plunder, conquest, slavery, or colonialism. Between 1493 and 1700, Spain forcibly expropriated about 51,000 metric tons of silver from its colonies in South America constituting over 80% of the total world production in that period. From 1702 to 1780 the production of gold in Spanish and Portuguese Latin American colonies averaged 20 tonnes per year, and all this gold ended up in Europe especially England, France, and Holland by means of pillage and not trade (Barrett 1990). By 1700 over 1.5 million African slaves had been transported across the Americas, and in the eighteenth century, over six million African slaves were transported. Slave labor was used to produce raw materials especially sugar and cotton, working in mines and industry to produce low-cost goods that were sold at monopoly higher prices in colonial markets after the destruction of their native producers which created super profits beyond what the world had ever experienced before for English, French, and Portuguese traders (Williams 1964). The golden age of contemporary capitalism has depended on cheap oil supply from the Arab

countries, and the desire to control these oil-supplying countries has come with many tensions and destructive conflicts in others such as Iraq. These are carefully avoided in any neoliberal discussion, or even when they are discussed, their damage is understated or seen as positive. There are also heterodox economists such as Erik Reinert, Joseph Stiglitz, Ha-Joon Chang, and distinguished linguist Noam Chomsky among others who critically reject the neoliberal open-market approach with its touting of the Smithian and Ricardian approach to global trade interaction by demonstrating that the major industrial nations advocating for free trade today did not practice it when developing their own economies but instead were the strictest protectionists in those areas where they sought to improve their productive capacity. Britain was the first country to perfect the infant industry promotion and protection strategy, which they used to propel their country to prosperity; for instance, Britain banned imports of superior products from some of its colonies if they happened to threaten British industries as in the case of Irish wool industry and the Indian cotton industry, imposed high and long-lasting tariff barriers, and controlled trade. The USA was the most ardent user of protectionism policies from 1812 up to World War II. It imposed heavy tariffs to protect its critical industries at the time especially textile industry in the early nineteenth century and the iron and steel industries in the second half of the nineteenth century (Chang 2002). If free trade especially between unequal partners benefits countries, the trade between the USA and Mexico under NAFTA would have provided the best example except that it did not. Mexico borders the USA and has a considerable amount of competent managers, skilled workers, relatively huge Foreign Direct Investments, and good infrastructure in terms of airports, roads, ports, and rail. Nevertheless, free trade under the NAFTA arrangement swallowed almost all the industries built before 1990 under the import substitution strategy. The result was lost jobs and falls in wages as better-paying manufacturing jobs disappeared, slowdown in economic growth, and disruption of its agricultural sector that employed millions which was also hit hard by subsidized US products especially corn. Without clear alternatives, many Mexicans have moved north, while others are caught up in a difficult drug war. During the 2016 US presidential elections, Candidate Trump, now President, called Mexican migrants rapists and drug dealers and promised that if elected president, he would build a wall on the border, and Mexico would pay for it, an idea he has not given up on as president. Despite this bigoted rhetoric, many Americans are as annoyed as Trump on Mexicans not as a people but on the mistakes of NAFTA on the American people. During the 1992 US presidential election debates, independent presidential candidate Ross Perot made opposition to NAFTA, the cornerstone of his national campaign, warning voters that because of huge wage differentials between the USA, Canada, and Mexico, America would lose jobs as companies move to Mexico looking for cheap labor. In the heated debate that preceded its enactment, NAFTA proponents, prominent economists, and Clinton administration officials argued that it would result in a trade surplus for the USA and also generate millions of jobs. These predictions did not happen because US trade with Mexico went from a US$ 2.5 billion surplus in 1994 to US$ 58 billion deficit in 2015, and an estimated seven hundred thousand US jobs were destroyed between NAFTA's implementation in 2010. However, NAFTA supporters look at the deficit differently and argue that the USA runs a deficit with many other trading partners such as the EU and China where it had a US$ 365 billion trade deficit in 2015. That for every one job it lost to Mexico, it lost five to China, and therefore job offshoring from the USA cannot be solely blamed on NAFTA. Besides, most imports from Mexico have US-made parts, as they are reassembled products made from the maquiladora factories; thus the deficit with China could have been worse if Mexico was out of the picture (Scott and Guillen 2014; USTR 2016). Some of the campaign pledges that President Trump made were to destroy or renegotiate trade agreements that favored other countries against the USA. Indeed he has maintained his words and renegotiated NAFTA with Mexico, imposed tariffs on some of Canadian and European goods

because he thought that these were protecting their own markets while taking advantage of the USA, and is engaged in a tit-for-tat trade war with China mainly because the latter has been winning the trading contest. However, this raises very critical questions for developing countries because the USA can afford to impose tariffs, embargo, and trade agreement renegotiations on other countries due to the fact that it is the strongest country on earth and can have its way when dealing with others. This is not the case when others are dealing with the USA which is where the double standards lay. For instance, the East African countries of Uganda and Rwanda have been trying to stop importation of secondhand clothes in attempts to promote their own domestic textile industry and dignity of their people. The USA, which is the major secondhand clothes supplier in these markets, opposed the move. Uganda capitulated but Rwanda has been planning to go ahead with the proposals, but the USA has made it very clear that if Rwanda sees this through, it will be banned from selling its own goods to the USA under the AGOA Act: an arrangement that allows selected African countries to sell certain products into the US market duty free. This kind of coercion has also been raging between South Africa and the USA over the continued dumping of chicken products into the South African market that is killing domestic chicken farmers' businesses and livelihoods. Similar threats like those leveled on Rwanda have also been pointed at South Africa. This kind of trade partnership is not free, fair or even new; for instance, the free movement of goods that developed among weaker countries under British hegemony between 1870 and 1913 was made possible mostly as a result of military might rather than market forces (Girdner and Siddiqui 2008). Trump is trying to force similar kinds of trade arrangement on others because of the US economy's might. This changes the debate from whether free trade is good or bad if at all it exists to whether it is acceptable for the strong nations to play double standards and shift goal post to make sure that trade rules favor them against others. If this is allowed to continue as the way of carrying out trade, then developing countries especially the weakest in sub-Saharan Africa have to think twice, strengthen intra-Africa trade partnerships to defend themselves of such eventualities, and reposition themselves to deal with the rising China, the post-Brexit UK, the EU, the USA, and other partners with whom they may want to sign similar agreements. Otherwise they risk being squeezed in a corner, accepting deals blindly, and may fail to reverse the already trade deficits they are running with the major trading partners.

## Double Standards on the Role of the State in the Economy

Neoliberals argue that the role of the state in the economy should be confined to creating and defending free markets, and all other functions are better discharged by private enterprise (Friedman 1970; World Bank 1994). However, virtually all of today's rich countries used state intervention to develop their economies contrary to what the neoliberal policy orthodoxy would have us believe. Britain was the first country to use state protectionism to achieve industrialization by banning importation of superior products from some of its colonies if they threatened its industries as in the case of Irish wool and Indian cotton. In the 1930s the British government turned to more direct intervention into the domestic economy and stimulated the production of machines, chemicals, steel, and aerospace. The USA which has been pretending to be the model type for free trade was in fact the most ardent user and mother country of protectionist policies. In his book *The Wealth of Nations*, Adam Smith advised Americans not to develop manufacturing arguing that any attempt to stop the importation of European-manufactured goods would obstruct instead of promote the progress of their country toward real wealth. Many Americans agreed including Thomas Jefferson, the first secretary of state and the third president. But others headed by Alexander Hamilton an aide-de-camp to George Washington in the War of Independence and the country's first treasury secretary fiercely disagreed. Finally the USA rejected Thomas Jefferson's idea of an agrarian economy and

adopted a state interventionist program of Alexander Hamilton that propelled them from being a minor agrarian power to the world's greatest superpower today. In his report on the subject of manufactures submitted to the US Congress in 1791, Hamilton argued that a backward country like the USA needed to develop, nurture, and protect its infant industries from foreign competition until when they could stand on their own feet. Hamilton recommended the use of tools that would have invited the wrath of the IMF and World Bank today if he was finance minister of a developing country today looking for loans from them and probably they would be lobbying for his removal from office. He recommended protective tariffs, import bans, subsidies, export ban on key raw materials, prizes and patents for inventions, regulation of product standards, and development of financial and transportation infrastructures. Hamilton's life was ended in 1804 at the age of 50 by his friend-turned-political rival Aaron Burr, then vice president under Thomas Jefferson, in a New York pistol contest. If he had lived for another two or more decades, Hamilton would have witnessed the full implementation of his program because from around 1812 his program provided the blueprint for US economic and industrial policy until the end of World War II. After World War II, with its industrial supremacy unchallenged, the USA started championing the cause of free trade. But even then the US government still massively invested in defense, pharmaceuticals, transistors, radars, computers, nuclear, laser technology, space industry, satellite technology, the internet, aviation, biotechnology, and nanotechnology all of which came with significant private sector spillovers. In recent years, the US government has on several occasions sacrificed free markets in order to avert crises by socializing financial and economic risk including its rescue of Chrysler Corporation in 1980, multi-billion dollar publicly funded bailouts of savings and loan banks in 1989, the hedge fund long-term capital management in 1998, the airline industry in 2001, and bank bailouts in 2008 (Chang 2007). The Prussian state, which eventually unified Germany, also pursued a range of policies including tariff, monopoly grants, and cheap supplies from royal factories to promote new industries. When Frederick the Great came to power, he installed the first blast furnace in Germany to promote steel, metals, and armaments industries and encouraged the growth of textiles, porcelain, silk, and sugar-refining industries by providing monopoly rights, trade protection, export subsidies, capital investments, and skilled workers from abroad among other things. In Japan, the restoration of the Meiji regime in 1868 started the modern industrial process. Like in Prussia, the Japanese state facilitated transfer of advanced foreign technologies; hired foreign technical advisers; established state-owned model factories notably shipbuilding, mining, steel, sugar, copper, dyestuffs and woolen textiles, and military; established a range of tariff reforms intended to protect infant industries; made imported raw materials more affordable; and extended large infrastructural development especially railway networks. In 1939 Japan kicked General Motors out of its market specifically to protect Toyota, which at the time was uncompetitive in the global market. In France, contrary to the popular image that the French state was non-interventionist, there was a tradition of state activism represented by Jean-Baptiste Colbert who was Louis XIV's long-time finance minister (1661–1683). After defeat in two World Wars, the French state acknowledged its relative economic decline and took a more vigorous role in the economy by launching compulsory take-over of key industries through nationalization and investment in strategic industries through state-owned banks and maintaining high-level industrial tariffs until the 1960s. Countries like Finland, Norway, Italy, and Austria that were all relatively backward at the end of World War II also used similar strategies to promote their industries until the 1960s, and the newly industrialized countries in East Asia were no exceptions. For example, the Singaporean government took the lead in establishing and protecting state-owned enterprises and industries during the 1960s. Because Singapore had a small domestic market, it had to rely heavily on external markets in order to develop, so it adopted a free-trade regime making it very different from other East Asian countries. However, this cannot be mistaken to mean that

Singapore pursued a laissez-faire system as many free-market economists suggest. Rather the government worked hard to attract FDI into areas that created employment, growth potential, technical contents, and value addition and consistently took a proactive role to support the competitiveness of its manufacturing sector, and by 2010, Singapore was producing the highest manufacturing value added in the world. In South Korea, the state used export restrictions for primary products, promotion of manufactured exports, subsidies, tax reductions, selective industrial investment, tax-free imports for re-export materials, and a 25-year ban on foreign cars to achieve industrialization. In the 1960s, manufactured goods made less than 10% of all output in South Korea. Today, it is one of the world's leading producers of heavy and hi-tech manufactured goods including steel, ships, cars, and computer chips among other technological items and possesses global brands like Samsung, Kia, and Hyundai. Taiwan is another Asian tiger that emerged from colonial rule with an agricultural economy and used state interventionist policies to promote textile, chemical, artificial fiber, cement, metal product, electrical machinery, and paper industries. In the long run, Taiwan centered industrial production on export products that had high income elasticity, low transportation costs, and backward and forward linkage industries. By the 1980s Taiwan graduated into an industrial economy and became the world's third largest producer of IT products in 1995 (Chang 2002).

## Double Standards in Agricultural Subsidies

Most developing countries especially those in sub-Saharan Africa depend on agriculture both for their livelihoods and export earnings. For instance, over 80% of the population in Uganda depends on subsistence agriculture for their livelihood, and over 80% of that country's export earnings are derived from agriculture. The World Bank recommended that Uganda and similar countries comparative advantage was in agriculture and they should focus on it in their development plans. However, under a bilateral agreement between the USA and the EU imposed on other WTO member countries, subsidies that distort trade must be cut, and one of the strongest World Bank aid and loan conditionalities for developing countries has been the removal of agricultural subsidies. In the case of Uganda, the removal of agricultural subsidies in the 1990s led to the collapse of the cooperative movement that was the cornerstone of agricultural development in the country. Peasant farmers who constitute over 80% of the agricultural production system were left on their own, and up to now, they are still using hand hoes to till the land. However, rich countries redesigned their subsidy systems in order to evade subsidy reductions and still provide massive agricultural sector subsidies that were over US$ 300 billion each year in 2002, which farmers in developing countries cannot compete with (see Action Aid 2002). The damage subsidies do to farmers in developing countries is illustrated using wheat, sugar, and cotton as case examples in this entry. Wheat whose global production is dominated by China, India, the USA, the UK, and EU is a staple food crop in many parts of the world including Africa. About half of all wheat and wheat flour traded on world markets comes from the EU and the USA. Wheat subsidies are decreased with one hand and increased with another. For example, the cost of producing wheat in the UK is currently higher than the price farmers receive, and if left to the market, it would no longer make sense for UK farmers to grow wheat. But UK farmers are not left to the market but produce wheat with a combination of market price support including intervention buying, export subsidies, and direct payments that contribute to production surpluses. They are compensated through direct payments under the Arable Area Payments Scheme where farmers are provided with about £30 a tonne of wheat implying that each tonne of UK wheat is dumped on international markets at about 40 percent below the cost of production and this has had a detrimental impact on farmers and food security in developing countries (Action Aid 2002). Sugar is another important export crop where many developing countries have a distinct cost advantage

over European Union producers, but EU sugar producers stay in business through subsidies that enable them to export surpluses at prices significantly below the cost of EU production causing huge problems for small-scale farmers in developing countries by eradicating their competitive advantage. Countries that make up the African, Caribbean, and Pacific group have preferential access to the EU sugar market, but even these countries in many cases run fowl of EU subsidies; for example, the sugar industry in Swaziland produces sugar at less than half the cost of EU countries but was unable to compete with EU sugar imports dumped in its market and neighboring countries leading to serious job and income losses (Action Aid 2002). Cotton is a major export cash crop in many African countries such as Benin, Burkina Faso, Mali, Chad, Zimbabwe, and Sudan. Whereas cotton constitutes a minor economic activity in industrialized countries, they produce a lot of it. For instance, the USA is the second-largest cotton producer and by far the largest exporter. During the 1960s cotton prices averaged US$ 2.31 per kilogram. During the 1990s, they averaged US$ 1.34 per kilogram and have fluctuated since 1990 falling to its lowest annual level in 30 years in 2002. These instabilities and downward movements in prices were majorly caused by subsidies granted by key cotton-producing countries led by the USA, followed by China and the EU (Gillson et al. 2004).

## Double Standards on Deregulation

Deregulation is another commandment under neoliberal orthodoxy's faith in the infallibility of free market. Milton Friedman, one of the champions of free-market model, argued that profit making is the essence of democracy and any government; no matter how popular it may be, it is regarded as being anti-democratic if it pursues anti-market policies that limit corporate profits (Friedman 1970). Regulations exist to protect human rights, safeguard the environment, and monitor corporate activities that limit their profits. Thus, the corporate demand and success at deregulation in developing countries allows corporations to maximize shareholders' profits through financial markets, natural resources' exploitation, privatized public enterprises, and strategic alliances and mergers rather than to provide public goods. Public services such as health, education, and transport are now subject to the rules of the market, which exacerbates the existence of persistent poverty, inadequate health care, and inequalities between the rich and the poor among other problems. These problems create conditions for unleashing the most brutalizing forces of capitalism as social bonds are replaced by unadulterated materialism, public concerns are understood and experienced as utterly private miseries, the social state is transformed into a militarized state, and politics becomes inextricably linked to matters of life and death mediated through the prism of fear, insecurity, exclusion, deception, and abuse of human rights and social values (Comaroff 2007). In recent years corporate lobbying and securing political influence in local, national, and international governance structures and regulatory bodies has resulted in budget cuts for regulatory agencies and repealing of regulatory laws allowing corporations to operate with fewer public which directly contribute toward the growing instability in the world economy; for example, the liberalization of the American financial market allowed the risky selling of American financial products and speculation all over the world which served American firms well but imposed acute financial and economic crisis in many developing countries. These speculative profit-mongering firms pack their accounts and leave developing countries in trouble every time there are hitches; for instance, Chile is the country that has been constantly cited as a neoliberal success story, but its early experiment with neoliberalism was a disaster that ended in a terrible financial crash in 1982, which had to be resolved by the nationalization of the whole banking sector. When the 1997 financial crisis broke out as a result of the devaluation of the Thai baht, investors rushed out of the East Asian emerging market which devastated currencies, stock markets, and economies of the region. In Argentina, neoliberal aftershocks started to be felt after a prolonged

recession in 1999 at the beginning of President De la Rua's presidency. Foreign investors left the country as fast as they had entered it when it became clear that the economy had fallen apart and the IMF wasted no time to suspend its assistance. The state defaulted on billions of dollars, and over half of the population fell below poverty line with 20 percent not being able to even afford daily food costs in a country that once took pride in having the largest middle class in Latin America (see Shever 2012).

## Double Standards in Privatization

Privatization, which refers to the transfer of ownership or control of state-owned resources or services to private companies, has been the primary focus of neoliberal or free-market policy since the 1980s. Until this very recent period in history, public resources were largely in the hands of local communities and nations who would distribute their benefits throughout society without an overriding profit imperative. With key commodity, agricultural, and manufacturing markets already dominated by a handful of corporations, privatization has opened up a seemingly endless array of profitable opportunities. Neoliberals claim that privatized services are more efficient than those run by the state. They believe that market competition and corporate efficiency can drive prices down for consumers. These arguments are used as a sales tool to convince the public and their governments. However, these assumptions are basically incorrect and often irrelevant when considering the functions and purposes of public utilities. Essential services are provided to citizens by their governments to meet basic public welfare needs such as the provision of energy, water, and health care. The provision of these services is a human right, and whether they are profitable or not is not a concern for the vast majority of people around the world. There is also little empirical evidence that privately run services are either more efficient or better value to their customers or more evident of damage. For example, privatization usually creates a natural monopoly, removing the possibility of competition that can benefit the consumer. In many sectors, such as energy, multinational corporations hold the reigns to the market, and through their strategic alliances, they control critical aspects of the market such as price – again removing any theoretical market benefits. When consumer prices are reduced or a corporation tries to increase profit levels, it often comes at the expense of decent wages, labor standards, and the environment. Other main issues are those relating to human rights, democracy, ownership, control, and accountability. The provision of essential services is a human right, although many in the developing world go without basic services. Where services are available, it is in the community's interest that government body manages the utility. But corporations are accountable to shareholders whose priority is profit and not the public whose priority is service. Privatization lobbyists often cite corruption within governments as a major reason for the lack of essential goods and services such as water and suggesting that in such cases government efforts must be superseded by private provision. However, it reveals double standards when corporations want to negotiate massive private contracts with these so-called corrupt governments, many of which have fewer resources than these transnational corporations. These government failures must also be viewed in historical perspective and in terms of a country's current level of impoverishment. Further analysis often reveals more complex causes to this impoverishment. These range from unique environmental conditions, such as the lack of proximity to water in sub-Saharan Africa, to the cumulative effect of colonization, political interference, and unfair trade structures imposed by dominant countries. In such countries, corporations reinforce corrupt practices by bribing government officials when trying to secure the assets to be privatized. When essential services are privatized, the market sets prices, and those who cannot afford to pay go without. This is simply unacceptable when 45% of the global public struggle to survive on US$ 2 a day. Poverty reduction and development can only occur when these basic services that are often unavailable in poverty-stricken areas are guaranteed to all.

Government commitment to provide basic human needs was affirmed in the UN Universal Declaration of Human Rights, and as such government's relinquishment of essential services to market forces and private interests due to neoliberal pressure is a violation of human rights (see Tabellini 2005). In many developing countries, most privatized industries failed to live up to the hyped expectation of private sector-led efficiency and growth; for example, Uganda privatized virtually all its state-owned enterprises in the guise that they were inefficient and that the private sector was better positioned to champion efficiency, growth, and industrial transformation. However, most privatized public industries and enterprises have closed down; others are operating in serious losses while others survive on state subsidies.

## Double Standards in Neoliberal Education Policies

The neoliberal vision sees education as a commodity like any other and therefore should be paid by the consumer. Developing countries were advised that their best returns would come from basic education and that free higher education was not pertinent to their reality. The argument was that offering free higher education meant subsidizing the wrong people who cannot produce original knowledge and for whom research is an unacceptable luxury. The World Bank insisted on only funding basic education and consistently demanded that universities slash subsidies to students and dramatically increase tuition fees (World Bank 1995). This has decapitated developing countries' universities' ability to carry out autonomous indigenous research, seriously affected the quality of teachers in the primary and secondary schools who are teaching in these countries' universities, and deepened the gulf in scientific and technological experts between developed and developing countries. Developing countries have three-fourths of the world's population but only 10% of the world's engineers and scientists: 7% in Asia, 1.8% in Latin America, 0.9% in Arab countries, and 0.3% in Africa. These countries have only 3% of the world's computers and only invest US$ 3 billion in research and development. On the other hand, the USA, European Union, and Japan alone have 90% of the world scientists and engineers and invested approximately US$ 220 billion in research and development every year. This gulf is complicated and devastates developing countries because the demand for high-technology manufactured products is increasing at a far much higher rate per year compared to the demand for low-technology manufactures. This has resulted in slow but relentless production of people in developing countries incapable of competing for twenty-first-century jobs and stuck in poverty. On the other side, this scientific and technological innovation in few places has led to concentration of wealth in the hands of a very small proportion of the global population. The UNDP Human Development Report of 2005 indicated that only nine countries (with 4% of the world's population) had reduced the wealth gap between rich and poor, while 80% of the world's populations had recorded an increase in wealth inequality. The report also stated that the richest 50 individuals in the world had a combined income greater than that of 416 million poorest people and 54% of global income went to the richest 10% of the world's population while 40% of the world's population received only 5% of global income. Recently British organization indicated that 85 richest people in the world have the same wealth as 3.5 billion poor people. The current numbers are even more frightening because the market value of, for example, Facebook, Apple, and Amazon companies combined is bigger than the entire GDP of Africa, which represents the biggest attack on the world population for the last 40 years. This kind of violence that takes the form of very few individuals, companies, or countries amassing a lot of wealth while millions of people are wallowing in humiliating poverty is partly responsible for the current immigration crisis of people trying to cross the Mediterranean Sea from Africa into Europe, the migration crisis on the border between Mexico and the USA as people try to escape poverty and drugs in South America into the USA, the increase

of racism and rise of far-right groups especially in Europe as they try to oppose this wave of immigration, the collapse of social safety nets in many developing countries, and state brutality in countries like Uganda where the government is trying to suppress millions of unemployed youth who are being inspired by Hon. Kyagulanyi Robert aka Bobi Wine, a ghetto singer turned politician to rise up and demand a better life.

## Economic and Export Growth, FDI, and Debt Payment

Proponents of neoliberal policies argued that opening up of third world economies would attract foreign direct investment, create jobs that would stimulate economic growth, and generate exports that would also generate funds to finance developing countries' debts. However, analysis of outcomes on these arguments reveals that the policy results have been resounding failures on all the mentioned fronts. Contrary to the neoliberal claim, private foreign capital inflows follow rather than create growth, and in recent years, most of the FDI heading to developing countries went to China that moreover never followed orthodoxy neoliberal policies. The belief that neoliberal policies would promote economic growth has been proved wrong, and in instances where it happened which is rare, benefits accrued disproportionately to those at the top, and growth was not followed by jobs. Excluding China, annual economic growth in developing countries between 1960 and 1980 was 3.2%. This dropped drastically between 1980 and 2000 to a mere 0.7%, yet this was the time when neoliberalism was most prevalent in global economic policy. Interestingly, China whose economic growth per capita grew to over 8% between 1980 and 2000 was not following the neoliberal model during these periods and has moved on to become the world's second biggest economy. The world experienced dramatic increase in exports from about 3.5 trillion in 1990 to 6.5 trillion US dollars in 2000. The proponents of neoliberal policies claimed that the increase in exports of manufactured goods showed the benefits of trade liberalization. However, about one-third of the world exports in goods and non-factor services do take the form of intra-firm trade between parent multinational corporations and their foreign affiliates. Moreover, the powers of these top MNCs have become much more consolidated by their closer alliance with the international banks. In this situation, citizens of developing countries are forced into dependency upon foreign companies and their goods and services (UNCTAD 2005). Even worse for the majority of the developing nations is the fact that only a handful of developing countries such as China and few other East Asian countries account for the bulk of this export growth. Moreover those countries did not follow neoliberal policy orthodoxy, and most developing countries that implemented neoliberal policies witnessed a decline in exports when there was increase in exports globally. During 1980–2005, most of the Latin American and sub-Saharan countries continued to import more than they exported, resulting in ever-growing trade deficits that forced them to cut down drastically fiscal spending, which adversely affected overall growth. The trend of trade deficit especially in Africa with Western and Asian countries has not been reversed, and Africa was the real theater for the implementation of neoliberal policies. The implication of this is that African countries never reduced their debt through increased exports but rather increased it. Indeed by 1996 sub-Saharan Africa had a higher debt as percentage of GNP than any other major third world region at US$ 230 billion which was a 400% increase that happened in the neoliberal policies era (Chang 2002). Africa's debt was forgiven at the beginning of the early 2000s but has since mounted especially with unrestricted borrowing from China by African governments. If this borrowing is not matched with investment in productive sectors so that Africa reduces its export deficits, paying back these debts will be impossible.

## Conclusion

Based on evidence in many countries discussed above, this entry concludes that while neoliberal

policies are ideologically very seductive and appealing, in practice they have not achieved what they promised and are now part of the problem rather than the solution to the development crisis in developing countries. They embody erroneous assumptions based on intuition and assertion rather than rigorous analysis. Their strength rests on their ideological appeal rather than support by any economic theory and evidence. They have failed to end poverty in developing countries where they were viciously implemented and increased inequality within and among countries, and people like President Trump in the USA are fighting hard although using unconventional methods to address or limit their consequences in their own countries. Leaders in developing countries have to think about new approaches to enhance equitable and sustainable prosperity for all their people and the next generation because neoliberal policies cannot be replicated for the next generation.

## Cross-References

► Public Policy and Politics

## References

ActionAid (2002) Farmgate: the developmental impact of agricultural subsidies. ActionAid UK. Retrieved from https://www.actionaid.org.uk/sites/default/files/doc_lib/farmgate_media_briefing.pdf on 18 Sep 2018

Barrett W (1990) World bullion flows: 1450-1800. In: Tracy JD (ed) The rise of merchant empires: long distance trade in early modern world. Cambridge University Press, London, pp 1350–1750. Retrieved from https://cheirif.files.wordpress.com/2014/10/studies-in-comparative-early-modern-history-james-d-tracy-the-rise-of-merchant-empires_-long-distance-trade-in-the-early-modern-world-1350-1750-studies-in-comparative-early-modern-hi.pdf on 12 Sept 2018

Butler E (2011) The condensed wealth of nations and the incredibly condensed theory of moral sentiments, ASI (Research) Ltd. England. Retrieved from www.cis.org.au/app/uploads/2015/07/op126.pdf on 19 Sept 2018

Chang H-J (2002) Kicking away the ladder. Development strategy in historical perspective. Anthem Press, London Retrieved from http://www.personal.ceu.hu/corliss/CDST_Course_Site/Readings_old_2012_files/Ha-Joon%20Chang%20-%20Kicking%20Away%20the%20Ladder-The%20%E2%80%9CReal%E2%80%9D%20History%20of%20Free%20Trade.pdf on 28 Aug 2018

Chang H-J (2007) Bad samaritans: the myth of free trade and the secret history of capitalism. Bloomsbury Press, New York Retrieved from https://www.bloomsbury.com/us/bad-samaritans-9781596917385 on 22 Aug 2018

Comaroff J (2007) Beyond bare life: AIDS, (bio) politics, and the neoliberal order. Publ Cult 19(1):197–219. Retrieved from http://www.urbanlab.org/articles/Comaroff,%20Jean%202007%20Beyond%20bare%20life.pdf on 16 Sept 2018

Ferguson N (2003) Empire: how Britain made the modern world. Allen Lane, London. Retrieved from https://www.history.ac.uk/reviews/review/325 on 25 Aug 2018

Friedman M (1962) Capitalism and Freedom. University of Chicago Press, Chicago

Friedman M (1970, September 13) The social responsibility of business is to increase its profits. The New York Times Magazine. Retrieved from https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html on 26 Aug 2018

Gillson I, Colin P, Balcombe K, Page S (2004) Understanding the impact of cotton subsidies on developing countries. Working Paper. Retrieved from https://www.odi.org/resources/docs/4721.pdf on 24 Aug 2018

Girdner EJ, Siddiqui K (2008) Neoliberal globalization, poverty creation and environmental degradation in developing countries. International Journal of Environment and Development 5(1). Retrieved from www.eprints.hud.ac.uk/4122/ on 27 Aug 2018

Schumacher R (2012) Free trade and absolute comparative advantage. A critical comparison of two major theories of international trade. Potsdam, University. Retrieved from https://publishup.uni-potsdam.de/files/6086/wtthesis16.pdf on 16 Aug 2018

Scott R, Guillen M (2014) NAFTA, 20 years later: Do the benefits outweigh the costs? University of Pennsylvania, Wharton. Retrieved from www.knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ on 17 Sept 2018

Shever E (2012) Resources for reform: oil and neoliberalism in Argentina. Stanford University Press. Retrieved from https://www.sup.org/books/title/?id=21287 on 14 Sept 2018

Stiglitz J (2002) Globalization and its discontent. Allen Lane/Penguin Books. Retrieved from www.powells.com/book/globalization-its-discontents-9780393324396/2-5 on 17 Sept 2018

Tabellini G (2005) The role of the state in economic development. Kyklos 58(2):283 Retrieved from www.vedegylet.hu/fejkrit/szvggyujt/Tabellini_state_econ_development.pdf on 14 Sept 2018

UNCTAD (2005) Trade and development report. United Nations, Now York. Retrieved from www.unctad.org/en/docs/tdr2005_en.pdf on 22 Sept 2018

USTR (Office of the United States Trade Representative) (2016) National Trade Statistic Report on foreign trade

barriers. Retrieved from https://ustr.gov/sites/default/files/2016-NTE-Report-FINAL.pdf on 19 Sept 2018
Williams E (1964) Capitalism and slavery. Andre Deutch Ltd, London. Retrieved from https://archive.org/stream/capitalismandsla033027mbp/capitalismandsla033027mbp_djvu.txt on 16 Sept 2019
World Bank (1994) Adjustment in Africa, reforms, results and road ahead. World Bank, Oxford. Retrieved from www.documents.worldbank.org 18 Sept 2018
World Bank (1995) World Bank: Priorities and strategies for education. World Bank, Washington, DC. Retrieved from http://siteresources.worldbank.org/EDUCATION/Resources/278200-1099079877269/547664-1099080118171/Priorities_and_Strategies_for_Ed_WB_Review.pdf on 18 Sept 2018

# Nepal's Policies Toward Agrarian Reform

Niraj Acharya
Deonar, Mumbai, India

## Synonyms

Agrarian reform; Land policy; Land reform; Nepal's agrarian policies

## Definitions

Agrarian question of Nepal: Major portion of population in Nepal is engaged in agriculture but due to various socioeconomic issues, the agricultural product is not even sufficient to feed the population itself.

Maoist armed revolution: The 10-year long Communist Party of Nepal (Maoist) launched a guerrilla warfare armed revolution where "land to the tiller" was one of the major demand.

Guthi: The community group of a religious institution, mainly Hindus, which own a large chunk of land and most of these lands are still to come under the state's taxation system.

## Introduction

Agrarian question is important to solve in developing countries because land is not only the source of economy but also the source of power, hierarchy, and the process of production. Rural population which consists the major section of population in developing countries are highly dependent on agriculture, but since they do not own or own only insignificant part of the major means of production, i.e., land, they are highly vulnerable to poverty as they do not have enough credit opportunities to acquire the means of production, or illiterate to use the modern technologies to increase their production (Griffin 1979). Every country has gone through their agrarian dilemma and those who have been able to break that question have been able to develop their overall economy.

One of the major characteristics of Nepalese economy is the growing food deficit and dependence on neighboring countries for the basic agro products. In Nepal, since state did not interfere in the lands which were given to few elites for the contribution they provided to palace in terms of territorial expansion or simply serving the palace, these lands were cultivated by peasants who would in return pay levy either in the form of food grain or cash (Sharma 1983). Only after the Birta abolishment act of 1959, the land grant system was abolished and state took control on the administration of land. But till today, the state has been unable to introduce the revolutionary land reform policies which would break the semi-feudal structure of land holding nurtured during the 250 years of monarchy.

## Theoretical Premise

The agrarian question has been tried to address in various ways or the various approaches. The Marxian political economic analysis of land reform takes the abolition of feudal landlordism as one of the major answers (Byres 1986); however, some scholars like Lipton (2009) argues that poverty alleviation should be one of the major motives for land reform. Also Neoliberal economic approach in many developing countries, particularly after structural adjustment policy, has been to increase the output and develop the

market for agriculture reform. Land reform basically states about the reform of the land ownership, hence Marxist thinkers have tried to define land reform as a breaking of feudal/semifeudal ownership of land. The sufficient landholding size to poor people in rural economy can contribute to the whole national economy as: (a) It increases the income of agricultural labor (large portion of land divided into many individual families would require more people to work), (b) People owning their own land would increase their income compared to them working in someone else's field, (c) The equal distribution of land makes it easier to invest more in land which would increase the productivity through technological advancement, and (d) Equal distribution of land would end the inequality of assets among people (Lipton 2009). This entry is based on the theoretical premise of redistributive approach and has included those acts and policies which had prioritized in redistribution of land to the landless class.

## Nepal's Agrarian Question

Coming toward the middle of eighteenth century, Nepal was settled by different migrants and the hill tribes sharing different culture and socioeconomic structure. By the middle of the eighteenth century, it was already divided into about 60 principalities (Regmi 2014). They were primarily Baise and Chaubise Rajya in the western part, Makwanpur in the south, Vijaypur in the east, and Kathmandu principalities consisting of Kantipur, Badgao and Patan, and Gorkha. Though these principalities had different tribal and cultural groups, they somehow shared the same kind of socioeconomic structure and land was the major economic resources for all of them. They all followed the similar structure of land holding, and the state was the primary owner of land in all principalities. Though not the primary source which would generate the power, land was the instrument through which rulers would hold the power and powerful people. The lands were than distributed to the palace's close relatives, military, and people who hold the strong religious position in the society in the form of different land grants. These distributions of land led to the development of certain structure of land holding in that period which still determines the agrarian condition of Nepal. In fact, the major form of land tenure that started in the fifth century was followed till twentieth century, and these tenures were practiced to control the power by the palace or the rulers. Also, the land distribution that the state had incorporated favored heavily to the people close to palace and establishment; hence, most of the segment of population remained poor and landless.

Nepal has gone through various political movements with the involvement of peasants which has gained the political freedom and democracy. Although these major political movements (1951, 1990, and 2006) did change the political structure with the help of participation from large number of peasants, the political commitment made to them has not been implied by the political leaders. Major share of population in Nepal depends on agriculture, but one of the primary problems of Nepal's economy is the low agricultural productivity which is due to the high amount of landlessness among its people. The feudal structure of Nepal which was nurtured during the 240-year-long monarchy has made Nepal among those countries where uneven share of land ownership is so high that agrarian question cannot be dealt without proper addressing of the uneven distribution of land.

## State Policies Toward Land Reform

The period 1951–1964, the immediate period after abolishment of century long Rana Regime, was a period of various reforms be it a transition coalition government, Congress majority government, or the king's panchayat regime which was enforced in 1960. As Nepal had not had any kind of census or the surveys and the lands were occupied by the ruling elites, to first reform the agriculture which was the major occupation of the majority of population was the priority to every government formed after the establishment of democracy. During the period of 1951–1959, some major steps were taken to change the feudal kinship agrarian

structure. The abolishment of the land grant system which had already defined the structure of land holding in Nepal and to address the rights of tenants were the immediate action to be taken. The abolishment of certain land tenure systems such as Jagir tenure in 1951, Birta tenure in 1959, Rajya tenure in 1961, and Rakam tenure in 1963 showed the eagerness of those governments to get over the prevailing agrarian structure. Though the major objective of these kinds of abolishment was to bring the land under the direct ownership of state and in some extent to remove the intermediaries of land, the abolishment acts were hugely unsuccessful in converting these lands into the Raikar land due to the lack of data of these lands. The Nepal tenancy rights and Security Act which tried to secure the rights of tenants was promulgated only in 1951 and in the Kathmandu valley (Zaman 1973). Besides this, the period from 1951 to 1959 saw the introduction of various land related acts (Badal Commission Report 1995):

(a) **Draft tenancy right bill in 1952 (2008 B.S.)**: This bill was introduced after taking the suggestions from the peasants themselves. Also this bill was important to know about the tenancy rights of tenants immediately after the Rana regime.

(b) **Land inspection commission, 1952 (2008 B.S.)**: This commission was formed to explore about the land conditions of different, five to six, districts in western Terai. Though there were several recommendations by this commission, it was not implemented by the government.

(c) **Land reform commission, 1953 (2009 B.S.)**: In 1953, under the chairmanship of Narad Muni Thulung, a royal land reform commission was formed. For the first time, the issues of peasant's rights were acknowledged in the commission's recommendation, but again the then government did not make policies and acts to implement the recommendation. The commission had recommended several reform policies such as land ceilings, tenancy rights, systematization of revenue collection, etc., but since those recommendations were being made for the first time and it would affect the royal and Rana families directly, the royal government was not interested in implementing the recommendation.

(d) **13-point plan, 1956 (2011/12 B.S.)**: In view of forthcoming election, to get the support of peasants, King Mahendra declared the 13-point plan for the agrarian reform. Certain rights were mentioned in the plan and even the establishment of cooperative agriculture bank was mentioned.

(e) **Land related act 1958 (2013/14 B.S.)**: This land act also tried to establish the tenancy rights particularly related with the rent tenants have to pay and their cultivation rights. A limit in rent was declared which made tenants not to pay more than half of their yearly cultivation. However, this land act also tried to secure the rights of land owners as a provision, and to take permission for transfer of tenancy was introduced in this act.

(f) **Birta abolishment act, 1959 (2016 B.S.)**: The 1959 election unexpectedly made the Nepali Congress major parliamentary party and the party had included land reform as one of the primary agenda during the revolution and election; B.P. Koirala introduced the Birta abolishment act immediately after taking oath as prime minister (Paudel 2015). The major objective of that act was to end the provision of land grant system and bring all those Birta lands which were given by previous rulers into the Raikar system. As many of these Birta land were tax free, the government decided to bring all those lands into the tax system and noncultivable Birta lands such as forest into the ownership of state. This act was a milestone in changing the agrarian condition of Nepal as the major distribution system of land was completely abolished and all the lands would come under the state's revenue system.

(g) **The land act 1964 (Bhumi Ain, 2021)**: After King Mahendra seized the power and introduced "Panchayat" system in 1960, to legitimize the move and show the sincerity toward peasants, royal government introduced the detailed land act in 1964. It was in some way a revolutionary step by the King as for the first time in Nepal's land history the land ceiling was

imposed and tenant's credit rights were mentioned. The major objectives mentioned in the land act were to lawfully distribute the land, to improve the living standards of peasants by introducing modern techniques, to increase the agricultural production and to transfer the inactive capital from agriculture into other economic sectors (Badal/HLLRC 2010). The major provisions made in the land act were (1) to impose of ceiling on land ownership, acquire those lands in excess to ceiling, and distribute to others, (2) abolishment of the Jimidary system, (3) give security to tenant farmers, and (4) made the provision for agricultural credit (Zaman 1973). The provisions of land ceiling were introduced for the first time and an individual was not allowed to keep land holding as decided by the land act (Table 1).

The land act was implemented in three phases in different districts (Zaman 1973), and the exemption of certain institutions from the ceilings was taken as an opportunity by the feudal landlords. The most significant trend promoted by the state was transferring the cultivable land for industrial or medical purpose. Due to this, by the end of three phases, the state was able to confiscate approximately 50,000 ha of land which was just 3% of the total cultivable land (Regmi 2014; Table 2).

Besides the introduction of land act, there were few other acts introduced during the partyless Panchayat system (Adhikari 2008).

(h) **Land survey and measurement act, 1962**: for classifying and measuring the existing land system.

(i) **Guthi act, 1976**: to regulate the Guthi land which were owned by ruling families and individual communities.

(j) **Land revenue act, 1977**: to collect the revenues from the cultivable land.

(k) **Land acquisition act, 1977**: to acquire the private excess land for public use.

Besides the various land reform policies and acts, Nepal government started prioritizing agriculture visibly in the periodic plan since 2002, when the Maoist armed struggle was at its peak. The tenth 5-year plan (2002–2007) which became the last plan of the monarchial kingdom also prioritized agriculture as the major means to reduce the poverty. The plan mentioned that major reason of poverty was the low agricultural productivity and also stated that 25% of lowest income people owned only 11% of year-around irrigated land. However, it did not mention about the measures to address this uneven distribution of land. The plan focused on increasing agricultural growth by 5% till 2007, but focused its strategy on modernization of agriculture and availability of improved seeds and fertilizers.

After the change in political scenario after 2006, there was an urgency to make the new economic policy according to the changed political scenario. Hence the National Planning Commission formulated the interim 3-year plan. As per the commission, to ensure the immediate benefit to people from the new political system, a short-term plan was designed. The plan acknowledged that the major problems in land reform were limited access to land, landless ness, tenancy, and the

**Nepal's Policies Toward Agrarian Reform, Table 1** Land Ceiling fixed in 1964

| | Ceiling | Add for housing |
|---|---|---|
| Hills/mountains | 80 rop (4.07 ha) | 16 rop (0.8 ha) |
| Kathmandu valley | 50 rop (2.54 ha) | 8 rop (0.4 ha) |
| Terai and inner Terai | 25 biga (16.93 ha) | 3 biga (2.30 ha) |

Source: Land Act 1964

**Nepal's Policies Toward Agrarian Reform, Table 2** Land acquired by the ceilings fixed by Land Act 1964

| Development region | No. of districts | Acquired land (Bigaha) |
|---|---|---|
| Eastern | 3 | 6322 |
| Central | 3 | 3185 |
| Western | 3 | 3518 |
| Mid-western | 3 | 31,515 |
| Far-western | 2 | 3263 |
| Total | 14 | 47,803 |

Source: Hadbandi, CSRC (not dated)

increasing fallowness, i.e., cultivable lands being left uncultivated. While the average agricultural growth was 3.2%, the plan intended to raise the agricultural growth up to 3.6% (11th Interim economic plan, 2007). The plan targeted to provide land to the 200,000 landless families and also provide ownership certificate to them. The national plan also recommended new ceiling to be put, which was also recommended in the two commissions set thereafter.

The 12th plan (2010–2013) estimated that around 74% of the population still depends upon agriculture as a major source of livelihood. However, the agricultural growth was not as per the target. As per the plan, the major problems were the outdated policies and acts, lack of implementation of acts and policies, increasing fragmentation of land, use of agricultural land for the nonagricultural purpose, minimal financial and technical assistance to the peasants, existing tenancy of land, etc. However, the 13th plan was more targeted toward increasing the agricultural productivity and ignored the fact that the major reason of low agricultural growth was the uneven distribution of land and large segment of population still being landless.

The 13th plan (2013–2016) for economic growth has taken the objective of reducing poverty to 18% and increase the agricultural growth up to 4.5%. The strategy for 3-year plan included different measures to increase agriculture production through improved seeds and fertilizers, expansion of irrigation facilities, different modern technologies and mechanism, but the strategy has not mentioned about the specific programs to end the tenancy or increase the land holding portion among marginalized and landless peasants.

The provision of land classification and ownership was first introduced in the 12th plan of 2010. In 2010, Nepal government also introduced the Land Use Policy 2010, in order to stop the growing conversion of agricultural land for the use of nonproductive sector such as housing and industry. The major objective of Land Use Policy 2010, was to utilize the available lands as per their nature for better productivity, classify lands according to their characteristics (productivity, geography, soil, etc.), and conserve or manage these classified land properly.

## Conclusion

Agriculture and land reform has always been a priority for political parties of Nepal in paper. Almost every party had included land reform programs in their election manifestos. Nepal's decade-long insurgency had also regarded unequal distribution of land as one of the major root cause for poverty and raised the slogan "land to the tiller" during the conflict. However, political instability and frequent change in government has destabilized the specific programs launched by specific governments regarding land reform. Nepal's agriculture is still struggling to find appropriate measures to improve, though there has been adequate priority for agricultural growth in different yearly plans of government.

The Maoist-led armed revolution raised the slogan of "land to the tiller" in the rural areas and the "people's army" started confiscating the land from the landlords. But it was an armed coercion where state could not interfere due to the stronghold of Maoist in rural areas. One of the major agenda of Maoist revolution was the upbringing of peasants. Based on this agenda among others, Maoist got a majority in first CA election. It, without delay, formed the high-level commission for land reform under Haribol Gajurel. The commission was replaced before a report could have been submitted. It was replaced by another high-level land reform commission formed by UML government under Ghanendra Basnet. Both commissions submitted their reports in 2011; however, the intraparty conflict and political instability barred the implementation of any such reformist policy. Nepal currently looms around the institutionalization of the political achievement of 2006 such as federalism, implementation of new constitution, republicanism, and secularism; hence, the political party's commitment is not seen in the issue of land reform.

As land reform is about restructuring the economic and political influence, though it would benefit the large segment of population who

have made the political party to win election or instigating change, the political parties cannot go against the elite class whose financial support had made them perform excellently in the election. The political nexus of landlords to the establishment is strong enough to create the disruption for any government to impose certain land reform policies (Tai 1974). The large number of population is landless and prone to poverty due to unavailability of any alternative means of livelihood in Nepal. The whole agriculture advancement is still in primitive stage, making Nepal prone to food security. However, the agriculture revolution is not possible without breaking the deep rooted feudal land holding structure. Since Nepal has reached into the political stability through the latest election, the communist government of Nepal should prioritize land reform as their major economic agenda for coming days.

## References

Adhikari J (2008) Land reform in Nepal. Problems and prospects. Action Aid, Kathmandu
Badal K (2010) Bhumi ra Krishi ko Artharajniti. CSRC, Kathmandu
Byres TJ (1986) The Agrarian question, forms of capitalist Agrarian transition and the state: an essay with reference to Asia. Soc Sci 14(11/12):43–58
Economic Plan (2002/2007/2010/2013/2016) Government of Nepal
Griffin K (1979) The political economy of Agrarian change. MacMillan Press Ltd, London
Hadbandi (n.d.), CSRC
High Level Land Reform (Badal) Commission report (Keshab Badal), 1995
High Level Scientific Land Reform Commission report (Ghanendra Basnet) 2010
High Level Scientific Land Reform Commission report (Haribol Gajurel), 2011
Land Act (1964) His Majesty's Government of Nepal
Land Use Policy (2010) Government of Nepal
Lipton M (2009) Land reform in developing countries: property rights and property wrong. Routledge Publication, Abingdon
Paudel B (2015) Bhumisudharko Mudda: Hijo, Aaja ra Bholi, Bichar Bishesh, Year: 6, No. 7. Public Policy Pathsaala, Kathmandu
Regmi MC (2014) Land ownership in Nepal. Adroit Publisher, Delhi
Sharma PR (1983) The land system of the Licchavis in Nepal. Kailash Publications, India
Tai HJ (1974) Land reform and politics: a comparative analysis. University of California Press, Berkeley
Zaman MA (1973) Evaluation of land reform in Nepal. Ministry of Land Reform, His Majesty's Government of Nepal

# Network Administration: Benchmarking e-Government in Togo

Lijun Chen and Apetogbo Komlan Aklikokou
School of Public Affairs, Zhejiang University, Hangzhou, China

## Synonyms

Digital government; Electronic government; Internet age; Public administration modernization

## Definition

The use of information communication technologies in government activities; the delivery of public services through the Internet; the availability of government information online.

## Introduction

The modernization of public service delivery through ICTs known as e-government is increasingly reshaping the traditional way of governance and public administration with less bureaucracy. As a matter of fact, citizens are progressively being able to access information and services online. While there are quite a few broad analysis of e-government in developing countries especially Sub-Saharan African countries, there is very little to learn about e-government in the Togolese context. In recent years there have been lots of efforts in Togo to provide e-government services with government to government, government to citizens, and government to business. This research provides a concrete benchmark and analysis of e-government in Togo by evaluating the

public institution websites in terms of maintenance, navigation, content, and organization contacts. This study focuses only on central government departments and agencies, because with seven millions population, Togo is relatively small to put much emphasis on subcentral government agencies websites. Actually, subcentral government plays a critical role in larger countries (Holliday and Yep 2005).

The following parts of this paper are structured as follows. The next section describes the Togolese Internet services and public administration modernization in Togo. Another section provides account of e-government development measurement. The following sections include the methods employed and the results. Discussions, which are descriptive in nature, are provided in the last section with a brief conclusion at the end.

## Internet Services and Public Administration Modernization in Togo

Since it has become evident to make use of ICTs in public service delivery, Moon and Welch (2005) attest that governments have developed web portals to provide various online programs such as online public information dissemination, online public services, online financial transactions, and online public participation.

The first Internet connection in Togo can be traced back to the year 1997, when Togo became one of the first West African Francophone countries to have access to the Internet. With the intention of modernizing the public administration in Togo, the government adopted in early 2012 a proposition from the then Post and Telecommunications Ministry now Post and Digital Economy Ministry. A concessional loan was therefore secured from China Exim Bank to finance the deployment of the e-government network in Togo with the phase 1 of the project connecting more than 500 administrative sites already completed. Ministries, government agencies, public and private institutions, hospitals, and schools are being interconnected from 219 sites in the capital Lome and Kara. The objective of the second phase of the project is to connect all the remaining part of the country.

A comparative analysis of E-Government Development Index (EGDI) shows a progress of Togo since 2012 (Graph 1). As at 2016, Togo's index ranks above the average in Africa but still far below the world average. The 2016 United Nations E-Government Survey actually classified Togo as a medium-level EGDI, ranking 147th in



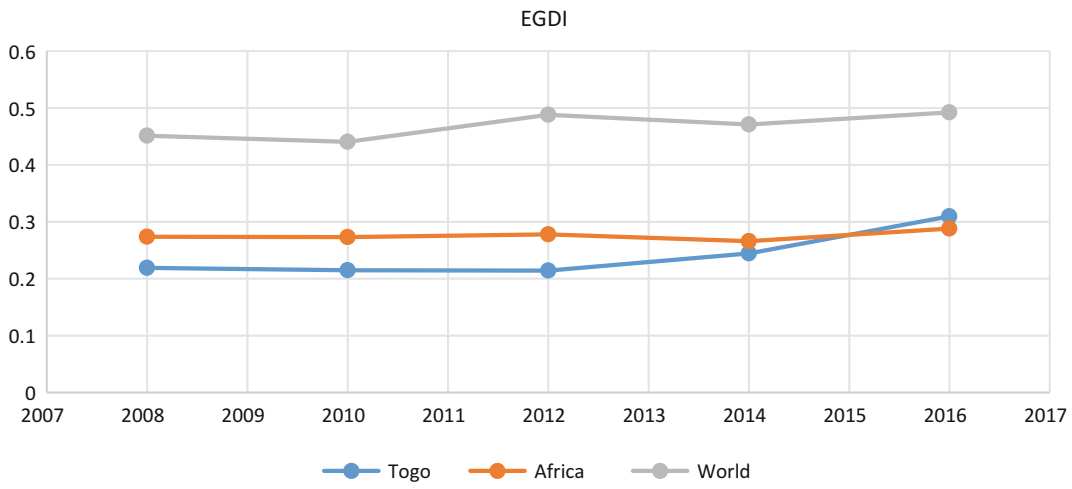


**Network Administration: Benchmarking e-Government in Togo, Graph 1** Comparative e-government development

the world (United Nations Department of Economic and Social Affairs [UNDESA] 2016).

## Measuring e-Government Development

There have been many e-government benchmarking studies (Holliday and Yep 2005) aiming at measuring the extent of e-government development in different parts of the world. A periodic survey conducted by the Department of Economic and Social Affairs of the United Nations provides an index known as the E-Government Development Index which ranks countries based on three factors, online service, human capital, and telecommunication infrastructure. The survey measures countries' e-government development by categorizing their online presence in five stages: emerging, enhanced, interactive, transactional, and seamless (United Nations/American Society for Public Administration [UN/ASPA] 2002). The National Audit Office (2002), for their part, surveyed British government websites based on five stages including a basic site, electronic publishing, interactive e-publishing, a transactional website, and joined-up e-governance. Layne and Lee (2001) also developed a four-stage model to assess the stages of e-government development. In general all these models include but are not limited to an information stage with website providing basic information described by West (2004) as a billboard stage where public authorities consider government websites the same as highway billboards because information is displayed in a static mechanism way. At this stage, the website provides basic information, agencies' contact like email, and downloadable documents. Special features like FAQs may also be found in some rare cases (UN/ASPA 2002). Reddick (2004) describes this stage as cataloging of information, whereby the nature of the information is non-transactional. An interaction stage is described by Moon (2002) as two-way communication (request and response) stage. West (2004) adds that the interactive aspects of online public services allow both citizens and civil servants to send and receive information. Agencies' forms are all downloadable, with possibility of submitting online (National Audit Office 2002) a transaction stage, where users can conduct and complete transactions online. At this stage, the website provides services and forms online and databases which support online transactions for citizens. This stage offers complete and secure transactions where users can actually pay online for services (UN/ASPA 2002). Described by Reddick (2004) as the transaction phase, government allows citizens to transact electronically including case handling, decision, and delivery, allowing electronic payment of service fees and fines. Online submission of tax returns and electronic payment of taxes are very cost-effective and enhance efficiency (Edmiston 2003). Online transactions improve efficiency for both users and the government compared to the first stage. This stage actually empowers citizens to deal with government online anytime and saves the inconvenience of traveling to a government office and the time spent waiting in line (Reddick 2004) and a fully integrated, seamless or transformation stage where a one-stop portal provides all kinds of available services to users.

## Methodology

To assess the progress of e-government in Togo, an evaluation of websites was carried out. Website evaluation is a useful benchmarking tool as it determines the effectiveness of government website, the degree to which the website adds value to the organization, and it provides trend data to assess change over time (UN/ASPA 2002). A survey of public institution websites was undertook from early March to mid-April 2018, covering 35 institutions including all 23 government ministries and 12 agencies with functional websites (Table 1), out of a total of 62 surveyed found in the directory of the government portal www.service-public.gouv.tg. The methods of this study were inspired by the works of Holliday and Yep (2005), who adapted the methodology used in the survey of British government agencies websites by the National Audit Office (2002). Thirty-two coded variables were used in this study instead of the 50 used by Holliday and Yep (2005) in their survey of Chinese

**Network Administration: Benchmarking e-Government in Togo, Table 1** List of surveyed public institutions with web presence

| **Government** | |
|---|---|
| Prime minister office | www.primature.gouv.tg |
| Ministry of finances | www.finances.gouv.tg |
| Ministry of foreign affairs | www.diplomatie.gouv.tg |
| Ministry of public service and administrative reforms | www.fp.gouv.tg |
| Ministry of local development, art, youth and employment | www.devbase.gouv.tg |
| Ministry of public works and transports | www.travauxpublics.gouv.tg |
| Ministry of agriculture, breeding and hydraulic | www.agriculture.gouv.tg |
| Ministry of justice and human rights | www.justice.gouv.tg |
| Ministry of trade, industry and private sector promotion | www.commerce.gouv.tg |
| Ministry of mines and energy | www.mines.gouv.tg |
| Ministry in charge of defense | www.defense.gouv.tg |
| Ministry of posts and digital economy | www.numerique.gouv.tg |
| Ministry in charge of strategic planning and development | www.planification.gouv.tg |
| Ministry of communication, culture, sports and civic education | www.communication.gouv.tg |
| Ministry of environment and forest resources | www.environnement.gouv.tg |
| Ministry of town planning, housing and life environment | www.urbanisme.gouv.tg |
| Ministry of social action, promotion of women and literacy | www.actionsociale.gouv.tg |
| Ministry of primary and secondary education | www.education.gouv.tg |
| Ministry of technical education and professional studies | www.edutech.gouv.tg |
| Ministry of interior, decentralization and local collectivity | www.territoire.gouv.tg |
| Ministry of security and public protection | www.securite.gouv.tg |
| Ministry of health and social protection | www.sante.gouv.tg |
| Ministry of research and tertiary education | www.edusup.gouv.tg |
| **Public service agencies** | |
| National Social Security Fund | www.cnsstogo.tg |
| State properties and cadastral affairs | www.dadc.gouv.tg |
| Public market regulation authority | www.armp-togo.com |
| Tax and revenues authority | www.otr.tg |
| General Office of National Documentation | www.dgdn-togo.tg |
| Training and professional development National Fund | www.fnafpp.tg |
| National Institute of Health Insurance | www.inam.tg |
| Office of Forest development and exploitation | www.odef.tg |
| Center of Enterprise Creation | www.cfetogo.org |
| Foreign trade single counter company (SEGUCE) | www.segucetogo.tg |
| Road and railway transport authority | www.mit-dgt-dtrf.tg |
| Immatriculation authority | www.sotoplaceva.com |

government agencies websites. In line with the purpose of this study, some of the variables were removed, others combined into a single variable due to ambiguity after translation in French, while variables like online contact form, downloadable documents, and Twitter/Facebook account were added. Page structure was also not evaluated in this study.

## Results

Out of the 62 institutions surveyed, 35 have an online presence (Table 1), 7 agencies share the same website as their supervising ministries, 1 agency website is nonoperational, and 19 agencies have no web presence. The results are segmented in five categories including site

maintenance, site navigation, site content, links, and contacting the organization.

Under site maintenance (Table 2), updates and news and press release were available on all the websites evaluated even though the frequency of their maintenance can be questionable. Chat room was only available on one website, resulting in a very poor score.

In terms of site navigation (Table 3), only site map scores poorly, while five variables over ten under site content (Table 4) score very high. Financial transaction was not available on any of the websites evaluated.

Less than 50% of the websites evaluated provided links to supervised departments and only 14% to supervising departments (Table 5). In the domain of contacting the organization (Table 6), 20 out of 23 ministries websites provided a biography of senior official, while all of them have a Twitter/Facebook account. Telephone, address, fax, and email were however available on almost all the public service agencies as opposed to the ministries.

## Discussion and Implications

The e-government has become a development indicator, helping advance the delivery of basic public services ranging from education and health to finance and social welfare and playing a critical role in making institutions more inclusive, transparent, and effective (UNDESA 2016). Unlike traditional structures, the availability of basic public services online allows citizens to have access to services 24 h a day and 7 days a week. Citizens can seek and get information at their own convenience and not just when offices are open (West 2004). Actually, answering basic questions about government services and procedures is time-consuming. By examining the results, all the 35 websites evaluated provide basic information and downloadable documents. Web presence

**Network Administration: Benchmarking e-Government in Togo, Table 2** Site maintenance

| Websites with | Government ($N = 23$) | Public service agencies ($N = 12$) | Total percentage ($N = 35$) (%) |
|---|---|---|---|
| Updates and news | 23 | 12 | 100 |
| Press release | 18 | 10 | 80 |
| Online contact form | 5 | 11 | 46 |
| Chat room | 0 | 1 | 3 |
| Free email | 3 | 7 | 29 |

**Network Administration: Benchmarking e-Government in Togo, Table 3** Site navigation

| Websites with | Government ($N = 23$) | Public service agencies ($N = 12$) | Total percentage ($N = 35$) (%) |
|---|---|---|---|
| Site map | 1 | 5 | 17 |
| List of topics | 23 | 12 | 100 |
| List of divisions | 23 | 6 | 83 |
| Search engine | 23 | 9 | 91 |

**Network Administration: Benchmarking e-Government in Togo, Table 4** Site content

| Websites with | Government ($N = 23$) | Public service agencies ($N = 12$) | Total percentage ($N = 35$) (%) |
|---|---|---|---|
| Mission and vision statement | 21 | 11 | 91 |
| Current activities | 21 | 10 | 89 |
| Usage statistics | 0 | 2 | 6 |
| Reports/ briefings | 23 | 8 | 89 |
| Speeches | 15 | 0 | 43 |
| List of publications | 23 | 10 | 94 |
| Downloadable documents | 23 | 11 | 97 |
| Downloadable copies of forms | 0 | 6 | 17 |
| Online submission of forms | 0 | 5 | 14 |
| Financial transactions | 0 | 0 | 0 |

**Network Administration: Benchmarking e-Government in Togo, Table 5** Links

| Websites with | Government ($N = 23$) | Public service agencies ($N = 12$) | Total percentage ($N = 35$) (%) |
|---|---|---|---|
| Supervising department(s) | 0 | 5 | 14 |
| Supervised department(s) | 10 | 7 | 49 |
| Other government organizations | 1 | 8 | 26 |
| International organizations | 6 | 7 | 37 |

**Network Administration: Benchmarking e-Government in Togo, Table 6** Contacting the organization

| Websites with | Government ($N = 23$) | Public service agencies ($N = 12$) | Total percentage ($N = 35$) (%) |
|---|---|---|---|
| Telephone | 1 | 12 | 37 |
| Address | 3 | 12 | 43 |
| Fax | 1 | 6 | 20 |
| Email | 1 | 11 | 34 |
| Twitter/Facebook | 23 | 7 | 86 |
| Senior official's Twitter/Facebook account | 4 | 0 | 11 |
| Senior officials' biography | 20 | 0 | 57 |
| Other officials' contact | 0 | 1 | 3 |
| Organization chart | 17 | 6 | 66 |

is beneficial to government because citizens' convenience could be increased and frontline employees' workload reduced (Layne and Lee 2001). With the government's web presence, citizens learn the specifics of policies and procedures and find out where to go for government services and post-service support. The existence of online contact form, free email subscription, and social media accounts facilitate interaction between citizens and their public authorities. Each ministry and public service agencies surveyed had their telephone, address, and email contacts available on the www.service-public.gov.tg portal, with few having them on their own websites. It is necessary to also have these contacts on the institution's own website. The emergence of social media makes interaction between public authorities and citizens easier. As such public authorities should take advantage of such opportunity which bring them closer to their citizenry. The possibility of e-service in the case of tax and revenues authority, General Office of National Documentation, and National Social Security Fund offers transactional capacities to service users. The fact that citizens could fill income and corporate taxes and apply or renew their passports online in Togo is a major step. This suggests that the e-government in Togo is progressively becoming fully functional. Layne and Lee (2001) suggest that only fully functional online services will make service delivery more efficient and also increase savings for both government and citizenry. Such possibilities ought to be extended to other agencies in order to achieve a high level of sophistication of online services across all public service providers. As a matter of fact, an e-government portal site that only offered the user information would be a poor resource. The evaluation of websites proves that e-government in Togo has achieved the information and interaction stages and has partly reached a transactional stage. Only the online payment option will make it fully transactional. The emergence of mobile-money applications in Togo will effectively support that. The intention behind e-government is that sites should be transactional, that is, the user should be able to conduct a number of transactions such as paying, applying (e.g., for a parking permit), consulting, and booking. Through portals like www.togo.tg and www.service-public.gov.tg, which provide links to most of the public institutions and offer information on all basic public services, the government aims at achieving a seamless stage in terms of e-government development.

Edmiston (2003) informs that e-government has the potential to enhance the efficiency of the public sector and to allow more personal,

customized relationships between citizenry and their public service providers. And the importance of web technologies in public management can be categorized into two: internal, as effective and efficient managerial tool, and external, as facilitating government's linkages with citizens (Moon 2002). However certain challenges limit its full implementation. Given a reluctance to change in human enterprises, Edmiston (2003) affirms that the transition to e-governance requires strong leadership for a successful implementation. In the adoption of e-government, problems arising from the resistance to change are the most perplex (UN/ASPA 2002). Layne and Lee (2001) note that e-government implementation requires that infrastructures must be built. Makoza (2013) for his part links the situation to not only the lack of infrastructure, human resources, and skills to effectively implement e-government projects but also to the challenges of digital divide where there are unequal access to ICT. The UN/ASPA (2002) cite costs, lack of resources to support the operations, organizational and cultural dichotomies, lack of capacity to manage large-scale IT projects, resistance by leadership, lack of coordination, information mismanagement, and absence of policy guidelines as some of the barriers to a successful implementation of e-government.

## Conclusion

This case study provides an evaluation of public institution websites in Togo. Achieving a high level of e-government development calls for an effective online presence of public services. While some institutions are yet to have a web presence, certainly due to not only the cost associated with website development and maintenance but also the existence of certain resistance and reluctance to change, those with online presence are yet to be fully functional with interaction and transaction possibilities. Based on the findings, there is still enough room for improvement for e-government development in Togo. However generalizing such findings require some level of cautiousness as not all existing state institutions were covered in the study.

## Cross-References

► Governance
► Public Service and Service Delivery

## References

Edmiston KD (2003) State and local e-government: prospects and challenges. Am Rev Public Adm 33(1):20–45. https://doi.org/10.1177/0275074002250255

Holliday I, Yep R (2005) E-government in China. Public Adm Dev 25(3):239–249. https://doi.org/10.1002/pad.361

Layne K, Lee J (2001) Developing fully functional E-government: a four stage model. Gov Inf Q 18(2):122–136. https://doi.org/10.1016/S0740-624X(01)00066-1

Makoza F (2013) The level of e-government implementation: case of Malawi. Electron J e-Gov 11(2):268–279 Retrieved from https://www.ejeg.com/issue/download.html?idArticle=279

Moon MJ (2002) The evolution of e-government among municipalities: rhetoric or reality? Public Adm Rev 62(4):424–433. https://doi.org/10.1111/0033-3352.00196

Moon MJ, Welch EW (2005) Same bed, different dreams? A comparative analysis of citizen and bureaucrat perspectives on E-government. Rev Public Pers Adm 25(3):243–264. https://doi.org/10.1177/0734371X05275508

National Audit Office (2002) Government on the web II: report by the comptroller and auditor general. HC 764/2001–2002, London. Retrieved from https://www.nao.org.uk/report/government-on-the-web-ii/

Reddick CG (2004) A two-stage model of e-government growth: theories and empirical evidence for U.S. cities. Gov Inf Q 21(1):51–64. https://doi.org/10.1016/j.giq.2003.11.004

UN/ASPA (2002) Benchmarking E-government: a global perspective. Assessing the progress of the UN Member States. United Nations Division for Public Economics and Public Administration and American Society for Public Administration, New York. Retrieved from https://publicadministration.un.org/egovkb/en-us/Reports/Benchmarking-E-Government-2011

UNDESA (2016) The United Nations E-Government Survey: E-Government in support of sustainable development. United Nations Department of Economic and Social Affairs. New York. Retrieved from https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2016

West DM (2004) E-government and the transformation of service delivery and citizen attitudes. Public Adm Rev 64(1):15–27. https://doi.org/10.1111/j.1540-6210.2004.00343.x

# Network Governance in Local Economic Development in South Africa

Mapule Mirriam Gugu Mashiteng[1], Cecile N. Gerwel-Proches[1] and Nikita Singh[2]
[1]Graduate School of Business & Leadership, University of KwaZulu-Natal, Durban, South Africa
[2]Rhodes University Business School, Rhodes University, Makhanda, South Africa

## Synonyms

Collaborative networks; Local economy; Public administration

## Definition

Network governance in local economic development refers to the informal or organic coordination of multiple social systems in the promotion of the development of local economies and/or communities.

## Introduction

Partnerships or collaborations are critical drivers in local economic development (LED) in South Africa, especially at the level of its local government and related municipalities. In terms of policy, LED planning should be synchronized in a way that involves provinces, districts, and local municipalities. The main challenge, however, is how to put this into practice, considering that one of the identified problems among such departments in South Africa is their tendency to operate in silos, rather than collaboratively. LED strategies in South Africa need to reflect the country's integrated development plans (IDP) and thus require a concerted effort by all parties who play a role in developing LED strategies. The "local" part of LED should not be taken to only mean local in a literal sense, as in most cases LED strategies encompass district, provincial, national, and even the global economy. Thus, in order to drive the local economy, the different stakeholders should have meaningful and symbiotic relationships.

Networks play a crucial role in LED in South Africa as they shape the nature of the implementation mechanism. Governmental stakeholders are becoming increasingly dependent on not only one another but also on nongovernmental stakeholders to ensure effective and informed policy design and implementation. In South Africa, the large metros tend to have the advantage of networks given the size of their private sectors, while in smaller municipalities (where there sometimes is only one dominant company or business), LED network effectiveness wanes (Wallis and Reddy 2012). Networks also make it possible to improve the existing interactions between the public and private sectors and facilitate the local authority taking charge of LED implementation in the country. This is especially relevant to the South African context as historically local municipalities have been unable to effectively drive LED alone (Khumalo et al. 2019) and thus desperately require the support of networks of actors and institutions to assist in this endeavor.

LED networks have been used in different ways to harness the synergies and competencies of different stakeholders. For example, the Cape Town Partnership was established in South Africa in July 1999 as a Local Economic Development Agency (LEDA) involving numerous other stakeholders from the city including residents, government actors, businesses, and NGOs. Adapting such a model would require a concerted effort by municipalities, as they would need to spend time and money to make such LED network governance functional.

## Network Governance in Public Policy and Public Administration

The presence of the multiplicity of stakeholders, actors, institutions, and agencies (both governmental and nongovernmental) has organically given rise to networks in the LED environment.

Effective LED implementation requires the effective and efficient functioning of all actors, as well as the networks created by such actors. This speaks to the idea of network governance as encompassed within the auspices of current public management and public administrative theory.

Network governance pertains to the idea of an informal arrangement of actors, partnerships, institutions, agencies, and/or any other stakeholders who operate organically toward attaining shared goals. No one entity is "in charge" – thus, power is distributed throughout the network. One could use the metaphor of muscle fibers that intertwine to form the biological structure of a muscle which facilitates movement. In this example, it is not a single muscle fiber that brings about movement but rather all such fibers working together. Similarly, the "movement" of network governance is facilitated by the synergistic actions of all the actors involved in a particular network. Within the context of public policy, one can view network governance as the way in which private and public actors at differing government levels coordinate their interdependencies in a self-regulatory fashion to enact certain public policies and/or provide certain services to the public. Hence, the focus moves away from emphasis on a sole public actor, by drawing attention to public policy creation and enactment via a network or web of actors (private, public, and civil society), thus heralding a network perspective of public policy (Klijn et al. 2010). Such "actors" refer to entities such as organizations, groups, institutions, and individuals with the networks they form, providing direction and coherence in an organic manner. The "organic manner" in which the networks operate speaks mainly to the idea of the relationships (and actors which comprise such networks) as operating within a usually self-governing or self-regulating framework for decision-making for some public purpose (Lewis 2011). The governance aspect of the concept refers to the way the network is structured and organized, how it regulates itself and engages in decision-making, how it meets the goals of network actors and managers, and how it fulfills their established norms (Wegner et al. 2019).

These descriptions of network governance provide some idea as to what the concept signifies, especially within the context of contemporary public policy. However, even though the concept of network governance has received much attention over the last 20 years, there still exist many ambiguities and confusion in fully comprehending the concept, thus hampering the development of a universal definition of it. However, like all other social and organizational phenomena, the idea of network governance introduces many merits and challenges for the actors involved.

## Merits of Network Governance for Public Policy and Development

According to Klijn et al. (2010), network governance (and the management thereof) is fast becoming recognized as an important consideration when aiming to foster healthy and effective network relationships and bring about overall success in the contexts in which they are embedded. Network governance in public policy has heralded an approach to governance in which control, management, and the power of a network rest with the actors themselves (and the interactions between them), thus moving away from the common idea of governance as being directed from the top-down via bureaucratic structures, as espoused by Weber.

Lubell and Fulton (2008) also support the notion of network governance as having merit in the management and implementation of public policy. They argue that the strength of network governance is brought about by the very networks themselves, as such networks (1) facilitate the diffusion of policy and management innovations, (2) foster the growth and development of social capital, and (3) facilitate social learning which ultimately encourages the development of channels for more effective cultural learning. Since the diffusion of policy and management innovations, the creation of social capital, and the encouragement of social and cultural learning are difficult to achieve, especially in complex multi-actor settings, network governance and its proclivity to bring about all three of these objectives can be especially beneficial in public policy settings hoping to achieve the same.

Structurally, the merits of the concept of a network lies in the fact that usually such networks consist of a large number of complex interconnections; the larger the system, the more complex such networks and interconnections will be. This could be one of the reasons for the benefits of network governance as identified by Lubell and Fulton (2008) as innovation, the growth of social capital, and social learning can only happen in dense networks that are open to each other and which communicate continuously. When this happens, the lines or boundaries between actors and/or entities that comprise such networks become blurred, thus allowing political, administrative, and ideological boundaries to be crossed, hence fostering trust, collaboration, communication, knowledge sharing, and the building of shared norms. However, this will ultimately depend on the strength of the relationships between actors and entities as the presence of multiple relationships does not presuppose strong, effective networks.

Hassall (2009) in his lectures on theories of governance proposed that network governance has many advantages when applied to public policy settings. Firstly, since such networks are informal and loosely structured, it is possible to involve actors who may have the necessary technical expertise, but who are not state actors, to assist with the enactment or construction of public policy. This is usually restricted when dealing with bureaucratic approaches to public policy as often in these cases it is mainly state actors and institutions that are called upon to construct and enact policy. Secondly, networks can be made up of actors and entities from the public, private, and civil society sectors. This means that resources, knowledge, and expertise from a broad range of fields and which cross diverse geographical boundaries can be pooled together due to the networks that are established, thus heightening the possibility of innovation – a harbinger of good policy development and implementation. Thirdly, such networks can be formed and dismantled fairly quickly and efficiently due to their informal nature and thus offer a more rapid and efficient response to specific problems, as compared to conventional bureaucratic administrative arrangements. Finally, network governance is especially suited to the area of public policy and public administration due to its emphasis on allowing the fluid coming together of public, private, and civil society actors to facilitate the successful completion of complex public policy projects while still encouraging public accountability.

## Network Governance Challenges

In bringing together all these actors within such networks, it is logical to assume that such would present many challenges. The management of network governance takes center stage in this regard with the belief that if such networks are not managed well, they cannot produce much of the benefits that were explored earlier. In addition, while much research exemplifies the merits of network governance, especially in public policy settings, the management and interaction of such a multiplicity of actors and networks does not always lead to positive governance outcomes. This dynamic, especially in public policy implementation, development initiatives, and problem-solving, is in its very essence a complex process which does not progress in a linear fashion. If the networks get larger and more complex over time (by drawing more and more actors and institutions into policy formulation and implementation), communication breakdowns can lead to network breakdowns (Hassall 2009). Even in their attempts to decentralize control and power in public policy, it is possible for such efforts to reinforce centralizing tendencies.

The propensity for network governance to spiral out of control and produce negative consequences is tied to the fact that they are informal networks and may thus be loosely supervised by state or public actors; thus, they may progress in a direction that could be counter to what was envisioned when such state actors established such networks in the first place. In addition, such networks can grow rapidly and encompass a myriad of actors and institutions and the relationships between them. Thus, it can be quite challenging for the government to then control, manage, and oversee such a complex entity, as well as to ensure that they effectively contribute to LED in the country.

Furthermore, it is possible and common for such networks to involve many different actors and institutions from multiple settings and contexts, with varying levels and types of expertise, from vast geographical territories, and with different ways of communicating and working toward common goal(s). The complication here arises in clearly articulating goals and expected policy outcomes as every network stakeholder will perceive the attainment of their (or their organizations') goals as the most important. This could ultimately be to the detriment of the collective plan of the network, as envisioned at the outset of the network's formation. Also, the resultant collective outcomes of the network are influenced by each and every member of the network. Thus, poor performance on the part of one or a few network members can cascade throughout the network and impede the performance of all others, ultimately affecting the attainment of the shared goals of the network. For this reason, accountability becomes an important issue in steering the network in a positive direction, especially since they are not usually governed by a single controlling authority – thus, accountability needs to rest with each and every member, without which network goals cannot be effectively attained (Hassall 2009).

Thus, network governance can be afflicted by many challenges especially since it is rooted in a phenomenon that by its very nature involves several different groups of actors and institutions at varying levels of public, private, and social existence operating in ever-changing and turbulent environments. However, at the very core of the issue is the fact that what ultimately makes them effective remains unclear. This also varies depending on the context in which network governance occurs. In the context of LED in municipalities in South Africa, several role players are key in the creation, maintenance, and effectiveness of such networks.

## Key Role Players in LED Networks in South African Municipalities

The LED concept revolves around three major players: local government, the community, and the private sector (Gerwel Proches et al. 2012), as well as role players unique to the South African context, such as the Department of Cooperative Governance and Traditional Affairs (COGTA). Some of the key functions performed by COGTA include providing guidance, direction, and leadership in the creation of policies, which assists in bringing efficiencies to doing business. COGTA is a significant player in LED in South Africa by playing a critical role in administrating policies, programs, and projects to ensure development and growth in the country. A final role played by COGTA involves the initiation of economic development programs, which is done by availing funds, establishing regulations, and promoting small and medium enterprise development, social enterprises, and cooperatives.

Another key section responsible for providing support for LED in South Africa is the chief directorate under the Department of Provincial and Local Government (DPLG). This is usually done through several programs, including developing and reviewing national policies on LED-related initiatives. Their mandate extends to the provision of all types of support for capacity building for provincial and local government. The directorate is also responsible for managing the LED Fund, which deals with the processing of budgets for LED programs.

Besides the chief directorate and COGTA, another key role player is the Department of Trade and Industry (DTI). The key role of DTI is, as per the mandate of the department, the promotion of economic growth and the creation of employment opportunities. In this regard, the DTI finds support in the South African LED National Policy Framework. That the DTI is a port of call for most budding entrepreneurs is no coincidence, as the mandate of the department is in line with the LED policy framework.

LED role players at the local government level include a wider range of stakeholders, including the district municipalities, metropolitan areas, local municipalities, private stakeholders, and community organizations. This group of stakeholders must collaborate with the business sector, labor, and civil society organizations, with the objective of improving outcomes under the LED initiatives. Different types of public private partnerships often emerge from this which can be used

to effectively operationalize LED, and each local municipality develops a unique LED strategy which becomes a guide over a period of time for the implementation of LED. One of the key issues that can unravel a LED initiative is a lack of partnerships. Most LED strategies, and even government departments, recognize the importance of strategic collaborative partnerships at the local, provincial, regional, and even national levels for the support and promotion of LED initiatives.

### The LED Policy Framework in South Africa

South Africa's 1994 democratic breakthrough introduced new thinking in government, which became more focused on the urgent need to have more pro-poor elements in all programs of the government. The African National Congress (ANC), which was the leading political party of the then democratic South African government, introduced the Reconstruction and Development Programme (RDP) as a way of addressing the challenges facing previously disadvantaged populations. The RDP laid the foundation for a LED focus in government in general and has since been a basis upon which LED policies in South Africa have been developed, shaped, and improved. However, a number of other policy documents and legislation were also introduced that sought to support the role of LED in the local space. These policy documents and legislation included the following:

- Constitution of the Republic of South Africa (1996)
- The White Paper on Local Government (1998)
- Municipal Systems Act of 2000
- Growth, Employment and Redistribution Strategy of 1996
- Municipal Structures Act, 1998 (Act 117 of 1998)
- The National Framework for Local Economic Development in South Africa (2006–2011)
- National Spatial Development Perspective (2006)
- Municipal Finance Management Act, No. 56 of 2003
- The 5-Year Local Government Strategic Agenda and Implementation Plan (2006)

A central theme that runs through all the policy documents governing LED implementation is the importance of the service delivery triangle. This implies a shared understanding that for LED to work, it requires cooperation and partnerships between primarily the government, the private sector, and local communities. A dysfunctional service delivery triangle has been seen as one of the key challenges leading to nonperformance or the poor performance of LED initiatives in the country.

The Constitution of South Africa provides a foundation for a developmental local government and recognizes the importance of service delivery in which LED plays a pivotal role. Sections 152 and 153 of the Constitution of the Republic of South Africa in particular state that municipalities must provide and manage their administration, budgeting, and planning processes in order to ensure that the basic needs of communities are given priority (Act No. 108 of 1996). Besides this direct mandate, the Constitution also mandates local government to provide democratic and accountable government for all communities, ensure service provision in a sustainable way, promote social and economic development, promote a safe and healthy environment, and encourage community participation and involvement in matters of the locality.

Drawing from the Constitution, the government also used the White Paper on Local Government to formally introduce and implement developmental local government. This is a concept whereby citizens drawn from a community are involved in local government issues as a means to ensure sustainable ways to address social, economic, and material needs and improve living standards. The thrust of developmental local government is not so much to create direct jobs but dwells more on the creation of a conducive environment for investment and business opportunities. The White Paper found support in government's 2005 "Policy Guidelines for Implementing Local Economic Development in South Africa," which identified the need for a healthy environment for business and dealt with the challenges of poverty, inequality, and the lack of employment in the country. While municipalities cannot be responsible for creating employment, the policy document recognizes the

strategic role that these institutions play in creating an environment that stimulates business.

## LED in Local Economies in South Africa

The South African government realized the challenges arising from several years of skewed development and adopted LED as their policy of choice to address such inequality because it was recognized that local government, as the sphere (or tier) of government that the people are closest to, is best placed to maximize the potential for developmental support that exists in a locality. Appropriate effort is required to channel the right amount and type of investments into a locality so as to create much needed jobs and increase the desire for goods and services in such an area. To this end, the South African government's developmental agenda puts municipalities at the center of the social and economic development of their communities. This was formalized through the setting up of LED departments at various levels of the three spheres of governance. Economic development has therefore become an intrinsic part of all South African municipal councils' development agendas.

LED is considered an important means of reaching out to local economies in the country. The main aim of LED is to facilitate job creation by fostering local economic growth in a locality, creating more businesses and production lines in municipal areas, funding growth initiatives, and providing a conducive environment for economies to improve. The IDP process is a key part of the government's LED program, in which key municipal stakeholders engage in robust discussions and decision-making to guide the local economy to grow and to facilitate job creation for more people, especially the impoverished. National government's role in LED is in policymaking, funding, research, and other forms of support. Through the local municipalities, LED is thus meant to be a speedy localized response to the social and economic challenges facing localities. Capacity issues matter most in LED as the process is driven by several actors, yet the local municipalities are central to this process, such that without the appropriate "drivers," the LED process may be futile.

## Intergovernmental Involvement in LED in South Africa

The involvement of stakeholders, in both the public and private sectors, is crucial to the success of LED, especially in local and rural municipalities. Different government units and departments have responsibilities for the implementation of effective LED programs, such as the provincial departments of COGTA and the Departments of Economic Development and Tourism (DEDT) – however, they do not always play a meaningful role nor do they support local municipalities to the extent sometimes envisioned by the municipalities. This is a common point of contention in many municipalities in South Africa. On the other hand, it has also been found that local municipalities are not always open to collaborations with provincial government departments and neighboring district municipalities. This then provides the space for private stakeholders to take more initiative in driving LED programs on their own, without any active or visible involvement from the municipality. This sometimes affects the LED trajectory of local and rural municipalities, with the private sector driving them in a particular direction and the municipality pulling them in another.

South African local government also tends to experience contentious relationships between its rural and local municipalities and their neighboring district municipalities. While this indicates a structural challenge in the way LED is managed, the fallout between these two state institutions is not good for LED. The partnership between local and district municipalities should be symbiotic, which currently is not the case in South Africa. LED requires a holistic and integrated approach because LED has to deal with economic, social, welfare, and political issues simultaneously. Particular attention needs to be given to develop skills transfers and expertise to ensure efficient and effective human resources. COGTA must also play an active role to bring all the LED initiatives as well as the relevant stakeholders together beyond simply requesting reports from the municipality. Financial resources are a key requirement for all municipalities, and this should be sufficiently provided by national and provincial

governments. Tedious and lengthy administrative procedures (which South African public administration is famed for), which tend to delay implementation, must also be avoided.

Local and rural municipalities in South Africa experience several implementation challenges such as silo mentalities in planning, parallel planning, duplication of efforts, competition, and a lack of consolidated reports, which have found to stem from their inability to create effective and sustainable partnerships with other LED government stakeholders. Thus, implementation is affected by the lack of coordination in LED by different governmental departments across policy levels. The dependency of LED on the other five key performance areas (KPAs) of local government was emphasized by Hildreth and Bailey (2014) who opined that LED cannot be executed in a vacuum; hence, an integrated approach is required from planning to implementation. LED remains a pertinent issue on the South African development agenda. The South African government has convened a national dialogue on LED for further engagement and debate on the subject, while the Mpumalanga provincial government also put the subject of LED on the agenda of its executive council as a matter for discussion. This has signaled a serious need for better collaboration between the various governmental actors on the subject of LED in South Africa.

### Private Sector Involvement

With regard to private sector actors, non-government headed LED is widespread, with the private sector taking the lead as the main drivers. However, there tend to be concerns regarding the abuse of power and the undermining of the authority of municipalities by businesses, especially in small, rural, and local municipalities. This leads to situations in which local government is not open enough with the business community and there is no trust between them, with local government turning to business and private actors only when there are major issues and challenges that they cannot confront alone. From this, it is evident that more meaningful partnerships need to be created with the private sector, and the private sector should be engaged regularly to build more effective relationships, with municipal leaders driving such engagements.

Although local municipalities partner with various stakeholders in driving LED initiatives as mentioned earlier, they tend to operate in silos without involving other stakeholders in effective networks that produce results for the communities in which they are embedded. They do not always engage private partnerships in such a way so as to attract sufficient investment and resources to their municipalities. However, it must also be noted that South African public administration and management is characterized by much "red tape" and long turnaround times which inadvertently causes the private sector to prefer to proceed at their own, often faster pace, without the municipality's and government's involvement.

LED units within the municipalities mainly engage with stakeholders through the Municipalities Economic Development Partnership (MEDP) meetings. This is another source of contention as it is often the case that the LED units do not participate in the IDP process (or development plans) of their own municipalities, nor do they participate in district convened sessions of a similar nature. This gives the perception that municipalities prioritize other matters over LED. Thus, it is not only the lack of support from other LED stakeholders that is problematic but also the lack of alignment in the municipality's interests regarding LED. Mutually beneficial relationships are needed with business institutions; however, the reality is that municipalities only engage the private sector when they are looking for donations or support that favors their operations or needs at a particular point in time. This is a pity as the private sector has the skills, expertise, time, and resources to ensure profitability and success in government projects and programs and to ensure positive deliverables to communities and municipalities.

It seems that the implementation of LED programs will remain constrained as long as municipalities do not partner more efficiently and effectively with their private counterparts. There are many LED projects that are being spearheaded by the private sector which are not in partnership with the municipality due to such challenges. This is very unfortunate as municipalities should be an

integral nexus for encouraging multi-stakeholder partnerships in order to pool resources and attract investment to communities in desperate need of such. Furthermore, local and rural municipalities should not get left behind or sidelined by the private sector and should be responsive to the issues raised by the private sector in order to encourage private participation and networks. The most cited form of support required by the municipality from stakeholders is funding and investment, while input from stakeholders during the consultation process is important for better planning and integrated development. A business-oriented culture and work ethic must be adopted and instilled in the operation of municipalities, and business intelligence and advice can also improve the LED functionality in the municipalities. Finally, there should be joint implementation of LED projects, as well as shared proceeds and acknowledgement for mutual projects.

Resources, such as project champions, do not form part of the daily human resource requirements of municipalities in South Africa, even though they are critical to LED project success. According to Meyer (2013), without LED champions, most LED long-term programs will falter, because politicians tend to be in control of council budgets, and without political support, noble projects may be watered down and shelved year after year. This problem is related to what Koma (2014) identified as a bias toward "quick-win" projects versus long-term projects. Quick wins are similar to a "pro-poor" emphasis of LED, whereby the municipality wants to be seen to be doing something in the shortest possible time at the expense of the impact of the project. An emphasis on quick-win projects in South Africa has been traced to politicians pushing for projects so that they can amass votes in upcoming elections.

The resource challenges noted transcend beyond physical and monetary issues to indicate a shortage of capacity building resources and a need for more robust LED networks with the private sector. Stakeholder involvement is crucial for the effective application of any development program. Local municipalities in South Africa desperately require the effective involvement of governmental and nongovernmental stakeholders in their LED implementation programs, from the planning to the implementation and reporting phases. The establishment of sound and mutually beneficial LED networks plays a crucial role in LED implementation, as they inform the nature of the implementation mechanism. Strengthened relations must be established between the municipality, neighboring municipalities, and the Provincial Departments of COGTA and Economic Development and Tourism. Private sector involvement should also be enhanced, and support for the success of Municipalities Economic Development Partnerships must be mobilized and unreservedly given by the political leadership of the municipality.

## Bringing It All Together: The Implications for Network Governance

The involvement of stakeholders, in both the public and private sectors, is significant to the success of LED in municipalities in South Africa. Different government units and departments have responsibilities for the implementation of effective LED programs; however, the provincial departments of COGTA and DEDT tend to not play a meaningful role nor support municipalities to the extent expected. In addition, the municipalities themselves are perceived to not be open to collaborations with provincial government departments and their district municipalities; thus, private stakeholders tend to drive LED programs on their own, without any active or visible involvement from municipalities.

Thus, it appears as if network governance is not effectively manifesting in these municipalities as most of them do not display the propensity to form effective networks and furthermore lack the capacity to maintain and manage the few networks that they do possess. This emphasizes the significance of the management of networks, without which such networks will not be able to achieve their intended outcomes. It is evident that many municipalities in South Africa require more management assistance and one cannot say exactly where such guidance should come from, as networks by their nature should facilitate democratic decision-making. This will have to be considered when deciding who should manage such

networks in local municipalities and LED initiatives, so that it is not seen as a decision forced upon them from the top down as in conventional bureaucratic operations.

In addition, the different units within the municipalities operate in silos, which further makes the measurement of outcomes difficult. There is often parallel planning and implementation, which leads to duplication and competition within the same space, thus highlighting the importance of the management of such networks to ensure network success (Klijn et al. 2010). The danger is that if left unmanaged, network governance can prove to be largely ineffective. Thus, seeing network governance as being an organic process in which network members self-manage is largely unrealistic as such networks require some level of management. Furthermore, the outcomes of the network will be greatly influenced by the ability and competence of the network manager(s) and the manner in which they are able to manage intricate governance processes (Edelenbos and Klijn 2006; Agranoff 2007), as well as by their ability to identify and connect critical network actors. Effective network management is a difficult task as it requires much effort to satisfy all network actors, actors who can become unamenable if they perceive their goals to not be satisfied, thus discouraging network managers, who may then lessen their efforts, leading the network to decline into chaos and inefficiency (Klijn and Koppenjan 2012, 2016). This speaks again to the dilemma of introducing management elements into the notion of network governance in public policy as it presents itself to be inherently complex, ever-changing, and self-regulatory in essence.

Some municipalities do not want to subject themselves to their district municipality's reporting requirements and do not even submit reports for inclusion in district-wide LED performance reports. This speaks to the inherent tension between network governance and top-down approaches to governance and to the confusion of stakeholders who are exposed to both, as this instance clearly shows that stakeholders in municipalities cannot navigate the transitions from being accountable to a single authority (as is the case with their district municipality) to being accountable to other network actors. In addition, this brings to the forefront another dilemma – that of the difficulty in measuring the outcomes and effectiveness of network governance efforts. This is particularly important as network actors run the risk of focusing all their efforts on outcomes that will reap the most rewards for themselves, to the detriment of the network as a whole. In addition, apprehension in reporting to its network members could reveal an attempt to hide a lack of contributions to the overall goals of the LED network.

Often it is reported that municipalities in South Africa give too much attention to small-scale projects which do not contribute to LED or are too haphazard, lacking clear direction and focus. This shows that there is not much communication happening between network members as to what projects to prioritize and how to coordinate all LED projects so that they can flow seamlessly without disrupting one another. This could be because certain network actors do not feel that they possess the power to organize and prioritize particular network goals and projects, thus bringing into consideration the distribution of power within such networks. As Kenis and Provan (2009) assert, such power imbalances are common among networks utilizing lead organizations to direct the networks overall operations, while Hermansson (2016) argued that it is the extent to which network members can access and utilize critical resources that will enable them to counter such power imbalances.

Thus, networks alone do not guarantee effective LED project outcomes. Effective network governance requires structures that encourage coordination of network members, agreement among members over shared goals and plans of action, and consensus on, and concerted effort toward, attaining specific goals that address the overall purpose of the governance system. To counter the lack of network coordination in LED implementation in municipalities, viable and inclusive LED forums should be established. In addition, the private sector should be engaged regularly to build relationships and foster networks, the municipalities must get buy-in to encourage

effective collaboration, and municipal leaders should effectively drive such engagements.

Another important point is that it is not only about government spheres providing support to the local municipalities but also equally important is that the municipalities should accept the available support. When network members do not align their operations and goals and, furthermore, restrict communication to silos, effective synchronization between the various actors and institutions in the creation and application of LED in the municipalities is severely hampered. In such a scenario, each actor will operate for their own benefit due to dissatisfaction with the other network members, to the detriment of the network as a whole. This is supported by the assertion of Lewis (2011) who found that if the network actors do not develop a microculture of shared understandings, they are more likely to contest one another than cooperate. In these circumstances, shared goals, network efficiency, and efficient communication cannot be attained. Furthermore, there need to be certain "bare minimums" already in existence in the context in which such networks are embedded, to ensure network governance effectiveness. Whetsell et al. (2020) point to a history of cooperative activity and the existence of sufficiently developed networks as some instances of such bare minimums while also asserting that implementation of such networks in traditionally hierarchical settings will prove to be problematic. In the South African context, network governance in LED in rural and local municipalities has to contend with many challenges such as the lack of proper capacity in communities, corruption among network members and within the municipalities themselves, and infrastructural deficits, to name a few.

There are many municipalities in South Africa, and while some do give continuous support to LED projects, even after the active funding and implementation phases have ended (thus ensuring that such projects remain sustainable), other municipalities do not do enough to ensure the sustainability of LED initiatives. Thus, network governance is not a black or white phenomenon, as it is possible for networks to fluctuate between producing both positive and negative outcomes. This is logical given the fact that such networks are made up of a complexity of actors and interactions embedded in an ever-changing and turbulent public policy landscape. Berthod et al. (2017) suggest that networks require a switching between governance modes to deal with such fluctuations, with more assertive and hierarchical governance modes required in times of crisis or network tension. Clearly then this presents further implications for the development, management, and governance of such networks.

## Conclusion

Sustainability requires more than simply funding or a well-developed plan. Sustainable LED in South African municipalities is a collective effort between government, businesses, and the community. For local economies that are economically challenged, the piecemeal realization of LED is ineffective. LED should be planned and enacted by a wide range of actors from multiple sectors, because if successfully implemented, it will have an effect on all sectors of society. However, the presence of network governance does not automatically imply LED project success because there are many factors within the auspices of network governance that need to be properly developed, managed, and assessed, to ensure positive network outcomes for all actors involved. Therefore, while it may not be a panacea for all public policy and administration ills, it has much to offer in the area of LED, especially in rural and local municipalities in South Africa, with the main caveat being that such networks need to be managed in a way that encourages from all actors whole-hearted accountability, open communication, and the collective pursuit of network goals.

## Cross-References


- ▶ Collaborative Networks as Public Administration Instruments
- ▶ Governance by Network and Its Applicability to National Aid Policies and Local Governance
- ▶ Networks of Governance
- ▶ Policy Network and Governance

## References

Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

Berthod O, Grothe-Hammer H, Müller-Seitz G, Raab J, Sydow J (2017) From high-reliability organizations to high-reliability networks: the dynamics of network governance in the face of emergency. J Public Adm Res Theory 27(2):352–371

Edelenbos J, Klijn E (2006) Managing stakeholder involvement in decision-making: a comparative analysis of six interactive processes in the Netherlands. J Public Adm Res Theory 16(3):417–446

Gerwel Proches C, Bodhanya SA, Hardman S (2012) The challenges of service provision and economic development in South Africa. Amfiteatru Econ XIV(6): 580–599

Hassall G (2009) Theories of governance lecture. University of the South Pacific, Suva

Hermansson HM (2016) Disaster management collaboration in Turkey: assessing progress and challenges of hybrid network governance. Public Adm 94(2): 333–349

Hildreth P, Bailey D (2014) Place-based economic development strategy in England: filling the missing space. Local Econ 29(4–5):363–377

Kenis P, Provan KG (2009) Towards an exogenous theory of public network performance. Public Adm 87(3): 440–456

Khumalo SMS, Mthuli SA, Singh N (2019) Economic development through the local informal economy in sustaining livelihoods: the case of the rural coastal town of Mtubatuba. J Public Adm 54(4):772–789

Klijn E, Koppenjan JFM (2012) Governance network theory: past, present and future. Policy Polit 40(4):587–606

Klijn E, Koppenjan JFM (2016) Governance networks in the public sector. Routledge, New York

Klijn E, Steijn B, Edelenbos J (2010) The impact of network management on outcomes in governance networks. Public Adm 88(4):1063–1082

Koma SB (2014) The implementation of local economic development policy: the case of the Emakhazeni Local Municipality in South Africa. Adm Publica 22(4): 40–61

Lewis JM (2011) The future of network governance research: strength in diversity and synthesis. Public Adm 89(4):221–1234

Lubell M, Fulton A (2008) Local policy networks and agricultural watershed management. J Public Adm Res Theory 18(4):673–696

Meyer DF (2013) An exploration of revitalization strategies for rural areas: the case of the Northern Free State. Doctoral dissertation, North-Western University. Research direct. https://repository.nwu.ac.za/handle/10394/10172

South African Government (1996) Constitution of the Republic of South Africa. https://www.gov.za/documents/constitution-republic-south-africa-1996

Wallis M, Reddy P (2012) Local economic development: a critique of the African experience. Politeia 31(2):70–88

Wegner D, Teixeira EK, Verschoore JR (2019) Modes of network governance: what advances have been made so far? Revista de Administração e Contabilidade da Unisinos 16(1):2–26

Whetsell TA, Leiblein MJ, Wagner CS (2020) Between promise and performance: science and technology policy implementation through network governance. Sci Public Policy 47(1):78–91

# Network Structures

Seejeen Park[1] and Seunghoo Lim[2]
[1]Department of Public Administration, College of Law and Public Policy, Kwangwoon University, Seoul, Korea, Republic of
[2]Public Management and Policy Analysis Program, Graduate School of International Relations, International University of Japan, Niigata, Japan

## Synonyms

Governance networks; Network governance; Network model; Policy network

N

## Introduction

Research on networks has gained popularity among scholars of public administration since the 1990s, when early work on networks appeared in the literature (Berry et al. 2004; Milward 1996). Most scholars contend that networks are useful and effective tools for governance that substitute for bureaucratic structure, while some argue that networks can possess dark sides when they are used for criminal or immoral purposes (Agranoff and McGuire 2003; Raab and Milward 2003). Regardless of the intention for using networks, the general assumption is that networks are key to explaining how participants from different sectors (e.g., government, private, and nonprofit organizations) involved in public policy or service delivery work together to achieve a common goal not attainable by a single actor.

In the recent public administration literature, scholars often identify the major streams of network research as follows: policy formation, governance, and policy implementation. This taxonomy is based on the work of Lecy et al. (2014). More recent studies, arguing that extant research conceptualized and measured relationships in networks based on the premise that the nodes and ties in networks lie on a single-level structure, contend that networks are inevitably multilevel and multidimensional structures (Henttonen et al. 2016; Hooghe and Marks 2003).

### Policy Formation Networks

Policy formation network research focuses on how various actors, through horizontal cooperation, form coalitions or interest groups to address the perceived failures of state authorities and solve social problems as well as framing these problems as new agendas (Marsh and Rhodes 1992; Rhodes 1990). Consequently, this approach assumes that policy formation is a result of non-hierarchical and self-organizing cooperation among the network actors and contends that networks provide ways for actors (e.g., nonprofit organization, private companies, interest groups) to influence policy makers (Weible 2005). However, some may argue that the non-hierarchical cooperation in networks is not equivalent to the absence of hierarchy in network structures. In policy formation networks, different levels of government (e.g., central, federal, state, local) exist as actors, and they reflect the legally mandated vertical (formal) structure. Therefore, from a statutory perspective, other parties, such as citizen interest groups, private organizations, and associations, are not legally mandated to form network structures and can be categorized as non-government organizations. While a policy formation network may seem to be a non-hierarchical cooperation structure, in practice, governments are hierarchical organizations; thus, a vertical network structure is already in place before other actors begin to participate in the network. Therefore, non-hierarchical cooperation may be valid in single actor-to-actor relationships but not in networks where multiple levels of governments are involved.

### Policy Governance Networks

Governance networks, composed of actors engaged in collaborative relationships, exist to solve complex policy problems that cannot be addressed by a single actor; thus, actors in governance networks tend to rely on each other and to accept the assumption of the interdependence of actors (van Bueren et al. 2003). Although these networks solve public or policy problems, because they are not legal entities, some form of governance is required to maintain the collective and mutually supportive interaction, resolve conflicts among actors, and effectively acquire and utilize resources (Feiock and Scholz 2010). The notion of games is a crucial factor in governance networks where mutually dependent actors form networks around policy problems. Because a network and its actors have limited formal authority and accountability to network goals, conformity to the rules of the game tends to be voluntary.

The network actors seek to participate in the games by interacting with all types of actors in various levels to fulfill their purposes, and those activities inevitably lead to multilevel structure networks. For example, in the United States, federal, state, and local governments work collaboratively in areas such as environmental management and the federal government, represented by the Environmental Protection Agency (EPA), which directly provides federal grants to local watershed organizations without going through the states. For another example, many private actors in Europe bypass the hierarchical structure of the national government by interacting directly with the supranational level government (EU: European Union) rather than pursuing their interests in a stepwise manner (e.g., from national to the EU level).

Because varying levels of governments are organized vertically, despite the capacity of private or nonprofit actors to interact with any level of government, the structure of governance networks will become multilevel. The consensus among scholars studying governance networks is that networks were founded as a solution to the problems of market-based approaches in the new public management (NPM) or managing the "hollow state" (Milward and Provan 2003). Thus, it is

clear that networks as a structure came after the traditional bureaucracy. In other words, the structure of bureaucracy by levels of government precedes other actors that have been introduced after the evolution of networks. In this sense, the hierarchical structure by levels of government can be considered as a type of fixed multilevel structure that expands its boundaries by adding other actors to construct a governance network. Consequently, a governance network is a multilevel structure originated from traditional bureaucracy.

### Policy Implementation Networks

Policy implementation, or the public management network, functions as a coordination mechanism for effective public service delivery (Hjern and Hull 1982; Provan and Milward 2001). This research stream originated from scholars who viewed networking as a way to deliver intergovernmental programs effectively. Most research following the policy implementation stream has not turned its attention to the presence of multilevel structure of networks. To illustrate this example, the study by Milward and Provan (2003, p. 5) is used. The authors state that mental health service is a policy "governed by federal and state regulation; funded by the federal, state, and county governments; and implemented by states, local governments, nonprofits, and private firms." Based on the authors' statement, the providers of mental health services would receive funding from multiple levels of governments that have their own set of regulations and requirements for determining the funding for the providers. Accordingly, interaction among governments and providers will occur not only via a single-level structure network but also in a multilevel structure where governments form hierarchy by level and interact with the providers. The implementation network structure becomes multilayered because bureaucracy is one form of vertical structure and the public service delivery network evolved out of bureaucracy-based intergovernmental relationships. Therefore, unless there is evidence that networks are constructed by abolishing the vertical structure of government by levels, the structure of networks is multilevel.

## Multilevel Multidimensional Network Model

The purpose of introducing this model is to show that networks are not single-level horizontal structures but are multilayered and multidimensional structures. A typical network structure plot in the current literature involves connected nodes (actors) and ties (linkages or edges).

As represented in Fig. 1, the linkages are connected based on a single-level structure, meaning that the nodes are treated as lying on the same hierarchical level of the network structure without accounting for the multiple levels in which each actor is placed. In essence, a single-level structure assumes that networks are two dimensional. However, in MLMD, networks comprise a multilevel and multidimensional structure in which actors in different layers of hierarchy are vertically distinct from each other, and actors in different sectors are connected by inter-sector relationships. Figure 2 offers a graphical representation of the MLMD.

### Classification of Actors in MLMD

An actor (node) in networks is the most basic unit for analysis, and the node can be either an individual or an organization. The network composed

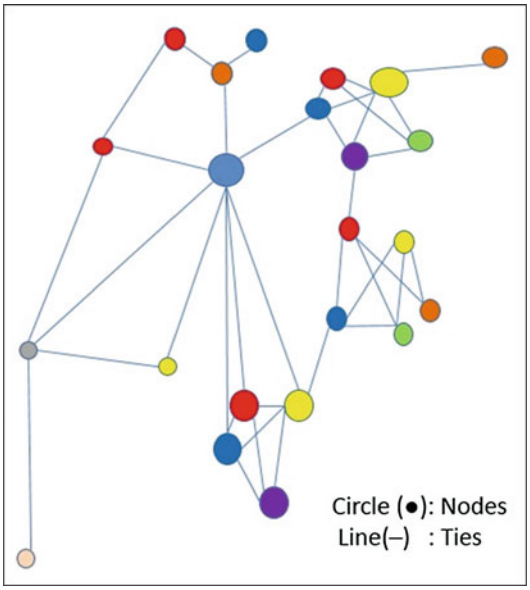


**Network Structures, Fig. 1** Example of a single-level structure network

N

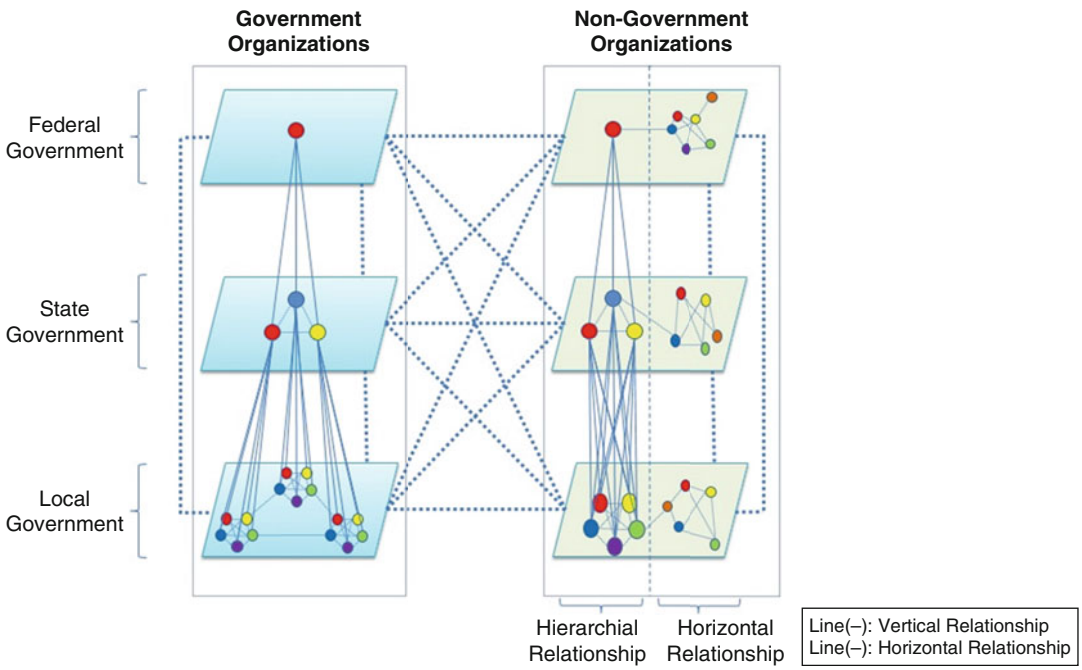


**Network Structures, Fig. 2** Conceptual map of multi-level and multi-dimensional (MLMD) network model

of these actors can be defined as a group of autonomous actors with independently determined goals that come together to produce a collective output that no single actor can achieve on its own (Isett et al. 2011, i161). In networks related to public policy or management issues, examples of popular actors are governments, nonprofit organizations, private organizations (businesses), and interest groups. In the MLMD model, actors in networks are classified into two sectors: government and non-government sectors. Governments are network actors established based on legal mandates (e.g., constitution, state law) as an executive branch. Non-government actors are all other actors, excluding the governments. These non-government actors may be of diverse form, such as nonprofits, private companies, joint venture corporations, associations, and interest group organizations.

## Multilevel Structure in MLMD

The multilevel structure of a network in MLMD encompasses two groups of actors: government and non-government organizations. First, for the government actors, federal (central), state (provincial), and local government are not homogenous entities; they have different legal mandates, discretions, expected roles, and uphold different norms and values. Therefore, despite the fact that governments may cooperate to achieve common policy objectives, their legal boundaries, represented by levels of government, distinguish them from each other. Governments at different levels are inherently heterogeneous, while the governments at the same level are nested within networks where they confront homogeneous patterns of intergovernmental relations with higher or lower level governments. Such distinctions of levels of governments (e.g., national, federal, state, local) have been well explained in the previous literature regarding intergovernmental relations (IGR).

It is widely accepted that the relationship among governments at different levels is vertical, while the relationship among governments at the same levels is horizontal. For instance, the government structure of the United States involves three levels of government: federal, state, and local. As seen in Fig. 2, the governments in these three levels can be aligned vertically, from

the federal government at the highest level to the local government at the lowest level. The three levels mirror three separate layers composed of government actors. Because there is only one federal (united) government, the top level will involve only one actor. For state and local level governments, multiple actors within the same level will interact with each other in a horizontal manner.

Next, non-government organizations can be organized vertically as well (Fig. 2). Private firms, nonprofit organizations, and interest groups, to name a few, often construct their organization in the form of hierarchy in order to maximize their operational efficiency or fulfill their organizational goals (e.g., profit generation, fundraising, service provision). These non-governmental actors can structure their hierarchy in numerous ways. For example, private organizations and interest groups are organized by hierarchy that is considered to be an element of the formal structure of private organizations. In addition, nonprofit organizations sometimes take a business franchise approach, conduct vertical integration similar to for-profit firms, and resemble the form of professionalized bureaucracy similar to that of government organizations. These non-government entities (private organizations) often form strategic alliances or networks to interact with each other for reasons that include reducing cost, developing new technologies, exchanging information, etc. To show the multidimensional structure of the network, in which government and non-government actors interact with each other, not only at the same level but also over different hierarchical levels, the MLMD model assumes that the non-government actors are organized vertically in three levels. In practice, the non-government actors reserve the right to freely structure their organization and that there is no legal mandate as to how many hierarchical layers a non-government organization should have, so the number of layers may be smaller or larger than three.

## Multidimensional Structure of the Network

The interaction among actors in government and non-government sectors and their inter-level network relationships characterize the multidimensional structure of the network. Inter-sector, inter-level, and within-level relationships are explained, respectively.

### Inter-sector Relationships in MLMD

First, inter-sector relationships occur whenever actors from different sectors engage in a network relationship. Government and non-government actors interact with each other across sectors based on their reciprocal needs in the policy process. In other words, accepting that the network is a broader structure than intergovernmental relationships involving only governments, the addition of actors from the non-government sector makes the relationship dynamics intersectoral. A popular form of this type of relationship includes government and nonprofit information and service networks, regulatory networks of government and private actors (e.g., firms, experts, regulatee), networks between lobbying groups and governments, or sometimes a mixture of various levels of government, private, and nonprofit actors in public service provision. These examples of intersector relationship involve both horizontal and vertical relationships. For instance, information exchange networks among government and nonprofit organizations will exhibit a horizontal relationship because there is no mandated or contractual relationship. However, in public service provision networks, where governments hold the legal power to contract out, privatize, and regulate service provision, the relationships between government and non-government organizations are vertical. Consequently, the interactions among network actors mirror multidimensional structures where the actors are scattered in multiple levels and different sectors and engaged in both horizontal and vertical relationships; thus, their existence and position in the spatial dimension can only be explained by using multiple dimensions rather than a single-flat structure (Fig. 3h).

### Inter-level Relationships in MLMD

Inter-level relationships include all ties among the actors aligned vertically within the boundary of

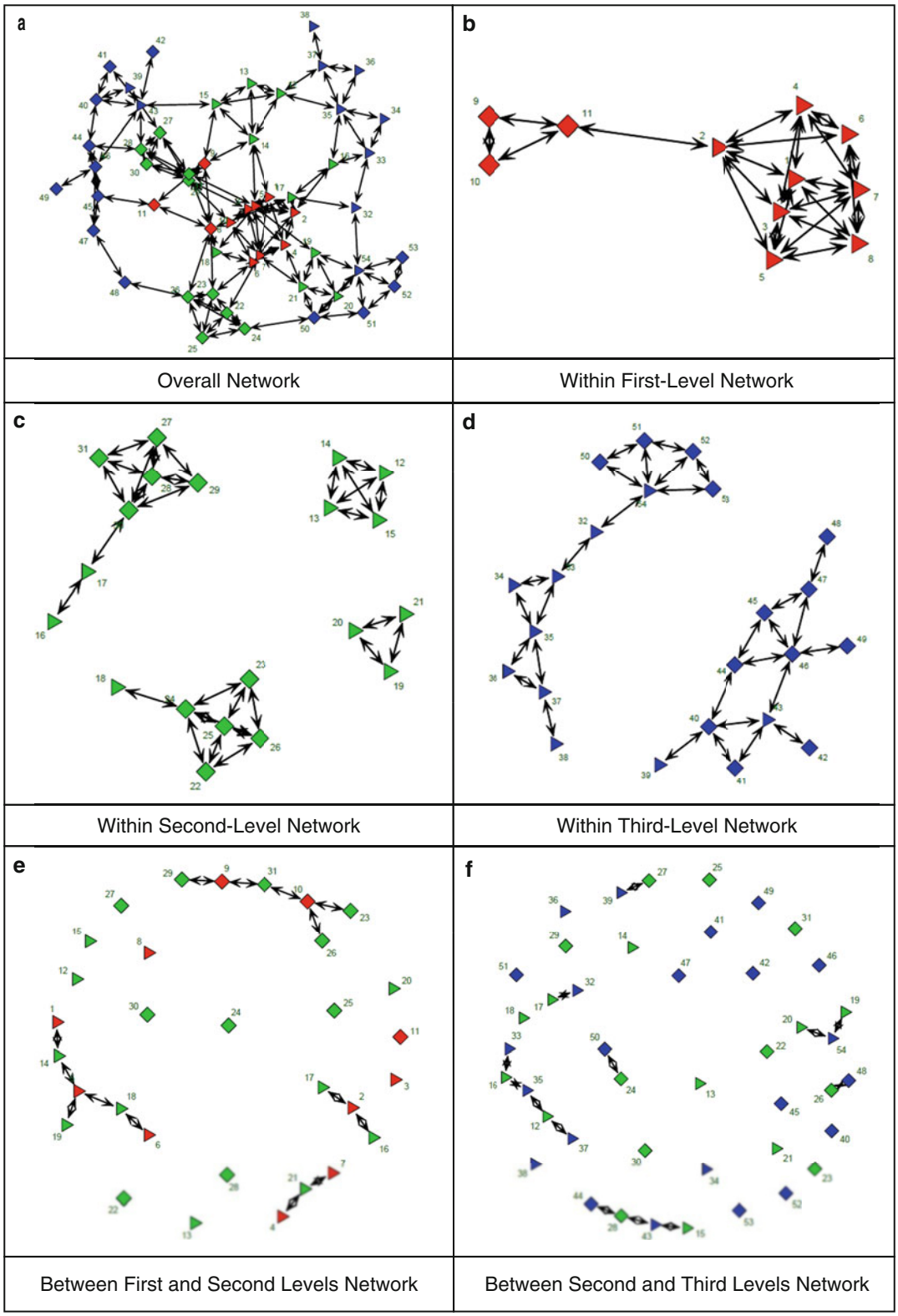


**Network Structures, Fig. 3** (continued)

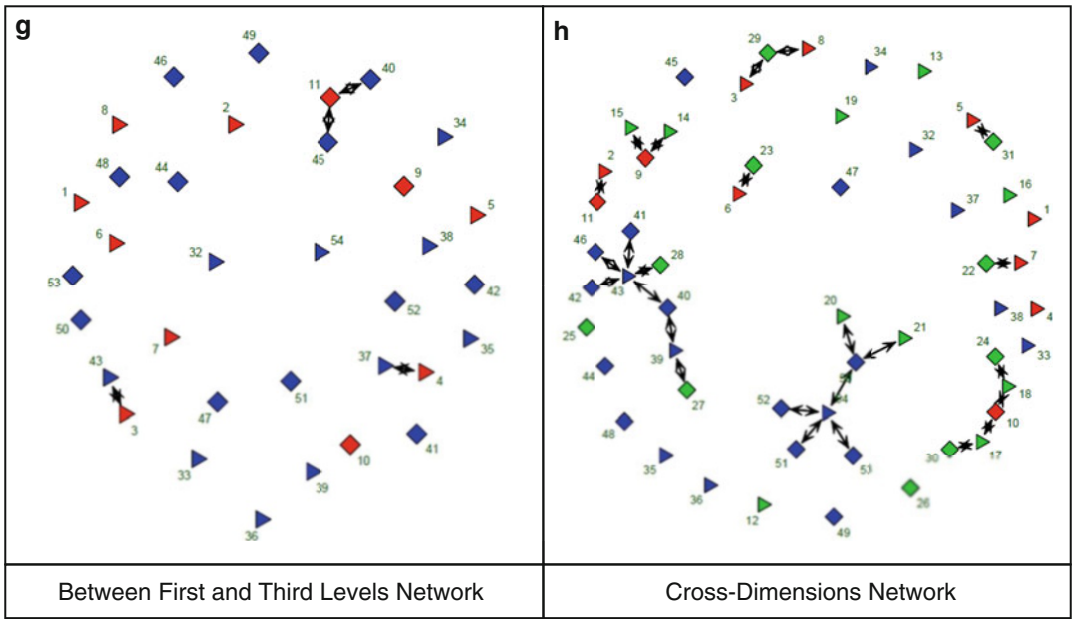


**Network Structures, Fig. 3** Hypothetical network structures (Notes: The colors of nodes are based on the level at which each actor is located: *red* for the first level; *green* for the second level; and *blue* for the third level. The shapes of the nodes are based on the each actor's ownership: *triangles* for governmental actors and *squares* for the non-governmental actors)

the same hierarchical structure; thus, actors in the same sector in all levels can interact with each other. Inter-level relationships are distinct from inter-sector relationships because actors in different sectors cannot be integrated under the same chain of command or legal authority. For example, it is nearly impossible for governments to be merged or transformed into a private firm or a nonprofit organization and vice versa. For that reason, even when the number of levels in government and non-government organizations are equal, the same level-to-level relationship does not hold the meaning of interaction among actors with equivalent authority; thus, such a relationship is inter-sectoral, not inter-level. Inter-level relationships in the government sector are dependent on the level of government each actor is embedded in. For non-government sectors, the ties in the inter-level relationship will vary based on how each actor structures their hierarchy based on their free-will, as there is no legal mandate that specifies the number of hierarchical levels the private entities should have (Fig. 3e–g).

### Within-Level Relationships in MLMD

Within-level interaction reflects the horizontal relationship among the actors embedded within the same level and sector. The actors in within-level relationships either possess the same level of authority in the hierarchy or share no comparable form of authority. First, each actor in the same level of government (e.g., state, province) holds equivalent formal authority or legal rights so that no single actor in the same level can dominate another; thus, the relationship between these governments is horizontal. Next, the non-governmental actors, usually in the form of corporations, interest groups, and nonprofit organizations, are legally distinct entities unless the actors share ownership. Therefore, the actors operating in the same level interact in a horizontal manner because their sources of authority are legally distinct. As mentioned above, non-governmental entities can define their own hierarchy so that the number of levels may fluctuate depending on each actor. What the current study proposes is that even though the number of layers in the hierarchy of non-government may vary by

actors, there is no prerequisite that these actors can interact horizontally only when their number of layers is exactly the same. Furthermore, the horizontal network of non-government actors is not predetermined as is the relationship among government actors in the same level but rather is voluntarily organized when the actors form ties in the same single-level structure (Fig. 3b–d).

## Conclusion

While contemporary network research is still centered on policy formation, policy governance, and policy implementation network structures, a new perspective to the network literature is introduced by developing a multilevel multidimensional (MLMD) network model. Departing from research based on the premise of networks as single-level horizontal structures, the model argues that networks are structures composed of multiple levels and multiple dimensions. Future studies may want to use within-level, inter-level, and inter-sector network relationships to investigate networks composed of various actors in multilevels in both government and non-government sectors. Networks are actually an aggregated structure composed of actors that have multiple memberships in networks depending on the level and sector they are embedded in.

## Cross-References

► Governance Theories and Models
► Issue Networks: The Policy Process and Its Key Actors

## References

Agranoff R, McGuire M (2003) Collaborative pubic management: new strategies for local governments. Georgetown University Press, Washington, DC
Berry FS, Brower RS, Choi SO, Goa WX, Jang HS, Kwon M, Word J (2004) Three traditions of network research: what the public management research agenda can learn from other research communities. Public Adm Rev 64(5):539–552
Feiock RC, Scholz JT (eds) (2010) Self-organizing federalism: collaborative mechanisms to mitigate institutional collective action dilemmas. Cambridge University Press, New York
Henttonen K, Lahikainen K, Jauhiainen T (2016) Governance mechanisms in multi-party non-profit collaboration. Public Org Rev 16(1):1–16
Hjern B, Hull C (1982) Implementation research as empirical constitutionalism. Eur J Polit Res 10(2):105–115
Hooghe L, Marks G (2003) Unraveling the central state, but how?: types of multi-level governance. Am Polit Sci Rev 97(2):233–243
Isett KR, Mergel IA, LeRoux K, Mischen PA, Rethemeyer RK (2011) Networks in public administration scholarship: understanding where we are and where we need to go. J Public Adm Res Theory 21(suppl 1):i157–i173
Lecy JD, Mergel IA, Schmitz HP (2014) Networks in public administration: current scholarship in review. Public Manag Rev 16(5):643–665
Marsh D, Rhodes RAW (1992) Policy networks in British government. Clarendon Press, Oxford
Milward HB (1996) The changing character of the public sector. In: Perry JL (ed) Handbook of public administration. Jossey-Bass, San Francisco, pp 77–91
Milward HB, Provan KG (2003) Managing the hollow state collaboration and contracting. Public Manag Rev 5(1):1–18
Provan KG, Milward HB (2001) Do networks really work?: a framework for evaluating public-sector organizational networks. Public Adm Rev 61(4):414–423
Raab J, Milward HB (2003) Dark networks as problems. J Public Adm Res Theory 13(4):413–439
Rhodes RAW (1990) Policy networks: a British perspective. J Theor Polit 2(3):219–318
Van Bueren EM, Klijn EH, Koppenjan JF (2003) Dealing with wicked problems in networks: analyzing an environmental debate from a network perspective. J Public Adm Res Theory 13(2):193–212
Weible CM (2005) Beliefs and perceived influence in a natural resource conflict: an advocacy coalition approach to policy networks. Polit Res Qtly 58(3): 461–475

# Networks and Networking

Rita Mano
Department of Human Services, University of Haifa, Haifa, Israel

## Synonyms

Associations; Contacts; Exchanges; Interactions; Networks

## Definition

Network: A system of individuals/groups/organizations attached to each other in order to share economic and social resources through steady and regular interactions.

## Introduction

Economic instability in the environment of nonprofit organizations often necessitates the development of new goals, products, and services. These goals are sometimes achieved more effectively and at lower cost levels through collaborations. The networking society (Castells 2011) considers networks to be the major alternative to classical ways of organizing social relations, replacing traditional formal interaction means, which have become less functional or even irrelevant in the attainment of individual and/or social group goals.

Networks consist of complex sets of relationships formed by the flows and ties that connect entities and individuals. These connections can facilitate the transfer and circulation of information and messages, which are thought to enhance access to opportunities and the adaptability of group members. Networks are a means to develop and sustain the leverage required in times of rapid change. As such, they are considered a valuable resource for both individual and social units.

Networks assist individuals and organizations to acquire resources in many areas and improve the overall achievements of the network members in solving complex problems. Networks are normally described as comprising interrelated entities, otherwise known as "nodes." Individuals, groups, organizations, or nations involved in these nodes engage in communication processes that are characterized by the quantity and quality of the connections or "ties" between them. The role of ties is to transfer important resources, such as knowledge and information, between members within the network. Some ties are considered "central" to the network's goals, whereas other ties are considered more peripheral, even though network members may still consider their role to be important or even critical. The study of network theories encompasses an integrative field that has evolved from an analysis of the dynamics created between actors within social settings and connected through a "web of group affiliations" (Simmer and Freeman 2004). The dynamics of networks manifest in various types of interpersonal communication, referred to as the *networking* process. The networking process describes the features of interpersonal communication of the individuals who participate directly within an existing network.

## Network Theories

*I. Social capital theory* addresses the importance of an individual's access to resources through social connections. This theory supports the notion that networking, social cohesion, and inclusion are central themes for understanding concepts of commodities and capabilities. Included in social capital theory are the formal and informal social ties and networks among individuals who share norms and values – especially the norm of reciprocity and the stock of social trust that people draw upon to solve common problems (Bourdieu 1986). Social capital generates formal and informal ties, affects decision-making competencies, and plays a substantial role in developing career-oriented connections. According to the social capital theory, the *bridging* and *bonding networks* are widely considered as measures of group level social connectedness.

Bridging and bonding are structured forms of interaction between individuals that promote the ability of social groups to work together and achieve their goals using personal connections. Trust is an important ingredient in the majority of social networks. *Bridging* refers to a situation in which individuals and groups that are geographically remote from each other access vital information. In such cases, social capital includes the norms and networks that people draw upon to solve problems. *Bonding* refers to a situation in which individuals and groups facilitate the creation of strong rather than weak ties. In such cases, social capital involves the element of proximity,

which offers defense strategies primarily to weak social groups or those representing ethnic minorities.

The bridging and bonding types are often generated at various stages of the lives of individuals and are based on ancestry and on cultural, ethnic, military, and additional social group affiliations. Bridging and bonding ties created early in life often extend into individuals' subsequent educational, military, and employment paths and continue to be maintained through much later life stages, thus contributing to the formation of networks.

*II. Social exchange theory* focuses on the processes conducive to variations in types of collaboration according to desired social outcomes. The theory suggests that benefit-oriented behaviors differ from bridging and bonding because the collaboration is less structured to "fit" the partners' wish to maximize benefits and minimize costs. These collaborations can be evaluated as a continuum ranging from low risk-low cost to high risk-high cost joint ventures. Partners in an exchange process "weigh" potential benefits and risks incurred by being involved and adjusting their level of involvement accordingly. When the risks significantly outweigh the rewards, people are likely either to terminate or abandon the relationship or to minimize their involvement. In balanced interactions, different levels of "reciprocity" and involvement in networks are possible. Accordingly, the quality of the involvement is considered an essential aspect for successful collaboration.

## Network Properties

Networks are characterized by the following specific properties: *formation, development, process, and outcomes*.

### Network Formation

Networks are formed to facilitate knowledge transfer and learning from the experiences of others. The extent, quality, and intensity of networks are important to obtain the desirable results. Networks are formed on different levels: (a) on a permanent or temporary basis, (b) for an ad hoc situation or ongoing theme, (c) to operate through a central institution or through dispersed individuals, and (d) based upon specific features of members. Networks vary according to several dimensions.

(a) *Formality vs. informality*: Formal networks have concrete goals and are expressed through the formality of connections, such as professional networks. Informal networks reflect the need and potential of members to be involved in personal and intimate relationships with other network members as in the example of students attending the same course.

(b) *Expressiveness vs. instrumentality*: Networks allow for different levels of "closeness" between members. Instrumentality refers to the attainment of a priori defined goals and is more likely in formal networks. Expressiveness refers to the encouragement of personal opinions that is often evident in ideological networks striving to attain innovative and possibly controversial issues.

(c) *Strength vs. weakness*: Strong network have elements of shared history, adjacent locality, and common experiences. Such a network typically provides opportunities for the creation of alliances and the attainment of goals. A weak network consists of individuals and organizations that are detached from each other and are simply seeking access to information without any obligations towards the members involved. When networks are weak, they become unstable, though some "weak" ties can create "strong" networks because networks with weak ties are more likely to create external ties and access external sources to obtain resources (Granovetter 1973).

### Network Development

The initiative for the development of networks is associated with the urgency of extending knowledge that will lead to individuals gains and organizational performance. A significant factor contributing to the development of networks is *homophily.*

Homophily: refers to the tendency to bond and form associations. A combination of two Greek words – *Homeo* (similar) and *Philos* (friend/acquaintance of) – homophily describes the extent

to which individuals resemble one another due to common ancestry and additional group level similarities (McPherson et al. 2001). Homophily stems from participating in face-to-face interactions and social groups and explains common interests and worldviews and attraction (Granovetter 1973). In the context of larger social networks, this term is used to define social group cohesion.

In networks that emerge based upon the attraction between similar group members, homophily is highly relevant. Today the concept of homophily has been expanded to include additional types of ties that offer some form and/or some level of "similarity," including similarity in membership organizations. Homophily-based connections reduce the likelihood of stereotypes, minimize the possibility of damage to reputation, and increase the likelihood of creating stable connections. This is due to the effect of minimized gaps in preferences that result from the development of shared values, beliefs, and goals, eventually minimizing partners' motivation to behave opportunistically. Homophily-based connections create channels through which information about the trustworthiness of others flows easily and can be tested and verified. The tendency to use and rely upon homophily-based connections is especially strong in senior and/or high-visibility social and political management positions because homophily reduces the possible damage to one's reputation when connections are reported as unstable and disruptive.

The development of networks is especially noticed among organizations. Organizations often create networks even when immediate or apparent causes are missing and the likelihood of failure is high. This is because organizations tend to imitate other organizations that are perceived as being successful. According to the social exchange theory *inter-* and *intraorganizational networks* are observed as the most common formal organizational interactions.

*Intraorganizational networks* constitute the relationships and connection within organizations. Organizational networks provide a modern model of connecting that replaces traditional organizational forms lacking the flexibility and appropriate pace to adapt to environmental pressures and economic squeezes. Organizational networks in contemporary organizations increase the potential for adapting to changing economic and social circumstances as well as new client demands, especially those involving the development and introduction of new technological products and services (Castells 2011).

*Interorganizational networks* differ from intraorganizational networks in that they form a constellation of relationships transcending the informal and formal positions of a single organization. Interorganizational networks are distinguished by their level of cooperation. Strong networking collaborations often find expression in: (a) *Strategic alliances*, where a number of organizations adhere to shared management practices. These strategic alliances seek effective, resource-efficient organizational growth. They share a considerable number of resources and often develop new products and new visions through joint learning and co-creation of commonly shared goals. (b) *Merging organizations* or "mergers," where a stronger group acquires a weaker group with the intention of increasing profits and customers. The literature often addresses these networks as a source of negativity among employees and of conflict at the management level. They find expression in the creation of a culture and a subculture that emphasize the use of "us" and "them" in interpersonal communications. A specific case of interorganizational networks is *professional networks*.

*Professional networks* consist of individuals and groups distanced by time and space. Professional organizations are considered secure paths towards the successful achievement of complex endeavors among group members. Professional networks are marked by increased trust because they establish criteria, reciprocal agreements, and standards and play the role of "gatekeepers" for both relevant and less direct cues regarding the task involved (Williamson 1993). A "trusted" reputation of the participating members increases the likelihood of higher reciprocity among partners. The higher the reciprocity among partners, the more they gain from these professional contacts

and the more likely are these professional networks to evolve into more effective forms of cooperation in the future.

## The Networking Process

The network process – or networking – reflects a personalized process of communication flow between groups of individuals in work and non-work settings aimed at achieving goals such as improving performance. Through the networking process, formal and informal collaborations are formed. Networking is an ongoing dynamic process involving various types of contacts ranging from face-to-face and friendly connections to intermittent and remote relationships. Networking creates interpersonal channels through which information about other individuals and groups can be easily retrieved, tested, and verified. The networking process, within and between organizations, increases the likelihood of organizational performance.

*Networking within organizations*: consist of practices initiated and maintained by managers and employees in the workplace to increase the effective transfer of knowledge. The process of networking within organizations reflects the need to achieve specific goals related to the tasks performed. Networking within organization facilitates the communication process between hierarchical positions. In management positions, the consulting and sharing networking modes are identified as two additional forms of networking that indicate level and extent of networking exchanges and degree of involvement among managers. In addition to the bonding and bridging networks inherent in forming connections between social groups, networking process among managers takes place in a multitude of additional networking settings such as in the context of leisure and hobby activities.

*Networking between organizations* refers to the relationships between the exchange partners based on mutual interests and the need to pursue common goals. Two basic networking modes are reported: *The consulting mode* is basically informative with lower levels of permanency and fewer goals. It facilitates the exchange of knowledge but does not necessitate high levels of trust. Consulting mode connections dissolve as soon as partners attain the immediate expected goal and the information has been exchanged. *The sharing mode* refers to a continuous exchange relationship that promotes long-range as well as short-range goals based on mutual interests involving a high level of trust. This mode enables the transmission of knowledge and facilitates learning. The sharing mode of networking is a common attribute of strong organizational networks. A successful sharing mode evolves into networking collaborations. Some networking collaborations are considered to be temporary, unplanned, and spontaneously created, while others are permanent and characterized by high stability. Similarly, some networking collaborations necessitate a high degree of individual involvement, while others are amorphous and based on ad hoc and even voluntary reciprocity and individual involvement. In both intra- and interorganizational networking processes, *networking motivations* and the *networking context* define the quality of networking:

*Networking motivations* reflect networking partners with a sense of actual and prospective gain from the networking collaborative effort. In all types of networking motivations, the willingness of individuals to involve each other in accessing knowledge and information related to such multiple resources as financial, technological, and information resources is important. The effort invested depends on how partners define those gains. In general, the higher the potential for actual and prospective gains, the higher the level of effort and collaboration invested in networking collaborations. Networking motivations reflect the goals to be reached. When the goals are technical, the odds for improving both the quantity and quality of technical information and knowledge transfer increase. In many organizational settings, networking avoidance is not encouraged, especially when partners are considered reliable. Some of the theories used to explain motivations underlying networking behavior include:

(a) *Risk-Bearing Theory* implies that managers accept a certain amount of risk when seeking the support of networking partners without being able

to assess the extent to which these partners promote another organization's competitive edge.

(b) *Dynamic Equilibrium Theory* assumes that both sides can equally profit from the networking collaboration.

(c) *Innovation Theory* applies when managers are able to convince partners that they will obtain direct or indirect advantages from the networking relationship.

(d) *Networks Exchange Theory* suggests that managers seek to enhance their public image and organizational power. This often defines the degree to which they share vital resources and involves higher levels of risk.

*Networking context*: The "networking context" of networking processes and motivation reflects the effect of *organizational age and organizational size*: Organizational age and size affect the levels of task structuring, allocation of authority, and degree of openness and flexibility in interpersonal relations. Organizational age and size reflect the level at which organizations feel confident and supported by their institutional, social, economic, and political environment. These may increase or decrease the odds of developing, maintaining, and relying upon networking processes.

Larger and more institutionalized organizations have well-developed networks that are also referred to as strategic alliances. Larger organizations increase their capacity to develop and attract additional resources by supporting the creation and maintenance of broad and wide-ranging networks. They often achieve this through collaboration with larger as well as smaller enterprises. In such instances, the potential for successfully combining strong and weak ties increases. In smaller organizational settings, the role of networks remains unclear. On the one hand, smaller and more vulnerable organizations need to use "flexible" networks to reflect the extent of engagement necessary to increase performance without losing exclusive access to existing sources of support. Because small and/or new organizations lack expertise, they are more likely to use networking. On the other hand, they also do not have adequate intellectual, social, or financial facilities for acquiring and exploiting opportunities

### Network Outcomes

Network outcomes may vary according to the degree that organizational partners are successful in increasing access to resources. Due to such dynamic shifts, managers are more prone to seek control over networking constellations and dismiss potentially or actually "unproductive" or "harmful" networks. Alternatively they may opt for either "loose" or "ad hoc" networking and avoid the high risk involved in networks that have a long range and a broad scope. As a result, the connection between networking and performance needs to be further investigated by (a) developing more suitable definitions of networking modes and (b) seeking higher levels of contextual factors associated with the network-performance link.

Networking outcomes, however, are not easy to predict and/or control. When managers are aware of the scarcity of resources that may affect an organization's potential to access vital resources, they may be less willing to share resources and information. Networking between managers in organizations is intended to increase organizational resources and organizational performance. Individuals who use networking to achieve certain goals rely on the assumption that the probability of any individual action reflects the number of other individuals in the network that have acted in a given way or have adopted a similar, expected behavior or attribute. As a result, not all networking modes effectively promote organizational growth and improve performance (Powell 1990).

## Conclusion

A period marked by rapid, profound, and worldwide changes in economic, social, political, ecological, technological, and organizational systems offers greater possibilities for networks to emerge, thus providing exceptional opportunities for linking individuals, organizations, and nations. Networks are often sought because they are considered the most efficient and effective means to produce expected and desired outcomes, such as sustainable organizational

practices and growth in resources. Creating ties is an essential step in information transfer, learning, and co-creation of shared goals though networking. Effective networking modes are characterized by high degrees of coordination, cooperation, and communication. Generally, senior managers tend to network to facilitate connections and promote common goals in order to develop a dynamic long-term vision or outlook. However, networks vary in quality due to differences in types of goals, extent of collaboration, networking relationships between partners, and the organizational context in which the managers are employed.

It is quite likely for network partners to be unwilling to form networks in the first place. Moreover, they may often discard the contribution of partners in gaining the knowledge and increased support required for contemporary organizations. At the organizational level, one possible reason for this unwillingness to form networks is that the global environment expects more competition and creativity in complex solutions. Another possible reason is that today's virtual reality has provided ample possibilities for finding and accessing crucial information that was previously acquired through networks. A third possibility at the individual level is that the cultural environment does not enhance the spirit of collectivism. Rather, it enforces the notions of individualism and personal contribution to individual and group challenges. At the same time, there is no doubt that to achieve creative solutions in today's constantly changing economic, political, and cultural environment and to exploit the ever increasing flow of information, businesses must consider adopting networks as a low-cost, highly effective mode of acquiring the essential parts missing from the human reservoir of knowledge.

## Cross-References

► Civil Society Organizations
► Lobbying and Social Policy
► Nonprofit Organizations

## References

Bourdieu P (1986) The forms of capital. In: Richardson J (ed) Handbook of theory and research for the sociology of education. Greenwood, New York, pp 241–258

Castells M (2011) The rise of the network society: the information age: economy, society and culture, vol 1. Blackwell, Cambridge, MA/Oxford

Granovetter MS (1973) The strength of weak ties. Am J Sociol 78(6):1360–1380

McPherson M, Smith-Lovin L, Cook JM (2001) Birds of a feather: homophily in social networks. Annu Rev Sociol 27(1):415–444

Powell W (1990) Neither market nor hierarchy: network forms of organization. In: Research in organizational behavior: an annual series of analytical essays and critical reviews, vol 12. JAI Press, London, pp 295–336

Simmer G, Freeman L (2004) The development of social network analysis. Empirical Press, Vancouver, pp 127–172

Williamson OE (1993) Calculativeness, trust, and economic organization. J Law Econ 36(1):453–486

# Networks of Governance

Christopher Koliba
Department of Community Development and Applied Economics, University of Vermont, Burlington, VT, USA

## Synonyms

Governance; Networks

## Introduction

There have been many explicit efforts to employ network concepts to the study of complex social structures that arise when public policies are made, implemented, and monitored within the policy studies and public administration fields. The rise of network governance as a major movement within the public administration and policy studies field has been tied to the shift in focus from the almost exclusive focus on governments as *the* actor to multilevel, multisector governance as *the* process of guiding and implementing public policy and public service delivery (see Kettle 2015

for this background). The first recognition that "polycentric" networks of organizations are implicated in public policy was posited by Ostrom, Teibout, and Warner in 1963. Hugh Heclo (1978) is credited with first applying the term *network* to the study of public policy and administration with his introduction of "issue networks" (Rhodes 1997). Heclo presented the issue network concept in reaction to what he found to be the more restrictive (and less pervasive) "iron triangles" – the relatively closed networks of government agencies, legislative committees, and interest groups. Over the last several decades, the volume of research using networks as the unit of analysis or as a metaphor to describe complex governance and policy arrangements has risen, leading to a very expansive and growing body of literature encompassing network governance. This entry cannot capture the complete breadth and depth of this literature and instead, attempts to capture what appears to be some consensus across this disparate literature, some of the basic foundational frameworks that are being used to describe the basis of network governance, and a listing of some of the major theoretical, conceptual, and empirical advances in this arena. This latter contribution is delivered in the form of a table. The entry concludes with a listing of some of the major opportunities and challenges facing the field.

Interorganizational networks have been implicated in descriptions of policy or government "subsystems" (Baumgartner and Jones 1993), the advocacy coalition framework (ACF) (Sabatier and Jenkins-Smith 1993), policy coalition (March and Olsen 1995), policy network (Rhodes 1997; Kickert et al. 1997; Koppenjan and Klijn 2004), and institutional collective action arrangements (Feiock 2013). Since 1990, we also find interorganizational networks described across much of the policy implementation (Gage and Mandell 1990; O'Toole 1997; Hill and Hupe 2002), intergovernmental relations (O'Toole 2000; Wright 2000), and policy tools (Salamon 2002) literature. Interorganizational networks have also been described as third-party government (Salamon 2002; Frederickson and Frederickson 2006), public sector networks (Agranoff 2007), governance networks (Sorensen and Torfing 2005, 2008; Bogason and Musso 2006; Klijn and Skelcher 2007), cross-sector collaborations (Bryson et al. 2006), public management networks (Milward and Provan 2006; Frederickson and Frederickson 2006; Agranoff 2007), certain kinds of strategic alliances (Wohlstetter et al. 2005), and public-private partnerships (Brinkerhoff and Brinkerhoff 2011). Moreover, these networks have also been defined as "goal-directed" networks (Provan et al. 2007) and more recently "serendipitous" networks.

Interorganizational networks have also been described in terms of the functions that they perform, whether service contracts, supply chains, ad hoc channel partnerships, information dissemination, civic switchboards (Goldsmith and Eggers 2004), problem solving, information sharing, capacity building and service delivery (Milward and Provan 2006), learning and knowledge transfer (McNabb 2007), or civic engagement (Yang and Bergrud 2008). Interorganizational networks have also been described as existing across many policy domains, including social service delivery (Provan and Milward 1995; Milward and Provan 1998), land use planning (Koontz et al. 2004), watershed management (Leach and Pelky 2001; Imperial 2005; Lubell and Fulton 2007; Koliba et al. 2014; Koontz et al. 2015), health care (Frederickson and Frederickson 2006; Rodriguez et al. 2007), transportation (Albert et al. 2006; Zia and Koliba 2015), emergency management (Comfort 2002; Kapucu 2006; Kapucu and Garayev 2011; Nowell and Steelman 2014), community economic development (Agranoff and McGuire 2003), and food systems (Sporleder and Moss 2002; Smith 2007; Koliba et al. 2017). In addition to these uses of network metaphors and tools of analysis, particular types of network configurations have been described in the literature, including interest group coalitions (Hula 1999), regulatory subsystems (Krause 1997), grants and contract agreements (Kelman 2002; Cooper 2003; Goldsmith and Eggers 2004), and public-private partnerships (O'Toole 1997; Linder and Rosenau 2000; Bovaird 2005; Brinkerhoff and Brinkerhoff 2011).

## Suppositions of Network Governance

The plurality of definitions of the networks vary in terms of the degree to which networks are entirely governed through horizontal ties or not and the extent to which networks are a "new" form of governance or not, leaving leading network governance scholars to conclude that: Network governance "is rife with disparate typologies and conflicting terminologies" (Lewis 2011, p. 1221).

A definition of networks that are of interest to public administration and policy studies scholars was compiled by Koliba et al. (2010) after a comprehensive literature review at the time. They are "*relatively stable patterns of coordinated action and resource exchanges; involving policy actors crossing different social scales, drawn from the public, private, or nonprofit sectors and across geographic levels; who interact through a variety of competitive, command and control, cooperative, and negotiated arrangements; for purposes anchored in one or more facets of the policy stream*" (Koliba et al. 2010, p. 47). The only part of this definition that is complicated and not exactly uniform is that although these networks tend to be driven by more power sharing relationships, power asymmetries most often exist within virtually any network that is studied empirically. This empirical reality can fly in the face of theoretical presumptions that all networks are collaborative, the result of horizontal arrangements. Despite these conceptual incongruities, there does appear to be a growing consensus around some of the basic properties of networks. This consensus was summarized by Koliba in 2014 (pp. 85–87) as the following suppositions:

- **Networks govern**. Networks exist to carry out some facet or facets of the policy process and policy stream. Networks of multiinstitutional arrangements are formed to carry out the full gambit of policy functions: framing problems, creating or advocating for policies, and implementing policies. Within the PA field, particular emphasis has been paid to the role of networks in *implementing* public policies. However, as classical policy systems theories remind us, public policy is carried out as policy streams coupled. Networks that exist to implement a given policy (regulate, contract, provide public services, etc.) may also be actively involved in the framing of policy problems. The active participation of networks in carrying out one or more policy functions serves as the foundation of its central governance functions (Kingdon 1984; Rhodes 1997; Salamon 2002; Sorenson and Torfing 2005; Bovaird 2005; Koliba et al. 2010).
- **Networks exist within all policy domains**. As classical policy systems theories also suggest networks exist within virtually every policy domain. If one is looking for them, networks are ubiquitous. Networks that persist within a single policy domain rely on that domain to set its boundary conditions and determine network structures and functions. Thus, we may begin to speak in terms of emergency management networks, social service networks, health care networks, transportation planning networks, etc. Although there is likely to be some cross boundary activities, these networks are, by and large, discrete (Baumgartner and Jones 1993).
- **Networks are multiactor and multiscalar**. These domain-specific networks are comprised of agents spanning sectors, geographic scales, and social scale. These networks involve not only governments, but for profit and nonprofit organizations as well. Contracting out and privatization of government services has required the establishment of loosely or tightly coupled networks of co-joined sectors. The kind of ties forged through contracting out and the formation of public-private partnerships are often linked to longstanding intergovernmental ties that link federal, state, regional and local governments in complex networks of intergovernmental relations. Over time, the nature of these intergovernmental ties evolves, shaped by reforms to centralize or decentralize, and signified by trends toward devolution, federalization, de-regulation, or re-regulation (Salamon 2002; Bovaird 2004; Koliba et al. 2010). Lastly, the multiscalar features of these networks are marked by the nested complexity of social scale – as individuals form groups,

which form organizations and institutions and which ultimately give shape to interorganizational networks. Individual, group, organizational, and whole network goals may or may not align with one another. All of these features form the basis of a complexity that poses significant challenges to measuring and managing network performance (Gage and Mandell 1990; Koppenjan and Klijn 2004; Peirre and Peters 2005; Koliba et al. 2010).

- **Networks are usually comprised of mixed administrative authorities**. Although some have hung onto the notion that networks are managed exclusively through horizontal ties, the existence of networks that rely solely on such ties are hard to find. The kind of shared governance models outlined in the Proven and Kenis typology of network governance (Provan and Kenis 2007) rarely exists at the level of interorganizational networks that carry out sustained policy functions. Instead, lead organizations or network administrative organizational structures are in place. These networks have been said to exist "in the shadow of hierarchy." However, networks are often shaped by principal-agent relationships that are decidedly vertical in nature. Thus, most networks of interest to public administration are comprised of mixed authorities, in which command and control arrangements persist for some administrative subsystems or assemblages, with more collaborative structures guiding other subsystems assemblages (Salamon 2002; Agranoff and McGuire 2003; Provan and Kenis 2007; Koliba et al. 2010).
- **Networks are complex**. The multisector, multiscalar composition of network agents combines with mixed administrative ties to present a decidedly complex picture of network structure and function, and network management. Although we will not explore the characteristics of this complexity in great detail here, it is important to note that a significant body of scholarship has been taking shape in the United States and Europe drawing on the parameters of complexity science to study and model these networks. The use of such modeling approaches will only be briefly touched on later. Suffice it to say, the nonlinearity, emergent qualities of this complexity poses significant challenges to measuring network performance (Baumgartner and Jones 1993; Rhodes 1997).
- **Networks are governed and perform**. In spite of the complexity of these networks, they are, to some large degree, governed. They are steered by the decision making of individual network managers, guided by laws, rules, and regulations enforced by institutions and shaped by the policy tools designed and implemented to address public interests and provide public value. To varying degrees, network governance is informed and determined by the explicit performance standards that are set by network governors, defined in legislation, and negotiated through inter jurisdictional or partnership agreements. However, expectations about network performance are also implicitly held by any person with a vested stake in the network's activities. Therefore, networks are governed by explicit and implicit performance standards that are both endogenous and exogenous to the network. The extent to which these standards influence networks structures and functions will vary. This observation has been the focus of many of those who have studied network performance thus far (Provan and Milward 1995; Frederickson and Frederickson 2006; Turrini et al. 2010; Koliba et al. 2011).

## Network Games, Power Sharing and Hierarchy

It is argued here that three basic features of network governance persist. These are the role of network "games" that arise between individual network actors, the importance of different structures of power sharing, and lastly, the persistence of power asymmetries. The governance of networks was first comprehensively addressed in 1997. Rod Rhodes (1997) was one of the first scholars to deeply consider the relationship between governance and interorganizational networks, arguing that governance occurs as "self-organizing phenomena" shaped by the following

characteristics: (1) *Interdependence* between organizations, governance is broader than government, covering nonstate actors; (2) *Continuing interactions* between network members, caused by the need to exchange resources and negotiate shared purposes; (3) *Game-like interactions,* rooted in trust and regulated by rules of the game negotiated and agreed by network participants. Governance, therefore, is characterized by the interdependency of network actors, the resources they exchange, and the joint purposes, norms, and agreements that are negotiated between them over time. These appear to be features of the relationship between two or more network actors. These "governing rules" of network governance unfold across the myriad number of relationships of ties and exchanges occurring between network actors.

In regard to shared power or horizontal resource control and relations, there is a growing body of literature that explores the nature of power in terms of the voluntary bonds forged through shared values and norms. Social psychologists, sociologists, and more recently, behavioral economists have studied how cooperative behaviors come about. Social capital and game theories are particularly useful here. Beginning with Robert Axelrod's now classic iterated prisoner's dilemma experiments conducted in the early 1980s, game theorists have studied the nature of cooperative and collaborative behaviors that manifest between two social actors construed as equals or peers (Axelrod 1980). Most recently an "ecology of games" perspective has been used to study network governance, specifically in relation to watershed governance (Lubell 2013). The application of game theory, social psychology, and behavioral economics to the study of network governance is just in its ancient stages and holds great promise.

A second, more structural dimension of network governance is the network governance framework that is construed as the whole network level involving some degree of power sharing. Having reviewed the growing body of literature on interorganizational networks, Provan and Kenis introduce three models of interorganizational form: the self-governed network, the lead organization network, and the network administrative organization (Provan and Kenis 2007). The most collaboratively structured network governance arrangement is the self-governed network, characterized by balanced flows of ties and authorities. In participant-governed or shared governance networks, authority and power are distributed across the network, as each organizational network node bears social ties between one another. The dominant relational ties operating in participant-governed networks are horizontal, as a participant-governed network depends, to a large extent, on the qualities of social norms that exist between network nodes. "Shared participant-governed networks depend exclusively on the involvement and commitment of all, or a significant subset of the organizations that comprise the network" (Provan and Kenis 2007, p. 234). In lead organization networks, authority and power are more likely to be concentrated within (or through) the lead organization. The stronger the lead organization's authority. In lead organization networks, "all major network-level activities and key decisions are coordinated through and by a single participating member, acting as a lead organization" (Provan and Kenis 2007, p. 235).

The network administrative organization (NAO) is a coordinating body that exists to administer the activities of the interorganizational network. An NAO may exist formally as a distinct organizational node of its own, or informally as a coordinating body (e.g., steering committees, governing boards, etc.) that exists to administer many of the critical functions of the network. "Unlike the lead organization model, however, the NAO is not another member organization. . .. Instead . . . the NAO is established . . . for the exclusive purpose of network governance" (Provan and Kenis 2007, p. 236). Although no extensive studies of NAO structures have been undertaken to date, we may surmise that NAOs will likely forge certain combinations of vertical, horizontal, and diagonal ties when governing their networks' actions. Provan and Kenis observe that the selection of macrolevel network governance structures will be based, "at least in part, on the discretion of key network decision makers"

(2007, p. 236). They suggest that the adoption of particular governance structures is contingent upon several factors: the levels of trust, number of participants, and goal consensus.

Drawing on the core relationship between social network structures and horizontal ties, Provan and Kenis (2007) correlate levels of trust with network governance structures. Observing the limited capacity that shared governance structures have within large groups they suggest that high levels of trust and shared decision making can only occur across networks of limited size. They also anticipate that the degree of consensus around network-wide goals will vary from moderately low in lead organization structures dominated by vertical authorities to the goal alignments necessary to achieve a shared governance structure. They suggest that certain trade-offs between efficiency and inclusiveness are apparent across these forms, with lead organization structures more often viewed as the more efficient structures. Table 1 below provides the student of network governance with the foundational basis on which to consider macrolevel structures of governance.

A third foundation on which to build an empirical understanding of network governance is the nested hierarchical intergovernmental network framework posited by Diel Wright. Intergovernmental networks have been described as possessing a combination of "vertical interdependence" and "extensive horizontal articulation" (Rhodes 1997, p. 38). Because intergovernmental relations are marked by combinations of hierarchical and collaborative arrangements, there has been little consensus around a singular model of intergovernmental relations for the United States. Deil Wright's (2000) three models of intergovernmental relations represent the relationship between local, state, and national governments as taking one of three forms: coordinate, inclusive, or overlapping authority. Each model represents the possible types of relationships that exist between governmental institutions. The coordinate authority model implies that national, state, and local governments are independent and autonomous (Wright 2000, p. 75). The second configuration of intergovernmental relations is the inclusive authority model can be represented as a series of nested, essentially hierarchical relations between levels of government. The inclusive authority model implies that national governments exist as the principals over state and local governments, implying a hierarchical network arrangement (Wright 2000, p. 79). Under this view, states exist as "administrative districts" for federally established policies (Wright 2000, p. 82). The third model of intergovernmental relations suggests that the different levels of government exist as arenas of overlapping authority. Although Wright's model has been applied almost exclusively to intergovernmental networks, it can have a wider application to networks in which substantial institutionally arranged hierarchical arrangements are evident. This is the case in any network in which at least some of the actors come from different jurisdictional scales of government. Wright's view of intergovernmental relations underscores the potential for nesting of government actors within wider networks.

What Wright's framework does not account for are the lateral ties forged across organizations from different sectors. In essence, Wright's framework accounts for the "public sector" column of actors in Table 2. Arguably more work needs to be done to formulate conceptual frameworks that look at the differences in governance structures *within* specific sectors and how the goals, accountability structures, etc., of the for profit, nonprofit, and public sectors influence governance *across* interorganizational networks.

**Networks of Governance, Table 1** Key predictors of effectiveness of network governance form (Source: Adapted from Provan and Kenis (2007), p. 237)

| Governance form | Trust levels | Number of actors | Consensus around goals |
|---|---|---|---|
| Shared governance | High | Few | High |
| Network administrative organization | Moderate | Moderate to many | Moderately high |
| Lead organization | Low, highly centralized | Moderate | Moderately low |

N

**Networks of Governance, Table 2** Range of governance network actors (US context) by scale and sector (Source: Koliba et al. 2010)

| | Social sector | | |
|---|---|---|---|
| Geographic scale | Private sector | Public sector | Nonprofit sector |
| International | Multinational corporations | United Nations; international regulatory entities | International nongovernmental organizations |
| National | Corporations | Federal government (legislative, executive, judicial) | National nonprofit organizations |
| State | Corporations/ businesses | State government (legislative, executive, judicial) | Statewide nonprofit organizations |
| Regional | Regional businesses | Regional government | Regional nonprofit organizations |
| Local | Local businesses | Local government (legislative, executive, judicial) | Local nonprofit organizations; community groups |

## Conclusion: Governing Networks from the Inside

At this point, we are just beginning to understand how power, decisions, and collective actions that comprise administrative functions unfold within networks. Principal-agent, social network, and social capital theories may be used to understand how cooperation and collaboration exist as essential features of network management. Governance networks have been described as taking on certain configurations of administrative authority that shape the flow of power between them. Robert Agranoff and Michael McGuire's studies of community development networks highlight the role that vertical and horizontal relationships play within them (Agranoff and McGuire 2003). Conceptual frameworks designed to analyze social power dynamics are abundant and can be found across the literature of virtually every social science discipline. Of particular interest to us are the kinds of conceptual frameworks that describe the flow of administrative power and authority within or across organizations.

Given the existence of vertical, horizontal, and mixed ties, Donald Kettl observes: "The basic administrative problem [becomes] developing effective management mechanisms to replace command and control" (Kettl 2002, p. 491). According to Kettl, networked public managers "have to learn the points of leverage, change their behavior to manage those points of leverage, develop processes needed to make that work, and change the organizational culture from a traditional control perspective to one that accommodates indirect methods" (Kettl 2002, p. 493). Although classical paradigms in public administration have tried to distinguish administration from politics, in the networked environs of the "disarticulated state" (Frederickson 1999), politics is understood as an integral feature of administrative action. Network governance studies need to take into account the fragmented and dynamic confluence of multiple forms of administrative authority that emerge in networked environs.

A picture of network management is emerging that may be described as the combination of "governance and public management in situations of interdependencies. It is aimed at "*coordinating strategies of actors with different goals and preferences with regard to a certain problem or policy measure within an existing network of inter-organizational relations*" (Kickert et al. 1997, p. 10). Effective network management requires the use of all forms of administrative dynamics, including command and control, competition, concession and compromise, and collaboration and cooperation.

## Cross-References

▶ Collaborative Governance
▶ Collaborative Public Management (CPM)
▶ Democratic Governance in Developing Nations

- ▶ Good Governance
- ▶ Governance and Public Administration
- ▶ Governance Theories and Models
- ▶ Innovations in Administrative Reforms
- ▶ Institutional Theory of Organizations
- ▶ Organizational Boundary Spanning
- ▶ Participatory Governance
- ▶ Policy Networks as a Form of Governance
- ▶ Principal-Agent Theory of Organizations
- ▶ Social Network Theory
- ▶ Systems and Complexity Theories of Organizations

## References


Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Albert L, Gainsborough J, Wallis A (2006) Building the capacity to act regionally: formation of the regional transportation authority in South Florida. Urban Aff Rev 42(2):143–168

Axelrod R (1980) The evolution of cooperation. Basic Books, New York

Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. University of Chicago Press, Chicago

Bogason P, Musso JA (2006) The democratic prospects of network governance. Am Rev Public Adm 36(1):3–18

Bovaird T (2004) Public-private partnerships: from contested concepts to prevalent practice. Int Rev Adm Sci 70(2):199–215

Bovaird T (2005) Public governance: balancing stakeholder power in a network society. Int Rev Adm Sci 71(2):217–228

Brinkerhoff DW, Brinkerhoff JM (2011) Public–private partnerships: perspectives on purposes, publicness, and good governance. Public Adm Dev 31(1):2–14

Bryson J, Crosby B, Stone M (2006) The design implications of cross-sector collaborations: propositions from the literature. Public Adm Rev 66(6):44–55

Comfort L (2002) Managing intergovernmental responses to terrorism and other events. Publius 32(4):29–51

Cooper P (2003) Governing by contract: challenges and opportunities for public managers. CQ Press, Washington, DC

Feiock RC (2013) The institutional collective action framework. Policy Stud J 41(3):397–425

Frederickson HG (1999) The repositioning of American public administration. Polit Sci Polit 32(4):701

Frederickson D, Frederickson HG (2006) Measuring the performance of the hollow state. Georgetown University Press, Washington, DC

Gage RW, Mandell MP (eds) (1990) Strategies for managing intergovernmental policies and networks. Praeger, New York

Goldsmith S, Eggers W (2004) Governing by network. Brookings, Washington, DC

Heclo H (1978) Issue networks and the executive establishment. American Enterprise Institute, Washington, DC

Hill M, Hupe P (2002) Implementing public policy: governance in theory and in practice. Sage, Thousand Oaks

Hula KW (1999) Lobbying together: interest group coalitions in legislative politics. Georgetown University Press, Washington, DC

Imperial MT (2005) Using collaboration as a governance strategy. Adm Soc 37(3):281–320

Kapucu N (2006) Public-nonprofit partnerships for collective action in dynamic contexts of emergencies. Public Manage 84(1):205–220

Kapucu N, Garayev V (2011) Collaborative decision-making in emergency and disaster management. Int J Public Adm 34(6):366–375

Kelman SJ (2002) Contracting. In: Salamon L (ed) The tools of government: a guide to the new governance. Oxford University Press, Oxford, pp 282–318

Kettl DF (2002) Managing indirect government. In: Salamon L (ed) The tools of government. Oxford University Press, Oxford

Kettle DF (2015) The transformation of governance: public administration for the twenty-first century. JHU Press

Kickert WJM, Klijn E-H, Koppenjan JFM (eds) (1997) Managing complex networks: strategies for the public sector. Sage, London

Kingdon JW (1984) Agendas, alternatives and public policies. Little, Brown and Company, Boston

Klijn E-H, Skelcher C (2007) Democracy and governance networks: compatible or not? Public Adm 85(3):587–609

Koliba C (2014) Governance network performance: a complex adaptive systems approach. In: Keast R, Mandell M, Agranoff R (eds) Network theory in the public sector: building new theoretical frameworks. Routledge, New York

Koliba C, Meek JW, Zia A (2010) Governance networks in public administration and public policy. CRC Press, Boca Raton

Koliba C, Campbell E, Zia A (2011) Performance measurement considerations in congestion management networks: aligning data and network accountability. Public Perform Manag Rev 34(4):520–548

Koliba C, Reynolds A, Zia A, Scheinert S (2014) Isomorphic properties of network governance: comparing two watershed governance initiatives in the Lake Champlain Basin using institutional network analysis. Complex Govern Netw 1(2):99–118

Koliba C, Wiltshire S, Scheinert S, Turner D, Zia A, Campbell E (2017) The critical role of information sharing to the value proposition of a food systems network. Public Manage Rev 19(3):284–304

Koontz T, Steelman T, Carmin J, Korfmarcher K, Moseley C, Thomas C (2004) Collaborative environmental management: what roles for government? Resources for the Future, Washington, DC
Koontz TM, Gupta D, Mudliar P, Ranjan P (2015) Adaptive institutions in social-ecological systems governance: a synthesis framework. Environ Sci Policy 53:139–151
Koppenjan J, Klijn E (2004) Managing uncertainties in networks. Routledge, London
Krause GA (1997) Policy preference formation and subsystem behaviour: the case of commercial bank regulation. Br J Polit Sci 27(4):525–526
Leach WD, Pelky WN (2001) Making watershed partnerships work: a review of the empirical literature. J Water Resour Plan Manag 127:378–385
Lewis JM (2011) The future of network governance research: strength in diversity and synthesis. Public Adm 89(4):1221–1234
Linder SH, Rosenau PV (2000) Mapping the terrain of the public-private policy partnership. MIT Press, Cambridge, MA
Lubell M (2013) Governing institutional complexity: the ecology of games framework. Policy Stud J 41(3):537–559
Lubell M, Fulton A (2007) Local policy networks and agricultural watershed management. J Public Adm Res Theory 18(4):673–696
March JG, Olsen JP (1995) Democratic governance. Free Press, New York
McNabb DE (ed) (2007) Knowledge management in the public sector: a blueprint for innovation in government. M.E. Sharpe, Armonk
Milward H, Provan K (1998) Principles for controlling agents: the political economy of network structure. J Public Adm Res Theory 8(2):203–222
Milward H, Provan K (2006) A manager's guide to choosing and using collaborative networks. IBM Center for the Business of Government, Washington, DC
Nowell B, Steelman T (2014) Communication under fire: the role of embeddedness in the emergence and efficacy of disaster response communication networks. J Public Adm Res Theory 25(3):929–952
O'Toole LJJ (1997) Treating networks seriously: practical and research-based agendas in public administration. Public Adm Rev 57(1):45–52
O'Toole LJ (2000) Research on policy implementation: assessment and prospects. J Public Adm Res Theory 10(2):263–288
Pierre J, Peters BG (2005) Governing complex societies: trajectories and scenarios. Palgrave Macmillan, New York
Provan KG, Kenis P (2007) Modes of network governance: structure, management and effectiveness. J Public Adm Res Theory 18:229–252
Provan KG, Milward HB (1995) A preliminary theory of interorganizational network effectiveness: a comparative study of four community mental health systems. Adm Sci Q 40(1):1
Provan K, Fish A, Sydow J (2007) Interorganizational networks at the network level: a review of the empirical literature on whole networks. J Manag 33(3):479–516
Rhodes R (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Rodriguez C, Langley A, Beland F, Denis J-L (2007) Governance, power, and mandated collaboration in an interorganizational network. Adm Soc 39(2):150–193
Sabatier PA, Jenkins-Smith HC (1993) The advocacy coalition framework: an assessment. Westview Press, Boulder
Salamon L (2002) The new governance and the tools of public action. In: Salamon L (ed) The tools of government: a guide to the new governance. Oxford University Press, New York, pp 1–47
Smith MJ (2007) From policy community to issue network: Salmonella in eggs and the new politics of food. Public Adm 69(2):235–255
Sorensen E, Torfing J (2005) The democratic anchorage of governance networks. Scand Polit Stud 28(3):195–218
Sorensen E, Torfing J (eds) (2008) Theories of democratic network governance. Palgrave Macmillan, New York
Sporleder TL, Moss LE (2002) Knowledge management in the global food system: network embeddedness and social capital. Am J Agric Econ 85(5):1345–1352
Turrini A, Cristofoli D, Frosini F, Nasi G (2010) Networking literature about determinants of network effectiveness. Public Adm 88(2):528–550
Wohlstetter P, Smith J, Malloy CL (2005) Strategic alliances in action: toward a theory of evolution. Policy Stud J 33(3):419–443
Wright DS (2000) Models of national, state, and local relationships. CQ Press, Washington, DC
Yang K, Bergrud E (eds) (2008) Civic engagement in a network society. Information Age Publishing, Charlotte
Zia A, Koliba C (2015) The emergence of attractors under multi-level institutional designs: agent-based modeling of intergovernmental decision making for funding transportation projects. AI & Soc 30(3):315–331

# New Governance and Neoliberalism

Amiya Kumar Das
Department of Sociology, Tezpur University, Tezpur, India

## Synonyms

Categories: new governance and neoliberalism; Definition: to be defined; Tags

## Introduction

The term neoliberalism has attracted a great deal of attention and antipathy on the surface of various academic disciplines especially in social sciences. It has been unpacked in different dimensions, and different meanings have emerged in the economic, political, and social sphere which illuminates the term as a fluid concept. At a basic level, the connotation of neoliberalism extends to the economic, political, and social arrangements within the society that encompasses market relations, rearranging the role of the state and individual responsibility. This entry attempts to trace how neoliberalism evolves as a nebula and becomes embedded in the sphere of governance. It is nonetheless important to attune a critical analysis on how the idea of neoliberal thinking resonates with the transpose from government to governance and how far does it fare in rightful inclusion of individuals to perform in an unhindered market.

The concept of governance also has been explored in many fields, especially in public administration and planning, policy-making, political science, and sociology as well. In common parlance, government and governance are treated as synonyms, but recent studies have established that both the concepts are different theoretically and empirically. Governance is a eclectic term. Hence, delineation of the meaning of both the concepts is pertinent, although a precise definition of both is arduous.

## Definition

Numerous definitions of neoliberalism have been attempted, but the concept that seems to be more expressive is the one provided by David Harvey in his book, *A Brief History of Neoliberalism* (2005). The usage of the term "neo" as a prefix to liberalism makes our understanding more transparent to the idea that the neoliberals appropriated "liberalism" and used it to define their Keynesian interventionist political economy. Harvey attempts to define contemporary neoliberalism through the policies of Ronald Reagan, Margaret Thatcher, and Deng Xiaoping. The political figures at the heart of neoliberal turn in the 1980s along with the leaders of the international institutions seemed to have a consensus over the goal of liberating individual entrepreneurial freedom and skills within an institutional framework characterized by strong property rights, free market, and free trade. They share a desire to expand markets into sectors such as education, health care, and water resource. In this way they challenge the conception of nation-state that is tied to the welfare state provisions. Thus, the two definitions of neoliberalism, one of Harvey's and the more general concept of neoliberalism being a renewed version of liberalism, are both complementary on the ground of rejecting the base for liberalism as a postwar consensus.

As such a new form of governmental management has been introduced by the neoliberals to achieve their goals. Consequently, governance has ceased to function only with the idea of the act of "governing" and is increasingly meant to denote a specific form of government that was used in the private sector but is now employed by the government to introduce mechanisms of a free market for decision-making process. The increasing use of the terms "stakeholders," "third-party government," and "civil society," and NGOs signifies the elevation of individuals as negotiating partners in decision-making process. The inference that can be drawn is that the regime of new governance means receding of the state as an advocate of public interest and ascending of private factions, and the government is seen as an actor representing competing interest with the other legitimate actors (Accessed on 22 March 2018 11:15 IST, retrieved from https://journals.openedition.org/mimmoc/2263).

Thus, new governance is a manufactured concept that ushered various reforms in the public sector policies emphasizing the role of non-governmental agents and the free market, gradually weaning away the robust civil government. There would be a synchronization of private industries and the civil society (nongovernmental actors) in various ways to promote overall welfare and equity (Schulz 2012 2515–2516). Neoliberalism is concerned with defending a particular vision and relationship between the state and individuals. It defines and limits the nature of government with

a claim that its very nature is a threat and limitation to individual freedom. The second argument that is forwarded is minimum governmental regulation is a synonym to increasing efficiency of economies (Accessed on 22 March 2018 11:15 IST, retrieved from https://journals.openedition.org/mimmoc/2263). Various scholars have given their own definitions depending on their disciplinary locations and have argued that contemporary governance needs to be understood from a novel perspective. Another aspect of governance is governance failure or failure of governance. In policy domain, this failure is taken as a serious problem in defeatist lines. Some sociologists and social scientists have gone to the extent of considering the entire model of governance as a failure.

## Political Philosophy of Governance

Social scientists have observed a shift in the model of governance since the 1970s. There has been a shift from a hierarchical, sovereign control of the state over its citizens to a model where non-state actors and market participate in the formulation and implementation of public policy. Old governance is state-centric, whereas the new governance is society-centric. This transpose has also generated two contending groups as well. Some scholars argue that the state and the society influence each other. From this perspective they support the participation of society in governance where community and the people influence the government and participate in policy-making. They believe in an approach that includes various non-state actors and the market in steering the society which ultimately led to the introduction of neoliberal policies.

The replacement of the concept of government with governance that seems to be immanent to society seems to encompass both the political and the social sphere and blurs the distinction between the private and the public. It is the withering away of the concept of nation-state and installing the networks of public actors or public authority. The process of substantial subsumption of government under governance needs to be assessed from a different angle and not just a linear analysis of a society progressing from pre-modern societies, democratic society, and finally the society of governance as theorized by Leford. Here, it is precursory to understand the internal logic of this accidental slippage of government to governance (Bonnafous-Boucher 2005, 522–23).

Governance consists of the state which has the sole responsibility of assisting the markets and the communities and civil society consisting of the citizens, NGOs and the groups outside the government but within the public arena (representing and articulating the voices of the excluded), and thirdly, the market creating wealth for distribution. It implies leadership toward societal development rather than mere control orchestrated on the citizens by the act of government. The concept of governance provided the government to search for new rules and processes between "networks of public actors" instead of focusing on an entity having the sole responsibility of governance. This was termed as the "governmental rationality of liberalism" by Foucault (1991). This is the turning point of political philosophy as well.

The classical political philosophy of state, sovereignty, and relation between the governors and the governed is shed, and a theory of domination sets in. Governmental rationality or "reason of state" characterized sovereign authority, independent and administrative apparatus, and most notably an entity upholding power and stability, unlike liberal governmental rationality. Foucault argues that liberalism has twin objectives: firstly to criticize the existing model of power revolving around the center and secondly to analyze power as strategic relation between individuals and groups (Bonnafous Boucher 2005, 521–29). This leads to an outgrowth of governmental practice that outcries "do not govern too much." The management of the public affairs need not be seen as the exclusive domain of the government. The affairs of the government are problems of all, and hence, the various segments of society are involved in steering the society. This approach facilitates the permeability between the government of public affairs and the private affairs of the market which unleashes legitimated forms of political and economic subjectivization and also modes of action that affect the actions of the

individuals. Foucauldian perspective, thus, provides us with an internal logic of the transformation of the nature of state from democratic ideals to ideals-based decentralization of power that is on networks of actors and civil society. (Bonnafous Boucher 2005, 525,527).

But it is not always practically viable. The cooperation between the state and civil society has been taking many forms and dimensions. The constituents of modern governance (market, NGO's, civil society) could not fulfill the basic preconditional and structural necessities on which the aforesaid model rests. They have failed to represent different functional and socioeconomic interests of the society mainly because of the absence of societal self- regulating system. Practical examples of such failures would be illuminated towards the end of the entry.

This system means that the private organizations need to fulfill regulatory functions that are ultimately in the interest of the public. Hence, these actors who represent the public in decision-making process tend to dominate the marginalized. Here, the role of the state within governance is lacking. The state has failed to perform its structural role of providing strong self-regulation, so that the public interests gain precedence over private interests. Therefore, it is difficult to say that the shift from government to governance has been beneficial. Of all the debates on this topic, much discontentment and apprehension have been vented out towards the shift for governance. However, it is too early to consider this makeshift in defeatist lines specifically, since it also allows the market and the civil society to make its own decisive contributions.

Mark Bevir outlines the broad characteristics of governance. Firstly, it combines the administrative arrangements with features of market mechanism and nonprofit organizations. Secondly, it has a multi-jurisdictional or transnational character. Governance combines people and institutions across different policy sectors and different levels of government like local, regional, national, and international. For example, in controlling food policy and quality, different levels of government bodies are needed to be involved. Thirdly, governance has developed the characteristics of increasing range of stakeholders from different sectors like third-party organization to deliver state services. Governing became increasingly a hybrid multi-jurisdictional and plural phenomenon (Bevir 2012, 5–7).

But here it is also pertinent to comprehend why the unleashing of the upper hand of the markets or rather *laissez faire* policy has exacerbated social equalities and the state is reduced to terms synonymous to "class state" or "state for class." To understand this chaos, we can fall back on Foucault's (1991) concept of governmentality. He maintains governmental rationality prescribes a form of law in order to limit the unlimited objectives or "excessive governance" that the state aspires to, for its self-preservation. Hence, the law takes the form of a structure of mediation between law and morality. On the other hand, liberal government rationality derives from the production of rule itself and sets its objectives based on various actions, agendas, and non-agendas that come up in the civil society, and hence their self-limitation is not definitive. But, this absence of self-limiting rule is slowly being also understood as a double-edged sword. Liberal rationality confirms the emergence of political economy. The adjunct of economic rationality to political rationality thus comes to characterize contemporary governmental rationality. And their policies and actions are designed in terms of effects rather than in terms of original rights. "Governmental practices are not examined from a legal point of view in order to determine whether or not they are legitimate" but are judged by their results and effects. This break in the structure of mediation between law and morality and the consequent social tensions and inequalities that followed have put "governance" on defeatist lines, more so because it has caused some serious democratic pitfalls (Lievens 2015, 5–10).

The lack of self-regulating or self-limiting rule of governance is increasingly understood as an onslaught of neoliberal regime. Under this regime, the concept of governance has contributed in the transfer of power from the influence of government and their self-regulating power into the hands of those possessing capital.

Jessop outlines that "state power has become less important in key respects in contemporary capitalism—as governance has become more important however, countering this trend is the survival of the nation state as the principal factor of social cohesion in societies and its associated role in promoting social redistribution" (Jessop 1997, 573–574). Khan marks that international agencies have failed to recognize the basic problem of corruption and governance in developing countries. They have overlooked the construction of capitalism, which is inherently divisive. It often rewards and deprives individuals in arbitrary ways. Ignoring this issue, it is not possible to understand the roots of political instability, political corruption, and the extant political clientelism (Khan 2002). These developments and processes have raised the debate whether the state is an autonomous actor. This slippage of the entity government within governance has led to the domination of the marginalized people by the dominant private actors.

## Neoliberalism and Tryst with Governance

Although a great deal of scholars have maintained governance from the point of view of public management system and delivering services, neoliberalism had reverted and wanted the rolling of the state from a different vantage point. The proponents of neoliberalism had always wanted the state to withdraw its system of distribution of public services and voraciously advocate the primacy of the markets. The underlying assumption of this thought was the belief that state is insignificant to markets, the former being overburdened with excessive taxation and battling to control inflation. This deduces that the postwar state would anyway wither away when it is pitted against global capital and vigorous competition among states. Instead, they tried to carve out an entity that would characterize an entrepreneurial system based on competition and markets and formulate policy-making instead of delivering services. This kind of entrepreneurial pattern of rule favored by the neoliberals is borne from a different concept of state that is "governance" which would steer the society ahead.

Governance moves one step further and dismisses the remaining form of transcendence such as the sovereignty, the nation, or the people. Here, the ideological and political constructs like citizenship, sovereignty, and nation become increasingly symbolic fictions that are not "real" in relation to the social reality characterized by social inequality, hierarchies, and divisions. This growing disenchantment between social reality and symbolic fictions gives way to the dissolution of the state or government. The replacement of the concept of government with governance that seems to be immanent to society seems to encompass both the political and the social sphere and blurs the distinction between the private and the public. It is the withering away of the concept of nation-state and installing the "networks" of public actors or public authority. David Harvey is also critical of the role of the breeding of the NGOs that accompanies the concept of "new governance" with the neoliberal turn. These have stepped up in vacuum especially in contexts where the state withdrew its social provision. Additionally NGOs are not democratic institutions but elitist, are unaccountable except their donors, and by definition distance themselves from those they seek to help or protect irrespective of how progressive they seem to be. They tend to conceal their agendas and prefer direct negotiation with influence over state and class power. They often control their clientele rather than represent it. But the legitimacy of their status is always open to doubt (Harvey 2005, 177).

The inception of the new idea of governance exhibited a rhetoric of less government and more governance characterized by proliferation of networks and the inclusion of the civil society characterized by the citizens. This formation of the constituents of "governance" requires a mention. The valuation for "networks" by the social scientists was inherent in their conviction that the networks would serve to be a distinct structure that would allocate resources and coordinate activities than to the bureaucratic structures and the markets as favored by the neoliberals. On the other hand, radicals, anarchists, and socialists have long

advocated mandate devoid of the capitalist state. Instead, they romanticized the idea of civil society where the idea of individual freedom and the demands of community reconciled. The resultant consequence of these assumptions created the pathway to a reform in the idea of government and was replaced by governance represented by the government, non-state actors (civil society), market, and networks (Accessed on May 1, 2018 9:35 IST. Retrieved from https://www.britannica.com/topic/governance).

## The Agenda for Governance by the Neoliberal Project

The neoliberal theory assumes that the freedom of the market guarantees individual freedom and is fundamental feature of neoliberal thinking. In this regard, the functioning of the state in providing social services and social planning by (obstruct) constructing a variety of welfare systems surrounded capital as a web of restraints that the neoliberal project aimed to overthrow. The interventionist state fostered a social and moral economy through its activities (Harvey 2005, 9–20). Therefore, the ideal model of governance that represented the idea of individual freedom and community was not in sync with the neoliberal agenda of private property and markets. This invites a close discussion and examination of the concept of governance and its actual praxis.

The concept of receding state riding on individual freedom is disseminated into the social worlds in such an appealing manner that it gets entrenched in our common sense which we fail to question. The crucial decision of "who would exercise power" and "how it would be exercised" in the absence of a robust civil government is something academician, economists, and social scientists tended to oversee. The neoliberals would without a doubt place their faith in the self-regulating market economy. And when there is a dire need to expand beyond "markets" to enlarge the decision-making process, the neoliberals fall back upon the obscure concept of "governance." This sets the platform for stakeholders to bargain for settlements with a government stripped from representing the interests of the commons. The state functions to create and maintain a conducive political environment for interrupted functioning of free market and to be specific maintains the territoriality of the region and internal order as well. Hence, in this genre of regime, the individuals with capital are able to participate in decision-making process; in other words a noneconomic actor is incapacitated to the locus of power and representativeness (Accessed on May 1, 2018 10:05 IST. Retrieved from https://journals.openedition.org/mimmoc/2263?lang=en).

The agenda of the neoliberals is not to erode the electoral process or to exclude the people from the democratic process of the franchise. The trick here employed is the viability of democracy which creates, if at all but an illusion, a belief that the people have the autonomy and the capacity to change their lives by participating in the democratic process. It is a myth deployed mainly because neoliberals rob the power from the hands of those elected. Maintaining this belief of the people upon the democratic process and their representativeness is also paramount as otherwise it would lead to fascism (Patnaik 2014, 39). Instead they theorize a kind of rule where power is vested upon neutral markets and the government and its elected officials are operative to create and maintain a state of affairs for competing agents. In this regard, they are faithful to the father of liberalism, John Locke. Locke's regime of liberalism is useful to the contemporary neoliberals in two regard: firstly, for his role in legitimating "disproportionate and unequal possession of the earth" and, secondly, legitimating accumulation of capital through the argument that "gold and silver can be hoarded without injury to anyone." (Accessed on May 1, 2018 10:05 IST. Retrieved from https://journals.openedition.org/mimmoc/2263?lang=en)

The fundamental contradiction within the bounds of governance embedded in neoliberalism is the alluring idea of individualism on the one hand and the desire for a meaningful collective life on the other. When individuals are given the freedom to choose, they inherently have the inclination toward maximizing their opulence and do not strive to construct and maintain collective institutions (Harvey 2005, 69). The appeal for universalism of

freedom in governance might be a double-edged sword. When we talk of governance, we do not mean controlling the citizens directly; instead, we talk of a mechanism of social coordination wherein the common problems of the government and citizens of given localities are resolved.

This new paradigm of governance demands a new conceptualization of tools of public administration that acknowledges the complex network of relations between the horizontal private, public, and nongovernmental organizations. Understanding the tools and toolmakers and their employment in governing social problems remains a domain of enquiry. Under what circumstances does policy implementation take place? With whom do the managers negotiate? How do the managers negotiate with the multiple players and stakeholders in the indirect government and networks? To understand new governance, we cannot simply try to understand the tool makers, we need to understand the role of humankind – the citizens, stakeholders, and the public negotiators who are also the toolmakers and users (Bingham et al. 2005, 548). This is so because numerous stakeholders and public and private actors validate different points of divergence in interests, goals, and goal-seeking approaches. Moving away from interest group formation, striving towards a process of consensus formation, and reaching a stable agreement through which the rights and fair justice are perceived as a challenge for the toolmakers among rival participants in policy-making process (Bingham et al. 2005, 551). In this context, the case of INHD of Morocco can be discussed. Sylvia I Bergh in her analyses demonstrates the critical power governance places in the hands of unelected representatives. It is also the example of the horizontal division of the state in line with the principles of inclusive neoliberalism emphasizing the production of services with NGOs and associations along with the private sector. The analysis of INHD's implication for local governance indicates a paradoxical situation where the widespread discourse of the inclusion of non-state actors that leads to increased democratization and expansion of "civil society" has led to an increase in the unelected officials such as the governors and the civil servants at the expense of the local government and elected councilors. These local elites then tend to represent the civil society, and their social legitimacy is cemented through their alliance to the king. This leads to king-client alliance and henceforth the gradual erosion of their status as political representatives. The governor, the designated official with the authority to authorize expenditure, has the liberty to distribute funds in one month as compared to two months if the services seek approval from the Ministry of Finance. A resultant risk of this kind of power transfer is the precariousness of increased personalization of INDH by him as well by the other civil servants and the marginalization of the other actors. Moreover, the invitation by the king to the wealthy national and local elites to offer funds as acts of organized and private philanthropy leads to the probability of evasion such as tax breaks. Offshoot of such actions by the "representatives of civil society" leads to the breeding ground of corruption, increasing clientelism and capture of contracts and services by the rural elite. The concept of new governance in tandem with the paradigm of neoliberal regime wanted to evolve and diffuse a self-evolving spirit and access to markets via associations. However, the findings of the INDH as a case study of inclusive neoliberalism reveal both the intended and unintended consequences of such an impossibly rational and elaborate system laid down on a very fragile local situation that ultimately leads to weakened political accountability and redeployment of state power (Bergh 2012, 419–423).

## Governance or Network Alliance

The reforms in the public sector during the 1980s owing to the ever-changing relation between the state and civil society occurred in two principal phases. The prominent one was the new public management advocated by the neoliberals vouching for markets and corporate management of the public sector. The latter that followed was an increasing evolvement of constellation of "networks" informed by public sector ethos. Although "network" has various meanings, but in tandem

with neoliberalism, it serves as an alternative of markets and hierarchies. Corporate management reforms in general, involve applying techniques and ideas from private sector management. It weakens the distinction between the state and social order and reinstates faith in a pattern of order be it politically or socially other than the state (See Governance. Accessed on May 1, 2018 11:35 IST. Retrieved from https://www.britannica.com/topic/governance). And these keep a check on the reforms, thus involving performance results, value for money, performance measures, and closeness to the consumer-all tied to the budgetary reforms. Networks are a widespread form of social coordination and managing interorganizational links just as private sector management. Moreover, this kind of governance entails that networks are "self-organizing" meaning they are autonomous and self-governing (Rhodes 1996, 659). Here, "new governance" shifts its attention from internal workings of public organizations to "networks of actors" on whom they increasingly come to depend. While the strengths are recognized, addressing and coping with the challenges of this kind of dependency are also vital. As such, it builds on two bodies of theories – "principal-agent theory" and "network theory." The former theory explains the existence of organizations in a market system creating a paradox in the relationships between principal and agents of third-party government. Even though the principals are bound by the virtue of the purse strings, the agents seemingly have an upper hand. This principal-agent theory explains that since the agents have more information at their disposition than the principals, what they are actually doing at the grassroots is at their discretion, and hence, the principals face moral hazards of having to rely on agents who have competence and diligence they might not fully know. To evade these hazards, an effort is necessary on the part of the principals to improve the accountability of the agents, but this involves costs. Another dimension that the "network theory" adds is that the principals in such relationships might find it difficult even if the agents share basic goals. This theory was developed to understand the intricacies and complexities in modern democracies where power is varied among diverse groups. In such situations, network theory argues that the ideal relation would be of interdependence where no single actor can influence will including the state (Salamon 2001, 1630–1631).

The neoliberal narrative of governance overlaps with rational choice theory. This theory attempts to explain individual actions in terms of rationality which in neoliberal lexicon culminate in profit and utility maximization. This rationality of the agents at the microlevel can be developed to an abstract level as to how to explain the rise and stability of a rule in the absence of a higher authority. Rational choice theorists argue that the absence of any higher authority means that the new institutions are self-enforcing on the individuals (See Governance. Accessed on May 1, 2018 11:35 IST. Retrieved from https://www.britannica.com/topic/governance).

## Democracy in New Governance

New governance seems to be compromising on the democratic ideals of nation-state. In the electoral process, the elected representatives formulate policies which are then implemented by the public servants. In terms of accountability of their competence, the public servants are obliged to the elected members who are in turn obliged to the voting public. The current form of governance represents policies that are formulated and implemented by private actors and voluntary sector actors. Accountability of policies on their part is a tedious task, and moreover, the complex network of actors in the process makes it all the more utopian to hold someone responsible for public policy failure. There is no common consensus as to how to develop democracy in new governance. Concerns about democratic governance first arose in the discussions of economic development. It is not because there was a keen interest in normative democratic patterns but because it would definitely impact economic efficiency especially the effectiveness of providing aid to developing countries. International agencies, such as the World Bank, encouraged developing countries to opt for privatizing their public sectors, promoting competitive markets, and increasing the use of

nongovernmental agencies. The advocacy for markets and networks by the international organizations and donors stems from the agenda for good governance which oversaw the threat it might pose to the democratic credentials of the society by overriding the structure of a responsible and accountable government (See Governance. Accessed on May 1, 2018 11:35 IST. Retrieved from https://www.britannica.com/topic/governance). Lester Salamon discusses the public-financed state delivered mental health services in Tucson, Arizona. The funding for the same is outsourced from the federal and state government programs. While delivering such a service, no federal or state bureaucrat comes in contact with any mentally ill person. Indeed no contact is made by the government with the private agency employee or the local government who actually delivers the service to the targeted group. The project is carried out by a "master project" by a private, nonprofit local mental health authority called "ADAPT" which is responsible for dealing with other local agencies that deal in providing mental health services with funding from the state and the federal government. Salamon draws attention to the fact that the development of newer tools of public action involves sharing with third-party actors, a basic governmental function: the exercise of discretion over using public authority and the spending of public funds. This nature of these tools and the complexity of the government constituting a major share of the discretion on how to carry out the programs and the nature of such services come to rest not with the accountable government, but with the third party. The covert challenge, this "reinvented government" poses is the fact that they engage a range of organizations and organizational types which have limited knowledge and experience of each other's occupational style and cooperation style. Moreover, this network of actors is guided by their own interests and frame of reference, and hence their cooperation might be determined by the level of urgency and time as well. Thus, the task of having a concerted action becomes a major administrative challenge (Salamon 2001, 1613–1632).

The failure of the reformist policies that was adopted after World War II and the immediate postwar reconstruction period thwarted the faith on the state and was instrumental for an instant predilection toward non-hierarchical and cooperative form of governance. In the 1970s, economic growth also slowed down, and it led to the search of alternative ways of socioeconomic development. Thus, the steering of the society fell into the model of governance where the state, market, and the civil society would effectively cooperate in the political steering of the society (Mayntz 2006). But lack of self-regulating rule on the private actors has resulted in the transcendence of the interests of the private rather than the public. This needs to be drawn attention to, as at the grassroot level, the civil society which is assumed to be a homogenous society is not a social reality per se and is embedded in different social categories like caste, class, religion, ethnicity, and gender.

## Conclusion

The recast in the nature of government and the appeasement directed toward the social world in the name of "new governance" with the new liberal turn are incongruent with the democratic ideals of equality, representativeness, and social justice that government conforms to. In this context, the values of freedom and social justice are not necessarily compatible. The pathway to social justice is necessarily embedded on the ideals of social solidarities and a willingness to subsumes individual wants, needs, and desires in the cause for some general struggle as, for instance, struggle for social equality. Neoliberal rhetoric has its foundational emphasis upon individual freedoms and strips off collective action for a common cause (Harvey 2005, 41). Thus, the overlapping and blurring of the entity "government" with governance erodes the basic protective measures that the government entitles its citizens and makes way to individualism that defies the pursuit of collective life. The transpose to new governance embedded with the ideals of neoliberalism also seems to negotiate with a major area of controversy concerning the idea of market failure. This arises when the individuals and firms avoid paying the full costs attributable to them by shedding

their liabilities outside the market. The cases of environmental pollution would be apt in this context where individuals and firms avoid costs by dumping toxic wastes free of charge in the government (Harvey 2005, 67). And the irony is whom do we hold accountable?

The fundamental political problem is the lack of representation of elected members, thus limiting democratic governance and the rise of undemocratic alliances and institutions. This loss of accountability and intervention of government would bear serious repercussions on social beings and hinder their scope to organize well for a collective purpose. This critical power that neoliberalism introduces to individuals thus, necessitates both dialectic and praxis.

## Cross-References

► Democratic Governance in Developing Nations
► Social Work and Governance

## References

Bergh SI (2012) 'Inclusive' neoliberalism, local governance reforms and the redeployment of state power: the case of the National Initiative for human development (INDH) in Morocco. Mediterr Polit 17(3):410–426
Bevir M (2012) Governance: A very Short Introduction. Oxford University Press, Oxford
Bingham LB, Nabatchi T, O'Leary R (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65(5):547–558
Bonnafous-Boucher M (2005) From government to governance. Ethical Perspect 12(4):521–534
Foucault M(1991) Governmentality. In: Graham Burchell, Colin Gordon and Peter Miller (eds) The Foucault Effect: Studies in Governmentality. University of Chicago Press, Chicago
Harvey D (2005) A brief history of neoliberalism. Oxford University Press, New York
Jessop B (1997) Capitalism and its future: remarks on regulation, government and governance, Review of International Political Economy 4(3):561–581
Khan MH (2002) Corruption and governance in early capitalism: world bank strategies and their limitations. In: Pincus J, Winters J (eds) Reinventing the World Bank. Cornell University Press, Ithaca
Lievens M (2015) From government to governance: a symbolic mutation and its repercussions for democracy. Polit Stud Assoc 63(S1,2–17):5–10
Mayntz R (2006) From government to governance: political steering in modern societies. In: Scheer D, Rubik F (eds) Governance of integrated product policy: in search of sustainable production and consumption. Greenleaf, Sheffield, pp 18–25
Patnaik P (2014) Neoliberalism and democracy. Econ Polit Wkly 49(15):39–44
Rhodes RAW (1996) The new governance: governing without government. Polit Stud 44(4):652–667
Salamon LM (2001) The new governance and the tools of public action: an introduction. Fordham Urban Law J 28(5):1661–1674
Schulz KB (2012) New governance and industry culture. Notre Dame Law Rev Symp Am Congress Leg 88(5), Article 15

# New Institutionalism in Public Policy

Lihi Lahat
Administration & Public Policy, Sapir College, M.P. Hof Ashkelon, Israel
Azrieli Institute of Israel Studies, Concordia University, Montreal, Canada
Israel Institute Visiting Scholar, Serling Institute for Jewish Studies and Modern Israel, Michigan State University, East Lansing, MI, USA

N

## Synonyms

Institutions; Politics; Rules; Structures; Theory

## Definitions

The theoretical framework that explores the effect of institutions on policy processes and outcomes.

## Introduction

The new institutionalism theory provides a lens through which to investigate the context and factors that affect policies. This context includes the formal and informal rules, culture, norms, and ideas that create the conditions, incentives, and limitations that affect people's preferences (DiMaggio and Powell 1991; March and Olsen

1984). The neo (or new)-institutional theory is a later development of the well-known institutional theory, which explores how institutions and rules, as repetitive patterns of actions and practices, affect the behaviors of individuals. It is one of the core theoretical perspectives in political science in general and in studies of public policy in particular.

The definition of institutions developed from a narrow view of formal structures to a broader one that includes networks, informal structures, and recurring relationships and ideas that shape social and political outcomes. The assumption is that institutions, both formal and informal, play an essential part in social and political life. Therefore, there is a need to explore the unique effect they have on individuals, policymakers, and the policy process (Howlett et al. 2009; Lowndes and Roberts 2013; Rhodes 2006).

One of the unique features of institutions is their stability and their influence on the reality in which we live. Institutions include the formal government and economic bodies in different societies such as the congress, constitutions, secretaries, ministries, the central bank, the local or regional government institutions, or different agencies. Furthermore, they include more informal structures such as networks, practices, and stable relationships between different actors in the policy process. While at times their influence may not be readily apparent, these institutions impact political, social, and economic outcomes. They create the context and the "rules of the game" that help us understand the behavior and choices of the various actors within it (Immergut 1998). Therefore, using an institutional perspective allows researchers in public policy to adopt a macro perspective and ask questions that involve institutions as the basic unit of analysis (Howlett et al. 2009).

The complexity of the policy arena requires researchers to understand the rules and conditions that affect people's choices and lead to specific outcomes (Ostrom 2011). For example, how policymakers choose to promote policies in healthcare or gun control depends not just on their personal preferences and self-interests but also on factors related to the institutions of which they are a part or affect them. Examples include their degree of adherence to their political party; the interactions between various parts of the government, such as the balance of power between the executive branch and the legislative branch; the particular point in the electoral cycle; pressure from various interest groups and their relative power; the information the policymakers have; as well as the incentives that lead them to support a particular stance on the issue. All of these conditions create the context and define the options available to the various actors, including policymakers (Ostrom 2011).

## Diversity in New Institutionalism

Today, most institutional researchers apply the new or neo-institutional theory. The old theory of institutionalism focused on describing and exploring the formal aspects of institutions, such as the branches of government, bureaucracies, and the structure of the constitution. The move from the old to the new institutionalism refers to several changes. First, the focus of the research agenda has moved from the consideration of formal structures to a view that also includes the consideration of informal ones (Lowndes 2017). Although the basis of the old institutional theory persists, it has expanded to other directions (Rhodes 2006), including consideration of what is called "the rules of the game." Second, these studies regard institutions as structures that change and evolve, rather than being static. Third, new institutionalism adopts a more critical perspective regarding the institutions being researched. Fourth, it views institutions not just as a collection of units but also as an aggregate of separate sections. Therefore, it advocates investigating the interactions inside the institutions. Finally, it focuses more on institutions as embedded in their context, not just as autonomous structures (Lowndes 2017).

The move toward new institutionalism redirected researchers' attention to less concrete factors such as the norms, ideas, and stable relationships that affect policies. For example, Hall (1993) used the term "policy paradigm" when exploring the policy shift from Keynesian to monetarist modes in Britain. Others studied the effect of policy networks or ideas on policy outcomes. Béland (2007), for example, investigated the effect of ideas on the persistence and change in

social policies in the USA. Researchers using the new institutionalism theory have also examined how collaborative governance, regulatory regimes, the administrative culture, and policy styles impact policy outcomes. Furthermore, it also acknowledges that, while institutions influence people's behavior, institutions themselves are also influenced by individuals and groups (Korpi and Palme 1998).

There are several variations of new institutionalism. Examples include rational choice institutionalism, historical institutionalism, sociological institutionalism, normative institutionalism, and feminist institutionalism. While they all share a focus on institutions, their assumptions, interpretations, and points of view are different (Lowndes and Roberts 2013). For example, rational choice institutionalism starts with the assumption that institutions affect the preferences of rational people to maximize their utility. Therefore, the formal and informal structure of institutions leads individuals and policymakers to prefer the strategies that will maximize their utility within a specific context, based on and influenced by the information they have (Ostrom 2011; Lowndes 2017). For example, voters will vote based not on their actual preferences but on their strategic assessments about how to maximize their utility in a specific institutional structure (Lowndes and Roberts 2013). According to rational choice institutionalism, institutions exist as long as they serve individuals' needs and will dissolve when they stop serving these needs (Immergut 1998).

In a different realm, historical institutionalism focuses on the study of the temporal aspects and historical roots of the social and political interests and power relations between different actors and groups. It also explores the political structures that create, maintain, and change institutions (Lowndes and Roberts 2013). Studies using this approach regard issues over a long period of time and as being path-dependent. The continuity of policy due to past decisions and former policies makes it harder to alter the path. Baumgartner and Jones (2002) claim that, while it is more common to regard institutions as exogenous to the policy process, in fact, they are intertwined. Public policies affect and are affected by institutions and vice versa. Therefore, they are not separate entities.

Sociological institutionalism focuses on the interactions between actors and institutions. It emphasizes the importance of different norms and cultures in affecting people's perceptions and behaviors. This approach explores the narratives and constructions that create the norms and meanings and the effect of the cognitive elements that influence behavior and choices in organizations and societies (Lowndes and Roberts 2013). For example, if we want to understand why a particular policy was implemented, we must look not just at the formal rules of the institutions but also at the actual daily practices of public service employees, based on their organizational and professional norms.

On the one hand, the various forms of new institutionalism invite criticism regarding the lack of clarity in its definitions and methods and the variations in its methods. However, on the other hand, its approach creates methodological richness (Lowndes and Roberts 2013). For example, to learn about the practices of an organization, which might be reflected in informal practices as well as more formal procedures, researchers might use observations. To understand the formal rules of the organization, they could analyze its official documents, rules, and regulations. To investigate the networks in the organization, which encompass both the formal and informal relationships between its members, they could conduct interviews with policymakers and other stakeholders to identify the different types of interactions and determine the influence that they might have on the policy process. Using experiments is another method that can lead to an understanding of the conditions that change individual preferences in different institutional arrangements (Lowndes 2017). Furthermore, narrative analysis can help identify the informal structures, ideas, and paradigms that legitimize the policy and its implementation. Many times, researchers utilize a mixture of methods to determine the impact of various institutional factors, formal and informal, on policy.

### Institutions: Stability as well as Different Kinds of Change

In the last three decades, researchers have begun to deal more with the issue of institutional change. One of their interesting findings is the variation in the forms that this change takes. Stability is

reflected in the tendency of institutions toward path-dependence, which refers to the continuity of policies. However, positive and negative feedback lead, on the one hand, to adaptations in some policies in a way that enables them to persist and, on the other hand, to radical changes in others (Baumgartner and Jones 2002). The change in institutions, however, is not just incremental or dramatic. Researchers have identified different kinds of incremental change such as drift, layering, conversion, and displacement. These variations in change emerge based on the relative levels of power of exogenous and endogenous factors that support or resist change (Mahoney and Thelen 2008).

## Conclusion

New institutionalism theory is in fact one of the core frameworks that policy scientists utilize to understand the effect of institutions on the development of changes in and outcomes of policy. It represents a move from the study of the influence of formal factors on policy outcomes to the inclusion of the informal factors that affect policy. New institutionalism researchers utilize a variety of approaches including rational choice, historical and sociological institutionalism, as well as methodological richness. While the new institutionalism theory is eclectic in its traditions and methods, its focus on the macro level is central to the understanding of public policies.

## Cross-References

► Collaborative Governance
► Governance
► Networks and Networking
► Nonlinear Policy Change

## References

Baumgartner FR, Jones BD (2002) Positive and negative feedback in politics. In: Baumgartner FR, Jones BD (eds) Policy dynamics. University of Chicago Press, Chicago, pp 3–29

Béland D (2007) Ideas and institutional change in social security: conversion, layering, and policy drift. Soc Sci Q 88(1):20–38

DiMaggio PJ, Powell WW (eds) (1991) Introduction. In: Powell WW, Dimaggio PJ (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago

Hall PA (1993) Policy paradigms, social learning, and the state: the case of economic policymaking in Britain. Comp Polit 25:275–296

Howlett M, Ramesh M, Perl A (2009) Studying public policy, 3rd edn. Oxford university press, Oxford

Immergut EM (1998) The theoretical core of the new institutionalism. Polit Soc 26(1):5–34

Korpi W, Palme J (1998) The paradox of redistribution and strategies of equality: welfare state institutions, inequality, and poverty in the Western countries. Am Sociol Rev 63(5):661–687

Lowndes V (2017) Institutionalism, Ch, 4. In: Lowndes V, Marsh D, Stoker G (eds) Theory and methods in political science. Macmillan international higher education. Palgrave Macmillan, Basingstoke, pp 54–74

Lowndes V, Roberts M (2013) Why institutions matter: the new institutionalism in political science. Macmillan international higher education. Palgrave Macmillan, Basingstoke

Mahoney J, Thelen K (2008) A theory of gradual institutional change. In: Mahoney J, Thelen K (eds) (2009) Explaining institutional change: ambiguity, agency, and power. Cambridge University Press, Cambridge, pp 1–37

March JG, Olsen JP (1984) The new institutionalism: organizational factors in political life. Am Polit Sci Rev 78(03):734–749

Ostrom E (2011) Background on the institutional analysis and development framework. Policy Stud J 39(1):7–27

Rhodes RA (2006) Old institutionalism, Ch. 6. In: Rhodes RA, Binder SA, Rockman BA (eds) The Oxford handbook of political institutions. Oxford University Press, Oxford, pp 90–108

# New Opportunities for Government Procurement

María del Carmen Sánchez-Carreira
Department of Applied Economics, ICEDE Research Group, Faculty of Economics and Business, Universidade de Santiago de Compostela, Santiago de Compostela, Galicia, Spain

## Synonyms

Public purchase; Government procurement

## Definition

Public procurement is the acquisition of goods and services by the public sector. This concept includes both the purchase by the government at any level (national, regional, or local) and the purchase by government entities (such as state-owned enterprises).

## Introduction

The public sector can play different economic roles: regulator, distributor, producer, consumer, employer, or innovator. Literature has traditionally focused on actions from the supply side. However, the potential of the public sector as driver from the demand side is relevant. In fact, public procurement accounts for 11.8% of gross domestic product (GDP) and 29% of general government expenditure in the OECD in 2017 (OECD 2019). The relevance of public procurement differs widely among countries and sectors.

Among the demand-side policy tools, public procurement underlines. Other demand policy tools are regulation and standards, support to private demand, or systemic policies (Edler and Georghiou 2007).

## Types of Public Procurement

Public procurement can be used to achieve additional policy objectives, such as environmental, economic, and social goals (OECD 2019). Thus, strategic public procurement aims at fostering innovation, increasing the participation of small- and medium-sized enterprises (SMEs), achieving environmental and social goals, promoting circular economy, or contributing to local and regional development.

Several terms are used to refer to public procurement; they are similar, but not the same. This fact may cause confusion, and it reveals an evolution in the terminology from the traditional focus on acquisition of new technology to a broad scope, shifting in an indirect and horizontal tool (Lember and Kalvet 2014; Sánchez-Carreira et al. 2019).

There are different kinds of public procurement, which can be grouped according to different criteria (Sánchez-Carreira et al. 2019). One main classification is based on the importance of innovation and if innovation was the final goal or an unintended result. Following this criterion, three types of public procurement can be identified: regular public procurement, public procurement of innovation, and pre-commercial public procurement. Regular public procurement (RPP) means buying existing goods and services; therefore, it does not require to innovate to meet the public demand. However, innovation could emerge in a spontaneous way and as a secondary result (Hommen and Rolfstam 2009). Public procurement of innovation (PPI) refers to the acquisition of goods and services by the public sector that are not yet available in the market but that might be developed within a reasonable time. Thus, enterprises are required to innovate to meet the public demand. A broader definition of PPI includes all purchasing activities by the public sector that lead to innovation (Rolfstam 2013; Uyarra 2016). Finally, pre-commercial public procurement (PCP) means the funding of research and development (R&D) to obtain innovative solutions not yet available in the market. It aims at generating new knowledge, developing several ideas in parallel, which could be later commercialized. PCP gives a chance to develop innovation capabilities of enterprises while involving a higher degree of innovation and risk. The public sector could acquire some of these ideas, but there is no obligation to buy any of them. It is discussed whether PCP is a demand or supply-side tool, because it could be considered a way to support the generation of innovations or a type of funding for a specific kind of R&D (Edquist and Zabala-Iturriagagoitia 2012).

Initially, the main term to refer to the purchase of technology by the public sector has been public procurement. Other common terms are public procurement for innovation, innovation-oriented public procurement, innovation-friendly public procurement, or innovative public procurement. These terms differ in some nuances concerning the nature of innovation (substantive, complementary, or processual).

Another criterion is based on the link between demand and innovation, and it allows distinguishing between responsive and triggering demand (Uyarra 2016). On one hand, responsive demand means that the demand can respond to innovations, being determined by the willingness and ability to absorb innovations, once developed. It does not mean the origin of the innovation, but it is an incentive for producers. On the other hand, triggering demand refers to the demand that can generate innovations. This form of public procurement encourages innovation more directly, by expressing new needs and contributing to innovate. Other two additional ways are the co-production of innovation by users and producers and the innovations produced by the users with potential to diffuse in the market. This criterion is similar to the one based on the scope of innovation, which differentiates between adaptative and developmental public procurement. Adaptative public procurement focuses on adjusting the existing products or services to the needs of the local market, whereas developmental public procurement aims at generating new products or services at both local and global markets.

Depending on the final user of the innovation, public procurement could be classified as direct, catalytic, or cooperative. This classification can also be understood according to the kind of social needs to meet. In this sense, needs could be intrinsic, if they are used for the own operation of the public sector, or extrinsic, if the public sector acquires goods and services that will be used by others and not by itself. Direct public procurement means that the public sector is the final user of the product, covering an intrinsic need. Public procurement is considered catalytic when the public sector is the initial buyer, but not the final user, given that the needs are extrinsic. Finally, cooperative public procurement is a mixed kind, where the public and the private sector are users of the innovations purchased by the public sector. In this case, both sectors share the need that, in general, is of a social nature (Edler and Georghiou 2007; Hommen and Rolfstam 2009).

In addition, functional public procurement (FPP) has emerged recently to denominate the acquisition of products or services in which the public sector describes a function to be performed or a problem to be solved, instead of describing the specific characteristics of the needed product or service. Public procurers can use a functional description to face the difficulty of describing a product or service that does not yet exist. This modality may foster innovation, because the specifications in the tenders are less rigid, given an opportunity to develop innovative solutions in all public procurements, and not only in those requiring innovations. It allows more creativity and flexibility and reduces the risk of failures. However, the use of the FPP does not guarantee that the offer will be innovative (Edquist 2015).

Concerning environmental aims, three main types of public procurement emerge: sustainable public procurement, green public procurement, and circular public procurement. Sustainable public procurement (SPP) is the broader type, because it includes the three dimensions of environmental, economic, and social aims in procurement (McCrudden 2004; Alhola et al. 2019). GPP refers to a specific kind of SPP aimed at achieving environmental aims, such as reducing the environmental impact of products. Circular public procurement (CPP) goes beyond GPP, contributing to reach a circular economy. In this sense, reducing the use of resources and turning waste in resources through reusing, repairing, or remanufacturing are the main goals. SPP, GPP, and CPP do not necessarily lead to the rise of innovations, as this is not their main purpose. However, they represent an opportunity for the development of new products, processes, and technologies attempted to achieving the intended objectives. Finally, social public procurement (SOPP) refers to the consideration of social issues, such as equity or inclusiveness, which avoid discrimination (McCrudden 2004).

## Opportunities of Public Procurement as Demand Policy Tool

The role of the public sector from the demand side is not limited to its direct effect but also to its indirect effect. Thus, public demand might contribute to economic growth and development, to

foster private demand, to develop new activities and strategic sectors, and to improve citizens' quality of life (Sánchez-Carreira et al. 2019).

The relevance of public procurement is higher in public services, underlining in the area of health. Thus, health is the main focus of public procurement spending in 2017 (OECD 2019), accounting for 30.1% of the total. The public sector is the main provider, buyer, and user of technologies in health. The second most important area is economic affairs representing 16.3%; it includes infrastructure, transport, communication, energy, and R&D. The following areas in importance are education (11.7%), social protection (10.2%), defense (10.0%), and general public services (9.2%). Each of the remaining areas represents less than 5%. It should be noted that environmental protection, which can be a goal of public procurement, equals 3.0%.

Public procurement shows several advantages for public and private sectors and for the society, underlining the following ones (Rolfstam 2013; Lember and Kalvet 2014; Sánchez-Carreira et al. 2019):

- It guarantees a first market, being the public sector the first consumer. This means a safe demand, reducing the risk, which is higher in the first steps.
- It also provides a field for experimentation and a launch market for new products and technologies (e.g., innovation or environmentally friendly products). Thus, it gives opportunities for technological or environmental development, which is more relevant in sectors that lack of a minimum market.
- It can serve as demonstration effect, setting the path that the private sector could imitate. It may be a signal for private users, supporting the diffusion of new products and technologies and encouraging the market to invest and develop new products or technologies. Thus, public procurement does not only contribute to the rise of innovations but also to the emergence of an innovative environment. This environment supports learning and developing new organizational and technological capabilities.

All the abovementioned advantages affect to different actors: the enterprises, because they acquire competitive advantages and enhancing their competences; the public sector and the users, due to the improvement of the quality of public services, the cost savings, and the better assessment and trust; and the users, owed to the better quality of services. As a result, society benefits from public procurement in terms of wealth and social development but also due to the creation of new economic activities, enterprises and jobs, the rise of innovations, or the promotion of local and regional development. The social effects can be larger depending on the range of the goals aimed by public procurement, and in particular, if it considers issues related to the environment, employment, or SMEs. In this sense, the use of a multi-criteria system to assess the public tenders, which is not only based on prices, can help the rise of innovation, environmentally, circular, or social-friendly products. Other tools to enhance innovation or circular economy can be the use of a life cycle approach.

It should be highlighted three elements that may have contributed to increase the relevance of public procurement. Firstly, the trend to privatization and outsourcing in the last decades might be a new opportunity for public intervention from the demand side, due to the growing amount of services acquired in the market. In this sense, public procurement could replace or counterbalance the former direct driving role of the public sector as direct supplier. Secondly, the recent economic recession has demanded the most efficient use of public resources. Thirdly, demand-side initiatives and policies have been implemented at international, national, regional, and local levels. It should be stand out the support of the European Union to public procurement since the beginning of the twenty-first century.

## Barriers, Challenges, and Risks of Public Procurement

Despite the potential of public procurement to trigger socioeconomic development, this policy tool faces several challenges, barriers, and risks

to turn that opportunity to reality. Regulation plays a key role in the implementation and effectiveness of this policy tool. Thus, depending on how it is realized, it may favor or constrain its use, potential, and effects.

Public procurement is a complex process, mainly if it aims at achieving other strategic goals, such as innovation, environment, regional development, or participation of SMEs. In fact, it becomes an organizational innovation for the public sector.

One of the differences of public procurement of innovation or social public procurement is the uncertainty that it involves, concerning both the result and the required time to develop the new product or service. For procurers, it is more difficult to describe the needs or problems to be solved, because they should anticipate future demands. Concerning suppliers, they are not only sellers but also co-creators of the product in collaboration with the public sector, sharing the risk. Therefore, the interaction and trust between the supplier and procurer are crucial.

The main barriers found in public procurement processes are the following ones (Uyarra et al. 2014; Sánchez-Carreira et al. 2019): lack of experience and procuring skills in the public sector, which requires training; lack of experience by potential suppliers, which requires support; and the complexity of procedures, which involves high administrative burden, costs, and time. The introduction of criteria other than price (e.g., value of the offer, environmental, social, or innovation issues) allows to achieve strategic goals, although it faces the resistance of officials used to the simpler traditional system. Other kind of barriers refers to the capabilities and resources of enterprises to participate in public procurement processes. This difficulty mainly affects to SMEs, which may lead to the implementation of policy measures to support their participation. Moreover, the effects of public procurement on regional development are closely related with the capabilities of the existing supply base (Sánchez Carreira et al. 2019). It also raises the interesting debate about efficiency and cohesion.

In addition, some major risks linked to public procurement are corruption, integrity risks (such as conflict of interest), waste and inefficiency, financial risk, compliance of the contract, management of intellectual property rights, or time constraints (OECD 2019; Sánchez Carreira et al. 2019).

Finally, it should be noted that some future challenges will be to assess the long-term impact of this policy tool as well as get policy learning from the failures and best practices in order to improve the design, implementation, and effectiveness of public procurement policies.

## Conclusion

The public sector is an outstanding consumer, due to the size of its procurement. Moreover, it can use their purchasing power as policy tool to achieve several socioeconomic goals. In this sense, its actions may be strategic, leading the creation of new markets, activities, enterprises, and jobs. Thus, when the public sector anticipates future needs, it can act as pioneer, setting the path for the private sector. The public demand requires that the enterprises change their behavior introducing innovation and environmentally or social-friendly products to meet the needs of the public sector. The potential of the public sector as driver from the demand side is relevant. However, the opportunities that show this policy tool face major challenges and barriers that may hinder the effectiveness of this policy tool.

The proper planning of the process, the anticipation of public demands, or the coordination of supply- and demand-side policies are crucial elements to achieve the best results from public procurement (Sánchez-Carreira et al. 2019).

## Cross-References


- ▶ Contracting with Government
- ▶ Co-production
- ▶ Effective Leadership of Government Contracting
- ▶ Putting Public Values in Public Procurement Agenda

## References

Alhola K, Ryding SO, Salmenperä H, Busch NJ (2019) Exploiting the potential of public procurement: opportunities for circular economy. J Ind Ecol 23(1):96–109
Edler J, Georghiou L (2007) Public procurement and innovation – resurrecting the demand side. Res Policy 36(7):949–963
Edquist C (2015) Innovation-related public procurement as a demand-oriented innovation policy instrument. Papers in innovation studies. Paper n° 2015/28. CIRCLE Lund University, Lund
Edquist C, Zabala-Iturriagagoitia JM (2012) Public procurement for innovation as mission-oriented innovation policy. Res Policy 41(10):1757–1769
Edquist C, Vonortas N, Zabala-Iturriagagoitia JM, Edler J (2015) Public procurement for innovation. Edward Elgar, Cheltenham
Hommen L, Rolfstam M (2009) Public procurement and innovation: towards a taxonomy. J Public Procurement 9(1):15–56
Lember VK, Kalvet T (2014) Public procurement, innovation and policy. Springer, London
McCrudden C (2004) Using public procurement to achieve social outcomes. Nat Res Forum 28:257–267
OECD (2019) Government at a glance 2019. OECD, Paris
Rolfstam M (2013) Public procurement and innovation. Edward Elgar, Cheltenham
Sánchez-Carreira MC, Peñate-Valentín MC, Varela-Vázquez P (2019) Public procurement of innovation and regional development in peripheral areas. Innov Eur J Soc Sci Res 32(1):119–147
Uyarra E (2016) The impact of public procurement of innovation. In: Edler J, Cunningham P, Gök A, Shapira P (eds) Handbook of innovation policy impact. Edward Elgar, Cheltenham, pp 355–380
Uyarra E, Edler J, Garcia-Estevez J, Georghiou L, Yeow J (2014) Barriers to innovation through public procurement: a supplier perspective. Technovation 34(10):631–645

# New Public Financial Management

Isabel-Maria Garcia-Sanchez and Beatriz Cuadrado-Ballesteros
Facultad de Economía y Empresa – Multidisciplinary Institute for Enterprise, University of Salamanca, Salamanca, Spain

## Synonyms

Accounting and budgeting reforms; Financial management in new public sector; Financial reforms in public sector; Modernizing public financial management; New public sector financial management; Public financial management reforms; Reforming financial management in public sector

## Definition

New public financial management (NPFM) refers to reforms introduced in systems, procedures, organizations, and law for obtaining and effectively using public financial resources, which encompass not only expenditures but also revenues and debt in the context of public budgeting, accounting, internal and external control, and financial reporting. Reforms affect "how" to implement public policies searching for efficiency, effectiveness, quality, transparency, accountability, and good governance.

## Introduction

There are some circumstances that may jeopardize the optimal relationship between public financial resources and public service delivery, such as a financial crisis, political changes, conflicts, etc. These situations may limit funding resources; at the same time, citizens' demands are continuously increasing, and they call for an optimal use of the resources they provide to the public sector. The limitation of resources and increase in citizens' demands have led the public sector to seek more effective uses for public money. In this situation, different reforms have been implemented regarding how financial resources are managed by public administrations, searching for efficiency, effectiveness, quality, transparency, accountability, and good governance. These reforms affect budgeting, structural organization, management accounting, and law systems, and they may be categorized under the NPFM concept.

NPFM reforms are involved in the new public management (NPM) model, which was introduced during the 1970s and 1980s in an attempt to modernize the traditional model of public

management that gradually became obsolete as economies had evolved, in both political and social-administrative terms. The NPM model "consists of deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better" (Pollitt and Bouckaert 2000). This international-level movement began in the 1980s in countries such as Australia, New Zealand, and the UK and later it extended to Canada, Sweden, the Netherlands, and the USA; it aimed to modernize public administrations by improving operations and constructing a more effective and efficient public management system.

Generally speaking, NPM reforms involved the introduction of organizational and management structures derived from the private sector, together with efficiency models ("do better, spend lesser"). In particular, the NPM model involves privatization of public enterprises; the creation of newly created entities, with own legal personality, to provide public services (functional decentralization), as well as externalization, or outsourcing, by which the public administration put service delivery out to contract in the private sector; delegation of responsibilities and competencies to other levels of government, agencies, departments, or entities; the use of controls and monitoring mechanisms to oversight public activities, etc. (see Ferlie et al. 1996; Osborne and Gaebler 1993; Pollitt and Bouckaert 2000). Hood (1991) summarizes the guiding principles of NPM: "hands-on and entrepreneurial management," "explicit standards and measures of performance," "output controls," "desegregation and decentralization," "competition in the provision of public services," "stress on private sector styles of management," and "discipline and parsimony in resource allocation."

From Hood's point of view, the discipline in the use of financial resources through the use of measures of performance and output controls may be called NPFM. NPFM is a form of NPM focused on finance (notice that the difference between NPM and NPFM is the "F") (Broadbent and Laughlin 2013) – i.e., it refers to the implementation of NPM ideas of managerialism, efficiency, effectiveness, equity, transparency, responsiveness, and accountability in financial resource allocation (Guthrie et al. 1999). NPFM is a complex concept with an interdisciplinary character, generally integrated into management theories, organizational theories, and law. This complexity may lead readers to imagine a great difficulty involved in proposing a concrete definition. Figure 1 tries to clarify and sort out the aspects involved in this concept: NPFM reforms are reforms taken in budgeting, accounting, management, organization, and law systems, with the aim of improving accountability through outcome orientation, transparency, monitoring, and responsibility.

## From Public Financial Management to "New" Public Financial Management

Financial management (FM) refers to the way of managing funding resources to accomplish the goals of an organization. Referring to "private finance," there are classic definitions, such as that proposed by Solomon (1963), who indicated that it is concerned with the efficient use of capital funds, or Massie (1971), who described financial management as the activity of a business that is

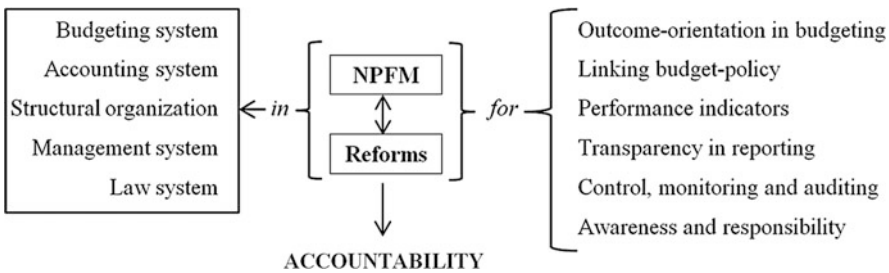


**New Public Financial Management, Fig. 1** NPFM definition. (Source: the authors)

responsible for obtaining and effectively using funding resources necessary for efficient operations. Even if there are plenty of definitions, all of them agree with the core: *ensuring the optimal funds* – i.e., the maximum possible at the least cost, to achieve the basic goals of an organization from the financial point of view, i.e., profit maximization and long-term survival.

These goals conflict with features of the "P" in PFM (i.e., public financial management), which refers to public sector, a system characterized by:

- *Working in the public's interest*, instead of profit maximization
- *Citizen-based system*, instead of customers
- *Taxation-based system*, leading citizens to be interested on knowing how the resources they provide are used
- *No market competition*, since there is a unique provider of public services
- *Political environment affectation*, leading to possible conflicts between political goals and administrative efficiency

In this regard, PFM is usually considered partially different from financial management, although both have the same core feature: efficient use of funds to achieve specific goals – i.e., *using money well*. Similarly to financial management, there is no one universal definition of PFM. The spectrum goes from the narrowest definition, for instance, Allen et al. (2004), to the most general definition, such as that proposed by Rosen (2002). Allen et al. saw PFM as a set of activities related to budget preparation, execution, and control, accounting, reporting, monitoring, and evaluation. Rosen also includes activities related to taxing, spending, and debt management of governments, which influence resource allocation and income distribution. International organizations have also defined PFM. For instance, the Chartered Institute of Public Finance and Accountancy (CIPFA) characterizes PFM as a system "(. . .) by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals" (CIPFA 2010, p. 5). The World Bank has recently proposed the following definition: "Financial management refers to the budgeting, accounting, internal control, funds flow, financial reporting and auditing arrangements by which they receive funds, allocate them, and record their use" (World Bank 2015, p. 54).

Currently, it is generally accepted that PFM is not purely a technical system, but rather a complex system of multiple role-players who are interrelated (Pretorius and Pretorius 2008). It involves players from different domains and cuts across different levels of governments; following Andrews (2007), the PFM system involves policy processes and strategic budgeting, budget preparation, internal controls, auditing and monitoring activities, accounting and reporting, and external auditing and accountability. These activities involve different role-players, called core entities (ministry of finance, treasury, audit institutions, parliament, etc.), spending entities (line ministries, agencies, etc.), civil society (media, academia, private sector, etc.), and also in some countries donors.

Despite all these formalities, PFM did not really need any detailed formal definition, since it is something that is generally understood (Guthrie et al. 1999), and it is characterized by some core features:

- Using public money effectively and efficiently
- Having a multiplicity of role-players (governments, governmental agencies, spending entities, civil society, private sector, media, etc.)
- Delivering critically public services to citizens
- Maintaining fiscal discipline to ensure good financial health
- Including all budgetary elements, i.e., both components (e.g., expenditures, revenues, deficits, debt) and parts of the budget cycle (e.g., management, reporting, control, auditing, oversight)

However, these tasks were difficult to carry out in the old and bureaucratic public administrations of the late 1980s, which were characterized by inefficiency and severe hierarchical inflexibility (Pierre and Guy 2000) in most of the countries around the world. The UK was the first country to introduce reforms in the British public

administration when Margaret Thatcher's Conservative government came to power in 1979. At that moment, the British economy was suffering several difficulties; the Thatcher administration concluded that the problem was excessive public expenditure, and several reforms were introduced in an attempt to improve the efficient use of public resources. The first reform they implemented was the privatization of many public services, believing in the greater efficiency of the private sector. These policies did make a positive impact on public finances, in the form of additional revenue obtained from the sale of public companies, and the public deficit was reduced, as were the corresponding interest charges.

Soon, these reforms were expanded to other countries, such as Australia, Canada, New Zealand, Sweden, the Netherlands, and the USA. They began to introduce changes in accounting management systems, budgeting systems, financial reporting, etc. The aim was to improve the efficiency of resource allocation and public service delivery, with a greater emphasis on performance, transparency, auditing, and accountability (Guthrie et al. 1999). For instance, governments introduced initiatives such as:

- Outcome-oriented budgeting systems
  - Linking budgets and policy goals: policy goals should be chosen based on resources collected, allocated, and spent.
  - Development of performance indicators, both financial and nonfinancial measures.
- "Managerialism," which entails more flexible network settings and market-style competition
- Changes to financial reporting systems to improve comprehensiveness and transparency of financial information
- Introducing and improving control, monitoring, and audit mechanisms
- Increasing awareness and responsiveness of governments to financial resources, resulting in governmental accountability

As the reader may imagine, there is a broad spectrum of reforms under the umbrella of the NPFM model, and interventions have been highly diverse over the years in different countries. The divergence of reforms tends to be explained by some contextual factors (CIPFA 2010; Olson et al. 1998): (i) political factors, e.g., distribution of powers, governmental stability, responsiveness of the governments, and administrative law; (ii) economic factors, e.g., the sources of income, development of markets, economic growth, natural resources, and infrastructures; (iii) social factors, e.g., cultural norms, media pressure, and communications technology; and (iv) demographical factors, e.g., population age, health, education, and urbanization. For instance, a huge informal economy, the lack of trained accountants, corruption and family or ethnic loyalties, or authoritarianism, among other factors, tend to block NPFM reforms.

An excellent summary exercise was undertaken by Guthrie et al. (1999), who identified five categories of NPFM reforms:

- *Changes to financial reporting systems*: promotion of accrual-based financial statements and reliance on professional accounting standards
- *Development of market-oriented management systems*: public service delivery mimicking the market by introducing internal and external charging/pricing and contracting out arrangements
- *Development of performance measures*: introducing financial and nonfinancial indicators, output measurements, and benchmarking
- *Devolvement/decentralization/delegation of budgets*: linking budgets with the reporting of financial and nonfinancial results
- *Changes to internal and external public auditing systems*: focusing on monitoring and control of public service delivery, which provides reviews of effectiveness and evaluations

On the basis of these categories, Table 1 summarizes the reforms introduced by the most salient international examples of NPFM reforms. Particularly, it describes the cases of Australia, New Zealand, and the UK, which are the pioneers in NPM/NPFM techniques. As these ideas were immediately extended to the USA, Canada, the Netherlands, and Sweden, it also describes the

**New Public Financial Management, Table 1** NPFM reforms around the world

| | Financial reporting systems | Market-oriented management systems | Performance measures | Devolvement/ decentralization/ delegation of budgets | Control and auditing systems |
|---|---|---|---|---|---|
| **Australia** | In 1994 financial reporting moved from cash basis to accrual basis<br>In 1999, accrual basis budgeting | During the 1980s, corporatization and privatization | In the early 1980s, performance indicators introduced in budgeting, leading to an outcome/output structure | During the 1980s, agencification and functional decentralization<br>In 2004, reconcentration | In 2007, sound systems for risk oversight, strong internal controls |
| **Canada** | In 2003, mix of accrual and cash accounting | During the 1980s, contracting out and privatizations | In 1997, results-based management and accounting | In 1984–1993, downsizing of civil service | In 2006, internal controls, auditing, and independent oversight offices |
| **France** | In 2001, accrual accounting system is introduced – although budget remained on cash basis system<br>In 2004, the first set of public accounting standards | In 2007, outsourcing of some public service delivery | In 1989, performance indicators to evaluate service quality and public servants<br>In 2001, performance-oriented budgets and a cost approach to policies | In the 1980s, decentralization process – power for local governments | In the 1990s, control over local government spending |
| **Germany** | In 1998, accrual accounting systems in federal administration<br>In 2010, accrual basis budget – partially abandoned in 2011 | From the early 1990s to the mid-1990s, contracting for public service delivery | In 1998, output-oriented budgets and benchmarking on several departments | In 1998, cooperation between different levels of government and private sector | In 1998, total quality management and control systems in different budget areas<br>From 2006, ICT improves transparency |
| **Italy** | In 2009, mixed cash-accrual accounting system<br>From 2011, accrual basis system | In the 1990s, relevant privatization movement | In the early 2000s, performance orientation in budgeting systems | In the 1990s, redefinition of local government's competences, devolution to regional governments | In the 1990s, control systems on public spending and strengthening of National Audit Office |
| **New Zealand** | In 1989, the Public Finance Act introduced accrual accounting<br>In 1992, it was | During the 1980s and 1990s, a strong privatization movement | In 1989, with the Public Finance Act, attention focused on outputs and outcomes to | In the 1980s, rationalization of the strong power of local governments; the | |

(continued)

N

**New Public Financial Management, Table 1** (continued)

| | Financial reporting systems | Market-oriented management systems | Performance measures | Devolvement/ decentralization/ delegation of budgets | Control and auditing systems |
|---|---|---|---|---|---|
| | the first country to provide national financial statements on an accrual basis | | obtain funds<br>In 2012, a multicomponent purpose-based appropriation for department expenses | number of local bodies decreased | |
| **Norway** | In 2003, accrual accounting in some government departments, but not in the budget | In 2002, contracting out and outsourcing for public service delivery; a partial privatization of state-owned companies | In the mid-1990s, performance management in public financial system | In the mid-1990s, devolution from central administration to state-owned companies | In the early 1990s, independent regulatory agencies and supervisory authorities |
| **Sweden** | In 1989, cost orientation accounting<br>In 1992, accrual basis for financial reporting in agencies | Privatization process during the 1970s and the 1980s<br>A new privatization movement in 1991 | In 1992, performance indicators in budgeting system | In 1992, a top-down approach to budget decision-making | In 1992, controlling agencies from the national authorities |
| **Finland** | In 1998, government accounting system was changed from cash accounting to accrual accounting system | In 1998, conversion of agencies into public enterprises (especially support services and infrastructures) | In 1987, performance indicators are defined in budgeting process – they are introduced finally in 1994 | Between 1989 and 1997, structural redesign of administration – several agencies are closed and tasks are transferred to local governments | In 2000, law to ensure right of access to information – control on the use of public resources by citizens |
| **Spain** | Accrual accounting from 2000 | Severe privatization processes in 1982 and 1996 | | During the 1980s, devolution – more power to local and regional governments | |
| **The Netherlands** | From 1999, a mix cash-accrual accounting system in central government | In the late 1990s, creation of semipublic agencies for public service delivery and some privatization processes | During the 1990s, performance-oriented budgeting system – highly output oriented | In the late 1990s, decentralization of some competencies from central to local governments<br>Between 2003 and 2007, another decentralization process | Between 2003 and 2007, improving performance of audit departments<br>In 2008, audit departments were merged |

(continued)

**New Public Financial Management, Table 1** (continued)

| | Financial reporting systems | Market-oriented management systems | Performance measures | Devolvement/ decentralization/ delegation of budgets | Control and auditing systems |
|---|---|---|---|---|---|
| **The UK** | In 1995, moved from cash management to results-oriented management<br>In 1998, resource-based accounting system (similar to accrual accounting system)<br>In 2001, accrual-based budgeting system | Severe privatization processes from 1979 to 1997 | In 1998, public service agreements set performance measures to indicate clear targets<br>In 2000, outcome orientation of public service agreements was replaced by output-oriented service delivery agreements | "Agencification" for public service delivery from the late 1980s to the late 1990s | |
| **The USA** | Accrual basis in producing consolidated financial statements, but cash basis for budgeting | Under Reagan administration, privatization and contracting out | In 1993, agencies had to develop annual performance plans and reports on performance indicators | Modest devolution revolution in 1994 | In 1981 auditing and evaluation on civil servants Grace Commission and Reform 88 reinforced internal controls and auditing systems |

Source: The authors

N

evolution of NPFM in those countries. In addition, readers may compare the introduction of NPFM in different European regions: other Nordic countries, such as Norway and Finland; some Mediterranean countries, such as Spain and Italy; and some continental countries, such as France and Germany. The aim is to give the reader an overview of the different reforms developed under the umbrella of the NPFM; each of these cases is described in the following section.

## NPFM Experiences

### Australia

Australia was one of the first countries to introduce NPM reforms in the early 1980s, together with the UK and New Zealand; these three pioneers in NPM techniques are jointly known as the Whitehall model, which introduced managerialist ideas to the public sector. Financial changes began in 1983 with the "Financial Management Improvement Program" (FMIP), which enhanced medium-term planning; improved the control on output and outcome with the aim of increasing efficiency and effectiveness; gave more flexibility and freedom to manage and make changes; introduced a budgeting program, requiring the specification of objectives and targets; encouraged a skilled and productive workforce; simplified the body of rules regulating public financial management; and devolved control from central agencies and within departments. One of the most relevant reforms in budgeting led agencies to specify their

output against planned outcomes, and they had to identify performance indicators, resulting in an outcome/output budgeting structure.

In 1987, an important restructuring was carried out, such as merging ministries to produce large departments, and the growing number of public activities was corporatized and finally privatized in the early 1990s. In 1994–1995, financial reporting moved to accruals accounting, and finally in 1999 accrual-based budgeting was introduced. The outcome-output-based accrual budgeting system allowed the true full cost of public services to be shown and improved the asset-liability management.

In 2004, the Management Advisory Committee assessed reform introduced until then, and it concluded that these reforms (agencification, contracting out, performance targets, etc.) were producing undesirable effects, such as fragmentation, coordination problems, control problems, hampering coordination, overlapping activities and resources, etc. As a result, there was a trend toward the reconcentration through "whole of government."

The two last relevant reforms took place in 2007 and 2010. The first one was started by the report entitled "Building Better Governance," published by the Australian Public Service Commission. This report declared accountability, transparency, integrity, stewardship, efficiency, and leadership as the principles of good governance; reforms were focused on organizational culture and structure to improve accountability, responsibility, and communication across the agencies. The report also recognized the importance of flexibility in decision-making processes and risk management systems and encouraged all agencies to implement sound systems for risk oversight and strong internal controls (e.g., audit committees) as key elements of good governance; control systems were also introduced through performance monitoring and evaluation. Finally, in 2010 the Advisory Group on Reform of Australian Government Administration published the report entitled "Ahead of the Game," with the aim of reinforcing the whole-of-government approach. Reforms resulted in more integrated public services focused on citizens' needs; a more open government that takes into account the opinion and collaboration of the citizens; a stronger strategic policy, by building partnerships with academia, researchers, and private sectors; a stronger leadership, by revising and articulating roles and responsibilities of secretaries and clarifying the responsibilities and employment conditions of workforces; and improvements in agencies' effectiveness and efficiency, by introducing shared outcomes, internal red tape, new measures of efficiency, and reducing the size of agencies. To carry out all these changes, a new public sector commission was introduced.

## Canada

The NPM reforms initially introduced in Australia, the UK, and the USA were rapidly disseminated by Canada. Mulroney's administration introduced extensively managerialist ideas and a business approach to the public sector, from 1984 to 1993. During this period, an important reduction in government programs and a downsizing of the civil service were carried out, with the aim of making the public sector more simple and understandable. The so-called Policy and Expenditure Management System (PEMS) was introduced by grouping government programs into sectorial areas that have an expenditure limit; this gave greater flexibility in allocating public resources to ministers and departments. A multiyear revenue and expenditure plan, which required the government to identify priorities, was also introduced.

In 1990, the prime minister of Canada published the white paper entitled "Public Service 2000: The Renewal of the Public Service of Canada," which introduced a reduction in bureaucracy and improved public service delivery by reforming management systems, structures, and operations and improving the motivation of civil servants. From 1994, important budget cuts were developed, resulting in a new expenditure management system (EMS) introduced in 1995: program increases were financed by reallocation of resources, focusing on performance, and this gave the flexibility to achieve results and adjust programs by introducing long-term strategic planning and business plans. In addition, the

improved reporting to parliament system (IRPS) with the aim of improving accountability consisted of performance reports and reports on the plans and priorities of ministers and departments. In addition and with the aim of improving accountability, a results-based management and accounting were implemented through the publication entitled "Accounting for Results" by the Treasury Board in 1997. This described results measurement practices to link outputs and outcomes with the available resources. In 2003, the government moved to full accrual accounting, replacing the previous accounting standard, which was a mix of accrual and cash accounting, depending on the transaction.

Due to the cases of corruption and scandal among political parties in Canada in 2004, the Federal Accountability Act was introduced in 2006. This enhanced the power of the auditor-general and introduced some restrictions to avoid fraud and corruption – e.g., a 5-year lobbying ban, protection for whistle-blowers, control of the money spent by the government, a limit on donations to political parties, etc. Internal controls, auditing, and independent oversight offices were also introduced.

Since 2003, the Financial Administration Act has suffered several reforms. This Act establishes the organization of the financial administration in Canada, assigns responsibilities to the workforces, establishes the internal auditing systems, and regulates public money and public debt, etc. The Act is continuously updated so as to adapt to macroeconomic and national changes.

## France

Traditionally, France is characterized as one of the most centralized states in Europe, being resistant to the ideals of the NPM model. Nevertheless, although the orientation to NPM is different to that in Anglo-American countries, France has introduced several relevant reforms with the aim of boosting the public sector. In the late 1960s/early 1970s, one important administrative reform was introduced in France, namely, the rationalization of budgetary choices. This policy was intended to improve the quality of budgeting decision-making through introducing cost-benefit analysis, using planning-oriented budgeting programs, and developing managerial tools for budgets. In the 1980s, an important decentralization process took place in France. This measure enhanced the power of local governments, although it focused on the distribution of political power, rather than improving administrative efficiency and budget management. It was not until 1989 that another reform was held. Three different governments (Fabius, Chirac, and Rocard) developed the final policy entitled "Public Service Renewal," by which the service quality and public servants were evaluated using performance indicators. During the 1990s, other reforms were introduced, highlighting the increased control over spending at local level.

In 2001, the Institutional Act on Budget Legislation (*Loi organique relative aux lois de finance – LOLF*) introduced performance-oriented budgets and a cost approach to policies and a new accountability framework. The budget was reorganized, from 850 line items of expenditure to 150 programs, and the input-oriented budget was replaced by a results-oriented budget, introducing performance indicators based on goals, costs, and expected results. The LOLF also required macroeconomic projections and medium-term projections of expenditures and revenues, and the accrual accounting system was introduced – although budget remained on a cash-based system. In addition, accountability and transparency were improved by increasing parliamentary power in budgeting. In 2004, the first set of public accounting standards were published, based on the International Public Sector Accounting Standards (IPSAS).

After President Sarkozy's win in 2007, at the start of the international crisis, a general public policy review (*révision générale des politiques publiques*) was held, leading public administration to an in-depth review of public spending, fiscal imperatives, and constraints over deficit and debt. Reductions in expenditures were achieved through several austerity measures and organizational reforms; for instance, the number of ministers was significantly reduced and territorial state administration was reorganized, increasing the power at the local level in the

implementation of public policies. This allowed overlapping activities to be eliminated and the promotion of synergies between different levels of governments. Outsourcing was also used with the desire of improving efficiency and quality in public service delivery. In addition, the number of civil servants was significantly reduced, and there were cuts in housing policy, subsidies to SMEs, retirement pensions, health systems, etc.

More recently, President Hollande boosted the National Pact for Growth, Competitiveness and Employment (November 2012), which is built around the reduction of labor costs, promoting innovation and the internationalization of French companies, simplifying fiscal issues for business, and introducing structural reforms in public finance. This was in response to the European Council's recommendations for ending the excessive deficit in France, as recommended for other country members. Continuous austerity reforms consisted of further reductions in expenditure, and additional revenue measures are being updated and can be consulted on the European Commission website: www.ec.europa.eu.

### Germany

In Germany, NPFM reforms have been limited, and most of the changes have been made at local level due to the country's highly decentralized federal system, with most policies being delegated to the Länder and local levels. Until 1990, the public agenda was dominated by the reunification process, and only after this milestone, when the German fiscal crisis occurred, did the NPM model arouse interest. Germany is usually named as a latecomer to the NPM model, since real reforms were not carried out until the 1990s. Such reforms of the federal government may be grouped into four programs: "Lean Government" (*Schlanker Staat*) in 1995; the so-called "Modern State – Modern Administration" (*Moderner Staat, Moderne Verwaltung*) in 1998; the "Focused on the Future: Innovations for Administration" program (*Zukunftsorientierte Verwaltung durch Innovationen*) in 2006; and more recently, in 2010, the program called "Network-Based and Transparent Administration" (*Vernetzte und transparente Verwaltung*).

The NPM reforms were initiated at local level by the KGSt association, which promoted administrative reforms based on an agenda of managerialism, contractualization, marketization, and outsourcing. The KGSt reported on the heavy bureaucracy, excessive rules and impersonal procedures, and the high increase in state tasks and expenditures. A "New Steering Model" was implemented in some large cities, highlighting the reduction of public tasks and state intervention, the separation of political and administrative functions, and the promotion of contracting in public service delivery (Guthrie et al. 1999). These reforms were slowly triggered toward the federal level, resulting in a bottom-up model. Between 1993 and 1995, different working groups debated reforms of accounting systems in public administrations, resulting in test pilot schemes to carry over unspent resources and cost accounting in specific areas.

In 1998, with the second cited program ("Modern State – Modern Administration"), flexible budget management was introduced with the aim of transferring resources toward areas of greater need. The goal extended the concept of "lean state" toward "enabling state," for which tasks of the state and administrative systems were reorganized, cooperation between different levels of government and the private sector was promoted, and efficiency and transparency were encouraged in the administrative system. For this, total quality management and control systems were introduced in different areas, as well as an output orientation in budgeting systems and benchmarking in several departments, and transparency was enhanced giving relevance to electronic government. In addition, an accrual accounting system was introduced to the federal administration, which allowed the need of resources to be controlled by output-oriented performance measures.

The third cited program, known as "Focused on the Future: Innovations for Administration," was held in 2006. This was an extension of the previous program, highlighting the role of electronic government, with the aim of reducing the costs of administrative services, and increasing transparency. Digital government, e-government,

or online governmental services have been continuously developed in Germany since 2005. In 2008, a package of reform (Budget and Accounting Reform Task Force) was implemented, among which performance budgeting and accrual accounting were introduced to the German budget system, with the aim of improving efficiency in budget allocation, as well as transparency, since it gives more information about financial health than cash accounting. The traditional "lines" of budgets are replaced by "programs," which represent the outputs. With this reform, Germany moved from an input orientation to an output orientation budgeting system, which facilitates the decision-making process. In 2009, the *Bundestag* (federal parliament) and the *Bundesrat* (federal council) passed a law with the aim of modernizing the Budgetary Principles Act. This law ensured harmonization of governmental accounting at federal and state level, by encouraging the two levels to implement an accrual accounting system. Nevertheless, cash accounting was still used to provide some information for statistics goals. Further standardization is required but this was partially abandoned in 2011.

### Italy

The first great NPM reform worldwide was the privatization process. In Italy, privatization was extensively applied by the Fascist government in the 1920s, but it was used as a political tool to increase the support of capitalist powers. However, the most relevant NPM reforms were developed from the 1990s. From that moment, the privatization process was mainly focused on the banking sector and utility services, and several reforms were introduced in the PFM, such as changes to the rules of the formulation of the state budget, the introduction of cash constraints, redefinition of local governments' power and the devolution of some competencies to regional governments, the introduction of citizens' charters and rules of private employment for public employment, the introduction of control systems on public spending, and the redesign of competences of the National Audit Office, among others.

The budget reform introduced by Law 362/88 was a great step in NPFM; it set a balanced budget requirement and introduced the long-term budget (*documento di programmazione economica e finanziaria*). This was the first attempt to implement a medium-term financial framework, and it introduced quantitative measures to evaluate the cost of new policies proposed. The second relevant budgeting system reform was introduced at the end of the 1990s, through Law 94/97. The most relevant change was the restructuring of the budget into basic units (*unità previsionali di base*), which were connected to specific cost centers. This reform allows the allocation of public resources to be connected to results, endowing a more outcome-oriented budget management.

In 2008, Law 112/08 established a multiyear program and limited the modification of expenditures. Since then, several reforms have been introduced to combat the international crisis that greatly affects Italy. In 2009, the central administration had to introduce an innovative structure of the annual financial budget forecast, and the traditional cash accounting was partially modified by also introducing the accrual accounting system. This resulted in a mixed cash-accrual accounting system. However, this situation was closely modified, leading to accrual basis. Regional and local budgeting and accounting systems were also updated in 2000, introducing accrual accounting and cost and performance orientation.

The Stability Program approved in 2011 led to the government achieving a balanced budget in the medium term, thanks to fiscal adjustments: cuts in public spending, reform of the tax system, implementation of fiscal policy reviews, changes in the pension system, limitation of cash transactions, penalties for tax evasion activities, a reduction of central and local administration, and abolition of province governments.

### New Zealand

New Zealand was one of the pioneers in introducing NPM/NPFM ideas, together with Australia and the UK. After the election of the Labor government in 1984, the government followed the user-pays principle, leading consumers to pay the full cost of the public goods and services they consume. Looking for efficiency in public administration, the first milestone was the

State-Owned Enterprises Act in 1986 (called SOE); some new state-owned enterprises were created, and others were privatized by selling governmental assets of state-owned enterprises or the whole enterprise to private buyers. Several governmental departments took a market orientation, with a special interest in efficiency and profitability. Corporatization and privatization processes were very strong, and they were developed during the 1980s and 1990s.

After that, the State Sector Act (SSA) was introduced in 1988. It defined state public sector organizations in New Zealand, and it introduced reforms in the shape of public service delivery. Permanent heads were managing governmental departments, the State Services Commission and the Public Service Commission, and then they were replaced by chief executives who employed all staff (public servants) and were responsible for the functioning of departments. The SSA also introduced a labor relations law in the public sector, which was similar to the labor act in the private sector. In addition, some departments were reduced, and activities of policy advice, operational functions, and monitoring tasks were separated. In addition, several public services were devolved to the private sector.

In addition to the SOE and SSA, in 1989 the Public Finance Act (PFA) was introduced in New Zealand. Then, departments obtained funds according to the cost of the public services they provided, leading them to pay attention to outputs and outcomes instead of input and activities. In addition, accrual accounting was introduced, and it required accrual budgeting and financial reporting by departments. Nevertheless, whole-of-government flows still followed a cash basis until 1994, when the Fiscal Responsibility Act (FRA) was introduced. In addition, it required the government to set out fiscal objectives and report how it was fiscally responsible.

Reforms stopped partially in 1996 with the *Schick Report*, which criticized the consequences of some of the reforms introduced during the 1980s and 1990s: poor coordination, duplicated activities, fragmentation of public administration, limited participation of citizens in the government, etc. In 2001, the "review of the center" elaborated by the Advisory Group recommended the following: improving coordination among departments and different public organizations, orientation to outcomes instead of output, involving citizens in policymaking and public service delivery, and strengthening the public service culture. Following their assessments, new reforms were introduced in 2004, such as the State Services Amendment Act that strengthened the coordination in public service delivery and the Crown Entities Act (CEA) that regulated the power, governance, and operations of the Crown entities, with the aim of improving accountability.

The latest set of changes was the State Sector and Public Finance Reform Bill in 2012, with the aim of improving the quality of public services, innovation, and efficiency in management systems and improving performance (i.e., to provide more and better public services with fewer resources). These reforms introduced changes in the most relevant acts in New Zealand, such as the SSA, the PFA, and the CEA. For instance, a multicomponent purpose-based appropriation (MPA) is established for department expenses, which divides expenditures into categories that may be combined in a single appropriation where they contribute to a specific purpose; and reporting was also strengthened, requiring departments to publish strategic intentions for the next 4 years, information related to cost-effectiveness, and forecast financial statements for the following year.

Local governments in New Zealand have also been highly reformed under the NPFM principles. Rationalization of the strong power of local governments in New Zealand began in the 1970s with the Local Government Act. However, the most important restructuring process was held in the 1980s, reducing the number of local bodies from 850 to 86 multipurpose local authorities. Such a reduction could take place thanks to the important privatization process. Another reform at the local level was introduced by the Local Government Amendment Act in 1996, which allowed local authorities to borrow directly from financial institutions, and they were required to prepare long-term plans. Again in 2002, a new Local Government Act was introduced; then, local authorities

were required to publish long-term community plans, detailing activities, funds, and rules, which focused their attention on citizens' needs and demands.

### Nordic Countries (Norway, Sweden, and Finland)

New public management reforms in Norway have traditionally been reluctant; the good economic conditions and a well-functioning public apparatus lead Norwegian governments to be a loath reformer. A few reforms were adopted with the main goal of management by objectives and results, for instance, (i) in the early 1990s, all public sector units had to disclose an activity plan annually, focusing on results, introducing monitoring systems, and using incentives (e.g., pay for performance); (ii) in the mid-1990s, performance management was introduced to the financial system, and a structural devolution process was developed by which central administration transferred authority to state-owned companies; (iii) in 1999, a reform program enhanced a user-oriented public sector, allowing local governments to spend with more freedom; (iv) in 2000, electronic government was developed, and the Internet was used to involve citizens in public affairs; (v) the most aggressive reforms were developed in 2002, including partial privatization of state-owned enterprises, contracting out and outsourcing for public service delivery; (vi) in 2003, parliament introduced the accrual accounting system in some government departments, but they did not accept accrual basis for budgeting system; finally (vii) from 2005, governments were contrary to NPM model, and reforms were focused only on the digitalization of the public sector.

However, Sweden has been more active in NPM reforms. Privatization was important during the 1970s and 1980s, with the aim of reducing public spending. In 1989 a relevant budget reform took place in Sweden, which led the budgeting system to a 3-year cycle; from that moment, budget reforms were intended to enable performance orientation, introducing management by results and greater control over management pay, personnel, and internal organization (Wilks 1995). The traditional expenditure-oriented accounting was replaced by a cost orientation, and public agencies had greater freedom to determine internal organization. Nevertheless, such agencies had to assess their performance in an annual report of expenditure, performance, and productivity, which was used to propose their future goals (Wilks 1995).

In 1992, the "ESO report" developed by Molander encouraged significant improvements in the budgeting system. Changes were implemented in the late 1990s, such as a top-down approach to budget decision-making, leading agencies to have more power, a triannual ceiling for expenditure together with a margin to face uncertainties, monthly follow-up of expenditures, rating of agencies based on self-reporting and control from the national authority, setting up performance indicators, and accrual-based financial reporting. Between 1994 and 2006, Göran Persson led a new wave of reforms with the aim of reducing Sweden's budget deficit. These reforms were focused on the following initiatives: new government budgeting system (VESTA), characterized by performance orientation – i.e., resources were allocated in accordance with political priorities, which related to budget and policy; redesigning the competences of the National Audit Office, giving it more independence; liberalization of some industries, such as telecommunication, mail, and transport infrastructures; trust in information technology to improve government productivity and transparency; and 3-year ceiling on public expenditures for each ministry, giving some flexibility in distributing expenditure over the 3 years. Between 2007 and 2011, a reform program for "Growth and Jobs" introduced different reforms in the labor market, education system, and housing market to promote long-term development with sustainable growth and full employment. Such reforms have been updated annually since 2011 in the national reform program.

In the case of Finland, NPM had a different meaning. There were no great privatization movements, and reforms became relevant in the late 1980s and during the 1990s based on the report entitled "Decision in Principle on Reforms in Central and Regional Government." Between

1989 and 1997, public administration was reduced, and several agencies belonging to ministries were closed, others were consolidated into their respective ministries, and in some cases their tasks were transferred to local government. In 1991, reforms were introduced in the human resources management system, leading to the decentralization of staff and performance-related pay. A market orientation system was introduced in public service delivery, through the report entitled "High-Quality Services, Good Governance, and a Responsible Civic Society" in 1998. This resulted in the conversion of agencies into public enterprises, which were off-budget, and public services (especially support services and infrastructures) were chargeable.

Budget reforms were designed in 1988, seeking flexibility and accountability. These reforms were implemented during the 1990s. In 1992, expenditure ceilings were introduced, but at the same time, ministries received more responsibility for deciding the allocation of public resources. In 1987 the results-oriented budgeting was piloted and was finally introduced in 1994; this required the definition of performance indicators. In 1998, the accrual system was introduced in government accounting, and classification of budgets was reduced.

Finland underwent a constitutional change in 2000; one of the most relevant changes was the strengthening of the parliamentary system that led to legal changes. In the 2000s, citizen participation was encouraged, and the e-government system was highly developed and implemented. Finland was the first country to pass a law on electronic administration, which also stimulated transparency, ensuring the right of access to information on the use of public resources.

In 2004, reforms enhanced performance management and accountability systems by requiring ministries and agencies to report to parliament targets concerning outputs, efficiency, effectiveness, quality management, and human resources development. In 2010, the performance management system was also remodeled, introducing two categories of performance targets: common targets, from the government program, and specific targets, from specific ministries and agencies.

### Spain

In the case of Spain, in the late 1970s and during the 1980s, reforms focused on restructuring the organization of public administration, traditionally inaccessible for citizens and totally centralized in the Francoist dictatorship. Firstly, there was a general aim to break with the "privileged" bureaucracy dating back to the Francoist regime. In 1984 the Civil Service Act was reformed to weaken the power of "public corps" (*cuerpos públicos*), introducing recruitment committees, some elements of performance-related pay, etc. In addition, devolution was another fundamental part of the reforms, and local and regional governments were empowered. Privatization was also introduced after the Francoist regime. When the Spanish Socialist Workers' Party (PSOE) came to power in 1982, some NPM reforms were introduced, such as a clear-cut distinction between politicians and civil servants, increasing the quantity and quality of public services, implementing control systems in administration offices, and the privatization of some public corporations. In the mid-1990s, when the Conservative Party (PP) won the 1996 elections, another great privatization program was implemented.

However, despite innovations introduced based on the NPM model, there was a lack of financial management reforms. In 1984, budgets were classified into different expenditure programs in order to link the budget and with public policy objectives. This change introduced an output orientation in the Spanish budgeting system. During the 1990s, with the aim of meeting the Maastricht criteria, some reforms were held in the budgeting system. Law 18/2000, called the General Law of Budget Stability (*Ley General de Estabilidad Presupuestaria*), required financial balance in budgets, allocation of public resources on the basis of efficiency and quality of policies, multiyear planning of budgets, and information on the allocation of public resources with the aim of increasing transparency. It also introduced

forms of accrual accounting and limited performance indicators. It was updated in 2006, allowing for occasional deficits.

However, since 2008 the Spanish government has imposed severe reforms to combat the devastating consequences of the international crisis in Spain. With the Royal Decree-Law 20/2012 to ensure budget stability and enhance competitiveness, several reforms were introduced in the labor market (compensation, severance payments, unemployment benefits, wage freeze, etc.) and the fiscal system (increases in VAT, corporate taxes, personal income taxes, etc.). In 2014, Law 15/2014 of the rationalization of public administration and other administrative reforms held a reorganization of public administration with the aim of reducing public spending; this implied the integration of some agencies, foundations, or bodies that share similar competences. In addition, this law boosted electronic administration for reducing bureaucracy and costs, as well as introducing changes in the civil servant regimen of employment.

### The Netherlands

The Netherlands is a decentralized state, with three levels of government: central, provinces, and municipalities. Dutch NPM reforms have usually been developed by the central government, being characterized by the decentralization of task to agencies and local governments. Pollitt and Bouckaert (2004) described in detail different reforms developed and implemented in the Netherlands based on the NPM model. The NPFM reforms have been more extensive than changes in management and organizational systems, especially since the late 1990s. Until then, initiatives for modernization of the public sector were focused on functional decentralization, through the creation of semipublic agencies, called ZBOs (*Zelfstandig Bestuursorgaan*), to provide public services. In addition, some relevant privatizations also took place at this time, for instance, the Postbank, Posts and Telecommunications, the Fishery Port Authority, and the Royal Mint. This resulted in a reduction in the number of civil servants. In addition, administrative decentralization was also adopted, by which central government transferred some tasks to the provinces and municipalities.

At the end of the 1990s, the Dutch government introduced a performance-oriented budgeting system, through the reform "Responsibility in Budget Policy" (*Van Beleidsbegroting tot Beleidsverantwoording*). More than 65% of the budget was covered by performance indicators, highly output oriented. This reform totally changed the composition of the budget, replacing items with policy articles. With this program, the Dutch government improved the allocation of public resources, correlating budgets and policies, which resulted in increased accountability. During this period, changes in the accounting system were also introduced. In 1999, the government was interested in introducing the accrual-based system, which had been recommended in the report entitled *From Policy Budget to Accounting for Policy* (*Van Beleidsbegroting Tot Beleidsverantwoording*). In 2001, the government announced a plan for implementing the accrual accounting system only, throughout the government, but this plan failed in 2003, and while most of the agencies applied the accrual-based system, other government organizations continued to apply the traditional cash-based system.

Between 2003 and 2007, a new reform was compiled, called "A New Government" (*Programma Andere Overheid*). This program aimed at administrative reform through the reduction of bureaucracy, improving public service delivery, redesigning internal organization, and redesigning relationships between different levels of government. For all of this, different initiatives were carried out, such as promotion of e-government; overlapping tasks and interfered rules among governmental departments were dropped; the government continued performing only the core tasks, and the rest were transferred to the market or civil society; some departments were merged (e.g., Justice and Home Affairs, creating a Ministry of Safety); and subnational levels of government adopted a performance orientation in budgets, gaining more freedom to spend public money. In addition, during this period the Audit Function Quality Plan tried to

improve the performance of audit departments; these departments were finally merged into one Central Audit Directorate in 2008.

Finally, another important reform in Dutch public finance took place between 2007 and 2011, called the "Renewal of Central Government" (*Programma Vernieuwing Rijksdienst*). The key idea was that central government was able to work more effectively by reducing in size, which in turn reduces public spending. Specific initiatives around deregulation, centralization of some staff functions (specially support services), and interdepartmental cooperation were implemented. This reform was built around staff changes through two subprograms: "Civil Servant for the Future" (*Ambtenaar van de toekomst*) and "Central Government for the Future" (*Overheid van de toekomst*), which aimed to professionalize staff.

### The UK

The UK was the first country to begin reforms aimed at NPM, starting with the privatization of many public services by Margaret Thatcher's Conservative government. Conservative governments from 1979 to 1997 championed and applied wide-ranging privatization in the UK, believing in the greater efficiency of the private sector and in the positive effect of the industrial restructuring process. Indeed, these policies did make a positive impact on public finances, in the form of additional revenue obtained from the sale of public companies; thus, the public deficit was reduced, as were the corresponding interest charges. Moreover, the expenses of loss-making companies were eliminated, and tax incomes rose as these activities became profitable in succeeding years.

However, the privatization process was only the result of severe reforms of the civil service in the UK. From the arrival of Margaret Thatcher's government in 1979, recruitment was frozen with the aim of cutting public expenditure. In 1982, the Financial Management Initiative was introduced, and the Efficiency Unit tried to control costs and spending and foster more accountable management structures. In 1986, the Efficiency Unit published the report entitled "Improving Management in Government: The Next Steps." The major recommendation of this report was the creation of smaller and independent agencies to deliver public services. This process, called "agencification," was widely implemented from the late 1980s to the late 1990s, and around 95% of civil servants worked in such agencies, which operated under a business model. In 1991, the white paper entitled "Competing for Quality: Buying Better Public Services" extended the business orientation introduced by Thatcher's government, and public services were revised.

In 1995, the white paper entitled "Resource Accounting and Budgeting in Government" moved from cash management to results-oriented management, which led to a resource-based accounting system (similar to the accrual accounting system) in 1998; the government moved from a cash-based to accrual-based budgeting system in 2001. In 1998, a multiyear and policy-oriented budget process was introduced in the UK. A public service agreement was held to set the outcomes to be reached in 3 years, and expenditure limits were established on that. This outcome orientation was replaced by output-oriented agreements, which indicated how the department intended to carry out the public service agreements. The public service agreements set performance measures to indicate clear targets that were negotiated in the budgeting process. More recently, in 2010, the Comprehensive Spending Review set out measures taken by the new government with the aim of reducing the public deficit in the UK. Important cuts were introduced in budgets of different areas (transport, business innovation, justice, home office, etc.). This document is available on www.gov.uk/.

### The USA

The USA has traditionally been characterized by a broadly business orientation, with the early incorporation of NPM ideas, such as management by objectives, downsizing, total quality management systems, benchmarking, etc. President Carter's Civil Service Reform Act in 1978 could be considered as one of the first reforms introducing a performance-related and merit pay system. Then, the Reagan administration (1980–1988) introduced several new reforms, referred to as the

President's Management Improvement Program, additionally to privatization and contracting out; for instance, the "President's Council on Integrity and Efficiency" (1981) promoted auditing and evaluation, launching civil and criminal actions and important sanctions against undesirable behaviors of civil servants. In 1982 the "Reform 88" was launched with the aim of improving financial management and accountability by introducing new information systems to reduce costs. Another relevant reform introduced by the Reagan administration in 1982 was the President's Private Sector Survey on Cost Control, commonly referred to as the "Grace Commission." The Grace Commission Report indicated that income taxes went to pay for any public services; on the contrary, all those funds were used to pay for interests of the public debt. Thus, recommendations tried to reduce program waste, correct system failure, and improve personnel management, with the aim of ending with structural deficits. The Reform 88 program and the Grace Commission Report are the Reagan administration's most well-known initiatives to improve financial management and control and auditing activities by introducing automated information systems, with the aim of strengthening accountability. The Council on Management Improvement (1984) and the President's Productivity Program (1985) were other initiatives of the Reagan administration focused on improving long-term management and productivity of agencies, department, and secretaries.

During the Bush presidency (1988–1992), not a lot of reforms were introduced; nevertheless, in 1990, the Office of Federal Financial Management was created with the aim of implementing financial management policies and reforms. Also worth noting are the management by objective systems, which allowed key governmental programs to be monitored, and the Federal Employees Pay Comparability Act, launched in 1990 with the aim of making federal and non-federal civil service salaries comparable.

With the Clinton administration (1992–2000), new reforms were carried out. In 1992 the National Performance Review was 6-month review of the federal government with the aim of making savings by making cuts across the agencies (personnel, procurements, etc.). Similarly, with the Government Performance and Results Act in 1993, the agencies of federal government had to develop a long-term strategic plan, annual performance plans, and reports on performance measurements. Cuts continued with the Federal Workforce Restructuring Act in 1994, which allowed agencies to pay separation incentives (i.e., buyouts) as inducements to leave the federal service voluntarily, resulting in the reduction of more than 272,000 full-time equivalent positions.

George W. Bush (2000–2008) focused closely on outsourcing and renewed the idea of performance and results orientation, both in budgeting and in the workforce. In 2004, a new method for evaluating the performance of federal programs was introduced, called the Program Assessment Rating Tool, which facilitated funding decisions with performance information. In addition, the workforce was moved toward a more business and entrepreneurial orientation based on performance and results. He developed e-government (*eRulemaking* in 2003) and introduced greater managerial flexibility (Freedom to Manage Act in 2003).

More recently, the Obama administration (2008–forthcoming) has not been characterized by any major reforms. Worth noting among those that have been implemented are the use of information technology to promote citizens' participation in the government and increasing transparency, the creation of cross-agency teams to solve problems and introduce changes, the reduction of improper payments and unwanted programs, and the reorganization of federal agencies to reduce overlapping activities and redundancies. Currently, the USA uses the accrual-based system to produce consolidated financial statements, but it does not use accrual accounting for budgeting.

## Conclusion

Although NPFM is a complex concept, it usually refers to reforms in budgeting, accounting, management, organization, and law, with the aim of

improving accountability – i.e., efficiency, transparency, and responsiveness in the allocation of public resources. New public funding management is a dynamic concept that evolves over time, and it depends on contextual factors (political system, demographic factors, social involvement in public affairs, legal system, etc.). In this respect, countries may learn from NPFM practices developed by their neighbors, but it is important to take into account their own characteristics and situation.

The accrual accounting system has been implemented in some countries, such as France (from 2001), Italy (from 2011), Finland (from 1998), Spain (from 2000), Australia (1994), among others. However, the accrual-based budgeting system is not usually used in Europe; here it is more common to use a mix of the cash- and accrual-based system, similar to the USA and Canada. Outsourcing, contracting out, public-private partnership, and privatization are the usual management systems introduced into public service delivery from the 1970s worldwide, taking specially relevance in New Zealand and the UK. Similarly, decentralization or devolution of power from central government to other subnational levels (municipalities, provinces, region, etc.) is also usual reforms in European countries, such as Spain, France, Germany, Italy, etc., as well as Australia and Canada. A performance orientation in budgeting systems has been introduced, which allows improved efficiency in the decision-making processes regarding the allocation of resources; and internal and external control systems were developed from the 1990s, both in terms of national offices (e.g., Italy) and independent agencies (e.g., Norway).

Restructuring financial management could be a powerful instrument when facing financial crisis, by focusing on efficiency, performance, and transparency. This leads governments to accountability, which is essential to prevent fiscal shocks. Nevertheless, reforms based on NPFM model are highly diverse, and empirical studies should investigate the consequences and real results of such reforms.

## Cross-References


- ▶ Internal Budgetary Auditing
- ▶ Internal Budgeting
- ▶ Modernity and Bureaucracy
- ▶ Performance Budgeting


## References


Allen R, Schiavo-Campo S, Garrity T (2004) Assessing and reforming public financial management: a new approach. World Bank, Washington, DC

Andrews M (2007) What would an ideal public financial management system look like? In: Shah A (ed) Budgeting and budgetary institutions. World Bank, Washington, DC

Broadbent J, Laughlin R (2013) Accounting control and controlling accounting: interdisciplinary and critical perspectives. Bingley, Emerald

CIPFA (2010) Public financial management: a whole system approach. CIPFA, London

Ferlie E, Ashburner L, Fitzgerald L, Pettigrew A (1996) The new public management in action. Oxford University Press, Oxford

Guthrie J, Olson O, Humphrey C (1999) Debating developments in new public financial management: the limits of global theorizing and some new ways forward. Financ Account Manager 15(3):209–228

Hood C (1991) A public management for all seasons? Public Adm 69:3–19

Massie JL (1971) Essentials of management. Prentice Hall, New York

Olson O, Guthrie J, Humphrey C (1998) Global warning: debating international development in new public financial management. Cappelen Akademisk Forlag, Oslo

Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Penguin, New York

Pierre J, Guy B (2000) Governance, politics and the state. Macmillan, London

Pollitt C, Bouckaert G (2000) The nature of public management reform: a comparative analysis. Oxford University Press, New York

Pretorius C, Pretorius N (2008) Review of public financial management reform literature. DFID, London

Rosen H (2002) Public finance. McGraw-Hill, Boston

Solomon E (1963) Theory of financial management. Columbia University Press, New York

Wilks S (1995) Reform of the national budget process in Sweden. Int J Public Sect Manag 8(2):33–43

World Bank (2015) The world bank group: A to Z. International Bank for Reconstruction and Development/The World Bank, Washington, DC

# New Public Management

Gary S. Marshall and Chad Abresch
University of Nebraska at Omaha, Omaha, NE, USA

## Synonyms

Business managerialism; Collaborative governance; Performance management; Public choice theory

## Introduction

New public management (NPM) is best understood as a *conceptual framework* that draws on private-sector notions of disaggregated operations with market-based controls to produce efficient and effective outcomes in the public sector. In the briefest of quips, proponents of NPM contend that government should be run like a business (Box 1999).

In the final quarter of the twentieth century, NPM reforms swept across developed democracies in countries such as New Zealand, Australia, Great Britain, and the United States. The political prominence of these reforms, combined with resulting changes in management practice, makes it tempting to view NPM as the way the work of state gets done today. In practice, public management remains highly varied and much of the old structures of centralization and bureaucratic hierarchy remain firmly entrenched.

For these reasons, it would be a fallacy to contend either that the old "administrative state" is dead or that the new "networked state" is mere political talk without administrative substance. In complexity and contradiction, the two live side by side. Two things, however, are clear. First, NPM has garnered the attention of politicians, practitioners, and scholars alike, becoming the dominant conceptual framework used to direct, conduct, and build knowledge on the administrative business of the state. Second, this conceptual shift has produced significant implications for political and administrative theory, management practice, and public-sector scholarship.

The chapter that follows begins by overviewing two impetuses that gave rise to a new concept of public management – bureaucratic distrust and public choice theory. Next, several of NPM's operative features are presented, including business managerialism, contracting out, collaborative governance, and performance management. In the final section, special attention is paid to two important practice-based implications: NPM's capacity for achieving the triple aim of public administration (i.e., efficient, equitable, and resilient service delivery) and its ability to address the *wicked problems* of society.

While conceptualizing the administrative work of state with an NPM frame holds important and far-reaching implications, the scope and direction of this influence are far from understood, neither is it consistent nor universal. Therefore, throughout this chapter the opportunities of an NPM conceptualization are balanced with its inevitable limitations.



## Impetuses of NPM

Beginning with the advent of public management as a self-aware field (Wilson 1887), scholars tended to conceptualize its growth, shortcomings, and managerial processes in a unified way – it had grown to unimaginable proportions, was far from politically neutral, and relied upon formal rules and internal hierarchy to function (Wilson 1975; Hummel 1977). A growing sense of disillusionment that such a bureaucracy could ever realize its goals of neutrality, expertise, and efficiency signaled an opening for a new conceptual framework.

In many ways, the new framework (i.e., NPM) adopts ideals that are antithetical to the old system. An NPM framework moves away from large, discernable public agencies, preferring to engage a host of agencies – public and private – in the

delivery of public goods and services. Further, an NPM framework divests itself of the democratically derived mandate for political neutrality by expressing democracy differently, either through the provision of service options (i.e., the people "vote" with their choice) or public participation (i.e., the people "vote" through participation). Finally, an NPM framework leaves behind formality and hierarchy to stress managerial dexterity and entrepreneurialism.

These shifts represent a change in preference for how an idealized public management should operate. While any number of impetuses could be highlighted as instigating this change, two are particularly worth considering – growing distrust of bureaucracy and the political favor of public choice theory.

### Bureaucratic Distrust

Emerging from an era of corruption and mismanagement, public management throughout much of the twentieth century was decidedly modernist in nature. As such, the underlying assumption was that scientific management (i.e., Taylor 1911) of public affairs could be perfected to yield an ever-increasing prosperity for citizens. Maturing western democracies, however, were increasingly deprived of this notion as citizens witnessed time and again their governments' inability to control inflation, ease unemployment, create safe and healthy communities, care for veterans, educate the youth, and so much more.

In light of this, the words of Woodrow Wilson that so aptly acknowledged the shortcomings of public management in the pre-administrative state – "it is getting to be harder to run a constitution than to frame one" (1887, p. 200) – endured as equal indictment nearly a century later when the administrative state began showing signs of wear. Despite herculean effort by scholars, politicians, and public managers, the reforms ushered in during the decades that followed Wilson's observation ultimately did nothing to stay public critique. As the administrative state came of age, its promise lost luster and its failures became easy to recognize. The result was a wide-scale criticism of the system and a corresponding distrust toward the bureaucracy and government generally. It was – once again – time to devise a new system with new promises.

Kampen et al. (2006) explain, "One of the major purposes of the process of modernization, which has been given shape by programs such as Reinventing Government in the United States, La Rélève in Canada, and The Next Steps Program in the United Kingdom, has been to increase trust in government" (p. 388). The authors further identify the modernization effort as "mainly a social construct, barely based on a solid argumentation" (p. 388).

These lessons of history allow clearer understanding of NPM as a temporary solution to a lingering problem. The implication is that as long as the work of state leaves its citizens wanting in some manner, new managerial systems and new promises will occasionally be required. This cyclical perspective is far from cynical, however, as the alternative is a government unsympathetic to the complaints of its citizens. Additionally, this perspective does not suggest reforms are all talk and no substance, as will be seen in the next section. Instead, it suggests that important and substantive reform is iteratively possible, even while citizen contentment remains elusive.

### Public Choice Theory

A second significant impetus of NPM is public choice theory, which has a long history stretching back more than two centuries. In brief, public choice theory – or more simply, public choice – looks to apply economic concepts to political ideas (Mueller 2004). One of the more influential works on the subject was offered by James M. Buchanan and Gordon Tullock in their 1962 *The Calculus of Consent*: *Logical Foundations of Constitutional Democracy*. Two themes undergird the authors' work: methodological individualism and decentralized organizational arrangements (Marshall 2007). In methodological individualism, public choice looks to maintain a focus on the individual in the constitution of any political collective. The state, for example, is not a preexistent entity, but rather a dynamic assembly of individual actors. The second component – decentralized organizational arrangements –

looks to transform the state's service delivery by moving away from the one-agency-one-service model to a system that delivers a plurality of services governed not by bureaucratic hierarchy but by market-based controls (Ostrom 1973).

William Niskanen's *Bureaucracy and Representative Government* (1971) also merits attention in this discussion. Niskanen's work is influential due to positions of importance he held in the Kennedy and Nixon administrations and later as a principal economic architect in the Reagan administration. As an economist, Niskanen's perspective on public management stressed the *supply* side of public services. He viewed bureaucratic behavior as purposive; the administrator is – or, rather, should be – a "chooser" and "maximize" in ways similar to CEOs at profit-seeking firms, which look to align their products with consumer choice (1971, p. 5). Niskanen proposed increasing competition among bureaus. In his words, "A competitive bureaucracy would appear less orderly than the bureaucracy described by Weber but would also be less oppressive, less political, and less inefficient" (p. 201).

While the reforms of these authors were far from fully realized, their influence served to move the US federal bureaucracy – and the concept of public management generally – away from the monopolistic structures they described and toward more market-based approaches. As will be discussed below, however, one of the potential ironies of market-based reforms is that collaboration – not competition – has become a managerial ideal among politicians and practitioners alike.

## Features of NPM

This chapter has framed NPM, somewhat unconventionally, as a conceptual framework adopted as a new ideal for public-sector management. This framing is sensitive to the practice-based reality of an administrative state that is far from extinct, yet understands that conditions have indeed changed and changed in significant ways. The following sections focus on four of the more important components of this change.

### Business Managerialism

Business managerialism is grounded on the premise that management practices deemed successful in the private sector are equally applicable to the public sector. This portability of management practices thus serves as something of an indictment against traditional public management in that inefficiencies are viewed as failures to adopt proven strategies. Additionally, private-sector management assumes an esteemed position; after all, innovations in efficiency and service delivery were discovered there and need only to be replicated by an inefficient and less innovative bureaucracy.

Many of the key managerial features valued in the private sector are described throughout this chapter, including the disaggregation of service delivery through contracting, the reliance on public choice theory, and the increased utilization of performance management. Other techniques adopted to varying degrees include the removal of civil service employment protections thought to create apathetic bureaucrats; the adoption of employee incentive structures especially for top public executives; a focus on customer satisfaction; and the elusive but ever-present idea of doing more with less.

In practice, business managerialism has been a mixed bag. It would be foolish, for example, to argue that gains in efficiency and effectiveness have in no way been realized. On the other hand, decades of reform efforts have clearly demonstrated that government is not a business and trying to run it as such entails the sacrifice of other democratically held values, not the least of which is social equity. Take, for instance, the growing demand for wage equality by race, ethnicity, and sex – a concern of both public and private employers in diverse and advanced democracies. Importantly, recent scholarship finds a greater wage differential in the private sector and further notes a corresponding increase in the representation of minority citizens in public employment (Llorens et al. 2008). An empirical work such as this stands as a caution against continued and uncritical infatuation with private-sector management and further suggests that management practices in both sectors may benefit from careful imitation.

## Contracting Out

Contracting out (also known as competitive tendering, public tendering, and third-party government) is a public management practice that became fashionable in the 1980s. The practice is an operative feature of public choice theory and was imported from private-sector management. The primary intention behind contracting out for services previously delivered by public agencies is to improve efficiency and effectiveness. At times, these improvements are accomplished simply by the introduction of a private firm that is willing and able to cut costs where public agencies are prohibited from doing so. In other instances, the intention is to realize efficiency and effectiveness gains through the disaggregation of service delivery, which introduces choice and thus creates a public-sector marketplace. In short, the introduction of public tendering represents a move away from the bureaucracy in favor of the capitalist market.

In the decades since its initial introduction, a wide variety of public services have been contracted out to private and nonprofit agencies including refuge collection, health services delivery, prison management, public infrastructure maintenance, parking meter collections and maintenance, traffic enforcement, and dozens more. This makes an overall assessment of the impact of public tendering difficult. Third-party delivery of snow removal, for example, is a very different service of state than the provision of mental health care services; the two are hardly comparable.

For these reasons, when considering the impact of contracting it is worthwhile to adopt a balanced perspective. In the *Measuring the Performance of the Hollow State*, Frederickson and Frederickson (2006) aptly capture this balance: "The advantages of third-party government include flexibility, competition, and avoidance of one-size-fits-all solutions. Nevertheless, with these advantages come accountability and management challenges. A central problem of third-party government, therefore, is how to achieve its advantages without accountability deficits" (p. 21). The authors' point is well taken and represents the leading empirical need in the contracting literature. If scholars can provide meaningful guidance to practitioners concerning the instances in which contracting is advantageous, and provide guides for ensuring accountability and maintaining democratic values that stretch beyond economy, the contribution would be significant.

## Collaborative Governance

Collaborative governance is best envisioned as a two-stage public management process. The first stage aims to democratically establish administrative policy on a selected issue among a plurality of impacted and interested parties. The second stage maintains the pluralistic emphasis by involving all parties in the collective implementation of the determined policy agenda. The primary implementation aims stress collaboration (i.e., a coordinated effort that is noncompetitive and nonduplicative) and results (i.e., an impact that is synergistic).

Recently, a subliterature on collaborative governance has emerged to significant practitioner appeal. "Collective impact," as termed by Kania and Kramer (2011), involves a set of five conditions, emphasized in the quote below:

> Collective impact initiatives are long-term commitments by a group of important actors from different sectors to *a common agenda* for solving a specific social problem. Their actions are supported by a *shared measurement system*, *mutually reinforcing activities*, *ongoing communication*, and are staffed by an independent *backbone organization*. (p. 39, italics added)

In the short time since Kania and Kramer first published on the topic, collective impact has developed a growing literature among scholars and has been replicated countless times among practitioners, especially in the United States and Canada. Collective impact has also garnered federal endorsement in the United States, having been incorporated as a required activity in multiple grant awards and contracts. For example, the Health Resources and Services Administration described and required collective impact in its most recent Healthy Start grant announcement, an initiative that provides approximately $100 million to 100 communities nationwide to address inequitable birth outcomes. Despite its instant popularity, the evidence concerning collective

impact is scant at best (i.e., a variety of case studies that depict preliminary progress). In large measure, this is due to the ambitious nature of collective impact initiatives such as the one described just above (i.e., reversing the centuries' old inequity in US birth outcomes).

In addition to the need for evaluative work, the growing popularity of collaborative governance modes (including collective impact) also raises a need for empirical efforts that explore issues of substantive democracy versus procedural democracy (e.g., Box et al. 2001). Of particular concern is the question of administrative policy enfranchisement. In other words, who gets included in collaborative governance and is thereby allowed to play a role in the creation and implementation of administrative policy? And perhaps, more importantly, who is left out?

Thus far, the extant literature on collaborative governance has demonstrated ambivalence when considering policy implications such as these (see Sørensen 2002 for a thorough treatment). Certainly collaborative governance – and NPM generally – resurfaces the question of a politics/administration dichotomy. The best articulation of this question in a contemporary context might be: *how concerned should we be that western democracies, under the influence of public management practice, continue their slide away from the founding ideal of representationalism*?

The argument is easily made that when private-sector actors conduct portions of the state's business, the absence of democratic control becomes even more problematic than it was in the administrative state – *the principal-agent problem*. On the other hand, when administrators tear down the old bureaucratic model of centralization and begin to conduct business in partnership with a plurality of community partners, a new democratic politics becomes possible. These questions are not easily resolved. To be sure, collaborative governance comprises a key area for scholars' attention in the coming years.

## Performance Management

Broadly conceived, performance management shifts the expectations placed upon employees, units, and agencies away from simple task completion and toward the accomplishment of larger and measurable outcomes. It involves the conscious and often collective effort of creating an agency strategic plan that explicates the agency's mission, links that mission to selected goals, and then proceeds to articulate a series of measurable and time-phased objectives, which identify responsible parties, required resources, and indicators of success. When done as intended, performance management is totalizing within public agencies; it impacts everyone and justifies every task.

Performance management asks all employees within a public agency to think beyond the limits of their assignments in an effort to grasp the larger significance of the agency's work. In this way it pushes back on the bounded rationality (Simon 1957) that stood as a hallmark of administrative theory in the former system. Further, it undermines the hierarchical authority that was granted by position in the old system. Instead, performance management privileges the authority of established indicators of performance. So while positional authority remains in the new system, it is kept in check by adopted indicators of success.

Hughes (2003) makes the important point that performance management, along with the dependent concepts of personnel and financial management, comprises the internally focused aspects of NPM. Given that the vast majority of NPM is externally focused (e.g., contracting out, collaborative governance, etc.), performance management reforms represent an important area of study for understanding contemporary bureaucratic practice. Interestingly, Hughes notes an almost total absence of performance management prior to NPM and offers indication about why this had been the case: "an administrator [did] not need to worry about performance as all he or she is doing is carrying out instructions, and performance measurement is the problem of those giving the instructions" (p. 157). Not surprisingly then, performance management steps back not only from the bounded rationality espoused by Simon but also from his normative call for bureaucratic neutrality. The new public management, rather boldly, enacts policy; it places *value* on

managerial practice that is characterized by vision and goal setting.

## Implications of NPM

As discussed above, the changes brought about by NPM reforms hold important and manifold implications for representative democracies and the services they deliver. In this final section, attention is focused on two specific implications that merit fuller consideration.

### Efficient, Equitable, and Resilient Administration

Given the conceptual dominance of NPM, it is worth considering whether, as Hood asked in 1991, NPM is a public management for all seasons. Scholars (e.g., Heinrich 2010; Smith 2008, etc.) commonly cite Hood's 1991 article as the first to explicitly address and name new public management. In the article, Hood first reviews the origins and characteristics of NPM. He then turns to a discussion of the viability of administrative values (i.e., economy and parsimony, honesty and fairness, and security and resilience) in an NPM context. If NPM is a management for all seasons, Hood argues, it should be equally capable of addressing each of the three values.

Despite a range of characteristics, Hood's view is that marketization is at the core of NPM, and as such, it is principally designed for the first of the administrative values (i.e., economy and parsimony). Hood, therefore, concedes, "If NPM is a design for putting frugality at centre state, it may at the limit be less capable of ensuring honesty and resilience in public administration" (p. 15). Despite his concession, Hood closes the article on an optimistic note, indicating that the frugality sought in NPM does not by obligation come at the expense of the other values. Only time and empirical attention will bear this out.

A quarter of a century later, Hood's landmark article raises twin questions: *so what have we learned*? *Is NPM a management for all seasons*? Not surprisingly, comprehensive analysis of NPM's impacts upon these core values is difficult to find. Among the foremost empiricists are Kenneth Meier and Laurence O'Toole. Their article "The Proverbs of New Public Management" draws on a collective research agenda that spans more than a dozen studies and nearly two decades to "determine what actually works in [public management] practice" (2009, p. 4).

Taking a play from Herbert Simon's book, Meier and O'Toole examine ten proverbs of public management. In each case, a proverb (i.e., what is commonly accepted in the field concerning NPM) is contrasted with what they have found in their research. For example, contracting out, as the proverb goes, improves efficiency and performance (i.e., the administrative value of economy). In their research, however, Meier and O'Toole have noted only an association between contracting out and larger central office bureaucracies. The authors wisely conclude here that "managers have multiple goals when contracting out, and knowing what these goals are, rather than assuming an exclusive or paramount desire for efficiency, is important" (p. 9).

As a second example specific to the value of equity, Meier and O'Toole put forward the proverb that "good management benefits everyone" (p. 10). Here again, however, the authors find that "management effort has distributional consequences and affects some of the organization's clientele more than others" (p. 10). Not surprisingly, who benefits is determined by the type of managerial effort implemented; an increase in specialty services is likely to aid the *haves*, while an increase in safety-net services is likely to aid the *have-nots*.

Interestingly, the administrative value of resiliency is missing from the list of NPM proverbs. Perhaps this suggests that the primacy of economy in an NPM conceptual framework has eroded the antithetical value of resiliency to the point of extinction. Certainly, the call for a public administration that is resilient, even incorporating certain redundancies, is absent from today's expressed values.

The collective work of Meier and O'Toole provides little to no positive support for Hood's inquiry about a management for all seasons. Said simply, NPM has not proven to be inherently efficient, equitable, or resilient. That is not to say

NPM cannot be these things, but as the authors summarize, many portions of conventional NPM wisdom constitute little more than "misleading or proverbial assertions" (p. 18).

Given this, attention should perhaps be turned toward the values that are being derived from NPM. Is NPM, for example, an advancing society beyond the most entrenched problems of modern democratic states? Is it aiding administrators in addressing the so-called *wicked problems*?

## Wicked Problems

In a 1973 article – "Dilemmas in a General Theory of Planning" – Rittel and Webber introduced the idea of *wicked problems*, a concept that scholars have since used as a social reality that demands a new public management (see, e.g., O'Toole 1997; Isett et al. 2011). Rittel and Webber had this to say:

> The search for scientific bases for confronting problems of social policy is bound to fail, because of the nature of these problems. They are "wicked" problems, whereas science has developed to deal with "tame" problems. Policy problems cannot be definitively described. Moreover, in a pluralistic society there is nothing like the undisputable public good; there is no objective definition of equity; policies that respond to social problems cannot be meaningfully correct or false; and it makes no sense to talk about "optimal solutions" to social problems unless severe qualifications are imposed first. Even worse, there are no "solutions" in the sense of definitive and objective answers. (p. 155)

The assessment offered by Rittel and Webber remains consistent throughout the article: solutions are not advanced; rather, social complexities that challenge public management are thoroughly – and dauntingly – enumerated. In addition to the compelling nomenclature of *wicked problems*, Rittel and Webber seem to have hit on two important truisms of public management in advanced democracies: (1) the low-hanging fruit accessible via scientific management has all been harvested and (2) the challenges that remain are amorphous, nonuniversal, epistemologically arbitrary, and without definitive solution.

Forty years of intervening history have added significant credibility to the argument of Rittel and Webber. These decades have borne witness to inertia vis-à-vis the *wicked problems* that were so aptly described by the authors. Take as just one example the social equity issue mentioned earlier in this chapter of disparities in birth outcomes. Mary White Ovington (1911) records New York City's Black infant mortality rate in 1908, at 290 deaths for every 1,000 live births. The most recent data from the Centers for Disease Control and Prevention (CDC) reveals that rate at just 7.6 (CDC Wonder). An astonishing 282 babies are now saved for every 1,000 born. And yet, Ovington notes the White rate in 1908 as 127.7 for every 1,000 live births. Today that rate is a mere 2.35.

These numbers reveal a concerning social reality predicted by Rittel and Webber. The application of a scientific approach to public health practice improved both rates remarkably while leaving the disparity intact. In fact, the disparity ratio has increased from about two-fold to about three-fold in this premier American city. Sufficed to say, the disparity in infant mortality witnessed by Ovington in 1908 New York proved to be a *wicked problem* for which we still lack a solution.

The question raised in considerations such as these is whether NPM as a conceptual guide for administrative practice has failed or simply needs more time. If we discarded the administrative state due in large measure to its inability to address society's *wicked problems*, but have reaped no benefits in this regard, how vehement should be the indictment?

As was suggested at the outset of this chapter, the answer to this question is provided intersubjectively. In other words, when – on the balance – citizens and practitioners, scholars and politicians, collectively determine that a new framework is needed, the dismantling of NPM will begin. For the time being, the continued appeal for the operative features of NPM discussed above suggests this time is yet far off. Additionally, the instant popularity of an approach like collective impact lends further support to a distant NPM time horizon. It suggests that practitioners remain hopeful about realizing progress in relation to society's *wicked problems*. It further suggests that citizens are willing to engage with public managers in that process and that scholars continue to have a role to

play in seeking and articulating a clearer understanding and a more effective way forward.

## Conclusion

Throughout this chapter, NPM has been presented as a conceptual framework for contemporary public management practice. Additionally, effort has been made to provide a balanced perspective concerning the opportunities and limitations of this framework. This treatment has demonstrated – both from academic and practice perspectives – that NPM remains young, unanswered question abounds, new facets of practice continue to emerge, and the promise of progress remains intact.

While NPM initially came to the fore in a context of bureaucratic distrust and the allure of new ideas such as public choice, the reality of its implementation demonstrates that no easy solutions exist for the administration of state services. Society is simply too complex and its citizenry is unlikely to remain satisfied with any framework indefinitely. Nevertheless, NPM – at its best – demonstrates the adaptability of democracy. It stands as evidence that democratic societies are indeed attuned to the voice of their citizens and capable of responding with new ideas. They are willing to experiment in the hopes of striking upon a better way.

## References


Box RC (1999) Running government like a business: implications for public administration theory and practice. Am Rev Public Adm 29(1):19–43

Box RC, Marshall GS, Reed BJ, Reed CM (2001) New public management and substantive democracy. Public Adm Rev 61(5):608–619

CDC WONDER On-line database. Linked Birth/Infant Death file. Accessed at http://wonder.cdc.gov/lbd-current.html

Frederickson DG, Frederickson HG (2006) Measuring the performance of the hollow state. Georgetown University Press, Washington, DC

Heinrich CJ (2010) Public management. In: Bevir M (ed) The SAGE handbook of governance. Sage, London, pp 252–267

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Hughes OE (2003) Public management and administration: an introduction. Palgrave, New York

Hummel RP (1977) The bureaucratic experience. St. Martin's Press, New York

Isett KR, Mergel IA, Leroux K, Mischen PA, Rethemeyer RK (2011) Networks in public administration scholarship: understanding where we are and where we need to go. J Public Adm Res Theory 21(Suppl 1):i157–i173

Kampen JK, Van de Walle S, Bouckaert G (2006) Assessing the relation between satisfaction with public service delivery and trust in government: the impact of the predisposition of citizens toward government on evaluations of its performance. Public Perform Manag Rev 29(4):387–404

Kania J, Kramer M (2011) Collective impact. Stanf Soc Innov Rev 9(1):36–41

Llorens JJ, Wenger JB, Kellough JE (2008) Choosing public sector employment: the impact of wages on the representation of women and minorities in state bureaucracies. J Public Adm Res Theory 18(3):397–413

Marshall GS (2007) A brief tour of public organization theory in the United States. In: Box RC (ed) Democracy and public administration. M.E. Sharpe, Armonk, pp 40–63

Meier KJ, O'Toole LJ (2009) The proverbs of new public management: lessons from an evidence-based research agenda. Am Rev Public Adm 39(1):4–22

Mueller DC (2004) Public choice: an introduction. In: Rowley C, Schneider F (eds) The encyclopedia of public choice. Springer Science + Business Media, Dordrecht. Retrieved from http://leo.lib.unomaha.edu/login?url=http://literati.credoreference.com/content/entry/sprpubchoice/public_choice_an_introduction/0

Niskanen WA (1971) Bureaucracy and representative government. Aldine/Atherton, Chicago

Ostrom V (1973) The intellectual crisis in American public administration. University of Alabama Press, Tuscaloosa

O'Toole LJ (1997) Treating networks seriously: practical and research-based agendas in public administration. Public Adm Rev 57(1):45–52

Ovington MW (1911) Half a man: the status of the Negro in New York. Longmans, Green, and Company, New York

Rittel HWJ, Webber M (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169

Simon HA (1957) Administrative behavior: a study of decision-making processes in administrative organization. Macmillan, New York

Smith SR (2008) The challenge of strengthening nonprofits and civil society. Public Adm Rev 68:S132–S145; supplement to vol 68: The winter commission report revisited: 21st century challenges confronting state and local governance and how performance can be improved (Dec 2008)

Sørensen E (2002) Democratic theory and network governance. Adm Theory Prax 24(4):693–720

Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York/London

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wilson JQ (1975) The rise of the bureaucratic state. Public Interest 41(3):77–103

## New Public Management (NPM) Framework, Fiji Correction Services

Gaurav Shukla[1], Peni Sikivou[2] and Auta Moceisuva[2]
[1]Law, School of Law and Social Science (SoLaSS), University of South Pacific, Central Division, Suva, Fiji
[2]Department of Management, Fiji National University, Central Division, Suva, Fiji

### Synonyms

Contracting out of public services; Customer orientation in the public service; Performance management; Privatization; Public service reforms

### Definition

The New Public Management approach determines the introduction of market-like relationships between service providers themselves as with service users and the introduction of market-based incentives and reward mechanisms for public professionals and in the delivery of public services.

### Introduction: The Theoretical Framework

The New Public Management (NPM) Theory draws its existence from neo-liberal ideas of the 1980s from the United States and the United Kingdom under the theory of public choice. Fiji's public service reforms were adopted in the early 1990s as part of a broader shift in the development policy towards private sector-led and export-oriented growth strategy (Government of Fiji 1993). Part of this policy focused on the implementation of the NPM principles in all government ministries and departments.

The effectiveness of the application of the NPM attributes in the management and operations of Fiji's Correction Service given the recent implementation of the reforms (Fiji Correction Service 2017) has not been subject to any research. Consequently, the aim is to establish whether there is a need for continued and augmented implementation of the NPM principles in the management of Fiji's Correction Service or a change in modality of reforms.

#### Theoretical Framework

The NPM emerged to replace the traditional model of public management in the 1980s and 1990s in response to the inadequacies of the traditional models (Hughes 2003). The NPM paradigm encourages the introduction of market-like relationships between service providers themselves as with service users and the introduction of market-based incentives and reward mechanisms for public professionals.

### The NPM Theory

Governance and public services efforts in many developing countries have continued to adopt the centralized, bureaucratic model of public administration, countries from the early twentieth century to the 1970s (Robinson 2015). However, in the 1980s and 1990s, the NPM paradigm which proposed the adoption of the private sector and market-based disciplines in organizational management was introduced as an integral part of public policy (Islam 2015).

The adoption of the NPM paradigm in the reforms of public service management is the process of streamlining the Government bureaucracy through various measures (Perante-Calina 2019). This includes reengineering, reorganizing, and rationalizing organizations as the underlying conceptual rationale of these measures. Public service reforms aimed to achieve the principles of economy, efficiency, and effectiveness, transparency, social growth, innovation, and good governance.

Jauhiainen further identifies the key aspects of the NPM Theory as an increased emphasis on customer focus in the provision of public services and market-based conditioning frameworks consisting of privatization, competition, and contracting out (Jauhiainen 2009).

Re-engineering of the public service was advanced as a strategy to re-visualize and redesign an organization's core work processes to accomplish significant and rapid improvements in operating and support costs, service levels, and cycle or work completion time, product and quality innovation, and employee responsibilities for service and organizational goals (Hale and Hyde 1994). In some countries, the adoption of public sector reorganization emphasized deliberate changes to the structure and processes of public sector organizations intending to get them to run better (Pollitt and Bouckaert 2011).

Some countries such as Kenya, Rwanda, Trinidad, and Tobago, and Seychelles, however, have adopted public sector rationalization programs by prioritizing vital roles and functions and eliminating lower priority activities (Commonwealth Secretariat 2016). Removing overlap of functions between ministries and departments as the basis of improving operational efficiency was a major policy objective. The Organization for Economic Co-operation and Development (hereinafter OECD) in 2001 in their report, "Managing Public Expenditure, a Reference Book for Transitional Countries," explains that the reforms aim to reallocate resources generated towards the delivery of the Government's core or priority activities, as an increasing number of people are demanding better public services and more value for their tax funds. The existence of inefficiency might suggest that public service resources could be better used elsewhere in the economy or that more outputs could be generated within the public services without additional resources (Smith and Street 2005).

The NPM (or Public Service Reforms) has also been principally founded under the theories of Property Rights, Principal-Agent relationship, and Public Choice. The Public Choice Theory argues that private ownership is generally interested in the financial performance of the firm, whereas, in public ownership, the appropriate specification of objectives is less clear (Yarrow and Jasinski 1996). This non-clarity in objectives often results in ambiguity in the delivery of services. The theory of Public Choice emphasizes the importance of markets and customers' viewpoint of the government as a key determinant of success. Public servants need continuous supervision and monitoring to enhance their service delivery and achieve efficiency, stem corruptive behavior, and respond to citizens' needs (Curristine et al. 2007). The theory assumes that public officials will be motivated to serve by virtue of a commitment to the public interest and will respond to citizens' expectations of a healthy and responsive public service (Osborne 2006; and Denhardt and Denhardt 2011). However, in many circumstances, as it is observed by the researchers that public officials are driven by monetary incentives rather than a commitment to public service.

The Principal-Agent Theory asserts that private ownership is more efficient, as it often provides a more effective method of control and assures a greater degree of internal efficiency. Line ministries or departments (the agents) can be seen as agents of the Ministry of Finance (the principal) because they are required to produce a certain level of public output – including the quality of this output – in exchange for their budget appropriation (Leruth and Paul 2007). In respect to the Principle Agent theory, the inclination of strict liability persists and determination of what work should be done and how that work is to be done is the primary aspect of the theory.

The Principal-Agent theory was developed for the private sector to explain the divergence often found between the goals of managers (agents) in private firms and shareholders (principals) (Kalimullah et al. 2012). They note that principal-agent theory attempts to find incentive schemes for agents to act in the interests of principals, while agents should have contracts that specify their obligations and rights, in addition, to ensure their behavior complies with the wishes of the principals. The theory gives some backing to those arguing for contracting-out as much of the public sector as possible.

Greater customer satisfaction and more choice are achieved because public sector organizations provide worse services than the private ones, one, due to the lack of competition, and because, the need to make a profit means that public sector organizations have no incentive to be responsive to their customers (Brittan 1996). Adding to this discussion by stressing that the New Public Management paradigm is not just the implementation of new techniques, it carries with it a new set of values, specifically a set of values largely drawn from the private sector and the adoption of practices, ranging from scientific management to total quality management that has been found useful in the private sector (Denhardt and Denhardt 2011). The NPM philosophy suggests that the government should not only adopt the techniques of business administration but should adopt certain business values as well (Robinson 2015).

The inadequacies and inefficient practices of governments became a critical rationale for the adoption of NPM principles and reforms in several African States. Programs of political, institutional, and economic reforms were introduced to change the role of government, create an enabling environment for the private sector and civil society to flourish, and establish an effective civil service by increasing its competence, efficiency, fairness, and quality of services (Commonwealth Secretariat 2016). The Commonwealth Association for Public Administration and Management (2015) highlights that, in principle, key reform measures in Africa, encapsulated under the banner of structural adjustment programs (SAPs), entailed the process of "agencification" (i.e., the creation of semi-autonomous executive agencies), decentralization, commercialization, and privatization have their roots in this theory.

Numerous research has been conducted to assess the quality of public service. In particular, the emphasis was on the strategy of cutting through red tape and minimizing public waste and value-for-money have been predominantly important drivers for the introduction of performance measurement in the public sector (Greiling 2006). Both the red tape and performance constructs are multidimensional and results show that different types of red tape have varying impacts on governmental performance but these effects are somewhat weaker than public management theory and conventional wisdom suggest (Brewer 2010).

Measuring public service relative to private sector efficiency has been a daunting task, due to the multidimensional characteristic of the aspect of service, in being heterogeneous, perishable, intangible, and variable. Unlike the private sector firms, public sector organization's objectives are not only economic oriented but also focuses on social priorities.

## Key Elements of NPM

To clearly understand the application of the NPM theory in public service reforms, it is essential to determine what it constitutes. The organization structure in the context of NPM in hierarchical bureaucracies is the sum total of rules and regulations and is the recognizable form of authority to which people submit themselves (Murray et al. 2006).

One of the core elements of the NPM paradigm is the disaggregation of organizational structures by means of breaking up large government monoliths, as well as a separation of functions therein, to make government units manageable. Autonomy and liberating managers from rules and restrictions have been seen as an added benefit of such disaggregation (Van de Walle and Groeneveld 2016). Van de Walle and Groeneveld argues that moving to such smaller, single-purpose bodies would make government simpler and more transparent and facilitate government management of these bodies; however, disaggregation created fragmentation calls for coordination across the disaggregated units, not only within government but also beyond the public sector (Van de Walle and Groeneveld 2016).

The NPM paradigm further advocates the process of decentralization and delegation of management authority. Decentralizing management authority within public agencies-giving top management freedom to manage with clear responsibility and reducing the management role of the center-constitutes a key element of the NPM paradigm (Larbi 1999). Public managers are free to

manage their units in order to achieve the most efficient output (Hood 1991).

Another key component of NPM is output orientation or performance management. The key elements of the NPM comprise a focus of management systems and management effort from inputs and processes to outputs and outcomes (Pollitt 2001). Pollitt adds that a key element of the NPM theory is the greater measurement of performance through the identification of key performance indicators. Performance management or results-based management states that it typically involves several phases, mainly articulating and agreeing on objectives, selecting indicators and setting targets, monitoring performance (collecting data on results), and analyzing and reporting those results relative to performance targets (Binnendijk 2000). Performance management measures productivity which is the output produced per unit of input as the conventional definition.

The inputs include money, technical expertise, relationships, and personnel activities that include hiring staff, purchasing equipment, constructing prisons or other facilities, commissioning legal guidelines, and providing other forms of technical assistance (Parsons et al. 2013). They add that output as being the tangible and intangible products that result from project activities and that outcomes are the benefits that a project or intervention is designed to deliver. In this context, impacts comprise the higher-level goals to which one hopes a project will contribute towards, such as increased access to justice for the poor or improvements in public safety (Parsons et al. 2013). If performance is not monitored, assessed, and responded to accordingly, perverse incentives can creep into the public sector culture (Hassall 2018).

With the implementation of performance management systems, managers may be tempted to increase the return by reducing training expenditure or shifting costs elsewhere in the organization (Heath 2019). He argues that there may be considerable subjectivity in interpreting many aspects of performance, especially as indicators of inputs or throughputs often have to be used as proxies for indicators of outcome (Heath 2019).

The NPM paradigm has involved the introduction of term contracts, performance-related pay, and local determination of pay and conditions, which is a shift away from permanent tenure. Supporters of the NPM model emphasize the importance of flexibility and measuring performance and quantifying results. Staff reductions have been practiced to save costs but at the same time, greater workloads have been experienced by the remaining workers.

The NPM theory is centered on a preference for more specialized and autonomous organizational forms, the widespread substitution of contract or contract-like relationships for hierarchical relationships, the use of market or market-like mechanisms for the delivery of public services including privatization, and contracting out and the development of internal markets (Pollitt 2001). A shift towards a contractual agreement in the public service is a critical aspect of the NPM framework (Hughes 2003).

As earlier discussed, disaggregation creates specialized and autonomous organizational management setups. This has necessitated the institution of contract-like relationships to increase competition and improve the operation of government services (Robinson 2015). Contracting out of services or management responsibility involves private service providers competitively bidding to provide services previously under the public domain. Many governments have opted to contract out or outsource services in order to reduce cost, access scarce expertise or skills not available in-house to meet on-off needs of government ministries or departments, and replace government operations in cases whether their operations have been deemed to be unsatisfactory (Blondal 2005). In essence, contracting has been used to achieve a greater quality of services at a lower cost.

Contracting outdraws its theoretical base from the purchaser-provider split (PPS) theory, which is defined as an arrangement that separates "the purchaser," as the agent who decides what will be produced, from "the provider," as the agent who delivers the agreed outputs or outcomes (Ryan et al. 2000). Competitive tendering for service delivery contracts has become an integral part of

the purchaser-provider split which, in turn, is part of the reinventing government (Osborne and Gaebler 1993). Bailey and Davidson (1999) indicate that there is now a substantial body of evidence (reviewed in Bailey 1995) that the purchaser-provider split has engendered increased efficiency on the part of service providers in terms of reducing the costs of service provision.

The purchaser-provider split involves the separation of the demand for and supply of services, which is different from the traditional service model whereby the government or the public sector provides services. The purchasers supposedly act on behalf of service users, concentrating on identifying the need for service (Bailey and Davidson 1999). Bailey and Davidson further add that the purchaser specifies the service to be delivered by the provider within a fixed budget (Bailey and Davidson 1999). They note that although this process implies a formal contracting regime, the purchaser-provider split does not necessarily introduce or require contestability for contracts to provide services. As such, non-competitive contracting regimes may be used where there are fears that the organization winning the contract may face such severe financial pressures that they reduce quality and/or levels of service in order to cut costs (Bailey and Davidson 1999). While contracting out of public service has proven to have reduced costs and improved quality of service delivery, it can be problematic due to the absence of necessary laws and contract enforcement which are often not well established in developing countries.

One implication of reforms has been the overriding emphasis on customers. Over the years, increasing emphasis has focused on improving service quality and responsiveness to customers. This has brought with it pressure for better quality public services, from service users as their needs change and their expectations rise in respect of how well services can be performed (Flynn 1995).

Alford in 2002 distinguishes customer service in the private and public sectors (Alford 2002). He notes that private industry customer expresses a preference among alternatives, pays for that goods and services, consumes the good and services, and derives value from using or enjoying it. In the public sector, the expression of preference, payment, and consumption and the value derived is asymmetrically divided between the government (as elected by the citizenry), the citizenry who derives public value, and the consumer who derives private value.

The ability to meet customer expectations is a key objective of customer service. Customer service is based on the concept that the organization will reach its goals effectively and efficiently through the satisfaction of the customer (Wagenheim and Reurink 1991). Wagenheim and Reurink add that with this orientation of identifying, understanding, and focusing on customer needs, processes are designed to satisfy customer expectations. They state that once the processes are designed, it is often necessary for the management to implement changes that will support performance and if customers want rapid decision-making, then empowerment or participatory management may be required. Wagenheim and Reurink conclude that although each customer is unique, there are common expectations, which include communication, information, responsiveness, and problem resolution, and on-time, reliable, consistent service delivery.



## NPM Principles and the Correction Service of Developed Countries

The NPM framework has been implemented in numerous Correctional Services in developed countries. Historically, however, experiences of Correctional Services have focused on building prisons, managing prisons, and supplying services to inmates. The rationale for choosing developed countries in this analysis is twofold: one, most of the advancement in the application of NPM principles in correction services has occurred in developed countries, particularly, the UK, Australia, and the United States, and two, the principles of NPM have evolved from Westernized developed countries. Correction Services in Scotland, England, and Wales were part of efforts by the British public service to improve operational efficiency. However, experiences have varied in view of the

uniqueness of the services and statutory responsibilities of Correctional Departments or Agencies.

A key element of the reform was a concerted shift towards strategic and business planning. The business planning process of holding Prison Service Governors to account for delivering specified outputs began in the late 1980s with an emphasis on setting corporate objectives for each establishment in the UK (Fittall 1989). The development of corporate objectives at the establishment level, together with the collection of quantifiable information on the actual delivery against those objectives, gave Governors and importantly, their line managers' performance information on the delivery of selected activities for the first time (Bryans 2005).

The completed business plan showed the performance that had been achieved and formed the annual report for the establishment (Bryans 2005). Governors were no longer able to produce subjective and anecdotal reports of the activities of their establishments, which had been the norm previously. The NPM framework has had a profound impact on the dimensions of prison policy discourse and operations of the Scotland Prisons Services (Sangkhanate 2011).

Her Majesty's Prison service adopted reforms involving the devolution of powers to Prison Governors in the key areas of finance, personnel, and prison regime giving Governors the freedom to manage prisoner work at their prisons and respond flexibly to changing needs and demands (Bryans 2005). Bryan adds that with increased control over budgets came greater accountability for ensuring that the budget was not exceeded and an expectation that efficiency savings would be delivered. The devolution of responsibility for personnel matters also had a major positive impact on Governors' work as they found themselves dealing directly with staff recruitment, selection, and discipline which historically had been the responsibility of Headquarters or regional office.

Bryan notes that a decision was taken in 1991 to restructure the management of Governors in HM Prison Services, with the creation of geographical groupings of nine or 10 establishments under 15 area managers. He reported that these changes fundamentally changed the way Governors were managed as, for the first time, Governors were closely monitored and supervised, contributing positively to increased accountability. There was some sensitivity over the impact that the area managers would have on Governors, which led the Service to make clear that strengthening management should not be seen as a threat to the position of the governor as the person in charge of the establishments (HM Prison Service 1989).

In 2011 Sangkhanate reviewed prison policy in the Scotland Prison Service and found that it had extended its operational focus from traditional concepts such as control, deterrence, and rehabilitation, to effectiveness, efficiency, and value for money. On the specific dimension of operations, Scotland Prison Services adopted a "business-like" approach in the management of the Scotland Prison Services by delegating powers from headquarters to prison governors, using contractual management to manage both public and private prisons, contracting out prison transportation and prison services, and promoting customer service orientation. NPM has changed the way public prisons are managed by bringing in managerial mechanisms borrowed from the private sector.

It is worthy to note that Beard in 2019 had observed that Her Majesty's Prison and Probation Service was expressing concerns regarding the quality of service being provided by facility management companies, and its most recent annual report states that it has taken action to strengthen facilities management contract management arrangement. The UK Government expressed concern about the prison service maintenance contracts not having delivered the savings they had anticipated owing to an underestimation of historical costs (Beard 2019).

The Director-General of Her Majesty's Prison Services in the UK expressed improved performance following the introduction of key performance targets in business plans (Bryans 2005). On the downside, the Key Performance Indicators failed to measure qualitative aspects of prison services such as justice and fairness. Her Majesty's Prison Services KPIs were centered on process and outputs rather than outcomes – as they were more about the number of offending

behavior places and education qualifications rather than reconviction rates and crime reduction. He adds that Governors believed that the approach adopted by the Prison Service is increasingly about measuring processes rather than outcomes. Bryan further indicates that there has been a lack of evidence of NPM reforms influencing significant improvement in social outcomes and that there has been no reduction in reconviction rates in the period since NPM tools, approaches, and systems in Her Majesty's Prison Services before 2005.

The Scotland Prison Service (SPS) has been adopting performance management over the years. Each year, the SPS produces an Annual Delivery Plan (ADP) which sets out how they will deliver their strategic outcomes and key aims. The SPS's ADP is underpinned by a robust annual business planning process and contains the specific actions and activities that require to be undertaken (Scottish Prison Service 2019).

On organization structure, Bryans's study revealed that Her Majesty's Prison Service responded to the large-scale organizational failure by opting for a more cohesive and integrated service organization, adopting managerial tools. Managerialism became synonymous with the demise of Governors' organizational power and a clear shift in power from Governors to the center (defined as Headquarters and its field representatives and the area managers). However, the Scotland Prison service reflected a desire to create a management structure that promoted cooperation and teamwork. Also, the managerial structure of the organization was established to ensure internal accountability (Sangkhanate 2011).

Correction Services worldwide are required to adhere to international human rights standards for accommodation in prison. The UN Standard Minimum Rules for the Treatment of Prisoners expect prisoners' accommodation to be clean, well ventilated, well spaced, and having single-occupancy cells. It was not until April 1994 that Her Majesty's Prison Services established Minimum Operating Standards for prisons in England and Wales, making Governors personally accountable for their establishments' achieving these defined standards (Bryans 2005). Standards were set initially for security and later for all aspects of the prison regime. Standards have since covered everything from accommodation and hygiene to industrial relations and regimes (Leech and Shepherd 2003, and HM Prison Service 2000). The establishment of standards illustrates the emphasis on customer care as advocated in the NPM theory. Despite these standards, it has been reported by Her Majesty's Inspectorate of Prisons in 2017 that prison conditions in England and Wales have worsened, with many prisoners spending 22 hours a day in their cells, which are often cramped and have poor hygiene standards.

In 2019, the Auditor-General for Scotland reported that managing high prisoner numbers, where many have increasingly complex care needs, with high staff absence, creates a high-risk environment and reduces the support that can be provided to prisoners. The Auditor-General for Scotland concludes that there has been a rise in prisoner numbers, increasing costs, growing violence between inmates and against prison officers, and delays in upgrading the prison estate. This means that existing prisons are less able to provide a modern prison service and are at higher risk of failure and the financial pressures on SPS are also compromising efforts to equip and support prisoners for life outside prison.

## Summary of Literature Review

The brief review of the application of NPM principles in Correctional Services in Scotland, Wales, and England reveals mixed results in relation to the adoption of NPM attributes. The Scotland Prison Service showed the NPM having a profound impact on the dimensions of prison policy discourse and operations. Scotland Prison Service expressed improved performance following the introduction of key performance targets in their business plan. In England and Wales Prison Services, their Key Performance Indicators (KPIs) failed to measure qualitative aspects of prison services. Moreover, both prison services showed improvement as Governors were no longer able to produce subjective and anecdotal reports of the activities of their establishments. The downside,

however, was that both prison Services increasingly measured process rather than outcomes with no reduction in reconviction rates. The devolution of responsibilities augured well for Governors in England and Wales as they were given the freedom to provide and manage prisoner's work at their prisons.

## The NPM Components and Fiji's Correction Services

There are 12 prison institutions in Fiji spread throughout the four main Divisions while the total manpower comprises 1000 prison officers against a daily average prison population of 1000 prisoners. In view of the statutory responsibility of the Fiji Correction Service as entrenched in Fiji's 2013 Constitution, the review of the application of the NPM components in the Fiji Correction Service will be confined to five NPM key attributes as highlighted in the diagram below:

Under the provisions of the Prisons & Corrections Act 2003, the core functions of the Fiji Corrections Service are two-pronged, to provide safe, secure, and humane treatment of inmates and to provide realistic and meaningful training and rehabilitation program to better the chance of inmate's reintegration back to the community upon release from the prison institutions.

The provision of safe, secure, and humane treatment of inmates, in the broader sense of the policy, warranted that inmates must be securely contained at all times. First, in compliance with international best practices, the prison infrastructure layout should be designed to prevent any effort by inmates to escape from custody. Second, when movement outside the prison does occur, the safety of the prisoners should be the priority duty of prison officers.

The safety and security of inmates, therefore, have presented enormous pressure upon the FCS because the public expectation is that despite the progress realized in other areas of prisoner rehabilitation, all successes are negated when an inmate escapes. Secondary information from the last 5 years shows that escape has occurred despite strengthened efforts directed towards improving infrastructures and outside movements to work, hospitals, and courts. In 2012, a total of five prisoners escaped from the Naboro Corrections Facility (Pacific Islands Report 2012). On 24 December 2018, seven (7) prisoners escaped from Naboro Corrections Facility (Fiji Broadcasting Commission 2019). In this respect, it can be

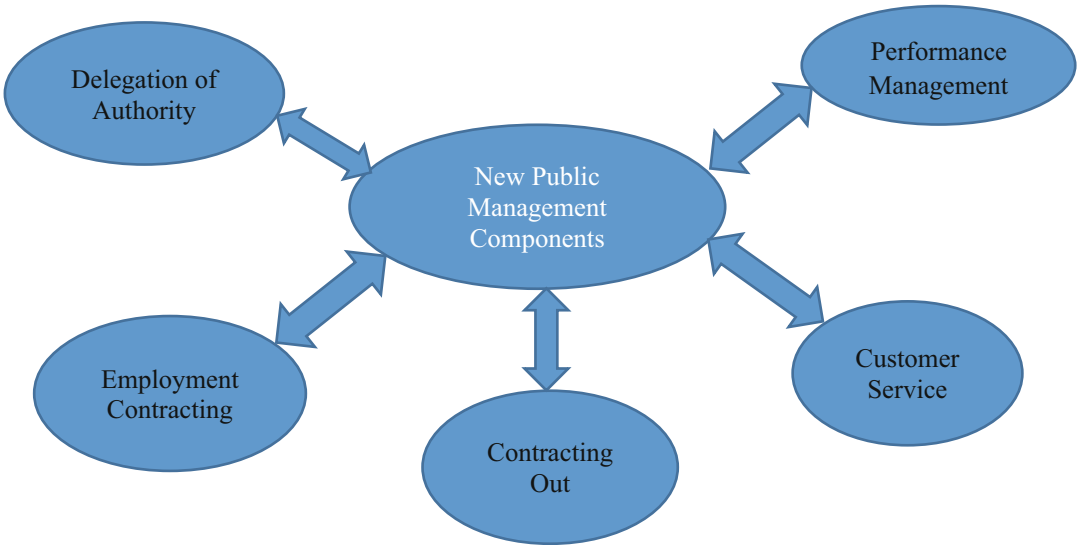


**New Public Management (NPM) Framework, Fiji Correction Services, Fig. 1** NPM Five Key Elements. (Source: Lapuente and Van de Walle, 2020)

ascertained that the tangibles (infrastructure) aspects in the delivery of FCS have been a significant challenge. The US Human Rights Report of 2018 reveals that Fiji prisons were somewhat overcrowded, holding 1,423 inmates in facilities intended for 1,000. The Report further reveals that Fiji's Prison facilities were not suited to inmates with physical and mental disabilities. Most of FCS's prisons were built in the 1950s and have remained the same despite an increase in prison population and prisoners to prison officer ratios.

In line with the overall commitment by the Fiji Government to reforms, the FCS has also implemented other key elements of the NPM theory. US Human Rights Report of 2018 confirmed that authorities generally separated pretrial detainees and convicted prisoners at shared facilities, although in some cases authorities held them together. Typically, Fiji's inmates undergo a rehabilitation program that targets behavioral and life skills in the form of numeracy and vocational training. These objectives of incarceration aim to change the inmates offending behavior and advance options for meaningful employment and useful citizens upon release.

There have been incremental changes taking place within the Fiji prison institutions over the past decade particularly after the introduction of the Prisons & Corrections Act 2003. These changes were brought about after carrying out consultations with the various international and local expertise to carry out the reviews in order to improve the efficiency and effectiveness of service. The Bale Report (1980) was commissioned to examine the problems that culminated in the prison riots of Korovou Prison in 1979.

In 2003, the then Fiji Prisons Service adopted the Prisons & Corrections Act 2006 which marked the point of departure from an old regime preoccupied with the traditional penological philosophy of containment to another which emphasizes improved service delivery, state-of-the-art prisons infrastructure, physical and dynamic security, rehabilitation program and staff training among the key changes captured in the new policy. This provided the impetus to build formidable foundations for an effective and effective sustainable modality for contemporary prison management.

Along with internal structural changes in the prisons, a parallel reform agenda was being led by the Fiji Public Service reform since 1993 bringing to the forefront the adoption of NPM principles. This particular reform has vastly impacted and leveraged the level of professionalism and sufficiently equipped staff members with modern management tools to empower the staff to achieve the desired results. Building on these reports and through the advent of the Prisons & Corrections Act 2003, there have been tangible impacts attained in 2007 through the implementation of the Yellow Ribbon Project in partnership with the Singapore Prisons Services. The changes have greatly improved the organization's outlook from the lens of the public domain proving that Fiji's Correction Service regime has steered Fiji's prison system towards the international benchmark of best practices compliance with the UN Minimum standard rules for the treatment of offenders. Such a change in focus reveals that FCS's customer orientation focus as a key component of the NPM framework has had some improvement.

The Public Reform Reforms and Fiji Prison reform both supported the devolution of powers from the Commissioner to senior managers to exercise authority in the areas of their responsibilities (The Prison Act 2003). This delegation was intended to ensure the smooth flow of operations as opposed to a centralized system requiring the Commissioner to make decisions on all matters relating to daily prison management. Despite this statutory provision on delegation of authority, all powers delegated to the Supervisors and Officers in Charge have been withdrawn and reverted to the Commissioner creating numerous operational challenges (Section 130 Constitution of Fiji 2013), for example, staff rostering, prison routine, the internal disciplinary mechanism for the staff among other policies which have been reverted as a result of the centralization of power. Staff discipline which previously used to be dealt with by senior officers as consistent with the Prisons Act 2006 has now changed so that all cases must be referred to the Commissioner.

Employment conditions concerning appointments, retention, and termination for the

subordinate, junior, and senior officers' levels were previously governed under separate laws and authority. The Prisons Act Cap 86 captured the powers exercised by the Commissioner in dealing with Junior and Subordinate Officers, Senior Officers' conditions were similar to that of the civil servants. Essentially, what it means is that while the Commissioner reserved the powers to appoint, retain, and terminate Junior and Subordinate Officers, the Public Service Commission was empowered to deal with Senior Officers. However, it should be noted that the final decision to remove any officer including Subordinate, Junior, and Senior Officers had to be decided by the Public Service Commission after having exhausted the appeals process. This has changed under the Fiji Constitution 2013, which assigns the powers to appoint, retain, and terminate all officers to the Commissioner of Corrections (Constitution of Fiji, 2013).

The Constitution has also empowered the regime to implement the contract system consistent with the Civil Service Reforms governing the Open Merit Recruiting System (OMRS). The nature of contracts was consistent with the civil servants whose terms ranged from 6 months to 3 years. Moreover, hiring and firing have been made easy such that termination of employment increased from 9 in 2015 to 100 in 2018 (Fiji Corrections Annual Report 2018). Such a sudden increase in terminations and short-term tenure of 6 months can bring about uncertainty among prison officers and affect the morale and productivity of these officers.

The Fiji Correction Service Corporate Plan 2017–2018 highlights the organization's performance management, goal specifications, and performance targeting framework. The organization's key performance indicators include the reduction of escapes from its facilities, a reduction in recidivism rate, an increase in the Department's Trade and Manufacturing Account profitability and the payment of dividend to the government, and an increase in the number of ex-offenders successfully gaining formal employment.

While the primary function of the FCS is clear, other secondary functions such as the operation of the Trade and Manufacturing Account (TMA) have taken a more prominent role. The Trade and Manufacturing Account captures all incomes and expenditures of the Department's Small Business Unit. Experience of one of the current authors of this article as Deputy Commissioner of Fiji's Correction Service Prison and having first hand-knowledge suggests that there has been an increase in the payment of the dividend from the Correction Service Trade and Manufacturing Account to the Ministry of Finance. In 2015, the Fiji Correction Service returned $103,384.56 to government and in 2016 the figures doubled to $358,160.23 despite the government's financial year changing from June of that particular year to June of the following year (Corrections Service's Publication the Reformer 2018: No7). By 2018, the FCS paid $513,000 to the government purported to be a proportion of the revenue generated from its farm and industry sectors (Fiji Corrections Service, 2018).

Moreover, it is important to note that returning revenue does not constitute a measure of success, because under the law as it is not FCS's core business area. It is a by-product of rehabilitation made possible through the use of prisoner's labor. Instead, if it was to objectively measure success, it is the growth in skills set and the abilities of the prisoners that have undertaken vocational and life skill programs which really should be measured to ascertain if the skills and knowledge have been imparted to the prisoner and have been reintegrated to the community with job placements in the appropriate industry area.

Transportation of prisoners outside of prisoner facilities has improved compared to previous years. Since 2007, there have been acquisitions of specialized vehicles to transport high-risk prisoners. This sudden shift in focus from normal vehicles to specialized security-friendly vehicles has strengthened the FCS operational capability which was aimed at securing and containing prisoners. This strategy was appraised as perfectly aligned within the ambit of keeping prisoners under safe custody policy as earlier highlighted and which replaced the traditional method of using public vehicles on escorts of prisoners particularly to the Courts around the country.

Further, the Corrections Service's Publication, the Reformer (2018) Issue number 8 highlights that there has been an annual reduction in recidivism rate for the year ending 31 July 2018 to 1.5 % (equivalent to 27 persons) compared to 4.7 % (equivalent to 72 persons) for the year ending July 2017. They report that this 1.5 % is the lowest recidivism rate over the previous 10 years and attributed this to the collective efforts of all stakeholders. This positive change is a result of the throughcare strategy, which involves extending the delivery of rehabilitation to the doorsteps of all prisoners while they are incarcerated and also when they are discharged. This is contrary to the previous in-care strategy, wherein all rehabilitation efforts ended at the correction facility gates.

The need for new infrastructure development and supplies and logistical operations have provided the rationale for contracting out of service to optimize operational efficiencies and effectiveness. Through the Fiji Government's vehicle hiring policy, the Fiji Correction Service has received leased vehicles to carry out its statutory mandate. The construction of the new correction prison buildings in the four Divisions was contracted to private sector construction firms. This is based on NPM's theoretical belief that contracting out services to a private sector construction company is more efficient compared to public sector construction.

Finally, on the customer service dimension of the NPM framework, the FCS has not performed well. According to the 2016 Country Human Rights Report on Fiji, the system had insufficient

**New Public Management (NPM) Framework, Fiji Correction Services, Table 1** NPM implementation in FCS

| NPM components | KPI | Result |
|---|---|---|
| Delegation of authority | Powers of appointment delegated to Commissioner under Fiji's 2013 Constitution | Powers to appoint, promote, transfer and terminate an employee exercised by Commissioner through the Government's Open Merit Recruitment System (OMRS) |
| Performance management | FCS's key performance indicators under the FCS Act 2006:<br>Reduce correction breakout<br>Enhance the successful reintegration of inmates<br>Reduce recidivism<br>Improved infrastructure for containment | Continued Breakout of prisoners from prisons. Overcrowding<br>The reintegration of prisoners into society increased. Yellow Ribbon program and through care strategy successful<br>Recidivism rate reduced to 1.5 % in 2018, the lowest in comparison to the previous 10 years<br>Prison infrastructure facilities old. Operational effectiveness impeded |
| Employment contracting | FCS has adopted the Fiji Government's policy of employment contracting under the Open Merit Recruitment System (OMRS) | 3 years, 1 year, and six months' contract issued to staff. Uncertainty of employment especially with 6 months and 1-year contracts |
| Contracting out | Government vehicle leasing policy | FCS vehicles leased from private car dealers according to specifications as per government vehicle leasing policy. The containment of prisoners outside of prison facilities has improved |
| | Government contracting out services policy | Prison construction contracted out to the private sector. Efficiency achieved in delivery of prison infrastructure facility within time and specified cost and quality |
| Customer service | FCS corporate plan highlights two key indicators:<br>Improve processes and systems for quality service delivery<br>Improve health services to both staff and inmates | Insufficient beds, inadequate sanitation, and a shortage of other basic necessities<br>Two psychologists, some senior medical officers, doctors, and nurses were recruited for employment full-time at prison facilities to improve inmates' access to medical services. The impact of these recruitments yet to be ascertained |

beds, inadequate sanitation, and a shortage of other basic necessities. However, the report reveals that prison authorities had recruited two psychologists, some senior medical officers, doctors, and nurses for employment full time at prison facilities to improve inmates' access to medical services.

Based on the above analysis, the Table 1 below summarizes the NPM 5 key components, related FCS Key Performance indicators (KPI), and the performance results of each KPI.

## Key Findings

There is evidence that the key attributes of NPM have been implemented in the FCS albeit having some successes and challenges. The successes are evident in the performance management dimension, particularly the successful reintegration of prisoners into society through the yellow ribbon program and a reduction in the recidivism rate. The successful implementation of the contracting out policy has also improved the operational efficiency of the FCS as evident in the leasing of prison vehicles which has improved the transfer of prisoners outside the prison facilities and the cost and quality of the new prison facilities constructed by private firms.

However, there are some deficiencies in the implementation of the NPM attributes. One, the FCS has not performed well in relation to the performance management dimension as evidenced in the continued prison breakout and the existence of old prison facilities which has impeded operation efficiency. Secondly, on the contracting out dimension, it is worth noting that while contractual employment for prison officers has been implemented, the term of contracts for some prison officers is short (6 months). This can create uncertainties and lower the morale of prison officers, impact productivity, and affect operational efficiency. There is also a deficiency in the customer service dimension, especially as it relates to the presence of insufficient prison beds, inadequate sanitation, and a shortage of other basic necessities.

The article reveals that a continuation of the implementation of the NPM principles and elements highlighted earlier and in line with the government's reform commitment would raise efficiency gains for the Fiji Correction services and further in-depth analysis is a matter of investigation.

## References

Alford J (2002) Defining the client in the public sector: a social exchange perspective. Public Adm Rev 63: 337–344. https://doi.org/10.1111/1540-6210.00183

Bailey R (1995) Governing the Workplace. British Journal of Industrial Relations 33(4):557–562

Bailey SJ, Davidson C (1999) The purchaser-provider split: theory and UK evidence. Environ Plan Gov Policy 17:161–175. https://doi.org/10.1068/c170161

Bale Q (1980) Commission report to look into the prison riot at Korovou Prison. Unpublished

Beard J (2019) The prison estate. House of Common Library. Briefing paper no 05646. Retrieved from https://www.parliament.uk/commons-library

Binnendijk A (2000) Results-based management in the development cooperation agencies: a review of experience. OECD, Development Cooperation Directorate, Paris. Retrieved from https://www.oecd.org/dac/evaluation/dcdndep/31950852.pdf

Blondal JR (2005) Market-type mechanisms and the provision of public services. OECD J Budg 5(1):79–106

Boin A, Oliver J, Lodge M (2006) The new public management 'revolution' in political control of the public sector: promises and outcomes in three European prison system. Public Policy Adm 21(2). https://doi.org/10.1177/095207670602100207

Brewer GA (2010) The impact of red tape on governmental performance: an empirical analysis. J Public Adm Res Theory 20(1):233–257

Brittan S (1996) Privatization a comment on Kay and Thomson. Econ J:33–38

Bryans SL (2005) Prison Governance: An exploration of the changing role and duties of the prison governor in HM Prison Service, Thesis submitted in accordance with the requirements for the degree of Doctor of Philosophy, London School of Economics and Political Science University of London

Bryans S (2011) Prison governors managing the in a time of change, 2nd edn. Routledge, Abingdon

Commonwealth Association for Public Administration and Management (2015) Public sector reform in Africa: a state of the art. Commonw Innov Rev 21(3). CAPAM, Ottawa

Commonwealth Secretariat (2016) Key principles of public sector reforms: case studies and frameworks. Commonwealth Secretariat

Constitution of Fiji (2015) Retrieved from. http://www.paclii.org/fj/Fiji-Constitution-English-2013.pdf
Curristine T, Lonti Z, Joumard I (2007) Improving public sector efficiency: challenges and opportunities. OECD J Budg 7(1):1–41. OECD
Denhardt JV, Denhardt RB (2011) The new public service: serving, not steering, 3rd edn. M. E. Sharpe, Armonk
Fiji Broadcasting Commission (2019) Police awaits statements from Fiji Corrections Service to charge escapees. Retrieved from https://www.fbcnews.com.fj/news/crime/police-awaits-statement-from-fiji-corrections-services-to-charge-escapees/
Fiji Correction Service (2017) Annual Corporate Plan 2017–2018. Retrieved from http://www.corrections.gov.fj/wp-content/uploads/2017/05/FCS-ACP-2017-2018.pdf
Fiji Correction Service (2018) Publication the reformer, 2018: No7. Retrieved from http://www.corrections.gov.fj/wp-content/uploads/2019/06/The-Reformer-7.pdf
Fittall W (1989) The contract 1990-onwards, memorandum from W. R. Fittall. Head of P6 division to Regional Directors, Prison Service College Library
Flynn N (1995) The future of public sector management. Are there some lessons from Europe? Int J Public Sect Manag 8(4):50–67
Government of Fiji (1993) Opportunities for growth: policies and strategies for Fiji in the medium term, Parliamentary paper no.2. Government Printer, Suva
Greiling D (2006) Performance measurement: a remedy for increasing the efficiency of public services? Int J Product Perform 55(6):448–465
Hale S, Hyde A (1994) Symposium on re-engineering. Public Rev 18(8)
Hassall G (2018) Special issue on public sector enhancement in Pacific Island states special issue on public sector enhancement in Pacific Island states. Asia Pac J Public Adm 4(40):2018
Heath J (2019) Performance management and rationality in public sector organisations. Luleå University of Technology Department of Business Administration, Technology and Society Division of Human and Technology
HM Prison Service (1989) Review of organisation and location above establishment level (a report by PA Consulting Group)
HM Prison Service (2000) HM Prison Service Performance Standards Manual
Hood C (1991) A public management for all seasons. Public Adm 6(1)
Hughes OE (2003) Public management and administration. Palgrave Macmillan, New York
Islam F (2015) New public management (NPM): a dominating paradigm in public sectors. Afr J Pol Sci Int Relat 9(4):141–151. https://doi.org/10.5897/AJPSIR2015.0775
Jauhiainen JS (2009) Governance and the information society periphery, handbook on strategies for local e-government adoption and implementation: comparative studies. University of Helsinki, Social Studies Corner
Kalimullah NA, Alam KMA, Nour MMA (2012) New public management: emergence and principles. BUP Journal 1(1):1–22
Lapuente V, Van de Walle, S (2020) The effects of new public management on the quality of public services. Int J of Policy, Adm, and Inst 33(3):461–475
Larbi GA (1999) United Nations Research Institute for social development. Discussion paper 112. Retrieved from http://siteresources.worldbank.org/INTROADSHIGHWAYS/Resources/338993-1115316483571/3-public_sector_mgmnt_reform.pdf
Leech M, Shepherd J (2003) The prisons handbook 2003–2004, 7th edn. MLA Press, Manchester
Leruth L, Paul E (2007) A principal-agent theory approach to public expenditure management systems in developing countries. OECD J Budg 7:3
Murray P, Poole D, Jones G (2006) Contemporary issues in organization management. Thomas Learning, South Melbourne
Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–388
Osborne D, Gaebler T (1993) Reinventing government: How the entrepreneurial spirit is transforming the public sector. New York, NY: Plume
Pacific Islands Report (2012) 5 prisoners escape from Naboro Corrections Facility in Fiji. Retrieved from http://www.pireport.org/articles/20120/09/19/5-prisoners-escape-naboro-corrections-facility-fiji
Parsons J, Gokey C, Thornton M (2013) Indicators of inputs, activities, outputs, outcomes and impacts in security and justice programming. Department of International Development, UK Aid
Perante Calina LE (2019) Background of public sector reform. Philippine Society for Public Administration, Social Studies Corner
Pollitt C (2001) Clarifying convergence: striking similarities and durable differences in public management reform. Public Manag Rev 3:471–492
Pollitt CG, Bouckaert G (2011) Public management reforms: a comparative analysis. Oxford University Press
Robinson M (2015) From old public administration to the new public service implications for public sector reform in developing countries. UNDP Global Centre for Public Service Excellence, Singapore
Ryan NF, Parker RL, Brown KA (2000) Purchaser-provider split in a traditional public service environment: three case studies of managing change. Public Policy Adm Journal 9:206–221
Sangkhanate A (2011) Managing using a business-like approach: a case of the Scottish Prison Service. A thesis submitted to the University of Edinburgh in fulfilment of the requirements for the Degree of Doctor of Philosophy (PhD), University of Edinburgh
Scottish Prison Service (2019) 2018/19. Annual Audit Report to the Accountable Officer and the Auditor General for Scotland. Scott-Moncrieff

Smith PC, Street A (2005) Measuring the efficiency of public services: the limits of analysis. J R Stat Soc 168(2):401–417. Wiley for the Royal Statistical Society
Van de Walle S, Groeneveld S (2016) Theory and practice of public sector reform, Critical studies in public management series. Routledge, London, pp 131–143
Wagenheim GD, Reurink JH (1991) Customer service in public administration. Public Adm Rev 51(3):263–270. Wiley on behalf of the American Society for Public Administration
Yarrow G, Jasinski P (1996) Privatization: critical perspective on the world economy. Routledge, London/New York

## New Public Management and Governance

Fatema Khatun
Department of Public Administration, Shahjalal University of Science & Technology, Sylhet, Bangladesh

### Synonyms

Governance; New Public Management (NPM); Privatization; Public Administration; Public Policy

### Definition

| | |
|---|---|
| New Public Management (NPM) | It is the application of theories and practices from business management and other disciplines to improve efficiency, effectiveness, and general performance of public services in modern bureaucracies. |
| Governance | It is the management of the development process, involving both the public and the private sectors. |

### Introduction

New Public Management has emerged as supervisory model in governance system since 1980s. Because old administration model has criticized for its incapability to deliver public service to people and could not fulfill people satisfaction. At the same time new public management have strong affinity to market and private sectors management which create strong competition in the market and this competition ensure real time public service (Islam 2015). NPM is a different paradigm of Public Management that makes forward relationship among governments, public service, and the public. New public management (NPM), management practices have drawn mainly from the private sector management now it's become a global phenomenon. NPM emphasizes on public management rather than traditional administration. The key elements include various forms of decentralizing management within public services (e.g., the creation of autonomous agencies and devolution of budgets and financial control), increasing use of markets and competition in the provision of public services (e.g., contracting out and other market-type mechanisms), and emphasis on performance, outputs and customer orientation, and privatization (Larbi 1999; Pollitt et al. 2004). On the other hand, Governance refers to "all of the processes of governing undertaken by a government, market or network through the laws, norms, power and authority" (Bevir 2013). Governance refers to a category of social facts. It is a process of interaction and decision-making with helps of different actors to solve collective problems of the society. This process leads to the designs, strengthening, and reproduction of social norms and help to make strong institutions (Hufty 2011).

### Conceptualization of New Public Management (NPM)

New Public Management represents a modern method in public administration. In this system, employs acquired knowledge and experiences from business management and other disciplines to improve efficiency, effectiveness, and general performance of public services in modern

bureaucracies (Vigoda 2003). NPM is as an interdisciplinary study of the generic aspects of administration. It is a combination of the planning, organizing, and controlling functions of management with the human resources, financial, physical, information, and political resources (Garson and Overman 1983).

NPM has seven interrelated elements such as hands-on professional management, explicit standards and measure of performance, output controls, a shift to disaggregation, a shift to greater competition, and stress on private sector styles of management practice, and discipline and parsimony in resource use (Hood 1991). NPM consist of different elements: cost reduction, capping budgets, and greater transparency in public resource management; Disaggregating traditional bureaucratic organizations into separate agencies; Decentralized management within public agencies; Separating the function of public services; Establishing market and quasi-market mechanisms; Emphasizing performance management targets; Introducing term contracts, performance-related compensation, and emphasis on quality service according to standard and customer demanded (Pollitt 1995). New public management pursues to implant a new approach in the traditional public administration for enhancing efficiency and efficacy, high productivity, improved service delivery, and last but not least accountability. In a precise summary form, NPM focuses on de-bureaucratization, flexibility, innovation. As NPM rely on private sector, enabling convenient environment for private enterprise is very much crucial to grow up, so that public official can manage faster service delivery among people through contracting out and outsourcing. NPM promotes offloading and downsizing, or rationalization of public officials, making public-private partnership, and strong competition because of strong market forces (Sharma 2006). This mechanism should be prescriptive, taking account of exhortatory. It has to descriptive, taking account of what has actually happened. It also be theoretical, specifying links with sciences theory, notably public choice and agency theory in economics and political, recognizing that any model of public management necessarily has a political dimension (Ewan et al. 2002). New public management emphasis on professional management, and efficiency and efficacy, decentralization, competition on the market and quasi-market, and output oriented which helps to reduction of cost and time and real time service due to strong competition in the market. People will get service on user pay bases (Hood 1991).

## The Reasons of Emergence of New of New Public Management

NPM's origin is as a combination of two different streams of ideas. One partner was the "new institutional economies." It was built on the now very familiar story of the post-World War II development of public choice, transactions cost theory and principal-agent theory (Hood 1991).

The new institutional economics program facilitated to make a set of administrative reform built on ideas of *contestability, user choice, transparency*, and close attention on *incentive structures*. Such reforms were very different from traditional military-bureaucratic ideas of "good administration," with their emphasis on orderly hierarchies and elimination of duplication or overlap (Osborne 2001). So the adoption of new forms of public management means the emergence of a new paradigm in the public sector and traditional public administration discredited theoretically and practically.

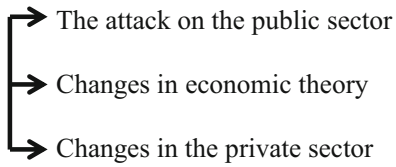


### The Attack on the Public Sector

The 1980s and early 1990s was a period of attacks on the size and capability of the public sector. Government, bureaucracy, was source of some unease in the community.

There were three main aspects of the attack on government:

(a) The scale of public sectors (the arguments was that government handling scale is simply too large, consuming too many scarce resources).
(b) The scope of the government (arguments was that government involves itself in too many activities).
(c) The methods of the government (arguments were that bureaucracy is a highly unpopular form of social organization).

### Economic Theory

Several economic theories have provided the theoretical underpinnings of NPM and have helped shape NPM ideas, in particular, these are:

- Public choice theory
- Principal/agent theory and
- Transaction cost theory

## Public Choice Theory

Public choice theory applied to the bureaucracy. In fact, Public choice is a sub-branch of economic thought concerned with the application of microeconomics to political and social areas (Mueller 2008). The key assumption of public choice is a comprehensive view of rationality. Instead of being motivated by the public interest, bureaucrats, like anyone else, are assumed to be motivated by their own selfish interest. Public choice provided alternatives, the most obvious being to allow competition and choice and to return as many activities as possible to the private sector.

## Principal/Agent Theory

The economic theory of principal and agent has also been applied to the public sector, especially concerning its accountability. The theory was developed for the private sector to explain the divergence often found between the goals of managers (agents) in private firms and shareholders (principals).

## Transaction Cost Theory

It is another key economic theory in the managerial changes. As set out by Williamson (1986), this challenges the notion that transactions are without cost and specifies the circumstances where a firm may prefer market-testing or contracting to in-house provision. There are some transactions sectors for example constructing roads and highways, transportation, public-private partnership, etc., which would be less costly if contracted out to reduce administrative costs and provide some competition (Hughes 1994).

## Governance Shift to NPM

For the long period of time, different actors were criticizing governments of many development and developing countries due to too much bureaucratization, inefficiency, and ineffectiveness and rampant corruption.

The degree of accountability was dwindling and people were losing trust upon government. Many scholars blamed that traditional model of public administration is the responsible for that kind of distrust. They were pursuing a new idea, a new model to adapt in government so that government overcomes from this critical situation. That pressure brought a new conception of New Public Management in 1980s. The belief that large and monopolistic public bureaucracies are inherently inefficient was a critical force driving the emergence of the New Public Management in the 1980s. To reconfigure the state along more cost-efficient (and effective) lines, NPM protagonists recommended that the public sector be opened up to greater private sector influence (Andrews and Walle 2013). And later, it replaced traditional public administration to make government more effective and efficient. In the 1990s the NPM has emerged as an alternative model against public administration's traditional bureaucratic paradigm

(Dhameja 2016). The reason is the nature of this conception. NPM focuses on what government ought to do, making the work better and solving the key problems of government as good as possible. That is why; the traditional public administration has been inevitably replaced new public management as a tactic.

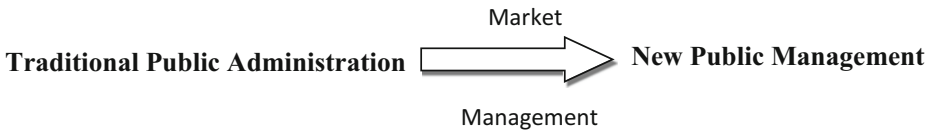


| Characteristics | Traditional management (governance) | New public management |
|---|---|---|
| Values | Economy, efficiency, effectiveness | Cost-effectiveness, |
| View of individual | Impersonal case, rational actor | Customer |
| Budgeting | Rational | Performance-based |
| Decision making | Rational-comprehensive | Decentralized, cost- minimizing and profit maximization |
| Governmental function considered as | Execution | Execution |

Sources: Adopted from Rosenbloom, D. H. (1998) edited by the author

Public Administration can achieve its historic quest for both efficiency and responsiveness to the public through competitive market-like practices. However, NPM, market-based approach came for the betterment of citizens of a country. How it is practiced or criticized is not the fact, we cannot deny the changes it has brought. Some told, "The changes fashioned by New Public Management are now probably irreversible" (Lan and Rosenbloom 1992). NPM is very alive, even as a theory – and the more so further one depart from academy around the world. But this is also true on the level of European countries themselves, where it fits some strings of the dominating worldview(s) (Drechsler 2009) and international management consultants often are still strongly in favor of NPM. Because, their general worldview is in favor of applying private-sector tools in the public sector and, secondly, contracting-out management techniques and policy advice brings to their table. So, though there are a lot of proposed models against NPM, it is very clear that, they do not have enough power to bring about a serious breakthrough against NPM while the core principles of NPM will sustain and even become more dominant in the future, making isomorphic and global trends more evident. Economic neo-liberalism or market focused economy brought new public management into focus. Global leaders grabbed that NPM, only for facilitating free movement of market within an effective government management. So, market will always be there; and it is inevitable that as long as we favor market, surely NPM will prevail.

## Governance

The idea of governance is not new. The word "governance" came from the Latin verb "*gubernare*," or more originally from the Greek word "*kubernaein*," which means "to steer, to pilote." Basing on its etymology, governance refers to the manner of steering or governing, or of directing and controlling, a group of people or a state (Levi-Faur 2012).

## Definitions of Governance

Governance, a qualitative concept, is administration-cum-management plus, and hence more inclusive, more expansive, more citizen-cum-customer related and more modernly contemporary (Srivastava 2009). It has also been

considered as the way in which power is exercised by the political leaders in order to manage county's economic and social resources for ensuring development for the wellbeing (Pani and Mishra 2009; World Bank 1992, 1).

According to United Nations Economic and Social Commission for Asia and the Pacific: governance considered as the process of decision-making and the process by which decisions are implemented or not implemented (ESCAP 2006). Actually, Governance is the exercise of political, economic, and administrative authority to manage a nation's affairs and it is the complex mechanisms, processes, relationships, and institutions through which citizens and groups eloquent their interests, exercise their rights and obligations, and mediate their differences (UNDP). Governance may be taken to denote "how people are ruled how the affairs of a state are administered and regulated; it refers to a nations system of politics and how this functions in relation to public administration and law" (Khan 2008).

World Bank conceptualizes governance as the way power is exercised through a country's economic, political, and social institutions (World Bank's 1992).

This includes the process by which governments are selected, monitored, and replaced, the capacity of the government to effectively formulate and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions amongst them (Kaufmann, Kraay and Zoido-Lobat'on 1999).

The Asian Development Bank (ADB) expressed that the term "governance" is the "manner in which power is exercised in the management of a countries economic and social resource for development" (ADB 1995).

The concept of good governance emerged mainly because practices of bad governance, like corruption, unaccountable governments, lack of transparency in public sector, absence of rule of law, lack of respect for human rights, etc. had become increasingly dangerous and need to be intervened (Hossen 2019).

On this meaning, the concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors. It encompasses the functioning and capability of the public sector as well as rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships. In broad terms, then, governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials. Governance is the process whereby societies or organization make important decisions, determine whom they involve, and how they render account. In fact, Governance encompasses every institutions and organization in the society, from the family to the state and embraces all methods – good and bad – that societies use to distribute power and manage public resources and problems. The working definition used by the British Council, however, emphasizes that "governance" is a broader notion than government (and for that matter also related concepts like the state, good government and regime), and goes on to state: Governance involves interaction between the formal institutions and those in civil society. Governance refers to a process whereby elements in society exercise power, authority, and influence and enact policies and decisions regarding public life and social development. Governance is said to have three legs: economic, political, and administrative. Economic governance covers decision-making processes that affect a country's economic activities and its relationship with other economies. Political governance includes the formulation of policy, while administrative governance is the system of policy implementation. As can be seen from this and similar definitions used by international development agencies, governance is an all-encompassing concept. It permeates all sectors and it makes no distinction between governance, policy-making, and policy implementation (Hyden and Court 2002). Governance can be more understood by examining the functional dimensions of Governance and their Institution. Governance can be also termed as the operation

of three key actors; namely, State, Market, and Civil Society.

So therefore, Governance refers to the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and societal actors interact to make decisions.

### Types of Governance

Governance defines a "new form of government" in the globalization. Here are some of the important types of governance like Democratic Governance-governance and Corporate Governance.

Democratic governance is beyond the subjects of foundations and forms of government. It covers the social synchronization tools elaborate in dogmatic action incorporated Periodic, free, fair, broadly participatory, and genuinely contested elections, together with a system of norms and institutions. On the one hand, governance is not a set of guidelines or an activity but a procedure. It mentions to the decision-making process within all groups in the social, political, economic, or private entities (Fortunato 2015). Governance aims, secondly, to facilitate participation in the definition of public policies, their implementation by multiple players who have neither the same interests nor the same modes of regulation: States, devolved administrations, enterprises, associations of people (Corry and Hodgetts 1951). The e-governance service is a holistic concept that defines and assesses the impact that information technology and communication have on government practices and relations between government and society as a whole.

E-Government denotes to the use by government interventions of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to renovate relations with citizen, business, and other arms of government (Bannister and Connolly 2012). These technologies can serve a variety of different ends: better delivery of government service to citizen, upgraded communications with business and industry, citizen empowerment through access to information (Savic 2006; Rahman 2019).

## Extent and Dimension of the Relationship Between New Public Management

NPM has covered a wide range of subjects. It involves disaggregation of large bureaucratic organizations into smaller compact organizations. Its main focuses on output rather than input. New public management tries to make sure maximum utilization of taxpayers' money, authority devolved at the point of service delivery, flexibility, customer responsiveness, and introduction of competition in public service, and strengthened accountability and transparency. Most contemporary processes of government reform are inspired by the ideas, techniques, and methodologies postulated by the New Public Management trend. This wave of government reforms that has recently dominated the international scene is based on the conviction that governments evaluated on results, that work on quasi-market situations, that are agile in performance, able to adopt private sector administrative techniques, and focused on client-citizen, are capable of obtaining better results and greater legitimacy. Some successful experiences and the persistence of international organizations to adopt these types of strategies, have undoubtedly contributed to an "imitation effect" or isomorphism, which has reached a great variety of countries. Nowadays, developed and emerging countries, as well as those buried in underdevelopment, equally aspire and strive to adopt in order to find a faster and more effective path to build "less expensive and more efficient" governments.. This seems to be reinforced on a context where political ideologies keep on loosing strength and continue to subordinate to the simple balanced results offered by political parties in power (Cabrero 2005). While governance tends to emphasize the horizontal relationships between governmental and other organizations, NPM can be considered an opposing paradigm to governance in many ways since it emphasizes central steering and political control where governance tends to emphasize the limits of central control (Hanf and Scharpf 1978).

In the last few years the preferred strategy for administrative modernization in the government

domain has been NPM. After nearly three decades of its conception, its virtues and limitations are still being intensively discussed. It is unquestionable and there is enough evidence to support that NPM offers useful tools for government reform processes in local districts. However, it is also undeniable that although NPM tools may be necessary, in no case are they sufficient, at least not in the context of democratic governments. Further, these strategies can occasionally delay or hinder wider strengthening processes of new local democratic reform. Such tools must be selected understanding the necessity for articulation along with wider processes of democratic transition. If in the long-term there are compatible solutions, the medium- and short-term reveal reform processes which compete with each other (Cabrero 2005). At the same time, the traditional bureaucracy of the public administration was generally criticized by the new public management (Dunleavy 1991). It is also claimed weaknesses or failures of traditional state bureaucracy, especially in terms of its monopolistic nature, unmanageable size, public inaccessibility, rampant corruption, and self-serving agenda plagued by progressive inflexibility based on complex hierarchical rule-based system and top-down decision-making process. It creates a high distance between bureaucrat and public in the decision-making (Yamamoto 2003). In the pattern of traditional governance toward being more bureaucratic, is work on process rather than outcomes, and emphasizing on instructions rather than emphasis on results. Since 1970, many criticisms about incompetent bureaucracy were done such a way that forced governments to focus formal instructions to modify by results (Fatemi and Behmanesh 2012). But these accusations against bureaucracy were always there in the past, the intensity of such anti-bureaucratic rhetoric was significantly increased during the 1980s and 1990s by the market-friendly ruling parties in advanced capitalist nations. The new Reform was to diminish the scope and strong role of bureaucracy, transfer resources and services from the public sector to the private sector, and restructure the public service in the image of business management. The reason is that the business sector was believed to be more competitive, productive, efficient, innovative, responsive, and customer-friendly (Haque 2004), while government sector was considered as rigid, expensive, and inefficient (Pierre and Peters 2000) which led to competition in the market through wide variety of interventions, trajectories, and reform intensities (Lodge and Gill 2011). New public management attempts to implement management ideas from business and private sector into the public services so that government can ensure people satisfaction (Hope 2001). It also emphasizes ensuring productivity, marketization, service orientation, decentralization, policy and accountability for results as the key ingredients of the global public-management revolution (Kettl 2006, 1–2). Within the context of the NPM, decentralization is seen as the means through which governments are able to provide high-quality services. It will reduce central administrative control as it will exercise more autonomy. It will also increase managerial capacity and individual performance (Borins 1994). Citizen will feel more empowered through active participation in decision-making and developing planning for ensuring better governance (Silverman 1992). NPM force government to rethink the role of the government that government has to ensure public service for the people through privatization (operational control and responsibilities for government functions and services to the private sector), deregulation, and marketization (Lane 2000).

## Conclusion

An important difference is how the two approaches view the role of elected politicians. Certainly in the beginning, NPM presents itself as technical. Goals are set by elected politicians and the NPM role is to implement their wishes. One could also say that NPM is more focused on output legitimacy (Scharpf 1997) in the sense that it wants to achieve outputs that meet the political goals. NPM, certainly in its early appearance, (re) introduces the separation between politics and administration. Politics sets the goals while implementers, whoever they are, do the job. Of course, one of the problems is that politicians do

not always formulate clear goals or when they do tend to change them if circumstances change (Scheduler 2003); a natural reaction if one wishes to survive in the political landscape. But changing goals after a while is not very compatible with organizing service provision and policy implementation by contracts and performance indicators. It is not that easy to break the contract open to include new performance indicators. The representation of the NPM method as purely technical is not entirely correct. As has been said, there is the idea of putting the consumer at the center and that might conflict with the prominent role of politicians.

If we look at both dominant views on management and the way they view complexity in society, we see that it is treated differently. New Public management tries to ignore or reduce complexity by abstaining from detailed governance but instead focuses on governing by output criteria and by organizing the playing field through market mechanism, privatization, etc. In NPM, the manager tries to keep as far as possible from the complex interaction system itself. The system is treated as a black box which reacts to its emerging characteristics by changing the output criteria or organizing the service provision differently by choosing other providers. Governance tries to address complexity by stepping into the complex system and designing mechanisms and strategies that are specifically targeted at the situation and characteristics of the process. NPM emphasizes on changes, result oriented, managerial innovations and new ideas about the role of government which led to fragmentation and coordination, equity, and social cohesion (Walle and Hammerschmid 2011). At the same time, Coordination become the main problem in making NPM work (Webb 1991), and the structural disaggregation of the public sector was seen to lead to deficient coordination, duplication, and even waste (Rhodes 1994).

## Cross-References

► Good Governance
► Privatization

## References

ADB, G (1995) Sound development management. ADB, Manila, pp 1–7. [Online]. Available at https://www.adb.org/sites/default/files/institutional-document/32027/govpolicy.pdf. Accessed 23 June 2020

Andrews R, Van de Walle S (2013) New public management and citizens' perceptions of local service efficiency, responsiveness, equity and effectiveness. Public Manag Rev 15(5):762–783

Bannister F, Connolly R (2012) Defining e-governance. e-Service J 8(2):3–25. [Online]. Available at file:///C:/Users/Sabuj/Downloads/Defininge-Governance.e-ServiceJournal 2012.pdf. Accessed 25 June 2020

Bevir M (2013) A theory of governance. [Online]. Available at https://escholarship.org/uc/item/2qs2w3rb. Accessed 19 June 2020

Borins S (1994, August) Government in transition: a new paradigm in Public Administration. In report on the Inaugural Conference of the Commonwealth Association for Public Administration and Management (28 August, Charlottetown, Prince Edward Islands), vol 125.[Online]. Available at https://read.thecommonwealth-ilibrary.org/commonwealth/governance/government-in-transition_9781848595286-en#page1. Accessed 25 June 2020

Cabrero E (2005) Between new public management and new public governance: the case of Mexican Municipalities. Int Public Manage Rev Electron J 6(1). Available from: http://journals.sfu.ca/ipmr/index.php/ipmr/article/download/160/160. Accessed 27 June 2017

Corry J, Hodgetts J (1951) Democratic government and politics, 3rd revised edn. University of Toronto Press, Toronto. Retrieved June 30, 2020, from www.jstor.org/stable/10.3138/j.ctt1h1hs8b

Dhameja A (2016) Public Administration: Approaches and Applications. Pearson Education India

Drechsler W (2009) The rise and demise of the New Public Management: lessons and opportunities for South East Europe. Central Eur Public Adm Rev 7(3). [Online]. Available at http://141.255.219.243/index.php/CEPAR/article/download/131/128. Accessed 19 June 2020

Dunleavy P (1991) Bureaucracy, democracy and public choice. Wheatsheaf, Hemel Hempsted

ESCAP, U (2006) What is good governance? United Nations Economic and Social Commissions for Asia and the Pacific. [Online]. Available at https://www.unescap.org/sites/default/files/good-governance.pdf. Accessed 23 June 2020

Ewan KMSPO (2002a) New public management: current trends and future prospects. Psychology Press. [Online]. Available at: https://books.google.com.bd/books?isbn=1134544154

Ewan KMSPO (2002b) New public management: current trends and future prospects. Psychology Press.[Online]. Available at https://books.google.com.bd/books?hl=en&lr=&id=5mYv_ihreGYC&oi=fnd&

N

pg=PR10&dq#v=onepage&q&f=false. Accessed 18 June 2020

Fatemi M, Behmanesh MR (2012) New public management approach and accountability. Int J Manage Econ Soc Sci 1(2):42–49. [Online]. Available at https://www.econstor.eu/bitstream/10419/70131/1/737144874.pdf. Accessed 25 June 2020

Fortunato P (2015) Democratic government and development: a survey. Asian Dev Rev 32(2):153–177. [Online]. Available at https://www.researchgate.net/publication/284217055_Democratic_Government_and_Development_A_Survey/link/5a300e2e458515a13d852fc5/download. Accessed 29 June 2020

Garson, Overman (1983) Public Management Research in the United States. Prager, New York. Available from: https://www.goodreads.com/book/show/14859402-public-management-research-in-the-united-states. Accessed 05 June 2016

Hanf K, Scharpf FW (1978) Interorganizational policy making; limits to coordination and central control, vol 1. Sage, London. Available from: http://trove.nla.gov.au/version/45425626. Accessed 27 June 2017

Haque MS (2004) New public management: origins, dimensions, and critical implications. Public Adm Public Policy 1(1):13–27. [Online]. Available at https://www.eolss.net/Sample-Chapters/C14/E1-34-04-01.pdf. Accessed 25 June 2020

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19. [Online]. Available at https://eclass.uoa.gr/modules/document/file.php/PSPA108/4NMP%20all%20seasonsfulltext.pdf. Accessed 25 June 2020

Hope Sr KR (2001) The new public management: context and practice in Africa. Int Public Manage J 4(2): 119–134. [Online]. Available at file:///C:/Users/hp/Desktop/Fatema%20apu%20alla%20file/NPM%20hipe%20in%20africa.pdf. Accessed 25 June 2020

Hossen MM (2019) Motivation and governance. In: Global encyclopedia of public administration, public policy, and governance. Springer, Cham, pp 1–8. https://doi.org/10.1007/978-3-319-31816-5_1964-1

Hufty M (2011) Investigating policy processes: the governance analytical framework (GAF). Research for sustainable development: foundations, experiences, and perspectives, pp 403–424. [Online]. Available at http://www.nccr-north-south.unibe.ch/Upload/20_Hufty_GAF.pdf. Accessed 19 June 2020

Hughes OE (1994) Public management and administration: an introduction. St. Martin's Press, New York, pp 9–21

Hyden G, Court J (2002) World governance survey discussion paper: governance and development. pp 1–25. [Online]. Available at http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion files/4094.pdf. Accessed 04 July 2016

Islam F (2015) New Public Management (NPM): a dominating paradigm in public sectors. Afr J Polit Sci Int Relat 9(4):141–152. [Online]. Available at http://www.academicjournals.org/article/article1427736269_Islam.pdf. Accessed 18 June 2020

Kaufmann D, Kraay A, Zoido-Lobatón P (1999) Aggregating governance indicators (Vol. 2195). World Bank publications

Kaufmann D, Kraay A, Mastruzzi M (2005) Governance matters IV: governance indicators for 1996–2004. The World Bank. [Online]. Available at http://documents1.worldbank.org/curated/en/602061468313750126/pdf/wps3630.pdf. Accessed 25 June 2020

Kettl DF (2006) The global public management revolution: a report on the transformation of governance. Brookings Institution Press. Washington DC, USA. Available at https://www.brookings.edu/book/the-global-public-management-revolution-2/

Khan M (2008) Governance and development: The perspective of growth-enhancing governance. GRIPS Development Forum/National Graduate Institute for Policy Studies

Klijn EH (2012a) New public management and governance: a comparison. In: Oxford handbook of governance. Oxford University Press, Oxford, pp 201–214

Klijn EH (2012b) Public management and governance: a comparison of two paradigms to deal with modern complex problems. In: Faur DL (ed) The handbook of governance. Oxford University Press, Oxford. pp 201–214. [Online]. Available at https://www.researchgate.net/publication/259000220. Accessed 27 June 2017

Lan Z, Rosenbloom DH (1992) Public administration in transition? Public Adm Rev 52(6):535–553. [Online]. Available at https://www.jstor.org/stable/977163?seq=1#metadata_info_tab_contents. Accessed 19 June 2020

Lane JE (2000) New public management. Taylor & Francis, USA. https://doi.org/10.4324/9780203467329

Larbi GA (1999) The new public management approach and crisis states. UNRISD discussion paper no. 112. pp 1–65. [Online]. Available at http://www.unrisd.org/80256B3C005BCCF9/(httpPublications)/5F280B19C6125F4380256B6600448FDB. Accessed 05 July 2016

Levi-Faur D (2012) From "big government" to "big governance". In: The Oxford handbook of governance. pp 3–18. [Online]. Available at: https://books.google.com.bd/books? Accessed 26 May 2020

Lodge M, Gill D (2011) Toward a new era of administrative reform? The myth of post-NPM in New Zealand. Governance 24(1):141–166. [Online]. Available at file:///C:/Users/hp/Downloads/j.1468-0491.2010.01508.x.pdf. Accessed 25 June 2020

Mason J (2004) Public administration reform practice note. UNDP, New York. [Online]. Available at: https://www.undp.org/content/undp/en/home/librarypage/capacity-building/public-administration-reform-practice-note.html. Accessed 25 June 2020

Mueller DC (2008) Public choice: an introduction. In Readings in public choice and constitutional political economy (pp. 31–46). Springer, Boston, MA

Osborne SP (ed) (2001) Public management: critical perspectives on business and management. Psychology Press. [Online]. Available at https://books.google.com.bd/books?id=YM861Ip0CFMC&pg=PA188&lpg=PA188&dq=. Accessed 25 June 2020

Pani N, Mishra SS (2009) E-governance. 1st edn. Himalava Publishing House, Mumbai. 4321-4700-0049-7437

Pierre J, Peters BG (2000) Governance, politics and the state. St. Martin's, New York

Pollitt C (1995) Justification by works or by faith evaluating. New Public Manage Eval 1(2):133–154. Sage. [Online]. Available at https://ocw.dsv.su.se/pluginfile.php/252/mod_resource/content/1/Evaluation-1995-Pollitt-133-54.pdf. Accessed 05 July 2016

Pollitt C, Talbot C, Caulfield J, Smullen A (2004) Agencies: how governments do things through semi-autonomous organizations. Springer. [Online]. Available at https://ru.b-ok2.org/book/833692/c918e8. Accessed 25 June 2020

Rahman A (2019) E-governance in Bangladesh. In: Global encyclopedia of public administration, public policy, and governance. Springer, Cham, pp 1–8. https://doi.org/10.1007/978-3-319-31816-5_3227-1

Rhodes RA (2000) Governance and public administration. Debating governance, 5490. Available on: https://www.researchgate.net/profile/R_A_W_Rhodes/publication/246335680_Governance_and_Public_Administration/links/5a11be7d458515cc5aa9c6a9/Governance-and-Public-Administration.pdf

Rosenbloom DH (1998) Understanding management, politics, and law in the public sector. McGraw-Hill, New York

Savic D (2006) eGovernance: theoretical foundations and practical implications. July, Montreal. http://www.dobrica.savic.ca/pubs/egovernance_foundations.pdf. 6(07), 2017. [Online]. Available at http://www.dobrica.savic.ca/pubs/egovernance_foundations.pdf. Accessed 30 June 2020

Scharpf FW (1997) Games real actors play: actor-centered institutionalism in policy research. Westview Press, Boulder. [Online]. Available at http://hdl.handle.net/11858/00-001M-0000-0029-1D0E-5. Accessed 27 June 2017

Scheduler K (2003) And politics? Public management developments in the light of two rationalities. Public Manage Rev 5:533–550. [Online]. Available at https://www.alexandria.unisg.ch/13338/1/Public%20management%20developments%20in%20the%20light%20of%20two%20rationalities%20-%20Schedler.pdf. Accessed 27 June 2017

Sharma KC (2006) Improving public administration through new public management: the experience of Botswana. In: Awortwi N, Sitoe E (eds) African perspectives on new public management: implications for human resource training. Shaker Publishing BV, Maastricht

Silverman JM (1992) Public sector decentralization: economic policy and sector investment programs. The World Bank. [Online]. Available at https://elibrary.worldbank.org/doi/pdf/10.1596/0-8213-2279-6. Accessed 25 June 2020

Srivastava M (2009) Good governance-concept, meaning and features: a detailed study. Meaning and features: a detailed study (December 26, 2009). [Online]. Available at file:///C:/Users/hp/Downloads/SSRN-id1528449.pdf. Accessed 23 June 2020

Van de Walle S, Hammerschmid G (2011) The impact of the new public management: challenges for coordination and cohesion in European Public Sectors. Halduskultuur 12(2). [Online]. Available at file:///C:/Users/hp/Downloads/Impact_NPM_SSRN.pdf. Accessed 25 June 2020

Vigoda E (2003) New public management. In: Rabin J (ed) Encyclopedia of public administration and public policy, vol 2. Marcel Dekker, New York, pp 1–5. [Online]. Available at: http://poli.haifa.ac.il/~eranv/material_vigoda/NPM.pdf. Accessed 05 June 2016

World Bank (1992) Governance and development. The World Bank, Washington DC. [Online]. Available at http://documents.worldbank.org/curated/en/604951468739447676/Governance-and-development. Accessed 05 June 2020

Yamamoto H (2003) New public management–Japan's practice. İnstitute for International Policy Studies. [Online]. Available at (http://www.iips.org/en/research/data/bp293e.pdf. Accessed 25 June 2020

Webb A (1991) Coordination: a problem in public sector management. Policy & Politics, 19(4):229–242

Williamson OE (1986) Economic organization: firms, markets and policy control. New York: New York University Press

N

# New Public Management Model and Performance Appraisal System

Anand Chand and Suwastika Naidu
School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

## Synonyms

NPM model; Performance appraisal system; Public sector management; Reforms

## Definitions

1. **Performance appraisal system**: Is a human resource management system designed to

evaluate the performance of the employees in an organization.

2. **Public sector reforms**: These are actions taken by the government to reengineer the public service delivery in order to bring efficiency and effectiveness in the operations of the public service.

## Introduction

Globally, the public sector in many developing countries has been under a great deal of pressure post global financial crisis period. Resultantly, most countries have embarked on public sector reforms so that the efficiency and effectiveness of the public sector can be significantly improved. In most countries, the public sector has gone restructuring, reorganization, rationalization, and optimization (Baruch et al. 2014). One aspect of the reform process is the improvement of the performance appraisal system to remove "dead wood" and encourage more hardworking civil servants to provide better public service delivery.

In the current competitive world of business, human resources is one of the key resources that can help to determine the success or failure of an organization (Mensah and Seidu 2012). Within the field of human recourse management, performance appraisal system is an essential tool for effective evaluation, staff development, and management of employees. Performance appraisal system is the most debatable and detested field of human resource management studies (Dessler 2011; Pedrini 2016).

The paper is based on the primary survey of 112 civil servants who are currently working in Fiji's public service and explores their perception on the new performance appraisal system implemented in the public service after the year 2012. In order for any performance appraisal system to be perceived as "fair," it must be free from bias. More specifically, this paper focuses on two issues of the performance appraisal system, namely, (1) "rater/supervisor errors" and (2) "ratee/employee expectation." The New Public Management (NPM)-driven reforms in the Pacific Island countries seek to align the performance appraisal system in the public sector to meet the objectives of the performance appraisal system in the private sector.

There are two reasons why this study needs to be conducted. First, there are a number of studies conducted on performance appraisal system in the large developed and developing countries (Rego et al. 2010; Thurston Jr and McNall 2010). However, there is scant documentation on the performance appraisal system in the context of small island developing countries. This paper contributes to the existing literature on the performance appraisal system in the small island developing countries. Second, this study confirms that the New Public Management (NPM) tools of performance appraisal reforms have been ineffective in the case of the Fiji Islands because there are still evidences of biasness and errors in the performance appraisal system of the public service.

This paper is divided into seven subsections. Section "Background of the Performance Appraisal System in Fiji's Public Sector" provides the background of the performance appraisal system in the public sector of the Fiji Islands. Section "The NPM Model and the Performance Appraisal System Reforms" outlines the theoretical background related to the literature on the performance appraisal system. Section "Literature Review" reviews the existing literature. Section "Research Findings and Discussions" presents and discusses the research findings. Sections "Practical Implications of This Paper" and "Theoretical Implications of This Paper" presents theoretical and practical implications of this paper. Section "Conclusion" presents conclusion and directions for future research. The next section will provide background of the performance appraisal system in Fiji's public sector.

## Background of the Performance Appraisal System in Fiji's Public Sector

There are numerous areas where reforms have been implemented in the Pacific Island countries. Some of these areas include privatization of state-owned enterprises, tax reforms, human resource

management reforms, policy reforms, and governance system reforms. One of the key aspects of reforms in the area of human resource management is the reform of the performance appraisal system. In the year 1980, Fiji government began to dismantle state control via public sector reform policies so that a sustainable future can be secured for all Fijians. These reforms were mainly aimed at improving the effective utilization of the public funds by improving the allocation of public funds between current and capital expenditures. Prior to the year 2012, the Fiji public service had used an old underdeveloped performance appraisal system, and this was known as the "annual confidential report" (ACR), whereby supervisors used to write a confidential report about the employee. Unfortunately, employees were not given a chance to participate nor see the report.

Moreover, the ACR was filled by the supervisors (raters) without any feedback from the employees who were being reviewed. In the old system, employees received automatic pay increments until they reached the top of their salary scale. In the year 2012, as part of Fiji's public sector reform process, a new performance appraisal system known as "annual performance appraisal" (APA) was introduced in Fiji for the first time. This new annual performance appraisal system stopped the old practice of automatic pay increments and introduced a new system of merit-based pay.

Moreover, there are a number of objectives of implementing a performance appraisal system. The first objective is to ensure that the performance appraisal system is more transparent and employees can determine the areas where improvements are needed. The second objective is to measure employee performance and implement measures to improve employee performance (Aguinis et al. 2011). The third objective is to compensate and promote employees based on merit. Employees who are committed to the goals and objectives of the organization should be promoted and recognized as compared to their counterparts. It is intriguing to know whether the new APA system meets this objective of a good performance appraisal or not.

The next subsection will review the NPM model and the performance appraisal system reforms.

## The NPM Model and the Performance Appraisal System Reforms

There are a number of studies that have applied the NPM model to the reform process, but there are only a handful of studies that have applied the NPM model to examine performance appraisal system reforms (Aguinis et al. 2011; Bednall et al. 2014). In the recent decade, performance appraisal system reforms have been one of the key components of the public service delivery. Employees are the core machinery behind the delivery of the public services, and the performance appraisal system captures their yearly or biyearly performance in one exercise that happens in a few hours' time (Grote 2002; Scholtes 1993).

To date, none of the existing studies has examined the procedure involved in reforming the performance appraisal system in different geographical settings. The New Public Management (NPM) model is a generic model that has been continually applied for reforming the public service in the developing countries. Some countries have effectively embraced this model and were flexible in applying this model, while the rest of the countries applied this model to public sector reform process to please the donor agencies (Lane 2002; Naidu 2018).

Taking a look at the history, the idea about the New Public Management was introduced by the academics in the UK and Australia (Pollitt and Bouckaert 2004). One of the distinguishing features of the New Public Management was to use the private sector management styles in the public sector with the aim of improving the public service delivery (Kaboolian 1998). For instance, in the case of the private sector, the production decisions should be capitalized on the customers, whereas in the public sector, these decisions should be capitalized on the citizens of the country as the government seeks to serve the citizens of a nation (Christensen and Lægreid 2001; Green-pedersen 2002).

The term New Public Management was coined by Christopher Hood (1989) to extensively stress on the importance of implementing the private sector reengineering process to the operations of the public sector (Pollitt 1993). The sudden emergence of changing the operations of the public to more like private sector generated wave of discussions among the academics, policy makers, and practitioners. It has been noted that the term New Public Management is usually confused with the movements of New Public Administration that was evident in the USA during the 1960s and 1970s. A number of studies have noted that though there may be some similarities between the two approaches, there are evidences of significant differences, and these terms should not be used interchangeably (Hood 1991).

One of the basic premises of the NPM model is to adopt the private sector management style to the public sector (Diefenbach 2009). Surprisingly, most of the studies that have been conducted on the NPM model are mostly related to some of the elements of the NPM model with lack of emphasis on how these elements are applied to the management of public services. Slater (1998) and Daniels (1989) argued that the performance management system within the context of the private sector is a systemic data management approach that tries to implement synchronous procedures that link the performance appraisal to the factors that motivate employees and supervisors and encourage them to improve their productivity. Applying the NPM model to the implementation of the performance appraisal system in the public sector implies that the adoption of the performance appraisal system in the public sector should be driven by the private sector principles of fairness and equity (Aucoin 1990; Radnor and McGuire 2004).

One of the primary objectives of driving the performance appraisal reform efforts based on the NPM model in the developing countries is to ensure that organizational outcomes of high employee motivation and morale, and growth in organizational productivity, could be achieved (Andrews and Van de Walle 2013). One of the common ways how the performance appraisal system can lead to the achievement of organizational outcomes is that it should be perceived to be fair and free from errors (Cappelli and Conyon 2018). The human resource managers in the private sector ensure that the performance appraisal system in the private sector is continually improved to ensure that both employees and supervisors feel that the performance appraisal system is free from bias and errors (Madison et al. 2018).

Most studies on performance appraisal in the private sector have applied eight criteria to determine the supervisor errors. These seven errors are (1) halo effect, (2) leniency error, (3) similarity effect, (4) horn effect, (5) behavioral effect, (6) mood effect, and (7) rater accountability. Similarly, studies have used four ratee expectations to examine the ratee reactions to the performance appraisal process. These include (1) employee participation level, (2) feedback, (3) merit based, and (4) financial rewards and promotion.

This study seeks to apply these criteria to assess whether the new annual confidential report (ACP) was able to achieve its objective of making the performance appraisal system fair and objective. One of the basic objectives of the NPM model is to implement the private sector management styles in the public sector in order to improve the employee performance and increase productivity and innovation of the public service (Hood 1991). This paper will shed light on whether the NPM-driven reforms related to enhancing the quality of the performance appraisal system will make it error-free and remove the biasness from the performance appraisal system.

## Literature Review

Globally, in the last two decades, there has been a renewed interest by academics on the topics of performance appraisal system in most countries. As a result, there is extant literature on performance appraisal system in both developed and developing countries, though there is limited literature on the small island developing countries (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George 2001; Levy and Williams 2004; Posthuma and Campion 2008; Mensah

and Seidu 2012; Naidu and Chand 2014a, b; Naidu et al. 2014). According to Mensah and Seidu (2012), there are possibilities of biasness and errors in the performance appraisal system. Two of the most studied aspects of the performance appraisal system are the "rater/supervisor errors" and the "ratee/employee's expectation" (Levy and Williams 2004; Mensah and Seidu 2012). The aim of this paper is to examine the prevalence of errors and biases in the new performance appraisal system implemented in the public sector in Fiji. To answer this research question, studies that are based on these two aspects of the performance appraisal system will be thoroughly examined.

## Literature on Rater/Supervisor Errors

The "rater error" refers to the problems/biasness created by supervisors when conducting performance appraisal for their subordinates. In most cases, raters/supervisors are usually blamed for the errors and distorting the objectivity of the performance appraisal system. A lot of researchers have looked at the "rater effect" and how raters can affect the outcome of performance appraisal system (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George's 2001; Levy and Williams 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These researchers have identified a number of rater errors and these are as follows:

### Halo Effect

The first common rater error is the "halo" effect (Lefkowitz 2000; Antonioni and Park 2001; Forgas and George 2001; Levy and Williams 2004; Mensah and Seidu 2012). Halo effect is when a supervisor gives "good" rating to an employee albeit the employee's performance is "bad." This halo effect is normally present in cases where supervisors "like" and are "friend" of the employees (Mensah and Seidu 2012). Furthermore, Lefkowitz (2000) states that halo effect takes place when there is "good interpersonal relationship" between supervisors and employees. Moreover, Levy and Williams (2004) argue that halo effect may take place when a supervisor sees "one good characteristic" of employees affecting his/her perception of them, in which other possible bad qualities of employees are not taken into account. Furthermore, this halo effect can also occur when a supervisor does not assess all the tasks of an employee (Lefkowitz 2000; Mensah and Seidu 2012).

### Leniency Error

The second common rater error is the "leniency" error (Bernadin et al. 2000; Tziner and Kopelman 2002; Mensah and Seidu 2012). Leniency error is when supervisors are "lenient" and give "good" rating to employees although the employee's performance is "bad" (Jawahar and Williams 1997; Bernadin et al. 2000; Tziner and Kopelman 2002; Mensah and Seidu 2012). These studies found that most supervisors give lenient rating to employees because they do not want to spoil their future working relationship with an employee. Furthermore, Jawahar and Williams (1997) found that performance appraisal ratings are more lenient when they are aimed at employee's development purposes.

### Similarity Effect

The third common rater error is the "similarity" effect. The "similarity" effect is when supervisors give "good" rating to employees with whom they are able to associate with (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008; Mensah and Seidu 2012). The similarity effect occurs when raters tend to give better rating to those subordinates to whom they are easily able to associate themselves based on behavior, personality, or background. For example, this occurs when supervisors and employees are of the same "race," "gender," and "religion," go to the "same church," and play the "same sports" (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008). Posthuma and Campion (2008) argued that employees might also contribute to this error when they make efforts to prove to their supervisors that their behaviors are similar to their superiors.

### Horn Effect

The fourth common rater error is the "horn" effect (Lefkowitz 2000; Forgas and George 2001; Levy

and Williams 2004). Horn effect is the opposite of halo effect, whereby supervisors are "strict" and give "bad" rating to employees even though their performances are "good." For example, Lefkowitz (2000) argues that some supervisors have tendencies to view negatively all behaviors or actions of employees because he/she dislikes a particular behavior or action of employees.

### Behavioral Effect

The fifth common rater error is the "behavioral effect" (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003). The "behavioral effect" is when a supervisor rating of an employee is affected by employees' past behavior and not the current performance. Studies have found that some supervisors consider employee's "past behaviors" and "past reputations" when drawing attributional inferences and deciding on their employee's ratings. For example, on the one hand, past good behavior of employees tends to receive good rating. On the other hand, bad behavior in the past will taint their current rating even though an employee may have improved his or her performance (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003).

### Mood Effect

The sixth common rater error is the "mood" effect of supervisors (Lefkowitz 2000; Forgas and George's 2001). On the one hand, supervisors in good mood tend to recall positive information and appraise employee performance, thus having a positive effect on their rating. On the other hand, supervisors in bad mood recall "negative information" and give poor rating to the employees (Lefkowitz 2000; Antonioni and Park 2001). Antonioni and Park (2001) found that "mood" of supervisors is strongly related to rating leniency as compared to traditional top-down ratings. In the past, some studies had assumed that raters were motivated to rate accurately, therefore contributing to "cognitive processing" errors (Levy and Williams 2004).

### Rater Accountability

Finally, the seventh common rater error is the "rater accountability" (Klimoski and Inks 1990; Frink and Ferris 1998; Struthers et al. 1998; Johnson et al. 2002; Shore and Tashchian 2002; Mero et al. 2003). Studies by these authors found that supervisors are more likely to distort employee appraisal ratings when they are less accountable to employees for their ratings. On the other hand, supervisors are less likely to distort employee appraisal ratings when they are to be held accountable to employees for their ratings.

## Literature on Ratee Expectation

The "ratee expectation" is another most studied aspect of the performance appraisal system. There are a lot of studies on ratee's expectation, motivation, and reactions to performance appraisal processes (Campbell et al. 1998; Goss 2001; Mani 2002; Levy and Williams 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These studies have identified what ratee's expect out of the performance appraisal system and what are the key variables for the effectiveness and success of any performance appraisal system.

### Employee Participation Level

Firstly, the performance appraisal system will be more effective if the appraisal process is transparent and allows an employee to "participate" in all the stages of the performance appraisal system. This would involve starting from setting the goals to the final stage of the result (Roberts and Reed 1996; Pettijohn et al. 2001; Roberts 2003; Armstrong 2003; Mensah and Seidu 2012). These authors have found that employees would be more favorable to a performance appraisal process which is transparent and allows employees to participate in the design and implementation of the performance appraisal system. Without adequate consultation, participation, explanation, and training, a performance appraisal system will not be effective and acceptable by employees.

### Feedback

Secondly, employees are more likely to support the performance appraisal system if they see the

process as a useful source of feedback to help them improve their performance (Mullins 2005; Posthuma and Campion 2008; Mensah and Seidu 2012). These authors have found that in most performance appraisal system, employees are not given adequate or have no feedback on their performance on a regular basis. These authors suggest that in any performance appraisal system, there must be a quarterly (every 3 months) feedback given to employees, so employees are able to improve their performance (Mullins 2005; Posthuma and Campion 2008; Mensah and Seidu 2012).

**Staff Development** Thirdly, employees are more likely to support the performance appraisal system if they see the process as an opportunity for personal staff development and a chance to apply their skills and abilities at work (Posthuma and Campion 2008). An effective performance appraisal system in organizations is imperative as appraisals help develop employees and motivate employees to provide better service delivery to the public (Mensah and Seidu 2012). In other words, these authors argue that a performance appraisal system should be more geared to "staff development" rather than used as a "punitive" measure to punish those who are not performing at a satisfactory level.

### Merit Based

Fourthly, employees are more likely to support and accept a performance appraisal system if they see the process as "merit based," "objective," and "fair" (Roberts and Reed 1996; Roberts (2003), Pettijohn et al. 2001; Armstrong 2003; Bohlander and Snell 2004; Posthuma and Campion 2008; Mensah and Seidu 2012). These authors argue that a performance appraisal system can become more effective by having an objective, merit-based, and acceptable performance appraisal system. Unfortunately, only few organizations have effective performance appraisal system (Corbett and Kenny 2001; Hennessey and Bernadin 2003; Mensah and Seidu 2012). These authors argue that the performance appraisal system should not only be "fair" but has to be "seen" to be fair. Furthermore, Pettijohn et al. (2001) argued that employee perceptions of fairness are linked to employee motivation and productivity. Similarly, Roberts (2003) highlights that employee participation and acceptance of the performance appraisal system have impact on satisfaction which can lead to increased productivity. Hence, a good performance appraisal system has to be relevant, objective, fair, and satisfactory to both management and employees.

### Financial Rewards and Promotion

Finally, Posthuma and Campion (2008) and Levy and Williams (2004) found that ratees are motivated if the performance appraisal ratings are linked to financial rewards and promotion. Mani (2002) found that merit-based pay systems are acceptable to employees, and there is little evidence to show that all employees who deserve pay increase actually get a pay rise. While pay is linked to employee satisfaction and productivity, few organizations link the performance appraisal system to pay or bonuses in a clear and systematic manner. Furthermore, studies point out that the biggest complaint from employees is that the performance appraisal system is not always fair and does not lead to promotion (Gurbuz and Dikmenli 2007; Posthuma and Campion 2008). These authors reveal that employees are likely to accept and support the performance appraisal system if they believe that this will lead to pay increase and promotion.

## Methodology

The main aim of this paper was to determine the presence of errors and biases in the performance appraisal system of the public sector. In order to answer this research question, this study used mixed-method approach to collect data for this study. A questionnaire was used to collect data for this study. Two-step procedures were used to identify the civil servants to be studied in this study. The first step involved determining the civil servants who had undergone the performance appraisal process under the new system.

And the second step involved interviewing them by using the questionnaires.

Out of the 832 interviews conducted by the civil servants by using the questionnaires, 335 were males and 497 were females. There is one reason for using the questionnaire for collecting data for this study. Firstly, the questionnaire is not subject to interviewer bias and maintains a high degree of consistency during the interviews. A purposively sampling technique was used because purposive sampling technique allows for the selection of respondents who are more likely to provide the right and in-depth information for the study.

The semi-structured questionnaire was pilot tested before the actual interviews were conducted by using the questionnaires. The pilot testing of the questionnaire was essential in order to ensure that there is correct flow of information in the questionnaire. The data collected was cleaned and coded, and frequency tables were generated by using the Statistical Package for the Science Sciences (SPSS).

## Research Findings and Discussions

### Respondents' Perception of Rater Errors

The overall findings from this study show that the new performance appraisal system of Fiji is still subject to errors and biases. There are significant evidences of biases from the side of the raters and ratees.

#### Perception of the Halo Effect

The first common rater error is the "halo" effect which occurs when supervisors give "good" rating to employees though employees' performances are "not good" (Lefkowitz 2000). The research findings showed that the 60.7% of civil servants mentioned that supervisors "sometimes" give good rating to their subordinates even when their performance is bad (halo effect). Only 17.9% of the respondents believed that supervisors are not biased. Civil servants mentioned that biasness exists due to reasons such as "nepotism," "the old boys club system operates," "good boys/girls of supervisors," "giving gifts to supervisors," and "corruption." The basic premise of the NPM reforms was designed to eliminate biasness, nepotism, and corruption from the public service (Aucoin 1990; Radnor and McGuire 2004). However, the new performance appraisal system was not able to address these constraints that were part of the previous performance appraisal system.

#### Perception of the Similarity Effect

The second common rater error is the "similarity" effect. "Similarity effect" occurs when supervisors give "good" rating to employees who are similar to them (Tziner and Kopelman 2002; Mensah and Seidu 2012). The findings from this study show that 60.7% of the civil servants mentioned that supervisors "sometimes" give good rating to their subordinates who they feel are similar to them. For instance, subordinates who go to the same church and play the same sports may be awarded with higher ratings (Varma and Stroh 2001; Furnham and Stringfield 2001; Posthuma and Campion 2008).

#### Perception of the Leniency Effect

The third common rater error is the "leniency" error. This error refers to supervisors giving good rating to employees though the employee's performance is "not good" (Tziner and Kopelman 2002). Leniency error normally takes place when supervisors do not wish to "spoil their future working relationship with employees and hence give them good ratings" (Jawahar and Williams 1997; Tziner and Kopelman 2002). The findings from this study showed that 70.4% of civil servants mentioned that supervisors give good rating (leniency error) to their subordinates because they do not want to "spoil their future working relationship" with them (Tziner and Kopelman 2002). The overall idea behind the NPM reforms is to ensure that employees are given correct ratings on their performance appraisal so that they are able to use it as an improvement tool. Being lenient while giving ratings to employees is a drawback to productivity improvements in the public service (Christensen and Lægreid 2001; Greenpedersen 2002). The objective of NPM reforms in the small island developing countries will not

be realized if supervisors distort the performance appraisal ratings by giving employees too lenient feedback (Aucoin 1990; Radnor and McGuire 2004). According to one of the employees:

> . . .Supervisors should always be giving the rating to the employees that they deserve otherwise there is no use of a performance appraisal exercise . . .

### Perception of the Horn Effect

The fourth common rater error is the horn effect. Horn effect is when supervisors give "bad" rating to employees though the employee's performance is "good" (Lefkowitz 2000). "Horn" effect is the opposite of "halo" effect. The findings from this study found that 73.2% of civil servants mentioned that supervisors "sometimes" give bad rating to their subordinates even when their performance is good (horn effect). According to one of the civil servants:

> . . .I have always perceived that some supervisors see the performance appraisal exercise as a cumbersome task that only involves filling the performance appraisal forms. There are some supervisors who give us poor rating because they feel that if they give us higher ratings, we will not try to improve our performance. However, there are supervisors who give lower ratings to employees because they are jealous of them. . .

Jealousy, insecurity, and greed are some of the constraints that restrict the implementation of an error-free performance appraisal system. These constraints will reduce employee motivation and productivity at the workplace. The NPM reforms are directed toward enhancing employee motivation and productivity so that employees can continually improve their performance to delight the public (Cappelli and Conyon 2018). In Fiji, since job mobility in the labor market is limited, supervisors do have the fear that good employees may replace them in the future. Another reason is that some supervisors want to create the impression that they are in power and are not willing to give good ratings even if employee's actual performance is very good (Tziner and Kopelman 2002).

## Perception of the Ratee Expectations

This section presents the results on "ratee expectations" from the performance appraisal system in Fiji.

**Perception on participation/consultation**: The performance appraisal system that has the most impact on the ratees, therefore, should be involved in all the stages of the performance appraisal system. The findings from this study showed that 28.6% of the respondents were "sometimes" consulted on the performance appraisal system. According to Armstrong (2003) and Mensah and Seidu (2012), the performance appraisal system is transparent if employees are involved in the formulation and implementation of the performance appraisal system. According to one of the civil servants:

> . . .When we are involved in the performance appraisal system from the starting, we get a sense of feeling that the ministries recognize and value our importance and contribution to the organization. This is not the case here at all. We are only involved when the performance appraisal system is implemented. . .

O'Donnell et al. (2011) argued that the New Public Management reforms were implemented to enhance employee participation and consultation in the decision-making process. Countries that do not consult or involve employees in the decision-making process are not following the key objectives of the NPM reforms.

**Perceptions on feedback**: The findings from this study showed that 25% of the civil servants mentioned that their supervisors never gave them any feedback in order to improve their performance, and another 42.9% of the respondents mentioned that they got the feedback during the final annual rating period. According to Mullins (2005) and Posthuma and Campion (2008), feedback should be provided to employees after every quarter as this ensures that employees are continuously improving their performance. According to one of the civil servants:

> . . .The whole idea about the performance appraisal system is to improve employee's performance and when feedback is not provided in a timely manner, it is difficult to improve employee's performance. We get little or no feedback on our performance from our supervisor's. Our supervisors do not have meetings with us to discuss their performance on regular intervals. . . .

One of the basic premises of the NPM reforms is to provide feedback to the employees in a

timely manner. The whole idea of reengineering the public sector processes is defeated if timely feedback is not provided. Without feedback there will be no improvements (Hood 1991; Dunleavy et al. 2006).

**Perception of staff development**: The findings from this study showed that 46.4% of the respondents mentioned that the performance appraisal system is hardly linked to staff development. Mensah and Seidu (2012) emphasized that performance appraisal system should be used as a tool to guide the training programs that are needed by the employees in the public sector. According to one of the civil servants:

> . . .When an employee is given poor rating, the supervisors should be able to determine the types of training programs that is needed for the employee. One of the important factors in this situation is the ability of the supervisors to retrieve correct information from the performance appraisal system. If there are problems in the appraisal, it is difficult for them to retrieve correct information on training and development of employees . . .

The NPM reforms are centered on training and developing staff as they are the key resources that are used to deliver public services. Civil servants are only able to perform better and improve public service delivery if their performance appraisal is linked to staff development (Andrews and Van de Walle 2013).

**Perception of objectivity/fairness**: The findings from this study showed that 39.3% of the civil servants mentioned that the performance appraisal system in Fiji's public sector is "never objective," and another 19.6% of the respondents mentioned that it is sometimes "fair." According to one of the civil servants:

> . . .I am not really interested in the performance appraisal system because I feel that is not fair on me. My supervisor has been trying to bully me by giving poor ratings on my performance appraisal. As a result of this, I have lost interest in the performance appraisal system . . .

As argued by Pettijohn et al. (2001) and Roberts (2003), the government officials involved in the formulation and implementation of the performance appraisal system should ensure that the performance appraisal system is fair by being transparent and effectively communicating to the employees on the objectives of the performance appraisal system. The NPM reforms emphasize on fairness and equity in the delivery of public services. Performance appraisal system is part of the provision of public services to improve the public service delivery. If this performance measurement and improvement tool is not fair, it will be extremely difficult to improve employee's performance (Bryson et al. 2014).

**Perception on financial rewards and promotion**: The findings from this study showed that 25.0% of the civil servants mentioned that the performance appraisal system in Fiji's public sector is not linked to financial rewards and promotion, and another 17.9% of the respondents mentioned that the performance appraisal system is "sometimes" linked to financial rewards and promotion. According to one of the civil servants:

> . . .I think that the whole performance appraisal exercise is a waste of time. I think that it is a form filling exercise rather than an exercise to appraise our performance. I do not think that we are ready to improve our performance if the government does not provide us with incentives. . .

According to Posthuma and Campion (2008) and Levy and Williams (2004), performance appraisal system will only lead to improvement in employee performance if it is linked to organizational performance. Moon (2000) highlighted that the NPM emphasizes on the performance-based pay, and when pay is not linked to performance, it is difficult to enhance employee's performance. Parallel to the findings of Moon (2000), this study also emphasized that employees are demotivated when pay is not linked to performance via the performance appraisal system.

## Practical Implications of This Paper

There are two important practical implications of this paper. Firstly, it is essential for the policy makers to realize that performance appraisal is not an exercise, whereby employees are required to fill the paperwork. It is a rigorous exercise that involves assessing employee's performance and making recommendations for improving employee's performance. If the performance

appraisal system is not tied to rewards, it is difficult to improve employee's performance. It is essential for the government to tie the performance appraisal system to the rewards in order to ensure that the objectives of NPM reforms could be effectively achieved. Secondly, the government should ensure that feedback is continually provided to the employees and employees use these feedbacks to improve their performance. If the outputs from the performance appraisal system are not effectively used, then the whole performance appraisal system becomes a worthless exercise.

## Theoretical Implications of This Paper

There are two important theoretical implications of this paper. Firstly, this study contributes to the literature on NPM reforms and emphasizes primarily on the performance appraisal system reforms in the public sector. The NPM-driven reforms in the small island developing countries were mainly to improve the efficiency and effectiveness of the public sector. This study emphasized that NPM-driven reforms may not be effective if it is not planned and executed well. Secondly, this study confirms to the idea that donor agencies do need to provide human capital support in order to ensure that NPM-driven reforms are successful in Fiji. This study supports existing studies that have already proved that NPM-driven reforms are not successful in the context of Fiji.

## Conclusion

The main aim of this paper was to examine the prevalence of biases and errors in the new performance appraisal system implemented in the public sector of the Fiji Islands. The findings from this study showed that the current performance appraisal system is better than the previous one, but there are still major evidences of biases and errors in the new performance appraisal system. This study also confirms the findings from existing studies that NPM-driven reforms are ineffective in the case of the small island developing countries and large developing countries. These reforms are implemented to please the donor agencies, but the objectives of these reforms have hardly been realized. One of the limitations of this study is that it is conducted in one small island developing country. Similar studies should be conducted on other small island developing countries, and the findings should be compared across the geographical regions.

## Cross-References

► Managerial Performance Appraisal

## References

Aguinis H, Joo H, Gottfredson RK (2011) Why we hate performance management – and why we should love it. Bus Horiz 54(6):503–507

Andrews R, Van de Walle S (2013) New public management and citizens' perceptions of local service efficiency, responsiveness, equity and effectiveness. Public Manag Rev 15(5):762–783

Antonioni D, Park H (2001) The relationship between rater affect and three sources of 360-degree feedback ratings. J Manag 27(4):479–495

Armstrong M (2003) A handbook of human resource management practice. Kogan Page, London

Aucoin P (1990) Administrative reform in public management: paradigms, principles, paradoxes and pendulums. Governance 3(2):115–137

Baruch Y, Sayce S, Gregoriou A (2014) Retirement in a global labour market: a call for abolishing the fixed retirement age. Pers Rev 43(3):464–482

Bednall TC, Sanders K, Runhaar P (2014) Stimulating informal learning activities through perceptions of performance appraisal quality and human resource management system strength: a two-wave study. Acad Manag Learn Educ 13(1):45–61

Bernadin HJ, Cooke DK, Villanova P (2000) Conscientiousness and agreeableness as predictors of rating leniency. J Appl Psychol 85(2):232–239

Bohlander G, Snell S (2004) Managing human resources. South-Western, Mason

Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. Public Adm Rev 74(4):445–456

Campbell DJ, Campbell KM, Chia HB (1998) Merit pay, performance appraisal, and individual motivation: an analysis and alternative. Hum Resour Manag 37(2):131–146

Cappelli P, Conyon MJ (2018) What do performance appraisals do? ILR Rev 71(1):88–116
Christensen T, Lægreid P (2001) New public management: the effects of contractualism and devolution on political control. Public Manag Rev 3(1):73–94
Corbett B, Kenny B (2001) Appraisal and learning in a government agency. Learn Organ 8(1):21–35
Daniels AC (1989) Performance management: Improving quality productivity through positive reinforcement. Performance Management Publications, Tucker
Dessler G (2011) Human resource management. Prentice Hall, New Jessey
Diefenbach T (2009) New public management in public sector organizations: the dark sides of managerialistic 'enlightenment'. Public Adm 87(4):892–909
Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16(3):467–494
Forgas JP, George JM (2001) Affective influences on judgments and behaviour in organisations: an information processing perspective. Organ Behav Hum Decis Process 86(1):3–34
Frink DD, Ferris GR (1998) Accountability, impression management and goal-setting in the performance evaluation process. Hum Relat 51(10):1259–1283
Furnham A, Stringfield P (2001) Gender differences in rating reports: female managers are harsher raters, particularly of males. J Manag Psychol 16(4):281–288
Goss W (2001) Managing for results – appraisal and rewards. J Public Adm 60(1):3–9
Green-pedersen C (2002) New public management reforms of the Danish and Swedish welfare states: the role of different social democratic responses. Governance 15(2):271–294
Grote RC (2002) The performance appraisal question and answer book: a survival guide for managers. American Management Association, New York
Gurbuz S, Dikmenli O (2007) Performance appraisal in public organizations: an empirical study. Mag Manag Pract 13(1):108–138
Hennessey HW, Bernadin HJ (2003) The relationship between performance appraisal criterion specificity and statistical evidence of discrimination. Hum Resour Manag 42(2):143–158
Hood C (1989) Public administration and public policy: intellectual challenges for the 1990s. Aust J Public Adm 48(4):346–358
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19
Jawahar IM, Williams CR (1997) Where all the children are above average: the performance appraisal purpose effect. Pers Psychol 50(4):905–925
Johnson DE, Erez A, Kiker DS, Motowidlo SJ (2002) Liking and attributions of motives and mediators of the relationships between individuals' reputations, helpful behaviour and raters' reward decisions. J Appl Psychol 87(4):808–815
Kaboolian L (1998) The new public management: challenging the boundaries of the management vs. administration debate. Public Adm Rev 58(3):189–193
Klimoski R, Inks L (1990) Accountability forces in performance appraisal. Organ Behav Hum Decis Process 45(2):194–208
Lane JE (2002) New public management: an introduction. Routledge, London
Lefkowitz SW (2000) The role interpersonal affective regard in supervisory performance ratings: a literature review and proposed causal model. J Occup Organ Psychol 73(1):67–85
Levy PE, Williams JR (2004) The social context of performance appraisal: a review and framework for the future. J Manag 30(6):881–905
Madison K, Daspit JJ, Turner K, Kellermanns FW (2018) Family firm human resource practices: investigating the effects of professionalization and bifurcation bias on performance. J Bus Res 84:327–336
Mani BG (2002) Performance appraisal systems, productivity, and motivation: a case study. Public Pers Manag 31(2):141–159
Mensah FO, Seidu PA (2012) 'Employees' perception of performance appraisal system: a case study. Int J Bus Manag 7(2):14–25
Mero NP, Motowidlo SJ, Anna AL (2003) Effects of accountability on rating behaviour and rating accuracy. J Soc Psychol 33(12):2493–2514
Moon MJ (2000) Organizational commitment revisited in new public management: motivation, organizational culture, sector, and managerial level. Public Perform Manag Rev 24:177–194
Mullins LJ (2005) Management and organisational behaviour. Prentice Hall, London
Naidu S (2018) New public management, corruption, information computer technology, and budget deficit: Fiji, Jamaica, and Mauritius. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Naidu S, Chand A (2014a) A comparative analysis of best human resource management practices in the hotel sector of Samoa and Tonga. Pers Rev 43(5):798–815
Naidu S, Chand A (2014b) Cultural ideologies of managing human resources versus western ideologies of managing human resources in Samoa. Int J Bus Glob 13(1):58–68
Naidu S, Pathak RD, Chand A (2014) Towards a double triangle model of socially desirable HRM practices and firm performance in small-island developing states. In: Corporate social responsibility and human resource management: a diversity perspective. Edward Elgar, Cheltenham, pp 192–211
O'Donnell M, O'Brien J, Junor A (2011) New public management and employment relations in the public services of Australia and New Zealand. Int J Hum Resour Manag 22(11):2367–2383
Pedrini G (2016) Varieties of capitalism in Europe: an inter-temporal comparison of HR policies. Pers Rev 45(3):480–504
Pettijohn CE, Pettijohn LS, Taylor AJ, Keillor BD (2001) Are performance appraisals a bureaucratic exercise or can they be used to enhance sales-force

satisfaction and commitment? Psychol Mark 18(4):337–364
Pollitt C (1993) Managerialism and the public services, 2nd edn. Blackwell Oxford, Oxford
Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, Oxford
Posthuma RA, Campion MA (2008) Twenty best practices for just employee performance review. Compens Benefits Rev 40(1):47–55
Radnor Z, McGuire M (2004) Performance management in the public sector: fact or fiction? Int J Product Perform Manag 53(3):245–260
Rego A, Marques C, Leal S, Sousa F, Pina e Cunha M (2010) Psychological capital and performance of Portuguese civil servants: exploring neutralizers in the context of an appraisal system. Int J Hum Resour Manag 21(9):1531–1552
Roberts GE (2003) Employee appraisal system participation: a technique that works. Public Pers Manag 32(1):89
Roberts GE, Reed T (1996) Performance appraisal participation, goal-setting and feedback: the influence of supervisory style. Rev Public Pers Adm 16(4):29–60
Scholtes PR (1993) Total quality or performance appraisal: choose one. Natl Product Rev 12(3):349–363
Shore TH, Tashchian A (2002) Accountability forces in performance appraisal: effects of self-appraisal information, normative information, and task performance. J Bus Psychol 17(2):261–274
Slater H (1998) Concepts of private sector management for public administrators, Unpublished report to ADB
Struthers CW, Weiner B, Allred K (1998) Effects of causal attributions on personnel decisions: a social motivation perspective. Basic Appl Soc Psychol 20(2):155–166
Thurston PW Jr, McNall L (2010) Justice perceptions of performance appraisal practices. J Manag Psychol 25(3):201–228
Tziner A, Kopelman RE (2002) Is there a preferred performance rating format? A non-psychometric perspective. Appl Psychol 51(3):479–503
Varma A, Stroh LK (2001) The impact of same sex LMX dyads on performance evaluations. Hum Resour Manag 40(4):309–320

# New Public Management Reform in the Caribbean

Ann Marie Bissessar
Faculty of Social Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Executive authority; New administration

## Definition

New Public Management is defined as a new way of managing public sector organizations, a new conceptual and ideological framework based on market ideology, ideology of managerialism, etc. as opposed to traditional models of bureaucracy-led public management.

## Introduction

The literature on public sector reform or more specifically *New Public Management reform* in countries such as the United Kingdom, the United States, New Zealand, and Australia has generated a bewildering variety of approaches to the topic, with writers applying varying emphasis. Writers such as Perry and Kramer (1983) suggest that public management was a merger of the normative orientation of traditional public administration and the instrumental orientation of general management. Pollitt (1996) contended that it was an evolution of the old model of public administration. What was evident was that the new model had several interpretations. Some referred to it as "managerialism" (Pollitt 1990), some as "new public management" (Hood 1991), and some as "market-based public administration" and yet others "entrepreneurial government" (Osborne and Gaebler 1992). Increasingly, however, the conclusion was that this "new" mode of administration or management placed a heavy emphasis on organizational performance and the measurement of this performance in the public sectors of the various countries.

## Main Text

While New Public Management reforms were quickly adopted in the more liberal democracies, these "market-driven" reforms in the Caribbean countries were introduced in a few countries such as Jamaica, Trinidad and Tobago, and Barbados, while smaller countries such as Antigua, Grenada, and St Vincent applied some incremental if not ad hoc reforms. The application as well as the

N

success of these reform measures varied from country to country (in the case of the Caribbean) and to a large extent depended on the relationship that individual countries held with the International Monetary Fund and the World Bank. It was found that the more countries depended on these institutions for funding, the reforms that were introduced in these countries mimicked the New Public Management features that were initially introduced in Britain.

In examining the reasons for the differences in and between the islands of the Caribbean, perhaps the starting point will be to examine the factors that were largely responsible for the change from the model of Public Administration to New Public Management. Hood (1991) suggested that the introduction of New Public Management reforms, particularly in the case of the United Kingdom, was based on four mega trends, namely, the attempts to slow down or reverse government growth in terms of overt public spending and staff, the shift toward privatization and quasi-privatization and away from core government institutions with renewed emphasis on subsidiarity in service provision, the development of automation particularly in information technology, and the development of a more international agenda increasingly focused on general issues of public management, policy design, decision styles, and intergovernmental cooperation.

Farazmand (2004) while agreeing with Hood (1991) expands on these factors. He cites factors such as the declining domestic economies of the powerful industrialized countries of the north; the military and political pressures of the latter nations on the Third World countries; the fall of the USSR as an alternative world system power, the role of Western ideological propaganda, and the role of the United Nations' agencies such as the International Monetary Fund; the World Bank and the World Trade Organization; and rising citizen expectations and the availability of new, cheap labor force across gender and national groups worldwide (Kroner et al. 1987). In the case of the countries of the English-speaking Caribbean, it is clear that that while the mega trends raised by Hood (1991) were relevant, what pushed New Public Management reforms on the political agenda of the larger countries (Jamaica, Trinidad and Tobago, and Barbados) was primarily due to one of the factors cited by Farazmand (2004), namely, the insistence of the International Monetary Fund and the World Bank that before loans could be available to these countries they had to introduce comprehensive reform of their public sectors. Indeed, these institutions were appropriately defined by Krasner (1983) as "defining" regimes.

## Factors Leading to the Introduction of New Public Management

In the 1960s, many Third World countries, including the islands of the Caribbean, had an accumulation of foreign debt. Taken as a whole for Third World countries, this debt stood at US $18,000 million and within 10 years (1970s) had rocketed to US $75,000 million and at the beginning of the "oil crisis" reached US$112,000 million dollars. However, acute debt crisis requiring rescheduling arrangements remained comparatively rare until the mid-1970s. By 1973, with the quadrupling of the price of crude oil by the Organization of Petroleum Exporting Countries (OPEC), banks commenced funding governments by way of loans which were accompanied by variable interest rates. One estimate is that by the end of 1977, this deficit had amounted to US$57,000 million dollars and rose to US$155,000 million in 1982 (Krasner 1983).

## New Public Management Reform in Jamaica

Jamaica, one of the larger countries in the English-speaking Caribbean, was the first to approach the IMF in 1977. They entered into a 2-year standby agreement with this institution. One condition accompanying this loan arrangement with the IMF was that Jamaica should restructure its economy. By 1979 Jamaica broke off this agreement because of the seemingly austere measures. When a new party, the Jamaica Labour Party led by Edward Seaga assumed office in 1982, they approached the IMF and World Bank. The reform effort at first focused on the restructuring of the economy in areas of trade and exchange and

taxation. A number of deficiencies were identified in the public sector in the case of Jamaica. Challenges identified included the lack of capacity within the public sector as well as a weak and apathetic public service. The lack of proper control in the budget and major inadequacies in the cash management systems were also areas of concern. In 1983, the World Bank incorporated administrative reform as a central plank of the structural adjustment loan to Jamaica. The country entered into another structural adjustment loan during the periods 1984–1988. The reforms proposed in the case of Jamaica during this period could be subsumed under four major headings. The first aspect was to reduce the size of the public sector and reinforce the role of the private sector in the economy by sale or lease of assets and contracting out of services. The second proposal was to improve the financial performance and the service provided by certain key public enterprises. The third aspect was to strengthen the Public Enterprises Unit of the Ministry of Finance in order to improve its ability to monitor and evaluate the performance of the major parasternal bodies. Finally the establishment of a Standing Working Group to improve the preparation and monitoring of the Public Sector Programme was introduced.

Jamaica's reform efforts were introduced in a number of phases, and as Davis (2001) suggested, substantial reforms were introduced. The first plank of the reform agenda in the case of Jamaica involved a redefinition of the role of the state. The principles of the New Public Management doctrine were clearly enunciated with the decision being taken that the government should not involve itself in all activities of the state. The Government of Jamaica thus entered into a number of arrangements including privatization and quasi-privatization of its state-owned enterprises. The Government of Jamaica also introduced, similar to the organizations introduced in the case of Britain, executive agencies. Apart from breaking up the "monolithic units" of the state, the Government of Jamaica also redefined the role and functions of the public sector. By introducing parastatal organizations, it was quite clear that the government insisted that "managers should be free to manage." Private sector modes of operations were also introduced in the public sector. Greater reliance was placed on benchmaking, and there was a clear emphasis on competition and profits. In addition, there was a concerted attempt to introduce contract agreements in the different sectors including the health sector. Human resource management also replaced the older model of personnel administration, and compensation packages were re-negotiated among a number of other initiatives.

## New Public Management Reform in Trinidad and Tobago

In the case of Trinidad and Tobago, when a new administration assumed office in 1986, the new government announced to the general population that the treasury was "empty." The end result was that in 1988, the Government of Trinidad and Tobago approached the IMF and the World Bank. The structural adjustment conditions accompanying this loan was similar to that established in the case of Jamaica. The Government of Trinidad and Tobago however applied a number of measures in order to balance its economy. Among these measures was the introduction of voluntary separation plan, an early retirement scheme, and retrenchment of public officers in selected state agencies. In addition, the government reduced the salary of all public officers by 10%. It also froze annual incremental payments. The introduction of these measures was insufficient to bring expenditure of the state in line with its income. Like its neighbor Jamaica, it too embarked on privatization of some identified state-owned enterprises. However, the scale of this initiative was ad hoc and limited.

Like Jamaica, too, but on a much smaller scale, the Government of Trinidad and Tobago embraced the idea of executive agencies. The success stories accompanying this initiative are limited. Unlike the rigid adherence to the application and the introduction of reform measures by the Jamaican government, in the case of Trinidad and Tobago, reforms have been introduced in a rather ad hoc fashion. While there have been

concerted attempts to replace the personnel administration methods with human resource introductions to date, it appears merely to be a change of names rather than a change in the mode of operations. The major deficiency by the Government of Trinidad and Tobago was that they failed to address key issues including the drafting of new legislation and regulation, the inability to introduce new performance appraisal systems, and perhaps the lack of emphasis by the government to place sufficient emphasis on the reform of the public sector. In a comparison with the Jamaican case, it is evident that Jamaica adhered to Public Management Reforms since it continued to rely on the IMF and World Bank for funding. In the case of Trinidad and Tobago, however, as soon as this country experienced a windfall in the price of its primary commodity, oil, the emphasis on introducing New Public Management reforms was placed on the back burner, and increasing emphasis was placed on infrastructural developments.

### New Public Management Reform in Barbados

In the case of Barbados, like Trinidad and Tobago, New Public Management reforms were not well established as in the case of Jamaica. Barbados embarked on limited privatization of its state-owned enterprises and attempted to introduce human resource management practices in the public sector. Not surprisingly, like Trinidad and Tobago, Barbados is not as dependent as Jamaica on loans from the IMF and World Bank. To a large extent, then, the scale and scope of New Public Management reforms are not as comprehensive as it is in the case of Jamaica. The initiatives introduced by the Government of Barbados included program- and performance-based budgeting, pension reform, the improvement of the financial management information system, the computerization of the procurement systems, and accrual accounting. In other words, the Government of Barbados appears to have placed emphasis on its accounting and procurement system rather than wider New Public Management reforms.

## Conclusion

In evaluating the success of New Public Management reforms in the countries of Jamaica, Trinidad and Tobago and Barbados, it is evident that Jamaica introduced numerous aspects of the reforms and to a large extent mirrored those measures that were introduced in the more developed countries such as Britain, Canada, and the United States. In the case of both Trinidad and Tobago and Barbados, the attempts could be described as ad hoc. One possible explanation for the differences in the application of New Public Management reforms in these three countries was the extent of its involvement with the International Monetary Fund (IMF). To a large extent, the level of indebtedness that Jamaica had with the IMF meant that it was obliged to introduce the wide-sweeping reforms prescribed by this agency.

## Cross-References

► New Public Management

## References

Davis CE (2001) Cabinet Secretariat. Executive agencies in Jamaica: the story thus far and the central management mechanism. In: UWI/MIND conference on executive agencies in action, pp 4–5

Farazmand A (2004) Sound governance: policy and administrative innovations. Praeger, Westport

Hood C (1991) A public management for all seasons? Public Adm 69:3–19

Krasner SD (ed) (1983) International regimes. Cornell University Press, Ithaca

Kroner P, Maass G, Siebold T, Tetzlaff R (1987) The IMF and the debt crisis. Zed Books, London

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Perry J, Kramer K (eds) (1983) Public management: public and private perspectives. Mayfield, Palo Alto

Pollitt C (1990) Managerialism and the public services: the Anglo American experiences. Basil Blackwell, Oxford

Pollitt C (1996) Anti-statist reforms and new administrative directions: public administration in the United Kingdom. Public Adm Rev 56(1):81–87

# New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius

Suwastika Naidu
University of the South Pacific, Suva, Fiji Islands

## Synonyms

Budget deficit; Corruption; Information computer technology

## Definitions

**Budget deficit**: It is a sustainability indicator of an economy's sustainability.
**Corruption**: It refers the fraudulent and dishonest practice.
**New Public Management**: Reform model pioneered by the donor agencies to improve the public service delivery of the oversized and underperforming governments.

## Introduction

The budget deficit has long run impact on the economic growth rate. Globally, there are many economies that have gone bankrupt because their national government was not able to effectively manage their budget deficit (Guajardo et al. 2014). Corruption is not only a problematic issue in the large developed and developing countries, it is also an issue of concern to the small island developing countries. The contemporary global strive is to make our economies more efficient and effective by improving the performance of the public sector. The performance of the public sector is closely knitted to the performance of the private sector. The role of the public officials is to develop a conducive business environment that will help the private sector to bloom in the context of hyper competition and rapid technological changes. A notable debate in the existing literature emphasizes on the importance of improving the transparency and accountability of the public sector in order to improve the performance of the private sector. It is imperative to emphasize on the importance of improving the transparency and accountability of the public sector. Essentially, the public sector reforms were implemented globally to improve the transparency and accountability of the public sector.

Furthermore, it should be noted that the high level of budget deficits experienced by a number of countries around the world is one of the reasons for the New Public Management-driven reforms. The basic premise of the NPM-driven reforms is to break away from the traditional methods of managing the operations of the public service and implement new forms of managing the public sector (Hood 1991). In the last 15 years or so, significant changes have been noticed in countries like Australia and New Zealand to improve the performance of the public service. The whole idea of the NPM-driven reforms was to make the public sector more efficient by reducing the budget deficit, enhancing the use of the ICT and reducing corruption. This entry focuses on Fiji, Jamaica, and Mauritius for a number of reasons. Firstly, Fiji, Jamaica, and Mauritius are three small island developing countries; therefore, it is easier to compare findings across these three countries. Secondly, there are hardly any comparative studies undertaken on NPM, corruption, ICT use, and budget deficit in the small island developing countries. This study aims to share cross country experiences in order to understand the success and failure of reforms across different geographical regions.

This entry is organized as follows. Section "Overview of Corruption, ICT, and Budget Deficit" provides overview of corruption, ICT use, and budget deficit in Fiji, Jamaica and Mauritius. Section "Economics of Corruption, ICT Use, and Government Budget Constraint" presents the analytical framework outlining the economics of corruption, ICT use, and government budget constraint. Section "New Public Management

(NPM), Corruption, Information Computer Technology, and Budget Deficit" discusses the New Public Management (NPM), corruption, information computer technology, and budget deficit concerns associated with the small island developing countries. Section "Reasons for the Ineffectiveness of the NPM Reforms in Fiji, Jamaica, and Mauritius" presents the reasons for the failure of public sector reforms in the small island developing countries. Section "Policy Implications" provides a number of policy implications in this study; finally, section "Conclusions and Directions for Future Research" outlines the conclusions and future directions of the research.

## Overview of Corruption, ICT, and Budget Deficit

Fiji is one of the most developed countries in the Pacific Island Countries. The Fiji group comprises of two major islands. These two islands are Viti Levu and Vanua Levu (Fiji Bureau of Statistics 2011). The major land owning unit in Fiji are i-Taukeis (87.9%), followed by state (3.9%) and Rotuman's (0.3%). Fiji has a total population of 837,271 (Fiji Bureau of Statistics 2011). There are two major ethnic groups in Fiji; namely, i-Taukeis and Indo Fijians (Fiji Bureau of Statistics 2011). In 2011, Fiji recorded a growth rate of 2.7%. This growth rate increased to 3.8% in 2014 (World Bank 2015a). Fiji's increase in imports and poor performance of the export sector is one of the reasons for trade imbalance. Tourism and remittances are the two largest foreign exchange earners (Central Intelligence Agency 2015).

Jamaica is an island nation located in the Caribbean Sea. This island nation comprises 10,831 sq. km of land mass and 160 sq. km of sea (Government of Mauritius 2015). The majority ethnic groups in Jamaica are "blacks" comprising 92.1% of the total population followed by East Indian and minority groups that comprise 7.9% of the total population (Government of Mauritius 2015). As compared to Fiji and Mauritius, Jamaica has the lowest growth rate. The economic growth rate of Jamaica decreased from 1.7% in 2011 to 1.3% in 2013 (World Bank 2015a). Similar to Fiji, Jamaica's economy also relies heavily on the service sector. The service sector contributes more than 70% to Jamaica's GDP (Central Intelligence Agency 2015).

Mauritius is located in the Indian Ocean, around 2000 km from the African landmass (Lee et al. 2013). Similar to Fiji, Mauritius is a multicultural society. The island nation of Mauritius comprises of 2030 sq. km of land mass and 10 sq. km of sea. There are four key ethnic groups in Fiji. These four are Indo-Mauritian, Creole, Sino-Mauritian, and Franco-Mauritian. As of July 2015, the total population of Mauritius is estimated to be 1,339,827 (World Bank 2015b). Unlike Fiji, Mauritius has greater political stability. Mauritius continues to flourish even in the environment of business uncertainty. The economy of Mauritius has recorded positive growth rate. The growth rate of Mauritius decreased from 3.9% in 2011 to 3.6% in 2014 (World Bank 2015a). Economic inequality is staggering in Fiji and Jamaica but to a lesser extent in Mauritius. Mauritius's economy is reliant mostly on sugar, textiles and apparel, tourism, and other service sector (Central Intelligence Agency 2015).

### Corruption in Fiji, Jamaica, and Mauritius

According to the Transparency International (2013), Fiji generally ranks below the global average of its corruption indices. Statistics published by the Transparency International show that citizen's perception of corruption in Fiji are evenly distributed among citizens who believe corruption has increased in Fiji and citizens who believe corruption has decreased in Fiji (Transparency International 2013). Similar to Fiji, Jamaica is also ranked below the global average of its corruption indices. The illegal means of bribery has become a culture in many public sector organizations. Jamaica has a long history of the relationship between criminal gangs and public sector officials. Even though Jamaica has political democracy, there is history of electoral related unethical behavior that is used by parties in destructive competition (Bogicevic 2012). As compared to Fiji and Jamaica, Mauritius has relatively low levels of corruption. In the recent decade, the government of Mauritius has placed

more emphasis on reducing corruption. According to the Transparency International (2014), 3.9% firms in Mauritius have encountered bribery demands of public sector officials whereas the Sub-Saharan average is 22.9%.

Figure 1 shows that Fiji's corruption index has increased from 70 in 1995 to 80 in 2014. Corruption index further declined from 80 in 2014 to 77.7 in 2015. Jamaica's corruption index increased from 50 in 1995 to 62 in 2015. The corruption index for Mauritius decreases from 50 in 1999 to 48 in 2015.

### Internet Use in Fiji, Jamaica, and Mauritius

Fiji, Jamaica, and Mauritius resemble similar trends in internet technology use. Approximately half of the total population in Fiji, Jamaica, and Mauritius are using internet services. There are many reasons why people use internet in these three countries. Some of the reasons are leisure, travel, e-government services, and educational purposes (Global Investment Centre 2015). In Fiji, the internet is mainly accessible to people living in urban areas and accessibility of internet in rural areas is constraint by the high cost of internet use and poor network availability (Global Investment Centre 2015). In the Jamaican context, the government has invested in ICT expansion, as a large proportion of the population are in the 10–29 year age group and these youngsters are more likely to use the internet (Kelly 2007). According to Dirooven (2013), internet subscriptions in Mauritius have drastically increased to 568,700 of the total population. Prices on the internet have also decreased in Mauritius (Kelly 2007).

Figure 2 shows that internet use in Fiji as percentage of the total population increased from 1.50% in 2000 to 41.80% in 2014. Internet use in Jamaica has increased from 3.12% in 2000 to 40.50% in 2014. Internet use in Mauritius increased from 7.28% in 2000 to 41.44% in 2014.

### Budget Deficit of Fiji, Jamaica, and Mauritius

As compared to Mauritius, the budget deficit of Fiji and Jamaica has been highly volatile with sharp increase and decrease in the budget deficit in every 2–4 year period. In 2015, the government of Fiji is projecting a higher budget deficit of around 2.5% of GDP (Asian Development Bank 2015). In comparison to Fiji and Mauritius, the budget deficit of Jamaica is much higher. The budget deficit of Jamaica decreased from 10.6% of GDP in 2009 to 6% of GDP in 2011 (Johnston and Montecino 2013). In the recent decade, the



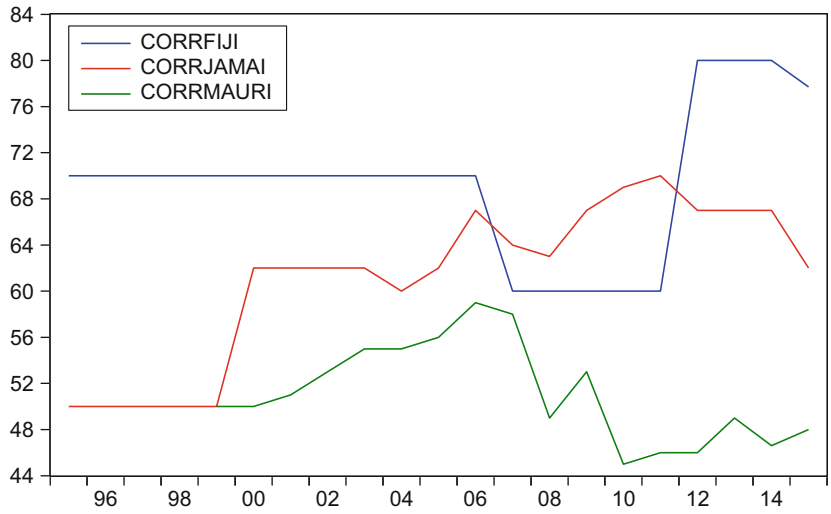


**New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius, Fig. 1** Corruption Index for Fiji, Jamaica, and Mauritius. (Source: The Heritage Foundation in Partnership with the Wall Street Journal (2015))

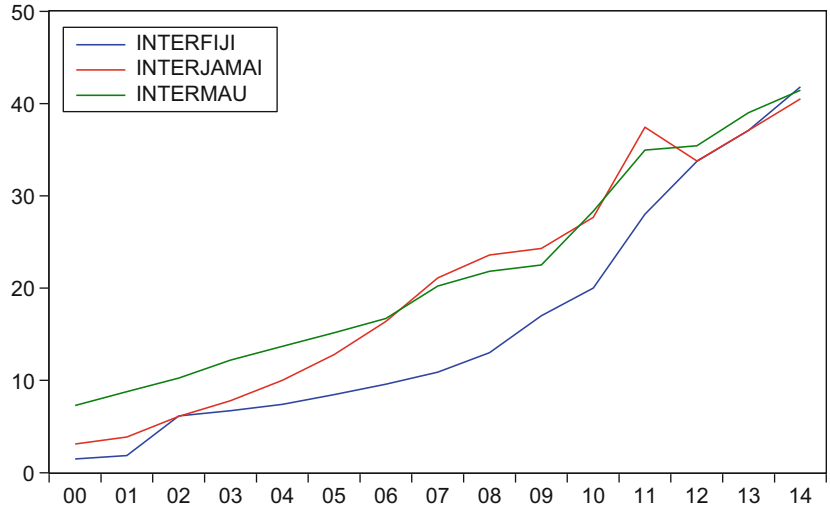


**New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius, Fig. 2** Percentage of individuals using internet in Fiji, Jamaica, and Mauritius. (Source: International Telecommunications Union (2015))

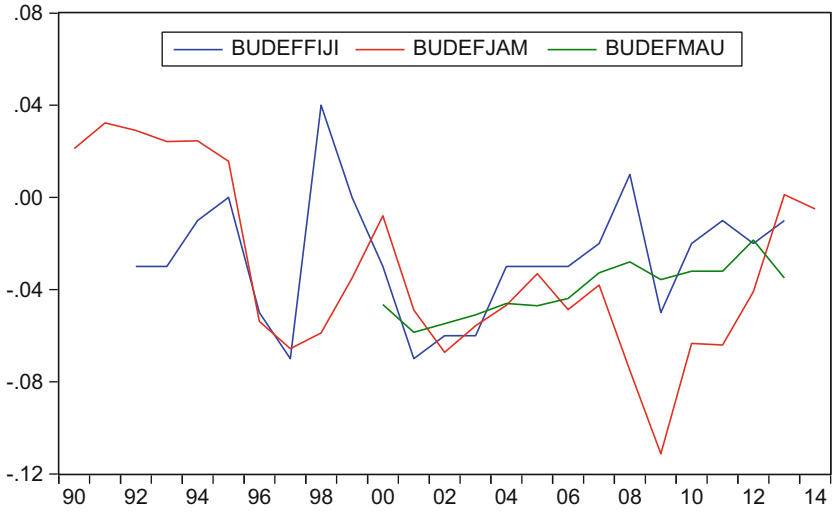


**New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius, Fig. 3** Budget deficit as percentage of GDP in Fiji, Jamaica, and Mauritius. (Source: World Bank (2015a) database, Asian Development Bank (2015) database, http://countryeconomy.com/, PricewaterhouseCoopers (2013))

government of Mauritius has been emphasizing on economic stability while announcing its budget. During last year's budget announcement, it was projected that the economic growth rate of Mauritius will be around 4% and budget deficit around 3.2% of GDP (KPMG 2013).

Figure 3 shows that the budget deficit of Fiji as percentage of GDP declined from 2.6% in 2013 to 1.9% in 2014. The budget deficit of Jamaica decreased from 5.9% of GDP in 2011 to 4% in 2012. The budget deficit of Mauritius decreased from 1.1% in 2011 to 0.6% in 2012.

## Economics of Corruption, ICT Use, and Government Budget Constraint

This study uses the Constant Elasticity of Substitution (CES) production function polarized by Devarajan et al. (1996), Ghosh and Gregoriou (2008), and Beladi and Oladi (2015) in order to explain the impact of corruption and ICT use on budget deficit. Assuming that there are two forms of government spending and integrating this with the CES production function, Eq. 1 is derived (Ghosh and Gregoriou 2008):

$$\varphi = \left(\omega k^{-\tau} + \delta g_1^{-\tau} + \theta g_2^{-\tau}\right)^{-1/\tau} \quad (1)$$

In Eq. 1, $\varphi$ is output, k is privately owned capital, $g_1$ is government expenditure one, and $g_2$ is government expenditure two. In Eq. 1, the following conditions need to be satisfied. First, ω should be greater than 0. Second, δ should be bigger than or equal to 0. Third, θ should be bigger than or equal to 0. Fourth, ω, δ, and θ should add to one. Fifth, τ should be bigger than or equal to −1. The function of government budget constraint is given in Eq. 2 (Ghosh and Gregoriou 2008):

$$\gamma = \mathrm{f}\ (\mathrm{G}, \mathrm{S}) \quad (2)$$

In Eq. 2, G is government expenditure that is divided into $g_1$ and $g_2$. Further, S is budget surplus or deficit and γ is government revenue. The share of the tax revenue that will be allotted to $g_1$ and $g_2$ is given by Eqs. 3 and 4 (Ghosh and Gregoriou 2008):

$$g_1 = \pi\gamma \quad (3)$$

$$g_2 = \beta\gamma \quad (4)$$

where $\pi + \beta = 1$.

The government's budget constraint expanded from Eq. 2 is given below:

$$g_1 + g_2 = \gamma \quad (5)$$

Following the studies conducted by Arin et al. (2011), Eq. 5 is modified in order to capture the effect of corruption on $g_1$ and $g_2$. There are two important issues that need to be considered when examining the relationship between corruption, ICT use, and budget deficit. First, corruption brings inefficiency in government spending as corruption causes leakage in the fiscal policy transmission mechanism. (Leakage is caused by the corrupt officials.) For instance, if government has allocated US$1,000,000 for government spending in the coming period and 10% of this is siphoned by corrupt government officials, then the actual government spending on the economy will be US$900,000 (Delavallade 2006). Second, with the use of ICT, corruption level can be effectively monitored and reduced. ICT use brings transparency, accountability, and reliability in delivery of public sector services (Proskuryakova et al. 2013). These two issues are captured in Eq. 6:

$$\frac{\partial g_1 + \partial g_2}{c} = \gamma \quad (6)$$

In Eq. 6, $\partial$ represents information computer technology and c represents corruption. The impact of corruption and ICT use on budget constraint line is shown in Fig. 4. It also shows that the leakage from government spending will reduce government spending but with the increased level of ICT use, the budget constraint line will adjust to its original level.

### Oligarchs Utility Function and Budget Constraint Line

Parallel to the arguments of Beladi and Oladi (2015), this project assumes that the economic system of a country is corrupted by unethical agents called "oligarchs." The utility function for oligarchs is given as follows:

$$U = \int_0^\infty \frac{\forall^{1-\sigma} - 1}{1 - \sigma}\, e^{-\rho t}\, dt \quad (7)$$

In Eq. 7, ∀ is private consumption and ρ is time preference (ρ > 0). The oligarch's budget constraint is given by:

$$\emptyset = yc - \forall \quad (8)$$

In Eq. 8, ∅ is budget constraint for oligarch, y is income that increases by the amount of leakage from corruption, and ∀ is private consumption.

N

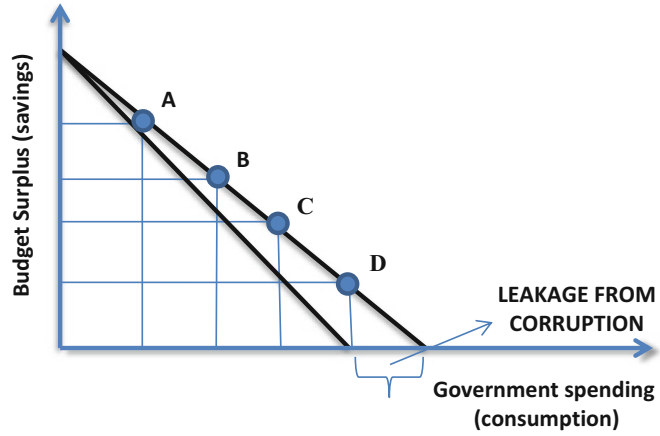


**New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius, Fig. 4** Corruption, ICT use, and budget constraint line. (Source: Created by the Author of this Project (2015) by using her own economic intuitions)

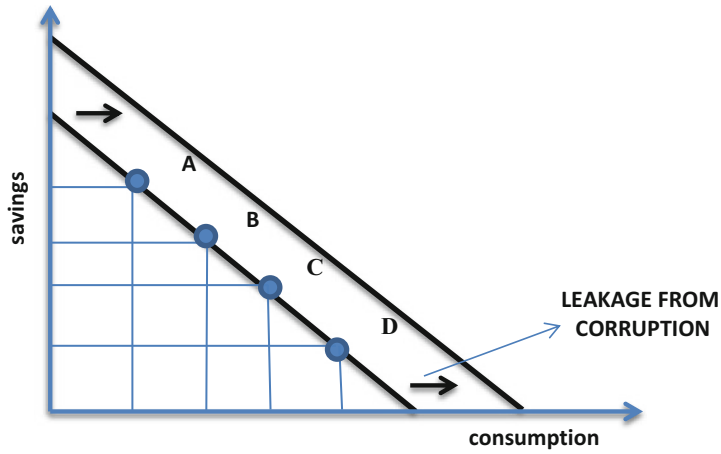


**New Public Management, Corruption, Information Computer Technology, and Budget Deficit: Fiji, Jamaica, and Mauritius, Fig. 5** Oligarchs utility function and budget constraint line. (Source: Created by the Author of this Project (2015) by using her own economic intuitions)

Fig. 5 shows that the unethical government official will be able to maximize his/her utility from the additional income he/she gets from corruption.

Drawing from the study conducted by Devarajan et al. (1996), the ratio of government spending to private capital derived from Eq. 1 is given below:

$$\frac{g}{k} = \left[\frac{c^{\tau} - \delta^{-\tau} - \theta\beta^{-\tau}}{\alpha}\right]^{1/\tau} \tag{9}$$

The endogenous budget deficit framework is given in Eq. 10 (Ghosh and Gregoriou 2008):

$$\vartheta = \frac{(\propto ?(1-c)\{\alpha c^{\tau}/[c^{\tau} - \delta^{-\tau} - \theta\beta^{-\tau}]\}^{-(1+\tau)/\tau} - p}{\sigma} \tag{10}$$

This section has developed the endogenous budget deficit framework that is linked to government spending, corruption, ICT use, and budget deficit. The impact of corruption and ICT use is clearly related to budget deficit. There are crucial implications on budget deficit as ICT use and corruption level fluctuates.

## New Public Management (NPM), Corruption, Information Computer Technology, and Budget Deficit

Effective financial resource management has always been the center stage of the NPM-driven reforms. The traditional model of public management has numerous loopholes that have resulted in ineffective budgeting, human

resource management practices, and public sector service delivery management (Devarajan et al. 1996; Delavallade 2006). When ineffectiveness constraints the growth of the public sector, it is natural that wastage of resources, low levels of employee productivity, and morale will become a major constraint to public service delivery. According to Bogicevic (2012) and Lukea Bhiwajee and Garavan (2016), when ineffectiveness constraints the growth of the public sector, the budget deficit and corruption are likely to increase. By early 1990s, the World Bank and International Monetary Fund who are the donor agencies of the small island developing countries enforced the need to reform the public sector in order to qualify to receive the financial resources for public sector management (Lukea Bhiwajee and Garavan 2016). Many small island developing countries are pressured to reform their public service delivery in order to secure funds from the IMF for the public expenditure (Lukea Bhiwajee and Garavan 2016). A common phenomenon in both large and small island developing countries is that governments usually spend more than their internal available financial resources. To address their budget deficit, they have to take loans with interest. The high level of interest payments, coupled with issues related to corruption, inefficiency, lack of employee morale, and productivity leads to accumulation of the budget deficit (Devarajan et al. 1996; Delavallade 2006). Fiji, Jamaica, and Mauritius together with other large developed, developing, and small island developing countries are affected by the new conditionality's of the IMF and World Bank (Bogicevic 2012).

There were a number of factors that constrained the ability of the small island developing countries to maximize the utility of funds received from the donor agencies (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012). Firstly, high levels of corruption in countries like Fiji and Jamaica inhibited the effective utilization of the donor agency funds. Most of the funds disbursed to the small island developing countries were for improving the transparency and accountability of the public sector, human resource development, effective financial management, and process reengineering. The high level of corruption restricted the maximum use of the donor agency funds for reducing the budget deficit of the public sector. For instance, Fiji had scored highest as compared to Mauritius and Jamaica on the Corruption Index. In order for Fiji to qualify for the disbursement of the donor agency funds, it will have to reform its public service delivery. Secondly, the high levels of budget deficit have become a growing concern not only for the small island developing countries, but also for large developed and developing countries as well. The Asian Financial Crisis, Latin American Debt Crisis, and the Global Financial Crisis showed how vulnerable the largest developed and developing countries have become as a result of accumulating large amounts of public debt (Lukea Bhiwajee and Garavan 2016). It has been noticed that most governments has been spending far more than they should be spending and resultantly both the future and the current generation is troubled with the accumulating debt. The current generation is less troubled with this accumulating debt as compared to the future generating because the longer it takes for the government to pay for the debt, the higher the interest rate and debt accumulation. As compared to the three countries, the budget deficit of Fiji is the highest followed by Mauritius and Jamaica. The public sector reforms in these three countries are indicative of the following issues (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012; Lukea Bhiwajee and Garavan 2016):

- The high level of the budget deficit and corruption levels in countries like Fiji and Jamaica can become a very serious problem if no action is taken.
- The big size of the government is a serious concern in the small island developing countries. There are few small island developing countries where the government is the major employers of more than 60% of the population. The small island developing countries are interdependent because the government is not promoting the growth of private sector activities in order to engage the population in

research and development activities. It is important for the government officials in the small island developing countries to realize that the role of the government is to provide employment and reduce unemployment rate. The role of the government is not to provide employment to the majority of the citizens in the government departments in order to reduce the employment rate.

Essentially, it is important for the government officials in the Fiji, Jamaica, and Mauritius to realize that the role of the NPM-driven reforms is to achieve a perfect balance between the economic and social development. Fiji, Jamaica, and Mauritius are open economies; therefore, it should be noted that the structural adjustments will be ineffective until it is supported by the public policy. There are a number of reasons for the ineffectiveness of NPM reforms in countries like Fiji, Jamaica, and Mauritius (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012; Lukea Bhiwajee and Garavan 2016). Firstly, the governments has always given importance to the social policy over fiscal policy contraction. The overall idea of the NPM model is to improve the efficiency of the public sector so that the public sector is able to create a worthwhile business environment for the private sector (Lukea Bhiwajee and Garavan 2016). This will have a multiplier effect on the private sector because as the efficiency of the private sector improves, there will be more room for entrepreneurship, new business start-up, etc. This will generate employment opportunities for the citizens of the countries. Secondly, the small island developing countries are still in the process of slowly adopting digital technology. Digitalizing the government processes is a way to improve the accountability and transparency of the government system (Lukea Bhiwajee and Garavan 2016). It is very difficult for citizens to use digital technology in order to use the government services in the small island developing countries. Fiji and Jamaica are still struggling with issues of lack of trust on the e-government website, and poor internet infrastructure.

Moreover, achieving the best fit between the NPM reforms, social policy, and fiscal consolidation would require a good knowledge of intellectual foundations, the specific types of fiscal assistance needed, and the best way to reduce public expenditure in order to reduce public debt. The NPM model specifically emphasizes on "achieving value for money" (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012; Lukea Bhiwajee and Garavan 2016). The political ideologies of the public sector, government influences how and what they see in value for money. For instance, for a right wing government, the value for money is achieved by investing in the private sector, while for the left wing government the value for money is achieved by investing in the social assistance program. Before the 1980s, the public sector of Fiji, Jamaica, and Mauritius has always emphasized on red tapism, bureaucracy, and rules-driven approach. However, under the NPM model, the public sector of Fiji, Jamaica, and Mauritius is required to be (Lukea Bhiwajee and Garavan 2016):

- Results orientated with specific emphasis on quality of service, efficiency and effectiveness
- An approach for providing feedback to clients
- A strong emphasis on clients
- Flexibility and cost effectiveness of public provision
- Transparency and accountability while establishing the public sector processes

## Reasons for the Ineffectiveness of the NPM Reforms in Fiji, Jamaica, and Mauritius

There are a number of reasons for the ineffectiveness of the NPM reforms in the small island developing countries, such as, Fiji, Jamaica, and Mauritius (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012; Lukea Bhiwajee and Garavan 2016). Firstly, NPM was treated as a universal approach of implementing reforms globally. The socioeconomic context of the small island developing countries is different and this is one of the main reasons for the failure of NPM

reforms in reducing corruption and the budget deficit as it was expected when this model was implemented. The NPM-driven reforms in the case of Fiji, Jamaica, and Mauritius should have been designed to suit the unique public sector problems that are faced by the public sector of these three small island developing countries (Lukea Bhiwajee and Garavan 2016). Secondly, the public sector officials lack the skill and the required capacity to implement public sector reforms in the developing countries. In order to implement successful reforms, the public sector officials need to be well trained in the area of process re-engineering, public policy, etc. There is a major skill gap noticed in countries such as Fiji and Jamaica. Mauritius is not an exception to this case, but there still needs to be improvements in the area of human capacity development in the public sector of Mauritius (Lukea Bhiwajee and Garavan 2016). Thirdly, too much internal bureaucracy in countries like Fiji and Jamaica makes it difficult to implement NPM model.

## Policy Implications

There are a number of policy implications of this study. Firstly, the governments of the small island developing countries should realize that is no one fit reform model in the world. A global-driven reform by donor agencies may not be successful all the time as locally driven factors should be considered when implementing reforms. A number of national factors affect the effectiveness and success of reforms in the small island developing countries and some of these factors are as follows (Devarajan et al. 1996; Delavallade 2006; Bogicevic 2012; Lukea Bhiwajee and Garavan 2016):

- Economic factors
- Political factors
- Social factors

The abovementioned factors should be considered while reforming the public sector of the small island developing countries. Secondly, an unsuccessful reform strategy will further exacerbate the existing problems faced by the public sector of the small island developing countries. It is imperative for the government officials to determine the best reform model that has the drive, commitment, and abilities to provide a perfect fit between the public sector resources and the re-engineered processes proposed by the reform model.

## Conclusions and Directions for Future Research

The main aim of this entry was to determine how high levels of corruption faced by the small island developing countries can be a major deterrent to the budget deficit position of these countries. Countries like Fiji and Jamaica can learn from Mauritius on the importance of engaging information computer technology (ICT) in the public sector reform process. The NPM reform model, driven by the donor agencies, has received numerous criticisms in the existing literature. With the recognition of these issues, this book entry tries to emphasize how the small island developing countries can learn from this these models and propose models that would prove successful in their socio-economic context.



## References

Arin KP, Chmelarova V, Feess E, Wohlschlegel A (2011) Why are corrupt countries less successful in consolidating their budgets? J Public Econ 95(7):521–530

Asian Development Bank (2015) Fiji: Economy. Retrieved from http://www.adb.org/countries/fiji/economy

Beladi H, Oladi R (2015) On smart sanctions. Econ Lett 130:24–27

Bogicevic O (2012) Governance, politics and corruption: An inquiry in electoral corruption in Jamaica. Master Thesis in Development Studies, Lund University, Sweden. Retrieved from http://lup.lub.lu.se/luur/download?func=downloadFile&recordOId=2688636&fileOId=2796359

Bureau of Statistics (2011) Fiji facts and figures 2011. Fiji Islands Bureau of Statistics, Suva

Central Intelligence Agency (2015) Economy Overview. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/mp.html

Delavallade C (2006) Corruption and distribution of public spending in developing countries. J Econ Financ 30(2):222–239

Devarajan S, Swaroop V, Zhou HF (1996) The composition of public expenditure and economic growth. J Monet Econ 37(1):313–344

Dirooven V (2013) Overview of the ICT Sector and Software Industry in Mauritius. National Computer Board, Jamaica. Retrieved from http://www.ncb.mu/English/Documents/News/World%20IP%20Day%202013/session%201/Overview%20ICT%20Sector%202013.pdf

Ghosh S, Gregoriou A (2008) The composition of government spending and growth: is current or capital spending better? Oxf Econ Pap 60(1):484–516

Global Investment Centre (2015) Fiji: internet and E-commerce investment and business guide. International Business Publications, Washington, DC

Government of Mauritius (2015) Republic of Mauritius: Location. Retrieved from http://www.govmu.org/English/ExploreMauritius/Geography-People/Pages/GeographyPeople/Location.aspx

Guajardo J, Leigh D, Pescatori A (2014) Expansionary austerity? International evidence. J Eur Econ Assoc 12(4):949–968

Hood C (1991) A public management for all seasons?. Public Admin 69(1):3–19

Johnston J, Montecino JA (2013) Update on the Jamaican economy. Working paper series. Centre for Economic and Policy Research, Washington DC Retrieved from http://www.cepr.net/documents/publications/jamaica-2012-05.pdf

Kelly R (2007) Internet use among young people in the Kingston metropolitan area. Planning Institute of Jamaica working paper series, Kingston, Jamaica. Retrieved from http://pioj.gov.jm/Portals/0/Sustainable_Development/Internet%20use%20in%20the%20KMA.pdf

KPMG (2013) Mauritius Budget 2014. Retrieved from https://www.kpmg.com/Africa/en/IssuesAndInsights/Articles-Publications/Documents/KPMG%20Budget%20Highlights%202014.pdf

Lee S, Lim J, Lee H, Park C (2013) Food prices and population health in developing countries: An investigation of the effects of the food crisis using a panel data. ADB Economic working paper series no. 374, Manila, Philippines. Retrieved from http://www.adb.org/sites/default/files/publication/30389/ewp-374.pdf

Lukea Bhiwajee S, Garavan TN (2016) The empowering of public sector officers in the Mauritian public sector in the context of reforms: how far has management education helped? European Journal of Training and Development 40(4):262–283

PricewaterhouseCoopers (2013) Fiji National Budget Synopsis 2014. Retrieved from http://fijilive.com/archive/showpdf.php?pdf=237.pdf

Proskuryakova L, Abdrakhmanova G, Pitlik H (2013) Public sector e-innovations: E-government and its impact on corruption. Higher School of Economics research paper no. WP BRP, 4

Transparency International (2013) Anticorruption helpdesk: Providing on demand research to fight corruption. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/mp.html

Transparency International (2014) Anticorruption helpdesk: Overview of corruption in Mauritius. Retrieved from http://www.transparency.org/files/content/corruptionqas/Country_Profile_Mauritius_2014.pdf

World Bank (2015a) World Bank GDP Data for Fiji, Jamaica and Mauritius. Retrieved from http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG

World Bank (2015b) Overview: Political Context. Retrieved from http://www.worldbank.org/en/country/mauritius/overview

# New Public Management: Appropriateness, Preconditions, Challenges, and Opportunities in Developing Countries

Neale Slack[1], Jashwini Narayan[2], Gurmeet Singh[3] and Shavneet Sharma[4]

[1]Private Consultant Higher Education and Former, School of Management Fiji National University, Nasinu, Fiji

[2]School of Management & Public Administration, Faculty of Business and Economics, The University of the South Pacific (USP), Suva, Fiji

[3]Graduate School of Business, The University of the South Pacific, Suva, Fiji

[4]Unversity of the South Pacific, Suva, Fiji

## Synonyms

New Public Management; Public sector management; Reform

## Brief Definitions

| | |
|---|---|
| New Public Management | A set of management techniques and practices derived from private sector to improve public sector management and service delivery |
| Public sector reform | Capacity building, control of corruption, and political |

| | |
|---|---|
| | decentralization and devolution |
| Management decentralization | Providing line managers with greater managerial authority and responsibility. |

## Introduction

New Public Management (NPM) is a set of management practices that are designed to improve public sector management, is sourced from the private sector, and is arguably the most influential public-sector reform paradigm in the last 30 years (Pollitt and Bouckaert 2004). Since NPM reform was originally conceived for and applied in developed countries, it cannot be assumed NPM is universally applicable and suitable in achieving the desired results in developing countries (Minogue 2001).

Extant literature reports various preconditions, challenges, limitations, and unanticipated consequences of NPM when introduced in developing countries (Brinkerhoff and Brinkerhoff 2015). In most instances, prescriptive NPM reforms in developing countries have been counterproductive resulting in reform failure. While policymakers in donor agencies and governments have promoted the "one-size-fit-all" reform program, this is perceived as misleading considering the very different country environments. Not surprisingly then, authors like Gangte (2012) caution developing countries not to blindly follow developed countries' experiences since every country has its own unique context. Also, experts like Lapsley (2009) argue that considering the defective nature of NPM models, developing countries should be discouraged from importing NPM reforms.

## NPM

Faced with dynamic environmental changes, traditional public administration is increasingly criticized for: bloated government overconsuming resources, bureaucracy, inefficiency, corruption, lack of accountability, inflexibility, unclear separation of policy and administration, and disregard of citizen satisfaction. Such harsh criticisms, as well as the imposed prescription (by international donor and funding organizations) of NPM as a universal panacea for public service and civil society failures in developing countries, aided the rapid emergence of NPM in developing countries from the 1980s (Appana 2011).

However, NPM is merely a loose set of techniques; not a fixed package with a specific set of guidelines that should be followed precisely (Christensen and Laegreid 2016). It is rather an amalgamation of overlapping methods that could be adopted collectively or partially, in line with the particular needs and circumstances of each country. Debate is ongoing regarding the suitability of NPM reforms in principle, its universality, benefits, and disadvantages (Lapsley 2009).

## Take up of NPM by Developing Countries

Many developing countries have experimented with NPM reforms, employing NPM in parallel to traditional public administration organizational structures (Cheung 2011). However, the degree of take-up of NPM is difficult to discern, given there is no standard NPM model countries can adopt in totality. In addition, espoused take-up rates of countries vary according to the particular elements of the NPM menu adopted (Madimutsa and Pretorius 2017).

The most common and often the first stage of the public sector reform is the NPM initiative of privatization and downsizing. These initiatives are a typical part of economic adjustment programs (Brinkerhoff and Brinkerhoff 2015). Studies like that of Madimutsa and Pretorius (2017, pp. 288, 290) suggest "the public-sector workers in developing countries are more vulnerable to the effects of externally imposed NPM reforms, which include job cuts" particularly because of external financial aid which have such conditions attached. Workers as well as the public thus have no social or economic reprieve, leading to their

understandable resistance (Madimutsa and Pretorius 2017, pp. 291, 304).

Notwithstanding, a few developing countries have made serious attempts in experimenting with NPM initiatives, while others have been laggards. At best, its implementation can be described as patchy. Results relating to individual elements of the NPM menu in developing countries have been mixed and adversely affected by: the disparity between the demanding donor goals and reporting requirements, country capability, lack of political will, the degree of administrative difficulty, regulatory capacity, and other counter reform efforts (Brinkerhoff and Brinkerhoff 2015).

## Reforms that Run Counter to NPM

What is equally true is that other reforms do run counter to NPM (Christensen and Laegreid 2016). Whereas elimination or reduction of procedural controls over line-management is vital in a transition from accountability for inputs to results-based accountability, and a desired outcome of NPM reform, budgeting and financial control remain weak in most developing countries. While these functions are typically delegated to line agencies in such countries, these functions require strengthening, which usually result in centralization (Polidano 1999). What results are dichotomies because governments maintain a high degree of centralization in the public service; however, in parallel corporatize many functions to avoid the limitations of that centralization. What compounds these dichotomies in developing countries are the major aspects of public sector reform (capacity building, control of corruption, and political decentralization and devolution), that are totally unrelated to NPM, yet employed concurrently with NPM reform and can counter NPM (Polidano 1999). Peters (2017, pp. 608, 610) have questioned as well as "demonstrated that there are real challenges to introducing NPM in administrative systems that are not well institutionalized," which explains why NPM "continues to be challenged from a number of directions."

## Appropriateness of NPM for Developing Countries

Commentators question the appropriateness of NPM in developing countries. According to researchers like Lapsley (2009, p. 1), "NPM is often a cruel disappointment for governments." Foundational to the question of appropriateness of NPM is the acknowledgment that fundamental differences between countries and public sectors exists, and that these differences should be considered, understood, and ideally managed prior to the adoption of NPM. In short, developing countries have distinctive needs and limitations (Samaratunge and Hughes 2001). Governments may not be suitably equipped to adopt unfamiliar approaches, and the preconditions necessary for the reforms may also be absent (Gangte 2012).

Gangte (2012) cautions developing countries to not blindly follow developed countries' experiences, because every country has its own context and peculiarities. Researchers (Bale and Dale 1998; Samaratunge and Hughes 2001) argue that Western management models (like NPM) are unsuitable for developing countries as a result of the inherent differences in the operating environments of these countries. Minogue (2001) also contends that NPM models are flawed and should not be exported from developed to developing countries. Samaratunge and Hughes (2001) suggest that indigenous reform models which consider the specific country and its operating environment should be encouraged and could be more appropriate and effective.

## Preconditions Required for the Success of NPM in Developing Countries

Researchers (Bale and Dale 1998) argue that the preconditions for the public sector reforms of pioneers like New Zealand included a politically stable, neutral, competent, and rule-based civil service; well-developed private sector; minimum corruption; and sound legal practices for private contracts. Without the presence of a similar environment, "the applicability of these practices may be limited" (Bale and Dale 1998, p. 103). Other

researchers reinforce this argument and state that without having the basic requirements for reform in place, the cost of reform can outweigh the benefits (Pollitt and Bouckaert 2004).

It is difficult to determine whether NPM is totally irrelevant to developing countries, as some NPM approaches and techniques could be suitable for some developing countries. Singapore is a good example of the success of NPM in a developing country. Meanwhile, Bangladesh is an obvious case of failure resulting from the implementation of NPM in a country with unsuitable conditions. There are certain preconditions needed by developing countries prior to the application of NPM in order to obtain good and effective results. However, these preconditions alone are insufficient due to the existence of other important factors that have a powerful impact. While NPM offers an alternative to developing countries' failed bureaucratic model, it would be unwise to think NPM alone would be capable of overcoming the numerous problems of developing countries (Samaratunge and Hughes 2001).

## Other Factors Influencing Reform in Developing Countries

Developing countries experience some common challenges including instability, insecurity, poverty, governance crises, and dependence on developed countries. They also exhibit some common features including postcolonial countries, military interventions, fragile economies, and weak private sectors. These challenges and a number of other factors influence NPM reforms in developing countries (Bale and Dale 1998).

Additionally, the significance and impact of domestic politics ("bureaucracy") on public sector reform is acknowledged (Brinkerhoff and Brinkerhoff 2015). Cheung (2011) claims bureaucracy is both the problem and the solution, constitutes the paradox of the reform, and the solution lies in the problem. He also argues bureaucrats need to be "reformed" to enable and support reform, otherwise reforms may be "captured" by the bureaucracy. A delicate balance is required between the forces for change, stability, and autonomy.

## Public Sector Reform in Pacific Island Countries (PICs)

The majority of the fourteen Pacific Island Countries (PICs) gained independence in the 1970s. During the next decade, government expenditure as a percentage of Gross Domestic Product (GDP) grew to some of the highest rates in the world. This unfavorable trend was facilitated by an exceptionally high influx of aid funding and economic mismanagement, driving governments to fiscal crisis. Accordingly, a series of public sector and economic reforms commenced in the mid-1990s to address the fiscal crisis and to encourage continuous growth in the economies, resulting in a decade of reforms in the Pacific region (Duncan 2011).

Despite such efforts, PICs public sectors continue to be described as "too big" (Horscroft 2014, p. 12). "Reducing their size, it follows, would provide much-needed space for private sector expansion and result in higher levels of economic growth" (Horscroft 2014, p. 2). However, an enormous challenge for the public sectors of PICs is provision of service delivery in such isolated, diminutive, scattered, and divided states (Horscroft 2014). Public sector reform efforts are ongoing in PICs, are supported by incumbent governments but vary greatly in detail. These reforms have been driven by current or impending economic crises and slow economic growth. All PICs have been confronted with continual budget deficits. Some deficits have been uncontrolled, without contingency plans in place, resulting in major dilemmas for their respective governments, and adversely affecting public service delivery (Asian Development Bank 2009).

"The need for public sector reforms in the PICs are as compelling today as they were in the mid-1990s" (Rahman et al. 2013, pp. 984–985). An overview of the status of public enterprise reform of some PICs highlights rationalization of

state-owned enterprises is underway in Fiji, Samoa, Tonga, Tuvalu, and most other PICs. Privatization of public utilities and contracting out services is ongoing in some PICs with the Asian Development Bank's (ADB) assistance for privatization. Private sector development reform has also progressed well in many PICs with reforms of the legal business environments in Fiji, Marshall Islands, and Solomon Islands; and endeavors to address economic uses of land ongoing in Federated States of Micronesia, Fiji, Marshall Islands, Samoa, Tonga, and Vanuatu. Downsizing of the public sector and reduction in public sector expenditure continues in Cook Islands, Fiji, Federated States of Micronesia, Solomon Islands, and some other PICs. Performance-based accountability has been implemented by Cook Islands, Fiji, Solomon Islands, Vanuatu, and a few other PICs in some of their agencies and enterprises. While the specific reform objectives vary country-to-country, a common theme is to more professionally manage limited resources (Asian Development Bank 2009).

Across all PICs, while the implementation of structural reforms has generally been a slow process (Asian Development Bank 2009), good responses to reform attempts have been evident in some PICs, with disappointing results in others (Duncan 2011). Clearly, many of the suggested preconditions for NPM are absent in all PICs. Hence, serious impediments to reform efforts persist, with reform progress retarded and sluggish. Further complicating NPM reform efforts are unrelated, major public-sector reform (capacity building, control of corruption, and political decentralization and devolution) employed in parallel with the NPM reform, and with the capacity to counter NPM reform (Brinkerhoff and Brinkerhoff 2015).

## Key Reform Challenges for PICs

A series of ongoing significant challenges confront PICs, as they pursue public sector reform. Major weaknesses in government policy formulation, analysis, and implementation, and lack of capacity for decision-making exist. This explains the piecemeal approach to and lack of sustainability of reform efforts in several PICs. Understandably, public sector reform implementations generally fail due to short-term aid funding programs; absence of clearly documented government priorities; lack of realistic, documented, properly sequenced implementation plans; and inadequate capacity building. Overwhelmingly, PICs have identified difficulties associated with sustaining reform efforts as a result of reforms being "imposed" by aid agencies; coordination between aid providers and aid recipient countries being inadequate; and the aid recipient countries not being allowed to drive reform efforts (Asian Development Bank 2009; Rahman et al. 2013).

## Public Sector Reform in Fiji

Fiji, like other post-colonial PICs, has been heavily dependent on its public sector for fiscal and socioeconomic growth, in support of nation building. The reform process commenced in Fiji in 1985, with actual reforms first introduced by the Fiji government in 1992 (Appana 2011). Researchers agree that overlapping internal and external pressures drove reform. Internal pressures stemmed from the need to address public enterprises that were not operating efficiently and effectively, an inability to stimulate private investment, and an absence of supporting policies and growth strategies (Rahman et al. 2013). External pressures emanated from globalization and donor agencies insisting on reforms (Rahman et al. 2013) due to sluggish economic performance and the need to disaggregate control of the public sector (Hook 2007).

Subsequently, Fiji launched two principal reform initiatives, namely, privatization of public enterprises and public service reform (performance-based management and change leadership) (Rahman et al. 2013). Deficient financial and governance frameworks and a shortage of staff experienced in the public sector reform frustrated reform efforts (Hook 2007). Dominant weaknesses in the reform process included: political instability, poor governance, inappropriate timing of reforms, absence of stakeholder

involvement, lack of institutional capacity, and scarcity of necessary resources. Hence, public sector reform in Fiji has generally been sluggish with mixed results (Reddy et al. 2004).

The Fijian government partially divested interest in a series of public enterprises, utilizing revenue to repay debts. Some Fijian public enterprises [for example, Airports Fiji Limited, Fiji Electricity Authority (now known as Energy Fiji Limited), Fiji Ports Corporation, Fiji Roads Authority and the Water Authority of Fiji] have shown promising results as they continue to undergo reforms. However, for some other public enterprises (for example, Food Processors Fiji Limited, Housing Authority, Maritime Safety Authority of Fiji and Fiji Rice Limited), progress continues to be sluggish and mixed. It is suggested that while NPM is a praiseworthy reform approach, it requires realignment with the Fijian context, otherwise it is highly likely mixed results in Fiji would persist.

Typical benefits achieved as a result of NPM reforms in Fiji remain somewhat latent and unrealized. Notwithstanding the unrealized benefits and the enormous reform challenges facing Fiji, the incumbent government's rhetoric and drive continues to be focused on improvements in the public sector resulting in better service delivery, reduced cost of operation of the public sector, improved pay and conditions for public sector employees, and higher dividend payouts, (Appana 2011). Additionally, the government suggests that with their "political will" that sets the course for and drives the reform, "indigenous ownership" and, a more integrated and holistic approach to reform, sustained reform that delivers desired outcomes is possible (Rahman et al. 2013).

## Conclusions

Perusal of extant NPM reform literature reveals many developing countries, selected PICs, and Fiji have imported an aid agency imposed NPM "blueprint" from developed countries. However, reform efforts have generally yielded mixed results. Other administrative reform efforts have also been run in parallel to the NPM reforms, therein countering NPM reform. Considering the country-specific peculiarities and preconditions required for success of NPM reform in developing countries, PICs and Fiji, and the enormity of the challenges, it would be remiss to suggest that NPM reform alone would be capable of overcoming those problems in the short term.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Democratic Administration
- ▶ Accountability and Ethics
- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Accountability and Governance in Fiji
- ▶ Accountability in Federal Government
- ▶ Accountability Mechanisms


## References


Appana S (2011) Public sector reforms and democracy: the case of Fiji. J Manage Policy Pract 12(5):72–85

Asian Development Bank (2009) ADB support for public sector reforms in the Pacific: enhance results through ownership, capacity, and continuity. Special evaluation study no. SST: REG 2009-24. July. http://www.oecd.org/countries/tonga/47151550.pdf

Bale M, Dale T (1998) Public sector reform in New Zealand and its relevance to developing countries. World Bank Res Obs 13(1):103–121

Brinkerhoff DW, Brinkerhoff JM (2015) Public sector management reform in developing countries: perspectives beyond NPM orthodoxy. Public Adm Dev 35:222–237

Cheung ABL (2011) NPM in Asian countries. In: Christensen T, Lægreid P (eds) The Ashgate research companion to new public management. Ashgate, Farnham, pp 131–144

Christensen T, Laegreid P (eds) (2016) Transcending new public management: the transformation of public sector reforms. Routledge, Taylor & Francis. ISBN 978075 4671176, https://www.routledge.com/Transcending-New-Public-Management-The-Transformation-of-Public-Sector/Laegreid-Christensen/p/book/9780754671176

Duncan R (2011) The political economy of economic reform in the Pacific. Asian Development Bank. http://www.adb.org/sites/default/files/publication/28919/political-economy-economic-reform-pac.pdf

Gangte M (2012) The boom and bust in new public management. Glob Bus Econ Res J 1(1):45–56


N

Hook S (2007) The economic performance of PI economies. Paper presentation of 10th Pacific Islands Political Studies Association (PIPSA) conference, Port Vila

Horscroft V (2014) Public sectors in the Pacific Islands. Are they 'too big' and do they 'crowd out' the private sector?. Policy research working paper no. 7102. World Bank Group. http://documents.worldbank.org/curated/en/986481468098052675/pdf/WPS7102.pdf

Lapsley I (2009) New public management: the cruelest invention of the human spirit? Abacus 45(1):1–21

Madimutsa C, Pretorius LG (2017) Revisiting trade unions' response to new public management: a case from Zambia. Public Pers Manag 46(3):288–307

Minogue M (2001) Should flawed models of public management be exported? Issues and practices. In: McCourt W, Minogue M (eds) The internationalization of public management: reinventing the third world state. Edward Elgar, Cheltenham, pp 20–43

Peters BG (2017) Management, management everywhere: whatever happened to governance? Int J Public Sect Manag 30(6–7):606–614

Polidano C (1999) The new public management in developing countries. Institute for Development Policy and Management, University of Manchester, Manchester

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis, 2nd edn. Oxford University Press, Oxford

Rahman MH, Naz R, Nand A (2013) Public sector reforms in Fiji: examining policy implementation setting and administrative culture. Int J Public Adm 36(13):982–995

Reddy M, Prasad B, Sharma P, Vosikata S, Duncan R (2004) Understanding reform in Fiji and Vanuatu. Institute of National Affairs, Port Moresby

Samaratunge R, Hughes OE (2001) Development and new public management in developing countries: partners in the new century? Sri Lankan J Manage 6(3&4):222–241

# NGO Immigrant Services: South Korea

Jesus N. Valero[1] and Georgina Griffith-Yates[2]
[1]Department of Political Science/Public Administration, University of Utah, Salt Lake City, UT, USA
[2]University of Utah, Salt Lake City, UT, USA

## Synonyms

Civil society; Community-based organizations; Nonprofit organizations

## Definitions

Nongovernment organizations are essentially nonprofit organizations that provide services and operate outside of the United States (Ott and Valero 2017). There are very slim differences between the two, with the most notable one being that NGOs must follow the laws of the country it is operating under when compared to US-based entities that follow US regulations. Nonprofit organizations, specifically, can be defined as entities that do not coerce participation, do not distribute profit to any one stakeholder, and often fail to have simple or clear lines of ownership and accountability (Frumkin 2002). Nonprofit organizations can be incorporated to serve a variety of charitable functions such as health and human services, education, the arts, and more.

Immigrant refers to individuals that relocate from one country to another. The case of South Korea has particularly seen two types of immigrants: labor immigrants and marriage migrants. Labor immigrants refers to individuals and families moving from their country of origin to another country in search for better economic opportunities (Goss and Lindquist 1995). Marriage migrants refer to individuals to enter arranged marriages with individuals in foreign countries (Lee 2003).

## Introduction

Historically, South Korea has been a highly homogenous population. This trend has changed, however, with the introduction of labor immigrants and marriage migrants into Korean society as well as increasing cases of illegal migration. According to data from the South Korean Government (2019) as shown in Table 1, there was a total of about 1.6 million legal foreigners who resided in South Korea in 2013. Additionally, a total of 183,106 illegal immigrants were counted as stepping into the boundaries of South Korea. These figures grew steadily over the next 4 years, with a total of about 2.2 million legal foreigners and about 251,041 illegal immigrants.

**NGO Immigrant Services: South Korea, Table 1** Immigrant population trends in South Korea

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Foreigners who reside in South Korea | 1,576,034 | 1,797,618 | 1,899,519 | 2,049,441 | 2,180,498 |
| Illegal immigrants | 183,106 | 208,778 | 214,168 | 208,971 | 251,041 |

*Source: South Korean Government, 2019*

When these immigrants arrive in South Korean soil, they are left needing services and supports that can help them both assimilate and receive assistance to survive in a foreign country. For example, in June 2018, immigrants and refugees captivated the attention of policy makers, citizens, and the media with the arrival of a ship of about 500 Yemeni refugees on South Korea's island of Jeju who were seeking immigrant status (Kang 2018). The South Korean government was taken by surprise and was not prepared to make policy or programmatic decisions. The extant research indicates that individuals and families who migrate to a new country are faced with numerous challenges and develop critical needs in order to integrate effectively to their new host country. These services and supports may include language learning, job training and opportunities, and housing – to name a few.

Nongovernmental organizations (NGOs) play a critical role in strengthening the economic, social, and political conditions of communities in all parts of the world and often fill gaps that are left unattended by government organizations and the private business sector. While the literature on nonprofit organizations and NGOs is well developed and documented in the United States and other parts of the world, the research and literature on NGOs in East Asian countries like South Korea is less extensive. Thus, this encyclopedia entry provides a brief introduction on Korean NGOs serving immigrant communities.

## Variety of Immigrants Entering South Korea

As the data points previously presented note, there are both foreigners who are residing in Korea who have maintained legal status as well as immigrants who are currently in illegal status. Illegal immigrants often include asylum seekers, refugees, and other immigrants who have either overstayed their visas or have failed to follow through the existing processes and policies of the South Korean government to achieve legal immigrant status.

In South Korea, there are largely two types of immigrants entering the country: labor immigrants and marriage migrants. Labor migration refers to individuals and families moving from their country of origin to another country in search for better economic opportunities (Goss and Lindquist 1995). According to Choi (2001), the year of 1990 marked a significant change in the South Korean economy with the transformation from a country that sent labor to other countries to one that actually received labor migration. Labor immigrants tend to be from the following countries: China, Vietnam, Indonesia, and the Philippines (Choi 2001).

Marriage migrants, on the other hand, refer to individuals to enter arranged marriages with individuals in foreign countries. In the case of South Korea, the majority tend to be women who plan to marry single South Korean men with compensation paid to intermediaries who help with the arranged marriage process (Lee 2003).

## NGOs in South Korea

The extant literature on South Korean NGOs has noted that Korea has an active civil society with organizations primarily focused on advocacy and leading social movements. Specifically, for much of the twentieth century, the primary role of NGOs in South Korea has been focused on issues related to fair and just elections (Isozaki 2002), the protection of animals (World Animal

Protection 2015), the rights of immigrant women (Choo 2013), democratization (Yoon 2018), improved healthcare (Sterkens 2018), and child adoption and child welfare (Rainbow Kids 2006). Advocacy has been key to helping Korean society improve for the betterment of communities and NGOs have helped individuals organize and provide direction in achieving positive change.

More recent research indicates that NGOs have also been increasingly involved in providing direct services to individuals and families with needs. According to the Johns Hopkins Comparative Nonprofit Sector Project, a significant number of organizations are service-oriented. Specifically, of the total civil society organization workforce, 41 % are involved in work related to education, 15 % related to social services, and 25 % related to health (Park et al. 1999). Kim and Kim (2015) note that the growth in NGO service provision and NGO growth in general has been in part due to interdependence theory effects or the reality that government funding of services that helped organizations grow and thrive.

## NGOs Serving Immigrants in South Korea

With the increasing number of immigrants coming into South Korea and the reality that these immigrants face a myriad of challenges, NGOs have stepped into a critical role of supporting these communities and securing resources to help these individuals and families assimilate into Korean society and achieve some level of success.

Valero et al. (2020) conducted a case study of 20 NGOs serving immigrants in Korea and relied on in-depth interviews with the leaders of these organizations in order to understand the extent of NGO services, successes of their migrant services, and the set of challenges they face as an organization in serving these immigrant communities. These interviews were coded using a structured thematic analysis process and these results are recorded in Table 2.

**NGO Immigrant Services: South Korea, Table 2** Identified codes and number of references from NGO interviews

| Node | Code | Number of references |
|---|---|---|
| Challenges | Challenges with government | 64 |
| | Challenges NGOs face | 35 |
| | Migrant challenges | 33 |
| | Challenges with NGOs | 22 |
| | Other | 17 |
| | **Total references** | **171** |
| Impact | Assimilation | 1 |
| | Health | 1 |
| | Potential impacts | 1 |
| | Sense of community | 1 |
| | Other | 20 |
| | **Total references** | **24** |
| Services provided | Korean culture education | 27 |
| | Building relationships | 16 |
| | Policy change | 16 |
| | Self-sufficiency | 15 |
| | Build diversity | 10 |
| | International advocacy | 10 |
| | Legal assistance | 10 |
| | Family relations | 8 |
| | Emergency and relief | 6 |
| | Research | 3 |
| | Health services | 2 |
| | International students | 1 |
| | Other | 1 |
| | **Total references** | **125** |

*Source: NGO Interviews (N = 20), 2018*

### Extent of Service Provision

NGOs in South Korea who serve immigrant communities provide a variety of services, from legal counsel to health care. According to Valero et al. (2020), the most common services provided are those that assimilate immigrants and refugees to Korean society and norms. Assimilation services include a variety of content such as native language courses, traditional Korean-style cooking

lessons, and counseling to support the family as they assimilate. These services are crucial to successful integration into Korean society as noted by an NGO leader:

> *We thought that they are not discriminated if they speak Korean, so we taught them the Korean language first. When we taught them how to speak Korean, we had to involve in the human right issues or labor rights.*

Assimilation programs receive the majority of government funding as they align with the desires of government. Therefore, services that go beyond assimilation have fewer government funding opportunities and less prevalence (Valero et al. 2020).

### Successes of NGO Migrant Services

In Korea exists negative public opinion of immigrants and refugees. NGOs who serve these populations report their greatest successes come from their work to change public perception of these groups. These changes in public perception of foreigners coming to South Korea are advancing the human rights for immigrants and refugees and helping create a more welcoming community (Valero et al. 2020). These successes also pave the way for future policy and resources for these groups. One NGO leader noted that immigrants should be considered members of their community and noted as follows:

> *Immigrants should be someone we interact with within our community. The environment that they can be members of society, not only people who receive help in a one way.*

### Challenges that NGOs Face

NGOs serving immigrants in Seoul experience funding challenges and resource scarcity, a familiar challenge NGOs face in many contexts. However, NGOs serving immigrant and refugee populations identify working with government agencies as their greatest challenge. The main aspects of government that create challenges are its hierarchical nature coupled with a prevailing lack of collaboration efforts with NGOs that are not willing to only carry out the government's agenda. As a result of this challenge, NGOs in Seoul understand if they want to have autonomy in their mission, they cannot rely on government support. For example, one NGO leader shared:

> There are disadvantages when we accept the government's offer. If we accept their offer, we cannot operate our organization in our unique way. If we get fund from the government, we have to run the organization in their way.

The absence of policy created by government entities that protects the rights of immigrants and foreign workers is another challenge NGOs face. This shows the lack of understanding the government has of hardships and issues facing immigrants in South Korea. Often, NGOs working across government agencies encounter a lack of consistent approach as noted by an NGO leader:

> *So government agencies but they have independent character therefore sometimes it's very difficult to clarify the case*

Valero et al. (2020) also found about half of NGOs interviewed felt there was a weak network between NGOs serving immigrants and refugees in Seoul. This weak network, coupled with the aforementioned funding challenges, results in disintegration of NGOs, who could benefit from collaboration and resource sharing. One NGO leader noted as follows:

> *If NGOs can work with us a bit more actively in the Multicultural Families Project, the budget itself can be a little raised and funded, so we can have more flexibility. So I was thinking how about giving a little support to blind spots in the government policies? If so, we could have added the roles of NGOs to our roles in the Center, and then we can reduce the blind spots of implementing the government policies such as immigrant women issues.*

## Conclusion

In sum, nongovernmental organizations (NGOs) in Korea play an important role in helping immigrants integrate into what has been largely a homogenous society. Immigrant serving NGOs provide a variety of services, although their biggest focus is on assimilation services in order for immigrants to thrive in South Korea. NGOs report facing significant challenges stemming from the lack of collaboration across the sectors and limited

resources for this policy arena. Ultimately, changing public perceptions and helping immigrant individual and families are the most important successes of these NGOs.

## References

Choi JH (2001) International migration, human resource development and migration policy in Korea. Asian Pac Migr J 10(3–4):463–483

Choo HY (2013) The cost of rights: migrant women, feminist advocacy, and gendered morality in South Korea. Gend Soc 27(4):445–468

Frumkin P (2002) On being nonprofit: a conceptual and policy primer. Harvard University Press, Cambridge, MA

Goss J, Lindquist B (1995) Conceptualizing international labor migration: a structuration perspective. Int Migr Rev 29(2):317–351

Isozaki N (2002) South Korea: advocacy for democratization. In: Shigetomi S (ed) The state and NGOs: perspective from Asia. Institute of Southeast Asian Studies – Usof Ishak Institute, Singapore, pp 288–310

Kang H-K (2018) How Jeju became haven for Yemini Refugees. Korea Times. Retrieved from http://www.koreatimes.co.kr/www/nation/2018/06/251_251047.html

Kim SE, Kim YH (2015) Measuring the growth of the nonprofit sector: a longitudinal analysis. Public Adm Rev 75(2):242–251

Lee H-K (2003) Gender, migration and civil activism in South Korea. Asian Pac Migr J 12(1–2):127–153

Ott JS, Valero J (2017) Nongovernmental organizations and international nongovernmental organizations. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. https://doi.org/10.1007/978-3-319-31816-5_3197-1

Park T-K, Jung K-H, Sokolowski SW, Salamon LM (1999) South Korea. In: Global civil society: dimensions of the nonprofit sector. Johns Hopkins Center for Civil Society Studies, Baltimore, pp 200–214

Rainbow Kids (2006) Korea south adoption. Retrieved May 06, 2019 from https://www.rainbowkids.com/international-adoption/country-programs/korea-souths://

Sterkens K (2018) When patients take the lead: how grassroots advocacy is changing healthcare in Asia. Retrieved May 06, 2019 from www.jnj.com/gph/when-patients-take-the-lead-how-grassroots-advocacy-is-changing-healthcare-in-asia

Valero JN, Griffith-Yates G, Kim SS, Park HJ, Jung K, Kim MJ, Cho M (2020) The role of nongovernmental organizations in refugee and immigrant integration: a qualitative exploratory study of seoul, South Korea. Int J Public Adm 43(2):166–175

World Animal Protection (2015) Ending the bear bile industry in South Korea. Retrieved May 06, 2019 from http://advocacy.britannica.com/blog/advocacy/tag/south-korea/

Yoon J (2018) Advocacy and policymaking in South Korea. How the legacy of sate and society relationships shapes contemporary public policy. SUNY Press, Albany

# NGOization

Theerapat Ungsuchaval
Faculty of Social Sciences and Humanities, Mahidol University, Nakorn Phathom, Thailand

## Synonyms

Depoliticization of social movement; Elite civil society; Professionalization of civil society

## Definition

NGOization refers to the process where non-governmental organizations (NGOs) and other civil society bodies are driven to become more professionalized, institutionalized, bureaucratized, and depoliticized and then to emphasize greater collaborative parentship with the state, upward accountability, and institutional advocacy.

## Introduction

The phenomenon that signifies the development of civil society organizations and non-governmental organizations (NGOs) from being movement-oriented turning to be a more professionalized and effectiveness-oriented group has been increasingly witnessed around the world since the 1980s. NGOs have been pressured to transform themselves to properly operate in the public space and prove their worth to donors and governments. Scholars conceptualized such the phenomenon as a part of NGOization of civil society, a transformation in NGOs' ecosystem that generates the preconceived idea of how civil society should be funded and operated.

For example, according to Choudry and Kapoor (2013), NGOization refers to the institutionalization, professionalization, depoliticization, and demobilization of civil society movements for social and environmental change. Lang (2013: 63–64) offered a more systematic account of the concept and argues that NGOization is:

> the process by which social movements [any collective endeavor to change the social structure] professionalize, institutionalize, and bureaucratize in vertically structured, policy-outcome-oriented organizations that focus on generating issue-specific and, to some degree, marketable expert knowledge or services.

From this regard, it can be argued that, for organized civil society to become NGOized is to become overemphasize with organizational reproduction, project management, the cultivation of funding resources, and institutional advocacy at the expense of public engagement and movement. In other words, NGOization drives NGOs to take on an inward-looking approach which impels them to prioritize their organization and to overlook a forward-looking approach that advocate them to make broader social changes.

NGOization does not only refer to changes in terms of organization and operation, but also the interaction NGOs have with other organizations such as public organizations, business organizations, and the public in general.

## NGO Funding and the Drive to NGOization

NGOization is caused. Research suggests that incentives and funding from "outside patrons" or donors can be considered as the key mechanism which promotes routinization and professionalization of civil society (Stone 1996; Guo 2007; Walker and McCarthy 2010). Donors are seen to have a significant influence over recipient NGOs as they can force NGOs to accept their agenda (Edwards and Hulme 1996; Lewis 2001). As pointed out by Aksartova (2009), NGOs under funding are tended to be constrained by "quantifiable indicators" of programmatic success created by donors as a part of performance measurement and public presentation of the donors themselves. Others stress the major role of government donors in shaping NGOs' autonomy, priority, flexibility, and accountability (Smith and Lipsky 1993; Salamon 1995; Froelich 1999).

Expansion of the funding base for NGOs over the last few decades through government contracting and corporate sponsorship is significant for contemporary civil society. NGOs are increasingly seen as an extended or shadow state functioning within the contract culture regulated by public funding (Wolch 1990; Smith and Lipsky 1993). When going into such a financial relationship, on the one hand, NGOs risk putting themselves in a vulnerable, dependent position allowing the intervention of the external patrons. Funding has not been merely an act of giving money but also about spreading donors' values and agendas. On the other hand, through the financial relationship, NGOs can gain legitimacy for public actions with the government. Eventually, NGOs find themselves being covered with an intense pull to professionalism, colonized by donors' ways of doing business, because they need to become a suitable and reliable partner of donors, especially the government. They are then influenced by innerorganizational processes to maintain their organizational reproductions.

The concern over donors' influence towards NGOs is known as the "piper hypothesis" which refers to the saying "the one who pays the piper calls the tune." By this, it means that NGOs are risking of losing their organizational autonomy and playing the funder's tune rather than their own when they obtain funding or become resource dependent on the funder.

Choudry and Kapoor (2013: 5) argue that to study NGOization is to:

> examine ways in which funding and other material support can orient organizations to prioritize institutional survival and maintenance at the expense of mobilization, and account for how NGO/movement actions may be shaped by material incentives.

Hence, the study of NGOization is commonly interested in donor-induced pulls for civil society to transform itself in terms of professionalization and institutionalization. Analytically, the strength

of the concept of NGOization lies in its power to give a theoretical basis to examine the way organized civil society and NGOs have been influenced by their donors in the modern world. Donors' capacities to control through funding and expectations are thus pivotal to the study of NGOization.

## Key Characteristics

NGOization unfolds and manifests differently in different contexts and cultures. Social origins of domestic ideas and practices of NGOs play a part in shaping NGOization of a certain society. There is no "Iron Law" of NGOization (Alvarez 2009).

Nevertheless, it can be argued that there are some major developments which characterize the process of NGOization in common. They are professionalization, institutionalization, bureaucratization, and depoliticization. It is imperative to note that these developments are not mutually exclusive. For instance, professionalization drives more institutionalization while institutionalization serves as a supportive base for professionalization. They have influences over each other.

### Professionalization

Professionalization is an intensifying push for civil society development commonly witnessed in many societies. It is a common strategy that allows the more technocratic control over organization which makes NGOs gaining an insider position at negotiation tables and in institutional decision-making settings (Clemens 2006; Lang 2013). Professionalization gives NGOs a kind of authority signifying institutionalized expertise. Such the expertise allows NGOs to adapt to institutional norms and to familiarize a certain policy field's language which in turn encourages them speak the same language as donors and in turn be reorganized to meet the need of them.

Characteristics of professionalized NGO working system are identified (Choudry and Kapoor 2013). For example, professionalized NGOs are highly equipped with modern management knowledge and practices. NGO activities rest in the hand of a small number of paid staff, who is running and representing organizational activities, because professionalization favors people with technical and managerial skills rather than those who have the spirit of an activist or a volunteer (Hopgood 2006). Professionalization drives NGOs to be more efficient and accountable in order to excel in organization governance over social movements. Accordingly, social change has become "highly specialized profession best left to experiences strategists, negotiators and policy wonks, [and] NGOism is the conceit that paid staff will be enough to save the world" (Reinsborough 2004: 194).

Yet, for NGOs to be professionalized means that they can be better recognized in both the public sphere and institutional arenas. This is because professionalism improves the legitimacy of NGOs while mitigates external criticisms (Caniglia and Carmin 2005). To put it simply, this helps increase the chance of NGOs getting funding.

### Institutionalization

Institutionalization refers to the process in which societies and organizations are "made" and "modified" over time by regulating societal behavior (Keman 2007). It aims to contribute to a system's stability. Minkoff and Powell (2006) even assert that organization survival rests extensively on conformity to institutional conventions.

Having contracts with donors and government bodies appears to be the urge for NGO to further formalize its organization and prioritization. According to Lang (2013), there are circumstances which drive NGOs to institutionalize. Institutionalization is needed when NGOs would like to build its organization a durable and endured institution. For instance, consistent norms, routines, and managerial bodies which are not relied on certain individuals are developed.

In addition, institutionalization is developed when NGOs would like to socialize with, and participate in institutional activities of, donors and governments. The higher the degree of institutionalization of NGOs, the higher the cooperation they have with governments and other organizations (Take 1999). This aspect of institutionalization comes with a situation where NGOs

are increasingly invited and expected to join and play multiple roles in social and economic development, nationally and internationally. In this regard, institutionalization makes NGOs become institutionally visible to and recognized by the authorities and donors as well as boosts their legitimacy in policy advocacy.

### Bureaucratization

Bureaucracy does not only involve governmental administration but private and nongovernmental governance as well as the society as a whole. It is a set of norms, rules, procedures, and formalities which goes beyond a mere hierarchical apparatus of the state (Hibou 2015). In fact, it is a system of administration found in any organizations, which is carried out on a continuous basis and based on prescribed rules, in order to pursue goals (Beetham 1996). Bureaucracy is then embedded in everyday practices, for instance, through the spread of manuals, kits, and guidelines.

In particular, Rothschild and Whitt (1986) clearly identify several characteristics of a bureaucratized organization, that is, an organization where: hierarchy and specialization through a secure division of labor function at least through virtue of incumbency in office and/or technical expertise; formalization of written charters and legal frameworks govern actions; centralization of control through standardized rules and supervision is the *modus operandi*; the personnel is impersonalized; and material incentives influence behavior rather than normative and solidarity-based ones.

There is a concern that although bureaucratization strengthens strategic effectiveness of NGOs, it does so at the expense of social mobilization (Jenkins 1983). NGOs are tended to develop their bureaucracy especially when they are in contract with government donors because they expect NGOs to establish formal accountability chains, work in accordance with prescribed rules, and keep records of detailed activities and financial transactions. Also, as suggested by DiMaggio and Powell (1991), organizations in certain field are subject to powerful isomorphic dispositions which then drive them to become more similar. NGOs under government contracts are then likely to adopt similar internal practices with those of the government and develop norms, procedures, and other shared professional standards guiding their conducts.

Besides, bureaucratization of NGOs paradoxically appears more when there is an attempt to reduce bureaucracy. Graeber (2015) calls this "the Iron Law of Liberalism": the situation where governance reforms are taken place to reduce governmental and bureaucratic interference in economy and society and to promote nonhierarchical forms of governing but, unfortunately and paradoxically, end up with increasing more regulations, paperwork, and bureaucratic culture. This idea suggests that the more the government tries to liberalize and deregulate policies towards NGOs, the more NGOs are put under government regulations. Bureaucratization is therefore a powerful force despite an attempt to reduce it.

### Depoliticization

In the context of NGOization, depoliticization refers to the detachment and the reduction of political activity, an endeavor to influence the decisions of the authorities on behalf of a collective interest, of NGOs (Jenkins 1987). It is to remove or restrict NGOs' capability to engage politically, either with electoral processes or implementation of public policy at any level. Depoliticization can also be regarded as the decrease of NGO dissent with the state.

Although public funding can generate benefits for NGOs in general, research found that the funding is negatively related with how NGOs are politically active (Salamon 2002; Smith and Pekkanen 2012; Bloodgood and Tremblay-Boire 2017). In other words, the greater the proportion of NGOs' budget coming from government sources, the less the role on lobbying and advocacy.

Depoliticizing effects of public funding are manifested through three interrelated mechanisms: selection, professionalization, and pressure (Bloodgood and Tremblay-Boire 2017). Firstly, institutional donors are tended to select and support "moderate" groups to prevent or reduce radical mobilization. Unsurprisingly, donors as the

resource provider and regulator hold the power to deter and moderate NGO advocacy. NGOs might also be reluctant to "bite the hand that feeds them" (Onyx et al. 2008). Secondly, funding potentially induces depoliticization by encouraging NGOs to become professionalized focusing on techniques and self-promotion rather than broader social change. Thirdly, donors, especially governmental ones, can channel NGO activity through creating "organizational fields" where the aforementioned isomorphic pressures are applied to impel NGOs to cooperate with the state and become isomorphic with each other.

Arguably, depoliticized NGOs are in danger of becoming the new attachment to the "anti-politics" machine of development (Ferguson 1994), a condition in which institutions, policies, and discourses associated with neoliberal ideas of self-interested individualism and market efficiency foreclose or discourage NGO engagement in politics and the public sphere. The condition of antipolitics in turn produces structural changes of NGOs, driving them to rely more on instrumental reasoning which ultimately helps reproducing the state power (Harriss 2001).

## Implications for Civil Society

NGOization reflects the characterization of organized civil society as an outrider of neoliberal ideology in modern society where the aforementioned professionalization, institutionalization, bureaucratization, and depoliticization are key principles of social organization. NGOization brings material and symbolic returns to NGOs (Lang 2013). Through material returns, NGOs can reach a better status which allows them to easier access funding and influence policy. Through symbolic returns, NGOs can get closer to donors or governments resulting in the strengthening of their connection and opening further windows of opportunity for NGOs to work within institutional settings.

Here, three major implications NGOization has for the transformation of civil society are discussed.

### Greater Collaborative Partnership Between the State and NGOs

NGOization encourages NGOs to develop their positive interaction with the state. In other words, it suggests the changing NGO-state relations characterized by greater collaborative partnership. The changing relationship heavily relies on the capacity of the state donor in drawing NGOs to function with government agencies. Besides, NGOs realize themselves that advocacy strategies typically involving protests and direct opposition are not welcome by government donors. Such a collaborative environment then transforms the working approach of NGOs to be a more professional but tamed civil society.

NGOization indicates a precondition for NGOs to engage in modern public governance arrangements where indirect coordinating instruments such as co-operative arrangements with nonstate actors and co-production are favored (see Pestoff et al. 2012).

Concerns were raised that such the greater collaboration might facilitate "manufactured civil society," or even "civic society," not civil society (Hodgson 2004; Huang and Young 2016), where the state sucessfully secures its influence over societal, nongovernmental bodies by making them become integrated into the state governance system. This civil society is not organic but engineered and funded through the state. This civil society is happy to confine itself to effective and efficient management and governance of communal matters, rather than challenging the political-economy structure of the state. Consequently, through NGOization, NGOs can become a legitimate actor of donors in public governance.

### Donor-Driven NGOs and Upward Accountability

Through NGOization, legitimacy from donors is prioritized over that from beneficiaries. In other words, NGOs might ultimately become more responsive to or compliant with their donors rather than their social bases. They become a memberless and donor-driven entity (Atia and Herrold 2018).

Arguably, NGOization reveals one of the basic truths about NGOs, that is, they are not only

working for their beneficiaries as commonly assumed, but they are also serving their donors and aiming to produce projects (Krause 2014). It can be said that NGOs are focused more on producing and completing their projects as a way to survive. Organizational reproduction became the default priority to NGO administration.

When donors have a great influence over the NGO recipients, upward accountability to donors is indeed expected. This points to the rise of elite civil society bodies that are upwardly accountable to donors and the state, not the people. NGOization creates the division of NGOs by legitimizing and privileging the ones that are happy to cooperate and compromise with donors and the state and excluding those who are not willing to do so (Carroll 2016). Such the elite civil society bodies, consequently, function with harmony and consensus with donors and the government. Sometimes, they even take on the position of middle-level manager and help donors to govern or regulate other NGOs, thereby becoming a part of the higher system that manages the lower system. They represent interests of donors and engage less with the public.

### Institutional Advocacy

Institutional advocacy is a mode of work which gives NGOs better access to institutional contexts and being competent and reliable experts in a particular public governance arrangement. It is an attempt to influence decision making by gaining insider positions in public governance arrangements which develop and implement policy or accessing career tracks in governmental agencies (Lang 2013). A "femocrat," an activist-turned-government officer advocating women's issues, is a good example of institutional insider for gender politics (Chappell 2002).

NGOization strengthens the application of institutional advocacy. Institutional advocacy encourages NGOs to sharing experience and knowledge, lobbying, and informal/internal consultation. It is different with public advocacy which aims to engage broader public engagement, communicate with the public, and stimulate social movement. In this sense, institutional advocacy compromises and nurtures the aforementioned elite civil society that has a capacity to connect with the authority and know the rules of the game behaving well in an increasing collaborative partnership.

Even though institutional advocacy can help NGOs to push their advocacy goals into inner orbits of policy decision-making, unfortunately, it can divert NGOs from their constituencies and social movement activities. It generates an image of expert, elitist NGOs which speak for, not engage with, the people. Moreover, it can give a tendency for NGOs to be opportunistic, being prepared to work with any government, even an authoritarian one, if it can help them reach their goals. NGOs then run a risk of co-optation.

## Conclusion

NGOization refers to the process where non-governmental organizations (NGOs) and other civil society bodies are driven to become more professionalized, institutionalized, bureaucratized, and depoliticized and then to emphasize greater collaborative parentship with the state, upward accountability, and institutional advocacy. It is inherently neither good nor bad. Indeed, the concept of NGOization can be used to comprehend the condition of modern civil society where funding is necessary to the development of civil society and organized civil society is impelled to transform itself to suit the funder. It helps reveal the changing relations between donors and NGO and poses a great challenge for NGOs to keep their balance between serving their donors and pursuing common interests.

## Cross-References


- ▶ Advocacy and Policy Influence
- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Contracting with Government
- ▶ Financial Vulnerability and Nonprofit Organizations
- ▶ Financing Nonprofit Organizations
- ▶ Government and Nonprofit Relationships

- ▶ Institutional Theory and Nonprofits
- ▶ Lobbying
- ▶ Mission Change in Nonprofit Organizations
- ▶ NGOs' Commercialization: The Crowding Out or Crowding in Effect
- ▶ Nonprofit Organizations
- ▶ Sociological Study of Nonprofit Organizations
- ▶ Structure of Nonprofit Organizations

## References


Aksartova S (2009) Promoting civil society or diffusing NGOs? U.S. donors in the former Soviet Union. In: Hammack DC, Heydemann S (eds) Globalization, philanthropy, and civil society: projecting institutional logics abroad. Indiana University Press, Bloomington

Alvarez SE (2009) Beyond NGO-ization? Reflections from Latin America. Development 52(2):175–184

Atia M, Herrold CE (2018) Governing through patronage: the rise of NGOs and the fall of civil society in Palestine and Morocco. Voluntas 29(5):1044–1054

Beetham D (1996) Bureaucracy, 2nd edn. Open University Press, Buckingham

Bloodgood E, Tremblay-Boire J (2017) Does government funding depoliticize non-governmental organizations? Examining evidence from Europe. Eur Polit Sci Rev 9(3):401–424

Caniglia BS, Carmin J (2005) Scholarship on social movement organizations: classic views and emerging trends. Mobilization 10(2):201–212

Carroll WK (2016) Expose, oppose, propose: alternative policy groups and the struggle for global justice. Zed books, London

Chappell L (2002) The 'femocrat' strategy: expanding the repertoire of feminist activists. Parliam Aff 55(1):85–98

Choudry A, Kapoor D (2013) Introduction. In: Choudry A, Kapoor D (eds) NGOization: complicity, contradictions and prospects. Zed Books, London

Clemens ES (2006) The constitution of citizens: political theories of nonprofit organizations. In: Powell WW, Steinberg R (eds) The nonprofit sector: a research handbook, 2nd edn. Yale University Press, New Haven

DiMaggio PJ, Powell EE (1991) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago

Edwards M, Hulme D (eds) (1996) Beyond the magic bullet: NGOs performance and accountability in the Post-Cold War world. Kumarian Press, West Hartford

Ferguson J (1994) The anti-politics machine: "development," depoliticization, and bureaucratic power in Lesotho. University of Minnesota Press, Minneapolis

Froelich KA (1999) Diversification of revenue strategies: evolving resource dependence in nonprofit organizations. Nonprofit Volunt Sect Q 28(3):246–268

Graeber D (2015) The utopia of rules: on technology, stupidity, and the secret joys of bureaucracy. Melville House, Brooklyn

Guo C (2007) When government becomes the principal philanthropist: the effects of public funding on patterns of nonprofit governance. Public Adm Rev 67(3): 458–471

Harriss J (2001) Depoliticizing development: the World Bank and social capital. Leftword Books, New Delhi

Hibou B (2015) The bureaucratization of the world in the neoliberal era: an international and comparative perspective. Palgrave Macmillan, Basingstoke

Hodgson L (2004) Manufactured civil society: counting the cost. Crit Soc Policy 24(2):139–164

Hopgood S (2006) Keepers of the flame: understanding Amnesty International. Cornell University Press, Ithaca

Huang X, Young J (2016) Politics in Pacific Asia: an introduction, 2nd edn. Red Globe Press, London

Jenkins CJ (1983) Resource mobilization theory and the study of social movements. Annu Rev Sociol 9: 527–553

Jenkins CJ (1987) Nonprofit organizations and policy advocacy. In: Powell WW (ed) The nonprofit sector: a research handbook. Yale University Press, New Haven

Keman H (2007) Institutionalization. In: Bevir M (ed) Encyclopedia of governance. Sage, London

Krause M (2014) The good project: humanitarian relief NGOs and the fragmentation of reason. The University of Chicago Press, Chicago

Lang S (2013) NGOs, civil society, and the public sphere. Cambridge University Press, Cambridge

Lewis D (2001) International aid agencies: policy conflict and convergence. In: Harris M, Rochester C (eds) Voluntary organizations and social policy in Britain: perspectives on change and choice. Palgrave, New York

Minkoff D, Powell WW (2006) Nonprofit mission: constancy, responsiveness, or deflection? In: Powell WW, Steinberg R (eds) The nonprofit sector: a research handbook, 2nd edn. Yale University Press, New Haven

Onyx J, Dalton B, Melville R, Casey J, Banks R (2008) Implications of government funding of advocacy for third-sector independence and exploration of alternative advocacy funding models. Aust J Soc Issues 43(4): 631–648

Pestoff V, Brandsen T, Verschuere B (eds) (2012) New public governance, the third sector and co-production. Routledge, London

Reinsborough P (2004) Post-issue activism – decolonizing the revolutionary imagination: values crisis, the politics of reality, and why there's going to be a common-sense revolution in this generation. In: Solnit D (ed) Globalize liberation: how to uproot the system and build a better world. City Lights Books, San Francisco

Rothschild J, Whitt AJ (1986) The cooperative workplace: potentials and dilemmas of organizational democracy and participation. Cambridge University Press, Cambridge

Salamon LM (1995) Partners in public service: government–nonprofit relations in the modern welfare state. Johns Hopkins University Press, Baltimore
Salamon L (2002) Explaining nonprofit advocacy. Working paper no. 21. Johns Hopkins University, Institute for Policy Studies, Center for Civil Society Studies, Baltimore
Smith SR, Lipsky M (1993) Nonprofts for hire: the welfare state in the age of contracting. Harvard University Press, Cambridge, MA
Smith SR, Pekkanen R (2012) Revisiting advocacy by nonprofit organizations. Volunt Sect Rev 3(1):35–49
Stone M (1996) Competing contexts: the evolution of a nonprofit organization's governance system in multiple environments. Adm Soc 28(1):61–89
Take I (1999) NGOs as strategic actors in international politics. Paper prepared for the workshop on "environmental protest in comparative perspective" at the 27th Joint Sessions of ECPR Workshops, 26–31 March, Mannheim
Walker ET, McCarthy JD (2010) Legitimacy, strategy, and resources in the survival of community-based organizations. Soc Probl 57(3):315–340
Wolch J (1990) The shadow state: government and voluntary sector in transition. Foundation Center, New York

# NGOs and Governance

Elisa Ricciuti[1] and Francesca Calò[2]
[1]Centre for Research on Health and Social Care Management (CeRGAS), Bocconi University, Milan, Italy
[2]Yunus Centre for Social Business and Health, Glasgow Caledonian University, Glasgow, UK

## Synonyms

Civil Society Organizations (CSOs); Nonprofit organizations (NPOs); Third sector organizations (TSOs)

## Definition

Governance of NGOs includes the process of developing strategic leadership in a nonprofit organization. This means setting the directions, making strategic decisions, evaluating the performance, and ensuring accountability and transparency.

## Defining NGOs

Nongovernmental organizations (NGOs) are not easy to define for at least two reasons. First, considerable differences exist from country to country. The word "NGO" itself addresses what NGOs are not, rather than what they are. Despite NGOs are "not governmental," the spectrum of the private configurations they may assume and the extensiveness of the control from the governmental sector vary based upon country characteristics. For example, the so-called government-owned nongovernmental organizations (GONGOs) in China well reflect that the definition of what is private and what is not depend on the country's history and the respective roles different societies assign to the state and the private sector in responding to the general interest. Second, despite the term would not suggest any specific sector or activity to which NGOs must dedicate their efforts, they are usually identified in practice as those nonstate actors providing health services, social services, or technical assistance in the field of international development or cooperation (Pfeffer and Gloyd 2008; Lewis and Kanji 2009).

Given these premises, NGOs are synonyms of civil society organizations (CSOs), third sector organizations (TSOs), or nonprofit organizations (NPOs), and for this reason, they can be defined by their structure and operations as associated to five distinctive characteristics (Salamon and Anheier 1992; Salamon and Sokolowski 2016).

First, they are *private* – meaning institutionally separated from government. This does not prevent the organization to gain support or in-kind contributions from the public sector to some extent or to have one or more representatives of public institutions in the board of directors or advisory boards. However, it means that they are not public bodies or public arm's length organizations.

Second, they are *organized* – meaning the organizations must be institutionalized to some extent. A charter or constitution typically exists, or at least rules of procedure, rules of membership, regular meetings, as well as the perception of meaningful organizational

boundaries (i.e., clear distinction between a member and a nonmember, the awareness of institutional and individual responsibilities).

Third, they are *voluntary* – meaning that the organization must involve some meaningful degree of voluntary participation. This means a degree of volunteers' engagement exists in operations or management, even if not the major presence, or in-kind donations or voluntary contributions apply to some extent to the organization. Voluntary is intended also as "noncompulsory": membership is not required and volunteering and donations are not enforced by law.

Fourth, they are *nonprofit* – meaning that any profit they may generate through commercial activities must be re-invested in the organization's mission. Typical examples are the profits generated from the sales of goods and products which are addressed to fund development projects in the same country.

Fifth, they are *self-governing* – meaning the organization must be equipped to control its own activities. There is a place where internal decisions are made (typically the board), there are internal governance procedures (which may be detailed in bylaws or sometimes codes of ethics or codes of conduct), and there must be a meaningful degree of authority in decision-making (even if members of public institutions or other private organizations sit in the board).

## Defining Governance in NGOs

Governance is a topic that rests on a plentiful literature from different streams and disciplines. Although different definitions can be found in the literature depending on the disciplinary angle – from international relation to political science, management, public management, and others – most definitions rest on three dimensions: authority, decision-making power, and accountability. According to the Institute of Governance, "*governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered"* (Institute of Governance 2017). Looking closely to nonprofit management literature, "*governance is the process of providing strategic leadership to a nonprofit organization*" (Renz 2007). Moreover, the literature suggests that the governance of an organization (usually called *corporate governance* for its origins rest on the study of corporations and firms) is the system by which the organization is directed and controlled: it specifies the distribution of rights and responsibilities among different stakeholders. In fact, governance is a political and organizational process involving multiple functions and engaging multiple stakeholders.

Ultimately, it is the application of *good* governance which serves to realize organizational and societal goals. In this respect, governance should entail at least four *functions*: setting directions, making political and strategic decisions, overseeing and monitoring the organizational performance, and ensuring overall accountability.

First, good governance aims at setting the mission and vision of the organization. The choice of the rationale of the organization, aims, and objectives are at the heart of the first function. For NGOs, it means exploring what societal needs they are aiming to address, what is the rationale behind the existence of the organization, and the reason behind their mission.

Second, the process of selecting among alternatives how the organization will try to achieve the goals above highlighted is at the core of making political and strategic decisions. In this function, who is in charge of governing will collect information from different stakeholders and use them to inform strategic and political decisions. Societal needs could be addressed with different strategies. Choosing the strategy for achieving the mission of the organization based upon reliable information deriving by stakeholders is the second function of the governance.

Third, the analysis of the results of activities is fundamental for ensuring the achievement of the mission. For a NGO, evaluating its intervention and activities means to analyze the contribution they achieve in a specific community. Exploring outputs, outcomes, and impacts and how they divert from the mission is at the core for analyzing organization success. Based upon the exploration of this result, who govern will change the strategy of the organization.

Fourth, good governance will support transparency and accountability towards all the stakeholders involved in the organization. A communication strategy towards public sector, citizens, beneficiaries, employees, communities, and private sector is organized. Outlining if and how the social mission has been achieved is at the core of creating a trust relationship with funders, communities, beneficiaries, and employees.

Aiming at applying good governance, different governors can be established as explored in the next section.

## The Board and the Board Members

Typically, the functions of governance are played by a steering committee, usually called the Board (the Board of Directors or Board of Trustees). A Chair or President and a number of board members typically form the board. In studying organizations, governance involves the study of boards and their members, distinguished by management, which involves the study of the executive management and staff. In some cases, the Chief Executive Officer (CEO), apical point of the executive management, is an *ex-officio* member of the board (a member admitted to discussions, but without voting power). Typically, every board gives itself rules for decision-making, which goes from consensus to majority.

It is important to note that while the functions of the board are basically the same in any organization, the size, composition, and internal rules may vary significantly. This variety depends on the legal form and the history of the organization.

Also the core responsibilities and tasks of board members are quite common between organizations.

According to Ingram (2008), board members have the core responsibility of (a) determine and articulate the organization's mission, vision, and core values; (b) recruit and select the organization's chief executive; (c) support and assess the performance of the organization's chief executive; (d) ensure that the organization engages in planning for its future; (e) determine the set of programs that the organization will deliver to implement its strategies and accomplish its goals and to monitor the performance of these programs to assess their value; (f) ensure that the organization has financial and other resources adequate to implement its plans; (g) ensure the effective management and use of the organization's financial and other resources; (h) enhance the organization's credibility and public image; (i) ensure organizational integrity and accountability; and (j) assess and develop the board's own effectiveness.

More varied are the "day-to-day" tasks of board members, especially because they strongly depend on the characteristics of the organization, as well as how structured or unstructured they are. According to BoardSource (Anheier 2014), some typical tasks are to attend all board meetings and special events, to always be informed about the whole organization, to review agenda and supporting materials prior to meetings, to serve on committees or task forces and offer to take special assignments, to suggest possible nominees to the board, to keep up-to-date on developments in the organization's field, to follow conflict of interest and confidentiality policies, and in general to assist the board in carrying on its specific duties (i.e., Reviewing the organization's annual financial statement).

Yet the typical board's work goes beyond that of governance. Board members typically serve also as ambassadors who build relationships and generate good will, sponsors and representatives who advocate on behalf of the organization, trusted advisors and consultants who offer guidance to chief executive and staff, and resource developers who help the organization secure essential resources.

## Types of Boards

As mentioned above, a wide variety of NGOs exist in different form – associations, cooperatives or foundations, just to mention three of the most common forms. Depending on the organization's form and structure, different type of boards may result more or less proper to pursue their

objectives. Five types of boards are common in nonprofit organizations (Worth 2013).

*Elected* boards are most common in membership-based organizations, such as associations, cooperative, or advocacy organizations. Members are typically selected through a voting mechanism from within the organization.

*Self-perpetuating* boards, instead, are typical in foundations, where there is no associational base. In this typology, board members leave the selection of new members to existing occupants of this role. In family foundations, boards are typically perpetuated through family members and based on a strong charisma and self-legitimization of the founder (Ricciuti 2015).

*Appointed* boards are composed of members selected by some authority outside the organization – for this reason, it is difficult to find pure appointed boards unless for very specific types of nonprofit organizations, such as universities, colleges, or churches.

*Hybrid* boards, more frequent, are a mix of elected or self-perpetuating boards and appointed boards; thus, they mix internal overview and external participation.

*Advisory* boards or councils, finally, are here mentioned although they do not substitute the board, but rather help it, that is, by offering expertise on technical issues.

## Conclusion

The literature on NGOs and governance is extremely varied both because complex is the definition of NGOs and because governance is a multifaceted concept studies by several disciplines.

There is no *golden rule* for the design of NGOs governance because it is dependent on the organization's history, tradition, composition, and legal form. Nonetheless, the literature on corporate governance helps defining the major traits of the governance of organizations that can be suitably adapted to NGOs, although with some caveats and considering specific peculiarities: social mission, accountability, private decision-making, and enlarged view of stakeholders.

## Cross-References


- ▶ Civil Society Organizations
- ▶ Governance and Leadership
- ▶ Nongovernmental Organizations and International Nongovernmental Organizations
- ▶ Nonprofit Organizations


## References


Anheier HK (2014) Nonprofit organizations – theory, management, policy, 2nd edn. Routledge, Abingdon

Ingram RT (2008) Ten basic responsibilities of nonprofit boards, 2nd edn. BoardSource, Washington, DC

Institute of Governance (2017) Accessible at http://iog.ca/defining-governance/

Lewis D, Kanji N (2009) Non-governmental organizations and development, Taylor and Francis ed.

Pfeffer J, Gloyd S (2008) Strenghtening health systems in poor countries: a code of conduct for nongovernmental organizations. Health Policy Ethics 98(12):2134–2140

Renz DO (2007) Nonprofit governance and the work of the board. Midwest Center for Nonprofit Leadership, University of Missouri

Ricciuti E (2015) Grant-making foundations for global health: governance and the role of the founder in the Gates, the Rockefeller and the Wellcome Trust Foundations. In: Ferlie E, Ongaro E (eds) Strategic management of public services organizations. Routledge, London

Salamon LM, Anheier HK (1992) In search of the nonprofit sector II – the problem of classification. Working paper of the Johns Hopkins Comparative Nonprofit Sector Project

Salamon LM, Sokolowski SW (2016) Beyond nonprofits: re-conceptualizing the third sector. Voluntas 27:1515–1545

Worth MJ (2013) Nonprofit management: principles and practice, 3rd edn. Sage, Thousand Oaks


# NGOs' Commercialization: The Crowding out or Crowding in Effect


Paweł Mikołajczak[1] and Piotr Bajak[2]

[1]Department of Money and Banking, Poznań University of Economics and Business, Poznań, Poland

[2]Polish Economic Society, Warszawa, Poland


## Synonyms

Crowding out volunteer work; Marketization; Mission drift; Nonprofits

## Definition

| | |
|---|---|
| NGOs' commercialization | shifting financial dependence from charitable donations to self-generated earned income through nonprofit organization ventures. |
| Mission drift | an inadequate situation for a nonprofit organization (NGO), in which the trade-off, required by the need to generate its own revenue or secure the funding from external sources, compromises the initial organizational objectives. |
| Crowding out volunteer work | weakening/decreasing engagement, retention, or motivation of volunteers by nonprofit organizations commercial activity. |
| Absorption trigger | a factor causing increased interest of volunteers in working for NGOs. |
| Distortions of NGOs stakeholder legitimacy | an inadequate situation for a nonprofit organization (NGO) of weakening stakeholders' identification with an organization. |

## Introduction

There is general agreement in the literature that voluntary work is of substantial economic value. In nonprofit organizations in particular, voluntary work is a critical resource and volunteer management is a central part of human resource management. Volunteer management is intended to increase the sum of services provided by volunteers and to improve the matching between the volunteers and the organization. Choosing a career in the form of volunteering seems to be something special. Many believe that this is due to exceptional sources of internal motivation, such as the need to be involved in public service. Over time, a better understanding of the purpose of the work only strengthens this individual motivation. However, this is best done in nonprofit organizations, whose unique culture and effectiveness in solving social problems offer a space where the team's pride mixes with their personal sense of achievement.

European research indicates that even though there has been a general increase in the number of active volunteers and voluntary organizations in the EU over the past 10 years, significant difficulties are observed. For example, 93% of respondents indicated that they have never volunteered abroad. The survey also suggests that more than half (54%) of the young people who had taken part in organized voluntary activities did not incur any expenses, a further 28% of respondents incurred expenses without receiving any compensation, and one in six respondents (16%) were compensated for their expenses. The main difficulties seem to be related to the changes that are affecting the nature of voluntary engagement. They are also associated with a mismatch between the needs of voluntary organizations and the aspirations of the new generations of volunteers, rather than a drop in the number of volunteers. Factors include inadequate knowledge of the needs of organizations, the difficulty in matching volunteers with appropriate organizations, preference for short rather than long-term voluntary commitments, and increases in the number of voluntary organizations resulting in volunteers being spread across an ever-larger number of organizations.

The decrease in the number of volunteers is particularly visible in the United States, where volunteerism plays a significantly larger role in American civic life than it does in other countries. Research indicates that Americans are 15% more likely to volunteer their time than the Dutch, 21% more likely than the Swiss, and 32% more likely than Germans. According to the Bureau of Labor Statistics, volunteerism peaked between 2003 and 2005. From this time, the percentage of Americans who report having volunteered decreased from 28.8% to 25.3%. The volunteering rate has slowly declined from 29% to 25.4% in just 10 years. It is widely acknowledged that the nonprofit sector must reverse these trends and do more to increase the engagement of communities. This is particularly necessary in the human services sector, which relies heavily on the support of volunteers to fill the gaps in federal,

state, and local funding. Volunteer indicators in the United States have been declining since 2010, as they have in Australia and Canada. The above numbers have raised concerns among researchers, and have prompted them to conduct research focused on finding the causes of this phenomenon.

From the perspective of nonprofit organizations, the role of the volunteer is particularly important, not only because of their complementarity with staff shortages, but also from the point of view of solicitude for a social mission. When nonprofit organizations engage in activities aimed at generating commercial revenue to provide additional funds for fulfilling their mission, they must at the same time take particular account of the perception of volunteers in order to avoid tensions. While paid staff might be market driven, volunteer motivations are social mission driven.

Although there is an intense discussion in the literature on nonprofit organization commercialization, which may trigger a variety of tensions in organizations (e.g., mission drift), so far, the problem of the influence of commercialization on voluntary work has been poorly verified empirically. Knowledge of the relationship between commercialization and the ability of an organization to attract volunteers is crucial for an NGO's performance. Even if the commercialization of nonprofit organizations does not crowd out volunteer work, and, contrary to the speculations of other researchers, does not cause significant tensions along with the resulting difficulties in retaining volunteers in the organization, it is necessary to find out which tools for motivating volunteers increase the probability of maintaining an appropriate level of volunteer retention in commercialized NGOs. Firstly, the question arises whether commercialization causes a crowding out or crowding in effect with regard to volunteer work. The second question is what factors affect volunteer work as part of an NGO's activity.

Answers to these research questions will improve knowledge about the sector and give an indication as to the way NGOs should develop, while also providing practical implications for their governance and operations. Thus, the aim of this entry is to identify whether the commercialization of NGOs influences the crowding out or crowding in effect with regard to volunteer work, and to indicate the factors that affect volunteers' regular involvement in an NGO's activity. The entry presents a hypothesis which assumes that commercialization of NGOs determines stronger voluntary work in the functioning of such NGOs.

To achieve the paper's aim, ANOVA analysis and logistic regression were carried out on 1300 NGOs, including 200 NGOs that conduct business activity.

## Tensions of Nonprofit Commercialization

Commercialization is the process in which nonprofit organizations engage in activities aimed at generating commercial revenues. As a response to institutional changes, the nonprofit sector is increasingly performing business activities, and adopting market values and methods in the process of managing and providing services. The purpose of the commercialization process is to strengthen the economic stability of the organization by obtaining revenues independent of funding from government and private donors. This is an attempt to adopt nonprofit market behavior. At the same time, it is the reluctant response of social organizations to falling revenues from public funds and private donors and to a change in the legal conditions in the nonprofit sector (Maier et al. 2016).

Nonprofit organizations usually complete their mission by financing their activities with funds from public subsidies or from individual and commercial donors. Their capabilities in this regard depend primarily on their reputation, reliability, and effectiveness. Hence, nonprofit organizations must rely on many different sources of support in order to successfully fulfill their social mission. Increasingly, these entities engage in commercial activities involving the sale of products and services. Therefore, in order to raise funds, they are combining social activity with economic activity (Mikołajczak 2019).

The essence of the NGO commercialization process is to build the economic stability of

the organization by becoming independent of subsidy-based and/or philanthropy funding, as well as by making changes in the area of organization management, emphasizing its entrepreneurship and self-sufficiency. In a broader sense, commercialization of the NGO sector is related to the state's social policy and the limited possibilities the state has of financing the activities of such entities (Kerlin and Pollak 2006). This is also determined by the growing number of people in need of support and the growing number of organizations competing for funding for their activities.

A literature search identifies several leading problems arising from the commercialization of nonprofit organizations. These mainly concern the tensions related to the impact of commercialization on mission drift, the crowding out of public aid and/or the activity of private donors through commercial revenues, as well as distortions in stakeholder perceptions of legitimacy.

The threats associated with mission drift arise from the danger of social activity becoming dominated by economic activity, and thus the transformation of a social organization into a commercial enterprise, to the detriment of the achievement of its social goals and values. The risk of departing from the organization's original primary mission to attract available funds and ensure financial stability arises when NGOs are starting to focus more on survival goals than on fulfilling their original mission. This problem arises in particular when NGOs engage in commercial activities.

In addition, commercial activity diverts the real attention of NGOs toward activities unrelated to their original mission, requiring the involvement of professional, technical, and personnel infrastructure (e.g., Ebrahim et al. 2014). Commercialization of the nonprofit sector may also stimulate the formation of NGOs that focus on strict program performance assessments, while reducing their involvement in direct activity focused on social change (Marshall and Suárez 2013). Therefore, commercial priorities can distract nonprofit organization managers from their key social missions, and sometimes even subvert those missions.

Commercialization critics also argue that when nonprofit organizations take on entrepreneurial behavior, they reduce the willingness of private donors to become active, thus weakening their ability to raise additional funds for the organization's mission. Other threats are associated with the effect of the crowding out of public aid by commercial activities (Mikołajczak 2018).

From a financial perspective, the dual nature of the activities of commercialized nonprofit organizations makes them use a wide spectrum of different sources of revenue, e.g., public subsidies, funds from private donors, or commercial sales of products and services. However, the requirement of cost internalization means that they generate lower profits than could have been generated if they assumed the full economic costs. Moreover, double-pricing strategies, which result in lower revenues, limit the competitiveness and attractiveness of commercialized organizations for financial institutions and social investors (. . .).

Controversies related to commercialization arise from the tensions created when organizations seek different and contradictory goals or try to meet the inconsistent requirements of many stakeholders (Smith and Lewis 2011). Aside from mission drift, stakeholder perceptions of legitimacy, and crowding out of public support, some researchers include in these tensions weakening retention of volunteers as a result of the process of nonprofit commercialization.

In an organization, the role of volunteer is particularly important, not only because of their complementarity with staff shortages, but also from the point of view of solicitude for a social mission. The reluctance to accept commercialization can affect both a volunteer's motivation and the relationship of volunteers with other staff. While paid staff might be market driven, volunteer motivations are social mission driven. For volunteers, a choice of career in the form of volunteering is something special (Austin et al. 2006). Many believe that this arises from exceptional sources of intrinsic motivation, such as the need to be involved in public service. Thus, market goals might be difficult to accept, and to some extent are a catalyst to the loss of volunteers' commitment to an organization. Moreover, unlike paid employees, who might be expected to comply with managerial demands, volunteers are free

to withdraw their labor if they disapprove of the strategic direction the organization is pursuing. Leaders responsible for managing a nonprofit organization must keep this in mind in order to avoid tensions between organization stakeholders with regard to leadership, employee relations, recruitment, and culture. They must also manage relationships between employees and volunteers in order to achieve retention of the latter at an appropriate level. A lot of analyses assume that, unlike paid staff, volunteers receive limited training, possess no disciplinary knowledge, and have little power even if their work has a crucial social impact. This may cause frustration and tensions.

## Crowding Out/In of Volunteer Work

### Public Support

When considering the effect of the crowding out of volunteer work, the crowding out of volunteers by public sector activity is emphasized. There are empirically identified three channels for the crowding out of voluntary labor. Firstly, an increase in public social expenditure decreases the probability that the individual will volunteer (fiscal crowding out). Secondly, political consensus between individuals and the government also induces volunteers to reduce their unsalaried activities (consensual crowding out). And finally, the more a government supports democratization, the lower the individual's engagement (participatory crowding out). Religiosity and a more unequal income distribution in a country increase individuals' willingness to volunteer (Hackl et al. 2012). Although there exists a large body of literature investigating the influence of government spending on volunteers' involvement in which empirical evidence on the crowding out effect is still ambiguous, there is very little research on the relationship of commercial revenues on determining private donations of time.

### Commercial Revenues

Noticeably, little research has been devoted to the relationship between commercialization and volunteer work. The impact of commercialization on voluntary work at the organizational level was explored in Norwegian voluntary sport organizations. There was assumed that commercialization may not crowd out voluntary work when it is used to generate commercial resources that in turn are used to produce mission-related good. If individuals value the collective good, volunteers have the incentive to contribute by working voluntarily. This situation should lead to a relationship where increased commercial income is associated with increased voluntary work. Thus, voluntary work constitutes an input for the generation of commercial income in Norwegian nonprofit organizations – voluntary work and commercial income are not substitutes but are complementary (Enjolras 2002).

Some research suggest that an NPO's (Nonprofit organization) marketization is associated with commercialization of relationships which may, but need not, involve the introduction of monetary exchanges, for instance, when volunteering becomes an instrumental exchange of work in return for personal gratification. However, at the same time NPOs may also become more business-like in their selection of personnel, which is reflected in the concept of professionalization. This may lead to consequences that range from raising volunteers' qualification levels to employing more paid staff and placing stronger emphasis on formal educational credentials (Maier et al. 2016).

Other research explored the causality between commercialization and organization performance (e.g., the ability to attract donors and volunteers). It was pointed out that commercial revenues do not make a significant contribution to the organization's ability to crowd in volunteers. At the same time, the effects of commercialization on the ability to attract and retain qualified staff differ between fields of activity, and have a positive outcome in human service NPOs (Guo 2006).

Other findings also indicate that commercialization is associated with the use of more paid work and unchanged amounts of voluntary work. However, it entails a qualitative change to volunteering, which means that volunteers are involved in ancillary tasks, whereas central tasks are performed by paid staff. There are also some proofs that there is a relatively small percentage of

volunteers who participate in commercial activities. The use of activities that are consistent with or advance the organization's mission is approved of, while the use of commercial activities that do not advance the mission is generally disapproved of (Geoghegan and Powell 2006).

## Research Methodology

The main hypothesis formulated was that the commercialization of Polish NGOs is associated with the crowding in effect on volunteer work. Data for the present analyses was acquired from the Klon/Jawor Association, which partly commissioned research for the Kantar Millward Brown company in 2018 to conduct a national survey on a representative sample of 1100 Polish foundations and associations. The research was carried out on a random group of associations and foundations drawn from the Polish Statistics REGON register. A CAWI study was carried out by the Klon/Jawor Association. The organizations selected for the study received emails inviting them to join the research, and were additionally reminded and encouraged to participate in the study by phone. Two hundred organizations in Warsaw were examined by Kantar Millward Brown on behalf of the office in the capital city of Warsaw (using the same questionnaire as in the CAWI survey).

The data concerning associations and foundations was collected by means of the interview method, which used two research techniques: (1) 1100 interviews were carried out employing the CAWI technique (through an online questionnaire completed by the organizations themselves. The CADAS technique was used for this study) and (2) 200 were carried out employing the CAPI technique (direct computer-assisted personal interviews, conducted by interviewers in the area). In both cases, the respondents were people performing key functions in their organizations. Therefore, the questionnaire was to be completed by the leader of the organization, a member of the senior management, or a member of the trustee board or management committee. The data was collected in compliance with the principle of confidentiality.

Contact details for the organizations were obtained from spis.ngo.pl, which was verified and supplemented with data available on the Internet and information from local proxies for NGOs. The CAWI survey was carried out between May and September 2018. The CAPI survey was carried out between October and December 2018.

To achieve the paper's aim, ANOVA analysis and logistic regression were carried out. To achieve the paper's goal in identifying differences in the functioning of NGOs that cause a crowding in or crowding out effect, a one-factor analysis of variance (ANOVA) was carried out. ANOVA analysis of variance is a statistical method used to study observations that depend on one or more simultaneously acting factors. This method indicates which factors can be the reason for differences between the group means observed.

In this one-factor variance analysis, distribution normality research was conducted with the help of a Kołmogorow-Smirnow test. For those variables which did not meet the distribution normality criteria in the analysis, a nonparametrical Kruskal–Wallis test was carried out. To check the assumption of variance homogeneity, a Brown–Forsythe (B–F) test was performed due to unequal group sizes. In cases where the variance homogeneity criterion was met, an F-test was conducted to assess the differences. In other cases, a Welch test was employed to calculate the averages. Dichotomic variables include social enterprises and NGOs that do not run commercial activities. At the same time, dependent variables were selected on the basis of a literature review. Dependent variables were marked from V1 to V3, characterizing volunteer involvement.

The logistic regression model developed for the purpose of this entry is aimed at defining the probability of an NGO's crowding in effect, depending on the five selected variables presented in Table 2. An attempt has been made to quantify and parameterize the likelihood of an NGO's crowding in effect occurring. Therefore, variables were used regarding the involvement of volunteers in NGOs in the survey. The possibility of predicting an NGO's crowding in effect was defined as the probability, on the basis of survey

results, of an NGO falling into one of two binary classes (0 – use of the work of volunteers did not take place, 1 – NGOs did use the work of volunteers).

To verify the main hypothesis assuming that the commercialization of Polish NGOs is associated with a crowding in effect on volunteer work, the multiple logistic regression model applied in the studies made it possible to determine the probability of belonging to one of the two classes. The multiple logistic regression method was used to assess the risk of an NGO's crowding effect, to indicate its determinants and to assess the impact of selected factors on the NGO's support for volunteers.

## Results

To identify differences in the crowding in or out effect of social enterprises or NGOs not performing business activity, a one-factor analysis of variance (ANOVA) was carried out. At the first stage, distribution normality research was conducted for all dependent variables, with a level of $p < 0.01$ reached in a Kołmogorow-Smirnow test, which gave grounds for rejecting the hypothesis about the distribution normality of the variables tested. As the condition of distribution normality for dependent variables was not met, a nonparametrical Kruskal–Wallis test was employed to compare average survey values. For the K–W test, the level of variable significance between V1 and V2 was smaller than $p = 0.05$, so grounds were given for rejecting the assumption of the lack of significant differences among average results between NGOs that perform and those that do not perform business activity.

To check the assumption of variance homogeneity, a Brown–Forsythe test was used due to unequal group sizes (200 NGOs conducting business activity and 1100 not doing so; data shortages were tackled by not including the NGOs concerned in the analysis). The assumption of variance homogeneity was not met for all variables ($p < 0.05$), and a Welch test was employed to evaluate averages. The variance analysis showed statistically significant differences in the way NGOs perform or do not perform business activity with regard to all variables (see Table 1).

To establish which factors are significant and influence the crowding effect, stepwise backward regression was carried out. The logistic regression analysis – where the explanatory variable was a binary variable, that is, the commercialization of nongovernmental organizations and the explanatory variables were public external financing, private external financing and private internal financing – indicates that all variables determine the probability of an NGO's commercialization. The model achieved the value of the $\chi 2$ test at the level of 20.37, with a $p$ value of 0.01, which means that it is statistically significant. The model also accurately reflects actual data (the

**NGOs' Commercialization: The Crowding out or Crowding in Effect, Table 1** ANOVA analysis

| Assessment category | NGOs conducting business activity | NGOs not conducting business activity | Kruskal–Wallis test Value | p | Welch test Value | p |
|---|---|---|---|---|---|---|
| | Average value | | | | | |
| V1: Participation of volunteers in the work of the organization | 69% | 61% | 8.06 | 0.01 | 8.76 | 0.00 |
| V2: Number of volunteers even once involved in the organization's activities in the last 12 months | 150 | 22 | 14.01 | 0.00 | 6.40 | 0.01 |
| V3: The number of volunteers involved in the organization's activities are involved in the work of the organization regularly and often (at least once a month) | 86 | 48 | 10.10 | 0.01 | 1.69 | 0.20 |

**NGOs' Commercialization: The Crowding out or Crowding in Effect, Table 2** Parameters of independent variables of the logistic regression model

| Assessment category | Coefficient | VIF | p | ORi |
|---|---|---|---|---|
| W1: Size of NGO | −0.088 | 1.09 | 0.18 | 0.92 |
| W2: Internal training – conducted by people from the organization | 0.994 | 1.18 | 0.00 | 2.70 |
| W3: External training – by people outside the Organization | −0.102 | −0.102 | 0.74 | 0.90 |
| W4: Conferences | −0.718 | 1.4 | 0.03 | 0.49 |
| W5: Consultations, consultancy, meetings with Specialists | −0.026 | 1.35 | 0.95 | 0.97 |

Hosmer–Lemeshow test indicates a $p$ value of 0.63). Therefore, the hypothesis that the commercialization of Polish NGOs is associated with the crowding in effect on volunteer work was confirmed.

The parameters of the variables obtained – the values of directional coefficients and related p values, the odds ratio, and the VIF coefficient – are presented in Table 2.

As part of the model, two variables were selected with reference to the likelihood of an NGO's crowding in effect, internal training – conducted by people from the organization – and conferences (their $p$ values are less than 0.05). Collinearity analysis suggested the lack of a problem of correlating independent variables, as the VIF factor for the variables was not greater than 1.40.

The model is therefore described by the following formula:

$$C = \frac{\exp(1.815 + 0.994\,W2 - 0.718\,W4)}{1 + \exp(1.815 + 0.994\,W2 - 0.718\,W4)},$$

where:

$C$ – probability of crowding in effect occurring,
$W2$ – internal training – conducted by people from the organization,
$W4$ – conferences.

The logistic regression analysis demonstrated that:

- Offering volunteers acquisition of knowledge inside the organization provided by internal training – conducted by people from the organization – caused an increase in the probability of an NGO's crowding in effect, as its directional coefficient is 0.994
- Enabling participation in conferences works in the opposite direction, resulting in a slight decrease in the likelihood of an NGO's crowding in effect, as its directional coefficient is −0.718
- It can be said that the size of an NGO, external training – by people outside the organization – and consultations or meetings with specialists do not influence the crowding out or crowding in effect, as the $p$ value is $>0.05$.

The model demonstrates that the likelihood of an NGO's crowding in effect increases with frequent internal training and decreases rapidly with providing participation in conferences, which works as an external knowledge transfer.

To verify the predictive power of the constructed probability model of an NGO's crowding in effect, the error matrix method was used, the results of which are presented in Table 3.

The number of true positive cases (TP) is 127 observations and of false positive cases (FP) – 53 observations. The number of true negative cases (TN) is 9 and of false negative ones (FN) – 11. To assess the model's predictive capabilities, the results of the error matrix and the following coefficients were used: precision (PPV), negative predictive value (NPV), likelihood ratio (LR), efficacy (ACC), sensitivity, and specificity. The results are shown in Table 4.

**NGOs' Commercialization: The Crowding out or Crowding in Effect, Table 3** Matrix of errors developed for model C

| Item | | Observed real classes | |
|---|---|---|---|
| | | Positive | Negative |
| Predicted decision classes | Positive | 127 | 53 |
| | Negative | 11 | 9 |

**NGOs' Commercialization: The Crowding out or Crowding in Effect, Table 4** Assessment of the model's predictive abilities

| Item | Value |
|---|---|
| PPV | 70.46% |
| NPV | 45.16% |
| LR | 1.08 |
| ACC | 67.95% |
| Sensitivity | 92.09% |
| Specificity | 14.43% |

The model correctly identifies two out of three NGOs (the accuracy of the PPV classification was calculated at 70.46%). The probability that the organization was classified as commercialized with a negative result is 45.16% (NPV). The ratio between the chance that a positive result of the C test will be achieved by NGOs from the group of those who have been commercialized, and the likelihood that the same effect will be observed among organizations that have not been commercialized is 1.08 (LR). The effectiveness of C (ACC) is 67.95%, which means that the model correctly shows 6 out of 10 cases of commercialized NGOs. The ability of the C test to detect commercialization in the analyzed group of commercialized organizations (sensitivity) is 92.09%. On the other hand, specificity, i.e., the ability of the C test to exclude noncommercialized organizations is 14.43%.

## Conclusions

Nongovernmental organizations operating in market conditions, like all other entities, must have financial resources enabling them to achieve their goals, maintain a paid platform, etc. These often turn out to be insufficient, which is one of the main reasons for nonprofit organizations starting in business. Its consequences are the subject of a wide discussion, one of the research directions being tensions resulting in nonprofit commissioning. This also applies to volunteering.

The results of this research indicate that in the case of NGOs conducting business activity, a statistically significant higher level of volunteering in general can be observed. This also applies to occasional volunteering, i.e., volunteers involved at least once in the organization's activities in the last 12 months. In addition, the analysis points to a statistically higher number of volunteers who during the last 12 months have been engaged in the work of an organization regularly and often, i.e., undertook activities for the organization at least once a month. Therefore, the research has confirmed the hypothesis that the commercialization of Polish NGOs can be associated with a crowding in effect on volunteering.

The crowding in phenomenon is conducive to offering potential volunteers internal training conducted by people from the organization. However, while offering volunteers the acquisition of knowledge inside the organization is interesting for them and encourages free work, enabling participation in conferences works in the opposite direction, causing a weakening of the volunteer's involvement. It can be said that the direction of knowledge transfer (inside or outside the organization through, for example, conferences) can be crucial in engaging volunteer work in NGOs. We called this phenomenon as knowledge sharing absorption trigger. The results of this study may confirm some process theory assumptions that indicate the effect of internal and external types of motivation. In this context, numerous researchers explain that the motivation of volunteers is not only due to altruism and a prosocial attitude, but is also influenced by a group of factors derived from the interior of the organization, its management, and culture. This is indicated by the Person–Environment model, which includes compliance of work, mission and

strategy, as well as compliance with a group of colleagues and superiors.

## Cross-References


- ▶ Staff and Volunteers
- ▶ Volunteer Motivations and Nonprofit Organizations
- ▶ Volunteers and Volunteer Management
- ▶ Volunteers in the Public Sector


## References


Austin J, Stevenson H, Wei-Skillern J (2006) Social and commercial entrepreneurship: same, different or both? Entrep Theory Pract 30:1–22

Ebrahim A, Battilana J, Mair J (2014) The governance of social enterprises: mission drift and accountability challenges in hybrid organizations. Res Organ Behav 34:81–100

Enjolras B (2002) The commercialization of voluntary sport organizations in Norway. Nonprofit Volunt Sect Q 31(3):352–373

Geoghegan M, Powell F (2006) Community development, partnership governance and dilemmas of professionalization: profiling and assessing the case of Ireland. Br J Soc Work 36:845–861

Guo B (2006) Charity for profit? Exploring factors associated with the commercialization of human service nonprofits. Nonprofit Volunt Sect Q 35:123–138

Hackl F, Halla M, Pruckner GJ (2012) Volunteering and the state. Public Choice 151:465–495

Kerlin JA, Pollak T (2006) Nonprofit commercial revenue: a replacement for declining government grants and private contributions?. Paper presented at the Third Annual, United Kingdom Social Enterprise Research Conference, London

Maier F, Meyer M, Steinbereithner M (2016) Nonprofit organizations becoming business-like a systematic review. Nonprofit Volunt Sect Q 45(1):64–86

Marshall JH, Suárez D (2013) The flow of management practices: an analysis of NGO monitoring and evaluation dynamics. Nonprofit Volunt Sect Q 43(6):1033–1051

Mikołajczak P (2018) The impact of the diversification of revenues on NGOs' commercialization: evidence from Poland. Equilibrium 13(4):761–779

Mikołajczak P (2019) Becoming business-like: the determinants of NGOs' marketization turning into social enterprises in Poland. Oeconomia Copernicana 10(3):537–559

Smith WK, Lewis MW (2011) Toward a theory of paradox: a dynamic equilibrium model of organizing. Acad Manag Rev 36(2):381–403


# Noble Cause Corruption and Task-Related Rule-Breaking Behavior


R. C. van Halderen[1] and E. W. Kolthoff[2]

[1]Avans Centre for Public Safety and Criminal Justice, Avans University, 's-Hertogenbosch, The Netherlands

[2]Department of Criminology, Open University, Heerlen, The Netherlands


## Synonyms

Dirty hands; Integrity violation; Noble cause corruption; State crime; Task-related rule-breaking behavior; White-collar crime

## Definition

Noble cause corruption: "breaking fundamental laws, not for personal gain, but for a purpose that appeals to our basic moral sensibilities" (Delattre 2011, p. 211).

Task-related rule-breaking behavior: "police officers breaking laws or formal internal rules in support of performing their lawful task" (Van Halderen and Kolthoff nd).

## Introduction

Noble cause corruption is a concept well known in police studies. It refers to rule violations by police officers for "just" causes. Although the concept received scholarly attention for over several decades, the core features of noble cause corruption have remained fairly unclear. This vagueness appears to have hampered theoretical development and empirical assessment of the phenomenon. Task-related rule-breaking behavior is a more refined alternative term which has been recently introduced to stimulate future (empirical) research. Both concepts and their differences are briefly described in this entry. It is shown how in other governmental organizations

N

and institutes the violation of rules for legitimate causes is also present. Overlap exists with different concepts which are studied in various scientific domains (e.g., white-collar crime, unethical behavior, and dirty hands). The last parts of this entry give insight into the potential causes of the behavior and the way it may develop on both an individual and organizational level over time.

This entry is partly based on a related article which the authors wrote (Van Halderen and Kolthoff nd).

## Noble Cause Corruption, Coping with a Harsh Ethical Dilemma

Noble cause corruption is the result of a renowned ethical dilemma in policing: acting in accordance with the rules and letting a criminal walk or breaking the rules in order to get a thief, murderer, or rapist behind bars. The concept resembles the proverb "the end justifies the means." Common examples can be found in detective novels or Hollywood movies. For instance, a "hero" detective who uses illegal search methods falsifies evidence and violently" "punishes" perpetrators who escape conviction. Noble causes are legitimate goals benefitting society. Corruption refers to the evasion or violation of procedural constraints: organizational policy or law of due process (Caldero and Crank 2011; Crank et al. 2007). If there exists no other means than a dirty means, and the goal is unquestionably good, following or breaking the rules both have dire consequences. Hence, choosing between these two wrongs renders finding an innocent and fair solution impossible (Klockars 1980).

Although currently there exists only limited knowledge about the forms and frequency in which noble cause corruption is committed, it has been shown that it is not a fictional phenomenon. One of the most famous and serious cases was disclosed by the Wood Royal Commission in Australia (Wood 1997). The commission investigated the obscure activities of the New South Wales (NSW) Police Service during the mid-1990s and revealed the existence of severe "entrenched" and "systemic" corruption. In a wide variety of corruption cases examined by the commission, noble cause corruption raised its head. The commission, explicitly preferring the term process corruption, listed the following violations (p. 68):

- Lying under oath (perjury)
- Planting evidence
- Forcing confessions in the form of unsigned records of interview and falsified notebook records
- Denying basic rights in respect of matters such as the use of a caution or incarceration for the purpose of interview
- Assaults and pressure to persuade someone to confess
- Manipulating evidence to present a better case
- Posing as a solicitor to advise a suspect to cooperate
- Manipulating the product of electronic interception to delete anything that might prove to be embarrassing
- Unofficial and unauthorized practices such as putting suspected street drug dealers on a train and "banning" them from an area
- "Taxing" criminals who are perceived as standing above the law

The Wood Royal Commission (1996) interpreted the violations as striking at the heart of the criminal justice system. Not only discrediting the police organization but other related institutions, such as the courts, as well. If police officers systematically act if they are above the law, it is to be expected that the public loses its trust in the criminal justice system. Innocent people may be convicted, and criminals could be released because of breached procedural law. Noble cause corruption may severely damage the relationship between citizens and the state, seriously hampering the country's government.

Although the concept of noble cause corruption received scholarly attention since the 1980s, with Delattre (2011) explicitly coining the term in 1989, research on the phenomenon appears to be still in its infancy. As is also stated by Cooper (2012), most research on noble cause corruption is anecdotal (Caldero and Crank 2011; Klockars

1980), philosophical (Delattre 2011; Kleinig 2002), or policy orientated (Harrison 1999; Miller 1999; Newburn 2015; Punch 2000, 2009; Sunahara 2004). Empirical research has only been done in a limited fashion, with most assessments not having noble cause corruption as its main focus (Crank et al. 2007; Porter and Warrender 2009; Van Halderen and Lasthuizen 2013) or being of an exploratory nature and narrow scope (Goldschmidt and Anonymous 2008; Merrington et al. 2014).

To this day, and in all likelihood one of the main causes of the phenomenon being underexamined, there has been no discussion in the literature about the core features of noble cause corruption. The concept is shrouded in a certain amount of vagueness. A clear and common definition is absent. Noble cause corruption is often described using varying and "loose" terms that do not conflict but emphasize different aspects of the behavior. For instance, noble cause corruption has been described as a form of punishment for perceived criminals (Skogan and Meares 2004) to secure convictions or executed for organization gain (Porter and Warrender 2009). Besides the diverse descriptions, the exact rules that need to be violated for an offence to be labeled noble cause corruption are unclear, and the terms "noble" and "corruption" have somewhat contradicting and confusing properties.

## Task-Related Rule-Breaking Behavior, an Alternative Concept

Recently task-related rule-breaking behavior has been proposed as a more refined alternative term (Van Halderen and Kolthoff nd). It has been introduced to encourage more structured and interdisciplinary research on the phenomenon. Task-related rule-breaking behavior is defined as: police officers breaking laws or formal internal rules in support of performing their lawful task. The concept differs from noble cause corruption on the following elements:

1. Norms violated. Noble cause corruption is about the violation of procedural law. Also, as mentioned previously, department policy that implies some procedural constrain are viewed as part of the rules that relate to noble cause corruption (Caldero and Crank 2011; Crank et al. 2007). However, exact department rules or policies have not been specified. Thus, some lack of clarity remains regarding the boundaries of the concept. To minimize any confusion, task-related rule-breaking behavior concerns the violations of formal internal rules and national and international legislation (e.g., the Universal Declaration of Human Rights). The formal internal rules are bound to three criteria: they are generally applied within the police organization (individual agreements are excluded), they have been communicated by a formal authority figure within the organization, and their violation is subject to disciplinary sanction (e.g., formal reprimand or dismissal from the police service).
2. Covering the entire police mission. Noble cause corruption seems to be confined to law enforcement (i.e., crime fighting). In general, however, the police in Western countries have a mandate which goes beyond law enforcement and includes order maintenance and providing service or assistance to the public (e.g., crowd control, emergency first aid, and recovering missing goods) (Broadhurst and Davies 2008; Dempsey and Forst 2009). Task-related rule-breaking behavior is about the entire police task and includes violations such as abusing interfering bystanders in an accident area or reckless driving while rushing to an emergency situation.
3. The intention to do "good," a personal utilitarian perspective on what is "just" for the greatest number of people (Harrison 1999), is no longer seen as the primary explanation for the behavior. Other variables may also play a crucial role in the onset and development of the behavior, ranging from unfamiliarity with the law to severe peer pressure. Thus, task-related rule-breaking behavior is less narrowly focused than noble cause corruption and allows for the examination of alternative influential factors and mechanisms. This also

warrants the use of the label task-related rule-breaking behavior, in which the noble cause is no longer mentioned.

## Similar Phenomenon in Other Public Organizations

The concepts of task-related rule-breaking behavior and noble cause corruptions are defined in such a way that they are only applicable to police work. Nevertheless, the core of both concepts – violations in the benefit of society and/or the organization – is not specific to policing but is behavior which also occurs in other public organizations and institutes. In the literature, these behaviors in other parts of government have received various labels (see: Van Halderen and Kolthoff nd).

In the discipline of public administration the phenomenon is often understood as a specific type of integrity violation, which in itself may also be labeled as a form of unethical behavior or public misconduct (Lasthuizen et al. 2011; Van der Wal et al. 2006). Based on a categorization of integrity violations within the police organization by Huberts (1998), a broad typology was developed for use in (local) government organizations (Lasthuizen et al. 2011). Two types of violations were categorized which may be committed to further one's task. The first is termed improper use of authority and is described as the use of unlawful and/or improper means to reach organizational objectives. The second type is labeled misuse and manipulation of information and concerns the intentional or unintentional abuse of information. It is conceivable that society or the organization could benefit from violations in this category, at least in the short term. For example, public officials may break inter-agency information sharing protocols in order to find a quick solution to a pressing social problem or conceal negative information to secure the department's image.

In the discipline of criminology the concept of white-collar crime overlaps greatly with the phenomenon described, especially its subtype state crime (Payne 2013). State crime consists of unlawful acts committed on behalf of the state or specific governmental agencies. Offences for personal gain are excluded (Kauzlarich et al. 2001, 2003). Important in this context is the concept of trust. State crime, and white-collar crime in general, can be seen as a violation of trust (Friedrichs 2010; Kauzlarich et al. 2003). At worst, state crime completely erodes the public expectation that government officials or agencies will decently fulfill legitimate objectives. State crime has many forms, the most serious being war crimes such as the Nazi holocaust, the recruitment of child soldiers by government forces in Eritrea, and the systematic torture and abuse of Iraqi prisoners in Abu Ghraib (Rothe 2009). Closer to the theme discussed, however, are less atrocious offences committed by governmental agencies. For instance, the FBI unlawfully disrupted the activities of political groups and the CIA assisted in the blackmail of foreign leaders (Friedrichs 2010). State crime can be committed in all sorts of government organizations and by all sorts of public officials.

The last noteworthy concept is that of dirty hands. The concept has been studied and debated for over several decades in philosophy and political science. The current debate around the concept was started by Walzer (1973) in his article "Political Action: The Problem of Dirty Hands." The term dirty hands is derived from a play of the same name by Jean-Paul Satre ("Les mains sales"). The concept explains an ethical dilemma in political decision-making. The ethical dilemma itself has been the topic of discussion far longer, even going back to ancient Greece (De Wijze 2005). Dirty hands refers to situations of conflicting values, a means-ends dilemma very similar to noble cause corruption. Stocker (1990, p. 9) described the behavior as "acts that are justified, even obligatory, but none the less wrong and shameful." These acts may simultaneously be praised and punished (De Wijze 2013). Politics is an area particularly vulnerable for dirty hands behavior. Political decisions can greatly affect the wellbeing (social, economic, physical, etc.) of the population governed, for a short or a long time. The burden resting on politicians in crisis or war situations seems especially

heavy. Such events can be highly unpredictable and finding a solution is often acute. The vulnerability of politics is also due to the relative ease in which extremely bad things can be committed. Politicians command state resources and take decisions about life or death (e.g., starting a war) (Archard 2012). The concept of dirty hands received a central position in the scholarly debate on the moral aspects of torture (Van Erp 2013; Yemini 2014).

## Explaining Task-Related Rule-Breaking Behavior

Since the concept of task-related rule-breaking behavior has not yet been the subject of empirical investigation, the literature on closely related concepts (noble cause corruption, integrity violations, state crime, etc.) is currently the most helpful in gaining a deeper understanding of the factors that potentially influence the behavior. What is clear from the research on related concepts is that the behavior is generally caused by a cluster of factors. Specifying the influential factors involved is complex, and gaining a good insight in their interplay seems even harder.

One way to understand the manner in which multiple factors lead to task-related rule-breaking behavior are *INUS* conditions introduced by Mackie (1965, 2002) (see: Huberts and De Graaf 2014). Mackie argued that a combination of "*I*nsufficient" but "*N*ecessary" factors produces a certain effect. Each factor on its own does not generate the result but is an indispensable part of the causal process. The combination itself is "*U*nnecessary," but "*S*ufficient." Meaning that another cluster of influential factors may lead to the same result. For example, in an attempt to solve a murder case a police detective unlawfully breaks into a home to search for incriminating evidence. The detective is highly motivated to find the killer, is skeptical about procedural law, is experienced in lock picking, and the control by his superiors is limited. None of these factors is sufficient for the break in to happen, but their combination explains the detective's unlawful behavior. In another situation, a different set of "Insufficient" but "Necessary" factors may lead to this type of violation.

Different influential factors, and different combinations of these factors, are ostensibly related to different types of task-related rule-breaking behavior. Breaking into the home of a suspected killer will be connected to other motives and factors than abusing an annoying bystander at a traffic accident. In general the influential factors are located at three different levels: the individual police officer (micro level), the police organization (meso level), and the society (macro level) (Huberts and De Graaf 2014). Examples of individual factors are personality structure (Lee and Ashton 2014), individual value orientation (Caldero and Crank 2011; Rokeach 1973), emotions (Martinko et al. 2002; Neuman and Baron 1998), and the amount of professional experience (Delattre 2011; Klockars 1980; Paoline and Terrill 2007). The organization can stimulate task-related rule-breaking behavior by, for instance, imposing overambitious performance targets (Sharpe 1995), exercising limited control (Punch 2009), or facilitating organizational subcultures in which "loyalty" is more highly valued than "integrity" (Westmarland 2005). Societal factors which could contribute to task-related rule-breaking behavior are diverse as well, ranging from unrealistic public expectations concerning the reduction of crime (Terpstra and Van der Vijver 2005), and legal standards that do not fit real-life policing (Punch 1985), to judges condoning "creative" police investigation practices (Punch 2009), and new crime forms for which conventional police methods do not seem to be well suited (Huberts and Naeyé 2005).

## The Dynamic Nature of Task-Related Rule-Breaking Behavior

Task-related rule-breaking behavior appears to be dynamic in nature. The behavior can evolve on both an individual and an organizational level. The violations of individual police officers may change in frequency and severity over time, and the behavior could spread throughout the organization or slowly disappear. In the literature on

police corruption the development of the behavior on an individual level is often metaphorically described as the "slippery slope." This metaphor is used to illustrate how corrupt behavior may start off quite innocent (e.g., a police officer accepting a free meal) and develops to serious forms of unlawful behavior (Kleinig 1996; Sherman 1982). Corruption on an organizational level is often understood as a collective undertaking which could become, at worst, completely embedded in the structure and culture of an organization (see: Ashforth and Anand 2003; Brief et al. 2001; Palmer 2008, 2012). Ashforth et al. (2008, p. 671) view corruption, also metaphorically, as an infectious process:

> Corruption is both a state and a process. The concept of corruption reflects not just the corrupt behavior of any single individual – defined as the illicit use of one's position or power for perceived personal or collective gain – but also the dangerous, virus like "infection" of a group, organization, or industry. If corrupt individual acts are left unchecked, they can spread to other individuals and magnify in scope and audacity, in ways that can eventually transcend individuals and groups and become embedded in the very culture of an organization and industry.

The development of rule violations within an organization and on an individual level both consist of different phases (Palmer 2008, 2012; Sherman 1982). Although the relationship between the individual and organizational level has not received much scholarly attention, two processes seem to play a crucial role in the development of the behavior on both levels.

The first is the "rationalization" of misbehavior. Rationalizations are psychological strategies that are used to neutralize negative feelings concerning past or future wrongdoing (e.g., guilt, shame, and regret). Rationalizing a wrongful act hides the erosion of one's moral identity by reducing the dissonance between a self-image of being virtuous and behaving immorally. It is a defense mechanism against self-blame and allows everyday people to commit offences without perceiving themselves as deviant, corrupt, or criminal (Anand et al. 2004; Ashforth and Anand 2003; Umphress and Bingham 2011; Weaver 2006). Examples of rationalizations which may be used by police officers to neutralize the stress associated with task-related rule-breaking behavior are denying the existence of a victim ("He deserved to be punished."), the denial of injury ("I did not really harm anyone."), and appealing to higher-order values ("Because of my assertive actions new crimes were prevented.") (see: Anand et al. 2004). The use of euphemistic language is often part of rationalizing wrongdoing. Unethical acts can (partly) lose their vileness by describing them using "innocent" words and phrases. Even the most severe inhumanities can be "sanitized" by using euphemistic language (Bandura 1999). In the Nazi Holocaust, for instance, the killing of Jews was reframed as "special treatment," "evacuation," and the well-known "final solution" (Adams and Balfour 2004, p. 18).

Socialization into the behavior is the second crucial process in the evolution of rule violations. The socialization process, in which newcomers are familiarized with the values, norms, and beliefs of their new primary group, is aimed at testing and altering the newcomer's attitude towards the violations committed by the group. Rationalizations, euphemistic language, and gradual habituation play an important role in this process. The newcomer's identity as an ethical person is supported by the group, with him or her learning to interpret the violations as admissible or even desirable. Peer pressure may be significant with encouragement to act in a certain way and punishment when feelings of doubt are displayed (Anand et al. 2004; Ashforth and Anand 2003). The police organization seems susceptible to these kinds of socializations processes. Some units or groups may have developed subcultures in which violations such as task-related rule-breaking behavior are routine or normal (see: Punch 1985, 2009). Socializing newcomers into the behavior is crucial for the continued existence of such a subculture (Ashforth and Anand 2003). Remarkable is also how the training program for police recruits may facilitate socialization into rule-breaking. With "war stories" told by academy instructors and field trainings officers showing how real policing differs from the books (Caldero and Crank 2011; Sherman 1982).

## Conclusion

Police officers violating rules for legitimate causes is still an underexamined phenomenon. The phenomenon is complex and has many facets that require additional scholarly attention. Currently many (basic) questions remain unanswered, for instance: In which forms does the behavior manifest itself? How frequent do officers commit these types of violations? Are there patterns and trends in its frequency? Which factors influence the behavior? And how do these factors relate to each other and relate to different forms of the behavior? Does an individual slippery slope exists? Can the behavior be of a collective nature, and how does it develop within the organization? The recent introduction of the concept of task-related rule-breaking Behavior can be viewed as a first step towards studying the phenomenon in a more structured and interdisciplinary fashion. It explicitly allows for the incorporation of research findings on closely related concepts, such as state crime or integrity violations. Research done on these concepts is currently one of the most valuable information sources for gaining a deeper understanding of task-related rule-breaking behavior (Van Halderen and Kolthoff nd).

In a practical sense task-related rule-breaking behavior provides a challenge for the police organization. How should the organization cope with police officers committing these types of violations? As is often the case, "an ounce of prevention is worth a pound of cure." Increasing the familiarity of police officers with the phenomenon and its potential causes appears to be one way to reduce the amount of task-related rule-breaking behavior within a police team or unit. Hence, research on task-related rule-breaking behavior also has important practical implications, and considering the many related concepts even appears useful for other governmental organizations.

## Cross-References


- ▶ Corruption
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Policing
- ▶ Organizational Socialization
- ▶ Street-Level Bureaucracy
- ▶ Utilitarianism


## References


Adams GB, Balfour DL (2004) Unmasking administrative evil, revised edn. M.E. Sharpe, Armonk

Anand V, Ashforth BE, Joshi M (2004) Business as usual: the acceptance and perpetuation of corruption in organizations. Acad Manag Exec 18(2):39–53. https://doi.org/10.5465/AME.2004.13837437

Archard D (2012) Dirty hands and the complicity of the democratic public. Ethical Theory Moral Pract 16(4): 777–790. https://doi.org/10.1007/s10677-012-9387-y

Ashforth BE, Anand V (2003) The normalization of corruption in organizations. Res Organ Behav 25:1–52. https://doi.org/10.1016/S0191-3085(03)25001-2

Ashforth BE, Gioia DA, Robinson SL, Treviño LK (2008) Re-viewing organizational corruption. Acad Manag Rev 33(3):670–684. https://doi.org/10.5465/AMR.2008.32465714

Bandura A (1999) Moral disengagement in the perpetration of inhumanities. Personal Soc Psychol Rev 3(3): 193–209. https://doi.org/10.1207/s15327957pspr0303_3

Brief AP, Buttram RT, Dukerich JM (2001) Collective corruption in the corporate world: toward a process model. In: Turner ME (ed) Groups at work: theory and research. Erlbaum, Mahwah, pp 471–499

Broadhurst R, Davies SE (2008) Introduction: Australian policing in context. Retrieved from https://www.researchgate.net/publication/29467571_Policing_in_Context

Caldero MA, Crank JP (2011) Police ethics: the corruption of noble cause, rev, 3rd edn. Routledge, Abingdon

Cooper JA (2012) Noble cause corruption as a consequence of role conflict in the police organisation. Polic Soc 22(2):169–184. https://doi.org/10.1080/10439463.2011.605132

Crank J, Flaherty D, Giacomazzi A (2007) The noble cause: an empirical assessment. J Crim Just 35(1): 103–116. https://doi.org/10.1016/j.jcrimjus.2006.11.019

De Wijze S (2005) Tragic-remorse – the anguish of dirty hands. Ethical Theory Moral Pract 7(5):453–471. https://doi.org/10.1007/s10677-005-6836-x

De Wijze S (2013) Punishing 'dirty hands' – three justifications. Ethical Theory Moral Pract 16(4):879–897. https://doi.org/10.1007/s10677-012-9396-x

Delattre EJ (2011) Character and cops: ethics in policing, 6th edn. AEI Press, Washington, DC

Dempsey JS, Forst LS (2009) An introduction to policing, 5th edn. Delmar Cengage Learning, Clifton Park

Friedrichs DO (2010) Trusted criminals: white collar crime in contemporary society. Wadsworth Cengage Learning, Belmont


N

Goldschmidt J, Anonymous (2008) The necessity of dishonesty: police deviance, 'making the case', and the public good. Polic Soc 18(2):113–135. https://doi.org/10.1080/10439460802008637

Harrison B (1999) Noble cause corruption and the police ethic. FBI Law Enforc Bull 68(8):1–7

Huberts LWJC (1998) Blinde vlekken in de politiepraktijk en de politiewetenschap: over politie, wetenschap, macht, beleid, integriteit en communicatie. Gouda Quint, Deventer

Huberts L, De Graaf G (2014) Why it goes wrong: causes of corruption. In: Huberts L (ed) Integrity of governance: what it is, what we know, what is done, and where to go. Palgrave Macmillan, Hampshire, pp 144–166. https://doi.org/10.1057/9781137380814.0011

Huberts LWJC, Naeyé J (2005) Politiële integriteit: het analysekader. In: Huberts LWJC, Naeyé J (eds) Integriteit van de politie: wat we weten op basis van Nederlands onderzoek, Politiewetenschap No. 22. Kerckebosch, Zeist, pp 19–39

Kauzlarich D, Matthews R, Miller W (2001) Toward a victimology of state crime. Crit Criminol 10(3): 173–194. https://doi.org/10.1023/A:1015744304749

Kauzlarich D, Mullins C, Matthews R (2003) A complicity continuum of state crime. Contemp Justice Rev 6(3): 241–254. https://doi.org/10.1080/1028258032000115895

Kleinig J (1996) The ethics of policing. Cambridge University Press, Cambridge, UK

Kleinig J (2002) Rethinking noble cause corruption. Int J Police Sci Manag 4(4):287–314. https://doi.org/10.1350/ijps.4.4.287.10877

Klockars CB (1980) The dirty Harry problem. Ann Am Acad Pol Soc Sci 452(1):33–47. https://doi.org/10.1177/000271628045200104

Lasthuizen K, Huberts L, Heres L (2011) How to measure integrity violations. Public Manag Rev 13(3):383–408. https://doi.org/10.1080/14719037.2011.553267

Lee K, Ashton MC (2014) The dark triad, the big five, and the HEXACO model. Personal Individ Differ 67:2–5. https://doi.org/10.1016/j.paid.2014.01.048

Mackie JL (1965) Causes and conditions. Am Philos Q 2(4):245–264

Mackie JL (2002) The cement of the universe: a study of causation. Clarendon, Oxford, UK

Martinko MJ, Gundlach MJ, Douglas SC (2002) Toward an integrative theory of counterproductive workplace behavior: a causal reasoning perspective. Int J Sel Assess 10(1–2):36–50. https://doi.org/10.1111/1468-2389.00192

Merrington S, Lauchs M, Bell P, Keast R (2014) An exploratory study of noble cause corruption: the Wood Royal Commission New South Wales, Australia 1994–1997. Int J Manag Adm Sci 2(4):18–29

Miller S (1999) Noble cause corruption in policing. Afr Secur Rev 8(3):12–22. https://doi.org/10.1080/10246029.1999.9627889

Neuman JH, Baron RA (1998) Workplace violence and workplace aggression: evidence concerning specific forms, potential causes, and preferred targets. J Manag 24(3):391–419. https://doi.org/10.1177/014920639802400305

Newburn T (2015) Literature review – police integrity and corruption. Her Majesty's Inspectorate of Constabulary, London

Palmer D (2008) Extending the process model of collective corruption. Res Organ Behav 28:107–135. https://doi.org/10.1016/j.riob.2008.04.005

Palmer D (2012) Normal organizational wrongdoing: a critical analysis of theories of misconduct in and by organizations. Oxford University Press, Oxford, UK

Paoline EA, Terrill W (2007) Police education, experience, and the use of force. Crim Justice Behav 34(2): 179–196. https://doi.org/10.1177/0093854806290239

Payne BK (2013) White-collar crime: the essentials. Sage, Thousand Oaks

Porter LE, Warrender C (2009) A multivariate model of police deviance: examining the nature of corruption, crime and misconduct. Polic Soc 19(1):79–99. https://doi.org/10.1080/10439460802457719

Punch M (1985) Conduct unbecoming: the social construction of police deviance and control. Tavistock, London

Punch M (2000) Police corruption and its prevention. Eur J Crim Policy Res 8(3):301–324. https://doi.org/10.1023/A:1008777013115

Punch M (2009) Police corruption: deviance, accountability and reform in policing. Willan, Cullompton

Rokeach M (1973) The nature of human values. The Free Press, New York

Rothe DL (2009) State criminality: the crime of all crimes. Lexington Books, Lanham

Sharpe AN (1995) Police performance crime as structurally coerced action. Polic Soc 5(3):201–220. https://doi.org/10.1080/10439463.1995.9964724

Sherman L (1982) Learning police ethics. Crim Justice. Ethics 1(1):10–19. https://doi.org/10.1080/0731129X.1982.9991690

Skogan WG, Meares TL (2004) Lawful policing. Ann Am Acad Pol Soc Sci 593(1):66–83. https://doi.org/10.1177/0002716204263637

Stocker M (1990) Plural and conflicting values. Oxford University Press, Oxford, UK

Sunahara DF (2004) A model of unethical and unprofessional behaviour. Can Rev Polic Res 1. Retrieved from http://crpr.icaap.org/index.php/crpr/article/viewArticle/17/16#8

Terpstra J, Van der Vijver K (2005) De veiligheid in Nederland: het onveiligheidscomplex. In: Arentsen M, Trommel W (eds) Moderniteit en overheidsbeleid: hardnekkige beleidsproblemen en hun oorzaken. Coutinho, Bussum, pp 133–153

Umphress EE, Bingham JB (2011) When employees do bad things for good reasons: examining unethical pro-organizational behaviors. Organ Sci 22(3): 621–640. https://doi.org/10.1287/orsc.1100.0559

Van der Wal Z, Huberts L, Van den Heuvel H, Kolthoff E (2006) Central values of government and business: differences, similarities and conflicts. Public Adm Q 30(3/4):314–364

Van Erp H (2013) Political obligation, dirty hands and torture; a moral evaluation. S Afr J Philos 32(1): 109–122. https://doi.org/10.1080/02580136.2013.810420
Van Halderen RC, Kolthoff EW (nd) Noble cause corruption revisited: towards a structured research approach. Public Integr (accepted for publication)
Van Halderen RC, Lasthuizen K (2013) Creatief gebruik van bevoegdheden: Een explorerend onderzoek binnen de Nederlandse politie. Tijdschr Veiligh 12(1):16–36
Walzer M (1973) Political action: the problem of dirty hands. Philos Public Aff 2(2):160–180
Weaver GR (2006) Virtue in organizations: moral identity as a foundation for moral agency. Organ Stud 27(3): 341–368. https://doi.org/10.1177/0170840606062426
Westmarland L (2005) Police ethics and integrity: breaking the blue code of silence. Polic Soc 15(2):145–165. https://doi.org/10.1080/10439460500071721
Wood JRT (1996) Royal Commission into the New South Wales police service: interim report (February 1996). Retrieved from Police Integrity Commission New South Wales website: https://www.pic.nsw.gov.au/Report.aspx?ReportId=106
Wood JRT (1997) Royal Commission into the New South Wales police service: final report, Corruption, vol 1. Retrieved from Police Integrity Commission New South Wales website: https://www.pic.nsw.gov.au/Report.aspx?ReportId=100
Yemini M (2014) Conflictual moralities, ethical torture: revisiting the problem of "dirty hands". Ethical Theory Moral Pract 17(1):163–180. https://doi.org/10.1007/s10677-013-9429-0

# Nongovernmental Organizations and International Nongovernmental Organizations

J. Steven Ott and Jesus N. Valero
Department of Political Science/Public Administration, The University of Utah, Salt Lake City, UT, USA

## Synonyms

Economic and social council

As defined originally by United Nations ECOSOC resolution 288[X], Article 71, 1950, (Some authors assert that the term *nongovernmental organization* was first coined in 1945 when the United Nations was created. See, for example, Davies (2014)) a **nongovernmental organization (NGO)** is: "Any international organization which is not established by intergovernmental agreement shall be considered as a nongovernmental organization " (United Nations ECOSOC resolution 288[X], Article 71, 1950). A second commonly used definition is: "A group brought together by common aims and with a basic organizational structure; it does not rely upon governments for its formation or for most of the resources of its continued existence, and it is not profit-making in its aim" (Archer 1998: 1504). Neither of these definitions, however, is satisfactory for most any purpose because NGOs, in their large variety, do not always fit nicely within the confines of a single definition. Yet, it is impossible to study or inventory NGOs without clear agreement about what they are. In order to approach a comprehensive understanding of what NGOs are, we first explore two other interrelated and overlapping concepts: *civil society and nonprofit organization*. We then turn to an elaboration of the distinctive features of nongovernmental organizations (NGOs) and international nongovernmental organizations (INGOs).

## Civil Society

There are widely ranging views about what *civil society* (Orchard 2016: 225–235) and *civil society organizations* are and are not. For example, *civil society* has been construed as a society similar to what Alexis de Tocqueville described in 1840 – a world consisting of voluntary organizations and associations through which individuals become part of something larger than themselves, contribute to the public good, and learn how to be good citizens (de Tocqueville 1840). In this sense, civil society is "the realm of organized social life that is voluntary, self-generating, (largely) self-supporting, autonomous from the state, and bound by a legal order or set of shared rules" (Diamond 1994: 5). Yet, many nonprofit

N

organizations that are often labeled "civil society organizations" are businesslike, professionally staffed and run, service providers with no members or volunteers, and are predominantly dependent on revenue from government contracts and grants.

To begin this exploration of *civil society*, we rely on the Johns Hopkins Global Society Index (Salamon and Wojciech Sokolowski 2004a; Salamon et al. 2004). This index is useful for understanding civil society across contexts because although there are common elements, civil societies look different from country to country (See, for example, a discussion of the linkage between the concepts of civil society, nonprofit organization, and private government in Mendel (2010)). The conceptual and operational considerations that went into the construction of the "Global Civil Society Index" are valuable underpinnings for an understanding of NGOs. At a conceptual level:

> There seems to be a reasonable consensus about its [civil society's] central core. That core consists of the basic private associational life of a society – the private associations and organizations that operate more or less outside the confines of the state and business as well as of the family, though they may receive aid and support from all of these. Such "intermediary" institutions function as the social glue of society. They bring people together for joint activity without the need for official auspices. They thus provide vehicles for the individual initiative for the common good, or at least for the common good as perceived by some reasonable segment of the community. (op cit. Lester M. Salamon and S. Wojciech Sokolowski, 3)

The conceptual, structural, and operational features of *civil society organizations* that Johns Hopkins arrived at for the inclusion of organizations in its index are:

> The set of (1) formal or informal organizations or structured relationships among people that are (2) private (i.e., not part of the apparatus of the state), (3) not profit-distributing, (4) self-governing, and (5) voluntarily constituted and supported.

Construction of a "Global Civil Society Index," however, requires advancing ideas from concepts (i.e., features) to reality by identifying specific criteria by which to judge civil society organizations. The Johns Hopkins major criteria for organizations to be considered *civil society organizations* are:

- The presence of informal as well as formal organizations
- The mobilization of significant voluntary effort in addition to paid employment
- A diverse fiscal base that includes fees, charges, and public sector support in addition to philanthropy and private giving
- The importance of contextual factors, such as an enabling legal environment and a climate of popular support, in shaping the sector's development
- The variety of functions these organizations perform, including both "expressive" functions and "service" functions
- The diverse forms that civil society takes in different countries and regions (op cit. Lester M. Salamon and S. Wojciech Sokolowski, 66, 67)

These criteria make it apparent why many totalitarian states place restrictions on the formation and operations of civil society organizations when they can easily become breeding grounds, support systems, and collective voices for people who hold views that are contrary to the state and its policies. For example, the massive migration from rural western provinces to the industrialized eastern provinces in China overwhelmed the government's ability to provide services. Therefore, despite pervasive governmental distrust of civil society organizations, the government reportedly permitted civil society organizations in the Pearl River Delta area to provide service functions – but *never* expressive functions or mobilization of significant voluntary efforts that might lead to civil unrest (Ma (2006); Benjamin Read and Robert Pekkanen explain why civil society organizations have varying types and degrees of freedom in different East and Southeast Asia countries, in (2009) and Ma (2002: 305–328).

## Nonprofit Organization

As with the concepts of *civil society* and *civil society organization*, there is a vast array of definitions of *nonprofit organization*. Most definitions

take a negative approach by describing what a nonprofit organization is not and what it is not allowed to do. For example, nonprofit organizations in the United States do not have owners, they may not distribute profits (or surpluses), and most types of nonprofit organizations may not engage in political campaigns. On the other hand, definitions that focus on the positive aspects of what nonprofit organizations do and how they make the world a better place inherently tend to be lengthier and more complex but are much more useful for describing the spirit and essence of nonprofit organizations (Ott and Dicke 2016; see also Lohmann 1989: 367–383). This type of definitions tends to emphasize the aspirations, goals, and activities that nonprofit organizations encourage and enable people from all walks of life to seek and engage in. In essence and in concept, *a nonprofit sector is a civil society*, and a *nonprofit organization is a civil society organization*.

As with *civil society* as explained in the previous section, advancing from concept to useful definitions requires criteria to assess which organizations are *nonprofit organizations*. Two widely respected scholars of the nonprofit sector have proposed somewhat overlapping but quite different criteria: Peter Frumkin and Kirsten A. Grønbjerg. Frumkin identifies:

> three fundamental features of the disparate entities that constitute the nonprofit and voluntary sector . . . that connect these widely divergent entities: (1) they do not coerce participation, (2) they operate without distributing profits to stakeholders, and (3) they exist without simple and clear lines of ownership and accountability. (Frumkin 2002: 3)

Grønbjerg's five major factors that make the nonprofit sector distinctive include:

> First, the sector operates under private, not public auspices.
>
> . . ..
>
> Second, the sector operates under a particular ownership structure in which there are no formal ownership rights, with corresponding implications for the exercise of property rights and lack of access to equity finance.
>
> . . ..
>
> Third, the sector is rooted in voluntarism.
>
> . . ..
>
> Fourth, the sector's purpose involves substantive rationality – the achievement of particular missions and substantive goals – not just profit for the sake of profit or reelection to political office . . .
>
> . . ..
>
> Finally, the nonprofit sector operates with a particular type of technology. By and large, it does not produce things or process cases or transactions but seeks to change people – their views, values, behaviors, and/or knowledge. (Grønbjerg 2016: xiv, xv)

Comparing Frumkin's fundamental features with Grønbjerg's major factors in table form:

| Frumkin's three fundamental features of organizations in the nonprofit sector | Grønbjerg's five major factors that make the nonprofit sector distinctive |
|---|---|
| Non-coercive participation | Rooted in voluntarism |
| They do not distribute profits to stakeholders | No formal ownership rights with implications for lack of access to equity finance |
| Do not have simple and clear lines of ownership and accountability | No formal ownership rights |
| | Operate under private, not public auspices |
| | Purpose involves substantive rationality, not just profit for the sake of profit |
| | Seek to change people, their views, values, behaviors, and/or knowledge |

Frumkin's and Grønbjerg's criteria overlap on the issues of ownership, distribution of profits, and lines of accountability – by inference. Frumkin readily acknowledges that his first fundamental feature, *non-coercive participation*, does not eliminate many organizations from inclusion. To indicate how blurred the boundaries around the nonprofit sector can be, consider the common practice in the United States of requiring persons convicted of minor crimes to do community service. If convicts are required to "volunteer" with a nonprofit food bank as part of their sentences, does this coerced participation place the food bank outside the nonprofit sector? Obviously, for most of us, it would not.

Grønbjerg's third major factor, "rooted in voluntarism," is more expansive than Frumkin's first fundamental feature but still is blurred. If the

services of a nonprofit are exclusively delivered by professionally trained and paid staff, is the organization outside the scope of the nonprofit sector? Probably not. The point is clear, however: all criteria or boundaries that attempt to separate organizations in the nonprofit sector from organizations in the other sectors – government agencies and for-profit businesses – cannot be absolute. They must be somewhat conditional.

Grønbjerg's fourth and fifth criteria shift from "negatives" to "positives" as she attempts to capture the essence or spirit of nonprofit organizations. Nonprofit organizations value money, just as businesses and government agencies do. The differences are important. Private businesses do things, create things, and sell things in order to provide financial gains to their owners. In contrast, nonprofit organizations need money in order to be able to do things that help them achieve their mission – to "change people, their views, values, behaviors and knowledge" (ibid., xv). Money is the reason for a business to exist. Money is a necessary resource for a nonprofit organization to make some aspects of the world a better place.

Finally, Grønbjerg's first major factor is "operates under private, not public auspices." Legally, nonprofit organizations in the United States are a special type of private corporation. They are incorporated under the laws of a state, and as such, they operate under the laws and jurisdiction of a state. In addition, many types of nonprofits benefit from tax-exempt status at both the state and federal level. Reporting requirements to the state and federal government, however, are usually limited to annual financial reports (Nonprofit organizations that successfully apply for tax exemption and/or tax deductibility with the US government and/or the state of incorporation are subject to more extensive reporting requirements, but still do not operate under the auspices of a government. See, for example, the Commerce Clearing House's annual *United States Master Tax Guide*, Hopkins 2016, 2017). Despite their legal relationships with state and federal governments, nonprofits do not operate under public auspices. This distinction is important but tricky in the United States and more so in totalitarian states. For example, if a nonprofit in the United States receives a large majority of its revenue from government through contracts and grants, does the nonprofit operate independent of public (government) auspices? Dependence on a single or very limited number of revenue sources usually requires a nonprofit organization to adopt policies, procedures, and accounting/financial practices similar to those of the funder, and as a result, the nonprofit may "look" a lot like a government agency.

Having explored the related concepts of civil society and nonprofit organization, we now turn our attention to nongovernmental organization.

## Nongovernmental Organization (NGO)

> The difference between nonprofit organizations (NPOs) and NGOs is slim. However, the term "NGO" is not typically applied to U.S.-based nonprofit organizations. Generally, the NGO label is given to organizations operating on an international level although some countries classify their own civil society groups as NGOs.
> *NGO* activities include, but are not limited to, environmental, social, advocacy and human rights work. They can work to promote social or political change on a broad scale or very locally. NGOs play a critical part in developing society, improving communities, and promoting citizen participation. (Grantspace, a service of the Foundation Center, New York, NY. http://grantspace.org/tools/knowledge-base/Resources-for-Non-U.S.-Grantseekers/ngo-definition-and-role. Retrieved 01/02/2016)

In other words, NGOs are essentially the same entities as nonprofit organizations and civil society organizations– but they operate outside of the United States. For some reason, the United States prefers the term "nonprofit," whereas the rest of the world prefers "nongovernmental." Another difference is that NGOs operate under the laws of the country in which they were incorporated or in which they operate. To the degree that there is agreement about the definition of *civil society organizations* and *nonprofit organizations*, there is also agreement about the definition of *nongovernmental organizations*.

As the quotation from the Foundation Center's GrantSpace (above) indicates, there are two major

types of NGOs, those that operate within a country (other than the United States) and those that operate internationally. Usually, *NGO* refers to a domestic NGO – an NGO that operates within a country. When an NGO operates internationally, it is usually referred to as an *INGO*, or *international nongovernmental organization*, but not always. Often, INGOs provide financial support, technical assistance, and other related resources to NGOs for the purpose of advancing society, strengthening communities, and enabling citizen participation within a country.

Because Salamon and Sokolowski's Johns Hopkins Index that was introduced earlier is intended to serve as a *Global Index*, whereas the Grønbjerg and Frumkin criteria are for US nonprofits, we now compare the Johns Hopkins criteria with those of Grønbjerg and Frumkin.

| Salamon and Sokolowski's major factors for inclusion in the Johns Hopkins Index of Global Civil Society | Grønbjerg's five major factors that make the nonprofit sector distinctive | Frumkin's three fundamental features of organizations in the nonprofit sector |
|---|---|---|
| The presence of informal as well as formal organizations | | |
| Significant voluntary effort in addition to paid employment | Rooted in voluntarism | Non-coercive participation |
| Multiple sources of income, including earned, public support, and donated | | |
| Private, not part of the apparatus of the state | Operate under private, not public auspices | |
| Contextual factors, e.g., legal environment and popular support | | |
| Voluntarily constituted and supported | | |
| They perform expressive functions and service functions | Purpose involves substantive rationality, not just profit for the sake of profit | |
| | Seek to change people, their views, values, behaviors, and/or knowledge | |
| They vary in different countries and regions | | |
| Not profit distributing | No formal ownership rights with implications for the lack of access to equity finance | They do not distribute profits to stakeholders |
| | No formal ownership rights | Do not have simple and clear lines of ownership and accountability |
| Self-governing | | |

When combined, the three sets of criteria represent a rather comprehensive, probably not very controversial, and practical definition of an NGO. Neither Grønbjerg nor Frumkin is likely to object to the inclusion of several of the Johns Hopkins criteria: informal and formal organizations, contextual factors, variance among countries and regions, and self-governing.

- Informal as well as formal organizations: Many NGOs and nonprofit organizations do not file for incorporation with their state governments – they simply exist with no legal status. This criterion was likely so obvious as to be overlooked.
- Contextual factors and variance among countries and regions: Laws and cultural factors strongly influence the structure, purposes, and functions of NGOs and nonprofit

N

organizations, and laws and cultural factors vary among states and nations.
- Self-governing: This criterion represents a significant problem in some parts of the world but not in the United States (for Grønbjerg and Frumkin). It is common for authoritarian governments to govern and/or tightly control NGOs.

Likewise, Salamon and Sokolowski are not likely to object to including the Grønbjerg and Frumkin criteria of no formal ownership rights and no distribution of profits, although there may be nations where NGO laws do not require these features.

In many countries, it is not possible to know how many NGOs exist or what types of functions they perform (Comparisons among estimates about the size and magnitude of the nonprofit sector in some countries should be made only with considerable caution. There is not widespread agreement on terms or what should be included. See Salamon and Wojciech Sokolowski 2004b). Estimates about their magnitude usually are extrapolated from reports of government agencies and international organizations such as the United Nations, the World Bank, and the Organization of Economic Cooperation and Development (OECD).

The size, resources, aspirations, and influence of NGOs in countries around most of the globe have expanded so rapidly and comprehensively since the 1970s that some observers refer to this growth as "an associational revolution" (Edwards 2009; Salamon and Wojciech Sokolowski 2004b). NGOs have become important social, economic, and in some instances political actors in some less developed nations as well as in more developed nations (For examples, see Chen 2013; Hearn 2007: 1095–1110; Gugerty 2010: 1087–1112; Mirabella et al. 2007: 110S–135S). "NGOs today are vitally important in providing additional checks on the legislative and executive branches of government. . .. [and] come to enjoy an impressive amount of influence over government policymaking and to play an important role in building civil society" (Eizenstat 2004: 15). Lester Salamon and his colleagues also note that a:

> "global associational revolution" is underway around the world, a massive upsurge of organized private, voluntary activity in virtually every corner of the globe. . .. Known variously as the "nonprofit," the "civil society," . . . the "NGO," or the "charitable sector," this set of institutions includes within it a sometimes bewildering array of entities. (Salamon et al. 2004: 3)

The structure, governance, financing, permitted activities, and public acceptance of domestic NGOs vary greatly among countries. The roles they play in any given nation depend mostly on the government's views about its own purposes and its institutions. For example, to the degree that a government views its role as a servant of the people, voluntary organizations (NGOs) are likely to be vibrant actors. In contrast, a government that seeks to control its population through the use of power usually will not permit robust NGOs.

Particularly in totalitarian or authoritarian societies, governments may attempt to control not only political and economic activities but also in the social, religious, and family spheres. These forms of government often oppose the existence of independent nongovernmental organizations (Ma 2002: 306). A government may overtly suppress the formation or operations of NGOs, or it may decide to provide services directly that in other countries may be contracted out to NGOs – thereby depriving NGOs of revenue sources needed to survive. "In the extreme, the state can proscribe NPOs, nationalize them, or prohibit consumers from using their services. . .. Thus, while the nonprofit sector flourishes at the will of the government, its existence also limits the power of the state in democratic societies (Smith 1998: 218).

Even a country such as China that has historically tightly controlled NGOs out of concern for social unrest vacillates as political circumstances and concerns change. China

> has been downsizing, transferring many economic and social responsibilities to a variety of social groups. . .. The first and essential step in this strategy was for the government to legalize and to promote nongovernmental organizations. Once they became legal and gained government support, dormant SOs [social organizations, shehui tuanti] were revitalized and new ones launched. (Stoddard 2012, see also Anheier 2014)

## International Nongovernmental Organization (INGO)

During the nineteenth and early twentieth century, a government's primary responsibility was to protect citizens against external threats and internal disorder.

> Other aspects of public life could be left to the family or to organized groups not directly under governmental control.... As governments increased their involvement in building the foundations of an international society with rules and norms for activities such as trade and commerce, travel and transport, health services and even warfare, so the potential arose for international nongovernmental organizations (INGOs). These bodies represented nongovernmental organizations working across frontiers to particular ends. (op. cit. Dichter 1999: 40)

The primary functions of most INGOs are to transfer resources from more developed countries to less developed countries for humanitarian assistance, development assistance, and/or recovery and rehabilitation purposes or to advocate. A few well-known examples of assistance-type INGOs include Save the Children International, Oxfam International, Medicines San Frontières, and CARE International. Examples of INGOs that are predominantly dedicated to advocacy include Amnesty International, Greenpeace, and World Wildlife Federation. Some INGOs engage in both assistance and advocacy.

The number and activities of INGOs burst onto the global scene in the 1970s and 1980s largely because the governments of the United States and a few other developed countries decided to use INGOs as their intermediaries in delivering foreign aid, development assistance, and humanitarian relief particularly in less developed nations. For instance, INGOs permitted the US government to have "clean hands" as they attempted to keep newly emerging nations from opting for alliance with the then-Soviet Union. The use of private institutions to alleviate poverty and stimulate popular participation in the civic life of these societies became a major objective of US foreign policy (Anheier 2014).

In addition to governments' foreign aid policies, other factors that have influenced INGOs in their assistance efforts include the post 9/11 security environment; pressure from funders to increase staff professionalism and accountability; increasing political influence and advocacy by INGOs; the effects and aftereffects of the great recession of 2008' ongoing conflicts in Afghanistan and other countries in the Middle East; state failures in, for example, Cambodia and Africa; and many weakened legal, financial, and cultural barriers to INGOS.

> INGOs themselves, have accounted for between $60 billion and $65 billion in aid to developing countries annually for about the past decade.... An OECD [Organization for Economic Cooperation and Development] estimate for 1994 is that $5.7 billion in aid to developing countries passes through NGOs. (op cit. Stoddard 2012)

Helmut Anheier has identified a cluster of factors and trends that together help to explain the explosive growth and influence of INGOs up into the second decade of the twenty-first century although at a lower rate in the most recent years. They include (op cit. Anheier 2014: 471, 472):

- INGOs are rapidly gaining favor with individual, foundation, and corporate donors around the globe.
- High-profile humanitarian disasters, such as the devastating 2009 earthquake in Haiti and floods in Pakistan in 2010 with heavy publicity due to the development of international media, including the Internet, which provided nearly instantaneous information about international disasters and emergencies worldwide.
- The end of the Cold War and many regional conflicts that had been fueled by the Cold War opened doors for INGOs into countries that had been closed.
- New opportunities for INGOS in the global governance system including INGOs gaining access to United Nations-organized conferences and summits and the growing influence of "parallel summits" for civil society organizations since the 1992 Earth Summit in Rio de Janeiro.
- The ability of international support networks to apply pressure on antagonistic repressive governments and help local NGOs fight for national and local causes and policies.

- The development of legal systems and regulatory structures and processes within countries that permit, support, and legitimize INGOs and indigenous NGOs.
- Technological progress, especially in information and communication by email and Internet, has dramatically facilitated cooperation across borders. For example, "dot causes . . . such as . . . social networks that mobilize support for particular policy campaigns primarily . . . through a website."
- The emergence of a "world culture" or "world society" as a powerful force behind internationalization of the nonprofit sector.

Abby Stoddard reports that the number of US-based NGOs engaged in international relief and development grew from 52 in 1970 to over 400 in 1994. There were 584 US-based NGO funding partners with the US Agency for International Development (USAID) at the end of 2008 (op cit. Stoddard 2012).

Although *globalization* is obviously interwoven among Anheier's factors, we are more direct in addressing it as a factor. *Globalization* is the interconnectedness of the worldwide economy, the interweaving of international and domestic organizations, governance systems, and communication capabilities that ignore boundaries of time and space. Transnational connectedness is the reason why most INGOs exist.

## References


Anheier HK (2014) International aspects of globalization. In: Anheier HK (ed) Nonprofit organizations: theory, management, policy, 2nd edn. Routledge, London, UK

Archer C (1998) Nongovernmental organization. In: Shafritz JM (ed) International encyclopedia of public policy and administration. Westview, Boulder, p 1504

Chen J (2013) Transnational civil society in China: intrusion and impact. Edward Elgar, Cheltenham

Davies T (2014) NGOs: a new history of transnational civil society. Oxford University Press, New York

de Tocqueville A (1840) Democracy in America. Knopf, New York

Diamond L (1994) Rethinking civil society: toward democratic consolidation. J Democr 5:5

Dichter TW (1999) NGOs in microfinance: past, present and the future. In: Breth SA (ed) Microfinance in Africa. Sasakawa-Global 2000. Sasakawa Africa Association, Mexico City

Edwards M (2009) Civil society as associational life. In: Edwards M (ed) Civil society. Polity Press, Cambridge, MA

Eizenstat SE (2004) Nongovernmental organizations as the fifth estate. Seton Hall J Dipl Int Relat 5:15

Frumkin P (2002) On being nonprofit: a conceptual and policy primer. Harvard University Press, Cambridge, MA, p 3

Grønbjerg KA (2016) Foreword. In: Ott JS, Dicke LA (eds) The nature of the nonprofit sector, 3rd edn. Westview, Boulder, pp xiv–xxv

Gugerty MK (2010) The emergence of nonprofit self-regulation in Africa. Nonprofit Volunt Sect Q 39: 1087–1112

Hearn J (2007) African NGOs: the new compradors? Dev Chang 38:1095–1110

Hopkins BR (2016) The law of tax-exempt organizations, 11th edn. Wiley, Hoboken

Hopkins BR (2017) 2017 Cumulative supplement, 11th edn. Wiley, Hoboken

James E (1989) Introduction. In: James E (ed) The nonprofit sector in international perspective: studies in comparative culture and policy. Oxford University Press, New York, p 9

Lohmann RA (1989) And lettuce is nonanimal: toward a positive economics of voluntary action. Nonprofit Volunt Sect Q 18:367–383

Ma Q (2002) The governance of NGOs in China since 1978: how much autonomy? Nonprofit Volunt Sect Q 31:305–328

Ma Q (2006) Non-governmental organizations in contemporary China: paving the way to civil society? Routledge, London/New York

Mendel SC (2010) Are private government, the nonprofit sector, and civil society the same thing? Nonprofit Volunt Sect Q 39:717–733

Mirabella RM, Gemelli G, Malcolm M-J, Berger G (2007) Nonprofit and philanthropic studies: international overview of the field in Africa, Canada, Latin America, Asia, the Pacific, and Europe. Nonprofit Volunt Sect Q 36:110S–135S

Orchard CD (2016) Civil society theories of the nonprofit sector. In: Steven Ott J, Dicke LA (eds) The nature of the nonprofit sector, 3rd edn. Westview, Boulder, pp 225–235

Ott JS, Dicke LA (2016) Introduction to the nonprofit sector. In: Ott JS, Dicke LA (eds) The nature of the nonprofit sector, 3rd edn. Westview, Boulder

Read B, Pekkanen R (2009) Local organizations and urban governance in East and Southeast Asia: straddling state and society. Routledge, London/New York

Salamon LM, Wojciech Sokolowski S (2004a) Measuring civil society: the Johns Hopkins Global Civil Society Index. In: Salamon LM, Wojciech Sokolowski S, Associates (eds) Global civil society: dimensions of the nonprofit sector, vol II. Kumarian Press, Bloomfield

Salamon LM, Wojciech Sokolowski S (eds) (2004b) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian Press, Bloomfield

Salamon LM, Wojciech Sokolowski S, List R (2004) Global civil society: an overview. In: Salamon LM, Wojciech Sokolowski S (eds) Global civil society, vol 2. Kumarian Press, Bloomfield, p 3
Smith BH (1998) Nonprofit organizations in international development: agents of empowerment or preservers of stability? In: Powell WW, Clemens ES (eds) Private action and the public good. Yale University Press, New Haven, p 218
Stoddard A (2012) International assistance. In: Salamon LM (ed) The state of nonprofit America, 2nd edn. Brookings Institution Press, Washington, DC

# Nonlinear Policy Change

Denise D. P. Thompson
Department of Public Management, John Jay College of Criminal Justice, New York, NY, USA

## Synonyms

Chaos theory; Complex systems; Nonlinearity; Policy change; Systems thinking

## Introduction

The concept of linear relationship suggests that two quantities are proportional to each other: doubling one causes the other to double as well. In nonlinear relationships, a wider range of possible dependencies occur, leading to great uncertainty and unpredictability of outcomes. Our understanding of public policy domains, actor interactions and policy decisions making are guided by linear thinking to our detriment. As policies fail to solve intended problems, it is important to understand the limits of linear thinking and move beyond it. Understanding the policy environment, and policy decision making as complex, unstable and contingent result in more robust public policies.

John (2003) in assessing the state of the public policy discipline suggests that there are two things to bear in mind when considering how to theorize about public policy: one is the nature of theory in the social sciences; the other, the character of public policy. Derived from the Newtonian model of physics, the predominant current thinking about public policy is that we are able to exercise control over a policy system. In other words, like classical physics, we can use well-defined interventions to predict future states in public policy since public policies are made in well-defined policy systems. This implies conceptually that the system can be isolated from its surroundings, an intervention can be introduced to solve a specified problem, and that the system character would not change radically with time, once the intervention is made. These assumptions are fundamental in the Newtonian model where control can be exercised. Newton's laws show how it is possible, given an initial point in time and place, to plot out the trajectory of a system for all future times. In other words, given the full specification of a system, it is possible to determine its future behavior since policy analysts are able to separate the internal behavior of the system from external fluctuations.

## Complex Nature of the Policy Domain

Yet, in the real-world it is not easy to separate external fluctuations from internal system behavior. Policy domains are dynamic human systems displaying complex patterns of relationships and activities as actors organize to solve policy problems. A policy domain encompasses all the components of the political system organized around a substantive policy issue. Policy domains are dynamical systems in that the elements that constitute them interact and continually evolve over time; and, policy change is characterized by disturbance and increased variability in system behavior before the system reorganizes to solve a policy problem. The policy domain includes:

- Laws including regulations and executive orders mandating provision of services
- Multiple actors including governments, private and civil society leaders, and international organizations

- Institutional relationships and power dynamics among the actors
- Public and private resources
- Institutions expected to implement the policy, at the national, state, and local levels
- Monitoring and accountability systems

Like policy domains, policy problems are dynamic. They respond to changes in the political, legal, social, cultural, demographic, economic, and ecological arenas, as well as changes in technologies including costs, and to emerging public policy issues. As a result, the multiple systems and interactions in any given policy domain can be enormous. The policy domain for natural and man-made crises epitomizes the messiness and dynamism of policy systems. As evidence suggests, crises are trending toward an increasingly trans-boundary experience – those that originate in one country and affect other countries such as air pollution; those that originate in many countries simultaneously and lead to global impacts, such as carbon dioxide emissions for climate change; and ubiquitous risks, i.e., those that occur in each country in similar forms and may necessitate a coordinated international response, such as airline safety, trans-border anthropogenic crises, or climate change.

Policy problems are more frequently crossing geographical borders, threatening multiple cities, regions, and countries, and are making the steering of response operations and recovery efforts problematic. Complex crises such as these involve multiple systems and subsystems, multiple levels of actors, information, and strategies. They generally last much longer, impact multiple sectors and functions, and pose greater challenges to the authority of public and private organizations than do smaller and more routine ones. In these situations, change is not gradual and incremental, but usually shows periods of turbulence and instability, displaying dramatic changes or growth spurts interspersed with periods of stability. Linear thinking warps the understanding of these types of policy challenges that evolve in an unpredictable or uncontrolled manner, where the emerging conditions can be entirely different than its starting state.

Policy scholars have realized for a long time that policy problems are becoming increasingly messy. They involve multiple levels of actors, many of whom are fundamentally political, they involve multiple systems and subsystems, they contain multiple unknowns, they display an absence of a clear chain of causation; disparate information sources and big data epitomize their evolution. These data cannot be easily collected nor can they be easily or quickly processed and assessed. In addition, because policy decisions are often politicized evidence is not the major driver in policy decisions. These factors impact policy formulation, policy decisions and policy outcomes. It cannot be assumed that policy problems are well understood, or that policy interventions are well-defined and therefore will produce well-defined and predictable results. The outcomes of policy changes under these circumstances are uncertain and contingent in that, change relies on interaction with many moving parts, and factors that are unknown when policy decisions are being made. The results, then, are in part unknown. Understanding this calls for nonlinear, not linear thinking.

## Systems, Complex Systems, and Chaos in Policy Making

Systems thinking with more complex feedback loops, as well as complex systems and chaos theory can help to understand the nature of policy change in dynamical systems, where policy problems reside. Early applications of these nonlinear approaches in the natural science displayed chaotic swings in insect populations, evolution of the spread of diseases like Ebola, extreme sensitivity of weather patterns, and ecological system disruptions. And, in the social sciences, they relate to the evolution of mass movements, or non-linear behavior of stock markets, and more recently in policy studies concerning complex and messy policy problems. These theories and theoretical approaches provide some tools to tackle the varying and emergent problems in social life.

In systems thinking, the parts of the systems are so interdependent and interrelated, where the output of one cycle feeds into another, that a change in

one of the cycle's parts will lead to a change in another part, or other parts of the system, but not in a linear or proportional way. In addition, external factors impact the system, adding greater deviations in outcome and more uncertainty as a result. Hence, the end state of a system is unknown. Systems sometimes enter regions of highly erratic and chaotic behavior, increasing the difficulties of predicting their future behavior.

Borrowed from the natural sciences, chaos is a specific term that refers to wild variations over even very small changes in initial state in dynamic deterministic systems. In chaos theory, the wild variations result from feedback as two variables interact, potentially leading to exponential, nonlinear change – the variables behave in seemingly chaotic ways. Chaos theory provides a means of understanding and examining many of the uncertainties, nonlinearities and unpredictability of social system behavior. It implies "that instability and disorder are not only widespread in nature, but necessary to the evolution and complexity in the universe" (Kiel and Elliott 1996, p. 2). This thinking goes contrary to Newtonian reasoning, which states that if there is enough information about the current state of the universe in a deterministic system, and the observer is privy to all its fundamental and unchanging laws, it would be possible to calculate the entire history of the universe as well as predict its entire future. Chaos theory highlights the impossibility of long-term predictions in complex policy domains such as climate change, criminal justice, education, and a wealth of other social problems. The study of chaos has been an important precursor to the modern study of complex systems.

Complexity is a holistic approach to learning and understanding the world, which itself can be viewed as a complex, non-deterministic system with multiple sub-systems. In the social sciences, complexity theory identifies instability and disorder in fields including politics and policymaking, and links them to the behavior of a system that is complex and non-deterministic. A non-deterministic system is one that is so complex that its future state cannot be predicted to any great degree of certainty, because there are significant levels of uncertainty and ambiguity. Complex systems consist of multiple interacting sub-units that tend to exhibit new collective behaviors called "emergent properties" as the sub-systems interact. These emergent properties can only be discerned from a system perspective. Furthermore, responses of these interacting sub-systems to external stimuli can become very complicated. The changes brought about by these interactions tend to persist in the new post-disturbance state even when the original force is restored.

Complexity theory provides several possible policy-making insights (Cairney 2012, p. 2):

- Law-like behavior is difficult to identify in the policy process. Because the policy process is "guided by a variety of forces," suggesting that one variable will only influence another under particular conditions that are difficult to specify does not make sense. A policy that was successful in one context may not have the same effect in another.
- Systems appear to have "self-organizing capacities," making them difficult to control; the effect of an internal or external force may be large or small but this is impossible to predict from the force alone. Hence, there are surprises in policy outcome from an intervention "proven" to have worked elsewhere.
- The landscape, which provides the context for the choices of agents, is unstable and often changes rapidly – policy agents must adapt quickly and not rely on a single policy strategy.
- Actors within complex systems can create their own perception of what they want and how to behave in the landscape they are in to ensure their preferred outcome – policymakers must, therefore, seek to understand their policymaking environment.

These insights provide guidance as we try to understand policy domains as nondeterministic, dynamical systems, that one size does not fit all, that relationships in policy systems influence policy outcomes, and that in all but the most basic of cases, policy change is nonlinear – i.e., the effect was not influenced by a proportional cause. Hence our enduring reliance on Newtonian models to

derive policy prescriptions will often lead to policy failure. The points raised above show the need for adaptive and contingent strategies in policy decision making that rest on nonlinear thinking and lead to nonlinear policy change. However, for public policy, these ways of viewing the world present limitations in their applications with real-world policy problems.

## Limitations of Using Nonlinear Thinking to Solve Real-World Policy Problems

Policies aim to solve society's problems and make predictions about general trends in social life; and using those trends, render possible solutions to fix the policy problem and usher in a predetermined future state. When policy makers do not recognize the complexity of their policy environments, they mess up. Evidence from policy evaluation shows that proposed interventions fail to produce relevant outcomes because much of the useful information remain unidentified. In addition, some of the interactions in the subsystem are not known, or may be difficult to observe; and the future conditions are difficult to predetermine because of internal integration of the policy subsystems and adaptation to the external macro-environment. These factors make our efforts to propose effective policy solutions highly contingent, often leaving governments and other policy actors impotent in finding viable solutions the more vexing real-world policy problems.

## Conclusion

There is a reason why, with all the super computers, decision modeling tools, and data processing capabilities, linear Newtonian thinking continues to guide policy decisions. The human challenge continues to be managing the complexity inherent in managing public problems. Putting boundaries around policy problems without paying attention to the internal and external interactions will no doubt continue to guide policy analysis, even while it is understood that interactions in policy subsystems lead to emergent states, and that the increasing messiness of policy problems adds complexity to the process. To better comport with the idea that policy change around an increasing number of policy problems are nonlinear means that we have to rethink our policy approaches and consider the application of new theories, theoretical approaches as well as policy making applications to formulate more effective solution to policy problems, while also understanding the limitation of these approaches in human systems.

Nonlinear policy change is possible if policy makers engage systems and complexity approaches, and are mindful of the caveats associated with these approaches in policy making. If policy analysts and decision makers in the field want to understand why policy initiatives often fail, or why public decisions, and their outcomes do not remain stable over time, or why solutions must vary by sector and by time and place generally, and why preferred policies differ in their consequences for the policy beneficiaries, they must not only be able to understand policy domain interactions, but they must also be guided by the hyper complexity of many policy problems and the domains in which they reside.

## References

Barnes M, Matka E, Sullivan H (2003) Evidence, understanding and complexity: evaluation in non-linear systems. Evaluation 9(3):265–284

Burstein P (1991) Policy domains: organization, culture, and policy outcomes. Annu Rev Sociol 17:1–350

Cairney P (2012) Complexity theory in political science and public policy. Polit Stud Rev 10(3):346–358

Giavazzi F, Jappelli T, Pagano M (2000) Searching for non-linear effects of fiscal policy: evidence from industrial and developing countries. Eur Econ Rev 44(7): 1259–1289

Hayes AM, Laurenceau J-P, Feldman G, Strauss JL, Cardaciotto L (2007) Change is not always linear: the study of nonlinear and discontinuous patterns of change in psychotherapy. Clin Psychol Rev 27(6): 715–723

John P (2003) Is there life after policy streams, advocacy coalitions, and punctuations: using evolutionary theory to explain policy change? Policy Stud J 31(4):481–498

Kiel LD, Elliott EW (1996) Chaos theory in the social sciences: foundations and applications. University of Michigan Press, Ann Arbor

Marion R (1999) The edge of organization: chaos and complexity theories of formal social systems. Sage, Thousand Oaks
Schneider SH (2004) Abrupt non-linear climate change, irreversibility and surprise. Glob Environ Chang 14(3): 245–258
Styhre A (2002) Non-linear change in organizations: organization change management informed by complexity theory. Leadersh Org Dev J 23(6):343–351

# Nonprofit Financial Leadership

Deborah A. Carroll
University of Central Florida, Orlando, FL, USA

## Synonyms

Nonprofit fiscal health; Nonprofit sustainability; Mission drift

## Definition

Engaging in best practices to ensure continuation of operations in pursuit of the nonprofit's mission, as well as proper planning for long-term financial sustainability.

## Introduction

There are several important steps that an effective leader can take to ensure that the nonprofit organization under his/her watch is financially well managed. First, effective financial leadership requires recognition of the unique fiscal environment of nonprofits, including, but not limited to, a well-developed understanding of rules, laws, and responsibilities related to the nonprofit and its board members. Effective financial leadership also requires development and tracking of an annual budget, which might also include a consideration of long-term needs and/or service expansion. Equally if not more important than a precise estimate of income and expenses comprising the annual budget is continual monitoring of spending throughout the fiscal year through the use of internal controls and cash management. Finally, the most effective financial leaders will ensure proper recording of financial events through the use of accrual accounting and other GAAP principles, as well as produce and analyze annual financial statements to determine the financial position of the nonprofit at year-end and also to identify any potentially problematic areas requiring greater attention, change, or possible elimination.

### Fiscal Environment

An effective leader must first understand that the fiscal environment of nonprofits is different from that of governments and businesses. Although the term "nonprofit" may suggest that an organization is either not interested in producing or even allowed to produce a profit, this is a misnomer. Indeed, nonprofits have various mechanisms through which to generate income and profits to cover their operating costs and delivery of services. Instead, the term nonprofit refers to what is commonly known as the "nondistribution constraint." Under this constraint, nonprofit fiscal officers are prohibited from taking net profits and distributing them to board members, staff, or directors and must put any surplus revenue back into the organization. Oftentimes, this results in an expansion of services, replacement of supplies and/or outdated equipment, or accumulation of reserve funds in case of emergency. Therefore, a nonprofit's fiscal environment is not one of increasing the wealth of those involved with the organization, but rather of providing some type of service(s) to a community and/or client in need. At its heart, this means that nonprofit financial leaders must focus on values-centered management, where the mission of the nonprofit and its accompanying values play a large role in how the organization is run, organized, and financially managed.

A benefit of nonprofits that private sector businesses do not share is tax exemptions on income that is earned in the process of the nonprofit carrying out its mission. Although activities related directly to the mission of the nonprofit are not subject to federal income tax, nonprofits need to be aware of the Unrelated Business Income Tax

(UBIT), where any income collected through activities outside of the organization's mission could be subject to taxation. At the broadest level, nonprofits are exempt from federal corporate income tax if they meet the requirements outlined in the Internal Revenue Code (IRC), which classifies nonprofits into a number of categories (IRS 2016). The most common classification of nonprofits is 501(c)(3), which includes public charities and private foundations. The Internal Revenue Service (IRS) requires that charitable organizations registered as 501(c)(3)s are restricted from certain types of political or lobbying activities and must file the IRS Form 990, 990-EZ, or 990-N (depending on their level of gross receipts) on an annual basis. Private foundations pay a small excise tax on their investment earnings and must file form 990-PF annually. Failure to file the appropriate financial summary report of the nonprofit's finances for three consecutive years may result in the nonprofit losing its tax-exempt status. Another common classification is 501(c)(4), which identifies an entity as either a social welfare organization or a local association of employees. Certain nonprofits, like churches, are not required to register with the IRS (though many do) and are exempt from filing the IRS 990 forms. Other types of religious organizations, however, must register and file the required forms. Any additional tax exemptions, such as the most common sales and/or property taxes, will be dependent upon the laws of the state in which the nonprofit incorporates. However, just because a nonprofit is exempt from paying sales tax, it does not necessarily mean the nonprofit is also not required to collect sales taxes on the final sale of good and/or services to non-exempt consumers and then remit such tax revenue to the relevant state or local government. Due to such complexity, nonprofit financial leaders must be acutely aware of relevant federal, state, and local tax laws to ensure compliance and maintain necessary responsibility of the nonprofit.

## Annual Budgeting

Perhaps one of the biggest challenges for nonprofit financial leadership is to manage the appropriate balance between the short-term pursuit of the organization's mission and its long-term need for financial sustainability. A nonprofit's budget represents its financial plan for the upcoming fiscal year. One of the first steps of budgeting is to identify the costs associated with the nonprofit's core activities. Included in this calculation of costs are direct program costs as well as administrative overhead/indirect costs. Inclusion of administrative overhead costs (such as costs associated with accounting, legal services, general board of director meetings, etc.) is crucial to depicting the full cost of a program, because otherwise the actual costs of the program will be underestimated, ultimately affecting the long-term sustainability of the program and the organization (Nonprofit Assistance Fund 2016).

It is also important to identify the various sources and amounts of revenue and support the organization expects to receive in relation to each program. Ideally, total income will meet or exceed total expenses. In general, nonprofits receive income from fundraising (gifts and donations), grants, membership dues, fee for service business models, in-kind donations, government grants and contracts, and volunteer efforts. This variability in funding streams has important implications for nonprofits. First, some income sources have stipulations for how the funds can be spent. For example, individual donors or grant-making foundations can give money to be used for anything, including general operating or "overhead" expenses (known as unrestricted funds), or they can impose restrictions on what specific activities that money can or cannot fund. This leads to differences in restricted, both permanent and temporary, and unrestricted net assets (i.e., the difference between a nonprofit's internal assets or ownership value and its liabilities or what it owes externally). Nonprofit financial leaders must therefore remain cognizant of not only the amounts but also the types of money available for spending in the short-term or for long-term savings. Another issue that can arise with varying funding streams is mission drift, where the pursuit of particular sources of income could heavily influence, and potentially change, the mission of the organization. Some nonprofits may have the ability to invest as a means to generate

revenue and should therefore be concerned with values-centered investing (to avoid mission drift) and the prudent investor rule, which are legal standards that managers must follow when investing on behalf of their organizations. Another important distinguishing feature for some nonprofits is endowments. Endowments provide a perpetually protected principal amount whereby the interest earnings from its investment may be used for short-term spending. Investment, when possible, often allows a nonprofit to develop and maintain an operating reserve to have in case of hard economic times. Overall, when it comes to income sources, nonprofit financial leaders must once again strike the appropriate balance between resource dependency and goal displacement or mission drift.

Nonprofit financial sustainability can be seen through two lenses: financial (profitability) and programmatic (impact). Unsurprisingly, financial planning is very important to the long-term sustainability of a nonprofit so as to avoid what has been termed the "nonprofit starvation cycle." This refers to a situation when a nonprofit has underestimated the full costs required to operate and therefore does not have surplus income to invest in the proper infrastructure. Many nonprofits falsely assume that keeping overhead costs low is a sign of efficiency. However, proper investment into making sure the organization can continue to operate to further its mission is of the utmost importance. Due to the variability in income of nonprofits, it is especially important for financial leaders to make sure they have enough of a surplus to maintain operations in the case of an unexpected decrease in income. It is generally considered a best practice to have sufficient reserve to cover 3 months of operating expenses. Therefore, sustainability is undoubtedly a function of effective financial leadership throughout the budget process and fiscal year.

## Monitor Spending

Nonprofits are governed by a board of directors, often consisting of volunteers, who maintain fiduciary responsibility. A nonprofit board has three main legal duties, known as the duty of care, duty of loyalty, and duty of obedience. The duty of care refers to the board remaining diligent in their oversight of the organization's activities, as well as ensuring prudent spending of income and uses of other assets. The duty of loyalty refers to the board's responsibility to put the interests of the organization ahead of their personal interests and to expend resources on activities and actions that express the nonprofit's mission and also perhaps to help grow the organization. Finally, the duty of obedience means it is the board's responsibility to keep their organization in compliance with laws and policies and to make sure it stays true to its mission. The board is held responsible if there are infractions against state or federal laws or policies. As this relates to financial leadership, it is crucial that the board be kept apprised of all organizational financial matters to allow them to make as fully informed decisions as possible. In addition, a chief responsibility of the board is to assign management of financial resources, including the monitoring of spending using internal controls, to either a chief operating officer, chief financial officer, ex officio treasurer, or executive director. As a general best practice, the individual who maintains day-to-day responsibility of a nonprofit's finances should not sit on the board. And, this individual must understand the fiscal responsibilities of the organization and carry them out in a consistent and timely matter, particularly when it comes to deadlines imposed by taxing authorities like the federal, state, and/or local government.

## Analyzing Financial Statements

When it comes to accounting for financial events and preparing financial statements for analysis, good financial leadership will most certainly use Generally Accepted Accounting Principles (GAAP) with oversight from the Financial Advisory Standards Board (FASB). Following this best practice requires nonprofit financial leaders to prepare at year-end a set of financial statements, including the Statement of Financial Position, Statement of Activities, and the Statement of Cash Flows. Voluntary Health and Welfare Organizations (VHWO) are required to prepare a Statement of Functional Expenses in addition to the other statements. These financial statements

allow for both internal and external stakeholders to assess the financial position of the organization at year-end, as well as evaluate the nonprofit's use of resources throughout the fiscal year to determine programmatic impacts. In the United States, nonprofit organizations are actually required to provide their financial statements to the public upon request. In addition, there are a growing number of websites dedicated to using the information derived from nonprofits' financial statements to develop individualized ratings for such charities. The primary purpose of these independent ratings is to help consumers make informed decisions about the charities to which they donate money and/or volunteer time. Internally, presenting an accurate, clear, and thorough financial picture of the organization as it stands and as it will likely continue into the future allows board members to identify programs that require more investment versus those that are low profit/low impact and perhaps need to be eliminated. These decisions require creative and strategic decision-making from the financial leaders and key board members within the organization, especially because these are often emotionally laden decisions.

## Conclusion

Ultimately, adhering to the activities described above, nonprofit financial leaders will be able to better plan for the long-term financial sustainability of the organization. Knowing and understanding the full costs of operating a nonprofit allows leaders in the organization to create an accurate budget. By creating a budget where operating revenue does not exceed operating expenses (or even allows for a small surplus) is a good way to guard against poor economic times and/or the nonprofit starvation cycle. Also, through concise monitoring of spending throughout the fiscal year and evaluation of financial statements at year-end, nonprofit financial leaders will be able to answer the most important question: Does the nonprofit have the resources it needs to be able to respond to threats and seize opportunities as they arise without compromising the volume or quality of its current services? Sustainability is closely tied to capacity and must strike a balance between the short-term operating needs of the nonprofit and the long-term goals of maintenance or expansion. Oftentimes, many nonprofit leaders are more concerned with the short-term over the long-term; however, this limited viewpoint potentially jeopardizes the sustainability of the organization.

## Cross-References

► Budgeting for Nonprofit Organizations
► Nonprofit Leadership
► Nonprofit Organizations

## References

IRS (2016). https://www.irs.gov/charities-non-profits. Retrieved 11 Dec 2016

Nonprofit Assistance Fund (2016), https://nonprofitsassistancefund.org. Retrieved 11 Dec 2016

# Nonprofit Leader's Role Following Public Acts of Violence

Janiece Upshaw[1] and Paul D. Reynolds[2]
[1]Public Leadership, UNT-Dallas, Dallas, TX, USA
[2]UNT-Dallas, Criminal Justice, Dallas, TX, USA

## Synonyms

Domestic terrorism in USA; Gun violence; Mass shootings; Terroristic attacks in USA

## Definitions

Mass Shooting – The Investigative Assistance for Violent Crimes Act of 2012 definition for active shooter incidents and mass killings is defined by the law as three or more people in public places.

(Prior to 2012, mass shooting defined by the law as four or more people, in public places.)

## Introduction

Disasters often bring out the best in people. More than 40 years ago, Russell Dynes described communities and citizen behavior before and after a disaster (1970). An emergency provides the opportunity and motivation for a wide audience to respond. The requirements are usually fairly clear cut. In recent natural disasters such as tornadoes, hurricanes, tsunamis, or fires, citizens and organizations immediately begin to organize. Rescue teams are mobilized, food, blankets, and toiletries are collected, shelters are created, and money is donated by millions of Americans across the country. There is an increase in volunteerism as a response to natural disasters such as Hurricane Katrina, which struck the Gulf Coast and destroyed the city of New Orleans, Louisiana; Superstorm Sandy that struck the northeastern coast of the United States; and the Great Flood of 1993 that affected a large part of the Midwest along the Mississippi and Missouri rivers. Natural disasters often move individuals to volunteer during a crisis in order to restore a damaged area or assist victims during an emergency. As the crisis begins to subside, so too do the motivations for volunteering.

On April 6, 1995, a new type of disaster occurred. This was not a natural disaster; to some it was worse, because it was a planned attack against the government of the United States by one of its own citizens. This purposeful act killed 168 Oklahoma City citizens, including 19 young children and infants in the daycare on the second floor of the Alfred P. Murrah Federal Building. Oklahoma citizens, who lived in what is known as "Tornado Alley," would have been prepared if there was a house destroyed or a family in need of shelter or food or clothing, but the nature of this violent act left its citizens stunned and wanting to help, but unsure of how to do so. This entry focuses on the special role of nonprofit leaders to help their communities in the wake of a different type of disaster – an act of public violence – perpetuated upon a community by one or more individuals, intent on causing harm, even deaths among a community of citizens.

The typical role of a nonprofit leader can encompass a wide variety of duties and obligations. Often nonprofit leaders focus on the organization in which they serve, ensuring the viability and sustainability of the organization through a combination of inspiration and management. Some are active in their community and are tasked with leading initiatives on behalf of its citizens, while others work as collaborative partners to tackle gaps in services and resources for their town or city. Still others remain laser-focused on their specific organization to ensure it has both the financial and human resources to provide specific services. From ambassador to advocate to manager, the nonprofit leader is often viewed as trustworthy and compassionate toward the community. The very nature of their appointment by a board of directors establishes the special skill set required to lead an organization and often a community. However, when an act of public violence takes place in the community, the nonprofit leaders may be the individuals best situated to lead during the aftermath.

The Oklahoma City bombing remains the largest act of domestic terrorism in the United States. At 9:02 a.m., a large explosion occurred outside the Alfred P Murrah Federal building, destroying the nine-story building, killing 168 people, and injuring 850 more. Within a few minutes of the blast, news crews were capturing the event on television. Cable news carried continuous coverage of the event for several days without any commercial breaks. Millions of people around the world watched the rescue and recovery and followed the investigation as it unfolded. Following the horrendous attack, more than 9,700 people volunteered to help at the American Red Cross

## Extrinsic Motivations for Volunteerism

Although much research has been conducted on intrinsic motivations for individuals to volunteer

during natural disasters, social psychology research suggests certain extrinsic motivations for individuals to volunteer can also occur. Five such events related to acts of public violence in a community (common external threat; just world theory; terror management theory; celebrity role models; and proximity of event) are presented below.

When individuals perceive a common external threat, they seek a sense of community by finding common ground and downplaying divisions among groups within the community. The effects of this external threat on people's sense of community define how they perceive who belongs as a member of their in-group (Feshbach and Singer 1957). Volunteerism is often associated with a sense of community (Omoto and Snyder 2002), and people who identify with their community are more likely to work toward the common good (Van Vugt 2001).

A second theory revolves around just world theory in which people view the world as fair and just (Lerner 1997). Those who do good are rewarded and consequently those who do bad are punished. In a just world, people seek to restore justice when their idea of goodness is violated. The deaths of over 3,000 innocent victims on September 11 were almost certainly viewed by most Americans as an instance of an unjust world, and volunteering to help others is an act of setting things right and reestablishing a just world.

Terror management theory also predicts an increase in volunteerism and civic engagement motivated by extrinsic circumstances; however, it differs from just world theory. A common psychological reaction to tragic events is a sense of fear and uncertainty about the future. Individuals respond to these feelings of vulnerability by performing actions which can restore confidence and reduce anxiety. This sense of vulnerability and fear of death causes people to engage in actions intended to reduce their anxiety about their own mortality (Greenberg et al. 1997). Research shows that the act of helping reduces negative effects among those who are providing the help (Schroeder et al. 1995). Volunteerism increases the individual's self-esteem and demonstrates one's value to society.

A fourth theory to explain volunteerism as a response to extrinsic events is the impact on individuals of role models in the media, albeit a short-term effect (Brown and Potosky 1990). The attacks on 9/11 were without precedent in recent American history. Unlike the typical celebrity response to natural disasters in which well-known figures plead for assistance to help with recovery within the first few days following the disaster, the terrorist attacks remained in the social media for months and years following September 11, 2001. The highest levels of government put out a call for volunteerism as did a multitude of celebrity figures and politicians.

A fifth theory suggests that the closer individuals are geographically or emotionally to the event, the greater the influence on their social actions (Latane et al. 1995). More than 385,000 people in Oklahoma City knew someone who had been killed or injured in the bombing; 219 children lost at least one parent; 30 children were orphaned; 462 people were left homeless; and 7,000 people no longer had a workplace. After the bombing, over 12,000 volunteers and rescue workers participated in the rescue, recovery and support operations.

## Mass Shootings, Domestic, and Foreign Terrorism

Most acts of public violence are not executed by bombs or airplanes, as in the September 11, 2001, terroristic attack. Mass shootings are by far the largest number of public acts of violence. Following the July 2012 movie theater massacre in Aurora, Colorado, *Mother Jones* created an open-source database documenting mass shooting in the United States from 1982 to the present. The research focused on indiscriminate rampages in public places resulting in four or more victims killed by the attacker. Shootings stemming from more conventionally motivated crimes such as armed robbery or gang violence were excluded as were shootings in which the shooter(s) was not identified. Fifty-six cases were documented over 30 years from 1982 to 2012;

however, from January 2013 to December 2019, 61 mass shootings took place. The FBI has reported that mass shootings have tripled in frequency just in the last few years. Altogether mass shootings in public places have claimed 2,396 victims (948 fatalities and 1,443 wounded), while the Oklahoma City bombing, the World Trade Center bombing, February 26, 1992, the four coordinated September 11th attacks, and the Boston Marathon bombing claimed 11,177 victims (3,175 fatalities and 8,002 wounded). A partial list of the communities that become household names following public acts of violence include:

- El Paso, Texas Walmart 22 fatalities, 26 wounded, August 3, 2019
- Thousand Oaks, California Nightclub Shooting, 12 fatalities, 22 wounded, November 17, 2018
- Santa Fe Texas High School, 10 fatalities, 13 wounded, May 18, 2018
- Marjory Stoneman Douglas H.S., Parkland Florida, 17 fatalities, 17 wounded, February 2018
- Texas First Baptist Church, Sutherland Springs, Texas, 26 fatalities, 20 wounded, November 15, 2017
- Las Vegas Strip, Nevada, 58 fatalities, 546 wounded, October 1, 2017
- Pulse Nightclub, Orlando, Florida, 49 fatalities, 53 wounded, June 12, 2016
- San Bernardino, California shooting, 14 fatalities, 21 wounded, December 2, 2015
- Charleston Church Shooting, Charleston, South Carolina, 5 fatalities 2 wounded, June 17, 2015
- Sandy Hook Elementary, Newtown Connecticut, 27 fatalities, 2 wounded, December 14, 2012
- Movie Theater, Aurora, Colorado, 12 fatalities, 70 wounded, July 20, 2012
- Virginia Tech, Blacksburg, Virginia, 32 fatalities, 23 wounded, April 16, 2007
- Columbine, Colorado H.S., 13 fatalities, 24 wounded, April 20, 1999
- Luby's Massacre, Killeen, Texas, 24 fatalities, 20 wounded, Oct. 16, 1991

A mass shooting in Tucson occurred January 8, 2011, during a "Congress on Your Corner" meeting held in a Safeway parking lot. The event was an opportunity for citizens to meet Congresswoman Gabrielle Giffords. A 22-year-old man, Jared Loughner, first shot Congresswoman Giffords directly in the head at close range, then continued to fire on people in the crowd. Before some of the bystanders were able to tackle him, he injured 13 and killed six people, including a nine-year-old girl. Congresswoman Giffords was taken to the hospital with a critical brain injury. Giffords survived the shooting but retired from Congress to focus on difficult rehabilitation due to the significant injury.

Both the Oklahoma City bombing and the Tucson mass shooting received national attention for years following the events; however, the citizens killed in those attacks had connections to smaller communities. The nonprofit leaders of both communities and other communities across the United States played active roles to build social capital and collaboration following these tragic events in their community, following five principles outlined below.



## Assessing Community Propensity Violence

Former President Bill Clinton called the Oklahoma City bombing the "…last in a series of very high-profile violent encounters' during the 1990s between anti-government activists and authorities" (Helton 2010). Clinton went on to warn that incendiary political rhetoric can influence people like Timothy McVeigh and Terry Nichols, who he described as "profoundly alienated, disconnected people who bought into this militant anti-government line" (Helton 2010).

In his article on the history of the US militia movement, Mark Pitcavage (2001) writes that the right-wing antigovernment movement adopted paramilitary culture and rose to prominence in the two years before the bombing. The ideology of the militia movement prompted some of its followers to stockpile illegal weapons and explosives, plot to destroy buildings, assassinate

governmental officials, and commit other criminal acts. According to research by the Pew Research Center, public trust in the government hit an all-time low in 1994 (Pew Research Center for the People and the Press 2010). Fortified by talk radio and a well-developed system among militia members of reprinting and faxing leaflets that described a US government that had grown too powerful and threatened the rights of its citizens, patriot extremist groups played a pivotal role in fanning anti-government sentiment among citizens (Pitcavage 2001; Carmichael 2010).

Although McVeigh was not a militia member, after the Oklahoma City bombing the media spotlight began to expose the more extreme militia movement, causing some of the militias to disband but also publicizing their existence to many other Americans who supported the movement. Ironically, the numbers joining militias grew after the bombing, but authorities were also on heightened alert. Within seven months of the bombing, Oklahoma Constitutional Militia leader Willie Ray Lampley was arrested and convicted for building explosives to bomb several targets. Lampley's conviction and many others across the nation terribly weakened the movement. Moderate members left due to the highly publicized arrests and extreme members became angry that militias were not doing more (Pitcavage 2001). In 2001, the country had a new foreign-based enemy to combat. Following 9/11, public trust in the government rose from 31% to 60%. However, it was short-lived.

In November of 2010, Gabby Giffords won her third term as a United States Representative, serving the eighth congressional district of Arizona. The race with her opponent Jesse Kelly had been a close contest described as nasty and vitriolic by citizens. Preceding the mass shooting in Tucson, Congresswoman Giffords had begun receiving death threats. Her office windows were smashed following her support of health care reform and a protestor was removed from one of Giffords' events when a pistol fell out of his jacket.

Following the mass shooting in January of 2011, Pima County Sheriff Clarence Dubnik discussed mentally unstable people. "…how they respond to the vitriol that comes out of certain people's mouths about tearing down the government, the anger, the hatred, the bigotry that goes on in this country is getting to be outrageous" (Dade 2011). On March 25, 2010, Giffords was interviewed on national television about the recent vandalism of her office. During the interview, Giffords stressed how important it was for all leaders to reduce the angry political rhetoric (The Daily Rundown 2010). As an example of polarizing rhetoric, Giffords pointed to former vice-presidential candidate Sarah Palin's Take Back 20 Campaign in which 20 elected officials were graphically placed beneath the crosshairs of a gun sight on a target map. Following the shooting, Palin's representative, Rebecca Mansour, tweeted a response to the scrutiny of the map as a possible incentive for someone to assassinate Giffords. Mansour said the crosshairs were not that of a gun, but rather surveyor symbols. Palin's website removed the map after the shooting (Terkel 2011).

In an opinion piece, Gary Bauer, former Under Secretary of Education and Chief Domestic Policy Advisor in the Reagan administration for eight years, cautioned the media to report that although the shooting happened during a time period of strong political rhetoric, the rhetoric was not the cause of the Tucson mass shooting (Bauer 2011). Pitcavage, Director of Investigations for the Anti-Defamation League, does not posit that angry rhetoric equates to violence but says that nonetheless strong rhetoric should be taken seriously, as it can mean those who express it might commit violence or convince someone else to commit violence (Niiler 2013).

According to the Pew Research Center's survey in March of 2010, only 22% of American citizens trusted the government. The center says it discovered a "perfect storm of conditions associated with distrust of government – a dismal economy, an unhappy public, bitter partisan-based backlash, and epic discontent with Congress and elected officials" (Pew Research Center for the People and the Press 2010). The two time periods preceding the Oklahoma City bombing in 1995 and the Tucson mass shooting in 2011 signified two of the lowest levels of trust by American citizens in their government since surveys on trust began in 1958, 22% and 19%, respectively.

In 2020, trust in the government has hit an all-time low; only 17% of Americans trust that government in Washington will do what is right. This is a complete turnaround from the 73% who expressed trust in government in 1958.

Staff at the National Institute of Civil Discourse in Arizona highlighted the mood in Tucson leading up to the 2010 election, "The political campaign (between Giffords and Kelly for the 8th congressional district seat of Arizona) was the worst I'd ever seen. The entire country was polarized and in Arizona the political ads were vicious, the campaign rhetoric was shameful." They commented on the use of words and phrase like "target" and "take-out," including Kelly's invitation to "Get on Target for Victory in November. Help remove Gabrielle Giffords from office. Shoot a fully automatic M16 with Jesse Kelly" (Gold 2011). Although the shooting happened in Tucson, "it was a wake-up call for the entire country" that leaders have a responsibility to demonstrate civil discourse to citizens so that problems can be solved.

"Our elected leaders used to meet far more often in committees where the real work is done. That has diminished and they are in Washington less frequently – so they aren't even developing working relationships with one another. This has contributed to the partisan politics and lack of interest in compromise and discussion."

In its measurement of trust in government, the Pew Research Center determined that Americans were not against the broader role of government, but rather the distrust was focused on the electoral system in the USA and the work of Congress. In addition, partisan politics has created a lack of confidence in the wisdom of fellow voters to make good decisions. Nearly half of the members in both the Democratic and Republican parties view the members of opposing parties as immoral. Since 2007, the majority of individuals who had confidence in their fellow citizens to make good political choices has decreased in confidence from 57% to 39%.

As the USA prepares for the 2020 election amid the greatest distrust in government recorded in the past 60 years and with growing hostility between the two parties, nonprofit leaders play a very important role in recognizing the simmering anger that can produce public acts of violence. The nonprofit leader, viewed as trustworthy and compassionate about their community, can access social capital to build bridges to decrease the likelihood of violence and instead urge people toward civil discourse. The positive news from the Pew Research Center is that in spite of the current negative view, 84% of Americans believe trust in government can be rebuilt, and 86% believe trust in their fellow citizens can be improved.

## Preparing for Overwhelming Shock and Overwhelming Generosity

When an act of public violence takes place in a community, there is an immediate shock that something that terrible could occur in one's own community. In Tucson, one nonprofit leader described the affront to one's sense of community in this way, "With the January 8 shootings, it was a judge, a congressperson, a child, a staffer, an elderly person, democrats, republicans. It was like every man. It happened in front of a Safeway, for heaven's sake! It struck at the core of everyone. There wasn't a way you could distance yourself." Even though other violent events had occurred before the bombing in Oklahoma and the mass shooting in Tucson, the idea of it happening in their town instead of something on the news was difficult to comprehend. The proximity of the event theory motivated Tucson residents to seek out ways to respond, either by setting up makeshift memorials, conducting vigils outside the hospital, or donating to favorite charities of their congresswoman, now fighting to survive.

Nonprofit leaders must first acknowledge their own shock and disbelief, but then quickly turn their attention to the needs of the community. When public violence occurs, citizens are motivated to do something positive in response and look to leaders in the community for direction. Motivated by the just world theory, citizens aim to right the wrong that has occurred. In addition to individuals volunteering to help, many cities begin to receive a large number of donations.

Oklahoma City received more than $35 million in charitable donations after the bombing in 1995. Boston received $80 million in donations after the Boston marathon bombing which killed five and wounded more than 280 on April 15, 2013. Over $30 million poured into Orlando, Florida, following the mass shooting at the Pulse Nightclub, June 12, 2016, where 49 people were killed and 59 others were wounded; and $34.2 million was donated after the Las Vegas massacre that killed 58 and wounded 546 people on October 1, 2017. In the case of Oklahoma City, the fund was overseen for nearly 20 years by the Oklahoma City Communities Foundation, a nonprofit organization that provided public records of how the money was distributed. In Tucson, more than $92,000 was donated to the Community Food Bank in honor of Congresswoman Giffords. An additional $53,000 was donated to the American Red Cross. By far, the greatest amount of donations followed the September 11, 2001, terroristic attack on the Twin Towers of the World Trade Center. More than $1.8 billion was donated to a variety of charities who pledged to help the victims of 9/11 or help the community move forward in a positive way. These charitable donations were separate from the $7 billion established by Congress to assist the victims and their families.

Nonprofit leaders must ensure the funds donated by a shocked public are distributed and used as intended in a transparent and equitable fashion. Tragically during events like this, false charities will spring up in order to take advantage of the community's desire to donate. Nonprofit leaders with sound financial experience can help direct the funds to organizations that will apply them legally in the manner they were intended.

Donations for victims are not the only funds directed toward communities following public acts of violence. Memorials, mostly paid for by donations, are designed and created to honor the victims of these acts. Some communities spend years planning the appropriate memorial. The 9/11 memorial and museum cost $700 million, funded in large part by charitable donations. The cost to operate the museum will be more than $60 million annually, paid for by future donations and ticket sales to tour the museum. The Oklahoma City National Memorial cost $29.1 million, $17 million of which were private donations. The Oklahoma City National Memorial Foundation, founded in response to the bombing, is responsible for raising additional funds to fully operate and upkeep the museum and memorial. Even the act of creating a memorial calls for nonprofit leaders to use their collaborative skills to bring many individuals and groups together to decide on the appropriate and best way to remember the victims. Newtown, Connecticut is still gathering input on the type of memorial to build from the families of the 20 children, ages 6 and 7, and seven adults who were killed in the Sandy Hook Elementary School shooting on December 14, 2012. They plan to begin building the memorial in December 2020 and complete it in 2021, at a cost of nearly $4 million, nine years following the tragic event. The commission working on the Sandy Hook Memorial were inspired by the thoughtful work done to create the Columbine Memorial in 2007, at a cost of $1.5 million, eight years following the April 20, 1999, mass shooting at Columbine High School that killed 13 and wounded 24. Although these collaborations take time and are performed by a diverse group of people with varying ideas, they are motivated to work together to emerge victorious against the common external threat that united them.

In addition to managing donations for victims, charities, and memorials, nonprofit leaders must be ready to respond to the number of volunteers who want to contribute their blood, sweat, and skills. In Oklahoma City, the city leaders called on the nonprofit sector to help manage the large scale of donations that included wheelbarrows, bottled water, knee pads, and food. Agencies, familiar with handling large inventory during natural disasters, were able to quickly mobilize sorting and distributing centers. Unlike natural disasters, however, the location of public violent acts are crime scenes and volunteers are kept away from the site and therefore must find other ways of helping. In most cases of public violence, there are no houses to repair, no debris to pick up, no rescues to be made. Volunteers are at a loss as to how they can help. Nonprofit leaders fulfill a

special role to not only help the victims, but to help the community heal from a terrible tragedy. In Tucson, one organization formed by a grieving mother who lost her 3-year-old son, Ben, to illness, had an established local charity where Ben's Bells could be built and hung as a way to help other grieving parents. Following the mass shooting in Tucson, community members began pouring into the small agency to create bells that were then hung around the city in response to the violence that had been visited upon their city. When Sandy Hook Elementary was reeling from the violence in their small community, a former Tucson resident who had relocated to Newtown contacted the founder of Ben's Bells in Tucson and asked they bring the same healing mechanism to Newtown for the residents there. Soon, Newtown residents were participating in the same therapy that Tucson residents had done just one year earlier, and bells were found hanging across the community.

Some acts of public violence leave behind a large number of wounded individuals. In the case of the Oklahoma City bombing, 680 people were injured. Following a request for blood donations, more than 9,000 units of blood were donated. After the Orlando shooting at the Pulse Nightclub, 28,000 pints of blood were donated. In the Las Vegas shooting where 546 people were injured, 68 of whom were in critical care, the request made for blood donations, brought a 53% increase in blood donations into the American Red Cross within the first three days. Although this indicates the desire of citizens to immediately respond to acts of public violence, it is also unlikely that it helps with the victims for whom it is intended. Most victims of mass shootings or bombings required blood transfusions within 24 h and blood donations take 48 h to process. In addition, if unused within a specified time frame, the donations have to be discarded. Nonprofit leaders could build awareness and plan accordingly for future events to protect their community members by organizing monthly blood drives so that any crisis can be met if or whenever it occurs. A case for organized blood donations was most clearly seen after 9/11 when more than 475,000 units of blood were donated, but only 275 units were needed to treat victims, and thousands of units had to be discarded.

## Incorporating the Community's Unique Strengths

Many communities have specific strengths that have been developed over time. Often nonprofit leaders have been major actors in developing unique attributes to aid in the health of the community. Following acts of public violence, these strengths can be utilized to address the crisis at hand. In Tucson, the Victim's Assistance Program, begun 35 years before the Tucson mass shooting, was one of the first programs of its kind in the country. The Victim's Assistance Program allowed volunteers with the program to go onto the scene to provide services to the victims of crime. At the time of the shooting, the program had over 20 advocates and more than 100 volunteers. As soon as the 911 phone calls were received, the Victim's Assistance Program volunteers were dispatched along with police and emergency personnel. The volunteers were allowed on the scene to speak with the victims and meet their needs. The volunteers had received extensive training to work with victims and coordinate their efforts with other emergency personnel. In addition, the volunteers provide one-on-one follow-up for each of the survivors, family members of victims, and witnesses to the shooting.

In Oklahoma City, known as part of "tornado alley," residents encounter natural disasters on a yearly basis. Several agencies were already skilled at various components of handling a large-scale disaster. The aftermath of the bombing required their ability to feed large numbers of people to care for the hundreds of rescue workers and investigators. They also had more than 300 buildings destroyed, and many people were homeless as a result. When donations began to pour in, they knew which agencies were the best to organize and distribute. Several nonprofit leaders believed they already had a lot of things in place and were prepared to help.

Following the Marjory Stoneman Douglas High School shooting in Parkland Florida,

February 2018, which killed 14 students and 3 school faculty and wounded 17 others, students Cameron Kasky, David Hogg, and Emma González and others from the school began immediately organizing the "Never Again" campaign. Kasky, the brainchild of Never Again, stated, "We are the three voices of this. We're strong, but together we're unstoppable. Because David has an amazing composure, he's incredibly politically intelligent; I have a little bit of composure; and Emma, beautifully, has no composure, because she's not trying to hide anything from anybody." González added, "All these kids are drama kids, and I'm a dramatic kid, so it really meshes well." The unique traits of the Parkland youth established a strong national movement that many nonprofit leaders meshed into current streams of support for like-minded causes.

At Virginia Tech, the psychology department had just completed a data collection project with 800 women who attended the university. After the April 16, 2007, mass shooting which killed 32 individuals and wounded 23 more, the department, reached out to these women and asked them to participate in further surveys about the shooting. Because of the prior data collection and the expertise of the researchers and psychologists, they were able to gather information about trauma and recovery directly from students on campus. Nonprofit leaders who are well versed in their community's particular assets play an important role in determining how the unique strengths of the community can counter violent acts.

## Navigating the Response

Although mass shootings have increased threefold recently, communities where acts of public violence take place are descended upon by news media. In the case of Oklahoma City, CNN had a 24-h news cycle and Oklahoma City was the biggest news of the day. Within a few minutes of the blast, news crews were capturing the event on television. Cable news carried continuous coverage of the event for several days without any commercial breaks. Likewise, the tragedy that unfolded on September 11, 2001, was broadcast across the world and images of the towers were captured and replayed in front of a shocked audience. The 93 h of coverage on every major US network was the longest uninterrupted news event in the history of US television.

President Bill Clinton in 1995 and President George W. Bush in 2001 made special trips to Oklahoma City and New York, respectively, after the tragic events and delivered messages to the American people. President Clinton differentiated the acts of the perpetrators from those of the residents and implored the community to counteract evil with good. Following 9/11, President George W. Bush offered American citizens a way to restore this sense of disconnection and reinvigorate civic engagement. After acts of public violence, elected officials are expected to visit and meet with victims and family members who have lost loved ones. Because acts of violence are increasing drastically, often the number of fatalities or the target of the shooter or bomber dictates if local, state, or federal officials will visit the community. The role of the nonprofit leaders may include helping to organize the visits as their agencies are most likely supporting the victims and to build on any words of encouragement or calls to action to help restore community healing.

The words of the elected official may preface the ways nonprofit organizations and citizens respond to the tragedies. After President Obama called on Americans to make "sure we align our values with our actions," following the Tucson mass shooting that left Congresswoman Gabrielle Giffords with a severe brain injury, several nonprofit leaders and citizens worked to establish the Institute of Civil Discourse at the University of Arizona to incorporate "Gabby's" desire for civil discourse to be restored.

Following acts of public violence, the answers to "Why?" often drive the work of nonprofit leaders in the community. Recently, the possible explanations of mental health, bullying behavior, and gun accessibility have all been seized as society ills that require correction. Nonprofit leaders can draw upon the momentum and passion of the residents to create programs to address these or

other concerns. Because of the large media attention, nonprofit leaders can harness the help of celebrity role models to help spread important messages or calls to action.

## Collaborating is Key

Nonprofit leaders have learned in recent years the importance of collaboration in accessing community and government grants. Funders prefer to invest when growing nonprofits are willing to work with other nonprofit organizations to meet the varied needs of the community. When an act of public violence strikes a community, the previous collaborative work of nonprofit leaders is vital to ensure that responses can be immediate and comprehensive. The collaborative work of Oklahoma City nonprofits in organizing logistics to help in tornado disaster zones was evident when the bombing occurred; however, there were no collaborative efforts with mental health professionals. In the wake of the bombing, it was evident that nonprofit leaders would have to develop more resources in mental health to meet the needs of the traumatized community. Four years later, when the great May 3, 1999, tornado ravaged the city, nonprofit leaders were completely prepared to address the multitude of needs. For small communities, small town relationships precede collaboration. Nonprofit leaders already know who to call upon and who to trust, including key officials in government. Some are even close friends and already work well together.

Nonprofit leaders have begun to form a network across the nation with other nonprofit leaders who have experienced an act of public violence. Just as Newtown reached out to Columbine for guidance on creating a memorial, New York reached out to Oklahoma City for guidance on how to provide large scale counseling to family members of victims who died in the attack. Several nonprofit leaders from stricken cities and towns have discussed the best ways to manage the large donations. Nonprofit leaders have little time to grieve or process the tragedy before they are called into service; therefore, many have found comfort in sharing their stories and experiences with colleagues in other cities who have faced or are facing the same challenges.

## Conclusion

In the wake of all of these tragedies, nonprofit leaders must discern if these events can be prevented in other communities. Terror management theory posits that citizens can reduce their own fear and sense of vulnerability by performing actions that promote confidence and establish their value to the community. Following Tucson's mass shooting, citizens and public officials debated the role of political leaders in inciting violence. The National Institute on Civil Discourse was created specifically to address that concern. Other nonprofit groups were either created or strengthened to address mental health, bullying, and kindness. In Oklahoma legislation was passed that dealt with acts of terrorism and victim's rights. A new network of agencies to treat mental health issues among survivors was created.

Following the December 14 shooting at Sandy Hook Elementary in Newtown, a wave of support for gun legislation began to build, with several Newtown parents, who had lost children, actively involved (Salcedo 2013). Gabby Giffords, who resigned her congressional seat in November 2011 to concentrate on her recovery, organized Americans for Responsible Solutions political action committee. According to the website, the mission is to "encourage elected officials to stand up for solutions to prevent gun violence and protect responsible gun ownership" (Americans for Responsible Solutions 2013). "Nonprofits not only discharge humanitarian action on behalf of the American public, but they generate public concern, shape the debate, shape the formulation of policies, and often influence who, by whom, and how they will be discharged" (Bryce 2005). Nonprofit leaders have always played an important role in community well-being. The pressure and camera lights following an act of public violence have proven many nonprofit leaders are well equipped to restore healing in their community.

## Cross-References

▶ Nonprofit Organizations

## References

Americans for Responsible Solutions (2013). http://americansforresponsiblesolutions.org/about/. Accessed 24 Apr 2013

Bauer G (2011) Media mistakes about Tucson, Politico.com, Feb 11. http://www.politico.com/news/stories/0211/49249.html#ixzz2SjldUIKK. Accessed 24 Apr 2013

Brown ML, Potosky AL (1990) The presidential effect: the public health response to media coverage about Ronald Reagan's colon cancer episode. Public Opin Q 54:317–329

Bryce HJ (2005) Players in the public policy process: nonprofits as social capital and agents. Palgrave Macmillan, New York

Carmichael C (2010) Anti-government extremist groups reach record levels, say experts. CNN, Mar 6, 2013. http://www.cnn.com/2013/03/05/us/splc-extremist-groups-report. Accessed 24 Apr 2013

Dade C (2011) Shooting fallout: political rhetoric takes the heat. Natl Public Radio, January 9. http://www.npr.org/2011/01/10/132784957/shooting-fallout-political-rhetoric-takes-the-heat. Accessed 24 Apr 2013

Dynes RR (1970) Organizational involvement and changes in community structure in disaster. Am Behav Sci 13(3):430

Feshbach R, Singer R (1957) The effects of personal and shared threats upon social prejudice. J Abnorm Soc Psychol 54(3):411–416

Gold M (2011) In Gabrielle Giffords shooting, many on left quick to Lay Blame, Los Angeles Times, Jan 8. http://articles.latimes.com/2011/jan/08/nation/la-na-giffords-shooting-media-20110109. Accessed 24 Apr 2013

Greenberg J, Solomon S, Pyszczynski T (1997) Terror management theory of self- esteem and cultural worldviews: empirical assessments and conceptual refinements. In: Zanna MP (ed) Advances in experimental social psychology, vol 29. Academic, San Diego, pp 61–139

Helton J (2010) Clinton draws parallels between 'upheaval' of 1995, today. CNN, Apr 16, 2010. http://www.cnn.com/2010/POLITICS/04/16/clinton.okc/index.html. Accessed 24 Apr 2013

Latane B, Liu JH, Nowak A, Bonevento M, Zheng A (1995) Distance matters: physical space and social impact. Personal Soc Psychol Bull 21:795–805

Lerner MJ (1997) What does the belief in a just world protect us from: the dread of death or the fear of understanding suffering? Psychol Inq 8(1):29

Niiler E (2013) Anti-government: on the rise? Discovery News, Feb 4, 2013. http://news.discovery.com/human/anti-government-sentiment-on-the-rise-130204.htm. Accessed 24 Apr 2013

Omoto AM, Snyder M (2002) Considerations of community: the context and process of volunteerism. Am Behav Sci 45:846–867

Pew Research Center for the People and the Press (2010) Distrust, discontent, anger and partisan rancor. http://www.people-press.org/2010/04/18/distrust-discontent-anger-and-partisan-rancor/. Accessed 24 Apr 2013

Pitcavage M (2001) Camouflage and conspiracy: the militia movement from Ruby Ride to Y2K. Am Behav Sci 44(6):957–981

Salcedo M (2013) Newtown families: we'll keep fighting for gun law, Associated Press (Yahoo News), Apr 21. http://news.yahoo.com/newtown-families-well-keep-fighting-gun-law-175611300.html. Accessed 24 Apr 2013

Schroeder DA, Penner LA, Dovidio JF, Piliavin JA (1995) The psychology of helping and altruism: problems and puzzles. McGraw-Hill, New York

Terkel A (2011) Sarah Palin Aide Rebecca Mansour: our crosshairs map had nothing to do with violence or guns, HuffingtonPost.com. http://www.huffingtonpost.com/2011/01/09/sarah-palin-rebecca-mansour-crosshairs-arizona_n_806375.html. Accessed 24 Apr 2013

The Daily Rundown (2010) Congresswoman Gabrielle Giffords talks palin cross hairs. News Today Video. http://www.youtube.com/watch?v=R7046bo92a4. Accessed 23 Apr 2013

Van Vugt M (2001) Community identification moderating the impact of financial incentives in a natural social dilemma: water conservation. Pers Soc Psychol 27:1440–1449

# Nonprofit Leadership

Mark S. LeClair
Department of Economics, Fairfield University, Fairfield, CT, USA

## Synonyms

Effective nonprofit managers

## Introduction

The professionalization and credentialing of nonprofit managers has increased the effectiveness of top executives in the Third Sector. This is particularly true at larger organizations, where resources exist to support strong leadership development. Despite these advances, significant

challenges remain. There is a shortfall of trained professionals, and administrators report significant burnout resulting from pressure by both donors and boards.

Some fundamental differences prevail in the criteria for good leadership in the two segments of the nonprofit sector: Charitable institutions and member-serving organizations (churches, private schools, advocacy groups). Managers of charities must answer to benefactors, granting agencies, community leaders, and to external recipients. This makes stakeholder relationships more complex in this segment of the philanthropic sector.

Good management also requires adequate oversight mechanisms, particularly the presence of an independent voting board. Well-run charitable organizations utilize additional controls, such as an independent audit and publication of annual financial accounting (notably IRS Form 990). External oversight is provided by both the Internal Revenue Service, which can withdraw an organizationâ€™s 501(c)3 status, and by the Federal Trade Commission which can pursue criminal charges when fraudulent behavior occurs. Rating agencies evaluate the performance of charitable entities, enabling potential donors to avoid poorly run nonprofits. Despite these layers of accountability and oversight, it is not uncommon for charities to violate the trust place in them by donors, and this is one of the remaining challenges of nonprofit leadership.

## Effective Nonprofit Leaders

Effective nonprofit managers lead organizations that are impactful, focused primarily on mission rather than fundraising, and responsive to all of the various stakeholders that rightly have a say in how goals are established and pursued. The professionalism of management, with expectations that executives would possess educational and other credentials that are appropriate to the nonprofit sector, has improved the performance at larger nonprofits. An examination of what makes good leaders, and how the skill set can be developed that results in good leadership, can be found in Lombardo and Eichinger (2002). Conversely, many smaller nonprofits are unable to expend the resources necessary to hire credentialed managers. Oversight is a key factor in the rise of strong organizational leadership, and the elements of effective internal and external controls are discussed in detail below.

Analysis of effectual nonprofits tends to emphasize the *structure* of the nonprofit itself, rather than the characteristics of a successful manager. As noted in Bradshaw et al. (2007), depending on the focus of the nonprofit and its stakeholder involvement, an organization is likely to gravitate towards one of four governance models (e.g., Entrepreneurial or Constituency Model). The critical role played by a nonprofit's board in ensuring that an entity is both well-run and answerable to its constituencies is the central theme of much of the inquiry into effective leadership. Stid and Bradach (2009) distinguish between leadership and management, and note the importance of the former at impactful nonprofits. Brudney and Murray (1998) asserts that there is a positive correlation between the adoption of best practices and the perceived effectiveness of nonprofit boards, although the causation weakens when *objective* measures of performance are used. Although good board leadership appears to arise organically in many organizations, there is an accelerating movement towards training board members in best practices (e.g., see early work by Herman and Heimovics (1990), and subsequent work by Widmer and Houchin (2000)).

## The Best Charitable Nonprofits

Although identifying top nonprofits, those that are well managed, utilize contributions in an effective way, and are answerable to their stakeholders, involves at least a degree of subjectivity, the rubric used by ***Charity Navigator*** provides a consistent means of comparing the relative performance of nonprofits. Organizations are ranked according to both their financial performance (particularly what proportion of donations

**Nonprofit Leadership, Table 1** Top ranked charitable organizations, *Charity Navigator*, 2016

| Rank | Charity | Overall score[a] |
|---|---|---|
| 1 | Direct relief | 100.0 |
| 2 | Map international | 100.0 |
| 3 | The conservation fund | 98.2 |
| 4 | Rotary foundation | 97.9 |
| 5 | Americares | 97.6 |
| 6 | Doctors without borders | 97.2 |
| 7 | National council of YMCAs | 97.2 |
| 8 | Patient services, Inc. | 97.2 |
| 9 | Catholic medical mission board | 96.8 |
| 10 | Caring voice coalition, Inc. | 96.7 |

[a]Charity Navigator provides both a financial and an accountability and transparency ranking. The scores present here are the composite of those two scores

ultimately go to the nonprofit's expressed cause) and their transparency and accountability, with a composite score providing an overall assessment. Table 1 provides a list of the top ten charities in 2016 as identified by *Charity Navigator* (CN). Although about half of these not-for-profits are well-known organizations, several (e.g., Patient Services Inc.) would arguably be regarded as behind-the-scenes yet (clearly) well-run charities. Missing from CN's top ten list are many well recognizable names, indicating that visibility does not necessarily equal effectiveness. What is consistent across the organizations in Table 1 is a management and control structure that includes an independent voting board (uncompensated), an annual independent audit, and easy accessibility to a current Form 990 (the IRS filing required of nonprofits). Top nonprofits devote only a small proportion of annual expenditures to fundraising.

A similar accounting of the performance of member-serving not-for-profits (e.g., churches) is not feasible, as transparency and financial information is largely internal. A high degree of accountability may occur, however, as donor and beneficiary are one in the same. Certainly it is the case that as organizations such as these become more complex, the potential for misuse of financial resources increases.

## The Leadership Shortfall

It is widely recognized that ineffective leadership at nonprofits reduces the efficacy of the Third Sector. Poor management in the charitable sector in particular can be attributed to lack of oversight, inadequate training of key personnel, lack of accountability to stakeholders, and an inability to articulate focused organizational objectives. The results of this leadership deficit range from poor utilization of resources to a failure of control that results in misuse or theft of an organization's assets.

In *The Leadership Deficit* (Tierney 2006) it is noted that the growth of the nonprofit sector, coupled with the anticipated departure of many current top managers, will result in a need for hundreds of thousands of trained professionals – a need that is likely to go unmet. Male (2013) argues that poor performance is attributable to a lack of "leaders" at charitable organizations, despite the presence of many "managers." Exhaustive studies of top leadership (Bell et al. (2006)) found high turnover at nonprofits, with pressures from both donors and boards contributing to burnout. A remarkably high proportion (one in three) of top executives are forced out of their positions. In a similar analysis, focused on executives in the Pittsburgh region, Ban and Towers (2003) note that the credentials of nonprofit managers rise with the size of the organization; a not surprising finding, but one that has important ramifications for the effectiveness of the smaller nonprofits that dominate (at least in number) the sector. Contrary to the findings of Bell, Moyers, and Wolfred, Ban and Marcia found relatively high job satisfaction. Yet, Bonner and Obergas (undated) found that three out of four executives were actively considering leaving their current position. It has been suggested that charitable institutions transition towards a more corporate model of leadership, but this ignores the fundamental differences in stakeholder relationships that prevail in the Third Sector. As noted by Alexander and Weiner (1998), there frequently are insufficient resources in place to support the conversion to

a for-profit style of management, and further that such a transformation would seldom be desirable. Landles-Cobb et al. (2015) attribute the leadership deficit to poor "succession" planning, noting that the best talent may lie within a nonprofit organization, but simply needs to be nurtured. Finally, Osula and Ng (2014) note that executives in the Third Sector spend a majority of their time on concerns such as fundraising, preventing the kind of transformational change in leadership that would benefit an organization.

## Stakeholders and Nonprofit Leadership

Stakeholder relationships at nonprofits are complex, and effective leadership is a prerequisite to the successful management of any organization in the Third Sector. The primary focus for charitable organizations is frequently on contributors, but not-for-profits must also consider the interests of employees, granting agencies, community leaders, and (in the case of charities) recipients. Although the interests of some of these stakeholders are in tandem, in other instances, they conflict (donors, granting agencies, and community leaders might have different priorities, for instance). Effectively navigating the wishes of these different contingencies is fundamental to good leadership. Figure 1 provides a simple illustration of the stakeholder relationships, essential regulatory controls, and evaluative services that work together to promote successful management of nonprofits.

Although the focus of nonprofit managers in the charitable sector might be on donors, the structure of the donor-organization relationship is unique, in that small contributors receive little or no feedback on what their donations accomplished. Conversely, in most instances in the for-profit sector, businesses accept some responsibility to their most critical stakeholders, their customers. Lesser donors give and are forgotten (until the next fundraising cycle). It is this absence of a feedback loop that enables failed leadership at charitable nonprofits. The solution to this problem of poor management is oversight and accountability.

## Nonprofit Oversight and Accountability

Although nonprofits are not directly answerable to their routine donors, oversight of all charitable institutions is part of the federal statutes that govern 501(c)3 organizations. Nonprofits must file Form 990 with the IRS annually to maintain their status, and that form is open to public inspection. Approximately half the states in the USA require the public release of Form 990, at least for those organizations that are of sufficient size (set by individual state statute). It is, of course, up to donors to seek out the information on a charitable entity before giving, and most contributors do not. Charitable organizations that receive federal grants are subject to reporting requirements as part of that funding, which provides another layer of accountability for the minority of institutions that receive such support. Other forms of direct accountability are self-imposed to attract donors. Nonprofits may choose to conduct an independent audit (It has been argued that nonprofits should be subject to some form of Sarbanes-Oxley style of regulation (the federal law that makes for-profit executives personally liable for misdeeds at private corporations. No such federal law exists, and only California has adopted legislation of this kind.). Those that do generally make the results of that audit readily available on their webpage. Although one might assert that ***all*** nonprofits should be subject to this additional form of transparency, it is considered too burdensome for small organizations. Charities may also decide to adopt a governance structure that includes an independent voting board, providing an additional level of accountability.

Despite these layers of oversight – some voluntary, others not – outright fraud is not uncommon in the Third Sector. When nonprofits become rogue organizations, legal remedies include the removal of the entity's 501(c)3 status or, in the most egregious cases of philanthropic entities violating the trust of their supporters, prosecution by the Federal Trade Commission (see below). This ultimate failure of leadership is enabled by (as argued above) the lack of accountability to most donors in the nonprofit sector. Since those that give do not receive an accounting of how their donations were used, deceit is facilitated.

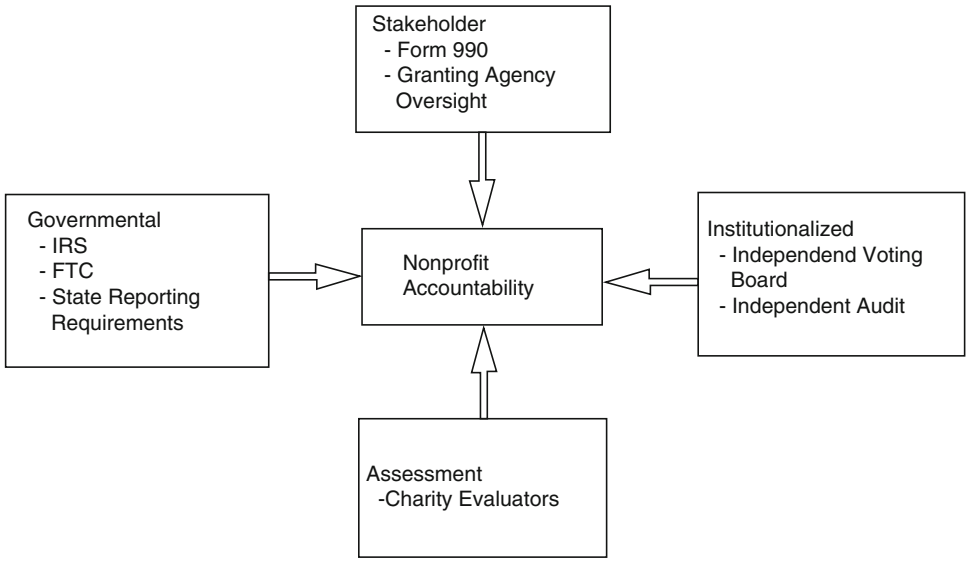


**Nonprofit Leadership, Fig. 1** Nonprofit stakeholders, regulation, and assessment – the foundations of accountability

In addition to these internal and external controls, most large nonprofits are subject to assessment by one or more independent organizations that provide detailed rankings of charitable institutions. As noted above, the largest of these, *Charity Navigator*, provides an evaluation for over 8,200 nonprofits, including detailed financials and information on each organization's management structure and accountability. Likewise, *Charity Watch* provides a similar evaluation for a smaller set of institutions, mostly large, well-known nonprofits. Although this type of oversight is important, the burden is still upon potential donors to seek out and utilize this information.

## Failed Leadership: When Charitable Nonprofits Go Bad

In 2015, the Federal Trade Commission accused four cancer charities of both misusing charitable donations and outright fraud (https://www.ftc.gov/news-events/press-releases/2015/05/ftc-all-50-states-dc-charge-four-cancer-charities-bilking-over). All four organizations raised funds by promising to assist cancer patients through financial support for the purchase of medications, hospice care, etc. In reality, contributions were used to purchase vehicles and vacations, with the rest spent primarily on professional fundraising. This was just the most recent example of abuse of donors' generosity through the misappropriation of funds for personal gain (See *Charity Watch Hall of Shame*, available at charitywatch.org for examples of the most egregious violations. Alternatively, the *Tampa Bay Times* publishes an annual list entitled *America's Worst Charities*.). Although a variety of means are utilized by rogue charities to facilitate theft (including one organization that was essentially a Ponzi Scheme), common threads are:

- A "close" board, typically made up of family members or friends and associates
- Failure to conduct an independent audit that would have revealed the misuse of donations
- Absence of professionals in the core staff of the organization
- Excessive use of professional fundraisers
- A focus on causes that elicit an uncritical response from most who are solicited, including "support" of cancer patients, the police, veterans and children

Highly visible scandals at individual charitable organizations are likely to elicit calls for

tighter regulation of the sector as a whole; a move that probably would be welcomed by larger nonprofits but could be too onerous for smaller organizations.

## Conclusion

Successful nonprofit leadership is a result of a combination of factors, including leadership training and credentialing, appropriate oversight (internal and external), a regulatory environment that is appropriate to the unique circumstances of the Third Sector, and answerability to stakeholders. It is this final element that has remained elusive in the charitable component of the nonprofit sector, particularly in the relationship between charities and their occasional donors. In the absence of some form of feedback to contributors, misuse or misdirection of funds is facilitated. Few donors (less than a third) investigate a charity before giving, enabling nonprofit leaders to act in their own interests rather than those of their most important stakeholders. In the member-serving segment of the nonprofit sector, issues such as these are less likely to occur, as donor and recipient are one in the same, and the likelihood of fraud is diminished.

Good leadership extends beyond the individual nonprofit. When poor management of contributions (or facilitation of outright fraud) are exposed, the reputation of the sector as a whole is damaged. Rather than seeking out an alternative target for donations, some donors will simply forego giving. Despite the many layers of accountability described above, and the on-going effort to professionalize nonprofit management, the leadership deficit remains.

## References

Alexander J, Weiner B (1998) The adoption of the corporate governance model by nonprofit organizations. Nonprofit Manag Leadersh 8(3):223–242

Ban C, Towers M (2003) The challenge of nonprofit leadership: a comparative study of nonprofit executives in the Pittsburgh region. Tropman Rep 2(5)

Bell J, Moyers R, Wolfred T (2006) Daring to lead 2006: a national study of nonprofit executive leadership. CompassPoint Nonprofit Services and Meyer Foundation, San Francisco

Bonner L, Obergas J (undated) Nonprofit leadership development. The Looking Glass Institute, Pittsburgh

Bradshaw P, Hayday B, Armstrong R (2007) Non-profit governance models: problem and prospects. Innov J 12(3)

Brudney J, Murray V (1998) Do intentional efforts to improve board effectiveness really work? The views of nonprofit CEOs. Nonprofit Manag Leadersh 8(4): 333–348

Herman R, Heimovics R (1990) The effective nonprofit executive leader of the board. Nonprofit Manag Leadersh 1(2):167–180

Landles-Cobb L, Kramer K, Milway K (2015) The leadership development deficit. Stanford Innov Rev

Lombardo M, Eichinger R (2002) The leadership machine: architecture to develop leaders for any future. Lominger Limited, Minneapolis

Male R (2013) Nonprofit weaknesses start with too few leaders and too many managers. Chron Philanthr

Osula B, Ng W (2014) Toward a collaborative, transformative model of non-profit leadership: some conceptual building blocks. Adm Sci 4(2):87–104

Stid D, Bradach J (2009) How visionary nonprofit leaders are learning to enhance management capabilities. Strateg Leadersh 37(1):35–40

Tierney T (2006) The leadership deficit. Stanf Soc Innov Rev 26–35

Widmer C, Houchin S (2000) The art of trusteeship. The nonprofit board member's guide to effective governance. Jossey-Bass, San Francisco

N

# Nonprofit Leadership, Relevance in a World of Changing Realities

Michael L. Gaylor
School of Public Administration – College of Arts and Letters, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Bearing; Change leadership; Change management; Changing realities; Leader; Leader development; Leader training; Leadership; Materiality; Pertinence

## Definition(s)

| | |
|---|---|
| Leadership | The effective use of Influence to move people toward a common goal. The process of establishing a vision and through a passionate communication of that vision, amassing a followership that shares the same passion for and drive to achieve that vision. |
| Relevance, Relevancy, Relevant | A state of being where an individual or organization possesses Network Power (effective development of networks), Knowledge Power (possession of knowledge), and Personality Power (ability to inspire trust and enthusiasm from others) in amounts sufficient enough to influence change in organizations and communities. Engaged power equals relevance. |
| New Realities | The state of the social, political, and economic environment where there are rapid and often unpredictable changes in the state of things as they are or appear to be as compared to the way one might wish them to be. |

## Introduction

As leaders in the voluntary or nonprofit sector, there are many issues to which one must attend and skills and traits that one must possess. In a world of persistent change, leaders have focused on engaging in horizontal leadership development which focuses on information and external skill sets. This is very necessary but does not necessarily advance the nonprofit leadership pools' ability to effectively deal with the **new realities** often facing the nonprofit world. A stronger focus on vertical development or that which advances leaders' ability to be more adaptive and agile in the face of **new realities** might better ensure that leaders remain **relevant** in the eyes of their colleagues, followers, and community at large. Tending to the Habits of Relevancy might ensure that leaders develop relevancy at whatever stage they are in their careers and maintain that relevancy into the winter of their years. Consider the following **Parable of Russell T. Kann** (Gaylor 2013).

*Two nonprofits leaders were taking a stroll in the Bosque of the Rio Grande. One an emerging leader named Milly Enial. The other a more seasoned leader named Jenn Xer.*

*Their walk took them to the bank of the Rio Grande. While gazing at the water, Milly asked, "I wonder what will ensure that we will still have what it takes to be effective leaders into the future?"*

*Jenn responded, "Not sure… but I would imagine that we must keep our hard leadership skills strong. Being seen as an expert whose knowledge of leadership is deep and robust would be vitally important."*

*At that moment, Jenn and Milly's eyes were drawn to the river's edge where there rested a relic from which words of wisdom emanated. This relic, known as Russell T. Kann, was a well-worn soul with many signs of wear and tear. His friends may have called him Boomer.*

*To Jenn's views Russell retorted, "You are partially correct. But if you want to secure your futures as leaders, you must build a foundation for remaining **relevant** as the world around you changes."*

*"We, like our nonprofit organizations, must engage in the hard work of change if we are to remain **relevant** in an ever and rapidly changing world. So… remaining **relevant** is the golden key to leadership success over time."*

*"My friends never called me 'Boomer', but they do call me Rusty. So… Rusty Tin Kann am I. I have not always been a Rusty Tin Kann. At one time, like you, my outside was clean and fresh, without dents, dings and rust and I was shiny on the inside. Today I am well-worn but still shiny on the inside because I have adopted the critical **'habits of relevance.'** These habits have saved me from becoming **irrelevant.** These habits are:*

- *Committing to actively reading the world's **new realities**;*
- *Subscribing to **life-long learning**;*

- ***Mentoring*** *emerging leaders; and*
- *Adopting the traits associated with* ***Critical Thinking***

*Subscribe to these habits early in your career and you will ensure your relevancy throughout life." With that Rusty retreated to the serene ambience of the flowing Rio Grande.*

*Jenn and Milly quietly pondered his words and were grateful for their encounter with the wise, old mentor, Russell T. Kann.*

## The Habits of Relevancy

### Habit #1: Committing to Actively Reading the World's New Realities

The criticality for a leader to first establish a position of relevance in the organization and the community and then maintaining that relevance over time cannot be understated (Beerel 2009). Regardless of leaders' personal mission or leadership brand, it is of the utmost importance that the goal of remaining **relevant** is always at the top of their mind. If leaders allow their relevance to take a back seat to other priorities, their attraction from the followers' perspective may wane. They may find themselves engaging in dysfunctional behavior, personal decay, and ultimately disappear into a relevance abyss out of which they cannot climb; fading into a zone of irrelevance.

The development and maintenance of relevance is directly proportional to the leader's appetite to search for and respond to emerging **new realities**. Leaders often do not read the signs of impending **new realities** and when they do, they do not respond appropriately. **New realities** insidiously creep up on us as small virtually opaque events and ultimately reveal themselves as ominous game changers.

Consider the boiled frog fable. This fable describes a frog being slowly boiled alive. The premise is that if a frog is put suddenly into boiling water, it will jump out, but if the frog is put in cold water which is then brought to a boil slowly or incrementally, it will not perceive the danger and will be cooked to death. Although the results of this experiment have been questioned, it stills serves as an effective metaphor on how leaders can become irrelevant due to their failure to perceive change and the **new realities** that emanate from the change.

The struggle with dealing with new realities prepares us, in many ways, to approach our leadership with integrity and authenticity. As we unearth **new realities** and bring them into the light, we discover new truths. Much like the saying that what one perceives becomes one's reality, **new realities** equal new truths. The leadership challenge is to grapple with the truth while working toward alignment with that truth. This leads us to becoming change leaders as opposed to change managers.

#### Pledging to Be a Change Leader Versus a Change Manager

**New realities** signal the need for robust change. Change is the one factor that in today's world is a constant and sets in motion the generation of **new realities**. Irrelevancy is a direct by-product of a leader's miscarriage when it comes to facing change. When the world around the leader changes at a much faster pace than the leader changes, then irrelevancy sets in (Warren 2012, 0:37). Being blind to this fundamental reality puts the leader and the nonprofit organization in peril relative to future relevancy. Small, incremental changes add up to very large and sometimes catastrophic effects and place the leader in a position of peril relative to maintaining relevancy. These changes occur frequently and at a lightning pace. A leader's consciousness of these changes may be impaired due to a sense of contentment with the leader's station in the organization.

Change guru, John P. Kotter (2012) describes an eight-stage process for leading change. The first stage targets the need for change leaders to establish a sense of urgency around the needed change. Although this sense of urgency is the driving force behind motivating change, Kotter would suggest that leaders often fall into a pattern of complacency or contentment and as a result are not onboard when a new reality ship sails.

Being a **relevant** leader requires 70–90% leadership and only 10–30% management.

Therefore, in order for leaders to create a sense of urgency within themselves to change, they must focus on self-leading versus self-managing when it comes to moving the needle relative to self-change. We have come to know that management is a set of processes that can keep a complicated system running. When the leader is that complicated system, the focus is on "what" and "how" of mediating self-change. For decades, business schools have been teaching people how to manage.

However, in order for leaders to remain **relevant**, they need to experience a shift in consciousness which focuses them on the processes of leadership versus management. These leadership processes include creating their personal vision which defines what their future should look like, aligning themselves and others with that vision, and creating within themselves and others a passion for action despite the obstacles that will be in their way. Beerel (2009) suggests that in order for leaders to effectively navigate through this shift in consciousness, they must develop strong adaptive capacity and employ adaptive strategies (Leadership). This differs from engaging in technical capacity (Management) and deploying coping strategies. Coping strategies are less assertive, energy consuming, and creative than adaptive strategies. Coping resigns leaders to passively accepting the inevitable changes in their world. It is transactional leadership at its best. Whereas adaptation requires leaders to engage these changes head on and demand meeting these changes on their own terms. Adaptation requires deep and robust learning, risk-taking, alertness, agility, and energy. It is transformational leadership at its best.

Mature adaptive capacity provides leaders with improved chances of healthy survival and ongoing relevance in what is otherwise a very chaotic environment. It makes leaders more resilient.

So, if becoming a change leader increases the probability of ongoing relevance, why is it so hard to achieve? There are many reasons, but one of the most powerful obstacles of self-change is the presence of clashes of deeply held values and a requirement that the leader engage in self-transformation.

### Courageously Facing Loss and the Emotions Associated with It

Remaining **relevant** in a persistent and pervasively changing world will require leaders to examine their most closely held values and beliefs and, if necessary, modify or change those values to align with changing times. Identifying these value tensions is the first step in defining the adaptive challenge (Heifetz 1994). Once the adaptive challenges have been named, adaptive work begins.

This is a painful process because the leader's deepest and most closely held values have been formulating and morphing for many years. These values have been woven into a seemingly instinctual tapestry of impulses which drive the leader's perceptual, thought, problem solving, and decision-making processes to name a few. The tapestry is a reflection of the leader's soul and an expression of their humanity.

Responding to new realities therefore may require the leader to give up or mediate their values and this consequently results in immediate loss since something is given up. All change, good or bad, results in loss. Even change emanating from a welcomed new reality impacts one's self-esteem or sense of self (Beerel 1998; Heifetz 1994).

Mitigating the pain that comes from value tension may rest in understanding the two types of values, Terminal and Instrumental (Rokeach 1973). Terminal values refer to the goals a person would like to achieve during his or her lifetime. They include values like happiness, self-respect, recognition, inner harmony, leading a prosperous life, and professional excellence. Instrumental values on the other hand deal with views on acceptable modes of conduct or means of achieving the terminal values. These include being honest, sincere, ethical, and ambitious. These values are more focused on personality traits and character.

Values and belief systems may consciously or unconsciously drive us to certain work environments which are congruent with those values. When the environment changes and no longer supports our closely held values, we may be tempted to move onto greener pastures. However

tempting this may be, with the volatility that exists in today's environment, leaders may find themselves moving from one company environment to another with some degree of regularity.

Vlachoutsicos (2013) suggests another solution. Although authenticity is an admirable virtue, it can get one into trouble if personal values clash with environmental realities. Therefore, it is suggested that one prioritize their terminal and instrumental values. Then if the need arises, make decisions about which values are most important given the situation. This may seem like a game of manipulation, but it can be effective in mitigating any values discord. Once the values dissonance subsides or is remediated, then the leader can focus on the issue of relevance as it relates to exercising power.

### Exercising Power in a Legitimate Fashion

Nonprofit leaders often shy away from the concept of power because it has historically been seen as the shadow side of leadership and as a tool used for the wrong purposes. Yet the amassing of power and use of it, regardless of its tainted image, for the purposes of advancing a venerable mission is not only wise but necessary in a rapidly changing environment.

Power and relevance go hand in hand. Leaders who are seen as powerful are those who can get things done and are therefore **relevant**. A leader who is without power loses their seat at the table and therefore their ability to influence. As a result, the leader is relegated to a position of irrelevance.

It may be instructive for nonprofit leaders to assimilate the lessons learned about the effective use of power from their social activist counterparts. These leaders work to create change and remain **relevant** influencers in the community. They hold a sophisticated view of power and typically utilize different approaches as necessary to effectuate change. These approaches include "power over" and "power with" as first described by Mary Parker Follet (Teske and Tetreault 2000; Mele and Rosanas 2003).

The type of individual power which is most known but also most misused is positional power or "power over." This is power which is accumulated as a result of the leader's role, title, and position. This type of power may be the least effective way of remaining **relevant** because of an evolving culture where deference to power is becoming lower.

On the other hand, power which is created as a result of effective development of networks (Network Power), possession of knowledge (Knowledge Power), and the ability to inspire trust and enthusiasm from others (Personality Power) carry with them the theme of "power with" and will be very effective in growing one's relevance in the community. These sources of power could best be described as Relational or Engaged Power. When a leader is viewed as significant, it means they exercise power that has traction when engaging others. Engaged power equals relevance.

In Gamson's work on power relative to change (1968, 1990), it is suggested that there are two different kinds of power; **Power-in-Repose** and **Power-in-Use**. Power-in-repose is potential power and represents the bank of personal power assets that the leader has built. It is a way of conceptualizing the leader's intrapersonal strength. Power-in-use is manifested in real outcomes or concrete changes that the leader has driven. Power-in-use can be further broken down into two distinct categories. The first is the gaining of new advantages. A leader's power is determined by whether they can bring about the specific outcomes for which they battle. The second kind of power-in-use is the gaining of acceptance. Does the leader have a seat at the table? The degree of strength a leader possesses in each of these categories will translate directly to their position of influence in the community.

In order to subjugate positional power and advance relational power, leaders must be comfortable in their own skin. Only self-aware, self-reflective, and secure leaders can employ relational power to secure their place of influence in the community.

## Habit #2: Subscribing to Life-Long Learning

Achieving and maintaining relevance involves a commitment to the hard work of learning. Much like adaptive organizations which are fundamentally continuous learning organizations (Argyris

1999), adaptive leaders must be life-long learners. In order to strengthen one's adaptive capacity, adaptive strategies must supplant coping strategies. This requires a promise to build one's theoretical and applied knowledge bank and be prepared to share this knowledge with everyone who has a stake in making the adjustments needed to successfully face **new realities**. More importantly, leaders need to go beyond the acquisition of new information and enter the realm of transformative learning where they create for themselves new understandings, paradigms, strategies, and behavior. The adaptive leader is more than a creative, inventive, and risk-taking trailblazer. They engage learning in a way that allows them to "know differently" through exploring, inquiring, searching, and reflecting and in the end knowing for the first time.

To that end, the foundational characteristics of a learning leader include the following (Beerel 2009, p. 20):

The leader. . ..

- Is open to **new realities** in the environment.
- Allows **new realities** to flow in and does not block, check, filter or unduly try to control them.
- Looks at the **new realities** from multiple perspectives and conducts reality checks for each new reality.
- Recognizes that **new realities** require new learning and that learning is experiential so risk taking becomes an accepted practice.
- Recognizes that learning is affective as well as cognitive, so self-reflection becomes an accepted practice and emotions are named and managed.
- Reaches out in a multidisciplinary way to gain a broader perspective on the learning that is taking place
- Seeks active and constructive feedback regarding conclusions that are being drawn relative to the learning that is taking place.

The following definition of insanity, "doing the same thing over and over again and expecting different results" (Einstein n.d.) may explain some failures in executing adaptive strategies. Leaders may seem insane in that they hold onto and execute the same intervention strategies that have left them falling short in the past. Discarding or revisiting entrenched behaviors or old problem-solving strategies becomes more and more difficult as time goes by. They in fact become habits which are implemented without thought or care.

Therefore, unlearning is a very necessary part of the learning process. If a leader is to adapt, they must be prepared to unlearn, give up, reorient, and change.

A leader who engages in life-long learning is certain to remain a person of influence. Adopting the traits of a critical thinker will enhance the leader's learning process.

### Habit #3: Mentoring Emerging Leaders

Being an effective mentor brings with it a cache of relevance chits regardless of one's stage in their professional career. Although being effective as a mentor is blind to age, as neophyte leaders face **new realities**, it is most valuable to have a mentor who is in or approaching the winter of their careers. Why? It is so because as mentors who are in the Mature Adulthood stage of their careers (Ages 50–80) are blessed with the gift of Benevolence (Armstrong n.d.). These mentors have had vast experience, established themselves in their work life, and become contributors to the betterment of society. They have and may continue to work toward the betterment of the community. **New Realities** have become a part of their existence and if they have developed the **habits of relevance,** they likely have learned many lessons from their successes and failures in navigating these **new realities**. Chances are many have benefited from their benevolence and without a doubt, we all can learn from their example to give more of ourselves to others. For those clearly in the winter of their careers, late Adulthood age 80+, wisdom is their mantra (Armstrong n.d.). These mentors have lived long lives and have amassed a wealthy bank of experiences that they can use to help guide others. Elders thus represent the source of wisdom that exists in each of us, helping us to avoid the mistakes of the past while reaping the benefits of life's lessons (Armstrong n.d.).

As a young leader, facing **new realities** without the experience of having to deal with the ambiguity often attached to these **new realities** can be ominous. Yet, although overwhelming,

there remains a strong desire to succeed. As emerging leaders climb the leadership ladder, there is one common problem that sets the bottom of the ladder on fire. That is, not having a trusted advisor to help them navigate the **new realities**.

This is where mature leaders can maintain their relevance. They can serve as the trusted advisors to the new generation of leaders. The emerging leaders' supervisors are typically and understandably immersed in transactional leadership activity. The wise mentor, on the other hand, can engage the emerging leader in a relationship which is transformational in nature.

The wise leader knows that transformative change results from engaging in deep and robust learning. They also know all about the pain associated with that learning; the testing of one's self-esteem and sense of self. The wise mentor, who has been engaged in the **habits of relevance**, will be able to impart knowledge and exemplify through their experience how they have discovered how to face **new realities**. They have the luxury of being both the "sage on the stage" as well as the "guide on the side."

The inner workings of mentoring vis-à-vis executive coaching are a subject for another time. Suffice it to say that evolving into an effective mentor will ensure one's relevance into the future.

### Habit #4: Adopting the Traits Associated with Critical Thinking

Foundational to a leader's development and maintenance of relevance is the ability to think critically. The process and implementation of the skills related to critical thinking serves as the driving force behind the other three **habits of relevance**; reading the world's **new realities**, subscribing **to life-long learning**, and **mentoring** emerging leaders. And, like these other habits, the engagement of critical thinking is not a process without pain. The popular exercise motto, "no pain, no gain" promises greater rewards for the price of hard and even painful work (Exercise Motto 2020). Under this conception, it can be deduced that leaders who are on the path of ensuring their relevance will certainly be required to endure pain (mental/emotional suffering) to be successful in that quest. David B. Morris (2005) wrote "'No pain, no gain' is an American modern mini-narrative. It might reflect the story of a nonprofit leader who has come to understand that the road to successfully facing **new realities** runs only through hardship."

Critical thinking thought leaders, Elder and Paul (2013), suggest that leaders don't have to work at being self-justifying, self-serving, and self-deceptive thinkers. It is a natural state of being for most people. Therefore, only through critical thinking can leaders change whatever needs changing in their thinking process in order to be successful in their pursuit of relevance. There are three components to developing as a critical thinker (Elder and Paul 2012); Standards, Elements and Intellectual Traits. Although each of these is paramount to developing as a critical thinker, the Standards and Elements are more viewed as external skill building processes whereas the development of Intellectual Traits requires the leader to engage in deep intrapersonal reflection and change if they are to become **relevant** thought leaders. The ability to ferret out the most perilous of **new realities** bombarding the leader will require them to be fair-minded thinkers. A fair-minded thinker is one who has the "...predisposition to consider all **relevant** viewpoints equally, without reference to one's own feelings or self-interests, or the feelings or selfish interests of one's friends, community or nation..." (Elder and Paul 2012, p. 5). The focus, therefore, will be on developing intellectual traits.

- Intellectual Humility Versus Intellectual Arrogance

  The leader must be comfortable in conceding to the limits of their knowledge. They must also be conscious of how their native egocentrism may function to lure them into drawing conclusions which are not grounded in logic but are a function of self-deception, bias and prejudice. The abandonment of intellectual arrogance will aid the leader in dealing effectively with **new realities** and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.
- Intellectual Courage Versus Intellectual Cowardice

N

The leader must be content in examining ideas and beliefs which imbue in them negative thoughts and emotions. The leader must courageously examine ideas and beliefs which for them may on the surface seem precarious or ludicrous. In giving these ideas a fair hearing, the leader may come to know that these ideas may have some validity and bear some truth. Embracing Intellectual Courage will aid the leader in dealing more effectively with **new realities** and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.

- Intellectual Empathy Versus Intellectual Narrow-Mindedness

  The leader must be adept at placing themselves in the place of others to gain a sense of understanding of others' viewpoints and belief systems. This too will take the focus off the leader's self-centered conclusions about reality and allow room for differing realities. This process will conjure up memories of how the leader came to realize that they were wrong in the past, even though they had very powerful beliefs that they were right. The ability to be Intellectually Empathic by being able to walk in another person's shoes will aid the leaders in dealing effectively with **new realities** and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.

- Intellectual Autonomy Versus Intellectual Conformity

  Leaders may have learned that the path to least resistance is found when one "goes along to get along." Conforming to the socio-centric beliefs of one's family, ethnic group, religious sector, political party and so on represents narrow-minded vs. fair-minded thinking. Leaders who are willing to think for themselves and take a stand which may be unpopular are not only autonomous thinkers but courageous ones as well. The courage to be an independent/autonomous thinker will aid the leader in dealing effectively with **new realities** and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.

- Intellectual Integrity Versus Intellectual Hypocrisy

  Integrity is a hallmark of ethical leadership. Integrity is found when what the leader says is congruent with what the leader does. They "walk the talk." Intellectual Integrity is present when the leader holds themselves accountable using the same rigorous standards that they may apply when judging another's values or beliefs. Being viewed as a hypocrite does not bode well for the leader who is pursing relevance. Leaders who imbue integrity into their being will deal more effectively with New Realities and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.

- Intellectual Perseverance Versus Intellectual Laziness

  Leaders must be willing to push forward in their journey to find the truth despite the difficulties, obstacles and frustrations that will confront them. They must stay the course and adhere to the guiding principles which have launched them on this journey despite those who would be antagonistic to their quest or the unsettling nature of unanswered questions or opaque information. Leaders who doggedly persist in the face of adversity will deal more effectively with **new realities** and move the needle in the direction of developing and maintaining relevance in the eyes of their followers.

- Confidence in Reason Versus Distrust of Reason and Evidence

  Leaders are self-assured that in the long run their own and their followers' best interests will be served by giving reason free reign. By role-modeling the other intellectual traits and having confidence that everyone can grow into these traits, leaders will be able to effectively deal with **new realities** and develop and maintain relevance in the eyes of their followers.

- Fair-mindedness Versus Intellectual Unfairness

  Leaders not only abhor sophistry but challenge sophists through the effective use of critical thinking strategies. They are fair-minded in that they treat all viewpoints alike

without deference to their own egocentric or sociocentric proclivities. Leaders who are fair-minded will be able to effectively deal with **new realities** and develop and maintain relevance in the eyes of their followers.

## Conclusion

Leaders who aspire to be **relevant** in their work and maintain that relevance throughout their careers, well into winter of their professional life, need to embrace the **habits of relevance** and tend to them throughout their lives. In the words of Annabel Beerel, when facing **new realities** "mature adaptive capacities provide us with resilience. . .. and resilience improves the chances of healthy survival in a world of change" (Beerel 2009, p. 12).

Let us all strive to be **relevant** leaders.

## Cross-References


- ▶ Asset Management
- ▶ Capacity Building
- ▶ Competition and Nonprofit Organizations
- ▶ Mission Change in Nonprofit Organizations
- ▶ Mission, Vision, and Organizational Values
- ▶ Professional Development and Training
- ▶ Public Organizations and Nonprofit Organizations


## References


Albert Einstein Quotes (n.d.). Retrieved from AZ Quotes: https://www.azquotes.com/author/4399-Albert_Einstein

Argyris C (1999) On organizational learning. Wiley-Blackwell, New York

Armstrong T (n.d.) The twelve stages of life. Retrieved from American Institute for Learning and Human Development: http://www.institute4learning.com/resources/articles/the-12-stages-of-life/

Beerel A (1998) Leadership through strategic planning. International Thomson Business Press, London

Beerel A (2009) Leadership and change management. Sage, London

Elder L, Paul R (2012) Critical thinking – tools for taking charge of your learning and your life. Pearson Education, Boston

Elder L, Paul R (2013) 30 days to better thinking and better living through critical thinking. Pearson Education, Upper Saddle River

Exercise Motto (2020, May 5) In Wikipedia. Retrieved May 5, 2020 from https://en.wikipedia.org/wiki/No_pain,_no_gain

Gamson W (1968) Power and discontent. Dorsey, Homewood

Gamson W (1990) The strategy of social protest. Wadsworth Publishing, Belmont

Gaylor ML (2013, June 20) Lightkeeper's promise. Retrieved from M.L. Gaylor Consulting: https://www.mlgaylorconsulting.com/blog

Heifetz RA (1994) Leadership without easy answers. Belknap Press of Harvard University Press, Cambridge, MA

Kotter JP (2012) Leading change. Catalogingin-Publication Data. Harvard Business Review Press, Boston, Massachussets

Mele D, Rosanas J (2003) Philsophy of management. Retrieved from Philosophy Documentation Center: https://www.pdcnet.org/pom/content/pom_2003_0003_0002_0035_0046

Morris D (2005, March 28) Belief and narrative. Retrieved from The Scientist: Exploring Life, Inspiring Innovation: https://www.the-scientist.com/supplement/belief-and-narrative-48932

Rokeach M (1973) The nature of human values. US Free Press, New York

Teske R, Tetreault M (eds) (2000) Conscious acts and the politics of social change: feminist approaches to social movements, community and power. University of South Carolina Press, Columbia

Vlachoutsicos CA (2013, January 31) When your values clash with your company's. Retrieved from Harvard Business Review: https://hbr.org/2013/01/when-your-values-clash-with-yo

Warren R (2012, October 31) How to stay relevant: Rick Warren at TEDxOrangeCoast. Retrieved from YouTube: https://youtu.be/LFdRFhVQwvU


# Nonprofit Organization Accountability


Anna Oppelmayer and Birgit Moser-Plautz
Department of Public, Nonprofit and Health Management, University of Klagenfurt, Klagenfurt, Austria


## Synonyms

Answerability; Legitimacy; Liability; Responsibility; Transparency

N

## Definition

Accountability may be defined as "*the means through which individuals and organizations are held externally to account for their actions and as the means by which they take internal responsibility for continuously shaping and scrutinizing organizational mission, goals, and performance*" (Ebrahim 2003b, p. 194).

## Introduction

Accountability has become an increasingly important topic for nonprofit organizations (NPOs) in recent years, not at least as a result of major financial scandals in different nonprofit organizations around the world that have come to light. The scandals raised concerns about the current reporting and oversight mechanism of nonprofit organizations and increased the (public) pressure on NPOs to be accountable. But what are the notions of nonprofit accountability and to whom, for what, and how are NPOs accountable? (Ebrahim 2003b, 2016; Kearns 1994).

Numerous definitions of accountability have been offered by scholars and practitioners in the nonprofit sector. Accountability is often defined as "the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions" (Edwards and Hulme 1996, p. 967). Many definitions of nonprofit accountability typically emphasize accountability to donors, funding sources, and the government, and ensure that money is spent consistently with the donor's wishes (Christensen and Ebrahim 2006; Najam 1996).

This perspective focuses on the external dimension of accountability, where an external principal holds an agent to account (Ebrahim 2005). From this point of view, accountability is a reactive response to concerns about public trust. NPOs share information about their performance mainly due to external obligations (Ebrahim 2016), i.e., explicit standards codified in law, administrative regulations, or contractual obligations (Kearns 1994).

On the other hand, accountability has also an internal dimension, where accountability is motivated by feeling responsible, expressed through individual action and organizational mission (Ebrahim 2005; Fry 1995). Accountability is therefore also a proactive response to concerns about public trust, with a focus on improving performance and achieving the mission and long-term goals (Ebrahim 2016; Kearns 1994). These implicit performance standards are mainly defined by societal values, beliefs, and assumptions (Kearns 1994).

This discussion shows that there are several aspects to consider: accountability refers to "being answerable to stakeholders for the actions of the organization, whether by **internal or external** initiation" (Christensen and Ebrahim 2006, p. 196), especially through different performance standards –- **explicit or implicit** – that are generated by the strategic environment of the organization and the response from inside the organization which may be either **reactive or proactive** (Kearns 1994). Further, nonprofit organizations can be accountable on multiple levels: **upward** accountability, if the organizations are being held responsible by others, **lateral** as being responsible to staff and volunteers, and **downward** as being responsible to the needs of clients, which also includes the public trust. Lateral and downward accountability are both a result of an internally felt responsibility (Christensen and Ebrahim 2006; Williams and Taylor 2013).

Nonprofit organizations face multiple, and sometimes competing accountability demands: from multiple actors (i.e., **to whom**: upward – downward, internal – external, as well as hierarchical – holistic), for multiple purposes (i.e., **for what**: finance, governance, performance, and mission), and with different mechanisms to ensure accountability (i.e., accountability **how**) (Benjamin 2008; Ebrahim 2016). These key questions guide the description of the complex concept of nonprofit accountability (and its environment) in many scientific contributions in various research streams: accountability as part of a broader **governance** context; as a **marketing** tool, in which the accountability tools influence the attitudes of the organization's stakeholders

and reduce their uncertainty; or as part of the **quality management**, for example, through external certifications and accreditations (Becker 2018).

## Key Accountability Questions

### To Whom

Nonprofit organizations are expected to be accountable to multiple actors on multiple levels. In addition, these plural accountabilities change over time (Ebrahim 2003b).

**Upward** accountability refers to relationships with trustees, donors, and governments and is often focused on the use of funds. **Downward** accountability usually refers to relationships with groups to whom the organization provides services, i.e., beneficiaries and clients, although it may also include local communities, other affected constituents, public trust, or regions indirectly affected by nonprofit programs (Ebrahim 2003a; Edwards and Hulme 1996).

Some authors further differentiate between internal and external accountability; **external** to contractors and organizations active in the same or related field, the media, and society at large and **internal** (or **horizontal or lateral**) to staff members, volunteers, and board members in terms of goal attainment and the organization's responsibility to its mission (Ebrahim 2003a; Fry 1995; Najam 1996).

In summary, nonprofit organizations are expected to be accountable to multiple actors and must manage multiple accountabilities. These include private donors and foundations, funders, particular clients or beneficiary groups, nonprofit staff and board, volunteers, the members themselves, as well as legislators or policymakers, the media, and the public at large.

There are many difficulties in balancing these multiple responsibilities as they are in conflict with one another in many situations. Organizational stakeholders often articulate divergent demands which do not necessarily align perfectly with the organization (Knutsen and Brower 2010). Nonprofit accountability, therefore, refers not only to the fulfillment of the objectives of particular interests, it is about balancing, prioritizing, and choosing among multiple accountabilities, because equal accountability to all stakeholders at all times is impossible (Edwards and Hulme 1996). A particular important balance among competing objectives and interests is the balance between upward accountability to patrons while remaining true to the organizations' mission (Ebrahim 2016).

A major problem in this context is the so-called accountability syndrome, a mission drift in which nonprofit organizations dedicate a disproportionate amount of resources on being accountable (Anheier and Hawkes 2008). In contrast to the phenomenon of the need of having to "overaccount" due to multiple demands, there is also the problem of "underaccount," where each overseeing authority assumes that another authority is closely examining the actions, measures, and results (Edwards and Hulme 1996).

A further distinction in nonprofit accountability literature is O'Dwyer and Unerman's (2008) differentiation between hierarchical and holistic accountability. **Hierarchical** accountability is "narrowly functional, short-term in orientation and favors accountability to those stakeholders who control access to key resources for both resource use and immediate (campaign) impacts" (O'Dwyer and Unerman 2008, p. 803). Also called functional accountability in literature, hierarchical accountability focuses on control and external oversight of NPOs and considers only the most influential and powerful stakeholders. **Holistic** accountability "expands the concept of 'performance' articulated within hierarchical accountability to embrace quantitative and qualitative mechanisms concerned with signifying the long term achievement of organizational mission and the impact of this achievement in bringing about structural change" (O'Dwyer and Unerman 2008, p. 804). Holistic accountability refers to broader forms of accountability for the impacts that a nonprofit organization's actions have or can have, on a broad range of other entities, individuals, and the environment (Najam 1996).

Nonprofit accountability further varies across different types of organizations (Christensen and

Ebrahim 2006; Ebrahim 2016; Edwards and Hulme 1996). **Membership organizations**, such as cooperatives or self-help groups, combine internal accountability (to the members of the organization, which are internal) with downward accountability (to the clients who are members). In membership organizations, the mechanisms of accountability available to members include voting for the organization's leaders, revoking memberships and dues, or running for a leadership position (Ebrahim 2016).

In contrast, in **service organizations** the clients are external actors to the organization and therefore are usually not involved in creating the nonprofit in the way that members are. Except in highly competitive contexts, where clients have multiple service providers to choose from, clients of service organizations are often in a "take it or leave it" relationship with respect to the service offered. A key accountability challenge, therefore, lies in the downward accountability from funders to nonprofits and from the nonprofit to clients. The requirements of funders or patrons (i.e., upward accountability) are often very formalized, for example, through grant contracts, reporting requirements, and formal evaluations (Ebrahim 2016).

The third group is the **policy advocacy networks**, organizations where the members usually do not have access to organizational decision-making, or to other members and are more like clients of service organizations. Policy advocacy networks show characteristics that are common to membership as well as service organizations, and also characteristics that are unique. The accountability mechanisms are more advocacy oriented, such as lobbying, litigation, protest, negotiation, fact finding, and transparency in the reporting on information (Ebrahim 2016).

## For What

Nonprofit organizations are not only accountable to different actors but also for different things. Literature subsumes under the "for what" question different dimensions of accountability and describes the core area(s) for what NPOs can be held accountable. Similar to the definition of accountability, also the "for what?" question is not consistently answered and different authors name different dimensions or categories for what NPOs could (or should) be accountable. Nevertheless, one of the most commonly understood notions of accountability is accountability for finance (Behn 2001). Beside financial accountability, literature names accountability for performance. Other categories are accountability for governance and for mission (Behn 2001; Dainelli et al. 2013; Ebrahim 2016), although this is not a complete list of categories discussed in literature. It has to be emphasized that these categories cannot be clearly separated; they overlap and influence each other. For example, Behn (2001) mentions that holding someone accountable for performance and at the same time for finance can result in a dilemma – the accountability dilemma – as rules for finance can impede performance.

### Accountability for Finance

Financial accountability is the most obvious form of accountability (Behn 2001) and focuses on financial accounting, i.e., "how the books are kept and how the money is spent" (Behn 2001, p. 6), which became almost a synonym for accountability in general. So, the "For What?" question can be answered with "for the money" and accounting provides tools and instruments to account for the money. Thus, financial accountability is about tracking and reporting on the allocation and utilization of financial resources. In this relation, two questions arise, first: Where did the money go? And second, *"Was it spent on the people and things for which it was supposed to be spent?"* (Behn 2001, p. 6). Compared to other categories, accountability for finance is a quite straightforward concept and gains attention in the public due to accounting scandals and crises, which lead to policy responses like greater disclosure of financial transactions, transparency in the use, and oversight of funds, but also protections for whistleblowers. In general, financial accountability relies on law, regulation, and agreement combined with sanctions for noncompliance (e.g., fines, imprisonment, or loss of tax-exempt status). Behn (2001) explains financial accountability very simple, in the first

step values have to be defined that organizations should uphold, then these values have to be specified as rules, procedures, and standards (dos and don'ts). Next, a reporting system has to be set up to show compliance with the rules, procedures, and standards. And the last step, another organization is entrusted to audit the reports to whether the organization has complied with the previously specified rules, procedures, and standards.

### Accountability for Performance

Nonprofit organizations are not only accountable for the use of financial resources but also for the results they deliver. This form of accountability is about the consequences of the action of a NPO, and if the activities of a NPO produce the results that they were designed to produce. For holding a NPO accountable for their performance, one has to define the expectations for the outcomes that a NPO should produce, the consequences that it will create, or the impact that it will have (Behn 2001), which is closely related to the organization's mission and performance targets. In contrast to financial accountability, rules, procedures, and operational standards are less useful when it comes to accountability for performance, thus some kind of objective, goal, or target a NPO should achieve are needed and as such this form of accountability is induced by the funders, who require clear outputs and outcomes. Therefore, tools and instruments from performance measurement and indicator development can be used to develop metrics that cover inputs, outputs, outcomes, and impacts. This form of accountability does not come without critics, as performance measurement can result in measure fixation – an emphasis on the performance indicator itself rather than the underlying objective – which can lead to a tendency to quick fixes. This is contrary or conflicting with the work of NPOs (particularly those in relationship building and empowerment-related work), whose effectiveness has to be measured in the long term and goals are related to political and social change, which are difficult to measure, due to potential bias of external factors or confounders (Ebrahim 2016).

### Accountability for Governance

Accountability for governance is less often named by the literature as a category of accountability (like Ebrahim 2016). Accountability for governance is about the role of the board of directors, who need adequate information for decision-making but are also responsible for disclosing conflicts of interest and for acting within the organization's mission. The board should oversee financial issues (overlaps with financial accountability), but also internal controls and legal compliance. Nevertheless, boards are more and more responsible for the performance of a NPO, for the strategy, and for developing a mission to create social value (Ebrahim 2016).

### Accountability for Mission

Accountability for mission is closely related to accountability for performance but is more extensive. The view is long term and relates to learning, as social problem-solving is a complex process with many uncertainties, repeated trials can generate new insights for nonprofit managers on how to achieve the objectives of the NPO. In this regard, the board can monitor performance and compare it against the mission by considering the external changing circumstances. As nonprofit managers learn more about the social problems they try to solve, the objectives and strategies of a NPO should be adapted as well. Therefore, nonprofit managers should implement adequate processes for reflection and adaptation, but at the same time have to focus on solving social problems (Ebrahim 2016).

## How

Accountability "How?" is about the mechanisms of accountability available to NPOs to be accountable to multiple actors ("To Whom") and for multiple purposes ("For What"). Literature differentiates between tools and processes. Tools are instruments or techniques to achieve accountability, whereas processes are the course of action itself rather than an end product, e.g., participation or learning. Therefore, processes are broader and more multifaceted. Below, some accountability tools and processes are presented as examples.

### Financial Reporting

One of the most prominent tools for accountability is disclosures of financial reports. In many countries, boards set financial accounting and reporting standards for businesses and NPOs, thus financial reports or filling in tax forms are required, for example, to gain tax exemptions. Besides, in many countries, legislative requirements exist to make financial reports publicly available or available to interested persons, if the organization exceeds a certain size. Accounting information should be verifiable, free of error and bias, and represents faithfully events that occurred. In addition, accounting information should be relevant, which means it can influence decision-making, therefore it has to be timely, helps in prediction making, and confirms or corrects users' expectations. Reporting and accounting systems can enhance support for NPOs, as donors get more and better information for their charitable decisions (Keating and Frumkin 2003). Beside legal disclosure requirements, stakeholders (e.g., donors) require reports from NPOs they donate to, but these reports vary widely. Financial reports are externally enforced by threats of losing tax exemption or donations, thus these tools belong to the external approaches to accountability and are criticized for having only limited influence on internal responsibilities for mission, values, or performance (Ebrahim 2016).

### Evaluations and Performance Assessments

As the value of NPOs is not measured by the money they spent, but by the results they deliver, NPOs are not only required to demonstrate their financial performance but also if they perform and whether they are managed efficiently and effectively. This puts NPOs under increasing pressure to implement performance management systems or to conduct program, performance, and impact assessments or evaluations, which can be self-evaluations and external evaluations. The focus lies less on how they used resources (inputs, like funds raised, number of employees, and volunteers), but rather on short-term results like outputs of certain programs (e.g., number of clients served) or on medium- and long-term results (outcomes and impacts like improvements in client health). In particular, the latter are difficult and expensive to measure and come with certain problems like external factors which are often beyond the control of the respective NPO (Ebrahim 2016; Greiling and Stötzer 2015).

### Self-Regulation and Certification

In addition to the above-mentioned accountability mechanisms, there is also a tendency towards self-regulatory initiatives like voluntary codes of conduct and certification schemes. NPOs can develop or join voluntary mechanisms also called voluntary clubs, which should send a reliable signal of reputation and quality to the stakeholders or the general public. Such voluntary mechanisms require the adoption of certain policies and setting activities beyond legal requirements, which is costly for the NPOs but creates the benefit of a good reputation for all its members and the process of certification can stimulate organizational learning. Thus, such self-regulation clubs usually require the disclosure of certain information as well as a certification (self-certification, peer certification, or independent agent/third-party certification) and have sanctioning mechanisms for noncompliant members (Prakash and Gugerty 2010).

### Participation and Dialogue

Participation and dialogue as an accountability mechanism are processes rather than tools and reach from public meetings and hearings to involvement in NPO activities or projects to participation in decision-making processes, the latter can be called dialogue-based accountability and is an ongoing process and not an end-stage activity. It is essential, to gain stakeholders' preferences, needs, and demands so that they have a voice in the decision-making process in the NPO. In particular, web-based mechanisms like feedback forms, online surveying, and polling tools offer different possibilities for participatory decision-making and problem-solving. The output of these processes can be interactive contentment, tools, and services particularly designed for specific stakeholders (Saxton and Guo 2011).

## Conclusion

Nonprofit organizations are expected to be accountable and thus have to deal with accountability questions. Although there is not a universal definition of accountability for NPOs, this contribution has presented the notions of nonprofit accountability structured along the key questions around accountability: accountable to whom (upward – downward, internal – external, as well as hierarchical – holistic), for what (finance, governance, performance, and mission), and how (financial reporting, evaluations and performance assessments, self-regulation and certification, participation, and dialogue).

The article discussed the various aspects of accountability, provided an overview of the accountability pressures nonprofit leaders face, and examined different accountability mechanisms available.

## Cross-References


- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Accountability Mechanisms
- ▶ Accountability: Breaches and Trust
- ▶ Nonprofit Organizations


## References


Anheier H, Hawkes A (2008) Accountability in a globalising world. In: Holland F (ed) Global civil society: 2007/08. Communicative power and democracy. SAGE, Los Angeles, pp 124–143

Becker A (2018) An experimental study of voluntary nonprofit accountability and effects on public trust, reputation, perceived quality, and donation behavior. Nonprofit Volunt Sect Q 47(3):562–582

Behn RD (2001) Rethinking democratic accountability. Brookings Institution Press, Washington, DC

Benjamin LM (2008) Account space: how accountability requirements shape nonprofit practice. Nonprofit Volunt Sect Q 37(2):201–223

Christensen RA, Ebrahim A (2006) How does accountability affect mission? The case of a nonprofit serving immigrants and refugees. Nonprofit Manag Leadersh 17(2):195–209

Dainelli F, Manetti G, Sibilio B (2013) Web-based accountability practices in non-profit organizations: the case of national museums. Volunt Int J Volunt Nonprofit Org 24(3):649–665

Ebrahim A (2003a) Accountability in practice: mechanisms for NGOs. World Dev 31(5):813–829

Ebrahim A (2003b) Making sense of accountability: conceptual perspectives for northern and southern nonprofits. Nonprofit Manag Leadersh 14(2):191–212

Ebrahim A (2005) Accountability myopia: losing sight of organizational learning. Nonprofit Volunt Sect Q 34(1):56–87

Ebrahim A (2016) The many faces of nonprofit accountability. In: Renz O, Herman RD, Renz DO (eds) The Jossey-Bass handbook of nonprofit leadership and management. Wiley/Jossey-Bass & Pfeiffer Imprints Wiley, Hoboken, pp 102–123

Edwards M, Hulme D (1996) Too close for comfort? the impact of official aid on nongovernmental organizations. World Dev 24(6):961–973. https://doi.org/10.1016/0305-750X(96)00019-8

Fry RE (1995) Accountability in organizational life: problem or opportunity for nonprofits? Nonprofit Manag Leadersh 6(2):181–195

Greiling D, Stötzer S (2015) Performance accountability as a driver for changes in nonprofit–government relationships: an empirical insight from Austria. Volunt Int J Volunt Nonprofit Org 26(5):1690–1717

Kearns KP (1994) The strategic management of accountability in nonprofit organizations: an analytical framework. Public Adm Rev 54(2):185–192. https://doi.org/10.2307/976528

Keating EK, Frumkin P (2003) Reengineering nonprofit financial accountability: toward a more reliable foundation for regulation. Public Adm Rev 63(1):3–15

Knutsen WL, Brower RS (2010) Managing expressive and instrumental accountabilities in nonprofit and voluntary organizations: a qualitative investigation. Nonprofit Volunt Sect Q 39(4):588–610

Najam A (1996) NGO accountability: a conceptual framework. Dev Policy Rev 14(4):339–354

O'Dwyer B, Unerman J (2008) The paradox of greater NGO accountability: a case study of Amnesty Ireland. Acc Organ Soc 33(7):801–824. https://doi.org/10.1016/j.aos.2008.02.002

Prakash A, Gugerty MK (2010) Trust but verify? Voluntary regulation programs in the nonprofit sector. Regul Gov 4(1):22–47. https://doi.org/10.1111/j.1748-5991.2009.01067.x

Saxton GD, Guo C (2011) Accountability online: understanding the web-based accountability practices of nonprofit organizations. Nonprofit Volunt Sect Q 40(2):270–295

Williams AP, Taylor JA (2013) Resolving accountability ambiguity in nonprofit organizations. Volunt Int J Volunt Nonprofit Org 24(3):559–580. https://doi.org/10.1007/s11266-012-9266-0

# Nonprofit Organizations

Grzegorz Michalski
Department of Labor and Capital, Wroclaw University of Economics, Wroclaw, Poland

## Synonyms

501(c)(3) corporations; Charitable nonprofit; Charitable organization; Charity; Community foundation; Foundation; Nonbusiness entity; Nongovernmental organization (NGO); Nonprofit corporation; Nonprofit-making organization; Not-for-profit organization; NPO; Philanthropic institution; Public charities; Social economics organization; Social entrepreneurship; Tax-exempt entity

## Definition

Charity is a type of nonprofit organization that is focused on fixing social problem of people who have no possibility to cover the full cost of social services that are delivered to them by the charity.

Donor is an individual (person, firm, other entity) who appreciates the social value generated by realization of the mission realized by nonprofit organizations. Such appreciation results in supporting nonprofit organizations by donor's financial contributions, work, time, or other resources that can be spent to reach a better realization of the nonprofit organization's mission.

Foundation is a nonprofit organization concentrated on serving society by delivering support to ideas or actions that do not need to have charitable or philanthropic characters (Ralser 2007). Foundations usually serve culture, promoting history, managing property, or copyright to particular ideas or conceptions.

Nonprofit organization may be defined as an entity that is concerned with the realization of the social value of the organization's mission. Such a mission is realized due to sources collected through donations from donors, voluntary actions of supporters, public grants from state or local governments, and from various groups interested in better world building through the realization of the nonprofit organization's mission.

Nonprofit-making organization is a type of organization that has neither the goal nor the ability to generate a profit. This group of nonprofit organizations is usually concentrated on the voluntary work of supporters and has no income but is constrained by the redistribution of goods, work, and other flows, capital or assets to final beneficiaries.

Nongovernmental organization (NGO) is a kind of nonprofit organization that is managed and was launched by individuals who have no connection to the state or local governments. Part of nongovernmental organizations can cooperate with state or local governments, but this cooperation is on the basis of public grants from governments to nonprofit organizations.

Social economic organizations are concentrated on the realization of programs and services that benefit society in building a better world but with the use of a key performance philosophy. Social economy organizations are well managed in an as best as possible way and often generate not only social added value but also economic social value.

## Introduction

Not-for-profit organizations can operate as state governmental/local governmental depending on the entities or as nongovernmental organizations (NGO) when it is independent from states or international governmental organizations. Most nonprofit organizations are NGO's and operate as independent from official government programs. Nonprofit organizations can be non-profit-making organizations when they do not generate any profit nor is it possible that they generate profits as a side effect of their activity. Usually nonprofit organizations generate profits, and they spend it for better realization of their mission in future periods. Majority of nonprofit organizations are social economic organizations; that means that their activities are helpful for the realization of social aims like fighting against

illiteracy or lack of education, increasing security, decreasing social inequalities, fighting against diseases, protection from damage of technical, human, or social infrastructure, or actions for construction of new infrastructure. A large part of nonprofit organizations has religious character and are concentrated on the development or promoting of religious activities, cults, or ideas. Depending on local or state laws, nonprofit organizations can obtain tax-exempt status.

## Differences Between Nonprofit Organizations and For-Profit Organizations

Nonprofit organizations are a kind of organization that from the managerial side, they are almost identical as for-profit businesses. This is true, especially in cases of social economy organizations. Nonprofit organizations use similar pro-efficiency and performance solutions like for-profit businesses. Nonprofit organizations as entities offer unpaid and paid products and services, and as nonprofit organizations, they are allowed to generate even large revenues sufficient to cover costs of realization of their mission, but nonprofit organizations have no right to collect equity capital through stock issuing and have no stockholders. The main difference between nonprofit organizations and for-profit businesses is an economic calculation and financial motivation of the staff, capital providers, and the entire population of stakeholders. There is a difference in treating the entitlements of people who control organizations in prohibiting distribution of earnings and excess revenues over the expenses of organization: Equity type capital providers of for-profit firms can expect return of their money in the case the business makes excess revenues over expenses from operations. Nonprofit organizations do not have the right to issue stock, and the equity of nonprofit organizations is issued by donors and persons who have no right to express control over the nonprofit organization. Equity type capital providers of nonprofit organizations, in case the nonprofit organization generates money or excess revenues over expenses from operations, can consider additional support for the organization but have no possibility to withdraw the money previously tied to the organization. In nonprofit organizations, there is no equity capital, but nonprofit organizations collect fund capital which is an equivalent of equity capital. Fund capital is collected in nonprofit organizations by earning excess revenues over expenses that are forced by regulations as money that should be retained within the nonprofit organization. Other sources of fund capital are receiving contributions from individual persons or from private or public entities and from for-profit businesses. The last possibility to collect fund capital is money from grants received by nonprofit organizations from governmental entities. Calabrese (2011a) indicates that nonprofit capital structure choices are best explained using the pecking order theory. That means that in nonprofit organizations internal funds are used more likely than external borrowing.

Nonprofit organizations act because of expected future advantages measured by realization of ideas and mission that are expression of the donors' vision of the world. Both nonprofit and for-profit entities have an aim, a result of its owner preferences. For-profit organizations are active because of expected future advantages measured in money; non-profit organizations do their business because of expected future advantages measured by the degree of realization of their mission.

## Nonprofit Organizations Area of Activity

Nonprofit organizations serve in each area of social activities and depending on its size, can be registered or not by internal revenue authorities. The following among nonprofit organizations can be listed:

- Educational businesses like universities or schools
- Healthcare organizations like hospitals
- Charities working as religion institutions, branches, and similar

But that is not a closed list. Nonprofit organizations operate in almost each area of contemporary and modern societies. Always as it is possible

to fix any named or unnamed social problem, nonprofit organizations create a new value for making peoples' life better, there is a place for launching nonprofit nongovernmental organizations.

## Tax Exemption and Governmental Grants

Generally nongovernmental nonprofit organizations can be supported by the state in financial and nonfinancial ways. Nonfinancial support is reflected by regulations by the state or by governmental practices that help nonprofit organizations in their operations (Svidronova 2013). Financial support can serve nongovernmental nonprofit organizations as governmental grants or direct payments delivered to the nonprofit organization in the form of donations from state or local government budgets. State governments and local governments are interested in realization of their own commitments to society and can involve nongovernmental organizations by offering to them money in the form of grants, subsidies, or donations in exchange for nongovernment nonprofit organizations' activities that are in accord with state governments or local governments duties. Other forms of financial support from states or governments are various tax exemptions. Such a tax exemption may vary depending on the country and its local regulations. If states or local governments allow any tax exemption, there is practiced tax exemption from all excess revenues generated by nongovernmental nonprofit organizations or, what is much more logical, only such income-earning activities are tax exempted that are closely linked to the nonprofit organization's primary services and programs driven by the mission of the organization (Zietlow et al. 2007).

In the USA, several dozen types of tax-exempt nonprofit organizations are defined by the Internal Revenue Code (IRS). Public charities recognized by the Internal Revenue Code are categorized as 501(c)(3), and they are the largest category of nonprofit organizations (Pettijohn 2013). According to Pettijohn (2013) in the USA in 2011, there were almost one million nonprofit organizations. That group represents three-fifths of all registered nonprofits. Among other registered nonprofits, public charities grew more quickly during the last 15 years and public charities made up a slightly larger share of the nonprofit sector in that time (Pettijohn 2013).

Because of the benefits to society generated by nonprofit organizations, most governments allow tax exemptions both for donors and for the nonprofit organizations. Such tax exemptions are usually limited only to *charitable* nonprofit organizations, which are listed on government records of such organizations that meet the conditions for tax exemptions. Usually governments decide that according to their policy only the largest and the most useful for fixing societal needs and the most helpful for people of society have the right to tax exemptions, and of course the definitions and understanding of *usefulness* or *helpfulness* differ from country to country and depends on the dominating philosophy or religion of local societies. Tax exemption for the nonprofit organization could be for all money generated as profit in these organizations but more popular is a solution where only profits that are in effect for the realization of programs or activities concerned with the main mission of nonprofit organization are the basis for tax exemption, and other profits are subject of normal taxation. Such a solution helps to prevent situations when under the nonprofit banner is hidden full for-profit activity not concerned with social needs and is not helpful in leveling the disabilities of weaker participants of social interaction. Usually nonprofit organizations to keep tax exemption status are required to keep all excess revenues for the realization of the mission of the nonprofit organization. There is not a custom among governments to allow nonprofit organizations to pay out money from excess revenues over expenses to anyone who normally deserves it in for-profit entities. Board members, employees, and clients of nonprofit organizations are excluded from receiving dollars that are larger than average expenses. Each amount of any money in nonprofit organizations should be directed to beneficiaries defined by the mission of the nonprofit organization.

## Conclusion

Nonprofit organizations are growing in their significance. The number of new businesses led as nonprofit organizations is much higher than the number of for-profit businesses. Nonprofit organizations are employers for about ten percent paid employees in modern countries (Zietlow et al. 2007). Nonprofit organizations are entities that have realization of their mission as their prime aim. That gives us a prime managerial problem that nonprofit organizations have to solve: managing current assets, mainly having levels of cash sufficient to cover all needs connected with realization of the mission (Michalski 2012). Without such perspective, nonprofit organizations will have no possibility to serve societies answering their needs laying on the fundaments of nonprofit organizations' philosophy and mission. Covering needs connected with realization of the mission, part of nonprofit organizations uses the high debt to total assets strategy, which is intuitive for nonprofit organizations managing teams but can be fatal for future possibilities of the nonprofit organization to realize its mission in future periods of time (Jegers 2011; Brigham and Ehrhardt 2014). Much more safe for the realization of the mission strategy should be using currently known and maintained nonprofit organization sources without using debt at all or in limited amounts and at minimal scale (Michalski 2012).

Nonprofit organizations differ from country to country and from culture to culture. They have different aims defined by their missions and in various levels are supported or unsupported by local communities and local governments. Sometimes governments are in open conflict and are fighting against state or local governmental policy or practice. At the same time, the blessing and curse of nonprofit organizations is use of governmental grants that support realization of the mission of the nonprofit organization that is a beneficiary of such support (Vacekova and Svidronova 2014). That governmental or state grant is a deadly threat for nonprofit organizations and financial independency in the future and is, in fact, a source of denial and mishandling of nongovernmental organizations ideas and their spirit.

## Cross-References


- ▶ Benefits and Wages in Nonprofit Organizations
- ▶ Budgeting for Nonprofit Organizations
- ▶ Budgeting in the Public Sector
- ▶ Cash Management
- ▶ Citizen Participation in Public Management
- ▶ Community-Based Organizations
- ▶ Competition and Nonprofit Organizations
- ▶ Decision-Making in Nonprofit Organizations
- ▶ Definition of Nonprofit Organization
- ▶ Ethical Issues in Nonprofit Organizations
- ▶ New Public Financial Management
- ▶ Nonprofit Leadership
- ▶ Performance of Nonprofit Services
- ▶ Philanthropy and Nonprofit Organizations, Russia
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Public Service Motivation
- ▶ Public Values in Public Organizations
- ▶ Religious Organizations
- ▶ Virtual Volunteering and Nonprofit Organizations


**Acknowledgements** The presented work is supported by National Science Centre, and financed from the Polish budget resources in the years 2016–2019 as the research project DEC-DEC-2015/19/B/HS4/01686.

N

## References


Brigham W, Ehrhardt M (2014) Financial management in not-for-profit businesses. Cengage Learning

Calabrese TD (2011a) The accumulation of nonprofit profits: a dynamic analysis. Nonprofit Volunt Sect Q 41(2):300–324

Calabrese TD (2011b) Testing competing capital structure theories of nonprofit organizations. Public Budg Financ 31(3):119–143

Jegers M (2011) Financing constraints in nonprofit organisations: a 'Tirolean' approach. J Corp Financ 17(3):640–648

Michalski G (2012) Accounts receivable management in nonprofit organizations. Zeszyty Teoretyczne Rachunkowości 68:83–96

Pettijohn SL (2013) The nonprofit sector in brief: public charities, giving, and volunteering. In: Roeger KL, Blackwood AS, Pettijohn S (eds) The nonprofit almanac 2012. Urban Institute. Available at http://www.urban.org/books/nonprofit-almanac-2012/. Accessed 30 June 2016

Ralser T (2007) ROI for nonprofits. Wiley, Hoboken
Svidronova M (2013) Sustainability strategy of non-government organisations in Slovakia. E+ M Ekonomie a Management 16(3):85–101
Vacekova G, Svidronova M (2014) Benefits and risks of self-financing of NGOS-empirical evidence from the Czech Republic, Slovakia and Austria. E+ M Ekonomie a. Management 17(2):120
Zietlow J, Hankin J, Seidner A (2007) Financial management for nonprofit organizations. Wiley, Hoboken

# Nonprofit Organizations and Discrimination

Brandi Blessett
Rutgers University-Camden, Camden, NJ, USA

## Synonyms

Citizen participation and engagement; Cultural competence; Discrimination; Social justice

## Definition

Institutional racism: the collective failure of an organization to provide an appropriate and professional service to people because of their color, culture, or ethnic origin. It can be seen or detected in the processes, attitudes, and behaviors, which amount to discriminatory outcomes. Institutional racism may occur through unwitting prejudice, ignorance, thoughtlessness, and racist deeds (despite intent). This conduct often results in stereotyping and consistently disadvantages minority ethnic people.

## Introduction

Nonprofits represent the "third" or voluntary sector in society. In this role they fill a gap in service delivery left vacant by public and private entities. These gaps are often left in underserved areas. For example, budget cuts in under-resourced communities have resulted in nonprofit organizations offering assistance with health and childcare, recreation, and education and employment training. In many cases, nonprofits have become essential service providers to communities deemed undeserving by local governments.

There is considerable variation among nonprofits regarding the types, structure, geographical location, services provided, and communities served. Regarding issues of diversity (or lack thereof), nonprofit organizations are indicative of a larger societal complacency that sustains the status quo (e.g., white affluent heteronormativity) when it comes to power, authority, and resource allocation. Underrepresented people and communities, therefore, are marginalized from opportunities based on a lack of access and/or due to social conceptions that deem them as incapable of being experts in their own experience. Despite the good intentions of nonprofit organizations, their status quo response to people and communities of color contribute to widespread marginalization. In other words, nonprofits often disempower individuals and communities based on their inability to share and distribute decision-making across impacted stakeholder groups.

While the communities served are often heterogeneous with respect to any number of primary (e.g., race, gender, ethnicity) and secondary (e.g., class, educational, and religious background) characteristics of diversity, the nonprofits themselves (e.g., board composition, executives, administrators) are consistently led by white affluent men. This juxtaposition results, consciously or unconsciously, in the continued marginalized status of underrepresented groups based on paternalistic assumptions about people and place. So, while nonprofit organizations seek to "help" communities, they are not immune to stereotyped assumptions about worth, ability, capacity, and sufficiency. As a result, nonprofits reflect other parts of society still struggling to be responsive to a multicultural and multiracial citizenry. This essay addresses the myriad of ways discrimination is embedded in the structure, operation, and outcomes of nonprofits in the USA and globally.

## Structure

Hayes (2012) notes, "Currently, nonprofit employees are approximately 82% white, 50% African American, 5% Hispanic/Latino, 3% other, and only 1% Asian/Pacific Islander. Employees of color make up 14% of leadership or upper management roles, and less than 6% of specialized positions" (para. 2). These statistics reveal a disparity with respect to who the decision-makers are in a community, especially as nonprofit organizations are significantly concentrated in diverse urban areas. Essentially the demographics of nonprofit organizations are on par with public and private agencies, relatively homogenous in an increasingly heterogeneous society. Overall this lack of representation in public and private institutions spurred the protest movements in the 1960s by civil rights, women's and lesbian, gay, bisexual, transgendered, and queer/questioning (LGBTQ) groups who wanted to be part of these respective organizations, as administrators, mangers, decision-makers, and stakeholders. Despite the few successes of the time (e.g., Affirmative Action and Equal Employment Opportunity legislation), more still needs to be done to effectively address long-standing institutional racism and systemic discrimination. The goal of activism in the 1960s was to promote the targeted and deliberate recruitment and hiring of historically marginalized groups, thus leading to increased access and opportunity, better engagement and participation, and improved service delivery for underrepresented groups. However, for every step forward, subsequent court rulings have limited the intentionality of Equal Employment and Affirmative Action laws to actualize workplace representation across any number of demographic categories: race, gender, sexuality, ability, etc.

As with all public and most private institutions, the top-down nature of the nonprofit structure seeks to comply with values like effectiveness, efficiency, and economy, therefore truly limiting the ability to think outside the box and operate in unconventional ways. Similar to public policy development, political discourse, or public opinion within society, hegemony dictates what is right, who is an authority, or how things "should" be done. This normative approach makes any person or organization that falls outside of narrowly prescribed assumptions invisible or irrelevant and unable to be recognized as a legitimate source of information or an adequate source for service delivery. Subsequently, although nonprofits are mission driven, their sustainability within capitalistic (US) and imperialistic (global) contexts is dependent upon a status quo approach toward achieving organizational objectives and ultimately advancing societal values.

Multinational not-for-profit organizations may view their role as a political actor to a greater extent than a provider of goods and services within their respective country based on the need to attract and maintain funding from international partners. As developing countries may not have the same philanthropic infrastructure as the USA, Canada, or Europe, smaller not-for-profits may find themselves at the mercy of donors, thus potentially compromising the overall objectives of the organization. In developing countries, resources are scarce and may only be filtered through existing infrastructure. Resulting in a trickle down allocation of capital, which ultimately may be nonexistent or minimal at best. As it stands, the existing nonprofit structure represents a microcosm of the global marketplace, whereby visibility and recognition afford you the privileges of legitimacy, power, and authority.

## Operation

Nonprofits, like private entities, are guided by their mission and take direction from their respective board of directors. This governing structure dictates the organization's goals, priorities, and programs. To this end, representation is a very important consideration when thinking about the types of activities to pursue and ways to engage with the organization's constituents. As a result, researchers have advocated for more inclusive practices when comprising nonprofit boards in order to be fully considerate of and responsive to constituent needs (Fredette et al. 2016). Despite such recommendations, nonprofit boards have

remained fairly homogenous and slow to respond to calls for active representation by diverse stakeholders. In this case, representation leads to responsiveness and responsiveness may open the door toward coalition building, bargaining, and compromising against competing groups. Therefore, "a diverse stakeholder-inclusive board can better understand its client base, thereby improving the degree to which the board and the organization are able to adapt as new changes evolve" (Fredette et al. 2016, p. 30S).

Whereas Affirmative Action used legal mandates to change the workforce composition in public institutions, the business case for diversity sought to compel organizations to consider the strategic and competitive advantages diversity brings to an organization. In both cases, Affirmative Action and the business case for diversity, its implementation has resulted in a superficial representation of diversity as a quantitative rather than a qualitative measure. In other words, diversity efforts have been used to simplistically count the number of women, people of color, disabled, and LGBTQ persons represented, rather than as an opportunity to empower people to directly affect change within organizations and their communities. The result often leads to tokenism, which relegates organizational members of underrepresented groups to be stereotyped, discounted, or seen to speak for everyone of a marginalized group (Fredette et al. 2016; Weisinger et al. 2016). Consequently, the ends do not justify the means because learning does not occur. Board members, executives, and administrators are not required to develop cultural competence, adjust behaviors, cultivate skills, or increase knowledge about groups, so discrimination is reinforced under the guise of pursing diversity, thus undermining its intention altogether.

Furthermore, the business case for diversity as a consideration to expand representation among a wider stakeholder base is problematic. In this regard, diversity is not pursued because it is the right thing to do or because it is a value sought by the organization, but because it has the potential to produce a better economic end, enhance organizational productivity, or meet a funding criterion. The superficiality for which nonprofit organizations, or any organization for that matter, need to be enticed to pursue diversity demonstrates the white supremacist, patriarchal nature of society's conceptions of worth. Therefore, power is reflected in the privilege of being asked to consider issues of diversity or inclusion, when much of the work being done by an organization is working on behalf of those groups excluded from decision-making in the first place. Within this context, nonprofits appear to be content with feeding a person through required dependence, rather than teaching him or her how to fish or be self-sufficient. This model reinforces organizational sustainability, in that if constituents are empowered, nonprofits will no longer exist.

Subsequently, the structure and operation of nonprofit organizations promote institutional elitism, thus marginalizing smaller, less known nonprofits from accessing scarce resources. For example, the existing funding structure rewards organizations that have name recognition and are able to comply with narrowly defined standards, thus increasing competition and limiting cooperation and collaboration among perspective partners. Smaller or less known organizations may therefore miss out on opportunities or favor based on limited social, political, or economic capital that privileges more established organizations. Therefore, the old adage, *it is not what you know but who you know*, helps to bridge the gap between access and opportunity for nonprofit organizations.

## Outcomes

For smaller or less known nonprofits, raising to the level of legitimacy within the existing status quo environment may prove impossible, especially when trying to secure funding or support programming specific to the social justice needs of a community. For example, nonprofit organizations interested in issues related to restoring voting rights for formerly incarcerated persons or stopping the criminalization of LGBTQ persons of color may have a difficult time being recognized as legitimate organizations, thus limiting their overall visibility, minimizing their voice,

and restricting funding opportunities. As these issues are specific to particular needs within the community, such organizations are intimately aware of the effects public policies, practices, and discourse have on marginalizing returning citizens (people who were formerly incarcerated) or LGBTQ persons of color, respectively. As both of these groups are highly stigmatized within US and global contexts, their needs (as identified through these nonprofit organizations) may very well go unmet based on their status as undesirable, unworthy, or undeserving groups, thus leaving these nonprofit organizations to muddle through delivering quality services to their constituents.

Smaller, issue-specific nonprofits are invaluable to their respective communities. Not only are they rooted in the community, its administrators usually understand challenges from the first-hand experiences of their constituents and, thus, are more likely to be more responsive to their needs. From a grassroots level, solutions to community problems reflect the sentiments of community members, therefore, legitimizing their voice and experience in ways not often seen within larger organizations. As a result, engagement and participation reflect collaborative processes that advance organizational and community level objectives.

Discrimination is embedded in all aspects of life in the USA and globally. As a result, nonprofit organizations, despite their missions or best intentions, foster many of the same attitudes, actions, and behaviors of society at large. Although decades of research have advocated for representation and inclusion of diverse stakeholders, power has remained in the hands of a white authority. This reality dictates who gets what, when, where, and how, ultimately leading to a status quo approach of problem identification, program implementation, and solution development. In other words, the idea that executives or administrators know what is best for impacted populations is a largely sustained and legitimized reality. Consequently, despite the billions of dollars invested by tens of thousands of nonprofit organizations globally, quality of life indicators for many communities are worsening rather than improving.

What does it mean to have nonprofit organizations working in communities for decades, but the needle has not moved significantly on any number of quality of life issues (e.g., housing, healthcare, voting, education, employment)? How do organizations offer goods or provide services to neighborhoods, but do not value the voice, perspective, or experience of residents – as community or board members? Why is there only piecemeal funding for social justice nonprofit organizations that seek to challenge the status quo, empower residents, and change existing power dynamics? If government is incapable of or unwilling to provide services to specific communities, thus relegating service delivery to nonprofits, what does that say about the values of our society? Do such actions undermine the democratic tenets of our society, thus highlighting rhetorical discourse rather than its practical realities?

The steadfast nature for which the status quo is maintained, the power is concentrated, and the lived experiences of the "other" are methodically consigned to a status of second-class citizen demonstrates the intentionality of society's reliance on social hierarchies. These issues are evidenced in institutional practices that block opportunities for demographic representation, minimize access to public institutions, victimize people and communities through policy decisions, and subsequently justify disparities from the lens of individual deficiencies, rather than societal preferences is anti-democratic at best. Change is needed! A new paradigm of engagement that attempts to mitigate discrimination and value difference is required, if the USA specifically will ever live up to its ideals.

## Ways to Address Discrimination

To combat these long-standing practices and assumptions, critical race theory (CRT) began in legal education in the 1980s and since that time many disciplines have adopted its theoretical foundations based on the inclusive nature of the framework. While public and private institutions, political discourse, and public opinion attempt to minimize the influence of race on policy decisions

and the social ills of society, CRT uses a race-conscious framework to examine and analyze how institutional practices produce policy outcomes that disproportionately harm people of color (Zamudio et al. 2011). For example, the homogenous structures of nonprofit organizations perpetuate assumptions about people and place that rarely align with the reality of a given group. Therefore, it is easier to quantify diversity with numbers (a superficial response) rather than share power. The former has the potential to empower individuals and communities, which could lead to substantial changes in the existing power dynamics and society at large.

Public administration specifically and society more generally have positioned discussions about power, privilege, status, and sufficiency within a context that fully denies the creation and maintenance of institutional and structural impediments that continue to advantage whites politically, economically, socially, and culturally over all other groups. Nonprofits, situated right in the middle of these structural forces, are viewed as altruistic in their mission to "help" even while they reproduce many of the marginalizing effects they argue to fight against. This historical amnesia denies the intentionality of racism and discriminatory practices and attempts to minimize the structural effects of policy decisions by blaming the most vulnerable populations for decisions well beyond their control.

Improving the life outcomes for vulnerable groups require scholars, practitioners, administrators, and executives to understand how inequality is reinforced through institutional practices, professional misconceptions, and personal bias in order to identify meaningful solutions to improve the quality of life for all people. Critical race theory is, therefore, useful because it challenges hegemonic conceptions like meritocracy and colorblindness and places race front and center of the discussion. In this capacity, the attitudes, behaviors, and processes that reinforce racial hierarchies are examined, thus limiting the opportunity to keep power concentrated in the hands of a few at the expense of many. A CRT perspective extends beyond race-based social groups and can be applied to the evaluation of all "othered" groups in US society. Ultimately, using a race-conscious approach results in an in-depth examination and appreciation of the lived experiences and perspectives of marginalized groups in the USA and abroad, thus allowing marginalized groups to have their voices and experiences recognized as valid and legitimate sources of knowledge and information.

Nonprofits, in theory, have the greatest opportunity to turn the tide with respect to addressing discrimination. Public bureaucracies are slow to change, if it ever happens. Private entities, even with an economic impetus, may still reproduce disparity through the use of superficial approaches to minimize discrimination. However, innovation could provide new conceptions for ways to engage and collaborate on issues important to communities. Such suggestions are not made without recognizing the myriad of challenges to altering a long-standing structure. Here are a few strategies that may help make nonprofit organizations leaders in mitigating discrimination and moving toward cooperative, collaborative, and empowering engagement with all stakeholders.

Nonprofit organizations and its leaders must be willing to ask questions of their constituents, rather than offering paternalistic assumptions that "they" know what is best for "them." The same deference given to affluent populations with respect to policy development and program planning needs to be given to diverse constituents as well. This is the best way to bridge the trust and communication gap, particularly when community members recognize that organizations are receptive to what they have to say. Critical race theory advocates for the lived experiences of community members to be valued. For organizations to understand that constituency is reflective of everyone, not just those privileged bodies and voices. Traditional practice affords advantages to be funneled toward those stakeholders with social, political, and economic capital; however, it is important to be considerate of the most vulnerable groups as well. If not, administrators and organizations contribute to marginalization.

Organizational members need to be upfront with themselves about their bias. Everyone has bias and that is a fact of life. However, when people are unwilling to acknowledge their bias, personal or professional, he or she is unable to recognize how

that disposition influences interactions and decision-making with affected populations.

Cultural competence is key in the development of meaningful relationships. It should be understood that cultural competency is not a skill that is gained overnight, but rather individuals must commit themselves to a process of lifelong learning. Trainings are needed on a regular, on-going basis to ensure that growth and learning has occurred. It is understood that funding for nonprofit organizations is scarce, so cultural competency training may not be a high priority. However, an investment on the front-end may prove to be invaluable, especially if it helps to foster trust and legitimacy among community stakeholders.

Challenge the status quo by acknowledging and attempting to address the cumulative impacts of the many small decisions made on behalf of your organization each and every day. An organization recognizes that the decisions made (or not made) will have a significant impact on the population served and conceptions of legitimacy. This can be demonstrated by evaluating institutional practices. The top-down bureaucratic structure of public institutions, as modeled by nonprofit organizations, is inherently discriminatory. As a result, it is important to not turn a blind eye to attitudes, behaviors, or processes that produce disparate realities for marginalized groups.

Finally, be transparent with citizens about the organizations' intention and decision-making processes. This may occur through town halls, focus groups, newsletters, or any form of communication. While every decision may not be agreeable to stakeholders, affording them an opportunity to participate in the process will likely be viewed positively. Otherwise, community members feel as if they are an afterthought once all decisions have been made without any of their input or consideration.

## Conclusion

Although nonprofits have conformed to many of the expectations of society regarding structure, function, and operation, change is still possible. Ending discrimination in society requires a personal commitment, which can translate into an organizational shift in behavior. Something needs to be done to change the tide of disparity and inequality in this global context. Nonprofit organizations should volunteer to serve as leaders, thus guiding society's moral compass for better engagement with all groups.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Cultural Competence in Nonprofit Organizations
- ▶ Stakeholder Perspective in Nonprofit Organizations


## References


Fredette C, Bradshaw P, Krause H (2016) From diversity to inclusion: a multimethod study of diverse governing groups. Nonprofit Volunt Sect Q 45(1S):28S–51S

Hayes J (2012, November) Is the nonprofit sector doing enough for diversity? Profiles Diversity J 14. Retrieved from http://www.diversityjournal.com/9897-is-the-non-profit-sector-doing-enough-for-diversity/

Weisinger JY, Borges-Méndez R, Milofsky C (2016) Diversity in the nonprofit and voluntary sector. Nonprofit Volunt Sect Q 45(1S):3S–27S

Zamudio MM, Russell C, Rios FA, Bridgeman JL (2011) Critical race theory matters: education and ideology. Routledge, New York


N

# Nonprofit Organizations and Overhead Costs


Michelle D. Evans
Department of Political Science and Public Service, University of Tennessee at Chattanooga, Chattanooga, TN, USA


## Synonyms

Administrative expenses; Financial reporting; Performance metrics

## Definition

**Overhead costs**: Overhead costs are the administrative and fundraising expenses necessary for NPOs to operate. They are one of the three common performance metrics (along with output and outcome measures) used to assess nonprofit organizations.

## Introduction: Nonprofit Organizations

The study of public administration often focuses on the similarities and differences between the public and private sector and on the interplay between public and private. In recent decades, an increasing amount of attention has been focused on nonprofit organizations. Nonprofit organizations (NPOs) are often referred to as charitable organizations, nongovernmental organizations, public charities, not-for-profits, independent sector, the third sector, 501(c)(3) organizations, tax-exempt organizations, or simply nonprofits.

It is difficult to identify a simple definition of nonprofit organizations. Descriptions in the nonprofit literature generally focus on them as organizations that are:

- Independent of governmental apparatus or for-profit entities
- Formed for the purpose of serving the public good
- Prohibited from private inurement of profits
- Fully or partially exempt from taxation

NPOs have also been described as independent alternatives to the influence or intrusion of government in attempting to solve society's problems. Others describe them as organizations designed to fill the gaps between goods and services provided by the government and those offered for purchase by the private sector businesses. Nonprofit organizations may receive grants and donations from government agencies and private businesses in support of their missions, but they operate as independent, autonomous entities.

The phrase "nonprofit organization" is somewhat of a misnomer, for it focuses on the common misperception that NPOs cannot earn profits. In actuality, nonprofits can, and often do, earn profits. As opposed to private sector businesses, nonprofit organizations are prohibited from what is called "private inurement" (Hopkins 2005, p. 6), meaning that all profits or funds raised must go to serve the mission and purpose of the organization, rather than benefiting owners, board members, or officers of the organization.

The key aspect of NPOs that most laypeople focus attention on is the tax-exempt nature of these entities. NPOs are not supported solely through the donations and income sources listed on their financial reports. They are also subsidized by the broader population through benefit of their tax-exempt status. Nonprofits are often called 501(c)(3) organizations based on their classification as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (Internal Revenue Service 2016). These organizations are exempt from paying most federal and state taxes, and donations to these organizations are considered tax deductible.

The other unique aspect associated with nonprofit organizations is the expectation that they will exhibit three special standards of duty. These are referred to as the duties of care, loyalty, and obedience. The duty of care refers to the responsibility to ensure proper stewardship of organizational finances and management. The duty of loyalty calls on nonprofit board members and staff to put organizational interests ahead of their own interests, especially in situations where conflicts of interest may arise. The duty of loyalty is also linked closely with the restriction on private inurement. The final duty requires the organization, board, and staff to always be obedient, whether it be to the legal system, organizational mission, or organizational bylaws.

These altruistic duties of care, loyalty, and obedience place the nonprofit sector in a unique situation of stewardship to ensure that donations and resources are spent appropriately on behalf of the public interest in support of their mission. Donations to NPOs are given largely based on trust; the trust that a reasonable proportion will be spent honestly, ethically, and effectively to fulfill the organizational mission. What constitutes a reasonable proportion is the central

component of the discussion of overhead costs in the sections that follow.

## Overhead Costs in Nonprofit Organizations

The debate over what constitutes a reasonable proportion in the support of the organizational mission begins with the term overhead costs and related overhead rates. These are also referred to as program spending ratios or administrative/fundraising ratios. In the nonprofit sector, expenses are broken into two main categories. The first category is program expenses, those expenses related directly to programs and initiatives that fulfill the mission of the organization. The second category is referred to as overhead costs, which are administrative costs related to keeping an organization running. Overhead costs commonly include expenses for administrative staff salaries and infrastructure such as computers, office equipment, and office space/buildings. These types of overhead costs are the same in the nonprofit, public, and private sectors. The aspect of overhead costs that are unique to nonprofit organizations is the inclusion of fundraising expenses. Fundraising expenses also generally include salaries and office expenses but also include a broad array of expenses for fundraising efforts such as telemarking, direct mail fundraising, donor development, capital campaigns, and special events. Therefore, overhead rates in relation to NPOs are defined as the percentage of expenses that are spent on the combination of general administrative costs and fundraising expenses. Similarly, overhead rates are defined as the percentage of each dollar that is spent on overhead costs. In other words, overhead costs include staff and infrastructure expenses related to the literal embodiment of keeping a roof overhead.

## Overhead Costs and Rates as Performance Measurement

In recent decades, NPOs have faced an increasingly competitive environment for fundraising and programs. During this time, the need and demand for services has continued to rise while funding sources have struggled to keep pace. This has led NPOs to significantly increase their efforts in regards to performance measurement and program evaluation. Funders are increasingly adding accountability and impact requirements as a prerequisite to receiving grants and donations. Donors, and even service recipients, are also becoming selective and seeking more information on NPO performance and how their donations are being utilized. Donors want to be assured that their contributions are directed at fulfilling the organizational mission efficiently. One common fear is that donations may be used to support bloated salaries, ineffective or vanity programs, or lavish fundraising activities that yield low returns on investment (Snibbe 2006). Concerns about efficiency and effectiveness are not restricted just to clients, donors, and supporters within the nonprofit field. The public is entitled to be concerned about the effectiveness of nonprofits given that they are, in effect, supporting them through tax-exemption policies.

NPOs have traditionally been much more loosely regulated than the for-profit world, largely due to their efforts to serve the public good. Recent financial and fraud controversies, criminal activity, and alleged mismanagement by NPO staff and boards (Fremont-Smith and Kosaras 2003) have increased calls for government regulation. Whether in an effort to comply with current regulation or in an attempt to limit future regulations, the nonprofit sector has increasingly moved towards self-regulation and the use of performance metrics to demonstrate organizational integrity, efficiency, and effectiveness and satisfy the concerns of regulators, donors/funders, and client expectations.

The measurement of performance, effectiveness, and/or efficiency is a far more complicated process for NPOs than it is for for-profit organizations. Private businesses can utilize market-based and bottom-line profit goals and accounting methods to measure their success and efficiency. However, NPOs face an inherently different structural and organizational reality whereby they must balance fiscal stability with fulfillment of the organizational mission and diverse stakeholder needs.

Market-based and bottom-line standards are inappropriate and inadequate measurement standards due to the very nature of the nonprofit field. NPOs are predominately focused on difficult-to-measure public goods such as the arts, education, and environment. NPOs may also be formed to address "wicked problems," which are complicated social issues such as poverty, crime, and health issues. The root cause and solutions to these types of problems are difficult to define, often intertwined with a multitude of other complicated issues and, therefore, difficult to measure in terms of organizational impact (Rittel and Webber 1973).

Despite these difficulties, the ability of NPOs to demonstrate that they are fulfilling their organizational mission is essential in meeting accountability dictates by the government, donors, and the general public. Within the nonprofit community there is considerable debate about the best way to measure, rate, and evaluate organizations, especially in ways that can be easily understood and disseminated. NPOs are constantly looking for ways to demonstrate their organizational efficiency and effectiveness. In previous decades, the impact and results of NPOs were largely demonstrated through anecdotal evidence and testimonials (Glasrud 2001). These days NPOs are moving to more structured empirical evaluation and assessment methods.

The nonprofit field is largely divided between three standard types of performance metrics: output measures, outcome measures, and overhead costs/overhead rates (Mitchell 2013). Output measures are the quantitative assessment of the activity generated from program or monetary inputs (such as the number of clients served). Outcome measures are used to determine the impact or change that is generated from program activities. Much like the nonprofit field in general, however, outcome measures are more difficult to assess. This difficulty can be attributed to an array of factors including organizational capacity, difficulties in determining the appropriate measurement outcomes, diverse priorities among organizational stakeholders, and the length of time to realize community impact. Additionally, NPOs face an inevitable quandary in deciding whether, or how, they should focus their program efforts and assessments on long-term impacts when they are often held accountable for or rewarded based on short-term impacts.

Overhead rates, once the most common performance metric, have become an increasingly debatable and divisive performance metric within the nonprofit community. The arguments for and against overhead costs/rates are addressed in the next sections. Despite the ongoing debate, the general consensus has been that overhead rates for nonprofit organizations should run no more than 35% of total expenses (Hager et al. 2004). This industry standard, or benchmark, can then be used to compare NPOs as one method for comparing the efficiency of these organizations. Until recently, NPOs with overhead rates that exceeded two thirds of their annual budget expenses received unsatisfactory ratings (i.e., 0 out of 5 stars) by leading charity watchdog groups.

## Arguments in Support of Overhead Rates

Those that support the use of overhead rates argue that donors need performance indicators that are easily obtained and understandable. Overhead rates in many ways fulfill that directive. Donors can easily understand overhead rates when they are explained as X cents of every donated dollar that is spent on administrative and fundraising expenses. NPOs more commonly tout their overhead rates indirectly in fundraising appeals by stating the percentage of donations that go to program costs (such as "80 cents of every donated dollar goes to help the mission").

The only data that donors need to determine overhead rates are the annual NPO budget and program expenses, or costs, from which overhead rates are determined. While this data is generally available from NPO annual reports, the easiest method of obtaining the data is from the IRS Form 990, which most 501(c)(3) tax-exempt NPOs are required to submit each year. The IRS 990 form is the most consistently available and comprehensive financial report in the nonprofit sector and is easily viewed or downloaded from websites for charity watchdog organizations such

as Charity Navigator, GuideStar, and BBB Wise Giving Alliance. Easy access to the Form 990 data has also allowed researchers and watchdog organizations to compile large datasets which are also available for analysis and study of the nonprofit sector's finances and administrative/fundraising accountability and efficiency.

Overhead rates are also touted as an easy tool for donors to use to compare one organization to another. Donors who value overhead rates as a performance metric can easily pull up the Form 990s or summaries of NPO financial data from the charity watchdog websites for comparison and then choose the charity with the lowest overhead rate. High overhead rates could be warning signs of financial mismanagement or fraud on the part of organizations, or they could signal misplaced organizational objectives.

Overhead rates and traditional accounting practices can serve as consistent and reliable measures for nonprofits. While other performance indicators have been promoted as more relevant in determining the organizational impact, financial measures such as overhead rates have the benefit that they can be verified through standard auditing practices. Another factor that supports the use of overhead rates and financial accounting metrics to assess NPO performance is the ability of donors and funders to evaluate the organization based on short-term, limited timeframes. Potential funders are able to make decisions on where to give their donations based on fairly current financial conditions of each NPO, rather than having to decipher the problems and issues related to determining mission outcomes that may be overlapping and interwoven with outside organizations or situations beyond the control of a given NPO.

Overhead rates are also viewed as an attractive method of performance measurement given that there is no significant additional cost or effort necessary in determining overhead rates since the relevant financial data is already required for annual Form 990 submissions. In addition, similar to the for-profit sector, research has shown that continued oversight and governance efforts positively affect the quality of financial data reported by NPOs (Yetman and Yetman 2012). In other words, NPOs know that they must be transparent through the annual provision and inspection of their financial data and overhead rates, thus they self-regulate and behave more honestly and professionally. NPOs may also benefit from financial disclosure requirements through an increase in public trust and accountability in the competitive fundraising environment in which they operate.

## Arguments Against Overhead Rates

Recently, there has been a growing faction in the nonprofit field advocating against the use of overhead rates. They argue that low overhead rates are a poor indicator of NPO efficiency or effectiveness and may actually serve as a sign of fiscal distress in organizations. This has been described as "the overhead myth" by leaders of Charity Navigator, GuideStar, and BBB Wise Giving Alliance, the three main charity watchdog organizations (Berger et al. 2013). The watchdog organizations have begun working together to try and educate donors about the risk of reliance on overhead rates when evaluating nonprofits. They argue that the overwhelming focus organizations place on maintaining low overhead stifles the need for creativity and innovation in the nonprofit field. Efforts to keep overhead costs as low as possible can restrict management capacity and hinder an organization's ability to properly accomplish their mission. They further argue that this reduces an organization's ability to attract the best employees or properly invest resources necessary to grow organizational capacity and meet future needs. One recent study on charity performance and reputation found that organizations with low overhead rates were often seen as lower-performing and were, therefore, viewed less favorably by the public (Young-Powell 2013). This perception of NPOs with low overhead rates is significant in terms of the possible long-term impact on fundraising efforts and public support.

Perhaps one of the most consistent complaints against overhead rates is that accounting decisions on what constitutes an overhead expense verses a program expense are subjective and frequently

vary from organization to organization. The lack of governmental regulation or oversight of nonprofit financial reporting, coupled with the leniency in penalties for financial wrongdoing and lack of clear and specific reporting instructions, adds to the problem of misallocated expenses and inaccurate overhead cost calculations and reporting (Williams 2009). Organizations often face extreme pressure to find ways to avoid spending and skimp on overhead expenses and otherwise risk receiving low ratings from watchdog groups, funding agencies, and donors (Gregory and Howard 2009).

One common practice is to allocate some, or all, of administrative/fundraising salaries and expenses under program costs. NPOs justify this by explaining that many administrative and fundraising expenses also serve to educate the public about the mission and purpose of the organization, and therefore are justifiable as being partially or fully allotted as program expenses. This practice results in many NPOs reporting minimal or nonexistent overhead costs. The dominant perception that donors favor nonprofits with lower overhead cost indirectly promotes these accounting and reporting practices. In addition, donors' perceptions of what should constitute programmatic expenses as opposed to overhead costs may differ considerably from NPOs' perceptions.

Arguments against the use of overhead costs as a measure of organizational performance point out that the short-term overhead rates can be misleading. Organizations that invest in infrastructure, such as computer equipment and software, may show high overhead rates in the short-term, but the cost-savings and efficiency of that type of investment may benefit the organization with long-term reductions in overhead rates and increases in efficiency and impact on the organizational mission. This also extends to fundraising projects where there may be short-term increases in overhead costs related to donor cultivation or development of fundraising campaigns that may have delayed, but long-term, increases in fundraising efforts.

Overhead rates may also give a misleading impression of organizational efficiency based on the size and age of the NPO. Larger and more established NPOs may have more success in maintaining low overhead rates based on efficiency of scale and experience. Smaller and newer NPOs often have higher overhead rates in the beginning as they work to establish themselves and grow. These NPOs face stiff competition against larger and older competitors that benefit from established administration and funding channels. This dilemma not only impacts the performance of smaller and newer NPOs but may inhibit their potential for long-term growth that requires investing in infrastructure and capacity-building initiatives (Wing 2004). The competitive advantage that older and larger NPOs have in maintaining low overhead rates also serves to stifle creativity and cutting-edge or risky innovations that newer or smaller NPOs may otherwise be willing to attempt. Perhaps in recognition of these issues, Charity Navigator (2016) recently changed their assessment process to downplay the importance of overhead rates in evaluating nonprofits.

## Conclusion

Overhead rates are appealing as a decision-making tool for donors because they are readily available, understandable, and easily used as a comparison method between organizations. Despite this, watchdog organizations and researchers are increasingly focusing on alternative performance metrics, such as output or outcome measures, as preferred performance metrics.

Evaluating NPOs on the basis of overhead costs and ratios has led to significant debate in the nonprofit sector. NPOs with low overhead costs may be viewed as efficient and well-run organizations, while at the same time may realize negligible positive outcomes for the public good. NPOs with high overhead costs may be viewed as inefficient and wasteful, yet these organizations may also have significant positive outcomes for the public good. Attempts to find a balance between these approaches have led to suggested benchmarks for overhead rates and the use of a multipronged performance metric approach.

Using overhead rates as the sole indicator of nonprofit efficiency gives only one side of the

story – one that may be outdated almost as soon as it is available – and/or a false indicator due to missing or fraudulent information and accounting practices. This has lead nonprofit leaders and charity watchdog organizations to deemphasize overhead rates as a performance measure. Recent opinion on overhead rates is that they provide valuable but limited information and may be best utilized in combination with output and outcome performance measurements, rather than as a sole determination of NPO performance.

## Cross-References

► Financial Vulnerability and Nonprofit Organizations

## References

Berger K, Harold J, Taylor A (2013) The overhead myth. Nonprofit Q, June 17 2013. Retrieved from http://nonprofitquarterly.org/philanthropy/22467-the-overhead-myth.html

Charity Navigator (2016) Financial ratings tables. Retrieved from http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=48#.UmGY7RAXUsd

Fremont-Smith MR, Kosaras A (2003) Wrongdoing by officers and directors of charities: a survey of press reports 1995–2002 (Hauser center for nonprofit organizations working paper no. 20). SSRN Electr J. https://doi.org/10.2139/ssrn.451240

Glasrud B (2001) The muddle of outcome measurement. Nonprofit World 19(6):35–37

Gregory AG, Howard D (2009) The nonprofit starvation cycle. Stanf Soc Innov Rev 7(4):49–53

Hager MA, Pollak T, Rooney PH (2004) Nonprofit overhead cost project: facts and perspectives (brief no. 5). Center on Nonprofits and Philanthropy, Urban Institute Center on Philanthropy, Indiana University, Indianapolis

Hopkins BR (2005) Nonprofit law made easy. Wiley, Hoboken

Internal Revenue Service (2016) Exemption requirements – 501(c)(3) organizations. Retrieved from https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-section-501-c-3-organizations

Mitchell GE (2013) The construct of organizational effectiveness: perspectives from leaders of international nonprofits in the United States. Nonprofit Volunt Sect Q 42(2):324–345

Rittel HWJ, Webber MM (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169

Snibbe AC (2006) Overhead isn't everything: how donors should think about nonprofit efficiency. Stanf Soc Innov Rev 4(3):15

Williams G (2009) Former IRS nonprofit watchdog seeks to retool government oversight of charities. Chron Philanthr 22(2). Retrieved from https://philanthropy.com/article/Former-IRS-Nonprofit-Watchdog/173415

Wing KT (2004) Assessing the effectiveness of capacity-building initiatives: seven issues for the field. Nonprofit Volunt Sect Q 33(1):153–160

Yetman MH, Yetman RJ (2012) The effects of governance on the accuracy of charitable expenses reported by nonprofit organizations. Contemp Account Res 29(3): 738–767

Young-Powell A (2013, May 2) Good charities spend more on admin but it is not money wasted. The Guardian. Retrieved from http://www.theguardian.com/voluntary-sector-network/2013/may/02/good-charities-admin-costs-research

# Nonprofit Organizations and Social Policy

Andrè L. Hines
Jackson State University, Jackson, MS, USA

N

## Acronyms

| | |
|---|---|
| ACA | Affordable Care Act |
| CHC | Community Health Centers |
| IRS | Internal Revenue Service |
| JSU | Jackson State University |
| SCHIP | State Children's Health Insurance Program |
| USA | United States |
| YMCA | Young Men's Christian Association |

## Definition

Social policy: Policies that encourage human well-being.

## Introduction

This entry is designed to promote an understanding of America's nonprofit sector's impact on

social policy. From the local food pantry, the neighborhood community health center, to the American Red Cross, nonprofits are touching millions of lives every day. Alongside the government, nonprofits assume an enormous responsibility for the well-being of citizens in the United States (USA). Through contracts, governments are able to reach communities, serve their constituents, and nonprofits achieve their missions. This article explores nonprofits impact on social policy and the government-nonprofit relationship in addressing social problems in the USA.

## Overview of Nonprofits

Nonprofits are a significant element of the United States financial system. The Internal Revenue Service (IRS) reported tax returns for 257,802 nonprofits with assets of $4,133,897,436 (IRS 2015). Since many nonprofits are not incorporated, it is therefore difficult to estimate the number of nonprofit organizations in the USA. In addition, religious organizations and other smaller nonprofits are excluded from the IRS report. Nonprofits are not necessarily tax-exempt; however, they qualify for a tax-exempt classification. Some organizations choose not to file for tax-exempt status. There is a general misconception that nonprofits are not profit oriented, whereas, in reality, they are encouraged to incur profits. The distinction between for-profit and nonprofit organizations is how those profits are dispersed. While for-profit organizations are allowed to distribute their profits among controlling directors and officers, nonprofits profits must remain with the entity. In the USA, nonprofits employed 10.2% of the workforce and accounted for 6.6% of the gross domestic product (Johns Hopkins University 2013).

Nonprofits are categorized into several groups. The first group is classified as public charitable organizations under 501(c) (3) which are public serving organizations including hospitals, community health centers, schools, religious congregations, museums, and other human and social service organizations. In addition, under section 501(c) (3) are private foundations of which most have only one donor. The second nonprofit is 501(c) (4) social welfare organizations and civic leagues consisting of large organizations, such as the National Association for the Advancement of Colored People (NAACP), the National Rifle Association (NRA), and the Sierra Club. The third group, 501(c), (5) includes labor, agriculture, and horticultural organizations. The forth group, 501(c), (6) includes business leagues, chambers of commerce, and real estate boards. The fifth group, 501(c), (7) is mostly social and recreational clubs. The sixth group, 501(c), (8) includes fraternal beneficiary societies and associations, and the final group 501(c) (9) includes voluntary employee beneficiary associations (IRS). The average charitable contribution in the USA in 1913 was $195,337 (Urban Institute 2013). This article will focus on the first group of public charitable organizations.

Within a few mile radius of Jackson State University's (JSU) downtown campus, there are a host of nonprofits providing a wide range of social services. Within a few blocks on West Capital are the Voice of Calvary Ministries, Koinonia Coffee House, and many local churches. A little further south is Stewpot, Project Rise, Old Stranger's House, and the Medical Mall with several medical facilities including Jackson Hinds Community Health Center and JSU's School of Public Health and more churches. Just east of the JSU downtown campus is the Russell C. Davis Planetarium, the International Museum of Muslim Cultures, The New Mississippi Museum of Art, The Catholic Diocese of Jackson, the Eudora Welty Library, the Mississippi Baptist Convention, and more larger churches. Going further south on State Street about a mile is Baptist Hospital and about a mile further is the University of Mississippi Medical Center.

As evidenced by the variety of organizations during the tour around Jackson JSU's downtown campus, nonprofits are very diverse in the scope of services provided and scale. The range includes small grassroots organizations with none or few assets like Project Rise to large complex multi-million dollar organizations that include hospitals, religious organizations, and universities. Services

offered range from feeding programs (soup kitchens), healthcare, education, counseling, housing and housing assistance, reentry, etc.

Revenue sources are as diverse as the services offered by these organizations. Those revenue sources include fees generated for services provided and donations. However, many of their revenues are government funds. In 2013, government grants to nonprofits totaled $163,360,958 (IRS 2015). The relationship between government and nonprofits enables the government to serve their constituents and nonprofits to achieve their missions.

## History of Nonprofits

For a long time, nonprofits have been perceived as catalysts for the public social needs. In the 1970s, nonprofit organizations became a unified "sector." Although, prior to the 1970s, many charitable, educational, and religious organizations were in existence, over 90 percent of current nonprofit organizations were created since the 1950s (Renz 2010).

Traditionally secular nonprofit organizations had been associated with liberalism. However, conservatives have begun to appreciate the benefit of nonprofit organizations in achieving their own social policy goals. Increasingly policy makers are looking to nonprofits as solutions to societal problems. The 1980s and 1090s generated emphasis on conservative social policy in response to the increasingly identified social problems. Until the 1970s, healthcare organizations had been overwhelmingly nonprofits. However, in response to the necessity to control the rising cost of the provision of healthcare, some healthcare organizations were forced to become more efficient in way they function. Consequently, many became for-profit, while others formed alliances with for-profits to improve their economic position.

## Nonprofits Impact on Social Policy

Government has for many years depended on nonprofits to deliver vital goods and services to communities to promote social well-being. The majority of nonprofit organizations are human services organizations. These organizations provide goods and services that enhance the quality of life for individuals, families, and communities.

Fundamental to an improved state of well-being are food, housing, education, healthcare, a job, money, and security, to mention a few. Accordingly, there are many ways these social needs can be addressed to enhance human well-being. Ways in which these social needs are delivered are by the government, churches, schools, hospitals, social service organizations, community members, and families. This entry will focus on nonprofits' impact on social policy.

Nonprofit organizations provide goods and services that enhance human well-being in effective and innovative ways. Nonprofit organizations and government agencies have been in the forefront of service delivery. Tucked within their respective community, nonprofit organizations offer quick and culturally appropriate manner. Nonprofits promote democracy and serve the critical interest of communities. In fact, the nonprofit sector is often referred to as the "social impact sector." Oftentimes they are the first respondents to crisis and disasters.

Hurricane Katrina happened 9 years ago today. A typical example of the importance of and validity of nonprofits was their level of activism and involvement. Nonprofits were onsite providing services almost immediately. On this and many other occasions, nonprofits have been on site assisting individuals and communities prior to government organizations intervention. The outpouring of support from nonprofits relative to Michigan as a result of the water crisis is another vivid example of the relevancy and importance of the nonprofit sector. Nonprofit human service organizations and churches from all over the country responded with 18 wheeler truckloads of bottled water.

Here I will highlight some nonprofit organizations serving the Jackson Metropolitan area.

### Voice of Calvary Ministries

Mission "Voice of Calvary Ministries serves as a resource in Christian community development by providing holistic programs which build strong

N

> individuals, families, churches and communities in order to enable them to reach their full potential in Christ physically, spiritually, economically and socially."

Voice of Calvary Ministries serves families with low to moderate incomes with a goal of breaking the cycle of poverty and to rebuild inner city communities. Services include (1) case management and referral services for healthcare, daily living activities, financial planning, transportation, income support, and legal assistance; (2) temporary financial assistance for rental assistance, utility fees and deposits, security deposits, moving cost, emergency supplies, childcare, and transportation; (3) job placement; (4) homebuyer education; (5) mortgage delinquency counseling; (6) rental counseling; (7) credit counseling; (8) financial literacy; and (9) healthy lifestyle education.

Voice of Calvary Ministries also provides special services designed for veterans. They recently began to provide housing to approximately 40 veterans and have started a new prison reentry program.

### Stewpot Community Services

> Committed to Community Statement: "Stewpot Community Services provides thousands of men, women and children with hot meals, groceries, clothing, shelter, childcare, mentoring and other programs to nurture them and help them get back on their feet. We believe the sacred is encountered in the common events in like sharing a meal. We are all fed, spiritually and physically, by our fellowship with each other."

Stewpot Community Services include the following:

1. The Stewpot After-School Program provides a safe haven where children and teens are provided educational assistance.
2. Billy Brumfield Shelter house up to 60 homeless men.
3. The Bratton Street Project is a housing rehabilitation project that has renovated over 15 homes through a collaboration with Habitat for Humanity.
4. Stewpot host interfaith worship services 6 days a week. Worship services are encouraged but not required for participants to receive services from the organization.
5. The Clothing Closet is stocked with quality donated free clothing and serves about 100 people a month; through the Community Kitchen, more than 120 individuals are fed daily, and 50 plus meals are delivered to persons who are shut-in in the area.
6. Community Clinics provide Legal services through a collaboration with The Mississippi Volunteer Lawyers Project, primary healthcare through a collaboration with St. Dominic's Health Services, and individual and group counseling by trained family counselors.
7. The Community Kitchen operates 365 days of the year.
8. Stewpot operates two community labs that are open to the public.
9. The Food Pantry is a volunteer-operated free mini-grocery store that provides a 4-day supply of feed to screened applicants.
10. Through the Meals on Wheels program, volunteers deliver meals to more than 50 elder persons in the community.
11. The Opportunity Center is the city's only day shelter and provides a safe and clean day program for men and women.
12. Since 1991 the Stewpot Recreational Summer Camp has served more than 200 children each summer.
13. Virginia's Playhouse offers morning activities for the elderly and mentally disabled. The participants engage in art therapy, creative writing classes, bingo games, and field trips.
14. Women's Services provides three housing alternatives specifically for women. Sims House is a transitional shelter for women and children and provides a 90-day stay and serves about 60 individuals annually. Matt's House is an emergency shelter and serves about 300 individuals annually. Flowers House is a small emergency shelter housing homeless women and children and has the capacity to serve six families at a time.

### Cade Chapel Missionary Baptist Church

> Mission: "We glorify God by engaging the world with the Gospel of Jesus Christ and providing for each member an intentional path of Christian maturity, church unity and missionary service."

In 1880, a group of Christian men established the first church, a "Brush Arbor" in the Asylum Hill community. The property for the church was donated by Isham Cade after whom the church is named. From 1904 to 1928, Cade Chapel Missionary Baptist Church was not only a place of worship but became the community center. Again in the late 1950s and 1960s, Cade Chapel became the meeting place for the community. It was the official meeting place for the National Association for the Advancement of Colored People (NAACP).

Like many religious organizations, Cade Chapel continues to be a significant pillar in the community. Today Cade Chapel's Center for Family Life, a 1.2 million dollar facility built in 1995, offers the community several social service programs. Some of the services offered are (1) a day care center for about 7 0 children daily, (2) after-school tutoring, (3) Science Technology Engineering and Mathematics Project (STEM Project), (4) a week-long children's summer camp, and (5) Kids Blast, a kid and family fun activity project, and drama for the youth and families in the community.

In addition, the church operates a senior housing project, Cade Court. Cade Court is an affordable independent living apartment complex that houses 90 seniors. The seniors are offered assistance with daily living activities and outreach services. The church has collaborated with a local CHC, Jackson Hinds Comprehensive Health Center, to provide onsite weekly primary care services to the seniors at Cade Court. This is a long-standing collaborative relationship that began when the health center's state funds were cut in 1973. Cade Chapel responded to their crisis by housing the entire health center program free of charge.

There are several missions undertaken by the church to provide outreach support to the community. The Mission Brotherhood provides painting and carpentry services to local shelters, builds ramps for seniors and persons with disabilities, and replaces roofs on houses within the community.

For the purpose of this entry, I interviewed Pastor Reginald Buckley of Cade Capel. When asked his ideas of nonprofits responsibility to social policy, he shared the following: "Jesus gives the church a great model for the church to follow as it relates to our social witness. I believe that a full and authentic expression of faith requires the church to be concerned about human suffering – both earthly and eternal. While the church must minister life to the souls of man, a relevant faith demands that we minister to the material and social needs of humanity. As such, at Cade we strive for a balanced approach in ministry that consists of (1) charity/benevolence to meet immediate needs, (2) advocacy to empower the vulnerable and speak out on the systemic issues that create such needs, and (3) spirituality to develop one's faith in God through Jesus Christ." It is not surprising that Cade Chapel was one of the first Mississippi organizations to respond to the Michigan water crisis and is currently responding to the Crosby, Mississippi community's flood disaster.

## Community Health Centers

Access to quality primary healthcare continues to be a major problem for persons living in poverty and in underserviced areas. However, Community Health Centers (CHCs) across the nation are leading the charge to serve this population. Community Health Centers offer comprehensive primary and behavioral healthcare services for over 25 million people in rural and urban communities in the United States. These health centers provide services regardless of an individual's ability to pay. They charge a nominal fee for self-pay patients using a sliding fee scale that adjusts to patient's income.

Services provided include (1) comprehensive primary healthcare to men, women, and children, (2) HIV/AIDS services, (3) oral health services, (4) pharmacy services using the 340b drug discount pricing program, (5) State Children's Health Insurance Program (SCHIP), (6) behavioral health services that include mental health counseling and diagnostic services that include radiology, x-ray, and electrocardiograms.

One of the unique aspects of CHCs is that they are governed by board members who live or work in the community where the health center is

located. Additionally, more than half of all board members must be users of the health center where they serve. Community health centers are located in every state. In 2014, the National Association of Community Health Centers reported that there were 2278 CHCs with 8770 sites who served 22,873,243 patients with 90,379,441 encounters. These CHCs employed 170,331.27 FTEs. Of the patients served by these health centers, 28% were uninsured, 47% were on Medicaid, and 9% had Medicare. All health centers are encouraged to collaborate with other organizations within the communities they serve to avoid duplication of services. Appointments are available to patients; however, health centers also provide walk-in services. Through cooperative agreements with local hospitals, CHCs provide 24-hour medical coverage.

There are 21 CHCs in Mississippi with 180 sites. One of these health centers, Jackson Hinds Comprehensive Health Center, is located just a short distance from Jackson Mississippi's downtown area.

### Jackson-Hinds Comprehensive Health Center

> Mission: "To provide quality comprehensive primary and preventive health care and social services to the communities we serve. We are committed to serving the uninsured and underinsured."

Jackson-Hinds Comprehensive Health Center provides primary healthcare and behavioral health services in 17 locations. Locations include several stand-alone clinics. Other locations include college campuses, apartment complexes, and a shopping mall.

The services provided include (1) adult medicine, (2) pediatric care, (3) obstetrics and gynecology, (4) dentistry, (5) optometry, (6) pharmacy, (7) social services, (8) behavioral health, (9) laboratory services, (10) radiology/x-ray, (11) WIC (Women, Infant, and Children Nutrition); (12) Healthy Start; and (13) transportation services.

### Young Men's Christian Association

Young Men's Christian Association's (YMCA) United State Tagline: "For Youth Development. For Healthy Living. For Social Responsibility."

The YMCA is a worldwide nonprofit organization based in Geneva, Switzerland. The YMCA was founded in 1844 utilizing the concept of Christian principles to develop a healthy "body, mind, and sprit."

The USA's first YMCA opened in 1851 in Boston Massachusetts. Today the USA's national office is located in Chicago, Illinois, with 2700 local chapters across the country. Services offered at these locations include (1) children and youth; (2) health, fitness, and recreation; (3) childcare; (4) day and resident camping; (5) employment training; (6) community outreach and newcomer services; (7) international development and education; and (8) leadership development and recognition. Although there is a charge to use the services of YMCA, financial assistance is available to all.

Located approximately two miles from the state capital is the Downtown Family YMCA, one of four of Jackson Metropolitan area YMCAs. This location has all of the amenities of most wellness centers including a newly remodeled aerobics studio, a weight and cardio room, a fitness room, a yoga and pilates studio, and indoor and outdoor walking and running tracks. The YMCA is host to the Hardin Aquatics Center with swimming facilities available to its members.

The aforementioned nonprofits are only a few of the thousands that respond to the daily social needs of our society. In 2010, when President Obama signed the Affordable Care Act (ACA) into law to increase access to quality and affordable healthcare, nonprofit human service and healthcare organizations were at the forefront of implementing the program. Through grants with the government, nonprofits are responsible for much of the marketing and outreach, registration, and direct service provision of the ACA program.

## Conclusion

Nonprofits exemplify the best of our nation. They assist millions of individuals and families every day. They are oftentimes first responders during the worst of disasters, promote democracy, and

protect our tax dollars. They have been a critical factor in responding to the social ills in the USA. For many decades, they have not only been advocates for improved social policies but also have been in the forefront of improving social conditions. The services and goods provided to society by nonprofits are vital to the health of our nation ranging from the provision of a meal to quality affordable housing. Government has realized the positive impact nonprofits have on social policy and as a result has turned to them to deliver goods and services within their localities. Nonprofits provide quality, efficient, and cost-effective services. In 1912, nonprofits with government contracts in the USA were at 137,392 contracts totaling $736 million dollars. Of the 51 states, California had the highest number with 5172 contracts, South Carolina ranked 25 with 770 contracts, Nevada ranked last with 194 contracts, and Mississippi ranked 49 with 202 contracts. Grants and contracts were awarded to several types of organizations. The majority of government contracts/grants were to human service organizations at 53%. Table 1 shows the distribution of the types of organizations receiving government grants and contracts in the USA.

As reflected in the table above, human service organizations enter into contracts with government agencies to provide services more than any other type of organization. The practice of government turning to nonprofits to provide services that they are not able to provide directly is a longstanding practice. This has been an effective practice because nonprofits are on the forefront of societal personal and community needs that require government resources.

**Nonprofit Organizations and Social Policy, Table 1** Types of organizations with government grants and contracts

| Types of organizations with grants/contracts | |
|---|---|
| Arts culture and humanities | 13% |
| Education | 7% |
| Environment and animals | 4% |
| Health | 12% |
| Human services | 53% |
| Other | 11% |

Source: IRS, Statistics of Income Division, 2015

## References


Blackwood AS, Pettijohn SL, Roeger KL (2012) The nonprofit almanac 2012. Urban Institute, Washington, DC

Boris ET, DeVita CJ, Fyffe SD, Pettijohn SL (2013) Nonprofit government contracts and grants: findings form the 2013 National Survey. Urban Institute, Washington, DC

Haddock AH, Salamon LM, Sokowski SW, Tice HS (2013) The global state of civil society and volunteering. ccss@jhu.edu: Johns Hopkins University: Center for Civil Society Studies

National Council on Nonprofits (2016) Nonprofit Sector in brief 2015: Public charities, giving, and volunteering, Website Accessed on 28 Aug 2016

Renz DO (2010) The Jossey-Bass handbook of nonprofit leadership and management. Wiley, San Francisco

Worth MJ (2014) Nonprofit management: principles and practice. Sage, Thousand Oaks


# Nonprofit Organizations' Use of the Internet and Social Media


David Campbell and Kristina Lambright
Binghamton University, Binghamton, NY, USA


N

## Synonyms

Electronic communication; Online presence; Online tools

## Introduction

For any nonprofit organization to advance its mission requires engagement with those who have a stake in its work, including program participants, donors, community members, and others. The rise of the Internet and social media have provided mechanisms to facilitate that engagement. At their core, the Internet and social media are communication tools that support information sharing and interaction with the public that have enabled nonprofit organizations to reform and improve aspects of management that involve stakeholder engagement. The management functions most affected by these developments are marketing,

fundraising, and advocacy. The ways in which nonprofit organizations use the Internet and social media continues to evolve, in recognition of the diverse capacities they provide for enhancing nonprofit management and leadership. This chapter reviews the evolution of Internet and social media use by nonprofit organizations. It also considers several theoretical frameworks that account for how they develop, implement, and use Internet and social media strategies. The chapter concludes with a brief discussion of the current status of Internet and social media use in the nonprofit sector.

In the early years of the Internet and prior to the development of widely-adopted social media tools, nonprofit organizations developed websites based on Web 1.0, utilizing its initial, limited functionality for information provision and one-way communication. Since the advent of social media and the dynamism and interactivity associated with Web 2.0, many nonprofit organizations have developed websites and social media capacities that offer more and deeper opportunities for stakeholder engagement; however, Internet presence and social media use has varied among nonprofit organizations, based on their organizational purpose and other important characteristics. Initially, many researchers and practitioners argued that the communication capacities of the Internet and social media would lead to an increase in dialogue between the leaders of nonprofit organizations and their stakeholders. Yet, recent studies suggest that stakeholder engagement is a more appropriate lens than dialogue through which to understand how nonprofit organizations use the Internet and social media. Nonprofit organizations have not yet fully realized the potential that social media and the Internet present.

## Web 1.0

The first 10 years of the Internet is often referred to as *Web 1.0*. During this time period, nonprofit organizations focused on developing websites designed to convey basic information to educate the public about their work. The websites created at that time were static; users accessed them to acquire information. The user experience was a passive one and did not involve direct engagement with the providers of content. In other words, Internet users read information on websites but had limited or no opportunity to engage with it or provide feedback. Research conducted at this time indicated substantial variation in the percentage of American nonprofit organizations with websites, ranging from 30% in one study (Powell et al. 2016) to 77% in another (Hackler and Saxton 2007). These early websites allowed organizations to provide stakeholders with a wide variety of information, such as mission statements, descriptions of programs and services, board and staff lists, annual reports and other publications. Many recognized the potential the Internet presented for nonprofit organizations, in areas such as online fundraising and marketing of the organization; however, the lack of interactivity on websites limited organizations' ability to take advantage of that potential.

## Web 2.0 and Social Media

The second phase of Internet development, Web 2.0 and the rise of social media, created greater opportunities for nonprofit organizations and their stakeholders to engage with each other, by enabling them to develop and react to different forms of material on the Internet. This newly developed capacity is what distinguished Web 2.0 from its predecessor. Specifically, Web 2.0 refers to the second generation of the Internet, specifically, the capacity for "the creation and exchange of User Generated Content" (Kaplan and Haenlein 2010, p. 61). This definition includes social media, which can be described more narrowly as web-based applications that use Web 2.0's capacities for creating and sharing material. Web 2.0 offers all people with Internet access, the opportunity to create content and share it with others easily, at little or no cost. In this way, Web 2.0 embodies the Internet's democratizing effect.

Nonprofit sector practitioners and researchers argued that Web 2.0's enhanced Internet capacities would make it possible for nonprofit

organizations to engage more directly with stakeholders and that they could use that engagement as an opportunity to participate in regular dialogue with them for organizational development purposes. For example, with Facebook nonprofit organizations can share information about activities and stakeholders can comment about it. Similarly, staff at nonprofit organizations managing Twitter accounts can engage with constituents by retweeting or replying to their tweets. Some evidence suggests that organizations capitalized on this opportunity. For example, the interactivity offered by Web 2.0 applications has made it possible for organizations' websites to include features such as online fundraising, blogs with commenting capacity, and other tools that allow stakeholders to provide direct feedback to the organization. One indicator of nonprofit organization success in the Web 2.0 era is the growth in online giving. Network for Good's Online Giving Index indicates relatively modest levels of online giving until 2006 (and the advent of Web 2.0), after which annual online giving increased consistently, from approximately $100 million that year to over $1.4 billion in 2015 (http://www.networkforgood.com/digitalgivingindex/).

In addition to websites, some organizations created YouTube channels as a way to engage with stakeholders. While not widely used, particularly among moderate-sized and smaller organizations, YouTube channels also provide opportunities for stakeholders to share and comment on videos. In terms of social media, Facebook emerged first as a tool for nonprofit organizations, soon followed by Twitter. These two have remained the most regularly used social media tools; other applications, such as Instagram and Snapchat, are popular with the general public, but nonprofit organizations have not yet widely adopted them.

Because nonprofit organizations are mission-driven, and in many cases act as agents of their key stakeholders, the interactive potential of Web 2.0 was particularly important because it provided tools to engage stakeholders directly. Facebook, for example, enables "fans" of organizations to share, comment on posts, and "tag" organizations; Twitter allows users to tweet at organizations and reply to or retweet messages. Comments on blogs and sharing video content on organizations' websites or YouTube channels also reflect Web 2.0's engagement potential. In the years immediately following the development of Web 2.0, many researchers and practitioners emphasized dialogue as the likely consequence of its content creation and exchange capacities. Practitioners have written several books designed to help nonprofit organization leaders to leverage this potential. For example, Kanter and Fine's *The Networked Nonprofit* (2010) emphasizes the way in which social media makes it possible for nonprofit organizations to build relationships with stakeholders, respond to public input, and use those relationships to fundraise. In addition, Kapin and Ward's *Social Change Anytime Everywhere* (2013) made the case that social media's interactive features also facilitated community building and advocacy.

## Internet Presence and Social Media Adoption

Studies of nonprofit organizations, the Internet, and social media reveal several patterns about the technology adoption choices they make. Organization characteristics and mission-specific needs may affect these choices. Table 1 provides a list of research papers that have incorporated surveys of Internet and social media use. The studies vary by date, form of Internet presence, and nonprofit setting. Although many may consider websites as necessary for any organization, not all nonprofit organizations have made the choice to have them. A 2014 sample of San Francisco Bay Area nonprofits found that 12% (mostly small organizations) did not have websites (Powell et al. 2016); in addition, only 46% of Church of Christ congregations had websites in 2015 (McMahon et al. 2015) – though many treat churches as different from other forms of nonprofit organization.

The data also show wide variability in social media adoption rates across populations of nonprofit organizations. These variations align with important characteristics about organizations and

**Nonprofit Organizations' Use of the Internet and Social Media, Table 1** Internet-based technology use by nonprofit organizations in recent research

| Authors | Data collection year | Type of nonprofit organization | Internet-based management tool | Utilization rate (%) |
|---|---|---|---|---|
| Guo and Saxton (2013) | 2012 | Charity navigator rated advocacy organizations | Facebook<br>Twitter<br>YouTube | 87<br>80<br>72 |
| Campbell et al. (2014) | 2012 | Human service organizations | Facebook<br>Twitter | 54<br>6 |
| Richter et al. (2014) | 2012 | Hospitals | Facebook<br>Twitter<br>You tube<br>Blog | 68<br>46<br>38<br>12 |
| Foundation Center (2013) | 2013 | "Largest" independent and family foundations | Facebook<br>Twitter<br>YouTube | 29<br>18<br>13 |
| Nah and Saxton (2013) | 2009 | Nonprofit times 100 | Facebook<br>Twitter | 65<br>73 |
| Saxton and Waters (2014) | 2013 | Nonprofit times 100 | Facebook | 97 |
| Maxwell and Carboni (2016) | 2014 | Independent foundations<br>Community foundations<br>Corporate foundations | Facebook | 11<br>72<br>23 |
| Lovejoy et al. (2012) and Lovejoy and Saxton (2012) | 2009 | Nonprofit times 100 | Twitter | 73 |
| Saxton and Guo (2014) | 2011 | Community foundations | Twitter | 32 |
| Saxton et al. (2015) | 2015 | Health care advocacy organizations | Twitter | 94 |
| Powell et al. (2016) | 2014 | Bay-area nonprofits | Websites | 88 |
| McMahon et al. (2015) | Unspecified | Church of Christ congregations | Website | 46 |

social media. For example, community foundations use Facebook at a much higher rate than independent foundations (Maxwell and Carboni 2016). This result is consistent with the argument that nonprofit organizations primarily use social media for stakeholder engagement; community foundations rely on external constituents for financial resources, while private foundations do not. Further, Twitter had higher adoption rates in organizations that primarily engage in advocacy, 80% of one sample (Guo and Saxton 2013) and 94% of a later sample (Saxton et al. 2015). These adoption rates support the idea that nonprofit sector professionals see Twitter as an advocacy tool. Finally, the largest organizations which have the greatest capacity for technological innovation have the highest social media adoption rates. Social media use has also grown the most among these organizations. Facebook adoption among this population increased from 65% in 2009 (Nah and Saxton 2013) to nearly universal adoption (97%) in 2013 (Saxton and Waters 2014). In studies that reported multiple forms of Internet presence, Facebook was consistently the most popular, when compared to other forms of Internet use and social media, such as Twitter, YouTube, or blogs.

A study by the scholars Nah and Saxton (2013) further accounts for the way in which organizational characteristics shape social media adoption. They found that among the largest American nonprofit organizations, those that relied most on revenue from individual donors or program service fees were most likely to have adopted Facebook. These findings indicate that nonprofit organizations view social media as mechanisms

for supporting fundraising and marketing efforts. Facebook is more likely to be adopted in those organizations in which fundraising and marketing are most essential. On Facebook, nonprofit organizations can communicate with stakeholders in ways designed to encourage participation in the organization's activities and to make donations. Facebook can also convey important organizational information, which is consistent with nonprofit use of social media for marketing purposes.

Analyzing nonprofit organizations' demographics and engagement needs provides one way to understand the considerations that determine Internet and social media adoption; however, it is also possible to understand this phenomenon as one shaped by the nature of the staff in individual organizations. Mergel and Bretschneider (2013) suggest that the adoption of new technologies, like social media, depend on the presence of staff innovators. While they developed this theory for government organizations, some scholars have suggested that it is applicable to the nonprofit sector as well. Mergel and Bretschneider identify three stages organizations go through in the adoption of new technologies. The first is "intrapreneurship and experimentation" (p. 391), in which individual innovators introduce a new technology into the organization. In this stage, an employee may experiment with a new social media program in one part of the organization before it is adopted elsewhere or widely in that organization; the second phase is "order from chaos" (p. 392), in which managers begin to establish norms for the use of new technologies; and finally, "institutionalization" (p. 392), in which standards and policies for use of the technology are established for the whole organization.

## Social Media Use

Most of the early research on social media and nonprofit organizations, completed in the years following the advent of Web 2.0 (generally, through 2013), explored the extent to which nonprofit organizations have used social media to facilitate dialogues with stakeholders. These studies found nonprofits were generally not utilizing these applications in the way some scholars and practitioners had originally envisioned. Research by Lovejoy and Saxton (2012) suggests that social media use has evolved in a different way. The framework they developed moves beyond the binary discussion regarding whether nonprofit organizations use social media for dialogic purposes. Instead, it conceptualizes nonprofit organizations as using social media for three primary communication purposes: (1) to convey information (sharing news about the organization and its work or other mission-related news), (2) to build community (informing stakeholders about community events and recognizing those who are contributing either to the organization or the larger community), and (3) to encourage stakeholders to take action (asking fans or followers to do something in support of the organization, such as donating, volunteering, or contacting an elected official about relevant legislation). Although the framework was created as part of a study of Twitter, it has been applied to Facebook as well.

The three elements of Lovejoy and Saxton's framework comprise a "hierarchy of engagement" (p. 349) that captures how nonprofit organizations use social media to connect with stakeholders. Subsequent research on both Facebook and Twitter has shown that nonprofit organizations, across a wide variety of fields, use social media in these three ways. Further, within this framework, nonprofit organizations fall into three categories, based on the primary way in which they use social media, as "information sources," "community builders," or "promoters/mobilizers" (p. 348). Providing information, building community, and taking action are all tactics involved in carrying out core activities of nonprofit organizations, particularly those related to marketing, fundraising, and advocacy. In this way, the Internet and social media enhance the capacity of nonprofit organizations to perform essential management functions.

While the Internet and social media can help nonprofit organizations with a variety of tasks, as suggested above, some tools are more appropriate for achieving some goals. For example, nonprofit organizations tend to use websites and Facebook for marketing and fundraising, while Twitter is more popular for advocacy, though not

necessarily exclusively for that purpose. John McDermott, in his article *Why Facebook is for ice buckets, Twitter is for Ferguson* (2014), notes how two different simultaneous events, the Ice-Bucket Challenge and the Ferguson, Missouri protests, proliferated on different social media platforms. Facebook functions as a place to share information with family and friends, often in upbeat ways that are consistent with nonprofit organizations' fundraising and marketing messages. By contrast, Twitter acts as a news aggregator, and as such, a way to take action. The 140-character limit on Twitter, as well as the ease with which content links can be attached to tweets makes it simple to use for short, advocacy messages. In addition, its widespread adoption among journalists and political leaders, to whom it is easy to direct messages, make Twitter more effective for advocacy than other Internet-based tools.

## Conclusion and Future Direction

As noted, nonprofit organizations have made considerable use of the Internet and social media, particularly in ways reflective of the hierarchy of engagement developed by Lovejoy and Saxton (2012): they use them to convey information, build community, and ask constituents to take action. These activities are technology-based adaptations of core management functions, notably marketing, fundraising, and advocacy. At the same time, the nonprofit sector faces several enduring challenges with respect to social media use. Many nonprofit organizations have struggled to develop a strategy for Internet and social media use; and some researchers have noted that a lack of knowledge has led to uses that are either ad hoc or mimic the choices of other organizations.

Further, researchers have found only limited evidence that nonprofit organizations have realized the future envisioned by Kanter and Fine (2010) and Kapin and Ward (2013), in which nonprofit organizations use technology to create regular dialogue and achieve high levels of engagement with their stakeholders. The examples they use to make the case for this potential are mostly large, national organizations with significant capacity. Perhaps those organizations are leading the way in creating a future in which nonprofit organizations use the Internet and social media with greater sophistication. While the Internet and social media have clearly changed communication practices in nonprofit organizations, they have not yet realized the transformative dialogic potential envisioned by some researchers and practitioners.

## Cross-References

► Citizen Participation and Nonprofit Organizations
► Organizational Technology

## References

Campbell D, Lambright K, Wells C (2014) Looking for fans, friends and followers? Social media use in public and nonprofit human services. Public Adm Rev 74(5): 655–663

Foundation Center (2013) What's trending with foundations and social media? Downloaded on 17 Mar 2017 at http://glasspockets.org/glasspockets-gallery/foundations-and-social-media-infographic

Guo C, Saxton G (2013) Tweeting social change: how social media are changing nonprofit advocacy. Nonprofit Volunt Sect Q 43(1):57–79

Hackler D, Saxton G (2007) The strategic use of information technology by nonprofit organizations: increasing capacity and untapped potential. Public Adm Rev 67(3):474–487

Kanter B, Fine A (2010) The networked nonprofit: connecting with social media to drive change. Wiley, Hoboken

Kapin A, Ward A (2013) Social change anytime everywhere: how to implement online multichannel strategies to spark advocacy, raise money, and engage your community. Jossey-Bass, San Francisco

Kaplan A, Haenlein M (2010) Users of the world, unite! The challenges and opportunities of social media. Bus Horiz 53:59–68. https://doi.org/10.1016/j.bushor.2009.09.003

Lovejoy K, Saxton GD (2012) Information, community, and action: how nonprofit organizations use social media. J Comput-Mediat Commun 17(3):337–353

Lovejoy K, Waters RD, Saxton GD (2012) Engaging stakeholders through Twitter: how nonprofit organizations are getting more out of 140 characters or less. Public Relat Rev 38(2):313–318

Maxwell S, Carboni J (2016) Social media management: exploring Facebook engagement among high asset foundations. Nonprofit Manag Leadersh 26(2):251–260
McMahon D, Seaman S, Lemley D (2015) The adoption of websites by nonprofits and the impact on society. Technol Soc 42:1–8
Mergel I, Bretschneider S (2013) A three stage adoption process for social media use in government. Public Adm Rev 73(3):390–400
Nah S, Saxton GD (2013) Modeling the adoption and use of social media by nonprofit organizations. New Media Soc 15(2):294–313
Network for Good Online Giving Index. Downloaded on 17 Mar 2017 at http://www.networkforgood.com/digitalgivingindex/
Powell W, Horvath A, Brandtner C (2016) Click and mortar: organizations on the web. Res Organ Behav 36: 101–120
Richter JP, Muhlestein DB, Wilks CA (2014) Social media: how hospitals use it, and opportunities for future use. J Healthc Manag 59(6):447–460
Saxton G, Guo C (2014) Online stakeholder targeting and the acquisition of social media capital. Int J Nonprofit Volunt Sect Mark 19:286–300
Saxton G, Waters R (2014) What do stakeholders like on Facebook? Examining public reactions to nonprofit organizations' informational, promotional land community building messages. J Public Relat Res 26: 280–299
Saxton GD, Niyirora JN, Guo C, Waters RD (2015) #AdvocatingForChange: the strategic use of hashtags in social media advocacy. Adv Soc Work 16(1):154–169

# NPM and the Reform of the Civil Service System, Japan

Hiroaki Inatsugu
School of Political Science and Economics, Waseda University, Tokyo, Japan

## Synonyms

Civil service reform; New Public Management; NPM; Performance-related-pay; PRP

## Definition

NPM-type reforms started in late 1990s in Japan, and it facilitated civil service reform, especially introduction of performance-related-pay.

## Introduction

The Japanese academics as well as practitioners began to utilize the term, NPM (New Public Management), in the second half of the 1990s. In the meantime, notably, both the United Kingdom and New Zealand started to implement a NPM-type reform at the national level in the 1980s. In making a good contrast, the same type of reform started at the local level in Japan most probably from the second half of the 1990s onwards. In particular, Mie Prefecture (equivalent to province and state) was the first to discuss "NPM-type Reform of Local Government" in the Japanese administrative environment. This becoming as an initial attempt, the NPM reform developed popular to the extent that the Administrative Reform Council in the central government started to pay attention to NPM. This in turn facilitated the discussions among central government officials about the utility of this new type of government reform.

## NPM in Japan

Many scholars observe that NPM-type reforms were not promoted to a high degree in Japan until the first half of the 1990s. In the international comparison that Naschold made based on OECD data and his own survey data, Japan was one of the countries that incorporated NPM-type reforms the least (Naschold 1996, pp. 20–24). The reason for the nondiffusion of NPM policies in Japan includes relatively good economic performance until the late 1980s and linguistic and legal differences between Japan and Anglo-Saxon countries such as the UK and New Zealand.

However, the Japanese were exposed to the NPM-type reforms because economic performance began to decline in the early 1990s, and administrative inefficiency became a popular issue due to distrust in government bureaucracy. In this context, the Administrative Reform Council concluded that NPM-type reforms should be promoted in a report on the matter in 1998. Responding to this, reforms such as the establishment of independent administrative agencies,

the introduction of a policy evaluation system, and government reorganization started in 2001.

Regarding policy evaluation and information disclosure, local governments took more of a leadership role than the central government. Advanced local governments had already been proceeding with various NPM-type reforms since 1995. It can be reasonably inferred that efforts by the Mie Prefecture and other local governments had diffused into local governments in other areas of the country.

## Reform of the Civil Service System in Japan and NPM

Japan enacted the National Civil Service Act in 1947 immediately after the end of World War II. This was followed by a number of reforms including restrictions on basic labor rights with featuring the establishment of the National Personnel Authority (NPA) as a substitutive measure. Other than these changes, Japan's civil service system has not drastically changed for more than 60 years.

According to this law and related regulations, each appointee should perform work evaluations of individual staff and take necessary measures. The result of this evaluation should be linked with special pay raises and bonuses each year as a form of PRP (Performance Related Pay). Although Japan tried to implement PRP very early on, it was more of a formality and was not actually executed, as PRP has been unpopular in actual practice. Such performance-based payments have, therefore, generally been made equally to all employees without differentiating among them.

As a result, no short-term differences in pay based on achievement have been evident in Japan's civil service remuneration system until quite recently. Rather, pay increases are determined via long-term competition, and the variances show in workers' lifetime earnings. In the case of the career group (fast track group who passed the highly competitive type-I examination), promotions (or lack thereof) to top echelon posts determine retirement age, retirement allowance, and the location and conditions of their Amakudari posts, the second career posts after retirement guaranteed by each ministry. In the case of the noncareer group, pay differences are gradual and based on promotions and pay raises, or the lack thereof. The chief characteristic of the pay system of Japan's national civil service has been that each occupational arrangement functioned as an accumulated awards incentive system.

Although such a system continued for more than half a century, the movement toward a new system began in the late 1990s. During that time, career bureaucrats were frequently arrested due to various scandals, including the arrest of an administrative vice-minister. Many of these scandals were exposed simultaneously and heavily covered by the media, causing a loss of faith in the bureaucracy.

As a response to these scandals, the central government established study groups to examine the civil service system, which started a serious discussion about reform. The Administrative Reform Council established by the Hashimoto Cabinet in 1997 embraced bureaucratic reform as a central issue. Around the same time, an investigative committee on the civil service system was also established. However, the effects of full-scale reform were not seen until the beginning of the twenty-first century.

A new governmental office system started in 2001 that included elements of NPM policy and a broad outline for the reform of the civil service system determined by the Cabinet. Several years later in 2007, an amendment to the National Civil Service Act, including performance-based evaluations and the establishment of human resource banks, passed through the Diet. The government had already conducted a trial of the personnel evaluation, but official personnel evaluation began with the passage of this amendment.

PRP, left unexecuted for 60 years in Japan, was finally instituted, signaling that the movement toward NPM policy had come to Japan. The separation of policy implementation and execution from the policy-making sector, another aspect of NPM, also began in the early 2000s, as did the establishment of independent administrative agencies. Initially, there were only a few public officials transferred to independent administrative agencies. Gradually, however, larger departments such as national hospitals and universities were

transferred to these agencies. The status of the independent administrative agency's staff became noncivil servant, as illustrated by the privatization of the postal service in 2007. Because of these changes, the number of national civil servants has sharply declined, from about 820,000 people in 2000 to 285,000 people in 2015.

Following the Basic Act on Reform of National Civil Service Systems in 2008, there was an amendment to the National Civil Service Act in 2014. The amendment included articles aiming to strengthen the Cabinet's personnel management functions and establish an executive personnel system for recruiting various human resources and flexibly managing personnel affairs. It was decided that the Chief Cabinet Secretary should examine the eligibility of applicants and prepare a list of candidates when appointing top officials. Additionally, the Minister in charge should consult with the Prime Minister and the Chief Cabinet Secretary when appointing or dismissing top officials. The Cabinet Bureau of Personnel Affairs was also established to take charge of bureaucratic organization, illustrating the historic background of NPM reform movement.

## Conclusion

Although Japan's attempts at implementing NPM-style reforms occurred later than in other nations due to economic factors and language barriers, it nonetheless embraced NPM policies when confronted with the same circumstances faced by other countries. These reforms significantly reshaped governmental bureaucracies and the civil service sector of Japan, signaling a new direction in the organization of public service agencies.

## Cross-References

► Civil Service Reform and Ethics
► New Public Management

## References

Naschold F (1996) New frontiers in public sector management. Walter de Gruyter, Berlin

# NPM Falters in Fiji

Subhash Appanna[1], Vijay Naidu[1], Karishma Sharma[2] and Reema Prasad[2]
[1]The University of the South Pacific, Suva, Fiji
[2]Fiji National University, Suva, Fiji

## Synonyms

Controls; New Public Management; Public enterprise restructuring; Traditional context

## Definition

New Public Management has been the preferred model for the delivery of public services since 1980.

Public enterprise restructuring involves restructuring public enterprises in order to make them more commercially viable and better providers of public services.

Traditional context refers here to a nonwestern, developing island context.

N

## Introduction

New Public Management (NPM) has virtually replaced traditional public administration as the preferred model for the delivery of public value since 1979 and 1980 when the UK and the USA, respectively, adopted a radically different approach to management in the public sector. Small government with larger private sector participation in public service delivery has become the "blueprint" for economic development. Contemporary reforms have largely focused on the public sector with governments aiming to introduce greater economy, effectiveness, transparency, accountability, and efficiency in the public service. In the process, governments have attempted to reduce both their commitment to and participation in economic enterprise. Public sector reforms, and in particular the restructuring of Public Enterprises, have thus become a

worldwide phenomenon. NPM, which attempts to address deficiencies found in traditional public administration, assumes that the market is preferable to government as a coordinator of social relations and public service delivery "since it involves transactions that are voluntary, lateral and decentralized, in contrast to the compulsory, hierarchical and centralized activities of government" (Beetham 1987, p. 33). This reliance on the market as an automatic "adjuster" raises a number of issues in the use of NPM in traditional settings like Fiji. This paper analyzes critically the main features of the NPM "model" and questions its suitability in the restructuring of Public Enterprises in a traditional context like Fiji.

## The Fiji Context

Fiji has gone through five coups de 'tat since gaining its independence from Britain in 1970. It is a developing island economy comprising 14 provinces with persisting tribal and kinship relationships still influencing national decision-making. In addition to this, Fiji has a sizeable Indo-Fijian population (37%) who are largely descendants of indentured laborers who came from India from 1879–1916 to supply the labor needs of the colonial administration (Norton 1990, p. 22). Institutions of public accountability were disrupted, destroyed, and heavily compromised after the 1987 coup (Lal 2000). From 1987 to 1995, national focus was on stabilizing the political landscape, enacting the 1990 constitution, organizing the 1992 and 1994 general elections, and consolidating the Soqosoqo ni Vakavulewa ni Taukei (SVT) government and Prime Minister Sitiveni Rabuka's leadership. Only in 1996 was the Public Enterprise Act enacted. Thirteen years later, only five of which were dedicated to strengthening and reestablishing necessary accountability mechanisms, another coup in 2000 shattered all expectations of predictability in the institutions of accountability and good governance. Both the coups were justified in the name of protecting the Indigenous community from the hegemonic designs of the Indo-Fijians. Provincialism, paternalism, political patronage, and nepotism thus became a part of everyday life making it extremely difficult to identify and expect conventional objectivity in public decision-making. This was bolstered by affirmative action programs and Indigenous considerations which became elevated to unprecedented levels. The hallowed principles of meritocracy and considered objectivity, therefore, virtually ceased to operate in the public sector in Fiji. A coup was executed in December 2006 partly in reaction to this increasingly overwhelming tendency for compromising objectivity in government conduct. At this point in time, Fiji has an interim-government that operates in a constitutional vacuum with a standing promise to draft a constitution that ensures non-particularism in public decision-making. These factors, coupled with the fact that Fiji is not endowed with an abundance of potential service providers who could effectively deliver on competitively acquired government contracts, make it virtually impossible for the market mechanism to operate effectively in Fiji.

## The New Public Management Model

Public sector reforms have been part of discourse on management in the public sector for the past two decades even though the management and organization ideas contained in New Public Management (NPM) can be traced back to earlier debates in public administration (Savoie 1995, pp. 119–20). NPM attempts to introduce management structures, practices, and principles that are based on the precepts of freedom to choose and freedom to manage. It has been linked to the "New Right" in recognition of its attempts to incorporate normative concerns in what essentially remains the business philosophy of maximizing returns. This new ideology can also be referred to as the "Enlightened Left" in recognition of the fact that it has been embraced by traditionally left-leaning governments in their attempts to amalgamate the imperatives of both business and society (Appana 2003).

The literature on NPM does not exhibit uniformity on exactly what it constitutes, but the following ideas and initiatives appear to characterize NPM: use of hands-on professional management,

managerial autonomy, decentralization, use of explicit measures of performance that are output based, use of finance-based performance contracts and incentives systems, emphasis on discipline and parsimony in the use of resources, infusion of competition through disaggregation and delayering of government bureaus, use of contracts for public service provision by organizations external to the department/bureau in question, emphasis on citizen choice, and use of other private sector-type management practices (Hood 1991; Pollitt 1995; Boston, et al. 1996). On the other hand, there appears to be general unanimity on NPM's fundamental objectives of creating an innovative, flexible, problem-solving, and more entrepreneurial culture that is better adapted and more adaptable to a changing environment (Barzely 1992; Kettl 1997; Rosenbloom 1998). The NPM model, therefore, attempts to address the more obvious and disruptive shortcomings of traditional public administration. Its main features are analyzed in use in some detail in the next section.

## Professional Management

The emphasis of NPM is on the use of hands-on professional management where a successful manager with a proven track record is located and given active, visible, and discretionary control over a public entity with clear allocation of responsibilities, and corresponding accountability appears to place total reliance on the professional manager to meet performance expectations. In line with the tenet of "freedom to manage," the NPM manager can choose whatever approaches and techniques he considers appropriate in order to meet expectations. And in a clear attempt to move away from the rules/procedures focus of traditional public sector management, the evaluation focus is on output controls with the need to stress results rather than procedures. Thus, like in most private sector approaches, managerial performance is gauged ex post on the basis of results that are evaluated against targets that have been mutually spelt out prior to commencement of duties.

With the restructure of Civil Aviation Authority of Fiji (CAAF) into Airports Fiji Ltd. (AFL) and Civil Aviation Authority of the Fiji Islands (CAAFI) in 1998, Chief Executive Officers (CEOs) were sought for both entities in an attempt to recruit the best two people for the crucial positions on which the whole civil aviation industry and, therefore, tourism (Fiji's largest industry) hinged. A foreigner was recruited for AFL whereas a local filled the CAAFI post. A marked difference was seen in the degree of freedom that each demanded as CEO on their employment contracts. This created an immediate inequity in decision-making powers. Furthermore, as governments changed, new CEOs were recruited to meet the requirements and expectations of these governments. This was more so with AFL, which has now got its fourteenth CEO in twenty years, largely because it is a commercial entity with all its ramifications. CAAFI, on the other hand, has had a less turbulent history because it merely carries out the regulatory functions of civil aviation in Fiji and has no real commercial significance. Furthermore, NPM's insistence on recruiting managers with proven track records has repeatedly been compromised in the appointment of CEOs. The CEO/AFL appointed in July 2003 had been a dedicated bureaucrat in the Prime Minister's (PM's) office. The most potent justification for his appointment could be seen in the fact that AFL was a fragmented organization that needed an "outsider" with considerable human relations skills to refocus it. It is, however, difficult not to propose that the same qualifications could have been found in someone else with the necessary track record. Additionally, there was considerable appeal in speculations that his appointment had a lot to do with his proximity to the PM and the Soqosoqo Duavata ni Lewenivanua (SDL) government's "blueprint" objectives of the time. The CEO/AFL position is currently held by an acting appointee.

The adjunct issue of degree of managerial autonomy in NPM appears hazy in literature. On the one extreme, the rules and procedures-ensconced manager operates in a clearly prescribed, predictable work environment. On the other end, managers enjoy a strong form of

institutional autonomy where their decisions are not subject to either prior approval or retrospective appraisal. This form tends to raise the question of democratic accountability of governments as it weakens substantially the link between the public manager and government. The lack of clarity in this link between the bureaucrat and their political head in the traditional public administration model often led to "political interference" which has widely been cited as a "weakness" of that model. It also tends to weaken the ability of governments in using public entities to fulfill their roles as providers of public goods and custodians of the public good. Thus, somewhere in the middle of this continuum lies a third positioning of the public manager where he/she has some degree of discretionary powers in decision-making while being held answerable to politicians who can direct them within prescribed limits. This is the type that is used predominantly, largely because of its political appeal. Restrictions are placed mutually between the CEO and the government (or Board) via contracts, which also allocate risks of blame between politicians and managers. This intermediate form is a hybrid that attempts to strike a delicate, and at times politically problematic, balance in creating the "decision space" for the public manager.

In Fiji, this "decision space" is determined not only by the formally negotiated employment contract of the CEO, but also by a number of subjective considerations that are linked to the context. AFL's fourth CEO was appointed by a board that he had chosen earlier in his capacity as the then (2000) interim Minister for Civil Aviation. There would, therefore, have been no negotiations on his powers. He subsequently proved this by getting involved in a major row with the Fiji Public Service Association (FPSA) where he refused to entertain both negotiations and prounion court decisions. This refusal to implement court decisions stemmed from a firm belief that the AFL board would not act against him. There was silent acknowledgment of the reason for the paralysis of the board being the fact that the new Minister for Civil Aviation came from the same province as the controversial CEO. This embarrassment continued until 2003 when the government appeared to have been forced to appoint a new minister. Subsequent noncompliance by the CEO led to his belated dismissal in March 2003. Mechanisms for the evaluation of managerial performance are discussed later on in this entry.

## Private Sector Styles of Management

NPM goes on to prescribe a greater use of private sector styles of management practices in the public sector. It specifically mentions short-term employment contracts, strategic planning, performance agreements, performance-based pay systems, new Management Information Systems (MIS), and a greater concern for corporate image (Hood 1991; Boston, et al. 1996). These are clearly aimed at changing worker attitudes from a public sector type complacency and status quo orientation to a more private sector type vigorous and proactive orientation. Monetary incentives rather than non-monetary ones are emphasized in order to elicit compliance and generate worker enthusiasm. This was the primary source of motivation prescribed by scientific management which has a heavy influence on new institutional economics, which in turn, informed NPM. The prescriptions mentioned here are only a few in a whole range of options that the NPM manager is allowed to choose from in their efforts to deliver expected outcomes. In Fiji, the civil service culture was extremely difficult to supersede because it was heavily influenced by and imbued with traditional structures. Traditional chiefs, for instance, continued to be given precedence over commoners in public appointments. This was clearly an attempt to utilize traditional structures in a context of professional management. Even though this is not necessarily a weakness per se, a traditional chief is likely to raise potentially damaging traditional expectations within a modern workplace. This could compromise the professionalism required within NPM. The profit bottom-line, a distinguishing characteristic of private sector styles of management, is largely compromised in these instances. In addition to this, NPM does not prescribe clearly (apart from disaggregation and the use of contracts) the means to achieving its well-articulated ends. This opens up a host of

alternatives that the manager can choose from. And managers with bureaucratic backgrounds that are closely linked to traditional structures would be tempted not to use unfamiliar entrepreneurial approaches in unstable settings. NPM attempts to overcome these problems by featuring explicit standards and measures of performance with a preference for output-based controls.

## Performance Measures and Output Controls

NPM lays great emphasis on placing responsibility and accountability at the same point on the public organization in a direct departure from traditional public administration where the doctrine of ministerial responsibility renders the public manager/official anonymous. This doctrine of ministerial responsibility means that the minister accepts responsibility for both the actions of the public servant as well as contractors who may carry out public work. The anonymity operates as a major impediment in affecting accountability in the public sector. However, with NPM, the principle of alternative delivery makes agents like the CEO/AFL and the CEO/CAAFI responsible to the ministers as well as any other partners involved in the arrangement (Lindquist and Paquet 2000). NPM also features explicit standards and measures of performance with a preference for output-based controls. This links a person's actions more closely with consequences that are also direct and range from firing to unprecedented rewards.

The employment package of the first CEO/AFL was reported to have been well above the quarter million-dollar mark. All successive AFL/CEOs have enjoyed the same types of relatively astronomical employment packages. This has the tendency to create envy and resentment in a context like Fiji where similar paying jobs are rare in the private sector. On the other hand, widespread public service experience and knowledge make it extremely difficult to accept that the compensation packages are matched by commensurate effort. In fact, there was a growing perception that public enterprise postings were being used by government to "reward the boys" for services rendered during the pre-2000 coup upheavals, the coup itself, and its aftermath when some $25 million was disbursed without adequate control for agricultural assistance. These allegations also hound the post-2006 government even though the focus is largely on the appointment of military personnel to civilian posts.

On the other hand, for effectively evaluating the performance of CEOs as well as Public Enterprises, it is important to have explicit standards and measures of performance that are clearly spelt out. Clear objectives and timeframes need to be set for effective control as necessitated by the accountability provisions of NPM. Setting clear objectives in the public sector is a task fraught with difficulties and contradictions. First, it is difficult to lay out and quantify sociopolitical objectives. Second, it is often politically imprudent to specify economic objectives especially if they are likely to prove unpopular. And third, political concerns of governments and economic concerns of Public Enterprises might not be compatible as is seen in the requirement of Fiji's "Blueprint" that 50% of all public contracts be awarded to ethnic Fijian businesses (Fiji live 2002; Te Karere 2000). The "Blueprint hoped to bring about 50/50 parity in the participation of ethnic-Fijians in Fiji's business sector by the year 2020; Public Contracts were seen as a major means of accomplishing this. This not only makes it difficult for the CEO to meet set economic targets, but it also makes it difficult for government to enforce the performance provisions of the contract if targets are not met. On the other hand, traditional positions and affiliations made it extremely difficult to punish or remove CEOs (and other public officials) for non- or questionable performance as seen earlier in the case of the AFL/CEO who was removed after performing without any controls from January 2001 to March 2003.

## Disaggregation and Competition

Furthermore, in an attempt to ensure the adaptability of private sector styles of management in the public sector, NPM proposes disaggregating

large public sector organizations into "corporatized units around products" funded separately and interacting with one another on an "arms-length" basis. This is clearly aimed at streamlining and removing size complications from cumbersome public entities so that it becomes easier to manage them in a private sector manner. However, in order to disaggregate effectively, governments' commercial and noncommercial activities need to be clearly identified, demarcated, and separated. Justification for this is seen in the need to create manageable units and "to gain the efficiency advantages of franchise arrangements inside as well as outside the public sector" (Boston et al. 1996). Improved reporting, monitoring, and accountability mechanisms need to accompany this shift. There are a number of problems associated with this especially in developing country contexts. First, it is not easy to demarcate exactly what government activities can be classified as "commercial" because private sector provision might not be feasible. Some activities like providing water are more problematic to commercialize than providing electricity. Second, disaggregation could easily lead to duplication in the use of scarce public resources that countries like Fiji can ill afford. The creation of AFL and CAAFI from CAAF in Fiji highlights this phenomenon to some extent as lots of new equipment was either "lost" or had to be purchased during the restructure. In an interesting twist, AFL's state-of-the-art air traffic control equipment was being used by Strategic Air Services Ltd. (SASL) to provide air traffic management services to AFL under extremely unclear and "uncommercial" terms. This stemmed from an over-emphasis on the requirements of the "Blueprint" to "assist" Ethnic-Fijian entry into the commercial sector. Here, state assets paid for and held by AFL were being used by a private company with virtually no returns for resource use to AFL.

## Contractualism

NPM proposes the introduction of more competition in the public sector through the use of competitive public-tendering procedures, term contracts, and devolution so that costs are lowered and delivery standards improved through the introduction of market stimulus. Therefore, it exhibits a preference for private ownership, contestable provision, and contracting out of public services. However, despite the intentions of contractualism and the structures that have been put in place to facilitate its use, principal/agent relationships are fraught with complications that inevitably affect the restructuring process as well as organizational performance. Agency Theory, a key theory behind NPM, says that social and political life can be understood as a series of contractual arrangements between principals (parliament, ministers, CEOs, etc.), and agents (CEOs, workers, suppliers, etc.). These contracts should be professional rather than relational in nature for maximum benefits.

Information asymmetry arises when agents have access to information that principals do not, or vice versa. This creates an incentive to exploit the information gap for personal gains, which could be detrimental to the greater good. When Fiji Post and Telecommunications Ltd. (FPTL) was disaggregated into Post Fiji and Telecom Fiji Ltd. (PFL) in 1996, the first Chief Operating Officer (COO) was an Israeli with dubious American academic qualifications. The fact that his Master's Business Administration (MBA) was not authentic only came to light after questions emerged within the organization due to tightening tension between the then Managing Director (MD) (Emori Naqova) and the COO (Aharon Amit). This case serves to highlight the fact that governments usually do not have the means to verify personal data provided by aspirants to key positions in Public Enterprises. They may even choose to ignore the verification process because of covertly articulated preferences from positions of power. This can lead to the problem of adverse selection, which consequently begins to plague the organization. In the case of Telecom Fiji Ltd. (TFL), COO Amit left the organization in disgrace before his contract had expired. There were unconfirmed reports that in a baffling twist, government paid him $5 m for the unserved portion of his contract and "services rendered."

It is obvious that contractualism is used in NPM partly to place restrictions and controls on the behavior of agents (and to some extent principals). The assumption is that market forces would enhance this control requirement in a free environment where contracts can be both contested and enforced. Unfortunately, a joint economic study by the Reserve Bank of Fiji (RBF) and the University of the South Pacific (USP) found that the nonenforceability of contracts and corruption are a major impediment to investment in Fiji (Fiji live 2003). Furthermore, Public Enterprises in Fiji do not have access to sizeable numbers of service providers. SASL, for instance, was awarded the contract to provide Air Traffic Management (ATM) services without having to go through a truly competitive public-tendering process. Air Terminal Services (ATS) provides ground-handling services based on a preferential contract that was signed prior to the restructure but continues to be operational because 51% of ATS shares are held by CAAFI. Furthermore, contracts tend to attempt to constrict the ambit within which service providers can operate. These centralizing tendencies grate against the devolutionary focus of managerialism creating tensions and confusions. In order to attempt to overcome these shortfalls, focus has to move on to the governance structures of NPM and the wider environment, but that falls beyond the ambit of this entry.

## Conclusions

It can be seen here that NPM is faced with a multitude of unique and not so unique problems when it is used for the restructuring of public enterprises in a traditional context like Fiji. Its emphasis, on using private sector styles of management with a professional manager hired on contract, faces distinct problems. First, the hiring process itself can be compromised by uncontestable subjective considerations. Second, it is difficult to determine and prescribe exactly how much "freedom" the manager should have. Third, political objectives that governments are preoccupied with cannot be articulated in concrete terms for various reasons. They are also often difficult to align with the economic imperatives of management. This makes the appraisal of management performance an exercise fraught with difficulties. On the other hand, it is extremely difficult to punish unacceptable performance because of traditional considerations that may mitigate against taking a hard-line approach.

Furthermore, NPM's emphasis on market control of organizational performance does not operate in the expected manner for a number of reasons. First, it is difficult to clearly demarcate government's commercial and noncommercial activities for effective restructuring. Second, the setting up of separate entities incurs additional costs emanating from a forced duplication of resources. And third, the monitoring and accountability mechanisms that are then needed become very complex and difficult to implement. In addition to this, market forces are introduced via competitive public-tendering processes. This is an exercise fraught with difficulties because of the pitfalls of information asymmetry, uncertainty, adverse selection, and moral hazard. On the other hand, the fact that the Fiji economy is not endowed with an abundance of specialist service providers makes NPM's reliance on the market, and the use of public-tendering processes as well as service contracts, virtually meaningless at times. Thus, there exist a range of factors that render the use of NPM in public enterprise restructuring an extremely problematic proposition in a traditional context like Fiji.

## Cross-References

► Governance
► Managerial Power

## References

Appana S (2003) New public management and public Enterprise restructuring in Fiji. Fijian Studies: A Journal of Contemporary Fiji 1(1):51–73

Barzely M (1992) Breaking through bureaucracy: a new vision for managing in government. University of California Press, Berkeley

Beetham D (1987) Bureaucracy. Open University Press, Milton Keynes, p 33

Boston J, Martin J, Pallot J, Walsh P (1996) Public management. The New Zealand model. Oxford University Press, Auckland

fijilive.com.fj (5 Dec 2002) Te Karere Ipurangi Maori News Online (17 July 2000)

fijilive.com.fj (29 Mar 2003)

Hood C (1991) A public management for all seasons. Public Adm 69(1):3–19

Kettl DF (1997) The global revolution in public management: driving themes, missing links. J Policy Anal Manage 16(3):446–462

Lal BV (ed) (2000) Fiji before the storm: elections and the politics of development. Asia Pacific Press at the Australian National University, Canberra

Lindquist E, Paquet G (2000) Government restructuring and the Federal Public Service. In: Lindquist EA (ed) Government restructuring and career public Services in Canada. Institute of Public Administration of Canada, Toronto

Norton R (1990) Race and politics in Fiji. University of Queensland Press, St. Lucia, p 22

Pollitt C (1995) Justification by works or by faith? Evaluating the new public management. Evaluation 1(2):133–154

Rosenbloom DH (1998) Public administration: understanding management, politics, and law in the public sector, 4th edn. McGraw-Hill Companies, New York

Savoie DJ (1995) What is wrong with the new public management? Can Public Adm 38:119–120

# O

## Obstacles to Collaborative Decision-Making Among Counterterrorism Organizations

Nancy Achieng Odhiambo, Nixon Muganda Ochara and Armstrong Kadyamatimba
Department of Business Information Systems, University of Venda, Thohoyandou, South Africa

### Synonyms

Collaborative decision-making; Counterterrorism; Interagency information sharing; Terrorism; Wicked problems

### Definitions

The following definitions are adopted in relation to this contribution. *Collaboration* is the coming together of different stakeholders and arriving at a decision (consensus) based on all the stakeholders (decision-makers) preferences. *Collaborative decision-making (CDM)* is a collective process of decision-making which results in arriving at a unanimous decision. *Counterterrorism organizations* are national and international agencies that seek to detect, prevent, and respond to terrorism acts.

### Introduction

Collaborative decision-making (CDM), according to Owen (2015), is a participatory process which involves multiple stakeholders/decision-makers acting collectively as one, to analyze a problem situation and to evaluate and consider alternative course of action. Rittel and Webber (1973) refer to problems whose resolution require CDM as complex and "wicked," since they are ill-structured, ill-defined, dynamic, and messy in nature. For instance, the rapid increase in population growth, the emergence of new technologies and globalization has resulted in numerous challenges and opportunities to the society that are complex and *wicked* (e.g., terrorism, corona virus, global warming, climate change, and poverty) and to organizations (e.g., increased competitiveness, changes in business environment, and increased travel costs) (Adla et al. 2012; Heslin 2009; Jung et al. 2010; Turban et al. 2011). To address these challenges, organizations and governments are compelled to bring multiple decision-makers/stakeholders together from different organizations with different experiences, skills and creativity, regardless of their geographical location, to jointly work together collaboratively to address these "wicked" problems (Jung et al. 2010).

The increased use of CDM practices among policymakers, academicians, and decision-makers

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

can be attributed to the increasingly widespread perspective that partnerships could be hardy in addressing the current complex and "wicked" problems which calls for multisectoral collaborations (Dentoni et al. 2018). This is because conventional and traditional decision-making approaches that were characterized by individuality, unilaterality, centralization, and hierarchy are nowadays outdated (Kapucu and Garayev 2011). However, despite the attractiveness of CDM in complex and "wicked" problem situations, its attainment is inhibited by a number of factors presented in literature by various scholars (see Bond-Barnard et al. 2018; Gil-Garcia and Sayogo 2016; Howes et al. 2015; Islam et al. 2015; Prichard and Moore 2016)). Thus, to contribute to this debate of gleaning the factors influencing inter- and intra-CDM processes especially between and among counterterrorism stakeholders/organizations a conceptual framework is proposed and tested in this research study. The rest of the study is organized as follows: In section literature review is presented followed by underpinning theory in section "Theoretical Approach." Section "Methodology" provides the methodology adopted and thereafter followed by a presentation of results in section "Results" and a conclusion in section "Conclusion."

## Literature Review

The increased adoption and use of CDM practices between and among organizations/decision-makers/stakeholders is largely attributed to the complex and the "wicked" nature of problems that organizations and the society are plague with of late (Dentoni et al. 2018; Kapucu and Hu 2016). Successful CDM practices are usually predicated upon by collective decision-making, information and resource sharing and coordinated intervention (Office 2014; Wu and Chang 2018). Studies have shown successful CDM practices are essential in healthcare (Stiggelbout et al. 2015), emergency and disaster management (Kapucu and Garayev 2011; Wu and Chang 2018), supply chain (Neubert et al. 2018), governance (Klievink et al. 2016), construction (Oppl 2017), etc. However, although CDM practices are stated as successful and instrumental in addressing complex and *wicked* problems such as counter terrorism, its successful implementation is influenced by several factors some of which are described here in.

### Organizational Form

Every organization regardless of its location (region, country, or sector) has organizational characteristics that are peculiar to itself (Rus and Rusu 2015). These characteristics entails the culture in the organization, leadership styles, beliefs, values, rules and regulations, norms, perceptions, structure, etc. Smircich (1983) pinpoints that organizational culture, for instance, is strong and consistent and often has an overwhelming influence of an organization and on the employees behavior (p. 21). This therefore can influence the effectiveness of CDM process in intra- and interorganizational collaborations (Kapucu and Garayev 2011). This is mainly caused by the fact that every organization has its own unique modus operandi that may be either at variance or at odds with each other and hence inhibiting smooth flow of CDM processes (Glomseth et al. 2007).

### Information and Knowledge Sharing

For effective CDM process to occur, there is need for easy flow and exchange of information and knowledge among and between the involved decision-makers/stakeholders/organizations.

Abbas et al. (2018) pinpoint that this can easily be achieved if there are guiding rules and policies on how information and knowledge is to be shared. Equally, free movement of information and knowledge is attached to open communication among and between the involved stakeholders in inter- and intra-CDM process. However, factors including lack of policies and guidelines (Abbas et al. 2018), information technologies (IT) capability, usability and interoperability, stakeholders differences, privacy, confidentiality, and security (Holen-Rabbersvik et al. 2018) are mentioned in literature as a hindrance to information and knowledge sharing in collaborative process and therefore impedes the effectiveness of inter- and inter-CDM processes.

### Trust

Trust-based partnerships are essential for the overall success of CDM processes (inter and intra) (Hassan et al. 2012; Kapucu and Garayev 2011; Martins et al. 2017). This is because mutual trust between and among decision-makers/stakeholders is important for information and knowledge sharing (Akbulut et al. 2009; Praditya and Janssen 2015). Thus, trust promotes better working partnerships and environments for different organizations and decision-makers working collectively in a group as collaborators (Agranoff 2007). Equally, trust is vital for CDM processes as it can reduce transaction costs, strengthen network ties, and enable collective actions (Isett et al. 2011). Unfortunately, determining the level of trust among participating stakeholders in CDM process is challenging (Kapucu and Garayev 2011). Pardo et al. (2008) state that clarity of roles and responsibilities, appropriate roles of authority and respect of authority could be used to build trust within and across organizations, which can thereby result into the success of inter- and intra-CDM processes.

### Organizational Cooperation

Effective achievement of CDM processes requires both cooperation and coordination of the involved stakeholders/decision-makers/organizations (Tee et al. 2019). In complex and *wicked* problem situations where CDM is vital, presence and absence of mutual trust (Bond-Barnard et al. 2018), divergent organizational goals and time horizons (Fürstenau et al. 2019), and stakeholders needs can either promote or inhibit stakeholders cooperation, and yet organizational cooperation has been shown to be instrumental in enhancing innovative capabilities for addressing complex and "wicked" problems (Drasch et al. 2018). Nevertheless, poor cooperation, as evidenced by failures in 9/11 terrorist attacks, is linked to poor response times, planning, and more fatality (Prezelj and Airey 2016). Hence for effective CDM especially in complex problem situations such as terrorism, there is need for better cooperative practices among and between the involved organizations/stakeholders/decision-makers.

### Technological Infrastructure and Interoperability

Technological infrastructure is not only a core component of inter and intraorganizational collaborations but also plays a critical role in relaying, sharing, and passing information from one point to the other in CDM processes. However, one of the biggest challenges plaguing technological infrastructure in CDM instances is the technical infrastructure in place as well as, how an organization has adopted and implemented technologies (Abbas et al. 2018; Fedorowicz et al. 2007). Due to outsourcing practices by many organizations, different organizations use different technological infrastructure which leads to the challenge of interoperability during inter- and intra-collaborative processes and hence an impediment to the success of CDM processes.

### Informal Relationships

Informal relationships among and between stakeholders are good for effective CDM processes. This is because informal relationships remove communication constraints and build trust among workmates which is good for collaborative practices (Amjad et al. 2015). In absence, could be a hindrance to an effectiveness of inter- and intra-CDM process.

Figure 1 gives the conceptual framework proposed in this paper presenting the hypothesized relationship between CDM and organizational form (OF), information and knowledge sharing

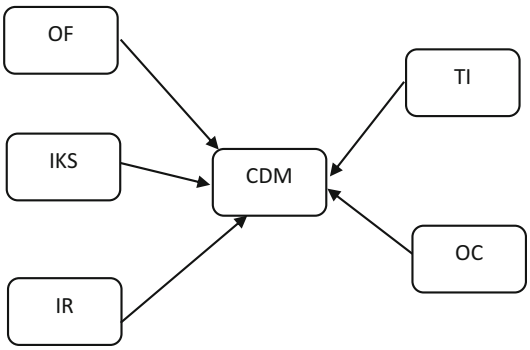


**Obstacles to Collaborative Decision-Making Among Counterterrorism Organizations, Fig. 1** Conceptual model representing CDM obstacles

(IKS), informal relationships (IR), organizational cooperation (OC), and technological infrastructure and interoperability (TI).

## Theoretical Approach

Institutional theory is adopted in this study as a guiding lens in explaining how institutional environment influences and establishes an organization's structure, norms, and rules, and how these become resilient, legitimatized guidelines for social behavior in an organization (DiMaggio and Powell 1983; Meyer and Rowan 1977). In employing institutional theory in this research, the argument is that organizations are variously comprised of "cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life" (Scott 2001, p. 48). *Cognitive-cultural pillar* – relies on shared beliefs (culture) and is dependent on individual cognition. *Normative pillar* – consist of values, standards, norms, etc. which shapes organizational activities and processes. *Regulative pillar* – consists of regulations and laws (informal and formal) which structure organizations activities. Thus, to understand the extent in which organizational behavior influences intra- and inter-CDM processes especially among counterterrorism organizations, institutional theory was used.

## Methodology

### Research Design

Using cross-sectional survey design, semi-structured questionnaires were administered to counterterrorism organizations in three African countries (Kenya, South Africa, and Nigeria) both physically and electronically. Kenya and Nigeria formed part of the study due to the increasing terrorist attacks in the two regions. South Africa formed part of the study because it is one of the major economies with a significant advancement in ICT in the African continent. The sampling technique followed was purposive.

### Validity and Reliability

In order to ensure face and content validity, a group of fellow researchers went through the developed research instrument to check for errors in terms of structure, grammar, sentence construction, and relevancy of the items to the constructs being measured. In addition, to ensure construct validity in other words, if the instrument measured what it was intended to measure a pilot study was done. Further, following Rovai et al.'s (2013) advice, the degree of homogeneity (internal consistency) among the items used in the questionnaire was also assessed (see Table 1).

## Results

Cronbach's alpha values and multiple linear regression technique was used in this study to determine the homogeneity of the items used in the questionnaire and the influence of OF, TI, OC, DGR, and IR on CDM, respectively. The analysis was done using the statistical software R version 3.6.2.

### Reliability Analysis Results

As depicted in Table 1, the six constructs used in this study abided by the rules as the Cronbach's alpha values had a reliability value >0.7, which is acceptable (see George and Mallery 2003) guidelines.

### Multiple Regression Results

As shown from Table 2, OF significantly influences CDM ($p = 0.0012$) which is in agreement with previous studies that have shown a significant relationship between inter- and intra-CDM with the OF (e.g., structure, leadership, governance) (Andrews et al. 2015; Islam et al. 2018; Nutt 2006). In addition, organizational cooperation (OC) also significantly influences CDM ($p = 0.0000$). This is in line with previous discussions which have shown an association between CDM challenges and organizational cooperation (Liu and Zheng 2018; Tee et al. 2019). Table 2 gives the coefficients and the p-values of the fitted model.

**Obstacles to Collaborative Decision-Making Among Counterterrorism Organizations, Table 1** Reliability analysis results

| Constructs | Cronbach's alpha | No of items |
|---|---|---|
| Information and knowledge sharing (IKS) | 0.9 | 4 |
| Organizational form (OF) | 0.7 | 9 |
| Group/departmental relationships (GDR) | 0.9 | 4 |
| Organizational cooperation (OC) | 0.7 | 4 |
| Technical infrastructure and interoperability (TI) | 0.9 | 7 |
| Optimal CDM (OCDM) | 0.7 | 5 |

**Obstacles to Collaborative Decision-Making Among Counterterrorism Organizations, Table 2** Coefficients and p-values of the fitted multiple regression model

| | Estimate | Std. error | P-value |
|---|---|---|---|
| Intercept | 6.33947 | 2.48563 | 0.0116 |
| Organizational form (OF) | 0.15594 | 0.04718 | 0.0012 |
| Organizational cooperation (OC) | 0.61326 | 0.07693 | 0.0000 |

## Conclusion

CDM is one of the buzzwords of the twentieth century and is adopted mostly in complex and *wicked* problems solution, mitigation, and prevention lately. This can be attributed to the complex nature of problems the society and organizations are faced with nowadays which call for multi-dimensional skill sets. However, in situations where many stakeholders/decision-makers are involved, successful implementation of CDM processes is challenging especially in inter- and intraorganizational contexts. The findings from this study illustrate that CDM, among counterterrorism organizations, is influenced by the organization form ($p = 0.0012$) of the involved stakeholders and the extent of cooperation between and among them ($p = 0.000$). Therefore, for successful implementation and mitigation of terrorism-related incidences, counterterrorism organizations need to take the findings from this study into consideration.

## References

Abbas R, Norris T, Parry D (2018) Pinpointing what is wrong with cross-agency collaboration in disaster healthcare. J Int Soc Telemed EHealth 6(1):1–3

Adla A, Nachet B, Ould-Mahraz A (2012) Multi-agents model for web-based collaborative decision support systems. ICWIT, pp 294–299

Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

Akbulut AY, Kelle P, Pawlowski SD, Schneider H, Looney CA (2009) To share or not to share? Examining the factors influencing local agency electronic information sharing. Int J Bus Inf Syst 4(2):143–172

Amjad Z, Sabri PSU, Ilyas M, Hameed A (2015) Informal relationships at workplace and employee performance: a study of employees private higher education sector. Pak J Commer Soc Sci 9(1):303–321

Andrews R, Esteve M, Ysa T (2015) Public–private joint ventures: mixing oil and water? Public Money Manage 35(4):265–272

Bond-Barnard TJ, Fletcher L, Steyn H (2018) Linking trust and collaboration in project teams to project management success. Int J Manag Proj Bus 11:432

Dentoni D, Bitzer V, Schouten G (2018) Harnessing wicked problems in multi-stakeholder partnerships. J Bus Ethics 150(2):333–356

DiMaggio P, Powell WW (1983) The iron cage revisited: collective rationality and institutional isomorphism in organizational fields. Am Sociol Rev 48(2):147–160

Drasch BJ, Schweizer A, Urbach N (2018) Integrating the 'troublemakers': a taxonomy for cooperation between banks and fintechs. J Econ Bus 100:26–42

Fedorowicz J, Gogan JL, Williams CB (2007) A collaborative network for first responders: lessons from the CapWIN case. Gov Inf Q 24(4):785–807

Fürstenau D, Spies C, Gersch M, Vogel A, Mörgeli R, Poncette A-S, Müller-Werdan U, Balzer F (2019) Sharing frailty-related information in perioperative

care: an analysis from a temporal perspective. BMC Health Serv Res 19(1):105

George D, Mallery M (2003) Using SPSS for Windows step by step: a simple guide and reference. Allyn and Bacon, Boston

Gil-Garcia JR, Sayogo DS (2016) Government inter-organizational information sharing initiatives: understanding the main determinants of success. Gov Inf Q 33(3):572–582

Glomseth R, Gottschalk P, Solli-Saether H (2007) Occupational culture as determinant of knowledge sharing and performance in police investigations. Int J Sociol Law 35(2):96–107

Hassan M, Toylan NV, Semerciöz F, Aksel I (2012) Interpersonal trust and its role in organizations. Int Bus Res 5(8):33

Heslin PA (2009) Better than brainstorming? Potential contextual boundary conditions to brainwriting for idea generation in organizations. J Occup Organ Psychol 82(1):129–145

Holen-Rabbersvik E, Thygesen E, Eikebrokk TR, Fensli RW, Slettebø Å (2018) Barriers to exchanging healthcare information in inter-municipal healthcare services: a qualitative case study. BMC Med Inform Decis Mak 18(1):92

Howes M, Tangney P, Reis K, Grant-smith D, Heazle M, Bosomworth K, Burton P, Howes M, Tangney P, Reis K, Grant-smith D, Bosomworth K, Burton P (2015) Towards networked governance: improving interagency communication and collaboration for disaster risk management and climate change adaptation in Australia. J Environ Plan Manag 58(5): 757–776. https://doi.org/10.1080/09640568.2014.891974

Isett KR, Mergel IA, LeRoux K, Mischen PA, Rethemeyer RK (2011) Networks in public administration scholarship: understanding where we are and where we need to go. J Public Adm Res Theory 21(Suppl 1):i157–i173

Islam MZ, Jasimuddin SM, Hasan I (2015) Organizational culture, structure, technology infrastructure and knowledge sharing: empirical evidence from MNCs based in Malaysia. Vine 45(1):67–88

Islam N, Gyoshev S, Amona D (2018) External complexities in discontinuous innovation-based R&D projects: analysis of inter-firm collaborative partnerships that lead to abundance. Technol Forecast Soc Chang 155:119303

Jung JH, Schneider C, Valacich J (2010) Enhancing the motivational affordance of information systems: the effects of real-time performance feedback and goal setting in group collaboration environments. Manag Sci 56(4):724–742

Kapucu N, Garayev V (2011) Collaborative decision-making in emergency and disaster management. Int J Public Adm 34(6):366–375

Kapucu N, Hu Q (2016) Understanding multiplexity of collaborative emergency management networks. Am Rev Public Adm 46(4):399–417

Klievink B, Bharosa N, Tan Y-H (2016) The collaborative realization of public values and business goals: governance and infrastructure of public–private information platforms. Gov Inf Q 33(1):67–79

Liu X, Zheng L (2018) Cross-departmental collaboration in one-stop service center for smart governance in China: factors, strategies and effectiveness. Gov Inf Q 35(4):S54–S60

Martins DM, de Faria AC, Prearo LC, Arruda AGS (2017) The level of influence of trust, commitment, cooperation, and power in the interorganizational relationships of Brazilian credit cooperatives. Rev Adm 52(1):47–58

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83:340–363

Neubert G, Ouzrout Y, Bouras A (2018) Collaboration and integration through information technologies in supply chains. ArXiv Preprint ArXiv:1811.01688

Nutt PC (2006) Comparing public and private sector decision-making practices. J Public Adm Res Theory 16(2):289–318

Office H (2014) Multi agency working and information sharing project. Home Office, London

Oppl S (2017) Supporting the collaborative construction of a shared modeling technique. In: Group decision and negotiation, vol 26, issue 2. Springer Netherlands. https://doi.org/10.1007/s10726-016-9485-7

Owen D (2015) Collaborative decision making. Decis Anal 12(1):29–45

Pardo TA, Gil-Garcia JR, Burke GB (2008) Building response capacity through cross-boundary information sharing: The critical role of trust (working paper no: 06-2008). Retrieved from Centre for Technology in Government website: https://www.ctg.albany.edu/

Praditya D, Janssen M (2015) Benefits and challenges in information sharing between the public and the private sectors. In: Proceedings of the 15th European conference on E-Government 2015

Prezelj I, Airey J (2016) Interagency cooperation in counter-terrorism. In: Combating transnational terrorism. Procon, Sofia, pp 235–252

Prichard C, Moore JE (2016) Variables influencing teacher autonomy, administrative coordination, and collaboration. J Educ Adm 54(1):58–74

Rittel HM, Webber M (1973) Planning problems are wicked problems. Policy Sci 4:155–169

Rovai AP, Baker JD, Ponton MK (2013) Social science research design and statistics. A practitioner's guide to research methods and SPSS analysis. Watertree Press, Chesapeake

Rus M, Rusu DO (2015) The organizational culture in public and private institutions. Procedia Soc Behav Sci 187:565–569

Scott WR (2001) Instituitions and organizations. SAGE, Thousand Oaks

Smircich L (1983) Concepts of culture and organizational analysis. Adm Sci Q 28:339–358

Stiggelbout AM, Pieterse AH, De Haes J (2015) Shared decision making: concepts, evidence, and practice. Patient Educ Couns 98(10):1172–1179
Tee R, Davies A, Whyte J (2019) Modular designs and integrating practices: managing collaboration through coordination and cooperation. Res Policy 48(1):51–61
Turban E, Liang T-P, Wu SPJ (2011) A framework for adopting collaboration 2.0 tools for virtual group decision making. Group Decis Negot 20(2):137–154
Wu W-N, Chang S-M (2018) Collaboration mechanisms of Taiwan nonprofit organizations in disaster relief efforts: drawing lessons from the Wenchuan earthquake and typhoon Morakot. Sustainability 10(11):4328

# Occupational Safety and Health in Organizational Strategy

Marcia Nathai-Balkissoon
Department of Management Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Health and safety at work; Occupational health; Occupational health and safety; Workplace health and safety

## Definition

Matters related to protecting the safety, health, and welfare of employees, the public, and other groups who might be affected by work operations, often by reducing occupational risk to levels that are as low as practicably possible.

## Introduction

Organizational strategy is used by companies to plan how to achieve competitive advantage and then to implement that plan so that the company's ultimate goals can be met. The strategic goals of a company are likely to revolve around two interconnected themes: customer value and profitability. The better the customer's perception of value, the more likely profitability will result. Satisfied external customers support financial success. Satisfied employees (the company's internal customers) are also critical influencers of company success.

Occupational safety and health (OSH) supports business strategy in significant ways. Every day an organization does business, it faces risk. An employee or visitor could be injured, equipment could be damaged during the course of operations, or the company's customer could be hurt during the use of the company's goods. When such accidents or incidents occur, there are workmen's compensation, medical, and insurance expenses and other direct costs. The traditional view has been that safety is at odds with business strategy, since too many valuable resources are expended to set up a safety program, respond to accidents that have both financial and human price tags, and track safety performance statistics. However, the more modern perspective is that an OSH program is an investment that contributes to organizational success. Such an OSH program establishes organization-wide involvement in and ownership of the OSHMS and proper systems and structures that focus on continually improving OSH for the benefit of all stakeholders. The result of a progressive OSH program (USDOL 2016) is fewer and less severe accidents lowering insurance claims, medical costs, and workmen's compensation expenditure. In terms of indirect costs, the company experiences less lost time, lower staff turnover, higher employee morale and loyalty, lower overheads, and ultimately improved productivity. Thus, a good OSH program is not only morally advisable; it makes good economic sense (Fernández-Muñiz et al. 2009) because it promotes business success.

This article outlines many of the traditional parts of an OSH program, but it also looks at some newer points of view and practices being incorporated into OSH management systems so that OSH performance supports organizational success.

## OSH Oversight

### Emergence of Occupational Safety and Health as a Field of Practice

Around the beginning of the nineteenth century, countries including the UK and USA had been developing and adopting technology to churn out greater output volumes more efficiently. Such use of machines (in settings like mines, granaries, and factories) marked the Industrial Revolution's shift to mechanization. The use of different technology, untrained or undertrained workers, and even child workers resulted in great stresses on the systems and occupational safety and health fallout resulted. It was a common phenomenon for these low-paid workers to suffer from work-induced illness and disease, as well as injury and loss of life and limb. As word of the horrible work conditions and damage being suffered by the workers made its way into the newspapers, a public outcry eventually precipitated the emergence of occupational safety and health (OSH) as a field of practice.

### OSH Legislation and Supporting Documents

The high human cost of the Industrial Revolution influenced the UK to proclaim its Factory Act, promoting safe systems of work and establishing oversight measures including inspections and legal sanctions. By the latter half of the nineteenth century, improved OSH legislation was being put into effect. The USA launched its Occupational Safety and Health Act (OSHA) in 1970 and the UK followed in 1974 with the Health and Safety at Work Act.

Today, a large number of countries have enacted their own OSH legislation. To support the main OSH legislation, many also have further documents and systems such as standards, codes of practice, guidelines, and even e-government systems. OSH leadership for Europe is provided from EU-OSHA, with well-established OSH systems being in place in the long-industrialized nations like Germany and the UK. In Australasia, Australia, New Zealand, and China have focused on systems development and OSH research as well. In the Americas, the USA and Canada have strong systems. Both the UK and USA, for example, make resources available to companies and the public via their online OSH websites. These e-government systems use a range of social media modalities to connect with and involve the public, share accident statistics, guidelines, templates, e-links for reporting and querying, and a myriad of other content (Nathai-Balkissoon and Pun 2016).

However, the need for a focus on decent standards of work continues to be advocated by both the United Nations (UN) and the International Labour Organization (ILO). The UN has called for a focus on decent work in its Sustainable Development Goal Number 8 (UN 2016), while the ILO has structured accessible guidelines in its ILO-OSH 2001 guidelines (ILO 2009). This encourages many less-developed nations to advance their OSH systems, though some have made admirable steps forward. For example, a leading industrial nation in the Caribbean, Trinidad and Tobago, saw its OSH Act effected in 2004 and the highest-risk sectors such as construction being focused upon. Countries such as India have developed significantly, but OSH systems have not kept pace.

The strength or weakness of OSH implementation in companies and countries can be traced in part to the provision of support and enforcement by governments. The strongest OSH systems administer a combination of guidance materials, training and education, e-government systems, support staff, enforcement programs, and voluntary protection programs. While some of these elements are provided free of charge, many are extra services available at a cost to companies that opt-in or that desire extra services such as consultation, training, certification, or even copies of documents.

### The PDCA Cycle

Whether or not individual countries have strong OSH legislation and support systems, every country has companies at all levels of the safety continuum. A major determinant of company safety performance is its safety management system. A focus on continual improvement is widely accepted as key to excellent safety performance, and one advocated continual improvement model is the plan-do-check-act cycle (see Fig. 1).

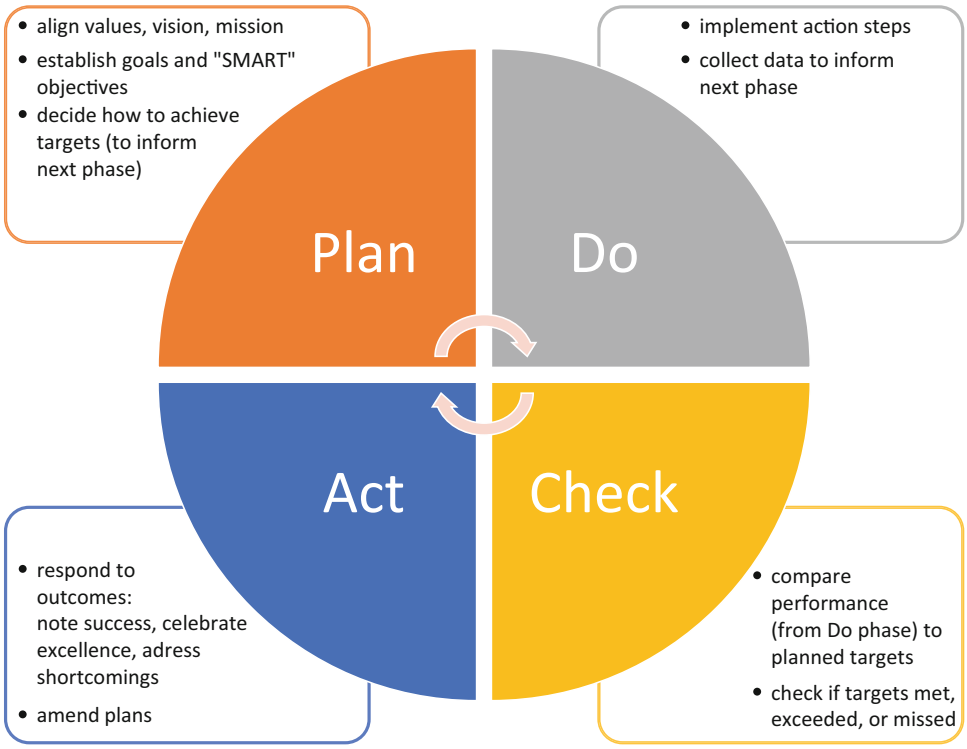


**Occupational Safety and Health in Organizational Strategy, Fig. 1** The PDCA cycle applied within a safety management system

The *plan* stage includes definition of core values, and a clear safety policy complete with SMART safety objectives, as well as structuring of the organization to support effectiveness. A good organization structure includes hiring of competent OSH leaders and structuring relationships to prioritize safety (e.g., establishing a safety committee, promoting a safety culture, establishing teams). OSH arrangements to promote OSH must also be put in place, and these would include safe systems of work, such as OSH procedures and practices.

The *do* stage involves thorough implementation of action plans, such as the conduct of risk assessments, mitigation of risks, training of staff, writing of procedures, and so on. The *check* phase revolves around measurement of OSH outcomes and comparison of those outcomes with preset OSH objectives. The company then takes stock of where performance levels have met objectives, exceeded targets, or fell short. Finally, in the *act* stage, the company responds to the checked outcomes. Examples of actions would be celebrating success, adjusting objectives upward or downward, delivering training, and taking administering disciplinary measures. The **plan** is then revisited and revised as needed, and the cycle begins again.

## OSH Hazards and Risks

### Hazard Versus Risk

A hazard is a factor that has the potential to cause harm. A risk is a combined evaluation of the likelihood that such harm will occur and the expected severity of damage if harm results from the hazard. A risk evaluation may be qualitative (e.g., high, medium, or low risk), or it may be quantitative (using number ranges to relate risk likelihood and severity).

### Risk Assessment

OSH legislation typically mandates the identification of hazards present in the workplace, the evaluation of risks posed by those hazards, and the implementation of measures to suitably and sufficiently mitigate those risks. This is the role of "risk assessment." According to the HSE (2014), a risk assessment can be conducted in just five steps:

1. Identify potential hazards in the workplace.
2. Determine the persons or groups who might be harmed by each hazard and how they might be harmed.
3. Evaluate the risk level and how to reasonably mitigate (eliminate or reduce) the risk so that any residual (remaining) risk is low.
4. Record the risk assessment findings.
5. Perform regular reviews and update the risk assessment in response to changes within the workplace.

### Hazard Identification

Work environments typically contain a myriad of hazards, potentially spanning all categories. Therefore, comprehensive reviews should be undertaken by a diverse team to thoroughly identify hazards.

**Physical Hazards** The widest ranging group of hazards is the "physical hazards" category. These include factors such as mechanical, automation, and technology hazards; slip, trip, and fall hazards; lifting hazards; temperature (heat and cold) and pressure hazards; electrical hazards; fire hazards; noise and vibration hazards; and light hazards. From this list, it can be recognized that physical hazards are factors that can cause harm to the body, sometimes even without touching the body.

The design of workspaces and the nature of the work itself might pose "ergonomic hazards" yet another type of physical hazard. Ergonomic hazards include the use of unsuitable work methods, poor posture at a workstation, improperly designed tools, and exposure to vibration from using tools. Exposure to ergonomic hazards might result in damage to a worker's musculoskeletal system, for example, muscles, ligaments, nerves, bones, and tendons. A worker sitting at a desk, for example, might have to stretch or work at an unnatural angle. A typist whose wrists are unnaturally curved while typing documents day after day could develop carpal tunnel syndrome, a type of repetitive strain injury. A mechanic bending over to work on a car engine for a long duration of time would find that his back muscles become tight and muscle strain and spasms might result. He would be susceptible to develop a range of musculoskeletal disorders because of the ergonomic hazards inherent in his work.

**Chemical Hazards** The "chemical hazards" category includes hazardous materials that could pose danger because of their reactive, toxic, carcinogenic, radioactive, flammable, explosive, irritant, asphyxiant, or other properties. Chemicals that could cause physical harm to the body are considered to be chemical hazards. For example, a lab worker could receive an acid burn if acid spills onto the skin during a procedure. The acid would be considered a chemical hazard. Someone using dishwashing liquid may become sensitized to cleaning agents or fragrances in the fluid, and this could result in acute or chronic eczema or other skin diseases. Also, some chemicals might localize in certain tissues and build up in concentration over time, with severe negative consequences. For example, lead in lead-acid car batteries dumped in a landfill can leach into soil and groundwater, thereby poisoning plants and livestock, which might then be ingested by humans. Children are most susceptible to lead poisoning (WHO 2016), which affects all organs and especially the brain, causing neurological damage, decreased IQ, and learning difficulties.

**Biological Hazards** "Biological hazards," also called biohazards, focus on microbiological agents that can cause disease or illness. Microbes could include bacteria, viruses, molds, fungi, algae, and parasites, some of which may be blood-borne pathogens carried in the blood and other body fluids. However, biological hazards can also include plants, animals, humans, and even toxins from biological sources. Exposure to biological hazards often happens through contact with infected persons or absorption of droplets (from coughing or sneezing) containing

microbes. Other means include transmission of an infectious agent when consuming contaminated food or using contaminated utensils, inhalation of infectious agents like spores, or infection when an insect bites or stings a person or microbes are introduced via an injection.

Biological hazards may cause a wide range of signs and symptoms in affected persons, including skin irritation, infection, acute illness, and chronic disease. One phenomenon, "sick building syndrome," comes about when there is contamination by mold, mildew, or other microorganisms (like viruses) and an issue such as poor ventilation compromises the air quality in the work space. Such infestations can lead to short-term and/or long-term health problems for building occupants, such as the development of allergies and respiratory illnesses.

**Psychosocial Hazards** "Psychosocial hazards" are a fairly new category of hazard that is being taken into account in workplaces. This category includes the threat of workplace violence (whether physical, verbal, or psychological) and the presence of high levels of negative stress on the job. Bullying, threats, battery, and other violent actions are examples of concerning behaviors in this group. Psychosocial hazards can negatively affect people, facilities, or even the functioning of the work operations, whether by causing overt damage to their short-term or long-term health and well-being or by reducing their effectiveness in less visible ways.

## Routes of Entry

Particularly with regard to chemical and biological hazards, routes of entry of a hazard into the body may need to be considered. As Fig. 2 illustrates, the most likely entry modes include inhalation through the nose or mouth; ingestion through the mouth; injection, including stings through the barrier of the skin; and absorption through membranes such as respiratory membranes, alimentary membranes, the conjunctiva of the eyes, and the skin. Foreign bodies or

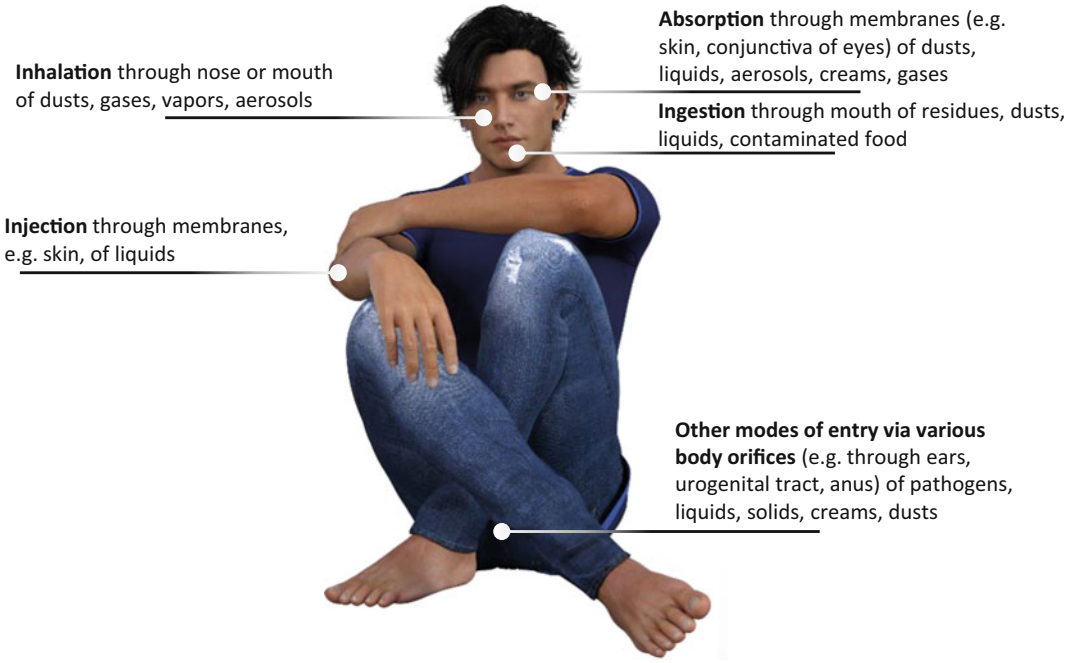


**Occupational Safety and Health in Organizational Strategy, Fig. 2** The most common routes of entry of hazards into the body. (Image source: CC0 public domain image obtained at https://pixabay.com/en/man-tube-isolated-fig-pose-1076149/)

pathogens may enter when the skin is pierced by scratches, bites, etc., and entry may also take place through body orifices including the anus and urogenital tracts.

## At-Risk Groups

Many different persons may be harmed as a result of hazards caused by a company's work operations. These persons include, but would not be limited to, company employees. Therefore, the company must consider how harm may come about and those who may be affected, inclusive of non-employees such as contractors, visitors, customers, and the public. Within the employee category, special attention must be paid to those most susceptible to harm, for example, disabled workers, women (including new and expectant mothers for whom there may be risks to mother and/or a nursing child), lone workers (who may be at greater risk especially because they are working alone), young workers (who may be at risk due to their inexperience or immaturity), and aging workers (who could experience declining physical, cognitive, and sensory capabilities). When at-risk persons are identified, the circumstances in which they may be harmed should be carefully noted so actions can be implemented to adequately mitigate risks.

## Risk Evaluation

Risk levels must be evaluated by considering both the likelihood of harm and the expected severity of damage if such harm does occur. Such evaluations may be qualitative (e.g., deciding if likelihood of harm is low, medium, or high and if severity would be low, medium, or high), or they may be quantitative. Risk assessment matrices, used for quantitative evaluation of risk, are typically customized to suit the needs and priorities of each organization. A simple quantitative approach could be to assign numbers to each possible likelihood (L) and severity (S) level, then determine the ultimate risk level by multiplying L by S (see Fig. 3 for one approach to interpreting ultimate quantitative risk level).

## Risk Control: Including Safe Systems of Work

Once risk has been assessed, control measures need to be selected and implemented in order to eliminate or reduce risk within the organization. An effective safety system requires safe systems of work (SSWs) to be established for all

| (1-3) Low risk – manage using simple procedures<br>(4-7) Medium risk – continual improvement actions needed<br>(8-11) High risk – top management focus, bring risk as low as reasonably practicable<br>(12-16) Extreme risk – urgent action, top management intervention critical | | Level of Severity (S) of injury or damage | | | |
|---|---|---|---|---|---|
| | | Negligible = 1<br>Negligible injury and /or property damage | Minor = 2<br>Minor injuries requiring medical treatment / slight property damage | Major = 3<br>Major injuries, hospitalisation, permanent impairment / critical property damage | Catastrophic = 4<br>Fatalities and /or extreme business loss |
| Likelihood (L) of Harm | Improbable = 1 | 1 | 2 | 3 | 4 |
| | Occasional = 2 | 2 | 4 | 6 | 8 |
| | Likely = 3 | 3 | 6 | 9 | 12 |
| | Frequent = 4 | 4 | 8 | 12 | 16 |

Note: To calculate Risk Level (in colored spaces), multiply L by S

**Occupational Safety and Health in Organizational Strategy, Fig. 3** One example of a quantitative risk assessment matrix

operations carried out in the organization. This means that the organization would have carefully evaluated every job and task that it undertakes; developed an understanding of how people, processes, materials, equipment, and other variables interact in the course of the work; and clarified legal and performance requirements applicable to the work. A number of elements come together in good SSWs, and several of these are presented in this section.

**Accident Reporting and Investigation** Whenever accidents occur, a proper reporting and investigation practice is critical to help the company track accident occurrences, identify root causes, and take corrective action so that recurrence of the issue might hopefully be eliminated. Some companies also undertake reporting and investigation for near misses, negative safety occurrences that fall short of being accidents but whose causes could result in a future accident.

**Emergency Preparation** Preplanning should be undertaken to decide how to handle a crisis or disaster. This is a very involved element and is often wrongly judged as unimportant because emergency planning is not an urgent task. However, good emergency planning is critical to save lives, reduce resource expenditure, and get a company back in working shape as quickly as possible after a disaster occurs. Emergency preparation is most often undertaken for occurrences such as earthquakes, floods, bomb threats, fires, and hurricanes/storms. This aspect of safety management should involve all levels of the company hierarchy in creating plans, documenting procedures, and conducting drills. Further, resources should be procured and made available at accessible and secure locations, since many disasters occur without notice.

**Information and Communication** Training, information, instruction, and supervision are elements of a safety system that ensure that people know what is expected and that the system is designed so that regular interventions are made to realign any behaviors that stray from expected standards. Information and instruction could come from standard operating procedures, work instructions, material safety data sheets, safety signs, safety meetings, memoranda, orientation and other training programs, mentoring, and oversight from supervisors. Signs where pictures are used to communicate complex ideas are especially valuable in communicating with migrant workers who do not speak a country's native language. For example, it would be easy for all workers to understand the instruction from a no smoking symbol posted in an area where there is a fire risk.

**Medical Management** Medical surveillance programs can add value within safety systems. Screening for health risk factors and pre-existing conditions can be conducted prior to hiring new employees. Existing employee cases can be continuously reviewed to identify progression of previously noted challenges or to recognize emergent issues. With this knowledge, new employees can be assigned to do work that will not exacerbate existing risk factors, or existing employees can be relocated to lower-risk activities. This approach to managing medical risk would reduce occurrence of occupational exposure levels and occupational illnesses.

**Work Permits** It is critical to be aware of situations in which safety risks are heightened. Confined spaces are especially important in this regard. A confined space is an enclosed space where entry and egress (exit) are difficult and in which dangerous conditions and/or hazardous substances are present, posing risk of injury or death to workers and rescuers due to fire, explosion, asphyxiation, or loss of consciousness. A confined space could include biological or chemical hazards present in the space, which may or may not be known to the worker. For example, when entering an abandoned mine shaft, snakes could have made a den there. Also, when entering a hole in the ground, there could be pockets of dangerous gases, oxygen levels that are too high or too low, or even concentrations of bacteria that could endanger worker health or life.

Some companies believe that undertaking certain types of work poses such high risk that special permits to work must be used to control the work. These works often include work at heights, hot

work (including welding), work in confined spaces, high voltage electrical work, complex maintenance work, and contracted work. Permits control the work by specifying when and where the work is to be done; what work is to be done and on which equipment; hazards inherent in the work; control measures to be taken before, during, and after the work; procedures to be followed; who is responsible for the work; who is supervising the work; and who is to sign off on the work as evidence of satisfactory completion.

**Lockout-tagout** Before maintenance or service work is done in any area, it is critical to ensure that work systems are completely de-energized and that reenergizing cannot take place without the knowledge and consent of those performing the work. Lockout-tagout uses multiple locks (affixed by those performing the work) to lock the energizing mechanism in its "off" position and affixes a tag bearing information about the job that is about to be undertaken. The tag and locks would not be removed until the work is complete and each key holder removes his/her lock. In this way, it would not be possible to mistakenly reenergize a system while work is still in progress, and workers would be protected from untoward risk.

**PPE and the Hierarchy of Controls** PPE is often the first course of action to which people turn when risks are identified. However, according to the "hierarchy of control" decision-making framework, PPE should be the last port of call when selecting which type of mitigation action to apply for risk control. As shown in Fig. 4, in order of preference, five main action categories exist: (1) elimination, (2) substitution, (3) engineering, (4) administrative controls, and (5) personal protective equipment (PPE).

PPE includes popular gear such as gloves, safety glasses, safety shoes, earplugs, and hard hats. However, there is no standard type or design of PPE for use across all jobs, so care must be taken to select the most suitable type and design of PPE for each specific application. Careful attention is necessary to ensure that PPE fits each individual properly; for example, if a respirator is improperly sized and does not seal against a worker's face, leaking of poisonous fumes could lead to injury or even death of that worker. Workers must also be trained to understand how

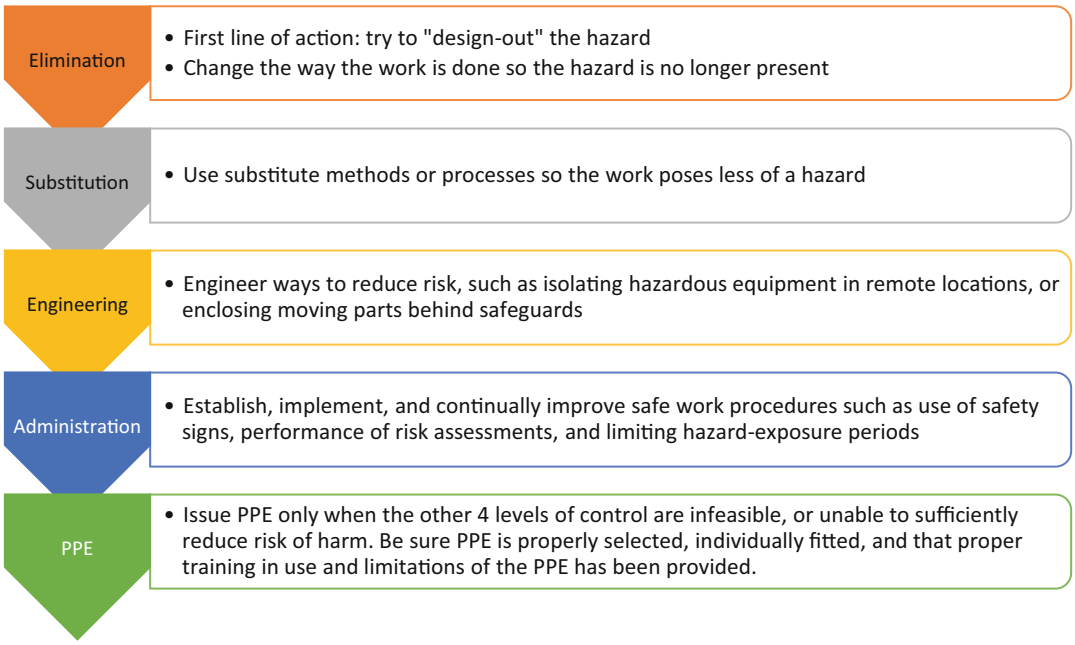


**Occupational Safety and Health in Organizational Strategy, Fig. 4** The hierarchy of controls

to use, store, maintain, and monitor performance of their PPE. Finally, it must be noted that PPE has been found to be the least effective risk control measure, because workers expend considerable effort (and often bear discomfort) when using them. Also PPE only protects one worker at a time, where groups of workers benefit from every other measure in the hierarchy of controls.

## Safety Performance and Continual Improvement

Increasingly, OSH systems are being embedded within a single overarching business management system, instead of standing alone. This allows the company to maintain a single instance of common management practices such as performance measurement, nonconformance management, auditing, risk management, and continual improvement, instead of duplicating such processes in a safety management system, quality management system, environmental management system, and so on. This is treated with in greater detail in the chapter on integrated management systems.

Within OSH, performance management and continual improvement contribute to strategic success and the bottom line of the company. Setting objectives that align with company values and vision are necessary to stretch the company to raise its safety performance levels. In safety performance measurement, downstream, trailing, or lagging indicators (such as accident statistics) are popularly used, but it has increasingly been recognized that this approach to performance measurement is subject to misinterpretation and manipulation and too reactive to be used alone. Safety management should be strategic in nature, and therefore proactive, upstream, or leading approaches should be included, as these measure actions, behaviors, and processes that enable or promote safety (Podgórski 2015). Reactive or lagging indicators have little power to change safety performance since measurement is only done after problems, including accidents, have already taken place. In contrast, proactive or leading indicators drive positive change since they track interventions (such as safety training or mitigation actions implemented) that were designed to change safety behaviors and performance (Blair and O'Toole 2010).

Safety walkthroughs, inspections, and audits are observational activities that critically assess the extent to which selected elements of a safety system are in place, identify where shortcomings may exist, and direct responsive actions to improve the system accordingly. Improvement is also enabled by the practice of accident and incident reporting and investigation, since accident causation factors are ultimately identified, trended, and targeted for elimination.

Finally, companies have been establishing knowledge management and organizational learning mechanisms more formally in recent years (Pun and Nathai-Balkissoon 2011). This approach is also being applied within safety systems, so that the company is able to reflect on its experiences, learn from its successes and mistakes, and adapt its methods and leap ahead.

## Conclusion

Managing a company is fraught with risk. One major aspect of that risk is the occupational safety and health risk posed to employees and other stakeholders in the conduct of the company's work. This article has looked at major hazard types present in the course of everyday work activities, as well as approaches to evaluating and mitigating OSH risks that may be present in the workplace. Considerations for risk control were presented, including elements popularly included within safe systems of work. Finally, the importance of proactive performance measurement and several enablers of continual improvement were shared. It is clear that crafting and implementing a company's OSH management system is a complex and worthwhile endeavor. Further, a well-managed OSH management system would make valuable contributions to the operations of any organization and have a positive effect on its strategic success.

## Cross-References

- ▶ Business Continuity
- ▶ Compliance Versus Ethical Capacity
- ▶ Culture and Organizations
- ▶ Integrated Management Systems
- ▶ Moral Responsibility
- ▶ Organizational Environment
- ▶ Organizational Ergonomics
- ▶ Organizations and Environment
- ▶ Performance Management and Culture
- ▶ Performance Measurement
- ▶ Risk and Organizations

## References

Blair E, O'Toole M (2010) Leading measures: enhancing safety climate and driving safety performance. Prof Saf 55(8):29–34

Fernández-Muñiz B, Montes-Peón JM, Vázquez-Ordás CJ (2009) Relation between occupational safety management and firm performance. Saf Sci 47(7):980–991

ILO (International Labor Organization) (2009) Guidelines on occupational safety and health management systems: ILO-OSH 2001, 2nd edn. ILO, Geneva

Nathai-Balkissoon M, Pun KF (2016) OSH at Trinidad and Tobago's fingertips: learning from first-world OSH website approaches. Int J Public Adm Digit Age 3(3): 57–72

Podgórski D (2015) Measuring operational performance of OSH management system – a demonstration of AHP-based selection of leading key performance indicators. Saf Sci 73:146–166

Pun KF, Nathai-Balkissoon M (2011) Integrating knowledge management into organisational learning: a review of concepts and models. Learn Organ 18(3): 203–223

UK. Health and Safety Executive (2014) Risk assessment: a brief guide to controlling risks in the workplace. Accessed 13 June 2016. www.hse.gov.uk/pubns/indg163.htm

UN (United Nations) (2016) Goal 8: promote inclusive and sustainable economic growth, employment and decent work for all. Retrieved 8 June 2016 from http://www.un.org/sustainabledevelopment/economic-growth

USDOL (United States Department of Labor) (2016) Safety pays. Retrieved 15 Oct 2016 from https://www.osha.gov/Region7/fallprotection/safetypays.html

WHO (World Health Organisation) (2016) Children's environmental health. Retrieved 15 Oct 2016 from http://www.who.int/ceh/risks/cehchemicals2/en

# Offices of Inspector General in the United States

Daniel L. Feldman[1], David R. Eichenthal[2] and Robin J. Kempf[3]
[1]John Jay College of Criminal Justice, New York, NY, USA
[2]Center for Research in Crime and Justice, NYU School of Law, New York, NY, USA
[3]Department of Public Management, John Jay College of Criminal Justice, New York, NY, USA

## Synonyms

Government monitoring; Government oversight; Government "watchdog"

## Introduction

Jurisdictions in the United States establish Offices of Inspector General (OIGs) to address issues of ineffectiveness, inefficiency, fraud, waste, abuse, and corruption in government. OIGs are not alone in performing a "watchdog" role in government. They perform their oversight alongside the legislative branch, the free press, civil society organizations, and citizens themselves. Nevertheless, all levels of government in the United States have increasingly turned to OIGs to provide oversight through the monitoring of the activities of their employees, contractors, and others by performing audits, investigations, inspections, and/or evaluations.

This entry reviews the history of OIGs in the United States and discusses the important issue of OIG independence as it affects their ability to perform their monitoring role. It then reviews what OIGs do (their role) and how they do it (their powers). While this entry mostly focuses on federal OIGs, it also offers some discussion of state and local OIGs as well.

## The History of Offices of Inspector General

In the United States, the title of inspector general dates to 1778, when Baron Friedrich von Steuben was assigned to assess and assure the competence of the Continental Army. Although inspectors general have continued to exist in the military, the modern history of the federal civilian OIG starts in 1959. At that time, Congress and certain federal agencies began to recycle the term with broader implications, imbuing the role with a measure of independence, auditing and investigatory powers, and the responsibility to promote efficiency and effectiveness (Feldman and Eichenthal 2013).

An independent, stand-alone audit agency had long provided oversight to executive agencies in the United States federal government. In 1921, Congress had created the General Accounting Office (GAO) to audit the "books" of federal spending transactions, with the goal of assuring that money allocated for specific public purposes was in fact spent for those purposes. With the enormous growth of federal government in subsequent decades, the GAO changed its role from financial oversight to performance audits and evaluations of federal government programs – often of those about which members of Congress have suspicions or questions. To reflect its new role, Congress renamed it "The Government Accountability Office" in 2004. Financial auditing duties no longer performed by the GAO were largely transferred to internal auditors located inside the executive branch agencies. In the meantime, the agencies also generally maintained separate internal investigative units focused on preventing fraud in the agencies' public programs. The first prototypical OIGs took on oversight duties in an effort to elevate accountability and program integrity as a priority within agencies that had been plagued with scandal and allegations of mismanagement (id.)

Experimentation with the idea of an OIG solidified in the 1970s. The atmosphere in Washington D.C. in the aftermath of the Watergate scandal, which led to the resignation of President Richard Nixon and increased demands for government oversight, sets the stage for Congress to create a system of OIGs. Thus, Congress passed the Inspector General Act of 1978 (the 1978 Act). The 1978 Act established new federal OIGs in each of 12 agencies. In doing so, Congress brought together two different approaches to oversight – audit and investigation – by merging existing auditing and investigations units into a semi-independent unit tasked to provide increased accountability from the agencies they oversaw (id.)

Today, the US federal government has 73 OIGs. As of 2018, federal offices of inspectors general collectively employ more than 13,000 employees and have a budget of more than $2 billion annually (Ginsberg 2017). They provide oversight of most large agencies along with many smaller regulatory boards. OIG oversight is not restricted to executive agencies, as there are several OIGs that have jurisdiction over legislative agencies. Further, special inspectors general have been created for multiagency programs, such as for the reconstruction of Afghanistan (Ginsberg and Greene 2016).

As the concept of the OIG has spread across the federal government, it has also trickled down to state and local governments as well. Although state and local OIGs are not as common, their numbers have been growing steadily. Furthermore, while the federal government OIG has been an influential model, states and localities have experimented with the concept (Kempf 2015). For example, with a few exceptions, federal inspectors general oversee only one specific agency. Some state governments have preferred the federal model and have created inspectors general for specific departments, like Corrections or Transportation, or for specific topics, like welfare fraud or long-term care. California created its OIG solely to oversee its correctional institutions (California Office of the Inspector General 2018). However, several states, counties, and cities have created OIGs with comprehensive oversight over all governmental functions, such as the Massachusetts OIG, which oversees the expenditure of all

public funds, whether federal, state, or local (Feldman and Eichenthal 2013).

Likewise, at the local level, the structures of OIGs vary. In the nation's largest city, New York, the City's Department of Investigation (DOI) is an umbrella organization for multiple inspectors general who oversee 45 municipal agencies, boards, and commissions (City of New York 2018). In Chicago, Illinois, an OIG oversees much of the city's activities; however, separate OIGs have been created for other functions such as the city's community colleges, parks, and housing authority (Association of Inspectors General 2018a). The Los Angeles OIG monitors the incarceration and policing operations of the County's Sheriff's Department (County of Los Angeles Office of Inspector General 2018). Seattle created its OIG to facilitate reform and integrity in that City's police practices (City of Seattle Office of the Inspector General for Public Safety 2018).

The growth of the number of OIGs across the country has given rise to a level of professionalism in the oversight sector. In 1996, the Association of Inspectors General was created. It provides training to OIG practitioners at an annual conference, provides support to regional associations, and offers certifications for inspectors general, OIG auditors, and OIG investigators (Association of Inspectors General 2018b). In short, the creation of a system of OIGs by Congress in 1978 has turned into a system of oversight across the country that few could have predicted.

## The Independence of Offices of Inspector General

Although federal, state, and local OIGs have varying mandates, the concept is the same: OIGs are to monitor the public agencies and programs within their jurisdiction. Ideally, this oversight is done with some independence from the agencies being overseen. Independence safeguards the objectivity of OIG findings, conclusions, and recommendations so that they may be relied upon by decision-makers. If this independence is not protected, it does not necessarily compromise the quality of an OIG's work, but it does invite challenges from critics. For instance, an inspector general who is subject to easy removal by an executive – who may be the subject of investigation or oversight by that same inspector general – is open to the charge of "pulling punches" to safeguard continued employment. On the other hand, an inspector general with a fixed term or one who can only be removed with the assent of the legislative branch cannot be accused of favoritism on these grounds (Feldman 2017).

OIG independence can be safeguarded in many ways. Besides protecting an inspector general from retaliatory firing, rules may require that an inspector general must be hired based on professional expertise and without regard to political party or other political connections. Hiring may be controlled by an external commission or other entity not subject to oversight by the OIG. Such hiring protections are intended to help minimize political influence over OIG activities. Also, the agency subject to oversight should not set the budget of its own OIG. This ensures that the agency cannot impose a monetary penalty in retaliation for an unfavorable report by the OIG. Further, an OIG should be prohibited from exercising line authority in the chain of command at the agency under review, because it would be difficult if not impossible for the OIG to be objective in reviewing its own operations (id.)

Some examples of independence protections afforded to federal inspectors general can be found in the 1978 Act. Certain inspectors general of large agencies are appointed by the president but also confirmed by the Senate, which provides a check on the president's actions. Inspectors general can be removed by their appointing authority, the president or an agency head, for any reason, but the appointing authority must give Congress 30 days' notice and an explanation, which exposes the removal to political and public criticism. In addition, by law, the OIGs are somewhat autonomous within their agencies, working with, but not controlled by, their respective agency heads. They hire and fire their own staffs, regardless of the preferences of their agency heads (id.). The 2008 Amendments to the 1978 Act further enhanced the independence of the OIGs by

eliminating the power of agency heads to make financial awards to inspectors general for "merit" via bonuses and gave OIGs their own counsel, so they were no longer dependent on agency counsel, who might experience a conflict of interest between the agency and the OIG who is criticizing it (Feldman and Eichenthal 2013).

Another important element that safeguards federal OIGs' independence is their reporting structure. The OIGs report their activities to their agency heads, but they also report to the Congress twice a year. This ensures that OIG activities are made public. If an agency is resistant to critical recommendations by the OIG, pressure can be brought to bear on the agency by Congress or the public. Further, relying on Congress for their authority and funding, inspectors general have considerable incentive to satisfy its demands as much as those of their executive branch agency heads or the president. Thus, the usual institutional rivalry between the branches provides a space for inspectors general to exercise an unusual degree of independence (Feldman 2017).

State and local OIGs are not created under a uniform statute. As a result, the levels of independence vary from jurisdiction to jurisdiction. In fact, some OIGs are not created under a statute at all but may be established by executive order or administrative fiat. The latter approaches mean that the OIG can be abolished without warning (Feldman and Eichenthal 2013).

Some state and local OIGs have less independence than their federal counterparts. For example, in Florida, a 1994 state law created a system of inspectors general in state agencies. While the Chief Inspector General reports to the governor, agency inspectors general report to and can be removed by individual agency heads. In New York City, the Commissioner of the Department of Investigation (DOI) is appointed by the Mayor, and the appointment of any agency Inspector General is subject to the approval of the DOI Commissioner. Agency inspectors general report to both the head of the agency that they oversee and to the DOI Commissioner. As both agency heads and the DOI Commissioner report only to the Mayor, New York City inspectors general do not enjoy interbranch "space" analogous to those of their federal counterparts, and thus in the Giuliani administration, for example, their work often appeared compromised by indirect mayoral control (Feldman and Eichenthal 2013). However, Section 801 of the New York City Charter requires a public explanation from any mayor who chooses to remove a DOI Commissioner and assures the Commissioner an opportunity to respond, thus potentially imposing a political cost should a mayor retaliate against unwelcome investigations (New York City Charter 2004). In this particular regard, the Charter does assure a measure of independence somewhat similar to that enjoyed by federal OIGs.

Some local and state OIGs, however, have more independence than the federal OIGs. For example, the New Orleans inspector general is appointed by the City Ethics Board, not the Mayor or City Council, and inspectors general serve a 4-year term and may only be removed from office by a two-thirds vote of the Ethics Board. The City Council could abolish the inspector general but only with a two-thirds vote (Feldman and Eichenthal 2013). Also, the OIG's budget is set as a percentage of the total budget of the City's General Fund and, therefore, not subject to the political appropriation process (New Orleans Office of Inspector General Annual Report 2017).



## Offices of Inspector General as Investigators and Auditors

Under the 1978 Act, federal OIGs are mandated to conduct independent, objective audits, investigations, and inspections. In fact, previously existing investigative units and internal audit offices were merged into new OIGs to work together in their oversight. Placing auditors and investigators in the same unit was one of the major innovations of the 1978 Act, which has important implications for OIG oversight. Auditing is a *pre-factum* activity, which means its goal is to prevent fraud, waste, and abuse before it happens. The audit function is intended to identify systemic flaws and vulnerabilities, whether or not any individual exploits those weaknesses or even if those weaknesses simply impede efficiency and

effectiveness. Audits that do identify such weaknesses also include recommendations for amelioration. On the other hand, investigating is a *post-factum* activity, focusing on identifying bad acts that have already occurred. The investigative function is intended to identify perpetrators who do exploit program weaknesses for their own gain (Feldman and Eichenthal 2013).

When working well, the two functions can be symbiotic: an investigation, likely based on suspicion arising from a "tip" or a "red flag" of some sort, after resulting in the identification and exposure of a perpetrator, can then lead to an audit that fully explains the systemic weakness allowing for the exploitation. In parallel fashion, an audit exposing systemic weaknesses may lead to an investigation identifying those who exploited the weakness. Other times, an inherent tension across these different roles arises in that investigations, which identify bad actors, often take precedent. In part, this is because investigations tend to reflect a "compliance monitoring" mind-set: they identify a target or targets who have failed to comply with the law or at least with ethical or professional standards. In contrast, audits more likely reflect a "performance monitoring" or "capacity-building" approach: they reveal that the agency does not have systems or resources in place that would allow efficient and effective pursuit of the agency's goals. As such, a high-profile criminal investigation may be more likely to generate the type of headlines and attention that win continued public and legislative support for the OIG than a systems audit. In addition, it is usually easier to develop an investigation that can lead to potential criminal charges or civil penalties than it is to win lasting reforms that would result from the adoption of an audit recommendation (id.)

The tension between audit and investigations and between compliance and performance places the OIG in a challenging position regarding the department or agency that it is monitoring. Ideally, the inspector general must attack the agency when it fails to meet legal, ethical, and professional standards, forthrightly condemning the agency's misbehavior in reports and testimony to the legislative branch, press, and public. At the same time, the inspector general must be able and willing to advocate for the agency, with equal force and effect, to a legislature and to a public hitherto unwilling to provide the agency with the tools it needs to achieve its mission. This balance is often very difficult to achieve while striving to maintain strict independence (id.)

Like the federal system of OIGs, state and local OIGs usually have to deal with a similar tension. However, not all state and local OIGs perform both audits and investigations. Some such offices perform only audits and some perform only investigations. If a state or local OIG does not have both responsibilities, it is more likely to investigate than to audit (id.)

## The Powers of Offices of Inspector General

The ability of OIGs to audit and investigate effectively is often dependent upon the tools that they have available to carry out their role. First and foremost, an OIG's power depends on the level of resources available to carry out its functions. Staffing and budget are important in defining both the type and number of investigations and audits that can be completed. OIGs with robust budget and staffing authority can take on complex investigations and audits that would be impossible for OIGs with more limited resources.

Nevertheless, OIGs budgets are usually only a very small percentage of the budgets of the agencies they oversee. For example, in Fiscal Year 2016, federal OIGs had a combined budget of approximately $2.7 billion and 13,000 employees (Council of the Inspectors General on Integrity and Efficiency 2017). Overall federal spending totaled $4.5 trillion (U.S. Department of the Treasury 2017), and there were approximately two million federal employees, not including federal contractors (Jennings and Nagel 2018). Thus, spending on federal OIGs amounted to 0.00006% of total federal spending.

Second, for OIG staff to draw conclusions about others' conduct, they must be able to access relevant information. For example, the ability of an inspector general to compel testimony and materials by subpoena can be a crucial tool in

the exercise of power. The ability to do so is dependent on the specific statutory authority vested in an inspector general.

For federal OIGs, the 1978 Act provides a variety of access tools. The agencies under their jurisdiction must provide any documents they seek, under threat of subpoena, and although the inspectors' general subpoena power does not extend to witnesses, agency personnel who refuse a request to testify surely bring further suspicion upon themselves. Some OIG personnel also are granted law enforcement power. These individuals are authorized to carry firearms, make arrests, and obtain and enforce warrants. Even though OIGs do not engage in criminal prosecution but must refer any criminal complaints to the Department of Justice, they often assist the Federal Bureau of Investigation in the investigation of fraud cases (Feldman and Eichenthal 2013).

The resources and authorities granted to the state and local inspector general function vary greatly and are generally far fewer than the resources devoted at the federal level. For Fiscal Year 2019, the New York State budget allocates $7.4 million to its inspector general, with a staff of 109 (New York State Division of Budget 2018): by comparison, the Georgia inspector general had a budget of about $700,000 (Georgia Office of the Inspector General 2016) and a staff of just 6 professionals (Georgia Inspector General web site undated). New York City provides more staff and more resources to its inspectors general than any other city: as of 2017, DOI had a budget of $54.8 million and a staff of 400 (Council of the City of New York 2017). By comparison, the Chicago OIG has a budget of about $8.6 million and a staff of 96 (City of Chicago 2017).

## Conclusion

OIGs monitor only. They can't make changes. They don't prosecute or participate in the management of the agencies they oversee. Thus, they are dependent on making a convincing argument for prosecutors, legislatures, agency heads, or the public to act on. Yet, the role and powers vested in OIGs give them a unique ability to both prevent and reduce government corruption and enhance government efficiency and effectiveness by identifying and shining a light on problems.

An individual OIG's effectiveness often depends on how it uses its powers and the degree of independence it has. Some OIGs focus on generating headlines at the cost of achieving real change. Other OIGs lack adequate independence or are lured into passivity. But an OIG who is able to avoid becoming a "headline hunter" or a "lapdog" has the position and the power to effect valuable and significant change.

OIGs' monitoring can deter those who seek to abuse power or defraud taxpayers. They can work to ensure that taxpayer dollars are invested in a way that achieves important outcomes, from basic local service delivery to ensuring national security. Ultimately, they can become both a bulwark against corruption and a force for better government. They have already become an important institution in the pursuit of government accountability.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Democratic Administration
- ▶ Accountability Mechanisms
- ▶ Accountability, Politics, and Power
- ▶ Budget Approval and the Legislative Process
- ▶ Bureaucracy and Efficiency
- ▶ Bureaucratic Accountability and Performance
- ▶ Corruption
- ▶ Ethics in Public Administration and Government
- ▶ Good Governance
- ▶ Integrity in the Public Service
- ▶ Performance Management in Public Administration
- ▶ Public Administration and Corruption


O

## References


Association of Inspectors General (2018a) Directory of State and Local Inspector general agencies. Retrieved 22 May 2018 at https://inspectorsgeneral.org/useful-links/directory-of-state-and-local-government-oversight-agencies/

Association of Inspectors General (2018b) About. Retrieved 22 May 2018 at https://inspectorsgeneral.org/about/
California Office of the Inspector General (2018) A message from Inspector General Roy W. Wesley. Retrieved 22 May 2018 at https://www.oig.ca.gov/
City of Chicago (2017) Budget overview, pp 137 and 140. Retrieved 22 May 2018 at https://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/2017%20Budget/2017BudgetOverviewFinal.pdf
City of New York (2018) New York City's Inspector General, New York City Department of Investigations. Retrieved 22 May 2018 at https://www1.nyc.gov/site/doi/about/organization.page
City of Seattle, 2018 Proposed budget, Office of the Inspector General for Public Safety, p 387. Retrieved 22 May 2018 at http://www.seattle.gov/financedepartment/18proposedbudget/documents/OIG.pdf
Council of the City of New York, Report of the finance division on the fiscal 2018 preliminary budget, Mar 9, 2017, p 2. Retrieved 22 May 2018 at http://council.nyc.gov/budget/wp-content/uploads/sites/54/2017/03/032-DOI.pdf
Council of the Inspectors General on Integrity and Efficiency (2017) Annual report to the President and Congress for fiscal year 2016. Retrieved 22 May 2018 at https://www.ignet.gov/sites/default/files/files/FY16_Annual_Report_to_the_President_and_Congress.pdf
County of Los Angeles Office of Inspector General 2018, web site. Retrieved 22 May 2018 at https://oig.lacounty.gov/
Feldman D (2017) The inspector general: political culture and constraints on effective oversight. Public Integr 19(6):593–606, 595
Feldman D, Eichenthal D (2013) The art of the watchdog: fighting fraud, waste, abuse and corruption in government. State University of New York Press, Albany, pp 87–117, 139–152, 179–198
Georgia Inspector General web site (undated) About the staff. Retrieved 22 May 2018 at https://oig.georgia.gov/about-staff
Georgia Office of the Inspector General Annual Report Fiscal Years 2015–2016, p 9. Latest available. Retrieved 22 May 2018 at https://oig.georgia.gov/sites/oig.georgia.gov/files/OIG%20Annual%20Report%20FY%202015-2016.pdf
Ginsberg W (2017) Inspectors general in and beyond the presidential transition period, Congressional Research Service, Jan 3, 2017. Retrieved 22 May 2018 at https://fas.org/sgp/crs/misc/IN10630.pdf
Ginsberg W, Greene M (2016) Federal inspectors general: history, characteristics, and recent congressional actions, Congressional Research Service, June 2, 2016. Retrieved 22 May 2018 at https://fas.org/sgp/crs/misc/R43814.pdf
Kempf R (2015) Crafting accountability policy: designing offices of inspector general, Policy & Society 34 (2):137–149
Jennings J, Nagel JC (2018) Federal workforce statistics sources: OPM and OMB, Congressional Research Service, Jan 12, 2018. Retrieved 22 May 2018 at https://fas.org/sgp/crs/misc/R43590.pdf
New Orleans Office of Inspector General Annual Report 2017, p 4. Retrieved 22 May 2018 at http://www.nolaoig.gov/images/reports/Annual_Reports/2017-OIG-Annual-Report-2.pdf
New York City Charter as Amended through July 2004 (no changes to Section 801 since then), Chapter 34, p 182. Retrieved 22 May 2018 at http://www.nyc.gov/html/records/pdf/section%201133_citycharter.pdf
New York State Division of the Budget, FY 2009 Executive Budget, Office of the Inspector General. Retrieved 22 May 2018 at https://www.budget.ny.gov/pubs/archive/fy19/exec/agencies/appropData/InspectorGeneralOfficeofthe.html
U.S. Department of the Treasury, Financial Report of the U.S. Government FY 2017, p i. Retrieved 22 May 2018 at https://www.fiscal.treasury.gov/fsreports/rpt/finrep/fr/17frusg/02142018_FR%28Final%29.pdf

# Ombudsmanship

Mehmet Zahid Sobaci and Ibrahim Hatipoğlu
Uludag University, Bursa, Turkey

## Synonyms

Conciliator; Moderator; Negotiator

## Definition

Ombudsman is an independent public institution, generally established by parliaments, to supervise the administrative activities by acting upon complaints received from citizens or ex officio.

## Introduction

Protecting human rights and eliminating maladministration are one of the essential functions of democratic governments. Ombudsman is an institution established to contribute the fulfillment of these functions by democratic government and has spread around the world at national, state, and local level. Increased sensitivity for human

rights, challenges and problems experienced in the judicial area, expansion of public administration, and rising values such as transparency, accountability, and participation in public administration have an impact on the spread of the ombudsman idea. Today only few countries have not adopted the ombudsman institution. Across the world today, there are a total of 945 ombudsman institutions in 140 different countries in 6 continents (Ayeni 2014).

Ombudsman receives, investigates, and resolves the complaints of citizens about actions or inactions of public administration. In addition to parliamentary control and judicial review, ombudsman is a control mechanism on public administration. Ombudsman is not a judicial body and cannot replace it. Ombudsman plays a complementary role to judicial organs.

The basic aim of ombudsman institution is to improve the functioning of public administration and to contribute to the construction of good governance. Therefore, ombudsman institution serves for the improvement of democratic standards in a country. In this context, ombudsman institution is expected to strengthen transparency and accountability in public administration, contribute to the process of citizen education, encourage citizen participation, transform the relationships between public administration and citizens, and increase confidence in public institutions.

## Historical Development of Ombudsman

There are some views that institutions or officials similar to the modern ombudsman have been seen in the Roman, Chinese, Islamic, and Spanish systems throughout history (Reif 2004). However, the origins of the ombudsman institution are found in Sweden. The king of Sweden, Charles XII, took refuge in the Ottoman Empire after a military defeat by the Russia in 1709. In this period, the king established an office to monitor the conduct of Swedish administration on his behalf in 1713. The emergence process of modern ombudsman started with the establishment of this office. The first modern ombudsman institution was established in Sweden in 1809 (Stern 2008).

After Sweden, ombudsman institution was established in Finland (1919), followed by the one established in Norway (1952), then in Denmark (1955) and West Germany (1956). As is clearly seen, ombudsman existed as an institution unique in Northern European countries until 1960s. In the beginning of 1960s, Commonwealth countries adopted the ombudsman idea. This institution was firstly created in New Zealand in 1962 (Rowat 1964). The collapse of totalitarian regimes in such countries as Portugal, Spain and Greece, and the process of democratization in the Central and Eastern European countries after the Cold War have an impact on the spread of ombudsman model to this region. As part of the recent democratization movements, the ombudsman institution was established in these countries (Kucsko-Stadlmayer 2008a).

One of the most important reasons underlying the spread of ombudsman in 1950s is that the idea of welfare state gripped the whole world. As a result of the idea of welfare state, the public administration mechanisms have overgrown and the issue of protecting citizens' rights against the public administration has come into prominence. The fact that ombudsman is readily accessible to the citizens, free of charge, and relatively fast in comparison to the judicial system played a role in the adoption of this institution by the countries (Rowat 1964). In fact, the ombudsman institutions are considered a valuable alternative for situations where judicial proceedings are unavailable or unrealistic (Reif 2004). In addition, the fact that the ombudsman institution has flexibility and is therefore adaptable countries with different political and administrative cultures facilitated the spread of the institution (Cheng 1968).

## Ombudsman: Essential Characteristics

Ombudsman "means only that a citizen aggrieved by an official's action or inaction should be able to state his grievance to an influential functionary, empowered to investigate and to express conclusions" (Gellhorn 1967: 93). Ombudsman institutions have been incorporated into different national context. Therefore, ombudsman institutions may

possess different organizational structures and functions within the context of political and administrative culture of the countries. However, it is possible to talk about some defining characteristics in relation to ombudsman institution. According to Hill (1974: 1077), "ombudsman is (1) legally established, (2) functionally autonomous, (3) external to the administration, (4) operationally independent of both the legislature and the executive, (5) specialist, (6) expert, (7) nonpartisan, (8) normatively universalistic, (9) client-centered but not anti-administration, and (10) both popularly accessible and visible."

The naming of the institution, its status, duties and powers, jurisdiction, and complaint handling procedure may differ from country to country. Countries such as Norway, Netherlands, Australia, New Zealand, Ireland, Canada, and Malta use the original name of the institution. Ombudsman institution is referred to as "Parliamentary Commissioner for Administration" in United Kingdom and Sri Lanka; as "Mediator of the Republic" in Francophone countries such as France, Senegal, and Burkina Faso; and as "Defender of People" in Spain, Argentina, Peru, and Bolivia where human rights ombudsman exists (Reif 2004).

While ombudsman institution is constitutionally embodied in such countries as Sweden, Norway, Spain, and the Netherlands, it has been established by a law adopted by the parliament in some countries such as France, Belgium, and United Kingdom. In Kazakhstan, on the other hand, it has been established, unlike those in other countries, by a decree (Kucsko-Stadlmayer 2008b).

Ombudsman institution is regularly granted more or less close organizational relations to parliament to ensure independence from the executive branch (Kucsko-Stadlmayer 2008a). Moreover, ombudsman is appointed, in general, by the parliament and removed by the parliament as well. However, ombudsman is appointed by the executive branch in United Kingdom (Queen), France (Council of Ministers), and Kazakhstan (State President). Exceptionally, it may be removed by the judicial organ in France and by the president in Kazakhstan and Uzbekistan. In Austria, on the other hand, the ombudsman cannot be removed from office before completion of his/her period of office. In many countries across the world, the ombudsman can be reappointed. While there is no limitation regarding the reappointment of the ombudsman in such countries as Sweden, Norway, and Finland, the ombudsman may be appointed one more time in such countries as Russia, Portugal, and Ireland. It is not possible for the ombudsman to be reappointed in France, Israel, and Azerbaijan (Kucsko-Stadlmayer 2008b).

Classical mandate of the ombudsman is to investigate the complaints of citizens against executive branch by acting upon a complaint or ex officio. However, in recent years, new mandates have been given to the ombudsman across the world. Therefore, hybrid ombudsman institutions have emerged. In addition to investigating the complaints, hybrid ombudsman institutions are also given new roles such as protecting human rights, fighting corruption, preventing the elected and senior public officials from abusing their powers, eliminating interest conflict, and preventing nepotism. Hybrid ombudsmen are found especially in Latin America, Caribbean Region, Asia, and Africa (Reif 2004).

The jurisdictions (scope of control) of Ombudsmen differ from country to country. The jurisdictions of ombudsmen are generally shaped up by the political and administrative traditions of countries. For instance, central government and local governments, the army, and judicial organs in Sweden are under the control of Swedish ombudsman (Capozzola 1968). However, the local governments, the decisions of the council of ministers, judicial decisions, and the works of auditors are outside the jurisdiction of ombudsman in Norway (Gellhorn 1967). Ombudsmen have, in general, authority to investigate, ask for the relevant documents, listening to the people, and releasing the decisions or reports to the public and relevant public institutions. However, the ombudsmen do not have the power to impose sanctions on public institutions. Therefore, the ombudsman is seen as a watchdog (Letowska 1990). Ombudsman institution is not a judicial organ.

In general, no stipulation and fee is required to submit the complaints to the ombudsman. Citizens are able to communicate their complaints directly to the ombudsman. However, in some countries such as United Kingdom and France, a complaint cannot be directly filed to ombudsman, and citizens need the mediation of a senator or MP to communicate their complaints to the ombudsman (Kucsko-Stadlmayer 2008b). With the exception of such countries as United Kingdom, Belgium, and Luxemburg, the ombudsmen have, in general, authority to act ex officio for investigation of complaints (Kucsko-Stadlmayer 2008b).

## Categories of Ombudsman

Gregory and Giddings (2000) argue that ombudsman institution today can be classified under five groups:

*General Purpose Ombudsman*: These ombudsmen are public sector offices receiving the complaints related to all the actions and activities of public institutions, regardless of the level of government and field of public service. Today, in most of the democratic countries, there are general-purpose ombudsmen at the national or subnational level.

*Single Purpose Ombudsman*: These ombudsmen monitor a particular policy area or are responsible for the protection of the interests of a specific group. The jurisdiction of these ombudsmen is confined to a particular field such as environment, health, prisons, and armed forces or the complaints of a specific group such as the disabled, children, and ethnic minorities. For instance, while there are military ombudsmen in such countries as Sweden, Norway, and Germany, there is a police ombudsman in such countries as Canada, United Kingdom, and Northern Ireland. Moreover, there are ombudsmen for data protection in Canada, Hungary, and Germany and for ethnic minorities and children in Sweden.

*International or Supranational Ombudsman*: Today, international organizations such as United Nations, World Bank, International Monetary Fund, and World Health Organization make use of ombudsman institution. The jurisdictions of these ombudsmen are confined to staff complaints in international organizations. The best example of a supranational ombudsman is the European Ombudsman.

*Human Rights Ombudsman*: This ombudsman also called as hybrid ombudsman institutions has been getting more important and spreading across the world. The jurisdictions of these ombudsmen, in addition to the conventional eliminating maladministration mandate, include the protecting human rights as well.

*Private Sector Ombudsman*: The private sector ombudsman that is spreading rapidly in such sectors as banking, pensions, insurance, and investment deals with the complaints of customers.

## Success Factors for a Powerful Ombudsman

Ombudsman is a flexible and dynamic institution. Many countries across the world have established the ombudsman institution at different levels of government (national, state, regional, and local), for different social groups (such as disabled, children, women and minorities) and in different sectors (such as universities, media, and healthcare services). However, it is difficult to say that the ombudsman institution is very powerful and functions successfully in every country. For a powerful ombudsman, some requirements have to be met.

*Maintaining Independence*: The independence of ombudsman institution has to do with to what extent the institution is away from institutions it investigates and the interventions of legislative, executive, and judicial branch. According to Gottehrer and Hostina (2000), in order to maintain the independence:

- Ombudsman institution should be guaranteed by the constitution and laws.
- Ombudsman should be appointed by the parliament via supermajority, but it should be free from the functional control of the parliament.

- The ombudsman should have a long and fixed term of office.
- There should be specific reasons of dismissal in order to guarantee not to be removed for political reasons.
- The ombudsman should have a high and fixed salary and sufficient human and financial resources.

*Maintaining Neutrality and Respectability of Ombudsman*: In order for ombudsman to be successful, citizens should believe that their complaints to the ombudsman produce a result and in parallel, the relevant public institution should believe that the investigation is neutrally carried out by the ombudsman. This belief has to do with maintaining the respectability of the ombudsman. In this context, the person appointed as an ombudsman should have deep knowledge and experience regarding the world of public administration. Ombudsman should be banned from the political activities. Ombudsman should be noted for its integrity.

*High Standard of Democracy*: In a country where the principles and values of democracy have been internalized and the citizens have awareness of active citizenship, ombudsman institution can be more successful. In a patrimonial state that consecrates the state over the individuals and views the public only as a mass to be governed, it is not easy for the ombudsman institution to be successful.

*Media Support*: Since the ombudsman is not authorized to take binding decisions and impose sanctions, the most important power available to the ombudsman is to release the reports to the public, thus, to create pressure on the public institution investigated by ombudsman. Therefore, the ombudsman needs a powerful media support. The media may help the ombudsman institution to create public opinion about the institutions that have been unfair to the citizens, focus the attention on the relevant issue, and therefore, correct their mistakes.

*Recognition of the Ombudsman Institution*: Citizens should have high awareness of the ombudsman institution and the institution should be accessible. If citizens are unable to take advantage of this institution, existence of the ombudsman will not make any sense. Therefore, the citizens should be informed regarding the ombudsman institution and the complaint procedures; the ombudsman should be accessible for the citizens and if need be, regional or local units should be established; its services should be free of charge and awareness of this institution should be increased through promotional activities.

## Ombudsman and ICTs

The strength and effectiveness of ombudsman and achieving of its mission depend on high level of the institution's visibility and reliability, accessibility of the institution, high level of prestige of the institution and its staff, and collaborative interaction between ombudsman and governmental and social actors (Ayeni 2000). Today, public institutions use information and communication technologies in order to provide effective and efficient services and communicate with their stakeholders. The ombudsman institution highlighted by the features such as accessibility, being close to the public and free of charge to complain, is one of the institutions that need to benefit from the opportunities offered by the information and communication technologies. It can be specified that ombudsmen have a certain kind of awareness regarding these opportunities. In fact, the ombudsmen across the world established websites to promote themselves and get in touch with the citizens; they have implemented e-application systems by which citizens can submit their complaints online; and they have set up Ombudsman TV and adopted the technological developments.

However, the recent technological developments offer new opportunities and channels for the public institutions. Social media tools, as of today, reflect the latest development in the field of Internet. Ombudsmen may utilize the social media tools to introduce themselves to the public; inform the public about their decisions, investigations, and conflicts they have reconciliated; encourage citizen participation; promote the citizens for

consultation and complaints; and improve the relationships with the stakeholder. For instance, by uploading promotion videos, educational videos, press conferences, and speeches, video sharing sites such as YouTube may be used to promote the institution and inform the public. A microblog like Twitter can be a new channel for the ombudsman to disseminate the information regarding its decisions and activities to thousands of people with few tweets and communicate with the public. The ombudsman can answer the citizens' questions via Twitter. Facebook as a social network can be a tool to announce a press conference and a completed report of the ombudsman and improve the relations with the media. Ombudsmen can benefit from the professional networks such as LinkedIn in the recruitment of personnel (Sobaci and Köseoğlu 2016).

## Conclusion

Today, the establishment of an ombudsman institution is an investment in good governance in a country. Ombudsman institutions have potential to contribute to transparency and accountability in public administration mechanisms. Therefore, ombudsman institutions have been adopted by a large number of countries around the world. However, duties and powers of ombudsman institutions, their jurisdictions, and complaint handling procedure differ from country to country.

There are emerging issues regarding ombudsman institutions. One of the recent developments regarding the ombudsman is to develop international standards for these institutions. The emergence of national human rights institutions as a result of increased awareness of human rights and the spread of the ombudsman institution across the world have paved way for the efforts aimed at specifying the international standards regarding the structures and duties of these institutions. Some international organizations play an important role in this process.

Another emerging issue regarding ombudsman is the evaluation of ombudsman's effectiveness. In recent times, a trend has emerged to analyze the effectiveness of ombudsmen in different countries. Such an effectiveness analysis is necessary for the ombudsman institution. As stated earlier, the establishment of ombudsman institution in a country alone does not guarantee its successful operation. In that case, it is necessary to analyze whether the institution functions effectively and has materialized its reasons of existence (raison d'être).

## Cross-References

► Judicial Review

## References

Ayeni VO (2000) The ombudsman around the world: essential elements, evolution and contemporary challenges. In: Ayeni V, Reif L, Thomas H (eds) Strengthening ombudsman and human rights institutions in commonwealth small and islands. Common Wealth Secreteriat, London, pp 1–28

Ayeni VO (2014) Ombudsmen as human rights institutions. J Hum Rights 13(4):498–511

Capozzola JM (1968) An american ombudsman: problems and prospects. West Polit Q 21(2):289–301

Cheng HY (1968) The emergence and spread of the ombudsman institution. Ann Am Acad Pol Soc Sci 377:20–30

Gellhorn W (1967) Ombudsman and others: citizens' protectors in nine countries. Harvard University Press, Cambridge, MA

Gottehrer DM, Hostina M (2000) The classical ombudsman model. In: Gregory R, Giddings P (eds) Righting wrongs: the ombudsman in six continents. IOS Press, Amsterdam, pp 403–414

Gregory R, Giddings P (2000) The ombudsman institution: growth and development. In: Gregory R, Giddings P (eds) Righting wrongs: the ombudsman in six continents. IOS Press, Amsterdam, pp 1–20

Hill LB (1974) Institutionalization, the ombudsman, and bureaucracy. Am Polit Sci Rev 68(3):1075–1085

Kucsko-Stadlmayer G (2008a) The legal structures of ombudsman-institutions in Europe – legal comparative analysis. In: Kucsko-Stadlmayer G (ed) European ombudsman-institutions: a comperative legal analysis regarding the multifaceted realisation of an idea. Springer, Wien, pp 1–67

Kucsko-Stadlmayer G (ed) (2008b) European ombudsman-institutions: a comperative legal analysis regarding the multifaceted realisation of an idea. Springer, Wien

Letowska E (1990) The polish ombudsman (the commissioner for the protection of civil rights). Int Comp Law Q 39(1):206–217
Reif LC (2004) The ombudsman, good governance and the international human rights system. Martinus Nijhoff Publishers, Leiden
Rowat DC (1964) Ombudsmen for North America. Public Adm Rev 24(4):230–233
Sobaci MZ, Köseoğlu Ö (2016) Ombudsman ve Sosyal Medya: Kamu Denetçiliği Kurumunun Twitter Kullanımına ilişkin ampirik bir analiz. Ankara SBF Dergisi 71(1):103–124
Stern J (2008) Sweden. In: Kucsko-Stadlmayer G (ed) European ombudsman-institutions: a comperative legal analysis regarding the multifaceted realisation of an idea. Springer, Wien, pp 409–416

# One-Step-Shop in Service Delivery in Kenya

Gedion Onyango
Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

## Synonyms

Customer-centered service delivery; E-government; Integrated service delivery; One-stop government; Single-window service delivery

## Definition

One-stop-shop model involves integration or amalgamation of related public services to someway render these services seem seamless to service seekers.

## Introduction

Contemporary public organizations have increasingly become expressive and complex. This mainly arises from, among others, the pursuit of similarly complex reform approaches in efforts to stay in contact with their environments and in the attempts to ensure control, foster efficiency, coordination, legality, and legitimacy (cf. Christensen and Lægreid 2011; Meyer and Rowan 1977). The adoption of one-stop-shop model should therefore be seen as one of such organizational forms pursued by modern government to respond to the complex needs or interests, environments, and goals faced by public organizations. Indeed, there is a particular global trend with modern governments establishing one-stop-shop model in the pursuit of efficient, accessible, coordinated, and seamless cost-effective public service delivery mechanisms in public organizations. However, despite becoming popular with service delivery across the globe, one-stop-shop model is actually still underdeveloped as a concept in public administration (Askim et al. 2011). For example, there is confusion whether one-stop-shop and e-governance should be considered as separate models or one in the same. This essay even so aligns toward the latter conceptualization. Similarly, there is some degree of knowledge gap regarding essential successes and barriers drawing on the fact that one-stop-shop models are still a few in numbers (Hagen and Kubicek 2000).

This essay accordingly interrogates implications of one-stop-shop model for organizational environments, i.e., technical and institutional of public organizations as far as service delivery and needed institutional changes are concerned (cf. Meyer and Rowan 1977). The technical organizational environments concern issues of productivity, exchange, and efficiency of the bureaucracy, which often arise from environmental pressure amounted on the organizations to perform. Conversely, institutional environment has a little to do with instrumental characters of the bureaucracy and more to do with assumptions on the appropriate bureaucratic design, administrative culture, recruitment policy, and demography, among others (cf. Christensen and Lægreid 2011). Altogether, these environmental aspects should improve organizational legitimacy.

Actually, in public policy the one-stop-shop model largely stems from concerns with organizational environments regarding the performance of public organizations insofar as service delivery is concerned. Even so, just like any other de-bureaucratization efforts, its functionality may

be informed by a complex interaction of other variables falling within instrumental, cultural, and environmental dimensions of public organizations.

That said, in this essay the feasibility of one-stop-shop model in ensuring effective service delivery in public organizations within intergovernmental governance structures is explored. In particular, the data draws mainly on interviews with county government administrators and executives, as well as with the staff of oversight institutions in Kenya's Kisumu, Migori, and Nairobi counties. These interviews were conducted in the period between January 2015 and May 2016. The qualitative analysis of these findings indeed illuminates the functionality of one-stop-shop, especially success and possible barriers faced by the model in situations where the bureaucracy has been established to largely suffer from administrative ills and constrains such as shirking, lethargy, red tape, nepotism, and corruption.

In so doing, the essay explores:

(a) Whether the feasibility of one-stop-shop model has a correlation to a change of administrative culture toward service delivery and organizational design or whether it merely entails dimensions of organizational hypocrisy as administrative symbols
(b) Whether one-stop-shop model reduces complexity and improves coordination of service delivery in devolved public organizations or whether it is simply utilized as a front desk by public entities
(c) Whether one-stop-shop can remedy accountability ills common in public organizations or it simply avails accessibility to public services less prone to corruption

These areas will be generally dealt with in the course of discussion in the case of one-stop-shop model in Kenya.

## Overview of One-Stop-Shop Model in Kenya

The one-stop-shop model may generally range from "frontlines of complex singular agencies to umbrella structures for several agencies" (Askim et al. 2011: 1452), to integrated technological platforms granting access to a number of governmental agencies and services, and to a wholly integrated and physically colocated services within one building or on one floor to ensure a single point of access. In short, one-stop-shop model features isomorphic characteristics of customer service model known for business organizations, which include physical locations, Internet or web-oriented services, service center kiosks spread to various locations, and call centers (cf. Bent et al. 1999). In this way, accessibility to public services shifts from the traditionally predominant face-to-face service delivery to other devices such as mobile phones or fax and the Internet. One-stop-shop as organizational model should essentially broaden reachability or the contact between governmental institutions with citizens to increase efficiency and productivity so that service delivery can be offered in one contact.

In Kenya, one-stop-shop model (or *Huduma* center) was launched in November 2013 following coming to power of the Jubilee government. It began with access to a few services, which expanded over time, including the spread of kiosks across the country. Indeed, the government has thus far established 45 one-stop-shop kiosks in many counties across the country. *Huduma* centers are mandated to deliver governmental services from "a single location, online e-Huduma web and mobile portal to provide integrated services offered by various government ministries, departments and agencies and a unified and integrated channel Huduma payment gateway to facilitate ease of payment for government services" (Huduma Kenya, http://www.hudumakenya.go.ke/).

The services offered include the issuance of national identity cards and birth certificates, applications of business licenses and registration of business names, issuance of police abstracts, and application or renewal of drivers' licenses, among others. This is nevertheless insufficient or unevenly distributed across 47 counties. The model is coordinated by the Ministry of Public Service Youth and Gender Affairs through the *Huduma* Secretariat. In addition, different

agencies, particularly Kenya Power and Lighting Company (KPLC), Kisumu Water and Sewerage Company Limited, Kenya Revenue Authority (KRA), and Anti-Corruption Agency (ACA), have established notable online and phone-oriented services somehow independent of the one-stop-shop's online platform.

### The Influence of One-Stop-Shop Model on Bureaucratic Design and Culture

Findings from the studied counties indicate that one-stop-shop kiosks in Kenya have actually improved the *technical environments* of public organizations. This is especially in terms of public service delivery in Ministries, Departments and Agencies (MDAs). Therefore, one-stop-shop has somehow improved efficiency, coordination, and productivity by reducing the red tape in service delivery. Indeed, the red tape and poor coordination of service delivery mechanisms have often been cited as key in the underperformance of MDAs in the country. They have been similarly correlated to the prevalence of corrupt practices in public organizations.

By addressing such technical dimensions of public organizations, one-stop-shop model fosters citizen's accessibility to some essential public services. Indeed, despite being drawn from their respective line ministries or departments, bureaucrats at one-stop-shop service centers portray attitudes of commitment, service-mindedness, and professional identities commonly characterized with service delivery in the private sector. This was reportedly in contrary to experiences with service delivery in MDAs. It was particularly stated that *know-whom attitude or informal networks* hitherto predominant in the accessibility of public services were fading with adoption of one-stop-shops model in service delivery across the country. This may explain why one-stop-shop initiative in Kenya was awarded the *United Nations Award in 2015* under *Improving the Delivery of Public Services* category.

Indeed, such a positive development proves important for the discourse on policy reforms and functionality of public institutions in sub-Saharan Africa. That is, the literature on administrative reforms in the subcontinent has often overlooked gains made by such internal initiatives as one-stop-shops in the pursuit of bureaucratic changes. Instead, there is often an obnubilating emphasis on redundancy or path-dependent related implications for bureaucratic reforms. In this way, the case of one-stop-shop in Kenya can partly demonstrate that despite unfavorable conditions for bureaucratic reforms such as New Public Management (NPM) in the region, there are also success stories (cf. Grindle 1997). As a policy implication, therefore, one-stop-shop model shows that reformers in such contexts "need to keep an open mind as to what may work and what may not, and to be guided by the needs of the situation" (Polidano 1999: 2–3). It is actually upon such needs across the globe that one-stop-shop model has often been founded by modern governments in response to demands by citizens and pressure on politicians to create effective and efficient service delivery mechanisms (cf. Hagen and Kubicek 2000).

Nevertheless, one-stop-shop hardly resolves key administrative problems relating to service delivery. In the Kenyan case, for example, the model has remained more of the urban experience than it is in the rural settings. That is, one-stop-shop kiosks or its online platforms hardly cover the larger population in the country residing in the rural settings. It was established that one-stop-shop kiosks are instead largely based in some key towns or county headquarters and are similarly not available in all counties. As such, service seekers outside the proximity of these towns are either forced to travel to urban centers to access services or are served by the mainstream MDAs in areas without service centers. This means that one-stop-shop model is characterized by demand for resources and other infrastructures, which may pose both the short- and long-term challenges for governments pursuing such changes. This includes ensuring accessibility to affordable connectivity to the Internet and other urban-related physical infrastructures. These are relatively still a challenge in most rural settings in Kenya.

As a consequence, it can be assumed that the larger part of the public service in the country remains characterized by inefficiency, corruption, shirking, and lethargy. These have often been

established to negatively impact on accessibility and efficiency to service delivery in the country. However, county administration has reportedly substantively reduced shirking by bureaucrats because of the closer supervision and changed dimensions of administration. The county governance factor correlates or explains the increased establishment of one-stop-shop kiosks across the country. Secondly, the e-citizen platform is hardly accessible to majority of service seekers drawing on inaccessibility of ICT services arising from the lack of financial resources and ICT skills.

The consequence is inconsistency and decreased public service uptake by majority of potential service seekers residing in rural areas with little access to one-stop-shop kiosks. This indeed correlates to the persistent disconnect between the state or the government and the society creating governance gap. This gap can also be used by many commentators to explain path-dependent roles of parochial cultural dimensions like kinship or tribalism, which have characterized political-administrative structures and the culture of service delivery in Kenya since independence. In other words, citizens tend to conceive the government based not on effective public services delivery, but on issues of demographic identities and their perceived representativeness in the composition of the government or administration. This implies that the legitimacy or trust in government by the rural population cannot be entirely evaluated basing on the effectiveness of public service delivery (cf. Brinkerhoff et al. 2017).

More research may therefore be needed to interrogate why governments, where majority of the population resides in rural settings, still pursue internal initiatives to improve service delivery mechanisms like one-stop-shop. More particularly, given the relatively less environmental pressure arising from such contexts, in the case of Kenya, the pursuit of one-stop-shop model may arise from the combination of:

(a) The assumption of office and forming the new political leadership by the Jubilee government
(b) The high rate of urbanization across the country and the subsequent lifestyle, which comes with the demand for convenience, including, in the public service delivery
(c) Implementation of devolution that has brought governance structures closer to the citizens and which has created pressure for the local governments to deliver
(d) The mimetic tendencies of modern governments to pursue similar administrative symbols or reform myths in addressing somehow similar governance problems

Nevertheless, both the central and county governments in Kenya still need to conduct intensive public sensitization on how one-stop-shop model operates. This is because the majority of citizens were reportedly not fully knowledgeable of one-stop-shops, in particular as pertains to the electronic platforms of the one-stop-shop. For instance, in most cases majority of service seekers to KRA counters were referred to seek their services online in different one-stop-shops visited.

Moreover, one-stop-shops in Kenya witness inadequate number of public officials in some counties to provide public services. That is, as was reported in Kisumu County, heads of department are neither committed to assigning their staff to serve in the one-stop-shop kiosks nor are the majority of bureaucrats interested in working at these centers. More so, if there are no allowances accruing for serving at the centers, the consequence is inaccessibility to essential governmental services or delay thereof.

Relatedly, some MDAs tend to use these service centers as mere queue management points or prescriptive counters for service delivery. That is, some MDAs hardly offer substantive service delivery at the one-stop-shop kiosks at one go, which may lead to delay if the user fails to follow up at the main office. For example, besides the allocation of a service number, issuance of birth certificates can only be offered in the main offices taking on the normal bureaucratic procedures. Reportedly, this may come with extortion, bribery, or delays. The same applies to other services such as those offered by authorities like the National Transport Authority and Kenya Revenue Authority. Indeed, to this extent, adoption of service

delivery centers has done little toward changing perceptions, attitudes, and beliefs of bureaucrats or how the latter relate with the bureaucracy. However, this may also partly stem from either the technicality or the sensitivity involved in the delivery of some services. In particular, services offered by institutions of accountability such as ACA or the ombudsman, for example, those dealing with issues of administrative wrongdoing, can hardly be handled at the service centers.

In addition, some bureaucrats placed at these service centers were reported to have inadequate knowledge of the processes involved in accessing some services offered by their departments. This arises both from problems with institutional recruitment policies, which are often characterized by parochialism ideologies rather than on merit. This may as well as stem from the rank and level of experience of concerned bureaucrats. In other words, besides some junior officers, more experienced and knowledgeable or senior bureaucrats hardly serve at the one-stop-shops. Thus, service seekers may be referred to the main offices to be served.

Moreover, despite the gains made by adoption of one-stop-shop in Kenya, exceptions were still reported regarding corruption-prone services, e.g., application of driving or business operation licenses for car inspection certificates offered by regulatory authorities and security agencies. Therefore, more research is needed to verify whether one-stop-shop model can substantively reduce spiral opportunities for corruption in settings like Kenya where patronage and other socio-economic structures have perennially influenced the pursuit of institutional change and informed organizational behavior in public organizations. That is, does one-stop-shop model avail adequate institutional change or change of bureaucratic culture that is likely to facilitate or reduce corrupt practices in public organizations? And can de-bureaucratization and/or bureaucratic efficiency equals to less bureaucratic malpractices? There are however high chances that one-stop-shop model may reduce cases of maladministration, which are particularly stemming from issues of ineffective coordination and red tape with regard to service delivery. Concerns with accountability will be briefly illuminated as follows.

### The One-Stop-Shop Model and Bureaucratic Accountability Problems

Many studies across the globe on one-stop-shop have credited the model for increased efficiency in public service delivery through enhanced accessibility and coordination (cf. e.g., Askim et al. 2011). Indeed, inasmuch as one-stop-shop in Kenya does not explicitly form accountability or even policy reforms to this end, the model has to a minimal degree reduced cases of extortion and bribery in MDAs. This has been particularly through the elimination of personal contact or *know who* (either in forms of a broker or a relative), which to service seekers has always been essential to get quick services or to attain reliable services within the needed time frame (cf. Onyango 2012). As such, there were reportedly reduced efforts to have personal contacts with bureaucrats in MDAs. Indeed, public services such as application for identity cards and other related documents, business names and police abstracts, which have often been associated with extortions and bribery, have become easily accessible to users. The one-stop-shop has therefore reduced contacts between bureaucrats and service seekers subsequently reducing chances for corrupt transactions in MDAs. In short, the discretionary powers, the shift in information asymmetry on public service delivery, and authority hitherto abused by corrupt bureaucrats has been substantively reduced or eliminated altogether.

However, there were similarly reported exceptions. For example, one-stop-shops have hardly addressed accountability problems arising from *institutional environments* of MDAs. That is, recruitment processes, internal culture, and questions of organizational identity have been hardly touched. On top of this, it was established that one-stop-shop kiosks outside Nairobi County have not been effective in attracting potential complainants against administrative wrongdoing or injustice. The counters allocated to ACA and the ombudsman at Kisumu and Migori counties'

one-stop-shops were rarely operational. Part of this was reportedly based on the fact these institutions do not have adequate staff to serve at the service centers in some days. Secondly, potential complainants of administrative wrongdoing did not feel comfortable with making reports of this nature at the one-stop-shop kiosks. In fact, probably basing on the absence of adequate activity, ACA's counter in Kisumu service center was accordingly reallocated to KRA. At the same time, however, rare operations by oversight institutions in one-stop-shop kiosks can as well be used to interrogate the extent to which external environments assert pressure on the government in dealing with corruption and other forms of maladministration in the public sector.

In addition, even though application for government procurement opportunities has been made easier through one-stop-shop, the procurement process is reportedly still characterized by incidences of kickbacks to bureaucrats who influence the awarding of government tenders. The commission phenomenon – i.e., the (10%) kickback of the tender value – common in MDAs has not been affected by the adoption of one-stop-shop. That said, the political-administrative corrupt cartels said to dominate bureaucratic financial structures in the country are seemingly untouched by the operations of one-stop shop. It was indeed established that structures of decision-making and management with regard to service delivery have hardly changed despite adoption of one-stop-shop.

Further to this, it was reportedly stated that some of the call centers were hardly reliable. KPLC calling center was particularly described as a mere public relations stance as they hardly get back to their customers, or they often delay if they decide to get back. This is so despite the agency of the complaint. Indeed, the concern with responsiveness of call centers affected many agencies, including KRA and ACA. Some respondents in Kisumu and Nairobi also alluded that KPLC's prepaid service payment system, often done through mobile money services, tends to be compromised from within. They are also generally unreliable and often tampered with by even the users themselves. That is, there are concerns with accountability as it is hardly trusted by majority of consumers. In fact, there were perceptions by those interviewed implying the existence of possible manipulation of the payment systems in generating illegal revenues for some individuals within KPLC. This may also explain concerns by KPLC on the accuracy or transparency of prepaid payment services back in 2014.

As such, insofar as service centers tend to improve aspects of technical environment of public organizations, dimensions of institutional environment, which are also essential for effective bureaucratic oversight, are rarely affected. Indeed, dimensions such as perceptions of bureaucratic and demographic representativeness in MDAs or concerns with organizational identity, interorganizational trust, organizational communication, and commitment are shadowy factors, which may affect implementation of such administrative initiatives. Studies indicate that such institutional environments can hardly be addressed through de-bureaucratization efforts as one-stop-shop model. In consequence, one-stop-shop model may be described more as some of those administrative changes pursued by political-administrative executives to improve performance rather than to change organizational values, which are often hard to come by (cf. Brunsson 2006).

Similarly, such concerns with dimensions of institutional environments of the bureaucracy indicate that even though external organizational environments may be important drivers for bureaucratic changes in regard to improving efficiency, a focus on organizational members is indeed important. In particular, the latter is very essential as far as institutionalization and internalization of administrative reforms or implementation of one-stop-shop model is concerned. It defines, for example, bureaucratic capacity, accessibility, sustainability, and even development of particular institutional changes in countering both anticipated and unexpected outcomes.

Therefore, the complexity of institutional environments may explain the wicked problems of accountability reforms such as bureaucratic corruption that has been a common phenomenon in

Kenyan public organizations since independence. Indeed, this path-dependent explanation matters as far as perceptions toward the effectiveness and sustainability of one-stop-shop model in public organizations and its analysis thereof are concerned. In particular, the short-term barriers to one-stop-shop on service delivery may arise from *problematics of attention* or details of definition of programs (March and Olson 1983). That is, one-stop-shop as a de-bureaucratization initiative should similarly involve "formulating clear intentions and in explaining how to organize the implementation of those intentions, co-ordinate the reforms, etc." (Christensen and Lægreid 2003: 21). This is also because one-shop-model can hardly be delinked from reform realities as they are embedded onto broad public sector reform programs and designs, including the general efforts of reorganizing county administration and the implementation of accountability reforms in public entities.

In Kenya, for example, one-stop-shop is explicitly situated as a flagship project for achieving *Vision 2030*, instituted under the Mid-Term Plan for 2013–2017. The *Vision 2030* entails series of reforms including devolution. Indeed, studies on one-stop-shop model in the country fail to recognize that one-stop-shop model may not be sustainable if not balanced with other more sector-oriented policy areas (cf. Christensen and Lægreid 2003). Instead, there is a tendency by both the Kenyan government to conceive one-stop-shop model as detached from bureaucratic structures and culture, where it is actually deeply embedded upon.

Accordingly, there is a tendency to focus more on how current structures of service delivery or approach to issues of maladministration have addressed the past problems than on whether these structures are immune from structural problems of the bureaucracy. Additionally, one-stop-shops are conceptualized in a manner, which tends to detach it from realities faced in public organizations such as concerns with resources, capacity and skills, or motivation of bureaucrats. The consequence of this may be obnubilation of a focus on the dynamism of new structures including inherent barriers, as well as the resiliency of past structures and culture in as far as issues of organizational performance in public organizations are concerned.

For example, the fact that counters of ACA and the ombudsman at the service kiosks in some counties were rarely operational may indicate concerns with inadequate institutional environments in terms of staff capacity, culture, and limited resources. Similarly, this may indicate the nature of the relationship between accountability institutions and the society or the extent to which the latter are knowledgeable about the responsibilities of the former. These have been particularly some of the key challenges for anti-corruption efforts in Kenya from the 1990s.

To this extent, it can be argued that the pursuit of one-stop-shop in Kenya in fostering efficient service delivery features some levels of organizational inconsistencies between the idea and accountability norms or actions in some individual agencies or by bureaucrats (cf. Brunsson 1993). That is, some MDAs in the bid to comply with this kind of collective organizational action have presented inconsistent and hypocritical responses to concerns with efficiency, transparency, and accessibility while at the same time cooperating with the implementation of one-stop-shop.

The procurement processes, for example, emphasize accessibility and efficiency and, on one hand, while on the other, reflect hypocrisy or problematic compliance with issues of accountability and transparency. As such, there are inconsistent organizational characteristics in terms of accountability norms, processes, and structure, more especially, when it comes to assumptions of service seekers and ideas presented by MDAs concerning efficiency of one-stop-shops, on one hand, and actions of administrative executives in pursuing those ideas, on the other. Therefore, as far as accountability implications are concerned, there is an inherent gap between values and structures with regard to institutionalization or implementation of one-stop-shop model in Kenya. The solution lies with interrogation of the general and specific policy implementation problems and how these can impact on the effectiveness and sustainability of one-stop-shops in the country.

## Conclusion

Discussions advanced above demonstrate that one-stop-shop as an organizational form should be seen more as a reform myth than administrative reforms in themselves. This draws on their less ideological inclination and incremental implications with regard to service delivery in public organizations. This is in addition to the fact the model is only but part of comprehensive administrative reforms in the public sector, because, as a reform symbol, one-stop-shop model stems from the pressure and efforts by public organizations to foster contact with their environments through technology and in a cost-effective manner. As such, one-stop-shop in Kenya illustrates the mimetic tendency of modern governments to implement initiatives, often mythicized to address particular administrative challenges such as red tape, wicked policy problems, or concerns with coordination in public organizations. Indeed, one-stop-shop model in Kenya has increased accessibility and efficiency, as well as some levels of accountability in this regard. Common cases of bribery, shirking, and extortion, which previously characterized Kenyan public organizations, have been substantively reduced through limited implications for the face-to-face service delivery or contact between bureaucrats and service seekers.

Nevertheless, there are still some path-dependent related challenges to accountability aspects in public organizations arising from institutional environment and other instrumental-cultural related factors. These may as well affect the functionality of one-stop-shop model in the long run, especially, if they become more prevalent or resistant to instrumental bureaucratic changes. Therefore, one-stop-shop, like any other form of institutional change, must be structurally supported to remain sustainable.

Indeed, drawing on the fact that one-stop-shop model in Kenya is largely a product of regime change, it stems more from political rather than from organizational learning and internal bureaucratic processes. This means it is likely to suffer from issues of political will with the change of government, particularly, if the model is not effectively institutionalized and internalized by county governments. Certainly, this also brings to fore concerns with bureaucratic capacity and organizational commitment toward the realization of effective service delivery in the long run. Therefore, inasmuch as one-stop-shop may foster technical environments as pertains to service delivery, it may be similarly politicized or get caught in the political tug-of-wars, which ostensibly may flop its implementation process. In the same way, bureaucratic oversight can only be sustained through the change of institutional environments, as well as instrumental-cultural dimensions of the bureaucracy.

The above discussion also demonstrates that one-stop-shop in Kenya has remained more of urban than rural experience. This implies that one-stop-shop can be more successful in situations where both ICT and urban infrastructures are relatively well developed. That said, one-stop-shop model in Kenya is relatively not accessible to majority of citizens residing outside key cities or county headquarters. This challenge with location proximity of one-stop-shop kiosks also applies to accessibility to *e-citizen* platform in Kenya.

All in all, it is emphasized that the sustainability of one-stop-shop model like in the case of Kenya may embody a combination of resource capacity for establishment of relevant infrastructures, sensitization of both citizens and bureaucrats, as well as a focus on how to address structural challenges to organizational performance of the bureaucracy. Otherwise, one-stop-shop may end up like one of the many administrative reform routines common in reform processes (cf. Brunsson 2006). As a consequence, when evaluating the effectiveness of one-stop-shop in public service delivery, the contextual specific means-end designs or goals-outcomes dichotomies, inherent power relations, and political will, as well as how these shape up during implementation process, can hardly be overlooked. That is, just like any other policy reform, one-stop-shop model may as well go through instrumental-cultural compatibility test in the public sector, which is oftentimes characterized by trade-offs and conflicting power relations

between some key actors during the implementation process.

## Cross-References


- ▶ Bureaucracy and Service Delivery
- ▶ E-Governance and Ethical Leadership
- ▶ From E-Governance to Smart Governance: Policy Lessons for the UAE


## References


Askim J, Fimreite AL, Moseley A, Pedersen LH (2011) One-stop shops for social welfare: the adaptation of an organizational form in three countries. Public Adm 89(4):1451–1468

Bent S, Kernaghan K, Marson BD (1999) Innovations and good practices in single-window service. Canadian Centre for Management Development, Ottawa

Brinkerhoff DW, Wetterberg A, Wibbels E (2017) Distance, services, and citizen perceptions of the state in rural Africa. Governance 1–21. https://doi.org/10.1111/gove.12271

Brunsson N (1993) Ideas and actions: justification and hypocrisy as alternatives to control. Acc Organ Soc 18(6):489–506

Brunsson N (2006) Administrative reforms as routines. Scand J Manag 22(3):243–252

Christensen T, Lægreid P (2003) Administrative reform policy: the challenges of turning symbols into practice. Public Organ Rev 3(1):3–27

Christensen T, Lægreid P (2011) Complexity and hybrid public administration – theoretical and empirical challenges. Public Organ Rev 11(4):407–423

Grindle MS (1997) Divergent cultures? When public organizations perform well in developing countries. World Dev 25(4):481–495

Hagen M, Kubicek H (2000) One-Stop-Government in Europe: results from 11 national surveys. Universität Bremen, Bremen

Huduma Secretariat (2006) Huduma Kenya. http://www.hudumakenya.go.ke/. Accessed 23 Mar 2017

March JG, Olson JP (1983) Organizing political life: what administrative reorganization tells us about government? Am Polit Sci Rev 77(02):281–296

Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83(2):340–363

Onyango G (2012) Administrative and political grassroots corruption in rural Kenya: it takes two to tango. Master's thesis, The University of Bergen

Polidano C (1999) The new public management in developing countries. Institute for Development Policy and Management, University of Manchester, Manchester


# Online Higher Education Marketing: A Call for Renewal


Osama Hazzi[1] and Sami Aldejwi[2]
[1]FrontiersToday, Vienna, Austria
[2]Management Department, College of Business Administration, Taibah University, Al-Madinah, Saudi Arabia


## Synonyms

Educational marketing; Higher education organizations; Online higher education

## Definitions

From the current reference work entry standpoint:

Online higher education organizations are those whose typical activity is to online provide post-high school education and award higher education degrees (e.g., associate degree, bachelor's degree, postgraduate diploma, master's degree, and doctorate).

Educational marketing is a strategy based on marketing practices educational organizations consider to market curricula (degree-awarding mode, accreditation, website, tuition fees, marketing costs, and culture).

## Introduction

Demographic and technological changes – not to mention the current global pandemic – are among other things that impose a fait accompli on online higher education organizations to regularly reconsider their marketing strategies. Unfortunately, there are mindsets that go against this grain – disorienting their marketing compass and ending up with closedown.

The current entry translates personal experience with online higher education organizations, whose disciplines are related to business, into practice – hoping to consider.

## Trends and Practices

Online higher education organizations, whose disciplines are related to business, have the chance to online award publication-based higher degrees (e.g., master's/doctorate degrees by publications on human resource management/organizational behavior). Tens of courses in programs such as Bachelor of Arts (BA) in Business and Management/Master of Business Administration (MBA) new established American online business schools offer do not always fulfill market expectations. Should this course load be necessary, the online fast-track MBA/doctorate blended with key courses (field visits, if possible) and publications could be alternative instead. A master-level teaching experience shows that going beyond the memorization-based learning mode to include field visits (where students meet human resource managers, HRMs) and inviting HR seniors (where they share their experiences with students) helps students to match between the theory and practice and may pave the way for employment (an end graduates looks for).

This degree-awarding mode (online higher degrees by publications) could be in demand by those with the intention of translating their professional experiences into publications. Such practice "Education by Publication" could advance the publishing culture at the public and contribute to the society welfare – not to mention that it could be alternative to get academic credit for work experience. Concerning the society welfare, online higher education organizations could orient this degree-awarding mode to focus on those, whose business philosophies contribute to sustaining the society welfare – awarding online higher degrees by publications on business sustainability, for example.

The belief here is that online higher degrees by publications (aforementioned), for example, in journals listed in quality databases could lend credibility to the degree-awarding-working mechanism and hold true as an efficient alternative for the accreditation issue instead, where the latter is a marathon and requires time and effort – not to mention fees quality assurance agencies charge (e.g., more than USD 8000 for few-week processing time to offer the accreditation). In this view, learners would publish in company with professors (supervisors), whose publications are present in quality publishers.

In the online higher education industry, the website is indispensable. It is the imprint where learners recognize the extent to which the education offered is quality. Online higher education organizations should consider this practice. It holds primarily concerned with usability: easy and free use of the website – not to mention factual information. Online higher education organizations that use websites exaggerating the advertising/with deceptive marketing practices/deceptive appearance (e.g., "high quality," "affordable price," false information on staff/benefits graduates would get) should reconsider their website marketing practices.

New established online higher education organizations should not overlook the fact that the world is rich with well-established universities that online offer quality accredited curricula with reasonable tuition fees. Also, there are online platforms that offer free and affordable self-paced learning from quality universities and organizations. However, there are working philosophies of new established American online business schools that much consider the American business degree as an excellence (above any consideration, so to speak) – overestimating tuition fees. Should this be necessary, support low and lower middle-income country participants (e.g., scholarships/tuition fee waivers/local currency payment) and flexibility to pay tuition fees in installments are among other win-win practices that could pay off for such those online business schools (e.g., quality corporate social responsibility, CSR) and that make a significant difference for learners, whose concerns are about affordability.

To well carry out these practices (aforementioned), online higher education organizations should consider the educational marketing costs-related practice as it is a double-edged sword. Educational marketing costs spent without return are an unfavorable consequence for online higher education organizations, especially new established. New established American online business schools claim that a typical US MBA program spends on average USD 8000 to get

one student. Should this practice be necessary, it should consider the marketing budget and organize campaigns (especially, online) to attract a more diverse student population – considering balance between expectations of the outcomes and reality (competition).

From a marketing perspective, online higher education organizations need to consider the cultural dimension to further gain a market share. Pew Research Center (2017) projections show that, by 2060, Muslims (3.0 billion, or 31% of the population) will near the Christians (3.2 billion, or 32%); that, in 2070, Muslims are expected to reach parity with the latter; that, by 2075, Muslims are expected to outnumber Christians; and that, by 2100, Muslims are expected to make up 34.9% of the world's population and Christians to make up 33.8%. Globally, there are universities that have considered the culture issue in their curricula. Islamic Economics is a real-life example.

## Conclusion

The higher education industry has a unique culture that sets it apart from other industries, and higher education institutions often face unexpected changes due to shifting external economic and political conditions (Aldejwi 2014); however, the online higher education industry is promising, and those in charge could consider practices (aforementioned) to develop marketing strategies that maintain competitive advantages – noting that not all these practices hold true for other online higher education organizations (online non-business schools).

The current entry believes that other experiences are rich with various philosophies on the online higher education industry, and so this entry calls for a renewal of this industry – hoping to well orient the prevailing online higher education compass.

## Cross-References

▶ Doctoral Education Policies in South Korea
▶ Implementing Technology Policy as Higher Educational Teaching and Learning Tools

## References

Aldejwi SF (2014) Theory and practice: compliance with best practices in Saudi Arabian public universities' strategic planning (publication no. 3648366). Doctoral dissertation, University of La Verne. ProQuest Dissertations & Theses Global

Pew Research Center (2017, April 5) The changing global religious landscape. http://www.pewforum.org/2017/04/05/the-changing-global-religious-landscape/

# Online Teaching in Higher Education During the COVID-19 Crisis

A. Vyas
Division of Science, Engineering and Health Studies, SPEED, The Hong Kong Polytechnic University, Hong Kong, China

## Synonyms

COVID-19; Higher education; Online education; Self-directed learning; Technological advantage

## Definitions

The unsettling consequences of the COVID-19 outbreak is no exception as it has impacted all sectors including higher education. Online courses and livestreaming classes have been adopted by colleges and universities to ensure the continuity of teaching and learning at a time when campuses are forced to shut down owing to COVID-19. This defines online teaching in higher education during the COVID-19 crisis.

## Introduction

The novel coronavirus (COVID-19) pandemic has created and continues to bring exceptional disturbances to precisely all facets of life. The higher education (HE) sector is no exclusion, as demonstrated by majority of the HE organizations compelled to shut down physical facilities and

move all teaching and learning activities to being online, forcing them to bring in courses through online portals. The education sector are utilizing technology resources that are available such as digital video conferencing platforms like Zoom, Google Meets, and Google Classroom, among many others. While many in the HE sector may have preceding involvement with online education before COVID-19, not many have embraced it at a level and concentration as demanded by the pandemic situation. Confirming successful commitment in online education has thus become an urgent priority in higher education in the episode of COVID-19.

The need to create a learning environment particularly for students under the science or engineering major poses more challenges as the requirements of effective learning involves access to both classroom instruction (which can be substituted with online lecturers), as well as laboratory-based practical activities. Remote laboratories are no doubt an option and do allow students to carry out experiments and laboratory tasks over the Internet without being physically present, but they do require planning and might not be a feasible option for all kinds of experiments especially of the levels required in HE. Unfortunately, the COVID-19 outbreak neither gave people enough time nor did they have the experience and know-how to carry out remote experiments.

## Online Teaching During COVID-19: Experiences and Challenges

While the online teaching and learning are rapidly adopted during the crisis, there are still discussions on the effectiveness, barriers, and challenges of such the platform. Many scholars have studied online education as the response to the pandemic and examined its advantages and challenges. Hussein et al. (2020) revealed that cost-effectiveness, time-effectiveness, convenience, and safety are positive attributes of online learning especially during the pandemic. Chakraborty et al. (2020) disclosed students' opinion on online teaching and learning amid the pandemic and uncovered that students appreciated the use of learning materials and software to support online learning. Maier et al. (2020) also discovered that online learning has made it easier for students to complete their tasks more easily, improve the quality of their work, and enjoy their studies.

However, the online learning research by Ferri et al. (2020) revealed that there are three main barriers to online teaching and learning including (i) technological challenges relating to the Internet and electronic devices; (ii) pedagogical challenges such as lack of digital skills and online resources; and (iii) social challenges, e.g., human interaction and physical spaces at home for online learning. Similarly, some barriers, i.e., lack of resources such as the Internet facilities, have been highlighted (Adarkwah 2020; Adnan and Anwar 2020; Ferri et al. 2020). Hussein et al. (2020) that studied emergency online learning during COVID-19 in the United Arab Emirates found that online learning experience has been distracted by technological problems, Internet, and insufficient support.

Moreover, the readiness in online teaching and learning of teachers and students is also crucial for adopting such a platform. Callo and Yazon (2020) examined the factors that influence readiness in online teaching and learning. The study found that students and teachers' readiness in online teaching and learning is determined by their capability, accessibility, and confidence to use the technology. In the same vein, König et al. (2020) argued that information and communication technologies (ICT) tools are important for teachers in digital competence and online teaching during the pandemic. Chakraborty et al. (2020) also discovered that students felt online learning was stressful and affected their health and social life.

While online teaching and learning might be a potential emergency response from the education sector in the midst of a crisis such as the COVID-19 pandemic, there are some impacts on teachers and students and factors that influence online education as well. Moreover, there are multiple challenges that need to be overcome. On many occasions, students do not have reliable Internet access and/or appropriate technology; therefore they struggle to fully partake in digital education.

Such technological disruptions are seen across universities and between various disciplines within universities. According to OECD data, while approximately 95% of students in Switzerland, Norway, and Austria possess computers to utilize for their coursework and learning, only 34% in Indonesia do. In large countries like the UK and the USA, there is a considerable gap among students from privileged and disadvantaged families, where children from a privileged background had their own computers to work on, while nearly 25% of those from underprivileged backgrounds did not. While some schools and governments have been providing digital equipment to students in need, such as in New South Wales, Australia, many fear that the pandemic will broaden the digital divide (OECD 2020).

Finally, in engineering and the sciences, there is a requirement for practical work. The laboratory experiments support students appreciate science subjects realistically and are an essential element of science education (Çepni et al. 1995). Occasionally, this necessitates expert advice and assistance, large equipment handling, and hands-on activities. Thus, while remote education and laboratories are an alternative to education during the pandemic, their environments do not offer students the opportunity of accurately managing laboratory instruments or learning to use more specialized software required for effective learning. Moreover, many remote labs do not offer or allow students to carrying out experiments that need teamwork and in-person management. Finally, working entirely by means of remote labs does not provide the same learning environment as the traditional labs do both in terms of competencies and collaborative learning. Undoubtedly, remote labs are good in blended learning in concurrence with conventional hands-on labs but not as the only mode of scientific experimental learning. If the practical experience continues to be remote, it might result in a compromise in the learning outcome.

## Recommendations

While most HE have moved to providing online teaching, it is essential for the governments around the world to ensure that the students have the accessibility in terms of resources and connectivity. Many countries have seen the government offering free equipment to the disadvantaged. The teachers as well as the students have been made to move their classes online with neither proper training nor additional budget. Callo and Yazon (2020) suggested that if online teaching and learning is well planned, it could be as effective as face-to-face learning. However, as teachers and students lack online teaching and learning resources, in order to enhance online education, they should be provided with electronic devices and Internet connection as needed for online teaching and learning. Also, educational institutions should facilitate the online delivery service system for both of them. Specifically, teachers need to be trained and provided with guidelines for using online system facilities. The materials for online teaching must be prepared, as well as policy guideline to evaluate the effectiveness and efficiency of online teaching and learning should be considered. Additional sessions related to computer literacy, especially when operating remote labs, must be offered for both teachers and students to ensure effective teaching and learning. It is ascertained that an accessible design of the online teaching platform and regular feedback mechanism from the user will enhance the acceptability of e-learning. In addition to that, educational institutions should be flexible and creative for creating policies and practices for effective online teaching and learning (Callo and Yazon 2020; Ferri et al. 2020). Adarkwah (2020) proposed that in low-income countries where there are electricity and Internet shortages, the use of solar power gadgets, blended learning, and electronic devices' facilitation, i.e., providing of mobile devices instead of costly laptops, could be some strategies that might be considered to improve the online education. Apart from that, diverse modalities should be adopted, e.g., online courses, TV, and radio, to provide learning to students in remote areas, and inclusive tools and platforms must be considered for making online resources for a broader audience with disabilities (Ferri et al. 2020).

Governments play a vital role in the provision of various public facilities, including education.

The education sector has been facing a sudden migration to online teaching and learning during the current crisis (Mohmmed et al. 2020). The governments might consider some suggestions to further improve policy and practice concerning online teaching and learning in emergency times. Mishra et al. (2020) and Zhang et al. (2020) suggested that governments should promote educational construction and assessment information to see whether it can meet the demand for online teaching and learn in emergency times. Simultaneously, some regulations might also be needed to support online teaching and learning concerning high-quality Internet connection. In addition, some researchers have also recommended offering standardized home-based teaching facilities to teachers, such as electronic online teaching devices, i.e., computer, laptop, and tablet, and considering students' basic need for online learning equipment as well (Adarkwah 2020; Dube 2020; Ferri et al. 2020; Zhang et al. 2020). According to Adarkwah (2020) and Dube (2020), the equality between the rich and the poor or rural and urban area should also be considered ensuring the effectiveness and accessibility of online teaching and learning. Zhang et al. (2020) also suggested that systematic training for teachers to utilize online teaching tools is essential to teaching quality. Plus, teachers should get assistance from governments, such as administrative, legal, and financial support for training. Governments should also be included in supporting and calling for online education research. The results of the research could be information to improve online teaching and learning.

## Conclusion

It is key to identify and reflect the ways in which HE organizations can enable effective online involvement as this would be essential to operate online education successfully. Tackling this issue is most crucial to handle the current situation of COVID-19, where online education is the most feasible, if not the only, alternate to traditional classroom teaching and learning. The lessons learned are also expected to have profound outcome and will offer appreciated and required direction to comparable emergency situations in the future, similar to how the experience of dealing with SARS (severe acute respiratory syndrome) or MERS (Middle East respiratory syndrome) previously proved to be helpful in some of the comparatively positive and effective responses to COVID-19 (Hartley and Jarvis 2020; Moon 2020). In spite of this effort, the compromise in science education will remain, and the establishment of remote laboratories in science and engineering education will, in spite of all efforts, continue to negatively impact the learning process of students. During the COVID-19 pandemic, the lack of campus access owing to the lockdown and online mode of classes could no doubt complete the syllabus; nevertheless, students faced irreplaceable challenges in completing the laboratory experiments.

## References

Adarkwah MA (2020) "I'm not against online teaching, but what about us?": ICT in Ghana post Covid-19. Educ Inf Technol. https://doi.org/10.1007/s10639-020-10331-z

Adnan M, Anwar K (2020) Online learning amid the COVID-19 pandemic: Students' perspectives. Online Submission 2(1):45–51

Callo EC, Yazon AD (2020) Exploring the factors influencing the readiness of faculty and students on online teaching and learning as an alternative delivery mode for the new normal. Univ J Educ Res 8(8):3509–3518

Çepni S, Akdeniz AR, Ayas A (1995) The importance of the laboratory in science education (III). Contemp Educ 206(1):22–28

Chakraborty P, Mittal P, Gupta MS, Yadav S, Arora A (2020) Opinion of students on online education during the COVID-19 pandemic. Hum Behav Emerg Technol n/a(n/a). https://doi.org/10.1002/hbe2.240

Dube B (2020) Rural online learning in the context of COVID 19 in South Africa: evoking an inclusive education approach. Multidiscip J Educ Res 10(2):135–157

Ferri F, Grifoni P, Guzzo T (2020) Online learning and emergency remote teaching: opportunities and challenges in emergency situations. Societies 10(4):86

Hartley K, Jarvis DSL (2020) Policymaking in a low-trust state: legitimacy, state capacity, and responses to COVID-19 in Hong Kong. Polic Soc 39(3):403–423

Hussein E, Daoud S, Alrabaiah H, Badawi R (2020) Exploring undergraduate students' attitudes towards emergency online learning during COVID-19: a case from the UAE. Child Youth Serv Rev 119:105699. https://doi.org/10.1016/j.childyouth.2020.105699

König J, Jäger-Biela DJ, Glutsch N (2020) Adapting to online teaching during COVID-19 school closure:

O

teacher education and teacher competence effects among early career teachers in Germany. Eur J Teach Educ 43(4):608–622. https://doi.org/10.1080/02619768.2020.1809650

Maier V, Alexa L, Craciunescu R (2020) Online education during the COVID19 pandemic: Perceptions and expectations of romanian students. Proc Eur Conf e-Learn, ECEL; 2020-October:317–324

Mishra L, Gupta T, Shree A (2020) Online teaching-learning in higher education during lockdown period of COVID-19 pandemic. Int J Educ Res Open 1: 100012. https://doi.org/10.1016/j.ijedro.2020.100012

Mohmmed AO, Khidhir BA, Nazeer A, Vijayan VJ (2020) Emergency remote teaching during coronavirus pandemic: the current trend and future directive at Middle East College Oman. Innov Infrastructure Solutions 5(3):72. https://doi.org/10.1007/s41062-020-00326-7

Moon MJ (2020) Fighting COVID-19 with agility, transparency, and participation: wicked policy problems and new governance challenges. Public Adm Rev Advance online publication. https://doi.org/10.1111/puar.13214

OECD (2020) Education responses to COVID-19: embracing digital learning and online collaboration. https://www.oecd.org/coronavirus/policy-responses/education-responses-to-covid-19-embracing-digital-learning-and-online-collaboration-d75eb0e8/

Zhang W, Wang Y, Yang L, Wang C (2020) Suspending classes without stopping learning: China's education emergency management policy in the COVID-19 outbreak. J Risk Financ Manag 13(3):55. https://www.mdpi.com/1911-8074/13/3/55

# Open Data Policies and Practices in Local Governments

Younhee Kim
School of Public Affairs, Pennsylvania State University Harrisburg, Middletown, PA, USA

## Synonyms

Data sharing; Information disclosure

## Definition

- Open government data: freely accessible to use and reproduce nonprivacy-restricted and non-confidential data generated by public resources in a standardized, machine-readable format
- Open data portal: a digital repository to search and access government datasets
- Open formats: ways to publish data in machine-readable or machine-processable layouts for easy access, search capability, and advanced analysis

## Introduction

Open government data is considered as a parallel of the early effort of online information dissemination that helps citizens to understand what their governments do and how well they perform. As government has collected a large volume of various data, the use of government data has gained more attention to address complex problems in society, improve service delivery, evaluate policy outcomes, and promote transparency and citizen participation. Besides, releasing economic data is expected to create business opportunities and growth for civic-minded developers in innovative ways. These are directly related to the main reasons for opening government data, which are transparency, participatory governance, social and economic value, and internal use (Janssen 2012). Data are costly generated and collected, so broad access to sufficient-quality data will bring a visible impact of open data in and outside of government.

At the beginning of opening government data in the United States, data openness took a specific step to focus much on a physical format of data availability for its secondary use. The 250,743 datasets from federal, state, and local agencies have been released to the public by early November 2019 on Data.gov that is the online open data repository of the federal government launched in May 2009. Allowing broad access to government data provides higher returns on public investment, as external users can generate economic values out of the downstream use of outputs (Janssen et al. 2012). The paradigm of opening more government data became the baseline of the government-mandated responsibility for federal agencies after the passage of Open, Public, Electronic, and Necessary (OPEN) Government Data Act on January 14, 2019. The Act mandates

the key aspects of Open Data Policy announced in May 2013 to create the value of federal data assets in economic, political, and social contexts.

Local open data is most relevant to citizens daily. Given the increase in citizen connectivity through social media and mobile devices, local governments use citizen inputs to respond to their needs and improve service delivery. The US City Open Data Census has reported that the level of openness of key datasets has been increased over time. In 2019, 461 out of 864 datasets submitted to the Census were openly released from 266 cities. On Data.gov, 20,185 datasets (8%) were voluntarily submitted from city and county governments. Aligning with the federal open data project, local governments have operated open data portals to make datasets publicly available and accessible via own data portals or sites built by commercial or nonprofit providers. Data.gov has listed 48 US cities and counties' open data sites as of November 2019. Local governments have committed to releasing data in the past few years, but only a handful has initiated open data policies and invests in resources to open up data.

This chapter discusses how local governments in the United States leverage open data policies and practices to foster the open data movement. This chapter first reviews the meaning of open data in government and the main reasons to develop an open data policy for local government. The 31 guidelines developed by the Sunlight Foundation are introduced to help local governments initiate open data policies, categorizing into the administrative, legal, and technical aspects. The next section, then, analyzes the open data practices of local governments in topics, types, and formats of datasets that are on Data.gov, the US City Open Data Census, and the Code for America. This chapter concludes with the barriers to open data and the implications for promoting the use of open data in local government.

## Open Data Policy in Local Government

Government views data as a strategic asset and manages it to improve decision-making and produce more value. Open data is defined as "non-privacy-restricted and non-confidential data which is produced with public money and is made available without any restrictions on its usage or distribution" (Janssen et al. 2012, p. 258). Restriction free commonly refers to universal access, interoperability, and no copyright restriction, but not for personal data. The format of open data is standardized written in programing language and machine-readable processed by a computer so that datasets are convenient to be redistributed and reusable. The term open data broadly denotes opening government data freely available to anyone to use, reuse, and redistribute in a machine-readable format. The concept of open data is considered as "a tool of open government directives" to achieve three principles of transparency, participation, and collaboration (Kim 2017, p. 245). But it has been further evolved to formalize new rules and standards across governments.

Cities and counties have opened data to some extent, but not all have an open data policy or initiatives. Similar to benefits to federal and state governments, open data also helps local governments improve accountability, efficiency, and economic growth. Having an open data policy in local government is not a symbolic document, but functional action. It makes open data programs successfully implemented and continued without the impact of changes in administrative and political environments. Larrick (2015) interviewed city officials to identify practical reasons for developing an open data policy. The four main reasons to describe the need for an open data policy at the local level were as follows: setting a basic standard framework to unified different practices existing across departments; building a comprehensive data inventory at the department level; committing strong executive support and public engagement; and building a legal framework for accountability and enforcement (Larrick 2015). With an explicit open data policy, local government can foster a culture of open government and evaluate the quality of open data practices.

The Sunlight Foundation has collected 133 open data policies from 109 local governments in 40 states during the 2003–2018 period, including all types of policy, administrative

directive, executive order, legislation, ordinance, council resolution (Open Data Policy Hub 2019). 52.5 percent of the 40 states had one or two local governments to develop open data policies. California (22) had the highest number of local governments with open data policies, followed by Texas (10), Arizona (8), North Carolina (8), and New York (8). Seventy-two percent of the policies were released since the federal open data policy was announced in May 2013. Most formal open data policies at the local level stated definitions, portals, scopes, formats, designated teams, and requirements. The Sunlight Foundation (March 2014) developed comprehensive and practical open data policy guidelines to help local governments adopt sustainable policies in three categories of types of data, ways to make data, and ways to implement policy. The Foundation has continued to list its collected cases, matching to the 31 guidelines presented in Table 1. Existing local open data policies included key aspects of the guidelines to some degree.

The guidelines are involved in administrative, legal, and technical dimensions. All guidelines are not exclusively different. Some are featured in similar characters. Administrative motivations primarily focus on the values and goals of opening government data. In reviewing the cases on the Sunlight Foundation website related to Guideline 3 in Table 1, the values and goals of open data were similarly stated across cities and counties, which are transparency, accountability, social and economic benefits, participation, public knowledge, collaboration, public-private partnerships, innovation, performance improvement, and

**Open Data Policies and Practices in Local Governments, Table 1** Open data policy guidelines

| Category | Guideline |
|---|---|
| What data should be public | 1. Proactively release government information online<br>2. Reference and build on existing public accountability and access policies<br>3. Build on the values, goals, and mission of the community and government<br>4. Create a public, comprehensive list of all information holdings<br>5. Specify methods of determining the prioritization of data release<br>6. Stipulate that provisions apply to contractors or quasi-governmental agencies<br>7. Appropriately safeguard sensitive information |
| How to make data public | 8. Mandate data formats for maximal technical access<br>9. Provide comprehensive and appropriate formats for varied uses<br>10. Remove restrictions for accessing information<br>11. Mandate data be explicitly license-free<br>12. Charge data-creating agencies with recommending an appropriate citation form<br>13. Require publishing metadata<br>14. Require publishing data creation processes<br>15. Mandate the use of unique identifiers<br>16. Require code sharing or publishing open source<br>17. Require digitization and distribution of archival materials<br>18. Create a central location devoted to data publication and policies<br>19. Publish bulk data<br>20. Create public APIs for accessing information<br>21. Optimize methods of data collection<br>22. Mandate ongoing data publication and updates<br>23. Create permanent, lasting access to data |
| How to implement policy | 24. Create or appoint oversight authority<br>25. Create guidance or other binding regulations for the implementation<br>26. Incorporate public perspectives into policy implementation<br>27. Set appropriately ambitious timelines for implementation<br>28. Create processes to ensure data quality<br>29. Ensure sufficient funding for implementation<br>30. Create or explore potential partnerships<br>31. Mandate future review for potential changes to this policy |

Source: The Sunlight Foundation (March 2014)

accuracy of government operations. Interestingly, data policies in Portland, OR, and Raleigh, NC, stated the involvement of the local software community to develop software applications and tools to share government data. Guideline 5 offers reasonable justifications to determine dataset prioritization for data release aligning with resource availability and organizational priorities. The main influencing factors listed in cases are cost, a timeline, the attainment of open data values and goals, the quality of data, public interest and feedback, frequency of public requests, opportunities, and benefits.

The legal aspect mainly deals with accessibility, security, and authority issues. Guideline 7 in Table 1 specifies information sensitivity for privacy, security, confidentiality, and intellectual property concerns to determine information disclosure. Conceptually, data that has been created with public resources should be available to the public, so that any exemptions to data release should be carefully reviewed and regulated. Most local governments made explicit, straightforward statements in securing and releasing sensitive and protected data. Before the 2013 Open Data Policy, the Freedom of Information Act was the legal framework to outline the full or partial disclosure of government data for local governments. Chicago, IL, Nashville, TN, Denton, TX, and Waco, TX, defined the scope of releasing and not releasing data in detail. The City of Wichita, KS, mandated its data accessible to the public by default and required justification if agencies cannot release their data publicly in 2016. A chief data officer for the City is responsible for evaluating protected data categories from the release of data. In interpreting Guideline 11, the City of Austin, TX, ensured free use and reuse of the city's open data without legal requirements but applied some restrictions to compile or modify open data by nongovernmental parties or individuals. Nashville, TN, clarified no guaranty to claim the unrestricted use of the city's open data once open data is removed from the portal.

The technical aspect broadly covers formats, methods of data collection, and ways to publish data. Guidelines 8 and 9 indicate data types for easy access, search capability, and advanced analysis, including machine-readable and machine-processable data. It is vital to publish open data for reuse. Cities and counties stated that data were structured, following general open formats that are "be retrieved, downloaded, indexed, and searched by commonly used web search applications. . .platform independent, machine readable, and made available to the public" (Orszag 2009, p. 2). The data should be further formatted to be converted into commonly used software or web applications for new uses, such as CSV, XLS, XML, and JSON. Both CSV and XLS are a spreadsheet format, while XML and JSON are used to receive data from a web server. The CVS format will be a good starting point for most tabular open data in local government.

Guideline 20 suggests creating application programming interfaces (APIs) that allow computer programs to search, retrieve, or consume data via online, especially for bulk download. Minimum requirements for the standard metadata schema specified in Project Open Data (Burwell et al. 2013) are to make data downloadable as a single file (e.g., a CSV) or through APIs (e.g., a JSON). Local governments have mostly adopted the federal framework to create and maintain data inventory where the maturity areas are expandable, enriched, and open (Project Open Data 2013). Expanding refers to add additional datasets, and enriching denotes to advance the discoverability, management, and reusability of data assets. Examples of enriched cases are to enlarge the number of keyword tags, clarify descriptions of data, or add additional metadata fields (Project Open Data 2013). Eleven local governments (i.e., New York, NY, Honolulu, HI, Boston, MA, Washington, DC, Minneapolis, MN, Arlington County, VA, Anchorage, AK, Naperville, IL, Salina, CA, Modesto, CA, Wichita, KS) listed in Guideline 20 included the automated technology application showcase on open policies.

## Open Data Practice

The directions of open data policies in local government have been far more informative,

innovative, and inclusive to communication and collaboration with broader stakeholders in promoting the open government paradigm. Data demands have rapidly increased in and outside of government, as the increase in availability and convenience to government via electronic or mobile platforms offers a broad range of opportunities to various stakeholders. Local governments have created different types of data that might provide higher returns on public investment. On Data.gov searched in early November 2019, about 50% of local government data was geospatial datasets. The other half of data topics varied across parks, boundaries, transportation, budget, sustainability, recreation, education, school, police, construction, zoning, health, crime, parking, housing, ethics, pension, and other issues. The most common data format was CVS (8162), followed by JSON (7202), XML (5997), and RDF (5561). Datasets were also formatted by EXE, HTML, ZIP, and others (Data.gov 2019).

The top 10 viewed datasets in the city and county government types are presented in Table 2, including only non-geospatial datasets. The top 10 cities and counties proactively published open datasets on Data.gov are City of New York (2624), City of Austin (1589), City of Chicago (763), Cook County of Illinois (569), City of San Francisco (566), City of Baltimore (459), City of Seattle (450), City of Los Angeles (335), Montgomery County of Maryland (308), and Allegheny County/City of Pittsburg/Western PA Regional Data Center (249). The number of the total open datasets by each local government is ranged from 25 to 2624.

The US City Open Data Census measures public access to open datasets based on the level of openness across the 20 subject categories: budget, business listings, code violations, construction permits, crime reports, emergency calls, employee salaries, lobbyist activity, parcels, police use-of-force, procurement contracts, property assessment, property transfers, public facilities, restaurant inspections, service requests, spending, traffic crashes, website analytics, and zoning. If a municipality openly publishes all 20 subject areas of datasets, its openness score will be 100%. Only two cities, Las Vegas, NV, and City of Cincinnati, OH, published datasets across all 20 subject fields, and their overall scores were 99% each. The reason that two cities did not get 100% is lack of the open format or out-of-date. The City of Las Vegas received 83% in the traffic crashes due to the out-of-date issue. The City of Cincinnati scored 89% in the lobbying activity and 83% in the parcels because of not in open format and out-of-date, respectively. In reviewing the other six cities with over 80 percent of the overall score, the most common reasons to decrease a level of openness are lack of openly licensed data, out-of-date data, lack of available data in bulk, and lack of open format data (Open Data Census 2019).

The Code for America has worked with governments to promote openness and collaboration with communities and civic tech practitioners by building open source applications. In particular,

**Open Data Policies and Practices in Local Governments, Table 2** The most viewed datasets in local governments

| City | Dataset | Views | Updated date |
|---|---|---|---|
| City of New York | Demographic statistics by zip code | 1186 | March 29, 2019 |
| City of New York | Popular baby names | 211 | June 14, 2019 |
| City of Chicago | Average daily traffic counts | 122 | August 3, 2018 |
| Allegheny County | Allegheny County property sale transitions | 118 | February 3, 2018 |
| Allegheny County | Pittsburg neighborhoods map | 101 | March 2, 2017 |
| Town of Cary | Local weather archive | 89 | July 22, 2017 |
| Allegheny County | Allegheny County sheriff sales | 88 | August 3, 2018 |
| King County | 2016 general – election results by precinct | 73 | August 9, 2018 |
| City of Charlotte | City employee salaries March 2018 | 62 | August 3, 2018 |
| City of New York | Directory of homeless population by year | 60 | March 29, 2019 |

Source: Data.gov (2019)

Code for America Brigade collaborates with local government to make local communities better, focusing on data, design, and technology. The 85 official brigades from 40 states are jointed on Code for America Brigade by early November 2019. California and North Carolina have the largest number of participating municipalities in this network, which are ten and eight, respectively. In the North Carolina network, the Open Raleigh portal aims to develop opportunities for economic development, commerce, increased investment, and public engagement by providing more on business and financial data. Open Raleigh has published 191 datasets by November 2019. The Open Durham portal has opened 207 datasets to users to explore, visualize, and download county and city data, so that citizens can have more interaction with government data.

A wide range of the datasets made publicly available online by local governments is informative and innovative. These open data practices at the local level have created valuable opportunities to communicate and collaborate with communities and beyond. Entrepreneurs, researchers, and civic tech practitioners have used open government data to develop, assess, and improve the quality of products and services at the local level. Like the Code for America case, government allows users to give feedback on or correct released data, which occurs mutual data exchange between government and users. It should not be an issue of whether municipalities have or have no open data. It is a matter of the quality and continuity of opening data practices. The framework for managing open data outlined by Project Open Data might be feasible approaches for local governments. Its suggested checklists to evaluate the maturity of open data practices in terms of the expanding, enriching, and opening categories will help local governments to identify a place where they should look at first.

## Discussion and Conclusion

Portals for linked local open data have been steadily grown in recent years. The foundations of open government data help the local government to be more transparent, participatory, and respond to internal and external stakeholders. Opening data itself does not guarantee to achieve these goals. Still, it is the first step to identify ways to publicize past, current, and future governments' work. The level and maturity of open data policies and practices have varied across local governments, so cities and counties have to commit to providing, maintaining, and updating the high quality of open data. Practical barriers of opening data in local government are primarily related to several pressing issues where municipalities have faced, such as insufficient financial and administrative resources, inadequate technological issues, privacy considerations, copyright restrictions, and legal issues. Besides, lack of public interest, lack of public awareness, or few public requests for data make local government away from publicly releasing data. As Conradie and Choenni (2014) suggested, local governments begin to release small-scale data and low-cost data to create open data culture.

Concerning the emerging trend of data-driven government nationwide, local governments should also focus on using data effectively to increase efficiency, accomplish a mission, and improve decision-making. The open data practice is an expensive and labor-intensive activity for municipalities, so the beneficial, proven use of released data should contribute to transparent government, participatory governance, and economic growth. To what extent do local governments use open data to be more approachable to communities and residents? The What Works Cities program launched by Bloomberg Philanthropies in 2015 (www.whatworkscities.bloomberg.org) is a case to accelerate cities' use of data and evidence to overcome challenges, such as fraud, waste, and abuse at the local level. Data collected from residents allows the government to respond to issues outlined explicitly for communities. The open data movement has evolved to not only opening data appropriately to the public but also using data smartly by internal and external stakeholders. With more open data, local governments can learn more about the needs

of residents, set priorities, and solve target problems transparently.

## Cross-References

- ▶ Open Government
- ▶ Open Government Influence on Social Prosperity
- ▶ Open Innovation

## References

Burwell S, VanRoekel S, Park T, Mancini D (2013) Open data policy – managing information as an asset. OMB Memorandum M-13-13. Retrieved from https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2013/m-13-13.pdf

Conradie P, Choenni S (2014) On the barriers for local government releasing open data. Gov Inf Q 31(Suppl 1):S10–S17

Data.gov (2019) Data catalog. Retrieved from https://catalog.data.gov/dataset

Janssen K (2012) Open government data and the right to information: opportunities and obstacles. J Community Inform 8(2). Retrieved from http://www.ci-journal.net/index.php/ciej/article/view/952

Janssen M, Charalabidis Y, Zuiderwijk A (2012) Benefits, adoption barriers and myths of open data and open government. Inf Syst Manag 29(4):258–268

Kim Y (2017) Navigating the open government comfort zone for the effective use of open data. In: Chen Y-C, Ahn MJ (eds) Routledge handbook on information technology in government. Routledge, New York, pp 239–251

Larrick S (2015, October 1) Why should cities have an open data policy? Retrieved from https://sunlightfoundation.com/2015/10/01/why-should-cities-have-an-open-data-policy/

Open Data Census (2019) U.S. city open data census. Retrieved from http://us-cities.survey.okfn.org/

Open Data Policy Hub (2019) Open data policy collection. Retrieved from https://opendatapolicyhub.sunlightfoundation.com/collection/

Orszag P (2009) Open government initiative. OMB Memorandum M-10-06. Retrieved from https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf

Project Open Data (2013) Implementation guide. Retrieved from https://project-open-data.cio.gov/implementation-guide/

Sunlight Foundation (2014, March) Guidelines for open data policies. Retrieved from http://sunlightf.wpengine.com/wp-content/uploads/2016/09/OpenDataGuidelines_v3.pdf

# Open Government

Bernd W. Wirtz, Peter Daiser and Steven Birkmeyer
German University of Administrative Sciences Speyer, Speyer, Germany

## Synonyms

Digital government; E-democracy; E-government; Government 2.0

## Definition

Open government is a concept that generates a transparent, participatory, collaborative, and innovative government environment by providing existing data and knowledge to third parties and integrating external knowledge into political and administrative processes.

## Introduction

Open government has become an important topic for governments all over the world (compare for the following Wirtz and Birkmeyer 2015; Wirtz and Daiser 2015, 2016; Wirtz et al. 2017). In particular, the benefits that are attributed to the concept, such as increased citizen trust, enhanced citizen-government communication, and improved internal efficiency, promote open government on a global scale. The growing importance of open government is underlined by the Open Government Partnership, which was established in 2011 and already counts 75 member countries (Open Government Partnership 2017).

In principle, open government refers to the transparency of public sector actions, the accessibility of public sector information, and the public sector responsiveness to third parties (OECD 2009). These developments cause significant transformation efforts since existing administrative structures do rather show bureaucratic, hierarchical, and rigid thinking patterns. Thus, despite

the paramount importance of open government, the concept's realization is still a major public administration challenge.

The open government idea itself – providing access to public sector data – is not a new or groundbreaking concept. This idea has already come up in varying contexts, such as freedom of information and anti-corruption initiatives. Nevertheless, the underlying concept of open government provides manifold opportunities to the government and its stakeholders. These opportunities result from the three building blocks of open government, the so-called pillars: transparency, participation, and collaboration (Reddick and Ganapati 2011).

The three open government pillars target at public value creation. Public value describes the value that governments contribute to society. The creation of public value is a key objective of governmental and administrative action (Moore 1995). Since transparency, participation, and collaboration have a positive influence on the relationships between the government and its stakeholders, open government is expected to contribute to public value creation.

While transparency, participation, and collaboration as well as public stakeholders and the relations with them are the main open government components, there are also external drivers (accountability, technology, acceptance/trust, and regulation/law), which have a strong impact on the design, realization, and evolution of open government. Reconciling these internal factors and external drivers in an integrated, coherent approach is a great challenge of any open government initiative.

Given their importance, it is necessary that governments consider these factors and drivers when preparing and conducting open government initiatives. Else, these initiatives may not deliver their full potential and may cause a deterioration of the relationship between the government and its public stakeholders. Against this background, Wirtz and Birkmeyer (2015) recommend the use of their Open Government Framework, which visualizes the interplay of the relevant open government factors and drivers and, thus, supports governments in open government endeavors. Since their framework, which is depicted in Fig. 1, presents a clear overview of relevant open government components, it is used to structure the succeeding explanatory section. The individual parts of the Open Government Framework are outlined in the following.

## Transparency

Transparency is one of the most frequently mentioned elements of open government. Following the suggestion of van Dooren et al. (2012), transparency consists of three key components: (1) systematic, timely release of information, (2) an effective monitoring and influencing role for legislature, and (3) an effective monitoring and influencing role of the public through media and nongovernmental organizations. Thus, the core elements of transparency in an open government context are public access to governmental information and timely publication of information. Against this background, transparency is often regarded as a trust-building concept. Such information policy principles can be traced back more than two centuries. "In fact, the first freedom-of-information law – Sweden's 1766 Freedom of the Press Act – was driven by party politics, as the new majority in parliament sought to see documents that the previous government had kept secret" (Blanton 2002, p. 52). However, the increasing importance of open government has again stimulated the attention devoted to transparency.

## Participation

Participation is another pillar of open government. By means of participation, public stakeholders become involved in public administration and policy-making through information exchange. Harrison et al. (2012), for instance, understand participation as involving citizens in civic affairs through discussion and deliberation. Given the additional input and engagement of public stakeholders, participation is supposed to encourage their commitment concerning decisions made. Furthermore, participation creates opportunities for the

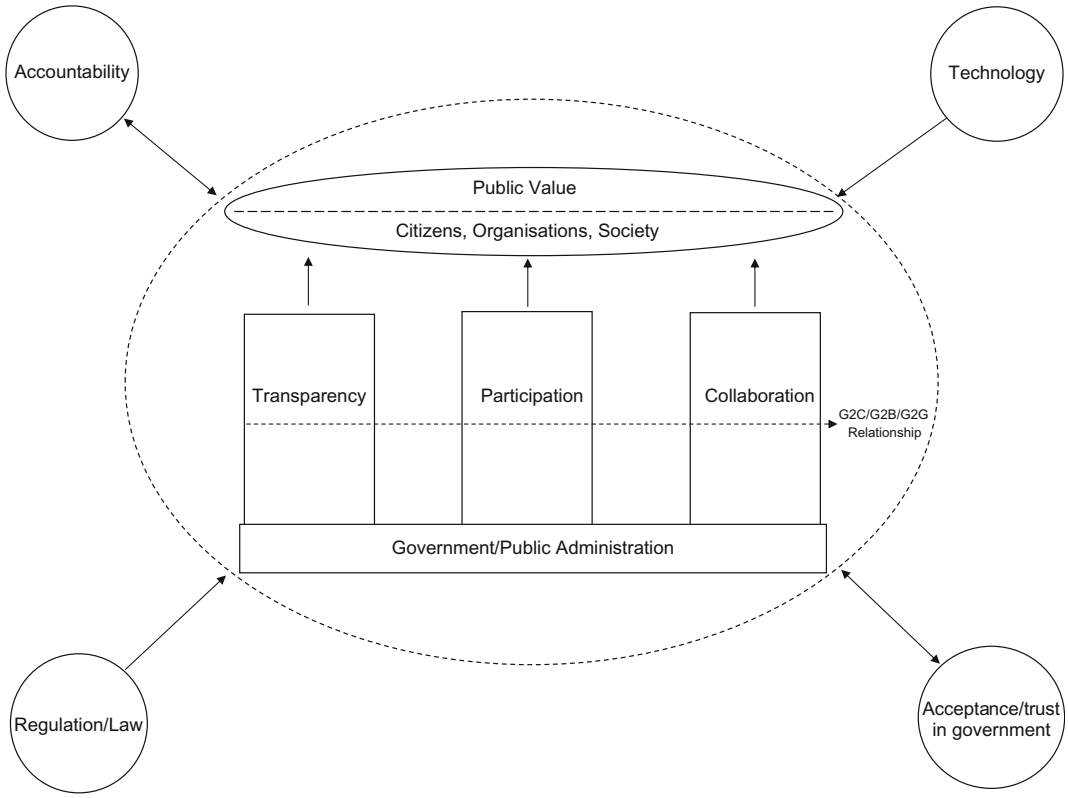


**Open Government, Fig. 1** Open government framework

community to participate in public policy-making and provides the government with additional insights and knowledge. In summary, participation shall enhance public administration effectiveness and the quality of public policy-making.

## Collaboration

The third pillar of open government is collaboration. Collaboration aims at actively engaging the society in public decisions and policy-making through participation of citizens and organizations in administrative and policy procedures as well as enhancing the cooperation among different agencies and departments within public administration. In other words, in an open government context, governments shall actively involve the public in creating solutions to governmental and societal challenges and promote cooperation among distinctive governmental and public administration entities.

## Open Government Drivers

The internal part of the Open Government Framework (transparency, participation, collaboration, government/public administration, stakeholders) is constantly influenced by external factors (accountability, technology, acceptance/trust, and regulation/law), the so-called open government drivers.

Accountability is a key element of democratic governance. It refers to the obligation of the government and its representatives that they are accountable and responsible for their actions and decisions (Schillemans et al. 2013). Accountability is an important driver for open government since it is directly linked with transparency: transparent policies ensure accountability, and accountability promotes transparency (Ball 2009).

Technology is a further key driver of open government. In particular, the rise of the Internet and social media technologies has facilitated

social online interaction and data exchange. These developments have accelerated the impetus for open government. On the other hand, open government implementation also requires significant technology and network infrastructure investments. A further point that needs to be addressed when speaking about technology in an open government context is social media.

Social media are regarded a cornerstone of open government (for this passage compare Wirtz et al. 2017). Kaplan and Haenlein (2010) divide social media into four groups: weblogs (e.g., blogs), collaborative projects (e.g., wikis, online forums), social networking sites (e.g., Facebook), and content communities (e.g., YouTube). Each of these groups possesses particular advantages that support their use for open government. In summary, social media can complement existing open government approaches by reaching new target groups and by optimizing existing services or providing entirely new application areas. Thus, social media technologies can be effective instruments to support specific open government targets, improve citizen-stakeholder interaction, and foster open government initiatives in general.

Acceptance and trust are further important conditions for open government. In this context, acceptance reflects the degree of consent of the public concerning the open government initiatives and trusts the level of confidence of the public in their government. If the citizens do not accept the open government initiatives or the associated technologies, they will not participate or collaborate. Similarly, they need to have a certain level of trust, because, otherwise, they may not believe the information offered.

Regulations and laws provide the legal framework for open government. Since regulations and laws are different in distinctive countries, the design and delivery of open government vary from country to country and sometimes also from region to region or city to city. For example, open government in China is in many ways different from western countries, which generally place greater emphasis on freedom of information (Piotrowski et al. 2009). Apart from that, administrative action also requires clear laws and regulations. A common legal and regulatory basis supports transparency and provides the fundament for consistent and legitimate actions (Ball 2009).

Summarizing, the external open government drivers (accountability, technology, acceptance/trust, and regulation/law) have a constituting, conditioning, supporting, and/or promoting impact on open government. A further important aspect of the Open Government Framework is the relationships between the government and its stakeholders, which are outlined in the following section.

## G2C, G2B, and G2G Relationships

The government-to-citizen (G2C), government-to-business (G2B), and government-to-government (G2G) relationships are important open government facets that are influenced by several factors. From an internal perspective, transparency, for instance, possesses great potential to enhance the relationships between the government and its stakeholders. And participatory and/or collaborative actions promote the joint commitment of the parties involved (Chun et al. 2010). From an external perspective, the G2C, G2B, and G2G relationships are also affected by the open government drivers. Taking technology as an example, modern information and communication as well as social media technologies have massively altered the relationships between the government and its stakeholders. Associated factors, such as availability of information, rapid data transmission, new participation possibilities, and changing citizen behavior, have reshaped stakeholder demands, expectations, and attitude toward government service.

## Conclusion

Open government is a concept that generates a transparent, participatory, collaborative, and innovative government environment by providing existing data and knowledge to third parties and integrating external knowledge into political and administrative processes. In this context, transparency, participation, and collaboration form the core of open government. These pillars are seen as the key levers to increase citizen trust into the

government, enhance government-stakeholder communication, and improve the efficiency and the effectiveness of public policy-making and administrative actions.

Although the idea of sharing public information with citizens is not a novel, groundbreaking idea, the technological developments concerning modern information and communication technologies have paved the way for more effective participation and collaboration settings between the government and its stakeholders. In the future, especially social media can take an important open government role. On the one hand, social media provides manifold opportunities to (further) develop open government tools, methods, and systems. On the other hand, the broad dissemination of social media applications may influence citizen behavior, demands, and expectations on a global scale, supporting worldwide open government progress and harmonization.

## Cross-References

► e-Government Procurement (e-GP)

## References

Ball C (2009) What is transparency? Publ Integr 11(4): 293–308

Blanton T (2002) The world's right to know. Foreign Policy 131(Jul-Aug):50–58

Chun SA, Shulman S, Sandoval R, Hovy E (2010) Government 2.0: making connections between citizens, data and government. Inf Polity 15:1–9

Harrison TM, Guerrero S, Burke GB, Cook M, Cresswell A, Helbig N, Hrdinová J, Pardo T (2012) Open government and e-government: democratic challenges from a public value perspective. Inf Polity 17(2):83–97

Kaplan AM, Haenlein M (2010) Users of the world, unite! The challenges and opportunities of social media. Bus Horiz 53(1):59–68

Moore MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge

OECD (2009) Government at a glance 2009. OECD Publishing, Paris

Open Government Partnership (2017) What is the open government partnership? Available at: https://www.opengovpartnership.org. Accessed 9 May 2017

Piotrowski SJ, Zhang Y, Lin W, Yu W (2009) Key issues for implementation of Chinese open government information regulations. Public Adm Rev 69(s1):129–135

Reddick C, Ganapati S (2011) Open government achievement and satisfaction in US federal agencies: survey evidence for the three pillars. J E-Gov 34(4): 193–202

Schillemans T, van Twist M, Vanhommerig I (2013) Innovations in accountability. Public Perform Manag Rev 36(3):407–435

van Dooren W, de Caluwe C, Lonti Z (2012) How to measure public administration performance. Public Perform Manag Rev 35(3):489–508

Wirtz BW, Birkmeyer S (2015) Open government: origin, development, and conceptual perspectives. Int J Public Adm 38(5):381–396

Wirtz BW, Daiser P (2015) E-government. Strategy process instruments, Textbook for the digital society. Available at: http://berndwirtz.com/downloads/WirtzDaiser_2015_E-Government.pdf. Accessed 14 Mar 2016

Wirtz BW, Daiser P (2016) A meta-analysis of empirical e-government research and its future research implications. Int Rev Adm Sci No. First online: 09 Jul 2016, 1–20

Wirtz BW, Daiser P, Mermann M (2017) Social media as a leverage strategy for open government. An exploratory study. Int J Publ Adm, No. First online: 09 March 2017, pp 1–14

# Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends

Luiz Antonio Felix Júnior[1,2], Luciana Gondim de Almeida Guimarães[2,3], Edilberto Martins Dias Segundo[4], Wênyka Preston Leite Batista da Costa[2,5] and Walid Abbas El-Aouar[2]

[1]Federal Institute of Alagoas (IFAL), Maceió, AL, Brazil

[2]University Potiguar (UNP), Natal, RN, Brazil

[3]Interuniversity Research Center on Enterprise Networks, Logistics and Transportation (CIRRELT), Montréal, Canada

[4]Federal University of Paraiba (UFPB), Mamanguape, PB, Brazil

[5]Rio Grande do Norte State University (UERN), Natal, RN, Brazil

## Synonyms

Citizen; E-government; Open data; Open government; Smart government; Transparency

## Definition

Open government is responsible for providing access to a large amount of data, responsible for providing transparent accounts to society. E-government, on the other hand, is the means by which citizens or other spheres that need information start to have access and, in addition, it is a tool capable of providing services to the community.

## Introduction

Making a "smart" city comes up as a strategy to mitigate the problems that come from urban population growth. The use of technology is associated to the concept of a smart city as well as to the objective of its execution, which is life quality.

Some elements that are necessary for the development of a smart city are smart economy, smart people, smart governance, smart mobility, smart environment, and smart life.

Among the aspects mentioned, this entry addresses governance from the perspective of smart cities with an eye on the process of open government, E-government, and their contributions to a good performance of such governance.

In order to understand the proposition of the open government, attention that, through the relationship between Big Data and Open Data, there will be a great amount of open information, which guarantees a set of accessible data about government activities and social actions. This way, the open government's image is seen as a measure that aims at the transparency of governmental actions through data openness, enabling the population to know the work of their respective governments.

E-government, on the other hand, is characterized as a government with intensive or generalized use of information technology applied to public service delivery, the improvement of managerial efficacy, the promotion of values and democratic mechanisms. E-government introduction aims at simplifying and improving the relationships and transactions between public administrations and their users or clients.

From this conceptual view, it is possible to see a complementarity of the open government and E-government elements, for that a big and open database is essential not only for the development of E-government but also for the construction of an open and transparent government, and to enable a good interaction between governments, citizens, and the entrepreneurial environment.

This way, the union of open government with E-government means smart governance objectives that include transparency, open data by using Information and communication technolog (ICT), and E-government when taking participative decisions, and in the co-created e-services, such as applications.

Thus, it is possible to see that the open government enables access to a number of data, which is responsible for the accountability that is transparent to society. On the other hand, E-government is the way through which the citizen or the other spheres that need information have access, which is seen as a tool that is able to offer community services, thus contributing with the development of governance from the smart citizen's perspective.

By taking a look at the connection that exists among these smart cities' government elements and by trying to understand how they are addressed in previous studies, by helping with such comprehension as well as identifying gaps and trends, casting some light on the topics that refer to the issue, the present entry aims at mapping the international production about E-government and open government.

## Stages in the Development of This Entry

In order for this study to be accomplished, a bibliometric analysis was developed with the use of the ISI Web of Science (WoS) database, regarded by Oliveira et al. (2017) and Ceretta et al. (2016) as a multidisciplinary indexing source that gathers renowned journals.

The procedures for data collection considered the time period from 2009 to 2019, totaling 10 years. The collection took place between January 21 and 28, 2019. As a search criterion, the first selection adopted the key words

"E-government" and "open government." In the second selection among the articles that addressed E-government and open government, the term "governance" was used in order to filter those that dealt with the topic from the cities' governance perspective.

Based on these criteria, accuracy elements and word variation were used, with the use of an asterisk (∗) to include the possibility of plural words, and quotes (") for search accuracy. Sample identification was done from these words in the article titles, abstracts, and key words.

Once the search was performed, the following filters were applied: type of document, among which article and review were selected, and areas of study, selected as "Public Administration." The reason for choosing such area was the capability to contribute in detail to this area of interest (Table 1).

The refinement identified 92 works, so their bibliometric analysis was performed, presented as "bibliometric results" and "beyond bibliometrics," which evaluated the contributions given by the 10 most cited articles in the WoS in each area in detail (Tables 2 and 3).

Finally, with the objective to identify the words with highest hits and relevance that show the trends of the researches related to the topics studied, the VOSviewer software was used.

## Bibliometric Results

Concerning the bibliometric analysis, the first observation refers to the number of article publications by country, according to Table 4.

The United States and Spain are among the countries with the highest percentage, with 16.9% and 7.2%, respectively. Despite the strong influence of the first place, Europe has a meaningful participation of countries which publish about open government and E-government, with a total

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 1** Procedures adopted by key words for research sample refinement

| Filters | "E-government∗" | "Open government∗" | Total |
|---|---|---|---|
| 1ª selection: E-government and open government | 4,274 | 768 | 5,042 |
| 2ª selection: governance | 654 | 124 | 778 |
| Types of work: article and review | 361 | 84 | 445 |
| Area: public administration | 70 | 22 | 92 |

Source: Research data (2019)

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 2** Top 10 publications most cited on E-government

| Publication | Web of Science citations |
|---|---|
| A New Theory for Public Service Management? Toward a (Public) Service-Dominant Approach | 174 |
| Local E-government in the United States: Transformation or Incremental Change? | 104 |
| Governing the Smart City: A Review of the Literature on Smart Urban Governance | 67 |
| Is E-government Promoting Convergence Towards More Accountable Local Governments? | 50 |
| Institutional Motivations in the Adoption of Innovations: The Case of E-government | 47 |
| Factors Influencing E-disclosure in Local Public Administrations | 42 |
| Adoption of E-Communication Applications in US Municipalities: The Role of Political Environment, Bureaucratic Structure, and the Nature of Applications | 35 |
| Uses of Public Participation Geographic Information Systems Applications in E-government | 33 |
| Creating Public Value in E-government: A Public-Private-Citizen Collaboration Framework in Web 2.0 | 32 |
| Internet, Trust in Government, and Citizen Compliance | 30 |

Source: Research data (2019)

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 3** Top 10 publications most cited on open government

| Publication | Web of science citations |
|---|---|
| The Transparency President? The Obama Administration and Open Government | 72 |
| Innovations in Accountability Learning Through Interactive, Dynamic, and Citizen-Initiated Forms of Accountability | 21 |
| Modernizing Government: Mapping Global Public Policy Networks | 20 |
| Local Governance in the New Information Ecology: The Challenge of Building Interpretative Communities | 8 |
| Dangerous Government Info-Liberalism, Active Citizenship, and the Open Government Directive | 6 |
| Fiscal Transparency at the Chinese Provincial Level | 6 |
| The Complex Relationship Between Transparency and Accountability: A Synthesis and Contribution to Existing Frameworks | 4 |
| Can You Find It on the Web? An Assessment of Municipal E-government Transparency | 4 |
| Variants of Transparency: An Analysis of the English Local Government Transparency Code 2015 | 3 |
| Unleashing Innovation Beyond Organizational Boundaries: Exploring Citizen Sourcing Projects | 2 |

Source: Research data (2019)

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 4** Number of article publications by country of origin of the authors' bonding institutions

| | Country | Number | % |
|---|---|---|---|
| 1 | United States | 33 | 16.90 |
| 2 | Spain | 14 | 7.20 |
| 3 | Holland | 8 | 4.10 |
| 4 | China | 7 | 3.60 |
| 5 | England | 6 | 3.10 |
| 6 | South Korea | 5 | 2.60 |
| 7 | Brazil | 4 | 2.10 |
| 8 | Scotland | 3 | 1.50 |
| 9 | Canada | 3 | 1.50 |
| 10 | Australia | 2 | 1.00 |

Source: Research data (2019)

of 4 (Spain, Holland, England, and Scotland), and an established percentage of 16%. The reason why the United States ranks first in the list of publications on open government lies on the fact that, from 2009, with Barack Obama in the presidency, there was the adoption of the Memorandum on Transparency and Open Government, enabling the Open Government Directive. Following this perspective, three principles were introduced in order to foster open government: transparency, participation, and collaboration (Orszag 2009).

Spain stands out due to the development of the Public Administration Reform (CORA), which started in 2012, as well as to the Plan of Thrust Measures of Information Reuse of the Finance and Public Administration Department 2012–2014 (MINISTERIO DE HACIENDA 2019).

On E-government, both the United States and Spain have a high number of publications. In the United States, the Office of E-government and Information Technology, led by the Chief Information Officer (CIO) of the Federal Government, tries to boost citizens and companies' interaction with government (WHITE HOUSE 2019). In Spain, such topic is under discussion for, in 2005, the Plan of Advance for the Development

of the Information Society and Convergence with Europe and between Autonomous Communities, which establishes E-government and undergoes the 2006–2008 Modernize Plan, the 2011–2015 Plan of Advance 2, the creation of the Digital Agenda for Spain (AGE) in 2013, and the AGE's Plan of Digital Transformation, which explains the number of publications.

The top 5 institutions with the highest number of publications feature the University of Granada (5%) and the University of Zaragoza (5%), both in Spain. They share the same top position with exclusive publications on E-government (Table 5).

Only the Tilburg University (4%), located in Holland, presents articles in the area concerning open government. The ranking of the respective universities in the top 5 supports the position of their countries concerning publications. Table 6 presents the Top 5 authors with the highest number of publications.

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 5** Top 5 institutions with the highest number of publications

| Institutions | Number of articles | % |
|---|---|---|
| University of Granada | 4 | 5 |
| University of Zaragoza | 4 | 5 |
| University of Texas at San Antonio UTSA | 3 | 4 |
| University of Texas System | 3 | 4 |
| Tilburg University | 3 | 4 |

Source: Research Data (2019)

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 6** Top 5 authors with the highest number of publications

| Authors | Number of publications | Authors' institutions |
|---|---|---|
| Bolivar, M.P.R. | 3 | University of Granada |
| Reddick, C.G. | 3 | University of Texas at San Antonio |
| Royo, S. | 3 | University of Zaragoza |
| Ingrams, A. | 3 | Tilburg University |
| Braga, L. V. | 2 | Fundação Getúlio Vargas |

Source: Research data (2019)

Concerning the authors with the highest number of publications, it is possible to see that Bolivar, Reddick, Royo, and Ingrams have all published the same number of articles. However, only Ingrams fully devoted time to the area concerning open government, whereas the remaining authors are limited to the area concerning E-government. As for the author Braga, he is a Brazilian researcher who also devoted time to publications on E-government.

The top 5 journals with the highest numbers of publications are presented in Table 7.

The scientific journal with the highest number of articles published was *Public Management Review* (11%), with all the publications dedicated to the area concerning E-government. *Administration Society* (8%) was the second journal with the highest number of articles published about the topics analyzed, as well as the remaining journals.

One of the possible reasons these journals were chosen for publication may be related to the impact factor, since *Administration Society* holds an impact factor of 1,762 over a 2-year period, ranking 21st out of 47 positions, and *Public Administration*, with an impact factor of 1,646 over a 5-year period, ranking 27th out of 47 positions for the same group (SAGE JOURNALS 2019).

*Public Management Review* ranked 3rd in the Academic Journal Guide (2018) of the Chartered Association of Business Schools (CABS). This ranking is directed to journals that received and

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 7** Top 5 journals with the highest number of publications

| Journals | Number of articles | % |
|---|---|---|
| *Public Management Review* | 9 | 11 |
| *Administration Society* | 7 | 8 |
| *American Review of Public Administration* | 7 | 8 |
| *Local Government Studies* | 6 | 7 |
| *Governance: An International Journal of Policy Administration and Institutions* | 4 | 5 |

Source: Research data (2019)

published original and well-prepared papers that underwent a severe evaluation (CABS 2018).

## Beyond Bibliometrics

### E-government and Open Government Concepts

This section will deal with E-government and open government concepts from the 10 most cited publications in the WoS.

Upon starting the E-government conceptualization, Jun and Weare (2010) state that E-government is a generic set of technologies and services employed by a range of public organizations.

On the other hand, Ahn (2011) states that the purpose of E-government is to improve citizens' participation and government's liability and transparency by enabling a higher level of communication and flow of public information between citizens and government. Moreover, it is highlighted to save financial resources and enable citizen's participation of e-democracy (Norris and Reddick 2012).

To Jun and Weare (2010), the E-government practice is considered an interesting and useful case for the study on innovation dissemination in public organizations. Likewise, to Meijer and Bolívar (2016), previous studies on success and failure factors for E-government benefit the research on smart city governance, thus showing the relevance of the topic.

The open government concept was practically unexplorable when comparing 9 out of the 10 publications. However, the study performed by Schmidthuber and Hilgers (2018) offers no conceptualization of open government in its solid or integrated state, but draws near the ideas that enable conceptual foundations. To the authors, the open government approach is suitable to the external environment during the proactive application, data accessibility, and support to the participative decisive process. Notwithstanding, open government would not be limited to the idea of making the process of decision taking participative or enable information, but to the capability of developing openings in administrative structures for the externalities by integrating government processes and bringing in cooperative services.

### Gaps and Insights for Future Researches

At this point, gaps and ideas for future researches are reported, starting from E-government and highlighting the need to continue with studies turned to E-government analysis, regarded by Norris and Reddick (2012), with the objective to observe the pace of their path and future impacts. The study identifies two gaps. The first one concerns the need for studies turned to the intention of use of service transaction (e.g., service request, public service bill payments), since such practices are difficult and expensive to perform. There is also the users' concern about not being attracted by such services. The second research gap lies on the issue concerning social media, since part of the governments have such tool but the impact they bring upon E-government is still not understood.

The research by Pina, Torres, and Royo (Pina and Torres 2010) assessed the capability that E-government has to affect the European Union's government liability, and pointed the continuous Internet development. Thus, future researches must update the results achieved. Likewise, other studies can be carried out by expanding the number of cases studied by country, including other types of public administration.

The contribution by Jun and Weare (2010) refers to the observance about the motivations to innovate in public organizations, to the changes along the process and how they influence the quality and efficacy of innovative practices in public management.

Based on the above, it was possible to see that there are a small number of approaches taken by open government in relation to E-government when the number of works defined in the study method is observed: E-government (70) and open government (22). In this sense, it is possible to conclude that this topic yearns for the development of new studies.

It is possible to see that the open government terminology is linked to the government's transparency and responsive capability. Therefore, the study by Mabillard and Zumofen (2016) indicates that new approaches can be developed for the

conceptual relationship between transparency and accountability. For example, the institutional contextualization is a factor that can promote comprehension about future researches. Likewise, other elements can be taken into account, such as political occasion, citizens' accountability, and reputation factors.

The study by Bearfield and Bowman (2016) shows the fulfillment of analyses and comparisons of the local transparency measurement by checking whether the information available in smart cities are capable to produce the act of monitoring and the public's capability to evaluate the local transparency. It also suggests the use of social media (especially Facebook and Twitter) as a way to reach public involvement and extent concerning transparency.

The approach by Oztoprak and Ruijer (2016) pointed out that few studies involve transparency in local governments. Thus, there are opportunities for researchers that are able to analyze impacts, weaknesses, and improvements caused by transparency policies in these governments.

Then, Schmidthuber and Hilgers (2018) point to the possibility of performing investigations in order to understand new collaborative services based on public and external agents' platforms, besides the maximization of practice participation practices and their improvements. There is also the suggestion to carry investigations in order to check how citizens contribute with initiatives and policies in the long run.

Other research suggest studies on citizens' behaviors in the public sector, for example, by identifying the individuals' attitudes toward the appearance of opportunities to participate in administrative processes or at the moment knowledge and experiences are capable to impact the government perception by the citizens. Another suggestion is similar to the way the public administration can capture good knowledge that comes from the external environment and integrate it into organizational processes in a more advantageous way (Schmidthuber and Hilgers 2018).

## Interfaces

The interfaces' analysis aimed at checking the relationship between E-government, open government, and other areas of knowledge by showing their contextualization and relevance (Table 8).

Concerning E-government, the study by Jun and Weare (2010) worked out on innovation by involving E-government and highlighting the institutional motivations for innovation and the development of E-government services offered through those sites.

The approach by Ganapati (2011), on the other hand, related e-governance with geographic information system (GIS), a technological tool to visually portray spatial information and to perform spatial analyses, allowing local governments to use web services, such as Google Maps, in order to give information on traffic and transportation. Google Transit is the main example for such use. Second, the Internet allowed a meaningful growth of voluntary geographic information; local agencies may use the local knowledge in order to increase the participation for several means. In other words, GIS made it possible for local governments to manage the relationship with the

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 8** Interfaces between E-government, open government, and other areas of knowledge

| Approaches involving E-government | Authors | Approaches involving open government | Authors |
|---|---|---|---|
| E-government and innovation in public administration | Jun and Weare (2010) | Open government and learning, ways of accountability and their innovations | Schillemans et al. (2013) |
| E-government and geographic information system (GIS) | Ganapati (2011) | Open government and fiscal transparency | Deng et al. (2013) |
| E-government and citizens' trust in the government and the use of internet | Im et al. (2012) | Open government and citizenship and open innovation | Schmidthuber and Hilgers (2018) |

Source: Research data (2019)

citizens more efficiently. The citizens may report local problems online, which are sent to the right department.

Im et al. (2012) emphasized E-government and the use of Internet with citizens' trust in the government. From the premise that this information is a key factor in the public opinion and citizen's behavior, this research explored how the time the citizens spend on the Internet affect their trust in the government and the observance of policies, in comparison with the influence of the traditional, off-line, mass media, and newspaper modes.

Concerning open government, Schillemans et al. (2013) pointed to the issue about learning, accountability ways, and accountability and their innovations with open government. Due to the fact public accountability is linked to accountability, in a scheme that shares benefits and burdens because of the traditional reasons of how reliability and accountability can be approached, bureaucracy and shocks were created in the good governance, affecting the way accountability is done. Thus, with the introduction of alternatives for accountability, three types of innovations were created in order to complement the existing traditionalism: interactive accountability, dynamic accountability, and accountability started by the citizens.

Deng et al. (2013) related open government with fiscal transparency in the provincial Chinese government. The study's motivation encloses demands imposed in several parts of the world by asking for more transparency, in general, budgetary information from countries that are already developed (the United States, for example), as well as those from emerging economies (China, which is this study's objective). The study evaluated the level of fiscal transparency of 31 provincial Chinese governments between 2009 and 2012.

The approach taken by Schmidthuber and Hilgers (2018) related citizenship and open innovation with open government. The study analyzed the open government practices in Austria through citizenship projects, cataloging four examples of citizenship there: "App Challenge Tyrol '15," "MyLinz," "Digital Agenda Vienna," and "Lookalinz."

**Trend Analysis**

At this point, terms that are repeated in the studies are analyzed, as well as the relevance that shows the capability of relationship with the remaining terms.

Upon observing the most common terms (Table 9), it is possible to see that terms such as Government (68), E-government (58), Level (43), Participation (41), Citizen (40), and Transparency (35) are frequently cited in studies about E-government, which shows that citizen's participation, level, and transparency process in public entities are topics that are frequently explored.

As a complement to this understanding, Table 9 also presents the relevance of the terms, which shows that, despite the fact they have less hits, terms such as Internet (3.47) and ICTs (2.13) have a high relevance in studies on E-government since this is a topic that is very present in the technological environment. Terms such as Trust (2.66) also stand out, which shows the relationship of the studies on E-government application with information accountability, as studied by Im et al. (2012), who noticed that the citizens' level of trust in the government and conformity are affected by the citizens' use of Internet, and the term Accountability (2.13), approached by Pina, Torres, and Royo (Pina and Torres 2010).

After performing the analysis on E-government, there is the same observation strategy for open government. Upon checking the hits, according to Table 10, the most frequent term is transparency (41), followed by openness (17), information (16), and open government (12). All these terms are within the concept of open government, and the most expressive term, concerning transparency, can be understood as the open government's major objective.

Concerning term relevance, people (4.33), implementation (3.80), and quality (2.07) stand out and represent the main study focus on open government, which is the implementation process, population access to information, and quality generated by data openness.

By analyzing the terms that appear in the works on open government and E-government simultaneously, it was possible to see that the terms follow a trend: transparency, citizen/crowd, and

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 9** Terms, hits, and relevance

| Term | Hit | Relevance |
|---|---|---|
| Government | 68 | 0.46 |
| E-government | 58 | 0.61 |
| Article | 53 | 0.32 |
| Level | 43 | 1.39 |
| Study | 42 | 0.44 |
| Participation | 41 | 1.50 |
| Local government | 40 | 0.82 |
| Citizen | 40 | 0.31 |
| Use | 36 | 0.79 |
| Transparency | 35 | 1.29 |
| Factor | 32 | 0.25 |
| Analysis | 29 | 0.43 |
| Development | 28 | 1.13 |
| Public administration | 28 | 0.86 |
| Process | 28 | 0.36 |
| Research | 28 | 0.28 |
| Information | 27 | 0.17 |
| Country | 25 | 1.83 |
| Relationship | 22 | 0.85 |
| Politics | 22 | 0.72 |
| State | 21 | 0.98 |
| Implementation | 20 | 1.35 |
| Accountability | 16 | 2.13 |
| Reading | 16 | 0.75 |
| ICTs | 15 | 2.13 |
| Impact | 15 | 0.61 |
| Internet | 14 | 3.47 |
| Trust | 14 | 2.66 |
| Citizen's participation | 13 | 0.53 |
| Role | 12 | 0.86 |

Source: VOSviewer® (2018)

information, for they are present in both research, which shows that both procedures have information transparency, social participation, and government information disclosure as the focus of their researches. Moreover, the two topics also present terms related to technology, such as Internet and ICTs, which shows that both E-government and open government use technology for their development.

## Final Remarks

Based on this study's findings, it was possible to see that the countries with the highest number of publications are the United States and Spain. The University of Granada and the University of Zaragoza, both in Spain, have the highest number of studies developed, with the authors Bolivar, Reddick, Royo, and Ingrams.

Concerning the concepts, it is possible to see that both tools have a relationship with transparency, social participation, and government information disclosure in their conceptual essence.

As research gaps, the topic concerning open government lacks more research in the area; studies that address the observance of transparency through the two topics are suggested; the use of social media for a stronger connection

**Open Government and E-Government: Concepts, Gaps, Interfaces, and Trends, Table 10** Terms, hits, and relevance

| Terms | Hits | Relevance |
|---|---|---|
| Transparency | 41 | 0.64 |
| Article | 20 | 0.32 |
| Government | 18 | 0.27 |
| Openness | 17 | 1.65 |
| Information | 16 | 0.28 |
| Concept | 14 | 0.19 |
| Analysis | 14 | 0.16 |
| Open government | 12 | 0.4 |
| Accountability | 10 | 0.71 |
| Complexity | 9 | 1.00 |
| Innovation | 9 | 0.37 |
| Framework | 8 | 0.66 |
| Challenge | 8 | 0.48 |
| Quality | 7 | 2.07 |
| Question | 7 | 0.29 |
| Case | 6 | 0.77 |
| Literature | 6 | 0.16 |
| Context | 5 | 1.82 |
| China | 5 | 1.43 |
| Paper | 5 | 1.41 |
| Citizen | 5 | 0.88 |
| Barrier | 5 | 0.54 |
| Crowd | 4 | 4.33 |
| Implication | 4 | 3.8 |
| Public innovation | 4 | 1.13 |
| Rule | 4 | 1.05 |
| Latin America | 4 | 0.92 |
| Author | 4 | 0.25 |

Source: VOSviewer® (2018)



between government and citizen, E-government path studies, the assessment of government accountability to the metrics of E-government and open government; innovation in public service through E-government; analysis of information capability disclosed by the government and whether they are capable of providing monitoring from the citizens; observation of the impacts, frailties, and improvements caused by transparency policies; validation of citizen's contribution to improvements and how they take place.

Concerning the interfaces, it is possible to see that the E-government topic agrees with the studies turned to citizen's access to public information, and the open government works to align transparency with government responsibilities. Both tools bring a higher responsibility and trust to management. They also introduce innovation processes into the public administration. Such interfaces are confirmed when the research trends are analyzed through the VOSviewer software, which leads to the conclusion that the topic interfaces of open government and E-government with other topics of knowledge area can be seen as research trends, that is, topics that are being studied as this analysis takes place.

From the conclusions presented, this work suggests an academic and scientific contribution in order to identify research concepts, gaps, interfaces, and trends in the area concerning E-government and open government. As for the

managerial contributions, the study collaborates with the identification of possible gaps and future efforts of studies which may take place empirically, thus contributing to the market.

This study's limitation lies on its generalization, since the study time period comprehended the years of 2009 to 2019, with data collection in the WoS taking place up to January 28, 2019. Therefore, the findings and suggestions for futures studies lie within the research limit established in the method.

## Cross-References


- ▶ Accountability and Accounting: Insights from Russian Public Sector Reform
- ▶ Accountability and Corruption, Europe
- ▶ Accountability and Democratic Administration
- ▶ Accountability and Governance in Fiji
- ▶ Accountability Mechanisms
- ▶ Corporate Social Responsibility


**Acknowledgments** This entry was financed in part by the Coordenação de Aperfeiçoamento de Pessoal de Nível Superior – Brasil (CAPES) – Finance Code 001.

## References


Ahn MJ (2011) Adoption of e-communication applications in U.S. municipalities: the role of political environment, bureaucratic structure, and the nature of applications. Am RevPublic Adm 41(4):428–452. https://doi.org/10.1177/0275074010377654

Bearfield DA, Bowman AO (2016) Can you find it on the web? An assessment of municipal e-government transparency. Am Rev Public Adm 1:1–17. https://doi.org/10.1177/0275074015627694

Ceretta GF, Reis DR, Rocha AC (2016) Inovação e modelos de negócio: um estudo bibliométrico da produção científica na base *Web of Science*. Gest Prod 23(2):1–12

Chartered Association Business School (CABS). Academic Journal Guide (AJG) 2018. The purpose of the Academic Journal Guide. Disponível em: https://charteredabs.org/academic-journal-guide-2018/#1529418448009-77171365-3d17. Acesso em: 25 jan. 2019

Deng S, Peng J, Wang C (2013) Fiscal transparency at the Chinese provincial level. Public Adm 91(4):947–963. https://doi.org/10.1111/padm.12031

Ganapati S (2011) Uses of public participation geographic information systems applications in e-government. Public Adm Rev, may/june 7(3):425–434

Im T, Cho W, Porumbescu G, Park J (2012) Internet, trust in government, and citizen compliance. J Public Adm Res Theory 24:741–763

Jun K, Weare C (2010) Institutional motivations in the adoption of innovations: the case of e-government. J Public Adm Res Theory 21:495–519

Mabillard V, Zumofen R (2016) The complex relationship between transparency and accountability: a synthesis and contribution to existing frameworks. Public Policy Adm 17:1–20. https://doi.org/10.1177/0952076716653651

Meijer A, Bolívar MPR (2016) Governing the smart city: a review of the literature on smart urban governance. Int Rev Adm Sci 82(2):1–17. https://doi.org/10.1177/0020852314564308

Ministerio de Hacienda. Gobierno de España. CORA – Reforma de las Administraciones Públicas. Disponível em: http://www.hacienda.gob.es/es-ES/Areas%20Tematicas/GobernanzaPublica/Paginas/cora/cora.aspx. Acesso em: 24 de jan. de 2019

Norris DF, Reddick CG (2012) Local E-government in the United States: transformation or incremental change? Public Adm Rev 73(1):165–175

Oliveira AB, Rodrigues RS, Matias M (2017) Periódicos científicos das Ciências Agrárias: análise dos títulos brasileiros indexados na Web of Science e Scopus Perspect. Ciênc Inf 22(2):3–28

Orszag PR (2009) Memorandum for the heads of executive departments and agencies: open government directive. Executive Office of the President, M-10-06. Disponível em: http://www.whitehouse.gov/open/documents/open-governmentdirective. Acesso em: 02 jan. 2019

Oztoprak AA, Ruijer E (2016) Variants of transparency: an analysis of the English Local Government Transparency Code 2015. Local Governm Stud:536–556. https://doi.org/10.1080/03003930.2016.1154845

Pina V, Torres L (2010) Is E-government promoting convergence towards more accountable local governments? Int Public Manag J 13(4):350–380. https://doi.org/10.1080/10967494.2010.524834

Sage Journals. Administration & Society. Journal Indexing and Metrics. Disponível em: https://journals.sagepub.com/metrics/aas. Acesso em: 25 jan. 2019

Schillemans T, Twist MV, Vanhommering (2013) Innovations in accountability learning through interactive, dynamic, and citizen-initiated forms of accountability. Public Perform Manag Rev 36(3):407–435

Schmidthuber L, Hilgers D (2018) Unleashing innovation beyond organizational boundaries: exploring citizen sourcing projects. Int J Public Adm 41(14):1–16. https://doi.org/10.1080/01900692.2016.1263656

White House. Government of the United States of America. Office of E-government & Information Technology. Disponível em: https://www.whitehouse.gov/omb/management/egov/. Acesso em: 24 de janeiro de 2019

# Open Government Data and Trust

Nicolás Gonzálvez-Gallego[1], Laura Nieto-Torrejón[1] and María Concepción Pérez-Cárceles[2]
[1]San Antonio Catholic University of Murcia, Murcia, Spain
[2]CUD San Javier, Murcia, Spain

## Synonyms

Information disclosure; Institutional trust; Open data policies; Political trust

## Definition

Open government data is freely accessible, nonprivacy-restricted, and nonconfidential data that public institutions make available without restrictions on its usage or distribution, in a standardized and machine-readable format.

Trust is the cognitive assessment of the relationship between trustors (citizens) and the trustee (public institutions) based on the expected utility of the latter performing satisfactorily.

## Introduction

Citizens in liberal democracies feel increasingly unconfident about their public institutions. Indeed, there is a general fall in trust during the last decades and, especially, since the Great Recession and sovereign-debt crisis. However, it is necessary to keep a certain level of trust to make the political system work, so that this loss of trust may have a negative impact on democracy and its legitimacy. Public officers, politicians, and academia are giving increasing attention to trust promotion and citizens' reengagement.

Open government data (OGD) is the basis of one of the most promising approaches. The implementation of open government data policies may lead to different positive outcomes, such as more transparent governments, the boost of citizens' participation, or the development of innovative and more efficient public services that are expected to increase trust in institutions. Accordingly, the Organization for Economic Cooperation and Development (OECD) and the European Union (EU), among other supranational institutions, together with different international organizations like Open Knowledge Foundation and Open Government Partnership, are encouraging national governments to adopt open data strategies in order to improve quality of democracy and promote economic development and, prominently, citizen trust in institutions. Consequently, it is of high interest for politicians, public officers, and academia to explore if the open disclosure of public data helps to bridge the widening gap between citizens and institutions.

## Institutional Trust

In a global context in which citizens are increasingly distrusting in public institutions, world leaders are seeking new strategies to reconnect with their citizens, by promoting a range of social public values through participation and collaboration (Bryson et al. 2014). Then, governments are moving to new management methods that are focused not only on economic efficiency, but also on other social, political, and ecological dimensions that create value for citizens beyond financial performance. The literature recognizes that trust is one of the potential benefits of this approach based on public values.

Trust is a link between a trustor and a trustee. In the context of this entry, the citizens are the trustors and the public institutions are the trustees. Trust in political institutions is a cognitive evaluation that the citizens make about that relationship in terms of what the trustors expect from the trustees (Bauer and Freitag 2018). This leads to the following question: how do citizens build trust in public institutions? People trust in a certain institution according to their past experience, after assessing public outcomes and processes associated to that institution. This reinforces the idea of approaching institutional trust as an indicator to study this relationship, as well as how

supportive citizens are toward their political and public institutions. It means that trust will reflect changes in how citizens perceive institutional performance but trust is usually more sensitive to bad experiences and poor performance than to positive ones, which is aligned with the popular belief that trust is hard to gain but easy to lose.

If institutional trust relies on experience it implies that one will trust others (individual or institution) if he or she is used to be treated fairly (Alesina and La Ferrara 2000). In other words, satisfaction and trust are closely linked, although it is necessary to study the causal relationship between both. Trust is the reflection of citizens' expectations about how different institutions will behave, while satisfaction measures how government and other institutions meet their current needs. More formally, this connection can be explained as follows: "trust is a future-based belief that politicians will be able to generate expected outcomes, whereas satisfaction is a retrospective view of outcomes generated by the government" (Weber et al. 2017). The causal and unidirectional impact of satisfaction on trust is widely supported by the literature and it is possible to state that trust assesses public institutions management and it also embodies citizens' satisfaction with public performance, since it quickly reacts to any changes in their satisfaction with government performance (Keele 2007).

When analyzing citizens' trust in institutions and their satisfaction, it is necessary to considered that they are complex measures. Regarding trust in institutions, there are different national institutions (national government, national parliament) and even regional or local governments whose performance can have a direct impact on citizens' daily life. At the same time, national institutions are losing their capacity to influence on different policies, especially in terms of economics, while this economic power is being transferred to other supranational actors, such as the EU (in case of the European countries) or the International Monetary Fund. This is quite relevant since, together with trust, another debate about legitimacy of certain institutions is rising. Concerning satisfaction, citizens' assessment on government or institutional performance may cover a wide set of aspects, such as democracy, economy, life in general, public education, or health services.

## Open Government Data as a Driver for Trust

Recent findings reveal that the digitalization process of governments and institutions is leading to a range of benefits linked to the public values mentioned above (Ruijer and Martinius 2017). The former implementation of Information and Communication Technologies (ICT) and e-government, together with the need for mechanisms and policies that increase citizens' trust, are encouraging public institutions to develop open government, an innovative governance method that relies on the availability of open data in order to promote transparency and interaction between government and citizens (Wirtz and Birkmeyer 2015). Succeeding in the implementation of those strategies requires open data policies, as international organizations are stressing, in order to improve democracy and welfare through transparency and accountability. OGD is commonly understood as data disclosed by governments and other institutions that can be freely accessed by all, reused, and shared.

Initially, governments conceived OGD merely as an expression of their intention to be more transparent. Increasingly, this is turning into a more concrete set of strategies and policies in order to foster accountability, participation, and co-creation of value between governments and citizens. Another potential positive effect of OGD is citizens' trust as the ultimate goal of an open government strategy. The novelty of consistent and coherent OGD strategies, together with a lack of global benchmarks or indexes to measure OGD implementation over a long period of time, results in the scarcity of studies that explore this relationship. Although limited, there is evidence that supports that the implementation of OGD initiatives is expected to have a positive effect on citizens' institutional trust, which is one of the prominent good governance results of open data (Meijer 2014).

There is a direct and positive impact of OGD on citizens' trust as macro variables referred to a

whole population from a certain country or region. Nevertheless, OGD does not have the same effect on all the citizens and there are significant differences when including social and demographic variables in this analysis. Thereby, for those who intensively use the Internet, this positive effect was higher than for the rest of the individuals. Indeed, since disclosing public data strongly relies on websites and information systems, it is reasonable to think that how frequent a person uses internet-based services will be relevant in deriving trust from open data. Similarly, as an extension of those Internet-access differences, the impact is lower for elders than for other age groups, because of the age gap in the digital divide (Gonzálvez-Gallego et al. 2019).

In addition to that, as stated in the previous section of this entry, there is a link between trust and satisfaction. There are evidences that show that perceptions of public performance have a positive impact on citizens' trust in institutions (Porumbescu 2016). But is it possible to extend this general relationship to the specific field of OGD? Has citizen's satisfaction with public outcomes a positive effect on citizens' trust through satisfaction? The answers to these questions are also positive. In fact, when governments give citizens the chance of accessing public data related to the past, they feel more satisfied with public services and economy. Citizens project this increase in satisfaction to future beliefs that lead to a rise in trust in institutions. However, the effect on OGD on trust mediated by satisfaction is lower than the direct one (Gonzálvez-Gallego et al. 2019).

## Conclusion

Citizens' trust is a major concern, since it has been continuously decreasing in most of the democratic countries. Politicians, public officers, and international institutions are looking for new management strategies that allow them to reengage their citizens and to avoid deeper effects that can erode the legitimacy of institutions and the democratic system. In this context, national governments and supranational institutions are promoting open government policies. The open disclosure of public data is the backbone of those strategies. Through them, governments expect to promote transparency, accountability, and citizens' participation with the ultimate goal of increasing citizens' trust.

OGD allows people to monitor governments' performance, which makes the government more trustworthy. At the same time, if they can access open data from governments, they show themselves more satisfied with economy, quality of democracy, and public services, such as the provision of health care and education. When satisfaction rises, citizens improve their expectations concerning that the government will meet their interests in the future, which is the conceptualization of trust. Then, OGD has both a direct and indirect effect, through satisfaction, on trust. Despite positive, these effects are still small and the adoption of this innovation is still in its early stages. This reinforces the idea that governments should plan, develop, and implement OGD understanding that it will generate benefits, not immediately, but in the long term.

Governments, citizens, and other stakeholders can expect higher effects of OGD on trust as they implement, spread, and use OGD tools and applications in the future. Results are promising and there is a large room for improvement, but all the stakeholders involved in open government must measure how they are progressing in order to promote strength and to improve some weaknesses. It is necessary to ensure, for example, that OGD increasingly reaches a higher number of citizens, regardless their age or social status. In this sense, international organizations, such as the OECD and the World Bank, together with other global initiatives like Open Government Partnership or Open Data Barometer by World Wide Web Foundation, are relevant for the development and promotion of common standards and assessment of national OGD strategies. Moreover, the commitment of national governments is key to succeed and they should conceive OGD, not only as a way to increase citizens' trust in order to preserve their status but also as an effective method to improve democracy and promote social and economic development.

Researchers must play an important role in the future of OGD as a mechanism to increase institutional trust. OGD must be monitored and studied in detail in the long term, going beyond the exploration of causal relationships and analyzing how this effect evolves in time. Also, the comparative effect of OGD on trust among countries, as well as how individual socioeconomic and political variables can affect the relationship between OGD and trust, deserves special attention from academia.

## Cross-References


- ▶ Governance and Trust
- ▶ Open Data Policies and Practices in Local Governments
- ▶ Open Government
- ▶ Open Government Influence on Social Prosperity
- ▶ Trust in Government


## References


Alesina A, Ferrara EL (2000) The determinants of trust. Working paper, 7621. National Bureau of Economic Research, Cambridge, MA

Bauer PC, Freitag M (2018) Measuring trust. In: Uslaner EM (ed) The Oxford handbook of social and political trust. Oxford University Press, New York, pp 15–36

Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. Public Adm Rev 74(4):445–456

Gonzálvez-Gallego N, Nieto-Torrejón L, Pérez-Cárceles MC (2019) Is open data an enabler for trust? Exploring the link and the mediating role of citizen satisfaction. Int J Public Adm 1–10. https://doi.org/10.1080/01900692.2019.1668412

Keele L (2007) Social capital and the dynamics of trust in government. Am J Polit Sci 51(2):241–254

Meijer A (2014) Government transparency in historical perspective: from the ancient regime to open data in the Netherlands. Int J Public Adm 38(3):189–199

Porumbescu GA (2016) Comparing the effects of e-government and social media use on trust in government: evidence from Seoul, South Korea. Public Manag Rev 18(9):1308–1334

Ruijer EH, Martinius E (2017) Researching the democratic impact of open government data: a systematic literature review. Inf Polity 22(4):233–250

Weber P, Steinmetz H, Kabst R (2017) Trust in politicians and satisfaction with government–a reciprocal causation approach for European countries. J Civ Soc 13(4):392–405

Wirtz BW, Birkmeyer S (2015) Open government: origin, development, and conceptual perspectives. Int J Public Adm 38(5):381–396


# Open Government influence on Social Prosperity


So Young Lee[1], José M. Díaz-Puente[1] and Susana Martin[2]

[1]Escuela Técnica Superior de Ingeniería Agronómica Alimentaria y de Biosistemas, Universidad Politécnica de Madrid, Madrid, Spain

[2]Escuela Superior de Ingeniería de Montes, Forestal y del Medio Natural, Universidad Politécnica de Madrid, Madrid, Spain


## Synonyms

Control of corruption; Environment; Open government; Rule of law; Social capital; Transparency

## Definitions

Open government deals with the transparency and dissemination of information of government thus encouraging civic participation and boosting economic prosperity. This study finds that open government also contributes to social capital and environment. However, mechanisms such as Rule of Law and Control of Corruption are conditions in mediating the two variables.

## Introduction

Transparency and civic participation are related to the recent hot-debated topic "open government." To define and to promote open government, practitioners and academics have been long

studying the effects, aftermaths, and cautions of the functions of open government. Institutions at the international level, like the Open Government Partnership and the Latin-American Network (*Red Latinamerica por la Transparencia* Legislativa), have already begun to create networks among government and civil organizations to encourage them to promote transparency by engaging with citizens to fight against corruption and to strengthen governance.

Meijer et al. (2012, p. 13) define openness of government as "the extent to which citizens can monitor and influence government processes through access to government information and access to decision-making arenas." Heckmann (2011, p. 1) states that "Open Government is about improving transparency, and thereby accountability, in all public affairs." As such, it can improve the opportunities of citizens to influence political decisions. The active engagement of citizens can bring public trust, decrease disillusionment with politics (Heckmann 2011), and improve the implementation and outcome of policies (McDermott 2010). In her famous TED-talk "Demand a more open-source government" in 2012, Beth Noveck articulates that the society should demand a more open-source government and foster civic participation and collaboration for a transparent society. Government produces public goods, such as education and health infrastructure, and provides these values and expertise to its citizens. The motivation behind open government is well explained and justified.

## Researches on Open Government

Open government has been researched in relation to economic prosperity, ICT, and politics. Economic development is probably the most basic way to improve the standard of living in a country. The information created by open government data uses technological infrastructure to enable the information flow to the public. By taking advantage of information dissemination citizens can influence political decision, detect corruption, and thus enhance government accountability (McGee and Gaventa 2011; Michener and Bersch 2013). However, open government cannot itself stimulate economic prosperity. Lindstedt and Naurin (2010) find that public conditions such as higher education and media reach are necessary for an open government to have a positive effect on the public. Krishnan proved that the mechanism of Control of Corruption fully mediated the e-government maturity on economic prosperity (Krishnan et al. 2013). His findings state that e-government itself does not have any significant effect on economic prosperity.

### Social Capital and Environment as Elements of Prosperity

Social capital has been studied among various fields such as education, public health, community life, governance, and democracy (Adler and Kwon 2002). It is closely associated with trust and network and has substantial effects beyond those of economic characteristic (Helliwell 2006). It is an important indicator of a community's success (Whitham 2012). If social network and trust is high, it creates an atmosphere, which increases the wellbeing of the citizens (Helliwell 2006). Moreover, social capital and democracy are interdependently related, meaning that social capital affects democracy and vice versa. Environment and nature have been considered as intangible benefits to the people which can enhance their happiness and health. For example, high air quality, ecotourism, agriculture, and nature conservation bring physical and social benefits to a community, which is indirectly linked to the happiness of the people. In his study, Krishnan had proven that e-government maturity has indirect effects on environmental degradation via Control of Corruption (Krishnan et al. 2013). The idea to include environment into the social dimension of prosperity has been brought to attention only recently. Given the evidence above and ongoing studies of people's perception toward nature in accordance to their happiness, this study includes the variable, environment. This study investigates whether Rule of Law and Control of Corruption work as a platform to bridge open government and prosperity of society. The two variables measure the confidence level of the public – confidence on the perception of social

order. Rule of Law measures the perceptions of agents' willingness to abide by the rules of society, police, and courts; the law enforcement of contracts and property rights; and the detection of crime and violence. Control of Corruption considers public power's detection of malpractices for private gains.

### What Is Open Government About?

From the various literature, several hypothesis can be inferred. Firstly, open government is positive related to prosperity. Open government secures the citizens' rights to information and thus improves accountability for disclosed information. Information itself enables citizens to formulate preferences among policy options, agencies to administer laws and regulations and government to engage in "the mechanisms of accountability that freshen democracy" (Bimber 2003, p. 11). Governmental institutions can post problems and expect innovative ideas and solutions from citizens. Informing citizens and collecting creative solutions from them have proven to be highly effective in some situations. Secondly, open government is positively related to prosperity with the mediating effect of Rule of Law and Control of Corruption. Krishnan has proven that the Control of Corruption is an effective mechanism when talking about the relationship of e-government maturity and economic prosperity and environment degradation (Krishnan et al. 2013).

Lastly, social capital and environment are positively related to open government. This research investigated whether prosperity aspects other than economical social welfare benefit from open government. From the previous literature, this study assumes that high social trust in the community will lead to a better life for individuals and increase their confidence and level of satisfaction.

Thus so far, open government has been associated with access to information, technology, and civic participation, which leads to anticorruption and economic welfare. This study finds that open government has an effect on prosperity; not only on economic welfare, but also on social welfare such as social capital and environment. The Open Government Index from the World Justice Project, which measures the publicized laws and government data, right to information, civic participation, and complaint mechanism, is the independent variable. The Prosperity Index, taken from the Legatum Prosperity Index, is the dependent variable and considers three dimensions – economic, social, and political – and is measured in nine pillars: economic quality, business environment, governance, personal freedom, environment, education, social capital, safety and security, and health. This research investigates whether publicized data, citizen's right to the information, and their engagement or interaction effect the flourishment and creation of wealth within a society.

Given the various literature of open government, two fundamental questions will be asked and tested. (1) Is open government directly associated with prosperity? (2) Is open government associated with prosperity through the two mediating effects: Rule of Law and Control of Corruption?

## The Model

Two models are formulated in this research. The first model is to investigate government transparency in 96 countries for the year 2015 by using Open Government Indicators as the independent variables. The second model is to investigate the effect of E-government development index from the United Nations on prosperity for eight consecutive years from 2008 to 2015 in the 96 countries. Both models will measure a direct effect of open government toward prosperity and an indirect effect through two mediating variables: the Rule of Law and Control of Corruption. Open government does not contribute to society unless mechanisms such as Rule of Law and Control of Corruption are put into practice effectively.

Figure 1 shows the overall research model measuring (i) the direct effect of open government to prosperity and (ii) the indirect effect of the open government to prosperity through two mediating variables.

Figure 2 shows the direct effect of the four Open Government Indexes to the nine prosperity

**Open Government influence on Social Prosperity, Fig. 1** Research model

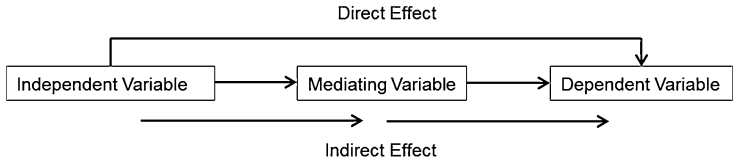


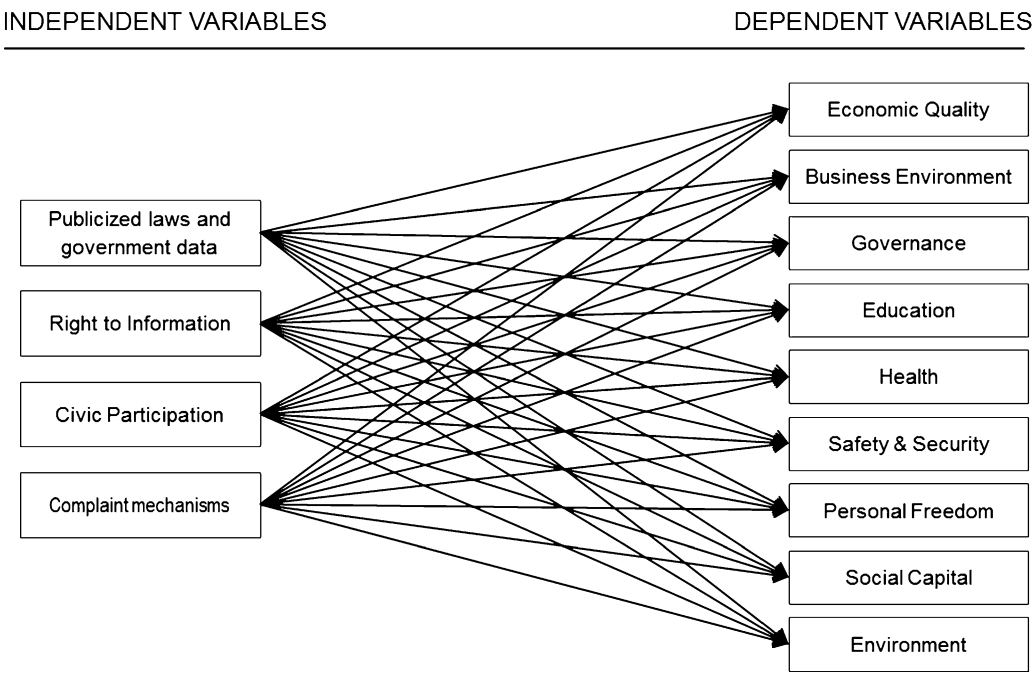


**Open Government influence on Social Prosperity, Fig. 2** The relationship of open government to prosperity

indicators, and Fig. 3 shows the indirect effect through the mediating variables: Rule of law and Control of corruption. Figure 4 shows the model when using the E-government development index as the independent variable.

Archival data from the World Justice Project Worldwide Governance Indicators and Legatum Prosperity were used. The World Justice Project measures, in eight indexes, the extent to which a country adheres by the Rule of Law in practice. Among the eight pillars the study considered open government, which is measures the four pillars, as suitable for the research. The Worldwide Governance Indicators include six dimensions of governance: voice and accountability, political stability and absence of violence/terrorism, government effectiveness, and regulatory quality, rule of law and control of corruption. From the six indexes, the study considered rule of law and control of corruption as the mediating variables. (Rule of Law in the Worldwide Governance Indicators is different from the Rule of Law in the World Justice Project. The former reflects the perception of the agency to abide by rules of society and rights, whereas the latter is the general practice of a country to prevent corruption, wrong doing, etc.) The Legatum Prosperity Index measures the wealth creation and wellbeing of a nation across nine pillars from economic quality to governance, social capital, and environment. The study included all nine pillars in the study, since all of them represent a significant phenomenon in the community. The data have been used in numerous studies and it also provides other advantages such as easy reproducibility, the ability to generalize the results arising from large datasets. In total

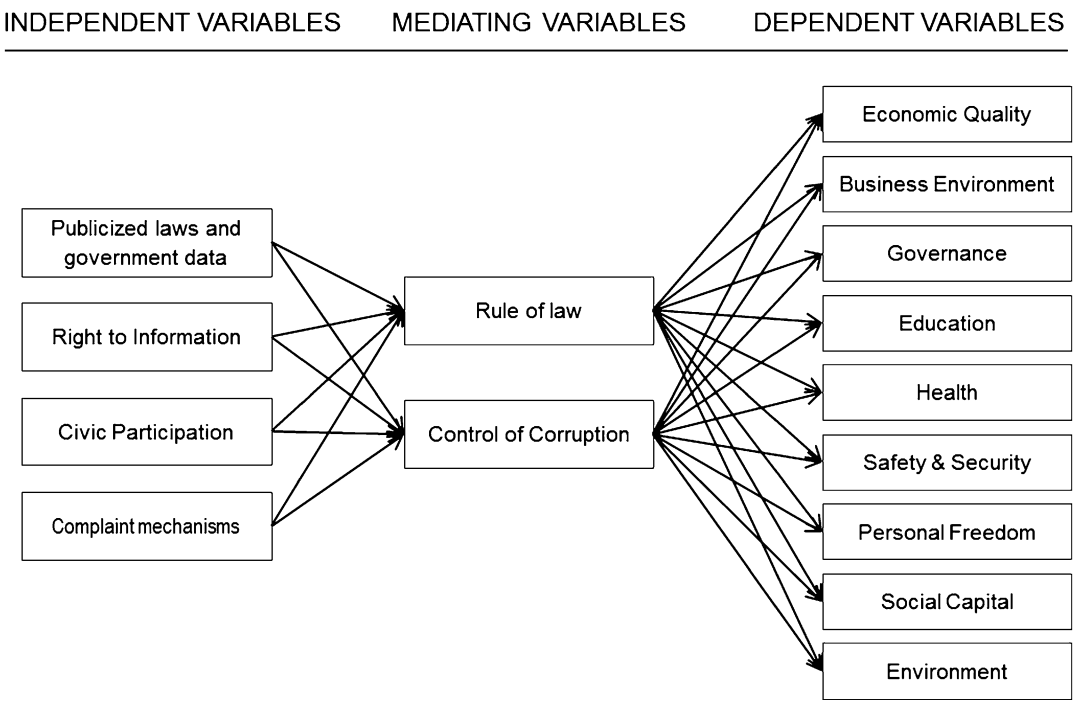


**Open Government influence on Social Prosperity, Fig. 3** The relationship between open government and prosperity through Rule of Law and Control of Corruption

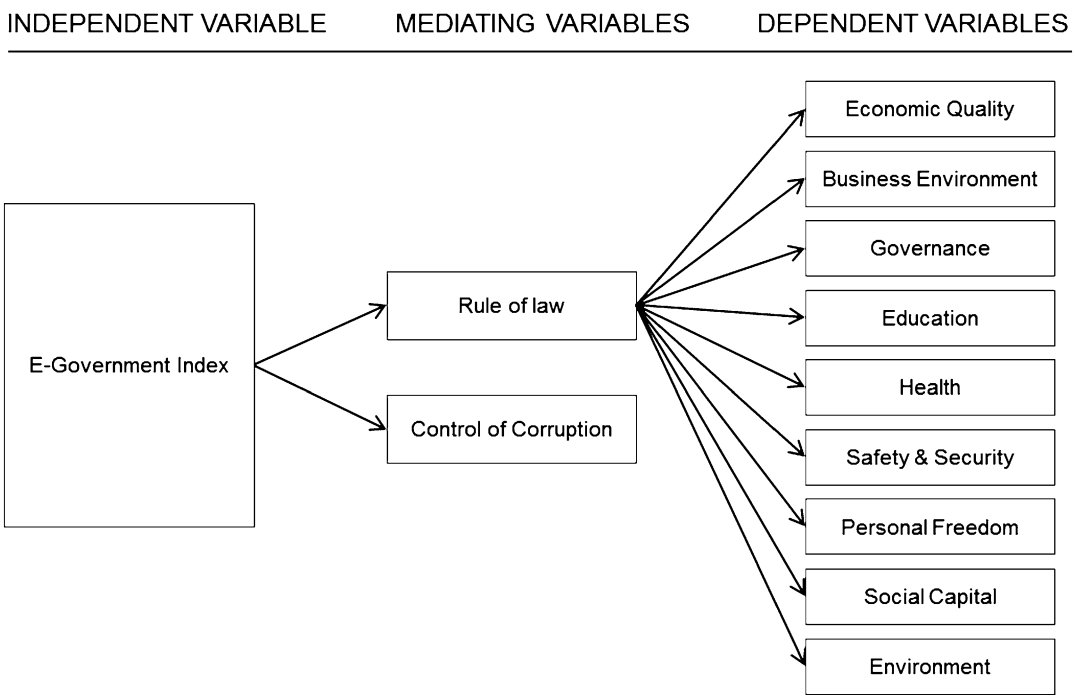


**Open Government influence on Social Prosperity, Fig. 4** The relationship of E-government index to prosperity through Rule of Law and Control of Corruption

96 countries were analyzed. (Afghanistan, Albania, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Belize, Bolivia, Botswana, Brazil, Bulgaria, Burkina Faso, Cambodia, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Ivory Coast, Croatia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Finland, France, Georgia, Germany, Ghana, Greece, Guatemala, Honduras, Hungary, India, Indonesia, Iran, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Lebanon, Liberia, Macedonia, Madagascar, Malawi, Malaysia, Mexico, Moldova, Mongolia, Morocco, Nepal, Netherland, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russia, Senegal, Serbia, Sierra Leone, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Thailand, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Vietnam, Zambia, Zimbabwe.) For the independent variable, the Open Government Index from the World Justice Project (WJP) was used. The Open Government Index, which is the first effort to measure government openness based on the general public's experiences and perceptions worldwide, measures four pillars: Publicized law and data; Right to information; Civic participation; and Complaint mechanisms. The data for the two mediating variables are indicators from the Worldwide Governance Indicators: Rule of law and Control of corruption. The Worldwide Governance Indicator is a project from the World Bank Development Research Group. Finally, the dependent variable will be taken from the Legatum Prosperity Index, which is measured by nine pillars. The Legatum Institute is an international thinktank and educational charity and has the opinion that prosperity is the fundamental building block of human flourishing.

The measurement and definition of the variables are given in Tables 1, 2, and 3. A further detailed description of variables is in the Appendix.

Structural Equation Modeling (SEM) analysis was conducted with the two models as SEM can simultaneously analyze all paths in one analysis. All values are highly significant at the 1% level. The significance level is indicated by the p-level; if the p-level is under 10%, the coefficient is starred with *, if under 5% with ** and if under 1% with *** meaning that it has very high significance. Table 4 show the direct and indirect correlations of each of the four Open Government Index to each of the nine prosperity indexes. Table 5 shows the direct and indirect correlation of the E-government development index to each of the nine prosperity pillars.

From the numerous results, attention was drawn on the indirect effects of open government. In both Tables 4 and 5, all nine variables of prosperity show a significant and positive indirect effect via Rule of Law and Control of Corruption. Therefore, hypothesis 1 is rejected and hypothesis 2 supported. Open government showed significance and positive relation when introducing the mediating variable: Rule of Law and Control of Corruption. Statistical results show that social capital is not a significant or positive factor in any case of the four pillars of Open Government Index or E-government development index (Tables 4 and 5). Environment does not show significant levels toward open government, however, shows significant relation toward e-government (Table 5). Hypothesis 3 is partially accepted, because of the insignificant relation between open government and social capital and significant relation between e-government and environment.

## Conclusion

After having shown that open government and transparency is a topic of interest, the study results show attention-seeking findings. Open government is related to social capital and environment through the mediating effects of Rule of Law and Control of Corruption. This is a fundamental finding beyond previous literature, which asserts the positive influence of information dissemination on economic prosperity. Clearly, social capital and environment are factors that should be taken into consideration when discussing about a nation's wellbeing. For instance, the level of social capital will have much effect on a community's development project, if social capital of the community is managed by a capable

**Open Government influence on Social Prosperity, Table 1** Measurement of independent variables

| Measurement | Definition | Data source |
|---|---|---|
| Publicized laws and government data | Laws and information on legal rights are publicly available<br>Quality and accessibility of information published by the government in print and online<br>Administrative regulations, drafts of legislation, administrative decisions, high court decisions are made accessible to public | World Justice Project |
| Right to information | Requests for information (budget figures of government officials, ombudsman report and information relative to community projects) held by a government agency are granted within a reasonable time period<br>If information is pertinent and complete and<br>Requests for information are granted at reasonable cost. People are aware of their right to information | |
| Civic participation | The effectiveness of civic participation mechanisms, including the protection of the freedoms of opinion and expression<br>Whether people can voice concerns to various government officers and members of the legislature<br>Whether government officials provide sufficient information and notice about decisions affecting the community, including opportunities for citizen feedback | |
| Complaint mechanism | Ability of people to bring specific complaints to the government about the provision of public services or the performance of government officers and how government officials respond to such complaints<br>Whether people can challenge government decisions before another government agency or a judge | |
| E-government development index | Online service index (OSI): assessment of the country's e-services and e-participation portal and ministries of education, labor, social services, health, finance, and environment<br>Telecommunication Infrastructure Index (TII): arithmetic average of (per 100 inhabitants) estimated internet users, fixed telephone lines, mobile subscribers, and fixed broadband subscribers.<br>Human capital index (HCI): weighted average of adult literacy, gross enrollment ratio, expected years of schooling and average years of schooling | United Nations |

**Open Government influence on Social Prosperity, Table 2** Measurement of mediating variables

| Measurement | Definition | Data source |
|---|---|---|
| Rule of law | Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence | Worldwide governance indicators from the World Bank Development Research Group |
| Control of corruption | Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests | |

agency. Clear environment also contributes to the wellbeing of a nation, especially those who are highly dependent on ecotourism and agriculture. Many developed countries government has set up legislations and regulations to protect their national parks, which clearly states that government information dissemination and intervention is essential for controlling pollution and human impact on environment. The literature mentioned in Social Capital and Environment as Elements of Prosperity are evidence of the importance of social capital and environment and how

**Open Government influence on Social Prosperity, Table 3** Measurement of dependent variables

| Measurement | Definition | Data source |
|---|---|---|
| Prosperity | Measuring, understanding and explaining from poverty to prosperity for individuals, communities and nations, which is considered as human flourishing with the opportunity of individuals to discover, fulfill, and share their potential | The Legatum Prosperity Institute |

they are interlinked to the social wellbeing of a community. Furthermore, the four variables for Open Government Index (publicized law and government data, right to information, civic participation and complaint mechanism) are a more precise and accurate description of open government. Previous studies have mainly referred to e-government index or technology infrastructure when defining open government. However, this study has proven that open government is much more than that. It also involves engagement, interaction, and interdependency. Open government was defined through the four variables: publicized law and government data, right to information, civic participation, and complaint mechanism. However, open government can be defined differently depending on the context. There is a need to further define and set the boundaries of open government and its effects. Future studies using the prosperity index will be necessary to follow and record the patterns of the effects of open government on prosperity.

## Appendix

Variable description:

Independent Variable

*Publicized laws and government data*

The World Just Project regards this the first dimension to what they define as open government: transparent, accessible, participatory, collaborative, and responsive. According to Lathrop and Ruma (2010), the accessibility of government data is a precondition to open government, which is improving transparency and accountability of public affairs through which citizens have the opportunity to influence political decisions (Heckmann 2011).

*Right to information*

Right to information has become synonymous with democracy. With the diffusion of right to information law throughout Central and Eastern Europe, South Africa, and South America after the Cold War (Florini 2007) and the spread of the Access to Information law (Relly and Sabharwal 2009), the movement toward citizens' rights to information and information accessibility has become important. The law gives citizens the right to gain access to data and documents to trace actions and decisions made by the government. This allows them to detect corruption and hold the government accountable for the information it provides (McGee and Gaventa 2011; Michener and Bersch 2013).

*Civic participation*

Civic participation improves the realization of important democratic values (Macintosh 2008). Although there is a lack of scientific evidence to prove whether civic participation is directly related to a prosperous society, the objective of many organizations and studies indicates that open government leads to public participation and democratic societies (Di Gennaro and Dutton 2006; Hilgers 2012; Lathrop and Ruma 2010).

*Complaint mechanism*

The last condition for an open government is the complaint mechanism implementation between the public and government. The public must raise their complaints and their voices and government must respond to the citizens' requests. The purpose of the mechanism is that the public is not only provided with data, but can give feedback to the government so that their opinion is reflected in the process.

Dependent variable

*Economic dimension:*

*Economic quality*

Stable and high-quality economic fundamentals, such as accounting reports, increase

**Open Government influence on Social Prosperity, Table 4** The relationship between Open Government and Prosperity for 96 countries in year 2015

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **4-1. Independent Variable = Publicized law and government data; Mediating Variable = Rule of Law** | | | | | | | | | |
| I.V. → M.V. | 6.96*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 4.70*** | 6.55*** | 13.66*** | 4.03*** | 2.50*** | 6.32*** | 11.93*** | 4.75*** | 5.32*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| **4-2. Independent variable = right to information; mediating variable = rule of law** | | | | | | | | | |
| I.V. → M.V. | 6.83*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 6.18*** | 6.72*** | 12.09*** | 4.99*** | 4.10*** | 8.86*** | 6.36*** | 5.60*** | 4.75*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.002) | (0.000) | (0.000) |
| **4-3. Independent variable = civic participation; mediating variable = rule of law** | | | | | | | | | |
| I.V. → M.V. | 4.40*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 8.65*** | 7.88*** | 11.34*** | 12.35*** | 7.41*** | 8.9*** | 5.34*** | 3.85*** | 5.23*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| **4-4. Independent variable = complaint mechanisms; mediating variable = rule of law** | | | | | | | | | |
| I.V. → M.V. | 5.52*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 7.21*** | 6.75*** | 11.20*** | 8.46*** | 5.07*** | 9.58*** | 3.51* | 4.04*** | 3.87*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.059) | (0.000) | (0.000) |
| **4-5. Independent variable = publicized law and government data, mediating variable = control of corruption** | | | | | | | | | |
| I.V. → M.V. | 7.09*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 3.89*** | 5.75*** | 13.47*** | 2.46* | 2.34*** | 5.82*** | 12.42*** | 4.71*** | 5.36*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.100) | (0.016) | (0.000) | (0.000) | (0.000) | (0.000) |
| **4-6. Independent variable = right to information; mediating variable = control of corruption** | | | | | | | | | |
| I.V. → M.V. | 6.78*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 5.33*** | 5.84*** | 11.49*** | 3.84*** | 3.93*** | 8.05*** | 6.75*** | 5.28*** | 4.63*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.006) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| **4-7. Independent variable = civic participation; mediating variable = control of corruption** | | | | | | | | | |
| I.V. → M.V. | 4.38*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 7.95*** | 7.24*** | 11.01*** | 11.15*** | 7.11*** | 8.38*** | 5.67*** | 3.76*** | 5.13*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| **4-8. Independent variable = complaint mechanisms; mediating variable = control of corruption** | | | | | | | | | |
| I.V. → M.V. | 5.56*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 6.43*** | 5.98*** | 10.86*** | 7.08*** | 4.90*** | 8.98*** | 3.95** | 3.94*** | 3.85*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.029) | (0.000) | (0.000) |

economic wealth which promotes social wellbeing. The economic quality pillar measures the countries' performance in four key areas: structural policies (e.g., trade barriers), economic satisfaction and expectations (e.g., satisfaction with living standards), distribution of prosperity (e.g., relative poverty), engagement (e.g., labor force participation and financial access), and production quality and diversity (e.g., export diversity and quality).

**Open Government influence on Social Prosperity, Table 5** The relationship between E-government and prosperity for 96 countries in year 2008–2015

| **5-1. Independent variable = E-government index; mediating variable = rule of law** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| I.V. → M.V. | 4.09*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| M.V. → D.V. | 4.42*** | 6.02*** | 14.36*** | 1.06*** | 1.03*** | 6.44*** | 9.62*** | 4.97*** | 3.04*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.001) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| **5-2. Independent variable = E-government index; mediating variable = control of corruption** | | | | | | | | | |
| I.V. → D.V. | 4.1*** | | | | | | | | |
| p-value | (0.000) | | | | | | | | |
| I.V. → M.V. | 3.83*** | 5.66*** | 13.44*** | 0.52* | 1.18*** | 5.65*** | 9.8*** | 4.95*** | 3.74*** |
| p-value | (0.000) | (0.000) | (0.000) | (0.084) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |

*Business environment*

In a good and strong business environment, citizens have the opportunity to pursue innovative ideas to improve their lives, leading to more wealth and higher social wellbeing. The business environment measures how well people have access to infrastructure, such as the Internet, transport, and credit, and how comfortable people are with the idea of starting their own business. Bittencourt (2011) proved that financial development indeed played an important role in generating economic growth, economic activity, and innovation in the region.

*Institutional dimension:*

*Governance*

A well-governed and democratic society has a high level of citizen wellbeing because of assured political and economic freedom. Governance measures the effective and accountable government, fair elections political participation, the rule of law, and the level of a country's democracy. It also assesses levels of government corruption and competition, and citizens' confidence in the honesty of elections and the broader policymaking process.

*Personal freedom*

According to the Legatum institute, a society experiences high levels of income and wellbeing when its citizens enjoy freedom of expression, belief, and organization, as well as personal autonomy in a diverse society. This pillar measures the freedom of a country's social tolerance. It captures the importance of various freedoms – of choice, expression, movement, and belief – and tolerance of minorities and immigrants, which enhance a country's wealth and the wellbeing of its citizens. Societies that foster strong civil rights and freedoms show increases in levels of citizen satisfaction.

*Social dimension*:

*Health*

A strong health infrastructure enables citizens to enjoy good physical and mental health. Strong mental health leads to higher levels of economic prosperity and wellbeing, whereas poor health keeps people from fulfilling their potentials. The health pillar evaluates countries based on indicators of strong health infrastructure (rates of immunization and sanitation facilities), life expectancy and mortality rate, and individual satisfaction with health. It is reported that self-reported wellbeing and health are strongly and significantly correlated to a society's overall health, further fostering human capital creation, which leads to higher economic development.

*Safety and security*

Safety and Security measures the national security, personal precariousness, and personal safety of a country. A stable social and political environment at a national level is measured by the political terror scale and its investment for sustaining economic growth. Academic research shows that organized political violence, such as crime, hinders economic growth (Cho et al. 2016; Guiso et al. 2004). When individual citizens worry about their personal safety their overall wellbeing suffers. In addition, an environment of fear and uncertainty negatively affects life

satisfaction. (Personal safety measured through questions such as "Do you feel safe walking alone at night?)

*Social capital*

When people trust and respect one another, the social network and the cohesion of a society has a direct and positive effect on the prosperity of a country. Social Capital measures a countries' performance in three areas: social cohesion and engagement (bridging social capital); community and family networks (bonding social capital); and political participation and institutional trust (linking social capital). Empirical studies on social capital have shown that citizen wellbeing improves through social trust (Helliwell 2006). Similarly, societies with lower levels of trust experience lower levels of economic growth (Guiso et al. 2004). Thus, the word "capital" in "social capital" highlights the contribution of social networks as an asset that produces economic returns and improves wellbeing.

*Environment*

Environment has been recently added to the Prosperity Index. The Legatum Institute has found that several indicators of the environment, including the use of pesticides, and land and marine areas devoted to nature, and air quality, show a significant relationship with average national wellbeing and material wealth. A high-quality environment may bring a sense of wellbeing and satisfaction to a country's population, whether it is physical, such as air quality; social, such as green areas and recreation; or symbolic such as national parks. Agriculture, eco-tourism, and nature conservation also provide economic benefits making a high-quality environment an important measure linked to economic and social prosperity.

## References


Adler PS, Kwon SW (2002) Social capital: prospects for a new concept. Acad Manag Rev 27(1):17–40

Bimber B (2003) Information and American democracy: technology in the evolution of political power. Cambridge University Press, Cambridge

Bittencourt M (2011) Financial development and economic growth in Latin America: is Schumpeter right. J Policy Model 34:341–355

Cho HJ, Choi S, Lee WJ, Yang SY (2016) Regional crime rates and reporting quality: evidence from private firms in London. Working paper. (Available) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2791512. Accessed 25 June 2017

Di Gennaro C, Dutton W (2006) The internet and the public: online and offline political participation in the United Kingdom. Parliam Aff 59:299–313

Florini A (2007) The right to know: transparency for an open world. Columbia University Press, New York

Guiso L, Sapienza P, Zingales L (2004) The role of social capital in financial development. Am Econ Rev 94:526–556

Heckmann D (2011) Open government – retooling democracy for the 21st century. In: Proceedings of the 44th Hawaii international conference on system sciences, Hawaii

Helliwell JF (2006) Well-being, social capital and public policy: what's new? Econ J. Conference papers, pp. C34–C45, 116(510)

Hilgers D (2012) Open Government: Theoretische Bezüge und konzeptionelle Grundlagen einer neuen Entwicklung in Staat und öffentlichen Verwaltungen. Z Betriebswirt 82:631–660

Krishnan S, Teo TS, Lim VK (2013) Examining the relationships among e-government maturity, corruption, economic prosperity and environmental degradation: a cross-country analysis. Inf Manag 50:638–649

Lathrop D, Ruma L (2010) Open government: collaboration, transparency, and participation in practice. O'Reilly Media, Cambridge, MA

Lindstedt C, Naurin D (2010) Transparency is not enough: making transparency effective in reducing corruption. Int Polit Sci Rev 3:301–322

Macintosh A (2008) E-democracy and e-participation research in Europe. In: Chen H, Brandt L, Gregg V (eds) Digital government: E-government research, case studies, and implementation. Springer, London

McDermott P (2010) Building open government. Gov Inf Q 27:401–413

McGee R, Gaventa J (2011) Shifting power? Assessing the impact of transparency and accountability initiatives. IDS Working Papers, 383, pp 1–39

Meijer AJ, Curtin D, Hillebrandt M (2012) Open government: connecting vision and voice. Int Rev Adm Sci 78:10–29

Michener G, Bersch K (2013) Identifying transparency. Inf Polity 18:233–242

Relly JE, Sabharwal M (2009) Perceptions of transparency of government policymaking: a cross-national study. Gov Inf Q 26:148–157

Whitham MM (2012) Community connections: social capital and community success. Sociol Forum 27(2):441–457. Blackwell

# Open Innovation

Madhavi Ayyagari[1] and Sanjai K. Parahoo[2]
[1]Murdoch University, Dubai, UAE
[2]School of Business and Quality Management, Hamdan Bin Mohammed Smart University, Dubai, UAE

## Synonyms

Collaboration; Crowdsourcing; Innovation; Open data; Open government; Open source; Public open innovation

## Definition

"Open Innovation involves a business model that combines internal and external knowledge to create value for the organization."

## Introduction

Innovation is critical to success and growth, be it for business organizations or nations. Global competition, rapid developments in technology, changing economic landscape, and increased expectations of people put pressure on businesses to constantly redesign and reinvent products, services, and processes to stay relevant. At a national level, innovation is a key driver of economic growth and development since it spawns opportunities for new businesses, new jobs, productivity gains, and rise in incomes. Economies ranked high on innovation were found to score higher on productivity, resilience, adaptability to change, and living standards (OECD 2015). In the twenty-first century, with knowledge and resources becoming globally accessible, the focus shifted from innovation *per se* to staying ahead through accelerated innovation.

A brief review of the meaning of innovation shows that it is the transformation of new ideas into economic and social solutions. Innovation is a new or a better way of doing something, but it is not just anything novel. It has to lead to increased gains either for the organization or the users or both. It can be a new product, a new service, a new process, a new practice, a new structure, or a new method, which creates economic and social benefits to the actors.

The term open innovation has been coined by Henry Chesbrough (2003) who based his thesis on the study of the practices of business organizations like IBM, Xerox, Cisco, Lucent Technologies, Linux, and so on. He postulated that, open innovation involves integration of a two-way flow of knowledge which is purposefully and intentionally pursued by a business firm. Organizations actively seek creative contribution of other organizations, communities, and individuals and in turn share their knowledge and expertise with the aim of jointly creating enhanced value for the firm. He further stressed that such an integration of the inward and outward knowledge flows is central to its business model and the interactions act as a fountainhead of value created by the firm. A business model constitutes the value offered by the firm and the value received by it in the process of exchange. The value offered is in the form of products and services, and value received can be revenues generated through the sale of such products and services.

Thus the key dimensions that define open innovation as conceived by Chesbrough are:

1. Integration of internal and external knowledge
2. Initiated by the innovation seeking organization
3. A source of creating value that is central to its business model

### Conceptualization of Open Innovation

There have been several iterations of the definition of open innovation based on the growing discourse and research on open innovation. In the most recent version put forth by Chesbrough and Bogers (2014), open innovation was defined as:

> a distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with the organization's business model.

In addition to the internal sources, the external sources of knowledge that a company taps into include consumers, supply chain partners, enthusiasts, universities, or communities of interest. The organization's strategy is to build a network of knowledge sources, in which members voluntarily participate for collaborative innovation. While the innovation seeking organization profits from open innovation, the innovation providers may or may not benefit financially from it. End-users as contributors will gain from improved products and services, supply chain partners like suppliers and distributors may reap the rewards of sustained business, but other individuals who participate out of interest may do so for the satisfaction of participating and contributing with no financial returns. The innovation-seeking organization fosters a conducive ecosystem in which the interactions between participants inspire innovation. However, the true spirit of open innovation embodies a mutual exchange – providing access to resources and technology developed in-house for use by external actors as well. For example, P&G Connect & Develop, the open innovation platform of Procter & Gamble (P&G), receives more than 300 innovations every month. With the promise of "partnering for mutual value," P&G's version of open innovation involves "the practice of accessing externally developed intellectual property and allowing internally-developed assets and know-how to be used by others." While the P&G model involves contractual obligations with the shortlisted innovation solution providers, others like Linux operating system, Wikipedia, and social networking sites such as MySpace, LinkedIn, Facebook, YouTube, etc., rely on external actors to create value and allow access to all without formalized licensing or collaboration schemes.

The usage of the term "open innovation" varies widely which leads to considerable haziness around the terminology. Widely witnessed in the software field, open source refers to the practice of making the source code freely available for study, use, modification, or distribution by others. Such access without restrictions helps all interested competent individuals or entities to benefit from and make their own improvements to the software. Continuous augmentation by anyone from anywhere benefits the entire community, including the original developers, in the form of rapid and collaborative innovation. Consequently, open source quickly evolved into a philosophy of open exchange with no licensing charges to facilitate collaborative effort for the common good. On the contrary, open innovation is also used while referring to a firm's sharing of proprietary assets with its supply chain partners, despite the commercial nature of such exchange. Some others use it synonymously with outsourcing (the firm contracts some of its functions to be performed by external partners) or crowdsourcing (organizations seeking solutions from the public).

Chesbrough's version of open innovation (2011) involves "many other actors that fall far outside traditional supply chains (such as universities or individuals), and these participants in open innovation can be influenced, but often are not actually directed or managed." His focus is on the business model that dictates the knowledge flows which create value to the organization and its stakeholders rather than the actors involved or the protection of intellectual property. He also identified *five distinguishing characteristics* of open innovation:

1. Networking
2. Collaboration with external individuals and organizations – partners, competitors, universities, research institutes, and end-users
3. Corporate entrepreneurship – investing in new ventures, funding start-ups, and spinning-off innovation function of the existing business into a new entity
4. Proactive Intellectual Property Management – facilitating exchange in intellectual property and creating markets for technology
5. Research and development (R&D) that is aimed at gaining competitive advantage in business

Thus, companies source external knowledge from wherever it exists and apply their own expertise and skills to convert the ideas into commercially successful products. The innovation seeking

organizations may be supported by intermediaries in such innovation who either aggregate creative knowledge or provide a platform for connecting diverse creative sources or facilitate sharing through other means, as can be seen in the example in Box 1.

**Box1 An Example of an Innovation Intermediary**

**Creative Commons (CC)** is a nonprofit organization that issues copyrights and licenses free of charge to enable a simple and legal way of knowledge sharing. Their affiliate network spanning more than 85 countries is represented by over 500 individuals including researchers, activists, legal professionals, educationists, policy advocates, and volunteers. They collaborate with nongovernmental institutions, universities, and public agencies to copyright intellectual property that helps solve local and global challenges. Their aim is "to build a more equitable, accessible, and innovative world" by increasing "the body of work freely available for legal use, sharing, repurposing, and remixing." Through the use of CC licenses, millions of people around the world share their creative works like photos, videos, writing, or music for use by any member of the public.

Source: https://creativecommons.org

## How Is Open Innovation Different from the Traditional Approach?

Traditional model of confining innovation within the organizational boundaries is known as closed innovation. Since innovation has become critical for sustaining competitiveness and growth of organizations, the dominant philosophy was to hold exclusive rights to the innovation in the form of intellectual property rights (IPR) ownership. IP laws allow organizations a specified time frame to recover the investments they made in R&D and hence provide an incentive for innovation. Consequently, firms intending to protect their IP are highly secretive of their innovation agenda and process and fiercely compete with other firms in attracting talent. Firms that have greater resources can acquire better talent and benefit from the fruits of innovation, thus creating a virtuous cycle for themselves. Open innovation, on the other hand, aims at leveraging mutual knowledge for reciprocal benefit. Open innovation also requires firms to redesign R&D processes (at least partially) to incorporate two-way knowledge flows. It is the ecosystem in which all members have access to each other's inputs but no one has exclusive rights on the innovation that ensues. Such innovations are similar to public goods which are non-rivalrous and nonexcludable: non-rivalrous, since one individual consuming it does not reduce its availability to another individual, and nonexcludable, which means that it is available to all and no one has exclusive rights. Besides the open source software such as Linux, social networking sites like Facebook, Twitter, and LinkedIn enable mass collaboration for knowledge creation and sharing without constraints. Organizations usually use a combination of both open and closed innovation approaches by partially opening up their innovation for inclusion of external parties even while undertaking some innovation behind closed doors.



## Tracing the Evolution of Open Innovation

As discussed above, the traditional model of innovation, widely prevalent till about the 1980s, was a closed model in which the mandate for innovation rested with the organization's in-house R&D department. Practices such as outsourcing and offshoring of production and technology acquisition from external sources, known as externalization, were a growing trend in the 1990s. Gradually scope of externalization broadened to encompass innovation as well by the turn of the twenty-first century. The distinctive feature of externalization of innovation when compared to outsourcing of production is the change in power dynamics between the manufacturer and suppliers. As outsourcing partners, the suppliers had far less power and were dependent on the manufacturers. However, as innovative suppliers developed expertise in new technologies, their clients gained

significantly from the increased scope of products, services, and technology (Granstrand et al. 1992) which led to greater mutual dependence. Subsequently, firms recognized the benefits of collaborative efforts among supply chain partners for radical innovation. Firms began to engage in systematic planned interactions and developed networks with external partners, as co-creation as a strategy for innovation gained currency. Other developments such as technology-enabled global connectivity and access, mobility of knowledge workers, growth of social networks, and availability of venture capital led to a much wider geographic dispersion of knowledge and spurred grassroots entrepreneurship. This led to democratization of innovation, and large firms were no longer the chief custodians of innovation. Businesses have effectively turned this threat into an opportunity by drawing the individuals and communities into their networks of innovation. Thus, open innovation ensues from the interactions of various actors – internal and external, private and public, and individuals and organizations – as well as intermediaries who facilitate such interactions.

## Adoption of Open Innovation in the Public Sector

Though open innovation was conceived by Chesbrough in the context of business, it gained widespread adoption across several disciplines and fields of practice – each changing the contours to fit their own requirements – which include the not-for-profit sector, public sector, governments, social groups, and communities.

Innovation has become an imperative for transformation of public sector organizations. They needed to change their bureaucratic and paternalistic ways to proactive, responsive, and citizen-centric style of governance in order to gain greater legitimacy for their public value creation processes (Bekkers et al. 2011). Moreover, the magnitude and complexity of problems that need to be tackled by the public sector – environmental degradation, migration, cultural shifts, or security threats to name a few – need collective action and cannot be addressed by a single entity. A number of governments are exploring the usefulness of open innovation to collaboratively develop and implement solutions to deal with these complex challenges through stakeholder engagement. Known as public open innovation (POI), this strategy also promises a more inclusive, bottom-up approach of governance and a means of capitalizing on opportunities generated by digital technologies (Bakici et al. 2013). However, given the differences between the public and private sectors, the nature of value and the participants might vary. Private sector's focus is on value creation for greater competitiveness and greater revenues. In the public sector, the goal is to improve the public value and service performance which will ultimately benefit the public.

## Select Modes of Public Open Innovation

The practice of POI is on the rise and the modes adopted continue to evolve. A few of the common modes are discussed below. Though these modes *per se* are applicable to business and other sectors as well, the examples pertain to the public sector.

*Living labs* are innovation ecosystems that facilitate user-centric open innovation grounded in insights from real-life settings and communities. In the context of POI, living labs function as intermediaries that forge public, private, and people partnerships (PPPP) for collaborative solutions. For example, the European Network of Living Labs (ENoLL) facilitates co-creation, user engagement, and test and experimentation for innovation across multiple domains such as energy, media, mobility, healthcare, agrifood, etc. Originating in Europe, it expanded globally as a platform for exchange of best practices, learning and support for more than 130 active Living Labs members from 6 continents (https://enoll.org).

In the larger context of cities, living labs are also termed as "City Halls" since the city itself is an ecosystem in which the city stakeholders collaborate to develop and test solutions. City halls signify a departure from a technology driven, top-down approach to a bottom-up approach with citizens actively taking part in solving their own problems. This has been used especially for smart city initiatives.

*Open Government Data (OGD)* is the sharing of large sets of data and content in the public domain by the government for free access, use, modification, and distribution by anyone for any purpose. It is both a philosophy and a set of policies aimed at promoting transparency, accountability, and value creation. It also provides opportunities for business generation and development of innovative, citizen-centric services. For instance, information freely available under OECD OGD analysis includes social data, public tender databases, and information related to business, registers, patents and trademarks, geographic, legal, meteorological, and transportation (www.oecd.org).

*Crowdsourcing* involves sourcing ideas from the public in order to benefit from the collective intelligence, knowledge and creativity of the people. The innovation seekers leverage the wide reach of the Internet and social media usually through contests, games, and micro tasks.

*Hackathon* is a short duration gathering of computer programmers and other experts – including graphic designers, interface designers, project managers, etc. – who work intensively during a short time frame to develop a new program or to improve existing software (refer Box 2).

**Box 2 World's Biggest Open Innovation Model**

Smart India Hackathon (SIH) is an annual nationwide initiative that invites students to solve some of the challenges faced within the public sector, ministries, industry, as well as nongovernment organizations. Recognized as the world's biggest open innovation model, the 2018 Hackathon received more than 17,400 entries from around 100,000 students pursuing engineering, management, and computer application courses from across the country. Award-winning solutions include intelligent water-level monitoring in bore wells, temperature control of motors, digitizing ticket checking system and efficient public address system for railways, ambulance tracking system, and an Android application for safe driving to name a few. In SIH-2019, over 100,000 students from around 3000 institutions are expected to participate.

Source: http://openinnovation.net

POI is a growing phenomenon as more and more governments realize the immense benefit of tapping into the creative potential of various external partners and communities they serve. We can argue that POI is true to the spirit of open innovation even more than its corporate sector counterpart. Ethical questions are raised with respect to open innovation in the business sector (Ettlinger 2017). Businesses profit from the collective creativity without payment, which tantamounts to free labor, though the contributions are voluntary. Such voluntary contributions are labelled as self-enrollment in the new mode of exploitation (Graham 2014) since the innovation providers may or may not profit from the innovations they contributed to. However, when applied in the public sector, the goal is a common good. The innovation benefits large sections of the society in the form of improved services that are provided to the society. Despite Chesbrough's defense that open innovation is meant to be the business model and philosophy, the ethical issue still remains since the aimed outcomes have a commercial outcome, unlike the public sector. POI is also encouraged by the World Bank which is actively supporting the approach and philosophy in the programs funded by it across various countries for sustainable open innovation in government for application in cities and beyond (Sustainable Open Innovation in Government: Practical Application in Cities and Beyond 2016).

## Challenges of Public Open Innovation

Adoption of POI is not without challenges. One of the most important issues, which is witnessed in any community initiative, especially on online communities, is attracting and then sustaining the involvement and participation of communities. Further, open innovation requires a clear agenda, a well laid-out but flexible road map,

and capability to manage large-scale participation. Eventually, the success of innovation lies in its implementation and institutionalization. If the public sector fails to implement effectively and the benefits of such innovation are not clearly experienced by the people, it could actually become counterproductive and lead to disillusionment and even worse, apathy for future endeavors. Thus, the success of POI lies in the public sector's ability to harness innovation and convert it into effective solutions that improve the lives of the people they serve.

## Cross-References


- ▶ Alternative Marketing Strategies in Nonprofit Organizations
- ▶ Citizen Participation in Public Management
- ▶ Innovation and Tradition in Public Administration Reform
- ▶ Innovation Ecosystem


## References


Bakici T, Almirall E, Wareham J (2013) The role of public open innovation intermediaries in local government and the public sector. Tech Anal Strat Manag 25(3):311–327. https://doi.org/10.1080/09537325.2013.764983

Bekkers VJJM, Edelenbos J, Steijn AJ (2011) Linking innovation to the public sector: contexts, concepts and challenges. In: Bekkers VJJM, Edelenbos J, Steijn B (eds) Innovation in the public sector: linking capacity and leadership. Palgrave Macmillan, New York, pp 3–34

Chesbrough H (2003) The era of open innovation. MIT Sloan Manag Rev 44(3):35–41

Chesbrough H, Bogers M (2014) Explicating open innovation. In: Chesbrough H, Vanhaverbeke W, West J (eds) New Frontiers in open innovation. Oxford University Press, pp 3–28. https://doi.org/10.1093/acprof:oso/9780199682461.003.0001

Ettlinger N (2017) Open innovation and its discontents. Geoforum 80:61–71. https://doi.org/10.1016/j.geoforum.2017.01.011

Graham M (2014) Internet geographies: data shadows and digital divisions of labor. In: Graham M, Dutton WH (eds) Society and the Internet: how networks of information and communication are changing our lives. Oxford University Press, pp 99–116. https://doi.org/10.1093/acprof:oso/9780199661992.001.0001

Granstrand O, Bohlin E, Oskarsson C, Sjöberg N (1992) External technology acquisition in large multi-technology corporations. R&D Manag 22(2):111–134. https://doi.org/10.1111/j.1467-9310.1992.tb00801.x

OECD (2015) The innovation imperative: contributing to productivity, growth and Well-being. OECD Publishing, Paris. https://doi.org/10.1787/9789264239814-en

Sustainable Open Innovation in Government: Practical Application in Cities and Beyond (2016) Retrieved from http://www.worldbank.org/en/events/2016/05/02/sustainable-open-innovation-in-government-practical-application-in-cities-and-beyond

World's biggest open innovation model: 'Smart India Hackathon- 2019': open innovation community. (September 18, 2018). Retrieved 1 Oct 2018, from http://openinnovation.net/featured/worlds-biggest-open-innovation-model-smart-india-hackathon-2019/


# Operational Leadership


Joseph Wallis
Department of Management, American University of Sharjah, Sharjah, UAE


## Synonyms

Administrative leadership; Leadership in public organizations

## Definition

Operational leadership seeks to advance initiatives and exercise influence in the implementation and technical aspects of policy development.

## Introduction

In considering public sector operational leadership (PSOL), this entry focuses on public servants as administrative rather than political leaders who are primarily engaged in the implementation and technical aspects of policy development. In an update of his 2003 review of the literature on this form of leadership, Van Wart noted an "enormous quantitative improvement in both articles and books devoted to the topic, as well as a far greater self-consciousness of the subfield" (2013,

p. 534). This has corresponded in many countries with a marked increase in the incidence of "leadership" language in official public administration documents as well as the growing investment in leadership development programs for public officials. For example, in the UK, Wallace et al. (2011) interviewed senior staff in four types of public organization in the UK and found that "Almost without exception, (they) confirmed their strong identification with being a leader in their organizations. . . .Informants generally believed that being a leader was a core component of their role (p. 80)."

This entry will attempt to make sense of this growing emphasis on operational leadership and role identification with being a leader in the public sector by firstly asking the question of what it means to exercise leadership in this context. It will then deploy a public service bargain framework to explore the enabling and inhibiting role of different reform regimes in terms of the role identities within which public servants can exercise this type of leadership.

## Operational Leadership as a Trust-Building Activity

The literature on the subject of leadership is vast. It spans multiple disciplines and has spawned a bewildering diversity of competing perspectives on this phenomenon. A contemporary divide appears to have emerged between essentialist and relational theories of leadership (Bolden and Kirk 2009). Essentialist theories view leadership as residing in the personal qualities or "traits" of leaders, the behaviors they demonstrate in particular situations, and the scope of the changes they effect on organizations and their underlying cultures. By contrast, relational theories find leadership in relationships of emergent co-ordination and change in which there can be an alternation of leader-follower roles.

Both perspectives can shed insight into the ways public servants exercise leadership through actions that emerge from interpretations of what they should or should not do within the boundaries of discretion inherent in their roles. Within any context leadership can be distinguished from managerial actions in that they are based on judgments about "the right thing to do" rather than "doing things right" and use informal authority to influence the commitment of other actors to a shared purpose.

This entry will suppose that the roles within which public servants can exercise PSOL include those of "bureaucrat," "organizational change agent," and "boundary-spanner." For each role the boundaries of leadership discretion can arise from what Christopher Hood and his collaborators call "public service bargains" (PSBs). Hood (2000) defines these as "any explicit or implicit understanding between (senior) public servants and other actors in a political system over their duties and entitlements relating to responsibility, autonomy and political identity, and expressed in convention or formal law or a mixture of both" (p. 8). A distinction can be made between *discretionary* and *adaptive* PSOL. Discretionary PSOL can be said to be exercised when public servants act within the scope of discretion inherent in the trusted role identities established through prevailing PSBs. By contrast, senior public servants can be said to be exercising adaptive leadership when they test the boundaries of trust implicit in prevailing PSBs and seek to go beyond and perhaps add a layer to established role identities.

A number of propositions can be made about how government reforms and PSOL interact to establish the contextual boundaries for these forms of trust-building administrative leadership:

(i) A "guiding reform regime" can be said to prevail where a series of related public management reforms provide direction to the discretionary leadership activities of public servants by emphasizing the role identities in respect of which they can build trust by exercising such leadership.
(ii) By building trust in this way, public servants may also develop the confidence to exercise adaptive leadership by testing the boundaries of trust to see if political leaders are willing to trust them to exercise leadership according to new role identities.

(iii) Public service bargains come to prevail when political leaders validate the discretionary and adaptive leadership activities of public servants. They thus reflect mutual understandings about responsibility and role identity between both types of actor.
(iv) Political leaders can play a more directive role in this process when they intervene either to rein back public servants where they have over-reached themselves in exercising adaptive leadership or by removing the barriers on their exercising leadership in new directions.

The dynamics of this process will now be considered with respect to how discretionary and adaptive leadership can be pursued in relation to the various role identities produced by evolving PSBs.

## The Opening of Paths to PSOL in the Bureaucrat Role Through Weberian Reforms

In countries where the relationships public servants have with political leaders are based on personal loyalism, the trust accumulated in such relationships will vary from official to official so that there will be negligible trust in their role of being a public servant, *per se*. Such trust can be developed through a "Weberian" guiding reform regime that allows public officials to build trust by demonstrating that they can comply with a rule-based system of external controls. Legislation could be enacted to, for example, require public servants to be tenured officials recruited on merit with their pay scales and pensions set by a statutory body and with the assurance given them that elected politicians cannot remove them from office. This was, of course, the well-worn path followed in English-speaking countries in the Progressive Era but, according, to Schick (1998) it is the necessary first stage in trust-building process of administrative development.

Reforms are, however, insufficient in themselves to develop trusted role identities for public servants. They can only point them along paths along which they need to exercise leadership to establish these identities. Public servants may thus have to exercise discretionary leadership to institutionalize a Weberian regime by developing a detailed set of rules and regulations to govern the behavior of officials in their own departments. In doing so they will need to model and promote values and principles consistent with ideal-type of the ethical administrative leader associated with this reform regime. Among these are the values of precision, stability, reliability, probity, predictability and, above all, fairness in both its vertical and ethical dimensions.

To the extent that they are able to establish a trusted bureaucrat leader role identity (LRI), public servants may also start to test its boundaries through adaptive leadership. For example, they may seek to layer an advisor LRI on to that of a bureaucrat LRI. Opportunities to do this would arise to the extent that their departments have been developed into repositories of knowledge with resources of technical expertise accumulated through the recruitment and career development of professional officials that can be drawn on to advise political leaders in the implementation and evaluation of public policies.

Through repeated validation by political leaders of the adaptive leadership their public servants exercise as advisors, senior public servants will come to be trusted as politically neutral partners in policy-making. The type of PSB described by Bernard Schaffer (1973) in which senior public servants offer their discretion and neutral expertise in exchange for privileged access to the counsels of their political leaders can thus emerge. Such Schafferian PSBs were not only the traditional form such arrangements took in Westminster style democracies but have also been observed in other political systems where top civil servants were not just "career bureaucrats" but also "the primary policy advisors to their ministers" (Bourgault and Van Dorpe 2013).

Two factors would seem to place such bargains under strain. On the one hand, public servants may come to be seen as exercising excessive influence over policy due to their privileged access to Cabinet deliberations and the information asymmetries that arise from the concentration of area-specific expertise and advisory capacity in

their departments. On the other, they may be inhibited by Weberian rule-based systems from exercising adaptive leadership in the operational sphere. Thus, even although they may have established trust in their capacity to administer external controls, they may be inhibited in a quest to improve operational effectiveness by shifting "from *ex ante* control to *ex post* audit, from control of individual actions to control within a broad band, from reviewing specific actions to reviewing systems" (Schick 1998, p. 130). A change in reform regime may thus be required to both rein in advisory and enable operational leadership by public servants.

## The Opening of Paths to PSOL in the Organizational Change Agent Role Through "New Public Management" Reforms

Under a New Public Management reform regime the leading role public servants play in policy advice tends to become more circumscribed as larger departments are disaggregated into policy advice and service delivery units and as Ministers come to rely increasingly on alternative sources of advice. At the same time, greater scope is allowed for public servants to exercise operational leadership in their departments through a program of reforms designed to, inter alia, (i) restructure large multi-purpose public organizations into smaller units that can be focused on delivering outputs as specified by Cabinet ministers, (ii) replace the permanent tenure of government officials with shorter contracts whose renewal are made contingent on meeting explicit performance targets, (iii) empower the executives at the head of government organizations with the discretion to deploy resources to efficiently deliver these targeted outputs, and (iv) require and regulate competition in the delivery of public services.

Such a shift in reform regime would redirect the leadership activities of managers so that they have the discretion act as change agents within their organizations. They could, for example, redeploy and, in some cases, lay off redundant staff. They could also introduce accrual based accounting systems and internal controls and restructure their organizations to focus on their "core business." Through a combination of both discretionary leadership and NPM-type reforms a stable managerial PSB where senior public servants are trusted to exercise leadership in their managerial LRI.

Once this PSB has been established, public servants can exercise adaptive leadership to test the boundaries of trust by auditioning the role of a *cultural transformer* as they interpret their leadership challenge as being to move from structural change to that of cultural transformation through follower engagement in their organizations. They can then bring together a change coalition to formulate a leading vision of what their organizational cultures can become and engage followers to model the ways of the new culture in the face of potential resistance from groups who they perceive as having a vested interest in preserving the status quo (Kotter 1995). This is, of course, easier said than done. It raises questions about the autonomy of administrative relative to political leaders in the formulation of this vision and whether the vision integrates or simply conceals and suppresses the values conflicts provoked by the change process. It may also be difficult to limit the pursuit of this vision to their own organizations so that senior public servants may try out a *boundary-spanner* identity as they seek to build collaborative networks with other organizations and actors who share a commitment to (or at least can be given some interest) in its advancement. In addition, where there has been a diminution of their advisor role, senior public servants may push back against this tendency by asserting the special competence they can bring as *stewards* bringing a long-term perspective that seeks to balance out over time the values affected in path-dependent policy processes.

While political leaders may limit themselves to simply validating this type of adaptive leadership where it occurs, they may intervene in a more top-down fashion to enable or encourage public servants to build on their LRIs in these ways. This approach has been characterized by some scholars as a "Post-NPM" reform direction (see Christensen and Lægreid 2012).

## The Opening of Paths to PSOL in a Range of Role Identities Through Post-NPM Reforms

A "Post-NPM" reform direction has become apparent in countries like the UK, Australia, and New Zealand which, for more than a decade, have been seeking to revise rather shift away from the NPM reform regime through a pragmatic process of "rebalancing" their administrative systems (Christensen and Lægreid 2012). Some aspects of NPM have thus been preserved, or even enhanced, while other aspects have been corrected drawing from ideas associated with public value management (Moore 1995).

The corrective aspects of Post-NPM reforms have primarily sought to revise the tendencies toward excessive vertical and horizontal specialization under a NPM reform regime. New structures and frameworks have thus been designed to strengthen the capacity of the center to achieve greater co-ordination through a "whole of government" vision and ethos. Certain control agencies or departments may be explicitly charged with a "guardianship" role over the whole public service, but public servants in general are increasingly expected to show leadership as stewards of values that are distinctive to the public service.

Post-NPM reforms have also involved the structural reintegration of some government organizations and the creation of cross-sectoral bodies, programs, or projects to demonstrate the "public value" of more networked governance and ameliorate the "siloization" of the public services. The exercise of boundary-spanning leadership by public servants has thus become discretionary rather than adaptive within these structures.

There are also certain aspects of Post-NPM that reinforce and strengthen paths taken under NPM. In particular, the emphasis on operational excellence may be amplified. Rather than simply holding managers accountable for the efficient delivery of "outputs," reforms may be introduced to encourage them to take responsibility for creating publicly valued "outcomes." Public servants have thus been given the discretion to exercise discretionary leadership within cultural transformer and boundary spanner LRIs. They do this as they act to align internal culture and external networks with the social outcomes or "public value" achievable through the advancement of their organization's leading vision.

## Conclusion

PSOL should not be seen as an activity that only comes into its own at an advanced stage in the evolution of PSBs. What this entry has sought to show is that administrative reforms have always had an enabling as well as a restrictive function with respect to this type of leadership. However, through the interaction of guiding reforms and a combination of discretionary and adaptive leadership by public servants PSBs can evolve in a way which opens up paths for these actors to exercise operational leadership across a greater range of role identities.

## References

Bolden R, Kirk P (2009) African leadership surfacing new understandings through leadership development. Int J Cross-cult Manag 9(1):69–86

Bourgault J, Van Dorpe K (2013) Managerial reforms, public service bargains and top civil servant identity. Int Rev Adm Sci 79:49–70

Christensen T, Lægreid P (2012) Competing principles of agency organization–the reorganization of a reform. Int Rev Adm Sci 78(4):579–596

Hood C (2000) Paradoxes of public-sector managerialism, old public management and public service bargains. Int Public Manag J 3(1):1–22

Kotter J (1995) Leading change: why transformation efforts fail. Harv Bus Rev 204(2):59–67

Moore MH (1995) Creating public value: strategic management in government. Harvard university Press, Cambridge, MA

Schaffer BB (1973) The administrative factor. Frank Cass, London

Schick A (1998) Why most developing countries should not try New Zealand's reforms. World Bank Res Obs 13(1):123–131

Van Wart M (2013) Lessons from leadership theory and the contemporary challenges of leaders. Public Adm Rev 73(4):553–565

Wallace M, O'Reilly D, Morris J, Deem R (2011) Public service leaders as 'change agents'–for whom? Responses to leadership development provision in England. Public Manag Rev 13(1):65–93

# Opportunistic Behavior in Public Procurement

Andrei Yakovlev, Andrey Tkachenko and Yuliya Rodionova
National Research University Higher School of Economics, Institute for Industrial and Market Studies, Moscow, Russia

## Synonyms

Corruption; Opportunistic behavior; Procurer; Public procurement; Supplier

## Definitions

Opportunistic behavior in public procurement is defined as a dishonest act or behavior violating the rights and interests of contractual counterparts.

## Introduction

During the past few decades, many developing countries have initiated public procurement reforms. One of their prime objectives was to limit corruption, enhance competition, and reduce the scope of procurer opportunism. However, radical changes in regulations have resulted in the emergence of new opportunities for opportunism this time on the supplier side.

Overpricing compared to the average market prices may be used as an indicator of opportunistic behavior in public procurement. However, this approach to detect opportunism is only valid in the case of procurement of homogeneous goods. In regard to the procurement of more complicated products, overpricing may occur not only due to suppliers' opportunistic behavior but also due to suppliers' reputation or contract delivery guarantees. The imperfect regulatory environment is an additional factor impeding the identification of dishonest behavior. It complicates the principal-agent problem, as inadequate regulation forces even benevolent agents to violate the rules. As a consequence, the principal's control and detection of dishonest agents becomes more difficult. Hence, there is a need for new approaches for the identification of potential opportunism.

This chapter offers a methodological approach for principals aimed at identifying potential opportunism by counterparts that are linked with agents through contractual relations. When the rules are inconsistent with reality and unfeasible for agents, the principal is unable to identify dishonest agents on the basis of the available information. The authors suggest employing a counterpart survey as an alternative source of information for the principal. The methodology proposes asking counterparts about attitudes toward some behaviors of agents, which are undesirable from the principal and benevolent counterpart perspective. The approach identifies the potential opportunism of counterparts based on the intensity with which they justify such behavior and provide unrealistic assessments of commonly known problems. This approach indirectly indicates the potential opportunism of the agent, which is linked with such counterparts. Further description is based on the paper Yakovlev et al. (2019).

## Opportunistic Behavior in Contractual Relations

Economic actors are assumed to be characterized by bounded rationality and may behave opportunistically. In the original transaction cost economics (TCE) literature, opportunism is defined as "self-interest seeking with guile" (Williamson 1975, p. 6). In his subsequent work, Williamson (1985, p. 47) describes guile as "lying, stealing, cheating, and calculated efforts to mislead, distort, disguise, obfuscate, or otherwise confuse." This view is further extended by Bergen et al. (1992), who declare that partners seek to maximize their own benefits, which leads to self-interested and opportunistic behavior. Therefore, partners will act opportunistically when it is profitable (John 1984) leading to higher transaction costs. In practice, opportunism may take various forms and includes a wide range of different behaviors: distortion of information, including overt behaviors

such as lying, cheating, and stealing, as well as more elusive behaviors such as misrepresenting information by failing to make full disclosure (Hawkins et al. 2008).

Opportunistic behavior is typical of various forms of contractual relations: business-to-business, labor, education, insurance services, etc. This concept has a highly contextual character and should be examined under the perspective of the context which occurs. In the context of public procurement, this chapter focuses on the practice of relational contracts as an area with a wider scope for opportunism. Repeated contractual relations are characterized by a higher level of trust between partners; lower transactional costs, both at the stage of contract conclusion and at delivery; and greater opportunity for prompt problem solution compared to one-time interactions.

At the same time, repeated interactions may be a consequence of deliberate manipulation aimed at narrowing the range of potential bidders. For example, the procurer could award new contracts to suppliers with a good reputation and exclude future cooperation with those who did not execute contracts in a proper way. The procurer may also tend to prevent the emergence of new bidders due to the existence of a well-developed mechanism of interaction with an incumbent supplier and reluctance to change it. This results in less competitive pressure on the supplier, decreasing its economic incentives and, as a consequence, leading to overpricing. Repeated contracts may also produce opportunities for corruptive conduct by their parties. Various corruptive arrangements lead to even greater overpricing, as the supplier needs to compensate for the kickback paid to the procurer for concluding the contract.

These effects are particularly obvious in cases of the procurement of homogeneous products. When procurement of products with inspectional quality can be verified at the time of delivery, prices over the market average may be an indicator of opportunism. However, in the case of complex goods and services, opposing effects are possible. In the case of the procurement of goods with a quality that is not verified at the time of delivery, relative overpricing can be related to the supplier's good reputation or a contract delivery guarantee as well as to the supplier's opportunistic behavior. Therefore, prices may be higher than the market average even with honest procurer behavior, e.g., if the supplier asks for compensation in return for the guaranteed high quality of the procured goods that has been confirmed during previous interactions.

Researchers traditionally consider opportunism a phenomenon that emerges during interactions between private agents. The specific feature of the public sector, including public procurement, is the principal-agent problem. The principal-agent problem is less acute in the private sector, as the principal is personified. The owner of a private firm generally disposes of sufficient opportunities to efficiently organize the monitoring of agents' activities. However, such opportunities become weaker in state-owned enterprises or public sector entities, where the owner is the state acting on behalf of society.

In addition to the complex nature of the procured product, another factor complicating the identification of dishonest conduct is an imperfect regulatory environment. This factor is particularly relevant in developing markets. Under conditions of stable and functional legal institutions, the principal can effectively control the activities of her agents by controlling compliance with the rules (due to their adequacy and feasibility). However, developing markets are characterized by excessive and contradictory regulation, pushing economic actors to the shadow sector on a mass scale (De Soto 1990; Djankov et al. 2002). A solution of the principal-agent problem is more difficult under such circumstances because, under inadequate regulation, even honest agents are forced to violate the rules. Consequently, the control and detection of agents acting dishonestly becomes complicated for the principal-procurer. Hence, there is a need to develop alternative approaches for the identification of potential opportunism.

## How Does One Identify Opportunistic Behavior in Repeated Interactions in the Public Procurement?

Most studies of opportunistic behavior in such repeated interactions are theoretical. A considerable

share of papers are devoted to modeling opportunism and its implications from the perspective of transaction cost theory (Chen et al. 2002) or game theory (Harbaugh and To 2014). Empirical studies of opportunistic behavior can be classified into two categories. One is based on contract data analysis (e.g., Crocker and Reynolds 1993; Lumineau and Quélin 2012). As a rule, access to such data is restricted, and analysis is complicated by the need to scrutinize the contents of contracts, conflict settlement mechanisms, etc. The second category is based on surveys and is the most commonly used method of assessing opportunistic behavior. The existing papers in the second category mainly analyze the factors of opportunism in private procurement.

Previous research has shown that the procurers themselves regarded the suppliers' readiness to deceive their counterparts for the sake of higher profits as one of the indicators of opportunism (Wang et al. 2012; Morgan et al. 2007; Mysen et al. 2011). All authors studied opportunism on the basis of procurers' surveys presuming that their responses were credible (The only exception is (Bhattacharya et al. 2015) who used the parallel questioning of procurers and suppliers to evaluate the factors of procurer opportunism.). However, procurers can also distort their assessments or deliberately evade answering sensitive questions. This spawns doubts as to the credibility of the obtained results and constitutes one of the limitations of the approach used in previous studies.

## Methodology that Identifies the Potential Opportunism

The participants in public procurement interactions include the principal, her agents, and suppliers (Fig. 1). By principal, the authors mean a high-level governmental body (for instance, a ministry); by agents, the authors mean subordinated public entities (for instance, hospitals and schools). Suppliers include different types of firms (A, B, and C), for which the authors are trying to identify differences in behavior patterns, comparing their responses to related blocks of questions of the questionnaire. Arrows between agents and suppliers show their repeated relations in public procurement (contracts).

Within the context of traditional interaction with agents, the principal, on the one hand, sets their task and, on the other hand, provides them with funding to perform their functions. At the same time, the principal is responsible for the final outputs. In addition to exercising the controlling function, the principal has direct responsibility for the agents' actions. As was already stated above, in a stable and functional regulatory environment, the principal acts on the basis of the information provided by her agents. By analyzing this information, she can detect inconsistencies and possible dishonest behavior. However, under rules that are inconsistent with reality and unfeasible for the agents, the principal cannot distinguish honest agents on the basis of available information.



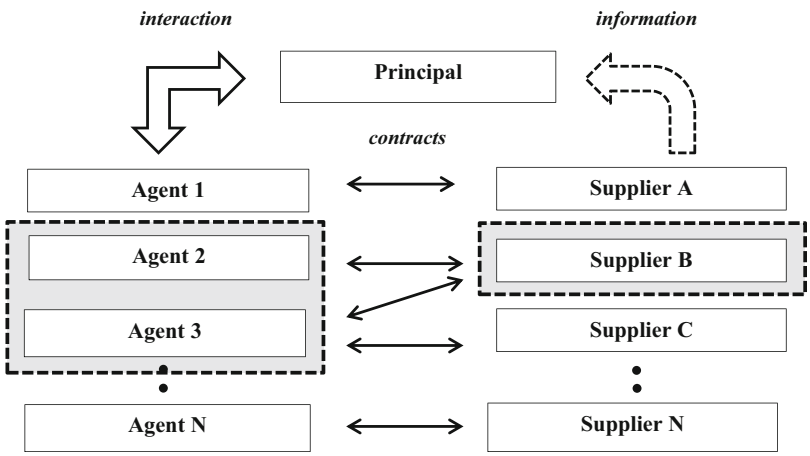


**Opportunistic Behavior in Public Procurement, Fig. 1** Interaction of participants in public procurement

In this context, the authors propose an alternative method of identifying potential opportunism by conducting surveys of suppliers as a source of information for the principal. A comparison of responses to different questions on the questionnaire would help identify the types of suppliers (A, B, C) with different degrees of involvement in fraudulent actions. This method of analyzing suppliers' responses to different questions would help distinguish suppliers distorting information or evading questions from those who are telling the truth.

First, this approach enables the identification of groups of suppliers with unrealistic (overstated or understated) assessments and makes a more adequate estimation of the scope of the practice of predetermining the choice of suppliers. Second, proceeding from the findings of previous studies, according to which systematic information distortion is a sign of opportunism, this approach helps identify suppliers who are prone to opportunism (dashed line on Fig. 1, to the right). By following those suppliers' repeated interactions, the principal can identify agents that may be involved in corruptive practices (dashed line on Fig. 1, to the left).

## Conclusion

This chapter presents a methodological approach for detecting potential opportunism by counterparts that are linked with agents through contractual relations. Meanwhile, the chapter does not consider the situation of changing the rules by reforming the public procurement system. This is not a task for a single, even large, organization and should be addressed by the collective effort of many organizations or the government. The authors instead focus on what a principal should do in a situation in which the existing system of rules is inadequate, and she cannot change it.

In this case, the authors suggest using a counterpart survey as an alternative source of information for the principal. The methodology proposes to ask counterparts about the attitude to some undesirable behavior of the agent from the principal and benevolent counteragent perspective. The findings of previous studies show that the systematic distortion of information is one of the indicators of opportunism. Therefore, the authors can identify the potential opportunism of counterparts based on the intensity of their justification of such behavior along with unrealistic assessments of existing problems. By following those counterparts' contractual relations, the proposed approach allows to further indirectly indicate the potential opportunism of the agent related to these counterparts.

The practical implication is that this methodological approach makes it possible to take into account the objective heterogeneity of suppliers when developing measures to improve the public procurement system. Therefore, the presented methodology may be applied in other spheres of public administration, where public bodies or large state-owned enterprises interact with counterparts on a competitive base and are vulnerable to corruption and opportunistic behavior.

## Cross-References

► Principal-Agent Theory of Organizations
► Public Purchasing and Agency Theory

**Acknowledgement** Support of the Program for Basic Research of the National Research University Higher School of Economics in 2019 is gratefully acknowledged by the authors.

## References

Bergen M, Dutta S, Walker OC Jr (1992) Agency relationships in marketing: a review of the implications and applications of agency and related theories. J Mark 56(3):1–24

Bhattacharya A, Singh PJ, Nand AA (2015) Antecedents of buyer opportunistic behavior in outsourcing relationships. Int J Prod Econ 166:258–268

Chen CC, Peng MW, Saparito PA (2002) Individualism, collectivism, and opportunism: a cultural perspective on transaction cost economics. J Manag 28(4):567–583

Crocker KJ, Reynolds KJ (1993) The efficiency of incomplete contracts: an empirical analysis of air force engine procurement. Rand J Econ 24:126–146

De Soto H (1990) The other path: the invisible revolution in the third world. Harper and Row, New York

Djankov S, La Porta R, Lopez-de-Silanes F, Shleifer A (2002) The regulation of entry. Q J Econ 117(1):1–37

Harbaugh R, To, T (2014) Opportunistic discrimination. Eur Econ Rev 66:192–204
Hawkins TG, Wittmann CM, Beyerlein MM (2008) Antecedents and consequences of opportunism in buyer–supplier relations: research synthesis and new frontiers. Ind Mark Manag 37(8):895–909
John G (1984) An empirical investigation of some antecedents of opportunism in a marketing channel. J Mark Res 21(3):278–289
Lumineau F, Quélin BV (2012) An empirical investigation of interorganizational opportunism and contracting mechanisms. Strateg Organ 10(1):55–84
Morgan NA, Kaleka A, Gooner RA (2007) Focal supplier opportunism in supermarket retailer category management. J Oper Manag 25(2):512–527
Mysen T, Svensson G, Payan JM (2011) The key role of opportunism in business relationships. Mark Intell Plan 29(4):436–449
Wang Q, Li J, Ross W, Craighead C (2012). The interplay of drivers and deterrents of opportunism in buyer–supplier relationships. J Acad Market Sci 1–21.
Williamson OE (1975) Markets and hierarchies. Free Press, New York, p 2630
Williamson OE (1985) The economic institutions of capitalism. The Free Press, New York
Yakovlev A, Tkachenko A, Rodionova Y (2019) Who Is Inclined to Hide the Truth: Evidence from Public Procurement. Int J Public Admin 1–12

# Oppositional Power

Julian L. Garritzmann
Department of Political Science and Public Administration, University of Konstanz, Konstanz, Germany
Department of Political Science, University of Zurich, Zurich, Switzerland

## Synonyms

Opposition influence; Oppositional power; Oppositions' institutional opportunity structures; Parliamentary control power

## Definition

Oppositional power refers to the degree of influence of nongoverning parties or nongoverning members of parliament on the policy-making process.

## Introduction

In democracies, the focus of this entry, oppositional power refers to the degree of influence of nongoverning parties or nongoverning single members of parliament on the policy-making process. As Robert Dahl, one of the "founding fathers" of political science, noted already 50 years ago, the existence of an opposition can be regarded "as very nearly the most distinctive characteristic of democracy itself" (Dahl 1966: Preface xvi). Autocracies, in contrast, stand out by restricting, limiting, or repressing oppositions, inside and outside of parliament. Despite this crucial role of oppositions for democratic political systems, the influence of oppositions on the policy-making process, that is, oppositional power, has hardly been studied explicitly in political science and public policy.

How much power do oppositions have across the advanced democracies? This entry provides an overview on our (still relatively sparse) knowledge on the power of oppositions. It starts by theorizing on the (normative) importance of oppositions and their influence for democratic systems and then moves on to discussing existing studies, which have tried to measure oppositional power empirically. Two factors are particularly important here: the role of political institutions as opportunity structures for oppositions and the characteristics of the oppositional actors themselves. Both institutions and actor configurations affect oppositional power. The entry concludes by posing a number of hitherto unanswered questions that would deserve further scholarly attention and by discussing some important effects of oppositional power on relevant social, economic, and political phenomena such as party competition and voting behavior, satisfaction with government or democracy, or coalition formation processes.

## Why Oppositions and Their Power Matter

When we switch on the television or radio news in the evening and are informed about a new policy proposal by the governing parties, we are used to

also being informed about the opposition's point of view on this bill. Which aspects of the proposal will they criticize? And for which reasons? How would they have solved the addressed problems differently if they had been in power? As this example illustrates, the existence of a (parliamentary) opposition is a key defining element of democracies. We cannot imagine a democracy without parliamentary opposition, and if – as has recently been the case, for example, in Russia or Hungary – the oppositions are being restricted in their opportunities to freely communicate their positions, we begin questioning the quality of democracy in these countries.

Historically, the emergence of a parliamentary opposition is a relatively modern phenomenon. Historians have pointed out that its origin dates back to eighteenth-century Britain (Foord 1964). At this time, political power in Britain increasingly shifted from the king and his ministers to parliament. Parliament got to decide on more and more policy issues. As a consequence of this transition, the earlier dispute between the king and his ministers, on the one hand, and parliament, on the other hand, was moved into parliament itself: Within parliament, two groups formed – one governing, the other opposing. All parties hastened to emphasize that they were loyal to the king (this is where the prominent term "his majesty's loyal opposition" stems from), but started taking different positions on policies. In the aftermath, this British innovation of two parliamentary groups travelled around the world and became a key element of all democracies. One indicator for this British heritage can today still be found in the different words for "opposition" in the European languages: An etymological analysis shows that in all but very few European languages, the word "opposition" was adapted in one way or the other as a loan word (e.g., "Opposition" in German, *opposizione* in Italian, or *opozycja* in Polish).

Despite this crucial role of oppositions for democratic political systems, oppositions and their power have not been studied extensively in either the political science or the public policy literature. Robert Dahl, one of the "founding fathers" of political science, pointed this out already in 1966 in his important book *Political Oppositions in Western Democracies*. In this volume, Dahl tries to found the field of opposition research by offering six criteria to classify variation in oppositions across the advanced democracies that would deserve further inquiry:

1. The *cohesion* of the oppositional actor(s) (their number and internal coherence)
2. Their *competitiveness*, indicating "the way in which the gains and losses of political opponents in elections and in parliament are related" (Dahl 1966, p. 336)
3. The *setting* where government and opposition collide (e.g., parliament, elections, the street)
4. The opposition's *distinctiveness* (or *identifiability*), depicted on a continuum from a system in which the opposition is so conspicuous that we can speak of "*the* Opposition" to systems in which the difference between government and opposition is indistinguishable
5. The *goals*
6. The *strategies* of oppositions

With these criteria, Dahl pointed at crucial dimensions of oppositional power. Nonetheless, only very few studies have followed Dahl's early contribution and studied oppositions (cf. also Kaiser (2008) for a similar verdict). Political scientists have largely continued to focus on governments and their actions.

In order to get a more systematic understanding of oppositional power, it helps to distinguish two elements that shape the opposition's power: (a) characteristics of the *political institutions* in the respective country and (b) *characteristics of the oppositional actors* (cf. also Kaiser 2008; Garritzmann 2014). By now, it is a well-established consensus in political science that institutions structure political action (Hall and Taylor 1996). Institutions can thus empower oppositions to various degrees. At the same time, however, the power of oppositions is not fully determined by institutions but also depends significantly on how the opposition parties act within a given set of institutions. Consequently, oppositional power is a function of the institutional

setting and the respective actor characteristics. These elements are discussed in turn in the following.

## Oppositional Power Varies Across Political Institutions

First of all, the *institutional setting* of a political system affects oppositional power (Dahl refers to this as the "setting" where the government and the opposition collide). Studying this empirically in a comparative fashion, Kaiser (2008) and Garritzmann (2014) borrow a term from protest research and analyze political institutions as "opportunity structures" for parliamentary oppositions, as institutions offer opportunities to oppositions and enable them to act. Kaiser (2008) and Garritzmann (2014) distinguish two types of institutional opportunities: *intra-parliamentary* opportunities, that is, institutions within parliament such as committees or institutionalized parliamentary question times, and *extra-parliamentary* opportunities, that is, institutions outside parliament that opposition parties can use to exercise power, such as second chambers or appeals to constitutional courts.

### Intra-parliamentary Opportunities

How much power do oppositions have in parliament? Which institutions can opposition parties use to influence the policy-making process? The bulk of existing studies on legislatures and parliaments focuses on the institutional opportunities of parliament vis-à-vis government (e.g., Sieberer 2011) or on single members of parliaments' rights. It has hardly been studied yet how intra-parliamentary institutions affect oppositions as such.

Kaiser (2008), however, comparatively analyzed some classical Westminster democracies. The common wisdom for Westminster democracies in comparative politics is that oppositions are entirely powerless here as the government controls a majority and leaves little influence to oppositions. Kaiser shows, however, that a more nuanced analysis results in a different conclusion: "There is no such thing as a Westminster pattern of parliamentary opposition. [. . .] [We] find an astonishing variety of constellations" (Kaiser 2008, p. 36). In New Zealand and the UK, for example, oppositions can make use of an institutionalized parliamentary question time to confront the government and criticize them publicly, thereby offering them strong institutional opportunities to clearly and loudly speak out against the government.

Garritzmann (2014) expanded Kaiser's analysis for a broader set of countries (22 advanced democracies). He argues that institutions fall into two groups regarding oppositional power: some institutions, like the committee system, enable oppositions to *control* government and its policies. Other institutions, like parliamentary question times, enable oppositions to publicly criticize and to offer *alternatives* to the government's policies and its personnel. Garritzmann thus distinguishes two types of oppositional power: control power and power to present alternatives. He then goes on to analyze several institutions in detail (committee systems, oral question rights, written question rights, parliamentary question times, agenda-setting processes) and offers two indices to measure the two dimensions of opposition power: a "control power index" and an "alternative power index."

Using these measures, Garritzmann shows empirically that the advanced democracies fall into four groups: In the first group of countries, the institutional setting offers oppositions neither strong control powers nor strong powers to present alternatives; this is the case in southern Europe. Oppositions remain overall rather powerless.

In the second group of countries, the "consociational democracies" of the Netherlands, Belgium, and Austria, the institutional setting also does not empower oppositions much in terms of presenting alternatives; the oppositions do have strong powers, however, on the control dimension. In other words, oppositions in these countries can closely monitor and affect the policy-making process, but they lack strong opportunities to publicly criticize the government and to present alternatives to its course.

In the third set of countries, comprising Nordic Europe and Germany, the institutional setting offers both strong control powers and strong opportunities to present alternatives. In these countries, the opposition can draw back on a large variety of institutional tools to exercise influence and can be regarded as powerful.

In the fourth group of countries, finally, the institutional setting offers strong opportunities to present alternatives, but leaves no control power with the opposition. This is the case in the UK, Ireland, and other Westminster democracies. Here, oppositions can hardly detain government from what it wants to do, but they can blame the governing parties for each of their steps.

This finding, pointing out four different constellations of oppositional power, challenges the common wisdom that democracies cluster around two ideal points: a majoritarian and a consensus-oriented type (e.g., Lijphart 1999). In this vein, as will be emphasized in the conclusion below, looking at seemingly well-understood political phenomena from the perspective of oppositions and their power can considerably contribute to our understanding of politics. Taken together, both Kaiser's (2008) and Garritzmann's (2014) analyses show that the institutional setting in which oppositions operate in parliament has a huge impact on their power: Oppositional power crucially depends on the intra-parliamentary institutional opportunities that a political system offers.

### Extra-Parliamentary Opportunities

The second important set of political institutions that contribute to oppositional power lies outside parliament. In his by now classical book *Patterns of Democracy* (1999), Arend Lijphart conceives of these as "the second dimension." The first very important aspect is here whether the political systems are *bicameral*, that is, whether a *second parliamentary chamber* exists. This is, for example, the case in Australia, Germany, and Italy, but not in Sweden, Finland, or Portugal. In most bicameral systems, a different seat allocation system is in place for the second chamber than for the first chamber, with the result that the first and second chambers often differ in their political majorities (think, e.g., about the US House of Representatives and the US Senate). When a second chamber exists, this can offer a strong opportunity for the opposition to exercise control over the government. As an example, Kaiser (2008) demonstrated that whereas in Australia the opposition parties' power in parliament is rather weak, Australian opposition parties often still have a strong say in the policy-making process because Australia has a bicameral system with an extremely strong second chamber, which is often controlled by opposition parties. Miller and Stecker (2008) showed in a similar vein that opposition parties in the German *Bundestag* were more influential in the committees when they controlled a majority in the second chamber, the *Bundesrat*.

Another related example of an important extra-parliamentary institution that affects oppositional power is *federalism*. In federal systems, that is, in systems where power is constitutionally guaranteed to be separated across several levels of government, oppositional power is also affected by the lower, subnational governmental levels. This is so because federal governments not only face opposition within the national parliament but moreover potentially also from the subnational regions.

The third important extra-parliamentary institution affecting oppositional power is the possibility to *appeal to a constitutional court*. When the opposition has this opportunity, it enables them to credibly threaten that they might sue against certain government bills, thereby empowering them in the policy-making process. A government might accordingly adapt its proposals to the oppositions' ideas (to a certain degree) in anticipation to avoid such a procedure, which would also expose them to massive, unwanted publicity in the media. In this vein, Alec Stone Sweet (2000), Christoph Hönnige (2007), and others have demonstrated that the selection of judges for the constitutional court is a highly politicized process, as parties know about the role it may play in the policy-making process.

Still other sources of extra-parliamentary institutions adding to oppositional power can – among others – be *referenda and direct democracy*, *audits*, or even the presence of *ombudsmen*. Overall, these extra-parliamentary opportunities can

lead to a system of checks and balances. Exploring how these affect oppositional power in detail is a task for future research, as this has not been addressed systematically and comparatively yet.

In sum, both the intra-parliamentary and the extra-parliamentary institutional setting should be regarded as an opportunity structure for oppositions that affects opposition power, that is the degree of influence oppositions have on the policy-making process.

## Oppositional Power Is Affected by Oppositional Actors' Characteristics

The previous section outlined how and why the institutional setting of intra- and extra-parliamentary institutions crucially affects the opposition's power. The power of oppositions can, however, also vary within the very same institutional setting, as this section will argue and demonstrate. This is so because oppositional power is also affected by how the oppositional actors behave, that is, by how they make use of the institutional opportunities to exercise influence.

As discussed already above, some of the key elements worked out by Dahl's (1966) classical book point at the importance of analyzing characteristics of the opposition itself. Dahl pointed to the "cohesion," the "goals," and the "strategies" of oppositions.

The *cohesion* of the opposition can have a huge impact on their overall power. Imagine that you are the governmental party and you could choose between three types of oppositions that you have to face: (a) a coherent bloc of opposition politicians who all have the same goal, that is, they agree among each other and disagree with your government; (b) an incoherent opposition in which several fractions hold different positions and argue among each other a lot; or, as a subtype of the latter, (c) an opposition that is split so widely that your government faces opposition "from two sides," that is, from the political left and the political right. Which of these would you prefer? Probably you would have a clear preference for the second case, as this will be a much weaker opponent. As this example illustrates, the coherence of the opposition can have huge effects for their power. When the opposition is internally estranged, they will be much less likely to powerfully attack the government and to present a convincing alternative that citizens could decide to vote for. In contrast, when they are internally coherent and respond to each step by the government with a coherent, critical response, the opposition will be a much more powerful foe.

Moreover, oppositional power also depends on the oppositions' goals and strategies. Opposition parties can aim to pursue a number of *goals*. They can, for example, be purely policy-maximizing (i.e., trying to establish their favored policies irrespective of whether this costs them votes or not and irrespective of whether this increases the likelihood to get into public office), they can be fully vote- or office-maximizing (only caring about getting into government, even if that implies giving up some of its policy ideals), or a mixture of both (Müller and Strøm 1999). Moreover, opposition parties could even propose anti-system positions, that is, opposing not only the governments' policies but the democratic political system as such.

Relatedly, oppositions can use several *strategies* (cf., e.g., Dahl 1966; Oberreuter 1975): They can *cooperate* with the government in order to at least partly influence policy outputs, they can *confront* the government with all means, or they could use a mixture of both strategies and decide on an ad hoc issue-specific basis. Depending on the respective goals and strategies and accordingly their behavior in parliament (and in the media and the public sphere), oppositional power can vary even within the very same institutional setting.

In addition to oppositions' coherence, goals, and strategies, the opposition's power also depends on their *personnel*, that is, the concrete politicians that exercise the oppositional role. When the opposition offers a clear alternative to the government in terms of personnel and makes very clear who would take over governmental responsibilities if they won the next elections (i.e., they would present a "shadow cabinet"), it is much more visible for the public what the

alternative to the government could look like. When, in contrast, a shadow cabinet is inexistent and oppositional action distributed across many members of parliament, the opposition is likely to have much less power, because the oppositional action is spread across a variety of actors and is less visible for the public. In this vein, Salmond (2004) demonstrated that the effects of oppositional leaders on public opinion can vary a lot, depending on the opposition parties' leader and action (e.g., during an institutionalized question time).

To illustrate how oppositional actors' characteristics can affect their power even within the very same institutional setting, consider Steinack's (2011) work. Analyzing parties in the Bavarian state parliament in detail, she showed that the oppositional parties, the Social Democrats (SPD) and the Greens (*Die Grünen*), behaved in fundamentally different ways in parliament, with the SPD adopting a much more cooperative style, whereas the Greens concentrated on direct and fundamental confrontation with the government. Both strategies had very different effects on the final policies, on people's vote decision, and on public opinion.

In sum, both the institutional setting within and outside parliament and characteristics of the respective oppositional actors affect oppositional power.

## Conclusion

The existence and proper functioning of an opposition can be regarded as a key and defining element of democracy (Dahl 1966). Oppositions (a) control the governing parties; they (b) criticize the governments' policies, methods, and personnel; and they (c) offer alternative policies, means to achieve these policies, and alternative governing personnel ("shadow cabinet") to the government so that voters have the option to change the government's course (Friedrich 1962). Despite this crucial role for political systems, oppositions have not been studied extensively in political science and public policy yet. Oppositional power, that is, the influence that nongoverning parties or nongoverning members of parliament exercise on the policy-making process, has been addressed only in a few existing studies.

This entry theorized on the (normative) importance of oppositional power for the (functioning of) democracies; distinguished different types of oppositional power (control power and power to present alternatives); pointed at a number of institutional factors inside and outside of parliament, as well as to actor characteristics that affect oppositional power; and discussed the few existing empirical studies trying to measure oppositional power empirically.

A number of crucial questions still remain open for future research. Consider two examples: First of all, the summarized studies on institutional opportunity structures mainly rely on cross-sectional data, that is, single time points. It has not been studied so far, whether and how these institutions change over time, and how and why they have evolved in the respective ways in the countries in the first place. Why, for example, do Austria, Germany, England, and Spain differ so considerably in their political institutional setup? Studying how institutional opportunities vary over time and how this has affected oppositional power could be a first endeavor for future research. Secondly, the analysis of institutions and actor characteristics has too often remained unconnected. For a fuller understanding of oppositional power, both should be brought together and studied simultaneously. Future research should aim to take this perspective.

In conclusion, it deserves pointing further out why oppositional power is relevant, that is, why it matters not only for the policy-making process itself but also for other important social, economic, and political outcomes. To illustrate this, consider two examples: For starters, oppositional power has large effects on party competition and voting behavior. It has been shown, for example, that voters punish and reward parties for their performance in government *and* opposition (see the literature on "economic voting"). This association, however, is likely to be at least moderated by the power of oppositions (to control governments and to present alternatives). When, for example, opposition parties have no institutional opportunities to affect policy-making and when voters know about this, they are unlikely to

electorally punish oppositional parties as much as governing parties for economic downturns. The situation is entirely different, however, when opposition parties have strong control powers and have exercised strong influence on the government's course. In this situation, voters might punish opposition parties electorally to a higher degree. As a second example of the importance of oppositional power, consider the field of coalition formation. Strøm (1984) claims that minority governments are more likely to form in systems "where policy can be influenced even from opposition status" (Strøm 1984, p. 213), that is, in other words, where oppositional (control) power is higher. Oppositional power thus also affects coalition formation processes. In short, oppositional power not only matters directly for the policy-making process but can also affect other important political phenomena.

In sum, oppositional power, that is, the degree of influence nongoverning parties or single members of parliament have on the policy-making process, is shaped by the institutional setting, on the one hand, and by the opposition parties' characteristics and behavior, on the other hand. Oppositional power has strong effects on important social, economic, and political outcomes. Despite this fact, oppositional power has not been studied extensively in political science and many important questions remain to be solved in future research. As Robert Dahl (1966, p. xix) pointed out already 50 years ago: "to examine the problem of oppositions is sometimes a matter of employing a new perspective to look at fairly familiar things." This chapter outlined that this, however, can be a highly fruitful endeavor.

## References


Dahl R (1966) Political oppositions in Western democracies. Yale University Press, New Haven/London

Foord AS (1964) His Majesty's opposition 1714–1830. Oxford University Press, Oxford

Friedrich M (1962) Opposition ohne alternative. In: Kluxen K (ed) Parlamentarismus. Kipenheuer und Witsch, Köln/Berlin, pp 425–440

Garritzmann J (2014) How much power do oppositions have? Comparing the opportunity structures of parliamentary oppositions in 21 democracies. APSA 2014 annual meeting paper. Available at SSRN: http://ssrn.com/abstract=2453716. Downloaded 21 Apr 2016

Hall PA, Taylor RCR (1996) Political science and the three new institutionalisms. Polit Stud 44(5):936–957

Hönnige C (2007) Verfassungsgericht, Regierung und Opposition. Die vergleichende Analyse eines Spannungsdreiecks. VS Verlag für Sozialwissenschaften, Wiesbaden

Kaiser A (2008) Parliamentary opposition in Westminster Democracies: Britain, Canada, Australia and New Zealand. J Leg Stud 14(1/2):20–45

Lijphart A (1999) Patterns of democracy. Government forms and performance in thirty-six democracies. Yale University Press, New Haven/London

Miller B, Stecker C (2008) Consensus by default? Interaction of government and opposition parties in the committees of the German Bundestag. German Polit 17(3): 305–322

Müller WC, Strøm K (1999) Policy, office, or votes? How political parties in Europe make hard choices. Cambridge University Press, Cambridge

Oberreuter H (1975) Parlamentarisch Opposition – Ein internationaler Vergleich. Hoffmann und Campe, Hamburg

Salmond RC (2004) Grabbing governments by the throat: question time and leadership in New Zealand's parliamentary opposition. Pol Sci 56(2):75–90

Sieberer U (2011) The institutional power of Western European parliaments: a multidimensional analysis. West Eur Polit 34(4):731–754

Steinack K (2011) Two patterns of opposition: party group interaction in the Bavarian State Parliament. J Leg Stud 17(1):1–26

Stone Sweet A (2000) Governing with judges. Constitutional politics in Europe. Oxford University Press, Oxford

Strøm K (1984) Minority governments in parliamentary democracies: the rationality of nonwinning cabinet solutions. Comp Polit Stud 17(2):199–227


O

# Organization of Public Procurement in Contracting Authorities


Matthias Einmahl
University of Public Administration for the Region of North Rhine-Westphalia (Fachhochschule für öffentliche Verwaltung Nordrhein-Westfalen), Gelsenkirchen, Germany


## Synonyms

Central procurement; Centralization; Formalization; Lead buyer; Maturity model; Specialization; Standardization

## Definition

Organization has four main dimensions relevant for procurement (Glock and Broens 2013; Pugh et al. 1968).

Centralization: The degree to which decisions and responsibilities are centralized (e.g., within a central procurement unit).
Specialization: The degree to which staff members are specialized to perform certain tasks (e.g., being in charge of certain products or a certain part of the procurement process such as the tendering procedure).
Standardization: The degree to which the process is streamlined (e.g., by using forms).
Formalization: The degree to which the process is subject to requirements that have to be followed (e.g., by internal procurement guidelines).

## Introduction

The organization of procurement is a major contributor for **procurement success** and as such often underestimated. User units (i.e., those units of the contracting authority who need and will use the product which has to be procured) tend to favor an organizational framework which will give them a maximum of control over the procurement process and its outcome, thus trying to limit the participation of other organizational units within the contracting authority to a minimum. This can obstruct or even prevent a degree of professionalism necessary to enable the pursuit of strategic goals, the choice of the right product meeting the needs of the contracting authority, a proper market analysis, compliance with public procurement law, the choice of the most economically advantageous offer, and an effective prevention of corruption.

## Centralization as Key Element of Procurement Organization

The key element of procurement organization is centralization, mainly through the establishment of a central procurement unit. To the extent of the assignment of competences to this central unit, centralization will automatically lead to specialization. The existence of a strong central unit will also facilitate standardization and formalization as staff members assigned to the central procurement unit will acquire the necessary know-how to develop sensible standard solutions and formal requirements.

## Describing Procurement Centralization Through a Maturity Model

Procurement centralization can be described through a maturity model which analyses the different functions of a central procurement unit within the organization. The most influential maturity model was proposed by Harland et al. (2007). This framework divides public procurement into seven stages (Harland et al. 2007, p. 351). It was originally designed to describe public procurement policies on a national level but can also be used as a model to categorize the public procurement approach within a single organization.

The *first stage* – namely serving the organization – focuses on the basic availability of required objects. Therefore, the main issue is to get the product in the right quantity at the right time at the right place. The central procurement unit is reactive and serves the organization in a **logistical nature**. Examples of tasks assigned at this stage could be the running of an ordering system or an electronic catalogue, the organization of goods delivery or the storage or goods.

The main objective of the *second stage* is the **compliance with legislation** which expresses a conformance of procurement actions with prevailing regulations. A classic focus of public procurement law is typically the tendering procedure, namely the publication of the procurement project, the transmission of bidding documentation to potential bidders, the reception of the bids, and the opening of the bids after the elapse of the bidding period. At the second stage, the central procurement unit will therefore typically be in charge of these procedural steps. A major objective of

regulations about the tendering procedure is the prevention of manipulation and corruption. Bids can be opened prematurely and the bidding details passed on to competitors. Bids can be modified before or after the opening in collusive action of a bidder and employees of the contracting authority. Sophisticatedly and correctly applied, public procurement law can prevent that. By putting a central procurement unit in charge of these procedural steps, they will be moved away from the user units which typically have closer links to potential bidders than a central procurement unit. Collusive behavior is thus made more difficult.

The *third stage* focuses on the **appropriate use of public funds**. In addition to serving the organization, the central procurement unit needs to make sure that the funds are used for what they are intended for. To ensure this, it is necessary to **prevent fraud and corruption** on a more advanced level than at the second stage. The focus has to shift to the earlier stages of the procurement process, namely to the following two: First, the choice of the bidding procedure, i.e., either an open procedure where every interested party can submit a bid, a restricted procedure where potential bidders are preselected by the contracting authority or a negotiated procedure which will allow the contracting authority to negotiate the contract with selected bidders. And second, the selection of potential bidders in procurement procedures other than the open procedure. Staff members working for the user unit can favor bidders or bidder cartels in these two stages by avoiding an open procedure and preselecting certain bidders on a regular basis while disregarding other potential bidders who would be at least as suitable as the favored bidders. This form of manipulation tends to be more pervasive and harming than the possible manipulation in the tendering procedure itself as described herein before. An involvement of a central procurement unit is especially possible when it comes to the choice of the bidding procedure. The central procurement unit can, for example, be given the authority to issue restrictive guidelines under which circumstances user units can deviate from the open procedure and opt for a restricted or negotiated procedure instead. A further safeguard would be a mechanism by which the central procurement unit must authorize any deviation from the open procedure. The involvement of a central procurement unit is more difficult to achieve when it comes to selecting potential bidders in a restricted or negotiated procedure because the central procurement unit will usually lack the technical expertise to fully assess the suitability of potential bidders. Examples of an involvement could be the task to run a database of suitable bidders open to every interested party, to define objective criteria upon which a decision about entry or denial of entry in that database has to be based, to check whether all members of this database get a regular chance to participate in restricted or negotiated procedures, and to have the authority to add, remove, or replace potential bidders from a bidder list in a concrete procurement project.

The third stage also sees responsibility of the central procurement unit not only for the process but also for the result. Special attention lies on **meeting the budget** and getting the most for a fixed amount of money. The central procurement unit will therefore also have the task to determine or at least influence the selection of the most economically advantageous bid. Examples of such in involvement could be to commonly decide with the user unit to which extent other aspects than the price (e.g., quality) will play a role as selection factor or to participate in selection committees. Overall, the commercial aspects become a major factor, even though the attitude is still reactive.

In the *fourth stage* – **accountability** – the public procurement department needs to make sure that processes are well designed and well executed in order to be able to purchase the required items, avoiding fraud and getting a good price. Consequently, **transparency** of the processes plays a role in addition to the aspects of the previous stage. At this stage, an internal procurement unit will typically be in charge of drafting or even issuing internal guidelines to be observed across the whole organization. It will furthermore usually have the authority to decide on procedural and legal matters, especially in the application of public procurement law or internal

guidelines, and to override wishes or decisions of the user units in that respect. It will finally typically collect data on public procurement activities within the organization which can serve as basis for the establishment of a controlling system, benchmarking or strategic decisions to be taken by the leadership of the organization.

At the *fifth stage*, the role of the central procurement unit starts to get **proactive**. It is **not a mere internal service provider** anymore – regardless of its competences – which reacts to demands of the user units. The definition of the needs continues to rest with the user units (e.g., school department needs new furniture). But beyond that point, the central procurement unit starts to get involved. It participates or even leads the next step, the market analysis. To this end, it will have specialists in his ranks who have good knowledge of the markets from which the contracting authority will get the needed products. Based on that (leading) participation, it will also participate in the design of the performance description or even design it itself. It will also play a leading role in defining the suitability criteria for potential bidders, the selection criteria for the most economically advantageous bid and finally in the process of assessing the bidders suitability as well as the in the decision for which offer to opt. All in all, it plays a crucial role in implementing a value for money philosophy within the organization. Procurement activities are fully professionalized at this point, though still internally oriented.

In the *sixth stage*, public procurement **aims to support policy goals** while at the *seventh stage*, it will **deliver** it. The public procurement function makes a direct contribution to the strategic goals of the organization. The achievement of strategic goals also has an external role to a certain degree. It is seen as an instrument for economic, technological (promoting innovations), or social reform and achievement of policy goals such as job creation and employment, strengthening the industry, involvement of SME, promoting diversity with regard to the supplier base, stimulating innovation, sustainability and social responsibility, or developing aid. At this stage, the head of the central procurement unit will have a strong position within the organization and possibly even be member of the managerial board of the organization. When discussing strategic decisions to be taken, procurement will regularly be examined as one possible tool to achieve defined objectives. If the result is positive, the central procurement unit will sometimes even be able to influence the very basis of procurement: the definition of the needs. As an example, the wish to enable a company to develop new technology might motivate a contracting authority to bring forward the replacement of certain products to an earlier date than originally planned and to equip itself with products using that new technology.

## Specialization

Procurement specialization can refer to the procurement process or to the goods to be procured. The classic example of a **procurement process** specialization would be a central procurement unit in charge of the tendering procedure as described in the chapter before. This example also shows the strong link between centralization and procedural specialization. Specialization on **procured goods** will see staff member with a good knowledge of certain markets (e.g., furniture, cars, computer hardware) in charge of market analysis and design of the performance description in all cases in which these goods need to be procured within the organization. This market specialists may be assigned to the central department unit. But they can also be employed in user units. A widespread solution is the so called **lead buyer concept**. In this concept, the market specialists work in those user units which have the most important need for certain products. An example would be a municipal police department which will traditionally have the biggest demand for cars in a municipal administration. The car market specialist(s) would then work in the police department and be in charge for the procurement of cars across the whole administration. The idea behind this is that a good expertise of certain markets will

already exist within the user unit with the biggest needs for products from this market and that is therefore the most efficient solution to establish the lead buyer for that market in that user unit. If some products are needed across the whole administration with no already existing competence cluster within one user unit, the lead buyers will often be assigned to the central procurement unit. A classic example for such a product would be energy. Thus, lead buyer concepts often have a mixed structure: Some lead buyers work in user units while others work in the central procurement unit. The lead buyers within the user units must not necessarily be under the authority of the central procurement unit when it comes to procurement issues. If they are not, the central procurement unit will be weaker and usually display a lower degree of centralization maturity as described in the chapter above.

## Standardization and Formalization

The classic standardization tool is the use of forms. But the most important instrument for standardization today is **e-procurement**. The more the procurement process is software based and guided, the more it will be streamlined. E-procurement which will also increase transparency, make manipulation more difficult (especially of the tendering procedure itself), reduce errors and will therefore be characteristic for a higher level of centralization maturity.

Very often the use of forms or procurement software will be **mandatory** which will also formalize the procurement process. The main formalization instrument is however the issuing of **internal regulations** specifying public procurement law by limiting the leeway given by the law for the user unit. An example would be internal guidelines which would prescribe an open procedure as standard procedure above an estimated contract volume of 100.000 $ while public procurement law would allow contracting authorities to forgo an open procedure below a threshold of 500.000 $ and opt for a restricted of negotiated procedure instead.

## Discussion

As pointed out before, the question of **centralization** is the starting point of any reflection about the organization of procurement within an organization. Centralization is the basis for **specialization** of staff members. Specialization gives these staff member more opportunities to **familiarize themselves** with all the complex issues which have to be taken into account in professional procurement, namely public procurement law. This in turn has the following **advantages**:

- The probability increases that the most economically advantageous solution will be found.
- Compliance with public procurement law is easier to achieve.
- Process costs are reduced as routine will enable the staff members to carry out the required work in less time.

Centralization also offers better possibilities to identify **similar needs** within the organization which can be bundled up in common procurement projects, namely **frame agreements**. This avoids a duplication of work and opens the opportunity to secure discounts as a consequence of a higher procurement volume.

Centralization furthermore has the effect that procurement does not lie within the responsibility of the user unit alone. The involvement of the central procurement unit as second player (and possibly of an independent lead buyer as third player) establishes a **many eyes safeguard** to procurement. This opens the opportunity for mutual checks, thus reducing the danger of bad handling or even corruption.

However, the involvement of several units also has the following **disadvantages**:

- The whole process is slowed down. Every involvement of a new person generates lying time. That is a time which elapses until a person carries out a task (e.g., answer a mail).
- The more persons are involved, the more coordination effort is necessary. This also slows the process down and increases process costs.

- A repartition of tasks within one process reduces the self-responsibility of the involved staff members. This can have a demotivation effect.

Formalization and standardization have positive consequences similar to those of specialization. They provide clear guidelines on how to act and thus reduce process costs and the probability of mistakes. They also facilitate control as to whether a certain process was carried out correctly. The disadvantage of formalization is that it makes it more difficult to find flexible and sensible solutions on a case to case basis when the necessity for it arises. Standardization can impede the creativity of staff members. These two negative effects can also lead to demotivation.

The tasks and needs of public administration tend to become more complex as do the products which the market offers as solutions. The same is true for public procurement law which is a key element of good governance. To achieve a due professional level, procurement within a contracting authority has to undergo a certain degree of centralization. Maturity level five provides the organizational frame for an approach that will balance out quality requirements of the user units and the necessity to spend taxpayer's money carefully. The advantages of centralization at that maturity grade will usually clearly outweigh the disadvantages. Taken seriously, procurement remains a complex and demanding task even after the repartition of tasks, thus presenting enough challenges for the involved personnel. The demotivation effect is therefore likely to be small to nonexistent. The repartition of tasks can even increase motivation if staff members feel overburdened and perceive the implication of others as help enabling them to concentrate on the tasks they feel qualified for. This may, for example, be the perception of user unit employees who might be happy to see the central procurement unit taking care of the complex tendering process with all its legal pitfalls.

Maturity level six and seven provide the framework for the pursuit of strategic goals going beyond delivering best value for money as prime objective of procurement. To provide for a central procurement unit at that level is indispensable if there is a political will to use procurement to promote further strategic goals. The weighing up of possible advantages beyond procurement with possible obstructions or disadvantages for procurement itself (e.g., higher prices, lower quality, enhanced danger of corruption) requires very good know-how and a strong voice capable of standing up to political will too often unfettered by technical expertise.

The lead buyer concept, widely used in procurement in the public and private sector, offers an excellent approach to make efficient use of already existing know-how and to increase acceptance in the user units for centralization and professionalization. Its implementation is therefore recommended. The market specialists working in the user units should be placed under the authority of the central procurement unit in procurement issues. This prevents them from being subject to particular interests within their user unit to the detriment of broader interests of the contracting authority as a whole.

As for formalization and standardization, the challenge is to find balanced solutions which will provide a sufficient level of procedural security and efficiency while leaving room for exceptions in special cases. There are enough examples of contracting authorities with well-organized procurement showing that such solutions are entirely possible.

## Conclusion

In times of public budget constraints and ever more complex challenges in public procurement, a relatively high degree of centralization and with it specialization, formalization, and standardization is necessary for professional procurement. This can encounter fierce opposition from within the administration, especially from user units. This opposition can only be tackled if the political leadership recognizes the necessity of a modern and professional organization as crucial condition for successful procurement.

## References

Glock CH, Broens MG (2013) Size and structure in the purchasing function: evidence from German municipalities. J Public Procure 13(1):1–38

Harland C, Telgen J, Knight L, Callender G, Thai K (2007) Challenges facing public procurement. In: Knight L, Harland C, Telgen J, Thai K, Callender G (eds) Public procurement: international cases and commentary. Routledge, Abingdon, pp 351–356

Pugh DS et al (1968) Dimensions of organization structure. Adm Sci Q 1:65–105

# Organization Theory, Bureaucracy, and Public Management in a Time of Transformation

Albena Dzhurova
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Change; Government response; Public sector

## Definition

Theoretical fundamentals of organizations and their practical implications for contemporary governance: from Weber to New Public Management.

## Key Dominant Theories of Organization

Theories of organization contribute to "organization theory," an enormously challenging field of study that Waldo (1961) once called an "Elephantine" problem, one that depicts the impossibility to come up with a unifying framework that could offer a generalizable model of how humans form organizations and behave within them. The multiplicity of views on the subject has informed major theoretical streams that either complement each other or are diametrically opposed exposing each other's deficiencies. Broadly speaking, the theories of organization can be classified into mainstream and critical (Fischer and Sirianni 1984) or, as defined by Farazmand (2002), under the three categories of instrumental rationality (classical and neoclassical theories), systems theory and its off-springs, and critical and interpretive theories. These include, among others, classical (bureaucratic) theory, scientific management of organization, bounded rationality theory, systems theory, contingency theory, transaction-cost theory, institutionalism, chaos and transformation theories, as well as more multifaceted theoretical frameworks that account for power relations, politics, and control, for example, Marxist and neo-Marxist theories (Farazmand 2002, p. 20).

The mainstream theories of organization are based on the understanding that hierarchical structure, managerial control, efficiency, and work deskilling via work standardization (Farazmand 2002, p. 27) are the main features of modern organizations. It was Max Weber who in his classic description of the "ideal type" bureaucracy saw the dual-role relationship between the rational-logical model as the best form of organization of the modern state and the potential for oppressive and dehumanizing bureaucratic authority (Fischer and Sirianni 1984, p. 7). Furthermore, Frederick Taylor's scientific management work laid the ground for the rational model of organizations by praising internal efficiency maximization, work standardization, separation of managerial from operational functions, and maintenance of effective managerial control (Farazmand 2002, p. 26; Rainey 2014). Though widely accepted, this organizational model has also been criticized for its mechanistic approach to the division of labor and for the obsession with managerialism that disregards worker rights and promotes employee alienation. Similarly, within the administrative management school (Rainey 2014), Gulick and Urwick's POSDCORP model and, later on, Fayol's principles of management too emphasize the structural and functional rigidity of the efforts for organizational control and efficiency in a rapidly industrialized world (Farazmand 2002, p. 27).

Consequently, development of the theories of organization marks a distance from the purportedly purely rational, value-free models, by replacing the focus on efficiency and predictability with a more informal approach. Famously known as the Hawthorne studies, the research of Elton Mayo, Roethlisberger, and Dickinson inserted the employee morale and motivation variable into the productivity equation (calling it human relations theory) (Farazmand 2002, p. 28) to illustrate the influence of social and phychological factors on work behavior (Rainey 2014, p. 27). Furthermore, as an antithesis of the administrative school, Herbert Simon developed his "bounded rationality" concept (within the "behavioral theory" construct) – a realistic understanding of the constraints imposed by time, insufficient information, and resources on managerial ability. Furthermore, it was Dwight Waldo (1948) who attacked the politics – administration dichotomy exposing the so-called scientificity of scientific management that is the epitome of "pure rationality" in modern organizations (Farazmand 2002).

Systems theory, on the other hand, draws on the notion of employing a common communicative tool to study various types of systems based on their shared characteristics. Depending on their dynamic input-output nature, systems (organizations) are either open and adaptive or closed and insulated from their environment (Rainey 2014). The process typically involves a mobilization of a system's internal subsystems (social structure or technology) to neutralize external forces that aim at destroying its internal equilibrium (Farazmand 2002, pp. 30–31). Similarly, contingency theory accepts that environmental contingencies are the determinants of how effective and adaptable an organization will be in the face of external uncertainties. On the other hand, population-ecology theory, closely related to systems theory, emphasizes organizational "fit" as a readiness to face environmental changes (Farazmand 2002).

Institutional theory (also associated with systems theory) pays attention to various questions of the organizational field pertaining to structure, process, and values as key properties of institutions (Farazmand 2002, p. 73). Theorists of classical institutionalism, such as Herbert Simon, accentuate on functionalism, stability, efficiency, instrumental, and bounded rationality as characteristics of organizations' institutionalization that reinforce power relations within systems.

Furthermore, conceptually opposed to earlier theories of organization that promote bureaucratic hierarchy, "market" theory in its many faces (e.g., transaction-cost theory, public choice theory, agency theory) is based on the premise that rational individuals pursue their self-interest in the market environment through bargaining, exchange, and cost-minimizing – benefit-maximizing strategies (Farazmand 2002, p. 34). Inherent to the private sector in purported free-market conditions, corporate capitalism's dominant market theory today has taken over the domain of public administration and organization theories promoting individualism, personal utility-maximizing, and rationality above all, prompting an increasing number of critics to point out the fundamental flaws of market theory and corporate capitalism and noting the monumental negative consequences for average and working class people worldwide.

Critical and interpretive theories, on the other hand, diverge from the mainstream organization theories in their rejection of instrumental rationality as a tool for social domination (Farazmand 2002, p. 48). The emphasis, instead, is on the individual who takes center stage in redefining his/her role in the organization. This critical, interrogating stance toward reality (and society more specifically) reflects the complexity of organizations as an arena of human interactions and the role of the individual who is making sense of it all in the quest for emancipation and freedom.

In addition, there is a slew of emerging theories of the organization gaining traction in the realities of a globalized world that deserve a mention. Garbage can theory, on the one hand, is a metaphor for organizations viewed as garbage cans in which "problems are tossed" and interchangeably become solutions looking for issues to deal with (Farazmand 2002, p. 64). Natural selection theory, on the other hand, is an offspring of the garbage

can model and builds on Simon's bounded rationality, but rejects causality and embraces the process of sense-making as a tool of the interpretive theories (Farazmand 2002, p. 66); it also calls for survival of the fittest, and selection-in and selection-out in a highly uncertain world. Both theories, however, tend to oversimplify organizational relationships and what motivates people within their structures.

Furthermore, within chaos theory, organizations (viewed as open and dynamic systems with the potential to reinvent themselves through reproductive processes) build on nonequilibrium and instability to transform into a qualitatively new state (Farazmand 2002, pp. 86–87). Next, organizational elite theory rooted firmly in bureaucratically structured organizations delineates the perfect environment that gives elites political power tools (Farazmand 2002, p. 105). Public organizations then are controlled by select elites whose decisions (or nondecisions) serve a particular political agenda which has implications for the legitimacy of the administrative state.

## Bureaucracy – Essence and Function

The Weberian (ideal) type of bureaucracy as a definition is well-known and considered almost axiomatic. As Farazmand (2010) posits, bureaucracy designates a large organizational or institutional formation with clearly defined structure, process, normative values, rules, and regulations in a mix of merit and patronage framework (p. 256). In other words, bureaucracy denotes the "machinery of government" (both military and civilian), designed to effectively run the state through its legislative, judicial, and executive branches (Farazmand 2010, p. 247). Interestingly, both Max Weber and Karl Marx recognized the nature of bureaucracy as conducive for "social and political domination" within a class society (Fischer and Sirianni 1984, p. 13). The governance paradigm it creates and perpetuates only reaffirms the dominant societal power structure, thus handing it a political role in society. The stakes for control over bureaucracy then are very high (Farazmand 2010; Fischer and Sirianni 1984).

In addition, Farazmand (2010) sees bureaucratic politics at the core of governance; as an instrument for accomplishing political goals it has a dual role – it is either a governance tool of the elite or a systems maintenance instrument, or both (Farazmand 2010, p. 249). The "strengthening public bureaucracy" (Farazmand 2010, p. 256) involves social, policy, and attitude representation (e.g., social groups inclusion, legislating on behalf of minorities, desegregation, and equal pay, among others). In their position as an intermediary between the state and the public, bureaucrats inevitably assume a role in democratic governance through channeling first-hand information into the process of policy-making. Citizens' daily interactions with street-level bureaucracy serve as important evidence of the trust (or distrust) in the public sector and as a corrective to the bureaucrats' authority (Peters 2010, p. 216), as well as to the politicians' personal greed or ideological abuse of power (Farazmand 2010).

When discussing government in abstract terms, we all admit that the rules of authority that define the power of the bureaucrat often intersect with a self-imposed short-sightedness, courtesy of its hierarchical structure. In real-life situations, however (e.g., a state of national emergency), when resources need to be mobilized, the ability of bureaucratic structures to provide technical expertise becomes the epitome of timely government response and leadership with the potential to gain back citizens trust – yet, it is often the politicians that may be blamed for policy inaction that defies prompt and timely response. As professionals, bureaucrats know what to do, but they must conform to the demands of political authorities and in the manner they dictate them to do. The gaps emerge when those two often conflict – "politicians' aspirational wishes versus bureaucrats' expertise and professionalism" (Farazmand 1997, 2009).

## Public Management in a Time of Major Transformations

Rainey (2014) insists that public management need not be bashed as noneffective and nonperforming;

in fact, many public managers perform better than commonly acknowledged. To illustrate that, he outlines the distinctive characteristics of public management and organizations accounting for environmental factors (i.e., absence of economic markets, formal legal constraints), organization-environment transactions (e.g., public goods production), and organizational roles, structures, and processes (e.g., goal ambiguity, hierarchical structure) (Rainey 2014, p. 80). In such a setting, the functional analogies and complex interrelations between government, business, and nonprofit organizations (Rainey 2014, p. 60) give some scholars the reason to believe that this is the path to better efficiency in public management.

A side effect of the prevailing structures of market-oriented bureaucracy through privatization and contracting out is the weakening of the functions of representative institutions and the distortion of the notion of democracy as we know it. As Guy Peters defines it, it is a democracy in which accountability shifts from input (policy choices) to output (evaluation of the public sector performance) (Peters 2010, p. 218). Aptly called output democracy, this phenomenon reflects the fixation on performance measurement (a core feature of the New Public Management) and engages in measuring the outputs of democracy, for example, citizen (or rather customer) satisfaction with services. Even though this is viewed as a form of public participation, albeit somewhat passive (Peters 2010, p. 218), equity considerations emerge since service delivery via contract personnel may diminish the capacity for feedback and control. In addition, with the phenomenon of regulatory capture, accountability suffers and plutocracy is encouraged (Peters 2010, p. 220; Farazmand 2010, p. 254).

The environment in which policy subsystems, iron triangles, and advocacy coalitions interact with government brings us collaborative public management (Rainey 2014, p. 142). Closely related to the New Public Management (NPM) in the United States, it worships the practices of privatization, contracting out and outsourcing that have made ways in public organizations reconfirming the premise that in a globalized, interconnected world private sector practices are superior. In this "blurring of the sectors" (Rainey 2014, p. 57), private-public partnerships have become the norm marking the interweaving of the functions of public, nonprofit, and business organizations; the argument being that they are not that different after all. An appropriate example of such a symbiosis would be the newly announced private-public partnerships touted as the most adequate response to the emergency COVID-19 situation in the United States. In one of the first updates on the Coronavirus at the White House Briefings, one of the doctors in the WH Task Force made an interesting statement noting that the main achievement of the moment was the overcoming of internal bureaucracy at the CDC and the FDA (both government agencies) to ensure a quick response. Further on, the measures to combat the pandemic were declared a collaborative public-private partnership that would work to ensure that disaster responsiveness would be at par (e.g., sufficient consumer supplies, medications). How this will play out and if it will follow the recent path of "too big to fail" in which corporate and political elites were bailed out in a similar, not-so-distant situation at the expense of citizen taxpayers is yet to be seen. However, there is always the possibility that this may well be the last trial of the effectiveness of the new public management model. In the alternative, the collaborative effort might just save lives.

## Cross-References


- ▶ Chaos Theory of Organizations
- ▶ Contingency Theory of Organizations
- ▶ Critical Theory of Organizations
- ▶ Garbage-Can Model of Organizations
- ▶ Max Weber and Organizational Theory
- ▶ Public Choice Theory of Organizations
- ▶ Scientific Management Theory of Organizations
- ▶ Systems and Complexity Theories of Organizations

## References

Farazmand A (1997) Modern systems of government: exploring the role of bureaucrats and politicians. Sage, Thousand Oaks
Farazmand A (2002) Modern organizations: theory and practice. Greenwood Publishing Group, Santa Barbara
Farazmand A (2009) Bureaucracy and administration. CRC Press, Boca Raton
Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258
Fischer F, Sirianni C (1984) Critical studies in organization and bureaucracy. Temple University Press, Philadelphia
Peters BG (2010) Bureaucracy and democracy. Public Organ Rev 10(3):209–222
Rainey HG (2014) Understanding and managing public organizations. Wiley, Hoboken
Waldo D (1948) The administrative state: A study of the political theory of American public administration. New Brunswick
Waldo D (1961) Organization theory: an Elephantine problem. Public Adm Rev 21(4):210–225

# Organizational Boundary Spanning

Steven Curnin
Tasmanian Institute of Law Enforcement Studies (TILES), University of Tasmania, Hobart, Australia

## Synonyms

Bridging organizations; Organizational brokers; Organizational gatekeepers

## Definition

Boundary spanning occurs at the periphery of organizations where the outer membrane allows for permeability for organizational actors to look out and others to look in. This can facilitate coordinated activity where new structures are forged to enable the sharing of resources and joint decision-making (Williams 2012).

## Introduction

The complexities and interconnectedness of modern society necessitate that entities involved in public administration cooperate and share information beyond their own organizations. Depending upon the number of organizations involved, this often results in the formation of supraorganizations that are the large-scale collaboration of multiple organizations to achieve a common outcome (Pasquero 1991). Supraorganizations require individual organizations to foster linkages to bridge the numerous boundaries that they may encounter. These boundaries often include numerous sociocultural and socio-technical complexities. This includes but is not limited to the different administrative and technological elements among organizations that can hinder communication and the subsequent flow of information. In addition are the potentially conflicting cultural boundaries unique to each particular type of organization. Lastly, and depending upon the extent of the business, are the geographical and jurisdictional boundaries that may also be encountered. To understand the intricacies involved with spanning organizational boundaries, it is important to provide some context around the evolution of this concept.

## Origins

Literature from the open systems theory explored the notion of organizational boundary spanning as early as the 1960s. Scholars initially characterized the spanning of organizational boundaries as a time when a person from one organization is located in a different organizational system (Khan et al. 1964). It was posited that as an organization constantly interacts with its external environment there is a need for individuals to provide contact between their organization and external organizations (Katz and Khan 1966). These individuals that work at the boundaries of organizations act as mediators for their own organization (Thompson 1967). This initial view of

organizational boundary spanning from the open systems theory perspective led the way for empirical research and the development and classification of the activities undertaken by individuals tasked with spanning organizational boundaries.

## Boundary Spanners

Early empirical research sought to identify the activities affiliated to the individuals tasked with spanning organizational boundaries. Scholars throughout the 1970s and 1980s established a foundation of activities that boundary spanners adopted to fulfill this role. These activities included providing external representation, acting as a liaison, and the gathering, processing, and transmitting of information to and from other organizations. However, it is not until research is carried out by Ancona and Caldwell (1992) that the individual activities of boundary spanners are theorized. In their pivotal research investigating how individuals span organizational boundaries, they produced a typology of four boundary spanning activities. They characterized these four activities as: (1) ambassador, (2) task coordinator, (3) scout, and (4) guard. They posited that the ambassador activity relies on the boundary spanner to provide access to the power structure of the organization. In addition, they suggested that the activity of task coordinator identifies how the person provides access to the workflow structure, and this was aimed at managing horizontal dependence. The activity termed scout concerned the acquisition of pertinent ideas and information. The final activity designated as guard related to actions that were aimed at avoiding the release of information to external parties (Ancona and Caldwell 1992).

Elements of Ancona and Caldwell's (1992) typology of four boundary spanning activities are evident in numerous examples of research conducted over the last two decades that investigate how workers span organizational boundaries in a number of diverse working environments. One of the most seminal works to date that comprehensively describes boundary spanning activities is by Williams (2012). His book is the culmination of over a decade of research exploring the role of boundary spanners in collaborative working practices, predominantly in the public sector. He presented a typology of four boundary spanning activities: (1) reticulist, (2) interpreter/communicator, (3) coordinator, and (4) entrepreneur (Williams 2012). Regardless of which boundary spanning activities are utilized, what is certain is that public administration in the twenty-first century is a complex, dynamic and operates in an often-uncertain world. Consequently, this necessitates that boundary spanners are able to address the multitude of challenges that can be encountered when fostering linkages between often disparate organizations.

## Boundary Challenges

Individuals tasked with spanning organizational boundaries in the realm of public administration can face multiple challenges. Public administration is often characterized by contrasting administrative and governance arrangements not only between departments but also amongst different government agencies. These administrative variations can sometimes foster silo mentalities that the boundary spanner may encounter. Spanning the administrative arrangements that are encountered at the boundaries of organizations is invariably amplified when public administrative agencies have to interact with nongovernment organizations. In addition, the interpretation of any legislative requirements that typically have different processes increases the task complexity of operating between organizations. Compounding these challenges can be communication obstacles.

The density of communications when spanning organizational boundaries, and especially when spanning multiple organizational boundaries, can prove challenging and lead to communication overload. Adding to these challenges are the associated technological barriers that are especially evident in information technology systems. A lack of information technology standardization between organizations often limits the boundary spanners ability to communicate across organizational boundaries in a timely manner. Compounding communication incompatibility

are privacy and security barriers that can hinder the transmission of any sensitive communications. Any communication challenges will ultimately impinge on the sharing of information.

Information exchange across the boundaries of organizations is a necessity to satisfy the specific information requirements of all parties involved. Pertinent and timely information is essential to enable boundary spanners to gain an accurate situational awareness. In the context of boundary spanning situational awareness refers to an individual's level of a situation, or understanding "what is going on" (Endsley 1995). A difficulty of working at the boundary of organizations is the differing information requirements of the parties involved. It is not always a requirement for all entities involved in boundary spanning activities to have the same situational awareness, fundamentally, they need to know what their organization needs to know. Nonetheless, the sharing of information across organizational boundaries is not only associated with communication challenges, but also by the cultural differences between organizations.

Different organizations can carry opposing cultural behaviors, expectations, assumptions, and beliefs that can prevent effective collaboration at the organizational boundary. Cultural barriers between organizations can be exacerbated by geographical boundaries. The geographical nature of organizational boundaries can impose physical constraints on those working in this domain as it may mean that the boundary spanner is potentially not physically supported by their own organization. Similarly, interjurisdictional collaborative approaches, nationally and internationally, may pose potential challenges as boundary spanners may also have to operate across virtual boundaries. Operating in this environment can intensify all the aforementioned constraints and therefore requires a unique set of mechanisms to address these challenges.

## Spanning Mechanisms

To address the myriad of constraints and successfully span organizational boundaries, individuals fulfilling a boundary spanning role must incorporate a number of activities (Curnin et al. 2015; Curnin and Owen 2014). Boundary spanners must be engagement champions and actively engage in forging organizational linkages with other organizations that they may interact with in the future. In addition, experience gained from previous interactions can assist with creating networks between organizations. Fostering relationships with stakeholders at the boundaries of other organizations can commence trust building between the parties involved.

Forging organizational linkages that lay the foundations for trust building assist in providing legitimacy for the boundary spanner. This is often difficult to attain within organizational boundaries, especially those that are hastily formed. Trust building can be challenging at organizational boundaries that invariably involves agencies from public and private sectors that differ socially and structurally. When forging alliances in these situations, it is of paramount importance that the incumbent provides clarity about their role. In temporary structures that require personnel to operate at the boundaries of organizations, there is invariably a requirement to "get things done" influenced by the ability to develop a shared understanding of evolving situations and the respective roles of the different stakeholders involved. This highlights the avoidance of personal disclosure strategies that are evident in traditional forms of trust building over a prolonged period of time, in favor of a reliance and absorption in the task driven by the generic features of the setting (Meyerson et al. 1996). The importance of rapid role clarification between personnel from different organizations is an imperative construct for facilitating communication and consequently information transfer.

Spanning organizational boundaries requires the boundary spanner to provide timely and relevant information across organizational boundaries so all parties involved can share and enhance their information requirements. Boundary spanners must be information experts and draw upon their skills to accurately collate, analyze, and disseminate information within their own organization and across boundaries to other organizations.

There is a requirement for all parties involved with interorganizational collaborative ventures to have situational awareness. However, it is not always a requirement for organizations to have the same situational awareness in the context of supraorganizations.

This is especially the case in complex and collaborative temporary supraorganizations when different organizations may have differing objectives. In these circumstances, boundary spanners seek to inform their and therefore their organizations situational awareness of the circumstances. This is the concept of distributed situational awareness where each organization's awareness is unique but complementary and thus each of the organizational representatives is instrumental in the development and maintenance of other organizations situational awareness (Salmon et al. 2008). This reinforces the requirement that boundary spanners thoroughly understand the domain they operate.

Organizational boundary spanning necessitates that the incumbent is a domain expert. They require an in depth knowledge of their own organizations intent and limitations as well as that of other organizations involved to inform their own organizations distributed situational awareness and that of other organizations. Furthermore, boundary spanners require knowledge and expertise of the specific information systems used in these domains to expedite the collation, analysis, and dissemination of information. Operating at the boundaries of organizations dictates that those performing this task take into account the temporal constraints and dynamism of the work domain that can require adaptability and flexibility with an ability to think laterally.

Individuals operating at the boundaries of temporary supraorganizations demand that the traditional means of organizing that are based upon routines can be nonexistent. Boundary spanners need to be lateral thinkers and require the ability to work under time pressures and address high risk, high consequence demands that are often present in these environments in an effort to ensure they receive the relevant information. However, the flow of information (in terms of quantity and quality) needed to provide continuous situational awareness could cause an increase on the amount of mental effort being used that can be problematic. Therefore, boundary spanners require the ability to "think outside the box" and access information from the most appropriate source. The challenges accompanying the requirements for collating quality information can also lead to information inconsistency resulting in conflict between stakeholders. Consequently, the boundary spanners require the skills of a conflict resolver.

The activity of conflict resolver can be facilitated with the activities of engagement champion and those of forging organizational alliances. Familiarity with other stakeholder's needs and requirements may assist in easing any conflicting situations. Boundary spanners must also have the ability to provide a rapid decision-making capability. An inability to provide a timely decision can result in tension between the parties involved resulting in conflict. Therefore, those personnel working at the boundaries of organizations also require the attributes of a legitimate enabler.

The activity of legitimate enabler entails the boundary spanner to have rapid access to a decision or the authority and empowerment to make a decision to commit to their organizations actions. Boundary spanners require an understanding of other organizations and their own organizations limitations and potential requirements so they can potentially preempt other organizations requests and give a rapid answer. Anticipating requests from other organizations and providing a rapid decision can assist in providing the boundary spanner with legitimacy. This can enable collaboration between all parties involved and can strengthen organizational alliances. Collectively these activities can address some of the sociocultural and sociotechnical complexities identified when working within supraorganizations.

## Conclusion

In the twenty-first century, the world in which public administration operates is complex and multifaceted. Organizations operating in this domain are expected to cooperate and share information

beyond their own organizations. This often requires the temporary or permanent formation of multiple organizations into supraorganizations. It is at the boundaries of these supraorganizations where organizations come together. The individuals that span these organizational boundaries are confronted by numerous sociocultural and socio-technical constraints. Subsequently, boundary spanners have to adopt a myriad of unique activities to succeed in this environment. The application of the aforementioned activities is pivotal to spanning organizational boundaries that can invariably determine the success of the supraorganizations that serve modern society.

## Cross-References


- ► Organizational Collaboration
- ► Organizational Structure and Crisis Management


## References


Ancona DG, Caldwell DF (1992) Bridging the boundary: external activity and performance in teams organizational. Adm Sci Q 37(4):634–665

Curnin S, Owen C (2014) Spanning organizational boundaries in emergency management. Int J Public Adm 37(5):259–270

Curnin S, Owen C, Paton D, Brooks B (2015) A theoretical framework for negotiating the path of emergency management multi-agency coordination. Appl Ergon 47: 300–307

Endsley MR (1995) Toward a theory of situation awareness in dynamic systems. Hum Factors 37(1):32–64

Katz D, Khan R (1966) The social psychology of organizations. Wiley, New York

Khan RL, Wolfe DM, Quinn RP, Snoek JD (1964) Organizational stress: studies in role conflict and ambiguity. Wiley, New York

Meyerson D, Weick K, Kramer R (1996) Swift trust and temporary groups. In: Kramer R, Tyler T (eds) Trust in organizations: frontiers of theory and research. Sage, Thousand Oaks, pp 166–195

Pasquero J (1991) Supraorganizational collaboration: the Canadian environmental experiment. J Appl Behav Sci 27(1):38–64

Salmon P, Stanton N, Walker G, Baber C, Jenkins D, McMaster R, Young M (2008) What really is going on? Review of situation awareness models for individuals and teams. Theor Issues Ergon Sci 9(4):297–323

Thompson JD (1967) Organizations in action. McGraw-Hill, New York

Williams P (2012) Collaboration in public policy and practice: perspectives on boundary spanners. The Policy Press, Bristol


# Organizational Burnout


Anna A. Filipova
Department of Public Administration, University of Wisconsin Oshkosh, Oshkosh, WI, USA


## Synonyms

Exhaustion; Feelings of ineffectiveness; Frustration or cynicism; Lack of enthusiasm and motivation; Reduced efficacy; Stress

## Definition

A syndrome of emotional exhaustion, depersonalization, and reduced personal accomplishment that can occur among individuals who work with people in some capacity (Maslach et al. 1996).

A state of exhaustion in which one is cynical about the value of one's occupation and doubtful of one's capacity to perform (Maslach et al. 1996).

Negative personal changes which occur over time in helping professionals working in demanding or frustrating jobs (Cherniss 1980).

## Introduction

The term "burnout" was first used in the United States in the 1970s and especially among people working in the human services organizations (Maslach et al. 2001). In the 1990s, empirical research on burnout was extended to occupations beyond the human services and education (e.g., health care, social work, police, government); different burnout measures were developed, and a more sophisticated methodology and analytic tools were used (Schaufeli et al. 2009). Currently, burnout is a

well-established academic subject; it is a phenomenon of global significance (Schaufeli et al. 2009).

As a metaphor for the draining of energy, burnout refers to "the smothering of a fire or the extinguishing of a candle" (Schaufeli et al. 2009, p. 205). The metaphor describes the exhaustion of employees' capacity to maintain an intense involvement that has a meaningful impact at work. As public servants deal with more complex demand-resources situations and navigate through complex, contradictory, and demanding institutional environments or fail to experience true organizational support and commitment to their well-being, they are more vulnerable to the exhaustion, cynicism, and inefficacy that define burnout (Schaufeli et al. 2009). In the field of public administration, theoretical and applied research on burnout has focused on examining the contribution of many potential influences and consequences of burnout in diverse public and nonprofit sector occupations in the United States and globally.

## Theoretical Perspectives

Maslach and her colleagues conceptualized job burnout as a psychological syndrome in response to chronic interpersonal stressors on the job (Maslach et al. 2001). The three key dimensions of job burnout were an emotional exhaustion, feelings of cynicism or depersonalization, and a sense of reduced efficacy or reduced personal accomplishment. The *emotional exhaustion* refers to feelings of being depleted of one's emotional and physical resources (Maslach and Jackson 1981; Maslach et al. 2001). The *cynicism or depersonalization* component refers to treating others impersonally, callously, and as objects (Maslach et al. 2001). The component of *reduced efficacy or reduced personal accomplishment* refers to the tendency to evaluate oneself negatively, particularly, with regard to one's work with clients or having feelings of incompetence and a lack of achievement and productivity at work (Maslach and Jackson 1981; Maslach et al. 2001). In general, the research on burnout has established the sequential link from exhaustion to cynicism and has supported a simultaneous development of the third dimension of inefficacy rather than a sequential one (Maslach et al. 2001).

To date, the Maslach Burnout Inventory (MBI; Maslach and Jackson 1986; Maslach et al. 1996) is almost universally used as the instrument to assess burnout. The original MBI included three subscales that measured the three dimensions of burnout. Items represented statements of personal feelings or attitudes, and each statement was measured according to both frequency and intensity (Maslach and Jackson 1981). Once the three burnout dimensions have been identified, conceptual models have been developed along the three-dimensional terms.

### The Phase Model of Burnout

The phase model (Golembiewski and Munzenrider 1988, 1990; Golembiewski et al. 1998) proposes that the three dimensions of burnout are progressively virulent. Emotional exhaustion is considered the most important contributor to burnout, followed by personal accomplishment and depersonalization, respectively. One of the unique features of the phase model is how an individual processes or experiences a stressor regardless of its frequency or intensity (Golembiewski et al. 1998).

According to Golembiewski et al. (1998, p. 60), the operational definition of burnout is built on responses to MBI items, which ask respondents: "How are things at work, relative to your comfortable coping attitudes and skills?" Each individual can be placed into one of eight phases of burnout from I (least advanced) to VIII (most advanced). Individuals in Phase I have the following characteristics: "they deal with individuals as sentient, valuing beings; they see themselves as doing well on jobs that are socially worthwhile; and they have a surplus or "slack" of emotional resources for coping with more stressors than they are experiencing." In contrast, Phase VIII individuals "...keep themselves distant from people, and hence can lack information as well as social support, also their work is not rewarding psychologically...report doing poorly on jobs that they consider largely unattractive, if not socially unredemptive...are in a deficit condition for mobilizing emotional resources to deal with new stressors." Individuals

in any of the eight phases can adopt one of two modes of coping: (a) "actives" – those that continue to confront their environment, and even contest it, and (b) "passive" – those who adopt a submissive posture toward the environment (Golembiewski et al. 1996, p. 98).

The phase model also suggests that an individual does not have to go through each of the phases to reach Phase VIII. Rather, the model builds on a common medical distinction and allows for two types of progression to advanced burnout, namely, chronic burnout (a path through Phases I to II to IV to VIII) and acute burnout (a path through the Phases I to V, II to VI, III to VIII, or IV to VIII) (Golembiewski et al. 1998). There is substantial evidence to support the operational definition of the phase model and its concurrent validity, as well as the frequently consistent covariance of the phases (e.g., Golembiewski and Munzenrider 1990; Golembiewski et al. 1992, 1996).

### The Job Demands-Resources (JD-R) Model

The job demands-resources (JD-R) model has been used in empirical studies to explain the effects of job demands and resources on burnout development and is considered to be parsimonious, flexible, and robust (Demerouti et al. 2001; Bakker and Demerouti 2007). It assumes that burnout develops irrespective of the type of occupation "when job demands are high and when job resources are limited because such negative working conditions lead to energy depletion and undermine employees' motivation, respectively" (Demerouti et al. 2001, p. 499). Job demands include "any physical, social, psychological or organizational requirements of the job that call for sustained psychological and/or physical effort or skills" (Demerouti and Bakker 2011, p. 2). Resources include "the physical, social, organizational or psychological aspects of the job that meet one of the following criteria: a) serve a functional role in meeting work goals, b) reduce the physiological and/or psychological costs of demands, and/or c) promote personal growth and development" (Demerouti and Bakker 2011, p. 2).

This model proposes that the development of burnout follows two processes (Demerouti et al. 2001). In the first process, when job demands are high, employees experience increased exhaustion (but not disengagement). In the second process, a lack of resources complicates the meeting of job demands, which further leads to high levels of disengagement (but not exhaustion). In jobs with both high job demands and, at the same time, limited job resources, employees develop both exhaustion *and* disengagement, a state also known as the *burnout syndrome* (Demerouti et al. 2001). Exhaustion and disengagement are correlated, but not causally related to each other, and exhaustion may develop faster than disengagement because individuals seem sensitive to job demands (Demerouti et al. 2001).

The Oldenburg Burnout Inventory (OLBI) was constructed to measure burnout and was validated among different occupational groups (Demerouti et al. 2001). The OLBI includes two dimensions: *exhaustion* and *disengagement from work*. Contrary to exhaustion as operationalized in the original MBI, the OLBI covers not only affective but also physical and cognitive aspects of exhaustion; furthermore, burnout represents a dichotomous and not a continuous trait (Demerouti et al. 2001). The validity of the JD-R model was consistently supported by research (Demerouti et al. 2001; Bakker and Demerouti 2007).

### Process Model of Burnout

Cherniss's (1980) model proposes that particular work-setting characteristics interact with individuals who enter the job with particular career orientations. These individuals also bring with them particular extra-work demands and supports. These factors, in concert, result in particular sources of stress being experienced to varying degrees by employees. Individuals cope with these stresses by employing strategies that might be termed active problem-solving or by exhibiting the negative attitude changes – that is, burnout. The process model was not tested empirically because the coping/active problem-solving variables were not specified well by Cherniss to permit the development of measures (Burke and Greenglass 1995).

Burke and Greenglass (see 1995, p. 1358) proposed a modified version of the Cherniss model in samples of police officers and school-based

educators. The model proposes that burnout consists of negative attitude changes, such as reduced work goals, less personal responsibility for work outcomes, less idealism/realism, greater emotional detachment, work alienation, and heightened self-interest. The development of these negative attitude changes represents a form of coping or the result of inadequate coping via active problem-solving. Three sets of variables are hypothesized to influence burnout: 1) work setting (e.g., workload, autonomy, institutional goals, leadership), 2) the individual (e.g., demographic characteristics, career orientations, extra-work supports and demands), and 3) sources of stress (e.g., doubts about competence, problems with clients, bureaucratic interference, lack of stimulation, lack of collegiality). The work setting and the individual factors have both direct and indirect effects on burnout, whereas the sources of stress have a direct effect (Burke and Greenglass 1995).

## Outcomes of Burnout in Public Agencies

### Burnout and Job Withdrawal

Because the three dimensions of burnout occur in the context of emotional or psychical exhaustion and affect all employees' perceptions of their jobs, burnout might reduce individuals' intention to remain in their organizations. Empirical studies (e.g., Jackson and Maslach 1982; Jackson et al. 1986) have shown that frontline public employees, like police officers and teachers, tend to leave their organizations under conditions of high levels of emotional exhaustion. Also, depersonalization in worker interactions has occurred easily in the public sector because rule-based procedures are prioritized over interactive relationships (Kim 2015). For example, Goodman and Boss (2002) found that as the phases of burnout progressed, an individual might be more likely to leave voluntarily an organization due to an inability to cope with the increasing strain. Kim (2015) found that the degree of emotional exhaustion and depersonalization could significantly influence the relations among intrinsic motivation, self-sacrifice, and turnover intention and that motivating public employees intrinsically could be a strategy to reduce burnout and turnover intention in local governments.

Factors such as mission change, employee burnout, and staffing levels can explain desires to transfer jobs. Ihrke (2004) found that radical mission change significantly influenced the desire of district conservationists (DCs) to transfer jobs within the agency of Natural Resource Conservation Service of the US Department of Agriculture. In addition, DCs experiencing burnout were more likely to attribute their desire to transfer to a non-DC job to the negative aspects of the conservation title of the Food Security Act of 1985 than DCs who were not experiencing burnout (Ihrke 2004, p. 182). To reduce job transfers, the agency should provide training in regulatory enforcement to make current DCs and new hires more comfortable with their new role as well as modify the list of skills required of new hires (Ihrke 2004).

### Burnout and Job Satisfaction, Commitment, Productivity, and Performance

Burnout may lead to decreased job satisfaction and a reduced commitment to the job or the organization as well as result in lower productivity and performance (Maslach et al. 2001; Schaufeli 2003; Golembiewski et al. 1996; Golembiewski and Munzenrider 1990). For example, Wang et al. (2014) found that the relationship between police officers' stress and job satisfaction was mediated by job burnout. The police officers with higher job stress took a dehumanizing and impersonal view of others and felt dissatisfied with the job. Locus of control acted as a moderator in the stress-burnout relationship as well as in the burnout-satisfaction relationship (Wang et al. 2014). National and global research also indicates that advanced phases of burnout (Phases VI-VIII) were associated with decreased job satisfaction and poor performance and productivity (Golembiewski et al. 1996, 1998).

### Burnout and Health

Consistently, research also associates progressive phases of burnout with deteriorating mental health (Golembiewski et al. 1992, 1996). For example, Golembiewski et al. (1996) found that as the

burnout phases progressed, mental health symptoms increased in global and North American work settings. Golembiewski et al. (1992) found a significant deterioration of health for the advanced phases of burnout in two local police departments. Individuals at advanced phases of burnout were far more likely to manifest various awkward behaviors and attitudes directed against self, their organizations, or client. This study showed the need for prompt diagnosis of burnout at work settings as well as early prevention and amelioration of advanced burnout by management (Golembiewski et al. 1992).

## Antecedents of Burnout in Public Agencies

### Job Characteristics and Burnout

Experienced workload and time pressure were strongly and consistently related to burnout, particularly the exhaustion dimension (Maslach et al. 2001). Further, research has found that both role conflict and role ambiguity had a moderate to high correlation with burnout (Maslach et al. 2001). For example, Green, Albanese, Shapiro, and Aarons (2014) found that decreasing levels of role conflict and overload, increasing role clarity and cooperation, and the presence of a transformational leader appeared to prevent burnout in publicly funded mental health service providers. Results supported the use of organizational development (OD) interventions aimed at creating more functional working climates and developing transformational leadership styles.

In addition to studying the presence of job demands, burnout researchers have also investigated the absence of job resources. A lack of feedback and little participation in decision making had also been associated with all three dimensions of burnout (Hock 1988; Maslach et al. 2001). There had also been strong evidence that a lack of social support (e.g., supervisors, coworkers) was linked to burnout (Burke 1987; Maslach et al. 2001). For example, Russell, Altmaier, and Velzen (1987) found that public school teachers who reported that they had supportive supervisors and received positive feedback concerning their skills and abilities from others were less vulnerable to burnout. Lizano and Barak (2015) found that when the moderating effect of supervisory support was taken into account, role conflict and ambiguity did not predict burnout among urban public child welfare workers. Hsieh (2014) established that only coworker support could diminish the deleterious effect of negative display rules (i.e., policies and procedures that "request suppression of negative emotions," p. 382) and that job control and rewards only had limited effect on lessening the undesired impact of negative display rules on emotional exhaustion among public service workers. Several strategies to deal with burnout were proposed: "(a) allowing workers to decide for themselves how to respond to the demand, (b) encouraging and facilitating mutual support between coworkers, and (c) recognizing and praising for a job well done by providing rewards" (Hsieh 2014, p. 396).

### Organizational Characteristics and Burnout

Researchers postulated that organizational factors were major contributors to job burnout (Maslach and Jackson 1981; Cherniss 1980). The focus was on the organizational and management environment in which work occurs. Research suggests that investing in developing supervisor transformational leadership and mentoring relationships could reduce employee emotional exhaustion and turnover. For example, Green et al. (2013) established that transformational leadership moderated the relationship between emotional exhaustion and turnover intention among public sector mental health-care providers. Similarly, Webster and Hackett (1999) found that clinical supervisors' leadership was important for the development of a positive work climate and for reducing employees' emotional exhaustion and depersonalization in community mental health agencies.

Research has also highlighted the importance of the values implicit in organizational processes and structures and how these values shape the emotional and cognitive relationship that people develop with their work (Maslach et al. 2001). For example, Hsieh (2014) found that to the extent to

which personal values were in line with organizational goals, positive display rules (i.e., rules that request expression of positive emotions) had no effect on emotional exhaustion. Moreover, when a job demand was well internalized as a norm, it was hardly perceived as a demand and caused no harm to employee well-being. Rather than telling workers what not to express on the job, organizations should implement interventions, such as employee assistance programs, that "help employees to cope with emotional labor requirements, maintain mental toughness, and deliver quality public service" (p. 397).

The organizational context is also shaped by larger social, cultural, political, technological, economic, and other forces. When organizations adopt specific strategies in response to the external environment pressures, organizational changes can have significant effects on the lives of the employees (Maslach et al. 2001). For example, Gabris and Ihrke (1996) found that district conservationists (DCs) at the National Resources Conservation Service experienced substantially higher burnout rates when compared to national norms. Having to implement an unpopular environmental legislation caused DCs to experience job-related stress and burnout. Also, perceptions of low leader credibility and change motivation, at all levels within the agency, were related to higher levels of job burnout among the DCs. On the other hand, the DCs who felt their general work provided task variety, identity, and importance experienced lower MBI scores. The authors suggest the implementation of OD interventions that focus on strengthening processes of planned change and developing leaders' credibility.

### Individual Characteristics and Burnout

People do not simply respond to the work setting; rather, they bring unique qualities to the relationship. These personal factors include (a) demographic variables, (b) enduring personality characteristics, and (c) work-related attitudes. Several of these individual characteristics have been found to be related to burnout (Maslach et al. 2001). For example, Russell et al. (1987) found that teacher characteristics, such as age, sex, and grade level taught, were predictive of burnout. In contrast, other researchers found no or limited differences in susceptibility to burnout due to demographic characteristics among teachers (Hock 1988) and mental health providers (Green et al. 2014). Burke (1987) found that police officers' job and work-setting characteristics played a primary role compared to demographic factors. In sum, "burnout is more of a social phenomenon than an individual one" (Maslach et al. 2001, p. 409).

Guy and Lee (2015) examined how emotional intelligence mediates emotional labor in the performance of work duties by using job satisfaction and burnout as criterion variables among adults who worked full time in public service organizations (federal, state, city, county, or nonprofit agencies) or were enrolled as part-time students in graduate public administration courses. Findings showed that emotional labor was positively and directly related to job satisfaction unless it was mediated by higher levels of emotional other-awareness. Emotional labor significantly increased burnout unless it was mediated by emotional self-regulation. The findings suggest that training to enhance workers' ability to regulate their own emotions will lead to reduced burnout, lessened turnover, absenteeism, or performance problems.

Ihrke (1999) examined the relationship between federal employee attitudes toward regulatory enforcement and psychological burnout. The results revealed significantly different attitudes toward enforcement of environmental laws that were found to be significantly related to experienced psychological burnout. In the highest phases of burnout, passive supporters tended to experience emotions such as depression, while active supporters in the higher phases tended to experience frustration and/or distress. At the lower burnout levels, active supporters tended to be excited about their work, and passive ones tend to be content. In sum, active supporters were more likely to experience "better" effects than passive ones; they were also more likely to perceive leaders as credible and also reported higher levels of job satisfaction.

## Burnout as a Global Phenomena

Two types of cross-cultural research on burnout could be identified. First is psychometric research that tested the equivalence of MBI across different countries and cultures; this research had confirmed the positive psychometric properties of the MBI measure (Schaufeli 2003; Schaufeli and Janczur 1994). This research has also shown that despite the similarities in psychometric properties of the MBI, there were national differences in the average levels of burnout (Schaufeli and Janczur 1994). Second is descriptive research that studied and confirmed the relationship of burnout with a similar set of other variables across countries (Schaufeli 2003). For example, Golembiewski et al. (1996) summarized data on incidence of phases in 62 North American work settings. "Only 4 of the 62 organizations have fewer than 20% of their respondents assigned to Phases VI through VIII. Relatedly, 47 of the 62 organizations have between 30% and 60% of their responding employees assigned to the three most-advanced phases, and these cases contain over 92% of all assignments to Phases VI through VIII" (p. 164). In comparison to the North American settings, where "41% of respondents were assigned to each of the two clusters of the three most-and least-advanced phases of burnout," data on the incidence of phases in 21 global work settings shows that "54.7% of its respondents were in the three most advanced phases, and 26.3% in Phases I-III" (p. 171). The highest incidence of burnout was found in Japan (69%) and Korea (44%) (p. 170). Golembiewski et al. (1996, p. 106) also found that as burnout phases progressed, the proportions of "passives" compared to "actives" increased. The authors (1996, p. 236) conclude that burnout seems to be "generic" and "culture specific," which means that the phase model is supported across nations, but nevertheless some cross-organizational, cross-national, and cross-cultural differences may exist.

In a different study, Golembiewski et al. (1998) summarized public-sector findings in 34 work settings – in the United States, Canada, and worldwide. The findings showed that first, a large number of variables covaried with the phases in regular and robust ways. Second, the incidences of advanced phases also varied in numerous populations, but burnout appeared high almost everywhere. Third, North American public-sector employees experienced levels of burnout similar to those experienced by employees in the private sector. The phases each implied appropriate ameliorative interventions. For example, Phase II assignees would benefit from interventions that improve interaction, whereas those in Phase III would benefit from various approaches on task improvement. For Phase IV and beyond, OD strategies relating to structure, policies and procedures, and interaction could be recommended and used.

## Criticism of Burnout Research

There have been many theoretical explanations of burnout over time that included mainly individual, interpersonal, and organizational approaches, of which only few have received empirical support (Schaufeli 2003; Maslach et al. 2001). "The approaches were most successful in uncovering the underlying psychological processes that cause and maintain burnout" (Schaufeli 2003, p. 9). Further, the significance of burnout, both for the individual and the workplace, lies in its links to important outcomes. However, the research findings have to be interpreted with some caution because of the reliance on self-report measures (rather than other indices of performance or health) and the relative absence of methodological designs that permit causal inferences (Golembiewski et al. 1996; Maslach et al. 2001; Schaufeli 2003). Third, although burnout has been studied around the globe, because of the variation in sample selection, strong conclusions about national differences and the underlying reasons for them are difficult to ascertain (Golembiewski et al. 1996). Finally, the applied nature of burnout research has prompted calls for effective remedial and preventative interventions that deal with structures, policies and procedures, and interaction (Golembiewski et al. 1996,

p. 248). Learning designs that can help with burnout have been developed in the related fields of OD and quality of working life (Golembiewski et al. 1996). However, there have been little attention and systematic research directed at ameliorating burnout (Golembiewski et al. 1996).

## Conclusion

According to Schaufeli (2003, p. 12), "a grand unifying theory of burnout will always remain a dream, simply because the phenomenon is too complex and multi-faceted." Nevertheless, studies conducted in public agencies have provided evidence for the hypotheses put forward by the diverse theories and models of burnout. Moreover, the "persistence and incidence of the phases" of burnout provide a strong theoretical and practical reason for accelerating burnout research (Golembiewski et al. 1996, p. 258). Burnout as a psychological phenomenon will be taken seriously by the management of public organizations when they understand how burnout affects organizational outcomes, such as job performance. That is, organizations will be inclined to invest in preventive, organizational-based anti-burnout programs when they believe positive results can be obtained from such interventions (Schaufeli 2003). This calls for collaborative research between economists and applied public administration scholars to investigate the cost-effectiveness of intervention programs.

## Cross-References


- ▶ Absenteeism in Organizations
- ▶ Globalization and Organizations
- ▶ Leadership in Organizations
- ▶ Organizational Turnover
- ▶ Performance Management and Culture


## References


Bakker AB, Demerouti E (2007) The job demands-resources model: state of the art. J Manag Psychol 22(3):309–328

Burke RJ (1987) Burnout in police work: an examination of the Cherniss model. Group Organ Stud 12(2): 174–188

Burke RJ, Greenglass ER (1995) A longitudinal study of psychological burnout in teachers. Hum Relat 48: 187–202

Cherniss C (1980) Professional burnout in human service organizations. Praeger, New York

Demerouti E, Bakker AB (2011) The job demands-resources model: challenges for future research. SA J Ind Psychol/SA Tydskrif vir Bedryfsielkunde 37(2): 1–9. Art. #974

Demerouti E, Bakker AB, Nachreiner F, Schaufeli WB (2001) The job demands-resources model of burnout. J Appl Psychol 86(3):499–512

Gabris GT, Ihrke DM (1996) Burnout in a large federal agency: phase model implications for how employees perceive leadership credibility. Public Adm Q 20(2): 220–249

Golembiewski RT, Munzenrider RF (1988) Phases of burnout: development in concepts and applications. Praeger, New York

Golembiewski RT, Munzenrider RF (1990) Phases of burnout, modes, and social support: contributions to explaining differences in physical symptoms. J Manag Issues 2(2):176–183

Golembiewski RT, Lloyd M, Scherb K, Munzenrider RF (1992) Burnout and mental health among police officers. J Public Admin Res Theory 4:424–439

Golembiewski GT, Boudreau RA, Munzenrider RF, Luo H (1996) Global burnout: a worldwide pandemic explored by the phase model. JAI Press, Greenwich

Golembiewski RT, Boudreau RA, Sun B, Luo H (1998) Estimates of burnout in public agencies: worldwide, how many employees have which degrees of burnout and with what consequences? Public Adm Rev 58(1): 59–65

Goodman EA, Boss RW (2002) The phase model of burnout and employee turnover. J Health Hum Serv Adm 25(1):33–47

Green AE, Miller EA, Aarons GA (2013) Transformational leadership moderates the relationship between emotional exhaustion and turnover intention among community mental health providers. Community Ment Health J 49:373–379

Green AE, Albanese BJ, Shapiro NM, Aarons GA (2014) The roles of individual and organizational factors in burnout among community-based mental health service providers. Psychol Serv 11(1):41–49

Guy ME, Lee HJ (2015) How emotional intelligence mediates emotional labor in public service jobs. Rev Public Pers Adm 35(3):261–277

Hock RR (1988) Professional burnout among public school teachers. Public Pers Manag 17(2):167–189

Hsieh C (2014) Burnout among public service workers: the role of emotional labor requirements and job resources. Rev Public Pers Adm 34(4):379–402

Ihrke DM (1999) Active and passive regulatory attitudes and reactions to psychological burnout. J Health Hum Serv Adm 21(4):441–461

Ihrke DM (2004) Mission change in a federal agency and its link to employee transfer preferences. Am Rev Public Adm 34:181–198
Jackson SE, Maslach C (1982) After-effects of job-related stress: families as victims. J Occup Behav 3: 63–77
Jackson SE, Schwab RL, Schuler RS (1986) Toward an understanding of the burnout phenomenon. J Appl Psychol 71(4):630–640
Kim J (2015) What increases public employees' turnover intention? Public Pers Manag 44(4):496–519
Lizano EL, Barak MM (2015) Job burnout and affective wellbeing: a longitudinal study of burnout and job satisfaction among public child welfare workers. Child Youth Serv Rev 55:18–28
Maslach C, Jackson SE (1981) The measurement of experienced burnout. J Occup Behav 2:88–113
Maslach C, Jackson SE (1986) Maslach burnout inventory manual, 2nd edn. Consulting Psychologists Press, Palo Alto
Maslach C, Jackson SE, Leiter MP (1996) The maslach burnout inventory, 3rd edn. Consulting Psychologists Press, Palo Alto
Maslach C, Wilmar B, Schaufeli WB, Leiter MP (2001) Job burnout. Annu Rev Psychol 52:397–422
Russell DW, Altmaier E, Velzen DV (1987) Job-related stress, social support, and burnout among classroom teachers. J Appl Psychol 72(2):269–274
Schaufeli WB (2003) Past performance and future perspectives of burnout research. SA J Ind Psychol 29(4):1–15
Schaufeli WB, Janczur B (1994) Burnout among nurses: a polish-Dutch comparison. J Cross-Cult Psychol 25(1): 95–113
Schaufeli WB, Leiter MP, Maslach C (2009) Burnout: 35 years of research and practice. Career Dev Int 14(3):204–220
Wang Y, Zheng L, Hu T, Zheng Q (2014) Stress, burnout, and job satisfaction: case of police force in China. Public Pers Manag 43(3):325–339
Webster L, Hackett RK (1999) Burnout and leadership in community mental health systems. Admin Pol Ment Health 26(6):387–399

# Organizational Cheating

Gary Mays
Illinois State University, Normal, IL, USA

## Synonyms

Corruption; Entitlements; Fraud; Goal displacement

## Definition

Goal displacement: occurs when resources – tax dollars and other finite resources – are redirected for use in a manner that is not entirely consistent, or wholly inconsistent, with the organization's mission.

Whistleblower: a person who reports cheating in an organization.

## Introduction

Cheating is an unfortunately common human behavior prevalent in government organizations and programs, which are comprised and administered by individual actors and subgroups. Around the world, cheating typically impacts the poorest or less fortunate in society the most, with many contending that it is both a major source of poverty and a cause of it. It occurs at all levels of society and within many branches of government and across the private sector.

Many types of government and organizational cheating have at their heart what social scientists and experts call goal displacement. Goal displacement happens when resources – tax dollars and other finite resources – are redirected for use in a manner that is not entirely consistent, or wholly inconsistent, with the organization's mission. Other forms of cheating are done to appear to maximize organizational outputs for preferential consideration in budgeting and policy decisions.

## Definitions of Cheating

One study defined organizational cheating as any deliberate activity by employees or actors in an organization that violates core organizational and societal norms. This theory is consistent with the theory of goal displacement outlined above. Still other researchers view organizational cheating as falling into three areas – cheating benefitting the self, misbehavior that benefits the organization, and finally, cheating that is intended to inflict damage on other people or organizations. Experts also point to intent when it comes to defining

misbehavior, arguing that for misbehavior to be considered cheating it must be "intentional" (Vardi and Wiener 1996).

Ultimately, people who work for government value honesty as much if not more than those working in the private sector. But they still face a number of reasons and pressures to cheat. Those pressures can emanate from higher ups, peers, and policy makers. Cheating also occurs across income strata. In fact, some experts and social scientists have observed that cheating is more common among those making more money and that such people can be more likely to cheat because the behavior is connected to their pay rate and evaluation of performance.

## Examples of Cheating

No organization or government is immune from cheating – from schools to military institutions to elected officials and legislative bodies and their committees. In the military category, officers in the US Air Force missile launch program held a pervasive belief that they had to get perfect test scores to be promoted. That prompted many of them to cheat. Several years ago, half of the nearly 200 launch officers at a Montana nuclear missile base were implicated in a cheating scandal and suspended from their posts, prompting air force officials to fear wide-ranging human resource issues within the country's nuclear-security apparatus.

The problems arose from an Associated Press probe of the US nuclear force that actually began with an initial drug investigation. In all, 92 officers were implicated, with nearly half directly involved and the remainder potentially aware of cheating but kept silent about it. The AP article blamed "a worrisome culture of fear" for the missile corps cheating scandal.

Cheating, mainly involving budgeting and expenditures has been rampant at the US Department of Defense. The *Encyclopedia of Ethical Failure*, published by the Pentagon General Counsel's Standards of Conduct Office, documents dozens of offenses. "The characters in most cases are anonymous, but the problems unearthed in the report focus on the Pentagon's irresponsible financial culture" (Francis 2014).

Among the scandals that plagued the Pentagon: a civilian worker for the US Navy allegedly took a $5,000 bribe to funnel a six-figure contract to a private company doing business with the military. Another DOD worker even labeled himself "the Godfather" for his ability to direct military deals to companies willing to pay him bribes to get the work.

The DOD's *Encyclopedia of Ethical Failure* concludes by warning future military decision-makers of the long jail sentences, fines, and firings of individuals found to have violated ethical standards and laws that pertain to contracting.

Cheating in publicly funded education has also made plenty of headlines in the United States in recent years, as school districts and individual educators strive to meet new standards and measurement criteria that have been introduced legislatively by "No Child Left Behind" and other sweeping policies designed to improve overall outcomes. That is especially true as teachers' paychecks and positions are placed in jeopardy if students do not perform well on a plethora of standardized tests that have been introduced into the classroom in recent years to boost accountability.

## Cheating as Fraud

The study of fraud and waste in government programs – especially when it comes to estimates of its size and scope – also cuts across ideological lines, with conservative lawmakers and thinkers typically asserting high levels of fraud and liberals insisting that fraud and waste are minimal. This is especially true when it comes to entitlement and government welfare programs at both the state and federal levels in the United States.

According to one study, for example, fraud accounts for less than 2% of unemployment insurance programs (Hanson 2015).

However, US Senator Ron Johnson, a Wisconsin Republican, has been quoted as saying that "whether it's the Earned Income Tax Credit or Medicare or Medicaid, across the board, food

stamps, the average rate of fraud in those programs is 20 to 25 percent . . ." The earned income tax credit provides federal tax credits for low to medium wage earners, potentially boosting the amount of tax refund such workers receive each year. Tax cheating is a bigger problem in general because, for the most part, it involves voluntary compliance among individuals and organizations. Tax cheats according to one estimate cost the US government "hundreds of billions" of dollars.

Fraud in entitlement programs such as Medicare and Medicaid is also commonly cited when it comes to cheating in government organizations. The FBI in one report estimated that the cost from Medicare and Medicaid fraud is as high as 3–10% of the amount of tax dollars spent on the programs, a percentage that totals nearly $200 billion. Meanwhile, fraudulent expenditures in the smaller-but-still-sizeable Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs have been estimated to be in the 10% range of total expenditures. US food stamp (Or SNAP) benefits are another target of critics who cite waste and fraud in federal programs. Legislation was recently introduced to reduce waste and fraud in the Supplemental Nutrition Program by $30 billion. The program provides direct benefits to the poor and working poor through direct payment for food, although most states now distribute the benefits using debit-style cards instead of the old paper vouchers or stamps. Still, contrary to the popular stereotype, government error and supermarkets "trafficking" in food benefits were found to be the cause of much of food stamp fraud – not so-called welfare mothers taking advantage of a program for which they had no need (Schnurer 2013).

## The Science Behind Cheating

The science behind cheating is rooted in human behavior, most experts agree, noting that no one person or organization is immune from cheating. According to one study, most but not everyone cheats under certain circumstances (Bohte and Meier 2000).

> A common finding is that people don't cheat as much as they can get away with but rather, they cheat up until the point at which they continue to believe they are good people. . .thus when facing the opportunity to cheat people seem to experience a desire between their desire to maintain a positive self image by behaving honestly and their desire to advance their self image (e.g. get a financial benefit) by crossing ethical boundaries. (Bohte and Meier 2000)

Thus, the definition of cheating by some is changeable. Indeed, lab experiments reveal that people who witness their peers or others within their organization cheating are more likely to cheat themselves (Mazar et al. 2008).

Government can even be an attractive potential employer for students who are more likely to cheat after graduation, according to a study by Harvard University and the University of Pennsylvania. The results were released in the National Bureau of Government Research and describe when students in India were asked to keep track of the financial reward for rolling a die. With a financial incentive involved, the Indian students were more likely to falsely report higher numbers in the test and want government jobs (Cloud 2014).

## Remedies for Cheating in Government

How do policy makers curtail organizational cheating in government? For one thing, more can be done to educate government employees on the punishment for cheating – getting fired, sentenced to jail or probation and other measures. Indeed, many violations of government ethics can be considered criminal in nature (Francis 2014).

Students also need to be educated early and often on the dim prospects for getting away with cheating, especially when it comes to test taking and plagiarism, the latter a problem made more common in the technological era (Flanagan 2016).

In the United States, a primary tool for targeting cheating in government organizations is the False Claims Act, which protects so-called whistleblowers who inform government agencies or law enforcement of cheating.

Known as a Qui Tam Action in legal parlance, blowing the whistle on a government organization or individual essentially involves suing the government and requesting protection from retribution for the action (Kang Haggerty & Fetbroyt 2016).

An actual relic of the Civil War, the False Claims Act (31 U.S.C. §§ 3729–3733, also called the "Lincoln Law") is an American federal law that imposes criminal liability on individuals and corporations that defraud government. The act is now more than 150 years old, and was initially created to stop contractors from selling defective ammunition and goods to the Union Army.

Cheating in the United States also can be prosecuted under a number of other statutes, including those involving "Conspiracy to Defraud the United States" (923. 18 U.S.C. § 371). Case law related to the fraud aspect is blunt in its description of the crime, saying the intent of the law is to protect government from "frustration and distortion" by dishonest actors. In *Hammerschmidt v. United States*, 265 U.S. 182 (1924), violations of the statute were described thusly:

> To conspire to defraud the United States means primarily to cheat the Government out of property or money, but it also means to interfere with or obstruct one of its lawful governmental functions by deceit, craft or trickery, or at least by means that are dishonest. It is not necessary that the Government shall be subjected to property or pecuniary loss by the fraud, but only that its legitimate official action and purpose shall be defeated by misrepresentation, chicane or the overreaching of those charged with carrying out the governmental intention. (www.justice.gov)

## Conclusion

While such laws have been used successfully for decades, cheating in government organizations around the world continues to be a major problem, experts say, because of the latitude government employees and agencies have in carrying out their duties. There is a case to be made for not only stronger laws but tighter ethics globally.

> The discretionary power of public servants goes beyond manuals, orders, job descriptions and legal frameworks of their positions and duties, and professional ethics have to come in as guidelines in addition to formal regulations. There is, however, a perception that standards in public life are in decline, raising questions about the costs of misconduct on the part of those who have been entrusted with guarding the public interest and resources. (Moti 2013)

According to the Global Corruption Barometer, which gauges the impact worldwide of corruption on everyday people, the number of people paying bribes in exchange for basic government services in the Middle East and Africa is 50 million. But Europe is by no means immune to organizational cheating. One recent cheating scandal that made global headlines involved automaker, VW, which rigged turbo diesel engines to only kick on during emissions testing. That action uncovered by the US Environmental Protection Agency, resulted in the sale of cars that delivered up to 40 times more pollutants during actual driving test. Not only was the VW brand tarnished and the company facing billions in fines, to date it has cost about 30,000 people their jobs (Gallagher 2015; Chapman 2016).

## References

Bohte J, Meier K (2000) Goal displacement: assessing the motivation for organizational cheating. Public Adm Rev 60(2):173–182

Chapman B (2016) Volkswagen axes 30,000 jobs as it bids to recover from emissions cheating scandal. The Independent, 18 Nov 2016. http://www.independent.co.uk/news/business/news/volkswagen-job-cuts30000-after-scammed-emissions-tests-dieselgate-a7424756.html. Accessed 1 Nov 2016

Cloud D (2014) Cheating inquiry finds systemic problems in U.S. nuclear force. Los Angeles Times, 30 Jan 2014. http://articles.latimes.com/2014/jan/30/nation/la-na-air-force-cheating-20140131. Accessed 14 Sept 2016

Flanagan L (2016) How educating students about dishonesty can help curb cheating. KQED News, 16 May 2016. ww2.kqed.org/mindshift/2016/05/16/how-educating-students-about-dishonesty-can-help-curb-cheating/. Accessed 11 Sept 2016

Francis D (2014) You won't believe who's cheating the Government now. The Fiscal Times, 3 Feb 2014. http://www.thefiscaltimes.com/Articles/2014/02/03/You-Won-t-Believe-Who-s-Cheating-Government-Now. Accessed 5 Sept 2016

Gallagher P (2015) VW scandal: US government announces Volkswagen cheated emissions tests a second. The Independent, 2 Nov 2015. http://www.independent.co.uk/news/world/americas/vw-scandal-us-government-

announces-volkswagen-cheated-a-second-time-on-emissions-tests-a6718711.html. Accessed 6 Sept 2016
Hanson K (2015) Santa Clara University, Markkula Center for Applied Ethics, 1 Apr 2015
Kang Haggerty & Fetbroyt (2016) Attorneys at law online. www.lawkhf.com/about. Accessed 5 Sept 2016
Mazar N, Amir O, Ariely D (2008) The dishonesty of honest people: a theory of self-concept maintenance. J Mark Res 45(6):633–644
Moti U (2013) The public and ethical transformation: issues and implications for the bureaucracy. Int J Res J Soc Sci Manag, (RJSSM) Singapore 2(10):49–66
Schnurer E (2013) Just how wrong is conventional wisdom about government fraud? The Atlantic, 15 Aug 2013. http://www.theatlantic.com/politics/archive/2013/08/just-how-wrong-is-conventional-wisdom-about-government-fraud/278690/. Accessed 7 Sept 2016
Vardi Y, Wiener Y (1996) Misbehavior in organizations: a motivational framework. Organ Sci 7(2):151–165

# Organizational Citizenship Behavior

Juliana D. Lilly
Sam Houston State University, Huntsville, TX, USA

## Synonyms

Civic organizational behavior; Extra-role behavior; Organizational spontaneity; Prosocial behavior

## Definition

Organizational citizenship behavior (OCB) is employee work behavior that is positive and beneficial to an organization, but is not specifically required in the job description. Organizational citizenship behavior is discretionary behavior that is not directly or formally compensated by the organization's reward system. The behavior is truly extra-role behavior which, when performed by many individuals, improves the overall functioning of an organization. Examples of organizational citizenship behavior include volunteering for extra work, promoting the organization to outsiders, helping a coworker who is behind, or going out of the way to encourage or express appreciation to coworkers.

## Introduction

Organizational citizenship behavior is an outcome of the discussion on whether or not there is a link between job satisfaction and job performance. From the 1950s to the 1970s, researchers published conflicting opinions on this topic with some suggesting increased satisfaction led to increased performance and others suggesting increased satisfaction did not lead to increased performance. The conflicting results led researchers to more closely examine the definition of job performance. In the late 1970s and early 1980s, researchers began to elaborate on the definition of job performance to go beyond production metrics to include extra-role behaviors such as cooperation or helping coworkers who need support. In 1983, the term "citizenship behavior" was coined to describe positive, beneficial employee behaviors that were valued by supervisors but were not specifically required in the job description. Tests of the relationship between job satisfaction and the newly defined citizenship behaviors showed positive correlations on a fairly consistent basis, and researchers began to refine measures of these extra-role, prosocial behaviors (Organ 1988a).

## Dimensions of Organizational Citizenship Behavior

Scales developed in the 1980s to measure organizational citizenship behavior eventually progressed to the point of identifying five dimensions, or types, of organizational citizenship behavior to include altruism, conscientiousness, sportsmanship, courtesy, and civic virtue (Organ 1988b):

- Altruism refers to discretionary behavior that helps others within an organization with a task or problem, such as helping a new employee

find the appropriate forms to use or helping a coworker transport and set up marketing materials for a new lobby display.

- Conscientiousness refers to behavior that helps the organization, but differs from altruism in that altruism helps a specific person while conscientiousness is less personal. For example, a conscientious organizational citizenship behavior may entail finishing work at home waiting on an emergency home repair, while an altruistic organizational citizenship behavior may entail meeting a client for a coworker who cannot attend the meeting due to an emergency.
- Sportsmanship refers to behaviors such as not complaining or focusing on petty grievances. Even when the individual has a legitimate reason to complain, someone exhibiting sportsmanship organizational citizenship behavior would simply accept the situation and go forward, knowing that everything will work out in the long term.
- Courtesy refers to behavior such as giving advance notice, reminders, or keeping others informed of work situations. Courtesy differs from altruism in that altruism helps others after a problem has already occurred, while courtesy helps prevents a problem from occurring.
- Civic virtue refers to behavior that contributes to effective organizational governance by attending meetings, discussing issues relevant to the organization, and adding thoughtful input to the discussion.
- Two other dimensions of organizational citizenship behavior, peacekeeping and cheerleading, were added to Organ's (1988b) original five dimensions a few years later. Peacemaking refers to actions that prevent or resolve unconstructive conflict, and cheerleading refers to encouragement and reinforcement of coworkers' accomplishments (Organ 1990).

As research on organizational citizenship behavior continued to evolve, other types of organizational citizenship behavior were developed by combining some of the original dimensions into broader terms to identify the target of the behavior or by creating new terms that expanded or slightly varied definitions of the original dimensions. For example, organizational citizenship behavior identified in terms of the target of the behavior has two categories: OCBO and OCBI. Organizational citizenship behavior directed toward the organization (OCBO) contains elements of sportsmanship, conscientiousness, and civic virtue, while organizational citizenship behavior directed toward the individual (OCBI) contains elements of altruism and courtesy (Williams and Anderson 1991). Researchers have identified more than 40 measures of organizational citizenship behavior dimensions (LePine et al. 2002), but factor analysis results suggest seven common themes tend to emerge from these measures. These themes are listed below with sample studies supporting each theme:

1. Helping – includes altruism, courtesy, peacemaking, and cheerleading (Podsakoff and MacKenzie 1994)
2. Organizational compliance – internalizing the organization's rules and procedures even when no one is watching (Borman and Motowidlo 1993; Smith et al. 1983.
3. Sportsmanship (Organ 1988b; Podsakoff and MacKenzie 1994)
4. Civic virtue (Organ 1988b, 1990)
5. Organizational loyalty – promoting, protecting, supporting, and defending the organization (Graham 1991; Moorman and Blakely 1995)
6. Self-development – voluntary behavior to improve knowledge, skills, and abilities in the workplace (George and Jones 1997)
7. Individual initiative – engaging in task-related behaviors well beyond what is generally expected (Moorman and Blakely 1995; Organ et al. 2006.

## Measurement Issues of Organizational Citizenship Behavior

Researchers have measured organizational citizenship behavior using many different scales, something to be expected given the 40 identified dimensions mentioned above. Organizational citizenship behavior has also been measured differently based on the level of analysis, such as

individual-OCBI versus organizational-OCBO level (Williams and Anderson 1991), and based on whether the scale measures the frequency of organizational citizenship behavior or the extent to which the respondent agrees that a particular individual engages in organizational citizenship behavior (see Spector and Che 2014, for a discussion of agreement-response versus frequency-response scales). Due to the plethora of measurement scales, researchers began to examine the way organizational citizenship behavior is measured to see if the measurement method influences the statistical relationships between variables.

One of the potential challenges with measurement scales may be rooted in the definition of organizational citizenship behavior. The definition states that organizational citizenship behavior is *discretionary behavior* that is *not directly or formally compensated by the organization's reward system*. However, some organizational citizenship behavior measures include items that respondents may consider to be requirements of the job, not discretionary or voluntary behaviors (e.g., Morrison 1994), and some studies have suggested that voluntary organizational citizenship behavior is just as likely to lead to rewards as required job tasks (e.g., Werner 1994). Still others suggest that organizational citizenship behavior does not have to be voluntary or nonrewarded, but it must contribute to the enhancement of the context of work (Borman and Motowidlo 1993). If researchers and respondents are inconsistent or unclear on whether measurement items are voluntary versus required or rewarded versus unrewarded, the measurement scales may reflect different constructs from what is expected. As the definition of organizational citizenship behavior evolves with organizational changes and research developments, the appropriate measurement should be matched to the appropriate research task.

## Antecedents and Consequences of Organizational Citizenship Behavior

Several research studies in the past 20 years have identified a number of antecedents and consequences of organizational citizenship behavior. Antecedents include personality traits such as conscientiousness, emotional stability and empathy (Borman et al. 2001), stressors (Eatough et al. 2011), attitudes such as commitment (Organ and Ryan 1995) and job satisfaction (LePine et al. 2002), perceptions of fairness (Organ and Ryan 1995), and supervisor relationships (Podsakoff et al. 2000). Other variables such as procedural justice climate, service climate, and servant leadership have also been suggested as antecedents (Bambale 2014). Despite the large amount of evidence for these antecedents, however, Spector and Che (2014) found the relationships between these antecedents and organizational citizenship behavior changed depending upon how organizational citizenship behavior was measured. When they used an agreement-response scale asking the extent to which the individual agrees that the individual engaged in the behavior (1 = disagree very much to 5 = agree very much), results were similar to those found in previous studies. When they used a frequency-response scale asking how often the individual engaged in the behavior (1 = never, 2 = once or twice, 3 = once or twice per month, 4 = once or twice per week, and 5 = every day), results showed smaller or nonsignificant correlations. Their findings suggest that the measurement challenges mentioned above should be carefully considered before designing a research study and that organizational citizenship behavior may be a more complex behavior than previously indicated.

The effects or consequences of organizational citizenship behavior have been studied at both the individual level and the organization level. Meta-analysis results at the individual level indicate there are positive relationships between organizational citizenship behavior and job performance ratings and reward allocation decisions, but negative relationships between organizational citizenship behavior and turnover intentions, actual turnover, and employee absenteeism (Podsakoff et al. 2009). Continuance commitment and workplace social inclusion are also outcomes of organizational citizenship behavior (Ma et al. 2016).

At the organizational level, organizational citizenship behaviors are positively related to productivity, efficiency, profitability, and customer

satisfaction, but negatively related to costs and unit-level turnover (Podsakoff et al. 2009). Researchers have also found that organizational citizenship behaviors are related to performance outcome variables such as service response times (Hyatt and Ruddy 1997), corporate innovation and strategic renewal (Zhang et al. 2008), customer service (Yen and Niehoff 2004), profitability (Chuang and Liao 2010), and return on assets (Chun et al. 2013).

## Organizational Citizenship Behavior in Public Administration

Although organizational citizenship behavior has been studied extensively in for-profit organizations and related to effective organizational productivity, researchers have also examined organizational citizenship behavior in the public sector, although the number of studies is relatively small compared to the private sector. These public sector studies have examined change-oriented organizational citizenship behavior in public organizations (Vigoda-Gadot and Beeri 2011), organizational citizenship behavior as predictor of a voluntary military career (Annen et al. 2015), and public service motivation as a predictor of organizational citizenship behavior in the public sector (Mostafa and Leon-Cazares 2016). Much of the public sector research focuses on identifying antecedents of organizational citizenship behavior, with public service motivation being a key variable of interest. Researchers have indicated that public managers should attempt to encourage organizational citizenship behaviors to promote more effective organizational operations, suggesting that research on organizational citizenship behavior in the public sector may increase in the near future.

## Conclusion

Research on organizational citizenship behavior has helped redefine the way job performance is measured, taking into account the (sometimes) unmeasured behaviors necessary to effective organizational functioning. Formal performance evaluations may not directly measure these behaviors, but studies indicate that increased organizational citizenship behavior leads to increased performance, increased pay, increased continuance commitment, and increased social inclusion. It also leads to decreases in turnover and employee absenteeism. Thus, during the hiring process, managers should be aware of applicant characteristics that may predict organizational citizenship behavior such as conscientiousness, emotional stability, and empathy. Managers should also be aware of their own characteristics or leadership styles in creating an environment that encourages employees to engage in organizational citizenship behavior such as exhibiting servant leadership and creating a climate that is perceived as fair and just.

## Cross-References


- ▶ Absenteeism in Organizations
- ▶ Organizational Collaboration
- ▶ Organizational Justice
- ▶ Organizational Turnover
- ▶ Performance Management and Culture


## References


Annen H, Goldammer P, Szvircsev Tresch T (2015) Longitudinal effects of organizational citizenship behavior on cadre selection and pursuing a career as militia cadre in the Swiss Armed Forces. Mil Psychol 27(1):9–21

Bambale AJ (2014) Relationship between servant leadership and organizational citizenship behaviors: review of literature and future research directions. J Mark Manag 5(1):1–16

Borman WC, Motowidlo SJ (1993) Expanding the criterion domain to include elements of contextual performance. In: Schmitt N, Borman WC et al (eds) Personnel selection in organizations. Josey-Bass, San Francisco, pp 71–98

Borman WC, Penner LA, Allen TD, Motowidlo SJ (2001) Personality predictors of citizenship performance. Int J Sel Assess 9:52–69

Chuang C-H, Liao H (2010) Strategic human resource management in service context: taking care of business by taking care of employees and customers. Pers Psychol 63:153–196

Chun JS, Shin Y, Choi JN, Kim MS (2013) How does corporate ethics contribute to firm financial performance? The mediating role of collective organizational commitment and organizational citizenship behavior. J Manag 39:853–877
Eatough E, Chang C, Miloslavic S, Johnson R (2011) Relationships of role stressors with organizational citizenship behavior: a meta-analysis. J Appl Psychol 96(3):619–632
George JM, Jones GR (1997) Organizational spontaneity in context. Hum Perform 10:153–170
Graham JW (1991) An essay on organizational citizenship behavior. Empl Responsib Rights J 4:249–270
Hyatt DE, Ruddy TM (1997) An examination of the relationship between work group characteristics and performance: once more into the breach. Pers Psychol 50: 553–585
LePine JA, Erez A, Johnson DE (2002) The nature and dimensionality of organizational citizenship behavior: a critical review and meta-analysis. J Appl Psychol 87: 52–65
Ma E, Qu H, Wilson M (2016) The affective and dispositional consequences of organizational citizenship behavior: a cross-cultural study. J Hosp Tour Res 40(4):399–431
Moorman RH, Blakely GL (1995) Individualism-collectivism as an individual difference predictor of organizational citizenship behavior. J Organ Behav 16(2):127–142
Morrison EW (1994) Role definitions and organizational citizenship behavior; the importance of the employee's perspective. Acad Manag J 37:1543–1567
Mostafa A, Leon-Cazares F (2016) Public service motivation and organizational performance in Mexico: testing the mediating effects of organizational citizenship behaviors. Int J Public Adm 39(1):40–48
Organ DW (1988a) A restatement of the satisfaction-performance hypothesis. J Manag 14(4):547–557
Organ DW (1988b) Organizational citizenship behavior: the good soldier syndrome. Lexington Books, Lexington
Organ DW (1990) The motivational basis of organizational citizenship behavior. In: Staw M, Cummintgs LL (eds) Research in organizational behavior, vol 12. JAI Press, Greenwich, pp 43–72
Organ DW, Ryan K (1995) A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. Pers Psychol 48: 775–802
Organ DW, Podsakoff PM, Mackenzie PM, Bradley S (2006) Organizational citizenship behavior: its nature, antecedents, and consequences. Sage, Thousand Oaks
Podsakoff PM, McKenzie SB (1994) Organizational citizenship behaviors and sales unit effectiveness. J Mark Res 31:351–363
Podsakoff PM, MacKenzie SB, Paine JB, Bachrach DG (2000) Organizational citizenship behaviors: a critical review of the theoretical and empirical literature and suggestions for future research. J Manag 26(3): 513–563
Podsakoff NP, Whiting SW, Podsakoff PM, Blume BD (2009) Individual- and organizational-level consequences of organizational citizenship behaviors: a meta-analysis. J Appl Psychol 94(1):122–141
Smith CA, Organ DW, Near JP (1983) Organizational citizenship behavior: its nature and antecedents. J Appl Psychol 68:653–663
Spector PE, Che XX (2014) Re-examining citizenship: how the control of measurement artifacts affects observed relationships of organizational citizenship behavior and organizational variables. Hum Perform 27:165–182
Vigoda-Gadot E, Beeri I (2011) Change-oriented organizational citizenship behavior in public administration: the power of leadership and the cost of organizational politics. J Public Adm Res Theory 22:573–596
Werner JM (1994) Dimensions that make a difference: examining the impact of in-role and extra-role behaviors on supervisory ratings. J Appl Psychol 79: 98–107
Williams LJ, Anderson SE (1991) Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. J Manag 17: 601–617
Yen HR, Niehoff BP (2004) Organizational citizenship behaviors and organizational effectiveness: examining relationships in Taiwanese banks. J Appl Soc Psychol 34:1617–1637
Zhang Z, Wan D, Jia M (2008) Do high-performance human resource practices help corporate entrepreneurship? The mediating role of organizational citizenship behavior. J High Technol Manag Res 19:128–138



# Organizational Citizenship Behavior: A Holistic Review

Osama A. Hazzi
University of Vienna, Vienna, Austria

## Synonyms

Altruism; Conscientiousness; Prosocial organizational behavior

## Definition

Organizational citizenship behavior is defined as the behavior that is not an enforceable requirement of the role, does not aim at earning rewards, is not an expressive behavior owning to emotional

state, and that in the aggregate promotes the welfare of the individual and organization.

## Introduction

The greater scholarly interest in Organizational Citizenship Behavior (OCB) teed off in the early of 1983 when Organ and his colleagues (Smith et al. 1983) first coined the term of "organizational citizenship behavior". Since then, the literature has increasingly dominated on this topic. Web of Science Core Collection includes more than (800) works on OCB from the period 1980 to 2016. Those works have been documented in several document types (including articles, book chapter, book review, book, proceeding paper, review, editorial material, note, meeting abstract, and correction). The interest in OCB has also expanded into other disciplines including Human Resource Management (HRM), industrial and labor relations, community psychology, marketing, sociology, public administration, sports science, healthcare services, nursing, computer science, engineering and communication (cf. Podsakoff et al. 2000, 2014). This interest might be attributed to the reason that the academic and professional communities have begun to realize the importance of such behavior. Indeed, OCB plays an important role at the individual and organizational levels (Podsakoff et al. 1997, 2009).

The growing interest in OCB undoubtedly has been gratifying to those interested in such behavior. Nevertheless, it has resulted in some confusion about the construct itself. It is, therefore, not surprising to find that many readers are avid to keep up with the developments in this domain and pay more attention to the issue like how OCB took shape over the time. This drives one to argue that there is a need to pay close attention to the specific types of OCB, antecedents, and consequences on both individuals and organizations to better understand OCB. For this, this work aims to examine the prominent literature on OCB identifying the emergent and notable topics in this domain in order to provide a reader some insights derived from different key themes. More specifically, this work answers the following main question: *what are the most developments which have occurred on OCB since the eighties of the last century to this day?*

Within the context of the earlier discussion, this work is organized into the following sections. First, it provides the methodology used to explore literature on OCB. Next, it amply provides the theoretical background in OCB and grounding in its types. Following this, the work synthesizes the antecedents and consequences of OCB derived from the existing literature. Finally, it presents limitations, implications, and potential conceptualizations. The discussion here is not about hypotheses to be tested or even methodology in the usual sense. In the main, the agenda here is more limited to a review on OCB with a view to providing to a reader a way of thinking about such behavior that we can be comfortable with.

## Methodology

To better understand OCB, a gist of an integrative literature review was conducted for conceptualizing the aims of this work. To address the research question, the following keywords were used (including organizational citizenship behavior, extra-role behavior, contextual performance, nature of organizational citizenship behavior, dimensionality of organizational citizenship behavior, types of organizational citizenship behavior, antecedents of organizational citizenship behavior, determinants of organizational citizenship behavior, predictors of organizational citizenship behavior, consequences of organizational citizenship behavior, and implications of organizational citizenship behavior). A few of these keywords were regularly used in several meta-analytic review studies (cf. Carpenter et al. 2014; LePine et al. 2002; Organ and Ryan 1995; Podsakoff et al. 2009).

Web of Science Core Collection was included in the keyword search process so that the refereed academic journal articles and review were only included in the search parameters (excluding book chapters, conference proceedings, and trade publications). To get precise and true results, the

keywords were searched in only the titles of the articles. However, the most top most results were included (Journal of Applied Psychology, Journal of Organizational Behavior, International Journal of Human Resource Management, Journal of Business and Psychology, Journal of Applied Social Psychology, Academy of Management Journal, and Journal of Management) taking into account the journal that Organ and Ryan (1995) mentioned (i.e., Personnel Psychology) and the other main works that the OCB literature addressed (e.g., Brief and Motowidlo 1986; Motowidlo 2000; Organ 1997, 1988). This way would better display the most prominent studies in the domain of OCB.

## Theoretical Background and Rationale

As indicated in the literature, Barnard's concept of "willingness to cooperate" was somehow expressed in three main behavioral patterns, i.e., joining and staying in the organization, meeting or exceeding the specific standard of performance, and behaviors that go beyond specified role requirements. In the early of eighties of the last century, Smith et al. (1983) presented the third pattern in a way revealing the concept of OCB. Organ and colleagues posited that OCB rests on the theoretical foundations of Social Exchange Theory (SET), which is one of the most influential conceptual paradigms in organizational behavior and conceptualizes social relations in terms of exchange processes. In terms of OCB, SET means that employees engage in OCB to reciprocate good treatment received from a co-worker, supervisor, or the organization. Other theories might provide a different way of considering OCB. Namely, Social Network Theory (Social Network Analysis, SNA), which is a perspective specifically designed to focus on relationships, and Team Member Exchange Theory (TMX), which is a perspective exploring the quality of social exchange relationships within work groups. SET is still considered as the prevalent explanatory framework of OCB. However, scholars have revisited on SET to better understand types of performance-prosocial behavior including OCB.

In his monograph, Organ (1988, p.4) defined OCB as "individual behavior that is discretionary, not directly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization". By discretionary, Organ means that behavior is not an enforceable requirement of the role; hence it is rooted in an individual's intrinsically motivated effort and does not aim at earning rewards (Organ 1988) and does not represent expressive behavior owing to emotional states (Organ and Konovsky 1989). In other words, OCB is rather a matter of personal choice. Indeed, it is believed that OCB is far more complex than is generally considered, so criticisms about previous definition may still on. OCB, for example, may not always be discretionary if it is expected by supervisor and co-workers (Morrison 1994). According to this view, Morrison provided evidence showing that 18 of 20 OCB items were described by a majority of respondents as "in-role." Nevertheless, one could interpret this perspective as more of a measurement issue rather than a construct problem (Organ 1997). Within this context, the distinction between in-role and OCB is one that both employees and managers have difficulty recognizing (Podsakoff et al. 2000).

Organ (1997), however, admitted to some "discomfiting softness" in a "working definition" of OCB. He made this admission in a chapter titled "Unfinished Business". He revisited on the definition to say that OCB is "performance that supports the social and psychological environment in which task performance takes place" (Organ 1997 p. 95). By way of explanation, OCB can be considered as the self-management of employees to improve the organizational effectiveness. However, there is still ambiguity in many readers concerning the definition itself. This might be traced back to the overlap among many constructs of what we call Extra-Role Behavior (ERB) including Prosocial Organizational Behavior (POB), OCB, and Whistle-Blowing (WB). OCB was in the early research described as being analogous to prosocial behavior (Bolino et al. 2013). This view was supported by (Chiaburu et al. 2011). Indeed, Brief and Motowidlo (1986), who first identified

the concept of prosocial organizational behaviors, have categorized OCB as prosocial organizational behavior. Other studies (e.g., De Cremer et al. 2009) operationalized prosocial behaviors by using measures of OCB. Both Organizational Citizenship Behavior toward Individuals (OCB-I) and Organizational Citizenship Behavior toward Organization (OCB-O) have been also shown to include prosocial behaviors targeted toward individuals and organization (Carpenter et al. 2014).

The literature indicates that there are occasions where the same concept has been addressed in different labels by different researchers (Podsakoff et al. 2000). Interestingly, the experience shows that the same concept could be also used in different labels by different cultures. This goes for the concept of OCB. For example, the prevailing culture, in particular the relevance of religion in Arab entrepreneurship where the label of OCB is not well-known, encourages people to engage in helping behaviors and exhorts them to engage even more in such behaviors even if that is not required. However, the current search results found that the five kinds Organ (1988) has proposed, i.e., altruism, courtesy, sportsmanship, conscientiousness, and civic virtue, as well as the two forms Williams and Anderson (1991) coined, i.e., OCB-I and OCB-O, were the most widely used labels by researchers. This is consistent with previous studies. It was stated that scholars generally tend to use the Organ's (1988) five-dimension framework and this can be traced back to the reasons that this framework has the longest history and that Organ and his colleagues have been very prolific in the domain of OCB (LePine et al. 2002).

Here are some examples which either used the Organ's (1988) five-dimension framework or the studies based on such framework (cf. Coyne and Ong 2007; Lavelle et al. 2009; Lin 2008; Niehoff and Moorman 1993; Yen and Niehoff 2004). Other studies (e.g., Konovsky and Organ 1996) used both the two dimensions designed by Smith et al. (1983) and three dimensions originally discussed by Organ (1988) including sportsmanship, courtesy, and civic virtue. The literature includes further examples (e.g., Podsakoff et al. 1997) that concentrated primarily on helping behavior, sportsmanship, and civic virtue, as well as it shows different labels of OCB (including interpersonal helping, individual initiative, personal industry, loyal boosterism, personal support, organizational support, conscientious initiative, and organizational citizenship behavior for the environment). As a matter of fact, most of the labels mentioned earlier, if not completely all, can be somehow traced back to the original source of Smith et al. (1983).

According to Smith et al. (1983), OCBs include at least two kinds: (1) altruism, which means helping other individuals (e.g., helping others who have been absent and helping others who have heavy workloads); and (2) generalized compliance, which refers to a more impersonal form of conscientious citizenship (e.g., not spending time in idle conversation during the work, and making innovative suggestions to improve department). Nearly 5 years later, Organ (1988) proposed an expanded taxonomy of OCB including three other kinds, i.e., courtesy, civic virtue, and sportsmanship. Courtesy is much like altruism and civic virtue is much like generalized compliance and conscientiousness, while sportsmanship could be defined as a willingness to tolerate the impositions work without whining. Good examples of such behaviors include consulting with others before acting, keeping up with issues affecting the organization and not complaining about trivial matters, respectively. It is worth mentioning here that Organ (1988) relabeled generalized compliance conscientiousness. Concerning this point, Organ touched that the word "compliance" was unflattering and unfair to people who scored high on this dimension, and that it seemed to suggest something lacking in power or confidence. This form of OCB, however, took different labels in the literature (e.g., prosocial organizational behavior toward organization in the study of Brief and Motowidlo 1986, and OCB-O in the study of Williams and Anderson 1991).

## Antecedents of Organizational Citizenship Behavior

Generally, literature addresses two prominent approaches in the context of the antecedents of OCB; SET, aforementioned; and functional

motives theory, an approach emphasizing fulfillment of individual needs as a primary driver of helping. Employee characteristics (more specifically, employee attitudes "moral factor" and dispositional variables) and leadership behaviors were most frequently considered by OCB researchers. This is consistent to some extent with previous studies (cf. Arthaud-Day et al. 2012; LePine et al. 2002; Organ and Ryan 1995; Podsakoff et al. 2000, 2014). Related to the above, this work divides the antecedents of OCB into two main groups: (1) employee characteristics and (2) leadership behaviors. Other miscellaneous antecedents were also addressed.

### Employee Characteristics

In this category, moral and dispositional factors are of most interest by many OCB researchers. Namely, organizational justice, organizational commitment, and job satisfaction are most often used to exemplify the employee attitudes, while agreeableness and conscientiousness are the most examples used of dispositional variables. Compared to organizational commitment, job satisfaction, and other dispositional variables, the current review also found that organizational justice is the most widely used predictor of OCB. This is largely consistent with the findings of previous studies (cf. Arthaud-Day et al. 2012; LePine et al. 2002; Organ and Ryan 1995; Podsakoff et al. 2000).

#### Organizational Justice

Justice has been considered the most robust predictor of OCB (Organ and Ryan 1995). The earliest studies have reported a link between organizational justice and OCB. Generally speaking, there is a consensus that both distributive and procedural justice are the main forms of organizational justice. While distributive justice was derived from Adams' equity theory that states that perceptions of distributive justice resulted from comparing personal outcome-contribution ratios, procedural justice was developed by Thibaut and Walker' works stemmed from observations of courtroom settings. On the one hand, interactional justice, which is considered as another form of justice, has come to be seen as consisting of two types of justice. The first, interpersonal justice reflecting the extent to which people an individual is treated with respect by those determining outcomes. The second, informational justice focusing on the explanations provided to an individual that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion. However, there is an ongoing debate as to how organizational justice takes place in practice – especially regarding the issue of dimensionality.

Concerning its influence on OCBs, organizational justice directly influences OCB (Niehoff and Moorman 1993). They found that there is a significant and positive relationship between formal procedures, which was used as measures of procedural justice, and courtesy, sportsmanship, and conscientiousness. By way of explanation, employees who perceived fairness in the formal procedures for decisions and the outcomes of their performance showed higher level of OCBs. Their findings, however, showed that there is a negative relationship between interactional justice, which was also used as a measure of procedural justice, and sportsmanship, and that distributive justice failed to influence any of OCBs. Within this context, one could argue that distributive justice might be better justified through economic exchange theory, rather than SET. Further, an independent effect of fairness on each of altruism, generalized compliance, courtesy, sportsmanship, and civic virtue was affirmed (Konovsky and Organ 1996). In the last decade, more research have studied the link between organizational justice and OCB. It was shown that there is a link between procedural justice and OCB-O (Lavelle et al. 2009), and that this kind of justice represents one of the most predictors of OCB (Arthaud-Day et al. 2012). Over and above, there are further studies that showed organizational justice is a significant predictor of OCB (Podsakoff et al. 2014).

One could argue that the literature shows a degree of consensus that justice can play a crucial role in securing organizational effectiveness and enhancing the personal satisfaction of employees, and that justice represents a significant concern for both the organization and its members. Injustice, accordingly, might signal that organization does not value its employees and lead to demotivate

them. On the one hand, the literature includes a different taxonomy of organizational justice theories and calls for more studies based on employees in organizational settings. What is hoped for is to go beyond the well-established theories of justice as the evolution of the workplaces demands their revision.

### Job Satisfaction

Job satisfaction is one of the most predictors of OCB (Podsakoff et al. 2014). Indeed, the literature includes studies (e.g., Chiaburu et al. 2011) showing that job satisfaction predicts OCB. Further, several studies have expanded the satisfaction-OCB link. Smith et al. (1983) is a good example of that. They showed that job satisfaction, as a measure of chronic mood state, influences altruism. Using meta-analysis, Organ and Ryan (1995) have concluded that the relationship between job satisfaction and OCB is stronger than the relationship between job satisfaction and in-role performance. In another study, Konovsky and Organ (1996) indicated that job satisfaction has an independent effect on each of altruism, generalized compliance, courtesy, sportsmanship, and civic virtue. Later, two critical studies showed that there is a significant and positive relationship between job satisfaction and OCB (LePine et al. 2002; Podsakoff et al. 2000). Indeed, the literature is rich with many studies showing the effect of job satisfaction on OCBs.

Further, there are studies addressing both intrinsic and extrinsic satisfaction as two forms of job satisfaction. In other words, those studies separated job satisfaction into different dimensions (i.e., intrinsic and extrinsic satisfaction). While the first expresses the extent to which an employee receives satisfaction from the job itself such as job variety, the latter expresses the extent to which an employee has with work conditions which are unrelated to the job itself. Such issue drives us to argue that one should recognize that job satisfaction and motivation are not the same thing. It is believed that it is easy to separate cognitive and affective aspects of satisfaction at the conceptual/theoretical level, but it is not easy to do at the measurement level because they are confounded in the person.

### Organizational Commitment

Many studies (e.g., LePine et al. 2002; Organ and Ryan 1995) concluded that organizational commitment has been considered as one of the most robust predictors of OCB, and that it is one of the most commonly identified predictors of OCB (Arthaud-Day et al. 2012). Podsakoff et al. (2000) have showed that there is a significant and positive relationship between organizational commitment and different kinds of OCB (e.g., altruism, generalized compliance, courtesy, conscientiousness, sportsmanship, and civic virtue). In another study, it was stated that there are several studies focused on identifying the antecedents of OCBs and showed that organizational commitment is one of the most predictors of those behaviors (Podsakoff et al. 2014). Furthermore, a significant and positive relationship between commitment and both OCB-I and OCB-O was found (Lavelle et al. 2009). According to their findings, OCB-O is more strongly predicted by organizational commitment than by workgroup commitment, whereas OCB-I is more strongly predicted by workgroup commitment than by organizational commitment. They have also found that organizational commitment fully mediated the relationship between procedural justice and OCB-O, and workgroup commitment fully mediated the relationship between workgroup procedural fairness and OCB-I. Conversely, other studies (e.g., Williams and Anderson 1991) found that organizational commitment has no a significant relationship with OCBs.

### Dispositional Variables

In addition to employee attitudes, or moral factors, dispositional variables are considered as a crucial part of the employee characteristics. The current search results found that conscientiousness and agreeableness are the most used in the literature to exemplify the dispositional variables. Indeed, the literature showed that both are common predictors of OCB (Ilies et al. 2009) and well-established five-factor model (FFM) predictors of OCB (Chiaburu et al. 2011). On the one hand, Konovsky and Organ (1996) have indicated that conscientiousness predicts some OCBs (including altruism, generalized compliance, and civic

virtue). Their findings, however, indicated that agreeableness failed to affect OCB. Later, Ilies et al. (2009) showed that conscientiousness is more closely related with OCB-O and agreeableness with OCB-I. They revealed that agreeableness has both direct and indirect effects on OCB-I but indirect effect on OCB-O, while conscientiousness has direct and indirect effects on OCB-O and indirect on OCB-I. In another study, it was found that both OCB-I and OCB-O are significantly correlated with conscientiousness (Arthaud-Day et al. 2012).

On the other hand, the three personality traits (emotional stability, extraversion, and openness/intellect) have incremental validity for OCB over and above conscientiousness and agreeableness (Chiaburu et al. 2011). It is worth noting that they found that conscientiousness, extraversion, and emotional stability have similar magnitudes of relationships with OCB and task performance, whereas agreeableness and openness have stronger relationships with OCB than with task performance. They stated that these findings support the idea that personality traits (including conscientiousness and agreeableness) are slightly more important determinants of OCB than of task performance.

### Leadership Behaviors

Several OCB scholars (e.g., LePine et al. 2002; Organ and Ryan 1995; Podsakoff et al. 2000) included various styles of leadership behaviors in their studies. This lends some support to the idea that such behaviors take the main place in the domain of OCB. The current search results argue that one could divide leadership behaviors into both transformational and transactional leadership behaviors as well as the behaviors identified by both Leader-Member Exchange (LMX) and Path-Goal theories of leadership.

Smith et al. (1983) is generally considered the first study that addressed the link between leadership behaviors and OCBs. They have found that altruism and generalized compliance are significantly related to leader supportiveness; one directly (generalized compliance), and the other indirectly (altruism – mediated by job satisfaction). On the other hand, Niehoff and Moorman (1993) found that observation, informal discussion, and formal meetings, as methods of leader monitoring, have direct and negative effects on OCBs (e.g., altruism, conscientiousness, courtesy, sportsmanship, and civic virtue). By way of explanation, when employees perceive that their leader observes their work or hold formal meetings concerned with work progress, they feel that their freedom to act is constrained. This eventually results in a reduction of their efforts to exhibit behaviors beyond their basic job descriptions.

On the one hand, other scholars (e.g., Podsakoff et al. 2000) have researched the relationships between the styles of leadership, aforementioned, and various kinds of OCB. According to their findings, transformational leadership behaviors have significant and consistent positive relationship with altruism, conscientiousness, courtesy, sportsmanship, and civic virtue, while both contingent reward behavior and noncontingent punishment behavior, kinds of transactional leadership behaviors, are significantly related to altruism, courtesy, conscientiousness, sportsmanship, and civic virtue; one positively (contingent reward behavior), and the other negatively (noncontingent punishment behavior). Also, their findings showed that supportive leadership behavior, a kind of Path-Goal leadership behaviors, is significantly positively related to all types of OCB, while role clarification behavior, kind of Path-Goal leadership behaviors, is significantly positively related only to altruism, conscientiousness, courtesy, and sportsmanship. In addition, their study found that LMX is significantly positively related to altruism and overall of OCB. However, Podsakoff et al. (2014) mentioned that there are many studies identified that transformational and transactional leadership behaviors, as well as LMX, significantly predict various kinds of OCB.

### Other Issues in the Antecedents of OCB

The literature includes other various variables which may have a relationship with OCB. Employee perceptions of an organization's investment in Corporate Social Responsibility (CSR) toward social and nonsocial stakeholders, employees, customers and government are good

examples of just that. The variable of citizenship fatigue, a phenomenon referring to the degree to which employees feel worn out to engage in OCB, and the variable of organizational virtuousness, a term referring to organizational contexts where virtues (like humanity and trust), were also researched with OCBs. Beyond these variables, practices of HRM including retention-oriented compensation and formalized training were studied in the OCB literature as well.

On the one hand, one should not overlook the variables like religion and values. It was reported that individual values influence OCBs above and beyond established predictors of personality traits and satisfaction (Arthaud-Day et al. 2012). By way of explanation, their findings found a significant, positive and direct effects for achievement, a dimension of individual values, on OCB-I, for benevolence on OCB-O, and for self-direction on both OCB-I and OCB-O. Within this context, prosocial values motives, a term referring to a desire to build positive relationships with others, Protestant Work Ethic (PWE) and spiritual leadership were also researched in the OCB domain.

On the other hand, there is some debate over the effects of demographic variables (e.g., gender, age, organizational tenure, education, and cultural background) on OCBs. For example, both education and urban/rural background affect altruism (Smith et al. 1983). Their study showed that those who came from rural areas displayed more altruism than those who came from large cities. However, other studies (e.g., Organ and Ryan 1995) have proved that there is no connection between organizational tenure and gender and altruism. Podsakoff et al. (2000) also provided an evidence showing that demographic variables generally have not been found to be related to OCBs.

To summarize, the employee attitudes (more specifically, employee characteristics; organizational justice, organizational commitment, job satisfaction, and dispositional factors; agreeableness and conscientiousness) and leadership behaviors (specifically, transformational and transactional leadership behaviors, and LMX) are considered the predominant antecedents of OCB in the literature. However, one should not overlook the importance of the other antecedents aforementioned.

## Consequences of Organizational Citizenship Behavior

This work concluded that most of research efforts focus more on the antecedents of OCB. A reason for this may back to the OCB definition. It assumes that OCB would enhance the organizational effectiveness. This might have driven scholars to not explore the potential implications of OCB. More recently, several scholars have increasingly focused on examining the outcomes of OCB at both individual- and group/organizational levels. It was argued that it is important to draw up a complete picture of the potential effect that OCBs have on the "bottom line" of the organization and to well explore the relationship between such behaviors and organizational effectiveness criteria (Podsakoff et al. 2009). According to their work, no work has been reported that summarizes the research regarding the relationships between OCB and its individual- and organizational-level outcomes. In this section, these two levels were examined.

### Individual-Level Consequences

The earliest studies affirmed that OCB represents a functional prosocial behavior (Brief and Motowidlo 1986) and fosters individual performance (Organ 1988). Using a critical review, Podsakoff et al. (2000) have argued that managers consider OCBs/contextual performance in their employee performance evaluations. They showed that OCB/contextual performance significantly and positively affects the personnel decisions made by managers. In this regard, one should not overlook that there is a difference between OCB and Contextual Performance (CP). Originally and persuasively outlined, OCB was derived from an interest in behavioral consequences of job satisfaction and was defined as behaviors that managers want their subordinates to do but could not ask them to do (Motowidlo 2000), while CP was derived from two facets identified by Van Scotter and Motowidlo (1996), i.e., interpersonal

facilitation (e.g., cooperative, considerate, and helpful acts) and job dedication (e.g., self-disciplined, motivated acts, and following rules to support organizational objectives) and was defined as these contributions to the "context" in which groups perform. Although one could argue that CP looks more typically discretionary, but it contributes to the maintenance and/or enhancement of the context of work (Organ 1997). Organ incisively stated two features making CP differs from OCB, i.e., CP does not require that the behavior be extra-role nor that it be non-rewarded. However, CP is virtually identical to Organ's (1997) conception of OCB, but one can argue that it differs from more cognitive and attitudinal constructs such as job involvement and organizational commitment.

Podsakoff et al. (2009) indicated that OCBs are significantly and positively related to managers' ratings of employee performance and to the rewards managers allocate to employees. On the other hand, the literature includes studies showing no significant relationship between Performance-Related Pay (PRP), a compensation system rewarding performance on an individual or group basis, and OCB. This might get back to the reason that Smith et al. (1983) have stated. They claimed that OCB is not easily governed by individual incentive schemes. Within this context, other studies have deduced that OCB would have a relationship with turnover. Podsakoff et al. (2009) have indicated that OCBs are significantly and negatively related to employee turnover, turnover intentions, and employee absenteeism.

On the one hand, Yen and Niehoff (2004) showed that different kinds of OCBs (more specifically, altruism, conscientiousness, civic virtue, interpersonal harmony, and protecting company resources) are significantly and positively related to an individual-level measure of customer-service behavior as rated by supervisors. In addition, Podsakoff et al. (2011) found that the job candidates showing higher levels of OCBs (more specifically, helping behavior, voice behavior, a behavior challenging the status quo and promoting a positive change in the organization, and loyalty behavior) are rated more competent, receive higher overall evaluations, and receive higher salary recommendations that those showing lower levels of these behaviors.

### Group/Organizational-Level Consequences

In addition to the individual-level outcomes of OCBs, OCBs are expected to have effects on the unit or organizational outcomes. The current search results found that most studies were directed at the group/organizational level more than the individual level. Organ (1988) was one of the early studies in this area. He has found that OCB fosters the performance of the organization. Studies like (Podsakoff et al. 1997) indicated that helping behavior significantly affects both quantity and quality of work-group performance, and sportsmanship significantly affects only performance quantity, but civic virtue has no effect on either performance measure. In another study, Podsakoff et al. (2000) showed that OCBs are generally related to organizational effectiveness. More specifically, helping behavior and sportsmanship would generally enhance organizational performance, while civic virtue enhances the quantity of organizational performance and reduced customer complaints.

The literature includes other studies (e.g., Yen and Niehoff 2004) suggesting that various kinds of OCBs (more specifically, altruism, conscientiousness, civic virtue, interpersonal harmony, and protecting company resources) significantly relate to a number of the indicators of the organizational effectiveness. By way of explanation, these behaviors are significantly and positively associated with employee customer-service behavior. That is, employees showing high levels of OCB are more likely to be rated as better at serving customers. According to Yen and Niehoff, altruism and civic virtue only are significantly and negatively associated with labor cost, a measure of efficiency, while conscientiousness and interpersonal harmony are significantly and positively related to unit profit. Their findings also included that customer's perceptions of service quality and perceived expertise of employees are significantly and positively associated with conscientiousness, and customers' willingness to cooperate is

significantly and positively associated with all of OCBs except civic virtue, while customers' trust is no associated with any of OCBs.

In the last decade, several studies have increasingly examined the OCBs at group/organizational level. Coyne and Ong (2007) illustrated that all of the OCB scales (with exception of altruism) significantly and negatively related to turnover intention across cultures. By way of explanation, those who had stronger intentions to leave were less likely to show OCBs (especially sportsmanship behaviors) at work. In this respect, cultural differences in OCB ratings were found. Their findings showed Malaysian employees exhibit more OCBs than German or English employees. OCBs such as altruism, courtesy, conscientiousness, civic virtue, and sportsmanship influenced knowledge sharing (Lin 2008). According to Lin, knowledge sharing can improve the organizational effectiveness, and that gender can play an important role as a moderator in the relationship between these behaviors and knowledge sharing. Lin also stated that influences of both courtesy and sportsmanship on knowledge sharing are stronger for men than for women, and the influence of altruism on knowledge sharing is stronger for women than for men, while the influences of both conscientiousness and civic virtue on knowledge sharing are similar between women and men.

Since OCBs have been found to be related to group and organizational effectiveness, it was revealed that OCBs are significantly related to a number of organizational-level outcomes (Podsakoff et al. 2009). According to their findings, they noted that OCBs increase customer satisfaction and decreased group- and/or unit-level turnover. On the one hand, Podsakoff et al. (2014) have concluded that OCBs are significantly related to various important unit-level outcomes, including quality and quantity of manufactured products, measures of profitability, efficiency sales, customer satisfaction, service quality, academic achievement, and employee retention. To summarize, OCB have essential effects on individual and unit/group/organizational levels. That is, OCB can promote the welfare of an organization and its members alike.

## Conclusion

Like any other work, there are some limitations in this work which, in turn, might present potential opportunities for further research. In this section, limitations and implications were demonstrated. Then, this section would provide some potential conceptualizations in the domain of OCB.

### Limitations and Implications

The current work only used Web of Science Core Collection to address the available OCB works and mainly concentrated on the articles, reviews, and the most top search results. Although those results included leading journals with high impact factor, one should not overlook the fact that there are other studies may have an influence on one's judgments. For instance, Bolino et al. (2013) mentioned that some studies that suggest the relationship between OCBs and the performance of employees, teams, and organization may be less straightforward that it is assumed to be. However, some of those studies did not show in the search results. One, therefore, could argue that the matter here is about the quantity rather than the quality. For this, the current review suggests that further works should include other research platforms like Scopus and EBSCO Academic and other citation sources (including books, conference proceedings, and other trade publications). This would better help future studies to show extensively miscellaneous findings.

This work focused more on the most antecedents and consequences of OCB used in the literature. It would be worthwhile for future studies to extensively explore the other relationships between OCB and its other antecedents and consequences. To this end, the current work added a separate section titled "Other Issues in the Antecedents of OCB" including some examples of the various variables of those antecedents. Furthermore, the current work concluded that little is known about the consequences of OCBs. Indeed, this result is consistent with the findings of the previous studies. This drives, therefore, one to suggest that future studies had better devote on studying the relationships between OCBs and their consequences.

Last but not the least, the current work included some of the most prominent meta-analysis studies. However, the work did not include the findings in numerical forms. This approach – although this work believes that it is not always efficient – may demonstrate to which degree the relationships between OCB and its antecedents and consequences are strong, and help the researchers to investigate the reasons of the weaknesses in those relationships. This would drive one to reconsider and include such approach in the further studies with a view to better understand OCB.

Finally, this work showed that there is a rich literature addressing OCB, and that the light side of OCB clearly takes a place in the literature. Nevertheless, it was cited in this work a few researchers (e.g., Bolino et al. 2013) arguing that OCB has dark side. What is hoped for is to investigate the dark and light sides of OCB. This would open the door for further studies to better determine the features of both sides and the extent to which they can influence the welfare of the organization and its members, and then to take a more nuanced view of OCBs.

### Potential Conceptualizations

One of the keys in OCB definition is that this behavior may vary across individuals because it could be either instinctive or acquired. Because of this fact, organizations and practitioners (e.g., HR managers) interested in OCB can consider the following conceptualizations.

HRM can play an essential role in securing and developing OCBs. Indeed, the literature shows that OCB has expanded into different disciplines including HRM, and that the practices of HRM were studied in the OCB literature. Thence, it would not be surprising to find that stimulating and developing OCBs are within the HRM agenda in many organizations. HR managers may obtain a good indication of an employee's intention to quit by noticing any withdrawal of OCB. It would be worthwhile that HR managers occasionally measure OCBs. One, however, should not overlook the fact implying that the prevailing measures of OCB in the Western societies do not necessarily fit with the other ones. Within this context, the argument of using self vs. other rating of OCB (including co-worker or supervisor rating) is still a matter of dispute. For this matter, organizations could work on both styles and compare the results. This would help organizations to have a more accurate evaluation of OCBs.

Furthermore, managers could offer supportive opportunities to their subordinates (e.g., allowing employees to attend certain meetings to develop relationships with executive staff, or providing them information which would enhance productivity). In this way, subordinates would engage in OCBs fitting their aspirations, and managers can also avoid wrongly assigning their subordinates to a job requiring a low (high) level of OCBs with a high (low) propensity to engage in such behaviors. The manager could also assign their subordinates inclined to engage in OCBs to jobs involving TMX relationships. This would achieve more efficiency.

Since OCB often promotes the welfare of the organization and its members, one could argue that it would be worthwhile to call for more research on this domain in different contexts with a view to better understand the theoretical and empirical mechanisms of the relationships between such behavior and the renewed content of its antecedents and consequences. What is hoped for is to freely think out of the box and to go beyond the well-established theories because the renewed evolution of our social structures and the workplaces drive many of us to rethink about those theories and even to refine most of which.

Overall, this work used the most prominent existing body of OCB providing insights into how scholars have researched this behavior from different key themes that need attention, and raising questions of where one goes from here, where the gaps are in this domain, and what other meta-analyses might be conducted that would settle other issues so that we could better proceed along some issue or another. What is hoped for is to investigate how all motives can influence not only the quantity or frequency of OCB performed but its quality as well, and that how such those motives influence the outcomes of such behavior. Notwithstanding the limitations mentioned above, these conceptualizations, however, could be materialized.

## Cross-References

- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Organizational Citizenship Behavior
- ▶ Organizational Justice

## References


Arthaud-Day ML, Rode JC, Turnley WH (2012) Direct and contextual effects of individual values on organizational citizenship behavior in teams. J Appl Psychol 97(4):792. https://doi.org/10.1037/a0027352

Bolino MC, Klotz AC, Turnley WH, Harvey J (2013) Exploring the dark side of organizational citizenship behavior. J Organ Behav 34(4):542–559. https://doi.org/10.1002/job.1847

Brief AP, Motowidlo SJ (1986) Prosocial organizational behaviors. Acad Manag Rev 11(4):710–725

Carpenter NC, Berry CM, Houston L (2014) A meta-analytic comparison of self-reported and other-reported organizational citizenship behavior. J Organ Behav 35(4):547–574. https://doi.org/10.1002/job.1909

Chiaburu DS, Oh I-S, Berry CM, Li N, Gardner RG (2011) The fivefactor model of personality traits and organizational citizenship behaviors: a meta-analysis. J Appl Psychol 96:1140–1166. https://doi.org/10.1037/a0024004

Coyne I, Ong T (2007) Organizational citizenship behaviour and turnover intention: a cross-cultural study. Int J Hum Resour Manag 18(6):1085–1097. https://doi.org/10.1080/09585190701321831

De Cremer D, Mayer DM, Van Dijke M, Schouten BC, Bardes M (2009) When does self-sacrificial leadership motivate prosocial behavior? It depends on followers' prevention focus. J Appl Psychol 94(4):887. https://doi.org/10.1037/a0014782

Ilies R, Fulmer IS, Spitzmuller M, Johnson MD (2009) Personality and citizenship behavior: the mediating role of job satisfaction. J Appl Psychol 94(4):945

Konovsky MA, Organ DW (1996) Dispositional and contextual determinants of organizational citizenship behavior. J Organ Behav 17:253–266

Lavelle JJ, Brockner J, Konovsky MA, Price KH, Henley AB, Taneja A, Vinekar V (2009) Commitment, procedural fairness, and organizational citizenship behavior: a multifoci analysis. J Organ Behav 30(3):337–357. https://doi.org/10.1002/job.518

LePine JA, Erez A, Johnson DE (2002) The nature and dimensionality of organizational citizenship behavior: a critical review and meta-analysis. J Appl Psychol 87:52–65. https://doi.org/10.1037/0021-9010.87.1.52

Lin CP (2008) Clarifying the relationship between organizational citizenship behaviors, gender, and knowledge sharing in workplace organizations in Taiwan. J Bus Psychol 22(3):241–250. https://doi.org/10.1007/s10869-008-9067-z

Morrison EW (1994) Role definitions and organizational citizenship behavior: the importance of the employee's perspective. Acad Manag J 37(6):1543–1567. https://doi.org/10.2307/256798

Motowidlo SJ (2000) Some basic issues related to contextual performance and organizational citizenship behavior in human resource management. Hum Resour Manag Rev 10(1):115–126. https://doi.org/10.1016/S1053-4822(99)00042-X

Niehoff BP, Moorman RH (1993) Justice as a mediator of the relationship between methods of monitoring and organizational citizenship behavior. Acad Manag J 36(3):527–556. https://doi.org/10.2307/256591

Organ DW (1988) Organizational citizenship behavior: the good soldier syndrome. Lexington Books, Lexington

Organ DW (1997) Organizational citizenship behavior: It's construct clean-up time. Hum Perform 10(2):85–97. https://doi.org/10.1207/s15327043hup1002_2

Organ DW, Konovsky M (1989) Cognitive versus affective determinants of organizational citizenship behavior. J Appl Psychol 74(1):157–164. https://doi.org/10.1037/0021-9010.74.1.157

Organ DW, Ryan K (1995) A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. Pers Psychol 48(4):775–802. https://doi.org/10.1111/j.1744-6570.1995.tb01781.x

Podsakoff PM, Ahearne M, MacKenzie SB (1997) Organizational citizenship behavior and the quantity and quality of work group performance. J Appl Psychol 82:262–270

Podsakoff PM, MacKenzie SB, Paine JB, Bachrach DG (2000) Organizational citizenship behaviors: a critical review of the theoretical and empirical literature and suggestions for future research. J Manag 26(3):513–563

Podsakoff NP, Blume BD, Whiting SW, Podsakoff PM (2009) Individual- and organizational-level consequences of organizational citizenship behaviors: a meta-analysis. J Appl Psychol 94(1):122–141. https://doi.org/10.1037/a0013079

Podsakoff NP, Whiting SW, Podsakoff PM, Mishra P (2011) Effects of organizational citizenship behaviors on selection decisions in employment interviews. J Appl Psychol 96(2):310–326. https://doi.org/10.1037/a0020948

Podsakoff NP, Podsakoff PM, MacKenzie SB, Maynes TD, Spoelma TM (2014) Consequences of unit-level organizational citizenship behaviors: a review and recommendations for future research. J Organ Behav 35(S1):S87–S119

Smith CA, Organ DW, Near JP (1983) Organizational citizenship behavior: its nature and antecedents. J Appl Psychol 68(4):653–663. https://doi.org/10.1037/0021-9010.68.4.653

Van Scotter JR, Motowidlo SJ (1996) Interpersonal facilitation and job dedication as separate facets of contextual performance. J Appl Psychol 81(5):525. https://doi.org/10.1037/0021-9010.81.5.525

Williams LJ, Anderson SE (1991) Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. J Manag 17(3):601–617

Yen HR, Niehoff BP (2004) Organizational citizenship behaviors and organizational effectiveness: examining relationships in Taiwanese banks. J Appl Soc Psychol 34(8):1617–1637. https://doi.org/10.1111/j.1559-1816.2004.tb02790.x

# Organizational Collaboration

Christian L. Janousek
University of Nebraska Omaha, Omaha, NE, USA

## Synonyms

Association; Cooperation; Coordination; Exchange; Network; Partnership; Synergy

## Definition

The act of two or more organizations voluntarily working together through a joint combination of personnel, resources, and information toward a common purpose, mutual benefit, or shared objective.

## Introduction

The demands of the modern public environment often require pluralistic solutions. The increasing magnitude of public problems may extend these demands beyond individual organizations, and the programs and services that are designed to address such problems frequently compel the inclusion of multiple actors. The integration of public issues across institutions of various levels of government, nonprofit, and private entities has produced an atmosphere of cooperative necessity toward mutually beneficial outcomes. Organizational collaboration represents a means by which public organizations may pursue alternative options for policy, program, and service delivery that harness the advantages of combined efforts and synergistic processes. In this way, organizational collaboration brings organizations together for a common purpose, utilizing the strengths and resources of each other to confront complex societal problems in the public realm.

By definition, organizational collaboration involves two or more organizations working in coordination through some form of collaborative structure that enables the sharing of personnel, resources, and information toward a joint objective or result. In public administration, the need for organizational collaboration has escalated in recent years, given the wide expanse of public policy areas, the multitudinous nature of public issues, and the growing focus on performance efficiencies. Nevertheless, organizational collaboration does not simply happen. Building these types of functional relationships among a variety of actors entails certain procedures, theories, practices, and an understanding of the different components and characteristics that constitute organizational collaboration in public administration, public policy, and governance.

## Organizational Collaboration in the Public Sector

The ability to organize and manage organizational collaborations often relies upon the conditions and requirements of the process itself. In particular, in the public sector, collaborative management involves inherently public procedures and values that are exclusive to the operation of organizational collaboration among public agencies. Yet, the nebulous and pervasive character of modern public problems affirms a corresponding pressure on public managers to understand and be capable of utilizing an array of collaborative remedies both within and outside of the public sphere. As such, based on definitions and features presented by Bingham et al. (2008), the concept of collaborative public management refers to the coordination of reciprocal relationships among various organizations that span across sectors and boundaries, seeking bilateral or multilateral solutions for joint actions and ambitions. In this context, the exceedingly interrelated nature of public policies

and programs supports multifaceted approaches suitable for engaging and synchronizing a range of organizations toward common problems and objectives. Thus, organizations must be aware of the various qualities of public collaboration in order to conduct these types of partnerships.

First, collaboration may occur both within and across organizations and sectors. Multi-organizational and multi-sectoral collaborations are commonplace among public entities, especially among various levels of government. This is due in part to the dynamic and overlapping tendencies of public problems, which often exceed the boundaries and capacities of single organizations. Next, collaborations may combine similar or dissimilar organizations with shared or competing interests and goals. In the contemporary public setting, the use of private or nonprofit organizations for public purposes has emerged as a viable alternative in collaboration. However, these organizations may possess diverging objectives and intentions for collaborating. This reiterates the importance of reciprocity, mutuality, and a reconciled cooperation in the administration and management of the collaboration.

Collaboration in the public sector may also occur within contentious environments and be subject to the scrutiny and participation of the citizenry. Public problems entail sensitive themes, often embroiling political ideologies and social values. What is more, public issues are complicated and require multiple actors, perspectives, and treatments. Invariably, public problems are likewise urgent and demand immediate attention, raising public awareness and involvement in the process. Many types of collaboration stem from a need for organizational assistance during emergencies or disasters, which tend to compound the situation. Some level of public participation is also expected in collaborations that involve public organizations. Ensuring aspects of accountability, responsiveness, efficiency, and transparency may further add to the collaborative undertaking. These characteristics are unique to the public sector and may exacerbate differences in purpose among inter-sectoral collaborators.

Finally, because of the publicness of organizational collaboration in the public sector, these types of collaborations will inevitably involve an assortment of actors and participants. In addition to citizens, collaborations of public organizations may also include elected officials, regulatory agencies, bureaucratic representatives, administrative professionals, and various sorts of advocacy and interest groups. Collaborating organizations must recognize the roles and contributions of these actors and incorporate amenable processes within the collaborative structure to accommodate the demands of public procedure. Given these qualities, organizational collaboration in the public sector is distinct, and often this environment has an impact on the needs and reasons for collaboration among public organizations.

## Initiating Organizational Collaboration

In the public sector, organizations enter into collaborative relationships for many purposes. Foremost, there exists some need and desire to collaborate, an awareness by organizations that their interests align with other organizations and a potential for shared interest and benefit between those organizations. These organizations must also be capable and willing to enter into a collaboration and possess some motivation to do so. Often, in the public sector, this motivation is financial savings and improved efficiency, relating to the increasing demands on public organizations to provide public services and programs at the lowest costs possible. For public organizations, collaboration offers a combination of available resources, technologies, personnel, and information among organizations of a common mission, which provides opportunities for economies of scale and other mutual advantages.

Alexander (1995) distinguishes the premises and characteristics of interorganizational collaboration and coordination. By nature, collaboration is interactive and involves a certain degree of interdependence realized among participating organizations. In this fashion, organizational collaboration relies on a basis of inclusiveness, meaning that the foundation for cooperation and coordination among organizations depends upon the environment and the actions and behaviors of

other organizations that exist within that environment. The purposes for collaboration, then, are based on the common needs and wants of organizations operating within a shared environment, providing a reason and necessity for some type of exchange. Most importantly, this exchange is typically motivated by mutual benefit, the idea that collaborating organizations will receive an improvement or assistance that will exceed their current status of affairs. This often relates to some form of economic gain or enhanced organizational operation.

Following these premises, organizational collaboration is initiated by environmental demand, which often includes a finite amount of resources and a number of organizations competing for those resources. The environment then requires an organizational response, a notion of contingency theory, with an organization or organizations adapting to the circumstances of the environment. This creates both an interdependence among organizations as well as a symbiotic relationship of common objectives and interests. The similarities of organizations within a shared environment support a motivation for collaboration. However, collaboration entails transaction, referring to the organization's willingness and capacity to concede resources with the presumption of attaining access to other resources. Transaction costs relate to the associated effects, duties, and commitments that occur in the action of collaboration. The nature of these transactions generally depends upon the demands of the environment and the collective needs of the organizations, which contribute to different forms and types of collaboration.

## Organizational Collaboration: A Typology

Alter and Hage (1993) offer a typology describing the range of organizational collaborations, involving alternative varieties of linking mechanisms in cooperative endeavors among organizations that fluctuate in levels of formality, purpose, and structure. Hence, organizations pursue collaboration in different forms, reflecting the needs and extent of the collaboration and the reasons or goals for establishing the collaboration. Most often, collaboration between organizations originates from a common need and a perception of benefit by all entities participating in the collaboration. Once a potential for collaboration is identified, the need for the collaboration often dictates the nature and scale of the collaboration. Needs may vary from an intermittent, short-term, obligatory, or informal agreement to a more structured, confederated, long-term, joint entity or consolidation. Organizational collaborations, then, may range from relationships of limited, moderate, or high cooperation.

Within this typology, organizations may enter into more limited collaborations, such as limited-liability agreements or informal pledges or partnerships, in which participating organizations maintain a degree of autonomy yet exchange or pool general resources for mutual use and advantage. In these types of collaborations, organizations may share information or technology, assist each other during emergencies or catastrophic events, or lend equipment or other resources, mostly on a part-time or short-term basis. These collaborations are considered a more informal type of organizational interaction, with participating organizations continuing to make self-interested decisions and pursuing individual operations.

Moderate collaboration involves a higher degree of cooperation and interchange among participating organizations, with a more long-term and exact time frame. At a moderate level of collaboration, organizations demonstrate a more formalized basis for partnership, developing from a shared objective or bond that requires a stronger unit of connection. In these types of collaboration, organizations seek a more specific purpose and means of exchange with some sort of formal mechanism, such as a contract, that defines the methods and character of the relationship. As such, moderate organizational collaborations include contracted services, joint purchasing of equipment or use of personnel/resources, and consortiums for expanding the scope of services or leveraging political or policy interests. While organizations in moderate collaborations maintain some autonomy, the basis of exchange is more

distinct and established as opposed to limited types of collaboration.

High or broad collaboration represents the most formalized type of organizational collaboration. In these types of collaborations, participating organizations often create a separate entity or structure to enact the exchange, comprising a high level of formality and long-term commitment. Broad collaborations may include joint ventures or federations that involve a conglomeration of specific resources and coproduction among participating organizations. At this level of collaboration, organizations relinquish a considerable proportion of autonomy and act together in a mutual manner of operation.

## Implementing Organizational Collaboration

Following the initial necessity or circumstance that prompts organizations to pursue or engage in collaborative endeavors, the collaboration must be properly enacted. Thomson and Perry (2006) indicate several key dimensions toward collaborative action, which portray various components and stipulations of functional collaboration. In this regard, collaborations require some form of structure. The governance of collaboration refers to the acknowledgment and acceptance by collaborative parties of joint decision-making processes. This involves a balancing of interests, with recognition of negotiation and compromise and a commitment to collective responsibility. Collaborations also need administration to ensure correct operation. The inherent multiplicity of collaboration often demands administrative approaches beyond the traditional scope, placing emphasis on interdependency and the willingness to support agreement and unity among collaborating organizations. A critical part of the administration of collaboration is managing the different relationships within the collaborative structure to secure a fundamental level of coordination in implementation.

As organizations involved in collaboration maintain some degree of autonomy, self-interests may conflict with collective interests. Correspondingly, the interests of the collaboration may contrast with the interests of one or more of the individual collaborators. These situations often create problems of control, and collaborating entities may vie for more command over their own interests. As a result, collaborators must find ways to reconcile individual interests with the purposes and functions of the collective. In other words, there should be an expectation of mutuality, meaning a sharing of benefits and interests as well as accountability and risk. This also encompasses a factor of reciprocity, which involves a level of trust among collaborating organizations. In essence, there must be an expectation of fairness and equity among collaborators and a confidence in the compliance and dedication of all members to the collaboration. Therefore, the successful enactment of collaborative enterprise generally relies upon the identification and application of the appropriate approaches to managing the collaboration.

## Managing Organizational Collaboration

The management of collaboration can be complicated, given the interrelated nature of cooperation and the hosts of complexities abound for public agencies. From a public management perspective, organizational collaborations are differentiated from other internal or hierarchical forms of intergovernmental relations, substantiating an alternative approach to proper management and understanding. Agranoff and McGuire (2003) suggest that the need and structure of the collaboration will have important roles in managing it, expressly referring to the degree of formality established through the linking mechanism. This also involves the directional affiliation of the collaboration, being either through horizontal or vertical relations. Horizontal collaborative management comprises interactions with organizations of the equivalent governmental level or across sectors such as nonprofits or private businesses. These horizontal types of collaboration may be described as

networks. Within networks, a nonhierarchical relationship is established between collaborating organizations. These networks may assume various categorizations, ranging from informational/developmental networks that rely mostly on an exchange of solutions with implementation left to the individual agencies to more action-based networks wherein collaborative and interagency decisions and operations are realized.

In comparison, vertical organizational collaborations represent associations among differing levels of government, also referred to as intergovernmental management. In these types of relationships, transactions occur between national and local governments, which include intersecting policy and program areas that traverse governmental boundaries. Management in intergovernmental collaborations may involve elected officials in addition to organizational administrators, and the related differences in scope and function among collaborating entities may likewise add to management operations. In general, intergovernmental collaborations comprise actions such as financial funding, regulatory directives, and devolved programs and responsibilities. However, many vertical types of organizational collaboration now encompass auxiliary horizontal collaborations as well, alluding to the increasingly interconnected and expansive reach of modern public problems and service delivery.

Regarding the necessary skills of collaborative management, Agranoff and McGuire (2001) identify four classifications of collaborative manager behaviors: activation, framing, mobilizing, and synthesizing. Activation involves the coordination of personnel, expertise/knowledge, and resources needed for the collaboration. This relates to the structural composition of the collaboration, engaging participants, delegating duties and tasks, and assigning appropriate roles. In framing, managers enforce and maintain the mission and focus of the collaboration. Because collaborative actions incorporate a number of participants and, in some cases, conflicting organizational objectives, framing is a method by which managers attempt to forge connectivity and joint purposes through the support of mutual decision-making processes, contribution, and agreement. Mobilizing is an aggregated approach, initiating the movement of the whole collaboration toward a common end. Managers must continue to formulate strategic visions and coalitions within and among collaborating partners, which also entails leadership and motivational components. Finally, synthesizing refers to the fusion of the organizational collaboration, solidifying a shared outlook and functional exchange within the collaboration. In synthesizing, managers actively resolve contrasts among participants, establishing bases of trust and cooperation and addressing potential obstacles to collaboration. While distinguishable, these management behaviors may be needed simultaneously in most organizational collaborations, particularly as the forms and adaptations of collaboration for public organizations continue to modify and progress.

## Organizational Collaboration: Evolving Forms and Constructs

In their groundbreaking book *Reinventing Government*, Osborne and Gaebler (1992) discuss the potential for government to move beyond traditional paradigms of operation and service delivery, exploring opportunities and alternatives toward improved governance with a focus on entrepreneurship, competition, decentralization, and market-based approaches. A main premise is the ability of public organizations to utilize various techniques of innovation and enterprise to transform the reactive and cumbersome characteristics of government, instead seeking a more anticipatory and progressive form of public venture that incorporates customer needs, mission-driven results, and performance-based outcomes. In effect, government organizations can benefit from proven principles of the private sector, which include an emphasis on efficiency and inciting inventive options for achieving optimal organizational

outputs. The implications of these constructs are widespread throughout the public realm, invoking a reassessment of current procedures and ushering in a new era of government accountability and performance-oriented actions. Within this scope, organizational collaboration represents a possible element of the reinventing government and new public management movements, offering prospective cost savings and pioneering tactics for enhanced operations of public organizations.

Of mention is the use of cross-sector cooperation, pursuing collaborative organizational partnerships that extend beyond the public sector. Bryson and Crosby (2008) assert that cross-sector collaborations are emblematic of the evolving atmosphere of public organizations, as the number and span of functions assigned to modern organizations invariably overlap into a variety of sectors. These forms of collaborative partnerships include organizations from government as well as nonprofits, businesses, and other community-based organizations and entities. Cross-sector collaborations are generally initiated by the common catalysts of collaborative action, such as restricted resources and organizational needs. Cross-sector collaborations also indicate the increasing complexity of public problems and service provision, referring to the growing magnitude of societal issues and the limited capability of public sector organizations to address such challenges in a unilateral manner. An inherent obstacle for enterprises of this type is the contrasting missions of the various sectors. Accordingly, these forms of organizational collaboration require robust linking mechanisms that clearly enumerate the purpose for cooperation, a structure of formation, and a bonding agreement among all parties. Moreover, the related success of cross-sector collaborations depends on the functionality of the linkage, involving aspects of both formal and informal leadership and sponsorship, an understanding of legitimacy and accountability, and a continuous process of reciprocation through trust and conflict management.

In the context of cross-sector collaborations, or any form of interorganizational collaboration, the issue of boundary management epitomizes the multitude of impediments toward successful organizational cooperation. Kettl (2006) contends that the need and pressure to collaborate are often driving forces for public organizations to enter into such partnerships. However, the imperative to collaborate likewise involves the acknowledgement of organizational boundaries, defining the scope, ability, and extent of organizational operations, which impact the possibility of collaborating organizations to recognize boundary limitations and to overcome the intrinsic separations that boundaries often create. Simply put, collaboration necessitates a common and shared objective, which often conflicts with the established boundaries of individual organizations.

In particular, specific boundaries may complicate the approach to collaboration. The mission of organizations is a distinct boundary, providing a reason for organizational existence. Collaboration compels an expansion of mission and the need to work together toward joint purposes. The scarcity of resources among all organizations generates a protective boundary mentality. Organizations must be capable of relinquishing the boundaries of resources and commit to the collective need of the collaboration. The overall capacity of organizations to manage both internal affairs and collaborative interactions may strain boundaries. Limitations of capacity are often reasons for initiating the collaboration, but may also present further difficulties within the collaboration itself. Responsibility determines the boundaries of what an organization does or does not do, which firmly encapsulates the extent of organizational liability. In any form of collaboration, shared responsibility produces the potential for power struggles and disparate effort. The boundary of accountability is an essential stipulation for any collaborative endeavor. Given the multiple levels, sectors, and stakeholders involved in public organizational collaborations, accountability may be problematic especially when problems arise. In sum, collaboration in any form requires an integration of boundaries, which is generally counterintuitive for most organizations, and collaborators must be cognizant of the role of boundaries and the need for yielding to a mutual and cooperative goal.

## Conclusion

Understanding organizational collaboration in public administration and policy is an ongoing process, embodying the many characteristics and dynamics of these types of cooperative arrangements among public organizations. Organizational collaboration in the public sector has unique qualities, and public entities may enter into collaborations for a number of reasons. The varied purposes and contexts of organizations may incite challenges to successful collaboration. This is most notable in the public realm, comprising an array of competing ideals, values, stakeholders, and objectives. The operating environment of organizations may influence the needs and premises of collaboration, which lends to a basis for interdependency and coordination among collaborating partners. In these relationships, organizations must find common ground and acknowledge the various costs and obligations involved with collaborative enterprise. In addition, organizational collaborations may be substantiated through a range of linkages and affiliations that demarcate the term and formality of cooperation. Establishing a basis for exchange will determine the breadth and structure of the collaborative relationship, which may be limited to informal interactions of agreement and assistance or may create highly formalized conglomerations requiring intense commitment and mutuality.

Once initiated, organizational collaborations require proper implementation and management. Structural designs for collaboration need administration and governance, reconciling competing interests and developing a sentiment of shared accountability and trust. Managing collaborative endeavors introduces several undertakings for public managers, identifying the differing applications of vertical and horizontal transactions and maintaining a collective momentum among participants. Furthermore, recognizing the forms and constructs of collaboration helps organizations select the most viable and useful options and promotes awareness of the evolving demands and manifestations of the modern collaborative environment. Thus, organizational collaboration is an important practice in public administration, public policy, and governance, and attention to the changing landscape of actors and boundaries may improve the likelihood of collaborative outcomes and success.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Collaborative Public Management (CPM)
- ▶ Contingency Theory of Organizations
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Leadership in Organizations
- ▶ Models of Organizational Change
- ▶ Motivation-Based Theories of Organization
- ▶ New Public Management
- ▶ Organizational Boundary Spanning
- ▶ Organizational Decision-Making
- ▶ Organizational Environment
- ▶ Organizational Innovation
- ▶ Public Values in Public Organizations
- ▶ Risk and Organizations


## References


Agranoff R, McGuire M (2001) Big questions in public network management research. J Public Adm Res Theory 11:295–326

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Alexander ER (1995) How organizations act together: interorganizational coordination in theory and practice. Gordon and Breach Publishers, Amsterdam

Alter C, Hage J (1993) Organizations working together. Sage, Newbury Park

Bingham LB, O'Leary R, Carlson C (2008) Frameshifting: lateral thinking for collaborative public management. In: Bingham LB, O'Leary R (eds) Big ideas in collaborative public management. M.E. Sharpe, Armonk, pp 3–16

Bryson JM, Crosby BC (2008) Failing into cross-sector collaboration successfully. In: Bingham LB, O'Leary R (eds) Big ideas in collaborative public management. M.E. Sharpe, Armonk, pp 55–78

Kettl DF (2006) Managing boundaries in American administration: the collaboration imperative. Public Adm Rev 66:10–19

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading
Thomson AM, Perry JL (2006) Collaboration processes: inside the black box. Public Adm Rev 66:20–32.5

# Organizational Commitment in the Public Context: A Voice from a Parallel Planet

Mohamed Mousa
WSB University, Dabrowa Gornicza, Poland

## Synonyms

Affective commitment; Continuance commitment; Normative commitment; Organizational commitment

## Crisp Definitions of the Key Title Words

- Organizational commitment means "the willingness of social actors to invest energy and loyalty in social systems, the attachment of personality systems to social relations which are seen as self-expressive" (Kanter 1868, p. 499).
- Affective commitment refers to an employee's emotional attachment to, integration with, and involvement with his/her organization (Bryant et al. 2007).
- Continuance commitment refers to an employee's perceived costs of leaving his/her organization (Bryant et al. 2007).
- Normative commitment reflects an employee's moral obligation to stay in his/her organization (Bryant et al. 2007).

## Organizational Commitment: History and Trends

Why do corporate managers maintain emotional bonds toward their workplaces while university professors do not? This question was the cause for significant societal debate in the United States in the late 1960s. Moreover, this question entailed a direction and orientation for the development of organizational commitment theory. Gouldner (1958) is perceived to be the first to address organizational commitment through introducing and then distinguishing between cosmopolitans, employees who work hard but maintain low levels of loyalty toward their organization and locals, and employees who maintain high levels of loyalty toward their organization but tend to do the minimum when fulfilling their job roles. However, Gouldner (1958) did not develop a description of employees who maintain a high level of loyalty to their organization and do their best in fulfilling their job duties.

Etzioni (1961) was the second to attempt to address organizational commitment despite his tendency to use the concept of involvement instead of commitment. This author classified involvement into the following three types. *Moral involvement*, which reflects the emotional feelings of employees toward their workplace, which usually arise from their belief in their organization's values. *Calculative involvement*, which reflects employees' efforts to maintain a relational connection with their organization because of the salaries and benefits they get in return. *Alignative involvement*, which reflects employees' negative attitudes toward their organization. This third type has later been labeled as *organizational cynicism*.

Based on the preceding, some definitions for the concept organizational commitment have emerged. Kanter (1868, p. 499) defines it as "the willingness of social actors to give their energy and loyalty to social systems, the attachment of personality systems to social relations which are seen as self- expressive," while Grusky (1966, p. 489) considers it as "the nature of the relationship of the member to the system as a whole." However, the most common definition for organizational commitment has been developed by Mowday et al. (1979, p. 27) who perceive it as "the relative strength of an individual's identification with, and involvement in, a particular organization." Therefore, committed employees

should have a continuous desire to continue their organizational membership, an unconditional acceptance for their organization's goals, and a readiness to do their best in order to realize their organization's goals (Mowday et al. 1979). Moreover, it was clear that research on organizational commitment has started in North America before extending to academic centers and research institutes in the world's different regions. Furthermore, the majority if not all of the research on organizational commitment – particularly those studies conducted before 2000 – does not pay much attention to new practices in the work environment and phenomena, such as the dependence on contingency workforce, working from home, and even digital/virtual work modes.

The early research on organizational commitment focused on measuring the level of affective attachment from employee to employer (Becker 1960). This is why Porter et al. (1974) define organizational commitment as "an attachment to the organization, characterized by an intention to remain in it; an identification with the values and goals of the organization; and a willingness to exert extra effort on its behalf" (p. 604). Moreover, a tridimensional classification of organizational commitment was introduced in 1990, whereby Allen and Meyer (1990) classified organizational commitment into affective, continuance, and normative approaches. Affective commitment refers to an employee's emotional attachment to, integration with, and involvement with his/her organization (Bryant et al. 2007). Continuance commitment refers to an employee's perceived costs of leaving his/her organization (Bryant et al. 2007). Becker (1960) indicates that employees invest time, effort, health, money, and so on in their organizations. Such investments strongly affect their decisions and/or intentions to leave or remain in their organizations. Normative commitment reflects an employee's moral obligation to stay in his/her organization (Bryant et al. 2007).

According to Mousa (2018), the research on organizational commitment can be classified into three categories. The first focuses on measuring the level of emotional attachment an employee maintain toward his/her employer. The second considers organizational commitment as an outcome for four antecedents – job performance, level of absenteeism, turnover intention, and employee citizenship behavior – in any organizational context. The third focuses on discovering the outcomes of maintaining either a high or low level of commitment in work contexts. In all of the previous three categories, researchers tended only to use quantitative methods to yield their research results. This occurred through employing correlation and occasionally also regression analysis. However, it is observable that a qualitative approach has rarely been used in addressing such organizational phenomena. Additionally, Mousa and Puhakka (2019) and Mousa (2018) assert that organizational commitment has only been given considerable space in Western countries and specifically in private sector contexts. It is undeniable that very few researchers from developing nations have addressed the relationship between organizational commitment and employee work behaviors, such as turnover intuition, psychological withdrawal, organizational cynicism, and job satisfaction.

## Organizational Commitment in the Egyptian Public Sector

Up until 2018, it was rare to find any study addressing organizational commitment in either Egyptian public or private contexts despite the significance of this organizational phenomenon and its direct association with employee presenteeism, loyalty, job performance, and citizenship behavior. Researchers and management scholars there have neglected this topic for decades. The first serious attempt to address organizational commitment in the Egyptian context was by Mousa (2018), who mainly focused on answering the question of why teachers leave their positions in Egyptian public primary schools in order to find better employment opportunities in other countries. The impetus for his study was not only to explore an unknown context – the

Egyptian public education sector – but also in using both qualitative and quantitative methods to answer his research questions. Therefore, this study represents one of few studies using qualitative study methods in addressing organizational commitment. Furthermore, the author of this study did not tend to measure the level of affective, continuance and normative commitment among teachers, as the majority of researchers have in previous studies. Moreover, the author did not suggest a set of antecedents that may affect the level of organizational commitment among the teachers in his sample. Instead, he started by conducting a qualitative study in which he used semi-structured interviews to identify the main reasons behind the exodus of teachers from their workplaces.

Upon conducting a number of interviews with teachers in a sample of Egyptian public primary schools, Mousa (2018) highlighted the following five factors as playing a major role in the teachers' level of organizational commitment: workplace spirituality, cultural diversity management, uncertainty management, organizational culture, and organizational cynicism. In other words, the teachers' tendency to stay in their current job and to accept the working conditions in their school depends mostly on feeling that they are doing meaningful work often appreciated by others (workplace spirituality), they are fairly treated regardless of their religion, gender, age, and other demographic characteristics (cultural diversity management), they have plenty of information regarding current and future events the organization faces and accordingly feels secure and safe (uncertainty management), they accept the school's social norms, customs, objectives, tactics, and communication methods (organizational culture), and do not have any negative attitudes toward colleagues, managers, and the working atmosphere (organizational cynicism). In order to gain more in-depth knowledge about the factors affecting organizational commitment in Egyptian primary schools, the same author in collaboration with a coauthor later quantitatively addressed the statistical relationship between each of the five discovered factors on the one hand, and approaches to organizational commitment on the other. For instance, Mousa and Alas (2016a) addressed the relationship between workplace spirituality and organizational commitment, while Mousa and Alas (2016b) focused on exploring the relationship between cultural diversity and organizational commitment through focusing on teachers in Egyptian public business schools.

Mousa and Puhakka (2019) addressed physicians in four Egyptian hospitals and proved that responsible leadership is another important determinant in deciding the level of employee (physicians in this case) organizational commitment. According to this study, it is not only about the employees' sense of meaningful work, justice, involvement, safety, and good relations with colleagues but also their leaders' orientation to create, develop, export, and disseminate the virtues of wisdom, transparency, and respect among in-and-out groups. The organization's stakeholders play a vital role in shaping employee's emotional attachment to the employer, the tendency to stay in his or her current position, and the intention to do his or her best to fulfill planned objectives. It is worth highlighting that the idea behind developing and internalizing responsible leadership as a new leadership style relies largely on building long-lasting trusting, ethical, and social relational interactions among employers (or managers) and their surrounding stakeholders (including employees) (Mousa 2018; Mousa et al. 2019). This has stimulated Mousa and Puhakka (2019) to consider responsible leadership as a new factor affecting employee organizational commitment.

## Conclusion

This entry starts by elaborating the emergence and development of the concept of organizational commitment. Moving forward by focusing on previous attempts to define this concept, the author explores how the research on organizational commitment has been dealt with over the past four decades. Upon focusing on the Egyptian public sector context, the author illustrates the main factor deciding the level of organizational commitment among employees based on previously published studies addressing this context.

## References

Allen N, Meyer J (1990) The measurement and antecedents of affective, continuance and normative commitment to the organization. J Occup Psychol 63(1):1–18
Becker H (1960) Notes on the concept of commitment. Am J Sociol 66(1):32–40
Bryant S, Moshavi D, Nguyen T (2007) Afield study on organizational commitment, professional commitment and peer mentoring. Database Adv Informat Syst 38(2):61–74
Etzioni A (1961) A comparative analysis of complex organizations. Free Press, New York
Gouldner AW (1958) Cosmopolitans and locals: toward an analysis of latent social roles_ I. Adm Sci Q 2:281–306
Grusky O (1966) Career mobility and organizational commitment. Adm Sci Q 10:488–503
Kanter RM (1868) Commitment and social organization: a study of commitment mechanism in utopian communities. Am Sociol Rev 33:499–517
Mousa M (2018) Inspiring work-life balance: responsible leadership among female pharmacists in the Egyptian health sector. Entrep Bus Econ Rev 6(1):71–90
Mousa M, Alas R (2016a) Workplace spirituality and organizational commitment: a study on primary public schools' teachers in Menoufia (Egypt). Afr J Bus Manag 10(10):247–255
Mousa M, Alas R (2016b) Cultural diversity and organizational commitment: a study on teachers of primary public schools in Menoufia (Egypt). Int Bus Res 9(7):154
Mousa M, Puhakka V (2019) Inspiring organizational commitment: responsible leadership and organizational inclusion in the Egyptian health care sector. J Manag Dev 38(3):208–224
Mousa M, Puhakka V, Abdelgaffar H (2019) Climate change, responsible leadership and physicans' organizational commitment: a study from Egypt. Manag Environ Qual 30(5):945–962
Mowday R, Steer RM, Porter LW (1979) The measurement of organizational commitment. J Vocat Behav 14(2):224–247
Porter LW, Steer RM, Mowday R, Boutin PV (1974) Organizational commitment, job satisfaction, and turnover among psychiatric technicians. J Appl Psychol 59(2):603–609

# Organizational Communications

Saleem Gul
Institute of Management Sciences, Peshawar, Pakistan

## Synonyms

Communication barriers; Communication models

## Introduction

This chapter provides a brief overview of organizational communications. The chapter is structured such that the first section clarifies the definition and purpose of organizational communication. Then the discussion focuses on the different types of communication. This is followed by an overview of the patterns of communication and then focuses on the barriers to communication followed by the models of communication. The chapter considers the issue of miscommunication in cultural exchanges and concludes with a discussion relating communication to the process of negotiation.

## Defining Communication and the Purpose of Communication

Organizational communication is an essential element of any organization. To understand organizational communication, we must first develop an understanding of the organization itself. An organization in the classical definition provided by Robert Coase (1937) is an entity that seeks to "maximize shareholder's wealth." Later definitions of an organization can be categorized into four schools of thought: the general, the economic, organizational behavior, and organizational psychology. Each defines an organization slightly differently because of its underlying ontological world view. Regardless of which perspective is taken in defining an organization, there are certain similarities, i.e., organizations are comprised of a collection of people, who work toward a defined goal, within an environment that allows them to work efficiently, and generate a surplus (be it of value, money, product, market share, etc.). Others have taken a more normative view and see organizations as an amalgam of three things: the structure, the goal, and the people (Wrench 2013).

Organizational communication arises in "social collectives in which people develop ritualized patterns of interactions to coordinate their activities and efforts in the ongoing accomplishment of personal and group goals" (Kreps 1986). Organizational communication is the building

block of collectives that use communication to formulate their goals, keep track of their progress, and solve their problems. This happens to be a purely introspective of view of communication. Conversely, various organizational members interact with the outside environment. Organizations with open boundaries interact more freely and are more likely to adapt to change. Organizations with closed boundaries tend to insulate themselves from the environment and are less likely to be aware of developments in the general environment. Openly bounded organizations receive input from the environment in the form of material, manpower, finances, and information.

## Types of Communication

All communication that exists in an organizational setting can be divided into two categories, external and internal communications. External communication concerns the communication that an organization has with its customers, clients, public, concerned government agencies, and the like. Internal communication occurs within an organization and uses either the formal channel or the informal channel for its purpose. The flow of information within the formal channel may be upward, downward, horizontal, or diagonal. The informal channel relies solely on the grapevine (Johnson et al. 1994).

External communication is used by organizations to maintain external relationships with stockholders, suppliers, and government agencies. Internal communication is an essential feature of an organization's administrative structure. Contemporary literature suggests that the human resource department plays an important role in maintaining internal communication. Internal communication is used for disseminating information within an organization, for communicating goals and objectives, for motivation or reprimands, etc. It is important that internal communication remains inclusive and honest.

The direction of communication in autocratic organizations tends to be unidirectional (Mahmood et al. 2012). However, in modern organizations such communication is useful solely for sharing information. Downward communication implies a downward flow of information from the top of the organization toward its bottom. Such communication not only recognizes the hierarchical structure of the organization but also acknowledges the assumption that those in positions of power can direct others to do their bidding. Downward communication is strongly complemented by upward communication, without which it is nothing but a renaming of unidirectional communication. Upward communication is maintained from the lower-level employees of an organization toward the higher-ups. This type of communication provides a channel for employees to share their opinions, suggestions, complaints, and redress their grievances. Although upward communication has its benefits, it may create ego problems to those in higher positions or it may be used for needless criticism of policies by disgruntled employees.

Horizontal or lateral communication involves interactions among peer groups or between departments. This type of communication is used for problem solving, idea sharing, and other mundane exchanges involving functional activities. Diagonal communication is a combination of the upward, downward, and horizontal communications. It motivates employees and creates a sense of belonging and involvement within the employees. Care needs to be exercised so that such communication remains relevant and does not degenerate to a useless crisscrossing of information within the organization.

Organizations are structured in many ways, primarily tall hierarchies or flat hierarchies. Communication is more difficult in taller hierarchical structures. Typically, organizational life is rife with communications flowing through two different media, i.e., the formal and the informal (Lammers and Barbour 2006). Formal communication within organizations tends to be deliberate and slow. Informal communication is quick and up-to-date. Both formal and informal communications may take the form of verbal and written modes for their purpose. Internal informal communication within large organizations where pockets of people work closely together may give rise to grapevines, unofficial or informal channels of communication beyond the control of the organization.

There are four types of the grapevine: single-strand chain, gossip chain, probability chain, and cluster chain (Burke and Wise 2003). In the single-strand chain information moves linearly and slowly from one person to another. In the gossip chain, an individual goes around communicating the message or information that she/he possesses and considers important enough to share with a few chosen others. The probability chain is like the gossip chain but differs in that the message is shared indiscriminately within the organization. Generally, the message passed through the probability chain may be interesting but not important. Finally, the cluster chain involves one person sharing information with their peer group and then the same information being relayed to another group by one or a few members of the first group.

Grapevine communication is beneficial in that it fosters the formation of strong bonds between peers and provides a channel to vent and share frustrations thereby reducing emotional outbursts and reactions. It is fast and supplements formal channels; it provides informal feedback on the changes contemplated by management. Alternatively, the grapevine if left to grow unchecked could prove detrimental to the health of an organization. Out of control grapevines tend to exaggerate or distort content and spread gossip unnecessarily. Additionally, these can be used for character assassinations or vilification of individuals. It is important to note that grapevines cannot be eliminated but may be moderated.

## Patterns of Communication

There are some common patterns of communication that are popular in mainstream communication studies, including the circle, chain, Y, and wheel (Leavitt 1951):

(a) Circle pattern: The circle pattern consists of a sender who is the group leader. The sender gives a message to the group member adjacent to them who in turn forwards the message to the next group member and so on. No group member can receive the sender's message directly except for those adjacent to him or her. In a circle pattern the communication travels to each member of the group but takes time. As the pattern is a closed-loop, the sender can determine if the last member received the information.
(b) Chain pattern: The chain pattern is like the circle pattern except that it does not loop. This implies that the sender can send the message but has no way to verify if the last member has received the information.
(c) The "Y" pattern: The Y pattern is a combination of chain patterns such that a central leader controls the three prongs of the Y shape. Each of the three groups can communicate with each other only through the leader. Thus, communication under the Y pattern is more complicated than the circle and chain pattern.
(d) Wheel pattern: The wheel pattern is a combination pattern, consisting of a mix of the circle and the Y. In this pattern, the leader remains at the center of the wheel, while the members exist on the spokes. The wheel is a superior pattern as each member can talk directly to the leader. However, the disadvantage is that not all members can speak to each other. That is, only those members that are nearby to each other can share messages. It could be argued that the members on the spokes of the wheel are like a circular chain minus the leader.

## Barriers to Communication

Barriers to communication identify factors that interrupt the free flow of information being exchanged between parties and the reciprocal feedback that arises as its consequence. Failed communication results in misunderstanding, irrelevant responses, and undesirable reactions. These result in the loss of time, resources, and material. Barriers to communication range from the simple distraction to more complicated psychological factors. The consequences range from a simple communication gap to a complete breakdown of communication. It is easier to repair a communication gap but difficult to recover from a communication breakdown.

Literature has identified several barriers to communication, including physical environmental barriers, barriers of medium, semantic barriers, cultural barriers, psychological or attitudinal barriers, and barriers caused by varying perceptions of reality (Eisenberg 2010):

(a) Physical Environmental Barriers: These are caused by several factors, such as time, space, place, and medium. Time can be a barrier when a slower channel of communication is selected in relation to the time available. Space becomes a barrier when the communicating parties remain at a physically inappropriate distance than what is required by the situation. Place is a barrier when an inappropriate venue is selected. Places that should be avoided to foster better communication are those that are overcrowded, ill-lit, ill-ventilated, insecure, etc. Medium refers to the choice of method used for communication. Choosing the wrong medium in each situation may violate the norm and further contribute to time delays in a communication.
(b) Semantic Barriers: These refer to the different meanings associated with a word or differences in the vocabulary used by the communicating parties. Semantic barriers may also exist because of the limited vocabulary used by one party.
(c) Cultural Barriers: These arise because of the existence of cultural diversity and new norms. Things that may be appropriate to say or do in one culture may turn out to be unacceptable in another. This may lead one party to take offense and limit the effectiveness of communication.
(d) Psychological or Attitudinal Barriers: These refer to the barriers to communication arising from the psychological condition of the parties involved or the attitude they hold toward each other.
(e) Perception of Reality Barriers: These are the barriers that arise because of the varied levels of understanding and perception of an issue by the parties involved in a communication event (Ibid.).

## Models of Communication

There are several models of communication used to understand the communications process. This section will briefly discuss some of the more prevalent models in organizational communications literature:

(a) Fisher's Model (Fisher and Ellis 1980): Builds on the decision-making model of John Dewey. Fisher observed that group interactions change variously as groups move toward forming decisions. Fisher's model captures the stages that interacting partners go through while engaged in a decision process. These include orientation, conflict, emergence, and reinforcement.
(b) Poole's Model (Poole and Baldwin 1996): Is a descriptive system for studying multiple contingency variables and consists of 36 clusters for coding group communications and four cluster sets such as proposal growth, conflict, socio-emotional interests, and expression of uncertainty. Pool argued that it is difficult to predict the stages during a communication; thus he puts forward four tracks that may be used to interpret the communication style used during an interaction. The four tracks include task track, relation track, topic track, and break points.
(c) Tubbs' Model (Tubbs 1995): Is based on four stages that a group undergoes when reaching a decision. These are: orientation, conflict, consensus, and closure.
(d) De Fleur's Model (De Fleur and Larsen 1958): De Fleur's model of communication is an expanded version of the Shannon and Weaver model, which he combines with Westley and Maclean's model. Shannon and Weaver's model is a one-way communication model that explains the role of noise in a communication process. De Fleur extends Shannon and Weaver's model by adding the element of mass media. Westley and Maclean's model is a two-way model that introduces the element of linear feedback. De Fleur combines both these models to develop a model of a mass communication system.

## Miscommunication in Cultural Exchanges

Culture is at the heart of all human interactions. Cultural dynamics includes shared meanings, norms, values, attitudes, and beliefs. These formulate a shared system of making sense of the world around us and allow us to pass our understanding of the world to succeeding generations. Cultural groups share some form of identity; this may include religion, race, geographic origins, ethnicity, etc. Culture also influences the way we speak and behave, both of which affect organizational communications. Literature on organizational culture agrees that cross-cultural communications is more difficult than communications that arise within a single culture.

Barna (1998) identifies six sources of miscommunication in cross-cultural exchanges:

(a) Assumptions of similarities: Refers to the tendency to view our own actions as universally accepted rules of behavior. Anyone who acts differently is thought of negatively.
(b) Language differences: Refers to the miscommunications that arise because of different languages being spoken by the parties involved. At times the same language may give rise to issues as the contextual meaning of words may differ from region to region.
(c) Nonverbal misinterpretations: Refers to our way of dress, use of space, orientation toward time, way to making physical contact, eye contact, etc. and how that influences the way a communications process progresses.
(d) Preconceptions and stereotypes: Refers to the preconceived ideas that we hold about other cultural groups. Communications would be different depending on the nature of the stereotype we hold about the group.
(e) Tendency to evaluate: Refers to our tendency to evaluate others behavior from our own cultural vantage point.
(f) High anxiety: Refers to a heightened sense of anxiety experienced during an interaction between members of different cultures. This is often caused by a heightened need to not cause offense during a conversation or interaction.

## Communication and Negotiations

Organizational communication often includes an element of negotiation. A key concern during a negotiation is the idea of "saving face." This includes saving the face of self and a concern for saving the face of the other. People from different cultures hold different concerns during a negotiation. Those belonging to a collectivist culture tend to avoid or integrate conflict. Those from individualistic cultures tend to dominate during negotiations. Another factor in negotiation is societal status, which gives rise to power. Members of collectivist cultures are born into certain status quo, and therefore their individuality is not a concern during the negotiation process. Those belonging to individualistic cultures hold their individuality more dearly.

Members of collectivist cultures maintain face for the sake of society, while members of individualistic cultures save face to preserve or maintain one's own face. These dimensions give rise to five types of conflict styles (Rahim 1983): dominating, avoiding, obliging, compromising, and integrating:

(a) Domination: is an individualistic approach to making decision by dominating or controlling
(b) Avoiding: a collectivist approach of staying away from the conflict
(c) Obliging: a collectivist approach of giving up
(d) Compromising: an individualistic approach to negotiate to come to an agreement
(e) Integrating: an individualistic approach to work together to read an agreement

## Conclusion

This chapter presents a short introduction to communication and the various issues associated with it at the level of an organization. It demonstrates the multitude of factors that influence both the sending and receiving of information.

## References

Barna LM (1998) Stumbling blocks in intercultural communication. In: Bennett MJ (ed) Basic concepts of

intercultural communication: selected readings. Intercultural Press, Yarmouth
Burke LA, Wise JM (2003) The effective care, handling and pruning of the office grapevine. Bus Horiz 46(3): 71–76
Coase RH (1937) The nature of the firm. Economica 4(16): 386–405
De Fleur ML, Larsen ON (1958) The flow of information: an experiment in mass communication. Transaction Publishers, Oxford
Eisenberg EM (2010) Organizational communication: balancing creativity and constraint. Saint Martin's, New York
Fisher BA, Ellis DG (1980) Small group decision making: communication and the group process. McGraw-Hill, New York
Galbreath J (2010) The impact of strategic orientation on corporate social responsibility. Int J Organ Anal 18(1): 23–40
Johnson JD, Donohue WA, Atkin CK, Johnson S (1994) Differences between formal and informal communication channels. J Bus Commun 31(2):111–122
Kreps GL (1986) Organizational communication. Longman, New York
Lammers JC, Barbour JB (2006) An institutional theory of organizational communication. Commun Theory 16(3):356–377
Leavitt HJ (1951) Some effects of certain communication patterns on group performance. J Abnorm Soc Psychol 46(1):38
Mahmood Z, Basharat M, Bashir Z (2012) Review of classical management theories. Int J Soc Sci Educ 2(1):512–5120
Poole MS, Baldwin CL (1996) Developmental processes in group decision making. Commun Group Decis Mak 2:215–241
Rahim MA (1983) A measure of styles of handling interpersonal conflict. Acad Manag J 26(2):368–376
Tubbs S (1995) A systems approach to small group interaction. McGraw-Hill, New York
Wrench JS (2013) Workplace communication for the 21st century: tools and strategies that impact the bottom line, vol 1. Praeger, Oxford

# Organizational Control

Louise Briand
Center for Research on Social Innovations (crises.uqam.ca), Université du Québec en Outaouais, Gatineau, QC, Canada

## Synonyms

Management control

## Definition

Organizational control refers to processes by which agents are able to establish and maintain control over an organization. It comprises the strategic planning process as well as methods and devices that make other agents' behaviors consistent with objectives.

Historically, managers have been considered to be the trustees of organizational control. However, in this paper, it is argued that managers are not alone in the quest for control (Child 2005; Deetz 1992) and that organizational control is both a source of power and of power struggles in contemporary organizations.

Consequently, it is argued that organizational control is a social construction and that it is best defined in the following terms: a set of practices of integration that regulates social activities (human work) in a social system (organization) that it is both the process and the result of elements that support and constrain its constitution (Briand 2001, 2004).

## Introduction

This paper presents the origins and substance of organizational control in large American organizations. It is structured as follows: the rise of organizational control, its limits and attempts to renew it, and to conclude a proposal for its reconceptualization.

## The Rise of Organizational Control

Organizational control was born from the need to apprehend complexity (Kaplan 1984; Chandler 1977). Its ability to organize space and time through indirect supervision provided the potential for its development. In addition, organizational control has helped to create effective routines to deal repeatedly with a changing world (Coriat and Weinstein 1995) by its capability to organize time through standard costs, accounting cycle, budget cycle, etc. (Kaplan 1984).

Organizational control refers to the "fact for leaders to master the organization they manage and it is achieved by orienting the actions of those to whom they delegate autonomy and the responsibility of directing staff" (free translation, Bouquin 1994). Organizational control is a permanent activity that acts before, during, and after the action. It is made up of processes, devices, and information systems which guide the actions and behaviors in order to make them consistent with long- and medium-term objectives. Its purpose is to organize resources, to identify the sources, and to measure an organization's performance (Bouquin 1994).

It is Robert N. Anthony who is credited for the conceptualization of organizational control that resulted from the economic development movement of organizations: a development to which organizational control has contributed (Bouquin 1994).

For Anthony (1965, 1988), an organization is a group of people working on one or a few goals regardless of the organization's orientation (profit oriented or nonprofit oriented). When the material, financial, and energy resources are combined with human labor, the organization is an "economic enterprise," and organizational control becomes a steering, coordination, and monitoring system that ensures the smooth integration of all the organization's resources.

Anthony's general framework is made up of three essential elements: (1) the notion that objectives or goals are decided, (2) the idea that human implements activities to achieve the goals, and (3), ultimately, that to achieve goals people must work together.

Accordingly, organizational control consists of:

1. Nonsystematic activities of strategic planning to define goals. These activities are performed by leaders able to measure the threats and to seize the opportunities of the external environment.
2. Systematic coordination and monitoring activities, to help leaders decide decision which activities to implement, to help communicate strategies and tasks, to ensure optimal combination "task/person," to motivate people, and to assess the individual and collective performance to take corrective action as necessary.

Organizational control is based on a hierarchical structure, composed of responsibility centers (profit, cost, revenue, or investment centers), which help leaders allocate the resources for each activities; it also relies on a centralized and unified accounting system which supports the leaders in their coordination and monitoring activities.

Organizational control as defined by Anthony is a process in which leaders determine goals and objectives, middle managers are professionals who can make decisions related to their fields of expertise, while staff carries out activities to achieve the goals. An organization, according to this perspective, presupposes a stable definition of the roles and responsibilities of all agents, as well as a structure and management practices to ensure the integration of individual activities in an orderly and conflict-free collective action.

Organizational control illustrates the managerial takeover over the organization, and it signals the expansion of the accounting sphere over social relations. It reveals the emergence of a "social order project" based on neoclassic economic theory, scientific management (Taylor 1912), normative principles of administration (Fayol 1917), and "attention-directing," "scorekeeping," and "problem-solving" operating modes (Burchell et al. 1980).

Although organizational control appears to be highly technical and instrumental at first glance, it is in fact a rather sociological endeavor because it aims at controlling behaviors (Malo and Mathé 1998): "In the broad sense control has the purpose of conforming behavior of some person or thing to a desired state of affairs" (Anthony 1988).

## The Limits of Organizational Control

Born with the need to manage complexity, organizational control has faced many limits in the last decades as put by sociologists and organizational

theorists: the indeterminacy of human conduct (Crozier and Friedberg 1977; March 1991; Friedberg 1993), the politicization of the decision process (Mintzberg et al. 1976; March 1991), the weakening of formal rationality in favor of multiple rationalities (Sfez 1984), the complexification of behaviors in a context of collective action (Olson 1978; Reynaud 1989), the multiplication of modes of regulation of human activity (Friedberg 1993; Thévenot 1993), and the historicity and the permeability of structures (Morin 1986).

In addition, the contemporary business environment has become unstable, hostile, complex, and diverse. The environment is nowadays said to call for processes of control that gives more power and trust to the middle managers and workers (Malo and Mathé 1998). Moreover, the rise of an economic and industrial system that focuses on the production and utilization of information – the "knowledge economy" (Castells 2001) – requires that organizations rely on the autonomy and judgment of their employees.

Traditional organizational control systems have become inadequate and irrelevant (Alvesson 2004). The foundations of organizational control are challenged, while the accounting-based control processes that standardize and normalize are deemed inadequate to support strategic direction and decision-making, management of resources, and ongoing adaptation of organizations.

## Renewing Control

It is in this context that the need for new forms of control has emerged (Nixon and Burns 2005) and that organizational control has migrated to the realm of values, beliefs, and identities (Alvesson 1993; Casey 1999; Alvesson and Robertson 2006). What comes to mind in particular are Simons' (1994, 1995) "belief systems," "boundary systems," and "interactive control systems" that compensate for the insufficiencies of diagnosis control systems in reconciling workers' need for autonomy and the control requirements of the dominant actors. Other examples are:

1. "Intangible controls" to manage "trust, loyalty, and commitment." Specifically, corporate codes (codes of ethics, codes of conduct, and codes of practice, Clarkson and Deck 1993) all express a specific approach to control of behaviors: codes of ethics clarify the organization's moral values and rely on self-control, codes of conduct provide a list of mandatory rules and prohibitions and are based on imposed control, and codes of practice refer to organization's values in generally accepted behaviors, and they are based on a hybrid control formula distinguished by an "act and disclose" approach ("use your best judgment but let us know what you are doing") as well as by a "seek advice" approach ("seek approval before acting"). A study of the content of corporate codes reveals that organizations usually borrow from these three code forms (SCMAC 1997).
2. Neo-bureaucratic project management methodologies in team-based organizations (Briand and Hodgson 2015; Hodgson and Briand 2013).
3. Interorganizational modes of control to overcome firm boundaries in network and value-chain settings (Araujo et al. 2003; Marchington and Vincent 2004).

In a general sense, all of these innovations signal an effort to renew control without, however, breaking away from normative control.

## Conclusion: Reconceptualizing Organizational Control

The content and forms and organizational control processes depend on their ability to ensure integration and it is this ability – or lack of it – that explains organizational control reproduction or transmutation. For this reason, it is suggested that the analysis of organizational control must take new paths.

It is suggested that in late modernity (Giddens 1990), organizational control has to deal with the "reflexivity" and "the opening of the future." Therefore, the possibilities to create "order" in

any organization are limited. In fact, 'order' in any organization appears to be a project that inherited an instrumental sociology that obscures the relationship between knowledge and human subjects and the relationship that humans have with each other (Giddens 1984). In the light of the work of Yates (1997) and MacIntosh and Scapens (1990, 1991), it is suggested that organizational control should be conceived as an "undecided," although not random, phenomenon; as a set of practices of integration that regulates social activities (human work) in a social system (organization), organizational control becomes both the process and the result of elements that support and constrain its constitution (Briand 2001, 2004).

## Cross-References


- ▶ Critical Theory of Organizations
- ▶ Systems and Complexity Theories of Organizations


## References


Alvesson M (1993) Cultural-ideological modes of management control: a theory and a case study of a professional service company. In: Deetz S (ed) Communication yearbook. Sage, Newbury Park

Alvesson M (2004) Knowledge work and knowledge-intensive firms. Oxford University Press, Oxford

Alvesson M, Robertson M (2006) The best and the brightest: the construction, significance and effects of elite identities in consulting firms. Organization 13(2): 195–224

Anthony RN (1965) Planning and control systems. Harvard University, Boston

Anthony RN (1988) The management control function. The Harvard Business School Press, Boston

Araujo L, Dubois A, Lars-Erik G (2003) The multiple boundaries of the firm. J Manag Stud 40(5):1255–1277

Bouquin H (1994) Les fondements du contrôle de gestion. Presses Universitaires de France, Paris

Briand L (2001) Analyse structurationniste du contrôle de gestion dans la modernité et la modernité avancée', Thèse de doctorat. Montréal, École des Hautes Études Commerciales. Cahiers du CRISES. Collection thèses et mémoires, Montréal

Briand L (2004) Reconceptualisation du contrôle de gestion. Une étude de cas fondée sur la théorie de la structuration. Comptabilité-Contrôle-Audit, juin, volume spécial ayant pour thème 'Sociologie de la comptabilité'

Briand L, Hodgson D (2015) The re-regulation of control in the context of project-based work. Int J Work Innov 1(3):287–304

Burchell S, Clubb C, Hopwood A, Hughes J, Nahapiet J (1980) The roles of accounting in organizations and society. Acc Organ Soc 5(1):5–27

Casey C (1999) Come join our family: discipline and integration in corporate organizational culture. Hum Relat 52(2):155–178

Castells M (2001) The internet galaxy. Oxford University Press, Oxford

Chandler AD (1977) The visible hand. Cambridge, Belknap

Child J (2005) Organization: contemporary principles and practice. Blackwell, Oxford

Clarkson MBE, Deck MC (1993) Applying the stakeholder management model to the analysis and evaluation of corporate codes. In: Ludwig DC (ed) Business and society in a changing world order. Edwin Mellen Press, New York

Coriat B, Weinstein O (1995) Les nouvelles théories de l'entreprise. Librairie générale française, Paris

Crozier M, Friedberg E (1977) L'acteur et le système. Seuil, Paris

Deetz S (1992) Disciplinary power in the modern corporation. In: Alvesson M, Willmott H (eds) Critical management studies. Sage, London

Fayol F (1917) Administration générale et industrielle. Dunod, Paris

Friedberg E (1993) Le pouvoir et la règle. Seuil, Paris

Giddens A (1984) The constitution of society. Polity Press, Cambridge

Giddens A (1990) The consequences of modernity. Stanford University Press, Stanford

Hodgson D, Briand L (2013) Controlling the uncontrollable: project management and illusions of autonomy in video game development. Work Employ Soc 27(2): 308–325

Kaplan RS (1984) The evolution of management accounting. Acc Rev 59(3):390–418

MacIntosh NB, Scapens RW (1990) Structuration theory in management accounting. Acc Organ Soc 15(5): 455–477

MacIntosh NB, Scapens RW (1991) Management accounting and control systems: a structuration theory analysis. J Manag Acc Res 3:131–158

Malo J-L, Mathé J-C (1998) L'essentiel du contrôle de gestion. Les Éditions d'organisation, Paris

March JG (1991) Décisions et organisations. Les Éditions d'organisation, Paris

Marchington M, Vincent S (2004) Analysing the influence of institutional, organisational and interpersonal forces in shaping inter-organizational relations. J Manag Stud 41(6):1029–1056

Mintzberg H, Raisinghani D, Théorêt A (1976) The structure of unstructured decision processes. Admin Sci Q 21(2):246–275

Morin E (1986) Complexité et organisation. In La production des connaissances scientifiques de l'administration/

The generation of scientific administrative knowledge, sous la dir. de M. Audet et J.-L. Malouin. Presses de l'Université Laval, Québec
Nixon WAJ, Burns J (2005) Management control in the 21st century. Manag Acc Res 16:3
Olson M (1978) Logique de l'action collective. Presses Universitaires de France, Paris
Reynaud JD (1989) Les règles du jeu : L'action collective et la régulation sociale. Armand Collin, Paris
SCMAC (Society of Management Accountants of Canada) (1997) Codes of ethics, practice and conduct. CMA Canada, Mississauga
Sfez L (1984) La décision. Presses Universitaires de France, Paris
Simons R (1994) Levers of control. Harvard University School Press, Boston
Simons R (1995) Control in an age of empowerment. Harvard Business Review, Boston
Taylor FW (1912) Taylor's testimony before the special house committee. A reprint of the public document hearings before special committee of the house of representatives to investigate the Taylor and other systems of shop management under authority of house resolution 90. Harper & Brothers Publishers, London
Thévenot L (1993) Les entreprises entre plusieurs formes de coordination. In: de Reynaud JD (ed) Les systèmes de relations professionnelles, sous la dir. La Découverte, Paris
Yates J (1997) Using Giddens' structuration theory to inform business history'. Bus Econ Hist 26(1):159–183

# Organizational Culture and Management Styles in Nonprofit Organizations

Hatem H. Alsaqqa
Healthcare organizations management, Ankara, Turkey
Ministry of Health, Gaza City, Palestine

## Synonyms

Leadership: manager; Management: supervision, organization; Nonprofit: non-benefit; Organization: group; Style: form, type, character

## Definitions

***Organizational culture***: is the individual's actions of the organization and the meanings of its operations. Culture encompasses the principles, visions, symbols, views, and also thoughts and feelings. As a means of identifying, it is also the outline of those collective habits and expectations that are meant to guide organizational members.

***Management style***: is distinctive ways to make decisions and to appeal to employees. It can be classified into two major contrasting types and is also divided into separate styles in the broad sections.

***Nonprofit organization***: is an agency that uses excessive returns rather than distributing them as benefits or incentives to accomplish its objectives. While nonprofit organization is allowed to produce monetary gains, the organization must preserve them for its self-preservation, growth, or projects.

## Introduction

The core values that most organizational staff share is the cornerstone of every organization, and these values guide its appropriate behavior, decision-making, and performance. For leaders looking to produce strategic results, an appreciation of the corporate culture is a critical ability. Strategic leaders have a vision of where they get with the organization, so that would mean probing the culture's dynamics in view of what needs to be improved and what might maintain.

In an efficient organization, by team building, the leader empowers employees. This will ensure consistent actions among the organization's members, minimize tensions, and create a safe work atmosphere for employees. An organization's core principles start firstly with its leadership, which then evolves to a style of management. There will be a strong collective behavior of ideologies and beliefs and a strong culture will then emerge (Tsai 2011). Organizations are complex like individuals; each has a style, strengths, and limitations.

Nonprofit organizations are founded by civil society and depend on staff work to alleviate the social issues created by shortage. Nonprofit

management style plays a major role in the organization's growth, empowering and encouraging others to act as drivers of social change, where the engagement of society focused on solidarity. By impacting various sectors of society, these organizations play an important role in reducing social inequality, improving education and access to food, and emphasizing safety. Nonprofit organization leaders usually face a greater need to respond to new economic means and foster team spirit, feeling of belonging, inspiration, encouragement, and staff integration. The benefit is that nonprofit culture can grant the staff a motivating sense of purpose. The better the culture, the greater the potential for nonprofit behavior to positively power the community.

## The Concepts and Types of Organizational Culture

Culture has been extensively studied in the evaluation of a person's social beliefs, symbols, values, language, actions, rituals, and norms (Scott et al. 2003). There are various organizational culture concepts, but generally they contain the following components:

**Rules**: These are the guiding principles that every newcomer needs to abide with to be part of the organization.

**Philosophy**: The organizational principles of policies, such as how to treat clients or workers and mission statement.

**Dominant ideals**: The standards that an organization embraces and wishes its staff to act in a certain way.

**Norms**: The essential rules of ethics that the organization acknowledges is this. A measurable evaluation of what is allowed or prohibited.

**Observed behavioral regularities**: The use of a basic language, systems, rituals, and terminology communicates with consideration and behavior by organizational members.

**Climate**: The general atmosphere reflected by the organization, such as the physical layout and the interaction of members with consumers and/or outsiders. They are merely illustrative of the organization's existence (Xhelili 2016).

One technique to study organizational culture is through the competing values framework. The dimensions were suggested to represent competing core values (Cameron and Quinn 2011). The competing values framework posits that organizations experience competing demands and tensions along two key dimensions: flexibility vs. stability and control and internal maintenance vs. external competitive aligning. These two dimensions have two-axis cross sections, generating four sets of principles aligned with one of four forms of organizational cultures: clan, adhocracy, hierarchy, and market. The dominant culture is called healthy when no dominant culture appears. Each of the four forms of culture has a cluster of features that reflect the ideals of the organization that are shared with employees.

The four core principles are special since they embody opposite or competing principles. The dimensions and quadrants are very effective in describing the different orientations and conflicting principles that characterize the behavior of humans. The strength of these dimensions and the richness of the quadrants seen to be fit in being identified as cultural types that represented as the diagnosis typologies.

*The Hierarchy Culture:* a formalized, structured workspace characterizes the organizational cultural compatibility with this form. What people do is regulated by procedures to maintain a smooth association. Strong coordinators and managers are effective leaders. Constancy, aspirations, and effectiveness are the organization's long-term issues.

*The Market Culture:* is a workplace that concentrates on outcomes. Leading producers and competitors are hard driving and then they are rugged. The adhesive that grasps the organization parts emphasizes the performance. The long-term prominence is on strategic initiatives and the achievement of long-term purposes. Profitability and stimulation are defined as accomplishment. It is crucial to resolve competition and market leadership.

Cameron and Quinn culture model (based on Cameron and Quinn 2011)

Source: Kaminskaya (2017)

*The Clan Culture:* is characterized by a sociable place where people share a great deal of their life. It is like a larger family as leaders are considered mentors. Loyalty and tradition unite the organization. The obligation is high where the company stresses the long-term value of human growth with great unity and morality. In terms of internal environment and human interest, success is established. Teamwork and agreement are given a priority by the organization.

*The Adhocracy Culture:* is marked by diverse, entrepreneurial work. People are projected their necks and taking chances where good leadership is innovative, imaginative, and risk-based. The glue that supports the organization's components is an incentive to practice and creativity, so the emphasis is to be at the forefront of the latest knowledge and services. The organization's enduring focus is on sustainable expansion and new properties. Success proposes that there are disparate original services.

## Why We Need the Culture for Nonprofit Organizations?

In nonprofit organizations, organizational culture plays a vital role since their members usually demonstrate sincere interest in the cause for which they serve. The coincidence of values and beliefs among nonprofit organization staff members is an important prerequisite for a successful dedication for the success of highly competent groups. Specific attributes of a nonprofit organization result from active participation and clear connection to values: lack of pressure on the financial result (organizations work to meet social needs not to make profit), jobs of volunteer staff rendering services in the interest of the society.

By questioning, listening, reading, and feeling, cultural knowledge can be gathered within an organization. Four roles are fulfilled by corporate culture. Firstly, organizational culture proposes an organizational identity to its staff. Secondly,

mutual engagement is encouraged by organizational culture. In other words, the culture of an organization should create an atmosphere that allows staff to be committed to the overall purpose. Thirdly, it facilitates the cohesion of the social system, which means that it increases the constructive and reinforcing view of the community by staff and efficiently handles conflict and transition. Emphasizing performance-based awards and praising results, for example, is a successful strategy for reducing turnover of workers. Fourthly, by helping participants make sense of their settings, organizational culture influences staff's actions.

The advantage is that the culture of nonprofit will offer a motivational feeling of mission to employees. The greater the culture, the greater the nonprofit's ability to have a positive effect on the world. The principles of nonprofit will be well and correspond with the actions taken on a day-to-day basis by appropriate leadership management style and staff. Core values can contribute to the way resources are spent within the organization, the work-life balance philosophy of the organization, and how performance can be designed. During decision-making procedures, leaders have to integrate core principles to ensure that whole team stays committed to these values. The mission statement serves as a roadmap to help make chief choices for the organization's staff.

## Management of Nonprofit Organizations

The value of nonprofit organizations is remarkable because they help to meet the needs of society in numerous fields, including poverty, development, and health among others. The leadership of those who manage nonprofit organizations is reflected in their creation, development, survival, and their longevity, as well as in the impact on their staff and culture.

Managers encourage and administer both economic and social actions within organizations. In this context, Kaplan (2001) discusses the need for organizational managers who have updated performance indicators and describes that clarity in transparency is required by donors, foundations, or other actors providing their funding. Managers help preserve social cohesion and establish new social balances and act as a "social valve," and to operate this form of institution, funding and volunteers are required. Therefore, a proficient management style of supervision, controlling, and sustaining in such organizations is needed.

Taliento and Silverman (2005) report in their article that it is more essential to accomplish in the nonprofit sector since (1) the targets are more difficult to attain since they appear to be behavioral and (2) the targets are more difficult to quantify. Dissimilar to the for-profit corporation where the board members decide on increasing the shareholder value with the same goals, nonprofit organizations begin with different set of objectives. It is difficult to quantify performances in nonprofit organizations because they deal with intangible problems such as social change, public perceptions, and behavior that cannot be considered with simple financial estimations. Regardless of what kind of organization it is, contact within the organization is essential. The leadership in the nonprofit organizations is more decentralized, and managers are more proactive because there are less resources organizations and they work with lesser level of certainty.

## How It Can Be Significant to Know Management Style?

A style of management defines the strategies that managers use to handle an individual, event, or organization. Information such as how they coordinate work, the way they make decisions, how they organize, and how they use authority can be included. Since every circumstance is different, they can discover in professional life different management styles. When each style is most successful, they can address some common management styles, and that can allow them to recognize and strengthen their form of organizational culture.

Understanding the natural style of the manager based on his personality, character qualities, and values will help him to recognize the strengths of leadership and areas for development. Another

justification for describing the management style is to help leaders to assess if it is consistent with the current situation of the organization and ultimately determine what style of culture manager wants to lead in. Regardless, it is important to be self-aware of how to be a successful leader and to help him grow in the role.

Moreover, staff control is important to a thriving organizational culture as it affects the consistency of how employees are functioning. As staff upkeep the outcomes of nonprofit organizations, they, too, should feel appreciated. The management should be transparent about the policies of the organization and have strong internal communication methods in order to maintain this feeling. A leader's management style should display that employees' personal development and satisfaction matter to the organization as that eventually leads to improved outputs and loyalty to the organization's mission.

Generating and preserving the organizational culture is a real challenge for management leadership. A good culture includes figuring out what all the nonprofit members want and taking responsibility for ensuring that the needs of those participating in the organization are met. The management style has to establish a forum for the organization to receive constant and open input so that the team feels understood and motivated. Accordingly, the team recognizes the significance of their accomplishments.

## The Management Styles in Nonprofit Organizations

In nonprofit organizations, it can be realized from the increasing importance of these organizations that the managers of these organizations are faced with significantly complicated managerial tasks (Fowler 2013), including scarce resources and ambiguous work environments, suggesting that leaders in nonprofit organizations need to hold the competencies and attributes found in management. Specifically, leaders in these organizations require effective managerial ability, personal integrity, vision, and aspiration to successfully work with their volunteers and employees. There are different management styles mentioned below that can work in nonprofit organizations.

### Authoritarian Management Style

It is often referred to as the style of autocratic or directive behavior. The authoritarian style of management includes controlling through consistent guidance and power. Usually, authoritarian executives claim robust authority, have complete decision-making power, and anticipate unchallenged compliance (Purcell 2019).

Obviously described functions and rigid hierarchies and reporting structures are required for this form of management style. It should not be appropriate for workers to doubt who is responsible for what. The staff need to be prepared and able to remain constantly up-to-date on the work of teams and to make all decisions in order to be a successful authoritarian management style.

An authoritarian management style has been shown to positively impact employee productivity in the proper organizational culture. A traditional culture usually encompasses the strongest environment for authoritarian management style. Such cultures have a high-power range, where staff demand more power from higher-level individuals and prefer to naturally defer to others in higher roles. It may also take a lot of time and resources to retain complete control of all decision-making. This can be extremely hard to do if managers are running big or complicated organizations.

The style of authoritarian management can also be effective, if managers have new or incompetent workers who need a lot of assistance and preparation. It is vital to remember that an authoritarian style can easily construct a destructive environment if taken to the extreme. It can lead to micromanagement if managers try to hold on to power too firmly, which will push away the best staff.

### Visionary Management Style

The visionary style of management is often called inspirational, charismatic, strategic, revolutionary, or authoritative. Visionary managers concentrate on communicating to their team the overall vision of the business, sector, or project. In the daily information, visionary executives do not

engage themselves; instead, they concentrate on the team's morale and cohesion, to maintain everyone going in the same direction and relinquish the specifics of how to get to their team members. This style can be found easy to follow if manager is naturally an enthusiastic and personable leader. However, for introverts or people who are uncomfortable in the spotlight, it may be more difficult. A considerable expanse of emotional intelligence, a risk taking, and the capacity to guide and handle change are also needed.

One of the benefits of visionary management is that it helps inspire staff to work toward mutual goals and solutions. A visionary approach can be useful for bringing everyone back on track if the team culture is currently divided. When a business or team has to change, visionary management is most frequently used. A downside of the visionary style of management is that the lack of courtesy to detail can lead to glitches, especially if the members of the team are inexperienced or fresh. For this drive, for skilled competent teams, visionary management is usually better. People who are already well-informed and confident enough to do their job with little or no supervision.

### Transactional Management Styles

The style of transactional management focuses on the use of beneficial effects to inspire staff to enhance their results, such as promotions, rewards, and stock options. Transactional styles rely on piece-work pay to motivate their workers to produce more. They may similarly arrange quarterly or annual incentives around the performance of employees.

The style of transactional management is built on the idea that through extrinsic incentives, managers can control and inspire staff fruitfully. For short periods, where managers need to impulse team to complete work and they would not need to do, the transactional management style appears to be successful. If managers demand the staff to work longer period to finish a project on time, it might be beneficial to give an extrinsic incentive. Studies show that, particularly in the long run, extrinsic incentives are less fruitful than intrinsic ones. In fact, if used too extensively or for too long, they can negatively affect organizational productivity.

### Servant Leadership Management Style

This style is often coaching or mentoring. The emphasis of a servant management style is to support workers. Managers who follow this style spend their time on coaching, mentoring, and supporting. Instead of a rule enforcer, they see their role as that of an advisor or coach. They need to be highly knowledgeable in both the roles of their staff and in performing coaching in order to be effective managers. In order to connect well with organization's team and develop a mentoring relationship, positive communication skills are required. Managers will need to convince their staff that they are ethical and trustworthy for the team to trust the leaders and open up to them. Usually, this management style often needs some of time because they have to take additional time with meetings with staff in order to mentor and encourage them effectively. If the time is scarce or the efficiency of performance is more critical than employees' satisfaction and well-being, then this style is not suitable.

However, in helping organizational team grow and progress professionally, the servant-leader management approach is useful. It helps to create a strong staff-leader pledge and can foster greater trust, closeness, and collaboration. Servant leadership focuses not on discipline, but on helping individuals learn from experience and on improving their own results. This leadership style can help them reach higher levels of success and efficiency if the organization has a team of talented professionals.

One of the shortcomings of this style of management is that it can be counterproductive for some staff. For negative staff members who are unambitious, pessimistic, and/or just a bad fit for their role, managers may waste their time trying to support and coach them. Managers also build rapport that result is not as high on their priority lists by focusing on learning chances and enhancement, as long as people have made a real attempt at it. Although this can be effective for process enhancement, creativity, and other cyclical projects if the team creates actual goods or offers customer service, also it can create problems.

### Democratic Management Style

A leadership style that is also often denoted to as a style of harmony, participative, or affiliative. This style is based on the idea that two opinions are healthier than one whatever the place or the title everyone deserves to have.

Leaders that follow a democratic style promote the exchange of ideas and daily engagement by employees. The emphasis is on empowering the team to share their opinions, ideas, suggestions, and possible solutions in order to support each other and for the organization's growth. The managers hold the ultimate decision-making authority in a democracy, but before making any decision, they look for and take into account the opinions, ideas, and suggestions of their teams.

The democratic leadership style makes the staff feel appreciated and understood. They can be motivated to address their own issues and come up with interesting new ideas. They are basically empowering the organization members to think for themselves and to take more risks for the organization decisions and results by asking for their feedbacks. They can also arrive at potential ideas and produce greater outcomes by finding out other people's ideas than if they are making decisions in isolation.

The greatest drawback of democratic leadership is that it takes time. If they are in a situation where a decision needs to be taken quickly, they will not have time to seek out the team's ideas to consider them. Another problem is that if staff feel like they are not really taking their ideas into account, workers may become irritated or resentful. For instance, it may result in their feelings being hurt if managers never seem to develop suggestions. To prevent this, without stressing who came up with what, they would need to either encourage anonymous feedback or become adept at initiating conversations and helping their teams concentrate on useful idea development.

### Laissez-Faire Management Style

Employee independence is emphasized by the laissez-faire management style. Laissez-faire originates from French and in English translates directly to "let do." In other words, with less or no involvement, laissez-faire managers enable their staff to do what they want. There is no supervision given during the development or production process under this management style. Laissez-faire managers support self-directed teams and generally only get engaged if something unexpected happens or it is demanded by the team.

A laissez-faire leader would only appear active at the beginning and the end of the workflow circle in a comfortably running team. To provide directives, collect information, and answer questions at the beginning and to review the team's results at the end and provide advice or suggestions on how the team can do better tomorrow (Purcell 2019).

## Conclusion

Management leadership style in nonprofit organizations faces an intricate set of challenges. Managers have to integrate the purpose of the organization into everyday activities, delegate jobs, develop culture, and inspire staff to keep pushing toward their nonprofit targets. However, there is no single best way to lead. Depending on their missions and priorities, nonprofit organizations require different types of management styles. The managers need to decide which leadership style is ideally tailored to the needs of their organizations, if they have been entrusted with leading or facilitating a nonprofit managerial style for their nonprofit organization. Today, organizations are looking at six kinds of nonprofit management leadership styles and debating how to determine which nonprofit values demand. Furthermore, leaders who default to one management style without challenging their strategies are generally less effective, thus simply asking the question, "How can we improve?" Also, there will be less than desired outcomes in a management style that is inconsistent with the entity, task, or situation at hand.

For an entrepreneurial firm, there is no full right culture type. Some modes of action are encouraged by all cultures and hindered by others. Others are well-suited to rapid and repeated transition, and others to slow the institution's gradual growth. The best culture would be one that closely suits a specific organization's strategy as it faces its own problems and the challenges of an unordinary period. The next progression in

enhancing the management style may be to evaluate and compare the management leadership styles with their personal and team needs and their current abilities, experiences, and skills. Managers need to have the tools to accommodate those requirements, consider ways to close skills gap, identify achievements, and periodically improve quality of life. In order to build their skills set, managers can also ask for critical suggestions from direct reports, peers, or more senior consultants and suggestions for extra management training. Ultimately, best nonprofit organizations will typically retain flexibility, awareness, and the willingness to master various styles of management.

In order to summarize the assumptions presented here, it can be discerned that nonprofit organizations are mainly oriented toward collective equality and tolerance of high uncertainty. Values are geared to the mission pursuit shared by all and carried out through teams of co-workers. The participatory management style is dominated by the democratic nature of staff relations, where organizations are characterized by a low level of classicism and informal and decentralized communication. In this style, there is an orientation toward change. Strategy is responsive with a prevalent focus on taking up opportunities for growth as they arise. The nonprofit organizational culture profile is consistent with some mentioned management styles, referred to as the dynamic community. The presented organizational culture types and management styles need deeper verification as well as reflection in the sense of nonprofit organizations' operations and connections between structure and culture of achieving targets. Fortunately, almost every form of personality and every type of organization has a professional leadership style to fit. Leaders need to find a management style consistent with both their attitude and their organization values to lead more effectively.

## Cross-References


- ▶ Culture and Organizations
- ▶ Leaders and Innovations in Public Organizations
- ▶ Management Versus Leadership
- ▶ Performance Management and Culture


## References


Cameron KS, Quinn RE (2011) Diagnosing and changing organizational culture: based on the competing values framework. Wiley, New Jersey, United States

Fowler FJ Jr (2013) Survey research methods. Sage, New Jersey, United States

Kaminskaya S (2017) "We are family" or organizational culture in its false value. December 27. Retrieved from https://medium.com/@stanislava.kaminskaya/we-are-a-family-or-dont-lie-to-your-tribe-329ae960e0ca

Kaplan R S (2001) Strategic performance measurement and management in nonprofit organizations. Nonprofit management and Leadership 11(3):353–370

Purcell G (2019) The top 7 management styles: which one are most effective. August 27. Retrieved from https://www.workzone.com/blog/management-styles/

Scott T, Mannion R, Davis H, Marshall M (2003) The quantitative measurement of organizational culture in health care a review of the available instruments. Health Serv Res 38(3):923–945

Taliento L, Silverman L (2005) A corporate executive's short guide to leading nonprofits. Strateg Leadersh 33(2):5–10

Tsai Y (2011) Relationship between organizational culture, leadership behavior and job satisfaction. BMC Health Serv Res 11(1):98

Xhelili D (2016) Organizational culture and leadership: A qualitative study assessing the impact of leaders on organizational culture, Thesis, Jönköping University, Sweden


O

# Organizational Culture and Socialization


Michael Klausner
Social/Behaviorial Sciences, University of Pittsburgh at Bradford, Bradford, PA, USA


## Introduction

The concept of culture is ubiquitous in all of the social sciences and is of paramount importance. It is most discussed, however, in anthropological and sociological analysis of societies and social behavior where it refers to an interrelated set of values, beliefs, assumptions, traditions, and

practices that exist within a society. It also includes the accumulated corpus of knowledge in all areas that exist in a society. Used in this way, the focus is on the macro-level of analysis, whole societies. The notion of culture, however, is equally applicable to social structures couched at the meso or middle-range level such as organizations. All organizations have a distinct culture. An organization's culture consists of its values, beliefs, expectations, philosophy, and notions of appropriate ways of interacting with its members, as well as key stakeholders which are outside of the organization such as customers, vendors, and other organizations. One can think of an organization's culture as providing a blueprint for its members' behaviors.

The importance of an organization's culture cannot be overemphasized but sometimes is, given that most aspects of culture are quite intangible and abstract even though its *manifestations* are not. The major topics discussed in this chapter are as follows:

> 1. The key elements of organizational culture. 2. Sources of an organization's culture 3. The variety of ways it is made visible and conveyed to members of the organization. 4. The extent to which an organization's culture is "strong or weak" and the consequences of such. 5. Organizational subcultures. 6. Ways in which organizations socialize new members into its culture. 7. How organizational culture relates to start-ups compared to mature organizations.

## Sources of an Organization's Culture

A start-up's organizational culture, unlike that of a mature organization, does not initially have an existing, relatively stable culture in place. In such instances, the founder of the company will be the major, sometimes the only source of the culture. This is especially likely to be the case if the founder has an already existing philosophy of management and values either acquired from previous organizations or derived from his/her personal philosophy and personality. As Flood notes, "When an entrepreneur builds a business, it is typically, 'their baby' and will acquire many of the values, and characteristics of the builder" (Flood 2021).

A good example of a start-up that had a strong culture which reflected its founder's personal organizational philosophy is Zappos, a company that sells shoes online that was acquired by Amazon. Its founder Tony Hsieh developed a corporate culture consisting of the following core values:

> 1. Deliver wow through service. 2. Embrace and drive change. 3. Create fun and a little weirdness. 4. Be adventurous, open-minded and creative. 5. Pursue growth and learning. 6 Build open and honest relationships and communication. 7. Build a positive team and family spirit. 8. Do more with less. 9. Be passionate and determined. 10. Be humble (Scandura 2019).

Founders of such iconic companies as Sears Roebuck, J.C. Penny, Walmart, and Apple developed strong organizational cultures that were very instrumental in those company's outstanding success. The success of these companies continued long after their founders passed on. Reed Hastings, founder of Netflix, during an interview with venture capitalist John Doerr said, "If the cultural roots are strong, then new leadership is developed in that model and will often continue the culture" (Roz 2020).

Initially, an organization's culture may be strong but as the company begins to grow it becomes weak because the founder becomes obsessed with doing everything him/herself and not delegating authority and tasks to others. While at first it may be necessary for the founder to be a "jack of all trades," as the company develops, being such may cause him/her to lose sight of the larger picture and not to reinforce the company's culture. On the other hand, if the organization's culture continues to maintain its strength by being shared among its members and reinforced, members will expect and welcome additional responsibilities. Reed Hastings, cofounder of Netflix, developed a "culture deck" consisting of 130 power point slides which initially was used internally to socialize new members into the company's culture but now is also used as a recruiting and vetting out potential employee tool. He said he "aspires to go entire quarters without making a single decision" (Roz 2020). Hastings' point is echoed by Tristan Walker, founder of Walker & Company which

developed shaving solutions for men of color. When asked by Guy Raz what he wished he knew 15 years earlier that he knows now, his response was, "Know your values, but don't just know them, *write them down*." The values that were part of his company's culture and which he endeavored to inculcate into his employees were: *Courage, inspiration, respect, judgment, wellness, and loyalty.* Walker believed that "for a business to last 100 years, it can't be about you, because you don't scale only your ideas and your story and your values do. As long as you know them and share them" (Roz 2020).

## Manifestations of Organizational Culture

The key constituents of organizational culture such as values, beliefs, norms, assumptions, language, ethical guidelines, and traditions are abstract and invisible. However, they are manifested in a variety of ways both directly and indirectly. This is important because they function as reminders to members and clients as to what the company stands for and how their actions should be in line with the company's culture. The following reveal the consequences of an organization's culture:

1. **Buildings and Offices**

   The size and configuration of a company's buildings and offices are visible clues to its culture. Is the building large, ornate, ostentatious? Is the name of the company on the outside of the building? Is it lit up and thus visible all day and night? Enron, for example, the energy company that was a high-flying darling of Wall Street only to crash and have its top executives indicted and sent to prison for accounting fraud among other things, had its name depicted in huge steel letters outside of its office at a conspicuous angle. On the other hand, Walmart's headquarters in Arkansas is "bare bones" in comparison. The headquarters of banks and other financial institutions convey an image of strength and solidity as projected in their buildings.

   The ways in which the organization's offices are decorated and configured are also clues to its culture. Are its offices all the same size or of different sizes? Are they decorated with expensive artwork or is such absent? Is there a relationship between the location and size of the offices and the ranks of the people occupying them? Are there separate cafeterias for top management and lower-level employees? If there is, it reflects an emphasis on power-status relationships within the organization. Does the organization have any enclosed offices at all for the majority of its members? When Michael Bloomberg became mayor of NYC, he did away with individual offices and had people of varying positions and rankings (himself included) work next to each other in one large room. Some have people work in cubicles that are partitioned from each other to maintain a modicum of privacy.

2. **Dress Codes**

   Does the organization have a dress code for its members, and if so, how strictly is it enforced; or are people allowed much discretion regarding their attire? In the 1950s, for instance, it would be unheard of for employees who were not performing physical labor not to wear a dress shirt, tie, and suit, or sports jacket. Sometimes, companies such as IBM would even specify the color of the clothes that were worn by employees. Now things have changed radically where "casual attire" is not only okay but seems to be, at least implicitly, preferred by some organizations. Dress codes or the lack of them can also be industry-specific. Airline pilots wear uniforms to convey authority. Technology, advertising, and social media companies, for example, are most apt not to have dress codes or if they do very flexible ones.

3. **Language**

   The manner in which employees address one another and their clients as well as how their positions are labeled tells much about an organization's cultural values. Are they expected to address higher ups by their last names or encouraged to use their first names? In recent years, for many companies, people

whose title were salesmen or sales ladies are now called sales associates. When Charles Schwab & Company acquired U.S. Bank, executives at U.S. Bank were taken aback when they learned that Schwab personnel used the word "customers" rather than "clients" (McShane and Von Glinow 2010). Words have both denotations and connotations and those such as "sales associates" and "clients" elicit more positive connotations than that of "salesperson" and "customer." Similarly, the ways in which a company's products are labeled reflects its culture. "Used cars" has a somewhat negative connotation, that is why such cars are now labeled as "preowned" by companies that sell them.

The degree to which cursing, expletives, or risqué comments or jokes are used and tolerated is also telling about a company's culture. The leader's use of humor signals what norm violations are acceptable in the workplace, and such signaling can lead to problem behavior in employees (Yam 2017).

The manner in which choice of language affects employees' interactions and also projects a particular image of the organization is clearly illustrated in Duff McDonald's depiction of how the consulting firm McKinsey became world famous and viewed as the "best of breed." (2018). Marvin Bower became head of McKinsey when James McKinsey passed. He is correctly seen as the "real architect and visionary of the firm." Upon his arrival, he orchestrated the following linguistic substitutions: McKinsey had *clients* not customers, its consultants *played a role* rather than working at a job, *it had a practice and firm members* not a business and employees, the firm did not negotiate with clients (he felt the term connoted an adversarial relationship) rather they *made arrangements*, it did not have rules, it had *values*. Perhaps most important, McKinsey was not a company; it was *The Firm* (McDonald 2013).

The changes in corporate terminology that Bower initiated not only functioned to project an *elite* image of McKinsey to the world and potential clients but also to its current and potentially future personnel. Moreover, it also served to differentiate it from its competition. Language both reflects and reinforces a company's culture.

4. **Slogans**

   Many organizations use slogans in their advertising as well as internally which certainly symbolizes their culture. When used internally, it is a way to socialize members into the organizational culture. These slogans are likely to become strongly associated with the organization in peoples' minds because of their repeated use in commercials, billboards, advertisements, and other communication outlets. Their pithiness and cleverness also contribute to their recall. One that would immediately come to mind for many people is "the customer is always right." It was most associated with Marshall Field's department store located in Chicago. Another is "the sale begins when the customer says no" which has been used by many companies when it became the title of a book by Elmer. Sy Syms, founder of Syms clothing store, was well-known by the slogan "an educated consumer is our best customer." Perhaps one of the shortest one was THINK used by IBM. Sam Walton, founder of Walmart, said that, "The two most important words that I ever wrote were on that first Wal-Mart sign, 'Satisfaction Guaranteed.' They're still up there and have made all the difference" (Walton 1992).

5. **Stories and Anecdotes**

   An organization's culture is also expressed via stories and anecdotes which convey specific values and prescribe desired behaviors towards organizational members and other stakeholders (Cooper et al. 2017). These stories and anecdotes serve to "concretize" and make tangible values and themes which are abstract. Many are about how the company was founded by people who were passionate about a vision they had for a particular product or service resulting in them leaving college or a job in order to pursue their vision. College buddies working in a garage or in their dorms developing prototypes of their invention are legendary. Michael Dell, for example, founder of Dell Technologies, ran his business from his dorm room, and then after signs of it becoming

successful dropped out of college. Apple founders Steve Jobs and Steve Woznick worked out of Jobs' garage and both left colleges to develop Apple. Likewise, Mark Zuckerberg and his college friends developed Facebook from their dorm rooms. Zuckerberg ultimately dropped out of Harvard to build the company.

6. **Rituals**

Organizational rituals represent another way in which aspects of an organizational culture are manifested. Rituals are "a form of social action in which a group's values and identity are publicly demonstrated or enacted in a stylized manner, within the context of a specific occasion or event" (Scandura 2019). One telecommunications company, for instance, developed the ritual of sending a loud wolf-cry sound over their speakers each time an employee closed a sale. Some companies have motivational song and dance routines which employees may perform prior to performing their work roles. One of the most famous ones is the Walmart Cheer, which goes like this:

Give me a W!
Give me an A!
Give me an L!
Give me an M!
Give me an A!
Give me an R!
Give me a T!
What's that spell?
Walmart!
What's that Spell?
Walmart!
Who's number one?
THE CUSTOMER!

This ritual was and still is performed at the start and conclusion of meetings and when employee shift changes occur.

Rituals function to motivate employees and to serve as a reminder of the organizations' core values.

## Strong Versus Weak Organizational Cultures

Strong organizational cultures involve "high levels of agreement among employees about what they value and high intensity towards those values. When both are high a strong culture exists" (Scandura 2019). The extent to which members internalize their organization's culture is always a matter of degree. When strong organizational cultures exist, members have deeply accepted the culture and their behavior towards each other, clients and other stakeholders reflects it. Weak organizational cultures, on the other hand, is when the culture has not been strongly accepted. In addition, members may have certain values that are in conflict with that of the organizations. These may have originated from other organizations they may have worked for or are simply a part of their personal value system.

## Organizational Subcultures

Just as subcultures exist within a society's overall culture, they also emerge within organizations. A subculture is a segment of the larger culture that "share distinguishing beliefs, attitudes and/or norms that set them apart in some significant manner from the dominant culture". Organizational subcultures may either reinforce or contradict elements of the larger organizational culture; they usually develop within specific departments or divisions of organizations. They may have subgoals which conflict with the larger organization or other organizational subcultures. For example, credit authorization departments are likely to be risk-averse and reluctant to grant credit to customers whose credit rating is problematic; however, the sales department, given its emphasis on increasing sales, is apt to embrace risk. Similarly, advertising and marketing departments may want to convey an image of the company that is not entirely accurate to put it in a very positive light while the company's legal department wanting to avoid any litigation is likely to look unfavorably upon such efforts.

## Ideal and Real Organizational Cultures

While an organization's culture may convey a particular set of values, beliefs, and expectations, it does not necessary follow that its members'

behavior will reflect them. Indeed, members may behave in ways that are incompatible with the professed culture. Many organizations have a "real" culture, while espousing an "ideal" culture to various stakeholders. There are several reasons why there may be a divergence between an organization's real and ideal culture. One of them would be inadequate acceptance of the ideal culture by members which will be discussed in the section on organizational socialization. Another would be because some values within the overall culture may conflict with each other. For example, the value placed on profit maximization and increasing shareholder value may be incompatible with values that stress the welfare of employees in terms of safe working conditions, fair wages, and benefits. Moreover, employees that have worked for other organizations may still have internalized that company's culture elements of which may be in conflict with that of their new employer's culture.

## Risk-Taking and Organizational Culture

The extent to which an organization is willing to take prudent risks is a common and important element of start-up cultures. As Flood states "Risk taking has become synonymous with entrepreneurship and that one must not be averse, or immune to uncertainty to become an entrepreneur" (Flood 2021). Actually, the propensity towards risk-taking and not being obsessed with fear of failure is also a salient feature of U.S. culture. In contrast to U.S. culture, failure is seen as a source of shame in Japanese culture (Syed 2015). "Failure is seen not as an opportunity to learn but as a demonstration that you don't have what it takes. . .blame for business failures is common and often intense in [Japanese culture]" (Syed 2015).

Typical of the mindset which has a positive view of failure was Henry Ford's responses to the failure of the first two automobiles that he developed and marketed. Rather than viewing them as abject failures, he saw them as valuable lessons about pricing and quality which were instrumental in the success of his third car and the Ford Motor Company (Syed 2015). Ford's view of "failure" and also that of Edison's after testing hundreds of metals to determine which would be suitable as a filament for the light bulb could be summed up as the belief that, "Failure is simply the opportunity to begin again, this time more intelligently" (Cabrera 2018).

Data on entrepreneurship indicates that Japan has the lowest annual entry rate for new enterprises among OECD nations (Syed 2015). This data can be causally related to the Japanese conception of failure as shown by a survey conducted by the Global Enterprise Monitor which indicated that, "Japanese citizens demonstrated the highest fear of failure; Americans, one of the lowest among the twenty countries surveyed." Syed makes the important point, however, "That fear of failure is not an inherently bad thing. It is smart to consider risks and exercise caution if they are deemed severe." He quotes Richard Branson, founder of Virgin Airlines, who said that, "The problem arises when opportunities exist but it remains psychologically impossible to even engage with them. The problem is when setbacks lead not to learning but to recrimination and defeatism."

## Organizational Culture and Ethics

Corporate ethical behavior or lack of it is dependent, in large part, on organizational culture and the degree to which it is stressed. Ethical conduct among members of the organization and between members and stakeholders is very much affected by the organizational culture. At times, the values expressed in the organization's culture may be in seeming conflict with certain organizational goals. For example, values stressing integrity, honesty, and doing what is in the best interests of the customer may conflict with values stressing profit maximization and the creation of shareholder value. In such cases, the degree of emphasis placed on each may determine which is the main determinant of employee's behavior. A good example would be Wells Fargo Bank where many of its sales employees were found to put their customers into products without the customers'

knowledge or consent. The pressure to meet corporate sales quotas was greater than having a quasi-fiduciary relationship with clients. Other examples would be the revelation that the tobacco industry knew for many years that smoking was both addictive and harmful to health, yet continued to deny such publicly. In these cases, the value given to maximization of profits and maintenance of the company's public image superseded the value of integrity.

## Organizational Socialization

An organization's culture already exists when a new person joins the organization. Organizational socialization must occur whereby the person will learn and internalize the culture of the organization. There are several ways in which this occurs. Many times, the person will already have some idea about the organization and its culture and for that reason be attracted to it as a potential employee. These notions may have several sources, friends, or relatives who work there, the organization's advertisements, or the individual's personal experiences with the organization as a customer or consumer of its product or services. In addition, college students may have served internships at organizations and thus gained an "insiders" perspective about the company.

If the person's perceptions of the organization and its culture is accurate, and compatible with his/her views, organizational socialization will be greatly facilitated; there will be a good "fit" between the person and the organization. However, even if there is a "good fit" between the new member and the organization's culture, socialization is still necessary.

Organizations use several methods to instill its culture into newly hired personnel. Among them are reading material in the form of manuals, audio-visual and in-person presentations as well as assigning someone to mentor the new hire.

Since start-ups do not have a long history, if any, the founders of the company have a much greater role in establishing an organization's culture than would be the case with a relatively mature company. Founders that have strong personalities and definitive philosophies of management and value orientations will incorporate such into the developing organizational culture.

Reid Hastings, founder of Netflix, created a "culture deck" consisting of about 130 slides indicating "what the company wanted to be and how we wanted to operate" (Roz 2020). Initially, he used it to socialize new hires into the company's culture. Interestingly, though, he soon realized that in addition to it being used as a teaching method, it could also function as a way to determine which job candidates would be compatible with Netflex's culture and which would not, thus it also served as a screening mechanism.

Roz comments that, "by defining exactly who they were, what they believed in and how they would operate and then putting it down on paper and out into the world, Netflix not only screened out suboptimal job candidates before they even applied, but they also got many people becoming candidates that might never have thought about Netflix."

## Organizational Socialization Agents

Coworkers play a crucial role in transmitting the organizational culture to new members. They are apt to be in close proximity to them and are likely to desire to help socialize the novice especially if their performance is partially dependent upon the new person performing his job well. Some may be told to mentor new hires, others may do so on their own.

Scandura cites the example of Whole Foods Market, the "health food" supermarket. Cofounder John Mackey refers to the company's "yogurt culture" in which the company reassigns veteran employees to new stores to convey Whole Foods corporate culture to newly hired personnel. Mackey notes that in the company's Columbus Circle store about 25% of personnel were transferred from other stores. "They were the starting culture for the fermentation that turned Columbus Circle into a true Whole Foods store" (Scandura 2019).

Organizational culture is also reflected by what its leaders pays most attention to or do not (Cooper et al. 2017). When sexist or racist jokes or behaviors are reported by employees, does the organization take strong steps to penalize those who engaged in such activities and develop "sensitivity" training sessions for members, or does it tend to ignore such reports or even worse blame the victims? Once the "me too movement" gained traction numerous women came forward and reported that they were subjected to various forms of sexual harassment and upon reporting such incidents to their supervisors no remedial actions were taken. In certain industries such as investment banking and movie production, the existence and tacit acceptance of various forms of sexual harassment were an ingrained part of the organization's culture. On the other hand, recently, when the owner of the New York Mets baseball team found out that his newly hired general manager had been sending a stream of sexually inappropriate text messages to a female reporter, the GM was immediately fired.

How an organization reacts to some type of crisis situation also reflects its culture. How does it respond, for example, when it loses a major customer or supplier or when one of the products it has on the market has been found to be defective, perhaps causing injuries or death to consumers? If "adaptation" and "flexibility "are key features of the organization's culture and folklore and have been adequately internalized by members, then chances are good that the organization will respond in ways that enable it to survive the crisis. On the other hand, if those components are missing, it would be more difficult for the organization to navigate the crisis. Sometimes, its attempts to do so would result in positive changes in the culture. Many organizations were not prepared to deal with the COVID-19 pandemic but saw that they could function at acceptable levels by having employees work from home and communicating virtually using Zoom. Consequently, several may continue this mode of operation, at least partially, even after the pandemic passes.

The organization's reward system is another way that its culture is conveyed to members. Are rewards mostly in the form of tangibles such as pay, bonuses, stock options, or in the form of intangibles such as praise, titles, ceremonies, or plaques marking members' achievements? Do the rewards emphasize individual or collective achievement and collaboration? Does the organization emphasize quantity or quality of its members' performance? For instance, customer service personnel may have their phone conversations with customers monitored, and the criterion may be the number of customers served within a particular time frame rather than the quality of the interaction and the extent to which the customer's problem was solved.

## Conclusion

Organizational culture is a significant but often overlooked aspect of organizations. It affects, directly or indirectly, virtually all aspects of an organization's operations in one way or another. The culture is especially influential in how members interact with each other, and with their current and potential customers as well as other stakeholders. The major features of the culture are transmitted to members via a variety of ways and internalized to varying degrees. The founders of a start-up are the primary drivers of the company's culture. Their personalities and philosophy of management will be reflected in the culture. Recruiting personnel who represent a good "fit" between the organizational culture and themselves is important for the success of the company. Attraction or aversion to risk-taking, ethics, allocation, and form of rewards and crisis management are some of the areas where organizational culture will exert itself.

## Cross-References


- ▶ Corporate Intrapreneurship: An Overview
- ▶ Diversity, Equity, and Inclusion: Strategic Plans for Start-Ups
- ▶ Emerging Female Entrepreneurial Leaders
- ▶ Entrepreneurial Mind, The
- ▶ Leadership Style in Entrepreneurship

## References

Cabrera B (2018) How to build a thriving workplace. The Great Courses, Virginia
Cooper CD, Hellriegel D, Slocum JW Jr (2017) Mastering organizational behavior. Flat World, Boston
Flood F (2021) The entrepreneurial mind. In: Farazmand A, Flood F, Klausner M (eds) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Meteor
McDonald D (2013) The firm. Simon & Schuster, New York
McShane S, Von Glinow MA (2010) Organizational behavior, 5th edn. McGraw Hill, New York
Roz G (2020) How I built this. Macmillan, New York
Scandura T (2019) Organizational behavior, 2nd edn. Sage, Thousand Oaks, CA
Syed M (2015) Black box thinking. John Murray Publishing, London
Walton (1992) Made in America. Bantam, New York
Yam KC (March, 2017) When joking with your employees leads to bad behaviors. Harv Bus Rev. https://hbr.org/2017/03/when-joking-with-your-employees-leads-to-bad-behavior

# Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment

Aaron Kweku Amanor
Department of Psychology, University of Ghana, Accra, Ghana

## Synonyms

Change implementation; Change initiative; Change managers; Change readiness; Employee behavior

## Definition

Attitude toward change refers to an employee's overall positive or negative evaluative judgment of a change initiative.

## Introduction

In recent time, telecom organizations have come under intense pressure to initiate reforms and changes to cope with rising rate of innovation in order to meet market demand (Ahmad and Cheng 2018; Chavula 2013; Aker and Mbiti 2010). Despite the fact that organizational change happens frequently in most organization, studies show that about 70% of all change initiative fail (Hassan et al. 2020; Choi 2011; Beer and Nohria 2000). While the failure of most of these change initiative may have several causes, few are as a result of attitudes toward change (Jones et al. 2008; Choi 2011). This attitude toward change has been described as an employee's overall positive or negative evaluative judgment of a change initiative implemented by his or her organization (Elias 2009).

The general argument in change literature is that employees with different rank and positions in an organization turn to demonstrate different attitudes toward organizational change. Studies have shown that executives, supervisors, and non-supervisors differ in their attitudes during large-scale organizational change (Kanter et al. 1992). According to Kanter et al. (1992), the executives (the change strategists at the top of the hierarchy), supervisors (change managers), and non-supervisors (change recipients at lower levels) are the three most important group of employees within the organization. They claim supervisors and non-supervisors experience high risk associated with the effect of change than the executives, while supervisors and non-supervisors are most likely to lose their job and status during organizational change. It has been noted that supervisors are interested in the potential outcome of a change and expresses different attitudes and perceptions about organizational change, which is a reflection of the differences in their level of influence, autonomy, and power (Jones et al. 2008). Thus supervisors have a prime and central role in ensuring the successful implementation of change initiative. The centrality of supervisors' role is that they create a link between the objectives of management and the daily work of change recipient because they often have access to information due to their closeness to management (Robson and Tourish 2005). However, research has posited that many change initiatives fail because change agents often

underestimate the influential role supervisors' attitudes play in determining change outcomes (Bartunek et al. 2006; Van der Voet et al. 2015).

Again, literature suggests that there is a rising acknowledgment of the influence of organizational culture and commitment on change implementation success (Vakola and Nikolaou 2005; Baird et al. 2011). The challenge therefore for most researchers is how to determine the role of organizational commitment in the relationship between culture and attitude toward organizational change. This strongly indicates that a research should be carried out to examine supervisors' attitude toward organizational change and the role of organizational commitment, within the Ghanaian telecommunication industry.

In an attempt to address these concerns in the literature, the study seeks to investigate whether organizational commitment affects the relationship between organizational culture and supervisors' attitude toward organizational change.

This study is particularly important as it provides a better understanding of the relationship between organizational culture and attitudes toward organizational change, and the role organizational commitment plays in ensuring the success of organizational change, particularly in the Ghanaian telecommunication industry.

## Literature Review

### Organizational Culture, Commitment, and Attitude Toward Change

According to Goffee and Jones (1998), culture is the way in which people relate to each other, involving the exhibition of the behaviors of Sociability and Solidarity dimensions for the benefit of the organization. It sets out the norm and is helpful in shaping attitudes toward change (Sorensen 2002). It impacts all aspect of organization's life and therefore has a significant effect on employee behavior (Berry 2004). Most authors also agree that culture has an impact on change efforts in an organization (Buchanan et al. 2005). Some cultures are more flexible, more adaptive toward changes in an organization than others. According to Sorensen (2002), an organization with a strong culture is very efficient in refining and improving established competences to handle organizational change. Strong cultures have an agreed set of values and small changes will be accepted, hence implementing change would be less difficult. Choi and Ruona (2011) and Weiner (2009) agree that organizational culture is one of the most important contextual factors that negatively or positively affect attitudes toward organizational change. These scholars concede that the different types of organizational culture impact the level of individual attitude toward organizational change (Choi and Ruona 2011; Weiner 2009) and that culture with the dimension of sociability and solidarity influences reception and adaption to changes in organization (Pinto et al. 2011).

Organizational commitment is explained as a strong belief by an employee, in the missions and objectives of an organization, a wish to continue a relationship with the organization and a readiness to devote substantial effort to improve performance of the organization (Michael et al. 2009). Suliman (2002) argues that organizational commitment is a significant mediating variable which shapes and influences organizational outcomes. Yousef (2000a, b) examined the mediating role of organizational commitment in predicting attitudes toward organizational change, and found that organizational commitment directly influences attitude toward organizational change. Again, organizational commitment also did act as a mediator between the predictor and attitude toward organizational change.

Although organizational commitment has been found to have a significant influence on employees' attitudes toward organizational change (Nafei 2014; Vakola and Nikolaou 2005; Visagie and Steyn 2011; Yousef 2000a), a thorough literature review, however, generally indicates that organizational culture is an antecedent of organizational commitment (Rashid et al. 2003; Van Stuyvesant Meijen 2007). Findings of Lok and Crawford (2004) revealed that supportive cultures had positive influences on organizational commitment, thus buttressing the assertion that there is a significant influence of organizational culture on organizational commitment.

A positive influence of organizational culture on attitude toward change has been found in literature (Al-Zu'bi 2011; Haffar et al. 2014; Rashid et al. 2004). Studies by Chen (2004) and Lok et al. (2005) found positive influence of organizational culture on organizational commitment. Furthermore, organizational commitment has a positive influence on attitudes toward organizational change (Nafei 2014; Vakola and Nikolaou 2005; Visagie and Steyn 2011). That means, organizational culture has been found to influence organizational commitment; and attitude toward change has also been found to be a consequent of organizational commitment, thus suggesting that organizational culture can equally influence supervisors' attitudes toward organizational change through organizational commitment. Therefore, based on the review of existing literatures, the study hypothesizes that:

H1: Organizational commitment will mediate the relationship between organizational culture and supervisors' attitudes toward organizational change.

## Methodology

### Research Setting

I-Zone Company Limited, a Telecommunication distributor for MTN Ghana, is considered for the study. The company is currently undergoing major changes. The company's restructuring includes implementing new rules and procedures which made the entire employees perform their job in a different way. The restructuring has also altered the company's internal structure, redefining the working relationships, the merger of some departments, and changes to work practices. These recent changes in the company make the company very suitable for the research.

### Research Design and Sampling Techniques

To meet the objectives of the study, the researcher employed the quantitative approach and the cross-sectional survey design in data collection and analysis, using a standardized questionnaire. A two-stage sampling process was adopted in this study. The first stage involved selecting the organization in the telecommunication sector while the second stage involved selecting the individual supervisors to form the sample of the study. Considering the nature of this research, the purposive sampling technique was used to select the study organization. This was then followed by a simple random sampling technique to select the individual supervisors from the company for the study.

### Sample Size and Survey Administration

Based on the sample size determination by Miller and Brewer (2003), sample size approximated to 180 supervisors was selected for the study. Permission was sought from the Human Resource Department of I-zone Limited, the organization used in this study. Questionnaires were distributed with the assistance of the departmental head of human resource to the randomly sampled supervisors. The questionnaires contained clear detailed information on how to fill them correctly. Notwithstanding, the instructions were further explained before handing over the questionnaires. Ethical principles like confidentiality, freedom to quit, informed consent, and promise of no harm to respondents were considered in the study. Detailed instructions regarding the purpose of the study and voluntary participation in the research were clearly spelt out. In addition, respondents were informed that there was no adverse effect should they participate or decline to participate in the research. To ensure confidentiality and anonymity of responses, respondents were instructed not to write their names on the questionnaires to disclose their identity. Furthermore, all the respondents were given an envelope into which they sealed their completed questionnaire before submitting it. Finally, respondents were also made to understand that the research was strictly for academic purposes and their responses will be handled with utmost confidentiality and privacy.

Out of the 180 questionnaires administered, 170 were retrieved and deemed suitable for data analysis. Thus a response rate of 94.44% was obtained. Of the respondents in the final sample, 83 (representing 48.8%) were males whiles 87 (representing 51.2%) were females. Majority of the respondents were between the age group of

25–34 years (112 of the respondents, representing 65.9%), while majority of respondents were holding diploma/HND certificates (86 of the respondents, representing 50.6%).

## Data Collection Instrument

### Measure of Organizational Culture

Organizational culture scale developed by Goffee and Jones (1998) was adapted to measure organizational culture (behavior of solidarity and sociability). The instrument consists of 23 items. Individual responses to the questions were measured on a five-point interval scale. The responses ranged from 1 (strongly disagree), 2 (slightly disagree), 3 (neither agree nor disagree), 4 (slightly agree) to 5 (strongly agree). The Cronbach's alpha reliability coefficient was 0.72.

### Measure of Organizational Commitment

The Organizational Commitment Questionnaire (OCQ), which was developed by Mowday et al. (1979), was used in measuring organizational commitment. This instrument consists of 15 structured statements. Individual responses to the questions were measured on a seven-point interval scale. The responses ranged from 7 (strongly agree), 6 (moderately agree), 5 (slightly agree), 4 (neither agree nor disagree), 3 (slightly disagree), 2 (moderately disagree) to 1 (strongly disagree). The Cronbach's alpha coefficient was 0.82.

### Measure of Attitude Toward Organizational Change

Supervisor's attitudes toward organizational change in general were measured using the attitudes toward organizational change questionnaire developed by Vakola et al. (2004). The scale consists of 29 items (15 positives and 14 negative items), and respondent must indicate the extent to which they agree with each item on a five-point scale ranging from 1 (strongly disagree), 2 (slightly disagree), 3 (neither agree nor disagree), 4 (slightly agree) to 5 (strongly agree). High scores on the scale represented positive attitudes while low scores on the scale represented negative attitudes toward organizational change. The Cronbach's alpha reliability coefficient was 0.89.

## Analysis of Data

The research employed both descriptive and inferential methods of analyzing data using SPSS. The descriptive analysis approach was used to analyze the demographic data of the respondents to represent data in the form of summary statistics such as means and standard deviations. The Pearson product moment correlation was used in conducting correlation analysis in order to describe the strength and direction of the linear association between the variables (Pallant 2005). Correlation analysis was also used to test multicollinearity. Hypotheses were analyzed using a regression in order to examine the influence of the predictor variable on the dependent variable.

# Result

## Descriptive Statistics and Correlation

Descriptive statistics, standard deviation, and correlations among the variables are presented in the table below.

From Table 1, it is observed that a positive significant relationship exists between organizational culture and attitude toward organizational change ($r = 0.460$, $p < 0.01$) at 1% level of significance. Also, a positive significant relationship is observed between organizational commitment and attitude toward organizational change ($r = 0.596$, $p < 0.01$) at 1% level of significance. This means that there is linear relationship between organizational culture and attitudes toward change as well as between organizational commitment and attitudes toward change. With regard to multicollinearity, the correlation coefficient ($r = 0.40$) between the independent variable; organizational culture; and organizational commitment is below the threshold of 0.70 which indicates a low multicollinearity between the independent variables.

## Hypothesis Testing

### Analysis on the Mediating Effect of Organizational Commitment on Organizational Culture and Attitudes Toward Change

In testing the hypothesis: "organizational commitment will mediate the relationship between

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 1** Estimates of means, standard deviations (SD), and correlation of variables

| Variables | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| 1 Gender | 1.51 | 0.501 | 1 | | | | | | |
| 2 Age | 2.08 | 0.625 | −0.258** (001) | 1 | | | | | |
| 3 Education | 1.95 | 0.740 | −0.405** (0.000) | 0.278** (0.000) | 1 | | | | |
| 4 Length of service | 2.20 | 0.927 | −0.031 (0.692) | 0.362** (0.000) | 0.119 (122) | 1 | | | |
| 5 Culture | 89.52 | 15.85 | −0.128 (0.097) | 0.062 (0.425) | −0.134 (0.082) | −0.177* (0.021) | 1 | | |
| 6 Commitment | 78.59 | 12.14 | 0.096 (215) | −0.154* (0.045) | −0.265** (0.000) | −0.167* (0.029) | 0.400** (0.000) | 1 | |
| 7 Attitudes | 110.57 | 17.76 | 0.013 (0.868) | −0.028 (718) | −0.013 (871) | −0.082 (0.287) | 0.460** (0.000) | 0.596** (0.000) | 1 |

Note: (**) =0.01, (*) =0.05, n = 170

organisational culture and supervisors' attitudes toward organizational change," several regression analyses were conducted and significance of the coefficients was examined at each step as proposed by Baron and Kenny (1986) for testing mediation. In step one simple linear regression analysis was conducted with organizational culture predicting attitudes toward organizational change. The results are presented in Table 2.

In step two, simple linear regression analysis was conducted with organizational culture predicting organizational commitment. The results are presented in Table 3.

In step three, simple linear regression was conducted with organizational commitment predicting attitude toward organizational change. The results are presented in Table 4.

From Table 2, it is observed that organizational culture significantly predicts attitude towards change ($\beta = 0.460$, $t = 6.722$, $p = 0.00$). Thus, the first condition was satisfied. Table 3 also shows that organizational culture significantly predicted organizational commitment ($\beta = 0.400$, $t = 5.66$, $p = 0.00$). Thus, the second condition was also satisfied. Table 4 also shows that organizational commitment significantly predicted attitude toward organizational change ($\beta = 0.596$, $t = 9.624$, $p = 0.00$). Thus, the third condition was also satisfied. This result indicates that all the three conditions have been met.

In the fourth step, a standard multiple regression was conducted with both organizational culture and organizational commitment predicting attitudes toward organizational change to check for any mediation effect. The results of the standard multiple regression analysis are presented in Table 5.

The results shown in Table 5 indicate that the regression model is well fit ($F = 58.96$, $p = 0.000 < 0.05$). From Table 5, the standard

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 2** Summary of simple linear regression analysis – step one

| | Unstandardized coefficients | | Standardized coefficient | | |
|---|---|---|---|---|---|
| Model | B | Std. error | Beta | t | Sig. |
| 1 Constant | 64.41 | 6.97 | | 9.24 | 0.000 |
| Culture | 0.516 | 0.077 | 0.460 | 6.722 | 0.000 |

Dependent: Attitude toward change, R2 = 0.21

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 3** Summary of simple linear regression analysis – step two

| | Unstandardized coefficients | | Standardized coefficient | | |
|---|---|---|---|---|---|
| Model | B | Std. error | Beta | t | Sig. |
| 1 Constant | 51.14 | 4.92 | | 10.39 | 0.000 |
| Culture | 0.307 | 0.054 | 0.400 | 5.66 | 0.000 |

Dependent: Organizational Commitment, R2 = 0.16

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 4** Summary of simple linear regression analysis – step three

| | Unstandardized coefficients | | Standardized coefficient | | |
|---|---|---|---|---|---|
| Model | B | Std. error | Beta | t | Sig. |
| 1 Constant | 42.04 | 7.21 | | 5.84 | 0.000 |
| Commitment | 0.872 | 0.091 | 0.596 | 9.624 | 0.000 |

Dependent: Attitude toward change, R2 = 0.36

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 5** Summary of standard multiple regression

| Model | Unstandardized coefficients | | Standardized coefficient | | |
|---|---|---|---|---|---|
| | B | Std. error | Beta | t | Sig. |
| 1 Constant | 27.73 | 7.73 | | 3.59 | 0.000 |
| Commitment | 0.717 | 0.095 | 0.490 | 7.58 | 0.000 |
| Culture | 0.296 | 0.072 | 0.264 | 4.08 | 0.000 |

Dependent: Attitude toward change, $R^2 = 0.41$, $F = 58.96$

multiple regression results indicate that organizational commitment significantly influence attitudes toward organizational change ($\beta = 0.490$, $t = 7.58$, $p = 0.00 < 0.05$). Again, it is observed that culture still has a significant influence on attitude toward organizational change ($\beta = 0.264$, $t = 4.08$, $p = 0.00 < 0.05$), when the mediating variable was introduced. This confirms that both organizational culture and organizational commitment significantly predict attitudes toward organizational change. Thus, a partial mediation exists. This means that organizational commitment partially mediated the relationship between organizational culture and attitudes toward organizational change. In other words, in the presence of organizational commitment, organizational culture still influenced attitude towards change directly, as well as indirectly through organizational commitment. Therefore, the hypothesis was also confirmed.

The indirect effect estimate was calculated manually using Judd and Kenny's (1981) formula. This was done by subtracting the unstandardized regression coefficient between the predictor and the dependent variables of the fourth step from that of the first step.

Thus, $B_{indirect} = B - B1$; thus, $0.516–0.296 = 0.22$.

Therefore, the indirect effect estimate between organizational culture and attitude toward organizational change through organizational commitment was 0.22. The Percentile Bootstrapping Confidence Interval Method was used to test this indirect effect estimate for significance. The results of this are presented in Table 6.

From Table 6, it is observed that the indirect effect estimate (0.22) was significant (0.003) at 5% level of significance. This strengthens and confirms the partial mediation found. Thus, there was a partial mediation, and the indirect effect was significant.

**Organizational Culture and Supervisors' Attitudes Toward Change, Mediating Role of Organizational Commitment, Table 6** Percentile Bootstrapping to Test the Significance of the Indirect Effect

| Relationship | Estimate | L.P | U.P | Sig. |
|---|---|---|---|---|
| OC—>CO—> AT | 0.22 | .152 | .472 | 0.003 |

Note: OC- organisational culture, CO- commitment, AT- attitudes toward change, L.P- lower percentile, U.P- upper percentile

## Discussion

With regard to the hypotheses in question, the results show that organizational commitment partially mediated the relationship between organizational culture and attitudes toward organizational change among the supervisors. This finding is partly in agreement with studies in which organizational commitment has been found to mediate the relationship between attitude toward organizational change and other organizational outcomes such as job satisfaction (Yousef 2000a) and work ethics (Yousef 2000b). Similarly, Suliman (2002) explored the mediating effect of organizational commitment and also found that organizational commitment plays a partial mediating role between organizational climate and performance. Suliman (2002) therefore argues that the importance of organizational commitment is due to its influence as a significant mediating variable in shaping organizational outcomes.

Inferring from the findings of this study and those in the reviewed literature, this mediating role of organizational commitment in the current study does not come as a surprise. First, a positive influence of organizational culture on attitude toward change was found and confirmed by literature (Al-Zu'bi 2011; Haffar et al. 2014; Rashid et al. 2004). Secondly, it was found that organizational culture has a positive and significant influence on organizational commitment, which is also confirmed in the study conducted by Rashid et al. (2003) in Malaysia which revealed a positive association between organizational culture and organizational commitment, further suggesting that the perfect linkage between organizational culture and organizational commitment can yield a good benefit to the performance of the organization. Similarly, Van Stuyvesant Meijen (2007), in a study in South Africa, found out that organizational culture had a significant positive relationship with organizational commitment. Other studies such as those of Chen (2004) and Lok et al. (2005) also found and confirmed the positive influence of organizational culture on organizational commitment. And lastly, a positive influence of organizational commitment on attitudes toward organizational change was found, and also confirmed by literature (Nafei 2014; Vakola and Nikolaou 2005; Visagie and Steyn 2011).

Deducing from these findings and the positive significant relationships that has been established between the variables, it is not out of place to argue that organizational culture has both a direct influence and indirect influence through commitment on supervisors' attitudes toward change. Direct in the sense that organizational culture which comprises of the dimensions of sociability and solidarity influences employees' reception and adaption to changes in the organization, as indicated by Pinto et al. (2011). More notably, the indirect influence is justified on the basis that supportive cultures are seen to influence organizational commitment positively, and organizational commitment in turn has been found to influence attitude toward organizational change, in the event that the change would benefit employees (Vakola and Nikolaou 2005). This current finding thus justified the interrelationships that have been found both in this study and in related literature among organizational culture, organizational commitment, and attitude toward organizational change. The finding also supports the idea that supervisors who embrace the culture of the organization are more committed to their organization and subsequently very willing to accept change as long as the change does not seek to modify the norms and objective of the organization.

## Conclusion

The aim of this study was to examine the mediating effect of organizational commitment on the relationship between organizational culture and supervisors' attitude toward organizational change. Based on the findings, the study concluded that when the culture that exists in the organization is supportive socially, to a large extent, it is enough to engender commitment from supervisors and subsequently influence supervisors' positive attitudes toward change in the organization.

## Study Limitations and Recommendation

This study has some limitations. First, data for the study was gathered from one single organization. Conducting a research with one organization might lead to findings that are dependent on specific organizational characteristics. Secondly, the design of the study was cross-sectional which collected information at one point in time. This design restricts the researcher's ability to deal with development of organizational change and its effect on supervisors' attitudes over a period of time. Also, the generalizability of the research report could have been enhanced by involving more organizations but time and logistic constraints did not allow for that. In spite of these limitations, the findings from the study have important recommendation for change agents.

It is recommended that before starting an implementation of change initiatives, change agents must ensure supervisors are in a position

to accept the values and goals of the organization, and are willing to put in effort to help the organization.

For future research, it is suggested that the study be replicated within another business industry, as it is relevant to verify if these results maintain their stability among industries with different characteristics.

## References


Ahmad AB, Cheng Z (2018) The role of change content, context, process, and leadership in understanding employees' commitment to change: the case of public organizations in Kurdistan region of Iraq. Public Pers Manage 47(2):195–216

Aker JC, Mbiti IM (2010) Mobile phones and economic development in Africa. J Econ Perspect 24(3):207–232

Al-Zu'bi HA (2011) Investigating the relationship between corporate culture and organisational change: an empirical investigation. J Emerg Trends Econ Manag Sci 2(2):111–116

Baird K, Jia Hu K, Reeve R (2011) The relationships between organizational culture, total quality management practices and operational performance. Int J Oper Prod Manag 31(7):789–814

Baron RM, Kenny DA (1986) The moderator–mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. J Pers Soc Psychol 51(6):1173

Bartunek JM, Rousseau DM, Rudolph JW, DePalma JA (2006) On the receiving end: sensemaking, emotion, and assessments of an organizational change initiated by others. J Appl Behav Sci 42:182–206

Beer M, Nohria N (2000) Cracking the code of change. Harv Bus Rev 78:133–141

Berry B (2004) Organisational culture: a framework and strategies for facilitating employee whistleblowing. Empl Responsib Rights J 16(1):1–11

Buchanan D, Fitzgerald L, Ketley D, Gollop R, Jones JL, Saint Lamont S, Neath A, Whitby E (2005) No going back: a review of the literature on sustaining organisational change. Int J Manag Rev 7(3):189–205

Chavula HK (2013) Telecommunications development and economic growth in Africa. Inf Technol Dev 19(1):5–23

Chen YL (2004) Examining the effect of organization culture and leadership behaviors on organizational commitment, job satisfaction and job performance at small and middle-sized firms of Taiwan. J Am Acad Bus 5(1–2):432–438

Choi M (2011) Employees' attitudes towards organisational change: a literature review. Hum Resour Manag 50(4):479–500

Choi M, Ruona WEA (2011) Individual readiness for organisational change and its implications for human resource and organisation development. Hum Resour Dev Rev 10(1):46–73

Elias S (2009) Employee commitment in times of change: assessing the importance of attitudes towards organisational change. J Manag 35(1):37–55

Goffee R, Jones G (1998) The character of a corporation: how your company's culture can make or break your business. Harper Business, London

Haffar M, Al-Karaghouli W, Ghoneim A (2014) An empirical investigation of the influence of organisational culture on individual readiness for change in Syrian manufacturing organisations. J Organ Chang Manag 27(1):5–22

Hassan HA, Zhang X, Ahmad BA, Liu B (2020) Public service motivation and employee change-supportive intention: utilizing the theory of planned behavior. Public Pers Manag 50(2):283–304

Jones L, Watson B, Hobman E, Bordia P, Gallois C, Callan VJ (2008) Employee perceptions of organizational change: impact of hierarchical level. Leadersh Org Dev J 29(4):294–316

Judd CM, Kenny DA (1981) Process analysis: estimating mediation in treatment evaluations. Eval Rev 5(5): 602–619

Kanter RM, Stein BA, Jick TD (1992) The challenge of organizational change: how companies experience it and leaders guide it. Free Press, New York

Lok P, Crawford J (2004) The effect of organisational culture and leadership style on job satisfaction and organisational commitment. J Manag Dev 23(4):321–338

Lok P, Westwood R, Crawford J (2005) Perceptions of organisational subculture and their significance for organisational commitment. Appl Psychol Int Rev 54(4):490–514

Michael O, Court D, Petal P (2009) Job stress and organisational commitment among mentoring coordinators. Int J Educ Manag 23(3):266–288

Miller RL, Brewer JD (2003) The A-Z of social research-a dictionary of key social science research concepts. Sage, London

Mowday RT, Steers RM, Porter LW (1979) The measurement of organizational commitment. J Vocat Behav 14(2):224–247

Nafei AW (2014) Assessing employee attitudes towards organisational commitment and change: the case of King Faisal Hospital in Al-Taif Governorate, Kingdom of Saudi Arabia. J Manag Sustain 4(1):204–219

Pallant J (2005) SPSS survival manual: a step by step guide to data analysis using SPSS for windows (version 12), 2nd edn. Open University Press, Maidenhead

Pinto LH, Cabral-Cardoso C, Werther JWB (2011) Why solidarity matters (and sociability doesn't): the effects of perceived organisational culture on expatriation adjustment. Thunderbird Int Bus Rev 53(3):377–389

Rashid ZA, Sambasivan M, Johari J (2003) The influence of corporate culture and organisational commitment on performance. J Manag Dev 22(8):708–728

Rashid MZA, Sambasivan M, Rahman AA (2004) The influence of organisational culture on attitudes toward

organisational change. Leadersh Org Dev J 25(2): 161–179
Robson PJA, Tourish D (2005) Managing internal communication: an organizational case study. Corp Commun Int J 10:213–222
Sorensen JB (2002) The strength of corporate culture and the reliability of firm performance. Adm Sci Q 47(1): 70–91
Suliman AMT (2002) Is it really a mediating construct? The mediating role of organizational commitment in work climate-performance relationship. J Manag Dev 21(3):170–183
Vakola M, Nikolaou I (2005) Attitudes towards organisational change: what is the role of employees' stress and commitment? J Empl Relat 27(2):160–174
Vakola M, Tsaousis I, Nikolaou I (2004) The role of emotional intelligence and personality variables on attitudes towards organisational change. J Manag Psychol 19(2): 88–110
Van der Voet J, Kuipers BS, Groeneveld S (2015) Implementing change in public organizations: the relationship between leadership and affective commitment to change in a public sector context. Public Manag Rev 18:842–865
Van Stuyvesant Meijen, J. (2007). The influence of organisational culture on organisational commitment at a selected local municipality. Unpublished master's dissertation, Rhodes University, Grahamstown
Visagie CM, Steyn C (2011) Organisational commitment and responses to planned organisational change: an exploratory study. South Afr Bus Rev 15(3):98–121
Weiner BJ (2009) A theory of organisational readiness for change. Implement Sci 4(67):1–9
Yousef DA (2000a) Organisational commitment and job satisfaction as predictors of attitudes toward organisational change in a non-western setting. Pers Rev 29:567–592
Yousef DA (2000b) Organisational commitment as a mediator of the relationship between Islamic work ethic and attitudes toward organisational change. Hum Relat 53: 513–537

# Organizational Decision-Making

Paul C. Nutt
Fisher College of Business, The Ohio State University, London, OH, USA

## Synonyms

Choice theory; Consultation; Participation/negotiations; Problem solving

## Definition

Arena of action: Concerns and difficulties found to be meriting attention.
Best practices: Techniques or analytics found to be an effective way of dealing with one or more of the phases of decision-making.
Decision-making: A process carried out by leaders to deal with concerns and difficulties confronting an organization.
Interests: Issues key people want to address by the decision.

## Introduction

Over the past several decades, empirical studies have uncovered the practices applied when making organizational decisions and their success (Nutt 2002). These studies collected more than 400 decisions identifying decision-making practices applied, along with external factors and results. A statistical analysis linked the practices applied with the decision's outcomes, accounting for the external factors. Sector was one of several external factors considered. Here the research compared differences across public and private sector decision-making, looking for practices that succeeded and failed in each sector (Nutt 2006). In addition, firsthand accounts of the decisions from the key participants were obtained. These accounts provided considerable detail into how decisions were made and why some practices were more successful than others, looking for insights into why some practices succeed and others failed.

These studies provided a number of key conclusions regarding decision-making effectiveness (Nutt 2002). Half failed making a failed decision a commonplace event in organizations (Nutt 1999). When failure was observed, a decision was discarded before an implementation attempt or following a concerted implementation effort; so no benefits were realized. Both the well-regarded and besieged managers working in well-regarded and newer organizations experience failure. The wasted resources and forgone benefits that resulted suggest the need for better

practices. Another key finding found that decision-makers in the decision studied were not at the mercy of changes in expectations, budgets, draconian regulations, and other external factors. Consequently, situational constraints that can pose obstacles and constraints were not the cause of failure. Instead, failure can be traced to the practices followed by the key decision-makers. Best practices doubled the prospect of success, regardless of the situation being confronted. Furthermore, no significant differences were found in the practices that tend to work and tend to fail when applied in public as compared to private organizations.

To illustrate how these findings apply to public sector decision-making, a decision in the database will be used as an exemplar. In this decision American Electric Power (AEP) set out to contain pollution in one of their power plants (Nutt 2010). Table 1 provides a summary of events that proceed and followed the pivotal decision in the AEP case. Both failure-prone practices and best practices will be highlighted in the discussion using the case to illustrate key points.

**Organizational Decision-Making, Table 1** Profile of the AEP pollution abatement decision

| Events | Key actions |
|---|---|
| Before | Gavin plant established in southern Ohio<br>Ash fallout prompts complains by Cheshire residents<br>EPA asks for study but no corrective action<br>AEP invests $7 million, only to exchange ash fallout for acid rain<br>Cheshire residents contact lawyers who suggest village buy out for $20 million |
| Pivotal decision | **Purchase village** |
| After | Ten percent of Cheshire residents refuse to sell<br>Negative publicity on a national scale<br>Complaints continue and EPA issues citations<br>AEP's proposal for a demonstration of a clean coal-fired plant rejected by DOE<br>Courts rule updated plants as well as new plants must have the most up-to-date pollution control<br>AEP's request to bill customers for pollution control costs rejected by courts |

Pivotal decision in bold. Case adapted from: Nutt (2010)

## Pollution Control at AEP

AEP is a major energy provider, operating more than 80 plants. The Gavin coal-burning plant in southeast Ohio began operation in 1974. Its smoke stacks sit within yards of Cheshire, Ohio, a village of 221 people. From the outset, there were complaints about ash fallout prompting the EPA to ask for a voluntarily reduction of the nitrogen oxide emissions. AEP mounted a study, finding that pollution abetments would be ineffective in summer months and took no further action. In the years that followed, more stringent regulations prompted the EPA to again call for a reduction in ash fallout. AEP spent $7 million to install the previous shelved plan (selective catalytic reduction or SRC system) at the Galvin plant. The SRC system proved to be ineffective, replacing one type of pollution with another. The plant now belched sulfur trioxide, causing a blue haze of sulfuric acid to engulf the village. Residents experienced burning eyes, headaches, sore throats, and white burns on their bodies. The EPA called on AEP to correct the blue haze problem. AEP balked. An investment of $7 million was seen as intensifying the problem, which argued against further investments. Cheshire residents engaged lawyers who suggested that AEP be approached to buy the village and suggested a price ($20 million). The residents agreed and allowed the lawyers to approach AEP. After receiving the offer, AEP analysts investigated, concluding that the purchase price would compensate the villagers at or above market value for the homes. Company officials agreed to the purchase, reasoning it would appease the villagers and turn aside growing negative publicity. In the agreement, residents were to wave their right to sue and conduct individual negotiations.

Complications arose. The attorneys were hired by villagers who wanted to sell their properties. After the deal had been stuck, 21 (10%) of the Cheshire residents refused to sell and kept the village intact. The local press labeled AEP as environmentally irresponsible, contending they bought a village rather than dealing with pollution, putting the decision into the national spotlight. The New York Times and the Washington

Post ran a series of stories connecting the decision to high-profile pollution debacles. Many residents were underage. A probate court stepped in and ruled that liability for haze-related health problems in children could not be removed by the deal. The village still exists, with the remaining residents on a village council that continues to sue. This has prompted nearby villages with public schools to take legal action, creating more potential liabilities.

Reviewing the actions taken suggest several flawed practices. First, what were AEP's aims? Assuming stifling complaints as the aim, there was no attempt to uncover stakeholder concerns and interests. Instead, the urge to resolve the controversy preempted due diligence. There were no studies undertaken beyond confirming property values. Second, the decision took shape as accepting or rejecting an offer to buy what turned out to be most, but not all, of the village. Company officials failed to consider potential liabilities and made no attempt to identify other options. There are several, depending on desired results. If the aim was to curb pollution turning off the SRC in summer months, reducing the use of low sulfur coal, other coal mixtures, or exploring shuttering the plant were options. If the aim was to deal with adverse publicity, the company could determine the people affected and negotiate directly with these parties to educate them, using proactive media and public relations to publicize the AEP position. Failing to work with residents to uncover their concerns ruled out these options. There was no attempt to understand legal liabilities, the scope of negative publicity, or the dangers of being seen as a poor corporate citizen by treating pollution as a real estate deal. Instead, AEP appeared to be a bullying business dodging its responsibilities using subterfuge to avoid compliance with clean air standards. There was no urgency to act on the buy out proposal. The EPA had not set a timetable, nor had the Cheshire residents. Officials have ample time to sort out their obligations and costs, such as risks, costs, and obligations, in a buyout, and to look for other options. Finally, desired results were obscured. Did AEP seek to limit liability, publicity, complaints, cost, future regulation, or responsibility? Without clarity here any proposed action will provoke objections.

The decision led to considerable negative fallout. AEP responded to a Department of Energy proposal for demonstrations of low pollution-free coal-burning plants without success. The courts ruled that AEP cannot make modifications to older coal-burning plants without first installing up-to-date air pollution technology. AEP attempted to charge customers for pollution investments, but a court challenge overturned the rate increase. AEP now faces large penalties unless the latest in pollution control is installed in both planned and modified plants, prompting delays in new plant construction. Pollution control technology now must reduce carbon dioxide emissions, a chief cause of climate change.

## Finding Best Practices for Decision-Making

My studies find that managers make decisions by working their way through a process, selecting practices along the way. Failure-prone practices were noted when decision-makers embraced a claim without study, ignored interests and interest groups, offered ambiguous directions, limited search, misused evaluations, overlooked ethical questions, and failed to learn (Nutt 2002, 2004). Many of these practices mislead officials in the AEP pollution control decision. Successful decision-makers reconcile claims from several sources, manage social and political forces that can block action, identify desired results, search widely and encourage innovation, estimate benefits and risks to realize options, uncover values behind ethical positions, and root out perverse incentives that block learning. Table 2 summarizes both practice types, to be illustrated with the AEP case.

### Select an Arena of Action

Organizational decisions are set in motion when a stakeholder makes a claim and seeks an endorsement (Cyert and March 1963). The claim specifies what the stakeholder believes a decision is about, its arena of action. Decision-makers often embrace opportunity-driven claims to appease a powerful stakeholder or to cater to interests they represent, without considering other claims. This

**Organizational Decision-Making, Table 2** Practices uncovered

| Failure-prone practices | Best practices |
|---|---|
| Adopt a claim (and claimant) without due diligence that implies or suggests a remedy | Reconcile the claims of key stakeholders to identify a need-driven arena of action |
| Implement using power and/or persuasion at the end of the process | Implementation begins early in the process using either participation or intervention |
| Ignore aims or allow expected results implied by a ready-made plan to serve as a proxy for aims | Make aims clear |
| Remedies suggested by a claim or from adaptations of current business practices displaces search | Allocate resources to carry out an aim-directed search. Identify multiple alternatives, with at least one having innovative features |
| Defensive evaluations applied to justify the preferred course of action | Evaluations used to document the benefits and risk of alternatives that address aims |
| Disregard ethical issues | Uncover and reconcile the values behind ethical positions. Align who benefits, pays, and decides |
| Allow perverse incentives that tolerate no failure | Stop punishing failure by acknowledging that some failure is inevitable and that blame is useless |

can mislead the effort and provoke opposition as interested parties question its justification and ponder what the decision should be about. AEP officials endorsed the village buyout, buying into claims it would eliminate a tiresome nuisance. There was no attempt to analyze the claim, to uncover competing claims, or to make the concerns behind each explicit, although gathering such intelligence is often recommended (e.g., Simon 1977). Instead, influential supporters made the buy out seem actionable (Cyert and March 1963; Pfeffer 1992; Pfeffer and Salancik 1974).

Such claims often prompt failure. Did AEP understand villager concerns, the concerns of villagers not a party to the lawsuit, or the concerns people in the surrounding areas? Without understanding such concerns, the arena of action (the buyout) becomes suspect (Pounds 1969). Company officials defined their stakeholders narrowly, overlooking the public stakeholder and the public's concerns about pollution as well as their expectations for corporate social responsibility. Successful decision-makers uncover the claims of key stakeholders, looking for hidden concerns. Key stakeholders may include top management teams, leaders of vital departments, technical experts, staffers with relevant experience (e.g., engineers), unions, suppliers, stockholders, creditors, customers, current and future alliance partners, supportive sister organizations, competitors, communities in which the organization operates, environment groups, and the general public. Best practice amalgamates the concern key constituencies to identify an arena of action that is needed, rather than opportunity driven.

AEP officials failed to reconcile their "keep the power on" mentality with the pollution being created. Ruminating about needs, suggested by stakeholder concerns, calls for a different arena of action. Comparing arenas of action and their merits to find an insightful one to direct action is more apt to lead to success (Cooperrider and Srivastva 1987; Kolb 1983; Fredrickson 1985).

### Deal with Interests and Interest Groups

Decision-makers often used their power and influence to promote a remedy suggested by the claims of key claimants. Implementing in this way typically requires an edict (do this) or persuasion (do this because). Both are failure prone (Nutt 1986, 1998b). An edict was used by AEP in their implementation of the village buyout. When using an edict, the best a decision-maker can hope for is indifference: People do not care enough to resist (French and Raven 1959). Often this is not the case. Using an edict to roll over interested parties produces resentment and token compliance in the powerless and resistance from others. This prompted failure in two of three decisions studied (Nutt 1998a). Persuasion was failure prone as well (Nutt 1986, 1998b). For persuasion to work, the parties to a decision must be open to rational arguments (Quinn 1980; Huysmans 1970; Doktor and Hamilton 1974). AEP officials, in their press releases, attempted to persuade the

public that the company was acting responsibly. Persuasion has little effect on people who believe they have something to lose, failing in half of the decisions studied (Nutt 1998a).

Edict and persuasion are often linked. If an edict fails, decision-makers resort to persuasion – now trying to explain why the decision has merit (Churchman 1975; Schultz and Slevin 1975, which has limited success. The initial power play of AEP officials assumed they could act as they wish, without censure. When this failed, arguments about maintaining power capacity were offered. By failing to find joint interests, AEP officials provoked opposition, putting their plan at risk. The positions of top managers made insiders wary, keeping them from offering their insights about the village purchase decision as it unfolded (Nystrom and Starbuck 1984). The insights of knowledgeable people could have brought out potential liabilities in decision (Denhardt 2000).

Successful decision-makers put implementation at the front of their decision-making efforts to uncover interests. If power can be shared, teams can be created and involve people with interests in making the decision (Beyer and Trice 1982; Downs 1967; Eisenhardt 1989). People are more apt to disclose their interests in a team-like setting (Nutt 2002). The act of uncovering an issue and finding a remedy promotes ownership in the remedy and increases its prospect of adoption. Even when not forced to do so, savvy decision-makers use participation in this way because it improves their chance of success (Hackman 1990). Another useful approach, called "intervention," extends the networking approach in claim/concern identification to demonstrate the need to act (Nutt 1998b). Current performance is documented and credible performance norms identified. Using this information, key parties are shown the importance of the decision by decision-makers, collecting and managing interests with each encounter. People are more likely to be supportive when networking makes them aware of performance shortfalls and the level of performance that is possible, making the need to act credible. Use participation when interested parties are localized. Use networking when dealing with diffuse or influential stakeholders, such as AEP officials meeting with regulators and consumer factions to identify their interests.

### Directing Search with Expected Results

Expected results were ambiguous in failed decisions (Nutt 1999, 2004). This confuses key players and squanders resources (Brunsson 1982; Mintzberg et al. 1976; Pounds 1969; Locke and Latham 1990). AEP officials were silent about their expectations. Did company officials seek to limit liability, publicity, complaints, cost, or responsibility? Or was AEP merely trying to resist government regulation? Perhaps the aim was to make a contentious situation go away. Each could be inferred from the actions and statements of officials. When expectations are ambiguous any proposed action can appear misguided. Insiders at AEP had no idea what was motivating the real estate deal and saw it as squandering company funds. Clarifying expected results eliminates misunderstandings and focuses search. This empowers key people to offer options, such as coal mixes that reduce emissions. By keeping their desired result under wraps, AEP officials denied themselves access to such ideas. AEP officials substituted a solution (village purchase) for thinking about ways to reduce pollution.

Best practice delays search until hoped for results can be agreed upon. Was AEP seeking to reduce the blue haze, eliminate a PR problem, or improve resident safety? Each points to a different type of solution. The hoped for result provides an aim. AEP decision-makers implicitly embraced an aim to keep power flowing. Others include reducing emissions, which point to remedies such as new coal mixes, bad day management, and SCR fine tuning. Still others suggest placating resident worries. This would call for working with consumer groups to identify their concerns and placate unfounded worries. Being clear about what is wanted also mobilizes support. Clarity here eliminates confusion and focuses effort. Best practice delays search until an aim is agreed upon.

### Search Broadly and Encourage Innovation

Four of ten decisions consider a single alternative, and this alternative was innovative in less than one

of ten decisions (Nutt 1993, 2002). Search was set aside when a remedy was plucked from claims or derived from existing practices. Both discourage search and stifle innovation. Nearly one third of the decisions adopted such a ready-made plan, effectively eliminating search (Nutt 2002, 2004). Decision-makers who became wedded to such a remedy make no effort to look for other ideas, which could be better. The allure of current business practices also limits search (Pettigrew 1985; Van de Ven et al. 1999). A remedy is found by making minor adaptations in current business practices. Because past use appears to offer a field test, such adaptations seems cost-effective (Hart and Bogan 1993: Mintzberg and Westley 2001). Only one in five decisions studied conducted a search or sought innovative ideas.

Best practice makes a commitment to uncover several options and at least one with innovative features. Search can be carried out using repeated solicitation, integrated benchmarking, or innovation. Repeated solicitation recursively gathers ideas from outsiders. Integrated benchmarking visits high-profile organizations to get ideas and then merges the best features of these practices into a plan. A custom-made remedy calls for solutions new to the organization or solutions that are new to the industry, seeking a "first mover" advantage (Damanpour 1991; Germunden and Hauschildt 1985). Research shows that multiple options are both efficient and effective. The time to search was no greater than that noted when a single alternative was uncovered and the benefits realized more than justified search costs.

### Use Evaluation Wisely

Defending ideas were found to consume most of the resources allocated to making a decision (Nutt 2002). More is spent doing defensive evaluations than on all the other decision-making activities combined. A defensive evaluation is mounted when information is collected to support an idea (Mintzberg et al. 1976: Langley et al. 1997). When evaluation is used in this way, important questions will be ignored. AEP officials determined the purchase price of the village but did little else. Company officials made no attempt to understand the cost of negative publicity or Gavin plant pollution. Analysis was limited to reconciling the purchase price with the market value of the homes, which was used to defend the plan. Such defensive evaluations are feasible only when expected results are vague. Without a clear aim, an idea champion can slant information collection toward justifications, ignoring other issues. In the AEP village purchase decision, the lack of a clear aim lead to a preoccupation with price; this drew company officials away from pollution and liability issues. Instead, information collection was tailored to support what decision-makers wanted to do or must do to satisfy others. Even when decision-makers have the organization's interests at heart, such evaluations will appear self-serving. More evaluations are mounted to deal with suspicions, which leads to new doubts and still more evaluations. This cycle of suspicion and evaluation often grows until huge sums are spent.

Best practice calls for using aims to collect information about the value of alternatives, looking for the alternative that best meets aims as well as risk of each (Nutt 1989). This kind of evaluation is feasible only when expected results are clear. Also, clear aims make a defensive evaluation untenable. In the AEP decision, an aim to minimize costs suggests costing pollution abatement and no abatement options. Estimating the costs produced by taking no action to reduce pollution and the likelihood of incurring these additional costs seem essential but were ignored (Ways to compute the impact of risk in benefit estimates can be found in Nutt (1989, 2002)).

### Confront Ethical Questions

Ethical questions often arise from how a preferred course of action is viewed (Johnson 1993; Bardaracco 1997). AEP officials acted on a real estate deal that brushed aside pollution concerns. This raised ethical questions for both company insiders as well as outsiders. Opposition materialized when these questions were dismissed.

Ethical questions also arise when values are misunderstood (Nutt 2002). Misunderstandings develop because critics seldom reveal the values prompting their questions. AEP officials saw objections to the village purchase as stemming from failing to appreciate the challenges in

keeping power flowing. To make this point, AEP officials postured to look like a victim. The prospect of being seen as a villain was never considered. Note how both critics and AEP officials failed to disclose their values: the values of key insiders and outsiders were not apparent to one another. Problems arose when parties to a decision fail to understand the values motivating questions. Dismissing such questions can prompt whistle-blowing by insiders and contentious relationships with outsiders. Outsiders who oppose an action are enticed to boycott products and insiders are motivated to leak or to engage in whistle-blowing. Even if boycotts and whistle-blowing are avoided, there is a loss of trust that can taint future dealings.

Appearances can create inequities that also pose issues. Opposition is apt to emerge when there is a misalignment in who pays, who benefits, and who decides (Nutt 2002). AEP officials wanted to avoid paying for pollution abatement while they benefited and decided. Issues develop when critics expose the misalignment, creating controversy.

Best practice calls for uncovering the values behind ethical positions. Uncovering value-based differences among key stakeholders allow a shift in discourse from the lowest to the highest denominator. Ethical questions are resolved by finding actions that embrace all values key stakeholders believe to be crucial. To do this, create forums to identify ethical questions as claims and alternatives are uncovered. The forum allows decision-makers to look for values behind the positions of people who express opposition. A decision-maker can often affirm these values and make minor modifications in a claim or a preferred course of action and carry on much as before. Had AEP officials affirmed the values of the groups that questioned them in the media by addressing pollution issues, they would have cut the ground from under their critics. AEP could have listened to residents to find out what they were after. Had the values of pollution abatement been affirmed and endorsed, AEP officials could explain their plans (if they had any) and perhaps get backing for them. If this fails – offer mediation. Company officials could have held hearings or town meetings to find out what their critics were saying, looking for unwarranted criticisms and misunderstandings that could be diffused. At best, new insights can develop. If not, AEP officials would have demonstrated a willingness to hear out their critics – a position that is apt to boost the legitimacy of any subsequent decision. Companies with mediation win lawsuits involving whistle-blowing. Companies without it lose them.

Align who pays, benefits, and decides. Had AEP officials allowed critics a voice in the decision, such an alignment was possible. Company officials contemplating a buy out of the village could share decision-making with the villagers and with regulators to realize the desired alignment.

### Promote a Culture of Learning

Learning is required to identify decision-making practices to avoid and those to embrace. Learning was thwarted when organizational leaders insisted on success (Nutt 1989). Because decisions fail more often than leaders realize, decision-makers in a "no-failure" environment find it rational to conceal their actions (Nutt 1999). This hides information essential to learn. AEP officials fainted surprise when critics mounted a national expose. This prompted them to label their critics "utility bashers," saying little about what had prompted their village purchase.

Decision-makers who can be held accountable for a failure find themselves in a no-win situation. Some failure is inevitable, but there is no tolerance for failure. There are but two options: own up or cover-up. An own up makes the day of atonement today; a cover-up makes it tomorrow and, with some luck, never. Put in this bind, it is rational to hide one's actions. This creates even more trouble because several acts of deception are now required (Nutt 1989, 2002). Offsetting bad news with good news sidetracks threatening questions. The cover-up is two tiered: the distorted good news and the creation of misleading information. These games of deception become "undiscussable" because to reveal them would also reveal the "lose-lose position" that has been created (Argyris and Schon 1978). There is a cover-up of the cover-up to cover one's tracks, making key decision-maker actions undiscussable.

Like many debacles (Nutt 2002), AEP officials blinded themselves to bad news. To create good news in the aftermath of massive PR debacle, AEP officials insisted their actions were prudent. They issued press releases to defend the village purchase that ignored pollution problems and associated law suits and touted their success in keeping power flowing. At this point, how the village purchase decision came about was not discussable. AEP continues to believe that their village purchase was justified and have yet to connect it with the company's subsequent string of failures in securing federal grants, rate negotiations, court rulings, and coal plant construction plans.

The culprit here is a perverse incentive that requires success when some failure is inevitable. This makes it difficult for a decision-maker to come forward with insights into what happened and why (Nutt 2002). Decision-makers in the AEP case took defensive action, saying nothing about practices and actions that contributed to failure, which is essential for learning. To eliminate such a perverse incentive, organizational leaders must demonstrate that it no longer applies. Show that that some failure is inevitable and that the organizations only interest is to determine what does and does not work, not to assign blame. Blame is useless. After a "guaranteed success" perverse incentive is rooted out, a quest to uncover failure-prone practices can be undertaken.

## Conclusion

Research has uncovered successful and unsuccessful decision-making practices. This chapter translated these practices into steps to take and steps to avoid in a decision-making process, identifying best practices for successful public sector decision-making. Best practices call for allocating resources to validate claims, implementation, and direction setting at the forefront of a decision-making effort. These process steps guide search and evaluation, which follow. Dealing with ethical issues and learning from successes and failures were also essential.

This suggests that successful public sector decision-makers must uncover claims that capture the views of a cross section of important stakeholders, seek hidden concerns. Identify the claims of regulators, clients, suppliers, oversight bodies, the media, and others that may have insights. Amalgamate the claims from such sources to identify the range of claims that are plausible. The concerns behind these claims suggest what the decision is about. Best practice implementation brings social and political issues to the forefront by uncovering the interests of those who can block action. Opposition can be expected when these interests are threatened. Use participation when interested parties are localized and intervention when interest groups are diffuse. Aims specify expected results and direct a search for remedies with desired results in mind.

These steps clear the path for search and evaluation, making each easier to carry out with less controversy. An aim-directed search increases the chance of being successful no matter what search approach followed. Aims discourage defensive evaluations, shifting analysis to determining the benefits of several alternatives and the risk in realizing them.

Ethical questions arise from a misalignment in who pays, who benefits, and who decides as well as a failure to appreciate key stakeholder values. Aligning who pays, benefits, and decides as well as reconciling value-based differences of key stakeholders' points to actions apt to gain support. Learning helps one find what worked, what did not, and why. Perverse incentives complicate learning by hiding information needed to make such assessments.

## Cross-References

► Nonprofit Organizations

## References

Argyris C, Schon D (1978) Organization learning: a theory of action perspective. Addison-Westley, Reading

Bardaracco JL (1997) Defining moments: how managers must choose between right and right. Harvard University Press, Cambridge, MA

Beyer JM, Trice HM (1982) The utilization process: a conceptual framework and synthesis of empirical findings. Adm Sci Q 27(4/5):591–622
Brunsson N (1982) The irrationality of action and action rationality: decisions, ideologies, and organization action. J Manag Stud 19:29–44
Churchman CW (1975) Theories of implementation. In: Schultz RL, Slevin DP (eds) Implementing operations research/management science. Elsevier, New York
Cooperrider D, Srivastva R (1987) Appreciative inquiry in organizational life. In: Research in organizational change and development, vol. 1. JAI
Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliffs
Damanpour F (1991) Organizational innovation and preference: the problem of organizational lab. Adm Sci Q 29:392–409
Denhardt J (2000) Business, institutions, and ethics. Oxford University Press, Oxford
Doktor R, Hamilton W (1974) Cognitive style and the acceptance of management science recommendations. Manag Sci 19(8):889–894
Downs A (1967) Inside bureaucracy. Little & Brown, Boston
Eisenhardt K (1989) Making fast decisions in high velocity environments. Acad Manag J 32:543–576
Fredrickson JW (1985) Effects of decision motive and organizational performance on strategic decision processes. Acad Manag J 28:821–843
French J, Raven B (1959) The bases of social power. In: Cartwright D (ed) Studies in social power. Institute for Social Research, Ann Arbor
Germunden H, Hauschildt J (1985) Number of alternatives and efficiency of different types of management decisions. Eur J Oper Res 22(2):178–190
Hackman L (1990) Groups the work. Jossey-Bass, San Francisco
Hart G, Bogan A (1993) The baldrich prize. McGraw-Hill, New York
Huysmans J (1970) The implementation of operations research. Wiley, New York
Johnson M (1993) Moral imagination. University of Chicago Press, Chicago
Kolb D (1983) Problem management: learning from experience. In: Srivastra S (ed) The executive mind. Jossey Bass, San Francisco, pp 109–143
Langley A, Mintzberg H, Pitcher P, Posada E, Macary J (1997) Opening up decision-making: the view from the black stool. Organ Sci 6(3):260–279
Locke EA, Latham GP (1990) A theory of goal setting and task performance. Prentice Hall, Englewood Cliff
Mintzberg H, Westley F (2001) Decision-making: it's not what you think. MIT Sloan Manag Rev 41(3):89–93
Mintzberg H, Raisinghani D, Theoret A (1976) The structure of unstructured decisions. Adm Sci Q 21(2): 246–275
Nutt PC (1986) The tactics of implementation. Acad Manag J 29(2):230–261
Nutt PC (1989) Making tough decisions. Jossey Bass, San Francisco
Nutt PC (1993) The identification of solution ideas during organizational decision making. Manag Sci 39(9): 1071–1085
Nutt PC (1998a) Evaluating complex strategic choices. Manag Sci 44(8):1148–1166
Nutt PC (1998b) Leverage, resistance, and the success of implementation approaches. J Manag Stud 35(2): 3–240
Nutt PC (1999) Surprising but true: half of organizational decisions fail. Acad Manag Exec 13(4):75–90
Nutt PC (2002) Why decisions fail. Berrett-Koehler, San Francisco
Nutt PC (2004) Expanding search during strategic decision making. Acad Manag Exec 18(4):13–28
Nutt PC (2006) Comparing public and private sector decision making practices. J Public Adm Res Theory 12(2): 289–316
Nutt PC (2010) Building an action theory of decision making. In: Nutt PC, Wilson DC (eds) Handbook of decision making. Wiley-Blackwell, Oxford
Nystrom P, Starbuck W (1984) To avoid organizational crises, unlearn. Organ Dyn 12(4):53–65
Pettigrew A (1985) The awaking giant. Blackwell, New York
Pfeffer J (1992) Managing with power: politics and influence in organizations. Harvard University Press, Boston
Pfeffer J, Salancik GR (1974) Organizational decision making as a political process: the case of a University Budget. Adm Sci Q 19:135–151
Pounds W (1969) The process of problem finding. Ind. Manag Rev Fall:1–19
Quinn JB (1980) Strategies for change: logical incrementalism. Dow Jones-Irwin, Homewood
Schultz RL, Slevin DP (1975) Implementing operations research/management science. Elsevier, New York
Simon HA (1977) The new science of management decision, rev edn. Prentice Hall, Englewood Cliffs
Van de Ven A, Polley DE, Garud R, Venkataraman S (1999) The innovation journey. Oxford University Press, New York

## Organizational Demography

Sanneke Kuipers, Kutsal Yesilkagit and Brendan Carroll
Faculty of Governance and Global Affairs, Leiden University, The Hague, The Netherlands

### Synonyms

Mortality; Organizational survival; Structure of government; Termination

## Definition

Termination: An organization is considered terminated if it is fully abolished, merged with another organization, or split into different autonomous new entities.

Transition: An organization experiences a transition if it is either terminated, absorbed by another organization, or succeeded by another organization with a new name, at a new level of operation, or with other new structural characteristics.

## Introduction

Do bureaucracies become immortal beyond the control of elected politicians, as popular wisdom (or fear) often suggests? Since Herbert Kaufman (1976) started to investigate this very question, a new strand of research has emerged to study the demography of public organizations, somewhat in line with population ecology approaches in the business literature. Scholars on both sides of the Atlantic studied the transformation of government by looking at the creation and termination of public organizations.

The studies on survival of public organizations agree on one aspect. Public organizations are far from perennial. Scholars arrive at the same conclusion regarding a diversity of public sector populations: over time, most public organizations perish. Their explanations vary, ranging from factors such as limited public resources, elections and turnovers, liabilities of newness, adolescence and obsolescence, and the institutional "hardwiring" of individual public organizations.

Studies on the demography of public organizations seldomly build on each other, as is customary for business administration studies in the population ecology realm. In particular, disagreement over definitions of organizational termination continues to divide the debate on organizational survival in the public sector. As if during an autopsy, different doctors arrive at different conclusions on the cause of death whereas a third one claims the patient has not died at all.

The following sections provide an overview of current insights, including the disagreements, on public organization survival. Two strands of research emerge: (1) institutionalist theories with a more "dichotomous" definition of termination and (2) those using public choice-oriented theories that consider a fine-grained range of political interventions on public organizations.

## Politics and Legacies

### Two Perspectives on Termination

What constitutes survival and termination of public organizations, really? In the field of business administration there seems to be little discussion on what is survival and what is not. Simply put, an organization is either in business or it is not. This lack of ambiguity in business literature allows for a dichotomous definition and "biological" metaphor in studying the mortality of government organizations, referring to the "mortality," i.e., "life" and "death," of organizations. The "population ecology" approach even sees competing organizations in a given area as a "species" that can be studied to explain firm mortality and organizational founding, as well as population growth and change. Ever since Kaufman (1976) adopted the biological metaphor 40 years ago this ecology idea has been applied increasingly on populations of public sector organizations as well.

Yet studying termination of public organizations defies such a strict, dichotomous definition of what constitutes survival. Being "dead" or "alive" in bureaucracy is not a dichotomy. Policies carried out by public organizations do not often come to a definite end. In fact, bureaucratic organizations and the policies they implement seem to undergo constant structural reform. This reform drive blurs the distinction between termination or continuation in a dressed up (or down) version.

The reorganizing capacity of political executives is what makes public administration and business administration such different fields. Public organizations do not only perish because other organizations outrivaled them in securing essential resources. Political executives can deliberately axe public agencies or deny them funding

for ideological or electoral reasons. This difference matters for both termination definitions and their implications. In the study of the survival of public organizations, different perspectives on politics and administration have led to a considerable fragmentation of insights.

### The Political Control Approach

The political control perspective implies that structural changes to public organizations are first and foremost political acts. The observer – from a political science background presumably – has an interest in studying political control over the structure of government, from the perspective of the principal. Each political act deserves similar attention, ranging from subtle name changes of organizations to fully fledged abolitions. From this perspective, biological metaphors and dichotomous definitions make no sense.

The political control approach tends to define most political interventions to public organizations as termination and (re-)creation. These changes not only reflect what happens to the public sector, above all they constitute important political acts representing political control over the public sector. It is important that no changes go by unnoticed because ignoring name changes and other events such as change of superior organization may mask important discontinuities. The subtle variety includes different "termination types," such as termination by change of name, form, level, or acquisition of activity.

In this perspective, even the least pervasive event (name change) reflects a significant act of political control over a public organization. For instance, the Dutch government decided to name the Air Traffic Security the Air Traffic Control Netherlands from 1998 onwards. "This name change signals an outward and transboundary approach to air traffic control. ATC has long been a domestic issue, but increasingly became a joint European and global responsibility – an evolution reflected in its name change. Though the agency continues as an organization this event can be interpreted as a termination of its previous form, and a start of a 'new' phase in a new form" (Kuipers et al. 2017). Seemingly small changes still represent a discontinuation of "key structural features." The political control perspective identifies such a discontinuation or structural change as an "event," implying some form of termination.

### The Institutional Legacy Approach

The contrasting approach implies that changes in the structure of government are the consequence of the fact that public organizations have their own interests (probably continuation). The public organization adapts to its environment and sees political interventions as a necessary evil that becomes part of the legacy to be carried into its future. The organizations themselves take center stage and their study – from a public administration or sociological institutional background – focuses on what organizations do to strike root, survive, and prosper. Biographical accounts of the rise and demise of particular organizations go hand in hand with life and death metaphors.

The institutional legacy approach would therefore advocate a more dichotomous definition of termination instead of the subtle variety discerned by the political control approach. Organizations only perish when they cease to exist in any form. All other events in the life of a public organization are forms of adaptation, perhaps even on its own initiative, in its struggle to survive. For instance, the Tennessee Valley Authority rose from an organization created to protect the region against flooding and soil erosion while at the same time exploit hydroelectric power, to a nuclear power house 50 years down the road. The New York Port Authority born out of an interstate conflict about railroad freight rates was a seriously underfunded attempt to increase economic cooperation on both sides of the Hudson River. It turned into an engineering and transportation powerhouse, responsible for harbor and airport development, bus and truck terminals, in addition to building bridges and tunnels. Institutionalists focus on how public organizations form their mission from the moment of their inception and how the legacy that the organization built over time becomes the seeds of its eventual demise. The political control approach above would instead dissect the life of

the TVA or the Port Authority in different durations for "different" organizations, whereas students of institutional legacy emphasize the integrity of the institution, adapting over time.

### Different Perspectives Relate to Different Research Designs and Methods

Institutional legacy arguments require comparative case studies instead of large N studies on populations. Case studies allow for a definition of termination that depends largely on the judgment of and substantiation by the researcher. The researcher builds an argument and in turn provides the reader with ample substance on each case heuristically to validate the argumentation. Yet even some large N studies take the organization and its institutional legacy as vantage point. They discern "maintenance," "succession," or organizational change categories as a go-between life and death. These studies use comparable definitions, but they do not explain events. Their distinction between terminating events and maintenance events does, in spite of their large number of observations, not allow for regression analysis and event history modeling to generate statistically robust explanations.

The political control studies employ large N statistical regressions. In order to find out which political factors influence survival, authors employ event-history analysis to explain "termination" events. The method does not tolerate categories between life and death, so most changes in the organizational structure are considered a termination event. Yet even studies that do statistically investigate the factors that affect survival use different definitions implying that their findings have a different base, and as such they do not add up in a meta-analysis.

The more studies focus on organizational characteristics as a theoretical explanation for survival, the more they tend to use dichotomous termination definitions that imply stability. Those studies that see political control as the main survival explanation focus on events indicating organizational discontinuity. The next section presents an overview of the most important factors and findings from current studies to construct a model of organizational survival.

## Organizational Survival in the Public Sector: Towards a Model

In spite of their disagreement on definitions of organizational termination, this section compares the results of existing studies on survival of public organizations. The result is a theoretical model of determinants of organizational survival and overview of common findings and disagreements in existing research. This section first introduces the hypotheses and ends with a summary of findings.

Three categories of factors seem to matter in the literature on survival of public organizations: (1) demographic explanations centering around the age of the organization, (2) design explanations implying that "birth characteristics" of organizations will influence future survival chances, and (3) contextual or functional explanations that reveal why some public organizations survive changes in their environment as opposed to others.

The perhaps most prominent and oldest factor of interest to students of organizational survival is the age of the organization. Common wisdom holds that organizations tend to survive infinitely after they reached maturity. Empirical studies demonstrated that an organization's survival chances do not monotonically increase with age, however. New organizations are particularly vulnerable because they have not been able to nest themselves and their routines sufficiently in their environment. In their early years, political volatility or growing pains may be fatal to the budding organization. Also, particular vulnerabilities can arise for the riper organization: obsolescence becomes a threat when an organization's functionality cannot keep up with changes in their environment (think of a steamboat inspection service, or a firm such as Kodak) or when their mission has been accomplished (fighting polio). If organizations' hazards increase both when they are very young and very mature, the survival chances of an organization would resemble an inverted U-curve.

In between, the hazards of the juvenile organization may increase. In its infant years, when its legislative support base has just been established and its proponents are still in office, the organization can develop relatively unharmed. More than a

decade down the road, the organization has sufficiently secured its resources and support base to fend of competitors and opponents. However, in the in-between period, the organization's hazards rise because the protective shield of its creators may have diminished, and it becomes vulnerable to termination efforts by its opponents. Also, during the organization's adolescence, legislative actors have had time to learn about the organization and its accomplishments or performance (Carpenter and Lewis 2004). This learning may result in the increased likelihood of fatal critique and termination. Each age effect results in a different hypothesis related to survival.

H1. *A public organization is less likely to survive in the first 5 years after creation (liability of newness). After 5 years the termination chances of public organizations decrease.*

H2. *Public organizations are more likely to be terminated in their 'adolescent' years (>5 <10).*

H3. *A public organization is likely to become obsolete at some point and thus faces increased hazards when it has reached a mature age (>30).*

Second, organizational survival in the public sector can be explained by looking at the agencies' "birth characteristics" or "DNA." Some organizations simply have a stronger design, they are "hardwired" for survival. Hardwiring theory especially dominates in political science, where organizations are seen as embodiments of political interests. Political science intrinsically links the acts of organizational change to legislative-executive decision-making. Instead of the invisible hand that weeds out some organizations in a population, public sector organizations sometimes face very visible opponents. Politically informed "attacks" on bureaucracy are predictable, so creators try to "hardwire" their organizational offspring into survival. The effects of institutional design result in the following hypotheses:

H4. *Organizations established by formal law have higher chances of survival than organizations established by decree.*

H5. *Organizations set up at arm's length of government have higher chances of survival than organizations that operate in the hierarchy of a ministerial department or executive office.*

Another product of intentional hard wiring is the organization's internal structure. Organizations' structural traits such as whether they are governed by a board or not (single administrators) could also have an impact on survival.

H6. *Organizations governed by a board are more likely to survive than organizations governed by a single administrator.*

An increasing number of termination studies have included the organizational "type" (advisory, regulatory, executive) as a factor of influence. Two types that stand out in the literature (advisory and regulatory versus the rest) are both included here. The distinct hypotheses reflect that the assumed influence on survival differs.

H7. *Advisory organizations have less likely to survive than other types of public organizations.*

H8. *Regulatory organizations have higher chances of survival than other types of public organizations.*

Some organizations are intended to be terminated from the start. Their "sunset clause" specifies when, or under what conditions, the organization will be abolished.

H9. *When organizations are created with a sunset clause, they are unlikely to survive that clause and mature into 'old age' (>average).*

Third, termination studies on public organizations usually control for political and economic indicators. The general expectation is that turnover is likely to affect survival of organizations in a negative way because incoming elects will probably attack the creations of their predecessors. In addition, a rightwing government will probably aim to downsize the public sector. Economic indicators also serve as an

important control: when government revenues go down, it seems less inclined to spend resources on upholding public organizations. The opposite effect may also hold: recession makes incumbents unwilling to dismantle government organizations unlikely because in the short run this will increase unemployment.

H10. *Political turnover negatively affects survival of public organizations*.
H11. *A right wing (majority in) government negatively affects survival of public organizations*.
H12. *Incumbency of a political executive of another political color than the organization's creator (so-called 'unfriendly government') negatively affects survival of public organizations*.
H13. *When total government revenues decrease, the likelihood of survival of public organizations decreases as well*.

The next section provides an overview and discussion of the actual impact of these factors on organizational survival according to a set of recent studies.

## Comparative Findings

Section three has not yet revealed how these factors fared in empirical analyses on the public sector. The table below presents the findings from the studies reviewed for each of the hypotheses above. Positive relation to survival is indicated by a "+" and a negative effect on survival by a "−." So a "+" for newness does not mean that the liability of newness is confirmed, but that newness has a positive effect on survival. A tested but inconsequential factor is indicated by an "x" and the "U" stands for nonlinear effects (for instance, insulation from presidential interference is a liability in the first 6 years of an organization's lifespan but protects it in the long run; see Boin et al. 2010) (Table 1).

According to this overview, on average 54% of the cases perish during the period studied, about 1.5% of the studied population annually. This result officially debunks the myth of immortality. The varying time periods of the studies require us to temporalize the results. The comparably high percentages of 52% (Boin et al. 2016) and 58% (Greasley and Hanretty 2016) become very different termination rates when divided by the number of years of the studied period.

Nine factors seem to have a significant unidirectional effect on survival. Old age increases survival chances (H3), and so does a regulatory function (H8), and a firm legislative base (H4). Adolescence (H2) is a hazard, but different explanations rival for this effect. Advisory organizations (H7) are more likely to be terminated and, not surprisingly, this also goes for organizations set up with a sunset clause (H9). Political turnover most likely negatively impacts the survival of public organizations, because new political executives tend to reorganize the administration (H10). Unfriendly incumbencies (i.e., political executives of a different political ideology – H12) are likely to terminate the administrative agencies their political opponents previously created. Rightwing incumbencies (H11) often have negative effect on survival.

The incumbent government's ideology can also interact with other factors. Götz et al. (2015) point out that leftwing incumbents tend to be less likely to terminate administrative organizations, unless pressure for budgetary austerity increases (factors 11 and 13). Likewise, Greasley and Hanretty (2016) conclude that public organizations' termination hazards increase under rightwing governments in "normal" times (low to moderately high budget pressure). When public debt increases, organizations face higher termination risks under leftwing rule. Greasley and Hanretty additionally argue: "the effect of greater-than-average debt on agency termination is negative for very young agencies, and for older agencies, but positive for agencies in their third to seventh years" (p. 168). So leftwing incumbencies under economic strain are most likely to target adolescent agencies for termination (which fits with our hypothesis 2).

Surprisingly, the effects of economic downturns also point in other directions. Carpenter and Lewis (2004) challenge conventional wisdom with their finding that budgetary pressure

**Organizational Demography, Table 1** Overview and comparison of findings

| | MacCarthaigh (2014) | Boin et al. (2010) | Boin et al. (2016) | Park (2013) | O'Leary (2015) | Bertelli and Sinclair (2016) | Carpenter and Lewis (2004) | Lewis (2004) | Götz et al. (2015) | Greasley and Hanretty (2016) | James et al. (2015) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Newness | – | – | | x | – | – | + | | | + | |
| 2. Adolescence | | | – | x | | | – | | | – | |
| 3. Old age | | + | | x | + | + | | | | + | |
| 4. Law based | x | x | + | x | | | + | + | | | |
| 5. Arm's length | | U | | | | | + | + | | + | |
| 6. Board | | U | x | | | | | – | | | |
| 7. Advisory organization | | | | | – | x | | | | – | |
| 8. Regulatory organization | | x | | | | | | + | | + | + |
| 9. Sunset clause | | x | – | | | | | – | | | |
| 10. Political turnover | | – | x | – | x | – | – | – | | | x |
| 11. Rightwing incumbency | | x | x | | | | – | x | – | U | |
| 12. Unfriendly incumbency | | x | x | | x | | | | | x | – |
| 13. Budgetary pressure/debt | | | x | x | | | + | | – | U | – |
| % terminated | 37[a] | 75 | 52 | 39 | 39 | 49 | 57 | 59 | 58 | 58 | 72 |
| % terminated annually | 0.4 | 1.0 | 0.7 | 2.3 | NA | NA | 1.1 | 1.2 | NA | 2.5 | 3.1 |

[a]Derived through personal correspondence with author; NA means exact figures are not available

decreases survival chances for public organizations (H13). In fact, their budgetary surpluses increase the hazards, and deficits make terminations less likely. The short-term cost of organizational termination would make such decisions unfavorable in times of austerity (Carpenter and Lewis 2004, p. 222). By contrast, James et al. (2015) found that budgetary pressure increases termination hazards whereas Park (2013) and Boin et al. (2016) tested the same factor but found no significant effects.

Insulation from executive interference (arm's length status – H5) can make organizations more likely to survive than those created in proximity to the President, but not all studies agree (Lewis 2004 vs. Boin et al. 2010). Disagreement also exists regarding newness (H1): being green can both help the organization to survive and prove to be a liability (see Table 1).

## Conclusion and Future Research

Explanations for the survival of public organizations abound. This chapter offered an assessment of each potential factor by comparing different research findings. The factors that were confirmed in several studies could together form an integrated model of organizational survival in the public sector. Such an integrated model would predict that regulatory tasks, creation by law, and being older than 12 years makes organizations most likely to survive, but by no means hazard-free. In any case, hazards for public organizations increase when political winds change and new incumbents enter office. Rightwing executives may be more likely to terminate public organizations in normal times but beware of the leftwing executives under budgetary constraints. Such an integrated model could best be tested on large N datasets by using event-history analysis. Revealing underlying mechanisms, discovering new variables, and explaining outliers would benefit from a case-oriented study, as advocated within the institutional legacy approach.

To enrich future discussions on organizational survival and transformation of the public sector, it seems imperative to abandon the binary definition of organizational termination. Instead, a focus on "transitions" would help to build on the diversity of existing research and allow for more analytical leverage. The word "termination" implies a definite "end" of a period in which an organization took on a particular form. Meanwhile the organization itself did not end. The preferred, more neutral term "transitions" refers to beginnings and ends of phases through which organizations evolve. Such transitions are both dependent variables in their own right and explanatory factors for survival – a great number of sudden transitions could be a prelude to full termination, or the total absence of transitions could indicate an ultimately fatal condition of rigidity. A sequence of transitions could reflect a pattern of staged adaptation to changing resource levels (Levine et al. 1981). The total sum of transitions of individual organizational units reflects a transformation of government.

Transitions pertain to all the structural changes to the organization that can be measured consistently and reliably over time, such as changes to the organization's name, superior organization, hierarchical level, status as staff or line unit, structural autonomy by law, as well as mergers, splits, and abolishments. This approach allows building both on existing datasets for event-history analysis and on studies that use a dichotomous definition of survival. Coding all detailed changes as events allows for multivariate regression analyses and statistical explanations on survival in the public sector. The compatibility to institutional legacy studies is enabled by the possibility to discard more subtle transitions such as name changes in the dataset in order to study long institutional durations only interrupted by more definite passings such as mergers or splits.

Important steps have been made in studying the transformations of public organizations individually and the state in total, since Kaufman started his study on organizational mortality in 1976. However, today many studies on survival in the public sector focus only on independent

agencies, in majoritarian political systems (cf. Park 2013; Greasley and Hanretty 2016; James et al. 2015; Bertelli and Sinclair 2016; Boin et al. 2016). Rich harvest is waiting in a demographic study of both autonomous agencies and bureaus within national ministries in continental Europe. Such populations would allow for systemic comparisons on the vulnerability of autonomous versus embedded public organizations and the effects of institutional design between majoritarian and consensual systems. Additionally, policy preferences in coalition governments probably affect administrative reform and organizational termination in a different way than in single party governments. Building on findings of Götz et al. (2015) and Greasley and Hanretty (2016), future studies could probe into the effects of political ideology under different circumstances or for different organizations. There is much to gain from a study on the relation between policy agendas (the Comparative Agendas project), policy preferences (the Manifestos data on electoral programs), and the structure of government in different policy areas.

Empirical research has now established that public organizations do perish and that organizational design can serve as a shield against termination hazards. Future studies need to probe deeper into how specific political power plays and particular policy preferences impact the structure of government.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Administrative Reform
- ▶ Institutional Theory of Organizations
- ▶ Life Cycles of Nonprofit Organizations
- ▶ Organizational Environment
- ▶ Organizational Life Cycles
- ▶ Organizational Reputation
- ▶ Population Ecology Theory of Organizations


**Acknowledgments** The authors gratefully acknowledge funding for the project SOG-Pro by the Dutch National Science Foundation (project number 464-13-113), see also http://www.sog-pro.eu/sog-pro.html. Arjen Boin, Muiris MacCarthaigh, and the convenors and participants of the *Permanent Study Group* 'Governance of public sector organizations' at the EGPA annual conference in Toulouse, August 2015, provided us with valuable comments on earlier versions.

## References


Bertelli A, Sinclair A (2016) Democratic accountability and the politics of mass administrative reorganization. Br J Polit Sci:1–21. https://doi.org/10.1017/S0007123416000077

Boin A, Kuipers S, Steenbergen M (2010) The life and death of public organizations: a question of institutional design? Governance 23(3):385–410

Boin A, Kofman C, Kuilman J, Kuipers S, Van Witteloostuijn A (2016) Does organizational adaptation really matter? How mission change affects the survival of U.S. federal independent agencies, 1933–2011. Governance 1–24. https://doi.org/10.1111/gove.12249

Carpenter DP, Lewis DE (2004) Political learning from rare events: Poisson inference, fiscal constraints, and the lifetime of bureaus. Polit Anal 12(3): 201–232

Götz A, Grotz F, Weber T (2015) Party government and administrative reform: evidence from the German Länder. Administration and Society, online first, 1–34

Greasley S, Hanretty C (2016) Credibility and agency termination under parliamentarism. J Public Adm Res Theory 26(1):159–173

James O, Petrovsky N, Mosely A, Boyne G (2015) The politics of agency death: ministers and the survival of government agencies in a parliamentary system. Br J Polit Sci 46:763–784

Kaufman H (1976) Are government organizations immortal? Brookings Institution, Washington, DC

Kuipers S, Yesilkagit K, Carroll B (2017) Coming to terms with agency termination, Public Org Rev, early view. https://doi.org/10.1007/s11115-017-0376-4

Levine CH, Rubin IS, Wolohojian GG (1981) The politics of retrenchment: how local governments manage fiscal stress. Sage, Beverley Hills

Lewis DE (2004) The adverse consequences of the politics of agency design for presidential management in the United States. Br J Polit Sci 34:377–404

MacCarthaigh M (2014) Agency termination in Ireland: culls and bonfires, or life after death? Public Adm 92(4):1017–1037

O'Leary C (2015) Agency termination in the UK: what explains the 'bonfire of the quangos'? West Eur Polit 38(6):1327–1344

Park S (2013) What causes death of public sector organizations? Understanding structural changes and continuities in Korean quangos. Int Public Manag J 16(3): 413–437

# Organizational Environment

Richard A. Wandling
Political Science Department, Eastern Illinois University, Charleston, IL, USA

## Synonyms

Buffering; Contingency theory; Resource dependence theory; Turbulence

## Definition

The system of external factors and other organizations with which organization leaders must interact; includes response strategies for external pressures and threats, acquisition of resources essential to core organization functions and programs, and pursuit of opportunities to strengthen overall organizational performance.

## Introduction

The study of public organizations includes analysis of what lies beyond their formal structures and internal operations, particularly how organizations are shaped by external factors and how they interact with other organizations and institutions. At the most fundamental level, the core tasks and responsibilities of public organizations are shaped by institutional actors in the political environment. This means that activities such as public policy implementation, government program delivery, and agency regulatory enforcement include principal-agent interactions. In fact, the broad-level political environment of public organizations is a long-standing subject of introductory government textbooks along with advanced scholarly theory and research on government bureaucratic politics and policymaking.

Public organizations also can be studied as complex sociopolitical-economic systems, in which the focus is not only on classic administrative processes and procedures within the organization (e.g., human resource management guidelines, collective bargaining agreement processes, and financial management control systems) but also on how organizations engage in multifaceted interactions with their environments. The focus on organizational environments means identifying and assessing external factors that may have implications for organizational performance in carrying out missions and working toward goal achievement. Organization theorists present environments as both constraints and contingencies which administrative leadership must understand and negotiate. These constraints and contingencies include governmental institution actions such as budget appropriations, executive orders, and court rulings; levels of political support from elected officials, the public, and key stakeholders; and socioeconomic conditions such as demographics, ideological orientations, and the state of the economy.

The very existence of organizational environments points to the utility of the open systems approach which had emerged as a central paradigm of policy and administrative studies by the mid-twentieth century. An organizational environment, taken as a whole, may be characterized through a wide range of variables; these variables facilitate identification of different types of environments and their underlying properties. Common variables used include complexity, uncertainty, stability, heterogeneity, concentration, resource scarcity, and even turbulence; organizational environments may land at different points on these key system variables.

## Organizations and Their Environment

A foundational question for organizational environment analysis is the primary unit of analysis. Should it be the organization itself as it interacts with its environment? Or should the primary focus be the larger organizational environment as a system? While these approaches are not mutually exclusive, they nonetheless require preliminary consideration. Studies of how organizations may adapt their internal structures and activities in response to the environment reflect the focus of

the first question, i.e., the organization itself as the primary point of departure. In analysis of an organization's interaction with the environment, a question explored might be whether a relatively stable, certain, and undemanding environment may lead to an organizational response such as development of a more traditional, hierarchical management system. Or is a decentralized, loosely coupled organizational system more likely to emerge in a rapidly changing environment? Do environmental demands shape the administrative, managerial, and service delivery technologies used by organizations in processes such as planning, marketing, and program delivery? Questions such as these have figured prominently in contingency theory, which focuses on how organizational properties and processes such as structural design (e.g., mechanistic or organic systems) and centralization/decentralization of decision-making may be shaped by environmental factors. One of the most frequently cited contingency theory studies embodies this approach by investigating impacts of changing organizational environments on whether administrative leadership makes adjustments to key internal organizational elements such as structural differentiation and integration mechanisms (Lawrence and Lorsch 1967).

Along with structural adjustments, organization leaders may respond to changing environments through a response set generally identified by organization theorists as adaptation. Miles and Snow's (1978) adaptive cycle for organizational leadership, although primarily focused on business firms and the private sector in general, has implications for the public sector and contemporary studies of organizations in their environments. They identify four major types or organizational responses to environmental changes, with three of the organizational strategies more or less effective for organizations seeking to adapt to environmental challenges. On the positive side, there are organizations focused primarily on defending core programs and activities (defenders), those prospecting for new opportunities (prospectors), and those exhibiting strong analytical orientations (analyzers). On the negative side, there are organizations whose leaders react to their environment (reactors), and these organizations are headed toward compromised performance and perhaps even failure.

## Organizational Strategies Toward Coping with the Environment

Interest in adaptation strategies by organization leadership extends across a wide swath of organizational environment studies, including coping strategies by organizations seeking to protect themselves from uncertainty in the environment. While relatively stable, resource-rich and supportive organizational environments may exist, they also have the potential to be unstable and not particularly hospitable, posing threats that undermine organizational capacity for carrying out core responsibilities and delivering services to their clientele. In a worst case scenario, agency or program survivability may be jeopardized or imperiled. This subject brings in one of the foundational concepts of organizational environments, organizational domain (e.g., Thompson 1967).

Domain covers wide conceptual and empirical territory, from programmatic activities through the mix of clients served by the organization. The general perspective is that organizations as rational, self-interested actors will seek to protect their core domain. Doing so is seen by organizational leadership as vital to mission, purpose, and task achievement – and for that matter, the essence of how an organization is defined and cultivates its support and perceived legitimacy. For example, budget cuts represent a challenge or threat to public organizations since they likely will undermine agency capacity to serve clientele (e.g., a social service agency and its antipoverty programs). For another scenario, an agency may have its service delivery jurisdiction expanded (i.e., its domain widens) to the point that overall performance is significantly eroded because staffing and financial resource capacity get stretched to their limits. On the other hand, agency administrators may fear domain shrinkage and all that implies for resources such as staffing, funding and legitimacy, and the potential for policy

impacts (e.g., a regulatory agency whose oversight jurisdiction has been circumscribed by legislators).

The survivability concept is important in considering organizational environments, even though a commonly voiced perception is that the public sector rarely includes organizational or program demise as a scenario. The survivability concept, however, does apply to the public sector, particularly at the state and local levels. For example, while school consolidations and closures may occur for different reasons, environmental stresses such as substantial decline in student enrollment, erosion of local property tax bases, and pressures from state education departments have played a role in the long-term reduction of the number of public K-12 school districts. In addition, contemporary challenges to public education posed by market-based reforms such as vouchers and charter schools, including key federal and state officials promoting such privatization options, present a whole new layer of environmental challenges for struggling public schools. Public schools show that effective public organizational leadership includes environmental scanning, not only for opportunities but also for threats. The nonprofit sector, which increasingly is being called on to deliver essential public services such as mental health programming and assistance to people with disabilities, also faces a similar set of organizational survivability challenges, mostly due to governmental funding uncertainty and decline. As a result, nonprofits in the face of resource challenges due to declining or uncertain governmental funding increasingly find it imperative to explore strategies such as mergers, alliances, and strategic appointments of board members, otherwise known as cooptation (Malatesta and Smith 2014).

Strategies to cope with environment pressures come under the general rubric of how organizations align with their environments. While cooperative strategies such as contracting, coopting, and coalescing are explored by Thompson (1967), and Miles and Snow (1978) make the case for defending, prospecting, and analyzing, the adaptive strategy that has received probably the most extended attention is buffering. The buffering strategy is evident in both generic and public organization theories, and it refers to steps an organization takes to shield or insulate itself from negative environmental impacts or at least to mitigate or lessen the impacts. Organizations that buffer are seeking to protect themselves from major disruptions or shocks in the supply of essential resources, such as budget appropriations, grant funding and political and stakeholder support. Proactive administrators may attempt to buffer their organizations in a variety of ways. For example, they may seek to stabilize or enhance their capacity through strategies such as assembling slack resources, developing interorganizational relation networks, and implementing changes in organization structure and management activities (Lynn 2005; Meier and O'Toole 2008). Meier and O'Toole's research on buffering directly relates to the present focus, since they study buffering activities undertaken by public organizations, specifically public schools in Texas.

## Properties of Organizational Environments

Organizational environments themselves merit analysis, including as a way of understanding critical tasks and challenges that face organizations. Dess and Beard (1984) argue that organizational task environments vary according to their munificence, dynamism, and complexity. The munificence concept measures the availability and abundance of resources in the environment (e.g., revenue capacity and grant funding support). Dynamism measures change patterns in the environment, particularly the stability of any changes. Complexity measures the variety and range of activities involved as an organization engages in core programmatic processes. With Dess and Beard's typology in mind, discussion turns to three important dimensions of organizational environments – resources, turbulence, and complexity.

External resource availability is critical to organizational health, and this is a central point of resource dependence theory, which joins contingency theory as an equally important

framework in organizational environment studies. Resource dependence theory argues that organizations are involved in active, ongoing transactions with their respective environments as they balance the quest for both autonomy and managerial discretion with power that may be exercised by external organizations and institutions possessing critical resources (Pfeffer and Salancik 2003). These critical resources may be financial/economic (e.g., appropriations, grant funding, revenue allocations, and tax sharing) along with others such as approval of personnel lines, new program authorization, and stakeholder support. They also increasingly entail complex relations between public and nonprofit sector organizations (Fyall 2016). From an individual organization standpoint, an overriding goal is reduction of dependency on the environment for needed resources, but achieving this requires ongoing negotiation with the environment and strategic use of managerial discretion. Some degree of external control over organizational resources is the condition of organizations, whether public or private, and the challenge for administrators/managers is to effectively respond to and manage patterns of resource dependence. This is particularly important since other organizations in the environment may be problematic or questionable resource providers for reasons that include unreliability, uncertainty, and efforts to use resources for power or control purposes (Pfeffer and Salancik 2003).

Organizations unfortunately may find themselves in an unusually difficult environment, one with turbulence. During the 1960s, significant socioeconomic and political changes led to emergence of the turbulence concept to help understand challenges facing many organizations, in both the public and private sectors. What if the environment changes not only rapidly but unpredictably? If the environment is turbulent, rather than just changing with rapidity, how do organizational leaders and policymakers respond? And what if the environment not only is changing rapidly and unpredictably but also substantively or with great impact? The environmental turbulence concept has become one of the mainstays of contemporary public administration studies (e.g., Boyne and Meier 2009; Hahm and Jung 2013), and examples of turbulent environments are readily seen in policy areas such as public higher education, urban law enforcement, government pension systems, health care, and even election administration.

Environmental complexity adds to the challenges of contemporary public administration. For public organizations, environmental complexity is all too evident, readily seen in programs with features such as extensive legal and procedural requirements, numerous decision points, competing or contradictory goals, and required collaboration with other organizations in service delivery. In many ways, environmental complexity for public administrators has increased, with this complexity certainly evident in intergovernmental policy areas such as poverty assistance, elementary and secondary education, and environmental regulations.

## Conclusion

Organization theorists have paid close attention to environments for the simple reason that they matter for administrators, managers, and employees along with program clientele and beneficiaries. Organizational environments provide both opportunities and threats, with the latter overall representing the most pressing challenges for organization leadership. Effectiveness in organizational leadership means not only attending to managerial processes internal to the organization but operating in an open systems context in which the fate of the organizational domain is affected by a wide range of external factors, from shifts in legislation, budget appropriations, and judicial opinions through the state of the economy, the health of revenue systems, and stakeholder support. All of this necessitates proactive organizational strategies; these strategies include active scanning of the environment, buffering the organization against unexpected developments, and dealing with conditions such as resource uncertainty or scarcity, environmental turbulence, and complex policy requirements.

Knowledge of organizational environments is critical to contemporary public administration and

policy and particularly in three areas. First, organizational environments figure prominently in networks and networking, since networks by definition bring public administrators into varying degrees of complex interactions and relationships with other organizations and their administrators and advocates (e.g., O'Toole 2015). Second, a growing reliance on the nonprofit sector for delivery of public services, particularly in social and human services, presents a rich set of opportunities for exploring organizational environment questions. This area becomes even more nuanced when privatization developments are included, such as public education competing for enrollment with charter schools. Finally, revenue uncertainty and scarcity coupled with ambivalent and contradictory public attitudes toward government taxation and spending result in ongoing interest in the questions posed by resource dependence theory.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Contingency Theory of Organizations
- ▶ Organizational Boundary Spanning


## References


Boyne GA, Meier KJ (2009) Environmental turbulence, organizational stability, and public service performance. Adm Soc 40:799–824

Dess GG, Beard DW (1984) Dimensions of organizational task environments. Adm Sci Q 29:52–73

Fyall R (2016) The power of nonprofits: mechanisms for nonprofit policy influence. Public Adm Rev 76: 938–948

Hahm SD, Jung K (2013) Shaping public corporation leadership in a turbulent environment. Public Adm Rev 73:178–187

Lawrence PR, Lorsch JW (1967) Differentiation and integration in complex organizations. Adm Sci Q 12:1–47

Lynn ML (2005) Organizational buffering: managing boundaries and cores. Organ Stud 26:37–61

Malatesta D, Smith CR (2014) Lessons from resource dependence theory for contemporary public and nonprofit management. Public Adm Rev 74:14–25

Meier KJ, O'Toole LJ Jr (2008) Management theory and Occam's Razor: how public organizations buffer their environment. Adm Soc 39:931–958

Miles RE, Snow CC (1978) Organizational strategy, structure, and process. McGraw-Hill Book Company, New York

O'Toole LJ Jr (2015) Networks and networking: the public administrative agendas. Public Adm Rev 75:361–371

Pfeffer J, Salancik GR (2003) The external control of organizations: a resource dependence perspective. Stanford Business Books, Stanford

Thompson JD (1967) Organizations in action. McGraw-Hill Book Company, New York


# Organizational Ergonomics


S. Mackenzie Glander-Dolo
Upper Iowa University, Fayette, IA, USA


## Synonyms

Human factor; Organizational ergonomics; Participatory process; Systems theory; User-centered design

## Definition

Ergonomics and the human factor subdivision into organizational, physical, and cognitive (though none functions in isolation) is more recent with the overarching systems ergonomics focusing the theoretical background. The International Ergonomics Association (IEA 2016) definition is "the scientific discipline concerned with the understanding of the interactions among humans and other elements of a system, and the profession that applies theoretical principles, data, and methods to design in order to optimize human well-being and overall system performance."

## Introduction

The human interface with their tools and environment (Mumford 1963), like chairs or cars, has been largely discussed. More recently the focus shifted to how people work in organizations and the mental processes that contribute to procedural adaptation.

In case of "chicken or the egg" (Fig. 1), the technology, environment, and society interchange is a complex symbiotic one. The ideas and needs that society has have driven inventions and agendas that further technological development. The two are inexorably intertwined. Orlikowoski (1992) points to technology as potentially modifiable throughout its use. The structurational model of technology comprises the following components: (i) human agents – technology designers, users, and decision-makers; (ii) technology – material artifacts mediating task execution in the workplace; and (iii) institutional properties of organizations (1992, p. 410, Fig. 2 below). Taken together as a system, agents, technology, and institutions play a complex game of change.

Organizational ergonomics then is concerned with the socio-technical systems optimization (Trist & Emery – Tavistock Institute), including their organizational structures, policies, and processes, especially risk management (ISO 3100). Relevant topics are work design and systems, resource management and working times, teamwork, participatory design, community ergonomics, cooperative work, virtual organizations, telework, communication, and quality management (IEA website).

## System Ergonomics

### Background

Taylorism or scientific management approach (1911) long ruled organizations and is still found today. His research focused on job design and task allocation; however, this mechanized the human

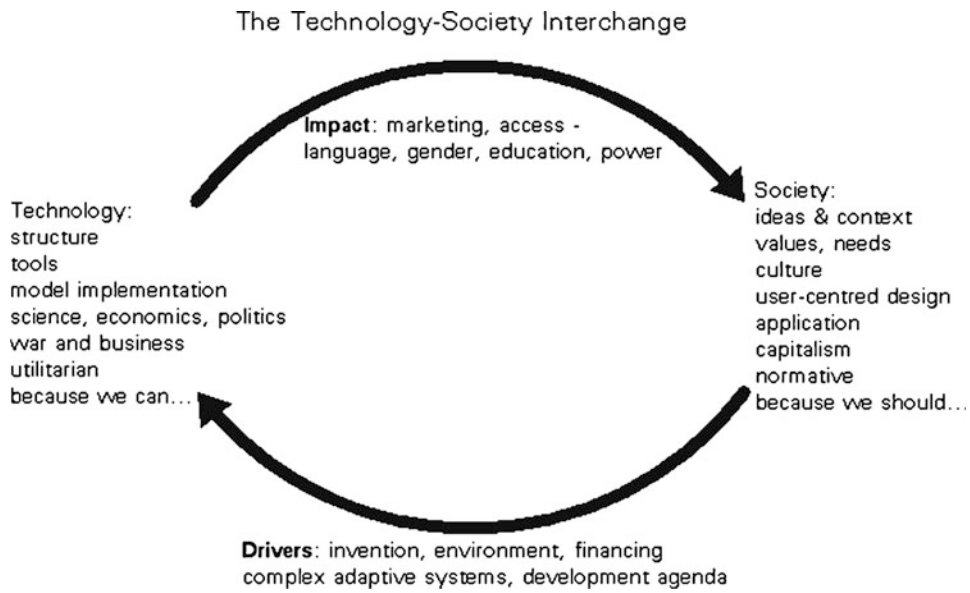


**Organizational Ergonomics, Fig. 1** The technology-society interchange

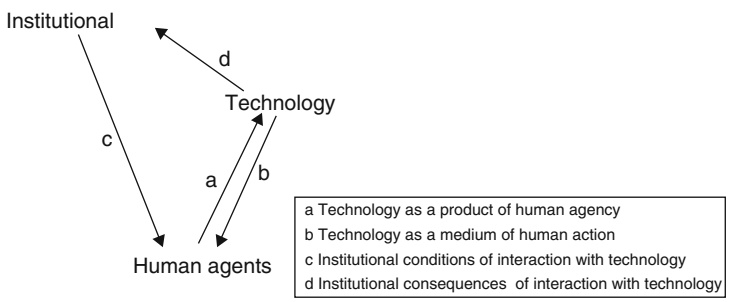


**Organizational Ergonomics, Fig. 2** Structurational model of technology (Orlikowoski 1992). Used with permission

worker. The First Conference on Scientific Organization of Labour held in Russia in January 1921 brought a change to that as Vladimir Bekhterev, Vladimir Nikolayevich Myasishchev, and Alexander Bogdanov (1913) discussed human work problems. Bekhterev wanted an "absence of fatigue and a guarantee of the sound health and all round personal development of the working people." Bogdanov proposed the input-output model (Belykh 1989), pointing out that "this then creates chains of production which are only as strong as their weakest link" (Moray 2005, p. 21).

Organizational ergonomics history progressed from there:

- The socio-technical systems approach addresses adaptability, complexity, and autonomy in the cycle between technology effects and society's use. Though originally focused on workplace efficiency and design, the computer age shifted to technology integration in the individual's life. The issues remain the same; those interfacing with technology will change and affect the intended design radically.
- During the two world wars, cockpit design (Fitts and Jones 1947; Chapanis et al. 1949) was important. Physical ergonomics was the focus along with factors like fatigue.
- In the 1950s, the business influence was felt focusing on worker efficiency, routines, and quality processes. Theorists like Argyris et al. (1985), Argyris and Schön (1974), Bennis (1985/1961), and Schein (1985) concentrated on organizational development while studies that revealed the Hawthorne effect (Landsberger 1958) progressed the field significantly.
- In the later part of the twentieth century, psychology's influence became dominant in the field introducing psychological empowerment theory that impacted skill and mastery, capacity, heuristics, and created the optimal control model (Kleinman et al. 1970).
- Currently, the focus is on the allocation between human and machine function: research includes highway technologies, NASA's studies, and the adjustments to an increasing older population.
- Present design approaches overlap and follow the ISO standard human-centered design processes for interactive systems (ISO 13407 Model, 1999; Geneva 2000) with audience, purpose, and context or visibility, accessibility, legibility, and language in user-design thinking.

## Systems and User-Centered Design

The words "system ergonomics" are used to indicate a theoretical base for work situation design or redesign. Giddens' structuration theory (1984) identifies three structures in social systems: *signification*, *legitimation*, and *domination*. Orlikowoski (1992, 2000) took Gidden's theory and considered the intersection between structure and use to be the human factor. She replaces the idea of embedded properties in structuration theory (Orlikowoski 1992; DeSanctis and Poole 1990, 1994) for enactment or use.

Society and technology intersection is classically seen in Mumford's *Technics and Civilization* (1963). Mumford shows a society organized not around any organic human needs, but around the "needs" of the machines that have come to characterize and control our lives. Other significant discussions on the intersection between society and technology include McLuhan's (1964) position of technologies' impact on society, and the diffusion of innovation theory (Rogers 1983) looking at the human agents as particular types of innovation carriers.

Today the human work interface includes hygiene and motivation (Herzberg 1968) focus. Campion and Thayer (1985) found job design problems were to blame for inefficiency and went on to create a four pronged approach to job design that included mechanistic, motivational, biological, and perceptual. Work and autonomy meaningfully play a significant role in employee wellbeing preventing turnover and burnout (Lambert et al. 2012).

### Challenges

Challenges that change carries are shown in movies like *2001: A Space Odyssey* (1968) and

*Eagle Eye* (2008). First, machines control human behavior as "The more tools 'seamlessly' facilitate systems development, the more they will be taken for granted, and the more they are used unreflectively the more they will constrain human action" (Berger and Luckmann 1967, p. 62). And second, human actions ruin the technology's potential, "On one Beta project, the consultants found the tools to be particularly limiting and manipulated their access to the underlying computer system in a way that allowed them to surreptitiously bypass the tools" (Orlikowoski 1992, p. 28). The test then is to aim for flexibility and optimize the design and deployment process accordingly. Orlikowski points to a time when the users are "given the discretion, knowledge, and resources to manipulate their technologies" (p. 33). The focus in future development is on the user needs and participation in the design process.

## General Process Methods

When evaluating a system in an organizational ergonomics approach, one considers the following key questions. Using van Scheijndel's (2010) work here modified:

Orientation

- What is the starting point? Who is responsible for what? What will be the project structure? Are there limiting conditions?

Analysis

- System analysis: what is the activities' goal: what must be performed, both in quantities and quality?
- Task analysis: which tasks are required to achieve the goals? Bottleneck analysis.

Design

- Determine a program of requirements.
- Task allocation: which tasks can best be allocated to technology (machines, ICT) and which to humans? Consider alternatives and choose the best solution.
- Tasks and jobs design, including organizational aspects (e.g., education level, training; teamwork; work schedules; flexible solutions).
- Testing in a virtual environment using simulations, mock ups, and models.
- Interfaces design between humans and technology with communication elements.
- Designs adaptations: the global design, followed by the detailed design.

Realization

- Realization: building, implementation. If required, staff training.

Evaluation

- Evaluation: how well does the system do what it should? Here adaptations are considered.

## Research and Design Methods

It is well established that organizational ergonomics reduces costs, improves productivity, quality, and employee engagement, and creates a better safety culture (Groggins ca 2000), but it has taken decades to discover best practices.

Research in organizational ergonomics started with observation and case studies. Numerous survey instruments exist to test stress, burnout, processes, and efficiency. Participatory and action research of worker experience and leader decision-making phenomena show impact on work and its environment. A rather thorough methods' coverage can be found in the *Handbook of Human Factors and Ergonomics Models* (Stanton 2004). The more common ones are:

- Ethnographic analysis
- Surveys and questionnaires
- Focus groups
- Task analysis: Best used early in the design process
- User and methods analysis
- Action research (Lewin 1944) is when the researcher or individuals working with others in teams or a "community of practice" (Lave and Wenger 1991) seek to improve the way they address issues and solve problems (Argyris and Schon 1974). Extra precautions are needed that the researcher is reflexive in the process. Paulo Freire's participatory action research (1982) addressed action in the

educational field and is now applied in all research areas including organizations.

Evidence-based practices have come to the fore and can be readily found online for different fields and from government OSHA sites (see links at the end of this document).

## Participatory Ergonomics

### Background

A user-centered design is based on a user's cognitive preferences as well as cultural needs (Orlikowski 2000, Fig. 3). User-centered design may include participatory design (Abelse et al. 1998), needs, resource, and task analysis, resource analysis and user modeling, and usability testing (Allen 1996; Vrendenburg 2002). User-centered design takes the emphasis off the organization and puts it on the recipients' needs.

Participatory ergonomics not only considers the user but programs maximize worker involvement, as the worker is an expert on his or her job. "The participatory approach to ergonomics relies on actively involving workers in implementing ergonomic knowledge, procedures, and changes with the intention of improving working conditions, safety, productivity, quality, morale and/or comfort" (https://oshwiki.eu/wiki/Organisational_ergonomics). One reason for participatory ergonomics is that many proposed changes are not successfully implemented. Reasons include (Vink and Koningsveld 2010. In English at https://en.wikipedia.org/wiki/Participatory_ergonomics): Workers question why the proposed change

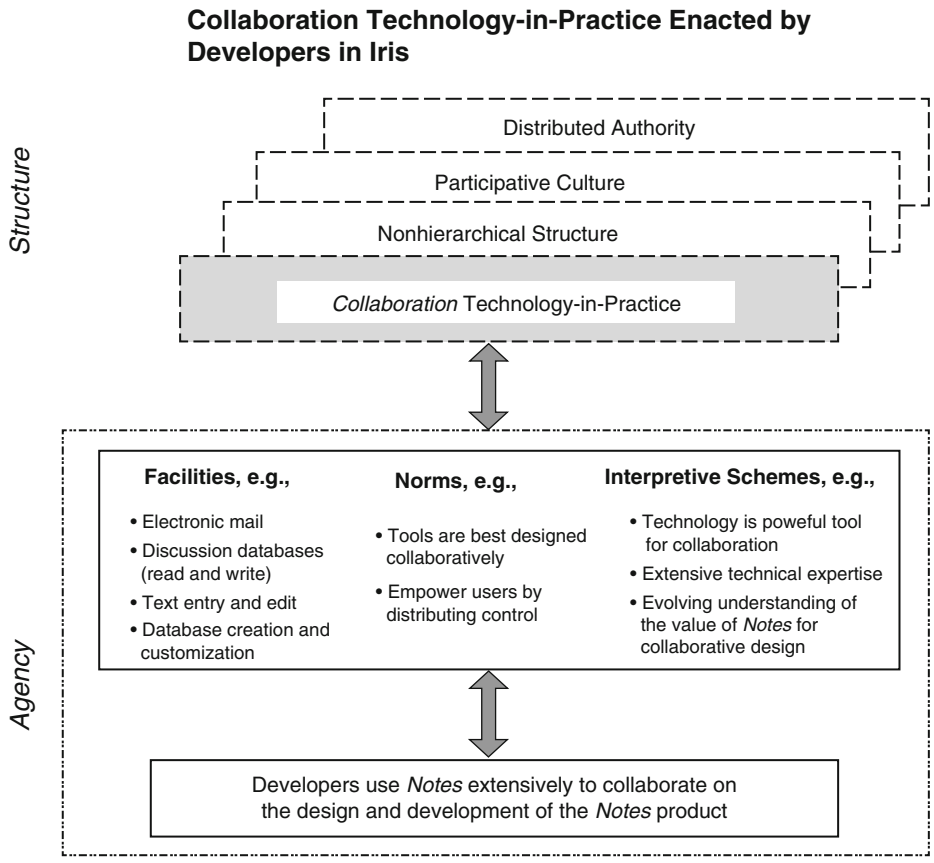


**Organizational Ergonomics, Fig. 3** Colloboration technology-in-practice, Orlikowoski 2000, p. 415. Used with permission

will be feasible, as previous changes were obstructed. No need for change is felt, no sense of urgency. Previous changes had little effect. Proposed changes are simplified, for instance because of budget, and almost ineffectual.

### Participatory Process

Worker participation in the change (Lewin 1946) process allows a sound base for acceptance and successful implementation (Cole et al. 2009). Vink and Koningsveld propose a nine step participatory process (2010). The only differences with the overall organizational process are that with accumulating and selecting ideas, users are involved as well as at the testing stage. A successful participatory ergonomics program requires initial and continuing resources and support from upper management. The resources required include: time to develop and implement solutions; financial resources to make meaningful changes; and management support for the individuals on the appointed ergonomics team.

Employees also have their input in the ***bottleneck*** inventory. The theory of constraints (Goldratt and Cox 1984) is a method to guide organizational change based on reducing bottleneck impact.

***Task rotation, work schedules changes, and shift work*** put physiological and psychological stress on the employee. Key issues include shift changes with high stress jobs like policing and inmate care (Ma et al. 2015). Ill health and sleep issues contribute to judgment and accident errors.

The hope of task or job rotation is offering less monotonous tasks, allowing more than one person to be trained on a job helps with knowledge management and transfer, and addressing turnover issues. The challenges are that not everyone manages change equally and both supervisors and employees see the short-term difficulties rather than the long-term benefits (Middlesworth (2016), "A Step-to-Step Guide to Job Rotation").

Deadlines should include time for collaborative strategies, and budget constraints complicate matters. Though structures around information and communication technology use can be planned and implemented, unplanned results including user altered work practice and culture (Orlikowoski 1992, 2002). The other necessary consideration around the participant is to understand how different people cope with rapid change that often impacts identity, culture, and hope (Lawson et al. 2000; Strickland 1998). Neglecting to do so can doom initiatives to failure.

### Teamwork

Teamwork concepts' history is relatively recent with a sharp increase in the past 40 years (Weiss and Hoegl 2015). Three teamwork categories include: transition process (between action periods), action process (when the team attempts to accomplish its goals and objectives), and interpersonal process (present in both action periods and transition periods) (LePine et al. 2008).

The typical issues that arise in teamwork are **social loafing, group think, and diversity**. Social loafing began with Ringelmann's rope pulling exercise (1913) with others determining whether the loafing was due to individual or group coordination failure (Latané et al. 1979). Karau and Williams (1993) proposed the collective effort model to generate effort and motivation predictions.

Whyte (1952) first coined Groupthink, but Janis (1971) gave the definition used today, "The more amiability and esprit de corps there is among the members of a policy-making ingroup, the greater the danger that independent critical thinking will be replaced by groupthink, which is likely to result in irrational and dehumanizing actions directed against outgroups" (p. 44). Group consensus rather than striving for the best ideas leads to production blocking, free riding, evaluation apprehension, and performance matching (Thompson 2003). Teams that are homogenous and cohesive will have a tendency toward groupthink.

Diversity attempts to prevent groupthink; however, there are problems. When one member represents a diverse element, more likely that person will stand for that diversity; e.g., an older man with a team of younger members will over-represent age differences. Communication needs to be even more emphasized on a team with diverse representation (Ruderman et al. 1996).

Wageman et al. (2009) suggest effective teams be interdependent for a common purpose with a small, stable membership. The purpose should be challenging, clear, and consequential. Norms and reward systems exist that are valued, and they have access to technical assistance and training. The more complex the task, the more challenging it is to make teams successfully accomplish it (Gratton and Erickson 2007) and the greater a chance a bad decision is made.

> Although teams that are large, virtual, diverse, and composed of highly educated specialists are increasingly crucial with challenging projects …. the qualities required for success are the same qualities that undermine success. Members of complex teams are less likely—*absent other influences*—to share knowledge freely, to learn from one another, to shift workloads flexibly to break up unexpected bottlenecks, to help one another complete jobs and meet deadlines, and to share resources—in other words, to collaborate. They are less likely to say that they "sink or swim" together, want one another to succeed, or view their goals as compatible. (Gratton and Erickson 2007, p. 2)

## Virtual Organizations and Telework

One potential answer for teams is virtual teams and their tools. Asynchronous communication may be helpful in decision-making at the initial stages, allowing everyone to participate and present ideas followed by synchronous discussions for decision-making. Tools like wikis store knowledge for team or personnel transitions.

Those working in virtual systems face challenges not previously experienced. These include working away from a central location, mobile devices with the increased multitasking challenge, a blending of times that were previously delineated: work, commute, home, holidays, and in some fields, telework allows a person to work for multiple employers (Duarte and Snyder 2001).

Using computers does not necessarily decrease cognitive load. In fact, IT usability problems may disrupt performance. The increasing numbers of interfaces at work create new cognitive demands on employees: workers need to learn several applications and use diverse systems. Here decisions are made between technology or human chores. Community informatics (Gurstein 2000, 2003) point to the vital need that all people have to have Internet and telecommunication skills and access to the conversation. Also there are generational issues of digital native versus immigrant where older workers are led by younger computer-savvy coworkers (Prensky 2001). These younger workers brains are rewired by the technology they use as appendages, and neuroplasticity can help older workers too (Small and Vogan 2008).

What if things go wrong? Automation and computerization create scenarios where the watchers are not skilled enough to solve the failures and errors. Baxter et al. (2012) suggest employees have to be taught the skills to "save the day because they are inherently flexible and adaptable" (p. 70) by being allowed to practice (and update) these skills on a regular basis and being provided with the appropriate information by the technology in a timely manner.

### Challenges

Shapiro (2001) points out, "Even though machines can enhance intelligence and knowledge … there are aspects of computerization that subtract from people's knowledge, that make people less aware of complexity and choice and less able to express their own individuality." Problems of not understanding of the accompanying issues and systemic implications include that learning and retention of interface use measures are rarely employed, and some studies treat these measures as synonymous with quality-in-use, despite an unclear relationship (Hornbaek 2006).

Participatory design methods' training takes time. Early adopters and the testers may not be the same as those that use technology later, and beginners behave differently from advanced users (Roger Rogers 1983). Design does not always take into consideration power and political issues (Beck 2002). Don Norman's *The Design of Everyday Things* (Norman 2002) suggests a focus on activity design rather than user design. He also advocates simple design that may not be the case with design by committee. So human-design focus is good for improving a product or project, and scenarios are good for marketing. Design around what a person does when encountering a problem may be more useful then asking the user how to design the item or process.

## Conclusion: Best Practices and Future Direction

From the cognitive ergonomics side, neuroergonomics "focuses on investigations of the neural bases of mental functions and physical performance in relation to technology, work, leisure, transportation, health care and other settings in the real world" (Parasuraman 2003, p. 5).

Personality differences, telecommuting effects, and what happens when things go wrong (e.g., Flight 1549 into the Hudson River and the *Andrea Gail* crew in the Perfect Storm) are current focuses. Generational shifts are occurring with more individualized portable technologies and the accompanying applications. Big data and lived informatics can be used in design. Can virtual environment utilization help astronauts in their flight to Mars? How can technology be more wearable and what does that mean for businesses and security? Can emotion recognition software create happier, more capable employees with lower accident rates? The potential and questions are endless.

Organizational ergonomics focuses on needs of employees and customers to create better systems that contributes to the wellbeing of all and healthy productivity.

## Cross-References


- ▶ Employee Work Motivation
- ▶ Employee-Friendly Practices: Fashionable, Flexible, and Fickle
- ▶ Innovation and the Public Workplace
- ▶ Knowledge Utilization in Organizations
- ▶ Leadership and Technology
- ▶ Motivation and Leadership
- ▶ Organizational Collaboration
- ▶ Organizational Learning
- ▶ Organizational Technology
- ▶ Program Evaluation
- ▶ Relational Leadership Theory
- ▶ Social Capital and Organizational Change
- ▶ Stress Management
- ▶ Systems and Complexity Theories of Organizations


## References


Abelse EG, White M, Hahn K (1998) A user-based design process for Web sites. Internet Res 8(1):39–48

Allen BL (1996) Information tasks: toward a user-centered approach to information systems. Academic, San Diego

Argyris C, Schön DA (1974) Theory in practice: increasing professional effectiveness. Jossey-Bass, San Francisco

Argyris C, Putnam R, Smith DM (1985) Action science: concepts, methods and skills for research and intervention. Jossey-Bass, San Francisco

Baxter G, Rooksby J, Wang Y, Khajeh-Hosseini A (2012) The ironies of automation . . . still going strong at 30? In: Proceedings of ECCE (European conference on cognitive ergonomics), 29–31 Aug 2012, Edinburgh. Retrieved 25 Nov 2016 from http://johnrooksby.org/papers/ECCE2012_baxter_ironies.pdf

Beck EE (2002) P for political: participation is not enough. Scand J Inf Syst 14:77–92

Belykh AA (1989) A note on the origins of input-output analysis and the contribution of the early Soviet economists: Chayanov, Bogdanov and Kritsman. Sov Stud 41 (3):426–429. https://doi.org/10.1080/09668138908411823

Bennis W (1985/1961) The planning of change. Holt Rinehart & Winston, New York. ISBN 0030895189

Berger P, Luckmann T (1967) The social construction of reality. Penguin Books, New York

Bogdanov A (1913) Bogdanov's tektology. Hull: Centre for Systems Studies Press. First published in Russian, 1913–1917 as The Universal Science of Organization (Tektologia). This edition Tektologia: Universal Organizational Science (1989). Retrieved from https://monoskop.org/images/e/e9/Bogdanov_Alexander_Tektology_Book_1.pdf

Campion MA, Thayer PW (1985) Development and field evaluation of an interdisciplinary measure of job design. J Appl Psychol 70:29–43

Chapanis A, Morgan CT, Garner WR (1949) Applied experimental psychology: human factors in engineering design. Wiley, New York

Cole D, Theberge N, Granzow K, Frazer M, Laing A, Wells R, Norman R (2009) Participatory process in organizational interventions for injury prevention. Proceedings of the Fifth interdisciplinary conference on occupational stress and health. Public Health Rep 124(Suppl 1):26–35

DeSanctis G, Poole MS (1990) Understanding the use of group decision support systems: the theory of adaptive structuration. In: Fulk J, Steinfeld C (eds) Organizations and communication technology. Sage, Newbury Park

DeSanctis G, Poole MS (1994) Capturing the complexity in advanced technology use: adaptive structuration theory. Organ Sci 5(2):121–147

Duarte DL, Snyder NT (2001) Mastering virtual teams, 2nd edn. Jossey-Bass, San Francisco

Fitts PM, Jones RE (1947) Analysis of factors contributing to 460 "pilot error" experiences in operating aircraft

controls (Report No. TSEAA-694-12). Aero Medical Laboratory, Air Materiel Command, U.S. Air Force, Dayton
Freire P (1982) Creating alternative research methods. Learning to do it by doing it. In: Hall B, Gillette A, Tandon R (eds) Creating knowledge: a monopoly. Society for Participatory Research in Asia, New Delhi, pp 29–37
Giddens A (1984) The constitution of society: outline of the theory of structuration. University of California Press, Reprint edition (1 Jan 1986)
Goldratt E, Cox J (1984) The goal: a process of ongoing improvement. North River Press, Great Barrington
Gratton L, Erickson T (2007) Eight ways to build collaborative teams. Harv Bus Rev. Retrieved from https://hbr.org/2007/11/eight-ways-to-build-collaborative-teams
Groggins R (ca 2000) Washington state department of labor and industries. Ergonomics Cost-Benefit Case Study Collection
Gurstein M (ed) (2000) Community informatics: Enabling community uses of information technology. Idea Publishing Group, London
Herzberg F (1968) One more time: how do you motivate employees? Harv Bus Rev 46(1):53–62. OCLC 219963337
Hornbaek K (2006) Current practice in measuring usability: challenges to usability studies and research. Int J Human-Comp Stud 64:79–102
International Ergonomics Association (2016) What is ergonomics? Website. Retrieved 17 Mar 2016
Janis IL (1971) Groupthink. Psychol Today 5(6):43–46, 74–76
Karau SJ, Williams KD (1993) Social loafing: a meta-analytic review and theoretical integration. J Pers Soc Psychol 65(4):681–706
Kleinman DL, Baron S, Levison WH (1970) An optimal control model of human response part I: theory and validation. Automatica 6(3):357–369
Lambert EG, Hogan NL, Dial KC, Jiang S, Khondaker MI (2012) Is the job burning me out? An exploratory test of the job characteristics model on the emotional burnout of prison staff. Prison J 92(1):3–23
Landsberger HA (1958) Hawthorne revisited. Cornell University, Ithaca
Latané B, Williams K, Harkins S (1979) Many hands make light the work: the causes and consequences of social loafing. J Pers Soc Psychol 37(6):822–832
Lave J, Wenger E (1991) Situated learning: legitimate peripheral participation. Cambridge University Press, Cambridge. ISBN 0-521-42374-0; first published in 1990 as Institute for Research on Learning report 90-0013
Lawson CW, McGregor I, Saltmarshe D (2000) Surviving and thriving: differentiation in a peri-urban community in Northern Albania. World Dev 28(8): 1499–1514
LePine JA, Piccolo RF, Jackson CL, Mathieu JE, Saul JR (2008) A meta-analysis of teamwork processes: tests of a multidimensional model and relationships with team effectiveness criteria. Pers Psychol 61(2): 273–307
Lewin K (1944) Action research and minority problems. J Soc Issues 2(4):34–46
Ma CC, Andrew ME, Fekedulegn D, Gu JK, Hartley TA, Charles LE, . . ., Burchfiel CM (2015) Shift work and occupational stress in police officers. Saf Health Work 6(1):25–29
McLuhan M (1964) Understanding media: the extensions of man. McGraw-Hill, New York
Middlesworth M (2016) A step-to-step guide to job rotation. Ergonomics plus website. Retrieved from http://ergo-plus.com/job-rotation/
Moray N (2005) Ergonomics: the history and scope of human factors. Routledge, New York
Mumford L (1963) Technics and civilization. Harcourt Brace & World, New York
Norman D (2002) The design of everyday things. Basic Books, New York
Orlikowoski WJ (1992) The duality of technology: rethinking the concept of technology in organizations. Organ Sci 3(3):398–472
Orlikowski WJ (2000) Using technology and constituting structures: a practice lens for studying technology in organizations. Organ Sci 11(4): 404–428
Orlikowski WJ (2002) Knowing in practice: enacting a collective capability in distributed organizing. Organ Sci 13(4):249–273
Parasuraman R (2003) Neuroergonomics: research and practice. Theoret Issues Ergon Sci 4:5–20
Prensky M (2001) Digital natives, digital immigrants. In: On the Horizon. MCB University Press, 9(5 Oct). Retrieved from http://www.marcprensky.com/writing/Prensky%20-%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part1.pdf
Ringelmann M (1913) Recherches sur les moteurs animés: Travail de l'homme [Research on animate sources of power: The work of man]. Ann Inst Natl Agron, 2nd Ser 12:1–40
Rogers EM (1983) Diffusion of innovations. Free Press, Glencoe
Ruderman M, Hughes-James M, Jackson S (eds) (1996) Selected research on work team diversity. APA, Washington, DC
Schein E (1985) Organizational culture and leadership, 4th edn (2010). Jossey-Bass, San Francisco
Shapiro J (2001) Complexity in the interface age: interview with ubiquity. ACM site http://ubiquity.2cm.org/article.cfm?id=763899
Small G, Vogan G (2008) iBrain: surviving the technological alteration of the modern mind. HarperCollins, New York
Stanton N (2004) Handbook of human factors and ergonomics models. CRC Press, Boca Raton
Strickland R (1998) Portable effects: a design vocabulary of everyday life. Retrieved from http://adaweb.walkerart.org/~dn/a/enfra/rstrickland.html

Taylor FW (1911) The principles of scientific management. Harper & Brothers, New York/London. OCLC 233134. (Also available from Project Gutenberg)
Thompson L (ed) (2003) The social psychology of organizational behavior: key readings. Psychology Press, New York
Van Scheijndel P (2010) Systeem-ergonomisch ontwerpen (system ergonomics design, in Dutch). In: Voskamp P et al (eds) Handboek Ergonomie. Kluwer, Alphen aan den Rhijn. In English at https://oshwiki.eu/wiki/Organisational_ergonomics
Vink P, Koningsveld EAP (2010) Participatory ergonomics. In: Voskamp P et al (eds) Handboek ergonomie. Kluwer, Alphen aan den Rhijn. In English at https://en.wikipedia.org/wiki/Participatory_ergonomics
Vrendenburg K (2002) A survey of user-centered design practice. CHI Letters. 20–25 Apr. ACM 1-58113-453-3/02/0004. Retrieved from http://www.cse.chalmers.se/research/group/idc/ituniv/kurser/10/hcd/literatures/Vredenburg%202002.pdf
Wageman R, Nunes DA, Burruss JA, Hackman JR (2009) Behind the seniors: how HR can help get an organization's top team off to a flying start. People Manag 38–41
Weiss M, Hoegl M (2015) The history of teamwork's societal diffusion: a multi-method review. Small Group Res 46(6):589–622
Whyte WH Jr (1952) Groupthink. Fortune 114–117(142):146

## Resources

Academy of Medical Sciences, the British Academy, the Royal Academy of Engineering and the Royal Society report. http://royalsociety.org/uploadedFiles/Royal_Society_Content/policy/projects/human-enhancement/2012-11-06-Human-enhancement.pdf
Brookhuis K, Hedge A, Hendrick H, Salas E, Stanton N (2005) Handbook of human factors and ergonomics models. CRC Press, Boca Raton
EU OSHA – European Agency for Safety and Health at Work. Literature review – the human-machine interface as an emerging risk. https://osha.europa.eu/en/publications/literature_reviews/HMI_emerging_risk
Human Factors and Ergonomics Society. https://www.hfes.org/web/Default.aspx
Institute for Work & Health, Ontario, Canada. Fact sheet, shiftwork (PDF). http://www.iwh.on.ca/media/images/Shiftwork.pdf
ISO 11064-1 (2000) Ergonomic design of control centres – part 1: principles for the design of control centres. International Organization for Standardization, Geneva. http://www.iso.org/iso/home.html
Karwowski W, Marras WS (1999) The occupational ergonomics handbook. CRC Press, Boca Raton
National Institute of Occupational Safety and Health: CDC. https://www.cdc.gov/niosh/
Risk Management. ISO 31000 catalogue. http://www.iso.org/iso/catalogue_detail.htm?csnumber=43170
US Department of Labor. https://www.osha.gov/SLTC/ergonomics/identifyprobs.html
Workplace Ergonomics site. http://ergo-plus.com/workplace-ergonomics/

# Organizational Ethnicity: A Socio-cognition Approach

Fateme Tavallaei
PNU University, Tehran, Iran

## Synonyms

Ethnicity; Organizational ethnicity; Socio-cognitive theory

## Definition

Organizational ethnicity refers to the ethnic individuals or groups in organizations and their opportunities or challenges. Under the umbrella of this concept, various strategies can be implemented according to the sensitivity of the issue such as financial, human resource management, and organizational behavior. In this area, socio-cognition theory with its inherently reciprocal nature can explain the capabilities of one individual for adaption.

## Introduction

Nations all over the world are like puzzles with different and distinct separated parts stupendously live under the umbrella of one country with a unique identity. Diversity includes race, gender, socioeconomic class, perspectives, and ethnicity. Among lots of researches about diversity, ethnicity is less studied.

Today, a large portion of the existing nation-states consist of more than one ethnic group and only few world's states were homogenous nations. Some examples of multi-ethnical countries are: Afghanistan, Andorra, Angola,

Antigua, Bahamas, Bahrain, Belarus, Belgium, Belize, Bhutan, Bolivia, Bosnia and Herzegovina, Brazil, Brunei, Bulgaria, Burkina, Cameroon, Canada, Central African Republic, Chad, Colombia, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Cuba, Cyprus, Djibouti, Dominica, Ecuador, Eritrea, Estonia, Ethiopia, Fiji, Gabon,Guatemala, Guinea, Guyana, India, Indonesia, Iran, Iraq, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Laos Latvia, Luxembourg, Madagascar, Malaysia, Mali, Mexico, Montenegro, Myanmar, Nauru, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Palau, Panama, Peru, Philippines, Qatar, Russia, Senegal, Serbia, Seychelles, Sierra Leone, Singapore, South Africa, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Taiwan, Tajikistan, Thailand, Trinidad and Tobago, Turkey, Uganda, Ukraine, United Arab Emirates, The United Kingdom, The United States, Uzbekistan, Venezuela, and Vietnam.

Many nations have ethnically heterogeneous societies that show the important role of ethnicity.

For example, in Iran, there are lots of ethnic groups, such as: Persian, Azerbaijani, Gilaki, Kurd, Arab, Lur, Baloch, and Turkmen. These are the most populated ethnic groups in Iran that each one separated to subbranches, too. For example, Lur ethnic group is divided to Bakhtiari, Fili, Lak, Balagrive, and Mamasani.

Ethnicity shows some similarity in dynasty, history, destiny, collective unite, solidarity, language, religion, style of clothes, and ornament.

This harmony of distinction can strengthen the nationalities to overcome obstacles and make synergy by the use of different perspectives and capabilities, such as utilizing of talents, more creativity, more innovation, or better problem-solving. But on the other hand, being unable to tolerate the differentiation can cause huge problems such as quarrel and threat. Ethnic conflict and lots of deaths from political violence are some problems for nation states. Government strategies and policies can help to solve the problems. Besides that, sociopsychological elements are important to adapt the situations.

Confronting each type of diversity including ethnicity, race, gender, socio-economic class, or perspectives and where and when the issue occurs may have different solutions. Ethnicity is studied in Anthropology, History, Political Science, International relations, Archeology, and Sociology but organizational ethnicity has not much been researched yet.

Organizations are part of the society to meet the needs. The complex and multi-faced and multi-dimensional nature of organizations can be impacted by ethnicity. Differences in cultural norms and values among ethnic groups can cause different work-related behaviors. Besides governmental and organizational strategies toward the ethnicity, individual's sociopsychological factors can demonstrate how much they are ready to accept the situations and it is impacted by the environment due to multidimensional aspect of organizations.

One of the theories to cover this complexity is socio-cognition which is not much studied in ethnicity area. Socio-cognitive theory helps to explain how much an individual can accept the ethnicity in an organization through the impact of the cognition, environment, and behavior factors and can achieve the goals, accomplish tasks in facing of difficult situations, obtain important outcomes, overcome the challenges, etc. So according to the complexity, importance and deficiencies of the issue, this entry tries to define ethnicity from various perspectives and then explains its important role in organizations through socio-cognition theory.

## Ethnicity

Diversity has many aspects including racial, gender, class representation, or even varied perspectives and approaches toward a society. One of the important aspects of diversity is ethnicity.

Ethnicity came from ethnos, an Egyptian word focusing on people distinction and differentiation in a society (Johnston et al. 1994). Ethnicity was first studied in Anthropology but then it came into social studies, and in the recent century, it

becomes an important issue (Breton 1931). It is almost new in social studies without a fixed meaning in researches. Some researches consider it as a completely social concept with a concentration on cultural and behavioral perspectives which leads to make a distinction among societies. People belong to an ethnic group, consider themselves different from other groups in society and also be considered different by others. Ethnicity is a social structure or a confirmed personal identity. It is also called a social identity appearing in social interactions and internalizing in personal awareness (Bulmer and Solomos 1999).

Ethnicity is feeling some kind of similarity in dynasty, history, destiny, collective unite, and solidarity or a cultural phenomenon. Some important characteristics of ethnic groups are language, history, dynasty, religion, style of clothes, and ornament. Most of them are cultural and learned behavioral distinctions. Ethnic convergence means the tendency of orientation, friendship and voluntary cooperation between two or more people (Bahramian and Bahramian 2012). History, ancestral land, native language, tribal beliefs and traditions, national heroes, religious tribes, ethnocentrism, artistic and hereditary literature can make a cultural identity. In a smaller scale, ethnic identity including blood imitation, ancestors, and mythology make the connection of social and political hierarchy. National identity makes the commitment, affiliation, unity, cohesion, authority, and security to society (Moradi 2015). Ethnic diversity includes different ethnics with its own special identities in a town, city, country, group, etc.

Cultural diversity can strengthen the cultural, ethnic, and national identity but without a proper public policy, it acts as a factor of decomposition and weakening. Knowing the importance and influencing factors can lead to better strategies toward the issue. These distinctions cannot be omitted and to create unity is something approximately. But some factors can strengthen the cohesion among ethnic groups; race which was considered the primary element in the past but with less importance today, language, economic and political power, governmental support, rich written heritage with its impact on stronger affiliation to local language and culture, convergence of language with religion, non-monopoly to a particular country, world capabilities of culture and language, understanding different dialects, customs and social traditions, religion, country, land, and economic (Nasaj 2009). Some factors that may threat: deprivation that causes economic, social, and political distinction of one area from others, ethnic and nonethnic elites with the aim of getting power, and national and international threat.

Due to the importance of ethnicity, it is studied in various field of studies, such as Anthropology, History, Political Science, International relations, Archeology, and Sociology. Historical ethnicity is a branch of social history. It studies ethnic groups. These kind of studies provide a basement to analyze the quality and quantity data extracted from social and historical models and have a deeper look into policy- and decision-makings. McDonald (2007) identifies five main areas of interest for scholarship on US ethnic history: the origins and meaning of ethnicity, particularly the issue of whether it is inherited or invented; the origins of ethnic diversity (such as conquest, immigration, involuntary migration); models of ethnic adaptation (especially the melting pot, mosaic, salad bowl, and kaleidoscope metaphors); ethnic incorporation into the social, economic, and political fabric of the receiving country; and minority group survival strategies, including responses to competing forms of allegiance like class and gender.

From Archeology perspective, it is used to achieve the old cultures from what is retained as Antiquities. The left place and texts can show some ethnicity in those days. From Anthropology perspective, ethnicity is a cultural feature that unites the members of one group together. Anthropologists tend to historical and political conceptions more than behavioral ones. In political science, ethnicity is an important issue in pluralistic societies and especially in developing countries, it can cause problems such as inconstancy. Governments have critical roles in controlling ethnicity quarrels. They should make proper policies to organize ethnics and lead them through goals, succession, and constancy. In an

international view, ethnicity can cause violent, quarrels, and wars in a country or among countries.

But ethnicity in organizations and firms are rarely studied. Organizations are built for meeting social needs. Human resources are the important part of it and without a proper strategy toward any kind of diversity including ethnicity, it may fail in function and performance. Many aspects should be considered toward organizational ethnicity including leadership, support, etc. But one which was rare considered is socio-cognition as an adapting element. Organizations are identities which include multifaced and multilevel factors and the distinction among person and group and organization is very blurred indeed. The theory can inherently bring the triple view of the environment, cognition, and behavioral aspects around ethnicity and make the role of an ethnic individual, group, and organization more clear. According to the importance of the issue, this entry tries to give an organizational diversity and ethnicity perspective through socio-cognition theory.

## Organizational Ethnicity

Organizations are part of the society that make the relationship between its members and environments to meet their needs. They include goals, visions, infrastructures, structures, teams, staffs, processes, and systems. HRM have crucial roles in organizations. They confront lots of issues. One area which is rarely studied is diversity and especially ethnicity. Globalization and high labor mobility results in the growth of ethnic minority populations. They have their own experience, attitudes, and behaviors. They are often influenced by race-ethnicity in the workplace (Allen 1995). Social exchange, feeling of acceptance, inclusion, respect, belonging, career success, turn over, job satisfaction, responsibility and promotion, cognitive judgment component, job characteristics, socioeconomic status, and the access to resources are other challenges that ethnic groups face in organizations (Weiss and Cropanzano 1996). In the strategy level, the firm board can be impacted by diversity and then positively associated with a performance by increasing decision-making capacity. On the other side, increasing conflict can detract group performance (Erhardt et al. 2003). In the tactical level, shortage and supply of professional and skilled workers or their replacement takes a lot of costs for organizations and they need to find the ways of retaining and supporting qualified skilled workers (Chevalier 2008).

Cox and Blake (1991) stated that cost, the attraction of human resources, marketing success, creativity and innovation, problem-solving quality, and organizational flexibility directly impacted by the management of cultural diversity. Diversity increases the cost of poor jobs in integrating workers.

The organizations with a better reputation for managing diversity have more chances to get better personnel. Bringing different insight and cultural sensitivity into marketing can improve the operations. Less emphasis on past norms through different perspectives can enhance the level of creativity. A wider range of perspectives and critical analysis can lead to better problem-solving and decision-making. Being less determinant, less standardized and more fluid to react to environment changes is another issue of managing diversity (Cox and Blake 1991).

The leadership should understand that different ethnics have their own perspectives and approaches to work and need to be respected in spite of their different opinions and insights. It can cause new learning opportunities and also challenges and can be moderated with a unique standard performance expectation from everyone. People feel worthwhile when organizational culture encourages openness, stimulate personal development, have a well-articulated and widely understood mission, and a relatively egalitarian, and non-bureaucratic structure (Ely and Thomas 1996).

Directing the ethnic organizational potentials in a proper way leads to better utilization of talent, increased marketplace understanding and business growth, creativity and innovation, enhanced breadth of understanding in leadership positions, enhanced creativity, increased quality of team problem-solving, and a greater knowledge base

and competitive advantage (Robinson and Dechant 1997).

Robinson, & Dechant (1997) stated that organizations can handle their diversity by determining business objectives or needs, consideration of the business strategy and opportunities, identifying required actions for each one by deciding on the scope of target, specific objectives, and a particular short-term payback of investment, conducting a cost/benefit analysis in the initiative, implementation expected return, and developing tracking mechanisms to assess progress, business performance, financial impact, monitoring processes, and rewarding systems.

Recognizing attraction, retention, and the way of support for ethnic groups is another issue for organizational performance.

Cox and Blake (1991) stated that diversity management can be improved by proper leadership, training, research, analysis, change of culture, human resource management, and follow-up system. They include top management support, commitment, the need for change, awareness training with focusing on valuing diversity, self-awareness, stereotyping and cross-cultural insensitivity, and skill-building training about how to respond to differences in the workplace, collecting information about employees traditional, attitudes, perceptions, and career experiences of different cultural groups to use in training programs and identifying areas where changes are needed, evaluating the change effort, undertaking recruitment, performance appraisal, potential assessment and promotion, compensation, monitoring change, evaluating the results and institutionalizing the changes, accountability, and control. To implement and measure these systems, focus groups, surveys, interviews, and various culture audits or assessments can be beneficial.

## Socio-Cognition Theory Toward Organizational Ethnicity

In the previous section, some challenges, opportunities, and organizational strategies toward ethnicity were discussed such as a proper leadership, training, research, analysis and change of culture and human resource management, and follow-up system. But these are only organizational part. It is important to know how much an ethnic individual has capability to adapt which is again can be impacted by organizational situation. Considering sociopsychological elements can help to demonstrate an individual role in the organizational multifaced area.

Ethnicity with its different perspectives and opinions can impact the cognitive and decision-making processes of individuals in organizations. It can impact the top management decision of how to handle the whole corporate and also a simple worker performance. So, it is important to consider some psychological issues besides diversity management strategies.

The sociopsychological impacts in this area are: feeling of isolation, lowered identification with coworkers and workgroups, and exclusion from formal and informal networks, the difference of decision-making in homogeneous groups and diverse ones, organizational performance, learning-effectiveness of organizational learning, growth, and renewal besides discrimination-fairness, and access-legitimacy paradigm, integrating affective, cognitive, and social perspectives to enhance career success, psychosocial mentoring and interventions to enhance ethnic workers, sociological theories in cultural pluralism paradigm to encourage acceptance of interpersonal differences, feeling less social acceptance at work and leading to lower career satisfaction, social outcomes, job satisfaction, and commitment. Kochan et al. (2003) stated that the organization's strategy, culture, and human resource (HR) practices have crucial roles on performance. Culture, demographic, technical and cognitive factors are as inputs and communications, conflict, cohesion, information, creativity are as mediators and performance, satisfaction, turnover are as outcomes. These kinds of differences can contribute to fragmentation of workgroups. In sum, ethnicity has both negative and positive sociopsychological impact. So how can ethnicity interpreted in organizations? It is obvious that it depends on the situation and also individuals themselves.

Organizations are multidimensional and multi-faced entities. As Gioia and Sims (1986) stated: "Given the nature of organizations as socially constructed entities, and the nature of individuals as socially immersed and influenced, the lines defining what is an individual phenomenon and what is an organizational phenomenon are very blurred indeed. In this sense, social cognition transcends both the cognitive approach (which emphasizes on individual cognitive and learning processes) and the structural approach (which emphasizes on organizational routines and cultures.)." In one side, individual factors shape the decision to resistant or adapt the situation. In the other side, adaption is a social process which is impacted by collogues, organizational change, and norms. Through these social interactive, the adaption would be possible (Hord et al. 1987). Going through this concept, the environmental, behavioral, and cognitive elements impact each other in a triple way. Socio-cognitive theory comes to explain these complex phenomenon. Bandura (1986) who defined the socio-cognitive theory stated that "many of the theories that have been proposed over the years to explain human socio-cognitive functioning have relied heavily on causal models favoring one-sided determinism. In such models of unidirectional causation, the behavior is depicted as being shaped and regulated either by environmental influences or by internal dispositions. In the more recent, partially bidirectional models of causation, persons and situations affect each other but their influence on behavior flows uni-directionally."

The social cognitive theory explains triadic reciprocal causation functioning (Bandura 1986). The model provides a dynamic structure that reflects ability and judgments of one person about him/herself and can lead to motivate to adapt. Environmental factors like social pressure besides cognitional factors like demographic variables and also behavioral factors impact each other in a triple way. Bandura (1982) stated that the interpretation of one person about his/her ability depends on the various factors like enactive mastery, experience, vicarious experience, verbal persuasion, and emotional arousal. One of the factors in socio-cognition theory is self-efficacy referring to the "beliefs in one's capabilities to organize and execute the courses of action required to produce given attainments" (Bandura 1997). "Beliefs in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to meet given situational demands" (Wood and Bandura 1989). Research has found that self-efficacy predicts several important work-related outcomes, including job attitudes, training proficiency, and job performance. According to social cognitive theory (Bandura 1986, 1997), self-efficacy beliefs vary on three dimensions: (a) level or magnitude (particular level of task difficulty), (b) strength (certainty of successfully performing a particular level of task difficulty), and (c) generality (the extent to which magnitude and strength beliefs generalize across tasks and situations).

In spite of the fact that ethnicity exist, an individual should be aware of how much ability and capability needs to achieve the goals, accomplish tasks even in facing of difficult situations, obtain important outcomes, believe in succeed in any endeavor set in the mind, overcome the challenges, perform effectively on many different tasks, etc.

Kochan et al. (2003) stated that trained members and leaders communicate and solve problems more in diverse teams. So "team working skills" should be considered in this area. Socio-cognition theory helps to understand how much an individual is ready to accept the situation and learn.

Besides socio-cognition theory, future researches can add goal setting and expectation theories to demonstrate the commitment or how much convenient an individual feels in the adaption process.

## Conclusion

This entry was about ethnicity in organizations. Ethnicity is one aspect of diversity with a huge

impact on all parts of society. It is considered in various researches such as Anthropology, History, Sociology, etc. Although it has a crucial role in organizations, studies in this area are very rare indeed. Previous researches tried to investigate the opportunities, challenges, and the impacts that ethnicity brings such as increasing or decreasing performance, job satisfaction, cost, etc. Some solutions were suggested in the entry, such as a proper leadership, training, research, analysis and change of culture and human resource management, and follow-up system. But these are only the organizational roles. Besides organizational strategies, considering sociopsychological elements is necessary. It is important to know how much an ethnic individual has capability to adapt the situation which is again can be impacted by organizational environment and other behaviors. According to organizational nature as multifaced entities, socio-cognition theory can be suitable to analyze one's capacities of adaption and learning. It gives three reciprocal ways that cover both cognitive and social elements. Future researches can use this theory for organizational ethnicity alone or by combining with other elements such as goal setting or expectation theories to show the commitment and convenient of ethnic individuals to achieve their job outcome and expectation.

## Cross-References

► Diversity in Organizations

## References

Allen BJ (1995) "Diversity"; and organizational communication. J Appl Commun Res 23(2):143–155. https://doi.org/10.1080/00909889509365420

Bahramian SH, Bahramian O (2012) Investigating the relationship between the relation of the relatives (Turks and Kurds) and the sustainable sustainability and eecognizing the effective factors on the strengthening of the convergence of the ethnicities in West Azarbaijan Province. J Res Policy 11:131–159

Bandura A (1982) Self-efficacy mechanism in human agency. Am Psychol 37:122–147

Bandura A (1986) Social foundations of thought and action: a social cognitive theory. Prentice-Hall, Englewood Cliffs

Bandura A (1997) Self-efficacy: the exercise of control. Freeman, New York

Breton R (1931) L'ethnopolitique (trans: Fakouhi N). Ney Publication, Tehran

Bulmer M, Solomos J (1999). Ethnic and racial studies today (trans: DalirPour P, Sorourian K). Strategic Studies Research Center, Tehran

Chevalier M (2008) IT skills and salary report. Tech Republic and Global Knowledge 2009. [WWW document]. http://dept.sfcollege.edu/ite/content/media/TechRepublic_2008_salary_report.pdf. Accessed July 2014

Cox TH, Blake S (1991) Managing cultural diversity: implications for organizational competitiveness. Acad Manag Perspect 5(3):45–56. https://doi.org/10.5465/ame.1991.4274465

Ely RJ, Thomas DA (1996) Making differences matter: a new paradigm for managing diversity. Harv Bus Rev 74(5):79–90

Erhardt NL, Werbel JD, Shrader CB (2003) Board of director diversity and firm financial performance. Corp Gov 11(2):102–111. https://doi.org/10.1111/1467-8683.00011

Gioia DA, Sims HP (1986) Cognition-behavior connections: attribution and verbal behavior in leader-subordinate interactions. Organ Behav Hum Decis Process 37(2):197–229

Hord SM, Rutherford WL, Huling-Austin L, Hall GE (1987) Taking charge of change. Association for Supervision and Curriculum Development, Alexandria

Johnston RJ, Gregory D, Smith DM (1994) The dictionary of human geography, 3rd edn. Blackwell, Cambridge, MA

Kochan T, Bezrukova K, Ely R, Jackson S, Joshi A, Jehn K, . . . Thomas D (2003) The effects of diversity on business performance: Report of the diversity research network. Hum Res Manag 42(1):3–21. https://doi.org/10.1002/hrm.10061

McDonald J (2007) American Ethnic History: Themes and Perspectives

Moradi A (2015) Cultural identity of Iranian ethnic groups and its impact on national identity and Iranian national cohesion. J Cult Eng 84:128–144

Nasaj H (2009) Globalization and identity of Iranian people with an emphasis on language and customs components. J Theor Res 5:129–156

Robinson G, Dechant K (1997) Building a business case for diversity. Acad Manag Perspect 11(3):21–31

Weiss HM, Cropanzano R (1996) Affective events theory: a theoretical discussion of the structure, causes, and consequences of affective experiences at work. Res Organ Behav 18:1–74

Wood R, Bandura A (1989) Social cognitive theory of organizational management. Acad Manag Rev 14(3):361–384

# Organizational Evil

Carole L. Jurkiewicz
McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Corruption; Institutional ethicality; Intentional organizational harms; Unethical behavior

## Definition

> Organizational evil is the institutionalization of a set of principles and practices whose purpose is to knowingly harm individuals, with disregard for the consequences beyond those that would cause immediate repercussions to the evil-doer. (Jurkiewicz and Grossman 2012, p. 3)

## Introduction

While some may disagree on precisely what constitutes unethical behavior, there is a general consensus that such behavior is individually enacted and episodic in nature and that it occurs in some instances but does not necessarily define the individual as unethical. But how to describe unethical behavior that goes well beyond an occasional occurrence and is embedded in the culture of the organization? Evil describes this next level of moral violation and is systemic, encompassing hiring and training, reward systems, policies, programs, practices, and internal/external relations, all executed with intentionality and intended to maximize advantage through the willful harm caused to others. Successes in this regard are celebrated; the evidence of evildoing is obfuscated, with the perpetrators' goal of deflecting any culpability directed them. This is the focus of current research on organizational evil.

## Overview

The earliest inquiries into the nature of evil were encompassed within the study of metaphysics, wherein evil was defined simply as the absence of good, essentially that acts were either one or the other (Anderson 2006). Over time the conception of evil melded into those acts that deprived individuals of basic human rights (Dillard and Ruchala 2005) and for some that included a joy derived from hurting others. Modern research focuses upon operational evil, how it evinces itself within organizational systems, rather than the study of evil as an abstract concept. As defined, "organizational evil is the institutionalization of a set of principles and practices whose purpose is to knowingly harm individuals, with disregard for the consequences beyond those that would cause immediate repercussions to the evildoer" (Jurkiewicz and Grossman 2012, p. 3).

Leaders shape an organization's culture, whether for good or evil, through modeling behavior, rewards and punishments, and the policies and practices they establish and enforce. In large part, hiring decisions are made based on how well it is perceived that the prospective employee shares the organization's values. Concomitant with the growth and success of an organization, employees feel more closely associated with its culture (Schein 1996); this affiliation is strengthened through specialized argot, unique traditions, and understood but unwritten codes of behavior. Emerging from these behavioral codes, a set of moral guides develops that establishes what is acceptable and what is discouraged. Codes can articulate ethical or evil behavior; gangs have codes as well as the Nazi regime, just as socially responsible organizations and international relief agencies may have codes. Thus, while the specifics may differ, the process by which this formalized or informal moral code develops is the same regardless of the ethicality of the organization. It is this banality with which evil develops that, to many, can be the most terrifying aspect of evil. If an ethical code were replaced with an evil one overnight, it would naturally be shunned. But an incremental change in the moral code and

culture over time can occur unnoticed, until the point that the organization's culture may appear to be significantly different from a preview at point A to a post-measure at point B (Fig. 1).

A common question is when can an organization accurately be termed as evil? Is it when 50% of its practices and policies fit the definition of evil? 75%? 100%? Jurkiewicz and Grossman (2012) introduced a continuum to illustrate the range of ethicality within and among organizations. Even the most evil organizations one can imagine exhibit some level of civility, if only in an occasional pleasant verbal exchange, just as an organization closest to saintliness has negative conflict from time to time, so no one organization can be defined as 100% or 100% evil. The tipping point for when an organization can be effectually termed evil is when the preponderance of its practices, programs, policies, and reward/punishment mechanisms serve the "purpose is to knowingly harm individuals, with disregard for the consequences beyond those that would cause immediate repercussions to the evil-doer" (Jurkiewicz and Grossman 2012, p. 3). Chomsky and McChesney (2011) contends that evil organizations are the norm, that organizations by definition are deliberately structured to manipulate individuals for revenue or self-advantage, and that people are merely instruments for goal attainment and are useful only insofar as they can fulfill an organization's aims. Certainly, as required by law, the purpose of organizations is to further their pursuit of self-interest, meaning power, profit, and profligation, irrespective of the means to attain it.

As organizations are defined by law as persons (Bakan 2004), they can be said to exhibit personality and personality disorders. As Bakan (2004, p. 56) states, the personality disorder seen in psychopathic organizations is identified by the motivation "to destroy [their] competition. . .[they] want to beat them one way or another. . .and [they're] not particularly concerned with what happens to the general public as long as they're buying [their] product." The product can be merchandise, programs, initiatives, or candidates, and it is fully self-focused, which puts individuals at risk. Organizations are essentially asocial and incapable of empathetic action. Although individuals can be ethically multiplicative (Jurkiewicz 2002), organizations are not able to compartmentalize evil and separate it from their other operations. As Bakan (1994, p. 57) continues, organizations manipulate seek control over "everything, including public opinion," and assert they are, "number one. . .the best. . ..their behavior indicates they don't really concern themselves with their victims." They "refuse to accept responsibility for their own actions and are unable to feel remorse; if [they] get caught breaking the law they

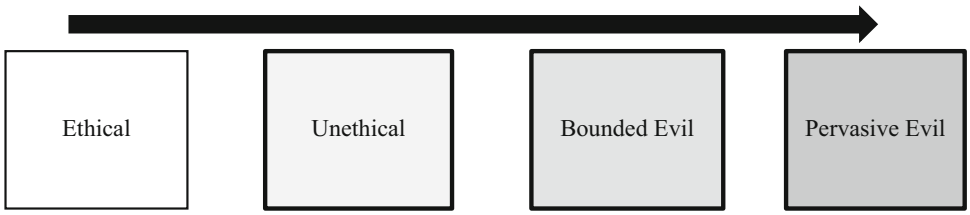


**Ethical** – Acting to achieve the greatest good for the greatest number; acting on principles that seek rights, justice, equality; foregoing personal gain for long-term societal benefit
**Unethical** – Occasionally making decisions and acting in a manner that confers immediate individual advantage while disadvantaging the many; engaging in sporadic deception and demonstrating lack of concern for others
**Bounded Evil** – Individuals acting unethically a high percentage of the time, yet most organizational policies and practices support equality, rights, and justice
**Pervasive Evil** – An organizational culture that intentionally harms others in order to confer short-term advantages as exhibited through policies, practices, programs, and reward systems

**Organizational Evil, Fig. 1** Dimensions of organizational evil. (Adapted from Jurkiewicz and Grossman (2012))

pay big fines and. . .continue doing what they did before; in many cases the profit or advantage obtained is worth substantially more than the fines imposed. . .their whole goal is to present themselves to the public in a way that is appealing. . .but in fact may not be representative of what the organization is really like" (Fig. 2).

Paradoxically, while organizations hold the legal status of a person, they have no moral obligations. With the organization as the entity of record, employees are effectively legally free to carry out their jobs in any manner that brings them the greatest gains. Thus, those who act evilly are rewarded as the potential monetary gain is high while the possibility of negative consequences comparatively low. Lowering or removing standards of accountability along with any potential punishments is advocated for through political contributions, lobbying, and image campaigns intended to influence the public's perceptions of an organization's unethical and evil activities. Bakan's (1994) contention that while society wouldn't consider it sane to remove laws forbidding criminal activity by individuals, nor the punishments meted out for such violations, it does allow the removal of such restrictions for organizations, although organizations can cause more far-reaching and permanent harms to greater numbers of individuals. The concept that organizations can regulate themselves is widely advocated and generally viewed as reasonable under the guise of creating savings for consumers. The absurdity of such a notion is underscored by the widespread psychopathological, and evil, behavior of most organizations: no concern for individuals' feelings or safety, inability to maintain long-term relationships, deceitfulness and lying to gain advantage or profit, inability to experience guilt, and a rejection of laws and social norms (Jurkiewicz and Grossman 2012). As organizations have grown in social and monetary importance over time, most have come to accept that such embodiments of evil are the norm, particularly in the proprietary sector, that it is simply how business (whether the business of governments, corporations, or nonprofits) is done and one is naïve to think otherwise.

Adorno (2000) notes that over time individuals have perfected their ability to separate the consequences of their acts from who they believe themselves to be as people, effectively dehumanizing themselves as a means of survival in an increasingly evil world. By doing so, he asserts that any and all behaviors are justifiable and that an individual's ethical framework is subjugated to that of the economic forces of one's environment. Adorno (2002) further argues that societies in general are evolving toward complete organizational control, as individuals accept the removal of laws and sanctions and succumb to the manipulations of image management that organizations are paternal forces, looking out for our interests and caring for us and society in ways we can't do for ourselves. This is the embodiment of evil.

Organizational evil is also configured as organizational narcissism (Jurkiewicz and Grossman 2012), where organizations focus on perpetuating an image of faultlessness and superiority through self-advocacy and treating others as inferior. Twenge and Campbell (2009) developed a Narcissistic Personality Inventory which is adapted here as an analytic organizational measure, again rooted in the legal definition of the organization as a person (Fig. 3).

The increased level of narcissism in evil organizations mirrors that which Twenge et al. (2008) found in individuals. Both are focused on attaining short-term self-advantage and exhibit value

- Callous unconcern for others' feelings
- Incapable of maintaining enduring relationships
- Reckless disregard for others' safety
- Repeated lying and engaging in deceitful behavior toward others for profit or advantage
- Inability to experience guilt
- Refusal to conform to social norms with regard to lawful behaviors

**Organizational Evil, Fig. 2** Psychopathological factors in organizations. (Adapted from Bakan (1994))

- ✓ If our organization were in charge of setting the rules, the world would be a much better place.
- ✓ We prefer it when our organization is the center of attention.
- ✓ We can act in whatever way we desire; we know what is best for us.
- ✓ We like to show off our power and assets and seek an attention-grabbing media presence.
- ✓ We will never be satisfied until we are the dominant organization (or political party).
- ✓ We think we are special and we are better than our competitors.
- ✓ It is easy to manipulate people into doing what you want.
- ✓ We will avail ourselves of opportunities to communicate our strengths and importance.
- ✓ We are extraordinary.
- ✓ We enjoy the ability to exercise control over our colleagues, clients, and competitors.

**Organizational Evil, Fig. 3** The narcissistic organizational personality inventory. (Adapted by Twenge and Campbell (2009, pp. 20–21))

systems that prioritize immediate gains and self-aggrandizement regardless of the consequences. As Twenge and Campbell (2009, p. 37) identify it, it's a "pernicious virus" infecting society in general.

## The Culture of Evil

Baumeister (1997) asserts that evil is motivated by one or multiple root causes: the desire for material gain, threatened egotism, idealism, and/or sadism, and is facilitated by a distortion of the truth in order to reassure the individual or organization of its essential goodness. He defines the difference of perception of an evil act between the perpetrator and the victim as the Magnitude Gap: the perpetrator can dismiss the act and separate it from the organization to maintain its image of perfection, and the victim likely feels harmed and less positive about the perpetrator; generally, the victim's loss is greater than the perpetrator's gain. Darley's and Latane's (1968) classic experiments on the diffusion of responsibility when more than one person are actors explain to a large degree how individuals in an organization can engage in evil behavior but lessen or deny their own responsibility and attribute it instead to the organization as a whole. This behavioral phenomenon facilitates scapegoat activities when the organization is looking for someone to blame while claiming general ethicality and removes the motivation to act ethically (Jackall 1988). The ambiguity inherent in collective evil activity makes it especially easy to shift the blame to another if someone is accused of unethical or evil behavior. Escaping blame encourages future evil and/or unethical behavior, thereby proliferating it within the organization. As Jackall (1988) observed, blame is concentrated at the lower levels of the hierarchy with higher organizational members acting in often evil, expedient ways to show enough short-term progress to warrant a promotion, thereby leaving the consequences of their behaviors to the subordinates who remain. Thus, evil behavior as described here can benefit individuals and is often encouraged within organizations as a savvy method of conducting business. When a group of people act evilly in concordance, no single individual is likely to separate from the group and denounce the behaviors, separating the act from one's view of themselves or the organization in order to maintain the belief of goodness. This assuages the human need to fit in with a group, and adopting an evil culture in order to be accepted by the group is viewed as a necessary function of organizational life.

Vickers (2012) framed the concept of necessary evil as occurring when organizations cause intentional harms to individuals or groups under the guise of sacrificing for the greater good for all. Necessary evil justifies behaviors such as bullying, intimidation, fraud, violence, etc. such that over time they become an accepted aspect of achieving organizational ends. Such normative behavior again enlists the needs of most humans to identify with a group, from which emerges a perpetuation of evils by individuals acting on their own behalf, but it is not without consequence. Engaging in such behaviors although sanctioned and expected within the workplace lead to employees' negative physical and psychological health outcomes (Giacalone et al. 2016).

## Conclusion

Individuals' behavior at work is largely influenced by the organization's culture, which rewards and punishes behavior in order to shape it in accord with the individual's need for acceptance and belonging. The system of influence affects evil behaviors just as it does ethical behaviors. From every group culture emerges an ethical framework uniquely influenced by its leader, and this framework defines for employees the expected and unacceptable behavioral expectations and can be evil, ethical, or at points in between. The effect of organizational evil on employees, their families, and society in general is overwhelming and in many cases obfuscated by justifications, influence, and rationalization; evil within organizations has grown over time to represent a majority of institutions. The US populace, among many other countries, has become habituated to the degree that we expect to be harmed by organizations and are surprised when we are not.

Yet there is something we can do rather than accepting this as a fait accompli. We would need to be proactive in preventing evil from getting a foothold by calling out unethical behaviors and following through on the consequences for such acts, not being silenced by political correctness. Each act moves the individual and organization toward the left or to the right on the continuum presented in Fig. 1. Enforcing transparency, accountability, and personal responsibility at all hierarchical levels and in all sectors is essential. Organizations cannot be depended upon to monitor themselves, and thus the development of oversight systems, procedures, and practices is key to stemming and reversing evil. What does an unevil organization look like? It's one where the structure supports honesty and seeks the good of all, where transparency is expected and reinforced, and where whistleblowers are protected and seeking self-advantage at the sake of others is not tolerated. Legal reinforcements can support these efforts, although alone they will not have an impact.

Research has shown (Jurkiewicz and Giacalone 2016) that ethical organizations are more financially successful, have healthier and more loyal employees, contribute to the social welfare of their communities, and provide economic and health benefits to the society at large. The effects of organizational evil are wide-ranging and treacherous, and it is much easier to prevent than repair. Ignoring unethical acts, making excuses for or hiding such behaviors, or rewarding individuals who engage in them is, whether through commission or omission, supporting the development of organizational evil.



## Cross-References


- ▶ Ethical Competence
- ▶ Ethical Frameworks
- ▶ Ethical Leaders
- ▶ Ethical Values
- ▶ Ethics and Good Governance
- ▶ Ethics in Public Service
- ▶ Ethinomics
- ▶ Leading the Ethical Organization
- ▶ Lying
- ▶ Organizational Values


## References


Adorno T (2000) Cultural criticism and society. In: O'Connor B (ed) The Adorno reader. Blackwell, Malden

Adorno T (2002) Problems of moral philosophy. In: Schroder T (ed) trans: Livingstone Rodney. Polity Press, Cambridge

Anderson JF (2006) The rhetorical impact of evil on public policy. Adm Soc 37(6):719–730
Bakan J (2004) The corporation: the pathological pursuit of profit and power. Free Press, New York
Baumeister RF (1997) Evil: inside human violence and cruelty. Freeman, New York
Chomsky N, McChesney RW (2011) Profit over people: neoliberalism and global order. Seven Stories Press, New York
Darley JM, Latane B (1968) Bystander intervention in emergencies: diffusion of responsibility. J Pers Soc Psychol 8:377–383
Dillard JF, Ruchala L (2005) The rules are no game: from instrumental rationality to administrative evil. Account Audit Account J 18(5):608–630
Giacalone RA, Jurkiewicz CA, Promislo MD (2016) Ethics and well-being: the paradoxical implications of individual differences in ethical orientation. J Bus Ethics 137(3):491–506
Jackall R (1988) Moral mazes: the world of corporate managers. Oxford University Press, New York
Jurkiewicz CL, Giacalone RA (2016) Organizational determinants of ethical dysfunctionality. J Bus Ethics 136(1):1–12
Jurkiewicz CL, Grossman D (2012) Evil at work. In: Jurkiewicz CL (ed) The foundations of organizational evil. M.E. Sharpe, Armonk
Schein EH (1996) Leadership and organizational culture. In: Hesselbein F, Goldsmith M, Beckhard R (eds) The leader of the future. Jossey-Bass, San Francisco
Twenge JM, Campbell WK (2009) The Narcisssim epidemic: living in the age of entitlement. Free Press, New York
Twenge JM, Konrath S, Foster JD, Campbell WK, Bushman BJ (2008) Egos inflating over time: a cross-temporal meta-analysis of the Narcissistic personality inventory. J Pers 76:875–901
Vickers MH (2012) For 'the greater good:' exposing the parody of necessary evil – exemplars from organizational life. In: Jurkiewicz CL (ed) The foundations of organizational evil. M.E. Sharpe, Armonk

# Organizational Excellence

Dawn Ringrose
Organizational Excellence Specialists Inc,
Courtenay, BC, Canada

## Synonyms

Operational excellence; Quality management system; Total quality management

## Definition

Appreciative inquiry: is a model that seeks to engage stakeholders in self-determined change. The approach builds on strengths and enables opportunities for improvement through analysis, understanding, and discussion.
Benchmarking: is the process of comparing an organization's business processes and performance metrics to industry's best-in-class and best practices from other companies. This comparison allows the organization to learn from others and improve performance.
Best management practice: is a method or technique that has been generally accepted as superior as it produces results that are superior to those achieved by other means.
Continuous improvement: is an ongoing effort to improve products, services, or processes. These efforts can realize incremental improvement over time or breakthrough improvement all at once.
ISO 9001: is a quality assurance system or standard designed to help organizations ensure they meet the needs of customers and other stakeholders. Third-party certification bodies provide independent confirmation that organizations meet the requirements of the standard.
Principles: form the foundation for organizational excellence and characterize the culture and values of the organization and depict the way people work together and with their stakeholders.
Lean: is a work process improvement methodology that focuses on the elimination of waste (e.g., transportation, inventory, motion, waiting, overproduction, overprocessing, defects) within an organization to improve overall customer value.
Organizational excellence: refers to the use of best management practices common to high-performing organizations that, when successfully implemented, contribute to a culture committed to excellence and sustainable results across a balanced system of measurement.
Performance improvement: is measuring the output of a particular business process or procedure and then modifying the process or procedure to increase the output, efficiency, or effectiveness of the process or procedure.

Six Sigma: is a set of techniques and tools for process improvement that seeks to improve the quality of the output of a business process by identifying and removing the causes of defects and minimizing variability in the process.

## Introduction

What is organizational excellence? *Organizational excellence* refers to the use of best management practices common to high-performing organizations that, when successfully implemented, contribute to a culture committed to excellence and sustainable results across a balanced system of measurement.

The principles describing the culture and the best management practices were first identified and defined in organizational excellence (OE) models including EFQM (2010), Baldrige (NIST 2010), Canadian Framework for Excellence (Excellence Canada 2010), and the Australian Business Excellence Framework (SAI Global 2010) in the late 1980s and early 1990s. Since that time, these OE models have evolved and other models have been developed that include a combination of these principles and best management practices. Today, many countries have developed national award programs to recognize organizations that have successfully implemented an excellence model and sustained performance improvement (Mann and Abbas 2015).

OE models can be used by any size and type of organization. Organizations that have successfully implemented OE models have been recognized by national award programs and reported results such as good governance, trust in leadership, customer delight, employee engagement, continually improving work processes, strong supplier and partner relationships, better utilization of resources, balanced system of measurement, and financial results.

## Key Research Findings

A European study (Boulter et al. 2005) found that when the principles of the EFQM Excellence Model have been implemented effectively, performance improves in both short- and long-term periods. Researchers examined award winners against comparison companies of similar size and industry sector over an 11-year period and found that award winners experienced higher increases in share value, average growth in sales, reduction in costs, and increases in operating income. Other accounting measures were also computed and showed similar results (e.g., change in capital expenditure over sales/assets, change in total assets, change in the number of employees).

An American study (Link and Scott 2011) compared the benefits received by Baldrige award winners from 2007 to 2010 with the cost of operating the program and reported a benefit-to-cost ratio of 820–1.

Another study in the United States (Booz Allen Hamilton 2003) assessed the attitudes and perceptions of senior leaders toward the Baldrige Award and Criteria and revealed very broad, positive recognition among leaders in each of the award eligible sectors: manufacturing, service, education, health care, and small business. In addition, more than 70% of leaders surveyed at Fortune 1,000 companies said they are likely to use the criteria.

In Australia, case studies (Pattison 2011) were undertaken with eight local government councils facing similar challenges: state government reform agendas, growing community expectations on service standards, increasing levels of public scrutiny, technology improvements, skills shortages, rate capping and fiscal constraints, complex legislative environment, and an overall mandate to achieve more with less. Each of the councils used the Australian Business Excellence Framework to assess and improve their organization and now understand the Framework can be used to assess and improve any aspect of their organization including leadership, strategy and planning, people, information and knowledge, safety, service delivery, product quality, and bottom-line results.

Canadian research (Stoehr 2010) has tracked the performance results of award recipients from public, private, and nonprofit sectors and noted

improvements in employee turnover, cost savings, customer and employee satisfaction, cycle time, price savings to client, injuries, employee pride, and trust in leadership.

The Centre for Organizational Excellence Research in New Zealand (Mann et al. 2011) reported research findings on the impact and value of business excellence in Asia (i.e., India, Japan, Singapore, Taiwan, Thailand). Companies participating in the research reported that business excellence had a major impact on their competitiveness and performance and were relevant for long-term competitiveness and sustainability.

A recently published report by the American Society for Quality (ASQ 2011) on the future of excellence examined a number of factors influencing organizations today and the future and concluded that OE models will continue to be relevant for improving and sustaining organizational performance.

The factors influencing organizations included:

- Globalization – dealing with rapid communication, interrelated economies, finite resources, desire for improved quality of life, and environmental concerns
- Productivity – developed countries losing their competitive advantage
- Technology – capitalizing on technology that contributes to working more efficiently and effectively and reduces cost of doing business
- Consumers – becoming more aware of their options, seeking customized offerings, and demanding that organizations are socially and environmentally responsible, ethical, and accountable
- Workforce – employees seeking out employers of choice that use systems thinking and offer lifelong learning, healthy workplace, and flexible work arrangements
- Organization mindset – the growing need to scrutinize decisions for impact on all stakeholders, metrics moving from traditional product measures to social and environmental measures, perception of value moving from emphasis on triple bottom line to system thinking, and the effects of interdependent and interrelated work processes
- Political and individual will – continuing to choose the easiest path by focusing on short-term issues that contribute to life enhancement at the expense of long-term issues that satisfy sustenance, knowing that emphasizing wealth will lead to system collapse while emphasizing austerity will be transformative, and understanding the relationship between different types of data and certainty

When evaluating how best to deal with these factors, the study concluded that successful organizations of the future would have an OE model in place and share the following characteristics:

- Have excellence principles well entrenched in their culture
- Have an ability to respond to change with speed, agility, and flexibility
- Be more transparent
- Recruit globally for diverse skill sets and locally for retired individuals to coach and mentor others
- Engage people to focus on organizational strengths and use collective intelligence to build organizational capacity
- Anticipate the customer's requirements
- Focus on collaboration as opposed to competition
- Use technology that contributes to the efficiency or effectiveness of work processes
- Establish simpler work systems with the collaboration of employees, suppliers, and partners
- Use simpler metrics so everyone can understand performance
- Focus on sustainability, servicing the community, and world betterment
- Advocate for government to focus on long-term issues

## Key Benefits

Both research and practical experience implementing OE models would suggest there are a number of key benefits for the organization. These benefits include:

1. Provide the foundation on which to develop an organization. The OE model provides a collection of best management practices for each key management area (e.g., governance, leadership, planning, customers, employees, work processes, suppliers and partners, resource management, performance measurement). These practices can be implemented at any stage of an organization's life cycle. A start-up organization can implement the best management practices right the first time, while an organization that has been operating for some time can build on their strengths and capitalize on opportunities for improvement.
2. Provide an integrated and coordinated way to drive tangible results. The OE model provides a well-defined path for the excellence journey. For each key management area, there are practices to implement and measures that can be used to gauge progress. Measurement results highlight where the organization is doing well and where it needs to improve and allow for data-based decision making.
3. Identify the interdependencies and interrelationships between management areas. Each best management practice is related to other practices in the OE model and implementing all the practices will contribute to creating a culture of excellence that is characterized by the principles. For example, in the Organizational Excellence Framework publication (Ringrose 2010), that integrates the leading OE models (EFQM, Baldrige, Canadian Framework for Excellence, Australian Business Excellence Framework) a customer practice aimed at "determining customer needs and expectations" is directly related to: the leadership practice of "developing a strategic plan with goals and objectives that will guide the organization toward its vision," the planning practice of "using factual information to provide input to the business planning process," the employee practice of "encouraging employees to share their ideas and suggestions," the work processes practice of "involving customers, suppliers and partners in designing and analyzing processes," and the performance measurement practice "measuring the level of service quality."
4. Reduce non-value add activity. Non-value add activity is any activity that does not add value to the organization. Such activity may include errors, rework, duplication, sources of customer and employee dissatisfaction, and activities that do not contribute to the organization's vision and mission. The use of OE models can reduce non-value activity by ensuring that all work activity in the organization is aligned with the vision and mission and by investing in prevention and appraisal activities that reduce failures. In Canada, a study of small and medium enterprises found the cost of quality to be 32% of payroll on average and to be higher in service organizations as compared to manufacturing organizations (NQI 1996).
5. Contribute to becoming an employer of choice. Research has shown that implementing an OE model and concentrating on employee health and wellness can contribute to even greater improvements in organizational performance. Organizations that have an OE model in place undertake human resource planning that supports organizational plans, train and develop employees so they can be valued contributors, encourage employees to share ideas and suggestions aimed at improvement, and reward and recognize strong performance of individuals and teams. These organizations also invest in a healthy workplace. Global research indicates that many organizations are embracing workplace wellness to achieve business objectives such as reducing health care costs, improving productivity, improving workforce morale, and reducing employee absenteeism (Gadowski 2009).
6. Provide a performance benchmarking program. Performance measures common to OE models are used around the world and can be used to track performance internally and compare performance externally with other organizations. While many improvement opportunities are identified by employees doing the work, benchmarking, or learning

from the experience of others is a powerful method for breakthrough thinking, innovation, improvement, and for delivering exceptional bottom-line results.

7. Provide a platform for long-term organizational success. Organizations that have successfully implemented OE models continue to improve their performance year after year. This is largely due to the culture of excellence that has developed. Organizations committed to excellence have leaders that reinforce OE as a strategic imperative and use appreciative inquiry to build on strengths and engage employees in a discussion about what is going well and what can be done better. Both results and the sustainability of OE models are well documented in the aforementioned studies and other global research (Schaefer 2011).
8. Complement other excellence programs. The OE model provides an umbrella under which other programs, initiatives, tools, and techniques can be brought together to form one comprehensive system. The robust OE model can integrate quality assurance programs such as ISO 9001; initiatives such as lean, customer service, health and safety, and environment; and tools and techniques such as Six Sigma.
9. Increase the value of a business. The banking community has recognized that having an OE model in place increases the value of a business. Acknowledging these businesses continue to run well when the owner is absent, some banks add a multiple to the value of a business that has an OE model in place (Greenwood 2010). This bodes well for businesses that wish to increase their line of credit or plan for succession. In addition, an OE model is advantageous for the prospective buyer of a business as the practices provide a good checklist for assessing the business and the balanced system of measurement provides thorough feedback on performance.
10. Provide a healthy return on investment. A recent study found that every $1 spent on a quality management system (i.e., excellence model) returned $6 in revenue, $16 in cost reduction, and $3 in profit and that 93% of organizations agreed that quality management was a significant driver of success (Solomon and Hogan 2012).

## Filling a Gap in the Literature

In 2010, the Organizational Excellence Framework was published (Ringrose 2010). This publication integrated the definitions of the principles and best management practices supplied by the leading OE models and filled a gap in the literature by providing implementation guidelines for the user. These implementation guidelines included the approach and methodology used by seasoned management consulting professionals to implement the best management practices.

The OEF is comprised of principles and best management practices across nine key management areas. The following diagram illustrates each of the principles and key management areas embodied within the OEF. The inner circle of the diagram represents the principles, while the middle and outer circles describe the key management areas (Fig. 1).

### Principles

The principles form the foundation for continual improvement and OE. These principles characterize the culture and values of the organization and depict the way people work together and with their stakeholders. There are nine principles including:

1. Leadership involvement – ensuring senior management is committed and actively involved in establishing and communicating direction
2. Alignment – understanding the organization is a system of interrelated and interconnected work processes and all activities need to be aligned with the established direction
3. Focus on the customer – ensuring the primary aim of everyone in the organization is to understand and meet the needs of the customer
4. People involvement – nurturing and reinforcing cooperation and teamwork and

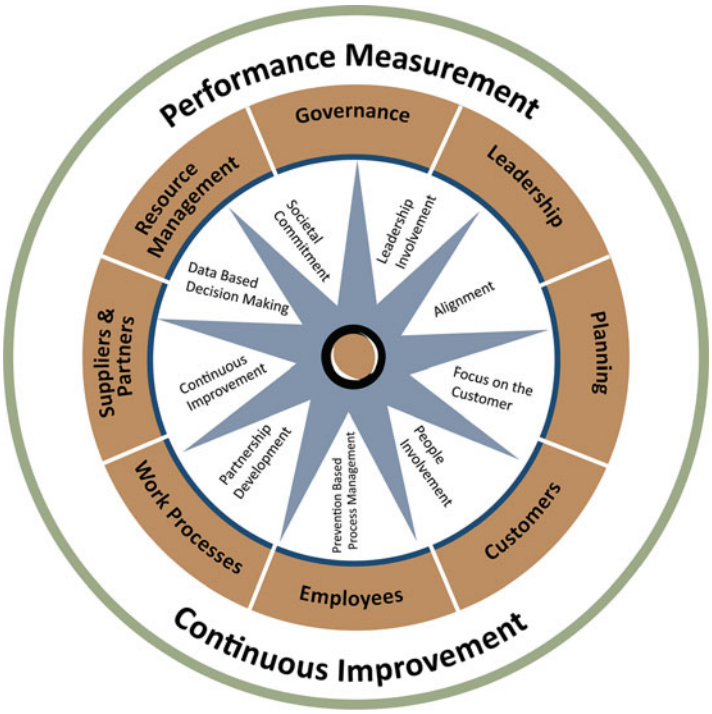


**Organizational Excellence, Fig. 1** Organizational Excellence Framework

giving employees the opportunity to develop their full potential

5. Prevention-based process management – establishing consistency in work processes and developing a mindset of prevention
6. Partnership development – developing and maintaining value-adding relationships with suppliers and partners
7. Continuous improvement – harnessing the collective knowledge, skills, and creativity of stakeholders to relentlessly pursue improvement
8. Data-based decision making – basing decisions on performance measurement findings
9. Societal commitment – striving to understand and demonstrate corporate commitment to society

These principles permeate the entire OEF and are directly linked to the best management practices in each of the key management areas.

## Key Management Areas

The key management areas are comprised of "best management practices" that contribute to the principles such as:

1. Governance – identifying governance responsibility to stakeholders, implementing an effective governance system, and acting as a model of good practice to internal and external stakeholders
2. Leadership – creating a culture committed to excellence, developing a strategic plan and communicating it to stakeholders, sharing responsibility and accountability throughout the organization, communicating openly about organizational performance, and removing barriers to organizational effectiveness
3. Planning – creating a business plan that aligns with strategic direction, communicating the plan to stakeholders, allocating resources to ensure effective implementation, monitoring and reviewing the plan regularly, and making changes as required
4. Customers – understanding the customer, aligning employees on the importance of the customer, making it easy for the customer to do business and provide feedback, and reaffirming the organization's presence and approach in the marketplace

5. Employees – undertaking human resource planning that supports organizational plans, recruiting, selecting, training, and developing employees, encouraging employees to share suggestions and ideas aimed at improvement, rewarding and recognizing strong performance of individuals and teams, and ensuring a healthy workplace environment
6. Work processes – designing, documenting, and managing work processes, analyzing and improving work processes, taking corrective action when problems occur, preventing recurrence of problems by making changes to work processes, and using benchmarking to evaluate performance
7. Suppliers and partners –using criteria to select suppliers and partners, developing win-win relationships, sharing information about strategic and business plans, and working together to develop products, services, and standards.
8. Resource management – defining resource requirements, developing a strategy to manage resources wisely, managing the adverse impact of operations on the environment and society, and preparing for resource interruptions
9. Continuous improvement and performance measurement – evaluating and improving the approach to each management area, measuring performance in each management area, and measuring overall organizational performance

### Content Template

The publication provides more detail on the best management practices in each of the key management areas by using a content template that includes:

- Statement of the practice or measure(s)
- Definition – the meaning of the statement within the scope of global OE models
- Implementation – a description of how to implement the practice
- Type of organization – an indication of whether the practice is applicable to a large (1000+ employees), medium (101–999), small (26–100), and/or micro (1–25) organization
- Related practices – other practices in the OEF that are related to the practice
- Additional notes – helpful notes regarding application to the public, private, or nonprofit sector, risks that may impact implementation and how to mitigate such, and other sources of information on the practice that may be within or outside the scope of the OEF
- Tags – key words that identify topics within the practice

## Implementing an OE Model

While some organizations harness the knowledge and talent of their employees to implement an OE model, many organizations seek the assistance of a professional. Generally, implementation involves the following key steps:

- Learning about the OE model – read the available literature and take a workshop
- Assessing against the OE model – use a subjective rating scale to self-assess the organization against the principles and an objective rating scale to self-assess against the best management practices of the OE model and make note of the strengths and opportunities for improvement
- Preparing an improvement plan – address opportunities for improvement by preparing action plans that identify the practice that needs work, the chronological tasks to be performed, responsibility, timing, out-of-pocket cost, and the method of measurement that will be used to gauge progress
- Implementing the improvement plan – use a variety of methods to maintain momentum on the excellence journey such as delegating responsibility throughout the organization, using appreciative inquiry, scheduling regular progress meetings, sharing progress in a regular newsletter, hosting guest speakers, going on site visits to high-performing organizations, and holding celebrations when milestones are reached
- Applying for a national award – determine if the organization is located in a country that has a national OE award program and consider applying for an award

- Comparing and learning from the behavior and practice of others – engage in performance and best practice benchmarking to achieve breakthrough improvement in performance

## Conclusion

A challenge remains. Even though 25 years of research has validated the positive relationship between implementing an OE model and improving organizational performance, the author has observed awareness continues to be quite low. It is suggested this lack of awareness contributes to a significant opportunity cost where organizations are not able to improve their performance and grow stronger and ultimately contribute to the economy, trade, and resident quality of life.

A recent study aims to reverse this trend. The "first global assessment on the current state of organizational excellence" was launched by the Organizational Excellence Technical Committee (QMD, ASQ) in 2015. It uses the OEF assessment tool and will report on the extent to which organizations are characterized by the principles and have deployed best management practices. The results will show what is going well and what needs to improve by organization size, industry sector, and geographic region. These results are anticipated to add value for participating organizations and the OE community:

Organizations:

- Increasing awareness about OE models with the working population
- Inviting organizations to start or continue their excellence journey using the OE model of choice
- Encouraging organizations to engage in self-assessment, identify their strengths and opportunities for improvement, and prepare an action-oriented improvement plan to address gaps
- Providing dashboard results to show "current state" by organization size, industry sector, and geographical region
- Encouraging organizations to benchmark their performance with others

OE Community:

- Uniting OE professionals on a common project
- Sharing research results at workshops and conferences and in research papers
- Making organizations aware of national OE and international best practice and benchmarking award programs
- Enabling all countries to participate, in a more competitive and sustainable way, in the global economy
- Making the world a better place for future generations

## Cross-References

► Integrated Management Systems

## References

ASQ (2011) Emergence future of quality study. http://rube.asq.org/2011/09/global-quality/emergence-2011-future-of-quality-study.pdf

Boulter F, Bendell T, Abas H, Dahlgaard J, Singhal V (2005) Report on EFQM and BQF funded study into the impact of the effective importance of organizational excellence strategies on key performance results. The Centre of Quality Excellence, University of Leicester

EFQM (2010) EFQM model. http://www.efqm.org/efqm-model/model-criteria

Excellence Canada (2010) Canadian framework for business excellence. https://www.excellence.ca/en/knowledge-centre/products-and-tools/canadian-framework-for-business-excellence2

Gadowski E (2009) Wellness strategies are popular. Public Manag 91(2):34

Greenwood D (2010) Business Development Bank of Canada

Hamilton BA (2003) Assessment of leadership attitudes about the Baldrige National Quality Program. The National Institute of Standards and Technology, Malcolm Baldrige National Quality Program. http://www.nist.gov/baldrige/publications/upload/Assessment_Leadership.pdf

Link A, Scott J (2011) Economic evaluation of the Baldrige Performance Excellence Program. The National Institute of Standards and Technology, U.S. Department of Commerce. http://nist.gov/baldrige/publications/economic_evaluation_2011.cfm

Mann R, Abbas A (2015) National business excellence awards and initiatives. Centre for Organisational Excellence Research. http://blog.bpir.com/wp-content/

uploads/2015/04/D72-mus-National-Quality-Business-Excellence-Awards-11-April-2015.pdf
Mann R, Dotun A, Tickle M (2011) Deployment of business excellence in Asia: an exploratory study. Int J Qual Reliab Manag 28(6):604–627
NIST – National Institute of Science and Technology, U.S. Department of Commerce (2010) Baldrige. http://www.nist.gov/baldrige/publications/criteria.cfm
NQI – National Quality Institute (1996) Cost of quality. Survey of Canadian Small and Medium Enterprises. http://www.excellence.ca
Pattison Z (2011) Implementing the Australian business excellence framework: eight local government case studies. Australian Centre of Excellence for Local Government. http://acelg.org.au/news/implementing-australian-business-excellence-framework-eight-local-government-case-studies
Ringrose D (2010, revised 2014) Organizational excellence framework. Organizational Excellence Specialists. http://organizationalexcellencespecialists.ca/wp-content/uploads/2016/04/OEF-publication-April-16-2016-final.pdf
SAI Global (2010) Australian Business Excellence Framework. http://www.saiglobal.com/Improve/ExcellenceModels/BusinessExcellenceFramework/
Schaefer C (2011) Baldrige 20/20, An executive's guide to the criteria for performance excellence. National Institute of Standards and Technology, U.S. Department of Commerce. http://www.nist.gov/baldrige/publications/upload/Baldrige_20_20.pdf
Solomon D, Hogan O (2012) The contribution of quality management to the UK economy. Center for Economics and Business Research. http://www.managers.org.uk/sites/default/files/u54973/Quality_Management_CQI_CMI_June2012_0.pdf
Stoehr A (2010) Stock market roller coaster. Excellence Canada. https://www.excellence.ca/en/knowledge-centre/articles/stock-market-roller-coaster

# Organizational Fields

Besnik Pula
Virginia Tech, Blacksburg, VA, USA

## Synonyms

Field boundaries; Organizational analysis

## Definition

An organizational field is typically defined as an institutionalized domain or sector of society characterized by sets of organizations that share similar goals. The concept is invoked in sociological neo-institutionalist analysis to explain the diffusion of similar norms, policies, organizational forms, and social practices across organizations that are members of an organizational field.

## Introduction

The concept of "organizational field" has been popularized in institutional and organizational research in sociology by the seminal work of DiMaggio and Powell (1983). Still the most widely cited article informing the use of the concept, DiMaggio and Powell reserved a specific theoretical context and meaning for the term. Over the years, the term has been modified and extended, particularly as organizational analysis adopted the use of the concept of "field" from the sociological theory of French sociologist Pierre Bourdieu. These have converged into calls toward a more inclusive and systematic theory of fields. The following discusses the original context and definition of organizational fields by DiMaggio and Powell and its relationship to Bourdieu's concept of field. It concludes with an overview of recent efforts toward a more general sociological field theory.

## Organizational Fields

The concept of organizational field partly builds on inquiries that extended the tradition of organizational analysis from a focus on the study of the internal functioning of single organizations to the relationship between organizations and their social environments. Among influential early theorists, Philip Selznick (1949) examined the relationship between bureaucratic organization and grassroots movements in his famous study of the Tennessee Valley Authority. Likewise, Alvin Gouldner (1954) examined the relationship between an industrial firm and its surrounding community, noting the impact of internal organizational change on values, beliefs, and attitudes of the community from which it recruited most of its labor force. In due time, as Perrow points out,

organizational analysis in sociology "progressively [. . .] begun to catalog things that we should look for 'out there'" (1972, p. 192). The formalization of internal characteristics of organizations into various formal and informal subunits expanded into the analysis of relationships of organizations with other organizations, which in combination formed larger organizational environments, often consisting of organizations characterized by similar structures and modes of operation. Such a focus ultimately problematized the proper unit of analysis in organizational analysis, and debate ensued on the location, scope, boundaries, and functional relationships between organizations and their environments. Some argued that organizational analysis required an ecological approach, in which the study of organizational environments takes precedence over the study of the structure and activities of individual organizations. The natural selection model of Hannan and Freeman (1977) argued that environments determine the survival of organizations best compatible with the demands of their ecology. In this view, organizational structure and activity are ecologically determined. Like organisms in natural selection, organizational environments are first characterized by variation, then by selection and elimination, and finally by the retention of positively selected variations via duplication and reproduction. In arguing for such evolutionary patterns of organizational development and change, ecological theorists do not suggest that organizational forms are selected and retained based on any particular criterion (e.g., efficiency). Instead, they argue that imperatives of survival are determined at the level of population, and thus any set of principles can determine the choice of organizational patterns.

Critics of the ecological school highlighted a number of issues with the approach. First, the study of organizational change from an ecological perspective requires longitudinal studies of large populations of organizations in order to observe and detect the transition from heterogeneity to homogeneity of organizational forms. In most cases, such analyses are constrained by data and other observational limitations. Second, the study of organizational change requires identification of patterns of change at the population level, as the study of a single organization's trajectory (e.g., a firm) would not adequately reveal structural change at the ecological level. Third, there lies a fundamental difficulty with the process of identifying organizational change since treating organizational forms in evolutionary ways inhibits the capacity of the analyst to identify genuinely new formations from mere modifications and adaptations of older forms. Borrowing from biological metaphors, ecological analysis in the study of organizations provides no easy way of determining "whether the new organism is really a different species, a mutation directly related to the old species, or a temporary phenotypic adaptation" (Aldrich and Pfeffer 1976, p. 82). Finally, given that selection mechanisms operate variously and at multiple levels (including criteria of efficiency as well as the fulfillment of a variety of functional needs), criteria determining a population's survival are largely determined retrospectively. Organizational stability and change may thus appear to take place without following any clear logic of organizational or structural succession, given that any arbitrary principle may serve as a determinant of the "fit" between the organization and its environment (e.g., bureaucratic rationality, economic efficiency, adherence to traditional values, etc.). In particular, the theory loses sight of the role of human agency in the making of organizational change, as well as the role of power in the making of organizational structure and behavior.

By contrast, the resource dependence approach saw relationships between organizations and their environments in much more instrumental terms. It begins from the premise that formal organizations are established to pursue collective goals set by constituents (such as owners or members), who therefore subject the organization to frequent performance evaluations. Given that organizations cannot themselves create all resources needed for their survival, they necessarily enter into relationships and carry out transactions with other organizations. Given uneven distributions of resources, organizational environments are characterized by hierarchy and relations of power. This gives rise to behavior among organizations in which leaders attempt to exert control not only within organizations but also to influence their

environment. Such interventions depend on organizational interests; hence, an organization might attempt to create a more hostile environment for its competitors by denying access to specific resources (e.g., raising barriers of entry) or, alternatively, may create structures that enhance capacities for interorganizational cooperation and coordination (e.g., establishing cartels and industrial associations). Hence, in the resource dependence view, environments do not, as in natural selection, play a deterministic role in organizational structure and activity, but rather create constraints and opportunities for strategic action (Zald 1970). The perspective has implications for the view of internal organizational structure and processes. Insofar as their relationship with the environment is instrumental, organizations can develop and use their capacities to enhance their organizational autonomy against their environment. This insulates internal decision-making processes of the organization from environmental influences or imperatives. As a result, there can exist great internal variation among structures, processes, and activities of organizations, insofar as the organization is capable of externally securing resources it does not control via interorganizational networks (such as peers, competitors, suppliers, clients, etc.). This distinction, unlike in the natural selection perspective, makes internal organizational processes interesting and consequential from an analytical point of view, as it does environmental contingencies and opportunities in accounting for organizational change.

The neo-institutionalist view of DiMaggio and Powell begins from the ecological insight on the relative homogeneity of organizational forms and structures. However, DiMaggio and Powell delimit similarity by the organization's structural location within a social domain or "field." Unlike the population-level analysis of ecological approaches, the neo-institutionalist view narrows its definition of organizational sets to particular, societal sectors within which there is routine interaction between varied sets of organizational actors. Hence, the existence of organizational fields must be determined through empirical investigation, based on the institutionalized nature of particular societal activities. As DiMaggio and Powell (1983, p. 148) write,

> [f]ields only exist to the extent that they are institutionally defined. The process of institutional definition, or "structuration," consists of four parts: an increase in the extent of interaction among organizations in the field; the emergence of sharply defined interorganizational structures of domination and patterns of coalition; an increase in the information load with which organizations in a field must contend; and the development of a mutual awareness among participants in a set of organizations that they are involved in a common enterprise.

Organizational fields thus, in addition to creating structured contexts for organizational action, also provide the legitimacy and normative sanctioning of particular organizational forms and actions. The effect of environments on organizations is thus primarily normative. As organizational fields become more institutionalized and organized around common goals and form interorganizational networks, they tend to become more alike in organizational structure and behavior. However, unlike the ecological view, which sees organizational survival as determined by its structural and operational "fit" with the environment, the neo-institutional perspective argues that homogeneity is the result of normative pressures generated within organizational fields. DiMaggio and Powell agree with the ecological approach that a key process at work in organizational fields is that of isomorphism but argue that the ecological approach inadequately conceived isomorphism as the product of competition. They argue that the school neglected the equal – and perhaps more significant – process of isomorphism through institutionalization. While competitive isomorphism may be present in early periods of innovation and experimentation in the establishment of an organizational field, processes of institutionalization over time "structurate" (Giddens 1984) the field by imposing on member organizations not only efficiency or other environmentally given selection criteria but also the need to acquire and maintain social acceptance and legitimacy via recognition, evaluation, and judgment by other organizations. Because ritualistic aspects of the

reproduction of organizational identities and membership are just as important as the individual pursuit of resources and power, institutional isomorphism helps shed light on "the politics and ceremony that pervade much modern organizational life" (1983, p. 150). Thus, unlike the resource dependence view, the neo-institutionalist perspective argues that organizations depend on their environments just as much to negotiate frameworks of action and legitimate organizational structures and tasks, as they do to gain access to material resources. Following a social constructivist view, institutional frameworks created by organizations come to serve as a constraint, as a resource, and as transposable cultural schemas motivating and situating the action of organizations (Meyer and Rowan 1977; Scott 2008). Such insight has been further extended by the institutional logics approach (Friedland and Alford 1991; Thornton et al. 2012), which suggests that individual action and rationality is fully conditioned by the multiplicity of institutional orders the individual actor is located in.

DiMaggio and Powell identify three mechanisms of institutional isomorphism: coercive, mimetic, and normative. Coercive isomorphism occurs when more powerful organizations within a field use formal or informal means to impose demands and requirements or exert pressure on other organizations to conform to rules and norms of behavior which are enforced via coercive means. Coercive isomorphism is therefore most effective when imposed by powerful actors such as the state (e.g., through politically established legal mandates) and dominant organizations (e.g., a monopoly firm imposing quality standards on its suppliers). Thus, the existence of a shared legal framework is itself a powerful force imposing common rules of behavior and organizational forms. Adoption by organizations of coercively imposed mandates is not merely instrumental; rather, even though organizations may initially adopt them for instrumental ends, their institutionalization potentially leads to unintended consequences as they become part of the organization's internal structure and develop distinct sets of interests. Mimetic isomorphism is defined as the adoption by organizations of models, schemas, and modes of behavior from similar organizations in their environment. Organizational actors may consciously borrow forms of organization or modes of behavior from other organizations in response to uncertainty, ambiguity of goals, or the need to gain legitimacy. Organizational forms may also inadvertently diffuse within and even across organizational fields via the role of trade associations and the circulation across organizations of technical staff and consulting agencies advocating or enacting similar models and schemas across different organizations. As a result, mimetic isomorphism may exert much greater effect on the emergence of organizational homogeneity than any particular "rational" criterion such as economic efficiency.

Finally, normative isomorphism is defined as a process of organizational change involving the intersection between the institutionalization of organizational fields and the parallel but partly independent process of professionalization of organizational occupations. As professional groups seek to establish requirements for educational credentials, technical skill, licensing, and standards of ethics, these exert important normative force in structuring the modes of action and behavior within organizations. Such standardization at the formal level is further reinforced when professional groups are drawn from similar social backgrounds and thus, in addition to formal training and organizational experience, also share informal cultural norms spanning such symbolic behaviors such as the use of language, ways of joking, and forms of attire. Hence, in normative isomorphism, at work can be formal demands which require members of professions to go through an established process of formal training (and therefore acquire shared cognitive schemas of problem-solving and decision-making), professional norms that are ritualistically enacted within organizations (e.g., the enactment of procedures formally prescribed by professional groups), the reinforcement of structural homogenization (e.g., the use across an organizational field of a standard system of occupational titles), as well as the more

subtle exchanges in interpersonal social behavior studied by ethnomethodologists and symbolic interactionists. These less formal mechanisms reinforce and reproduce group belonging and diffuse via interpersonal networks information and practical knowledge that enable particular ways for organizational tasks to be performed, judgments to be rendered, decisions to be reached, and barriers of entry to be maintained. They also establish and reinforce hierarchies of status between professions and, insofar as an organization's prestige depends on the status qualities of its professional staff, in creating distinctions between dominant and subordinate organizations within a field. The professionalization of management, particularly as it may come to share within particular organizational fields similar educational credentials and expected career trajectories – and, potentially, even recruitment from a limited set of educational institutions or dominant organizations – may lead to the proliferation of similar managerial styles and cognitive frameworks that diffuse throughout the field.

Critics of neo-institutional analyses of organizational fields have focused on several issues they see as shortcomings of the approach. First, the assumption of organizational homogeneity may obscure important differences across organizations operating in otherwise similar fields, which begs the question of the necessary conditions for the emergence of organizational homogeneity and the perseverance of diversity. Additionally, organizational homogeneity may be more the consequence of coercion and the role of powerful actors than of conformity to shared practices and meanings as the concept of institutional isomorphism suggests (Hirsch 1997; Fligstein 2001). This leads to an analytical bias toward stability and inertia within organizational fields, rather than the study of processes of contention, innovation, and change. Another critique draws from the insights of both rational choice theory and the older institutionalism of the resource dependence variety to point to the limits of the theory in accounting for strategic behavior. Building on their respective research in corporate behavior and social movements, Fligstein and McAdam (2012) attempt to reconcile the existence of shared institutional norms and resources within fields with the exercise of strategic action by organizations. They do so by analytically distinguishing between fields as meso-level institutional domains within which strategic action takes place and "governance units" within institutionalized fields which perform the more "isomorphic" tasks of ensuring compliance with shared values, norms, and rules within fields. However, governance units tend to reinforce values and rules that favor dominant (incumbent) actors and thus serve to reinforce stability and existing hierarchies within fields, against the interests of new entrants and challengers.

By emphasizing the difference between incumbents and challengers, Fligstein and McAdam offer a way of conceptualizing political dynamics within fields, as well as distinguish between periods of field emergence, stability, and crisis. More crucially, in contrast to the neo-institutionalist emphasis on isomorphism and the reproduction of shared values, goals, and cognitive frames, Fligstein and McAdam stress the disjuncture between the very conception of the field by incumbents and challengers. The capacity of dominant actors to impose on other actors a specific definition of the field is itself a form of power they exercise over challengers. This brings Fligstein and McAdam's conception closer to Bourdieu's characterization of field dynamics by uneven distributions of social power in the form of not only economic but also cultural, social, and symbolic "capital" possessed by field participants (Bourdieu and Wacquant 1992; Bourdieu 1993, 1996; Emirbayer and Johnson 2008). However, unlike Bourdieu, who connects the concepts of field and capital with the cognitive dispositions of individual agents embodied in his concept of habitus, Fligstein and McAdam emphasize the importance of "social skill," meant to capture the entrepreneurial action of individuals who mobilize the resources and create the coalitions necessary to effect an institutionalization of a field or transform an existing one.

With their emphasis on contention, Fligstein and McAdam also come closer in line with Bourdieu in defining fields by the stakes they actively generate for participants, as opposed to

the shared values and common goals embodied in their institutions. In this view, fields can be defined more narrowly since they structure interactions between a more definite set of participants. It takes no more than two organizations with similar interests and whose realization of those interests require them to routinely take each other's actions into account to lead to a field's emergence. Organizational fields can therefore be more or less institutionalized, while stakes within fields involve not only the pursuit of material interests but also the terms of the field's institutionalization and routinization of interactions. The dynamics of contention within fields can therefore structure the very things that are prized in them. In this sense, contention within organizational fields structures not only the nature of interactions between participants, but suggests that the "grounds" on which interaction takes place are simultaneously in motion (cf. Warren 1967). Equally important for Fligstein and McAdam is an organizational field's dependence on proximate or neighboring fields. They emphasize the importance of inter-field dynamics in the form of dependence and exogenous shocks that may have implications for the disruption of existing relations of power and the reorganization of stakes within fields. An important implication of this is that the state, rather than serving primarily as an institutional framework for organizations, functions as an autonomous field in its own right, where changing stakes and interests may be consequential for those in organizational fields that depend on it. Similarly, Bourdieu distinguishes between the state as a political institution and the state as a bureaucratic field, through which the institutionalization of specific forms of field-relevant capitals (such as cultural capital obtained through formal educational credentials) are "consecrated" and made "convertible" for other forms of capital and serve to structure contention in other dependent fields (Bourdieu 1999).

## Conclusion

The concept of organizational field emerged as a response of sociological neo-institutionalists to the limits of both ecological and resource dependence approaches to the study of organizations. The seminal work of DiMaggio and Powell was particularly influential in outlining the basic framework involved in the analysis of organizational fields and remains the most cited work informing the use of the concept. Since then, there have been efforts to expand and develop field theory as a distinct approach and method for the analysis not only of organizational behavior but also the logic of individual action (Martin 2003). The inspiration and motivation to develop a more comprehensive theory and methodology of field analysis came from the work of Bourdieu, who placed the logics of fields at the core of his sociological project. Drawing from both the neo-institutionalist tradition and Bourdieu, Fligstein and McAdam have reframed sociological field theory in ways that can account for both the perseverance of institutionalized routines and behaviors within fields and strategic action at the organizational level.

## Cross-References


- ► Culture and Organizations
- ► Organizations and Environment
- ► Population Ecology Theory of Organizations




## References


Aldrich HE, Pfeffer J (1976) Environments of organizations. Annu Rev Sociol 2:79–105

Bourdieu P (1993) Some properties of fields. In: Bourdieu P (ed) Sociology in question. Sage Publications, London, pp 72–77

Bourdieu P (1996) The rules of art: genesis and structure of the literary field (trans: Emanuel S). Stanford University Press, Stanford

Bourdieu P (1999) Rethinking the state: genesis and structure of the bureaucratic field. In: Steinmetz G (ed) State/culture: state-formation after the cultural turn. Cornell University Press, Ithaca, pp 53–75

Bourdieu P, Wacquant L (1992) An invitation to reflexive sociology. University of Chicago Press, Chicago

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Emirbayer M, Johnson V (2008) Bourdieu and organizational analysis. Theory Soc 37(1):1–44

Fligstein N (2001) The architecture of markets: an economic sociology of twenty-first century capitalist societies. Princeton University Press, Princeton
Fligstein N, McAdam D (2012) A theory of fields. Oxford University Press, New York
Friedland R, Alford RR (1991) Bringing society back In: symbols, practices, and institutional contradictions. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago
Giddens A (1984) The constitution of society: outline of the theory of structuration. Polity Press, Cambridge
Gouldner AW (1954) Patterns of industrial bureaucracy. The Free Press, New York
Hannan MT, Freeman J (1977) The population ecology of organizations. Am J Sociol 82(5):929–964
Hirsch PM (1997) Sociology without social structure: neo-institutional theory meets brave new world. Am J Sociol 102(6):1702–1723
Martin JL (2003) What is field theory? Am J Sociol 109(1): 1–49
Meyer JW, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83:340–363
Perrow C (1972) Complex organizations: a critical essay. Scott, Foreman and Company, Glenview
Scott WR (2008) Institutions and organizations: ideas and interests. Sage Publications, Los Angeles
Selznick P (1949) TVA and the grass roots. University of California Press, Berkeley
Thornton PH, Ocasio W, Lounsbury M (2012) The institutional logics perspective: a new approach to culture, structure, and process. Oxford University Press, New York
Warren RL (1967) The interorganizational field as a focus for investigation. Adm Sci Q 12(3):396–419
Zald M (1970) Political economy: a framework for analysis. In: Zald M (ed) Power in organizations. Vanderbilt University Press, Nashville

# Organizational Humanism

Eric E. Otenyo
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

Humanistic organizations; Humanistic philosophy in organizations

## Definition

Public administration scholars Michael Milakovich and George Gordon define organizational humanism as "a set of organizational theories stressing that work holds intrinsic interest for the worker, that workers seek satisfaction in their work, that they want to work rather than avoid it, and that they can be motivated through systems of positive incentives, such as participation on decision-making and public recognition for work well done" (2007, p. 167).

## Introduction

Organizational humanism emerged from the quest for increased workplace productivity and worker satisfaction and the organizational relations thereof. Management theorists had been thinking and making observations about behaviors of humans in organizations. A good number of scholars in the management field attempted to position the field as a science and wanted to minimize philosophical and humanistic traditions. The initial laboratory for these scholars' observations were industrial settings and large corporations, hence the earlier references to industrial humanism, as a core school in modern organization theory. The human part of studies of behavior was attributed to pioneering work seeking to apply psychology to organizational contexts.

As a modern management concept, organizational humanism proliferated and is now influential in management practices and decision-making. The concept associates the personal growth of employees to organizational success and now includes ethical insights that foster group understanding and cooperation in organizational life. Humanistic values are said to provide avenues for workers to realize their full potential, which results in increased organizational efficiency and effectiveness.

## Evolution of Ideas

Following Elton Mayo's (1924) keen attention to the concept of "the nature of man," much of the work on organizational humanism was based on theories advanced by scholars working from psychological perspectives. Mayo's earlier work was

richly philosophical, interrogating long-standing questions of moral dimensions. The normative and practical dimension of this body of work partly explains the drive to find ways to motivate people working in organizational settings. Stated differently, the objective of the human-focused work established theoretical foundations for exploring psychological and social means for ensuring greater productivity through efficient operations in organizations. Basically, Mayo's ideas moved the frontier beyond Frederick Taylor's scientific management movement, which had created a sense of alienation and provided foundations for the new humanistic territory.

From a chronological view, the organizational humanists elaborated on work that had been done by experiments borne out of the scientific management school and the human relations approach. More importantly, the Hawthorne studies (1927–1932) led by Fritz Roethlisberger and Elton Mayo of Harvard University had theorized physical conditions at work directly affected productivity (Roethlisberger 1941). Their experiment revealed increased productivity was a function of several social and psychological factors beyond the hypothesized physical conditions of the work environment. In addition, the studies pointed to "a more complex model of worker motivation based on a social psychological rather than an economic conception of man" (Scott and Davis 2007, p. 65). This finding led to the development of ideas that appreciated the role of a humanized workplace. In other words, human factors, including motivation of workers, were critical to organizational efficiency.

In some ways, key discussions about motivation stem from the work of psychologist, Abraham Maslow (1943). His pioneering analysis laid the foundation for subsequent research of motivation theories. Maslow outlines a theory of hierarchy of needs in which he ranked human needs according to what he believed to be representation of human behavior. In his theory, the lowest level of needs had to be responded to before others. This meant that an individual had to meet their basic *"physiological"* needs before striving for high order needs. The most basic human needs such as food and sleep were at the lowest level of his ladder. These are the starting point for motivation theory.

The next level of needs included security from harm followed by the third level, which included the need for esteem, love, and belongingness. Still, according to Maslow, there is a fourth level of needs, that is, to gain respect from others and also self-respect. The highest level was the need for self-actualization, which meant an individual was pleased with their personal growth and development, for the most part. Such self-actualized members of organizations assimilated their work to the extent that work identified the individual. Stated differently, self-actualization meant individuals realized their full potential as human beings.

Although Maslow's functionalist work was a general explanation for human behavior, organizational theorists embraced and applied it to organizational settings. Managers thought people were better motivated if and when provided with incentives that led to self-actualization. In other words, self-actualizing individuals were most likely to achieve the highest level of self-fulfillment when conducting work-related chores. Maslow made it clear that motivation theory was not the same thing as behavior theory and that the motivations are only one class of the determinants of human behavior. He asserted that both culture and situation were important variables in determination of the form of behavior.

One of the best-known pioneers in the general theory of organizational humanism is Douglas (McGregor 1985). His work is described in a famous book, the *Human Side of Enterprise* is a defining statement on aspects of intrinsic and extrinsic rewards in organizational behavior. McGregor changed the way we think about the relationships between people and organizations in which they work. According to McGregor, two underlying belief systems undergird motivations in the organizations. He referred to the belief systems or models as Theory X and Theory Y. For McGregor, the traditional organizational thinking is Theory X, characterized by the following three basic assumptions and ideas: (a) That the average person dislikes work and will often avoid doing work, wherever possible. (b) Building from (a), most people have to be threatened, controlled,

directed, or coerced in order to get them to work toward attainment of organizational goals. (c) And, that the average worker, unambitious as he/she is, prefers to be directed and is interested in security above other values.

McGregor suggested a rival theory, which he called Theory Y, a set of ideas that exemplified core values in industrial humanism. In Theory Y sets of beliefs, (a) most members of organizations are okay with work and find work as natural as play. (b) Workers are capable of self-control and do not need much of external control and threats of punishment. He argued people would generally exercise self-direction and strive to achieve organizational goals on their own. (c) The third set of beliefs in the Theory Y framework is that workers, for the most part, have a capacity to exercise imagination, creativity, and ingenuity in solving organizational problems. McGregor believed that motivation was dependent upon group actions and that other things other than money were important in ensuring organizational success. He also supported the idea of participative decision-making in organizations.

From a practical standpoint, the design of organizational structures can be influenced by which ever set of assumptions are drawn from assumptions and beliefs in either Theory X or Theory. And building from McGregor's work were other theorists of organizational behavior, which contend that people in organizations desire to grow together, under conducive circumstances. Ultimately, the goal is that organizational humanism is both a means to an end and an end in itself.

Social psychologist Rensis Likert (1961), who is famous for developing the 5-point Likert scales, expanded the organizational humanist perspective by focusing attention to the role of group support in organizations. The key tenet of his perspective is that when members of an organization foster supportive relationships and when members maintain a sense of personal worth and importance, the organization benefits. In other words, organizational management benefits by putting in place mechanisms that promote groups' cohesion at the different levels of the organization.

Likert advocated for groups participation in organizational decision-making arguing that doing so increased motivation. Participation entails enabling members to contribute to decisions that affect them in the workplace. In some ways this is an ideology for equality and minimalist subordination to direction from leaders while maximizing opportunities for participation in decision-making. In this optimistic analysis of membership in organizations, the focus is on individuals working as a part of a team. Thus, based on his fieldwork, he argued that by providing supportive conditions, organizational members are likely to be more productive. Warren Bennis (1966) revamped this idea by calling for democracy in organizations as a managerial strategy preferable to autocratic forms of organizational management.

## Applications of Organizational Humanism

Do organizations apply the theoretical perspectives outlined above? Various consultants and experts of organizational behavior have provided insights into just how the ideas of organizational humanism scholars have found favor in the field. In an effort to achieve high levels of productivity, organizations have, for example, internalized Maslow's hierarchy of needs in various ways. For example, managers support workers in their goal of meeting physiological needs through sensitivity in designing livable and minimum wages and salaries. In many instances, benefit systems, including pension schemes and workplace safety programs, are couched in a language that embraces values cognizant of the security needs of employees. In addition, workplaces increasingly reflect the appreciation of camaraderie or "belongingness needs," as captured in cooperative and team-building initiatives. It is simple to see how one might relate self-actualization to policies that encourage members of organizations to perform challenging work and also enjoy greater autonomy in effecting job-related operations and tasks. While at organizational levels these observable applications are not necessarily the outcomes

of Maslow's theory, his insights are analytically helpful for managers seeking to act humanely, especially, in situations where cutback management is necessary.

Furthermore, no one denies the usefulness of participative decision-making. In theory, members of organizations involved in making operational decisions are likely to be more productive. Experts add that to apply Maslow and other organizational humanism concepts, organizations have typically designed workplaces to allow for social interactions, which in turn promote a sense of belonging and engender self-worthiness and esteem. Another powerful tool for motivation is enabling workers to further their educations and improve on skills, abilities, and knowledge. Training and development opportunities clearly are in line with Maslow's basic idea of supporting an employee's own self-actualization needs. Experts of human resource development and organizational psychology recognize the importance of this need (Foulds 1970; Gilligan 1974; Swanson and Holton III 2009, p. 153).

Many scholars have added voice to McGregor's insights on motivations. For example, Sorensen and Minahan (2011) reviewed applications of McGregor's concepts developed in *The Human Side of Enterprise*. Their paper found strong evidence that Theory Y concepts had widespread applications in modern organizations. In addition, they suggested that McGregor's work was supported in different cultural settings and was an important universally applicable management theory. For instance, delegation and decentralization are concepts that one may easily associate with the tenets of Theory Y.

Beyond decentralization, McGregor's Theory Y, organizational humanists influenced work on leadership by giving emphasis on participative decision-making styles and advancing the idea of ownership in organizational outcomes. Likert's work (1961) gave strong support for consultative management practices and remains influential to this day and has been implemented in some of the leading corporations. Various manifestations of humanism have been articulated in hundreds of scholarship on organizational effectiveness.

## Challenging Organizational Humanism

While we acknowledge the enormous contributions of organizational humanism and the practical applications in private, public, hybrid, nonprofits, and other forms of organizations, there are perceived observable limitations to the theories. Modern research suggests that testing Maslow's ideas has generally been limited and empirical data is scanty. Although Maslow's seminal work has been well established, critics argue that the hierarchy of needs model is inapplicable in a collectivist cultural setting. The argument is that in such settings, the basic need is belonging and self-esteem takes a back seat. Collectivist cultures are common in places such as China and many non-Western societies where self-actualization is attained when societal and group needs flourish (Gambrel and Cianci 2003).

There is also criticism that the underlying assumption that employees are alike fails to capture the obvious diversity among organizational members. In some ways, there is also claim that organizational humanists focused more on ideas about job satisfaction rather than motivation theory.

Key critics of the needs approach of motivation argued that the theory made unrealistic assumptions about workers in general. Specifically, employees were not a homogeneous group and situational differences structured organizational behaviors. Research also rejected the notion that all workers sought to participate in decision-making. Further, the idea that there is one "best" way to meet needs was flawed at its core because worker's needs were not uniform. The needs theory proved to be realistic only in descriptions of the behavior of individuals said to be high in enhancing growth needs. These were essentially individuals who wanted to achieve certain needs, which of course did not include those with contrary views about higher-level satisfactions.

Recent studies also add the neglected area of workplace spirituality, which many observers believe is an aspect of organizational humanism and merits further scholarly research (Jurkiewicz and Giacalone 2004). Koltko-Rivera (2006) also draws our attention to Maslow's revision of his

work and addition of self-transcendence as a motivational step beyond self-actualization.

As for McGregor's normative philosophy of management, critics commented its validity was not testable by neutral methods of social and behavioral science. To some extent, assumptions under both Theory X and Theory Y were regarded as self-fulfilling prophecies and become true by virtue of one's commitment to them (Harmon and Mayer 1986, p. 212). Critics argued that managers evoked the kinds of behavior in subordinates that conformed to their unconscious views about subordinate motivations.

And there is a feminist perspective, which challenged managerial practices that minimized the concern for principles of feminine leadership. Feminine leadership is said to offer more meaningful interpersonal relationships in the workplace. This thought is articulated in Carol Edlund's (1992) work among others. Edlund correctly observed that feminist leadership theory's intellectual home is in the human relations' theory and adds that the humanistic perspective was about energizing groups for organizational success (p. 81). Her work recognized attributes such as respect for workers and elimination of managerial masculine traits like domination and aggression for the good of organizations.

In a nutshell, organizational humanism failed to account for the varied needs of members of organizations. The approach also paid little attention to the kinds of work performed and failed to differentiate between automated and routine tasks from nonroutine tasks. These kinds of criticism were inevitable, given the complexities in organizational life. On the whole, those who study organizations believe the contributions of organizational humanism are an influential body of literature.

## Conclusion

Scholars of organizational humanism have labored to establish the intrinsic value of the satisfaction of human needs in organizations as opposed to the view that satisfaction is a means for increased productivity. The lesson from organizational humanism is that managers ought to take care of the needs and desires of people in organizations. To do so is a step toward helping organizational members find congruence between their individual needs and the organization's objectives and mission. Thanks to insights from motivation theorists, who include writers in the humanist traditions. Today, expressions of humanism at work are manifest in ideas such as ergonomics, job enrichment, and participatory decision-making models, redesign of work to make it more exciting and challenging, flextime initiatives, and so on. Organizational humanism is about projecting human values into bureaucratic life including framing the strategies in public interest terms (Dvorin and Simmons 1972). Yet, we also recognize that motivation is elusive and people in organizations are not all motivated by desires for self-actualization, money, prestige, or power. The variations are vast and so are the different views about what makes them tick. Organizational humanism is one way of understanding complexities and dynamics of everyday organizational life.

## Cross-References

► History of Organizations
► Motivation-Based Theories of Organization

## References

Bennis W (1966) Changing organizations. McGraw-Hill, New York

Dvorin ED, Simmons RH (1972) From amoral to humane bureaucracy. Canfield Press, San Francisco

Edlund CJ (1992) Humanizing the workplace: incorporating feminine leadership. In: Bailey MT, Mayer RT (eds) Public management in an interconnected world. Greenwood Press, Westport, pp 75–88

Foulds ML (1970) Effects of personal growth group on a measure of self-actualization. J Humanist Psychol 10(1):33–38

Gambrel PA, Cianci R (2003) Maslow's hierarchy of needs: does it apply in a collectivist culture? J Appl Manag Entrep 8(2):143–161

Gilligan JF (1974) Sensitivity training and self-actualization. Psychol Rep 34(1):319–325

Harmon MM, Mayer RT (1986) Organization theory for public administration. Little, Brown and Company, Boston
Jurkiewicz CL, Giacalone RA (2004) A values framework for measuring the impact of workplace spirituality on organizational performance. J Bus Ethics 49(2): 129–142
Koltko-Rivera ME (2006) Rediscovering the later version of Maslow's hierarchy of needs: self-transcendance and opportunities for theory, research, and unification. Rev Gen Psychol 10(4):302–317. Retrieved from http://pages.stolaf.edu/psych-391-spring15/files/2014/02/Koltko-RIvera.pdf
Likert R (1961) New patterns of management. McGraw-Hill, New York
Maslow AH (1943) A theory of human motivation. Psychol Rev 50(4):370–396
Mayo E (1924) The basis of industrial psychology: the psychology of the total situation is basic to a psychology of management. Bull Taylor Soc 9:249–259
McGregor D (1985) The human side of enterprise: twenty –fifth anniversary printing. McGraw-Hill, New York
Milakovich ME, Gordon GJ (2007) Public administration in America, 9th edn. Thomson Wadsworth, Belmont
Roethlisberger FJ (1941) Management and morale. Harvard University Press, Cambridge, MA
Scott RW, Davis GF (2007) Organizations and organizing: rational, natural, and open systems perspectives. Pearson-Prentice Hall, Upper Saddle River
Sorensen PF, Minahan M (2011) McGregor's legacy: the evolution and current application of theory Y management. J Manag Hist 17(2):178–192
Swanson RA, Holton EF III (2009) Foundations of human resource development. Berrett-Koehler Publishers, San Francisco

# Organizational Identity

Temi O. Wright
Purdue University, West Lafayette, IN, USA

## Synonyms

Collective identity; Identity

## Definition

This chapter provides an introduction to organizational identity and paradigms for understanding organizational identity.

## Introduction

Organizational identity emerged out of the field of organizational behavior when in 1979, two scholars at the University of Illinois observed as colleagues panicked when a cut in the university's budget was announced by the state legislature. Organizational members questioned what it meant to be the "University of Illinois" or a university at all. Each member of the organization feared what it would mean to their sense of who they were if a department was cut back or cut out altogether. This experience demonstrated to pioneers Stuart Albert and David Whetten that "concerns about identity are just as profound as concerns about survival" (Whetten and Godfrey 1998, p. viii). The scholars, having no frame with which to understand the phenomenon observed, invented the term "organizational identity" drawing on conceptions of identity in related disciplines. This theoretical lens then became the foundation for the interpretive framework with which scholars have since understood identity in organizations.

As seen with the University of Illinois in 1979, "threats to an agreed-on identity characteristic will strongly influence an organization's performance [and legitimacy] because its very performance depends on internal and external perceptions of its legitimacy …which in turn affects its ability to access needed resources… Thus, organizations have a strategic interest in establishing and maintaining an identity destined to be positive in relation to institutionalized consensus" (Rockwell 2016, p. 15).

For faculty at the University of Illinois, many feared how the university would be perceived following a budget cut. Similarly, organizational identity provides other organizations with a screen through which members make sense of their experience in the organization. Organizational identity influences members as well as external publics. It can motivate performance and commitment. Over the last couple of decades, the field of organizational identity has received a lot of attention from scholars interested in understanding how organizations define themselves, how these definitions of "who we are" emerge and how identity

interacts with other organizational phenomena such as organizational culture, image, leadership, and organizational change. This chapter provides a cursory look at organizational identity and paradigmatic approaches from which organizational identity has been understood and studied.

## What Is Organizational Identity?

Organizational identity sits at the core of how members make sense of what the organization is. A positive organizational identity will bring about strong commitment and loyalty from organizational members. Negative identities, however, threaten members' self-perception and may have the opposite effect. Organizational identity also serves to influence external stakeholders and organizational publics who, through organizational image and messaging, begin to form identification with the organization and grow pursuit intentions. It gives "sense to both insiders and outsiders about the mission of the organization and how it intends to achieve that purpose" (Gioia et al. 2013, p. 164). Organizational identity serves as the interpretive lens for self-perception and self-reflection. It anchors the organization as it answers the questions: "Who are we as an organization?" and "What do we stand for?" It is at the essence of the organization referring to those attributes of the organization that are central, enduring, and distinctive.

*Centrality* of organizational identity means those aspects of "who we are" that sit at the core of this self-perception. This is perhaps the most fundamental as without a core, there is no identity. These will include the organization's core values which inform its core processes and practices. *Distinctiveness* means those aspects of the identity that members perceive as distinguishing the organization from other similar organizations. It is the value of being different and unique. Optimal distinctiveness is the ideal spot organizations want to hold where they are similar enough as to be recognizable, yet, so distinct that they are like no other. *Enduring* characteristics means that identity retains its core over time. They are "features that exhibit some degree of sameness or continuity over time" (Albert and Whetten 1985, p. 265). Although there are arguments in the literature about whether in fact identity does remain the same, it is generally agreed on that to an extent, a sense of identity remains core over time but is adaptable to accommodate changes in market and industry.

A commonly confused distinction is between "organizational identity," "image," and "reputation." Professors of management, Jane Dutton and Janet Dukerich in their 1991 study of the Port Authority of New York and New Jersey clarified this distinction. According to these scholars, "an organization's identity describes what its members believe to be its character; an organization's image describes attributes members believe people outside the organization use to distinguish it . . . [while] reputation describes the actual attributes outsiders ascribe to an organization" (Dutton and Dukerich 1991, p. 547). The organization's reputation and image among external stakeholders holds influence over the organization and its sense of identity. This is because the organization's image serves as a mirror of the organization and its members. As members mirror themselves in the organization's reputation, they make efforts to either correct these perspectives or change their own practices internally. Thus, Hatch and Schultz (2002) described "organizational culture as the context. . .[for] internal definitions of organizational identity, and organizational images as the site of external definitions of organizational identity" (p. 991).

What organizational identity is as a theoretical concept and what it is as a phenomenon within organizations are constantly contested and debated. Below are some of the paradigmatic approaches through which organizational identity is understood.

## Paradigmatic Approaches to Understanding Organizational Identity

Rockwell (2016) discussed three "paradigms that explain how identity emerges" (p. 15). These are perspectives through which scholars have looked at and studied organizational identity. These stem from fundamental truths about a scholar's paradigmatic worldview. Rockwell (2016) listed the linguistic-discursive paradigm, social actor paradigm, and the social-constructionist paradigm.

Gioia et al. (2013) in their article, list four perspectives: population ecologist, institutionalist, social actor, and social constructionist paradigms. In this section, I will start by providing brief summaries of the three views not accounted for in both studies (linguistic-discursive, political ecologist and institutionalist paradigms) and then provide an extensive discussion on the social actor and social constructionist views. These later two are the most common paradigms.

First is the linguistic-discursive paradigm. Here, organizational identity is seen as being formed through linguistic processes. It "is the result of a continuously narrated argument... [and develops on] how language constructs what the reality of the organization is for members" (Rockwell 2016, p. 15). This may perhaps be thought of as a Rhetorical view of organizational identity. Cheney (1983) wrote about the dimensions of rhetoric in organizational identification. In this view, metaphors, storytelling, categorizations, labels, names, political plays, and other linguistic-cum-rhetorical tools are used in constructing identity. It involves "ongoing narration, involving creating, adjusting, affirming, and rejecting various interpretations" (Rockwell 2016, p. 16).

Next is the political ecologist paradigm. This paradigm sees organizational identity as externally defined and held by publics outside the organization. In this view, an organization's identity is what these external publics say or understand it to be. This identity is often developed through group or category membership such as the industry the organization is in. This view also takes identity as stable and unchanging owing to structural inertia ("a correspondence between a class of organizations and their environments" Hannan and Freeman 1984, p. 151) and institutional pressures. Scholars who hold this view argue that external publics hold institutional "identity codes" which spell out the expected behaviors of organizations within a certain category or industry. Adhering to these codes leads to legitimacy while deviation causes devaluation and may also pose threats to the organization's survival. While this view makes sense, Gioia et al. (2013) argued that the population ecologists do not study organizational identity. Rather, what studies that have adopted this paradigm have fallen for is a mislabeling of the concept of image. As described earlier, organizational identity is internal stakeholders' self-perception. What external publics perceive and hold is the image and the reputation of the organization – rather than its identity.

This is not to dismiss the importance of organizational image. "Image is directly related to the level of collective self-esteem derivable from organizational membership" (Dutton and Dukerich 1991, p. 548). "The way in which organizational members are perceived by customers, competitors and the like, can influence organizational identity [and members' self-concepts] as members mirror themselves in the comments (and complaints) about the organization" (Hatch and Schultz 1997, p. 362). "Damage to the organization's image hurt individuals personally" (Dutton and Dukerich 1991, p. 548). "Individuals are [thus] personally motivated to preserve a positive organizational image and repair a negative one" (Dutton and Dukerich 1991, p. 548). These actions in response to image may then lead to conformity with industry standards or "identity codes" as political ecologists provide.

Furthermore, there is the institutionalist paradigm in studying organizational identity. Unlike the population ecologist paradigm, identity here is seen as internally defined. Similar to the population ecologist paradigm, however, it sees organizations as isomorphic due to being highly socialized and conditioned by strong institutional influences. There is an emphasis on institutional processes as a way of "institutionalizing identity" and less on the distinctiveness of organizational identity. In addition, much of the institutionalist paradigm has seen identity as stable and homogenous just as they saw the rest of the organization and institutional aspects. Organizational identity – "as [with] most other institutional aspects – was treated as given and essentially fully-formed" (Gioia et al. 2013, p. 171). Studies thus only served to show the strong influence of institutions on making homogenous organizational processes and even identity. Thus, emphasis in this view is on legitimacy and mimetism among

organizations. There has, however, been a surge in recent years on recognizing the dynamism of organizational identity and an alignment of the institutional view with the more traditional organizational identity research views which I now turn to a discussion of.

The traditional views or paradigms for studying organizational identity are the social actor and social constructionist paradigms. These views see identity as dynamic and are more similar to each other than the others. They are the dominant perspectives through which organizational identity is studied. They see organizational identity as self-referential and defined within the organization rather than by outsiders or by institutional isomorphism. The social actor paradigm sees the organizational entity as a social actor whose character is put on display through organizational identity. Identity is thus "an objective property of the organizational entity" (Rockwell 2016, p. 15).

In this view, organizational identity claims are held by organizational leaders and communicated to members to explain "who we are." That is, organizational leaders determine the organizational identity. The social actor paradigm seems to assume that statements made by leaders about "who we are" are correct and describe accurate and fixed features about the organization. Thus, a study adopting this paradigm will understand organizational identity from the perspective of the leader and pay attention to overt claims made by leaders when they are speaking of the organization's identity.

Criticisms levelled against the social actor view address its emphasis on organizational identity claims. One way to look at it is that OI claims do not necessarily represent organizational identity as experienced by and held in the minds of organizational members. Gioia et al. (2013) reported that it leads to reliance on "projected images the organization hopes others will accept as legitimate" (p. 170). Rockwell (2016) also highlighted the role given to organizational leaders in this view. While it is true that "founders and leaders' beliefs and values" are key to organizational identity formation, there is perhaps too much of a reliance on the organizational leader within the social actor paradigm.

While organizational leaders often serve as rudder for identity, synthesize OI claims, resolve identity ambiguity, and provide basis for organizational members and external publics to understand "who we are" as an organization, organizational leaders alone do not determine what becomes the identity of the organization. This follows the social constructionist view of organizational identity. A founder's blueprints are vital to the life of an organization but without understanding from members, there really is no organizational identity only OI claims. There has to be space for negotiating the organization's identity as members need to connect OI claims to their own prior experiences. Through a process of sensemaking, they need to interpret the identity for themselves before buying into it. This co-construction forms a "community identity" which is a step in the process towards organizational identity. This community or collective identity is formed and reinforced in the organizational narrative or storytelling (Wertsch 2012).

Organizational members' participation in negotiating identity, however, results in increased loyalty and connectedness to the organization. "It is valuable for organizations when coworkers not only feel that they were asked . . . but that they were actually the drivers" (Madsen 2016, p. 218) in the discursive processes leading to the formation of organizational identity. This way, they see identity as more authentic and are simultaneously equipped to represent the organization and speak strongly on its behalf among external publics.

This later view is what separates the last paradigm, the social constructionist paradigm, from all others. That is, the belief that organizational identity is coconstructed through the deliberations and daily interactions of organizational members over time (Ran and Golden 2011). Coupland and Brown (2004) metaphorically described this as a "discursive achievement" wherein stakeholders (i.e., organizational members) are rhetors in debate over identity. This view recognizes identity as dynamic (changing) as opposed to static (enduring). Identity is seen as "more malleable, less the product of senior executives' decisions and more open to political influence at different

levels, and less clearly defined and more ambiguous" (He and Brown 2013, p. 9).

For social constructionists, "identity is created and sustained through the sensemaking interactions and interpretations of organization members and stakeholders" (Rockwell 2016, p. 15). Identity is "continually under construction" (Madsen 2016, p. 202) through the "co-evolution of claims and understandings. . . and their interplay" (Gioia et al. 2013, p. 160). Understanding reflects members' sensemaking of OI claims and publics' reactions to these claims. "Understandings become self-reinforcing because they continue to shape successive perceptions, behaviors, and experiences" (Rockwell 2016, p. 15).

## Conclusion

This chapter provided a cursory look at organizational identity and paradigmatic approaches to studying and understanding identity. Irrespective of paradigmatic approach, most scholars seem to agree that organizational identity is constituted of core and distinguishing attributes which may be enduring. Identity has thus been studied on its merit in building stakeholder loyalty and commitment. It has also been studied in relation to organizational image, organizational culture, leadership, and vision among others. Depending on a scholars' paradigm, however, organizational identity is looked at and understood from the linguistic-discursive, political ecologist, institutionalist, social actor, and social constructionist paradigms.

## Cross-References

► Ethics and Organizational Culture
► Organizational Identity Leadership

## References

Albert S, Whetten DA (1985) Organizational identity. Res Organ Behav 7:263–295

Cheney G (1983) The rhetoric of identification and the study of organizational communication. Q J Speech 69(2):143–158. https://doi.org/10.1080/00335638309383643

Coupland C, Brown AD (2004) Constructing organizational identities on the web: a case study of Royal Dutch/Shell. J Manag Stud 41(8):1325–1347

Dutton JE, Dukerich JM (1991) Keeping an eye on the mirror: image and identity in organizational adaptation. Acad Manag J 34(3):517–554. https://doi.org/10.2307/256405

Gioia DA, Patvardhan SD, Hamilton AL, Corley KG (2013) Organizational identity formation and change. Acad Manag Ann 7(1):123–193. https://doi.org/10.1080/19416520.2013.762225

Hannan MT, Freeman J (1984) Structural inertia and organizational change. Am Sociol Rev 49(2):149–164

Hatch MJ, Schultz M (1997) Relations between organizational culture, identity and image. Eur J Mark 31(5/6):356–365. https://doi.org/10.1108/eb060636

Hatch MJ, Schultz M (2002) The dynamics of organizational identity. Hum Relat 55(8):989–1018. https://doi.org/10.1177/0018726702055008181

He H, Brown AD (2013) Organizational identity and organizational identification: a review of the literature and suggestions for future research. Group Org Manag 38(1):3–35. https://doi.org/10.1177/1059601112473815

Madsen VT (2016) Constructing organizational identity on internal social media: a case study of coworker communication in Jyske Bank. Int J Bus Commun 53(2):200–223. https://doi.org/10.1177/2329488415627272

Ran B, Golden TJ (2011) Who are we? The social construction of organizational identity through sense-exchanging. Adm Soc 43(4):417–445. https://doi.org/10.1177/0095399711412727

Rockwell S (2016) Identity processes to trigger turnaround in response to organizational decline. Int J Bus Manag 11(3):11–24. https://doi.org/10.5539/ijbm.v11n3p11

Wertsch JV (2012) Narrative tools and the construction of identity. In: Schultz M, Maguire S, Langley A, Tsoukas H (eds) Constructing identity in and around organizations. Oxford University Press, New York, pp 128–146

Whetten DA, Godfrey PC (1998) Identity in organizations: building theory through conversations. Sage, Thousand Oaks. https://doi.org/10.4135/9781452231495

O

# Organizational Identity Leadership

Alexandra Rheinhardt
Pennsylvania State University, University Park, PA, USA

## Synonyms

Identity management; Leadership influence

## Definition

The term "identity leadership" refers to the management of followers' identities by their leader.

Leaders approach this process through many angles, with some attempting to manage all three levels of followers' workplace identities (i.e., collective, relational, and personal) and others centering attention on but one or two of their followers' levels of identity. This management is at times very deliberate and at other times appears to be subconscious.

## Introduction

There is substantial disparity in the academic literature regarding identity leadership, with many not even acknowledging this term. To date, this fragmented approach has addressed leaders influencing subsets of their (individual) followers' self-concepts. As a result, a leader's potential influence on the full leader/follower relationship has not simultaneously been examined. Pulling together these parts, identity leadership takes a broader approach, encompassing the leader's management of the three levels of a follower's self-concept within the leader/follower relationship. Identity leadership may include the follower as an individual, the follower as a dyadic partner with the leader, and the follower as a member of the collective led by the leader.

Efforts examining charismatic leadership note that both followers' personal identification with their leader and collective identification with the group led by the leader are paramount to the charismatic process. With a different approach, leader-member exchange (LMX) literature recognizes the impact followers' relational identification with leader/follower relationships has in organizational settings. And work on transformational leadership takes a slightly different view and addresses the impact that followers' collective and relational identities, involving the organization and their relationship with their leader, have in the workplace setting.

While these contributions have all addressed followers' identities and identification, as well as proven valuable in providing insight into leadership methodology, they have largely brushed over the assertive roles that leaders engage in through their efforts to activate their followers' relevant identities. More recently, however, Steffens et al. (2014) recognized that organizational leaders consciously attempt to influence their followers' collective levels of identity in the process that they referred to as *identity leadership*. Again, this effort, as well as several others, centered on a single collective workplace identity and its corresponding identification process.

## The Significance of Identity Leadership

Even though prior literatures have not always looked at identity leadership with a holistic approach, scholars have recognized its significance as followers' identities are what inform the followers' organizational attitudes and behaviors. This is what has prompted many leaders to view the activation of followers' identities as a mechanism that may lead to desired organizational outcomes. At times, it may prove true that all levels of a follower's identity need not be activated for the leader to achieve their desired results, yet it has been suggested that the activation of a complementary identity can strengthen other identities which share commonalities.

In each of the follower's roles within the leader/follower relationship, the follower's attitudes and behaviors are informed quite differently. As a collective member, the follower's identity informs them that their attitudes must be supportive of, and their behaviors beneficial to, the collective they are a member of, enabling the individual follower's needs for belongingness and acceptance to be met. As a partner in the leader/follower dyadic relationship, a follower's identity informs them that their attitudes must be supportive of, and their behaviors beneficial to, both the leader and their relationship in order to maintain their relationship so that their need for interdependence is met. And, as an individual, a follower's identity informs them that their attitudes must be supportive of, and their behaviors beneficial to, their distinctiveness so that their

need for being a unique individual is met (Brewer and Gardner 1996). From an organizational perspective, the fulfillment of these needs, singularly and/or combined, may lead to increased follower satisfaction and/or productivity. However, it has been inferred that, if mismanaged, these identities may conflict and lead to internal follower tension.

## Management of Followers' Identities

The management of identities is not a homogeneous process as identities are unique in both the needs that serve as their motivation and the desired attitudes and behaviors which they elicit (Leary and Tangney 2011). At the same time, there is a systematic approach that is common among many when they embark upon this process. This involves the activation of the specific identity, an emphasis on the positive characteristics of the identity, reinforcement of the significance of the identity, and a pathway which facilitates the fulfillment of the needs associated with the identity.

## Collective Identity and Identification

Leaders target the collective that is led by the leader, and to a lesser extent with the leader as a prototypical member or representative of that collective, when attempting to spur a follower's collective identification. This collective is often a work group, department, division, or even the entire organization depending on the level of the leader within the organization being examined. Regardless of who the particular leader or collective is, tactics are geared toward emphasizing the collective and specifically prominent and positive features of the collective. The leader attempts to frame these collective characteristics in a way that they appear to be highly compatible with the follower's own personal characteristics or, at times, even suggest that they are fully shared by followers. Leaders also may contrast their collective with other collectives in attempts to portray their collective's superiority. This entails the leader emphasizing the strengths of their group in relation to the weaknesses of a comparative collective and/or depicting what is unique and distinct about their collective compared to others (Ashforth and Mael 1989).

Leaders may also actively portray themselves as prototypical of the collective. This strategy centers on the leader portraying that followers not only share commonalities with the organization but more specifically that the follower shares the common organizational characteristics with the leader himself/herself. This is particularly important because the leader emerges as an ideal model of the collective and thus as a guide for followers to rely upon in shaping their collective identities which will ultimately inform their attitudes and behaviors.

The leader may attempt to spur followers' collective identifications through use of direct or indirect communication, role modeling behaviors, and/or symbolic tactics. The selected approach often depends on the proximity of the leader to his/her followers (Shamir 1995). CEOs, presidents, and other top leaders rarely, if ever, come into direct contact with all of their followers; thus, distant leaders often rely on written communication tactics (i.e., letters to employees), corporate policies that emphasize the collective (i.e., organizational-wide incentives corresponding to organizational performance), and/or other collective-emphasizing approaches (i.e., company picnics) (Brickson 2000). These same approaches may be utilized by more proximal leaders such as direct supervisors, though they are also able to engage in more frequent verbal communication that may additionally highlight the collective. One study suggests that using collective language (we/them) as opposed to self-directed language (I/me) helps to shift individuals' self-concepts to their collective level of identity (Gardner et al. 1999).

A collective identity emerges when the follower collectively identifies with the needs to belong and be accepted rising as the primary motivations that inform their attitudes and behaviors. It becomes the leader's objective to spur this follower's collective identification because it strengthens the follower's corresponding collective identity which may prompt follower

satisfaction with the organization. It has been suggested that this follower satisfaction promotes the follower's commitment to the collective, group cohesiveness, and the individual's behaviors that are oriented toward achieving the leader's/collective's vision and objectives (Ashforth and Mael 1989). This, in part, is the basis for leaders striving to cultivate followers' collective identifications which lead to strong and informing collective identities.

## Personal Identity and Identification

Follower's personal identification with their leader involves the follower identifying with the leader's personal characteristics and traits rather than merely identifying with their leader as a representative of their collective such as in collective identification. This identification may occur through one of two routes (Kark and Shamir 2013). First, the follower may recognize that they share personal commonalities with their leader. This form of identification is reflected in the example of a follower who views himself/herself as creative and therefore personally identifies with their leader whom they also perceive as being creative. It is the follower's perception of leader/follower similarities that prompts the personal identification. Followers don't always recognize shared similarities, however, but instead reshape their own personal identities through incorporating admirable personal identity traits that are evidenced by their leader. This in effect is a form of role modeling with the leader serving as a guide for facilitating the followers' personal identity formation. The specific path to personal identification is of minimal consequence as long as an interpersonal comparison is extant which to some degree involves the follower comparing their personal identity traits with their leader's identity traits (Ashforth et al. 2015).

The follower's active role in the personal identification process, which entails leader/follower identity trait comparisons, is often assertively initiated by the leader. To begin, a leader may intentionally and actively portray himself/herself in a positive light through either their discourse or role modeling behaviors. It has been suggested that this may be more effective with distant leadership as the follower does not have the opportunity to frequently interact with the leader. Indeed, what may occur is that the follower may identify with an idealized image of the leader that may have been constructed by the leader himself/herself, the media, and/or other organizational members and which ultimately filters through the organizational hierarchy. The follower is unable to see all dimensions of the leader, including those that are less positive, and therefore, the potential for identification mitigation is limited due to the absence of proximal interaction (Waldman and Yammarino 1999). It can be argued that this distant personal identification does not truly exist or is inherently flawed as it is centered on idealized identity traits. Others rationalize that followers may still come to personally identify with the leader on the basis of these idealized qualities and have pointed to empirical work that supports the notion that individuals are able to personally identify with fictitious identity characteristics (Igartua 2010).

Leaders may also initiate this identification process by creating situations that are perceived by followers to be opportunities or threats. This method positions the follower so that he/she is able to evaluate their applicable (the follower's) abilities to cope with the accompanying challenges. Followers often then recognize that they have personal identity deficits and look to their leaders as models for comparison so that identity characteristics can be cultivated that better enable them to confront the challenges (Ashforth et al. 2015). As a clarifying example, a leader may set a new and demanding sales quota for their employees to meet. A follower who senses they are unable to meet this quota, and who views this situation as either an opportunity to improve or a threat to their job, may look to their leader as a model. The leader's characteristics that appear to be conducive to success, such as tenacity, commitment, thoroughness, compassion, etc., may then become traits that the follower seeks to incorporate within their own identity.

An individual is primarily motivated by self-interest, and their attitudes and behaviors are informed by their distinct characteristics when

their personal level of identity is activated (Brewer and Gardner 1996). Followers, who personally identify with their leader, are therefore ideally motivated by the mission, vision, and values they share with their leader and therefore engage in behaviors that are consistent with the achievement of the leader's objectives as well as that increase their commitment to both their leader and organization.

## Relational Identity and Identification

Relational identification involves a relational partner identifying with the relationship they share with another individual. This process culminates in the development of an associated relational identity that is greater than the sum of each relationship member's role identity and person-based identity (Sluss and Ashforth 2007). Followers' relational identification with their leader therefore is rooted in the follower identifying with the role relationship that they share with their leader, including, but not limited to, any of the constituent parts of the relational identity such as their and their leader's roles and the person-based identity the leader brings into his/her role. As an example, an electrician would identify with their role as an electrician, with their leader's role as a foreman, and with the manner in which their leader carries out their role (i.e., providing guidance, ensuring equipment is available, and maintaining a safe work environment). This diverges from personal identification in that with personal identification, the individual identifies with some or all of the identity characteristics of another individual; and role relational identification involves the individual identifying with the relationship they share with another. It also should be noted that regardless of proximity, any two individuals may form a role relationship, and furthermore the existence of the relationship only needs to be recognized by one relational member. This notion is supported by evidence that distant followers relationally identify with the role relationship they share with their leader even when the leader is unaware that a particular follower exists.

Role relationships and their corresponding identities only exist when each relationship member contributes to the relationship. This is easily recognizable in close leader/follower relationships with leaders regularly providing their follower with guidance, resources, and/or feedback. It is essential that the leader partakes in the relationship in a manner that makes the relationship meaningful to the follower and thus prompts follower identification. Leaders, who are not afforded the advantage of being in close proximity with their followers, may rely on discursive and/or policy-based gestures that bring the relationship into saliency as well as reflect that the follower's contributions are valued. Jack Walsh and Steve Jobs both recognized this need and attempted to spur relational identification among followers by annually meeting with all company employees and through scripted corporate presentations, respectively. Sending followers cards on their work anniversaries and implementing merit-based pay are additional tactics distant leaders may use to prime followers' relational levels of identity. Generating relational identification, as opposed to a collective/organizational identification, however, is dependent upon followers perceiving that it is the leader who is indeed involved in contributing to the relationship.

The needs for interdependence, to maintain the relationship, and to provide benefit for the other relational partner are the primary motivations behind one's relational identification (Brewer and Gardner 1996). The satisfaction of these needs leads the follower to become dependent upon their leader and more committed to their leader and therefore behave in a manner geared toward carrying out their leader's vision.

## Conclusion

Leadership exists because of followers and is measured through follower effectiveness within the organizational setting. This very notion serves as the essence of *identity leadership* – the shaping of the individual follower's identities in the workplace. Based on the premise that the leader/follower relationship can be rooted in a shared

collective, personal homogeneity, and/or a dyadic relational connection, three specific follower identities can emerge through the processes of unique identifications. These identities are each rooted in distinct needs which motivate a unique set of attitudes and behaviors. Leaders recognize the potential influence of these various follower identities in terms of their ability to inform attitudes and behaviors which may prove instrumental in organizational outcomes. This understanding, in turn, prompts leaders to engage in the management of these identities with the intent that the resulting influence will prove beneficial to the leader and the organization at large.

## Cross-References

► Leadership in Organizations

## References

Ashforth B, Mael F (1989) Social identity theory and the organization. Acad Manag Rev 14(1):20–39
Ashforth BE, Schinoff BS, Rogers KM (2015) "I identify with her," "I identify with him": unpacking the dynamics of personal identification in organizations. Acad Manag Rev 41(1):28–60
Brewer MB, Gardner W (1996) Who is this "We"? Levels of collective identity and self representations. J Pers Soc Psychol 71(1):83–93
Brickson S (2000) The impact of identity orientation on individual and organizational outcomes in demographically diverse settings. Acad Manag Rev 25(1):82–101
Gardner WL, Gabriel S, Lee AY (1999) "I" value freedom, but "We" value relationships: self-construal priming mirrors cultural differences in judgment. Psychol Sci 10(4):321–326
Igartua J (2010) Identification with characters and narrative persuasion through fictional feature films. Communications 35(4):347–373
Kark R, Shamir B (2013) The dual effect of transformational leadership: priming relational and collective selves and further effects on followers. In: Transformational and charismatic leadership: the road ahead 10th anniversary edition monographs in leadership and management, pp 77–101
Leary Mark R, Tangney JP (2011) Handbook of self and identity. Guilford Publications, New York
Shamir B (1995) Social distance and charisma: theoretical notes and an exploratory study. Leadersh Q 6(1):19–47
Sluss DM, Ashforth BE (2007) Relational identity and identification: defining ourselves through work relationships. Acad Manag Rev 32(1):9–32
Steffens NK, Haslam SA, Reicher SD et al (2014) Leadership as social identity management: introducing the Identity Leadership Inventory (ILI) to assess and validate a four-dimensional model. Leadersh Q 25(5): 1001–1024
Waldman DA, Yammarino FJ (1999) CEO charismatic leadership: levels-of-management and levels-of-analysis effects. Acad Manag Rev 24(2):266

# Organizational Ihsan Behavior

Osama Hazzi
FrontiersToday, Vienna, Austria

## Synonyms

Discretionary behavior; Ethical behavior; Personal initiative; Voluntary behavior

## Definition

Organizational Ihsan behavior, as the current entry defines it, is a virtue-based discretionary behavior enhancing the welfare of organization and its members.

## Introduction

Like Judaism and Christianity, Islam shares similarities in terms of virtues promoting human welfare. "Lo! Allah enjoineth justice and kindness, and giving to kinsfolk, and forbiddeth lewdness and abomination and wickedness. He exhorteth you in order that ye may take heed." (Qur'an 16:90). Ihsan (where its meaning was translated to kindness) is a virtue Islam much considers.

The current entry translates this virtue into a conceptual multidimensional model of what one might call organizational Ihsan behavior (henceforth, OIB) and gives it meaning within the organizational context from the Islamic perspective. What is hoped here for is to present a model that Islamic and non-Islamic communities can apply. Islam is aimed at all the peoples and not only at Muslims (see Qur'an 21:107).

## Construct-Model

The current intended model used both the Qur'an as well as the Hadith (a saying, an action, a statement (including the tacit one), and an ethical or a physical character of the prophet Muhammad (peace be upon him)) to extrapolate the items.

Ihsan is an Arabic word (written إحسان) and broadly means kindness. In Islam, "*Iḥsān* is to worship Allāh as if you see Him, and if you do not achieve this state of devotion, then (you must consider that) Allāh is looking at you." (Sahîh Al-Bukhâri 1997c, vol 6, Book. 65, Hadith Number. 4777, pp. 260–261). The belief is that a believer doing good deeds wins in this life and the hereafter. "Whosoever doeth right, whether male or female, and is a believer, him verily we shall quicken with good life, and We shall pay them a recompense in proportion to the best of what they used to do." (Qur'an 16:97). It is not surprising to find those considering Ihsan behavior altruistically and conscientiously behave without expecting reciprocation from others. Table 1 shows OIBs with the source on which each item is extrapolated.

## Discussion

Within the context of the table, the current entry defines OIB as a virtue-based discretionary behavior enhancing the welfare of organization and its members. Concerning discretionary, OIB is a matter of personal choice. The belief is that such discretionary character is originally innate but learnable over the time (see Hazzi and Hamod 2019). The table shows that the OIB construct includes: (1) Organizational Ihsan Behavior Employee toward Employee (OIB-EE), (2) Organizational Ihsan Behavior Employee toward Organization (OIB-EO), and (3) Organizational Ihsan Behavior Organization toward Employee (OIB-OE). Whereas OIB-EE and OIB-EO, respectively, express the employee-practiced Ihsan-behavior benefiting their colleagues "possibly supervisor" and organization, OIB-OE expresses the authority-practiced Ihsan-behavior benefiting employees. Ideally, both OIB-EE and OIB-EO are evaluated by other-rating (supervisor/co-worker), while OIB-OE is evaluated by self-ratings (employees).

The sources on which items are extrapolated help one to well understand the OIB context. The current concern here is to highlight some items. The contractual tasks do not usually include Ihsan behaviors. In organizational settings, subordinates usually avoid telling their management or superior about mistakes the latter makes (e.g., unjust exercise of authority), as this may result unfavorable consequences; however, contributing to preventing management or superiors from oppressing subordinates "Advises his/her supervisor/management when latter makes mistake" could be a good example of the Ihsan behavior. It is worth mentioning that OIB-EO includes this item since a supervisor uses the authority the management gives to supervise a workflow, while OIB-EE includes the item "Assists his/her supervisor with work" since a supervisor is considered just like any employee and performs other tasks the management askes to do. Also, items such as "Assists his/her colleague even if both are quarreling" and "For organization's interest, reconciles between his/her colleagues quarreled" are great virtues worth highlighting. The good deed and the evil deed are not alike, and repelling the evil deed with one which is better can make those quarreled as though they were bosom colleagues. Reconciling between colleagues quarreled results much too. "For organization's interest, controls his/her reaction, forgives, and kindly behaves against his/her colleagues offending him/her" is a virtue similar to the two aforementioned and could show the extent to which one can characterized by Ihsan virtue. "Prefers his/her colleagues above himself/herself" is another high virtue and could show the extent to which one is altruistic. Last but not least, items such as "My Ihsan behavior drives supervisor/management to reciprocate" and "Supervisor kindly guides me when I make mistake" could show the extent to which the transformational leadership is. The transformational leaders inspire, energize, and intellectually stimulate their employees (Bass 1990). Employees working in organizations where this leadership is could go beyond task performance expectations and engage in Ihsan behaviors.

**Organizational Ihsan Behavior, Table 1** Multidimensional conceptual model of organizational Ihsan behavior

| Item – to what extent employee | The source on which item is extrapolated |
|---|---|
| **Organizational Ihsan Behavior Employee-Employee (OIB-EE)** | |
| 1. Helps new colleagues to overcome work challenges | (see Al Adab Al Mufrad 2015, Chap. 396, Hadith Number. 891, p. 573) |
| 2. Helps his/her colleagues to fix mistakes they make at work | (see Qur'an 5:2) |
| 3. Assists his/her colleague even if both are quarreling | (see Qur'an 41:34) |
| 4. Assists his/her supervisor with work | (see Jāmi' At-Tirmidhī 2007, vol 3, Main Chap. 15, Subchapter 3, Hadith Number. 1425, pp. 209–210) |
| 5. Accepts shift work instead of his/her colleague when asked to do so | (see Sahîh Al-Bukhâri 1997e, vol 9, Book. 89, Chap. 7, Hadith Number. 6951, p. 66) |
| 6. Prefers his/her colleagues above himself/herself | (see Qur'an 59:9) |
| **Organizational Ihsan Behavior Employee-Organization (OIB-EO)** | |
| 1. Advises his/her supervisor/management when latter makes mistake | (see Sahîh Al-Bukhâri 1997b, vol 3, Book 46, Chap. 4, Hadith Number. 2444, p. 362) |
| 2. Performs work with perfection | (see Qur'an 2:195) |
| 3. For organization's interest, initiates to fix his/her broken relationship with his/her colleague | (see Sahîh Al-Bukhâri 1997d, vol 8, Book. 78, Chap. 62, Hadith Number. 6076, p. 65) |
| 4. For organization's interest, reconciles between his/her colleagues quarreled | (see Al Adab Al Mufrad 2015, Chap. 183, Hadith Number. 391, pp. 291–292) |
| 5. For organization's interest, controls his/her reaction, forgives, and kindly behaves against his/her colleagues offending him/her | (see Qur'an 3:134) |
| 6. Preserves organization's resources even if this is not required | (see Sahîh Al-Bukhâri 1997e, vol 9, Book. 93, Chap. 1, Hadith Number. 7138, p. 160) |
| 7. Initiates to provide innovative suggestions to overcome problems organization faces | (see Qur'an 2:148) |
| 8. Favorably speaks about organization | (see Sahîh Al-Bukhâri 1997d, vol 8, Book. 78, Chap. 85, Hadith Number. 6138, p. 93) |
| **Item – to what extent** | **The source on which item is extrapolated** |
| **Organizational Ihsan Behavior Organization-Employee (OIB-OE)** | |
| 1. Supervisor reports my Ihsan behavior to management | (see Sunan Abu Dawud 2008, vol 5, Book. 40, Chap. 11, Hadith Number. 4811, pp. 274–275) |
| 2. Management recognizes my Ihsan behavior | (see Qur'an 11:85) |
| 3. My Ihsan behavior drives supervisor/management to reciprocate | (see Qur'an 55:60) |
| 4. Supervisor kindly guides me when I make mistake | (see Qur'an 17:53) |
| 5. Supervisor does not ask me to engage in unpaid tasks for being I engage in Ihsan behavior | (see Sahîh Al-Bukhâri 1997a, vol 1, Book. 2, Chap. 22, Hadith Number. 30, p. 70) |

Note: the author prepared this table

What is concluded from the table is that OIB-EE and OIB-EO could, respectively, measure the quality of the Ihsan behavior concerned to inter-employee relationships and the extent to which employees engage in Ihsan behaviors toward their organization; however, OIB-OE could measure the extent to which an organization engages in Ihsan behaviors toward their members. The discretionary character of OIB could foster the social and psychological environment in which task performance takes place, enhance synergistic relationships (both organization- and inter-employee relationships), and develop dyadic relationships between organization and other stakeholders. This machinery could help organization to harvest the fruit of this harmony.

## Concluding Thoughts

The centrality of the Ihsan virtue in the Islamic thinking lies in that this virtue should be present throughout all aspects of daily life. In the light of Muslim population changes, understanding how Islam considers Ihsan virtue is a good key for organizations to do business with Muslims and increase market share. Pew Research Center projects that by 2060 Muslims (3.0 billion, or 31% of the population) will near the Christians (3.1 billion, or 32%).

As with any new model, empirical research to research the reliability and validity of the OIB model and its potential antecedents and consequences could be worth pursuing. Such can help to further research and compare OIB with other discretionary organizational behaviors (e.g., organizational citizenship behaviors, OCBs) (see Hazzi 2018). Further collaborations from diverse cultures can help the research community to build virtue-loaded frameworks and better understand how each culture considers virtue-based discretionary behaviors at the workplace.

Research should not overlook that a right behavior in one culture may be wrong in other cultures. In Islam, "*Al-Birr* (righteousness) is a good character, and sin is that which wavers in your heart and you do not want the people to find out about it." (Sahîh Muslim 2007, vol 6, Book. 45, Chap. 5, Hadith Number. 6516, p. 423). Such can work for the organization and its members and help both to well alter their moral compass.

Islam is rich with virtues. The current entry provides some fresh new insights on the Islamic virtues and calls for further collaborations to develop a more sophisticated model. One should consider that human beings have benevolence (even if it is an atom's weight), and that should not overlook this. The need for such OIB has always been and will always be there. This helps one to have actual and constructive knowledge and reconsider the unfair stereotype the media raises about Islam.

## Good to Know

While the language of the Qur'an is Arabic, one cannot translate the Qur'an, and the existing translations are attempts to provide interpretations of the words existing in Arabic. Abdelaal and Rashid (2015) have provided an example showing that a set of factors (e.g., the semantic complexity of the vocabularies, mistranslations, and culture) can cause frequent partial and complete semantic loss of meanings when translating the Qur'an. The current entry used the Pickthall's translation.

The Hadiths employed in this entry characterize with a true degree of authenticity (Sahih). A Hadith science-specialized Muslim-scholar participated in a previous work entry (see Hazzi and Hamod 2019) validated the model, suggested and raised the item of "Advises his/her supervisor/management when latter makes mistake," provided the source on which this item is extrapolated, and defined Hadith. Generally, referring to Muslim scholars specialized helps one to avoid wrong employing of the Qur'anic verses and the Hadiths.

Last but not least, this entry tried to match between the current related accumulated knowledge it is aware of and the Qur'an and Hadiths it used to extrapolate the OIB model. In a word, the entry is subjective, and human beings generally are being exposed to make mistake.

## Cross-References


- ► Discretionary Behavior: An Islamic Perspective
- ► Organizational Citizenship Behavior: A Holistic Review


## References


Abdelaal NM, Md Rashid S (2015) Semantic loss in the Holy Qur'an translation with special reference to Surah Al-WaqiAAa (chapter of the event inevitable). SAGE

Open 5(4):1–10. https://doi.org/10.1177/2158244015605880
Al-Bukhâri M (1997a) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 1. Darussalam, Riyadh
Al-Bukhâri M (1997b) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 3. Darussalam, Riyadh
Al-Bukhâri M (1997c) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 6. Darussalam, Riyadh
Al-Bukhâri M (1997d) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 8. Darussalam, Riyadh
Al-Bukhâri M (1997e) The translation of the meaning of Sahîh Al-Bukhâri – Arabic-English (trans: Khan MM), vol 9. Darussalam, Riyadh
Al-Bukhari M (2015) Manners in Islam – Al Adab Al Mufrad – Arabic-English text (3rd edn) (translation and commentary: Maulana Khalid Khan Garhi. English trans: Rafiq Abdur Rahman). Dar Al-Kotob Al-llmiyah, Beirut
Al-Hajjaj M (2007) English translation of Sahîh Muslim (1st edn), Ahâdith edited & referenced by: Hâfiz Abu Tâhir Zubir ‘Ali Za’I, (trans: Nasiruddin al-Khattab) (Canada), Final review by: Abu Khaliyl (USA), vol 6. Darussalam, Riyadh
Ash‘ath S (2008) English translation of Sunan Abu Dawud (1st edn), Ahādith edited & referenced by: Hâfiz Abû Tâhir Zubir ‘Ali Za’î, (trans: Yaser Qadhi) (USA), Final review by: Abû Khaliyl (USA), vol 1. Darussalam, Riyadh
At-Tirmidhī M (2007) English translation of Jāmi‘ At-Tirmidhī (1st edn) (trans: Abu Khaliyl (USA), Ahādith edited & referenced by: Hāfiz Abu Tāhir Zubir ‘Ali Za’i, Final review by: Islamic Research Section, vol 3. Darussalam, Riyadh
Bass BM (1990) From transactional to transformational leadership: learning to share the vision. Organ Dyn 18(3):19–31. https://doi.org/10.1016/0090-2616(90)90061-S
Hazzi OA (2018) Organizational citizenship behavior: a holistic review. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Cham
Hazzi O, Hamod M (2019) Discretionary behavior: an Islamic perspective. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Cham
Qur’an (1930) The meaning of the glorious of Koran: An explanatory translation (trans: Pickthall M). Alfred A. Knoph, New York

### Websites

http://hdith.com/
http://www.pewforum.org/2017/04/05/the-changing-global-religious-landscape/
https://archive.org

## Organizational Inclusion in Arabian Public Contexts

Walid Chaouali[1] and Mohamed Mousa[2]
[1]International Institute for Higher Education in Morocco, Rabat, Morocco
[2]WSB University, Dabrowa Gornicza, Poland

### Synonyms

Social inclusion; Organizational inclusion

### Crisp Definitions of the Key Title Words

Social inclusion: is the “the trusted respectful relationships among society’s citizens” (Babacan 2005).

Organizational inclusion: is “the degree to which an employee perceives that he or she is an esteemed member of the work group through experiencing treatment that satisfies his or her needs of belongingness and uniqueness” (Shore et al. 2011, 1265).

### Introduction

The fact that Arab countries share a common heritage in religion (i.e., Islam) and language (i.e., Arabic) could create the misleading impression that the Arab region is a monolithic and homogeneous cultural system (i.e., there is no diversity in the Arab region) (Yahiaoui and Al Ariss 2017). Indeed, “Arab countries, a complex and diverse world, possess a multicultural diversity: ethnic, tribal, religious, linguistic, historical, traditional, and immigrational” (Yahiaoui and Al Ariss 2017, p. 250). Many factors such as the European and Ottoman invasions, the circulation of merchants and traders, the imbrication of families, and globalization have all fuelled this multicultural heritage (Yahiaoui and Al Ariss 2017). As far as religion is concerned, Islam includes some divergent Islamic rulings among its doctrines and

schools of jurisprudence that include the Sunnis, Shiites, and Ibadis (even clashes can exist between them) (Yahiaoui and Al Ariss 2017; Zaharna 2009). In addition to Muslims, there are other religious minorities. For example, Christians live in Egypt, Syria, Lebanon, Jordan, Iraq, and Palestine, and Arab Jews live in Morocco, Tunisia, Yemen, and Iraq (Yahiaoui and Al Ariss 2017; Zaharna 2009). With respect to ethnicity, non-Arab minorities also live in the Arab region with their own culture and language and include Armenians in Lebanon, Syria, Palestine, Egypt, and Iraq, Assyrians in Iraq and Syria, Kurds in Iraq and Syria, Berbers in North Africa, Afars and Nubians in northern Sudan and Egypt, Turks in Egypt, and Afars in Djibouti. Regarding language, other languages can co-exist with the Arabic language. In addition, many Arab countries have adopted a non-Arabic language as their co-official language such as Comorian and French in Comoros, French in Djibouti, Kurdish in Iraq, Berber in Morocco, Somali in Somalia, English in Sudan. In terms of gender, the Arab countries score higher than the world average on the UNDP's Gender Inequality Index making women the main victims of discrimination (Abadeer 2015). In addition, the Middle East and North Africa (MENA) region has the lowest score (61.1 %) of all regions in the Global Gender Gap Index (World Economic Forum 2020, p. 23). Concerning the situation of individuals with disabilities in Arab countries, disabled people suffer from discrimination, stigmatization, intolerance, mistreatment, and the "deprivation of their rights to equal opportunities in education, employment, and social inclusion" (Saad and Borowska-Beszta 2019, p. 30). Indeed, they score lower on literacy, educational attainment, and employment rates than people without disabilities (United Nations Economic and Social Commission for Western Asia 2018). In addition, the Arab region is home to a wider range of religions and ethnic groups due to the settlement of multinational companies and the influx of migrant workers (Yahiaoui and Al Ariss 2017). For example, Asian and African workers are subject to unfavorable working conditions more than the indigenous or Western expatriates, experiencing things such as "withdrawal of passports, abuse of women, prohibition of religious practice for non-Muslims, omission of salary payments" (Yahiaoui Al Ariss 2017, p. 254). Racial discrimination is still a taboo subject in the Arab region. For example, black Arabs in Tunisia endure racial prejudice and social exclusion (e.g., mixed marriages are a taboo subject in some regions in Tunisia) (Nawaat 2016). Moreover, incidents of racial discrimination were reported against black African refugees or illegal migrants regarding their inadequate living and working conditions in many Arab regions, such as Tunisia (Saunders 2011). More alarming still, Sub-Saharan Africans were targeted by Libyan rebel forces because of the color of their skin (United Nations High Commissioner for Refugees 2011).

## Organizational Inclusion in Egyptian Public Administration

In spite of the aforementioned backdrop, diversity among students in the Arab world is still in its infancy (Mousa 2021). More specifically, and in the context of occupational settings, little is known about the phenomenon of organizational inclusion. In this vein, employees prefer to work for organizations that recognize and appreciate the differences and uniqueness of people (Mousa 2021) and take an interest in and implement diversity policies to create an inclusive work environment with equity and equal opportunities for staff (Kundu and Mor 2017). However, we should distinguish between diversity and organizational inclusion (Mousa 2019, pp. 126–127). Diversity refers to, "the tangible and intangible differences among individuals, while organizational inclusion entails understanding and utilizing these individual differences for the betterment of individuals and their organizations" (Mousa 2021, p. 124).

In this chapter, we will focus on organizational inclusion in Egypt because it is an appropriate and interesting context to study organizational inclusion in the Arab world due to its rich cultural

diversity (ethnic and racial groups, the condition of Egyptian women, and the presence of various religious doctrines such as Islam and Coptic Christianity, among others), clashes and circumvention maneuvers that may occur between different groups. For example, Mousa (2017) found that in Egyptian public hospitals, Christian nurses favored treating and interacting with Christian counterparts and the same was true for Muslims (who favored treating and interacting with their Muslim counterparts). He also suggested that female employees hold fewer positions of responsibility than their male colleagues. In addition, Mousa and Ayoubi (2019) showed that male academics are unwilling to work under the leadership of their female peers in universities in Egypt. Based on Hofstede and Hofstede (2005), the four dimensions of the Egyptian culture are as follows:

- "Power distance, according to which leaders have and exercise unquestionable authority"
- "Uncertainty avoidance, according to which Egyptians tend to reject any change and constantly have fears about the unknown"
- "Individualism – family in Egyptian culture strongly shapes individual behavior"
- "Masculinity – men have a dominant role, and they are the main breadwinners in Egyptian society, while women are in charge of raising children" (Mousa 2020)

Mousa (2019) posits that achieving the goals and objectives of successful organizational inclusion requires vertical alignment with senior management and horizontal alignment with the participation of all departments (interdepartmental coordination and collaboration). Further, Mousa (2019) assumes that the level of organizational inclusion is determined by three types of community factors that are: (i) representativeness, which refers to "the extent to which the surrounding local community is fully represented or included within an organization's workforce, or in other words, the level of a demographic match between the organization's workforce and its surrounding community," (ii) status/power, which is defined as "the extent to which an organization's demographic composition and their treatment is influenced by the power of social identities such as race and gender in its surrounding society," and (iii) attitudes toward diversity, which refers to "the extent to which an organization's internal diversity/inclusion policies are influenced by the respect for diversity/cultural tolerance/sameness in the surrounding local community" (Mousa 2020a,b,c; Mousa and Alas, 2016 p. 128). Mousa (2019, pp. 131–132) demonstrates that organizational inclusion affects the relational psychological contract ("a reflection of the employee-employer relationship and revolves around positive management phenomena such as trust, organizational commitment, engagement, respect, and so on"), the transactional psychological contract ("a short-term work arrangement/mutual exchange characterized by limited employee organizational involvement and duties"), and the balanced psychological contract ("an open-ended work arrangement conditioned on the organization's economic success on the one side and the employee's economic (e.g., reasonable salary), career (e.g., training), and personal (e.g., flexible work hours) satisfaction"), through the mediating role of responsible leadership. Mousa (2019) therefore recommended the creation of an internal network of stakeholders (the school, the academic staff, and the community) to shape and maintain a high level of social integration inside and outside the school.

Mousa (2021) found that women faculty members (academic and administrative staff) face under-representation and demonstrated that gender predicted how people perceive organizational inclusion. Furthermore, he evidenced an association between diversity management, organizational inclusion, and workplace happiness. Mousa and Puhakka (2019) evidence a positive effect of responsible leadership and organizational inclusion on physicians' commitment (i.e., affective commitment, continuance commitment, and normative commitment) through the mediating effect of organizational inclusion. This can be explained by social exchange theory. The latter stipulates that "any investment in the employee/individual through support and encouragement stimulates positive responses in the employee (e.g. performance, loyalty, love, etc.)

towards his/her workplace and managers" (Mousa et al. 2021).

More importantly, Mousa et al. (2020a,b,c) investigated the reasons why organizations in the Arab world are resisting or failing to implement inclusion policies. The authors have explored some barriers to the implementation of organizational inclusion. Indeed, they identified several types of barriers that can be classified into three categories. These categories are: (i) cultural barriers (political ideology bias, religious bias, and gender bias), (ii) functional barriers (nepotism and lack of distributive justice), and (iii) psychological barriers (in-out group differentiation and dehumanization). In the context of higher education, they propose that universities can implement a fair system of financial rewards and grants and career promotion (e.g., supervising and publications of articles), create units to impartially manage international scholarships, increase the proportion of contractual staffing, and promote a culture of tolerance (e.g., training programs and courses) to enhance academics' feelings of inclusion (Mousa et al. 2020).

Mousa (2021) recommends that companies use quotas to equitably represent the different groups (e.g., on the basis of race, age, religion, and language among others) that constitute it. However, diversity management protocols can be seen as a threat by the members of the dominant group and, thus, lead them to nurture adverse feelings and behaviors against the members of the minority groups (Mousa 2021). Mousa et al. (2021) qualified organizational inclusion, therefore, as a double-edged concept. So, future studies can explore the dark side of organizational inclusion. Studying its negative aspects can provide insightful theoretical and practical implications.

## Conclusion

The Arab region is a cultural melting pot. It should be mentioned that conflicts and intolerance regarding race, gender, religion, and ethnic groups, among others, exist in the Arab region. These problems have become toxic in workplace settings. Therefore, given the scarcity of literature on the topic in the Arab world, we need to explore organizational inclusion in this context. This chapter tried to tackle organizational inclusion in Egyptian public administration. Furthermore, it presented some barriers to the successful implementation of organizational inclusion policies.

## Cross-References


- ▶ Culture and Organizations
- ▶ Diversity and its Management in Organizations
- ▶ Diversity in Organizations
- ▶ Human Relations Theory of Organizations
- ▶ Inequality in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Organizational Justice


## References


Abadeer ASZ (2015) Norms and gender discrimination in the Arab world. Palgrave Macmillan, New York

Babacan H. (2005) Challenges of inclusion: Cultural diversity, citizenship and engagement. Proceedings of International Conference on Engaging Communities; Brisbane: QLD

Hofstede G, Hofstede GJ (2005) Cultures and organizations: software of the mind. McGraw Hill, New York

Kundu SC, Mor A (2017) Workforce diversity and organizational performance: a study of IT industry in India. Empl Relat 39(2):160–183

Mousa M. Alas R (2016) Uncertainty and Teachers' Organizational Commitment in Egyptian Public Schools. European Journal of Business and Management 8(20): 38–47

Mousa M (2017) How do nurses perceive their cultural diversity? An exploratory case study. Afr J Bus Manag 11(17):446–455

Mousa M (2019) Organizational inclusion and academics' psychological contract: can responsible leadership mediate the relationship? Equal Divers Incl 39(2):126–144

Mousa M (2020a) Organizational inclusion and academics' psychological contract: Can responsible leadership mediate the relationship? Equality diversity and inclusion: international journal, 39(2): 126–144

Mousa M, Massoud H, Ayoubi R.M, Puhakka V (2020b) Barriers of organizational inclusion: a study among academics in Egyptian public business schools. Human systems management, (39)2: 251–263

Mousa M. (2020c) Diversity Management in Egyptian Public Contexts: When the Heat Yields Cold Reactions.

In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4114-1
Mousa M (2021) Does gender diversity affect workplace happiness for academics? The role of diversity management and organizational inclusion. Public Organ Rev 21:119–135
Mousa M, Ayoubi RM (2019) Inclusive/exclusive talent management, responsible leadership and organizational downsizing: a study of academics in Egyptian public business schools. J Manag Dev 38(2):87–104
Mousa M, Puhakka V (2019) Inspiring organizational commitment: responsible leadership and organizational inclusion in the Egyptian health care sector. J Manag Dev 38(3):208–224
Mousa M, Massoud H, Ayoubi R, Puhakka V (2020) Barriers of organizational inclusion: a study among academics in Egyptian public business schools. Hum Syst Manage 39:251–263
Mousa M, Ayoubi R, Massoud H (2021) Gender, workplace fun and organisational inclusion: an empirical study. EuroMed J Bus. https://doi.org/10.1108/EMJB-12-2019-0149
Nawaat (2016) A history of slavery in the village of EL Gosbah. Retrieved from https://nawaat.org/2016/05/19/a-history-of-slavery-in-the-village-of-el-gosbah/
Saad MAE, Beata B-B (2019) Disability in the Arab world: a comparative analysis within culture. Int J Psycho-Educ Sci 8(2):29–47
Saunders (2011) At a tense border crossing, a systematic effort to keep black Africans out. Retrieved from https://www.theglobeandmail.com/news/world/at-a-tense-border-crossing-a-systematic-effort-to-keep-black-africans-out/article568789/
Shore LM, Randel AE, Chung BG, Dean MA, Holcombe-Ehrhart K, Singh G (2011) Inclusion and diversity in work groups: A review and model for future research. Journal of Management 37(4): 1262–1289
United Nations Economic and Social Commission for Western Asia (2018) Disability in the Arab region, Beirut
United Nations High Commissioner for Refugees (2011) UNHCR concerned as sub-Saharan Africans targeted in Libya. Retrieved from https://www.unhcr. https://www.unhcr.org/4e57d1cb9.html
World Economic Forum (2020) Global gender gap report 2020. World Economic Forum, Switzerland
Yahiaoui D, Al Ariss A (2017) Diversity in the Arab world: challenges and opportunities. In: Management and diversity (international perspectives on equality, diversity and inclusion), vol 3. Emerald Publishing Limited, pp 249–260
Zaharna RS (2009) An associative approach to intercultural communication competence in the Arab world. In: Deardorff DK (ed) The SAGE handbook of intercultural competence. SAGE Publications, Thousand Oaks, pp 179–195

# Organizational Innovation

Mehmet Akif Demircioglu
School of Public and Environmental Affairs, Indiana University-Bloomington, Bloomington, IN, USA

## Synonyms

Advancement, or a change of an organization; Improvement; Newness; Novelty

## Definition

An idea, a new product, a new method, a new service, a new process, a new technology, or a new strategy adopted by an organization. The introduction of something new to an organization.

## Introduction

Innovation is one of the most buzzwords in today's society. Most people appraise innovation and consider that innovation is necessary for individuals and organizations. For instance, citizens demand that public sector should be more innovative, so the public sector can solve organizational and socioeconomic problems. However, do we know enough about innovation such as the sources and types of innovation? This paper focuses on innovation at the organizational level ("organizational innovation") and discusses why innovation is important and even necessary, followed by research on organizational innovation.

Many academic disciplines including sociology, psychology, social psychology, economics, anthropology, political science, information and communications technology, communication studies, health studies, and organization and management studies contribute the study of innovation (Greenhalgh et al. 2004). Organizational innovation can be defined as the introduction of

something new (an idea, product, service, technology, process, and strategy) to an organization. Lam (2006, 115) defines organizational innovation as "to the creation or adoption of an idea or behavior new to the organization." Likewise, Damanpour (1991, 556) defines innovation as "adoption of an internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization." Although the aim for innovations is making something better, not all innovations are successful.

Innovation is different from invention because the latter refers to something entirely new product, service, technology, or process (e.g., patents). Innovation, on the other hand, can be small adoptions or changes. In addition, while reforms are typically at the national level, organizational innovations are mostly at the organizational level. On the other hand, innovation at the individual level mostly refers to an employee's creativity or her or his innovative behavior. Finally, organizational change may not necessarily involve innovations as many organizations change their structure or strategy without being innovative. While innovation is typically a small adaption, organizational changes refer to larger-scale changes particularly related to changing organizational structure and design.

## Why Innovation?

Because organizational environments frequently change, organizations need to be innovative to survive and prosper. Damanpour (1991, 556) argues that innovation can "contribute to the performance or effectiveness of the adopting organization. Innovation is a means of changing an organization, whether as a response to changes in its internal or external environment or as a preemptive action taken to influence an environment." Via innovations, organizations can fit the environment, so they can survive and prosper. For instance, if today's organizational environment emphasizes empowerment and democratization of workforce, organizations will need innovative practices emphasizing democratic innovations, so organizations can prosper. This is particularly true for public organizations as the measurement of success in public organizations is typically not based on profit. Public organizations need to be legitimate in order to survive and prosper. Innovation at the public sector can also increase citizens' trust to government.

Analyzing organizational innovation from the institutional theory perspective is very relevant particularly to the public sector. DiMaggio and Powell (1983, 147) argue that "change in organizations seems less and less driven by competition or by the need for efficiency... [innovation and change] occur as the result of processes that make organizations more similar without necessarily making them more efficient." Organizations, particularly public organizations, adopt innovations to increase legitimacy because governments, other public agencies, civil society, citizens and citizen groups, and professional organizations suggest, advocate, or require them. Likewise, many public organizations do not aim to make profits with their activities. As long as these organizations are considered legitimate by government, stakeholders, and citizens, these organizations can survive and prosper (e.g., receive higher budget, increase their staff, and can be praised by media). In this regard, many organizations innovate to increase their legitimacy. The following section will discuss research on organizational innovation.

## Research on Organizational Innovation

One of the leading papers on organizational innovation, Lam (2006) has stated that studies of organizational innovation can be classified into three different ways which lead to three different research questions: (1) organizational structure and design theories (e.g., contingency and industrial economics theories), (2) organizational cognitive and learning theories, and (3) organizational change and adaptation theories (e.g., incremental vs. evolutionary view of organizational change and punctuated equilibrium theories).

First, organizational structure and design theories which the level of analysis is at the organizational focus on how structural elements of organizations affect propensity of organizations to innovate. Second, organizational cognitive and learning theories which the level of analysis is micro focus on the cognitive foundations and knowledge creation of organizational innovation (e.g., innovations for problem solving). Third, organizational change and adoption theories which the level of analyses are organizational and external environment focus on how organizations adapt (or not able to adapt) environmental shifts and technological changes (Lam 2006, 116–136). In addition to these three ways of studying organizational innovation, we can systematically approach studies of innovation as the following categories: (1) innovation as a dependent variable, (2) innovation as an independent variable, (3) sources of innovation, (4) types of innovation, (5) innovation climate, and (6) measurement of innovation.

## Innovation as a Dependent Variable (Or Factors Effecting Innovation)

Because innovation is such an important concept (e.g., innovation affect survival and performance), analyzing factors affecting innovations is crucial topic. Many studies examine which factors affect innovation in organizations. Greenhalgh et al.'s (2004) meta-analysis of service and manufacturing organizations shows that while administrative intensity, complexity, external communication, internal communication, functional differentiation, managerial attitude toward change, professionalism, slack resources, specialization, and technical capacity have positive effects to organizational innovation, centralization has a negative effect to organizational innovation. On the other hand, formalization, managerial tenure, and vertical differentiation have no statistically significant effect to organizational innovation. Future research continues analyzing the effects of these or different factors (e.g., location of the work and type of organizations) on innovation.

## Innovation as an Independent Variable (Or Outputs/Outcomes of Innovation)

Countless studies exist analyzing the outputs and outcomes of innovation. As mentioned in the introduction section, innovation at organizations can increase organizations' chance for survival and increase prosperity, competition, legitimacy, and trust to organizations. In addition, innovation can increase organizational productivity, efficiency, performance, and customer satisfaction, competition, and quality of services. Innovation can also reduce the costs of the products and services. Future research continues searching outcomes of innovation in different organizational settings such as the effects of organizational innovation on employees' organizational commitment, job satisfaction, turnover intention, and organizational citizenship behavior. In sum, innovation can affect cost, organizational process, quality of products and services, and citizens' satisfaction.

## Sources of Innovation

Who are the sources/actors that contribute to innovation is not a trivial question. On the contrary, this question is crucial because innovation exists only if ideas come from certain sources or different actors contribute to innovation. Innovation particularly in public sector may come from employees' workgroup, organizational leaders, the government, other public agencies (e.g., regulatory agencies), industry stakeholders, universities, and members of public. Thus, sources of innovation can be a top-down (e.g., ideas coming from the organizational leaders and government), bottom-up (e.g., ideas coming from the employees' workgroup), or external (e.g., ideas coming from the universities and the industry stakeholders). Future research may contribute the sources of innovation literature via analyzing how each individual sources affect organizational outcomes (e.g., organizational performance), individual outcomes (e.g., employees' job satisfaction or their innovative behavior), and types of innovations (Demircioglu et al. 2016).

## Types of Innovations

Types of innovation include but not limited to product (including goods and services), process, marketing, and organizational innovation. Damanpour (1991, 556) states that "An innovation can be a new product or service, a new production process technology, a new structure or administrative system, or a new plan or program." These factors are also dimensions of innovation. Single innovations refer to small adoptions affecting one dimension of the innovation. On the other hand, complex innovation refers to the dimensions of innovation, namely, product, process, etc., which are affected by the single innovation. The more dimensions are affected by a single innovation, the more complex the innovation is. In other words, if several dimensions are affected by a single innovation, the innovation becomes complex. Today, socioeconomic problems and governments' expectations from government increase and more actors are involved in the innovation process. In fact, "The relationship between organization and innovation is complex, dynamic, and multilevel" (Lam 2006, 138). Thus, it is better to adopt complex innovation as complex innovations can solve complex problems (Demircioglu 2016a). In addition, types of innovations can be administrative vs. technical, product vs. process, and incremental vs. radical (Damanpour 1991). Future studies continue examining the complexity of innovation and types of innovations.

## Innovation Climate

Klein and Sorra (1996, 1060) define innovation climate as "to targeted employees' shared summary perceptions of the extent to which their use of a specific innovation is rewarded, supported, and expected within their organization. . . [Innovation climate is] the result of employees' shared experiences and observations of, and their information and discussions about, their organization's implementation policies and practices." Innovation climate is measurable both qualitatively and quantitatively and gives information about the process of innovation as well as the individual and organizational context of innovations. For instance, if an employee's workplace encourages innovation, if managers support employees when employees suggest new ideas, and if established processes for evaluating employees' innovative ideas exist, innovation climate for this organization will be higher. Innovation climate not only leads innovations, but it can also reduce employees' turnover, increase their job satisfaction, and increase their organizational commitment (Demircioglu 2016b). Additionally, innovation climate can increase both organizational and individual performance. In this regard, organizations and organizational leaders should establish a positive innovation climate.

## Measurement of Innovation

Both qualitative studies and quantitative studies can measure innovation, or innovation activities. For instance, via conducting semi-structured interviews and focusing on a few cases, researchers may measure innovation via analyzing "how" and "why" questions such as why certain agencies are more innovative than others. In terms of quantitative studies, many surveys aim at measuring innovation and innovation activities. These types of surveys are more common in Europe. For instance, OECD's Oslo Manuals, Community Innovation Surveys (CIS), Policies, Appropriation, and Competitiveness in Europe (PACE) survey, the Maastricht Economic and Social Research Institute on Innovation and Technology (MERIT), *Service des Statistiques Industrielles* [Statistical Service of the French Ministry of Industry] [SESSI] are such examples in Europe (Demircioglu et al. 2016). Unfortunately, these kinds of surveys are very limited in the United States; one exception is 2014 National Survey of Business Competitiveness (NSBC) conducted by the United States Department of Agriculture which aims to measure innovative activities in private firms in the United States (Demircioglu et al. 2016). These surveys typically measure innovation in private organizations. Regarding public sector innovation, the Federal

Employee Viewpoint Surveys (FEVS) in the United States ask only a few questions on innovation measuring employees' innovative behavior. The Australian Public Service Commission's (APSC) the State of Service surveys or census, however, provides more questions on innovations measuring barriers to innovation, adoption of innovation, innovative behavior, innovation complexity, outcomes of innovation, and innovation climate. Thus, future research may continue investigating innovation with using qualitative studies and these surveys, particularly with CIS and APSC datasets.

## Conclusion

Overall, what we know on organizational innovation is very limited. Many innovations innovate to increase their chances of survival and prosperity. Additionally, organizations, particularly public agencies, innovate to increase their legitimacy. This paper analyzed studies on organizational innovation into the following categories: innovation as a dependent variable, innovation as an independent variable, sources of innovation, types of innovation, innovation climate, and the measurement of innovation. Each of these categories will lead different research questions. Although organizational innovation mainly concerns innovation at the organizational level, to adopt innovations, a positive innovation climate and sources affecting innovation are necessary. Additionally, innovation in organizations particularly in the public sector aims at reducing cost and increasing quality of products and services. Organizations may prefer to implement complex innovations because today's problems are becoming more complex. Last but not the least, researchers need to analyze and develop measurements for innovation and innovation activities.

## Cross-References


- ▶ Flexible Organizations
- ▶ Innovation and the Public Workplace
- ▶ Innovation and Tradition in Public Administration Reform
- ▶ Innovations in Administrative Reforms
- ▶ Institutional Theory of Organizations
- ▶ Leaders and Innovations in Public Organizations
- ▶ Models of Organizational Change
- ▶ Organizational Excellence


## References


Damanpour F (1991) Organizational innovation: a meta-analysis of effects of determinants and moderators. Acad Manag J 34(3):555–590

Demircioglu (2016a) Conditions for simple and complex innovation in public sector. Working paper (Dissertation, Essay # 1; Revise & Resubmit by Research Policy)

Demircioglu (2016b) The effects of innovation climate on turnover intention: evidence from the Australian Public Service working paper (Dissertation, Essay # 3; Revise & Resubmit by Public Administration Review)

Demircioglu, Audretsch, Slaper (2016) How sources of innovation affect types of innovation: evidence from the American Companies. Working paper

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Greenhalgh T, Robert G, Macfarlane F, Bate P, Kyriakidou O (2004) Diffusion of innovations in service organizations: systematic review and recommendations. Milbank Q 82(4):581–629

Klein KJ, Sorra JS (1996) The challenge of innovation implementation. Acad Manag Rev 21(4):1055–1080

Lam A (2006) Organizational innovation. In: Fagerberg J, Mowery DC (eds) The Oxford handbook of innovation. Oxford University Press, Oxford


# Organizational Institutionalism


Margaret F. Reid[1] and Song Yang[2]

[1]Department of Political Science, University of Arkansas, Fayetteville, AR, USA

[2]Department of Sociology and Criminal Justice, University of Arkansas, Fayetteville, AR, USA


## Synonyms

Diffusion; Institutional logics; Institutional work; Isomorphism; Organizational fields

## Definition

Organizational institutionalism refers to a broad field within institutional scholarship that seeks to understand how organizations and institutions interact to conform to legitimate rules or the extent to which organizations effect changes within these institutional arrangements

## Introduction

The field of organizational institutionalism has become highly dynamic and begins to show similar strains encountered in other fields of organizational and institutional studies as they mature and expand beyond their initial theoretical suppositions (Greenwood et al. 2008). Organizational institutionalism refers to a broad field within institutional scholarship that seeks to understand how organizations and institutions interact to conform to legitimate rules and the extent to which organizations effect changes within these institutional arrangements, in other words, how organizations adapt to internal and external pressures for change (e.g., Seo and Creed 2002). Still emerging are newer bodies of studies on comparative organizational institutionalism (Djelic and Quack 2003; Whetten et al. 2009) and applications to emerging political economies (Drori 2008).

Initially conceived by social theorists such as Durkheim, Marx, and Weber, organizational institutionalism quickly was situated within the context of broader institutional level studies that includes Selznick's groundbreaking analysis (1949) of the Tennessee Valley Authority which explicitly recognized the impact of the organization's environment on its operations and goals. This line of reasoning became one of the dominant theoretical strands in the literature (see also Pfeffer and Salancik 1978) and triggered a multi-decade debate on how institutional practices are formed, maintained, and transformed. One of the interesting contributions to the field was Berger and Luckman's post-positivist treatise *The Social Construction of Reality* (1966) which remained largely anchored in the context of macro-institutional exchanges, e.g., between states and markets. It failed, however, as many other institutional theories do, to account for agency and power as triggers of change, critical elements in dealing with institutional complexity. DiMaggio's work (1988) further directed attention to the need to incorporate interest and agency into institutional theory. He and others asserted (DiMaggio and Powell 1991) that agency represents a source of power to change institutions and not just being shaped by them. These changes often occur at the organizational level, especially when organizations interact to achieve desired outcomes. New practices that may result, and, if sufficiently diffused, can lead to wider changes in the institutional domain. It is now abundantly clear that the predictions of older institutional theories (Di Maggio and Powell 1983) of the increasing isomorphism of organizational forms had been vastly overstated. The channels through which isomorphism occurs are often heavily dependent on the acceptance of the institutional environment in which organizations operate (Purdy and Gray 2009). When institutional environments are heterogeneous, it is not clear at which level of analysis these complex problems are to be tackled – should we migrate the analyses away from organizations to interorganizational levels of analysis, for example, or must we pay greater attention to individual agency at lower levels. Moreover it is not clear what processes and mechanisms produce the "migrations." The institutional literature is increasingly divided over answers to these questions.

This raises two additional points: institutional domains (and organizations populating them) exist both in temporal and spatial contexts that must be accounted for. There currently is little focus on these questions given their complexity and they may need other research approaches that are not currently part of mainstream institutional work.

The next segment will review the discussions of organizational institutionalism with regard to select topics: isomorphism and diffusion, institutional logics in the context of legitimacy, power, and institutional agency, and institutional complexity which refers to a phenomenon where organizations operate in multiple or heterogeneous institutional spheres (typical example: public-private collaborations).

The subsequent segment will explore these questions in the context of the fields of public administration and public policy, academic fields that have contributed relatively little to the advancement of these broader institutional debates. The final segment will address challenges we face when we move these discussions to transnational contexts.

## Emerging Perspectives on Organizational Institutionalism

### Isomorphism, Diffusion, and Organizational Change

Organizational institutionalism emerged from attempts to explain relationships between actors (individuals or organizations) and their environments (social, cultural, economic, or political) to determine the degree to which institutions constrain actors' behaviors (DiMaggio and Powell 1983; Scott 2001). DiMaggio and Powell contended that pressures on organizations to conform to specific forms would lead to increasingly similar organizational forms in certain institutional domains. According to these authors, responses to pressures stemming from an organization's environment can take three forms: mimetic, coercive, and normative. When conditions are uncertain, organizations take to imitation of peers to reduce possible adverse consequences of being perceived "different" (Haveman 1993). Coercive pressures often originate from powerful actors well entrenched in their institutional domain (such as governments or dominant organizations) that also control resources that less powerful actors need (Scott 1995/2001). In the abstract, as Tolbert and Zucker (1983) have argued, coercive pressures tend to accelerate adoption of similar structures and processes, but we know that, for example, state regulations are not adopted uniformly and that discretion accorded to the implementers give them a relatively wide berth during the decision-making process. As a result, as these organizational actors experiment with various approaches, new practices may form based on the meanings these actors attribute to their work (e.g., Townley 2002) Finally, normative pressures arise when values are contested or courses of action are unsure and organizations struggle to find common ground. The discussions around corporate social responsibility would be an example of this contestation. As with all isomorphic processes, the question that remains prominent is to what extent are responses to these pressures accepted or resisted and to what extent can processes and structures diffuse sufficiently across organizational fields and institutional domains to support claims of isomorphism. Thus, emphasis should be placed on studying the mechanisms, motivations, and social constructions that occur at the early stages of organizational interactions and organizational actors involved with them (Seo and Creed 2002).

In a similar vein, Oliver (1991) noted that organizations are not passive players but attempt to develop responses that align with their own missions and purposes. Often, as Galaskiewicz (1985) has argued, professions play an important role in determining what practices or norms should be adopted by organizations who then serve as conduits for the larger institutional environment. It is quite clear from these brief discussions that the traditional assumptions that institutions are rather fixed and that organizations conform to expectations are what Meyer and Rowan (1977, p. 343) refer to as "rationalized myths." They obscure the highly dynamic interactions that occur between individual actors, organizations (note the abundant literature on institutional entrepreneurship), and the increasing differentiation of institutional layers that pose significant challenges to claims of isomorphism and mechanisms to explain the survival of organizational and institutional forms.

### Institutional Logics

Alford and Friedland (1985) in their seminal work contend that these challenges have pushed institutional theory to reconsider the power of isomorphism. In their 1991 work Friedland and Alford contend that each institutional sphere produces its own logics that both constrains action and provides sources for change. Thornton and Ocasio

(1999, p. 804), building on the work by these and other authors, define institutional logics as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules . . ." that create the links between individuals, organizational practices, and the institutional spheres in which they operate. In other words, prevailing institutional logics provide constraining forces while also being subject, over time, to individual and organizational actions that may create change. In addition, societies must also be seen as inter-institutional systems (Friedland and Alford 1991) with each institutional domain possessing its own interpretations of key constructs such as equity, efficiency, competition, and other core values that inform the actions and principles of the individual and organizational actors in this domain. Unfortunately, most research tends to focus on one level over the other and thus tends to miss the cross-level effects that are the foundations for change. When power is added to the equation, conflicts and contradictions between institutions further highlight the importance of organizational and individual agency as transformative forces in institutional logics. Mohr and Guerra-Pearson's (2010) offer an interesting example of clashing institutional logics in their study of New York welfare agencies. The study examined organizational actors' divergent classifications of "the poor" by various relief agencies. Ultimately one group of social welfare organizations succeeded in imprinting its definition of "person in need" on the social welfare field and it has since become the basis of how we classify these individuals.

Organizational institutionalism thus focuses attention to the micro-level analysis of institutional persistence but also to resistance and change especially when confronted with competing institutional logics. However, interests and ideas (Howarth 2013; Eleveld 2016) have played a limited role in the discussions of perpetuation or change of institutions as practices and beliefs are seen as institutionalized (e.g., Davis et al. 1994). Social movement theories are a useful complement to organizational institutionalism as both are trying to explain change (social or organizational) and diffusion of practices that are seen as legitimate to the participants in their respective institutional domains (see, e.g., Davis and Zald 2005). For public policy and public administration scholars, social movement theories are especially useful as they consider the political conditions for diffusion of alternative ways of approaching institution building and explaining process of institutionalization and deinstitutionalization (Rao et al. 2000; Oliver 1992; Edelman et al. 2011).

Critical assumptions on how organizations resolve potential conflicts between externally imposed demands to retain legitimacy in their broader institutional domain in which they operate (e.g., health care) are sometimes challenged by the internal demands represented by organizational members and their often diverse professions. As the capacities of these professions have increased (e.g., through university-based education, licensing, or the professionalization of trades and occupations), legitimacy is not only bestowed on the broader institutions to which these actors are tied but through the actors, or networks of actors, themselves using vehicles such as accreditation by bodies outside their "home" institutions. This may explain the findings by Sherer and Lee (2002) who observed that a high degree of legitimacy, often through the actors who populate them, has allowed organizations to deviate from institutionalized practices in their respective institutional domains. A couple of examples serve as illustrations. Even though society is widely divided over LGBT acceptance as a matter of public policy, many corporations adopted gay-friendly policies fairly quickly and without much fanfare (see, e.g., Scully and Creed 2005). Informal networks of gay activists, many strategically well placed in their organizations, forcefully advocated for the adoption of domestic partner benefits. Another example is Tolbert and Zucker's (1983) account of the diffusion of municipal reforms in American cities noting how stable institutional practices were quickly changed by the rapid adoption of these reforms. The perceived legitimacy of these and other professional networks advocating for change is central to organizational institutionalism: who or what confers legitimacy and to what degree does it lead to stability in an institutional domain and the speed with which new practices become institutionalized.

### Institutional Complexity: The Role of Organizational Fields

The increase in inter-institutional relationships requires that we take a new look at the formation of organizational fields "a community of organizations that partakes of a common meaning system and whose participants interact more frequently. . .than actors outside the field" (Scott 1995, p. 56). In other words, organizational fields constitute relational spaces that bring together organizational actors often with varied institutional logics. As these actors become aware of overlapping or competing motivations, they may decide that their future interactions are beneficial for all participants. What causes an organization to engage within a field and not another is not well understood. Environmental conditions not favorable to the organization may force it to become involved with the field for its own protection, but may evolve over time to a recognition that field membership is beneficial and assists with enhancing organizational interests. Thus understanding field-level engagements are vital to capturing the degree to which institutional influences are accepted, rejected, or transformed through these relationships. Zeitz et al. (1999), for example, urge that close attention be paid to these relational dynamics which promote the adoption of particular practices, but also urge to observe these processes over time so a better understanding is gained how change may occur.

Such insights are especially relevant for public policy and public administration, where power and legitimacy play a central role, but academic fields that have not always fully engaged with this literature as will be discussed in the next section.

## Organizational Institutionalism: Where Is Public Administration and Policy Research?

The surprising lack of applications of the neo-institutional literature in public sector journals has deprived this field of making significant scholarly contributions to the advancement of institutional research which is largely dominated by organizational and sociological studies as well as management scholarship (Hall and Taylor 1996). Yet, the recent reform efforts around improving and economizing public service delivery, network analysis, or policy diffusion would seem like excellent jumping-off points for incorporating discussions of organizational institutionalism. To address the increasing heterogeneity that has occurred in the various institutional domains that are populated by hybrid state-market arrangements, as Elinor Ostrom discussed in her Nobel prize lecture (2009), it is important our theorizing includes multiple levels of analysis. For the public policy and public administration fields, several questions are central in this endeavor: how to understand inter-institutional boundary conflicts during policy design and implementation, how to explain organizational adaptations to conflict and power sharing in organizational fields (e.g., health care; education), and how to better gain an understanding of the effects of changing social norms and values that influence how individuals and their professional associations use sense making (Weick et al. 2005) in promoting or resisting reform efforts (Kelman 2005).

While all levels of analysis require more intentional theorizing, in the context of this chapter "Organizational Institutionalism", the focus will be on what Lawrence and Suddaby have referred to as "institutional work" (Lawrence et al. 2009, 2011), a newer strand of the literature that has not found widespread attention in the public affairs field (see, e.g., Cloutier et al. 2016). The authors defined it as "the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence and Suddaby 2006, p. 215). It continues earlier discussions of the discretion exercised by "street level" professionals (Lipsky 1980) as vital to the implementation of policies. Unfortunately, Lipsky's work has remained undertheorized because the predominant focus has been on the organizational and institutional levels. Lawrence et al. (2009, p. 12) argue that institutional work occurs at the cross-section of the necessary maintenance of institutional rules and the potential for disruptions that exist when individuals work within the rules, beliefs, and practices that their institutions and organizations impose on them.

Seo and Creed (2002, p. 223) refer to this paradox of institutional determinism and agency as the "paradox of embedded agency." It requires an acknowledgement of "nestedness," i.e., individuals' embeddedness in their organizations, as well as their organizational fields, which all impose varying degrees of constraints on their actions that organizational managers must reconcile or attempt to reject. To illustrate, a couple of examples from the recent literature will be used. Cloutier et al.'s (2016) study of the transformation of Quebec's publicly funded health-care system is especially helpful. It explicitly references some of the insights gained from Lawrence and Suddaby's research on institutional work to "to understand how managers responsible for newly formed health-care organizations defined and carried out their individual missions while simultaneously clarifying and operationalizing the government's reform mandate" (Cloutier et al. 2016, p. 259). Like the subsequent example, the reforms in Quebec were designed to create greater efficiencies but also improve client services. The provincial government attempted to achieve a fundamental shift in thinking about health-care delivery or what the authors call an "interpretive shift" (Cloutier et al. 2016, p. 262). The changes were both structural and conceptual, intended to address health-care delivery in a more holistic fashion (population health). Like any institutional work, the major challenge of effecting change is to translate fairly abstract change ideas into workable everyday solutions for the implementers. In this case, as in the next case, frequent communications about the changes were critical to working through "entrenched power relationships as well as values and interests structured by older institutionalized rules" (Cloutier et al. 2016, p. 268). The outcomes as in most of these cases involve negotiated resolutions between managers and frontline operatives that inevitably produce a dilution of the initial change philosophies but also more realistic chances of resolving conflicts.

The second example is Kelman's (2005) well-designed account of organizational change in a US federal procurement agency. Its fit with the current discussion is apparent. The agency was tasked during the "reinventing government" era of the 1990s with streamlining and refocusing its mission to become more client-centered and efficient in its operation. The intersectoral aspects of this case are especially noteworthy as it exemplifies the need to reconcile the institutional logics of both market and state organizations. Organizational actors in both institutional domains try to ensure the maintenance of organizational values as well as respond to institutional pressures imposed from outside their organizations. Kelman's account clearly chronicles the attempts of a core group of agency managers to break with established organizational logics to effect the changes. It demonstrates the importance of human agency (in this case senior managers and their mid-level management supporters) when creating enabling conditions for agency employees to engage in institutional work to renegotiate organizational practices. Kelman was deliberate in considering individual agency as the unit of analysis, even though the broader focus was on organizational change (Kelman 2005, p. 233).

What these examples demonstrate is the need to pay attention to both temporal and contextual dimensions of organizational change. Given the complexity of organizational work and the myriad of internal and external factors impacting organizational outcomes, it is not surprising that many of the extant studies are case analyses. Ruef and Scott's work (1998) as well as the example of changes in Quebec's health-care system are important reminders of the temporal dimensions of institutional change. Not only do organizational fields (e.g., health care) respond differentially to these challenges, the tensions that arise between inter-institutional actors highlight the importance of a multi-method approach in analyzing these phenomena (e.g., Mohr and Duquenne 1997).

## Organizational Institutionalism Meets Transnationalism

Traditional institutional theory assumed increasing conformity and similarity as dominant organizational forms spread throughout a country and eventually globally. Yet, the increasing

complexity of institutional environments, as has been shown earlier in this entry, suggests that competing and conflicting organizational logics are important sources of change (Friedland and Alford 1991). These conflicts then produce important discourses over the meaning of an institution or an organizational field, as actors vie for power and influence to determine the outcomes of these conflicts (Clemens and Cook 1999).

Hannerz (1996, p. 6) proposed the use of the term "transnational" when we try to describe the institutional blurring that is occurring globally. It captures, unlike the term "global," the institutional foundations that are of interest here: the intersection of organizations, individuals, and norms spanning the boundaries of nation-states all the way down to local communities. It does not suggest a homogenization or submerging of national and local identities. What it does suggest is that the extant multiple layers of transnational economic, political, and social activities may vest power in newer forms of actorhood (such as transnational or nongovernmental organizations or social movements). As these organizations often function in overlapping institutional realms, they are challenged to address societal problems that single institutions are not able to recognize or to address (Ocasio and Joseph 2005; Thornton et al. 2012).

International political transformations in central and eastern Europe or China, the rising importance of transnational political or economic organizations, force institutional theory to provide explanations of institutionalization or deinstitutionalization at both macro- and micro-levels of analysis. As Djelic and Quack (2007) have pointed out, that as organizations receive signals from other organizations in their organizational field that impending changes may need to be addressed. Organizational actors are then forced to decide to what extent they wish to respond to external international pressures for change and assess the political or economic costs that such changes may bring to their organizations and their organizational networks. However, the current literature has not yet developed appropriate approaches to systematically connect all institutional layers, from transnational to the local levels, when we examine the dynamics of institutional change. Organizational studies are especially useful in this discussion because many of these incipient developments tend to occur there first. Organizations are also the vehicle that ultimately reconciles how changing or conflicting logics are to be institutionalized. Djelic and Quack's (2007) case study of the emergence of international accounting standards provides an interesting example of how transnational, national, professional, and organizational players responded to calls for changes in their national accounting rules in favor of greater international uniformity in these rules. While "power and policy feedback were needed to generate momentum" (p. 181), it was ultimately the role of individual and organizational actors to nudge others toward their adoption. It illustrated how "transitional rule-making had feedback effects on national institutional trajectories" (182) to explain the extent to which resistance and change occurred at the national and subnational levels.

## Conclusion

This entry's intent was to highlight some of the emerging trends as well as remaining gaps in the literature on organizational institutionalism. More than anything, these debates reflect the larger, ongoing discourses in the social sciences that have unfortunately balkanized the social science disciplines for a while. As institutional theory expands into the inter-institutional and especially transnational realms, it becomes inevitable that researchers pay attention to the tremendous variations that have occurred. For methodologists who insist on parsimony and generalizability, this presents dilemmas. Micro-level actors, individuals, and organizations are ultimately responsible for assigning meaning to their organizational processes, formulating conventions that guide decisions, or serving as platforms for negotiations, collaborations, or conflicts which may ultimately reshape the organizational logics that inform the institutional domain(s) to which they belong. Thus the ability to generalize from one national or organizational field context to another remains limited.

## Cross-References

▶ Institutional Theory of Organizations

## References

Alford R, Friedland R (1985) Powers of theory: capitalism, the state and democracy. Cambridge University Press, Cambridge

Berger PL, Luckman T (1966) The social construction of reality. Anchor Books, New York

Clemens ES, Cook JM (1999) Politics and institutionalism: explaining durability and change. Annu Rev Sociol 25: 441–466

Cloutier C, Denis J, Langley A, Lamothe L (2016) Agency at the managerial interface: public sector reform as institutional work. J Public Adm Res Theory 26(2): 259–276

Davis GF, Zald MN (2005) Social change, social theory, and the convergence of movements and organizations. In: Davis GF, McAdam D, Scott WR, Zald MN (eds) Social movement and organization theory. Cambridge University Press, New York, pp 335–350

Davis G, Diekmann K, Tinslkey C (1994) The decline and fall of the conglomerate firm in the 1980s: the deinstitutionalization of an organizational form. Am Sociol Rev 59(4):547–570

DiMaggio PJ (1988) Interest and agency in institutional theory. In: Zucker LG (ed) Institutional patterns and organizations: culture and the environment. Ballinger, Cambridge, MA, pp 3–22

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48:147–160

DiMaggio PJ, Powell WW (1991) Introduction. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 1–40

Djelic M, Quack S (2003) Globalization and institutions. Edward Elgar, Cheltenham

Djelic M, Quack S (2007) Overcoming path dependency: path generation in open systems. Theory Soc 36:161–186

Drori G (2008) Institutionalism and globalization studies. In: Greenwood R et al (eds) The sage handbook of organizational institutionalism. Sage, Los Angeles, pp 449–472

Edelman LB, Krieger LH, Eliason SR, Albiston CR, Mellema V (2011) When organizations rule: judicial deference to institutionalized employment structures. Am J Sociol 117:888–954

Eleveld A (2016) The role of ideas in policy and institutional change: a comparison of the open functional approach, constructivism and discourse theory. Policy Stud 64:70–87

Friedland R, Alford R (1991) Bringing society back in: symbols, practices and institutional contradictions. In: Powell WW, DiMaggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 232–263

Galeskiewicz J (1985) Professional networks and the institutionalization of the single mind set. Am Sociol Rev 50:639–658

Greenwoood R, Oliver C, Sahlin K, Suddaby R (2008) The Sage handbook of organizational institutionalism. Sage, Los Angeles

Hall PA, Taylor RCR (1996) Political science and the three new institutionalisms. Polit Stud XLIV:936–957

Hannerz U (1996) Transnational connections. Routledge, London

Haveman H (1993) Follow the leader: mimetic isomorphism and entry into new markets. Adm Sci Q 38: 593–627

Howarth D (2013) Poststructuralism and after: structure, subjectivity and power. Palgrave Macmillan, Basingstoke

Kelman S (2005) Unleashing change: a study of organizational renewal in government. Brookings, Washington, DC

Lawrence TB, Suddaby R (2006) Institutions and institutional work. In: Clegg SR, Hardy C, Lawrence TB, Nord WR (eds) Handbook of organization studies, 2nd edn. Sage, London, pp 215–254

Lawrence T, Suddaby R, Leca B (2009) Institutional work: actors and agency in institutional studies of organizations. Cambridge University Press, Cambridge, UK

Lawrence T, Suddaby R, Leca B (2011) Institutional work: refocusing institutional studies of organizations. J Manag Inq 20:52–58

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage, New York

Meyer J, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Sociol 83:440–463

Mohr J, Duquenne V (1997) The duality of culture and practice: poverty relief in New York City, 1888–1917. Theory Soc 26:305–356

Mohr J, Guerra-Pearson F (2010) The duality of niche and form: the differentiation of institutional space in New York City, 1888–1917. In: Hsu G, Negro G, Koçak Ö (eds) Categories in markets: origins and evolution, Research in the sociology of organizations, vol 31. Emerald Group, Bingley, pp 321–368

Ocasio W, Joseph J (2005) Cultural adaptation and institutional change: the evolution of vocabularies of corporate governance, 1972–2003. Poetics 33:163–178

Oliver C (1991) Strategic responses to instructional processes. Acad Manag Rev 16:145–179

Oliver C (1992) The antecedents of deinstitutionalization. Organ Stud 13(4):563–588

Ostrom E (2009) Beyond markets and states: polycentric governance of complex economic systems. https://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2009/ostrom_lecture.pdf. Accessed 17 May 2016

Pfeffer J, Salancik GR (1978) The external control of organizations: a resource dependence perspective. Harper and Row, New York

Purdy J, Gray B (2009) Conflicting logics, mechanisms of diffusion, and multilevel dynamics in emerging institutional fields. Acad Manag J 52(2):355–380

Rao H, Morrill C, Zald MN (2000) Power plays: how social movements and collective action create new organizational forms. Res Organ Behav 22:239–282
Ruef M, Scott WR (1998) A multidimensional model of organizational legitimacy: hospital survival in changing institutional environments. Adm Sci Q 43:877–904
Scott WR (1995/2001) Institutions and organizations, 2nd edn. Sage, Thousand Oaks
Selznick P (1949) TVA and the grass roots: a study of politics and organization. University of California Press, Berkeley
Seo M, Creed W (2002) Institutional contradictions, praxis and institutional change: a dialectical perspective. Acad Manag Rev 27(2):222–247
Sherer P, Lee K (2002) Institutional change in large law firms: a resource dependency and institutional perspective. Acad Manag J 45(1):102–119
Thornton PH, Ocasio W (1999) Institutional logics and the historical contingency of power in organizations: executive succession in the higher education publishing industry, 1958 to 1990. Am J Sociol 105:801–843
Thornton PH, Ocasio W, Lounsbury M (2012) The institutional logics perspective: a new approach to culture, structure and process. Oxford University Press, New York
Tolbert P, Zucker L (1983) Institutional sources of change in the formal structure of organizations: the diffusion of civil service reform 1880–1935. Adm Sci Q 30:22–39
Townley B (2002) The role of competing rationalities in institutional change. Acad Manag J 45(1):163–179
Weick K, Sutcliffe KM, Obstfeld D (2005) Organizing and the process of sensemaking. Organ Sci 16(4):409–421
Whetten DA (2009) Organizational comparative analysis: investigating similarities and differences among organizations. In: King BG, Felin T, Whetten DA (eds) Studying differences between organizations: comparative approaches to organizational research, Research in the sociology of organizations, vol 26. JAI Press, Bingley, pp 63–87
Zeitz G, Mittal V, McAuly B (1999) Distinguishing adoption and entrenchment of management practices: a framework analysis. Organ Stud 20:741–776

# Organizational Justice

Juliana D. Lilly
Sam Houston State University, Huntsville, TX, USA

## Synonyms

Distributive justice; Informational justice; Interactional justice; Interpersonal justice; Organizational fairness; Procedural justice; Workplace fairness; Workplace justice

## Definition

Organizational justice refers to people's perceptions of fairness in organizations, particularly in the workplace. Four distinct dimensions, or types, of organizational justice have been identified (distributive, procedural, interactional, and informational), but researchers have also focused on a fifth dimension referred to as overall justice.

- Distributive justice refers to the fairness of decision outcomes such as the allocation of pay raises or other resources in an organization.
- Procedural justice refers to the fairness of decision-making procedures leading to a decision outcome.
- Interactional justice refers to the fairness of interpersonal treatment during the decision-making process such as treating those involved with dignity and respect throughout the decision process.
- Informational justice refers to the perceived fairness of explanations provided to people about why procedures were used or why outcomes were distributed in a certain way.
- Overall justice refers to a global perception of fairness that draws information from elements of the other four dimensions.

## Introduction

Concern for justice and fairness has been important to people in all cultures for thousands of years. All major world religions advocate fairness in dealing with others, and Western philosophers such as Socrates and Plato incorporated the theme of justice in their writings on virtue and ethics. Modern organizational justice interest began after World War II with the concept of relative deprivation. Relative deprivation occurs when an individual feels deprived of things they are entitled to because others around them have more (Stouffer

et al. 1949). Thus, people compare what they have versus what others around them have. When they perceive that they have less than the comparison other, they conclude they are deprived, or disadvantaged, relative to the other person. The idea of relative deprivation led to the concept of distributive justice.

## Dimensions of Organizational Justice

*Distributive justice*. Researchers studying relative deprivation began to formulate theories to help explain why feelings of relative deprivation occur. Social exchange theory (Blau 1964; Homans 1958) states that individuals develop exchange relationships with others that are governed by rules. One such exchange rule is the norm of reciprocity, the idea that if person A helps person B, then person B should reciprocate by helping person A in return. From these social exchanges, individuals make comparisons between their investment in and profit from the exchange and another person's investment in and profit from the exchange. If the comparison is perceived as unequal, individuals perceive the situation as unfair. Equity theory (Adams 1963, 1965) argues that unequal comparisons result in anger for the person who perceives fewer outcomes than the comparison other and result in guilt for the person who perceives more outcomes than the comparison other.

Social exchange theory and equity theory serve as the theoretical basis of many distributive justice studies, but the outcomes examined in early research focused primarily on economic outcomes such as work compensation and equity as an allocation norm. Equity means the outcomes are allocated to each according to his/her inputs, so those who produce more receive more and those who produce less receive less. While most organizational justice research in the 1960s and 1970s focused on distributive justice, or the fairness of decision outcomes, some researchers also touched on the importance of procedures used in making the decision.

In fact, researchers in the 1970s suggested that noneconomic outcomes and other allocation norms such as equality and need were also important to individuals in deciding if a particular situation is fair or unfair (Deutsch 1975; Leventhal 1976). Equality means the outcomes are distributed equally to all regardless of productivity while need means the outcomes are distributed based on need regardless of productivity. Thus, the process by which outcomes are distributed influence perceptions of fairness, and the concept of procedural justice began to develop.

*Procedural justice*. A seminal work on procedural justice examined perceptions of fairness in legal procedures. Thibaut and Walker (1975) contrasted the adversarial system of justice used in the USA with the inquisitorial system of justice used in continental Europe. In the adversarial system, the prosecutor and defense present evidence while the judge remains neutral, weighs the arguments, and decides the outcome. In the inquisitorial system, the judge is not neutral; the judge presents evidence, questions the witnesses, and decides the outcome. In controlled studies, Thibaut and Walker found that people were more satisfied with the procedure in the adversarial system than with the inquisitorial system. As a result of this research, Thibaut and Walker (1978) introduced two concepts, decision control and process control. Decision control, similar to distributive justice, is the extent to which an individual can determine the outcome of a dispute. Process control is the extent to which an individual can control the procedures used to determine the outcome of a dispute.

Studies examining the issue of procedures in the context of disputes supported the idea that process control could influence attitudes in decision-making situations, and the concept of procedural justice as a separate construct began to emerge in the literature. Early work on procedural justice identified specific rules for fair procedures, and subsequent studies used these rules to develop measurement scales for procedural justice. These rules include:

1. Consistency – procedures should be consistent across time and persons.
2. Bias suppression – procedures should be unbiased.

3. Accuracy – procedures should be accurate and lead to valid decision outcomes.
4. Correctability – procedures should allow participants to appeal decisions.
5. Representativeness – procedures should reflect the basic values and concerns of participants.
6. Ethicality – procedures should be consistent with fundamental moral and ethical values (Leventhal 1980).

Much of the early research on procedural justice focused on demonstrating the difference between distributive justice and procedural justice with many researchers including both constructs within the same study to test the differential effects of each type of justice on outcome variables such as pay satisfaction, turnover intentions, or commitment (Colquitt et al. 2005). Several researchers discovered a statistical interaction between procedural justice and distributive justice, a finding known as the "fair process effect" or the idea that fair procedures tend to reduce negative reactions to unfavorable decision outcomes. A review article devoted to examining the interaction between procedural and distributive justice found consistent support for the fair process effect (Brockner and Wiesenfeld 1996), and these findings helped solidify the distinction between procedural and distributive justice.

*Interactional justice*. Interactional justice originally was considered a subcomponent of procedural justice, but was presented as a completely separate form of justice when Bies and Moag (1986) provided arguments that people are not only sensitive to the process of decision-making but also to the quality of interpersonal treatment they receive during the enactment of organizational procedures. Some of the criteria that comprise perceptions of interactional justice include truthfulness, human dignity, and respectfulness. Truthfulness violations include lying, derogatory judgments, bad mouthing, and social undermining. Human dignity and disrespect violations include inconsiderate actions that demean or devalue the worth of an individual such as rudeness, abusive words, and invasion of privacy (Bies 2015).

Meta-analyses of justice research have demonstrated that interactional justice is, indeed, a separate dimension (Colquitt et al. 2001, 2013), and interactional justice has been examined extensively in the literature. For example, researchers have demonstrated that dishonesty and disrespect exhibited by authorities implementing decisions can lead to anger, resentment, and revenge (Bies and Tripp 1996; Tripp and Bies 2009). In addition, interactional justice has been related to several factors including job satisfaction (Laschinger 2004), job performance (Cropanzano et al. 2002), voluntary turnover (Tepper 2000), and trust in leadership (Cropanzano et al. 2007).

*Informational justice*. Informational justice was originally considered a subcomponent of interactional justice. As researchers began to examine interactional justice in more detail, however, it was separated into two distinct constructs, interpersonal justice and informational justice (Greenberg 1993). While interpersonal justice focused on being treated with respect and dignity, informational justice focused on the fairness of explanations and the timeliness of the information provided. Interactional justice and interpersonal justice are sometimes used as equivalent terms; both refer to being treated with respect and dignity. Meta-analyses of justice research have demonstrated that informational justice is a distinct construct and has a unique impact on outcome variables (Colquitt et al. 2001, 2013).

*Overall justice*. Researchers have focused on distributive, procedural, interactional, and informational justice for many years to examine the distinct nature of each type of justice in the workplace. A potential downside of continuing to examine each type of justice as a separate construct is the shared variance that often exists between the four types of justice. This shared variance creates the possibility of underestimating the influence of justice. As a result, some researchers argue that a measure of overall justice may be more appropriate in capturing the holistic effect of justice in a workplace environment (Ambrose and Arnaud 2005; Ambrose et al. 2015). There are a number of published measures of overall justice in studies which have found support for overall justice as a separate,

more global, dimension of justice (Ambrose et al. 2015).

## Organizational Justice Theories

*Instrumental model of justice*. The instrumental model of justice (Lind and Tyler 1988), originally called the self-interest model, is based on social exchange theory (Blau 1964; Homans 1958) and suggests that people try to maximize their personal gains when interacting with others. People join groups because they believe they will gain in the long run from group membership, and one way to ensure they will benefit from long-term group membership is to insist on fairness in decision-making procedures. For example, Easton (1965) questioned why citizens do not overthrow a political system when their candidate does not win. He theorized that if citizens believe the underlying political processes are fair, their membership in the political system will serve them well over time. The instrumental model proposes that people are concerned about their own outcomes so they desire process control such as voice (or voting in the Easton example) when decisions are made. Although personal gain is a strong motive for accepting a decision-making procedure, people sometimes act in generous ways and put their own self-interests aside. Thus, the relational models of justice incorporate a slightly different view of human nature into the justice literature.

*Relational models of justice*. There are three models of organizational justice which are based on the relationships individuals have with other people: the group-value model (Lind and Tyler 1988), the relational model of authority (Tyler and Lind 1992), and the group engagement model (Tyler and Blader 2000). The group-value model of justice (Lind and Tyler 1988) is based on social identity theory (Tajfel and Turner 1979) and suggests that group identification influences behavior. The model assumes that people value their membership in groups because groups provide members with an identity and norms concerning decision-making and fair treatment within the group. Interpersonal treatment is particularly important in the group-value model because people who are treated with respect and allowed input into the decision-making process are predicted to be more accepting of negative outcomes than are people who are treated disrespectfully and whose views are ignored by decision-makers.

The relational model of authority (Tyler and Lind 1992) examines the factors that authorities (managers, police officers, etc.) need to function effectively and is similar to the group-value model in that group identity and respectful treatment are key in predicting perceptions of procedural justice. Specifically, perceptions of an authority's neutrality, trustworthiness, and status recognition appear to have more impact on reactions to decisions than control factors tied directly to an outcome (Blader and Tyler 2015).

The group engagement model (Tyler and Blader 2000, 2003) argues that perceptions of procedural justice experienced within a group influence the extent to which individuals will identify with their group. Thus, rather than group identity driving perceptions of procedural justice as in the group-value model, "the group engagement model argues that the relational message conveyed by fair or unfair procedures will, over time, have an impact on whether people identify with their group" (Blader and Tyler 2015, pp. 354–355).

The relational models focus on social identity with a group and argue that procedural justice matters because it conveys how the decision-making authority regards the individual receiving the decision outcome. If the group or the authority treats the individual with respect and allows the individual to feel like a valued member of the group, the individual regards the group or authority as more legitimate and is more willing to accept decisions made by the group or the authority (Blader and Tyler 2015).

*Counterfactual thinking in justice*. Two models of organizational justice are based on the idea of counterfactual thinking, or thinking that is counter to the facts of a situation, such as the practice of imagining that a better decision outcome would have been received if only something different would have occurred. Referent cognitions theory

(Folger 1986) and fairness theory (Folger 1993) examine negative reactions to unfavorable decision outcomes by using counterfactual thinking and relative deprivation theory (Stouffer et al. 1949).

Relative deprivation occurs when an individual feels deprived or entitled to something based on a comparison to someone else. A classic example of relative deprivation is the comparison of a private in the Military Police and a private in the Air Force. Both have the same rank, education level, and tenure in the military, but the Air Force private feels deprived because he has not received a promotion in the Air Force which has a history of rapid promotions. The Military Police private does not feel deprived because promotions in the Military Police are not as rapid or prevalent. It is the comparison to a referent group or individual that creates the feeling of being deprived (Stouffer et al. 1949).

Referent cognitions theory illustrates how procedural justice concerns and distributive justice concerns can together influence an individual's reaction to a decision. A referent cognition occurs when individuals look at what actually happens in a given situation and think about all the other outcomes that could have occurred using different procedures. Referent cognitions theory suggests that resentment that comes from feeling deprived is ". . .maximized when three conditions hold:

1. Referent outcomes are high, meaning that a better state of alternative affairs easily could be imagined.
2. The perceived likelihood of amelioration is low, meaning that there is little hope that future outcomes will be better.
3. Justification is low, meaning the event ought to have occurred differently" (Colquitt et al. 2005, pp. 36–38).

Fairness theory (Folger 1993), an extension of referent cognitions theory, looks at the accountability of authorities when deciding if an event is just or unjust using counterfactual thinking. Accountability is based on three judgments: would, could, and should. After a negative event occurs, individuals ask themselves, "Would I have been better off if a different outcome or procedure had occurred? Could the authority have behaved differently? And should the authority have behaved differently?" If individuals believe the answer to all three questions is yes, they are likely to hold the decision-making authority accountable for the negative event and perceive feelings of injustice about the event.

Fairness theory is interesting in that it combines into one theory elements of distributive justice, procedural justice, and interpersonal justice, but not in a strict typology. For example, the would question loosely addresses the outcome or distributive justice element of an event by envisioning a different outcome. The could question loosely addresses the procedural justice element by acknowledging that the authority "could" have used a different process. The should question loosely addresses the respectfulness or interpersonal justice element by acknowledging the authority "should" have acted in a different manner to prevent the negative outcome. Although the three questions are not formally categorized into one type of justice, the theory allows researchers to examine each question as a separate type of justice in situations for which that approach is beneficial.

*Heuristic models of justice*. Two models of organizational justice are based on using heuristics in forming perceptions of justice: fairness heuristic theory (Tyler and Lind 1992) and uncertainty management theory (Lind and Van den bos 2002). Fairness heuristic theory argues that individuals use initial cues about the workplace to form judgments of what is fair or unfair in the workplace. These cues form a heuristic, or rule of thumb, that is used to interpret the fairness or unfairness of subsequent workplace experiences. Because these heuristics are formed quickly, a primacy effect is created such that the first information presented has a greater effect on subsequent perceptions of justice than later information. However, fairness heuristic theory also predicts that when workplace events violate expectations (events referred to as phase-shifting events), individuals may reevaluate the fairness

heuristic based on the more recent evidence of fairness (Proudfoot and Lind 2015). For example, employees who initially used cues to judge an authority as fair, but later were treated unfairly by that same authority, reacted more negatively to the unfair treatment than employees with no prior information on the fairness of the authority (Jones and Skarlicki 2005).

Uncertainty management theory proposes that attention to justice issues becomes more prevalent during times of uncertainty. Studies have shown that when people experience high levels of uncertainty such as when thinking about death (van den Bos 2001) or experiencing a lack of authoritarian management in the workplace (Thau et al. 2009), perceptions of fairness were more pronounced than when experiencing low levels of uncertainty. The theory suggests that organizations experiencing known uncertainty, during layoffs or mergers, for example, might want to focus on fairness since that is the time in which employees would be most receptive to fairness information. The heuristic models of justice may support the idea that justice is dynamic in nature, or fluctuates over time (Lilly et al. 2010), and studies that examine the impact of justice at one point in time may not capture the full nature of justice (Lilly et al. 2015; Patient et al. 2015).

## Conclusion

Organizational justice has been examined in thousands of studies over the past few decades, and the knowledge gained generally supports the following premises:

1. When people believe they are treated fairly, they are more likely to accept negative decisions in the workplace.
2. When people believe they are treated unfairly, they are more likely to engage in deviant workplace behavior such as absenteeism, theft, sabotage, etc.
3. Organizations that cultivate workplaces demonstrating respect for all employees may help employees better identify with the organization as being part of the in-group which, in turn, helps employees to be more likely to accept organizational decisions.

## Cross-References


- ▶ Authority in Organizations
- ▶ Due Process Rights
- ▶ Equity Theory of Organizations
- ▶ Leadership in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Social Psychology of Organizations


## References


Adams J (1963) Toward an understanding of inequity. J Abnorm Soc Psychol 67:422–436

Adams J (1965) Inequity in social exchange. In: Berkowitz L (ed) Advances in experimental social psychology, vol 2. Academic, New York, pp 267–299

Ambrose M, Arnaud A (2005) Distributive and procedural justice: construct distinctiveness, construct interdependence, and overall justice. In: Greenberg J, Colquitt J (eds) The handbook of organizational justice. Erlbaum, Mahwah, pp 59–84

Ambrose M, Wo D, Griffith M (2015) Overall justice: past, present, and future. In: Ambrose M, Cropanzano R (eds) Oxford handbook of justice in the workplace. Oxford University Press, Oxford, pp 109–135, ProQuest Ebook Central. Web. 22 August 2016

Bies R (2015) Interactional justice: looking backward, looking forward. In: Ambrose M, Cropanzano R (eds) Oxford handbook of justice in the workplace. Oxford University Press, Oxford, pp 89–107, ProQuest Ebook Central. Web. 22 August 2016

Bies R, Moag J (1986) Interactional justice: communication criteria of fairness. In: Lewicki RJ, Sheppard BH, Bazerman MH (eds) Research on negotiation in organizations. JAI Press, Greenwich, pp 43–55

Bies R, Tripp TM (1996) Beyond distrust: "getting even" and the need for revenge. In: Kramer RM, Tyler T (eds) Trust in organizations. SAGE, Newbury Park, pp 246–260

Blader S, Tyler T (2015) Relational models of procedural justice. In: Ambrose M, Cropanzano R (eds) Oxford handbook of justice in the workplace. Oxford University Press, Oxford, pp 351–369, ProQuest Ebook Central. Web. 22 August 2016

Blau P (1964) Exchange and power in social life. Wiley, New York

Brockner J, Wiesenfeld B (1996) An integrative framework for explaining reactions to decisions: interactive

effects of outcomes and procedures. Psychol Bull 120: 189–208

Colquitt JA, Conlon DE, Wesson MJ, Porter C, Ng K (2001) Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. J Appl Psychol 86:425–445

Colquitt J, Greenberg J, Zapata-Phelan C (2005) What is organizational justice? A historical overview. In: Greenberg J, Colquitt J (eds) Handbook of organizational justice. Lawrence Erlbaum Associates, Mahwah, pp 3–56

Colquitt JA, Scott BA, Rodell JB, Long DM, Zapata CP, Conlon DE, Wesson MJ (2013) Justice at the millennium, a decade later: a meta-analytic test of social exchange and affect-based perspectives. J Appl Psychol 98:199–236

Cropanzano R, Prehar C, Chen P (2002) Using social exchange theory to distinguish procedural from interactional justice. Group Org Manag 27:324–351

Cropanzano R, Bowen D, Gilliland S (2007) The management of organizational justice. Acad Manag Perspect 21:34–48

Deutsch M (1975) Equity, equality, and need: what determines which value will be used as the basis for distributive justice? J Soc Issues 31:137–149

Easton D (1965) A systems analysis of political life. University of Chicago Press, Chicago

Folger R (1986) Rethinking equity theory: a referent cognitions model. In: Bierhoff HW, Cohen RL, Greenberg J (eds) Research in social relations. Plenum Press, New York, pp 145–162

Folger R (1993) Reactions to mistreatment at work. In: Murnighan K (ed) Social psychology in organizations: advances in theory and research. Prentice Hall, Englewood Cliffs, pp 161–183

Greenberg J (1993) The social side of fairness: interpersonal and informational classes of organizational justice. In: Cropanzano R (ed) Justice in the workplace: approaching fairness in human resource management. Lawrence Erlbaum Associates, Hillsdale, pp 79–103

Homans G (1958) Social behavior as exchange. Am J Sociol 63:597–606

Jones D, Skarlicki D (2005) The effects of overhearing peers discuss an authority's fairness reputation on reactions to subsequent treatment. J Appl Psychol 90(2):363

Laschinger H (2004) Hospital nurses' perceptions of respect and organizational justice. J Nurs Adm 34:354–364

Leventhal G (1976) The distribution of rewards and resources in groups and organizations. In: Berkowitz IL (ed) Advances in experimental social psychology, vol 9. Academic, New York, pp 91–131

Leventhal G (1980) What should be done with equity theory? New approaches to the study of fairness in social relationship. In: Gergen K, Greenberg M, Willis R (eds) Social exchange: advances in theory and research. Plenum Press, New York, pp 27–55

Lilly J, Virick M, Hadani M (2010) The dynamic nature of justice: influential effects of time and work outcomes on long-term perceptions of justice. Soc Justice Res 23: 37–59

Lilly J, Virick M, Wipawayangkool K (2015) Recency effects in justice and organizational citizenship behavior: the impact of coping style. J Bus Strateg 32:71–109

Lind A, Tyler T (1988) The social psychology of procedural justice. Plenum Press, New York

Lind A, van den Bos K (2002) When fairness works: a general of uncertainty management. In: Staw BM, Kramer RM (eds) Research in organizational behavior, vol 24. Elsevier, Boston, pp 181–223

Patient D, Cojuharence I, Fortin M (2015) The "when" of justice events and why it matters. In: Ambrose M, Cropanzano R (eds) Oxford handbook of justice in the workplace. Oxford University Press, Oxford, pp 309–327, ProQuest Ebook Central. Web. 22 August 2016

Proudfoot D, Lind A (2015) Fairness heuristic theory, the uncertainty management model, and fairness at work. In: Ambrose M, Cropanzano R (eds) Oxford handbook of justice in the workplace. Oxford University Press, Oxford, pp 371–385, ProQuest Ebook Central. Web. 22 August 2016

Stouffer SA, Suchman EA, DeVinney LC, Star SA, Williams RM (1949) Studies in social psychology in world war II: the American soldier, vol 1, Adjustment during army life. Princeton University Press, Princeton

Tajfel H, Turner J (1979) An integrative theory of intergroup conflict. In: Austin WG, Worchel S (eds) The social psychology of intergroup relations. Brooks/Cole, Monterey, pp 33–47

Tepper B (2000) Consequences of abusive supervision. Acad Manag J 43:178–190

Thau S, Bennett R, Mitchell M, Marrs M (2009) How management style moderates the relationship between abusive supervision and workplace deviance: an uncertainty management theory perspective. Organ Behav Hum Decis Process 108(1):79–92

Thibaut J, Walker L (1975) Procedural justice: a psychological analysis. Lawrence Erlbaum Associates, Hillsdale

Thibaut J, Walker L (1978) A theory of procedure. Calif Law Rev 66:541–566

Tripp T, Bies R (2009) Getting even: the truth about workplace revenge – and how to stop it. Josey-Bass, San Francisco

Tyler T, Blader S (2000) Cooperation in groups: procedural justice, social identity, and behavioral engagement. Psychology Press, Philadelphia

Tyler T, Blader S (2003) The group engagement model: procedural justice, social identity and cooperative behavior. Personal Soc Psychol Rev 7:349–361

Tyler T, Lind A (1992) A relational model of authority in groups. In: Zanna MP (ed) Advances in experimental social psychology, vol 25. Academic, San Diego, pp 115–191

Van den Bos K (2001) Uncertainty management: the influence of uncertainty salience on reactions to perceived procedural fairness. J Pers Soc Psychol 80:931–941

# Organizational Justice and Public Performance in Greece

Evangelia Mylona and Dimitrios Mihail
Department of Business Administration, University of Macedonia, Thessaloniki, Greece

## Synonyms

Effectiveness; Organizational fairness; Productivity; Public administration; Public management; Work outcomes; Workplace fairness

## Definition

The term organizational justice refers to several distinct forms of perceived justice (i.e., distributive, procedural, interpersonal, and informational) each of which offers a different answer to the question "What is fair?".

## Introduction

Nowadays, within the context of the global financial turmoil, managers of both the public and the private sector have to address the critical challenge of fostering employees' well-being in order to enhance motivation and job performance.

As a result of the unfavorable economic conditions, global real wage growth has fallen from 1.6% in 2012 to 0.9% in 2015. Across EU countries there are, however, remarkable differences in the real wage growth. According to the European Commission Data (Eurostat 2015), compensation per employee grew in the euro area at 1.4% in 2014, a record low, while the compensation per employee dropped in the following EU Members, i.e., Greece, Cyprus, Portugal, and Slovenia.

In Greece, which has been severely impacted by the debt crisis, it is timely to examine employees' performance under the ongoing Memorandum austerity measures imposed since May of 2010. Workers in Greece, in both the public and private sector, have felt the effects of pay cuts and losses in income and purchasing power. Nevertheless, cost-saving measures were higher in the public sector than in the private sector. For decades, Greek public sector employees have been earning significantly higher wages than their private sector counterparts. Greece's recent fiscal crisis has initiated a reversal of this trend, with drastic public-sector pay cuts. Collective bargaining as a mechanism to determine public sector pay was disregarded by the government and a law passed in 2011 establishing uniform pay scales across the public sector. In addition, the new wage system put restrictions on the distribution of extra allowances and prohibited any raise based on merit or seniority. However, while a uniform pay scale may exist in law, considerable variations continue to exist in the salaries paid to state and semi-state employees, as there are still some civil servants that receive extra bonuses, that are not aligned with job achievements, performance (individual/organizational), or seniority and thus raising concerns of equal distribution of allowances and fair treatment.

Previous research has noted the importance of fairness in the workplace and indicated that employees' perceptions of workplace justice are positively associated with beneficial outcomes for both employees and firms. Organizational justice is found to be an important determinant of employees' attitudes, behaviors, and performance at the workplace. Employees who perceive higher levels of both distributive and procedural justice are more likely to respond with higher levels of job satisfaction (Greenberg 1990), organizational commitment, (Folger and Konovsky 1989), job performance (Konovsky and Cropanzano 1991), and lower levels of turnover intentions (Dailey and Kirk 1992).

Accordingly, it is suggested that underpayment inequity and lack of justice in firms is related to higher levels of employees' stress (Adams 1963) and negatively related to the level of cooperation of co-workers (Pfeffer and Langton 1993), the quality of work, self-image, and moral outrage (Schroth and Pradhan 2000).

Since studies on work performance have mainly involved developed economies, insights regarding financially distressed countries such as Greece, the first country so severely affected by Europe's financial crisis, are both timely and relevant. Investigating antecedents of work performance in Greece aims to enrich the knowledge and understanding of how employees may respond to unfair work environments in the context of financial distress and, furthermore, aims to provide relevant practical implications on how managers can do more with less.

## Organizational Justice

In recent years, the research on work-place justice has gained considerable attention. The study of fairness in psychology started with Adams's work on equity theory (Adams 1963) emphasizing the perceived fairness of outcomes. Organizational justice can explain a wide range of employee behaviors and highlights the importance of the ideals of justice and fairness as a requirement for organizations to function effectively. In particular, the term organizational justice refers to several distinct forms of perceived justice, each of which offers a different answer to the question "What is fair?".

Researchers have identified four types of justice perceptions: distributive, procedural, interpersonal, and informational. *Distributive* justice refers to the fairness of outcomes for individuals in comparison with what others receive. *Procedural* justice refers to whether the decision-making processes ensure consistency and whether recipients of these decisions have the opportunity to influence the process. Accordingly, *interpersonal* justice refers to whether one is treated with dignity and respect when decision processes and decisions themselves are implemented, while *informational* justice refers to the extent to which employees feel that they have adequate information as decisions are implemented.

Previous studies have shown that each form of justice has unique relationships with various outcomes. Whereas the most relevant forms of justice when considering the allocation of monetary rewards (e.g., pay compensation, merit pay, bonus decisions, and gainsharing) are distributive and procedural, the relational forms of justice (interpersonal and informational) demonstrate higher correlations with supervisory outcomes (i.e., leader-member exchange, trust, perceived supervisory support), since they are conceptualized as being under the direct control of the supervisor. Considering the Greek context, this argument seems even more salient. Due to the centralization of the Greek public sector and since pay decisions are made at a governmental level, public sector managers cannot interfere with pay policy decisions as they cannot control and determine the allocation of resources.

## Distributive Justice

Traditionally in Greece, a minimum wage at a national level used to be established and determined by the National General Collective Agreement (EGSSE), a collective agreement signed between Greece's most representative organizations of employees and employers. The national salary used to be comprised of the base salary and two additional allowances, namely, the seniority allowance and marriage allowance. The austerity measures implemented from 2010 resulted in substantial changes in the Greek labor law and introduced a wage-setting system where the starting minimum wage was set at €586.08 (from €751.39) and prohibited any raise based on seniority. In other words, the new wage system in Greece determined uniform pay scales and is applied horizontally to both private and public-sector employees. Nevertheless, as noted, there are still some considerable variations concerning the salaries paid to civil servants. For instance, based on data released by the Greek Parliament, it is evident that some low and middle-rank public-sector employees of specific organizations, regardless of performance criteria, earn higher wages compared to their counterparts in the public and the private sector. Wage changes during the Greek crisis varied widely across sectors and over time. The considerable cumulative decrease in average gross earnings in total economy entailed cuts in public sector salaries and institutional reforms towards greater labor market flexibility. However, the reductions in earnings differed strongly across individual sectors of the economy

but also within sectors (e.g., within the government sector). Hence, while a uniform pay scale may exist in law, it does not actually occur in the labor market, and there are still some employees who receive allowances that are not aligned with performance outcomes (individual/organizational), merit, or seniority and thus, raising issues of unfair distribution of rewards.

Since decisions about the distribution of pay are based on unclear criteria, the wage structure of the public sector turned out to be a "black box." In such conditions that hinder transparency and clarity, employees are more likely to compare themselves with peers. Social comparisons – comparisons between the self and others – are a fundamental psychological mechanism influencing people's judgments, experiences, and behavior (Festinger 1954). According to Festinger's social comparison theory, people evaluate their personal and social growth based not only on their own characteristics but on what others have achieved. Based on the organizational justice and the social comparison theory, one could propose that employees' satisfaction with pay is affected not only by actual compensation factors (for instance the actual level of salary and benefits) but also by peer salaries and specifically by their perceptions of distributive justice.

### Procedural Justice

Over the past two decades, major attempts have been made in Greece to improve the processes and procedures of the performance appraisal assessment system in the public sector. The most recent reform Law (4369/2016) was put in force in January 2017 and introduced a new evaluation system. According to the law's explanatory memorandum, the main objectives are to tackle the problem of politicization of the public administration and bureaucracy, and to introduce modern staffing policies. For the first time after the Memorandum Agreements, the recently passed Law (4369/2016) combined with Law 4354/2015, which was applied in January 2016, aimed at linking wage progression with seniority, qualifications, and performance.

The compensation literature has shown that it is important to consider procedural justice in understanding individual reactions to unfair treatment because employees turn to pay-related procedural information to judge the fairness of their outcomes.

## Conclusion

In a period of economic crisis, the reduction of governments' revenue and the increasing pressure of sparse financial resources are factors pushing and forcing managers of public organizations to do more with less. The current study responds to this call and explores how employees' performance in the public sector is affected by perceptions of fairness. Specifically, this research investigated how employees' level of work effort and work quality is affected by perceptions of distributive and procedural justice.

Using the psychological contract theory as the overarching theoretical framework, this study expands researchers' understanding of the extent to which employees feel that they have been fairly treated, regardless of actual pay levels. Therefore, the results of this study posit that in contexts of economic crisis and limited financial resources, the need of nonfinancial incentives is intensified when organizational management cannot rely solely on monetary rewards. As organizations face challenges in providing competitive compensation, benefits, and training programs, it is evident that the focus should lie on fairness and justice as the most cost-effective approach to enhance motivation and productivity of employees.

The findings suggest several practical implications for public organizations. Since it is well established that positive attitudes and behaviors lead to enhanced job performance, the linking of human resources management and justice appears to be of utmost importance. It is argued that the human resource management departments in public administration, in collaboration with managers, should ensure that all HR practices and policies are in line with the values of fairness and justice. Managers are expected to view the establishment of fair business norms and just systems favorably as the most viable, economical,

and effective approach of not only enhancing employees' attitudes (satisfaction) but also employees' outcomes (work effort and work quality) and organizations' performance. One way to achieve this would be for managers to ensure that all resource allocation decisions are to be taken in an objective, visibly, and impartial manner. This is of particular importance, as fair managers can play an important role in making the organization fair because fair treatment can generate similarly ethical behavior in those receiving.

In addition, public administration should foster a direct open communication culture between management and employees. Creating an environment in which employees feel free to voice their concerns about decisions would facilitate trust towards managerial actions and develop a feeling of common interest and justice for all members (subordinates and supervisors). Accordingly, the participation of employees in the decision-making process would allow public organizations to move away from the traditional hierarchical structure to participative management. In such organizational environments, managers are more likely to exhibit a consultative or participative leadership style rather than a dictatorial or authoritarian one, thus having a positive effect on employees' perceptions of trust and organizational justice.

Furthermore, public organizations should make sure that they take into consideration the different contribution levels of employees when distributing rewards. When HR managers and public sector line managers treat every employee equally, then this could be unfair if they participated and contributed at different levels. Therefore, fair allocation of resources (distributive justice) through the establishment of performance-based schemes (procedural justice) should be designed and implemented. Effective performance-based schemes, such as merit pay and pay-for-performance systems, have been widely used in the private sector as an important component of the employee pay mix. Such schemes are designed to motivate employees by providing incentives to those who achieve, improve, or exceed their performance.

Nevertheless, performance-based schemes are unlikely to be effective unless they are supported by a formal appraisal system that documents and evaluates employees' performance. Appraisal and performance review systems would allow employees who are more qualified or those who contributed more than others to receive a greater share of rewards and would ensure both distributive and procedural justice in organizations. An alternative plan to ensure justice in public organizations is to base individual pay on the specific difficulties of the job or the level of responsibilities. In such pay plans, payments are made to employees who are taking on additional responsibilities over and above those set out in their job description and at a higher level.

## Cross-References


- ▶ Human Resource Productivity in Greece
- ▶ Managing Pay in the Public Services
- ▶ Organizational Justice
- ▶ Pay Equity and Performance in the Public Sector


## References


Adams JS (1963) Toward an understanding of inequity. J Abnorm Soc Psychol 67:422–436

Dailey RC, Kirk DJ (1992) Distributive and procedural justice as antecedents of job dissatisfaction and intent to turnover. Hum Relat 45(3):305–317

Eurostat (2015) Labor force survey results. Statistical Office of the European Communities, Luxembourg

Festinger L (1954) A theory of social comparison processes. Hum Relat 7:117–140

Folger R, Konovsky MA (1989) Effects of procedural and distributive justice on reactions to pay raise decisions. Acad Manag J 32(1):115–130

Greenberg J (1990) Organizational justice: yesterday, today, and tomorrow. J Manag 16(2):399–432

Konovsky MA, Cropanzano R (1991) Perceived fairness of employee drug testing as a predictor of employee attitudes and job performance. J Appl Psychol 76(5):698

Pfeffer J, Langton N (1993) The effects of wage dispersion on satisfaction, productivity, and working collaboratively: evidence from college and university faculty. Adm Sci Q 38(3):382–407

Schroth HA, Pradhan SP (2000) Procedures: do we really want to know them? An examination of the effects of procedural justice on self-esteem. J Appl Psychol 85(3):462

# Organizational Learning

Ignacio Cienfuegos
Universidad Alberto Hurtado, Santiago, Chile

## Synonyms

Learning organizations; Organizational acquisition; Organizational innovation

## Definition

Organizational learning explains the way individuals learn new knowledge within organizations by setting structures, mental maps, values, practices, routines, and frameworks. Accordingly, organizational learning proposes that entities are not only influenced by individual learning processes, but organizations influence the learning of individual members and conserve what has been learned. Although this perspective recognizes the individual as the only entity capable of learning, he must be seen as being part of a larger learning arrangement in which individual knowledge is exchanged and transformed.

## Introduction

This chapter aims to discuss the theoretical assumptions behind organizational learning, looking into the theories on organizational change, which consider different perspectives for explaining how organizations modify their structures, practices, values, and knowledge. Organizational change concepts assume organizations as institutions that have a history, a culture, a set of values, traditions, habits, routines, and interests (Jaffe 2001). With this perspective, organizational learning occurs when an organization decouples itself from the institutional context and reformulates its internal interpretive scheme (Paauwe 1998) revising its responses, rules, and structures (Meyer and Rowan 1977). Considered by De Schryver (2009), the two well-known and classical perspectives of change are the content and the process perspectives. As suggested by Rajagopalan and Spreitzer (1997), researchers in the first school have focused on the antecedents and consequences of change (e.g., Gibbs 1993; Ginsberg and Buchholtz 1990; Oster 1982 in by Rajagopalan and Spreitzer 1997). Alternatively, studies on the process school have focused on how entities react to organizational change, explaining and describing the process of changing and examining the sequence of events as change unfolds in the organization (Van de Ven and Poole 2005). Consequently, although the chapter develops a comprehensive review of organizational learning, it focuses our analysis on the process perspective of this line of literature, especially the approach that suggests the use of a stage model for the description and explanation of change within organizations.

## Motors of Organizational Change

First of all, the article uses the framework proposed by Van de Ven and Poole (1995) as a device that will help us with the theoretical classification of the process of change, an approach that might guide us further in the task of identifying the theoretical assumptions that are considered during the process of organizational learning. These scholars have defined four motors that would explain change and that would operate at different organizational levels: *life cycle*, *teleology*, *dialectics*, and *evolutions*. This illustrates a process that unfolds these changes as well as proposes a description of organizational change. From that perspective, it is likely to identify concepts borrowed from other disciplines such as stages of growth, processes of decay and death, population ecology, and development. The authors state that all specific theories of organizational change can be built from one or more of these four basic types of change mentioned (life cycle, teleology, dialectics, and evolutions) serving as theoretical bases that could facilitate the integration of related explanations (Van de Ven and Poole 1995).

Stated by Van de Ven and Poole (1995), the *life cycle* motor would be a heuristic device that

management has used in order to explain the development of organizations from an initial phase to their termination. It is common to distinguish this metaphor in the literature when referring to products, ventures, or organizations. The life cycle approach aligns partially with the logic of risk maturity and maturity models in general, considering that this approach explains changes as progressions to a final state, transformations that would be prefigured and would require a specific sequence of events (Van de Ven and Poole 1995). The *teleological* approach, identified by Van de Ven and Poole (1995), suggests that the persistence of goals is another motor that guides change in an entity. From this perspective, the development or progression of an organization would proceed toward a specific goal. According to the authors that follow this approach (March and Simon 1958; Etzioni 1963; March and Olsen 1976 in Van de Ven and Poole 1995), development in organizations takes part in a repetitive sequence of formulation, implementation, evaluation, and modification of goals based on what was previously learned by the organization. As stated by Van de Ven and Poole (1995), in this approach, however, there is no prefigured rule or a logically necessary direction or even a set of sequences that an entity should follow in order to progress.

Under the *dialectical* heuristic for explaining organizational change, organizations are conceived as entities where colliding forces and values compete with each other for prevalence. From this perspective, change would occur when these opposing values or forces gain sufficient power to confront the status quo. So in a dialectic point of view, the power of an antithesis may mobilize an entity to a sufficient degree to challenge the current thesis and then produce a "synthesis" (Van de Ven and Poole 1995). This dialectic process where a new thesis is constructed may suggest a sequential transformation of current paradigms, values, and practices within the organizations. This might be consistent with the logic of maturity models, since it suggests that the organization, in order to progress to a next level of risk maturity, should implement a more sophisticated and novel "thesis."

Finally, the *evolutionary* perspective of change discussed considers change in organizations as being cumulative. In the same manner that change is explained in biological evolution, change in organizations according to this perspective progresses through a continuous cycle of variation, selection, and retention. This assumes that cumulative changes are prescribed through the implementation of specific practices, thus retaining the knowledge and practices acquired in the previous level of "maturity." From this perspective, entities do not evolve randomly to the mastery of a particular discipline, as changes in demographic or actuarial probabilities occurred; on the contrary, organizational learning under this view may suggest a deterministic path for the organizations to reach a more mature state.

Although the authors of this framework for the classifications of theories of organizational change and learning present the different motors in dimensions that might be mutually exclusive, they also recognize potential combinations of the different approaches and even the possibility of developing an eclectic mechanism that could explain in a more complete way the theories of organizational change and summarize the characteristics of the basic types of process theories of the change discussed. The chapter will focus now exclusively on stage models for explaining organizational learning, with the confidence that this approach will give complementary elements for the development of the theoretical foundation of this line of literature (Table 1).

## Stage Models in the Grounds of Organizational Learning

Damsgaard and Scheepers (2000) highlight the *evolutionary* perspective of change models by stating that stage models emphasize the direction of change (typically as a succession of stages in which each stage is a precursor for the next one) through which an entity increases its complexity or perfection over time, ultimately reaching an end state. From that perspective, stage models view the progressive stages as a necessary optimization of an entity's structures for survival.

**Organizational Learning, Table 1** Specific characteristics of the four basic types of process theories that are present in maturity models

| Life cycle | Evolution | Dialectic | Teleology |
|---|---|---|---|
| Changes as progressions to a final state occur | Progression through a cycle of variation, selection, and retention | Colliding forces and values compete with each other for prevalence | The development would proceed toward a goal |
| Organic growth | Cumulative changes | New thesis is constructed | Repetitive sequence of formulation, implementation, evaluation, and modification of goals |

Based on Van de Ven and Poole (1995)

Thus, each new stage represents a set of features that are superior to the old features (Damsgaard and Scheepers 2000). Researchers more interested in explaining how organizations grow (e.g., Phelps et al. 2007; Kazanjian and Drazin 1989; and Mintzberg 1984) focus more on the *life cycle* perspective of stage models. The life cycle approach applied to stage models suggests that just like living creatures, organizations have life cycles; therefore they develop by following a necessary sequential and predetermined pattern of change and transformation (Lippitt and Schmidt 1967 in Phelps et al. 2007).

Stubbart and Smalley (1999) claim that there are five principal assumptions behind stage models. First of all, stage models represent a *programmed process*, meaning that change within entities occur in only one direction as a consequence of a predetermined route. This assumption also considers that organizations move through this programmed path to a final state of maturity by acquiring specific skills, knowledge, practices, and beliefs (Huy 2001). The second assumption has to do with the idea of stage models as devices that *specify transformational change*. This suggests that in order to work, stage models must be predictable but consider abrupt transformation between stages (Amis et al. 2004). This radical transformation from previous stages involves a significant alteration of many organizational elements such as formal structures and work systems (Huy 2001). In addition, stage models require a one-way movement along a designated linear path. This unidirectional pattern of movement is consistent with the "maturational" logic borrowed from biology. A logic of *progression* is also implicit in stage models (Stubbart and Smalley 1999). In this perspective, *progress* is assimilated to the development to a higher and optimal state (blossoming or growing up), a situation that is acquired through the completion of stages. Probably the most controversial postulation of stage models is that these models are assumed to have the virtue of minimizing the effects of context and history. This is demonstrated by the fact that stage models take historical and environmental factors as having been fixed, in the same manner as physical growth proceeds largely independent from the person's social and physical environment. As a consequence, the entities are viewed as largely isolated from environmental contingencies (Stubbart and Smalley 1999).

As reported in the literature of stage models, this last assumption constitutes one of its main limitations. This criticism is developed mainly from a historical and institutional point of view applied to organizational change, which sustains that historic and contextual facts are essential elements for explaining any case of change process description (e.g., Stubbart and Smalley 1999; Barley and Tolbert 1995 in Feldman 2000). The maturational reasoning behind stage models, where no environmental forces would influence the organizational transformation, neglects the historical and environmental consideration.

Stubbart and Smalley (1999) also offer a framework for the evaluation and construction of stage models. They first suggest that a stage model should mention the specific usage of stages in a particular research. According to the authors, there would be three main varieties of stage models: metaphorical, descriptive, and causal. Under the metaphorical perspective, stage models would be used mainly as devices to communicate

or illustrate theory or concepts. The stages designed in such models could not be considered as variables, concepts, or constructs, but more as provisional terms for a deductive construct. On the other hand, the descriptive usage of stage models according to these scholars represents aggregate events, features, characteristics, or behaviors that are correlated. Stage models considering this approach are emergent patterns or composite independent variables that are based on empirical evidence. Finally, casual stage models develop stages as independent variables and connect those stages with causal significance. In that sense, causal stage models do not focus strictly on the detection of patterns of activity or behavior, but identify the existence of a specific sequence of stages that explain and govern the formation, growth, transformation, or maturity of those stages (Stubbart and Smalley 1999).

For the evaluation of stage models, Stubbart and Smalley (1999) suggest that a stage model should provide "evidence of the abrupt transformations" that it suggests. This means that such a model should distinguish between the transition from one stage to the next in a discontinuous and abrupt manner. Additionally these authors mention the necessity to "fully define all independent or dependent variables" involved in the stages. This indicates that when constructing a stage model, the researcher should separate identification and measurement of dependent and independent variables that would be used as explanatory factors of the different stages. Moreover for the evaluation of the stage model, the authors suggest that the researcher should identify the "causal forces driving the stages"; it would only be applicable for causal stage models that define and measure the variables that produce the stage pattern. Finally, these authors propose that when constructing a stage model, researchers should not "overwork" the stages. This refers partly to the extension of the stage model, but more specifically to the idea that authors should not pass metaphorical or theoretical ideas as findings or even causal factors. This is also related to the first suggestion that prescribes a clear definition of the usage of stage models. An illustration of this framework for the evaluation of stage models is presented in Fig. 1.

Despite the underlying weakness of stage models mentioned previously (the fact that stage models take historical and environmental factors as being fixed), it is reasonable to argue that they are pertinent instruments that can be used in the conceptual discussion of maturational learning within organizations (Stubbart and Smalley 1999; Phelps et al. 2007). In this perspective, learning would be reflected in tangible and incremental actions (Argyris and Schön 1978) that shape, and are shaped by, the environment (Rajagopalan and Spreitzer 1997).

## An Organizational Learning Perspective of Change and Single and Double Loop

Taking into account the different interpretations of organizational learning, there does not exist at the moment a successful consensus on the concepts and terminology of the discipline (Visser 2007). Therefore it is indispensable to be very clear as to what specific line of the theory has been used.

As mentioned by Easterby-Smith et al. (2000), one of the principal debates concerning

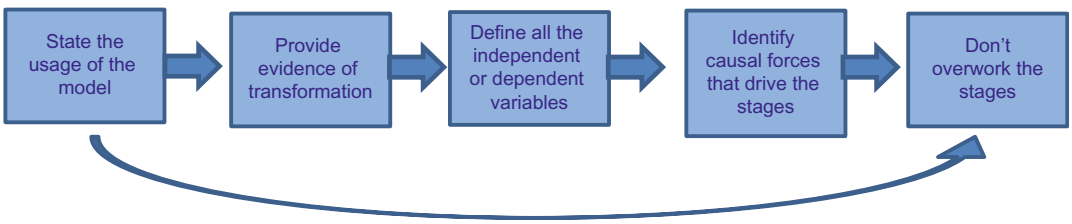


**Organizational Learning, Fig. 1** Criteria to guide evaluation of stage models (own elaboration, based on Stubbart and Smalley 1999)

organizational learning refers to the idea of whether organizational learning is simply the sum of what individuals learn or whether there is something more to it. The debate is situated as to whether it is meaningful to think of organizations as having objectives, learning abilities, and memories or if organizations only learn through their current, individual members. This review of organizational learning theory relies on the second approach, considering learning in organizations as individual learning taking place, yet in a social context (Holmqvist 2003).

Consequently, the chapter concentrates on the way individuals learn within organizations by setting structures, mental maps, values, practices, routines, and frameworks (e.g., Senge 1990; Dixon 1994 and Argyris and Schön 1978 in Van der Bent et al. 1999). Following this approach, organizations are not only influenced by individual learning processes, but organizations influence the learning of individual members and conserve what has been learned (Romme and Dillen 1997). Although this perspective recognizes the individual as the only entity capable of learning, he must be seen as being part of a larger learning arrangement in which individual knowledge is exchanged and transformed (Romme and Dillen 1997). As discussed by Argyris (1991), organizations learn through individuals acting as agents for them. The individuals' learning activities are facilitated or inhibited by ecological or contextual factors that may be called an organizational learning system (Argyris 1991).

The seminal work of Argyris and Schön (1978) stresses the cognitive aspects of learning new frames of reference in an evolutionary manner (Huber 1991). In this perspective, one of the most important distinctions of the theory is the difference between "espoused theory" and "theory-in-use" (Argyris and Schön 1978). As mentioned by the authors, espoused theory is the theory of action, meaning the theory that an individual, upon request, communicates to others. However, the theory that actually governs the actions of an individual is the theory-in-use. As clearly stated by Argyris and Schön (1978), people in organizations design and guide their behavior by the use of theories of action that they hold in their heads. Espoused theories of action, therefore, would be theories that individuals declare or report as governing their actions (Argyris 1982).

As discussed by private images of the same organization might diverge from one another. When the organization is large and complex, most members are unable to use face-to-face contact in order to compare and adjust their different images of organizational theory-in-use. They might then require external reference, public representations of the organizational theory-in-use to which they can refer. In the view of Argyris and Schön (1998), this is the function of "organizational maps," instruments that constitute shared descriptions of the organization by individuals. These organizational maps might include diagrams of work flow, routines, practices, statements of procedure, and also policies or programs of a particular administrative perspective. They would then describe actual patterns of performance, as well as guides for future actions. These maps or guidelines would be the media of organizational learning (Strutt et al. 2006).

As stated by Argyris and Schön (1978), members of the organization respond to changes in the internal and external environments of the organization by detecting errors and problems, which they correct in order to maintain the central features of organizational theory-in-use. Therefore, the organization's ability to remain stable in a changing context might denote a basic learning. Following Bateson (1971), Argyris and Schön (1998) state then that there is a *single feedback loop* which connects detected outcomes of action to organizational strategies and assumptions that are modified so as to keep organizational performance within the range set by organizational norms. As mentioned by Levitt and March (1988 in Van der Bent et al. 1999), routines and responsibilities defined in an organization (theories-in-use) will facilitate learning more than those where responsibility is vague.

Consequently, *single-loop* learning may be sufficient where error correction can proceed within a constant framework of norms for performance. It is concerned primarily with effectiveness, meaning how to best achieve existing goals

and objectives and how best to keep organizational performance within the range specified by existing norms. However as mentioned by Burke (1987), in some cases error correction requires an organizational learning cycle in which organizational norms themselves are modified. As discussed by Hong (1999), the single-loop approach where organizations learn from their own experiences, adjusting their actions to existing norms and frameworks, would be beneficial for the organization in short run, configuring a problem of "myopia of learning" in the long term (Levinthal and March 1993 in Hong 1999). This phenomenon will occur because organizations will be less willing to engage in novel actions to explore new techniques due to past relatively successful stories or from neglecting of the distant future (Hong 1999). Insights might be necessary, in order to improve existing skills and routines, changing, therefore, the central norms and underlying assumptions (Argyris and Schön 1978, 1996 in Hong 1999).

As a result, the concept of *double-loop* learning is a response to the latter situation, where an inquiry is performed in order to redefine the organizational norms and restructure the strategies and assumptions associated with those norms (Burke 1987) (see Table 2 for an overview of the main characteristics of organizational learning).

This approach of organizational learning, and especially the perspective of Argyris and Schön (1978), makes a strong case for explaining the acquiring of knowledge and the process of learning through incremental stages. As other researchers have also considered (Strutt et al. 2006; MacGillivray et al. 2006), it is possible to claim that this approach, particularly the concepts of single- and double-loop learning (Argyris and Schön 1978), could be of assistance to explain the reasoning behind the transitional perspective that organizational learning assumes.

**Organizational Learning, Table 2** Single- and double-loop learning

| Single-loop learning | Double-loop learning |
|---|---|
| Based on repetition routine within existing structures | Based on cognitive process and understanding routine |
| Change of behavior or performance level | Change of organizational framework |
| Problem-solving capacity | Developments of new processes, routines, and practices |

Adapted from Fiol and Lyles 1985 in Romme and Dillen (1997)

By studying and evaluating the theoretical assumptions that are implicitly proposed in this approach of organizational learning, it is thinkable to recognize and make several links with other aspects of the theory of organizational change. For example, as claimed by Romme and Dillen (1997), single-loop learning would be the result of replication of routines that facilitate decision-making by means of specific rules, while double-loop learning might involve changes in the fundamental norms underlying actions and behaviors. Consequently, as discussed by Easterby-Smith et al. (2000), researchers have tended to use single- and double-loop learning as a shorthand expression to describe what they see as more routine learning versus more radical learning.

This perspective of organizational learning conceives organizational change not as linear but as evolutionary process where the entity learns first from its experience (single loop) and then, as commented before, higher learning (double loop) would occur through significant breaks from past strategies, completing a radical change approach (Lant et al. 1992; Tusham et al. 1985 in Rajagopalan and Spreitzer 1997). These major modifications could be identified in the theory of learning of Argyris and Schön (1978) by the transformation from single to double loop, where the entity shifts from an "archetypal" configuration (Amis et al. 2004) to a novel theory-in-use (Argyris and Schön 1978).

Considering the four motors of organizational change of Van de Ven and Poole (1995), one could also claim that the approach of Argyris and Schön (1978) is not only evolutionary but also dialectical. This statement is possible observing the Hegelian assumption (Van de Ven and Poole 1995) of the double loop, considering that current values and beliefs (theory-in-use) have to be questioned and modified in order to develop a new thesis (novel responses, practices, beliefs,

routines, etc.). This perspective of organizational learning might be classified also as teleological, since it is based in a "constructive mode of development," in which the process is emergent as new goals are enacted in the organization (Van de Ven and Poole 1995 in Feldman 2000).

As commented before, it is also clear that under this approach of organizational learning, changes in the organization are assumed to take place through the transformation of routines, which is considered to be part of how organizations performed (Cyert and March 1963; March and Simon 1958 in Feldman 2000). The relevance of routines is commented by Argyris (2009) himself, considering routines as an expression of the theory-in-use of the entity, which is manifested in what he called "actionable" knowledge. This highlights the suggestion by the author, in terms that are by the means of concrete actions expressed in practices and routines, that could evaluate the modification of knowledge within an organization (Nonaka and Takeuchi 1995 in Feldman 2000).

This perspective of the theory of organizational learning assumes as well a planned change process (Huy 2001) where there is a necessity of intervention for the alteration of current practices and beliefs. This is easily identifiable in the typology of loop learning of Argyris and Schön (1978). As claimed by Huy (2001), the "theory of action" method aims to probe incongruence between espoused theories and theories-in-use, as well as map organizational structures in order to uncover vicious causal loops or erroneous "mental maps" (Senge 1990) that are conceived as root causes for the change of behavior (e.g., the implementation of the best practices prescribed in the managerial literature). In order to alter the theory-in-use and modify the organization's beliefs and structures (double loop), external intervention (outside agents) might be required to help convert the tacit causes of ineffectiveness into explicit formulations, since the organization and its employees are often cognitively limited and trapped by their own assumptions (Huy 2001). Specifically, stressed in the literature of modern management is the necessity of having "external support" for the analysis and implementation of the best practices. The latter would contribute to convert the tacit causes of infectiveness into expected formulations, since organizations (and their members) might be trapped by their own assumption (Huy 2001). External support in the implementation of the best management practices would then assist the organization in acquiring the new frame of references (theory-in-use) as a secondhand experience (Huber 1991).

Therefore, from the organizational learning perspective on change, managers would attempt to understand the ambiguous environment in which an entity operates. This includes iterative actions (e.g., information gathering) and understanding the context (threats and opportunities) (Koberg 1987; Lant and Mezias 1992 in Rajagopalan and Spreitzer 1997). Strategic imperatives, such as resources for the implementation and leadership, which are often discussed in the literature, and standards of management, are implicitly tied to change sequencing, because they inevitably affect the ways in which various parts of an organization will engage with the change process (Amis et al. 2004). Leadership, especially, will affect the ways in which various parts of an organization engage with the process of change (Amis et al. 2004), as well as actively influence the organizational theory-in-use (Argyris 2009). Following the whole "monitoring process" recommended by the literature of organizational learning and change, it is realistic to consider a form of information acquisition where the organization would "learn from its errors" (Huber 1991). As argued by Huber (1991), more organizational learning occurs when more of the organization's components obtains this knowledge and recognizes it as potentially useful. It is fundamental as well to develop an "organizational memory" by which knowledge is stored in the form of procedures and routines as well as non-routine information (Huber 1991).

Finally, the theory of organizational learning assumes that organizations have difficulties absorbing available knowledge (Cohen and Levinthal 1990); thus by learning from other entities, organizations could let the available knowledge pass through them (Greve 2005). In that sense peer organizations or expert networks and

associations that aim to develop "management awareness" and disseminate the best practices would be fundamental for the process of "learning" from others. The participation of entities and their members in these peer organizations could be seen then as a source of "interorganizational learning," since according to this line of literature, network ties would provide access to information and outflows of knowledge (Schulz 2001) for organizations through the interaction with peers, promoting an adaptive change (Kraatz 1998).

## Conclusion

This chapter studied the underlying theoretical structure of organizational learning, providing explanations in terms of the logic and assumptions of this line of literature. As a consequence, the chapter draws from the theoretical elements of organizational change in order to explain at least part of the reasoning of how organizations acquire new knowledge. The chapter has taken advantage of the framework elaborated by Stubbart and Smalley (1999) in order to analyze the different fundamental perspectives of the process of change and learning within organizations.

In addition, the document strongly relies on the propositions of Argyris and Schön (1978) about single- and double-loop theories of organizational learning in order to explain the transitions between having a limited knowledge of a particular discipline implemented in an organization and a more sophisticated perspective. This approach of organizational learning helps to respond to one of the main limitations of stage models, which is the assumption that changes within the organization will proceed largely independent from the person's social and physical environment (Stubbart and Smalley 1999). As discussed, this learning perspective establishes that the organization changes through a process of steps of learning designed to respond to both the environment and the organization (Rajagopalan and Spreitzer 1997).

It is not possible to neglect, however, the limitations of the perspective used to explain the learning process within organizations. It is indispensable to mention this considering some of the propositions of stage models in general, such as the inexorable positive progression through stages to a point of arrival that is implicit in these normative frameworks (Phelps et al. 2007). In fact, it is wise to think that in reality there is little positive evidence that organizational learning will occur in reality as it can be observed in living organisms (Stubbart and Smalley 1992 in Phelps et al. 2007). As stated by Amis et al. (2004), there appears to be a disjuncture between the normative conceptualization of change as developing in a predominantly linear manner and the evidence that suggests that radical change is instead characterized by delays and oscillations. Consequently it is not reasonable to disregard the fact that a deterministic approach, such as the one chosen in this chapter to explain the process of acquiring knowledge in organization, could also be explained with alternatives theories. Therefore, as mentioned by Stubbart and Smalley (1999), system dynamics, contingency theory, historical accounts, game theory, chaos theory, and complexity theory, among others, could also give some arguments to discuss how organizations learn in reality.

## Cross-References


- ► Institutional Theory of Organizations
- ► Organizational Innovation
- ► Social Capital and Organizational Change


## References


Amis J, Slack T, Hinings CR (2004) The pace, sequence, and linearity of radical change. Acad Manag J 47(1): 15–39

Argyris C (1982) Reasoning, learning and action, individual and organizational. Jossey Bass, San Francisco

Argyris C (1991) Teaching smart people how to learn. Harv Bus Rev 69:99–109

Argyris C (2009) In: Wood JC, Wood MC (eds) Chris Argyris: critical evaluations in business and management. Routledge, London

Argyris C, Schön DA (1978) Organizational learning: a theory of action perspective, vol 173. Addison Wesley, Reading

Argyris C, Schön D (1998) Organizational learning II: theory, method and practice. Addison Wesley, Reading
Barley SR, Tolbert P (1995) Institutionalization as structuration: methods and analytical strategies for studying links between actions and structures. In: Bouchikhi H, Kilduff MK, Whittington R (eds) Action, structure and organizations. Warwick Business School Research Bureau, Coventry
Bateson G (1971) Steps to an ecology mind. Ballantine Books, New York
Burke W (1987) Organization development: a normative view. Addison Wesley, Reading
Cohen WM, Levinthal DA (1990) Absorptive capacity: a new perspective on organizational learning and innovation. Adm Sci Q 35:128–152
Cyert RM, March JG (1963) A behavioral theory of the firm. Prentice-Hall, Englewood Cliffs
Damsgaard J, Scheepers R (2000) A stage model of intranet technology implementation and management. Inf Syst J 10(2):131–150
De Schryver T (2009) An organizational learning perspective on change. Content and process analysis of change in soccer clubs. PhD dissertation, University of Nijmegen. Unpublished
Dixon NM (1994) The organizational learning cycle. How we can learn collectively. McGraw-Hill, New York
Easterby-Smith M, Crossan M, Nicolini D (2000) Organizational learning: debates past, present and future. J Manag Stud 37(6):783
Etzioni A (1963) The epigenesist of political communities at the international level. Am J Sociol 68:407–421
Feldman MS (2000) Organizational routines as a source of continuous change. Organ Sci 11(6):611–629
Gibbs PA (1993) Determinants of corporate restructuring. The relative importance of corporate governance, takeover threat, and free cash flow. Strateg Manag J 14: 51–68
Ginsberg A, Buchholtz A (1990) Converting to for-profit status: corporate responsiveness to radical change. Acad Manag J 33:445–477
Greve HR (2005) Inter-organizational learning and social structure. Org Stud 26. In press
Holmqvist M (2003) A dynamic model of intra- and interorganizational learning. Organ Stud 24:95
Hong J (1999) Structuring for organizational learning. Learn Organ 6(4):173–185. MCB University Press
Huber GP (1991) Organizational learning: the contributing processes and the literatures. Organ Sci 2(1):88–115, Special Issue: organizational learning: papers in Honor (and by) James G. March
Huy QN (2001) Temporal capability, and planned change. Acad Manag Rev 26:601–623
Jaffe D (2001) Organization theory: tension and change. McGraw-Hill, New York
Kazanjian RK, Drazin R (1989) An empirical test of a stage of growth progression model. Manag Sci 35: 1489–1503
Koberg CS (1987) Resource scarcity, environmental uncertainty, and adaptive organizational behavior. Acad Manag J 30:798–807
Kraatz M (1998) Learning by association interorganizational networks and adaptation to environmental change. Acad Manag J 41:621–643
Lant TK, Mezias SJ (1992) An organizational learning model of convergence and reorientation. Organ Sci 3: 47–71
Lant TK, Milliken FJ, Batra B (1992) The role of managerial learning and interpretation in strategic persistence and reorientation: an empirical exploration. Strateg Manag J 13:585–608
Levinthal DA, March JD (1993) The myopia of learning. Strateg Manag J 14:94–112
Levitt B, March JG (1988) Organizational learning. Annu Rev Soc 14:319–340
MacGillivray BH, Hamilton PD, Strutt JE, Pollard SJT (2006) Risk analysis strategies in the water utility sector: an inventory of applications for better and more credible decision-making. Crit Rev Environ Sci Technol 36:85–139
March JG, Olsen JP (1976) Ambiguity and choice in organizations. Universitetsforlaget, Bergen
March JG, Simon HA (1958) Organizations. Willey, New York
Meyer JW, Rowan B (1977) Institutionalized organizations: formal structures as myth and ceremony. Reprinted in Powell WW, DiMaggio PJ (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago
Mintzberg H (1984) Power and organization life-cycles. Acad Manag Rev 9:207–224
Nonaka I, Takeuchi H (1995) The knowledge-creating company. Oxford University Press, New York
Oster S (1982) Intraindustrial structure and the case of strategic change. Rev Econ Stat 64:376–383
Paauwe J (1998) HRM and performance: the linkage between resources and institutional context. RIBES working paper, Erasmus University Rotterdam
Paauwe J, Williams R (1999) Organizational learning: an exploration of organizational memory and its role in organizational change processes. J Organ Chang Manag 12(5):377–404
Phelps R, Adams R, Bessant J (2007) Life cycles of growing organizations: a review with implications for knowledge and learning. Int J Manag Rev 9:1–30
Rajagopalan N, Spreitzer GM (1997) Toward a theory of strategic change: a multi-lens perspective and integrative framework. Acad Manag Rev 22:48–79
Romme G, Dillen R (1997) Mapping the landscape of organizational learning. Eur Manag J 15(I):68–78
Schulz M (2001) The uncertain relevance of newness: organizational learning and knowledge flows. Acad Manag J 44(4):661–682
Senge PM (1990) The fifth discipline. The art and practice of the learning organization. Doubleday, New York
Strutt JE, Sharp JV, Terry E, Miles R (2006) Capability maturity models for offshore organizational management. Environ Int 32:1094
Stubbart CI, Smalley RD (1999) The deceptive allure of stage models of strategic processes. J Manag Inq 8(3): 273–286

Tusham ML, Virany B, Romanelli E (1985) Executive succession, strategic reorientations and organizational evolutions: the minicomputer industry as case in point. Technol Soc 7:297–313
Van de Ven AH, Poole MS (1995) Development and change in organizations. Acad Manag Rev 20(3): 510–540
Van de Ven AH, Poole MS (2005) Alternative approaches for studying organizational change. Sage, London/Thousand Oaks/New Delhi
Van der Bent J, Paauwe J, Williams R (1999) Organizational learning: an exploration of organizational memory and its role in organizational change processes. Department of Business and Organization, Rotterdam School of Economics, Erasmus University, Rotterdam
Visser M (2007) Deutero-learning in organizations: a review and a reformulation. Acad Manag Rev 32(2): 659–667

# Organizational Life Cycles

Michael R. Ford
University of Wisconsin-Oshkosh, Oshkosh, WI, USA

## Synonyms

Organizational life span; Organizational death

## Definition

Refers to the sequence of events from organizational initiation/birth to death.

## Introduction

The field of public administration has, from its beginnings, concerned itself with the organizations providing services to citizens. Traditionally these organizations have mainly been local governments and their departments and myriad state and local agencies. More recently, private and nonprofit organizations, via contracting, voucher programs, and other reforms that challenge traditional meanings of the notion of publicness too have become part of the organizational ecosystem providing services to citizens. A constant of organizations, be they public, private, or nonprofit, is change. Scholars of organizational theory explore the extent to which organizational change over time is predictable, asking if organizations experience life cycles in a manner akin to biological organisms, if organizational fates are governed by a degree of chaos, and if organizational trajectories are dependent on sector, context, or politics. The common thread holding the diverse scholarly approaches together is the belief that organizations are a relevant variable in determining the performance of the public and nonprofit sectors. Hence, organizational life cycle theory has both explanatory and normative values to the field of public administration.

### What Is the Study of Organizational Life Cycles?

Organizational life cycle theory refers to the belief that organizations behave in predictable ways between their founding and death. Economist Kenneth Boulding (1950) pioneered the study of organizational life cycles in a text arguing that organizations experience the common stages of birth, maturation, eventual decline, and death. An implicit assumption in Boulding is that organizations, even though they may experience periods of stability, are inherently unstable. The birth stage of an organization, under Boulding's typology, is primarily a struggle to survive. Maturation occurs after an organization has established a foothold into the marketplace. In this stage organizations develop external reputations and internal management systems. The period of decline, as it sounds, is characterized by diminishing efficiencies, declining customer bases, and a loss of profitability. Internally organizations will suffer from misaligned management practices that no longer optimally meet the needs of the organization and its stakeholders. The death stage is reached when an organization ceases to exist. It is characterized by an inability to turn a profit and meet basic operating costs like payroll and facilities.

Since Boulding proposed his broad typology, many scholars in the private and public management fields have expanded on the various stages

organizations experience over their life spans. Larry Greiner (1997) argued that organizations go back and forth between periods of stability and slow evolution and revolutionary periods of dramatic change. How and when these periods occur is a function of five different dimensions. The first dimension is age. Simply, younger organizations face different challenges and must make different decisions in response to these challengers than older organizations. Arguably the age of an organization is the most important contextual factor determining the trajectory of said organization. The second dimension, size, is also a contextual factor. Large organizations are expected to behave differently than smaller organizations, and it is impossible to make sense of their trajectories without considering their size. In studies of local government, for example, it makes little sense to assume urban and rural government organization face challenges that are similar in size and scope.

The third dimension is the presence of relatively stable evolutionary periods lasting 4–8 years. During the evolutionary periods, an organization's systems, goals, and customer base remain mainly consistent, with any changes being slow and incremental. The evolutionary dimension is important for the study of organizational life cycles because it imposes the assumption of stability over a time period. The fourth dimension is revolutionary periods characterized by major organizational changes in management practices, goals, and systems. Revolutionary periods may be brought on by internal forces such as employee demands and management changes or external forces such as new regulatory requirements, changing customer preferences, increased competition, or industry disruption. The revolutionary periods end with the start of another stable evolutionary period. The fifth dimension is the growth rate of the industry, which, like age and size, applies the proper context to an organization's trajectory.

The hypothetical example of charter schools can illustrate how these dimensions might look in the field of public management. Charter schools are independent public schools that operate under a (usually) 5-year contract with a school district or independent authorizing entity. The concept behind charter schools is funding for performance, meaning authorizers can cut off funding to schools that fail to meet performance targets. As such, charter schools experience high organizational turnover rates. Age, the first dimension identified by Greiner (1997), defines the different periods of a charter schools' existence. A new charter school is fighting for market share, attracting human capital, and developing organizational norms in its internal and external audience management practices. Older charter schools focus on maintaining market share, retaining human capital, and improving management practices. Similarly, a large school deals with a more complex internal bureaucracy and must apply more formal and layered management practices and structures and more complex human resource systems than a small school with limited staff.

In the charter school case, evolutionary periods would be characterized by the time between renewals of 5-year contracts. During those periods schools have a consistent set of goals and plans imposed by the contract between the organization and its authorizing entity. Each contract renewal would change the school's goals and systems, disrupting one evolutionary period and creating another. Finally, the level of competition from other schools, represented by charter school sector growth rate, would impact the behavior of the school and its leadership. In a highly competitive environment, charter schools may need to specialize to differentiate themselves and attract students. In a low competition environment, merely being a charter school may be enough to attract students.

Greiner (1997) also created a framework for mapping the trajectory of organizations, specifically concluding that all organizations traverse through five different phases during their life cycles. The first phase, creativity, is when a new organization is creating itself and establishing an identity through the implementation of its original management structure and processes. The second phase is direction, wherein an organization has established itself as a legitimate actor in the marketplace and must decide on, and implement, its growth plan. The third phase, delegation, assumes a growing complexity within the organization that

requires leadership to begin subdividing tasks and delegating authority among a system of department-level managers. Phase four, coordination, is when management masters the ability to coordinate delegated tasks between all layers of management. Finally, in the fifth and final collaboration phase, a mature organization begins to shed some of the bounds of structure and attempts to overcome the inefficiencies, trained incapacities, and general staleness characterized by what Merton (1957) called the pathologies of bureaucracy. The broad takeaway from Greiner's (1997) framework of dimensions and phases is twofold. First, context factors as size, age, and sector shape an organization's behavior in each phase of its life span. Second, organizations become more complex over their life spans.

Much of the literature inspired by the work of Boulding (1950) and Greiner (1997) focuses on the beginning and end of organizational life cycles. Lewis and Churchill (1983), for example, present a framework by which a new organization must overcome its liability of newness (see Stinchcombe 1965) before growing into a mature stable organization. Their five phases of organizational growth are existence, survival, success, takeoff, and finally resource maturity. Like Greiner's, Lewis and Churchill assume that organizational behaviors occur at different stages of an organizations' development. In contrast, Herbert Kaufman (1991) offers a critique of the dominant organizational life cycle literature, arguing that the success or failure of organizations is attributable to randomness. Kaufman concludes that organizations survive until they run out of resources and that organizations may run out of resources for any number of unpredictable reasons.

## How Can the Study of Organizational Life Cycles Be Applied?

Despite its origins in the business literature, the theory of organizational life cycles has frequently been used in the business, public, and nonprofit sectors to explain the actions of organizations. Delmar and Shane (2004), for example, explain how organizations take specific actions such as legal incorporation and completion of a business or strategic plan in order to create legitimacy in the eyes of internal and external stakeholders. Their basic argument is that legitimacy is a key factor in overcoming the liability of newness problem and that early-stage organizations generally take actions aimed at creating legitimacy in the eyes of stakeholders.

Lecy and Searing (2015) apply organizational life cycle theory to the nonprofit sector, concluding that young nonprofits are prone to underestimating their infrastructure expenses. Why? The pressure from donors and managers to demonstrate low overhead costs results in business and strategic planning that is divorced from organizational reality. To obtain resources organizations must appear efficient, but underestimating overhead costs could put the future of the organization in jeopardy. Hager, Galaskiewicz, and Larson (2004) also apply organizational life cycle theory to the nonprofit sector, but emphasize context by focusing on organizational growth in the single market of St. Paul, MN. Restricting their study to one sector in a single market allows them to account for the dimension of growth rate in an environment where study organizations face common challenges and serve similar customers.

Aldrich and Martinez (2001) use organization life cycle theory to explain how individual entrepreneurs shape their organizations at different times in the firm's development. As discussed, previous studies illustrate how contextual factors including age, time, and competition impact organizations in predictable ways; Aldrich and Martinez (2001) add entrepreneurial decision making as an additional contextual factor worthy of study. Finally, Ford (2011) applies organizational life cycle theory to explain the success or failure of nonprofits providing services traditionally provided by the government sector. Ford concludes that nonprofits highly dependent on government funding struggle to overcome their liability of newness in their first few years of operation.

All of the previously discussed applications demonstrate the explanatory and normative power of organizational life cycle theory. As the use of networks in public service delivery becomes more commonplace, there is value in

explaining how and why organizations are born, evolve, and die. Organizational life cycle theory also has normative value when used by policymakers to understand how successful organizations can be created, nurtured, and protected so as to address society's more wicked problems. Ford and Andersson (2016), for example, use the Milwaukee voucher school experience to explain how policies predicated on predictable organizational life cycles can be implemented to minimize the risk of a school failure. Generally, the theory can be applied to better understand the ecosystems of organizations providing publicly funded or subsidized services to citizens.

## Conclusion

Understanding the way in which government services are provided to citizens is impossibly without understanding the various actors that coordinate and deliver said services. Government itself is a vast network of organizations that collectively serve the public whom donate freedom and treasure to participate in a governed society. Yet, the way in which services are provided frequently changes. Government agencies are created, evolve, and sometimes are eliminated. The nonprofit organizations increasingly involved in publicly funded service delivery similarly are born, evolve, and die. Studying organizational life cycles allows both scholars and practitioners of public administration to better understand the common challenges faced by organizations over their life spans. Better understanding these life cycles can help policymakers and managers create stronger organizations that better serve the public.

## Cross-References

► Life Cycles of Nonprofit Organizations

## References

Aldrich HE, Martinez MA (2001) Many are called, but few are chosen: an evolutionary perspective for the study of entrepreneurship. Entrep Theory Pract 25(4):41–56

Boulding KE (1950) A reconstruction of economics. Wiley, New York

Delmar F, Shane S (2004) Legitimating first: organizing activities and the survival of new ventures. J Bus Ventur 19(3):385–410

Ford M (2011) School exits in the Milwaukee parental choice program: evidence of a marketplace? J School Choice 5(2):182–204

Ford MR, Andersson FO (2016) Determinants of organizational failure in the Milwaukee school voucher program. Policy Stud J. https://doi.org/10.1111/psj.12164

Greiner LE (1997) Evolution and revolution as organizations grow. 1972. Harv Bus Rev 76(3):55–60

Hager MA, Galaskiewicz J, Larson JA (2004) Structural embeddedness and the liability of newness among nonprofit organizations. Public Manag Rev 6(2):159–188

Kaufman H (1991) Time, chance and organizations, 2nd edn. Chatham House, Chatham

Lecy JD, Searing EA (2015) Anatomy of the nonprofit starvation cycle an analysis of falling overhead ratios in the nonprofit sector. Nonprofit Volunt Sect Q 44(3): 539–563

Lewis VL, Churchill NC (1983) The five stages of small business growth. Harv Bus Rev 61(3):30–50

Merton RK (1957) Social theory and social structure. Free Press, Glencoe

Stinchcombe AL (1965) Social structure and organizations. In: March J (ed) Handbook of organizations. Rand McNally, Chicago, pp 142–193

# Organizational Pathology

Craig Boardman[1] and Branco Ponomariov[2]
[1]Center for Organization Research and Design, Phoenix, AZ, USA
[2]University of Texas, San Antonio, TX, USA

## Synonyms

Organizational disaster; Organizational disease

## Definition

Organizational pathology a broad concept that encompasses any internal aspect of the organization that is a threat to organizational survival. Specifically, the concept analogizes organizational differentiation to vital organs and systems thereof in a human, organizational formalization

to biologic systems like circulation and respiration, organizational centralization to the brain, strategic and operational planning to synaptic firing in the brain, appendages and orifices to resource-dependent ties to the external environment, and organizational culture to personality and mental health.

## Introduction

The diagnosis of organizational pathologies assumes the survival of the host organization as axiomatic, without critical reassessment of its purpose and social utility. An organization considered to be purposeless or even harmful can be entirely "healthy" or free of organizational pathologies, just as an organization with just purpose and high social utility can be plagued.

Another assumption of the concept of organizational pathology is that an internal aspect of the organization deemed as pathological must pose problems that are abnormally detrimental to organizational performance, meaning much more than the incremental impacts that normal workaday frictions and conflicts can have.

Organizational pathologies are either abnormally high levels of these normal frictions and conflicts or qualitatively unique phenomena not typically associated with the workaday functioning of the organization.

Accordingly, organizational pathology is one of the broadest concepts in organizational studies. It can be used to address any internal aspect of an organization that has become dysfunctional, counterproductive, inefficient, disruptive, and destabilizing, to extent that is "pathological." The reason for the conceptual broadness is that the organization-as-organism analogy likens organizations to the more complex array of mechanisms and processes that constitute a human organism.

It is our view that as a concept organizational pathology has not been sufficiently defined and therefore that it has not been reliably and validly applied in organizational studies (Ponomariov and Boardman 2010). To remedy what we see as the potential pathology of organizational pathology, that is if the concept becomes pathological by it broadening in popularity without improvement, we first elucidate the organization-as-organism analogy. Next we extend the analogy to the physician specializing in internal medicine, which is to say the scholar or student interested in organizational pathology, by presenting four axioms for understanding and managing organizational pathologies, responsibly.

### The Organization-as-Organism Analogy, Redux

The concept of organizational pathology analogizes the organization to a complex living system (e.g., a biologic organism) that is replete with a brain; other vital organs; circulatory, respiratory, and digestive systems for distributing and using resources; appendages and orifices for acquiring and consuming vital resources from the external environment; other appendages for avoiding predators in the external environment; non-vital organs like those for reproduction; and yet other orifices for excreting waste and other potential toxins. To elaborate:

- *Vital organs*. The vital organs are the vertically and horizontally differentiated subunits that fulfill the core function or functions of an organization. Vital organs or core subunits operate collectively as systems using the other two constructs for organizational structure: formalization and centralization. Formalization and centralization are within the purview of the brain, which is to say the management and leadership of the organization.
- *The brain*. Leadership and management do most of the strategic and operational decision-making for the organization. Leadership makes decisions to help the organization to avoid the best predators or competitors. Management makes decisions to ensure that vital resources are acquired from the external environment and allocated internally in such a way that the vital organs or core subunits of the organization coordinate and communicate effectively if not efficiently to produce whatever products or services the organization is designed to provide. The operational and strategic plans of

the organization the leaders and managers implement, respectively, constitute the synaptic wiring and firing of the organizational brain, and both types of plan can be altered by organizational learning.

- *Sustenance*. Oxygen, calories, nutrients, and so on are analogous to the resources the organization must acquire from the external environment that are vital to the fulfillment of the organization's core functions. Appendages like arms, hands, and legs are analogous to the individuals and/or core subunits within the organization who/that have direct ties to the individuals and/or organizations in the external environment who/that are in possession of said resources. Because of the fundamental importance of acquiring vital resources with certainty and reliability, the individuals and/or subunits in the organization who/that have direct ties to the external environment exercise the most power in internal organizational decision-making. Typically these powerful individuals and/or subunits in the organization reside toward the top of the organizational hierarchy, typically in the brains or executive subunit of the organizational organism, in positions of management and leadership.
- *Psychological factors*. The psychology of the organization is its organizational culture – one of the more diffuse concepts in organizational studies. Like human organisms, an organization's psychology or culture is much more difficult to observe empirically than are the other internal aspects of the organization. Organizational cultures typically become pathological due to multiple other pathologies occurring elsewhere in the organization – for example, in a particular subunit, in management and leadership – that go unaddressed or addressed but persist and remain unremedied nonetheless.
- *Non-vital organs*. Non-vital organs are the vertically and horizontally differentiated subunits that fulfill the noncore functions of the organization, which are the functions that may not contribute to organizational outcomes, at least not vitally or essentially so, or could be outsourced. Non-vital or noncore subunits typically operate separately from the core organs or vital subunits in the organization, and noncore subunits are usually situated lower in the organizational hierarchy when compared to core subunits, but this is not always the case. Noncore functions of course can vary greatly, depending on the industry or the public policy area or the public service mission of the organization. And what is a noncore function for one organization may be a core function for another organization. Sometimes it is more efficient for an organization to outsource its noncore functions, depending on the asset specificity of noncore functions and the ease with which the performance of these functions by contractors can be measured validly and reliably.

The broadness of the organization-as-organism analogy logically dictates that there can be no per se narrowing of the organizational pathology concept. All incarnations of all internal aspects of organizations can become pathological and begin to function in ways that detract from the meta-outcomes that most every organization seeks – organizational effectiveness, efficiency, and longevity or survival. This goes whether an internal aspect of the organization affects one or more of these meta-outcomes directly or whether the internal aspect affects one or more meta-outcome indirectly, for instance, via middle-range outcomes such as increased turnover, increased absenteeism, decreased organizational commitment, decreased worker motivation, decreased job satisfaction, delinquent suppliers, and so on.

## Diagnosing Organizational Pathologies, Validly and Reliably

The below list includes but a fraction of the organizational pathologies that are addressed in the organizational studies literatures:

- Leader-member exchanges that engender suspicion rather than trust
- Leadership that fails to provide guidance for difficult tasks

- Leadership that provides too much oversight for the investigation of complex problems
- Bureaucratic personalities that obfuscate collective and/or individual performance
- Formalization that fails to fulfill its intended function

Each of these examples specifies a deficiency or failing of one or more internal aspect of an organization and not a negative outcome or consequence per se. For example, though poor leader-member relations may lead to increased turnover and with this a loss of human capital and decreased market share or, in the case of a government agency, a failure to provide a particular public service to all members of the target population, employee turnover is not per se pathological. Rather, in this particular example, employee turnover is a symptom of organizational pathology, in this example the organizational pathology being "low" leader-member exchanges characterized by mistrust if not additional negative sentiments.

This brings us to the first axiom for the organizational pathologist:

**Axiom 1** The diagnosis of an organizational pathology must specify the internal aspect or aspects of the organization that are dysfunctional, disruptive, inefficient, ineffective, and/or destabilizing.

This task is difficult because the conceptual definition of organizational pathology by itself does not contain clearly defined guidelines for identifying the pathological component of an organization. Much like the medical meaning of pathology is applied to specific system being affected in an organism, applying the notion of pathology to organizations also requires identifying the particular systems afflicted by a pathology. The field of organizational studies has yet to produce reliable and valid decision rules for measuring one or another internal aspect of an organization in these ways, much less for setting benchmarks that indicate when a particular internal aspect of the organization – a particular subunit or procedure or manager or whatever – is "pathological" to the organization.

The second axiom is ancillary to the first axiom:

**Axiom 2** A study or investigation of an organizational pathology must specify one or more organizational pathologies as antecedent to, directly or indirectly, one or more of the meta-outcomes of the organization.

If a particular study does not address the extent to which a dysfunctional or disruptive or unstable subunit or rule or whatever is having a negative impact on the organization, it is not a study of organizational pathology per se. For a study of organizational pathology, the explanatory variable must be one or more internal aspects of the organization, and the dependent variable must be one or another measure of organizational performance, or at least an outcome that is logically related to organizational performance. In the biological analogy, usually a pathology in a particular organ is diagnosed on the basis of deterioration of the overall performance (health) of the organism. The symptoms trigger a search for the pathology in a specific subsystem or organ. Accordingly, the third axiom emphasizes the valid and reliable measurement (identification) of organizational pathology:

**Axiom 3** An internal aspect of the organization is pathological when it hinders or impedes organizational performance because it meets one of the first three and/or the fourth of the following criteria:

- It fails to fulfill its organizationally sanctioned function.
- It fulfills its organizationally sanctioned function, but in a diminished capacity.
- It fulfills its organizationally sanctioned function, but for too long.
- It fulfills a function that is not organizationally sanctioned.

The reasons for these failures can vary. One of the most common pathologies studied is organizational formalization gone awry, i.e., "red tape." Whereas the organizational red tape literature applies these decision rules exclusively to organizational rules and procedures, these criteria are equally applicable to all other internal aspects of

the organization, including the subunits performing core functions and those performing noncore functions, leadership and management, and even organizational culture.

## Remedying Organizational Pathologies, Responsibly

There are two general approaches for remedying organizational pathologies: organizational design and organizational development. The design approach emphasizes an organization's vital organs or core subunits, its extrinsic incentives for inducing worker contributions toward organizational goals, and/or its operational plan and managerial decision calculus. In the biological analogy, the equivalents would be surgery. In contrast, the development approach emphasizes the psychology or culture of an organization, its intrinsic incentives for inducing worker contributions toward organizational goals, its strategy, and/or leader-member relations. In the biological analogy, the equivalent would be therapy.

Accordingly, the organizational design and organizational development approaches prescribe related but distinct remedies for organizational pathologies. To elaborate:

- *Changing the worker, not the work or the context of work*. The organizational design approach to the worker generally promotes person-organization fit or the rank-in-position approach to the worker. Specifically by way of (i) training and development so employees can stay in their current subunit and position, (ii) relocating workers to subunits and/or positions for which their skillsets and cognitive abilities are a better match or fit, (iii) terminating workers for which there is limited to no person-organization fit, and/or (iv) hiring new employees for which there is good or at least better person-organization fit.
- *Changing the work, not the worker or the context of work*. The organizational development approach to the worker generally promotes the rank-in-person approach to the worker, meaning it promotes changing the work, not the worker, so that it can better satisfy the intrinsic motives of the worker. Specifically by way of (i) providing the worker with work that is challenging but not too challenging, yet also interesting; (ii) guiding workers through tasks and projects that are too difficult and/or intimidating for them to navigate alone; and (iii) empowering the worker by granting them enhanced decision-making authority over matters pertaining directly to their work.
- *Changing the context of work, not the work or worker*. Both the design and development approaches acknowledge that even when workers are positioned and motivated so that they can make sufficient or better contributions toward organizational goals, organizational pathologies can persist still. In such instances, the context in which an organization's workers must work becomes the change point. From the design perspective, this means restructuring an organization so that it better aligns worker behaviors with organizational goals – by way of a new or rearranged subunits and new or revisited extrinsic incentives. From the development perspective, changing the context of work too can mean restructuring, and it can additionally mean changing leadership approaches or leaders when there is a failure to change the work to workers' liking (see the above bullet), but rather to align the intrinsic (versus extrinsic) motives of workers with organizational goals.

The organizational design and organizational development approaches for remedying organizational pathologies are not mutually exclusive. In fact it is quite easy to find evidence of both approaches in the numerous case studies of dysfunctional organizations available on Electronic Hallway and Harvard Business School depositories. It is challenging to understand which remedy or remedies to pursue, if any, which brings us to our final axiom for the study of organizational pathologies, one that is aimed more at practitioners than academics:

**Axiom 4** Do no harm.

There are two ways an organizational pathologist can harm an organization.

- He or she could pick a remedy that fails to mitigate or even exacerbates a given pathology.
- Related, he or she could misapply or ignore the third axiom above by diagnosing an internal aspect of the organization as pathological when it is in fact not pathological.

Regarding the first way an organizational pathologist can do harm, we defer to the organizational change literature, which elaborates the organizational design and development approaches for remedying organizational pathologies and more broadly to the management science literature, which focuses on modeling organizational performance. As for the second way an organizational pathologist can do harm, we discuss two common misdiagnoses.

First, take the example of internal conflict in an organization. Though sometimes internal conflict can be disruptive and detract from organizational performance, some degree of conflict is inevitable in organized activity, and within a certain range it can be even beneficial, for instance, for generating innovative solutions to complex problems (Simon 1947), which is to suggest that too little as well as too much conflict can be pathological in organizational scenarios wherein organizational innovation is fundamental to organizational performance if not survival. In contrast, an organization whose core functions is to provide a basic product or service – think trash collection – internal conflict is undesirable, yet still not necessarily pathological. Internal conflict in such an organization would become pathological only in extreme cases, for instance, when workers strike.

Second, take the popular characterization of organizational rules and procedures as "red tape." Whereas all organizational rules and procedures involve a compliance burden, only those entailing a compliance burden without contributing to organizational goals are pathological (see Axioms 1 and 3 above). As Herbert Kaufman famously noted, one person's red tape is another's treasured procedural safeguard. An organizational pathologist should not be focused on reducing formalization for the sake of reducing formalization. He or she should advise against hasty interventions before accumulating sufficient evidence that a rule or procedure is indeed pathological and therefore red tape, no matter what the preferences of the client or other stakeholders.

## Conclusion

The concept of organizational pathology needs further development. Due to a lack of clear parameters and decision rules for applying the concept, it has been applied inconsistently throughout the organizational studies literature. Some studies of organizational pathology fail to use the concept altogether, whereas other studies use it despite there being nothing at all pathological about the unit of study. This problem is partly a function of the broadness of the organization-as-organism analogy and partly a function of the laziness of organization studies and management scholars. In this essay we have tried to make sense of the concept in such a way that brings some consistency to its application. Pending further development, we remain uncertain of the concept's value, to organizational scholarship and organizations. Indeed, the idea of organizational pathology itself may be pathological. The concept is susceptible to being used to further political agendas rather than those for the effective and efficient production of public and private goods and services. And not all organizational pathologies should be remedied – some organizations should be allowed to die of natural causes, be it by way of obsolescence or having been bested by a natural predator or competitor.

## Cross-References

► Managing Conflict in Organizations
► Models of Organizational Change
► Organizational Innovation

## References

Ponomariov B, Boardman C (2010) Organizational pathology compared to what? The impacts of job characteristics and career trajectory on perceptions of organizational red tape. Public Adm Rev 71(4):582–597

Simon HA (1947) Administrative behavior: a study of decision-making processes in administrative organization, 1st edn. Macmillan, New York

# Organizational Reputation

Danbee Lee
School of Public Affairs and Administration, Rutgers University, Newark, NJ, USA

## Synonyms

Organizational image

## Definition

Daniel Carpenter defined organizational reputation as "a set of beliefs about an organization's capacities, intentions, history, and mission that are embedded in a network of multiple audiences" (Carpenter 2010, 33).

## Introduction

Organizational reputations are impressions of organizations that stakeholders share based on their capacity, roles, policies, and obligations (Fombrun and Shanley 1990; Carpenter 2010). Organizations' accumulative pasts and prospective behaviors influence diverse affiliations to evaluate how attractive the organizations are (Carpenter 2001, 2010; Fombrun 1996, 2012; Post and Griffin 1997). It is important for organizations to maintain good reputations with multiple audiences, including politicians, interest groups, citizens, community, employees, and customers (Carpenter 2001; Post and Griffin 1997). It means that the audiences are willing to support the organization physically and emotionally.

Public agencies could gain political power through the reputations, which are based on the audiences' assessments of their behaviors. Bad reputations of public agencies indicate that audiences are unsatisfied with agencies' behavior. Good reputations mean that audiences favor what agencies do. When public agencies continuously obtain bad reputations, people would start to question about complying with the programs or the rules that are provided by the government. On the opposite side, if the organizations accumulate positive reputations, they gain political power to earn legitimacy for their current programs and future plans. In short, reputation could lead public organizations to behave desirably without strong control of regulations (Busuioc 2016).

This article focuses on why reputations of public agencies are important from the perspective of the relationships with their audiences, including citizens and politicians. Citizens are ultimate principals of public agencies. Politicians are principals of public agencies defined by the US Constitution. Reputations can help public agencies to improve the relationships with citizens and politicians. Also, this study suggests how reputations could benefit public agencies performing within network, which is a prevalent form of governance structure. It will show how government can utilize their reputations to interact with multiple actors within network structure. Overall, this article would suggest why we should seriously consider reputations of public agencies seriously.

## Reputation of Public Agencies in the Eyes of Citizens

Reputations of public agencies are important, because they reveal evaluations of citizens on government whether their desires are fulfilled or not. Citizens are ultimate principals that government should serve. Government should provide citizens safety, services, and solutions to their problems. Public agencies need signals to guide the directions that they should execute policies. It should reflect citizens' needs and desires. Reputations can give public agencies a sign whether their current behaviors are positively or negatively perceived by citizens. The effort of public agencies to maintain or earn good reputations could ultimately increase citizens' trust in government.

Trust in government implies that citizens feel their emotional needs are fulfilled by government. It is also an assessment of whether the behavior of government is in line with the public's normative

expectations (Berman 1997; Miller and Listhaug 1990). High trust gives a legitimacy to government and promotes citizens' compliance of rules and participation (Levi and Stoker 2000; Tolbert and Mossberger 2006). However, low trust in government shows citizens are doubtful about the possibility of their government being good within their relationship (Damon 1995; Barber 1983; Merton 1957). Distrust toward government comes from problems of government and its officials' integrity, purpose, and effectiveness (Starobin 1995; Durant 1995; Jurie 1988).

Improving reputations of public agencies can be a way to increase trust in government. While trust emphasized situational factors for relationships, reputation is a result of trustworthy behavior which engenders trust (Blois 1999; Hosmer 1995; Swift 2001). Government doesn't earn trust through command, because the judgements of people are based on their belief. It is a belief that behavior of government is and will be trustful based on their accumulated trustworthy behavior (Swift 2001). In other words, when government consistently shows trustful behaviors, they contribute to reputations for trustworthiness. It could ultimately increase trust in government. Managing reputation of government for good integrity, purpose, and effectiveness would be a key to restore the distrustful image of the government.

Also, reputations can measure diverse aspects of public agencies, which would help them strategically increase trust in government. Reputation calibrates how capable public agencies are by evaluating their performance, procedure, morality, and technique (Carpenter 2010). Multiple dimensions of reputation influence the reaction of constituencies and how the public officials behave (Carpenter and Krause 2012). These help public agencies to understand the true expectations of citizens and decide what reputations should prioritized. For example, agencies like NASA which deals with tasks that are technical and specialized could emphasize technical reputations (Carpenter and Krause 2012). The strategic decision of managing multiple reputations help to change the negative attitudes of citizens and restore the relationship between citizens and government.

## The Impact of Public Agencies' Reputations on Legislatures

Reputation can offer political power to public agencies in their relationships with legislatures. Throughout history, politicians had superior status over public agencies, and this hierarchical political system was taken for granted in democratic systems. The US Constitution assigned the legislative branch a power to make the laws, as well as create, fund, and empower the public agencies to implement the laws (Carpenter 2001). The founders believed citizens could reveal what they want through regular elections. Elections gave legislators the legitimacy to obtain power over executives. The founders worried about the executive branch to make a tyranny more likely, which would jeopardize liberty of citizens (Lowery 1993). As a result, the legislature was in charge of preventing the executives from abusing power. The accountability of public agencies was being responsive toward legislatures by executing the rules made by politicians (Friedrich 1940).

However, as the society became more complex and larger, legislatures became more detached from the citizens while their reliance on executives increased. The numbers of politicians were too little to deliver all the requests of the whole population. The politicians had limited resources to reach all the problems that citizens faced in their daily lives. Comparable to the legislature, public agencies delivered more services and programs to citizens as the government was getting bigger. As public administration's size increased, public agencies gained more personal and financial resources to reach to the diverse range of citizens while implementing the policies (Friedrich 1940; Behn 2001). As the citizens' connections with public agencies broadened, their reliance and expectation on public agencies also increased.

The public agencies had limitations when handling the citizens' problems directly, because they lacked legitimacy to make independent decisions. People who followed traditional views argued that the problems caused by societal changes should be solved by designing the rules more accurately and effectively, which meant strengthening

legislatures instead of giving executives political powers (Finer 1941). Public agencies had weak legitimacy to make decisions independently because of those people who didn't want confusion in the systems.

Reputation-conditioned autonomy was suggested to offer legitimacy to the executive branch's power to make independent decisions from legislatures (Carpenter 2001). Carpenter (2001) argued that executives could make decisions based on their preferences regardless of that of politicians when the public agencies developed reputations for expertise, efficiency, or moral protection. Those reputations could be bedrocks for public agencies to establish legitimacy for making decisions. It was earning trust from politicians and multiple audiences that allowed them to serve the jobs without monitoring in hierarchical systems. If legislatures were persuaded that public agencies could do the work properly, it would give the agencies the leverage to decide and behave independently. It transformed legislatures' hierarchical control toward public agencies' self-control.

## Reputation and Network

Reputation influences organizational behavior within networks where multiple organizations are interdependently involved (O'Toole 2014). Networks have been regarded as new form of governance in current society. Unlikely past government systems which emphasized hierarchical systems, networks stress the horizontal relationship among diverse actors, such as private organization, public agencies, interest groups, and the general public. This means that the responsibility, compliance, and punishment became less clear in the structure, but relationships among those actors became significant. Cooperation and reciprocity among actors are important results in successful policy outcome (Powell 1990; Moynihan 2012; Ingold and Leifeld 2016). Reputation can be one of the sources that can help to build up cooperation and lead to successful outcomes of network governance.

It is believed that reputation can maintain reciprocal relationships between actors, which are an important feature of network governance. Reputation for trustful behavior, such as keeping promises and good performance, would lead the actor to earn trust from other actors for being trustworthy. This series of processes help the actors willing to participate in "mutually productive social exchange" (Ostrom 2003, p. 13). On the other side, reputation for being untrustworthy can have a function as punishment, because other actors in network try not to engage with the actor. When there are not clear measurements for selecting or evaluating the participants within network, the balance can be maintained through reputations (Ingold and Leifeld 2016). Without strict orders or monitoring processes, participants could have incentives to follow norms in network and produce mutually beneficial results.

However, we have to keep in mind that reputations of public agencies can be a "double-edged sword" (Moynihan 2012, p. 571). It is because public agencies have complex relationships with multiple audiences, and they don't perceive the agencies in the same ways. Public agencies implement the rules that are decided by legislatures, while their ultimate goal is to serve the public well. This means that public agencies are sensitive toward blame and criticism for their outcomes of the service provided by network. Their political responsibilities toward politicians and citizens sometimes are more important than trust and reciprocity norms with actors in network. The problem arises especially when the responsibilities of actors within network are vague. As more power imbalances exist within a network and costs of blame from outside of network become critical, public agencies try to sacrifice the reputations with network members to protect their reputation from outside of network (Carpenter 2001; Moynihan 2012).

## Conclusion

This entry suggests the meaning of organizational reputation in public administration. Reputation implies an assessment of the organization constructed by multiple audiences. For private organizations, reputation is an important asset to

ultimately gain financial benefits by attracting more investment or selling more products. However, reputation for the public sector has different meanings, because the expectations of multiple audiences are different for public organizations. Citizens want the public agencies to serve them better as well as the programs to fulfill their desire related to diverse public values. When citizens perceive that public agencies are doing well, they have more positive views that the organizations are trustworthy. This can lead to an increase of trust in government and gain the support from the public, which are essential to successful policy outcomes. Also, within the relationships with politicians, executives can earn more autonomy by gaining more positive reputations about their ability to do the work by themselves. This would create more political power to public agencies. Lastly, reputation would become more important in current governance structures which are emphasized on network. When more emphasis was put on reciprocity and horizontal relationships, reputation would become more important to maintain and regulate the behavior in network to govern the process.

## References


Barber B (1983) The logic and limits of trust. Rutgers University Press, New Brunswick

Behn RD (2001) Rethinking democratic accountability. Brookings Institution Press, Washington, DC

Berman EM (1997) Dealing with cynical citizens. Public Adm Rev 57(2):105–112

Blois KJ (1999) Trust in business to business relationships: an evaluation of its status. J Manag Stud 36(2):197–215

Busuioc EM (2016) Friend or foe? Inter-agency cooperation, organizational reputation, and turf. Public Adm 94(1):40–56

Carpenter DP (2001) The forging of bureaucratic autonomy: reputations, networks, and policy innovation in executive agencies, 1862–1928. Princeton University Press, Princeton

Carpenter DP (2010) Reputation and power. Princeton University Press, Princeton

Carpenter DP, Krause GA (2012) Reputation and public administration. Public Adm Rev 72(1):26–32

Damon W (1995) Greater expectations. Free Press, New York

Durant RF (1995) The democratic deficit in America. Polit Sci Q 110(1):25–47

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1(4):335–350

Fombrun CJ (1996) Reputation: realizing value from the corporate image. Harvard Business School Press, Boston

Fombrun CJ (2012) The building blocks of corporate reputation: definitions, antecedents, consequences. In: Barnet M, Pollock T (eds) The oxford handbook of corporate reputation. Oxford University Press, Oxford, pp 94–113

Fombrun CJ, Shanley M (1990) What's in a name? Reputation building and corporate strategy. Acad Manag J 33(2):233–258

Friedrich CJ (1940) Public policy and the nature of administrative responsibility. Public:3–24

Hosmer LT (1995) Trust: the connecting link between organizational theory and philosophical ethics. Acad Manag Rev 20(2):379–403

Ingold K, Leifeld P (2016) Structural and institutional determinants of influence reputation: a comparison of collaborative and adversarial policy networks in decision making and implementation. J Public Adm Res Theory 26(1):1–18

Jurie J (1988) Bureaucracy and higher education: the redefinition of relevance. Scholar Educator 12:80–91

Levi M, Stoker L (2000) Political trust and trustworthiness. Ann Rev Political Sci 3(1):475–507

Lowery D (1993) A bureaucratic-centered image of governance: the founders' thought in modern perspective. J Public Adm Res Theory 3(2):182–208

Merton RK (1957) Social theory and social structure. Free Press, New York

Miller AH, Listhaug O (1990) Political parties and confidence in government: a comparison of Norway, Sweden and the United States. Br J Political Sci 20(July):357–386

Moynihan DP (2012) Extra-network organizational reputation and blame avoidance in networks: the Hurricane Katrina example. Governance 25(4):567–588

O'Toole LJ (2014) Networks and networking: the public administrative agendas. Public Adm Rev 75(3): 361–371

O'Toole LJ Jr (2015) Networks and networking: the public administrative agendas. Public Adm Rev 75(3): 361–371

Ostrom E (2003) Toward a behavioral theory linking trust, reciprocity, and reputation. In: Ostrom E, Walker J (eds) Trust and reciprocity: interdisciplinary lessons from experimental research. Sage, New York, pp 9–79

Post JE, Griffin JJ (1997) Corporate reputation and external affairs management. Corp Reput Rev 1(1/2):165–171

Powell WW (1990) Neither market nor hierarchy: network forms of organization. In: Staw B, Cummings LL (eds) Research in organizational behavior. JAI Press, Greenwich, pp 295–336

Starobin P (1995) A generation of vipers: journalists and the new cynicism. Columbia Journalism Rev 33(6):25

Swift T (2001) Trust, reputation and corporate accountability to stakeholders. Bus Ethics 10(1):16–26. https://doi.org/10.1111/1467-8608.00208

Tolbert CJ, Mossberger K (2006) The effects of e-government on trust and confidence in government. Public Adm Rev 66(3):354–369

# Organizational Socialization

Deneen M. Hatmaker[1], Stéphane Moyson[2] and Nadine Raaphorst[3]
[1]Department of Public Policy, University of Connecticut, West Hartford, CT, USA
[2]Institut de Sciences Politiques Louvain-Europe, Université catholique de Louvain, Louvain-la-Neuve, Belgium
[3]Department of Public Administration and Sociology, Erasmus University Rotterdam, Rotterdam, The Netherlands

## Synonyms

Onboarding; Professional socialization; Socialization; Socialization tactics

## Definition

Organizational socialization is the process by which newcomers become effective organizational members.

## Introduction

Public sector organizations are largely assessed by their effectiveness and to a large extent their effectiveness relies on their most important asset – employees. As such, how to transition new employees into effective organizational members who are likely to serve the organization for a long time is a key concern for public sector managers. They may expend a great deal of effort and resources to bring new employees onboard through activities such as orientation, training, mentoring, buddy systems, and on-the-job training. These activities comprise formal organizational socialization tactics – the means by which an organization inculcates newcomers with the organizational culture and transforms them into full-fledged, effective organizational members (Van Maanen and Schein 1979). A great deal of literature in the general organizations and management literature has focused on organizational socialization. In public administration, most research on organizational socialization is relatively recent, although it is a growing area.

Public sector organizations face unique challenges that make socialization especially important and that influence how they onboard newcomers. First, changing environmental factors, such as budget cuts and public administration reforms, require public employees to respond rapidly and effectively to changing, multiple, and sometimes conflicting demands. Second, public agencies face unique challenges in recruiting and motivating employees. They are typically more constrained than private sector organizations in using monetary incentives to attract new agents and foster their motivation. Their often negative bureaucratic image can also make it more difficult to attract and recruit qualified job candidates. Third, public sector employees are often attracted to public organizations because of their interest in policy-making, their compassion for others, or their desire to serve the public interest. But the reality of public service may make it difficult for them to maintain those inspirations over time, and as their tenure increases, they may actually become less idealistic (Kjeldsen 2014). Hence, socialization is especially important for public sector organizations because it transmits organizational values and culture among newcomers, fosters their organizational commitment, communicates expected behaviors, and instills skills needed to become productive organizational members (Romzek 1990; Van Maanen and Schein 1979).

Organizational socialization, or onboarding, is the process by which newcomers become full-fledged, productive organizational members (Louis 1980; Van Maanen and Schein 1979). When newcomers join an organization and assume a new role, they experience entry shock or surprise as they make sense of their new roles, responsibilities, and organizational norms (Ashforth 2001; Louis 1980). They absorb as much organizational and task-related information as possible while at the same time they must simply learn how to fit in. New employees also must determine "who is who" within the organization in terms of roles, power, influence, and access to resources. As a result, they must sort

through a great deal of information, signals, and expectations in order to become functional employees who fit in well. As such, one key function of socialization is uncertainty reduction for new employees (Bauer et al. 2007). Organizational socialization efforts are also geared toward instilling organizational values, norms, and culture and transferring knowledge and information needed to perform effectively (Bauer et al. 1998; Louis 1980; Romzek 1990; Van Maanen and Schein 1979). This process involves activities for new employees where they are "given broad responsibilities and autonomy, entrusted with "privileged" information, included in informal networks, encouraged to represent the organization, and sought out for advice and counsel by others" (Louis 1980, p. 231). Organizational socialization is a learning process – newcomers must become proficient in and understand the norms, expectations, roles, and responsibilities that define their organizational membership (Ashforth et al. 2007).

Organizational socialization tactics are generally categorized as "institutionalized" or "individualized" (Jones 1986; Van Maanen and Schein 1979). With institutionalized socialization, organizations invite newcomers to think and behave according to preestablished roles, thus encouraging them to follow very structured processes. In sharp contrast, organizations relying on individualized socialization integrate newcomers more by default than by design and invite them to be innovative and to actively design their own role in their new organization. Van Maanen and Schein (1979, pp. 232–247) further developed a typology of six dichotomous socialization tactics that have been the basis of a great deal of organizational socialization research:

- *Collective* vs. *individual*: Whether newcomers are placed into groups and given common experiences or socialized individually
- *Formal* vs. *informal*: Whether newcomers are segregated from organizational members and given experiences specifically for newcomers
- *Sequential* vs. *random*: The degree to which newcomers must follow a specific set of steps leading to the final role
- *Fixed* vs. *variable*: The degree to which steps in the process are linked to a specific timetable
- *Serial* vs. *disjunctive*: Whether experienced members serve as role models for newcomers who will adopt similar roles
- *Investiture* vs. *divestiture*: The degree to which the socialization process confirms or disconfirms the newcomer's preexisting identity (Saks and Ashforth 1997a, b, p. 49).

Although a great deal of research has focused its attention on the organization's efforts to onboard new employees, newcomers are not necessarily passive participants in the socialization process. They may engage in their own proactive efforts to access organizational information and job knowledge, to obtain performance feedback, and to connect with experienced organizational members (Morrison 1993; Saks and Ashforth 1997a, b). Newcomers themselves also influence how and whether they absorb and internalize new information about their work and the organization (Ashforth et al. 2007). Through their proactivity, newcomers seek to further reduce the uncertainties related to their new responsibilities by accessing people and information that may not be available through the channels provided by formal socialization tactics (Ashford and Black 1996). New employees seek information about how well they are performing, the nature of their relationships with other organizational members, and what is actually expected of them (Bauer et al. 2007). Levels of proactivity among new employees can vary based on individual differences and contextual factors such as the organizational culture or managerial support (Crant 2000).

Several factors can affect how well newcomers obtain and make sense of new knowledge, the organizational culture, and norms and expectations. Socialization antecedents include factors at the individual and organizational level (Bauer et al. 2007; Fang et al. 2011; Hatmaker 2015). At the individual level, identity, personality traits, proactivity, relationship building, and preexisting identity, knowledge, values, and beliefs influence the socialization process and ultimately its outcomes. Organizational culture and structure and the type of socialization tactics employed can also

affect how well newcomers become adjusted to their new role and organization.

Organizational socialization has been associated with a variety of key organizational outcomes that are important for public sector organizations. These outcomes can be viewed as relatively proximal outcomes associated primarily with newcomer adjustment and distal outcomes that affect both the newcomer and the organization. Newcomer adjustment includes role clarity, self-efficacy, increased organizational knowledge, task mastery, a sense of belonging, and identification (Bauer et al. 2007; Fang et al. 2011). Longer-term outcomes include career success factors such as performance, satisfaction, advancement, job growth, organizational commitment, intentions to remain, and turnover (Bauer et al. 2007; Fang et al. 2011). One outcome that may be of particular concern to public sector managers and organizations is how well newcomers develop a public service identity as a result of the formal and information socialization activities (Hatmaker 2015).

## Public Administration Research on Organizational Socialization

Three mainstreams of public administration research on organizational socialization may be distinguished. First, fit studies examine whether selection, onboarding, training, mentoring or promotion practices, as well as job and organizational characteristics, allow newcomers to become productive members of organizations as expressed by their levels of loyalty and commitment, their intentions to stay/quit, their job satisfaction, their competence, their social integration, as well as the perceptions on, or contribution to, their roles and goals within the organization (for recent examples, see Bright 2010; Dougherty and Van Gelder 2015; Jaskyte 2005; Jaskyte and Lee 2009; Peng et al. 2015). The main message that results from this literature is that organizational participation does not mechanically lead to higher person-organization fit: such a fit depends on a diversity of organizational antecedents (e.g., socialization tactics) and individual antecedents (e.g., proactive behaviors).

Second, some research looks at the effect of organizational participation on the level of public service motivation (Perry 1996) of newcomers (even if this research does not specifically refer to the concept of organizational socialization). This research shows that pre-entry levels of public service motivation tend to decrease after organizational entry. At the same time, some studies demonstrate the unequal influence of organizational socialization processes on the different dimensions of public service motivation (e.g., Davis 2011; Perry 1997). Decreases in public service motivation are theoretically attributed to postentry discrepancies (or "reality shocks": Kjeldsen 2014; Kjeldsen and Jacobsen 2013) between reality and newcomers' pre-entry expectations toward their supervisor, coworkers, and clients. Such decreases are reduced by some socialization antecedents, such as the importance attached by newcomers' colleagues to public values (Vandenabeele 2011) or "high commitment human resources practices" (Gould-Williams et al. 2014). Hence, organizations making special efforts to foster levels of public service motivation among their employees are able to temper the effects of discrepancies between newcomers' expectations and reality.

Third, several studies look at the constructivist process inducing "Eurocrats" such as European officials and state representatives into the norms and rules of supranational institutions (Checkel 2005). Eurocrats, this literature notices, learn about each other's beliefs and interests through their interactions. This process of "supranational socialization" influences Eurocrats' preferences on policies and in politics with an ultimate impact on supranational decisions and integration (e.g., Beyers 2010; Murdoch and Geys 2012; Suvarierol et al. 2013). Overall, this literature suggests that the importance of supranational socialization should not be exaggerated, especially when compared to more structural factors such as the Eurocrats' national affiliation of origin Quaglia et al. (2008) suggest that Eurocrats are multifaceted, becoming European in values but remaining attached to their national interests of origin.

The last category of studies is more heterogeneous. For example, Oberfield (2014) examines the effect of informal socialization influences (e.g., interactions with other newcomers and with veteran organizational members) and formal socialization tactics (e.g., training) on police officers' rule-following attitudes, use of force, as well as "service-oriented motivations" (e.g., "keeping order in the streets") and "self-interested motivations" (e.g., "getting a respected job"). He finds that, despite those influences, pre-entry attitudes and motivations are likely to remain the strongest predictors of postentry attitudes and motivations after some months or years of service. Van Kleef (2016) has also pinpointed the decisive influence of pre-entry norms, values, and attitudes of newcomers on their organizational socialization. Several other studies relate differences in organizational socialization processes with differences in public spending preferences of members from different organizations (Dolan 2002), in the perceptions of corruption of the elite and the public (Jackson and Smith 1996) or in the respective interests of elected officials and civil servants (Collins 1985).

Theoretically speaking, public administration studies use socialization effects to understand employees' perceptions, attitudes, and behaviors in two ways. A first category of studies contrasts socialization effects with other effects explaining homogeneity such as selection effects – public employees from the same organization being more homogenous in their attitudes and behaviors, not because the organization has transformed them, but because they were already similar when entering the organization. A second category of studies compares socialization effects with theories accounting for heterogeneity in organizational members' attitudes and behaviors. Typical of this category are European socialization scholars, who examine cases in which organizational socialization could overcome differences among Eurocrats resulting from diverging national interests. This is also typical of scholars comparing the homogenizing effect of organizational socialization and the effect of "representative bureaucracy," accounting for heterogeneity through the tendency of bureaucrats from different origins to "press for the interests and desires of those whom he is presumed to represent" (e.g., an ethnic minority or men/women: Bradbury and Kellough 2011, p. 158; Dolan 2002; Wilkins and Williams 2008, 2009).

## Agenda for Future Research

Despite the extant research on organizational socialization within the general organizations and management literature and the nascent research within public sector scholarship, there remain several avenues for future research. Public administration research could give more attention to informal socialization processes. Most studies remain focused on formal practices or patterns of organizational socialization, such as organizational tactics, trainings, mentoring, etc. Future research efforts could also be concentrated on informal socialization practices in additional to the formal tactics. This entails looking at employees' informal conversations during lunch or coffee breaks and analyzing the stories they tell each other. Doing so requires the use of more inductive and interpretive approaches, such as narrative inquiry, ethnography, and participant observation.

More research could also examine the process of socialization rather than focusing on outcomes. Doing so means going beyond quantitative data to collect qualitative data that can reveal the underlying dynamics of the socialization process. To analyze socialization as a process, longitudinal data is also required. Although there is some use of longitudinal data in socialization studies, an increase in the examination of socialization tactics and employee behaviors over time is needed. Future studies could examine the processes allowing newcomers to become similar to existing organizational members, as well as those that foster their creativity and divergence from the organizational norm. To the extent that new employees bring new perspectives and ways of doing things into an organization, future research may wish to examine a perhaps unintended part of the socialization process – how newcomers may change the organization at the same time they are

learning and adopting organizational ways of thinking and acting.

More comparative research is needed to specifically assess the differences and similarities of socialization in different contexts. Socialization research is scattered across disciplines and subfields such as PSM, street-level bureaucracy, and European socialization. These fields draw on similar theories, but are fairly isolated from each other. Comparing different contexts could further contribute to the development of socialization theories.

Public administration research could expand its focus on socialization antecedents that may be specific to the public sector at both the organizational and individual level. Public sector organizational culture, structure, and goals may differently influence socialization than those of the private sector. For example, to the extent that public sector may be more routinized and rule-based, offering employees less discretion, its structure, and processes may uniquely influence socialization and specific outcomes, such as employee innovation.

Future studies could also expand our understanding of newcomer proactivity and relationship building. In particular, the examination of newcomer social networks and how they change over time could lend more insight into informal socialization processes and their effects on socialization outcomes (Fang et al. 2011; Hatmaker 2015). Individual proactivity can influence to whom newcomers connect, and these connections can offer important organizational knowledge, job information, social capital, and other resources. Access to key organizational insiders may affect how quickly and the extent to which they become full-fledged organizational members. Peer-to-peer relationships can influence new employees develop a sense of belonging within the organization.

## Conclusion

A better understanding of organizational socialization processes taking place in public organizations is more important than ever. In such organizations, employees face increasing pressure to deal reach ambitious objectives with limited means. An understanding of how public managers can make their newcomers effective but at the same time innovative, motivated, and committed to the organization can be crucial to long-term organizational performance and survival.

## Cross-References

► Organizational Turnover
► Public Service Motivation

## References

Ashford S, Black J (1996) Proactivity during organizational entry: the role of desire for control. J Appl Psychol 81:199–214

Ashforth B (2001) Role transitions in organizational life: an identity-based perspective. Lawrence Erlbaum Associates, Mahwah

Ashforth B, Sluss D, Harrison S (2007) Socialization in organizational contexts. Int Rev Ind Organ Psychol 22: 1–70

Bauer T, Morrison E, Callister R (1998) Organizational socialization: a review and directions for future research. In: Ferris G (ed) Research in personnel and human resource management. JAI Press, Greenwich, pp 149–214

Bauer T, Bodnerr T, Erdogan B, Truxillo D, Tucker J (2007) Newcomer adjustment during organizational socialization: a meta-analytic review of antecedents, outcomes, and methods. J Appl Psychol 92:707–721

Beyers J (2010) Conceptual and methodological challenges in the study of European socialization. J Eur Publ Policy 17:909–920

Bradbury M, Kellough J (2011) Representative bureaucracy: assessing the evidence on active representation. Am Rev Public Adm 41:157–167

Bright L (2010) Why age matters in the work preferences of public employees: a comparison of three age-related explanations. Public Pers Manag 39:1–14

Checkel J (2005) International institutions and socialization in Europe: introduction and framework. Int Organ 59:801–826

Collins N (1985) Councillor/officer relations in Irish local government: alternative models. Public Adm 63: 327–344

Crant J (2000) Proactive behavior in organizations. J Manag 26:435–462

Davis R (2011) Blue-collar public servants: how union membership influences public service motivation. Am Rev Public Adm 41:705–723

Dolan J (2002) Representative bureaucracy in the federal executive: gender and spending priorities. J Public Adm Res Theory 12:353–375
Dougherty G, Van Gelder M (2015) Public agency hiring, minimum qualifications, and experience. Rev Publ Person Adm 35:169–192
Fang R, Duffy MK, Shaw JD (2011) The organizational socialization process: review and development of a social capital model. J Manag 37(1):127–152
Gould-Williams J, Bottomley P, Redman T, Snape E, Bishop D, Limpanitgul T, Mostafa A (2014) Civic duty and employee outcomes: do high commitment human resource practices and work overload matter? Public Adm 92:937–953
Hatmaker D (2015) Bringing networks in: a model of organizational socialization in the public sector. Public Manag Rev 17:1146–1164
Jackson M, Smith R (1996) Inside moves and outside views: an Australian case study of elite and public perceptions of political corruption. Governance 9:23–42
Jaskyte K (2005) The impact of organizational socialization tactics on role ambiguity and role conflict of newly hired social workers. Adm Soc Work 29:69–87
Jaskyte K, Lee M (2009) Organizational commitment of social workers: an exploratory study. Adm Soc Work 33:227–241
Jones G (1986) Socialization tactics, self-efficacy, and newcomers' adjustments to organizations. Acad Manag J 29:262–279
Kjeldsen A (2014) Dynamics of public service motivation: attraction–selection and socialization in the production and regulation of social services. Public Adm Rev 74: 101–112
Kjeldsen A, Jacobsen C (2013) Public service motivation and employment sector: attraction or socialization? J Public Adm Res Theory 23:899–926
Louis M (1980) Surprise and sense making: what newcomers experience in entering unfamiliar organizational settings. Adm Sci Q 25:226–251
Morrison E (1993) Newcomer information-seeking – exploring types, modes, sources, and outcomes. Acad Manag J 36:557–589
Murdoch Z, Geys B (2012) Instrumental calculation, cognitive role-playing, or both? Self-perceptions of seconded national experts in the European Commission. J Eur Publ Policy 19:1357–1376
Oberfield Z (2014) Becoming bureaucrats: socialization at the front lines of government service. University of Pennsylvania Press, Philadelphia
Peng S, Pandey S, Pandey S (2015) Is there a nonprofit advantage? Examining the impact of institutional context on individual-organizational value congruence. Public Adm Rev 75:585–596
Perry J (1996) Measuring public service motivation. An assessment of construct reliability and validity. J Public Adm Res Theory 6:5–22
Perry J (1997) Antecedents of public service motivation. J Public Adm Res Theory 7:181–197
Quaglia L, De Francesco F, Radaelli C (2008) Committee governance and socialization in the European Union. J Eur Publ Policy 15:155–166
Romzek B (1990) Employee investment and commitment: the ties that bind. Public Adm Rev 50:374–382
Saks A, Ashforth B (1997a) Organizational socialization: making sense of the past and present as a prologue for the future. J Vocat Behav 51:234–279
Saks A, Ashforth B (1997b) Socialization tactics and newcomer information acquisition. Int J Sel Assess 5: 48–61
Suvarierol S, Bsuioc M, Groenleer M (2013) Working for Europe? Socialization in the European Commission and agencies of the European Union. Public Adm 91: 908–927
Van Kleef D (2016) Changing the nature of the beast: how organizational socialization contributes to the development of the organizational role identity of Dutch veterinary inspectors. PhD dissertation, Leiden University, Leiden
Van Maanen J, Schein E (1979) Toward a theory of organizational socialization. In: Staw B (ed) Research in organizational behavior, vol 1. JAI Press, Greenwich, pp 209–264
Vandenabeele W (2011) Who wants to deliver public service? Do institutional antecedents of public service motivation provide an answer? Rev Public Person Adm 31:87–107
Wilkins V, Williams B (2008) Black or blue: racial profiling and representative bureaucracy. Public Adm Rev 68:654–664
Wilkins V, Williams B (2009) Representing blue: representative bureaucracy and racial profiling in the Latino community. Adm Soc 40:775–798

# Organizational Structure and Crisis Management

Mahauganee Shaw and Shane Fudge
Miami University, Oxford, OH, USA

## Synonyms

Crisis-prone versus crisis-ready organizations; Organizational destabilization and restabilization; Managing organizational disequilibrium

## Definition

Organizational structure refers to the coordination of positions, operational procedures, and strategies within an organization. Organizational structure can also commonly refer to the system of task and authority relationships that assist an

organization's staff in maintaining coordination and control over their actions, while contributing to the achievement of common goals and objectives. Crisis management is the process of preparing for, mitigating, responding to, recovering from, and learning from emergency incidents. Crisis management can also be defined as the managerial functions and practices that attempt to expand upon strategies needed in times of emergency by involving a proactive perspective to risk assessment.

Organizational crisis can be defined as a scenario that is highly improbable, yet highly consequential, to an organization and its stakeholders. It has arisen due to the occurrence of a series of seemingly inconsequential, disconnected singular emergency events interacting in a chaotic (or nonlinear) fashion and resulting in an exponential growth pattern of negative consequences. These outcomes are highly devastating to the organization and its employees at both the functional organizational level and the personal-coping level. Organizational crises often result in alterations to the organizational structure; some revisions to organizational structure during crisis management are temporary and others can be permanent. Organizational crises leave behind a reduced capacity and sense of resilience in both the organization's technical and human systems. While crises are often viewed as bringing only negative consequences, theorists have noted the opportunity organizational crises bring for unique learning.

## Introduction

Within organizations, the manner in which employees approach and complete their work is usually highly structured. People know exactly where their position fits within the organizational structure and how their responsibilities interact with the work responsibilities of their colleagues in order to achieve the desired outcomes. While structure is useful in helping people to visualize the overall organizational functions and objectives, it can be thrown into disarray by an organizational crisis. When organizational crises occur, the organizational structure needs to be pliable enough to respond. The sections that follow describe various elements of both organizational structure and crisis management, as well as how they are interact throughout the crisis management process.

## Organizational Structure

Organizational structure refers to the systems of operation that organize a group's work, including positional levels and titles, policies and procedures, and strategies. *Positional levels and titles* refer to ranks within the organization. Often depicted on organizational charts – visual maps of how positions are structured within an organization, portraying both reporting lines and the vertical and lateral coordination of people and functions – position levels are usually arranged hierarchically with upper management positions at the top of the chart scaffolding down to lower level organizational members at the bottom of the chart. The people at the bottom of the chart are typically in front line positions that interact most with organizational clients while those at the top are responsible for overseeing daily operations, networking on behalf of the organization, and making leadership decisions. Positioning on the chart often aligns with one's pay grade, level of power and influence, and amount of responsibility within the organization.

The organizational chart also shows signs of other indicators of how positions are organized and how work flows throughout an organization; these indicators include vertical complexity and specialization of functions. Every organization will have a certain amount of *vertical complexity*, or a lack thereof. This type of complexity is evidenced by the number of levels that exist between the top and bottom levels of the organization; more levels equate to more vertical complexity (Daft 2010; Jones 2010). The formal position-authority dyad that exists between various levels of employees will be directly affected by the amount of vertical complexity found within an organization. *Specialization* refers to the division of labor and the amount of delegation present across all levels of the organization (Daft 2010). Quite often, organizational charts may be

organized according to the specialized functions that certain groups of employees perform. When there is a high amount of both specialization and complexity, an organization operates in a more centralized manner, where communication flows up and down the vertical levels, but communication across specialized areas is designated for those at the top levels. In contrast, flat organizations – those with little vertical complexity – operate in a more decentralized manner, where communication easily flows across the organization.

An organizational crisis will often require the free-flow of communication across many vertical levels and specialized functional areas that normally would more strictly contain communication within reporting lines. Having multiple layers of vertical complexity and specialization can create issues when it comes time to communicate across boundary lines in a crisis context (Mitroff 2004). Lower level employees are often not comfortable with the idea of communicating outside the normally structured lines of authority, for fear of reprisal. Furthermore, employees in different specialized functions may be unfamiliar with colleagues in other specialized areas and completely unaware of what resources exist within those areas (Coombs and Holladay 2012).

The second system of operation that contributes to organizational structure, *policies and procedures*, refers to the formal rules and regulations governing how people function within the organization (Daft 2010). Every organization has its own unique set of policies and procedures that regulate how people approach their daily tasks and achieve the goals of their positions. While some operational procedures of organizations are federally regulated, many procedures and policies are based solely on the operational needs and preferences of the specific organizational context in which they exist. In concert with these formal elements to structure, an organization will always have an informal dimension to its policies and procedures to consider. Informal dimensions relate to the ways in which the employees of the organization interact with each other on a personal level as they navigate their way through the official guidelines of the policies that govern their tasks (Jones 2010). Employees will learn through direct interaction with each other that certain individuals communicate best in certain ways or over certain topics, regardless of what the policy has written about how that function or task should be handled. Employees naturally adjust their behaviors with one another to accommodate personalities and this is in direct response to the desire to create the most efficient patterns of work. These informal dimensions of interaction across the structure will contribute to the organizational culture of a workplace and can have significant impacts on the mitigation or resolution of a crisis event (Mitroff 2004).

The final system of operation, *strategies*, refers to the processes and technologies used to achieve the work of the organization. While strategies can be mandated by policy and procedure, it is separate from that category. Strategies include the forms, communication systems, databases, software, and technological instruments that organizational members use to store data, share information, and perform the duties and responsibilities of their positions. Strategies are essential to maintaining organizational vitality as they dictate the direct action steps an organization is going to undertake to remain competitive in their marketplace or niche (Porter 2008).

As an organization ages, strategies are essential tools in the development and refinement of an organization's structure. This is because strategies contribute to the adjustment of an organization's goals, objectives, and mission. The strategy is a key element of the plans that various management and/or leadership figures create to keep all employees aware of the congruence between the three systems of operation within an organization. Strategies help everyone in the organization understand the steps that will be taken to maintain a competitive edge over other industry players. From an internal perspective, strategy can help organizational members learn and understand what they should be doing in certain scenarios or contingencies that arise over time (Porter 2008).

Strategy creation can be of immense help to an organization that may have to manage a crisis at some point in the future. Crisis management strategies are designed to deal with change, which is

an essential construct to understand if one is to successfully navigate the postcrisis environment. Such strategies also help organizations to clearly identify who they need to partner with in various situations to achieve their objectives. Developing a crisis management strategy creates the need to outline exactly how resources will be allocated in each contingency considered. This also allows for milestones to be identified. In the process of dealing with any issue, understanding progress as an achievement of a milestone can keep the employees involved motivated and feeling a sense of accomplishment, facilitated by the evidence of the plan actually working.

Together, these three systems of operation – position levels and titles, policies and procedures, and strategies – combine to create a structure that binds and directs life within an organization. As long as an organization is operating normally, this structure helps to sustain organizational operations by defining levels of authority and ensuring consistency in operations.

## Crisis Management and Organizational Structure

An organizational crisis is any incident that disrupts organizational operations and mission and threatens the safety of people, property, reputation, or financial status (Zdziarski 2006). It can encompass any event that is viewed as both personally and/or organizationally catastrophic. Crises can occur from within or without an organization and can be directly or indirectly linked to their marketplace or consumer base. Organizational crises differ from a general crisis in a key area, namely, organizational crises are specific, unexpected, and nonroutine events or series of events that create high levels of uncertainty and threat or perceived threat to a single organization's high priority goals (Seeger et al. 1998); this is a specific threat/urgency/uncertainty relationship that a crisis event has with the organization and its mandate.

A general crisis will not contain itself to the perspective or parameters of a specific organization. An important distinction must also be made between a crisis and any other type of risk or emergency – the loss of trust by those who witness it and in those who managed it (Pearson and Clair 1998). An emergency should be easily handled, in most contexts, by those who are trained to do so, because they are trained to monitor issues that pose risk. A crisis is significantly different in that it involves a deep psychological component on the part of those involved. The level of consequence of a crisis is so high and so devastating that people usually ignore its eventuality as a reality. People are cognitively limited in their ability to perceive potential risk escalating to that level (Mitroff 2004).

In short, they cannot reconcile their thoughts of "this is happening to us, it *seems* impossible." The outcome of this disbelief playing out across a gathered, collective psyche, such as that in an organization's staff is a loss of trust in the abilities of the leadership responsible for them. The inability of leaders to foresee the crisis and then to act accordingly while it was happening, creates this loss of trust, and elevates crises to another level.

The current gun-control issue in the United States is a developing example of what can be viewed as an organizational crisis that will affect the Government as an organization negatively as it unfolds. The population looks to the government for leadership and safe-keeping of their values. The lack of legislation on controlling access to high-powered weapons by any individual, no matter their intentions, creates a scenario in which the possibility for mass-shootings will increase. The occurrence of a mass-shooting in anyone's local area seems so devastating and also, *so unlikely*, that it prevents action steps that precede a mass shooting.

In response to this inability to correctly perceive the actual *high likelihood* that a shooting will occur eventually, there exists a lack of legislative change, due to a lack of urgency within any significant level of government authority. This leads to the eventual occurrence of mass-shootings, which have escalated in severity and casualties as the access issue has continued to go unaddressed or have limitations applied. This inability of the government to create necessary change leads to a loss of trust in their abilities to get anything constructive done about the issue in

the eyes of the public and voters. A further division of the public trust in the efficacy of the government is now exacerbated by this ongoing issue where no shifts in policy or structure seem possible. This will lead to an organizational crisis for the sitting President as no one will believe in their abilities to get something done on the issue.

The crisis management process cycles through five stages: planning, prevention/mitigation, response, recovery, and learning. The occurrence of a crisis immediately places an organization into the response stage of this cycle. Response includes the steps taken in the immediate aftermath of a crisis to contain the diffusion of damage throughout the organization and to ensure the continuity of normal organizational operations. Once this stage is complete, organizations enter a period of recovery, which is the long-term process to return organizational operations to a normal sate.

When an organizational crisis occurs, it destabilizes the organizational structure, thus allowing for shifts in authority and operations. This alters communication pathways and can provide opportunities for the *informal dimensions* of structure, to become valuable gateways for important information to get to the appropriate receiver quickly. An organizational crisis will challenge the belief structures that are in place, and employees will rely on each other as they observe what they perceive to be a failure of policy and procedure. Crisis management is the process of responding to this disruption of organizational structure – position levels and titles, policies and procedures, and strategies – in a manner that allows for continuity in organizational operations during disruption and an eventual restabilization of the organizational structure. An emergency shifts the organizational structure from one that focuses on the primary goal of achieving the organizational mission to one that focuses on the primary goal of ensuring damage containment and business continuity. This shift in focus causes subsequent shifts in organizational structure, some which are temporary and others which are permanent.

**Temporary Shifts** Temporary shifts are likely to occur most immediately; these include higher levels of authority being afforded to people on the lower levels of the organizational chart and a move from participative to directive decision making. These shifts happen because of how a crisis changes the context of the organizational environment. In the immediate aftermath of a crisis, organizational members are catapulted instantly into response mode. When responding to an emergency incident, there is seldom time to follow the normal chain of commands and authority. As well, organizational information and knowledge is stored at varying levels within the organization. Given that there is an immediate need to respond, the people who hold that knowledge and information need to have the authority to act on it regardless of their positioning within the organizational structure. Thus, preexisting position levels and titles, as well as policies and procedures, are rendered irrelevant.

This same reasoning explains the shift from participative to directive decision making. Participative decision making is more decentralized and inclusive. Planned change processes in an organization are usually participative. They are individually empowering, as they involve employees in the process of planning and implementing change, thus building organizational ownership from the lowest levels. Participative processes can lessen resistance to the final decisions and changes that are made within an organization. While assuaging resistance is desirable, crises often do not allow for universal inclusion in the decision making process. Any effort to increase the collective efficacy, or the belief in a group's ability to achieve goals, can be exacerbated in this context. However, if a group has a strong structure and informal dimensions that rely on high degrees of trust, employee morale can remain intact while also achieving a successful crisis management process.

In contrast, directive decision making is centralized and does not allow for the input of multiple organizational members. In the immediate aftermath of a crisis, when change is imposed on an organization, organizational leaders – those with the authoritative power granted to those at the top of the organizational chart – are likely to

use directive decision making in responding to that crisis and the changes it brings. The sense of urgency that crisis introduces to an organizational environment displaces, out of necessity, any previous culture of participative decision making. The aforementioned loss of trust and resilience in the workforce can also be triggered by this shift in decision making. If the ability to respond in ways that are personally meaningful is taken away from them, staff members will begin to resent the centralized approach taken by management. A centralized authority over decisions can make quick adjustments in the face of a crisis, but may overlook the specific details of how employees in particular functional areas are impacted by those leadership decisions and adjustments. Thus, centralized decisions may not adequately address all areas considered necessary by staff.

One caveat is that anecdotal accounts of crisis management usually present sentiments of organizational loyalty and the sense of camaraderie as heightened after a crisis. Thus, in the wake of an organizational crisis, when organizational loyalty is high, it may be possible to reframe directive changes as participative – making organizational members feel as if their acceptance of organizational changes is representative of their support for a swift recovery period. During the recovery stage, an organization that typically has a culture of participative decision making is likely to return to that style of operation.

**Permanent Shifts** Permanent shifts in organizational structure result from crises that carry extensive damage: disasters and catastrophes. While there are multiple levels of crises, these two categories are used to describe large-scale emergencies (Quarantelli 2006). A crisis is considered a disaster when it impacts not only an organization but the community or environment surrounding the organization. A catastrophe is a crisis that is qualitatively larger than a disaster with an impact that is deeper and more severe. When an organization experiences either a disaster or a catastrophe, the environmental context of the organization is deeply impacted, thus forcing shifts in the organizational context as well. While these shifts are permanent, they usually are implemented over an extended period of time as the organization recovers from the crisis.

## Conclusion

Crisis management is a process that requires leaders to strike the delicate balance between what is necessary to achieve organizational objectives and what is necessary to retain and organize employees throughout a period of crisis operations. The task of crisis management is further complicated by the increasing complexity of the technological, personal, and managerial systems we find throughout modern society. As the complexity of projects increases, the amount and type of potential crisis increases – be it general or organizational in nature. While there are multiple ways to view organizational structure, including any of the three systems of operation or other structural characteristics described above, each of these may be impacted by the threat or onset of a crisis. In order to enact a successful crisis response, organizational leaders must be attuned to how crisis can and does influence organizational structure. A strong organizational response will be based around a solid foundation of structure that encompasses the strengths of a well-built crisis management system. Namely, they will have considered all levels of employee response and mitigation, not just the top-tier. They will have considered the complexity of the project and its formal dimensions, while also considering the informal dimensions of their structure. When the crisis in question challenges their ability and resilience, they will lean on the informal dimensions of their culture to bolster the performance and ability of the organizational structure to respond as required. In the end, a more efficient structure will be created and recognized as a strategic tool for the organization's forward progress from any crisis event.

## Cross-References


- ▶ Authority in Organizations
- ▶ Business Continuity
- ▶ Contingency Theory of Organizations
- ▶ Culture and Organizations
- ▶ Disaster Response Management

▶ Emergency Operations Plan
▶ Flattening Organizations
▶ Flexible Organizations
▶ Leadership and Emergency Management
▶ Leadership in Organizations
▶ Organizational Decision-Making
▶ Risk and Organizations
▶ Socio-Technological Aspects in Disaster Mitigation
▶ Sustainability and Crisis Management
▶ Uncertainty in Crisis Management
▶ Unplanned Change and Crisis Management

## References

Coombs WT, Holladay SJ (eds) (2012) The handbook of crisis communication. Wiley, Chichester
Daft RL (2010) Organization theory and design, 10th edn. South-Western, Cengage Learning, Mason
Jones GR (2010) Organization theory, design, and change. Prentice Hall, Upper Saddle River
Mitroff II (2004) Crisis leadership: planning for the unthinkable. Wiley, Indianapolis
Pearson CM, Clair JA (1998) Reframing crisis management. Acad Manag Rev 23:1
Porter M (2008) The five competitive forces that shape strategy. Harvard Bus Rev 86:1
Quarantelli EL (2006) Catastrophes are different from disasters: some implications for crisis planning and managing drawn from Katrina. Retrieved from: http://understandingkatrina.ssrc.org/Quarantelli/
Seeger MW, Sellnow TL, Ulmer RR (1998) Communication, organization and crisis. Ann Int Comm Assoc 21:1
Zdziarski EL II (2006) Crisis in the context of higher education. In: Harper KS, Paterson BG, Zdziarski EL II (eds) Crisis management: responding from the heart. National Association of Student Personnel Administrators, Washington, DC, pp 3–24

# Organizational Technology

Barbara L. Neuby
Department of Political Science and International Affairs, Kennesaw State University, Kennesaw, GA, USA

## Synonyms

E-government; Innovation; Interoperability; Strategic management; Technology

## Definition

Organizational technology is the sum total of man-made contrivances or developed processes that alter, refine, or create new goods and services delivered by organizations. It includes electronics, software, documents, new techniques, or any combination thereof used in the delivery of services.

## Introduction

Few would argue that technology has revolutionized the world and has been a driving force for societal and organizational expansion. Organizations, whether public, private, or nonprofit, provide us with the essentials of life on a daily basis. Food, housing, security, health care, machinery, vehicles, fuels, clothing, and defense are all produced by highly developed processes and all within organizations. No organization adopts technology in order to do less. Technology and specialized processes inform the hierarchy and workflow, create the product, form the image, manage the personnel, and sometimes become the organization themselves.

In early recorded time it was the development of a counting apparatus or a way to communicate between remote outposts. Maybe it was a better way to store food or wealth. The printing press, telegraph, and telephone, now cell phones, opened new lines of communication. Cars, planes, and trains moved us into new territory. With advanced electronics came unraveling of DNA. Truly wonderful advances fill us with the wonder of potential as we ask what lay in the years ahead.

Scholarly literature about technology in organizations predominates around information and communication technology, or, "ICT." Commonly known uses of technology in organizations also include database management, e-government, social media, and geographic information systems, or GIS, as well as more mundane uses like word processing and spreadsheet analysis. In addition there are other, lesser known applications such as frequency and biochemical applications, surveillance, and geoengineering. In today's organization

technology is ubiquitous and has shown to improve organizational performance and promote efficiency and effectiveness and organizational learning. Yet, challenges are evident in its application: cost, implementation, support, and privacy are a few examples.

The definition of technology is illustrative. The *American Heritage Dictionary* defines technology as "the application of science to industrial and commercial objectives" or "the entire body of methods and materials used to achieve such objectives" (1991). *Webster's Dictionary*, online, offers "the use of science in industry, engineering, etc., to invent useful things or to solve problems" and "a machine, piece of equipment, method, etc., that is created by technology." A differentiation is thus made between what actual devices, machine to do work, and the adaptations organizations have made to solve problems. Technology is thus broader than hardware alone and must include soft, or adaptive, methods, those intimately specific methods and techniques developed to suit some particular organizational purpose. How both hard and soft technologies operate within the organization and the impact they have on it and on society in turn is the subject of this chapter.

## Revolutions

### Computers

The desktop computer is still the number one office machine, despite the advent of more mobile electronics. Nearly every modern organization uses some variety of desktop hardware primarily for purposes of document and data management (Center for Digital Government 2015). Mundane but essential, word processing and database software manage vast amounts of documentation needed by most organizations. The efficiency of the fastest typist pales in comparison to the power of document software. Letters, invoices, forms, and even business cards are all easily and professionally produced within a few minutes. Spreadsheet software employs embedded formulas to extract meaningful information from reams of data saving weeks and months of hand calculations and with better accuracy. We can now telework from home. Database management for large public and private entities operate license systems, benefit applications, school records, public program data, building permits, taxes, personnel data, volunteer lists, profit and loss statements, budget data, and meeting minutes, all stored in huge electronic caches accessible in seconds with a click of the fingers. Local area networks (LAN) enable organizations to operate a private intranet, and enterprise resource management technology runs multinational organizations, public and private alike. Data once stored on paper in filing cabinets is now magnetized bits of charge on vinyl or stored somewhere in "the cloud" (Mergel and Bretschneider 2013). The power of computers and the cloud has also brought "Big Data," or, the broad and deep collections of public information that allow us to see a larger picture and compare performance of public programs. Big Data's advances inform policy maker's ability to analyze and disseminate this information and are transforming the policy process (Lavertu 2015).

Communications are also a major use of desktop and mobile computing devices. Face-to-face or phone conversations are replaced by email to those in the office next door or across the globe – the messages arrive at about the same time. For better or worse, we send office documents and quarterly reports alongside pictures of our pets and our children's weddings. There is virtually nothing that cannot be emailed across the world from one organization to another. Email has truly revolutionized the way organizations communicate. The same might be said for cell phones (mini-computers in and of themselves), Skype, texting, and voice over internet protocol (VOIP) calling that operate alongside a seemingly anachronistic yet persistent landline phone. Saving travel time and money, Skype is a virtual conference room, bringing organizations half a world away together in real time.

### The Internet

There are few words to describe the full nature of organizational changes wrought by the Internet, but one may suspect that, in the 1950s when ENIAC was created and again in 1969 when "ARPANET" was created, few understood their

true meaning. Designed as a way for scientists and the war planners to conduct research and to securely communicate, these tools were too powerful to be kept under wraps (Cortada 2014).

For governments and nonprofits, the Internet represents a vast opportunity but also challenges. Nonprofit organizations are the latest adopters: 98% of charitable organizations are networked for office processes, grant searches, a hunt for competitors and strategies, and basic information (Hackler and Saxton 2007). The Internet is now nonprofits' primary marketing tool through the use of social media that has increased their ability to attract donations and volunteers and to generate awareness of their mission. The virtual has replaced the actual in much of the nonprofit world, and this office is always open to potential clients. Internet use in nonprofits increases when the leaders support it, an implementation plan and funding exist, and there is no ambiguity about its purpose (Hackler and Saxton 2007).

Government offices use the Internet in myriad ways as shown in Table 1.

## Social Media

Social media plays a part in most of the above-listed uses as it blends user access with public service. It is an evolution of the technology revolution. Based on Web 2.0 architecture, social media systems provide for user generated content to be shared across all those on the platform. Social media is more than a communication channel; it is an interactive tool through which exchange occurs. Whether that marketer is in a private business, an animal rights organization, or a government agency, social media is a low-cost office space, open 24/7/365 with low maintenance and no health insurance (Mergel and Bretschneider 2013). For both nonprofits and government, social media and e-government initiatives bring awareness, education of one's organization, and public goodwill and have dramatically changed the way organizations operate (Leonardi et al. 2013).

## E-Government

All US federal, state, and most local governments maintain a website through which citizens interact with government whether on a social media platform or individually. Governments are leveraging their e-government platforms to promote economic growth and interoperability between agencies and programs. Seventy percent of state governments use social media to engage the public (Center for Digital Government 2015). Governments can spotlight favored programs; call attention to community issues; collect taxes, utility bills, and fines; manage job platforms; and receive bids for government contracts (Landsbergen and Wolken 2001). The public feels it is important for government to provide this information (Pew Foundation 2009) and is more positively disposed toward government for doing so (Dawes 2008). A survey by the Pew Research Foundation found that 61% of the American public has used a government website in some way: to access forms (41%), find policy information (48%), renew a license or vehicle registration (33%), apply for a government job (19%), or pay a fine (15%) (Smith 2010). In turn, governments accumulate data on public use

**Organizational Technology, Table 1** Technology uses in US federal, state, and municipal governments

| Municipal | State | Federal |
|---|---|---|
| Service delivery | E-government education and payment | Information management |
| Social media and blogs | Customer service and feedback | Surveys about website |
| E-government – payments | Consumer protection | Public education and awareness |
| Homeland security | Telecom regulation – cable, phone | Intelligence and analysis |
| Information sharing | Telemarketing regulation | Inter-agency communication |
| Public safety | Electronic commerce | Procurement |
| Emergency management | Homeland security | |
| Public education | Emergency management | |

Source: The Center for Digital Government. www.govtech.com

and use that data to improve public programs (Li and Feeny 2014).

In a survey by the Center for Digital Government, government leaders at all three levels stated their continued focus will include cybersecurity, transparency and open data, mobile applications, advancing their e-government portals, and cloud computing (2015). Sixty-nine percent of municipal governments are engaged in geospatial mapping (GIS) to assist with land-use planning and law enforcement. CompStat and CityStat are two examples of how local governments (New York and Baltimore, MD) make use of Big Data and GIS systems to make zoning and community policing more effective. Local governments are also employing the Internet and database systems for benchmarking, managing personnel, processing transactions, and sharing information with other governments. Suffice it to say that state legislatures are working on the policy aspects of technology implications and the legal forums are in their infancy of building case law (Dawes 2008).

## Important but Unconsidered Applications

### Global Grid and Military Systems

As of 2016, the US Department of Defense (DOD) and allied partners are creating perhaps the "next big thing" in computer networking with their Global Information Grid (GIG) project. The GIG will integrate computer networks across thousands of processes and servers around the world, and, while it is too soon to project the future of this amazing task, like the ENIAC and ARPANET before it, it is safe to assert that major changes in information sharing across organizational sectors will occur (National Security Agency 2015). For now, military organizations must make dramatic changes to their culture, strategy, and operations through use of this information architecture that is changing unit interoperability, deployments, and command and control hierarchies. Today's military organizations run on and survive via high-quality, well-managed technology. Satellites, encrypted radio communications, lasers, drones, robotics, and now warfighter physiological sensing have revolutionized the way conflicts, large or small, are conducted, and, eventually, all of this information and capacity will be embedded in the GIG. Much of it has already spread to state and local governments. Police forces now use drones and multiple surveillance tools, cities use robots in sewers, and most use encrypted communications. While it may seem inappropriate to include same here, it should be realized that much of the technology in use by governments today for peaceful purposes came out of military development from public agencies like the Defense Advanced Research Projects Agency, DARPA.

### Surveillance

Surveillance hardware and software is now in use by every large nation state and city. Communication satellites surveil the globe's emails, conversation, text messages, and web searches nearly in constant collection of bulk data. Privacy concerns aside, advanced photography can put an eye anywhere one wants it, and municipal governments worldwide have made the electronic photography industry rich. Millions of cameras dot light poles in every major city and together with GIS mapping have caused law enforcement to remodel its operations (Urban Institute 2011). Bulk data informs our security agencies and allows business to market potential customers but raises questions about privacy and security.

### Applied Biophysical Concepts

Organizational literature focuses on ICT, but the government's role in promoting other technologies has changed and will change society's public and private organizations in huge ways that must be considered for any review of organizational technology. It is often the case that inventions and developments come from or are chiefly promoted by the public realm and are then transferred to the private sector. A few will be discussed here.

### DNA Sequencing

In 2000, the US government promoted a race to sequence the human genome and created a program to begin the effort. Taking up this huge

technological challenge, private venture capitalist, Craig Venter, beat the government agency created for this purpose and, by 2003, sequenced the entire human genome. Now, the war over the rights to DNA is fought in government regulatory, scientific, and judicial forums, but the knowledge that has come from unraveling our DNA has revolutionized disease research, medical care, and law enforcement. The government's initiative and the private sector's success formed a new partnership that resulted in one of man's greatest achievements whose ramifications are not yet fully known.

### Biometrics

Biometrics represents a revolution in identity management. Nearly all driver's licenses, many credit cards, and organization badges are encoded with personal unique identifiers whether a fingerprint, an iris scan, a DNA sequence, a blood type, or some combination thereof. Every individual possesses their own, unique, intimate markers, and biometrics are becoming the identity management tool of choice by a wide range of governments (Electronic Frontier Foundation 2015). Data stored in the huge databases described above may in turn become "Big Data," able to be exploited for a myriad of uses.

### Frequency

Three frequency developments are changing the way public administration works. Closely related to the biometric identity movement is a frequency tool known as radio-frequency identification or "RFID." RFID was developed in World War II and used to track movement of materials. RFID is now commonplace in industry and governments in identification cards for access control, parking tags, driver's licenses, shipment tracking, and many other uses (Neuby and Rudin 2008). Smart electric meters replace existing dial meters and remotely send electric usage data to distant utilities, many of which are government operated (Energy Independence and Security Act of 2007). Control centers will be able to reroute electricity from where it is not used to where it is needed. Soon, a network of frequency-enabled appliances, termed the "Internet of Things," will combine data on home appliance use with smart meter technology to allow remote control and efficient utilization of electricity. The power industry and governments will be challenged to manage and regulate it well.

## Conclusion

Scholars have shown that organizations that adopt technology learn and mature but those that do, learn at an uneven pace. In other words, not every organization that brings database management or a new website is going to learn equally or in the same ways. It can bring efficiency and effective outcomes but those depend on the management and policies set forth for its use (Heintze and Brettschneider 2000). Organizations often adopt technology without a clear goal or a policy in place (Mergel and Bretschneider 2013). The technology itself becomes the goal. Without proper management, policies, and support, technology can reduce efficiency and effectiveness like a millstone holding the organization back. While many see technology as a panacea, we should consider that it does not alter hierarchy and management style nor decrease red tape unless the organization has a long history with a particular technology (Luna-Reyes and Gil-Garcia 2014; Pandey and Bretschneider 2013). In those rare cases, the organization has learned how to manage.

Having technology requires skilled management and support as well as upgrades to hardware and software. Organizations often lack the requisite staff and budget fluidity to keep up with new developments. An element of "keeping up with the Joneses" is in place where if one organization has certain capacities, all the organizations around it have to have the same abilities. If the private hospital has a PET scanner, the public hospital will need one too. Savvy salesmen can promote larger, more advanced purchases than are often warranted, and at other times, technology may be bought because it is the end of the fiscal year and the money is used for technology purchases. Better to use than lose it.

The public expects organizations, whether public, nonprofit, or private, to have the latest technology by which to deliver services. As more governments engage the public through e-government portals, more data is accessible and thus at risk. Serious cybersecurity breaches have occurred in the US federal government in the Department of Defense and the Office of Personnel Management and lesser events in state and local venues. As mobile applications spread throughout the country, security of organization data will be an even bigger concern. Nonprofits are less worried because of the salience of their databases. Few hackers are interested in lists of donors or volunteers, but this does not mean nonprofits can let their guard down.

Technology creates a market for itself. Once purchased, whether that be computer networks, servers, industrial equipment, or heart monitors, devices wear out requiring continual upgrades and maintenance. In tight budgets every dollar spent on technology is money not spent on other needs. Technology needs challenge all budgets and globalization further promotes the "must have" mentality: organizations cannot afford to be left in the dark with global clients. Technology is one of the biggest, and growing, sectors in public budgets today, and there is no end in sight as new advances enter the market.

We love our phones, computers, scanner/copiers, and the like, and our agencies run well in established routines, but when systems go down, chaos erupts in nearly every agency and little work is done. "The system is down" has become a euphemism to denote that no work will be done as the organization is dependent on machines that, like all other machines, sometimes fail. When this happens, organizations most often move toward the client, bending the rules or processes to deliver service (Tummers and Rocco 2015). Technology can limit organizations to the boundaries of its durability.

Machines can now do what the hand, eye, and mind once did in different ways and beg a question on which there is scant research. How does technology impact human growth patterns that come from working with others in organizations? Are we are less able to engage personally with those at work? It is said that computer systems save energy, paper, and therefore the environment and that using technology is "green." Yet having instant printing at one's fingertips would seem to promote use of more paper and power than if one was forced to retype a document.

Last but certainly not least is the issue of privacy about which there are as many questions as answers. If data is Internet accessible, it is at risk. A few large and hundreds of small breaches have thrown large masses of personal information to the wind. Security seems to require that our information be collected but what happens to it after that? Who has control and how is our data used? With the recent revelations about how our national security agencies collect and use data, Fourth and Fifth Amendment issues are raised. There are no answers to satisfy all, and it is apparent that more data is being collected now than ever before. Big Brother concerns are legitimate as organizations move more and more of our work and private lives into bits and bytes.

Many other technologies and adaptations are worthy of discussion here if time and space permitted. One thing is for sure – technology has revolutionized the way our organizations work and will continue to do so in the future and pose many as yet unseen challenges in the years ahead.



## Cross-References


- ► Knowledge Utilization in Organizations
- ► Modernity and Bureaucracy
- ► Organizational Learning


## References


Center for Digital Government (2015) Digital states, digital cities best practices guide. http://www.govtech.com. Accessed 23 May 2016

Cortada JW (2014) When knowledge transfer goes global: how people and organizations earned about information technology, 1945–1970. Enterp Soc 15(01): 68–102

Dawes SS (2008) The evolution and continuing challenges of e-governance. Public Adm Rev 68:S86–S102

Electronic Frontier Foundation (2015) Mandatory national IDs and biometric databases. https://www.eff.org/issues/national-ids. Accessed 21 May 2016
Hackler D, Saxton GD (2007) The strategic use of information technology by nonprofit organizations: increasing capacity and untapped potential. Public Adm Rev 67(3):474–487
Heintze T, Brettschneider S (2000) Information technology and restructuring in public organizations: does adoption of organizational technology affect organizational structures, communication, and decision making? J Public Adm Res Theory 10(4):801–830
Landsbergen D, Wolken G (2001) Realizing the promise: government information systems and the fourth generation of information technology. Public Adm Rev 61(2):206–220
Lavertu S (2015) We all need help: "big data" and the mismeasure of public administration. Public Adm Rev. Web version 18 Aug 2015. https://doi.org/10.1111/puar.12436
Leonardi PM, Huysman M, Steinfield C (2013) Enterprise social media: definition, history, prospects for study of social technologies in organizations. J Comput-Mediat Commun 19:1–19
Li MH, Feeny M (2014) Adoption of electronic technologies in local U.S. governments: distinguishing between e-services and communication technologies. Am Rev Public Adm 44(10):75–91
Luna-Reyes LF, Gil-Garcia JR (2014) Digital government transformation and internet portals: the co-evolution of technology, organization, and institutions. Gov Inf Q 31:545–555
Mergel I, Bretschneider S (2013) A three-stage adoption process for social media use in government. Public Adm Rev 73(3):390–400
National Security Agency (2015) Global information grid. https://www.nsa.gov/ia/programs/global_information_grid/. Accessed 11 May 2016
Neuby BL, Rudin E (2008) Radio frequency identification: a panacea for governments? Public Organ Rev 8(4):329–345
Pandey SK, Bretschneider SI (2013) The impact of red tape on public organization's interest in new technologies. J Public Adm Res Theory 1:113–130
Pew Research Center (2009) Internet and American life project. http://www.pewinternet.org/2010/04/27/part-three-attitudes-towards-online-government-services/. Accessed 17 May 2016
Smith A (2010) Attitudes toward online government services. Pew Research Center. http://www.pewinternet.org/2010/04/27/part-three-attitudes-towards-online-government-services/. Accessed 11 May 2016
The Urban Institute (2011) Using public surveillance systems for crime control and prevention. Justice Center. http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412402-Using-Public-Surveillance-Systems-for-Crime-Control-and-Prevention-A-Practical-Guide-for-Law-Enforcement-and-Their-Municipal-Partners.PDF. Accessed 22 May 2016
Tummers L, Rocco P (2015) Serving clients when the server crashes: how frontline workers cope with e-government challenges. Public Adm Rev 75(6):817–827
United States House of Representatives. The Energy Independence and Security Act (EISA) of 2007. Public Law 110–140. 41 U.S.C. 17337

# Organizational Theory in Japan

Reiko Arami
Nagoya University, Nagoya, Japan

## Synonyms

Open office layout system; The Japanese organizational theory; The turf war

## Definition

Theoretical trends in organizational theory as developed in Japanese public administration and bureaucracy research, and the characteristics and current realities of Japanese public organizations.

## Introduction: Original Agenda of Bureaucracy and Organization in Japan

There are many commonalities shared across public administration, bureaucracy, and government under the rubric of "public organization." Japanese public administration theory has been significantly affected by the USA. This is especially true in terms of organizational theory despite the substantial differences between the two countries' democratic systems. As a result, Japanese organizational theory initially developed in two directions, theoretical and practical. Theory then evolved through ingesting other social science research. Later, empirical research has gradually been incorporated into theory, leading to convergence between theory and practice. This paper considers these characteristics of Japanese

organizational theory and how it has differentiated over time by exploring its origins, development, and transformation.

The paper begins with an overview on the origins of bureaucracy and organization research proceeds to how Japanese theory has been affected by scientific management, classical theory, modern theory, and decision-making theory. Next, it describes how Japanese researchers transformed organizational theory to fit the realities of Japan's systems and issues, covering decision-making processes such as ringi-sei, "interagency struggles" understood as as sectionalism (*sekushonarizumu*), the open office layout system (*obeya-shugi*), and the well-defined mobilizing system (*saidaidoin*). Then it follows how Japanese theory diverges from these earlier trends in research by introducing behavioral theory, contractual theory, social system theory, and institutionalism, among others. In addition, it focuses on recent topics, such as reputational theory and organizational ecology. Finally, this paper concludes by considering future research directions.

## Japanese Organizational Theory Affected by Foreign Theory

In a dictionary, the word "theory" is may be defined as "a plausible or scientifically acceptable general principle or body of principles offered to explain phenomena" (Merriam-Webster dictionary). Organizational theory is a body of general principles for explaining organizations. According to Starbuck (2005, p. 143), although people have been creating organizations for many thousands, perhaps tens of thousands of years, generalizations about organizations are almost entirely products of the last half of the twentieth century. People proposed very few generalizations about organizations before 1850, when a trickle of making such propositions began. Propositions about organizations remained infrequent until the late 1940s, and they did not become prevalent until the 1960s.

A similar transition has been taking place in Japan, although at different times. In this section, we examine how the study of organizations has developed in public administration and adjacent fields. "Organization" is one of the main concepts used in public administration. As Woodrow Wilson (1887) pointed out, "The field of administration is a field of business" (p. 493). American public administration has characterized the management of organizations through focusing on the commonalities between public and private organizations. Therefore, although the topic of this article is "organization theory in Japan," this article mainly focuses on public administration.

From around the 1950s onward, overseas research on organizations in various social science fields began to be introduced to Japanese scholars. Since 1980, the success of Japan's economic development has attracted worldwide attention. In order to explore the factors behind this success, international researchers have looked to political science and economic studies of Japan with particular attention paid to Japanese "organizations" such as its bureaucracies and business organizations. Case studies focusing on Japanese organizations also began to emerge. Since the 1990s, new institutional economics gained ascendency in scholarship, under which research on the economics of organizations has flourished. However, the concomitant diffusion of new institutionalism in political science had an opposite effect on research on organizations, with dwindling interest in public administration and little progress made in generating related empirical research. This has contributed to a lag in the advancement of research by Japanese scholars on the topic of organizational theory compared to overseas scholarship. In the following, this trend is examined in detail.

### Before and After World War II

Consideration of organizations began in the 1920s. Some Japanese translations were published to introduce Marxist theory of organization and anarchist theory of organization, as well as to introduce principles for the management of factory organizations based on the newly proposed theory of scientific management. In addition to these translations, there were publications on such topics as examination of industrial organization overseas (Kojima 1928), industrial

organization theory (Kitazawa 1930), and market organization theory (Uchiike 1924).

In the 1930s, essays on organizations related to public administration were also published. For example, Masamichi Royama wrote "Administrative Organization Theory" in 1930 (Royama 1965), and Hiroshi Ikeda, a bureaucrat in the Ministry of Home Affairs, left behind a treatise on the local government of Tokyo called "Tokyo's Ward System Theory" (Ikeda 1935). Masamichi Royama was put in charge of the newly established Department of Public Administration at the Faculty of Law, Tokyo Imperial University, in 1927. Royama was a pioneer in public administration, studying it through a functionalist approach and describing state functions and tasks. Along with making direct observations about administrative structure in England through his own travels, he studied administrative structure and organizational management at the London School of Economics and at Oxford University, with particular attention to the British cabinet system and reforms carried out in central-local relations in wide area administration. He was considering how to adapt and apply scientific management methods from overseas to Japan, but in the end, practical experience and theoretical considerations were not joined. In general, these studies were based on the compilation of observations about organizations regardless of the field. This research approach played an important role in the early development of the field, though it is very different from contemporary organizational theory.

## Organizational Theory Boom and Introduction of Overseas Research

In this way, although organizational theory found its way to Japan in the 1920s and 1930s, research on organizational theory in Japan started late, on a foundation of overseas theoretical developments in the 1960s. These foundational theories were proposed before and after World War II. American mechanical engineer and early management consultant Frederick Winslow Taylor produced many methods under the umbrella of scientific management, with the core being divisional management using the "science of work" to measure and standardize work. With the spread of workflow systems, management attention turned to the establishment of management structures, giving rise to classical organizational theory based on the principle of centralized command and the differentiation of staff and lines. In addition, human relations theory/neoclassical organization theory that focused on informal organizations was born. Building on these theories' emphasis on human behavior, modern organization theory emerged, triggered by the publication "The Functions of the Executive" by Chester Bernard in 1938 (Nishio 1990, p. 63).

It was after the 1950s that such organization studies from other countries were imported and introduced to Japan. Political scientist Takeshi Ishida criticized the boom in organization theory, which sprung from a desire to solve various post-war problems but led to excessive expectations and only served as a bandaid, given the difficult, social and political challenges facing Japan at the time (Ishida 1961, p. 238). Examination of the pre-war period revealed that organizations that were supposed to be independent and grassroots, such as found in Europe and the USA, were nonetheless absorbed by and came under the control of the government. This led to discussion on how Japan could establish a true democracy "from the bottom" as well as organization "from the bottom" in the post-war system. This question led to Japanese scholars poring over research from abroad.

Obviously, not all overseas organizational theories have been introduced to Japan. And the theories introduced in Japan are deeply related to the concerns about organizations in Japan. In addition, postwar public administration in Japan has been greatly influenced by American public administration. The history of organization theory in Japan contrasts with the history of public administration theory and managerial thought in Japan.

Of the foreign organization theories imported into Japan since the 1960s, American public administration research has been especially influential. At the time, American public administration theories were recognized as follows. The genealogy of American public administration

has two lineages: administrative theory and organizational theory (Nishio 1990, 2001). The public administration theory lineage arose from politics-administration dichotomy theory, morphed into public management studies, and then evolved into a politics-administration integration. The organizational theory lineage developed from scientific management methods, classical organizational theory, neoclassical organizational theory, and modern organizational theory. These two developed in parallel, and the two systems of classical organizational theory and administrative management theory were combined. Influenced by these developments, theories from abroad were introduced to Japan. In the first issue of the journal of the Japan Society for Public Administration, as an introduction to theoretical trends in public administration, Kiyoaki Tsuji categorized overseas research trends into three schools: the efficiency school that inherited the tradition of scientific management methods; the human relations school of Bernard and others; and the social environment school of Selznick and others. Many subsequent papers dealt with organizational theory, introducing many theoretical trends related to organizational theory from the 1960s to the 1980s. In particular, the 1975 Annual Review of Public Administration featured a special issue on "Organizations and People in Public Administration." In general, the influence of L. Gülick, P. Selznick, D. Waldo, C. Barnard, H. Simon, and J. March is significant. In the 1980s, there was a debate on how to respond to the two separate American theoretical lineages.

I would like to add that, like the study of organizations in the USA, organizational theory has spread to other areas of social science besides public administration.

For example, in political science, Takeshi Ishida examined key issues in modern organizational theory by applying Simon and Bernard's discussion and G.H. Mead's research with Waldo, Goodnow, and J. March at that time, and presented an analytical perspective that views the organizational process (basic human relations) as a symbolic process. Using agricultural cooperatives as a case study, he conducted research on pressure groups.

In sociology, Kenichi Tominaga (1997) analyzed Japanese management and business organizations sociologically, using organizational theory, P. Blau's social exchange theory, and Luhmann's social system theory as analytical perspectives.

## Transformation to Fit the Japanese System and Agenda

Starbuck (2005, p. 161) examined the development of organizational theory development and found that research in organizational theory after the nineteenth century generally can be categorized under two major themes. One theme emphasizes the defects of bureaucracy and studies how bureaucratic governments affect societies. The second theme focuses on how organizations can operate more effectively. He said that these themes were motivated by both perceived threats and perceived opportunities. Those who wrote about *bureaucracy* usually perceived it as a threat to something, such as to good government and individual freedom. In contrast, those who wrote about *organization design* were more likely to perceive organizations as offering attractive opportunities for something, such as efficient production, control by owners, and enhanced cooperation. After the 1960s, these two major themes merged, and organizational research became more scientific and empirical methods become more transparent.

As mentioned in the previous section, Japanese scholars have not produced many generalized theories that can be compared to those developed by researchers in other countries, but research in Japan has been conducted with a similar awareness of issues related to organizational design and decision-making. Such issues include how to manage superior-subordinate relations, how to overcome the dysfunction of the bureaucracy, how to effectively educate staff, how to optimally divide labor into specializations, and how to best use technologies. Some of these questions are examined below. This research is divided into two categories: research that uses foreign theories to explain the Japanese bureaucracy and Japanese

administrative organizations, and research that springs from observations that are especially characteristic of Japanese bureaucratic and administrative organizations.

What follows is an overview of research on four main topical themes in the latter category. These are: decision-making processes such as *ringi-sei*, interagency struggle or turf war as *kakkyo* or sectionalism, Japan's well-defined mobilizing system called *saidaidoin*, and a particular open office layout system, *obeya-shugi.*

### *Ringi-sei* Decision-Making Process

The "Ringi-system" was discussed in "A New Study of the Japanese Bureaucracy" by Kiyoaki Tsuji (1969), which is considered a classic study of Japanese bureaucracy. Specifically, Tsjui describes this process in which plans and decisions in the administration are made by first circulating a written request for approval, drafted by those closer to the bottom of the organizational hierarchy who then forward the document to formally receive a greenlight through a signature stamp called an *inkan* or *hanko* by the relevant officials. Next the stamped written request is relayed to higher officials for their review, who in turn transmit the document to the final decision-maker for approval. As a general rule, it is not necessary to hold a meeting at any time during this circulation and approval process. Although only the head of the administrative organ has the legal authority to approve a written request, this lengthy decision-making process continues to be practiced. Tsuji criticized this practice by pointing out that while it has certain benefits in terms of making it impossible for concerned parties to raise objections, securing cooperation, and preserving records, it has disadvantages in terms of reduced efficiency, dispersion of responsibility, and lack of leadership. Others have responded to Tsuji's criticism by contesting the accuracy of some of his characterizations of the process and asserting that the process is actually more flexible. Organizational decisions are also made through meetings and other processes without *ringi-sei* (Inoue 1981; Omori 1985). In addition, there are variations in the practice of *ringi-sei* in different ministries and agencies (Shiroyama et al. 1999).

### Interagency Struggle or Turf War as *Kakkyo* or *Sectionalism*

The concept of sectionalism, which was proposed by Kiyoaki Tsuji (1966) as a characteristic of the Japanese bureaucracy, was examined mainly by Tsunao Imamura (1978, 2006). Interagency struggle can be found to a greater or lesser extent in the administrative bureaucracy of any country, but its manifestation tends to be unique within each country. This is because bureaucracy is a historical and cultural phenomenon. After the Meiji Restoration, which aimed to dismantle shogunate rule and consolidate imperial control of Japan, a modernized "Kansei" bureacratic system was established. This Kansei continued to guide the ethos of the bureacratic system after World War II, resulting in conflict and competition among ministries and agencies over authority and jurisdiction. Imamura examined the ambivalence of the traditionally negative concept of sectionalism, and discussed the utility of interagency conflict and the need to manage conflict (Shimada 2011).

### The *Saidaidoin* Mobilization System

Focusing on the fact that the number of civil servants in Japan is small compared to other countries, Muramatsu (1994) summarized the state of the Japanese administrative system to date as "a system that efficiently mobilizes all human resources, funds, and institutions toward a goal." This system "has attempted to maximize the mobilization of the resources of society as a whole through the creation of networks that transcend administrative organizations and include private organizations, albeit on a ministry-by-ministry basis." He says that this is an "activist bureaucracy," a bureaucracy established under a continental-style administrative system in which the government plays an active role. He criticized this system for being rational as long as the goal was to catch up with the West, but after this goal was achieved, it began to work in a dysfunctional manner.

### The *Obeya-shugi* Layout System

Wataru Omori (1980, 1990, 2006) spearheaded research on the total control administrative management system and the open office layout

system, which are preeminent practices that characterize organizational arrangement in Japan. He clarified the characteristics of the large-room system, which is very different from the Western system of individual rooms and jobs specifically assigned to one individual. ***Obeya-shugi*** is the principle that the official unit of work assignment is the division or section, not an individual employee. It is the division of work among organizational units rather than among staff members. The tasks that individual staff members are responsible for are general in nature. The duties of each individual staff member are not clear as in a job classification system. Each staff member belongs to one of the organizations. Except for administrative staff, they are not directly assigned to individual job posts. They work together in a physically spacious room. They form a "territory" of desks. They sit opposite each other at their desks. Personnel transfers are carried out collectively by the human resources department within the government-wide general affairs organization. Direct supervisors do not do this. New employees learn how to perform their work through on-the-job training. The system is designed to avoid any disruption of workflow if a staff member is assigned to a new position. An advantage of the open-office layout system is that staff members can cooperate with, support, and assist each other while sharing the duties of the section as appropriate. A disadvantage is that although staff members can mutually evaluate each other's work performance, it is difficult to evaluate the performance of individual staff members. In particular, since a vague and reasonable "market rate" is formed for personnel evaluation, it is important to form and maintain human relationships. Having a nice disposition and regular communications with co-workers is important. The number of staff in an open office often remains unchanged, while the number of duties may accumulate, frequently exceeding the capacity or number of staff.

## Empirical Studies That Apply the Lens of Foreign Theories

The studies outlined above draw from real-life observations of the Japanese bureaucracy and Japanese administrative operations. The challenge then is how to relate such research to concepts in organizational theory developed overseas. Other empirical studies that use foreign theories to explain the decision-making mechanisms, organizational management, and organizational behavior of the Japanese bureaucracy have advanced in parallel with foreign studies. For example, Izuru Makihara (1994–1995) examined "consultation," a mechanism for horizontal coordination among central government organizations such as the Ministry of Construction, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Transport, using construction management policy for public facilities as a case study, and found that coordination takes place in individual "consultation units."

Some studies also explain the implementation process of individual policies from the perspective of organizational theory. Hideyuki Takechi (1996) applied Simon's theory and principal-agent theory to study organizational control in the process of administering public assistance and community welfare in Japan. He argued that when the predictability of bureaucracy is reduced, the bureaucracy is more likely to manipulate information and incentives in order to obtain the maximum effect with the limited administrative resources of authority, financial resources, information, and personnel available. He also asserted that social relations are transformed into intraorganizational relations to ensure the efficiency and effectiveness of resource allocation and supply processes, which can indirectly improve the welfare of the people. In addition, he theorizes that the source of control is the authority of status rather than the authority of function. Altogether these factors uphold a system that prioritizes supplier sovereignty over consumer sovereignty, with incentive control as the key to control rather than information control.

On the other hand, while most research at the time focused on the central government, some studies emerged that examined the administrative organization of local governments and demonstrated their dissimilarities from the central government. Tao (1990) conducted a groundbreaking empirical study of the organization of local governments. He developed a theory of city hall

organization that focuses on a comparison of public and private organizations and a theory of organizational management that analyzes the behavior of section chiefs in city hall. He found that the bureaucratic model does not accurately characterize local governments, and instead demonstrated that Japanese local governments are organizations with more flexible functions by necessity. In particular, he argues that section chiefs in local governments should have the ability to act as "political managers" who can make decisions based on their understanding of the administrative environment and make value judgments as a member in an open organization that transcends the formal human relationships of subordinates, superiors, and colleagues.

## Focus on Japan and the Japanese Organization and the Bifurcation of Organizational Studies

Since the 2000s, research on bureaucratic and administrative organizations has ceased to apply concepts from organizational theory. Although the field of New Public Management (NPM) is closely related to organizational management, it has more of an emphasis on analyzing the current situation as it relates to institutional reform. For example, Hisashi Harada (2005) examined the broad reorganization of Japan's central government after the NPM reform, which included the separation of planning and implementation, the agency system, and the local independent administrative agency system. In particular, he examined interorganizational management of outsourcing, but did not apply organizational theory.

Second, since the 1990s, the theoretical trends in public administration in Japan have been strongly influenced by the new institutional theory popular in political science. As a result, public administration has been studied through a political process theory lens, with bureaucracy as one of the actors. For example, this research applies corporate contract theory, i.e., principal-agent theory, transaction cost theory, and game theory. Most of the research in this vein considers bureaucracy not as an organization but as a group of actors. In addition, the bureaucracy is positioned as a politician or an object controlled by politics. As a result, it has become unfashionable to analyze the internal organizational structure and nature of decision-making by focusing on the organization and the people who make up the organization. Although there has been a number of studies on bureaucracy that apply foreign theories, such as contingency theory, Daniel Carpenter's reputation theory (2001, 2010), and newer theoretical frameworks, they have been cited in Japan in fields other than organizational theory, outside of the theories' research origins.

In the 1980s, in order to understand the success of Japan's economic development, there was a lot of research conducted in the West on Japan in both the fields of political science and economics. In particular, in the study of government-political relations, political scientists from overseas conducted empirical research to come up with a theory of political superiority that rejected the theory of bureaucratic superiority, which had been the dominant argument in Japan, sparking debate. Since the 1990s, under the longstanding system of the one-party dominance of the Liberal Democratic Party (LDP), the nature of Japan's governance structure has been called into question, and a number of institutional reforms have been implemented to address the issues of how to strengthen the leadership of the prime minister and how to build a democracy in which there is a change of government. These reforms were attempts to strengthen politics against bureaucracy, and it can be said that research trends were dragged along.

In the fields of economics and business administration, unlike political science, the focus was rather on Japanese corporate "organizations" and organizational decision-making mechanisms, which are characterized by lifetime employment and seniority. Masahiko Aoki's series of studies (1988, 1989) using comparative institutional analysis received international acclaim and had a major impact on the above-mentioned research trends pursued by public administration scholars in terms of both conception and theory. Despite this, theoretical updates in the analysis of

Japanese administrative organizations and bureaucracies have stagnated.

Third, although empirical research has become standard in Japan, the disclosure of information on administrative organizations has not progressed, and the empirical data necessary for organizational research is difficult to obtain, unlike in other countries.

The only exception to these trends is a study by Shin (2013). By applying the population ecology model of organizational sociology and following the growth and decline process of health centers, Shin provides an excellent historical account of the mechanism of selection of health center organizations and municipalities by the Ministry of Health and Welfare. Although there are many theories that explain the growth or decline of organizations, this book clarifies aspects of organizational growth and decline together.

Since the 2000s, various administrative reforms have been implemented, starting with the reorganization of central government ministries and agencies; the implementation of NPM and other reforms in central government ministries and agencies as well as in local governments; the introduction of outsourcing and other forms of externalization, and the privatization of management. In addition, with the gradual development of digitalization and other technologies, the mechanisms that were once studied in Japan, such as the *ringi-system, sectionalism, saidaidoin*, and the *obeya-shugi* are likely to be transformed. An empirical examination of the state of administrative organizations in Japan after the reforms may have much to add to organizational theory itself.

## Conclusion: The Lost Three Decades

In this essay, the development of organizational theory in Japan is examined, and the following points are made clear. The development of organizational theory also corresponds to research trends in public administration in Japan. In Japan, the introduction of overseas research concepts was the main focus until the 1960s. Research was divided into two categories: research that used overseas theories to explain the Japanese bureaucracy, and research that identified characteristics and derived from observations of Japanese bureaucratic and administrative organizations. The latter has not received much international recognition, but it is necessary to examine its relationship to overseas organizational theories. In addition, of the two categories of organizational theory research, the themes related to bureaucracy and bureaucratic organization continue to take different forms, but there has been little empirical research on administrative management that enhances organizational efficiency.

Three major issues remain as challenges for organizational studies in Japanese public administration. First, there is a bias toward theoretical trends imported from overseas. As Japanese studies have flourished in Japan since the 1980s, Japanese scholars have begun to draw from Japanese political science instead of following the research trends in public administration and adjacent social sciences overseas. As a result, organizational research has become thin. With the decline of Japanese political research itself internationally, the development of theories has waned. Specifically, studies exploring postmodern theory, particularly interpretive theory, which is prevalent in other countries and other social science fields, have been ignored, and despite changes in the way ministries, agencies, and local governments have been organized since the 2000s through NPM-type reforms, these changes have not been sufficiently analyzed to address real issues. In the future, the digitization of government will continue. As the digitization of public administration advances in the future, the nature of organizations and decision-making within organizations are expected to change drastically, and there is a strong need for research to examine these areas.

Second, there is a need for methodological innovation and remedying the thinness and weakness of the empirical foundation of administrative management research, which is in turn the foundation of organizational theory research. Michio Muramatsu (1983, p. 57) also pointed out this issue in discussing the challenges and prospects of public administration. The scholarly treatment of the various issues related to organizations in

Japan, such as those introduced in the previous section, are mainly narrative and have not been refined to the point of being demonstrable propositions. In addition, regarding methodology, public administration research as a whole lags behind in collecting data related to organizations in a manner comparable to what is found in oversea studies, because researchers in this area often do not have the necessary skillsets to obtain primary data through means such as interviews and surveys.

Third, the state of data acquisition needs to be improved. Related to the second point, in business organizations, data related to organizational management is becoming more available, and joint research with companies is progressing, especially in economics. However, this is not the case in the field of public administration in Japan, where there has been less effort on the part of academia to fill this gap. Acquiring data and accumulating proper empirical research is vital for informing international comparative analysis of Japanese organizations.

Although there was a focus on the strength of Japanese organizations in the 1980s, a comparable assessment has not yet been carried out more recently. Current dysfunctions at the ministry level and other factors need to be fully examined. In addition, researchers need to answer fundamental questions such as how bureaucracies will be transformed, how they will affect society, and how organizations can work efficiently with the introduction of digitalization and other technological advances in public administration.

Reviewing the origins of organizational theory, Starbuck (2005, p. 176) has observed that organizational theory has developed considerable complexity, but the complexity of organizational theory makes sense, since organizations are diverse and complex, and they inhabit diverse and complex environments. He also pointed out that this complexity poses the classical dilemma of how complicated theories should be and that complex theories capture more aspects of what researchers observe, but they are more difficult to understand. Simple theories are easy to understand but they may overlook phenomena that some people deem important. In the case of Japan, the field of public administration in particular has not yet reached the stage of facing this dilemma. It is necessary for empirical research to evolve in order to compare the characteristics of existing Japanese administrative organizations. That is the task as was exhorted by Masamichi Royama, a great authority on public administration in Japan.

## Cross-References


- ▶ Japanese Civil Service, The
- ▶ Legislation and Policy for the Nonprofit Sector, Japan
- ▶ Public Personnel Administration in Local Government, Japan


## References


Aoki M (1988) Information, incentives, and bargaining in the Japanese economy. Cambridge University Press

Aoki M (1989) Nihon Kigyou no Soshiki to Jouho (=Organization and information in Japanese business). Toyo Keizai. [in Japanese]

Carpenter D (2001) The forging of bureaucratic autonomy: reputations, networks and policy innovation in executive agencies, 1862–1928. Princeton University Press

Carpenter D (2010) Reputation and power: organizational image and pharmaceutical regulation at the FDA. Princeton University Press

Harada H (2005) NPM Jidai no Soshiki to Jinji (=Organization and personnel in the NPM era). Shinzansha. [in Japanese]

Ikeda H (1935) Tokkyo-to no Tosei-ron (=Tokyo metropolitan system theory). In: Tokyo-to no Jichi Soshiki-ron; Ge (=Tokyo metropolitan system theory, second part, continued). The Tokyo Institute for Municipal Research. [In Japanese]

Imamura T (1978) Soshiki to Gyosei (=Organization and administration). University of Tokyo Press. [in Japanese]

Imamura T (2006) Kancho Sectionalism (=Bureaucratic struggles in the central government). University of Tokyo Press. [in Japanese]

Inoue S (1981) Ringi-sei Hihan ni tsuiteno Ichi Kosatsu-Wagakuni Gyosei Kikan niokeru Ishi Kettei Katei no Jissai (=A study of the criticism of the approval system: the actuality of the decision-making process in Japanese administrative agencies). Institute of Administrative Management. [in Japanese]

Ishida T (1961) Gendai Soshiki-ron (=Modern organization theory). Iwanami-shoten. [in Japanese]

Kitazawa S (1930) Sangyo Soshiki Riron: Gendai Sangyo Soshiki no Kaino-teki Kento (=Industrial organization theory: an anatomy of modern industrial organization). Shobunsha. [in Japanese]
Kojima S (1928) Eikoku Sangyo Soshiki-ron (=British industrial organization). Nihon Hyouronsha. [in Japanese]
Makihara I (1994–1995) 'Kyogi' no Kenkyu (1)~(5): Kanryo-sei ni okeru Suihei-teki Chosei no Kenkyu (=A study of 'consultation': an analysis of horizontal coordination in the bureaucracy). Kokka Gakkai Zasshi (=J Assoc Polit Soc Sci) 107(1/2):106–172, 108(3/4):1–52,108(9/10):147–203, 109(5/6):475–533, 109(7/8):591–659. [in Japanese]
Muramatsu M (1983) Gyousei-gaku no Kadai to Tenbo (=Problems and prospects of public administration). Nenpo Gyosei Kenkyu (=Annu Rev Public Adm) 17: 39–59. [in Japanese]
Muramatsu M (1994) Nihon no Gyosei-Katsudo-gata Kanryo-sei no Henbo (=Public administration in Japan: the transformation of an activist bureaucracy). Chuokoron-sha. [in Japanese]
Nishio M (1990) Gyosei no Kiso Gainen (=Basic concepts in public administration). University of Tokyo Press. [in Japanese]
Nishio M (2001) Gyosei-gaku Shinban (=Public administration (New edition)). Yuhikaku. [in Japanese]
Omori W (1980) Nihongata Soshiki Kanri-"Soryo Kisei Houshiki" no Tokushoku to Mondaiten (=Japanese style organization management: characteristics and problems of the 'total control system'). Organ Sci 14(2):11–17. [in Japanese]
Omori W (1985) Nihon no Kanryo-sei no Jian Kettei Tetsuzuki (=Procedure for decision-making in the Japanese bureaucracy), Nenpo Seijigaku (=The Annuals of Japanese Political Science Association) 36:87–116
Omori W (1990) Jichi Gyosei to Jumin no 'Genki' (=Self-governing administration and the 'energy' of residents). Ryosho Fukyu Kai. [in Japanese]
Omori W (2006) Kan no Shisutemu (=Continuity and transformation in the Japanese bureaucracy: the "Kan" system). University of Tokyo Press. [in Japanese]
Royama M (1930) Gyosei Soshiki-ron (Gendai Seijigaku Zenshu; vol 9). (=Administrative organization theory). Nippon Hyoronsha. [in Japanese]
Royama M (1965) Gyoseigaku Ronbunshu (=Collected writings on public administration research). Keiso-shobo. [in Japanese]
Shimada A (2011) Sectionalism to Funso management-Imamura sekushonarizumu-ron no Keisho to Hatten (=Interagency struggle and conflict management: inheritance and development of Imamura's sectionalism theory). Hōgaku Shimpo 118(3):67–117. [in Japanese]
Shin S (2013–2014) Gyosei Soshiki no Seicho to Suitai (1)~(4) (=Growth and decline of administrative organizations). Jichi Kenkyu 89(9):104–128, 89(10):83–99, 89(12):79–106, 90(1):75–106. [in Japanese]
Shiroyama H, Suzuki K, Hosono S (eds) (1999) Chuoshocho-no Seisaku-katei- Nihon Kanryo-sei no Kaibo (=Policy processes of the central government: anatomy of the Japanese bureaucracy). Chuo University Press. [in Japanese]
Starbuck WH (2005) The origins of organization theory. In: Knudsen C, Tsoukas H (eds) Oxford handbook of organization theory. Oxford University Press, pp 143–182
Takechi H (1996) Gyosei katei no Seido Bunseki (=Institutional analysis of administrative process). Chuo University Press. [in Japanese]
Tao M (1990) Gyosei Sabisu no Soshiki to Kanri (=Organization and management of administrative services). Bokutaku-sya. [in Japanese]
Tominaga K (1997) Keizai to Soshiki no Syakaigaku Riron (=Sociological theory of economy and organization). University of Tokyo Press. [in Japanese]
Tsuji K (1966) Gyosei gaku Gairon Jo-kan (=Introduction to public administration (upper volume)). University of Tokyo Press. [in Japanese]
Tsuji K (1969) Nihon niokeru Seisakukettei Katei-Ringi-sei ni Kanrenshite (=The policy-making process in Japan: in relation to the decision-making system). In: Shinban Nihon Kanryosei no Kenkyu (=New edition: a study of the Japanese bureaucracy). University of Tokyo Press
Uchiike R (1924) Shijo Soshiki-ron (=Market organization theory). Ganshodo Shoten. [in Japanese]
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222



# Organizational Turnover

Riann Singh
The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Hiring and firing; Staff renewal rate; Staff resignations; Staff turnover

## Definition

Organizational Turnover refers to the process of employees leaving their job or organization of employment within the context of human resources.

## Introduction

Attracting, developing, and maintaining an effective workforce remain a challenge for all organizations and appear to be a management goal that remains elusive, especially when organizational turnover is not properly managed. The fact is that employees leave their job or organization of employment voluntarily or involuntarily, resulting in the turnover issue. Employees may seek career advancement and promotion elsewhere, and competitors and the wider job market may offer many attractive job alternatives. Organizations may replace low performers and economic factors may require downsizing resulting in job losses and lay-offs. Generally, therefore, voluntary turnover is attributed to the decision of the employee to seek alternative employment, while involuntary turnover is attributed to the employer's decision to terminate employees and to uncontrollable factors such as economic downturns.

Turnover, whether voluntary or involuntary, occurs in all organizations regardless of sector. Yes, the very nature and structure of public sector employment has become known for security of tenure with rewards and promotions linked to tenure and less involuntary turnover. At the same time, this sector has become known for more voluntary turnover especially in key or pivotal roles within developing economies. Yes, organizations may be pleased if the employees it labels as poor or average performers voluntarily quit yet disappointed if its high performing, potential stars leave. It is also true that low turnover can encourage creative stagnation and fresh thinking can be compromised. Generally though low turnover is seen as unproblematic, high voluntary turnover is deemed as costly and dysfunctional.

There is little dispute that the costs associated with voluntary turnover can be quite high regardless of the state of any economy. The total cost of voluntary turnover, including employees' reduced or lack of effort on the job and absenteeism prior to actual turnover, the disruption of the social and communication structures of employees who stay, the decrease in the cohesion and commitment among members of the workforce who may choose to stay, as well as the cost of hiring, training, developing, and retaining new recruits can amount to anywhere about and upwards of one-fifth of any company's annual pretax income on a rough estimate. The direct and indirect costs associated with this organizational issue can indeed be far reaching and can even be higher given that many indirect costs associated with turnover are not easily quantifiable. Voluntary turnover is also one of the most important criteria for evaluating and assessing organizational processes in public sector entities, such as employee recruitment/selection, which can impact service delivery as well. The public sector is the right hand of government in delivering services to the public. High turnover is therefore seen as an indicator of inefficient and ineffective organizational processes, which can reduce service quality and negatively impact the delivery of services within the public sector.

Since public administrations invest heavily in their employees and organizational processes, managers at all costs should attempt to minimize turnover. In order to address this issue of high turnover, it becomes important to answer the question: "Why do employees voluntarily leave their job and/or organization; what factors prompt the decision of employees to move on and how can managers address this issue"? If managers are to address voluntary turnover, it becomes imperative to first understand why employees leave.

## Perspectives on Organizational Turnover

For at least six decades, researchers have theorized about and empirically examined voluntary turnover to help management practitioners understand why their employees may take the decision to leave. Most of the early turnover models grew from the pioneering work of March and Simon (1958), which suggests that if employees are dissatisfied with their current job situation, they search for job alternatives, compare the alternatives to their job, and leave if any alternative is deemed better than their job. Steeped in this pioneering perspective of March and Simon

(1958), the attitudinal models of turnover emerged. These models focused on employee attitudes, job satisfaction and organizational commitment, as precursors to voluntary turnover. These attitudinal models argued that if employees are not satisfied with their job and if they are not committed to their organization of employment, managers should expect employees to leave (Mobley 1977). Further research on these employee attitudes suggest that satisfaction and commitment are shaped by many factors (Price and Mueller 1981) including perceived organizational support, perceptions of justice and employee burnout/stress, pay, social integration, communication, centralization, training, opportunities for promotion, and professionalism and that these attitudes combine with successful job searches to negatively predict voluntary turnover. These ideas summarize the attitudinal perspective on turnover.

A second perspective on voluntary turnover focused on nonwork factors. These models, known as the spill-over model of turnover, were based on the premise that family attachments, conflict between work and family roles, and nonwork commitments can explain why employees may leave their job or organization much more than employee attitudes.

Coinciding with the spill-over model was the organizational-factors model, which argue that organizational factors also shape voluntary turnover. Organizational inducements for employees to stay can derive from many factors such as working on projects and working in groups or teams, which increases the attachment that they feel to their job.

Newer perspectives explaining voluntary turnover focused on the decision to leave, outlining the different paths employees take as they choose to exit or leave their job known as the Unfolding Model of Voluntary Turnover (Lee and Mitchell 1994). This perspective suggests that employees make the decision to leave their job over a period of time and that even if employees are satisfied, committed, and choose not to engage in job searches, they may still leave due to shocks, jarring or precipitating events, rather than negative attitudes. This perspective therefore draws attention to the decisional aspect of voluntary turnover.

The most recent perspective on why employees voluntarily leave is Job Embeddedness theory (Mitchell et al. 2001). This perspective examined the issue of voluntary turnover by providing answers to the opposite question of why do employees stay? It suggests that there are on-the-job and off-the-job factors which determine how well employees fit with their jobs, the extent to which they develop linkages in their organization and the benefits they accumulate (termed sacrifices, if forfeited by leaving) over time. If employees fit well, if they develop strong linkages/relationships, and if they have to sacrifice a lot by leaving their organization and community, employees stay.

In summary, there are five broad perspectives that attempt to shed light on the question of why employees voluntarily leave their jobs/organizations of employment. Indeed, the issue of voluntary turnover has been and continues to be problematic, costly, and dysfunctional for public administrations. Turnover cuts at the heart of the organization since it has to do with human assets, the employees. For years, researchers and practitioners searched for answers to manage voluntary turnover and continue to do so in the hope of finding answers that offer a more holistic approach.



## Analysis: Managing Organizational Turnover

Suggestions on how to best manage organizational turnover stem from the five perspectives aforementioned, which each assume that in order to manage the turnover issue administrators must identify the underlying causes of turnover.

First, the attitudinal models suggest that the employees are at the heart of the organization, a tenet central to the practice of human resource management. Since these models focus on employee attitudes of satisfaction and commitment as precursors to turnover, attempts to manage turnover should focus on enhancing job satisfaction and organizational commitment. Indeed, from these models, it is deduced that if organizations focus their efforts on keeping their

employees satisfied and committed, they are expected to stay. They will not be motivated to search for job alternatives regardless of the state of the job market and will not leave their organization of employment. How logical is this argument? Yes, employees are at the heart of organizations and their attitudes are important. This point underlies human resource management. However, employee attitudes alone cannot predict voluntary turnover and managing those attitudes cannot guarantee that employees will stay. Employee attitudes account for as little as 5% of the variance in voluntary turnover (Griffeth et al. 2000) and when job markets offer attractive job alternatives as developing markets do, employees leave public sector jobs even if they are satisfied and committed (Carsten and Spector 1987). In many developing growing economies across the globe, there is the recent trend of employees moving from the public sector to private sector jobs coincident with economic development. The attitudinal models of turnover therefore offer some propositions for managing turnover focused on the employees, but alone, boosting employee attitudes may be insufficient to deal with the turnover issue.

Second, the spill-over model suggests that there are factors which may be outside of the organization or off-the-job that can impact on the decision of employees to leave. This perspective therefore implies that managers should focus on work-life balance policies to address voluntary turnover. Work-life balance policies have emerged within fairly recent times as a contemporary trend in the practice of human resource management. These policies recognize that the lives of employees are often imbalanced with little time or energy for other activities at home and hence provide time for leisure, community, and citizenship activities. Yes, work pressures and job attitudes spill-over to impact nonwork activities and commitments and similarly nonwork activities like family responsibilities can spill-over to impact work activities. It has also been suggested that nonwork commitments were better predictors of leaving an organization than some employee attitudes and hence offers a comparatively stronger approach for dealing with organizational turnover.

Third, the organizational-factors model suggests that focus should be placed on factors within the organization that can shape the decision of employees to voluntarily turnover and not employee attitudes. To manage the turnover issue, managers should therefore work on structures and creating a work environment that build attachment between the employee and his or her organization. For example, using teams, groups, and project work can encourage employees to work together and induce attachments to their jobs and organizations. In many public sector organizations, the working environment is characterized as bureaucratic and the conservative style of management emphasizes routine rather than collaboration. Management attitudes incline towards holding on to power and hence towards dictating orders rather than participation, teamwork, and group work. These characteristics make it difficult to encourage the development of inducements for employees to stay. In recent time, there have been some attempts to encourage teamwork and project work within public sector organizations in developing economies although to a limited extent. The bureaucratic work structures still predominate, thereby making the organizational-factors model of limited value in managing turnover in this sector.

Fourth, the unfolding model of turnover examines the decisional aspect of voluntary turnover and the different ways in which employees leave. To manage voluntary turnover, this perspective implies that focus must be placed on understanding the factors which precipitate shocks since there are precipitating events that shake employees or jolt them into the decision to leave, regardless of their satisfaction, commitment, and job search. However, the content of shocks precipitating the decision-making process of employees to leave their organization are less explored, although there have been suggestions that some turnover happens quickly, some happens more slowly, people leave organizations in different ways, and that shocks can occur frequently off-the-job as well. Managers are therefore provided with some clues as to the decision of employees to leave which may be unrelated to their attitudes and their job searches through this perspective.

Fifth, the job embeddedness model suggests that on-the-job and off-the-job fit, links, and sacrifices enmesh employees and keep them attached to their organization. To manage voluntary turnover, this perspective suggests that managers should focus on selecting employees that fit well with the goals and values of the organization. They should also provide a work context within the organization that encourages social networks and relationship building and promote the development of linkages with others in the organization. As the fit between the employee and their organization of employment increases and the linkages they develop are strengthened within their organization, they would perceive it as too costly a sacrifice to leave. In these ways, employee turnover can be managed and employees are expected to stay with their organization. Further, if employee fit well within their community and develop strong ties there, they should be further motivated to stay in their organization of employment since moving or leaving becomes a sacrifice they will not be willing to make. This proposition for managing voluntary turnover has been widely supported within the existing body of turnover research and empirical studies as fit, links, and sacrifices have been found to offer valid explanations for why employees stay. Mitchell et al. (2001) provided initial empirical support for job embeddedness as a strong negative predictor of voluntary turnover intentions and subsequent actual turnover. Since then, empirical studies across the United States and more recently in India and the Caribbean offered strong support for embeddedness as a mechanism for addressing voluntary turnover. In fact, job embeddedness indisputably was found to offer considerations for the management of turnover that significantly addressed the issue beyond all other existing turnover models. Embeddedness assessed new and meaningful variance in turnover in excess of that predicted by the major variables included in almost all the major models of turnover. This finding puts embeddedness and the idea of enhancing increasing fit, links, and sacrifices to reduce turnover as one of the most valid perspectives for understanding and managing this turnover issue.

In addition to the ideas espoused through the attitudinal model, the spill-over model, the organizational-factors model, the unfolding model, and the job embeddedness model, contemporary ideas have emerged surrounding employee empowerment and employee engagement as key motivational strategies that can be used successfully to manage voluntary turnover.

The empowerment of employees could help to keep them motivated to stay with their organization. When employees are empowered, managers delegate more decisions to their subordinates, employees have increased responsibility and managers act like coaches. This empowerment acts as a mechanism to provide employees with opportunities to take control of their performance and motivates them to stay. However, employee empowerment has been shown to be a better motivator of keeping employees with their organization within the private sector where empowerment initiatives are comparatively stronger compared to the hierarchical control structure typical of most public sector organizations. Further, not all employees respond positively to empowerment. Some employees are motivated to stay with organizations where control is exercised and directions are provided; that is, where they are less empowered.

Employees who are engaged in their organization are more dedicated, are absorbed in their job, and are invigorated by their work. Dedication describes an employee's sense of enthusiasm, inspiration, and pride in relation to their job; absorption describes the state of being fully concentrated and deeply engrossed in one's work and; vigor describes an employee's energy level, their mental resilience while working, their willingness to invest effort in their work, and their persistence in the face of difficulties. Employees who are engaged are more likely to be invested in their jobs and hence are less likely to voluntarily leave their organization of employment. Most of the suggestions on employee engagement and its relationship to organizational outcomes such as voluntary turnover, however, come from the practitioner literature and consulting firms with a dearth of research within the academic literature. Much more research must be done to provide

empirical support for the suggested relationship between engagement and voluntary turnover within the public sector in particular.

## Conclusions

Researchers have long been interested in the issue of organizational turnover as evidenced by the plethora of studies, which have attempted over the years to shed light on this issue. Within the public sector, it is widely argued that its very structure supports the notion of job security (Swailes and Al Fahdi 2011). As such, the contention exists that organizational turnover may not be an issue of concern for public sector employees. Notably, though, at the highest organizational levels, voluntary turnover in particular has emerged as a costly issue of concern for public sector executives worldwide. In this context, the management of voluntary turnover becomes important.

Over the past few decades, researchers have focused on developing answers to the question of why employees' voluntarily leave their organization of employment where they enjoy security of tenure. Indeed, voluntary turnover must be addressed if managers are to be in a position to retain employees in their organization and to enhance their competitiveness in this world of globalization. Managers must understand that employees in their organizations should be treated as assets of the organization and that keeping talented employees that add value is important for their very existence.

All perspectives that emerged over time to develop answers on voluntary turnover each recognized that managers should examine the sources of employee turnover and to manage this issue based on the sources. The earlier approaches which focused on employee attitudes (job satisfaction, organizational commitment) and job searches/the availability of job alternatives have been shown to be significant predictors of why employees may voluntarily leave their organization, but weak predictors at that. The spill-over and organizational-factors models provided comparatively stronger approaches for managing turnover citing that both off-the-job and on-the-job factors are important in the management of turnover. The unfolding model of voluntary turnover showed that employees can still leave regardless of their satisfaction, commitment, and job searches due to shocks over time. This model brought to the fore the shortcomings of the classical attitudinal models of voluntary turnover. The job embeddedness approach combined with the contemporary ideas of employee empowerment and employee engagement together provided the most compelling suggestions for managing voluntary turnover till date, compared to all other models by actually specifying on-the-job and off-the-job components and dimensions (fit, links, and sacrifices) that tie employees to their organization, thereby reducing voluntary turnover.

Yes, the effective management of turnover has long been a crucial issue for organizations. Yes, many approaches have been proposed and used with varying degrees of effectiveness in explaining voluntary turnover and its management as discussed here. However, it is expected that for an issue that had held the interest of researchers and practitioners for decades, the search will continue building on the existing approaches and perspectives to provide even more answers to understand organizational turnover and to support its management.

## Cross-References

► Absenteeism in Organizations
► Organizational Burnout

## References

Carsten JM, Spector PE (1987) Unemployment, job satisfaction and employee turnover: a meta-analytic test of the Muchinsky model. J Appl Psychol 72(1):374–381

Griffeth RW, Hom PW, Gaertner S (2000) A meta- analysis of antecedents and correlates of employee turnover: update, moderator tests, and research implications for the millennium. J Manag 26(1):463–488

Lee TW, Mitchell TR (1994) An alternative approach: the unfolding model of voluntary employee turnover. Acad Manag J 19(1):51–89

March JG, Simon HA (1958) Organizations. Wiley, New York
Mitchell TR, Holtom BC, Lee TW, Sablynski CJ, Erez M (2001) Why people stay: using job embeddedness to predict voluntary turnover. Acad Manag J 44: 1102–1121
Mobley WH (1977) Intermediate linkages in the relationship between job satisfaction and employee turnover. J Appl Psychol 62(2):237–240
Price JL, Mueller CW (1981) A causal model of turnover for nurses. Acad Manag J 24(3):543–565
Swailes S, Al Fahdi S (2011) Voluntary turnover in the Omani public sector: an Islamic values perspective. Int J Public Adm 34(10):682–692

# Organizational Values

Emily Kay Hanks and James Craig Hanks
Texas State University, San Marcos, TX, USA

## Synonyms

Core Values; Organizational beliefs; Organizational ethics

## Definition

Organizational values are guiding principles or ideas in any organization shaping both internal practices and relationships with external stakeholders. These principles or ideas might be explicit as in a mission statement or implicit as enacted in day-to-day practices.

## Introduction

The purpose of this entry is to provide an overview of organizational values by exploring the question "What does it mean to say that an organization has values?" In so doing, it addresses the status of organizations as moral agents – that is whether or not it is appropriate to speak of organizational values at all – by surveying applicable US Supreme Court cases and recent theoretical work. Next, several common perspectives on the meaning of values in an organizational context are presented, and a discussion of how organizational values are manifested by explicit espousals and embedded in the enactment of organizational policies and procedures follows. In attempting to present a concise overview of the voluminous literature on organizational values, some aspects of the topic are, no doubt, overlooked or given scant attention. Hopefully, what readers might find lacking in detail is adequately compensated for by the scope of the entry and that it serves not only as a helpful introduction to organizational values but also as a springboard for future research.

## What Does It Mean to Say That Organizations Have Values?

It seems reasonable to claim that individuals have values, such as the ethical values, political values, and aesthetic values, present in making decisions about how to treat people, how to vote, or what sorts of music or art one enjoys. But, conventional wisdom has long held, organizations are merely groups of people, and whatever values are present belong to those individuals. Yet, in 1993, *Fortune* magazine reported that over half of all companies in the USA had statements of corporate values.

One reason that values are often understood as something possessed by individuals and not organizations is that the term "value" is often understood as designating "moral values." And moral values are often thought of as something individuals have and that they adhere to more or less well. Another reason that values are often thought of as belonging to individuals is that individuals are considered moral agents, capable of being morally responsible and deserving moral praise or blame. Individuals are typically thought of as being causally and morally responsible only insofar as they are capable of free reasoning, deciding, and acting. These ideas are perhaps most famously articulated by Aristotle, Kant, and Mill, each of which maintains that the possibility of being morally responsible rests on the capacities to reason and to act autonomously (or voluntarily). Similarly, Max Weber argued that groups cannot think or

form the intentions necessary to be moral agents. These theoretical and commonsense views that groups are not moral agents (and hence not possessing or enacting moral values) are challenged by a history of Supreme Court cases in the USA and recent theoretical work on organizations as moral agents.

In the context of US constitutional law, rights of persons as outlined in the Constitution are fundamental, and of special importance are those outlined in the Bill of Rights and other constitutional amendments. Since the beginning of the nineteenth century, the court has found that the 1st, 4th, 5th, and 14th amendments apply to corporations as citizens and as persons. Corporations take many forms, for-profit and nonprofit, private or public, and local and multinational. Considered as a person, corporations are moral actors, capable of doing good or ill, and reasonably understood as both possessing and enacting values.

In 1809, the Supreme Court issued a ruling in The Louisville, Cincinnati, and Charleston Railroad Company, Plaintiffs in Error, v. Thomas W. Letson, Defendant, 43 US, 497, on the questions of whether corporations could be sued or otherwise held accountable by the courts and if so which courts would have jurisdiction. The court ruled that a corporation is a legal citizen of the state in which it is incorporated. The notion of corporations as citizens was later expanded to the idea that corporations are persons in Santa Clara County v. Southern Pacific Railroad Company, 1886, 118 US, 294. Beginning in 1897, the Supreme Court would site Santa Clara as establishing that the 14th Amendment applied to corporations.

The twentieth century saw the court further expand the understanding of corporations as persons. In Hale v. Henkel, 1906, the court ruled that the Fourth Amendment of the US Constitution protects corporations against unreasonable searches and seizures. Going further in Russian Volunteer Fleet v. United States, 1931, the court ruled that the Fifth Amendment protects foreign, as well as domestic, corporations against unlawful government seizures.

More recently, in a pair of rulings, the court found that corporations have religious rights and rights to protected political speech. In 2010, the court ruled in a case challenging a controversial law regulating money spent on political advertising. In Citizens United v. FEC, the court found that the state may not legally restrict corporate spending on political speech. And, in 2014, ruling in Burwell v. Hobby Lobby, the majority decision argued that certain for-profit corporations count as persons under the Religious Freedom Restoration Act (1993) and granted closely held for-profit corporations an exemption from laws that violate the religious beliefs and values of shareholders.

The history of court rulings in the USA has been one of expanding the ways that corporations are considered legal actors or agents. This has meant both expanding notions of liability and responsibility and also expanding notions of rights. Recent theoretical work takes a slightly different approach. Instead of reifying corporate personhood, scholars sought to establish organizations as moral agents by articulating the relationships between the organization and its members.

Philosopher Joel Feinberg (1968) published a taxonomy of collective responsibility that identifies four different forms of the relationship between members and organizations and is an important step in developing a view of organizations as agents. The two axes of his account are (1) whether all members share the same fault and (2) whether members contribute to harm at the same, or different, levels. First, a group might be held morally responsible if some, but not all of its members are. This might be the case in situations where there is significant group solidarity and in which goods and harms are understood as collective. For example, a team in a competition could be penalized for the actions of one or more, but not all, members. Second, a group might be responsible if all members carry either contributory or noncontributory fault. This category draws on notions of character and moral luck. Imagine a group of friends all participating in a celebratory night of drinking before then each driving an individual vehicle. All participants are liable for faulty character, even if only one, or some, suffers the bad luck of causing harm. Third, a group might be responsible if all members bear

contributory fault. This category covers many sorts of groups that fall short of the highly formal levels of organization found in corporations and in which responsibility might be apportioned based on levels of contribution. Consider global climate change. All residents in industrialized countries (and beyond) are contributing, and the fault plausibly rests both with the society (at the group level) and the individuals that comprise the societies. Fourth, groups can be responsible in cases of collective nondistributory fault. Consider, as an example, an academic department that accepts a graduate student with a promise to supervise the student's graduate thesis. During the student's time in the department, the faculty members who were willing to serve as supervisors leave the department. The department might reasonably be understood as still having the responsibility to find a thesis supervisor, even if no current individual member is responsible for the problem.

Peter French (1979) published a significant and oft-cited article defending the view that a certain sort of group, a corporation, can be, and in many cases should be, considered a moral person. While many sorts of groups exhibit intentionality in their actions, he argued that corporations are a distinctive type of group because of their distinctive modes of governance and decision-making. These allow for a rationality and revisability about intentions and actions, similar to that necessary for individual agents. French distinguished between aggregate collectives (such as a crowd) and conglomerate collectives. He argued that insofar as the latter have internal decision-making structures and are capable of planning, they are reasonably considered moral persons. These include corporations, universities, churches, and other formally organized groups.

More recently, List and Petit (2011) develop a functionalist account of moral agency. They argue that insofar as organizations develop plans about how some aspect of the world should be and then act to bring about change in the world in accordance with these plans, then organizations are functionally similar to individual agents. They go further and make the case that because organizations can face morally significant choices, evaluate those choices, and then act in response to those evaluations, then organizations share the relevant functional characteristics with individual moral agents and should be treated as such.

In their article "Organizations and Moral Agents," published in this encyclopedia, Tholen and de Vries survey the literature on organizations as moral agents and conclude that some organizations are functionally similar to individual human moral agents. They continue to claim that considering some organizations as moral agents in some contexts could have a salutary impact on our moral practice. Making the case that it is difficult to think of organizations as having moral worth in the same way as individuals, it is important to identify, analyze, and justify the differences in rights and status held by individuals and organizations.

## Perspectives on Organizational Values

Yet, the question "What does it mean to say that organizations have values?" is asking about more than the complicated but relatively narrow issue of moral responsibility. Values "talk" proliferates in both scholarly and popular publications on organizations. Discussants include scholars from multiple academic disciplines and practitioners in fields such as public administration, business consultants, and cultural critics (to name just a few). It is possible to highlight three common perspectives on the meaning of values in an organizational context:

1. *Values are a means to achieving competitive advantage*. This might also be labeled an instrumental approach that is concerned with how organizations, in general, and managers, in particular, can use values to accomplish organizational objectives.
2. *Values have relatively little meaning*. No doubt that this cynicism is, at least in part, a reaction to the preponderance of literature in the first group, which, according to Jonsen et al. (2015), touched off a global management fad that resulted in the expectation that all organizations articulate and advertise their values. Yet because documents such as mission

statements oftentimes appear to say the same thing (who is against quality, for instance?) and are comprised of vague abstractions and the link between what a company says and what it does is often tenuous, organizational values are dismissed as "mere talk."

3. *Values are constitutive*. Values talk is not ancillary to the organization (e.g., added to improve performance or included on the company's logo), rather such discourse is generative. Put differently, it is the organization. This is a distinctly communication-centric perspective on understanding organizational values and draws on the view of organizations as constituted by communicative practices (Brummans et al. 2014). Koschmann and McDonald (2015) summarize the approach thusly: "organizations exist as communication and key organizational realities are best understood as communicative phenomena" (p. 234). It is possible to understand values not as something that organizations "have," rather organizations are created, maintained, and negotiated through the discourse of values.

The role of values in organizational life, as the diversity of these perspectives indicates, is contested. Nonetheless there is widespread agreement that values cannot be seen or heard. Because values are never subject to direct observation; they are only made visible when attached to a value manifestation. Where, then, are organizational values located? Fundamentally, these things called values are made manifest in words and deeds, that is, by espousal and enactment (Cheney 1999).

## Espoused Values

Jonsen et al. (2015) define espoused values as "the values a person or organization expresses or publishes in some manner" (p. 333). The espoused values of an organization are often articulated in various documents, goal and value statements, and policies of any organization. One of the best places to look for the explicit espoused values of any organization is the mission or goal statement. Development and dissemination of these documents is a standard and widespread practice – so much so that the work that these texts perform is at risk of being overlooked. These statements serve multiple functions. They can be used to motive and inspire, as in Patagonia's mission statement, "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis," or to telegraph expectations and provide cues regarding current/future desired behavior, as in Google's post-2015 statement that the organization's mission is to "organize the world's information and make it universally accessible and useful." Interestingly, this statement represents a significant revision from the values espoused in Google's pre-2015 motto "don't be evil."

Espoused values also function to materialize the organization. Artifacts such as organizational value statements make the organization seem real by presenting us with a unified sense of the organization through a process known as "presentification" (Koschmann and McDonald 2015). Similarly, Jonsen et al. (2015) demonstrate that value statements can be read as a form of organizational self-presentation. Using the metaphor of the stage, they understand the importance of values in general and the articulation of values in particular, as a representation of organizational performance. A good example in this case is the Core Values and Heritage of the Marriott Corporation, which declares: "Our core values make us who we are."

Organizations espouse values in documents other than mission or goal statements. Ethics statements and codes of conduct are also important instances of written articulations of the ethical expectations and values of an organization and provide guidance for its members/employees. Although over 75% of US-based businesses now have codes of conduct/ethics, they are a relatively recent phenomenon, with most being written since 1970. These statements speak simultaneously to internal and external audiences. Internal to the organization, they play both instrumental and constitutive roles by articulating the ethical values and norms expected for individuals and for the organization. Externally, they help

those who might interact with the organization to know what sorts of behavior it is reasonable to expect. Ethics statements also serve a publicity function and a legitimating function insofar as they communicate the ethical aspirations and values for an organization. Some scholars view codes of conduct/ethics cynically, arguing that these statements primarily serve to coerce and/or control organizational members while enhancing and/or protecting the organization's external status.

More recently – especially since the 1987 United Nations report "Our Common Future" and the 1992 Rio Conference on Environment and Development – corporations also began to develop statements on sustainability and to issue sustainability reports. Environmental reports were first released in the 1980s by chemical companies in response to increased public awareness of environmental toxins and EPA Superfund sites. In 2010, the Securities and Exchange Commission promulgated formal guidelines requiring US companies to disclose to investors the possible risks they might face because of climate change. A KPMG global survey of corporate social responsibility in 2013 found that 43% of the world's 4100 largest companies issued sustainability reports. As with codes of ethics and conduct, these statements communicate/construct differing values, from valuing nonhuman nature or animals to protecting profits in a changing world. While businesses across all sectors are adopting sustainability statements, they are implementing them quite differently.

Organizational values are also espoused in procedure and process statements, which are often regarded as merely technical implementation statements. Consider, for example, human resource policies providing guidance on the hiring and treatment of employees. Such documents specify practices governing the solicitation and review of employment applications, leave and vacation policies, wage levels and promotion paths, among other things. Some of these policies clearly articulate values, as when an organization aspires to greater diversity or has no diversity policy at all. Other policies are often simply understood as setting the parameters for employee behavior and corporate actions, specifying the rate of accumulation of sick days, or determining whether or not there will be annual cost-of-living wage increases. However, such statements are not neutral guidelines; rather they articulate what the corporation or society writ large values about the issue in question. Differences in the number of vacation days among countries in the Organization for Economic Co-operation and Development (OECD) are another example. European countries, Australia, and New Zealand all establish legal rights to at least 20 paid vacation days each year and paid holidays, while 23% of US workers have no paid vacation, and 24% have no paid holidays. Far from being technical, value-neutral specifications of how to account for days worked and days off and policies regarding holidays or vacation time express what the organization and society value in work-life balance. Andrew Feenberg's recent work on technical codes in engineering and technology informs our understanding of how codes and policies are the product of value contests and directs our attention to how seemingly neutral procedural specifications reveal much about what an organization values.

Verbal or written statements and formal documents such as policies and procedures typically reflect the officially sanctioned views of top management, and the ability to establish and promote the organization's values is considered by some to be an essential function of the executive. This can be especially true of charismatic leaders in entrepreneurial organizations. Top management may articulate values in an attempt to differentiate and delineate their organization from others in a crowded field, to appear the cutting edge, and, thus, to gain competitive advantage (Jonsen et al. 2015). However, the force of institutions exerts a considerable pull. The values that are espoused by organizations tend to conform to the reigning cultural milieu and reflect the prevailing values of the institutional field.

Different sectors of modern societies are typically understood as fulfilling different roles, as pursuing different ends, and being governed by different values. This is one of the distinguishing characteristics of modern differentiated societies.

Organizations within modern societies are thus shaped by, and expected to live up to, value expectations appropriate to the type of organization – namely, as befitting the for-profit, not-for-profit, or public sector.

In the anglophone world, the dominant view of the appropriate ends and values of for-profit businesses is most succinctly captured by (Milton Friedman 1970). He wrote that "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits." Friedman argued that when a for-profit corporation pursues any ends other than the increase of profits, it will tend toward a totalitarian imposition of values. Together with the additional specification that for-profit businesses play by the rules (avoid fraud and deception), this view came to be known as the Friedman Doctrine. It is a widely held view, which some trace as far back as Adam Smith's *The Wealth of Nations*, and that is frequently depicted in popular culture (consider the movies Wall Street and The Wolf of Wall Street).

An alternate view of the appropriate values of for-profit organizations is the corporate social responsibility (CSR) movement. There are many versions of CSR, but the overarching idea is that for-profit corporations ought appropriately be concerned with values and goals other than maximizing profits for shareholders. Although CSR came to be an important part of debates about the roles of corporations only during the latter half of the twentieth century (Carroll 1999), the idea that for-profit businesses should be concerned with social well-being can be traced to the Puritan idea that we have an obligation of stewardship and the nineteenth-century "gospel of wealth," which was widely proclaimed by the industrialist Andrew Carnegie. In more recent years, the rise of "ethical consumerism" has framed the pursuit of profits and the pursuit of social responsibility as compatible. Fourteen European Union countries have public policies that encourage or require CSR. Additionally, crises, such as global climate change, have increase pressure on for-profit corporations to expand their traditional frame for what counts as profitable and for the appropriate values of the sector.

Public organizations occupy a second sector in modern differentiated societies and have typically been expected to adhere to a different set of values than either for-profit or nonprofit organizations. These sector appropriate values have been conceptualized as "public values." While acknowledging that there is significant ambiguity with the concept of "public values," Reynaers (2014) identifies a set of values that appear most often in the literature. Public values include transparency and quality, solidarity and accountability, and responsiveness and responsibility. As with nonprofit organizations, public sector organizations have faced pressures to adopt a more instrumental and managerial approach governed by the value of efficiency. Further, movements, such as reinventing government (Osborne 1993) and New Public Management, have guided the dismantling of public organizations and the contracting out of public services to private organizations, both for-profit and nonprofit.

Nonprofit and voluntary organizations occupy a space commonly referred to as the third sector. The separation from government and for-profit businesses is premised on the notion that nonprofits adhere to a distinctive set of values. These values include altruism, trust, and collectiveness, and nonprofit organizations are presumed to act in ways consistent with the values of caring, enriching, and empowering (Salamon et al. 2012). This assumption led practitioners and researchers to suggest that nonprofit groups enjoy a special ideological privilege, which exempts them from some of the pressures considered appropriate to the for-profit sector and provides a nonprofit-specific source of competitive advantage (Helmig et al. 2015). As of late, however, the sector's privileged status has been challenged. Nonprofit organizations face increasing pressure to import values and practices associated with for-profit businesses – efficiency being the first and foremost – and what was once considered their unique value set has been subject to question (Balanoff 2013). No longer can we assume that nonprofit organizations are subject to one set of

values; they too are now governed by multiple goals and expectations (Helmig et al. 2015).

Recent work by Helmig et al. (2015) captures this reality. Their study compares the value priorities (values that are prized and most likely to be espoused by top managers) and implemented values (values embedded within the organization and affecting the process and structure of daily work) of nonprofit organizations to other ownership models. The results are striking; they find no significant differences in value prioritization between secular nonprofit, for-profit, and public organizations nor could they support the long-held claim that "certain nonprofit values are significantly more strongly implemented in nonprofit organizations" (p. 2571). In other words, there was no evidence to suggest a unique nonprofit value system. Their findings present a rich site for further exploration of the interplay between values and processes. As Jonsen et al. (2015) point out, most research focuses on values guiding action, but it could be that "action and reinterpretation guide the values processes, and thus potentially bring the espoused values in line with what is actually lived over time" (p. 338).

## Enacted Values

Organizational values are located in both what an organization says and what an organization does. Organizations enact their values through the actions they take. These actions might be consistent with expressed values, as when Staples worked with HP to reduce e-waste from all sources in keeping with their increased corporate emphasis on sustainability or when Marriott was recognized in 2016 for the tenth straight year as one of the world's most ethical companies by the Ethisphere Institute in keeping with its claim that "How we do business is as important as the business we do." Conversely, actions might not be consistent with espoused claims, as when the 2010 explosion of BP's Deep Water Horizon oil drilling platform and subsequent oil spill in the Gulf of Mexico stood in stark contradiction to BP's explicit goal of being an innovative and environmentally friendly energy company.

The actions taken by organizations have both material and symbolic impact. The material impact of the action can support or contradict the relevant explicit value. The action taken either communicates that the organization is a consistent actor or suggests that in reality the organization follows a quite different value than that stated. Some argue that the values implicit in the actions taken are the actual values and the explicit but not enacted values are thus articulations of self-deception or bad faith. On this view, what an organization does, the impact of its actions, should be the focus of analysis for identifying the values of the organization. Similarly, one might look at the values expressed through how an organization's actions support or challenge existing social structures and tendencies. For example, a nonprofit healthcare group that accepts contracts from a state health department to provide mental health services is simultaneously enacting values related to providing access to healthcare and values related to creating the hollow state. In this instance, the nonprofit is, in part, enacting values of public service, while also enacting, in part, values of diminishing the role and the legitimacy of the state (Milward and Provan 2000).

Because enacted values can be embedded in organizational behaviors and routines and expressed in symbolic interactions such as organizational rituals, enacted values can be thought of as indistinguishable from organizational culture. From this perspective, leadership is able to espouse the values of an organization, which are accepted by members and then eventually internalized and thus "create" an organization's culture. This is consistent with an instrumental or managerial approach to organizational culture that links values and performance. The idea being that if an organizational culture can be created that enacts certain values, values that will further the goals of the organization, then the organization is more likely to be successful in realizing those goals. Efforts to engineer a strong organizational culture can be a source of motivation and empowerment for employees

(Cheney 1999). Yet it is equally likely that to be experienced as a form of control as epitomized by the maxim often attributed to management guru Peter Drucker that "culture eats strategy for lunch."

Finally, organizational values are also enacted by practice. A practice is comprised of shared understandings, rules, and acceptable ends that are inherently tied to context such that all factors are mutually defined through the relationships. Put differently, values emerge through the interactions of what people say and do and their context. For example, there are 759 full members of the Association for the Advancement of Sustainability in Higher Education (AASHE). One of the strategies advocated for reducing energy consumption and carbon footprint on residential campuses is to supply drying racks in residence halls. Doing so is a practice likely to be consistent with espouse sustainability goals at member colleges and universities. However, none of those factors, singly or together – values statements, membership in a relevant organization, and material practices – will ensure that students use the drying racks. For humans to act in particular ways, especially if those actions run counter to existing norms of behavior or demand more emotional, psychological, mental, or moral effort than other options, requires either a particular individual character or an organizational culture that supports the action in question. As we have known, at least since Aristotle, the actions of individuals and the character of the culture they comprise are inextricable intertwined.

## Conclusion

In summary, this entry sought to provide an overview of organizational values by exploring the question "What does it mean to say that an organization has values?" Doing so required first addressing the status of organizations as moral agents – that is whether or not it is appropriate to speak of organizational values at all. After concluding that the history of US Supreme Court cases and recent theoretical work warranted further consideration of the question, several common perspectives on the meaning of values in an organizational context were highlighted followed by examples of how organizational values are manifested by explicit espousals and embedded in the enactment of organizational policies and procedures.

## Cross-References


- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Integrating Values in the Public Sector
- ▶ Mission, Vision, and Organizational Values
- ▶ Public Values in Public Organizations
- ▶ Value Congruence


## References


Balanoff EK (2013) A special, set-apart place no longer? Deconstructing the discourse of meaning and mission in nonprofit newsletters. Admin Theory Prax 35(1): 11–27

Brummans BH, Corren F, Robichaud D, Taylor JR (2014) Approaches to the communicative constitution of organizations. In: Putnam LL, Mumby DK (eds) The Sage handbook of organizational communication: advances in theory, research, and methods. Sage, Thousand Oaks, pp 173–194

Carroll AB (1999) Corporate social responsibility: evolution of a definitional construct. Bus Soc 38(3):268–295

Cheney G (1999) Values at work: employee participation meets market pressure at Mondragon. Cornell University Press, Ithaca

Feinberg J (1968) Collective responsibility. J Philos 65(21):674–688

French P (1979) The corporation as a moral person. Am Philos Q 16:207–215

Friedman M (1970) The social responsibility of a business is to increase its profits. N Y Times Mag 13(32–33):122–124

Helmig B, Hinz V, Ingerfurth S (2015) Valuing organizational values: assessing the uniqueness of nonprofit values. Volunt Int J Volunt Nonprofit Org 26: 2254–2580

Jonsen K, Galunic C, Braga T (2015) Evaluating espoused values: does articulating pay off? Eur Manag J 33: 332–340

Koschmann MA, McDonald J (2015) Organizational rituals, communication, and the question of agency. Manag Commun Q 29(229–256):0893318915572386

List C, Pettit P (2011) Group agency: the possibility, design, and status of corporate agents. Oxford University Press, New York

Milward HB, Provan KG (2000) Governing the hollow state. J Publ Admin Res Theory 10(2):359–380
Osborne D (1993) Reinventing government. Publ Product Manage Rev 16(4):349–356
Reynaers AM (2014) Public values in public–private partnerships. Public Adm Rev 74(1):41–50
Salamon LM, Geller SL, Newhouse CL (2012) What do nonprofits stand for? Renewing the nonprofit value commitment. Listening post Communique no 22. Johns Hopkins University, Baltimore

# Organizations and Environment

Michael L. Dougherty and T. W. Dondanville
Department of Sociology and Anthropology, Illinois State University, Normal, IL, USA

## Synonyms

Bureaucracy; Climate change; Ecological modernization; Risk society; Sustainable development

## Definition

Organizations – groupings of people in society that come together for specific purposes – have an impact on the natural environment and the natural environment, in turn, influences organizations.

## Introduction

Human society profoundly shapes the natural environment. We harvest natural resources, build elaborate urban settings, and deposit waste from economic processes back into nature. These processes produce deforestation, pollution, reduce biodiversity, and transform ecosystems. While it is common knowledge that human society influences nature, the converse is also true. The biophysical world shapes human society. Poverty and abundance, family and industry, are impacted by the landscape, stocks of natural resources, and weather. Human settlements follow the contours of watersheds. Economies are differently endowed with natural resource riches. At its core, the scholarship of organizational and environmental studies is concerned with this reciprocal interplay between human society and nature.

When we speak of human organizations we mean something a bit narrower than society. Organizations are companies, governments and other major subsocietal bureaucratic endeavors. Organizational studies – made up of organizational sociology and management studies – is the study of bureaucracy, governance, and management of human organizations.

We live in a moment of environmental crisis. Climate change, resource scarcity, and "natural" disaster have come to characterize the global environment of the twenty-first century. It is more urgent than ever, therefore, to understand the interplay of organization and environment. This article lays out the chief intersections of organizational studies and environmental social science. In the next section, we discuss the central concepts in the field of organizational studies and the relevance of these concepts for environmental concerns. In the third and fourth sections, we hone in on the two most salient points of intersection for organizational and environmental studies – sustainable development and climate change.

## Organizational Theory and the Environment

Organizational theory has been in fluctuation since its beginning. A variety of disciplines – from economics to business management to engineering – have made use of the concepts of organizational theory, each with their own unique application.

Organizational theory has its roots in the work of sociologist, Max Weber (1946), who, interested in the architecture of the modern capitalist economy, focused on the multidimensional intersections of social classes, status groups, and political parties. For Weber, these three dimensions were intricately attached to capitalism and operated within an organizational structure that both relied

on and prolonged their specialized roles. Weber aligned the development of capitalism, and the subsequent division of labor, along with the development of bureaucracies and bureaucratization.

For Weber (1946), a bureaucracy is a closed hierarchy of levels of graded authority which create a system of super- and subordination. This hierarchy coincides with the money economy. The increased bureaucratization of capitalist economies – or rational delineation of specialized activities and actions – matches the accumulation of goods and capital. These processes, then, create social class divisions. This set of concepts overlaps with Emile Durkheim's (1972: 143) notion of organic solidarity, where individuals in society become "co-ordinated and subordinated one to another around the same central organ which exercises a moderating action over the rest of the organism."

Weber's bureaucracy is still the basis for modern organizational sociologists' ideas about organizations, firms, and institutions. Yet, important contemporary departures from classical organizational sociology have emerged.

The first of these contemporary currents in organizational theory is a movement away from conceiving organizations as closed systems toward seeing them as open systems. Weber defined organizations as closed social relations with access granted only to specific individuals by a chief or director and an administrative staff (Scott 2004). However, contemporary organizations have more permeable, less fixed boundaries. For example, permanent workers have now been joined, sometimes even replaced, by temporary, part-time, and contract employees. Teams and project groups often include members from multiple independent firms, and organizations downsize and/or work with partners and competitors (Kanter et al. 1992). Similarly, production and service systems now extend across networks of independent companies and agencies.

The notion of externalization is similar to that of organizations and open systems. Classic organizational response to challenges (e.g., workers, technology, expertise) was to absorb and therefore mitigate these challenges by incorporating them into the bureaucracy. However, modern organizational sociologists observe a process of externalization whereby organizations dispose of internal units and contract out functions that were formerly performed in-house (Scott 2004). Along with the move toward open, flexible organizations comes a move toward horizontal systems of management as a complement to the traditional vertical systems.

These new characteristics of organizations hold implications for the natural environment. First the consolidation of bureaucracy as described by Weber ushered in the era of industrial and capitalist excess and the rise of the city in the early twentieth century, which began society's dependence on fossil fuels. This era of assembly lines and growing income disparities turned citizens into consumers and alienated workers. All of these qualities of twentieth century capitalism came part and parcel with environmental degradation. The sooty center cities of the mid-twentieth century and the minority groups that populated them comprised the first real cases of environmental injustice. Organizational theory, therefore, came of age in a moment and described a set of conditions that set society on the path to the acute environmental crisis.

The move in the late twentieth century toward open, flexible firms characterized by outsourcing and short-term contract work weakened organized labor and set the stage for the growth of precarious work. Organizations tend to pursue collective goals at the expense of individual goals (Coleman 1974). But the late twentieth century intensified the anomie experienced by individual workers. Scott (2004: 10) describes this phenomena writing, "rather than organizations serving as agents under our control to assist us in pursuing our goals, we more often spend time and energy serving as agents of organizations as they pursue their specialized and limited ends."

Technological innovations that came bundled with the advent of industrial capitalism (e.g., nuclear power, the medicalization of health, air travel, etc.) produce important social benefits but also represent serious risks. Organizational sociologists introduced the idea of "normal accidents" to explain these developments and their negative consequences (Perrow 1984). Perrow (1984)

argues that the complexity and interdependence of parts is so sensitive that accidents must be expected. Modern society is a risk society where organizational breakdowns become common occurrences. Society employs advanced technologies to clean up or mitigate the risk of future disasters, which, in turn, introduces new sets of risks (Beck 1992).

A final consequence of the rise of the firm, vis-à-vis the natural environment, is the implication of decentralized management and silos of expertise for the system knowledge and application necessary to treat environmental problems. When no one limb of a firm knows what the other limbs are doing, holding companies accountable becomes difficult. Decentralized management allows firms to claim ignorance regarding ethical, environmental, and labor problems. See Dougherty (2015) as an example of this in the context of corruption in the mining industry.

## Organizations and Sustainable Development

International organizations of governance, to a large extent, have established the contours of environmental discourse in the late twentieth and early twenty-first centuries. The predominant environmental discourse today is that of sustainability and sustainable development – a discourse which seeks to preserve capitalist production and consumption and places human life quality at the center.

Sustainable development as a concept originated with efforts of the United Nations in the 1980s to address both environmental degradation and underdevelopment in the global south. The United Nations' World Commission of Environment and Development, commonly known as the Brundtland Commission, took place in 1983. In 1987, the published report of that meeting, *Our Common Future*, introduced the sustainable development model as a solution to several global problems including food insecurity, uneven growth, and energy and resource scarcity. *Our Common Future* coined the definition of sustainable development, still in wide use today: development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Bruntland Commission laid the foundation for the 1992 Earth Summit in Rio de Janeiro, formally known as the United Nations Conference on Environment and Development. This meeting established specific mechanisms to achieve sustainable development. One major outcome was the Rio Declaration on Environment and Development, which laid out the Rio Principles as guidelines for sustainable development. The Rio Declaration shifted the discourse around solving environmental problems from one of government regulation to one of market forces. This gave further momentum to the concept of sustainability, rendering it the dominant environmental discourse of the twenty-first century.

Twenty years after the original Earth Summit, in 2012, the United Nations hosted a follow-up conference entitled, Rio + 20. Like the previous meetings, this meeting was oriented towards market mechanisms to solve environmental problems, arguing that economic growth itself is the solution to environmental degradation.

Sustainable development appeals widely across the political spectrum, given its understanding of environmental stewardship and economic growth as codependent. The term "sustainable," as a result, is used to mean many different things and has become quite diluted in the process. As is pointed out by Humphrey, Lewis, and Buttel (2002: 224) no politician has ever claimed to be in support of "unsustainable development."

Economist Herman Daly (2003) offers a more precise definition for sustainable development as an alternative to the United Nations standard-bearer. Daly suggests that when the stocks of resources extracted from nature and introduced into the economy are replenished, in like or greater proportion, we have achieved sustainability. He calls this the throughput definition – where outputs equal inputs. Where the United Nations definition takes human society as the focal point, the throughput definition takes the biophysical world as the centerpiece.

Corporations are aware of the contradictions between management and environmental goals. Organizations approach such contradictions from varying perspectives (Van der Byl and Slawinski 2015). Some suggest that there are "win-win" arrangements in which organizations can promote sustainability and profit through green consumerism and green production. This approach is embodied in policy circles by the notion of the "green collar economy" (Jones 2008) and in the scholarly literature by ecological modernization theory (Mol 2003). Other companies see this contradiction as a set of tradeoffs or zero-sum choices (Van der Byl and Slawinski 2015).

Sustainability has become a buzzword in organizational and management studies to refer to practices designed to achieve organizational health and growth. This literature is often divorced from the environmental dimensions of sustainability. Organizations are rightly concerned with efficient use of resources as an integral dimension of organizational sustainability, but more often than not environmental costs are externalized and not captured in this accounting. For organizations to move closer to achieving sustainability in throughput terms, they must begin to internalize these environmental costs.

## Organizations and Climate Change

The dawn of the modern corporation at the turn of the twentieth century institutionalized rational, utility-maximizing logic (Linnenluecke and Griffiths 2015). This rise of the firm and the organization and the concomitant intensified resource use has led to dramatic increases in greenhouse gas emissions and the unequal distribution of the costs and burdens of the effects of these emissions (Linnenluecke and Griffiths 2015). In 2010 alone, commercial and industrial sources in the United States emitted three times the $CO_2$ of residential sources (U.S. Environmental Protection Agency 2016). As a recent Intergovernmental Panel on Climate Change (IPCC) report warned, the increasing magnitudes of warming exacerbate the likelihood of severe, pervasive, and irreversible impacts (IPCC 2014). This is emblematic of Ulrich Beck's (1992: 19) warning that "in advanced modernity, the social production wealth is systematically accompanied by the social production of risks."

There is a disconnect also between the prescription for stemming the tide of climate change – individual changes in lifestyle and consumption habits – and the scale on which the inputs and outputs to and from organizational bureaucracies emit greenhouse gases and threaten the global climate. This phenomenon might also be described as a disconnect between "the limits of exponential growth modes and their impacts on natural systems" stemming mostly from their inability to match human actions and ecological timeframes (Linnenluecke and Griffiths 2015). The tendency of modern society is to individualize risks, hazards, and environmental "bads," including climate change. Subsequently, the solutions or mitigation of such risks become individualized (Beck 1992). This characteristic dovetails with the tendency, described in the organizational studies literature, for organizations to externalize responsibilities onto the individual (Scott 2004). Maniates (2001) refers to this as the "individualization of responsibility." In blaming individuals for environmental bads we give organizations a pass when they should be at the forefront of proposing and implementing solutions.

This individualization of responsibility exonerates organizations from responsibility and thus fails to countervail climate change. Climate change, therefore, is a global problem with its roots in the rise of the modern organization. Climate change requires solutions constructed on the same grand scale and according to the same organizational principles as modern organizations. This observation does not make individuals exempt from responsibility for their lifestyle choices but serves to remind us that the most effective efforts to mitigate climate change must come from the organizational level at which the systematic problems originate. Howard-Grenville et al. (2014: 615) petition management and organizational scholars to integrate climate change into their agendas. "Climate change is so pervasive that its causes and consequences show up at every level of analysis of interest to organizational

scholars. . .climate change and responses to it will fundamentally reshape many of the phenomena, interactions, and relationships that are of central concern to management scholars."

## Conclusion

Organizations are agglomerations of humans within society that seek to accomplish specific goals. These can refer to organizations of governance at the local, national, or global level or can refer to private firms either with or without profit motives. Organizations are fundamental to modern human society and are the building block of the global capitalist economy. In this context, organizations to which conserving the biophysical world is external are likely to be in fundamental conflict with environmental goals. This is so despite the galvanized efforts, over the past 20 years, of organizations to support environmental goals through greening production and consumption and through corporate social responsibility programming. These efforts are known as greenwashing – claiming environmental contributions, which do not really exist, for promotional purposes (Lyon and Montgomery 2015).

As organizations move toward becoming ever more flexible and less centrally managed entities, their ability to work on behalf of the biophysical world is further diminished. The notion of sustainability and sustainable development, the dominant environmental discourse today, seeks to reconcile environmentalism with advanced capitalism in defense of consumer culture. This discourse dovetails with organizational goals, broadly construed. To organize society for environmental protection and stave off the adverse impacts of climate change, we must move away from an anthropocentric sustainability discourse toward a biocentric discourse – one with ecosystems at the center. We must also work to convince organizations and their regulatory apparatuses to transform accounting practices and require that firms internalize the environmental costs of production and pass those costs on to the consumer.

## Cross-References


- ▶ Bureaucracy and Capitalism
- ▶ Globalization and Organizations
- ▶ Max Weber and Organizational Theory
- ▶ Organizational Environment
- ▶ Risk and Organizations


## References


Beck U (1992) Risk society: towards a new modernity. Sage, London

Coleman JS (1974) Power and the structure of society. Norton, New York

Daly HE (2003) Sustainable economic development: definitions, principles, policies. In: Wirzba N (ed) The essential agrarian reader: the future of culture, community, and the land. University Press of Kentucky, Lexington

Dougherty ML (2015) By the gun or by the bribe: firm size, environmental governance and corruption among mining companies in Guatemala U4 issue paper 2015:17. Chr. Michelsen Institute, Bergen

Durkheim E (1972) Forms of social solidarity. In: Giddens A (ed) Emile Durkheim: selected writings. The University Press, Cambridge

Howard-Grenville J, Buckle SJ, Hoskins BJ, George G (2014) Climate change and management. Acad Manag J 57:615–623

Humphrey CR, Lewis TL, Buttel FH (2002) Environment, energy, and society: a new synthesis. Wadsworth Thomson Learning, Belmont

IPCC (2014) Summary for policymakers. In: Climate change 2014: impacts, adaptation, and vulnerability. Contribution of working group II to the fifth assessment report of the intergovernmental panel on climate change (final draft report). Cambridge University Press, Cambridge, UK/New York. Retrieved from https://www.ipcc.ch/report/ar5/wg3/

Jones V (2008) The green collar economy: how one solution can fix our two biggest problems. Harper Collins, New York

Kanter RM, Stein BA, Jick TD (1992) The challenge of organizational change: how companies experience it and leaders guide it. Free Press, New York

Linnenluecke KM, Griffiths A (2015) The climate resilient organization: adaptation and resilience to climate change and weather extremes. Edward Elgar, Northampton

Lyon TP, Montgomery AW (2015) The means and end of greenwash. Org Environ 28(2):223–249

Maniates M (2001) Individualization: plant a tree, buy a bike, save the world? Glob Environ Polit 15(3):31–52

Mol AP (2003) Globalization and environmental reform: the ecological modernization of the global economy. MIT Press, Cambridge, MA

Perrow C (1984) Normal accidents: living with high-risk technologies. Basic Books, New York
Scott WR (2004) Reflections on half-century of organizational sociology. Annu Rev Sociol 30:1–12
U.S. Environmental Protection Agency (2016) Inventory of U.S. greenhouse gas emissions and sinks: 1990–2014. Environmental Protection Agency, Washington, DC
Van der Byl CA, Slawinski N (2015) Embracing tensions in corporate sustainability a review of research from win-wins and trade-offs to paradoxes and beyond. Org Environ 28(1):54–79
Weber M (1946) Bureaucracy. In: Gerth HH, Mills W (eds) From Max Weber: essays in sociology. Oxford University Press, New York, pp 196–262

# Organizations and Globalization

Paul Battersby
RMIT University, Melbourne, VIC, Australia

## Synonyms

Complexity; Economic globalization; Global; Institutions; Networks; Normative globalization; Plurality; Political globalization; Systems

## Definition

Globalization – the transcendence of nation state boundaries and governmental authority by an increasingly complex and extensive array of economic, social, cultural, and technology-mediated patterns of human interaction. These patterns encompass material and symbolic modes of exchange.

## Introduction

The globe is connected through a multilevel maze of organizations and organizational agendas, shaped by multiple actors, large and small, public and private. The demand for international cooperation is substantial, and intergovernmental organizations (IGOs) form only one category among many in a global system characterized by increasing plurality (UIA 2015). Estimates of the number of IGOs range from several hundred to several thousand, but, by whichever criteria we use to enumerate these entities, unarguably, the scope of intergovernmental action has widened appreciably since 1945 and with this the scope of political globalization. The chapter reviews the evolution of the United Nations System and affiliated Bretton Woods Institutions (BWIs), to illustrate the role of power structures, discourses, and interests in the formulation of an increasingly plural system of global institutions of governance. Outside the state sphere, the scope for organized action is limitless. Commercial organizations, in production, trade, and finance, move in different patterns and at different tempos to these bureaucratic actors, but the largest shape the course of economic globalization and thus have a substantial bearing upon the integrity of the system as a whole. Between a state and market sits a vast and disaggregated space of social action, which resides social actors that either work to mediate between the global and the local or outright seek to resist the pressures to conform with executive prescriptions.

Forms and models of "organization" have altered substantially over the past half century. Machine-oriented archetypes of hierarchical industrial enterprises have given way to images of dynamic and adaptable ecological systems, configured to operate in a complex global world (Morgan 2006, p. 18). The impacts of these shifts are most evident in the commercial sphere but manifest also in the diversification of governmental and nongovernment actors at the international and global levels. Even for large and "heavy" bureaucracies, such as the major multilateral institutions, it has become the norm to pursue institutional agendas through extensive and multilayered networks of actors. This reflects the "open system" dynamics of globalization in both the opportunities created for coordinated action and the new competitive conditions arising from increasing plurality (Morgan 2006; Battersby 2014). Rather than focus upon "the organization," this chapter explores processes of assemblage and

change within networks of organizations in a complex global environment.

## Intergovernmental Organizations (IGOs)

### The United Nations System

The United Nations Charter (1948) tasks UN member states with the collective maintenance of "international peace and security" through the globalization of complementary norms. Collective security is both a principle and a practice of collective defense, in which parties agree not to make war against each other and to assist when mutual security is threatened from without or within. Written with the memories of World War II still fresh in the minds of all participants at the 1945 San Francisco Conference, the Organization's founding document places security and military cooperation at the top of the international agenda with "economic and social advancement," "tolerance," and respect for human rights counted as security enablers (UN Charter 1945). The UN is not a world government; it has no army, no police force, and no means of enforcing international laws without the consent of the five permanent members (P-5) of the UN Security Council (UNSC), the USA, China, Russia, Britain, and France. It is financially dependent upon member states with the USA its principal and oftentimes reluctant donor. Like its institutional predecessor, the ill-fated League of Nations, the UN is bound to uphold the principle of state sovereignty, which is fundamental to the *raison d'etre* of what is after all an association of nation states and which receives specific protection under the UN Charter (Article 2/7).

The UN is also not a unitary organization but a collection of self-governing programs and funds and independent but affiliated specialized agencies. The secretary-general and the UN General Assembly (UNGA) are technically placed at the apex of the UN's organization structure, but the authority of both is circumscribed by the fact that neither wields effective enforcement power, which resides in the UNSC. Here, the right of veto shared by the P-5 means that the particular interests of each of the permanent members limit the scope of possible actions. Military intervention to end conflicts or prevent mass atrocities can only be effected under international law with UNSC endorsement and requires the political will of larger states, primarily the USA, to provide military forces and financial resources. The willingness of the USA to contribute to international interventions under UN auspices diminished as communism collapsed in the 1990s and waned still further because of its costly twenty-first-century campaigns in Afghanistan and Iraq. After a brief moment of compromise in the early post-Cold War era, relations between the permanent members have become increasingly tense. The failure of the UNSC to act decisively to broker a solution to the civil war which erupted in Syria in 2011 reflected the widening gap between US and Russian models of geostrategic security. Yet, shared mental models on matters of global concern, notably the spread of Islamist terrorism out of the Middle East and global climate change, have enabled the patching over, if not the transcendence, of differences between the major powers.

Global security governance is still dominated by the P-5. In recent times however it has become common to add Germany to this strategic power grouping (the P5 + 1) in recognition of Germany's leadership role within the European Union where it has shaped EU security policy in the European P5, along with France and the departing UK (On June 23, 2016, the United Kingdom resolved through referendum to leave the European Union.). There is a realization within the UN's upper echelons that the twenty-first century demands a different perspective and a different set of operating principles, but deeply entrenched power structures are difficult to reform (Kennedy 2006, pp. 135–136).

If international cooperation is merely the pursuit of political self-interest through diplomatic means, then the lengthening UN agenda since 1945 suggests a broad harmony of interests at the international level, even allowing for disputes over detail. Institutional evolution reflects the lengthening postwar global development agenda and the emergence of new global issues, the environment and global warming, health, and

HIV/AIDS. World War II displaced hundreds of thousands of people across Europe, hence the formation of the United High Commissioner for Refugees (UNHCR) which oversees the implementation of the *1951 Convention Relating to the Status of Refugees*. UN development priorities address the "soft" or human infrastructure of liberal social progress with special emphasis on education and international "understanding." The United Nations Children's Education Fund (UNICEF) exemplifies the UN's aspirational emphasis upon youth as the symbolic and physical embodiment of the future of humankind. Because voting power in the United Nations General Assembly is based on the principle of one nation one vote, developing postcolonial states has played a larger part in shaping institutional arrangements. The United Nations Conference on Trade and Development (UNCTAD) (1965) and the United Nations Development Programme (UNDP) (1966) were formed in response to concerns voiced by states from the global South about the inequities of development which it was claimed perpetuated unequal power relations in the global political economy.

The UN Economic and Social Council (ECOSOC) coordinates the economic and social development work of UN programs and funds and specialized agencies, but its coordination powers are limited by the financial and bureaucratic independence of this latter group of organizations. The United Nations Economic, Social and Cultural Organization (UNESCO), for example, established as a specialized agency in 1945, to foster "moral and intellectual solidarity," has its own governing organs, membership, and budget derived principally from member state contributions (UNESCO 2015). The World Bank and International Monetary Fund (IMF) are likewise autonomous agencies within the UN system with substantially more financial resources at their disposal (Kennedy 2006, pp. 114–117). Viewed positively, these institutions demonstrate common concern for global issues; viewed critically, each agency is merely another opportunity for states to pursue their self-interest by diplomatic means (Table 1) (Weiss 2012).

In the 1990s, global policy makers began to acknowledge the complexity and cross-cutting nature of peace and security issues on the UN agenda. Beyond the strategic security sphere,

**Organizations and Globalization, Table 1** The structure of the United Nations System

| United Nations principal organs | Programs and funds | Specialized agencies | Functional commissions |
|---|---|---|---|
| General Assembly<br>Security Council<br>Secretariat<br>Economic and Social Council<br>International Court of Justice<br>Trusteeship Council | United Nations Conference on Trade and development (UNCTAD)<br>United Nations Development Programme (UNDP)<br>United Nations Environment Programme (UNEP)<br>United Nations High Commissioner for Refugees (UNHCR)<br>United Nations Children's Education Fund (UNICEF) | International Labor Organization (ILO)<br>Food and Agriculture Organization (FAO)<br>United Nations Economic, Social and Cultural Organization (UNESCO)<br>World Health Organization (WHO)<br>World Bank Group<br>International Monetary Fund (IMF)<br>International Telecommunications Union (ITU)<br>International Union for the Conservation of Nature (IUCN) | Economic Commission for Latin America and the Caribbean (ECLAC)<br>Economic Commission for Africa (ESCA)<br>Economic and Social Commission for Asia and the Pacific (ESCAP)<br>Economic Commission for Europe (ECE) |

Source: United Nations (2015)

global policy has become more "businesslike" and less tolerant of the bureaucratic models of the past, even though patterns of centralized command and control persist. Adopting the language of modern corporate management, former UN Secretary-General Kofi Annan (1996–2006) foreshadowed a new model of global problem solving, one which placed emphasis upon "integration," "policy coherence," "flexibility," and "informational capacity" across government, non-government, and intergovernmental sectors, to address multidimensional and multi-sector security issues (Annan 2000, p. 14). This prescription foreshadowed a new spirit of entrepreneurialism in international responses to global challenges framed in the eight Millennium Development Goals (MDGs), superseded by 17 SDGs, which incorporate stronger statements on climate change and wealth inequality (For official details of the MDGs, see http://www.un.org/millenniumgoals/; for the SDGs, see http://www.un.org/sustainabledevelopment/sustainable-development-goals/.). Notions of complexity and multiplicity are embedded in new inventories of development, which are themselves exemplars of the increasing complexities of the global system (UN 2012).

While the UN development agenda accord a significant role to the state in providing necessary social investments, the ideology of market multilateralism has gained the ascendancy. Emblematic of this new business-friendly attitude is the UN Global Compact, coordinated out of the Secretariat and designed to foster involvement by business organizations and associations in the work of the UN, as project partners. This mode of cooperation coheres around the logic of "shared value," being the proposition that, post-2015, the SDGs are aligned with and complementary to the long-term interests of business (Global Compact and DNV GL 2015; Global Compact 2013; Ruggie 2013). "Neoliberal" models privilege market processes above all other considerations and exert a heavy influence on the framing of UN development programs. The UNDP's core operations echo this new spirit of entrepreneurialism. The organization declares its commitment to a strategy of "inclusive market development" adopting a "shared value" approach to multi-stakeholder engagement (UNDP 2014). UNDP has quickly become a significant procurer of development "services" and "goods," from business consultants to advanced telecommunications equipment, with a purchasing budget of US$3 billion in 2015 (UNDP 2015). In this new policy context, human capability development is human capital development with entrepreneurialism and sustainability heavily accentuated.

## Global Economic Governance

A historical distinction can be drawn between the social development agenda adopted by the UN and the economic orientation of intergovernmental organizations created to govern the world economy. Development thinking within the UN favored an interventionist, state-led model, as set forth in the analytical work of Argentinian economist and senior UN bureaucrat, Raul Prebisch, who held the posts of executive director for ECLAC (1950–1963) and secretary-general of UNCTAD (1964–1969) (Prebisch 1971; Kennedy 2006). The 1944 Bretton Woods Conference, in the US state of New Hampshire, led to the creation three key intergovernmental institutions – unofficially but conventionally grouped together as the Bretton Woods Institutions (BWIs) – tasked with governing the international economy to promote market-oriented economic stability and growth. These are the International Bank for Reconstruction and Development (IBRD), which is today one of five agencies within the World Bank Group; the General Agreement on Tariffs and Trade (GATT), superseded by the World Trade Organization (WTO) in 1995; and the International Monetary Fund (IMF). This institutionalization of global economic governance reflected a consensus among world leaders (and their advisors) there gathered that national regulatory arrangements, which worked effectively to ensure relatively orderly financial markets before World War I, were no longer sufficient to govern complex transnational capital movements (Isard 2005, pp. 24–29). There was also a widespread view that financial volatility and the depression of the 1930s contributed materially to the rise of fascism in Europe and hence to the outbreak of war.

The Agreement, at the insistence of the USA, fell short of the interventionist ideal espoused by Britain's lead negotiator, John Maynard Keynes, and entrenched the USA and the US dollar at the apex of the global financial system (Steil 2013). Strategic priorities set by the BWIs have, understandably, emphasized economic models and priorities, specifically investment in the physical means of development (World Bank), trade liberalization (GATT/WTO), and exchange rate stability (IMF). International trade followed an upward trajectory sustained by trade liberalization through the GATT and the receptiveness of US consumers to cheaper electronic goods and motor vehicles from industrializing East Asia. In the 1970s, the BWIs and national governments had to learn to cope with the end of the international regime of fixed exchange rates underpinned by the US dollar ("dollar convertibility"). Financialization, a form of economic globalization characterized by increasingly sophisticated financial innovation, growing foreign direct investment, and mergers and acquisitions through increasingly powerful global capital markets, heralded a new era of growth with volatility. The response from the IMF and the World Bank was to place the greatest burden of responsibility on developing countries to "balance the books" and adopt economic policies attuned to conventional liberal market theory, irrespective of local circumstances and despite serious local institutional shortcomings. As one former World Bank Country Director reflects, "the international system to support development is not a thing of beauty. It has evolved over the past 60 years in a way that defies logical explanation" (Kavalsky 2005, p. 43).

The so-called "Washington Consensus" became synonymous with neoliberal globalization in the 1990s, denoting a shared, but by no means, uniform, general policy orientation among the BWIs that favors economic deregulation and severe fiscal austerity in times of economic crisis (Rodrik 2011, p. 164; Denzau et al. 2007). Broadly, the shared assumptions were that deep government regulation constrains economic development and creates fiscal imbalances that, in extreme cases, occasion economic collapse. "Free market" competition by contrast enables economic relations to reach a natural equilibrium where economic fortunes fluctuate within an acceptable bandwidth of risk. This orthodoxy, as it became, ran counter to the logic of many economists who see a greater strategic economic role for the state and draw attention to the historical record of the growth creation through strategic industrial protection, exemplified by the successes of East Asian economies in the late twentieth century (Chang 2007, pp. 72–74; Rodrik 2011).

The model was derived, erroneously, from John Williamson's analysis of the causes of the Latin American debt crisis of the previous decade. Yet, Williamson's descriptive findings were not an endorsement of austere structural adjustment policies. His prescriptions did not call for the automatic reduction of government expenditures but rather the careful management of fiscal policy to effect debt reductions where appropriate but without choking the supply of finance essential to engines of economic recovery (Williamson 2004). Williamson sought a consensus about fiscal responsibility not the denial of credit that critics, including some World Bank officials, allege exacerbated the Asian financial crisis of 1997–1998 (Shivakumar 2005, pp. 318–319). There is convincing evidence of the damaging effects of aid and structural adjustment both on the populations of recipient countries, in the form of diminished economic opportunity, and on those decision-making and governance structures which fall prey to corruption by vested interests seeking personal financial gain from the rivers of multilateral cash and credit that flow in their direction (Easterly 2013).

There is intense pressure on national governments to institute reforms that correspond with the global "script" handed down by the BWIs and the World Economic Forum (WEF), as detailed in the latter's annual *Global Competitiveness Report* and Global Competitiveness Index. Both the Report and Index identify "pillars of competitiveness" and rank countries in terms of their performance against key competitiveness indicators, including strength of representative political institutions, market efficiency, health, education, levels of corruption, and more (Sala-i-Martin et al. 2015). "Competitiveness," more so

than stability, is today the defining global economic norm among financial policy elites that subscribe to the orthodox vision of liberal modernization (Rodrik 2011). World Bank strategy has veered markedly toward acknowledgment of the social and psychological dimensions of development and the reality that individual "choice" is often irrational and irregular, meaning that policies based upon notions of uniform human motivation are flawed (Stiglitz et al. 2010). That said, the goal of all BWIs remains to make markets work more efficiently.

Credit (or debt) is fundamental to a liberal economic system that thrives on financial risk taking and the expectation of future returns on investment. Whatever the social and environmental claims made in World Bank official statements, the World Bank Group exists to redirect financial resources in ways that further economic risk taking to (depending upon one's ideological standpoint) spread growth and development or expand the frontiers of liberal capitalism. The Group comprises the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID) (World Bank 2015a). As with the UNSC, the World Bank's 25-member executive reflects the economic strength and financial power of a select group of countries with the USA wielding the most influence by virtue of its financial contributions, the basis upon which voting privileges are allocated, and the requirement that the World Bank President be a US citizen. Unlike the Security Council, the World Bank has adjusted the economic rise of Japan and Germany and in 2012 moved to reallocate voting rights to reflect increased contributions from the BRIC economies – paralleling revised quota and voting provisions adopted by the IMF.

"Flexibility" is the watchword of contemporary neoliberal economic governance. World Bank development models are evolving away from grand-scale donor-driven infrastructure projects toward local "ownership" of planning priorities with the Bank acting as financier and facilitator. The Bank supplies expertise and project finance, through loans, credit facilities, and grants, for the construction of physical infrastructure and the development of new business ventures, but a large share of financial risk is borne by contractors. The significant rise in contracting out to private companies since 2000 is privatizing development, and spreading risk through the development supply chain, down to a local community level (World Bank 2012). The sophisticated means by which finance is marshalled and channeled into development projects and programs imposes demands, the so-called "conditionalities," upon recipient governments to reform public sector management practices and modernize their financial systems to accommodate increased financial flows and more abstract financial transactions. Because World Bank officials endorse the values, if not the methods, espoused in Bank policies, expert advice encourages further market reorientations and the adoption of mental models more attuned to the Bank's market logic (Poortman 2005, pp. 206–210).

It is also possible to plot patterns of financial norm diffusion across the global political economy through the agency, and the agents, of regional multilateral banks, most of which were, until recently, World Bank affiliates. This second tier of financial institutions incorporates the African Development Bank (AfDB), the Asian Development Bank (ADB), and Inter-American Development Bank (IDB). As with the World Bank, regional development banks are funded by member states but supplemented by finance from non-borrowing members in the industrialized Global North (Table 2).

Multilateral finance at the regional level is granted to governments through loans and credit facilities subject to approved economic and social development strategies. Unsurprisingly, the rules by which finance is approved mirror those set out by the World Bank Group. Yet more subtle forms of multilateral regulatory power manifest in the sphere of international financial risk insurance. The International Finance Corporation (IFC) adheres to the World Bank poverty alleviation mantra declaring its mission as one of brokering opportunities "for people to escape poverty and

**Organizations and Globalization, Table 2** The World Bank and its affiliates

| The World Bank Group | Multilateral development banks | Subregional banks |
|---|---|---|
| International Bank for Reconstruction and Development (IBRD)<br>International Development Association (IDA)<br>International Finance Corporation (IFC)<br>Multilateral Investment Guarantee Agency (MIGA)<br>International Centre for Settlement of Investment Disputes (ICSID) | African Development Bank (AfDB)<br>Asian Development Bank (ADB)<br>European Bank for Reconstruction and Development (EBRD)<br>Inter-American Development Bank (IDB) | West African Bank<br>Central American Bank for Economic Integration<br>Caribbean Development Bank |

Source: World Bank (2015a, b)

improve their lives [. . .] by *leveraging our global presence* [emphasis added] and expertise to provide investment and advice that help developing countries achieve long-term, sustainable growth" (IFC 2012, pp. 7–8, 38–39). The 175-member Multilateral Investment Guarantee Agency (MIGA) likewise encourages transnational investments by underwriting contingencies, for example, asset losses, through conflict or government expropriation. Established in the 1980s, when there was a rapid and significant increase in global equity flows, MIGA is a consequence of the increasingly transnational nature of production and investment and the need, within a liberal capitalist system, to price and mitigate financial risk (MIGA 2012, pp. 2–4). These specialized entities still operate within a multilateral system of economic governance that remains highly centralized. Institutionalized power structures are not immutable, and, partly attributable to the inadequacies of global institutions, newer intergovernmental organizations and networks have emerged to fill policy and organizational voids.

## New Global Actors

The preeminent exemplar of regionalism, the European Union (EU), is the latest stage in an experiment in regional cooperation that began with the revival of Europe after the Second World War. A European community of states was foreshadowed in the US-funded Marshall Plan for European reconstruction, European institutions built under the protection of the US and NATO, and an evolutionary trajectory sustained in part by common economic interests and a shared belief that Franco-German cooperation was central to a durable regional peace. European cooperation has evolved far beyond the confines of macroeconomic coordination to accommodate "external actions" that encompass security and development. It is an exemplar of how trade protection can be an effective means of economic and political integration. Expansion of the former European Economic Community in the 1960s was encouraged with a generous Common Agricultural Policy (CAP), which guaranteed prices for farm commodities to secure the "buy-in" from key agrarian constituencies in establishment and new member states. The template for the EU as an economic and monetary union was laid down in the *Maastricht Treaty* of 1992, but the social character and priorities of the Union continental member states were apparent in the common social and environmental provisions contained in this and subsequent key treaties, culminating in the *Treaty of Lisbon* (2007) (Hix and Hoyland 2011, p. 22).

The 27-member institution (Formerly a 28-member union, the UK resolved to withdraw from the EU after a referendum in 2016. Technically, the UK remains a member state until its withdrawal is effected in law.) is a global actor with substantial diplomatic resources at its disposal to purse separate international economic, security, development agendas. The *Treaty of Lisbon* states that the European Union's development cooperation strategy is committed as "its primary objective [to] the reduction and, in the long term, the eradication of poverty" (EU 2007/c 306/1 161a). Development cooperation serves as an instrument of EU soft or "smart" power and is distinguished from humanitarian aid which

forms a central element of the Union's crisis response-oriented Common Security and Defence Policy. Development, aid, and security cooperation sit within the EU's more broadly conceived Common Foreign and Security Policy (CFSP) where their conceptual complementarities become manifestly evident in the alignment with "good governance," human rights, and democracy, which are specified as key to regional and global "stability" (Ashton 2013; EC 2014).

One of the dominant narratives of global economic change in the 1980s and 1990s centered on the apparent "shift" in the locus of global dynamism toward Asia and the Pacific. Global economic restructuring continues despite the 1997 Asian financial crisis, which did not bring the era of rapid Asian industrialization to an abrupt end as some had forecast. Though Japan's economic ascent stalled, China experienced phenomenal economic expansion. Brazil, Russia, India, and China are now commonly grouped with South Africa into the BRICS, representing new centers of regional and global influence in a "post-Western world" (Stuenkel 2015, p. 126). Pressure to reform of voting powers in the World Bank and IMF is intensified by the formation of new multilateral banks, the so-called "BRICS Bank" and the Asian Infrastructure Investment Bank (AIIB). Both constitute alternative sources of development financing independent of established multilateral banking institutions.

The BRICS emergency stabilization fund, the Contingent Reserve Arrangement, is arguably an outgrowth of deep-seated and historical mistrust of the fashionable neoliberal policy prescriptions handed down by IMF (BRICS 2014; AIIB 2015; Baily 2015). The AIIB initiative is driven by China, which holds 26.6% of voting rights, and is yet one more tangible manifestation of the pluralization of global economic governance, if not fragmentation of the global financial system (Sun 2015). The predominance of Middle East and Asian nations in the AIIB reflects that institution's geographic focus but also underscores the growing appetite for South-South and South-North multilateral cooperation, where non-Western states take the lead in setting agendas.

## Networked States

The EU, like the UN, the BWIs, and the BRICS Bank, is comprised of nation states which, as demonstrated by the UK's decision to leave, retain significant scope for independent action, despite being drawn into an ever-broadening array of interlocking multilateral, regional, and bilateral agreements. The sovereign nation state is conventionally defined as a self-governing territorial entity in which supreme legislative and executive power is exercised by a central government. There are an estimated 206 state entities worldwide, but not all are formally recognized. The UN comprises 193 sovereign member states and a further two nonmember states, the Holy See and the State of Palestine, where in the case of the latter, sovereignty and statehood remain in dispute at the time of writing (UN 2015). In global policy discourses, states are often categorized into simple binary opposites defined according to economic, cultural, or political criteria as "developed" and "developing" (a more palatable version of the older "first"- and "third"-world distinction), "industrialized" and "industrializing," "western" and "non-Western," and the Global North and Global South, which connote political as well as economic commonalities. The UN and World Bank rank countries by income category into high, middle, and low, with gradations in between. Then there are least developed countries (formerly classified as "underdeveloped") distinguished by alarmingly low outcomes across most of the key criteria by which development is officially measured (Alonso et al. 2014; World Bank 2015c). In reality, economic outcomes and geoeconomic interests vary substantially within these groupings and are widening further.

The USA pursues its hegemonic interests in a post-hegemonic or multipolar world, which goes some way to explaining the sizeable military component in its foreign aid budget, a consequence of ongoing involvement in Middle East conflicts. Out of a foreign operations and assistance budget of nearly US$42 billion in 2015, only US$15.9 billion was allocated to bilateral aid, while a further US$6.9 billion was spent on security priorities (including US$4.9 billion given to foreign

militaries). The total includes a historically consistent allocation to the World Bank Group, where the USA holds a 16.9% share of World Bank capital. In return, the USA receives 16% of votes at the IBRD and one of the five permanent seats on the World Bank's Boards of Directors granted to the five largest shareholders (US DoS 2015; World Bank 2015d). The Bank's location in Washington DC and the requirement for Bank Presidents to be US citizens give the impression of strategic capture.

The People's Republic of China (PRC), despite its global economic importance, ranks as an upper middle-income developing country. However, as already indicated, the PRC's rapid economic growth translates into increased bargaining power at the World Bank and IMF, where its contributions and thus voting rights are growing. As of 2015, China held a 4.62% voting share at the World Bank and, as the third largest shareholder, appoints an Executive Director to the Bank's Board (http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IBRDCountryVotingTable.pdf (Accessed July 7, 2016) and http://siteresources.worldbank.org/BODINT/Resources/278027-1215526322295/BankExecutiveDirectors.pdf (Accessed July 7, 2016).). The PRC opened to the West in the 1970s adopting a market economic system that continues to attract substantial foreign investment from the USA, Europe, and prosperous Asian neighbors. And yet, paradoxically, like India and Brazil, China also receives substantial bilateral and multilateral financial aid (Total World Bank lending to China stood at US$ 54 billion in 2015 (World Bank 2015e).).

Patterns of global coalition formation indicate degrees of convergence and divergence within the global system. In the economic sphere, the most influential state coalitions, not because of number but economic weight, are the Group of Eight (G-8) and the Group of Twenty (G-20) (G-20 membership: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK, the USA, and EU.). These informal dialogue forums have the power to affect the global economy by shaping policy responses in the world's largest states, even if decisions are only loosely coordinated and impact "patchy" at best (Payne 2005, pp. 105–106). The G-8 was until the late 1990s the G-7, a coalition of leading economies comprising the USA, the UK, Germany, Canada, Italy, France, and Japan. In the late 1990s, Russia, not because of its economic clout but its political and geostrategic significance, was admitted to what became the G-8. Viewed by the USA as a welcome alterative to heavily bureaucratized UN processes and negotiations, intergovernmental gatherings to address specific global issues have become of increasing diplomatic significance. The approach reached a new level when the G-20 dialogue process was elevated with the first Leaders' Summit in Washington in 2008. This was a crisis meeting that brought together the heads of government from the world's 19 largest economies, including the EU, to avert a collapse of the global financial system through a coordinated emergency response. The G-20 has become an annual international event of considerable pomp, supported by ongoing discussions between diplomatic and technical representatives. In contrast to the G-8, and the Group of 77 (G-77) developing countries, formed in the 1960s to press for global trade justice at the UN, the G-20 spans North and South incorporating significant emerging market economies and oil producers. It is an expanded but nonetheless elite arrangement between globally significant states where the pursuit of geopolitical self-interest is balanced, precariously, with a vested interest in the preservation of global economic stability.

While it is standard for liberal global policy elites to assert that this evolving system can be governed in the interests of an emergent global public, decision-making power remains skewed. The global system is a weighted system in which some actors wield considerably more influence than others. Established structures of global authority are slowly being reformulated as new ideas and influencers emerge to challenge the old order, but the processes of change are slow and outcomes uncertain (Battersby 2014).

## Global Public Space

### International Nongovernment Organizations (INGOs)

A significant feature of late twentieth-century globalization is the growth, diversity, and complexity of nongovernment and civil society organizations. Because of their social orientation and institutional independence from states and commercial enterprises, nongovernment organizations are often categorized as elements of civil society and a nascent "global civil society" and referred to alternatively as civil society organizations (CSOs). A nongovernment organization (NGO) is so called because it is created independently of any government agency. These range in size from one or two persons to several hundred or more in the larger international nongovernment organizations (INGOs). From a handful of INGOs in the early 1900s, numbers rose over the next century reaching 59, 383, from which we can deduce a much larger number of affiliated or parallel national level NGOs of varying size (UIA 2014). Any not-for-profit, non-state organization operating in two or more countries can be categorized as an INGO, which in part explains the numerical growth of the past century. It requires surprisingly few resources to establish and run a small-scale organized international development program, but attrition rates are high for such normative microenterprises. Large INGOs in contrast like World Vision, for example, operate through global federal structures within which national affiliates draw upon significant local resources and exercise considerable autonomy. All are in some way agents that disseminate both complementary and heterogeneous ideas about justice, rights, freedoms, and social obligations (Table 3).

Nongovernment or civil society organizations (CSOs) vary greatly in size and sophistication, and there are many different criteria by which they can be categorized. One useful typology

**Organizations and Globalization, Table 3** Not-for-profit and civic entities in global perspective

| | Global | Local[a] |
|---|---|---|
| **Service oriented** | Oxfam International<br>CARE International<br>Save the Children<br>International Organization for Migration (IOM)<br>Médecins Sans Frontières (Doctors Without Borders) | Grameen Bank<br>CARE Australia<br>Save the Children Australia<br>Oxfam Australia |
| **Humanitarian advocacy** | Amnesty International<br>Human Rights Watch | Amnesty International USA |
| **Environmental advocacy** | Greenpeace International<br>Friends of the Earth International | Greenpeace Africa<br>Friends of the Earth Indonesia |
| **Emergency humanitarian response** | International Committee of the Red Cross International Federation of Red Cross and Red Crescent Societies (IFRC)<br>International Rescue Committee | Australian Red Cross |
| **Faith-based humanitarian and service oriented** | World Council of Churches<br>World Vision<br>Islamic Relief<br>Lutheran World Federation | Brotherhood of St. Laurence<br>World Vision (Australia) |
| **Social movements** | World Social Forum<br>Occupy movement<br>Climate Coalition | Black Lives Matter |

Source: Developed from Costoya (2007)
[a]Incorporating national branches of international federations of NGOs and NGOs headquartered in one country but which maintain development and/or humanitarian programs in other parts of the world

distinguishes between highly structured actors that warrant the title *organization* and more amorphous *movements* with the former identifiable by formal decision-making structures, delegated responsibilities, budgets, and programs and the latter "civic" entities more fluid, inchoate, and volatile in the sense that they ebb and flow in tandem with global issues and the shifting priorities of those who organize them (Costoya 2007, pp. 10–12). Building upon these distinctions, organizations can be subdivided by role or "mission" into those that provide development assistance or emergency relief as their primary function and those that advocate on humanitarian and environmental issues. Then there is the significant sphere of faith-based NGOs, many of which promote an explicit religious message through their aid work and are uncomfortable with western secular human rights discourse (Petersen 2014).

INGO formation was spurred by the globalization of humanitarian concern and a lengthening development agenda after 1945 (Barnett 2011, p. 50). Decolonization and the struggle of newly independent countries to achieve social and economic development created a "demand" for assistance that governments and intergovernmental organizations were unable to meet. Formation, replication, and multiplication of these entities are driven by collective humanitarian concern and, among larger entities, a quest for social impact and political relevance. Whatever their accurate number, these nongovernmental actors have, in the areas of service delivery, won increased credence at the UN and other multilateral institutions that today rely upon international- and national-level NGO assistance to implement development projects.

Patterns of organizational change reflect the influence of dominant discourses and the system-wide pressures to survive to which even altruistic organizations are exposed. Relief agencies and many service-oriented entities operate across a wide range of societal extremes, from conflict zones to zones of severe deprivation and disease, placing enormous demands upon the resources, skills, and expertise of their staff. As NGO budgets become larger and as donors demand greater financial accountability, humanitarian actors have had to adopt modern management practices and develop organizational structures that mirror the private sector. Those who urge greater professionalism and greater concern for efficiency and accountability in the nongovernmental sector welcome this convergence (Lindenberg and Bryant 2001). Others are concerned that donor influence and contractual requirements generate an incremental process of "isomorphic change" in which NGOs become corporatized and subordinated to the governments and institutions from which they derive essential funding (Hopgood 2008; Stern 2008).

## The Commercial Sphere

### Transnational Networks of Production and Finance

Transnational corporations (TNCs) (Used here in preference to the term multinational corporation or MNC.), purveying a different and arguably contrary liberalism, significantly outnumber intergovernmental and international nongovernmental organizations. Benefiting from the relatively open and accommodating international business environment in the West and in industrializing Asia after 1945, TNCs have grown rapidly in number, scale, and complexity. By 2007, there were estimated 78,411 of such corporations headquartered predominantly in Western Europe, North America, and East Asia with 777,647 affiliates worldwide (UNCTAD 2007, p. 218). The deepening intricacies of transnational commercial organization render enumeration increasingly difficult. However, research by Stefania Vitali, James Glattfelder, and Stefano Battiston suggests that "control" over as much as 80% of TNC networks might be exercised, through complex contracting, investment, and other modes of financing, by less than 1000 companies (Vitali et al. 2011, pp. 1–6). Thus, while organizational plurality contributes to a rising quantum of global exchange, there is a global undercurrent of elite consolidation that can be glimpsed through the material and ideational linkages between global commercial and policy elites.

Transnational corporations (TNCs) are the most ubiquitous exemplars of deepening global complexity. Postindustrial or "post-Fordist" society reflects the increased application of knowledge to systemic processes. In the 1990s, this transition was epitomized by Just-in-Time (JIT) production, pioneered by the Japanese company, Toyota, in which the manufacturing processes is governed by strict inventory tailored to consumer demand (Castells 2000, pp. 168–172.).

The largest global corporations have achieved a position of economic power where they can, if not dictate terms, place enormous pressure upon governments to accommodate their transnational operations with generous tax incentives and weak or nonexistent environmental regulations (Wilks 2013). Their rapid growth in number and scale of operations is explained by the drive to escape government regulation and to access overseas markets by establishing manufacturing and assembly operations offshore (Picciotto 2011, pp. 115, 130–135). A sharp rise in TNC formation within developing countries since 1992, accompanied by a rise in South-South investment, adds further weight to claims that the geographic division of the world economy, between the industrialized North and underdeveloped South, is, to a large extent, breaking down (UNCTAD 2010, pp. 17–18).

Patterns of organizational transformation under globalization are of course irregular, with a wide variety of organizational types, but the general tendency in private enterprise, at least, is toward nebulous, organic, and intricate networks (Castells 2000; Gibson and Mats 1994, p. 10). In Zygmunt Bauman's analysis of contemporary society, the "heavy capitalism" of industrialization – often referred to as "Fordism" after Henry Ford whose surname became the eponym for an industrial epoch and whose Ford Motor Company came to symbolize the scientific management of mass manufacturing – is supplanted by "light capitalism" in a "liquid" context of smaller more flexible companies navigating a globalized world of hyper-competition and increasing volatility (Baumann 2000, p. 59).

The corporation, as a single entity, is no longer the norm. Many corporations and brands are household names, IBM, Chrysler, Standard Oil, Philips, Coca-Cola, Sony, Mitsubishi, Toyota, Nokia, Motorola, BHP-Billiton, Exxon, and many more. But today these companies cooperate in networks or "clusters" of corporations, to achieve efficiency gains from "internal" comparative advantages. qForms of corporate networks vary considerably as do the kinds of linkages within and between corporate clusters. TNCs are moving away from direct ownership of offshore operations toward alliances with in-country partners and increasingly to non-equity relationships with suppliers. These non-equity relationships or modes give greater flexibility to transnationals in selecting production locations and with shifting resources across geographical space in pursuit of greatest investment returns without being forced into protracted licensing negotiations with government agents (UNCTAD 2011, pp. 165–161). This at once delivers greater negotiating power to the contracting corporation and pressures prospective suppliers to comply with the globalized production and financing norms (Dicken 2011). What we have, according to Castells, is a society of thickening interdependencies and networked enterprises, introducing a confusing array of TNC clusters, which replace the monolithic but easily identifiable corporation (Castells 2000).



## Conclusion

This chapter has explored the evolution and transformation of international actors operating in the state sphere and the commercial and non-governmental development spheres. It highlights the increasing plurality of organized entities and organizational forms in an open global system that is more fluid and less predictable than the heyday of Fordism. It foregrounds relations and interactions between organizations to exemplify the ways in which ideas and practices become institutionalized and globalized over time. Large multilateral bureaucracies, the UN, and BWIs were formed to address specific issues and mobilize resources to achieve long-term structural changes but have been forced to adopt more flexible, multi-sector, and multilevel strategies to achieve

their objectives. Systemic pressures to conform to liberal economic principles within organizations are perhaps most clearly in evidence in the non-government sector, among civil society actors that have grown appreciably in size to accommodate lengthening global development and humanitarian agendas. Financial constraints imposed by increased scale, but also the changing global funding environment, have forced a reprioritization of organizational aims, to accommodate demands for accountability and efficiency and to demonstrate utility. At the international and global levels, the notion of the business organization as a single entity – upon which regulatory systems are built – is at odds with the dense and often impenetrable networks of ties between commercial actors, between financiers, producers, distributors, and parent company. The ideals and discourses of liberalism pervade this system, but, even as the ideology of market capitalism reaches its apogee in the early twenty-first century, diversification under globalization is engendering new discursive and institutional challenges to the global status quo that will lead to further and more far-reaching transformations in the decades to come.

## References


Alonso, J.A., Cortez, A.L., and Klasen, S (2014) LDC and other country groupings: how useful are current approaches to classify countries in a more heterogeneous developing world? CDP Background Paper No. 21, ST/ESA/2014/CDP/21, UN Department of Economic and Social Affairs, September. Available at: http://www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2014_21.pdf. Accessed January 3, 2016

Annan K (2000) We the peoples: the role of the United Nations in the 21st century. United Nations, New York. Available at: http://www.un.org/millennium/sg/report/. Accessed 23 Mar 2005

Ashton C (2013) Speech by EU high representative catherine Ashton on the latest developments in the common Foreign, security and defence policy. 23 Oct. Strasbourg. http://eeas.europa.eu/statements/docs/2013/131023_01_en.pdf. Accessed 2 July 2014

Asian Infrastructure Investment Bank (AIIB) (2015) About us. http://www.aiib.org/html/aboutus/AIIB/. Accessed 20 Nov 2015

Baily MN (2015) The World Bank and IMF need reform but it might be too late to bring back China. Opinion. brookings. 10 Sept. http://www.brookings.edu/research/opinions/2015/09/10-world-bank-imf-reform-too-late-for-china-baily. Accessed 5 Jan 2016

Barnett M (2011) Empire of humanity: a history of humanitarianism. Cornell University Press, Ithaca

Battersby P (2014) The unlawful society: global crime and security in a complex world. Palgrave Macmillan, Houndmills

Bauman Z (2000) Liquid modernity. Polity Press, Cambridge

BRICS Ministry of External Relations (2014) Treaty for the establishment of a BRICS contingent reserve arrangement. Fortaleza, 15 July. http://brics.itamaraty.gov.br/media2/press-releases/220-treaty-for-the-establishment-of-a-brics-contingent-reserve-arrangement-fortaleza-july-15. Accessed 2 Jan 2016

Castells M (2000) The information age, vol. 1, the rise of the network society. Blackwell, Oxford

Chang H-J (2007) Bad samaritans: rich nations, poor policies and the threat to the developing world. Random House, London

Costoya MM (2007) Toward a typology of civil society actors: the case of the movement to change international trade rules and barriers. In: Civil society and social movements programme paper no. 30, United Nations Research Institute for Social Development

Denzau AT, North DC, Roy RK (2007) Shared mental models post-script. In: Roy RK, Denzau AT, Willett TD (eds) Neoliberalism: national and regional experiments with global ideas. Routledge, London

Dicken P (2011) Global shift: mapping the changing contours of the world economy. SAGE, London

Easterly W (2013) The tyranny of experts: economists, dictators and the forgotten rights of the poor. Basic Books, New York

European Council (2014) Draft annual report from the high representative of the European Union for foreign affairs and security policy to the European parliament: main aspects and basic choices of the CFSP. 20 July CFSP/PESC 435. http://data.consilium.europa.eu/doc/document/ST-11083-2015-INIT/en/pdf. Accessed 20 June 2015

European Union (2007/c 306/1 161a) Treaty of Lisbon. 13 Dec 2007. http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2007:306:FULL&from=en. Accessed 26 Mar 2017

Gibson M, Mats ML (1994) Why organizations? Why now? Organization 1:5–17

Hix S, Hoyland B (2011) The political system of the European Union. Palgrave Macmillan, Basingstoke

Hopgood S (2008) Saying "no" to walmart: money and morality in professional humanitarianism. In: Barnett M, Weiss TG (eds) Humanitarianism in question: politics, power, ethics. Cornell University Press, New York, pp 98–123

International Finance Corporation (2012) *Annual report*. https://www.ifc.org/wps/wcm/connect/2be4ef804cacfc298e39cff81ee631cc/AR2012_Report_English.pdf?MOD=AJPERES. Accessed June 6, 2015

Isard P (2005) Globalization and the international financial system: what's wrong and what can be done. Cambridge University Press, Cambridge, UK

Kavalsky B (2005) Pictures and lessons of development practice. In: Indermit S, Gill IS, Pugatch T (eds) At the frontlines of development: reflections from the World Bank. The World Bank, Washington, DC, pp 19–45

Kennedy P (2006) The parliament of man: the United Nations and the quest for world government. Penguin, London

Lindenberg M, Bryant C (2001) Going global: transforming relief and development NGOs. Kumarian Press, Bloomfield

Morgan G (2006) Images of organization. SAGE, Thousand Oaks

Multilateral Investment Guarantee Agency (2012) FY12–14 strategy: achieving value-driven volume. pp 2–4. https://www.miga.org/documents/MIGA_FY12-14_Strategy.pdf. Accessed 2 Oct 2012

Payne A (2005) The global politics of unequal development. Palgrave Macmillan, Basingstoke

Petersen MJ (2014) Muslim NGOs, aid, and human rights. Open democracy. 17 Apr. https://www.opendemocracy.net/openglobalrights/marie-juul-petersen/muslim-ngos-aid-and-human-rights. Accessed 4 Jan 2016

Picciotto S (2011) Regulating global corporate finance: international corporate law and financial market regulation. Cambridge University Press, Cambridge, UK

Poortman C (2005) Leadership, Learning, and Luck: Reflections on the Balkan States. In: Indermit S, Gill IS, Pugatch T (eds) At the frontlines of development: reflections from the World Bank. The World Bank, Washington, DC, pp 197–212

Prebisch R (1971) Change and development: Latin America's Great task. http://prebisch.cepal.org/en/works/change-and-development-latin-americas-great-task. Accessed 4 June 2015

Rodrik D (2011) The globalization paradox: democracy and the future of the world economy. Norton, New York

Ruggie JG (2013) Just business: multinational corporations and human rights. W.W. Norton, New York

Sala-i-Martin X, Crotti R, Di Battista A, Hanouz MD, Galvan C, Geiger T, Marti G (2015) Reaching beyond the new normal: findings from the global competitiveness index 2015–2016. In: Schwab K (ed) Global competitiveness report, 2015–2016. World Economic Forum, Geneva, pp 3–41

Shivakumar J (2005) Bank engagement in a country: a practitioner's view. In: Gill IS, Pugatch T (eds) At the frontlines of development: reflections from the World Bank. The World Bank, Washington, DC, pp 313–338

Steil B (2013) The battle of bretton woods: John Maynard Keynes, Harry Dexter White, and the making of a new world order. Princeton University Press, Princeton

Stern JG (2008) Humanitarian organizations: accountable – why, to whom, for what, and how? In: Barnett M, Weiss TG (eds) Humanitarianism in question: politics, power, ethics. Cornell University Press, Ithaca, pp 124–142

Stiglitz J, Sen A, Fitoussi J-P (2010) Mismeasuring our lives: why GDP doesn't add up – the report by the commission on the measurement of economic performance and social progress. New Press, New York

Stuenkel O (2015) The BRICS and the future of world order. Lexington, Lanham

Sun Y (2015) How the international community changed China's infrastructure bank. The diplomat. 31 July. http://thediplomat.com/2015/07/how-the-international-community-changed-chinas-asian-infrastructure-investment-bank/. Accessed 8 Dec 2015

Union of International Associations (2014) Number of international organizations by type. In: Yearbook of international organizations. https://www.uia.org/sites/uia.org/files/misc_pdfs/stats/Number_of_international_organizations_by_type_2013.pdf. Accessed 3 Mar 2017

Union of International Associations (2015) Open yearbook. http://www.uia.org/ybio/. Accessed 25 Sept 2015

United Nations (2012) Report of the conference on sustainable development, Rio De Janeiro, 20–22 June. A/CONF.216/16.United Nations, New York

United Nations (2015) Member States on the record. http://www.un.org/depts/dhl/unms/. Accessed 4 Dec 2015

United Nations Charter (1945). Available at: http://www.unric.org. Accessed 7 Mar 2012

United Nations Conference on Trade and Development (2007) World investment report, 2007: transnational corporations, extractive industries and development. United Nations, New York

United Nations Conference on Trade and Development (2011) World investment report, 2011: non-equity modes of international production and development. United Nations, Geneva

United Nations Conference on Trade and Development (UNCTAD) (2010) World investment report, 2010: investing in a low carbon economy. New York, United Nations

United Nations Development Programme (2014) Human development report 2014 – sustaining human progress: reducing vulnerabilities and building resilience. UNDP, New York

United Nations Development Programme (2015) Procurement. http://www.undp.org/content/undp/en/home/operations/procurement/frequently_procured_goods_and_services.html. Accessed 1 Oct 2015

United Nations Economic, Social and Cultural Organization (2015) Introducing UNESCO. http://en.unesco.org/about-us/introducing-unesco. Accessed 15 Dec 2015

United Nations Global Compact (2013) Building the post-2015 business engagement architecture. https://www.unglobalcompact.org/docs/about_the_gc/Architecture.pdf. Accessed 16 Mar 2014

United Nations Global Compact, DNV GL (2015) Transforming business – changing the world: The United Nations global compact. https://www.unglobalcompact.org/docs/publications/ImpactUNGlobalCompact2015.pdf. Accessed 1 Sept 2015

United States Department of State (DoS) (2015) Congressional budget justification: Foreign Assistance Summary Tables, Fiscal Year 2015. Available at: http://www.state.gov/documents/organization/224071.pdf. Accessed January 5, 2015
Vitali S, Glattfelder J, Battiston S (2011) The network of global corporate control. PLoS One 6(1):1–6
Weiss TG (2012) What's wrong with the United Nations and how to fix it, 2nd edn. Polity, Cambridge
Wilks S (2013) The political power of the business corporation. Edward Elgar, Cheltenham
Williamson J (2004) A short history of the Washington consensus. In: Paper commissioned by Fundación CIDOB for a conference from the Washington consensus towards a new global governance, Barcelona. 27–25, Sept 2004. www.iie.com/publications/papers/williamson0904-2.pdf. Accessed 14 Mar 2010
World Bank (2012) Projects and operations, contracts awards search. http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,menuPK:51565~pagePK:95864~piPK:95915~theSitePK:40941,00.html. Accessed 12 Oct 2012
World Bank (2015a) World development report 2015: mind, society and behavior. World Bank Group, Washington, DC
World Bank (2015b) About us. Available at: http://www.worldbank.org/en/about. Accessed 15 Dec 2015
World Bank (2015c) Affiliates. http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20040612~menuPK:8336267~pagePK:51123644~piPK:329829~theSitePK:29708,00.html. Accessed 15 Dec 2015
World Bank (2015d) Least developed countries: UN classification. http://data.worldbank.org/region/LDC. Accessed 5 Jan 2016
World Bank 2015e) World Bank directors. http://www.worldbank.org/en/about/leadership/directors. Accessed 2 Jan 2016

# Organizations as Moral Agents

Berry Tholen and Michiel S. de Vries
Institute for Management Research, Department of Public Administration, Radboud University Nijmegen, Nijmegen, The Netherlands

## Synonyms

Collective responsibility; Organizational agency; Organizational responsibility

## Introduction

The evaluation of actions is a central element of social and political practice. Individuals, whether as citizens or in some official capacity, receive blame or praise for what they did or failed to do. The same goes for organizations. Judgments like the following are quite common: "Shell is responsible for the environmental disaster in Nigeria"; "The Organization for the Prohibition of Chemical Weapons really deserves the Nobel Peace Prize"; "Germany has to bear an historical guilt"; "Parliament is not an innocent bystander in this case"; "Trade unions must be praised for their efforts"; or "The UN has Rwandan blood on its hands." In statements like these organizations are referred to in the same way is common in the case of human individuals. The organizations are presented as moral agents in their own right that can be held accountable and that deserve praise or blame.

Yet, is it really appropriate to treat organizations as moral agents and thus equate them on this important point as human individuals?

Three types of comments have been raised against this practice. First, critics maintain that an organization cannot be understood as an individual actor as it consists of a plurality of individuals. "Organizational agency" should be understood and judged as what is really is: actions of (a number of) individuals. Secondly, an organization cannot be a *moral* agent. It lacks all the characteristics and capacities considered essential for a human person as a moral actor: having a conscience, feeling guilt, being able to deliberate and decide between right and wrong, and the like. And finally, accepting organizations as moral agents would have grave consequences. It would undermine the practice of holding individuals accountable – they might easily evade blame by presenting their actions as part of the organizational dealings. It would also imply that one has to consider organizations as equal to human beings, granting them the same rights individuals have, for instance.

Can the common practice to treat organizations as moral actors be defended against these

comments or must judgments, like the one's mentioned above, be understood as a matter of metaphorical speech without real consequence?

The next sections deal with the issue whether organizations might be understood as agents, whether it makes sense to treat organizations as *moral* agents, and whether taking organizations to be moral agents undermines moral practice. This entry is concluded with an assessment of the implications and complications of treating organizations as moral agents.

Organizations are seen as cooperative ventures being established for a certain aim, for a longer period of time, characterized by some form of internal decision-making and a capacity to act upon a decision. This description will return in the conclusion.

In the field of law and jurisprudence, it is also common practice to treat organizations as singular autonomous actors. Corporations and other types of collective arrangements are granted certain rights, they have legal obligations, and they can be held legally accountable. There might be particular legal considerations for this practice. In this entry the focus is on morals. That does not mean that moral considerations are of no relevance to law and jurisprudence. This issue, however, is not addressed in this entry.

## Can an Organization Be an Agent?

For organizations to be considered as *moral* agents they must at least be agents. According to a particular school of thought that is unreasonable. Adherents of *methodological individualism* claim that only individual human beings can be considered as true rational actors and that explanations of social phenomena can only refer to the actions and intentions of such individuals. This individualistic approach typically maintains that organizations – and other collectives for that matter – do not act themselves. Particular individuals think and act but not collectives. The particular civil servant performs a "state-action." Taking an organization as an actor is like failing to see the strings that move the puppet and believing that it moves all by itself. Presenting an organization as an actor in its own right implies that one takes a bureau, a firm, or any other collective as a creature that in some way exceeds or transcends its composing elements. By doing so, one adds a mystical entity or force to the world that actually is not necessary to explain the phenomena. In methodological terms: taking an organization as an actor violates the rule of parsimony. It implies the conjecture of an entity that cannot be tested or measured and that, in terms of explanation, does not have added value. Methodological individualism implies that granting agency to organizations is like taking metaphorical speech literally, comparable to presupposing a real acting creature when one hears an economist speak of "the invisible hand" (e.g., Downie 1969; Hayek 1955; Miller and Makela 2005; Popper 1960).

This individualist critique of organizational agency has been countered in several ways. One reply focuses on the *ontological* status of organizations and other collective entities. One can point out the parts of, say, a dog or a functioning state, but a dog or a state are not the same as an enumeration of their composing elements. The functioning as a whole makes that one can see and understand and meaningfully speak thereof as a whole. One can identify characteristics of a dog (say its hunting skills or loyalty) that are not meaningfully attributed to one or even the collection of its parts. Accepting a dog as actor in its own right thus does not at all violate the principle of parsimony and neither presumes some mystic substance or force. The same goes for an organization. It also has typical characteristics (e.g., the organizational culture) that cannot be reduced to the individuals being members of the organization or working in the organization.

Closely connected is the *epistemological* argument countering the methodological individualism. Its argument is that many social phenomena cannot be explained and understood adequately by reference to individual qualities and actions alone. Organizations often bring about policies and actions none of its individual members intended or favored. Organizational decision procedures, division of labor, culture, routines, and

the like make for a very complex relation between individual intentions and actions and organizational decisions and outcomes. Reducing all collective (or organizational) actions to those of individuals provides for a partial and biased understanding of what really is going on. Explanations that focus on the organizational level would do much better. This is similar to biological or psychological reasoning. Explanations for actions might be sought at a lower level of aggregation (cells or organs within organisms; neurological paths within the human brain), but some phenomena demand explanations on the higher level (the organism as a biological unity, human mind as intentional and conscious unity). Including organizations in the category of agents, therefore, is not just adding a superfluous item (e.g., List and Pettit 2011).

## Can an Organization Be a *Moral* Agent?

A second critique of taking organizations as moral agents might be called *moral individualism*. According to this approach, moral action is a unique characteristic of human beings. Being able to distinguish right from wrong, deliberate on what is appropriate, what deserves respect and consideration, is what sets human individuals apart from all other entities in the universe. This is a basic understanding, already expressed in ancient myths, like the one in book Genesis. This does not imply, however, that there is no variation in the understanding of human moral actor-ship. In Western philosophical thinking, two traditions can be distinguished: one can already be found in the work of Aristotle and another is expressed by Immanuel Kant.

In Aristotle's understanding, a moral person is able to deliberate on what is appropriate to do in particular circumstances and act upon it. That means that he/she has certain rational abilities and the capacity to make judgments. He/she also has moral feelings like pride, a sense of shame and consideration. Furthermore, he/she needs to have the self-discipline to act upon his or her judgments. Aristotle maintained that a person can, and should, develop moral capacities. A good person has developed a virtuous disposition or character. Moral agency is not only about particular actions but also about the continuous moral (re-) orientation of a person (Aristotle 2000).

Kant also emphasized the ability of judgment in the human being as a moral actor. He, however, focuses on man as a thinking and free creature. Autonomy, that is, the ability to think independently and act freely, makes for human dignity and demands respect. All individuals should respect this dignity in themselves and in every other person. No human individual should be treated merely as an instrument, and each should have equal rights in shaping the common world (Kant 2012). This basic notion of human dignity is also expressed in the Universal Declaration of Human Rights.

Moral individualism maintains that organizations cannot and should not be understood as moral agents. They do not have the moral competencies that, for instance, Aristotle expressed: They do not have desires and intentions and they cannot judge or feel grief. Organizations, moreover, cannot be said to have the type of continuity or constancy that individuals have: They might have a regularly changing set of members. Organizations also lack the Kantian dignity that one feels for individual human beings. In this individualist view, it would be absurd if organizations would be granted certain rights, like the right to live or not be sold as a property. Even though an organization constituted by contract by a set of individuals might be said to have rights (as is common in law), the organization is still not a moral agent in its own right. Its status and its rights completely depend on those of the constituting individuals (e.g., Lewis 1948; Velasquez 1983; Weber 1978).

Advocates of organizational moral agency argue that although organizations miss certain characteristics of human beings, these characteristics are not the ones crucial to moral agency. In this view, organizations can fulfill all the functions of a moral agent. They can gather information and investigate options; they can deliberate on different courses of actions; they can reach an informed

decision taking into account moral considerations; they can implement their decisions; they can be punished for their actions; and they can adjust to manage future situations in a better way. Needed is only a proper organizational structure. An organization that incorporates a proper deliberation and decision-making structure, a system that enforces decisions to be implemented, and a capacity for self-regulation can function as a moral agent. An organization with these three characteristics can take proper actions in particular cases and has enduring qualities like being just or unjust. It is of no consequence that individual membership within such an organization might change. The continuity is guaranteed by the organizational structure and other characteristics like a shared focus or we-perspective and a set of shared understandings among members of the organization (the organization's culture). The gist of this functional argument is that a well-structured organization in its functioning looks like a moral agent, and therefore it is a moral agent (e.g., Bratman 1999; Copp 2006; French 1984; List and Pettit 2011; Gilbert 2006; Rovane 1997; Tuomela 2006; Velleman 1997).

Advocates of organizational moral agency also address the argument of moral worth or dignity. Their argument resembles the reply to methodological individualism. What is typical and worthwhile for groups or organizations cannot completely be reduced to the constituting individuals. For one, organizations often outlive their founding fathers, after which those individuals can no longer be held responsible for things happening within the organization. Secondly, organizations seen as collectives deserve certain rights (and obligations) in order to respect and protect something that transcends the individual members or participants. This applies to cultural, religious, ethnic, and national group rights. The rights given, for instance, to a native tribe or a regional language group are meant to protect the collective. The advocates of this line of reasoning add that this does not mean that organizations can be said to deserve right and respect completely equal to that of individual human beings (e.g., Kymlicka 1989; Taylor 1994).

## The Consequences of Organizational Agency for Our Moral Practice

A third critique of taking organizations as moral agents focuses on its consequences and argues that doing so undermines our moral practice. This threat has several forms. First, if organizations are allowed to take the blame for particular wrongs or harms, individuals can wave their accountability. They might refer to one of the many organizations they are a member of and deny their own liability ("I played only a minor role, I was only part of the organizational machinery, I have no idea what others do with it"). This shift in blame (and praise) from the individual to the organization undermines individual moral development and complicates mutual trust and cooperation. Another aspect of holding organizations morally accountable strengthens the effect: the sanctions involved in case of wrongdoing. Sanctioning organizations (through fines or public blame) in practice might hurt the members of the organization (salary cuts or losing jobs), most of whom are not causally responsible for the harm done. It might even be the case that they were not yet a member of the organization when the harm was done, they might not even been born yet (like past wrongs attributed to war faring states or colonial powers). In all such cases, people are blamed and punished for actions that they had no causal role in and that they might never have intended. In short, holding organizations accountable threatens to eradicate the link between individual intentions and actions on the one hand and blame and praise on the other, with dire consequences (e.g., Thompson 1980).

Another type of threat arising from the practice of granting rights to organizations as moral agents is that group rights can be used as trumps against individuals. They might be invoked against outsiders (for instance, to protect the grounds of a native tribe) and against members themselves (natives that are not allowed to sell their property as they please). Granting group rights may be at odds with individual freedom and could violate the principle of human equality as it favors some over others (e.g., Barry 2001).

In reaction to this third type of comment, the advocates of organizational moral agency reverse the claim: Accepting organizations as moral agents does not undermine but strengthen moral practice. Society consists of a multitude of organizations and in that context the moral practice of judging actions and attributing praise and blame can only be effective if organizations are treated as moral agents. If that would not be possible, one would be confined in ascribing responsibility, because there are no individuals to blame, since the individuals involved lacked the overview, were unable to master the powers involved, and could not have taken such risks. This also applies to issues at the international level. If states, the EU, the UN, or the World Bank are not regarded as moral agents, issues of peace and security, refugees, or the environment could not be judged in ethical terms. By including these organizations in our moral vocabulary, they can be induced to act. By blaming and praising these organizations, they are stimulated to reorient and develop themselves and to improve (e.g., Baier 1991; French 1984; Forrest 2006; List and Pettit 2011; Neuhäuser 2014; O'Neill 1986; Wasserstrom 1991).

The claim that accepting organizational moral agency undermines individual morality is unwarranted, the retort continues. The argument of some kind of zero-sum-perspective in which more organizational responsibility automatically implies less individual responsibility fails. In this line of thinking, it is very well possible that the organization as well as particular individuals are to blame for particular wrongdoings. The responsibility of the UN for the tragedy in Srebrenica, for example, does not exclude specific military officers from their responsibility for their particular actions and the consequences thereof.

Also, it is true that blaming or sanctioning organizations might have negative consequences for innocent members. That, however, is not something that is unique for the case of organizations as moral agents. If sanctions are imposed on parents as individuals, the children involved might share in the burden. This is not a reason to dispense of punishment (let alone of holding people responsible) but rather a reason to try to find the most proper sanction or blame in particular circumstances (e.g., French 1984; List and Pettit 2011).

A last retort concerns organizational or group rights. Here again, possible negative consequences can be neutralized by taken countervailing measures. For example, individuals might be granted rights to opt out in order to guarantee their individual liberties (in the case of citizens of a sovereign state having the right to migrate), and nonmembers might have the right to compensating measures if policies are prejudicial to them (e.g., Kymlicka 1989).

## Conclusion

The conclusion cannot but be that the idea of organizations as moral agents is a disputed concept and that either or not accepting the idea of organizations as moral agents is only half of the story. Well-structured organizations can perform the same functions that one attributes to human moral agents, and accepting organizations as moral agents might therefore be beneficial for our moral practice. Yet, the elaboration that led to this conclusion also disclosed some complications.

First, one has to note that moral actor-ship is an ambiguous concept. It involves, at least, the (Aristotelean) aspect of having moral capacities and the (Kantian) aspect of moral worth. A well-structured organization might be said to have the same moral capacities as an individual human being, but in case of moral worth, the identification cannot be that complete. Organizations might have rights, but these rights are different from the rights granted to individuals. Even if organizations are granted moral agency, their status is not identical to that of individual human beings. Moral actor-ship, probably, might best be understood as a plural or scale concept (e.g., Bratman 1999; Griffin 2008; Hindriks 2014).

A second issue concerns the exact definition of an organization that deserves the status of moral

agent and the finding that alternate arguments for or against organizations a moral agents are related to the understanding of organizations as a unity. Some advocates of organizational moral agency focus on the internal decision-making structure (e.g., Copp 2006; French 1984; List and Pettit 2011). Others argue that joint commitments and a "we-perspective" of individual members is the crucial point (e.g., Bratman 1999; Gilbert 2006; Tuomela 2006; Velleman 1997). These two approaches seem complementary but can result in opposite claims. The structure approach would hold a bureaucratic organization responsible even if the members are disinterested, while the commitment approach would not, because of the absence of joint intentions. The commitment approach would be able to morally judge an unorganized collective like "the medical profession" or "the Muslim community" in a particular case, while such a group obviously fails on internal decision-making structure.

As to the consequences of accepting organizations as moral agents, it was argued that including organizations into the moral universe might have severe consequences for the position of individual members of such an organization. Advocates of organizational moral agency maintain that these consequences can be remedied. It remains a disputed matter whether that is a tenable position (e.g., Barry 2001).

## Cross-References


- ▶ Accountability
- ▶ Ethical Competence
- ▶ Moral Responsibility


## References


Aristotle (2000) Nicomachean ethics. Cambridge University Press, Cambridge

Baier K (1991) Guilt and responsibility. In: May L, Hoffman S (eds) Collective responsibility. Bowman & Littlefield, Savage, pp 197–218

Barry B (2001) Culture and equality: an egalitarian critique of multiculturalism. Cambridge University Press, Cambridge, MA

Bratman M (1999) Faces of intention. Selected essays on intention and agency. Harvard University Press, Cambridge, MA

Copp D (2006) On the agency of certain collective entities: an argument from 'normative autonomy'. Midwest Stud Philos 30:195–221

Downie RS (1969) Collective responsibility. Philosophy 44:66–69

Forrest P (2006) Collective guilt; individual shame. Midwest Stud Philos 30:145–153

French P (1984) Collective and corporate responsibility. Columbia University Press, New York

Gilbert M (2006) Who is to blame? Collective moral responsibility and its implications for group members. Midwest Stud Philos 30:94–114

Griffin J (2008) On human rights. Oxford University Press, Oxford

Hayek FA (1955) The counter-revolution of science. Free Press, New York

Hindriks F (2014) How autonomous are collective agents? Corporative rights and normative individualism. Erkenntnis 79:1565–1585

Kant I (2012) Groundwork of the metaphysics of morals. Cambridge University Press, Cambridge

Kymlicka W (1989) Liberalism, community, and culture. Oxford University Press, Oxford

Lewis HD (1948) Collective responsibility. Philosophy 23(84):3–18

List C, Pettit P (2011) Group agency. Oxford University Press, Oxford

Miller S, Makela P (2005) The collectivist approach to collective moral responsibility. Metaphilosophy 36:634–651

Neuhäuser C (2014) Structural injustice and the distribution of forward-looking responsibility. Midwest Stud Philos 33:232–251

O'Neill O (1986) Who can endeavour peace? Can J Philos 12:41–73

Popper K (1960) The poverty of historicism. Routledge, London

Rovane C (1997) The bounds of agency. Princeton University Press, Princeton

Taylor C (1994) The politics of recognition. In: Gutmann A (ed) Multiculturalism. Princeton University Press, Princeton

Thompson DF (1980) Moral responsibility of public officials: the problem of many hands. Am Polit Sci Rev 74: 905–916

Tuomela R (2006) Joint intention, We-mode and I-mode. Midwest Stud Philos 30:35–58

Velasquez MG (1983) Why corporations are not morally responsible for anything they do. Bus Prof Ethics J 2(3):1–18

Velleman JD (1997) How to share an intention? Philos Phenomenol Res 57:29–50

Wasserstrom R (1991) Conduct and responsibility in war. In: May L, Hoffman S (eds) Collective responsibility. Bowman & Littlefield, Savage, pp 179–196

Weber M (1978) Economy and society. University of California Press, Berkeley

# Organizing Unions as Social Policy

Jaz Brisack
University of Mississippi, Oxford, MS, USA

## Definition

Card check: An alternative to a union election, in which the NLRB verifies that more than half of the eligible employees at a company have signed union authorization cards and then certifies that the union has been approved. The company must agree to this process.

Closed shop: Unionized companies in which joining the union is a condition of employment. Outlawed under right-to-work laws.

Fair election principles: A set of guidelines establishing "equal time" for both the company and the union to discuss their positions during work hours. The company must allow organizers onto company property to conduct meetings, video screenings, flyer distribution, etc. It also must refrain from threatening workers and allow them to decide freely.

Neutrality: The company agrees to refrain from interfering with the unionization effort by showing antiunion videos, making antiunion statements, intimidating or threatening workers, or otherwise attempting to prejudice workers against the union. However, it does not include "equal time."

NLRB: National Labor Relations Board, a federal agency that governs union elections and oversees the organization process.

Right-to-work laws: Legislation prohibiting closed shops.

## Introduction

*When the union's inspiration through the worker's blood shall run,*
*There can be no power greater anywhere beneath the sun,*
*Yet what force on earth is weaker than the feeble strength of one?*
*For the union makes us strong.*

Thus begins "Solidarity Forever," the anthem of organized labor (Kornbluh 2011, 26). As in Aesop's fable of the bundle of sticks, that could only be broken when untied and snapped individually, the labor movement's central tenet can be summed up in the old axiom that there is strength in numbers.

Labor unions form as a direct response to oppressive working conditions, giving workers a chance to improve their own lives. Collective bargaining makes working men and women equal with management when they meet to negotiate a contract. From ending child labor to establishing a minimum wage, from weekends to overtime, from health care plans to pensions, from unemployment benefits to paid time off, from sick days to parental leave, from grievance procedures to health and safety regulations, labor unions have given workers the ability to improve their lives.

Thinking of these improvements, the civil libertarian lawyer Clarence Darrow once said that "With all their faults, trade-unions have done more for humanity than any other organization of men that ever existed. They have done more for decency, for honesty, for education, for the betterment of the race, for the developing of character in man, than any other association of men" (Darrow 1909).

The history of organizing labor unions is a bloody one. Mary Harris "Mother" Jones, an organizer for the United Mine Workers in the early twentieth century, wrote that, "Life comes to the miners out of their deaths, and death out of their lives" (Jones 2012, 122). Massacres, murders, lynchings, tarring and featherings, beatings, imprisonments, and deportations have all been used to try to stop workers from demanding their rights. From the Pullman strike of the 1890s to the Battle of Blair Mountain in the 1920s to the Charleston longshoremen's picket of 2000, government force has been a powerful weapon in the attempt to quash labor. Recently, legislatures across the country have passed laws to hamstring unions' ability to organize.

Yet, despite these odds, unions remain a powerful force for justice and reform. They continue to call attention to deep-seated societal problems while providing a basis for intersectional activism.

## Unions in the United States

### Private-Sector Unions

The history of private-sector unions is rooted in a centuries-long struggle to replace, or ameliorate the abuses of, capitalism. During the Industrial Revolution, massive factories replaced craftsmen's workshops. No longer the owners of the means of production, workers became interchangeable parts of a vast machine. Rather than reaping the rewards of their work, they received scanty wages from the businessmen their labor enriched. This oppression begot radical alternatives.

Industrialization reached the United States just after the end of the Civil War. Soldiers returning from a bloody battle to make men free were forced to work under conditions that endangered their safety, stripped them of their ability to provide for their families, and burdened them under ever-mounting debts. Remembering the chattel slavery they had fought against, many of them began referring to their new economic reality as a system of "industrial" or "wage slavery."

In 1869, a group of these veterans, from both sides of the Mason-Dixon line, formed an association to struggle against these conditions. The resulting organization, the Knights of Labor, was based on a new and revolutionary concept: class struggle. At a time when nearly all other groups were exclusive to advancing the interests of white Protestant men, the Knights of Labor welcomed women, African-Americans and Catholics into its ranks. They organized skilled and unskilled workers alike, developing the "one big union" concept. In their efforts to secure reforms, including the 8-h day, the abolition of the scrip system, and the end of child and convict labor, they pioneered the tactical use of strikes (Boyer and Morais 1955).

Subsequent labor unions have diverged in certain respects from this original organizational template. Issues of contention have evolved over the years, as automation develops and multinational corporations grow. Some unions have decided to focus on specific trades, while others have organized a broader base. The use of strikes has gone in and out of favor. New labor laws have introduced new methods of – and barriers to – organizing.

Yet, most unions have incorporated significant aspects of this prototype. In the 1900s, the Industrial Workers of the World married the organizing strategies of the Knights of Labor with a radical anarcho-syndicalist philosophy. Many unions, from the Southern Tenant Farmers Union in 1930s Arkansas to the Gulfcoast Pulpwood Association in 1970s Mississippi to the SEIU's nationwide Fight for $15 campaign today, have continued the tradition of incorporating civil rights activism into their drives for economic justice. And, for nearly all unions, strikes remain an integral tool for securing members' rights.

The development of laws regulating unions has had a significant impact on the trajectory of unions' internal structure. Prior to the New Deal, the most effective labor unions were characterized by a radical opposition to the corporate-controlled government that inexorably opposed their organizing efforts. The state was viewed responsible for maintaining the capitalist system that oppressed workers. During the First World War, which most labor organizers considered a trumped-up conflict designed to enrich munitions manufacturers and other corporations, antiwar activism was central to labor's platform.

The policies of Franklin D. Roosevelt's administration signaled a marked shift in the attitude of labor toward government. While many of these laws – such as the National Labor Relations Act – did not go as far in ensuring workers' rights as many unions had hoped, they were nevertheless a significant improvement on the status quo. In a reversal of their previous policy, labor agreed to refrain from striking during Second World War to ensure continuous production.

This cooperation with the government has had negative influences on the labor movement. Rather than trusting to the power of united workers, union leadership has developed a

tendency to lobby politicians, even after they have displayed tendencies to renege on their promises. Over the years, this has led to reactionary and counterproductive stances, from the United Mine Workers' purge of suspected Communists during the Red Scare to the United Auto Workers' support of the South Korea free trade pact and the AFL-CIO's endorsement of the Dakota Access Pipeline. It also enabled the rise to power of compromised individuals, such as AFL-CIO president George Meany, who boasted of "never walking a picket line" (Washington Post 1980).

Union leadership has undergone many changes over the years, and is in the midst of another change. In the beginning, radical rank-and-file organizers explicitly grappled with the forces of capitalism, risking their lives and refusing to compromise, even with other labor unions, such as the discriminatory and elitist AFL under the leadership of Samuel Gompers. Charismatic and fiery organizers like Eugene Debs, Bill Haywood, Mother Jones, Lucy Parsons, and Elizabeth Gurley Flynn were typically reluctant to assume leadership roles but extremely effective once they agreed to do so.

As time went on, labor leaders became more conciliatory: John Llewellyn Lewis of the United Mine Workers cooperated with McCarthyism, while other labor leaders supported the military-industrial complex by encouraging increased munitions production. At the turn of the last century, union leadership underwent a new transition, as the student activists of the 1960s who had joined the movement as idealistic young organizers – typically, well-educated, Northern, white men – began to assume leadership positions. Some, like Bruce Raynor, attempted to rekindle the "one big union" philosophy by merging labor unions together. While this strategy can strengthen unions, it also tends to supersede the beginning of new organization drives to recruit members.

Today, as the demographics of union members skew increasingly toward women and racial minorities, leadership is undergoing a new shift. Women still comprise a slightly smaller segment of the unionized workforce than men, but have been steadily closing the gender gap. Unions have had successes in organizing hotel housekeepers, waitresses, nurses, teachers, and other "pink-collar" workers, even as traditionally male-dominated manufacturing jobs have been moving overseas. The leadership of several major unions has become increasingly integrated as women are finally elected to the highest positions, indicating an understanding that increasing inclusivity is critical if unions are to successfully organize in the twenty-first century.

### Public-Sector Unions

Organizing the public sector is a significantly different proposition than organizing the public sector. Public perceptions often run counter to the interests of the workers, while strict laws often forbid the use of certain tactics. For these reasons, the rate of unionization within the public sector is just 6.4%, as opposed to 34.4% of private-sector employees (Bureau of Labor Statistics 2017).

While unions have enjoyed considerable success in organizing certain segments of the public workforce – notably, teachers and police officers – the perception that public employees are essential to maintaining society's operations can cripple organizing efforts and has resulted in laws outlawing strikes. Moreover, the struggle is framed as a dispute between workers and taxpayers or the general public, rather than workers and businessmen or capitalists or even shareholders: public opinion tends to favor workers in the latter situation far more than in the former.

## Organizing Unions: Techniques and Practices

The first step in organizing a union centers around strategy. For workers seeking unionization at their company, this means uniting with coworkers around this common goal and then identifying a union that represents their industry and agrees to work with them on their campaign. Often, a catalyst, such as a loss of benefits, a significant cut in wages, or a death or injury of a coworker, ignites this effort and accelerates the process.

For a union planning a new drive, this involves identifying a target company and researching its operations, working conditions, and position within the broader supply chain. For example, the United Auto Workers' campaign at Nissan in Canton, Mississippi, was a strategic objective, as the organization of a large multinational corporation almost always results in the subsequent organization of smaller supplier companies. This principle was recently illustrated by the organization of the Faurecia facilities in Tuscaloosa, Alabama, and Cleveland, Mississippi, which was made easier by the fact that their largest customer is the unionized General Motors.

Once a unionization effort is underway, workers must sign authorization cards declaring their support of the union and desire for a vote on union representation. This process can be speedy or protracted, depending on a variety of factors, ranging from employee satisfaction to intimidation by management to familiarity with unions. At least 35% of eligible workers at a company must have signed cards before the union can petition the National Labor Relations Board for a vote; however, because 50% plus one of the vote is required to win an election, the card-signing goal is typically far higher.

In order to recruit workers into the organizing effort, union organizers use a variety of tactics. House calls, involving visits to workers' homes, are a particularly effective measure, while phone calls can also help. Establishing and building a worker committee is crucial: workers have access to their company and can discuss the union with coworkers on the job (United Electrical Workers n.d.). Maintaining visibility is important, and the worker committee plays an integral role in this by wearing T-shirts, buttons and hats, signing up workers as they enter or leave the plant, and holding conversations at work and on social media. Sometimes, large demonstrations involving the broader community can build momentum: the United Auto Workers held a mass march, featuring Senator Bernie Sanders and activist actor Danny Glover, to the Nissan plant to catalyze support for a vote (Elk 2017).

The ability to maintain accurate and consistent charts is one of the most important qualifications for a union organizer, particularly when the company involved employs a large number of people. Charts give a graphic representation of the progress of a campaign, identifying which workers are for or against the union, the leaders of the unionization effort within the plant, undecided and wavering workers, and areas of concern. While the exact layout of these charts varies from one campaign to the next, they are a critical part of ensuring a victory.

Some union organizing campaigns are made significantly easier by the cooperation of the company. While many companies run antiunion campaigns, hiring union-busting consulting firms and intimidating workers, others refrain from such activity. For example, a company can agree to a card check rather than an election, which favors unions by avoiding the possibility of former union supporters defecting under pressure from the company or outside influences. It can also agree to neutrality, or to abide by fair election principles. Public opinion campaigns, or pressure from other unionized companies, are an important part of getting companies to abide by these conditions.

### Right-to-Work States

Contrary to their intention, and despite the fact that they pose new difficulties in membership maintenance and add to the financial burden on labor unions, right-to-work laws have actually made union *organizing* easier.

Right-to-work laws, which are in place in 28 US states and Guam, outlaw closed shops (National Conference of State Legislatures 2017). Employees thus have the right to join, or not to join, a union at their company. This circumstance means that employers cannot threaten that workers who do not join the union will be fired, a statement that can dissuade some undecided workers in nonright-to-work states.

That said, the political climate of right-to-work states is usually far more hostile to unionization, which produces other barriers to organizing. Politicians often bolster company antiunion campaigns by threatening that plants will close or that their states will stop attracting new companies if workers vote yes. During the United Auto Workers election at Volkswagen in Chattanooga,

during which the company had agreed to neutrality, Senator Bob Corker ensured defeat by promising during voting that new product would come to the plant should workers vote no. Governor Nikki Haley joined Boeing's antiunion campaign in South Carolina by appearing on radio ads, mentioning her opposition in her State of the State address, and posting on social media. Mississippi governor Phil Bryant has engaged in similar behavior during the Nissan campaign. Furthermore, states that have passed right-to-work laws have often passed even harsher anti-union legislation, such as North Carolina's new farm bill that curtails union organizing in the agriculture industry.

## Conclusion

Labor unions in the United States occupy a paradoxical position. Simultaneously persecuted and praised, they are courted at election time by the very politicians who will pass laws to undermine them as soon as they are in office. Written out of school textbooks, demonized by right-wing think tanks, and dismissed as "no longer necessary," labor unions nevertheless continue to make substantial improvements in people's daily lives. Though its objectives and challenges have evolved over the years, labor has the ability to draw on the experience of its rich and varied history for guidance in its present-day campaigns.

## References

Boyer RO, Morais HM (1955) Labor's untold story. Cameron Associates, New York

Bureau of Labor Statistics (2017) Economic news release: union members summary, 26 Jan

Darrow C (1909) Article in *the Railroad Trainman*. Brotherhood of Railroad Trainmen, Cleveland, November

Elk M (2017, July 24) Mississippi Nissan workers hope for historic win in 14-year fight to unionize. Guardian

Jones MH (2012) Mother. In: The autobiography of Mother Jones. Courier Corporation, North Chelmsford (reprint)

Kornbluh JL (2011) Rebel voices: an IWW anthology. PM Press, Oakland

National Conference of State Legislatures (2017) Right-to-work resources. ncsl.org

Staff of Washington Post (1980) George Meany, 85, Giant of U.S. labor movement, 11 Jan

United Electrical, Radio & Machine Workers of America (n.d.) The five basic steps to organizing a union. ueunion.org

# Origin and Development of Local Government in Ireland

Petros B. Ogbazghi
Department of Public Administration, University of Asmara, Asmara, Eritrea

## Synonyms

Ireland; Local administration; Local authority; Local government.

## Definition

Local government is generally defined as a subnational government, comprising a complex set of democratically elected local councils and representative authorities that are created by constitutional or statutory parliamentary provisions for the purpose of providing and administering social services to the inhabitants of a particular local area or district, with a degree of autonomy and structural independence from the central government.

## Introduction

A characteristic feature perhaps peculiar to contemporary Ireland in terms of the tenacity and persistence of exogenous institutional forms is that the origin and structure of its local government had its roots in the long history of conquest and invasion that began with the Anglo-Normans in the twelfth century, culminating in British colonial rule over Ireland. Indeed, much of the pre-nineteenth-century local government system of Ireland was the result of reform trajectories that

evolved out of the long course of Irish history in which different groups had profoundly shaped the system, leaving in their tracks, a trail of political and administrative imprints that endured to this day. Specifically, the origin of contemporary Irish local government can be traced to two closely related historical developments: the Anglo-Norman invasion and the English colonial rule.

## Local Government During the Anglo-Norman

While the Celts, who arrived in England and Ireland around 500 BC, were the first group in a long chain of settlers to institute a locally oriented administration, the Anglo-Normans, who established a colony of the region during the twelfth c., were said to have introduced rudimentary forms of municipal administration. Although the bulk of Irish towns and urban centers had emerged on the heels of a series of invasions and successions, they were, by and large, the creation of the Danish Vikings: barbarian invaders from northern Europe who conquered Ireland in 795 AD. These latter bands of foreign raiders, which came in a series of waves, soon began to settle and establish fortified structures, which subsequently transformed into urban settlements that came to be known as the Norse cities. Thus, for example, a number of Ireland's major cities, including Dublin, Cork, Limerick, Wexford, and Waterford, are considered to have been of Danes origin (McManus 1993, p. 32; Haslam 2003, p. 17). They existed as a conglomeration of independent kingdoms and autonomous principalities mainly located along the long strip of the eastern coastal areas of the island of Ireland.

It was the Normans, however, who, originating from England and Wales, expanded the already existing towns all the while establishing new settlements and urban centers further inland. With the Norman castles, military forts, abbeys and cathedrals forming as centers of political, military, religious, and social organization around which new towns and urban centers revolved, they provided further impetus to the growth and emergence of new settlements, which went deep into the heartland of the island. Moreover, it was following the Norman conquest of Ireland that spatial, demographic, and economic criteria were devised in which towns and centers of population were granted the status of boroughs. The granting of royal charter to larger towns not only provided the legal framework which contributed to the conditions that enabled self-government but also marked the transition from the static land-based serf-landlord relations to market and tax-based burgess-crown relations.

Once organized and established, these towns and urban centers were subsequently opened up for new settlers from England who were induced by privileges, promises of land and tax exemptions in the venture to make Ireland their new home. The general body of town dwellers, which came to be referred to as burgesses were vested with charter land, hitherto in the possession of the town, as well as land that was acquired from the surrounding territories by expansion and occupation. Despite interwoven by deep running sentiments of local loyalties, these settlements were, however, devoid of any form of central authority. And this lack of a centrifugal political force, combined with the effects of regional and physical geographic fragmentation, gave rise to a complex situation where endless inter-tribal rivalries, which were accompanied by a new set of conflict between de jure and de facto feudal lords spilt over into carnage and bloodshed, taking on sometimes epic and mythic proportions.

More often than not, the Norman kings ruled from outside Ireland proper through their representatives called *justiciar*. The whole territory of the island and its major towns were designated as *liberties*: a cluster of towns or a fixed amount of territory that the Norman king distributed to his immediate family members or to the royal knights. Alternately, the king entrusted the administration of *nonliberties* territories and subregional enclaves to the royal sheriffs who ruled their respective locality on behalf of the king (Otway-Ruthven 1980, p. 176). In the regions of early Anglo-Norman settlements, while large territorial administrative areas were commonly referred to as *cantred,* whose jurisdiction compares to the modern day barony, the smaller territorial

subdivisional areas were commonly referred to as *commote* – a designation, which corresponds to the Irish *tuath* – a term synonymous to the medieval Latin *theodum* (Moody et al. 1982, p. 74).

With the Norman king of England exercising Lordship over Ireland, and the Lord Lieutenant forming the personal representative of the king, the Anglo-Normans had been able to lay down the rudimentary political and social institutions, which in time evolved into more complex forms. Indeed, the ever growing degree of political and administrative prowess, which meant the establishment of organizations and filling them with a corps of professionals and administrators: a form of civil service that bore a vague resemblance to the modern system of administration, establishing an accounting and budgeting systems, which were banded together under a presiding treasurer.

Perhaps most significant in terms of the process of state formation and consolidation was a legal system that the Anglo-Normans transplanted to Ireland. It was a form of legal order, which encapsulated a jury system that foreshadowed the beginning of a county organization. Out of this jury system gradually evolved a permanent representative body of law-makers called parliament. Rather than legislation in any conventional sense of the word, parliament was more of a transient and less prolific nature as gatherings were sporadic and momentary and only much later that they became a permanent and regular feature of a law making institution. Nonetheless, it could be described as an innovative mode of political and legal organization, in terms of its configurations, which denoted rudimentary parliamentary mechanisms of debate and its nexus of communication and decision-making. Moreover, it led to the cultivation of a sense of political belonging that was inspired by common identity features of an exclusive class of Anglo-Irish, whose single-minded and exploitative pursuit of self-interest further spurred the development of a new set of political and legal institutions, marking the emergence of the perceptions and expressions of Irish statehood (Boyce 1995, p. 32).

As far as local government during this time was concerned, there were various levels of territorial subdivisions where townships and urban settlements were redefined and restructured with the chartered borough of England serving as a benchmark. Having added newly conquered towns to the already established tribal lands, a similar form of government was extended to the newly acquired regions. More specifically, the town government was organized around an elected mayor and town council. The mayor, also known invariably as *portreeve* or *sovereign*, who exemplified what could be considered a very close approximation to the contemporary form of municipal local government system, where the mayor is chief executive of the town council, enjoyed wide ranging powers and tremendous prestige. The mayor was backed up by an army of administrative staff, which involved the shire *reeve*, who was the chief magistrate of the town and the coroners who looked after the private property and financial interests of the king.

Similarly, the organization of the functions of the town council involved dual bodies. Whereas an inner circle, which worked closely with the mayor, assisting him in carrying out the day to day administration of the town, the assembly or the common council, on the other hand, concerned itself with legislative matters of the town. Rudimentary forms of municipal functions and services, which encapsulated the maintenance of law and order, town defense, construction and upkeep of town conduits, causeways, bridges, asylums, houses of correction, and public buildings, chartering of markets and fairs, and the organization of town celebrations, and religious events were performed. Besides, there were a band of clerks, butlers, stewards, chamberlains, and constables manning and running the day to day affairs of the royal courts, including the judicial services and local military orders. Similarly, it was part of the administrative staff duty, especially of the exchequer to collect revenue required for the upkeep of the town. It was mainly derived from geld, which was a form of land tax levied on the king's land owning subjects as well as taxes levied on income, in the form of sheep poll taxes and rents exacted from movable and immovable municipal properties.

The notion of self-government was always there and was bestowed as an honor and privilege

exclusively to a few select towns. Self-government meant the vesting of electoral rights, which applied categorically to those dwelling within the town proper, in terms of electing the mayor and the establishment of the town council as well as courts of law and judicial tribunals. Those who resided without the town, however, merely enjoyed access to markets and fairs. Overall, the structure, organization and process of the municipal government of Ireland during this period paralleled more or less to what obtained erstwhile elsewhere in Western Europe. At this stage, however, the establishment of corporate governance, which constituted the mayor and town dwellers as a body of citizens, was unknown, not even a vague notion of it until much later. In fact, it emerged during the late fifteenth to early sixteenth century, which coincided with the ascendancy of the Tudor dynasty, where all the major towns acquired the privileged status of chartered towns in the reign of Henry VII, and subsequently grew to become self-governing boroughs modeled after the English model. The government features of the towns, which qualified remotely anything as municipal regimes, had their own courts of elected officials and magistrates, who managed their own affairs free of royal interference – common example of local government patters that obtained across Europe (Webb 1918, pp. 1–20).

## Local Government Under the Tudor Re-Conquest of Ireland

The sixteenth century was a period, which saw the emergence of central authority, where English Reformation and re-conquest under the Tudor dynasty altered the hitherto Lordship of Ireland into the Kingdom of Ireland, with Henry VIII at the helm. Initially, he asserted and consolidated his rule over areas around Dublin. Eventually, however, he spread his rule across the whole of Ireland through the king's writ – known as the county sheriff (which later on came to be known as the Lord Lieutenant). This event, which could be regarded as watershed in the history of Ireland, marked the beginning of a long-standing and bitter antagonism that was expressed in racial and religious relationships, often descending into open rebellion and warfare. Land ownership and economic rights, including the introduction of draconian penal laws and commercial codes, during the seventeenth and eighteenth centuries, which curtailed religious and economic freedoms were some of the key underlying drivers of the conflict that further fuelled sectarian tensions.

In order to consolidate their rule over Ireland, Tudor kings established exclusive royal lands and conferring the same to loyal tribal lords and clan chiefs. Moreover, they managed to centralize power at the center by entrusting the local administration into the hands of an appointed official, called the Lord Lieutenant who was responsible to a royal council called the Privy Council. Similarly, they expanded the role and power of the Justices of the Peace – local officials who were responsible for the maintenance of law and order, the administration of justice, and the organization of local defense and mobilization of militia. The administration of justice and the adjudication of local cases operated under a system of a roaming circuit of judges called Assize Courts. They were drawn from the clergy and landed nobility and owed their power directly to the king. The local administration was buttressed by an array of local officials, including record keepers, churchwardens, constables, mayors, and city aldermen who carried out the-day-to-day local functions and were responsible to the Lord Lieutenant. What was peculiar during the Tudor period was the development of a town charter based on the fundamental notions of legal existence, where towns were organized as a body corporate with clauses that granted powers not only to the general citizenry but also to the mayors and burgesses (Haslam in Callanan and Keogan 2003, p. 17).

The political dynamics between England and Ireland would culminate in what came to be known as the Acts of Union 1800, which dissolved the short-lived Irish parliament of 1782–1800 and incorporated the hitherto kingdom of Ireland into a new state – the United Kingdom of Great Britain and Ireland. Political, social and economic relations, which were more animated by class and commercial considerations

and ethno-religious sentiments were further reinforced by British policy of indifference which manifested itself throughout the height of the ravages of famine and the ensued emigration whose severity was sometimes placated, if not checked, within a political context of a parliamentary form of British state that appeared to bear the hallmarks of colonialism. In this age-old conflict, where reforms on almost every issue could be vigorously challenged by every aggrieved and discontent social force at every social and cultural level, it would appear that the very reforms that had been introduced to remedy a situation did not always suffice and indeed backfired, making matters even worse. Thus, for example, the apparently well-intentioned land reforms that sought to give access and security of land to tenants were accompanied by contingent consequences that widened rather than bridged the chasm of sectarian tensions, which resulted in permanently partitioning Ireland politically and ideologically between two protagonists: loyalists and republicans.

The period under English rule largely followed the prevailing model in England, culminating in what came to be known as the Victorian era. Ever since the early nineteenth century, the prevalent local government model in Ireland was that of Westminster. It pretty much reflected the long-established framework of a centralized authority into which Ireland had been integrated. Much of legislation affecting local government of Ireland during this time was the result of policies, which had been formulated in the Imperial Cabinet rather than in Ireland. As a result, the local government system of Ireland came to reflect that of the English local structures and practices, where cities, towns, and boroughs operated under a few appointed councils of professionals and oligarchies chaired by the mayor.

## Municipal Corporations (Ireland) Act, 1840

Starting from the middle of the nineteenth c. on, however, a more elaborate form of local government was established. Specifically, as a result of the Municipal Corporations (Ireland) Act, 1840, which sought to reform municipal boroughs, major cities were incorporated and hence handled their affairs like a corporation managed by elected bodies. Similarly, while towns were reorganized under town commissioners – who were also elected representatives – villages and rural counties were set up under the leadership of the Grand Jury: a group of people made up of substantial property owners, who were accountable to the county sheriff. Overall, while mid-nineteenth-century Ireland saw a reform that established Municipal Corporations (Ireland) Act, 1840, the end of the nineteenth century was marked by the establishment of what came to be known as the foundation statute of Irish local government, the Local Government (Ireland) Act, 1898. The ultimate goal of the Act was to eliminate the inefficiencies and corruption by the Grand Jurors, which was best thought to be achieved by abolishing the entire system of Grand Jury and by broadening the democratic representation of tax payers in the county administration.

## Local Government (Ireland) Act, 1898

The introduction of the Local Government (Ireland) Act, 1898 represented a watershed in the history of the development of the modern local government system of Ireland. This reform Act ushered in drastic changes that fundamentally transformed the structure, organization, and process of the local government units in Ireland. Introduced by the conservative government of Gerald Balfour, the reform wrought drastic changes in terms of the replacement of all forms of political appointments, including the Grand Juries and Poor Law Guardians (hitherto largely appointed officials who were legally responsible for the administration and running of indoor relief services for the poor) with elected representatives. The Local Government (Ireland) Act, 1898, which enfranchised women for the first time, granting eligibility to vote in local elections, did also massively broadened the franchise to male householders and people occupying part of a house, making it possible for them to vote, thereby allowing parliamentary electorates to

became electorates of local government elections. Indeed, it was a landmark piece of legislation, establishing for the first time democratically elected councils on a much broader popular franchise.

Moreover, the scope and substance of current local government functions were expanded and, not least, the Act introduced at the territorial level, regional, and local government units by creating a two-tier system. Whereas in the major cities and urban centers, both county-boroughs and county-councils formed the upper tier, the rural and urban district councils, in the rural and larger towns, respectively, constituted the lower tier. As much a democratic as a legal-administrative project, the local reform Act of 1898 was intended to be representative enough to warrant mass participation in politics, which drifted down the lowest levels of the local government units. But, perhaps most importantly, the 1898 reforms produced contingent consequences, which were crucial in generating nationalist sentiments in the psyche of the new-generation of locally elected representatives who identified local democracy with the wider national agenda of independence. The reforms were instrumental in not only mobilizing local solidarity needed for national agenda but also in creating new political opportunities and resources for political schooling and civic leadership for the new office holders who often put national issues ahead of the local ones.

This single-minded pursuit of national objective further entailed the need to lay the groundwork for national strategy in terms, not only of the creation in 1905 of a political party called *Sinn Fein*, but also the reordering and reorganizing of political priorities and roles, including the compilation of a national constitution and the formation of a legislative assembly, in 1918, called the *Dàil Eireann* – all in anticipation of independence. Moreover, it was during the years leading up to the independence of Ireland in 1922, that the restructuring and reforming of the local government system was conceived as an ideal, which *Sinn Fein* leaders had envisioned and held in the highest esteem to implement when they came to exercise power at the local and later on at the national level. Having established first, their own independent parliament, *Sinn Fein* they then proceeded to establish a local government department and local government units that encapsulated the desire for self-sufficiency and independence. To this end, they undertook major policy changes involving the geographic modification of regions in order to override what they saw narrow regional sentiments, which proved instrumental in expediting the progress towards national independence. As such, the 1898 reforms could be considered as a harbinger of epic political transition, in terms of advancing and accelerating the formation of Irish statehood that would eventually be realized.

In the immediate pre-independence period, the local government structure, including the overall direction and finance of local government was overhauled by British authorities who operated through the British Local Government Board whose headquarters was in Dublin Castle: the seat of British administration in Ireland. In spite of the appearance of formal democratic processes and elections, the board continued to exercise considerable central control. In fact, the exercise of tight central control could be demonstrated by the number of inspectors employed by the Board to overhaul local authorities, which was by far greater than what one would find in England or Wales. Direct central control was accompanied by strict control over the use and sources of financial resources. Indeed, the restrictive effect of these provisions, which had the secondary goal of ensuring loyalty and allegiance to the British Crown, was further augmented by the threat of withdrawal of the annual grants on which local government units depended. It was in their bid to break away from the constant alerts and demands that the British authorities were making over the local government units that *Sinn Fein* leaders embarked upon an ambitious and daring project of creating a separate local department. Once established, it began to drift away with complete structural and organizational independence, serving as a gateway to new financial access, which helped the nationalists to shore up local funds sufficiently, if not desirably, as they had to collect the somehow unpopular local rates secretly from the prying eyes of the Royal Irish Constabulary.

## Conclusion

The foundation and development of local government in Ireland is attributed to the Anglo-Normans who established a colony of the region during the twelfth century. What was more peculiar during the Norman period was that these features encouraged new town settlements that came into existence as a result of new Anglo-Norman wave of population movements from England into Ireland, which through conquest had now become part of their kingdom. These new settlements were often founded around castles and were largely driven by external incentives in the form of granting settlers powers of self-government, which encapsulated the election of town officers, councils, courts, magistrates, enabling office-holders to wield enormous administrative and economic powers over their jurisdiction. To this end, the Norman royal charter designated two categories of land: royal land and town land. While the charter for the use of royal land rested with the king or his heirs and successors, the charter that provided for the use of town land was conferred upon the whole citizens or burgesses. The Norman period was also marked with the introduction of a relatively complex set of municipal administrative structures.

However, it was during the Tudor conquest of Ireland that a centralized and more consolidated state and local government structures appeared to emerge. The modernization of local government and the consolidation of democracy at the local level, however, came much later with the Local Government (Ireland) Act, 1898, which could be regarded as a landmark in the history of the development of local government in Ireland. Particularly, the provision, which extended the franchise both to women and to male householders or occupiers, so that the parliamentary electorate would become the local government electorate, ultimately resulted in the emergence of local representation in which elected councilors took control of county, urban and rural districts councils. The contingent feature of this reform would give further impetus to the struggle for national independence. Following independence, and indeed long before it, Ireland has undergone a series of reforms designed to deal with new political, economic, and social circumstances, and as a result, it has been able to acquire its own unique political and administrative institutions. Yet, the British legacy has long permeated upon its national and local government institutions that the reforms often appear to heavily draw on institutional values and practices that had been preeminent under the British rule.

## References

Boyce GD (1995) Nationalism in Ireland. Routledge, London/New York

Callanan M, Keogan J (Eds.) (2003) Local Government in Ireland: Inside Out. Dublin: IPA

Haslam R (2003) The origins of irish local government. In: Callanan M, Keogan J (eds) Local government in Ireland: inside out. IPA, Dublin, pp 14–40

McManus M (1993) Local government in the Republic of Ireland. In: Chandler JA (ed) Local government today. Manchester University Press, Manchester, pp 28–52

Moody T, Martin W, Francis X, Byrne F, J. (1982) A new history of Ireland: a chronology of irish history to 1976. Oxford University Press, New York

Otway-Ruthven AJ (1980) A history of medieval Ireland. Billing and Sons Ltd, London

Webb JJ (1918) Municipal government in Ireland: medieval and modern. The Talbot Press, Dublin

# Osha as a Social Policy

Ester W. Stokes
Jackson State University, Jackson, MS, USA

## Definition

Occupational Safety and Health Act also commonly referred to as occupational health and safety (OHS) or workplace health and safety (WHS) is an area concerned with the safety, health, and welfare of people engaged in work or employment.

The Social Security Act of 1935 established a system of old-age benefits for workers, benefits for victims of industrial accidents, unemployment insurance, and aid for dependent mothers

and children, the blind, and the physically handicapped.

The Fair Labor Standards Act of 1938 introduced the 40-h work week, established a national minimum wage, guaranteed "time-and-a-half" for overtime in certain jobs, and prohibited most employment of minors in "oppressive child labor." It applies to employees engaged in interstate commerce or employed by an enterprise engaged in commerce or in the production of goods for commerce, unless the employer can claim an exemption from coverage.

The Walsh-Healey Public Contracts Act is a US federal law that applies to US government contracts exceeding $10,000 for the manufacture or furnishing of goods. Walsh-Healey establishes overtime pay for hours worked by contractor employees in excess of 40 h per week and sets the minimum wage equal to the prevailing wage as determined by the Secretary of Labor. The law prohibits the employment of youths less than 16 years of age and convicts (only those currently in prison), except under certain conditions. The Act sets standards for the use of convict labor and job health and safety standards. The Walsh-Healey Act does not apply to commercial items.

Longshoremen's and Harbor Workers' Compensation Act gave the Labor Department authority to set safety and health standards for the very small workforce covered under this law.

## Introduction

Public efforts to improve safety date from the very beginnings of industrialization. States established regulatory commissions as early as the 1840s, but they had few powers and were rarely able to exert much influence on working conditions. Most of the early commissions were ineffectual (Whiteside 1990). However, in the years between 1900 and World War I, progressive reformers, muckraking journalists, businessmen, and labor unions pressed for changes in many areas of American life. Work safety became of increased public concern. In response, Congress passed a host of modest regulations that addressed rather minor risks (Aldrich 1997).

In factories after the Civil War, many workplace hazards confronted workers. The reports of state labor bureaus in the 1870s and 1880s indicated many tragedies, and the industrial accident statistics that state labor bureaus collected encouraged social reformers and labor organizations to call for state factory safety and health laws. In 1877, Massachusetts passed the nation's first factory inspection law (Massachusetts Bureau of Statistics of Labor 1872; Commons and Andrews 1916). Its passage prompted a burst of state factory acts. By 1890, nine states provided for factory inspectors, 13 required machines guarding, and 21 made limited provision for health hazards (MacLaury 1970). However, since the passage of the first law, there have been many amendments to cover new hazards, etc.

It is highly impossible to discuss Occupational Safety and Health Act (OSHA) without an overview of worker's compensation. Thus, this topical area will provide an overview of worker's compensation law in the United States, a summary of OSHA, a brief discussion on why the OSH Act is important, OSHA as a social policy, and conclusion.

## Worker's Compensation in the United States

A European ideal, in 2010 New York, became the first state to pass a workmen's compensation law. Instead of requiring injured workers to sue for damages in court and prove the employer was negligent, the new law automatically compensated all injuries at a fixed rate. Compensation appealed to businesses because it made costs more predictable and reduced labor strife. Between 1911 and 1921 forty-four states passed compensation laws (Fishback and Kantor 2000). The sharp rise in accident costs that resulted from compensation laws and tighter employers' liability initiated the modern concern with work safety and initiated the long-term decline in work accidents and injuries. Large firms suddenly became interested in safety, and companies began to guard machines and power sources, while machinery makers developed safer designs. Managers

began to look for hidden dangers at work and require that workers wear hard hats and safety glasses. They also set up safety departments run by engineers and safety committees that included both workers and managers. In 1913, companies founded the National Safety Council to pool information. Government agencies provided scientific support while universities researched safety problems for firms and industries (Aldrich 1997, 1999; Fishback and Kantor 2000; Worrall 1983).

A workers' compensation advocate, John R. Commons of the University of Wisconsin, urged the creation of the first permanent State Industrial Commission which developed and enforced safety and health regulations after hearing comments from labor, management, and others in the United States (Commons and Andrews 1958). This idea was widely accepted and became a guide for future state and federal regulations of occupational safety and health.

In 1913, Congress created the Department of Labor and one of its main purposes was to improve working conditions. Entry of the United States into World War I precipitated a crisis in health and safety conditions in the hard-pressed war production industries. To meet this challenge, Congress initiated the working condition service. The service inspected war production sites, advised companies on reducing hazards, and helped states develop and enforce safety and health standards. When the war ended, the service was allowed to expire, but the Labor Department ordered its records saved for the time "when public and legislative opinion again shall have become focused upon the necessity for a constructive organization of this character" (U.S. Department of Labor 1919).

Under the administration of President Franklin D. Roosevelt a Bureau of Labor Standards in 1934 was a rallying point for those interested in job safety and health (Perkins 1934; MacMahon and Millett 1939). This was the first permanent federal agency established primarily to promote safety and health for the entire workforce. The Bureau helped state governments improve their administration of job safety and health laws and raise the level of their protective legislation. Additionally, Congress enacted three laws as part of Roosevelt's New Deal which amplified the federal government's role in protecting people on the job:

1. The Social Security Act of 1935
2. The Fair Labor Standards Act of 1938
3. The Walsh-Healey Public Contracts Act of 1936

By the late 1950s, the federal-state partnership was no longer adequate to deal with growing threats to workers' safety and health. Consequently, in 1958, Congress passed the Longshoremen's and Harbor Workers' Compensation Act which gave the Labor Department authority to set safety and health standards for the very small workforce covered under this law. Under the Act, the Secretary of Labor was authorized to seek penalties against willful violators, but not against those who only carelessly broke the rules. After holding public hearings, the department began enforcing standards in 1960. Compliance was good, and the high accident rates declined sharply (Gilhooley 1958).

In the 1960s, economic expansion again led to rising injury rates, and the resulting political pressures led Congress to establish the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration in 1970 (Derickson 1993; Fairris 1998; Mendeloff 1979). In December 1960, the Labor Department issued its own a set of mandatory safety and health standards under the Walsh-Healey Act. The department had previously issued most of these standards in a *Green Book* of informal guidelines to aid federal and state inspectors. States had been encouraged to inspect federal contractors and enforce their own rules. Now they were barred from applying their standards and had to enforce the federal rules. For the first time, the federal occupational safety and health requirements were applied to the whole range of industry (U.S. Department of Labor 1960).

Spurred by criticism and a number of tragic incidents in the workplaces, in 1967 the standard unsuccessfully advocated before the Federal Radiation Council was adopted (Chittenden 1964). This move had a decisive impact on the shaping of a national job safety and health

program. The basic problem with the implementation of the Act is that there was no fundamental agreement either on the Act's goals or on the practical methods of balancing considerations of greater safety and health against considerations of cost. Also, there was no agreement among policy makers or lobbyists on the framework that should be used for the discussion of these issues primarily because safety and health are generally regarded as "goods" of inestimable, if not infinite, value (Smith 1976). Therefore, for 3 years, Congress battled to pass a bill to protect workers on the job that was acceptable to both Democrats and Republicans. In 1970, Congress passed and on December 29, 1970, President Richard Nixon signed the Occupational Safety and Health Act (MacLaury 1970).

## Summary of the Occupational Safety and Health Act

Congress passed the Occupational and Safety Health Act (OSHA), 29 U.S.C. §651 et seq. in 1970. Under the OSH Act, employers are responsible for providing a safe and healthful workplace. OSHA's mission is to assure safe and healthful workplaces by setting and enforcing standards and by providing training, outreach, education, and assistance. Their goal was to make sure employers provide their workers a place of employment free from recognized hazards to safety and health, such as exposure to toxic chemicals, excessive noise levels, mechanical dangers, heat or cold stress, or unsanitary conditions (https://www.epa.gov/laws-regulations/summary-occupational-safety-and-health-act).

The Occupational Health and Safety Administration Occupational Safety and Health Administration (OSHA) administer the Occupational Safety and Health (OSH) Act. Safety and health conditions in most private industries are regulated by OSHA or OSHA-approved state plans (U.S. Department of Labor, https://www.dol.gov/general/topic/safety-health). Additionally, the Office of Workers' Compensation Programs administers four major disability compensation programs which provide wage replacement benefits, medical treatment, vocational rehabilitation, and other benefits to certain workers or their dependents who experience work-related injury or occupational disease. Other specific groups are covered by the Energy Employees Occupational Illness Compensation Program, Federal Employees' Compensation Program, Longshore and Harbor Workers' Compensation Program, and Black Lung Benefits Program (https://www.dol.gov/general/topic/workcomp). The Office of the Ombudsman for the Energy Employees Occupational Illness Compensation Program (EEOMBD) and the SHARE initiative also play a role in the administration of DOL workplace safety and health programs (Ibid). These entities serve employee groups covered under the relevant statutes and regulations by mitigating the financial burden resulting from workplace injury. In order to establish standards for workplace health and safety, the OSH Act also created the National Institute for Occupational Safety and Health (NIOSH) as the research institution for OSHA. OSHA is a division of the US Department of Labor that oversees the administration of the Act and enforces standards in all 50 states (https://www.epa.gov/laws-regulations/summary-occupational-safety-and-health-act).

OSHA Jurisdiction:

- Covers private sector employers
- Excludes self-employed, family farm workers, and government workers (except in state plan states)
- Approves and monitors 28 state plan states which cover private and public sector employees
- Assists Federal Agency Programs

OSHA inspectors, called compliance safety and health officers, are experienced, well-trained industrial hygienists and safety professionals whose goal is to assure compliance with OSHA requirements and help employers and workers reduce on-the-job hazards and prevent injuries, illnesses, and deaths in the workplace. Normally, OSHA conducts inspections without advance notice and on site or by phone or fax by highly trained compliance officers. The on-site

inspection begins with the presentation of the compliance officer's credentials, which include both a photograph and a serial number. If this is not presented, employers have the right to require compliance officers to obtain an inspection warrant before entering the worksite. During an opening conference, the compliance officers explain why OSHA selected the workplace for inspection and describe the scope of the inspection, walk-around procedures, employee representation, and employee interviews. The employer then selects a representative to accompany the compliance officer during the inspection. An authorized representative of the employees, if any, also has the right to go along. In any case, the compliance officer will consult privately with a reasonable number of employees during the inspection.

*Walk-around*. Following the opening conference, the compliance officer and the representatives will walk through the portions of the workplace covered by the inspection, inspecting for hazards that could lead to employee injury or illness. The compliance officer will also review worksite injury and illness records and the posting of the official OSHA poster. During the walk-around, compliance officers may point out some apparent violations that can be corrected immediately. While the law requires that these hazards must still be cited, prompt correction is a sign of good faith on the part of the employer. Compliance officers try to minimize work interruptions during the inspection and will keep confidential any trade secrets they observe.

*Closing conference*. After the walk-around, the compliance officer holds a closing conference with the employer and the employee representatives to discuss the findings. The compliance officer discusses possible courses of action an employer may take following an inspection, which could include an informal conference with OSHA or contesting citations and proposed penalties. The compliance officer also discusses consultation services and employee rights.

OSHA carefully prioritizes all complaints it receives based on their severity. For lower-priority hazards, with permission of a complainant, OSHA may telephone the employer to describe safety and health concerns, following up with a fax providing details on alleged safety and health hazards. The employer must respond in writing within five working days, identifying any problems found and noting corrective actions taken or planned. If the response is adequate and the complainant is satisfied with the response, OSHA generally will not conduct an on-site inspection. Before conducting an inspection, OSHA compliance officers research the inspection history of a worksite using various data sources and review the operations and processes in use and the standards most likely to apply. They gather appropriate personal protective equipment and testing instruments to measure potential hazards. The agency seeks to focus its inspection resources on the most hazardous workplaces in the following order of priority:

1. *Imminent danger situations* – hazards that could cause death or serious physical harm receive top priority. Compliance officers will ask employers to correct these hazards immediately or remove endangered employees.
2. *Severe injuries and illnesses* – employers must report:
   - All work-related fatalities within 8 h
   - All work-related inpatient hospitalizations, amputations, or losses of an eye within 24 h
3. *Worker Complaints* – allegations of hazards or violations also receive a high priority. Employees may request anonymity when they file complaints.
4. *Referrals* of hazards from other federal, state or local agencies, individuals, organizations, or the media receive consideration for inspection.
5. *Targeted inspections* – inspections aimed at specific high-hazard industries or individual workplaces that have experienced high rates of injuries and illnesses also receive priority.
6. *Follow-up inspections* – checks for abatement of violations cited during previous inspections are also conducted by the agency in certain circumstances (OSHA, https://www.osha.gov/dep/index.html).

When an inspector finds violations of OSHA standards or serious hazards, OSHA may issue citations and fines. OSHA must issue a citation

and proposed penalty within 6 months of the violation's occurrence. Citations describe OSHA requirements allegedly violated, list any proposed penalties and give a deadline for correcting the alleged hazards. Violations are categorized as willful, serious, other than serious, de minimis, failure to abate, and repeated. Penalties may range up to $7,000 for each serious violation and up to $70,000 for each willful or repeated violation. In settling a penalty, OSHA has a policy of reducing penalties for small employers and those acting in good faith. For serious violations, OSHA may also reduce the proposed penalty based on the gravity of the alleged violation. No good faith adjustment will be made for alleged willful violations.

The Occupational Safety and Health Administration's revised recordkeeping rule includes two key changes: First, the rule updates the list of industries that are exempt from the requirement to routinely keep OSHA injury and illness records, due to relatively low occupational injury and illness rates. The previous list of industries was based on the old Standard Industrial Classification (SIC) system and injury and illness data from the Bureau of Labor Statistics (BLS) 1996, 1997, and 1998. The new list of industries that are exempt from routinely keeping OSHA injury and illness records is based on the North American Industry Classification System (NAICS) and injury and illness data from the Bureau of Labor Statistics (BLS) from 2007, 2008, and 2009. The new rule retains the exemption for any employer with ten or fewer employees, regardless of their industry classification, from the requirement to routinely keep records. Second, the rule expands the list of severe work-related injuries that all covered employers must report to OSHA. The revised rule retains the current requirement to report all work-related fatalities within eight hours and adds the requirement to report all work-related inpatient hospitalizations, amputations, and loss of an eye within 24 h to OSHA.

Establishments located in states under federal OSHA jurisdiction were required to comply with the new requirements on January 1, 2015. Establishments located in states that operate their own safety and health programs (state plan states) were informed to check with their state plan for the implementation date of the new requirements. The final rule allows OSHA to focus its efforts more effectively to prevent fatalities and serious work-related injuries and illnesses. It also improved access by employers, employees, researchers, and the public to information about workplace safety and health and increase their ability to identify and abate serious hazards.

### Appeals

When OSHA issues a citation to an employer, it also offers the employer an opportunity for an informal conference with the OSHA Area Director to discuss citations, penalties, abatement dates, or any other information pertinent to the inspection. The agency and the employer may work out a settlement agreement to resolve the matter and to eliminate the hazard. OSHA's primary goal is correcting hazards and maintaining compliance rather than issuing citations or collecting penalties.

Alternatively, employers have 15 working days after receipt of citations and proposed penalties to formally contest the alleged violations and/or penalties by sending a written notice to the Area Director. OSHA forwards the contest to the Occupational Safety and Health Review Commission for independent review. Alternatively, citations, penalties, and abatement dates that are not challenged by the employer or settled become a final order of the Occupational Safety and Health Review Commission (https://www.osha.gov/OshDoc/data_General_Facts/factsheet-inspections.pdf).

## Why Is Occupational Safety and Health Important?

Work is one of the most important determinants of a person's health. The US civilian workforce employed approximately **140** million people in 2009 (http://www.bls.gov/cps/cpsaat01.pdf [PDF – 26 KB]). Since the passage of the OSH Act of 1970, workplace deaths decreased nearly 66% and occupational injury and illness rates decreased 67% (https://www.osha.gov/dep/

2015_enforcement_summary.html). However, it is argued that addressing occupational safety and health poses numerous challenges:

1. The US population is becoming increasingly diverse. These demographic changes result in new safety and health issues which will more than like have increased risks of work-related diseases and injuries.
2. Workplaces are rapidly evolving as jobs in the current economy continue to shift from manufacturing to services.
3. Major changes are also occurring in the way work is organized. Longer hours, compressed work weeks, shift work, reduced job security, and part-time and temporary work are realities of the modern workplace and are increasingly affecting the health and lives of workers.
4. New chemicals, materials, processes, and equipment are being developed at an ever-accelerating pace pose emerging risks to occupational health.

Hence, OSHA continues to respond to new challenges from emerging industries, new technologies, and an ever-changing workforce by utilizing strategic mechanisms such as site-specific targeting (SST), National Emphasis Programs (NEPs), the Severe Violator Enforcement Program, and corporate-wide settlement agreements.

## OSHA as a Social Policy

In *A Tattered Safety Net*: *Social Policy and American Inequality*, Colin Gordon provided a short history of American social policy. Accordingly, he indicated that social policy exists to cushion the impact of the market – including the inequality that follows from disparate patterns of education, employment, and opportunity. Gordon maintains that it aims to secure the income of workers and to bolster the incomes of those who cannot (or cannot be expected to) work (Gordon 2014). Social policy refers to the aspects of public policy that affect the distribution of income and wealth within a community, the relationships between people in communities, the well-being of individuals and family units, and the relative security or risk that individual citizens experience in their relationship to the economy.

Social policy is generally considered to include policy and programs dealing with income security and income redistribution, as well as health, education, and social services that support individuals' quality of life in communities (August 2007). Thus, these policies help ensure the human resource base and stability of social relations that are preconditions to a healthy economy. The most effective social policies are developed with strong reference to economic issues and relations and vice versa. Social policy can have a number of purposes: to redistribute resources among individuals or family units to ensure that "social minimum" standards of living are maintained, to influence or modify relationships among citizens to make a community more cohesive and secure, to shape peoples' social or economic behaviors, or to mediate the impacts of market forces and social trends on individuals and families.

A term which is applied to various areas of policy, social policy, can refer to guidelines, principles, legislation, and activities that affect the living conditions conductive to human welfare such as a person's quality of life, usually within a governmental or political setting (Spicker 2014). Social policy aims to improve human welfare and to meet human needs for education, health, housing, and economic security. Important areas of social policy are well-being and welfare, social security, justice, unemployment insurance, living conditions, animal rights, pensions, healthcare, social housing, family policy, social care, child protection, social exclusion, education policy, crime and criminal justice, urban development, and labor issues. Insurance has been a growing policy topic, and a recent example of healthcare law as social policy is the Patient Protection and Affordable Care Act formed by the 111th US Congress and signed into law by President Barack Obama, a Democrat, on March 23, 2010.

According to Spicker, social policy is the study of social services and the welfare state. In general terms, it looks at the idea of social welfare and its

relationship to politics and society. More specifically, it also considers:

- The policy and administration of social services, including policies for health, housing, income maintenance, education, and social work
- The needs and issues affecting the users of services, including poverty, old age, health, disability, and family policy
- The delivery of welfare (Ibid.)

Made in response to some issue or problem that requires attention, social policy might take the form of law, or regulation, or the set of all the laws and regulations that govern a particular issue or problem, and is made on behalf of the public as the solution to a problem. These policies are made by government, even if the ideas come from outside government or through the interaction of government with the public. Nearly every employee in the nation comes under OSHA's jurisdiction with some exceptions such as miners, some transportation workers, many public employees, and the self-employed. Employers subject to the OSH Act also have a general duty to provide work and a workplace free from recognized, serious hazards (DOL, https://www.dol.gov/general/topic/safety-health). Many governments have agencies which formulate and administrate social policies, and governments approach social issues in a variety of ways. The immediate effect of social policies can be economic and social improvement in a nation.

## Mechanisms for Social Policy

Governments at the federal, state, or local level formulate most social policy. While they have the principal role in establishing social policy and often in funding social programs, the actual implementation of social policy may occur in a number of ways, often involving nongovernment stakeholders. Some social policies and programs are implemented directly by government through programs and services delivered by public servants. Government may also pay a private business or individual to deliver a social program directly to citizens, e.g., residential services for adults requiring special care, operated by private individuals or corporations, while private businesses are active in areas such as disability supports. Other services may be delivered by agencies or institutions outside of government, but subject to varying degrees of government control or influence exercised through funding relationships. These so-called "third party" social policy agents can range from small local community social service organizations to large, complex, and long-standing institutions. Some social policies are implemented by regulating markets or relations between citizens, rather than by providing social benefits or services. An example of this type of policy would be labor laws and regulations that set minimum standards for wages and employment conditions. By influencing the behavior of employers toward their employees, these public policy measures help society maintain minimum work and living standards among the significant proportion of the population that makes a living through paid employment.

Governments may also transfer funds directly to citizens to help them buy the supports or services they need from existing private or public markets. A significant proportion of tax revenue is spent on such transfers to individuals. Therefore, based on the definition and mechanisms of a social policy, it would be defensible to say that the OSH Act is a social policy because it seeks to advance the general welfare of the citizens in the United States.

## Conclusion

Workplace safety is a health issue. Thus, health and safety programs are an important part of preventing injury and illness in the workplace. Workplace safety and health laws were enacted to eliminate personal injuries and illnesses from occurring in the workplace and to help employers and employees understand the potential hazards they are exposed to. The laws consist primarily of federal and state statutes. Federal laws and regulations preempt state ones where they overlap or contradict one another.

However, the OSH Act has been controversial, in part because of the extent to which it allows the federal government to reach into states and regulate private businesses. Many states, however, operate federally subsidized workplace health and safety plans that include workers in both the private and public sectors.

The main statute protecting the health and safety of workers in the workplace is the Occupational and Safety Health Act (OSHA). Congress enacted this legislation under its constitutional grant of authority to regulate interstate commerce. OSHA requires the Secretary of Labor to promulgate regulations and safety and health standards to protect employees and their families. Every private employer who engages in interstate commerce is subject to the regulations promulgated under OSHA. In order to aid the Secretary of Labor in promulgating and enforcing regulations, the Act establishes the National Advisory Committee on Occupational Safety and Health.

OSHA establishes the Occupational Safety and Health Review Commission to review citation orders of the Secretary of Labor. The Commission's decision is subject to judicial review. Federal agencies must establish their own safety and health regulations. The regulations that have been promulgated under OSHA are extensive, currently filling five volumes of the Code of Federal Regulations.

Under OSHA, states are not allowed, without permission of the Secretary of Labor, to promulgate any laws that regulate an area directly covered by OSHA regulations. They may, however, regulate in areas not governed by federal OSHA regulations. States wishing to regulate areas covered by OSHA regulations must submit a plan for federal approval. The amount of state regulation varies greatly (https://www.law.cornell.edu/wex/workplace_safety).

According to Mark Aldrich, the dangers of work are usually measured by the number of injuries or fatalities occurring to a group of workers, usually over a period of one year. However, he maintains that as a result of the gradual shift of jobs from relatively dangerous goods production into such comparatively safe work as retail trade and services such measures reveal a striking improvement in the safety of work. While the AFL-CIO agrees that the passage of the Occupational Safety and Health Act of 1970, safety, and health conditions in our nation's workplaces have improved, it maintains that too many employers continue to cut corners and violate the law, putting workers in serious danger and costing lives. Many hazards remain unregulated. Thus, the job safety law needs to be updated to provide protection for all workers who lack coverage and to strengthen enforcement and workers' rights (AFL-CIO, http://www.aflcio.org/Issues/Job-Safety).

## References


Aldrich M (1970) History of workplace safety in the United States1880–1970. See http://eh.net/encyclopedia/history-of-workplace-safety-in-the-united-states-1880-1970/

Aldrich M (1997) Safety first: technology, labor and business in the building of work safety, 1870–1939. Johns Hopkins University Press, Baltimore

Aldrich M (1999) The peril of the broken rail: the carriers, the steel companies, and rail technology, 1900–1945. Technol Cult 40(2):263–291

Annual report (1870) Massachusetts Bureau of Statistics of Labor 197

Annual report (1919) U.S. Department of Labor. pp. 198–204

Annual report (1972) Massachusetts Bureau of Statistics of Labor. pp 421–25

August R (2007) Social policy. The encyclopedia of Saskatchwan. See http://esask.uregina.ca/entry/social_policy.html

Chittenden Thomas A (1964) A study of occupational safety responsibility of the department of labor. Washington, DC, 1(2):53–58

Commons JR, Andrews JB (1916) Principles of labor legislation. Harper and Brothers, New York, pp 327–328

Derickson A (1993) Participative regulation of hazardous working conditions: safety committees of the United Mine Workers of America. Labor Stud J 18(2):25–38

Employment status of the civilian noninstitutional population, 1940 to date (2010) U. S. Department of Labor, Bureau of Labor Statistics, Washington, DC. See http://www.bls.gov/cps/cpsaat01.pdf [PDF - 26 KB]

Fairris D (1998) Institutional change in shopfloor governance and the trajectory of postwar injury rates in U.S. manufacturing, 1946–1970. Ind Labor Relat Rev 51(2):187–203

Fishback P, Kantor S (2000) A prelude to the welfare state: the origins of workers' compensation. University of Chicago Press, Chicago

Gilhooley JJ (1958) U.S. congressional senate committee on labor and public welfare, hearings on "Amending longshoremen's and harbor workers' compensation act" (Washington, 1958), pp 13–17; "Annual report," U.S. Department of Labor, p 192; U.S. Department of Labor, "Maritime safety program, five year report, 1960–64"
Gordon C (April 3, 2014) A tattered safety net: social policy and American inequality. Dissent Magazine
Job Safety. AFL-CIO. See http://www.aflcio.org/Issues/Job-Safety
Kirkland E (1948) Men, cities, and transportation. Harvard University Press, Cambridge
MacLaury J (1970) The job safety law of 1970: its passage was perilous. See https://www.dol.gov/oasam/programs/history/osha.htm
MacMahon AW, Millett JD (1939) Federal administrators. Columbia University Press, New York, p 372
Mendeloff J (1979) Regulating safety: an economic and political analysis of occupational safety and health policy. MIT Press, Cambridge
Occupation Safety and Health. See https://www.healthypeople.gov/2020/topics-objectives/topic/occupational-safety-and-health#two
OSHA enforcement. See https://www.osha.gov/dep/index.html
OSHA fact sheet. See https://www.osha.gov/OshDoc/data_General_Facts/factsheet-inspections.pdf
Perkins F (1939) People at work. John Day Co, New York, 1934, 50
Reflection on OSHA history. (2009) See https://www.osha.gov/history/OSHA_HISTORY_3360s.pdf
Regulatory commission (May 2016) Boundless political science. See https://www.boundless.com/political-science/textbooks/boundless-political-science-textbook/bureaucracy-13/the-organization-of-bureaucracy-87/regulatory-commissions-481-4863/
Shapiro H (1968) The muckrakers and American society. Heath, Boston
Smith RS (1976) The occupational safety and health act: its goals and its achievements, vol 1. American Enterprise Institute for Public Policy Research, Washington, DC
Spicker P (2014) Social policy: theory and practice, 3rd edn. Policy Press, Chicago
Summary of occupational safety and health act. See https://www.epa.gov/laws-regulations/summary-occupational-safety-and-health-act
The AFL-CIO position on job safety. See http://www.aflcio.org/Issues/Job-Safety
Walsh-Healey public contracts act, basic safety and health requirements (March 2, 1943). U. S. Department of Labor, Washington, DC; Federal Register, Dec. 28, 1960, pp 13809–13825
Whiteside J (1990) Regulating danger: the struggle for mine safety in the rocky mountain coal industry. University of Nebraska Press, Lincoln
Workers compensation. United States Department of Labor. See https://www.dol.gov/general/topic/workcomp
Workplace safety: overview. See https://www.law.cornell.edu/wex/workplace_safety
Workplace safety and health. United States Department of Labor. See https://www.dol.gov/general/topic/safety-health
Worrall J (1983) Safety and the work force: incentives and disincentives in workers' compensation. ILR Press, Ithaca

# Outlaw Citizenship

Amelia A. Pridemore
Florida International University, Miami, FL, USA

## Synonyms

Citizen participation; Protest; Social equity

## Definition of Outlaw Citizenship

Outlaw citizenship is when citizens eschew normative means of citizen participation, such as speaking at government meetings, for nontraditional and often confrontational activities such as protests and online organizing.

## Introduction

When citizens want their governments to hear them and they have a door literally or figuratively shut in their faces, many of them will resort to less traditional forms of citizen participation in the political process. This less-than-orthodox form of citizen participation that includes protests and online organizing is known as "outlaw citizenship" (as cited by King and Nank 2015).

Outlaw citizenship, as termed by American public administration scholars Cheryl S. King, at the Evergreen State College in Olympia, Washington, and Renee Nank, of the University of Texas Rio Grande Valley (2015), happens when citizens eschew traditional means of citizen participation such as speaking at public hearings for nontraditional and often confrontational activities

such as protests and online organizing, according to Craig Rimmerman, an American Public Policy scholar at the Hobart and William Smith Colleges in New York state (2011). This is extremely important for the public administration discipline to understand for two main reasons. It is on the rise, and it is now the most commonly used form of citizen participation in government. This encyclopedia entry will, namely, explore outlaw citizenship's roots to understand this phenomenon. The key takeaway point is that outlaw citizenship is not spontaneous, according to Sadiya Akram, a lecturer in British Politics at Queen Mary University's School of Politics and International Relations in the United Kingdom (2014). It is the result of a long buildup of citizen frustration – largely because of social inequity and a lack of access to traditional forums – that eventually reaches a tipping point. Administrators need to not only consider social equity in their decision-making but also recognize its very related consequence, outlaw citizenship, and work to create a constructive dialog with disaffected, marginalized citizens.

Outlaw citizenship activities can be both nonviolent and violent and legal and illegal (Rimmerman 2011). Rimmerman notes that illegal activities do not necessarily have to be violent and points to the examples such as the nonviolent, civil disobedience protests such as the sit-ins during the American Civil Rights Movement (which he notes is a very positive and effective example of outlaw citizenship). However, outlaw citizenship can range from a legally, permitted nonviolent demonstration and nonviolent civil disobedience to violent ones such as vandalism, rioting, and even terrorism. The violent forms, Rimmerman contends, often do nothing to attract others to a group's cause and often turn the public against groups who undertake such activities.

Social inequity is, most often, the roots of outlaw citizenship. Those who participate in such activities are often on society's margins and believe there is no other way to be heard (Rimmerman 2011). A major goal of outlaw citizenship is not to work with government but *against* government to disrupt policies the participants believe are unjust. Rimmerman (2011) notes that outlaw citizenship is now the most commonly used form of citizenship, which makes it imperative that public administration scholars around the world understand it. Globalization has affected outlaw citizenship for at least a century, but technology is enabling that even more now (Crockett 2017; Prose 2017). Inevitably, administrators from around the world will directly or indirectly encounter outlaw citizenship, which makes this topic especially critical for administrators to understand.

This encyclopedia entry first outlines why outlaw citizenship is not spontaneous. Outlaw citizenship is the result of longstanding frustrations citizens have with their governments, often because of unequal treatment. Then, it explains how many traditional citizen participation forums only exacerbate tense situations, with systems designed to make public administration more democratic actually doing the opposite. A major point is both a literal and figurative lack of access to traditional citizen participation forums. Then, the author will discuss the impact of globalization. Outlaw citizenship activities, techniques, and movements have spread globally for at least a century, but technology has made this much more prevalent, accessible, and faster. The author will conclude with recommendations for the public administration discipline, particularly as it must increasingly serve a disaffected public.

## Not Spontaneous: Outlaw Citizenship's Seeds Planted Before Eruption

When public administrators encounter outlaw citizenship, it should not be a shock. These activities are not spontaneous outbursts of citizen rage but, most often, the straw that breaks the camel's back, per se. While examining 2011 riots in the United Kingdom after a man was shot and killed by police, Akram (2014) presented a theoretical framework based on the late French sociologist Pierre Bourdieu's "habitus," which is a person's understanding of how to behave and interact on a daily basis.

Habitus is largely the product of a person's upbringing and social class, with a person's

earliest experiences being a major component of the actor in society he/she eventually becomes, and this is very difficult to change (Akram 2014). Two elements compose a person's habitus, the unconscious and – the one most important in understanding why citizens revolt – preconscious. Unconscious is a largely forgotten personal history that nonetheless shows itself through "second nature" (as cited in Akram 2014). The preconscious, though, is not forgotten. A person's preconscious includes all of the experiences that make up his/her habitus that are clearly remembered. Some of those experiences can be negative life events or treatment in society, such as job loss or experiencing racism. Habitus stability prevents people from acting on grievances in their preconscious, at least for a while. Akram (2014) pointed out that 78% of the 1,344 people who appeared in court during the 2011 riots were on the UK's Department of Work and Pension's National Benefits Database. Akram further noted:

> . . .these individuals were more likely to come from deprived areas, had below-average levels of education, and higher-than-average levels of unemployment. . .. . . . From this perspective, one might see rioting as a form of political protest in response to structural inequality. (pp. 375–376)

The final step in Akram's framework is one of motivation and habitus change (2014). Riots happen, Akram argues, because of ruptures in habitus resulting from underlying grievances. Riots are the end part of a process and not simply a single, spontaneous event. The grievances citizens have initially operate at the preconscious level, but a major event such as a police shooting will be the spark that moves citizens into action.

Examples include the 1921 Battle of Blair Mountain in West Virginia, often called the largest armed insurrection in the United States since the Civil War, when 10,000 coal miners and 3,000 coal company supporters and sheriff's deputies waged a "ferocious battle with rifles, machine guns, and even bomb-dropping biplanes," according to Evan Andrews, a freelance writer for the US History Channel (2016). Blair Mountain, though, was not spontaneous but rather the culmination of grievances miners had with coal companies since the 1800s, when they were paid low wages in company currency that could only be used at company stores, worked in deplorable safety conditions, and were harassed and evicted from their homes by company-hired private detectives, if they chose to unionize and strike. The tipping point was when the companies' private detectives shot and killed pro-union Matewan (W.Va.) Police Chief Sid Hatfield. The outraged miners then planned their march.

Such experiences are not unique to the United States. This was also the case in late 1996 and early 1997, when Bulgaria experienced its most severe political crisis since the end of communism in 1989, according to political scientist Elena Simeonova of the University of National and World Economy in Sofia, Bulgaria (2005). This eventually led to the height of civil unrest in January 1997, when two groups of protestors forced their way through a double barrier of police at the parliament building, merged, and began vandalizing. An estimated 12,000–20,000 people were in the adjacent square, with protestors burning an effigy of the Bulgarian Socialist Party chairwoman in front of the building. This was also not spontaneous. Before this, social conditions had taken a turn for the worst, with the country's currency being devalued by 2,000%, rising food prices and citizens being unable to afford other essentials such as shelter and clothing, and political scandals and corruption. Citizens were suffering, working for about 6–7 dollars per day, Simeonova (2005) noted (p. 52).

## No Access, No Effect: Outlaw Citizens Unheard in Traditional Venues

Those utilizing outlaw citizenship also turn to such methods because traditional participation is figuratively or literally inaccessible or even nonexistent and because, often, any available traditional participation does not work. Social equity, or lack thereof, remains a major factor in the more historical roots of outlaw citizenship.

Social upheaval created a push for citizen participation in public administration in both academic research and in practice. H. George Frederickson, an American public administration

scholar at the University of Kansas (1997), writes that New Public Administration emerged in the late 1960s and early 1970s as a response to multiple social upheavals such as the Vietnam War and "continuing racial unrest" (p. 13). Frederickson writes that New Public Administration is not a single new lens for viewing public administration issues but it is a practice of consulting viewpoints from other social science disciplines and using them to examine how these apply to public problems. A key element of some New Public Administration thought is that it often conflicts with more traditional public administration scholarship that chiefly values efficiency and economy.

New Public Administration's conflict with traditional public administration thought, Frederickson (1997) argues, is that it is one that takes the critical question of social equity under consideration. Frederickson writes that classic public administration seeks to answer one of two questions: how to offer more or better services with available resources (efficiency) and how to maintain current service levels with less money (economy). New Public Administration adds a third question – whether or not a service enhances social equity.

The public administration discipline has not focused its concern or attention to issues involving variations in social and economic conditions, Frederickson argues (1997). It may be convenient to say that one citizen is the same as the other and that both equally receive services (Frederickson 1997). This presumption may be convenient, but Frederickson argues that such a presumption is both illogical and inaccurate. He points to social inequities such as wealth disparities and how certain groups have received preferential treatment because of others' lack of economic and political resources. When a service would enhance social equity but not be considered efficient or economical, this creates a conflict with traditional public administration values. Frederickson writes, "To say that a service may be well-managed and that a service may be efficient or economical still begs these questions: Well-managed for whom? Efficient for whom? Economical for whom?" (p. 37).

If deeply inequitable public service continues in the long term, Frederickson (1997) argues, this is a threat to this and other political systems. "Continued deprivation amid plenty breeds hopelessness and [its] companions, anger and militancy. A public administration that fails to work for changes that try to address this deprivation will likely eventually be used to oppress the deprived." New Public Administration strives for this equity, which Frederickson argues is needed for political systems to survive (1997, pp. 37–38).

The late American political philosopher John Rawls, Frederickson writes, is the "foremost theorist supporting a concept of equity in government" (1997, p. 38). Justice is the most dominant principle in Rawls' view. Rawls rejects the notion of "the greater good" of society outweighing the need to treat citizens equally. Rawls wrote:

> For this reason, justice denies that the loss of freedom for some is made right by the greater good shared by others. . . . . .rights secured by justice are not subject to political bargaining or to the calculus of social interest. (as cited in Frederickson 1997, p. 39)

Public meetings and hearings have become the predominant format for citizen participation (Fung 2006). However, Rimmerman (2011) and Archon Fung, the academic dean and Ford Foundation Professor of Democracy and Citizenship at the Harvard Kennedy School of Government (2006, 2015), point out that the traditional public meeting format is one favoring the wealthy and otherwise more socially advantaged. In theory, traditional citizen participation often creates *less* equity.

Rimmerman (2011) writes that more affluent and more educated citizens prefer the traditional format, but disadvantaged people, particularly in educational level, find it intimidating. Apathy, Lucie Laurian, an urban planning scholar at the University of Iowa (2004), argues, is not the main reason for poor attendance at public meetings. In her study involving toxic waste cleanup hearings, she found that only 9% of those who did not attend meetings did so because they believed they could do nothing to create positive change. The vast majority was not even aware of the

meetings, and others could not attend because of their work schedules or family obligations. Fung (2006, 2015) points out that because more powerful people attend and speak at government meetings, the policies the most powerful in society favor often prevail.

Marginalized groups often engage in outlaw citizenship because, when done properly, outlaw citizenship is very effective – particularly when it selects activities and figures that gain positive media attention (Rimmerman 2011). Rimmerman points to the US Civil Rights Movement and the nonviolent civil obedience activities such as the lunch counter sit-ins as positive examples. When this gained larger audiences (particularly the news media), the peaceful nonviolent protesters' actions as compared to the unruly crowds and aggressive police surrounding them garnered compassion for the protestors and much greater support for their cause.

## Outlaw Without Borders: Globalization Fueling Outlaw Citizenship

As mentioned with some of the examples above, outlaw citizenship is not a strictly American phenomenon. However, globalization's effects on outlaw citizenship go farther, with disenfranchised groups learning from their counterparts abroad. After elements of the preconscious (Akram 2014) rupture habitus and disaffected citizens respond with outlaw citizenship (as cited by King and Nank 2015), the types of outlaw citizenship they utilize often come from outside their nations' borders.

This happened long before online communication. During the US Women's Suffrage Movement, the suffragists visited the United Kingdom and met with the UK's suffragettes, such as Emmeline Pankhurst and her followers, and later adopted the suffragettes' more militant tactics, according to Sandra Adickes, an American professor emeritus in English at Winona State University in Minnesota (Adickes 2002). Adickes writes that Alice Paul, a young US suffragist with experience in the Pankhurst campaign, inspired American women to adopt the British suffragettes' more extreme tactics such as "climbing fences, chaining themselves to fences, and burning 'watch fires' in front of the White House," and Adickes argues that these actions ultimately led to the US Constitution's Nineteenth Amendment's ratification, which gave women the right to vote (p. 675).

In the modern era, online communication, particularly social media, has greatly enabled and transformed outlaw citizenship and made it even more global. This has especially been the case since Donald Trump was elected President of the United States and protests from numerous groups have erupted – along with existing social movements such as Black Lives Matter and protests at the Standing Rock Sioux Tribe's Native American reservation in North Dakota. One tactic groups such as women and immigrants have utilized is general strikes – a practice borrowed from Europe – according to Emily Crockett (2017), a journalist for online publication Vox, and Francine Prose, a former president of the PEN American Center, an association of prominent literary writers and a member of the American Academy of Arts and Letters and the American Academy of Arts and Sciences (2017). Prose (2017) explains that general strikes are days when no one goes to work, shops, or spends money to demonstrate citizens' political and economic power.

Crockett (2017) explains that, given such factors as declining union strength in the United States, general strikes could not be as large as some seen in Europe. However, some city governments, school districts, and other organizations shut down on March 8, 2017, for A Day Without a Woman. Technology and related organizing have made such activities much more plausible, with certain studies showing that more women were motivated to attend the January 21, 2017, Women's March by Facebook rather than friends and family. Just as Europe's general strikes sparked activities like A Day Without a Woman, the national Women's March in Washington, D.C., inspired "Sister Marches" across the United States and abroad, with Sister Marches in cities such as "Sydney, Berlin, Nairobi, and Cape Town" marching "in solidarity with the marchers

in Washington and in opposition to the values they think Trump represents," according to Laura Smith Spark, news desk editor for CNN (2017).

## Conclusion

Public administrators across the globe must confront outlaw citizenship – particularly when the roots of it are almost always evident before it erupts. They now have the additional challenge of disaffected citizens who can more quickly connect with other like-minded people – locally, nationally, and internationally – and adopt new techniques and connect with new influences. Though confronting disaffected citizens and engaging them in a more constructive dialog may be difficult, it is not impossible. Public administrators must know the barriers both they and citizens alike have in creating such a dialog and work to repair them. Otherwise, no constructive change will be made.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Social Equity Leadership
- ▶ Social Impact Bond


## References


Adickes S (2002) Sisters, not demons: the influence of British suffragists on the American suffrage movement. Women's Hist Rev 11(4):675–690

Akram S (2014) Recognizing the 2011 United Kingdom riots as political protest a theoretical framework based on agency, habitus and the preconscious. Br J Criminol 54(3):375–392

Andrews E (2016) The battle of Blair mountain. In History channel: history in the headlines, August 25. Retrieved from http://www.history.com/news/americas-largest-labor-uprising-the-battle-of-blair-mountain

Crockett E (2017) The "Day without a woman" strike, explained. Vox, March 7. Retrieved from http://www.vox.com/identities/2017/3/3/14721468/international-womens-day-strike-a-day-without-a-woman-march-8

Frederickson HG (1997) New public administration. University of Alabama Press, Tuscaloosa, pp 13–47

Fung A (2006) Varieties of participation in complex governance. Public Adm Rev 66(S1):66–75

Fung A (2015) Putting the public back into governance: the challenges of citizen participation and its future. Public Adm Rev 75(4):513–522

King CS, Nank R (2015) The context: citizens, administrators, and their discontents. In: King CS (ed) Government is us 2.0. Routledge, New York, pp 3–16

Laurian L (2004) Public participation in environmental decision making: findings from communities facing toxic waste cleanup. J Am Plan Assoc 70(1):53–65

Prose F (2017) Forget protest: Trump's actions warrant a general national trike [Editorial]. Guardian, January 30. Retrieved from https://www.theguardian.com/commentisfree/2017/jan/30/travel-ban-airport-protests-disruption

Rimmerman CA (2011) The new citizenship: unconventional politics, activism, and service, 4th edn. Westview Press, Boulder

Simeonova E (2005) The Bulgarian crossroads: the political crisis. In: Engelbrekt K, Förberg M (eds) Managing political crises in Bulgaria: pragmatism and procrastination. CRISMART, Swedish National Defense College, Stockholm, pp 45–74

Smith-Spark L (2017) Women's March: protestors rally worldwide in solidarity. CNN, January 17. Retrieved from http://www.cnn.com/2017/01/21/politics/trump-women-march-on-washington/


# Outsourcing Contract


Joseph A. Pegnato
U.S. General Accountability Office, Ashburn, VA, USA


## Synonyms

Contracting out; Farming out; Offloading; Privatizing; Public-private partnerships

## Definition

Outsourcing is the transfer of some internal agency activity or operations to an external contractor workforce often to reduce costs or improve efficiency.

## Introduction

Outsourcing of government work occurs at all levels of government, federal, state and local.

Because of the many dimensions of outsourcing, this discussion will be limited to federal outsourcing. Outsourcing of government work is not a new practice. During the Revolutionary War, the U.S. Army contracted for supplies. Scholarly interest in outsourcing got off to a slow start. It is now the subject of intense discussion, research and debate. H. George Frederickson calls outsourcing the public administration challenge of our time.

## Outsourcing Background

"Third party government (i.e., the third party being the outsourced contractor) is the single most important factor in the organization and management of the federal government and is of growing importance at the state and local levels" (Frederickson 2007). According to Frederickson, the reforms of the Progressive Era (1890s to the 1920s), such as merit based civil service systems and strong regulation of business were reactions to corporate excess and government corruption. However, by the middle of the twentieth century, the consensus was growing that businesses were over regulated. As a result, businesses were de-regulated, governments were cut back and outsourcing became very popular during the second half of the twentieth century.

Outsourcing became even more popular during the first half of the twenty-first century. Moreover, it will continue to grow because the federal government has no choice. The political reality is that the federal workforce will never be allowed to grow to keep pace with the increase in scope of federal programs. There is no political support for increasing the number of federal employees. Consequently, a large contractor work force will be necessary to fulfill the missions of legislatively mandated programs. The contracting genie will never be stuffed back into the bottle.

Official federal government policy since 1955 has been to acquire products or services from the private sector instead of producing such products or services in-house. It is assumed that the private sector can produce these goods and services at a lower cost. In 1966, this policy was encapsulated in Circular A-76 issued by the Bureau of the Budget (Bureau of the Budget 1955). Circular A-76 has been continuously revised to reflect the policies and politics of various administrations.

## Does Outsourcing Save Money?

In *Sharing Power: Public Governance and Private Markets*, Donald F. Kettl cites a vast body of literature suggesting that government for various reasons is less efficient in providing services than the private sector (Kettl 1993). But the Economic Policy Institute (EPI) called the evidence to show cost saving sorely lacking. According to EPI, the studies that show outsourcing will save money are not designed to produce such evidence.

It has been argued that competition between federal employees and contractors for the right to provide various government services will lead to huge savings for taxpayers and a more efficient government. However, claims that savings range from 20% to 30% have never been substantiated. One example of estimated savings was reported in Fiscal Year 2003 by the Office of Management and Budget. OMB predicted $1.1 billion of savings over 3–5 years. Such estimates of savings are difficult to verify. Donald F. Kettl suggested that the advertised benefits of outsourcing are often oversold.

The House Appropriations Committee reported that the Forest Service spent $23.6 million on outsourcing studies for salaries, contracts, travel and training in FY 2002 and FY 2003, while saving only $5 million. The savings from outsourcing are often negated by the costs associated with work needed to outsource the work.

No definitive study has been issued to date showing hard dollar savings resulting from outsourcing.

## The Politics of Outsourcing

E.S. Savas is a strong believer in outsourcing. Because government growth threatens democracy in Savas' view, he believes it is necessary to try to constantly shrink government (Savas 1982, p. 2). According to Savas, government has a natural tendency to grow because of the insatiable demand for more services. He argues that contracting out more of what government does is

an effective technique to reduce the size of government. Unchecked growth, in his view, could threaten individual rights and lead to tyranny.

It should be obvious that outsourcing has a political dimension. One strong indication of how the political winds affect outsourcing can be seen from the approach employed by President Barak Obama's administration. In an attempt to reverse a growing outsourcing trend, Obama's Director of OMB directed all executive branch agencies to consider in-sourcing. The OMB Director expressed a concern that an over reliance on contractors can adversely affect government performance as it can erode in-house capacity.

With the exception of the Obama Administration, every administration since the Reagan Administration has taken steps to reduce the size of the federal workforce. When elected officials limit the size of the federal workforce, they are sending a message to voters that government growth is being held down. But this is a disingenuous message as these same officials are not limiting the size of federal programs and budgets. The disconnect between the size of the federal government and the size of the federal workforce to manage the government is made up by outsourcing federal jobs. This arrangement helps perpetuate a myth that government growth is being held in check. Those who oppose outsourcing argue that outsourcing federal jobs to government contractors is a reward given by outsourcing actors to their political allies.

## Outsourcing Workforce Issues

Is there sufficient acquisition workforce to award and monitor contracts for the outsourced work? The answer to this important question should be yes, but it may be no. According to the Federal Acquisition Institute, when the federal workforce was downsized in the 1990s the federal acquisition workforce was similarly downsized. The acquisition workforce decreased almost 17%; it fell from 67,000 in 1992 to 56,000 in 2001. Moreover, the acquisition workforce reductions were so severe, the DOD Inspector General warned that the staffing cutbacks would adversely affect the ability of the workforce to handle its immense procurement workload.

A special commission reviewing Army contracting reported in 2007 that the Army did not have sufficient personnel to manage its exploding workload. The commission called for immediate hiring of over a 1,000 contracting staff.

"The capacity and the capability of the federal government's acquisition workforce to oversee and manage contracts have not kept pace with increased spending for increasingly complex purchases," according to a GAO 2010 report. In 2009, Public Law No. 110-417 (Section 869 of the Duncan Hunter National Defense Authorization Act for Fiscal Year) was enacted; it directs OMB to develop a plan to increase the size of the acquisition workforce.

Another workforce issue is the retirement eligibility of the acquisition workforce. According to the Federal Acquisition Institute (FAI), 15% of the acquisition workforce was eligible to retire in 2008. Moreover, in 2015 FAI projected retirement to explode to 54%.

## Inherently Governmental Issues

Those governmental functions requiring the exercise of discretion in applying governmental authority are generally considered to be inherently governmental activities. One of the first attempts to define what core functions must remain in-house and should be performed by federal employees and what functions could be contracted out was the 1992 Office of Federal Procurement Policy Letter 92–1, Inherently Governmental Functions. What is inherently governmental is also prescribed in Federal Acquisition Regulation FAR 7.5, Inherently Governmental Activities. This regulation lists examples of inherently governmental activities to include command of military forces, conduct of foreign relations, direction of federal employees, awarding contracts, determination of budget policy, drafting of Congressional testimony, etc. Functions not considered to be inherently governmental include workload modeling, efficiency studies, feasibility studies, inspection services, building construction services, etc.

The line between what is inherently governmental work reserved for federal employees and what is appropriate to be contracted out is shifting. Twenty years ago, it would be rare to find contractors working in contracting offices supporting the awarding and managing of government contracts. Today it would be unusual if there were no contractors in a contracting office. This is now commonplace even though the Federal Acquisition Regulations list awarding and administering contracts as inherently governmental tasks that should be performed by federal employees. Clearly the line between what is and what is not inherently governmental is unclear.

The definition of what is inherently governmental affects outsourcing decisions. Differing interpretations of what can be outsourced obviously leads to vastly different levels of outsourcing. Some say a liberal interpretation of what can be outsourced can harm federal agencies. Others say a conservative interpretation can lead to a government without the capacity to perform its missions.

On February 1, 2003, the space shuttle Columbia blew up. Apparently, NASA management readily accepted contractor technical advice that the heat shield had not been compromised. The technical advice had been provided by a contractor with a large financial interest in the shuttle's success. There is no answer to the question of whether the contractor conflict of interest got in the way of NASA management receiving unbiased recommendations on the shuttle's status. It does seem clear that outsourcing complicated effective NASA decision making. The earlier 1986 Challenger tragedy seems to be an echo of the Columbia contractor conflict of interest scenario. Moreover, NASA may not have had any choice but to become over reliant on its outsourced contractor workforce. The NASA workforce was downsized by 25% in the 1990s.

## Outsourcing Accountability

When federal agencies outsource work, they can avoid various governmental constraints. Since contractors are not required to follow the same legal rules concerning hiring and firing as agencies must. It is easier to fire a poorly performing contractor employee than a government employee who is not performing.

Throughout the history of federal government outsourcing, Don Kettl sees a companion theme: waste, fraud and abuse, and weak contract management. He also believes that outsourcing has led to an abrogation of government responsibility. Many Government Accountability Reports have documented a significant number of contract management performance problems associated with extensive contracting out. Instead of making government perform better and more efficient, outsourcing has done the opposite and exacerbated the problems of capacity building, according to these GAO reports.

Some of the federal laws that are designed to protect citizens against the abuse of power by government officials such as the Hatch Act and the Freedom of Information Act do not apply to contractors. Since there is less legal accountability for an outsourced contractor than a government employee, the potential for fraud is increased.

The Challenger and Columbia disasters discussed above are prime examples of how accountability can be compromised by excessive outsourcing.



## In-Sourcing

What is in-sourcing? Under in-sourcing, work that had been outsourced to contractors would be transferred back in-house to be performed by government employees. DOD was authorized to bring work back in-house under the 2008 Defense Authorization Act. One of the first initiatives of the Obama administration in 2009 consisted of an emphasis on in-sourcing. Under Obama, OMB directed all executive branch agencies to consider in-sourcing as a workforce tool. This Democratic reverse outsourcing push underscores the politics inherent in all outsourcing activities. It reveals how political winds can directly affect outsourcing policies.

## Conclusion: Finding the Right Outsourcing Balance

There are five to six contractor employees for every federal employee; is this the right outsourcing balance?

Finding the right outsourcing balance is not a new question. A 1962 task force assessed the government's increasing reliance on contractors doing research and development. The task force concluded that the growing contract workforce was eroding the line between public and private and was reducing the government's ability to accomplish its mission (Light 1999, p. 144).

How do you find the right balance? Outsourcing decisions should be made using solid management judgment and should not be based on political bias. The liberal view is to contract out as little as possible; this protects the jobs of federal employees. By contrast, the conservative view assumes that the private sector is more efficient than the public sector leading to contracting out as much as possible. Moreover, reducing the size and influence of government is compatible with a conservative outsourcing approach. In any case, it is a fact of government life that government needs to contract for expertise it does not have in-house to accomplish its missions. For example, it does not make sense for the government to try to develop in-house all of the capability to design and build complex military weapon systems. Outsourcing makes sense when the government function to be contracted out is not a core function and the private sector can do it more efficiently. It doesn't make sense to outsource work if the government doesn't have the capacity to effectively oversee that work. Moreover, excess outsourcing can lead to the government losing its capacity to perform the outsourced function as well as unaccountable outsourcing.

It is clear that outsourcing is increasing at all levels of government. If government intends to rely very heavily on outsourced contractors, and that seems to be the case, it must invest more heavily in acquiring the resources to manage this increased contractor workforce. During the 1990s the federal government did just the opposite, slashing the procurement workforce especially in DOD. The correct outsourcing balance will never be attained if outsourcing decisions are largely determined by politics and arbitrary quotas. Careful workforce planning will help produce a healthy outsourcing balance.

If outsourcing is simply a disingenuous tactic to reduce the size of the government or to disguise the "true size" (Paul Light's term), the right outsourcing balance will never be achieved. To reduce the size of government or to reduce the size of the government workforce, just reduce the size of government. Good luck with that as the American people have shown no interest in that. The government needs many employees and contractors to fulfill its very large and important responsibilities. The appropriate outsourcing balance should be based on such values as economy, efficiency and democratic accountability (Pegnato 2010, p. 100).

## Cross-References

► Privatization
► Procurement Integrity

## References

Bureau of the Budget (1955) Bureau of the Budget Bulletin 55–4, Commercial-industrial activities of the Government providing products or services for Governmental use (January 15, 1955)

Frederickson HG (2007) Filling up the hollow state: the state of agents project. PA Times 30(12):11

Kettl DF (1993) Sharing power: public governance and private markets. The Brookings Institution, Washington, DC

Light P (1999) The true size of government. Brookings Institution Press, Washington, DC

Pegnato JA (2010) What is the right balance between outsourcing government work to the private sector versus performing the work in-house? J Contract Manag 2011, pp 91–102

Savas ES (1982) How to shrink government: privatizing the public sector. Chatham House Publishers, Chatham

# Outsourcing of Human Resource Management

Lina Vyas
The Education University of Hong Kong, Hong Kong Institute of Education, Hong Kong, China

## Synonyms

Contracting out; Decentralization; Externalization; Privatization; Subcontracting

## Definition

Outsourcing is defined as the procurement of products or services from sources that are external to the organization.

## Introduction

Government organizations are not too different from private firms in the sense that both have cost saving and operational efficiency as their core objectives when carrying out their functions and mandates. It is with these objectives that public managers have begun to reevaluate their roles, examining which public sector functions they should be engaging in or outsourced. What is more is that budgetary pressure and economic uncertainty have made the calls for cost saving in public spending even more important than ever before. Government agencies worldwide are seeing outsourcing as a viable solution to cut public spending and a means to gain value-adding benefits to the services delivered to their people. For that reason, outsourcing has become accepted as one of the crucial ways of delivering public services over the last decade.

The current literature defines outsourcing or contracting out as a contractual arrangement by which an external private provider assumes responsibility for delivering public services at negotiated prices in accordance with predefined performance criteria. Under such an arrangement, some or all of the decision-making rights, activities, business processes, and public services are delegated or transferred from a government undertaking to an external service provider, who then develops, manages, and administers those activities according to certain performance standards, agreed-upon deliverables, and outputs set out in a contract. That being so, the responsibilities for providing government goods and services are shifted from the public sector as a principal or a purchaser to the private sector as an agent or a provider, thereby allowing governments to concentrate on their core businesses or what they can do best, such as delivering stronger leadership, and implementing continuous benchmarking for performance improvement.

Governments in the industrialized countries such as the United Kingdom, the United States, Australia, and New Zealand have been in the forefront of the outsourcing phenomenon. The range of government activities which have been contracted out in these countries include cleaning, waste management, mail services, security, and a number of human resource management (HRM) components such as payroll processing, benefits administration, and recruitment. In this paper, we concentrate on HRM outsourcing – an area which has been gaining momentum worldwide.

## Theoretical Viewpoint

The current literature suggests that the move to a more entrepreneurial focus for governments has been reinforced by New Public Management (NPM). This governance concept is basically about streamlining government functions and services by adopting best practices and methods from the private sector. NPM involves prioritization of efficiency and cost-effectiveness in spending taxpayers' money, valuing expertise in performing certain government functions, and treating citizens as customers. NPM is recognized by a number of international funding agencies such as the World Bank and International Monetary Fund, who have included increasing government

efficiency and effectiveness in their policy recommendations for member countries.

Apart from NPM, the shift in the mode of delivering public services is supported by the agency theory. The theory analyzes how the relationship between the principal or the purchaser (in this case, the government purchasing the service) and the agent or the provider (the organization or person providing the service, such as the external contractor) should be structured. It comes from the notion that a contractual relationship between the purchaser and the provider is the optimal way to ensure that the provider will meet their obligations to the principal without acting in his own interests through specifying in the contract the outputs to be provided and providing clear performance incentives and penalties for the provider.

## Outsourcing HRM Activities and Drivers for Outsourcing

Government organizations are seeking to limit their involvement in functions that do not directly contribute to but are instrumental for ensuring that all citizens will be reached by the services and benefits that they provide. For that reason, government organizations are motivated by the need for freeing their resources from functions that do not enhance their core competencies. HRM is one of the processes that are indispensable to the operation of government organizations, which involves payroll, time and attendance, performance appraisals, benefits administration, recruitment, absence management, etc. However, such processes are resource intensive and require a great number of trainers and staff. Worst still, public HRM systems have been considered by many as being bureaucratic, inefficient, inflexible, and rule bound. Outsourcing offers a way-out for government organizations to maximize the value of their services and products, expand their capacity to deliver public services that citizens are entitled to, and add value to the services that they provide to their end users (i.e., citizens). These drivers for outsourcing HRM functions can be classified into internal and external ones. Based on the current literature, and as is presented in Table 1, 11 major drivers for outsourcing has been drawn up and are summarized below. It is noteworthy that outsourcing is unlikely to occur

**Outsourcing of Human Resource Management, Table 1** Driver for outsourcing

| Driver for outsourcing | Description of the driver |
|---|---|
| 1. Cost saving | Reducing the cost of in-house HRM activities for getting more resources such as time and manpower |
| 2. Professional manpower provision | Sufficient professional for supervising and choosing the best alternative of vendor |
| 3. Transactional accountability | Traditional accountability can be transformed into private sector that the role of government changes to be monitored |
| 4. Improving quality | Contracting out about the HRM activities to the specialist HRM companies in order to get a higher result on the performance |
| 5. Market provision | Market has the sufficient professional and specialist to afford the outsourcing matters that can perform better in in-house activities |
| 6. The size of organization | The small and medium organizations may not have sufficient resource to employ a full-time staff for HRM activities |
| 7. Globalization | Globalization helps to homogenize culture regarding governance without government, which shares responsibility with state and for profit or nonprofit organization |
| 8. Administrative efficiency | Traditionally, government has been treated as bureaucracy, which is inefficiency that should involve market organization in order to increase productivity |
| 9. Strategic HRM management | Outsourcing the subsidiary and administrative work of HRM could separate more resource for headquarters to handle with the strategic HRM planning |
| 10. Flexibility | Enabling new personnel to be hired quickly and poor performers dismissed more easily by using external providers |
| 11. HRM shared service | Allowing the customer to define the level of service and decide which to take up |

when the motivators are purely internal or external.

Figure 1 illustrates the outsourcing process, in which organizations assess and identify their core competencies, focus on their core functions, and strategically outsource their ancillary activities to external service providers who have access to new technology, expert knowledge, and skills. A core competence, according to a well-known definition by Hamel and Prahalad (1996), refers to a collection of skills and technologies that enables organizations to provide a particular benefit to customers, sustain competitive advantages, and achieve strategic goals. The concept proposes that organizations should base their strategies around their core competencies to transform, reengineer business processes, and achieve competitive advantages. Nevertheless, the extent of HRM outsourcing varies from organizations to organizations, depending on their needs and the range of their HRM functions and specific services. Deciding on which HRM activity to be outsourced is not always straightforward. HRM outsourcing is more than a decision to purchase elements of operation but a strategic choice. It takes two forms, namely, substitution and abstention. Substitution means that in-house service provision is discontinued in favor of procurement from an outside supplier. This is commonly found in one single element or high-volume repetitive HRM functions such as annual enrolment processes and updating of employee data. On the contrary, outsourcing through abstention need not be limited to activities shifted to an external provider but may also arise when a HRM function is not provided in-house. In the following section, we shall examine what types of HRM activities should be outsourced.

## Which HRM Function to Outsource?

One major issue in outsourcing HRM activities is to decide what types of HRM activities should be outsourced. To make such a decision, organizations have to consider the possible impacts of outsourcing their activities on their performance. In order to do so, they need to differentiate core activities from noncore activities. Some scholars such as Finn (1999) and Ulrich (1998) suggest that core HRM activities are transformational work that creates unique value for employees,

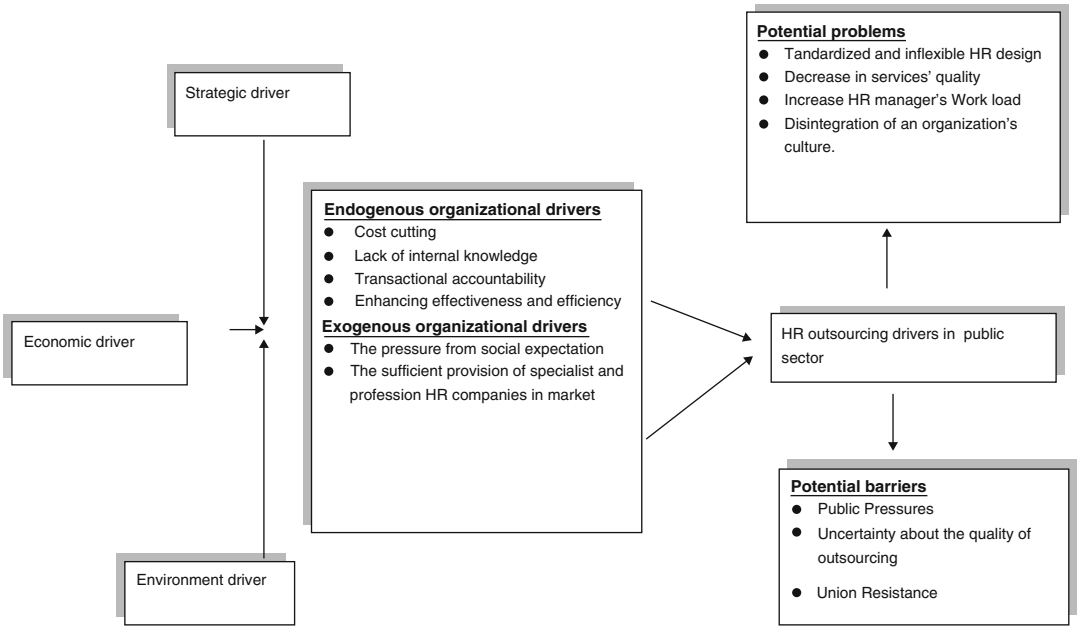


**Outsourcing of Human Resource Management, Fig. 1** Outsourcing process

customers, and investors, which include top-level strategies, HRM policies, and line management responsibilities (e.g., appraisal and discipline), while noncore HRM activities are transactional work that is routine and standard and can be easily duplicated and replicated, including specialist activities (e.g., recruitment and outplacement), routine personnel administration (e.g., payroll and pension), and professional HRM advice (e.g., legal advice related to employment regulations). A 1999 survey was conducted on 3,964 organizations in Europe, focusing on four areas of HRM outsourcing: training and development, recruitment and selection, pay and benefits, and workplace outplacement/reduction. It was found that training and development activities were the most common service bought in by those organizations, possibly because they were considered noncore functions or because the organizations lacked the expertise to handle them internally. Other scholars such as Conklin (2005) refer the issue of contract clarify to explain why outsourcing tends to concentrate on certain areas of HRM activities. They explain that HRM activities differ in respect of the clarity of specification that they allow in the contract of service, and so some areas of HRM services such as payroll processing, attendance and workforce administration, employee benefits and plans, and recruitment have a higher tendency of being outsourced because their terms are relatively easy to define, while other HRM activities relating to strategy planning such as training delivery, awards, and incentives programs are less likely to be outsourced since their conduct is difficult to specify and performance standards difficult to quantify.

## Extent of HRM Outsourcing and the Situation of Hong Kong

Evidence from professional and practitioner publications indicates that HRM outsourcing has increased substantially over the last decade. Globally, outsourcing saw a dramatic growth of 35% throughout the year, contributing up to US$200 billion to the global market by 2000. An American Management Association survey reports that 77% of the firms surveyed in 1996 had outsourced some of their HRM activities, a rise from 60% in 1994. Like private companies, government organizations worldwide have been capitalizing on the outsourcing trend, and Hong Kong is among the bigger spenders in outsourcing public sector processes.

Like many governments, the Hong Kong Special Administrative Region Government (HKSARG) has implemented a range of transformational public sector reforms since 1989. Upholding the principles of "Big Market, Small Government" and "Market leads, Government Facilitates," the HKSARG has adopted the "3R1M" approach when implementing reforms, namely, *r*eprioritizing the provision of services, *r*eorganizing the structure of government departments, *r*eengineering procedures, and *m*aking full use of the market. According to some scholars such as Scott (2010), the growth of outsourcing in HKSARG has noticeably signified the post-1997 government's emphasis on private sector involvement in the delivery of goods and services. A 2006 survey revealed that although the number of contracts awarded had decreased, the HKSARG had about 4,000 outsourcing contracts with a value of about HK$200 billion, over six times the value of contracts in 2002. In the 2010 outsourcing survey report, the annualized expenditure on outsourcing was even reported as equivalent to 16% of the HKSARG's total estimated expenditure in 2010–2011 (Efficiency Unit 2010). Twelve responding departments reported that cost savings achieved by outsourcing HRM were 31% on average, as compared with in-house provision (Legislative Council Panel on Public Service 2011). Outsourcing is appealing to HKSARG because it helps meet its intent to involve the private sector wherever possible. In addition, it shrinks costs because the private sector may provide some services at a lower price than the public sector does. What is more, outsourcing does not divest the responsibility of providing the function from the government, and the government is still held accountable for the standard of service. That is consistent with the Efficiency Unit's statement, that is, "Departments should note that they can outsource services but not the ultimate responsibility."

## Problems with HRM Outsourcing

Regardless of the rising popularity of outsourcing, the practice still has a few drawbacks. First, there are questions about how to maintain the continuity of skill supply and the retention of in-house knowledge and expertise. Usually, governmental organizations seek outsourcing to save operational costs, assuming that the private sector will carry out public sector activities to ensure the delivery of key skills. That can result in skill loss and have a negative impact on competitiveness. Another major concern with outsourcing is the loss of quality. Employees often assess service quality by comparing their expectation of the resulting service under the proposed change with their view of what the services should be or with the services that they used to have. Transferring certain HRM services from in-house to the hands of an external service provider unavoidably disrupts the continuity of the services. In fact, there have been reports in the media and in practitioner journals on the failures of outsourcing resulted from unfulfilled promises and expectations. Therefore, the disadvantages should be taken into account when governments decide whether or not to outsource HRM activities.

## Conclusion

Despite the attraction of using outsourcing as a way to streamline government functions, achieve efficiency, and save operational costs, the debate still rages over the implications of leaving certain processes in the hands of the private sector. Outsourcing reshapes some degree of authority and control that would otherwise be absolutely held by governmental institutions. Evidence suggests that outsourcing has its capability to improve service delivery, increase savings on public spending, and improve public services. Nevertheless, outsourcing also poses significant challenges that must be managed to make outsourcing a success, including the potential loss of skill and expertise along with service quality. Hence, the approaches and applications of outsourcing should be tailored to fit the unique characters and needs of governments and should line up with their strategic goals.

## Cross-References

► Performance Management and Culture

## References

Conklin DW (2005) Risks and rewards in HR business process outsourcing. Long Range Plan 38:579–598

Efficiency Unit (2010) 2010 survey on government outsourcing. Available at: http://www.eu.gov.hk/english/psi/psi_out/psi_out_sg/files/survey2010.pdf. Accessed July 2011

Finn W (1999) The ins and outs of human resources. Director 53:66–67

Hamel G, Prahalad CK (1996) Competing for the future. Harvard Business Press, Boston

Legislative Council, Panel on Public Service (2011) Use of outsourcing in the delivery of government services, LC Paper No. CB(1)1280/10-11(04)

Scott I (2010) The public sector in Hong Kong. Hong Kong University Press, Hong Kong

Ulrich D (1998) A new mandate for human resources. Harv Bus Rev 76:124–134



# Outsourcing Public Services

Daniela Argento
Department of Business Administration and Work Science, Kristianstad University, Kristianstad, Sweden

## Synonyms

Commissioning; Contracting out; Externalization; Procurement

## Definition

Outsourcing means that an organization interrupts the internal production of goods or services and starts procurement from outside providers.

## Introduction

Outsourcing occurs when an organization decides to interrupt the internal production of goods or services and delegates that task to an outside provider. Consequently, outsourcing implies a separation between a purchaser and a provider, i.e., the purchaser-provider split. In general, organizations that outsource activities aim to achieve higher profitability by using fewer in-house resources (Barthelemy and Quelin 2006).

Applying this definition to the public sector, outsourcing means that the government which outsources the delivery of public services becomes the purchaser, while the external organization supplying the public service is the provider. Inspired by the principles of New Public Management, over the last 30 years, many governments in various countries have outsourced the delivery of public services with the aim of achieving efficiency gains in the public sector (Bovaird 2016). The decision to outsource public services is often a political decision driven by one or more of the following reasons: to reduce government costs, to achieve value for money in terms of maintaining the same quality levels by saving money, to increase the quality levels of public services, to be innovative, and/or to access expertise that is not available in-house (Greve 2008; Joha and Janssen 2010; Muench 2011).

The OECD explains that governments which choose to outsource the production of goods and services have two possibilities (OECD 2015). First, governments can purchase goods and services to be used as inputs into their own supply chain (i.e., intermediate consumption). This kind of outsourcing occurs when governments use external organizations to provide support services or perform back-office functions (OECD 2011). Secondly, governments can pay an external organization to provide the goods and services directly to the end user. Home care provided by the corporate sector or nonprofit institutions is an example of this second kind of outsourcing (OECD 2011).

According to the data collected by the OECD, in 2013, government outsourcing represented, on average, 8.9% of GDP. This share varied greatly across OECD countries, ranging from 17.1% in the Netherlands to 3.0% in Mexico. Among OECD countries, Belgium, Japan, Germany, and the Netherlands dedicated the largest shares (over 60%) of their resources to outsourcing goods and services through direct third-party provision. In contrast, Denmark, Israel, and Switzerland spent the majority of outsourcing in intermediate consumption (OECD 2015, p. 80).

Greve (2008, p. 14) reports that the range of services outsourced in OECD countries is very wide. These include blue-collar support services (building cleaning, catering), professional services that are considered ancillary to the core mission of the ministry or agency (information technology), and core government functions (prisons).

## Contracts Regulating the Purchaser-Provider Relationship

Outsourcing trends have led to the establishment of several purchaser-provider relationships and activated fundamental changes in public governance arrangements. Such changes are related to the move from the traditional direct service provision, i.e., in-house delivery through the hierarchy of public sector organizations, to market-based competition and contractual relationships (Erridge and Greve 2016). In order to engage external providers in delivering public services, the purchaser has to sign a contract with them. It follows that the contract is the key document around which communication between purchasers and providers revolves (Greve 2008).

It is stated that outsourcing requires a sufficiently dense contract (i.e., complex contract) with many clauses including penalties, incentive, and monitoring, in order to minimize risks of opportunistic behaviors on the provider's side (Barthelemy and Quelin 2006). In other words, the contract is a formal written agreement which states the term of delivery of a service, clarifies duties and rights, and serves as a control instrument (Argento and Peda 2015).

The importance of establishing and managing effective contractual relationships is related to the

risks deriving from outsourcing. Greve (2008, p. 13) identifies the following risks of outsourcing. Firstly, if contracts do not cover a sufficiently long period of time (i.e., are short term) and the supplier has the chance to maximize profits, then outsourcing public services may lead to quality degradation. In addition, outsourcing implies a change in accountability structures because control becomes more difficult in the case of purchaser-provider split. Governments do not execute a direct control and have to consider the contract ruling their relationship with the providing organizations. Finally, outsourcing may provoke a general lack of transparency if the providers do not have specific obligations regarding their openness to the public about their actions and outcomes.

The risks depicted above indicate that in order for outsourcing to be effective, governments should be able to write and enforce proper contracts (Brown and Potoski 2004). Evidently, contract design is crucial to successful outsourcing and reduces opportunistic behavior on the part of the service provider. Contracts should stipulate clear targets, service quality standards, and price mechanisms and – at the same time – also assure sufficient levels of profitability for the public service provider (Argento and Peda 2015). However, it is recognized that public services entail complexity because they pose difficulties in terms of both measurement and objective setting. The more complex the goals of a service are, the more challenging it is to contract that service out because it is harder to specify a clear contract (Greve 2008, pp. 14, 29).

Apart from contract design, another element to consider is the process of awarding the contract. After having collected all the bids of the candidate providers, governments have to choose the provider – that will be delivering a public service in a specific area for a certain period of time – on the basis of previously announced criteria. However, research has found that the award process might not be that neutral. Greve (2008, p. 36), for example, points out that – even if the awarding process is regulated and should be based on open principles – in practice "the government may also take into consideration the local commercial environment and may want to give the contract to well-known providers."

Contracting for public services is considered by Erridge and Greve (2016) to be an integrated part of public service delivery in most European countries and requires governments to develop contract management skills. These authors suggest that contract management cannot take place by considering the contractual relationships one by one, but needs competences in managing providers within an overall portfolio of contractual relationships (Erridge and Greve 2016, pp. 95–96).

Despite the abovementioned challenges, efficient contract management is required to reduce transaction costs (Brown and Potoski 2004). Such costs include the administrative resources needed to manage the bidding and award processes, implement the contract, and perform adequate oversight. If goal conflicts, information asymmetry, and opportunism on the side of the provider are high, then the transaction costs could potentially raise beyond levels needed for internal oversight (Girth et al. 2012, p. 888), making the outsourcing choice more expensive than in-house public service provision.

In addition, contract management is a complex affair because it does not only involve compliance with the formal rules settled in the contract but also requires attending the informal rules and expectations that are attached to contracting out (Greve 2008, pp. 47–48; see also Muench 2011). Indeed and especially in the context of public service delivery, "contracting involves a number of actors besides the main parties (i.e., the purchasers and the providers). These include the public that has to consume the services, the regulators who have to oversee the purchaser and the provider, the politicians who lay out and revise the contracting policy and the various international organizations that are framing the rules for contracting to take place" (Greve 2008, p. 180).

Finally, in line with the arguments by Brown and Potoski (2004), effective contracting is compromised if there are not enough providers in the market to ensure sufficient levels of competition.

## Competitive Versus Noncompetitive Public Service Markets

It is argued that competition is critical to outsourcing success (Girth et al. 2012). Also Greve (2008) maintains that contracting out rests on the assumption that competition is required for effective public service delivery. The idea is that public services should be produced on the market instead of being produced by public organizations in a hierarchy. External providers should compete for contracts, and the contract should be awarded to the bidder with the best combination of price and quality (Greve 2008, p. 29).

It follows that a functioning market would require a sufficient number of providers that can easily enter and exit the market. According to Girth et al. (2012, p. 891), competition is guaranteed if there are two or more alternative public service providers. Unfortunately, well-functioning markets cannot be taken for granted (Brown and Potoski 2004). Research conducted in the US local government context indicates that competition is weak in most local government markets. Noncompetitive public service markets can compromise efficiency gains and contribute to increase transaction costs because governments need to find (and retain) providers and exercise greater oversight (Girth et al. 2012, pp. 887, 894). This also means that governments tend to manage public service markets by acquiring information through various channels (Brown and Potoski 2004).

Girth et al. (2012) found that the competitiveness of public service markets depends on the location and type of services contracted out. Concerning location, these authors maintain that rural areas, metro core communities, and large cities do not seem to be good candidates for contracting out public service delivery. In such locations, public service markets are not competitive enough. On the one hand, rural areas, because of their small size and sparse settlement, are not very attractive to private providers. Metro core communities, instead, have more complex service requirements that limit the supply of private providers. On the other hand, large cities may enjoy internal economies of scale that can promote efficiencies in direct government (in-house) delivery, making outsourcing unnecessary. It follows that suburbs are better candidates in terms of contracting out public service delivery because they represent average-sized governments, and there are enough of them in a metro region to create a market for private providers (Girth et al. 2012, p. 889).

Concerning service types, Muench (2011) argues that different types of services affect the strength of competition and levels of contracting. The decision whether to outsource public service delivery or to provide public services directly in-house depends on various factors (Brown and Potoski 2004). Some of those factors are the level of uncertainty, frequency of transactions, institutional and legal frameworks, political environment, and necessity for long-term investments (Girth et al. 2012, p. 889). Accordingly, Brown and Potoski (2004, pp. 657–658) argue that less suitable candidates for contracting out are:

- Services that tend toward monopoly because the sole provider can afford the large asset-specific investments.
- Services whose complexity entails a difficulty in measuring and monitoring providers' activities and service outcomes. In these cases, the public service provider has information advantages over governments, making contracts more prone to failure.

Because levels of competition vary across service types and locations, governments choose different delivery forms and related contracting. When public service markets are noncompetitive and transaction costs are potentially high, the traditional in-house delivery model seems to be the common option. This is not surprising because the in-house provision can potentially limit some of the disadvantages of the purchaser-provider split. As stated by Bovaird (2016, pp. 69–70), "key advantages of the in-house model include the control which it appears to offer to local councillors and service managers, its flexibility when policies change, the absence of a profit charge by the external provider and the potential to embed the council's values more explicitly into the

service." In other words, in noncompetitive public service markets, the in-house delivery model is a common choice as governments may wish to maintain internal control.

Once it has been decided to outsource public service delivery, governments have different options (see also Joha and Janssen 2010; Muench 2011). The most common distinction is between for-profit providers (companies), nonprofit providers (e.g., voluntary organizations), other public organizations, and networks or consortia of providers (Greve 2008). The common trend is that local governments rely on for-profit suppliers when markets are more competitive and on intergovernmental contracting (i.e., contracting among municipalities) and nonprofit contracting when markets are less competitive (Girth et al. 2012).

Research findings indicate that public managers tailor their contract management efforts according to market conditions and service characteristics. In thin markets, public managers adjust contract type and oversight methods and devote resources to improving supplier markets when they can, with the objective of improving their position in the purchaser-provider relationship and enhancing accountability and service quality. In other words, public managers respond to suboptimal market competition by intervening with strategies designed to create, sustain, and enhance provider markets (Girth et al. 2012, p. 888). Public managers can stimulate competition in various ways. For example, "by segmenting service delivery into multiple contracts, by allowing public employees to compete against private providers, by keeping a portion of the service in-house to ensure there is always an alternative provider, or by recruiting new bidders from beyond the geographic boundaries of the service area" (Brown and Potoski 2004, p. 658).

However, the strategies that public managers employ to build and sustain competition for contracts often require tangible investments of administrative resources that add to the transaction costs of contracting in noncompetitive markets. For these reasons, public managers may purposely avoid for-profit contracting when the advantages of partnering with other governments – such as trust, common service cultures, and willingness to cooperate to maximize scale economies – offer the potential for reduced transaction costs and higher net benefits to the partners (Girth et al. 2012, p. 892). In fact, Brown and Potoski (2004) argue that public managers can reduce the market problems by acting in a collective way, that is, by collaborating with intergovernmental service delivery networks.

## Types of Providers and Collaborative Efforts

The discussion above shows that governments can outsource public service delivery to different types of providers (see also Joha and Janssen 2010; Muench 2011). Bovaird (2016) states that there is a great range of provider types available in many public services, enabling governments to find innovative and appropriate provision arrangements. Accordingly, Greve (2008) claims that public service providers differ in form and size, depending also on country-specific rules. In addition, they can operate at different levels of government, i.e., at the local, the national, and also the global levels (pp. 40–44, 101–107).

More specifically, Bovaird (2016, p. 70) lists the range of types of providers as follows:

- Private and third sector suppliers, i.e., for-profit and nonprofit providers
- Arm's-length management organizations
- Partnerships, such as joint ventures and other PPPs
- Joint public sector provider partnerships, consortia, and shared services
- User and community coproduction of public services

In addition and given also the lack of competition in many public service markets, over the years a move toward collaborative relationships, entailing greater levels of dialogue between purchasers and suppliers, has been observed in practice (Erridge and Greve 2016, p. 95). Collaborative working arrangements can be achieved through relational contracting which entails "mutual exchange and reciprocity, with long-term

negotiated relationships that involve trust, discretion, joint problem-solving, and information exchange, so that goal alignment is promoted and the difficulties of performance are transcended (Bovaird 2016, p. 71).

In line with the arguments by Erridge and Greve (2016), Girth et al. (2012, p. 890) find that local governments have incentives to establish a "nurturing and mentoring" relationship with public service providers in order to fine-tune incentives, facilitate mutual understanding, and improve performance. However, these authors remind that such nurturing and mentoring activities are costly and may cost more when markets are noncompetitive because there are few alternative providers and the government has an incentive to protect market supply. Under such conditions, effective contract oversight may require more frequent government exchanges with the provider.

Bovaird (2016) argues that the trend to establish more collaborative arrangements by governments outsourcing public service delivery (i.e., the public service commissioners) and also among providers leads to four potential strategic directions in public service outsourcing. The first direction occurs when individual governments outsource public service delivery to individual providers generating one-to-one commissioner-provider relationships. The second direction takes place when the single commissioner outsources public service delivery to a partnership of providers. The third possibility consists of various commissioners which jointly outsource public service delivery to a single provider. The fourth option is that different governments jointly outsource public service delivery to a partnership of providers (Bovaird 2016, pp. 70–73).

These strategic options show that governments have many outsourcing arrangements at their disposal, and none of them is in principle the best one because, as stated by Muench (2011), there is no solution that always fits all the needs at stake.

## Conclusions

Outsourcing the delivery of public services is a complex activity which entails ex ante decisions and ex post engagement. The arguments presented in the previous sections lead to the conclusion that outsourcing can be successful if well planned and executed as a strategic activity (Joha and Janssen 2010; Muench 2011). A strategic approach to outsourcing is paramount because the decision to outsource the delivery of public services to an external provider does not mean that governments are exempted from the entire responsibilities concerning public service provision (Argento and Peda 2015). Governments enter relationships with various types of public service providers which have to be managed and sustained over time.

The establishment of such relationships often relies on contracts ruling duties and rights of the parties involved in public service delivery (Greve 2008). Contracts have to be designed and implemented in order to ensure that the benefits expected from outsourcing (i.e., cost reduction, efficiency gains, quality improvements) are effectively achieved. The ultimate objective is to prevent opportunistic behavior on the side of the external public service provider (Argento and Peda 2015). Preparing contracts and monitoring their enforcement require governments to develop skills in managing contractual relationships (Erridge and Greve 2016).

Given that public services entail inherent complexities, the capacity to set clear and complete contracts can be compromised. In addition, research has shown that levels of competition in public service markets are often not optimal, leading to increased transaction costs and to the risk of missing the potential advantages of outsourcing (Brown and Potoski 2004; Girth et al. 2012). Over time, more collaborative approaches between governments and external public service providers have emerged. The mutual exchange of information, fine-tuning of targets, and trust are supposed to improve long-term performance (Bovaird 2016) and could therefore amplify the benefits of outsourcing.

Research findings show that governments can choose between different types of public service providers (Muench 2011). Depending on country-specific institutional and legal settings, competition levels, and type of services, governments can

choose among public service providers which differ in form and size and operate on different levels (Greve 2008). They can choose between for-profit providers and nonprofit providers but can also involve other public organizations and networks or consortia of providers. Indeed, governments do not necessarily establish one-to-one purchaser-provider relationships, but have various options at their disposal. They can make arrangements with other governments and jointly outsource public service delivery to one single provider or to a network of collaborating service providers (Bovaird 2016).

These final remarks show that questions connected to "how" to outsource, "what" service to outsource, and "with whom" and "to whom" to outsource are sensitive and not easily answered. Outsourcing is complex because it stems from a political decision that needs to take into account both advantages and risks connected to outsourced public service delivery, the specific context and institutional factors, and the impact such decision provokes on public value.

## Cross-References


- ▶ Accounting for Public-Private Partnerships
- ▶ Assessing Procurement Reforms in Russia
- ▶ Collaborative Public Management (CPM)
- ▶ Privatization in Local Governments


## References


Argento D, Peda P (2015) Interactions fostering trust and contract combinations in local public services provision. Int J Public Sect Manag 28(4/5):335–351

Barthelemy J, Quelin BV (2006) Complexity of outsourcing contracts and ex post transaction costs: an empirical investigation. J Manag Stud 43(8): 1775–1797

Bovaird T (2016) The ins and outs of outsourcing and insourcing: what have we learnt from the past 30 years? Public Money Manag 36(1):67–74

Brown TL, Potoski M (2004) Managing the public service market. Public Adm Rev 64(6):656–668

Erridge A, Greve C (2016) Contracting for public services. In: Bovaird T, Loeffler E (eds) Public management and governance, 3rd edn. Routledge, London, pp 90–103

Girth AM, Hefetz A, Johnston JM, Warner ME (2012) Outsourcing public service delivery: management responses in noncompetitive markets. Public Adm Rev 72(6):887–900

Greve C (2008) Contracting for public services. Routledge, London

Joha A, Janssen M (2010) Public-private partnerships, outsourcing or shared service centres? Motives and intents for selecting sourcing configurations. Transform Gov People Process Policy 4(3):232–248

Muench M (2011) Outsourcing of public services – forms and limitations. Creat Knowl Soc 1(2):83–95

OECD (2011) Government outsourcing. In: Government at a glance 2011. OECD Publishing, Paris, pp 168–169

OECD (2015) Production costs and outsourcing of General Government. In: Government at a glance 2015. OECD Publishing, Paris, pp 80–81


# Override Public Policies: What They Are and Why They Matter


Patrick O. Asingo
Department of Political Science & Public Administration, University of Nairobi, Nairobi, Kenya


## Synonyms

Legislative defiance; Legislative override; Veto override

## Introduction: Understanding Override Policies

Override policies refer to policies enacted through legislative override of a presidential veto. Unlike other policies, override policies are enactment in three stages. First, the legislature debates and approves a bill proposing policy legislation. Secondly, the approved bill goes to the president who refuses to sign it into law, and returns it to the legislature with a veto message stating reasons for rejecting the bill and suggesting amendments to be made before he approves it. In the final stage, the legislature rejects the presidential veto message and votes a second time to approve the bill.

This way, the legislature enacts override policies by defying the president's stand on that policy. Thus, override policies results from supremacy contest between the legislature and the president over control of policy agenda. The president uses veto to remind legislators that his wishes are paramount in policy legislation, while the legislature uses override to assert its supremacy over the president on matters of legislation.

## Override Policies as Part of a New Policy Typology

The recognition of override policy as a distinct category of public policies does not downplay but rather compliments the existing typologies. Indeed, "public policies have been classified using many criteria including the importance attached to policy by the government, the objectives of the policy, as well as the sectors [that] such policies are expected to affect" (Tukur 2013, p. 208). For instance, Theodore Lowi's celebrated classification of policies into *distributive*, *redistributive*, and *regulatory* policies is based on the type of politics a policy generates within a political system. In essence, Lowi classifies policies based on their broad objectives or intended outcomes so that policies intended to distribute benefits enjoyed by a few to a larger group or to the entire society are classified as *distributive policies,* and so on.

Nevertheless, it is also analytically useful to classify policies on the basis of how they are enacted. To appreciate the utility of classifying policies in this manner, it is important to recognize that policy formulation continues during implementation, and hence, how policies are enacted influences their implementation and outcomes. In the context of policy research therefore, *how a policy is enacted* can be an independent variable, which explains *how it is implemented and its outcome* (the dependent variable). However, a policy variable must be such that it varies from one policy to another. The variation in *how a policy is enacted* is what is captured by the new policy typology explained below. This clarification is important given that Lowi classifies policies in terms of *why* they are made (their objectives), while ignoring *how* they are made. Yet, the question of why policies are made is almost rhetorical: broadly speaking, policies are made to achieve policy outcomes and outputs that are congruent with their objectives. Moreover, there is lack of clarity in Lowi's typology. It is unclear whether Lowi classifies policies at the formulation or implementation stage. For instance, if a policy's stated objective is to distribute a benefit but fails to do so, is it still a distributive policy? How would a distributive policy that distributes some benefits while inadvertently redistributing others be classified? What stops a regulatory policy from concurrently being distributive? In any case, it would be more edifying for policy researchers to ask, for example, why some policy outputs or outcomes tend to match well with their goals than others rather than merely matching policy outcomes or outputs with their goals. Consequently, the new policy typology introduced in this article is a potential independent variable for many policy studies.

Under this new policy typology, policies enacted by the legislature and fully approved by the president are classified as *consensual policies.* This is consistent with McKinney and Howard's *functional policies.* In this regard, "*functional policies* are those that are enacted by the legislature and are supported by the executive arm of government" (Tukur 2013, p. 209). Most public policies belong to this category. Similarly, policies proclaimed by presidents or bureaucrats through legal avenues such as the executive orders are classified as *executive policies*. In the case of the USA, "presidents and their staffs consider executive orders an indispensable policy and political tool" (Mayer 2001, p. 7). Hence, "through executive orders, presidents have shaped the employment practices of government contractors, the travel rights of American citizen, foreign economic policy, private claims against foreign governments, and claims on natural resources on government land" (Mayer 2001, p. 35).

The third type of policies are *judicial policies*, comprising of policies that result from judicial policy-making, which simply refer to "policy

making by a judge" through judicial interpretations and reviews. A key mechanism through which the judiciary engages in policy making is the judicial review, which is defined as "the authority to hold legislative statutes and executive branch decisions and actions unconstitutional" (Kagan 2004, p. 21). Courts do not just deliver verdicts in a guilty-not guilty fashion, but also make policy recommendations in their rulings. They have often imposed obligations on the government to act in certain ways, thus defining public policy. In the 1954 *Brown* vs. *Board of Education* case on school desegregation, the court ordered an end to this form of discrimination, opening a floodgate of litigations, which further refined public policy. These include the need for school busing to facilitate racial balance in previously segregated schools. More such judicial policy-making followed in 1963 when the Supreme Court outlawed prayers in public schools and later delegitimized abortion (Kagan 2004). The final type of policies under this taxonomy, which is the focus of this article, is *override policies,* enacted through legislative veto override.

To put this public policy classification into perspective, it is noteworthy that the goal of classifying policies is to be able to compare them, observe and account for noted patterns or variations. A major reason for comparing policies is to determine how differences between them affect their implementation as well their outcomes. That is, to determine and rationalize whether certain types of policies easily lend themselves to successful implementation than others, and the conditions under which each policy type is likely to yield desired outcomes. Part of the objective of this article, therefore, is to provoke a debate on whether policies are analytically more useful when classified by objectives or when classified by how they are enacted. Fortunately, this debate may be preempted by the fact that the two policy typologies are not incongruous. For instance, policies classified by Lowi as regulatory can be further re-classified as *override*, *consensual*, *executive*, or *judicial*. It is therefore possible to think of regulatory-override public policies, for example, or regulatory-consensual public policies, and to even compare them so as to yield a richer comparative policy analysis result.

## Features of Override Policies

Override policies warrant special status as special type of public policies because they are distinct from other types of polices. Some of their distinctive features are outlined below.

### Override Policies Are Generally Very Rare

There is overwhelming evidence that override policies are rare. From 1789–2000 (209 years), only 98 or 7% of the 1400 regular vetoes were overridden by the US Congress. Similarly, between 1933 and 1991 (58 years), only 6.5% of the 784 regular vetoes were overridden (Rieselbach 1995). The first override policy in the USA was enacted in 1845 during the tenure of John Tyler, the tenth president of the USA. It prohibited president from sanctioning building of Revenue Marine Service or Coast Guards without approved appropriation from Congress. As vice-president, Tyler replaced President William Harrison who died barely a month into office in 1841. This accidental rise to the presidency raised questions about the legitimacy of his authority and earned him the unenviable nickname of "His Accidency" instead of "His Excellency." He ran into trouble with his Whig party, was expelled after only 5 months in office, and became partyless. This made it easy for his veto to be overridden (Pisenti 2018).

Andrew Johnson, the seventeenth US President (1865–1869) holds a record of suffering 15 overrides during his tenure. He is followed by Presidents Harry Truman (1945–1953) and Gerald Ford (1974–1977), with 12 overrides each (Sollenberger 2004). It is notable also that the more the regular vetoes by a president, the higher the number of veto overrides he tends to get. Indeed, our analysis of all the vetoes and overrides enacted from 1789–2000, reveals a strong positive correlation between the number of legislations vetoed by a president and the number of veto overrides (rho $= 0.83$; $\alpha > 0.005$ & $r = 0.4$; $\alpha = 0.005$).

### Override Policies Typically Focus on Sensitive Public Issues

Overrides policies are enacted on critical policy issues like the 1988 Civil Rights Restoration Bill (Rieselbach 1995). For instance, the Freedom of Information Act Amendment of 1974 was enacted through override of President Gerald Ford's veto. It came hot on the heels of the Watergate scandal, and enjoyed widespread support within and outside Congress, especially the media who exerted pressure on Congressmen to override it. Congress felt that President Ford vetoed a bill seeking to strengthen freedom of information (National Security Achieve). Similarly, the Private Securities Litigation Reform Act of 1995 was prompted by the rise in the number of class action suits against companies in the 1990s. Reform opponents linked this rise to meritless suits filed by those who want to avoid responsibility for poor investment choices or to gain unfairly through litigations. However, critics blamed the high technology companies and the accounting industry for giving false information to entice investors and seeking undeserved immunity from meritorious securities suits. Moreover, they also viewed the reforms as potential deterrence to plaintiffs who want to file even meritorious suits. Yet, meritless suits can still be dismissed by the Courts under existing laws (Painter et al. 2002).

### Override Policies Result from Stringent Multiple Legislative Actions

Unlike the other policies which are legislated once, override policies are unique because the legislature debates and votes on them twice. The first debate and voting occurs during the normal legislation when the bill is introduced to both the House and Senate for approval. The second debate and voting occurs during the veto override. In fact, some scholars have argued that the president technically acts as the third arm of the American bicameral legislature when issuing vetoes. Thus, override policies essentially exhaust the public policy legislative cycle together with its in-built accountability mechanisms. The enactment of override policies not only affirms the doctrine of separation of powers but also restores the right balance of power between the legislature and the executive by allowing the former the last say in legislation.

Enacting override policy entails stringent legal requirements than the other policies. To begin with, while other types of policies can be enacted even outside of the legislature using such avenues as *Executive Orders*, override policies can only be enacted by the legislature. The literature depicts executive orders as "an instrument of executive power that presidents have used to control policy, establish and maintain institutions, shape agendas, manage relationships, and keep control of their political fate generally" (Mayer 2001, p. 28). From 1973 to 1997, US presidents issued about 1400 executive orders (Mayer 2001). For instance, President Clinton not only used executive orders to expand civil rights, but through *executive order* No. 13087 of 1998, enacted a policy that prohibits discrimination in employment in all federal agencies on the basis of sexual orientation (Mayer 2001, p. 35).

Moreover, in most progressive constitutions, including that of the USA, override policies require a higher threshold of two-thirds of the legislators to ensure "greater impediments to improper laws" (Spitzer 1988, p. 13). Higher override thresholds also broaden the support for policy legislations. It is noteworthy that the two-thirds American threshold was a product of robust debates in which some delegates wanted a higher threshold of three-fourth. In contrast, *consensual* policies can be legislated even by a simple majority, while *executive* and *judicial policies* can be enacted, at least theoretically, even without the support of a single legislator.

### The Override Policy Process Is Characterized by Intense Conflict

The override policy process is political and conflict-prone. They are usually enacted under high-intensity conflict between the presidency and the legislature. This conflict usually spills over to implementation, raising concerns on whether override policies are ever implemented successfully. The literature recognizes that when there is very intense conflict during policy formulation, then "the implementation process presents opportunities to refight battles lost in the policy

formulation stage [whereby] those defeated in the formulation stage may have an opportunity either to minimize losses or to totally defeat their opponents' objectives by undermining or eroding implementation" (Richardson 2015, p. 337). Hence, a president who loses supremacy battle over policy agenda through an override is more likely to sabotage than to facilitate its implementation. If this is true, then enacting override policies seems to be an act in futility! Policy formulation continues during implementation partly due to vague policy statements which implementers have to clarify before or during implementation, thus giving overridden president a chance to sabotage a policy. There is also the issue of the longevity of override polices from enactment to amendment or termination. If overridden presidents often sabotage rather than support override polices, then such policies cannot have a long life-span.

### Override Policies Often Reflect Public Opinion Climate

Empirical studies have shown that public support is critical both for the presidential veto and congressional override (Spitzer 1988). Presidents who fail to read public mood often suffer override even when their party controls more than two-thirds of both Houses of Congress. For instance, even after losing significant support due to stagflation, President Gerald Ford continued to regularly veto Congressional bills, which were overridden with equal regularity. Similarly, anti-apartheid activists demonstrated against the US government's "constructive engagement" policy towards South Africa in 1985. This bred anti-apartheid public opinion which emboldened Congress to override President Reagan's veto on the sanctions to South Africa in 1986. The override was widely applauded because of the feeling that Reagan's veto had shown that he had lost touch with public opinion (Wittcopf et al. 2008).

Relatedly, the Cable TV Consumer Protection and Competition Act of 1992, enacted through President George H.W. Bush's only veto override, was stimulated by the Cable TV's monopoly status characterized by overpricing and poor services. President Barrack Obama also suffered his only override in 2006, when Congress voted to override his veto on the Justice against Terrorism Act. The override is largely attributable to the September 11 victims who mobilized public opinion in favor of the bill. Not only did they organize demonstrations and pressurized Congressmen to pass the original bill, but after its passage, they staged sit-ins outside White House to implore President Obama not to veto it. When the president vetoed the bill, they exerted even more pressure on Congressmen to override it (Miller 2019, p. 52).

## Conclusion

This article sets forth override policies as distinct, rare, and neglected type of public policies, enacted through legislative override of presidential vetoes. It has situated override policies within a new policy classification scheme that is based on how a policy is enacted as opposed to Lowi's classification based on a policy's intended outcomes. While the elaboration of this new policy typology is outside the scope of this article, an overview of the typology has been provided. Essentially, the typology classifies public policies into four categories – *consensual*, *executive*, *judicial*, and *override policies*. The article also highlights some of the distinctive features of override policies which justify its treatment as distinct type of public policy. In a nutshell, override policies are very rare; exclusively focus on very sensitive and controversial public issues; tend to mirror the existing public opinion climate; are products of stringent multiple legislative actions; and are enacted under high intensity conflict.

## References

Kagan R (2004) American Courts and the policy dialogue: the role of adversarial legalism. In: Miller MC, Barnes J (eds) Making policy, making law: an interbranch perspective. Georgetown University Press, Washington, DC, pp 13–34

Mayer K (2001) With the stroke of a pen: executive orders and presidential power. Princeton University Press, Princeton

Miller D (2019) How government works: vetoing bills. Cavendish Square, New York

Painter R, Farrell M, Adkins S (2002) The private securities litigation reform Act: a post-Enron analysis. The Federalist Society for Law and Public Policy Studies, 17–28
Pisenti J (2018) Answers to questions you've never asked. Mango Pubs, Coral Gables
Richardson J (2015) The EU as a policy-making state: a policy system like any other? In: Richardson J, Mazey S (eds) European union: power and policy-making. Routledge, London, pp 3–32
Rieselbach NL (1995) Congressional politics: the evolving legislative system. Westview Press, Boulder
Sollenberger AM (2004) Presidential vetoes, 1789-present: a summary and overview. CRS Report 98-148
Spitzer R (1988) The presidential veto: a touchstone of the American presidency. State University of New York Press, Albany
Tukur HH (2013) Public policy analysis. In: Akinsanya A, Ayoade J (eds) An introduction to political science in Nigeria. University Press of America, New York, pp 205–224
Wittcopf ER, Jones CM, Kegley CW (2008) American foreign policy: pattern and process. Thompson Wadsworth, Belmont

# Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018

Karoll Haussler Carneiro Ramos[1], André Felipe Rosa[1] and Gabriel Andrade de Souza[2]
[1]Department of Administration, FACE, University of Brasília, Brasília, Brazil
[2]Department of Industrial Design, IdA, University of Brasília, Brasília, Brazil

## Overview of New Knowledge in Public Sector Enterprise Architecture from 2013 to 2018

### Synonyms

Bibliometrics analysis of enterprise architecture; Enterprise architecture in the public sector; Literature review of enterprise architecture

## Definition

A bibliometric analysis of articles related to enterprise architecture in the public sector that tries to comprehend the overview of studies and definitions and help to guide researches.

This essay presents an extended literature review of the main articles on a worldwide scale that focus on enterprise architecture in public administration. The method used bibliometric indicators to show existing correlations in data from 82 articles cited in the world's most impactful journals between 2013 and 2018. This approach identified new contributions primarily in the areas of technology, science, and government programs. The analysis of indicators showed that research in enterprise architecture in the public sector correlated with e-government strategies and interoperability, demonstrating that these approaches are currently in favor as the leading approaches to achieve goals and solve problems in the field. The findings of publication places in journals and events represent a contribution to researchers and professionals in this area who are interested in submitting articles for publication or even to consult and read articles of EA subject. This essay also found that enterprise architecture initiatives are growing in the East, while decreasing in the West, which is an important dynamic for EA researchers, practitioners, and organizations to understand.

## Introduction

Public agencies have been supporting technology infrastructures that increasingly focus on delivering services and conducting the business of government. The use of these technologies supports the major efforts of reorganization, modernization, and reinvention of government using e-government as a possible solution together with promoting organizational change (Dang and Pekkola 2017). Such e-government initiatives have been credited as engines of efficient public administration reform, and given their progression state, they can be classified based on their implementation and governance levels.

Although there is no common definition for enterprise architecture (EA) concept in the literature, many definitions agree that EA concerns the organizing logic articulating business processes,

the information used and produced by these processes, and the corresponding information technology (IT) architecture. To ensure that these four components are aligned from business to IT needs, governance standards and practices are requested, as well as the development of governance levels.

Despite the importance of e-government and EA, there are few studies on e-government impacts on public agencies' performance, and there is a lack of empirical evidence of the various performance effects of e-government. Many studies on e-government are based mostly on speculative reasoning rather than empirical analysis with rigorous methodologies.

This chapter presents an exploratory research which uses literature review through bibliometric and contextual analysis to study EA within the public administration and its evolving changes in the last 6 years. It is an extension of a previous study by Ramos, Souza, and Rosa (2019b).

## Enterprise Architecture in Companies

### Enterprise Architecture

John A. Zachman created the expression "enterprise architecture" (EA) in the 1980s. According to Zachman (1987), enterprise architecture is a set of descriptive representations that define organizations; these descriptions reveal the aspects necessary for effective management and requirements to maintain current levels of performance.

Bellman and Griesi (2015) present a definition of EA as the organizing logic of the business process and informational technology (IT) infrastructure, reflecting the requirements of integration and standardization within companies' operating models. The intention of EA is to define how an organization can more effectively achieve current and future goals.

In order to show a summarized definition, Bakar and Selamat (2016) argue that EA is a hierarchical way of describing how information systems, business processes, and people in an organization function as a whole. EA demonstrates the crucial importance of a framework that reveals connections within an organization.

According to Lapalme et al. (2015), EA fundamentally focuses on identifying shared assets and on the relationship of all different elements across a given enterprise. In view of this, it is important in EA to make the project planning process explicit during the construction of the architecture, seeking input from the very conception of the framework to be used that will attend to the multiple interests and expectations.

### EA Frameworks

The framework that is so central to all enterprise architecture was given its most comprehensive overview by Zachman (1987), who introduced EA as the logical structuring and classification of those descriptive representations of a company that are significant to management and corporate development functions.

According to Marosin (2013), enterprise architecture is an embracing framework used to manage and align an organization. He describes the strategic direction of all components of a company: its organizational structure, its business processes, its employees, its other stakeholders, its applications, its data, its infrastructure – to name a few. An architecture framework is a conceptual structure to analyze an enterprise and to structure both architecture and its design process. Such a framework often takes the shape of a two-dimensional matrix.

Therefore, it is possible to observe that among the definitions of enterprise architecture, there are those that aim to better define the theoretical aspect of the construct of EA, and there are others that seek to define the construct in its operative aspects, such as those that are concerned with EA frameworks and applications as they pertain to the ongoing operations of existing organizations.

### Recent Applications of EA in the Public Sector

Nowadays, Bellman and Griesi (2015) present a definition of EA as the organizing logic of organizations' business processes and IT infrastructures, reflecting the requirements of integration and standardization of the companies' operating models.

One of EA's most popular applications is its use as a methodology to improve the

interoperability and efficiency of inter- and intraorganizational IT systems (Lemmetti and Pekkola 2014). These initiatives are usually voluntarily undertaken, although sometimes the process is mandated by law, as in the United States's 2002 "E-Government Act" and Finland's 2011 "Act on Information Management Governance in Public Administration."

Governments normally consist of many agencies with different structures and service/business areas that typically lead to duplicated information systems and fragmented business services and processes, decreasing the possibility of cross-agency interoperability. Therefore, governments pursue EA initiatives in its various agencies to increase online services and to provide new tools to manage a business and align IT infrastructures within agencies in order to better integrate the use of technology, to improve data structures and applications, and to provide increased business modularity (Dang and Pekkola 2016).

### Literature Review in EA

Kotusev (2017) observed that EA literature reviews have been primarily concerned with aspects of professional articles such as their distribution over time, the research groups and communities that generate them, citation and authorship patterns, publication types and geographical distribution, reference discipline, theory types, and empirical validity. Those using bibliometric indicators employ a set of mathematical and statistical methods to analyze indicators of scientific quality, scientific activity, and scientific impact.

Literature reviews that map publications over distribution over time revealed that the decade ending 2000 and decade beginning 2010 were the apex of publications in government or public sector EA studies (Ramos and de Sousa Júnior 2015; Dang and Pekkola 2017; Lnenicka and Komarkova 2019).

Ramos and de Sousa Júnior (2015) analyzed the literature published in the period from 1999 to 2014, showing that the main EA focus in the public sector was in e-government, service, government, and interoperability. Dang and Pekkola (2017) argued that researches focus on development issues and frameworks, and little was known about how those frameworks and practices were actually used and followed, how well they fit with their purposes, and what are the stakeholders' reactions were. Lnenicka and Komarkova (2019) showed that big data, open data, cloud computing, and EA framework were prevailing themes in scientific articles pertaining to government EA.

Most literature reviews use similar databases: the AIS Electronic Library, the ACM Digital Library, EBSCO, Google Scholar, IEEE Xplore, JSTOR, Science Direct, Springer Link, Taylor & Francis, and Web of Science. The use of these databases is justified, as they ensure the inclusion of scientific articles from the highest impact full-text journals and conference proceedings (Rouhani et al. 2015; Dang and Pekkola 2017; Gampfer et al. 2018; Lnenicka and Komarkova 2019). However, authors have not previously made a review using such bibliometric indicators, as SCImago Journal Rank (SJR or ScimagoJR), H-Scopus, or Journal Impact Factor (JIF), and because they lack this information in their inclusion criteria, they often include in their review articles that are indexed but that have low academic relevance and impact.

## Methodology

This research is a systematic literature review (SLR) characterized as descriptive, which intends to comprehend the theme in a broader way, through the following steps:

- Step 1: Define topics and research questions.
- Step 2: Define the database and criteria for the articles, from the consultation of two databases that enabled the survey of journals and scientific events.
- Step 3: Identify and select those studies, based on the analysis of keywords in titles and abstracts in the database, considering inclusion and exclusion criteria.
- Step 4: Read each article to identify and categorize themes that might make viable research variables.

- Step 5: Data consolidation: quantitatively analyze all publications sampled using descriptive statistics and qualitative analysis with the use of content analysis (for relevant journals and scientific events in the sample of publications).

Table 1 shows the research guidelines.

The definition of the temporal clipping established was to align the parameters with those of Ramos and de Sousa Júnior's (2015) publication that presented a bibliometric research of enterprise architecture in the public sector.

The option to search for publications of scientific events was made because of the shortened lag time between the completion of the study to its publication in international journals. Scientific events usually take less than a year to be published, whereas it is customary for academic articles to take 2 years or more to appear.

The inclusion criteria restricted the article searches in the databases considering the research context (public administration) and limits the time period to the last 6 years for content analysis, which allows an overview of the evolution of any given theme of inquiry.

The Publish or Perish software was used to search for academic publications and the Portal of Periodical Publications of the Coordination of Superior Level Staff Improvement (CAPES) of Brazil allowed the identification of periodicals evaluated by peer review.

In data consolidation, quantitative analysis was made of the 82 articles collected from the

**Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018, Table 1** Research guidelines: questions, criteria, databases, and analysis variables

| Type | Data |
|---|---|
| Questions | Where and when were publications about the topic?<br>Who are the main authors and their institutional links?<br>What are the methodological aspects adopted in the research on the subject?<br>What are the main difficulties and benefits of deploying enterprise architecture identified in the studies? |
| Inclusion criteria | Publication in international journals and scientific events<br>Publications between 2013 and 2018<br>Complete scientific paper published in English |
| Exclusion criteria | Publications other than international scientific articles (exclusion of manuals, books, book chapters, round tables, patents)<br>Publications that were not in the English language<br>Publications on enterprise architecture in general or in contexts other than public administration |
| Database | Capes Periodic Portal<br>Google Scholar |
| Keywords used and combinations | Enterprise architecture; public management; public sector |
| Quantitative analysis variables | Place of publication<br>Temporary clipping<br>Citations<br>Publishing name, H-Scopus e SJR, Qualis CAPES, subject area, and category<br>Authors<br>Institutional affiliation<br>Keywords |
| Qualitative variables | Article objective<br>Nature of the study<br>Research design, approach<br>Data origin,<br>Sphere of the organization, the sphere of power, organization studied<br>Sampling, data collection techniques<br>Data analysis technique, stage of the competency management investigated<br>Difficulties and benefits of deployment, description of key results, research agenda |

database. The analysis revealed 28 articles that met criteria as highly impactful after factoring in the Qualis CAPES stratum, the SCImago Journal Rank (SJR), and the H-Scopus for periodicals. The SJR shows the visibility of journals from developed countries contained in the Scopus® database. The H-Scopus aims to quantify the productivity and impact of research by means of the following measures: number of publications per periodical ("$h^1$") and number of citations of each article ("$h^2$"). A qualitative analysis was used to identify the major themes that were present across the most impactful 28 articles.

## The Last 6 Years of EA Research in Public Sector

From the quantitative analysis, it was noticed that most articles, 71.95% (59 papers), were published as scientific events. None of these papers were later published in a journal. This low recurrence of subsequent publication of event articles in journals increases the need to investigate publications in order to gain more comprehensive knowledge of research publications on the subject.

The scientific production on EA in journals was stable in the period of 2014 to 2016, with six articles per year. However, in terms of publications in scientific events, there was a noticeable growth in 2014, followed by a drop in 2015, and another remarkable growth in 2016 and 2017, as shown in Table 2. As the survey was conducted until August 2018, that year cannot be considered as a full year for analysis, in order to indicate that there was a decrease in production on the subject (Fig. 1).

Analyzing the time distribution, the same graphic verified by Lnenicka and Komarkova (2019) is shown in his analysis from 2003 to 2018. Comparing these results with the time distribution performed by Gampfer et al. (2018), with an analysis period from 1987 to 2016, and the object of analysis has been EA, the pattern repeats, except for the fall of publications in 2015.

The 24 articles were published in 21 different journals. Journals with recurrence in publications are *Sustainability*, *Software and Systems Modelling*, and *Enfoque*, each with two articles. Only *Enfoque* did not meet H-Scopus and SJR criteria on ScimagoJR. From the 21 journals, 19 meet H-Scopus, SJR, and Qualis CAPES criteria in that the evaluation for inclusion is made through peer review.

Table 3 shows which journals in SJR score greater than 0.401. This cut from the 0.401 index shows that the journal has a higher stratum in Qualis CAPES. Furthermore, for this sample, the SJR index average is 0.53, the median value is 0.48, and the standard deviation is 0.39.

The average for H-Scopus is 40.64; the median value is 40. The maximum value of the SJR obtained was 1.32 from *Government Information Quarterly*. Based on this analysis, nine journals stood apart from the rest as especially relevant and impactful.

It is worth noting that the journal with a maximum value of H-Scopus was 101 by IEEE Internet Computing but it has an SJR of 0.38.

Of the 59 articles of scientific events, 47 scientific events were identified, wherein International Conference on Enterprise Information Systems

**Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018, Table 2** Distribution in years

| Year | Place of publication | | Total |
|---|---|---|---|
| | Journal | Scientific event | |
| 2013 | 1 | 6 | 7 |
| 2014 | 6 | 10 | 16 |
| 2015 | 6 | 5 | 11 |
| 2016 | 6 | 16 | 22 |
| 2017 | 2 | 18 | 20 |
| 2018 | 3 | 4 | 7 |
| **Total** | **24** | **59** | **82** |

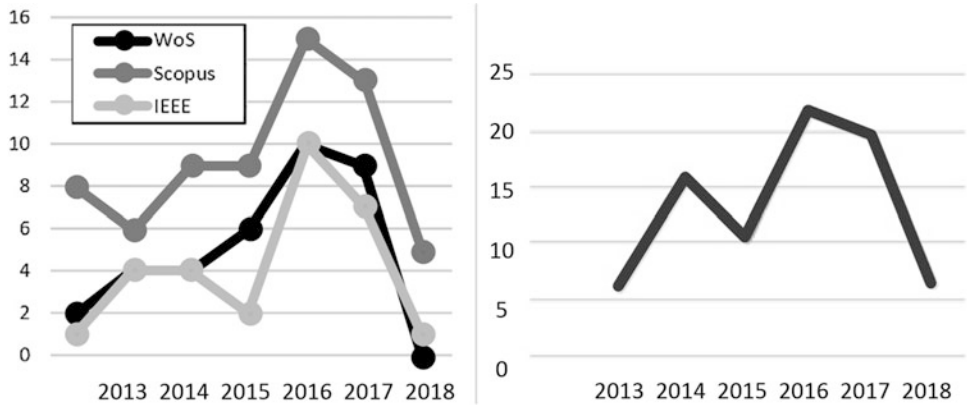


**Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018, Fig. 1** Distribution in time – comparison between Lnenicka and Komarkova (2019) (on the left) and current research (on the right)

**Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018, Table 3** Journals and indexes

| Journal | SJR | H | N. Papers |
|---|---|---|---|
| Government Information Quarterly | 1.32 | 76 | 1 |
| International Journal of Medical Informatics | 1.247 | 88 | 1 |
| Journal of Intelligent Manufacturing | 1.18 | 63 | 1 |
| Annual Reviews in Control | 0.82 | 64 | 1 |
| International Journal of Computer Integrated Manufacturing | 0.77 | 44 | 1 |
| Enterprise Information Systems | 0.72 | 40 | 1 |
| Sustainability | 0.54 | 42 | 2 |
| Indian Journal of Fundamental and Applied Life Sciences | 0.48 | 29 | 1 |
| Software & Systems Modelling | 0.48 | 41 | 2 |

(ICEIS) and Pacific Asia Conference on Information Systems (PACIS) have the highest concentration of articles (4 papers each).

These findings of publication places in journals and events represent a contribution to researchers and professionals in this area who are interested in submitting articles for publication or even to consult and read articles of EA subject.

Considering the articles of journals and scientific events indexed on ScimagoJR (a total of 32 articles), the subject area concentration is computer science, with 75% of papers, others (25%) are distributed in these areas: engineering, social sciences, mathematics, environmental science, energy, medicine, decision sciences, materials science, agricultural and biological sciences, chemical engineering, biochemistry, business, management and accounting, and genetics and molecular biology.

A total of 82 articles were written, and 139 authors participated in the research. Most prevalent were co-authored articles (30). A total of 11 were single-author articles. The average number of authors per research article was 2.74. The number of citations of these articles is an important indicator for verification of the author's relevance. The author R. Abraham's article "Enterprise architecture artifacts as boundary objects - A framework of properties" published in *Proceedings of 21st European Conference on Information Systems* (ECIS 2013) was cited 45 times.

The mean number of citations for the 82 papers in the sample was 4.5122, the median value is 1, and the standard deviation is 8.71.

Regarding the author's institutional linking, 70 universities were identified. The University of Technology of Malaysia has the largest number of published articles (six papers). Then there are the universities where each one published three articles: University of Zagreb (Croatia); University of Brasília (Brazil); Bandung Institute of Technology (Indonesia); and Islamic Azad University (Iran). Finally, the universities where each published two articles are the University of Rostock (Germany); Bina Nusantara University (Indonesia); IBISTM (Croatia); University of Tehran (Iran); University of Lampung (Indonesia); American University of Sharjah (Emirates); Federal University of Rio de Janeiro (Brazil); Ryerson University (Canada); Telkom University (Indonesia); Royal Institute of Technology (Sweden); and Tampere University of Technology (Finland). This information is important for researchers who are interested in establishing partnerships in the study of AE.

Seven articles provided no information or were missing information about the author's affiliations.

Indonesia is the country whose authors generate the largest amount of research (12 papers), followed by authors from Malaysia (7 papers), Germany (6), Iran (6), the United States of America (5), France (5), Switzerland (4), Finland (4), Brazil (4), and Croatia (4). In terms of continents, Europe predominates with 14 contributions, followed by then Asia with 8. Latin America, and the Middle East, contributed 4, North America 3, and Africa and Oceania 1. These data highlight robust activity in EA in the far East, as shown by the Waseda University International e-Government Ranking, published in 2018. The state of Singapore, South Korea, Japan, and Taiwan rank second, sixth, seventh, and ninth in the implementation of e-government, respectively (Toshio 2018). This ranking is based on ten assessment indicators, one of which is "management optimization" that includes the sub-indicator "integrated enterprise architecture." In general, Singapore was a world leader in making efforts to integrate internal government network architecture, earning the nation a second-place ranking on the "management optimization" indicator. The Malaysian government also employed an enterprise architecture framework to create an active strategic alignment between backend business and ICT usage in government organizations. South Korea implemented several initiatives and programs for optimizing the business process of public sectors such as government-wide enterprise architecture (GEA). The South Korean government also notably reached a high level of efficiency and transparency of their programs' administrative processes. According to Hussein et al. (2017), successful EA establishment in the Malaysian public sector has provided effective and efficient service delivery in the public sector.

From the published articles, eight surveys had participants from, at least, one public organization. The public organizations are the Ministry of Communication and IT from Riyadh in Saudi Arabia; Ministry of ICT from Bogota in Colombia; Government of Ontario from Toronto in Canada; Integration and Interoperability Coordination (SERPRO) from Brasilia in Brazil; New York City Transit (NYCT) from New York in the United States; and IT Organization of Iran from Tehran in Iran.

The main keywords from the researched articles are enterprise architecture (47 papers); enterprise architecture framework (13 papers); public sector (7 papers); TOGAF (6 papers); e-government (5 papers); framework (5 papers); balanced scorecard (4 papers); Zachman framework (4 papers); change management (3 papers); software architecture (3 papers); and metrics (3 papers).

There is no consensus among authors about the use of keywords for indexing articles.

The results of keyword searches are in line with the Lnenicka and Komarkova (2019) analyses of the terms enterprise "architecture framework," "TOGAF," and "Zachman framework," but returned no results for the terms "big data" or "cloud computing." The framework is the basis of EA; according to Sousa, Marosin, Gaaloul, and Mayer (2013), EA is a framework used to manage and align an organization that describes the strategic direction of all company's components:

organizational structure, business processes, people and stakeholders, applications, data, infrastructure, etc (Fig. 2).

In the public sector, EA has become a tool to support e-government and interoperability activities. So, EA research must be closely associated with disruptive technologies, such as big data, cloud, artificial intelligence (AI), and Internet of things (IoT) that are an essential part of e-government or digital government (Toshio 2018).

This review's enhanced methodology for determining the relative impact of publications further limited our original 82 journals to those 28 articles published in periodicals and scientific events of greater relevance.

Initial analyses have shown that most of the published articles (18 papers) are empirical, which refers to reports of specific experiences of public organizations. Of the nine theoretical articles identified, all are bibliometric surveys.

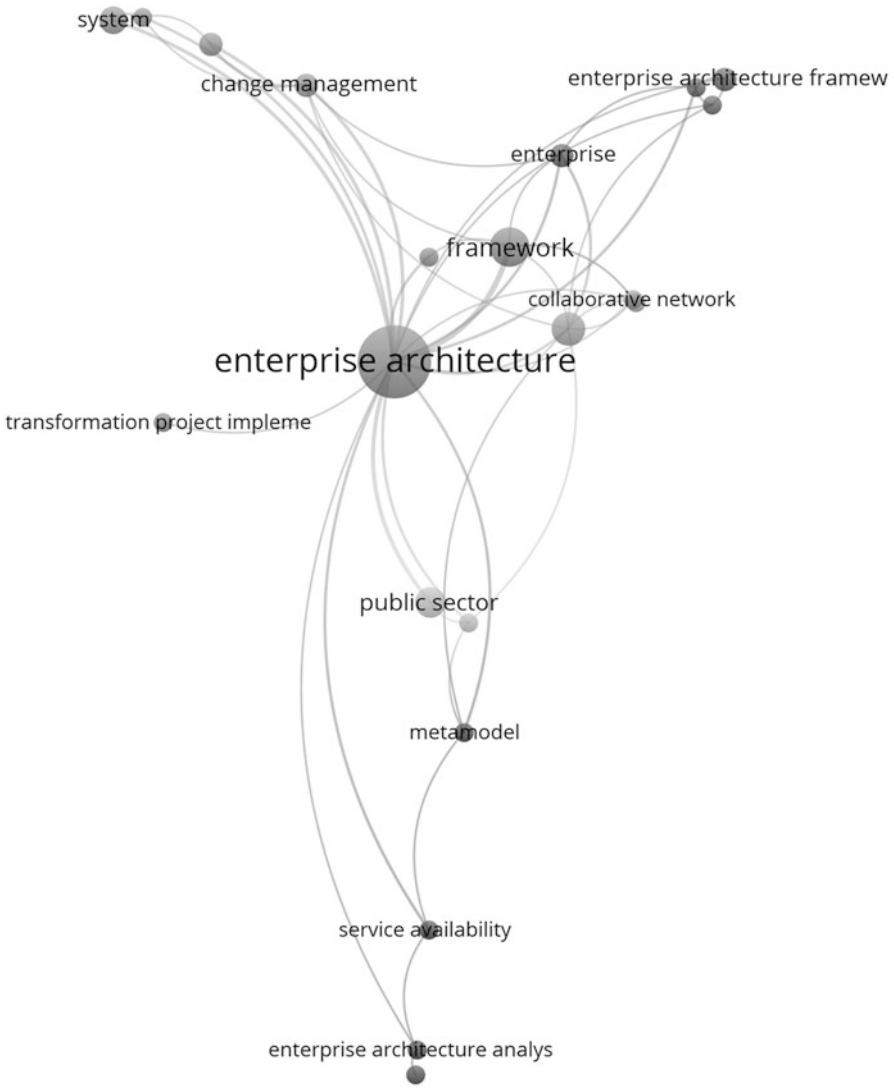


**Overview of Scientific Production in Public Sector's Enterprise Architecture from 2013 to 2018, Fig. 2** Bibliometric map of keywords

O

There is no predominance in research design, in which 36% (10 papers) are descriptive, 32% (9 papers) are exploratory, and 29% (8 papers) are explanatory research and have a qualitative approach.

Regarding the origin of the data, 50% of the publications (14 papers) used primary sources in the collection, in which data were collected in field surveys. Secondary sources were used in 29% of the publications (8 papers), essentially based on bibliographic analysis research. There were six papers that had secondary and primary data. On the data collection strategies, the greatest recurrence is of case studies (12 papers), followed by bibliographical research (6 papers). In addition, the following research strategies were also identified: opinion survey (two papers), documentary research (two papers), and experimental research (one paper).

Bibliographic research, survey, observation, documentary analysis, interview, documentary research, the Delphi method, focus groups, and experimental tests are among the instruments of data collection most used by the authors.

The relative majority of empirical studies (seven papers) were carried out at a federal level, though four studies were conducted at universities (four papers). Two studies in the health sector were identified as well. It is worth stressing that the EA theme is an interdisciplinary matter and is part of many countries' governance agenda. Thus, articles that analyze the EA of international governments were present.

Among the analyzed articles, it was possible to classify different types of difficulties related to EA, which were grouped in six thematic categories: deficiency of the EA model(s) to meet current organizational needs; deficiencies in the planning and implementation of EA; difficulty of integration; conceptual difficulties; technical and nontechnical difficulties; and lack of agility in meeting demands. These results are in line with Ramos, França, Oliveira, and Montezano's research (2019a) that points out the weaknesses of EA, such as the understanding of concepts as limitations of public organizations in the adoption of EA.

In the same way, it was identified in the literature possible benefits obtained or expected by public organizations in relation to the adoption of EA. In this case, it was possible to classify benefits in nine thematic categories: achievement of organizational objectives; organizational alignment (from IT to business); advance of e-government; contribution to organizational change; organizational communication; organizational knowledge management; improves organizational (and IT) management; improves organizational (and IT) performance; and promotes the integration of organizational components. These results focus on implementation in public sector organizations, showing the practical capability of EA.

## Conclusion

The study analyzed the evolution of the EA theme in the public sector. It is important to note that articles of EA focus on the areas of computer science, engineering, and social sciences, which shows a multidisciplinary character involving different aspects in the public sector. The analysis shows that considered scientific events and articles published in proceedings can be significant for comprehending the theme since research shows that much of the EA literature appear on scientific events.

Through the bibliometric analysis, we can observe growth in the approach of the theme in worldwide scope, in addition to a change of stakeholders' region, which are no longer concentrated in the West but instead are surging in the East. The countries with the highest volume of publications in the sample used were Indonesia, Malaysia, Germany, and Iran. The United States trails them in contributions.

In conclusion, we find that, after three decades of research, publications, and development of EA in the Western nations, countries in the East appear to be the most recent adopters of EA approaches. This could be caused by political issues. In the United States, data disappeared throughout the US federal government in the Trump administration, apparently motivated by commercial interference under the public administration (Lewis 2018). The search for government transparency as a reflection of democratic transformations and more politically involved societies

may make EA a sensible and evidence-based solution. Malaysia is a good example of a country that is passing through a democratic transition, and it would appear that a direct relationship exists between the development of EA in the country and its new democratic policies, though further research in this area may yield more insight into the connections between the political changes of Eastern countries and their newfound adoption of EA.

## Cross-References


- ▶ Governance
- ▶ Public Sector Accounting
- ▶ Transparency


## References


Bakar NAA, Selamat H (2016, August) Investigating Enterprise Architecture implementation in public sector organisation: a case study of Ministry of Health Malaysia. In: Computer and Information Sciences (ICCOINS), 2016 3rd International Conference on, IEEE, Kuala Lumpur, Malaysia, pp 1–6

Bellman B, Griesi K (2015, July) Enterprise architecture advances in technical communication. In: Professional Communication Conference (IPCC). In: 2015 IEEE International, IEEE, Limerick, Ireland, pp 1–5

Dang DD, Pekkola S (2016, June) Root causes of enterprise architecture problems in the public sector. In: PACIS, Chiayi, Taiwan, p 287

Dang DD, Pekkola S (2017) Systematic literature review on enterprise architecture in the public sector. Electron J e-Govern 15(2):132–154

Gampfer F, Jürgens A, Müller M, Buchkremer R (2018) Past, current and future trends in enterprise architecture – a view beyond the horizon. Comput Ind 100: 70–84

Hussein SS, Mahrin MNR, Maarop N (2017) Preliminary study of Malaysian Public Sector (MPS) transformation readiness through Enterprise Architecture (EA) establishment. In: Pacific Asia Conference on Information Systems (PACIS), Association for Information Systems, Langkawi Island, Malaysia

Kotusev S (2017) Enterprise architecture: what did we study? Int J Coop Inf Syst 26(04):1730002

Lapalme J, Gerber A, Van der Merwe A, Zachman J, Vries MD, Hinkelmann K (2015) Exploring the future of enterprise architecture: a Zachman perspective. Comp Ind 79:103–113

Lemmetti J, Pekkola S (2014) Enterprise architecture in public ICT procurement in Finland. In: Electronic government and electronic participation: joint proceedings of ongoing research and projects of IFIP WG 8.5 EGOV and ePart, Dublin

Lewis M (2018) The fifth risk: undoing democracy. Penguin

Lnenicka M, Komarkova J (2019) Developing a government enterprise architecture framework to support the requirements of big and open linked data with the use of cloud computing. Int J Inf Manag 46:124–141

Marosin D (2013) Towards a principle-based framework for enterprise architecture rationalization. In: CAiSE (Doctoral Consortium), Valencia, Spain

Ramos KHC, de Sousa Júnior RT (2015) Bibliometric analysis of enterprise architecture in the public administration. International Information Institute (Tokyo). Information 18(2):501

Ramos KHC, França JV, Oliveira LVC, Montezano L (2019a, May) Evolution of the enterprise architecture framework in the public administration of Brazil. In: Proceedings of the 16th international conference on information systems and technology management (CONTECSI 2019), Crete, Greece

Ramos KHC, Souza GDA, Rosa AF (2019b, May) Literature review studies in public sector's enterprise architecture. In: Proceedings of the 22nd international conference on enterprise information systems (ICEIS 2019), pp 642–649

Rouhani BD, Mahrin MNR, Nikpay F, Ahmad RB, Nikfard P (2015) A systematic literature review on enterprise architecture implementation methodologies. Inf Softw Technol 62:1–20

Sousa S, Marosin D, Gaaloul K, Mayer N (2013, September) Assessing risks and opportunities in enterprise architecture using an extended ADT approach. In: 2013 17th IEEE international enterprise distributed object computing conference, Vancouver, Canada, pp 81–90

Toshio OBI (2018) The 14th Waseda – IAC International Digital Government Rankings 2018 Report. International Academy of CIO. http://iacio.org/wp-content/uploads/2019/02/The_2018_Waseda-IAC_Digital_Government_Rankings_Report-2.pdf

Zachman JA (1987) A framework for information systems architecture. IBM Syst J 26(3):276–292

# P

## Pakistan's Urgent Need for Clean Air

A. Naila Saleh[1] and B. Saima Saleh[2]
[1]Department of Public Policy, Pakistan Institute of Development Economics, Islamabad, Pakistan
[2]Health Wing, Capital and Development Division (CADD), Islamabad, Pakistan

### Synonyms

Ambient Air Quality; Air Quality Management; Air Pollution

### Definitions

Air pollution refers to the presence of toxic chemicals or pollutants in air which deteriorates the quality of air and pose risk to health. The higher the level of these polltants, the more damaging are the impacts on health. These pollutants can either be in gaseous form or can occur in solid form such as particulate matter.

### Introduction

Air pollution is one of the most pressing environmental concerns globally. The worsening air quality in Pakistan poses a grave threat to the city dwellers and is a major environmental problem in the country. Pakistan takes three slots among the world's top ten most polluted cities (Fig. 1) (WHO, Ambient Air Pollution Data 2014). Furthermore, it was ranked 148 among total of 178 countries by the Environmental Performance Index (2014) in terms of human health from environmental damage. Concentrations of toxic pollutants in air are way above the safety thresholds in big cities. The rising air pollution has left millions to breathe unhealthy air. More than 22,600 deaths and 5 million childhood illnesses annually are attributed directly or indirectly to air pollution in the country (Martin et al. 2006; World Bank 2008).

High concentration of pollutants in environment damage both health and environment. It exacts huge cost on economy in terms of life losses, expenditures on health, and reduced activity due to sickness. Pakistan's economy bears an annual loss of 62–65 billion PKR due to air pollution (Martin et al. 2006). The low-income groups and children are among the worst affected from this deteriorating air quality.

Healthy ecological environment is a fundamental human right and need. Right to clean air is recognized by the constitution of Pakistan and enjoys legal protection. But this right looks good only on paper and has no practical application in the country. Ambient air quality in Pakistan lags far behind the national and international standards. Environment is taken extremely for granted in the region due to lack of effective accountability of polluters. The rapid urbanization

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

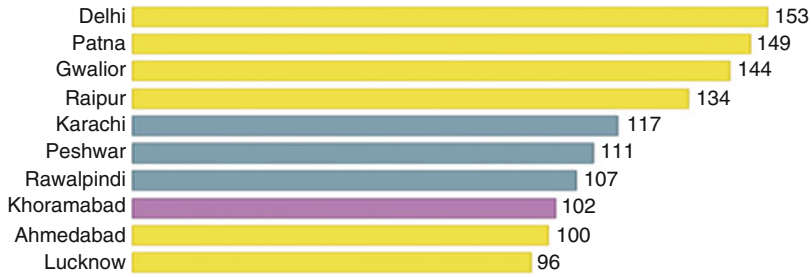


**Pakistan's Urgent Need for Clean Air, Fig. 1** Ten cities worldwide with highest levels of air pollution (Source: WHO's Ambient air pollution database 2014)

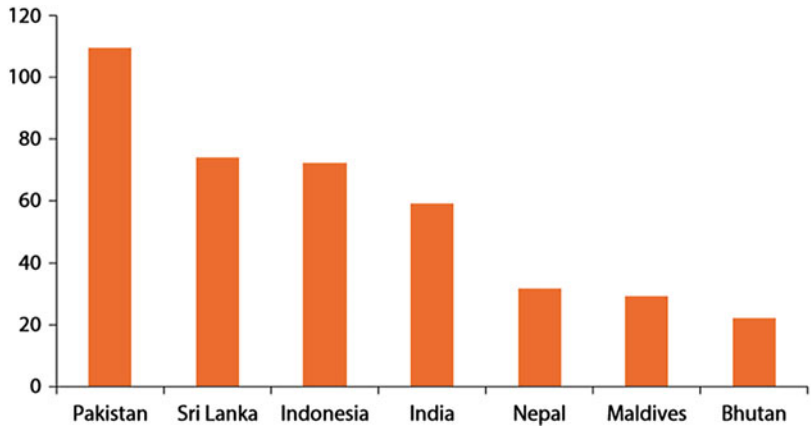


**Pakistan's Urgent Need for Clean Air, Fig. 2** Concentrations of $PM_{10}$ (μg/$m_3$) in South Asian countries, 2008 (Source: World Bank 2010)

accompanied by absence of emission control strategies in the country has deteriorated air quality to alarming levels. This entry analyses the severity of air pollution in Pakistan and highlights the inadequacies and loopholes in existing regulatory framework aimed at monitoring and regulating air quality in the country. With the undergoing structural transformation of Pakistan's economy, urban population is projected to increase to 63.7% by 2050 (UN 2007). In the given scenario, there is a strong need for regulating the air quality.

## An Overview of Air Pollution in Pakistan

In this rapid developing world, one of the biggest threat to human health is posed by air pollution. The significant surge in hazardous emissions due to the increase in industrial activity, number of automobiles, fossil fuel combustion for energy generation and waste burning, has severely compromised the quality of air. The concentration of air pollutants in most regions of South Asia exceeds WHO guidelines (HEI International Scientific Oversight Committee 2010). The ambient air quality in Pakistan is particularly alarming as the level of PM are much higher compared to the neighboring countries (World Bank 2008; WHO 2006). Exposure to PM results in most severe health damages.

The graph above shows concentration of $PM_{10}$ in many South Asian countries. The concentrations found in Pakistan are significantly higher compared with the other countries. $PM_{10}$ is one of the most damaging air pollutant given its severe impacts on health (Fig. 2).

Figure 1 shows the list of top 10 most polluted cities globally as per WHO's Air pollution database. Three cities of Pakistan namely Karachi, Peshawar, and Rawalpindi are among these ten cities (Fig. 1).

Table 1 shows time series analysis of major pollutants from 2007–10 in major cities of Pakistan (Table 1). The concentration of $PM_{2.5}$ exceeds significantly the safety threshold in all cities. Lahore has the highest $SO_2$ concentrations followed by Quetta and Peshawar. However,

**Pakistan's Urgent Need for Clean Air, Table 1** Average values of $PM_{2.5}$, $SO_2$, $NO_2$, $O_3$, and CO for five different cities

| | $PM_{2.5}$ (μg/m$_3$) | $SO_2$ (μg/m$_3$) | $NO_2$ (μg/m$_3$) | $O_3$ (μg/m$_3$) | CO (mg/m$_3$) |
|---|---|---|---|---|---|
| Islamabad | 61 ± 31 | 6 ± 3 | 49 ± 28 | 47 ± 29 | 1.4 ± 1 |
| Quetta | 49 ± 26 | 54 ± 26 | 37 ± 15 | 40 ± 13 | 1.1 ± 1 |
| Karachi | 68 ± 38 | 34 ± 34 | 46 ± 15 | 27 ± 13 | 0.6 ± 1 |
| Peshawar | 71 ± 38 | 39 ± 34 | 52 ± 21 | 35 ± 19 | 1.5 ± 1 |
| Lahore | 143 ± 69 | 71 ± 48 | 49 ± 25 | 42 ± 22 | 1.3 ± 1 |

Source: World Bank publication 2014

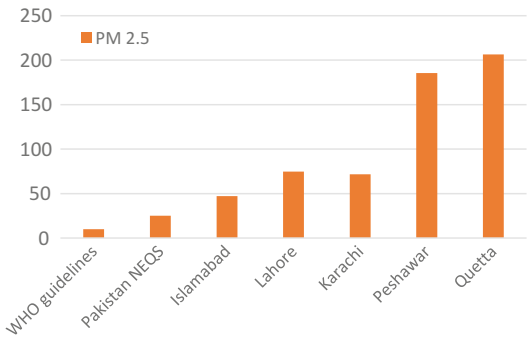


**Pakistan's Urgent Need for Clean Air, Fig. 3** Comparison of concentration levels (daily average) of suspended $PM_{2.5}$ in Pakistan μg/m$_3$ with WHO and NEQS standards (Source: Ghauri 2010: Data collected from fixed stations installed by JICA)

concentrations of $O_3$ and CO are within national and international standards.

Figure 3 shows the standards set for $PM_{2.5}$ concentrations by WHO and NEQS and compares it with the actual concentrations in the five major cities of the country (Fig. 3). In all the five cities, its concentration exceeds the national as well as international standards. The levels of $PM_{2.5}$ are alarmingly high in Quetta, Peshawar, and Lahore. Even in Islamabad and Karachi, these concentrations exceed the WHO standard guidelines.

Exposure to PM results in most severe economic and health damages (WHO 2006). The concentration of $PM_{10}$ in urban areas exceed 200 μg/m$_3$ (Ghauri et al. 2007). More than two-third of PM are attributed to the transport and energy sector. Half of the hydrocarbon as well as $NO_x$ emissions are attributed to the same sector (Ghauri 2010). Industry is another major sector responsible for the rising air pollution in Pakistan.

The poor air quality has made the living conditions in urban cities, least attractive globally. For instance, Karachi was ranked 135 among a total of 140 cities in the Liveability Index by Economic Intelligence Unit (Economic Intelligence Unit 2010). As per World Bank study, 22,600 deaths annually are directly or indirectly caused by air pollution in Pakistan. Out of these, more than 800 are children below 5 years of age (World Bank 2008). Outdoor air pollution is also responsible for more than 80,000 hospital admissions of children under 5 alone, annually. 5 million lower respiratory cases and 8000 cases of chronic bronchitis among the same age group, is also attributed to outdoor air pollution (WHO 2011). The annual mean cost of outdoor air pollution in Punjab is estimated at 9–13 billion PKR. Seventeen percent of this cost is associated with morbidity and 83% with mortality (Asia 2014).

## Pakistan and the Barriers to Enforcing Clean Air Standards

Poor environmental governance in Pakistan is a primary cause of rising urban air pollution. Right to clean air and environment is enshrined in the constitution of Pakistan. According to Supreme Court Justice Mansoor Ali Shah, "the right to healthy air is within the right to life and dignity under our Constitution." A legislative framework also exists for regulating air pollution. However, it is followed by little implementation measures.

No specific organization in Pakistan is responsible for the management of air quality. Theoretically speaking, Air Quality Management System

in the country could be traced back to 1983 when National Environment Quality Standards (NEQS) were introduced for protection of ambient air quality and were developed in 1993 (revised in 2009). As per these standards, limits were imposed on industrial and automobile emissions. Pakistan Environmental Protection Act (PEPA) 1997 provided a proper framework for regulating environment including air pollution. This act was the cornerstone of legislation on environment. The responsibility for regulating environment under the act was delineated to the central and provincial Environmental Protection Agencies (EPA). Pollution charge rules were drafted in 2001 making polluters accountable for paying the principal the damage to the environment. Nevertheless, due to strong influence from effected powerful groups, these rules were never implemented (Khan 2011).

In 2002, a full-fledged Ministry of Environment was established. The ministry was mandated to design and implement the environmental policies. But the MOE was absorbed by Ministry of Climate Change (MOCC) as the subject of environment was devolved to provinces after the 18th amendment. The Ministry of Climate Change (MOCC) was established in 2012 which was later downgraded to a division, to address the subject of climate change. The Pak EPA responsible for implementing PEPA is now dependent on the Climate Change Division (CCD).

In the post 18th amendment era, provincial EPA has become responsible for the management of environment within their jurisdictions and the role of the central EPA has been merely reduced to assisting the provincial governments for the regulation and implementation of PEPA. In the given scenario, the need for coordination between the national and subnational entities for managing environment has become more than ever important. No such mechanism exists currently for the intergovernmental and intersectoral coordination for the management of national air quality. But in contradiction to the current policies, regulations lag much behind.

Pakistan is one of the few countries where no proper data is collected on ambient air quality by the monitoring networks. There is serious paucity of data on quality of air. Pak EPA and provincial EPAs are in charge for collecting data on air pollution and are not collecting any data since 2014. Japanese International Cooperation Agency (JICA) which installed fix as well as mobile air monitoring stations in the country from 2006 to 2009, collected data on concentrations of key pollutants in five major cities. However, due to certain technical and budgetary constraints, adequate monitoring of the air quality was not maintained. In the absence of regular and accurate date on air quality, no systematic efforts can be made for its improvement.

For tackling air pollution, acknowledging its urgent nature is very important. Implementing air quality standards are nearly impossible without air-quality monitoring. Furthermore, absence of national coordination on air quality monitoring is another major obstacle as devolution of environment has increased these challenges. It is time for the government to start monitoring air pollution and calculate its cost and implications. Weak emission control laws which lie at the root of the problem, shall be strengthened. Reporting of data to public on the quality of the air they breathe is very important.

## Conclusion and Recommendations

Pakistan needs great strides for reducing air pollution. The barriers in the way of improving air quality are well known. Currently, there is serious paucity of data on air quality. The air pollution monitoring as well as control efforts are extremely inadequate. People are least aware about the unhealthy quality of air that they are exposed to, as well as their right to clean air.

The gravity of the problem is such that it could not be ignored or delayed anymore. The federal government needs to start nationwide programs aiming at controlling air pollution. Consistent standards shall be set nationwide. The central government in collusion with provincial governments should pass clean air act and a collective action should be made by the government, private sector, as well as public citizens for improving the ambient air quality.

### Strengthening Air Quality Management Through Proper Upgrading of Regulatory Bodies

Pakistan has in place the National Environmental Quality Standards and other legislative measures for regulating the ambient air quality. However, these measures suffer from poor enforcement. No specific department under the Pak or provincial EPA are adequately responsible for the management of Air Quality. The EPA's at centre and provinces should be upgraded and strengthened. Proper planning on part of all provinces is needed for implementing the directives on legally binding limits on air pollution.

### All Sources of Pollution Shall Be Identified and Addressed

If air pollution is to be tackled, the government will have to prioritize this problem by assigning resources for developing required infrastructure for collection and monitoring of data on air quality. Proper data shall be collected on major and minor sources of air pollution in major cities and a categorical endeavour shall be made for introducing policy frameworks and implementation measures for reducing emissions from all these sources. Emissions from multiple sources can be effectively monitored and evaluated only in the light of reliable and steady data.

### Public Litigation

As the federal and provincial governments have so far failed to build capacity for fully implementing PEPA. The direct participation of community by means of increasing resort to litigation as a tool against breaching of the limit values by polluters, will bring substantial improvements in the quality of air. In this regard, devising favorable legal systems for public will help in development of environmental claims. Separate environment protection tribunals shall be established for ease of access by public and for speedy justice.

To conclude, Pakistan's air pollution can be effectively addressed with a series of serious coordinated steps and interventions. Upgrading of institutional capacity for implementing the existing legislative measures is very important for strengthening air quality monitoring. Clear and concise mandates shall be assigned to the regulatory bodies to avoid overlapping of responsibilities. The gap on air quality data shall be plugged on priority basis. Last but most importantly, public shall be directly involved for ensuring their right to clean air.

## References


Asia S (2014) Air pollution in Pakistan. https://doi.org/10.1596/2F978-1-4648-0235-5_ch2

Ghauri B (2010). Institutional analysis of air quality management in urban Pakistan. Consultant report. World Bank, Washington, DC

Ghauri B, Lodhi A, Mansha M (2007) Development of baseline (air quality) data in Pakistan. Environ Monit Assess 127:237–252

HEI International Scientific Oversight Committee (2010) Outdoor air pollution and health in the developing countries of Asia: a comprehensive review. Special report 18. Health Effects Institute, Boston

Khan AU (2011) Industrial environmental management in Pakistan. Consultant report prepared for the World Bank, Washington, DC

Martin P, Nishida J, Afzal J, Akbar S, Damania R, Hanrahan D (2006) Pakistan strategic country environmental assessment, vol 1. South Asia Environment and Social Development Unit, World Bank, Washington, DC. http://www.esmap.org/esmap/sites/esmap.org/files/FR275-03_Thailand_Reducing_Emissions_from_Motorcycles_in_Bangkok.pdf

Sanchez-Triana E, Enriquez S, Afzal J, Nakagawa A, Khan AS (2014) Cleaning Pakistan's air: policy options to address the cost of outdoor air pollution. World Bank Publications

United Nations, Department of Economic (2007) World population prospects: the 2006 revision, vol 261. United Nations Publications

Unit E.I (2010) Liveability and ranking overview. Worldwide Cost of Living Survey. http://store.eiu.com/product/475217632.html

WHO (2011) Violence and injury prevention and disability (VIP). Pakistan country profile. http://www.who.int/violence_injury_prevention/road_safety_status/country_profiles/pakistan.pdf

World Bank (2008) Environmental health and child survival: epidemiology, economics, experiences. World Bank, Washington, DC

World Bank Development Indicators (2010) http://data.worldbank.org/indicator

World Health Organization (2014) WHO's ambient air pollution database – update 2014. World Health Organization (WHO), Ginebra

World Health Organization, UNAIDS (2006) Air quality guidelines: global update 2005. World Health Organization, Copenhagen

# Paradox of Human Capital Development and SDGs Implementation in Nigeria

Chukwuemeka Emma[1], Ngozi Ewuim[1] and Ikechukwu Ogeze Ukeje[2]
[1]Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria
[2]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

## Synonyms

2030 United Nations (UN) Agenda; Human capital development; Policy implementation; Public policy; Sustainable development goals

## Definition

**Human capital development** The process of creating opportunities in the aspect of social and economic empowerment through training, workshops, coaching, consultation, and cultivating environments in which human beings (individuals) can rapidly learn and apply new ideas, competencies, skills, behaviors, and attitudes for task actualization and sustainability.

**Sustainable Development Goals** The launch of United Nations (UN) Sustainable Development Goals (SDGs) with 17 Goals by world leaders on September 25, 2015, opened up both governmental and commercial nongovernmental actions on the approaches that will produce solution to the problems of poverty, food security, inequality and injustice, and tackle climate change by 2030. This is contained in a document "Transforming our World: the 2030 Agenda for Sustainable Development." Each government will also decide how these aspirational and global targets should be incorporated into national planning processes, policies, and strategies. It is important to recognize the link between sustainable development and other relevant ongoing processes in the economic, social, and environmental fields (UN General Assembly 2015, p. 13).

**Policy Implementation** It involves a general political and technical process of enforcing government intentions, decisions, and programs to address societal pressing demands or needs (Ayisi et al. 2018).

## Introduction

There is a desperate need for a sound human capital intervention (SHCI) policy reform in Nigeria if the country is to achieve the targets set in the 2030 Agenda. World over, HCD remains a central element in the development of any individual, nation, state, or institution. Thus, effective implementations of practical Human Capital Intervention Policies (HCIPs) and programs are the necessary foundations and platform for Sustainable Development Goals (SDGs) (Dialoke et al. 2017; Jooji and Oguchi 2017) and poverty reduction since poverty manifests through lack of basic needs (Dzanku 2019). Public policy implementation (PPI) involves "a general political and technical process of enforcing government intentions, decisions, and programs to address societal pressing demands or needs" (Ayisi et al. 2018).

No doubt career bureaucrats are responsible for coordinating, monitoring, and enforcing implementation activities (Jooji and Oguchi 2017; Ukeje et al. 2020c) of public policies in the various ministries and or/agencies of the government; but they cannot deliver all the SDGs strategies effectively without involving local public stakeholders, acting in collaborative partnership to implement the goals.

Thus, the capabilities of government bureaucracy in terms of expertise, skill orientation, and experience determine to a large extent the success or failure of policy implementation (Osawe 2015; Ighodalo 2018), including human capital food security program (HCFSP). However, studies have shown that public policy reform and intervention in Nigeria have witnessed a declining performance in spite of several efforts geared toward transforming the system to reposition the country's bureaucracy for an improved citizens' welfare (Offu et al. 2018; Ukeje et al. 2019). The reality of Nigerian bureaucracy is dominant politicization and unavowed institutionalized corruption. There are extant rules and established bureaucratic procedures, but they simply exist in nominal plane: they can easily be breached with impunity by both politicians and top bureaucrats (Ukeje et al. 2019) due to lack of sound-administrative system and or governance in the country. Importantly, sound political process and effective institutions require committed political leadership, clear direction, and appropriate strategic influence and the very fact that none of these will happen without a robust governance structure (Momen and Begum 2020).

Developing human capitals (HCs) requires creating opportunities in the aspect of social and economic empowerment through training, workshops, coaching, consultation, and cultivating environments in which human beings (individuals) can rapidly learn and apply new ideas, competencies, skills, behaviors, and attitudes for task actualization and sustainability (Ozoya 2016). These have serious implications for the realization of good and sound governance objectives. Generally, the success or failure of any meaningful HCIPs is a function of its human capital, governance, strategies, and implementation and the impact it has on the citizens who are the Real Policy-Target Beneficiaries (RPTBs). However, current literature in the field of policy studies, governance, and development administration (Ayisi et al. 2018; Olavarria-Gambi 2018) have explored the dynamics in policy implementation processes and examined some reasons policies fail or succeed – or are claimed to have failed and link policy failure or the perception of failure (Grace et al. 2017) to variations in learning (Zhang 2017) whereby knowledge, policies, or administrative arrangements shift from one nation or policy domain to another, intent and outcome (O'Toole 2004) for a better understanding of the game in PPI and that certain policies fail (McConnell 2015; Ayisi et al. 2018) when the outcome deviates from the intention (Agyepong and Adjei 2007). Policy analysis and implementation is a multidisciplinary and systematic investigation aimed at gathering and analyzing information about likely consequences of public policies both before and after they occur (Ezeani 2006) and the activities that are carried out in light of established policies in order to ensure that programs are meeting their intent (Atkinson 2017).

Importantly, Howlett and Ramesh (2003) stressed the need for a comprehensive knowledge by policy drivers in a systematic and controlled manner for the attainment of policy goals and objectives (Parsons 1995). However, a policy is successful when implementation bears relationship to the intentions of policy adopters (Olavarria-Gambi 2018). This can only be achieved through citizen participation as an element of sound governance (Farazmand 2012, 2017) giving them the opportunity to take part in decision-making that addresses their concerns (Ricciardelli 2018). Sound governance also implies sound policy in administrative, managerial, and organizational processes that are participatory and engaging rather than elitist and corporatist in character (Farazmand 2017).

Sound governance-driven HCIPs often build on the people's expressed will, wider participation, and justice. Adopting a sustainable food system agenda requires multiple stakeholders for sustainability (Bene et al. 2019). Fischer-Smith (2018) contends that policy implementation

loses its effectiveness when those charged with the responsibility of implementation act in the manner opposed to the policymakers' specified intentions, which often includes divergence between the policy design and implementation processes. This entry raises questions about the missing link in the formulation of human capital intervention (HCI) policy programs, design, implementation, outcome, and more importantly, sustainability especially in this era of SDGs that has challenged the capacity of public service and service delivery especially in developing nations.

It is noted that policy failure, success, and/or performance in Nigeria public sector organizations is predicated on the ideology of the policy-drivers due to the forces of state-elite capture, corruption, and politicization of the process of HC acquisition. The paradox of HCD and SDGs implementation in the context of this entry interrogates the political manipulation and interest sharing saga of the state government using the cooperative-society organizations (CSOs) approach in disbursing the HCI and empowerment scheme and the choice of who gets the rare opportunity for HCD in the civil service of Ebonyi state in particular and Nigeria in general.

There is no prior study on the link between SDGs policy implementation, HCIPs, and poverty reduction within the framework of institutional capacity-capability approach applied to the Nigerian context. This has implications for the attainment of a result-oriented Human Capital Intervention Reforms (HCIRs) and SDGs policy targets and indicators in Nigeria democratic governance since previous HCIPs research has paid little attention to the relevance and development of institutional capacity building within the Ministry of Agriculture and Natural Resources (MoANRs) and whether the professional personnel's (agricultural experts) were part of the conception/formulation of the various HCIPs and empowerment scheme in the state.

Based on established HCIPs and poverty reduction concepts and relationships, a conceptual model linking HCIPs, poverty reduction, and sustainability indicators in Ebonyi state MoANRs is introduced. The remaining part of this entry is structured as follows. Firstly, a brief review of literature (research background) on the nature of public policy, governance, and ideological leanings of previous HCIPs and poverty reduction efforts of governments in developing countries and the challenges in Nigeria's HCD system is presented. Secondly, the research methods used in this study are discussed. The third section presents the link between HCD and SDGs 1 and 2 targets and indicators; and also, the implications for Nigeria's project management and development. The fourth section presents and analyses the findings of the study. The final section concludes with a discussion of the findings and a review of the implications for future research in managing HCIRs.

## Conceptual and Analytical Framework

### Linking HCIPs, Poverty Reduction and Sustainability Indicators in Ebonyi State MoANRs

The conceptual model in Fig. 1 attempts to connect the different research questions in order to determine the dependent variable, FSP implementation (see below). The central research question is "To what extent are there clear strategies set for increasing the knowledge and skill of the policy drivers (bureaucrats) and the RPTBs for sustainable Agric policy implementation?" This analytical framework assumes that the human capital capability (HCC) of the policy drivers influences the quality of policy formulation and implementation of public policies. As well, the institutional capacity of the ministry influences the type of public policies that will be implemented by the government. These two intervening variables will also affect the initiation of HCIRs in the ministry. Generally, the HC condition and capabilities of the implementing agency and/or ministry (policy drivers) influence these variables collectively and individually, and this ultimately will affect the performance of Agric policy. The research model of the performance of the Ebonyi State Ministry of Agriculture and Natural Resources (EBSMoANRs) (see Fig. 1) depicts this.

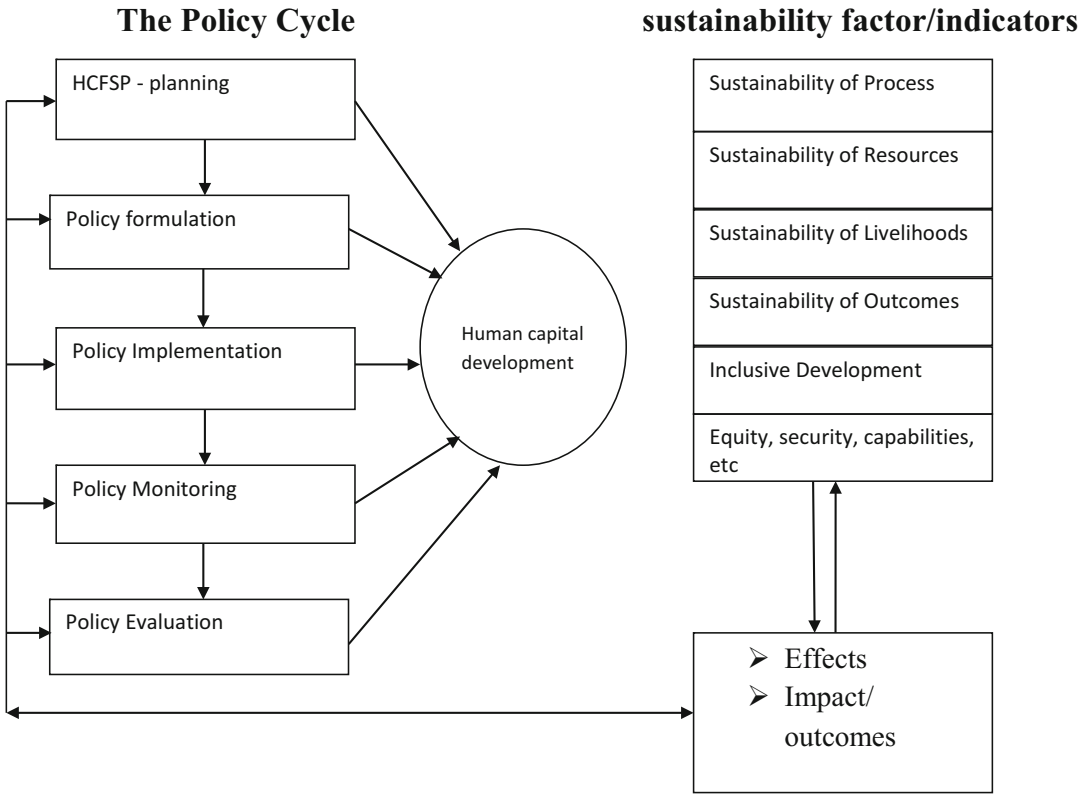


**Paradox of Human Capital Development and SDGs Implementation in Nigeria, Fig. 1** Research model of institutional performance: Ebonyi State Ministry of Agriculture and Natural Resources. (Source: Ukeje 2020, p. 10)

The paradox of HCD and SDGs implementation in the context of this entry interrogates the political manipulation and interest sharing saga of the state government using the CSOs approach in disbursing the HCI and empowerment scheme and the choice of who gets the rare opportunity for HCD in the public service of Ebonyi state in particular and Nigeria in general. The practice of using cooperative-society organizations (CCOs) in disbursing the HCD interventions should be discontinued.

The use of local community-based poverty intervention mechanisms (LCBPIMs) is preferred as a better and result-oriented participatory governance/approach that encourages strong synergy between the citizens and the implementing ministry/agency. More so, empowering local-public stakeholders will enhance the quality and sustainability of public services.

## Research Background

### Linking Sound Governance Approach to Human Capital Development and SDGs Implementation: Policy, Obstacles, and Performance

In recent times, sound governance policy reforms remains one of the major machineries through which the society is placed at global perspective. According to Farazmand (2004, p. 81):

> Sound governance is presented as a more comprehensive notion of governance that encompasses the concept of good governance and sound public administration for all people. Governance is sound when it includes all people or their genuine representatives in the process of governance and administration without political or economic intimidation or domination by powerful elites operating on their own behalf or promoting the interests of global corporate elites of the Western governments.

The process of HCIRs and development must be so comprehensively conceived for the real food security policy (FSP) issues to be addressed (Ukeje et al. 2020b). Over the years and since the creation of Ebonyi state in 1996, the nature and practice of PPI for development by successive governments on tackling FSP and poverty reduction in Nigeria have severally been engrossed on provision of social services such as borehole, roads, credit schemes, agricultural extension services, tax and tariff administration, creation of empowerment, or endowment funds (credit scheme, conditional/non-conditional cash transfer (CCT), etc.) with little focus on tackling HCIRs from the capability-based approach through training and education of the policy drivers (bureaucrats) and the RPTBs in the various communities and villages of the state.

Though previous studies like Anger (2010), Anyanwu (2011), and Ojo and Adebayo (2012) have appraised the performance of various HCIPs for poverty reduction in Nigeria and other developing countries, they have not empirically investigated the capability of the policy-target beneficiaries (CPTBs) in the process of PPI in the remote communities of Abakaliki, Ebonyi State. The challenge is that the entire process of HCD through empowerment policy programs is riddled with politics while the RPTBs lack access, capacity, and training needed to succeed in the PPI process. Other research findings on governance effectiveness, institutional management, and policy reforms in Nigeria identified and implicated inadequate manpower development and poor HRs planning (Okpata and Ukeje 2011) as a major challenge to the provision of quality services, capacity building, and developmental services due to "external influences, nepotism and political cleavages" (Ndukwe et al. 2015) in the bureaucratic institution since bureaucracy without bureaucratization can provide an explanation for the underlying problems of inefficiency and ineffectiveness (Ukeje et al. 2019).

Presently, a UN development agenda has been initiated in the form of SDGs with about 17 goals, 169 targets, and 231 indicators (Ukeje et al. 2020c) as an extension of the expired Millennium Development Goals (MDGs) and aims to end poverty and improve the lives of the citizens in a sustainable and inclusive manner by 2030 (Jaiyesimi 2016; Ogu 2019). This study raises question on the preparedness/capabilities of Nigerian ministries, that is, the bureaucrats (human capitals) to drive the policy and achieve its results by 2030 since the immediate past 2015 MDGs of the United Nations (UN), in Nigeria did not achieve all the desired results as stated in the policy framework (Kauzya 2015; Ezirim et al. 2016; Thornton et al. 2018). Yet, human capital remains the key to unlocking national potential accompanied by greater productivity (Ndukwe et al. 2016; Ukeje et al. 2020a) and sustainability of the policy impact due to the nature of the actual economic and political environment (Ukeje et al. 2020c) in the country.

This is because institutional policy outcome is a function of participatory engagements of the right human capitals, skill, and orientation in the policy-making process. Thus, basic factors influencing policy failures and/or success includes lack of involvement of the RPTBs, training and re-training of the project team, external politics in the PPI stage, nepotism, and political cleavages (Ndukwe et al. 2015) in the selection of RPTBs in the project community. Okechukwu et al. (2016) also identified the practice of ". . .who sent you syndrome; complimentary card paradox or deification madness," as the reasons for policy failures in public bureaucracy.

Sustainable HCFSP and poverty reduction are driven by the institutional capacity of the implementing agency or ministries to meet the citizens required level of food consumption through practical HCIRs in a sustained and systematic manner to end rural poverty and hunger. Addressing HCIRs only in economic sense without recourse to the education and capability aspect has characterized Nigeria's HCI and development policies (Ukeje et al. 2020a). This underlines the focus of SDGs 1 – which aims to end poverty in all its forms everywhere, and goal 2 – End hunger, achieve food security and improved nutrition, and promote sustainable agriculture (UN General Assembly 2015; see Tables 1 and 2).

However, although countless development efforts (policies) were made by different

**Paradox of Human Capital Development and SDGs Implementation in Nigeria, Table 1** Specific targets of SDG 1 – end poverty in all its forms everywhere

| | |
|---|---|
| 1.1 | By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day |
| 1.2 | By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions |
| 1.3 | Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable |
| 1.4 | By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance |
| 1.5 | By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters |
| 1.a | Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions |
| 1.b | Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions |

Source: UN General Assembly (2015, p. 14)

administration in the form of development plans from 1960 to date, Onah (2010) observed that Nigeria has gone through four national development plans (NDP), and has been engaged in the process and task of rolling out several development initiatives such as the Rolling Plans, Vision 2010–2020, the National Economic Empowerment and Development Strategy (NEEDS) in order to promote development, yet traces of poverty and hunger remain on the high side (Fatile and Ajulor 2018; Ukeje et al. 2020b). This is because the challenge of sustainable development and policy reforms in Nigeria public service is hinged on the practice of "bio-politics" and "geo-politics" determinants of who should be engaged following "kinship" (communal) and "geographical" political affiliations (Ukeje et al. 2020c).

Considering the above instances, it is worthy of note that institutional HCD remains the brain behind the attainment of 2030 global agenda in Ebonyi State. This entry therefore focuses on the effectiveness of HCIRs for effective implementation of SDGs (1 and 2) which aim to end poverty in all its forms everywhere and end hunger, achieve food security and improved nutrition, and promote sustainable agriculture by 2030 as a panacea for sustainable development in Ebonyi State, Nigeria.

Poverty reduction has been defined as strategic policy measures, both economic and humanitarian, that are intended to permanently lift people out of poverty (Ukeje et al. 2020a, p. 1) that is anchored on the three pillars of social, economic, and environmental preservation for the guaranteed present and future generations. HCD and poverty reduction should be guided by sound and friendly empowerment strategies that enhance self-reliance and self-esteem, through active participation of the right HCs in

**Paradox of Human Capital Development and SDGs Implementation in Nigeria, Table 2** Specific targets of SDG 2 – end hunger, achieve food security and improved nutrition, and promote sustainable agriculture

| | |
|---|---|
| 2.1 | By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round |
| 2.2 | By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons |
| 2.3 | By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment |
| 2.4 | By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality |
| 2.5 | By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed |
| 2.a | Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries |
| 2.b | Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round |
| 2.c | Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility |

Source: UN General Assembly (2015, p. 15)

the stages of policy process. Thus, both theoretical and empirical researches have been undertaken on human capital development, governance, and PPI in Nigerian democratic government (Anger 2010; Metu et al. 2016; Dialoke et al. 2017) in recent times but studies have failed to address the capability of the human capitals and the needs of public sector institutions. A recent study on the practice of HCI and PPI in Nigeria revealed that in spite of laudable policy programs embarked upon by different governments, the genuine poor farmers with passion and significant years of experience were undeservedly excluded from the empowerment opportunities (Ukeje et al. 2020b) due to the nature of our politics and the institutional environment. This has made the attainment of policy goals difficult. This is because effective provision and delivery of essential public services through implementation of government's programs and policies is the core object of public bureaucracy (Ukeje et al. 2019).

## Research Methodology

Given that the SDGs are yet new enough that conclusions regarding their achievement are too early to be well-formed, this study examined how HCD and institutional capabilities will be shown to support SDGs 1 and 2 implementation in Nigeria. Both quantitative and qualitative research methods were used in order to address the research questions highlighted in the study. This is because a single research method is deficient in providing sufficient and exact study results. This includes engagement of the RPTBs and some selected member of staff that has direct dealing with agricultural policies and the implementation of HC empowerment scheme in the ministry.

## Understanding the SDGs 2030 Agenda: An Overview

The SDGs are geared toward achieving the post-2015 development agenda of the United Nations which aims to end poverty and improve the lives of the citizens. However, recent study on the outcome of development policies showed that the immediate past 2015 MDGs in Nigeria did not achieve the desired results as stated in the policy framework (Ezirim et al. 2016). Thus, the scourge of poverty is still been felt by the majority of the citizens (UNDP 1998; Anger 2010). World over, public policies are implemented primarily by career officials working in government ministries and/or agencies (Offu et al. 2018). Career officials are responsible for coordinating, monitoring, and enforcing implementation activities (Ezeani 2006) of various HCFSP and poverty reduction schemes in the state. The capabilities of government bureaucracy in terms of expertise, skill orientation, and experience determine to a large extent the success or failure of implementation. Policy analysis and implementation is a multidisciplinary and systematic investigation aimed at gathering and analyzing information about likely consequences of public policies both before and after they occur (Ezeani 2006) and the activities that are carried out in light of established policies in other to facilitate reading of sound policy decisions. Thus, effective performance of public services is underpinned by certain core values, which include integrity, meritocracy, discipline, professionalism, patriotism, and impartiality (Idike et al. 2019).

Thus, following expiration of the Millennium Development Goals' (MDGs) and the adoption of the 2015–2030 United Nations (UN) Sustainable Development Goals (SDGs) with 17 Goals by world leaders on September 25, 2015, it is imperative to examine the ways in which HCD can help to achieve government implemented policy programs and poverty reduction since the SDGs are global bold commitment of promoting inclusive and sustainable strategy on the approaches that will produce solutions to the problems of poverty, food security, inequality and injustice, and tackle climate change by 2030 (Ogu 2019).

However, the nature of PPI for development by successive governments on tackling food security and poverty alleviation in Nigeria have severally been engrossed on provision of empowerment schemes with little focus on determining the human capital capabilities of various implementing agencies/ministries and whether end users of policies (RPTBs) possess the skill to respond to the challenges they may face in trying to implement food security policies in the state. Curiously, successive governments have been churning out policies after policies without taking the challenge posed by human capital development into account, especially the target beneficiaries of reforms in the remote communities of the state. Both the bureaucrats (policy drivers) and farmers are suddenly ambushed by policies they know little about and are ill-equipped to support. The result is often emergency make-shift interventions which come as short-term skill training, enlightenment programs, etc., also, in the arranged process, the main producers of food (the professional farmers) are left out, as the entire process is riddled with politics while the RPTBs lack capacity and training needed to succeed in the PPI process.

This entry therefore examines agricultural (food security) policies and poverty reduction

programs of the state government, with a view to underscoring the human capital challenges which had led to evident policies failures. Governments armed by what they perceive to be the problem of Nigeria and the solutions thereof have implemented various kinds of policies; some are outright new policies whereas others are modified versions of existing ones. All of these failed to launch Nigeria on the path of growth and development. This entry believing that agriculture holds the miraculous key that will unlock Nigeria's growth potentials looks at the other end of the human capital challenges and their implications for policies success or failures for the attainment of rapid sustainable ecological, economic, and sociocultural development in the economy. It is a modest contribution to the debate on policies for development, food security, and poverty alleviation.

## SDGs Analytical Framework and the Need for SHCI Policy Reform

From the targets of SDGs 1 and 2 as contained in Tables 1 and 2 below, it is imperative to state that SHCI policy reform through constant training and retraining of the policy drivers (HCs) and the RPTBs will help to drive the success and sustainability of the empowerment schemes in Ebonyi state. Since empowerment of citizens closes inequality gap through the outcome people/citizens' involvement in the project community and decision-making process.

The people's active participation can further lead to capacity building and policy sustainability. This agrees with scholarly position that skewed allocation of HCI benefits becomes an avenue to compensate and enrich political loyalists and acolytes to the disadvantage of intended target social strata (Ukeje et al. 2020a, p. 4).

In Ebonyi state, this target social strata lacks the HC capacity and capability to combat and manage the world global economic crisis, destruction of natural ecosystems leading to considerable losses in biodiversity, issues of global climate changes, extensive land degradation and deforestation, testing of soil pH, change in technology, pest and disease control, use of improved seedlings, increase in soil, air, and water pollution, flood, COVID 19, poverty and agricultural related challenges due to lack of training and capacity building, etc. The above stated issues have posed a serious challenge/threat to human survival and existence in this present era of SDGs across the globe. Even the presence of EBSMoANRs have not developed the capacity and capability to manage and/or deliver HCI policy framework that will help in addressing the issues in a sustained manner.

Table 3 shows that 88% of the participants strongly agreed that in spite of the role of the ministry and their involvement in implementing food security and poverty reduction program that poverty and hunger has persisted in the state in spite of laudable government intervention schemes/programs. Seventy-two percent of the respondents also agreed that the ministry had specific strategy/method for identifying those who benefit from the intervention scheme but that the selection processes is challenged by virtues of transparency, meritocracy, and professionalism due to the ever presence of politics and state-elite capture. This indicates that, in general, most of the professionals in the ministry had good knowledge and skill toward the success and/or failure of any policy but disagreed on the impact (outcome) of services provided by the extension agents. This is because most of the local stakeholders in the various 13 local government areas (LGAs) were not involved in the entire governance processes for sustainable food security projects. This has challenged the entire process of HCD – inclusion, eligibility, screening, identification, acquisition, training, and utilization because most of the RPTBs were not only selected on grounds of merit but were not trained on how to manage climate change challenges, soil pH, pest and disease control, use of improved seedlings, etc., before receiving the empowerment scheme from the state government, thereby affecting sustainable poverty reduction schemes/strategies at the local level.

**Paradox of Human Capital Development and SDGs Implementation in Nigeria, Table 3** Respondents' views on the nature of HCFSP and poverty reduction in Ebonyi state

| | Opinion | Strongly agreed (%) | Strongly disagreed (%) |
|---|---|---|---|
| **A** | **Determining the impact of HC food security program on poverty reduction in Ebonyi State** | | |
| 1 | Has your ministry been involved in implementing food security and poverty reduction program in the state? | 220 (88%) | 30 (12%) |
| 2 | Has your ministry had specific strategy/method for identifying those who benefit from the HC intervention scheme? | 180 (72%) | 70 (28%) |
| 3 | Has the previous HC intervention strategy been effective in reducing poverty reduction? | 117 (47%) | 133 (53%) |
| 4 | Has food security had significant impact on poverty reduction in the state? | 109 (44%) | 141 (56%) |
| 5 | Has the agro-empowerment scheme reduced poverty at the local level? | 78 (31%) | 172 (69%) |
| 6 | Is there a high level of awareness by the real farmers on government's food security program? | 69 (28%) | 181 (72%) |
| **B** | **The level of poverty rate in Ebonyi State despite the successive policy on poverty reduction by the government** | | |
| 7 | Do you think poverty has persisted in the state in spite of government intervention programs? | 157 (63%) | 93 (37%) |
| 8 | Do you think the use of farmers' cooperative society is effective in achieving food security? | 139 (56%) | 111 (44%) |
| 9 | Has the agro-empowerment scheme reduced poverty in the state? | 98 (39%) | 152 (61%) |
| 10 | Are there challenges facing the implementation of the agro-empowerment program? | 132 (53%) | 118 (47%) |
| 11 | Do the beneficiaries of the empowerment scheme lack knowledge/skill needed for poverty reduction? | 139 (56%) | 111 (44%) |
| 12 | Have many farmers benefitted from the agro-empowerment scheme? | 132 (52.8%) | 118 (47.2%) |
| **C** | **Challenges facing food security programs implementation in the state** | | |
| 13 | Are there adequate training facilities/programs for staff in your ministry? | 142 (56.8%) | 108 (43.2%) |
| 14 | Is there regular training of staff based on food security challenges in the state? | 119 (47.6%) | 131 (52.4%) |
| 15 | Have you participated from some capacity building programs like seminars, workshops, conferences, etc., in your ministry? | 137 (55%) | 113 (45%) |
| 16 | Are there programs designed by your ministry to manage issues of climate change, soil pH, pest and disease control, use of improved seedlings, etc. | 77 (31%) | 173 (69%) |
| 17 | Were the current beneficiaries of the agricultural intervention scheme trained on how to manage climate change challenges? | 98 (39%) | 152 (61%) |
| 18 | Are the selection processes of the food security policy program transparent? | 59 (24%) | 191 (76%) |

Source: Ukeje's Field Survey (2019) cited in Ukeje (2020)

## Discussion and Policy Implications

In this era of SDGs, it is pertinent to state that empowerment of the right HCs at both the institutional and community levels will serve as catalyst for socioeconomic development and sustainability of any developmental project in Nigeria. They are a veritable vehicle for the achievement of national policy objectives in terms of PPI. However, based on the findings of this entry, the major challenge facing the attainment of SDGs 1 and 2 in Abakaliki metropolis is lack of HCD of the implementing ministry/agency to enable them to acquire more skills to drive the policy and the noninvolvement of the RPTBs in the various stages of the policy cycle – project identification, planning, implementation, monitoring, and evaluation. This agrees with the assertion that "interventions targeted at the poor were characterized by exclusion and inclusion

mechanisms in which the privileged political agency profiteers hijacked the intervention opportunities, thereby unjustly displacing RPTBs" (Ukeje et al. 2020a, p. 4).

## Conclusion

For organizational effectiveness and sustainability, HCD policies must be sound, efficient, impartial, and free from politics in order to be able to implement government policies (see Table 3). This entry examined the paradox of HCD and SDGs focusing on goals (1 and 2) policy implementation framework for the attainment of poverty reduction and food security program in Ebonyi state, Nigeria. The motivation behind this research is based on the fact that several development efforts taken by successive governments in tackling food security and poverty reduction in the state since creation in 1996 to date have often ignored the HCD need of the "policy-drivers" and the RPTBs for PPI success and sustainability in the policy agenda. The study revealed the need for EBSMoANRs to review its civil service operations and establish clear-cut HCD strategies that are in sync with the framework of SDGs 1 and 2 policy targets (see Tables 1 and 2) to be able to implement government policies. This will help to eliminate inefficiency and corruption in the development of right HCs based on need assessment indicators and sustainability (see Fig. 1).

For the attainment of sustainable HCIPs in Ebonyi state, the practice of using CSOs in disbursing the HCI schemes should be discontinued. Importantly, the professional personnel's (agricultural experts) in the federal and state tertiary institutions like the faculties of agriculture at both the Alex Ekwueme Federal University, Ndufu-Alike and the Ebonyi State University, Abakaliki should be involved in the conception (policy design) of the various HCIPs in the ministry. This will lead to the development of institutional reforms and capacity building for sustainability within the ministry and beyond. Moreover, the use of LCBPIMs is preferred as a better and result-oriented participatory governance/approach that encourages strong synergy between the citizens and the implementing ministry/agency (Ukeje 2020). The study argues that challenges bordering on faulty implementation of HCD and poverty reduction strategies has negatively affected policy sustainability and so recommend alternative models for enhancing HCI outcomes and performance. Thus, the need for new HCIRs in the ministry for the attainment of SHCI policy reforms and sustainability remains a sine qua non for the attainment of sound governance in the state.

## Cross-References


- ▶ Governance and Human Development
- ▶ Human Capital Intervention and Poverty Reduction


## References


Agyepong IA, Adjei S (2007) Public social policy development and implementation: a case study of the Ghana National Health Insurance Scheme. Health Policy Plan 23:150–160

Anger B (2010) Poverty eradication, millennium development goals and sustainable development in Nigeria. J Sustain Dev 3(4):138–144

Anyanwu JC (2011) Towards reducing poverty in Nigeria: the case of Igboland. J Econ Int Financ 3(9):513–528

Atkinson CL (2017) Rural development policy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_1014-1

Ayisi EK, Yeboah-Assiamah E, Bawole JN (2018) Politics of public policy implementation: case of Ghana National Health Insurance Scheme. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3395-1

Bene C, Oosterveer P, Lamotte L, Brouwer ID, Haan S, Prager SD, Talsma EF, Khoury CK (2019) When food systems meet sustainability – current narratives and implications for actions. World Dev 113:116–130

Dialoke I, Ukah FO, Maduagwuna IV (2017) Policy formulation and implementation in Nigeria: the bane of underdevelopment. Int J Capacit Build Educ Manag 3(2):22–27

Dzanku FM (2019) Food security in rural sub-Saharan Africa: Exploring the nexus between gender, geography and off-farm employment. World Develop 113:26–43

Ezeani EO (2006) Fundamentals of public administration. Snaap Press, Enugu

Ezirim EG, Nnamani KE, Onah VC, Agbo HN, Ike CC (2016) Political science as prospect for achieving

sustainable development goals in Nigeria. Mediterr J Soc Sci 7(5):319–334
Farazmand A (2004) Sound governance: policy and administrative innovations. Praeger, Westport
Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12:223–241
Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17:595–617
Fatile JO, Ajulor OV (2018) Policy formulation and implementation dichotomy and rural poverty reduction in Nigeria. J Public Policy 5(2):1–12
Fischer-Smith R (2018) Adjusting policy implementation frameworks for non-pluralist conditions: a case study of Ukraine's single tax for small business. Admin Dev 38:26–38. https://doi.org/10.1002/pad.1818
Grace FC, Meurk CS, Head BW, Hall WD, Harris MG, Whiteford HA (2017) An analysis of policy success and failure in formal evaluations of Australia's National Mental Health Strategy (1992–2012). BMC Health Serv Res 17:374. https://doi.org/10.1186/s12913-017-2309-x
Howlett M, Ramesh M (2003) Studying Public Policy: policy cycles and policy subsystems. Oxford University Press, Toronto
Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the Federal Character Principle experience. Cogent Soc Sci. https://doi.org/10.1080/23311886.2019.1601545
Ighodalo A (2018) Public administration and sustainable national development in Nigeria's fourth republic. Adv Soc Sci Res J 5(3):466–478
Jaiyesimi R (2016) The challenge of implementing the sustainable development goals in Africa: the way forward. Afr J Reprod Health 20(3):13–18
Jooji IT, Oguchi CB (2017) Qualitative manpower development through effective public policies: the pathway to sustainable development in Nigeria. Int J Innov Res Soc Sci Strateg Manag Tech 4(2):1–13
Kauzya JM (2015) From implementation of MDGs to 2030 sustainable development agenda: what will it take from government and public administration to achieve sustainable development goals (SDGs). Paper presented during the 20th CLAD Congress, Lima, Nov 2015
McConnell A (2015) What is policy failure? A primer to help navigate the maze
Metu AG, Okeyika KO, Maduka OD (2016) Achieving sustainable food security in Nigeria: challenges and way forward. In: Third international conference on African development issues. Covenant University Press, Ota, pp 182–187
Momen MN, Begum MM (2020) Sustainability and governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://meteor.springer.com/project/dashboard.jsf?id=273
Ndukwe C, Ukeje IO, Onele JC (2015) Leadership styles and the politics of institutional management of state-owned universities in Nigeria: empirical evidence from EBSU, South-Eastern geo-political zone, Nigeria. Int J Humanit Soc Sci 4(6):91–102. http://www.iaset.us/view_archives.php?year=2015&id=72&jtype=2&page=5
Ndukwe C, Elom C, Ukeje IO, Anigbata DO (2016) Re-positioning human resource practitioners for effective change management in times of severe austerity: a policy framework for service delivery in Nigeria public sector. J Resour Dev Manag 22:40–49. http://iiste.org/Journals/index.php/JRDM/article/view/31748
O'Toole LJ Jr (2004) The theory-practice issue in policy implementation research. Public Adm 82(2): 309–329
Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3499-1
Ogu EC (2019) Sustainable development and the social consequence of bureaucracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3714-1
Ojo EO, Adebayo PF (2012) Food security in Nigeria: An overview. Eur J Sustain Dev 1(2):199–220
Okechukwu GP, Ukeje IO, Ekwunife RA (2016) The melting point between SERVICOM and service failure: a labyrinth for efficient service delivery in Nigeria. IOSR J Humanit Soc Sci 21(5):01–10. http://www.iosrjournals.org/iosr-jhss/pages/21(5)Version-2.html
Okpata FO, Ukeje IO (2011) Bureaucratic communication in organizational management: the challenge of new employees in public service organization. Niger J Bus 5(1):234–240
Olavarria-Gambi M (2018) Policy failure. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3182-2
Onah FO (2010) Managing public programmes and projects, 2nd edn. Great AP Express Publishers, Nsukka
Osawe CO (2015) Nigerian public service performance in a dysfunctional ecology: issues, challenges and the way forward. Rev Public Adm Manag 3(7):45–57
Ozoya MI (2016) Empowerment of rural women farmers and food production in Esan West Local Government Area of Edo State, Nigeria. Being an unpublished PhD thesis, Covenant University Center for Learning Resources
Parsons W (1995) Public Policy: an introduction to the theory and practise of policy analysis. Cheltenham, Edward Elgar
Ricciardelli A (2018) Governance, local communities, and citizens participation. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3221-1
Thornton P, Dinesh D, Cramer L, Loboguerrero AM, Campbell B (2018) Agriculture in a changing climate: keeping our cool in the face of the hothouse. Outlook Agric 47(4):283–229

Ukeje IO (2020) Human capital development and implementation of food security and poverty reduction policy in Nigeria: a study of Ebonyi State Ministry of Agriculture and Natural Resources (1996-2018). Unpublished PhD Thesis, Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria

Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Ukeje IO, Ogbulu U, Amaefula VC (2020a) Human capital intervention and poverty reduction. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3876-1

Ukeje IO, Ogbulu U, Idike AN, Ndukwe C, Iwuala H, Clementina K (2020b) Policy-making for sustainable empowerment and poverty reduction scheme in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3922-1

Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020c) Public service recruitment practices and implications for sustainable development in Ebonyi State, Nigeria. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394

UNDP Report (1998) Poverty Reduction Strategies in Nigeria in Onah, F. O. (2010) Managing Public Programmes and Projects. Second Edition, Nsukka, Nigeria. Great AP Publishers LTD.

United Nations General Assembly (2015). Resolution adopted by the general assembly on 25 September 2015, ref. A/RES/70/1. Annual report, New York

Zhang Y (2017) Theory of policy learning, China. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3354-1

# Paradox of Professionalization in Public Administration

Beverly A. Cigler
Penn State Harrisburg, Middletown, PA, USA

## Synonyms

Bureaucracy; Deep state; Permanent career civil servants; Professionalism

## Introduction

As US governments grew and bureaucratic responsibilities expanded, especially accelerating in the 1960s, the professionalization of permanent career bureaucrats at all levels of government increased significantly. As early as the 1960 census, American governments had become the main employers of professionals. More than a third of all professional, technical, and related US workers employed by government possessed professional or technical expertise in identifiable and specialized occupations that required at least a college degree, affording a lifetime career opportunity. By the late 1970s, the national government no longer mirrored the popular image of countless clerks processing piles of forms; instead, it was approaching the structure of a research and development firm. Beginning in the 1950s, state and local governments began growing even faster than the national government and became professionalized by hiring teachers, social workers, planners, engineers, city managers, and other professionals. States reformed their legislative, executive, and judicial branch structures and state and local governments made considerable reforms in merit hiring.

During the same period, however, popular appreciation of and respect for government service, and career public servants, began to decline and that has steadily occurred since the 1950s, with just two exceptions: a short period in the 1990s during the Clinton presidency and immediately after the 9/11 terrorist attacks. Writing in 1990, Cigler called the increasing professionalization of permanent career bureaucrats at all levels and their decreasing acceptance by their clients – citizens and political elites alike – the "paradox of professionalization." She claimed that this paradox was arguably the most important factor facing the public service at that time. This entry reviews key aspects of the paradox of professionalization. Once again, the undiminished trend of discrediting the bureaucracy with its career public servants – not political appointees – suggests danger to the public service and the performance of its responsibilities. The permanent career bureaucrats are employees of the national,

state, and local governments that do not include military and postal workers, although aggregate employee numbers are provided for context.

By 2020, nearly 24 million people, comprising a little more than 15% of the US workforce, serve in the military or public and national service at the national, state, and local levels of government. Of those, about 16 million are state and local government employees and two million or just over 1% of the US workforce (0.6% of the total US population) are permanent employees of the national government. The military has about 1.4 million active duty service members and 800,000 reserve forces and there are 800,000 postal workers. More than 70% of the national workforce serves in defense and security agencies such as the Department of Defense (DOD), agencies within the intelligence community, and the National Aeronautics and Space Administration (NASA) (Hill 2020).

## Growing Distrust of Government and Its Employees

There is a growing and deep distrust of the US national government, with greater trust afforded to the states and their local governments. For example, a Pew Research Center poll in April 2019 found trust in the national government continuing to be at an historic low of just 17% claiming trust in the national government to do the right thing "just about always" (3%) or "most of the time" (14%). A large majority (71%) say that they trust in that level of government only "some of the time" and 10% claim that they "never trust the national government." The distrust is persistent and it was only during President George W. Bush's second term that as many as a third of Americans claimed to trust the national government most of the time. Only during a brief period of several months after the 9/11 terrorist attacks public trust surpassed 50%.

The increased trust after 9/11 suggests that a triggering event can test citizenship, however the global pandemic that arrived in the US early in 2020 has not been such a trigger. August 2020 polling by Pew Research Center shows that public trust in the national government continues to remain in the all-time low category with just 20% of adults claiming to trust the national government to "do the right thing just about always or most of the time" (2020).

On the other hand, there is considerable support for the functions performed by public servants at the local and state levels. While there is widespread support for the many essential services provided by government, a number of misperceptions lead to negative views of government in general. Specifically, the public generally thinks that government is too big, unmanageable, and wasteful. Bureaucracy bashing has become commonplace in American electoral politics and society in general. It was a central theme for the presidential election victories of Nixon, Carter, Reagan, and Trump. Although Trump lost his bid for a second term, the anti-bureaucracy language he used in his campaign reached a new level of distain for bureaucracy and career public servants. His rhetoric about "draining the swamp" in Washington and eliminating the "Deep State" became popular responses to bureaucracy and bureaucrats by millions of supporters. The distain and lack of trust has not decreased as followers anticipate another bid for a second term and the former president's disdain for bureaucrats continued after he left office. There is less evidence of sustained bureaucrat bashing at the state and local levels, however.

The "draining the swamp" language perpetuates a key misconception about the national government, which is that it is located primarily in Washington, D.C., and disconnected from the rest of the country. In fact, 85% of the national career bureaucrats work outside of the nation's capital in federal regions across the nation. They deal with the gamut of national programs in health care, housing, disaster management, border security, environmental protection, energy supply, welfare, education, weather forecasting, agriculture and food safety and supply, national parks and public lands, small business support, and much more.

## Big Government

A government too big, unable to be managed, and too wasteful would likely lead to an erosion of

trust, but this topic suffers from a perception vs. reality problem that remains unresolved. Big government can refer to the number of people it employs. Big government can refer to how much it spends. Big government can refer to how much it regulates. And, big government can refer to how much it does. This section of the essay relies primarily on data provided by Dilulio (2017) writing on "big government" for the Brookings Institution.

In terms of its number of employees, the national government has about the same number of employees, not counting the uniformed military or postal workers, as it has had for nearly 60 years. In 1960 there were 1.8 million full-time national civil servants and that was about the same number as in 2000, for example. In 1984 there were 2.2 million full-time national civil servants, which was actually about 200,000 more employees than during Obama's presidency that began in 2008. As stated earlier, the permanent career national government workforce has about two million employees. On the other hand, the growth of state and local governments in terms of number of employees has skyrocketed. These are the "persons next door" – school teachers, police, emergency medical technicians, professional municipal managers, water and sewer plant operators, parking garage attendants, and all the others relied upon to deliver vital public services.

It is government spending that has increased greatly. Adjusting for inflation, national government spending has increased fivefold since 1960. Specifically, it doubled between 1960 and 1975 and doubled again between 1975 and 2005. The spending increases coincide with government doing much more than in the past – in old and new policy areas. New agencies have been created, such as the Federal Emergency Management Agency and the Department of Homeland Security. New laws, regulations, and programs were created since the Great Society programs of the 1960s, the attack on 9/11, and more recently the COVID-19 pandemic that emerged in 2020 in the USA. The Great Recession that began in 2008 and Covid-19 pandemic relief fueled astronomical spending in the trillions. The national government is now very active on issues for which it had little responsibility in previous decades. Drug abuse and crime policies; LGBTQ+ issues; gun control; occupational safety; enhanced educational quality; environmental, energy, and climate policies; health insurance; pandemic relief; increasing numbers and severity of natural catastrophes; broadband and other technological issues; new, rehabilitated, and better maintained physical infrastructure; and much more have been added to an ever expanding agenda and many of the programs involve funding and regulations applied to state and local governments that lead to their expansion also. Increased spending leads to new regulations geared to ensuring accountability. Government is much more complex but also much more expensive.

The delivery of the vast amount of government programs not only involves regular government employees at all levels, but also third parties such as thousands of nonprofit organizations and for-profit businesses. Although the state and local workforce expanded significantly from about two million full-time public servants in 1960 to more than 18 million employees currently, the national government also uses paid consultants and contractors, i.e., for-profit businesses, for accomplishing nearly all of its responsibilities. This amounts to about 7.5 million private workers, up from about five million in 1990. A prominent example of the contract relationship is the DOD and its use of private defense contractors. DOD has between 700,000 and 800,000 full-time equivalent civilian workers plus the full-time equivalent of 620,000–770-000 for-profit contract employees. This is a surprising and growing ratio of government to for-profit workers. Relatively few citizens understand the numbers, work responsibilities, operations, or outcomes.

Similarly, the delivery of government programs relies heavily on employees in the tax-exempt nonprofit sector that government also employs. That sector more than doubled between 1977 and 2012 to more than 11 million workers largely delivering social services. Dilulio (2017) explains that the nonprofit sector consists of 11 million employees and receives a third of its revenues from government. Estimating that if only a fifth of these employees hold jobs

stemming from intergovernmental grants, contracts, or fees, that would be 2.2 million workers. His conservative state and local government estimate adds another three million more employees funded by the national government.

To summarize, the national government employs about two million permanent career public servants but millions of additional jobs are funded in the for-profit and nonprofit sectors and state and local governments. Nonprofits receive substantial revenue from grants and fees for services and goods from government. Nonprofit contractors generally receive higher wages than their government counterparts. National government funds to states are passed to local governments and nonprofit organizations such as many hospitals, universities, religious charities, and other entities.

So, the national government has three million career employees but funds roughly another 12 million plus workers (7.5 for-profit, 2.2 nonprofit, and 3 state and local). Importantly, "big government" is heavily financed by debt with services frequently delivered and programs administered by third parties. The general public hears a lot about and complains about increasing debt but has little understanding about third-party government. By March 2021, the national debt had reached 28 trillion dollars. With misunderstanding and misplaced perceptions, the general public has long wanted more and better services and is generally satisfied with service delivery, but has significant mistrust of the national government, including permanent career bureaucrats. In addition, distinctions are not usually made between the career officials and politically elected office holders when judging bureaucracy.

## The "deep state"

President Donald Trump essentially declared war on what he referred to as the "deep state," which he believes to be the permanent career bureaucracy basically conspiring to prevent him and his administration from implementing his agenda. During his presidency his belief was aided by the right wing media and he made his argument continuously with tweets and speeches referring to the deep state and his goal of "draining the swamp," i.e., members of the career public service.

Most presidents have been frustrated with the permanent bureaucracy, but they have not engendered hostility through rhetoric calling careerists "traitors" or suggesting that they are incompetent or refusing to accept their expertise. Instead, presidents have followed traditional measures to make desired changes in procedures, laws, or regulations. They have respected the views that the careerists primarily act as impartial followers of the "rule of law," not as lone or coconspirators to undermine a president's agenda and actions.

## Conclusion

It is arguable that the recent characterization of the permanent career bureaucracy as the so-called deep state has further increased distrust of government by the general public. It is uncertain whether a triggering event that tests citizenship will engender increasing trust in government and respect for public servants. The need for more civic education for US residents regarding how government and its employees approach and implement their responsibilities is gaining interest. Public administration programs that educate students for public service are focusing on ways to build trust in government, knowledge of how government works, and the successes of the career bureaucracy. Research is needed more than ever on the relationship between public trust in government and public servants and government performance.

## Cross-References

► Bureaucracy and Politicians Relations
► Bureaucracy and Professionalism
► Bureaucracy and Public Trust

## References

Cigler BA (1990) Public administration and the paradox of professionalization. Public Adm Rev 50(6):637–653

Dilulio JJ (2017) 10 questions and answers about America's 'big government.' Brookings (February 13). https://www.brookings.edu/blog/fixgov/2017/02/13/ten-questions-and-answers-about-americas-big-government/

Hill F (2020) Public service and the federal government. Policy 2020 Brookings (May 27). https://www.brookings.edu/policy2020/votervital/public-service-and-the-federal-government/

Pew Research Center (2019) Little publics support for reductions in federal spending (April 11). https://www.pewresearch.org/politics/2019/04/11/little-public-support-for-reductions-in-federal-spending/

Pew Research Center (2020) Americans' views of government: low trust, but some positive performance ratings (September 14). https://www.pewresearch.org/politics/2020/09/14/americans-views-of-government-low-trust-but-some-positive-performance-ratings/

# Participation in Public Policy: Brazil

Suylan Midlej e Silva
Public Policy Management Department, Postgraduate Program in Administration, University of Brasilia, Brasilia, Brazil

## Synonyms

Participatory democracy; Public policy management; Social participation

## Introduction

The participation of citizens in public policies in Brazil began to be exercised in a more systematic and institutionalized manner after the redemocratization of the State at the end of the 1980s. It is not that Brazilian society has only awakened to participatory action in this period. After all, it is a process of political maturation, in which "participation is conquest," as Demo (1999) states. Due to the strong social mobilization that took place during the constituent process, the 1988 Federal Constitution itself began to provide for citizen participation in the public policies management at the federal, state, and municipal levels. Society called for direct participation in government decisions, reacting to the military dictatorship that prevailed from 1964 to 1985.

Since the 1970s, social movements have been promoted by the Basic Ecclesial Communities (CEBs). Emerged around 1975 in the bosom of the Catholic Church, they were premised on the theology of liberation. More than a religious movement, the CEBs acted, first, as foci of resistance to the military regime and then, in the organization of society around the struggle for civil, political, and social rights with the population of the urban peripheries.

Religious work was directly linked to a "political awareness effort." The CEBs expanded throughout the country, reaching rural areas, and by 1985 there were already around 80,000 nuclei (Carvalho 2014). The popular mobilization triggered by the CEBs resulted in the campaign for direct elections for president, in 1984, and in broad popular participation in the National Constituent Assembly, starting in 1987, when there were extensive consultations with organized sectors of society. It is worth mentioning the existence and performance in the same period of other social groups organized under the inspiration of various institutions, such as trade unions, class associations, and political parties. In the case of the rural area, the Pastoral Land, linked to the Catholic Church, was of paramount importance, later contributing to the creation of the Movement of Landless Rural Workers (MST).

The mobilization of society in the construction of the 1988 Constitution was fundamental to the institutionalization of social participation in public policies. From the new Constitution, several institutes of participation in the Brazilian federal spheres – union, states and municipalities – were regulated, with new roles for civil society organizations being recognized, which began to be represented in the various mechanisms of participation established in constitutional norms, such as participatory councils, commissions, or committees; public hearings; public consultations, ombudsman's offices, referendum and administrative plebiscite; social organizations; and participatory budgets, the latter not provided for in federal law but present in state and

municipal laws (Perez 2009). In fact, since its inception, the participatory budget has occurred in a self-regulated manner, with the creation of laws after its operation.

This entry intends to describe how the participation of the organized civil society in the public polices management has been given since the period of the redemocratization of the Brazilian State, more appropriately, from the decade of 1990, with the creation of institutionalized spaces of participation, fomented, either by the pressure of the society or by the own State. It also intends to discuss the relation between the models of public management and the effective participation.

The text is divided into the following parts: conceptual discussion on participation and public policies; presentation of participatory institutions, characterizing their formal and informal institutional designs; examination of the relationship between social participation and management models of Brazilian public administration; and dissertation on the models prevailing since the 1990s, after the first direct election for president after the military regime.

## Framework

In order to discuss participation in public policies, it is essential to conceptualize the two terms. The definition of participation is very imprecise and can have several meanings. In a broad sense, participation is a process in which two or more parties mutually influence each other in decision-making (Pateman 1992). Pateman (1992, p. 96), however, emphasizes that "being in a position to influence a decision is not the same as being in a position to (have the power to) determine the result or make that decision." Based on Rousseau's political theory, the author states that participation has a psychological effect on those who participate, establishing an interrelationship between the functioning of institutions and the attitudes of individuals who interact within them. This would be a premise of the theory of participatory democracy and of the theory of democracy as a whole.

Pateman (1992, p. 39) also emphasizes that "the more the citizen participates, the more he becomes qualified to do so." In the same vein, Gohn (2011, p. 333) states that "there is an educational character in the act of participating, both for members of civil society, and for the more general society, and also for the public bodies involved - when there are negotiations, dialogues or confrontations." Of course, the authors are not referring to a mere participation, without commitment to the final result. Nor are they subtracting the need for these spaces to be democratized structures. They are referring to a participation of both individuals and social groups that aim to take part in decision-making processes, influencing their results. This is not a question of political participation, in the sense of representative democracy, illustrated by the electoral process, but of participation beyond episodic votes.

As Arnstein (1969) puts it, there is a difference between going through the empty ritual of participation and the real power to affect the outcome of the process. The central point of his thesis is that effective participation requires the distribution of power. She observes that there are gradations of participation and, through what she calls the Citizen Participation Staircase, demonstrates that there are levels of citizen involvement starting from eight steps. The highest levels (8) Citizen control, (7) Delegated power, and (6) Partnership represent more power for the citizen to negotiate with those with decision-making power, often occupying decision-making seats.

Level (5) Pacification represents a minimum concession of power, a permission for a kind of advice, but decision-making power remains with those in power. Levels (4) Consultation and (3) Information are considered to be levels of limited empowerment, with stakeholders having a right to hear and be heard, but no guarantee that their views will be accepted by those in power. The lower levels of the ladder (2) Therapy and (1) Manipulation describe levels of "non-participation," created to replace genuine participation. According to the author, the aim is not to allow people to participate in planning or conducting programs but to empower power

holders to "cure" or "educate" participants (Arnstein 1969). In summary, Arnstein (1969) considers that participation does not mean physical presence of individuals in the processes but effective power of citizens in decision-making.

Fung (2006) goes beyond this interpretation, considering the complexity of situations and the multiplicity of institutions of participation. For the author, there are three varied dimensions of participation. The first should be concerned with "who participates," emphasizing the importance of participatory processes being open to all who want to participate and not to a select group, according to interests. For the author, it is important to notice if the participants are representative and have the competence to give their opinion on the themes. Furthermore, it is necessary to ensure a way of selecting participants that is as inclusive as possible. The second dimension is "how the participants communicate" in the spaces of discussion and public decision-making. It reinforces that participants need to step out of the place of mere spectators and listeners to effectively participate in decisions, invoking their preferences to turn them into a collective decision. Communication between participants can be more or less intense. The third is "how discussions among participants influence public action." It is about measuring the impact of public participation on decision-making, with the participants' influence on public policy varying from the least influential to the most influential.

Gohn (2011) also identifies levels of citizen participation in decision-making processes of power. In Brazil, they are expressed in public spaces established to give shape to citizenship rights, such as councils, plenaries, forums, and other possible institutions that can be created according to the demands and groups. Therefore, it is considered as citizen participation or social participation any action organized by multiple actors of society to solve collective problems, with the power to interfere in institutional processes and public policies. The practice of social participation occurs in different cultural contexts and is re-signified from the sociopolitical and economic scenarios.

In a study report coordinated by the Ministry of Planning, Budget and Management, in coordination with the General Secretariat of the Presidency of the Republic of Brazil, between 2010 and 2012, social participation is seen as a method of government and means "the establishment of democratic governance and management in policies and public institutions, based on transparency, accountability, accountability, citizen/democratic control and co-management" (Brasil 2013, p. 17).

Other authors prefer to conceptualize social participation as "social-state interface" (Pires and VAZ 2012), emphasizing not only the role but the influences and impacts of the various participatory institutes. The social-state interface is understood "as a space of exchange and conflict in which certain actors are intentionally interrelated, since it allows understanding the power logics implicit in these relationships and identify more clearly the weight of some actors in specific contexts" (Isunza and Hevia 2006, p. 89). This conceptualization is well suited for a more detailed investigation of the impacts of the channels of dialogue between state and society within the framework of public planning. However, this entry chooses the term social participation because it is associated with the articulations between State and society more broadly, within a debate on the allocation of resources and distribution of goods and services related to various public policies.

Among the various existing concepts, public policies can be considered as what the government chooses or does not do (Dye 2013). They are also seen as "a system of public decisions aimed at preventive or corrective actions or omissions aimed at maintaining or changing the reality of one or more sectors of social life, by defining objectives and strategies for action and allocating the resources needed to achieve the objectives set" (Saravia 2007, p. 29), or, still, as one or more guidelines designed to address a public problem that is collectively relevant (Secchi 2014).

Emphasizing that the public should be the ultimate source of political authority, Birkland

(2016, p. 8) recalls that it is possible to distinguish some attributes of public policy, such as:

- The policy is made in response to some kind of problem that requires attention.
- The policy is made in the name of the "public."
- The policy is oriented toward a desired objective or state, as the solution of a problem.
- Policy is ultimately done by governments, even if the ideas come from outside government or through interaction between government and non-governmental actors.
- Policy is interpreted and implemented by public and private actors who have different interpretations of problems, solutions, and their own motivations
- Politics is what the government chooses to do or not to do.

More recently, several authors (Muller 2002; Lascoumes and Le Galès 2012; Andion et al. 2017) propose another interpretation of the term public policy, preferring the notion of "public action." This can be seen as a "collective action," in response to a public problem, "promoted by different public and private actors, at different levels and decision-making," and that goes beyond government action (Andion et al. 2017, p. 372). There is also a reinterpretation of the roles of the State and the government, and these roles are shared among actors and institutions.

Nogueira and Di Giovanni (2013) summarize public policies as a specific type of political action. "Ideally, they are advanced manifestations of dialogical and democratic rationality that typifies the modern world, contrasting, in this respect, with other forms and structures. They can coexist with these other forms and even combine with them, but they are something particular, endowed with their own logic" (Nogueira and Di Giovanni 2013, p. 3). That is, in spite of the countless definitions, each society develops its pattern of public policies, in the sense of doing or confronting public problems.

More due to pressure from society than to the action of the State itself, state interventions in Brazil have involved a plurality of actors, contemplating their diversity and their different interests. However, depending on the sociopolitical context, at the state level, there has been a reconfiguration of political conduct, rules, administrative structures, and the public policies management, ranging from more shared and democratic procedures to the banning of participatory institutions.

## Participating Institutions in Brazil

Participatory institutions in Brazil are not something new. Brazilian civil society has always been organized in diverse formats of social struggles, but the configuration of institutionalized spaces for participation took on a new guise after the Federal Constitution of 1988. Since its promulgation, 75% of national councils and commissions have been established (Avelino et al. 2018). The relationship between the State and society has changed with regard to decision-making processes, especially in the area of public policies, giving organized civil society greater participation in government actions and control of public administration. A relevant example of this configuration was the participation of civil society in the implementation of the Unified Health System in a decentralized manner at the three federal levels, through the health councils.

Participatory institutions (PIs) can be conceptualized as "differentiated forms of incorporation of citizens and civil society associations in the deliberation on policies," being possible to point out three forms of participation in the process of political decision-making (Avritzer 2008, p. 45). The first is the bottom-up participatory design, such as the participatory budget in Brazil, when delegates and councilors are elected by the population. The State acquires an important role in the implementation of this initiative; however, a bottom-up institutionality is created. The second way is through participatory institutions functioning within a process of power sharing between state actors and civil society actors, such as public policy councils. It differs from the participatory budget in that it incorporates a smaller number

of social actors and is determined by law, with sanctions in cases where the participatory process is not established. The third form is that of a participatory institution that operates within a process of public ratification: social actors do not participate in the decision-making process but can publicly endorse it, as in the case of Municipal Master Plans, with mandatory public hearings (Avritzer 2008).

The participatory budget still exists in Brazil, but it was an experience that had its peak in the 1990s, started in the city hall of Porto Alegre, in the south of the country. It includes social actors, representatives of neighborhood associations, and citizens in general in a process of negotiation and deliberation that takes place in a participatory stage, with direct participation, and a representative stage, through the election of delegates and councilors (Avritzer 2013). The participatory budget has become a registered trademark of the management of the Workers' Party, having been extended to 201 cities (Avritzer and Wampler 2008). According to Pires and Nebot (2013, p. 18), the participatory budget consists of "a methodology of budgetary decision that points in the direction of a democracy beyond the liberal representative, in which the roles of the actors involved are not so clear and schematically established and divided." It is worth noting that the PB is not in force as a participatory institution in the Brazilian Federal Constitution, which does not minimize its importance.

The participatory institutions with the most repercussions in Brazil are the public policy councils. Their constitution was inspired by the structure of the popular councils of the 1970s that fought for improvements in infrastructure and urban services and for better living conditions but had only a consultative character (Gohn 2003). The management councils, created from the 1988 Federal Constitution, have a deliberative character, with the possibility of greater participation by civil society in public policies. In this way, new social actors began to occupy the public spaces of elaboration and accompaniment of public politics. These institutions function in an equal manner, with the participation of state and social actors, at the federal, state, and municipal levels, for discussions of various policies.

Since the 1990s, other IPs have been operating in Brazil, but in different ways according to the characteristics of the political system, the structuring of public administration, and the sociocultural context. The formal and informal institutional designs of these participatory institutions will be presented (Brasil 2013).

- Public policy conferences – these are large public meetings between representatives of the State and civil society that make proposals for the implementation of specific public policies. They are planned to take place biannually, with discussion and determination of issues and normative directions of thematic areas in public policies. The conferences generally take place at the three levels of government, starting with the municipalities, and the negotiations advance according to each level, with participation open to the public, but with voting power only for delegates at the state and national levels, chosen in the scope of municipal conferences.
- Public ombudsmen – institutions that act in the process of interlocution between the citizen and the public administration, aiming at improving the public services provided based on the manifestations of the citizens. Generally, there is an ombudsman's unit in the structure of public agencies. The Ombudsman's Office allows citizens to participate in public management and carry out social control over policies, services, and public servants.
- Public hearings – face-to-face public meetings promoted by the government around specific themes, with the participation of individuals and interested groups. Its objective is to discuss certain aspects of a public policy.
- Public consultations – instruments similar to public hearings, with the same objective of discussing specific demands. The difference is that it does not occur in person, but through distance voting tools, such as Internet and telephone.

- Working groups – space for debate and proposition on a specific theme or for monitoring a political process. There may be strictly governmental working groups (with representatives of civil society as guests), joint working groups, and working groups with a majority of representatives of society.
- Negotiation tables or dialogue tables – a government initiative in response to the representation and/or demands of entities or social movements with a view to resolving eventual and/or potential conflicts. This type of experience occurred in the Lula administration, such as the National Table for Permanent Negotiation with Public Servants, established in 2003; the Minimum Wage Negotiation Table, established in 2005; and the Dialogue Table for the Improvement of Working Conditions in Sugarcane, established in 2008.
- Participatory Multiannual Plans (PPAs) – in 2003, the federal government established, together with various networks and forums of civil society organizations and social movements, a pioneering participatory process of popular participation in the PPA 2004–2007, with plenary sessions in the states of the federation. In 2011, it started a new process of participatory monitoring of the PPA 2012–2015, creating a space of participation called Interconselhos Forum, with representatives of the civil society of diverse National Councils and of other organizations, networks, and social movements.

In addition to these established mechanisms of social participation, virtual channels of all kinds, via the Internet or telephone, have been created to issue opinions, suggestions, and criticisms about the public policies management in various places in the country, and constant participation of civil society has been observed.

## Models of Public Management and Social Participation

In spite of the advances that have taken place all over the world in the relationship between state and society, including in Latin American countries, social participation in the public policies management still has a very direct relationship with the management models adopted by public administration, according to the development model that each government puts into practice. And this could always be seen in Brazil, since the formation of the Brazilian State at the beginning of the nineteenth century, which was constituted within an oligarchic and patrimonial model, when a mercantile agricultural economy and a society of class still enslaved prevailed (Bresser-Pereira 2001).

The passage from patrimonialism to the Weberian bureaucracy, even if it did not occur definitively, was an advance in terms of countless administrative processes but still without opening for the participation of organized society in public administration. The predominantly bureaucratic model remained in force until the dictatorial period of 1964–1985, configuring an authoritarian model of public administration, with emphasis on technocratic insulation. As a consequence, it removed any attempt by civil society to participate in the actions of the State, as well as in political life in general. The democratic transition, especially with the promulgation of the 1988 Constitution, began to allow society to participate in a more institutionalized way in public policies and public administration, but the relationship between the State and society had not yet undergone a substantial change.

Since 1995, under the auspices of New Public Management, Brazil has undergone an administrative reform known as managerial reform. The government discourse was based on decentralization as a way out for the modernization of public administration, oriented to the citizen and to obtain results (Bresser-Pereira 1996). A specific ministry was created to promote the reform, and the Master Plan for the Reform of the State Apparatus was elaborated. In addition, Constitutional Amendment No. 19 of 1998 was issued, introducing in art. 37, §3, a general rule on popular participation in the public administration, establishing periodic evaluation of public services, user access to information on the

government, and social control of position, employment, or function in public administration (Perez 2009).

However, for Paula (2005), the managerialist model did not break with technocracy. Despite the participatory discourse of the new public management, "the structure and dynamics of the post-reform State did not guarantee an insertion of civil society in strategic decisions and the formulation of public policies" (Paula 2005, p. 141), keeping the State away from society. Faced with closed management models within the state itself, social movements and organizations have been demanding a participatory and deliberative conception of democracy, demanding its participation in decision-making processes and in the implementation of public policies (Silva 2001).

As Perez (2009, p. 36) states, "democratic development, reflected in the constitutionalisation of participatory democracy, is one of the founding reasons for the institutionalisation of popular participation in decisions and in the control of Public Administration." In this way, citizens are guaranteed specific rights of participation, leading to the creation of new forms of action of the public administration, which change their relationship with those managed, with their agents and with their hierarchical structure (Silva 2001).

The efficiency of the administrative action would be related to the adherence of society and its active action, and this leads to the need to use instruments that seek the consent of the community (Perez 2009). The legitimacy for the success of public policies would come as a result of this adherence of society "to a set of concrete measures, policies, or programs that it helped to formulate, decide and often execute" (Perez 2009, p. 221). While Weber understands that the functioning of the public administration is centered on the trinomial bureaucracy, efficiency, and legitimacy, Perez (2009) is based on the trinomial participation, efficiency, and legitimacy. For him, participation would be a way to break with the distance between society and the administration, bringing this administration closer to social and political conflicts and delegating responsibility also to the entities of society. Unlike the bureaucratic model, which defends the autonomy of the administration in relation to society, delegating only to administrators the technical and professional management of public services.

This model of public management more open to social participation emphasizes the sociopolitical dimension within a societal perspective, based on the proposals of social movements against the dictatorship and by the redemocratization of Brazil in the 1970s and 1980s and inspired by the experiences of the management councils and the participatory budget (Paula 2005). This project gained a new dimension with the victory of the national popular alliance with the 2002 presidential elections, under the call for greater participation of organized society in public administration (Paula 2005). One of the precepts of societal public administration is the creation of institutional formats to facilitate popular insertion and a public management that does not centralize decision-making processes in the state apparatus. It would be a kind of co-management of public administration. Other nomenclatures are used to refer to this management model, such as the New Public Service (Denhardt and Denhardt 2003; Andion 2012) and Public Governance (Bernier et al. 2003).

In 2003, one of the changes made in the political-institutional dimension by the new Brazilian government that influenced the nature of social participation in the country was the change in the attributions of the general secretariat of the Presidency of the Republic, which until 2002 had attributions linked to parliamentarians, with the general secretary having the role of coordinating relations with civil society actors, by means of Law Decree No. 4570 (Avritzer 2017). New national councils were also created in the areas of social and public policy, increasing from 15 to 31 during the first presidential term; and between 2003 and 2010, there were 74 national conferences; these spaces already existed in Brazil but gained a new role in the federal government (Avritzer 2017).

Between 1985 and 2013, Brazil developed a pattern of participation among the poor, those with income between one and five minimum wages, with up to 8 years of schooling, different from the pattern of participation developed in the democracies of the North, focused more on the

participation of the middle class (Avritzer 2017). One of the main consequences of this process, highlights Avritzer (2017), was the impulse in distributive social policies promoted by the state, at local and federal levels. As of 2014, new political compositions in the National Congress provoked changes in the political and governmental context, and in 2016, President Dilma Roussef was removed from office by an impeachment process. But until 2016, it was possible to count 40 public policy collegiate groups, composed of national councils and commissions (Avelino et al. 2017), in addition to thousands of other collegiate groups existing in states and municipalities.

In summary, it is possible to state that from 2003 to 2016, there was a considerable opening of public administration to social participation in the public policies management, far from representing an ideal relationship between the State and society regarding decision-making processes in an effective manner. However, in view of the current situation in which the country, since the beginning of 2019, has been under the baton of a presidentialism explicitly intolerant of social participation, there has been a regression in terms of channels of participation. The main example was Decree n° 9.759, of 11/4/2019 (Brazil 2019), which provides for the extinction of participative institutions existing since the decade of 1990. The decree is still under discussion in the Federal Supreme Court and represents a decrease in many of these institutions.

It is a fact that social participation in public policies does not depend solely on the opening of mechanisms on the part of the State but is based on the assumption that the State can be a public space par excellence for the preparation and execution of public policies, with the participation of social and state actors. This positive vision of the State is based on the possibility of direct participation and social control of citizens in state actions.

The negative view of the State considers it to be "an undemocratic place and submitted to a rationality that privileges the adequacy calculated between means and ends, and sometimes it departs from the sovereignty of the people to submit to the interests of preferential groups (...) favoring the use of the State as a means to preserve and reinforce distributive privileges" (Costa e Cunha 2009, pp. 84–85). This negative view is based on the mistrust of the State as a democratic space, capable of enabling equity in debates on the public policies management.

It is possible to bet on the positive view of the State, even considering the susceptibilities that civil society may experience, depending on the management models adopted by governments at all levels: municipal, state, and national. This is because the State is a space for disputes between various groups, even though historically the power of an economic elite has prevailed. Believing in the perpetuation of the power of this elite means underestimating the power of social pressure for change in this public space that can be built within the precepts of a participatory democracy.

The quest for greater democratization of the state and, consequently, of public administration is undoubtedly much more in the hands of organized civil society than of rulers. And Brazilian society has demonstrated this since the official period of slavery (1539–1888), when there was much denial of actions within the slavery system, in addition to resistance organized at the beginning of the formation of the Brazilian administrative system. In the same way, in the twentieth century, society organized itself to conquer the right to participate in the decision-making processes of public policies. However, it is notorious that an open political system and a public administration that institutionalizes its spaces of participation in public politics so that they work effectively makes all the difference and does not fail to reveal a political maturation of both parts, State and society. This is the model of public management that is expected in contemporary societies: more participation, more shared decision, and more social public policies.

## Cross-References

▶ Gender in Public Administration, Brazil
▶ Public Participation
▶ Public Policy and Politics

## References


Andion C (2012) Por uma nova interpretação das mudanças de paradigma na administração pública. Cadernos Ebape.BR 10(1), artigo 1, Rio de Janeiro, pp 1–19

Andion C et al (2017) Civil society and social innovation in the public sphere: a pragmatic perspective. Rev Adm Pública 51(3):369–387

Arnstein SR (1969) A ladder of citizen participation. J Am Plan Assoc 35(4):216–224. To link to this Article https://www.participatorymethods.org/sites/participatorymethods.org/files/Arnstein%20ladder%201969.pdf

Avelino et al (2017) Colegiados Nacionais de Políticas Públicas em contexto de mudanças: equipes de apoio e estratégias de sobrevivência. Texto para discussão n° 2340. Rio de Janeiro, IPEA

Avelino et al (2018) Participação e Heterogeneidade: Análise da representação da sociedade civil nos colegiados nacionais. In: Boletim de Análise Político-Institucional, n° 1 (2011). IPEA, Brasília

Avritzer L (org) (2013) Experiência democrática, sistema político e participação popular. Editora Fundação Perseu Abramo, São Paulo

Avritzer L (2017) Participation in democratic Brazil: from popular hegemony and innovation to middle-class protest, vol 23, nº 1. Opinião Pública, Campinas

Avritzer L (2008) Instituições participativas e desenho institucional: algumas considerações sobre a variação da participação no Brasil democrático. Opinião Pública, Campinas, vol. 14, n° 1, Junho, 2008, pp 43–64

Avritzer L, Wampler B (2008) The expansion of participatory budgeting in Brazil. An analysis of the current cases based upon design and socio-economic indicators. In: Avritzer L, Wampler B (Org) Research report. The World Bank/Municipal Development Program, Belo Horizonte

Bernier L, Bouchard M, Lévesque B (2003) Attending to the general interest: new mechanisms for mediating between the individual, collective and general interest in Québec. In: CIRIEC annals of public and cooperative economics, vol 74, nº 3. Blackwell Publishing, Oxford

Birkland TA (2016) An introduction to the policy process: theories, concepts, and models of public policy making. Routledge, New York, Fourth Edition

Brasil (2013) Relatório Participação Social na Administração Pública Federal: desafios e perspectivas para a criação de uma Política Nacional de Participação. Disponível em: http://www.ipea.gov.br/participacao/images/pdfs/participacao/participacao%20social%20na%20administracao%20publica%20federal.pdf. Acessado em 3/5/2019

Brasil (2019) Diário Oficial da União, publicado em 11/04/2019. Edição: 70-A, Seção 1– Extra, p. 5. Disponível em: http://pesquisa.in.gov.br/imprensa/jsp/visualiza/index.jsp?data=11/04/2019&jornal=600&pagina=5

Bresser-Pereira LCB (1996) Administração pública gerencial: estratégia e estrutura para um novo Estado. MARE/ENAP, Brasília

Bresser-Pereira LCB (2001) Do Estado patrimonial ao gerencial. In: Pinheiro PS, e outros (Orgs) Brasil: um século de transformações. Cia. das Letras, São Paulo

Carvalho JM (2014) Cidadania no Brasil: o longo caminho, 18ª ed. Civilização Brasileira, Rio de Janeiro

Costa FL, Cunha AP (2009) Dilemas da participação cidadã na gestão de políticas públicas. Veredas do Direito, Belo Horizonte 6(11):79–95

Demo P (1999) Participação é conquista: noções de política social e participativa. 4ª ed. São Paulo: Cortez, 1999

Denhardt JV, Denhardt RB (2003) The new public service. Serving, not steering. M.E Sharpe, New York

Dye TR (2013) Understanding public policy, 14th edn. Pearson, Boston

Fung A (2006) Varieties of participation in complex governance. Public Adm Rev. https://doi.org/10.1111/j.1540-6210.2006.00667.x

Gohn MG (2003). Conselhos Gestores e Participação Sociopolítica. São Paulo: Cortez

Gohn MG (2011) Movimentos sociais na contemporaneidade. Rev Bras Educ 16(47)333–361. Campinas

Isunza VE, Hevia FJ (2006) Relaciones sociedad civil-Estado en México: un ensayo de interpretación. Ciesas, Xalapa. (Cuadernos para la democratización, n° 4)

Lascoumes P, Le Galès P (2012) Sociologia da Ação Pública. Edufal, Maceió

Muller PS (2002) A análise das políticas públicas. Educat, Pelotas

Nogueira MA, Di Giovanni G (2013) Dicionário de políticas públicas. Fundap, São Paulo

Pateman C (1992) Participação e teoria democrática. Paz e Terra, Rio de Janeiro

Paula APP (2005) Por uma nova gestão pública: limites e potencialidades da experiência contemporânea. Editora FGV, Rio de Janeiro

Perez MA (2009) Administração Pública Democrática: institutos de participação popular na administração pública. Fórum, Belo Horizonte

Pires V, Nebot CP (2013) Orçamentos participativos e instituições participativas: aspectos para a avaliação de experiências e casos, no 11. E-legis, Brasília, pp 7–28

Pires RRC, VAZ A(2012) Participação Social como Método de Governo? Um Mapeamento das "Interfaces Socioestatais" nos Programas Federais. Texto para Discussão n° 1.707. IPEA, Brasília

Saravia E, Ferrarezi E (2007) (orgs). Políticas Públicas: coletânea. Brasília: ENAP. 2 vol

Secchi L (2014) Políticas Públicas: Conceitos, esquemas de análise, casos práticos, 2nd edn. Cengage Learning, São Paulo

Silva SAM (2001) Redes de Movimentos Sociais e o Resgate da Esfera Pública, vol 3, no 1. APGS, Viçosa, pp 89–114

# Participatory Budgeting

Luca Bartocci
University of Perugia, Perugia, Italy

## Abbreviations

| | |
|---|---|
| CP | Citizen Participation |
| NPM | New Public Management |
| PA | Public Administration |
| PB | Participatory Budgeting |
| PG | Public Governance |
| PS | Public Sector |

## Definition

A set of structured methods to involve citizens in the process of allocating the public budget. Some scholars proposed the following defining criteria to identify a sensu stricto participatory budgeting: (i) the financial and/or budgetary dimension must be discussed; (ii) the city level or a district with an elected body has to be involved; (iii) it has to be a repeated process; (iv) it must include some forms of public deliberation within the framework of specific meetings and/or forums; (v) some accountability on the output is required; and (vi) the possible and desirable participation of lay citizens.

## Introduction: Citizen Involvement as a Key Factor in Government Renewal

In the increasing attention paid to PS renewal, special significance is attributed to the involvement of citizens in government. Many approaches consider CP as a distinguishing feature of new cultural paradigms, such as PG, through which the evolution of the PA can be interpreted (Bingham et al. 2005). CP can be broadly defined as an effective and informed opportunity for citizens to influence the choices and behavior of the PA. From this standpoint, the problem of the "intensity" and quality of participation depends on the role – and therefore the possibility of influence – that the individual citizen is able to play in the public decision-making process (Arnstein 1969).

CP is an issue that touches upon many disciplines and is a concept that can have diverse practical implications. The interpretation of participatory practices necessitates a particular focus on their goals and outcomes, which can be attributed to three different realms of meaning and application of CP.

A first key to understanding is political in nature, by which participation is seen as a value and an instrument in renewing systems of government. At the basis of this understanding of the concept, and the promotion of the theme, is the crisis in the traditional model of representative democracy typical of Western countries. In this sense, participation can be interpreted as an instrument capable of predisposing citizens to the idea of collectivity and sociality, in the aftermath of dissatisfaction with the democratic regime. Therefore, the traditional representative form has been gradually opposed to the participatory and deliberative – in its further extension – form. The underlying idea is that systems of government based on the pursuit of new collective decision-making methods are able to return to the authentic meaning of democracy.

A second perspective is of a more strictly social nature. CP can be interpreted as an instrument that brings people closer to the idea of community and sociability and combats feelings of dissatisfaction and alienation. Thereby, inclusion in decision-making processes can be considered a useful instrument in reconstructing a sense of community. More precisely, this practice has the potential to raise the extent to which values identify a community and the degree of convergence of the behavior of individual members. Consequently, CP can be seen as a foundation for rebuilding social capital, strengthening democratic governance, and facilitating sustainable community outcomes. In this light, the theme also involves that of the legitimization of power; indeed, measures that improve social cohesion and trust have an impact in terms of a community's acceptance of identification with the political institutions that represent it (Wampler 2012).

Another area of participatory significance is of a more administrative nature. This regards a technique capable of renewing and improving administrative performance in the PS, overcoming the limitations of the traditional conception of government, and also allowing for a correction of distortion produced by the managerialist wave of recent decades. The well-known cultural movement often called NPM began to take shape in the 1980s, promoting an international agenda for reform. More recently, another conceptual framework, generally known as PG, has come into vogue and is often seen to have overtaken NPM (Kooiman 1993). The limits of NPM include the fragmentation of the sector and the intensification of competition that result in detrimental effects for the "public ethos" (Brereton and Temple 1999). There are risks of aggravating the conflict between individual interests and the public interest with the consequence of eroding traditional social values (in particular legitimacy, representativeness, and equity) that should characterize government action.

In the attempt to overcome this, the PG approach tends to return to the bidirectionality of the relationship between PA and citizen, who is treated not as a mere customer, but as a partner (OECD 2001). This model is based on a logic of collaboration, by which the assistance of a number of parties satisfies public needs (Vigoda 2002). In this sense, CP is seen as a fundamental aspect of the shift from the "old public administration" to the "new public governance" (Osborne 2010). There are also other specific terms to express this concept such as collaborative governance, shared governance, and community governance.

## The Emergence and Spread of PB Around the World

In this frame a large number of different participatory tools have arisen with the aim of involving citizens in decision-making processes and public service provision. Among these practices PB deserves a special mention for its inclusive potentialities given the centrality of budgeting in public resource allocation. As Khan (1997: 93) said: "the budget would present to the citizens their government in miniature."

To understand PB one must first consider that it is not an instrument that was planned at the drawing board, but was developed through experience, and has emerged with a great degree of diversity. It is, as a result, difficult to provide a generally accepted theoretical definition. PB can be generally described as a set of structured methods with which to involve citizens in the process of allocating the public budget. Even today, despite having spread across the continents, with a variety of experiences that can be considered mature, it remains difficult to define the identifying features of an ideal form of PB.

Sintomer, who promoted and coordinated a relevant research project in order to map European praxis, suggested the following five criteria to identify PB (Sintomer et al. 2008):

1. The financial and/or budgetary dimension must be discussed.
2. The city level or a district with an elected body has to be involved (the neighborhood level is not enough).
3. It has to be a repeated process.
4. The process must include some forms of public deliberation within the framework of specific meetings/forums.
5. Some accountability on the output is required.

Later, other scholars (Bassoli 2012) proposed the effective possibility and desirability for lay citizens to participate as a sixth defining element.

Even the origins of PB are difficult to trace. On first estimate, three incubation areas can be identified, in which the first practical applications were established, which went on to become a source of inspiration for other experiences that followed.

New Zealand can be considered the home of one of the earliest PB experiences, and the example of Christchurch is of particular interest. This was one of the first towns to structure a method of citizen involvement during the drawing up of the annual budget and multiannual investment plan, with particular attention being paid to themes of transparency and reporting. For these reasons it

was awarded the "Carl Bertelsmann Prize for Democracy and Efficiency in Local Government" in 1993. In the Oceanic approach, participatory mechanisms were introduced specifically to improve PA performance and, it has been said, to correct the distortive effects of NPM, with particular attention paid to the crisis of trust, the result of an emphasis on managerial accountability at the expense of political accountability.

A second area of great interest is the experience that developed in South America. The most relevant case was implemented in Porto Alegre, Brazil. The Porto Alegre PB dates back to 1988 and was included among the UN good practices in 1996. Its fame has spread considerably, on a global scale, mainly thanks to the 2001 Social Forum, which attracted the attention of many experts, and is still considered a model of reference today. In brief, it can be said that, in comparison with the approach developed in the Western world, this approach to PB is characterized by a strong political and social motivation, as well as the use of participation mechanisms based on assemblies in order to reach a good quality of deliberation, and also by the binding nature of the participated decision for the governing bodies.

Finally, it is worth mentioning North America, where PB developed in the 1990s, thanks in part to the encouragement of institutions such as the American Society of Public Administration (ASPA) and the International City/County Management Association (ICMA). Generally speaking, it can be acknowledged that, in the first wave of North American cases, the aspiration to interact with citizens was determined, above all, by the need to recover the legitimacy of political action and reconstruct social cohesion (Franklin et al. 2009). It should be noted that the last few years have seen the introduction of new experiments in North America, mostly inspired by the Porto Alegre model. This second PB wave has also involved important cities such as Chicago, Los Angeles, and New York.

The process reached Europe in the 1990s, drawing inspiration from cases that had developed in other contexts. Only a handful of applications of PB were observed before 2000, while the last 15 years has seen PB become much more widespread across the Old Continent. According to the abovementioned survey promoted by Sintomer, 55 European experiences were registered in 2005 – but that number would increase rapidly – and the analysis of such cases showed how heterogeneous those practices were (Sintomer et al. 2005). These differences are mainly referred to the conception of CP that underlies the structuring of rounds of PB, the size of the institutions involved, their financial capacity, and the technical characteristics of the participatory process.

The multiplicity of this phenomenon does not only regard Europe, as evidenced by a subsequent survey undertaken on a global scale by the same research group. That survey (Sintomer et al. 2010: 10) included a census of cases active in 2010, which showed a total number of between 795 and 1,469 applications, with the greatest concentration in Latin America (between 511 and 920), followed by Europe (171–296) and Africa (66–110), continents where PB has developed more recently. It should be noted that, in addition to the technical challenges associated with carrying out a full census across the globe, the study was based on Sintomer's definition of PB, as outlined above; this involves strict identification criteria, the rigidity of which threatens to exclude cases which are nevertheless significant. The issue is, furthermore, very current, and the praxis indicates the continuous emergence of new applications.

## An Overview of PB: Main Features

In order to shed light on the main features of PB, despite the fact that there is no single model of reference, major themes can be identified that constitute a variety of profiles that are potentially characteristic of the individual experiences. The following is a concise overview.

### Form of PA Involved

As noted above, the first experiences of PB were promoted at the municipal level, and, even today, most of the cases analyzed in the literature involve local government. Applications are also not

uncommon at the sub-municipal (district or neighborhood) level, and there are also experiences at the provincial and regional levels. Implementation at the national level appears more difficult to achieve and therefore less likely.

In general it is believed that CP is more accessible and easier to manage when it involves small communities that are united by a strong sense of identity. Also for this reason, the preferred institutional profile is at the municipal level, above all in cities of smaller dimensions. That said, applications of PB have also been promoted in many large cities, as demonstrated by the iconic case of Porto Alegre.

Evidently the bigger the community of reference, the more detailed and complex the structuring of the participatory process needs to be; typically, in these cases, paths are chosen that involve territorial subdivisions or which take advantage of the possibilities offered by the development of technology.

### Promoters

In most cases studied to date, the path that leads to the adoption of PB is of the top-down variety. These are situations that involve a formal initiative on behalf of government bodies (the mayor, regional council, or one or more aldermen), with the possible sponsorship of another political entity (the council or a superordinate institutional body). The stimulus that can be provided by specific state or regional regulatory measures, or international institutions, should also be considered. There are, for example, PB projects promoted and financed by the World Bank and the European Union.

Another hypothesis is that of a genesis of a technical nature, due to the proactive role played by certain managers. It is worth noting that also in these cases, it is possible to hypothesize "patronage" of a political nature.

Less common, but no less notable, is the possibility of a bottom-up driving force, as a result of pressure from the citizenship. In such cases experiences in South America, Africa, and Asia document the importance of the action that can be performed by intermediate bodies (in particular by NGOs, but also citizen movements and associations).

The diverse origins of PB can also provide indications about the primary values (political, technical administrative, or social) that are pursued through its adoption.

### Types of Citizen Invited to Participate

The most prevalent concept of PB is open to all members of the community (generally voters), as individual citizens without qualified interests (known as lay citizens). However, it is also possible to consider inclusive processes aimed at specific categories of stakeholder, or the involvement of specially selected panels of citizens, or interaction with organized interest groups.

The theme of those to whom PB is addressed also calls into question the issue of the quantity and quality of CP, which will be discussed later.

### Participatory Structure

The heart of the PB cycle is represented by the mechanisms through which the co-decision is reached. There exist a vast range of possible instruments, and this praxis also signals the possibility that they can be combined together: referenda, assemblies, forums, focus groups, committees, technical committees, e-voting, etc.

Even given the vast influence of the Porto Alegre model (an experience that has however been modified over time), a central role is often played by assemblies. These meetings can be held to perform a variety of functions: to inform citizens, to summon and compare opinions in the context of a debate, to develop proposals, and to choose between options. Assemblies are often held at the sub-municipal territorial level, but thematic meetings according to subject categories are also possible. The assembly can involve one or more cycles. The classic structure is divided into two cycles: the first of a more informative nature, dealing with the emergence of needs, and the second with a focus on decision-making.

The procedures for conducting assemblies are a particular sensitive issue; they can be coordinated by political or technical figures at an institution, by citizens nominated to the role, or by external experts with a consultative role.

On occasion an assembly may appoint representatives who, on the basis of a defined mandate,

participate in technical bodies responsible for enforcing the wishes of the assembly.

### Themes of Co-decision

PB was created to enable citizens to express their opinions on concrete and precise choices, such as the planning of public works, to choose between alternative services to be delivered. However, the recent tendency toward broader issues and policy-making in deciding the annual budget is worth noting.

The experience witnessed in Brazil offers indications to that effect. On this topic Wampler (2000) distinguishes between two important eras of PB. In the initial phase, PB involved punctually defined themes. In particular, the first cases were characterized by their focus on needs and possible responses in the field of urban planning and public works in general. Subsequently, the focus has expanded to interventions concerning social services and health care, culture, sport, and the environment. In the second era, municipalities have opened up to experiments in which participation has mainly focused on social issues of broader scope, involving the definition of public policies. In this way orders of priority between different spending policies can be established.

Less common, but also of great interest, is the practice of widening the discussion to include the theme of taxation. Associating the co-decision on expenditure with the theme of how to cover these expenses can further empower citizens, as well as foster more effective solutions in the field of fiscal policy.

### Existence of a Preset Budget

It has already been noted that the prior clarification of resources intended for the realization of the co-decision is, at least for Sintomer, an essential requirement of PB. Indeed, without a clear connection with a specific part of the annual budget, PB risks resulting as a practice of consultation for the purpose of financial or investment planning.

When this requirement is complied with, the resources available for the co-decision may relate in part or in total to certain expenditure items of the budget (typically capital expenditures) or may consist of a fixed percentage of the total or some entries.

Recently public forms of fund-raising have also emerged, funded by the granting of tax concessions, to supplement the budget of resources made available by the authority.

### Level of Process Formalization

The institutionalization of PB by the PA that adopts it can be encouraged by a variety of formal interventions: statutory integration, the development of appropriate guidelines approved by government bodies, the creation of new administrative regulations or changes to preexisting guidelines, etc.

The formalization of PB can be viewed as a sign of the will of the institution to stabilize its use and encourage its internalization in the organization. On the other hand, there is a risk of rigidly formalizing a practice that often arises in a spontaneous manner and which requires continuous technical and organizational adjustments in order to remain flexible and creative. For these reasons, in the early stages, it is often preferable to maintain an organizational context that is not too restrictive, as the rules of the game must be clear and simple, in order to win the trust of the citizenship. At a later stage, it may become opportune to proceed with an appropriate formalization of the PB cycle.



### Process Reporting

The final stage of the PB cycle is normally represented by the reporting of the process, which guarantees a form of accountability for the community. The most frequent methods involve the publication of information through the corporate website of the authority, the local press, the distribution of brochures and other printed materials, and the organization of dedicated public hearings. On occasion the first assembly of the following cycle is used to discuss the results of the previous cycle. It can be observed that the information given often only regards the performance of the process that led to the co-decision while omitting information on issues regarding the implementation of the co-decided initiatives and their impact.

## Critical Issues

The above discussion, besides highlighting a plurality of options regarding the implementation of PB and the possible configuration of diverse modes of application, also allows for an understanding of some critical issues concerning this type of instrument. Above all, there are some issues of a general nature relating to all forms of inclusive practice. Reference is made, in particular, to the fact that CP:

- Is a concept of participation that, at least according to some (Sandercock 2005), is elusive by nature, as it is difficult to define and, above all, difficult to measure in its applications and effects.
- Lends itself easily to rhetorical use, which could be manipulated for other purposes, and, in any case, facilitates formal and ceremonial practices.
- Often involves costs and delays for the parties involved.
- Can have a negative influence on the accountability of the PA, altering the traditional vertical principal-agent relationship, creating potential conflict between participating citizens and those who are excluded (even if by their own choice).
- The type of relationship involved, which may involve substitution or complementarity, is not always clear. It may encompass the operation of traditional mechanisms of representation, founded on mediation between political parties, and the adoption of participatory mechanisms, in particular direct participation (such as PB).

There are also a number of critical issues that are specific to PB. Many studies have highlighted a pronounced instability in its application: often the use of PB does not last for more than a few years and, in other cases, undergoes continuous applicative modifications. Lopes Alves and Allegretti (2012) discuss the fragility and volatility of the phenomenon.

At times there is the issue of the over-identification of PB with the figure or political coalition that has promoted its use. This may create a dangerous connection between the political fortunes of the promoter and the fate of PB.

Another critical issue concerns the quantitative and qualitative profile of participation. Citizens are not always keen to be involved in PB. In many cases, the participation rate is well below the 5% threshold. Participation also entails a cost for the citizen, in terms of the dedication of time and energy, and does not provide for any form of remuneration; the potential benefits associated with participation are not immediate. It is also true that an accurate assessment of the quantitative levels of participation should take into account the effect of the proxies that citizens might implicitly assign, including family members, friends, and others in the same interest group.

From a qualitative standpoint, the possible influence of lobbies should be noted, as they are capable of conditioning the process of the formation of the co-decision in a negative manner. Often the citizens most eager to participate are those with an acute perception of their own needs. Thus the co-decision risks being the result of a process strongly influenced by those members most able to organize themselves in order to satisfy their own needs, casting doubt on the degree of universality.

These issues highlight the importance of some of preconditions necessary for the success of PB. It is necessary to verify and facilitate the existence of a variety of requirements of a socio-cultural, organizational, and financial nature.

With regard to the first typology, which refers to the characteristics of the community of reference, PB requires a sensitive and receptive environment. In this sense the presence of social networks rooted in the area (political movements, voluntary associations, NGOs, etc.) can be crucial. A significant role can also be played by the use of other existing practices and instruments of an inclusive nature. In general it is considered important to promote training initiatives that can educate the public to the potential and advantages of PB.

With reference to the second order of prerequisites, it is necessary for the institutional system and the organizational structure of the institution

that promote PB to enable an adequate "internalization." It is not uncommon to encounter internal resistance, often of a cultural nature: operators (public officials) have to be adequately prepared, in order to avoid formalistic and demagogic use of BP and the risk of conflict between the various parties involved in the management of the process.

Finally, there is the financial aspect to consider. Activating a cycle of PB can result in significant costs. Certain situations may benefit from financial incentives granted by higher-level or international institutions (such as the World Bank in some developing countries), but such conditions have a limited duration.

A sensitive issue, which particularly affects the quality of the co-decision, concerns the structuring of the process. In this regard it should be noted that the supporters of what is known as deliberative democracy do not look favorably on the spread of the instruments of e-democracy, as they prefer the assembly approach. From their point of view, a decision is not the result of the simple aggregation of the individual preferences expressed, but rather arises from dialectical processes that make it possible to reach a shared and responsible "collective will."

Furthermore, in some experiences this expression of the popular will has not been attributed a binding value by government bodies, as PB is treated as a praxis of informed debate and consultation, rather than a genuine co-decision.

## Conclusions

The need for the renewal of the PA and the spread of the paradigm of PG are contributing to a return of the theme of civic participation, which had been popular in the past. PB is considered to be one of the instruments with the greatest inclusive potential and, as a result, has seen a significant global dissemination.

Theoretical studies and empirical observations conducted to date indicate that there is a set of practices that present a greater degree of differentiation, although the widespread influence of the Porto Alegre model, at least in its original form, is to be recognized. The diversity between the experiences is a result of the choices made in the implementation of PB, decisions that concern certain aspects in particular: the identification of the recipients, attention to the external and internal preconditions necessary for the operation of participatory mechanisms, how these mechanisms are structured, the choice of themes, the clarification of a preset budget allocated for the co-decision, the degree to which the parties are willing to accept the co-decision as binding, the level of formalization of the process, and the reporting process.

The praxis has faced some critical issues, and the future of PB depends on the approach that will be taken to deal with them. Perhaps the element of greatest significance is the instability of the cases implemented, in terms of both fragility (a tendency for the experience not to be repeated) and volatility (sensitivity to change). Even the experience of Porto Alegre has undergone important change and today appears to have less support, prompting advocates of deliberative democracy to wonder if "a time of closure" has arrived (Melgar 2014: 121).

Therefore, the questions about the future of PB and the true significance of its diffusion remain pressing: is it an instrument that can truly influence the government conception of "public affairs," or is it just a passing fad? Are these initiatives aimed at reshaping the way democratic systems operate, or are they only promoted to acquire or legitimize political consensus in the short term or to accommodate the short-lived requests of pressure groups?

To attempt to answer these questions, it is necessary to examine and interpret the changes currently underway, in order to fully understand their significance. In doing so, particular attention should be paid to the relationship between the objectives for which PB is promoted, the manner in which PB is implemented, and the internal and external environment of reference (as a model that performs well in one context can be a failure in another). In the same way, other fields that require further attention are the perception of citizens (as there are still a limited number of studies on the subject) and the assessment of the impact produced, in both the short and medium term.

## Cross-References


- ▶ Accountability
- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Principles
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector


## References


Arnstein S (1969) A ladder of citizen participation. J Am Inst Plann 35:216–224

Bassoli M (2012) Participatory budgeting in Italy: an analysis of (almost democratic) participatory governance arrangements. Int J Urban Reg Res 26:1183–1203

Bingham L, Nabatchi T, O'Leary R (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65:547–558

Brereton M, Temple M (1999) The new public service ethos: an ethical environment for governance. Public Adm 77:455–474

Franklin A, Ho A, Ebdon C (2009) Participatory budgeting in Midwestern States: democratic connection or citizen disconnection? Public Budg Financ 29:52–73

Kahn J (1997) Budgeting democracy. Cornell University Press, Ithaca

Kooiman J (1993) Social-political governance: introduction. In: Kooiman J (ed) Modern governance. New government – society interactions. Sage, London, pp 1–8

Lopes Alves M, Allegretti G (2012) (In)stability, a key element to understand participatory budgeting: discussing Portuguese cases. J Public Delib 8(2):3

Melgar T (2014) A time of closure? Participatory budgeting in Porto Alegre, Brazil, after the Workers' Party era. J Lat Am Stud 46:121–149

OECD (2001) Citizens as partners: information, consultation and public participation in policy making. OECD Publications, Paris

Osborne S (ed) (2010) The New Public Governance? Emerging perspectives on the theory and practice of Public Governance. Routledge, London/New York

Sandercock L (2005) The democratization of planning: elusive or illusory? Plan Theory Pract 6:437–441

Sintomer Y, Herzberg C, Röcke A (2005) Participatory budgets in a European comparative approach. Perspective and chances of the cooperative state at the municipal level in Germany and Europe. Hans Böckler Stiftung. Retrieved from http://www.buergerhaushalt-europa.de

Sintomer Y, Herzberg C, Röcke A (2008) Participatory budgeting in Europe: potentials and challenges. Int J Urban Reg Res 32:164–178

Sintomer Y, Herzberg C, Allegretti G, Röcke A (2010) Learning from the south: participatory budgeting worldwide – an invitation to global cooperation, vol 25, Dialog global. InWEnt gGmbH – Capacity Building International, Bonn

Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. Public Adm Rev 62:527–540

Wampler B (2000) A guide to participatory budgeting. The International Budget Project. Washington, DC. Retrieved from http://www.internationabudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgeting.pdf

Wampler B (2012) Participatory budgeting: core principles and key impact. J Public Delib 8(2):13


# Participatory Decentralization Reform, Peru


Stephanie L. McNulty
Franklin and Marshall College, Lancaster, PA, USA


## Introduction

In 2001, many Peruvians celebrated the potential for democracy and decentralization. A peaceful and democratic election had just taken place, bringing to power new leaders promising an end to the hyper-centralized and corrupt rule that had typified the previous era. Alberto Fujimori had resigned from his position as president of the nation in disgrace the previous year, after systematically concentrating power in the national executive branch and participating in webs of corruption that reached the highest levels of government. During this transition year, candidates for congress and the presidency promised to clean up government and devolve powers to local and regional governments.

After the congressional elections of 2001, newly elected national officials set to work reforming myriad broken political institutions. One of the most comprehensive reforms to leave congress was a decentralization reform, signed into law by the newly elected president, Alejandro Toledo, in 2002. Because the reform enhanced

subnational governments' power and resources, and also empowered citizens and civil society organizations to oversee their elected officials in unprecedented ways, it emerged as a "participatory decentralization process" (McNulty 2011). One of the important reform efforts in Peru's recent history, decentralization contributed to widespread optimism among political analysts and officials about the country's future.

Due to the nature of this publication, this entry cannot discuss all of the nuances inherent in this complex and evolving process, nor can it include the large literature written about the process (see, e.g., Carranza Ugarte and Tuesta Cárdenas 2004; Controlaría General de la República 2014; Estrada Pérez 2008; McNulty 2011; Prodescentralización 2011, 2015; Zas Friz Burga 2004). It does, however, highlight many of the most important aspects. This brief piece outlines the history of decentralization in Peru as well as the specific legal framework that has emerged since 2002. The final section documents how the implementation of the reform has evolved, noting that the process has hit many roadblocks. Without meaningful support from the government's highest officials, the reform may never live up to its potential.

## The History of Decentralization in Peru

Peru's 2002 participatory decentralization reform emerged after a long history of centralized rule with power and resources concentrated in its capital Lima, punctuated by efforts to decentralize administrative structures to municipal, provincial, and regional governments. Like most Latin American countries, the Spanish colonial system centralized power, and during most of Peru's republican history the oligarchy and the country's economic system reinforced this system. Before the mid-twentieth century, there had been some attempts to decentralize administrative powers; however, these generally failed. Almost every Peruvian constitution has made some formal nod to the importance of a decentralized state, yet the most prominent efforts to codify this process have taken place in the latter part of the twentieth century. Since 1979, the constitution has maintained that the state should be "unitary, representative, and decentralized" and makes at least passing reference to regional and local governments. In 1979, as part of the transition to democracy, the Constitutional Assembly formally set up regional and local governments in the new constitution. However, there was very little movement toward setting up these governments until the late 1980s.

A push to move decentralization forward took place under Alan García's first administration (1985–1990). Regional governments were set up through Law 24,650, and elections were held between 1989 and 1990. This represents the first time that both regional and municipal governments were democratically elected. The combined legal package that emerged from 1979 through the end of the García administration set up a parliamentary system with a regional assembly, a regional council, and a president. Regions held assembly elections, and then the assembly members elected the regional presidents and vice presidents. The assembly consisted of directly elected officials (not to exceed 40% of the body), provincial mayors (who were also elected in a separate election), and representatives of civil society organizations (CSOs), primarily social and cultural institutions (not to exceed 30% and in proportion to the rural population of each region). The foundation for the current participatory reform was laid when civil society organizations were given formal positions in the regional assemblies. Representatives from social organizations – including *campesino*, agricultural, university, cultural, professional, neighborhood, parent, and women's organizations – elected the civil society representatives for the assembly.

Widely recognized as an extremely problematic reform (McNulty 2011; Zas Friz Burga 2004), this initial effort was cut short when Alberto Fujimori shut down his own government in 1992 in what is called his "self-coup" (*auto-golpe*). This included closing down the regional governments and replacing them with seven-member *Consejos Transitorios Administrativos Regionales* (CTARs), or Transitory Regional Administration Councils. The CTAR members, appointed by Fujimori,

reported directly to the President's Council of Ministers. Municipal governments also suffered under his regime, especially those led by members of opposition political parties. A new constitution, passed in 1993, institutionalized a more powerful executive, and Lima continued to be the hub of almost all political and economic activity.

During Fujimori's decade-long rule, direct citizen participation, on the other hand, was allowed to expand in new ways. The Citizen Participation Law (Law 26,300), passed in 1993, stipulates that citizens are legally allowed to initiate referenda and recall officials at the local level. Several local initiatives emerged to encourage citizen participation as well. Community roundtables, called *Mesas de Concertación* (hereafter referred to as *mesas*), sprang up in several municipalities around the country. The *mesas* brought together representatives from the government and civil society in a formal space to discuss and come to agreement, or *concertar*, on community issues. Further, means of local participatory planning, such as developing strategic plans and experimenting with participatory budgeting (PB), became more prevalent. Several communities, such as Villa El Salvador and Ilo, had interesting experiences with participatory planning that were taking place completely independent of the central government. These were emerging in Peru at the same time that participatory governance methods were becoming more prominent around Latin America. Thus, while the macro-political context was stressing the concentration of power in the central government, several local experiences with citizen participation in governance were taking place around the country.

Toward the end of the Fujimori regime, therefore, it is not surprising that social movements around the country began to push for renewed decentralization and increased citizen participation. As allegations of electoral manipulation, corruption, and drug trafficking increased, calls to reform Peru's political system grew louder. When Fujimori stepped down, politicians promised to undertake major reforms that would devolve powers to subnational governments and improve transparency and accountability.

## Legal Framework

These promises were realized in the 2002 decentralization reform framework. The first step lay in reforming the 1993 Constitution to set up several levels of subnational government – while maintaining Peru's unitary state – with new powers that would be devolved over time in four overlapping phases. The constitutional reform also sets out several participatory mechanisms, such as regional and local coordination councils, participatory development planning, and participatory budgeting.

The decentralization reform empowered several existing levels of government – departmental, provincial, and district (or municipal) – and collapses them into two administrative categories: regional (the former departments) and local (provinces and district/municipal) levels of government. As the map below, (map produced by the US Central Intelligence Agency and available at http://www.lib.utexas.edu/maps/peru.html) illustrates, the reform created 25 regional governments (the 24 original departments and one "special region," the Province of Callao). With the exception of Callao, each region has a capital city and elected regional officials (a governor and a regional legislative "council"). Each region has several provinces (as of 2014, according to Law 30,186 a total of 196 in Peru), which also have elected mayors and legislative councils. Finally, the reform gave additional powers to district governments, which existed prior to the reform but were relatively weak. As of the end of 2015, there were 1,867 districts in Peru. The original intent of the reform was to create another level of government, "macro-regions," which would consist of several regions that would decide to unite under one administrative umbrella. Reformers strongly believed that 25 first-order administrative units would be too unwieldy to govern.

At the same time, reformers knew that subnational governments would need additional finances. Previous to the constitutional reform, in 2001, Congress had passed the Canon Law (27,506), which governs mining and gas royalties by outlining how the resources should be allocated to the different levels of government

(Crabtree 2014). The canon has given some regions and districts much more resources to finance infrastructure projects than others and has resulted in a pattern of unequal distribution of resources in subnational governments (Crabtree 2014).

After amending the constitution, Congress then passed a General Decentralization Law (Law 27,783). In addition to outlining the objectives of decentralization, the powers of each level of government (national, regional, and local), and a general framework of each government's functions or powers (called *competencias*), it creates the National Decentralization Council (Consejo Nacional de Descentralización, or CND), accountable to the president, to implement and oversee the decentralization process. Chapters Four and Five of the law set out several mechanisms of citizen participation, such as development planning and participatory budgeting.

To specify details regarding the regional and municipal levels of government, Congress then passed the Organic Regional Government Law (Law 27,867) and Organic Municipal Government Law (Law 27,972) to clarify even more the decentralization process and the mechanisms through which citizens and civil society organizations will participate in public policy decisions and oversee their elected officials. Another important piece of the legislation is the Organic Executive Power Law (29,158) passed in 2007, which regulates the decentralization of the executive branch. Of course, since 2007, hundreds of new decrees, instructions, and laws have been passed to continue to clarify and adapt the process as it unfolds. An organization called Prodescentralización publishes annual reports on decentralization that include updates on all major legislation passed in chronological order (see http://prodescentralizacion.org.pe/publicaciones/).

The reform was expected to unfold in four overlapping phases. The first phase set up 25 political regions based on the already existing departments in Peru. The second phase called for a referendum – held on October 30, 2005 – to set up macro-regions that combine several regions into one political entity. At the same time, the third and fourth phases consisted of the transfer of several powers to the local and regional governments. The phases stalled when no region successfully formed a macro-region, and the referendum failed. Since then, two regional groupings and more than 170 municipal groupings (called "*mancomunidades*") have formally been set up to encourage integration between administrative units (Prodescentralización 2015). However, the idea of macro-regions has never been revived.

While participatory institutions are set up in many sectors of these governments, two particular institutions are worth mention. The legal framework mandates that regional and local governments elect "coordination councils," as outlined in Laws 27,680, 27,902, and 27,972. As a result, Local Coordination Councils, or *Consejos de Coordinación Locales* (CCLs), and Regional Coordination Councils, or *Consejos de Coordinación Regionales* (CCRs), exist in every subnational governmental body. These councils are formally part of every subnational government's structure and operate parallel to municipal, provincial, and regional councils (the legislative councils mentioned earlier). CCLs and CCRs are tasked with coordinating between the different levels of government and providing civil society organizations a formal role in government. CCLs and CCRs are made up of mayors from the provinces or districts that make up the particular council's area, as well as members of civil society organizations. The members of civil society organizations are chosen in a special election, organized by the particular subnational government, held every 2 years. To run for these positions, civil society organizations that are properly registered in the locality can send a representative to participate in the election and then vote. The Peruvian legislation calls for the councils to meet four times a year to discuss development and budget priorities.

Another important aspect of Peru's reform is the Participatory Budgeting Law (Law 28,056) passed in 2003. Participatory budgets devolve decision-making authority to new actors, who debate and vote on what projects to fund. For the first time in history, Latin American national government officials mandated that participatory budgeting must take place in every subnational government on an annual basis. This law dictates

that the capital investment costs of each regional, provincial, and local budget must be developed with civil society input. Following a series of steps – developed by the Ministry of Economy and Finance – subnational governments must demonstrate that they have complied with this process in order to receive their annual budgets.

Law 29,298, which modifies the original Participatory Budgeting Law, outlines the four phases for the PB process, which should take place annually:

1. Preparation, or identifying, registering, and training participating agents.
2. "Concertation": During this phase, the participating agents meet to discuss the region's development plan and prioritize the "themes" of projects that should be funded in the new budget. A technical team then evaluates each proposed project and, based on the agreed upon priorities, recommends the projects that should be funded.
3. Coordination among the different levels of government, which consists of meetings between the regional president and the local mayors, to make sure that spending is coordinated, is sustainable, and has regional impact.
4. Formalization of investment projects. This takes place during a regional meeting where all participating agents are given a vote in the final project list. This final list is sent to two regional governmental bodies, the Regional Coordination Council and the Regional Council, for approval.

In sum, in a few short years, Peruvians finalized a legal framework for a radical and comprehensive participatory decentralization process. The laws lay out a detailed process that should have unfolded in relatively neat phases. However, in practice, the process continued to unfold in fits and starts.

## The Evolution of Peru's Decentralization Process, 2002–2015

With the bulk of the legal framework finalized, Peruvians set to work to implement the reform. In 2002, regional government elections were held, and, since then, subnational governmental elections have taken place regularly and without hitch. Regional political parties have gained strength over time, and many of them now hold national political positions.

Other aspects of the reform have not unfolded as smoothly. In 2005, the referendum to form macro-regions failed. During that same time period, the process of transferring powers to regional governments took place in a problematic and slow way, partly due to problems with accrediting the regional governments to receive their new powers. From 2004 to 2006, the national government produced annual "Transfer Plans," which determined which functions to transfer. In accordance with the 2004 Law of the Accreditation System for Local and Regional Governments (Law 28,273), the CND would accredit a region as ready to receive the function. The process has been criticized as being formalistic and lacking follow-through, as no technical assistance or additional resources accompanied the process (Controlaría General de la República 2014). As of June 2006, only 91 of the 185 new regional powers had been transferred from the national to the regional governments (Controlaría General de la República 2014).

The reform process took on new strength when Alan García took office in 2006. He quickly moved to undertake what he called a "decentralization shock" program. The program consisted of 20 steps to push decentralization forward, most of which worked toward speeding up the transfer of powers to subnational governments. García promised to finalize the transfer of the remaining regional government functions by the end of 2007, for example. The program also made the accrediting process more flexible, and by December 2012, 92.6% of the regional government functions had been transferred (Controlaría General de la República 2014).

The García government also restructured the national coordination process by replacing the CND, which had been at the same level as a national ministry, with a new coordinating technical entity, the National Decentralization Secretary, or Secretaría de Descentralización (SD).

The SD reports to the General Secretary of the President's Council of Ministers. While politicians argued that this would improve the functioning of the coordinating body, others argued that, in effect, the national coordinating office had been demoted within the national government structure.

When García left office in 2011, the new administration led by Ollanta Humala inherited a complex situation in which regional and local governments had taken on many new functions but did not have the institutional capacity, human resources, or budgets to implement them effectively (ANGR 2014; Controlaría General de la República 2014). There are also serious problems with interinstitutional coordination, as the different levels of government struggle to sort out the hundreds of functions and powers that often overlap (Muñoz 2014). Critics also charge that the SD, in its less powerful position, has not provided the leadership and oversight needed to effectively move decentralization forward. There is also widespread sentiment that the subnational governments are plagued with corruption and are not meeting the citizens' demands in an effective way (ANGR 2014).

Overall, the citizen participation mechanisms have had mixed results. The CCRs and the CCLs never became institutionalized in the subnational government structure and do not serve an important role in subnational governance. This is partly due to the fact that they are consultative mechanisms and do not have power to make binding decisions (McNulty 2011, 2013; Prodescentralización 2015). Participatory budgeting, on the other hand, is largely institutionalized around the country, and estimates suggest that almost every region, province, and district holds annual meetings to discuss and vote on budgeting priorities with citizen groups (McNulty 2012). However, in many places, the process has taken on a formalistic nature (López Ricci 2014; Prodescentralización 2015). Critics argue that the subnational governments hold participatory budgeting meeting but do not encourage widespread, inclusive, and meaningful participation (López Ricci 2014; McNulty 2015). And, many governments do not execute the infrastructure projects for which citizen groups have voted (Montecinos 2014). Thus, although the process takes place annually in all subnational governments, it is not always high quality.

## Conclusion

The current state of decentralization, therefore, is in flux in Peru. On the one hand, indicators show that the reform is institutionalized and reversing it would be extremely difficult. For example, public investments at the local and regional levels increased substantially during the 2007–2013 period. Municipal public investment budgets went from $2,214,000,000 to $7,179,000,000. Regional public investments also increased significantly, going from $1,500,000,000USD to $3,036,000,000USD (Guerra García 2015). On the other hand, municipalities vary greatly in their ability to execute infrastructure projects (Loayza et al. 2014). Analysts worry that there is not high-level political commitment to improve the myriad shortcomings of the process. A sign of this problem is the recent recentralization of the national budget under the current administration, during which a previous trend of increased budgets destined to subnational governments has recently been reversed (see Table 1).

Two additional problems plague subnational governments. First, over the past decade, social conflicts – mostly surrounding the extraction industry – have increased greatly around the country, many of them regional (not national) in nature (see Arce 2014; Arellano-Yanguas 2011a, b; Bland and Chirinos 2014; Jaskoski 2012; Ponce and McClintock 2014). This has put pressure on subnational governments, especially regional officials, to mediate and resolve complicated conflicts that often turn deadly. Further, as the commodities boom slows down, analysts worry that conflict might increase even more (Baca and Ávila 2015). Second, since the decentralization reform, citizens perceive that very high levels of corruption exist in subnational governments (ANGR 2014; Carrion et al. 2015). This strong perception of corruption among public officials in all levels of government ultimately serves to discredit public officials in the

**Participatory Decentralization Reform, Peru, Fig. 1** Map of Peru http://www.lib.utexas.edu/maps/peru.html

eyes of the citizenry, including regional and municipal officials (Carrion et al. 2015).

In closing, it is not clear how decentralization will continue to unfold in Peru. A new government has come to power, and the future of the reform depends on the commitment of that administration to tackle problems such as widespread corruption and the lack of institutional capacity, human resources, and budgets in the subnational governments. A renewed emphasis on the value of

**Participatory Decentralization Reform, Peru, Table 1** Percent of Total National Projected Budget (The Peruvian government tracks the "original" budget (called Presupuesto Institucional de Aperatura), which is the projected budget that is approved for each level of government during the previous fiscal year, and the modified budget (Presupuesto Institucional Modificado), which is the finalized version by the middle of the budget year)

| Government level | 2004 | 2008 | 2015 |
|---|---|---|---|
| National | 77 | 68 | 73 |
| Regional | 15 | 17 | 15 |
| Local | 8 | 15 | 12 |
| Total | 100 | 100 | 100 |

Sources: ANGR 2014; Participa Perú 2005

meaningful citizen participation will also be needed to revive the participatory mechanisms that were enshrined in the legal framework by Congress. Without these changes, Peru's participatory decentralization reform will go down in history as one of the most ambitious reforms on paper, but not in practice.

## Cross-References

► Centralization and Decentralization

## References

Arce M (2014) Resource extraction and protest in Peru. University of Pittsburg Press, Pittsburgh

Arellano-Yanguas J (2011a) Aggravating the resource curse: decentralisation, mining and conflict in Peru. J Dev Stud 47(4):617–638

Arellano-Yanguas J (2011b) ¿Minería sin fronteras? Conflicto y desarrollo en regiones mineras del Perú. Instituto de Estudios Peruanos, Lima

Asemblea Nacional de Gobiernos Regionales (ANGR) (2014) Los Gobiernos Regionales al inicio de su segunda década: 46 experiencias de éxito de la gestíon pública regional. Asamblea Nacional de Gobiernos Regionales, Lima

Baca E, Ávila G (2015) El fin del superciclo de las materias primas: su impacto en los ingresos fiscales y regionales. Grupo Propuesta Ciudadana, Lima

Bland G, Chirinos L (2014) Democratization through contention? regional and local governance conflict in Peru. Lat Am Polit Soc 56(1):73–97

Carranza Ugarte LD, Tuesta Cárdenas D (2004) Consideraciones para una Descentralización Fiscal: Pautas para la Experiencia Peruana. Rev Estud Econ 12. Online

Carrión JF, Zárate P, Zechmeister EJ (eds) (2015) Cultura política de la democracia en Perú y en las Américas, 2014: Gobernabilidad democrática a través de 10 años del Barómetro de las Américas. USAID, Lima

Controlaría General de la República (2014) Estudio de proceso de descentralización en el Perú. La Contraloría General de la República, Lima

Crabtree J (2014) Funding local government: the use (and Abuse) of Peru's canon system. Bull Lat Am Res 33(4): 452–467

Estrada Pérez D (2008) La Utopia Descentralista. Editorial Línea Andina, Lima

Guerra García G (2015) Innovación en los Sistemas de Inversión Pública: los Casos de Perú y Corea y las Lecciones Aprendidas. Monograph

Jaskoski M (2012) Resource conflicts: emerging struggles over strategic commodities in Latin America Phase II. Naval Postgraduate School. Monograph: Naval Postgraduate School

Loayza N, Rigolini J, Calvo-González O (2014) More than you can handle: decentralization and spending ability of Peruvian municipalities. Econ Polit 26(1):56–79

López Ricci J (2014) "Presupuesto Participativo 11 años después: ¿Cambio de rumbo o más de lo mismo?" Cuadernos Descentralistas 30. Grupo Propuesta Ciudadana, Lima

McNulty S (2011) Voice and vote: decentralization and participation in post-Fujimori Peru. Stanford University Press, Stanford

McNulty S (2012) An unlikely success: Peru's top-down participatory budgeting experience. J Public Deliberation 8(2):Online

McNulty S (2013) Participatory democracy? Exploring Peru's efforts to engage civil society in local governance. Lat Am Polit Soc 55(3):69–92

McNulty S (2015) Barriers to participation: exploring gender in Peru's participatory budget process. J Dev Stud 51(11):1429–1443

Montecinos E (2014) Diseño institucional y participación ciudadana en los presupuestos participativos: Los casos de Chile, Argentina, Perú, República Dominicana y Uruguay. Política y gobierno 11(2):351–378

Muñoz P (2014) Gobernabilidad y desarrollo subnacional: problemas de coordinación interinstitucional, Agenda 2014. Propuestas Para Mejorar La Descentralizatión. Universidad del Pacifico, Lima

Participa Perú (2005) Propuesta General 2005: Una Propuesta Sin Animo Descentralista. Online: http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/presupuesto_2.pdf

Ponce AF, McClintock C (2014) The explosive combination of inefficient local bureaucracies and mining production: evidence from localized societal protests in Peru. Lat Am Polit Soc 56(3):118–139

Prodescentralización (2011) Proceso de descentralización: Balance y agenda a Julio de 2011. Programa ProDescentralización, Lima

Prodescentralización (2015) Informe anual sobre el estado del proceso de descentralización 2014. Programa ProDescentralización, Lima

Zas Friz Burga J (2004) La insistencia de la voluntad: El actual proceso Peruano de descentralización política y sus antecedentes inmediatos (1980–2004). Defensoría Del Pueblo, Lima

## Participatory Governance

Rocco Palumbo
Department of Management and Innovation Systems, University of Salerno, Fisciano, SA, Italy

### Synonyms

Citizen empowerment; Citizen engagement; Citizen involvement; Citizen-centered governance; Co-governance; Democratic governance; Participatory policy making

### Definition

"Participatory governance" widely refers to the democratic mechanisms which are intended to involve citizens in public policy-making processes. In other words, participatory governance is aimed at establishing a bridge between public institutions and ordinary people, in an attempt to increase the effectiveness and responsiveness of public policy-making activities. Either an interest-based, integrative, or functional logic may inspire participatory governance initiatives. Apart from the inner logic at the basis of these initiatives, the attempt to give a deliberative power to people distinguishes participatory governance.

### Introduction

At the beginning of the third millennium, a gradual shift from democratic government to participatory governance has been figured out by the scientific literature (Gbikpi and Grote 2002). However, still little is known – both in conceptual and empirical terms – about the distinguishing attributes which could be argued to characterize participatory governance initiatives. As well, it is not clear how citizens' involvement in effective policy making could be factually realized. Drawing on these considerations, it is not surprising that different perspectives have been embraced by scholars and practitioners to unravel the ultimate meaning of participatory governance.

Gustafson and Hertting (2016) pointed out that three different notions of citizen participation may typify participatory governance initiatives. Sticking to an interest-based logic, citizens are argued to accept to participate in participatory governance initiatives in order to protect and promote their own interest. Embracing such a perspective, participatory governance arrangement is understood as an opportunity to articulate the interests of specific groups of the community in the political arena. In a quite different way, the deliberative logic relies on the assumption that ordinary people are primarily interested in participatory governance initiatives to contribute to the establishment of a political arena for reasoning together. Within this arena, they are able to integrate the partial and context-specific perspectives usually embraced by public sector organizations with their own points of view. Therefore, as compared with the interest-based logic, an integrative approach is adopted, which paves the way for a contamination of the traditional perspectives that inspire public policy-making processes. Lastly, adopting a functional logic, participatory governance initiatives are intended to enable citizens and to make them aware of their coproducing potential in solving important societal problems. Obviously, ordinary people should be empowered and be willing to deal with public policy issues.

Regardless of the underlying logic inspiring participatory governance initiatives, it is possible to identify several recurring attributes, which are symptomatic of citizens' involvement in public policy making (Fung and Wright 2001): (1) a focus on specific social and/or political issues, which legitimize the implementation of participatory governance; (2) the engagement of ordinary people in decision-making processes, who are either directly or indirectly concerned by the

issues dealt with; and (3) the deliberative development of targeted solutions to handle social and/or political issues. Since these three attributes could be retrieved in various institutional arrangements which are aimed at fostering citizen engagement in public policy making – such as citizen-centered governance, democratic governance, and co-governance – it is convenient to briefly mark the boundaries between these different constructs, in an attempt to better define the attributes of participatory governance.

## State of the Art: Marking the Boundaries of Participatory Governance

Even though the involvement of citizens in public policy making could be currently depicted as a buzzword, it is not easy to provide a comprehensive definition of participatory governance. Indeed, this concept may evoke different meanings to varying audiences. Therefore, to shed light on participatory governance, it is crucial to outline the differences between this construct and its correlates.

Although relying on citizens' participation, citizen-centered governance maintains the leading role of public sector organizations in shaping public policies. Public policy making is molded according to the specific needs of the population served, which is involved in informing this process (Crawford and Walters 2013). In this circumstance, a limited degree of citizens' involvement is realized, which is ultimately intended to better inform the traditional decision-making processes accomplished by public institutions.

Democratic governance is peculiar in that it entails a greater degree of citizens' engagement in public governance. It could be argued that the main purpose of democratic governance is to increase the legitimacy of public policies through the consultation of ordinary people, rather than to empower and enable them to factually participate in decision-making processes (Franck 1992). From this point of view, democratic governance does not challenge the traditional state-centered policy-making process, even though it emphasizes the need for a greater citizen involvement in the political arena.

As confronted with the previous approaches, co-governance has been generally depicted as a particular shade of coproduction in the public realm. Indeed, it involves the establishment of a cocreating partnership between the citizens and the public sector organizations, which is intended to increase the latter responsiveness and effectiveness (Ackerman 2013). In spite of these considerations, co-governance focuses on decision-making processes, which are related to public services' design and delivery, rather than on policy-making activities (Somerville and Haines 2008).

If contrasted with citizen-centered governance, democratic governance, and co-governance, participative governance is a form of deliberative empowerment of the citizens, who have the opportunity to establish a renewed and enhanced relationship with the policy maker (Fischer 2006). Rather than performing as mere recipient of public services, citizens are enabled to actively participate in the public policy-making activities, gaining an increased control over the deliberation practices concerning the different government levels with which they interact. Beyond providing the citizens with the right to exercise voice, participatory governance allows them to have a significant role in public policy decisions, which produce tangible changes in their everyday life. It is worth noting that these participatory initiatives are not fragmented: rather, they involve the citizens in an ongoing dialogue with the public sector organizations, which paves the way for the creation of a unique joint value (McNulty and Wampler 2015).

In sum, participatory governance initiatives could be conceptualized as a partnership which is established between the ordinary people and the public institutions, which is intended to improve the quality and the effectiveness of public decision-making processes. In turn, the establishment of such a partnership relies on three building blocks: (1) the equal importance of each participant in addressing and influencing policy-making activities, (2) the need for a binding social capital based on a common vision and understandings, and (3) the leading role of a focal public institution, conceived as a senior partner in

implementing participatory governance initiatives (Walker and Shannon 2011).

Drawing on these considerations, several points to implement effective participatory governance could be figured out (Gaventa 2002). The establishment of a renewed and cocreating relationship between public institutions and ordinary people is a precondition of citizens' involvement in public policy making. For this purpose, both public institutions and ordinary people should be empowered, in order to increase their cocreating potential. The introduction of tailored and friendly mechanism to factually realize citizens' participation in public decision-making processes is required to fully realize the potential of participatory governance. Lastly, specific agreements intended to minimize the risks of poor outcomes associated with participatory governance initiatives should be arranged to shrink the institutional barriers to citizens' engagement. These points inspire the process of participatory governance institutionalization, which is discussed below.

## Future Perspectives

### Institutionalizing Participatory Governance

Participatory governance reforms are gaining a growing relevance in both developed and developing countries. However, it is still not clear whether a participatory approach to public policy making supports or endangers the proper functioning of public institution; besides, only limited evidence on the ability of participatory governance initiatives to enhance the democracy and the effectiveness of public policy-making processes is available (Lindgren and Persson 2011). The lack of an unanimous understanding about the consequences of participatory governance initiatives is – in part – produced by a variety of approaches which could be taken in order to involve citizens in public policy making.

Drawing on Speer (2012), it is possible to identify four main interpretations which may influence the implementation of participatory governance initiatives. First of all, participatory governance could be conceived as an attempt to realize a gradual process of democratic decentralization, which recognizes the critical role of citizens in shaping public policies. Public institutions' accountability and responsiveness are the main targets of participatory governance initiatives. However, this kind of interventions generally focuses on the enhancement of public sector organizations' legitimacy, rather than on citizen empowerment.

Differently, a deliberative democracy approach relies on the assumption that participatory governance interventions create appropriate spaces to explicit and aggregate the heterogeneous preferences of citizens, engaging them in a direct and cocreating partnership with public institutions. The main purpose attached to citizens' involvement is to make public policy-making processes more democratic and responsive, enabling ordinary people to actively participate in shaping public policies. From this point of view, the enhancement of the quality and the effectiveness of public decision-making basically inspires the interpretation of participatory governance initiatives as deliberative democracy approaches.

It is worth noting that deliberative democracy assumes that all citizens are able and willing to play a role in public decision-making processes. However, this is not necessarily the case when the disadvantaged classes of the population are concerned. An empowerment approach to the institutionalization of participatory governance initiatives recognizes the need for enabling the citizens, in an attempt to encourage their involvement in public decision-making. In this specific circumstance, participatory governance primarily aims at enhancing the citizenship of ordinary people, shrinking the social and institutional barriers to citizen involvement.

Lastly, a self-governance approach entails a full-fledged empowerment of citizens, who turn out to be able to deeply contribute in codesigning and co-implementing tailored solutions to increase the effectiveness and the quality of public decision-making processes. On the one hand, ordinary people benefit from an increased engagement in policy making, being able to express their perspectives and their needs in the political arena; on the other hand, public institutions have the opportunity to increase their resilience, as well

as their adaptiveness, opening their boundaries and awakening the dormant assets of citizens to improve public policy-making processes.

In most of the cases, the institutionalization of participatory governance follows a life cycle, which starts with a democratic decentralization approach and tends toward a self-governance approach. From this standpoint, participative governance itself engenders the development of a collective identity among the different actors involved in the public policy arena, which in turn paves the way for an increased involvement of ordinary people in public governance. While an instrumental perspective characterizes the initial phases of participatory governance, a transformative approach arises later, conceiving ordinary people as critical value cocreators in shaping public policies (Hordijk et al. 2015).

## Implementing Participatory Governance

Different instruments and tools may be used to realize participatory governance initiatives. Of course, the attributes of these tools rely on the specific purposes which are attached to participatory governance. When an instrumental interpretation of citizen involvement prevails, the main tool used to implement participatory governance is the activation of a one-way communication flow, which allows to establish a unilateral link between public institutions and citizens. Different channels may be used, including print information materials, audio and video media, and web-based information tools (Soomro et al. 2016).

Obviously, one-way communication is not enough when a transformative approach is embraced. Actually, to foster the engagement of ordinary people in public policy making, two-way communication tools are needed. Among others, opinion pools, public hearings, meetings, focus groups, and similar approaches establish a ground for common reasoning between the citizens and public institutions, thus paving the way for deliberative governance, where ordinary people are able to express their contribution to public decision-making activities (Gordon et al. 2017).

The implementation of self-governance requires deeper and more pervasive communication tools. In this circumstance, the enablement of the citizens' dormant assets and the encouragement of their active participation in public policy making are required to realize the full potential of participatory governance initiatives. As argued by Hordijk et al. (2015), round tables and councils which gather both ordinary people and representatives of public institutions are crucial to foster the establishment of a cocreating relationship between them to mold public policies.

## The Dark Side of Participatory Governance

Participatory governance is not free from criticism. The lack of empirical data about the value added of participatory governance initiatives does not help in pointing out the potential benefits which could be obtained from involving ordinary people in public policy making. As pointed out by Speer (2012), it is likely that the impacts produced by participatory governance are affected by the specific stage of public service provision to which it is attached. For the sake of the argument, it is possible that participatory governance may be effective during the planning and the design of public services, contributing to improve the responsiveness of public sector organizations; alternatively, it could be dangerous when the delivery of public services is concerned, producing increased risks of discrimination in the access to public services.

Also, it is worth noting that participatory governance may be used as a window-dressing strategy by public sector organizations, which is ultimately unable to challenge the existing power structures and to realize a factual citizen empowerment. From this point of view, it has been pointed out that participatory governance could pave the way for a new tyranny (Cooke and Kothari 2001), especially if ordinary people are not motivated to participate in public policy-making activities. To minimize this risk, participatory governance initiatives should be supported by tailored interventions intended to empower citizens, in order to awaken their dormant assets and to enable their involvement in public decision-making processes.

Of course, this makes participatory governance initiatives particularly expensive in terms

of time and resources. In the current period of economic and financial distress which affect public sector organizations, it could be difficult to afford the implementation of full-fledged participatory governance interventions. To overcome this barrier, it is crucial to foster the development of a stronger social capital within the community through bottom-up mobilization, in an attempt to enhance the individual commitment to the cocreation of public value and realize the full potential of participatory governance (Silver et al. 2010).

## Conclusions

Participatory governance is being promoted in different context to increase the engagement of ordinary people in public policy-making process and in broader processes of public value cocreation. However, there is still little agreement on the meaning of participatory governance. Further research should be aimed at providing a full-fledged understanding of participatory governance structures and instruments, in order to provide both scholars and practitioners with adequate insights to deal with the involvement of ordinary people in policy-making processes. As well, the *pros* and *cons* of participatory governance should be examined in depth to better comprehend the benefits and side effects of citizens' involvement. Last but not least, there is a significant need for empirical studies intended to push forward the knowledge about the best practices of participatory governance.

## Cross-References

► Governance and Democracy

## References

Ackerman JM (2013) From co-production to co-governance. In: Pestoff V, Brandsen T, Verschuere B (eds) New public governance, the third sector, and co-production. Routledge, New York, pp 101–128

Cooke W, Kothari U (2001) Participation: the new tyranny? Zed Books, London

Crawford SP, Walters D (2013) Citizen-centered governance: the Mayor's office of new urban mechanics and the evolution of CRM in Boston. Berkman Center Research Publication No. 17. Cambridge, MA

Fischer F (2006) Participatory governance as deliberative empowerment the cultural politics of discursive space. Am Rev Public Adm 36(1):19–40

Franck TM (1992) The emerging right to democratic governance. Am J Int Law 86(1):46–91

Fung A, Wright EO (2001) Deepening democracy: innovation in empowered participatory governance. Polit Soc 29(1):5–41

Gaventa J (2002) Towards participatory local governance: six propositions. Curr Issues Int Rural Dev 28:29–35

Gbikpi B, Grote JR (2002) From democratic government to participatory governance. In: Grote JR, Gbikpi B (eds) Participatory governance. Springer, Berlin, pp 17–34

Gordon V, Osgood JL Jr, Boden D (2017) The role of citizen participation and the use of social media platforms in the participatory budgeting process. Int J Public Adm 40(1):65–76

Gustafson P, Hertting N (2016) Understanding participatory governance: an analysis of participants' motives for participation. Am Rev Public Adm. https://doi.org/10.1177/0275074015626298. Published ahead of print on 2 June 2016

Hordijk M, Sara LM, Sutherland C, Scott D (2015) Participatory instruments and practices in urban governance. In: Gupta J, Pfeffer K, Verrest H, Ros-Tonen M (eds) Geographies of urban governance. Springer International, Cham, pp 127–146

Lindgren K, Persson T (2011) Participatory governance in the EU. Enhancing or endangering democracy and efficiency? Palgrave Macmillan, Basingstoke

McNulty SL, Wampler B (2015) Participatory governance. In: Scott R, Buchmann MC, Kosslyn S (eds) Emerging trends in the social and behavioral sciences. Wiley, Hoboken, pp 1–14

Silver H, Scott A, Kazepv Y (2010) Participation in urban contention and deliberation. Int J Urban Reg Res 34(3): 453–477

Somerville P, Haines N (2008) Prospects for local co-governance. Local Gov Stud 34(1):61–79

Soomro K, Khan Z, Ludlow D (2016) Participatory governance in smart cities: the urban API case study. Int J Serv Technol Manag. http://www.inderscience.com/info/ingeneral/forthcoming.php?jcode=ijstm. [Published on-line ahead of print]

Speer J (2012) Participatory governance reform: a good strategy for increasing government responsiveness and improving public services? World Dev 40(12): 2379–2398

Walker PE, Shannon PT (2011) Participatory governance: towards a strategic model. Community Dev J 46(2): 63–82

# Partnerships and Network Governance for United Nations Sustainable Development Goals (SDGs)

Naim Kapucu and Sean Beaudet
School of Public Administration, University of Central Florida, Orlando, FL, USA

## Synonyms

Action plans; Implementation; Networks; Partnerships; Sustainable Development Goals

## Definition

| | |
|---|---|
| Partnership | Collaborating with other levels of government and third-party organizations. |
| Sustainable Development Goals | Measurable 17 UN goals to achieve economic, environmental, and social sustainability. |
| Implementation | Action plans to realize public policy goals. |

## Introduction

The entry provides a brief background on the United Nations Sustainable Development Goals (SDGs) and the role of partnerships in the implementation of the goals. In addition, relevant policies in the United States and three examples from the state of Florida are briefly discussed, with a special focus on food, energy, water (FEW), and how these resources are interdependent and be integrated when making decisions to form the FEW nexus.

Past decades of inequality, environmental degradation, and economic disparity have led to the realization that such actions are undesirable and unsustainable. In response to the threats, the United Nations (U.N.) and Member States have worked for decades to overcome these issues and recently created actions and benchmarks in 2015 known as the Sustainable Development Goals (SDGs). The concept of sustainable development encapsulates three components – economic, social, and environmental – through a balanced and integrated approach (United Nations 2015). When drafting the SDGs, the United Nations incorporated the three components of sustainable development throughout the goals and also recognized the placed attention on the critical role that partnerships have played and would need to continue to play in the implementation and ultimate realization of the goals.

In implementing the SDGs, the U.N. acts as the global coordinator through internal divisions and associated global agencies. Yet simultaneously relies on individual countries to implement strategies and initiatives to reach the SDGs, which also involves the use of partnerships. To provide evidence, examples are provided from the United States. In addition, many of the SDGs are connected to each, as are the natural and human-dependent resources of food, energy, and water (FEW). As a result of this interconnection, the concept of FEW nexus is introduced and how this process could be achieved in cities and urban areas.

## Sustainable Development Goals (SDGs)

Sustainable development has been a growing global approach to combat previous decades of inequality, environmental degradation, and economic disparity. The modern definition of sustainable development can be traced to the 1980s and the core concept is to meet the current needs of society without jeopardizing the needs of future generations. Thereafter, the Millennium Development Goals (MDGs) were developed in 2000 to overcome many societal issues (i.e., poverty, gender equality, reducing childhood mortality) through global partnerships. The MDGs set targets to be met by the year 2015.

Prior to the expiration of the MDGs, all member states of the United Nations (U.N.) adopted the 2030 Agenda for Sustainable Development in 2015. The primary intention of the agenda was to improve the lives of individuals across the globe

while also protecting the environment through sustainable development. Sustainable development is based on three pillars or sectors – economic, environment, and social.

This is the latest global effort to work towards sustainable development. The 2030 Agenda for Sustainable Development created 17 goals listed below in Table 1. Collectively, the goals encompass the three previously mentioned pillars or sectors of sustainable development. Within each goal, there are multiple indicators (169 total). The indicators provide numerical measurements for countries to gauge their progress in meeting each of the goals.

## Partnerships

The last goal of SDGs, 17-Partnerships, recognizes that the achievement of the other goals and entire agenda will require partnerships between governments, the private sector, nonprofit organizations, and civil society (Kapucu and Hu 2020). In addition, partnerships are necessary at the global, national, regional, and local levels.

In the opening sections of the document of the agenda that created the SDGs, *Transforming our world: the 2030 Agenda for Sustainable Development,* it is mentioned that collective action is needed with stakeholders, or interested and

**Partnerships and Network Governance for United Nations Sustainable Development Goals (SDGs), Table 1** UN sustainable development goals (SDGs) (United Nations 2019)

| Number | Goal | Description |
|---|---|---|
| 1 | No poverty | Reduce the proportion of men, women and children of all ages living in poverty |
| 2 | Zero hunger | End hunger and ensure access by all people, to safe, nutritious, and sufficient food all year round |
| 3 | Good health and well-being | Reduce the number of health-related issues and deaths caused by diseases, substance abuse, traffic accidents, pollution, and other factors |
| 4 | Quality education | Meet education minimum targets for children and adults; additional funding for education facilities; increase number of educators |
| 5 | Gender equality | End all forms of discrimination and violence against women |
| 6 | Clean water and sanitation | Achieve universal access to safe and affordable drinking water and sanitation |
| 7 | Affordable and clean energy | Ensure universal access to affordable, reliable, and modern energy services |
| 8 | Decent work and economic growth | Promote inclusive and sustainable economic growth, employment, and decent work for all |
| 9 | Industry, innovation, and infrastructure | Build resilient infrastructure, promote sustainable industrialization, and foster innovation |
| 10 | Reduced inequalities | Policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations |
| 11 | Sustainable cities and communities | Make cities inclusive, safe, resilient, and sustainable |
| 12 | Responsible production and consumption | Promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs, and a better quality of life for all |
| 13 | Climate action | Take urgent action to combat climate change and its impacts |
| 14 | Life below water | Conserve and sustainably use the oceans, seas, and marine resources |
| 15 | Life on land | Sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss |
| 16 | Peace, justice, and strong institutions | More efficient and transparent regulations put in place; comprehensive, realistic government budgets to combat corruption |
| 17 | Partnerships for the goals | Sustainable development agenda requires partnerships between governments, the private sector and civil society; needed at the global, regional, national, and local level |

affected parties, forming partnerships to ensure that "no one is left behind" (United Nations 2015). The idea behind partnerships is that it allows many individuals, groups, or organizations to work together to achieve a goal that they would not be able to if they acted alone or in isolation. Additionally, it brings together individuals with different knowledge, skills, resources, and ideas that can potentially create better solutions. Thus, the engagement and participation of by stakeholders is very important and can ultimately lead to the success of a project(s) (Berrone et al. 2019).

Various terms have been used to describe such partnerships including multistakeholder initiatives, public-private partnerships (PPP), cross-sector collaborations, hybrid governance mechanisms (HGMs), and others (Florini and Pauli 2018; Mert 2014). Yet, regardless of the term the reason for their formation remains the same – to tackle an issue that is beyond the scope and abilities of any one organization and that must be addressed collectively.

## Implementation

In order for the SDGs to be implemented, the U.N. acts as the global coordinator. The U.N. uses different internal agencies, programs, and commissions to help provide guidance, funding, and technical assistance. It also provides a forum to report on global progress and provides electronic communication platforms for countries and other actors to share information on various efforts and best practices. Yet, one obstacle the U.N. faces is that nation states maintain their sovereignty, or independence, to implement the goals and is on voluntary basis.

With the creation of the SDGs, the U.N. will meet every 4 years at a global summit to report on progress through the High-Level Political Forum (HLPF). The first global gathering to report on the progress occurred in September 2019 and numerous countries submitted their Voluntary National Reviews (VNRs). The VNRs are the reports on the progress made within each country. Meanwhile, more frequent meetings and updates have occurred and are primarily coordinated through the Economic and Social Council (ECOSOC) and its various divisions and other specialized agencies in the U.N. and global partners.

The concept of sustainable development has been around for decades and increasing action is taking place at the local level. At the 2019 global summit, cities around the globe presented their own Voluntary Local Reviews (VLRs). New York City in the United States was the first city to file a VLR with the U.N. and many cities have now done so.

## Food-Energy-Water (FEW) Policies

Food policies in the USA involve a complex system of federal, state, and local laws and agencies. The US Government Accountability Office (GAO) has reported for more than four decades on the fragmented system and has added the issue to its high risks areas in need of reform (U.S. Government Accountability Office 2017). The most recent large-scale change in food and agriculture policies came with the Food Safety Modernization Act (FSMA) of 2011. The most significant change was focusing on prevention of food borne illnesses rather than responding to them. Part of the act allows for on-site farm inspections and numerous safety guidelines. Under the act, certain operations and many types of agricultural goods are exempt from inspection including (1) items grown for personal or on-site consumption and (2) operations that average less than $25,000 in annual sales over 3 years So, many small-scale urban operations would be exempt under the act requirements.

While states are left to determine their energy policies, the USA does provide some support through various Department of Energy programs: the State Energy Program (SEP) funding and technical assistance to the states. Several pieces of legislation have expanded the program since its inception and millions have been provided to the states in direct and grant funding to improve energy efficiencies and consumption. The primary office for partnership-based sustainable development initiatives is the Office of Energy Efficiency and Renewable Energy. The office is involved in numerous projects and initiatives seeking to increase energy efficiency and improve electricity

grids, while also collaborating with private organizations, researchers, other nation states.

Much like energy, water allocation policies are left to the states, while water quality standards are overseen by federal policies (i.e., Clean Water Act). In the entire USA, approximately 12% of water withdraws were from the municipal sector, 45% is for thermoelectric power, and 33% is for agricultural irrigation as of 2010; yet varies greatly by state (U.S. Government Accountability Office 2016). Municipalities can reuse wastewater through nonpotable, indirect, and direct potable with each containing various mechanisms and treatments (U.S. Government Accountability Office 2016).

## Food-Energy-Water (FEW) Nexus in Urban Areas

The U.N. reports that the global population is expected to nearly double by 2050 and is expected increase most dramatically in cities and urban areas. Yet, there is no existing comprehensive national strategy, guidelines, or mandates regarding sustainability in the USA. This places additional focus at the local level and relates to SDG 11 – Sustainable Cities and Communities. As a result, demands for natural and human-dependent resources in these areas will also substantially increase. This is especially true for resources such as food, energy, and water.

As a result, scholars and scientists have come to realize that resources should no longer be thought of in a silo approach, or in isolation, and efforts need to simultaneously increase food, energy, and water for the benefit of human wellbeing, for economic production, and to preserve the environment (Pahl-Wostl 2017). Thus, many of the SDGs are also related to each other and connected. One concept that has emerged to understand this connectedness is known as the Food-Energy-Water (FEW) Nexus as illustrated in Fig. 1. The idea is that the lack or overuse of one resource (i.e., water) can have negative impacts on others (i.e., food/irrigation of crops). Further, those responsible for oversight of these individual resources should account for the other resources when making decisions. Here partnerships can bring together the different stakeholders to make more informed decisions that can help to reduce the negative impacts from making decisions in isolation.

## Examples from Florida, USA

To provide evidence how partnerships have been utilized in working toward sustainability development and the SDGs at the local level, three examples are provided from the state of Florida. The first two are projects from the greater region of Miami in south Florida, Dania Beach PATCH and Urban Farming Institute. The other example is from Central Florida and efforts by the City of Orlando.

The Dania Beach Peoples Access to Community Horticulture (PATCH) is a market garden which provides fresh, locally grown produce to the community and region through a farmer's market and community events. The project was developed primarily through partnerships with many entities across the community and region. The project developed a vacant piece of land that was used as a trash dump site into an asset in the community and improve the overall well-being and health of residents. This includes improved nourishment, therapeutic activities, educational opportunities, and sustainable urban practices among others. Existing and potential future resource development on this site includes: (1) energy

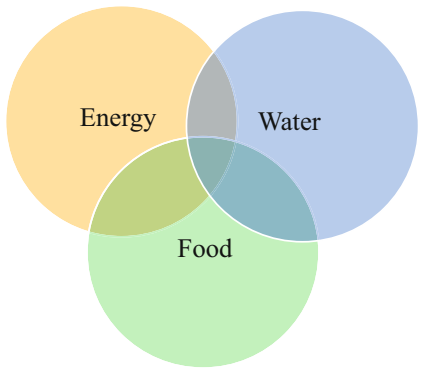


**Partnerships and Network Governance for United Nations Sustainable Development Goals (SDGs), Fig. 1** Food-Energy-Water (FEW) Nexus

generated from photovoltaic systems (solar panels) can be used for supporting agriculture production ("energy for food"), as well as for water distributions and heating water as steams ("energy for water"); (2) water steams can be used to in the anaerobic digestion process for production biogas ("food for energy") as an alternative energy source ("water for energy"); and (3) water harvested from rain barrels or stored in the detention/retention ponds can be used for irrigation ("water for food"), and advanced irrigation technologies to enhance water use efficiency and reduce water use ("food for water").

The Urban Farming Institute (UFI) in located in the City of Oakland Park is a nonprofit organization that created this project through numerous partners and contains several different components including community gardens, chef garden, an apiary, a permaculture area, and a warehouse and resource center. They also provide field trip opportunities for students, schoolground gardens, chef-demonstrations, and volunteer opportunities. Existing and potential future resource development include: (1) rainwater harvesting which can be used for irrigation and food production ("water for food"); (2) photovoltaic panels for solar energy generation to power hydroponic systems ("energy for food") and water distribution ("energy for water").

The last location is the City of Orlando. The municipality has been a leader in sustainability initiatives in the USA and has developed community action plans that outline the dozens of initiatives and actions taken by the city and community partners. Some initiatives include expanded public transportation, LEED-certified municipal buildings, fleet vehicle energy use conversion, increased recycling rates, increasing the tree of trees planted in the city, and many More recently, the mayor created the city's first Office of Sustainability and Resilience to further implement and coordinate the initiatives and community action plan. With their latest community action plan, the City of Orlando innovatively incorporated the SDGs into the plans and how they are meeting them. The city was also one of the first in the world to file previously mentioned VLR in 2019 at the U.N. global summit.

The three previous examples do vary. Yet, the one major item they have in common has been the support of partnerships and inclusion of stakeholders in the process and projects. The partnerships have provided numerous community benefits and have allowed these projects to flourish.

## Conclusion

As was introduced in the beginning of this entry is the need for partnerships to work towards sustainable development and achievement of the global SDGs. The SDGs are a collection of goals to overcome undesirable conditions and trends that affect individual's well-being and the health of the environment. Partnerships can help to overcome the fragmented structure of policies, stakeholders, and resources to improve decision making and meeting the end goals – making sure no one is left behind and meeting the needs of the present without harming the needs of future generations.

## Cross-References


- ▶ Ethics of Sustainability
- ▶ Public Policy and Politics
- ▶ Public-Private Partnerships


P

## References


Berrone P, Ricart JE, Duch AI, Bernardo V, Salvador J, Pena JP, Planas MR (2019) EASIER: an evaluation model for public–private partnerships contributing to the sustainable development goals. Sustainability 11:2339. https://doi.org/10.3390/su11082339

Florini A, Pauli M (2018) Collaborative governance for the sustainable development goals. Asia Pac Policy Stud 5:583–598. https://doi.org/10.1002/app5.252

Kapucu N, Hu Q (2020) Network governance: concepts, theories, and applications. Routledge, New York

Mert A (2014) Hybrid governance mechanisms as political instruments: the case of sustainability partnerships. Int Environ Agreements 14:225–244. https://doi.org/10.1007/s10784-013-9221-6

Pahl-Wostl C (2017) Governance of the water-energy-food security nexus: a multi-level coordination challenge. Environ Sci Policy 92:356–367. https://doi.org/10.1016/j.envsci.2017.07.017

U.S. Government Accountability Office (2016) Municipal freshwater scarcity: using technology to improve distribution system efficiency and tap nontraditional water sources. Report to congressional requesters. April 2016. GAO-16-474. United States Government Accountability Office, Washington, DC

U.S. Government Accountability Office (2017) Food safety: a national strategy is needed to address fragmentation in federal oversight. report to congressional requesters. January 2017. GAO-17-74. United States Government Accountability Office, Washington, DC

United Nations (2015) Transforming our world: the 2030 agenda for sustainable development (report A/Res/70/1). United Nations, New York

United Nations (2019) Sustainable development goals. Retrieved from https://sustainabledevelopment.un.org/sdgs

# Path-Goal Theory of Leadership

*Leadership and Public Management*

Mary Jane Kuffner Hirt
Indiana University of Pennsylvania, Indiana, PA, USA

## Synonyms

Contingency Theory; Expectancy Theory; Leader-member Exchange Theory; Transactional Leadership Theory

## Definition

The definition of path-goal leadership theory has changed over time. House in 1971 specified that the leader's motivational function was to increase "personal pay-offs to subordinates for work-goal attainment and make the path to these pay-offs easier to travel by clarifying it, reducing road blocks and pitfalls, and increasing the opportunities for personal satisfaction en route" (p. 324). Citing a need for consistency with existing theory and empirical testing, House reformulated the definition of path-goal leadership theory in 1996 by stating "leaders to be effective engage in behaviors that complement subordinates' environments and abilities in a manner that compensates for deficiencies and is instrumental to subordinate satisfaction and individual and work unit performance" (p. 323). House's 1996 definition continues today.

## Introduction

Robert J. House's 1971 path-goal theory of leadership extended the work of Martin G. Evans and used expectancy theory to describe the interactions between leaders and their followers to answer the question: "How do leaders motivate followers?" The theory is considered a classic in the field of organizational behavior and the earliest leadership theory that convincingly specified multiple leader behaviors (Jermier 1996). The theory is leader centric and focuses on the influence leader behavior has on follower performance and satisfaction. Initially, the theory emphasized the leader's individualization of behavior choices to meet the capabilities and needs of each subordinate. However, the theory's complexity and absence of specific measures for empirical testing are often cited as research challenges. In 1996, House, in response to the methodical issues and his belief that all theories change, reformulated the theory to include groups within the workplace and value-based leadership. Support for the application of path-goal theory through the use of models to guide the leader's choice of behaviors was evident in the late 1980s. Manager and leader as well as follower, subordinate, and employee are used interchangeably in the path-goal leadership theory literature.

## Theory Development

House is generally credited with the development of path-goal theory even though it is rooted in the work of Evans (1970) and others including Stodgill and Coons (1957), Vroom (1964), Georgopoulos et al. (1957). House's theory relies on the same basic assumption as Evans' expectancy theory where followers in order to attain satisfaction are assumed to make rational choices about where to direct and expend their effort and energy within a limited number of alternatives.

Employees will be motivated by leaders if they believe in their ability to perform their assigned work tasks, think their work-related efforts will lead to appropriate outcomes, and consider work related to outcomes will be meaningful. By adding situational moderator variables, House's path-goal theory embraced Vroom's belief that managers can learn to become more effective leaders by matching one's leadership style to the demands of the situation (Vroom 2007) and attempted to resolve inconsistent research findings related to the effects of task versus people-oriented leader behaviors (Lussier 2004).

Path-goal theory assumes leaders work in close proximity to subordinates and are able to accurately assess employee capacities and needs. Effective path-goal leaders will provide or ensure the availability of valued rewards for followers (the goal) and then help them find the best way to get there (the path). They will help their followers identify and remove road blocks and avoid dead ends and supply emotional support when necessary. The leader's actions should strengthen followers' beliefs. If followers exert a certain level of effort, then they will be more likely to accomplish a task, and if they accomplish the task, then they will be more likely to achieve some valued outcome (Hughes et al. 2006; Northouse 2015; Rowe and Guerrero 2013).

Leaders are expected to use the appropriate leadership style regardless of their preferred style and be willing to learn new behaviors. Consequently, leaders must be insightful, flexible, and emotionally intelligent in order to adapt their range of leader behaviors to the daily variability of situational factors (Jaffee 2001; McShane and Von Glinow 2003; Lussier 2004). House though cautioned that the motive arousal potential of the leader's message is bounded by the leader's personal nature, the followers' susceptibility to the message, and the appropriateness of the motive to the situation (1971).

## Path-Goal Theory Evolved from 1971 to 1996

House revised path-goal theory twice from 1971 to 1996. Regardless of the version, the theory focuses considerable attention on the day-to-day interactions between the leader and the follower and reinforces the leader's responsibility for helping subordinates find the appropriate path to attain organizational goals in an efficient and effective manner (DuBrin 2009; Northouse 2015). Critical to the process is recognition that different leader behaviors will differentially affect subordinate motivation and their impact will depend on subordinate and task characteristics (Jaffee 2001). In 1971 the theory specified two types of leader behavior: directive and supportive. In 1974 House added two leader behaviors: participative and achievement oriented. In 1996, House reformulated path-goal theory by expanding from a focus on individual subordinates to the leader's influence to the work group and added four more leader behaviors to the definition: interaction or work facilitation, group-oriented decision process, representation and networking, and value-based leader behavior. Situational factors associated with the environment and subordinate and used to determine leadership style remained constant from 1971 to 1996. The 1996 revision while deemed quite complex (DuBrin 2009) also laid the groundwork for recognition that there may be instances when leader behaviors were of little or no consequence. As Bass noted, the leader "needs to complement only what is missing in a situation to enhance the subordinate's motivation, satisfaction, and performance" (1990, p. 627).



## Path-Goal Theory Components

Eight types of leader behaviors and two situational factors are specified in the current version of path-goal leadership theory. Subordinate and organizational environment factors are used to determine the appropriate leadership style. An effective choice of leadership style will facilitate subordinate goal attainment and satisfaction. The eight leader behaviors are directive, supportive, participative, achievement oriented, work facilitation, interaction facilitation, group-oriented decision process, representation and networking, and value based.

*Directive* leader behavior is a clarifying behavior where the leader provides high psychological

structure and is appropriate when the follower wants an authoritarian leader with an external locus of control, where follower ability is low, the environment is complex or ambiguous, formal authority is strong, and the work group provides job satisfaction. *Supportive* leader behavior focuses on the satisfaction of subordinates' needs and preferences by providing high consideration or a highly psychologically supportive environment. The leader creates a friendly and calming atmosphere where stress is alleviated, and subordinates are able to develop self-confidence and attain a sense of significance or equality. This behavior is appropriate when follower ability is high, tasks are simple, formal leadership is weak, and the work group does not provide the follower with job satisfaction. It also appropriate when the followers do not want an autocratic leader and prefer an internal locus of control. *Participative* leader behavior encourages subordinate influence on decision-making and work unit operations. It is appropriate when follower ability is high and followers want to be involved and prefer an internal locus of control and when the task is complex, authority is either strong or weak, and job satisfaction derived from coworkers is either high or low (Lussier 2004, pp. 149–152). Participative leader behaviors increase individual worker effort and performance and provide opportunities for peer pressure to facilitate and enhance organizational performance (House 1996). *Achievement-oriented* behavior encourages performance excellence. The leader sets difficult but achievable goals, expects followers to perform at their highest level, and rewards them when goals are met. This behavior is highly directive and structured and high in support and consideration. It is appropriate when followers are high in ability, are open to an autocratic leader, and have an external locus of control and when the task is simple, authority is strong, and job satisfaction from coworkers is high or low (Lussier 2004). Achievement-oriented behavior encourages differentiating the levels of contingent reward and emphasizes self-revitalization of followers through work goals. *Work facilitation* focuses on leader behaviors that involve planning, scheduling, and organizing work and personally coordinating the work of the subordinates. Through *interaction facilitation* behavior, the leader focuses on fostering collaborative and positive interactions among work group members, resolving disputes as they arise, facilitating communication within the work group, and encouraging close satisfying relationships among members. *Group-oriented decision process* behavior concerns how decisions that affect the group are made. In this behavior, the leader poses problems not solutions, searches for and identifies the mutual problem-solving interests among group members, encourages all members of the group to participate in discussion, and ensures that participation is balanced across the group as alternatives are sought and considered. *Representation and networking* involves the leader's presentation of the group in a favorable manner and communicating the importance of its work to other members within the organization and networking to seek and maintain positive external relationships. According to House, *value-based* leader behavior inspires extraordinary follower commitment, identification with leader or organizational goals, and performance above and beyond the call of duty. Such effects are accomplished by appealing to subordinates' cherished values and non-conscious motives and by engaging their self-perceived identities, enhancing their self-efficacy and sense of consistency, and making their self-worth contingent on their contribution to the leader's mission and collective. The leader uses symbolic behaviors that emphasize the values inherent in the collective vision and frequent positive evaluations of followers and the collective (1996).

Subordinate situational factors are characterized in terms of authoritarianism, locus of control, and ability. Authoritarianism is the degree to which employees defer to the leader and want to be told what to do and how to perform. Locus of control is the extent to which employees believe they control goal achievement internally or if goal achievement is controlled by others externally. Ability is the extent of the employee's capacity to perform tasks to achieve goals. The organizational or work environment is described in terms of task structure, the extent of the repetitiveness of

the job; formal authority, the extent of the leader's position power within the organization; and work group, the extent to which coworkers contribute to job satisfaction or the relationship between the followers (Lussier 2004, p. 150).

## Links to Other Leadership Theories

House's path-goal leadership theory gave rise to contingency theory with its shift from universal traits and styles of leadership to the relationships between traits and styles and the situation or context. The effectiveness of a leadership style or trait will depend on the particular situation, problem, or group of people that must be managed (Jaffee 2001). According to McShane and Von Glinow (2003) and Northouse, when leader behaviors or styles adapt to or respond to situations or circumstances as they arise, the leader's actions demonstrate contingency theory.

Aspects of transactional and transformational leadership theories are also seen in path-goal theory. The link to transactional leadership is found in subordinate motivation rooted in contractual, negotiated exchanges between a leader and a follower reward for high performance and penalties for substandard performance. Path-goal theory reflects transformational leadership when leaders inspire followers to align their own values with those of the leader or organization. (House 1996).

## Assessment of Path-Goal Theory

General understanding and study of path-goal theory remain a challenge. A need for reader clarification is apparent when authors routinely follow the definition of path-goal leadership theory with a statement beginning with "in other words." Although critics generally agree that path-goal leadership theory is complex, research results have been inconsistent, and many variables have not been adequately tested (Lussier 2004; Antonakis et al. 2004; Wofford and Liska 1993; House 1996; Hughes et al. 2006); there is recognition that path-goal theory has been researched more than any other contingency theory and is considered an important contribution to leadership theory for its conceptual framework and the guidance it provides to leaders about motivating followers (Yukl 1989; Lussier 2004; Northouse 2015).

Peak research interest in path-goal theory occurred between 1971 and 1992 when over 120 studies were conducted on varying aspects of the theory (Wofford and Liska 1993; Schriesheim and Neider 1996). Although path-goal theory is still generally found in textbooks on leadership theory or leader effectiveness, scholarly research greatly diminished after 2000. Wofford and Liska and Schriesheim and Neider are the most commonly cited assessments of path-goal theory.

Wofford and Liska's meta-analysis of over 100 studies concluded that path-goal theory has not been comprehensively tested, that research has produced generally inconsistent findings, and that the reliance on expectancy theory overly complicates the conceptualization of employee motivation. The use of many different instruments makes outcomes difficult to synthesize, and the use of surrogate measures for employee satisfaction and performance, role clarity, and organizational commitment raises questions about whether the surrogate variables could be affected by other variables.

Schriesheim and Neider attributed the decline in research to negative reviews of path-goal theory that make it more difficult for research to be published, the loss of its inherent appeal in the leadership domain, and the absence of serious improvements in path-goal theory since its initial development. They also noted that the easiest relationships have been already tested, including the difficulty of developing meaningful extensions of or modifications to the theory and concerns related to the use of self-reporting and survey research as barriers to research. Schreisheim et al. in 2006 reiterated the above issues in addition to concluding that House's theory holds for leader behavior and employee performance and satisfaction at the individual rather than the work unit level of analysis.

Other critics have warned that as the path-goal model becomes more representative of the

complexity of leadership, it may be more useful to researchers and less appealing for practical use and too unwieldy for training people in leadership styles as few people are able to remember all of the contingencies (McShane and Von Glinow 2003; Yukl 1989; Lussier 2004). Yukl and Van Fleet (1992) also believe that path-goal theory leadership theory ignores the roles leaders play in selecting talented followers, building their skills, and redesigning their work.

## Future Research Recommendations

Of the suggestions for future research, two recommendations stand out. Antonakis suggested qualitative field research would provide detail and insight and allow for greater interpretation of the theory, although it would be time and resource intensive. Wofford and Liska recommended research focused on the range and variability of available leader behaviors including adaptability, self-monitoring, environmental sensitivity, cognitive skills, and communications skills and greater emphasis of and sensitivity to motivational variables and the analysis of determinants and effects of short-term leader behavior.

## Application to Public Sector

Potential for the application of path-goal theory to public administration increased with House's reformulation of the theory in 1996. House indicated that the effectiveness of value-based leadership will increase when the leader refrains from the use of extrinsic rewards contingent on subordinate performance. Without extrinsic rewards, workers will look for self-related justifications and satisfaction for their efforts, and leaders will be better able to foster an ideological orientation toward work (House 1996). Toward this end, Schriesheim et al. (2006) reported research results associated with lower-income social service agency employees in highly bureaucratic settings demonstrated the potential for altruism or intrinsic rewards to become a motivator when extrinsic factors such as pay raises, training opportunities, promotions, and improved working conditions were not generally available or alterable. Social service employees motivated to provide services to people in great need may see the service as a valued outcome and derive satisfaction when a positive outcome is achieved.

## Conclusion

Path-goal leadership theory initially focused on leaders and their individualized effect on subordinates in the workplace. Over time, House's definition of path-goal theory changed in response to existing theory and the limited results of empirical research. Today, the focus is still on the leader but considers the leader's effect on groups and individuals and acknowledges that there may be no need for leadership intervention in some circumstances for followers to attain goals and achieve personal satisfaction.

Path-goal leadership theory research peaked by the early 1990s. Narrowly structured rather than comprehensive studies of the theory predominated. Difficulty associated with determining whether study variables actually measured path-goal theory became a recurring criticism.

Recognizing the limits posed by the absence of measures directly representative of his path-goal theory, House redirected his attention to work groups and the value-based leadership theory that stresses intrinsic rewards for goal attainment and may be more relevant as a leadership theory within public organizations where managers constrained by personnel systems and limited resources generally have few tangible rewards to offer their subordinates. Today, value-based leadership is more commonly known as charismatic leadership.

## Cross-References

► Contingency Theory of Organizations
► Public Service Motivation
► Reward Management
► Transactional Leadership

## References


Antonakis J, Cianciolo T, Sternberg R (2004) The nature of leadership. SAGE, Thousand Oaks

Bass BM (1990) Bass & Stogdill's handbook of leadership, 3rd edn. Free Press, New York

DuBrin AJ (2009) Political behavior in organizations. SAGE, Thousand Oaks

Evans MG (1970) The effects of supervisory behavior on the path-goal relationship. Organ Behav Hum Perform 7(3):277–298

Georgopoulos BS, Mahoney GM, Jones NW Jr (1957) A path-goal approach to productivity. J Appl Psychol 41:345–353

House RJ (1971) A path-goal theory of leadership effectiveness. Adm Sci Q 16:321–328

House RJ (1996) A path-goal theory of leadership: lessons, legacy, and a reformulated theory. Leadersh Q 7(3): 323–352

Hughes RC, Ginnett RC, Curphy GJ (2006) Leadership, 5th edn. McGraw-Hill Irwin, New York

Jaffee D (2001) Organization theory: tension and change. McGraw-Hill, New York

Jermier JM (1996) The path-goal theory of leadership: a sub textual analysis. Leadersh Q 7(3):311–316

Lussier R (2004) Leadership, theory, application, skill development, 2nd edn. Thomson/South-Western, Mason

McShane SL, Von Glinow MA (2003) Organizational behavior, 2nd edn. McGraw-Hill Higher Education, New York

Northouse PG (2015) Leadership theory and practice, 6th edn. SAGE, Thousand Oaks

Rowe WG, Guerrero L (2013) Cases in leadership, 3rd edn. SAGE, Thousand Oaks

Schriesheim CA, Neider LL (1996) Path-goal leadership theory: the long and winding road. Leadersh Q 7(3): 317–321

Schriesheim CA, Castro SL, Zhou X, DeChurch LA (2006) An investigation of path-goal and transformational leadership theory predictions at the individual level of analysis. Leadersh Q 17:21–38

Stodgill RM, Coons AE (eds) (1957) Leader Behavior: its description and measurement, Research monograph 88. Bureau of Business Research/Ohio State University, Columbus

Vroom VH (1964) Work and motivation. Wiley, New York

Vroom V (2007) Can leaders learn to lead? In: Vecchio RP (ed) Leadership – understanding the dynamics of power and influence in organizations. University of Notre Dame Press, Notre Dame, pp 259–272

Wofford JC, Liska LZ (1993) Path-goal theories of leadership: a meta-analysis. J Manag 19(4):857–876

Yukl G (1989) Managerial leadership: a review of theory and research. J Manag 15:251–289

Yukl G, Van Fleet DD (1992) Theory and research on leadership in organizations. In: Dunnett MD, Hough LM (eds) Handbook of industrial and organizational psychology. Consulting Psychologist Press, Palo Alto, pp 147–197


# Pathways to Electronic Citizen Participation: Policy and Technological Arrangements in Korea


Hoa Thai, Hyesu Im and Younhee Kim
School of Public Affairs, Pennsylvania State University Harrisburg, Middletown, PA, USA


## Synonyms

Direct democracy; E-governance; Participatory government

## Definition

| | |
|---|---|
| E-participation | Technology-mediated citizen participation to promote authentic democracy in government |
| E-communication | Citizens access to government information and government responses to citizen inquires to exchange information and concerns |
| E-consultation | Deliberative interactivity between government and citizens to obtain initial inputs from citizens on pre-identified issues set by government and newly initiated issues raised by citizens in the public service cycle |
| E-co-production | Citizens' joint contributions to produce the real needs of the individuals and the communities in the policy-making cycle |

## Introduction

Participatory governance is one of the fundamental governing doctrines to empower citizens in political and government decision-making

P

across countries. Its practices enable government to tailor specific issues and policies based on inclusive communication with citizens. The government, thus, has adopted institutional and procedural arrangements to create participatory environments, largely through the effective use of information and communication technologies (ICTs). The Korean government has initiated a wide range of administrative and technological innovations to make more citizens actively engage in decision-making processes. These efforts have paid off to place South Korea as one of the leading countries for incorporating the functions of information technology and communications, which promote the public's electronic participation (e-participation), according to UN E-Government Survey 2018 (United Nations 2018), Digital Governance in Municipalities Worldwide (Holzer and Manoharan 2016), and Global e-Governance Study (West 2007).

The development of e-participation has paralleled with the perspective of citizens in e-government in South Korea. As the e-government frameworks have been advanced to assist government functions, its priorities have moved from service delivery to shared governance in order to make citizens inclusive and empowered in the policy process. The quality of e-participation relies on institutional and technological supports to stimulate the effective course of action between government and citizens. The Korean government has initiated a wide range of policy agenda and launched multi-layered channels to make e-participation matter to citizens, communities, and governments. How has the Korean government empowered citizens to be active participants in government? To what extent do government policies and technological architectures endeavor to broaden and deepen e-participation? This chapter discusses the development of the e-participation domain in South Korea, corresponding to changes of policy - orientations and the use of technological applications staged into three phases: e-communication (1995–2004), e-consultation (2005–2014), and e-co-production (2015–present).

## E-communication Orientation and Applications (1995–2004)

The early phase of the e-participation state promotes citizen access to government information and government responses to citizen inquiries. This stage of e-participation aims to proactively disseminate accessible information to the public and obtain citizen feedback and requests about what was working well and what could be important. The Korean government envisioned a participatory government by introducing new laws and policies. The Informatization Promotion Master Plan in 1996, New Korea Net-Government in 1996, New Korea Net-Public in 1996, and the Public Information Disclosure Act in 1998 have become the milestones to promote the public information disclosure and citizen access to governments (Kim et al. 2004). The Public Information Disclosure Act comes into force as one of the democratic reforms that the government implements to make Korea a more open society. The original and later revised versions of the Public Information Disclosure Act secure citizens' participation through:

- Ensured transparency: All citizens are allowed to demand information from state agencies, such as the central government bodies, municipal governments, and other public institutions.
- Prescribed obligations and procedures for information release: State agencies must follow rules and procedures with more than 40 obligations for releasing data for the public. Another obligation is to proactively disclose information about public institutions.
- Released information about state agencies' activities and performance on a number of public online service websites and open data portals.

The Basic Plan for Informatization (1995–1998, 1999–2001) is another integrated and coordinated government-wide approach to facilitate the e-communication state. The Korean government adopts various technological tools to keep the citizens updated about what their governments do. ICTs connect the government with

citizens and the other way around in conjunction with legal and policy frameworks. The government and citizen interactions were designed based on the government-centric approach, so that citizens are considered as passive information users and the audiences of the government.

The information management initiates high-speed information network projects to disseminate government information and increase citizens' broadband Internet access, which overcame space-time constraints for the citizen-government interaction. The Internet has become a place to collect citizen opinion data about public services and policies. The government started Open Government Service in 1996 to bring citizens' voice in government. An online bulletin board is first introduced to communicate between citizen and government. Cyberparty launched in 1996 allows citizens to give their opinions to revise existing laws, rules, and practices. The National Assembly Research Council on Electronic Democracy managed Cyberparty. The National Assembly members, field experts, and ordinary citizens are primary participants to share information and exchange individual inputs (National Information Society Agency 1998). The issues raised by the citizens varied extensively, from a tariff exclusion for digital instructional materials to current scientific technological subjects. The primary features of Cyberparty, as an opportunity zone for direct online citizen participation, are as follows:

- Bulletin board systems: Direct communication between the government and citizens providing free access to political information and collect citizens' opinions on policies.
- Diverse discussion categories: Citizens can debate via bulletin boards on numerous policy categories, such as legislative consulting, financial forum, policy discussion, and citizen networking.
- Selective agenda setting: The administrator represents the citizens in selecting which proposed policies for further discussions with the National Assembly members and policy experts.

## E-consultation Orientation and Applications (2005–2014)

As active citizen participation in governmental decision-making has been demanded, the government prioritizes greater interactivity and collaboration between government and citizens for gaining public trust in government. E-consultation presents more sophisticated forms of citizen-centric approach that allows citizens to personalize policies and services. Citizens have perceived themselves as partners rather than information consumers at the e-consultation stage. For an effective e-consultation relationship, the government creates competent online policy communities to promote a collaborative e-participation supported by E-Korea Vision 2006, Broadband IT Korea Vision 2007, and E-National Assembly in 2003–2007. E-Korea Vision 2006 aims to enhance the quality of e-participation and creates more user-friendly conditions for policy participation by information sharing services. Broadband IT Korea Vision 2007, a modified road map of E-Korea Vision 2006, adapts an active approach to cultivate meaningful participation through electronic voting and public opinion polls (Ministry of Information and Communication 2003). E-National Assembly constructs primary institutions of e-participation that targets to achieve internal managerial innovations within the governmental bodies. These institutions are the knowledge management system, the electronic submission, and the portal for e-participation (Special Committee for e-Government 2003).

As the experience of emerging participatory institutions continues, messages produced by the citizens exist in a massive amount and trigger online discussion and online consensus building. Thus, a new participatory mechanism is designed to facilitate deliberative discussion and mediation of conflicts. The implication behind it is that an effective participation can only be generated through harmonization and conflict resolution. The Conflict Prevention and Resolution of Public Entities 2007 supports government-citizen unity by managing conflicts through:

- Conflict management scheme: Quasi-legislative process to engage public deliberation, participatory budgeting, and open policy-making
- Establishment of conflict management agencies: The Conflict Management and Deliberation Committee and Conflict Management Support Center
- Evidence-based management of participation: Conflict impact analysis and participatory decision-making process

The technological development focuses on real-time information transmission, automatic data collection, and expansion of Internet protocol capacity. This development enables the government respond directly to the citizens' needs. It also actively engages citizens in government (National Information Society Agency 2013). Besides that, the broadband network facilitates e-participation through high-speed Internet access to every household. The Anti-corruption and Civil Rights Commission 2005 launches e-People, known as Sinmungo, to take a wide range of citizens' complaints against the government administrative actions and adjudications, government agencies' corruption, and policy proposals, featuring dispersed administrative bulletin platforms (Anti-corruption and Civil Rights Commission 2011).

The Seoul Metropolitan Government, the capital of South Korea, continues compliance and collaboration with the central government to support e-government and e-participation projects. Oasis of 10 Million Imagination is a primary platform in Seoul to promote meaningful e-participation for citizens started in 2006. Its purposes are, first, to reduce residential barriers to policy suggestions; second, to enhance efficacy and feasibility of Seoul policies from citizens' perspectives; and third, to foster a creative and accessible environment of policy domain (Seoul Metropolitan Government 2016). Once the public opinions are posted and discussed on the platform's website, selected issues would be handed over to the Seoul metropolitan government based on measures of public attention and recommendations from citizen committees. Then government experts, public officials, and citizens assess the feasibility of these selected ideas. After that, an online policy adoption meeting chaired by the Mayor of Seoul City would finalize the decision with these stakeholders. Some examples of policy ideas are parcel service storages in subway stations for women, Han River park forest trails, air quality signboards in subway stations, Braille notices of address for visually impaired persons, etc. The speed of policy decision-making process is still insufficient, but Oasis of 10 Million Imagination has increased the political efficacy of citizens to become consultative partners with government through:

- Transparent administration: The policy adoption process is opened through transparent online processes.
- Effective e-participation: The platform reduces conflicts and dissatisfaction by thoroughly and publicly collecting policy suggestions from the public.
- Prompt government response: Strong readiness and fast consulting speed from the administrative experts and civilian administrative assessors in consulting process.

## E-co-production Orientation and Applications (2015–Recent)

The growing focus on the co-production lens in public sector further advances e-participation ideology to customize citizens' contributions to policy decisions. The e-co-production state requires the government's commitment to innovate participatory tools and employ citizens' co-production outcomes. Citizens can negotiate with governments to challenge their existing policy practices and service delivery. The government begins to respond directly, not selectively, to the opinions of the citizens through social network services. Throughout the 4th and the 5th Basic Plan for Informatization Promotion in the e-consultation stage, the government attempts to mature online participatory culture. These e-participation road maps focus on citizens' co-production roles in the

decision-making processes, aiming authentic participatory governance. In 2018, the government releases the 6th Basic Plan for Informatization Promotion and the Comprehensive Plan for Government Innovation that prescribes to:

- Personalizing service-oriented government: Integrates cross-agency services to create one-stop service for each citizen, individual mobile services
- Citizen-government governance: Pushes e-participation throughout the entire policy processes and fosters collaborative governance to become a partner with citizens
- Smarter administration: Transforms administrative systems from ministry-centered (stovepiped style) to user task-centered, mass knowledge sharing through cloud computing, championing evidence-based decision-making to analyze user-generated data

The presidential office known as Cheong Wa Dae launched a petition website on August 17, 2017. Cheong Wa Dae provides an accountable platform to ensure the presidential office's response to citizen requests. A Cheong Wa Dae petition which garners over 200,000 signatures compels the government to respond, while previous platforms do not require compulsory duty of the government to issue an official response. The high quality of government response is expected to increase e-participants' satisfaction with the government trust and motivate citizens to keep participating in the policy process (Kim and Lee 2012). As of April 2019, Cheong Wa Dae has responded to 90 agendas. Cheong Wa Dae petition reinforces active citizen participation through:

- Comprehensive agenda suggestion: Citizens can suggest any opinions among 17 categories including political reform, diplomatic unification, environment, human rights and equality, health care, and others.
- Social media usage: Citizens can propose petitions or consent existing petitions through social media.
- Strengthened government response: Government and Cheong Wa Dae officials including directors of ministries and agencies and presidential secretaries are obliged to answer questions and petitions that have received 200,000 consent.

Another case of a participatory platform is Gwanghwamoon 1st connecting both online and offline, which was first launched in 2017 but later restructured as an online policy engagement bulletin board in July 2018. Gwanghwamoon 1st incorporates previous participatory platforms, such as e-People and the Cheong Wa Dae petition, to build an advanced e-participatory channel. Furthermore, the government has continuously adopted a citizen-centered approach for better e-participation by searching innovative and new technologies, such as cloud computing, artificial intelligence systems, and Community Mapping (Ministry of Public Administration and Security 2018). Table 1 summarizes the major policy frameworks and technological applications in three phases of e-participation in South Korea.

## Conclusion

The Korean government has provided various policies and information technology tools to elevate the country to one of the top e-participation enabled countries. The exemplary growth of e-participation in South Korea is the result of the government's desire to be at the front of the information revolution and the commitment for democracy through democratic participation. E-participation has been started as an extension of the conventional participation and further evolved as a transformational form of participation. The government-driven participation is an early approach to enact and design participatory decision systems led by governments, and the citizen-driven participation is a networked approach to develop greater democratic participation supported by citizens and communities.

The e-government frameworks and information technology infrastructures promote democratic discourses, so that the practices of

**Pathways to Electronic Citizen Participation: Policy and Technological Arrangements in Korea, Table 1** E-participation framework of institutional and technological arrangements

| | E-communication | E-consultation | E-co-production |
|---|---|---|---|
| Policy agenda | Gov. 1 | Gov. 2 | Gov. 3 |
| Timeframe | 1995–2004 | 2005–2014 | 2015–present |
| Acts | Public Information Disclosure Act (1998); E-government Act in 2001 | E-government Act in 2007, 2010, 2014; Conflict Prevention and Resolution of Public Entities 2007 | |
| Strategic road maps | The 1st and 2nd Basic Plan for Informatization Promotion (1995–1998, 1999–2001); New Korea Net-Government (1996); New Korea Net-Public in 1996; Enhancement of the freedom of information (2003–2007) | Electronic government road map (2003); The 3rd Basic Plan for Informatization Promotion (E-Korea vision 2006: 2002–2006); The 4∗ Basic Plan for Informatization Promotion (2008–2012); Broadband IT Korea vision 2007; E-National Assembly (2003–2007); Enhancement of e-participation (2003–2007) | The 5th Basic Plan for Informatization Promotion (2013–2017); The 6th Basic Plan for Informatization Promotion (2018–2022); Government innovation comprehensive plan 2018 |
| Key priorities | Accessibility, communication, transparency | Collaboration, consultation, networking | Co-production, customized networking, negotiation |
| Applications | Telecommunications, web, email | Broadband networks, bulletin board, e-voting | Social media, mobile applications, cloud, GIS |
| Examples | Open Government Service, Cyberparty | e-People, Oasis of 10 Million Imagination | Cheong Wa Dae petition, Gwanghwamoon1st, Community mapping |

electronic citizen participation in South Korea have been far more inclusive to empower citizens in government processes. With multiple technological supports via web interface and mobile applications, the emphasis on e-participation has accelerated a paradigm shift from e-government to e-governance. E-participation channels should be well-designed to motivate a broad range of citizen participation, since the quality of e-participation can be evaluated by the impact of citizen inputs in decision-making. Corresponding to major revolutionary changes in technologies, Korean government has continuously incorporated new tools and sophisticated the use of existing applications. While technological advancements do not guarantee active, meaningful citizen engagement, these tools help Korean citizens to get more untapped opportunities to practice their contributions in actual decision-making processes.

The orientation of e-participation in South Korea has gone beyond ensuring basic access to government. It has focused on empowering citizens themselves in delivering their opinions to government and publicizing their concerns with government. Given the substantial changes in government-citizen interactions in South Korea during the past three decades, active e-participation has become a reality. The e-participation movement should be citizen-centric rather than government-centric. Citizens should acknowledge their leading roles to empower their participation in government. The Korean government has applied smarter approaches to initiate feasible policy agendas and design the user-friendly web-based and mobile applications responding to fast-evolving technologies, such as artificial intelligence, blockchain, analytics algorithms, and data-driven analytics. These types of technological advances should be used to minimize challenges and gaps in current e-participation practices and move it to a new level of the participatory state.

## Cross-References


- ▶ Citizen Participation: Rationales and Approaches
- ▶ E-government Policy and Legislation: A Chronological Timeline
- ▶ Integrated Model of E-Participation


## References


Anti-corruption & Civil Rights Commission (2011) National rights white paper. Retrieved from http://www.acrc.go.kr/acrc/board.do?command=searchDetailTotal&method=searchDetailViewInc&menuId=05051001&boardNum=24817

Holzer M, Manoharan A (2016) Digital governance in municipalities worldwide (2015–2016): a longitudinal assessment of municipal websites throughout the world. E-governance Institute, Newark

Kim S, Lee J (2012) E-participation, transparency, and trust in local government. Public Adm Rev 72(6):819–828

Kim S, Lee C, Han S (2004) Policy process of central government and citizen participation. J Korean Assoc Gov Stud 16(4):861–885

Ministry of Information and Communication (2003) Broadband IT Korea Vision 2007. Retrieved from http://www.ndsl.kr/ndsl/search/detail/report/reportSearchResultDetail.do7cnzTRKO201800019726

Ministry of Public Administration and Security (2018) Comprehensive plan for government innovation. Retrieved from https://www.mois.go.kr/frt/a02/localGovernmentArticle.do7dicaryinfoidzDICARY_0000000002225

National Information Society Agency (1998) National informatization white paper. Retrieved from https://www.nia.or.kr/site/nia_kor/ex/bbs/List.do7cbIdxz44086

National Information Society Agency (2013) National informatization white paper. Retrieved from https://www.nia.or.kr/site/nia_kor/ex/bbs/List.do7cbIdxz44086

Seoul Metropolitan Government (2016) Oasis of 10 Million Imagination operation report. Retrieved from https://www.seoulsolution.kr/en/content/oasis-10-million-imagination

Special Committee for e-Government (2003) Korea's e-government: Completion of e-government framework. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN015126.pdf

United Nations (2018) UN E-Government Survey 2018: gearing E-government to support transformation towards sustainable and resilient societies. United Nations, New York

West D (2007) Seventh global E-government study. Center for Public Policy, Providence


# Patronage and the Politics of District/City Creation in Uganda


Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda


## Synonyms

Cities; Decentralization; Districts; Patronage; Politics; Uganda

## Definitions

Patronage is defined in this entry as mutual exchanges between a patron(s) who constitutes the source of one side of the exchange and clients who also constitute the source of exchanges on the other side. In the context of this entry, the politicians are the patrons who promise or hand out districts/cities to clients who may be community members or voter in exchange for votes or support. Politics is defined in this entry as how power or entrust authority is exercised in a society or country. District is defined in this entry as a specific area of jurisdiction specifically marked off for administrative, electoral, and other purposes in a country. A city is defined here as an urban settlement with over 400,000 inhabitants under one authority as one of its many defining features.

## Introduction

The Constitution of Uganda 1995 clearly indicates that parliament can authorize the creation of new districts out of the necessity to bring services closer to people and effective administration with special attention given to the means of communication, geographical features, the density of the population, economic viability, and the wishes of the people concerned. However, rather than serve its original purpose of

bringing services closer to the people, the entire process/experience has been politicized by President Museveni and his NRM government. They have systematically and skillfully used the creation of districts and now a promise for cities as a means of dispensing patronage by rewarding their supporters or as a condition for support in areas where they have historically not enjoyed popular support. As a result the number of districts has blown out proportion and is now a very costly burden to the taxpayer with little benefits to the broader society except for a few elites both local and national. In September 2018, the government announced that it will be merging or scrapping several government institutions and authorities which have duplicated roles or those which are draining public resources with less value addition in attempts to save resources. However, they also announced that more districts, cities, and constituencies are in the pipeline. This entry argues that political patronage is the main driver for these new districts, cities, and constituencies and if not checked, the promise of effective utilization of public resources will remain unachieved. The entry explains motivations and gives examples of new district creation in other parts of Africa and the history of district creation in Uganda, presents the current institutional framework that guides the creation of districts in Uganda and the benefits/costs of new districts in Uganda, and illustrates how elites both national and local use patronage to influence creation of districts/cities in the country.

## Patronage and District Creation in Africa

The creation of new districts as a tool to win votes, reduce ethnic tensions, or extend patronage among authoritarian leaders in many African countries is a well-tested method. Their creation is an example of a distributive policy as their benefits go to a small group of people, while their costs are spread out across the entire population. Such a policy is likely to encounter little opposition since its cost per capita is so low that those who pay for it have little incentive to organize collectively to combat it. In other words, the cost of creating each district per citizen is very small which becomes a good area for patronage (Olson 1982). In most of the countries where district creation has been a big phenomenon, the common thread is usually poor service delivery and authoritarian leadership. Thus, the whole district creation projects are intended to shore up political support than service delivery, and the leaders are able to get away with it because in actual sense they are the ones that shape the nature of institutions rather than institutions shaping their behavior, a scenario that agrees with the actor-centered institutionalism approach which argues that institutions are not necessarily created to be socially efficient but rather created to serve the interests of those with the bargaining power to make new rules (see Scharpf 1997). For example, in 1994, 2 years before his first election, President Omar al-Bashir of Sudan tripled the number of federal states from 9 to 27. In 1997, President Blaise Compaoré of Burkina Faso created 15 new provinces in time for a parliamentary election that year and his successful first reelection the following year. In 1999 2 years before his reelection, President Mathieu Kérékou of Benin doubled the number of his country's provinces from 6 to 12. In 1998, a year before his reelection, President Bakili Muluzi of Malawi and his government created three new districts. In 1999, 2 years before his first successful reelection, President Idriss Déby of Chad also doubled the number of his country's prefectures from 14 to 28. In the Democratic Republic of the Congo, the new constitution increased the number of provinces from 11 to 26 in February 2006, 5 months before the first round of the country's presidential elections, while in Ghana President John Kufuor's government created 28 new districts in 2003 and another 28 districts in 2007 and in both cases a year before presidential and parliamentary elections (Green 2008). Literature has also shown that new districts are sometimes created by central-level political elites in order to manage ethnic tensions and thus ensure political stability (Treisman 2007; Oviasuyi et al. 2010; Awortwi and Helmsing 2014).

## History of District Creation in Uganda

The creation of districts as local government administrative units in Uganda can be traced from the early colonial days. In 1919, the colonial state in Uganda established the *African Native Authority Ordinance* that guided the duties and powers of African chiefs in the colonial administration that included maintaining law and order, presiding over native courts, and collecting taxes at the village, subcounty, and county levels. The chiefs were accountable to the principal representative of the central government and executive head of the district that was a district commissioner. In 1949, new changes were made under the Local Government Ordinance, and the district was established as a fairly autonomous administration with a council comprising of elected members responsible for district administration under local government arrangements. Under this arrangement, the chiefs remained salaried local government officials answerable to the central government through the district commissioner, and the central government retained overriding powers over district council decisions. By the time of independence in 1962, Uganda had 11 districts and 4 kingdoms of Buganda, Ankole, Tooro, and Bunyoro. The Independence Constitution of 1962 granted Buganda kingdom a federal status, while the territories of Busoga, Ankole, Bunyoro, and Toro were accorded semi-federal status, and the rest of the country comprising of Acholi, Bugisu, Kigezi, Lango, Bukedi, Karamoja, Madi, Sebei, and West Nile districts were administered through councils. When Prime Minister Milton Obote abrogated the Independence Constitution in 1966, its 1967 successor centralized powers. Idi Amin overthrew the Obote government through a military *coup* in 1971, immediately dissolved districts, and replaced them with regional/provincial administrations led high-ranking military governors. Centralization of power gradually but steadily increased in Uganda in those years as the second Obote government (1980–1985) also never made any significant efforts to change Amin's system. In all together, Uganda had 33 districts in 1986 when Museveni and his NRA rebels captured power (Ojambo 2012).

## Institutional Framework for District Creation in Museveni's Uganda

Shortly after capturing power, in 1987 the Museveni government established a commission of inquiry under the leadership of Mahmood Mamdani, which spent several months touring the country and prepared a white paper that was presented to government, and henceforth the government vigorously embarked on decentralization based on the resistance council system. The government enacted the Resistance Councils and Committees Statute, which repealed the Urban Authorities Act 1964, part 1 of the Local Administration Act 1967, and marked the beginning of decentralization process under the movement government by transferring such powers as planning, decision-making, and the administration of justice to the community-based resistance council system. The Mamdani Commission was hesitant to recommend the creation of new districts arguing that these would increase unproductive costs of administration and also feared that the experience of the past decade where new districts were created arbitrarily, haphazardly, and hardly defensible would be repeated. The Commission accumulated 11 requests for the creation of new districts, of which it only recommended 4 and a review of all existing districts with a view of degrading those that did not meet minimum criteria. Museveni never pursued this recommendation but also withheld the creation of any new districts except for Kalangala (comprising the Ssese islands in Lake Victoria) in 1990 and Kiboga in 1991. By 1995 when a new constitution was promulgated, the Museveni government had created only six new districts. The 1995 Constitution of the Republic of Uganda, the Local Government Statute 1993, and the subsequent Local Government Act 1997 provide the legal framework on how a new district can be created. Chapter 7 of the Local Government Act (1997) stipulates that the boundaries of a local government or of an administrative unit shall be those that existed immediately before the coming into force of this Act. Article 179(4) of the 1995 Constitution allows for the creation of new districts if the concerned people demand them and

the intentions are bringing services closer. The Article stipulates that (1) parliament may (a) alter boundaries of districts and (b) create new districts, (2) any measure to alter the boundary of a district or create a new district shall be supported by the majority of all members of parliament, (3) parliament shall by law empower the district councils to alter the boundaries of the lower government units and create new local government units within their districts, and (4) any measure for the alteration of the boundaries of or multiplication of districts or administrative units shall be based on the necessity for effective administration and the need to bring services closer to the people, and it may take into account the means of communication, geographical features, density of population, economic viability, and the wishes of the people concerned (The Constitution of the Republic of Uganda 1995). Whereas the law is clear on the rights of all citizens to access better services through local government units, there still remains no clear criterion on when and how many districts should be created. The established parameters such as population size, economic viability, geography, cultural identity, people's wishes, and the quest for proximity of services that should be considered when curving out districts have unfortunately not been strictly adhered which has resulted in creation of new districts and now cities in a haphazard, arbitrary, and hard to defend manner (see Green 2008). In 1996 after the general election and just 1 year after the promulgation of the constitution, there were 42 districts in the country. By 2005, the numbers had escalated to 78 and 111 by 2010, and in 2018, there are over 112 districts, over 20 are in the pipeline, 6 more cities have been approved, and parliament is bloated with 427 members who are also meant to increase with more districts.

## Benefits of New Districts

The creation of new districts has been praised by local people and leaders in those districts and defended by central government ideologues as an effective way of bringing services and opportunities such as boreholes, schools, roads, health centers, increased citizen participation, a high sense of ownership and control in the delivery of services, determination of the development agenda, promotion of cultural identity and unity, a strategic move to reduce rural-urban migration and therefore lessen the pressures on the few existing urban centers, inclusion of marginalized groups in development processes, and creation of jobs directly and indirectly. Every new district created comes with at least over 50 public service jobs including chief administrative officer, resident district commissioner, land officer, district auditor, district engineer, district planner, education officer, gender officer, youth officer, finance officer, inspector of schools, district police commissioner, district chairman, and several council representatives to mention only a few. There are also opportunities that come to lower local government officials who are promoted upward and jobs created by NGOs/donors who set up offices in the new districts and provide budget support and conditional grants to the districts adding to potential local patronage opportunities. For example, it has been noted that due to district creation, the USAID-supported Uganda Program for Human and Holistic Development expanded its coverage from 20 to 34 districts in 2008 (Green 2008). For NRM government supporters and President Museveni, another direct benefit for creating as many districts as possible is to split the opposition power bases in opposition strongholds especially in the northern and eastern districts of the country where political instability and marginalization pushed the population toward the opposition (see Awortwi and Helmsing 2014). However, for the opposition and partners interested in Uganda's democratization process, district creation has been a mechanism for enlarging patronage which has eaten into their powerbase that a bid setback. Reducing ethnic tensions among different groups within the same districts has also been used as a justification to create new districts in places like Mbarara (created Kiruhura mainly for the Bahima away from the other Bairu sections of Mbarara District), Yumbe from Arua, Kibaale from Hoima, and Nakaseke from Luwero, among many other districts. Ethnic conflicts existed even in precolonial communities that

now make Uganda, but these were exaggerated by the British colonialists who lumped people of different ethnic groups together in an effort to create political administrative units with smaller tribes being marginalized in politics and administration, a mistake that was not rectified by previous governments (see Musisi 2015).

## Costs of New Districts

Technical experts and several research studies conducted on the impact of district creation and service delivery in Uganda have concluded that contrary to expectation of improved service delivery, the process has been captured by local and national elites to serve their corrupt/political interest and led to the balkanization of the country into unviable economic units which comes with a huge administrative cost that is borne by the taxpayer (see Green 2008; Ayeko-Kümmeth 2014). According to the Ministry of Finance, Planning and Economic Development, creating a new district or a city costs Shs 16.63 billion and requires well over Shs 59.25 billion in its first year of existence to cater for salaries, allowances, gratuity, buildings, operating new administrative unit's offices, and a public service commission. From a technical perspective, the Secretary to the Treasury, Mr. Keith Muhakanizi, has repeatedly said it is unaffordable and unsustainable to create more administrative units because the wage transfer from the central government to the local governments has already escalated to unacceptable proportions. It increased from Shs 541 billion in the 2006/2007 fiscal year to Shs 1.07 trillion (2013/2014) – 4% of Uganda's current budget (Wesonga 2015). Most commentators in the country including academicians, parliament, development partners, civil society, public service officials, and majority of the public agree with this analysis that already with 427 members of parliament, 112 districts, and a highly bloated government, there is no need to create more new districts because they are just financially unsustainable. Nevertheless, President Museveni has pledged to elevate 6 municipalities of Mbarara, Mbale, Arua, Gulu, Hoima, Moroto, Nakasongola, Fort Portal, and Jinja into cities (administratively, a city is considered to be an equivalent of a district), and 20 more districts are in the making before 2021 elections. If research, general population, and technical experts in government institutions like the Ministry of Finance, Public Service, and Bank of Uganda are all in agreement that creation of more new districts and cities is not the way to go because of the costs involved, then what exactly explains President Museveni and his government's desire to create more of the same? Patronage and politicization of the whole idea and process of district, city, and constituencies has been blamed for the mess as discussed hereunder.

## Patronage at Central Government Level

In Uganda, President Museveni was very popular among Ugandans and the international community in the early 1990s. He implemented structural reforms, which endeared him with the donor community that kept money flowing in. He also formed a broad-based government that included many real and potential political rivals such as the late Ssebaana Kizito and Dr. Paul Kawanga Ssemogerere of the DP party. In his first democratic election in 1996, Museveni won with overwhelming support. At that time, corruption was at its minimum, and Museveni was generally still viewed as a leader steering Ugandan toward a democratic path, constitutionalism, and economic transformation. However, by 2001 most of the promises were exposed as a sham, opposition leaders such as Ssemogerere had left his government, and serious cracks appeared from within his NRM ranks as one of his cadres Colonel Dr. Kizza Besigye challenged his presidency. Museveni's popularity in Uganda has decreased year after year from 2001 to date, and yet the number of districts has increased tremendously from 56 in 2000 to 112 in 2018 and from 1 city of Kampala to 7 (6 are being approved) cities by 2021. Museveni's diminishing electoral support over the years, coupled with the increasing number of new districts/cities, fits in well with patronage theory that the more vulnerable an incumbent politician is, the more likely he/she is to use

patronage to win votes (Stein and Bickers 1994). Indeed, several studies have argued that district creation has been primarily used by President Museveni to win elections and stay in power (Green 2008). Examples have been given to illustrate this point, for instance, when Ngora County was elevated to a district status in 2010, its residents who had voted Museveni with 27.4% in 2006 appreciated and voted NRM in 2011 with 48.2% (Awortwi and Helmsing 2014). There is also evidence to show that promising to or elevating marginal counties to district status in a given inter-election period leads to a significant increase in Museveni's vote share in those counties in the next presidential elections. For instance, in 1996, he promised voters to give them districts if they voted him, and in 1997, he delivered the pledge with six new districts after they overwhelmingly voted him. In 2000 and 2005, Museveni ordered the creation of new districts just a few months before presidential elections the following year, and ten new districts were created in 2006 after the presidential elections. Through this patronage cycle, Uganda had 112 districts in 2012, and yet again the government ordered the creation of 25 new districts to all to be operational by 2019 making a total of 137 districts (see Odyek et al. 2012). With over 130 districts, there is general fatigue among the political establishment and general population on creation of more districts. To maintain its support among the general population using the same patronage approach as in the creation of districts, the government has now focused its eyes on elevating trading centers into town councils, town councils into municipalities, and municipalities into cities. President Museveni and his cabinet endorsed the creation of four regional cities in Gulu, Mbale, Mbarara, and Arua and five strategic cities in Hoima (oil), Nakasongola (industrial), Fort Portal (tourism), Moroto (mining), and Jinja (as an industrial city) pending parliament ratification (Wesonga 2015). The main argument given by the government is that these different cities will help create job opportunities in other parts of the country, reduce migration into Kampala, and help in creating balanced development in the country because at the moment, Kampala controls over 65% of the national GDP. While the creation of cities may be a plausible idea given the increasing rapid urbanization and need for well-planned urban environments, this entry argues that the process of expanding the territories of selected municipalities has been corruptly hijacked by the political elite to include or exclude certain areas on the existing municipality boundaries in ways that favor these elites and the areas they represent while disadvantaging other well-deserving places which is likely to affect negatively the long-term planning, sustainability, and service delivery in these proposed cities. However, Museveni's expectation is that like all the previous cases of new districts creation, these municipalities, cities, and new district will generate more votes and support him in 2021.

## Patronage at Lower Levels of Government and Communities

It is not only patronage emanating from President Museveni or the central government that is responsible for a barrage of new districts in Uganda. One that most communities hand local elites have learnt that this is one of the methods of squeezing some benefits from the government and the main distributor (President Museveni) is now vulnerable politically, they do demand to have districts curved out of their counties or cities curved out of their municipalities. Indeed, many studies have indicated that local elites in communities that later become new districts have used their resources and networks to lobby or demand for new districts or city. This argument is best exemplified in the example of Bushenyi District where the president was vehemently opposed to its split to create new districts because of its problematic politics, but the elites in Sheema County (now Sheema District) use their influence to force government and President Museveni into submission and grant them a district. President Museveni and three out of four ministers who hailed from Bushenyi District were vehemently opposed to splitting it into several districts in the early 2000s. Their opposition stemmed from the fact that people in Bushenyi District were ethnically the same and spoke the same language, it was a very strong Museveni supporting area, the

government had a very constrained budget, and it was one of the richest districts in the country with a fairly developed road network, schools, health centers, and high agriculture production. All these factors worked together to make Museveni and his government officials at the center to oppose the idea of splitting this district. However, in 2010 the president shifted his position and agreed to split Bushenyi District into five districts of Buhweju, Sheema, Mitooma, Rubirizi, and Bushenyi mainly due to pressure from local entrepreneurs who also demanded a share of the patronage resources that come with new districts (Tabaro et al. 2018).

## Patronage and Politics in City Creation

The elevation of municipalities into cities also fits into the three narratives where on the one hand President Museveni gives a promise to create cities in return for support or municipalities demanding from government that they should be elevated to city status. Then both local and national elites jump in to influence the entire process with patronage as exemplified in the creation of Mbarara City. As earlier noted, in 2015 President Museveni and his cabinet endorsed the creation of four regional cities and five strategic cities pending parliament ratification. For an area to qualify to become a city in Uganda, it should have a population of 350,000 people, a master plan land use, and water sources and be able to meet over 50% of the cost of providing social services and its projects. All the proposed cities fall short of the major requirements especially population and raising funds to meet their running and development costs. According to the Uganda's National Population and Housing Census 2014 results, the population of Jinja Municipality was 72, 931, Arua 62, 657, Mbarara 195, 013, Gulu 152, 276, and Mbale 96, 189. Thus on the population criterion, all the four proposed cities fall short of the numbers. What all of them decided to do was to have their councils vote in support of merging with some nearby town councils on condition that those town councils too agreed. For instance, Arua Municipality with a population of 62, 657 decided to merge with Pajulu (60, 210), Oluko (38, 491), Ayivuni (22, 528), Aroi (24, 241), Manibe (28, 938), and Vurra (133, 640). Jinja Municipality with 72, 931 people took up Budondo (51, 560), Mafubira (78, 895), Kakira, Busedde (36, 152), and Bugembe Town Council (41, 323). However, what was not clear was the criterion Mbarara and Gulu municipalities would use to merge with the neighboring territories to meet the population criterion because the outlying areas did not have master plans or insufficient revenue streams (Wesonga 2015). It was in this lack of clarity that both local and national political elites influence their places to either be incorporated into Mbarara Municipality or be excluded depending on how either of the two benefited their political interests.

Before its elevation to a city, Mbarara Municipality was composed of three divisions of Kakoba, Nyamitanga, and Kamukuzi division with a total population of 195, 013 according to the 2014 population census. It is the main and biggest town within the western region of Uganda lying at the intersection of major transportation routes going to Rwanda, Eastern DRC via Kasese, and Northern Tanzania via Isingiro District and Mutukula border. The town serves many neighboring districts and has been growing rapidly in the last 20 years. In recent years, the local leadership has been lobbying the central government to have Mbarara elevated into a city. However they did not meet the population criteria. Thus Mbarara municipal council leadership lobbied the neighboring territories. The territories that were finally included on the municipality were Nyakayojo Subcounty and Rwampara County that government is going to elevate into a district in 2019 financial year and two parishes of Nyakishenyi and Kishasha from Biharwe Subcounty in Kashari County. Nyakayojo Subcounty is largely a rural place with most of the population engaged in subsistence agriculture and petty trade distributed among six parishes of Katoojo, Bugashe, Kichamba, Rwakisakizi, Nyarubongo, Rukyindo, and 62 villages. Apart from Katoojo and Rukyindo parishes which are relatively flat and close to the previous territory of Mbarara Municipality, the rest of the parishes are mountainous and very far in terms of distance. The two parishes of Nyakishenyi and Kishasha that were

incorporated from Biharwe are also rural with most of the people engaged in subsistence agriculture and petty trade. The local leaders in Nyakayojo Subcounty headed by Jomo Mugabi, the LC III chairperson, and majority of the population welcomed the idea of being added on Mbarara Municipality to create the city because this comes with huge benefits because being part of the city comes with direct resources from the central government and Mbarara City council in terms of service extension such as roads, piped water, schools, direct jobs, electricity, and better health services. In fact the leadership of Nyakayojo Subcounty not only lobbied the higher political establishment to achieve this ambition, but they also warned that they would never be part of the proposed Rwampara District and they had their wish granted because government knew that unless it gave in, there would be political consequences when elections come (see Kabasongora 2011). Ironically the immediate territories of Kyeera, Nyarubungo, Kaberebere in Isingiro, and parts of Bubale Subcounty which are already urbanized and are very close to Mbarara Municipality have been excluded from the city for selfish reasons by the political elite. Hon. Bright Rwamirama is the area MP, is the Minister for Veterans, is very wealthy, and is a close relative of President Museveni. His son is also an MP representing the youth in the region. Rwamirama feared that if he allowed part of his territory to be incorporated into the city with his home also taken, he would have to contest election with Mbarara where the competition is stiff and most leaders usually have one term in offices. This would have been suicidal to his career or the future career of his soon. He therefore used his national and local networks to ensure that the parts of his constituency were not made part of the city yet they are the closest and most urbanized. These examples are not isolated but in fact the new normal in the creation of districts, cities, and municipalities in Uganda. In many other places such as Koboko Municipality, Kabwohe-Itendero Municipality, Rwampara, and Kazo and Kagadi districts, among others, the criterion has been to reward personalities in government for their support of President Museveni.

## Conclusion

While there are many areas deserve to become districts and others that have genuinely been made so, the use of districts/cities as patronage has stood out in most cases and explains the continued proliferation of districts/cities as Museveni prepares to cling on power come 2021. While they are a serious burden to the taxpayer, their continued creation is politically motivated and can only be politically addressed especially by those at the very top who benefit most from it.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Decentralization and Governance
- ▶ Local Governance
- ▶ Political Corruption


## References


Awortwi N, Helmsing AHJ (Bert) (2014) In the name of bringing services closer to the people? Explaining the creation of new local government districts in Uganda. Int Rev Adm Sci 80(4):766–788. Retrieved from www.journals.sagepub.com/doi/10.1177/0020852314533455 on 2 Oct 2018

Ayeko-Kümmeth J (2014) Districts creation and its impact on local government in Uganda. Afr J Polit Sci Int Relat 8(3):81–91. Retrieved from https://epub.uni-bayreuth.de/2094/1/article1397812258_Ayeko-Kümmeth.pdf on 23 Sept 2018

Green E (2008) District creation and decentralization in Uganda: Development Studies Institute, London School of Economics. www.lse.ac.uk/.../PDFs/.../WP24.2-district-creation-and-decentralisation-in-uganda.pd on 24 September 2018

Kabasongora M (2011) Mbarara leaders divided over proposed Rwampara district. URN. Retrieved from https://ugandaradionetwork.com/.../mbarara-leaders-divided-over-proposed-rwampara on 23 Sept 2018

Musisi F (2015) Creating many districts good, says Museveni. The Daily Monitor. Retrieved from http://www.monitor.co.ug/News/National on 15 Sept 2018

Odyek J, Karugaba M, Walubiri M (2012) 25 more districts created. Daily monitor Kampala. Retrieved from https://www.newvision.co.ug/new_vision/news/1304188/districts-created on 2 Oct 2018

Ojambo H (2012) Decentralisation in Africa: A critical review of Uganda's experience. Retrieved from

www.ajol.info/index.php/pelj/article/view/81278 on 23 Sept 2018
Olson M (1982) The rise and decline of nations: economic growth, stagflation, and social rigidities. Yale University Press, New Haven/London. Retrieved from https://yalebooks.yale.edu/book/9780300023077/rise-and-decline-nations on 22 September 2018
Oviasuyi PO, Idada W, Lawrence I (2010) Constraints of local government administration in Nigeria. J Soc Sci 24(2):18–86. https://doi.org/10.1080/09718923.2010.11892848
Scharpf FW (1997) Games real actors play: Actor-centered institutionalism in policy research. Westeview, Boulder, Co. Retrieved from https://trove.nla.gov.au/work/23056382 on 18 Sept 2018
Stein RM, Bickers KN (1994) Congressional elections and the pork barrel. J Polit 56(2):377–399 Retrieved from Google Scholar
Tabaro R, Katusiimeh M, Molenaers N (2018) New district creation in Uganda and local actors: passive recipients or active pursuers? J Public Adm Gov 8(2). Retrieved from www.macrothink.org/journal/index.php/jpag/article/view/13191 on 28 September 2018
The Constitution of the Republic of Uganda (1995) Uganda Government Printing and Publishing Corporation, Entebbe
Treisman D (2007) The architecture of government: Rethinking political decentralization. In: Green E (2008) District creation and decentralization in Uganda. Crisis states Research Centre, No. 24, p. 6. Retrieved from www.lse.ac.uk/.../PDFs/.../WP24.2-district-creation-and-decentralisation-in-uganda.pd on 29 Sept 2018
Wesonga N (2015) Why municipalities want elevation to cities. Daily monitor, Kampala. Retrieved from www.dailymonitor.co.ug on 24 Sept 2018

# Patterns of Democracies and Participatory Developments: A Matter of Path Dependency?

Brigitte Geissel[1] and Ank Michels[2]
[1]Goethe-Universität Frankfurt, Frankfurt a.M., Germany
[2]Utrecht University School of Governance, Utrecht, The Netherlands

## Synonyms

Consensus democracy; Democratic progress; Democratization; Majoritarian democracy; Participation; Participatory innovations; Trajectories

## Definitions

*Patterns of Democracies* refers to Lijpart's seminal book, in which he identifies two different models of democracy, i.e., consensus and majoritarian democracy. In the majoritarian model, political power is concentrated, whereas, in the consensus model, power is shared, dispersed, and limited in a variety of ways.

*Participatory Developments* are defined as instruments and procedures implemented to increase and deepen citizens' involvement in political will-formation and decision-making.

*Path Dependency* is a concept, which assumes that decisions today can only be understood in light of existing institutions. Path dependency insinuates that institutions change within the frame set by already existing institutions, i.e., that they follow a certain predetermined path.

## Introduction

Democracy is a dynamic, protean concept and a constantly developing reality. Since the 1990s, many democracies have developed in one way or another towards more participatory citizens' involvement and a common trend towards increasing citizen engagement can be observed (Geissel and Newton 2012; Michels 2011; Smith 2009). The introduction of democratic innovations that increase and deepen citizen participation in political will-formation and decision-making is now a common policy of democratic governments.

However, participatory developments are far from consistent. They vary considerably. Some countries prefer direct democratic options, such as referenda. Others opt for fostering public deliberation and dialogue on political issues either by passing specific laws that lay down guidelines for involving citizens or by organizing ad hoc forms of citizens' advisory committees.

## Participatory Developments: Direct Democratic Options or Public Deliberation

Direct democratic instruments found their way into almost all new constitutions of post-socialist

states, and also many established democracies have passed similar laws. Whereas, for example, obligatory referenda have been almost unknown in Europe until the 1990s, today 16 European states have institutionalized them in their national or regional constitutions. Obligatory referenda are, as the word says, not optional, and therefore understood as a check by the people on legislative or constitutional change.

Some democracies took another path and focused on the enhancement of public deliberation, e.g., to provide meaningful consultation for policy-makers. Many governments around the world support public deliberation with different means, for example, by passing respective laws. Some examples illustrate this trend: The British *Department of the Environment, Transport and the Region* set up guidelines for local policy-making at the end of the 1990s requiring citizens' involvement in decisions on local transportation. The French law *Démocratie de proximité* (2002) demands to establish local committees of civil society actors, which should advise local decision-making bodies on specific issues. At the beginning of the 1990s, Hungary introduced a *Minority Self-Government System* and has recently revised it. Finland has passed rules called the *Participation Project* and Sweden revived its *Local Boards*. Other governments support public deliberation by organizing dialogue-oriented procedures and committees. Dialogue-oriented procedures encompass a large variety of forms including citizens' juries, citizens' forums, citizens' advisory committees, minority boards, consensus conferences, civic round tables, and many other forms at all levels of government (local, regional, national).

The question arises whether country preferences for direct democracy versus public deliberation show certain path dependencies, meaning that they are somehow linked to the historically developed type of democracy and its democratic institutions in a country. For example, in consensus-oriented democracies, democratic institutions reflect the idea of sharing visions, rather than counting individual votes. Public deliberation seems well in line with this logic of consensus-oriented democracies. In contrast, majoritarian democracies might tend towards direct democracy, because the tradition of "the majority decides" is more entrenched in these democracies.

## Consensus Democracies and Majoritarian Democracies

Political science provides several concepts to categorize types of democracy; the most well-known is Lijphart's distinction. In his book *Patterns of Democracy* (1999), Lijphart makes a distinction between two models of representative democracy: the majoritarian and the consensus model. In the majoritarian model, political power is concentrated, whereas, in the consensus model, power is shared, dispersed, and limited in a variety of ways. This overarching idea of power concentration versus power sharing is reflected in the institutional architecture of these democratic models. The majoritarian model is characterized by single-party majority cabinets, a dominant executive, a two-party system, a majoritarian electoral system, and a pluralist interest group system. Additionally, the majoritarian model is organized around unitary and centralized government, unicameral legislation, flexible constitutions, no judicial review, and central banks that are dependent on the executive. In the contrasting consensus model, power is shared in broad, multi-party coalitions, multi-party systems, a proportional electoral system, federal and decentralized government, and two equally strong but differently constituted houses. In sum, direct democratic instruments are more in line with the logic of majoritarian democracies (power concentration; the majority decides), and instruments of deliberation and dialogue are in line with the logic of consensus democracies (power sharing).

The first column of Table 1 informs about the classification of OECD countries as predominantly majoritarian or consensus democracy.

## Path Dependencies?

Both consensus and majoritarian democracies have experienced developments towards more citizens' involvement in political will-formation

**Patterns of Democracies and Participatory Developments: A Matter of Path Dependency?, Table 1** Public deliberation and direct democracy scores in consensus and majoritarian democracies

| | C = consensus<br>M = majoritarian | Public deliberation | Direct democracy |
|---|---|---|---|
| Australia | M | Medium | Strong |
| Belgium | C | Medium | Weak |
| Canada | M | Medium | Weak |
| Chile | M | Medium | Weak |
| Czech Republic | C | Weak | Medium |
| Denmark | C | Strong | Medium |
| Finland | C | Strong | Weak |
| France | M | Strong | Medium |
| Germany | (M) | Strong | Medium |
| Hungary | M | Weak | Medium |
| Iceland | M | Medium | Strong |
| Ireland | M | Medium | Medium |
| Israel | C | Medium | Weak |
| Italy | C | Medium | Strong |
| Japan | C | Medium | Medium |
| Mexico | M | Weak | Weak |
| The Netherlands | C | Weak | Weak |
| New Zealand | M | Weak | Strong |
| Norway | C | Medium | Weak |
| Poland | C | Medium | Medium |
| Portugal | M | Weak | Weak |
| Slovenia | C | Medium | Strong |
| Spain | M | Strong | Medium |
| Sweden | C | Strong | Medium |
| Switzerland | C | Strong | Strong |
| UK | M | Strong | Medium |
| USA | M | Strong | Weak |

Source: Aarts et al. (2014), Democracy Barometer and Varieties of Democracy Project



and decision-making. Can the expected path-dependencies actually be identified? To answer this question a variety of countries around the world were examined and the findings are clear-cut (see Table 1): the prevalence of direct democracy or public deliberation in different democracies does not follow patterns along the expected paths.

Consensus democracies do not necessarily tend to solve their political issues in a more deliberative way and majoritarian democracies are not necessarily inclined to make decisions via aggregation of votes in referenda. All sorts of combinations occur (see the second and third columns of Table 1). Consensus countries can be neither deliberative nor direct democratic (the Netherlands); they can score high on public deliberation, but not on direct democracy, they can be very relatively strong considering direct democracy, but weak in public deliberation (Czech Republic); and they can provide relatively high levels of both public deliberation and direct democracy (Denmark). Also, the case of Switzerland, a consensus democracy, illustrates the confusing pattern: Considering public deliberation as well as direct democracy, Switzerland is unambiguously the forerunner. Among all OECD countries it scores best in both fields. With respect to majoritarian democracies, UK as well as Canada – two typical majoritarian countries – do not stand out when it comes to direct democracy. Some majoritarian democracies are neither very direct democratic nor deliberative (Mexico); some

of them are very strong considering deliberative democracy, but moderate for direct democracy (France, Spain, and UK); or moderately strong in both fields (Australia).

Public deliberation appears to be as common in consensus democracies as in majoritarian democracies. Among the most deliberative democracies are majoritarian (UK, USA, Spain, and France) as well as consensus democracies (Switzerland, Sweden, Finland, and Denmark). The most direct democratic countries can be found among consensus democracies (Switzerland, Italy, and Slovenia) as well as among majoritarian democracies (New Zealand, Iceland, and Australia). And the least direct democratic countries can be majoritarian democracies (Canada, Chile, USA) as well as consensus democracies (Belgium and Finland).

## Conclusion

Whether a democracy prefers direct democratic instruments or public deliberation is neither a dichotomous choice nor is it related to the respective type of democracy. Various combinations of models are possible within a country. One can find highly deliberative and direct democratic societies within majoritarian as well as within consensus democracies. There are societies which are neither deliberative nor direct democratic within both types of democracy and likewise deliberative majoritarian democracies as well as direct democratic consensus democracies.

Obviously, the differentiation between the majoritarian and the consensus model of democracy is insufficient to understand participatory developments. Considering these participatory forms of democracy, four models of participatory democracy can be distinguished. There are countries, which are (1) neither deliberative nor direct democratic, (2) both deliberative and direct democratic, (3) more deliberative than direct democratic, or (4) more direct democratic than deliberative. These two typologies are not interlinked, meaning that there is no relation between the dominant model of participatory democracy in a country and the model of representative democracy that predominates in that country. Forms of participatory democracy develop independently from the paths countries have gone to establish the institutions of representative democracy.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Democratic Governance in Developing Nations
- ▶ Governance and Democracy
- ▶ Institutionalizing Democracy
- ▶ Public Participation


## References


Aarts K, Thomassen J, van Ham C (2014) Globalization, representation, and attitudes towards democracy. In: Thomassen J (ed) Elections and democracy: representation and accountability. Oxford University Press, Oxford, pp 201–231

Geissel B, Newton K (2012) Evaluating democratic innovations – curing the democratic malaise? Routledge, London/New York

Lijphart A (1999) Patterns of democracy. Government forms and performance in thirty-six countries. Yale University Press, New Haven/London

Michels A (2011) Innovations in democratic governance – how does citizen participation contribute to a better democracy? Int Rev Adm Sci 77(2):275–293

Smith G (2009) Democratic innovations. Cambridge University Press, Cambridge


# Pay Equity and Performance in the Public Sector


Pierre-Yves Sanséau
Grenoble Ecole de Management, Grenoble, France


## Synonyms

Bureaucracy; Equal pay; Government agency; Pay fairness; Performance-related pay; Public organization

The author thanks Dr Felix Kwame Opoku, University of Cape Coast (Ghana) for his contribution to this chapter.

## Definitions

**Pay equity** Pay equity literally means "pay fairness." The concept of equity implies that one receives proportionally fair outcomes in return for what one invests in a relationship or situation, when comparisons are made with appropriate others (Adams 1965).

**Performance** Refers here to job performance – those scalable actions, behaviors, and outcomes that employees engage in that are linked with and contribute to organizational goals.

## Introduction

Public sector is commonly based on values of equality, integrity, dedication to others, and fairness. So, in most countries, pay equity in the public sector should not be a major issue if it was integrating these values and principles. But pay policies and practices in the public sector bring us to other realities. Historical practices, impact of traditions, economic crisis, lack of resources, and classical managerial approaches highlight the fact that pay equity is a major issue in public sector. In the 1970s, the introduction of new managerial practices related to "new public management" helped us to take stock on two central subjects: pay equity and job performance. Firstly, pay equity was not at all a reality in public service; secondly, job performance became a central issue to save money, to be more efficient, and to move to a real culture of service; and thirdly, pay equity could be related to job performance and not only to gender, age, seniority, or level of qualification.

## Pay Equity

In designing an effective and efficient compensation system, one important factor that management would have to consider is the perceived equity or fairness of the system. In a well-designed compensation system, all employees feel that they are treated fairly by management. Pay equity has been defined as an employee's perception that compensation received is equal to the value of the work performed (Bohlander et al. 2001).

The equity theory (Adams 1963), from which pay equity is derived, is a motivational theory that seeks to determine how employees feel and behave when they are fairly or unfairly treated by employers. Central to the equity theory is the assumption that employees would always compare the fairness of their situations by comparing their input-output ratio with that of relevant others. If they perceive the situation as being unfair in terms of the treatment they receive, they usually would try to restore equity by either altering their inputs or outputs in the right direction.

There are two general classifications of equity: the distributive equity and procedural equity. Distributive equity is defined as the fairness with which people feel they are rewarded in accordance with their contribution to organizational accomplishment. Procedural equity, on the other hand, is concerned with the perceptions employees have about the fairness with which procedures in such areas as performance appraisal, promotion, and discipline are being operated. The perception of inequity compels the individual to experience an unpleasant emotional condition that may cause employees to reduce their future efforts, change their perceptions regarding rewards for their work efforts, or, as often is the case, quit the organization (Adams 1965).

In designing an equitable pay system, management must pay attention to the three forms of equity, namely, the internal, external, and individual equity. Internal equity has been defined as the perceived fairness of pay differentials among different jobs within the same organization. In an attempt to establish internal equity, employees compare their jobs with other jobs. These other jobs may be lower, equal, or higher than the job the employee is performing presently. These comparisons may influence the general attitudes of

employees; their willingness to transfer to other jobs within the same organization; their willingness to accept promotions; their inclination to cooperate across jobs, functional areas, or product groups; and their commitment to the organization (Noe et al. 2006).

External equity has also been defined as the employee's perception of the fairness of their compensation relative to those outside the organization. External equity comparisons are based on what other employees receive for doing similar or the same jobs in other organizations. The management of this type of equity is important because it can greatly influence the decisions of potential employees who often try to compare the levels of employee compensation across various companies before reaching a decision as to which company to work for. It also affects the attitudes and decisions of existing employees with respect to whether they must quit or stay with their present employer (Mello 2002).

Most frequently, employees tend to make equity comparisons by choosing relevant others doing the same job. This is termed individual equity. Individual equity involves employee perceptions of pay differentials among individuals who hold identical jobs in the same organization. Determining individual pay levels and differentials among employees in identical jobs can be done in a number of ways. The most basic is basing pay on seniority. Seniority-based pay systems determine compensation according to the length of time spent on the job or length of time an employee has stayed with the employer. Employee's assessments of equity are, in fact, perceptions; they may be based, in part, on incomplete or inaccurate information, but, nonetheless, these perceptions greatly impact motivation, commitment, job satisfaction, labor relations, and performance.

## Individual Job Performance

The accomplishment of some organizational goal by a single person is often described as "Individual Job Performance." Campbell (1990) defined individual job performance as those actions or behaviors under the control of the individual that contribute to the goal of the organization and can be measured according to the individual's level of proficiency. Job performance may be measured at the individual, group, unit, or organizational level according to quantity or quality of output, creativity, flexibility, dependability, or anything else desired by the organization. But performance at the individual level does not only depend on the amount of time the individual is physically seen doing the work but also the amount of mental concentration that is made available during the performance of the work.

There are three variables which are very important in assessing employee job performance: the requirements of the job itself, the goals and objectives of the organization, and the behaviors that are most valued by management in performing the job. Task activities and contextual behaviors are both important in conceptualizing the job performance of individual employees. Because of the increased attention that is now paid to contextual performance, job performance is no longer assessed on the basis of the tangible activities associated with the production of physical goods and services alone.

As societies are now moving from the physical world to knowledge-based economies, employee perceptions and expectations have expanded. In addition to performing the task, they also can indulge in certain innovative behaviors that can help their organizations to achieve competitive advantage. Contextual performance, such as volunteering for additional work, following organizational rules and procedures, and assisting and cooperating with coworkers and various other discretionary behaviors, is beginning to be viewed as equally important to task performance.

In his famous concept of aggression-approval proposition, Homans (1974) observed that each time an employee happens to receive outcomes in excess of what he or she expected or is given punishment less than what was expected, there is the tendency that the said individual may indulge in approving behaviors which can translate into desirable performance. The satisfaction that goes with the excess rewards or less punishment results in an emotional state that voluntarily

directs the behavior of the person toward organizational objectives.

## Perception of Pay Equity and Performance

Employee's perception of what is equitable may have significant effects on his or her work motivation and performance (Adams 1963). This implies that managers who have the desire to encourage employees for maximum performance would have to carefully develop equitable pay structures so that pay differences among individuals with different levels of experience and performance can be reduced to the bearable minimum. The traditional practice of designing reward systems and imposing them on employees does not allow employees to understand the system, let alone to perceive it as equitable. Though it is believed that the top-down process of designing employee compensation may ensure consistency in the system, this practice is likely to compel employees to perceive the system wrongly. Consequently, they would be more likely to develop negative perceptions about management and the system, and this may cause employees to indulge in counterproductive behaviors.

The compensation system can influence employee behavior when there is a correlation between rewards and performance. The perception of equity in the compensation system often depends on employee comparisons. These comparisons, which are based on employee perceptions, may be factual or otherwise, as few employees really have concrete information about the situation of their comparison others.

Another aspect of equity which is based on employee perception relates to whether or not the system is open to or hiding from employees by management. Pay information that is kept secret in closed systems does not allow employees to make more accurate equity comparisons. Advocates of the open pay system believe that the system promotes equity and motivation. In their opinion, to the extent that high-performing employees are known to be making more money than low-performing individuals, it follows logically that people throughout the organization will be motivated to work harder under the assumption that they too will be recognized and rewarded for their contributions. However, critics of pay openness argue that what an individual gets paid for is his or her own business and not for public consumption. They also underline that if pay levels are made known to everybody else, then jealousy and/or resentment may result.

In the past, human resource managers viewed employees as factors of production that were employed to produce the needed goods and services for profit. During that time, pay and other monetary factors were considered as the best way to motivate employees for maximum performance. Based on the Hawthorne studies which were conducted by Elton Mayo between 1924 and 1932, some managers began to realize that employee performance was affected more by psychological and social factors rather than physical or objective influences.

Employers have a duty of energizing employees to work harder, more efficiently, and intelligently. This requirement is true of any manager of any organization as long as that manager is engaged to work with others to achieve group goals which do not only depend on the ability of the employee to perform specific jobs but also on the willingness and commitment of employees to initiate, direct, intensify, or sustain constructive behaviors.

Herzberg et al. (1959) discovered two forms of motivation: the intrinsic motivation and the extrinsic motivation. Intrinsic motivation depends on the personal factors that induce an individual to behave in a particular way: responsibility (feeling that the work is important and having control over one's own resources), autonomy (freedom to act), scope to use and develop skills and abilities, interesting and challenging work, and opportunities for advancement. Intrinsic motivation is likely to have deeper, enduring, and longer-term effect because they are inherent in the individual and not imposed on him.

Extrinsic motivation originates externally. It relates to rewards that are given by another person, typically a manager, and include promotions,

pay increases, and bonuses. Although extrinsic motivation is important, good managers strive to help employees achieve intrinsic motivation as well. In his opinion, the most talented and innovative employees are rarely motivated exclusively by rewards such as money and benefits or even praise and recognition. Instead, they seek satisfaction from the work itself. People are energized by the psychic rewards they get from working on intellectually stimulating and challenging technical problems, as well as by the potentially beneficial global impact of their work.

An understanding of employee motivation has become even more critical due to the rapidly changing nature of organizations in recent times. Organizations in the public sector are becoming global and are shifting from traditional hierarchical structures to decentralized structures and adopting the concept of teams. These changes, along with the trend of downsizing and a shift to performance, have resulted in employees harboring higher levels of anxiety which have great impact on the employee at the workplace. In fact, motivation affects almost all major aspects of the organization, including satisfaction, performance, organizational commitment, job design, benefit programs, and job involvement.

Managers trying to enhance the motivation of their employees can draw on any of the three main theories of motivation (content, process, and reinforcement). In applying these approaches, however, managers must understand that there are approaches to motivating people that are destructive, for example, fear and intimidation. While these approaches may seem very effective in promptly motivating people, they hurtful, and in addition, they usually motivate employees for only the short term. There are also approaches that are constructive, for example, effective delegation and coaching. It is also important to note that different people can have quite different motivators, for example, by more money, recognition, promotions, or opportunities for learning. Therefore, when attempting to motivate people, it is important to identify what actually motivates each of (Vroom 1964). Motivation is clearly a major key to performance.

## Conclusion

Managing performance of employees in the public sector is a central issue in most countries. New public management (NPM) approaches had among its main goals to revisit managerial practices in the public sector, and pay equity was one of (Arnaboldi et al. 2015). But some limitations have been finally highlighted as NPM implementation had also specific and potentially negative psychosociological and organizational effects: increase of stress; illness; low morale; decline in job satisfaction and motivation; fear; competitive, adversarial, and punitive ethos; distrust between people and an invisible net of managerial power and domination; and over-bureaucratic and expensive audit procedures (Diefenbach 2009). If pay equity is still a positive and central objective in public sector management, it is may have been altered by the side effects of NPM. The new performance approach seems to have deeply modified the stakes and has also brought more complexity, more uncertainty, the introduction of new technologies to measure performance based mainly on budgetary indicators, the introduction of private sector tools in non-adapted organizations, a misunderstanding of what was management and the new role of the managers, etc. Therefore, pay equity will remain a major concern in the coming years as public sector will stay a changing sector in fast-changing contexts.

## Cross-References


- ▶ Bureaucracy and the New Public Management
- ▶ Comparative Public Performance Management Systems
- ▶ Managing Pay in the Public Services


## References


Adams JS (1963) Toward an understanding of inequity. J Abnorm Soc Psychol 67:422–436

Adams JS (1965) Inequity in social exchange. General Electric Company, New York

Arnaboldi M, Lapsley I, Steccolini I (2015) Performance management in the public sector: the ultimate challenge. Financ Account Manag 31(1):1–22

Bohlander G, Snell S, Sherman A (2001) Managing human resources, 12th edn. South-Western College Publishing, Mason, Ohio, USA
Campbell JP (1990) Modeling the performance prediction problem in industrial and organizational psychology. In: Dunnette MD, Hough LM (eds) Handbook of industrial and organizational psychology, 2nd edn. Consulting Psychology Press, Palo Alto
Diefenbach T (2009) New public management in public sector organisations – the dark sides of managerialistic "enlightenment". Public Adm 87(4):892–909
Herzberg F, Mausner B, Snyderman BB (1959) The motivation to work. Wiley, New York
Homans GC (1974) Social behavior: its elementary forms. Harcourt, Brace and World, New York
Mello JA (2002) Strategic human resource management. South-Western Thomson Learning, Mason, Ohio, USA
Noe AR, Hollenbeck JR, Gerhart B, Wright MP (2006) Human resource management: gaining a competitive advantage, 5th edn. McGraw-Hill, Boston
Vroom VH (1964) Work and motivation. Wiley, New York

# Pay for Performance in Government: The Case of South Korea

Yujin Choi
Department of Public Administration, Ewha Womans University, Seoul, South Korea

## Synonyms

Performance-based pay (PBP); Performance-related pay (PRP)

## Definition

Pay for performance refers to a system of employee payment that links individual pay to measures of individual performance.

## Introduction

This paper discusses the features of the pay for performance (PFP) system in the Korean government. With the New Public Management (NPM) initiative, governments worldwide have adopted innovative approaches from the private sector to enhance performance in the public sector. To survive the Asian financial crisis in 1997, South Korea (hereafter referred to as Korea) has also implemented various administrative reforms to increase competitiveness and reduce inefficiency in the public sector. As part of these efforts, the Korean government has implemented a wide range of performance-based management systems, including evaluation of government performance and personnel management.

Enhancing government performance requires improving the performance of individual officials. Before the financial crisis, most organizations in Korea employed a pay system based on seniority. Because salaries automatically increased in accordance with the length of tenure, the pay system did not function as an incentive for better performance. The Korean government first introduced the PFP system to ministries of central government in 1999 and to local governments countrywide in 2001. This system was considered as a core tool to produce a more performance-oriented government (Hur 2012; Han 2010). Continued efforts have been made to strengthen performance-based personnel management by expanding the scope of eligibility for the PFP system and increasing the percentage of performance-based pay. In December 2015, the Ministry of Personnel Management announced the Reform Plan for Job-and-Performance-Based Pay System to better align rewards with performance. The Ministry of Personnel Management Operation Plan of 2017 also proposed a phased expansion of performance-based annual salary. While the performance-based annual salary scheme was applicable to only Grade 4 (director) or higher in 2015, it was expanded to Grade 4/5 director level (multiple positions) in 2016. From 2017, it further applied to Grade 5 (deputy director level) or higher in the General Service and Special Administrative Service.

This chapter is partly drawn from my earlier work, Performance-Related Pay in Government: Present Challenges and Suggestions for the Future, *Korean Public Personnel Administration Review*, *16*(1), 75–102 (in Korean).

This paper provides an overview of the pay for performance (PFP) system in the Korean central government. Since this paper introduces the case of South Korea, it is descriptive in nature. The PFP system has come to affect not only government officials but also those in public institutions and local public enterprises in Korea. In addition, this case might spark a discussion on the adaptation and utilization of PFP systems in non-Western countries. Given that the implementation of PFP has wide-ranging consequences, it is meaningful to review and understand the current status of Korea's PFP system. The next section discusses the Korean central government's performance evaluation system for public officials and the types of PFP schemes currently in use. The challenges and future issues to consider follow in the conclusion.

## Current Pay for Performance Scheme in Korea

Pay for performance (PFP) refers to compensation determined based on job performance at the individual or organizational level (Oh 2013). Pay for performance as a performance-based personnel management scheme was adopted to motivate employees to improve organizational performance (Yu and Park 2014). Increased performance is ultimately relevant to the efficient use of tax revenue and the provision of improved public services to citizens (OECD 2012). In general, PFP plans can be delineated into four types, as shown in Table 1.

This section briefly reviews the performance evaluation system in Korea because the PFP system operates in conjunction with the performance evaluation system. The results of each public official's evaluation factor into rewards under the PFP system. The central personnel authority provides the general guidelines for the performance evaluation system and PFP arrangements. The PFP arrangements are defined in the Decree of Compensation for Civil Servants and the Decree of Allowances for Civil Servants (Kim 2014). There are two types of individual-level performance evaluation systems in the Korean government: performance agreement for higher-level officials and general performance evaluation for middle- and lower-level officials, as shown in Table 2.

The performance agreement system applies to public officials of Grade 4 or higher, including senior civil servants. This system annually evaluates a manager's individual and departmental performance, job-related credentials, and competence. After setting performance goals and indicators through consultation with an evaluator, the public official signs the official performance agreement regarding individual and department duties. The official's performance is evaluated based on this agreement, and the results of the evaluation are reflected in personnel management, including performance-related pay and promotion (MPM 2019a). Since "the nature of the performance agreement might vary depending on the type and task of the organization, this is an individually-specific performance agreement along with strategic goals in a given organization" (Kim 2014).

The general performance agreement system applies to public officials of Grade 5 or below. This system is a biannual evaluation regarding work performance and job competency. After setting performance targets, the evaluator has a face-

**Pay for Performance in Government: The Case of South Korea, Table 1** Types of performance-based pay

| | | Level of performance and compensation | |
|---|---|---|---|
| | | Individual | Organization |
| Counted as part of base salary | Counted | Merit plans | Small group incentives |
| | Not counted | Piece rates<br>Commissions<br>Bonuses | Profit sharing<br>Gainsharing<br>Bonuses |

Source: Lee (2011, p. 79)

to-face interview with the official, periodically checks and records the status of work done, and finally evaluates the official based on the results. The results of each official's performance evaluation are used in promotion screening and grading for performance bonuses, and they are also used in HR operations, such as job transfers and educational training (MPM 2019a).

As shown in Table 3, there are two forms of PFP schemes in Korea: performance-based annual salary and performance-based bonus. Government employees Grade 5 and higher and SCS members are paid a performance-based annual salary that accumulates each year and is added to the base salary. Government employees Grade 6 or below are paid a performance-based bonus as a lump-sum at least once a year. The performance-based annual salary scheme falls under the category of merit plans, and the performance-based bonus falls under the bonus category in Table 1 (Lee 2011; MPM 2019b). In the following section, the types of PFP schemes are explained according to the level of the eligible government official.

**Pay for Performance in Government: The Case of South Korea, Table 2** Types of performance evaluation system

| Targeting grade levels | Performance evaluation systems |
|---|---|
| Grade 4 and above including members of the Senior Civil Service (SCS) | Performance agreement system |
| Grade 5 and below (middle- and lower-level officials) | General performance appraisal system |

Source: Kim (2014, p. 14)

### Performance-Based Annual Salary for Senior Civil Service (SCS)

The performance-based annual salary scheme is applicable to members of the Senior Civil Service (SCS). The SCS includes Grades 1 through 3 in the career service excluding minister- and deputy minister-level political appointees. The salary structure of the SCS includes base pay plus performance-based pay. The base salary is comprised of the guide rate (base rate calculated by personal career background and cumulative performance) and job pay (calculated by the difficulty and accountability of the job based on job level (Level A (*Ga*) and B (*Na*)). (The SCS has two job levels (Levels A (*Ga*) and B (*Na*)).) In 2019, the minimum base pay is 66,498,000 won (about 58,490 USD), and the maximum base pay of SCS members is 103,312,000 won (about 98,870 USD).

Performance-based pay depends on the evaluation grade, which has four ratings (S, A, B, and C). The performance grades and pay rates are shown in Table 4. The amount of performance-based pay for individual SCS members is determined by multiplying the standard amount of performance-based pay by the pay rate corresponding to the individual's performance evaluation grade from the previous year. In 2019, the standard amount of performance-based pay for Level A (*Ga*) is 110,409,000 won (about 97,120 USD), and for Level B (*Na*) it is 95,480,000 won (about 83,980 USD). For example, if someone at Level A (*Ga*) receives Grade S (Excellent), the amount of his/her performance-based pay is 19,874,000 won (about 17,480

**Pay for Performance in Government: The Case of South Korea, Table 3** PFP schemes in the Korean central government

| Category | Eligible government officials | Pay structure |
|---|---|---|
| Performance-based annual salary | Government officials on Grade 5 (equivalent) or higher in the General Service and Special Administrative Service | Base salary (base pay+allowance[a]) and performance-based pay |
| | Senior Civil Service members | Base salary (guide rate + job pay) and performance-based pay |
| Performance-based bonus | Government officials on Grade 6 or lower levels | |

Source: Adapted from the 2019 Guidelines on Government Employee Compensation
[a]The base pay is the regular pay of government employees based on grade and pay scale. The allowance is an additional remuneration paid separately based on the position and living conditions of the employee (Kong et al. 2013)

**Pay for Performance in Government: The Case of South Korea, Table 4** Appraisal grade and pay rate for the SCS

| Performance agreement-based appraisal result | Excellent (S) | Outstanding (A) | Normal (B) | Unsatisfactory (C) |
|---|---|---|---|---|
| Pay rate (based on the standard amount of performance-based pay) | 18% | 12% | 8% | 0 |

Source: 2019 Guidelines on Government Employee Compensation

**Pay for Performance in Government: The Case of South Korea, Table 5** The amount of performance-based pay by level (Unit: 1000 won)

| Performance agreement-based appraisal result | Excellent (S) | Outstanding (A) | Normal (B) | Unsatisfactory (C) |
|---|---|---|---|---|
| Job Level A (Ga) | 19,874 | 13,294 | 8,833 | 0 |
| Job Level B (Na) | 17,187 | 11,458 | 7,639 | 0 |

Source: 2019 Guidelines on Government Employee Compensation

USD). No performance-based pay is given to SCS members with Grade C, as shown in Table 5. Performance-based pay is determined in February and paid in monthly installments.

## Performance-Based Annual Salary for Public Officials on Grade 5 and Above

The performance-based annual salary scheme applies to government officials on Grade 1-(equivalent)–Grade 5 (equivalent) in General Service (including government officials engaged in public security, etc.) and Special Administrative Service, public officials abroad (excluding military officers abroad), and military personnel. This scheme also applies to police (from Chief Superintendent General to Superintendent) and firefighting service personnel (from Deputy Fire Commissioner to Assistant Fire Chief); research officers among the research service personnel; instruction officers among agricultural officers; professional career officers (Level A (*Ga*)); the faculty of national universities (excluding the head of the university); and fixed-term government officials (excluding temporary government officials).

The performance-based annual salary is comprised of a base salary and performance-based pay. The base salary consists of base pay plus allowances for regular attendance, management tasks, and public holidays. The performance-based pay is paid at differential rates by the employee's performance evaluation results from the previous year. The total annual salary is limited to the upper and lower limits within each rank.

Table 6 indicates the proportion of employees and pay ratio for each performance grade. However, since 2017, the minister in charge may use discretion in allocating performance-based pay to individuals who hold select positions on Grade 4 or lower or government officials in the Special Service. The minister may exercise one of the following options: differential payment by individual, equal payment by individual after differential payment by department, combination of differential payment by individual and by department, or differential payment by individual after differential payment by department.

The following scenario describes the payment procedure. For example, an evaluation (e.g., performance agreement) is completed on December 31, 2018. The performance-based annual salary is calculated according to the result of 2018 performance evaluation. That amount is added to the annual salary amount to be paid for 2019. That is, the base salary in 2019 will be the base salary in 2018 plus performance-based pay earned in 2018.

## Performance-Based Bonus

As of 2019, the performance-based bonus applies to government officials on Grade 6 or lower levels. This bonus is granted annually based on the results of each official's performance evaluation. Unlike performance-based annual salary, the

**Pay for Performance in Government: The Case of South Korea, Table 6** Group ratio and pay ratio by performance grade

| Performance grade | Excellent (S) (%) | Outstanding (A) (%) | Normal (B) (%) | Unsatisfactory (C) |
|---|---|---|---|---|
| The proportion of employees | Top 20 | 30 | 40 | Bottom 10% |
| Pay ratio (based on the standard amount of performance-based pay) | 8 | 6 | 4 | 0 |

Source: 2019 Guidelines on Government Employee Compensation

**Pay for Performance in Government: The Case of South Korea, Table 7** Grade and pay ratio of performance-based bonus

| Performance grade | Excellent (S) (%) | Outstanding (A) (%) | Normal (B) (%) | Unsatisfactory (C) (%) |
|---|---|---|---|---|
| The proportion of employees | Top 20 | 40 | 30 | Bottom 10 |
| Pay rate (based on the "amount of base pay") | 172.5 | 125 | 85 | 0 |

Source: 2019 Guidelines on Government Employee Compensation

performance-based bonus is a one-time event that is not incorporated into base pay. If the minister in charge considers the characteristics of the work and occupation, performance improvement of the organization, and employee motivation effects, the bonus can be paid more than twice in a year. This bonus is usually paid as a lump-sum, but the bonus can be divided into several months after collecting opinions from affiliated employees if the minister thinks it is necessary (MPM 2019b).

The minister in charge may consult with affiliated employees and choose the most appropriate method to pay the bonus to employees, considering the characteristics of the work and employees. Bonuses can be paid in the following four ways: (1) differential payment by individual, (2) equal payment by individual after differential payment by department, (3) combination of differential payment by individual and by department, and (4) differential payment by individual after differential payment by department. In addition, the minister may set the payment method differently for each department by collecting opinions from affiliated public employees. The minister in charge may also arrange for the performance-based bonus to be paid using a different method other than above by consulting with the Minister of Personnel Management (MPM 2019b).

### Differential Payment by Individual

Performance-based bonus on an individual basis at a differential rate is the most common form of payment in the Korean government (OECD 2005). This is paid by evaluating individual performance based on an employee's rank and occupation category. The amount of performance-based bonus is calculated as performance pay rate multiplied by base pay. The pay grades and ratios are shown in Table 7. Employees with Grade S (top 20%) receive 172.5% of their base pay. Employees with Grade A get 125% of their base pay, and employees with Grade B get 85% of their base pay. 10% of employees who belong in the bottom rank with Grade C receive no performance-based bonus. The minister in charge can pay over 172.5% to excellent performers who receive Grade S, or it is possible to add Grade SS or SSS above Grade S. If necessary, the minister may set the pay rate and grade differently, budget permitting.

### Equal Payment by Individual After Differential Payment by Department

When the performance of individuals is difficult or inappropriate to evaluate due to the necessity of departmental or organizational systemized shift work, performance-based bonuses can be paid by individually equal payment after departmentally

differentiated payment. This means that "performance-based bonuses will be paid evenly based on rank within the department, while each department might have a different amount of bonuses" (Kim 2014).

The performance evaluation criteria for each department are set by the respective ministers. The minister determines department pay rate and grade in consultation with the central personnel authority, but it should satisfy the following criteria: (1) there should be 3 or more pay grades; (2) the pay rate gap between pay grades should be as even as possible, but the highest grade pay rate should be more than 1.5 times the rate of the lowest grade (except in the case where the lowest grade of pay rate is 0%); and (3) the department ratio by pay grade should be set to achieve a normal distribution, and the proportion of particular pay grade should not exceed 60% of total.

### Combination of Differential Payment by Individual and by Department

Performance bonuses can be allocated through a combination of department and individual bases. A part of the budget for performance-based bonuses (which cannot exceed 50% of the total budget) is differentially paid according to each department's performance level and then equally paid by individuals within the department. The remaining budget is paid based on individual performance appraisals. The payment methods for department and individual follow the procedures described above.

### Differential Payment by Individual After Differential Payment by Department

After performance-based bonus is paid differentially by department, the amount of this bonus is allocated to individuals based on the result of individual performance appraisal. There are several criteria for departmentally differentiated payment: the number of pay grades should be 3 or more, the pay rate difference between pay grades should be more than 10%, the department ratio by pay grade should be normally distributed, and the proportion of single pay grade should not exceed 60% of the total budget.

## Conclusion

This paper examines the PFP system in the Korean central government. Although the content and scope of PFP systems vary from country to country, more than two-thirds of the OECD member countries link performance evaluations and pay in the public sector. Korea is the second highest country among OECD members to use PFP (OECD 2012). As discussed, the Korean government has been making efforts to establish and utilize the PFP system. However, a considerable number of domestic and international studies have indicated various theoretical and practical problems associated with PFP. There are relatively few empirical studies that analyze the effectiveness of the PFP system, but prior studies on PFP in the Korean context have diagnosed problems with the PFP implementation. These include overemphasis on monetary rewards and short-term results, controversy over the fairness of the performance evaluation, and discordance between individualized compensation and collectivist culture (Choi 2017). Considering the ubiquity of performance management in Korea, performance-based personnel management with pay flexibility is difficult to reverse (Kim 2014). Many questions still remain, and more research is needed to minimize the negative effects and settle into a more effective system.

## Cross-References


- ▶ Managing Pay in the Public Services
- ▶ Pay Equity and Performance in the Public Sector


## References


Choi Y (2017) Pay in government: present challenges and suggestions for the future. Korean Public Pers Adm Rev 16(1):75–102. [Written in Korean]

Han S (2010) Responses of Civil Servants to Pay for Performance: An Application of Grounded Theory Korean Public Adm Rev 44(4):29–58. [Written in Korean]

Hur C (2012) Institution, institutional process, and institutional effects: institutional process and institutional

effects of performance-based pay. Korean Public Adm Rev 46(2):55–83. [Written in Korean]
Kim P (2014) Performance appraisal and performance-related pay in government: the case of South Korea. Int J Civ Serv Reform Pract 2:11–31
Kong D, Kim S, Yang S (2013) Individual performance appraisal in the government of Korea. Ministry of Strategy and Finance, Sejong
Lee S (2011) Mission impossible? Analysis on the gap between ideal conditions and actual conditions of pay-for-performance in the public sector. Korean Public Pers Adm Rev 10(3):75–102. [Written in Korean]
Ministry of Personnel Management (MPM) (2019a) Guidelines on government employee performance evaluation. Ministry of Personnel Management, Sejong. [Written in Korean]
Ministry of Personnel Management (MPM) (2019b) Guidelines on government employee compensation. Ministry of Personnel Management, Sejong. [Written in Korean]
OECD (2005) Performance-related pay policies for government employees. OECD, Paris
OECD (2012) Public personnel administration in OECD countries. OECD, Seoul
Oh S (2013) Public personnel administration in Korea. Parkyoungsa, Seoul. [Written in Korean]
Yu M, Park S (2014) Public personnel administration in Korea. Parkyoungsa, Seoul. [Written in Korean]

# Peace and Governance

Md. Jahidul Islam
Department of Public Administration,
Stamford University, Dhaka, Bangladesh

## Synonyms

Individual and Peace; Institutions and Peace; Nations and Peace; Peace and Governance

## Definitions

**Peace:** Peace is defined in two senses: *Positive Peace* and *Negative Peace*. Positive peace refers to the absence of structural violence, which includes exploitation, hunger, malnutrition, corruption, and so on. On the other hand, negative peace is defined as the absence of direct violence like interstate war, civil war, and injury (Galtung 1969).

**Governance:** Governance refers to "the exercise of authority to implement rules and policies in an effort to bring order to social, political, economic, and judicial processes that allow a society to develop" (Snodderly 2011).

## Introduction

Peace is a holistic phenomenon and need to comprehend from different perspectives. Erasmus said so long ago that "peace is the mother and nurse of all that is good for humanity" (Gittings 2015). Human society has passed through three stages of knowledge. August Comte, one of the founding fathers of sociology states that human society passed through three stages of knowledge including the theological, metaphysical, and positivism. In the theological stage, all things were explained following the religious aspects. In the metaphysical stage, human largely rely on the philosophical understanding of the phenomena. In the latest stage of positivism- which refers only to the observable phenomena- social science is the latest science in this regard (Giddens and Sutton 2013).

Moreover, study and analysis of peace in social science is also a new trend in modern academic area. Therefore, conceptualization of peace from these three stages of knowledge is an integral issue. Otherwise, there will be an obvious gap to conceptualize peace. Jeong (2000) argues that "the concepts of peace have been rich in content across various religious and philosophical traditions. The search for inner and communal peace derives from the ideal sought in spiritual life." This paper is intended to discuss the conceptual issues regarding peace, and it will also analyze the relationship of peace with governance from different perspectives and levels. The following part will discuss the concept of peace from three perspectives: theological, philosophical, and modern.

### Theological View of Peace

According to religious view, peace is divine and eternal. But all major religions emphasize on justice, equity, nonviolence concerns for the well-beings of others, well-ordered state of mind, inner peace, compassion among living beings,

and equanimity. Buddhism sees *Nirvana as* the highest and ultimate place of peace and happiness where all sufferings end, and Buddha said "peace begins when all suffering ends" (The Teaching of Buddha 1966). *Vedic* religion also emphasizes on peace in its original texts. Bible and Old Testament show the "message of mutual good will, unconditional love, wholeness and individual well being as well as cessation of enmity. In early Christian social utopia, there was a strong emphasis on a community of love. Harmony and fullness can be achieved by spiritual enlightenment" (Jeong 2000: 7–8). In Islam, killing of an innocent person is equivalent to the killing of the whole humanity, and it strictly prohibits creating anarchy on the earth.

### Philosophical View of Peace

From the philosophical perspectives, the concept of peace is associated with justice, order, lack of civil disturbance, absence of military war, social contracts, and rights of sovereign state, social and political justice, and so on. Greek philosopher describes a "peaceful world" as the absence of "civil disturbances." These philosophical traditions linked to unity based on moral substance of humanity and principles of world citizenship in each individual." In the Hellenic civilization, the vision of peace was intended to a world free from all types of war. Peace was considered as the control of organized violence during Medieval Periods through harmonious relationship among social units. During the period of Enlightenment, political philosophers like John Locke and Jean-Jacques Rousseau considered war as avoidable through establishing "social contracts." Liberal reformist argues for institutionalization to prevent interstate warfare. In addition, Kantian philosophy laid the foundation of the rights of sovereign nation-states through treaties and international agreements and proposed several principles to refrain states from intervening in the affairs of another states. Moreover, anarchist thinkers like Tolstoy opposed the state institution arguing that state power is responsible for violence, oppression, and exploitation. Marxist's argues that peace could be attained in a classless society through revolution and see class struggle and exploitation as intrinsic phenomena in the capitalist economy, which is great barrier for greater equality among people (Jeong 2000: 7–9).

The great Muslim philosopher Imam Gazzali in his famous book "Counsel for the King" argues that "justice is the only instrument upon which prosperity of a kingdom depends. The society which is more developed and prosperous and people livings under happiness depends upon the practice of justice of ruler" (Issacs 1964). In addition, Plato said that justice is the most fundamental basis of ordered social life (Plato cited in Ibeanu 2006).

Chinese Philospher Lao-Tzu argues against the use of military force. Confucius states peace is the ultimate vision of human which come from "social harmony and equilibrium." Another Chinese philosopher Mo-Tzu radically argued position against war and mentioned love as the human virtue. He said that "those who love others will be loved in return. Do good to others and others will do good to you. Hate people and be hated by them. Hurt them and they will hurt you. What is hard about that?" (Barash and Webel 2012).

Gandhian view was that violence may not be a way of peace; rather peace should be achieved through peaceful way. Gandhi was influenced by major religious teaching including Christianity, Buddhism, Islam, and Jainism and invented the essence of *sattyagrah*. He mentioned about few principles including *sattyagrah* – "adherence to truth" or "commitment to truth," *Maya* – love, *Vaktiayga* – reverence or respect, and *Ahimsa* – nonviolence (Gandhi 1983). Ambler made a comprehensive study on "Gandhian Peacemaking" from Western point of view and identified four principles of Gandhian view of peacemaking which includes: understanding the conflict, confronting the opponent, confronting oneself, and building confidence. In addition for successful peacemaking process, more important issues should be kept in mind which are: "making study of the other's view point, rejecting to embarrass the opponent, accepting compromise rather than defeat, winning at a pace that all can follow and becoming more independent in practice" (Ambler 1990: 199–205).

### Modern View of Peace

Apart from the religious and philosophical contexts, peace is no longer a utopia in modern thinking; rather it is a goal which can be attained following conscious efforts to "build a harmonious social order" (Jeong 2000: 9). Aron, the French intellectual firstly used the terminology of peace as the reduction of war in international relations (Barash and Webel 2012). But, Galtung (1996), a pioneer Norwegian peace researcher argues that peace is more than the absence of violence and to discuss the idea of peace we should start keeping three simple principles in front of us: "(i) The term peace shall be used for social goals at least verbally agreed by many, if not necessarily by the most; (ii) These social goals may be complex and difficult, but not impossible to attain; (iii) The statement peace as absence of violence shall be remained as valid." He also states that there is a relationship between the term peace and violence in such a manner that "peace can be regarded as the absence of violence." In addition, Galtung states that "violence is being present when human beings are being influenced so that their actual somatic and mental realizations are below their potential realizations." He also distinguished between physical and psychological violence, negative and positive approach, having actor (direct violence) and without actor (structural violence), and intended and unintended violence.

Moreover, to define peace, Galtung states that peace and violence is the opposite side of a single coin. He distinguished between personal and structural violence. He argues that peace is the absence of direct and structural violence. Absence of direct violence called *negative peace* and absence of indirect violence is called *positive peace*. Personal or direct violence includes killing, genocide, and injuring. On the contrary, structural violence refers to the violence which "is built in the structure of society and shows up an unequal power and consequently an unequal life chances" like unevenly distribution of resources, health care facilities, national budgets, and so on.

Rumel (1981) states peace as the opposite of war. He conceptualized peace in positive term at different level. At social level, he states that "peace as a social contract occurs at different levels of social relationships" including international, state, group, and individual level. Jeong (2000) States that the notion of "ecological peace" from tribal communities means that the earth itself is the object of violence.

There are few theoretical traditions of peace. For example: the democratic peace theory, which states that democratic countries are less likely to engage in war with each other (See, Reiter 2015). Another theoretical aspect of peace is the game theory and balance of power theory. Boulding (1990: 3–5) cited an example of peace theory "involving a dynamic movement towards a possible equilibrium is the theory of arms race," Another aspect of peace theory he mentioned is the "study of the impact of the different kinds of destructive powers of weaponry on the consequence of using them."

Thus modern thinking on peace and theoretical tradition consider peace as the absence of direct and structural violence. Absence of direct violence like interstate war, civil war, and injury refers to negative peace and absence of structural violence like exploitation, hunger, corruption, malnutrition, etc., as the presence of positive peace. Thus, peace is a situation of stability and freedom where everyone is free from exploitation and marginalization: no one exploits other and is not being exploited by anyone else.



## The Correlationship Between Peace and Governance

The issues related to peace are issues related with governance. There are mechanism of negative peace and positive peace. Issues related with negative peace includes diplomacy, negotiation, mediation, conflict resolution, peace through strength, disarmament and arms control, international organizations, international law, world government, ethics and religion. On the other hand, mechanism of positive peace includes ensuring human rights, ecological well-being, economic well-being; nonviolence and personal transformation. In addition, good governance includes few mechanisms including accountability, transparency, rule of law,

responsiveness, equity and integration, effective and efficient, and wider participation in decision-making process (Good Governance Guide 2017), which are highly linked to the economic and social development of a country. There can be no peace without proper governance. Peace requires stability and freedom; justice and equity; absence of organized violence; social and communal harmony; interstate state, regional, and global peaceful relationship among states; prevention of crimes, terrorism, and conflicts; and so on. These are elements highly liked up with governance of different institutions including local to global and formal or informal. So, this section discusses the relationship between peace and governance at national, global, regional, and individual level, and it also analyzes how intuitions of different levels work to promote peace.

## National Governance and Peace

One of the primary responsibilities of governance activities of states or governments is to ensure peace and security to prevent direct violence and structural violence. Galtung (1969: 168) rightly argues that "peace action is regarded as highly as the action against violence," then the action must be highly linked with the governance activities and prevention of violence and terrorism is considered as one of key indicators of governance at state level (Kaufmann et al. 2010). In addition, governance is related with institutions to achieve certain objectives. For example, parliament plays certain role according to the constitution of a country. Judiciary plays role to ensure justice as per as the laws of the land. Police work to ensure security for people and to prevent crimes and violence. Military forces work to secure territorial integrity and sovereignty of a state, and public administration work with a broader goal to ensure development and to promote peace. One of the goals of Sustainable Development Goals (SDG) is the vision for peace, justice, and stronger institution, which is related with public service and good governance of states institutions.

Democratic practices, wider participation of citizens at the decision-making process, ensuring human rights and establishing rule of law foster to promote good governance and stability and order in a state, and these are possible through successful functioning of institutions. Political, economic, and social integration is necessary in a state to tackle marginalization and exclusion. Exclusionary policies of government against political opponent and ethnic groups can foment civil unrest and violence. Sometimes, state institutions cannot work with a broader vision of integration rather follow the policy of segregation and separation and use police and law-enforcing agencies against own people and state which become an instrument of violence. If state institutions fail to work properly, then violence, conflicts, and anarchy are obvious consequences. Failure of institutions: political or social or economic results in chaos and disorder. There could have numerous reasons behind the failure of governance including corruption, foreign invasion, sectarian conflicts, political instability, civil war, economic crisis, and so on. But, whatever the reasons of governance failure, the ultimate result is anarchy and violence which is the opposite of peace and stability. The examples of Iraq, Afghanistan, Libya, Somalia, and Syria are best examples in front of us how these countries are beset with civil war and terrorism because of the collapse of institutions and governance.

However, national government of many countries successfully managed their internal conflicts. For example, the two-decade long insurgency in Chittagong Hill-Tracts (CHT) region of Bangladesh was ended following a peace accord in 1997 between the government and the insurgents' organization. Previously, conflict in Northern Ireland and South Africa, which happened basically based on political, economic, and psychological division was successfully resolved (Jeong 2000). Instead of all out war and violence in some part of the world, Scandinavian countries, Europe, and North America is quite stable except few terrorist attacks. Boulding (1990) states that "we have seen in the last 150 years a new phenomenon, the development of stable peace between independent national states, in which neither of two countries has any plans to go war with each other. This begins in Scandinavia in the mid-nineteenth century, spread to North America by about 1970, and to Western

Europe after the Second World War." He also argues that "the condition of stable peace is fairly simple: both parties must take national boundaries off their agendas, except by mutual agreement; both parties have to have a minimum amount of intervention in each other's affairs.

Ensuring justice in all aspects of an individual life is an important precondition of peace. In modern time, it lies as the responsibility of government and state. Weber (2015) argues that there is no peace without justice. Imam Gazzali states that "royal justice, on which depends the prosperity of the subjects. It appears to mean conscientious rule. Injustice is divided in two categories: which sultans to do with subjects, strong men to weak and rich men to poor; and that which men do to themselves, namely sin. God inflicts punishment in this world upon perpetrators of injustice and God accept penitence and rewards kindness" (Isaacs 1964). It is the responsibility of government and state to ensure justice at all level and should be started from the top of the society. As he continues, if ruler become just then subjects practice justice, if ruler is unjust, then the same is followed by subjects. So, justice depends upon ruler, the powerful group of the society primarily. In addition, Plato discusses justice in the "social context as the most fundamental basis of ordered social life. For him justice is the basis of peaceful social existence. He defines justice as giving each to his/her due. He argues that every society requires three functions to achieve harmony (peace): production, security and political rule. All these things related with the governance of modern nation state." (Plato cited in Ibeanu 2006).

## Global Governance and Peace

Global governance is a concept to regulate global challenges the nation's states facing today from the spread of diseases to transnational terrorism and crimes. It is not possible for nation states to control the things like the spread of AIDS. Global governance is a concept "that aims to capture all those rules and norms, policies, institutions, and practices through which global humanity orders its collective affairs." In this sense, global community has some regulations like international law, multilateral treaties, and norms of conflict resolution alongside institutions like United Nations, the International Monetary Fund, and World Bank (Giddens and Sutton 2013).

International Organization like United Nations after the failure of the League of Nations following the Second World War was established to save succeeding generations from the scourge of war. Though, there are widespread criticism about the legitimacy and failures of the organization, but its success stories shows effective initiatives to stop the Korean War in 1953 through the "Uniting for Peace" resolution in its General Assembly and successful negotiation initiative to stop India-Pakistan war (Gareis and Varwick 2005).

United Nations has two types of methods to resolve any disputes which endanger or threat to breach international peace and security: *peaceful mechanism and coercive mechanism*. Peaceful mechanism includes "negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resorting to regional agencies or arrangements, or other peaceful means of the parties." Moreover, in case of the failure of pacific measures of settlement of disputes, the Security Council decides to take coercive measures analyzing the level of threat and acts of aggression. "These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations." In case of inadequacy of these measures, the organization can take military action through air, naval, and land forces by its member nations to restore international peace and security (United Nations 2016). The military intervention of United Nations in Libya against the Colonel Muammar Gaddafi on the basis of the gross violation of Human rights raised serious questions, whether its intervention promoted peace in Libya or forced the whole region for protracted sectarian conflicts including the safer heaven for terrorist organization like Islamic State.

The organization is operating peace keeping missions in 16 countries through the world by its Department of Peace Keeping Operations (DPKO). Peacekeeping Missions are working to maintain peace and security, to prevent conflict

and mediation, peacemaking, and peace enforcement. In broader sense, peacekeeping operations are in principles working "to support and implement of ceasefire or peace agreements and peace building activities." Moreover, today's multidimensional peacekeeping operations are working "to facilitate political process including democratic transition, protect civilians, assist the disarmament, demobilization, and reintegration of former combatants, support the organizations of elections, protect and promote human rights and assists in resorting rule of law" (UN Peacekeeping 2017).

Apart from the negative aspect of promoting peace, United Nations had taken vigorous initiatives to promote culture of peace through UNESCO's Culture of Peace program and declared the decade of 2001–2010 as international decade for a culture of peace and nonviolence for the children of the world. The culture of peace is a "set of values attitudes and modes of behaviours and ways of life that reject violence and prevent conflicts by tackling root causes to solve problems through dialogue and negotiation among individuals, groups and nations." For peace and nonviolence to prevail, culture of peace program includes: fostering culture of peace through education, promoting sustainable economic and social development; promoting respect for human rights; ensuring equality between men and women; fostering democratic participation; overcoming enemy image through understanding, tolerance, and solidarity; free flow of information and media, promoting international peace and security (UNESCO 2016). Achieving the objectives of the culture of peace, many government and nongovernmental institutions need to work together side by side other international organizations.

## Regional Governance and Peace

In spite of the challenges and limitations of International Organization like United Nations, political and economic integration through regional institutions like European Union make any future war impossible among the previous rivals like Britain, France, and Germany. It is even difficult to think for today's generations that those powers fought two major world wars (Friedman 2010). European Union emerged as the supranational regional entity which merged the European countries like a borderless zone and created a single market with single currency. Thus, it is maintaining the stability, promoting peace and development for the region, and playing vital role in world politics. In addition, African Union, Arab League, Organization of American States, Association of South-East Asian Nations (ASEAN) also playing dominant role in their respective region and working for economic and political integration. Thus, regionalism has been emerged as a regional governance mechanism which can prevent regional conflict and to combat transnational crimes and terrorism.

## Personal Governance and Peace

How to achieve peace at personal level? There are two aspects of a human being. One is physical and another is mental, sometime nonphysical aspects refers to the activities regarding to soul or mind. Thus, the physical aspects of peace is concern with the absence of violence in negative term and absence of structural violence like exploitation, hunger, malnutrition, and other negative instruments from the social aspects. Sometimes, social peace like the complete absence of war, violence and confrontation, and sometimes direct exploitation do not indicate that an individual is living in peace or she/he is feeling happiness. Rather, they can feel anxiety and mental affliction. Thus, the second approach of mental or psychological or soul related happiness is absence in the direct materialistic academic discourse. A rich man can suffer from mental affliction, even who do not face any direct or indirect violence. Thus the answer of this question is not given from the modern perspectives of peace.

Hate bring mental affliction and destroy the peace of mind. If a man hates another one, who is closer, then the result is absolute mental affliction and lost happiness or at least suffers from anxiety. For example, an accidental divorce after 12 years of living together between a male and female can cause serious mental affliction and

psychological disorder. On the contrary, love brings peace in mind. The meaning of love is to seek well-being of others without resorting to any return or exchange for that. Thus, love and lust is not the same thing. Love requires sacrifice. Love does not require or justify any retaliation, rather it is a sacrificial matter which is purely one sided.

War starts in mind first and its manifestation is bombardment. We talk about the absence of direct confrontation, but we have no programme to keep the leadership psychology in a pacific situation who always will think in a positive direction. Two boys may fight with an apple. But, they donot get the lesson to share with each other and surviving together. The phrase of the Constitution of UNSECO (1945) rightly mentioned that "since war begins in the minds of men, it is in the minds of men than defences of peace must be constructed" (UN General Assembly Resolution, A/RES/53/243 1999). Greed for resources and power destroy peace at all level including the individual's state of mind and people fight with each other to establish control over resources. It happens because of the greed for resources and lack of willingness to give everyone his/her due. It requires the practice of justice at personal level. Rabea Bosri, a pious female Muslim women wrote rejecting her offer for marriage from an affluent businessman that apathy or lack of interest for worldly resources results peace in soul and bodily pleasure, but fascination or greed towards resources cause sorrow and unhappiness (Gazzali 2009).

## Conclusion

Peace and governance is highly linked with each other. There will be no peace without proper governance. Peace is a violence free condition which is marked by the absence of all forms of violence including interstate war, civil war, genocide and ethnic cleansing, economic exploitation, and political marginalization or exclusion based on different ethnic or religious identity, corruption, hunger, and so on. It is a situation where no one exploits and nor being exploited. In addition, governance is a mechanism through different institutions which attempt to tackle these forms of violence with a broader vision to establish an egalitarian peaceful society. These institutions may be formal and sometimes informal. Thus, the relationship between peace and governance is well established in national, regional, and global level. Apart from these, proper personal governance and proper functioning of social institutions are also necessary to minimize violence. At national level, different government and non-governmental entities are working for peace and development. At regional level, regional organizations are working for political and economic integration and promoting peace and development through different institutional mechanism. Moreover, international organizations like United Nations with its all organs working to promote global peace, security, and development. Finally, justice is one of the fundamental principles of governance which should be ensured to achieve peace at all level.

## Cross-References

► Power and Peace

## References

Ambler R (1990) Gandhian peacemaking. In: Smoker P, Davies R, Munske BA (eds) Reader in peace studies. Pergamon Press, Oxford, pp 199–205

Barash PD, Webel PC (2012) Peace and conflict studies, 3rd edn. Sage, New York

Boulding EK (1990) Peace theory. In: Smoker P, Davies R, Munske BA (eds) Reader in peace studies. Pergamon Press, London, pp 3–5

Friedman G (2010) The next hundred years- a forecast for the 21st century. Anchor Books, New York

Galtung J (1969) Violence, peace and peace research. J Peace Res 6(3):167–191

Galtung J (1996) Peace by Peaceful Means: Peace and Conflict, Development and Civilization. PRIO/Sage, London

Gandhi MK (1983) Autobiography-the story of my experiments with truth (trans: Desai M). Dover Publications, New York

Gareis BS, Varwick J (2005) The United Nations: an introduction. Palgrave Macmillan, New York

Gazzali (2009) Ihya Ulumuddin (trans: Rahma M). Meena Book House, Dhaka
Giddens AW, Sutton P (2013) Sociology, 7th edn. Polity Press, Cambridge
Gittings J (2015) Philosophy and peace. In: Koivukoski KT, Tabachnick ED (eds) The question of peace in modern political thought. Wilfred Laurier University Press, Waterloo
Good Governance Guide (2017) Good Governance: A Guide for Trustees, School Boards, Directors of Education and Communities. http://cge.ontarioschooltrustees.org/en/download.html. Accessed 20 Dec 2017
Isaacs HD (ed) (1964) Gazzali's book of counsel for kings (Nasihat Al-Muluk) (trans: Bagley FRC, Huma'I J). Oxford University Press, London
Jeong HW (2000) Peace and conflict studies-an introduction. Ashgate, Aldershot
Kaufmann D, Kraay A, Mastruzzi M (2010) The worldwide governance indicators: a summary of methodology, data and analytical issues. World Bank Policy Research Working Paper No. 5430, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130. Accessed 11 June 2017
Plato, The Republic cited in Ibeanu O (2006) Conceptualizing peace. In: Best GS (ed) Introduction to peace and conflict studies in West Africa: a reader. Spectrum Books, Ibadan
Reiter D (2015) Democratic peace theory. Oxford University Press. http://www.oxfordbibliographies.com/view/document/obo-9780199756223/obo-9780199756223-0014.xml. Accessed 19 Jan 2017
Rumel RJ (1981) Understanding conflict and war. vol 5: the just peace. Sage, Beverly Hills
Snodderly D (ed) (2011) Glossary of terms for conflict management and peacebuilding. United State Institute of Peace, Washington, DC
The Teaching of Buddha (1966) 168 Edition, Bukkyo Dendo Keokai, Tokyo
UNESCO Constitution (1945) United Nations Educational, Scientific and Cultural Organization. http://portal.unesco.org/en/ev.php-URL_ID=15244&URL_DO=DO_TOPIC&URL_SECTION=201.html. Accessed 19 Dec 2017
UNESCO Peace in our hands-toward building a culture of peace: 8 actions areas. UNESCO Website, 2017. http://www3.unesco.org/iycp/. Accessed 15 Nov 2016
United Nations General Assembly Resolution, A/RES/53/243 (1999) United Nations. http://www3.unesco.org/iycp/kits/uk_res_243.pdf, Accessed on 19 Nov 2016
United Nations Peace Keeping (2017) Peace and security. UN Website. http://www.un.org/en/peacekeeping/operations/peace.shtml. Accessed 19 Dec 2016
United Nations (2016) Charter. UN Website. http://www.un.org/en/sections/un-charter/un-charter-full-text/. Accessed 19 Dec 2016
Weber T (2015) Justice, power and peace. In: War, peace and reconciliation: a theological inquiry. Lutterworth Press, Cambridge, UK, pp 133–139. Retrieved from http://www.jstor.org/stable/j.ctt1hd181r.14. Accessed 19 Jan 2017

# Pension Fund Regulation and Governance

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

## Synonyms

Accountability in the pension system; Pension fund oversight; Social insurance governance; Social security and accountability

## Definition

"Pension Fund Regulation and Governance" refers to the series of procedures, rules, and mechanisms that help to ensure transparency and accountability in the function and regulation of pension funds, along with a further emphasis on mitigating *principal-agent problems* and providing security and returns to principals.

## Introduction

Pensions funds (PFs) are investment vehicles that serve far-reaching political, social, and economic functions. As economic entities, pension funds are an important instrument for the deployment of significant pools of savings and must therefore work to generate and provide substantial economic returns to their principals. As social entities, PFs provide principals with two important forms of security: one being in the tangible income that they disburse and the other being in the intangible psychological sense of security that they provide to principals, as a known source of future income. As political entities, PFs are vulnerable to the energies of political agents that bestride the tension between the short- and long-term considerations (Wong 2016), where short-term considerations include the temptation to draw on pension resources to fund immediate requirements and long-term consideration include the need to preserve capital for future years.

When executed properly and continually, good governance can have many positive effects for all stakeholders in the pension fund architecture (see Stewart and Yermo 2008). These benefits include a robust and well-entrenched sense of trust among all stakeholders; a reduced need for prescriptive and active regulation; and an easier and better-facilitated array of supervision mechanisms. Beyond this, good PF governance can also influence the level of corporate governance in the companies that PFs choose to invest in. Well-managed PFs are likelier to seek value for their investments through a more active and better-engaged shareholder policy, which can improve the level of fund stability and pension fund returns in the long-run (Wong 2016; Stewart and Yermo 2008; Clark 2004).

Given their far-reaching and multifaceted importance, it has become increasingly evident that PFs must have structures and endowments that facilitate good governance, accountability, and transparency (Clark 2004). Without such mechanisms, pension funds risk falling prey to the perils that jeopardize a great many fiscal institutions, including dissatisfactory performance and returns, poor investment decisions, internal and external conflicts, a loss of reputation and trust, and an inability to plan or prepare for shocks or long-term requirements (see Chohan and Jacobs 2017; Wong 2016).

This chapter proceeds by examining the complexities that arise in studying pension fund governance, the structures of good governance including boards and management, and then considers specific best practices to address commonly noted deficits in pension fund governance.

## Complexities in Governance

The basic objective of the regulation contouring PF governance should be to minimize sets of conflicts of interest that can arise between members (principals) and fund managers (agents), in the course of generating returns and protecting the savings of the principals. These conflicts of interest are also referred to as "principal-agent" problems or "agency" problems (Clark 2004).

However, that basic objective of PFs is complexified by the fact that pension funds are not simple profit-maximizing institutions. Rather, PFs can have a series of objectives, including the protection of capital, the disbursement of cash flows across certain time-constrained functions, or the mandate to invest (or avoid investing) in certain forms or types of assets. The structures of governance and accountability of PFs must reflect this multiplicity of objectives.

A further layer of complexity is appended in realizing that pension funds are structured differently around the world, in terms of regulatory rules and regimes (Stewart and Yermo 2008). Their international heterogeneity has made it difficult for academics and practitioners to resort to generalizations in many instances, and the work of PF governance must be mindful of the unique circumstances of each country. That diversity notwithstanding, there are patterns that can be gleaned from cross-country studies, which begin to provide the rudimentary templates for consideration in PF design (see Stewart and Yermo 2008).

To this point, although the level of standardization between international PFs can increase, there is an inherent limit to how far this exercise can go because of the ultimate differences between (1) demographic and (2) economic requirements that underpin the regulatory framework for PFs in each country. Furthermore, in choosing the appropriate governance structure for PFs, it is important to factor in the financial ecosystem, both public and private, in which PFs will operate. This includes the depth of capital markets, the level of existing public regulatory oversight, and the levels of transparency demanded by other structures of accountability.

The Global Financial Crisis of 2008 was a critical event in galvanizing pension fund stakeholders towards governance reforms, for several reasons. First, it highlighted the interdependence of financial markets and the systemic risks posed to the entire system, which were previously overlooked due to their complexity. Second, there was a realization that inadequate accountability and poor governance, while possible to overlook in the immediate term, ultimately lead to a

catastrophic destruction of value for principals. Third, the crisis helped to reassert the doubts about "laissez-faire" approaches to financial markets, whereby agents were simply assumed to work in the best interest of principles. Fourth, given the long-term oriented nature of PFs, there was also a realization that financial markets are dominated by a pervasive short-termism that is not conducive to the protection of capital over extended horizons of time, which further validates the need for robust governance.

There is also a demographic element that must be considered in PF regulation and governance. Many countries, particularly those within the OECD, face a looming crisis to the sustainability of their pension systems, caused by the accelerating aging of their populations. As a larger cohort of their populations leaves the workforce to join the ranks of retirees, the pension system begins to face ineluctable stresses. While some countries are proactive in addressing the sustainability of their pensions systems, other countries find themselves unable to do so due to the extremely politicized nature of pension systems, wherein more organized groups of aged voters prevent governments from making drastic changes to pension sustainability programs. Pension fund regulation and governance must be mindful of these complexities because they serve as the backdrop for which accountability structures must be designed and effectuated.

## Boards as Mechanisms of Good Governance

Good governance in PF regulation must be founded on the notion that there is a principal-agent relationship that must be led by a sense of fiduciary duty and trust (Clark 2004). The governance of PFs involves the managerial control and regulation of the organization, which is premised on the accountability and oversight of management itself. It must therefore incorporate risk-based measures that are conscious of volatility and uncertainty over future time-periods as well. As a general rule, the more sophisticated the investment strategy of a PF, the stricter its governance and oversight requirements become. Similarly, the more complex the administrative arrangements of the PF's plan, the tighter the operation oversight needs to be.

In this regard, it is important to recognize the central role that **boards** play in effectuating governance (see Ambachtsheer et al. 2006). Every autonomous PF establishes a board as its governing body, which takes responsibility for PF's operation and oversight. As the ultimate decision-maker, the board maintains an overall responsibility for the PF's strategic decisions, including holding a mandate for setting investment policy; choosing investment managers, platforms and other service providers; and reviewing fund performance at regular intervals. In this sense, the board of a PF serves as the equivalent of a board of directors in a corporation, which is ultimately responsible for creating shareholder value and protecting shareholder assets.

Governance research has shown that boards play a key role in ensuring both governance and good investment performance, and the two have found to be linked to such an extent that good governance can account for as much as 1–2% of addition annual pension fund return, if not more (see Ambachtsheer et al. 2006). The converse has also been found to be true, as PF performance declines when governance problems persist, including when there is a poor process for selection for board members, weak oversight, a lack of self-evaluation of board effectiveness, a lack of clarity between board and management on responsibilities, and problems related to compensation of both (see Ambachtsheer et al. 2007).

For PFs, the board may be categorized as the **institutional type,** the **contractual type**, or the **trust type** (see Rajkumar and Dorfman 2010). Their boards may be either internally or externally situated and as either single-tier or two-tier structures. The implementation of a single- or two-tier structured board represents a tradeoff between strengthening oversight and quickening the decision-making processes, and in this sense it represents a tradeoff borne of *public value theory* between "efficiency" and "democracy" (see Chohan and Jacobs 2017). The choice of board

structure is often dictated by legal stipulations and broader PF regulation at the national level.

**The institutional type** turns the PF into an independent entity with a legal personhood and capacity and with an internal governing board. This model is found in OECD countries such as Denmark, Finland, Hungary, Italy, Japan, Norway, Poland, and Switzerland (Stewart and Yermo 2008). In most of these cases, pension funds have a single-tier governing board, and its members are typically chosen by the sponsoring employers and employees. Other countries have two-tier structures, as in Germany and the Netherlands, where a supervisory board is responsible for selecting and monitoring a management board, which in turn is responsible for all strategic decisions.

By contrast, **the contractual type** is premised on treating PFs as segregated pools of assets without legal personhood or capacity, to be managed by a separate entity. These entities are generally banks, insurance companies, or pension fund management companies. The contractual type is more prevalent in OECD countries such as the Czech Republic, Mexico, Portugal, Slovakia, and Turkey (see Stewart and Yermo 2008).

Finally, **the trust** type is prevalent in Anglo-Saxon countries such as Australia, Ireland, and Canada and blends characteristics of the institutional and contractual types. At its core lies the concept of "trustees" who have the legal title to pension fund assets, whose trust assets they must administer in the sole interest of plan participants along a trust deed which identifies those participants as the beneficiaries.

These diverse structures are nonetheless bound by common principles regarding the board's role in governance, including acting in good faith, fiduciary duty, protecting principal interests, choosing agents, overseeing management decisions, outlining strategy, and reviewing fund performance.

Board members serve PFs best when they are experienced, well-respected, and nonpartisan. Nonpartisanship is crucial for dispassionate oversight (Chohan and Jacobs 2017), while experience and good reputations can provide political capital to PFs in instances where controversial or sensitive decisions need to be made (Wong 2016). For example, as mentioned earlier in discussing the impact of the Global Financial Crisis, many pensions funds faced a backlash from stakeholders for the staggering investment losses of the time. However, boards with high stature and recognition of their expertise were better able to maintain operations and market-competitive pay structures for their funds even in the face of such an economic shock (Wong 2016).

However, pension fund regulation is not an ambit solely relegated to well-functioning boards. Rather, they are but one element in the governance architecture, which also includes financial market regulators and pension supervisory authorities, as well as civil society and the general public. PFs must be proactive in their engagement with these accountability institutions, so as to assure market stability and the wider interest of their own principals and stakeholders. Some well-managed PFs take the initiative to proactively keep government overseers up to date so that those institutions will not feel a need to be intrusive in the longer-run (Wong 2016). Similarly, some pension funds launch communication campaigns to inform the general public about significant changes to their investment strategies, such as shifting to higher-risk asset classes with ensuing higher volatility in returns, and this is done to inform them in a pre-emptive way so that the possibility of stakeholders pressuring politicians to intervene in situations of market turbulence is reduced (see Wong 2016).

## Deficits of Governance and Possible Solutions

Faced with continuous challenges, increasing complexity, and a significant regulatory imposition, PFs must navigate a complex space and lean on governance mechanisms such as boards that are mindful of difficulties in conducting sustained and responsible governance. There are numerous deficits of governance specific to PFs which can be addressed through targeted measures, which boards must seriously consider as they adhere to a commitment of good governance (see Table 1).

**Pension Fund Regulation and Governance, Table 1** Deficits of governance in pension funds

| Deficit | Description | Possible solutions | Examples |
|---|---|---|---|
| Imbalanced representation | PFs can have a diversity in their stakeholder base, which may not be reflected in their boards or management. This creates a principal-agent problem insofar as sufficient representation of principals is left unmet | Boards can be proactive in incorporating members who reflect the diversity of their stakeholder base, and appoint managers who reflect that diversity as well. | OECD countries such as the Netherlands, Canada, and Sweden have begun to emphasize that boards should reflect diversity of stakeholders |
| Insufficient input of expertise | The complex nature of pension fund management requires a substantial input of relevant economic, financial, legal, and regulatory expertise, without which pension funds become increasingly exposed to risk of losses | 1. Boards may acquire or appoint members and managers with requisite expertise<br>2. Boards may externalize the use of expertise through capable trustee organizations | The Australian model of *Trustee Partners* externalizes the expertise of trustee-related functions to a capable, specialist organization |
| Conflicts of interest | Various types of interwoven interests can reduce the transparency and accountability of pension funds | Measures such as implementing codes of conduct, ethical codes, and *rules for fiduciarity* help prevent and reduce conflicts | A growing number of pension schemes in OECD countries adhere to such ethical codes |
| Defined contribution (DC) plan | DC plans shift the risk from institutions towards participating individuals, which increases the risks to these individuals in the absence of strong governance mechanisms | 1. Stronger pension authorities can bridge the gap in DC structures<br>2. Stronger management committees can mitigate the institutional-individual risk disparity | The European Union and the OECD are pushing for much stronger pension authorities, and encouraging more proactive management committees at large pension funds |
| Fragmented pension funds markets | Regulation, oversight, and supervision of pension funds is made more difficult when the pension sector is heavily fragmented | Governments may encourage the consolidation of pension funds, and private pension funds can proactively acquire fragmented entities | The Australian pension fund ("superannuation") landscape, with the approval of government, has undergone consolidation that has allowed larger, more efficient players such as Sargon Capital to emerge, therein spurring cost-efficiencies and technical innovations within the Australian pension system |
| Politicization | The highly politicized nature of pensions leaves pension funds vulnerable to interventions that can ultimately destroy stakeholder value | Politics cannot be eliminated from the pension equation in a democratic society, but accountability within the political architecture can dissuade excessive political intrusion | Legislative Budget Offices are a nonpartisan economic office that can produce analysis on pension conditions that may dissuade heavy-handed interventions by politicians |

Sources: Stewart and Yermo 2008; Wong 2016; Chohan and Jacobs 2017; Clark 2004

## Conclusion

The governance of pension funds is crucial given their substantial role as economic, political, and social entities. However, the core process of PF regulation suffers from significant complexity and from challenges such as the aforementioned principal-agent problems. Strong governance mechanisms can create a robust and well-entrenched sense of trust among all stakeholders,

a reduced need for prescriptive and active regulation, and an easier and better-facilitated array of supervision mechanisms. Conversely, weak governance mechanisms can lead to dissatisfactory performance and returns, poor investment decisions, internal and external conflicts, a loss of reputation and trust, and an inability to plan or prepare for shocks or long-term requirements. Boards play a significant role in effectuating accountability in pension funds, and with strong expertise, good reputation-management, and proactive engagement with management and stakeholders, they can act as powerful contributors to good governance. While their design might differ across the institutional, contractual, and trust types, they are bound by similar fiduciary responsibilities and are all expected to enhance the level of accountability in their institutions. The aftermath of the Global Financial Crisis of 2008 and lingering demographic trends reinforce the pressing need for stronger governance and accountability measures. The growing layers of complexity around pension systems will make this all the more true in years to come.

## Cross-References

► Pensions and Local Government Fiscal Instability

## References

Ambachtsheer K, Capelle R, Lum H (2006) Pension fund governance today: strengths, weaknesses, and opportunities for improvement. Financ Anal J

Ambachtsheer K, Capelle R, Lum H (2007) The state of global pension fund governance today: board competency still a problem. Rotman International Centre for pension management papers. Toronto Business Information Centre, Rotman School of Management, Toronto

Chohan U, Jacobs K (2017) Public value in politics: a legislative budget office approach. Int J Public Adm 40(12):1063–1073

Clark GL (2004) Pension fund governance: expertise and organizational form. J Pension Econ Financ 3(2):233–253

Rajkumar S, Dorfman M (2010) Governance and investment of public pension assets: practitioners' perspectives. World Bank, Washington, DC

Stewart F, Yermo J (2008) Pension fund governance: challenges and potential solutions. OECD working papers on insurance and private pensions, vol 18. OECD Publishing, Paris

Wong S (2016) Public pension funds perform better when they keep politics at bay. Harv Bus Rev

# Pensions and Local Government Fiscal Instability

Joseph Vonasek
Department of Political Science, MPA Program, Auburn University, Auburn, AL, USA

## Synonyms

Defined benefit pensions; Fiscal strain; Fiscal stress; Funding shortfalls; Other post-employment benefits; Retirement crisis; Retirement obligations

## Definition

*Pensions and other post-employment benefits* are compensation promised to an organization's employees with deferred accessibility until after a given period of employment (the "vesting" term) and/or the employee's attainment of a stated age. Such compensation is typically accessible only after an employee's service to an organization has been willfully terminated.

## Introduction

The level to which local governments have met their funding obligations for pensions and other post-employment benefits (OPEB) is generally evaluated by a combination of three factors (GAO 2008: 2):

1. The status of *annual required contributions* made to their pension and OPEB trust funds; the extent to which the local government is meeting an actuarially determined plan for its pension and OPEB obligations.

P

2. The *funded ratio*; the actuarially accrued benefit liabilities of trust funds, compared to the actuarial value of each trust fund.
3. The amount of the *unfunded accrued liability* for each trust fund; representing the extent to which trust fund obligations will meet or exceed a fund's assets.

The fiscal impact that results in unfunded liability is applicable anywhere pensions and OPEBs are a part of employee's wage and salary package. These factors represent the product of a trust fund's returns on investments, long-range fiscal planning, and the political will of its controlling elected officials. Cities of all populations and socioeconomic bases are seeing their retirement costs exceed 50% of their payrolls and are seeking legislative relief to roll back benefits (Ward 2010).

## Pension Effect on Fiscal Stability

Pensions and OPEB are salary costs deferred until after an employee has met the criteria for claiming them and has willfully separated themselves from that employer. Despite being compensation, the payment for these elements of total compensation does not actually occur until later fiscal periods. However, they are an expense in the periods in which they are earned. Despite this, many local governments only fund them on a pay-as-you-go basis. This follows the Governmental Accounting Standards Board (GASB) contention that pension benefits should be recognized on an accrual accounting basis and OPEB costs on a modified accrual basis. GASB's contention is that they are a part of total compensation and, when accrual or modified accrual accounting for their cost is not utilized, they may easily become an unfunded liability. Failure to appropriate them when earned means total unfunded liabilities grow and have substantial effect on future revenue streams despite being expenditures from previous periods.

Changes in accounting standards are effected by GASB through the issuance of "statements." In June of 2012, GASB standardized how pension and OPEB costs are accounted for and reported through GASB Statement 67, *Financial Reporting for Pension Plans*; GASB Statement 68, *Accounting and Financial Reporting for Pensions* by governments that provide employee pensions; and, later, GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB 2013). These GASB statements strengthen GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, as well as GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in June of 2005 (GASB 2006). Standardization mandates uniform reporting as well as recognizing and presenting the liabilities that are created by these features of employee compensation.

### Unrealistic Expectations for Pension Trust Earnings

Actual earnings by pension fund assets are critical to both the funded ratio and the calculation of the fund's annual required contribution (ARC) (GAO 2008: 9–10). Overestimating returns on investment (ROI) for fund assets decreases the level of a local government's ARC. Overestimating requires the ARC be increased in future years. Conversely, underestimation can decrease future ARC appropriations. The value of investments can also vary daily due to swings in the investment market that reflect the overall economy (GASB 2012). Thus, the date at which annual fund earnings (and therefore liabilities) are measured can be important. The failure to make an ARC on schedule also affects the funded ratio: Interest earned is reduced because it is earned on a smaller principal.

The sufficiency of a trust fund's ability to meet its long-term obligations is a calculated ratio of the projected value of a fund's assets compared to its projected obligations. One of the issues of financial reporting that GASB 67 and GASB 68 are intended to alleviate is the use of unwarranted estimates for return on trust fund investments for projection and the ratio calculated to express the level of coverage. An actuarially substantiated coverage ratio of 80%, or more, is commonly considered the benchmark for evaluating adequacy of fund coverage (Simms and Co. 2010; GAO 2008).

The use of unrealistic assumptions in estimating planned earnings has sometimes been intentionally used by fund managers. Such estimations enable a fund manager to calculate a lower ARC. CNBC, in a 2013 report, noted that the average projected return of defined benefit fund investments by the 100 largest public pension funds was 7.84%, while the actual ROI of those funds over the previous 10 years averaged only 5.6% (CNBC 2013). Another technique that incorporates overestimation is "smoothing." An averaging of gains and losses over longer periods of time allows the effect of a growing stock market to be carried into future years, where the gains may be lower. These make funding problems appear smaller but limit the recapture of asset growth during recoveries. The negative effects of overestimating ROI only become evident in the long term, when the projected revenue is not available to pay pensions (CNBC 2013). The gains of the .com market in the 1990s encouraged local governments to offer greater pension and OPEB benefits, based on trust fund projections. When it came time for them to start the payouts, the gains had not materialized (CNBC 2013). Non-uniform assumptions, methodologies, and other indicators of financial performance made comparison of pension and OPEB funds impossible. This problem has been noted for some time (ACIR 1985: 50).

The overestimation of ROI is a tactic that GASB 67 and GASB 68 have made much harder to employ. Those statements allow local governments to utilize whatever discount rate (i.e., the ROI) they wish. However, this is only as "long as the projected plan net position .... exceeds the projected benefit payments" (GASB 2016; GASB n.d.). When the plan's net position is no longer equal to or greater than the projected benefit payments (a *crossover point*), a local government is required to utilize "a high-quality municipal bond interest rate" as the discount rate (GASB n.d.).

## Failure to Implement Plans that Accommodate Future Benefits

Failure to fully appropriate current obligations means that the required funds may not be available or leverage themselves to their planned level of growth. That is, the interest that is earned and compounded is on a lesser balance than planned. This increases the amounts that must be appropriated (the ARC) to meet pension and OPEB obligations.

Local governments have been aware that the costs of pension benefits have been rising for some time. The National League of Cities (NLC), in their report on cities' FY 2000 fiscal conditions, advised that the increasing cost of pension benefits was negatively affecting cities' budgets. Responses to the NLC survey indicated that 47% stated "changes in costs associated with employee pensions .... had a negative impact" on "the abilities of cities' to meet their overall needs in FY 2001" (Pagano 2001: 11–13). The intervening 10 years between the 2001 NLC report and the seven municipal bankruptcies occurring in the United States since 2011 (listed in Table 1) indicate that the intervening time has not been adequately used by local governments to resolve their developing financial difficulties.

Interestingly, there is no requirement that the ARC actually be made. Similarly, the GASB statements established pension reporting requirements neither required local governments make any specific annual funding or meet some minimum coverage ratio on a periodic basis (Chieppo 2013). A government's Comprehensive Annual Financial Report (CAFR) only must provide information on funding status (the actuarially determined fund net position) and the progress of both defined benefit and defined contribution pension funds in the CAFR's accrual-based statements and as required supplementary information.

**Pensions and Local Government Fiscal Instability, Table 1** Municipal bankruptcies since 2011

| City | State | Year |
|---|---|---|
| Gould[a] | AR | 2011 |
| Jefferson County[b] | AL | 2011 |
| Central Falls[c] | RI | 2011 |
| San Bernardino[d] | CA | 2012 |
| Stockton[e] | CA | 2012 |
| Detroit[f] | MI | 2013 |
| Harrisburg[g] | PA | 2013 |

*Sources*: [a]Maciag (2013), [b]Dickinson (2011), [c]Goodnough (2011), [d]Reuters (2013), [e]Kasler (2014), [f]Smith (2013), [g]Smith (2013)

Because they deal with funding liabilities, pensions can have an impact upon the local government's cost of borrowing because they, at least partially, represent the risk level of the borrower (GASB 2016, 2013).

### Political Dynamics and Costs

In the recent past, the effect of fiscal instability on local governments has been evidenced in the bankruptcies of cities of varying populations, economic bases, and geographic location. This is exemplified in the differences between Detroit, Michigan (bankruptcy, 2013; population, 713,777), and Central Falls, Rhode Island (bankruptcy, 2011; population, 19,416). The effect of economic conditions cannot be overlooked. However, local government political dynamics are a large part of the pension and OPEB benefits promised.

Political dynamics serve to "complicate any assessment of the direct effects of fiscal stress on the policy responses of localities" (Stein et al. 1986). Complicating elements in the evaluation are that the response to fiscal instability through policy change may not occur immediately and that the responses may pass through a series of "stages" before selective corrective action is accomplished (Levine et al. 1981; Levine 1980).

The earliest reflection of political dynamics on local government fiscal policy occurred in New York City. The "Tweed Ring" maintained political control through the establishment of a coalition of groups who were dependent upon public development projects and patronage appointments. Control of the city's fiscal resources allowed the Tweed Ring to coerce upper classes by increasing and expanding capital development to benefit their economic interests while also providing jobs to the lower classes. This process provided the opportunity to both gain the acquiescence of the upper classes while receiving kickbacks on the project contracts that were being awarded (Shefter 1992: 17–19). The Tweed Ring's patronage was extremely effective in controlling the outcome of elections. During that period, it is estimated that one of the eight voters in New York City was a public employee (Keller 1977: 239).

In a more current example, New York's mayor David Dinkins obtained the support of the city's three largest municipal unions. Following his being voted into office in 1990, Dinkins used the power of his office to declare a 5.5% increase in pay for all municipal employees (Shefter 1992: xiii). While the immediate effect of inflating the city's budget is obvious, to appreciate its long-term effects, one must consider how the city's already liberal pension benefits were affected by the wage increase.

While the salary components of every city department's budget were immediately increased, the increase to postretirement benefits was reflected in pension benefits that rose by the amount of 5.5%, compounded to reflect annual merit and/or COLA (cost-of-living adjustment) wage increases. Pension benefits are most often based upon the highest years of an employee's compensation. At the time of an employee's retirement, their monthly benefit would have been increased by the compounded value, rather than the 5.5% alone. Conversion to estimate the impact and the effect of COLAs, exclusive of any general wage increases, after 30 years of service indicates that every dollar of benefit increase produced by Dinkins' 5.5% general wage increase had the effect of more than doubling its value in the final pension benefit. Applying the Consumer Price Indexes for each year from 1990 through 2020 produces a conversion factor of approximately 2.07 (OSU 2016).

Where postretirement pension benefits are also subject to an annual COLA, the effect of compounding on the initial 5.5% continues to increase. In the case of police and other work classifications entitled to immediate full benefit collections after some specified term of service, regardless of age or disability status, the ultimate impact of the pay increase would be substantially more than initially planned and would likely stress the city's pension trust coverage ratio even further. When perceived from this perspective, New York's annually required pension contributions (ARC) were increased by a magnitude far in excess of the immediate cost of the pay increase.

The impact of political dynamics on pensions and OPEB costs is similar. As long as elected

officials can resolve employment issues by agreeing to postretirement benefit improvements that will not affect budgets until after the officials have left their office, the costs for choosing that path are legislatively acceptable (ACIR 1973: 6). The process of "kicking the can down the road" (Stampfler 2013: 235) should not be allowed to continue as the norm.

## Avoiding and Correcting Pension and OPEB Liabilities

### Financial Planning

Long-range financial planning is essential to establishing and maintaining fiscal stability. Knowing whether an organization is facing fiscal instability is possible only when a representative set of an organization's financial indicators have been established. Written financial policy statements concerning the funding of pension and OPEB liabilities are also necessary to maintenance of the trust funds (Matzer 1986: 67–68).

Although the GASB statements address the recognition of the liabilities created, they have not resolved the necessity of establishing and funding trust funds established for those purposes (GASB 2006, 2013). Although the GASB statements require determination of the long-term obligations for pensions and OPEB, nothing obligates the long-term funding of liabilities incurred annually. For this reason, written financial policy statements requiring this practice are advised.

Matzer (1986: 66) specifically identifies unfunded pension liability and annual leave (as well as sick leave liabilities) as being central indicators to the task of measuring an organization's level of exposure to fiscal instability. Matzer supports his position using a National League of Cities survey which indicates that 83% of the respondent cities consider increasing pension costs an important cause of their fiscal difficulties (Matzer 1986: 62). This financial trend monitoring system should also include OPEB liabilities.

A final requirement for this indicator system would be uniformity in the measurement system. To assure year-to-year comparability as well as comparability with other local government's data, an actuarial cost method, such as the entry age normal or projected unit credit costing method, needs to be selected to allow representative comparison with other similar local governments. These methods amortize gains and losses by the fund rather than spreading them (Jarret and Zimmerman 1997: 2).

### "Emergency Financial Managers"

Financial stresses that have built for years must be overcome by municipalities. Some of these sources of financial strain have come from increasing pension and medical and retiree health-care costs. Approximately one-third of the 61 largest cities in the United States are struggling to avoid bankruptcy (Sayegh 2014). Creative accounting maneuvers, one-time spending cuts, and short-term revenue increases will no longer bail municipalities out of their fiscal dilemma (Hakim 2012). More than half the states have enacted legislation that allows them some financial control over local governments that are experiencing financial instability.

There are conflicting opinions as to whether the appointment of an emergency financial manager improves or reduces the ability of local governments to avoid bankruptcy. Some hold that such appointments reduce the control of a local government and increase the probability that the economic situation will worsen (Stampfler 2013: 236). They reduce or excise entirely the decision-making authority of local elected officials (Holeywell 2012). However, the adoption of statute defining the conditions of financial emergency under which a state may appoint an emergency financial manager has long been recommended by the ACIR (1973: 7). Michigan enacted such a law in 2011, in awareness of the growing condition of fiscal instability that was dragging the City of Detroit to the brink of insolvency (Holeywell 2012). This strategy was successful in 1996 when the governor of the State of Florida appointed an interim city manager to take over control of the City of Miami, FL (Dluhy and Frank 2002). In the case of Miami, bankruptcy was avoided by the manager's control of overspending by the city's elected commission.

### Benefit Reductions

When pension and/or OPEB benefits grow large enough to cause fiscal instability, their costs can be mitigated through the use of a number of tools. These all involve a suspension of employer-provided benefits or portions of benefits. These strategies are sometimes referred to as a "claw-back" (Goforth 2014: 4).

One method, if legally accommodated, is suspension or reduction of the cost-of-living adjustments promised. This strategy was employed by the City of Detroit to restructure its obligations in chapter "Organizational Structure and Crisis Management" bankruptcy proceedings. This reduces immediate costs and reduces future pension costs by reducing or eliminating the base of the compounding amount for benefit increases.

A second strategy requires employees to be responsible for a greater proportion of their pension costs. This requires that an employee's required contributions be increased. This lowers an employer's funding liability while increasing the employee's contribution to the pension fund's interest-earning assets.

A third method is a shift from defined benefit to defined contribution plans. Defined benefit plans promise retirees a stated level of benefits paid. Defined benefit makes employers responsible for achieving a stated ROI or higher. Failure increases the employer's liability to the fund; either increasing their unfunded liability or requiring an increased employer ARC. Conversely, defined contribution plans stipulate the annual level of the employer's contribution to the fund on behalf of a covered employee. In this manner there is no specific postretirement benefit guaranteed, and the employee bears the risk of the fund's ROI performance. This can be accomplished by covering all new employees through a defined contribution plan, by offering employees an option to shift from a defined benefit plan to a defined contribution plan, or by saddling new plan entrants with the added cost of the liabilities of the defined benefit plan.

### Pension Obligation Bonds

When a local government finds that it's carrying a substantial unfunded pension and/or OPEB liability, most often the local government will not have the reserves or fund balance to address the obligation. Accomplishing this short-term liability reduction may be possible through the issuance of pension obligation bonds (POBs). The issuance of POBs exchanges long-term debt for alleviation of their unfunded liability. In its essence, this is deficit funding to reduce fiscal stress.

The revenues pledged to retire POBs can come from a combination of three sources: employer contributions, employee contributions, and earnings on the trust fund investments (Kilgour 2014: 123). Employee contributions are typically a set percentage of an individual's salary. They are not expected to change, regardless of changes in unfunded liability. The employer's contribution varies yearly and is comprised of the stipulated ARC plus some calculated portion of the unfunded liability and plan administrative expense (Kilgour 2014: 124). The decision to issue POBs to relieve an unfunded pension or OPEB liability may be motivated by the belief that investments by plan trustees of the bond proceeds will produce an ROI greater than the interest component of the total debt service to be paid. If the financial performance of the borrowed funds does not exceed the interest charges of the issue, the decision to issue POBs is unwise.

Returns to the holders of POBs are taxable, and the issue is most often secured as a general obligation debt of the issuing government. There are numerous risks involved in the issuance of POBs. They include the financial risk of issuing bonds, the risk that investment of the proceeds may not produce gains that exceed interest charges and other costs of issuance. Thus, issuance of POBs is subject to a need to time the investment of the proceeds to when equity costs are low and the potential for growth in their value is great.

A point made above that bears repeating is that POBs turn what was considered to be "soft debt" into "hard debt." That is, the POBs become a liability that is reflected on the local government's balance sheet. Prior to the GASB statements, there was no real presentation of pension and OPEB unfunded liabilities in a local government's Comprehensive Annual Financial Report (CAFR). The GASB statements do change this, somewhat.

However, as noted previously, they impose no obligation to maintain a funded ratio of 100%. Formal debt, however, imposes an obligation to either pay the required debt service or be held in default. This limits a local government's ability to adapt its revenues to its priorities. The subsequent loss of funding flexibility can cause problems (Kilgour 2014: 126).

Other forms of risk include political risk and the need to acquire voter approval for the issuance. The bond proceeds will be used to alleviate an unfunded liability. The lowered liability may be perceived by organized labor as an opportunity to demand increased benefits (Kilgour 2014: 126).

### Bankruptcy

Mobile AL, in 1839, reported the first default of a US city (Hempel 1971: 23). Throughout history, municipal bankruptcies and defaults have occurred in groups (ACIR 1985: 2). The post-US Civil War era saw a rash of defaults, as did 1933–1935, the years of the Great Depression (ACIR 1985: 2–3).

Presently, a local government in default can file for debt restructuring under chapter "Organizational Structure and Crisis Management" (U.S.C. 901). Chapter "Organizational Structure and Crisis Management" provides a number of advantages over the chapter "Organizational Environment" filing that is required of private corporations. Among them is the ability to unilaterally reject the terms of collective bargaining agreements where it is necessary to achieve a successful plan for restructuring. To override obligations under a collective bargaining agreement, chapter "Organizational Environment" requires the debtor to propose to the bargaining unit, prior to a court hearing held to approve or reject the debtor's plan for adjustment of debt, a modification of the agreement. The agent of the bargaining unit must then refuse the proposal. Additionally, the terms that have been rejected must be shown to be necessary for the successful enablement of the debt adjustment plan (Spiotto et al. 2012: 65). Under the provisions of chapter "Organizational Structure and Crisis Management" no rejection of terms by the bargaining unit is necessary.

Thus, chapter "Organizational Structure and Crisis Management" allows for the reduction of pension and OPEB benefits. The emergency financial manager for the City of Detroit utilized the terms of chapter "Organizational Structure and Crisis Management" to achieve reduction of post-employment benefits, an element critical to the plan of reorganization. Although the language and case history of chapter "Organizational Structure and Crisis Management" allows for a complete rejection of all benefits, the emotional and economic stress of such an action makes that course of action unlikely. In the case of Detroit, what is referred to as "The Grand Bargain" created a coalition that included concessions by labor groups and pledged donations by corporations. This made complete rejection of the bargaining agreement retirement benefits unnecessary.

## Theoretical Causes of Fiscal Instability

After review of the examples and explanations described earlier, it becomes evident that there are recurring themes. This is both supported and reinforced by the academic research that has been accomplished on fiscal strain. Extending back to the 1970s, research has categorized the causes of fiscal instability into four broad types. These are briefly described below:

1. **Socioeconomic Decline**: Economic and demographic factors deplete the tax base; increasing the demand for public services. Outmigration occurs, leaving a population that requires more services, further increasing the cost of government. The decreased demand for real estate, due to outmigration, reduces taxable values and shrinks tax revenue (Kimhi 2008; Pammer 1990; Rubin 1982).
2. **Local Political Dynamics**: Fiscal instability results from changes in voter coalitions that cause elected officials to curry their favor their through spending. Political pressures by local influence groups motivate fiscal policy and decision-making. Fiscal instability may also result from politicians seeking the favor of employee unions, overextending

government's commitment to salaries and benefits (Kimhi 2008; Pammer 1990; Rubin 1982).

3. **Bureaucratic Expansion**: Bureaucrats, acting in their own self-interest, increase both the size of government and the salaries and benefits paid to employees. This increases their influence and power while also increasing presiding bureaucrats' salaries and benefits (Kimhi 2008; Pammer 1990; Stein et al. 1986: 111–144). The increased salaries and benefits increase the cost of future pension and OPEB trust fund requirements.
4. **Internal-Management Perspective**: Inept management either indirectly causes fiscal instability through managerial and/or fiscal misfeasance or directly causes it by acceding to risky fiscal plans and decisions made to alleviate political vulnerability (Timiraos 2012; Kimhi 2008; Pammer 1990; Rubin 1982). Failure to create a long-term financial plan that fully funds promised benefits often results from internal-management issues.

Little imagination is needed to perceive how pension and OPEB obligations can produce the fiscal instability that can result from each of these four causes.

## Conclusion

The preceding presents only a broad overview of the relationship of pensions with the causes of fiscal instability, the tools used to alleviate that condition, and the effects of their usage. Despite the potency of its effectiveness in reducing crushing debt and costs of labor that are difficult to deal with using other methods, the results of bankruptcy are hard for a local government to deal with from either the social or organizational perspectives. A government's citizens will suffer from a reduction of services that may be critical to their life's requirements. Socially, retirees and current employees will not likely extend their appreciation for having their benefits reduced. Further, with the reduction of gross wages and retiree annuities that are spent in it, the local economy is likely to feel the effects of decreased demand for the goods and services it provides.

Thus, it is quite easily seen that the best way to survive bankruptcy is to avoid it entirely. This can be best accomplished by engaging long-range fiscal planning that accommodates future costs of pension and OPEB trust funds while monitoring and acting upon the status of the net position of their funding. This should include estimation of plan earnings using realistic expectations and staying current in the appropriation of the funds' annual required contributions. Lastly, written policies applying to the maintenance and management of the pension and OPEB trust funds should be adopted and implemented.

## Cross-References

► Retirement Crisis: Global
► Retirement Crisis: USA

## References

ACIR (1973) City financial emergencies: the intergovernmental dimension. Advisory Commission on Intergovernmental Relations, Washington, DC

ACIR (1985) Bankruptcies, defaults, and other local government financial emergencies. Advisory Commission on Intergovernmental Relations, Washington, DC

Chieppo C (2013) New rules could clear the path to pension reform. Governing. 5 Mar 2013. Retrieved 11 July 2016. Available at: http://www.governing.com/columns/public-money/col-new-rules-could-clear-pension-reform-path.html

CNBC (2013) Pandemic of pension woes is plaguing the nation. CNBC.com. Retrieved 5 Aug 2013. Available from: http://www.cnbc.com

Dickinson M (2011) Alabama county files biggest municipal bankruptcy. Reuters. 10 Nov 2011. Retrieved 10 Nov 2011. Available at: www.reuters.com/assets/print?aid=USTRE7A87WW20111110

Dluhy M, Frank H (2002) The Miami fiscal crisis: can a poor city regain prosperity? Praeger Publishers, Westport

GAO (2008) State and local government retiree benefits: current funded status of pension and health benefits. Report to the Committee on Finance, U.S. Senate. Available at: http://www.gao.gov/products/GAO-08-223

GASB (2006) Statement 45: accounting and financial reporting by employers for postemployment benefits other than pensions. Governmental Accounting

Standards Board. Retrieved 5 July 2016. Available from: http://www.gasb.org
GASB (2012) GASB encourages planning, preparation, and collaboration on new pension statements. Governmental Accounting Standards Board. Retrieved 11 July 2016. Available from: http://www.gasb.org
GASB (2013) New GASB pension statements to bring about major improvements in financial reporting. Governmental Accounting Standards Board. Retrieved 5 July 2016. Available from: http://www.gasb.org
GASB (2016) Fact sheet on the new pension standards: governments in defined contribution pension plans. Governmental Accounting Standards Board. Retrieved 11 July 2016. Available from: http://www.gasb.org
GASB (n.d.) "GASB's new pension standards: setting the record straight. Governmental Accounting Standards Board. Retrieved 11 July 2016. Available from: http://www.gasb.org
Goforth A (2014) Benefit clawbacks: only way to avoid a pension cliff? Benefits Pro. Retrieved 31 July 2016. Available from: http://www.benefitspro.com/2014/11/11/benefit-clawbacks-only-way-to-avoid-a-pension-clif?slreturn=1470002589&page=4
Goodnough A (2011) What it looks like when a city can't afford its pensions. Sarasota Herald-Tribune. Retrieved 10 Nov 2016. Available from: http://heraldtribune.com/news/20110720/what-it-looks-like-when-a-city-cant-afford-its-pensions
Hakim D (2012) Deficits push New York cities and counties to desperation. New York Times. Retrieved 26 July 2016. Available at: http://www.nytimes.com/2012/03/11/nyregion/deficitspush-municipalities-to-desperation.html?pagewanted=all
Hempel G (1971) The postwar quality of state and local debt, vol 94. National Bureau of Economic Research, New York
Holeywell R (2012) Emergency financial managers: Michigan's unwelcome savior. Governing 5 Jan. Retrieved 7 Jan 2015. http://www.governing.com/topics/mgmt/gov-emergency-financial-managers-michigan-municipalities-unwelcome-savior.html
Jarret D, Zimmerman C (1997) Which pension funding method is right for you? Record 23(1):2–3
Kasler D (2014) Stockton creditor challenges sanctity of public pensions, pulls CalPers into court. The Sacramento Bee. Retrieved 9 July 2014. Available at: http://www.sacbee.com/2014/05/14/6405926/stockton-creditor-challenges-sanctity.html
Keller M (1977) Affairs of state, vol 239. Harvard University Press, Cambridge
Kilgour J (2014) Understanding the role of pension obligation bonds: the California experience. Compensation Benefits Rev 46(2):123–129
Kimhi O (2008) Reviving cities: legal remedies to municipal financial crises. Boston Univ Law Rev 88:633–684
Levine C (1980) Managing fiscal stress. Chatham, Chatham
Levine C, Rubin IW, Wolohojian GG (1981) The politics of retrenchment. Sage, Beverly Hills
Maciag M (2013) How rare are municipal bankruptcies? Governing.com. 24 Jan 2013. Retrieved 12 July 2016. Available at: http://www.governiing.com/blogs/by-the-numbers/municipal-bankruptcy-rate-and-state-law
Matzer J (1986) Local control of fiscal stress. In: Gottdiener M (ed) Cities in stress: a new look at the urban crisis, vol 63. Sage Publications, London
OSU (2016) Consumer price index (CPI) conversion factors 1774 to estimated 2024 to convert to dollars of 2007. Oregon State University. Available from: http://liberalarts.oregonstate.edu/spp/polisci/faculty-staff/robert-sahr/inflation-conversion-factors-years-1774-estimated-2024-dollars-recent-years/individual-year-conversion-factor-table-1#Inflation. Conversion Factors
Pagano M (2001) City fiscal conditions in 2001. National League of Cities, Washington, DC, p 11
Pammer W (1990) Managing fiscal strain in American cities: understanding retrenchment in the public sector. Greenwood Press, Inc, Westport
Reuters (2013) San Bernardino, Calif., eligible for bankruptcy: Judge. CNBC.com. Retrieved 29 Aug 2013. Available from: http://www.cnbc.com/id/100996601
Rubin I (1982) Running in the red: the political dynamics of urban fiscal stress. State University of New York Press, Albany
Sayegh T (2014) Detroit bankruptcy: Why judge's decision on city's fate will impact every American. FoxNews.com 13 August 2014. Available at http://www.foxnews.com/opinion/2014/08/13/detroit-bankruptcy-case-judge-ruling-has-major-implications-for-all-americans.html
Shefter M (1992) Political crisis/fiscal crisis: the collapse and revival of New York City. Columbia University Press, New York
Simms & Co (2010) State and city pension funding: a contrarian view. Herbert J. Simms & Company. Retrieved 1 June 2016. Available from: http://www.hjsims.com/commentary/state_and_city_pension_funding_a_contrarian_view.html
Smith R (2013) America's first big-city bankruptcy of 2013. Daily Finance.com. Retrieved 15 May 2013. Available from: http://www.dailyfinance.com/2013/05/15/first-big-citybankruptcy-2013
Spiotto J, Ackler AE, Appleby LE (2012) Municipalities in distress?: how states and investors deal with local government financial emergencies. Chapman & Cutler L.L.C, Chicago
Stampfler M (2013) Emergency financial management of cities by the state: a cure or simply 'kicking the can down the road?' J Law Soc. Retrieved 28 July 2016. Available at: http://law.wayne.edu/journal-of-law-society/pdf/stampfler_article.pdf
Stein R, Sinclair E, Neiman M (1986) Local government and fiscal stress: an exploration into spending and public employment decisions. In: Gottdiener M (ed) Cities in stress: a new look at the urban crisis. Sage Publications, Beverly Hills
Timiraos N (2012) Fannie Mae CEO Williams resigns. Wall Street J. Accessed from the WSJ.com web site at: http://

online.wsj.com/article/SB10001424052970204124204577153191424658570.html
Ward K (2010) Local governments seek pension relief. Sunshine News. Retrieved 19 July 2016. Available from: http://www.sunshinestatenews.com/story/local-governments-seek-pension-relief

# Perception of Performance Management Practice: A Sectoral Comparison

Hyung-Woo Lee
Department of Public Administration, Hannam University, Daejeon, South Korea

## Synonyms

Internal competition: Competition among employees, Competition at the individual level, Competition in the workplace; Performance-based HRM: Performance-based reward system, Performance-based paradigm, Performance-based pay

## Definition

Performance-based Human Resource Management: the internal HR policy or systems that mandate the use of individual performance evaluation in making important personnel decisions regarding pay increase, promotion, and awards.

Internal competition: competition among individual employees within an organization, not among organizations.

## Introduction

The emergence of New Public Management (NPM) has altered how government is operated. One of the notable changes is how public organizations manage their human resources, especially how they reward employees. Traditionally, governments have rewarded their employees based mostly on tenure, assuming that tenure reflects the ability necessary for conducting tasks. This assumption is somewhat rooted in the notion of career civil service. That is, government personnel are best equipped with the professional skills and knowledge specialized for the government context. Hence, the HRM practice for career civil service aims to hire employees mostly at the entry level and train them on the job as they move forward along the internal promotion ladder. However, the NPM challenged this notion and increased the number of co-optation (Kim 2002). Since 1999, the South Korean government have recruited experienced workers from the private sector for upper middle management positions. Currently, about 10% of the public managers in municipal governments are co-opted from outside of the government (Park et al. 2002). Also, it dramatically changed how their employees are held accountable and rewarded. Governments implanted the performance-based reward system which has been typically the HRM practice of the private sector.

Since the practice of performance-based HRM is somewhat foreign to the traditional management principles of government, scholars and practitioners alike opposed the implantation of it, and this controversy is still ongoing. One of the main arguments of the skepticism is that performance-based HRM will increase competition among employees which may serve to undermine certain aspects of performance (Bloom 1999). Admittedly, there has been a competition under the traditional HRM system as well. However, under the traditional system, public employees would usually compete for promotion. The extent of internal competition was limited since promotion is not only tenure-based but also occurs intermittently. Given that an employee is considered for promotion only after she serves the organization for a considerable period of time, the frequency and magnitude of working in a competitive environment were far lesser than under the new system of performance management.

In fact, however, infusing competition is one of the prescriptions of NPM. The proponents of NPM believed that competition promotes the revitalization of public organization. Osborne and

Gaebler (1992), one of the pioneers of the movement, viewed that the inefficiency of government organization is attributed to the absence of competition. Although they did not explicitly endorse competition at the individual level, they certainly proposed the extensive reform toward performance-based HRM, such as performance-pay. Also, they proposed to benchmark private sector practices. Competition is indeed a key element of the performance-based HRM that has enabled private sector organization to accomplish greater productivity than public ones. Many private firms have had performance appraisal system limiting the proportion of employees to be rated as top tier performers (Cohan 2012), which is intended to increase competition among employees, and eventually to make the entire workforce motivated.

This chapter discusses how the South Korean employees perceive the government reform toward performance-based HRM with a particular focus on internal competition among its employees. This study compares these perceptions, including the levels of felt competition, in public sector organization to that of the private sector. This comparison will provide an insight on how sectoral difference plays out in adopting the performance-based HRM system in the public sector, and whether the public sector reform has accomplished the intended goal of creating competitive work environment.

## The Reform of Performance Management in the South Korean Government

Since the economic crisis in 1997, the South Korean government have extensively reformed their governments at all levels (Kim 2000) embracing the ethos of NPM. Given this context of South Korean reform, it was a fight for survival in an emergency, rather than a strategic choice for improving efficiency. As such, the scope and magnitude of the reform were far greater than other developing countries in which the principles of NPM are adopted to modernize their government system.

Performance-based HRM can be practiced in many ways. Although using the information as to individuals' performance for personnel decisions constitutes the central element of performance management, the effectiveness of the HRM practice as a motivating tool depends on the following two institutional elements. The first is securing a considerable difference in reward between high and low performing employees. In many of today's private firms, the salary scale is designed to create significant differentials between employees with different task performances, which serves to promote competition among them (Samnani and Singh 2014). Many of these companies also have an internal policy mandating to eliminate a certain proportion of low performing employees annually. Under this policy, employees are alert to the risk of layoff, which allegedly makes the entire workforce remain motivated. The second involves the use of relative evaluation scheme. In most private firms, employees' performance is assessed in consideration of their colleagues'. Also, the number of employees who can receive certain performance grades is limited. Under this scale, even if all the employees perform reasonably well, someone has to be forced into the poor grade band. The effect, of course, is that employees try to work harder than their competitors.

According to the ethos of NPM, the South Korean government have made considerable efforts to benchmark this HR practice typical of the private sector. First of all, in 2001, president Dae Joong Kim established the performance bonus compensation system. Performance appraisal is conducted twice a year based on which performance bonus is granted at the end of the year. In this system, a certain proportion of government employee salary is determined by performance grade. Second, they placed limitations on how many employees can receive each grade level. Table 1 presents the percentage of employees that can be designated to each grade band and the amount of performance pay. The rate of employees and pay amount per each grade has gradually increased in the way that increases competition among employees. For example, the pay differentials for public school teachers started

from 10% in 2001 and continuously increased up to 70% until the incumbent president Moon took office and decreased it to 50% in 2017.

## The Career Choice of Public Officials in South Korea: Competitive Personality

Individuals' personality significantly influences their job choices. People want to choose the workplace in which they can enjoy working and, they believe, perform well. Scholars of public administration have found that those who are motivated by achieving public value tend to choose the career in the public sector (Perry and Wise 1990). Another significant, yet unexamined, individual difference affecting career choice is the preference for competition. Scholars have found that people have a different propensity for competing with others (Collier et al. 2010). Some enjoy the tasks that entail excelling others in a competitive task, while others feel the greater psychological strain in a competitive environment.

**Perception of Performance Management Practice: A Sectoral Comparison, Table 1** Performance pay scale in South Korean government employees (2018)

| Grade level | S | A | B | C |
|---|---|---|---|---|
| Population (%) | 20 | 40 | 30 | 10 |
| Pay amount(%) | Over 172.5 | 125 | 85 | 0 |

Pay amount is indicated as the percentage to individual's monthly salary

Public sector employees are likely to possess the propensity of avoiding competition rather than pursuing it. Scholars have found that public employees generally prefer job security (Lee and Choi 2016). Given that job security refers to the absence of the risk related to losing the status of employment, this reflects the risk-aversive propensity of public employees. Likewise, the tendency to avoid the risk of losing their status in their workplace is commensurate with the tendency to avoid competition in the workplace. Thus, the propensity for competition will also be less for public employees than for private sector counterparts.

Surveying 308 public employees from central and local governments and 300 private sector workers from diverse industries in South Korea reveals that this is the case. Figure 1 presents the mean values of the competitive personality of the two different groups of employees. Measuring it with the scale developed by Keresztes et al. (2015) using a six-point Likert scale, the mean value of competitive personality for the private sector employees was 3.46, while it was 3.06 for public employees. The independent sample t-test score reveals that this difference is statistically significant ($t = 5.67$, $p = 0.00$).

Admittedly, it is impossible to preclude the possibility that this difference in competitive personality can be attributed to organizational socialization, rather than pre-entry personality difference. This possibility may be plausible given that, as Bozeman and Kingsley (1998)

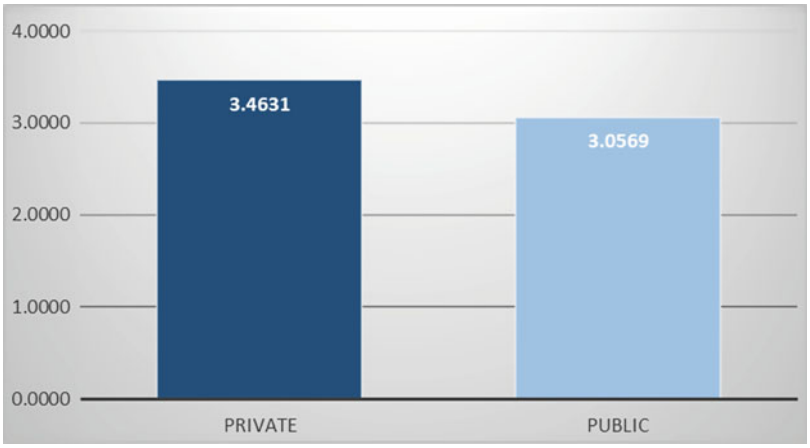


**Perception of Performance Management Practice: A Sectoral Comparison, Fig. 1** Comparison of competitive personality

found, risk orientation is dependent on organization-specific characteristics, rather than the sector itself. However, considering the particular context of the South Korean labor market, this difference is more likely to indicate the risk-aversive propensity of public sector employees. Some major multinational companies such as Hyundai and Samsung take up the greatest portion of the South Korean national economy. According to recently published statistics, the ten biggest companies produce 44% of the Gross Domestic Product of South Korea. Also, the salary differential of the workers between these international conglomerates and ordinary mid-size companies in South Korea is much greater than in any other countries. According to Noh (2018), the average monthly salary for the workers in Korean large scale companies (with over 500 employees) 6097 USD, while that of the comparable US large scale firms was 4,736 USD. Calculating these figures as a proportion to the national GDP, Korean large company workers are receiving 1.91 times more than the US counterparts. Workers in Korean medium-sized companies earn only 57% of the salary of the large-scale firm workers, while in the USA, the workers in the medium-sized firms earn 79%. Therefore, working for these major firms is a great aspiration of Korean college students.

In spite of this, becoming a public servant in South Korea has constantly increased over the last several decades after the economic crisis in the 1990s. Accordingly, passing the national exam for hiring public servant has become increasingly competitive. In 2017, the South Korean government hired 4,910 public employees among 228,368 applicants (Source: The Ministry of Personnel Management (http://www.mpm.go.kr/mpm/)). The reason why Korean students prefer jobs in the public sector is clear. Compared to the employees in those top companies whose average retirement age is around 40 (According to Sung and Ahn (2006), the point of centraflexure in employment rate curve in South Korea appears around 40–44 in age, indicating that the national employment rate is at its peak at the age of 40–44 and decreases afterwards.), the employment of Korean public employees is guaranteed until 60 under the law. In this sense, once hired, public employees are insulated from competition in the workplace and the resultant loss of employment. Therefore, given that public officials in South Korea had aspired to get a job in the public sector in spite of the competitiveness and of the considerable pay discrepancy, the finding is likely to reflect that public employees in South Korea have much less preference for risk-taking and competition even before socialized after entry.

The difference in the preference for competition resulted in greater collective resistance of South Korean public employees to adopting the performance-based HRM. As the South Korean government gradually changed the HRM regulations to increase the magnitude of competition in public organizations, the Korean Government Employee Union have protested against the policy change. The Korean Teachers and Educational Workers' Union also joined the collective action. As a strategic resistance to the performance-based HRM, individual public employees comply with the policy on the surface but are attempting to sabotage on it. One of the typical examples of the sabotage includes distributing the best performance grades on a rotation basis (Han 2010). As a result, the intended goal of the reform toward performance-based HRM has rarely been achieved.



## The Practice of Performance Management

Despite the considerable efforts made by the South Korean government, the performance-based reward system in public organizations is significantly constrained. This is because the measures that public organizations can take to increase competition are inherently limited due to the nature of financial allocation. Public organizations hardly secure enough financial resources to provide considerable extra compensation for high performers. Private firms with employees of higher productivity will result in greater financial return for the organization. In such a case, it causes no controversy to distribute the additional revenue to their employees depending on their

contributions. To the contrary, the government budget is usually not linked to their performance. And it is politically infeasible for the government to persuade the citizens of increasing the labor expenditure even if the quality of public service increases (Perry et al. 2009). South Korean government coped with this constraint by designating a larger portion of employee paycheck as performance-contingent, and at the same time, decreasing the amount of base pay.

Since the decrease in the amount of base pay will inevitably cause complaints, dissatisfaction, and declining morale among employees, the proportion of performance pay cannot be significant enough to attract employees in public organization. The survey result shows this. As indicated in Fig. 2, the perception that the proportion of performance pay is significant was 3.56 for private sector employee, while it was 2.79. The difference was statistically significant ($t = 9.69$, $p = 0.00$). To the contrary, public employees tend to perceive that their performance is appraised using the relative scheme as much as private sector employees. The mean value of relative evaluation perception for public employees was 4.01, while it was 4.18 for private firm employees. The difference was significantly less than the difference related to the perception of the performance-pay amount and was not statistically significant applying a stringent standard of the alpha level ($t = 2.33$, $p = 0.02$). In fact, we do not know how stringent relative scale private firms use. Each company may use a distinctive scale. However, it seems that on average they use the evaluation scale the degree of which is generally comparable to that of South Korean government presented in Table 1.

Scholars have noted that performance indicators in public organization are less accurate due to the greater goal ambiguity. However, the survey did not confirm such a notion. The perception of appraisal accuracy for public employees (3.07) showed no significant difference from that of private sector employees (3.09). The difference was negligible and statistically non-significant ($t = 0.27$, $p = 0.79$). Goal ambiguity does not appear to be a significant factor in the perception of appraisal accuracy. Although the goals of private firms are simple and clear, the individual contribution to the achievement of organizational goals is ultimately evaluated based on supervisors' subjective assessment. Hence, the issue of performance appraisal accuracy appears to depend on other factors than the sector, such as the quality of rater training, the participative nature of goal setting, etc.

## Employees' Feeling of Competitiveness

The differences in the practice of performance-based HRM, along with a different propensity

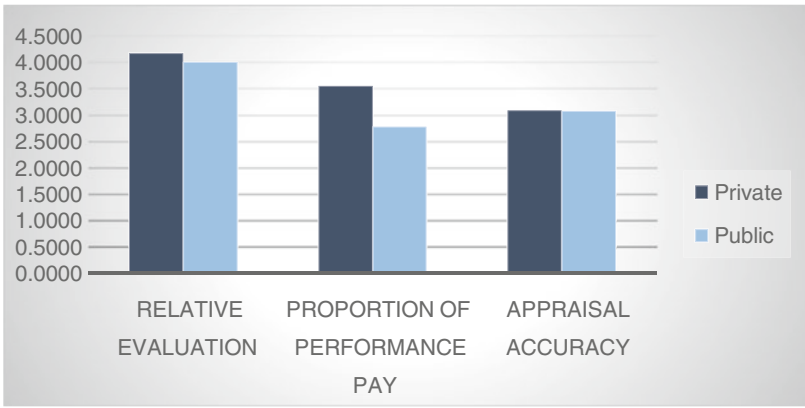


**Perception of Performance Management Practice: A Sectoral Comparison, Fig. 2** Comparison of perception of performance management practices

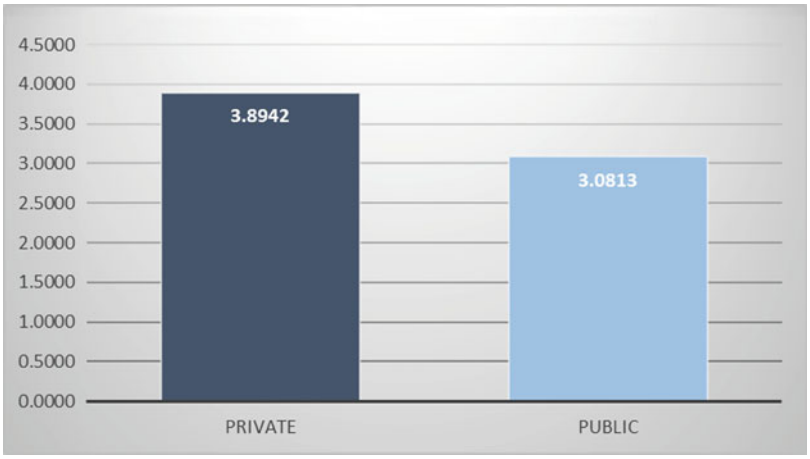


**Perception of Performance Management Practice: A Sectoral Comparison, Fig. 3** Comparison of felt competiveness

for competition between private and public employees, engender a different level of felt competition among employees (Fig. 3). The survey reveals that the felt competition of private sector employees was 3.89, while that of public employees was 3.08. The difference was statistically significant ($t = 10.43$, $p = 0.00$).

The results appear to indicate that to infuse competition by implementing performance-based HRM, both of the two conditions should be met: evaluating employees with a relative scale and making a meaningful difference in rewards. Although the South Korean government have made an extensive reform effort to make their employees stimulated by infusing competition, such effort does not appear to have come to sufficient fruition. One of the main reasons for that may be because due to the political nature of budget allocation and the resistance from the public, public organizations were not able to create a meaningful difference in reward, thereby did not offer an attractive incentive. Another reason may be because due to the strong job security protected by the law, it was not possible to provide a significant penalty for low performers. Unlike private sector organizations where termination of employment is relatively easier, public organizations are also constrained in terms of the measures to be taken to deal with low performers. Thus, simply implanting the private sector practice without reforming the entire system did not yield satisfactory consequences.

## Conclusion

The propensity of employees, as well as work environment in government organization, is distinguished from those in the private sector organizations in many ways. In this vein, several specific points can be made. First, public sector employees have a lower degree of competitive personality than private sector counterparts. Although this may be due to the organizational socialization after entry, this is likely to reflect in large part the initial differences of attitudes toward job-related risk between prospective private and public sector employees. Their personality must have affected their career preference of whether they work for a private firm or public organization. Such difference has resulted in a considerable difference in the acceptance of the HRM reform toward performance-based paradigm.

Second, although South Korean governments have made considerable efforts to benchmark private sector HRM practices, the degree of incorporating the principle of meritocracy and improvement by competition into the internal policy arrangement has not up to the private sector standards. The degree to which employees are evaluated with the relative scale is relatively similar

in both sectors of employees. However, the degree of the differential in reward and sanction was far greater in private sector organization than public ones. Considering that South Korean government have made greater efforts to reform their HRM system extensively than other countries, this should be due to the fundamental sectoral differences discussed previously, such as the political infeasibility of increasing the financial allocation for labor in the public sector (Perry et al. 2009).

Third, accordingly, the South Korean government does not appear to have achieved vitalizing public employees by infusing competition among its employees. The survey result reveals that, despite the extensive reform efforts of the government, South Korean public employees are experiencing a smaller degree of competition in the workplace compared to private sector employees.

All these points to the argument that the extent to which performance management can infuse competition among employees is significantly limited in the public sector. Is this indicating the absurdity of performance-based HRM in the public sector? The answer is not straightforward. At least, it is premature to make any firm conclusion. For instance, it may depend on the purpose of performance-based HRM. If the government aims to encourage high performers with the adoption of performance-based HRM, the practice may have failed to do so. However, If the main purpose of the reform was to stimulate those who have been inert due to the absence of sanction, it can be reasonably said that the reform may have had some level of achievement: it may have increased the motivation of low-performing individuals when compared to the past when there was no such reform effort. One of the implications of the Korean case may be that managers intending to reform their HRM systems should have a realistic expectation and understand a limitation.

## Cross-References


- ▶ Pay for Performance in Government: The Case of South Korea
- ▶ Performance Management and Culture
- ▶ Performance Management in the Korean Central Government


## Appendix. Survey Items

| Construct | Survey items |
|---|---|
| Competitive personality | I am a competitive individual |
| | I like competition |
| | I often try to outperform others |
| | I get satisfaction from competing with others |
| | I enjoy competing against an opponent |
| Relative evaluation | Employees are graded on a curve in this company |
| | To get a good performance grade in my company, it is more important to outperform colleagues than to produce satisfactory results |
| | Even if all employees perform well, someone will inevitably receive a low performance rating |
| | If many employees perform better than me, I will not receive an excellent performance evaluation/grade even if I performed considerably well |
| The proportion of performance pay | There is a considerable difference in pay between high and low performers |
| | Performance-based pay constitutes a large portion of my salary/paycheck |
| | The proportion of performance pay in my organization is higher than in other equivalent organizations |
| Appraisal accuracy | My performance appraisal is a fair reflection of my performance |
| | My performance is evaluated using accurate and objective indicators |
| | The nature of my job makes it difficult to evaluate my performance objectively |
| | My performance rating depends largely on the subjective judgment of raters |
| | It is likely that my performance will be assessed quite differently if multiple raters rate it individually |

(continued)

| Construct | Survey items |
|---|---|
| Felt competitiveness | I have a fear of falling behind my colleagues |
| | I often feel pressured to outperform my colleagues |
| | I sometimes feel emotionally exhausted because of the high level of rivalry among employees |
| | I am very concerned about not being promoted as fast/quickly as my colleagues |
| | I am afraid of getting a lower performance payment than my colleagues |
| | I feel that my coworkers are more like competitors rather than colleagues and collaborators |
| | I think I have to overcome my colleagues to get ahead in the organization |
| | I believe that my colleagues' good performance will count against me |
| | If I share my "know-how" with my colleagues, I'm afraid that they may perform better than me |

## References


Bloom M (1999) The performance effects of pay dispersion on individuals and organizations. Acad Manag J 42(1):25–40

Bozeman B, Kingsley G (1998) Risk culture in public and private organizations. Public Adm Rev 58:109–118

Cohan P (2012) Why stack ranking worked better at GE than Microsoft. Forbes. July, 13

Collier SA, Ryckman RM, Thornton B, Gold JA (2010) Competitive personality attitudes and forgiveness of others. J Psychol 144(6):535–543

Han S (2010) Response of Korean public officials to performance pay: an application of ground theory. Korean Public Adm Rev 44(4):29–58

Keresztes N, Piko B, Fülöp M (2015) Does competitiveness count? Eur J Ment Health 10(1):44–61

Kim PS (2000) Administrative reform in the Korean central government: a case study of the Dae Jung Kim administration. Public Perform Manag Rev 145–160

Kim PS (2002) Civil service reform in Japan and Korea: toward competitiveness and competency. Int Rev Adm Sci 68(3):389–403

Lee G, Choi DL (2016) Does public service motivation influence the college students' intention to work in the public sector? Evidence from Korea. Rev Public Pers Adm 36(2):145–163

Noh M (2018) The salary discrepancy between large scale- and small to medium scale firms: a cross-national comparison. 2018 (Report No. 9). Retrieved from the Korea Small Business Institute website: https://www.google.co.kr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=2ahUKEwihq_6k3pThAhXexosBHb54CIwQFjAEegQIARAC&url=https%3A%2F%2Fwww.kli.re.kr%2Fkli%2FdownloadPodFile.do%3FpdicalOrginlDwldNo%3D4181&usg=AOvVaw0AcAbgfW6H1F-6gltGdNUU

Osborne D, Gaebler T (1992) Reinventing government: How the entrepreneurial spirit is transforming the public sector. Reading, MA: Addison Wesley

Park C, Namkoong G, Park H, Oh S, Kim S (2002) An empirical study of the open position system in Korea. Korean Public Adm Rev 36(3):99–128

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50:367–373

Perry J, Engbers T, Jun S (2009) Back to the future? Performance-related pay, empirical research and the perils of persistence. Public Adm Rev 69(1):39–51

Samnani AK, Singh P (2014) Performance-enhancing compensation practices and employee productivity: the role of workplace bullying. Hum Resour Manag Rev 24(1):5–16

Sung J, Ahn J (2006) What makes the older work for satisfactory lives. Quaterly J Labor Policy 6(1):39–74


# Performance Assessment of Regional Governors in Russia


Alexander Kotchegura[1] and Pan Suk Kim[2]

[1]The Russian Academy of National Economy and Public Administration (RANEPA), Moscow, Russia

[2]College of Government and Business, Mirae Campus, Yonsei University, Wonju, South Korea


P

## Synonyms

Performance appraisal; Performance assessment; Performance evaluation; Performance management; Performance review

## Definition

Performance assessment is a method by which the work performance of an employee, a work unit, or

an organization is evaluated based on various performance indicators.

## Introduction

The incentives for rewarding better performing top-level executives are a key element of any country's strategy for sustainable economic and social development. To be effective, a well-developed system of performance assessment should underpin these incentives (Kim 2009). Performance assessment of high-ranking state and government officials at the regional level is a significant issue for the Russian Federation due to the country's vast land area and the great diversity among its regions (Kotchegura 2008). The governor is the head and chief government executive of each of the subjects of the Russian Federation (region, autonomous region, republic, and city). According to the country's Constitution, the Russian Federation consists of 85 subjects with the offices of "head of region" in each subject.

## The Mechanism of Performance Assessment of Regional Governors

Following the dissolution of the Soviet Union in the early 1990s and the formation of the modern Russian Federation, the system of strict federal control over the regions ceased to exist. However, a unified, balanced, and effective system of relations between Moscow and the regions did not replace it. The distribution of authority and duties between the federal and regional executive power agencies was not always clearly defined, which negatively affected the overall performance of the government and citizens' trust in federal and regional authorities. The country lacked a normative base that could provide equal rights to all subjects of the federation in their relationship with the central government. Moreover, the weak central government was not able to create and enforce the same "rules of the game" for the whole state. Consequently, some regions and their heads (governors, presidents, and mayors) enjoyed a privileged status in their relations with Moscow compared to other subjects of the federation.

In an attempt to restore the management capacity of the federal authority, the new president (elected in March 2000) established a system of federal districts in May 2000. Currently, there are 8 federal districts in Russia, each incorporating 6–18 subjects of the federation. A presidential envoy who is responsible for, inter alia, oversight of the executive leadership of the respective regions heads each district. Another measure to strengthen the "vertical hierarchy of authority" (enacted in 2004) replaced the system of gubernatorial elections by the population of the respective subjects of the federation with the system of appointment of governors by the president (Frye et al. 2014).

The system of a regular nationwide performance assessment of regional governors was introduced in the Russian Federation in 2007, with other significant public sector innovations within the framework of a large-scale reform package known as the "administrative reform." To be effective, this system comprised a mechanism of performance assessment based on 43 measurable socioeconomic indicators that generate a comprehensive picture of the situation in the selected areas of observation.

The newly introduced mechanism of performance measurement was intended to evaluate the extent of the success or failure of the governors' activities using economic and social metrics reflecting the rate and quality of development of the regions they managed. Among these indicators were growth in gross regional product, percentage of the population living below the poverty line, per capita new housing construction, education expenditures per pupil, crime rates, reduction of bureaucratic hurdles to doing business, and proportion of the population satisfied with the quality of services provided by regional and local administrations, among others.

The collected data were based mainly on statistical information provided by the Federal State Statistics Service of the Russian Federation and were used to draw up the performance ratings of the regional governors. The key objective was to

make career prospects and the job security of governors depend on the economic and social development metrics of a respective region, as well as on the extent of public approval of the activities of regional elites.

The mechanism of performance assessment envisaged that regions and their respective governors would compete for the highest ratings. Thus, this would ensure reappointment (reelection) of the heads of the subjects of the federation and additional "bonuses" to the regions. For example, such bonuses would come in the form of budgetary grants to those regions that received the highest rankings (Rochlitz et al. 2015).

The list of the abovementioned criteria was revised and expanded regularly so that by 2010, it included 319 performance indicators. It soon became evident that the system was too complicated, comprised too many indicators, and lacked clear-cut priorities. In addition, the selected approach ignored distinct, and sometimes profound, differences among the regions regarding their economic potential and dependence on external factors in their development.

The then President Dmitry Medvedev restored gubernatorial elections in 2012. However, the nomination of candidates continued to depend largely on the presidential administration, and a new signature-collection requirement, known as the "municipal filter," made it quite difficult for opposition candidates to register for elections without official backing (Golosov 2014). In-line with existing legislation, President Putin could dismiss regional heads and appoint "acting" governors, who then had to stand for election on a united election day in September of the respective year.

Consequently, in 2012, the existing assessment mechanism was substituted by another system that was generally more transparent and easier in application and considered the dynamics of the development of each of the subjects of the federation. This change allowed even the subjects of the federation with quite "modest" baseline characteristics regarding available natural resources, demographic situations, and development of industry and transport infrastructures to have real opportunities to reach top levels of respective ratings.

**Performance Assessment of Regional Governors in Russia, Table 1** List of indicators of the performance assessment of Russian governors, adopted on August 21, 2012, and amended on January 16, 2015

| | |
|---|---|
| 1 | Average life expectancy in the region |
| 2 | Amount of investment in fixed capital |
| 3 | Average annual unemployment |
| 4 | Volume of goods and services produced by small-size enterprises and individual entrepreneurs |
| 5 | Volume of tax and nontax revenues in the consolidated regional budget |
| 6 | Number of inhabitants |
| 7 | Real cash income of the population |
| 8 | Proportion of newly constructed housing against gross housing stock |
| 9 | Percentage of secondary school graduates who have not passed the unified state exam |
| 10 | Assessment by citizens of the performance of the regional authorities |
| 11 | Average mortality rate |
| 12 | Proportion of homeless children in state care institutions of all types |

Source: Tekhexpert Information Database (2015)

As Table 1 shows, the new list of performance criteria approved by the Presidential decree № 1199 "On Assessing the Performance of Executive Authorities in the Russian Federation Constituent Entities" on August 21, 2012, comprised only 12 indicators that reflected regional socio-economic and demographic parameters of development, as well as residents' opinion of the regional authorities' performance.

Initially, the task of drawing up ratings of the governors based on the above indicators was assigned to the Ministry of Regional Development of the Russian Federation. However, in 2012, this task was outsourced to the Civil Society Development Foundation (CSDF), a non-government organization. The latter used different sources to collect the necessary data, including population surveys, official statistics, and expert assessments. Polls were conducted to determine levels of public satisfaction with education, healthcare, government service provision, and the performance of regional administrations.

On November 14, 2017, President Putin approved new criteria for the performance assessment of governors by signing Presidential Decree

(Ukaz) № 548. As Table 2 shows, the list incorporated 24 key indicators. More importantly, the decree assigned public opinion the highest priority in evaluating the performance of regional authorities.

**Performance Assessment of Regional Governors in Russia, Table 2** List of indicators of the performance assessment of Russian governors, approved in November 2017

| | |
|---|---|
| 1 | Average life expectancy |
| 2 | Dynamics of average monthly wages |
| 3 | Ratio of average family income and costs of a fixed set of basic consumer goods and services |
| 4 | Percentage of population living below the poverty line |
| 5 | Coefficient of affordability of decent housing (number of years required for an average family of three persons to purchase a standard flat (54 $m^2$) |
| 6 | Percentage of newly arrived migrants (per 10,000 population) |
| 7 | Dynamics of birth rate |
| 8 | Crime rate |
| 9 | Quality and accessibility of communal services |
| 10 | Per capita gross regional product |
| 11 | Per capita volume of investment in fixed capital |
| 12 | Investment climate index |
| 13 | Ratio of average number of workers in small and medium enterprises to overall number of citizens in the region |
| 14 | Density of highways and roads meeting standard quality requirements |
| 15 | Per capita taxation revenue in the region |
| 16 | Ratio of the volume of state debt of the subject of the federation (region) to overall annual budgetary income of the region |
| 17 | Volume of outstanding payables under loans |
| 18 | Level of unemployment |
| 19 | Estimate by citizens of their and their children's opportunities for self-realization |
| 20 | Extent of customer satisfaction with the quality of services in education, healthcare, and social protection |
| 21 | Percentage of citizens who have encountered cases of corruption |
| 22 | Assessment by citizens of the performance of regional authorities |
| 23 | Assessment by citizens of the effectiveness of the activities of the national government |
| 24 | Results of independent assessment of the quality of services provided by public sector organizations |

Source: REGNUM News Agency (2017)

The system of regional governors' performance assessment, introduced and implemented during the years 2007–2017, comprised some positive elements: (1) many of the applied criteria were designed to "trace" the socially meaningful impact of the activities of regional governors, particularly, the enforcement of equity and social justice, as well as ensuring a high "quality of life," and, hence, reflected the interests of the majority of citizens in the respective regions; (2) the applied indicators covered various aspects of the governors' activities; (3) the collected data and ratings were open to the public, and the mechanism of collection was sufficiently transparent; (4) a number of indicators reflected public and expert opinion concerning the performance of regional administrations; (5) information pertaining to the dynamics of the parameters of development and public opinion was included in the applied methodology in addition to the static registration of these parameters; and (6) various NGOs participated in the process of compiling ratings assessing the performance of Russian regional administrations.

However, the newly developed system of governor performance assessment approved in 2012, and then expanded and modified in 2017, also had deficiencies. First, it comprised criteria that either largely overlapped (e.g., life expectancy, mortality rate, and population growth) or reflected outcomes that depended to a larger degree on external factors that were, mostly, beyond the control of the governors, for example, the level of unemployment in their regions. Second, the applied methodology envisaged that data would be collected to reflect 1-year cycles of the development of a region, and this complicated the assessments made within smaller time intervals. Third, as a rule, the adopted lists of criteria of performance assessment did not clarify what weight should be assigned to each indicator. Fourth, most measures and interventions undertaken by the governors and regional governments affected the targeted parameters and respective indicators only in the long run. As a rule, the indicators did not trace intermediate short-term results; yet, rewards and punishments were linked to annual improvements. Fifth, to a considerable extent, some of

the selected criteria were tied to the outcomes of the activities of federal government agencies and institutions, with regional governments playing only a secondary role in the achievement of these results.

Numerous studies point to the existing divergence between the formal and informal criteria used in the assessment of the performance of regional top-level executives in Russia. The existing practice of performance assessment of the heads of the subjects of the federation has not yet been established as an integral part of the HR management system. The information generated from the assessment procedure is often disconnected from performance improvement strategies and, more importantly, from key HR management decisions. In this context, the role of the public and the expert community in delivering their opinion, which could affect HR management decisions regarding the heads of the subjects of the federation, remains marginal.

## Conclusion

The methodology of Russian governors' performance assessment adopted and improved since 2007 is relevant and generally appropriate for the assessment of the activities of top-level regional executives. Simultaneously, the declared shift in the methodology of performance assessment of regional governors toward a decisive weight, which should be assigned to public and expert opinion concerning the socioeconomic situation in the respective region and the performance of its governor, has not yet been effectively realized in practice. Regular assessment of Russian governors' performance conducted by the federal government agencies and various NGOs yields data that are not considered in HR management decisions.

Within the framework of the adopted methodology, the new indicators of Russian governor performance approved in 2017 are, generally, relevant and justified, especially regarding their practical application in assessing key aspects of the professional activities of top-level regional executives. However, in the absence of a strong correlation between public opinion and trust (reflected in the major ratings) and governors' chances of remaining in office or being promoted, the significance of these indicators in motivating governors to ensure steady economic growth, resolve acute socioeconomic problems, and raise quality of life standards is weakened seriously.

## References

Frye T, Reuter O, Szakonyi D (2014) Political machines at work: voter mobilization and electoral subversion in the workplace. World Polit 66(2):195–228

Golosov G (2014) The September 2013 regional elections in Russia: the worst of both worlds. Reg Fed Stud 24(2):229–241

Kim P (2009) A case for performance management for political appointees. Public Pers Manag *38*(4):1–18

Kotchegura A (2008) Civil service reform in post-communist countries. Leiden University Press, Amsterdam

REGNUM News Agency (2017) "Putin has established new criteria for the effectiveness of the governors" on November 16. Retrieved from https://regnum.ru/news/2345719.html

Rochlitz M, Kulpina V, Remington T, Yakovlev A (2015) Performance incentives and economic growth: regional officials in Russia and China. Eurasian Geogr Econ 56(4):421–445

TekhexpertInformation Database (2015) Decree of the President of the Russian Federation №1199 of August 21, 2012 "On Assessing the Performance of Executive Authorities in the Russian Federation Constituent Entities" on January 16, 2015.Retrieved from http://docs.cntd.ru/document/902364967

P

# Performance Auditing

Åge Johnsen
Department of Public Management, Oslo and Akershus University College of Applied Sciences, Oslo, Norway

## Synonyms

Best practice audit; Comprehensive audit; Effectiveness audit; Value for money audit

## Definition

Performance audit is an evaluation that is based on decisions made or goals established by the legislature; concerns the economy, efficiency, and effectiveness of public programs or organizations; and may be carried out throughout the whole public sector.

Performance audits examine the economy, efficiency, and effectiveness of governments' programs, organizations, or activities for the purpose of improving transparency and accountability and making changes. Performance audit concerns both the local and central government, but central governmental audit institutions have often been dominant in the professional development of the performance audit, for example, by issuing standards. Performance audit spans activities in traditional financial auditing, inspection, and program evaluation. It can therefore be difficult to distinguish performance audit from traditional audit and program evaluation.

## Introduction

Performance audit is an independent examination of the economy, efficiency, and effectiveness of local and central governments' programs, organizations, or activities for the purpose of enhancing transparency, facilitating accountability, and improving the outcomes. Economy, efficiency, and effectiveness (the 3Es) have several definitions (Metcalfe and Richards 1990), but some common conceptualizations will suffice here. *Economy* means making savings in actual resource inputs relative to planned resource inputs; *efficiency* means that it would not be possible to produce more outputs with the same inputs, or alternatively it would not be possible to reduce the inputs without also having to reduce the outputs; and *effectiveness* means, simply put, the matching between desired objectives and actual outputs. Some would also introduce *equity* as a fourth E, explicitly making clear that the distribution and financing of the outputs are also important for social welfare. An important issue in practice is that effectiveness requires both economy and efficiency.

The definition of effectiveness that assumes given objectives for all sectors and services is often an unrealistic assumption in practice, however. Instead of assuming given objectives and that organizations will pursue goals rationally, effectiveness is also conceptualized more broadly as innovativeness, adaptability, organizational learning, and a capacity to manage change.

Performance audit concerns both the local and central government, but central governmental audit institutions have often been dominant in the professional development of the performance audit, for example, by issuing standards, in particular the International Organization of Supreme Audit Institutions (INTOSAI). INTOSAI's standards define performance audit as concerning the audit of economy, efficiency, and effectiveness embracing "(a) audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies"; "(b) audit of the efficiency of utilization of human, nonfinancial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies"; and "(c) audit of the effectiveness of performance in relation to achievement of the objectiveness of the audited entity, and audit of the actual impact of activities compared with the intended impact" (INTOSAI 2004, p. 11). INTOSAI also gives a shorter definition stating that: "Performance auditing is based on decisions made or goals established by the legislature, and it may be carried out throughout the whole public sector" (INTOSAI 2004, p. 11).

There are many types of performance audits, such as efficiency audit, program effectiveness audit, performance management capacity audit, performance information audit, risk assessment, best practice review, and general management review. Audit institutions may take on four typical auditor roles: the judge, the public accountant, the management consultant, and the evaluator. These auditor roles may affect the auditors' identities as well as the organization of the performance

auditing. The audits are often designed as projects. The issues or organizations that are selected for audit are chosen based on prior experience, political salience, economic importance, and risk assessments.

The impact of audit is a contested issue. The "audit society" proposition, based on observing the developments of an audit explosion in some countries, holds that organizations often use audits largely as rituals of verification that produce comfort (Power 1997). There is ongoing research on different dimensions of the impact of performance audit, including main effects on transparency, accountability, and improvement, as well as side effects and unintended consequences.

This article first discusses the difference between performance audit, traditional audit, and other evaluation. The article goes on to elaborate on different types of performance audits, the organization of performance auditing, performance audit products and the communication of these products, the impacts of performance audits, and challenges for performance audit. The last section concludes.

## Separating Performance Audit from Traditional Audit and Program Evaluation

Performance audit is an evaluation activity of a government program or organization that spans activities in traditional financial auditing, inspection, and program evaluation. It can therefore often be difficult to distinguish performance audit from traditional audit and program evaluation. There are different images of government and good functioning, primary goals and dominant modes of review, as well as different roles of the reviewers between traditional audit, performance auditing, and program evaluation, which can be used in separating performance audits from traditional audits and program evaluations. Barzelay (1997) discusses three images: bureaucracies, value chains, and government interventions.

The image of the organization in *traditional audit* is typically a bureaucracy machine. The audit reviews the transactions of the organization with the environment and its task performance in order to see whether they are effectively regulated by systems. The primary goals of the review in the traditional audit are compliance to regulations and accountability to owners. The auditor's role in traditional audit is verifying information, finding mismatches between the organizations' practices and regulations, inferring consequences of the mismatches, and reporting the findings.

The image of the organization in *performance auditing* is the value chain. The value chain is a term often used by managers, where political scientist may use policy program, social scientists use social system, economists use production model, and evaluators use effect chain. The image of good functioning in performance auditing is that the organization and practices in converting inputs, through activities, into outputs and eventually outcomes, are optimal. The primary goals of the performance audit review are hence the performance of the value chain and its accountability. The dominant mode of the review is inspection, and the auditor's role is evaluating different aspects of the value chain (program, system, production), including different organizations involved, and reporting the findings.

The image of the government in *program evaluation* is government-steered interventions in collective problems. The program evaluation therefore reviews whether the intervention, typically a public policy using different policy tools, achieves its goals, which are improving collective well-being and social welfare at large. The dominant mode of review in program evaluation is research. The auditor's role in program evaluation is therefore the evaluation of the effectiveness of the interventions or measuring the impact of different interventions on the collective problems addressed as well as their side effects and unintended consequences.

## Types of Performance Audits

Performance audit consists of many different types, largely compliance, activity, and performance-oriented types. A more detailed typology has

seven different types: efficiency audit, program effectiveness audit, performance management capacity audit, performance information audit, risk assessment, best practice review, and general management review, all using different units of analysis, modes of review, scope of evaluation, and focus of effort (Barzelay 1997).

The *efficiency audit* analyzes organizational functions, processes, or program elements by inspecting different aspects of operations between a government or a public sector organization and "third parties." It aims at identifying opportunities for lowering costs and reducing budgets in delivering program outputs. The *program effectiveness audit* inspects policies, programs, or major program elements that will affect performance of managerial functions. It aims at assessing the impact of public policies by evaluating the programs' effectiveness. *The performance management capacity audit* inspects different governmental organizations that affect performance of managerial functions in the programs. The aim is assessing the organizations' capacity to achieve the three generic goals of economy, efficiency, and effectiveness (3Es). The *performance information audit* audits a governmental organization's nonfinancial information generated by the performance measurement and reporting system. Its aim is validating and attesting (verifying) the accuracy (reliability and validity) of the information provided by the organization's performance management. The *risk assessment* inspects all aspects of a program's design and operation. The aim is identifying major risks of program breakdown and their sources. The *best practice review* researches whole sectors, generic processes, or common functions in order to illuminate certain aspects of organizations and programs, such as their activities, processes, or outputs. It aims at formulating sector-specific standards of best practice and revealing relative performance of the participants in the review. Finally, the *general management review* inspects selected aspects of an organization's structures, systems, and programs aiming for assessing the capacity of the organization to delivering upon its mission and policy mandates.

Hence, the different types of performance audits evaluate governmental programs and organizations' processes and outputs with regard to economy, efficiency, and effectiveness; verifies information relating to the economy, efficiency, and effectiveness of these programs and organizations; as well as inspects the programs and organizations capacities to achieve goals, deliver on missions, and fulfill mandates with economy, efficiency, and effectiveness.

## The Organization of Performance Audit

Besides the diversity of performance audit types, audit institutions may also take on several roles. There are four typical auditor roles (Pollitt et al. 1999): the judge/magistrate, the public accountant, the management consultant, and the researcher/scientist (evaluator). These roles will typically affect the auditors' identities as well as the preferred organization of the performance auditing.

The organizational design of the performance audit may be conceived as having two dimensions: one dimension is related to how the production of the audit (the supply side) is organized, and the other dimension is related to how the users of the audits are organized (the demand side). A common typology uses four constitutionally different forms of Supreme Audit Institutions (SAIs): a court with a judicial function, a collegiate body without a judicial function, an audit office headed by an auditor-general within the executive government, and an audit office headed by an auditor-general outside the executive government, reporting to the parliament or a parliamentary subcommittee (Pollitt et al. 1999). The SAIs' production forms of the performance audits may for simplicity be categorized into two groups: the courts of audit or collegiate body group and the national audit office form. The court of audit form is often used in Continental Europe in countries with a *Rechtsstaat* or Napoleonic law tradition, for example, in Belgium, France, Germany, the Netherlands, Portugal, and Spain. The national audit office form is often used in

countries that were more active new public management reformers from the 1980s onward, such as Australia, the Baltic countries, New Zealand, the Nordic countries, the UK, and the USA. Some audit offices have been reorganized from being within the executive to being outside and reporting to the parliament in order to be more fully and formally independent from the executive.

The second dimension in the organizational design of the performance audits is related to how some of the main users of the audits, e.g., the parliaments, organize their handling of the audits. Also here two forms are discerned: the public accounts committee model (PAC model) and the non-PAC model. The PAC model means that the SAIs submit their audits to one specific, standing parliamentary committee, often termed the public accounts committee, as in the British parliament. The Westminster model in the UK has subsequently spread to many other countries, for example, to Norway. The PAC model results in powerful PACs and is effective for naming and shaming. Albeit seen as superior in pursuing accountability and holding ministers to account, the PAC model's usefulness for enhancing organizational learning and contributing to improvement is uncertain. In the non-PAC model, the SAIs submit their audits to the parliament as such. With no apparent powerful "sponsor" within the parliament, the SAI may lose impact and seek alternative backers in order to disseminate their messages. In Sweden, using a non-PAC model, the relative newly formed SAI sought to use public media such as newspapers to disseminate their findings, a process that may have compromised the SAI's legitimacy and perceived independence, at least temporarily (Bringselius 2014).

Considering that performance auditing span many types, the auditors may emphasize and perform different roles, the audit may be organized in different ways, and the auditors may have different professional backgrounds and identities. Traditional auditors used to be accountants, but the staff conducting performance auditing is often trained in social sciences, namely, political science, sociology, and anthropology, or in management and economics. Depending on training and departmental affiliation, the staff may take on different identities associated with the auditor roles, such as judges, accountants, management consultants, or evaluators. In addition, other stakeholders such as parliaments, ministries of finance, and private auditors may also have interests in the performance auditing in the public sector. There is therefore ongoing struggles or competition for jurisdictions, roles, and identities within the audit institutions and the government, as well as between auditors in the private and public sectors (Guthrie and Parker 1999; Jacobs 1998; Jeppesen 2012).

In order to institutionalize performance auditing in the established audit institutions' practices, which often have a strong tradition of financial audit, many audit institutions have chosen to specialize by having some departments for financial audits and some departments for performance audits. There usually also are administrative departments and there may also be specific departments for methods and development. The audit institutions therefore have several strategic and organizational design choices when organizing their performance auditing. For example, a comparative study of four Nordic SAIs showed that among four strategic options – a performance auditing strategy, a financial auditing strategy, a portfolio strategy, and a hybrid strategy – three SAIs had adopted a portfolio strategy and one SAI had adopted a hybrid strategy (Jeppesen et al. 2017). Whether these configurations are stable or typical remains to be seen, and warrants more research, but there is considerable interest from consultants and accountants to overtake at least some of the performance auditing, not necessarily as traditional audits or as performance audits but as consulting.

## Performance Audit's Products and Communication

The performance audits are often decided by the auditors-general in the SAIs and by municipal control committees in the local government in

order to upheld independence. Some audit institutions may allow other parties to suggest issues or organizations for audit, and some parliaments also reserve the right to be consulted on the choice of the audits. Typically, the audits are designed as projects, and the issues or organizations that are selected for auditing are chosen based on prior experience, political salience, economic importance, and risk assessments. If a preliminary analysis indicates an interesting issue, the performance audit goes forward using carefully designed methods. There may be several meetings and different methods of data collection, and the auditees are invited to comment on the draft reports in a "clearing process" before the final audit reports are submitted to the parliament (Keen 1999; Pollitt et al. 1999).

Politicians and policy-makers often experience information overload. In order to reach out to interested parties, as well as keeping the audit institutions' independence, many auditors utilize media communication strategies. Such media communications strategies may seek to serve the SAI's overall strategy, demonstrate the results of the SAI's activities, facilitate the freedom to address different stakeholders, enhance impact of the audits, and enhance transparency and equal access to high-quality information. Audit institutions also complement their traditional product, the audit report, with different communication actions such as publishing annual reports, providing website archives, utilizing press offices, publishing press releases and – when there are especially important audits – holding press conferences, getting or participating in peer review reports (review of an audit institution by sister organizations), providing answers to frequently asked questions (FAQs), and utilizing social media such as Facebook, Twitter, YouTube, and Flickr, for disseminating information (González-Díaz et al. 2013).

## Impacts of Performance Audits

The impacts of audit have been a contested issue since the mid-1990s. Echoing the development in new institutional sociological theory from the mid-1960s, the arguments are that many organizations adopt different and sometimes conflicting processes and structures that to some extent are rituals and symbols in order to conform to different and sometimes conflicting values and norms in the environment, more than heeding to effectiveness can explain. Such adaptations may result in decoupling between the technical operations of audit and its impacts and the image of the audit and its impacts. Studies of the US General Accounting Office (now the US Government Accountability Office) found complex relationships, but these relationships were more loose couplings than decoupling (Basu et al. 1999).

The audit society proposition, based on observing the developments in auditing in the UK, holds that organizations often use audits, but that the audits largely are rituals of verification that produce comfort (Power 1997). Part of this proposition is an effort to explain the large increase in the use of audits in different sectors of the society during the 1980s and 1990s, the so-called audit explosion. Some of this development can be explained by public management reforms that typically shifted emphasis from rules and hierarchy to outcomes and competition. These reforms often involved policies and programs for devolution of powers within the public sector and decentralization of authority and empowerment of managers within organizations. The increased emphasis on devolution, decentralization, and empowerment also unleashed a need for more control of outputs and outcomes in order to keep democratic control of public resources. Hence, policy tools for measuring and managing performance gained prominence in the public sector, including performance management, performance audit, and evaluation. Moreover, some argued that much of this development led to an increased use of accountants and consultants in audit in the public sector, but with largely symbolic outcomes. That the "audit explosion" has had tremendous impact is, however, little disputed. The audit society has forced many organizations and practices "to be made auditable" meaning that the entity needs to have clear formal boundaries, and the practices and processes often have to be codified and standardized, for example,

to be amenable for scrutiny by ticking checklists in inspections, as well as changing the identities of the auditors from traditional accountants to performance auditors and modernizers (Skærbæk 2009). Much of this audit has produced comfort but has also produced discomfort when there has been discovered mismatch between practices and norms, performance below par, and misuse of public money.

Measuring and assessing the impacts of public policies and programs and their accompanying use of policy tools are notoriously difficult. This can partly explain why, approximately 20 years after the "audit explosion" in the mid-1990s, there are still few empirical studies of the impact of performance audit in the government (Van Loocke and Put 2011). Some of the few empirical studies that exist have, however, showed some positive but varying impacts of performance audit on public administration in different countries (see, e.g., Johnsen et al. 2001; Morin 2001, 2010, 2016; Raudla et al. 2015; Reichborn-Kjennerud 2013, 2014; Reichborn-Kjennerud and Johnsen 2011, 2015; Tillema and ter Bogt 2010). A comparison of performance audit practices in the Regional Audit Institutions (RAIs) and SAIs in Europe showed that there were institutional and maybe cultural factors determining some impacts. RAIs and SAIs that practiced performance audits in an Anglo-American model (the "UK-Nordic group") or a Germanic model (the "Germanic group") had positive impacts from the recommendations included in their performance audit reports. The Anglo-American model emphasizes following-up the audit processes and the implementation of the recommendations. The Germanic model has impacts based on parliaments' promoting reforms. The RAIs and SAIs in the French group and in the "other" group had low performance audit activities, the audit reports were rarely presented in parliament, and there were little following-up of the audit recommendations. There was therefore little impact of the performance audits in these two groups (Torres et al. 2016).

Assessing the impacts of performance audits, defining which dimensions of impact one wants to assess, and measuring these dimensions with accurate data are conceptually and empirically challenging. The RAIs and SAIs themselves, however, regularly survey their auditees about the following-up of the performance audits sometime after the audits have been finished. These data are seldom made public, but would be an interesting data source for future research. The approach often used in the research literature is interviewing or surveying the auditees, but interviewing or surveying the auditors themselves about the impacts has also been done (Lapsley and Pong 2000).

## Challenges for Performance Audits

There are some persistent challenges for many auditors. One challenge is the balancing act between independence from other stakeholders and responsiveness to their needs and inputs into the audit process (Lonsdale 2008). Some stakeholders may want to shape the focus or criteria for the audit, have valuable information for the audit, act as subcontractors, are involved in consultations during the audit process, or are important for disseminating the audit information (Jacobs 1998; Reichborn-Kjennerud and Johnsen 2011; Tillema and ter Bogt 2010). These issues may be perceived as having impacts for the auditors' independence and the audit quality.

A second challenge is the need for being seen as independent in order to be able to be legitimate in publishing "bad news" or "naming and shaming" in a political and partisan context, while simultaneously having a mandate to contribute to improvements that effectually requires an ongoing and close relationship with the auditees (Barzelay 1997). Some research indicates that the impact on improvement varies between countries. How the auditors chose their auditor role, how they are organized, and how they design the audits may affect their perceived independence and impact of the performance audit on improvements.

A third challenge is to design and practice the audits in such a way that also corruption and financial misconduct are detected. Detecting

corruption has been low on the auditors' agenda, maybe because it is costly to detect corruption and requires investigative methods that traditionally have been seen as police work rather than audit. Corruption nevertheless affects economy, efficiency, and effectiveness, as well as infringes upon transparency and accountability. Therefore, detecting, if not investigating, corruption should fall within the remit of audit, including performance audit.

## Conclusions

In the traditional audit, independent accountants verify organizations' financial information in relation to standards in order for other parties, including owners, potential investors, governments, and the public at large, to be able to trust the information given by management. Performance audit is much more concerned with nonfinancial information and has often more ambiguous standards than traditional audit. Moreover, the purpose of the performance audit is often providing transparency in order for the parliament to be able to hold someone, typically the responsible minister, to account, as well as for facilitating organizational learning and improvement throughout the government. Despite hard to assess, all these purposes may have substantial impact on politics and public sector management, both through their direct effects and through their preventive effects. Therefore, maybe one of the most interesting as well as challenging issues in accounting and auditing is what would happen if there was no, or different, accounting and auditing regulations and practices.

## Cross-References


- ▶ Accountability
- ▶ Accountability Mechanisms
- ▶ Accountability, Politics, and Power
- ▶ Administrative Responsibility
- ▶ Auditing
- ▶ Auditing Principles
- ▶ Constitutional Law and Public Administration
- ▶ Governmental Accountability
- ▶ Integrity and Corruption
- ▶ Internal Budgetary Auditing
- ▶ Performance Budgeting
- ▶ Performance Management and Culture
- ▶ Program Evaluation
- ▶ Transparency


## References


Barzelay M (1997) Central audit institutions and performance auditing: a comparative analysis of organizational strategies in the OECD. Governance 10(3): 235–260. https://doi.org/10.1111/0952-1895.411997041

Basu ON, Dirsmith MW, Gupta PP (1999) The coupling of the symbolic and the technical in an institutionalized context: the negotiated order of the GAO's audit reporting process. Am Sociol Rev 64(4):506–526

Bringselius L (2014) The dissemination of results from supreme audit institutions: independent partners with the media? Financ Account Manag 30(1):75–94. https://doi.org/10.1111/faam.12028

González-Díaz B, García-Fernández R, López-Díaz A (2013) Communication as a transparency and accountability strategy in supreme audit institutions. Adm Soc 45(5):583–609. https://doi.org/10.1177/0095399712438376

Guthrie JE, Parker LD (1999) A quarter of a century of performance auditing in the Australian federal public sector: a malleable masque. Abacus 35(3):302–332. https://doi.org/10.1111/1467-6281.00048/pdf

INTOSAI (2004) Standards and guidelines for performance auditing based on INTOSAI's auditing standards and practical experience. ISSAI 3000. INTOSAI Professional Standards Committee, Vienna

Jacobs K (1998) Value for money auditing in New Zealand: competing for control in the public sector. Br Account Rev 30(4):343–360. https://doi.org/10.1006/bare.1998.0077

Jeppesen KK (2012) Jurisdictional competition between private and public sector auditors: the case of the Danish certified public sector auditor qualification. Financ Account Manag 28(2):215–246. https://doi.org/10.1111/j.1468-0408.2012.00543.x

Jeppesen KK, Carrington T, Catasús B, Johnsen Å, Reichborn-Kjennerud K, Vakkuri J (2017) The strategic options of supreme audit institutions: the case of four Nordic countries. Financ Account Manag 32(2):146

Johnsen Å, Meklin P, Oulasvirta L, Vakkuri J (2001) Performance auditing in local government: an exploratory study of perceived efficiency of municipal value for money auditing in Finland and Norway. Eur Account Rev 10(3):583–599. https://doi.org/10.1080/09638180126803

Keen J (1999) On the nature of audit judgements: the case of value for money studies. Public Adm 77(3): 509–525. https://doi.org/10.1111/1467-9299.00165
Lapsley I, Pong CKM (2000) Modernization versus problematization: value-for-money audit in public services. Eur Account Rev 9(4):541–567. https://doi.org/10.1080/713764876
Lonsdale J (2008) Balancing independence and responsiveness: a practitioner perspective on the relationships shaping performance audit. Evaluation 14(2):227–248. https://doi.org/10.1177/1356389007087541
Metcalfe L, Richards S (1990) Improving public management, 2nd edn. Sage, London
Morin D (2001) Influence of value for money audit on public administrations: looking beyond appearances. Financ Account Manag 17(2):99–117. https://doi.org/10.1111/1468-0408.00123
Morin D (2010) Welcome to the court. Int Rev Adm Sci 76(1):25–46. https://doi.org/10.1177/0020852309359043
Morin D (2016) Democratic accountability during performance audits under pressure: a recipe for institutional hypocrisy? Financ Account Manag 32(1):104–124. https://doi.org/10.1111/faam.12081
Pollitt C, Girre X, Lonsdale J, Mul R, Summa H, Waerness M (1999) Performance or compliance? Performance audit and public management in five countries. Oxford University Press, Oxford, UK
Power M (1997) The audit society: rituals of verification. Oxford University Press, Oxford, UK
Raudla R, Taro K, Agu C, Douglas JW (2015) The impact of performance audit on public sector organizations: the case of Estonia. Public Organ Rev. https://doi.org/10.1007/s11115-015-0308-0
Reichborn-Kjennerud K (2013) Political accountability and performance audit: the case of the auditor general in Norway. Public Adm 91(3):680–695. https://doi.org/10.1111/padm.12025
Reichborn-Kjennerud K (2014) Performance audit and the importance of the public debate. Evaluation 20(3): 368–385. https://doi.org/10.1177/1356389011410523
Reichborn-Kjennerud K, Johnsen Å (2011) Auditors' understanding of evidence: a performance audit of an urban development programme. Evaluation 17(3): 217–231. https://doi.org/10.1177/1356389011410523
Reichborn-Kjennerud K, Johnsen Å (2015) Performance audit and supreme audit institutions' impact on public administration: the case of the office of the auditor general in Norway. Adm Soc. https://doi.org/10.1177/0095399715623315
Skærbæk P (2009) Public sector auditor identities in making efficiency auditable: the national audit office of Denmark as independent auditor and modernizer. Acc Organ Soc 34(8):971–987. https://doi.org/10.1016/j.aos.2009.01.001
Tillema S, ter Bogt HJ (2010) Performance auditing: improving the quality of political and democratic processes? Crit Perspect Account 21(8):754–769. https://doi.org/10.1016/j.cpa.2010.06.001
Torres L, Yetano A, Pina V (2016) Are performance audits useful? A comparison of EU practices. Adm Soc. https://doi.org/10.1177/0095399716658500
Van Loocke E, Put V (2011) The impact of performance audits: a review of the existing evidence. In: Lonsdale J, Wilkins P, Ling T (eds) Performance auditing: contributing to accountability in democratic government. Edward Elgar, Cheltenham, pp 175–208

# Performance Audits and Performance Appraisals

Eric E. Otenyo
Northern Arizona University, Flagstaff, AZ, USA

## Synonyms

Employee appraisals; Performance evaluations; Personnel review systems

## Introduction: A Historical and Comparative Perspective

Perhaps our colleagues, superiors, or subordinates all constantly rate us subconsciously. Yet, despite this inevitable tendency, a formal performance appraisal is not very well understood and often poorly managed in some well-respected organizations. Administration of performance appraisals can involve emotions and is one of the difficult aspects of managerial and supervisory responsibilities.

Records show that formal appraisal systems existed as early as the third century A.D. At that time, the Chinese bureaucracy engaged in a form of performance appraisal practice in which an imperial rater evaluated the emperor's official family members and servants on a nine-grade system based on his likes and dislikes. In Europe, formal appraisals began around 1800 in the cotton mills of Scotland. Then, workers were rated according to color tags, white for excellent, yellow for good, blue for indifferent, and black for bad.

Performance appraisals in the public sector of the United States began in 1813 when Army General Lewis Cass submitted to the War Department an evaluation of each of his men, described in terms like "good-natured" or "knave despised by all". The emphasis was on traits such as intelligence, initiative, energy, appearance, and responsibility. Appraisals in the civilian sector of the federal government were initially introduced in 1842, a time when reformist movements were hardly known. This was also before the introduction of the federal Civil Service system in 1883, when the Pendleton Act was signed into law. The Post Pendleton era witnessed the adherence to the Civil service paradigm, grounded in a merit system. From then on, city governments also introduced merit systems undergirded by performance appraisals. For example, New York City revised its Charter in 1975 to incorporate a new appraisal system. In the end, these procedures became the norm at all levels of government, and they became an important practice in human resource management. Performance audits and appraisals are rooted in the belief that evaluation of employees is the best way to establish and reward merit, and most employers associate performance appraisals with the promotion of efficiency.

Although different systems are employed to suit a variety of needs of work organizations, there are some common features in these appraisal systems. They are promoted as a management tool for determining how an individual is performing. It is the process by which organizations measure and evaluate individual employees' behavior and accomplishments for a certain time period.

Much of the modern basis for performance appraisals in the civil service is grounded in law, especially the spirit of the Civil Service Reform Act of 1978. The law stipulates that:

> Each agency shall develop one or more performance appraisal systems which (1) provide for periodic appraisals of job performance of employees. (2) Encourage employee participation in establishing performance objectives and (3) Use the results of performance appraisal as a basis for training, rewarding, reassigning, promoting, demoting, retraining, retraining and separating employees. (Ammons and Rodrigues 1986, 460)

Through this legislation, the US government moved to reaffirm the performance and merit-based administrative paradigm. Chapter 43 of this law requires federal agencies to develop performance appraisal systems that would encourage employee participation. After 1978, the adoption of performance appraisal systems and practices proliferated in the civil service.

What are the two critical audiences of performance appraisal practices and processes? The first audience consists of practitioners, often-human resource professionals who are charged with designing, implementing, and evaluating employees. These are mainly supervisors and managers. A second audience consists of academics and hired consultants whose preoccupation is to generate knowledge and prompt a reform movement in the enterprise. The weakness of the latter audience is to focus on what characterizes an effective performance appraisal system. Far too many consultants and training gurus have shared their expertise on what works or does not work. There are hundreds of templates on designing company and organizational performance appraisal systems. And there are checklists of best practices including those that answer questions on legal frameworks for successful performance appraisal and audit management.

Because of the technical, as well as the flawed, nature of performance appraisal production and applications, a network or ecosystem has emerged involving developers, implementers, researchers, and other entities. Larger jurisdictions have experts who can develop performance appraisal tools in-house. Smaller governments can call on consultants to create a reliable and valid evaluation system. Professional organizations, like the International Public Management Association – Human Resources (IPMA-HR), provide a professional climate where old and new approaches can be tested and shared. Supervisors in the line agencies, who have to conduct the performance appraisals, are valuable resources as well. Finally, there are academics with a special interest in the subject matter.

Among the core issues of performance appraisal systems are measurement processes, contextual factors involving participants,

comparisons of practices, and implementation challenges. Not all issues of performance appraisals and audits receive equal treatment in the literature. To understand the core issues and applications of performance appraisals in public administration, our attention is focused on responding to the key questions of *why* and *how* it is done, and whether or not appraisals deliver on prescribed promises. Stated differently, those are three themes, which may be considered central to understanding performance appraisals in public administration.

These three themes are not mutually exclusive. Scholars have also devoted considerable efforts to explain, in a general sense, the underlying assumptions of performance appraisals in organizations. Since there exists no consensus on any of the three broad questions, the task is to examine the major intellectual arguments in those three areas and show relevance to public administration practice. Such an approach does not in any way relegate the significance of the performance appraisals management in nonprofit and private sector organizations. If anything, the nuts and bolts of performance appraisals systems remain strikingly similar in most organizations. However, the research is often limited because employers can refuse access to their employees.

## Why Is It Done?

Performance audits and appraisals are being called upon to do more than they can deliver. However, the practice is an almost universally accepted fact of organizational life. There are several reasons why managers select to carry them out. Performance appraisals can be used for purposes of counseling, staff development, promotions, and sanction functions. There is fair amount of consensus among supervisors and employees on what the purposes of performance appraisals should be. For example, managers may use appraisals to make training and placement decisions. Several studies suggest that performance appraisals find favor with both employees and employers, mostly for feedback (communication) purposes. That is, appraisals help management and staff to communicate with each other and start processes of solving organizational problems.

Academics who study the rationale for performance appraisals report that the most frequently listed purpose for performance appraisals is to provide justification for decisions concerning promotions, demotions, and layoffs, as well as manpower planning and utilization. In a similar vein, emphasis is on evaluations for purposes of rewards, counseling, and development. Another prominent reason for performance appraisals is to generate data for the human resources departments for formal tasks such as compensation and work force structure, job redesign modularization, changing workforce standards, transfers, and performance targeting for groups and organizational productivity.

In sum, the main goals and objectives of performance appraisals are threefold, to decide on rewards, to determine areas for future development, and to communicate on organization matters. These goals have corresponding objectives. For example, decisions on rewards correspond with decisions about promotions and terminations. Development goals are closely associated with making decisions about training needs, counseling, and career planning. And in the arena of communication, the corresponding objectives include provision of feedback to supervisors and to allow the employee to discuss performance according to set targets, contracts, or norms. It follows that performance appraisals provide supervisors with information to address concerns such as when a subordinate's performance is below the expected level. Then, supervisors have to set up performance appraisal interviews to communicate performance while not losing sight of the need to motivate employees.

## How Is It Done?

Studies on how performance appraisals are done vary from discussions on frequency and timing for a "good" appraisal outcome to *actual how* to do it manuals. Consultants and career coaches publish a variety of Internet-based manuals on best

practices and advice, including YouTube channels and PerformanceReview.com, Career Builder.com.

From an organizational perspective, performance appraisals embrace many techniques, which are frequently designed on the basis of the purposes and intents of the organization's management. While there are numerous ways of describing how appraisals are done, no list can be exhaustive. In practice, combinations of methods are most popular. To illustrate, a few examples of methods of performance evaluation are described below in the following order: critical incidents, checklist methods, narratives, rating scales, behaviorally anchored rating scales (BARS), management by objectives (MBO), and 360 degree appraisals.

### The Critical Incident

Among the important methods of doing performance appraisals is the critical incident. It discusses specific actions and accomplishments. It is appropriate for the appraisal of professionals who are assessed on specific projects and outcomes.

### Checklist Methods

These are about checking off behaviors that apply to those being evaluated. The appraiser merely checks off "yes" or "no" to listed specific questions. In order to minimize bias, the raters are different.

### The Narrative Approach

Is the first approach that can realistically be considered an appraisal, because it is evaluative as well as descriptive. In this instance, the appraiser not only writes a narrative description of the individuals' performance using specific incidents where necessary but also containing adjectives like "excellent," "unsatisfactory," "engaging," "superior work," "outstanding," and so on.

### Rating Scales

Rating scales are the most widely used appraisal method in public administrative settings. Judgments about performance are recorded on a graphic scale, usually consisting of five to seven points, from low to high. Raters may vary in their judgments but should always strive to be fair and avoid capricious and arbitrary evaluations.

### Behaviorally Anchored Rating Scales (BARS)

Schwab et al.'s (1975, 549–562) work remains a significant effort to review the literature on this particular performance appraisal technique. BARS use the rating scale, but instead of adjectives at each scale point, behavioral anchors related to the criterion being measured are well used. By using observable behaviors instead of adjectives, the meaning of each point on the scale is clarified. The raters do not need to imagine what outstanding performance is – they see as actual example in the behavior anchor. BARS is also a boon to the performance discussion. Because behaviors are much easier to discuss than adjectives, the performance discussion can deal with specific activities that need attention. Regardless of its popularity, BARS has some weaknesses. For example, despite the intuitive appeal, findings from research have not been very encouraging in areas such as leniency, dimension independence, and reliability.

### The Scaled Comparison Method

The scaled comparison is another methodology for appraisal. Also known as objective judgment quotient (OJQ); it involves the comparison of two individuals on a certain criterion. For instance, if the rater thought X's performance was much better than Y's, the space on the rating form nearest X's name would be checked. If Y's performance was seen as better than X's, the space nearest Y's name would be checked. If it was a draw result, then the middle space would be checked.

### Management By Objectives (MBO)

Associated mostly with Peter Drucker's (1954) work in *The Practice of Management*, MBO systems set goals for both personal development and for work activities. The supervisor evaluates the employee in terms of accomplishing those goals. Quite often periodic review sessions are prescribed rather than just an annual or semiannual appraisal interview. Additionally, the employee and the manager engage in an interactive process, with both contributing to goal setting and

subsequent evaluation. MBO is most widely used in Industry, particularly at the higher levels. By 1985, it was the state of the art technique but has since declined in popularity. Those who embraced MBO techniques saw it as an objective and participatory device for gaining employee support in the distribution of organizational rewards. MBO methods are rarely used in public organizations.

### 360 Degree Appraisal

This option refers to analysis of individuals' performance from multiple perspectives and all angles. The process takes into consideration feedback accounts from the employees' self-evaluation and the viewpoints of supervisor, subordinates, clients, and peers. The idea of 360 degrees emerged in the early 1970s when promotion of team-based work places was in vogue. The major criticism of this approach is that it takes much time to conduct the evaluations. Although we have described some of the appraisal methods in practice, there is no agreement about the one best way. Each method has its strengths and weaknesses.

Human resource management specialists lead the process for organizations during the 10th through 12th month of an annual period. Typically, performance appraisals involve planning and evaluation procedures. In general, human resource specialists often view performance appraisals as a six-step sequence. The sequence, outlined below begins and ends with the personnel function aimed at assisting in administrative decision-making processes. The six-step approach from a manager's point of view is:

1. Personnel or management distributes performance appraisal online or off-line forms to unit heads manager
2. Manager completes form on employee
3. Completed form is reviewed by second level manager
4. Information on the form is shared by manager
5. Completed form is returned to personnel
6. Form is used for employment decisions

Studies on feedback process explain that the performance appraisal is an important part of the appraisal process. The focus tends to be on criteria of rating and degree of participation by employees. Additional variables include the characteristics of employees and supervisors, nature of jobs, conditions within the organization as a whole, and the frequency of the review process. Generally, supervisors want more frequent evaluations than subordinates. Among the variables influencing review are the needs of the agency, levels of experience, clarity, newness of the employee, time available for review, and organizational policies. Newness refers to things such as new computer programs, which both parties have to learn really well. Increasingly, appraisal systems are conducted online and require investments in software packages that showcase employee productivity in formats accessible to supervisors and managers. A supervisor who really does not understand the nature of work performed by subordinates is unlikely to contribute effectively in an evaluation interview. It is also well known that employers need to develop and apply evaluation instruments that are objective. As Nalbandian (1981, 392–396) observed, subjective evaluations are common and reflect poorly on appraisal systems. In particular, trait-based judgments about employees easily lend themselves to court challenges. Again, the literature is replete with legal advices on implications of non-compliance to common principles of justice and equity throughout the evaluation process.

To ensure justice and fairness, employees are often offered opportunities to comment on appraisals and evaluations, mostly in meetings with their superiors. Concerning scheduling of appraisal interviews, experts advice managers to divide meetings into two sessions. The first should be for evaluation and the next allocated for improvement issues. Both of these interviews rely on intense employee participation and some advance planning. Such an approach alleviates most of the stress associated with interviews. However, considerable debate exists over whether performance evaluation and developmental coaching should be conducted in the same interview. Critics contend that interviews do not bring out the differences between judging and counseling. For the most part, employee evaluation

should not be incorporated in the training needs assessments because the two activities are different.

J. Peter Graves advised managers should put back appraisal in performance appraisal (1982, 918–923). He examined the methods of appraisals that compared the performance of one person to another to ensure reliability in the process. He argued that a comparative method was more reliable because sources of unreliability are controlled. The raters made remarks about one person's performance consistent with evaluations of others in similar ranks and positions. A reliable evaluation can be discerned if ratings look the same whether performed by a trained or untrained manager. Moreover, ratings are expected to be the same whether these are used in feedback sessions or kept as confidential employee reports for management uses. Ratings should also be the same whether the appraisal was performed in morning hours or on Friday afternoon. It must be emphasized that reliability is an important ingredient in conducting good appraisals and performance audits.

Perhaps, for practitioners, more important than reliability is validity as criteria for assessing worker performance rating (Marcoulides 1989). Validity refers to the extent to which the appraisal instrument measures what it is supposed to measure. Specifically, content validity is assumed to be present when an instrument includes the most important job performance behaviors and results thereof.

## Has It Delivered on Its Promise?

The important academic and practical question is whether techniques for performance appraisals have delivered on their promises. There is a vast body of literature that suggests performance appraisals are one of the reasons why human resource management is not popular. From an international perspective, cultural factors have made conducting effective performance appraisals even more challenging (Bailey and Fletcher 2008; Caliguiri 2006; Claus and Briscoe 2009). At the international level, goals for performance appraisals and values are shaped by national cultures, and capacities of organizations to achieve them vary considerably from one locale to another. With increased globalization, practices in different settings may be similar, therefore, minimizing the general criticisms leveled against appraisal systems. Some even argue performance appraisals should be disbanded because the process has much to do with subjectivity. Performance appraisal is a judgmental process of evaluating the performance of another. If and when the appraiser chooses to share the evaluation with the person evaluated, then we have a performance discussion or a feedback session.

An alternative framework of analysis raised concerns about the fact that people's feelings are involved in the performance appraisal process and make judgments that may be subjective or skewed in one way or the other. Specifically, *trait*-based systems lend themselves to bias judgments. Evidence suggests that bias can come in many forms. It can be because of age, religion, ethnicity, national origin, race, personal appearance, accents, sexual orientation, motherhood, and disability status. Experts know that variables such as race and age are not necessarily good predictors of a worker's performance, yet some raters reflect those biases when conducting performance evaluations of people of color and senior colleagues.

Research also shows smoking employees have been rated lowly regardless of the fact that smoking is not necessarily associated with employee's productivity (Gilbert et al. 1998, 285). The latter found out that smoking stigma may negatively affect perceptions of one's overall job performance, especially in terms of one's professional comportment, working relations with others, and dependability. This interesting finding was based on research comparing performance ratings of smokers and nonsmokers in organizations. Otenyo (2012) added tattooed workers to the mix of areas of potential concern.

Besides rater bias and stereotyping, appraisals encounter the problem of response bias. The tendency has often been to move the ratees toward the center of the continuum scale. Thus, it is assumed, for the most part, that performance rates can be

fixed on a normal curve and some sort of central tendency exists. This action refers to the tendency of the rater to give average ratings rather than ratings of outstanding and unacceptable. Besides, there is the "halo effect," (halo error), which assumes supervisors have some preconceived notions of the employees working under them. Still, there are concerns over recency errors, which have to do with the notion that the more recent rating has a dominating effect on the subsequent performance. Performance appraisals are also criticized for unintended consequence or the "Matthew effect". This is the idea that employees who are rated favorably continue to receive the same high rating even when it is not justified.

Appraisers are also limited by the tendency to compare their subordinates to themselves or other colleagues (similarity error). In other words, some raters see themselves as the yardsticks to measure the performance of those in their charge. There are other additional concerns such as rater leniency (inflating ratings) and the lack of objective data, which raise lingering questions about performance appraisals.

While the performance appraisal procedure has its critics, tying pay raises to performance evaluations is even more contentious. At one extreme is the claim that productivity measurements can be relied upon in rewarding good performers. Opponents point to research that does not find a relationship between merit pay and motivation. Some researchers suggest that federal merit pay policies have failed as a motivational program largely because of difficulties in the performance appraisal process. As Kellough and Lu (1993, 45–64) suggest:

> from the perspective of expectancy theory (V.H. Vroom) an accurate and equitable system for evaluating performance is essential to increase the perceived probability that good performance will lead to rewards. In the public sector, however, goals and performance criteria are often diverse, conflicting and difficult to measure.

Overall, there is the belief that before merit pay, employee performance appraisals focused primarily on identification of outstanding or unsatisfactory employees. Most employees received a rating "exceeded requirements, but not an exceptional degree," and since pay and performance were not closely linked, little emphasis was placed on the appraisal process. All in all, studies done by the Merit Systems Protection Board (MSPB) report that there was substantial dissatisfaction with the system. The same can be said with reference to appraisal systems in local and state governments.

Still, the main flaw of performance appraisals is that the process ignores decades of collective learning about human behavior in public organizations and relies upon pseudo scientific methods of measuring performance. In addition, the widespread use of intangible information complicates the rating systems. Categories like "satisfactory" and "outstanding" are ideas that can be challenged in science of knowledge terms. The appraisal systems imply that employees must be placed in some form of hierarchies even when the workplace promotes collaborative approaches to instituting workplace productivity. Critics argue that appraisals undermine strategies such as Total Quality management (TQM). As a result, performance appraisals may in fact promote dysfunctional competition among employees. W. Edwards Deming (2000) was an early opponent of performance appraisals and merit pay, arguing that they destroyed group cohesion and teamwork.

There are reported cases of worksites that use employee appraisals for organizational development and focus less on ranking and making comparisons between employees. But that logic is flawed on technical grounds. Whenever the organization makes a human resource management decision – a promotion, transfer, layoff, merit increase, or demotion – a comparative decision is somehow made. And since decision-making requires information, data for appraisal must come from some organizational process. Therefore, organizations that claim to use appraisals "for development" have to rethink their arguments about employee reviews.

## Suggested Reforms and Alternatives

Although performance appraisals are not perfect managerial instruments, appraisals retain some

seductive properties. The goal is not to create a perfect system but to minimize the various flaws in existing methods. The view that performance appraisals do not work is very prevalent and hence the search among human resource practitioners and scholars to find a better ways to evaluate employees. A professor at the University of California, Samuel Culbert (2010) wrote a book declaring that it was time to get rid of performance reviews. His argument was that appraisals were one-sided analysis by managers. Among the suggested reforms is the inclusion of greater peer review systems and improved communications between subordinates and their supervisors.

Other alternatives involve changing the process so that employees may be appraised on the basis of short-term performance goals rather than traits that are set by employers and the organization. There is also concern that appraisals generate much data that is not put to use. A good example is in the area of discrimination. Critics argue that decisions involving discrimination among individuals do not necessarily include reference to periodic evaluations embedded in the appraisal processes. This is the reason why performance appraisals are strengthened by court actions basing judgments on the Civil Rights Act of 1964 and the 1970 Equal Employment Opportunity Commission (EEOC) guidelines for the regulation of employment. Judicial interest in performance appraisals casts doubt about the proper way to evaluate and rate performance. It forces organizations to provide training in appraisal skills to minimize rating errors.

Today, organizations encourage training supervisors to be sensitive about how to relay information about poor performance to employees. Training in communicating poor performance to the employee, however, must incorporate elements of how to criticize constructively. This is an area where huge problems may arise. Experts suggest that improvements to the feedback process can help in making appraisals more amenable for organizational health. Yet, even if raters are trained, evidence suggests that attitudes and beliefs of both supervisors and subordinates toward performance appraisals have not changed much. Those involved in the process are not completely satisfied with the outcomes. Generally speaking, there is agreement among commentators that participatory goal-oriented performance appraisal systems are more effective and efficient than others. Employee perceptions about supervisory rating behaviors means that training must include methods of cultivating employee participation in setting performance standards, work goals, and the interview processes, which are part of human resource management. Without procedural fairness, performance appraisals do not mean much. It is the perception of fairness that provides employee confidence in the performance appraisal systems. Employee acceptance, in turn, is a key variable in enhancing satisfaction with the appraisal process and cultivating favorable outcomes relative to employee motivation and productivity.

Further, several organizations are turning to electronic performance monitoring strategies, sometimes called dashboards, to enhance accountability. Employees are observed using computer methods that may provide logs of time actually allocated for official business. The rapid expansion of electronic performance monitoring (EPM) systems is perhaps the hallmark of twenty-first century performance appraisal practices. These and other systems integrate productivity measurements with existing human resource information systems (HRIS) and similar platforms. Today, over 90% of all employees are monitored electronically often at the cost of employee privacy concerns. The net result is to align appraisal processes to organizational missions. Some public organizations, guided by professional societies, attempted to come to agreements on methods and criteria for rating employees in similar occupations. All these trends are meant to help avoid some of the problems associated with performance appraisals. However, the question of pinpointing an ideal or best appraisal method has no answer because each organization is different.

## Conclusion

Employee appraisals are a key aspect of human resource administration. There are several ways of conducting performance appraisals but each has

its strengths and weaknesses. The task for management is to conduct compelling appraisals that are accurate. This is because appraisals provide information that can determine management outcomes and decisions in many personnel functions. In sum, formal performance appraisals should never be utilized alone and uncritically, without due and complete consideration of the context in which the appraisal is being performed and used. Appraisals are a part of the human resource management decision-making process and should be done competently, within the law and with integrity and fairness.

## Cross-References


- ▶ Performance Auditing
- ▶ Performance Management
- ▶ Performance Management and Culture
- ▶ Performance Measurement


## References


Ammons ND, Rodrigues A (1986) Performance practices for upper management in city government. Public Adm Rev 46(5):460–467

Bailey C, Fletcher C (2008) International performance management and appraisal: research perspectives. In: Harris MM (ed) Handbook of research in international human resource management. Lawrence Erlbaum, New York, pp 127–143

Caliguiri P (2006) Performance measurement in a cross-cultural context. In: Bennett W Jr, Lance CE, Woehr DJ (eds) Performance management: current perspectives and future challenges. Lawrence Erlbaum, New York, pp 277–244

Claus L, Briscoe D (2009) Employee performance management across borders. In: Sparrow P (ed) Handbook of international human resource management: integrating people, process, and context. Wiley, Chichester, pp 220–250

Culbert S (2010) Get rid of the performance review! Business Plus, New York

Deming WE (2000) Out of the crisis. MIT Press, Cambridge, MA

Drucker P (1954) The practice of management. Harper and Brothers, New York

Gilbert RG, Hannan EL, Lowe KB (1998) Is smoking stigma clouding the objectivity of employee performance appraisal? Public Pers Manag 27(3):285–300

Graves PJ (1982) Let's put back appraisal back in performance appraisal: part I and II. Pers J 61(12):918–923

Kellough EJ, Lu H (1993) The paradox of merit pay in the public sector: persistence of a problematic procedure. Rev Public Pers Manag 13:45–64

Marcoulides G (1989) Performance appraisal: issues of validity. Perform Improv Q 2(2):3–12

Nalbandian J (1981) Performance appraisal: if only people were not Involved. Public Adm Rev 41:392–396

Otenyo E (2012) Emerging behavioral challenges in organizations: performance evaluations of tattooed employees. Int J Acad Organ Behav Manag 2:117–140

Schwab DP, Heneman HG, DeCotiis TA (1975) Behaviorally anchored rating scales: a review of the literature. Pers Psychol 28:549–562


# Performance Budgeting


Ringa Raudla
Ragnar Nurkse School of Innovation and Governance, Tallinn University of Technology, Tallinn, Estonia


## Synonyms

Performance-based budgeting; Performance-informed budgeting; Results-based budgeting; Results-oriented budgeting

## Definition

Performance budgeting refers to a budgeting system that takes into account performance information in budgetary decisions.

## Introduction

Performance budgeting (also called performance-based budgeting, results-oriented budgeting, results-based budgeting) is a rather elastic term that encompasses different ways of linking performance information and budgeting in the public sector (Curristine 2005; Schick 2003, 2007, 2014). Performance information (PI), in turn, refers to "systematic information describing the outputs and outcomes of public programmes and organizations . . . generated by systems and processes intended to produce such information"

(Pollitt 2006, p. 39). Outputs are immediate results of government programs, whereas outcomes refer to broader impacts.

In the *broadest* sense, the label performance budgeting (PB) is used to describe any arrangement where performance information is added to the budget documents, alongside financial information. More specifically, PB takes three different forms: (1) presentational PB; (2) performance-*informed* budgeting, and (3) *direct* performance budgeting (e.g., Curristine 2007; Hawkesworth and Klepsvik 2013). In the case of *presentational performance* budgeting, performance information is published together with budget documents but is not expected to explicitly be taken into account in funding decisions. Instead, the goal of disseminating PI is to promote accountability and increase transparency in the public sector. In performance-*informed* budgeting, performance information is systematically taken into account in funding decisions, but the link is not automatic: performance indicators alone do not determine the size of the allocations and their weight depends on the circumstances. *Direct* performance budgeting refers to a system where the amount of resources allocated to an organization directly depend on the results it has achieved. The most extreme case of it is *formula funding* where the allocations are calculated on the basis of a formula that takes into account the achieved outcomes or outputs.

The adoption of performance budgeting systems is an important reform trend in the organisation for economic cooperation and development (OECD) countries but also elsewhere (Berry 2007; Curristine 2007; Hawkesworth and Klepsvik 2013; Sterck and Scheers 2006). The pioneer in performance budgeting was New Zealand, which started experimenting with it already in the 1980s. Australia, Canada, Denmark, Finland, the Netherlands, Sweden, the United Kingdom, and the United States then began to adopt the reform to varying degrees during the 1990s (Curristine 2005). Many other countries have followed suit since then. Today, roughly two-thirds of OECD countries have issued guidelines for performance budgeting (Schick 2014). However, we still cannot talk about one uniform model of PB (Schick 2014). Each country has adopted its own version, and the elements of the performance budgeting system vary considerably between governments. Furthermore, even the most "advanced" reformers cannot claim that their PB system is "finally ready." Instead, they are still in the process of changing their systems (Curristine 2005; Schick 2014).

Its promise to increase the efficiency of resource use makes PB particularly attractive during times of financial strain when reformers are looking for ways to "do more with less" and to cut expenditures in a "rational" way (Hawkesworth and Klepsvik 2013; Pollitt 2010). At the same time, the implementation of PB has often faced a number of difficulties, leading to disappointments and even reform reversals. The goal of this chapter is to give an overview of the advantages of PB, the challenges involved in implementing it, and the potential negative consequences it can lead to.

## The Advantages of Performance Budgeting

Performance budgeting was brought onto the public sector reform agenda by the New Public Management movement (Berry 2007; Pollitt and Bouckaert 2004). The core goals of New Public Management have been to increase the economic efficiency and effectiveness of public sector organizations. According to its advocates, performance budgeting has a number of advantages (Curristine 2005; Pollitt 2001; Robinson 2007).

First, it is often argued that PB promotes transparency in the public sector and helps to reveal what is actually achieved with taxpayers' money (Andrews 2004; Berry 2007; Hawkesworth and Klepsvik 2013). If PB is used, public officials have to communicate their performance targets at the beginning of the budget cycle. This, of course, necessitates the reporting of actual performance and the extent to which performance goals were met once the fiscal year has concluded. Doing so is expected to promote increased awareness of what different government programs actually cost and what benefits they accrue.

Second, PB can help to put pressure on public sector organizations to achieve better results. If

the public officials know that the size of their budget depends on the results they deliver, they are motivated to be more results oriented in their activities (Ammons 2002; Robinson 2007).

Third, PB is purported to alleviate problems arising from *incrementalism* in budgeting and reduce inertia in the funding of programs and policies (Robinson 2007). The incremental approach to budgeting – whereby all organizations covered in the budget are given incremental increases in their budget from year to year – is often criticized for not taking into account whether the programs that are receiving funding are actually effective and deserve continued appropriations.

Fourth, if the PB system entails a change in the budget format from an input-based classification (e.g., personnel, supplies, subsidies, investments, etc.) to an outcome- or output-based one, it can increase flexibility in the use of budgetary resources (Andrews 2004; Hawkesworth and Klepsvik 2013; Robinson 2007). Input-based budgeting (especially if the line items are very detailed) can lead to a waste of resources when public officials spend down the foreseen line items even if priorities or funding needs for different activities have changed. If the appropriations are made for outcomes or outputs, the managers in the organization can make spending decisions with a view to what delivers the best results.

Finally, PB is claimed to increase allocative efficiency in the public sector – meaning that resources are directed to activities that attain the largest benefits (Pollitt 2001; Robinson 2007). Performance information allows public officials to make better informed decisions about funding levels for different activities and adjust resource allocations according to changes in government's priorities and societal needs.

## Challenges of Performance Budgeting

There are at least three sets of challenges that performance budgeting faces: (1) It is difficult to measure performance in the public sector; (2) it is difficult to use performance information for budgetary decisions; (3) budgeting is an inherently political process.

First, an important set of challenges faced by performance budgeting is related to the fact that it is often difficult to *measure* performance in the public sector in a meaningful way. In collecting performance information, public sector organizations can focus either on outputs, outcomes, or both. Collecting information about *outcomes* can provide valuable insights about the effects of governmental activities on society. However, a change in an outcome indicator may be influenced by a wide array of external factors that are beyond the control of a governmental organization (De Lancer Julnes 2006). For example, the crime rate is influenced by many things aside from the activities and performance of police departments (e.g., a sudden worsening of the economic environment). Thus, it may be difficult to ascertain what exactly the effects of different government programs have been. Pointing to causal linkages is particularly challenging in the case of government programs that take a long time to have an effect (e.g., in education, health care, economic development) (Hatry 2002).

Given the challenges involved in developing and using *outcome* measures as informational input for budgeting, public organizations may settle for *output* measures, which are easier (and also cheaper) to collect (Blöndal 2003). Excessive focus on output measures, however, may distract public managers from the actual mission of their organizations (Bohte and Meier 2000). If public officials know that their performance is evaluated according to narrowly defined output indicators, they may be motivated to dedicate most of their efforts to maximizing these indicators at the expense of other activities that have important public value but cannot be easily measured. Second, it can be very challenging to use performance information for budgetary decisions as it is difficult to establish what implications a change in outcome or output measures should have for funding levels (Caiden 1998; Schick 2007). If an organization has failed to achieve a performance goal, does that mean that its budget should be reduced or increased? There may be good arguments for both. On the one hand, the performance

measure may have deteriorated because of underfunding; thus, additional funding could help to achieve the goal in the future. On the other hand, one could argue that funding should be taken away from ineffective organizations and allocated to more effective ones. Indeed, performance indicators alone may not be sufficient for giving adequate guidance in such a situation. As Perrin (1998, p. 372) has put it, "Attempting to reduce a complex program or social intervention, such as initiatives in child welfare, economic development, or health promotion, to a small number of quantitative indicators can disguise and mislead rather than inform what is really happening." Furthermore, several governmental goals tend to be "eternal" (e.g., alleviating poverty, reducing crime, promoting economic development), and even if agencies fail to achieve their stated goals, reducing their appropriations would be an unrealistic sanction given the need for governments to address these problems (Caiden 1998). In addition, using performance information for decisions on budgetary appropriations is complicated because of the attribution problem. Given the complexity of many societal problems, it would be difficult to establish clear causal linkages between resources and outcomes (Schick 2007; Pollitt 2001). For example, if funding for school lunches is increased, it may be hard to evaluate how much the increased funding influenced the health indicators of schoolchildren, as there are many other factors that can play a role here. That, in turn, could make it arduous for the agency requesting additional funding to demonstrate ex ante how exactly additional funding would improve the performance indicators. Also, ex post, if the agency's target indicators were not achieved, it could be unfair to reduce their funding.

Third, as budgeting is inherently a *political process*, the decision-makers are likely to be motivated by many other factors – alongside or even at the expense of performance information – when allocating resources: the desire to be reelected, ideological considerations, electoral promises, symbolic arguments, societal values, and the need to ensure transparency and control (Joyce 2008; Schick 2007; Wildavsky 1978, 1992). Thus, even if the performance information provides a strong signal to elected officials that they should reduce or increase funding for an agency, they may be reluctant to do so because of the aforementioned considerations. Furthermore, in many countries a significant portion of the budget is made up of expenditures mandated by law (e.g., social security payments, family benefits, etc.). In the case of such expenditures, it would not be possible to reduce or increase funding according to performance information without changing existing law (Pitsvada and LoStracco 2002). Finally, the budget preparation is usually a time-constrained process in which the participants have to consider a lot of information (Hatry 2002; Schick 2007, 2014). Collecting, analyzing, and interpreting performance information are time consuming and costly (Andrews 2004; Caiden 1998). Thus, under intense time pressure and in the face of limited analytical capacities, officials may not be able to integrate performance information into their budgetary decision-making.

In light of these difficulties, it is not surprising that many empirical studies have observed that performance information is often *not* used in making budgetary decisions – even if systems for collecting PI are in place (e.g., Curristine 2005, 2007; Joyce 2008; Schick 2007, 2014). The nonuse of performance information for budgetary decisions is particularly pronounced in the case of politicians in the legislature, whereas it is used to some degree in the negotiations between finance ministries and line ministries. The most extensive use of PI tends to occur in the internal decision-making of agencies (Berry 2007; Curristine 2007; Hawkesworth and Klepsvik 2013; Schick 2014). The existing empirical literature also indicates that performance information is more likely to be used at the *local* than *central* government level (e.g., Melkers and Willoughby 2005).

While fiscal stress is often viewed as a driver behind the adoption of performance budgeting reforms, the empirical evidence shows that the use of performance information tends to fall during cutbacks (Raudla and Savi 2015; Schick 2014). In principle, performance budgeting could allow decision-makers to undertake more "rational" cutback decisions, e.g., by preserving

well-performing programs and trimming less effective ones (Hawkesworth and Klepsvik 2013). In reality, however, cutback decisions are driven by other considerations than performance, e.g., what is legally possible and what is politically feasible and less likely to meet strong opposition or social unrest (Schick 2014).

Another important finding of the existing studies is that different types of decision-makers in the public sector have varying informational needs when it comes to PI in the budget process (Curristine 2007; Hawkesworth and Klepsvik 2013). For example, politicians find formal performance reports focusing on snapshot indicators less useful than deeper, richer information that addresses the complexities and uncertainties of the public sector (Ter Bogt 2004). Generally speaking, the closer to the actual public service provision one moves, the more useful performance information is likely to become in resource allocation decisions (Pollitt 2001). For example, it may be rather difficult for a cabinet to decide whether education should get more funding than health care on the basis of PI. Similarly, a minister of education would find it challenging to use performance information for decisions on how to allocate resources between higher, secondary, and primary education. However, it would be feasible to use performance information in budgetary decision-making within particular schools or universities (Pollitt 2001). Different policy sectors are also likely to have varying informational needs. Using performance information might be more feasible in agencies that are involved in providing tangible services (e.g., road construction, issuing drivers' licenses and passports) than in agencies that deal with intangible services (e.g., coordination) or regulation (e.g., financial regulation or consumer protection) (Pollitt 2001; Ter Bogt 2004).

## The Problems of Adopting a Performance-Based Budget Classification

The challenges described in the previous section apply to all forms of performance budgeting. There are, however, a number of more specific problems (or even dangers) of switching from a traditional input-based budget classification to a performance-based one.

First, if, as a result of the format change, the budget consists of very general and abstract outcome targets and budgetary appropriations for achieving them, it may be difficult to assess whether the outcomes have been actually achieved and whether the use of resources has been appropriate. For example, after an outcome-based budget format was adopted in Australia, the ministries came up with highly aggregate outcome goals (e.g., the entire defense department had only three outcome measures). Dissatisfied with such a budget, the finance minister voiced the following concerns: "Some outcomes are so broad and general as to be virtually meaningless for budget accounting purposes leading taxpayers to only guess what billions of their dollars are being spent on... The Outcomes and Outputs Framework was intended to shift the focus of financial reporting from inputs... to outputs and outcomes, i.e., actual results. While this is worthy in theory, it has not worked. Basic information on inputs was lost in the changeover, and reporting of outcomes is seriously inadequate" (Mackay 2011, p. 23).

The reduction of the number of line items in the budget law may lead to a reduced role of the legislature in the budget process and hence to its decreased capacity to control whether the use of taxpayers' money has been purposeful. This, in turn, may undermine the transparency and democratic legitimacy of the budget process as a whole. The existing empirical studies have demonstrated that the adoption of performance-based budget documents has indeed undermined the parliament's role in the budget process, rendered the budget law less transparent for the members, and created difficulties in undertaking ex post controls (e.g., Sterck 2007).

Third, the use of a performance-based budget format gives rise to a situation where the breakdown of the budgetary expenditures varies significantly from year to year (as performance goals may change), making it difficult to compare expenditures over time (Webber 2004).

Finally, the use of a performance-based format may lead to reduced accountability of managers in the public sector. One of the core ideas of performance budgeting is that the managers would be made accountable for results instead of inputs. Given the challenges of establishing causal relationships between the activities of an organization and the societal outcomes (described above), it may, however, be difficult to hold officials accountable for results they cannot wholly control.

## The Potential Dangers of Linking Budget Appropriations to Performance Indicators

The critics of presentational performance budgeting have argued that if the public officials know that performance information does not actually influence budgetary appropriations, they have fewer incentives to focus on improving performance. In order to address this problem they suggest to link funding more closely to performance indicators. Establishing more direct linkages between performance and budgetary appropriations, however, can lead to negative consequences.

First, since achieving performance goals in the public sector usually does not depend entirely on the efforts of the agencies, the reduction of funding after the organization has failed to achieve a performance target can create a sense of unfairness and lead to reduced motivation (Mayne 2007; Pollitt 2001).

Second, close linkages between performance targets and financial incentives can encourage "gaming" by the agencies and their officials and, as a result, may lead to worse results than would have been achieved without the performance budgeting system (Bevan and Hood 2006; Hood 2006). Indeed, when the size of budgetary appropriations is clearly linked to performance indicators, agency officials may be motivated to focus only on reaching these indicators and neglect other aspects of their activities (Bohte and Meier 2000). Worse still, in order to maximize their performance indicators, the officials may undertake activities that are socially undesirable (de Lancer Julnes 2006; Mayne 2007). An infamous example of such behavior is the case of hospitals in the United Kingdom. After their funding was made dependent on very specific performance indicators like shorter waiting times, the hospitals started putting up tents in their yards where the emergency care patients had to wait, in order to achieve their target of reduced waiting time *in* the hospital (Bevan and Hood 2006).

Third, linking funding closely to results may lead to a deterioration in the quality of performance information collected by the agencies (Hood 2006; Perrin 1998; Smith 1999). If the officials know that performance indicators can be used for reducing their budgets, they might have incentives to present embellished or distorted information or to start defining performance indicators in a way that is advantageous to them (but does not necessarily reflect improved performance) (Perrin 1998).

Finally, close linkages between performance indicators and budgetary appropriations can lead to a situation where performance indicators are primarily used for accountability. This, in turn, may undermine the role of performance information in organizational learning. Indeed, several studies have argued that a performance measurement system that emphasizes *accountability* might in fact work against achieving better results and improved performance (e.g., Halachmi 2002; Hatry 2002). When performance information is primarily used for accountability, the main questions asked are: was the goal achieved, who is responsible for it, and what are the sanctions for not reaching the set goal? When performance information is predominantly used for improving results, the focus of the system is on discovery, learning from experience, innovation, and change.

Thus, in establishing a performance budgeting system, it is important to realize that there might be a trade-off between increasing accountability and improving performance. If the primarily goal of measuring performance is increased accountability, the officials would have incentives *not* to deviate from the set goals and plans, even if such deviations might be in the public interest.

Accountability-oriented performance budgeting systems may prevent public officials from reacting responsively and adjusting strategically to changing circumstances in the environment (Halachmi 2002).

## Conclusion

At first sight, it might be difficult to argue against performance budgeting since it is rhetorically convincing and "sounds really good" (Moynihan 2005). Who wouldn't want to improve performance in the public sector? Who wouldn't want the government to make more efficient use of taxpayers' money? Performance budgeting does indeed have several advantages. It can promote transparency, demonstrate what has been achieved with public resources, encourage officials to become more results oriented in their work, and enhance allocative efficiency. However, implementing performance budgeting often faces a number of challenges and even dangers. The potential problems caused by performance budgeting tend to be relatively small in cases where performance information is just added to the budget documents. They can, however, become more severe when the more extreme forms of the reform idea are implemented, especially when funding decisions become directly dependent on whether the organization has achieved a performance target or not. When budgetary allocations are directly linked to the achieved results, public organizations may start gaming the system, which could lead to perverse results. Given the nature of the public sector and complexity of the problems it has to address, it would be more advisable to use performance budgeting as an *analytical instrument* rather than a *decision rule* (Schick 2007). If used as an analytical instrument, performance budgeting can enrich the informational basis for making funding decisions. If used as a decision rule (like it is in the case of performance-based budget formats), performance budgeting can become too constraining and lead to unwanted results. Reformers of the budget process should also keep in mind that budgeting is inherently political. Thus, attempts to completely subject it to a technocratic vision of rationality are likely to be unsuccessful.

## Cross-References

▶ Incremental Theory of Decision-Making
▶ Performance Management and Culture

## References

Ammons DN (2002) Performance measurement and managerial thinking. Public Perform Manag Rev 25(4): 344–347
Andrews M (2004) Authority, acceptance, ability and performance-based budgeting reforms. Int J Public Sect Manag 17(4):332–344
Berry FS (2007) Performance budgeting internationally: assessing its merits. In: de Julnes PL, Berry FS, Aristigueta M, Yang K (eds) Practice-based performance management: an international handbook. Sage, Oak Park, pp 285–296
Bevan G, Hood C (2006) What's measured is what matters: targets and gaming in the English public health care system. Public Adm 84(3):517–538
Blöndal JR (2003) Budget reform in OECD member countries. OECD J Public Budg 2(4):7–25
Bohte J, Meier K (2000) Goal displacement: assessing the motivation for organizational cheating. Public Adm Rev 60(2):173–182
Caiden N (1998) Public service professionalism for performance measurement and evaluation. Public Budg Financ 18(2):35–52
Curristine T (2005) Government performance: lessons and challenges. OECD J Budg 5(1):127–151
Curristine T (2007) Performance budgeting in OECD countries. OECD Publishing, Paris
De Lancer Julnes P (2006) Performance measurement: an effective tool for government accountability? The debate goes on. Evaluation 12(2):219–235
Halachmi A (2002) Performance measurement, accountability, and improved performance. Public Perform Manag Rev 25(4):370–374
Hatry HP (2002) Performance measurement: fashions and fallacies. Public Perform Manag Rev 26(4): 352–358
Hawkesworth I, Klepsvik K (2013) Budgeting levers, strategic agility and the use of performance budgeting in 2011/12. OECD J Budg 13(1):105–140
Hood CH (2006) Gaming in targetworld: the targets approach to managing British public services. Public Adm Rev 66(4):515–521
Joyce PG (2008) Does more (or even better) information lead to better budgeting? A new perspective. J Policy Anal Manage 27(4):945–960

Mackay K (2011) The performance framework of the Australian government, 1987 to 2011. OECD J Budg 11(3):1–48
Mayne J (2007) Challenges and lessons in implementing results-based management. Evaluation 13(1):87–109
Melkers J, Willoughby KG (2005) Models of performance-measurement use in local governments: understanding budgeting, communication, and lasting effects. Public Adm Rev 65(2):180–190
Moynihan DP (2005) Why and how do state governments adopt and implement "managing for results" reforms? J Public Adm Res Theory 15(2):219–243
Perrin B (1998) Effective use and misuse of performance measurement. Am J Eval 19(3):367–380
Pitsvada B, LoStracco F (2002) Performance budgeting-the next budgetary answer. But what is the question? J Public Budg Account Financial Manag 14:53–74
Pollitt C (2001) Integrating financial management and performance management. OECD J Budg 1(2):7–37
Pollitt C (2006) Performance information for democracy the missing link? Evaluation 12(1):38–55
Pollitt C (2010) Cuts and reforms. Public services as we move into a new era. Soc Econ 32(1):17–31
Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, Oxford
Raudla R, Savi R (2015) The use of performance information in cutback budgeting. Public Money Manag 35(6): 409–416
Robinson M (2007) Performance budgeting: linking funding and results. International Monetary Fund, Washington, DC
Schick A (2003) The performing state: reflection on an idea whose time has come but whose implementation has not. OECD J Budg 3(2):71–103
Schick A (2007) Performance budgeting and accrual budgeting: decision rules or analytic tools? OECD J Budg 7(2):109–138
Schick A (2014) The metamorphoses of performance budgeting. OECD J Budg 13(2):1–31
Smith JF (1999) The benefits and threats of PBB: an assessment of modern reform. Public Budg Financ 19(3):3–15
Sterck M (2007) The impact of performance budgeting on the role of the legislature: a four-country study. Int Rev Adm Sci 73(2):189–203
Sterck M, Scheers B (2006) Trends in performance budgeting in seven OECD countries. Public Perform Manag Rev 30(1):47–72
Ter Bogt HJ (2004) Politicians in search of performance information? Survey research on Dutch Aldermen's use of performance information. Financial Account Manag 20(3):221–252
Webber D (2004) Managing the public's money: from outputs to outcomes–and beyond. OECD J Budg 4(2): 101–121
Wildavsky A (1978) A budget for all seasons? Why the traditional budget lasts. Public Adm Rev 38(6): 501–509
Wildavsky A (1992) The new politics of budgetary reform. Scott, Foresman, Glenview

# Performance Crisis

Veronica Junjan
Department of Public Administration, University of Twente, Enschede, The Netherlands

## Synonyms

Performance management; Performance measurement

## Definition

The concept of "Performance crisis" illustrates the paradox of the increased need present in the public serving organizations like public sector service providers and/or private nonprofits funded by the government to document their efforts for performance management and the enhanced public perception that performance indicators are not included in the decision-making processes.

## Introduction

This chapter focuses primarily on the concept of performance crisis with the focus on public serving organizations like public sector service providers and/or private nonprofits funded by the government. These organizations need to comply with specific, arguably stricter, requirements to measure their performance and be held accountable for their performance, because they do work with public money.

Improving the performance of public serving organizations represented the basis of the constant movement toward reforms in the public sector (van Dooren et al. 2010). Public management reform represents a constant feature of the change efforts undertaken by different government levels in almost all countries in the world in the last 40 years (Pollitt and Bouckaert 2011). Different reform waves attempted, on their turn, to adopt (and sometimes adapt) solutions from elsewhere or to develop their own way of addressing the (social) problems they were facing

(Schimmelfennig and Sedelmeier 2005). The literature advances different explanations for the variations in the expected results of the reforms. Olsen (2015) refers to the lack of proper theoretical grounding for the design of reforms. Van Thiel and Leeuw (2002), and Moynihan et al. (2012) address the perverse effects of measurements of results, whereas Meyer-Sahling and Yesilkagit (2011) advance several hypotheses concerning the effects of the administrative legacy to explain the difficulties of advancing reforms in developed versus developing countries. Deficiencies in terms of administrative capacity have been primarily discussed in relationship to the implementation problems that arose in Central and Eastern European countries (Hintea et al. 2004).

Performance management is dedicated to improve the efficiency and effectiveness of public and semipublic organizations providing services to the public and it is an essential component of strategic planning. In the case of local governments and nonprofit organizations, strategic planning represents a fitting tool to guide the organizations within the processes of reform (Hintea et al. 2015:31).

Accounting for the results in front of citizen as well as in front of the appropriate institutions is a specific condition for the functioning of public and nonprofit organizations in general and for local governments in particular. Increased citizen involvement and interest for the performance of public and nonprofit organizations leads to increased scrutiny and responsivity on behalf of the public organizations. Both public and semi-public organizations can be part of the problem when their internal organization structure is not suited to address challenges coming from the environment, but are nevertheless expected to provide at least a part of the solution. Public, semi-public, and nonprofit organizations are constantly subjected to the challenge of executing reforms (either as implementation of national policies, or subject to constant internal restructuring). These organizations are specifically exposed to turbulences coming from their environment, being subject to different challenges coming from the political sphere, from media, and from citizens (Rainey 2014).

Local context is also very important for the challenges faced by local level organizations in comparison to the ones faced at national level when carrying out reform efforts. Local context, (defined on the basis of socioeconomic characteristics, political configurations, local organization capacity) does play an important role for the success of the performance management and performance measurement effort, and in the level of institutional capacity allocated to the management of performance. The timing of reforms is important for the strategic planning effort as performance improvement tool. Pollitt and Bouckaert (2011:33) draw the attention that at the macro-level, the "spirit of the time" is an important element to take into account. The idea of "spirit of the time" encompasses elements such as ideas, concepts, and positions on what is legitimate in terms of public management reforms and of performance management.

The recent 40 years have registered three major paradigms of public sector reform, namely, (a) New Public Management (NPM); (b) Neo-Weberian State (NWS), and (c) New Public Governance (NPG). These three paradigms addressed different parts of the public sector value triangle: efficiency-effectiveness- legitimacy, and were predominant at different moments of time. New Public Management focused on efficiency and dominated during the 1989s and 1990s. Initially addressing issues concerning the improving of the performance of the public organizations and importing management techniques and methods from the private sector management, the NPM looked further into analyzing paradoxes and unexpected results associated with the public sector reforms (Hood and Peters 2004). Neo-Weberian State (Pollitt and Bouckaert 2011) proposed an alternative to the perceived mechanistic import of managerial techniques from the private sector. Developed at the beginning of the 2000s, this paradigm put forward a strengthening of the Weberian foundation of the professional public administration and attempted to redress the balance of values toward effectiveness and legitimacy. Finally, the New Public Governance paradigm proposed a reinterpretation of the role and function of the governmental organizations, and proposed an inclusion of a broader range of

societal partners who jointly address societal problems (Agranoff 2007; Osborne 2010; Pollitt and Bouckaert 2011), furthering in this way the importance of legitimacy through broadening societal support. This paradigm developed after the mid-2000s.

The high level of task complexity specific for public organizations, as well as their character of addressing topics and policy problems which the private sector does not have the incentive to address contribute, as well, to the difficulties in measuring and managing the performance of public, semipublic, and nonprofit organizations. It becomes increasingly difficult for these organizations to achieve levels of performance considered acceptable by the large public, given the constant reduction in resources and capacity allocated to performance management, and to the streamlining of the efforts within the organization. Generally speaking, the level of "slack" previously existent in public and semipublic organizations has been reduced under the slogan of "improving performance" and of "using the existent resources in the most efficient way possible," and, at the same time, making efficiency gains increasingly difficult to achieve. However, it should be noted that performance management and measurement is not specific to the reform waves of the last 40 years. There are arguments to support the thesis that performance management and measurement represent a constant dimension of the reforms in public administration in the last 100 years (van Dooren et al. 2010:42).

Whereas each of the reform waves expressed the aim to improve the performance in the delivery of the public service, they employed different underlying mechanisms to explain the performance attainment. The distinction proposed by Van Dooren et al. (2010:32) is very useful to understand the consequences of the concurrent application of the three mechanisms. The distinction differentiated between (a) performance, defined as accomplishment of public values including efficiency, effectiveness, openness, integrity, and participation; (b) performance measurement, defined as obtaining information about the performance of the organization; and (c) performance management, defined as using actively the information about performance during the decision-making process.

The concurrent application of these three mechanisms has led to overlaps in terms of mechanisms, indicators, and expected effects. This overlap strengthened the conceptual confusion. Subsequently, different critical points were formulated regarding performance of public organizations and a perception that the performance of public organization is in crisis. Disentangling these mechanisms and effects, developed and produced under different performance regimes, can lead to a strengthening of the analytical paradigm under which the organization performance is designed and implemented. Directions to conduct this analysis can be formulated at the institutional, policy, and organizational level.

## Institutional Level of Performance Analysis

At the *institutional level,* the discussion can be differentiated in terms of the institutional arrangements centered on the performance of international institutions, and the performance of international governance. The analyses of the latter were carried out primarily in the area of international crisis management, with different crisis situations as the setting for analysis. In international relations and international law the case of financial crisis has converged extensive analysis, with primary critique focused on the lack of coordination and visible results, with possible exception of the International Monetary Fund (IMF) (Zaring 2010). International coordination in case of violent conflict situations has also been extensive. Several examples based on the European context include the analyses of the lack of coordination of EU countries in the case of Yugoslavian conflict, the coordination in case of the Crimean conflict, as well as the lack of coordination of European Union (EU) countries when coordinating the response to the migration crisis of 2015 or of the treatments of the refugees in Greece and Italy; examples can also be identified in other parts of the world. The performance of international institutions in coordinating

efforts on health care crisis situations is further subject to analysis.

The relationship between international response by World Health Organization (WHO) and different national responses in cases such as SARS, H1N1, Ebola, and the COVID-19 crisis situation primarily underlines the consequences of the international lack of coordination in terms of institutional international arrangements and the relatively limited role that the WHO can play in formulating recommendations. International health crisis situations underline even further the complexity of the concept of performance crisis because the dimensions of assessing the performance are blurred and overlap in the different political and scientific discourses. These dimensions include (a) the international communication of scientific information and the different assumptions in the different scientific domains, for instance, in medical and in social sciences; (b) the explicit justification of the assumptions built in the different scientific models used to estimate the evolution of the disease; and (c) the different mechanisms and procedures through which the scientific knowledge is translated in policy.

Particularly this last dimension becomes very relevant in a pandemic crisis where relatively little scientific research is available on the medical aspects of the situation and the mechanisms and processes through which the available international knowledge is translated into policy advice at the country level in fairly different ways. This translation (a) usually depends on the specific policy advisory arrangements existent at the country level, (b) takes into account the specific policy and health care organization within the country, and (c) is influenced by the policy makers tolerance for risk and uncertainty, as well as the country's cultural and institutional tolerance for risk and uncertainty.

## Policy Level of Performance Analysis

At the *policy* level, the performance discussion can be differentiated in terms of the policy formulation and policy execution. In terms of the policy formulation, the primary phases of the policy cycle (agenda setting, problem definition, and alternative definition) set out the stage for the policy performance. From a rational policy perspective, a "job well done" in terms of policy formulation creates the conditions for the "job well done" in terms of policy execution, provided that the decision stage is also executed properly. The rational perspective presumes, however, that there is a generally accepted definition of the policy problem treated at a particular moment, with clearly defined goals to be achieved as well as generally accepted criteria set out for the assessment. The core value at the basis of this approach of policy is usually efficiency operationalized in the maximization of utility obtained from available resources. This makes, at first sight, the assessment of performance rather straightforward. However, a policy can be analyzed also from the political perspective, which relies on fairly different assumptions. In this perspective, the policy problem is broadly formulated; the policy goals are per definition vague, contradictory, and confusing; and the criteria to assess the policy performance are contested by multiple actors. The need to ensure the support of all major political actors leads to such a broad definition of the policy problem, goals, and assessment criteria, which subsequently make performance assessment difficult to execute. The coalitions of political actors are also usually constantly moving, adding to the turbulence of the policy environment and to the difficulty to control the performance regime.

These different policy paradigms help explain why in crisis situations, assessing policy performance becomes even more difficult than in usual times. The rapid evolution of a situation usually does lead to different assessments of the problem definition, of the goals, and of the criteria to assess policy performance. The information available to the policy makers also changes fast, and the way the information and indicators are constructed and reported can also lead to different assessments. In the COVID-19 example, the cross-country differences in terms of health care policy arrangements – such as whether health care is organized around hospitals or around general practitioners,

availability of reserve emergency stock materials, availability of personnel, categories, and availability of healthcare insurance – do lead to different policy responses and, subsequently, to different results.

## Organization Level of Performance Analysis

At the *organization* level, the performance discussion can be differentiated in terms of management and execution (front line). The examination of performance management systems usually centers on (a) the systematic organization of the activities and (b) the communication of the expected levels of the operation to the employees. Subsequently, the activities translate in standard operating procedures (SOPs) and specific tasks that can be performed with different levels of administrative discretion. The task execution is followed by the appropriate registration of the activities performed and monitoring if the expected levels of operation are achieved. The result of this set of activities is defined in terms of outputs and of outcomes, which, on longer terms, help define the impact the organization creates. However, the organization performs its activities in a specific context defined by a legal and policy framework. The organizations (public, semipublic, and nonprofit alike) interact with their environment, and the activities performed by their management do influence the results of these interactions. The goals they aim to address vary as well, and, for the (semi) public organizations in specific, these goals are connected to creating public value such as effectiveness, equity, equality, legality, and efficiency. The forms and degrees of market instruments that have been implemented in terms of organizing and monitoring performance throughout the reforms in the recent 40 years have made a significant impact in the way the performance monitoring has been implemented at organization level.

Different instruments of performance monitoring have been put in place at organization level – such as dashboards, scorecards, tracing systems – which provide the managers with insights at the level of goal achievement. At the execution level, different ways of (self) monitoring, use of technology for self-organization and for improvement of organization processes, and also softer ways of personnel self-improvement, are set to use in order to measure the level at which the tasks are executed. Subsequently, a few caveats refer to the way in which the indicators are being defined and compiled in the performance monitoring. Several known limits in formulating indicators and monitoring (de Bruijn 2007) include (a) focus on easily measurable indicators, which may provide a skewed view on the breadth of activities required to achieve the organization's goals; (b) the need to rotate and periodically revise the indicators, and (c) reward only the achieving of some indicators. The last two caveats address specifically the need to prevent the creation of blind spots because a particular set of activity is overlooked or only a particular set of indicators are being used, usually formulated by the expression "what gets measured gets done".

The performance at the organization level becomes even more important in a crisis situation, particularly with regard to (a) the relationship between centralization and coordination (Moorkamp et al. 2020) and (b) the way data about the activities executed is being collected, compiled, verified, and communicated. The centralization and coordination of tasks within and across organizations involved in crisis management requires a higher level of flexibility and adaptation than in "business as usual" times. When the personnel at the execution level needs to dedicate extensive time to the collection and compilation of data, this may come at the cost of performing the core task, and the latter has a higher priority. Subsequently, when there is limited verification of the registration protocol, the chance for errors and delays in registration increases, which, cumulated, may depict a flawed image of the situation and lead to mistakes in the decision-making process. Of particular importance is the understanding of the different ways in which the specific indicators, such as in the COVID19 example, are registered and collected at the country level, and are used for the public communication within the crisis. If

insufficient attention is allocated to understand the construction of indicators and their limits, these indicators limit the international comparisons, as well as the assessment of the problem description across countries. Some examples are: reporting absolute versus cumulative numbers versus percentages, or not paying attention to the units of the graphs, or to the time delays of registration between countries. International organizations such as WHO can play a role in transforming these indicators, but that usually requires capacity which otherwise in crisis situations may not be available.

## Conclusion

This chapter focused on the concept of performance crisis with the focus on public serving organizations like public sector service providers and/or private nonprofits funded by the government. The public sector reforms of the last 40 years were designed and carried out with the explicit goal of improving the performance of organizations in the public, semipublic, and nonprofit sector, particularly due to the increased citizen demands both for service quality as well as for accountability and transparency. The relationships between the public values created by the public, semipublic, and nonprofit organizations arguably changed throughout the time, with a prominent position allocated to the value of efficiency. The unintended consequences of focusing on efficiency increased over time and the need to recalibrate the balance became increasingly manifest.

The discussion on the performance crisis used the example of the COVID19 pandemic to illustrate the complexity of the concept and to argue for the need to analyze this concept on three levels: institutional level, policy level, and organization level. These dimensions have been operationalized in terms of international institutional arrangements, country-level policy structures, and execution at organization level. These levels are interrelated and the argument above proposes an integrated approach in order to conduct a coherent performance assessment. The performance crisis can be defined as a lack of coherence at the analytical level among these three levels.

This discussion needs to take into account also the characteristics of the political regimes on the problem definition, the choice of the policy instrument – or of the policy mix – and the level of control when assessing performance in crisis management. A preliminary difference in terms of democratic versus authoritarian or ideological dimensions of the political decision makers provides a first set of insights to establish the criteria used for assessing the performance of a particular approach. Finally, the socially accepted level of social control and the use of exceptional measures, such as declaring the state of crisis situation, add to the complexity of assessing performance. To what extent is there indeed a performance crisis? The example of the COVID19 crisis suggests that there is an increasingly acute understanding at all levels of the basic elements required for performance assessment and that the integration of the levels of analysis and of cross-level understanding of the conditions for performance measurement is needed more than ever.

## Cross-References


- ► Administrative Reform
- ► Performance Management
- ► Performance Measurement


## References


Agranoff R (2007) Managing within networks: adding value to public organizations. Georgetown University Press, Washington, DC

de Bruijn H (2007) Managing performance in the public sector, 2nd edn. Routledge, New York

Hintea C, Sandor SD, Junjan V (2004) Administrative reform in Romania and the European Union. In: Dimitrova A (ed) Driven to change: the European Union's enlargement viewed from the East. Manchester University Press

Hintea CE, Profiroiu MC, Ticlau TC (2015) Strategic planning and public management reform: the case of Romania. Transylv Rev Admin Sci, [S.l.] 11:30–44

Hood C, Peters G (2004) The middle aging of new public management. Into the age of paradox? J Public Adm Res Theory 14(3):267–282
Meyer-Sahling JH, Yesilkagit K (2011) Differential legacy effects: four propositions on the impact of historical legacies on administrative reform in Europe east and west. J Eur Publ Policy 18(2):311–322
Moorkamp M, Torenvlied R, Kramer E-H (2020) Organizational synthesis in transboundary crises: three principles for managing centralization and coordination in the corona virus crisis response. J Conting Crisis Manag 28:1–4
Moynihan et al (2012) Performance regimes amidst governance complexity. J Public Adm Res Theory 21: i141–i155
Olsen AL (2015) Simon said', We Didn't jump. Public Adm Rev 75(2):325–326
Osborne S (2010) The new public governance: Emerging Perspectives on the Theory and Practice of Public Governance. Routledge, New York
Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis – new public management, governance, and the Neo-Weberian State, 3rd edn. Oxford University Press, New York
Rainey HG (2014) Understanding and managing public organizations, 5th edn. Jossey Bass, San Francisco
Schimmelfennig F, Sedelmeier U (eds) (2005) The politics of European Union enlargement: theoretical approaches Routledge advances in European politics. Routledge, Abingdon/New York
van Dooren W, Bouckaert G, Halligan J (2010) Performance management in the public sector. Routledge, London
van Thiel S, Leeuw F (2002) The performance paradox in the public sector. Public Perform Manag Rev 25(3):267–281
Zaring D (2010) International institutional performance in crisis. Chic J Int Law 10(2):Article 6

# Performance Evaluation and Reporting

Patrícia S. Gomes
Center for Research on Accounting and Taxation, Polytechnic Institute of Cávado and Ave (IPCA), Barcelos, Portugal

## Synonyms

Accountability; New public management; Organizational performance; Performance indicators; Performance management; Performance reporting systems

## Definition

Performance evaluation and reporting should be studied under the complex and multidimensional concept of performance. *Performance evaluation* is an important element in the management control of an organization through the incorporation of key performance indicators in performance measurement systems. After the new public management (NPM) era, greater attention has been put on the performance evaluation process as a way to lead to organizational improvements. There may be an interrelationship between the control focus of an organization and the aspects which are emphasized in the evaluation of performance (an internal perspective). *Performance reporting* is linked to the concept of accountability and to the need to improve the reputation of an entity (an external perspective). This linkage between performance reporting and accountability is based on the notion that reporting about performance contributes to monitor and evaluate the actions of public sector managers and politicians, helps to plan and to prepare the budget, to learn and improve, and to compare actual performance and expected results. Both concepts are interconnected and strongly associated with the need to measure, to report, and to manage public sector organizations' performance.

## Introduction

The new public management (NPM) was a global reform movement aiming the introduction of business-like tools in the public governance (Hood 1995), assuming that public sector organizations can be managed and evaluated in the same way as private organizations, namely through demands for accountability, transparency, and efficiency, and responsiveness. Central to these reforms is the need to monitor and evaluate performance, on the basis of results-oriented performance information (Boyne and Law 2005), and to make managers more accountable for their actions and decisions about the use of public resources (Budding 2004; Moynihan and Pandey 2010). A multidimensional system incorporating

quantitative and qualitative indicators that measure, evaluate, and report the level of activity, inputs, outputs, and outcomes of the public governance is an important device in the implementation of these reforms (Jansen 2008; Hammerschmid et al. 2013). Based on Behn's (2003) list of eight different managerial uses of performance information, Hammerschmid et al. (2013: 1) characterize these uses into two groups: (1) internal purposes, "when performance information is used for monitoring, evaluate, control and improve operations," and (2) "external purposes, associated with showcase performance, give account, compare and benchmark." Although internal and external uses are related, this chapter one assumes that performance evaluation has a purely internal function and performance reporting is more externally oriented.

Several scholars have been motivated by the philosophy of the NPM to study and research about public sector performance evaluation and reporting in the last 20 years. The works of Bogt (2001, 2003), Behn (2003), Budding (2004), Pollitt (2006), Jansen (2008), and van Helden et al. (2012) are just a few examples. Performance evaluation and reporting is seen as an important part of the accountability process and became central in the implementation of NPM reforms. For example, the introduction of performance-based contracts, target-setting and performance reporting are dimensions of NPM (Hood 1995; Jansen 2008). However, the use of performance information in the public sector, either for internal or external purposes, is quite limited (Bogt 2001, 2003; Budding 2004; Politt 2006; Jansen 2008; Hammerschmid et al. 2013) because "politicians do not often behave in the rationalist manner implied in the NPM model" (Lapsley and Pallott 2000: 227).

Government accounting literature identifies at least two different lines to understand the role of accounting in NPM reforms: a rationalist perspective, where accounting is seeing at the center of the reform (economics theory), and a symbolic perspective (legitimacy theory), where accounting practices only imply symbolic changes with no effects on internal operations (Lapsley and Pallott 2000). Given this twofold perspective, performance information is not only used as a measurement tool but also as a communication tool (Hammerschmid et al. 2013). Overall, performance evaluation and reporting in government organizations are considered complicated tasks given the multiplicity of actions and objectives to which they are subject, adding to the existing political pressures.

This entry intends to approach the themes related to public sector entities' performance particularly concerning its evaluation and its report, highlighting the main challenges and difficulties in this process of change after NPM.

## Performance Evaluation in the Public Sector: An Internal Perspective

Performance evaluation is usually not only or primarily based on concrete and factual aspects of the way how managers operate and "objective" information about this, but also on more general impressions and subjective opinions (Bogt 2001, 2003). Bogt (2003) explains that performance evaluation in government organizations, as evaluating the success of NPM reforms, is complicated. Several factors play a part here, such as different opinions on what to measure and how to do it, frequent changes on performance measures, imperfections in performance measurement, multiplicity of goals (perhaps sometimes concealed), a politician's feeling that there will often be different and altering perspectives on what constitutes "success," and problems in establishing causation (Bogt 2003; Budding 2004).

An important study about performance evaluation was developed by Bogt (2001), trying to determine whether politicians attach value to quantitative output information and whether they use this sort of information to control their organization and to evaluate managers' performances (internal use). Based on the experience of Dutch municipalities, Bogt (2003) found that politicians expect managers to have feelings for the political wishes and needs, a cooperative attitude and an ability to encourage departments to work quickly and in a flexible way and to show initiative. This

shows a hardly use by politicians, of quantitative output information available in budgets, management reports, and annual accounts.

Hopwood (cited by Bogt 2001) distinguishes three different styles of performance evaluation, which are based on research in the profit sector: the budget-constrained, the profit-conscious, and the nonaccounting style (implicit style for the public sector). Adapting these styles to the public sector, Bogt (2001, 2003) presents four styles of performance evaluation methods: (1) the implicit style, (2) the operations-conscious style, (3) the output-constrained style, and (4) the outcome-conscious style (see details in Fig. 1). A manager's performance evaluation style is an important aspect of his management style and the features of a specific style depend upon both the extent and the way performance and budget information are used (Bogt 2001).

As Bogt (2001 and 2003) concluded, for the purpose of performance evaluation, professional managers are more focused on activities and information processes rather than on their outputs or outcomes measures. More recently, in three Portuguese large municipalities, Gomes et al. (2015) confirm these findings about the greater orientation by politicians to the implicit style and the operations-conscious style on the managers' performance evaluation.

On a different perspective, Budding (2004) discusses the relationship between accountability and performance, deepening and extending the understanding of the behavioral and organizational effects of holding managers accountable in governmental organizations. The author starts his study by stating that "the identification and definition of the products of governmental organizations is a relatively subjective exercise, and therefore, output-indicators are also relatively subjective and easy to manipulate" (Budding 2004: 287). The author emphasizes this subjectivity highlighting that "the decision making in these organizations is a consequence of the multiple, conflicting political pressures, which result in relatively vague compromises that are also very unstable" (Budding 2004: 287). Due to these circumstances, identifying the relevant performance indicators and their targets is complicated for governmental organizations. Thus, holding managers accountable when targets are not clear could lead to negative effects.

Politt (2006: 38) argues that "evaluation is [. . .] important to any democratic society. It benefits those who make decisions about policy, and it benefits the citizens who have to live with those decisions, once made." Examining the use of performance information by ministers, parliamentarians and citizens, the "end users" of performance information, the author concludes that little research has been done on whether and how elected representatives use the performance information, which is contained in evaluation reports,

**The implicit style:** quantitative and financial output play a minor part; there is no formal evaluation; the evaluation is based on changeable, subjective and qualitative elements rather than objectives; performance may be discussed when politicians are unsatisfied; little attention paid to accounting information on the actual performance; criteria of evaluation may vary across the time.
**The operations-conscious style:** manager acts as a good facilitator and intends to ensure that his organization is functioning well and is performing activities which will enable to a boss/chairman functioning well too, both in the short and in the long term; quantitative outputs play some part in this method of evaluation but are not the main focus; lot of attention paid to activities and processes of the Manager and of the organization.
**In the output-constrained style:** outputs are the products (goods and services); manager evaluated on quantitative budgets, especially on whether he/she has met the targets defined in short term; quantitative outputs are not only financial but also refer to quantities or numbers; budget can also refer quality aspects, express as a percentage; use of multidimensional quantitative outputs data: amounts of money, cost per unit, quantities and quality.
**In the outcome-conscious style**: outcomes are effects produced by outputs; outcomes are linked to politicians goals; managers evaluated on their contribution to the outcomes; accounting data outputs, such as budgets data, cost per unit and quality aspects, have an important role in the evaluation; attention focused on to what extent a positive contribution helps to effect maximization and to the long-term performance of the organization; attention paid by politicians to qualitative information: on external development and subjective factors in addition to quantitative output information.

**Performance Evaluation and Reporting, Fig. 1** Bogt's performance evaluation styles (Source: Bogt (2003))

performance audits, quality assessments, and inspections. It also alerts that if politicians and citizens seldom use performance information, then information cannot perform its supposed function in fostering transparency and trust in public programs and services. Thus, performance evaluation, performance measurement, and performance audit remain conversations between experts, technocrats, and managers, and not a significant feature of democratic governance (Pollitt 2006).

To summarize, the use of more sophisticated performance information to evaluate and monitor performance is not (yet) well developed among public sector organizations, as it was expected since the NPM reforms, mainly based on internal and managerial factors (Lapsley and Pallot 2000). Different aspects of the internal management structure, managerial styles, and the particularities of the political-administrative system justify differences on different contexts.

## Performance Reporting in the Public Sector: An External Perspective

Performance reporting in the public sector is associated with improvements of accountability in public sector organizations as well as their reputation and legitimacy. These accountability and reputation concepts of public sector organizations may be linked to the need for transparency, effectiveness, and efficiency brought about by NPM reforms, such as the harmonization of public sector accounting through IPSAS (International Public Sector Accounting Standards). Creso et al. (2013) explore the policy's pressures and responses of the research councils for the improvement of accountability, performance assessment, and evaluation. They argue that the "performance reporting are central to increased monitoring and evaluating, as they help to report, plan and budget; manage and evaluate; learn and improve; and compare performance and results" (Creso et al. 2013: 113). Their work concluded that performance metrics and increased emphasis on outcomes provide information necessary for organizational governance and address external pressures for transparency and accountability. Demands for accountability, transparency, efficiency, and responsiveness have encouraged the widespread and systematic monitoring and evaluating of public sector activities.

Lacey et al. (2012) study the interorganizational dependence and public sector performance reporting in the Australian federal police. They identify the importance of the independence between agencies for the performance reporting; independence refers to information represented in the performance reporting being derived from that the agency itself possesses and publishes. In addition to the issue of reporting and independence, there is also an issue of framing, legitimacy, and reputation (Lacey et al. 2012; Hammerschmid et al. 2013). Lacey et al. (2012) have concluded that within the public-sector context, practices of performance reporting have expanded during the last decade. Still, they need to pay more attention to the problems and issues of performance measurement across interorganizational networks, particularly where the performance of one agency within the network is heavily dependent on the performance of other agencies in the same network. These interdependencies are crucial to understand and compare performance.

Brusca and Montesinos (2016) have done an international comparison from an institutional and normative perspective comparing the frameworks of performance reporting in local governments. They argue that "a performance measurement system is a tool for producing information to quantify the efficiency and effectiveness of actions, and it can be used both to obtain information for decision making purposes (internal use) and to disseminate information to stakeholders on local government performance for accountability purposes" (external use) (Brusca and Montesinos 2016: 507). They additionally explain that many jurisdictions have begun to implement performance reporting systems as a step while adopting NPM reforms. Consequently, the development of performance reporting systems has been influenced by different contexts and by the successful introduction of NPM. Table 1 presents a summary of the main developments of performance reporting systems among different countries.

**Performance Evaluation and Reporting, Table 1** Comparison of the performance reporting systems in different countries

| Country | Development of performance reporting systems |
|---|---|
| ***Belgium, Australia, Canada, and the United States*** | Regions, states, and provinces have made the main efforts for obligatory reporting<br>Performance reporting is directed to stakeholders with an accountability vision, including the citizens' perspective<br>Professional associations play an important role in the United States, but not in Australia and Canada. In the Flanders region of Belgium, indicators have been included by the regional government<br>The context and level of NPM reforms is only superficial, and performance reporting systems cannot be said to have an important impact |
| ***Nordic (European) countries, United Kingdom, and Netherlands*** | Highly developed centralized performance reporting systems with the central government as the main actor, to control local governments and especially stimulate them in performance measurement and efficiency improvements<br>The Nordic countries have a relatively strong need to legitimate the public use of resources, thus the stakeholder model takes precedence over the shareholder model, and organizational stakeholders have more of a say than shareholders or top managers in the adoption, implementation, and use of performance measurement |
| ***France, Italy, Portugal, and Spain*** | Central governments have enacted laws emphasizing the importance of and need for performance reporting, but have not made much effort in practice, so reporting systems are still at an initial stage<br>Italy, Portugal, and Spain are all facing major economic and financial problems, and thus have an urgent need to measure efficiency and effectiveness<br>Benchmarking is not usual in these countries. Moreover, centralist administration is favored, and the central governments exercise control over local governments<br>Countries have enacted laws in response to a demand for transparency in the use of public resources, accountability, and improved quality of services, but performance information is scant, despite regulations requiring the inclusion of performance indicators in the financial report to improve accountability and transparency<br>The administrative cultures do not favor the publication and use of performance indicators, the tools for performance measurement are undeveloped and public management reforms are not holistic, so that only isolated measures have been introduced, and the law is the instrument for reform |

Source: Adapted from Brusca and Montesinos (2016: 521–522)

Veledar et al. (2014) underline that the practice of reporting performance information is very diverse across different jurisdictions, because in some jurisdictions public sector entities are required by law to report performance information annually, while in others the reporting of service performance information is voluntary and depends on the entities' will to enhance accountability and inform decision makers. In a context where changes are introduced and compulsory by law, public sector accounting changes would be essentially symbolic, motivated by the need to obtain legitimacy from external stakeholders. The institutional theory based on the coercive and normative isomorphism can help to understand differences on the level of implementation of performance reporting systems.

Measurement and reporting of public sector performance is an integral part of the accountability process in public sector entities, due to its capacity to facilitate achievement of the objectives of an organization and the communication

of relevant information to stakeholders. Performance information has therefore been recognized as playing a key role in public sector governance.

At this point, one can realize that performance reporting in public sector is essentially about the external demands for accountability. Reporting the performance is, however, a difficult task. Nevertheless, as Brusca and Montesinos (2016) explain, the financial information provided in the accounting and budgetary statements of many public entities is insufficient to achieve public sector accounting objectives and needs to be supplemented with performance information. Performance is measured and reported by means of performance indicators that account for the economy, efficiency, and effectiveness of public resources.

In the study of the performance reporting, it is important to refer the work developed by the IPSASB (*International Public Sector Accounting Standards Board*) on the measurement and reporting of public sector public performance. In particular, it is important to refer the publication of a recommended practice guideline (RPG 3), in March 2015, for reporting service performance information. The RPG is not authoritative like IPSAS and does not address the preparation of a financial statement; it aims to provide guidance and good practice on reporting service performance information in general purpose financial reports (GPFRs). In this way, compliance with this RPG is not required for an entity to assert that its financial statements comply with IPSAS.

For the IPSASB, an entity can present other types of information if this information is useful in meeting the objectives of financial reporting and meets the qualitative characteristics of financial reporting (relevance, faithful representation, understandability, timeliness, comparability, and verifiability). In RPG 3, there are multiple factors that the IPSASB considers relevant for the performance reporting, such as reporting boundary, period of reporting, selection of service performance information, location of service performance information, and organization of service performance information. Furthermore, RPG 3 addresses principles for reporting the service performance information that are important to understand the purposes of performance reporting (see Fig. 2).

Within the context of RPG 3, the IPSASB acknowledged that there are different approaches to reporting service performance information, including those more focused on outputs and those focusing on outcomes. In any case, the information reported explains how the entity is doing in terms of achieving the objectives.

P

1 - An entity should present service performance information that is useful to users for accountability and decision making purposes;
2 - When used in combination with the information in an entity's financial statements, service performance information should enable users to assess the entity's finances in the context of its achievement of service performance objectives and vice versa;
3 - The service performance information presented should take account of the entity's specific circumstances, such as: the services that the entity provides; the nature of the entity; and the regulatory environment in which the entity operates;
4 - The presentation of service performance information should achieve the qualitative characteristics of financial reporting, while applying the pervasive constraints on information in GPFRs;
5 - Aggregation or disaggregation of service performance information should be at a level that conveys a meaningful understanding of the entity's service performance achievements. Information reported should be sufficiently detailed for users to hold the entity accountable for its service performance, particularly its performance with respect to its service performance objectives;
6 - Comparability to other entities can be difficult to achieve in the context of service performance information, since diverse services are provided. Inter-entity comparability may need to be traded off against relevance,so that service performance objectives and their related performance indicators are chosen to be relevant to the service performance situation of the entity.

**Performance Evaluation and Reporting, Fig. 2** Principles for reporting service performance information. (Source: IPSASB, RPG 3 (2013: §32–37))

Concerning the disclosure of performance information, RPG 3 (2013: §38–39) establishes that, for each relevant service should be reported information about: (a) service performance objectives, (b) performance indicators that show the entity's achievements with respect to its service performance objectives, and (c) information on the cost of services. For performance indicators and service costs, the entities should yet display: (a) planned and actual information for the reporting period, and (b) actual information for the previous reporting period. It is also interesting to note that performance information reports should also include cross-references to the financial statements where appropriate, contributing to a more GPFRs.

To organize service performance information, RPG 3 suggests the elaboration of the "statement of service performance" which involves organizing information in to a tabular or statement form (RPG 3 2013: §78). This statement will support understandability and comparability of performance indicators, which are the basis for the success of performance evaluation and reporting.

Summing up, the normative and coercive isomorphism seems to be very influential on the implementation of performance reporting systems, being determined by the approval of compulsory law and the need to obtain legitimacy from external stakeholders.

## Performance Evaluation and Reporting in the Portuguese Context

Portugal is a centralized unitary state with central and local or municipal governments; it is considered a Napoleonic country with a Weberian legal and administrative influence. The country was under pressure to modernize its public administrative apparatus and reverse the tendency to centralize and nationalize public goods and service provision and delivery. In the last two decades, the successive Portuguese governments have implemented several administrative reforms, following NPM trends and therefore aiming "to introduce a new managerial rationality in public services, replacing the traditional approach to public management by the introduction of new managerial techniques" (Araújo and Branco 2009: 557) adopted from the private sector management.

The Portuguese government has been carrying out accrual-based accounting reforms since the approval of the public sector accounting basis law (Law no. 8/1990). However, the landmark of this reform was the publication of the Official Plan for Public Sector Accounting for the central government level (agencies and autonomous bodies), from 1997, followed by the publication of the Official Plan for Local Government Accounting in 1999. Afterwards, several Official Plans have been approved for the education sector, health, and social security. Since the 1990s decade reforms, the Portuguese government accounting framework "uses double entry combining cash-based budgetary accounting with accrual-based financial and cost accountings, providing information for both accountability and decision-making" (Jorge et al. 2008: 239). The introduction of the accrual basis accounting regime, the accounting standardization, the integration of budgetary, accrual and management accounting, and the need to facilitate data collection for the national accounts (government financial statistics) represented the main objectives of these public sector accounting systems.

Complementary to the budgeting and financial mechanisms, other planning and control initiatives became compulsory during the 1990s decade, such as the activity plan and the activity report (Decree-Law no. 183/96, September 27). These two management tools introduced the obligation for public sector entities to plan their activities to be carried out in the following year as well as the needed resources (activity plan) and to report the actions and activities accomplished in the last year (activity report). More recently, under the NPM agenda, the debate on methods to evaluate and control (individual and organizational) performance has therefore become more relevant in public administration, in politics, as well as in civil society (Rodrigues 2009). As a result of this debate, an Integrated Framework of Performance Evaluation in Public Administration (SIADAP) was introduced in the Portuguese public sector in

2004 by Ministers Council Resolution no. 53 and implemented in 2007 by Law no. 66-B/2007. This is a management by objectives model articulated with the management cycle, aiming to strengthen a culture of assessment and accountability in the public sector and to monitor the services performance in complying with the organizational mission. Table 2 presents the chronological evolution of the performance evaluation initiatives in the Portuguese public sector. As said by Rodrigues (2009: 9) about the new performance evaluation system "it introduced the paradigm of management by objectives in public administration" in this country.

Although the actual version of the SIADAP sets two evaluation levels – the individual and the organizational level, the former has been regulated and put into practice in first place (by the First version of the SIADAP). The most recent version of the SIADAP introduced a top-down approach because it enforced the involvement of the whole hierarchical structure of organizations. In this managerial context, top managers would be engaged in the goal setting process (both strategic and operational) and responsible for achievements. A deeper involvement of top managers in performance management processes took place in 2005 with the approval of the mission statement that represents a real management contract between the political leader and the top manager of each public sector organization. This initiative marked the beginning of top managers' formal evaluation process. Top managers' performance is determined by the performance obtained by the organization as a whole. The aim is leading organizations to engage in "real strategic thinking processes" (Rodrigues 2009). In this context, the Balanced Scorecard model and other performance measurement systems have been applied in some public sector organizations (Gomes et al. 2008; Gomes and Mendes 2013) to help managers in the goal setting process, as well as to identify performance indicators and the associated targets.

The articulation of SIADAP with the management cycle implies that it must include certain building blocks (article 8° of the Law 66-B/2007), as presented in Fig. 3.

This cycle relies on a management control framework. The monitoring and review of the objectives could enable to get feedback on what has already been accomplished and to introduce improvements throughout the whole system. In addition, performance reports could inform about performance, both in qualitative and quantitative terms, and to define and allocate rewards or sanctions, depending upon the situation. This report explains the achieved levels of effectiveness, efficiency, and quality.

Under the Law 66-B/2007 (article 28°), the Portuguese government created the Portuguese services evaluation council (CCA) with the following objectives: (1) assure the coordination and promote the cooperation between the various services with competences regarding planning, strategy, and evaluation, and promote the exchanges of experiences and disclosure of the good practices in the fields of evaluation. The year of 2008 was the pilot year in the first evaluation of public services based on SIADAP. Table 3 shows the matrix of the excellence degree attributed to public services by the Portuguese services evaluation council, based on 11 criteria, the first six criteria measuring the results of the service (outputs and cost-effectiveness). These criteria are the basis for

**Performance Evaluation and Reporting, Table 2** Evolution of performance evaluation initiatives in the Portuguese public sector

| Period | System | Scope | Criteria |
|---|---|---|---|
| 2004–2007 | SIADAP (First version) | Intermediate managers<br>Employees | Objectives<br>Competencies<br>Personal attitude |
| 2008 | SIADAP (Second version) | Organizations<br>Top managers<br>Intermediate managers<br>Employees | Objectives<br>Competencies |

Source: Adapted from Rodrigues (2009: 3)

SIADAP is a management by objectives model that should incorporates the following elements integrated in the management cycle as a whole:

i. Setting of service goals to the following year, taking into account their mission, attributions, multi-annual strategic goals superiorly determined, engagements assumed in the mission statement by the top manager, results of performance assessment, and budget availability;
ii. Approval of the budget, maintenance or change in the establishment plan of respective staff, under the terms of the applicable legislation;
iii. Elaboration and approval of the action plan of the service for the following year, including the objectives, activities and performance indicators of both the service and of each organizational unit;
iv. Monitoring and possible revision of service objectives and of each organizational unit, according to non-predictable contingencies at the political or administrative level;
v. Elaboration of the activity report, with qualitative and quantitative demonstration of the results attained, also including the social report and self-assessment report provided according to the present law.

**Performance Evaluation and Reporting, Fig. 3** The management cycle and SIADAP – an integrated perspective. (Source: SIADAP – Law 66-B/2007, article 8°)

managers and directors responsible by the planning, strategy, and evaluation areas of each ministry, to evaluate individually the performance of each service under its responsibility; the points obtained according to these criteria may or may not correspond to the self-evaluation obtained by SIADAP. To be distinguished with excellent performance mention, services and agencies should overcome most of the criteria defined in this matrix. These criteria represent a strong incentive to adopt new practices of control and management accounting on public services and public bodies voluntarily (motivated by management needs).

More recently, after a period of fiscal crisis and the strong external dependence from lenders requirements (Troika and IMF), Portugal embarks in an international harmonization process toward IPSASs adoption, after the adoption of IFRSs in the business sector (implemented since 2010). After a work of more than of 3 years to adapt the existent official plans of accounting to IPSASs, the government approved the System of Accounting Standards for Public Administrations – SNC-AP – by the Decree-law n° 192/2015, embracing a conceptual framework, 27 accounting standards (25 IPSAS-based addressing financial accounting and reporting, one for budgetary accounting and reporting and one concerning management accounting) and a multidimensional chart of accounts. This new IPSAS-based model will be implemented since January 2018 to all sectors of the Public Administration, including local government. The great impact on the performance evaluation and reporting can be synthetized on the following elements: (1) an accrual-based accounting system; (2) the production of a general purpose financial report including financial and nonfinancial information, forecasting information, and consolidated information from the State as a whole; and (3) the obligation to implement a management accounting system allowing to evaluate results and the accomplishment of objectives in terms of services delivered to citizens.

In addition, the Budget Framework Law (LEO) approved by the law n° 151/2015 introduces the adoption of programs budgets by all the central administration and the social security since 2019, accompanied by the development of a performance information system. It adds the need to disclosure online a general information about programs by subsectors, the objectives of the budgets policy, the budgets data, and the accounts of the state as a whole. In summary, being Portugal a European-continental country with a great influence of a civil law system, all the administrative and management reforms become compulsory by law. This is also true for the preparation and presentation of performance information, namely

**Performance Evaluation and Reporting, Table 3** Matrix of criteria of the services' degree of excellence

| | Criteria of Evaluation | Short description |
|---|---|---|
| Results of services | 1. Productivity | Comparison of the performance achieved with the human resources used (deviation between planned and accomplished) |
| | 2. Cost-effectiveness analysis | Comparison of the performance achieved with the financial resources used (deviation between planned and accomplished) |
| | 3. Results obtained by the service compared to previous years | Evolution of the results compared to previous years, based on the performance evaluation framework (comparison in time) |
| | 4. Results obtained in comparison with national or international standards, considering efficiency improvements | Excellence of the results obtained when compared with other standards, whether national or international, requiring benchmarking (comparison in space) |
| | 5. Overall improvement of evaluation parameters (effectiveness, efficiency, and quality) | Analysis of the exceedance of the evaluation parameters, compared to previous years, based on the performance, considering the weight assigned to each one |
| | 6. Analysis of deviations | Determination of the deviations between the degree of achievement and what was planned |
| | 7. Impact on society | Evaluation of the contribution of the service to the pursuit of public policies and degree of noncompliance (if applicable) |
| | 8. Users' satisfaction | Evaluation of the type of measurement instrument used, the complaint handling policy, as well as the degree of users' satisfaction |
| | 9. Employees' satisfaction | Evaluation of the type of measurement instrument used, as well as the degree of employees' satisfaction |
| | 10. Processes and system of performance indicators | Analysis of the reliability and integrity of the internal control system and performance indicators system |
| | 11. Planning and strategy | Availability on the electronic page of the service, or delivery to the competent oversight authorities, of the updated strategic plan, the activity plan, and SIADAP information |

Source: http://www.ccas.min-financas.pt/documentacao/matriz-de-excelencia-dos-servicos/view

performance reporting. In this context, the opportunity for change internal operations practices will depend on the culture and the features of each organization, the involvement of organizational leaders, political pressures, and the capacity to put reforms in practice (enforcement). Both the managerial or instrumental perspective (NPM) and the institutional theory (in the isomorphism perspective) could help to understand public sector accounting changes in the Portuguese context. Table 4 presents the evolution of the legal background approved by the Portuguese government in order to make compulsory performance evaluation and reporting in the Portuguese public administration.

## Conclusions

Every effective organization need to measure and monitor its performance to know how well it is performing and to identify opportunities for improvement. In this way, performance evaluation and reporting arises as a way to "reinvent" the government and to improve efficiency, effectiveness, and quality in public sector organizations and in public services at large (Hood 1995). This entry presented a short review about the processes of performance evaluation and reporting following a twofold perspective: internal and external use of performance information. Both concepts are interconnected and strongly

**Performance Evaluation and Reporting, Table 4** Legal background for performance evaluation and reporting

| Legal Diploma | Description |
|---|---|
| Law no. 8/1990, February 20 | Approves the Law of Public Sector Accounting Bases |
| Decree-Law no. 155/92, July 28 | Introduces RAFE (State Financial Administration Regime) |
| Decree-Law no. 183/96, September 27 | Reinforces the obligation to use the Annual Plan and Annual Activity Report |
| Decree-Law no. 190/96, October 9 | Introduces the obligation to draw up the Social Report for all departments and agencies of the central, regional and local government |
| Decree-Law no. 232/97, September 3 | Approves the POCP (Official Plan for Public Sector Accounting) |
| Decree-Law no. 54-A / 99, February 22 | Approves the POCAL (Official Plan for Local Government Accounting) |
| Ordinance no. 898/2000, September 28 | Approves the POCMS (Official Plan for the Accounting of the Ministry of Health entities) |
| Decree-Law no. 12/2002, January 25 | Approve the POCISSS (Official Plan for the Accounting of Institutions of the Solidarity and Social Security System) |
| Law no. 2/2004, January 15 (amended by Law no. 51/2005, August 30) | Approves the status of management staff in the departments and agencies of the central, regional, and local government. It requires the preparation of the Mission Charter and encourages management by results |
| Resolution no. 53/2004 and Law no. 66-B/ 2007, December 28 | Approves the SIADAP (Integrated Framework of Performance Evaluation in Public Administration) |
| Decree-Law no. 192/2015, September 11 | Approves the System of Accounting Standards for Public Sector (SNC-AP) |
| Law no. 151/2015, September 11 | Approves the Budget Framework Law (LEO) |

associated with the need to measure, to report, and to manage public sector organizations' performance.

Several scholars highlight difficulties and constrains in the use of performance information by different users, both for external (reporting) and internal (evaluation) purposes. The features of the politico-administrative system, the legal system, the heterogeneity of activities, the ambiguity of objectives, the managerial styles, the politics and managers' characteristics, are important factors determining the process of change within public sector entities. On the other hand, prior studies show that accounting changes and the introduction of NPM initiatives became compulsory by law in several jurisdictions, in particular in European continental countries (Hammerschmid et al. 2013; Brusca and Montesinos 2016). This is also the case of Portugal, where each public sector managerial initiative and reform is introduced after an act approved by the Government and/or by the Parliament. As illustrated in this entry, the most important reforms that have been adopted in the Portuguese governmental financial system during the 1990s were the approval of the Public Sector Accounting Bases Law, the Administrative and Financial Regime of the State, and the Official Plan for Public Sector Accounting (and other sectorial official plans approved thereafter), having as main innovation the introduction of an accrual accounting regime and the basis to produce a more comprehensive government financial reporting. Since 2015, with the approval of the new Budget Framework Law and the SNC-AP (an IPSAS-based accounting system), new requirements have been introduced with impact on the performance evaluation and report of public entities. The changes have the goal to increase transparency for citizens and to improve the information available for to take management decisions and for external report. The new budgeting and accounting changes will produce effect only after 2018.

Although these accounting changes with impact on the evaluation and report system, a great skepticism was raised about their effects on the organizational performance because of the excessive bureaucracy and regulation that features Portuguese public administration (Araújo and Branco 2009; Gomes et al. 2008, 2015).

The institutional theory, in the isomorphism perspective (normative, coercive, and mimetic), can help to understand why performance information is not used at a satisfactory level by different users. Following the institutionalists perspective, scholars assume that when reforms and managerial practices are introduced with the goal to satisfy government mandates, they will be used to obtain legitimacy and external support and not for control and decision-making purposes. When the influence of isomorphism is significant, a great deal of decoupling is expected. In this context of great external and institutional pressures, the risk of spread between formal organizational structures and actual organizational practices increases leading to a little or no effect on internal corporate operations. Despite this institutional context existing across many countries, it is most certain that NPM reforms have been changing the way public sector organizations manage and improve performance as well as their internal culture concerning public service delivery and the use of public resources.

## Cross-References

► E-Government, Accountability, and Performance
► Performance Budgeting

**Acknowledgments** This work was financed by FEDER - Fundo Europeu de Desenvolvimento Regional funds through the COMPETE 2020 - Operacional Programme for Competitiveness and Internationalisation (POCI), and by Portuguese funds through FCT - Fundação para a Ciência e a Tecnologia in the framework of the project POCI-01-0145-FEDER-016908 (PTDC/IIM-GES/6923/2014).

## References

Araújo J, Branco J (2009) Implementing performance-based management in the traditional bureaucracy of Portugal. Public Adm 87(3):557–573

Behn R (2003) Why measure performance? Different purposes require different measures. Public Adm Rev 63(5):588–606

Boyne G, Law J (2005) Setting public service outcome targets: lessons from local public service agreements. Public Money Manag 25(4):253–260

Brusca I, Montesinos V (2016) Implementing performance reporting in local government: a cross-countries comparison. Public Perform Manag Rev 39:506–534

Budding TG (2004) Accountability, environmental uncertainty and government performance: evidence from Dutch municipalities. Manag Account Res 15:285–304

Creso SM, Kretz A, Sigurdson K (2013) Accountability, performance assessment, and evaluation: policy pressures and responses from research councils. Res Eval 22:105–117

Gomes P, Mendes S (2013) Performance measurement and management in Portuguese law enforcement. Public Money Manag 33(1):31–38

Gomes P, Mendes S, Carvalho J (2008) Use of performance measurement in the public sector: the case of the police service. In: Implementing reforms in public sector accounting. Coimbra University Press, Coimbra

Gomes P, Fernandes MJ, Carvalho J (2015). Use of performance information by local politicians: a field study in the Portuguese context. In: 15th Biennial CIGAR conference 2015-04 and 05 June, Malta

Hammerschmid G, van de Walle S, Stimac V (2013) Internal and external use of performance information in public organizations: results from an international survey. Public Money Manag 33(4):261–268

Hood C (1995) The 'new public management' in the 1980s: variations on a theme. Acc Organ Soc 20(2/3):93–109

Jansen (2008) New public management: perspectives on performance and the use of performance information. Financ Account Manag 24(2):169–191

Jorge S, Carvalho J, Fernandes MJ (2008) From cash to accruals in Portuguese local government accounting: what has truly changed? Tékhne 6(10):239–261

Lacey D, Cuganesan S, Goode S, Jacobs K (2012) Celebrating Adversity: Inter-organizational dependence and public sector performance reporting in the Australian federal police. Public Adm 90:393–411

Lapsley I, Pallot J (2000) Accounting, management and organizational change: a comparative study of local government. Manag Account Res 11:213–229

Moynihan D, Pandey S (2010) The big question for performance management: why do managers use performance information? J Public Adm Res Theory 20(4): 849–866

Pollitt C (2006) Performance information for democracy: the missing link? Evaluation 12(38):38–55

Recommended Practice Guideline (2013) Reporting service performance information. IPSASB, RPG (exposure draft 54)

Rodrigues M (2009) The contribution of performance evaluation to the professionalization of public administration. Paper presented at the IASIA annual conference, Aug. Rio de Janeiro, Brazil

ter Bogt H (2001) Politicians and output-oriented performance evaluation in municipalities. Eur Account Rev 10(3):621–643

ter Bogt H (2003) Performance evaluation styles in governmental organizations: how do professional

managers facilitate politicians' work? Manag Account Res 14:311–332
van Helden J, Johnsen A, Vakkuri J (2012) The life-cycle approach of performance management research; implications for public management and evaluation. Evaluation 18(2):159–175
Veledar B, Bašić M, Kapić J (2014) Performance measurement in public sector of transition countries. Bus Syst Res 5:72–83

# Performance Information in Evidence-Based Management

Liang Ma
School of Public Administration and Policy, Renmin University of China, Beijing, China

## Synonyms

Evidence-based policy-making; Evidence-informed decision-making; Organizational performance; Performance information use; Performance management; Performance measurement; Policy learning; Policy-based evidence; Program evaluation; Randomized controlled trials (RCTs)

## Definition

Performance information in evidence-based management refers to the purposeful and systematic use of scientific and/or qualitative evidence about organizational and program performance in managerial and policy decision-making in order to design and implement evidence-based policies and to improve organizational and program performance.

## Introduction

The traditional and stereotyped view of management in public organizations is that it is primarily an art or craft difficult to explicitly elaborate and learn. In this conceptualization of public management, managers use their own personal experience and judgments to make decisions critical to organizational survival and success. They may also pay attention to management practices adopted in their peer organizations or advocated by consultancy firms, but such information is usually not routinized or systematically used. In other words, public managers mainly base their decision-making on personal experience and anecdotes, which makes policies largely depend on managerial experience and vulnerable to disruptions and failures.

Such traditional approach of public management is still the predominant style of policy decision-making in contemporary governments around the world, but the systematic use of evidence, and specifically performance information, in policy decision-making has been burgeoning over the past decades. The new form of policy decision is usually called evidence-based policy (EBP), and it is also referred to as evidence-based management (EBM) in public organizations, depending on the nature of the decisions to be made.

Both EBP and EBM are inspired by evidence-based medicine (EBMd), which means the use of latest scientific evidence from clinic tests and systematic reviews, together with the willingness and preferences of patients, in doctors' clinic and prescriptive decision-making. Before the idea of EBMd was introduced in the 1980s, doctors often rely on their outdated knowledge accumulated from their own clinic experiences and decades-ago medical training, while the latest developments of scientific research and pharmaceutical innovations are not incorporated into their prescriptive decision-making. With the availability of new evidence, something worked in the past might not work now, or vice versa. EBMd prompts doctors to systematically refer to most recent scientific evidence on the diagnoses of specific diseases and the effectiveness of corresponding treatments when they make clinic decisions. Doctors' personal training and clinic experience are still important, but they are complementary (and sometimes competing) evidences supporting decision-making.

EBP and EBM use exactly the same logic of EBMd to transform public policy and

management practices to improve public policy and service performance. By asking public managers to pay attention to and incorporate evidence in their decision-making, public policies and management practices can be more efficient and effective. The types of evidence used in public policy and management are different from medicine, which often relies on randomized controlled trials (RCTs) as the gold standard of clinic treatments. RCTs are experimental studies to compare the differences between the treatment group (for instance, ask patients to take medicines) and the control group (patients without treatment) before and after the treatment, which helps to infer the causal effects of the treatment on patients' recovery. In contrast, public policy and management studies usually rely on case studies and observational studies (e.g., survey, interviewing) instead of RCTs to accumulate evidence, and the validity and reliability of the evidence are largely limited.

Given that most evidence is about organizational and program performance, performance information is usually used an exchangeable term with evidence in EBM. For instance, one policy instrument is found by many scientific studies to be effective in achieving one management purpose, and public managers can make an evidence-based decision to introduce this policy instrument into their organizations or programs. Performance information in evidence-based management refers to the purposeful and systematic use of scientific and/or qualitative evidence about organizational and program performance in managerial and policy decision-making in order to design and implement evidence-based policies and to improve organizational and program performance.

EBM helps to narrow and eliminate the lingering gap between management knowledge and actions, which means that management studies have accumulated lots of evidence, but managers seldom use them in organizational practices (Pfeffer and Sutton 2006). In the contexts of public organizations, which are often subject to political control of multiple external stakeholders, EBP helps to make policy decisions based on solid evidence instead of partisan politics. There are notable tensions between EBP and EBM, because they have different standings about what could be counted as evidence, how to communicate evidence, how to judge the rigor and validity of evidence, and how to balance scientific decision-making and democratic accountability (Heinrich, 2007). To simplify the interpretation of EBP and EBM, we highlight their similarities and linkages instead probing into their differences and tensions.

## The Types and Validity of Performance Information

The evidence used in EBMd is primarily generated from RTCs, which is believed to be the gold standard of scientific evidence. RTCs and other experimental designs help to generate causal effects of treatments, interventions, or manipulations on organizational and program performance by establishing the counterfactual to which their effects can be accurately estimated. The counterfactual means a scenario in which the treatments would not happen (the control group), which is compared with the scenario when the treatments happened (the treatment group) to estimate treatment effects. In contrast, observational studies (e.g., case study, survey) can only estimate the relationship between the treatments and the outcomes, but we cannot infer if the relationship is causal or not.

In comparison with RCTs ubiquitously used in EBMd, the majority of evidences used in EBM and EBP are from observational studies. It is usually difficult to implement RCTs in the contexts of public policy and management, which are subject to insurmountable ethnic and political challenges. Even experiments can be designed, they are either run in the labs or implemented in the form of survey experiment. Meanwhile, natural and quasi-experiments are also used to generate usable evidences, but their validity is largely limited. However, they are equivalently (if not more) valuable in improving the quality of decision-making.

We should acknowledge that evidences vary in terms of quality, relevance, validity, and reliability, but they all contribute to some extent to the

improvement of decision-making quality. Performance is a multidimensional construct about the processes and outcomes of organizations and programs, and evidences might only capture some dimensions. Performance can be examined from many aspects of organizations and programs, e.g., inputs, activities, outputs, and outcomes. Also, performance can be assessed from different dimensions of economy, efficiency, effectiveness, and equity (van Dooren, Bouckaert, & Halligan, 2015).

Apart from quantitative and objective indicators, performance can also be evaluated by perceptions of citizens and other stakeholders. Objective performance indicators are often believed to be more reliable than subjective perceptions, but the latter is usually more relevant to democratic values. Performance information can also be nonroutinized and informal feedbacks from the clients and other stakeholders of public organizations, which are also relevant to managerial decision-making (Kroll, 2013). We should acknowledge and even celebrate the diversity and complexities of performance information generated and used by public organizations, which give public managers more leeway to benefit from EBM and EBP.

## The Link between Performance Information and Evidence-Based Management

The use of performance information in decision-making can take many forms, and they are also driven by different factors. Performance information can be used to allocate budget, to arrange programs, to incentivize staff, to improve performance, to learn from the past and peers, to celebrate achievements, to claim political support, to justify legitimacy, and so forth (van Dooren et al., 2015). Generally speaking, performance information can be used for internal/rational and external/political purposes. The use of performance information can be either purposeful or political. Internal use is mainly purposeful and instrumental to learn, to incentivize, and to improve performance, while external use is often to claim political legitimacy and support from the circumstance.

To understand why performance information is (or is not) used by public managers is the big question of performance management (Moynihan & Pandey, 2010). Many environmental, organizational, and individual factors affect the use of performance information in managerial decision-making (Kroll, 2015). For instance, organizational culture plays a pivotal role in prompting managerial use of performance information, and developmental culture rewarding innovations and learning can boost EBM. The maturity of performance management system, as well as the availability and quality of performance information, are also crucial to performance information use.

The rise of behavioral economics contributes substantially to the use of EBP and EBM, because behavioral sciences generate lots of evidences relevant to managerial and policy interventions. Particularly the use of "nudging" in changing people's behaviors to achieve policy purposes has significantly raised the political support of EBP and EBM (Halpern, 2015). By manipulating the default options of organ donation, changing the colors of tax bills, socializing the messages sent to voters, and simplifying the procedures of unemployment training, among others, nudging generates tremendous policy outcomes that otherwise cannot be achieved. Many countries and cities have developed policy labs to experiment and communicate these evidences generated from behavioral sciences in policy design and implementation.

In the field of public administration, behavioral public administration has also been advocated to be one of the future directions (Grimmelikhuijsen, Jilke, Olsen, & Tummers, 2017). Public administration researchers are encouraged to learn from and work together with psychologists to do experimental studies, which generate workable and solid evidences to inform and support managerial decision-making. By doing so, the link between performance information and evidence-based management has been substantially strengthened. Public managers have been increasingly using performance information in their decision-making, which is quite different from their traditional approach of art- or craft-based management.

## Evidence-Based Policy or Policy-Based Evidence?

EBM and EBP are the rational interpretation of decision-making, but there is also political elaboration of decision-making. Policy and managerial decision-making is always a process of political bargaining involving lobbying, exchange, coalition, and advocacy among stakeholders and interest groups. In comparison with these bargaining players, evidence or performance information seems thin and fragile. Furthermore, performance information can even be interpreted and distorted to serve political purposes.

There are many reasons why performance information is not used or misused in decision-making. First, many sources of performance information can be incongruent and even conflicting among each other, making public managers irresolute in making decisions. Performance measurement helps to eliminate the lack of performance information, but it also generates performance information bubble with the help of information and communication technologies. For instance, objective and subjective performance information may generate different and even conflicting conclusions about policy options, and public managers can use one but ignore the other.

Second, performance information may be subject to political manipulations. Given that scientific research is often with caveats and of uncertainties, scientific evidences are often manipulated to serve political purposes. For instance, thousands of scientific studies have confirmed that global warming is primarily due to human beings' activities, but there are also competing theories and evidences supporting the opposite. Politicians are keen on picking and leveraging these favorable evidences to support their decision-making, which distorts EBP to be policy-based evidence (Cairney, 2016).

Finally, democratic procedures blur the boundary between evidence and policy, making evidence irrelevant to decision-making. The general public and their political representatives usually lack essential policy knowledge, and their decisions are often misdirected by fake news and politicalized fabrication of evidences. It is especially obvious in many controversial policy domains (e.g., climate change, genetically modified food, nuclear power), in which evidence-based policy-making is hardly a truth.

Evidence is not totally value-neutral, and the researchers may also incorporate their partisan and ideological preferences into evidences. If EBP is overemphasized as the gold standard of decision-making, then biased evidences may undermine democratic values. Also, the utilization of evidence is multifaceted, and it is naïve to assume that evidence should be directly and fully used in decision-making (Weiss, 1979). Realistic practitioners recommend evidence-informed decision-making to replace EBM and EBP, because evidence is just one information source of decision-making. The evidence helps to clarify the situations, educate the public, and provide workable solutions, and it is public managers to use performance information to make policy and managerial decisions. By incorporating performance information and citizen inputs into policy and managerial decision-making, evidence-informed management can simultaneously improve public service performance and strengthen democratic values.

## Conclusion

Performance management and EBP are highly interrelated in using evidence or performance information in decision-making, and public policy and organizational management benefit tremulously from generating and incorporating evidence or performance information in decision-making. Performance information is not limited to scientific evidence generated from RTCs, but also includes many other types of "evidences" relevant to policy and managerial decision-making. EBP may be used by politicians for their political purposes, which results in policy-based evidence. Similar to the idea of EBMd, performance information should be used as one of the inputs to support policy and managerial decision-making, and citizen engagement and democratic values also matter. Public managers and policy-makers should use evidence-informed decision-making by incorporating many types

of evidence and public opinions in making scientifically rigorous and democratically acceptable decisions. It is of particular value for future research to explore under what conditions and by which means EBP and EBM can be fostered and sustained.

## Cross-References


- ▶ Accountability
- ▶ Data-Driven Management
- ▶ Performance Measurement
- ▶ Performance Management


## References


Cairney P (2016) The politics of evidence-based policy making. Palgrave Macmillan, London

Grimmelikhuijsen S, Jilke S, Olsen AL, Tummers L (2017) Behavioral public administration: combining insights from public administration and psychology. Public Adm Rev 77(1):45–56. https://doi.org/10.1111/puar.12609

Halpern D (2015) Inside the nudge unit: how small changes can make a big difference. WH Allen, London

Heinrich CJ (2007) Evidence-based policy and performance management: challenges and prospects in two parallel movements. Am Rev Public Adm 37(3):255–277. https://doi.org/10.1177/0275074007301957

Kroll A (2013) The other type of performance information: nonroutine feedback, its relevance and use. Public Adm Rev 73(2):265–276. https://doi.org/10.1111/j.1540-6210.2012.02648.x

Kroll A (2015) Drivers of performance information use: systematic literature review and directions for future research. Public Perform Manag Rev 38(3):459–486. https://doi.org/10.1080/15309576.2015.1006469

Moynihan DP, Pandey SK (2010) The big question for performance management: why do managers use performance information? J Public Adm Res Theory 20(4):849–866. https://doi.org/10.1093/jopart/muq004

Pfeffer J, Sutton RI (2006) Hard facts, dangerous half-truths and total nonsense: profiting from evidence-based management. Harvard Business School Press, Boston

van Dooren W, Bouckaert G, Halligan J (2015) Performance management in the public sector, 2nd edn. Routledge, London

Weiss CH (1979) The many meanings of research utilization. Public Adm Rev 39(5):426–431. Retrieved from http://www.jstor.org/stable/3109916


# Performance Information Under Austerity: Using Outcome Measures to Set Budget Priorities


Juliana Abagsonema Abane[1] and Ernest Yeboah Asamoa[2]

[1]Department of Management Studies, University of Mines and Technology, Tarkwa, Ghana

[2]Rising Sun Montessori School, Sakunmono, Accra, Ghana


## Synonyms

Disciplined spending; Estimates; Performance data; Primary; Results-oriented measures; Severity

## Definition

Performance information is data obtained from the performance cycle in the form of hard or soft data through annual reporting. There are two types of performance information. First, performance information resulting from internal business processes, which is used for administrative purposes such as human resource management bundles. Second, performance information obtained through financial reporting or program-based information concerning how financial resources are used for projects and plans in a fiscal year.

Austerity refers to the use of disciplined fiscal measures to manage public expenditure in a severe economic recession or budgeting constraints due to limited resources and revenue for public spending. Austerity also refers to disciplined measures to control government spending to ensure macroeconomic stability.

Outcome-based measures refer to the use of precise performance targets or key performance indicators, which can be measured, thus what and how goals are supposed to be a measure to ensure that the stated goals and the mission of the organization hang together and are quantifiable.

Budget priorities refer to the primary list of the activities in a budget in order of their importance. Budget priorities are specific objectives used to allocate public resources efficiently and effectively to achieve government targets for a particular fiscal year.

## Introduction

Public expenditure management is one of the pillars of government efficiency (Leruth and Paul 2006). Also, under austerities, budget cuts are mostly an option for many economies. Hence, outcome-based measures are used for management during these extreme periods. Additionally, performance information is used under "high fiscal" austerity, while "low fiscal" austerity performance information is minimally used (Bjørnholt et al. 2016). The use of outcome-based measures to set budget priorities in the public sector has greater stakes, yet evidence on its effectiveness is mixed (Ammons and Rivenbark 2008; Melkers and Willoughby 2005; Yang and Hsieh 2007). Several studies provide evidence that supports outcome-based measures to be effective in achieving government policy and programs during fiscal stress (Bischoff and Blaeschke 2016; Heckman et al. 2011). These studies generally provide positive evidence on the use of outcome-based measures to be one of the fundamental factors that can improve government performance. However, others believe that most public institutions are unable to develop valid and precise outcome-based measures because some complex goals are difficult to count (Behn 2003; Choong 2013; Radin 2006). The remainder of the entry discusses performance information, performance measurement, and related themes.

## Performance Information: The Principal Agent Theory

Performance information is theoretically linked to agency theory. According to the agency theory, the principal is the person who owns the firm, while agents manage the business of the firm on behalf of the principal. These two parties reside under one firm but have different and opposite goals and interests, so there exists a conflict, and this conflict is termed as the agency problem. Arthur and Busenita (2003, p. 145) likened agency theory to stewardship theory and argue that the two theories focus on goal alignment between the principal which is identified as the Venture Capitalist (VC) and the steward, the entrepreneur. However, this relationship often leads to what Panda and Leepa (2017, p. 74) describe as "conflict of interest and agency cost due to the separation of ownership from control, different risk preferences, information asymmetry, and moral hazards."

The agency theory cannot be discussed without the principal-agent problem. Leruth and Paul (2006, p. 1) assert that "the agency problem arises from the diverging interests." Also, Panda and Leepa (2017, p. 75) opine that the problem is associated with the rise of the joint-stock companies and that the problem has been around for quite a long time. Arthur and Busenita (2003, p. 145) similarly maintain that an agency problem can arise between the entrepreneur (agent) and VC (principal) as a result of incongruent goals and potentially different risk preferences.

The presence of the agency problem in firms is not new. Adam Smith forecasted in his work *The Wealth of Nations* that if an organization is managed by a person or group of persons who are not the real owners, then there is a chance that they may not work for the owners' benefit (Panda and Leepa 2017, p. 75). Besides, the dynamic ownership arrangements surrounding the venture capitalist-entrepreneur (VCE) relationship inherent in new ventures examine the principals' (VCs') and agents' (entrepreneurs') governance arrangements interesting to explore. Three main forms of agency problems have been identified. These are:

- The Principal-Agent Problem
- Principal-Principal Problem
- Principal-Creditor Problem

The first problem arises between owners and managers in the organizations due to the separation of ownership from control because of the birth of large corporations. For example, "the agent may take unfair advantage of its superior information: if external conditions are favorable and could exert little effort and produce a low output while claiming that this low output is due to unfavorable external conditions" (Leruth and Paul 2006, p. 1). With regard to the Principal–Principal Problem, the underlying assumption is that the conflict of interest is between the major and minor owners. Finally, the Principal-Creditor Problem is between the owners and creditors due to the projects undertaken and the financing decision taken by the shareholders.

## Performance Information: Empirical Research So Far

Moynihan and Pandey (2010) define performance information as an organizational behavior that employees have discretion on whether to use it or not and the degree to which they engage in it is "influenced by the social context and formal systems in which they work" (p. 852). Performance information is an important component of performance, which is concerned with using data generated from the performance management cycle for their intended purpose. Performance information also refers to the metrics or the feedback obtained from the performance targets or indicators of implementation processes which are meant to correct bad performance and enhance future performance and to steer, control, and make decisions on the outcomes of the performance (Van Dooren et al. 2015).

The empirical literature indicates that performance information is less known (Pandey 2016). At the same time, performance information is used in the private sector more compared to the public sector (Courty et al. 2005); however, recent evidence suggests that performance data is being used in public organizations through legislations (Hahn and Loprest 2011; National Treasury 2011). Performance information is used for the efficient running of the administrative system of government bureaucracies, while, at the same time, it is used purposely for political reasons especially to advocate for program resources in government agencies.

Performance information is also viewed as a political decision-making tool in setting performance targets for budgetary allocations especially in times of fiscal austerities. The performance data is most useful to allocate resources to where they are needed most. Political actors and civil society organizations demand performance data inform to them which programs will receive funding during a financial crisis. Therefore, performance data become a lifeline, which influences budget priorities in the public sector (Van Dooren et al. 2015, p. 2). It is also important to note that the allocation of resources, citizen/customer satisfaction, reporting, and monitoring (Van Dooren et al. 2015) depict why performance information supports budget priorities in critical fiscal distress.

It should be noted that the wheels of accountability rest on performance information which ensures that public organizations are accountable in the use of public funds to improve government performance in the provision of social services to citizens (Pandey 2016). Pandey observes that performance information is expected to serve accountability purposes in public organizations and to uncover better ways of improving performance. Similarly, accountability frameworks also allow public organizations to produce results on government policies. Besides, performance information helps in steering, controlling, learning, and accounting (Van Dooren et al. 2015). Also, Moynihan (2005) in a study of US public institutions found that the US state legislators use performance measures to assess the performance of public institutions as a tool for holding these institutions accountable.

## Performance Measurement

Ivanov and Avasilcăia (2013, p. 1) defined performance measurement as "regular measurement of outcomes and results, which generates reliable data on the effectiveness and efficiency of programs." The diversity and multiplicity as well as

the competitiveness and complexity of the environment in which companies function have led to an emphasis on performance management. This environment includes the development of similar strategies, services, and goods by organizations.

Four main measures have been identified to measure the performance of the innovation process. This includes the Balanced Scorecard, Malcolm Baldrige, Performance Prism, and European Foundation for Quality Management (EFQM) (Ivanov and Avasilcăia 2013, p. 1). Also, economic-based ones such as Activity-based costing (ABC), the Balanced Scorecard, and Economic Value Added (EVA) have been identified. The most effective form of performance measurement has areas that can measure innovation – which is key to the survival and success of organizations (Ivanov and Avasilcăia 2013, p. 1).

Performance measures can be likened to benchmarks used in determining the outcomes of policy or program goals. Performance measures can be both quantifiable and qualitative goals depending on the objectives and targets that so desired. Besides, performance measures are proportional to the organizational goals and the mission (Kelly 2002). Performance measures are essential in governmental reforms agenda globally and are influenced by legislators and citizens for higher accountability, responsiveness, and quality service delivery.

There are various types of performance measures in the public sector, for instance, traditional workload measures, accountability measures, and service quality improvement measures (Yang and Hsieh 2007). Many public institutions measure performance through simple workload measures or output measures. For example, simple measures are recorded as to how many services are produced, the number of "applications processed," "letters written," meters read, arrests made, etc. These measures are the most basic and easier to count and report on (Ammons 2002). But such measures are too shallow in determining complex situations. Consequently, governments are beginning to use results-based measures for the effective allocation of resources through budgeting.

## Functions of Performance Measurement

Performance measures have two aims. First, it supports accountable measures that relate to performance reporting. Because stakeholders expect that public managers would be accountable for their actions and inactions in the use of public resources in the discharge of their duties. However, a performance measurement that is directed toward performance reporting or accountability is less likely to be effective. This is because measures that are directed at appealing to elected officials, citizens, and the media are likely to produce little feedback for future performance and managerial decision-making (Behn 2003, p. 308).

Second, it is oriented toward performance improvement and the economic use of resources (Ammons 2002). Mostly performance measurements are geared toward the economic use of limited resources for higher returns (Ammons and Rivenbark 2008). Ammons and Rivenbark note that there are higher-order measures, which measure accurately the relationship between "production outputs and the resources to produce the outputs while effectiveness measures the outcomes of the resource usage" (p. 308). In performance measurement, the 3Es must be highlighted, Efficiency, Effectiveness, and Economy, in the use of public resources (Curtright et al. 2000). Despite the superior quality of efficiency measures, it is difficult to translate how a measure relates outputs to resources with precision, but the process of establishing efficiency measures demands "accurate measurement of outputs and inputs" (Ammons and Rivenbark 2008, p. 309).

## Austerity: A Response to Past Poor-Planned Spending

According to Pattaro (2018), austerity originated during World War II in Great Britain to mean a "policy on deficit-cutting which lowers public spending, higher taxes, or both" (p. 459). Austerity is also viewed as fiscal consolidation measures adopted during economic recessions. Because austerity requires severe budget cuts during a

crisis, it involves priority setting to ensure that the limited public resources are targeted at the most important policy objectives. For example, during the 1997 Asian financial crisis and the 2009 Tom Yam crisis in Thailand, the governments in Asia cut their expenditures to very low levels to contain the crisis to redirect public funds to employment generation and manufacturing industries (Chompukum 2011; Koike 2013). The 2008 global financial crunch saw a fiscal consolidation across Europe and the United States where governments cut total public expenditure by reducing the size of the public sector.

Although fiscal austerity is seen as a good measure in public budgeting, it also indicates the fiscal irresponsibility by public agencies in allocating resources to areas that need funding most. It can be argued that austerity becomes a necessary measure in budget processes because of the indiscipline of government and the increasing debt burden. For instance, in Ghana, the government has consistently pursued policies that lead to budget deficits, yet there is no fiscal will to cut down the size of government to reduce public expenditure to allow areas of the budget such as the health and education sectors to see more investment. In tune with this lack of fiscal discipline, the government may be forced during a financial crisis to cut spending as a measure to redirect funding to priority areas in the annual budget.

Also, most governments in developing countries do not have spending plan as it occurs in the West; therefore, their debt-to-gross domestic product (GDP) ratio keeps rising without any investments to show for it. Consequently, it is expected that many countries both developed and developing may face post-COVID-19 financial crises due to the current fiscal measures being adopted to tackle the pandemic. The result will see extreme austere measures such as increasing government taxation, job cuts, and downsizing in both the public and private sectors. Additionally, the post-COVID-19 crisis will further force governments to put in place strict performance evaluation systems to ensure public agencies channel resources to priority areas. This will further amplify the reduction of central government transfers to local governments to redirect funding to aspects of the economy that need urgent restructuring.

## Performance Information Use Under Austerity

Ortiz and Cummins (2019, p. 8) note that austerity and the resulting agenda that minimizes public policies have become a "new normal," inflicted on 75% of the world population. Austerity measures were introduced as a result of poor and bad fiscal choices. Bjørnholt et al. (2016, p. 2) observe that no single theory supports performance information use. It could be used for different reasons and in different circumstances (Cepiku et al. 2017, p. 1). A central component of the effort to transform public management involved using strategic planning and performance measures for budgeting decisions. It grew with the development of the New Public Management (NPM) (Hammerschmid et al. 2013, p. 1).

Performance information has also been adopted in critical times especially to draw budgets. This led to what is termed as Performance-Based Budgeting (PBB). The key elements shared by most Performance-Based Budgeting (PBB) reforms include budgeting based on output and outcome targets and financing executive agencies based on output targets. The budget is a central policy document of government, showing how it will prioritize and achieve its annual and multi-annual objectives. Apart from financing new and existing programs, the budget is the primary instrument for implementing fiscal policy and thereby influencing the economy as a whole.

Bjørnholt et al. (2016, p. 2) also opine that performance information use in a budgetary context can lead to more efficiency and effectiveness. The use of a PBB system is commonly associated with the following activities:

- Setting measurable objectives and performance indicators for government programs
- Presenting expected results alongside spending levels in budget documents
- Measurement and reporting of results during or after program execution

- Evaluation of results and use of this information for strategic planning and budgeting (Ibid, p. 3)

## Using Outcome-Based Measures to Set Budget Priorities

Outcome-based measures consist of goals, standards, measures, and consequences (Hahn and Loprest 2011). First, goals are desired ends of a policy or a program, which are set at the national, state, and local levels. Each of these levels is given the authority to choose a range of possible priorities. These goals are stated based on the purpose, desired outcomes, indicators of performance, and the anticipated and unanticipated consequences of each goal. For example, employment goals could indicate measures such as earnings rate, job retention rate, job placements, and placement wages. These indicators will help to identify investment areas where resources should be channeled into job creation in a budget. However, the problem is that these measures are difficult to reach a consensus because the use of public funds generates controversies and interests. Besides consensus building, goals are difficult to measure in public institutions.

Also, goals will determine how funds must be distributed among the priorities chosen for particular goals. It is important to note that the degree of variation in goals is subject to the areas that are considered critical in the budget. In the case of fiscal austerity, goals that relate to health, education, and security might attract more funding than others might. The goals that are selected are based on broad consensus and the availability of data. The next phase after the agreement on goals for a priority area is the development of specific measures to reflect these goals using both operational and conceptual models (Hahn and Loprest 2011). For example, the availability of data is a primary operational concern.

The goals must be linked to specific measures for which accurate and comparable data are readily available at less cost. The quality and the timeliness of the data used to calculate the measures are necessary to generate feedback on the outcomes of the measures on each budget priority area. In this, national surveys, statistical data on the economy, and other sectors could support in this regard. One challenge is obtaining data that is clean from these sources because early studies indicate that data systems, for example, in the United States, felt short of the requirements for reliable data. According to (Hahn and Loprest 2011, p. 31):

> These experiences have found that data for some measures cannot be collected at all, while others can only be measured poorly. Moreover, the cost of developing or improving data collection systems can be substantial. While states are collecting a range of information about… that required under federal reporting rules, they do not all collect the same data elements. Even when the same general information is collected, there is no consistency in how it is measured across states

Second, outcome-based measures involve the actual measures relevant to the goals and the desired outcomes of policy. Besides, how public officers will understand the metrics and generate reports that are valid to measure the outcomes is another concern. The standards to be expected in the performance of the goals are realigned with the objectives and mission of the budget. It is imperative to link the setting of performance standards to the resources allocated in the budget to ensure that the standards are not low or high to affect the outcomes on the priority areas of the budget estimates. While designing outcome standards, it is important to set a baseline comparison point in the performance data from the previous budget process to determine the consequences of each standard under the desired goals. Sometimes, national averages could be used to set standards in budgeting formulation while controlling for the differences in economic and demographic factors.

Third, outcome-based measures include a set of objectives designed to achieve outcomes by investing financial resources in each activity of the budget. Government agencies and ministries can adopt a tactical mechanism to operationalize public policies in the formulation of the missions, action plans, and performance indicators to ensure that these dimensions are built into the budget priorities (Lande 2018).

Another important dimension of using outcome-based measures in budgeting is the existence of a strong managerial strategy. With good organizational culture, public agencies could use the strategic choice model on what strategic plan to use in achieving the desired outcomes. This is because budgeting involves the expense of monetary resources to achieve the objectives of a given policy or program which demands a strong presence of managerial skills. In determining which objectives will become the forgone opportunity under austere fiscal crisis, management needs to be creative to innovate. Also, an effective managerial foresight will ensure that strategic objectives are differentiated from operational objectives in resource allocation.

Similarly, outcome-based measures in budgeting allow for flexibility. This is important as captured by Lande (2018) that usually parliament votes on the distribution of resources based on major programs; however, some flexibility exist for public managers to reallocate resources "between actions within the same program and reallocation within an action, between the different expenditures" (p. 424). Although there is flexibility in the reallocation of funds within a program that has been approved by parliament, for example, in terms of acquiring human resources for program implementation, the cost of hiring such employees is subject to the estimates of the next fiscal year's allocation. In Ghana, for example, hiring of staff for a particular ministry or agency requires parliamentary approval through the Ministry of Finance. However, approvals are given to agencies or ministries to hire, subject to the Ministry of Finance granting a financial clearance before the next budget presentation to parliament. In line with this, reallocation of resources within a program or action is flexible only to the extent that it excludes certain kinds of expenditure. Ministries and agencies cannot exceed their quota without parliament's mid-year budget review session.

Generally, outcome-based measures are only suitable under a normal fiscal year; however, under austerity, it will be difficult to use these measures under high information limitations. For example, with the current COVID-19 pandemic, approval of funding by parliament is limited because the crisis makes it difficult to scrutinize data brought before the House for deliberations. For example, recruitment of emergency staff to support frontline health workers and allocation of funds for materials and medical supplies are done concurrently without outcome-based budgeting. To some extent, outcome-based budgets only serve as a qualitative source of information for parliamentarians than financial allocation (Lande 2018, p. 425).

## Challenges of Using Outcome-Based Measures in Government Institutions

Outcome-based performance measures may be better tools for decision-making and efficient use of public resources during austere periods which demand high fiscal discipline. However, there are several challenges, which government agencies may run into in their effort to set budget priorities. In most cases, outcome-based measures are poorly designed; this is particularly so because many of the measures are mainly produced for performance reporting that is based on accounting for outputs used rather than results. Thereby, neglecting "higher-order measures which can capture complex outcomes rather than only the 'raw count of workload or outputs' that are produced" (Ammons 2002, p. 346).

Besides, Mcbride (2008) points out that measuring budget performance in public institutions could be difficult, but at the same time, public organizations' performance measures can be directed at creating a framework of the elements that are integral to their core mandate during budget preparation. He proposes that for public institutions performance measures to be evaluated, the measures must be based on transparency, citizen/customer satisfaction, meritocracy, organizational climate, efficiency, information technology, strategic management issues, leadership, accountability, and integrity and these must be published on scorecards and league tables for stakeholders to assess the performance of public institutions.

Outcome-based measures are a challenging task for most organizations when it comes to

what to measure, how to measure, whom to measure, and why to measure (Ammons and Rivenbark 2008; Behn 2003; Grizzle 2002). Earlier performance measurement systems appeared to have been characterized by problems of evaluation and bias on the part of supervisors and subordinates because of a lack of objective performance data. The availability of performance information for reporting outcomes is mostly nonexistent in some transitional and emerging economies. And even where performance data exist, its quality concerns about the effectiveness of program implementation (Hahn and Loprest 2011).

There are unintended consequences associated with performance measures because public managers are not using performance information for decision-making (Kroll and Vogel 2013). Grizzle (2002) notes that efficiency measures must lead to greater efficiency, and outcomes measures must lead to better outcomes, but this has eluded public organizations many times. In many government organizations, public managers are nonreactive or indifferent toward performance targeting. For example, efficiency or outcome measures may be subjected to manipulations by public administrators through the division of tasks to other lower-level employees to reduce cost. However, by decentralizing programs, it may lead to inefficiency and undesirable outcomes on the program goals. Therefore, designing outcome-based measures that mitigate the unintended consequences is central to achieving the desired outcomes on budget priorities.

## Conclusion

From the discussions, performance information is important in the development of outcome-based measures in setting budget priorities during fiscal austerities. However, the ability of the outcome-based measures to be accurate and precise is an important determinant of how well funding allocation will be given to each priority area. The budget indicators must measure what they are supposed to measure and whether they are linked to the goals and mission of the organization.

## Cross-References

▶ Administration and Discretion
▶ Comparative Administrative Culture
▶ Comparative Administrative Reforms

## References

Ammons DN (2002) Performance measurement and managerial thinking. Public Perform Manag Rev 25(4):344–347. https://doi.org/10.2307/3381126

Ammons DN, Rivenbark WC (2008) Factors influencing the use of performance data to improve municipal services: evidence from the North Carolina Benchmarking Project. Public Adm Rev 68(2):304–318. https://doi.org/10.1111/j.1540-6210.2007.00864.x

Arthur J, Busenita LW (2003) The boundaries and limitations of agency theory and stewardship theory in the venture capitalist/entrepreneur relationship. Entrep Theory Pract 28(2):145–163

Behn RD (2003) Why measure performance? Different purposes require different measures. Public Adm Rev 63:586–606. https://doi.org/10.1111/1540-6210.00322

Bischoff I, Blaeschke F (2016) Performance budgeting: incentives and social waste from window dressing. J Public Adm Res Theory 26(2):344–358. https://doi.org/10.1093/jopart/muv013

Bjørnholt B, Bækgaard M, Houlberg K (2016) Does fiscal austerity affect political decision-makers use and perception of performance information? Public Perform Manag Rev 39(3):560–580. https://doi.org/10.1080/15309576.2015.1137766

Cepiku D, Hinna A, Scarozza D, Savignon AB (2017) Performance information use in public administration: an exploratory study of determinants and effects. J Manag Gov 21(4):963–991. https://doi.org/10.1007/s10997-016-9371-3

Chompukum P (2011) Performance management effectiveness in Thai banking industry: a look from performers and a role of interactional justice. J Int Bus Cult Stud 3(4):1–23

Choong KK (2013) Understanding the features of performance measurement system: a literature review. Meas Bus Excell 17(4):102–121. https://doi.org/10.1108/MBE-05-2012-0031

Courty P, Heinrich C, Marschke G (2005) Setting the standard in performance measurement systems. Int Public Manag J 8(3):321–347. https://doi.org/10.1080/10967490500439628

Curtright JW, Stolp-Smith SC, Edell ES (2000) Strategic performance management: development of a performance measurement system at the Mayo Clinic. J Healthc Manag 45(1):58–68

Grizzle GA (2002) Performance measurement and dysfunction: the dark side of quantifying work. Public

P

Perform Manag Rev 25(4):363–369. https://doi.org/10.2307/3381130
Hahn H, Loprest P (2011) Improving state Tanf performance measures (no. HHSP23337013T). Urban Institute, Washington, DC
Hammerschmid G, Van de Walle S, Stimac V (2013) Internal and external use of performance information in public organizations: results from an international survey. Public Money Manag 33(4):261–268. https://doi.org/10.1080/09540962.2013.799803
Heckman JJ, Heinrich CJ, Smith J (2011) Performance standards and the potential to improve government performance. In: The performance of performance standards. W. E. Upjohn Institute for Employment Research, Kalamazoo. https://doi.org/10.17848/9780880993982.ch1
Ivanov CI, Avasilcăia (2013) Performance measurement models: an analysis for measuring processes performance. Procedia Soc Behav Sci 124:397–404
Kelly JM (2002) Why we should take performance measurement on faith (facts being hard to come by and not terribly important). Public Perform Manag Rev 25(4):375–380
Koike O (2013) Institutionalizing performance management in Asia: looking East or West? Int J Public Sect Manag 26(5):347–360. https://doi.org/10.1108/IJPSM-05-2013-0066
Kroll A, Vogel D (2013) The PSM–leadership fit: a model of performance information use. Public Adm 92(4):974–991. https://doi.org/10.1111/padm.12014
Lande E (2018) Budget cycle: preparation, execution, and revision. In: Global encyclopedia of public administration, public policy, and governance, 1st edn. Springer International Publishing, Cham, pp 417–431. https://doi.org/10.1007/978-3-319-20928-9
Leruth L, Paul E (2006) A Principal-Agent Theory Approach to Public Expenditure Management Systems in Developing Countries. In IMF Working Papers (WP/06/204, Vol. 06, Issue 204). https://doi.org/10.5089/9781451864649.001
Mcbride D (2008) Public institutions scorecard: searching for common and comparable elements to evaluate public organization's performance. Journal of Cell Biology, 183, 757–759
Melkers J, Willoughby K (2005) Models of performance-measurement use in local governments: understanding budgeting, communication, and lasting effects. Public Adm Rev 65:180–190
Moynihan DP (2005) Why and how do state governments adopt and implement "managing for results" reforms? J Public Adm Res Theory 15(2):219–243. https://doi.org/10.1093/jopart/mui012
Moynihan DP, Pandey SK (2010) The big question for performance management: why do managers use performance information? J Public Adm Res Theory 20(4):849–866. https://doi.org/10.1093/jopart/muq004
National Treasury (2011) Performance information handbook. National Treasury, Pretoria. http://www.treasury.gov.za/publications/guidelines/Performance%20Information%20Handbook.pdf
Ortiz I, Cummins M (2019) Austerity: the new normal. A renewed Washington consensus 2010–14. International Trade Union Confederation (ITUC), Brussels
Panda B, Leepa NM (2017) Agency Theory: Review of Theory and Evidence on Problems and Perspectives. Indian Journal of Corporate Governance 10(1):74–95
Pandey SK (2016) Performance information use: making progress but a long way to go. Public Perform Manag Rev 39:1–6. https://doi.org/10.1080/15309576.2016.1071158
Pattaro AF (2018) Budgetary principles. In: Global encyclopedia of public administration, public policy, and governance, 1st edn. Springer International Publishing, Cham, pp 453–461. https://doi.org/10.1007/978-3-319-20928-9
Radin BA (2006) Challenging the performance movement. Georgetown University Press, Washington, DC
Van Dooren W, Bouckaert G, Halligan J (2015) Performance management in the public sector, 2nd edn. Routledge, New York
Yang K, Hsieh JY (2007) Managerial effectiveness of government performance measurement: testing a middle-range model. Public Adm Rev 67:861–879

## Performance Management

Jan van Helden[1] and Christoph Reichard[2]
[1]University of Groningen, Groningen, The Netherlands
[2]University of Potsdam, Potsdam, Germany

### Synonyms

Effectiveness; Efficiency; Life cycle; Performance; Performance indicator; Performance information; Performance management; Performance management system; Performance measurement; Transformation process

### Definition

*Performance* is a complex concept (Van Dooren et al. 2010, pp. 16–20; van Helden and Reichard 2013, p. 11): it comprises several measurable aspects concerning the functioning of an organization, and particularly what this organization achieves. In the public sector, performance is related to public policies and aims at realizing

societally relevant goals. *Performance measurement* is defined as the measurement of performance indicators considered as relevant and useful by decision-makers in public sector organizations, for a broad variety of purposes, including the reporting of these indicators. *Performance management* is defined as the way in which the information of measured performance indicators is used for those purposes, such as planning and control, accountability, and learning. The targeting of performance indicators and the analysis of variances between targeted and realized values of performance indicators are the main elements of performance management.

## Introduction

Performance management has always been important to some extent in the public sector, because rather than financial results, the accomplishment of societally relevant goals is what counts. And performance information about those goals can be helpful in monitoring whether underlying actions are appropriate. However, since public administration came under the influence of new public management (NPM) over the last three decades, public sector organizations moved toward result orientation, and, therefore, performance management became increasingly important (Hood 1995). Politicians are now interested to show to their voters the impacts of their policy making, for example, whether promised highway connections were realized and related traffic flows improved. Public sector managers now feel more accountable for the services they deliver, including the societal effects of these services, e.g., the number of sold theater tickets and the cultural value of the theater events.

This entry introduces and illustrates the main concepts of public sector performance management, including the way in which performance is measured with performance indicators and how performance information can be used by public sector politicians and managers.

The remainder of this entry proceeds as follows. The next section introduces the basic logics and mechanisms of public sector performance management and it identifies the types of performance indicators of a public sector organization. The following section discusses the lifecycle of a performance management system, which comprises the stages design, implementation, operation and use, followed byÂ some applications of performance management in public sector organizations. The final section provides some reflections and conclusions. Various aspects of performance management will be illustrated by examples from a variety of public sector organizations and – in separate text blocks – from the city of Groningen, the Netherlands.

## The Basic Logics and Mechanisms of Public Sector Performance Management

A performance management system (PMS) can be established for different purposes. At first there are various internal purposes within a public sector organization (PSO), e.g., strategic and operative planning, steering, monitoring, controlling, and learning. Secondly, a PMS can be used for rendering accountability to external stakeholders and for providing data for external (policy) evaluation. Performance management (PM) in public administration is the result of a shift of emphasis from steering with inputs (e.g., via budgets) and based on formal, bureaucratic procedures toward a much broader spectrum of performance covering inputs and activities as well as outputs and outcomes. Politicians and managers are expected to focus their steering on goals and on politically intended outcomes. This comes along with some cultural change – from a bureaucratic to a managerial culture. PM is central to this new logic: it provides the necessary data to plan, steer, and control a PSO for achieving a certain performance.

As every organization, a PSO can be seen as a system in which *inputs* (resources) are transformed with *throughputs* (activities) into *outputs* (services) that ultimately generate *outcomes* (effects). Performance indicators (PIs) can be identified for inputs, throughputs, outputs, and outcomes. Particularly for measuring outcomes, several PIs will be needed to provide a realistic

picture of the different features and dimensions of an outcome.

Additionally, this conceptualization enables an assessment of the organization's efficiency and effectiveness, as displayed in Fig. 1. *Efficiency* relates the inputs to the outputs and establishes whether the outputs are produced at a sufficiently low cost level. *Effectiveness* links the outcomes to the outputs, enabling the organization to find out whether the outputs have led to the desired effects (Johnsen 2005, p. 11; Jackson 2011, p. 16; Van Dooren et al. 2010, p. 18). Other aspects of public performance are responsiveness to citizens and legitimacy toward various stakeholders, although these aspects are not linked to the model in Fig. 1.

The organization often defines objectives with regard to its transformation process. An objective is translated into measurable aspects through performance indicators (PIs), and subsequently targeted (ex ante) and realized (ex post) figures about these PIs are compared, both for accountability reasons and for considering corrective actions. An example can illustrate this.

Suppose a municipality observes that children living in low-income families on average show a low participation rate in sports and cultural events. It wishes to enhance the opportunities of this target group for taking part in these types of events. This objective is informed by an investigation which indicates that participation of children in societal activities increases the likelihood of a better school performance and perspectives on getting a job in the future. Suppose further that the target group of children between 6 and 15 years in low-income families is 20,000. Currently, only 15% of this target group are active in the domain of sports and cultural events, and the municipality wishes to raise this share to at least 60%. Participation in sports and cultural events has to be made measurable through PIs. Possibly relevant PIs are the number of children attending sports or cultural events on a regular basis of at least 30 times a year (PI sports and PI culture). The municipality further decides that taking part in either sports or cultural events is sufficient. In consultation with sports clubs and cultural organizations (museums, libraries, theater schools, etc.), the supply of relevant services is increased, for which the municipality provides subsidies amounting to 400,000 euros on a yearly basis. After these additional opportunities are made available supported by a promotion campaign, the municipality measures the actual figures of the PIs, which are PI sports = 9500 and PI cultural = 1500, so in total 11,000 children participate which is close to but below the target value of 60% of 20,000 = 12,000. Now, corrective actions can be considered, ranging from intensifying promotion campaigns to finding more attractive sports and cultural events, or ultimately accepting that a 55% participation rate is not so bad. This example shows that translating a public sector goal into appropriate PIs and related targets is a delicate process, in which diverging choices have to be made: what is meant with participation in the society by children?; what is an acceptable rate of participation?; how much resources are needed for a supply that can achieve a certain target participation rate, etc.? In addition the example shows that diverging types of PIs are relevant, ranging from resources (input) to cultural and sports supplies (throughputs) and from participation rates (outputs) to long-term effects on school

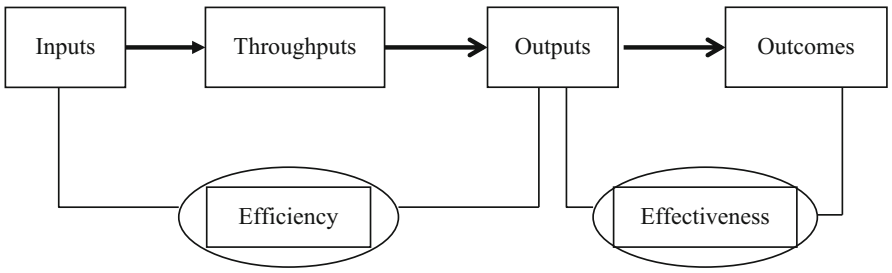


**Performance Management, Fig. 1** The transformation process of a public sector organization

performance and job chances (outcomes), although the latter are not explicitly measured.

Table 1 gives two further illustrations of performance indicators for different types of services. The first illustration about a municipal swimming pool is quite straightforward as it regards a process with standardized activities leading to clearly identifiable outputs and effects. The second illustration about a reintegration program for unemployed people concerns a relatively complex governmental service, which is characterized by heterogeneity of activities and ambiguous outputs and outcomes. Performance measurement is evidently more difficult in the second than in the first illustration. This can be explained further as follows.

Activities of a swimming pool, the first illustration in Table 1, are standardized; during opening hours tickets have to be sold, the swimming pool has to be cleaned, and there is some need for keeping an eye on the swimmers. So an opening hour is an adequate proxy for swimming pool activities. The output is the number of paying customers. The outcome of a swimming pool may be its contribution to a healthier lifestyle, but this connection is not easily identifiable. A more pragmatic outcome can be the extent to which customers show their satisfaction in a questionnaire about the swimming pool. Efficiency is then a relation measuring the resources over the output, which turns out to be 7.10 euros per paying customer; this figure can be compared with the tariff – for example, 5 euros – indicating that the difference between the cost and tariff level needs subsidizing from the municipality. The cost and tariff level can also be compared with previous years and with those of neighboring municipalities, in order to assess the relative attractiveness of this service. The percentage of customers with a sufficiently high satisfaction score in relation to all customers indicates the effectiveness of this municipal service.

Reintegration of unemployed persons on the labor market, the second illustration in Table 1, can comprise a set of quite diverging activities, including consultation sessions with employment specialists, contacts to local employers, training sessions with various contents (e.g., presentation in job appraisal interviews and improving job-related skills), as well as internships with potential employers. The output can be defined as the number of participants trained and advised in the program. The outcome is the success rate of the program, i.e., how many participants actually get a job within a certain period of time. Efficiency is here the costs per participant and effectiveness the percentage of participants getting a job after a certain period. This effectiveness measure is



**Performance Management, Table 1** Different types of performance indicators with two illustrations (numbers or amounts of euros are defined per year)

| Types of performance indicators | Definition | First illustration: municipal swimming pool | Second illustration: reintegration of unemployed persons on the labor market |
|---|---|---|---|
| *Inputs* | Resources in money or physical terms | 250,000 euros | 1.4 million euros |
| *Throughputs* | Activities | 800 h operation of swimming pool per year | Different types of activities, including training sessions and internships |
| *Outputs* | Offered services | Provision of swimming facilities to 35,000 paying customers | 180 participants |
| *Outcomes* | Effects | 28,000 paying customers with a higher satisfaction rate than 7.0 (on ten-point scale) | 45 participants successfully entering the labor market |
| *Efficiency* | Cost per unit of service | 250,000/35,000 = 7.10 euros per ticket | 1.4 million/180 = 7.777 euros per participant |
| *Effectiveness* | Effect per unit of service | 28,000/35,000 = 80% are satisfied given 7.0 target | 45/180 = 25% are successful |

rather ambitious, because many other factors are influential for jobless persons in getting a job, such as general labor market conditions and the already available job-related skills of participants.

The transformation system, as shown in Fig. 1 and illustrated in Table 1, enables to typify the specific character of the public sector. While private sector organizations' ultimate outcome is financial success, mostly profitability, in the public sector, financials are mostly not goals but constraints (e.g., keeping within budgetary limits or breaking even). In addition, PSOs have to serve a clearly defined public interest, i.e., they need to accomplish societally relevant goals. That is why outcomes are the final and most important link in the chain of the transformation process in the public sector (van Helden and Reichard 2016). However, defining outcomes, and thus effectiveness, is the most complex part of the PMS. In general, the assertion can be made that the more the outcome indicator is related to societally relevant goals and to public policies, the more difficult it is to make the connection between this outcome indicator and the underlying set of activities and outputs. This is due to the influence of other factors on the outcome, which is beyond the controllability of the PSO. Further, outcomes are often difficult to measure as they cannot, or only through certain proxies, be quantified (e.g., a healthier lifestyle, a stronger cultural involvement). That is why outcomes are often defined quite pragmatically and closely connected to the transformation process of the public sector organization, especially through quality of service indicators. However, a trade-off exists between relevance and simplicity of outcome indicators; the more relevant an outcome is, the more difficult it is to measure it adequately, and easy-to-measure outcome indicators are often only crude proxies of what really matters.

One of the types of indicators derived from the transformation process is the quantity of service units, i.e., the output. In a public sector context, it is often desirable to indicate to what extent a potential target group is covered by a certain service. For example, how many poor citizens, as defined in a specific way, receive low-income support from a municipality as a percentage of the total number of poor citizens? Or what is the relative number of drug addicts in a certain region taking part in a governmental rehabilitation program? This relative reach of a target group is called *equity*.

A distinction is sometimes made between a single and a composite performance indicator. A *single indicator* measures one aspect of a transformation process, whereas a *composite indicator* includes several of those aspects. An illustration: if equity, efficiency, and effectiveness are all measured by the same scale, ranging from 1 (poor) to 10 (excellent), a composite performance indicator can be the average of the three scores. So, if equity, efficiency, and effectiveness have scores of 6, 8, and 5, respectively, the composite score is 6.3 (= (6 + 8 + 5)/3)). Composite indicators can be attractive if stakeholders want to get a comprehensive and concise impression of the performance of a public sector organization. However, by averaging scores of different indicators, simplicity is served but some possibly important information is lost.

**Illustration: Performance Indicators for Delivering Social Benefits in Groningen City**

The activities of one of the divisions of the municipal organization in Groningen, the Netherlands (about 200,000 inhabitants), regard income assistance to unemployed people, i.e., who do not have work-related income. The main set of activities is concerned with providing social benefits, which is a mandatory municipal task constrained by central government regulation, but the division is also responsible for other tasks, especially providing specific benefits, delivering financial support for social activities, and giving assistance for relieving financial debts. One specific department within the division is responsible for delivering social benefits.

In addition to indicators concerning the level of receivables and the recovery of

(continued)

unduly granted benefits, this department uses the following two key performance indicators:

1. The period within which an application for a social benefit has to be decided: the target level is 8 weeks.
2. The cost level of activities relating to decision-making about an application for a social benefit: the target for this cost level is that each employee can handle one application in about one working day.

The first indicator and its target level are determined by central government regulation. The second indicator and its target level are based on a caseload analysis of these activities; the average amount of applications per week is about 100, and the number of employees responsible for interviewing applicants, checking, among other things, their financial background, and preparing a decision about an application is 19; this workforce is sufficient given the workload.

The first indicator is an example of a quality indicator: applicants know in advance that they get a decision on their application within a reasonable time. The second indicator is an efficiency indicator. Efficiency is not measured as the total costs in euros over the total output (applications), but as the required number of employees handling applications over the total output in a certain period. The workforce is thus seen as the main cost factor.

On the longer term, particularly within a period of 2–3 years, Groningen wishes to accomplish a significant cost saving in its process of delivering various types of social benefits. A distinction is made between a front office (conducting contacts with clients and handling the specific elements of their application) and a back office (responsible for the processing of the applications, including decisions about the handling of payments). A concentration of the back office of 13 cities in the Netherlands at one location with strong IT support is intended, while the front office remains with these cities separately. This will lead to a lower-cost level of the second performance indicator.

## The Life Cycle of Public Sector Performance Management

Performance management (PM) in the public sector often evolves according to a certain life cycle, which comprises four stages (Fig. 2): design, implementation, operation, and use of a PMS (van Helden et al. 2012; van Helden and Reichard 2013). A PMS is embedded into its organizational and task-specific context and is expected to provide certain performance information which is used for various purposes. At first, a PMS has to be "constructed" according to the specific information needs it is expected to satisfy. Thereafter, the PMS needs to be incorporated into the PSO ("implemented") and to be prepared for its operation. "Operation" is then the regular functioning of the PMS, i.e., the collection, generation, and supply of performance data for the specific purpose of the PMS. And "use" means the utilization of performance information by the various addressees of the PMS. The operation and use of a PMS finally result in certain effects, primarily in a (hopefully) improved performance of the organization. Design and use are the most important stages of the PMS: the first sets the course for the whole PMS; the latter is the major purpose of the whole exercise: develop performance information and use it for better decisions or for external accountability and control.

Finally, a PMS has certain impacts on its organizational environment. Obviously, its main aim is whether it leads to better performance. This assessment/evaluation of the PMS is concerned

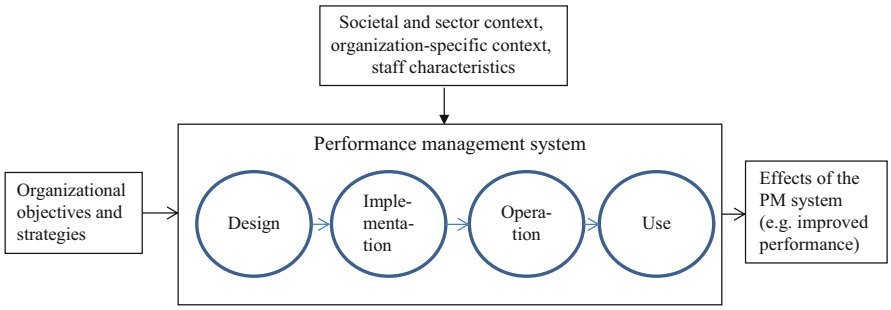


**Performance Management, Fig. 2** The life cycle of performance management systems

with learning how a PMS can be updated and revised due to experiences. Additionally, it is relevant to assess whether a PMS contributes to a better functioning of the public sector organization, in terms of, for example, efficiency and quality of service delivery. Figure 2 shows the four stages of the PMS and also how it connects with its environment.

Below, the stages of the PMS life cycle are elaborated further.

## PMS Design

In the design stage, the general structure and mechanisms of the PMS are determined, e.g., the extent to which performance information should be regularly collected. In this stage, the main questions about the content of the PMS are answered (Van Dooren et al. 2010, pp. 54–75):

- Which PIs are to be selected, and what are the targets for the PIs?
- What degree of detail of PIs should be achieved?
- With which methods should certain inputs, outputs, and effects be measured?
- In which rhythm should data be collected, analyzed, and reported?
- Who are the main recipients of performance data and which type of data do they need?
- How can the quality of the PMS regularly be assured?

Often the selection of PIs is driven by the goals or strategy of the organization. Design can also result in a multidimensional complex structure of a PMS, such as the balanced scorecard or quality measurement models like the concept of the European Foundation for Quality Management (EFQM) or the Common Assessment Framework (CAF).

Targeting, as part of the design stage, means that for each PI, the desirable value has to be established, for example, for a quality indicator a 7.5 on a 1–10 scale and for a cost indicator the amount of euros per customer (e.g., 8 euros per swimming pool visitor). Targets can have different sources. Benchmarking among similar suppliers can inform targets, particularly by indicating that a PSO does have to perform at least on an average level or on the level of the best 25% of the benchmark. An alternative option is that targets, especially cost targets, are based on a technical analysis of the underlying processes. A pragmatic but quite crude form of targeting is requiring that the performance has to be improved with a certain percentage, for example, a 2% improvement of performance each year.

## PMS Implementation

Implementation is the stage of incorporating the PMS into a PSO (Moynihan 2008, pp. 75–94). The system has to be established in the units of an organization, IT applications have to be developed, and procedures and regulations have to be put into effect. Additional issues are piloting of performance indicators and training of employees aimed at understanding and using performance indicators.

## PMS Operation

In this stage, the PMS will be set into operation (Van Dooren et al. 2010, pp. 96–115). It supplies

the expected performance data to the various users of such data inside and outside the respective PSO (e.g., via a periodical reporting concept).

### PMS Use

What ultimately matters most is that the performance data provided by the system is used. The use can be intensive or extensive, functional or symbolic, rigid or flexible, all dependent upon certain contextual circumstances. The use of performance information can be seen as the demand side of a PMS which depends on the attractiveness and appropriateness of performance information supply (Brun and Siegel 2006) but also on various individual and contextual characteristics of the users. Who the users of performance information are largely depends on the specific purpose and function of a PMS. In many cases, managers of sector departments of a PSO will be the main users. Additionally, elected or appointed politicians may be a target group, e.g., aldermen or councilors of a municipality. Other external groups of recipients may also be relevant, e.g., supervisory authorities or courts of auditors.

The data provided by a PMS is used for different purposes. PSOs use performance information to a significant extent for external control and accountability, e.g., to inform oversight authorities, the legislation, media, or citizens (Moynihan and Hawes 2012). Additionally, performance information is frequently used for internal planning, steering, and control, particularly in organizations following an NPM-based reform philosophy (Taylor 2011). Furthermore, a PMS is used for benchmarking exercises, e.g., among different municipalities (Ammons and Rivenbark 2008).

The use can be different according to various dimensions. Here the following types of performance information use are discussed: intensity of use, functional versus symbolic use, rigid versus flexible use, and coercive versus enabling use.

Compared with private organization actors, PSOs are expected to use performance information less intensively. Empirical evidence, however, indicates that the differences between the two sectors are less explicit (van Helden and Reichard 2016). One actor group is of specific interest: politicians, e.g., members of parliament, local councilors, and aldermen. Here, the empirical picture is diverse: sometimes politicians are reluctant users (Grossi et al. 2016); in other cases they seem to be quite interested in such data (Askim 2007). These diverging results are not surprising as the intensity of performance information use is dependent on a series of influence factors, e.g., tasks, organizational structures, culture and tradition, individual features of the actors, etc.

Functional performance information use is identical to rational use, which implies that information is used for achieving organizational goals. An example of functional use is the search for corrective actions aiming at improving organizational performance when actual performances are lagging behind targeted performances. Symbolic use, on the contrary, means that rather than achieving better organizational performance, other goals are at stake, for instance, giving an impression of modernity to certain external stakeholders. Symbolic use thus does not lead to rational actions, but it can strengthen PSO's legitimacy (Modell 2009).

Performance information is used in a rigid way when rules about the use are strict and consistently applied. For example, rules are developed that prescribe more than 10% better performance than a certain target leads to a specific bonus, while a more than 10% lower performance than this target induces a specific sanction. If these rules are applied without consideration of contextual circumstances – e.g., was it easy or difficult to achieve the target given the economic conditions? – then, performance information use is rigid. However, when the accomplishment of a bonus or sanction is part of a dialogue between an employee and his/her boss, in which the realized performances play a role but also information about the context in which these performances were realized, then performance information is used in a flexible way (ter Bogt 2004).

Mostly internal use of performance information aims to stimulate employees to act in such a way that organizational objectives are accomplished. This type of performance information use is embedded in a command and control device

which can be denoted as a coercive use. However, performance information can also facilitate lower-level managers and employees to do their job in a better way. This is called an enabling performance information use (Wouters and Wilderom 2008).

A simple recipe for the most desirable type of performance information use is impossible, but some suggestions can be given. The intensity of use often depends on two factors: the regular frequency of reporting, sometimes prescribed by regulations, and whether the organization is confronted with certain problems – problems often induce a more intensive information use. In general, functional use is preferred above symbolic use, and functional performance information use benefits from involvement of decision-makers in the design of the PMS; the more it becomes their own information system, the more they will be inclined to use it according to its purposes. This also is a plea for cocreation, thus enabling performance information use. However, coercive use remains important. This type of use may focus on some key PIs for which minimum target levels apply, such as budgetary constraints and minimum service standards, while more detailed and process-related indicators can be used in an enabling way. This also relates to the distinction between flexible and rigid use. In general, flexible use is to be preferred, but a rigid use of key overall PIs can often not be avoided (Van Dooren and Van de Walle 2008).

**Illustration: The Use of Performance Information in the Income Assistance Division in Groningen City**

How is performance information used within the Income Assistance Division of Groningen city (see also the first illustration above)?

Two interrelated planning and control cycles are distinguished. The first one is the cycle of the division as a whole connected with the executive and more particularly the member of the executive for social affairs. The second cycle operates within the division among the manager in chief and his department heads.

The first cycle starts with a divisional annual budget, and in the course of the year, two or three interim reports are prepared. This budget and these reports contain both financial information, especially planned resources for the different types of divisional tasks, complemented with information about various types of performance indicators, mainly output and outcome indicators. A dashboard system is used in the interim reports for signaling actions as a consequence of performances seriously lagging behind targets (a yellow signal is then applied, while a green signal indicates unproblematic execution of activities).

The second cycle is characterized by a larger extent of detail and a higher reporting frequency. In this cycle two types of consultation are distinguished. One is a consultation every 2 weeks among the department managers and the staff members for finance and HRM. The other consultation takes place between the manager in chief and his department heads, both mostly in a monthly management team and bilaterally. In both types of consultation, monitoring of budget execution is the main issue. Both types of consultations operate as mutual checks and balances.

If during one of the above consultation meetings a substantial gap between planned and actual performances is registered – for example, a higher number of employees needed for handling a number of applications than according to the target – corrective actions are discussed. Such discussions start with a consultation between the manager in chief and the responsible department manager, but – if desired – it can be extended to team-wise analysis of the problem at hand.

Managing a division is not limited to performance management. The manager in

(continued)

chief stipulates the importance of other issues, especially, how IT applications can improve processes; which measures are appropriate for making processes "lean and mean"; and how employees can become better equipped for doing multiple tasks.

The above-provided illustration about Groningen city highlights several theoretical constructs about performance information use. Information about performance indicators is used in a flexible way; in case of negative variances between actual and planned performances, responsible managers are invited to explain possible reasons, and the organization is helpful in reflecting about corrective actions. In addition, managing by numbers is seen as important, but proper actions – making processes more efficient – are seen as more important than meeting the targets by "ticking the boxes."

### PMS Impact on Performance

Obviously, the ultimate proof of the functioning of a PMS is if the organizational performance is improving. The performance of a PSO is, however, depending on a number of variables: as explained, on the inputs and activities of the transformation processes but also on various task-specific and contextual variables. To isolate the influence of the functioning of an existing PMS, and particularly of the use of performance information, is not an easy thing. The research on this issue presents inconsistent findings: on the one side, several studies confirm that the implementation and operation of a PMS have a positive impact on performance (e.g., Boyne and Chen 2007; Meier and O'Toole 2009). This is particularly the case if performance information is actively used (Kroll 2015). Other studies either find no clear link between PI use and performance, or they even signal a negative effect on performance. Hood (2012) is particularly critical about possible distortions of outputs and outcomes if PM relies in a one-sided manner on quantitative targets and on rankings.

An illustration of the effects of performance information use on organizational performance can be derived from a study about German museums (Kroll 2015). A survey based on interviews with chief administration officers of public museums in Germany in 2011 showed the following evidence: the use of an existing PMS for managerial purposes alone does not have an impact on the performance of museums. A positive effect can only be observed if performance information is used in a situation where the museum follows a prospective strategy, i.e., where the museum aims to develop better services for its customers. Furthermore, the survey revealed that poorly performing museums are more tightly supervised by their oversight bodies than well-performing museums. Oversight bodies of poorly performing museums use the reported performance information more intensively than those of well-performing museums.

## Application of Performance Management in PSOs

As discussed above performance information can be applied in a PSO, both for internal purposes (e.g., planning and control) and for external, accountability purposes. It becomes increasingly important in budgeting reforms as most of them tend to include performance information in budgets. Another application concerns contracts or service agreements drawn between a PSO and external providers or, within a PSO, among a provider and a recipient of a service. And obviously, performance information plays a dominant role in the evaluation of certain policy programs where intended and unintended effects of policy interventions are to be measured. Finally, performance information is also relevant in human resource management, particularly for the assessment of employees' performance and for performance-related pay (if established).

A PMS is not a single "machinery" installed somewhere in a PSO to provide performance

information wherever and whenever needed. Rather it is a management style which emphasizes the use of performance information with the ultimate aim to improve organizational performance and which results in the establishment of several PMSs in the abovementioned application fields. Public sector PM is therefore interrelated with several other management functions (see, e.g., Schedler and Proeller 2010):

- With the various concepts and tools of financial management (simply because financial performance is part of overall performance).
- With strategic planning and management.
- With operative management, e.g., steering and controlling of public service provision.
- With human resource management.
- With quality assurance and policy evaluation.

## Conclusions and Reflections

PM is in place in the public sector of many countries. Governments at all levels – but predominantly at local level – have implemented PMSs and operate them since several years. Thus, performance data is frequently available in PSOs, for decision-making as well as for external accountability. There seems to be some evidence that the provided data is used and is leading to some performance improvements (see above).

This development evolved in a rather long process. Following Bouckaert and Halligan (2008, pp. 69–127), at least three different stages of development can be distinguished (additionally the authors mention performance governance):

- Performance administration (a rather bureaucratic procedure of data collection and reporting).
- Managements of performances, which are disconnected from each other and do not follow a common logic.
- Performance management, which can be seen as a coherent and consistent integrated system for a whole PSO.

PM is not only a practical concept; it also has become an issue in academic teaching programs and in professional trainings. Furthermore, since about 20 years, PM is an increasingly attractive research topic, in both the private and the public sector (van Helden and Reichard 2016). Research themes followed to some extent the life cycle of PM: at first, researchers dealt with the design and the implementation of a PMS, e.g., by studying how performance indicators are mirroring certain objectives; in more recent times, many researchers addressed the issue of performance information use (see section "The Lifecycle of Public Sector Performance Management"). The effects of a PMS on organizational performance are still in a more initial stage of research; so far most of research concentrated on the functioning of the PMS itself.

The general advantage for a PSO of having an implemented PMS which also is in use is the continuous availability of performance information for the various purposes. Decisions can be based on quantitative figures deriving from measuring PIs related to the different stages of the transformation process of a PSO. This certainly is distinctive to previous times without such systematic data provision.

However, the potential benefits of performance measurement and management are restricted by some critical issues. At first we are often confronted with severe measurement problems in the public sector. Measuring outputs, and particularly outcomes, is in many cases almost impossible. Approximation procedures, e.g., by concentrating on a more easily measurable indicator, are often invalid. Furthermore, the attribution of certain effects to an output is in many cases problematic, as there are no clear cause-effect relationships. In addition, some effects occur with substantial delays in relation to the actions concerned. Various contextual and other external variables have influence on certain performance figures. If it is not possible to establish appropriate and fair measurement practices within a PMS, the whole system may get into trouble. This is often the case with concepts of performance-related pay in PSOs, where employees perceive the measurement methods and criteria as unfair and show decreasing job satisfaction rates.

The logic of PM may result in a fixation of decision-makers on measurable aspects of

performance, in line with the motto "you can only manage what you can measure." Such management attitude may have the unintended consequence that managers ignore nonmeasurable, albeit relevant issues ("what you cannot measure does not matter"). This may lead to one-sided or wrong decisions as well as to negative side effects. When employees are controlled in a very tight way on one or only a few indicators, they may be inclined to disregard unmeasured but still relevant other aspects of their work (de Bruijn 2007). Suppose, for example, that a PSO uses, as a key performance indicator for internal cleaning services, the cost of cleaning a square meter of office floor space and that the target level is 4.50 euros per square meter per month. Some guidelines are issued about the intensity of cleaning activities in various compartments of the office, but what ultimately counts most is remaining under the target level of 4.50 euros per square meter per month. If bonuses are connected to achieving this target, this cost PI attracts even more attention. However, in addition to an efficient use of resources, other aspects are of importance in providing cleaning services, such as achieving a certain quality level and cleaning intensity, dependent upon the various types of office space. If these service aspects are only described in general terms, whereas the cost target is quantitatively expressed in monetary terms, and also crucial in the control, the indicated service aspects will be ignored to some extent or will at least get less attention.

How can these negative side effects of a PMS be avoided? First, the PMS design should cover all important aspects of an organizational unit, preferably specified in similar, for example, quantitative, terms. Second, using performance information in a flexible rather than a tight way is desirable. This implies that information about differences between the targeted and actual performances are on the agenda of consultations between a manager and his/her employees, but these consultations also give room to providing explanations about these differences, including giving attention to unmeasured aspects of service delivery, like being helpful to colleagues, and responding to unexpected demands for particular services. Third, connecting severe control consequences to underperforming or overperforming, in the form of sanctions and rewards, respectively, should be avoided.

In a nutshell, PM has for sure several advantages: it increases transparency of processes and results of an organization, it provides important data for decision-making but also for rendering accountability, and it promotes learning and contributes to improved services. On the other side, PM may eventually lead to various perverse effects (Bruijn de 2007, pp. 17–33): PM may stimulate a tunnel vision (see the above illustration), and it tends to hinder innovation and increase bureaucracy, because it encourages managers and employees to focus on the PIs in the PMS, while disregarding other less measurable aspects of a proper functioning PSO. Evidently, there is a tension between the dangers and advantages of tight quantitative performance controls. Because control needs to be effective in the sense of stimulating desirable types of behavior, it requires that PIs are related to goals and give clear guidance for certain types of actions. But a too tight use of a limited number of PIs also brings about negative side effects. So a balanced design and use of a PMS is the best, but finding this balance is a delicate practice.

## Cross-References


- ▶ Balanced Scorecard
- ▶ New Public Financial Management
- ▶ Performance Budgeting


## References


Ammons DN, Rivenbark WC (2008) Factors influencing the use of performance data to improve municipal services: evidence from the North Carolina benchmarking project. Public Adm Rev 68(2):304–318

Askim J (2007) How do politicians use performance information? An analysis of the Norwegian local government experience. Int Rev Adm Sci 73(3):453–472

Bouckaert G, Halligan J (2008) Managing performance. International comparisons. Routledge, London/New York

Boyne GA, Chen AA (2007) Performance targets and public service improvement. J Public Adm Res Theory 17(3):455–477

Brun ME, Siegel JP (2006) What does appropriate performance reporting for political decision makers require?


P

Empirical evidence from Switzerland. Int J Product Perform Manag 55(6):480–497
de Bruijn H (2007) Managing performance in the public sector, 2nd edn. Routledge, London/New York
Grossi G, Reichard C, Ruggiero P (2016) Appropriateness and use of performance information in the budgeting process: some experiences from German and Italian municipalities. Public Perform Manag Rev 39:581–606
Hood C (1995) The 'new public management' in the 1980s: variations on a theme. AOS 20(2/3):93–109
Hood C (2012) Public management by numbers as a performance-enhancing drug: two hypotheses. Public Adm Rev 72(S1):585–592
Jackson PM (2011) Governance by numbers: what have we learned over the past 30 years? Public Money Manag 31(1):13–26
Johnsen A (2005) What does 25 years of experience tell us about the state of performance measurement in public policy and management? Public Money Manag 25(1): 9–17
Kroll A (2015) Drivers of performance information use: systematic literature review and directions for future research. Public Perform Manag Rev 38(3):459–486
Meier KJ, O'Toole LJ (2009) The proverbs of new public management: lessons from an evidence-based research agenda. Am Rev Public Adm 39(1):4–22
Modell S (2009) Institutional research on performance measurement and management in the public sector accounting literature: a review and assessment. FAM 25(3):277–303
Moynihan DP (2008) The dynamics of performance management. Georgetown University Press, Washington, DC
Moynihan DP, Hawes DP (2012) Responsiveness to reform values: the influence of the environment on performance information use. Public Adm Rev 72(S1):95–105
Schedler K, Proeller I (2010) Outcome-oriented public management. IAP, Charlotte
Taylor J (2011) Factors influencing the use of performance information for decision making in Australian state agencies. Public Adm 89(4):1316–1334
ter Bogt HJ (2004) Politicians in search of performance information? – survey research on Dutch Aldermen's use of performance information. FAM 20(3):221–252
Van Dooren W, Van de Walle S (eds) (2008) Performance information in the public sector: how it is used. Palgrave, Houndmills/New York
Van Dooren W, Bouckaert G, Halligan J (2010) Performance management in the public sector. Routledge, London/New York
van Helden J, Reichard C (2013) A meta-review of public sector performance management research. Tékhne Rev Appl Manag Stud 11:10–20
van Helden J, Reichard C (2016) Commonalities and differences in public and private sector performance management practices; a literature review. In: Epstein M, Verbeeten F, Widener S (eds) Performance management and management control: contemporary issues. Studies in managerial and financial accounting, vol 31. Emerald Publishing, Bingley, pp 309–351
van Helden J, Johnsen A, Vakkuri J (2012) The life-cycle approach of performance management research; implications for public management and evaluation. Evaluation 18(2):159–175
Wouters M, Wilderom C (2008) Developing performance-measurement systems as enabling formalization: a longitudinal field study of a logistics department. AOS 33(4):488–516

### Useful Textbooks for Further Information About Public Performance Management

Bouckaert G, Halligan J (2008) Managing performance. International comparisons. Routledge, London/New York
de Bruijn H (2007) Managing performance in the public sector, 2nd edn. Routledge, London/New York
Moynihan D (2008) The dynamics of performance management. Georgetown University Press, Washington, DC
Van Dooren W, Bouckaert G, Halligan J (2010) Performance management in the public sector. Routledge, London/New York

## Performance Management and Culture

Justice Nyigmah Bawole and
Mohammed Ibrahim
Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

## Synonyms

Organizational culture; Performance and accountability; Performance management; Performance measurement

## Definition

Performance management is a collective process of setting objectives in line with organizational mission and goals and monitoring individual performance in the achievements of these objectives through constant communication and feedback. Inherent in the communication and feedback are

coaching and mentoring, information on performance directions, rewards, and in some cases penalties. Organizational culture relates to relationships and shared norms, beliefs, and values developed over time through both formal and informal arrangements in the organizational setting. National or ethnic culture, on the other hand, emphasizes the indigenous or traditional dictates and practices that define the identity, both individually and collectively, of those who constitute organizational participants.

## Introduction

The turbulence in organizational environments leading to unpredictable futures for organizations now pressurizes them to demand more from their employees. Besides, pressures for bottom line, demands for quality services and products, and the uncompromising attitudes of clients and citizens among other factors have combined to drive organizations to want to improve performance of their employees. In fact, in the last couple of decades, organizations have witnessed a surge in concerns among stakeholders about performance and accountability. Indeed, for public sector organizations, since the introduction of the New Public Management (NPM) with its characteristic emphasis on efficiency and effectiveness in service delivery, there has been intense pressure on organizations to devise better means of ensuring improved performance, both as a survival strategy in a highly competitive environment and to satisfy stakeholder expectations. It has become evident that the quest to explore new ways of improving performance has often been assumed to be more pressing in the public sector than in the private sector. This is based on the assumption that the private sector, at least in relative terms, only needs a readjustment in its operations in order to satisfy new expectations. On the other hand, the general verdict on public sector organizations has often been one of persistent failure – dotted with visible cases of inefficiency, ineffectiveness, corruption, and gloom. In effect, improving performance in the public sector requires some assimilation of private sector practices while also imbibing new ways of enhancing existing performance regimes.

While the jury is still out on the efficacy of NPM prescriptions for the public sector, it appears there near-consensus on the necessity to refine (or deviate from) old ways of doing things in order to ensure performance effectiveness. The call has been on the need for performance management. Underlying this call for a new paradigm is the significant re-awakening to the fact that earlier performance regimes tended to adopt a top-down approach where managers set indicators meant to guide employees in the execution of their mandate. Managing performance is today viewed as a shared approach that recognizes the primacy of collective goal setting, communication, and prompt feedback mechanisms.

Recent knowledge on organizational performance or performance management effectiveness points to the significance of culture in eliciting positive or enhanced response from organizational participants. Here, culture could be viewed from two fronts: organizational culture and national or ethnic culture. Organizational culture relates to relationships and shared norms developed over time through both formal and informal arrangements in the organizational setting. National or ethnic culture, on the other hand, emphasizes the indigenous or traditional dictates and practices that define the identity, both individually and collectively, of those who constitute organizational participants. Nowadays, it is becoming apparent that performance management regimes stand little chance of being effective if they do not create or expand the space for accommodating the organizational and national/ethnic cultures that have defined the behavior or identity of individuals over time. It is important to point out that even though there has been extensive interest in the relationship between performance management and culture, there are also previous studies that have questioned or de-emphasized the role of culture in improving organizational performance (Lim 1995; Wilkins and Ouchi 1983; Schein 1990).

In this section, an attempt is made to explore the definitional issues related to performance

management, its importance and disadvantages, or negative consequences. The section also discusses the definition and forms of culture and attempts to draw or question the link between performance management and culture.

## Performance Management: Concept and Relevance

There is a notable tendency to use the concepts of performance management and performance appraisal synonymously. Elsewhere, some organizations purport to have instituted a performance management regime, which upon scrutiny are performance measurements at best. This mistaken assumption or practice finds expression in the various definitions of performance management which are argued to require refinements.

The US Department of Health and Human Services views performance management as the process whereby organizations set targets or goals and ensure that there are processes that check performance against the expected targets. Neely (1999) offers a similar definition when he notes that PM essentially relates to a set of indicators which are meant to gauge the extent of efficiency and effectiveness of employees in the firm. Although those definitions, like several others in the literature, are useful, they fail to highlight the role of the employee in setting targets and the mechanisms needed to be employed to ensure that employees are able to contribute effectively to organizational goals. Studies by Bevan and Hood (2006), Smith (1995), and Kells (2011), among others, point to the likelihood of organizational actors falling into a fixation for measurement concerns, strategic behavior, nit-picking, and other unintended consequences if managers focus on measuring, instead of managing, performance. Perhaps this explains why the Balanced Score Card (BSC) by Kaplan and Norton, arguably one of the most popular performance measurement instruments, has now transformed into a performance management tool. There is also a call to holistic performance arrangements that link individual performance to organizational mission in ways that ensure the realization of broader or strategic organizational objectives.

Based on the above, performance management is defined here as the collective process of setting objectives, monitoring individual performance through constant communication and feedback in ways that ensure the achievement of the organizational mission and goals. This definition highlights some components which are worth noting.

*Continuous and shared process*: Performance management is not a one-time activity; it is an ongoing and sometimes iterative process which entails a number of related activities. These activities involve setting goals or targets and putting appropriate mechanisms in place to ensure that employees are not only guided or checked in their pursuit of those goals but that they are also promptly given feedback on their performance. Thus, inherent in this process are real time corrective measures which address emerging issues which could potentially derail overall performance. What then differentiates this process from other (usually "measure fixation") approaches is that managers do not wait to the end of a task before they proceed to assess the quality of performance and its relationship to the set targets. Equally important is the fact that the shared nature of such a process means that organizational actors or employees do not see it as an imposition by management. Rather, they contribute to the design and shaping of those objectives or targets and thus see success or failure as a collective responsibility. In recent practice, the emphasis on collective performance has led to a laudable practice in some organizations where, even in cases when individual performance in the collective chain needs to be appraised, there is a direct or indirect opportunity for every member to contribute to that process. This means that, contrary to previous practices where only superiors appraised their subordinates, best practice in performance management provides some opportunity for subordinates to also have a say in the assessment of their superiors. Thus, the role of an organizational culture that places more premiums on team work, instead of individualism, is of paramount consideration.

*A shift from outputs to a focus on outputs and inputs*: Several scholars, including Martinez (2001), have observed that the move toward holistic performance management regimes as opposed to mere goal setting and appraisal means that inputs are also as important as outputs. While the latter was previously the focus of managers, the new concern is not only about what people are able to achieve but also how they are able to achieve them. This is akin to the principal-agent relationship that imposes obligations on both parties which must of necessity be met before there could be realistic assessment of performance. Such a shift in management thinking is crucial in providing the requisite incentive for employees to meet performance expectations. In the public sector, for example, there is often a tendency to sit in judgment against public servants for failing to meet their targets, i.e., if they set any. However, little attention is paid to whether public servants have the capacity, resources, and enabling environment to pursue their individual targets, which in most cases are even imposed by their superiors. Thus, given the new line of thinking which places premium on both inputs and outputs, performance management is real in its expectations as it places a burden on managers to provide the resources that would serve as a moral basis to assess the performance of employees. While this is imperative, it should be noted that a good performance management system should not only ensure that resources are provided, but, more importantly, those resources should be utilized efficiently.

*Connection between individual performance and strategic goals or mission*: Employee performance, if properly managed, feeds into the achievement of the mission of the organization. Thus, while various activities could be broken into individual tasks under different sections or departments of the organization, it is imperative to ensure that managers assist organizational actors to see the bigger picture. Viewed sequentially, a good performance management system first sets strategic objectives, followed by unit or departmental objectives, which then leads to the setting of individual objectives. Related to the component discussed early on, the significance of such strategic-departmental-individual level linkages lays in the call to team work in the bid to meet organizational expectations. This is because if individuals are left to operate in "silos," they are likely to pursue different interests and also receive little cooperation from other members of the organization who would view their operations as either in competition or in pursuit of different ends.

Some studies have identified numerous advantages that are likely to accrue to public sector organizations if they implement performance management systems (see, e.g., Aguinis 2005). Among others, performance management helps organizational participants to adapt to change. Here, it is contended that where an organization decides to place more emphasis on some aspects of its operations or introduces new products and orientations to meet customer expectations, it can align its goals and objectives to these new arrangements and accordingly fashion individual tasks through the introduction of appropriate performance management systems. Aguinis, for instance, cites the example of IBM in the 1980s. He notes that given that the company decided to focus primarily on customer satisfaction, the evaluation of the performance of every employee was done in relation to customer satisfaction. In effect, employees had every incentive to focus on the big picture in order to remain relevant to current organizational objectives. Performance management also enhances the motivation of employees to work harder and improve their contribution to the organization. This is because employees get constant feedback on their performance, and this involves prompt communication on areas to improve and commendations on the tasks that they have performed well. Additionally, effective performance management systems require that managers build the capacity of their staff following gaps identified in the appraisal process. This enhances the ability of employees to perform better and in some cases also strive to achieve ambitious goals. Also, managers are able to gain first-hand and prompt information about the performance of employees in order to make better

decisions about rewards, promotion, training, and in some cases disciplinary actions. Elsewhere, Bianchi and Rivenbark (2012) conclude, based a comparative analysis of performance management systems in Sicily and North Carolina, that performance management systems are useful in aiding public officials to exact better forms of accountability and transparency especially in periods of political or economic crisis.

There is no doubt that the discussion so far points to the prospects of improving or enhancing organizational performance, in the public sector especially, through the adoption of performance management practices. While this expectation is justifiable, it is important to note that the introduction of a performance management system does not automatically lead to performance effectiveness; it requires the right kind of environment to thrive. Current practice and research indicate the significance of culture, albeit expressed in varied forms, as being an indispensable enabler in implementing or adopting new performance management systems. Also, it has been argued that if wrongly implemented, performance management could lead to many adverse consequences.

## Performance Management: What Has Culture Got to Do with It?

As pointed out in the previous section, there is a popular thinking in modern management literature that performance management systems could hardly be successful if they do not have regard to culture. Culture is used here in relation to organizational dictates (organizational culture) and the lifelong ethnic/traditional values or dictates which form the basis for socializing employees in their communities. While the former is specific to organizations and is therefore transient, the latter, also referred to as national culture, has some form of permanency in its influence on the human being who is here regarded as the employee for the purposes of the discussion. Studies by Hofstede (1980) and other scholars attempt to explain, or perhaps provide the basis for popularizing, the belief that when organizations exhibit divergent values, notions, and beliefs, they are likely to experience differences in performance. The essence of such organizational cultures as an analytical apparatus in examining performance is rooted in the observation that the emergence of countries such as Japan, China, Singapore, and Malaysia in the global economic scheme of things is perhaps based on some national/traditional cultural imperatives. In other words, if culture is crucial in explaining success of the so-called Asian Tigers, for instance, then it follows that organizations could also develop their own culture to propel improvement in performance. The relationship between traditional culture and performance management is discussed first, followed by organizational culture.

Every human being is born into a cultural context which defines his or her way of life. Culture influences people's choices and how they respond to situations. It is therefore ridiculous, even impossible, to expect employees to completely shirk their cultural identity in favor of a wholesale adoption of a new way of life. Unfortunately, studies have found out that most of the performance management systems implemented globally, especially in developing countries, have little regard to the traditional cultural values of organizational members. This obviously has implications for the effectiveness or otherwise of such systems. For example, although modern organizations purport to thrive on the Weberian bureaucratic principle of impersonality in decision-making, the sense of communality inherent in most cultures makes such expectations wishful at best. Within the African context, for example, it has been found out that appraisal systems hardly provide a true picture of performance since informal connections or relationships override organizational expectations, not least because managers are unwilling to provide information which they reckon could deny their subordinates the right to promotion and other organizational incentives. The point is not to project a rigid or impenetrable cultural climate which is not receptive to positive influences needed for growing modern organizations. Rather, it is important for managers and leaders of today to see divergent cultural backgrounds of employees as a strength to be harnessed rather than a weakness to be overcome.

The extant literature on organizational development and corporate governance has also emphasized the importance of ethics to the growth and sustenance of both public and private sector organizations. Previous notions of ethics disregarded, or supplanted, traditional ethical values in favor of the so-called best practices. The belief was that cultural values were inimical to the growth of modern organizations. This rather mistaken assumption has also found expression in prevailing performance management systems. However, it is now evident that attempts to detach employees from their culture often leave them rather alienated in ways that complicate how they are able to imbibe the so-called new cultures needed to aid their performance in organizations. Some national and organizational-level studies have argued that there are visible signs of "ethical breakdown" (Dwivedi et al. 2007) which have had deleterious consequences on organizational performance. Findings from studies funded by international organizations such as the IMF and the World Bank have revealed prevalent cases of corruption, bribery, moonlighting, and other cases of ethical misconduct in the public sector especially. Attempts to address these ills in organizations through dissemination and training workshops have yielded very little impact. Part of the reason for this state of affairs is that employees often see the so-called ethical principles catalogued in training manuals as not only an imposition but also mere wishes which have no practical relevance. In view of the above, there is a call for the reintegration of traditional ethical values, in effect culture, in performance management, development management, and every facet of national or organizational operations. There is no doubt that traditional cultural values could influence the quality of organizational culture in order to create the right environment for the implementation of an effective performance management system.

By organizational culture is meant the experiences, values, and expectations developed over time by the organization both in relation to its internal actors and its interaction with those outside the organization. Several scholars, including Schein (1985), have attempted to model or conceptualize organizational culture or identify some dimensions of culture which could aid the understanding of organizational culture. But most of these approaches essentially identify some values or shared meanings that influence organizational decision-making and response to situations. While some of these shape the responses of organizational participants in visible ways, others are implied or tacit. In effect, organizational culture is how the organization operates. This means that the organizational culture determines the nature of decision-making processes and feedback mechanisms. It follows that an organization that does not foster collective decision-making may find it extremely difficult to implement a performance management system of the nature discussed earlier in this section. Put differently, organizations are likely to achieve the expected gains of performance management if their culture provides room for employees to contribute to setting goals or objectives. Similarly, organizational culture that allows employees to make known their grievances without any fear of vilification is better able to provide the right environment for the implementation of performance management systems. While there is pressure on public organizations to assimilate the ideals of the NPM, it is clear that political interferences leave little room for the voices of public service bureaucrats to be heard, much less to challenge management decision without suffering penalties. It therefore follows that to ensure the effective implementation of performance management systems, public sector managers require some mitigating measures in order to prevent or mediate political interferences. Another aspect of organizational culture which can aid or frustrate performance management is the reward systems or incentive mechanisms at play. It is simply not enough for managers to aspire toward raising their productivity or improving the finances of their organization through performance management without also putting in place systems to reward those who can actualize these objectives. Thus, although it is instructive to win the cooperation of employees in every change management process, such as the introduction of performance management systems, it is equally important to recognize that employees are the organization's most "valuable assets." This could

be done through clear communication of the incentives that accompany performance. It should be noted that in organizations where managers are usually fond of reneging on their word, the promise of incentives could elicit little response. Thus, any organization that aspires to an effective performance management needs a culture of trust as the basis for rallying employee to action.

There is a lot to be said for the primacy of culture in ensuring better performance management systems in modern organizations. Conversely, where the right cultural climate is missing, performance management systems could be implemented in a vacuum, serving as a disincentive to the achievement of broader organizational goals. It has also been pointed out early on that some scholars regard culture as "phenomenal or irrelevant" in attempting to appreciate organizational performance (Wilkins and Ouchi 1983: 3). In fact, many claim that there is little or no direct relationship between organizational culture and performance. However, it has also been contended that the contesting verdict on the significance of organizational culture on performance could largely be explained by the differences in methodology, the likelihood of interference of extraneous variables in influencing conclusions of previous studies on organizational culture, and the lack of a universal definition on what constitutes organizational culture.

## Conclusion

Modern organizations must continually change their modus operandi in order to remain relevant in a highly competitive environment as well as meet stakeholder expectations. One means of realizing this goal is by instituting effective performance management systems. This entails a collective effort involving all organizational actors in setting organizational goals as well as monitoring and measuring the implementation of strategies to achieve those goals through effective feedback and incentive mechanisms. While the advantages of performance management are numerous, the latter stands little chance of being effective without recognizing the cultural values that mold the behavior of employees. Nor is performance management likely to serve any better ends if the prevailing organizational culture does not provide the right incentives for employee cooperation and output. These arguments notwithstanding, it has been acknowledged that some previous studies found little evidence of any direct relationship between organizational culture and performance improvement. This, however, does not negate the fact that a good performance management regime stands a better chance of harnessing culture for organizational effectiveness. Clearly, there is an urgent need for scholars to broaden the organizational management discourse by providing more recent empirical basis for conclusions on the relationship between performance management and culture.

## Cross-References

► Absenteeism in Organizations
► Diversity and Its Management in Organizations

## References

Aguinis H (2005) Performance management. Edinburgh Business School, Great Britain

Bevan G, Hood C (2006) What's measured is what matters: targets and gaming in the English public health care system. Public Adm 84(3):517–538

Bianchi C, Rivenbark WC (2012) A comparative analysis of performance management systems: the cases of Sicily and North Carolina. Public Perform Manag Rev 35(3):509–526

Dwivedi OP, Khator R, Nef J (2007) Managing development in a global context. Palgrave Macmillan, Hants

Hofstede G (1980) Culture's consequences. Sage, Beverly Hills

Kells S (2011) The seven deadly sins of performance auditing: implications for monitoring public audit institutions. Aust Account 21(4):383–396

Lim B (1995) Examining the organizational culture and organizational performance link. Leadersh Org Dev J 16(5):16–21

Martinez J (2001) Assessing quality, outcome and performance management. A paper presented at Workshop on Global Health Workforce Strategy, Annecy

Neely A (1999) The performance measurement revolution: why now and what next? Int J Oper Prod Manag 19(2): 205–208

Schein E (1985) Organizational culture and leadership. Jossey-Bass, San Francisco
Schein E (1990) Organizational culture. Am Psychol 45(2):109–119
Smith P (1995) On the unintended consequences of publishing performance data in the public sector. Int J Public Adm
Wilkins AL, Ouchi WG (1983) Efficient cultures: exploring the relationship between culture and organizational performance. Adm Sci Q 28(3):468–481

# Performance Management in Japanese Local Government

Osamu Koike
Graduate School of International Social Sciences, Yokohama National University, Yokohama, Japan

## Synonyms

Accountability; Bureaucratic culture; Cross-cutting issues; New public management (NPM); Policy evaluation; Results-based management

## Definition

Characteristics and current situation of performance management among Japanese local government.

## Introduction

Measuring performance of organization for better public service delivery is an essential part of recent public sector reforms in many countries (Bouckaert and Halligan 2008; Boyne 2010). It is widely recognized that a "performance management" in public sector reform is an application of new public management (NPM) disciplines that seek economy and efficiency of public organizations through a competitive market for "public choice." A movement for performance management started in the US local governments in the late 1980s and spilled over to non-Western countries including Asian developing nations (Koike 2013). In Japan, in the rise of "bureaucracy bashing" in the early 1990s, public managers were forced to be more accountable to the efficiency and effectiveness of public works such as dams and highways. In the mid-1990s, reform-minded local public managers attempted to change traditional bureaucracy through the introduction of the brand-new business practices of results-oriented management. Then, public-spirited officials criticized that a simple emulation of business model is even harmful to equity or fairness of public service provision. However, a chorus of "value for money" or cost-benefit analysis has overwhelmed traditional rule-bound, process management of the local public organization.

In Japan, as in other industrialized democratic countries, performance management in the public organizations has developed at local level and, then, adopted in the national ministries and agencies (Koike et al. 2007). According to the national survey in 2013, the vast majority of local governments have already established some forms of performance measurement system (Ministry of Internal Affairs and Communications 2014). The main objective of performance measurement is to transform local government from a traditional "input (budget)-based" administration to the "results (outcomes)-based" public management. However, analysis of the current situation of performance management in local government reveals that the methodology remains a measurement of the performance of a small piece of tasks and projects. It suggests that a philosophy of results-based management is not fully understood by local public officials in Japan.

## History of Performance Management in Japan

After the oil shock in the late 1970s, Japanese local government faced a fiscal crisis due to the fall of local tax income. It forced prefectural governors and municipal mayors to promote administrative reforms and "cutback management" consisting of budget cut, personnel reduction, and contracting out of service provisions such as garbage collection. In the age of reform, business-

minded governors and mayors attempted to change bureaucratic culture of local government through the introduction of business management models such as management by objectives and "total quality management (TQM)." However, these efforts were unsuccessful in the 1980s (Jun and Koike 1998).

In 1995, the governor of Mie Prefecture, Masayasu Kitagawa (1995–2003), launched a "project evaluation system" as a core of his administrative reform packages. Project evaluation system is a self-evaluation in which public officials evaluate the cost-effectiveness of tasks and projects of their own, by setting "targets" and performance indicators (Umeda 2000). It targeted all the tasks and projects currently being implemented in Mie Prefecture. As many argued, Japanese public organizations have over-emphasized budgeting and planning but neglected to review their effectiveness (Yokoyama 2009). Governor Kitagawa attempted to abolish a culture of "using up the budget" and "following the precedents," saying that "public organization should learn what the management should be from private sector organization." In fact, a self-evaluation system is a borrowing of management by objectives and TQM in which employees participate in the management cycle of "Plan-Do-See." It was expected that public employees can realize the real cost of public service through the self-evaluation of their tasks and projects. Prior to the introduction of task/project evaluation system, Governor Kitagawa organized the intensive training program for directors and managers to learn the latest business models. In the training program, government officials also studied public management reforms using Osborne and Gaebler's best-selling book, *Reinventing Government* (1992), as a textbook (Umeda 2000). In Mie Prefecture, project evaluation system has introduced in the headquarters offices in 1996 and extended to the local branch offices in 1997. Finally, a total of 3200 tasks and projects were reviewed. The results of evaluation were disclosed to the public through the website of Mie Prefectural government.

A task/project evaluation system of Mie Prefecture made a great impact on the promotion of performance measurement in Japan. In fact, a number of local governments have launched similar self-evaluating systems modeled after the task/project evaluation system of Mie Prefecture. According to the national survey in 2013, all of the prefectural governments, 95% of designated cities (metropolitan cities), and 57.7% of municipalities (cities, towns, and villages) have introduced some forms of "administrative evaluation" system (Table 1).

## Current Status of Performance Management in Local Government

In theory, performance management is divided into three distinctive actions: measuring performance using indicators, evaluating efficiency and effectiveness of projects and programs, and taking organizational actions for results or

**Performance Management in Japanese Local Government, Table 1** Diffusion of "Administrative Evaluation System" as of 2013

| | Prefecture | Designated city | Municipalities | Total |
|---|---|---|---|---|
| Established | 47 | 19 | 994 | 1060 |
| Planning | 0 | 0 | 551 | 551 |
| No plan | 0 | 1 | 177 | 178 |
| Total | 47 | 20 | 1722 | 1789 |
| Diffusion rate | 100% | 100% | 57.7% | 59.3% |

Source: The Ministry of Internal Affairs and Communications (2014), p. 1

Note: In the national survey, the Ministry of Internal Affairs and Communications uses a term of "administrative evaluation." A definition of "administrative evaluation" is "a judgment of validity, achievement, and results of policies, programs, and projects, using clearly defined criteria and indicators, in the time of ex-ante, ex-post, or during the work." Due to the vague definition, the national survey data contains various types of evaluation systems in local government

outcomes (Boyne 2010). Applying this theory to the "administrative evaluation" implemented in Japanese local government, it is safe to say that the most of the Japanese local governments implement a "performance measurement."

Table 2 lists the purpose of "administrative evaluation" in local government. The most frequent answers are "improvement of efficiency," "achieving better results," "changing employees' mindset," and "the establishment of PDCA (plan-do-check-action) cycle" in descending order. It is interesting that the "improvement of planning process" is less concerned. It supports the evidence that many local governments which have introduced "administrative evaluation" are in fact implementing the performance measurement (Tanaka 2009). Quite interestingly, "customer orientation" is the lowest in the list. It is suggested that local governments see the "administrative evaluation" as a tool for internal management rather than a strategy to regain public trust in government by showing how they improve services for the public.

On the subject of administrative evaluation, almost all local governments are absorbed in the measurement of the performance of "tasks and projects." Evaluation of "programs" is implemented in 78% of the prefecture and 84% of designated cities, whereas it is implemented in 47% of municipalities. It indicates that it is difficult for municipalities to engage in the evaluation of programs due to the limited resources.

Do local governments utilize the results of performance measurement? A majority of local government answered that the results of the evaluation are reflected in the budget request. On the other hand, 26.7% of prefectures, 29.4% of designated cities, and 41.2% of municipalities replied that the results of performance evaluation are reflected in the budget assessment by the finance division. It indicates that the central management officers are less positive in the utilization of the results of performance evaluation in the budgeting. This tendency is observable in the other areas of administrative management such as staffing and auditing.

The above findings from a national survey indicate that much remains to be done in the promotion of performance management at local level. As shown in Table 3, many local officials feel the difficulty of evaluation indicators, efficient evaluation, linking evaluation with the budget, and changing mindset of employees. It assumes that a kind of "evaluation fatigue" is spreading among local public officials.

Comparing current status of Japanese performance evaluation with a theory of performance management, it can be said that many of local government remains stalled at the initial stage of performance measurement. The efforts of Mie Prefecture that opened a breach in the development of performance management system in Japan must be fairly judged. However, the evaluation of all of tasks and project is quite burdensome and even harmful for municipalities. In



**Performance Management in Japanese Local Government, Table 2** Purpose of administrative evaluation

| | Prefecture | Designated city | Municipality | Total |
|---|---|---|---|---|
| Improvement of efficiency | 87.2% | 84.2% | 93.4% | 92.9% |
| Achievement of better results | 97.9 | 84.2 | 81.3 | 82.7 |
| Budget cut/fiscal reform | 38.3 | 47.4 | 55.0 | 54.2 |
| Improvement of planning process | 59.6 | 47.4 | 37.9 | 39.1 |
| Establishment of PDCA cycle | 89.4 | 89.5 | 75.7 | 76.5 |
| Customer orientation | 31.9 | 26.3 | 23.9 | 24.3 |
| Improvement of public service | 48.9 | 73.7 | 67.0 | 66.3 |
| Accountability | 85.1 | 100.0 | 66.4 | 67.8 |
| Changing employees' mindset | 66.0 | 78.9 | 82.2 | 81.2 |

Source: The Ministry of Internal Affairs and Communications (2014), p. 5

**Performance Management in Japanese Local Government, Table 3** Problems in the implementation of administrative evaluation

| | Prefecture | Designated city | Municipality | Total |
|---|---|---|---|---|
| Setting evaluation indicators | 76.6% | 115.8% | 78.5% | 79.1% |
| Accountability to the resident | 34.0 | 57.9 | 35.5 | 35.8 |
| Utilization for budgeting | 63.8 | 100.0 | 70.3 | 70.5 |
| Utilization for staffing | 31.9 | 52.6 | 39.2 | 39.1 |
| Utilization for legislation | 4.3 | 10.5 | 17.4 | 16.7 |
| Utilization of external evaluation | 17.0 | 42.1 | 43.9 | 42.7 |
| Linking to long-term plan | 31.9 | 63.2 | 55.0 | 54.1 |
| Changing employees' mindset | 48.9 | 63.2 | 59.1 | 58.7 |
| Efficient evaluation work | 72.3 | 100.0 | 75.7 | 76.0 |

Source: The Ministry of Internal Affairs and Communications (2014), p. 12
Note: Among 20 designated cities, Kyoto, Kobe, and Fukuoka evaluate policies separately from projects, and thus the aggregate data is not consistent with the number of designated cities

general, a task/project evaluation is conducted on a yearly basis. In the beginning of the fiscal year, the frontline staff set yearly goals and targets and evaluate how much they have achieved goals and targets using appropriate indicators by the year end. For effective implementation, those who evaluate tasks and projects must be knowledgeable on how to improve the outcome of tasks and projects. If they are competent, they can select appropriate indicators for the evaluation of outcomes. However, if they lack knowledge on outcomes, frontline staff would select "easy" quantitative targets and goals. After all, they only check the implementation status of the projects.

In the self-evaluation process, it is the planning division or the administrative management division that prepares evaluation sheets for the frontline staff. The evaluation sheets should be tailored to be applicable to the various types of projects and programs. Nevertheless, a large number of municipalities use a standard type of evaluation sheets. It is ironical that new public management criticizes the "one-size-fits-all" approach in the administrative reforms. In Japan, however, a *mimic isomorphism* (DiMaggio and Powell 1983) has prevailed in the performance evaluation.

Another adverse effect of task/project evaluation system is a limitation of scope in the evaluation. Tasks and projects are the measures to achieve objectives of a program, and programs are the constituent of upper-level policy. It requires frontline managers and staff to understand a whole picture of projects, programs, and policies they are concerned. Binding frontline staff to the evaluation of tasks and projects would reduce the scope of performance measurement. In this regard, it is good news that some local governments attempt to link project evaluation with the evaluation of strategic programs. For example, Yokohama city government has assessed the performance of the midterm 4-year (2013–2017) plan. Using a performance rating of A, B, and C, city government evaluates the performance of 36 programs in the fields of public welfare, economic development, urban infrastructure and environment, and safety of community living every year. In 2016, city government compiled the interim assessment report and disclosed to the public. A final assessment report will be compiled in 2018 (Yokohama City Government 2016).

## Future Challenges

In spite of a rapid diffusion of performance measurement system among local governments in the last decade, it is hard to say that a philosophy of result-based management has embedded in the basis of public organization management. As shown in the national survey in 2013, the performance measurement remains burdensome for the most of the local public officials. However,

technical issues are not an essential problem. Rather, problems are deeply rooted in their recognition on the objectives of performance management. Remember that the "performance" is a key concept of NPM reforms. It puts economy and efficiency at the top of public philosophy. In the performance management, the frontline managers and staff are forced to maximize economy and efficiency of public service delivery. In this situation, they must make a judgment of abolition or continuation of existing programs and projects in accordance with a norm of economy and efficiency. However, it is not an easy task for the frontline worker. If the managers see the performance management merely as a convenient tool for budget cutting, it is difficult to gain the cooperation of frontline staff. We have learned that the efficiency is the "axiom number one in the value scale of administration" (Gulick 1937). However, frontline officials do not work only for maximizing technical efficiency. Rather, they are working for the public interests. It arises a question of what can be the incentives for performance management (Swiss 2005). If a manager compels their staff to obey the doctrine of NPM, those who are working for the equity and fairness of public service would be in trouble. It indicates that cultural elements need to be considered in the promotion of performance management in the public sector organization.

Again, the reform of public organization is contingent upon local context. In Japan, the public officials, regardless of positions, move to different offices every few year. It discourages public officials to evaluate the performance of projects and programs that take long time period. In addition, the adoption of decentralized management in the performance management may intensify a bureaucratic pathology of "sectionalism" in the public organization. In a decentralized "silo" structure, it is difficult for line department officers to work across policy boundaries for better outcomes. For effective performance management, specifically in the administration of cross-cutting issues, line managers are required to have "a whole of government" perspective and work together for the shared outcomes (Christensen and Lægreid 2007).

## Conclusion

It would be certain that a performance management can improve the accountability and transparency of local government to some extent. However, there exists a fundamental question of who evaluate the quality of self-evaluation (Wildavsky 1972). In Japan, nearly half of local governments have established the external evaluation committees, consisting of professors, lawyers, and voluntary citizens. These organizations are expected for making performance evaluation accountable and trustworthy. In most case, however, external evaluators only check the validity of self-evaluation reports compiled by the bureaucrat. The function of external evaluators is undeniable. However, before that, public managers need to recognize the power of citizen in the performance management. In case of waste management, for instance, local public managers can set an ambitious goal such as No. 1 in the reclining rate of waste. It could be achieved if they can mobilize a large number of citizens for collecting recyclable items. If the local government is ranked at top position among a thousand of local governments, it is a victory for both citizens and local government officials. In the model of collaborative public management, citizens are not just "customers" as NPM doctrine assumes. It would be true that citizens' watchful eyes are a necessary weapon for the quality control of local public services. Collaboration can do more (Agranoff and McGuire 2003). When citizens collaborate with public organizations for better results, the local government can provide high-quality services with less expense. This is what we call a "high performance."

The above discussion reemphasizes that a performance management is a contingent upon local conditions and contexts. It is safe to say that the last decade was a preparation period for Japanese local governments to find a model of performance management. What can be done in the next decade? It is certain that it is difficult for local governments to break through the stagnation without challenging their traditional bureaucratic culture. As Moynihan (2005) notes, performance management is an organizational learning process

(Moynihan 2005). It provides a chance both for public officials and citizens to realize what the true enemy for better results is. It does mean that an introduction of performance management is not the end of the public organization reforms. Rather, it is a starting point for modernizing local governance in the twenty-first century.

## Cross-References


- ▶ Administrative Reform
- ▶ Civil Service Reform and Ethics
- ▶ Decentralization and Governance


## References


Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Bouckaert G, Halligan J (2008) Managing performance: international comparisons. Routledge, London

Boyne G (2010) Performance management: does it work? In: Walker RM, Boyne GA, Brewer GA (eds) Public management and performance: research directions. Cambridge University Press, New York

Christensen T, Lægreid P (2007) The whole-of-government approach to public sector reform. Public Adm Rev 67(6):1059–1066

DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Gulick L (1937) Science, values and public administration. In: Gulick LH, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, New York

Jun JS, Koike O (1998) Why is total quality management not popular in Japanese public administration? Int Rev Adm Sci 64:275–288

Koike O (2013) Institutionalizing performance management in Asia: looking east or west? Int J Public Sector Manage 26(5):347–360

Koike O, Hori M, Kabashima H (2007) The Japanese government reform of 2000 and the self-evaluation system: efforts, results and limitations. Ritsumeikan Law Rev 24:1–11

Ministry of Internal Affairs and Communications (2014) Survey results on the current status of administrative evaluation in local government (in Japanese)

Moynihan DP (2005) Goal-based learning and the future of performance management. Public Adm Rev 65(2):203–216

Swiss JE (2005) A framework for assessing incentives in results-based management. Public Adm Rev 65(5):592–602

Tanaka H (2009) Evaluation in local government in Japan. Council of Local Authorities for International Relations (CLAIR), Tokyo

Umeda J (2000) Experiences in the introduction of policy evaluation: systematic resistance within the MIE prefectural government to the introduction of the project performance evaluation. Nihon Kokyo Seisaku Gakkai Nenpo (in Japanese)

Wildavsky A (1972) The self-evaluating organization. Public Adm Rev 32(5):509–520

Yokohama City Government (2016) Yokohama City mid-term 4-year plan 2014–2017: an interim assessment (in Japanese)

Yokoyama M (2009) Evaluation systems in local government: are evaluation systems useful tools of administrative reform? Interdiscip Inf Sci 15(2):243–250


# Performance Management in Local Government


Jing Wang
Department of Public Administration, University of Illinois at Chicago, Chicago, IL, USA


## Synonyms

Performance assessment; Performance evaluation; Performance measurement

## Definition

Performance management in local government refers a systematic approach to improving results through evidence-based decision-making, continuous organizational learning, and a focus on accountability for performance for local government.

## Introduction

Developments in local government have witnessed a growth globally in performance management. Performance management has a long history in public administration and management, and it has been an important component of many reforms for transparent, efficient, and accountable government

global wide since the late 1970s. Generally speaking, performance management is a systematic approach to improve results through evidence-based decision-making, continuous organizational learning, and a focus on accountability for performance (Mucha 2009). Today the "paradigm of public performance" includes the two distinct stages: adoption (development of measures) and implementation (actual use of them) (de Lancer Julnes and Holzer 2001; Rivenbark et al. 2016). Local government performance management has developed beyond simple measurement, ranking, benchmarking, and monitoring systems. It is now a process to measure, provide, and use performance evidence to support governmental planning, financing, and operations. More attentions have been paid to the organizational dimensions that promote the use of performance information for actual decision-making, rather than the simple adoption of performance measures.

As the demands of good governance and government accountability have grown, local public managers are increasingly expected to integrate performance management into their jobs. The actual definition and scope of performance management have usually varied among the individuals, organizations, and governments as the practitioners (Mucha 2009). Both normative and descriptive research on local government performance management has a long pedigree. This chapter does not intend to cover the vast literature but to provide a brief overview of the doctrine, current trends, and practices of local government performance management around the world. It starts with the doctrine of performance management, which may provide guidance for the ongoing transition from performance measurement to management in local governments. It is followed by a summary of the challenges to and strategies of local government when embracing the benefits of performance management and a conclusion.

## Performance Management Doctrine

The philosophy and doctrine of performance management have been influenced by several schools of thought including the New Public Management (NPM), "reinventing government," "managing for outcomes," and "managing for results" (Ammons and Roenigk 2015). It advocates the focus on mission and results of managements, rather than the inputs and compliance of rule-bound bureaucracy (Ammons and Roenigk 2015; Kettl and Kelman 2007; Moynihan and Pandey 2010; Osborne and Gaebler 1992). The followings are summarized by Ammons and Roenigk (2015) as the elements of performance management doctrine. Presumably, these are the practices and organizational conditions for successful performance management at local level.

- Clearly defined goals
- Relevant and actionable performance information
- Emphasis on results or outcomes than on inputs and procedural compliance
- Engagement of executive and legislative officials in priority setting, performance monitoring, and data-based decision-making
- Top executives' engagement in frequent monitoring of departmental performance, and frequent feedback, but intervention in operating decisions only when necessary
- Devolved decision authority, with operating decisions made at the departmental or program level rather than by the top executives or central administrative officials
- Managerial flexibility of financial and human resources, and accountability for results
- Performance-based incentives and possibly sanctions (Ammons and Roenigk 2015, p.515–516; Moynihan 2008, pp.31–32; Sanger 2008)

In practice, many of these elements of the doctrine are interrelated and mutually supportive. Importantly, these prescribed practices emphasize the role of the managers in performance management, which can be explained by the aphorism in simple terms: "Let managers manage; make managers manage" (Ammons and Roenigk 2015, p.516). To advance toward the desired results and organizational objectives, managers and

supervisors should have the authority, flexibility, and discretion to make the wise decisions.

Nevertheless, current research on drivers and determinants of successful performance manage is still "in its infancy" (Sanger 2008, p.81). Empirical evidence of the impact of doctrine on local performance management practice is mixed – substantial in the case of some of the elements but much less in others. For instance, Ammons and Roenigk (2015) found mixed conformity with doctrinal prescriptions for manager's role in their study with a sample of American cities and counties who had been recognized for their performance management efforts. Decentralized decision authority was found in most cities and counties, while executive's regular engagement in performance monitoring was only practiced by a little more than half of the governments in the sample (Ammons and Roenigk 2015). Due to their specific situations, few local governments were found to have adopted the full package, but some combinations of prescribed practices in the doctrine. It implies that more compelling, evidence-based research of the doctrinal prescriptions will be needed to provide guide for local governments, especially during the times of transitions.

## From Performance Measurement to Management

One of the important transitions is from performance measurement to performance management. While performance measurement and performance management are sometimes used interchangeably, the literature of local government management is clear that performance measurement comes first, and there are ongoing reforms globally to shift from measurement to management (de Lancer Julnes and Holzer 2001; Rivenbark et al. 2016). The modern push for performance measurement systems in local government in the 1980s and 1990s has set the stage for performance management (Rivenbark et al. 2016). New Public Management (NPM) and Reinventing government had a major influence on the adoption and advancement of performance measurement systems in local governments, especially in Western countries like the USA, UK, Germany, France, and Italy (Gardner 1998; Kuhlman 2010; Osborne and Gaebler 1992). Today many local government entities have adopted tools to measure inputs and outputs, efficiency and effectiveness of their operations, and public services.

Compared to the now widespread performance measurement among local governments, the practice of performance management – the actual use of performance information to improve decision-making, operations, and services – is far less prevalent (Rivenbark et al. 2016; de Lancer Julnes and Holzer 2001; Sanger 2008). For long, early practitioners of performance measurement at local level who effectively tracked the objective measures have been frustrated that their efforts of monitoring performance did not yield the benefits as expected. What is equally important as effective measurement is an integrated management process to apply the indicators to decision-making and organizational advancement.

Making the transition from performance measurement to performance management is not an easy job. Most of these progresses have been noticed in large cities (with populations of 25,000 and above) across the countries, while there are relatively fewer smaller cities who have taken this move (Rivenbark et al. 2016). The literature on performance management have identified the organizational dimensions that need to be present in local governments for the transition from measurement to management. Successful performance management requires an overall assimilation of performance management values and principles into the culture of the organization (Mucha 2009). As being demonstrated in empirical studies, to facilitate data use in local government, one needs to effectively integrate the performance measurement system with other key management systems, such as the planning, and annual budget process (Ammons and Roenigk 2015; Jansen 2008).

## Challenges and Strategies

The operation of local governments are usually quite routine with problems and organizations

small in scale, and communications through traditional means. Compared to higher-level governments which are characterized by policy uncertainty, the routinization of local government should have better facilitated performance management. However, performance management in general has not infiltrated local governments to the same extent as higher-level governments (Hall 2017).

Performance management are more widely practiced by local governments in Western countries, but often in a manner more ceremonial than instrumental. In some cases, it is driven by legislative requirements and coercive pressure from higher level of governments. This has led to discontinuity, delays in implementation, and criticisms from staff and citizens (McAdam et al. 2011). Local performance management also faces various challenges in developing countries. Local governments in some countries (e.g., Uganda) are still in early stage of measuring inputs and outputs, while in other countries (e.g., Malaysia and Indonesia) there is discrepancy between policies and practices of the implementation of performance management at local level (Jurnali and Siti-Nabiha 2015).

Studies have identified and put thoughts on a series of challenges and barriers for local governments in successfully implementing performance management (Hall 2017; Kuhlman 2010; McAdam et al. 2011). By analyzing the capacities local governments need for performance management, Hall (2017) provides a comprehensive list of challenges they face: insufficient financial and administrative capacities, insufficient economies of scale, absence of comparable entities for benchmarking, inadequate strategic planning, complexity of task and implementation environments, strings attached by higher-level governments, and the illusion of control created by proximity to decision makers and citizens.

These challenges call for comprehensive strategies and incremental processes for capacity building in local government. The following steps presented by National Performance Management Advisory Commission are representative of the strategies local governments have used to realize and sustain the benefits of performance management (Mucha 2009).

- Present the case to the appropriate decision makers to obtain support, authorization, and resources
- Identify key goals and objectives of initiating performance management
- Define specific management processes, including planning, budget, measurement, accountability, reporting, information use, and monitoring
- Communicate the plan with stakeholders to gain understanding and support
- Build organizational capacity through training, hiring, or developing in-house technical expertise with supporting tools and technologies

## Conclusion

It is a constantly evolving process for local government to adopt, implement, and institutionalize performance management and to realize the benefits of an integrated system for efficiency and accountability. It is evident that a well-founded system of performance measures, which has fully integrated in the management process of the local government, can considerably stimulate the improvement of performance and strengthen the organization's focus on results. Performance management represents a shift from what many governments are used to, which is particularly difficult for local governments with limited capacity and resources. Local governments benefit from incremental rather than radical changes, as the latter may provoke resistance and abandonment of the performance management (Yetano 2013). Current reform efforts may have focused on quantitative measures and their applications, but it ignores the importance of the quality that needs to be judged in the public realm. It is necessary to recognize the imperfections and limitations of the performance measures. Fully satisfactory measures will shift as the political debate and local situation develop (Gardner 1998).

More research is needed to identify the factors that promote the transition from performance measurement to management, and sustain the benefits of the change. They include, but not limited to, leadership, organizational capacity, information availability, higher-order measures,

organizational culture, and citizen involvement. International comparative studies and case studies of best practices in both developed and developing countries also have the potential to expand the understanding of performance management at local level.

## Cross-References

- ▶ Comparative Public Performance Management Systems
- ▶ E-Government, Accountability, and Performance
- ▶ Global Performance Measures
- ▶ Local Government Benchmarking
- ▶ Performance Audits and Performance Appraisals
- ▶ Performance Evaluation and Reporting
- ▶ Performance Management
- ▶ Performance Management in Public Administration
- ▶ Performance Measurement

## References

Ammons DN, Roenigk DJ (2015) Performance management in local government: is practice influenced by doctrine? Public Perform Manage Rev 38(3): 514–541

de Lancer Julnes P, Holzer M (2001) Promoting the utilization of performance measures in public organizations: an empirical study of factors affecting adoption and implementation. Public Adm Rev 61:693–708

Gardner D (1998) Performance measurement. In: Wilson J (ed) Financial management for the public services. Open University Press, Philadelphia, pp 170–196

Hall JL (2017) Performance management: confronting the challenges for local government. Public Adm Q 41(1):43–66

Jansen EP (2008) New public management: perspectives on performance and the use of performance information. Financ Account Manage 24(2):169–191

Jurnali T, Siti-Nabiha AK (2015) Performance management system for local government: the Indonesian experience. Glob Bus Rev 16(3):351–363

Kettl DF, Kelman S (2007) Reflections on 21st century government management. IBM Center for the Business of Government, Washington, DC

Kuhlman S (2010) New public management for the classical continental European administration: modernization at the local level in Germany, France, and Italy. Public Adm 88(4):1116–1130

McAdam R, Walker T, Hazlett S (2011) An inquiry into the strategic-operational role of performance management in local government. Int J Public Sect Manage 24(4):303–324

Moynihan DP (2008) The dynamics of performance management: constructing information and reform. Georgetown University Press, Washington, DC

Moynihan DP, Pandey SK (2010) The big question for performance management: why do managers use performance information? J Public Adm Res Theory 20(4):849–866

Mucha MJ (2009) A performance management framework. Gov Finance Rev 25(5):51–54

Osborne D, Gaebler T (1992) Reinventing government. Addison-Wesley, Reading

Rivenbark WC, Fasiello R, Adamo S (2016) Moving beyond innovation diffusion in smaller local governments: does performance management exist? Public Adm Q 40(4):763–788

Sanger MB (2008) From measurement to management: breaking through the barriers to state and local performance. Public Adm Rev 68(Special Issue):S70–S85

Yetano A (2013) What drives the institutionalization of performance measurement and management in local government? Public Perform Manage Rev 37(1):59–86

# Performance Management in Public Administration

Vuokko Kohtamäki[1] and Åsa Olsson[2,3]
[1]Faculty of Management, Higher Education Group, University of Tampere, Tampere, Finland
[2]Faculty of Management, University of Tampere, Tampere, Finland
[3]Research, Development & Innovation at L H Martin Institute for Tertiary Education Leadership and Management, University of Melbourne, Melbourne, Australia

## Synonyms

Performance agreement; Performance contract

## Definitions

*Accountability*: managers are held responsible for carrying out a defined set of duties or tasks, and

for conforming with rules and standards applicable to their post

*Goal*: the result or achievement toward which effort is directed

*Inputs*: factors that are exogenous in the framework comprising capital and labor

*Milestones*: sub-objectives or stages into which a program or project is divided for monitoring and measurement of work performance

*Objectives*: the purpose for which information is required, stated within the context of the program, research problem, or hypotheses that gave rise to the need for information

*Outputs*: goods or services produced by government agencies

*Outcomes*: the impacts on social, economic, or other indicators arising from the delivery of outputs

## Introduction

The purpose of this chapter is to provide insights into the underlying principles of performance management in the field of public administration and to illustrate some of the implications of those principles through an examination that uses public higher education sector as a case study. In the western world, contemporary public sector service delivery is governed and monitored through performance management activities for the purposes of planning, budgeting, funding, resource allocation, and accountability (Taylor and Baines 2012). Performance management systems are based on performance targets and measurements gathered in all types of public sector organizations (Pollitt 2006; Pollitt and Bouckaert 2004). Performance management is close to the ideas and principles of new public management (NPM), which is part of an effort to make the public service more effective, efficient, and market-specific. Performance management is in this context a vehicle used to reform the delivery and management of public services (Pollitt and Bouckaert 2004).

A public sector performance management system typically includes three elements:

1. The establishment of goals and targets, which are called performance milestones
2. The monitoring on progress toward the set targets, which is done using a performance monitoring system
3. The accountability, which is accomplished by the use of a performance reporting system

The governance and the performance management both focus on outputs and outcomes. In all of the above three elements, it is crucial to identify outputs and outcomes for the specific public service that is being examined. Performance agreements have been introduced as performance management tools to support the change of focus from inputs to outputs and outcomes and to clarify the set agenda. From the viewpoint of individual government agencies, this implies establishing performance milestones as a means to demonstrate that they have a clear agenda within which to work. Accordingly, the agreements define the services that public organizations will provide for society across a given period of time. They set out a planned framework of goals, objectives, and standards through which a public organization accomplishes and develops its services (Hope 2013). The agreements specify performance goals and targets for the future, support the monitoring of performance during the agreement, and serve as accountability mechanisms for the various stakeholders.

## Performance Agreements as Performance Management Tools

Performance contracting defines a common performance management framework along with the legislation, public funding, and governmental policies and strategies under which public sector departments and agencies must operate. Performance agreements indicate current priorities and provide guidance for long-term planning. They most commonly cover periods of time between 3 and 4 years. Naturally, performance agreements vary in different countries and might vary between different sectors and different periods of time. This results from the differences in the political system and traditions that exist when the performance agreement is drafted.

While there are clear differences between the possible formats and the scopes of the performance agreements, their purpose is always the same from the performance management perspective. A commonality for all performance management agreements is that they serve as a channel for informing and guiding public sector organizations about governmental policies with the purpose of maximizing the success of public services and their benefits to society. From the accountability perspective, they also serve an important role by defining and specifying the administrative agencies that are ultimately responsible for achieving the public goals and targets.

### Performance Goals and Targets

Performance agreements in the higher education sector clarify the relationship between universities and governmental authorities. Goals and targets are a part of the contractual performance agreements and include both university-specific goals and the policy goals for higher education that are set by the national government. The university-specific goals are associated with the core functions of higher education institutions including education, research, and third-mission activities (de Boer et al. 2015). Performance goals can be categorized as quantitative and qualitative goals. They can also be divided as resource- or operation-related goals, which would be determined using an input-output framework (Pollit and Bouckaert 2004). They can also be organized into descriptive and normative goal statements if only the operation related goals are being examined. The importance of performance goals rests in the extent of control the government exercise regarding the universities and their functions.

Performance agreements most commonly have the following goals:

- Establishing the regular and collaborative dialogue between the government and the higher education institutions with the intention of encouraging the implementation of national agendas, policies, and activities
- Improving the efficiency of the operations by specifying performance goals, targets, and indicators in regard to higher education operations
- Informing policy makers and the public at large on the performance of higher educational system as a whole and at the individual level for each higher education institution in regard to the returns obtained for the allocation of public resources, which allows for improved accountability and enables benchmarking across institutions as well
- Encouraging higher education institutions to strategically reflect on their own performance on both a national and international level

The formats and the contents of the performance agreements are not as important for the governance of the system as the degree to which the institution and the entire system is steered and improved in response to the evaluation process. As in other policy areas, performance goals and targets are not always linked to financial consequences. However, in public higher education, increasingly public institutional grant allocations for research are allocated to universities based on their past performance in regard to research. One common way of measuring this is to set targets for the universities in regard to the relative share of research funding that they are able to obtain from external sources as an indicator of their success. This relative success will then influence the level of public institutional allocations for the next agreement period. Other common goals and targets are related to the delivery of a quality education, internationalization, educational export, and cooperation with external partners.

As a part of the performance management, it is common to establish key performance indicators (KPI). These goals can be operational or resource-based goals and are for the most part quantitative. They establish important milestones for managing the functions of public organizations.

In the higher education sector, the dominant KPIs are input and output factors. KPIs, accompanied with financial incentives, imply rewards will be given for a good performance, and sanctions will be given for a low performance. Examples of KPIs in education are the number of students, who are successfully completing

degrees at both the undergraduate and graduate levels. Research-related KPIs might include items such as the number of faculty, who have had work accepted by international publications, the number of peer-reviewed research articles that have been produced, and the volume of competition-based research funding that has been obtained. Third-mission goals are innovation performance measures and emerge from indicators such as spin-offs, patents, consulting services, partnerships with small- and medium-sized enterprises, and networking with national and international partners with the aim to achieve long-term strategic partnerships. International university ranking lists provide platforms that allow institutions to compare their performance globally. This increases competitive pressure to improve and to indicate positive performance that has been determined by measurements.

### Performance Monitoring

Performance monitoring is aimed at providing the government and the wider community with information about the effectiveness of the delivery of public services. In the context of the higher education sector, monitoring the performance at a national level can prove challenging for all governments. Despite the vast diversity within and between countries in relation to the differences in the political systems and the maturity of their institutions, the trend over the past three decades is to standardize measurements of performance to demonstrate social and economic relevance and international competitiveness for these higher education institutions (Meek and Davies 2009). One of the most common criticisms to these measurements are that they are riddled with several methodological difficulties since they are, for the most part, oriented toward capturing input and output measures and fail to capture essential qualitative dimensions that also influence the potential for the system to effectively perform (Shih-Chang and Whittington 2011; Harman and Treadgold 2007).

Often, the monitoring of the performance of the higher education system is organized into two separate policy areas. The first area is concerned with measures such as throughput rates for students, learning outcomes, students' attitudes, employability, and such. However, the second area focuses on research performance, which often also includes innovation and commercialization of the research efforts. The challenges with these two approaches is that higher education institutions are treated as two separate realities; one in which teaching and learning takes place, and another where research and innovation occurs. While this approach reflects the different policy portfolios and makes sense from a public policy perspective, it makes less sense at the institutional level because they are attempting to deliver various functions, which often are embodied by a core cadre of academic staff.

Increasingly, a significant driver of higher education institutions is to enhance their reputational value and to improve the position of their institution at both a national and international level. Even though teaching and innovation as a third-mission activity are core functions of higher education institutions, the development of a strong research profile is also paramount, not only for the mission of the institutions but also for its status and long-term survival (Hazelkorn 2015, p. 304).

Despite the rhetoric that performance monitoring at the whole system level is geared to ensure accountability of public resources, there are several inherent challenges with the current approach that are difficult to overcome. The fundamental principles of NPM (new public management) stems from a mindset of distrust and a philosophy that the measurement of progress can improve management practices, save resources, and lead to an increase in efficiency and effectiveness (Van de Walle 2011). For the higher education sector, this is particularly challenging in regard to research since these principles stand in contradictions to what is required for supporting and developing a strong research environment. Research, by its very nature, is unpredictable and moving in unforeseen directions with unexpected consequences. Further, it is this unpredictability that often gives rise to some of the most important outcomes. One of the fundamental underpinnings of applied and basic research is a sense of collaboration and trust. From this perspective, it does not lend itself to control and management. Thus,

the establishment of individualized KPIs and the focus on output and input measurements may discourage collaborative efforts, prevent synergies between various functions of higher education, and lead to risk aversion. For example, often research performance is of relative higher importance than other measures, and hence academic staff may be reluctant to engage in commercialization activities as they may be uncertain, time-consuming, and as a result may slow down the research performance. This may be significant in the cases where research performance and the ability to raise external funding for research are linked to the researcher's continued employment.

### Accountability

Performance-based accountability means evaluating the progress of performance toward the set targets and goals. Accountability is a relationship between A and B; in this relationship, A is responsible for indicating its results to B on certain specified performance results. Evaluating performance results requires appropriate evaluation criteria. The use of performance agreements establish the performance goals and targets that will be used as performance criteria. Performance results are evaluated by using performance information as compared against the specified performance targets and goals. Performance information is typically seen as an input that defines future performance management and accountability. This requires relevant information, and reporting and monitoring systems that support accountability. This also requires that managers are able to analyze and interpret performance data related to performance goals, use various types of performance data (both financial and non-financial) and develop initiatives to improve overall performance results, provide policy advice, and improve the service delivery.

In higher education, performance-based accountability emerges in different dimensions; financial accountability, operational accountability, and social accountability. Accountability also emerges in different forms; input-output relationships, better processes, better structures and cultures, and an ideal state of affairs. As a part of evaluation of performance, each higher education institution is responsible for its performance and reporting to a wide range of stakeholders. However, the current focus on input and output measurements as a means to ensure accountability of higher education institutions in regard to their expected delivery of a high-skilled work force to the labor market and new scientific knowledge to the society is problematic. This results from the fact that for the most part their performance is based on quantitative measurements rather than considering the contextual factors that reflect differences in culture, governance, and maturity that exist for the different higher educational systems.

## Conclusion

Performance agreements can enhance the performance of a public service, but they do not guarantee better performance in public administration. The public higher education sector served here as a case example for a public sector that operates under the performance management system.

The higher education sector faces demands and expectations from both the political and social communities. In this rapidly changing competitive world and volatile political environments, it is necessary to develop and apply management frameworks that support the setting of priorities, the adequate allocation of resource, and a comprehensive understanding of how to relate to uncertainties and manage risks. Within these contexts, public higher education institutions are expected to strive toward politically motivated goals. Formalized contracts are used to incentivize higher education institutions, similar to the way that they are used with other public sector organizations, and to achieve the required performance levels that aligns with the political goals. Performance agreements establish the measurement-based and time-related tools to evaluate and manage the core functions of higher education institutions. This is a rational stimulus and effect style management approach.

Performance management tools are expected to improve performance, and this is a reason why they have been implemented in the first place as a performance management tool.

However, the perceptions and preferences within these higher education organizations are critical, especially those held by the managers, leaders, and employees. Performance agreements and also employment contracts are often accompanied by financial rewards and sanctions. This implies that there are negative or positive financial consequences or other negative responses if the performance targets set in the performance agreement are or are not achieved across a given time period. Higher education employees experience and perceive these performance management tools and their effects. Employee perceptions are critical to the success of performance management (Jacobsen and Andersen 2014). If the effect is perceived as positive and motivating, there are possibilities to improve performance based on extrinsic factors such as institutional performance agreements or individual performance-related employment contracts. However, if employee perceptions are mostly negative and seen as control-related, performance agreements do not necessarily enhance performance or encourage bottom-up innovations.

The effectiveness of qualitative and non-financial KPIs used to improve performance and develop accountability mechanisms is challenging to define in the higher education sector. Another aspect that needs to be considered is if it is relevant to apply the same KPIs across the entire higher education system within a particular country. If universities could choose some of their own KPIs, this might provide the necessary stimulus to create more autonomy and allow for the consideration of institution-specific profiles and strategies that take into account contextual variations.

## References

de Boer H, Jongbloed B, Benneworth P, Cremonini L, Kolster R, Kottmann A, Lemmens-Krug K, Vossensteyn H (2015) Performance-based funding and performance agreements in fourteen higher education systems. Report for the Ministry of Education, Culture and Science. Center for Higher Education Policy Studies

Harman K, Treadgold E (2007) Changing patterns of governance for Australian universities. High Educ Res Dev 26(1):13–29

Hazelkorn E (2015) Rankings and the reshaping of higher education: the battle for world-class excellence, 2nd edn. Palgrave Macmillan, London. ISBN 978-1-137-44666-4

Hope KR (2013) Performance contracting as a performance management tool in the public sector in Kenya: lessons of learning. Teach Public Adm 31:1–14

Jacobsen CB, Andersen LB (2014) Performance management in the public sector: does it decrease or increase innovation and performance? Int J Public Adm 37(14):1011–1023

Meek VL, Davies D (2009) Policy dynamics in higher education and research: concepts and observations. In: Meek VL, Teichler U, Kearney ML (eds) Higher education, research and innovation: research and knowledge 2001–2009. International Centre for Higher Education Research Kassel, Kassel, pp 41–84

Pollitt C (2006) Performance management in practice: a comparative study of executive agencies. J Public Adm Res Theory 16(1):25–44. Retrieved from http://helios.uta.fi/docview/232681868?accountid=14242

Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis, 2nd edn. Oxford University Press, Oxford

Shih-Chang H, Whittington R (2011) Agency in national innovation systems: institutional entrepreneurship and the professionalization of Taiwanese IT. Res Policy 40:526–538

Taylor J, Baines C (2012) Performance management in UK universities: implementing the balanced scorecard. J High Educ Policy Manag 34(2):111–124. https://doi.org/10.1080/1360080X.2012.662737

Van de Walle S (2011) New public management: restoring the public trust through creating distrust? In: Christensen T, Lægreid P (eds) Ashgate research companion to new public management. Aldershot, Ashgate, pp 309–320

P

# Performance Management in Social Service Provision

X. L. Wang[1,2] and S. T. Kong[3]
[1]Department of Applied Social Sciences, The Hong Kong Polytechnic University, Hong Kong, China
[2]Centre for Civil Society and Governance, University of Hong Kong, Pokfulam, Hong Kong
[3]Faculty of Social Sciences, University of Hong Kong, Pokfulam, Hong Kong

## Synonyms

Contract management; Impact assessment; Performance management; Programme evaluation

## Introduction

A global movement of new public management which emerged in the 1980s is characterized by outsourcing the production of public goods and services to private organizations (Denhardt and Denhardt 2000; Haque 2007). Privatization advocates argue that governments will receive better services at lower costs because of the expertise and innovation of private service operators (Van Slyke 2007). Under the influence of new public management and neoliberalism, there is a convergence toward outsourcing social service production to third sector organizations such as nonprofit organizations and social enterprises. For example, in the UK, The Public Services (Social Value) Act 2012 calls for all public sector commissioning to factor in social value and was designed to open up more opportunities for social enterprises to win bids for the delivery of public services.

Previous research on government sourcing decisions focuses on transaction costs related to service characteristics, particularly asset specificity and contract management difficulties (Brown and Potoski 2003; Hefetz and Warner 2011). Transaction cost economics is used as a decision heuristic in make-or-buy decisions (Williamson 1981, 1985). While asset specificity concerns the risk of increasing bargaining power of earlier service contractors and monopoly in subsequent transactions, volatility of service demands and ambiguity in service delivery pose challenges to contract specification and performance evaluation (Brown et al. 2015; Carson et al. 2006; Geyskens et al. 2006; Hefetz and Warner 2011). High asset specificity and contract management difficulties render in-house production more preferable than contracting out (Girth et al. 2012; Hefetz and Warner 2011).

Social services are characterized by high asset specificity and contract management difficulties. For example, nonprofits' specific assets such as community networks and clinical expertises render the supplier market noncompetitive. Moreover, due to changing social needs, fluctuating service demands and less quantifiable wellbeing change and social service contracting faces difficulties in contract specifications (i.e., program design, output and outcome metrics) and performance evaluation. Moreover, at the early stage of program development when theory of change is yet to be articulated, setting fixed output targets (e.g., enrollment rates) and specific outcome metrics (e.g., observed change) might be misleading.

As a result, performance management becomes a system to monitor the delivery of social service contracts but does not necessarily ensure the effectiveness of service programs. As public procurement of social services increases, public funding has become an important funding source for nonprofit organizations. Due to resource dependence, nonprofit organizations are susceptible to mission drift, and communities and users' interests might be further underrepresented in service development. Therefore, the question of how to manage service performance lies at the core of understanding social service contracting and collaborative governance.

## Collaborative Governance and Collective Impact

As proposed by Emerson et al. (2012, 2), collaborative governance entails processes and structures of collective decision making and management that "engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private, and civic spheres in order to carry out a public purpose that could not otherwise be accomplished." This definition does not limit collaborative governance to only formal, state-initiated arrangements, and it also encompasses community-based collaboratives providing social good. In view of increasing role of civil society actors in social service provision, effective contracting necessitates a performance management paradigm, which is conducive to collaborative governance of social service provision and collective impact.

A common dilemma faced by funders or grantmakers is that they often need to develop impact metrics for programs in which they do not have expertise or for programs, which aim to address emerging or complex issues. Henry et al. (2013, 465) maintain that "performance-based

accountability along with budget tightening has increased pressure on publicly funded organizations to develop and deliver programs that produce meaningful social benefits." Without a dialogue on program design and impact metrics, funders run the risk of imposing program objectives and impact metrics on grantees, which might not only limit bottom-up innovation but also become less responsive to the needs of the users.

There are many funders' networks whereby grantmakers could exchange their learnings on programs and impact metrics. However, without "reality checks" from grantees, the comparison is likely to result in rising performance standards which not only discourage social entrepreneurs from applying for grants but also breeds opportunistic behaviors. An enabling performance management paradigm is needed to facilitate dialogues about program design and impact metrics as well as to articulate theory of change among funders, service administrators, practitioners, and service users. Insights from service users, practitioners, and service administrators that are shared among funders and their networks can benefit more practitioners and service users. It is through this process that good collective impact gets scaled.

## Performance Management Approaches

### The First Three Generations of Evaluation

Guba and Lincoln (1989) discussed the evolution of evaluation approaches. The first generation of evaluation takes a measurement approach whereby individuals are measured with scales and exams in respect of traits, abilities, and the like. The second generation of evaluation takes a description approach of which the evaluand is program (e.g., interventions). This approach analyzes the effectiveness of a program against program objectives. More importantly, it does not dictate what programs and how programs are to be delivered, hence giving more space for program innovation. The ongoing assessment of trials of a program and their improvements is also a process of formative evaluation.

However, at the start of a program, it is often unclear as to what the program is intended to achieve specifically. Oftentimes, program objectives are explicated when people gain more understanding of the root of a problem which a program is intended to address. Making hasty decisions on program objectives run the risk of misleading program development. In response to the insufficiency of the description approach, the third generation of evaluation takes a judgement approach whereby both program objectives and activities are subject to evaluation. Nevertheless, this approach is premised on the credibility of evaluators which might lead to overreliance on experts and professionalization. For example, professional groups organize accreditation schemes and prescribe service guidelines, contributing to the isomorphism of service delivery and putting constraints on bottom-up innovations.

### On the Way to the Fourth Generation of Evaluation

As aforementioned, publicly funded organizations face rising demands for performance-based accountability (Henry et al. 2013). The purpose of evaluation is to develop and deliver programs that produce meaningful social benefits. The first three generations of evaluation offered different tools for program developers but faced three problems, including a tendency toward managerialism, failure to accommodate value pluralism and overcommitment to the scientific paradigm of inquiry.

As for managerialism, evaluators defer to the funders of evaluation or service administrators (e.g., schools, hospitals, social services), where programs are innovated and implemented, in setting parameters and boundaries for the study. The funders and service administrators have the ultimate power to determine what questions the evaluation will pursue, how the answers will be collected and interpreted, and to whom the findings will be disseminated. Evaluators might also be incentivized to ignore the input from other stakeholder groups and conduct the evaluation in ways that gain manager's approval which is likely to lead to other contracts and ensure a steady source of income. It is hence less likely for the

first three generations of evaluation to be open to inputs and values from other stakeholder groups.

Scientific paradigm of inquiry arises as a result of criticisms toward the failure to accommodate value pluralism. Nonetheless, the surging popularity of evidence-based practice (EBP) in social service provision also favors the utilization of the output/outcome-oriented approaches in measuring performance. According to the hierarchy of evidence central to EBP, Randomized Controlled Trials (RCTs) is the rule of thumb in producing best evidence. However, RCTs are most likely implemented in more controlled settings, such as universities and laboratories, because no service providers could ethically suspend a random user from having necessary services so as to carry out RCTs. While services are subject to the pressure of using best evidence and demonstrating effectiveness, output/outcome-oriented approaches are desirable tools as they help ensure the performance is measured against the expected output/outcome of well-tested interventions that are trialed at universities, laboratories, and research consultancies.

Focusing on output/outcome metrics to guarantee a cookbook application of best evidence is problematic (Frost 2009). It dismisses the idiosyncrasy of practice and the relevance of evidence as judged by actors in the networks (Gray et al. 2009). The relevance and workability of an intervention depend not only on how well it is tested scientifically but also how it is taken up in the actual service settings where multiple stakeholders are involved in defining problems and deciding what counts as good outcomes. An awareness of the need for participation of stakeholders is reflected in the fourth generation of evaluation which is featured by "negotiation" (Guba and Lincoln 1989).

The fourth generation of evaluation provides a constructivist-based process of negotiation among stakeholders which in theory: (1) attempts to help them reach consensus about their reality or to recognize discrepancies; (2) is educational because it provides stakeholders with the opportunity to incorporate others' perspectives of the construct into their own; and (3) is empowering because the entire process is built on negotiated stakeholders' construction of evaluand. Moreover, the question of whose values and priorities would dominate in an evaluation or how value differences might be negotiated have post a challenge to the first three generations of evaluation. As well put by Guba and Lincoln (1989, 34), "it was easy to overlook the fact that even the development of an 'objective' instrument involved value judgments, or that the delineation of objectives implied value agreement, so long as the question of value differences was not raised." In response to the problem, it has been argued that scientific methodology used in the evaluation could somehow render setting program objectives and performance metrics as well as selecting measurement tools value-free.

Therefore, performance management is not merely for monitoring performance and demonstrating effectiveness, but a mechanism that fosters collective learning and continuous improvement. In other words, collaborative governance in social service provision necessitates a performance management paradigm which sets principles and provides institutional frameworks for funders, service administrators, service practitioners, and users to negotiate in respect of evaluation goals, methods and impact metrics, and to forge partnership among these stakeholder groups to contextualize external evidence with their local knowledge and improve practice with local evidence.

## Realities of Social Service Provision

A performance management paradigm for social services should first recognize the realities of social service provision, namely, (1) multiple stakeholders and value pluralism and (2) diverse service delivery contexts and variations in the practice. Accepting these realities of social services allows us to venture the applicability of participatory evaluation in performance management and to discuss the potential for it to contextualize practice in theory (i.e., external evidence) with local knowledge of diverse stakeholder preferences and service delivery contexts.

### Multiple Stakeholders and Value Pluralism

Social service provision involves multiple stakeholders in design, delivery, evaluation, and review, including policy makers, funders, service administrators, service practitioners, and users. This reality renders the field of social service delivery highly dynamic and necessarily pluralistic in terms of value and practices. Values upheld by different stakeholders determine what concerns and issues "should" be addressed (Guba and Lincoln 1989), as well as how well a service is performing. Effectiveness as defined by achievement of "intended outcomes," which are largely devised by service providing end, has received criticisms for ignoring the views and experiences of the service receiving end in determining effectiveness. "What is effective and for whom?" poses questions on the conventional provider/researcher-led evaluative research in performance management.

Wider stakeholder participation, particularly users who are usually less involved in the design, delivery and evaluation of social service, is needed in order to ensure aligned understanding of effectiveness across different stakeholders (Croft and Beresford 1996). Beresford (2000) argued that service users are better placed to generate critical questions and knowledge claims about received beliefs in social service than outside academics and practitioners because they are on the receiving end of the service and knowledge produced out of it.

Service effectiveness achieved through imitating the medical model of evidence-based practice is therefore deemed to be partial. It marginalizes the role of service users in the process of evaluating on the one hand, and on the other hand ignores how knowledges are practiced by practitioners in the context, in order to bring about changes in relationships with the service users. This "cookbook" approach of evidence-based practice was even criticized by medical practitioners (Smith 2004), and Frost (2009) further contended that reducing the delivery of social services into the replication of a recipe constructed somewhere else was a huge mistake because it ignores the formation of (inter)subjectivity and the continuous negotiation of relationships in its nature (Fig. 1).

### Diverse Service Delivery Contexts and Variations in the Practice

Performance management necessitates a good understanding of diverse service delivery contexts which often explains variations in the practice. Performance management thereby concerns not merely how well a service program is executed according to the protocol but also how well it is modified to adjust to the unpredictability and



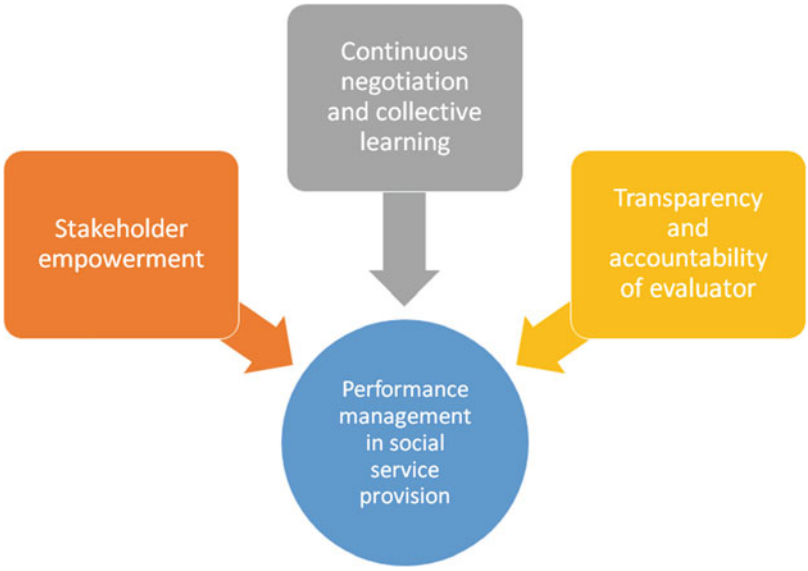


**Performance Management in Social Service Provision, Fig. 1** Three principles of performance management in social service provision

indeterminacy of the operational/practice context. A practice context is deemed to be dynamic because it is constituted by diverse understandings of practice in theory and in action, as differently performed by the actors from time to time (Schatzki 1996). For example, while funders want to see tangible and measurable results such as increased employment rates, service administrators are concerned about cost efficiency in running programs, and practitioners such as social workers attach more importance to capacity building such as service users' confidence and skills in job seeking rather than actual success rate of finding jobs. Moreover, practitioners may also vary in their approaches to delivering service, depending on contexts such as availability of low-skilled jobs.

Since service delivery guidelines needs to be adapted to changing contexts, it calls for a performance management paradigm which facilitates learning processes whereby discrepancies between program design and local practice reality are examined. Performance management will run the risk of decontextualization if following the guideline of program design takes the priority and "unintended outcomes" are perceived as problems to be managed. Seeing "unintended outcomes" as learning points and unpacking them with stakeholders provide opportunities for contextualizing "what counts as preferable performance" and "how far the service is useful," and hence revision of guidelines and protocols to meet the emerging practical challenges. These attentions to the practice of service delivery depart from traditional theory-informed practice, and support the development of the bottom-up knowledge building and learning from within. Evidence collected from local practices is considered as important as externally generated evidence for improving the practice of social services. By that we start to question "who decides what counts as evidence?," "how should we use evidence?", and "how true is the evidence?."

## Conclusion: The Three Principles of Performance Management in Social Service Provision

The more we learn about the realities of social service delivery, the more we understand that the performance management paradigm for social service provision necessitates participatory evaluation – continuous learning of all stakeholders on the valuation of service goals, concerns and issues, as well as the evaluation of suitability and effectiveness of intervention strategies. As aforementioned, to improve service delivery, participatory evaluation attaches importance to the production of locally useful knowledge and continuous dialogues between practice in action (i.e., locally useful knowledge) and practice in theory (Cousins and Chouinard 2012). More importantly, participatory evaluation promotes social justice, emancipation, and democracy in knowledge and service development.

Participatory evaluation-based performance management is, therefore, to redress the imbalance emphasis on program outcome, by looking at how the "process use" of evaluation can facilitate collective learning and attitudinal and behavioral change of stakeholders (Cousins and Chouinard 2012, 34–37). In some forms of participatory evaluation, the process use is also the end product of the evaluation (Transformative Participatory Evaluation, T-PE). To facilitate genuine participatory approach in performance management, governance arrangements should be put in place that support and encourage (1) stakeholder empowerment, (2) continuous negotiation and collective learning, and (3) transparency and accountability of evaluators.

***Stakeholder Empowerment*** Involving a diverse base of stakeholders in evaluation does not guarantee the process to be "participatory," let alone the product as a reflection of consensus. It is turning a blind eye to the power differences in shaping evaluation agenda, determining issues and concerns to be addressed, identifying and defining the evaluand, formulating methods, accessing performance information, and program decisions that does not only conceal diversities but also discourage genuine participation of stakeholders. The less powerful, usually users and frontline service practitioners as opposed to funders and service administrators may find their views not acknowledged, respected, or taken seriously in the discussion and decision-making. Worse can happen when funders and service

administrators use the involvement of diverse stakeholders to justify their evaluation agenda, rendering the participation of service users and practitioners purely tokenistic (Croft and Beresford 1996).

The evaluator, therefore, bears the responsibility to ensure equal participation of all stakeholders. S/he has to ensure sufficient and transparent circulation of relevant information among all stakeholders, assist the less powerful to speak up/ have a voice in the evaluation process, and create a respectful and stress-free space for deliberation and dialogues. This sometimes involves empowerment of the marginalized stakeholders to challenge how they are conceived by the others. For this purpose, Beresford and Cross (2011) found that independent and self-organizing groups are a useful mechanism for nurturing collectivity and forming collective action for the interests of the less powerful in service development and delivery. For example, evaluators could assist users in forming groups and articulating their diverse experience of change before and after intervention programs. Evaluators could also develop mechanisms such as report cards for systematic collection and sharing of user experiences (Gormley and Weimer 1999).

***Continuous Negotiation and Collective Learning*** Constant balancing of powers among stakeholders sets the foundation for equal negotiation, particularly in case of conflict of interests. It enables stakeholders to feel easier to challenge each other and to unpack the differences in understanding the issues, concerns, claims, and service goals. The negotiated understanding of "what should be done" then guides the choice of mode and means of evaluation as discussed, negotiated, and agreed upon by stakeholders. Guba and Lincoln's (1989) proposal of the fourth generation of evaluation hence appoints the evaluator the role to facilitate thorough discussion of the issue by channeling the different views to different parties, identifying unaligned views, and bringing in missing information for further deliberation.

Equality is imperative to collective learning and solving problems together as it requires stakeholders to contribute their positional knowledge to construct a fuller understanding of the problems (Heron and Reason 1997) and evaluate the usefulness of the solutions (e.g., interventions, service programs). Whereas unequal relationships could steer the negotiation toward the interest of a particular group of stakeholders – service users, service practitioners, service administrators, or funders, resulting in the problems of consumerism, professionalism, managerialism, and patron favoritism, respectively.

***Transparency and Accountability of Evaluator*** Evaluators are obliged to follow transparency and accountability practices, disclosing their financial statements, information on programs under evaluation, program objectives, methods, and impact metrics developed during evaluation. Evaluators should also disclose practices and guidelines they put in place to ensure the implementation of the abovementioned principles. For example, guidelines could entail clear procedures of how to identify stakeholder groups and how information are made accessible to all stakeholder groups. Moreover, there should be a guideline whereby negotiations among stakeholder groups are facilitated in an organized way from setting evaluation agenda, determining issues and concerns to be addressed, identifying and defining the evaluand, formulating methods, to accessing performance information and program decisions.



## References

Beresford P (2000) Service users' knowledges and social work theory: conflict or collaboration? Br J Soc Work 30(4):489–503

Beresford P, Cross S (2011) Involvement and empowerment at the end of life: overcoming the barriers. In: Conway S (ed) Governing death and loss: empowerment, involvement and participation. Oxford University Press, Oxford, pp 53–62

Brown TL, Potoski M (2003) Transaction costs and institutional explanations for government service production decisions. J Public Adm Res Theory 13(4): 441–468

Brown TL, Potoski M, Van Slyke D (2015) Managing complex contracts: a theoretical approach. J Public Adm Res Theory 26:294–308

Carson SJ, Madhok A, Wu T (2006) Uncertainty, opportunism, and governance: the effects of volatility and ambiguity on formal and relational contracting. Acad Manag J 49(5):1058–1077
Cousins JB, Chouinard JA (2012) Participatory evaluation up close: an integration of research-based knowledge. IAP, Charlotte
Croft S, Beresford P (1996) The politics of participation. In: Taylor D (ed) Critical social policy: a reader. Sage Publications, London, pp 175–198
Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559
Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29
Frost N (2009) Evaluating practice. In: Adams R, Dominelli L, Payne M (eds) Practising social work in a complex world. Palgrave Macmillan, Basingstoke, pp 296–307
Geyskens I, Steenkamp JBE, Kumar N (2006) Make, buy, or ally: a transaction cost theory meta-analysis. Acad Manag J 49(3):519–543
Girth AM, Hefetz A, Johnston JM, Warner ME (2012) Outsourcing public service delivery: management responses in noncompetitive markets. Public Adm Rev 72(6):887–900
Gormley WT, Weimer DL (1999) Organizational report cards. Harvard University Press, Cambridge, MA
Gray M, Plath D, Webb SA, Webb S (2009) Evidence-based social work: a critical stance. Routledge, New York
Guba EG, Lincoln YS (1989) Fourth generation evaluation. Sage, Newbury Park
Haque MS (2007) Revisiting the new public management. Public Adm Rev 67(1):179–182
Hefetz A, Warner ME (2011) Contracting or public delivery? The importance of service, market and management characteristics. J Public Adm Res Theory 22(2): 289–317
Henry GT, Smith AA, Kershaw DC, Zulli RA (2013) Formative evaluation estimating preliminary outcomes and testing rival explanations. Am J Eval 34(4):465–485
Heron J, Reason P (1997) A participatory inquiry paradigm. Qual Inq 3:274–294
Schatzki T (1996) Social practices: a Wittgensteinian approach to human activity and the social. Cambridge University Press, Cambridge
Smith D (2004) Introduction: some versions of evidence-based practice. In: Smith D (ed) Social work and evidence-based practice. Jessica Kingsley Publishers, London, pp 7–28
Van Slyke DM (2007) Agents or stewards: using theory to understand the government-nonprofit social service contracting relationship. J Public Adm Res Theory 17(2):157–187
Williamson OE (1981) The economics of organization: the transaction cost approach. Am J Sociol 87:548–577
Williamson OE (1985) The economic institutions of capitalism: firms, markets, and relational contracting. Free Press, New York

# Performance Management in the Korean Central Government

Kun Yoon
Department of Public Administration and Policy, Hanshin University, Osan-si, Gyeonggi-do, Republic of Korea

## Synonyms

Performance evaluation; Performance measurement; Policy evaluation

## Definition

Performance management is a series of activities and processes that improve an organization's performance by measuring and evaluating the performance of individuals or departments.

## Introduction

The performance management system's primary goal in the Korean government is to evaluate a degree of performance and offer different incentives accordingly. After the 1960s of the Park Chung-hee administration, the Korean government began to systematically examine and evaluate its work (PMO and CAU 2013). Performance management in Korea has been in full swing based on New Public Management since the IMF crisis in 1997 (Kim and Hong 2013). The Kim Dae-jung administration made intensive efforts to end aid dependency under the IMF's bailout. Launching the new performance management system was one of these efforts.

The Korean performance management system has been developed to manage both organizational and individual dimensions. The Framework Act on Public Service Evaluation (FAPSE) has managed the organizational-level issues, while the Regulations on the Performance Evaluation and Others of Public Officials (RPEPO) has

directed the individual-level issues. Other tools have also assisted to promote the goals of the performance management system, such as a financial performance goal management system of the Ministry of Economy and Finance, an evaluation of the institution's performance report by the Board of Audit and Inspection based on the National Finance Act, and an analysis of major national projects of the National Assembly Budget Office embodied on the National Assembly Act. As the Korean government has continuously advanced the practices of performance management, this chapter explores the Korean central government's performance management approaches with the discussions of its appropriateness and challenges, focusing on the FAPSE and RPEPO.

## Performance Management System at the Organizational Level

Even though the FAPSE defines the principles of performance management and detailed planning, it is fundamentally a law that outlines the evaluation of Ministries' work. It means that Korea's performance management system is closely related to the policy evaluation system. Measuring or evaluating actual performance is one of the key elements of performance management. In that sense, Korea's performance management system can be appropriate.

Before the adoption of the performance management system, Korea's policy evaluation system existed. One of the first attempts is the "audit analysis" system that was legally introduced by the first government of Park Chung-hee in 1972. It was based on the Presidential Decree Regulations on the Planning and Examination Analysis of the Government. An audit analysis under this regulation is a system in which the head of a department evaluates the execution results of the basic operation plan of the department and its affiliated organizations. Quarterly assessments were made, and the results were reported to the Prime Minister. The Prime Minister's Office of Planning and Coordination reviewed and analyzed quarterly major department policies and projects. The Prime Minister comprehensively assessed the results of the ministry's self-evaluation and the results of the review and analysis of the Planning and Coordination Office and reported them to the President through the deliberation of the State Council.

This regulation was amended in 1982 by the Chun Doo-hwan administration. The subject changed from Prime Minister to Minister of Economic Planning. Besides, if correction is needed according to the result of the examination analysis, it can be reflected in budgeting or quarterly budget allocation in addition to correction requests. This regulation was amended again in 1995 by the Kim Young-sam administration. The regulation has been renamed to "Regulations on the Evaluation and Coordination of Government Services." The term audit analysis has been changed from audit evaluation. The subject was changed from the EPB Minister back to the Prime Minister. This regulation was revised again in 1998 by the Kim Dae-jung administration. The "Institutional Evaluation" system was established every year by the Prime Minister to comprehensively evaluate the performance of each ministry and the administrative capabilities of the actors. In 2001, the regulation was converted into the "Basic Act on the Evaluation of Government Affairs." The legislation includes new provisions for auditing evaluation results, reporting to the National Assembly, disclosure of evaluation results, and awarding excellent organizations.

Finally, the law was changed to "FAPSE" by the Roh Moo-hyun administration in 2006 (Shin and Eum 2014). Every 3 years, departments should draw up a "performance management strategic plan" that includes the department's mission and strategic goals. The strategic plan should reflect the national fiscal management plan and report to the higher committees of the National Assembly. In addition, departments should draw up a "performance management implementation plan" each year that includes the department's missions, strategic objectives, performance goals for the year, performance indicators, and financial results for the past 3 years. Performance indicators should be set objectively and quantitatively, and if this is difficult, write them in a different form.

The Prime Minister should ensure that the results of departmental performance management are reflected in self-assessments and specific assessments. The Prime Minister prepares a master plan for the evaluation of government services every 3 years. The basic plan includes the primary direction for performance management and evaluation, development direction, research and development, measures to secure effectiveness of evaluation, professionalism and independence, electronic integrated evaluation system, budget, and organization. Also, a yearly implementation plan is prepared. The implementation plan includes the year's performance management and the basic direction of evaluation, self-assessment, specific evaluation, and public institution evaluation.

The Government Affairs Evaluation Commission, which consists of 15 members (including 2 chairpersons), belongs to the Prime Minister. One of the two chairmen is the Prime Minister, and the President appoints the other one among the private members. Three of the members, excluding the Chairman, are the Minister of Strategy and Finance, the Minister of Public Administration and Security, and the Head of the State Coordinator. The rest are civilian members.

The evaluations consist of self-evaluation and specific evaluation. The specific evaluations are carried out on two or more ministry-related policies, major issues, and innovation management. At present, the specific evaluation is composed of national tasks, regulatory innovation, government innovation, policy communication, and implementation of instructions. In the case of self-evaluation, major policies, financial projects, and administrative management capabilities are evaluated.

Evaluation results should be reflected in the organization, personnel, budget, and remuneration system. The ministry should reflect the evaluation result when the budget is requested, and the Ministry of Strategy and Finance should reflect the evaluation result when budgeting the department. The department conducts its own corrective action and self-audit based on the evaluation result and submits the result to the committee. Based on the evaluation results, the organization or individual shall be given a reward, incentive payment, or preferential treatment in personnel and submit the result to the committee. Evaluation results can be given preferential treatment such as awards and rewards.

## Performance Management System at the Individual Level

Performance management for the central government officials is governed by the Ministry of Human Resource Development and Innovation's Regulations on Evaluation of Officials' Performance, Regulations on Compensation of Government Officials, Regulations on Civil Service Allowance, and others. The Performance Evaluation Regulations established the procedures and standards for evaluating the work of public officials. It was enacted by the Roh Moo-hyun government in 2004 under the name of "Public Official Evaluation Regulations" and was fully revised in 2005.

This regulation requires departments to develop a plan for performance evaluation and performance improvement for their officials every year. Plans include performance evaluations, performance interviews, use of evaluation results, and action plans for those with low evaluation results. It was divided into a performance contract evaluation above Level 4 and work performance evaluation below Level 5.

In the case of performance contract evaluation, the level of achievement of performance targets, evaluation of operational evaluation by the department, and other qualifications and abilities related to job performance are evaluated. The officials to be evaluated enter into a performance contract with the evaluator. In the performance contract, the importance of the performance goal, the difficulty, and the quality attitude of the officials to be evaluated are evaluated.

Work performance evaluation evaluates work performance and job performance ability. In this case, the degree of achievement of the relevant officials' performance targets will be taken into

account. The evaluation factors for each evaluation item shall be determined by the Minister. In this case, consider the position, department, and job characteristics.

Performance targets are set in consultation with the evaluator and verifier. There are three or more evaluation grades, and they are distributed in the highest 20% and the lowest 10%. The evaluator and the verifier submit the evaluation result to the work performance evaluation committee. The work evaluation committee sets the evaluation score, adjusts the results, and processes the appeal.

The evaluator conducts performance interviews with the officials to evaluate, checks the performance of officials, exchanges opinions with the parties on the results of the performance goals, and conducts a performance interview with the lowest grader to improve performance or competence. The evaluator and verifier inform the officials of the results of the evaluation. If there is any objection to the evaluator's evaluation, appeal to the evaluator. If the appeal is justified, the results are adjusted. Otherwise, the reasons are explained. The evaluation results are reflected in personnel management: promotion, training, position management, special upgrades, or bonuses.

The performance salary is specified in the civil service compensation regulations, and the performance bonus is specified in the civil service allowance regulations. Performance salary and bonuses were introduced in December 1998 to enhance competitiveness and productivity in the civil service. The salary consists of a basic wage and performance wage, and performance salary is based on the previous year's performance evaluation results. A performance bonus is paid to those who have excellent work performance and performance for Level 3 or below. Individual, departmental, or a mix of these can be paid.

## The Desirable Future of Performance Management in the Korean Government

Managing the performance of public organizations is vital in achieving its mission. When democratic governments fulfill their mission in public organizations, they ultimately assume responsibility for their people. The Korean government makes this through the government business evaluation system and performance evaluation system. Both systems are very carefully designed and operated. There are many challenges for the sustainable development of Korea's performance management system. For example, linkages between the two systems are one of the critical issues. In a broad framework, the government evaluation system covers this, but the actual operation is separate. Therefore, it is necessary to come up with a plan for the actual operation.

However, this is not the point. The key is the issue of performance management driven by evaluation and incentives. Performance management in Korea is based on the traditional negative performance management system. Considering two theories about the human being of McGregor (1960), basically performance management system presupposes the theory X perspective. The factors that cause human behavior in performance management are external. The relatively good performance gives us incentives. Expectations for incentives determine individual efforts to achieve results. Performance evaluation is not a tool of learning, but rather a means of deciding a person who would be given incentives. It can undermine the autonomy of individual members.

Under the theory Y, performance management can be based on responsibility. We feel responsible for the success of our assigned duties. In order to fulfill these responsibilities, it is necessary to achieve excellent results. Empathy for the organization's goals and missions and love and devotion to the organization drive responsibility for the task given to it, and responsibility ensures performance. If the former is negative performance management, performance management that is based on such responsibility and is voluntary will be called positive performance management.

The major challenge with a negative performance management system is concerned with fairness. In other words, it is challenging to accept evaluation results unless fair performance evaluation is possible. Recognizing that performance

appraisal is unfair will increase the dissatisfaction with the organization, which may obstruct performance improvement. Therefore, negative performance management requires efforts to secure the fairness of performance evaluation. It requires objectivity and expertise in the evaluation. For the objectivity of evaluation, objective indicators are needed rather than subjective indicators. However, it is often difficult to present objective indicators, particularly in public administration, because of the abstraction of goals. The evaluators or criteria should not be different. The same assessor should evaluate individual work and his or her colleagues' work on the same basis. In addition, if the evaluator lacks expertise in the job, the appraisees cannot accept it. It may be acceptable if several professional evaluators present the same evaluation results. However, it isn't easy to satisfy all of these points. Negative performance management, therefore, is fundamentally difficult to solve the fairness issue, which, in turn, is detrimental for performance.

Positive performance management is based on intrinsic motivations, so extreme evaluation is not necessary. Even if the evaluation is made, the meaning of the evaluation does not mean ranking. Evaluation is for learning purposes, and "the past of me" is the standard of reference. Organizational processes are based on autonomous human trust. Since it does not presuppose competition with other members of the organization, a cooperative organizational culture can be formed rather than conflict, which will ultimately strengthen the organization's integration. We can also increase our self-esteem as an organizational member. These factors are positive factors for performance. It, in turn, can lead to unintentional positive externalities by strengthening the publicness of public organizations.

However, monitoring is necessary to hold trust. It can enhance transparency to keep monitoring processes and performances. This information will be provided to the leaders of the organization. The leader will advise members individually based on this information as needed. Of course, it is unclear what the results of this new paradigm's performance management will be. It seems necessary to accumulate cases through experimentation.

## Cross-References

▶ Performance Evaluation and Reporting
▶ Performance Management
▶ Performance Measurement

## References

Kim PS, Hong KP (2013) Major constraints and possible solutions for performance management in Korea. Public Manag Rev 15(8):1137–1153

McGregor D (1960) The human side of enterprise. McGraw-Hill Company, New York

PMO and CAU (2013) Korea's government performance evaluation system and operating experience. Retrieved from https://www.kdi.re.kr/kdi_eng/publications/publication_view.jsp?pub_no=13347

Shin H-C, Eum S-P (2014) Suggestions for the improvement of performance management: a comparison between Korea and USA. Hongik Law Rev 15(1):472–503

# Performance Management in the Public Sector

Vincenzo Vignieri
Department of Political Sciences and International relations, University of Palermo, Palermo, Italy
Institute for Archaeological and Monumental Heritage of the (Italian), National Research Council, Catania, Italy

## Synonyms

Planning and control systems; Results management

## Definition

Performance management is a management style aimed at setting goals and ensuring that such targets are achieved through a planning and control cycle. It embodies a set of activities, tools, and mechanisms intended to measuring and evaluating results to continuously improve performance.

## Introduction

In the last 20 years or so, public sector organizations have borrowed management practices from the private sector. The pushing argument of *doing more with less*, which have inspired New Public Management (NPM) reforms, brought within the public sector the need for explicit use of standards and measures of performance (Hood 1991). The government of Western countries started to place greater emphasis on output control, reward systems, and results rather than overlooking compliance with administrative rules and procedures. NPM-oriented reforms provided public managers with these new tools for achieving performance. However, the specific complexity of the public sector demands to frame performance and adapt its management tools and methods to such environmental aspects, as well as to implement these techniques by balancing different values within organizations. Following these premises, this work explores the content of performance management in public sector organizations. Initially, the substance of performance is examined along three lines: models, dimensions, and levels of analysis. Then, performance management and measurement are distinguished and described. Lastly, a concluding section highlights central points concerning this performance management in the public sector.

## Performance in the Public Sector: Models, Dimensions, and Levels

### Models of Performance

The meaning of government operations and deliveries has changed over the years as the literature on performance management has recognized (Talbot 2009; Van Dooren et al. 2015; Walker et al. 2010). Academic and practitioners have offered a large variety of frameworks. However they are based on two fundamental models: the "3Es" model (i.e., economy, efficiency, effectiveness) and the "IOO" model (e.g., input, output, outcome) (Boyne 2002). Performance has been described according to two leading perspectives, here commented in turn: performance as production and performance as public value.

The production process model refers to the ability of an organization to turn resources into outputs and outcomes. The production

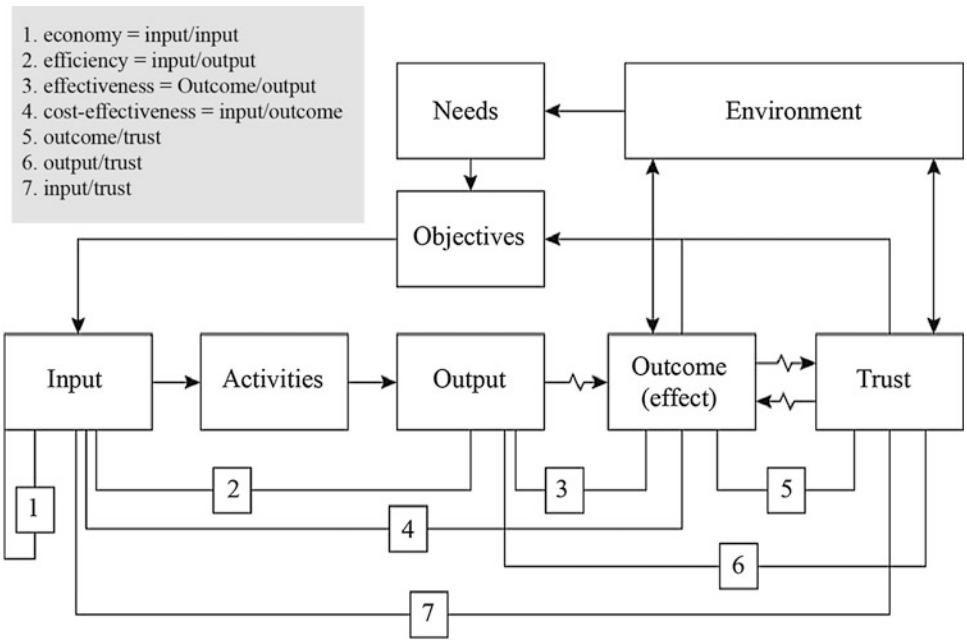


**Performance Management in the Public Sector, Fig. 1** Span of performance in the public sector: an analytical framework (Bouckaert and Halligan 2007, p. 16)

P

logic – inputs ➔ activities ➔ outputs – can be applied to an institution/organization or a policy program. Such a standard model has been extended (Pollitt and Bouckaert 2011) (Fig. 1) and labeled as "the span of performance" (Bouckaert and Halligan 2007, p. 16).

The analytical framework of performance portrayed in Fig. 1 can be used not only to measure the efficiency and effectiveness of an agency, but it also increases the span of performance measurement and management since it concerns two levels of results: operational result and process results (Pollitt and Bouckaert 2011). Indeed, managers can measure the capacity of the organization to (i) address socioeconomic issues of the context, (ii) deliver services and outputs – even non-transactional ones – to the citizens and to the administered community and its efficacy in doing so, (iii) have an impact on the socioeconomic environment through intermediate and final outcomes. This model assumes as a starting point the societal needs of the environment based on which a public organization endows its system with the requested resources to deliver the planned outputs. Services and products such as the number of authorizations issued by a municipality, school degrees, meals provided to students at a school canteen, surgery treatments, and vaccination treatments are delivered to external users and may generate intermediate and final outcomes on both the targeted users and the social context. Picking some of the above output examples, the time it takes for the municipality to issue the authorization may impact on the current profitability of a business venture, students passing the university admission tests after getting a college degree, and people fully recovered after surgery treatment. All of these outcomes reflect the effects of a policy program on the external environment and – as Fig. 1 portrays – gathering the trust toward the political system. Therefore, the extended production model connects organizational performance with internal and external dimensions of effectiveness and includes the "four types of performance" as recognized by Dubnick (2005, p. 392).

The public value perspective of performance clarifies the substance (Van Dooren et al. 2015) of what is described by the four performance types. Indeed, Moore (1995, p. 10) asked himself how to operationalize the ability of public sector organizations "to create value in the short and long run" or what he called the managerial success. For the private sector, the value created by an organization is measured by the profitability or the stock price (as a forecast of the first), but there is no equivalent for public sector organizations. Public value can be derived from the improved living conditions for the community as a whole, and public sector organizations produce value when they meet the needs of citizens. Public value embraces several disciplines, and it enhances the production model of performance (Voets et al. 2008). To this end, literature refers to the administrative arguments as grouped by Hood (1991). He clustered administrative values about performance into three clusters: economy and parsimony, honesty and fairness, and security and resilience. The first group of values emphasizes output control since they are connected with "the matching of resources to defined tasks" (Hood 1991, p. 12). The second cluster of value is associated with the governance process. A government has to operate in a democratic, honest, fair way. This group of values focuses on the process rather on results as stressed by the production view of performance (Voets et al. 2008). The third group was labeled as "regime" which includes values relating to resilience, endurance, robustness, survival, and adaptivity. This argument indicates the capacity of a public organization to remain active in "worst case conditions and to adapt rapidly in a crisis" (Hood 1991, p. 14).

The public value perspective of performance offers a framework which enhances public governance, with additional dimensions (Boyne 2002) including measures of the citizens participation in public processes, integrity of public agencies, and accountability (Walker et al. 2010), as well as democratic values "like equity, equality, probity, and social capital" (Talbot 2009, p. 501).

## Dimensions of Performance

The discussion on the two perspectives of performance has introduced some fundamental dimensions of performance. Both production and public

value models require measuring performance regarding the use of resources, quality and cost of processes, quality and quantity of outputs, and outcomes achieved by public sector organizations (OECD 2009). Indeed, for public organizations to cover the entire extent of performance, they need a wide range of measures: outputs, efficiency, outcomes, and effectiveness.

The focus of traditional performance measurement was concerned with inputs and processes. Innovations provided by the NPM and public governance agenda shifted the focus of performance management system to the results of such processes, namely, outputs and outcomes. An output configures an immediate result of organizations activity (certificate issued, the amount of money spent); an outcome expresses "everything beyond outputs" (Bouckaert and Halligan 2007, p. 16), the effects, or the impact of these activities on the external context (the fraction of certificated issued correctly, what has been produced with these public spending). The outcome implies an estimation of the worth of what has been delivered by public sector organizations; it proxies the quality of a quantitative output or a volume. "Such a view implies the existence of an identity of the form: Outcome = Valuation (output * quality)" (Smith 2013, p. 2).

Other key dimensions refer to the internal efficiency that measures the ability of an agency in "turning inputs into outputs" (Talbot 2009, p. 499), and it can be associated at the maximum production yield of an organization when operating along its production frontier (Van Dooren et al. 2015). On the other side, the allocative efficiency allows organizations to understand the effect of resources' allocation to a specific policy area. As Schick (1996, p. 87) argued, the "efficiency in producing outputs is not the whole of public management. It also is essential that government has the capacity to achieve larger political and strategic objectives. [. . .] It will have to move from management issues to policy objectives, to fostering outcomes." The ratio between output and outcome can be used as a measure of effectiveness (Bouckaert and Halligan 2007). In the same way, the comparison of inputs versus outcomes focuses on the organizational capacity to address societal requests expressed within the political system.

### Levels of Performance

NPM reforms focused performance analysis at the micro level (i.e., the organizational level) (Voets et al. 2008). However, both the multidimensionality of the concept (Talbot 2009; Van Dooren et al. 2015) and the spread of the emergent paradigm of public governance induced scholar to widen the scale of their analysis. In this sense, the integration of the extended performance model with values of public governance resulted in a "dynamic and variable span and depth of a performance platform for control" (Bouckaert and Halligan 2007, p. 16). Indeed, when assessing performance, three main "levels" of analysis can be distinguished (Bianchi 2010): (i) a political (or macro level), (ii) a managerial (or micro level), and (iii) a political versus managerial conversation (or *meso* level). The first level refers to the national/international scale and implies gauging four types of results (Fukuyama 2013): (i) procedural measures (corruption, tax evasion, gender discrimination at workplace), (ii) capacity measures (taxation, education of public service employee, and professionalization), (iii) output/outcome measure (education scores, GDP, literacy, public health, public security, and national defense), and (iv) bureaucratic autonomy measures (as a response to principal agent theory implications). These empirical measures are examples through which assess and compare the quality of public sector services. However, data may not cover all of these areas making them difficult to measure. Furthermore, main issues regarding the national scale concern the conceptualization behind such performance measurements (Fukuyama 2013). A macro perspective of performance can also be seen, for instance, as the case of a local area that needs to align its strategies with few involved municipalities. One may call this perspective as "interinstitutional" (Bianchi 2010, p. 376) or a "governance wide" (Bouckaert and Halligan 2007, p. 18).

At a micro level of analysis, the concept of performance is mainly associated with organizational results such as output measures of services

or products delivered by a public organization to the society. Organizational performance is customer-focused and expresses the allocation of outputs to specific users or the administered community as a whole. It also has a particular emphasis on the quality of deliveries as well as on the customer service level as effects of the "general quality movement" (Talbot 2009, p. 498). Organizational performance includes elements such as the waiting time for surgical treatment or for issuing a certificate, the quality of the document delivered as gathered through the paperwork error rate, and the adequacy of resources compared with service demand. These elements pertain to departmental or interdepartmental level and substance organizational performance. Therefore, by "mapping products and processes, strategic resources and results" (Bianchi 2010, p. 378), organizations may achieve a certain fit with users' expectation regarding service performance.

*Meso* level analysis refers to three main areas of application (Van Dooren et al. 2015): (i) a policy program (e.g., health care, industrial development), (ii) a value chain leading to products and services delivered to both internal (within the same organizations and across the vertical line of organizational structure) (e.g., the preliminary analysis for public prosecution: from a police officer to a court office) and external customers such as users or the community as whole (e.g., protection and security services), and (iii) a network project (e.g., the strategic plan for a tourism destination).

At this level of analysis, performance is primarily meant as intermediate and final outcomes. *Meso* level results are realized by the network of organizations involved in a specific policy field (e.g., unemployment). Thereby, performance management system must connect the outputs that each organization involved in such a network produced, with both intermediate and final outcomes achieved through the implemented policy at *meso* level (Bouckaert and Halligan 2007).

## Performance Management

Performance management concerns a set of activities, tools, and mechanisms aimed at measuring and evaluating results to continuously improve performance. Performance management systems enable organizations to plan, control, evaluate, and manage performance (regarding outputs and outcomes). Such processes by promoting shared goals and introducing an ongoing based control also allow organizations to improve culture, enhance reporting system, and increase resources productivity. These benefits can be attained only by introducing in an organization a consistent framework embodying all the elements profiling the multifaceted and multidimensional concept of performance.

As classified by Van Helden et al. (2012), the introduction of performance management system within a public sector organization may include four different stages. A construction phase, in which both the system and the extent of performance indicators are designed, follows an implementation stage, which considers tests and empirical experiments. Once the system is up and running, the use of management tools and methods allows organizations to influence its internal units. The subsequent assessment phase concerns a review of performance management system architecture and its internal and external impacts, as well as an evaluation of potential implications for the whole institutional environment where the organization is embedded (Fig. 2).

A cyclical approach to performance management emphasizes that performance management differs from mere performance measurement activities, although in some cases, among politicians and managers, there still exists vagueness about the difference in the meaning of these words. To avoid such an indistinctness, the following two sections deal with performance measurement and management, respectively.

### Performance Measurement

"Performance measurement is a bundle of deliberate activities for quantifying performance" (Van Dooren et al. 2015, p. 32) and is focused on capturing how the organization/policy program is performing with regard to several aspects. Performance measurement requires incorporation of measurement within policy design and management initiatives. However these measurements are frequently weak and crude, since they miss many relevant dimensions of results (OECD 2009).

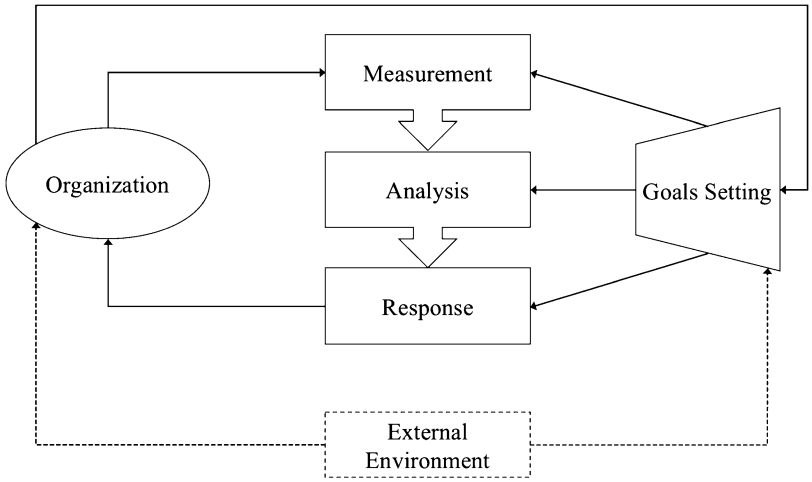


**Performance Management in the Public Sector, Fig. 2** Pictorial overview of performance management cycle (Smith and Goddard 2002, p. 248)

Indeed it has been termed as "the Achilles' heel in administrative modernization" (Bouckaert and Peters 2002). Furthermore, the way in which public administration makes use of these information has been recognized as a raising question for public management scholars. Selective and smart uses of performance measurement information may enhance performance management systems as a literature review provided by Cepiku (2016) argues. She clustered drivers and effects of performance use in three groups: "characteristics of performance information systems, features of public managers as users of information, and internal and external context" (Cepiku 2016, p. 298).

Additional questions regarding performance measurement relate to the rationale and to the object of measuring. Addressing both issues, Behn (2003, p. 587) identified meaningful performance measures associated with "eight managerial purposes." The extent of performance measurement and its purposes plays a central role in performance management: when deciding what to measure, organizations set up the most appropriate type of control system according to the possibility to measure outputs/outcome and the level of knowledge of the process.

Measurability has been explored since the1960s. Downs (1967) scaled measurability along eight structural aspects of bureaucracy, while Hackman and Oldham (1980) analyzed measurability along two domains: task ambiguity and task routine. They found that when the level of task routine is low and the task ambiguity is high, both give rise to difficulties in measurement. Blankart (1987) identified in the measurability of the quality of public services outputs the limits to their privatization. He clustered quality in three groups: inspection (tangible), experience (predictable), and trust (intangible). Wilson (1989) classified four types of organizations according to the possibility to measure their outputs and outcomes. These refer to production, procedural, craft, and coping organizations. In discussing the measurability of performance within their extended production model, Bouckaert and Halligan (2007) pointed out the existence and the relevance of three level of analysis (macro, micro, and *meso*) as crucial elements of performance measurement.

## Managing Performance

Within the context of public sector organizations, the focus of performance management has shifted from input management (budgets and staffing) or process management (rules and routines) toward achievements accounting (Walker et al. 2010) meant as "managing for results" – driven by NPM reforms (Moynihan 2006, p. 78) – or "centered on programs outcomes" (Heinrich 2002, p. 713). As Behn (2014) argued, performance management requires that an agency provides efforts aimed at achieving a specific public purpose, by eliminating or reducing obstacles to that purpose, setting and tracking targets constantly, and examining performance information and data to understand progress and design corrective

policies. In other words, performance management includes either measurement or monitoring, as well as reporting activities of selective and significant values to administrative and political bodies for allowing them to use this information as input for decision-making. The aim of a performance management process is improving the efficiency, effectiveness, economy, and equity of policy programs, organizations, and services. Its cycle includes activities such as planning, measuring, evaluating, reporting, and implementing corrective actions (Cepiku 2016).

The ambition of performance management is to incorporate information and data regarding results within the policy design and budget allocation activities. Thereby, the purpose of such a management style is threefold: (i) to learn how to improve/change strategy and/or implementation with an internal focus, (ii) to steer and control processes and associated activities, and (iii) to report and communicate performance values to give account of public sector results to the external environment (Van Dooren et al. 2015).

The idea that performance management is required to address problems such as inefficiencies of public sector organizations is widely recognized. However, given the specific complexity of public sector organizations, performance management systems may produce structural dysfunctionalities and behavioral implications (Cepiku 2016; OECD 2009; Van Dooren et al. 2015). Risks associated with performance management systems dysfunctionalities may be an inadequate political and managerial focus on performance management practices and a probability of gaming with measurement and report (Vakkuri and Meklin 2006; Van Thiel and Leeuw 2002). When designing performance management systems, to mitigate such adverse effects, it is essential to well-balanced managerial values, political priorities, and the institutional setting.

## Conclusion

Performance differs from a mere behavior since it includes some degree of intent (Dubnick 2005). It can be conceptualized as "a set of information about achievements of varying significance to different stakeholders" (Bovaird 2008, p. 185). Two approaches define performance: the production model and the public value perspective. Both models of performance stressed the multidimensionality of the tenet in terms of dimensions (input, output, outcome, efficiency, effectiveness, and productivity) and levels (micro, macro, and *meso*). Performance management is a cyclical process through which managers set goals, measure achievements, and use information regarding performance to implement corrective actions and/or to change targets. Since performance measurement cannot be understood as an end per se (Behn 2003), performance management embodies the measurement of results as supporting activities for the control function. Performance management is an effective practice for improving efficiency and effectiveness of the public sector. To alleviate the risk of distorted effects, in designing and assessing the performance, academics and practitioners must enlarge the extent of indicators and the interest of stakeholders.

## Cross-References


- ▶ Comparative Public Performance Management Systems
- ▶ Performance Management
- ▶ Performance Management and Culture
- ▶ Performance Management in Local Government
- ▶ Performance Management in Public Administration
- ▶ Performance Measurement


## References


Behn RD (2003) Why measure performance? Different purposes require different measures. Public Adm Rev 63(5):586–606

Behn RD (2014) What performance management is and is not. Bob Behn's public management report 12(1). Retrieved from https://thebehnreport.hks.harvard.edu/files/thebehnreport/files/behnreport_2014oct.pdf?m=1463165660

Bianchi C (2010) Improving performance and fostering accountability in the public sector through system

dynamics modelling: from an 'external' to an 'internal' perspective. Syst Res Behav Sci 27(4):361–384. https://doi.org/10.1002/sres.1038
Blankart CB (1987) Limits to privatization. Eur Econ Rev 31(1):346–351. https://doi.org/10.1016/0014-2921(87)90050-X
Bouckaert G, Halligan J (2007) Managing performance: international comparisons. Routledge, New York
Bouckaert G, Peters BG (2002) Performance measurement and management: the Achilles' heel in administrative modernization. Public Perform Manage Rev 25(4):359–362. https://doi.org/10.2307/3381129
Bovaird T (2008) Political economy perspectives on performance measurement. In: Thorpe R, Holloway J (eds) Performance management: multidisciplinary perspectives. Palgrave Macmillan, London, pp 184–199
Boyne GA (2002) Theme: local government: concepts and indicators of local authority performance: an evaluation of the statutory frameworks in England and Wales. Public Money Manage 22(2):17–24
Cepiku D (2016) Performance management in public administration. In: Klassen T, Cepiku D, Lah TJ (eds) The Routledge handbook of global public policy and administration. Routledge, Abingdon
Downs A (1967) *Inside bureaucracy*. Boston: Little, Brown
Dubnick M (2005) Accountability and the promise of performance: in search of the mechanisms. Public Perform Manage Rev 28(3):376–417
Fukuyama F (2013) What is governance? Governance 26(3):347–368
Hackman JR, Oldham GR (1980) Work redesign. Addison-Wesley, Reading
Heinrich CJ (2002) Outcomes-based performance management in the public sector: implications for government accountability and effectiveness. Public Adm Rev 62(6):712–725
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19. https://doi.org/10.1111/j.1467-9299.1991.tb00779.x
Moore MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA
Moynihan DP (2006) Managing for results in state government: evaluating a decade of reform. Public Adm Rev 66(1):77–89. https://doi.org/10.1111/j.1540-6210.2006.00557.x
OECD (2009) Measuring government activity. OECD Publishing, Paris
Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis. Oxford University Press, Oxford, UK
Schick A (1996) The spirit of reform: managing the New Zealand state sector in a time of change; a report prepared for the state services commission and the treasury, New Zealand. State Services Commission, Wellington
Smith P (2013) Measuring outcome in the public sector. Taylor & Francis, New York
Smith PC, Goddard M (2002) Performance management and operational research: a marriage made in heaven? J Oper Res Soc 53(3):247–255. https://doi.org/10.1057/palgrave.jors.2601279
Talbot C (2009) Performance management. In: Ferlie E, Lynn LE, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, UK
Vakkuri J, Meklin P (2006) Ambiguity in performance measurement: a theoretical approach to organisational uses of performance measurement. Financ Account Manage 22(3):235–250. https://doi.org/10.1111/j.0267-4424.2006.00401.x
Van Dooren W, Bouckaert G, Halligan J (2015) Performance management in the public sector. Routledge, London
Van Helden GJ, Johnsen Å, Vakkuri J (2012) The life-cycle approach to performance management: implications for public management and evaluation. Evaluation 18(2):159–175. https://doi.org/10.1177/1356389012442978
Van Thiel S, Leeuw FL (2002) The performance paradox in the public sector. Public Perform Manage Rev 25(3):267–281
Voets J, Van Dooren W, De Rynck F (2008) A framework for assessing the performance of policy networks. Public Manage Rev 10(6):773–790. https://doi.org/10.1080/14719030802423129
Walker RM, Boyne GA, Brewer GA (2010) Public management and performance: research directions. Cambridge University Press, Cambridge, UK
Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York

P

# Performance Management: Brazil

Ricardo Gomes
Faculdade de Economia, Administração, Ciências Contábeis e Gestão de Políticas Públicas, University of Brasília – UNB, Brasilia, Brazil

## Synonyms

Performance appraisal; Performance assessment; Performance management; Performance measurement

According to Hatry (2002, p. 352) "performance management is defined as the use of performance information to affect programs, policies, or any

other organization actions aimed at maximizing the benefits of public services."

Similar to other countries, performance management was introduced in the Brazil's public administration agenda as a result of the 1980's managerialism wave. After elected in the 1994 Presidential Elections, President Fernando Henrique Cardoso put to force a series of reforms in order to make public administration more efficient and for ensuring fiscal equilibrium. The agenda put forward that time was based on the idea of minimum State, management by results, treating citizens as costumers, reducing costs, and improving the quality of public services.

These series of administrative reforms came about in the scope of the "*Plano Diretor de Reforma do Aparelho do Estado – PDRAE*" (Master Plan for the Reform of the State Apparatus). In such plan, public administration would borrow techniques and paradigms typical from for-profit organizations in order to achieve the following ends:

- Fiscal adjustment
- Economic reforms for ensuring internal competition and for creating conditions for facing international competition
- Social security reform
- Innovation of social policy instruments
- Reform of the State apparatus (Bresser-Pereira and Spink 2003)

According to the PDRAE document (Brasil 1995), the reform arose from a diagnosis made over how public administration was carried out in some issues detected such as the role of the State, the nature of public functions which would be rather regulatory than executives, the amount of and motivation of civil servants, public organizations' quality and efficiency for providing public services and policies, and the way citizens are regarded in the public service and policy delivery systems.

Martins and Gomes (2012) suggested that performance management is still being put to practice in Brazil in a disorientated way. There are several initiatives made by different departments from Federal, State, and Municipal governments holding few characteristics from each other. The communal trace seems to be that strategic planning has been carried out with the help of managerial techniques, such as Balanced Scorecard (Kaplan and Norton 1996). From these attempts, public departments create their own performance measurements and approaches in order to follow the wave of making public organizations performing better.

For doing so, this manuscript is structured as follows. In the next section, I do present some theories for explaining the importance of performance management to public organizations; after that, we present empirical works who have dealt with performance management and measurement in Brazilian public organizations.

## Fundaments of Performance Management

The most important issue for devising a good performance appraisal seems to be upon the way people see and manage performance. According to British performance appraisal framework, performance dimensions are efficiency, economy, and effectiveness (Boyne 2002), the so-called 3Es model. Later on, a fourth E was added to the model: equity. For this reason, devising a performance management or measurement model is a matter of making things right, making the right things, making to the right people, and making a difference on people's life. Efficiency is about doing the best with a certain amount of resources in order to produce outputs; economy is achieving the best available resources for the lowest possible price; effectiveness is producing outcomes (better and larger than outputs in terms of providing value to society); finally, equity is providing goods and services to the largest possible market share (Hillman and Keim 2001). Worthy to mention, in Brazil we use the term efficacy for assessing an organization's capacity for achieving the planned targets. Therefore, efficacy is a measure of the extent a target has been accomplished.

It is usual to see public organizations devising performance indicators for attending some legal

frameworks. However, they often leave aside the most important aspect of measuring and managing performance: stakeholders. According to (Freeman 1984), stakeholders are people, group, or organizations able to influence a given organization to satisfying their needs or being influenced by such organizations when trying to achieve their aims. For this reason, a "good" performance assessment framework must take into account stakeholders' expectations and interests (Ogden and Watson 1999).

In the milieu of stakeholders' interest, there are several authors who proposed measures for interpreting their interest and expectations. Connolly et al. (1980, p. 212) proposed "a view of organizational effectiveness in which several different effectiveness statements can be made about the focal organization, reflecting the criterion sets of different individuals and groups we shall refer to as 'constituencies' (stakeholders)." According to them, an organization must be assessed in the way their constituents see them. Berman et al. (1999) argued organizational performance depends upon the diversity of influence stakeholders impose upon them. West and Raso (2012) came about a model for assessing the importance of rulemaking in organization's performance.

We already know that stakeholder's influence stems from both technical and institutional environments (Meyer and Rowan 1991). Both influences are likely either to hinder or to shove an organization's performance. The literature provide elements for accepting stakeholder influences as an important issue for the understanding of an organization performance (Oliver 1991). For shaping the framework, we conclude this section proposing that public organizations performance is a set of performance measures aiming to assess efficiency, economy, effectiveness, and equity. We also propose that the best performance measures are those related to stakeholder expectations and interests. For example: local population expect best value for the money they for taxes; they also expect public organizations do more with less; public services need to make a difference in their lives improving them to live a better life; finally, they expect that the whole society are entitled to receive good quality public services.

Finally, it is worthy to mention the role of the Balanced Scorecard (Kaplan and Norton 1996) on the devising of performance measures. In the first time, the model was devised for helping for-profit organizations to create a balanced set of performance indicators for strengthening strategies and performance. The idea was very interesting and appealing due to the facility of its operationalization. In the beginning of the 2000s, several authors started to use it for non-for-profit and public organizations with a relative success (Kaplan and Norton 2001). It is fact that non-for-profit and public organizations do not pursue profit in the sense private organizations do. However, the other dimensions of performance, namely, internal processes, innovation and learning, and finance, are very likely to be used as feasible and reasonable dimensions of performance. In the next section, we present some studies involving performance measurement in Brazil.

## Some Empirical Evidence of Performance Management in Brazil

Even though its embryonic stage, some efforts have been made as making more sense on performance management and measurement in Brazilian Agencies. Fabrino et al. (2014) have assessed levels of educational performance in terms of the amount of money spent by Federal Government. According to them, more money not necessarily leads to higher levels of performance in terms of learning and skills. They argued the need for improving social and economic conditions as well. In the same vein, Valle and Gomes (2014) assessed money availability as a means for ensuring educational effectiveness. In their viewpoint, managing is more important rather than making money available for elementary education.

Other authors have focused on managing financial resources. Avellaneda and Gomes (2015) found empirical evidence that managing resources is dependent upon population size

where very small and very large populations are not positive to good performance in terms of managing financial resources. This is in line with finds from a research carried out with Colombian municipalities (Avellaneda 2009). In the same line of thinking, Gomes et al. (2013) identified positive relationship between population size and municipal capacity for raising money and for reducing expenditures.

Examples of performance approaches using the Balanced Scorecard or other models, such as performance prism (Neely et al. 2002), SMART performance pyramid (Cross and Lynch 1989), the Business Excellence Card (Kanji 1998), among others which are dealt with in this piece. No doubt, BSC is the most popular among them being used by every type of organization. Ricardo C. Gomes and Liddle (2009) have used the BSC for proposing perform indicators for a non-for-profit organization attached to a public university in Minas Gerais (Brazil). Kaufmann and Becker (2006, p. 39) studied the challenges of putting BSC to practice in Brazil. According to them, the BSC is more fit to developed countries in which the environment is "relatively stable." Despite that, there are several references at the World Wide Web about Brazilian public organizations using BSC or other kinds of performance models. For example, Evangelista de Barros and Wanderley (2016) presented BSC as a strategic tool for oil companies. Souza and Cordeiro (2010) analyzed waste management using BSC. Although they have not been systematically studied in Brazil, these models are acknowledged as good managerial tools for both public and private organizations.

## Conclusions

This piece aimed to present the whereabouts of performance management and measurement in Brazil. In times of crisis, scholars search for tools and mechanisms for improving the best they could the use of the scarce resources. And this is exactly what is happening down here in Brazil. Inflation is high (pretty much controlled right now), unemployment is very high, and corruption is eroding the social and economic tissue. Trying to fight these problems, public and private organizations engage in employing business-based tools for making the managerial process more "scientific' and salable to society.

For this end, we presented how we see performance management in terms of theories and mechanisms. Performance indicators are devised upon dimensions of efficiency, economy, effectiveness, and equity. As mentioned before, in Brazil, we also used a fifth measuring of efficacy, which means assessing target accomplishment. If performance indicators are based upon dimensions, they also reflect stakeholders' expectations and interests. The idea is a satisfied stakeholder is very likely to increase the organization's success.

In empirical terms, we presented several experiences in which performance indicators and performance management were dealt with for figuring out means for improving performance. Though explored in the international literature, there is not to date any case of performance indicators in Brazil in which stakeholder's expectations have been put to practice. We have been talking a lot about inclusion, transparency, and participation, but stakeholders are still not dealt with properly when the case is performance.

## References

Avellaneda CN (2009) Mayoral quality and local public finance. Public Adm Rev 69(3):469–486

Avellaneda CN, Gomes RC (2015) Is small beautiful? Testing the direct and nonlinear effects of size on municipal performance. Public Adm Rev 75(1):137–149. https://doi.org/10.1111/puar.12307

Berman SL, Wicks AC, Kotha S, Jones TM (1999) Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. Acad Manag J 42(5):488–506

Boyne G (2002) Concepts and indicators of local authority performance: an evaluation of the statutory frameworks in England and Wales. Public Money Manag 22:17–24

Brasil (1995) Plano Diretor da Reforma do Aparelho do Estado. Câmara da Reforma do Estado, Brasília

Bresser-Pereira LC, Spink P (2003) Reforma do Estado e Administração pública gerencial, 5a edn. Editora Fundação Getulio Vargas, Rio de Janeiro

Connolly T, Conlon EJ, Deutsch SJ (1980) Organizational effectiveness: a multiple-constituency approach. Acad Manag Rev 5(2):211–217
Cross KF, Lynch RL (1989) The "SMART" way to define and sustain success. Natl Prod Rev 8(1):23–33
de Souza RG, Cordeiro JS (2010) Mapeamento cognitivo e Balanced Scorecard na gestão estratégica de resíduos sólidos urbanos. Gestão Produção 17:483–496
do Valle AGRM, Gomes RC (2014) Analyzing the importance of financial resources for educational effectiveness: the case of Brazil. Int J Product Perform Manag 63(1):4–21. https://doi.org/10.1108/IJPPM-08-2012-0085
Evangelista de Barros OJ, Wanderley C d A (2016) Adaptation of the balanced scorecard: case study in a fuel distribution company. Rev Contabilidade Finanças 27:320–333
Fabrino RJG, Siqueira do Valle B, Gomes RC (2014) The cost of educational effectiveness: evidence from financing basic education in Brazil. Int J Manag Edu 12:151–166
Freeman RE (1984) Strategic management: a stakeholder approach. Pitman, Boston
Gomes RC, Liddle J (2009) The balanced scorecard as a performance management tool for third sector organizations: the case of the Arthur Bernardes foundation, Brazil. BAR Braz Adm Rev 6(4):354–366
Gomes RC, Alfinito S, Albuquerque PHM (2013) Analyzing local government financial performance: evidence from Brazilian municipalities 2005–2008. Rev Administração Contemp 17(6):704–719
Hatry HP (2002) Performance measurement: fashions and fallacies. Public Perform Manag Rev 25(4):352–358. https://doi.org/10.2307/3381128
Hillman AJ, Keim GD (2001) Shareholder value, stakeholder management, and social issues: What's the bottom line? Strateg Manag J 22(2):125–139
Kanji GK (1998) Measurement of business excellence. Total Qual Manag 9(7):633–643. https://doi.org/10.1080/0954412988325
Kaplan RS, Norton DP (1996) The balanced scorecard: translating strategy into action. Harvard Business School Press, Boston
Kaplan RS, Norton DP (2001) Transforming the balanced scorecard from performance measurement to strategic management: Part II. Account Horiz 15(2):147–160
Kaufmann L, Becker A (2006) Overcoming the barriers during implementation and use of the balanced scorecard by multinational companies in Brazil. Lat Am Bus Rev 6(3):39–62
Martins HF, Gomes RC (2012) Public sector management trends in Brazil. In: Diamond J, Liddle J (eds) Critical perspectives on international public sector management (Vol. Emerging and potential trends in public management: an age of austerity, pp 73–103). Emerald, Bradford
Meyer JW, Rowan B (1991) Institutionalized organizations: formal structure, myth, and ceremony. In: Powell WS, DiMaggio PJ (eds) The new institutionalism in organizational analysis. The University of Chicago Press, Chicago, pp 41–62
Neely AD, Adams C, Kennerley M (2002) The performance prism: the scorecard for measuring and managing stakeholder relationships. Prentice Hall Financial Times, London
Ogden S, Watson R (1999) Corporate performance and stakeholder management: balancing shareholder and customer interests in the U.K. privatized water industry. Acad Manag J 42(5):526–538
Oliver C (1991) Strategic responses to institutional processes. Acad Manag Rev 16(1):145–179
West WF, Raso C (2012) Who shapes the rulemaking agenda? Implications for bureaucratic responsiveness and bureaucratic control. J Public Adm Res Theory. https://doi.org/10.1093/jopart/mus028

# Performance Measurement

Newman Lam and Ziyi Ye
University of Macau, Macau, People's Republic of China

## Synonyms

Performance assessment; Performance management; Policy evaluation; Program evaluation; Program review; Staff appraisal

P

## Definition

Dessler (2013, p. 284) defines performance measurement as the task of "evaluating an employee's current and/or past performance relative to his or her performance standards." McDavid et al. (2013, p. 490) defines performance measurement as "the process of designing and implementing quantitative and qualitative measures of program results, including outputs and outcomes." Based on these two definitions, performance measurement is applicable to the evaluation of an individual as well as a larger unit such as a program, and there are multiple approaches to do this. In fact, it is applicable to a wide range of tasks, such as education and training, machine testing, and organizational management. In this chapter, only its

application in public administration is examined. Performance measurement, defined in the context of public administration, is the task of assessing the performance of an individual or a group of individuals in the public sector using one or more methods, processes, and criteria.

## Introduction

In this chapter, performance measurement at both the individual and group levels is examined. At the individual level, it manifested as staff appraisal. Since adverse competition among staff is detrimental to organizational cohesiveness and effectiveness, group-level measurement has been increasingly emphasized. The measurement unit in this case can be a service, a program, a policy, or an organizational unit (e.g., branch, department, bureau). At the group level, performance results encompass not only those of the human component but also of components such as rules, regulations, and infrastructure. The human component ultimately is held responsible for the eventual success or failure. For this reason, this chapter focuses on the human component.

## Purpose

The purposes of performance measurement are multi-folded:

- Reward and punishment – To reward and punish is the most common but a limited view of the rationale for performance measurement. The broader reason is to enhance management in many respects. In a meritocratic system, rewards and punishment should rightly be based on actual performance with verifiable evidence. Performance measurement nevertheless is the means for deciding reward and punishment.
- Feedback to management – The study of system theory and cybernetics has advanced the concept of organic organization (i.e., learning organization). It asserts that, in order for an organization to adapt to changes and survive, it has to get feedback regularly to assess its operation and output. Performance measurement provides such feedback.
- Feedback to employees – Performance measurement allows employees to gain feedback from their assessors, often their supervisors, for an understanding of their performances and the supervisors' expectations. Such feedback is needed for their career planning.
- Culture shaping – An organization needs to form consensus among its employees to develop norms, values, and a healthy culture. A strong culture makes an organization cohesive, attracts appropriate new members, and improves efficiency and effectiveness. Performance measurement influences employees' minds and behavior to establish norms, values, and culture.
- Strategic management – The global environment is changing rapidly. Surveying global changes is referred to as political, economic, social, and technological (PEST) scanning. Successful organizations are able to adapt continuously to environmental changes. The adaptation strategy involves identifying threats and opportunities and assessing the organization's strengths and weaknesses (SWOT analysis). Program or policy evaluation facilitates external communication to assess whether an organization's outputs are meeting people's evolving needs. Staff appraisal reveals the strengths and weaknesses of the current staff. Both are necessary for strategic planning (U.S. Office of Personnel Management 2016).

## Individual Assessment (Staff Appraisal)

### Function

Theories of organizational behavior indicate that employees have needs and expectation. They expect that their efforts would lead to performance, performance to reward, and reward to meeting their personal needs. Their needs go beyond money and security, seeking also friendship, a sense of belonging, esteem, achievement, power, personal and

career growth, and self-actualization (i.e., fully realizing their potentials). They believe in equity, except the unscrupulous ones. If an organization is perceived to be meritocratic, its employees would be motivated to work harder and perform better. Staff appraisal serves the function of communicating with employees to establish an understanding of how the *effort-performance-reward-needs attainment* linkage can be realized (Robbins 2005, pp. 175–192, 526).

### Criteria

Staff appraisal criteria should be based on job requirements and verifiable. Since different jobs could entail vastly different requirements (e.g., firefighter vs. accounting clerk), it is difficult to formulate universal criteria. However, standardization reduces cost and gives the appearance of fairness. Hence, public organizations tend to prefer universal criteria. This leads to criteria being too general and even irrelevant. For example, the central government of China uses the following universal criteria: virtue, ability, diligence, work result, and integrity. Criteria such as virtue and integrity are hard to measure and may be irrelevant to certain jobs (e.g., janitor).

A modified approach is to provide optional criteria in addition to universal ones. Optional criteria can vary from unit to unit, from job to job, to suit specific requirements. Guidelines should be set up to prevent optional criteria from being misused (e.g., for unfair promotion).

Another approach is to set up different sets of criteria for different types of job. For example, the US government identifies three types of design (behavioral based, objective based, and result based) and advocates using a different design for a different type of jobs (U.S. Office of Personnel Management 2016).

The Singapore government, well known for its business-like management, adopted a model from Shell Oil Company in the late 1990s, which assesses both potentials and work results with an aim to identify talents for development and promotion (Vallence 1999).

SMART (Doran 1981) is a set of general guidelines for formulating assessment criteria. Its five letters stand for being (S)pecific in expectation, strategy, process, and time limit; (M)easureable in quantity, quality, cost, and time used; (A)ttainable within the employee's efforts and the organization's resources; (R)elevant to the employee's job and role in the organization; and (T)rackable within a time frame. In addition to SMART, assessment criteria should be linked to career development (e.g., self-enhancement, voluntary training), unsusceptible to manipulation by any person, comprehensive to cover all aspects of the assessee's responsibility, and usable for personnel decisions and human resources planning (Carter 1991).

### Method

Regular employees usually have their performances appraised annually by their supervisors. Contractual or appointed personnel can have their appraisals done prior to the expiry of their employment periods. Traditionally, the appraisal was made unilaterally by the assessor without much communication with the assessee. This simplistic approach does not serve the full range of functions required in today's management. Performance contract (or agreement), similar to management by objective (Odiorne 1965), emerged as a popular approach in civil service reforms (e.g., UK, Australia). This approach begins with a consultation meeting between the assessor and the assessee, in which both discuss, or negotiate, future expectations and set the performance targets (i.e., goals and objectives) for the assessee.

Employees may have aspirations beyond their current competence to achieve. Increasing staff competence leads to higher productivity and better work. In the consultation meeting, employees are encouraged to aim higher with the employer providing the assistance needed for improving competence. Options for knowledge and skills enhancement (e.g., retraining, apprenticeship) are explored with a focus on feasibility. Competence assessment is particularly important for the appraisal of managerial and executive personnel, as people were often promoted to a level beyond their competence to master (i.e., Peter Principle; Peter and Hull 1969). Identifying competence

gaps prevents misjudgment and helps employees to upgrade their capability.

A midterm meeting is usually held to review progress and reset targets if there are reasonable reasons to do so (e.g., unforeseen problems, crisis). To conclude the process, a final meeting takes place at the end of the evaluation period to examine the extent to which the targets have been met, the problems or difficulties encountered, and other relevant information to finalize the assessment. The Hong Kong government adopted the above concept and has a performance management cycle consisting of four phases: (1) performance planning, (2) continuous coaching and development, (3) midyear review, and (4) performance appraisal (Hong Kong Government 2016).

A number of elements can be added to this approach to enhance its effectiveness. Some government added self-assessment to identify assessor-assessee judgment gaps. Some allow subordinates to evaluate their supervisors' performances to make the process equitable. These approaches may have the potential of enhancing management-staff communication, but whether subordinates dare to speak truthfully is doubtful.

### Evidence

Selective perception and shortcuts are often used in making human judgment, and this leads to bias, mistakes, and unfairness (Robbins 2005, pp. 136–143). Staff appraisal should therefore be based on objective evidence as much as possible. On the surface, frontline workers can have their performances measured by the quantity of work done. However, the amount of work done by an employee may not have any relationship to the employee's performance or effort, since it is dictated by public demand, the number of workers doing the same job, and the amount of work allocated by the supervisor. Quality of work, more appropriate in this regard, is difficult to measure. Consequently, staff appraisal is based on the subjective judgment of the supervisor.

Managerial and professional jobs, which require knowledge, skills, and analytical and decision-making skills, are very difficult to have performance measured. A popular approach is the critical instances method (Flanagan 1954) which requires the assessee, the assessor, or both, to identify critical instances (e.g., crisis, politically sensitive cases) that exemplify the assessee's achievement or mistakes. These critical instances are then analyzed to assess the employee's performance. Another approach is to use multiple assessors to avoid consistent bias. For example, 360° assessment requires the assessee to be evaluated by everyone working around him/her including the superior, subordinates, peers, and if applicable working affiliates in other organizations. If the size of a particular category of assessors is too large (e.g., subordinates), a sample would be selected. In normal practice, the assessee can name a few enemies for exclusion to prevent the process from being misused for personal vendetta. This approach, costly and time consuming, is usually used on highly ranked personnel (e.g., bureau directors, department heads).

Performance measurement involves some form of estimation. Depending on the criterion, the estimation may be made with reference to one's previous performance, an overall average, a benchmark, or a set target. Although written description conveys richer information, it is time consuming and harder to use. Therefore, numeric and ranking scales are used in a variety of techniques for scoring performance results (e.g., Dessler 2013, pp. 190–199), with comments attached if necessary.

Highly ranked officials (e.g., deputy ministers, bureau directors) are held responsible for not only their own actions but also the actions of all under their charge. For this reason, client satisfaction survey, which shows general public opinions of a service, has been increasingly used to measure executive performance.

The final appraisal result may appear in many forms, such as a numeric rating (e.g., five-point scale) with or without a label (e.g., excellent, good, average, poor, very poor), a numeric percentile (e.g., top 20%), or a written document. Very often, more than one form is used (e.g., numeric rating plus written comments). A method less often used is to rank staff from best to worst (e.g., Singapore). Aside from being

time consuming, this method may emphasize individual competition too much to create adverse competition.

### Consequence

Distinguished performance should lead to rewards (e.g., monetary prize, paid vacation, public praise). Recognizing that different employees may have different priorities of needs, it is advisable to offer more than one type of rewards for employees to choose (e.g., extra pay or paid vacation). Consistently good performance should lead to promotion. Canada's Accelerated Executive Development Program is designed to identify potential leaders and reward exemplary employees (Treasury Board of Canada Secretariat 2016).

Satisfactory, or average, performance should allow the employees to keep their current positions. In Hong Kong, civil servants need at least a satisfactory rating to get pay-scale increment. Unsatisfactory performance should not result in immediate punishment, as the assessee may have mitigating reasons (e.g., sudden crisis, insufficient resources). Remedial efforts such as retaining, job reassignment, and management review should be considered. Only consistently poor performance should lead to demotion or dismissal. In Hong Kong, civil servants with a poor performance rating are given at least 6 months to improve their performance to avoid disciplinary action (Hong Kong Legislative Council 2003).

Appeal and grievance procedures should be institutionalized to ensure fairness and to prevent abuse of power. Complaints from assessees should be handled by an independent authority to ensure fairness. In Canada, the Public Service Labour Relations and Employment Board, consisting of former executives and legal experts, is responsible for handling employee complaints.

### Case Presentation: Macao Government

The Macao government (special administrative region of China) revamped its performance appraisal system for regular staff in 2005. The equivalent policy for executive performance assessment had not yet been finalized as of March 2016.

Function – According to Law 8/2004, the functions of staff appraisal are (1) to motivate employees, (2) to improve staff performance, (3) to foster superior-subordinate communication, (4) to improve human resources management, and (5) to promote service excellence.

Criteria – According to Administrative Regulation 31/2004 and Law 8/2004, staff appraisal encompasses seven compulsory and eight optional criteria. The compulsory criteria consist of work results, sense of duty, continuous improvement, adaptability and flexibility, interpersonal relationship, diligence, and time management. Among them, work result and sense of duty are considered more important and counted double (i.e., equal to two criteria). The optional criteria include independence and self-management, innovation and creativity, resources management, team work, public relations, team leadership and management, negotiation and decision-making, and sense of mission. The general principles for choosing optional criteria are justice, equality, impartiality, and relevancy. In terms of relevancy, the optional criteria are more suitable for professional or managerial staff.

Method – Staff appraisal is conducted annually and consists of six steps: (1) appointing assessor, (2) assessors' meeting, (3) assessor-assessee meetings, (4) self-assessment, (5) finalization, and (6) approval. In step 1, the immediate supervisor is usually the appointed assessor, but another supervisor can also be selected for a justifiable reason. In step 2, all assessors of the same unit meet with their leader and members of an assessment consultation committee to ensure that everyone is clear about the assessment criteria and procedures. The assessor-assessee meetings (step 3) consist of three parts. The first meeting is held in the beginning of each year for the assessor and assessee to discuss and determine the performance objectives, activities, responsibility, performance targets, and expected results of the assessee for the coming year. A midterm meeting is held to examine the assessee's progress, to clarify task objectives and priorities, and to modify performance targets and expectation if necessary. A final meeting is held at the end of the year to decide the final

scores. The assessee's performance on each criterion is scored using a five-point scale with the following labels: excellent, very satisfactory, satisfactory, somewhat dissatisfactory, and dissatisfactory. A weighted average score is calculated (work result and sense of duty have double weight) to indicate the overall performance. In step 4, an option for self-assessment is offered. In finalization, the score on each criterion and the weighted average score are entered into the assessment form. Self-assessment scores are considered by the assessor but do not enter into the scoring process. The assessee can also fill out an optional supervisor-assessment form to evaluate the supervisor's performance. The assessment results should be considered by the supervisor but do not include in the supervisor's official performance appraisal. In the last step, the assessee can agree to the assessment result, request explanation, or dispute the result officially.

Evidence – Although the assessment should be based on objective evidence, it is still based largely on the assessee's subjective judgment. Many criteria, such as sense of duty, adaptability, and flexibility, are hard to find objective evidence.

Consequence – According to Law 14/2009, an employee seeking promotion is required to achieve a weighted average rating of not lower than "satisfactory" during the relevant working period. Different working periods are required for employees in different ranks and different levels for promotion consideration. An employee achieving the "very satisfactory" or a higher rating will have the working period required for promotion shortened by 1 year. In accordance to Administrative Regulation 11/2007, recipients of the "excellent" rating receive an award that, by the employee's choice, is either an extra half a month of pay or 10 extra days of paid vacation. In reality, employees will be asked to accept payment if their units are understaffed. A "somewhat dissatisfactory" rating can result in retraining if the employee is to stay in the same job or reassignment of duty or redeployment to another unit if the employee is deemed unsuitable for the job. A "dissatisfactory" rating necessitates disciplinary procedures starting with the supervisor investigating into the reason(s) for the employee's poor performance. Currently, there is no provision for dismissal of regular employees due to poor performance. According to chapter "Organizational Efficiency" of the Macao government's consolidated publication on public employee laws and regulations, contractual employees receiving a "somewhat dissatisfactory" rating will their contracts terminated upon expiry and temporary employees receiving the same rating can be dismissed immediately. Both contractual and temporary employees can be dismissed immediately upon receiving a "dissatisfactory" rating.

Assessees are allowed to dispute appraisal results. Disputes between assessors and assessees are handled by an assessment consultation committee consisting of equal number of members representing the organization and the general staff.

## Group Assessment (Program, Policy, Departmental Evaluation, etc.)

### Function

In addition to individual performance, an organization should be concerned with how its system works as a whole. A people-based system consists of people as well as many other components (e.g., rules, regulations, infrastructure), but only the people would take the praise or the blame for its performance. An open system operates in a changing environment and consists of goals and objectives, input, throughput (i.e., process), output, and feedback mechanisms (Jenkins and Youle 1968). Assessing performance at the system, or group, level allows an organization to gain internal and external feedback vital for strategic planning. It also provides important information for assessing executive performance in managing the system.

### Criteria

The general principles and guidelines for setting up assessment criteria at the group level are the same as those mentioned in explaining staff appraisal (e.g., SMART).

Public services are expected to adhere to the principles of 4E (effectiveness, efficiency, economy, and equity). Assessment criteria can be formulated around these four principles (e.g., Beijing). Equity means that everyone in need of a service is treated the same without exclusion or discrimination. Economy means that the cheapest alternative that delivers the same level and quality of service is chosen over the others and there is very little resources wastage in implementation. Efficiency is a ratio of output to input (i.e., getting the most with the least). In result-based management, output is considered the most appropriate performance criteria. However, the amount of output in a public service is often not in the control of the service provider. For example, an epidemic would increase hospital patients drastically, but this does not mean that hospitals have performed better than before. Furthermore, some public services have a preventive component (e.g., police, fire fighting, health), and the success of which would reduce service statistics (e.g., disease prevention leads to fewer patients to treat). Since prevention is better than treatment, declining service statistics for this reason means better performance, but the efficiency ratio would suggest otherwise. Being efficient does not mean that goals and objectives are better achieved.

Effectiveness refers to the extent of goals and objectives being achieved. Outcome (i.e., result of output) is an appropriate indicator of effectiveness, but it is difficult to measure. The outcome of public services could be highly abstract, hence subjected to individual value judgment (e.g., what is the value of a safer society created by increasing police work?). Democratically, the collective judgment of clients (e.g., client satisfaction survey) is more representative to use for assessing outcome. Clients however may not always be the appropriate judges of outcome. Criminals may not appreciate court services, no matter how good they are. It may also be difficult to define who the clients are in some government services. Are the clients of a prison the prisoners or the law-abiding citizens living outside it (i.e., to keep them safe from criminals)?

It would be futile to maximize all four Es because these principles are in conflict with each other. The most effective alternative is usually expensive and time consuming. Equitable services are usually costly (e.g., postal service for people in remote, small villages). Hence, the four Es should be balanced, rather than maximized, to bring about the best overall policy outcome (Norman-Major 2011).

Since output may not be appropriate and outcome hard to measure, criteria based on input, throughput, and feedback are often used, assuming that high-quality input, process, and feedback lead to better results. For example, a university would be considered having been improved if it has invested heavily in infrastructure and state-of-the-art technology and recruits world-famous scholars. For the same reason, spending on staff training and e-government technology is often used to indicate improvement. In terms of throughput, attention has been shifted from production to management. Criteria based on improving communication with staff, leadership quality, operation procedures, and so on are commonly used. Organizations performing well in management often seek ISO9000 (quality management) and ISO9001 (quality management systems) certification. As governments have the responsibility to protect the nature environment, public organizations also seek ISO14000 (environmental management) certification. International Organization for Standardization (ISO) offers an extensive list of requirements for quality management, with which other organizations consult to formulate their own assessment criteria. In terms of feedback, the criteria are based on both internal and external sources. For internal sources, the quality and adequacy of staff appraisal system, methods of collecting complaints and suggestions from staff, and operation monitoring mechanisms (e.g., absenteeism, turnover) are used to assess the quality of internal feedback. For external feedback, public complaint handling procedures, public relations policy, and the method for data collection, analysis, and reporting of client satisfaction survey are commonly used for assessment.

Measuring the performance of all components of a whole system comprehensively is very similar to Total Quality Management (Lorente et al. 1998). Due to increasing emphasis on strategic

management, whether an organization has clear vision, mission, and values is increasingly used to assess management quality. Various aspects of management such as leadership, planning, policy making, and operation control are examined to assess whether they reach a high level of standard (e.g., ISO standard). Policies on continuous improvement, such as on long-term development strategies, staff training, complaint handling, and client feedback, are particularly emphasized. Input factors, such as staff recruitment and procurement policies, can also be assessed to determine the adequacy of input quality control.

### Method

Due to the heavy workload required, group-level assessment is not conducted annually. The assessment can be done in-house, but the general practice is to use an external authority or outside experts to give the assessment results more credibility. Some organizations conduct an internal review (third year) and an external assessment (fifth year) once every 5 years.

There is a largely number of methods for measuring performance at the group level, depending on the assessment needs (McDavid et al. 2013). As a result of civil service reforms, especially Britain's Citizen's Charter, performance results are often compared with a set of promises known as performance pledges (e.g., UK, Hong Kong, Macao). Similar to staff appraisal, some governments use a three-meeting approach including (1) pledge negotiation, (2) midterm review, and (3) final assessment (e.g., Hong Kong).

For matters of higher significance (e.g., deciding award winners), direct observation (e.g., on-site visit) can be used to assess whether policies have actually materialized in action (e.g., policies on client reception, anti-discrimination, etc.). Client satisfaction survey, focus group (i.e., group discussion involving a small but representative sample of clients), or both can be used for effectiveness assessment. The case study approach can be used to examine critical incidents for assessing leadership performance in decision-making, communication, and crisis management.

### Evidence

Verbal assurance is usually not acceptable as evidence, as people may lie. Written documents, such as policy paper, procedural manual, logbook, records, memorandum, and correspondence (e-mail, letter), are the acceptable forms of evidence. Direct observation, case study, focus group discussion, and client satisfaction survey results should all be documented in writing to allow auditing. Audio and video evidence can also be used for as long as they can be authenticated.

Due to the scope and significance of this level of assessment, the final results are usually presented in a comprehensive report detailing the observations, considerations, and judgment on every criterion, usually with suggestions for improvement.

### Consequences

Teams or units that have achieved distinguished performance are publicly praised and receive an award of excellence, with complementary rewards for the staff involved (e.g., paid vacation, monetary prizes) and/or future budget increases for the unit (i.e., performance budgeting). The assessment is aimed at recognizing good performance rather than justifying punishment. Nevertheless, units having dissatisfactory performance may face a budget cut or be denied a budget increase. The head of the unit may face difficulties in getting promotion or even demotion if poor results persist, as the assessment results are generally incorporated into executive performance evaluation.

Government departments are more inclined to accept assessment results than individual employees, because refusal to accept criticism invites public ridicule. Some governments have an independent committee to handle appeals. Without such a venue, the appeal will have to go back to the assessment authority or the highest level of administration (e.g., president), since the assessment authority is usually an independent body (e.g., audit commission) answering only to the chief executive.

### Case Presentation: Macao Government

Function – According to the requirements document and operation guidelines provided by Macao's Public Administration and Civil Service Bureau, the Macao government assesses performance at the service level with the following aims: (1) clarifying vision, mission, and values; (2) improving operational procedures; (3) normalizing and standardizing operational procedures; (4) increasing transparency to the public; (5) establishing internal quality assurance mechanisms; (6) promoting a people-oriented service culture; and (7) establishing a culture of continuous improvement and building related mechanisms.

Criteria – The aforementioned documents stipulate that all services with external (i.e., public) clients must offer performance pledges. Currently, the validity and adequacy of performance pledges and the methods of managing performance are the main focus of assessment. The content of performance pledges will be assessed in the future after sufficient improvement has been made. For a satisfactory rating, the minimum requirements are (1) clear goals and objectives and all employees participated in making improvement, (2) unambiguous service quality indicators, (3) adequate transparency, (4) thorough corporation with operational partners in other agencies, (5) adequate prevention and correction mechanisms, and (6) acceptable level of public satisfaction. Award winners must demonstrate, in addition to the above requirements, excellence in leadership, strategic planning, human resources management, client communication, and process management, meet performance pledges, and show continuous improvement.

Method – The assessment is conducted by Macao's Civil Service Performance Assessment Commission, which is formed by the chief executive, chaired by the director of the Public Administration and Civil Service Bureau, and consists of three academics from three different institutions and a productivity expert to ensure objectivity and impartiality. The assessment is conducted once every 2 years. Assessment criteria are reassessed and modified regularly to raise the level of requirements to ensure continuous improvement. Assessment results, consisting of two categories (pass and fail), are explained in a detailed report provided to the service unit with improvement suggestions offered.

Evidence – The assessment is based mainly on official documents supplied by the service unit. Award applicants have to supply more documents to verify their performance on the competition's additional requirements. Those applicants meeting the requirements proceed to the second phase of the competition, in which they are required to have their operations observed by members of the assessment commission and defend their performance in a meeting with the same members.

Consequences – The assessment results are made public in a press briefing and put on the government's website. Public embarrassment is only form of punishment for those failing the assessment. In accordance to the Macao government's participant guidelines for the Second Civil Service Excellence Awards, exemplary performers are eligible to compete for awards in five categories: exemplary department, outstanding team, excellent service, excellent frontline service, and effective application of communication technology. A service unit can compete for more than one award. Award winners are publicly praised in the media and in an award ceremony. A certificate and a trophy are presented to each winning team and a lapel pin for honoring the achievement is presented to each team member. Appeals, concerning performance assessment or award results, can be made to the assessment commission or the chief executive.

## Conclusion

Performance measurement serves numerous important management functions including deciding reward and punishment; providing feedback to management and staff; shaping values, norms and culture; and providing vital information for strategic management. There are two level of measurement: individual and group. The

appropriate assessment criteria should be based on job requirements and vary from job to job and from unit to unit. Current trend shifted the focus of assessment from individual to group and from output to management, with an emphasis on continuous improvement and improving every parts of an organization. The assessment method shifted from internal appraisal to external review and client-based survey.

## Cross-References


- ▶ Culture and Organizations
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Environment
- ▶ Organizational Excellence
- ▶ Performance Management and Culture


## References


Carter N (1991) Learning to measure performance: the use of indicators in organizations. Public Adm 69(1): 85–101

Dessler G (2013) Human resources management, 13th edn. Pearson Education, Upper Saddle River

Doran GT (1981) There's a S.M.A.R.T. way to write management's goals and objectives. Manag Rev 70(11): 35–36

Flanagan JC (1954) The critical incidents technique. Psychol Bull 4:337–357

Hong Kong Government, Performance management www.csb.gov.hk/english/admin/pm/173.html. Accessed 26 Jan 2016

Hong Kong Legislative Council, Document CB(1)1459/02-03(03) (2003)

Jenkins GM, Youle PV (1968) A systems approach to management. Oper Res Q 19:5–21

Lorente ARM, Dewhurst FW, Dale BG (1998) Total quality management: origins and evolution of the term. TQM Mag 10(5):378–386

McDavid JC, Huse I, Hawthorn LRL (2013) Program evaluation and performance measurement: an introduction to practice, 2nd edn. Sage, Thousand Oaks

Norman-Major K (2011) Balancing the four Es; or can we achieve equity for social equity in public administration? J Public Aff Edu 17(2):233–252

Odiorne GS (1965) Management by objectives: a system of managerial leadership. Pitman Publication, New York

Peter LJ, Hull R (1969) The peter principle: why things always go wrong. William Morrow and Co., New York

Robbins SP (2005) Organizational behavior, 11th edn. Pearson Education, Upper Saddle River

Treasury Board of Canada Secretariat Career development in the federal public service – building a world-class workforce www.tbs-sct.gc.ca/pubs_pol/partners/workreport02-eng.asp. Accessed 20 Jan 2016

U.S. Office of Personnel Management, Performance management, U.S. Office of Personnel Management https://www.opm.gov/services-for-agencies/performance-management/. Accessed 19 Jan 2016

Vallence S (1999) Performance appraisal in Singapore, Thailand and the Philippines: a cultural perspective. Aust J Public Adm 58(3):78–95


# Performance of Nonprofit Services


Michele Tantardini
School of Public Affairs, The Pennsylvania State University – Harrisburg, Middletown, PA, USA


## Synonyms

Accountability; Effectiveness; Efficiency; Indicators; Input; Outcome; Output; Performance information use; Performance management; Performance measurement; Quality; Quantity; Stakeholders

## Definition

Performance measurement is the systematic definition of performance indicators and their measurement along various dimensions of performance (e.g., output, outcome, quality, efficiency, and effectiveness), in order to create empirical evidence of how nonprofit organizations operate and achieve their operational and strategic goals.

Performance management is the systematic use of performance information by managers in order to make decisions that affect the management of the organization itself and the delivery of services to customers, business, and government. The use of performance information can help nonprofit organizations in making a greater impact because decisions hence made are based on real knowledge and empirical data.

## Introduction

The praxis of measuring and managing performance has become prevalent in all types of organizations: private, public, and nonprofit. The definition and collection of performance data, which constitute the basis of performance measurement, and the successive use of such information in every managerial decision-making process, which constitutes performance management, are of fundamental importance in order to set goals and objectives to achieve an organization's mission and vision; allocate resources; manage people, organizations, and programs; and evaluate.

Although the nonprofit sector has assumed a very important role in many aspects of the economic, political, and social life of both developed and developing countries (Hoque and Parker 2014), there are still some debates as to how managerial practices should be adapted to account for the unique characteristics of this sector. Given such relevance, a definition of what constitutes the nonprofit sector is essential in order to be able to properly address the measurement of the performance of such organizations. The terms such as "nonprofit sector," "charitable sector," "independent sector," "voluntary sector," "tax-exempt sector," "nongovernmental organizations (NGOs)," and "third sector" have been used to identify these organizations that have similar set of characteristics distinct from the private and public sectors. For instance, membership and service in this sector rely extensively on volunteers, and, unlike the for-profit organizations, these organizations do not distribute profits among members-owners.

Measuring and managing the performance of nonprofit organizations can be more difficult in comparison with these tasks in private sector organizations because of the unique features of the nonprofit sector. This contribution aims to shed a better understanding of how, and by what means, performance can be measured and managed in the nonprofit sector. This entry begins by analyzing the differences between the nonprofit and the private sectors in terms of performance measurement and accountability. The discussion continues to present specific guidelines for adopting and implementing performance measurement systems for the nonprofit sector. Next, general guidelines are presented for how to assess the performance of nonprofit services along with a discussion of performance indicators. The entry concludes by discussing the use of performance information to inform managerial decision-making and in the day-to-day management of such organizations.

## Nonprofit Performance Measurement

Measuring the performance of nonprofit services can be a difficult task because of the distinctiveness of this sector in comparison to features of the for-profit sector. The differences with respect to both measurement and accountability differentiate between the design of performance measurement systems in the private and nonprofit sectors. One common argument is that private sector performance measures are easier to quantify. There are several common for-profit performance measures – many of which are financial indicators – such as profit, Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA), Return On Investments (ROI), market share, and customer satisfaction. However, measuring performance in the nonprofit sector, as in the public sector, is more difficult because of the challenges in finding quantifiable indicators that can measure social change in terms of the impact that nonprofit organizations create.

Nonprofit organizations are directly accountable to a larger and more diverse group of stakeholders than commercial entities. Therefore, performance measurement is a more straightforward task for for-profit corporations to undertake. Performance indicators in the commercial sector are well established and either private owners or public shareholders are the main end-users of these indicators. Performance indicators in the nonprofit sector appear to be more problematic due to challenges relating to measuring impact, the multiplicity of stakeholders to whom this information is relevant, and linking performance measures directly to mission statements, mission-related goals, and desired outcomes.

Although much of the focus with respect to measurement is on the performance of services provided by nonprofit organizations, there are other aspects of organizational performance to consider including an organization's long-term economic and financial sustainability. These are fundamental aspects of organizational performance for an organization's sustainability and ability to attain strategic goals. Therefore, when measuring the performance of nonprofit organizations, specific accountability demands, mission-related goals, and intended social impact should be taken into consideration. There are several general guiding principles for the design of performance measurement systems (Harris 1998; Micheli and Kennerley 2005):

- No performance measurement system can fit all types of nonprofit organizations. Performance measurement systems need to be tailored for the specific nonprofit organization, its services, and the environment in which it operates.
- Performance measurement systems cannot be omni-comprehensive. These systems can only capture a few relevant aspects and dimensions of the overall performance of an organization. Measuring and managing the performance of an organization is a very time- and resource-consuming task which must be prioritized toward only those things that really matter for the organization.
- Nonprofits should not view efficiency and effectiveness as the ultimate end goal of adopting and implementing a performance measurement and management system. Rather, nonprofit organizations should see the achievement of efficiency and effectiveness as a way to enhance and sustain their mission.
- Performance measurement systems can be used to modify organizational behaviors. However, they can also be modified by organizational behaviors. Particular attention is needed in both the adoption and implementation of a performance measurement system in order to ensure that the entire organization accepts and embraces the new performance-oriented culture. This is a participatory trait of performance measurement and management that should be accounted for in the implementation phase.

There are several managerial tools aimed at comprehensive nonprofit performance measurement. Among the many options, more and more nonprofit organizations have adopted balanced scorecards (BSC) to measure their performance, which is a method that originated in the for-profit sector. The basic model of the balanced scorecard is composed of measurements that summarize four different dimensions of nonprofit performance from a financial perspective, customer (beneficiary) perspective, internal perspective, and learning and growth perspective. To effectively utilize this for-profit sector measurement tool, nonprofit managers must carefully adapt the BSC method to their own organization's mission and also address the differences that exist between the private for-profit and the nonprofit sectors. For example, the financial perspective should be replaced by the *fiduciary perspective*, which captures the contributions of donors and taxpayers (Kong 2010).

One of the advantages of the balance scorecard is that it can help nonprofit organizations link their mission, vision, and strategy to day-to-day operational activities. More importantly, the adoption and implementation of a balance scorecard can help organizations to move from output-based performance measurement to outcome-based performance measurement. This shifts the emphasis of measurement from what the nonprofit organization delivers to the outcomes – or impact – its services produce for beneficiaries, other nonprofit organizations, and/or the community at large. This shift underscores important differences between measuring nonprofit outputs and outcomes, which will be discussed more in the following section. A useful feature of the balance scorecard approach is that it allows nonprofits to capture measures with respect to strategic goals, service delivery, and long-term financial sustainability with one managerial tool. Thus, in terms of the guiding principles outlined in the previous section, the balance scorecard appears to resolve some of the issues that nonprofit organizations face in measuring performance. And, it is a tool that is adaptable

to the unique characteristics of different types of nonprofit organizations.

This section discussed features and characteristics of performance measurement systems for nonprofit organizations, and it presented the balance scorecard as an example of a performance measurement tool. The following section will discuss performance indicators to measure the performance of a nonprofit service in conjunction with the logic model, also referred as Input–Output–Outcome (I-O-O) model, which links various aspects of performance. Several examples of performance indicators for specific nonprofit sector services are presented as illustrations.

## Dimensions of Performance Measurement

In this section, the logic model is introduced and discussed placing particular attention to the distinction between inputs, outputs, and outcomes. The main purpose of the logic model is to link resources, processes, outputs, and outcomes. The second main purpose is to constitute a basis for performance measurement. The logic model is useful for establishing the basis for performance measurement and distinguishing between different types of performance measures, such as efficiency, effectiveness, and quality of nonprofit services. The differences and relationship between these performance measures are illustrated by providing examples of specific performance indicators for a nonprofit organization that feeds and shelters homeless people.

In measuring the performance of a nonprofit service, the following dimensions of performance should be taken into consideration: the quality of services provided, the level of efficiency in delivering these services, and the effectiveness of the organization in creating a short- and long-term impact with respect to its mission and mission-related goals. These dimensions of performance are illustrated using a logic model to establish the context for performance measurement. Figure 1 illustrates how the logic model is structured. The logic model links inputs (resources), processes, outputs, and outcomes in relation to mission-specific purpose and goals. The logic model is critical in order to identify the relevant variables of an organization and the relationships among these variables. In addition, the logic model helps nonprofit organizations to clarify expected outcomes and how to achieve them. Consequently, this process also helps to identify appropriate performance indicators based on relevant variables and the relationships among them.

Inputs are all the tangible and intangible resources that an organization uses in order to produce its goods and to deliver its services. Examples of tangible resources are personnel, office spaces, equipment, and machinery, while examples of intangible resources are patents, software, and social capital. In the case of a nonprofit organization that feeds and shelters homeless people, inputs include volunteers, groceries, and donations. These inputs are processed in order to produce outputs. Outputs are the product of the transformation of inputs and can consist of both goods and services. In other words, outputs are tangible; they are the direct result of NP programs. Using the example of a nonprofit organization that feeds and shelters the homeless, outputs are the number of meals served, people fed, and beds provided. Nonprofit outputs are related to, but not the same as, outcomes. Outcomes refer to the social change that occurs, or the impact made, as a direct result of a nonprofit organization's programs measured according to short-, medium-, and long-term indicators of success. The key distinction between outcomes and outputs is that outcomes are directly linked to a nonprofit's mission – the change it aims to make in the world. Thus, measuring a nonprofit's success with respect to its mission-related goals requires identifying



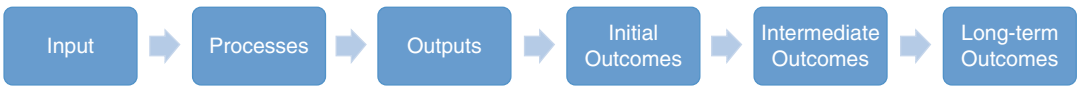


**Performance of Nonprofit Services, Fig. 1** The Logic Model

both reliable and measurable indicators of social change. If, in the previous illustration, the mission of the nonprofits is to provide homeless people with shelter, food, and clothing and equip each person with tools to re-entry in the society, then an example of a short-term outcome could be the reduction of malnutrition among the homeless population. A medium-term outcome could be the enrollment of homeless people into training or vocational schools with the aim of providing them skills to enter the workforce. And, an example of a long-term outcome would be homeless people that currently have a job as a result of the training received.

Once the relevant inputs, outputs, and outcomes of a nonprofit have been established, the three performance measures – quality, efficiency, and effectiveness – can be interpreted in relation to the logic model. The quality or level of the service provided, generally, refers to the output component of the logic model. Efficiency is the ratio between input and output measures. The opposite ratio, output over input, is also defined as productivity which can be used as a fourth complementary dimension of performance. Effectiveness is the ratio between outputs and outcomes. Cost-effectiveness compares inputs to outcomes. However, this dimension of performance is used infrequently and is not very helpful for assessing NP performance.

Performance indicators or metrics refer to how a measure is operationalized, which means how it is specified and observed, and what unit of measurement is used. The case of the nonprofit organization that feeds and shelters homeless people will continue to be used as a useful illustration to demonstrate how these measures can be applied in practice. The quality of services provided can be assessed by using two indicators. The first one is the average time of acceptance of a homeless person in the shelter. Average time is a classic indicator that measures the quality of a service: the lower the average time, the better is the service provided. A second indicator that could be used is the ratio between the number of volunteers of the shelter home and the number of homeless people sheltered. Measuring how many service providers are available for each person served is another indicator of the quality of the service.

The average cost of providing a meal and the average cost of providing night assistance to the homeless are two examples of indicators used to measure the efficiency of a service. Average cost is a classic indicator of efficiency. The lower the indicator, the better the performance as long as the quality of the service remains constant. In terms of effectiveness, customer satisfaction is typically used to measure how effective an organization is in delivering its services. Another indicator would be the ratio between the number of homeless people that asked to be sheltered in relation to the number of homeless people that have been sheltered. How well an organization is able to satisfy the demand for a particular service is a common indicator of an organization's effectiveness.

## The Use of Performance Information for Decision-Making

After measuring these four dimensions of performance and tracking these indicators, performance information is usually incorporated into documents and made available to managers for its use. Performance information is used by managers in order to inform their decision-making process. Adopting and implementing a performance measurement system requires a lot of effort in terms of time and resources used by an organization that would be wasted if performance information is not interpreted and applied properly by managers and other stakeholders in their decision-making process. Therefore, it is vital that valid and reliable performance information is provided to, and used by, managers in order not to waste the resources invested by the organization in adopting a performance measurement system. By using performance information, managers are able to understand how well an organization is able to deliver a service and how efficient and effective the organization is. By being aware of the performance of their organizations, managers can design action plans to improve the quality, efficiency, and effectiveness of their organizations, and thus become more successful in their operations. Given the specificity of the nonprofit sector and the scarcity of resources, an informed and

evidence-based decision-making process is vital to the survival of these organizations.

Much of the research on performance information use focuses on understanding what organizational and individual factors lead managers to use performance information in their decision-making process. Individual-level factors such as managers' motivation, leadership, and individual beliefs and organizational-level factors such as organizational culture and stakeholder involvement have been identified as drivers of performance information use. Among these organizational factors, managers in organizations richer in organizational social capital are more likely to use performance information (Tantardini and Kroll 2015). Although organizational social capital and performance information use have been studied primarily in the public sector, the results can be extended also to the nonprofit sector given the peculiarities of this sector. Organizational social capital is an intangible resource that members of an organization help to create and in turn can benefit from. Social capital is composed of three dimensions: structural, relational, and cognitive (Nahapiet and Ghoshal 1998). The structural dimension refers to the number of connections that managers and employees have within their organization. The relational dimension refers to the level of trust among managers and employees of an organization. The cognitive dimension refers to an organization that has a shared goal and enacts this goal in a collective way.

Organizational social capital seems to foster the use of performance information in the managerial decision-making process: the more managers and employees are connected to each other within an organization, the more likely they are to exchange performance information. The more performance information is available, the more likely managers inform their decision-making process. Furthermore, the more managers trust the performance information source, the more likely they are to use it because it is readily available and they consider it reliable. Finally, if an organization has shared goals and tries to achieve these goals collectively, managers are more likely to use performance in order to understand the level of achievement of the shared goals. Therefore, organizations richer in the organizational social capital are organizations in which managers are more likely to use performance information in their decision-making process. In sum, organizational factors are important considerations in performance management – especially in the design and implementation of performance measurement systems.

## Conclusion

This entry provides a description of measuring and managing the performance of nonprofit services. It started with a definition of what is the nonprofit sector in order to clarify the boundaries within which performance measurement and management occurs. It then highlighted relevant differences between performance measurement and management practice in the public and the private sectors both in terms of accountability and how performance is assessed. The entry described a general framework for evaluating the performance of nonprofit services both from a theoretical and a practical point of view. Measuring the performance of nonprofit services has been discussed by taking into consideration the logic model and three dimensions of performance. For each of these three dimensions, specific examples of performance indicators for a nonprofit organization were given. The entry concludes by examining the use of performance information in managerial decision-making process.

Measuring the performance of nonprofit services is of fundamental importance. It allows organizations to understand their strengths and weaknesses and, through management, to enhance strengths and reduce or improve weaknesses. Performance measurement and management assumes an important role with respect to impact and sustainability. In terms of accountability to stakeholders, and donors in particular, performance management enables a nonprofit to document what it does, monitor how well it performs, and improve the efficiency and effectiveness of its operations. This is extremely important in order to secure ongoing resources and donations. Performance measurement is a tool in service of the mission and goals for which the

organization was created. Measuring the performance of nonprofit organizations will not in itself solve the problems, difficulties, and struggles that organizations face every day. However, it will help guide nonprofit managers in designing strategies and interventions to improve the organization's impact in the community it serves.

## Cross-References


- ▶ Decision-Making in Nonprofit Organizations
- ▶ Social Accounting
- ▶ Social Impact Bond


## References


Harris J (1998) Performance models: enhancing accountability in academe. Publ Prod Manag Rev 22(2): 135–139

Hoque Z, Parker L (eds) (2014) Performance management in nonprofit organizations: global perspectives, vol 17. Routledge, New York/London, ISBN: 978-1-13878798-8

Kong E (2010) Analyzing BSC and IC's usefulness in nonprofit organizations. J Intellect Cap 11(3):284–304

Micheli P, Kennerley M (2005) Performance measurement frameworks in public and non-profit sectors. Prod Plan Control 16(2):125–134

Nahapiet J, Ghoshal S (1998) Social capital, intellectual capital, and the organizational advantage. Acad Manag Rev 23(2):242–266

Tantardini M, Kroll A (2015) The role of organizational social capital in performance management. Pub Perform Manag Rev 39(1):83–99


# Performance Reforms, Ethical Issues, and the Veterans Administration


Barbara A. Patrick
Department of Political Science, Eastern Michigan University, Ypsilanti, MI, USA


## Synonyms

Accountability; Integrity; Military; Outcomes

## Definitions

Accountability – being held responsible for one's actions and outcomes.

Public integrity – operating in a manner that is ethical, moral, and mindful of the needs of others.

## Introduction

The desire to enhance efficiency and effectiveness in the public arena has increased the emphasis on performance-based policies. Many of the reforms are captured by New Public Management's efforts to rightsizing the workforce, adopting data driven processes, and utilizing performance accountability. Advocates of the movement propose such reform will increase employees' productivity. However, scholars question its impact on ethics (Anechiarico and Smith 2005). In the field of health of administration, these concerns surfaced as allegations that the Veterans Health Administration acted unethically in its quest to reduce cost and wait times for services. Inspector general investigations revealed data manipulation, secret waiting list, and other unethical actions resulted in death and poor health care for veterans across the country.

Given the impact of performance reforms on veterans' health care and other public entities, it is important to examine their implementation and ethical impact. This research examines the Veteran Health Administration's (VHA) use of performance reforms. More specifically, it assesses how efforts to incorporate results-based reforms created a lapse in employees' willingness to act ethically. The discussion begins with an overview of performance reforms and ethics in the public arena. It proceeds with an analysis of the VHA's health scandal and concludes with reform suggestions.

## Performance Reforms

Public organizations have often been characterized as rigid entities that use rules and bureaucratic accountability to ensure employees

follow procedures, treat all citizens the same, and uphold ethical standards. During the 1990s, this model encountered criticism as those seeking to reinvent government argued it promoted complacency, hampered creativity, devalued the significance of enhanced performance, and stifled productivity. They proposed applications of goals theories and business-type practices would enhance outcomes due to their emphasis on performance targets, data driven decision-making, rightsizing, and investments in technological infrastructure. Elected official embraced the reforms but failed to adequately consider their impact on ethics.

For example, goals theories propose the use of clearly defined goals, challenging outcomes, and accountability mechanisms that will increase employee productivity (Locke and Latham 2006).

However, market studies revealed Sears Roebuck and Ford Motor Company's applications of aggressive goal models resulted in Sear's employees overcharging customers, thousands of dollars, and Ford employees rushing the Pinto to the marketplace resulting in the injury and death of customers so that the employees might meet challenging performance goals (Ordonez et al. 2009; Dishneau 1992). Others have posited the promotion of aggressive or unrealistic goals and performance models can result in additional ethical lapses such as data manipulation, trickery, and misinformation (Cohen 2009), the silencing of whistleblowers (Ethic Resource Center 2008), the withholding of information, cheating to gain a financial benefit (Ordonez et al. 2009), and numerous other actions that threaten the integrity of the organization.

In order to limit the impact of these threats in the public arena, researchers have argued that a series of under examined assumptions must be considered and accounted for. They include: (1) the removal of competing goals that increase employee stress, (2) the development of performance targets that value long-term growth and not short-term change, (3) goals must be realist and not so aggressive that they cause employees to feel hopeless and give up, (4) leaders may utilize performance data as a strategical management tool but must not become solely driven by data and outcome measures, and (5) the ethical culture of the organization must be impenetrable thereby protecting the system from manipulation, fraud, misinformation, and trickery (Cohen 2009; Ordonez et al. 2009; Barsky and Kaplan 2007). The absence of these safeguards could undermine the performance culture and place the organization in perilous state. The following discussion highlights several of these issues in the Veterans Health Administration use of performance reforms.

## Ethics and the VHA

During the 1990s, the VHA encountered challenges regarding under funding, personnel shortages, extensive wait time for veterans to receive services, and other structural issues. In adherence with the Clinton Administration's efforts to reinvent government, it attempted to address these issues by utilizing performance management reforms (Kizer 1996). It restructured its headquarters, recruited a sizable amount of private sector talent that could infuse the use of business type practices, attempted to right size itself by reducing the workforce, mimicked the private sector, and significantly decreased the amount of hospital bed while drastically increasing outpatient services, developed performance measures, and goals that were design to enhance service quality and reduce appointment wait times, invested in building the infrastructure needed to record and monitor performance outcomes, expanded the use of performance pay models, and increased the dollar amount of executive bonuses for ensuring performance goals were achieved (see Table 1). While each of these efforts demonstrated a commitment to becoming a more performance-driven entity, evidence ensuring this was done in an ethical manner was somewhat lacking. The guidelines discussing how the objective of maintaining an ethical environment would be pursued was one of the least developed provisions in the VHA's 1996 strategic plan of action. It simply noted educational programs, contracts, and incentives would be utilized to ensure employees pursued performance objective in a principled manner but failed

**Performance Reforms, Ethical Issues, and the Veterans Administration, Table 1** VHA performance management reforms

| Objective | Action | Outcome |
|---|---|---|
| 1. Reengineer operations | •Restructure VHA Headquarters<br>•Recruit new talent | •25% reduction the workforce<br>•Largest infusion of private sector management talent ever |
| 2. Reduce operating cost | •Transition from hospital to ambulatory system | •Closed 42% of hospital beds in 15 years<br>•Increased outpatient visits 60% during the same time period |
| 3. Enhance the culture and promote excellence | •Manage by outcomes through performance contracts and incentives | •Increase the size of executive bonuses |
| 4. Increase access to VA services | •Decrease waiting times for appointments | •Require the achievement of timeliness goals by 1998 |
| 5. Promote individual and collective accountability | •Implement performance pay for executives and caregivers<br>•Develop incentives and rewards to promote teamwork and innovation | •Link pay to performance within statutory allowances<br>*focus on productivity and de-emphasize tenure<br>•Develop rewards to promote teamwork and excellence |
| 6. Promote a culture where individually and collectively VHA provides a model of ethical behavior and integrity | •Pursued through educational programs, performance contracts, and new awards and incentives | |

Kizer, Kenneth. March 1996. "Prescription for Change: The Guiding Principles and Strategic Objectives Underlying the Transformation of the Veterans Healthcare System"

to specify the details of how the programs would be actualized (Kizer 1996). The lack of emphasis on ethics increased the system's vulnerability to manipulation as employees developed strategies to meet performance targets, especially those linked to wait times for primary and speciality health care services.

The amount of time veterans were required to wait to see a doctor created major challenges for the VHA. Staff shortages coupled with a sizable increase in the number of clients seeking services resulted in some veterans waiting 270 days for a doctor's appointment. The extensive wait period was further complicated by the notation that veterans waiting more than 30 days were more likely to succumb to the ailment than those with similar health issues and receiving care in a shorter period of time (Prentice and Pizer 2007). Beginning in 1998, the VHA began to utilize annual performance targets designed to decrease the number of clients waiting for care longer than 30 days, thereby reducing the probability of death and deteriorating health for veterans (Prentice and Pizer 2007). By 2002, it had adopted an electronic waiting list that would assist in data collection and provide assistance in tracking and monitoring the achievement of annual performance targets. The investment in the electronic infrastructure was accompanied with training for employees on how to schedule appoints in the computer and financial bonuses for those providing evidence they met or exceed annual performance targets increasing the percentage of veterans receiving services within 30 days (Stanley 2005; VA Awards and Incentives 2011). Data assessment of the wait time for services after the performance reforms were implemented revealed great promise. For example, in 2005, employees were expected to achieve the aggressive target of ensuring 93% of those seeking specialty care services

**Performance Reforms, Ethical Issues, and the Veterans Administration, Table 2** VA Primary and Specialty Care Waiting Time Performance Targets and Outcomes

| Variable | % of patients who are able to obtain a primary care appointment within 30 days | | % of patients who are able to obtain a specialty care appointment within 30 days | |
|---|---|---|---|---|
| Year | Target | Result | Target | Result |
| 2002 | 88% | 89% | 85% | 86% |
| 2003 | 93% | 87% | 90% | 80% |
| 2004 | 93% | 94% | 90% | 93% |
| 2005 | 94% | 97% | 93% | 95% |
| 2006 | 96% | 96% | 93% | 95% |
| 2007 | 96% | 97.2% | 95% | 95% |
| 2008 | 97% | 99% | 95% | 97.5% |
| 2009 | 97% | 97.2% | 95% | 98% |
| 2010 | 98% | 99% | 95% | 99% |
| 2011[a] | 93% | 94% | 93% | 95% |
| 2012[a] | 94% | 95% | 95% | 96% |
| 2013[a] | Baseline | 93% | Baseline | 93% |

[a]Note: Waiting period changed to 14 days for both primary and specialty care; Source VA Performance Accountability Reports for each respective year

were accommodated within 30 days (see Table 2). The performance results revealed 95% of clients were served. This high level of performance was consistent with previous years for both primary and speciality care. In 2010, approximately 99% of clients were seen in less than 30 days. The presence of challenging targets appeared to motivated employees to perform so well that the wait time was reduced from 30 to 14 days. Entities that had once struggled to grant soldiers access to care within 4–6 months were now able to perform accountability techniques and ensure 95–99% of clients were seen within 14 days.

Concerns regarding the validity of the reported outcomes led to federal investigations revealing data manipulation and other forms of malfeasance. Administrators at some locations developed secret waiting list designed to hide their inability to meet aggressive performance targets. Clients seeking appointments were first put on a paper list and only transferred to the electronic list when they could be served within 14 days. This had devastating effects for veterans in Phoenix, Arizona, where 40 patients died while waiting to be placed on the electronic list. The average wait time at the facility was 115 days and not the 14 days reported (Associated Press 2014). Veterans in Columbia, South Carolina, suffered a similar fate as 50 clients who received delayed access to gastroenterology consultations succumbed to their illness (House Committee on VA 2014). Sadly as these soldiers lost their lives, employees received more than $ten million for meeting performance expectations (Harris and O'Dell 2014).

Many of the guidelines designed to ensure the reforms were implemented in an ethical manner were never follow through with. For example, many VA clinics were understaffed and lacked the capacity to process the high volume of phone calls requesting appointment times (Associated Press 2014). This left schedulers feeling overwhelmed and helpless to change the situation. In other locations, staff responsible for scheduling appointments had not been properly trained, thereby increasing the error rate for the number of scheduled appointments (see Table 3). Oversight and monitoring functions were often not performed. This increased the stress level of some employees who reported being encouraged in some cases and aggressively pushed in others by higher-level administrators to manipulate the data and falsify appointment documents. Some agencies encountered problem due to the lack of funding to build the needed infrastructure, overworked and underpaid staff that felt powerless to achieve aggressive and lofty goals, and high stress and staff turnover rates.

**Performance Reforms, Ethical Issues, and the Veterans Administration, Table 3** Scheduling scenarios

| Scenario | Correct response | Number of responses | Percentage of correct responses | Percentage of incorrect response |
|---|---|---|---|---|
| The veteran wanted an appointment as soon as possible (not emergency) | Next available with a desired date of today. | 10,567 | 31% | 69% |
| The provider requested a specific time frame for a return appointment (return to the clinic in 6 months) | Not next available with a desired date of 6 months in the future | 9967 | 78% | 22% |
| The veteran is a new consult. | Next available with a desired dated of today | 6614 | 36% | 64% |

Source: Staley. (2005)

## Conclusion

Although performance reforms aim to enhance efficiency and effectiveness, provision promoting ethical action must be included in every stage of the process. During 1990, VHA utilized performance reforms to enhance operations. However, the inclusions of ethical safeguards were far less apparent than the performance provisions. Ultimately, the reductions in the workforce of an organization that was already understaffed, aggressive performance goal, poor training, lack of oversight, and intense pressure to hit unrealistic performance goals created an environment where performance reforms became the cure that was worse than an untreated ailment. In the future, performance reforms must include employees in the development phase. They must include realistic goals and include ethical provisions ensuring oversight and incentives for employees act with integrity.

## Cross-References


- ▶ Accountability
- ▶ Global Performance Measures
- ▶ Military Ethics
- ▶ New Public Management
- ▶ Public Sector Accounting


## References


Anechiarico F, Smith D (2005) Partners in performance: Effectiveness and integrity in the public sector. Paper presented at the annual research conference of the Association for Public Policy Analysis and Management in Atlanta, Georgia, 3–5 November

Associated Press. (2014, May 29). Veterans affairs scandal: 1,700 vets kept off waiting list. Retrieved from: http://www.wjla.com/articles/2014/05/veterans-affairs-scandal-1-700-vets-kept-off-waiting-list-103619.html

Barsky A, Kaplan SA (2007) If you feel bad, it's unfair: a quantitative synthesis of affect of organizational justice perceptions. Journal of Applied Psychology 92(1):286–95

Cohen J (2009) Application of principal-agent theory to security sector reform. Journal of Security Sector Management 7(2):1–17 http://www.ssronline.org/jofssm/issues/jofssm_0702_cohen.pdf?CFID=2794523&CFTOKEN=69564765

Dishneau D (1992, June 22) Sears admits mistakes, takes workers commission. The Associated Press

Ethics Resource Center (2008) National Government Ethics Survey: An Inside View of Public Sector Ethics. Arlington, VA: Ethics Resource Center

Harris C, O'Dell R (2014, June 17) Phoenix VA gave out $10 mil in bonuses in past 3 years. The Arizona Republic. Retrieved from: http://www.azcentral.com/story/news/arizona/investigations/2014/06/17/phoenix-va-gave-mil-bonuses-last-years/10653263/

House Committee on VA (2014) Statement of John D. Daigh, Jr. M.D. Assistant Inspector General for Healthcare Inspections Office of Inspector General Department of Veterans Affairs Before Committee on Veteran's Affairs United States House of Representatives Hearing on "A Continued Assessment of Delays in VA Medical Care and Preventable Veterans Deaths" April 9, 2014. Retrieved from: http://www.va.gov/oig/pubs/statements/VAOIG-statement-20140409-daigh.pdf

Kizer K (1996) Prescription for change: the guiding principles and strategic objectives underlying the transformation of the veterans' healthcare system. Retrieved from the Department of Veterans Affairs. http://www.va.gov/HEALTHPOLICYPLANNING/rxweb.pdf

Locke E, Latham G (2006) New directions in goal-setting theory. Curr Dir Psychol Sci 15(5):265–268

Ordonez L, Schweitzer M, Galinsky A, Bazerman M (2009) Goals gone wild: The systematic side effects of over prescribing goal setting. Working Paper, Harvard Business School. Downloaded January 4, 2017 at http://hbswk.hbs.edu/item/goals-gone-wild-the-systematic-side-effects-of-over-prescribing-goal-setting

Prentice J, Pizer S (2007) Delayed access to health care and mortality. HSR: Health Services Research 42(2):644–662

Stanley M (2005) Audit of the veterans health administration's outpatient scheduling procedures. Department of Veterans Affairs Office of Inspector General Report No 04-02887-169. Washington DC July 8, 2005

VA Awards and Incentives (2011) VA Financial Policies and Procedures Payroll: Awards and Incentives. Department of Veterans Affairs Payroll: Awards and Incentives, Volume XV-Chapter 3. Retrieved from https://www.va.gov/finance/docs/va-financialpolicyvolumexvchapter03.pdf

# Performance-Based Budgeting Implementation: A Nonlinear System Perspective

Imane Hijal-Moghrabi
Public Administration and Leadership Program, The University of Texas of the Permian Basin, Odessa, TX, USA

## Synonyms

Performance-informed budget; Resources-performance linkage

## Definitions

The allocation of budgetary resources based on performance information; linking budget allocations to performance results.

## Introduction

Performance-based budgeting (PBB) can be defined as the "process for developing and incorporating measurements of the performance of government operations, services, and programs into the budget process, which is intended to introduce some rationality into a traditionally subjective and political decision-making process" (Willoughby 2011, 352). From an organizational learning perspective, performance-based budgeting can be viewed, not only as a control mechanism, but also as an "organizational learning mechanism" (Moynihan 2005, 203), allowing governments to learn about the well-functioning of their programs. In doing so, they can prioritize successful programs, eliminate unsuccessful ones, redirect resources from unsuccessful programs to new areas as needed, or take necessary measures to improve program performance deficiencies (Moynihan 2005). The use of performance information, which is at the heart of PBB, is intended to enrich policy debates and decision-making, to keep decision-makers informed at all stages of the budget process, to provide accountability by enhancing communications and transparency, to improve public services, and to promote more informed public.

As a budget innovation, PBB was first proposed in the 1950s as an alternative to the line-item budget which was in place as the primary tool for expenditure control. With performance budgeting, attention shifted from inputs to outputs, focusing mainly on activities and outputs – on things that could be identified and measured in terms of workloads and unit costs. However, performance budgeting of the 1950s was not smoothly implemented; several problems complicated its implementation, particularly at the national level. Outputs of governmental services and activities were found hard to measure, and performance budgeting as a tool lacked the potential to deal with long-term problems. In the 1990s, New Public Management reforms created a substantial demand for performance measurement and information. This renewed interest in performance measurement had resulted in the reemergence of performance budgeting as a tool of accountability to restore public trust in government.

Every administration taking office since the early 1990s has given performance measurement and performance budgeting special attention.

Under the Clinton Administration, two major initiatives were taken to improve federal government performance: (1) the National Performance Review, overseen by Vice President Gore, which aimed at improving customer satisfaction through setting customer service standards, and (2) the Government Performance and Results Act (GPRA) of 1993, which sought to improve the efficiency and effectiveness of federal agencies' programs by holding agencies accountable for the performance and results of their programs by requiring them to set program goals and to produce annual performance reports, including both performance measurement results and evaluations.

Under the Bush Administration, the President's Management Agenda (PMA) of 2001 viewed GPRA as a well-intentioned reform effort, albeit ineffective as a tool for performance management, emphasizing the need to allocate resources to programs that deliver results. One component of PMA was the Program Assessment Rating Tool (PART), which was developed by OMB to improve the effectiveness of the assessment process of different federal agencies' programs and to influence funding and management decisions related to them. Federal agencies were required to submit PART ratings for their programs along with their initial budget requests. As such, PART was conceived of as a form of performance budgeting, as it sought to enhance a resource-performance linkage and to hold agencies accountable for their programs' outcomes. However, just as GPRA, PART struggled and fell short of keeping up with its promises. However, despite their deficiencies, GPRA and PART succeeded in establishing "new organizational routines of data collection, dissemination, and review" aiming at fostering performance management practices (Moynihan and Lavertu 2012, 592).

The Obama Administration perceived the problem with GPRA and PART as a problem, not with the supply and quality of information, because both GPRA and PART already increased the production of performance measurements in most agencies, but with the actual use of it (Moynihan and Lavertu 2012). The Obama Administration sponsored the GPRA Modernization Act (GPRAMA) of 2010 which explicitly sets the goals of greater performance information use to improve management and results (Moynihan and Lavertu 2012, 592). GPRAMA aimed not only at strengthening the linkage between resource allocations and information but also at promoting its actual implementation and at engaging agencies with developing their own measures. However, recent GAO reports showed no significant change in the use of information in the period that followed the implementation of GPRA Modernization Act of 2010 (GAO 2014).

Therefore, despite all efforts to link budget allocations to performance results, PBB has not been fully implemented. Public administration scholars have observed that despite the fact that performance measures have been widely developed and incorporated into budget presentations, allocations of budgetary resources are still not made on the basis of performance results. This paper looks at the implementation of PBB from the lens of nonlinear systems models and analyzes the challenges that have made this implementation an objective hard to attain.

## Theoretical Underpinnings

Understanding why performance-based budgeting has not been fully implemented so far necessitates a grasp of the dynamics of organizational change and transformation. Organizational change occurs in response to external and internal forces. "Theorists of change and reform explain that it can come from the top-down or the bottom-up, through institutional reforms, reorganizations, and reinventions" (Farazmand 2009, 1009). However, whether in social or natural systems, change processes do not always follow a linear path. In other words, change is nonlinear.

Nonlinear models are models in which there is no linear relationship between cause and effect – a change in the outputs is not proportional to the change in the inputs. One interpretation of the nonlinearity of change processes is offered by chaos theory. The notion of chaos denotes "crises and disorder, a state of non-equilibrium,

instability with consequences of anxiety, fear of unknown, and triggering and tripling effects of destruction and system breakdown" (Farazmand 2003, 347). This notion has been "used interchangeably with other concepts such as nonlinear systems models, disorder theory, and dynamical complex theory" (Farazmand 2003, 347).

Understanding chaos theory requires "a deep understanding of the relationships between parts and whole, of segments and systems, and of dialectical relationships between constant and change, of opposing systems, and of stability and chaos, leading eventually to a new form of order and stability" (Farazmand 2003, 342). This understanding is essential because of "its significant implications for organization design and administrative behavior, and public-policy analysis and implementation" (Farazmand 2003, 342). Central to the concept of chaos is the concept of "punctuated equilibrium" – a phenomenon known as the "shaking and cracking state, a point at which a stable system is shaken and cracked and results in a fractuated state" (Farazmand 2003, 362).

## A Behavioral Interpretation of the PBB Policy-Making-Implementation Gap

The evolutionary process of systems going through changes does not occur in a vacuum. It is rather influenced and, even, shaped by the ecological context – the environment of which it is a part (Farazmand 2003, 2009). As such, forces of change are often met with external and internal forces/elements that keep the system in a state of stasis, thus obstructing the evolutionary process and, eventually, preventing change from occurring, hence the relevance of the policy-making and implementation gap to this discussion. Implementation, as Pressman and Wildavsky (1973) argue, is not an easy endeavor. Passing legislations and securing appropriate funds set up the initial conditions for implementation. However, in themselves, they are not enough for this implementation to take place. An understanding of why performance-based budgeting has not been fully implemented necessitates a closer look at those challenges that have obstructed its implementation. These challenges have to do partly with the features of the budgetary decision process and partly with the change process itself.

### The PBB Rationality Versus the Political Irrationality of Budgetary Decisions

PBB can be viewed as an approach to rationalize the budget decision-making process by linking performance results to budgetary allocations. This rationality stands in sharp contrast with the political irrationality of the budgetary process. One of the challenges to the PPB rationalistic model has to do with the nature of performance information (PI). Scholars, such as Andrews (2004), have debated the value of performance information and the difficulty in developing appropriate and relevant output and outcome measures, especially when measuring services that cannot be tangibly measured. Scholars also highlighted the ambiguity surrounding the interpretation of PI and how this information is to be used in the budget process (Moynihan 2005). Moynihan (2005) argued, when commenting on the inadequate implementation of PART, the PI is far from being neutral, which makes it hard to reach a clear consensus about its interpretation. This is often the case because ambiguity is one of the characteristics of organizational life. Another challenge relates to the rationalistic "performance culture" that PBB seeks to promote. Some scholars went to the extent to hold this culture responsible for violating the democratic principles of equity and social justice. By promoting efficiency as the prevailing value, performance measurement rarely provides the chance to emphasize the values of equity and fairness that many government programs are expected to achieve which, ultimately, strengthens the unsettled conflict between the values of efficiency and equity.

As a rationalistic approach to budgetary decision-making emphasizing the rational mechanistic link between performance information and budget decisions, performance-based budgeting ignores the fact that public budgeting is inherently political (Wildavsky 1964) and, ultimately, functions in a political setting, which complicates the separation of politics from the budgetary decision-

making process. A budget is more than numbers – more than a fiscal plan that determines and details a government's revenues and expenditures for a specific fiscal year. A budget is also a plan of action, a statement of preferences, and a document of political economy (Lee and Johnson 1998). As a plan of action, a budget is a policy document, reflecting the policy priorities of a government for a particular fiscal year. It is also a manifestation of government strategies (Lee and Johnson 1998), detailing different government activities, programs, criteria, as well as goals and means. As a statement of preferences (Lee and Johnson 1998), a budget reflects the attitudes, ideologies, and preferences of dominant power elites. A budget is a statement of preferences because elected officials at all levels of government are representatives of their constituents. They tend to support policies and programs that are valued by the people who brought them to power – voters, political parties, and, even, interest groups who funded their election campaigns. All this seeks to ensure that they will stay in power in next election. As a document of political economy, a budget reflects competing interests in a pluralistic democracy and determines who gets what, who wins and who loses, which programs are to be funded, which programs are to be eliminated, or which programs are to experience budget cuts. All this reflects the political and economic powers at play that dictate budgetary allocations in a way that often serves the dominant power elites. This is particularly true in times of economic recession, especially at the state level, whereby state governments are required by their constitutions to maintain a balanced budget.

As such, the budgetary process is more complicated than the rational allocation of limited resources among different activities, especially in a highly pluralistic democracy where it is supposed to serve the agendas of multiple stakeholders. In this seminal work, which has a lasting impact on policy-making theory, Lindblom (1959) provides insights into the collective political rationality (or irrationality). He observed that policy-making is characterized by conflict among actors, whereby most decisions are the outcome of compromises rather than optimization. Lindblom (1959) advocated "disjointed incrementalism" whereby decisions are approached incrementally, allowing decision-makers to consider and evaluate only relatively small number of policy alternatives and their important consequences and continuously adjusting and reframing their decision situations in light of feedback. Under this approach, decision-makers' preferences are determined by compromise; a good policy is, therefore, "the one which is agreed upon" (Lindblom 1959, 83). This theory was soon adopted and substantially developed in budgetary context by Wildavsky (1964) and other scholars. Budgetary incrementalism refers to marginal changes in budget allocations relative to some base, which is often the allocation outcomes of the previous year with a narrow range of increases and decreases – the method commonly used in the traditional, line-item budget. Given the political nature of the budgetary process and the compromises through which most decisions are made, Wildavsky (1978) contended that the incremental nature of the line-item budget is, perhaps, what makes this traditional budget survive despite its deficiencies, without being superseded by any of the budgetary reforms that have been proposed since the late 1950s.

Viewed this way, the political nature of government institutional setting creates special challenges for PBB implementation. To begin with, the public institutional setting is a web of multiple authoritative decision-makers. This implies multilevel systems of accountability and reporting relationships, which are a common feature in the public arena where several units – the legislature, the executive, the media, and the interest groups – have legitimate access to decision-making. This, of course, complicates PBB implementation, for it creates the need for building support and seeking consensus among groups. However, even if a consensus is reached on implementing performance-based budgeting, the continuity of such an effort is not guaranteed. Change in elected officials and, thus, the influence of their varying agendas, for instance, threaten the continuity of this budgetary tool.

Perhaps, the foremost obstacle to performance-based budgeting lies in the potential

incompatibility between PBB ideology and the way government works or is intended to operate. This is truly the case because political decisions are distributive in nature. They are often based on win-lose games – or the "who-gets-what mentality" – especially when distributing limited resources among competing stakeholders. Likewise, scholars have pointed out to the fact that policy-makers do not necessarily support the implementation of policies addressing change. In this sense, politicians may resist or, even, oppose the allocation of budgetary resources based on performance results for the mere fact that such information "may increase their vulnerability to constituencies, especially with regard to long-term programs that might not perform well in the short run" (Andrews 2004, 338). In addition to the short-term mentalities, elected officials are often reluctant to support the use of performance information, as this may reduce their discretion in budgetary decisions (Andrews 2004). Politicians may support the adoption and development of performance measures, but they may be very reluctant to support the allocation of funds on the basis of performance results – hence the relevance of the Garbage Can Model of Organizations (Cohen et al. 1972) to the interpretation of the policy-making and implementation gap.

*The Garbage Can Model of Organizations* (Cohen et al. 1972) describes decision-making behavior in organizations as organized hierarchies, whereby many decisions do not operate according to the rational choice model. Rather, an array of situational elements may restrict the cognitive abilities of organizational participants. Viewed this way, the garbage can model does not perceive decision-making processes as sequential steps that begin with a problem and end with a solution. As such, the model "does not specify any direct connection between the purpose and the intention of the actors and the events" to be explained (Cohen et al. 1972, 48). If policy-making operates like a garbage can model, the linkage between policy-making and implementation appears to be fragile at best, with little hope to document successful implementation. This is truly the case because policy-makers often do not care much about implementation. In this sense, demonstrating a will to change things through policy-making may be more important than implementation.

### Nonlinearity and Difficulty of Implementation

While organizations need to change in order to adapt to their environment, not all change processes can be actualized. This is particularly true when dealing with large-scale, chaotic changes. For such changes challenge the deep structure, that is the culture, of an organization by causing "a jolt or a perturbation to the system" (Burke 2013, 76). In this sense, a full implementation of performance-based budgeting can be regarded as a large-scale change that is expected to generate fundamental changes to the budgetary practices as well as to the culture of a given governmental unit, which can be disruptive and, even, threatening to the organization in question.

Nonlinearity is one of the most salient characteristics of change (Burke 2013). This is also true for the policy-making and implementation processes that do not always follow a linear path. As it is often the case, things do not proceed exactly as planned; unintended consequences that we did not anticipate at the outset start surfacing later in the process. "Some people resist or even sabotage the process; and some people who would be predicted to support or resist the plan actually behave in just the opposite way" (Burke 2013, 10). This explains why change is often experienced as "messy if not chaotic" (Burke 2013, 7). In this sense, reformers thought that increasing the capability of government organizations to develop their measurement systems and to collect performance data would, eventually, result in the use of this data in budgetary decisions. But this was not the case. While governments at all levels have developed some form of performance measurement systems, performance information is still not incorporated in budgetary decisions in any distinguishable way. The Obama Administration perceived the real problem not with the shortage of performance information but rather with the actual use of it (Moynihan and Lavertu 2012). The nonlinearity of change processes explains why the implementation phase of an innovation is, in general, more complex and challenging than its adoption phase.

### Bureaucratic Inertia and Resistance to Change

One of the major obstacles hindering the implementation of any new effort is resistance to change. A prominent source of resistance to change is bureaucratic inertia. Wildavsky noted that the introduction of new procedures that result in new policies is not easy. This is often the case because "bureaucratic inertia" – "the forces of conservatism within government resist change" Wildavsky 1978, 501). One of the endogenous elements inducing bureaucratic inertia/resistance is organizational routines. In *A Behavioral Theory of the Firm*, Cyert and March (1963) underscored the centrality of routines to organizational functioning. They viewed a large replacement of routines as a complex undertaking, highlighting the path dependence of routines that may obstruct the adoption of new routines such as new technologies, programs, policies, and processes.

In addition to the political institutional setting that renders the implementation, and sometimes the initiation, of change in the public arena often problematic, the bureaucratic nature of governmental institutions has always been regarded as a prominent source of resistance. This is particularly true because bureaucratic organizations promote a culture of conformity in which behavioral consistency is often perceived as a virtue – "the heart of logic, rationality, stability, and honesty" (Kelman 2005, 19). Such a culture limits employees' competence and ability to adopt new behaviors. Resistance to change is, further, strengthened by the lack of incentives, for the environment in most governmental organizations is set in such a way to punish error rather than to reward and encourage excellence.

Furthermore, change is easier when it involves adding an innovation to an existing practice than when genuinely transforming an existing practice (Kelman 2005). The latter form of change requires modification of organizational culture – that is, "the embedded individual behavior patterns or ways the organization has been structured" (Kelman 2005, 5). However, culture is very hard to change. One significant characteristic of any culture, whether national, organizational, etc., is its antifragility – its ability to generate more resilience in the face of changing conditions.

## Conclusion

A budget is not context-free; it is not prepared, nor debated, in isolation of its ecological surrounding. This environment, whether political, institutional, social, or economic, greatly affects and shapes the budget's direction. The aforementioned discussion leads us to conclude that budgeting is not value-free, nor is it void of theory, as some might argue. The fact that budgetary decisions are the output of a network of interactions among the different actors in the budgetary process (both external and internal) suggests that the budgetary process does not follow a linear path. In other words, the budgetary process is nonlinear though it may appear to be otherwise.

This study looks at performance-based budgeting from the lens of nonlinear systems models and provides a behavioral analysis of the external and internal forces that have obstructed its full implementation. As viewed by Pressman and Wildavsky (1973, xiv), "implementation does not refer to creating initial conditions. . .A lack of implementation should not refer to failure to get going but to the inability to follow through." In addition to passing legislations and securing necessary funds, setting up the initial conditions for implementation also involves creating the structure and culture that are necessary to guide a successful implementation.

A full implementation of performance-based budgeting is intended to create a paradigmatic shift, not only in the budget systems but in the organizational setting as a whole. This shift is supposed to shake and crack the system in place and transform it into a new state – a new order. Inherent to this breakdown and renewal cycle is organizational learning. Organizational learning entails an observable organizational change in organizational behavior (Levitt and March 1988) through altering routines that guide behavior (Cyert and March 1963; Moynihan and Lavertu 2012). For this learning to materialize, single- and double-loop dynamic learning models are deemed necessary for both structural and cultural transformation. Structural transformation involves change in structure, processes, and procedures, which can be made possible through building governance capacity – the capacity "to work institutionally,

technologically, and professionally" (Farazmand 2009, 1013). Cultural transformation, on the other hand, denotes a fundamental shift in organizational culture, behavior, and mind-sets, emphasizing the promotion of a "culture of learning" (Schein 1992). Essential to this transformation is the role of sustained, inspired, and mission-driven leadership.

## Cross-References

► Budget Reform and Political Reform

## References

Andrews M (2004) Authority, acceptance, ability and performance-based budgeting reforms. Int J Public Sect Manag 17(4):332–344

Burke WW (2013) Organization change: theory and practice, 4th edn. Sage, Los Angeles

Cohen M, March J, Olsen J (1972) A garbage can model of organizational choice. Adm Sci Q 17(1):1–25

Cyert RM, March J (1963) A behavioral theory of the firm. University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship, Chicago

Farazmand A (2003) Chaos and transformation theories: a theoretical analysis with implications for organization theory and public management. Public Organ Rev 3(4):339–372

Farazmand A (2009) Building administrative capacity for the age of rapid globalization: a modest prescription for the twenty-first century. Public Adm Rev 96(6):1007–1020

Kelman S (2005) Unleashing change: a study of organizational renewal in government. Brookings Institution Press, Washington, DC

Lee R, Johnson R (1998) Public budgeting systems, 6th edn. Aspen Publications, New York

Levitt B, March JG (1988) Organizational learning. Ann Rev Sociol 14:319–340

Lindblom C (1959) The science of muddling through. Public Adm Rev 19(2):79–88

Moynihan D (2005) Goal based learning and the future of performance management. Public Adm Rev 65(2):203–216

Moynihan D, Lavertu S (2012) Does involvement in performance management routines encourage performance information use? Evaluating GPRA and PART. Public Adm Rev 72(4):592–602

Pressman JL, Wildavsky AB (1973) Implementation: how great expectations in Washington are dashed in Oakland; or, why it's amazing that federal programs work at all. University of California Press, Berkeley

Schein E (1992) Organizational culture and leadership. San Francisco: Jossey-Bass Publishers

U.S. General Accounting Office [GAO] (2014) Managing for results: agencies' trends in the use of performance information to make decisions, GAO-14-747. Government Printing Press, Washington, DC

Wildavsky A (1964) The politics of the budgetary process. Little Brown & Co, Boston

Wildavsky A (1978) A budget for all seasons? Why the traditional budget lasts. Public Adm Rev 38(6):501–509

Willoughby KG (2011) Introduction to the symposium: PBB – works like the BCs? Public Adm Rev 71(3): 352–355

# Performance-Based Governance, Russia

Alexander Kalgin[1] and Olga Minchenko[2]
[1]School of Public Administration, National Research University Higher School of Economics, Moscow, Russia
[2]Institute for Public Administration and Governance, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Government programs; Management by results; Performance budgeting; Performance indicators; Performance management; Strategic planning

P

## Definition

Performance governance system to ensure that goals and objectives are being reached efficiently and effectively in budget limits terms. This system represents a combination of rules, principles, laws connected with actions, indicators, measurable target, and metrics.

## Performance Governance in the Russian Federation

### Early Attempts at Introducing Performance Management

Performance governance in its modern shape in the Russian Federation dates back to 2004, when

the government introduced so-called DRONDs (rus. Доклад о результатах и основных направлениях деятельности (ДРОНД) – Report on Results and Main Activities (RRMA)). These reports aimed at establishing a link between budget items and objectives of regional and federal government agencies. The structure of the report corresponds with its title – it had a section on achieved results, a section on plans for the next 3 years, and a section with indicators linked to aims. The implementation of DRONDs was performed within the efforts to establish 3-year budget planning. According to an expert of the Ministry of Finance, who was in charge of the implementation of DRONDs, the very task of linking budget spending to outputs and outcomes was unheard of and required intensive communication and capacity building at the regional level. Gradually, regional officials have "learned the language of targets and indicators" and have started preparing the reports and plans.

The first 3-year federal budget was passed in 2008 and partially integrated the target-setting section of DRONDs.

However, the implementation of this first performance management tool has not resulted in an introduction of a comprehensive system of performance budgeting. These reports were not binding and gradually devolved into noncompulsory indicative plans that were largely perfunctory. The practice was not enforced by the federal center and gradually faded away by 2010 (Kalgin 2016). However, its contribution in establishing the common language of performance management was of value.

It should be emphasized that system of performance governance in Russia is decentralized. It means that different levels of authorities develop goals, strategies, and programs and implement their at its own discretion. Until recently in Russia did not exist one authority for the implementation of results management and strategic improvement. But in June 2016, by the decree of the President of the Russian Federation, the Council for Strategic Development and Priority Projects was established. Among the main tasks of the Council is preparation of proposals to the President of the Russian Federation on the development, implementation, and actualization of goals on the main directions of Russia's strategic development. The Council is called upon to coordinate the activities of federal and regional authorities, expert, and business communities related to the implementation of priority projects, analyze, and evaluate the implementation of these projects.

### Main Directions of Government Activity

In 2008 the government has introduced the Concept for Long-Term Socio-Economic Development of the Russian federation until 2020 (Concept 2020) (Rus. «Концепция долгосрочного социально-экономического развития Российской Федерации на период до 2020 года») and Key Directions of Government Activity (KDGA). (Rus. Основные направления деятельности правительства). This began the new era of formal target-setting at the national level. The idea behind these documents was to establish a set of unified top-level objectives and to harmonize the remaining strategic documents with it, thus giving the civil service a sense of general direction.

The KDGA were structured around 60 core national projects each of which had a set of performance indicators (Klimenko et al. 2014). This was an attempt to link budget spending to economic and social outcomes. Each project had a "roadmap" of implementation with forecasted outcomes and various scenarios linking levels of budget spending to outcomes.

This ambitious project, however, faced the harsh reality of 2007–2008 world economic crisis. The plans for implementation of the Concept 2020 and KDGA did not materialize due to budgetary constraints.

### Performance Reporting at Regional and Local Level

In parallel with the demise of the DRONDs, the federal government has rolled out a set of new performance initiatives. In 2007 and 2008, two government degrees have established the new framework of performance reporting at the regional and the local level. In contrast to DRONDs that delegated significant autonomy to

regions in choosing performance indicators, the new system (commonly referred to by the numbers of the degrees – 825 and 607) established a unified list of indicators and provided no room for local discretion in reporting. The data were collected by the Ministry of Regional Development and became basis for a national system of performance measurement and benchmarking.

The system presented a significant shift towards greater centralization of performance measurement and accompanied the establishment of the "vertical of power." Since the abolition of gubernatorial elections in Russian regions in 2005, lost their political independence from the center and largely became administrative agents of the federal center. The system of performance reporting under degrees 825 and 607 established direct bureaucratic accountability between regional heads and the federal center. The system was used to run annual benchmarking campaigns, rank regions in terms of economic and social development, and allocate federal grants. The system generated significant dissatisfaction among regional authorities, who complained about inconsistencies in methodology of rankings, lack of resources for collecting the data, and excessive burden of reporting. Concerns have been raised regarding unintended effects of such performance reporting, including evidence of data manipulation (Kalgin 2016).

The set of indicators that were compulsory for the regions was constantly growing and reached 325 indicators by 2012. Indicators covered most aspects of socio-economic development. The breakup by spheres is provided below.

Till now system of strategic goals at the federal level is not fully synchronized with the local goals and strategies. Thus, performance planning at regional and municipal levels needs to be optimized (Table 1).

The steady expansion of the list of indicators made the system costly and inefficient. The list provided not priorities for regional governments, reporting for such a large number of items was costly and time-consuming (Kalgin 2012). The system was replaced in 2012 by a more compact and flexible system of reporting under decree 1199. The list of indicators was cut from 325 to 11 core national indicators (Table 2).

## Government Programs

The 2007 economic crisis did not stop government attempts at implementing a comprehensive system of performance management. Since 2010 until now, the main instrument of performance management in the Russian government has been the Government programs. Program-based budgeting has dominated the budget reform agenda (Klimenko et al. 2014). By the present moment (2017), 44 government programs in 5 crucial directions are being implemented in Russia. The government portal programs.gov.ru compiles and presents information about content and realization of government programs.

**Performance-Based Governance, Russia, Table 1** Groups of indicators collected according to Decree 825 (Source: Kalgin 2016)

| Sphere | No. of indicators (% of total) | No. of indicators tied to grants (% of total) |
|---|---|---|
| Health care | 80 (25%) | 27 (43%) |
| Economic development | 44 (14%) | 6 (10%) |
| Vocational training and education | 43 (13%) | 0 |
| Secondary education | 42 (13%) | 16 (25%) |
| Communal services | 40 (12%) | 4 (6%) |
| Public administration | 26 (8%) | 7 (11%) |
| Housing | 15 (5%) | 3 (5%) |
| Energy efficiency | 14 (4%) | 0 |
| Environment | 10 (3%) | 0 |
| Roads | 6 (2%) | 0 |
| Security and policing | 5 (2%) | 0 |
| Total | 325 (100%) | 63 (100%) |

**Performance-Based Governance, Russia, Table 2** Core performance indicators under Decree 1199

| |
|---|
| 1. Life expectancy at birth |
| 2. Population |
| 3. Capital investments (excluding budgetary investments) |
| 4. Goods and services turnover by small and medium-sized enterprises |
| 5. Tax and non-tax incomes of the regional budget |
| 6. Unemployment rate |
| 7. Real disposable household income |
| 8. The share of newly build housing in total amount of housing |
| 9. The share or high-school graduates who did not pass the national exam |
| 10. Mortality rate |
| 11. Citizen satisfaction with the performance of the regional government |

Government program provide a tool to link budgets with projected outcomes. They ensure that various government agencies subscribe to implementing a set of projects and are accountable for achieving a set of objectives.

Programs are implemented all levels of government. It is a common practice for heads of government agencies to have the progress indicators of programs as their KPIs (Klimenko et al. 2014). Budgets at the regional level now include programs as their integral part.

In addition to government programs, every responsible public authority must develop plan for program implementation for the next 2–3 years. It provides a list of control events and the schedule of their implementation, the amount of financial resources allocated for their implementation from the federal budget, consolidated budgets of regions, extrabudgetary funds, and nonstate sources.

Every program has strong evaluating system including many performance indicators. Indicators and schedules, which reflect the timing of the implementation of control events, are often the basis for the establishment of KPI executives department. The report on the implementation of the activity plan is the main reporting documents of the Ministry; it is based on reporting on the progress of the implementation of government programs.

## Strategic Planning

Another dimension of performance management that has been recently gaining popularity in the Russian government is strategic planning. Strategies of all types have been proliferating. In 2014 the federal law №172 (Federal law №172 «On strategic planning in the Russian Federation», 2014) has established the framework for strategic planning at national, regional, and local levels. The aim of these efforts is to implement a harmonized system of objectives, forecasts, and indicators that would allow for an effective functioning of the public sector. Significant efforts have been made to establish a unified methodological approach to strategic planning (Klimenko et al. 2016).

Effective system of strategic planning is extremely important in budget deficit period. It should be considered that strategic planning is only one element in global system of strategic management. It will allow changing the approach to a governmental and nongovernmental forecasting, ensuring coordination of development, realization of long-term strategies on different levels of authority, creating up-to-date standards of development management, and supporting public dialog with civil society.

The general framework of performance management is represented in the Table 3 below.

## Problems and Criticism

The implementation of performance management in the Russian Federation has been an ever-lasting effort. Currently, the PM ethos is well integrated in the fabric of government operations. Performance indicators have become an integral part of all major government concepts, plans, and strategies.

It has to be noted, however, that there are significant drawbacks. Performance reporting has been costly and often burdensome. There is widespread skepticism at the regional level regarding the usefulness of performance measurement (Kalgin 2012).

More generally, the system of performance management and strategic planning in Russia operates in a highly centralized bureaucracy that is largely insulated from political competition.

**Performance-Based Governance, Russia, Table 3** Performance management framework in the Russian Federation (Source: Kalgin 2015; Zhigalov et al. 2009)

| Federal strategic documents | Goal setting and planning tools | Administrative tools enabling achievement of goals and objectives | Performance Measurement Tools |
|---|---|---|---|
| Concept paper of Socio-Economic Development of the Russian Federation until 2020 (КДР-2020)<br>The main directions of activity of the Government of the Russian Federation (ОНДП)<br>Development strategies (regional and sectorial) | Government programs:<br>Federal Targeted Programme (ФЦП)<br>Federal Targeted Investment Programme (ФАИВ)<br>Long-term targeted programs (ДЦП)<br>Departmental targeted programs (ВЦП) | Service quality standards<br>Service needs assessments<br>Service costs assessments<br>Public service delivery agreements (*goszadanie*)<br>Register of expenditure commitments (PPO)<br>Justifications of budget appropriations (ОБАС) | Annual report of the head of the highest regional executive body on achieved values of performance indicators. Decree 1199[a] (previously, Decree 825)[b]<br>Annual report of the head of municipal administration on achieved values of performance indicators (Decree 607)[c]<br>Reports on the results and main activities of administrators of budgetary funds (DROND, ДРОНД) (performance measurement section) |
| | Reports on the results and main activities of administrators of budgetary funds (ДРОНД (DROND) (goal-setting section) | | |
| | Performance-based budgeting | | |
| Performance management | | | |

[a]Presidential Decree № 1199 "On assessing the effectiveness of executive authorities of the Russian Federation.", 2012
[b]Presidential Decree № 825 "On the evaluation of performance of the executive authorities of the Russian Federation", 2007
[c]Presidential Decree № 607 "On the evaluation of performance of local governments in urban districts and municipal areas", 2008

Efforts to implement bureaucratic accountability and top-down goal-setting in such a system attempt to replace regional and local political agency. The adequacy of such a substitute seems dubious.

Thus, in the Russian Federation during the last decade, quite a number of instruments of strategic management have been implemented. However, this has not yet had an obvious effect on the quality of public administration, increasing the likelihood of achieving set goals, seeking innovative solutions, and improving the country's competitiveness.

## References

Kalgin A (2012) Performance management at the regional level: control and efficiency (Upravlenie po rezultatam: kontrol' ili rezul'tativnost'?) (In Russian). [Управление по результатам на региональном уровне: контроль или результативность?]. Public Adm Issues (3):35–60

Kalgin A (2015) Implementation of performance management in regional government in Russia. PhD, University of Birmingham, Birmingham. Retrieved from http://etheses.bham.ac.uk/5718. https://doi.org/10.1021/jp5112795

Kalgin A (2016) Implementation of performance management in regional government in Russia: evidence of data manipulation. Public Manage Rev 18(1):110–138. https://doi.org/10.1080/14719037.2014.965271

Klimenko AV, Korolev VA, Dvinskikh DY, Rychkova NA, Stastikhina IY (2016) Strategicheskoe planirovanie v Rossiiskoi Federatsii: Sostoyanie metodicheskogo obespecheniya. Preprint WP8/2016/02, Seriya WP8 Gosudarstvennoe i munitsipal'noe upravlenie, Izdatel'skii dom NIU VShE

Klimenko A (2014) The decade of administrative reform: results and new challenges. Public Adm Issues (1):8–51

Zhigalov DV, Percov LV, Chalaya YY (2009) Ispol'zovanie instrumentov budjetirovaniya, orientirovannogo na rezul'tat, v praktike municipalnogo upravleniya (The practice of using performance budgeting at the municipal level). Fond "Institut ekonomiki goroda", Moscow

# Performative Consequences of Measuring Performance: Insights from Health-care Contexts

Tom S. Karlsson and Cemil Eren Fırtın
School of Public Administration, University of Gothenburg, Gothenburg, Sweden

## Synonyms

Constitutive and generative accounting in health care; Practice view of health care accounting

## Definition

Performativity in the broadest terms is about active agency of object in relation to its subject. In particular, it is a framework in which scientific knowledge (or the epistemic object) is understood to be constitutive for its own empirical existence by affecting organizations and their actors (or the empirical subjects). In health care accounting, performativity is about the constitutive and generative role of accounting practices in bringing about the economizing of medical professional context.

## Introduction

During the second half of the twentieth century, public sector organizations (PSO) were increasingly subjected to a number of different reforms aiming at increasing efficiency and accountability. These reforms are more commonly known as *new public management* (Hood 1991). PSOs have got under excessive calculative practices which has paved the way for an economization of public service (Funck and Karlsson 2020). This chapter focuses on the use and importance of accounting as a central device of calculative practice.

Accounting has been framed as playing an important role in the transformation of PSOs (Lapsley 2007). Different techniques were introduced because of an existing trust in markets and a rather low trust in public servants and professionals (Hood 1995). Through the use of accounting, instances of cost control and increased accountability could be implemented. Evaluation of professional activities became highlighted and increasingly advanced ways of calculating costs were introduced. The latter is labeled *accountingization*, meaning an implementation and increasing use of different cost categorizations in contexts that had previously been focused on aggregated costs and governance through financial input.

The use of accounting techniques is closely related to calculations and a general reliance in numbers. Critical accounting scholars argue that the use of numbers serve as a means for making complex empirical relations less complex, instigating a sense of (false) objectivity (Kurunmäki et al. 2016; Robson 1992). Making use of calculations and calculative technologies, such as, e.g., accounting, means that comparability across different organizations and contexts can be undertaken as complexity is reduced. Although it could be questioned whether all comparisons really are reliable, the mere possibility of comparison brings about changes in organizations. Accounting can – and will – affect how actors engage in organizational and professional work.

From this backdrop it follows that accounting is more than a neutral set of techniques for measuring and comparing activities (Miller and Power 2013). Accounting transforms complex empirical patterns – such as, e.g., professional work – into quantified accounts, which in turn can be used for accountability purposes or, if deemed acceptable, individual or organizational remuneration. In this respect, accounting has a performative power to transform PSOs and (re)describe professional work (Fırtın and Karlsson 2020).

## Accounting, Performativity, and Health Care Sector

The increasing use of calculations and accounting techniques has led to an expanded use of *performance measurements* within PSOs. Measurements of resources, costs, outputs, processes, and even people and their activities have been studied by researchers. It has been argued that the use and reliance of performance measurements – as a way of *accounting* for something that has happened – carries performative implications. What this means is that performance measurement affects not only the individuals within an organization but inherently affects the organization itself. From this perspective, a direct association can be made between performance measurements and what is known as *the performative turn* in accounting research (Vosselman 2013).

Stemming originally from linguistics, performativity as a concept has been developed and applied to different fields of research, from gender studies to economics and to accounting. Recognizing their ontological differences, the performativity concept shares a commonality in considering the subject not only as the individual (active) actor engages in action, but also the object as an effective part in the performance of that action (MacKenzie 2006). In terms of accounting, this means that accounting is not only a technology of reporting numbers used by someone, but is understood to be an actor itself. Therefore, accounting may have the agency to shape its users to do certain specific things (Vosselman 2013), and sometimes it may change the context in which it is practiced (Fırtın and Karlsson 2020). The proverb of "what gets measures gets done" is applicable. Not only are accounting directing attention towards things that should be done, it also affects how actors perceive things within organizations. If a certain activity is measured it will be done, not only because it is measured, but also because it is perceived as important within the organization. In terms of performance measurements, this entails that the measurement systems, structures, indicators, established criteria, routines, and/or processes would be as effective as the assessor in grading, ranking, and/or attributing some certain value for the object to be measured. Once such structures, processes, criteria, and indicators are constructed by human–nonhuman *agencements*, they could not be treated as merely submissive to the assessor, but contrarily may actively affect the assessor in his/her performance of measuring. This means that accounting has an active role on its users by enforcing them to choose which criteria or indicator should be used during an assessment process. However, this does not mean that such process would always be neat. The use of same criteria, indicators, and assessments grounds may not always shape the accounting objects to perform in terms of expected ways but may also lead to unintended consequences such as gaming, and even "bullshitting" (Macintosh 2009). In such situation, although accounting would still be in play to shape, maneuver, and direct its objects in certain ways, it would not be in a way that was intended when constructing the performance criteria. Accounting could therefore be both performative and counter-performative at the same time (Fırtın and Kastberg 2020).

A performative understanding of accounting necessitates an approach from a practical perspective, meaning that accounting comes into effect as it is performed. Such practical approach has been illustrated, e.g., within management control (Ahrens and Chapman 2007). Accounting is in play as long as the assessor engages in the measurements, the objects are submissive to assessments, and there are techniques and technologies, competences, and skills available for the assessor to measure. Under such circumstances and arrangements of things and people, accounting will be performed and even come to be through organizational actions of such actors (Callon 2007). This enable a second aspect for understanding accounting as performative. It is more than an abstract visualization of organizational situations and contexts presented in numbers. It is a practice which human and nonhuman members of an organization enact collectively (Fırtın and Karlsson 2020).

## Insights from a Health Care Context

In many countries and national contexts, health care is considered to be an important and large part of the public sector. Understanding how care is undertaken, what it costs, and what it produces is a core interest for patients, professionals, and politicians. Its large size in terms of stakeholders and complex financial structure together with its dependence on technologies, skills, and professional competence and the fact that it sustains peoples' lives and welfare make it a highly interesting research context for scholars.

The use of accounting within health care contexts carries a long history (Chua and Degeling 1993). Accounting has facilitated some kinds of activities while hindered or affected others. In this section, a specific focus will be kept on the emergence of performative consequences of accounting within the health care context (Fırtın and Karlsson 2020). In understanding performativity and performance of accounting, we will firstly highlight accounting as a modifier of medical contexts. Subsequently, we will illustrate the embeddedness of accounting in modern medical profession, and draw some conclusionary remarks.

### Accounting as Modifier of Medical Context

Health care has traditionally been about making diagnosis about patients' health and – when necessary – caring for their well-being. With the growth of modern and complex health care systems, accounting has been implemented more increasingly as a manner of monitoring costs and performance. It has also been demonstrated how accounting has been implemented as a way of shaping or affecting health care systems. One such reform concerns the introduction of formal management accounting systems such as diagnosis-related groups (DRG) (Chua 1995) or case mix systems (Lowe and Doolin 1999). So-called DRG system is a way of integrating accounting in health care by categorizing patients in relation to certain diagnoses. The system is tightly interlinked with issues of organizational reimbursement, where more complex diagnoses are intended to get higher reimbursements than less complex ones. For a brief description, the DRG system itself is an example of how accounting is continuously modifying the medical context. The categorization (accounting) with connection of financial reimbursement (calculation and valuation) affects the financial structure of the organization.

Another example of how accounting modifies medical contexts can be found in *value-based health care* (Porter and Teisberg 2006). Value-based health care concerns firstly a reformation of clinic-based professional health care and secondly an elaborate accounting of patients' health after treatments (i.e., the perceived value of care). Value-based health care integrates accounting as a necessary technique for altering and modifying how health care is organized by attaching a certain value to patient types and connecting this value with the organizational and financial structure.

DRG systems and value-based health care are two examples of diverse and numerous implementations of formal accounting systems within health care sector. To extend the role of accounting in modifying the health care context, the practice of accounting beyond formal systems needs to be scrutinized. This means that accounting can be found in less "radical" reforms. One of these concerns how patients are handled when arriving to emergency units. Conventionally, all patients that seek emergency health care undergoes a *triage*. This means that nurses or physicians make a first assessment concerning the urgency of a patient's health. The rationale is that the most urgent cases should be handled first, whereas less urgent cases can wait. A growing problem, however, in emergency health care concerns *crowding*. This occurs when there are so many patients within the emergency unit that treating them is impossible. Instead, physicians are merely replying to emergency calls rather than diagnosing and treating patients. This means that treating patients quickly, in order to reduce crowding, becomes a necessary activity. Crowding can also be reduced by engaging an efficient categorization of patients before they come into the emergency unit. This can lead us to find connections between use of prioritization, focus on time, and reduction of patients, and accounting. It concerns a construction of

accounts, placement of patients within such accounts, and a strive towards increased efficiency. Patients accounts together with the use of ranking and prioritization is a consequence of the performative mechanisms in accounting, inherently modifying the medical context.

### Embeddedness of Accounting in Medical Profession

Accounting is ever present in health care, and it is affecting how medical professionals understand and treat patients. The use of, e.g., the triage can be argued to be a core medical activity. It is necessary to understand and know which patients should be treated first. After all, lives are at stake. But there is more to it. Normally a patient seeking care at an emergency unit will be designated to a certain team after the triage. Such teams can be labeled with a color (cf. Sjögren and Fernler 2019) or a number (Fırtın and Karlsson 2020), indicating importance and priority. The idea of crowding itself can be understood as a way of constructing a number (patients) giving restrictions or maneuverability (performativity) within an organization. Both examples can be understood as organizing through the use of numbers. The sorting is a way of creating patient accounts, with a clear association between correct patient and correct account (colored or numbered teams).

Other examples of how accounting becomes embedded in the medical profession can be found in the way that physicians talk and reason about different types of patients. Calculations (Chua 1995) and talk (Fırtın and Karlsson 2020) about time per patients are more increasingly found within health care contexts. One example is the definitions of patients that are old and/or have multiple diagnoses as time consuming. Although the calculations of how much time each patient gets with a physician is not a new thing, the fact that it can be heard from physicians as they talk about these patients indicate how ideas about efficiency and accounting have become embedded in the everyday medical practice within health care. This shows how accounting can be existent within the medical professional context, perhaps not always as in the shape of formal techniques, systems, and structures, but may also be found in informal and disguised ways.

## Conclusion

This chapter has argued that accounting is not merely a neutral set of techniques for measuring and comparing different contexts (although it can do that as well). It is a mechanism for transforming complex empirical contexts into (less complex) patterns. This transformation also affects individuals' behavior within organizations. Accounting highlights certain actions and behavior as more favorable than others, thereby directing attention to such actions. This is what is referred to as accounting being performative.

Accounting has been existent within the health care sector in a scale from more formalized, structured, and radical forms to more informal, embedded, and disguised ones. The differences in such accounting forms have been argued to bring about diverse consequences into the medical professional sphere. However, in search of performativity, although being relevant, such differences in accounting forms have secondary importance. This is because performativity would be found in the practice of accounting (Callon 2007; Vosselman 2013). Therefore, one premises that a performative outlook to public sector accounting can be noted as having a practice approach to accounting and calculative applications, regardless of focusing on the formal systems, structures, and forms of accounting. In other words, a performative understanding would require the descriptions of how accounting unfolds within a process. The introduction, implementation, and internalization of accounting in health care contexts do not simply happen. It is a process that takes a long time. Accounting comes to be as individuals within organization make use of it and as it unfolds in practice (Ahrens and Chapman 2007). From a health care perspective this means that by calculating and measuring different activities or patients, accounting is being made. By itself, this should not be a problem. Accounting plays an important part in understanding how or why things are going as they are.

However, this is not to disregard the (empirical) outcomes of accounting forms. While aiming for using the public resources in an efficient way, if accounting becomes the primary, or only, mechanism by which the health care is governed, it could be harmful. Physicians' and other medical professionals' understandings and experience are very important in balancing health care units. In such ways, the consequences of health care accounting should be considered within a plurality of perspectives including accountability, professional, and wider health policy outlooks.

Although there is a growing literature focusing on accounting as performative, more studies are needed. Such studies should delve into the performative consequences over time and space. Diverse contexts should be studied in, preferably, a longitudinal study. Ongoing (re)descriptions of practices and medical professional work are affecting how we understand health care (Fırtın and Karlsson 2020), and more knowledge is needed concerning how such (re)descriptions become manifested in organizational activities.

## Cross-References


- ▶ Accounting of Hybrid Organizations
- ▶ Bureaucracy and Professionalism
- ▶ Measuring Efficiency in Hospitals
- ▶ New Public Financial Management
- ▶ Performance Evaluation and Reporting
- ▶ Public Sector Accounting


## References


Ahrens T, Chapman C (2007) Management accounting as practice. Acc Organ Soc 32(1–2):1–27

Callon M (2007) What does it mean to say that economics is performative? In: MacKenzie DA, Muniesa F, Siu L (eds) Do economists make markets? On the performativity of economics. Princeton University Press, Princeton, pp 311–357

Chua WF (1995) Experts, networks and inscriptions in the fabrication of accounting images: a story of the representation of three public hospitals. Acc Organ Soc 20(2–3):111–145

Chua WF, Degeling P (1993) Interrogating an accounting-based intervention on three axes: instrumental, moral and aesthetic. Acc Organ Soc 18(4):291–318

Fırtın CE, Karlsson TS (2020) (Re)descriptions of medical professional work: exploring accounting as a performative device within an emergency unit health-care context. J Public Budg Account Financ Manag 32(2):159–176

Fırtın CE, Kastberg G (2020) Calculating pay in Swedish schools: accounting, performativity, and misfires. Financ Account Manage 36(4):420–438

Funck EK, Karlsson TS (2020) 25 years of studying new public management: accomplishments and limitations. Financ Account Manage 36(4):347–375

Hood C (1991) A public management for all seasons? Public Adm 6(3):3–19

Hood C (1995) The "new public management" in the 1980s: variations on a theme. Acc Organ Soc 20(2–3):93–110

Kurunmäki L, Mennicken A, Miller P (2016) Quantifying, economising, and marketising: democratising the social sphere? Sociologie du travail 58(4):390–402

Lapsley I (2007) Accountingization, trust and medical dilemmas. J Health Organ Manag 21(4/5):368–380

Lowe A, Doolin B (1999) Casemix accounting systems: new spaces for action. Manag Account Res 10(3):181–201

Macintosh NB (2009) Accounting and the truth of earnings reports: philosophical considerations. Eur Account Rev 18(1):141–175

MacKenzie DA (2006) An engine, not a camera : how financial models shape markets. MIT Press, Cambridge, MA

Miller P, Power M (2013) Accounting, organizing, and economizing: connecting accounting research and organization theory. Acad Manag Ann 7(1):557–605

Porter ME, Teisberg EO (2006) Redefining health care: creating value-based competition on results. Harvard Business Press, Boston

Robson K (1992) Accounting numbers as "inscription": action at a distance and the development of accounting. Acc Organ Soc 17(7):685–708

Sjögren E, Fernler K (2019) Accounting and professional work in established NPM settings. Account Audit Account J 32(3):897–922

Vosselman E (2013) The 'performativity thesis' and its critics: towards a relational ontology of management accounting. Account Bus Res 44(2):181–203


# Personality and Leadership


Shariá D. Hall
Lincoln University, Lincoln, PA, USA
Hofstra University, Hempstead, NY, USA
Monroe College, New Rochelle, NY, USA


## Synonyms

Executive leadership; Leaders; Leadership; Personality; Transformational leadership

## Definition

Personality is the complete, unchanging characteristics and traits of an individual. These attributes whether good or bad, productive or unproductive, influence behavior and determines an individual's response. Personality is an intricate part of a leader and a leader's ability to motivate and sustain themselves and the group. Personality is most often observed through the temperament, feelings, and subsequent behavioral responses of the individual. Personality is measurable, influencing cognition and behavior. Personality is developed throughout adolescence and later adulthood and is the complete development of psychological coordination. Personality follows patterns and is instinctive to the individual.

Leadership is the influential, significant, and dominant persuasiveness of an individual to motivate a group (and those individuals within the group) to collectively set aside personal objectives and purposes for the mutual welfare of the greater community and this can be achieved with positively & negatively. Leadership is the strategic impetus to organize groups in the implementation and achievement of goals centered on a larger overarching vision or plan. Leadership must be defined through functionality; leaders must be able to systematically and continuously build the group and widen the team experience. Leadership is transcending and transformational. Leadership discovers potential growth possible within a group and actively cultivates an environment for effective advancement. Leadership assessment is made through the effectiveness of both the leader and the group.

## Introduction

Although not always recognizable, personality and leadership hold a correlating relationship. Earliest studies in the areas of personality and leadership reveal that a leader's personality and behavioral response (or lack of response) determine success or failure. Organizations have used and instituted the use of personality indicators to establish behavioral patterns. Personality measurement tools are used in hiring practices and are useful instruments in aiding to determine ideal candidates for positions and assess character. These studies have established that personality cannot be separated from the leader. Examining personality and the influences which shape character, these assessments identify factors which can adversely affect the organization and the individual. Leadership is influenced by personality, but in no way should leadership be domination. Instead leadership is a persuasive influence that should look to the best interest of the group. Leaders are captivating and engaging; their personalities reflecting traits with high levels of stamina, resolve, sociability, ambition, and emotional control.

## Personality Instruments

Personality research primarily comprised how individuals perceived themselves and how others perceived them. In his research, doctor of neurology Sigmund Freud categorized the individual in three types: erotic (those who need love and need to be loved), obsessive (inner-directed fixation), and narcissist (individuals fixated with themselves and crave adoration). Freud believed that the three types held some overlap and that all individuals have a degree of narcissism. Now various types and tools for measuring and defining personality exist.

The Myers-Briggs Type Indicator (MBTI) is a psychometric instrument that is most widely used. Reflecting the work of Swiss psychologist Carl Jung, individuals are classified according to four personality types: extroverted or introverted (E or I), sensing or intuitive (S or N), thinking or feeling (T or F), and perceiving or judging (P or J). The instrument marries the two mental functions of judgment and perception and insists that however different we are more alike than unlike. Within these framework individuals are visionaries, organizers, and conceptualizers. *Introverted Intuitive Thinking Judging* (INTJs) are visionaries, usually executive or senior leaders exerting strong influence. Managers, also influential leaders are *Extroverted Sensing Thinking Judging* (ENTJs) and

organizers. The research established through the use of this and similar tests shows how personal characteristics affect leadership but does not establish why some leaders become more narcissistic in their roles or more unethical. However, it is not clear on whether these traits indicate leadership skill or talent.

## Trait Theory

The five factor model of personality (referred to, as the "*Big Five*") is another instrument used to measure personality. The Big Five traits also include extraversion, but they are broader global traits that correspond with the work environment. The Big Five include neuroticism (poor emotional stability over control of emotional reactions leading to anxiety, insecurity, and hostility), extraversion (highly social, engaging, and interacting), agreeableness (trusting and caring), conscientious (achievement and dependability), and openness to experience (candor, imaginative, autonomous, and unconventional). The patterns within the Big Five give greater understanding to overall team performance. The traits of agreeableness, conscientiousness, and emotional stability are considered necessary and important antecedents for ethical leadership. Transformational leadership (*leadership between leader and team where both work together to identify needed change and build a blueprint to guide the organization through change*) incorporates these three traits of personality.

### Core Self-evaluations (Self-concept)

Self-esteem, self-worth, internal locus of control (beliefs about the causes of events in ones' life), self-efficacy (how well one can situationally perform), and neuroticism all create an individual's central concept of themselves. Determined, confident, and positive these individuals encourage use contingent reward leadership and support talent and individual consideration. Leaders demonstrating core self-evaluation as a primary trait have been found to be transformational leaders who are willing to challenge status quo and are free from anxiety.

### Narcissism

Considered the dark side of personality, narcissism's earliest accounts are in Greek mythology and the account of Narcissus, a man who fell in love with his own reflection. Freud categorized narcissism as a personality disorder. Bellicose, narcissistic leaders demonstrate an intolerance to compromise and immodesty. However, these leaders often attempt overarching initiatives and goals which can produce high organizational performance. It can, also, produce severe fluctuations in the organization leading to moderate success or overwhelming failure. Cultivating insecurity and dependency within followers, this response of diffidence is welcomed by the narcissist who craves adoration. Opposing contingent rewards leadership, narcissists have a lack of concern for others and share no correlation with transformational leadership. Contingent reward leadership is utilized by the narcissist when it provides personal benefit and while seeking promotion or status to achieve a personal goal. The narcissist has a tendency to be braggadocios and boastful often over exaggerating accomplishments. Preoccupied with power, narcissists are elitist, aggressive, arrogant, and have an insatiable drive for superiority. Narcissists can pose a significant threat to organizations as their drive leads them to develop highly involved strategies and initiatives which may prove disastrous to the organization and performance.

### Machiavellianism

Author of *The Prince*, Niccolo Macchiaveli, introduces deception, craftiness, and cunning in behavior. Macchiavelists disregard order and authority and concern themselves with achieving personal goals. Macchiavelists are identified as being duplicitous in nature, focusing on self-gain. Other personality traits include proactive personality, risk-taking, and self-monitoring (*expressive control and understanding how individuals and groups will interpret ones' behavior*).

## Attitude and Perception

Attitude and perception are pivotal parts of personality and leadership. Perception is constructed

through the individual's culture, social, psychological, physical, and biological contexts. As personality influences behavioral responses, perception influences how things are viewed. Within the perceiver attitudes, motives, interests, prior experiences, and expectations work in conjunction with time, work, and social setting (*factors in the situation*) to affect how things are perceived. Selective perception stresses any characteristic that causes the individual, an object, or event to be emphasized. As it is impossible to know or recognize all things occurring in the individual, we practice selective perception. Selective perception can produce a "halo and horns effect" as the individual can reach an inconclusive impression based on a solitary perspective. Our reactions shape our interaction and influences others encountered. Misrepresentations lead to misinformation and can grossly affect a leader's decision-making. Misrepresentation can lead to distortion affecting promotion and success. Distortions created through prejudices produce unhealthy behavioral response and bias. Biases cause individuals to be fixated on initial knowledge (i.e., first impressions) and can produce selective perception. Selective perception can also lead to judgmental responses, stereotypes, and marginalizations. Attribution theory suggests that in observing behavior the observer tries to determine whether the behavior has been caused by internal or external factors. Fundamentally underestimating the influence of the external and overestimating the influence of internal factors on the leader can affect the goals and objectives of the organization.

Attitude is a predisposition to respond positively or negatively to a person, idea, or event. Important to attitude is its correspondence to behavior and the subsequent responses produced. Evaluation of other individuals, ideas, events, or concepts are not done in isolation but rather are prejudiced by experience. This correlation between attitude and behavior is increased when stemming from personal familiarity. Attitude affects personal involvement, personal degree of satisfaction, and enthusiasm. Individuals who value personal self-worth having positive self-images and core self-evaluations reflect attitudes of satisfaction in their work. Individuals not possessing this are more likely to resign from difficult tasks and are less motivated.

Conflict can also be a product of perception. If an individual believes that another individual is/has (or is going to) negatively or adversely affect something that they place value on, this is called conflict. Traditionally conflict was viewed as dysfunctional, resulting from poor or minimal communication and a lack of trust between individuals. Conflict when discussed was traditionally categorized as violent, destructive, or irrational. Albeit that not all conflicts are good, conflict can be healthy. When conflict is addressed constructively the outcome can increase productivity, support leadership, and build teams. Authentic leaders recognize that conflict is a valid part of team formation. Team conflict can relate to tasks, work responsibility, and goals. Team conflict can produce greater creativity as new concepts are introduced. Personal conflict usually focuses on the dynamics of interpersonal relationships. Conflict runs the gamut of minor disagreements to overt and covert tactics to destroy individuals. However, conflict can be managed. Some ways leaders lead conflict are through organizational restructuring, attempting to act as a "devil's advocate," leading conversations on the conflictual issues/event, and the use of formal authority to communicate ideas or changes. Managers involved with conflict should clearly underscore all interests in resolving conflicts. For teams' conflicts, most disturbing and unsettling are those issues and events that remain unaddressed directly. The ambiguity caused can lead to a breakdown of communication, malcontent, and dissatisfaction on the team. Conflict resolution includes problem solving, compromise, altering work environments, expanding resources, and reexamining and redesigning goals.

## Motivation

Intensity, direction, and persistence of effort are all physiognomies of motivation and attaining predetermined goals. Intensity (how hard one is willing to go to fulfill a need) can be conflictual to

the individual. Direction examines the benefits to the individual or organization, and persistence measures the length of time (endurance) an individual will exert to attain their goal or perceived outcome. Maslow's hierarchy of needs outlines motivational needs. Fundamental needs are shown at the bottom of the pyramid and account for the individual's basic necessities. As you progress higher in the hierarchy more involved desires are shown Fig. 1.

Psychologist David McClelland's need theory differed from Maslow addressing specifically the need for achievement, power, and affiliation. McClelland's theory contends that there is a drive to excel and succeed and to make people act in ways they would not ordinarily behave and a need to be accepted, approved, and have affection.

In personality both theories are essential as they examine the underlying needs of personal motivation affecting the individual's behavior. Growth, advancement, responsibility, recognition, and achievement are all contributing factors to motivation and satisfaction. Policy and administration, supervision, poor work conditions, and diminutive salaries all contribute to dissatisfaction and poor performance. It has also been discovered that anything that does not surprise the individual does not motivate them.

As specific goals are met motivation produces intrinsic and extrinsic rewards. Directing team members in setting goals is a part of leadership as all behavior is goal directed. Feedback on performance (performance appraisals) increases productivity and leads to rewards, and (in most instances) produces mastery. Merit-based pay, bonuses, profit sharing, gain sharing, and employee stock ownership are incentives now used as performance rewards.

## Social Cognitive Theory

Emphasizing observational learning (*as the individual actively observes the actions and behavior of others*) social cognitive theory is inherently mirroring the actions observed. Enactive mastery pushes the individual to face difficult tasks as tasks to be mastered and not avoided. Vicarious modeling along with verbal persuasion (talking to ones' self) teaches the individual that continuous practice provides ongoing confidence. Arousal in social cognitive theory is the physical and mental stimulation of the individual through food or beverage such as caffeine, malted or peppermint or carbohydrates (lack of acute mental dysfunctionality). All add to motivation producing both mental and physical responses. Equity theory is another component of motivation as the individual compares his or her self to others while determining fairness or unfairness. Inequity can be perceived if the individual feels themselves under rewarded or inequity because they are over rewarded. Perception of equity is partly based on equity referent groups such as gender, tenure, organizational level, professional rank, and education. These groups each produce their own concept of equity. Perceptions of this nature hamper results impacting personality and leadership authority.

**Personality and Leadership, Fig. 1** Maslow's hierarchy of needs

## Group Behavior

Social identity is important to personality and leadership. Similarity, distinctiveness, status, and uncertainty reduction are some of the characteristics of social identity. As self-esteem is entwined with the performance of the group individuals have emotionally intense responses to failure or success. Group formation is not formed easily or speedily but is essential to group effectiveness. Stages of group development are pregroup, forming (little agreement), storming (increased conflict), norming (agreement and consensus), performing (clear vision and purpose), and adjourning (task completion). Groups formed with a positive social outlook reach "performing" more quickly. Groups with little to no sense of purpose experience failing or worsening performance throughout the project. Groups with robust purpose and strategy improve over time and increase performance. Managing groups and the complex personalities within groups is a complicated task for any leader. Leaders must be able to establish role properties (role identity, perception, expectations, and conflict). Delineating and addressing how each role property will be established and maintains allows the group to function as a unit and not as individuals working on their own tasks. Role norms (performance, appearance, social arrangement, and resource allocation norms) establish expectations and normalcies to avoid role discrepancy.

Deviant norms can sabotage and disrupt teams resulting in a lack of performance and group productivity. Deviant norms include such behaviors as leaving early, intentionally working slow, stealing from the organization or coworkers, showing favoritism, gossiping, sexual harassment, and verbal abuse. These behaviors undermine leadership and increase in a group setting versus the individual alone.

Status can be derived in the group through power wielded over others, an individual's ability to control or contribute to the group's goals and an individual's characteristics. When an individual is regarded as having "high status" they are treated with different preferences and considerations. Status and group interaction is influenced and stems from perception. Cultural differences can also influence the perception of status in differing measures. Group sizes also affect group behavior. Smaller groups are faster at completing tasks than larger groups. Large groups host input and solve problems better. However, smaller groups manage utilizing input better than larger groups.

Groupthink is related to norms and describes occurrences when the group pressures conformity deterring the group from critically reviewing odd, unpopular, or minority viewpoints. Groupthink can be subversive producing ostracizing, bullying, and an unhealthy work environment. In some instances, groupthink can also give rise to rejection and insecurity. Leaders can use groupthink to be productive through *groupshift* (discussing a given set of alternatives to arrive at a solution). Effectiveness of the group is predicated on the personality and skill of the leader to give context, composition, and process to the group. Leaders must be able to clearly identify resources, team ability, and common purpose for the group to remain effective.

Leadership is not always formal influence. Nonsanctioned leadership can be as important or more important than formal influence. Leadership influences a group towards a particular idea, thought, or concept. Optimal effectiveness is reached through management that is firm. Leaders challenge status quo, establish futuristic visions, and inspire others to attain their goals. Personality, social, physical, and intellectual attributes define the leader and differentiate them from managers. Effective leadership is indicated through emotional intelligence (ei). Leaders must possess a high degree of emotional maturity to lead successfully. Leadership can best be determined through the leaders' ability to construct, sustain and guide their teams. Leadership also is defined through duplication. If a team cannot function in the absence of the leader, it is not successful. Leaders should create and mentor other leaders. Some characteristics of leaders should include integrity, honesty, and decisiveness. Integrity defines trust and trustworthy. Leaders should be able to reach quick decisions with competence. Leaders are both dynamic and charismatic. Efficiency and persistency are also sought after characteristics of a leader.

Team performance affects leadership. Teams respond to the behavior and actions of the leader. Leaders must be able to "read" subtle cues and nonverbal communication and knowingly respond with empathy, sympathy, or commiseration. Absent the most suitable response leaders can effectively disorient his or her team.

Although personality, personality instruments, behavioral assessments, and simulations have been used to predict "leaders" with some degree of proficiency, leaders are not always easily identifiable. The personality profile of Indira Gandhi prior to her becoming Prime Minister of India failed to predict her leadership style and identified her as reticent. Often perceived as introverted, timid, or aloof, as Prime Minister she was ambitious, aggressive, forceful, and insistent. Leadership models are not exact sciences as each leader inherently is affected by their own personality and the personality of the people that they are leading. It is mutually agreed upon that failure and mistakes are primary building blocks for successful leadership. Involved leaders learn from their mistakes (and the mistakes of others).

## Power and Influence

Power is the capacity to influence another person. It is the ability to get person A to get person B to do something they would not have normally done had person A not intervened. Using influence person A affects the thoughts, behavior, and feelings of another person. Authority is the right to influence another person. Power and Influence can be exercised in all hierarchal directions and usually operates outside ones' job description.

## Emotion and Mood

Although often used interchangeably, emotion and mood have varying meanings. Brief in duration, caused by specific events, emotions are accompanied by distinctive facial expressions, specific in nature and quite numerous. Moods are more general in nature and not usually accompanied by distinct facial expressions. Emotions and moods are broad ranges of feelings experienced by the individual. The six most basic emotions are anger, fear, sadness, happiness, disgust, and surprise. Personality can affect emotions and moods and the level of intensity by which they are experienced. One common pattern surrounding emotion and mood is the end of the week being happiest for most individuals. Moods are affected by the day and time of the week. Moods can also be hampered by the weather, the season, stress, social activity, lack of sleep, and eating habits. Music and exercise have both been proved to improve mood and increase mental response (especially in depressed individuals). As age increases, fewer negative moods and emotions are produced. Sex affects mood; females have lengthier moods than males and experience emotions more deeply. However, this is believed to be a product of socialization rather than by gender.

Emotional episodes are a result of a series of emotional experiences prompted by a single event. Past experiences and emotions affect personal satisfaction and can impact personal relationships and job performance. Emotions (negative and positive) affect performance and are distractions and interruptions.

Emotional intelligence is the individual's competence to be fully self-aware, recognize emotions (negative and positive) in others, and respond to these indications as positively as possible. Emotional intelligence indicates levels of conscientiousness, emotional stability, and understanding emotions in self and others. Emotional maturity supports emotion regulation as the individual identifies, modifies, and "regulates" the emotions felt. Leaders engage in this for themselves and teams. Thinking positively, expressing complimentary thoughts (to oneself and the team), reappraising the situation, and engaging in relaxation techniques redirects thinking and introduces positive outcomes. Leaders employ strategies of this nature to direct focus and maintain control. Emotions influence negotiations, acceptance of leaders, service quality, and attitudes.

## Conclusion

Leaders are charismatic individuals exuding power, confidence, and ease. Often viewed as "hero" or "divine help," Leaders are role models and people of influence. Energy and enthusiasm cannot be separated from impactful leaders as they lead, manage, and build their teams. Effective communicators and articulate, their personality supports their roles. For the individuals on their teams (and those who are not), these highly gifted and talented people are respected and held in high esteem. Leaders are also transactional and transformational, outlining resources for productivity, initiating structure, and challenging process. Leaders are needed to challenge typical and customary conditions. Authentic leaders establish trust and impact followers thinking. Further to this, they produce other leaders and enable followers to think and explore ideas for themselves. Risk takers, leaders use their personality to increase effectivity and productivity in groups. Most importantly leaders teach others about vision, mentoring, and excellence.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Leadership Effectiveness
- ▶ Leadership in Organizations


## References


Cialdini RB (1984) Influence the psychology of persuasion. Harper Collins, New York

De Hoogh AH, Den Hartog DN, Koopman PL (2005) Linking the big five-factors of personality to charismatic and transactional leadership; perceived dynamic work environment as a moderator. J Organ Behav 26:839–865

Giacalone RA, Jurkiewicz CL (2010) Political skill, servant leadership, and workplace spirituality in the creation of effective work environments. In: Giacalone RA, Jurkiewicz CL (eds) Handbook of workplace spirituality and organizational performance. M.E. Sharpe, Armonk

Hackman J, Wageman R (2007) Asking the right questions about leadership. Am Psychol 62(1):43–47

Hogan R, Judge T (2013) Personality and leadership. In: The oxford handbook of leadership. Oxford University Press, Oxford

Hogan R, Curphy GJ, Hogan J (1994) What we know leadership. Am Psychol 49(6):493–504

Judge TA, Ilies R, Bono JE, Gerhardt MW (2002) Personality and leadership: a qualitative and quantitative review. J Appl Psychol 87(4):765–780

Kalshoven K, Den Hartog DN, De Hoogh AH (2010) Ethical leader behavior and big five factors of personality. J Bus Ethics 100(2):349–366

O'Connor PJ, Jackson CJ (2010) Applying a psychobiological model of personality to the study of leadership. J Individ Differ 31:185–1997

Phipps ST, Prieto LC (2011) The influence of personality factors on transformational leadership: exploring the moderating role of political skill. Int J Leadersh Stud 6(3):431–447

Resick CJ, Weingarden SM, Whitman DS, Hiller NJ (2009) The bright-side and the dark side of CEO personality: examining core self-evaluations, narcissism, transformational leadership, and strategic influence. J Appl Psychol 94(6):1365–1381

Steinberg BS (2005) Indira Gandhi: the relationship between personality profile and leadership style. Pol Psychol 26(5):755–789

Sweeney JP, Fry LW (2012) Character development through spiritual leadership. Consult Psychol J Pract Res 64(2):89–107

Tucker RC (1977) Personality and political leadership. Polit Sci Q 92(Autumn):383–393


# Phenomenon of Financial Contagion on the Crisis Framework, The


Souhir Amri Amamou and Sleheddine Hellara
Higher Institute of Management of Tunis, Tunis, Tunisia


## Synonyms

Contagion, Shock transmission

## Definition

Contagion remains a phenomenon not strictly defined. It is associated with shock transmission by direct contractual relations and therefore linked

to interdependency. Besides, indirect relations may explain the contagion phenomenon. Thus, they must be taken into consideration by market makers and public policymakers.

## Introduction

Although the subject of contagion is very much addressed by the research, since the Asian crisis in 1997, it becomes more topical following the sovereign crisis of the eurozone. It is in this spirit that this research deals with the theoretical evolution of the phenomenon of contagion in a more current crisis context.

It elucidates the theoretical complexity of detecting a precise definition of the contagion phenomenon that explains the multiplicity of currents presented by previous studies.

## The Noncontingent Theory

The noncontingent theory of crisis transmission is based on the notion of interdependence. The latter is defined by Ayadi et al. (2006) as the phenomenon generated by direct links producing a deterioration in fundamentals between markets or between countries during the same period. They stress that this period must be stable.

This theory considers that the interdependence between countries or markets is the most appropriate explanation for the realization of transmission or even the unique explanation for the realization of such a phenomenon. It has been analyzed by a fairly developed current of studies, such as by Kaminsky et al. (2003), Dornbusch et al. (2000), Forbes and Rigobon (2002), and Billio and Pelizzon (2003).

This view of the shock spread shares the opinions of researchers. Some studies assign the name contagion to the phenomenon of shock transmission through interdependence effects or spillover effects. Thus, they consider it to be a typology of contagion.

In contrast, other studies such as those of Dornbusch et al. (2000), Dungey et al. (2005), Marcal et al. (2011), and Kalotychou et al. (2014) insist that transmission shock and contagion are two well-differentiated phenomena.

From this perspective, the notion of interdependence analyzed by a large number of studies considers the transmission of shocks linked to the existence of a continuous (fundamental) relationship between markets or countries. They insist that a crisis effect does not change this relationship.

As for the nature of the latter, Glick and Rose (1999) and Corsetti et al. (2005) focus on the induced transmission of commercial interdependence relationships between markets or countries. Otherwise, Allen and Gale (2000) and Kaminsky et al. (2003) focus their research on the contribution of financial interdependence relationships to achieving shock transmission.

Whatever the nature of the relationship, Constancio (2012) considers that when two markets exhibit a high degree of joint movements during a stable period and these movements do not increase following a shock, it is transmission by spillover effects but not contagion.

Ayadi et al. (2006) insist that the analysis of changes between the fundamentals of two markets or countries must be in a stable framework. They consider that the stability of the framework is necessary to speak of transmission by interdependence.

In this regard, Forbes and Rigobon (2002) add that in this case, it is a case of transmission linked to a variation in volatility caused by spillover effects that are not contingent but with similar effects, hence the complexity of distinguishing between the two phenomena.

## The Contingent Theory

This theory emphasizes the durability of shocks transmitted between markets or countries. It considers that the realization of contagion is not only likely to cause temporal effects. In this perspective, Ayadi et al. (2006) state that the impact of this phenomenon can last for a long time and that markets find it difficult to get rid of it.

Besides, Cronin et al. (2016) add that contagion plays a limited role in the propagation of

shocks that only amplify in times of high volatility (crisis). Also, it can generate chain faults, especially for compartmentalized markets, which are very vulnerable to default. Thus, a closed relation between markets or countries may well be a source of contagion.

For example, Dieckmann and Plank (2012) find that risk transfer is more disastrous for countries belonging to the European monetary union. The latter is more sensitive to the health of the financial system than other countries. They are the most susceptible to contagion.

As for the market or source of contagion, Broto and Pérez-Quiros (2015) indicate that it may well change during the period of crisis studied. Moreover, carrying out an analysis of the contagion process affecting the eurozone in the financial crisis, they find that following its official request for financial assistance in April 2010, Greece was considered responsible for the realization of contagion in the eurozone. However, this role was subsequently passed on to both Ireland and Portugal following their requests for financial assistance in November 2010 and April 2011.

For the majority of previous studies, contagion is initially presented by direct contractual relations and therefore linked to interdependence. Ballester et al. (2016) attribute the term systemic contagion to this type of contagion. In this case, we talk about contagion through fundamentals. Thus, the failure of one part can be favored by both the contractual relationship between parties and circumstance of crisis or shock.

These present direct contagion channels are often characterized as being an explicative source of contagion analysis in the risky debt market. However, according to Fourie and Botha (2015), this can't be a unique explanation for the occurrence of this phenomenon.

At the same time, Brunnermeier et al. (2013) add that taking into account direct contagion channels leads to underestimating the risk on the market. They conclude that the consideration of these channels should not be neglected. However, to consider them fully responsible for contagion is highly unlikely.

In this regard, an explanation proposed by Ayadi et al. (2006) considers that in a crisis framework, the relations between economies become nonlinear. In this case, taking into account the direct and linear permanent channels between these economies is far from sufficient. Thus, consideration of specific temporal channels was a necessity in this study setting.

These channels are linked to indirect exposures (such as information propagation mechanisms, concentration, and liquidity), the analysis of which is very important for better detection of the contagion process. Moreover, Fry et al. (2010) and Fry-Mckibbin and Hsiao (2015) measure the vulnerability of countries to a financial crisis and their sensitivities to contagion through specific channels.

For contagion can even be explained by the change in the transmission channels of shocks between markets. Thus, the emergence of new channels may well create disruptions not considered in advance by market participants and generate contagion. The latter is called by Ballester et al. (2016) idiosyncratic or specific contagion.

Note that contagion remains a phenomenon not strictly defined. Besides, Broto and Pérez-Quiros (2015) consider that the quantification of contagion depends on the definition adopted, hence the multiplicity of methods for evaluating this phenomenon proposed by the literature.



## Contagion Definitions

For the IMF, the notion of contagion effects presents the impact that economic measures taken in one country can have on another country because of trade and financial relations. They see interconnections as playing a crucial role in making contagion happen.

As for previous studies, a synthesis of the latter makes it possible to classify the definitions of the notion of contagion into four trends.

At first glance, the first line of definitions proposed by Constancio (2012) and Dungey et al. (2005) analyzes contagion as a unilateral cause and effect reaction. In this perspective, the effect begins on a market or a country, and we only witness a contagion following the observation of this effect on another market (or country) under

the condition of the existence of a dependency relationship or a partnership.

According to Dungey et al. (2005), contagion is the transmission of unanticipated local shocks to another market or country. Thus, the existence of interdependence between markets (or countries) is a fundamental condition for talking about contagion. This opinion is supported by Ballester et al. (2016).

This current adopts the broad version of the definitions of contagion proposed by the World Bank which considers that this type of contagion can occur regardless of the good or bad period and could not necessarily be linked to a crisis framework.

For the second stream, it analyzes contagion as a bilateral reaction affecting two markets (or countries) at the same time. This is the restrictive definition of the World Bank.

According to Baig and Goldfajn (2002), and Ballester et al. (2016), this phenomenon is generally characterized by a joint movement between returns on financial assets. Cronin et al. (2016) consider that this type is based on a joint co-reaction explained by the interdependence or partnerships between the two markets or countries.

In the majority of cases, this current of studies is based on a comparative opinion between two types of periods: periods with a low level of risk and others with a high level of market risk.

In the first type of period, the markets are stable and very promising. It is a period characterized as calm with good visibility of market threats. Note that during this period, the level of correlation between markets is acceptable and well explained by common dependency relationships between financial markets.

For the second period, correlation levels fluctuate much more than in quiet times. Coudert and Gex (2010) find at this level that we may well see dominance between markets in such periods.

The importance of studying this period is to detect any changement in correlation and typologies of relations between markets. These changes can be symptomatic of contagion. This result is referred to as a large body of work, notably those of Dornbusch et al. (2000), Bae et al. (2003), and Longstaff (2010).

For Forbes and Rigobon (2002), the increase in these joint movements between a stable phase and a crisis phase is a mandatory condition for the detection of contagion. Otherwise, these changes in relationships show only signs of interdependence.

The third stream of definitions considers the increase in relations between countries or interdependent markets favoring the emergence of new channels of transmission of shocks as a measure of contagion. The World Bank qualifies this definition as very restrictive based, unlike the broad version, on an observation of the differences in correlations according to the periods (calm or crisis).

In this case, the possibility of a joint co-reaction is well considered by market participants. Thus, the intensity of this reaction presents an indicator of contagion. This opinion is supported by Bekaert et al. (2014) who consider that contagion is a movement above forecasts. So, the principle of overreaction is a sign of the contagion phenomenon.

This conclusion is in agreement with the results of Anderson (2011). The latter uses the level of correlation between markets as a measure of the possibility of shock transmission. He points out that exceeding the usual level of correlation may cause an additional probability that a shock could be transmitted from one market to another or from one contract to another. Statistically, the excess correlation was applied to the correlation of the residuals of the factor model of Kallberg and Pasquariello (2008).

Finally, the last current considers transmission and joint movement as two possible aspects of contagion and possible definitions of this phenomenon. It characterizes contagion as the passage of an unexpected or less intense shock from one entity to another, from one contract to another, from one market to another, or even from one country to another. Only the phenomenon of shock or risk transmission is enough to consider the contagion phenomenon. Thus, the significant increase in relationships between entities, contracts, markets, or countries in times of stress as a crisis framework can well be defined as contagion. Besides, a change in the transmission channels may well trigger this phenomenon.

## Contagion and the Crisis Framework

The analysis of contagion has been the subject of several theoretical approaches that empirical confrontations have led to equivocal results.

On a practical level, Tabak et al. (2016) consider that the analysis of contagion can be a means for regulators and policymakers to review their policies and regulate their actions.

Besides, this line of research is gaining in importance with the multiplicity and convergence of crises affecting financial markets in recent years.

In this perspective, several studies such as by Amisano and Tristani (2012), Muratori (2015), and Caporin et al. (2015) analyze the importance of financial contagion in the context of a crisis (sovereign crisis framework). Both Hellwig (2009) and Forbes and Rigobon (2002) find that the period of crisis increases the possibilities of achieving contagion.

The same opinion is supported by who define contagion as the rise of a crisis probability in one market linked to the occurrence of a crisis in another market. It is explained by the increase in conditional volatility between markets. Likewise, Bekaert et al. (2005) find that they could evolve more together in the context of a crisis, which may reflect contagion.

Empirically, a study by Mollah and Zafirov (2014) covering a sample of 63 countries indicates that the symptoms of contagion mark 46 of them presented by the phenomenon of a significant increase in their correlations with the American market during the financial crisis (2007–2008) compared to previous quieter periods.

Moreover, this phenomenon is explained by Khalid and Rajaguru (2007) by the fact that the dependency relationships between financial markets follow an upward trend following a financial crisis.

These results are in agreement with the conclusions of Ballester et al. (2016). They find that financial institutions and even economies are becoming more and more interconnected, which may explain the interdependency between markets and shock transmission by contagion.

Note that the onset of a crisis is easily detectable by the occurrence of a critical event affecting the market and which may spread to other markets or countries. The problem lies in choosing a date on which we can declare the end of a crisis, especially since the crisis period is not necessarily linked to a single critical event that is the source of contagion. On the contrary, it may well present several ones at different times, hence the difficulty of analyzing this framework and the continuing interest of researchers in the analysis of this subject.

Likewise, the nature of the crisis necessarily affects those of the contagion, taking the example of the two most recent ones, namely, the financial crisis (2007–2008) and the sovereign crisis in the eurozone. Hsiao and Morley (2015) advocate that the sovereign debt crisis was more predictable than the financial crisis (2007–2008) which affects the nature of contagion during both frameworks.

The predictability of the sovereign crisis in the eurozone and the states' awareness of the risk incurred have encouraged countries to find means of regulating their precarious situations. This regulation took the form of a commitment by euro area countries to absorb their deficits at a faster pace (Boone et al. (2010)). However, the crisis broke out, demonstrating the inability of states (even the best rated: the case of France) to flee from expected contagion.

The high level of risk favored by this crisis was accompanied by a panic on the financial and money market, more particularly on the risky debt market. Moreover, even the debts that the markets offer as very low-risk debts (such as public bond debts) have seen a dramatic increase in levels of fears about them. Market makers did not stop at the discovery phase but tried to escape this delicate situation by seeking means of protection and cover. Their efforts were therefore directed to the credit derivatives market and particularly to the sovereign credit default swaps market (CDS), encouraging the revival of this market. Moreover, we note that this market is currently the second-largest CDS market competing with the private debt market.

Generally, contagion is a phenomenon linked to the shock and risk transfer in the markets, whereas CDS are products initially constructed with the objective of immunization against credit

risk. They allow an agent to get rid of his risk level by transferring it to another following a prior commitment.

The study of CDS as vectors of systemic contagion is linked to the analysis of the crisis framework. Moreover, a current of studies is based on the implied variance presenting the implied volatility related to CDS. They find it to be more informally efficient than those realized in the assessment of credit risk (Berndt et al. (2008) and Carr and Wu (2009)).

Cao et al. (2010) find that this variance is the best to explain the joint correlations of time series linked to CDS spreads. This result is supported by Pan and Singleton (2008) and Longstaff et al. (2011).

Note that the high volatility during the crisis systematically increases the levels of the coefficients and may err in the detection of contagion (Forbes and Rigobon (2002)). In this case, the consideration of the crisis effect was necessary since volatility presents a measure of fear and thus explains the credit risk (Che and Kapadia (2012)).

Referring to Bekaert et al. (2014), the phenomenon of contagion, of which protection via CDS was supposed to be the best remedy, was accentuated following the financial crisis (2007–2008). In this regard, Kim (2016) finds that this crisis highlights the risks associated with the CDS market.

Thus, the assessment of contagion becomes a priority leading to better pricing of CDS contracts. Moreover, this explains the interest in this subject by several researchers such as Kalotychou et al. (2014).

According to Kim (2016), the interconnection between this market and other markets, whether they are hedging, debt, or even an underlying asset, favors the possibility of shock transmission between this market and its partners. Empirically, these results are consolidated by D'Errico et al. (2017).

The crisis framework linked to the emergence of these products complicates the assessment of their contributions to the risky debt market. This complexity is explained by the fact that crisis framework is always associated with an additional risk favoring a change in market relations.

## Conclusion

Contagion remains a phenomenon not strictly defined. Despite the differences in definitions proposed by the literature, they converge on two notions, namely, change and interdependency. As for change, contagion is always associated with the observation of a new phenomenon. It can take the form of an unexpected shock in the market or even expected but in an unpredictable dimension.

For interdependency, this condition is necessary to speak of a contagion phenomenon but not sufficient to confirm its realization. It must be correlated to the emergence of new channels or a change in the relations between the markets to be able to pass from a noncontingent relationship of spillover effects to one likely to provoke a contingent transmission phenomenon.

Thus, contagion is associated with shock transmission by direct contractual relations and therefore linked to interdependency. Besides, indirect links can explain this phenomenon. Thereby, they must be taken into consideration by the market makers and public policymakers.

Note that the study framework is so important in the analysis of this phenomenon since a crisis framework stimulates its realization and can well explain the impact of this phenomenon on a market or a country. Moreover, this is the case with recent crises that even the public credit derivatives market presented by CDS has not been able to reduce the scale.

## References

Allen F, Gale D (2000) Financial contagion. J Polit Econ 108(1):1–33

Amisano G, Tristani O (2012) Cross-country contagion in euro area sovereign spreads. Mimeo, European Central Bank

Anderson M (2011) Contagion and excess correlation in credit default swaps, SSRN paper

Ayadi M, Boudhina R, Kallouli W, Sandretto R (2006) La contagion de la crise asiatique: dynamiques de court terme et de long terme. Econ Int 105:113–135
Bae K, Karolyi GA, Stulz RM (2003) A new approach to measuring financial contagion. Rev Financ Stud 16(3):717–763
Baig T, Goldfajn I (2002) Monetary policy in the aftermath of currency crises: the case of Asia, review of international economics. Wiley Blackwell 10:92–112
Ballester L, Casu B, Gonzalez-Urteaga A (2016) Bank fragility and contagion: evidence from the CDS market. J Empir Financ 38:394–416
Bekaert G, Ehrmann M, Fratzscher M, Mehl A (2014) The global crisis and equity market contagion. J Financ 69:2597–2649
Bekaert G, Hervey CR, Ng A (2005) Market integration and contagion. J Bus 78:39–69
Berndt AR, Douglas D, Duffie D, Ferguson M, Schranz D (2008) Measuring default risk Premia from default swap rate and EDFs, Working paper, Tepper school of business
Billio M, Pelizzon L (2003) Volatility and shocks spillover before and after EMU in european stock markets. J Multinatl Financ Manag 13:323–340
Boone L, Fransolet L, Willemann S (2010) Dette publique et interactions avec le marché des dérivés: le cas européen, Banque de France, Revue de la stabilité financière N°14, Produits dérivés, Innovation financière et stabilité, pp 21–29
Broto C, Pérez-Quiros G (2015) Disentangling contagion among sovereign CDS spreads during the European debt crisis. J Empir Financ 32:165–179
Brunnermeier MK, Clerc L, Scheicher M (2013) L'évaluation des risques de contagion sur le marché des CDS. Revue de la Stabilité Financière 17:139–152
Cao C, Yu F, Zhong Z (2010) The information content of option implied volatility for credit default swap valuation. J Financ Mark 13(3):321–343
Caporin, M., Pelizzon, L., Ravazzolo, F., & Rigobon, R., (2015) Measuring sovereign contagion in Europe, SAFE working paper series, N° 103
Carr P, Wu L (2009) Variance risk premiums. Rev Financ Stud 22(2):1311–1341
Che X, Kapadia N (2012) Can credit risk be hedged in equity markets?, Working paper, SSRN Electronic Journal
Constancio V (2012) Contagion and the european debt crisis. Financ Stab Rev 16:109–121
Corsetti G, Pericoli M, Sbracia M (2005) Some contagion, some interdependence: more pitfalls in tests of financial contagion. J Int Money Financ 24:1177–1199
Coudert V, Gex M (2010) Le marché des CDS et marché obligataire: qui dirige l'autre?,Banque de France, Revue de la stabilité financière N°14, Produits dérivés. Innovation Financière et Stabilité, Juillet 2010:183–189
Cronin D, Flavin TJ, Sheenan L (2016) Contagion in Eurozone sovereign bond markets? The good, the bad and the ugly. Econ Lett 143:5–8
D'Errico M, Battistom S, Peltonen T, Scheicher M (2017) How does risk flow in the credit default swap markets?, Working paper series, European Central Bank, N° 2041
Dieckmann S, Plank T (2012) Default risk of advanced economics: an empirical analysis of credit default swaps during the financial crisis. Rev Financ 16:903–934
Dornbusch R, Parck YC, Claessens S (2000) Contagion: understanding how it spreads. World Bank Res Obs 15(2):177–197
Dungey M, Fry R, Gonzalez-Hermosiloss B, Martin WL (2005) Empirical Modeling of contagion: a review of methodologies. Quant Finan 5:9–24
Forbes K, Rigobon R (2002) No contagion, only interdependence: measuring stock market co-movements. J Financ 57:2223–2261
Fry RA, Martin VL, Tang C (2010) A new class of tests of contagion with applications. J Bus Econ Stat 28(3):423–437
Glick R, Rose A (1999) Contagion and trade: why are currency crises regional? J Int Money Financ 18:603–617
Hellwig M (2009) Systemic risk in the financial sector:an analysis of subprime-mortgage financial crises. De Economist 157:129–207
Hsiao CYL, Morley J (2015) Debt and financial market contagion, UNSW Business School Research Paper N°2015–02
Kallberg J, Pasquariello P (2008) Time-series and cross-sectional excess comovement in the stock indexes. J Empir Financ 15:481–502
Kalotychou E, Remonola EM, Wu E (2014) What makes the systemic risk systemic? Contagion and spillovers in the international sovereign debt markets, HKIMR Working paper, N°7
Kaminsky GL, Reinhart CM, Vegh CA (2003) The unholy trinity of financial contagion. J Econ Perspect 17:51–74
Khalid AM, Rajaguru G (2007) Financial market contagion or spillovers evidence from Asian crisis using multivariate GARCH approach, GDC Working papers
Kim GH (2016) Credit derivatives as a commitment device: evidence from the cost of corporate debt. J Bank Financ 73:67–83
Longstaff FA (2010) The subprime credit crisis and contagion in financial markets. J Financ Econ 97:436–450
Longstaff FA, Pan J, Pedersen LH, Singleton KJ (2011) How sovereign is sovereign credit risk ? Am Econ J Macroecon 3:75–103
Marcal EF, Valls Pereira PL, Martin DML, Nakamura WT (2011) Evaluation of contagion interdependence in the financial crisis of asia and Latin America, considering the macroeconomic fundamentals. Appl Econ 13:2365–2379
Mollah S, Zafirov G (2014) Financial market contagion during the global financial crisis, CITR Electronic Working Paper Series, Paper No: 2014/5
Muratori U (2015) Contagion in the euro area bond markets. Soc Sci 4(1):66–82

Pan J, Singleton KJ (2008) Default and recovery implicit in term structure of sovereign CDS spreads. J Financ:2345–2385
Tabak BM, Miranda RC, Medeiros MS (2016) Contagion in CDS, banking and equity markets. Econ Syst 40:120–134

# Philanthropy and Nonprofit Organizations, Russia

Alexander Livshin
Moscow State University, School of Public Administration, Moscow, Russia

## Synonyms

Charitable giving; Charity; Endowment; Nonprofit organization; Nonprofit sector; Philanthropic foundation; Philanthropy; Russia; Social capital; Social services; Socially oriented NPO; Third sector; Volunteering

## Definition

### Nonprofit Organization

An organization for which profit is not the main goal of existence, and it meets the nondistribution criteria, i.e., such organizations do not distribute profits to benefit individual or collective owners. Nonprofit organizations are formed to achieve political, cultural, educational, religious, professional, and social service objectives.

### Philanthropy

Voluntary action for the public good, dedication of personal or corporate wealth, and skills for the benefit of specific public causes.

## Introduction: Philanthropy and Nonprofit Organizations: The Conceptual Background

The connection between philanthropy and nonprofit sector can be explained through the concept of social capital. The key idea of social capital is that social networks and social cohesiveness are no less important for a modern society, than human or financial capitals. Social capital has a dual significance: it's crucial for both the economic performance, especially in a modern economy, based on information and knowledge, and for the flourishing civil society, the basis of democracy. Different in nature from either human or financial capital, social capital builds trust, develops networks, and generates willingness to associate through creating participatory enthusiasm for public life and social involvement.

Social capital builds upon norms of reciprocity, mutual support, and solidarity that are most easily developed by participation in civic associations that usually exist in the form of nonprofit organizations. Therefore, the nonprofit sector can be seen as a product of social capital; at the same time, sustainable and viable civil society leads to the formation of social capital.

There are two main types of social capital. The first type might be characterized as a bridging (or inclusive) type, while the second one might be seen as a bonding (or exclusive) social capital. Bridging social capital is most important for a modern society's sustainable development because it brings together people from different social backgrounds, professions, and racial, ethnic, cultural, and religious groups. They all are getting involved in the process of creating common good.

The concept of social capital provides us with a modern understanding of philanthropy, which cannot be limited to viewing it as just a financial institution. The act of charitable giving is an important form of societal activity which, on the one hand, derives from social capital (people donate to whom they trust; they donate because they are socially involved and contribution can make impact; networks stimulate the willingness to donate), and on the other hand, it contributes to the formation of social capital and democracy.

Throughout the world, philanthropy is seen as an important means of strengthening democracy, developing civil society, and consolidating social capital. The development of social capital influences the level of philanthropic activity, and,

conversely, charity work increases the social capital and strengthens society.

A nonprofit organization (an organization registered according to legislation with a nonprofit status, NPO) derives from civil society and civic activism. Another term – a nongovernmental organization (NGO) – is usually used as synonym to NPO (emphasizing the fact that they are not government agencies); however it might also distinguish those nonprofits that do not perform government-like functions and do not receive a significant portion of their revenue from the state. A nonprofit status means that profit is not the main goal of the organization's existence, and it meets the nondistribution criteria, i.e., such organizations do not distribute profits to benefit individual or collective owners (this principle is often referred to as a nondistribution constraint). However, these organizations can and do earn profits. At the same time, such organizations can be defined as independent, private, and voluntary. Another important feature of nonprofit organizations is tax exemption or tax benefits they receive in exchange for directing revenues to serve their beneficiaries.

Being an organizational framework for civil society, nonprofit organizations are self-governing, non-compulsory bodies that accommodate diversity and give attention to minority needs, provide assistance and support, and engage in social innovation. Major areas of nonprofit activity are education, healthcare, social services, arts and culture, recreation, environment, human rights protection, advocacy, and religion.

A sum of nonprofit organizations in a society constitutes a nonprofit sector (third sector), with government and its agencies of public administration being the first and business and commerce being the second (sometimes households are also considered a sector). Many contemporary scholars emphasize the increasing blurring of boundaries between the sectors, which has led, among other important consequences, to the emergence of the social entrepreneurship concept. Organizations can "migrate" from one sector to another; there are multiple organizations that have both for-profit and nonprofit (for instance, social enterprises). Although they sometimes compete, the three sectors throughout the world are going through the process of rapidly growing interaction and cooperation.

According to modern theoretical approaches, the nonprofit sector performs different roles in different countries, socioeconomic and sociocultural settings. Those roles can be arranged according to few distinctive models (*Helmut Anheier. Nonprofit Organizations. Theory, Management, Policy. Second Edition. Routledge, NY. 2014. Pp. 218–220*):

***Liberal model*** – low government social welfare spending plus relatively large nonprofit sector which substitutes for the government (USA, UK).

***Social democratic model*** – nonprofit sector performs a function of advocacy and personal expression, rather than a service-providing role (Sweden, Denmark, Norway, Finland).

***Statist model*** – both government social welfare spending and nonprofit activity remain limited (Japan, most developing countries, Russia).

***Corporatist model*** – the state has been either forced or induced to make common cause with nonprofit institutions (France, Germany).

The third sector throughout the world performs two major groups of functions: (a) social service delivery and (b) civil society enhancement, human rights protection, civic engagement, and advocacy. The service component ranges from 42% of total NPO activities in Sweden (social democratic model) to 87% in Japan (statist model).

## Russian Civil Society and Philanthropy: History

Russia, despite many stereotypical perceptions of its past and present, has deeply rooted historical traditions of self-governance and civil society. To some extent, these roots can be traced back to the role of rural commune and communal life throughout many centuries of Russian history. Rural commune has been a self-governing institution which role in regulating everyday life of the

majority of the Russian population has considerably outweighed the role of any other institution including that of the state. In the early centuries of its statehood, many Russian cities were governed, along with local princes, by a *veche* – gatherings of free citizens which have been making decisions on many issues of local politics. In Novgorod, an important commercial center in the northwest of Russia, *veche* has evolved into a crucial institution which has transformed local political system into what can be roughly defined as a medieval democracy. There was no local dynasty ruling in Novgorod, and before this city became finally subordinate to Moscow in the late fifteenth century, princes were invited and easily expelled from the city by the *veche*.

In the new times, Russian civil society began emerging with the reforms of Peter the Great and especially during the period of enlightenment, or *enlightened absolutism*, which was associated with the reign of Catherine the Great in the second half of the eighteenth century. In 1762 and 1785, she relieved Russian nobility from mandatory service to the state which paved the way to the emergence of *intelligentsia* – an independently thinking and critical part of the society. In 1765, the first civil society self-governing organization – Free Economic Society – was created. It was established by Catherine the Great to study economic life in Russia and to disseminate knowledge about best practices in the economy. However, autocracy and serfdom have been formidable obstacles for the development of institutions autonomous from the government. Civil society in prerevolutionary Russia reached its peak much later, in late nineteenth to early twentieth centuries, after the abolition of serfdom in 1861 and a series of constitutional reforms during and after the first Russian revolution of 1905–1907. The "Great Reforms" of the 1860–1870s gave birth to *zemstvos* – a new type of elected municipal bodies in rural areas as well as self-governing institutions in cities. In 1905 and following years, dozens of political parties have emerged. In 1917, from February, when autocracy was finally overthrown by a new revolution, to October, when *Bolsheviks* seized power, the country has experienced powerful civil activity with hundreds of civil society organizations emerging. The communist revolution led to the end of civil society which was completely crushed by the state. The rebirth of civil society began during the years of *perestroika* in the late 1980s and continues with its ups and downs until now.

Charity and philanthropy in Russia also have a rich prerevolutionary past, followed by a period of Soviet-era suppression. Charitable giving was profoundly rooted in the pre-communist Russian history and has a deep grounding in the Russian thought. Charity in Russia historically has been influenced by religion and religious tradition. For many centuries, the Orthodox Church and monasteries were the main focus of social assistance for poor and sick people. In medieval Russia, helping the poor was a matter of particular individuals, a spontaneous act of kindness from person to person outside formal organizations, and an open display of mercy and compassion. Unconditional sharing – compassionate benevolence and generosity – has been seen by the Church and by the populace as a sacred act. Charity has become such an important part of Russian culture that it is even evident in the language. It was customary to address one's superior as *milostivyi gosudar* (merciful/chartable sire), *otets-kormilets* (father-benefactor), zastupnik (protector), or *milosrdni pokrovitel* (merciful patron) (*Natalia Dinello. Elites and Philanthropy in Russia. International Journal of Politics, Culture, and Society. September1998. Vol. 12. Pp. 109–133*).

By the 1763 decree of Empress Catherine the Great, first philanthropic organizations were created in Moscow (1764) and Saint Petersburg (1772). Russian Empress Maria Feodorovna, the second wife of Emperor Paul I, was called the "minister of charity." Emperor Alexander I established the Imperial Philanthropic Society in 1816. His main goal was to satisfy the needs of the poor. Following this example, other organizations and societies were getting established. First "sisters of mercy" society was founded in 1844 and played a major role during the Crimean War. Regardless of the age, rank, or education, Russian women were self-sacrificingly serving in hospitals, practicing charity.

From the second half of the nineteenth century, the development of "charity of *zemstvos* (new municipalities)" has started. By the end of the century, Russian district councils have been spending about three million rubles per year for helping homeless and displaced people. In the post-reform Russia, many laws were passed, and different unwritten rules were established. Social policy of the state and public and private charity acquired features of a comprehensive system and thus received a powerful impetus to development.

The imperial family supervised the exercise of philanthropy, itself making generous contributions to the society to lead by example. By the mid-nineteenth century, Russian industrialists, financiers, and merchants started participating in philanthropic activity, supporting fine arts and literature. At the turn of the nineteenth century, there were as many as 3500 charitable institutions in Russia. The wealthy members of the community of "Old Believers" were especially active in charitable giving (Morozov, Prokhorov, and Ryabushinsky families, etc.). By the end of the nineteenth century, philanthropy in Russia became such a large-scale social phenomenon that in 1892 a special commission was set up in authority of which were legal, financial, and property aspects of charity. The most important outcome of the work of that commission was ensuring of transparency of charitable activities in Russia, openness, and availability of all information, including financial aspect for all stratums of society. Since the end of the nineteenth century, public control over charity was established, which resulted in growing trust for the activities of philanthropists and, as a consequence, new unprecedented growth in the number of donors.

The most famous Russian patrons were entrepreneurs Savva Morozov and Pavel Tretyakov. With the financial support of Morozov, the Moscow Art Theatre was created in 1898. Tretyakov was purchasing paintings by Russian artists and had such authority in cultural environment that each new purchase was seen as an act of public recognition. In the end of the nineteenth century, the famous Tretyakov Gallery was established.

In 1905, 11,040 charities were functioning in the Russian Empire. Charitable organizations rendered assistance to adults and children by providing low-cost free education (schools, workshops, and classes), accommodation (rooming house, night quarters, apartments, and dormitories), food (canteens and soup kitchens), employment (workhouses, handmade craft), and medical care (hospitals, dispensaries, medical centers).

The October Revolution of 1917 denounced philanthropy and destroyed a complex charity system, replacing it with a unified network of state institutions. Assets of public and private charities were nationalized, and the property was transferred to the state. The resolution of All-Russian Central Executive Committee and Council of People's Commissars of the RSFSR of 8 April 1929 "about religious associations" introduced a ban on all organized charitable activities of religious organizations. The communist government seized complete control of all issues of social welfare and social assistance to citizens. The government introduced a ban on all self-organized charitable activities at all levels, including those of the Russian Orthodox Church.

Only since the end of the 1980s, political and socioeconomic conditions for the revival of forgotten traditions of charity and philanthropy began to form in Russia. However, a massive, independent, nonprofit philanthropic sector emerged only in the 1990s, after the collapse of the USSR and the beginning of transition to a market economy.



## Nonprofit Sector in Contemporary Russia: Legislation and Policies

Major legislation which regulates nonprofit sector and philanthropy was adopted in the 1990s, after Russia began transforming its political and socioeconomic systems. Among most important pieces of legislation are:

- Civil Code of the Russian Federation (1994–2006)
- Federal Law of 12.01.1996 # 7 (last amended 23.05.2016) "On Nonprofit Organizations"
- Federal Law of 19.05.1995 # 82 "On Public Associations"

- Federal Law of 01.08.1995 # 135 "On Charitable Activity and Philanthropic Organizations"
- Federal Law of 12.01.1996 # 10 "On Professional (Trade) Unions, Their Rights and Guarantees to Them"
- Federal Law of 11.07.2001 # 95 "On Political Parties"
- Federal Law of 20.07.2012 # 121 (amending the law of 1996, introducing controversial "foreign agent" status for foreign-funded NGOs)

Since the transition from communist regime had begun, much attention has been paid to the creation of the nonprofit sector, to its regulation, to issues of securing governmental and private support to the sector, and to the ways of improving its sustainability. Much has been done in the areas of funding, outsourcing, procurement, etc. Since the early 1990s, different contradictory policy initiatives have been implemented. The results of these initiatives are ambivalent: on the one hand, the nonprofit sector is getting more mature, innovative, and competitive. Since 2009–2010, the state has been consistently building the infrastructure of governmental financial and organizational support for what was defined as "socially oriented NPOs." Much has been achieved in terms of improving the institutional framework of government-civil society interactions: such important institutions as Presidential Council on Civil Society Development and Human Rights, Public Chamber of the Russian Federation, Public Chambers in the provinces, Public Councils at municipal level, and Public Councils at governmental executive bodies (52 in 2012) have emerged.

On the other hand, the regulatory burden on nonprofits has been permanently growing. The state has imposed much stricter rules of registration and reporting, which complicated the life of many organizations. Aiming at establishing more control and supervision, the government adopted a new legislation leading to labeling NGOs as "foreign agents" in case they receive funding from abroad. Policies toward NGOs have been designed in the way that would discourage them from participating in political process and encourage their focus on social issues and social work.

There has been a lot of discussion in the Russian society about the ways of creating a more stimulating legal and political environment with regard to nonprofits. The Third All-Russia Civil Forum – a large congress of civil activists and nonprofit leaders which occurred in 2015 – proposed substantial policy changes. They include:

- Relieving registration procedures
- Continuing and expanding the program of supporting socially oriented NPOs by the state
- Relieving strict regulation, leading to labeling NGOs as "foreign agents." In order to do so – to abandon a very broad definition of "political activity" by which any kind of activity could be labeled as "political"
- Expanding the scope of social services which is outsourced to nonprofits and funded from state/municipal budgets at all levels
- Enforcing the principles of non-discrimination of civil society organizations when it comes to social services delivery – to create legislation that would prevent complete state monopoly on social services delivery
- Granting nonprofits access to the support infrastructure, created for small businesses
- Establishing a more comprehensive system of tax deductions for philanthropic donors, for instance, on donations made from dividends
- Exempting from taxation revenues philanthropic organizations receive from business activities if those revenues are spent on social programs
- Increasing the participation of civil society organizations in conflict mediation and conflict resolution, to allow NGOs create officially acknowledged negotiation platforms
- Creating a nonprofit sector association/lobbying organization, officially acknowledged by the government as representative of the sector in negotiations with the state

## Russian Nonprofit Sector: Main Characteristics

Over the past two decades, Russia has developed a third sector of considerable size and nearly

227,000 NGOs officially registered (May 2016). Over one million people work at NGOs which perform social/human services. However, most Russian nonprofits are small: 70% of Russian NGOs have five people or less of paid staff, whereas just 2% have over 50 employees. About 43% of nonprofits attract only five or even less external (supernumerary) experts/workers. About 53% of NGOs in Russia operate on the basis of funds provided by members and are very limited in terms of funding and financial sustainability.

After the Federal Law # 40 of 2010 "On Introducing Amendments Into Some Legal Acts Regarding the Support for Socially-Oriented NPOs" was adopted, due to the strengthening of financial support, the number of nonprofits has increased over the 2-year period (2011–2013) by 16.5%; the average number of volunteers is by 36% (according to data provided by the Russian Ministry of Economic Development). As a result, in 2014, 23 million people received social services from socially oriented NGOs. Five million people received legal support/consulting either free of charge or at subsidized price; over three million people received financial support (in cash) from socially oriented NGOs.

Since it was created from scratch, the nonprofit sector in Russia is still small by international standards in terms of its contribution to the national economy. According to different sources, its share in GDP is equal to 1–2% (average in the developed world – 6.5%). With 1% of the total workforce, it can hardly compare with 7.1% average level of the developed nations.

One of the biggest problems the third sector is facing is the lack of information and knowledge that Russian citizens have about the role of nonprofits in the economy and in social work. There is a very obvious lack of coverage of the role on the third sector in the media. According to recent polls, although the term "nonprofit organization" is familiar to 54% of respondents, only 16% are well informed about NGOs and their role. About 33% know nothing about nonprofit activities in the place where they live, while 27% believe that NGOs are used by foreign intelligence services.

The lack of knowledge results in low credibility people give to Russian nonprofit organizations, even those involved in charitable activi-ties. Recent surveys indicate that only 44% of respondents express some level of trust toward philanthropic NGOs; 43% either not trust at all or more likely do not trust them.

## Socially Oriented NGOs: Governmental Support

The special status of a socially oriented NPO (SO NPO) was introduced in 2010 in order to develop the lacking system of financial and infrastructural support by the state. Russia is lagging far behind the developed nations in terms of both the volume and quality of government support programs, as well as tax benefits to nonprofits. If an organization performs the functions listed below, it is entitled to apply for the SO NPO status:

1. Protection and social support for citizens
2. Overcoming the consequences of natural disasters and ecological, technogenic, and other catastrophes
3. Providing assistance to victims of natural disasters; ecological, technogenic, and other catastrophes; and social, ethnic, and religious conflicts to refugees and migrants
4. Environmental protection and animal welfare
5. Protecting territories of historical, religious, cultural, or environmental significance and burial places
6. Provision of legal aid to citizens and nonprofit organizations, legal education, and efforts to protect the rights and freedoms of citizens
7. Prevention of socially dangerous forms of behavior
8. Charitable activities and activities to promote philanthropy and volunteerism
9. Activities in the fields of education, science, culture, art, and healthcare, prevention and health protection, promotion of healthy lifestyles, improving the morale of citizens, physical culture and sport, and assisting the "spiritual development of an individual"
10. Other activities established by federal laws and laws of subjects of the Russian Federation

Since 2010, the state has been gradually developing a system of supporting SO NPOs. The policies already adopted include financial, property, information, and consulting support. They also include support in the field of training, retraining, and advanced training of employees and volunteers of nonprofit organizations. Some steps have been taken in order to provide tax benefits for socially oriented NPOs. New taxation policies also include tax benefits to individual donors: social tax deduction equal to the amount of donations, but not more than 25% of the income earned was introduced. Social advertising became exempt of VAT.

The functions of building the infrastructure of government support for socially oriented NPOs were assigned to the Russian Ministry of Economic Development. The Ministry has been offering two types of subsidies: (1) subsidies to support regional nonprofits in Russian provinces and (2) subsidies given directly to NPOs to disseminate best practices and for consultancy services rendered to other NPOs. Subsidies to Russian provinces account to two-thirds of the entire amount of funds allocated for government support. They are being distributed among the regions on a competitive basis. Provinces distribute those funds among specific NPOs also on competitive basis in the form of grants. The Ministry of Economic Development has developed conditions for supporting regional programs of social nonprofit sector development. These conditions include federal and regional budgets cost-sharing as well as the existence of officially adopted and approved by local legislature procedures of competitive grant-giving to SO NPOs. Criteria for supporting regional programs from the federal budget include the existence and efficiency of a working mechanism of outsourcing social services to nonprofits through (a) budget subsidies and (b) procurement. The existence of regional tax deductions for SO NPOs as well as for donors is also an important criterion. For this reason, the right of Russian provinces to establish tax benefits was established. Regions can provide benefits or even nullify property tax or transport tax for legal entities. Benefits can be given both to nonprofit organizations and to companies donating to them. Public-nonprofit partnerships in Russian provinces, especially in the form of subsidized rentals of public property, are also taken into account, along with regional governmental programs of informational support through local media and social advertising. Another important move was developing such criteria as having representatives of social nonprofits participating in advisory boards of regional governmental bodies.

Starting in 2015, a new type of NPOs has been established – a "Social Service Provider." In 2015, the status was granted to 150 socially oriented nonprofits. They are entitled to more benefits in terms of procurement and outsourcing.

A large role in SO NPO funding is played by "Presidential Grants" program. Grants are given to NGOs which "participate in civil society institutions development" and "implement socially significant projects."

## Contemporary Russian Philanthropy: From Traditional to Strategic Giving

Currently 58% of the Russian population is involved in charitable giving of different kinds, and this share steadily grows (48% in 2009 – 27th among 69 countries surveyed). Comparing Russia to some other countries, in the USA 89% of households participate in charitable giving, whereas in Germany only one-third of all taxpayers (nine million people). What makes Russia very distinct is the correlation between corporate and individual giving: Russia is the land of corporate philanthropy, whereas individual giving is lagging far behind. In Russia, corporate-individual philanthropic giving ratio is 15:1. By comparison, in the USA 73% of all donations come from individuals, 5% from corporations, and the rest from foundations and bequests. In terms of philanthropic activity, there is a great variation among Russian regions. It ranges from 30 to 62% of individual donors among the population, depending on a region/province. Tambov province in south-central Russia is at the top of the list – over 66% of the adult population has donated to philanthropic foundations (and even a bigger percentage to other types of recipients).

However, in general, Moscow and Saint Petersburg prevail heavily over other regions

since they have a fairly sophisticated infrastructure for philanthropic activity. About 15% of the Russian population are "serial donors" – they make donations frequently.

Philanthropic foundations sector in Russia performs a distinctive role in the society, being a major institution of delivering private and corporate funds and other resources to numerous constituencies of beneficiaries. In 2014, Russia had 8816 foundations (USA, 75,000 foundations; Germany, 13,000; UK, 9000; Spain, 10,000; Italy, 5000).

There is a huge concentration on the foundations market: 485 largest foundations are raised almost 10.5 billion rubles in 2014, whereas 3% of them raised 63% of the entire amount of funds risen. In terms of geography, there is a disproportionate concentration as well: a vast majority of large foundations are Moscow-based (of 14 largest, 12 are in Moscow, 1 in Saint Petersburg, 1 in Yekaterinburg). There are five types of foundations in Russia:

- ***Private foundations (49% of all foundations)*** – individual or family foundations; NPOs created via a single primary donation from an individual. Their funds and programs are managed by their own trustees or directors: usually they do not solicit funds from the public.
- ***Corporate foundations (23%)*** – established by business companies to run their philanthropic programs.
- ***Local communities' foundations (1%)*** – created within a regional entity and designed to accumulate funds from local businesses and private donors.
- ***Fundraising foundations (21%)*** – created to raise funds from multiple individual and corporate donors in order to serve the needs of a specific group of beneficiaries.
- ***Endowments (6%)*** – created to accumulate funds for business investments; tax-exempt revenues are used for philanthropic purposes and for supporting nonprofit programs.

In terms of areas supported by philanthropic foundations, an obvious shift from traditional assistance to people afflicted by poverty or disease to a more strategic approach of making social investments into areas that create healthier and more sustainable societies is taking place. The proportion of foundations that support different areas of their total number are:

Education – 82% of all foundations
Support for socially vulnerable groups – 55%
Support for nonprofit sector – 51%
Health – 51%
Science and research – 49%
Art and culture – 47%
Sports, fitness, and healthy lifestyles – 45%
Child protection – 32%
Local communities' development – 30%
Civil society development initiatives – 23%
Environment protection – 20%
Economic development – 18%
Religious life – 16%

Fundraising foundations support mostly health, endowments – education and corporate and private foundations – and social services for vulnerable groups. Local communities' foundations split their funds in more or less equal shares; there are no dominant priorities among them.

## Conclusion

Russia, like other transitional countries, strives to get rid of the communist regime legacy and of all sociocultural and societal deformities this regime had caused. Since the transition to a market economy had started, the Russian nonprofit sector has evolved into a prominent force which provides the organizational infrastructure for civil society and manifests the economic capacity of civic participation. NGOs create a strong foundation for social welfare, civic engagement, philanthropic giving, and volunteering. This is a crucial factor in a transitional society, where people are alienated, atomized, and tending to focus on their individual success rather than on social issues and the needs of their communities. However, NGOs are still being discriminated as compared to state and municipal bodies, delivering social services; they are deprived of many benefits with regard to taxation, property lease, etc. They are discouraged

from getting involved with politics, but the state stimulates those nonprofits that do social work. Philanthropic foundations are the most important element of the Russian nonprofit landscape.

## Cross-References

▶ Nonprofit Organizations
▶ Religion and Nonprofit Organizations

## References

Anheier H (2014) Nonprofit organizations theory. Management, policy, 2nd edn. Routledge, London/New York, pp 218–223
CAF World Giving Index (2016). http://www.cafrussia.ru/page/mirovoi_reiting_blagotvoritelnosti_1
Donors' Forum Report on the State and Development of Foundations in Russia. http://www.donorsforum.ru/materials/doklad-o-sostoyanii-i-razvitii-fondov-v-rossii-2015/
Frumkin P (2005) On being nonprofit: a conceptual and policy primer. Harvard University Press, Cambridge, MA, pp 1–28
Payton RL, Moody MP (2008) Understanding philanthropy: its meaning and mission. Indiana University Press, Bloomington, pp 62–65, 88–91.
Rusfond Rating of individual giving. http://www.rusfond.ru/rating
Rusfond Navigator. http://www.rusfond.ru/navigator
Worth M (2009) Nonprofit management: principles and practices. SAGE, Los Angeles, pp 32–33, 236–239

# Philippine Public Administration: 5Es and an A

Alex B. Brillantes[1] and Maria Pilar Lorenzo[2]
[1]University of the Philippines National College of Public Administration and Governance, Quezon City, Philippines
[2]Faculty of Political and Social Sciences, Ghent University, Ghent, Belgium

## Synonyms

Expansion of classic framework of Public Administration; Government principles; Philippine Public Administration

## Definition

5 Es and an A is a conceptual framework that seeks to expand the classic framework of Public Administration given the context of a developing country like the Philippines that grapples with well-entrenched issues of inequality, lack of inclusive growth, nepotism, and corruption.

## Introduction

The discipline of Public Administration has many times been considered a sub-field of the general field of management and administration, and thus, tends to focus on the three general classic concerns of economic, efficiency, and effectiveness, also referred to as the 3 Es of Public Administration. However, given the context of the Philippines, a developing country that has been confronted with deeply rooted issues on inequalities, lack of inclusive growth, nepotism, and corruption, Public Administration has always gone beyond the traditional 3Es – and it is not unreasonable to assume that this may be also true for other contexts – as other, and perhaps more relevant, principles have to undergird the theoretical underpinnings and practice of the discipline.

## Defining Public Administration

Many countries today continue to grapple with the challenges of growing inequality and graft and corruption that have hindered growth and development. Conventional thinking has always related these to the unresponsive – and underdeveloped – administrative structures and procedures, sometimes referred to as "maladministration" (Caiden 1991:486). Certainly, good administration boils down to the so-called 3Es of management, economy, efficiency, and effectiveness, which are all undeniably critical. But equally important are the principles of equity, ethics, and accountability wherein the lack of these in practice also lead to maladministration and have also been characterized as "bureaupathologies" that are "systemic shortcomings of organizations that cause

individuals within them to be guilty of malpractice" (Caiden 1991, p. 490).

## Traditional Public Administration: Classic Principles of 3Es

The emergence of the discipline of Public Administration as a distinct area of academic study can be specifically traced to the seminal work of Woodrow Wilson entitled "The Study of Public Administration" (1887) published during the peak of the Progressive Movement in the United States in which Wilson called for a rigorous scientific study of administration (Waldo 1953). In an expanded text version of his speech entitled "The Study of Administration," he refers administration to the practical functioning and operating of the government and advocates for the study of public administration as a science, arguing that it needs to be a self-conscious discipline. Wilson has thus ushered in what is called in the discipline as the politics-administration dichotomy, which signifies the study of public administration as a science of management distinct and separate from politics. Wilson's tenets mark the science of public administration that regards the discipline as a field of business with emphasis placed on core government principles called the 3 Es of the Traditional Public Administration (TPA), namely, economy, efficiency, and effectiveness.

### Economy

In response to this call of making the discipline objective and verifiable, empirical studies on organizations and methods have intensified. These have been carried out in pursuit of the principle of economy, finding out the best way to carry out government objectives and activities with the most possible efficiency at least possible costs (Wilson 1887). As Wilson's call for a scientific study fell at that time on a ripe intellectual ground in the United States, many scholars (e.g., Frank Goodnow, Frederick Taylor, Henry Fayol, and Luther Gulick) subsequently conducted thorough studies that draw attention to the organization and internal structure of public agencies, bearing in mind the tenet of accomplishing public functions with the greatest productivity but at least cost. With this movement comes the considerable accent on the administrative function of economy that heavily centers on external and materialist objectives.

### Efficiency

Efficiency can be regarded as a twin concept of economy. Similar to the principle of economy, efficiency signifies the achievement of a bureaucratic goal with competency but expended with the least time and effort. A common bureaucratic procedure that is employed to achieve greater efficiency is through what is called public reorganization. It means re-grouping various public sector agencies in a way that public goals can be achieved with least cost, and at the same time, incorporating a chain of command and ensuring responsibility. Due to the unique mandate of the bureaucracy to provide goods that are "public" (in contrast to the nature of goods provided for by private companies), it is argued that measuring efficiency in the public sector is difficult (Erkoc 2017).

### Effectiveness

Effectiveness is highly associated with the principles of economy and efficiency. It denotes goal fulfillment, focusing on the objective(s) set forth by an organization and closely anchoring this/these on the needed steps in order to accomplish the overall mission. Moreover, it means the provision of public service delivery performed by the necessary national and local authorities. In order to assess the effectiveness of the provision of a public good, one method is to examine the amount of resources allotted to the program implementation, the outputs (the actual work completed), and the outcomes (key direction of improvements) (Demin 2016).

## Modern Public Administration: Towards 5Es and an a

In spite of the progress that TPA has able to advance, the discipline of Public Administration has been tainted by an identity crisis, emanating from what Rutgers (1998) pertains to as an epistemological identity. This situation paved the way for the beginning of the Modern Public Administration (MPA), a school of thought that began in the 1950s and has continued up to the present time.

The early schools of MPA, specifically the Development Administration and the New Public Administration, surfaced due to the growing prosperity of a society that fails to meet the needs of the public (Brillantes and Fernandez, 2008). This identity crisis has resonated loudly in the Philippine Public Administration as the country confronts intractable poverty, unemployment, and inequality. As discussed by Reyes (2003a, b), the challenge is to make public administration both in terms of scientific discipline (Public Administration) and practice (public administration) aligned with the development objectives of the Filipino people. As the pursuit of social equity continues to be elusive in the Philippines (Brillantes et al. 2019), the principles espoused by MPA have carved out a greater grounding in the country.

It is within this ambit that the academic discipline of Philippine Public Administration needs to move beyond the 3 Es as propounded by the TPA. This is not to discount off the need for effective and efficient public structures and organizations in the Philippine government. However, given the terrains of development, or the lack thereof, in the country, the sole pursuit of 3 Es is not viable in the long run. There is an urgent need for a Public Administration that examines and meets the needs and demands of the Filipino people. As a crucial point to consider, Brillantes and Fernandez (2008) raise what can be considered as a more fundamental question in the Public Administration discourse: For whom is Public Administration in the first place?

Due to the chronic development gaps and cracks in the country, Philippine Public Administration has since its incipient stage necessarily extended beyond the 3 Es. A situational analysis of the Philippines necessarily assumes a normative dimension and points that PA has to be for the poor and the marginalized. It has been manifest that government rhetoric and interventions have not succeeded in fully integrating these groups of people in what is termed as the development process in the Philippines (Asian Development Bank, 2009; Brillantes et al. 2019; Intal, 2002). Given that administration has to largely cater to the public, an enhanced paradigm is vitally important.

## Ethics

Ethics comes from the Greek word "ethos" which means customs, usage, and character. Its scope typically includes traditional customs, habits, or character of a community. At a personal level, it refers to a person's conduct and to his/her system of values that determine what is right or wrong. In the practice of ethics within the ambit of public mandate, Rosenbloom and Kravchuk (2005) argue that public administrators need to act with responsibility as their work is linked to various areas of public service and can lead to abuse of public trust. Public officials are considered to a certain extent as "moral actors" (Stewart 1985) whose behavior ought to be distinguished by civil virtues such as responsibility, trustworthiness, honest, and impartiality (Demmke & Moilanen 2012).

In spite of the positive repercussions that good ethics may create in the public sector, upholding ethics in government practice comes out to be complex and challenging. As Sherman (1998) points out, there has been a growing concern relating to the lack of public sector ethics given the several scandals that have arisen in recent years. On a parallel note that Waldo (1980) argues that the twentieth century can be characterized by a decade of decay as to the lack of consensus on and practice of agreed moral codes.

Given the context of the Philippines, its public administration has been assailed with bureaupathologies that are manifest for instance in the widespread practice of nepotism in political and civil service appointments and promotions that

date back to the Spanish regime (Endriga 1979). In the sixteenth century, there was the practice of regarding public office as a grant or favor (*merced*) in exchange for their good acts for the king, such as participation in a conquest and pacification of a colony. At this time, public offices could be disposed of either by appointment or by purchase. The former was supposed to be excluded from sale; however, this was far from practice. The saleable public offices, on the other hand, were categorized depending on the kind of reward the purchasers seek to receive.

In addition, some Filipino cultural traits, such as family-orientedness, sense of conviviality, and debt of gratitude, that are still practiced until today are susceptible to nepotism as well. Valera (1996) suggests that these need to be re-interpreted so as to separate them from the possible conflict with the merit system instituted in the bureaucracy. Public employment patronage that feeds into creating factions and competitions between political parties acts as a stumbling block in the practice of ethics in public sector. Moreover, the practice of corruption, which seems to have spread like cancer, in the bureaucracy has also been a pressing concern. As Domingo and Reyes (2011, p.401) argue, corruption "remains a scourge in the government … contributing to the problem of underperformance in the country." With these ingrained malpractices in the government – or bureaupathologies – that there has been resistance against pursuing merit reforms in Philippine public administration.

In view of these bureaucratic malpractices that revisiting public sector ethics mechanisms offers new pathways in order to render greater public service and to forge not only any kind of public administration but an ethical one. One concrete mechanism that can be leveraged is the country's highest standard of ethics as embodied in the Philippine Republic Act No. 6713, or what is referred to as the Code of Conduct and Ethical Standards for Public Officials and Employees. This upholds eight norms of conduct that have to guide every government employee, namely, commitment to public interest, professionalism, justness and sincerity, political neutrality, responsiveness to the public, nationalism and patriotism, commitment to democracy, and simple living. A core part of ethics involves reforming the values, behavior, and mindsets of people (Brillantes and Perante-Calina 2018; Brillantes et al. 2020), and it is within this context that the Code of Conduct of public officials comes out to be a valuable compass for public affairs. As holders of a public trust, public officials need to abide by ethical values in order to satisfy public interest (Sherman 1998).

## Equity

Discussions about social equity can be traced back to ancient times, particularly in the era of Aristotle and Plato, who both argued that equity is a kind of justice that may transcend beyond written law and translate into practice (Rutledge 2002). Rousseau, on his part, attributes inequities found in society to unequal distribution (Rousseau 1992). Within the field of public administration, social equity took prominence in the 1960s and 1970s as a reaction to the mechanical and value-neutral government approaches (Wooldridge and Gooden 2009). Dwight Waldo convened the first Minnowbrook Conference in 1968 that pressed for the need to include social equity in the way public services are managed and distributed. H. George Frederickson, a Minnowbrook I participant, points out social equity as a crucial component of public administration (Gooden and Portillo 2011; Rutledge 2002). In fact, Frederickson (1990, 2010) regards equity as a pillar of same status in public administration as that of economy and efficiency.

Owing to a long history of colonization, the general tenor – both in theory and practice – of the Philippine bureaucracy demonstrates a close resemblance to American Public Administration. Among these foreign theories and models that have been adapted by the Philippines, the New Public Administration – with its emphasis on equity and social inclusion – is the theoretical framework that echoes greatest familiarity in the country given the needs of Filipino people. Pilar (1982) mentions that there has been a growing interest in coming up with indigenous models on

Philippine Public Administration that can best capture the plight of the people, but that there has been no full-blown indigenous model that has come to the fore. As such, he argues that "in the absence of an indigenous model of public administration, New Public Administration concepts provide a good beginning" (Pilar 1982, p. 234) and serve as a "worthy alternative" (Pilar 1982, p. 231).

Former President Ramon Magsaysay, who assumed Philippine presidency from 1953–1957, once said, "Those who have less in life should have more in law." This is to show that the clamor for equity has been a mandate of Philippine government since early on. Furthermore, the 1987 Philippine Constitution serves as the primordial framework that upholds equity and social justice. In Article XIII, Section 1, it clearly stipulates that "The Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good".

The Philippines has undergone moderate economic expansion, and yet, it has created limited impact in terms of poverty reduction (Asian Development Bank 2009). In the latest Association of Southeast Asian (ASEAN) Key Figures report (2019), the Philippines is the country with third highest poverty incidence in the region at 21.6%, next to Laos at 23.4% and to Myanmar at 24.8%. It is also the ASEAN country with the lowest poverty reduction rate between the years 2005 and 2017 (ASEAN 2019). Incorporating equity into Public Administration is thus an imperative and occupies a central place in the academic discourse. As Pilar (1982) argues, theoretical frameworks and models are hollow if they fail to respond to difficult situations. Equity, as part and parcel of Public Administration discourse, translates not only to greater quantities of outputs and macro-economic growth but signifies more importantly a public service which impact can be felt by the most deprived portions of the population.

## Accountability

As defined by the United Nations Economic and Social Commission for Asia and the Pacific (2006), accountability is one of the prerequisites of good governance. The urgency of the practice of accountability emanates from the principle that public office is a public trust. The Article II of Section 1 of the Philippine Constitution (1987) clearly stipulates that the sovereignty of the Philippine government "resides in the people and all government authority emanates from them." In conjunction to this, Article XI of the Philippine Constitution (1987) lays down clearly that public servants are to be accountable to the Filipino people at all times, and the former are expected to exercise authority for the welfare of the latter with "utmost responsibility, integrity, loyalty, and efficiency" (Article XI, Philippine Constitution 1987).

A foremost challenge afflicting Philippine government when it comes to accountability is its deep-seated problem on corruption. Endriga (1979) argues that there were some precolonial customs that might have been vulnerable to corrupt behavior, but he argues that the practice of graft and corruption in contemporary Philippine bureaucracy can be specially attributed to the colonial experience. He further maintains that it started out specifically during the Spanish period when compensation for public officials was nonexistent, and as such, officials were vulnerable to engage in corruption. Meanwhile, Alfiler (1979) gives emphasis on the post-war period. The latter asserts that similar to other newly independent states, the Philippines faced a host of internal problems, bureaucratic corruption being one of the foremost challenges. Corpuz (1965) argues that shortly after the Japanese occupation, the first wave of extensive corruption transpired, resulting in a broad network of graft and corruption that involved officials from the lower echelons up to the elite positions. All these bureaucratic habits formed during the colonial regimes have influenced the emergence and proliferation of corruption in the public sector.

This bureaucratic corruption has been sustained through various administrations up until contemporary period. Reflecting on accountability issues apparent in the Philippine government, Mangahas of Social Weather Stations (2001) observes that next to inflation, corruption has been the second-top cause of Filipinos' dissatisfaction with government. As manifest in some quantitative indicators like Transparency International's Corruption Perception Index, the Philippines has not been faring well in terms of accountability. The Philippines obtained a relatively low score since 2012: 34 in 2012, 36 in 2013, 38 in 2014, 35 in 2015, 35 in 2016, 34 in 2017, 36 in 2018, and 34 in 2019 (100 being very clean and 0 being highly corrupt). It ranked only 105th out of 198 countries in 2012, 94th in 2013, 85th in 2014, 95th in 2015, 101st in 2016, 111th in 2017, 99th in 2018, and 113th in 2019 (1st being the most clean and the 198th being the most corrupt).

Putting checks and balances in public sector organizations would aid in creating accountability. As such, there is a need for certain set of norms and criteria to evaluate the performance of public officials, including both elected and appointed ones. In this regard that Cariño (1983) puts forward these four standard questions: (a) Who is considered accountable? (b) To whom are they accountable? (c) To what standards are they accountable? (d) By what means are they accountable? Taking off from the question raised initially by Brillantes and Fernandez (2008) "For whom is public administration?", the following inquiry may be offered as well – "For whom is accountability?"

Accountability signifies an institutionalized relationship, which points out to regular, established, and accepted relations among various actors. It implies that officials – the so-called duty bearers – are responsible and answerable to the people – the "claimholders" – for their decisions and actions (Brillantes, Lopos & Perante-Calina, 2018). There is recognition of duties and commitments, and redress is undertaken when needed (United Nations Economic and Social Commission for Asia and the Pacific 2006).

## Conclusion

Given the development context of the Philippines, the foremost question confronting the discipline of Public Administration is not only in junction with its identity – "What is Philippine Public Administration" – but to expand the boundaries and inquire, "For whom is Philippine Public Administration?" The publicness of public administration signifies that emphasis should not be placed only on the traditional components of 3 Es, but primordial consideration must also be given to additional principles of equity, ethics, and accountability in order to create and sustain a public administration that is truly agile and Filipino people-oriented. As such, a Philippine version of Public Administration can be framed as the "5 Es and an A," juxtaposing effectiveness, efficiency, and economy with three other pillars, namely, equity, ethics, and accountability.

## Cross-References


- ▶ Accountability
- ▶ Accountability and Ethics
- ▶ Bureaucracy and Efficiency
- ▶ Economy and Nonprofit Sector
- ▶ Effectiveness of Local Government, The
- ▶ Ethics and Good Governance
- ▶ Principles of Good Governance, The


P

## References


Alfiler MCP (1979) Administrative measures against bureaucratic corruption: the Philippine experience. Philippi J Public Admin 23(3–4):321–349

ASEAN (2019) ASEAN key figures 2019. ASEAN Secretariat, Jakarta

Asian Development Bank (2009) Poverty in the Philippines: causes, constraints, and opportunities. Asian Development Bank, Mandaluyong

Brillantes A, Fernandez M (2008) Is there a Philippine public administration? Or better still, *for whom* is Philippine public administration? Philippi J Public Admin 12(2–4):245–307

Brillantes A, Perante-Calina L (2018) Leadership and public sector reform in the Philippines. In: Berman E, Prasojo E (eds) Leadership and public sector reform in Asia. Emerald Publishing, Bingley

Brillantes A, Lopos BE, Perante-Calina L (2018) Knowledge-based public sector reform: The Philippine experience. In: Nishihara AH, Matsunaga M, Nonaka I, Yokomichi K (eds) Knowledge creation in Public Administrations: Innovative government in Southeast Asia and Japan (pp.211–236). Palgrave Macmillan, Cham, Switzerland

Brillantes A, Raquiza MV, Lorenzo MP (2019) Social equity in the Philippines: a continuing but elusive promise. In: Morgen J (ed) Social equity in the Asia-Pacific region: conceptualizations and realities. Palgrave Macmillan, New York

Brillantes A, Lorenzo MP, Dacumos BN, Comia AS, Perante-Calina L (2020) The imperatives of peace for development in the Philippines: how the Galing Pook innovation awards provide hope it can be done. In: Alampay EG, Suarez GM (eds) Local matters: experiences in autonomy, decentralization and beyond. University of the Philippines, Center for Local and Regional Governance, Quezon City, pp 347–375

Caiden GE (1991) What really is public maladministration? Public Adm Rev 51(6):486–493

Cariño LV (1983) Administrative accountability: a review of the evolution, meaning, and operationalization of a key concept in public administration. Philippi J Public Admin 27(2):118–148

Corpuz OD (1965) *The Philippines*. Englewood cliffs. Prentice Hall, New Jersey

Demin A (2016) The effectiveness of local government. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Switzerland

Demmke C, Moilanen T (2012) Effectiveness of public-service ethics and good governance in the central administration of the EU-27. Peter Lang, Frankfurt am Main

Domingo MOZ, Reyes DR (2011) Performance management reforms in the Philippines. In: Berman EM (ed) Public Administration in Southeast Asia: Thailand, Philippines, Malaysia, Hong Kong, and Macao (pp. 397–421). CRC Press, Taylor and Francis Group, Boca Baton, London, New York

Endriga JS (1979) Historical notes on graft and corruption in the Philippines. Philippi J Public Admin 23(3–4):241–254

Erkoc TE (2017) Bureaucracy and efficiency. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Switzerland

Frederickson HG (1990) Public administration and social equity. Public Adm Rev 50:228–237

Frederickson HG (2010) Social equity and public administration: origins, developments, and applications. M.E. Sharpe, Armonk

Gooden S, Portillo S (2011) Advancing social equity in the Minnowbrook tradition. J Public Adm Res Theory 21(1):61–76. https://doi.org/10.1093/jopart/muq067

Intal PS (2002) The persistence of poverty in the Philippines: is globalization the culprit? Asia Pac Soc Sci Rev 3(2):1–33

Mangahas M (2001) *Update on surveys concerning* corruption. World Bank, Manila

Pilar N (1982) The relevance of the new PA in Philippine public administration. Philippi J Public Admin 26(3–4):228–234

Reyes D (2003a) Public administration in the Philippines: history, heritage and hubris. In: Bautista VA (ed) Introduction to public Administration in the Philippines: a reader. University of the Philippines, Quezon City, pp 39–65

Reyes D (2003b) The identity crisis in public administration revisited: some definitional issues and the Philippine setting. In: Bautista VA (ed) Introduction to public Administration in the Philippines: a reader. University of the Philippines, Quezon City, pp 18–34

Rosenbloom DH, Kravchuk RS (2005) Public administration: understanding management, politics and law in the public sector. Mc Graw Hill, New York

Rousseau J-J (1992) Discourse on the origin of inequality. Hackett Publishing Co., Indianapolis

Rutgers MR (1998) Paradigm lost: crisis as identity of the study of public administration. Int Rev Adm Sci 64(4):553–564

Rutledge PJ (2002) Some unfinished business in public administration. Public Adm Rev 62(4):390–394

Sherman T (1998) Public sector ethics: prospects and challenges. In: Sampford C, Preston N, Bois C-A (eds) Public sector ethics: finding and implementing values. Routledge, London

Stewart D (1985) Ethics and the profession of public administration: The moral responsibility of individuals in public sector organizations. Public Administration Quarterly 8(4):487–495

The 1987 Philippine Constitution of the Republic of the Philippines. Retrieved on 23 February 2020 from https://www.officialgazette.gov.ph/constitutions/1987-constitution/

Transparency International (2012) Corruption Perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2012/results

Transparency International (2013) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2013/results

Transparency International (2014) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2014/results

Transparency International (2015) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2015/results

Transparency International (2016) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2016/results

Transparency International (2017) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2017/results
Transparency International (2018) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2018/results
Transparency International (2019) Corruption perceptions index. Retrieved on 5 October 2020 from https://www.transparency.org/en/cpi/2019/results/phl
United Nations Economic and Social Commission for Asia and the Pacific (2006) What is good governance? Retrieved on 23 February 2020 from https://www.unescap.org/sites/default/files/good-governance.pdf
Valera AP (1996) Administrative culture and political change. College of Public Administration, University of the Philippines, Quezon City
Waldo D (1953) Ideas and issues in public administration. Mc Graw Hill Book, Co., Inc., New York
Waldo D (1980) The enterprise of public administration. Chandler & Sharp, Novato
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wooldridge B, Gooden S (2009) The epic of social equity. Admin Theory Prax 31(2):222–234

# Philosophical Ethics

Michael Blake
Department of Philosophy and Daniel J. Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA

## Synonyms

Diversity; Equality; Ethics; Justice; Responsibility

## Introduction: Public Policy and Ethical Analysis

Those who study public policy are studying how structures of governance affect human lives; that is, how legal, political, and regulatory practices impact the lives of those people affected by those practices. This study must necessarily involve contributions from several different disciplinary traditions: public policy must be made in the light of our best knowledge of psychology, of political science, of economics, and so on. The present question is what philosophical ethics can add to the study – and, ultimately, the practice – of public policy.

This question begins with a consideration of what philosophical ethics actually involves. Several different academic enterprises might be described through the concept of the ethical. *Descriptive ethics* studies the ways in which different societies have, at different times, arrived at different ideas about the nature of ethical right and wrong; it is best understood as part of anthropology or sociology. *Ethical repair* focuses on how those who now do wrong might be made to do right or at least do wrong less often; it is perhaps best understood as applied psychology or perhaps as a specialized part of psychiatric practice. *Professional ethics*, finally, generally refers to the specific codes and normative statements developed by each profession, to govern the limits of its professional obligations and permissions. Each of these relates to philosophical ethics as understood here, but none of these is the direct focus of this entry. The present focus, instead, is on how philosophical reason has tried to understand the nature of ethical right and on how the tools and methods of philosophers might be applied to clarify the craft of public policy.

What, though, does philosophical ethics look like, understood in this way? There is no single definition of the practice that would gain the assent of all its practitioners, but the following seems relatively uncontroversial: philosophical analysis involves the use of analytic methods to clarify what makes rightful actions rightful and the use of reasoned argument to apply these theoretical results in cases of ethical uncertainty. Philosophers have thus tended to produce and defend theories of morality, which explain what aspects of an action mark it out as rightful or wrongful; they have deployed these theories to defend or criticize particular acts and practices and have defended these theories against opponents. Philosophers have thus produced work that attempts to both theorize about the nature of the right and work that attempts to apply those theories to the disputed ethical questions of our time.

## Philosophical Ethics: Theories and Implications

It is impossible in this space to provide any great detail about what these philosophers have produced. It is possible, though, to identify two distinct theoretical methodologies, which together tend to dominate much of the discussion of philosophical ethics. These distinct methods do not exhaust the terrain here – there are a dizzying number of different ways in which ethics has been theorized – but they do represent the most numerous and significant theoretical structures yet devised. *Consequentialism* defines the nature of moral right with reference to the tendency of acts of a given type to produce beneficial consequences; these consequences are frequently associated with human happiness or well-being, but may range over the whole array of human goods (Kagan 1998; Sidgwick 1874). *Deontology*, in contrast, avoids discussion of the beneficial or pernicious consequences of action, in favor of a focus on whether or not that action is of a type that displays appropriate forms of respect for the agents affected by that action (Kamm 2008; Kant 1785). Deontologists generally focus directly on the idea of moral right, rather than on human goods or human interests, and derive the right as independent from the notion of the good.

Both of these forms of moral theory have, historically, had influence on the design and execution of public policy instruments, and those who developed these theories have been often worked both in the academy and in the field. Apart from historic interest, though, what is the point of reading about philosophical ethics? Philosophical ethics might be a good thing for an introspective person to think about; why should those who care about public policy and public administration believe it is relevant for their purposes?

There are, at the very least, two possible responses to this. The first is that setting the *purposes* of public policy is itself an ethical problem. If there are two distinct courses between which we might choose, each of which will lead to a slightly different world, we have occasion to ask which of these worlds is a better one. The nature of this *better*, though, is at least in part an ethical question; it is a question of what counts as better and how to understand the nature of what we hope our policies to achieve. We can think, for example, of the rise of the welfare state after the Second World War, which was justified with reference to an ethical belief in the moral wrongness of some forms of poverty. Philosophical analysis of the ethics of poverty took root in the later part of the twentieth century, with John Rawls writing the most notable of several analyses of how income inequality might be understood from the standpoint of ethics (Rawls 1971). Political philosophy, which is sometimes understood as the application of philosophical ethics to politics, took flight after Rawls's writings and offered a site within which philosophers sought to discuss and debate different theories of why and how different forms of poverty were morally impermissible. Rawls's own views were greatly influenced by those of Kant and sought to apply ideas similar to those of Kant to the specific question of how a political society might do justice to all those living within that state. Thus philosophical ethics reached both into the world of policy, seeking dialogue with professionals about how poverty is lived and might be addressed, and into its own past and used the ideas of a previous time to understand how we might think about the wrongness of poverty today. The relevance of philosophical ethics to the practice of public policy is not necessarily direct; it is, of course, possible to do work in public policy without engaging in philosophical reflection. But the reflection here offers several possibilities to the practitioner and to those who study that practice. It offers, first, the possibility of a justification for the concerns such policies seek to address. Philosophical writing can help motivate the thought, for example, that society *ought* to be concerned with poverty, by providing us with some ethical reasons by which we might understand why poverty is worthy of our direct attention. More importantly, the use of philosophical reflection can help provide policy-makers with *guidance*, in those areas in which there is less confidence in the morality of a given goal or instrument. There are times when reflective agents are genuinely unsure about the ethical permissibility of a given act or practice; philosophical analysis can offer at least some clarity, by

demonstrating how philosophical theories might interpret the morality of what is proposed. Philosophical ethics can, in short, offer us the possibility of *explaining* our moral beliefs in those areas in which we are confident, and of *guiding* those beliefs in the areas in which we are less confident.

The second purpose of philosophical ethics, though, might focus on means rather than on ends; it would identify the range of *permissible* pathways for policy intervention. Even if policy-makers are confident about the nature of the society they seek to create, that is, they have reason to think more about how they are allowed to get there. It is entirely possible that the most direct path to the world they desire is a pathway they are not permitted to travel. Philosophical ethics, by specifying the ways in which people are immune from certain sorts of treatment, can identify the ways in which agents are prohibited from achieving their goals. It is possible to think, here, of philosophical ethics as a companion to economics. Economics, by studying how people make decisions under uncertainty, can offer policy-makers knowledge of which pathways to a desired goal are more likely to succeed. Philosophical ethics, in turn, tells those policy-makers which of those pathways they are obligated to avoid. Rawls, again, provides a useful example. He argues that, even if a society could effectively address entrenched poverty through a centralized government ministry of employment – charged with assigning people to jobs in accordance with some ideal distributive pattern – that society would be morally prohibited from doing so. People have rights to be free from this sort of coercion, even if that coercion were effective in undermining inequality. There are policies that a society cannot adopt, that is, even if those policies were to do good things – and philosophical ethics can help us understand when, and why, those policies are so forbidden.

## Broadening Ethical Analysis: Diversity and Agency

Philosophical ethics, then, is at least potentially useful in the practice and study of public policy. It is worth introducing, though, two complications. The first is that much recent philosophical analysis has focused not simply on the ethics of the policy, but on how that policy might be justifiable to a society in which there is a great deal of diversity at the level of ethical belief. Diversity, after all, includes not just diversity of ethnic and cultural origin, but a diversity of ethical theory. How, though, can a democratic society decide what makes a given result a valuable one, when the inhabitants of that society disagree about the nature of value itself? This has been the focus on John Rawls's later work, which has proven influential as well in the analysis of the ethics of public action (Rawls 1989). One key has been the recognition that public policy professionals have a reason to care about justifying their policies to citizens from diverse backgrounds and thus have a reason to seek justifications that do not rest upon particular and controversial moral principles. How this might be done is, of course, controversial – but Rawls's own thought, on which liberal societies must seek a public conception of justice, decoupled from controversial matters of metaphysics and ethical truth – is at least a possible way forward. Democratic societies are obligated, on Rawls's account, to build a public method through which they speak about justice in public, and then to use that method in the public adjudication of competing claims; policy-makers cannot, instead, simply cite their own particular moral beliefs and expect them to be dispositive against those who do not share them.

The second complication takes off from this and notes that there is at least possibly an ethical conflict, between the personal ethics of the professional and the ethical purposes of the organization within which she is situated. When one is employed by an organization seeking to build a particular sort of world, and one is convinced that that world is not the one we ought to be seeking, what ought one to do? This sort of question is wrenching, and easy answers seem to be bad answers; we should not be blind followers of our superiors, but neither should we simply resign in anger at any minor difference of belief about what the best society truly is. Arthur Applbaum's work has dealt extensively with these issues and has used a Rawlsian method to derive an ethical framework through which they might be

understood (Applbaum 1999). Applbaum suggests that we ought to divide, as Rawls does, between the public conception of justice with which we evaluate claims in the public realm and our own best personal understanding of what the right thing to do is. When we are part of an organization whose activities go against our own personal moral beliefs, we are entitled either to continue working or to resign quietly; we have no right to become ethical entrepreneurs, seeking to directly undermine those in whose employ we serve. In contrast, when we are convinced that the organization employing us is directly working against the rights and values implicit in the public political conception of justice, we have a greater permission to undermine that organization; we can resign rather more loudly or make the organization's way forward more difficult. Policymakers can, in short, become enormously difficult employees and do so in the name of ethical values.

## Conclusion

Regardless of whether or not one agrees with Applbaum, it should at least be clear that there are important ethical questions to be asked not just about the purposes of public policy, but about the duties and rights of policy professionals. Sustained analysis of this question – and of the related question of how to respect the diverse population of a modern democratic society – is likely to continue on these topics. This entry is intended to have achieved only a rather modest goal: that of arguing that philosophical ethics might be a valuable part of that continuing conversation.

## References

Applbaum A (1999) Ethics for adversaries: the morality of roles in public and professional life. Princeton University Press, Princeton

Kagan S (1998) Normative ethics. Westview Press, Boulder

Kamm F (2008) Intricate ethics: rights, responsibilities, and permissible harm. Oxford University Press, Oxford

Kant I (1785) Grundlegung zur Metaphysik der Sitten [Groundwork of the metaphysic of morals], 2nd edn. Johann Freidrich Hartknoch, Riga

Rawls J (1971) A theory of justice. Belknap Press, Cambridge, MA

Rawls J (1989) Political liberalism. Columbia University Press, New York

Sidgwick H (1874) The methods of ethics. Macmillan, London

# Planning for Public Procurement

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

## Synonyms

Planning of procurement; Planning phase

## Definition

The planning phase of public procurement, occurring at project inception and part of the pre-award phase of public-sector contracting, considers technical specifications, cost and pricing questions, and choice of solicitation methods. The phase precedes contract award, administration, and close-out.

## Introduction

The planning phase of the public procurement cycle is essential. It is during the planning phase that the choices about procurement are made to align with the project specifications. Decisions are made on how to specify the services and products being purchased, how to determine appropriate cost and acceptable pricing, and what solicitation method is most suitable (Khan 2018). During this phase, a procurement team is formed of acquisitions professionals, subject-matter experts, and administrators responsible for the contract or purchase. A timeline for the procurement activity is

developed to assure that the product or service can be acquired when needed, allowing for the process to maximize priorities like competition and any opportunity provided for socioeconomic programs within the specific government interest.

The planning phase is part of the pre-award phase, and precedes selection and award (contract execution) activities, contract administration, and contract close-out. Guarnieri and Gomes (2019) also include "selection of suppliers, certification and qualification" (p. 313) as part of the planning phase in strategic procurement. Expending due time and resources in the planning phase to make wise procurement decisions is necessary to avoid costly mistakes. Goods and services purchased without careful planning may be unacceptable for a variety of reasons, resulting in delay and additional expense.

This entry considers the planning phase of the procurement process in its public guise, and specifically provides an overview of the planning phase, and problems associated with incomplete procurement planning.

## Overview of the Planning Phase

The literature on public procurement has focused heavily on the purchasing activity (solicitation) (Wang et al. 2020). While some attention is paid to planning, discussion tends toward description and setting the scene for solicitation, contract award, and contract administration as primary purchasing activities. Nevertheless, the planning phase of procurement is important in its own right, with its attention to market research, technical/project specifications, cost and pricing questions, choice of solicitation methods, scheduling and development of a timeline for the procurement, creation of a procurement team to support the acquisition, and possibly prequalification or short-listing of available vendors that can supply the needed products and/or services (Khan 2018).

Public procurement professionals often serve in a generalist role, expected to support a broad range of purchases, but possibly are lacking expertise in specific products and services. In order for these staff members to professionally and skillfully serve as administrative experts on processes leading to successful acquisition, conducting considerable, even extensive market research is anticipated. This lays important groundwork so that the procurement staff member can bring knowledge to bear on the purchase in question, and avoid costly mistakes in acquisition. The expertise of the staff member also acts as a check on the involvement of others, including agency contacts, elected and other officials, and members of the business community, who may seek to guide the process in less than competitive fashion toward preferred vendors and preconceived outcomes. This also helps with the development of high-quality technical specifications, which "describe in a clear and concise manner the required standards and quality of goods and workmanship as well as performance of services to be procured" (Khan 2018, pp. 35–36). These technical specifications subsequently become part of the solicitation document, and then the eventual contract between the public-sector entity and the selected vendor(s).

A request for information may be sent to gather information about supplier capabilities, availability of solutions on the market, and how best to formulate a procurement so that it results in successful acquisition of the needed supplies or services. As technical specifications guide the function of the contract and provide terms for the work involved and materials to be supplied, it is essential that they are correct and complete.

During the planning phase, some notion of the cost of the project is formed, through estimates provided to the procurement activity or as a result of the market research described above. In order for government to receive goods and services at a fair and reasonable price, it is necessary to know generally whether a tendered offer is fair; government must have accurate information on what vendors will charge for the products/services, and this information to support such estimates is gathered in the planning phase. A price analysis is "an evaluation of the offeror's price relative to the prices being offered by other vendors and being paid by the general public for the same or similar

items," and is thus most appropriate when the purchase involves a commercial product (USFTA 2017). Absent the ability to analyze price, a cost analysis is conducted, involving "the review and evaluation of the separate cost elements and the proposed profit of an offeror's cost proposal. A cost analysis is conducted to perform an opinion on the degree to which the proposed cost, including profit, represents what the performance of the contract 'should cost', assuming reasonable economy and efficiency" (USFTA 2017). The objectiveness of the eventual price or cost analysis, after the planning phase, is rooted in thorough understanding of the specifications and market forces at work in the case of a specific procurement.

During the planning phase, decisions are made on the best approach for solicitation – whether requests for bids, requests for proposals, or some other form. The decision is guided by the type of products/services being procured, the timeline of the project, and project complexity, among other factors. As an additional matter for the planning phase, when contracts are especially complex or valuable, there may be a pre-solicitation effort to engage in some type of prequalification of vendors. Prequalification may help with ensuring "that those who intend to participate in bidding have the necessary qualification in… technical expertise, experience, financial standing, and capability to be able to successfully deliver the contract" (Khan 2018, p. 35).

## Problems Associated with Incomplete or Insufficient Planning

Effective planning, while adding to the time and resources needed for a procurement over the short-run, can help avoid mistakes that could prove costly in financial respects and timeliness later in the acquisition process. Given the highly regulated environment of public procurement, failing to account for requirements at any stage of a purchase is possibly cause for stopping a whole process and returning to some earlier stage, if not the very beginning, of the process. This extends to the point of solicitation and award, when bids or responses received may have to be rejected because critical aspects of the purchase, like timing on receiving the product or service, or involvement of key staff, partners, or related purchases, were not adequately considered during the planning phase. In addition to being responsive to restrictions, any other demands of the entity as outlined in its procurement laws/regulations/code must be addressed. Failing to include these, too, can delay processes, jeopardize project funding resources due to delays, and even prevent project completion. Planning allows time for attention to these matters.

Some government purchasing programs, such as those supporting information technology, occur in a context that requires attention to what has already been purchased, interoperability of software and hardware, and plans for future upgrading. The questions that arise in such environments about which choices to make to accomplish acquisitions processes that are most advantageous to the government client, are inherently planning-oriented. Master plans for information technology purchases are used in some cases to assure acquisition of useful products and services, avoidance of waste, and to meet legal demands (Da Silva Barboza et al. 2016).

Any public involvement in the setting of specifications and obtaining comment would naturally and most appropriately occur during the planning phase (Torvinen and Haukipuro 2018). This is a notable point, because some pushback and protest of government purchasing in controversial situations could be avoided with greater transparency and public disclosure. It is perhaps not common to involve civil society in procurement, as contractors are responsible for production of goods and services, but the planning phase does offer some opportunity for involvement, even given an assumption of general competence for the development of specifications and research associated with the procurement activity (Cravero 2019).

Some research has shown negative impacts from inattention to the planning phase, and

especially a lack of market studies and research (Gutiérrez Rodríguez 2020). In the development of specifications, improved understanding of requirements can be of great benefit to the success of a project, as demonstrated by Wondimu et al. (2018). Some recommend more contractor involvement in early project phases, to enhance specification, improve project timelines, and provide for cost-efficiency (Love et al. 2014). However, the pressure of the public procurement environment to quickly develop solicitations and award contracts does not always afford value to the planning process commensurate with its worth. Pressure on planning timelines can have serious financial implications for project partners engaged in design activities relevant to specification, such as architects (van den Hurk and Siemiatycki 2018), while also leading to increased potential for diminished outcomes for the project as a whole.

Miroslav et al. (2014) identified the planning phase as a point where corruption is possible – a measured, deliberative planning phase can help sort out a tendency toward rushed procurements with corrupt intent. Asiedu and Adaku (2019) suggested that poor planning leads to cost-overruns, which aligns with the notion that shorting the planning phase to force pre-determined, corrupt outcomes may be purposeful. The planning phase is also a point at which elected officials are likely to intervene (Hudon and Garzón 2016), which may increase the potential for outcomes that serve personal interests, rather than advantaging the government client.

## Conclusion

As a result of primarily political efforts to create a more business-like government, public procurement processes have found themselves occasionally squeezed for time and resources, resulting in essential activities like those that occur in the planning phase, and compliance/enforcement actions later on in contract administration, to be undercut. Providing less than adequate resources to the planning phase may seem a reasonable way to save time and money, but could simply invite waste and corruption. The benefit of a considered process far outweighs any small benefit of hastily prepared and solicited public contracts. Because public procurement occurs in public space, it is essential for procurement professionals to maintain transparency and hold true to the processes as required by law, even if this means declining to fast-track purchases when doing so would be inappropriate. Adequate attention in the procurement process to consistency, fairness, and reasonable action allows for integrity of the system, and results in the best outcomes for the government client.

## Cross-References


- ▶ Differences in States' Procurement Practices
- ▶ Public Procurement and Public Trust
- ▶ Procurement Integrity
- ▶ Public Participation in Procurement
- ▶ Typology of Agency Models of Corruption


## References


Asiedu RO, Adaku E (2019) Cost overruns of public sector construction projects: a developing country perspective. Int J Manag Proj Bus 13(1):66–84

Cravero C (2019) Rethinking the role of civil society in public procurement. Eur Procure Public Priv Partnersh Law Rev 14(1):30–42

Da Silva Barboza L, Cysneiros Filho GADA, De Souza RAC (2016) Towards legal compliance in it procurement planning in Brazil's federal public administration. IEEE 24th International Requirements Engineering Conference Workshops (REW) REW Requirements Engineering Conference Workshops (REW), pp 229–238

Guarnieri P, Gomes RC (2019) Can public procurement be strategic? A future agenda proposition. J Public Procure 19(4):295–321

Gutiérrez Rodríguez JD (2020) Oil revenues, public procurement and armed conflict: a case study of a subnational government in Colombia. Extractive Ind Soc 7(2):686–703

Hudon P, Garzón C (2016) Corruption in public procurement: entrepreneurial coalition building. Crime Law Social Change 66(3):291–311

Khan N (2018) Public procurement fundamentals: lessons from and for the field. Emerald Publishing, Bingley
Love PED, O'Donoghue D, Davis PR, Smith J (2014) Procurement of public sector facilities: views of early contractor involvement. Facilities 32(9/10):460–471
Miroslav M, Miloš M, Velimir Š, Božo D, Đorđe L (2014) Semantic technologies on the mission: preventing corruption in public procurement. Comput Ind 65(5):878–890
Torvinen H, Haukipuro L (2018) New roles for end-users in innovative public procurement: case study on user engaging property procurement. Public Manag Rev 20(10):1444–1464
U. S. Federal Transit Administration (USFTA) (2017) Cost/price analysis. https://www.transit.dot.gov/funding/procurement/third-party-procurement/costprice-analysis
van den Hurk M, Siemiatycki M (2018) Public–private partnerships and the design process: consequences for architects and city building. Int J Urban Reg Res 42(4):704–722
Wang Q, Zhang R, Liu J (2020) Price/time/intellectual efficiency of procurement: uncovering the related factors in Chinese public authorities. J Purch Supply Manag 26(3):100622. https://doi.org/10.1016/j.pursup.2020.100622
Wondimu PA, Hosseini A, Lohne J, Laedre O (2018) Early contractor involvement approaches in public project procurement. J Public Procure 18(4):355–378. https://doi.org/10.1108/JOPP-11-2018-021

# Planning Organizations, Latin America

Luis Bernardo Mejía-Guinand
Faculty of Social Sciences, Department of Political Science, Universidad de los Andes, Bogotá, Cundinamarca, Colombia

## Synonyms

Planning agencies; Planning institutions

## Definition

The planning organization is a public agency within the executive in charge of defining and recommending public and economic policy. It determines objectives, goals, and strategies of medium- and short-term plans within the framework of long-term perspective and formulates policy actions for the achievement of planned goals. The planning agency takes different structural forms, for example, an administrative unit inside the office of the President or a collegial body such as a commission. In Latin America the most common arrangement of the planning office is a ministry or department.

## Origin

During the 1950s, the United Nations Economic Commission for Latin America (ECLA) suggested that government's principal task in the region was to provide long-run direction for economic development through economic planning. This approach was reinforced in 1961 when President Kennedy proposed a 10-year plan for Latin America, known as Alliance for Progress. The program, signed by 20 Latin American nations at an inter-American conference at Uruguay, required participating countries to construct comprehensive plans for national development and to establish planning agencies as prerequisites for receiving economic aid (Leiva Lavalle 2010).

In this context, ECLA created the Latin American Institute for Economic and Social Planning (ILPES) in 1962. The purpose of this institute was to support the Latin American Governments in the area of planning through the provision of training, advisory, and research services, especially on how to set up a central planning office inside the government's institutional bureaucracy (Waterston 1966). Following ECLA's advice, almost all Latin American governments embraced planning organizations as an instrument for bringing about necessary structural changes but most importantly as a tool for mobilizing national resources and qualifying for international aid under the Alliance for Progress. Those Latin American countries that had not yet established their central planning agencies during the 1950s created them throughout the 1960s (Argentina, Barbados, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Haiti, Mexico, Nicaragua, Paraguay, Peru, and

Uruguay), while other countries like Colombia, Ecuador, Guatemala, Honduras, Jamaica, Panama, and Venezuela strengthened their existing planning offices.

## Organizational Structure and Functions

Throughout the 1960s, there was a variety in the organizational arrangement of the planning agencies in Latin America, ranging from collegial bodies to ministries. For instance, in countries such as Uruguay, Honduras, Guatemala, El Salvador, Ecuador, Dominican Republic, and Argentina the planning agency adopted the organizational form of commission or board. These collegial bodies consisted of five to seven members, who tended to represent several of the economic-related ministries. Commissioners were appointed by the President and the functions of the organization were normally advisory in nature. In countries such as Brazil, Colombia, Mexico, and Paraguay, the planning office took the form of a ministry or department. These ministries were usually immediate subdivisions of the Cabinet and subordinate to the President. The planning organization also took the form of an administrative unit within the internal organization of the executive office of the President. This was the case of Chile, Costa Rica, Panamá, Venezuela, and Nicaragua, where the director of the planning office was one of the closer advisors of the President. Finally, Bolivia, Haiti, Jamaica, and Peru developed their central planning organizations as an administrative agency that was usually subordinate to the ministry of finance (Mejía-Guinand 2016).

Regardless of the various structures given to the planning organizations in the region, or their specific placement within the bureaucratic hierarchy of the executive branch, the planning agency was conceived as a central body meant to work across government departments or ministries to provide advice to the President on economic development, as well as ensuring policy coherence and coordination on his behalf. In this sense, the central planning agencies had either formal or informal authority over other departments, ministries, and administrative agencies and often directed their actions. The planning body differentiated itself from other public organizations because it did not involve the representation of a specific sector of public administration. Rather, the planning agency was concerned with the formulation of development and economic policy for the state as a whole, as opposed to the representation of one segment of the economy or substantive area.

All over the region, the planning bodies were assigned with functions related to: (i) advising the executive on the preparation of the National Development Plans based upon macroeconomic analysis and econometric models; (ii) assisting the President on economic matters; (iii) coordinating the development activities of line ministries or departments; and (iv) conducting studies concerning the national economy (Waterston 1966). In many countries, the planning organization also performed specific tasks related to: budget assignment and prioritization; administration of external credit financing; regulation of economic sectors; macroeconomic forecasting; and public administration reform.

The functions assumed by the central planning offices were supported by the appointment of experts in key positions inside the organization who, in many countries, were isolated from customary political patronage networks. Almost since their creation, these agencies, not only absorbed the economic experts working in ECLA, but also international technical assistance specialists that came from the International Bank for Reconstruction and Development, Harvard University, and the United States Foreign Operations Administration.

This technocratic bureaucracy gained widespread visibility in Latin America after the 1960s, following the onset of military rule in Brazil, Argentina, Chile, and Uruguay, when economists trained at the Department of Economics of the University of Chicago were appointed in high positions in the planning agencies as economic advisors. They advocated widespread deregulation, privatization, and other free market policies for closely controlled economies.

Guillermo O'Donnell (1973) typified these governments as bureaucratic-authoritarian regimes, characterized by the exclusion of organized groups, political parties, and Congress from economic policy making, as well as by the faith put on technical solutions thought as "apolitical" to solve national problems. The central planning agencies, together with the central banks and ministries of finance, stood out as efficiency pockets vis a vis public administration.

## The Waves of Change in the Planning Agencies

By the end of 1970s, the economic model of state intervention in Latin America was reaching its limits and its political support was gradually eroding. The massive foreign debt of countries in the region and macroeconomic problems, especially inflation and fiscal deficit, contributed to blur the fundamental premise of import substitution industrialization as a growth strategy. Instead the principles of free market forces and state retrenchment gained widespread acceptance in the region. In this context, the planning agencies adapted to the changing environment, moving from centrally determined economic priorities and plans to the use of project appraisal techniques and compilation of the investment proposals directly prepared by the national ministries, local governments, and semipublic corporations.

Led by the ministry of finance and the planning organization, Latin American countries introduced a package of structural reforms in their public sector that focused on three areas: (i) the liberalization of the price system and markets; (ii) the opening of foreign trade and external financing operations; and (iii) the reduction of government intervention in the economy. The capabilities for project appraisal and the prioritization of public investment of the planning agencies were reinforced in order to implement the structural adjustment programs. Additionally, by the early 1990s, tasks related to negotiating international cooperation, poverty reduction, and dealing with the public sector restructuring, started to appear as an additional mandate of the planning agencies. For example, Chile transformed its planning office (ODEPLAN) into the National Ministry of Planning and Cooperation (MIDEPLAN), assigning to the organization new responsibilities of handling international cooperation and coordinating poverty reduction programs. In Costa Rica, the National Ministry of Economic Planning (MIDEPLAN) assumed functions related to state modernization and international cooperation (Mejía Guinand 2014).

While the central planning agencies were the natural candidates to disappear in this context of promarket and multilevel planning public sector reforms, they persisted in the region, with the exceptions of Mexico, Peru, Honduras, and Panama. Mexico turned off its Secretariat of Programming and Budget in 1992, transferring many of its functions to the Secretariat of Finance. Peru deactivated its central planning office (National Institute of Planning) in 1992 under the state modernization reforms followed by the Fujimori's government, while Honduras disengaged its office (SECPLAN) in 1996. Finally, Panama merged the Ministry of Planning with the Ministry of Finance in 1998, creating the Ministry of Economy and Finance.

Throughout the 2000s, Latin American governments that had come to power in the 1990s, and in many cases favored promarket policies, were replaced by administrations leaning to the left. Left governments in Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay, Uruguay, and Venezuela highlighted the necessity of bringing back the intervention of the state in the economy. In this context, Peru reactivated its central planning agency in 2005 with the creation of the National Strategic Planning Center (CEPLAN). In 2004, Ecuador transformed the old Planning Office (ODEPLAN) into the National Planning and Development Secretariat (SENPLADES), assigning it a predominant role in the budgetary process. Bolivia restructured the Ministry of Sustainable Development into the Ministry of Development Planning in 2006, with the task of being the main governing body of the National Planning and Public Investment Systems. Argentina reorganized its Planning Secretariat into the

Ministry of Federal Planning, Investment and Public Services, assigning it with regulatory functions in transport, mining, communications and energy policies. Finally, Brazil assigned the Ministry of Planning and Management the tasks of monitoring and evaluating the public investment in 2000.

Currently, 16 out of 20 Latin American countries have central planning offices in place. Unlike the 1960s, when there was more variety of organizational arrangements among the planning offices, today there is more homogeneity. Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Haiti, Uruguay, and Venezuela have planning offices under the figure of ministry. Planning agencies in Ecuador, Guatemala, Paraguay, and Uruguay operate as a technical entity under the Presidency of the Republic. Finally, Nicaragua and Peru have their central planning agencies as collegial advisory bodies. These figures indicate that 87.5% of planning entities in Latin America are currently under direct influence of the President (Mejía Guinand 2014). Regarding the functions being carried out today by the planning agencies in the region there are some commonalities across most countries as well as distinct functions in specific countries. For example, functions relating to the formulation of the national budget, evaluation of public policies and formulation of development plans are still present across most planning agencies in Latin America, while functions related to poverty alleviation and regulation are present only in certain countries. Table 1 presents, for a sample of countries, a summary of the key functions carried out today by the planning agencies.

## A Useful Organization

The planning agencies have had a unique role within the public sector in Latin America. Together with the central banks and ministries of finance, these three organizations have stood out as efficiency pockets and as a center of information to the presidential office. In concrete, the planning bodies have been important in four aspects. First, through this organization Presidents

**Planning Organizations, Latin America, Table 1** Current functions of the planning agencies (sample of countries)

**Table 1 Current functions of the Planning Agencies (sample of countries)**

| | Arg. | Col. | Ecu. | Py. | Bol. | Bra. |
|---|---|---|---|---|---|---|
| Development plans | | ■ | ■ | ■ | ■ | ■ |
| Long-term economic policy making | | ■ | | | | |
| Advising President on economic matters | | ■ | ■ | ■ | | |
| Economic forecasting | | ■ | | ■ | | |
| National budget, public investment & project assessment | ■ | ■ | ■ | ■ | ■ | ■ |
| Public-private alliances for investment | | ■ | | | | ■ |
| Int. aid and technical assistance coordination | | | ■ | ■ | | ■ |
| Regional development policy | | ■ | ■ | ■ | | |
| Regulation | ■ | | | | | |
| Sectoral policy | ■ | ■ | | | | |
| Trade related tariffs & licenses | ■ | | ■ | | | |
| Eval. & monitoring Nat. Dev. Goals | | ■ | ■ | ■ | ■ | ■ |
| Modernization of the State | ■ | ■ | ■ | | | ■ |
| Descentralization | | ■ | ■ | | | |
| Poverty alleviation and unemployment policy | | | | | ■ | |
| Conducting studies on economic and social policies | | ■ | ■ | | | ■ |
| Social dialogue for improved transparency and citizen participation | | | ■ | | ■ | |

Source: Own elaboration based on Mejía Guinand 2014

in the region have mobilized resources coming from foreign aid. The international organizations and donors needed an agency that could "do things right" and trusted the planning agencies. Second, the planning agencies have served the President, as a filter to veto projects from politically powerful ministers and control the spending appetite of the line ministers. By means of project appraisal tools within the organization, governments can rationalize the national budget and provide technical viability to public investment budget. Third, presidents have used the planning organization as an instrument to explain how national goals and economic growth can be achieved. In this way, the organization provides the President with technical justifications and legitimacy. Finally, the planning organization has provided Presidents with accurate information for policy analysis, and decision making. Over the years, a stock of information and data was accumulated and consolidated in these agencies, becoming a valuable resource for the President's office to design its priority policies.

## Conclusion

The planning agencies in Latin America have undergone multiple transformations in their structural design. In all countries, the planning body came to life during the late-1950s in response to a development strategy that required the state to provide long-run direction to economic development by means of economic planning. Three decades later, the same agencies were reshaped to serve the purposes of an entirely different development strategy. The planning body in these countries started to perform functions suitable of a free market development model, shifting away from their prior focus on an inward development strategy. Subsequently, Latin American countries started to experience a rebirth of the state's economic presence around 2000, including a new reforming of the economic planning agencies. In between these three distinct strategies for economic and social development, the planning agencies were continuously assigned and redirected toward a wide range of tasks as seen necessary, providing always useful support to the President.

## References

Leiva Lavalle J (2010) Instituciones e Instrumentos para el Planeamiento Gubernamental en América Latina. Instituto de Investigación Económica Aplicada-CEPAL, Brasilia

Mejía Guinand LB (2014) The changing role of the central planning offices in Latin America: a comparative historical analysis perspective. Maastricht, Boekenplan

Mejía-Guinand LB (2016) The changing role of the central planning offices in Latin America. Public Organ Rev 16(4):477–491

O'Donnell G (1973) Modernization and bureaucratic authoritarianism: studies in south American politics. University of California, Berkeley

Waterston A (1966) Development planning. Lessons of experience. Oxford University Press, London

# Planning, Brazil

Marco Aurélio Marques Ferreira
Graduate Program at Public Administration, Federal University of Vicosa UFV/Brazil, Vicosa, MG, Brazil

## Synonyms

Conception; Forethought; Program; Strategic plan

## Introduction

It has been discussed a lot about planning and its importance in public sector. From practitioners to scholars, one can say that it is an emblematical topic when it comes to quality of public administration. Although recent academic literature strives to bring new elements to an old concept, the idea of planning remains quite simple. It represents the design and construction of administrative procedures for determining the trajectory which the organization has to take in order to

achieve a desired purpose. To some extent, all organizations engage in planning, even if only loosely and intuitively (Boyne 2001).

Authors advocate in favor of its widespread use in all levels of government and public management. This is not by chance, in fact the statistical evidence shows that organizational performance is positively related to favorable attitudes towards planning processes (Boyne and Gould-Williams 2003).

The focus on planning is answering how the organization is going to achieve the previously determined goals (Raczkowski 2016), what requires the best choice among several potentially valid strategies. Thus, it does not make sense to talk about planning in the current stage of public organizations without implicitly conceiving the idea of strategic planning in any application, theoretical or practical. However, it is worth mentioning that the adoption of this adjective in planning concept is quite recent.

The evolution of planning, which occurred simultaneously with a series of related reforms, was implemented aiming on making government more productive, responsive, and focused on performance (Hendrick 2003). It reflected large-scale organizational changes and adjustments occurred in the United States and England between the 1970s and 1990s, gradually incorporated in Brazil and other countries.

Ever since, the concept has been conceived as an important element of the decision-making process in both private and public sector. In a classical text on planning, Ackoff (1970) defines it as effective ways of bringing a design of a desired future about. In other words, an anticipatory decision making, i.e., an instrument, is used nowadays to reach larger long-run benefits.

To varying degrees, the structural conditions that made effective strategizing by the public sector in the 1980s and 1990s remain until nowadays. The immediate context in which it takes place has evolved and, potentially, enhanced the effectiveness of decision making and planning (Brown 2010).

However, when making decisions of general relevance and interest, public sector bodies are called to demonstrate that such choices not only regard costs and benefits but are also based on evidence and acknowledge uncertainty. Today's turbulent times make these efforts even more compelling (Genovese 2018). For this reason, it is fair to say that planning has become even more valid and valuable compared with the past.

Currently, planning concerns adaptation and overcoming obstacles. In the face of important changes, either in the internal or external environment, public managers have to be able to engage with offices and manage public resources for anticipating actions in order to rebuild necessary paths to achieve the desired goals.

This is even more relevant in the public sector, since its plans involve achieving the collective good. However, contrary to common sense, the will of the majority is not, as a rule, taken into account. However, the competitive interests of various groups in society have to be considered in the process of planning; it does not always realize the common good (Fox-Rogers and Murphy 2014).

Planning is necessary not only to build the basis for government success, but also to ensure the best conditions for allocating scarce resources among competitive projects. For this purpose, it is required a worldwide attitude, and for accountability reasons, no government can be deprived.

Some of the key benefits of planning are: promoting strategic thinking; building the needed coalitions of support; improving decision-making; enhancing overall coordination; adapting to environmental changes; addressing broad public problems; improving organizational legitimacy, creating real public value; and directing benefits for the people involved (Bryson 2010). Public managers need to link the planning with performance management processes in response to the continued pressure for accountability, as well as their own commitment for managing results (Poister 2010).

Although planning is a universal practice and several of its elements are of widespread use, one should not consider that it is the same in all parts of the world. Specific conditions in developing country such as Brazil make planning even more

challenging. Among these factors, it is worth mentioning political context, social problems, economic fragility, public financing, fiscal federalism, and lack of infrastructure as following discussed.

Political context: A transitional democracy is still present in the Brazilian political context, which is shaped by a coalition government and a multiparty system, generating fragile conditions of governability. The party polarization experienced in recent years is an additional challenge, since some level of compliance with the government plan and actions is necessary to ensure the stability of government and the success of planning.

The need to create coalitions with multiple and competing objectives in order to gain passage of legislation can result in a lack of policy clarity in public sector, which Baumer (1978) described as "Shaky Coalitions." Even through the planning process, it can become a huge issue during the implementation phase, since it is a multiannual task and demand annual support.

Social problems: Brazil has made many advances in social aspects in the last two decades such as reducing extreme poverty, promoting the schooling of children and adults, creating of social inclusion programs, and improving quality of life in urban and rural areas. On the other hand, aspects as labor productivity, health conditions, public safety, and employment are still great challenges for implementation of the government plans, especially actions for socio-economic development.

Economic fragility: Economic conditions directly influence planning, either because of the unpredictability of macroeconomic scenarios or because of microeconomic conditions and their impacts on growth and public financing. Strong currency fluctuations, high interest rates, and high unemployment are some of these elements.

Public Financing: Planning requires a huge budgetary effort to maintain a regular cash flow aiming to carry out the planned actions, particularly in an unstable economic environment. It comes under controversial conditions since the largest source of budget is taxation. The additional means of public funding, like those coming from public companies, concessions, privatization, and sales of public assets are more complex. Therefore, public spending and growth are the central elements for maintaining adequate planning conditions.

Federalism: Federalism system is a condition of great complexity when it comes to put any public plan in action. The three layers of government have to strictly comply with the federal constitution to carry out multiyear planning (PPA), Budget Guidelines Law (LDO) and Budget Law (LOA), known as the three pieces of planning and budget in Brazil. The latter is the public budget, which requires the support of the majority legislators to be approved annually. In these pieces of planning lay the foundation for building the analytical budget, which establishes the resource allocation map for the coming 48 months. Additionally, it sets financial priority for the coming year, targets for each government agency, and short and long-term goals for every sector, as well as area of public administration. Moreover, different levels of government implement many interconnected policies requiring coordination and institutional arrangement for the construction and success of the plan. It is a multidimensional process sharing responsibilities among the three levels of government and several public agencies; it means that the lack of responsibility of one of them can jeopardize the whole process. Planning in this environment requires what Jenkins (2006) calls interoperability or collaboration over adaptation, i.e., a reciprocal communication and accommodation of interest in order to reach interactive operating policy and programming.

Lack of infrastructure: Infrastructure is an essential condition for a country to grow and thrive. Both the public and private sectors are dependent on adequate infrastructure conditions to optimize their plans. Planning is the necessary condition to achieve the right infrastructure, leading to a virtuous cycle of processes. Moreover, we know that infrastructure deficit causes a substantial part of the inefficiency and lack of productivity. However, including infrastructure investments in development plans requires enhancing the

quality of public spending, generating primary surplus, reducing interest payments and long-term commitment, the major challenges in Brazil, since there is still a culture of disruption, misuse of public resources and inefficiency, especially in large contracts.

Social participation: Although law requires social participation in many public policies, Brazil has been timidly expanding citizens' participation in government, especially when it concerns planning. Participatory planning and participatory budgeting experiences are the exception rather than the rule in all different regions of the country. Although the national government's philosophy regarding the importance of participation has great relevance in this process, we have been experiencing changes in the opposite direction.

What can we expect from the evolution of this concept in the following years? It is fair to assume the increasing importance of this theme in the public sector, as well as in complexities. The question that remains is how to connect all elements in order to constitute means of overcoming the barriers and limitations imposed for achieving the desired results. The current literature suggests a practical integration with the idea of strategic management, that is, the active dynamics of results-oriented planning in an environment of greater transparency and accountability. It includes operational and business planning, budgets, workforce development and training, other management and administrative processes, internal and external communications, analytical and problem-solving capabilities, program delivery mechanisms, legislative agendas, leadership skills, and an organization's ability to influence other actors (Poister and Streib 1999).

Finally, one can say that there is a perceived shift from ideas of inward-facing planning committed only to the principles of the public sector to a multidimensional orientation and to the whole society values, involving the private and third sector in the construction of a common interest result. However, regardless the change of focus with the likely incorporation of some new adjective, the original idea and the importance of the planning will remain quite the same. As Ackoff (1970) claimed decades ago, "the need for planning is so obvious and so great that it is hard for anyone to be against it." Thus, the operative question for public managers is how to make planning an increasingly effective and interesting tool.

## Cross-References

► Federalism and Public Administration
► Public Participation

## References

Ackoff R (1970) A concept of corporate planning. Long Range Plan 3(1):2–8

Baumer DC (1978) Implementing public service employment. In: May JV, Wildavsky AB (eds) The policy cycle. Sage, Beverly Hills, pp 169–197

Boyne G (2001) Planning, performance and public services. Public Adm 79(1):73–88

Boyne G, Gould-Williams J (2003) Planning and performance in public organizations: an empirical analysis. Public Manag Rev 5(1):115–132

Brown TL (2010) The evolution of public sector strategy. Public Adm Rev 70(Special issue):S212–S214

Bryson JM (2010) The future of public and nonprofit strategic planning in the United States. Public Adm Rev 70:s255–s267

Fox-Rogers L, Murphy E (2014) Informal strategies of power in the local planning system. Plan Theory 13(3):247

Genovese A (2018) Multi-criteria decision making for public sector management: bridging the gap between theory and practice. Socio Econ Plan Sci, In press, corrected proof. Available online 9 Oct 2018

Hendrick R (2003) Strategic planning environment, process, and performance in public agencies: a comparative study of departments in Milwaukee. J Public Adm Res Theory 13(4):491–519

Jenkins W (2006) Collaboration over adaptation: the case for interoperable communications in Homeland security. Public Adm Rev 66(3):319–322

Poister TH (2010) The future of strategic planning in the public sector: linking strategic management and performance. Public Adm Rev 70:s246–s254

Poister TH, Streib GD (1999) Strategic management in the public sector: concepts, models, and processes. Public Product Manag Rev 22(3):308–325

Raczkowski K (2016) Public management: theory and practice. Springer International Publishing, Switzerland, 233p

# Planning, Diversity, and Personnel Leadership

Lee M. Allen
Department of Political Science, Valdosta State University, Valdosta, GA, USA

## Introduction

The three concepts of planning, diversity, and personnel leadership share an imperative nexus: to alleviate suffering and prevent conflict and war. Without intervention, resentment and reaction to intolerable discrimination may lead to global disruption and a serious if not fatal end to modern civilization. Another commonality in these three overlapping focal points is the duty to maintain all of the unexplored resources inherent in the global population. Unknown potentialities of the human genome, yet to be manifested cultural and spiritual arts, and preservation of the material and intellectual tool kits developed to cope with humanity's myriad of environmental challenges all promise to help achieve undreamed advances in health, wealth, and well-being. The role of global leadership in this effort is to plan and implement diversity policies to realize these aspirations.

One of the roots of modern personnel leadership in the public administration discipline is government planning to meet future challenges and problems. Historically, examples can be found as early as Pharaonic Egypt, when grain was stored in warehouses for possible years of food shortage and famine. Administrative leaders had to be found to oversee this important project. That is why the pharaoh recognized that the dreams of Joseph of the coat of many colors indicated he could safely be put in charge of the Egyptian granaries (Judges 7:5, NIV). Similarly, another problem has consistently generated governmental planning and policy making: violent unrest between racial and ethnic divisions among the general population. Too often rank discrimination by majorities against minorities leads to cries of injustice and breeds cycles of protests and violence, often leading to a downward spiral that destabilizes larger communities. The need for local law enforcement leaders was an ongoing concern. Today, the millions of people living in multicultural civil societies rely upon cooperation among many different groups to establish substantial economic and social benefits, which are generally unavailable to the members of smaller clans and tribal groups.

Early in the twentieth century, public managers were academically trained in the basic principles of management, popularly using the acronym POSDCORB, standing for the tasks of planning, organizing, staffing, directing, coordinating, recording, and budgeting. The staffing and coordinating functions were the essence of personnel management and leadership. Little attention was made to the kinds of diversity issues that concern personnel leaders today. However, the old acronym is still useful, providing we add equity into the string of letters, to get POSDCORBE. This captures the twenty-first century's emphasis on discrimination and diversity policies. Later the personnel management function was centralized, and its activities were captured in the acronym "PADS" for planning, acquisition, development, and sanctions. New recruits were immediately classified according to their acquired academic knowledge levels, their acquired operational and managerial skills, and their innate abilities and potentials; the acronym KSA became a popular parlance in the field. Modern personnel leaders must include sensitivity to equity and diversity issues in their KSAs and plan for advances in these areas. The ideal now is having a human resource management (HRM) office, directed by an administrator who is a member and a leader within the upper levels of agency management. The chief personal officer (CPO) ideal directs specialists who in addition to their traditional and planning duties promote diversity ideals across the agency's structural organization and mission-oriented operations.

These specialists must be sensitive to the consequences of racial, social, and economic discrimination. There must be keen realization of how general shortages of resources and responses to threats stemming from the disparate distribution of them, especially, food and shelter, can frustrate the achievement of their particular missions. Too often discrimination against the angry "have-

nots" concentrated in ghettos and refugee camps spills out into the larger society. To forestall these problems, responsive commonwealths will attempt to enact and implement pro-diversity policies to dampen the unrest before it completely overwhelms the community. Although it has only been in the last century or two, with the spread of global literacy, that a plurality of ordinary people has developed this perspective, theorists and philosophers have considered these problems for centuries. It may not be too harsh to judge that they all failed. In part their efforts may have fallen short because they aimed for the establishment of permanently ideal communities, instead of settling for ongoing incremental change, accepting the enduring competitiveness of human nature. Modern capitalism has been shown itself capable of fostering growth and change, but inequities have not been eliminated, and new generations create new cultural values and conflicts. Perhaps efforts to provide justice and equality for all should be continuously rewoven into the social fabric, to sustain progressive synthesis. Many scholars believe the modern administrative state, with its enormous bureaucracy, is becoming the dominant form of government, even though they do not all support it. It remains to be seen whether contemporary reforms such as pro-business or state capitalism, the contracting out of services, functional privatization, or the proliferation of private nonprofit organizations will change that direction or will prove to be little more than cosmetic modifications. For all of them, the general rule in administration of any agency, regardless of its mission or management division, is that its leadership is basically external to the operating staff. In terms of governance, the control must be in the political sector, whether totalitarian or civil libertarian. Conversely, in the modern world, professional leaders are trained to ensure they know their personal responsibility to avoid complicity in discriminatory policies. The line between politics and administration may be permeable on occasion, but leadership theory has its origins in political, religious, and military theory.

Aristotle discussed equality theory in several of his works, including *The Politics* and the *Nicomachean Ethics*. Here, some interpreters indicate he used "equal" as akin to "fairness," indicating that political justice is proportionately based on ones just deserts or merit, and is a matter for citizens, those who are free and equal in their capacity as citizens (Ethics 11, 321–19). Some scholars point to the fact that then just as now, equality is a contested concept with different definitions to different people (Equality, Stanford). Other early Athenian philosophers theorized that all humans were equal because they could reason; unfortunately many of the city's citizens thought they still needed slaves to do the hard and dirty work in the fields and the silver mines, so the inequalities were not equitably addressed. Later, the Romans extended citizenship and equality under the law to many of those who helped in the process of expanding their civilization. It was granted to foreigners when they opened their gates to Roman armies and to merchants who adhered to Roman law and participated in desired commercial activity. The Romans brought the idea of multiculturalism to a historical high; but they also maintained institutional slavery as a large workforce which would release their commoners and elite classes from manual labor.

A notably important advance toward tolerance and diversity came when monotheistic religion spread the idea that all people belonged to one family, with brotherhood and equality under Divine Will. However, doctrinal schism and war between sects, and perhaps desire to punish those vilified as sinners, dovetailed into global beliefs in forcing slaves to do hard and dangerous work. So even the new religions generally stalled in fulfilling their promises of establishing universal equality and tolerance. Accordingly, it was not until the European Renaissance and the French Enlightenment adopted equality and fraternity ideals, and these could be implemented as the Industrial Revolution developed machinery to replace human slaves, that the inexorable economic paradigm of slavery was finally broken. In the sprawling European factories, and particularly in North America, where the labor shortage was especially acute, the new machines could do unpleasant and dangerous work quicker and cheaper than oppressed populations of forced laborers. Slavery was systemically obsolete at last. Simultaneously, new political theories of capitalism and socialism captured the attention of millions, and the old

political systems began to be replaced by constitutional legal systems with guarantees of equal rights for all. Nevertheless, other factors such as political rivalry and short-term economic advantage, and even instinctive primate competition for status and dependents, have supported pocket vestiges of discrimination all over the modern world.

Once diversity becomes an important political goal, the administration and implementation of diversity policies can begin, emphasizing requirements for equalities in more equitable living conditions and educational opportunities. Stronger policies require employment opportunity, not only in the private sector, but in public service as well. This transition is not easy; paths are generally opened up only for a few new participants, typically upwardly mobile individuals with valued skills. Setting criteria for personnel selection in the context of diversity implementation efforts and compromising multiple opposing opinions among evaluators will all impact the effectiveness of these new pro-diversity planning activities. Sometimes the intermediate result is to winnow down the number of successful applicants and beneficiaries. For instance, in one of the earliest known examples of military planning and training in literary and historical records, a leader was advised to take promising military recruits down to water and to separate them by how they drank. According to the most accepted version of the story, those who laid down and dunk their heads or lapped at the water were rejected; those who stayed alert and kept their heads up and cupped their hands to drink were accepted (Judges 7:5, NIV). Thousands of years later, scholars are still debating the planning rationales, techniques, and decisions of that legendary leadership decision, some copiers and revisionists even reversing the selection criteria (Bible Hub Commentaries). Just as any new advance in human resource training will generally spread and be adapted by other authorities, diversity policies are spreading around the postindustrial world.

Studying the complexities of management diversity theory and practice requires attention and understanding of concepts such as genetic expression, statistical distribution of characteristics, ethnocentric cultural myopia, social justice, pluralism, and ideology. Personal bias, group prejudices, and institutional discrimination have separate but interlocking relationships which need to be dealt with comprehensively before effective official diversity policies can be adopted by governmental and administrative authorities. The scope of the problem can hardly be overestimated. Just about every human characteristic can be and is targeted as the basis for some group's systematic bias and discrimination. Scholars have identified the "big eight" categories of discrimination, the foremost being race, especially in terms of skin color, eye structure, height, and weight (Plummer 2003).

Two other common types of discrimination involve age (bias toward either the young or the old) and gender (almost universal against girls and women). Arguments that gender discrimination is justified by the necessity for division of labor have been weakened by the invention of machines that reduce the importance of body strength, for example, enabling women to be truck drivers and airplane pilots. It is hard for even the most misogynist critics to deny that a female police officer with a gun can be as deadly to criminals as her male coworker. One occupation where gender characteristics still produces headaches for personnel offices is firefighter, where dislodging physical standards based on male stereotypes of size and strength is proving difficult. Human females are the majority of the world's population and represent the greatest challenge to diversity leadership.

Few readers will be able to ignore the fact that conflict between different creeds and religions is endemic through history. Other discrimination patterns include nationality qua ethnicity, mental and physical disability on the one hand, and on the other hand hostility toward *ableism* (see anti-elitism, anti-intellectualism). Antipathy based on class, organizational role/job function, and sexual orientation and identification is also well known. Other intolerant behaviors are in the process of emerging as patterns of discrimination to be addressed. These include generational or regional slang, allergies to traditional foods, and lifestyle habits such as smoking and other risk-taking behaviors.

In addition to promoting these singularly important egalitarian concerns, there are many other reasons for enacting diversity policies. Discrimination breeds interpersonal problems and social unrest: abusive superiors produce resentful subordinates who may react with workplace violence. This leads to losses of industrial productivity and economic declines. Traditional ethnic foods and medicines may be redefined as substance abuse violations under parochial and political oppression policies. In some societies eating the meat of cattle, canines, and pigs is valued, but in other societies, the same behaviors are condemned as unsanitary and sinful. Discrimination applies double standards on the wearing of traditional clothing, the justified use of force and violence, mortality beliefs, and other conceptions of morality.

## Modern Practices

Today most economically developed nations have developed pro-diversity policies to counter the negative effects of widespread discrimination. In many cases the discrimination is directed against marginal population groups, racial, and ethnic minorities. When general public perception becomes aware that many of these discriminatory patterns have negative impacts on economic development, the stage is set for regulatory reform. In other cases, citizens may realize that prevailing discrimination patterns are obsolete, remaining merely due to lingering traditional and cultural elements. The capture of Peruvian Emperor Atahuallpa at Cajamarca is attributed by Diamond as one of the significance consequences of epidemic diseases transmitted by Europeans to peoples lacking immunity. Pizarro anticipated and exploited the divisions dividing the Incas after a civil war precipitated by those diseases (Diamond 1999). Worse, they may be perpetuated by deliberate attempts by special interest groups to maintain an unfair advantage over the weak and helpless. In these cases, responsive governments may pursue new diversity policies to level the economic playing fields for overall social benefit and improvement of the gross national product. The European Age of Exploration and Colonialization in the new world by Spain, the United Kingdom, and France is a well-known example of old selfish policies that are now being reversed and redressed by reparations and the enactment of pro-diversity policies.

Significantly, modern nations are combining their diversity policy efforts to create international organizations. One of the first of these, sponsored largely by the United Kingdom, was the establishment of the International Olympic Games Committee, to copy and revive the cohesion building of Greek Olympic Games at Delphi. Another, and perhaps just as important, is the United Nations (UN), the current manifestation of attempts to create a functioning world government. One of UN's most important agencies is UNESCO. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is a specialized agency of the UN and, appropriately enough because of its dedication to enlightened progressive philosophy, is based in Paris, France, where the enlightenment flowered and helped to trigger the democratic revolutionary era. One of its most important duties involves furthering diversity goals. In the nuclear age, it has become distressingly obvious that perceptions of human oppression, real or overzealous, and violent reactions to them and to other discriminatory policies threaten the welfare, if not the survival, of our entire species.

Historically, inclusive multinational (city-states) efforts to recognize the utility of diversity efforts to maintain peace and cohesion go back to the ancient Greeks and their Olympic Games. The dozens of Greek city-states, some representing large-scale experimentations in ideology such as Athens and Sparta, routinely resorted to war to resolve differences among them. Greek mythology claimed the gods on Mt. Olympus decreed periodic amnesties and truces when athletes from all over the Greek cultural and linguistic sphere, representing every region, island, and city, could come together to renew their bonds of fellowship. The games were intended to promote their common religion and culture and to improve better trade and economic relations among them. It aimed at maintaining and strengthening their common heritage and commonalities of interests.

Fostering athletic competition emphasized shared physical traits and cultural ideals. It conceivably contributed to the peninsula's ability to resist Persian conquest. Today, the modern revival of the Olympic Games aims at performing the same function for the world's hundreds of nation-states. The quadrennial athletic competitions show that people representing even isolated tribes, nationalities, and cultures can coexist and benefit from peaceful interaction. Physical characteristics that may play prominently in bias and discrimination are shown to be trivial compared to the common aspirations of all people and the overriding similarities of the basic human anatomy. It is hard to maintain stereotypical beliefs about the inhumanity of traditional enemies when you have lived and broken bread together.

In 1896, cosponsored by the United Kingdom and the Kingdom of Greece, athletes from 14 counties met in the first modern Olympic Games in Athens. Similar organizations began to spring up all around the world. In America, shortly after John F. Kennedy (member of a religious minority) was elected president, one of his sisters, Eunice Shriver, became involved in creating the Special Olympics, an organization dedicated to improving treatment for people with mental disease and retardation. Its first events were held on private property, in the backyard of a family home in Maryland. In July 1968, families from Canada and the United States opened the first International Special Olympics at Soldier Field in Chicago, Illinois (Special Olympics). Today it is a global organization with programs in a 170 countries. Perhaps encouraged by this and other efforts, in 1984, the International Olympic Games Committee met for the first time and formalized the present popular spectacles, alternating between summer and winter games rotated among various host countries in a highly competitive process. The winners expect substantial economic benefits by showcasing their products and skilled technicians to the global economy.

The United Nations has similar origins and ideals. It was also created in times of tribal animosities and war and was designed to promote peace among nations. Since war is a predicable result of reaction to perceived hostilities and prejudices, a major purpose of the United Nations is to encourage peaceful means of resolving disputes. In 2002, soon after the 9/11 attack on the World Trade Center in New York City, UNESCO published its definitive statement on the need for a global diversity policy. The Universal Declaration on Cultural Diversity was adopted unanimously by all members, representing peoples around the world. The Declaration embodies two major goals: the first aims to preserve cultural diversity as a living, thus a renewable treasure that must not be perceived as being just an unchanging heritage but as a process guaranteeing the survival of humanity. Secondly, the Universal Declaration aims to prevent legal segregation and fundamentalism which, in the name of cultural differences, would sanctify those differences and so counter the message of the Universal Declaration of Human Rights.

The Universal Declaration makes it clear each individual must acknowledge not only otherness in all its forms but also the plurality of his or her own identity, within societies that are themselves plural. Only in this way can cultural diversity be preserved as an adaptive process and as a capacity for expression, creation, and innovation. The debate between those countries which would like to defend cultural goods and services "which, as vectors of identity, values, and meaning, must not be treated as mere commodities or consumer goods" and those which would hope to promote cultural rights has thus been surpassed, with the two approaches brought together by the Declaration, which has highlighted the causal link uniting two complementary attitudes. One cannot exist without the other (Matsuura 2017).

Smaller civil rights-oriented organizations have sprung up around the world. For example, the International Movement Against All Forms of Discrimination and Racism (IMADR) was created in Japan in 1988. Originated by the Buraku minority, it has grown into an international nonprofit organization based in Japan and Geneva, devoted to eliminating discrimination and racism. IMADR is in a consultative relationship with the United Nations Economic and Social Council (ECOSOC). The International Movement

publishes newsletters concerning the activities of the United Nations Committee on the Elimination of Racial Discrimination (UNCERD). A sample CERD newsletter to interested NPOs solicited information about countries soon to be addressed by the UN Committee (CERD, 09-28-16). These organizational linkages reflect not only the increasingly transparent nature of the World Wide Web but also the networking skills of a new generation of diversity administrators.

## Diversity Contradictions

As described above, leadership in diversity issues can be described as a two-pronged and sometimes opposing effort. On the one hand, inclusive diversity leadership seeks to dampen the dysfunctional effects of discrimination that might someday threaten world stability. To a certain extent, this implies integration of all people into a global homogenized unity. On the other hand, another group of diversity leaders want to preserve diversity in all its forms as a living, and thus renewable treasure, by excluding some facets of minority heritage from incorporation and submersion inside the global village. A compromise view suggests that preserving separate ethnic identities need not be perceived as being a set of static and unchanging heritages, but as a dynamic process helping to guarantee the survival of humanity's mental and spiritual diversity.

On the other hand, many diversity leaders are deeply invested in strengthening identity politics, involved in protecting their groups from assimilation and submersion. Partly in order to pursue this goal, and partly to highlight the uniqueness, worth, and utility of the world's scattered minority groups, they are banding together in common cause. They may possess a variety of racial physiotypes and an even larger variety of folk costumes, but they can work together to avoid cultural submersion in the emerging global village. In 2015, the first Indigenous Games were held in Brazil, in advance of the Summer Olympic Games scheduled for 2016 in the same country. From the Amazon to the shores of New Zealand, 2000 competitors converged on the Brazilian Frontier city of Palmas for the first World Indigenous Games. "We're distant from other cultures of the world, but this gives us a chance to mingle with other indigenous people from all over the place, said one athlete" (Darlington 2015).

## Leadership Commonalities

While there is a plethora of leadership types described in the academic literature and trade magazines, three basic personality types can be articulated as they affect diversity activities. They are conservative status quo and pattern-maintaining types, transformational leaders, and pragmatic contingency operators. The status quo types of leaders tend to be traditional democratic or laissez-faire leaders, resistant to sudden change, with a tendency to use rational and legalistic methodologies. Transformational types tend to have charismatic and authoritarian personalities and are oriented to leadership primacy. The third group can be described as contingency oriented, recognizing the inevitability of changes, assessing situations before they act, and possessing high levels of adaptability. Whichever type of leadership dominates any particular organization, the best practice motto for any supervisor is likely to be: mission first, people always.

Socialization and educational practices tend to mold leaders into the status quo leadership styles appropriate to the dominant culture. Mainstream diversity leaders, geared to assimilating minorities and dissonant perspectives into the larger community, generally desire to maintain the structure and operations of the larger group. They often practice the political philosophy of Edmund Burke, reconciling representing their constituents while retaining their own judgment and a belief in the wisdom of prior generations. Interestingly, these types of leaders can be found in both the larger dominant culture and in the smaller minority communities. This commonality of style and methodology can be seen in both the Olympic and Indigenous athletic games and bodes well for continued cooperation between the two groups.

Transformational leaders are psychologically distinct and divided into two distinct categories:

one oriented to individual leadership primacy, guiding their followers forward toward their visionary goals. They are energetic entrepreneurs, champions of their cause, and broad-based social innovators. The other type of transformational leader is similarly self-oriented and pushes for change but focuses on small-scale iterative development. These leaders itemize problem-solving and desire evolutionary changes in an organization's significant facts and routines but are also interested in "stabilizing the container" while transforming the contents (Ecology 2016).

Contingency-oriented leaders are more pragmatic, reconciled to the inevitability of change, assess situations before they act, and are highly adaptable in adjusting to the new environments they find themselves in. They listen to and trust the advice of their subordinates. Contingency leadership is suited to exploring the environment and expecting change to occur. It keeps the mission in mind, but is not committed to habitual maintenance of traditional structures, and tends to listen to and trust subordinates. It has a pragmatic action orientation. One good operational diversity textbook is D. L. Plummer's (2003) *Handbook of Diversity Management*: *Beyond Awareness to Competency Based Learning*. This business-oriented text focuses on how management consultants can build a good diversity policy on a marketing strategy, return on investment (ROI), to broaden its customer base and increase its bottom line. It also has good articles on building and maintaining diversity awareness within an organization. All of these are useful in a public agency context.

In training and development classes, these topics should be supplemented by material on public policies such as equality theory, affirmative action, and equal employment opportunity. It is important to avoid the highly partisan tone of many diversity courses, where some countries may be portrayed as particularly vicious examples of discriminatory behaviors. Both the United States and Russia, for example, have such reputations in some quarters; but both experienced terrible civil wars to establish more tolerant societies. An overview of diversity from a global perspective is not only the best objective approach, but the most accurate. Of course, it may be useful to describe some of the rationales behind some fundamentally unjust discriminatory policies, in order to better confront and overturn them. First on the list are those policies which inadvertently or intentionally are designed to result in genocide.

The Story of Ishi is instructive in that regard. In California in the summer of 1911, a starving Native American walked out of the coastal mountains and became an instant journalistic and anthropological sensation. Ishi thought he was the last member of his race, and investigation indicated that he was indeed the last living member of a remnant band of an Indian tribe known as the Yahi people. He was starving because he had been deprived of support and companionship when his older remaining close family had all died, hastened at least in part because a group of hikers had stumbled on his camp and carted off or destroyed many of the tools necessary for Indians' survival (Rockafellar, 02-15-17). Anthropologists at the time were just beginning to collect ethnic oral histories, and Ishi was a wellspring of information. As their ward at the University of California, he good-naturedly demonstrated many of his skills as a toolmaker and a hunter to hundreds of tourists and students every weekend. He was billed as an example of the noble savage and a true gentleman. He died in 1916 of advanced tuberculosis. Under the auspices of the American Indian Act of 1989, his remains were claimed by the approximately 400 remaining Yahi people, themselves grouped within the 1500 members of Yana people. All over the world, tribes are disappearing, sometimes assimilated bit by bit into the surrounding national population, sometimes vanishing completely. When they go, their histories, tool kits, and biological adaptations vanish with them. Organizations such as the National Geographic Society may sometimes catch glimpses of their unique genetic characteristics, but the rest are gone.

## Summary

The core essence of emerging global diversity policy is to alleviate and prevent conflict and war generated by resentment and reaction to intolerable discrimination. Discrimination cannot be

totally eliminated, because all identifiable populations take pride in their unique histories and achievements and resist attempts to destroy them in overzealous striving for complete assimilation. Conversely, human beings also copy and learn from each other and will join together in coalitions to protect themselves from common dangers. The world's leaders and their supporters must plan ways to reconcile these countervailing tendencies. Convincing arguments are made that almost as critical to the survival of modern civilization is the duty to maintain all of the unexplored resources inherent in the global population. This includes the unknown potentialities of the human genome, all cultural and spiritual arts, and the complete tool kits different societies have developed to cope with their unique environmental challenges. The role of leadership in this effort is to plan and implement diversity policies to achieve these goals.

## References


Biblehub Commentaries. Discussion found on-line 18 February 2017 at: http://biblehub.com/commentaries/judges/7-5.htm

CERD (2016). Committee on the elimination of racial discrimination, November 28. Subject of a CERD Newsletter Found on-line 22 January 2017 at: http://imadr.org/cerd91/

Darlington S (2015) Indigenous olympics in Brazil: competition meets awareness. Found on-line at: www.cnn.com/2015/11/08/americas/brazil-indigenous-games/

Diamond J (1999) Guns, germs and steel. W.W. Norton, New York. 0-393-31755-2

Ecology and Society (2016) "Agency and leadership in complex systems" found in E&S Home. 18(3):27

Equality, Greek Theory (2001) Equality. Stanford Encyclopedia of Philosophy. Article found on-line 21 February 2017 at: https://plato.stanford.edu/entries/equality/

Judges 7-5 (1978) Holy Bible: new international version, Biblica, July 5. Article found on-line 18 February 2017 at: http://www.biblestudytools.com/niv

Matsuura K (2017) Cultural diversity: a vision. "The cultural wealth of the world is its diversity in dialogue". Director Matsuura is the Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO). Found on-line 14 December 2017 at: www.unesco.unesco.org/images/0012/001271/127162e.pdf

Ethics. Aristotle's Nicomachean ethics. Found on-line 20 January 2017 at: http://science.jrank.org/pages/9186/Equality-Overview-Ancient-Views-Equality.html

Plummer DL (2003) Handbook of diversity management: beyond awareness to competency based learning. University Press of America, Oxford

Rockafellar N. The story of Ishi – a history of UCSF. Special topics collection, San Francisco, California, University of California, San Francisco. Found on-line 15 February 2017 at: http://history.library.ucsf.edu/ishi.html

Special Olympics. Articles found on-line 29 December 2017 at: www.specialolympics.com and at: www.sode.org/about/history-of-special-olympics/


# Platforms and Public Administration


Felipe Zarpelon, Vinicius Antonio Machado Nardi and Jorge Verschoore
Unisinos University,
Porto Alegre, RS, Brazil


## Synonyms

Crowdsourcing; e-Participation; Public participation; Two-sided markets

## Definition

Platforms refer to the strategy to connect consumers (citizenships) and developers (government) interested in the outcomes of network interactions.

## Introduction

In business administration, the strategic use of business management platforms is recurrent. Magazines are used to connect businesses – through their advertisers – with readers. Trade shows have established themselves around the globe through this same model, serving as the basis for the link between consumers and sellers. With the advancement of technology, companies like Facebook, Google, Alibaba, Uber, and Airbnb used the same format to become leaders in their business segments. The success of this format was then used in public administration,

mainly to stimulate social participation and legitimization of governments.

In principle, the adoption of public service platforms has characteristics similar to those of the private market. However, a differential is the motivation of users. While in private initiative the economic purpose supports most actions, the return on public platforms is fundamentally social. The purpose of this entry is to provide an overview of the role of platforms and its adoption in the public domain. It begins with an analysis of theoretical perspective and the managerial consequences of its use. Finally, it concludes with an approach of what is known about platforms in public administration.

## Theoretical Perspectives

The platform is a transformative but straightforward concept that has affected businesses, the economy, and even society (Parker et al. 2016). Traditional sectors such as hosting, transportation, and retail have undergone significant changes following the introduction of platform-based business models (Kohler 2015; Libert et al. 2014). Parker et al. (2016) argue that eventually all industries will be affected by business platforms, given the value produced by collaborative work through social networks. Contemporary networks enhance the ability to create value through fast and spread connection of distant actors with complementary resources.

What makes the platform model successful is the ability to connect people, organizations, and resources in an interactive environment in which value propositions are created and exchanged (Parker et al. 2016). Information and communication technologies (ICT) play an essential role in platform business models as they allow reaching the necessary scale to sustain network externalities. Besides the access to distinct actors and resources, ICT enhance the necessary breadth for businesses to develop rapidly and become successful players in traditional markets (i.e., private transportation, hosting, etc.) or even create new markets (Hagiu and Rothman 2016).

Platform business models connect knowledge and talent spread into the crowd to predict opportunities and create solutions. ICT as powerful data processers should be able to organize and filter the amount of information arising from interactions of complementary actors. As an outcome, resources are effectively connected to opportunities, and solutions arise (Brabham 2013).

In general, four main players comprise the platform ecosystem: owners, providers, producers, and consumers (Parker et al. 2016). Owners are responsible for controlling intellectual property and defining governance for interactions among users. Providers usually stand for technological solutions as an interface among users, processing data, and supplying information. The group of users is composed by producers and consumers, each sustaining their positions according to each transaction.

The platform becomes active as a business when it generates a value perceived by both connected parts through its primary assets, which are the information and the interactions it makes possible (Evans and Schmalensee 2010). Because they are connecting people, platforms benefit from network externalities (Katz and Shapiro 1985), that is, the product or service utility increases as the number of consumers and creators involved increases. Parker et al. (2016) refer to these externalities as an essential part of the platform architecture and go beyond, stating that not only benefits are observed with increasing numbers of users in a platform. The authors identify negative effects of the network, mainly when an indiscriminate increase in the number of users on a poorly managed platform can reduce the value produced for each user. Then, the perfect fit of managerial structures and set of users sustain the value creation in platforms.

## Managing Platforms

Kohler (2015) identifies three models of platform operation as the best architecture for business purposes. These models are defined by how stakeholders are connected, business objectives, and structures of power and control: (a) two-sided or multiple-sided platforms, (b) product platforms, and (c) integrating platforms.

In two-sided markets, the users connect and interact directly inside the platform environment. The two-sided connection is a feature not only of platform strategies but of markets with network externalities. Platforms managed under this model connect groups with distinct and complementary objectives (Eisenmann et al. 2006; Rysman 2009).

The dynamics of product platforms undersees the development of products or services by users on a base technology. In a second step, these developers sell their solutions to connected consumers. Similarly to two-sided models, product platforms promote the matching of complementary objectives, but here the control and direction of the platform owner are accentuated. The owner has the technology on which the product or service is developed by its creators (Kohler 2015).

The main characteristic of the integrative platform is an environment where contributions are captured and sold to consumers. The creation is a core activity here, performed mainly through competitions. This operation also presents a variation, commonly known as collaborative communities, whose main objective is to gather a series of contributions from the crowd into an original set of value (Kohler 2015).

These different platform configurations can be successful in their applications through strategies where the focus is on orchestrating resources and optimizing internal processes to facilitate external interactions, generate customer value, and maximize the value of the ecosystem (Boudreau and Lakhani 2009; Van Alstyne et al. 2016).

The platforms traditionally focused on private initiatives were adopted by the public with the power to respond to the demands of increasingly participatory individuals, called Citizens 2.0, and to legitimize their actions toward society (Brabham 2008, 2009; Hilgers and Ihl 2010; Linders 2012; Seltzer and Mahmoudi 2013). These initiatives are based on the belief that citizens with experience, situational awareness and interest in participating are potential sources of solutions for governments pressured to do more with less (Royo and Yetano 2015). In recent years, driven by technological advances, availability of information, and social mobilization, this development has become widespread (Thomas and Streib 2005).

## Platforms in Public Administration

Traditionally focused on private enterprise, the adoption of platforms as a public management strategy has been recurring in the last decade. Technological advances, the growth of social activism (Nalbandian et al. 2013), and the concern to expand participation mechanisms have made the adoption of platforms – especially electronic ones – increasingly large. Pressed to do more with less, governments came to use platforms as tools to legitimize their actions, to understand the demands of society, and to find potential solutions to social problems, since citizens directly involved with the situation would have the experience to suggest interventions (Brown et al. 2017).

The public service management strategies based on platforms have the motivation as their differential. While in the business environment economic purposes are the rule, in public management the return is fundamentally social. Cases such as the Brazilian government's "Ideia Legislativa" platform (Nardi et al. 2018) illustrate this reality. In the concrete initiative, citizens can suggest through the platform changes in the current legislation and mobilize their network of contacts to raise support. These ideas are then brought to the discussion and, if approved, implemented in society.

At the same time that it brings the public administration closer to society, the use of platforms expands the process of direct democracy (Royo and Yetano 2015) and facilitates the solution of social problems. The use of social media technologies and the implementation of open government initiatives encourage the participation of society in the political process, giving legitimacy to public actions and making more effective solutions to complex problems. The use of platforms, for example, enabled matchmaking systems to be implemented to overcome management failures, as in the case of access to the American education system (Roth 2015).

## Conclusion

Increasingly, organizations around the world use platforms as a business strategy. To date, however, little has been explored on the topic in the literature. The use of platforms as tools for public management, although still an embryonic stage, has aroused the interest of managers for their ease to fastly connect a broad part of the population. Although the similarities between the public and private use of platforms are recognized, a point of differentiation is the outcome generated for users. While in the private initiative the motivation is economic, in the public administration the return is inherently social.

The adoption of public management platforms emphasizes citizens' engagement and their direct participation in the political process. At the same time as it brings benefits to the citizen, the results for the government that can use the tool as a source of identification of social problems and solutions increase their relations with society, strengthen citizen confidence in public management, and, finally, legitimize their actions. Serving as a mediator between government and society, a platform is a resource-rich tool for implementing innovative practices that enable governments to do more with less. The understanding of the platform strategy still lacks advances in the literature, especially the architectures to be used in each case to reach the best possible results.

## Cross-References


- ▶ Governance
- ▶ New Public Management
- ▶ Open Government
- ▶ Performance Crisis


## References


Boudreau K, Lakhani K (2009) How to manage outside innovation. MIT Sloan Manag Rev 50(4):69

Brabham DC (2008) Crowdsourcing as a model for problem-solving: An introduction and cases. Convergence Int J Res New Media Technol 14(1):75–90

Brabham DC (2009) Crowdsourcing the public participation process for planning projects. Plan Theory 8:242–262

Brabham DC (2013) Crowdsourcing. Cambridge, MA: The MIT Press

Brown A, Fishenden J, Thompson M, Venters W (2017) Appraising the impact and role of platform models and Government as a Platform (GaaP) in UK Government public service reform: Towards a Platform Assessment Framework (PAF). Gov Inf Q 34(2):167–182

Eisenmann T, Parker G, Van Alstyne MW (2006) Strategies for two-sided markets. Harv Bus Rev 84:92

Evans DS, Schmalensee R (2010) Failure to launch: Critical mass in platform businesses. Rev Netw Econ 9(4):1

Hagiu A, Rothman S (2016) Network effects aren't enough. Harv Bus Rev 94:64–71

Hilgers D, Ihl C (2010) Citizensourcing: Applying the concept of open innovation to the public sector. Int J Public Part 4(1):67–88

Katz ML, Shapiro C (1985) Network externalities, competition, and compatibility. Am Econ Rev 75:424–440

Kohler T (2015) Crowdsourcing-based business models: how to create and capture value. Calif Manag Rev 57:63–84

Libert B, Wind Y, Fenley M (2014) What Airbnb, Uber, and Alibaba have in common. Harv Bus Rev 11:1–9

Linders D (2012) From e-government to we-government: Defining a typology for citizen coproduction in the age of social media. Gov Inf Q 29:446–454

Nalbandian J, O'Neill R, Michael Wilkes J, Kaufman A (2013) Contemporary challenges in local government: Evolving roles and responsibilities, structures, and processes. Public Adm Rev 73(4):567–574

Nardi V, Zarpelon F, Verschoore J, de Araújo M (2018) The multiple bases of social return platforms: Evidence of a brazilian initiative. Int J Public Adm, pp 1–10

Parker GG, Van Alstyne MW, Choudary SP (2016) Platform revolution. W. W. Norton & Company, New York

Roth AE (2015) Who gets what – and why: The new economics of matchmaking and market design. Houghton Mifflin Harcourt, Boston

Royo S, Yetano A (2015) "Crowdsourcing" as a tool for e-participation: two experiences regarding $CO_2$ emissions at municipal level. Electron Commer Res 15(3):323–348

Rysman M (2009) The economics of two-sided markets. J Econ Perspect 23:125–143

Seltzer E, Mahmoudi D (2013) Citizen participation, open innovation, and crowdsourcing: challenges and opportunities for planning. J Plan Lit 28:3–18

Thomas JC, Streib G (2005) E-democracy, E-commerce, and E-research: Examining the electronic ties between citizens and governments. Adm Soc 37(3):259–280

Van Alstyne MW, Parker GG, Choudary SP (2016) Pipelines, platforms, and the new rules of strategy. Harv Bus Rev 94(4):54–62

# Police Use of Force and Community Policing During a Pandemic

De Lacy D. Davis
Family Support Organization of Union County, Plainfield, NJ, USA

## Synonyms

Broken windows policing; Community-oriented policing; Hot-spot policing; Problem-solving policing; Quality of life policing

## Definitions

Use of force – amount of effort required by police to compel compliance by an unwilling subject (International Association of Chiefs of Police 2001).

Community policing – a philosophy that promotes organizational strategies that support the systematic use of partnerships and problem-solving techniques to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime (DOJ 2004).

## Introduction

This entry focuses on the issue of police use of force and community policing during a pandemic by highlighting the following in subsequent sections: varying perspectives; public fear of the police; broken windows theory; community policing challenges; use of force; standpoint theory; solutions; and a conclusion. Law enforcement practitioners, elected officials, police officers, nongovernmental organizational leaders, clergy leaders, and other community stakeholders continue to call for unity in communities – especially after community/police violence erupts. When community/police violence results in the death of a police officer, very often, the police union representative holds a press conference, talks about the heinous nature of the crime against a public servant, and demands justice. Elected officials and other community stakeholders take similar positions. When the community/police violence results in the death of a Black person, the police practitioner has a preprogrammed response based on the evidence of similar community/police encounters in the past.

Former Minneapolis Police Chief, Anthony Bouza, stated in an interview with a reporter that in most urban centers in the United States, when a police chief is called "at three in the morning and told, 'Chief, one of our cops just shot a kid,' the chief's first questions are: 'What color is the cop? What color is the kid?'" (James et al. 2014, p. 337). He further explained to the reporter, "if the answer is, 'The cop is White, the kid is Black,' he gets dressed" (p. 337). It is these conflicting perspectives of the police as the aggressor and the community as the victim, or the community as the aggressor and the police as the victim, that do not permit participants in one group or the other to extend their viewpoints beyond their comfort zone.

## It's a Matter of Perspective

On February 8, 2020, and February 9, 2020, within a 12-hour timespan, two New York City police officers were ambushed and shot by an alleged Black male suspect. Many New York City residents wrestled with trying to understand what could lead someone to attack the police who were there to protect and serve the community. Other members of New York City's fragile communities struggled to understand how and why police officers, who had continued to shoot unarmed Black men, like Laquan McDonald (Chicago, Il) or Stephon Clark (Sacramento, CA), would not expect this outcome? This dichotomy reflects the challenge of law enforcement in the twenty-first century. Police executives must learn to effectively develop policies and constitutional policing practices that are not in conflict with the public's perceptions and realities of policing in marginalized communities.

A recent study, "Police Use of Force: Examining the Factors Relating to Police Officers Shooting Unarmed Black Males," Davis (2019) suggested that police officers are implicitly biased, but that bias is not always reflected in their behavior with unarmed Black males. President Barack Obama's Task Force on twenty-first Century Policing found that building trust and legitimacy were the foundations for effective policing (Peyton et al. 2019). If police departments are to achieve their missions, police leaders will have to overcome the barriers of distrust and illegitimacy.

Today the police profession is challenged by allegations of racial bias in police practices in poor, urban, and marginalized communities. Community policing, a partnership between residents in the community and the local police department, is a strategy used by police organizations to solve problems, reduce the fear of crime, and reduce social disorder in a community. The coproduction of policing with the community is a vital part of community policing (Williams et al. 2016). Police organizations depend on the community members to come forward to monitor, as witnesses, the comings and goings of individuals in their communities through crime watch and block watch associations and to coproduce policing through volunteerism, which reduces costs for police departments and the community (Davis 2019).

## Public Fear of the Police: Justified or Unjustified?

Police executives must learn to manage police practices with the understanding that residents in some communities are fearful of the police. This fear reduces the effectiveness of a community policing strategy. Between January and March 2020, the United States responded to an outbreak of the novel coronavirus disease of 2019 (COVID-19). Several northeastern states executed Stay-at-Home Executive Orders (Commonwealth of Pennsylvania 2020; State of Connecticut 2020; State of New Jersey 2020). Communities that have not always had positive interactions with the police were faced with the emotional challenge of how to interact with their local police departments. Some residents questioned, "If there is a need to call the police, will the police response be measured and consistent with the community's expectation, or will the encounter end in confrontation and death? And if death, will it be of the residents or of the police officers?"

Recently, a White New York City Police Department (NYPD) officer was videotaped violently taking a Black male to the ground and physically assaulting him for failure to socially distance, remain 6 feet or more away, from another non-family member in public. The Black male was sitting outside of an East Village, New York, deli talking with a female. The encounter resulted in the arrest of the male and the female and allegations of excessive force (Pereira 2020). The videotape went viral. It is a reminder of the conflict between America's police department and the Black and Brown communities. In a Manhattan, New York City park, White citizens could be observed sunbathing and enjoying the park, while police officers handed out facemasks. The sunbathers, who were in violation of Governor Andrew Cuomo's Executive Order 202, Declaring a Disaster Emergency in the State of New York, were not arrested or summonsed as those in other neighborhoods in New York City.

NYPD, like many police departments across the United States, has implemented many community/policing initiatives. The concept of community policing is based on community partnership, organizational transformation, and problem-solving. Police leaders will have to understand how these components interrelate, overlap, and where there is a need for improvement. Criminology theorists, James Kelling and George Wilson (1982), based on social disorder, prepared the foundations for police/community problem-solving with a study of social disorder.

## Broken Windows Concept

In 1982, Kelling and Wilson argued that social disorder and incivility leads to crime. Their

broken windows theory, which was postulated by the criminologists, became the hallmark of NYPD's encounters with its citizenry called "stop, question and frisk" or "stop and frisk." This theoretical argument would become the foundation of police policies and encounters with citizens across the United States. Most recently, former New York City Mayor Michael Bloomberg, a 2020 presidential candidate, apologized for "stop and frisk" (NBC News 2016).

Bloomberg maintained that he should have acknowledged the adverse impact that the practice had on Black and Brown communities. Mayor Bloomberg's admission, 25 years later, reinforces the claims of members of fragile communities that police officers are biased, and it erodes trust (NBC News 2016). Effectively communicating the failures of "broken windows policing," stop-and-frisk policing, or zero-tolerance policing is the first step to improving community/police relationships.

Terry v. State of Ohio (1968) has been the foundation for police officers stopping and patting down citizens for weapons when they have an encounter on the street. In this case, the Court reasoned that one should not reasonably expect a police officer on the street to secure a warrant for a search and seizure when on-the-spot observations must be made quickly.

In the US Supreme Court case, Terry v. State of Ohio (1968), the Court held that a police officer could stop and frisk a suspect, if that police officer reasonably suspected that a crime had been committed or was about to be committed. The Court held that a police officer could reasonably believe that a suspect is armed and dangerous. The Court decision permits a police officer to frisk (pat down) a suspect's outer garments for weapons for the officer's protection, also named a "Terry stop."

In a class action lawsuit filed against the NYPD (Floyd v. City of New York 2013), Judge Shira A. Scheindlin illustrated the challenges that law enforcement leaders across the United States must address in their efforts to protect and serve the community. The judge found NYPD's stop-and-frisk practices unconstitutional, racially discriminatory, and a violation of New Yorker's rights to be free from unreasonable search and seizure. The decision of Judge Shira Scheindlin in *Floyd v. City of New York* (2013) highlighted the challenge of the stop-and-frisk policy:

- Between January 2004 and June 2012, the NYPD conducted over 4.4 million *Terry* stops.
- The number of stops per year rose sharply from 314,000 in 2004 to a high of 686,000 in 2011.
- 52% of all stops were followed by a protective frisk for weapons. A weapon was found in 1.5% of these frisks. In other words, in 98.5% of the 2.3 million frisks, no weapon was found.
- 8% of all stops led to a search into the stopped person's clothing, ostensibly based on the officer feeling an object during the frisk that he suspected to be a weapon or immediately perceived to be contraband other than a weapon. In 9% of these searches, the felt object was in fact a weapon. 91% of the time, it was not. In 14% of these searches, the felt object was in fact contraband. 86% of the time it was not.
- 6% of all stops resulted in an arrest, and 6% resulted in a summons. The remaining 88% of the 4.4 million stops resulted in no further law enforcement action.
- In 52% of the 4.4 million stops, the person stopped was Black; in 31% the stops, the person was Hispanic; and, in 10% of the stops, the person was White.
- In 2010, New York City's resident population was roughly 23% Black, 29% Hispanic, and 33% White.
- In 23% of the stops with Black people, and 24% of the stops with Hispanic people, the officer recorded using force. The number for Whites was 17%.
- Weapons were seized in 1.0% of the stops with Black people, 1.1% of the stops with Hispanic people, and 1.4% of the stops with White people.
- Contraband, other than weapons, was seized in 1.8% of the stops of Black people, 1.7% of the stops with Hispanic people, and 2.3% of the stops with White people.
- Between 2004 and 2009, the percentage of stops where the officer failed to state a specific suspected crime rose from 1% to 36% (p. 73).

Similar conflicts between law enforcement and residents, based on stop and frisk were found in Baltimore, Maryland, where Freddie Gray, a 25-year-old Black male, died while in police custody. The death of Gray was from a spinal cord injury that occurred while he was being transported in an unsecured police van, which led to the indictment of six Baltimore City police officers. The first three police officers to face trial were found not guilty at a bench trial, which is a trial with a judge hearing and ruling on the case. Afterward, State's Attorney Marilyn Mosby dropped the charges against the remaining police officers arguing that the Baltimore City Police Department had worked against her investigation in the Gray case that prevented her office from gathering substantial evidence for a conviction. Mosby maintained that without real criminal justice system reforms, she could try cases like this 100 times and get the same end result (Stolberg and Bidgood 2016).

These type of cases in Black and Brown communities are viewed as disparities that have had an adverse impact on community/police relations. Community partnerships become difficult to establish with organizations and individuals, the problem-solving efforts by police departments are not perceived as being fair by community stakeholders, and the potential for conflict is increased (Reicher and Stott 2020).

## Community Policing Challenges

Community policing is defined by the US Department of Justice (DOJ) as "a philosophy that promotes organizational strategies that support the systemic use of partnership and problem-solving techniques to proactively address the immediate conditions that give rise to public safety issues such as crime, social disorder, and fear of crime" (DOJ 2014, p. 1.).

New Jersey Governor Phil Murphy (2020), in light of the COVID-19 activity, directed police officers to enforce the stay-at-home order in the New Jersey cities of Newark, Jersey City, and Lakewood and the Jersey Shore area. The relationship between the community and the police can determine the level of cooperation that responding police officers receive from the public. For example, a citizen on the boardwalk at the Jersey Shore, where encounters between the police and the community are generally cooperative, expressed that unless the police asked him to leave, he was not going to leave the boardwalk because he paid his taxes for the use of it (Franklin and Hawk 2020). Conversely, in other communities where the encounters between the police and the community have not been as cooperative, citizens continued to ignore the Centers for Disease Control (CDC 2020) social distancing recommendations of 6 feet of space between individuals.

Newark, New Jersey Mayor Ras Baraka (2020) responded to a community street party and appealed to residents to disperse and go home. They did disperse. On April 1, 2020, the four urban communities in New Jersey, Newark, Irvington, Orange, and East Orange, implemented strict social distancing orders. Roadblocks bordering each city were maintained by joint police department patrols. Residents were told via Facebook Live, the print media, and television news that they should stay home in their respective cities. Failure to comply with the orders would result in city tickets for first-time offenders, which could result in fines and possibly jail time. Subsequent offenses would be subject to prosecution by the Essex County Prosecutor's Office. Conversely, in Lakewood, New Jersey, a suburban community, there were several house parties, weddings, or celebrations that were broken up by police with the hosts and some participants being arrested (Attrino 2020). While arrests were eventually made in Lakewood, New Jersey, the police practices in the urban communities during the same time were more restrictive on individuals and groups.

The challenge for public administrators is to safeguard communities by effectively using police personnel while understanding that the quarantine will eventually be lifted. The police/community relationships will be judged by the police department's history and its recent behavior

with the community during the pandemic period. Mayor Ras Baraka in Newark, New Jersey, communicated the strict lockdown policy the night before the announcement on Facebook Live. During the morning of April 1, 2020, police caravans, with lights and sirens activated, drove through the city announcing the lockdown and directing residents to return home (Baraka 2020).

There are many policy questions that this practice raises. What other options were used to communicate this strategy to the public? To whom were the police officers making the announcements? What was done to reduce the fear that the citizenry may feel from hours of police officers driving up and down their main streets? Could a door-to-door campaign by police officers who were known to the community have been more effective? How did residents without access to technology find out about the lockdown?

Dr. Alie Terrell-Bryant, a resident in Newark, New Jersey, expressed in a Facebook post on April 2, 2020:

> I would feel far more at ease with a police visit on the porch to maintain social distancing. It is VERY disconcerting to hear sirens going off for extended periods of time during the day. Part of me is expecting law enforcement to remove us from our homes like in Nazi Germany. It is quite disturbing and downright frightening to see police caravans and to hear sirens repeatedly throughout the day. We are already terrified of COVID-19, and this just heightens our fear. (line no. 716)

Community policing is based on trust between the community and the police. The implementation of draconian police tactics reduces the opportunity for residents to have meaningful engagements with police officers in their community. Public administrators in city government and law enforcement must begin to plant the seeds of cooperation long before the need to implement a lockdown or quarantine a community. Both strategies can be isolating, intimidating, and significantly damaging to long-term community/police relationships.

Traditional stakeholders in communities, like the leaders of houses of worship, schools, businesses, and block/tenant associations, build meaningful throughway relationships between police departments and the respective constituencies that those stakeholders serve. The success of these partnerships is based on the community's level of trust in the stakeholders and the police department (Williams et al. 2016). Dr. Terrell-Bryant's (2020) perspective reflects a breakdown in communication that adversely impacts these relationships and the overall health of the community.

## Use of Force

Law enforcement practitioners who plan to lead police agencies in the twenty-first century must examine the historical relationship between police departments and the people of the United States and fragile communities. The police leader practitioner should examine the relationships, complaints, and concerns between Black and Brown communities relative to police department practices, policies, and dispositions. These relationships have been contentious since the slave patrols (Scott 2002). Police officers were used for the enforcement of slave codes, Jim Crow laws, and segregation. These practices, in more recent history, have contributed to the mass incarceration of Black and Brown people.

High-profile deaths of Black males at the hands of police officers, like Michael Brown, Eric Garner, Sean Bell, Jonathan Ferrell, Oscar Grant, Kimani Gray, Ramarley Graham, and Amadou Diallo, have helped to deteriorate the public's trust of police officers. The gains of years of community policing can disappear in minutes. On April 12, 2015, when Freddie Gray, Jr., died in the back of a van in police custody, the city was forced to address the issues of race, class, power, and privilege (Carpenter 2015).

## Standpoint Theory

Police practitioners will find the community's perception of the police to be one of the most challenging barriers to overcome. If the community perceives that there is a problem with the

police – there is a problem with the police (Woodson 1986). It is this perspective or standpoint that should inform police public policy. Georg Hegel (1770–1831) examined the relationship between the oppressor and the oppressed in the study of the master and slave using standpoint theory. The police officer's worldview may be experienced through a lens of the oppressor or the oppressed depending on the power and who has it (Rolin 2009).

Power allows individuals or groups to limit the options of other individuals or groups. Standpoint theory explains the opposing perspectives of police encounters with marginalized communities, in general, and Black and Brown communities, in particular. Some communities of color maintain that police officers are viewed through the lens of being the oppressors or "occupiers."

The recent COVID-19 pandemic has illustrated this conflict between the police and Black and Brown communities. It is against this backdrop that police officers must seek to engage citizens who may not have had a positive relationship with law enforcement. A recent study from researchers at Rutgers University-Newark, Yale University, and Massachusetts Institute of Technology entitled "A Field Experiment on Community Policing and Police Legitimacy" suggests that positive, nonenforcement contact between a uniformed police officer and members of the community has a significantly positive effect on the attitudes and perceptions of the police by the community (Peyton et al. 2019). This positive effect was particularly significant with minority community members whose baseline surveys indicated that they held negative attitudes about the police.

Social distancing, a healthcare strategy, is one of the approaches adopted by governments seeking to reduce the impact of COVID-19. The policy that is being enforced by law enforcement personnel can be subjective and selectively enforced by police officers. Research suggests that the no enforcement approach has a positive effect in minority communities regarding community cooperation and compliance (Peyton et al. 2019).

The CDC recommends social distancing as one of the strategies to combat COVID-19. This practice requires that citizens in public maintain a distance of at least 6 feet from one another to reduce the chance of the community spread of the virus. The police enforcement of this requirement varies from city to city. In the Bronx, like in Manhattan, police officers were observed distributing facemasks and gloves to White citizens sunbathing in the park in violation of the CDC's social distancing guidance. In other communities with large Black and Brown citizens, news networks reported scenes of police officers pinning a Black male to the ground with an officer's knee on his head for failure to wear a facemask and to practice social distance (Pereira 2020).

These contrasting police responses to the same social distancing guidelines lead to challenges for police leaders and public officials. Community policing tenets are not realized when police practices are perceived to be uneven or disparate. The trust between the police and the disparate communities is diminished because the partnerships between the individual or the organizations in the aggrieved communities are pressured to find a solution to the deferential responses (DOJ 2014). If some citizens are unfairly disadvantaged while others are unfairly advantaged, it reinforces the concept of systemic racism as a social determinant of equity, which adversely impacts all communities (Jones 2020).

## A Hopeful Solution

Violence against unarmed citizens in the United States has led to distrust of the police, questions about the legitimacy of the police, and the increased fear of police in minority communities. There is evidence that suggests that community police interactions with a uniformed police officer as a non-law-enforcement strategy can lead to improved attitudes about the police and improved cooperation. The positive effect of community policing as a strategy is encouraging. Decades of distrust between minority communities and the police has damaged community/police relationships.

Law enforcement practitioners seeking to lead beyond the status quo would benefit from the replication of the Peyton et al. (2019) study. The police department chiefs or directors would have their officers randomly visit residences in the community for 10 min. The officers would introduce themselves and do a wellness check of the residents, such as "Is everything okay?," to assure the residents that no one is in trouble, and they are just asking for honest feedback about the police. They would provide the residents with a business card with their handwritten work cell phone number on it, and then they would depart with a smile. The research suggests that this simple strategy can significantly improve community/police relationships. It is suggested that effective policing is based on the idea that crime should be prevented. The public's view of the police and their actions to prevent crime should matter – independent of how effective the police may or may not be (Davis 2019).

## Conclusion

Police administrators and policy developers should consider the adverse impact of implicit/explicit bias, structural racism, and social inequity on community policing and police-community relationships during the coronavirus Covid-19 pandemic. The deaths of Black men in police custody such as Freddie Gray (Baltimore, Maryland), or the police shooting death of unarmed Black men like Stephon Clark (Sacramento, California), highlight the historical relationship between police departments and Black and Brown citizens. Police violence against unarmed Black and Brown citizens in the United States has led to public distrust of police, and increased fear of police in minority communities. In this climate where Black and Brown citizens mistrust the police, in comparison to their White counterparts, the uneven enforcement of CDC coronavirus Covid-19 recommendations of social distancing and mask wearing have challenged the concepts of community policing and the legitimacy of the police.

Police practitioners, policy developers, elected officials, and community stakeholders respond to line of duty deaths of police officers with a unified voice. However, calls for unity in communities are made when police violence results in the shooting deaths of unarmed Black and Brown males, or the custodial deaths of these males. This entry examines the adverse impact of uneven policing practices; the negative effect of policing strategies like stop and frisk on the perceptions of police officers by minority communities; and the positive effects of non-law enforcement interactions between police officers and these communities (Peyton et al. 2019).

The ongoing challenge for law enforcement leaders and policy developers is to reimagine policing that is equitable; reconsider who police consider community; and to commit to law enforcement practices that benefit everyone equally. Law enforcement practitioners may reduce the tensions between police officers and Black and Brown communities by implementing suggested non-law enforcement community policing strategies, giving balance to the community's perspectives on the impact of police practices and developing trust-building policies that seek to effect individual-level attitudinal changes for the public and the police.

## Cross-References

► Ethics and Policing
► Policing in Implementing Social Policy

P

## References

Attrino A (2020, April 1) 10 Charged at Lakewood engagement party in violation of coronavirus lockdown, cops say. nj.com. Retrieved from https://www.nj.com/ocean/2020/04/10-charged-at-lakewood-engagement-party-in-violation-of-coronavirus-lockdown-cops-say.html

Baraka R (2020, March 31) Facebook live video. Fox News. Retrieved from https://www.foxnews.com/us/new-jersey-mayor-stresses-social-distancing-after-video-shows-youths-defying-police

Carpenter L (2015) Protest, reflect, respond: a personal reflection by a social worker in Baltimore following the death of Freddie Gray. Reflections 21(3):57–58. Retrieved from https://reflectionsnarrativesofprofessionalhelping.org/index.php/Reflections/article/view/1565/1377

Centers for Disease Control and Prevention (2020, July 15) Social distancing: keep a safe distance to slow the spread. Retrieved from https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/social-distancing.html#:~:text=Social%20distancing%2C%20also%20called%20%E2%80%9Cphysical,both%20indoor%20and%20outdoor%20spaces

Commonwealth of Pennsylvania [Website] (2020, March 23) Gov. Wolf, Sec. of Health: Pennsylvania on statewide Stay-at-Home Order beginning at 8 PM tonight, "Most Prudent Option to Stop the Spread." Retrieved from https://www.governor.pa.gov/newsroom/gov-wolf-sec-of-health-pennsylvania-on-statewide-stay-at-home-order-beginning-at-8-pm-tonight-most-prudent-option-to-stop-the-spread/

Davis DD (2019) Police use of force: examining the factors relating to police officers shooting unarmed Black males (Doctoral dissertation). Fisher Digital Publications. Paper 412. Retrieved from https://fisherpub.sjfc.edu/cgi/viewcontent.cgi?article=1419&context=education_etd

Floyd et al. v. City of New York, et al. 959 F. Supp. 2d 540 (2013) Franklin C, Hawk T (2020, March 26) 'I pay taxes so I want to walk the boardwalk.' Shore residents defy coronavirus ban. nj.com. Retrieved from https://www.nj.com/coronavirus/2020/03/i-pay-taxes-so-i-want-to-walk-the-boardwalk-shore-residents-defy-coronavirus-ban.html

Franklin C, Hawk T (2020, March 26) 'I pay taxes so I want to walk the boardwalk.' Shore residents defy coronavirus ban. nj.com. Retrieved from https://www.nj.com/coronavirus/2020/03/i-pay-taxes-so-i-want-to-walk-the-boardwalk-shore-residents-defy-coronavirus-ban.html

International Association of Chiefs of Police (2001) Use of force. Retrieved from https://www.theiacp.org/resources/policy-center-resource/use-of-force

James L, Klinger D, Vila B (2014, September) Racial and ethnic bias in decisions to shoot seen through a stronger lens: experimental results from high-fidelity laboratory simulations. J Exp Criminol 10(3): 323–340

Jones C (2020, April 9) State of emergency: the state of Black America & coronavirus. Retrieved from https://www.youtube.com/watch?v=7CIsKGi4mC0&feature=youtu.be

Kelling GL, Wilson JQ (1982) Broken windows: the police and neighborhood safety. The Atlantic. Retrieved from https://www.theatlantic.com/magazine/archive/1982/03/broken-windows/304465/

Murphy PD (2020, March 21) Executive order no 107. https://nj.gov/infobank/eo/056murphy/pdf/EO-107.pdf

NBC News. (2016, July 10) 'No justice, no peace': Americans protest in the streets [Video file]. NBC News. Retrieved from https://www.nbcnews.com/video/-no-justice-no-peace-americans-take-to-the-streets-722065475514

Pereira I (2020, May 4) NYPD officer put on modified duty after violent social distancing violation arrest filmed. ABC News. Retrieved from https://abcnews.go.com/US/nypd-officer-put-modified-duty-violent-social-distancing/story?id=70488152

Peyton K, Sierra-Arevalo M, Rand DG (2019) A field experiment on community policing and police legitimacy. Proc Natl Acad Sci 116(40):19894–19898. https://doi.org/10.1073/pnas.1910157116

Reicher S, Stott C (2020) Policing the coronavirus outbreak: processes and prospects for collective disorder. Policing J Policy Practice 14:1–15. https://doi.org/10.1093/police/paaa014

Rolin K (2009) Standpoint theory as a methodology for the study of power relations. Hypatia 24(4): 218–226. Retrieved from http://www.jstor.org/stable/20618192

Scott MK (2002) Looking through a glass darkly: applying the lens of social cubism to the police-minority group conflict in America. ILSA J Int Comp Law 8(3):857–882

State of Connecticut [Website] (2020, March 20) Governor Lamont signs executive order asking Connecticut businesses and residents: 'stay safe, *stay home.'* Retrieved from https://portal.ct.gov/Office-of-the-Governor/News/Press-Releases/2020/03-2020/Governor-Lamont-Signs-Executive-Order-Asking-Connecticut-Businesses-and-Residents-Stay-Safe

State of New Jersey [Website] (2020, March 21) Governor Murphy announces statewide stay at home order, closure of all non-essential retail businesses. Retrieved from https://www.nj.gov/governor/news/news/562020/20200320j.shtml

Stolberg SG, Bidgood J (2016, July 27) All charges dropped against Baltimore officers in Freddie Gray case. Retrieved from https://www.nytimes.com/2016/07/28/us/charges-dropped-against-3-remaining-officers-in-freddie-gray-case.html

Terrell-Bryant A (2020, April 2). Facebook live video. Retrieved from https://www.facebook.com/alice.terrell.716/videos/817042142139927/?comment_id=817076515469823

Terry v. State of Ohio, 392 U.S. 1 (1968)

U.S. Department of Justice (2004) Uniform crime reporting handbook. Federal Bureau of Investigation, Washington, DC. Retrieved from https://www2.fbi.gov/ucr/handbook/ucrhandbook04.pdf

U.S. Department of Justice (2014) Community policing defined. Community Oriented Policing Services, Washington, DC. Retrieved from https://cops.usdoj.gov/RIC/Publications/cops-p157-pub.pdf

Williams BN, Close BR, Kang SC (2016) Out of the recent darkness and into the new light: managerial implications emerging from the Martin-Zimmerman encounter. J Public Manag Soc Policy 23(1):3–19. Retrieved from https://digitalscholarship.tsu.edu/jpmsp/vol23/iss1/2/

Woodson A (1986) Recruit class presentation. Training Class 86–4. Essex County Police Academy, Cedar Grove

# Policies and Governance of Knowledge Commercialization in IRAN

Ghasem Salimi[1], Mehdi Mohammadi[1] and Mohsen Sepahi[2]
[1]Faculty of Education, Shiraz University, Shiraz, Iran
[2]Shiraz University, Shiraz, Iran

## Synonyms

Governance; Higher education; Knowledge commercialization; Policies; Strategies

## Definition

Nowadays, universities are increasingly paying attention to commercialization of knowledge through developing new economic/financial/educational policies. Indeed, the considerable increase in commercialization of academic research over the last few decades can be considered as an effective strategy for ensuring universities' success. Considering this and the fact that managers and policymakers can make more informed decisions through careful study of governance processes and methods, evaluation of research and technology commercialization and their different dimensions can be of great importance. Commercialization of knowledge in university involves economic utilization of intellectual property.

## Introduction

Expectations for economic development on the one hand and domestic pressures on the other have caused universities to establish knowledge-based companies, as a strategy for benefiting from innovation, and generate new sources of income (Deans et al. 2016).

University commercialization emerges from the theory of academic capitalism and involves all activities aimed at attracting external resources (Eesley et al. 2014). On the other hand, in most countries, governments are redefining their roles in funding universities; therefore, universities need to achieve independence and finding ways for obtaining sufficient fund. This way, they can complete their academic missions and preserve their educational values. The transformation of knowledge into an important competitive advantage in today's world has caused countries to pay special attention to research centers and knowledge production. This also has helped them undertake fundamental reforms in their academic functions, processes, and missions (Siegel et al. 2004). Commercialization of university knowledge involves economic utilization of intellectual property (Rasmussen et al. 2006). Commercialization is the process of developing a business through feasibility study of an idea and applying it until its acceptance in the market (Rosa and Rose 2007).

Knowledge commercialization is the process of turning knowledge produced in universities and research centers into products which can be marketed. Many studies have considered knowledge as a driving force for economic growth and a factor which can increase productivity (Friedrichsen et al. 2017). Transfer and commercialization of knowledge in today's world can play a major role in improving human capital and enhancing reputation of universities. Realization of these two is possible only through attracting the most brilliant students from top colleges (Nelson 2014). Commercialization of researches is a process that converts the produced knowledge in research organizations into suppliable products in the market or industrial processes (Salter and Martin 2001).

In fact, universities have shown great interest in commercializing of research and innovation. This way, they try to be financially independent. In fact, a case study of some universities in Iran has highlighted commercialization as the gateway to privatization, but adoption of ineffective commercialization strategies can often lead to a waste of time and resources.

Commercialization is the process of transfer and transformation of theoretical knowledge

existing to certain types of economic activities. Commercialization process starts with marketing technology insights and ends with sustainable products functions to the market (Spilling 2004).

Etzkowitz et al. (2000) believe that the mutual relationship between the university and society has been gradually established based on knowledge. Furthermore, as the researcher has stated, universities have been able to play an active role in economic development. It is noteworthy here that the university-industry collaboration can enrich theorizing fields in universities. Commercialization of research results is one of the most important components of the innovation system which can ensure continuity of research, provide significant economic benefits for organizations, and promote growth of knowledge-based economies.

Indeed, commercialization of research results is not a simple process which is stimulated by academic sector alone. In other words, this process involves interactions between multiple different socioeconomic sectors and is influenced by legal and regulatory framework, as well as executive capabilities. Therefore, success of the academic sector in commercializing research results depends on satisfying essential prerequisites in academic and industrial sectors and in socioeconomic environment in the two sectors. As long as research and development policies are not in line with the basic needs of the national innovation system, research conducted in the academic sector will not have the necessary quality to attract the resources provided by the industrial sector (Abd Latif et al. 2016).

The importance of knowledge transfers and commercialization and application of research results in higher education management in developing countries are crystal clear. In such developing countries as Iran, creation of incubators, science and technology parks, and reproduction and commercialization of knowledge in humanities and behavioral sciences and engineering are considered as important missions of new generation of universities.

It must be acknowledged that understanding of knowledge governance is substantial. Governance entails to "the process of governing societies in a situation where no actor can claim absolute dominance." This process is a "dynamic process involving implementation and monitoring as well as decision-making." Therefore, "creating and sustaining policy relevant knowledge is impossible without some sort of governance structure in place" (Fazekas and Burns 2012, p. 7). Studies have shown that the development of innovation networks is possible through knowledge policy (Rammert 2002). Moreover, the sharing of scientific knowledge and dissemination of knowledge always play an important role in industry collaboration (Evans 2010).

Higher education systems and research institutions, especially universities, have adopted various practical policies on and successful strategies for commercialization of knowledge in recent years. Iran and Iranian universities have been no exception in this regard. Iranian universities need to follow effective strategies for and policies on commercializing of knowledge and establish a collaborative university-industry relationship.

In line with these goals, the present study seeks to answer the following research questions:

What policies of and strategies for commercialization of knowledge have been adopted by higher education system in Iran over the past decade?

What are the central problems or challenges facing commercialization of knowledge in higher education in Iran and how can they be addressed and resolved?

## Commercialization of Knowledge in Higher Education: Concepts and Effective Factors

Commercialization involves from of a new idea and its implementation through developing a new product, offering a new service or stimulating a new process. Commercialization can lead to significant growth of the national economy and increase the employment rate as well as the net profit of innovative companies (Astebro 2003).

Commercialization is the process of developing a business by investigating an idea and

translating it into a product or service in the market (Rosa and Rose 2007).

Reviewing previous studies, one can state that there are two major streams of research on commercialization of knowledge. One is the "technology transfer," which was first introduced in the 1980s. Based on this movement, commercialization is a process of technology transfer from university to industry which can be promoted through addressing through overcoming the existing barriers and resistances among university and industry stakeholders. The second one is "enterprise and organizational resources" which was proposed at the beginning of the twenty-first century. This trend identifies desirable corporate and organizational resources, including supportive business infrastructure and organizational incentives, makes access to high-risk stocks and investments possible, and plays a major role in improving business performance of researchers (Chang et al. 2009).

In the following, one can see a number of studies conducted on commercialization of knowledge and its different dimensions, and factors which can affect it in different countries.

- Exploring the path to success in knowledge commercialization (Bauer et al. 2017.
- Developing a framework for successful commercialization of academic research (Norain et al. 2015.
- Transferring business knowledge from university to companies (Siegel et al. 2004)
- "Teaching work in the context of the commercialization of higher education in Brazil" (De Sena Brito and Nunes 2020)
- Identifying the role of emotional dimensions in commercialization of research in higher education (Gretzky and Lerner 2020)
- Identifying the role of university knowledge transfer offices in commercializing research outputs (Zhou and Tang 2020)

The following studies, as Sepahi (2019) has reported, revolve around commercialization:

- Developing a model of policymaking in knowledge commercialization nanotechnology
- Considering knowledge commercialization as a solution to increase income of universities
- Designing a conceptual model of knowledge commercialization in distance education
- Designing and explaining a model of university entrepreneurship education in University of Tehran Science and Technology Park
- Identifying organizational factors affecting commercialization strategies of academic research
- Conceptual modeling of commercialization of academic research
- Identifying and prioritizing factors affecting commercialization of products of knowledge-based companies
- Analyzing challenges in commercialization of humanities research
- Identifying facilitators of commercialization of knowledge humanities
- Designing a model of commercialization of humanities research with an emphasis on the approach in management consulting industry (Sepahi 2019)

In many Western countries, there are technology transfer offices which facilitate transfer of commercial knowledge from universities to industry (Siegel et al. 2004). Following commercialization strategies, university administrators of Iran, too, are involved in such activities as joint university-industry research, consultation, or teaching personal skills to solve their clients' problems, formation of organizations and companies in which financial benefits are gained through selling research results, and research projects sponsored by government research or industrial companies (Abbasi et al. 2009, 2012).

Based on previous studies, factors affecting commercialization are of four different types, namely individual characteristics, organizational factors, institutional factors, and external factors. Accordingly, spin-off companies' behavior can be a reflection of individuals' actions, and thus greatly influenced by individuals' personality traits, abilities, and desires for being actively engaged in entrepreneurial behavior (D'Este and Patel 2007).

Researchers tend to make connections between activities related to technology transfer, the nature

of academic research, and the presence of technology incubator centers and technology transfer offices in universities (Markman et al. 2005).

The third-generation research further suggests that academic technology transfer activities can be a reflection of institutional behavior. Based on this belief, universities which support commercialization activities have higher levels of commercialization and higher rates of technology transfer activities (Humphreys and Wilken 2014).

Finally, some other studies have considered external factors as significant components of commercialization and have emphasized the impact of macroeconomic factors, especially access to venture capital, legal requirements for obtain a patent, and the region's knowledge infrastructure on commercialization activities of universities (Rasmussen et al. 2006).

Mehrabi et al. (2013) have identified the most important internal and external factors affecting success in knowledge commercialization in Iran.

Based on their findings, these factors include market orientation, customer focus, role of senior management, intellectual asset management, role of individual factors, and participation and interaction in commercialization of knowledge.

In summary, despite policies established for development of knowledge commercialization processes in Iranian higher education, the following issues have still remained as concerns of many universities, incubator centers, and science and technology parks in Iran:

- Marketing, financial, and investment services in companies located in incubator centers and science and technology parks
- Immaturity of entrepreneurial ecosystem in industry and higher education
- Development of entrepreneurial culture, infrastructure for knowledge production, and knowledge commercialization process, and improvement of human resource–related quality
- Concerns for developing organizational culture, organizational structure and strategies, and human resource management as the most significant factors for knowledge commercialization
- Ethical issues in commercialization of knowledge in higher education
- Launch of new products to the market as the major concern of knowledge-based companies for developing innovation and commercialization

However, special attention to the following issues has raised hopes and opened up new horizons for the future of this field in Iran:

- Developing a model of policymaking of commercialization of nanotechnology
- Designing a model of commercialization of interdisciplinary research (Sepahi 2019)

## Conclusion

A review of studies on knowledge commercialization in Iran can indicate that commercialization of academic research has been considered as one of the central foci of Iranian universities and research and scientific centers. Furthermore, establishment of knowledge-based companies in Iranian universities can be considered as a strategy used for taking advantage of academic innovations. Through establishing the Office of Industrial Relations, universities sought to transform knowledge produced in universities and research centers into marketable products. The result of a decade of research on knowledge commercialization can show that universities have had a great desire for commercializing research. The findings further indicate that government has had a supporting role in this regard, for instance through following the policy of establishing science and technology parks and creating start-ups. It can be stated that Iranian higher education system research institutions and universities have adopted various practical policies on and successful strategies for commercialization of knowledge in recent years. In line with these, identification of challenges to and facilitators in commercialization of humanities research, and designing of models of commercialization of humanities have been the main foci of Iranian policymakers and higher education planners. Despite these, there are

still serious concerns about development of entrepreneurial ecosystem in Iranian higher education.

## Cross-References

▶ Higher Education Governance and Reforms
▶ Knowledge Management and Governance
▶ Knowledge Utilization in Organizations

## References

Abbasi B, Gholipour A, Delavar A (2009) A qualitative research about the effect of commercialization approach on the traditional academic values. J Sci Technol Policy 2(2):63–76

Abbasi F, Attar H, Hajihoseini H (2012) Commercialization of new technologies: the case of Iran. Int J Technol Manage Sustain Dev 11(2):191–202

Abd Latif NS, Abdullah A, Jan NM (2016) A pilot study of entrepreneurial orientation towards commercialization of university research products. Procedia Econ Financ 37:93–99

Astebro T (2003) Key success factors for R&D project commercialization. Manuscript, University of Waterloo

Bauer G, Abou-El-Enein M, Kent A, Poole B, Forte M (2017) The path to successful commercialization of cell and gene therapies: empowering patient advocates. Cytotherapy 19(2):293–298

Chang YCh, Yang PhY, Chen MH (2009) The determinants of academic research commercial performance: towards an organizational ambidexterity perspective. Res Policy 38:936–946

D'Este P, Patel P (2007) University–industry linkages in the UK: what are the factors underlying the variety of interactions with industry? Res Policy 36(9):1295–1313

De Sena Brito CDA, Nunes CP (2020) The intensification of teaching work in the context of the commercialization of higher education in Brazil. J Res Knowl Spread 1(1):11420

Deans RJ, Gunter KC, Dominici M, Forte M (2016) Part 5: Unproven cell therapies and the commercialization of cell-based products. Cytotherapy 18(1):138–142

Eesley CE, Hsu DH, Roberts EB (2014) The contingent effects of top management teams on venture performance: aligning founding team composition with innovation strategy and commercialization environment. Strateg Manag J 35(12):1798–1817

Etzkowitz H, Webster A, Gebhardt C, Terra BRC (2000) The future of the university and the university of the future: evolution of ivory tower to entrepreneurial paradigm. Res Policy 29(2):313–330

Evans JA (2010) Industry collaboration, scientific sharing, and the dissemination of knowledge. Soc Stud Sci 40(5):757–791

Fazekas M, Burns T (2012) Exploring the complex interaction between governance and knowledge in education. OECD education working papers, no. 67. OECD Publishing. https://doi.org/10.1787/5k9flcx2l340-en

Friedrichsen M, Zarea H, Tayebi A, Abad FAS (2017) Competitive strategies of knowledge and innovation commercialization: a unified swot and fuzzy AHP approach. AD-minister 30:45–72

Gretzky M, Lerner J (2020) Students of academic capitalism: emotional dimensions in the commercialization of higher education. Sociol Res Online. 1360780420968117

Humphreys L, Wilken R (2014) Social media, commercialization, and the control of information. AoIR Selected Papers of Internet Research

Markman GD, Phan PH, Balkin DB, Gianiodis PT (2005) Entrepreneurship and university-based technology transfer. J Bus Ventur 20(2):241–263

Mehrabi J, Soltani I, Nilipour A, Kiarasi P (2013) Studying knowledge commercialization. Int J Acad Res Bus Soc Sci 3(7):267

Nelson AJ (2014) From the ivory tower to the startup garage: organizational context and commercialization processes. Res Policy 43(7):1144–1156

Norain I, Mohd J, Mohd N, Safiah S (2015) A framework for a successful research products commercialisation: a case of Malaysian academic researchers. World Conf Technol Innov Entrep 195:283–292

Rammert W (2002) The governance of knowledge, limited: the rising relevance of non-explicit knowledge under a new regime of distributed knowledge production. (TUTS - Working Papers, 1–2002). Berlin: Technische Universität Berlin, Fak. VI Planen, Bauen, Umwelt, Institut für Soziologie Fachgebiet Techniksoziologie. https://nbn-resolving.org/urn:nbn:de:0168-ssoar-11013

Rasmussen E, Moen Ø, Gulbrandsen M (2006) Initiatives to promote commercialization of university knowledge. Technovation 26(4):518–533

Rosa J, Rose A (2007) Report on interviews on the commercialization of innovation. Science, Innovation and Electronic Information Division, Statistics Canada

Salter AJ, Martin BR (2001) The economic benefits of publicly funded basic research: a critical review. Res Policy 30(3):509–532

Sepahi M (2019) The role of behavioral sciences specialists in developing knowledge commercialization processes: a mixed method research. Unpublished Master's thesis. Shiraz University, Shiraz

Siegel DS, Waldman DA, Atwater LE, Link AN (2004) Toward a model of the effective transfer of scientific knowledge from academicians to practitioners: qualitative evidence from the commercialization of university technologies. J Eng Technol Manag 21(1):115–142

Spilling O (2004) Commercialization of knowledge– conceptual framework. In: 13th Nordic Conference on Small Business (NCSB) Research

Zhou R, Tang P (2020) The role of university knowledge transfer offices: not just commercialize research outputs! Technovation 90:102100

# Policing in Implementing Social Policy

Damian O. Odunze
Texas Southern University, Houston, TX, USA

## Synonyms

Policing: Enforcing; Guarding; Inspection; Keeping public order; Law enforcement; Monitoring; Overseeing; Peace enforcement; Protection; Regulating; Supervising.

Policy: Action; Administration; Approach; Guideline; Law; Method; Plan; Practice; Program; Protocol; Regulation; Scheme; Strategy; Theory.

## Definition

Policing refers to maintenance of public order by various government law enforcement agencies. These federal, state, and local agencies help to prevent and detect crime and enforce laws and regulations for the sake of public safety, health, morals, and protecting civil liberties.

A policy is a course of action and strategy adopted by a government, business, or individual in order to attain a certain goal. Social policy is a public or government policy, strategy, or program for dealing with human or societal issues. The government initiates social policies to address particular problems in the society. For instance, the War on Poverty was a social policy that addressed the social inequality in the United States in the 1960s. The Lyndon Johnson administration believed that it was the role of the government to cure and prevent poverty, especially by expanding the federal government's role in education and health care (Weisbrod 1965; Rector and Sheffield 2014).

## Introduction

In the United States, policing comprises a complex medley of agencies at the federal, state, and local levels. Law enforcement agencies (LEAs) provide several vital functions such as crime prevention, criminal investigation, implementing law and order, and rendering social services. These agencies are an essential part of the society as they are the first line of defense in protecting individual liberty, the right to private property, and also serve as a bulwark against social anarchy. LEAs are part of the executive branch of the criminal justice system. As a result of their administrative and bureaucratic nature, LEAs are a political entity and thus are influenced by politics and government (social) policies and, in turn, affect politics and the social policy process.

The United States is founded on the principles of democracy with constitutional guarantees that protect the rights of citizens against government power. These civil liberties are enshrined in the Bill of Rights (the first ten amendments to the Constitution). The constitution also ensures that citizens have rights and protections against LEAs, such as the police, who act as agents of the government. One of such protections is the Fourth Amendment, the right against unreasonable searches and seizures. This is to guard against arbitrary harassment or arrest of citizens on simple suspicion and to prevent the police from usurping the power of the people. However, a dilemma arises as the police or other LEAs try to balance the protection of individual rights and the maintenance of public order. For instance, the police protect a person's rights by ensuring that the rights of other people are not violated and, if violated, that order is restored. So, the same agency that is charged to protect one's rights is also mandated to take away the right when it is violated. This is the quandary of policing in a democratic society (Goldstein 1977). Police officers are given a great degree of discretion in order to enable them balance these rights. In a given scenario and depending on the nature of the offense, the police may choose to do nothing, give a warning, or make a physical arrest. The use of discretion by the police is also restrained by the law. There are several landmark cases that recognized these restrictions, such as the Miranda v. Arizona

(1966), regarding the famous Miranda warning, or the Tennessee v. Garner (1985) regarding police use of lethal force. There also limitations on police behavior imposed by agency procedures, policies, rules, and regulations.

Many roles the police play in society have been dubbed an "impossible mandate" or an "impossible job" (Manning and Van Maanen 1978; Moore 1990). The police, unlike other organizations, do not have an all encompassing primary goal or objective. Policing involves numerous goals, and the ability to perform these functions is basically impossible. The police are supposed to be the watch-guard of the community, looking out for criminals. In addition, they enforce any violation of the law and also perform a variety of services to the public, such as emergency medical services. The police are also mandated to produce official measures of overall crime levels (crime statistics) and to provide a rolling commentary on the relation between crime and the wider social trends. The Federal Bureau of Investigation's (FBI) Uniform Crime Report (UCR) now converted to a National Incident-Based Reporting System (NIBRS) is a police measure of crime from the local and state agencies. This national data series has been collected since 1930 to generate accurate crime statistics for LEAs. Over the years, the cost of policing and keeping the society safe has been increasing. This is also compounded by many government policies, such as the war on drugs and the war on terrorism since the September 11, 2001 terrorist attacks. While policing has become more expensive and complex, LEAs are at the same time expected to be more efficient and effective. It is being debated what policing is really all about: fighting crime (street crime, white-collar crime, cyber crime), enforcing law or peacekeeping, crime control or crime prevention, and crime mitigation or reducing fear. Policing has also expanded since 9/11 to various aspects of homeland security. New policing strategies have also evolved including community-oriented policing (COP), problem-oriented policing (POP), intelligence-led policing (ILP), and data-driven policing.

## Historical Context of Policing

The history of law enforcement in the United States (USA) goes back to the colonial period in America. During this era, what obtained was a system of sheriffs, constables, the watch, and ward. Law enforcement was often corrupt, inefficient, and subject to political manipulation. Law enforcement officers were seen as an extension of the colonial government. They had little capacity to prevent crime or arrest offenders. Victims of crime had no expedient ways to report crime. Criminal gangs could easily bribe law enforcement officials. Consequently, official law enforcement agencies played a rather small role in the maintenance of law and order. Independence from Britain and the passage of the Bill of Rights in 1791 further minimized the role of the sheriffs and constables because the officers posed a danger to the civil rights or freedoms of citizens. Subsequently, policing was left in the hands of local authorities instead of creating a national or state police. The growth of cities also led to increase in crimes. This was exacerbated by the social disorientation of communities, as neighborhoods changed with the arrival of new immigrants. This posed challenges to keeping communities safe and would result to a form of organized policing.

Kelling and Moore (1988) distinguished three periods in the history of organized policing in the United States: the political era, the reform era, and the community era. A fourth epoch is what some scholars refer to as the contemporary or homeland security era (Oliver 2004). The first era, which started around 1840, lasted until about 1900. This time marked a wave of migration of people from various cultures to the country. The socio-economic and political differences between the new immigrants and the residents resulted in a breakdown of law and order and even led to riots in some cities. For instance, between 1834 and 1838, Boston, Massachusetts, witnessed three major riots. New York also endured similar incidents resulting in loss of lives and destruction of property. As crime and disorder rose, there was no organized police force to respond to these

problems. In 1838, Boston established the first police department in the United States. New York followed in 1945 when it created its first police department. Policing during this period was done mainly by foot patrol, and so the police became acquainted with the people, were integrated into communities, and garnered the support of citizens. In addition to crime prevention, the police also rendered social services, particularly to the new immigrants. However, the closeness of the police to politicians, inadequate formal training, and lack of supervision of officers led to corruption, inefficiency, and lack of professionalism.

The reform period (1900–1970s) was characterized by efforts to free policing from the control of politicians and to restore police professionalism. This marked the beginning of formal police training in some police departments and a centralization of the police department. Law enforcement roles were emphasized over the provision of social services by officers. This period also marked the introduction of new technology, such as the walkie-talkie (two-way radio), telephone, and the 911 emergency systems. The use of technology brought greater efficiency to police operations, as they were able to react faster to crime and respond rapidly to calls. Despite these changes, there was still an increase in crime. The reliance on technology gradually alienated the police from the people as they spent less time on the streets and lost the support and cooperation of the people. As crime rose, citizens questioned police tactics. The civil rights movement and the antiwar movement gave more impetus to the voice of citizens. Minorities, particularly African-Americans and women, demanded equal justice. From 1964 to 1968, there were riots in various cities in the United States as a result of tensions between the police and the African-American community, who perceived the police as being unfair to them.

The community era was a response to the deteriorating police-community relations, the upsurge in crime, demonstrations and street riots, and student unrest of the 1960s. The Omnibus Crime Control and Safe Streets Act of 1968 (under the Johnson administration) set up the Law Enforcement Assistance Administration (LEAA) under the Department of Justice. LEAA provided federal funds for state and local police agencies to help them implement the principles of police-community relations. The 1970s marked the beginning of such programs as "team policing," as the police tried to reach out to neighborhoods to mitigate some of their problems. Neighborhood Watch programs were also introduced to help citizens report crimes and suspicious activities to the police. The implementation of these programs was not well executed. The neighborhood watch was eventually abandoned after some time. In the 1980s, community policing was introduced. This was a policy of getting the police on the street to interact more with citizens. The concept of community policing was introduced by Wilson and Kelling (1982). They stated that disorder in neighborhoods creates fear. Communities, which are in distress such as those filled with gangs, street people, drug addicts, and prostitutes, send out crime-promoting signals. The same holds for neighborhoods with fading houses, unfixed broken windows, and graffiti. People live in fear in these places and criminals are attracted to them. According to Wilson and Kelling, the police need the cooperation, support, and collaboration of citizens in order to reduce crime and the fear of crime. To achieve this, the police have to interact closely with the people who could provide crucial information to the police. The passage of the Violent Crime Control and Law Enforcement Act of 1994 bolstered the implementation of community policing. The act brought federal support for community policing programs. Furthermore, the Office of Community Oriented Policing Services (COPS) under the Department of Justice provided grants to state and local agencies to recruit more personnel, provide training, and purchase equipment to enhance efforts toward community policing.

The terrorist attack in the United States on September 11, 2001 (9/11) marked the onset of the homeland security era (Oliver 2004). The government set up the Office of Homeland Security as an institution to focus on antiterrorism (prevention mechanisms) and counterterrorism (to actively respond to terrorists). In addition, it

serves as a command center for responding to natural disasters. The passage of the USA Patriot Act of 2001 gave law enforcement greater surveillance powers, enhanced punishments for crimes related to terrorism, and greater communication between federal and local law enforcement. The Homeland Security Act of 2002 further confirmed the critical role of the police with regard to homeland security. The document emphasizes the role of the police in such issues as intelligence gathering, domestic counterterrorism, protection of critical infrastructure, emergency preparedness and response, and information sharing.

The complexity of policing in the United States shows that law enforcement officers operate at many different levels that embrace various agencies. According to the US Bureau of Justice Statistics, there are about 18,000 state and local law enforcement agencies (LEAs) with over 1.1 million full-time employees. Local police departments account for 60% of the total number of sworn personnel in law enforcement. The various LEAs have different jurisdictions, responsibilities, and powers. Although there are federal LEAs, there is no national police force in the United States. The federal LEAs make up about 10% of all LEAs in the nation. These federal agencies which number over 50 deal with federal offenses. The Department of Justice has the largest federal law enforcement agencies. The major LEAs under its control include the Federal Bureau of Investigation (FBI), the US Marshals Service (USMS), and the Drug Enforcement Administration (DEA). There are also the Department of Homeland Security law enforcement agencies, which are outside the purview of the Department of Justice.

The FBI is the main investigative arm of the federal government. The FBI is charged with a wide range of responsibilities, including combating organized crime and drugs, terrorism, white-collar crimes, cyber crimes, foreign counter intelligence, and violent crimes. The FBI also helps other agencies with important services such as fingerprint identification, laboratory/forensic examination, and police training. It also collects and publishes a national crime statistics through its annual UCR/NIBRS program. The FBI is headed by a director who is accountable to the attorney general of the federation for its operations. The US Marshals Service, which is the oldest federal law enforcement agency, was created by the first Congress in the Judiciary Act of 1789 (US Marshals Service 2004). The agency has the responsibility of providing judicial security and services for the federal courts, such as serving writs, and is also in charge of fugitive investigation. The marshals work in tandem with other LEAs at the federal, state, and local levels as well as international agencies in tracking down fugitives. In addition, the agency is responsible for housing federal prisoners who are awaiting sentencing. The president appoints the director of the Marshals Service who supervises the operations of the agency throughout the United States and its territories. The Drug Enforcement Administration (DEA) was created in 1973 during the Nixon administration. The DEA is primarily responsible for the enforcement of federal laws concerning the use, sale, and distribution of narcotics and other controlled substances in the United States. It also regulates the distribution of legal narcotics and drugs and investigates drug seizures by the US customs agents at border points. The DEA cooperates with local and state LEAs and foreign governments in efforts aimed at combating illegal drug use and the circulation of opium and other harmful substances.

The Department of Homeland Security (DHS), which is an offshoot of the 9/11 terrorist attacks, has a number of federal law enforcement agencies under its organizational chart. The major agencies that report to the DHS include the US Citizenship and Immigration Services (USCIS), US Customs and Border Protection (CBP), US Immigration and Customs Enforcement (ICE), the US Secret Service (USSS), the US Coastal Guard (USCG), the Transportation Security Administration (TSA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). There are also other agencies that the DHS oversees, such as the Federal Emergency Management Agency (FEMA), the Agricultural Quarantine Inspection Program, the Chemical and Biological Defense Programs, the National

Infrastructure Protection Center, the Federal Computer Incident Response Center, and others.

In addition to the federal law enforcement agencies, there are many state and local LEAs, which vary from state to state or from county to county. State LEAs include state police, highway patrols, and state investigative agencies. State LEAs exercise jurisdiction in a particular state, and some share responsibilities with local police agencies. They enforce traffic regulations, conduct criminal investigations, arrest criminals, and provide a variety of law enforcement services. Local law enforcement agencies include county sheriffs, municipal police officers, and special police (such as transit police, airport police, public school police, public housing police, university and campus police, and park police). The jurisdiction of these police agencies is limited to specified boundaries. Local police officers, particularly municipal police departments, play significant roles in crime prevention and investigation, since most crimes occur at the local level.

## Analysis and Conclusion: Policing and the Intersection of Social Policy

The operations of the various law enforcement agencies are guided by government policies and legislation. When these agencies implement a particular program, they are carrying out a program that is most likely part of a larger crime policy. The police and other LEAs also help to shape social policy as the crime problems they address daily in cities and counties help policymakers to respond to these issues and in passing legislation on crime. For instance, the federal government's "war on drugs" and the various antidrug abuse legislations had the goal of reducing drug abuse in the United States. The various programs by law enforcement, such as crackdowns on the open-air markets, boot camp for drug addicts, and school seminars on dangers of drug use by the police, have the same policy objective of diminishing the use of drugs. Technological advances, changes in the law, and court decisions can also affect the way LEAs exercise their duties. For example, many incidents of police-on-citizen homicides, especially following the US Department of Justice investigations on Ferguson (2015) as a result of the death of Michael Brown, have led many police agencies to opt for the use of body cameras during encounters with citizens. Some police departments have even gone further to review their policies on the use of deadly force by police officers. There have also been calls for more transparency and greater accountability by police officers. Furthermore, the events of 9/11 brought new changes in homeland security, protection of the nation's critical infrastructure, and counterterrorism. New strategies of policing and intelligence gathering have been introduced.

The traditional method of policing assumed that the police were able to deter crimes by patrolling the neighborhoods, acting swiftly to arrest suspects, and using technology and investigative skills to solve crimes. This reactive approach was questioned in the 1970s as crime rates increased. New initiatives were put forward for a more effective policing aimed at keeping communities safe. There has been a gradual shift from the "traditional" policing to policies such as community-oriented policing, problem-oriented policing, zero-tolerance policing, and intelligence-led policing.

Community-oriented policing (COP) can be traced to Wilson and Kelling's (1982) "broken windows" theory of what works in policing and how to make the police more effective. The authors pointed out that disruption in the social order can lead to serious crime incidents. They underscored the importance of police-community partnership in crime control. COP is not a program, but a law enforcement philosophy or way of thinking about improving public safety. It emphasizes building good police-community relationships for effective long-term solutions to crime and enhancing police legitimacy and trust among citizens. Contrary to what some critics argue, COP is not softer on crime but seeks "smarter" ways of controlling crime. Some of the programs adopted include fear reduction, organizational transformation, and promotion of police-community partnerships, problem-oriented (focused) policing, and zero-tolerance policing.

A successful community-oriented policing strategy involves transformational changes in the organizational structure and operation of a police agency. The aim is to transform the management policies, structure, personnel, culture, and resources, including information technology systems to address the concerns of communities. Community policing also entails a decentralization of operations, which means devolution of power and decision-making that is less hierarchical. In other words, local officers are given more authority and discretion in finding creative solutions to specific, individual neighborhood problems without strict adherence to very rigid policies (Diamond and Weiss 2009; Maguire and Wells 2009). Community partnerships are equally critical for effective community-oriented policing. This goes beyond frequent contacts or sharing information with citizens. It involves ongoing efforts to work together with communities to address their problems. Law enforcement officers try to engage neighborhoods through community leaders, neighborhood associations, faith-based groups, tenant councils, business organizations, local government agencies, social service providers, and schools. LEAs also utilize information technology to improve communication with citizens and have websites (including e-mails) where citizens can get information on crime alerts, provide crime tips, give feedback, and share their concerns. Partnerships with communities help to build trust and mutual respect between the police and citizens, which is very vital for effective policing. It is also a prerequisite for a more proactive problem-solving or problem-oriented policing (POP).

Problem-oriented policing brings together law enforcement officers, analysts/researchers, and community members to identify the root causes of a problem and to find creative ways to address them. Goldstein (1977) criticized traditional police practices that were primarily reactive and incident (means) driven. He advocated a paradigm shift to a model that required the police to be proactive in identifying the underlying problems that could be targeted to reduce crime. He termed this new approach "problem-oriented policing" to emphasize the need for the police to focus on problems instead of single calls or incidents. The police have to deal with a range of problems in the community, including not only crime but also social and physical disarray.

Police agencies that adopt this method focus more on creative and active crime solving and prevention, rather than merely reacting to crime and deviance. One of the most common methods used in problem solving in policing is the SARA model (Eck and Spelman 1987). SARA (scanning, analysis, response, and assessment) is a four-step problem-solving model. The first step is for law enforcement officers to scan their environment for problems and identify and define the problem. The next step is to analyze the problem by identifying the persons involved, determine the scope of the problem and the causes, and describe the setting and social context. By talking to members of the community, the officers can collect valuable data. The third step is the response. The police officers develop an action plan with the community to solve the problem. Finally, the process is evaluated to assess its effectiveness. POP approaches have been successful in implementing effective responses to identified social problems. In recent years, the US Department of Homeland Security (DHS) has also tried to put into use some of these policing models. It has incorporated the SARA model into its incident command system (ICS). The ICS is a management system designed for use by multiple agencies from the same sector or multiple agencies across sectors, to manage large-scale events, terrorist attacks, or natural disasters.

Another method of policing that was created in the 1980s was the zero-tolerance policing. The idea was derived from Wilson and Kelling (1982) article, "broken windows." While COP aspect of the article focused on police-community partnerships in addressing crime and social disorder, zero-tolerance focuses on the article's postulation that minor crimes and disorder eventually lead to serious crime. By enforcing minor crimes and removing signs of disorder (such as graffiti), the police sends signals that crime will not be tolerated in the neighborhood, and this helps to restore order and reassure citizens of their safety. This strategy utilizes aggressive means of law

enforcement by focusing on "hot spots" of crime and disorder. This tends to be effective in communities that have experienced decay and high crime rates, and citizens' level of fear is already high and so they are unable to collaborate with law enforcement officers. It is a controversial method of policing and has had mixed results in cities where it was implemented.

Another concept of policing that has practical application to LEAs and has been a focus of many agencies is intelligence-led policing (ILP). This British system of policing was adapted to American policing in the wake of 9/11 terrorist attacks. ILP is mainly a tool for information sharing among LEAs that allows for the formulation of intelligence, which can be used to identify security threats and develop responses to tackle those threats. The police have expressed concerns of the shifting of resources from community- and problem-oriented policing (COP/POP) to intelligence-based policing as a result of increased homeland security responsibilities (Carter and Carter 2009). This raises an issue of how to integrate community policing and ILP. These models of policing depend on strong relationships with the community. Both homeland security and other LEAs need to have greater collaboration with each other and dialogue with the community in order to successfully combat crime. Problem solving, environmental scanning, effective communication with the public, fear reduction, and community mobilization to deal with social problems are among the crucial attributes COP brings to effective policing.

Data-driven policing which is closely related to ILP is another model that many LEAs have adopted in the post 9/11 era. In this case, information is gathered not necessarily for the development of intelligence, but rather to help the police officer on the street to more effectively respond to calls. Information can consist of records of past calls for service or criminal activities or the presence of any threats such as guns in a particular location or residence. In contrast to ILP, which drives information up to the strategic level, data-driven policing primarily pushes information down to the tactical level (Oliver 2009).

Finally, it is important to recognize that many law enforcement agencies are not diametrically opposed to each other. Rather, they are focused on achieving the same goal: reducing crime and maintaining public safety. The various models or approaches in policing and in implementing social policies are not competing against each other. They work at various levels of policing and in different contexts. Policing has always been a dynamic process responding to new challenges to public safety and adopting new strategies in order to be more effective in combating crime and social disorder. Police agencies and other LEAs can increase their organizational knowledge about the science of crime control by forming partnerships with local universities and colleges to utilize the services of professors, graduate students, or interns. They can also hire their own in-house criminologists. By connecting science to the development and evaluation of crime control approaches or models, there is an inherent understanding that local knowledge and experience must be blended with scientific evidence to create operationally sound and socially realistic programs. Such a balanced approach will help decision-makers to adopt the best scientific evidence regarding strategies to achieve desired outcomes. Law enforcement agencies have proven to be tough on crime; it is time to demonstrate they can be smart in fighting crime.

## References

Carter DL, Carter JG (2009) Intelligence-led policing conceptual and functional considerations for public policy. Crim Justice Policy Rev 20(3):310–325

Diamond D, Weiss DM (2009) Advancing community policing through community governance: a framework document. Community-Oriented Policing Services, U.S. Department of Justice, Washington, DC

Eck JE, Spelman W (1987) Problem-solving: problem-oriented policing. Newport news. Police Executive Research Forum, Washington, DC

Goldstein H (1977) Policing a free society. Ballinger, Cambridge, MA

Kelling GL, Moore MH (1988) From political to reform to community: the evolving strategy of police. In: Greene JR, Mastrofski SD (eds) Community policing: rhetoric or reality. Praeger, Westport

Maguire E, Wells W (2009) Implementing community policing: lessons from 12 agencies. Community-Oriented Policing Services, U.S. Department of Justice, Washington, DC
Manning PK, Van Maanen J (1978) Policing: a view from the street. Goodyear, Santa Monica
Moore MH (1990) Police leadership: the impossible dream? In: Hargrove EC, Glidewell JC (eds) Impossible jobs in public management. University Press of Kansas, Lawrence, pp 72–102
Oliver WM (2004) The homeland security juggernaut: the end of the community policing Era? Crim Justice Int 20(79):4–10
Oliver WM (2009) Policing for homeland security policy & research. Crim Justice Policy Rev 20(3):253–260
Rector R, Sheffield R (2014) The war on poverty after 50 years. The Heritage Foundation. Retrieved from http://www.heritage.org/research/reports//2014/09/the-war-on-poverty-after-50-years
U.S. Department of Justice (2015) Investigation of the ferguson police department. Retrieved from https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf
U.S. Marshals Service (2004). Retrieved from http://www.fbi.gov/marshals/
Weisbrod B (ed) (1965) The economics of poverty. An American Paradox, Prentice-Hall
Wilson JQ, Kelling GL (1982) Broken windows: the police and neighborhood safety. Atl Mon 249:29–38

## Policy Capacity, Brazil

Natália Massaco Koga
National School of Public Administration – ENAP, Brasília, Brazil

### Synonyms

Capability; Capacity; Governance capacity; Institutional capacity; State capacity

Policy capacity is a relative new concept developed in the field of policy studies that derives from the state capacity debate. After a period of disinterest, in the 1980s and 1990s, on the state as a subject of analysis in the political studies and the focus on processes of transition to democracy and factors that limit and control political power, capacity approach revitalizes the discussion on the accumulation and operation of state's power (Fukuyama 2013).

State capacity was initially conceived as an analytical category to examine processes of state formation in comparative historical experiences of economic development. In other words, its original conception entailed the question on how state capacity conditions countries' economic development (Amsden 1989; Evans 1992). However, the concept's malleability allowed the expansion of its content and further applications in distinct disciplinary fields for an increasing number of researches' aims (Cingolani 2013).

Aside from the subject of the role of the state in economic development, state capacity is applied to analyze other issues such as emerging forms of governance in the public sector, experiences of public administration reform and innovation, conditions and dynamics of policy making process, among others (Cingolani 2013). The variety of state capacity's aims led to the concept's growing multidimensionality. A nonexhaustive listing of capacity's dimensions entails, for instance: bureaucratic or administrative, relational, political, military, fiscal, legal, infrastructural, industrial, and so one (Cingolani 2013). Indeed, while capacity of collecting taxes, enforcing law, and declaring war are more significant for studies on state formation, capacity of acknowledging and negating with policy stakeholders, providing informed advice and building external partnerships are showing relevance in the policy making process in both developing and developed contexts (Repetto 2004; Gomide and Pires 2014; Pires and Gomide 2016).

Policy capacity emerged as one of that usage's variations of the capacity term. As in the state capacity literature, there is no consensus on policy capacity definition and its possible implications are still being explored. Two main approaches, though, can be pointed out looking at the current stage of the concept's development. The aspect that distinguishes them is basically their level of comprehensiveness.

While the narrower and initially formulated meaning focuses more specifically on bureaucracy's capability of collecting and analyzing information to support policy making (Bavkis

2000; Lindquist and Tiernan 2011), the broader and most recent definitions of policy capacity examines distinct policy functions to identify government's ample capability and autonomy to make decisions and to produce actions towards desired policy objectives (Painter and Pierre 2005; Wu et al. 2015).

Even though both conceptions aim to examine governments' accumulated resources to policy making, the latter meaning looks at policy functions throughout the whole policy cycle and the former approach gives emphasis to the policy formulation stage and the specific skills and infrastructure that provide knowledge for policy making purposes (Newman et al. 2017).

That distinction reflects in some level the development of the policy analysis field, which engaged scholars and professionals, particularly in Anglo-Saxon countries, towards the formation of a proper discipline that gathers specific knowledge, methods, and applications to support decision-making in the policy process. It distinguishes itself from the policy studies which consists in studies *of* the policy process to focus on producing knowledge and research *for* public policies (Farah 2016). The professional category of policy analysts evolved from that, courses and academic departments were created, and job positions are now found in governments agencies, think tanks, political parties, interest groups in different countries' contexts (Vaitsman et al. 2013).

One may argue that the more restricted elaboration of policy capacities derives from investigations that looked at the policy analyst's function. The broader meaning, in its turn, engages with most recent findings of empirical works that show that a larger range of tasks are performed by policy analyst and multiple roles and governance arrangements are requested from government to allow the policy production in the contemporary context (Colebatch et al. 2010; Mayer et al. 2004). Therefore, capability of negotiation, mediation, and clarification of values and arguments among the distinct policy stakeholders is understood as essential capacities for governments as the analytical capacity for building cohesive public policies. Moreover, systemic resources such as rule of the state, merit system, social trust, and government legitimacy among society are pointed out as equally necessary for policy production (Wu et al. 2015.

The multiplicity of definitions and studies of policy capacity echoes, thus, that trajectory in the policy studies.

Painter and Pierre (2005) comprehensive work on the conception and implications of policy capacity for governing, proposed the following definition: "Policy capacity is the ability to marshal the necessary resources to make intelligent collective choices about and set strategic directions for the allocation of scarce resources to public ends" (p. 2). Policy capacity is understood as one of the three types of capacity that compose governing capacity. The other two types are the administrative and state capacity. While the first is conceived, in that proposition, as the ability of managing state's different resources, the second entails relational capabilities through which internal and societal support is achieved for policy production.

That proposition is developed in dialogue with the institutional analysis, considering thus in the governance process not only government structural characteristics and stocks of resources but also outcomes of relationships and interconnections between state and external actors such as society and the international system.

Despite their explicit distinction, the three dimensions are understood in Painter and Pierre's (2005) proposition as interdependent. Policy capacity is conceived as essential to activate the other two dimensions, given that it enables the strategic decisions that guide the mobilization of administrative and state capacities. Acknowledging that interdependency, policy capacity, in that model, is examined in conjunction with the support systems for administrative and state capacity. Not only stocks of institutional resources but also specific policy outputs and outcomes function as sources of evidence of policy capacity in that proposition.

Wu et al. (2015) propose a more operational conception for policy capacity in contrast with the dominant macrolevel perspective of the

existing definitions. Authors argue for a concept that acknowledges policy context and the performance of policy functions. Policy capacity is conceived in that proposition as the "set of skills and resources…necessary to perform policy functions" (p. 2) which are accumulated in three dimensions – analytical, operational, and political – and can be examined in three levels – individual, organizational, and systemic. In that approach, analytical dimension of capacity represents the policy analysis function abovementioned, while operational dimension involves managerial roles and structures necessary for the bureaucracy internal functioning and, finally, the political dimension captures the governance deliberations on the products of the interactions between the state and external environment.

Dialoguing with most recent empirical findings, Wu et al. (2015) matrix model is a proposal for operationalizing policy capacity's multidimensionality. It aims to allow the simultaneous observation of distinct dimensions and levels of capacity. Two main assumptions are carried in its conception. Firstly, that not only the analytical but also operational and relational dimensions condition policy results. Secondly, that policy effectiveness depends not only on knowledges, skills, and judgments hold by policy professionals (policy analysts, policy makers, policy managers, etc.) but also on organizational resources and systemic conditions.

## The Concept Application in the Brazilian Context

From the narrower to the broader approaches, policy capacity debate is benefiting from an increasing number of empirical investigations that explores bureaucracy and public organizations conditions to contribute to different policy contexts. The concept malleability allows it operationalization as both dependent variable to assess government's performance as independent variable to have its constitution to be explained by all sort of factors such as level of education, policy work, professional carrier, among others (Gomide et al. 2017).

Looking at the Brazilian context some of these recent investigations entail, for instance, the construction of latent variables to compare agencies' levels of capacity and autonomy (Bersch et al. 2017), comparative study on the effects of institutional arrangements and state capacities in social, infrastructure, and industrial development policy fields (Pires and Gomide 2016), and analysis based on survey data of the interlaces between bureaucrats' policy work and policy capacity (Enap 2018).

However, while that flexibility is attractive, it also poses challenges in its application. Two main criticisms are pointed out by the literature. The first one concerns the general assumption of bureaucracy and public organizations as homogeneous and uniform entities. That assumptions do not take into account phenomena such as dissent or competition within bureaucracy that leads to unexpected behaviors and effects distinct from the original policy formulation (Peters 2015). The second one relates to the latency of capacity's concept. Acknowledging capacity as potential resources and conditions for state actions, one must argue that its direct observation is not possible and that indirect constructs are necessary to explore the phenomenon. That raises the risks of circularity, conceptual overlaps, and imprecisions in the object definition, demanding thus very clear and justifiable methodological choices in the concept operationalization (Mazzuca 2012; Cingolani 2013; Gomide et al. 2017).

An additional conceptual challenge must be considered in the Brazilian case. It is worth noting that in Brazil, the activity of policy analysis does not constitute a specific field of knowledge and professional category, as occurred in developed Anglo-Saxon countries. In Brazil, the activity of policy analyst is being developed and shaped in practice, relying on the local existing references and instruments (Vaitsman et al. 2014; Farah 2016). That lack of a clear conceptual demarcation on the policy actors' tasks and roles might have produced distinct patterns of policy production and policy capacity in the Brazilian.

Given to the influence of the field of policy analysis in the policy capacity development, that distinct route raises questions on the level of

applicability of the Anglo-Saxon's models and analytical tools of policy capacity in developing countries such as Brazil. In fact, more recent empirical inductive investigations are starting to show differences in the policy styles and the way policy capacity is mobilized in developing countries (Veselý et al. 2014; Saguin et al. (2018); Enap 2018). That is a path that deserves to be further explored to expand the concept's usage and understanding.

## Cross-References

► Bureaucratic Autonomy
► Governance

## References

Amsden A (1989) Asia's next giant. Oxford University Press, New York
Bavkis H (2000) Rebuilding policy capacity in the era of the fiscal dividend: a report from Canada. Governance 13(1):71–103
Bersch K, Praça S, Taylor M (2017) State capacity, bureaucratic politicization and corruption in the Brazilian state. Governance 30(1):105–124
Cingolani L (2013) The state of state capacity: a review of concepts, evidence and measures, Working paper series on institutions and economic growth, 13. Maastricht University – UNU-Merit, Maastricht
Colebatch HK, Hoppe R, Noordegraaf M (2010) Understanding policy work. In: Working for policy, vol 1. Amsterdam University Press, Amsterdam, pp 11–25
Enap (2018) State capacities for policy making: results of the survey with civil service in Brazil. Enap, Brasília
Evans P (1992) The state as a problem and as a solution: predation, embedded autonomy and structural change. In: Haggard S, Kaufman R (eds) The politics of economic adjustment: international constraints, distributive conflicts, and the state. Princeton University Press, Princeton
Farah MFS (2016) An analysis of public policies in Brazil: from an unnamed procatice to the institucionalization of the "public field". Revista Adm Púb 50(6):959–979
Fukuyama F (2013) What is governance? Governance 26(3):347–368
Gomide ADÁ, Pires RRC (2014) Capacidades estatais e democracia: arranjos institucionais de políticas públicas. IPEA, Brasília
Gomide AG, Pereira AKM, Machado R (2017) Apresentação. O conceito de capacidade estatal e a pesquisa científica. Sociedade e Cultura. Sociedade e Cultura 20(1):3–11.
Lindquist E, Tiernan A (2011) The Australian public service and policy advising: meeting the challenges of 21st century governance. Aust J Public Adm 70(4):437–450. https://doi.org/10.1111/j.1467-8500.2011.00743.x
Mayer IS, van Daalen CE, Bots PWG (2004) Perspectives on policy analyses: a framework for understanding and design. Int J Technol Policy Manage 4(2):169–191
Mazzuca SL (2012) Legitimidad, Autonomía y Capacidad: Conceptualizando (una vez más) los Poderes del Estado. Rev Cienc Pol 32(3):545–560. https://doi.org/10.4067/S0718-090X2012000300002
Newman J, Cherney A, Head BW (2017) Policy capacity and evidencebased policy in the public service. Public Manag Rev 19(2):157–174. https://doi.org/10.1080/14719037.2016.1148191
Painter M, Pierre J (2005) Unpacking policy capacity: issues and themes. In: Challenges to state policy capacity. Springer, New York, pp 1–18
Peters G (2015) Policy capacity in public administration. Policy Sci 34(2015):219–228
Pires RRC, Gomide ADÁ (2016) Governança e capacidades estatais: uma análise comparativa de programas federais. Rev Sociol Pol 24(58):121–143
Repetto F (2004) Capacidad Estatal: requisito para el mejoramiento de la política social en América Latina. Inter-American Development Bank, Washington, DC
Saguin K, Ramesh M, Howlett M (2018) Policy work and capacities in a developing country: evidence form the Philippines. Asia Pac J Public Adm 40(1):1–22
Vaitsman J, Ribeiro J, Lobato L (2013) Policy analysis in Brazil. Policy Press at Univeristy of Bristol, Bristo
Veselý A, Wellstead A, Evans B (2014) Comparing subnational policy workers in Canada and the Czech Republic: who are they, what they do, and why it matters? Polic Soc 33(2):103–115
Wu X, Ramesh M, Howllet M (2015) Policy capacity: a conceptual framework for understanding policy competences and capabilities. Polic Soc 34:165–171. https://doi.org/10.1016/j.polsoc.2015.09.001

# Policy Coordination, Brazil

Erika Melissa Oliveira França Nassar
Ministry of Economy, Brazilian Federal Government, Brasília, DF, Brazil

## Synonyms

Policy collaboration; Policy coordination; Policy integration

## Definition

The policy coordination is a task usually attributed to the chief of the Executive Branch to integrate departments and processes to guarantee the governability aiming at conducting public policies and providing services to society.

## Introduction

One of the fundamental challenges of Brazilian public governance, policy coordination involves the hard task in articulating institutions; integrating processes, rules, systems, bureaucracy, and stakeholders to improve integration between different levels and spheres of the public sector; and avoiding redundancies and gaps in order to generate, preserve, and deliver public value.

Plenty of governing structures allied to contradictory and redundant public programs is a common sense diagnosis in public sector realities, particularly in federalist countries such as Brazil.

This article intends to bring readers to Brazilian policy coordination context, in progress in the end of the second decade of the twenty-first century, its rules, and its institutional arrangements with a view to fostering the coherence of government programs.

Experience in the federal government in Brazil reveals that the policy coordination has been anchored in arrangements and rules particularly related to budget allocation and strategic planning and institutional enhancements.

The purpose is to direct actions toward better results for society facing fiscal constraints and changing priorities and thus increasing the level of citizen confidence as a fundamental element of legitimacy of public performance (Casa Civil da Presidência da República 2018).

## Budget Allocation and Strategic Planning

Guy Peters, in a study prepared for the Canadian Centre for Management Development, reminds that the effort to coordinate public policy is central not only because public money now is less plentiful than it was in the past but also because governments have been facing pressure to reduce expenditures and appear likely to even greater pressure for the foreseeable future. This lack of proper coordination tends to generate internal conflict, reduce political creativity, run incompatible and contradictory programs, and thus require extra money. This creates the need to ensure that the various organizations charged with providing public policy work together and do not produce either redundancy or gaps in service (Peters 1998).

A key issue in improving this coordination is undoubtedly the improvement of state strategic planning that provides greater coherence and predictability for public action – and thereby facilitating the integration of policies and the achievement of shared goals (Casa Civil da Presidência da República 2018).

Thus, in 2018, based on a constitutional mandate, the Brazilian federal government prepared the preliminary studies for Brazilian 2020–2031 Strategy for Economic and Social Development (Endes), designed to guide other development planning instruments – national, sectoral, regional plans, and the Federal Multi-Year Plan (PPA). Endes was influenced by the 2030 Agenda expressed in 17 Sustainable Development Goals (SDGs) (Ministério da Economia 2019).

The Constitution of the Federative Republic of Brazil, promulgated in 1988, brings some important guidelines for the coordination of national planning and preparation of the public budget, in particular:

- Planning is decisive for the public sector and indicative for the private sector.
- The National Congress shall approve a multi-year plan, budgetary guidelines, and annual budget, based on Executive Branch proposal.
- The Legislative, Executive, and Judiciary Branches shall maintain an internal control system to evaluate the fulfillment of the goals provided for in the multi-year plan, the execution of government programs, and the budgets of the Federal level.
- Multi-year plan shall establish, in a regionalized manner, the guidelines, objectives, and

goals of the federal public administration for investments and other expenses related to continuing programs.
- National, regional, and sectoral plans and programs should be prepared in accordance with the multi-year plan and approved by the National Congress.
- Criminal liability in the cases of multi-year investment projects begins without inclusion in the multi-year plan.
- Social assistance actions should be organized according to political-administrative decentralization and federal general rules and citizen participation in policy design and control.

As can be seen, Brazilian Constituent Assembly established public planning and budgeting as important pillars in the political coordination for the establishment of a democratic state, designed to promote sustainable development: economic, social, and environmental.

## Public Planning and Budgeting

The Brazilian 2020–2031 Strategy for Economic and Social Development (Endes) is the main innovation that emerged in the Brazilian federal government planning process scenario since 2018 and has been ongoing since then. It is a long-term instrument – 12 years – that will guide the parameters for national plans, representing the strategic dimension of the multi-year plan, for the purpose of strengthen policy and program coherence.

The Federal Public Governance Committee – CIG, created by Federal Decree #9.230/2017, whose objective is to advise the President of the Republic in conducting federal public governance policy, recommended, in 2018, the design of preliminary Endes structure.

In 2019, in addition to recommending to the Ministry of Economy, the conclusion of Endes studies, CIG, coordinated by the State Minister of the Civil House, also established the guidelines and themes for the federal 2020–2023 Plan (PPA).

- Government guidelines:
  (a) Improvement of governance, modernization of the state, and federal public management, with administrative efficiency, transparency of state action, digitization of government services, and reduction of state size
  (b) Articulation and coordination with federative entities, combining contracting processes, transfer of resources and responsibilities, and monitoring and evaluation mechanisms
  (c) Increasing attack against corruption, violence, and organized crime
  (d) Appreciation of individual freedom and family-focused citizenship
  (e) Prioritization of the quality of basic education and preparation for the labor market
  (f) Increasing coverage and resolution of primary health care and strengthening integration between health services
  (g) Emphasis on generating opportunities and stimulating insertion in the labor market
  (h) Promoting the sustainable and efficient use of natural resources, considering environmental costs and benefits
  (i) Absolute commitment to solvency and fiscal balance, seeking to reinsert Brazil among investment-grade countries
  (j) Simplification of the tax system, improvement of the business environment, stimulation of competition, and greater opening of the economy to international trade
  (k) Efficiency of public sector action by valuing science and technology and reducing the role of the state in the economy
  (l) Increased private investment in infrastructure driven by long-term planning associated with reduced legal uncertainty
  (m) Keep military bodies in a permanent state of readiness for deployment, with improved interoperability and joint action
- Themes related to key sectoral areas to be mobilized to achieve the objectives set out in the guidelines:
  (a) Transparency and the fight against corruption
  (b) New pension and solvent fiscal policy
  (c) Education
  (d) Health
  (e) Social assistance, culture, and sport

(f) Intergenerational family bonds
(g) infrastructure, transport, energy, and natural resources
(h) science, technology, and communications
(i) Defense
(j) Strengthening of republican institutions
(k) Productivity and competitiveness with generation of opportunities and jobs
(l) Territorial development
(m) Justice and public security
(n) Agriculture and the environment
(o) Foreign policy and foreign trade

The PPA, by constitutional mandate, is drawn up every 4 years, sent by the head of the executive branch, and addressed to the National Congress no later than 4 months before the end of the first financial year of the presidential mandate. Under Ministry of Economy coordination, central planning process intends a better budget allocation and better management of public resources. The methodological pillars for the medium-term plan 2020–2023 are simplification, fiscal realism, integration between planning and evaluation, and strategic vision and focus on results.

All of these aspects are relevant for the effective coordination of contemporary public policy in view not only of the plurality of government actors, as will be seen below, but also of the complex and dynamic network of demands of society and the need for timely and innovative solutions in a scenario of fiscal constraints and constant changes in priorities.

## Institutional Enhancements

### Organizational Competences

Experience shows that in Brazil, each 4 years, there is a new structure design in the institutional organization that composes the Executive Branch. This is because, among the forms of political coordination, the institutional architecture and respective definitions of competencies portray a strategy to achieve the public end for each elected government. This institutional structure for government departments is submitted by the President, in the early days of the new presidential term, and once approved by parliament, it is detailed in decrees of regimental structure.

In the institutional structure for Brazilian Executive Branch, the crucial competences for political coordination – interfederative relations, interactions with other branches, government priorities monitoring, and norms drafting – are centered in departments of the Presidency, Civil House, Secretariat of Government, General Secretariat, and Institutional Security Office, all headed by Ministers of State. The following competences of these bodies stand out:

- Integration of government actions and monitoring ministries activities
- Coordination of new public policies formulation
- Supervision of investment public private partnership program
- Coordination of strategic infrastructure projects
- Coordination of interministerial communication and dissemination of government policies
- Supervision of state modernization programs
- Coordination of bills sent by the National Congress
- Coordination of normative acts submitted to the President of the Republic
- Monitoring of potential risk issues, prevent crises, and articulate their management in the event of a serious and imminent threat to institutional stability
- Coordination of information and communication security activities

Among the various federal public interventions, policies, services, and actions, there are different modalities (vertical and horizontal) and moments (formulation and implementation) for making this coordination, a theme explored in detail by Celina Souza (Souza 2018), and most of them are centered on the four Ministries of the Presidency.

According to Guy Peters, one of the advantages of coordinating structures linked to the Presidency or Prime Minister's office is that they tend to be more flexible and have no direct responsibility for providing services. This is because of their cross-cutting policy competencies and contradictory policies coordinating task (Peters 1998).

Despite the primary function for these four ministries – Civil House, Secretariat of Government, General Secretariat, and Institutional Security Office – in assisting the Brazilian President in producing effective vertical and horizontal coordination, it is necessary to be aware that it is not an exclusive challenge for theses departments.

Brazilian Executive Branch faces a plenty of institutions linked to a singular Minister of State – such as foundations, regulatory agencies, and public companies (so-called indirect administration bodies) – which also require a technical and political coordination role in their field.

The coordination of these indirect administration bodies and its policies is provided by a decree, which is updated according to the political guideline to a particular sector, in each presidential term, together with the law that organizes Brazilian Executive Branch structure.

Just to illustrate the plurality of federal agencies and institutions, including hospitals, universities, technical education institutes, and public companies, there are 216 federal entities linked to the Ministries of the Federal Government, as described on the Federal Decree # 9.660/2019:

- One linked to the Civil House
- One to the Secretariat of Government
- Six to the Ministry of Agriculture, Livestock, and Supply
- Eight to the Ministry of Citizenship
- Eight to the Ministry of Science, Technology, Innovations, and Communications
- Eight to the Ministry of Defense; 23 to the Ministry of Economy
- One hundred fifteen to the Ministry of Education; 15 to the Ministry of Infrastructure
- Eight to the Ministry of Regional Development
- One to the Ministry of Justice and Public Security
- Three to the Ministry of the Environment; 10 to the Ministry of Mines and Energy
- One to the Ministry of Women, Family and Human Rights
- One to the Ministry of Tourism
- One to the Ministry of Foreign Affairs
- Six to Ministry of Health

## Governance Committees

In order to ensure coherence and intragovernmental coordination, whether in the design, implementation, and evaluation of priority public policies, some committees coordinated by central ministries deserve mention to have the portrait of the functioning of the coordination of the Brazilian Public Administration.

Guy Peters reminds that citizens feel the effects of inadequate coordination in a number of ways, such as clients of malfunctioning programs as well as having difficulty in services they need from the government (Peters 1998). It is therefore necessary, as explained in detail in the Guide to Public Governance Policy of Brazil to establish a set of measures that reduces the weaknesses of less developed governance models, with less institutional maturity and allows delivering less discrepant and more connected services (Casa Civil da Presidência da República 2018).

In 2017, a new cycle of public governance transformation was introduced in Brazil, and it is worth highlighting the role of the following committees:

- **Interministerial Governance Committee (CIG)**, advisory body of the President of the Republic to drive governance policy of the federal public administration, created by Decree #9.230/2017, updated by Decree #9.901/2019
- **Budget Execution Board (JEO)**, advisory body to the President of the Republic to drive federal government's fiscal policy, with a view to balancing the management of public resources, reducing uncertainties in the economic environment and the intertemporal sustainability of public debt, created by Decree #9169/2017, updated by Decree #9.884/2019
- **Public Policy Monitoring and Evaluation Board (CMAP)**, advisory body to evaluate public policies and propose public policy changes resulting from the evaluation, created on 2016 and updated by Decree #9834/2019

### Interministerial Governance Committee – CIG

Central axis of the Federal Government horizontal coordination focused on the principles of responsiveness, better regulation, integrity, reliability,

accountability, and transparency, the Interministerial Governance Committee (CIG) aims to find solutions for crosscutting issues, ensuring policy coordination and coherence, in order to increase the responsiveness of sectoral policy-making bodies.

The board, which recommendations are documented as a legacy of Brazilian public policy drivers, gains importance not only for its composition but also for the gap it has filled in the dissemination of good federal governance practices, a role that has been taken by the external control audit office.

CIG is composed by the ministers of state of the Civil House of the Presidency of the Republic, who coordinates it, of Economy and of Federal Comptroller's Office (CGU). At its meetings held in 2018 and 2019, the CIG approved four guidelines, applicable to all federal government agencies and entities: (i) regulatory impact analysis, (ii) ex ante evaluation and (ii) ex-post for public policies, and (iv) public governance policy – as well as the guidelines for the medium and long-term strategic planning.

Note some of the guidelines of the Brazilian public governance policy:

- Direct actions toward the search for results for society, finding timely and innovative solutions to deal with budget constraints and changing priorities.
- Promote administrative simplification, modernization of public management, and integration of public services, especially those provided by electronic means.
- Monitor performance and evaluate the design, implementation, and results of priority policies and actions to ensure that strategic guidelines are observed.
- Coordinate institutions and processes to improve integration between different levels and branches of the public sector, in order to deliver public value.

## Conclusion

Coordination is a big challenge not only for the Presidency bodies to coordinate the Ministries and some contradictory sectoral policies but also for the Sectoral Ministries themselves, which, in addition to the public service mandates, coordinate and supervise plenty of entities in their area of competence.

This requires administrative and political coordination, and it is even more difficult when the Brazilian presidential system is confused with the parliamentary practice in which there is no unified political orientation in one administrative structure. In this case, the chance of effective coordination decreases exponentially, undoubtedly affecting the outcome of citizen policy and their confidence in the state. This further increase the importance of committees and arrangements detailed above, such as the Interministerial Governance Committee (CIG).

Despite all of this effort for improvement of state strategic planning and institutional arrangements to provide greater coherence and predictability for public action, the coordinating role depends also on political and administrative circumstances and, especially, on the profile of the public leaders and senior officials.

Having a strategic view of public policies and the perception of important long-term interventions is a rare attribute that, it is admittedly to say, is an indispensable factor for the institutional coordination and turns into results to society in the short, medium, and long terms.

Recall here a lesson from Guy Peters that:

> Governments have invested a lot of time and energy in trying to achieve better coordination and have various mechanisms. All of these mechanisms have some virtues, but none is a panacea. Some of these coordination mechanisms depend on more or less top-down forms of coordination, while others may occur more through individual interactions and bargaining between the actors involved. (Peters 2018)

## References

Brasil. Decree # 9.230, de 22 de novembro de 2017. Dispõe sobre a política de governança da administração pública federal direta, autárquica e fundacional. http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2017/Decreto/D9203.htm

Brasil. Decree # 9.660, de 1° de janeiro de 2019. Dispõe sobre a vinculação das entidades da administração

pública federal indireta. http://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2019/Decreto/D9660.htm
Brasil. Decree # 9.884, de 27 de junho de 2019. Dispõe sobre a Junta de Execução Orçamentária. http://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2019/Decreto/D9884.htm#art9
Brasil. Decree # 9.901, de 8 de julho de 2019. Altera o Decreto n° 9.203, de 22 novembro de 2017, que dispõe sobre a política de governança da administração pública federal direta, autárquica e fundacional
Casa Civil da Presidência da República (2018) Guia da política de governança pública. Casa Civil da Presidência da República, Brasília. http://www.casacivil.gov.br/central-de-conteudos/downloads/guia-da-politica-de-governanca-publica
Ministério da Economia (2019) Manual Técnico do Plano Plurianual do Governo Federal 2020–2023. Brasília. http://www.economia.gov.br/central-de-conteudos/publicacoes/manuais-tecnicos/manualtecnico_ppa2020 2023_v1.pdf
Peters BG (January 1998) Managing horizontal government: the politics of coordination. Canadian Centre for Management Development. http://publications.gc.ca/collections/Collection/SC94-61-21-1998E.pdf
Peters BG (29 March 2018) The challenge of policy coordination. https://www.tandfonline.com/doi/full/10.1080/25741292.2018.1437946
Peters BG (2011) The politics and management of agencies. Transylvanian review of administrative sciences, special issue. http://www.rtsa.ro/tras/index.php/tras/article/viewFile/240/234
Peters BG (2011) Public management and public policy choices: making the linkage. University of Pittsiburgh, Pittsiburgh. http://www.sectordialogues.org/sites/default/files/acoes/documentos/gove_01_-_perito_-_guy_peters_-_paper.pdf
Souza C (2018) Coordenação de políticas públicas. Enap, Brasília. https://repositorio.enap.gov.br/bitstream/1/3329/1/Livro_Coordena%C3%A7%C3%A3o%20de%20pol%C3%ADticas%20p%C3%BAblicas.pdf

# Policy Diffusion in Latin America

Cecilia Osorio Gonnet
Universidad Alberto Hurtado, Santiago, Chile

## Introduction

Studies about public policy diffusion address questions about political change. Among these we can find: Why different governments adopt the same type of policy? Why others do not do it? Why some innovations in policy are scattered and concentrated in a given territory? What explains the speed of a policy diffusion process? (Coêlho 2016). To answer these questions, it is assumed that the information about new policies or institutions is communicated by the members of a social system in an uncoordinated way, and where the first adoptions of an innovation affects the chances of doing so by those who have not applied it (Rogers 2004).

From the 1960s onwards, the contributions of innovation diffusion studies – such as those of Rogers (2004) – began to be applied to the field of public policy. The objective is to explain policy-making processes where several different actors formulate and design similar policies, assuming that this process is not explained exclusively by domestic variables. Therefore, it is aimed at determining the independent variables that explain an adoption (which becomes the dependent variable), as well as the mechanism that operates in this process. A dual view is adopted, which links the domestic level where the policy is applied with the regional/global where it has been disseminated.

## The Diffusion Model and Its Main Components

One of the first works on diffusion came from Jack Walker in 1969 (Berry and Berry 2007), whose objective was to develop several propositions that could be used as guides for the diffusion of innovations and applied, also, for the analysis of decision-making (Walker 1969). Its object of study was the innovation capacity in different areas by the federal states of the United States, and its questions were similar to those still carried out in the studies with this model. Among the main results, Walter outlines, indirectly, that some of the mechanisms that influence diffusion are competition and emulation among the states (Walker 1969).

Subsequently, the number of papers about policy diffusion has been increasing, the same as with the sectors studied. These make reference to the diffusion of economic, health, education,

retirement, poverty, agriculture, institutions, regulators, and environment policies among others. In general, several models are applied that have been designed to explain the diffusion (Berry and Berry 2007), starting from the innovation theories and taking a step forward when considering how diffusion occurs between different units and which are the variables that explain it. Along with the variety of areas, the diffusion model has been applied at different levels, from the municipal, regional, federal to the national level.

Since the diffusion of policies arise from the theories of diffusion of innovations, some authors work with the definition proposed by Rogers (2004) who points out that "it is the process through which an innovation, defined as an idea perceived as new, spreads via certain communication channels over time among the members of a social system" (Rogers 2004: 13). Others apply proposals such as the one given by David Strang (1991), understanding diffusion as the process in which the adoption of a practice alters the possibility of doing it for those who have not done it (Elkins and Simmons 2005). Including aspects of the above, Levi-Faur defines diffusion "as the process by which the adoption of innovation by member (s) of a social system is communicated through certain channels and over time and triggers mechanisms that increase the probability of its adoption by other members who have not yet adopted it" (Levi-Faur 2005: 23). Or, in other words, understand diffusion as a process whereby the information about new policies or institutions is communicated through certain channels in time among members of a social system in an uncoordinated way, and where the first adoptions of the innovation affect the probabilities of adoption by those who have not adopted yet (Jordana et al. 2009).

All the definitions of diffusion assume that is a process that is not due exclusively to reasons specific to the internal political process of each state, because they consider the possibility that "policy choices in one country affect the policy choices in other countries, so causing policies to converge" (Meseguer and Gilardi 2009: 528). This model then discards the possibility that countries respond independently to similar domestic conditions and that this could explain the coincidence in decision-making. It also seems unlikely that convergence will occur exclusively due to coordination among actors, through international cooperation processes or due to pressures from more powerful agents. In a sense, it is defined as a mixed position in that there is interdependence between countries over time or with a central actor who acts as a transmitter. Countries would not act in a completely independent way, but neither in a coordinated way. The diffusion process answers then to an uncoordinated interdependence (Elkins and Simmons 2005). "Under this conception, governments are independent in the sense that they make their own decisions without cooperation or coercion but interdependent in the sense that they factor in the choices of other governments" (Elkins and Simmons 2005: 35). Therefore, the studies on diffusion seek to rule out the null hypothesis that assures that national socioeconomical and political factors are the exclusive cause of change in policies.

The diffusion process can be characterized by at least three components; first, they develop in waves, starting slowly in terms of the numbers of actors adopting the initiative, increasing significantly to then decrease. This implies that, in graphic terms, the adoption rate over time will take the form of an "S" curve (Weyland 2006). Secondly, the diffusion usually presents a significant geographic convergence, in the same region or neighboring countries (Weyland 2006). Finally, generally literature assumes that a third element in diffusion is the similarity between the central characteristics of the policies but with divergence in other components (Weyland 2006).

Finally, in terms of the object of diffusion, some researchers have suggested distinguishing whether it is a model or a principle (Weyland 2006). The first refers to a diffusion of a specific policy or program that is replicated, such as the Chilean model of privatization of pensions or the Grameen Bank microcredit system. The second refers to the diffusion of a principle, a guideline that leads the decisions towards specific polices, such as central bank autonomy or the universal access to primary health services (Weyland 2006). Therefore, a new route guide is disseminated, a

key idea, but it can be imbued with institutional characteristics and diverse components. The result of this diffusion is not a pattern of change as profound and uniform as in the case of the diffusion of a model (Weyland 2006).

## The Mechanism of Diffusion

Diffusion studies also seek to understand the objective behind the adoption of a given policy and also determine how that process worked. The mechanisms of diffusion allow us to elucidate the causal relation of that decision, and if, for example, it is due to a desire for competition among states, if it seeks to emulate decisions that confer some status in the international arena, or was the product of a learning process that enabled identification of such policy as the most relevant and functional (Elkins and Simmons 2005). The literature also argues that the type of mechanism could have consequences in the quality of the policies. For example, a policy adopted by emulation may not be the most appropriate alternative to solve a specific problem (Meseguer and Gilardi 2008).

Simmons et al. (2008) distinguish four mechanisms of diffusion – coercion, emulation, competition, and learning – on which there is relative consensus, although the denominations and certain components may partially vary.

The coercion mechanism refers to the imposition of the policies of the national governments by international organizations or of more powerful and influential countries. Therefore, the convergence of policies is promoted by the dominant actors and it is a mechanism that operates vertically.

The other three mechanisms operate horizontally among the different actors and would have voluntary character. Emulations occur when "the policies are adopted by their social value, instead of its own value, looking for loyalty and status" (Osorio 2015: 34). It differs from the other mechanisms because it is based on the logic of appropriateness, where the action of adopting a policy implies the evocation of an identity or role in a specific situation rather than in the rational analysis of the domestic variables to be considered in the decision-making process (Gilardi 2012). On the other hand, the policymakers are not interested in effective policy solutions, rather in facilitating the public acceptance or viability of a policy change. So emulation, in terms of results, may not lead to an improvement or even lead to a deterioration in a given situation. It is due to the above that it is argued that emulation usually implies copying of the policy (Bender et al. 2014).

Third, there is a competition "when countries that dispute the same resources adopt the policy of their competitors through fear of economic loss" (Osorio 2015: 34). It is usually assumed that it refers exclusively to the economic sphere; however, it is possible to identify political and social competition. The first occurs when the states try to adopt the role of international leaders or early followers of a policy in order to influence in the evolution of the policy and minimize the adaptation costs. On the other hand, the second denotes a relationship of two entities towards a third one. In order to stabilize that relationship these two entities observe each other and, if necessary, they imitate each other (Bender et al. 2014).

Finally, in the mechanism of learning there is a process of knowledge of the policy in question, and as a consequence of this arises the decision for adopting it (Simmons et al. 2008). "Policies adopted in some countries turn out to be natural experiments from which others can learn" (Meseguer 2008: 323). Now, literature has made an important distinction between full or rational and limited learning. In its first version, learning improves knowledge since it implies the review of the causal links between policies and the results in the light of the observed experience and contributes to the understanding of the consequences of the policies (Meseguer 2005). Therefore, this definition contributes to distinguishing between the rational learning and the emulation or the symbolic imitation (Weyland 2004); since the latter seeks credibility, the status, or the simple conformity with the international tendencies (Meseguer 2005). On the other hand, limited learning resorts to heuristic shortcuts. "Rather than scanning all information, governments look at *relevant* information" (Meseguer 2005: 72).

The debate about the mechanisms is constant and alternatives to the aforementioned emerge.

For example, Simmons has regrouped the mechanisms distinguishing between those where the adoption by one actor alters the practice of the other (these are the conditions by which he makes his decision) and where the adoption by some gives information by which the decision in made (for example, about the advantages and disadvantages) (Simmons and Zachary 2005). On the other hand, Meseguer and Gilardi (2008, 2009) exclude coercion from the list of possible mechanisms. The verticality and the pressure exerted would condition the voluntariness in the decision.

## The Critical View of the Policy Diffusion Models and Their Mechanisms

As already noted, the policy diffusion model provides a perspective to understand the convergence among countries that adopt a policy, helping to identify the mechanism(s) that explain this process. However, some aspects in literature that can be discussed to enrich its application can be observed.

One of them is the overlap that exists between the different mechanisms of policy diffusion. The boundaries between the definition of one mechanism or another are diffuse and tend to have aspects in common that make it difficult to distinguish among them. This is a key point to consider during the interpretation and empirical testing (Meseguer and Gilardi 2009). For example, in the case of emulation, the main distinction with learning has to do with the motives, since the adoption of the policy would be due to the aspiration to imitate a country with high prestige or adopt a policy that is in fashion. Now, in spite of this, it is possible that there is in the motivation an expectation about the results of the policy that provokes certain expected consequences (Meseguer 2004); because otherwise, the decision would be completely irrational. Hence, a difficulty has to do with being able to ensure that the motivation was exclusively to emulate a particular policy. Likewise, a mechanism can be classified as learning if deep knowledge of the initiative is identified before its adoption. However, it is not possible to rule out completely that the motivation to emulate has not been present. Therefore, the idea of a 100% pure mechanism does not capture the complexity of the process and in mythological terms, it is hard to apply.

The other mechanisms, competition and coercion, are easier to identify and apply. In the case of the former, it is understood that the policies adopted would directly or indirectly affect other countries in terms of economic aspects, so the motivation would be not to be at a disadvantage. Finally, in reference to coercion, the pressure exerted by an international institution or by an influential country is possible to identify, for example, through the conditionality of a loan. However, more subtle ways of coercion could overlap with learning or emulation, which requires the definition of precise indicators.

In that approach, a tension present in the mechanisms is that they involve – although not always defined properly – two components: the means and the motivations (Osorio 2015). The attention given to one or the other varies in the diffusion studies and also according to the research methods applied. The identification of the motives and means of each one will contribute to a more precise definition of its characteristics and their indicators for their empirical observation (Osorio 2015).

Also, it is necessary to consider that different mechanisms can operate during a diffusion process and, in addition, a variety of them can be observed depending on the countries involved or according to the sector where the diffusion takes place (Jordana et al. 2009). This should avoid a homogenizing assumption, since in a process of diffusion among a group of countries, it may be the case that some adopt new policies because they learn from others, and that there are countries that do it by simple emulation or by competition (Meseguer and Gilardi 2009). In this sense, the consideration of the domestic aspects of each country opens the alternatives to observe variables of political type, such as the proximity of an election or the impact of specific institutional spheres (Meseguer and Gilardi 2009). Finally, it is a matter of continuing to clarify how national politics condition the diffusion.

Specifically regarding learning, one of the challenges is to move forward in identifying the components of the process that influence the final outcome. In that sense, what is the object of study could be distinguished; that is to say what is learned. Here Weyland's already commented distinction between the adoptions of the model or principle (Weyland 2006) is useful. Then it must also be considered that learning a principle or a model could also be the result of this mechanism and the decision made in its development; that is, it could be a consequence of *how* it was learned. Another aspect that must continue to be worked on is to define *who* the learners are. This has not been approached in detail until now by the literature and its inclusion is assumed in the same group as policymakers, technocrats, and politicians. The difference regarding their motivations and attributions could be important, differing, for example, between substantial concerns about the nature of the policy or the obtaining of electoral revenues.

Finally, when analyzing this mechanism at the level of policymakers, the question whether the learning process has been individual or collective arises. As already pointed out, the learning process of a policy can begin at an individual level and eventually could be collective learning, but not necessarily at the moment of decision-making for adopting the initiative. However, this is a point to take into account, since it has to do directly with the identification of who learns at the moment of adopting a policy.

## Studies About Cases of Diffusion in Latin America

Studies in Latin America have addressed global and regional policy diffusion processes using a variety of methodologies. Among the research are the studies carried out by Jacint Jordana, who analyzes the creation and reform period of regulatory agencies in 19 countries of the region, questioning the traditional approach and considering sectorial areas, as well as the national variations in the diffusion of regulatory authorities in Latin America (Jordana and Levi-Faur 2005). In this sense, they propose two approaches to explore the institutional transfer channels: the national approach and the sectorial policy approach (Jordana et al. 2011). This contribution considers how the transfer channels vary during the stages of the diffusion process and, at the same time, complicates the approach in the mechanisms of the transfer, considering that they could operate not only among states but also between policies sectors.

Sarah Brooks (2009) conducted an extensive study to understand the diffusion wave of Pension Fund Administrators (PFA). Her work *Social Protection and the Market in Latin America* (2009) analyzes the wave of reforms in the social welfare sphere, this is, the shift from the delivery system to the individual capitalization one. The study tries to answer the arguments that prevail at the time to privatize the system, despite the consequences that this brings and the strong opposition that is generated from the different actors.

On the other hand, it is worth mentioning the numerous studies carried out by Kurt Weyland (including from 2002, 2004, 2005, 2006 and 2014) that contribute significantly to the research about the diffusion processes, as well as the understanding of waves of diffusion of specific policies in Latin America. In *Learning from Foreign Models in Latin America Policy Reform* (2004), a series of articles are collected that address the process of diffusion of reforms in the security and welfare sector, unemployment insurance, and the health sphere. In *Bounded Rationality and Policy Diffusion: Social Sector Reform in Latin America* (2006), Weyland develops a psychological approach to decision-making, deepening and developing some of its guidelines and analyzing cases compared qualitatively. His research found that a clearly delimited form of rationality prevails in the transnational diffusion of political innovations.

Others works continue analizing specific social policies in the region. For instance, in *The diffusion of the Conditional Cash Transfer programs (CCT) in Latin America 1990–2010* (Osorio 2014) seeks to resolve which variables explain this diffusion process and the mechanisms of diffusion that are observed in the processes of adoption at a national level. The hypothesis developed

is that diffusion is explained by the existence of a consensus about the CCT generated by a regional epistemic community that is also linked with international organizations presents in Latin America. It ratifies the small role of these domestic variables as the degree of inequity and develops the role of the regional epistemic community, identifying the experts, their beliefs about the programs, their ways of influence and linking with the national processes of policy formulation.

The diffusion of CCT at a global level is studied by Brooks (2015) through a quantitative analysis in *Social Protection for the Poorest: the adoption of antipoverty Cash Transfer Programs in the Global South* (2015). The findings point out that there are more possibilities for implementing the programs with the presence of the CCT between countries of the same region (the so-called *neighbor effect* in the literature) and among democratic countries. In the domestic arena, democratization increases the probability of adopting, along with the existence of governments with ideological differences between executive and legislative branches (Brooks 2015).

Then, at national level, Natasha Borges Sugiyama, in *Diffusion of Good Government: Social sector reforms in Brazil* (2013), examines the policies behind the programs of good government and researches the forces behind its dissemination. Specifically, it focuses on local Brazilian governments and the diffusion of two social programs: Family Grant and Family Health Program (Programa Saúde da Familia) at a municipal level. The results show that the electoral incentive offers a weak explanation for the diffusion of innovative social policies (Sugiyama 2013). Therefore, the alternative explanation refers to ideology and the socialized norms at a professional level.

The work of Denilson Coêlho (2016) focuses on how the Family Health Program initiative became a model to be followed by other federal states, starting with a diffusion process inside Brazil. It focuses its attention on the adoption process of this CCT factor of a political, institutional nature and how the regional influence conditions the adoption of a program.

De Faria, in *Ideas, Knowledge and Public Policies. A succinct inventory of recent major analytical strands* (2003), studies the importance of ideas and knowledge in the public policy process. Along with it, in the work *The diffusion of social policies as a strategy of international insertion: Brazil and Venezuela compared* (2012) comparatively analyzes the way that Lula's Brazil (2003–2010) and the Chavez's Venezuela (1999–2013) tried to provide the processes of international social policy diffusion with tools that allowed them to obtain benefits in their strategies of international insertion, taking into account that both countries had the intention to exercise leadership in a regional context.

Finally, Porto de Oliveira (2016) studies the process of international diffusion of participatory financing policies. This policy was conceived in Porto Alegre in 1989 and now has innumerable iterations at international level, defining the importance of a group of actors – participation ambassadors – in the process of advocating for the definition of participatory financing policies in the global agenda.

## Conclusions

Studies regarding the diffusion of public policies constitute a consolidated analysis perspective that contributes to understanding the diffusion processes of policies that may occur within a country or at regional or global level. At domestic level, for example, it is considered that variables such as the type of political regime, institutions and their characteristics, the gross domestic product, and government ideologies could explain the decision as to whether to adopt a particular policy or not. At an external level, the presence of the so-called neighbor effect, the link to loans of the multilateral banks, the incidence of economic crises, the expert influence of epistemic communities, and advocacy coalitions or international organizations are usually assumed.

These variables are tested through diverse methodologies. There is some consensus about the advantages of complementing quantitative analyzes at macro level – either state, regional,

or global – that allows us to test the variables and deepen their incidence. Then, the detailed look at how these variables affect and operate in the decision-making process should be studied by case or comparative case analysis, which will enable us to advance with the questions concerning *how* and *what* is adopted.

## References


Bender K, Keller S, Willing H (2014) The role of international policy transfer and diffusion for policy change in social protection – a review of the state of the art. IZNE Social Protection Working Paper 14/1, International Policy Learning and Policy Change: Scientific Inputs for the Dialogue on Social Protection with Global Partners

Berry FS, Berry W (2007) Innovation and diffusion models in policy research. In: Sabatier PA (ed) Theories of the policy process. Westview, Boulder, pp 223–260

Brooks S (2009) Social protection and the market in Latin America: the transformation of social security institutions. Cambridge University Press, New York

Brooks S (2015) Social protection for the poorest: the adoption of antipoverty Cash Transfer programs in the Global South. Polit Soc 43(4):551–582

Coêlho DB (2016) Mecanismos de difusão de Políticas Sociais no Brasil: uma análise do Programa Saúde da Família. Revista de Sociologia e Política 24(58). (En impresión)

De Faria C (2003) Idéias, conhecimento e políticas públicas. Um inventário sucinto das principais vertentes analíticas recentes. in Revista Brasileira de Ciências Sociais 18(51):21–29

De Faria C (2012) A difusão de políticas sociais como estratégia de inserção internacional: Brasil e Venezuela comparado. Interseções 14(2):335–371

Elkins Z, Simmons B (2005) On waves, clusters, and diffusion: a conceptual framework. Ann Am Acad Pol Soc Sci 598:33–51

Gilardi F (2012) Transnational diffusion: norms, ideas, and policies. In: Carlsnaes W, Risse T, Simmons B (eds) Handbook of international relations. SAGE Publications, Thousand Oaks, pp 453–477

Jordana J, Levi-Faur D (2005) The diffusion of regulatory capitalism in Latin America: sectorial and national channels in the making of a new order. Ann Am Acad Pol Soc Sci 598(1):102–124

Jordana J, Levi-Faur D, Fernández i Marín X (2009) The global diffusion of regulatory agencies: channels of transfer and stages of diffusion. IBEI Working Papers 2009/28

Jordana J, Levi-Faur D, Fernández i Marín X (2011) The global diffusion of regulatory agencies: channels of transfer and stages of diffusion. Comp Pol Stud 44(10):1343–1369

Levi-Faur D (2005) The global diffusion of regulatory capitalism. Ann Am Acad Pol Soc Sci 598(1):12–32

Meseguer C (2004) What role for learning? The diffusion of privatization in the OECD and Latin American. J Publ Policy 24(3):299–325

Meseguer C (2005) Policy learning, policy diffusion, and the making of a new order. Ann Am Acad Pol Soc Sci 598:67–82

Meseguer C, Gilardi F (2008) Reflexiones sobre el debate de la difusión de políticas. en Política y Gobierno Vol. XV(2):315–351

Meseguer C, Gilardi F (2009) What is new in the study of policy diffusion? Rev Int Polit Econ 16(3): 527–543

Osorio C (2014) La difusión de los Programas de Transferencia Condicionada en América Latina 1990–2010, Doctorado en Ciencias Políticas y Sociales. Departamento de Ciencias Políticas y Sociales, Universitat Pompeu Fabra, Barcelona

Osorio C (2015) ¿Cómo se difunden y adoptan los Programas de Transferencia Condicionada en América Latina? Propuesta de operacionalización de los mecanismos de difusión aplicado al caso chileno. In FLACSO – Ecuador (ed) Revista Íconos. Número 53. pp 31–48. ISSN: 1390-1249

Porto de Oliveira O (2016) International policy diffusion and participatory budgeting: Ambassadors of participation, international institutions and transnational networks. Palgrave McMillan

Rogers EM (2004) A prospective and retrospective look at the diffusion model. J Health Commun 9(6):13–19

Simmons B, Zachary E (2005) On waves, clusters and diffusion: a conceptual framework. Ann Am Acad Pol Soc Sci 598(1):33–51

Simmons B, Dobbins F, Garrett G (eds) (2008) The global diffusion of markets and democracy. Cambridge University Press, Cambridge, MA

Strang D (1991) Adding social structure to diffusion models: An event history framework. en Sociological Methods and Research 19(3):324–53

Sugiyama NB (2013) Diffusion of good government. University of Notre Dame Press, Notre Dame

Walker JL (1969) The diffusion of innovations among the American states. Am Polit Sci Rev 63(3):880–899

Weyland K (2002) The politics of market reform in fragile democracies. Princeton University Press, Princeton

Weyland K (ed) (2004) Learning from foreign models in Latin American policy reform. Woodrow Wilson Center Press/Johns Hopkins University Press, Washington, DC/Baltimore

Weyland K (2005) The diffusion of innovations. How cognitive heuristics shaped Bolivia's pension reform. Comp Polit 38(1):21–42

Weyland K (2006) Bounded rationality and policy diffusion: social sector reform in Latin America. Princeton University Press, Princeton

Weyland K (2014) Making waves. Democratic contention in Europe and Latin America since the revolutions of 1848. Cambridge University Press, Cambridge

# Policy Entrepreneurs as Bureaucrats, Merging Formality and Informality

Petra Svensson
Halmstad University, Halmstad, Sweden

## Synonyms

Turning entrepreneurial behavior into formal bureaucrat positions

## Definitions

*Policy entrepreneurs* refer to actors in the public sector organization advocating for proposals or ideas. *Bureaucrats* refer to the Weberian ideal of neutral public administrators. Here, *merging formality and informality* in this setting refers to the establishment of formal positions in the public sector organization on which the employed administrators have the task of acting as a policy entrepreneur.

## Introduction

Currently, when complex boundary spanning challenges such as sustainability, resilience, and social inclusion are at the table, the actors working for policy change have rendered more attention. These actors are often referred to as "policy entrepreneurs." This entry presents a specific version of the policy entrepreneur, namely, the policy entrepreneur who is employed as public administrator or bureaucrat in the political-administration with the task to promote, coordinate, and integrate complex policy areas with other policy area.

Policy entrepreneurs work actively to promote and advocate for policies and ideas and are not limited by any formal structures. Instead they apply what could be considered informal elements: personality, strategy, networks, and contacts to achieve policy change (Kingdon 1984/2003; Mintrom and Norman 2009). In studies of policy entrepreneurs and policy entrepreneurship, focus has generally been on who they are and what they do, that is, what personality traits that characterize them and what action do they take to gain influence. These informal characteristics have been carefully and fruitfully assessed. However, as the policy entrepreneurs' personality traits and their action are increasingly considered important assets to tackle the contemporary complex policy problems, there is a tendency to employ policy entrepreneurs as public administrators in the political-administrative organization with the task to promote and coordinate these policy problems. These entrepreneurial public administrators hold titles such as "strategists," "coordinators," and "developers," and can be found in all tires of government: national, regional, and local.

Here, I argue that the establishment of these positions can be considered an expression for a desire to formalize the policy entrepreneurship into the public administration and merging the informal action and behavior of policy entrepreneurs with the formal structures in the public sector. By doing so, the policy entrepreneurs employed as public administrators are faced with two contradictive logics of expectations: they are employed to work proactively as policy entrepreneurs which means applying informal skills and capacities, while their positions as public administrators are based on the logic of formal bureaucracy. Thus, the positions of employed policy entrepreneurs are characterized by "formal informality."

Some reservations should be made; the conclusion in the entry rests upon ten years consecutive studies of cross-sectional work in the Swedish political-administrative system. The overall conceptual conclusions regarding the relationship between formal and informal organization of policy entrepreneurship could most possibly be translated to other contexts; however, it is also possible that specific contextual characteristics will cause variations in the practical expression of these relationships.

The formalization of policy entrepreneur positions is a part of an ongoing development and debate on how to organize and govern the

public sector. The relationship between formal and informal elements is constantly negotiated and reformed, and every organization, public and others, holds both informal and formal elements. Formal elements consist of explicit rules, structures, and division of responsibilities and tasks, whereas informal elements consist of the activities taking place along and between the formal structures. The informal activities are based on relations, interaction, and are dependent on and shaped by the personalities of the actors participating. They are important, because they contribute to cooperation and flexibility, whereas the formal elements create a structure for accountability and efficient organization. (Lundquist 2011: 81; Morand 1995: 834; Misztal 2005; Hrelja et al. 2017). During certain periods, the formal elements are stressed as key to tackle societal challenges, and during others, the informal elements are considered the solution. These different approaches to public sector governance also hold various perceptions of how to make best use of the bureaucrats working in the public sector, that is, the public administrators.

In this entry, this establishment of bureaucrat positions with policy entrepreneurship tasks is elaborated upon in light of its merging of formality and informality.

## Solving Problems with Formality and Informality

The formal and informal elements are strongly intertwined, but the formal structure constitutes the foundation of how we perceive the ideal and democratic public organization: as a neutral machinery which treats everyone equally and efficiently, impersonally applies expert knowledge to execute the political decisions, and keeps the roles between bureaucrats and politicians clear and separated. This classic idea of the public administrator is inspired from Weber's concept of separated roles, where the politicians decide and the bureaucrats execute. This separation of roles was stressed also during the primetime of New Public Management during the 1980s, 1990s, and 2000s, in order to "let the managers manage," without too much interference from politicians (Stout 2013).

Although formality and clear separation of roles is a highly institutionalized image of how the political-administrative relationships should be organized, we can discern variations. These variations are connected to societal challenges, and how we perceive the problems and solutions of these challenges. Throughout the last 150 years, we have seen the rise of the Weberian ideal of bureaucracy to increase democracy, the problematization of machine-like bureaucracies in the post-war time, inspiration from the market-focused private sector during the 1980s, 1990s, and early 2000s to increase efficiency, and the current attempts of networks and public value governance to find a new route for the public organization in the age of sustainability and governance of complex problems (Stoker 2006; Stout 2013; Svensson 2019b). Thus, one question is what are the characteristics of the challenges leading to formalized policy entrepreneurship?

### Which Problems

The short answer to the question of which problems are approached with formalized policy entrepreneurship is that all policies and problems that are "wicked" can become the object of formalized policy entrepreneurship. "Wicked issues" has become an accepted term when describing policy areas that have no clear definitions and agreement of the problem and no method to estimate when the problem is solved, thus creating a space where the planner of the policy area will have a high level of discretion (Rittel and Webber 1973; Weber and Khademian 2008). This situation, and the discretional strategic space it creates, is likely to pave way for policy entrepreneurs.

However, the formalization of policy entrepreneurship is not only a direct effect of the challenges the political-administration is facing. I argue that the formalization of policy entrepreneurship and the increasing number of formal policy entrepreneurs in the political-administrative organization also can be considered a reaction to an increased tendency to define policy areas as wicked and in the need of strategic

governance. That is, we do not only increasingly recognize that problems are wicked, but we have also to a higher extent start to look for wickedness and complexity in problems as a part of their governance, resulting in pushing them toward the strategic level of the administrative organization (see Kornberger 2012). The difference may seem irrelevant but is crucial when trying to specify the situations in which we will find the formal policy entrepreneurs; they will not only be found in the governance of classical wicked problems, such as sustainability, public health, and social inclusion. They are also likely to be found in other policy areas, which have been influenced by the "wicked problems" governance. The focus here is not to establish which policy areas that are or are not truly wicked, but to discuss how the framing of problems and policy areas can result in the application of formalized policy entrepreneurship as a governance tool.

Thus, the main factor, which is argued to result in formalized policy entrepreneurship, is whether a policy area is framed as in need of strategic governance due to its complex nature. Another, but related factor most likely resulting in formalized policy entrepreneurship, is that the perceived complexity is not only related to the how the specific policy area or problem is defined but also due to it being perceived as connected to, and integrated in, other policy areas (Svensson 2019a; Olausson and Svensson 2019). A policy area may be considered complex, but still as a defined policy area of its own, making it less likely to be the object of formalized policy entrepreneurship. Defined policy boundaries make it easier for the existing organization to address the complexity. It is also possible that a policy area is considered uncomplex (i.e., clear in its definition of problem and solution) but in the need of integration in other policy areas, also making it less likely to be the object of formalized policy entrepreneurship. Policy integration is easily done with uncomplex policy areas where the breaking points between them are more clearly defined.

To conclude which policy areas that are likely to become object of formalized policy entrepreneurship, that is, in which we will most likely find the public administrators with the formal task of acting as policy entrepreneurs: a perceived level of both high complexity and perceived high need of policy integration is likely to create a situation where the policy area is pushed toward the strategic level of the organization, and where the formal policy entrepreneur is considered a useful asset.

## Why Policy Entrepreneurship

Why then is policy entrepreneurship in the above situations considered such a useful asset that there are active attempts to institutionalize it by formalizing it into the organization? Here, four main reasons are presented.

Firstly, the formal policy entrepreneurs are generally expected to invent new solutions to the complex problems. They are employed because of their entrepreneurial personalities and "out-of-the-box"-thinking, and are requested to apply these informal personal features on their administrator positions. If they are working close to the policy level and have the ear of top managers and politicians, it can have rather extensive impact of the overall governance. If they apply this informal entrepreneurial skill more as practical problem solving, it can take the shape of networking for resources for specific projects and activities designated to contribute to problem-solving (Svensson 2019a).

Secondly, formal policy entrepreneurs are employed because the policy areas that are defined as complex often are also defined as something that needs to be safeguarded in the organization as a part of the overall code of conduct, public value, and moral backbone of society. In this category, we find policy areas such as sustainability and human rights. In this safeguarding, another aspect of entrepreneurship comes in handy, namely, the commitment to the problem or policy area. It is possible to be a formal policy entrepreneur without having a personal commitment. Generally, however, the formal policy entrepreneurs show strong interest in their policy areas, are often engaged in it also on a personal level, and are asked to bring their commitment to their formal positions. This commitment and the request for it tells us that there is an expectation that the problems becoming object of formal policy entrepreneurship benefit from personal and

informal commitment. This can be contrasted with the classical Weberian bureaucrat or the strong professions in the public sector, such as social workers and healthcare personnel, who are asked to leave their personal commitment outside their vocation in order to perform it according to neutral and professional standards (see Stout 2013).

Thirdly, formal policy entrepreneurs are generally expected to discern breaking points and overlaps between policy areas, and to connect actors representing them. When doing so, they look for similarities in problem definition and in approaches to solutions. This entrepreneurial skill can be referred to as framing (Aukes et al. 2017). This framing is done in order to solve or at least ease the complexity of integrating many policy areas with each other. When interviewing formal policy entrepreneurs, the undogmatic and informal flexibility to understand and handle that one policy area that can be addressed under different labels is mentioned as one of the most applied and useful skills. They also mention, in somewhat more subtle terms, that framing can be a useful way to pave the way for the policy area they are employed to promote. By framing it differently in different contexts, they reach the ear and possibly the resources of more people (Svensson 2017).

Fourthly, the formal policy entrepreneurs are generally expected to contribute to the pushing of a policy area toward the strategic level. This is expressed in terms of a reluctance both from formal policy entrepreneurs themselves and from their organizations to engage the formal policy entrepreneurs in operative work. Most of them expressed it clearly: "I am not allowed to take a more operative role, and I also do not want to." As mentioned, the policy areas where we find formal policy entrepreneurs are characterized by being perceived as highly complex and in the need of policy integration to be solved. Policy integration is defined as something other than coordination; focus is not only on encompassing the separate goals of different policies but exceeding them into something coherent where the whole is bigger than the sum of its parts It has been argued that achieving this level of integration requires careful strategic consideration in all units and on all levels of the public administration (Cejudo and Michel 2017). This focus on strategic governance of complex problems is likely to cause a move where more and more policy areas will be pushed toward the strategic level, especially if there are a simultaneously increasing number of problems defined as complex or "wicked" (see Kornberger 2012). Formal policy entrepreneurs are often considered a useful tool for policy integration, due to the expectation that they hold the skill to make strategic decisions. They are often expected and themselves focused on using informal methods to "make others do things" as a part of integrating one complex cross-sectional problem into other policy areas (Svensson 2019a). This preferred character of formal policy entrepreneurial work is therefore likely to contribute to more and more policy areas becoming defined as strategic.

## Contradictions of Formalized Policy Entrepreneurship

As seen above, there are many reasons to employ formal policy entrepreneurs in the political-administrative organization. They can be summarized by the statement that the establishment of formal policy entrepreneur positions constitutes a governance tool to meet an increased perception of complexity in the public sector, by applying informal behavior. However, they are employed as bureaucrats in the public sector, and thus must appeal to both the logic of informal entrepreneurial behavior and of the formal rules of the public organization and the role of the bureaucrat in it. This sometimes leads to clashes between logics.

When the formal policy entrepreneurs are applying their informal entrepreneurial skills in a direct way, to generate resources, start projects and influence decisions they are true to their entrepreneurial form. This form also holds a direct clash to the formal bureaucrat role. In order to be successful, it either requires a forgiving surrounding, a high level of legitimacy, or a certain level of invisibility. The same kind of clash can occur

when the formal policy entrepreneur is highly committed and takes the role of an activist in the organization. It may work out, depending on the situation, but since the lion's share of the formal policy entrepreneur's work is based on the informal entrepreneurial logic which clashes with the formal rules of the organization, it is hard to fully institutionalize these aspects and make them impersonal (see Stout 2013).

When the formal policy entrepreneurs work for policy integration by looking for overlaps and similar definitions, they have a higher degree of formality to their work. The policy areas that the formal policy entrepreneurs work to integrate generally rest on some form of political decision on policy integration, hence rendering them some formal legitimacy, and an idea of formal institutionalization which is not directly bound by who is working on them. However, due to the formal policy entrepreneurs' awareness that their work is not only about finding integration points but also about safeguarding their own policy area in the competition with others, they apply informal logics to their framing as well in order to get resources and ears to their own specific policy area.

It can be argued that the formal policy entrepreneurs are policy tools in that they are expected to promote, coordinate, and integrate problems with each other. However, it can also be argued that when one part of this promotion, coordination, and integration is to push toward strategic governance, there is an embedded risk of policy competition on the strategic level, if simultaneously, more and more policy areas are defined as complex and being in need of policy integration.

This competition can in turn increase the perception of complexity and need of integration, leading to a self-reinforcing or "locked-in" complexity, solving complexity with complexity. Simply put, the formalized policy entrepreneurs may end up as tools to solve a complexity that they are also contributing to, by doing what their formal positions ask them to do, using their formal informality to both diminish and increase complexity by simultaneous integration and competition.

## Conclusion

The potential contradictions of combining formality and informality is related both to expectations of the organization and to the choices of the formal policy entrepreneurs. Some organizations, especially small ones, can function rather well with a higher degree of informality, whereas others do not appreciate informal action in the same way. The same goes for the formal policy entrepreneurs: some consider the best part of their job to be the informal aspects, whereas others appreciate their jobs when they get to work toward more formality and be more of classical formal bureaucrats.

To conclude the discussion above: employing formal entrepreneurs as bureaucrats to integrate the advantages of informal policy entrepreneurial behavior into the formal political-administration can be both a fruitful and a risky endeavor.

It can be risky for the organization; if the informal competition between various complex policy areas is strong, the organization will be met with lots contradicting demands on policy integration. This can lead to resistance and fatigue. In short, is it possible to integrate everything with everything, without losing the specificity of the original problem or area of expertise? This is also a relevant question in relation to the classical profession-based parts of the public administration, in which many of the complex policy areas are expected to be integrated.

It can be risky for commitment to the complex policy areas: constant framing and reframing, which is the formal method applied to create a cohesive policy integration and the informal method to generate resources for specific complex problems, leads to hiding and covering of policy conflicts within and between the complex policy areas. In the short run, this may not seem as a big risk. However, if we consider democracy as built on the idea of a capacity to handle various points of view, this conflict-diminishing, especially within policy areas such as human rights and sustainability, may have far-reaching effects.

Finally, the combination of formality and informality may also be somewhat risky for the formal policy entrepreneurs themselves: they

generally apply to these positions out of a genuine interest and commitment to their policy area, and because of their informal networks. They are also employed based in these aspects, since the public organization wants these actors specifically because of their informal characteristics. However, when actually performing policy entrepreneurial work, the formal policy entrepreneurs are faced not only with the expectations of filling their positions with the informal entrepreneurial work but also to adjust to an organization resting on a distinct formal logic. These contradictive expectations can be rather demanding to deal with on an individual level, especially if the political-administrative organization is not clear about what they want from their formal policy entrepreneurs on their bureaucrat positions.

## Cross-References

► Nonlinear Policy Change
► Public Policy Entrepreneurship

## References

Aukes E, Lulofs K, Bressers H (2017) Framing mechanisms: the interpretative policy entrepreneur's toolbox. Crit Policy Stud 12(4):406–427
Cejudo GM, Michel CL (2017) Addressing fragmented government action: coordination, coherence, and integration. Policy Sci 50(4):745–767
Hrelja R, Jason M, Tom R, Isaksson K, Scholten C (2017) The interplay of formal and informal institutions between local and regional authorities when creating well-functioning public transport systems. Int J Sustain Transp 11(8):611–622
Kingdon JW (1984/2003) Agendas, alternatives and public policies. Longman Classics in Political Science, New York
Kornberger M (2012) Governing the city: from planning to urban strategy. Theory Cult Soc 29:84–106
Lundquist L (2011) Flocken i massamhället. Denpolitiska ordningens villkor och uttryck. Arkiv Förlag, Lund
Mintrom M, Norman P (2009) Policy entrepreneurship and policy change. Policy Stud J 37(4):649–667
Misztal B (2005) The new importance of the relationship between formality and informality. Fem Theory 6(2):173–194
Morand DA (1995) The role of formality and informality in the enactment of bureaucratic versus organic organizations. Acad Manag Rev 20(4):831–872
Olausson A, Svensson P (2019) Understanding political entrepreneurship in local government administration. Lex localis J Local Self Govern 7(3):643–658
Rittel HWJ, Webber MM (1973) Dilemmas in a general theory of planning. In: Policy sciences, vol 4, pp 153–169
Stoker G (2006) Public value management. A new narrative for networked governance? Am Rev Public Adm 36(1):41–57
Stout M (2013) Logics of legitimacy. Three traditions of public administration praxis. CRC Press, Boca Raton
Svensson P (2017) Cross-sector strategists. Dedicated bureaucrats in local government administration. Dissertation, School of Public Administration, University of Gothenburg
Svensson P (2019a) Formalized policy entrepreneurship as a governance tool for policy integration. Int J Public Adm 42(14):1212–1221
Svensson P (2019b) Att skapa helhet i offentlig sektor. Nordic Academic Press, Lund
Weber EP, Khademian AM (2008) Wicked problems, knowledge challenges, and collaborative capacity builders in network settings. Public Adm Rev 68:334–349

# Policy Evaluation, Brazil

Rosana de Freitas Boullosa
Department of Public Policy Management, University of Brasilia (UnB), Brasília, Brazil

## Introduction: Unraveling the Polysemy Around Policy Evaluation

There are different paths to understand evaluation or evaluation processes in public policies. In common, however, we can say that all paths lead to the production of a very specific type of knowledge: evaluative knowledge. Thus, discussing the nature of "knowledge" can be a good starting point for us to delve into evaluation. This is because it can help us problematize its definition within a multidisciplinary field of studies and practices, considering its different possibilities of configuration and representation, which includes the main epistemological disputes that we find behind its polysemy, its method disagreements, the dynamics behind the construction of publics,

as well as its traditional formative logics. All these elements, among others, can help us to understand the social context of the evaluative knowledge production, which is increasingly gaining ground not only in the processes of governing and of governance – in different scales of performance, public action, university education and training – but also in other social contexts regarding the wide range of public, societal or private decision-making processes.

At first, therefore, when the nature of "evaluative knowledge" is seen as a posteriori*, situated and eminently empirical,* it generally means that its production is more directly associated with a framework of answers around functional questions or applied toward the construction of a methodological answer to a very specific demand of knowledge production, often regarding a well-defined object. Taking "evaluative knowledge" in this sense means to concentrate the research efforts in the definition of its own object, in the accuracy of its objectives, in the explanation of its methodological path, of its techniques of construction and selection of research materials, in the explanation of which were the publics involved in its construction, and, of course, in the presentation of its results, including in terms of evaluative judgment. It often means defining the boundaries of evaluative work itself, but much more in methodological rather than epistemological terms – a choice that is often based on the ideas of objectifying reality and of a desired neutrality of evaluation and its processes.

Unlike the previous approach, when the nature of evaluative knowledge is seen as a priori*, universal and eminently normative,* we can broadly say that evaluation assumes a concern with the meanings of the concept of evaluation itself in a more direct way, including its epistemological anchors, the understanding of science, the normative coherence of its methodological frameworks, as well as the understanding of its purposes and the explanation of its interests and preferences. It also reflects its connection with different fields of study. This is because depending on the field to which one sees him/herself attached – might it be the field of Economy, Sociology, Public Administration, Anthropology or Public Policy, for instance – the evaluation process and the knowledge produced might imply in very different sets of knowledge and perspectives. In addition, when this same nature attributes a reflective dimension to the evaluative knowledge, it is possible to observe that the notion of learning can acquire some centrality in the evaluation and in its processes. In this case, we would be facing experiences of evaluation that, when problematized as partial, also bring to the table questions of value, together with a more subjective understanding of reality than in the previous approach.

This first approach to the universe of evaluation through the notion of "evaluative knowledge," although not sufficient to understand the plurality of the current universe of theories and practices in policy evaluation, helps us to acknowledge the existence of countless disputes over different points of view, perspectives, and narratives within the policy evaluation universe. Or to be more precise: value-based disputes, taking place in different levels, whether that of ontology, epistemology, methodology, or deontology. To better understand these differences, we shall first understand this universe as a field of studies and practices, inspired by Bourdieu's idea of a scientific field – a space structured by symbolic disputes and positions of power, which would create their own legitimization structures of truths, grammars, and practices considered possible, through the notions of *habitus* and *agent* (Bourdieu 1976). So, if evaluation were a field, what would it be like? How to understand the polysemy around evaluation? Are there questions lying on the ontological level? How did we arrive at such an entangled construction, including so many epistemological and methodological matrices? And what effects does it have on the field itself? What about the agents, how would they behave in the deontological level? Moreover, what general movements could we expect in this so-called policy evaluation field, including those related to reflexivity?

In order to shed some light on these and on other issues, this entry is structured in six parts, including this brief introduction. The second part focuses on problematizing evaluation as a field of studies and practices; the third seeks to present a

brief overview of the main classificatory efforts in the field; the fourth part seeks to offer its own path to such understanding, from an epistemological point of view; the following presents some brief words on meta-evaluation and monitoring; and the entry ends with a brief conclusion on a possible work agenda for this developing field.

## Policy Evaluation as a *Field*

In order to see policy evaluation as a field, one must assume that it has sufficient critical mass to consider that its internal variations, its symbolic disputes, and the positions of power within it have been built over time. In other words, it means attributing importance to the historical perspective in order to understand the current configuration of what we are considering as a field, taking into account that this plurality is a result of a development process of almost a century of life, if we consider – along with other authors – the New Deal as a milestone of evaluation, mainly regarding the governmental sphere. Authors who dedicate themselves to the reconstruction of the history of policy evaluation as a field are increasingly rare, even if we consider those who do not call it this way. Nevertheless, we will try to reflect over their contributions, but not without one following proviso: we must take into consideration that, probably due to the applied tradition of knowledge production in this field, a large part of the efforts of historical interpretation that we have been following up through the years also carried with it the task of defending one of the types proposed in the classification at the expense of others. In other words, the classifications were often the result of historically situated perspectives, aiming at "showing" the gaps and vices of the past and pointing to new winds of change. Let us now resume the authors, by starting with the most commonly cited ones, when we seek for references on the history of the field development.

The North Americans Peter H. Rossi and James D. Wright (1984) are among the first authors who seek to interpret evaluation as a field of study, in historical and conceptual terms. For them, the decades preceding the 1960s constitute a period of growth and recognition of the importance of evaluation, particularly for the world of public and governmental decisions, which is evidently related to decision-making theories. But it was only between the 1960s and the early 1970s (particularly driven by the Great Society Programs) that evaluation has reached what they call its "golden age." An age marked by the primacy of the randomized, controlled experimental paradigm, which would have given us results very close to zero, according to such authors. This supremacy would have only come to an end with the approach of the Reagan Era and with the development of comprehensive evaluations, which were defended by them and characterized not only for constructing dichotomous judgments but also for explaining the dynamics of the development of evaluative objects and the reasons attached to such dynamics.

Two other US authors, Egon Guba e Yvonna Lincoln (1989), while focusing their efforts on the reality of the United States, proposed that the idea of generations could better explain the development of evaluative studies than, for example, a division by methods. Thus, this pair of authors identified four generations of evaluations: a first one that emerged in the context of the New Deal and was characterized by an eminently technical bias, based on the idea of measurement, avoiding even the issuing of an evaluative judgment. The second generation, named as "descriptive," was predominant until the mid-1960s and it widened the focus concerning the evaluated object in relation to the previous one. The next generation, in turn, strongly incorporated the judgment function, but without leaving behind the idea of technicality and functionalized description of the evaluative problem. And, finally, a fourth generation that started with the Regan Era and that could be considered a "reactive" one. Guba and Lincoln (1989) not only included themselves in this generation but they also defended that it represented a profound change in the evaluative practice, mainly because it responds to the dilemmas and failures of previous generations based on the constructivist paradigm. Among such dilemmas and failures, it can be cited: the supremacy of the managerial approach and of quantitative methods;

the difficulty in considering "contexts" in their research frameworks; the difficulty in dealing with the pluralism of values; and, also, the fact that they divest the evaluator of moral and ethical responsibilities.

There are, however, other ways of explaining the field development. Aligned with Rosana F. Boullosa (2018), and Rosana Boullosa and Janaina L. P. Peres (2020), both Brazilian authors, we will here consider a historical evolution that comes closer to our days and that can be characterized by five cumulative phases, which strive to broaden the look far beyond the US experience. The first phase – which is partly consistent with that of Guba and Lincoln (1989) for considering the New Deal as an important start point – is characterized by a common understanding of that time: the desired new cycle of economic development would only be possible if guided by a linear-sequential rationality of public decisions, supposedly neutral or unbiased and without a final conclusion in the form of an evaluative judgment or an evaluative summary, since the judgment function would be limited to the managers and not to the evaluators. Over the course of time, these evaluations began to become more extensive and descriptive, including endless reports and undeniable difficulties regarding the construction and exposition of evaluative synthesis on the part of those reading them. Until then, this was a movement that was restricted almost exclusively to the United States and, nowadays, it is only supported in very restricted groups of action, even though it has nurtured some epistemologies based on a managerial matrix.

With the end of the Second World War (1939–1945), this first aseptic overview of evaluation began to change very quickly, reaching a second phase. Politically, the idea of a mutually dependent global world reorganized relations between countries. Development and cooperation projects, such as the Marshall Plan (1948–1952) – dedicated to the reconstruction of a part of Europe, under the leadership and financing of the United States – created a context that allowed the notion of evaluation – understood as a subsidy to rational decision – to cross its first geographical borders, starting in Europe. In this expansion process, however, evaluations began to extrapolate their initial possibilities of use and starting to formulate judgments to subsidize public and governmental decisions more directly.

The impulse to abandon a purely descriptive nature and to assume a strongly prescriptive one came, initially, with Harold Lasswell's approach to the *policy studies*, due to its pragmatist inspiration, and, soon after, to the rapprochement with analytical philosophy in the following decade, which coincides with what Rossi and Wright (1984) called the golden age of evaluation. From an epistemological and methodological point of view, some roots were deepened, concerning the positivist tradition, the top-down paradigm of State action, the prevalence of the macro scale (for investigations of empirical nature), and the clear primacy of the scientific-experimental method. These constructions have a captive public until today, feeding different evaluative approaches.

The "golden years," however, ended up succumbing to the criticism brought by the counterculture movement in the scientific production, responsible for showing the perverse effects of an excess of optimism. Specifically in the field of evaluation, those years unraveled a certain myopia concerning the evaluation objects and the overvaluing of both the manager and the evaluator. We are facing a changing world, with a strong critical movement that brings to the forefront discussions on the pillars of the rationalist and positivist construction of science (Fischer 2003). In the evaluation field, this same positivism – one of an empiricist tradition – began to quickly lose strength and, as a consequence, new experiences of bottom-up methodologies (Albaek 1998) began to emerge, particularly those that reinforce social participation and social empowerment perspectives.

This third phase, which began to gain momentum in the 1970s, was built on the basis of a reaction to the previous phase and is characterized by the search for new epistemological grounds for evaluation, beyond the prevailing positivism, which ruled practically alone until then. At this stage, evaluations began to arrive – albeit timidly – in Latin America and Africa, often through the

hands of international cooperation, reacting both in the direction of passive acceptance and, with less emphasis, of the critical response that reinforced the ideas of local empowerment. These new searches grew stronger throughout the 1970s and entered the following decade producing new approaches aligned mainly with constructivism and hermeneutics, with periods of greater or lesser fertility that last until today.

In the 1980s, however, we also witnessed an upturn of the positivist tradition, this time in line with a new understanding of the State, its structure, and its roles. Along with the New Public Management movement and the scarcity of resources, in a world that was trying to survive the strong oil crisis, we were facing a reformist movement of the national states, based on the idea that they would have to learn how to improve their performances in terms of effectiveness and efficiency, taking lessons from the private initiative (Osborne and Gaebler 1992). These ideas fueled many administrative reforms, initially in countries such as the United States, England, and New Zealand, and later reaching some Latin American countries, such as Brazil, Mexico, Chile, and Argentina, which were already under the control of the so-called Washington Consensus (Williamson 1989), as would also happen with some African countries under the Structural Adjustment Programs of the World Bank.

In this context, evaluation heavily entered Latin America, as a management tool linked to State reforms, associated with the new managerialism and the notions of result-orientation, flexibility, and accountability (Bozzi 2001; Faria 2005). And in all these experiences, more or less intensely, evaluation was seen as an important tool for controlling the reform processes, in some cases inaugurating the very entry to these countries. In this new context, evaluation, in addition to returning to its more positivist facet, started to assume different roles related to the reduction of State administrative structures, to the improvement of its results, to the strengthening of its capacity to compete, and, of course, to the accountability of decision-makers.

The 2000s thus began with the accumulation of these different phases, shaping an increasingly dense and plural arena, both in the epistemological and methodological levels. Although the views more aligned to the depoliticized managerialism of the 1980s till prevail, there is some space for searches aligned with the criticisms of the 1970s, as well as with new critical anchors in different parts of the world. These movements can be seen as a result, at least partially, of efforts made in different parts of the world to set up more and more national associations of evaluators, such as in the United Kingdom (1994), Germany (1997), Italy (1997), France (1999), Japan (2000), India (2002), Senegal (2002), South Africa (2002), Argentina (2005), Madagascar (2004), Philippines (2007), Brazil (2008), Slovenia (2008), Georgia (2008), Ecuador (2014), Mexico (2014), and Russia (2014), many of them following the pioneering models of Canada (1981), the United States (1986), and Australia (1987).

In this global interweaving movement, we have also witnessed great efforts to build regional networks based on national ones, such as Afrea/Africa (1999), EES/Europe (1996), ReLAC/Latin America and the Caribbean (2013), and APEA/Asia-Pacific (2012). They are huge organizations that need to deal with different traditions in policy evaluation, almost never anchored in the same disciplinary fields and facing internal disputes, in addition to the obvious variety of network densities, contexts, languages, among many other elements. Even with so many differences, we have recently seen a growing presence of evaluations in contexts involving public decisions, whether inside or outside governments. And, undoubtedly, one of the great achievements of this movement has been the global campaign Eval4Action, activated by the United Nations for this decade (United Nations 2020).

## Covering the Most Significant Classificatory Efforts

After understanding a little better the history of the construction of policy evaluation as a field, it is important to cover its current configuration. During the construction of policy evaluation as a field,

some authors dedicated themselves to understanding and to classifying the growing diversity perceived so far. These classificatory efforts are important, because, on the one hand, they help scholars and practitioners to carry out an important positioning exercise in disputes involving the field; on the other hand, they end up encouraging some field agents to boost one of the sides that appear in the classifications, reinforcing and stimulating disputes that are fundamental in the knowledge expansion and in the formation of their agents' *habitus*, helping in the validation of their value structures.

Among these authors, it is worth starting with the Australian Michael Scriven (1967), for whom evaluations could be classified as formative or summative, regardless of other characteristics. The summative ones are those often subsequent to the fact to be evaluated, and therefore, *ex-post*. They seek to answer evaluative questions about continuity, closure, expansion, or adoption of their own evaluated objects (i.e., policies, projects, programs, actions), as long as these objects have already achieved some results at all; the other kind – formative evaluations – is understood as a set of evaluations seeking to produce evaluative knowledge aimed at the development of the object under evaluation, which need not, therefore, have started to produce results yet, and which are almost always directed to the team involved with the management of such objects that might be under evaluation. In the first case, from the point of view of the method, there is a greater inclination towards the use of larger sample universes than in the second case.

Scriven's classificatory perspective gained new possibilities in the hands of different authors. The US author Marvin C. Alkin (1985) was a pioneer in proposing a classification of possible evaluation uses, based on a list of variables that considered human factors, contextual factors, and factors of the evaluation itself. Soon afterwards, the also American Carol Weiss started to interpret it from the very notion of use (instrumental, symbolic, and enlightening) proposing the idea that evaluations should build a Program Theory (Weiss 1972, 1994). Still according to her, the instrumental use would be the most difficult one because of the obstacles of intellectual-cognitive and social-structural types, suggesting some ways for evaluators to increase the potential use of their evaluations. Other authors, with relatively minor influence on this specialized literature, also presented classificatory views such as that of the German Hans-Ulric Derlien (2001), who proposed the functions of information, reallocation, and legitimation. Here, it is also necessary to mention the American Michael Q. Patton, who not only uses the idea of classification departing from the notion of use (Patton 1988) but develops his own approach in this direction (Patton 1997).

Also worth mentioning is the interesting distinction proposed by Marvin C. Alkin and Christina A. Christie (2004), called "evaluation theory tree," in which they propose a metaphorical drawing of a tree with three main branches. The first of these would house all the evaluations that explain themselves through the notion of use, bringing together authors such as Daniel Stufflebeam, Michel Patton, Marvin Alkin, and Jean King, with some small variations. The second branch would bring together the efforts that are defined more as methodological, with many important names such as Carol Weiss, Shen, Thomas Cook, Peter Rossi, and Donald Campbel. Finally, a third branch – that they call "valuing" – brings together authors such as Michael Scriven, Egon Guba and Lincoln, Robert Stake, and Ernest House. The common root would be the senses of accountability and control, as well as of social inquiry.

Different classificatory efforts were also undertaken by other authors, as is the case of the Italian Claudio Bezzi (2007), who classifies evaluations as to their purposes. For him, evaluations can be simply aimed at informing decision-makers about the programs they develop, almost always from functionalist approaches to specific demands; aimed at offering a professional judgment, with the presentation of a summary in which the evaluators expose their findings and seek to answer to more concrete questions from their claimants, instead of limiting themselves to providing data, as in the first case; or, also, geared towards responding to more symbolic demands, almost always situated on the political plane of the

objects evaluated, such as governments' accountability, public accounts' transparency, confirmation of governments' priorities, and so on.

There are also classifications that assume only one element of evaluations, as is the case of classifications according to the position of the evaluator in relation to the object evaluated, which could be "internal," "external," "mixed," or, for some authors, "participatory." For each of these positions, the related advantages and disadvantages can be discussed. Other classifications, in turn, assume only a set of methodological paths as a dividing line, as is the case of the classification between "managerial evaluations," geared towards management, or "non-managerial evaluations," which would comprise the entire plural universe not contained in the first case. There are still classifications as to the timing of the evaluation, according to the life-cycle of the evaluated object. In this case, the evaluations can happen before, during, or after a "concrete fact." For those prior to the fact (*ex-ante*), we can talk about diagnoses, feasibility evaluation, public problems evaluation, scenario evaluation, preference or opinion evaluation, among others; those that happen during the existence of the fact (*in-itineri*) we can be generically named as implementation evaluations, management evaluation, instrumental evaluation, among others; and those that happen after the fact (*ex-post*) can be broadly defined as results evaluation, impact evaluation, effects evaluation, among many other possible names.

Evaluations can also be classified based on its traditions of knowledge – being of realistic or naturalistic ontology. In the first case, of a positivist matrix, the mission of the evaluator (preferably external) is to explain the object evaluated, because, in this ontology, the role of science is to discover the laws (truths) that govern the world (reality). According to this tradition, the truth is always objective and exists concretely, regardless the observer, which explains – for those affiliated to this tradition – that the evaluation must always be impartial, neutral, and methodologically based on the control of the variables to reach the heart of the truth. In turn, in the naturalistic ontology, one of a constructivist matrix, the mission of the evaluator (preferably internal) is to understand the object evaluated, because, in this ontology, the role of science is to understand the world, its parts, always in an approximate way. In this tradition, the truth is always subjective, temporary, situated and dependent on the observer, which explains – for those affiliated to this tradition – that evaluations must be part of the world of the observer and of the observed (thus, not neutral) and methodologically based on the hermeneutic and interactional approaches.

## A New Classification According to Epistemology

The existing classifications are very useful for exploring, from different angles, the variety of evaluative paths that we cover or that we come across, while looking at reports, articles, notebooks, and other media. Therefore, it is worth the effort to fit what we have in our hands or before our eyes in these different possibilities described in the previous section. However, most of them end up telling us much more about evaluations when we take the evaluative knowledge as one that has a posteriori nature – situated and eminently empirical – than when we do it from a different understanding, considering its nature as a priori, universal, and eminently normative. Confronted with this second case, it might seem that we are facing a certain gap, which leads us not only to call for the importance of new evaluative studies but also to risk ourselves in this important field, yet to be better occupied. And, again, we will do it by drawing inspiration from the studies of Boullosa (2018, 2020), Boullosa et al. (in press), and Boullosa and Peres (2020), shifting, however, the centrality of the discussion from the methodological level to a proposal of intersection between the ontological and the epistemological levels.

In this attempt to interpret the current configuration of policy evaluation as an increasingly dense and plural field, the suggested crossing leads us to the proposition of thinking by means of "*schools of thought*" that dispute the field in its different shades, symbolic systems, value

frameworks, power structures, including regarding the ability to reflect on oneself and on the field, grammars of action, admissible behaviors for its agents, conceptual frameworks, methodological definitions, including those with regard to the possible locus for empirical research, among many other elements. Thinking by means of "schools" is to deal with the different possibilities in which evaluation can be also related to other fields of study, beyond the evaluation field itself. But here, by analytical force, we are implicated in the field of policy studies, aiming at interpreting evaluation as a proper field through the following schools of thought: (i) scientific-experimental, (ii) managerial, (iii) anthropological, (iv) participatory, and (v) axiological.

The scientific-experimental school of thought, following a positivist and linear-sequential matrix, assumes that the notion of reality is the most objective possible, defending the complete dissociation between facts and values – which is the same as saying that facts exist as such regardless of the values of those who observe them, for example. This thought comes particularly close to the disciplinary field of Economics. Authors aligned with that school of thought advocate an idea of knowledge that is often defined, by them, as scientific, objective, empirical, measurable, neutral, and prone to reconstruction. Furthermore, such knowledge, especially when articulated in the format of an evaluative judgment, should be based on experimental and quantitatively measurable evidence.

Joining this school of thought also means considering the object of evaluation as an *independent variable that produces effects on a given reality or experimental group*, which can and should be empirically investigated, in the most neutral way possible, with the help of control groups (which did not receive the same *independent variable*). This comparative investigation is carried out by decomposing the effects produced into an articulable and possible set of *dependent variables*. One of the values defended by this epistemology is the belief in the neutrality of science, and therefore in that of evaluation. Thus, the evaluator – preferentially external – is the one to secure such neutrality, based on mathematical techniques of randomization, differential and integral calculus, etc. Its reference methods are the experimental, quasi-experimental and its many variants.

The second school of thought, the managerial one, is based on a functionalist understanding of science, for which knowledge is also seen as objective, while admitting some degree of subjectivity, and preferably empirical. From the viewpoint of positionality, this is the closest school to the policy studies field, but also to public administration, especially in its more traditional versions, which are also positivist and anchored to the principles of rational policy analysis and new public management, respectively. In particular, this school of thought – that can be sometimes superficially interpreted as pragmatism-based – is rooted on the notions of efficacy, effectiveness, and efficiency brought to public management; it is characterized by a strong belief in an instrumental rationality for management systems; and it is also rooted on the idea that managers – and those involved (directly or indirectly) in management processes and its objects – have limited rationality. This is mainly due to the game of interests and preferences that would interfere in such rationalities.

Joining this school of thought also means assuming that evaluations should produce useful knowledge oriented to government action, preferably aiming at instrumentally contributing to a government project, even when not explicitly stated. While it is possible to think of internal evaluators, here there is also a market preference for external ones. In different national realities (countries), evaluators end up splitting themselves into markets, oriented by the type of evaluative demand according to the lifecycle of the objects evaluated. In this school of thought, probably the most expressive of all, the evaluators also see themselves as neutral, philosophically less concerned with the separation between fact and value, but more concerned with the separation between politics and policy. Its main reference methods are internal effectiveness evaluation and cost-benefit evaluation.

The participatory school of thought leads us back to a constructivist scientific tradition and

defends a perspective according to which knowledge is practical, situated, and subjective. The disciplinary field of Sociology is often considered to be the closest one to this school of thought, even though we can also find connections with urban and regional planning. The closest type of rationality is communicative, often inspired by the German philosopher Jürgen Habermas, assuming that to be socially useful, evaluative knowledge should be collectively constructed and agreed upon. For this reason, when effectively participatory, the evaluations aligned with this school admit both internal and external evaluators, since the most important thing is the activation of a public directly related to the evaluated object, methodologically assuming the function of "a community of evaluators."

Joining this school of thought also means assuming that evaluation carries with it a democratizing function, often related to the concept of deliberative or participatory democracy. It is also important to note that this kind of evaluations embrace a strong pedagogical dimension. In addition, problematizing learning in its very public processes requires a careful look at the relations of symbolic power contained in evaluations. These relations can be interpreted or redirected towards objectives of individual and collective empowerment of subjects who integrate the community of evaluators and also among them, possibly including learning as one of the categories to be observed. Its main reference methods are Practical Participatory Evaluation (P-PE) and participants-centered evaluation. Before moving on to the next school, we have a duty to point out that not every evaluation that counts on participation can be considered as part of the participatory epistemology.

The fourth school of thought, the anthropological one, although small and much less widely spread than the others, is characterized by a strong linkage to the ethnographic method. It has a greater proximity to the culturalist tradition in science, particularly due to its infatuation with the field of Anthropology. With no shame, it assumes that the notion of knowledge is linked to a normative and subjective matrix of socially constructed, historically structured, and non-reproducible meanings. The type of rationality assumed is often subjectivist and the evaluations are aimed at understanding the network of meanings that permeate and structure the object under study, modeled and shared by groups and/or territories. The evaluator's positionality is not defined in dichotomous terms (internal vs. external) and evaluators may even describe themselves as participating observers.

Joining this school also means assuming a certain proximity to the case study method, often confined to a micro scale of investigation. It also means recognizing that meanings – especially the shared ones – are one of the most important research materials. And, due to methodological coherence, the evaluators affiliated to this school also end up questioning their own structures of meanings. Its products are almost always dense and very in-depth descriptions of the evaluated objects. Precisely for this reason, experiences of this type are often rejected by public policy managers, for example, who fail to perceive the practical utility of its results, wasting the richness of meanings contained therein. Its reference methods are black box evaluation and anthropological evaluation.

Last but not least, the axiological school of thought starts out from the idea that multiple rationalities coexist in public decision-making processes. Anchored in a constructivist tradition of science, with a more interpretative bias, however, this school is the closest one to the field of Policy Studies. Due to this recognition, however, this school positions itself outside the so-called rational analysis and closer to the so-called critical policy studies, consider by some as post-positivist. For the axiological school, knowledge has a normative, subjective, and socially constructed nature and, most importantly, implicitly anchored in active value structures. The idea of value, seen as "defining" the facts, ends up singling out the evaluations that are aligned with this school of thought, as they assume values as its primary research materials. If values form the matter, matter should be dealt with in interpretative ways.

Joining this school of thought can also mean understanding that values can only be extracted

from arguments, since they underlie them (Fischer and Forester 1993). Evaluations should then be concerned with building argumentative matrices around their objects – hence, it is not uncommon that such evaluators are called argumentativists. Furthermore, the evaluator's positionality does not constitute an important research question, as the discussion of positionality is transferred from the evaluator to the evaluation itself. In this sense, the evaluations process is seen as part of a broader policy context, strongly value-based, as it understands that the produced argument is only fulfilled when confronted in public arenas, including in terms of learning. This school of thought admits a multiplicity of methods and instruments, as long as they are normatively defined. Its reference method is the *practical deliberation model* and its derivations – methods that reinforce the political, argumentative, and/or instrumental dimensions of the axiological approaches.

Understanding the Policy Evaluation field through schools of thought can also reinforce three important and almost cadenced movements (of evaluation and of evaluators). The first one is concerned with understanding the field and the disputes that frame it, mainly because these disputes can give density to the filed, can strengthen its schools and can foster the dialogue between them. The second movement refers to the evaluators' search for positionality, in order to become more epistemologically coherent and more deontologically tuned with values and to their networks of meanings, shifting from an applied activity to an implicated or engaged activity, aimed at transforming reality (Boullosa 2020). And, finally, the third movement is that of cohesion and methodological conformity of evaluations and its processes, thus avoiding the mere reproduction of formulas and magical recipes that end up producing a kind of evaluative knowledge of limited relevance, what contributes, in turn, to the immense difficulty of evaluation feedback within the policy process, to the point that a Colombian author, Karen M. Mokate (2009), wrote an article on how to convert the "monster" of evaluation into an "ally."

Finally, it is expected that these cadenced movements will, in turn, be able to promote reflexivity – a positive characteristic yet to be developed in the field – and defined by Donald Schön (1983) as the ability to perceive, reflect, and learn in the course of practices, in a situated way, even when a professional practice is at stake. The low reflexivity of the evaluation field, however, is most certainly due to its excessively applied nature, a reality in which the professional activity is always urgent, disputed, poorly regulated from the outside and with insufficient networks for the production and reproduction of knowledge, as are the cases of professional and training networks. But, in part, it is also due to a weak articulation between the more systematic production of normative, classificatory and/or historical knowledge and a certain abundance of evaluative products that are built based on their own evaluation objects. Now referring to Argyris and Schon (1978), in order to increase the field's reflexivity, it is necessary to invest in the expansion of its learning processes.

## Brief Words on Meta-Evaluation and Monitoring

Before moving to the end, a few words on meta-evaluation and monitoring are necessary. The first is actually quite old and only now begins to gain its deserved prominence. There is a consensus that the term meta-evaluation was coined by Michael Scriven in 1969, even though Orata had already spoken about "evaluating evaluation" in 1940 (Cook and Gruder 1978). In general, by meta-evaluation, we understand the evaluations that have as its object another evaluation. In addition, in almost all efforts to define what it would be, the formative problem appears as central. In fact, in the 1970s and 1980s, it was often said that meta-evaluations would be a formative evaluations of a summative evaluations, based on Scriven's classification. Gradually, this idea has narrowed to the point that some definitions even advocated that a meta-evaluation would be practically a new evaluation on the same object, research questions and data, functioning almost as an instrument for checking results. Fortunately, this vision has barely prospered, and new efforts began to be

directed both to the improvement of the technical qualities of the evaluations, as well as to the training of evaluators, when to serve as a possible instrument of social control.

Evaluation and monitoring are two very close activities, but with some characteristics that make them unique. Unfortunately, it is common to find authors who use the terms evaluation and monitoring as synonyms, especially when it comes to empirical works (Rodrigues 2014; Wollman 2007). This false synonymy is especially harmful to the concept of monitoring, since, almost always, such authors are in fact referring to evaluation, not monitoring, relegating the latter to an appendix or tool of the former. In common, evaluation and monitoring have the nature of applied research, the purpose of presenting answers about the progress of objects (such as programs, projects, actions, etc.) departing from specific questions, which may or may not include the need for a final judgment or synthesis. The difference between them concerns the relations they establish with causality, since monitoring always depends on a hypothesis of functioning of the observed object. In other words, monitoring deals with patterns of data behavior and can be associated with alerts in case of variations beyond what was previously considered acceptable. It is a permanent and continuous action of observing one or more objects that occur in the form of phenomena, objects affected by a phenomenon, a happening or an event that arouse interest for some purpose or utility within a space of human insertion. In other words, monitoring must be seen as a process of continuous monitoring of the internal and external conditions of an object in its context as it occurs in time and space, covering all its characteristics of interest.

The proximities and the differences, however, ended up opening a new path of intersection between such activities: complementation (Boullosa 2009). Although it is very rare to find evaluation and monitoring efforts on the same object, the advantages of bringing them together can be great. Firstly because of the opportunity to build very specific questions about the same object. Secondly, because a concrete and complex evaluative knowledge about the actual state of an object would give us the possibility to build a more accurate system of the points or components of the same object that can be monitored – especially with regard to the ability of such components to translate or to represent the general progress of the object's state at a specific time. And, finally, because a good evaluation provides us with a kind of "ground zero" for monitoring, helping to expand its own control purposes.

## Can We Talk About a New Work Agenda?

In order to talk about a possible work agenda, we need to carefully observe the current movements in the policy evaluation field. And it looks like they are of two kinds. The first movement is more institutionalized and has to do with the confluence of many efforts coming from new associations that can be found in different countries of the world – such as agencies and networks – but also coming from second-level networks, derived from the national ones. From this movement, which was fundamental for the creation of Eval4Action (the global campaign for evaluation activated by the United Nations), for instance, we have been witnessing complementary efforts to professionalize national and regional networks, to create permanent channels of knowledge dissemination, such as specialized magazines, as well as efforts focusing on the systematic inclusion of evaluation in official government agendas, companies, and civil society organizations; the qualified promotion of evaluation by international cooperation and local development agencies; and a more systematic supply for qualified training in evaluation.

The second movement is more subtle, less articulated, but perhaps even more powerful. It finds its roots in the **formative** idea of Scriven (1967), in the **comprehensive** model of Rossi and Wright (1984), in the **constructivist** paradigm of Guba and Lincoln (1989), in the **program theory** of Carol Weiss (1972), in the **argument** of Fischer (1995), and in Boullosa's **frame of values** (Boullosa 2020). And it goes further, seeking to understand evaluation in its political dimension of social change and through a more plural and

strongly democratic notion of evaluative knowledge, anchored in new epistemologies – in a kind of movement that has also been transforming language studies in Europe, subaltern studies in Asia, decolonial studies in Latin America and Africa, and feminist studies distributed in the Americas as a whole. These new incursions clearly represent a search for a normative and axiological positionality. At the one hand, they enhance the evaluation processes, bringing conceptual pairs with innovative normative depth to the surface – such as power and ethics (Foucault), intersectionality and oppression (Crenshaw), body and politics (Safatle 2015), emotion and citizenship (Marcus 2008), learning and transgression (Hooks 1994), experience and public policy (Peres 2020), learning and multiactoriality (Boullosa 2019); and, on the other hand, they point to a different future for policy evaluation, one engaged with the democratization of societies through the democratization of knowledge.

## References


Albaek E (1998) Knowledge, interests and the many meanings of evaluation: a developmental perspective. Scand J Soc Welf 7:94–98

Alkin MC (1985) A guide for evaluation decision makers. Sage, Newbury Park

Alkin MC, Christie CA (2004) Evaluation theory tree revisited. In: Alkin MC (ed) 'Evaluation roots: tracing theorists' views and influences'. Sage Publications, pp 381–392

Argyris C, Schon DA (1978) Organizational learning. Addison-Wesley, Reading

Bezzi C (2007) Il Disegno della Ricerca Valutativa. Franco Angeli, Milão

Boullosa RF (2009) Introdução à Avaliação e Monitoramento de Projetos Sociais. In: Boullosa RF, Araújo ET (2009) Avaliação e Monitoramento de Projetos Sociais. 1. ed. Curitiba: IESDE. v. 1000. 262p

Boullosa RF (2018) Gestão Social e Avaliação. In: de Oliveira Neto JM, Junior JTS (eds) Gestão Social, vol 1, 1st edn. Fundação Demócrito Rocha/UANE/BID/STDS, Fortaleza, pp 267–288

Boullosa RF (2019) Mirando ao revés as políticas públicas: o desenvolvimento de uma abordagem crítica e reflexiva para o estudo das políticas públicas. Publicações da Escola da AGU, série especial:89–105

Boullosa RF (2020) Para onde tem nos levado a pandemia? Entre tantos desamparos públicos, precisamos também falar sobre avaliação em políticas públicas. Revista NAU Social v.11, n.21, p. 427–442 Nov 2020 / Abr 2021

Boullosa RF, Peres JLP (2020) Análise e elaboração e gestão de programas e projetos de desenvolvimento socio-territorial. UFBA, Escola de Administração, Salvador

Boullosa RF, Peres, JLP, Bessa LFM (in press) Por dentro do campo: uma narração reflexiva dos estudos críticos em políticas públicas. Revista Organizações & Sociedade, Escola de Administração, Universidade Federal da Bahia, Salvador

Bourdieu P (1976) Le champ scientifique: Actes de la recherche en sciences sociales, vol 2. Ed. du Seuil, Paris, p 88

Bozzi SO (2001) Evaluación de la gestión pública: conceptos y aplicaciones en el caso latinoamericano. Revista do Serviço Público 52(1):25–55

Cook TD, Gruder CL (1978) Metaevaluation research. Eval Q 2(1):5–51

Faria CAP (2005) A política da avaliação de políticas públicas. Revista Brasileira de Ciências Sociais, São Paulo 20(59):97–109

Fischer F (1995) Evaluating public policy. Nelson-Hall, Chicago

Fischer F (2003) Beyond empiricism: policy analysis as deliberative practice. In: Hajer M, Wagenaar H (eds) Deliberative policy analysis: understanding governance in the network society (theories of institutional design). Cambridge University Press, Cambridge, pp 209–227

Fischer F, Forester J (1993) The argumentative turn in policy analysis and planning. Duke University Press, London

Guba & Lincoln (1989) Fourth Generation Evaluation. Sage Publications

Hooks B (1994) Teaching to transgress: education as the practice of freedom. Routledge

Marcus GE (2008) Le citoyen sentimental: Emotions et politique en démocratie. Collection Sociétés en mouvement. Presses de Sciences Po, Paris

Mokate K (2009) Convirtiendo el "monstruo" en aliado: la evaluación como herramienta de la gerencia social. Instituto Interamericano para el Desarrollo Social – INDES

Orata PT (1940) Evaluating evaluation. J Educ Res 33:641

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, New York

Patton MQ (1988) The evaluator's responsibility for utilization. Eval Pract 9:5–24

Patton MQ (1997) Utilization-focused evaluation, 3rd edn. Sage, Beverly Hills

Peres JLP (2020) Reinterpretando o fluxo de políticas públicas a partir da experiência: do pragmatismo crítico ao Hip Hop da Ceilândia/DF (Tese de Doutorado), Programa de Pós-Graduação em Desenvolvimento, Sociedade e Cooperação Internacional – PPGDSCI. UnB, Brasília

Rodrigues RW (2014) Monitoramento (entry). In: de Freitas Boullosa R (ed) Dicionário para a Formação

em Gestão Social, vol 1, 1ed edn. Editora CIAGS, Salvador, pp 144–148
Rossi PH, Wright JD (1984) Evaluation research: an assessment. Annu Rev Sociol 10:331–352
Safatle V (2015) Circuito dos Afetos: Corpos políticos, Desamparo, Fim do Indivíduo. Cosac Naify, São Paulo
Schön D (1983) The reflective practitioner: how professional think in action. Basic Books, New York
Scriven M (1967) The methodology of evaluation. In: Tyler RW, Gagne RM, Scriven M (eds) Perspectives of curriculum evaluation. Rand-McNally, Chicago, pp 39–83
United Nations (2020). The Eval4Action campaign – a decade of action to deliver the SDGs by 2030. Access: https://www.eval4action.org/
Weiss C (1972) Evaluation research: methods for assessing program effectiveness. Prentice-Hall, Englewood Cliffs
Weiss C (1994) Evaluation: methods for studying programs and policies. Pearson
Williamson J (1989) What Washington Means by Policy Reform. In: Williamson, John (ed.): Latin American Readjustment: How Much has Happened, Washington: Peterson Institute for International Economics
Wollman H (2007) Policy evaluation and evaluation research. In: Fischer F, Miller GJ, Sidney M (eds) Handbook of public policy analysis – theory, politics and methods. Routledge, New York

# Policy Failure

Mauricio Olavarría-Gambi
Universidad de Santiago de Chile, Santiago, Chile

## Synonyms

Ineffectiveness of public policy; Policy failure

## Definition

The inability of a public policy to achieve its goals, to get results that benefit – or at least do not harm – the population to which it should serve, to materialize the values and purposes promoted by its proponents, to give legitimity to the government, and to generate greater efficiency and/or effectiveness compared to other public policies that could have been implemented to cope with the same problem.

## Section

Latin America and the Caribbean

## Introduction

The expression of the failure of public policies is conceptually complex, because it has been used in an unsystematic and elastic manner to refer to different kinds of situations, results, consequences, and with some frequency, as an argument in political confrontation with the purpose of achieving support for a given cause or delegitimizing the initiatives of opponents (Zittoun 2015).

Furthermore, a public policy may have failed in some aspect or area in which it participates, but not necessarily in others or in all the areas in which it operates. That happens because public problems are multidimensional and because a public policy is rarely so focused that it deals with only one facet of the problem. For example, the Transantiago, the public passenger transport system implemented in the city of Santiago, Chile, in 2007, which was characterized by The Economist (2008) as "a model of how not to reform public transport," has achieved some positive results, such as the implementation of a prepayment card that incorporates a technological device which in contact with a collecting machine installed in each bus charges the cost of the ticket. This has led to a substantial decrease of assaults to buses in the city's peripheral zones and to the drivers concentrating on driving the bus, which in turn has meant a large decrease in the rate of accidents involving public transport buses.

On the other hand, besides defining the idea of public policy failure, a highly significant issue is to be able to generate an analytical framework that allows an integral understanding of the situations that get to be characterized as public policy faults or failures. Therefore, this kind of analysis must answer three intrinsically related questions: (i) When can a public policy be considered to have failed? (ii) What situations or circumstances determined or were key aspects in generating the

failure? and (iii) What type of lessons can be gotten from a case of a failed public policy?

## Conceptual Issues

### On the Identification of a Failed Policy

The academic literature usually treats the notion of fault as the reverse of success of a public policy (see, for example, McConnell 2010a, b; Baldwin 2000; Boyne 2003; Marsh and McConnel 2010; Newman and Head 2015). So a successful policy is considered to be one that achieves the established objectives, gets favorable results, and respects the values and orientations of the governments that implemented them. On the other hand, a public policy is seen as a failure when it does not achieve the objectives that were set, when it affects negatively the population that it was meant to benefit, when it is ineffective, inefficient, or its costs are excessive compared to another intervention that could have been implemented to deal with the problem, and/or when it generates negative political consequences – reputational and/or electoral – in its promoters and implementers. McConnel (2010a: 357) states that "Program failures, in essence, not only fail to accomplish what they were intended to do but can also threaten the position of politicians and parties that sponsor failed programs."

Considering the multidimensionality of problems approached by the public policies, the characterization of failure must therefore be made in reference to those aspects, realms, or areas in which the already mentioned negative effects are produced. Therefore, summarizing, a public policy may be considered as a failure when in the analyzed aspect, realm, or area it is incapable of achieving its objectives, obtaining favorable results, being effective in its implementation, providing legitimacy to its proponents, and/or, furthermore, harming the welfare of the objective population to which it should benefit.

### On What Leads to the Failure of Public Policy

Although this characterization and brief definition allows identifying when a public policy can be considered as a failure – or the concrete realm to which the analysis refers – the next step in an integral analytic perspective is to identify the situations and/or circumstances that would have led to unleash the fault. Consequently, the issue that must be dealt with at this stage is, following Peters (2015), whether the fault is more related to the design of the public policy, to its implementation, or to the governance system in which the policy process is embedded.

The failures associated with the policy design refer to the fact that there has been a deficient conceptualization and understanding of the public problem that must be approached, the setting of goals, the selection of instruments, the specification of activities, tasks, and/or the assignment of executors. This type of deficiencies may lead to not achieving the assigned objectives, generating unfavorable results, loss of welfare of the beneficiaries of the public policy, and/or producing negative political consequences to their promoters.

The failure associated with implementation, on the other hand, would be located in the complex network of interactions that link persons and organizations with the objective of executing a set of activities that have been established with the purpose of achieving the objective assigned to the public policy. According to Dimitrakopoulos and Richardson (2001: 336), implementation refers to "the complex process of putting a policy into practice by a variety of mechanisms and procedures involving a wide and diverse range of actors." On this point, it should be recalled that "a public policy can be seen as a hypothesis on how a given goal, assigned to a State intervention, can be achieved if a given group of activities, deduced from a set of knowledge that is considered valid, is put in operation" (Olavarría 2016: 3).

Furthermore, it also must be recognized that the limit between failures associated with the design and those associated with the implementation is dim, and recurrently, impossible to clarify. This happens because it is not possible to analyze the implementation of a public policy without referring to its design. Focusing on the analysis of the implementation, Pressman and Wildavsky (1984: xxv) argue that "the separation of public policy design from its implementation is fatal (and

that) . . . though we can isolate policy and implementation for separate discussion, the purpose of our analysis is to bring them into closer correspondence with one another."

Thus, implementation is seen associated with the governance system in which the public policy is inserted and in which are established the cooperation and coordination mechanisms of the set of actors – organizational and individual – that take part in the public policy process. The perspective of the governance stimulates the development of an integral vision of the system that harbors the policy, because it makes it possible to see how the design, the organizational performance, and the interorganizational arrangements interact and converge to produce the results observed in the implementation of the public policy.

Therefore, the fault in the implementation would be the consequence of a governance fault, which involves the ability to monitor what is happening in the system, direct the organizations that take part in the implementation toward the established goals, intervene when deviations are detected, and close the gap that exists between the ideal of the public policy and the reality of the actions of individual autonomous organizations (Van der Steen et al. 2015), which the action performed by organizations involved in the implementation generate stimuli and feedback that are taken into account as supplies by other organizations, creating a pattern that magnifies the original effect.

The fault associated with the implementation would therefore be the consequence of an inability of the system in charge of putting in practice the policy, to direct and articulate the actions of the executing agencies needed to achieve the established goals.

### On the Lessons from a Failed Policy

The third step is to identify the lessons that may be obtained from a policy failure. Four types of lessons can be gotten from that analysis.

The learning on the problem that will be approached by a public policy implies deepening the knowledge on the situation which is considered problematic, the causal links that would be producing it, and the interrelation and effects that it would have with and on other situations, as well as specifying the scopes and goals that the public policy would have on the problem which will be intervened.

The technical learning refers to the relation between the instruments applied and the established goals, to the availability of the information and data needed for designing the policy and monitoring the implementation, and to the effectiveness of the policy management model.

The institutional learning is related to the lessons left by the failed policy in terms of practical operation and application of the set of rules and norms that govern the design and implementation of the policy, the organizational designs and performances, the established interorganizational arrangements, the size of the human work teams, as well as the abilities and competencies required to carry out the intervention established by the public policy.

The political learning refers to the knowledge left by experience on how to maneuver in the power networks to get political support for the public policy initiative, how to neutralize the criticisms and oppositions, how to prevent proponents, promoters, and supporters to abandon the initiative, how to communicate more effectively the scope, goals, and operation of the policy to larger audiences, how the population to which it is addressed would benefit, and also how to be prepared to react promptly when a crisis occurs.

Therefore, the study of the lessons left by a case of public policy failure is a multifaceted analysis that involves aspects relative to the social construction of the problem itself approached by the public policy, technical aspects, political consequences, and on the distribution of power, institutional and organizational aspects that have had an incidence on the results, and effects generated by the public policy.

## Concluding Remarks

The development of an integral analytic perspective of a policy failure leads to the need of approaching three interrelated issues: when can a policy be considered to have failed, what

situations or circumstances led to the fault to take place, and what lessons can be obtained from the experience.

The identification of the failure of a public policy is related to its inability to achieve the objectives that were established, with adverse results and impacts, with negative political effects for its promoters, and harm to the welfare of the population it was meant to benefit. The situations and circumstances that lead to the failure of the intervention can be located in the design or in the governance system that hosts the policy and from which it is managed. The learning will make reference to the problem itself that is approached by the policy, to the technical, institutional, and organizational aspects involved, and to the management system of the public policy.

This entry has benefited from the work done by the author in the article "Policy Failure Revisited: Conceptual Implications From the Chilean Case of Transantiago", *Administration & Society*, 2018, https://doi.org/10.1177/0095399718786878

## References


Baldwin DA (2000) Success and failure in foreign policy. Ann Rev Polit Sci 3:167–182

Boyne GA (2003) What is public sector improvement? J Public Adm 82(2):211–227

Dimitrakopoulos D, Richardson J (2001) Implementing EU public policy. In: Richardson J (ed) European Union: power and policy-making, 2nd edn. Routledge, London

Marsh D, McConnell A (2010) Towards a framework for establishing policy success. Public Adm 88(2):564–583. Blackwell, Oxford

McConnell A (2010a) Policy success, policy failure and grey areas in-between. J Int Public Policy 30(3):345–362. Cambridge, UK: Cambridge University Press

McConnell A (2010b) Understanding policy success. Rethinking public policy. Palgrave MacMillan, London

Newman J, Head BW (2015) Categories of failure in climate change mitigation in Australia. Public Policy Adm 30(3–4):342–358. SAGE, California

Olavarria-Gambi M (2016) Implementación de políticas públicas en Chile: lecciones para el diseño. Análisis de los casos de modernización de la gestión pública y de la reforma de salud. In: XXI Congreso Internacional del Centro Latinoamericano de Administración para el Desarrollo, 8 al 11 de Noviembre de 2016. CLAD, Santiago

Peters G (2015) State failure, governance failure and policy failure: exploring the linkages. Public Policy Adm 30(3–4):261–276. SAGE, California

Pressman JL, Wildavsky A (1984) Implementation: how great expectation in Washington are dashed in Oakland," 3rd. Edition, Expanded." Berkeley and Los Angeles, CA: University of California Press.

The Economist (2008) Chile. The slow lane. Fallout from a botched transport reform. 7 Feb 2008. http://www.economist.com/node/10650631. Website visited in Feb 2016

Van der Steen, Martijn, Jorren Scherpenisse, Mark van Twist, and Paul T Hart. 2015. "How to see failure: Attempts by the Inspectorate of Education to detect and disarm failure in Dutch education policy. Public Policy and Administration, 30(3-4), pp. 320–341. California, USA: SAGE.

Zittoun P (2015) Analysing policy failure as an argumentative strategy in the policy making process: a pragmatic perspective. Public Policy Adm 30(3–4): 243–260. SAGE, California


# Policy Innovation Labs


Adam M. Wellstead
Department of Social Sciences, Michigan Technological University, Houghton, MI, USA


## Synonyms

Policy sector innovation

## Definition

Policy innovation labs (PILs) are a global response to the growing demand for public sector innovation and the development of policies addressing complex issues. PILs can be found within and outside of governments. They encourage the use of tools that facilitate experimental lab-like environments.

## Introduction

Policy innovation labs (PILs) are a relatively new methodological approach by which governments

are attempting to construct public policies that address complex collective problems. They are defined as approaches that adopt creative, design, or user-oriented perspectives. PILs are considered to be neutral organizations applying scientific, lab-like methods to generate innovative, evidence-based policy solutions to complex social problems, therefore considered to "represent islands of experimentation where the public sector can test and scale out public service innovations" (Tõnurist et al. 2017, 1432). Many PILs work for or within a government entity and contribute to the shaping or implementation of public policies (Fuller and Lochard 2016). There is no consensus respecting how to define "policy innovation." In response, PILs have unique, and often elastic, definitions of what they themselves take this concept to mean, but for many, placing the end user at the center of the policymaking process is central (Fuller and Lochard 2016). PILs define themselves as "producers" and "facilitators" of policy innovation and act as physical spaces or "hubs" serving to promote collaboration across organizations and discrete functions to test ideas and prototypes (Coblence and Vivant 2017). PILs, some contend, are contributing to a rapid turn to experimental approaches within government and in policy work (McGann et al. 2018). In global terms, the bulk of these have been established since 2011. The worldwide number is not known. However, a 2020 study found that there were over 120 PILs based in the United States (Wellstead and Nguyen 2020). Examples of PILs include GovLab (New York), Nesta (London), The Policy Lab at the University of Melbourne, and Pulse Lab Jakarta.

## Defining PILs

PILs have many competing labels and terms; in addition to PILs, they are referred to as social labs, government innovation labs, creative labs, open creative labs, and policy hubs. PILs often work within or for a government entity at the local, regional, and national levels, such as hybrids of think tanks, digital RD, labs, centers for innovation, design labs, social enterprises, and charitable organizations. PILs act as champions and enablers of innovation by providing the space to experiment with innovative methods in designing policy, with the implication that these practices are otherwise limited or fail to develop because of the risk aversion endemic to the public sector generally and to government in particular. PILs are often considered to provide methodological expertise and skills beyond what many regular civil servants usually possess. By doing so, they serve as a mechanism to reconcile the structural tension between the growing need for policy innovation on one hand, which inherently involves risk taking while mitigating the blame avoidance tendencies within the government.

PILs are increasingly being established and commissioned by governments to bring new insights and approaches to policy design and the delivery of public services. Policy "labs" differentiate themselves from traditional public service approaches through their roles as "dedicated teams, structures, or entities focused on designing public policy" (Fuller and Lochard 2016). Many PILs tend to be autonomous and structurally separated from the public sector while still operating within it, acting as "change agents." They often act as physical centers or "hubs" that promote and facilitate collaboration across sectors, testing and scaling of ideas and prototypes, and centers for collecting and mobilizing knowledge and evidence. In cases where they exist within public institutions or governments, there is often the goal of acting as "ambassadors" for legitimating and promoting policy innovation practices within their own structures (Coblence and Vivant 2017). PILs, as experimental spaces for designing policy solutions developed through various change methodologies, create momentum in the solution of an array of collective problems (Allio 2014). This is achieved by engaging stakeholders in processes like workshopping and prototyping (Bellefontaine 2012), using collaborative technologies such as web 2.0, as well as highly visual approaches like storyboarding. Adopting methodological techniques, such as ethnography or action research, to work directly with people who are affected by the policy or program is one hallmark of the process. The goal of PILs is to

create a collaborative space to enable participants with varied skill sets to reach a common understanding of a policy challenge and then explore, design, and test user-centered solutions for potential implementation across the system (Bellefontaine 2012).

Adding to the complexities surrounding PILs is their eclectic nature. Typically, PILs proceed on a project-by-project basis, but each lab has a different project selection process. Projects can be commissioned by partners outside of the lab, pursued independently by lab staff, or brought forward by network members. For example, many government PILs are interdepartmental by design and openly solicit project ideas from any department or state agency that wishes to undertake an innovation project. Some PILs focus on specific policy areas such as health, transportation, or social care policy, while others are purposely open to all policy areas. In terms of location, PILs can be situated inside, outside, or on the periphery of government. Commonly, non-governmental PILs operate out of universities but are increasingly also independent nonprofit entities dedicated to "social innovation." PILs funding models are similarly varied. In terms of financing, labs can be funded directly and exclusively by governments, while some are registered charities and receive their funding through donations and grants from foundations, while others operate on the model of for-profit business and are financed by their commissioned projects. Though some labs have established themselves and matured over the past decade, the majority of policy labs are on average only 2 years old and are themselves experimental structures. Though new labs are created each year, a number are also dismantled as a result of budget cuts or changes to political agendas or leaders (Fuller and Lochard 2016). PIL are created in the public sector to cope with external complexity (e.g., the rise in user-led expectations; austerity).

Although often loosely defined and despite no official role attributed to PILs, most agree that they contribute both to shaping as well as to implementing public policies (Fuller and Lochard 2016), which entail a twofold function. First, PILs act as "producers" and "facilitators" of policy innovation enabling experimental policymaking spaces for designing policy solutions developed through various change methodologies which aim to create momentum in the solution of an array of social, economic, or environmental problems. Specifically, PILs allow participants with varied skill sets exchange information, knowledge, and ideas to reach a common understanding of a policy challenge drawing on a process which benefits from diversified inputs to allow innovative ideas (Thoring et al. 2018). Second, PILs generate policy innovations by exploring, designing, and testing optional implementation alternatives, thus serving as physical spaces or "hubs" to promote collaboration across organizations and discrete functions (Coblence and Vivant 2017) in order to test ideas and potential prototypes of user-centered solutions across the system, which echo PILs as promoting evidence-based, and particularly user-focused policymaking.

The literature distinguishes four types of PILs: (1) design-led labs, which are concerned with the application of "design" thinking to policy and are focused on "user-centered" methods such as ethnography, visualization techniques, and collaboration with citizens and other stakeholders to clarify problem definitions and co-create solutions; (2) open government/data labs that employ innovative approaches in data analytics such as applying new digital and web-based tools to open up and interrogate public data, therefore drawing from expertise from diverse participants to run and apply data analytics; (3) evidence-based labs that are focused on the application of rigorous evaluation techniques, principally randomized controlled trials (RCTs) and an adherence to the idea of evidence-based policy; and (4) mixed labs, which employ any one of these three approaches.

Thus, innovation labs are understood as both a process and a particular kind of work space that breaks down hierarchy and engages people in divergent and creative thinking. Innovative methods applied to policy collaboration include hackathons where large numbers of stakeholders meet over several days to parse out the details of a policy or program problem and crowdsourcing ideas through online collaborative mapping of a policy problem. Other labs undertake strategic

foresight, design thinking, and behavioral insight methods (Brookfield Institution 2018).

## Origins of PILs

The emergence of PILs has been explained by a number of trends in the public management field. Broadly they are part of a long-term ongoing agencification process in the public sector, namely, creating new agencies and giving them more autonomy. There has been a growing interest in evidence-based and particularly user-focused policymaking and the popularity of "open government" agendas. Open government in particular is concerned with citizen empowerment and employs information-communications technology to improve governance, both practices that are generally promoted by policy labs. However, it has been argued that technology-driven innovation requires more fundamental organizational changes and is not alone a driver of innovation. Secondly, at the organizational level, the establishment of PILs has been mandated in order to remove bureaucratic barriers that otherwise hinder policy innovation. They facilitate internal learning (e.g., search for productivity gains) and legitimize change through specialization and the concentration of experts.

## Policy Co-production

This focus on collaborative co-construction of public policy leads one to question how or if PILs fit into the rubric of new public governance (NPG) theory. The core characteristics of new governance are collaboration and deliberation Gunningham (2009). In concrete terms, collaboration refers to bringing "multiple stakeholders together in common forums with public agencies to engage in consensus-oriented decision-making" (Ansell and Gash 2008, 543). Policy solutions to complex problems can be negotiated through collaboration. The closely allied concept of deliberation is concerned with enabling all stakeholders, not just government decision-makers or elite stakeholders, a role in the policy process (Van der Heijden 2013). Policy co-construction, the deliberative process at the center of new governance theory, assumes a fairly even distribution of political and other resources among nongovernmental policy actors which fails to acknowledge that in this framework, "talk is disconnected from power" (Noveck 2011, 89). Policy is an expression of power relations in society and as power is unevenly distributed.

Facilitating empowerment through stakeholders' meaningful involvement by contributing to breaking down traditional bureaucratic hierarchies and to the redistribution of power. One of the hallmarks PIL is working directly with people who are affected by the policy or program and in general drawing on methodological techniques such as workshopping, prototyping, ethnography, and other types of action research. By creating lab-like organizations, they aim to create a leading role in the rapid turn to experimental approaches within government in general and in the design of policy interventions in particular.

PILs, as experimental policymaking spaces for designing policy solutions, are designed to create momentum in addressing solutions to an array of social, economic, or environmental problems Allio (2014). This is achieved by engaging stakeholders in processes like workshopping and prototyping (Bellefontaine 2012), using collaborative technologies such as web 2.0, as well as highly visual approaches like "storyboarding." Adopting methodological techniques, such as ethnography or action research, to work directly with people who are affected by the policy or program, is one hallmark of the process. Evidence-based analysis and sophisticated research techniques needed help improve the efficiency and effectiveness of public programs should also play a critical role in PILs. For example, the MIT Lab for Innovation Science and Policy states that it "aims to become the place that policymakers, senior executives and entrepreneurial leaders turn for evidence-based guidance on the design of innovation-focused job policies and programs." To achieve such activities, a key feature of PILs is to create a collaborative space to enable participants with varied skill sets to reach a common understanding of a policy challenge and then explore, design, and test

user-centered solutions for potential implementation (Bellefontaine 2012).

## PIL Functions

PILs are expected to fulfill a number of critical functions. First, proponents advocate that PILs' employ methods that will increase the odds of addressing complex social problems systematically at their roots, and some would even argue that PILs "have the methodological expertise to understand social problems, get inside the public perspective, and generate insights and ideas for future policy interventions and practices of governance" (Williamson 2015, 4). Second, PILs are expected not only "to create motivation and commitment to design thinking for policymaking, but also to facilitate the 'social turn' (Chen and Huang 2007) within the field of policy analysis, that is, revolutionize policy design to a framework that facilitates participatory and cross-disciplinary approaches to social problems (McGann et al. 2018)." Third, a more reluctant expectation emphasizes that the prominence of PILs will lead to prioritization of more technical, scientific aspects, such as methodological skills and technical expertise both in policy analysis in general and in the policy design in particular, while causing a neglect of significant sociopolitical aspects of policymaking, including, for example, values and ideology, political feasibility, as well as moral and ethical considerations.

## Conclusion

The popularity of policy innovation labs (PILs) since 2010 is reflected in their rapid global growth. Their growth has led to claims that PILs "are on the path to becoming a pervasive part of the social infrastructure of modern public organisations" (Carstensen and Bason 2012, 5). There are a wide range of PILs each defined by the nature of the issue they seek to address, the composition of stakeholders, their autonomy and funding from government agencies, and the tools each employs. They are a response to the perceived inability of traditional hierarchical risk-adverse structures within civil services to address new and complex issues, particularly technological innovations (e.g., artificial intelligence, big data). Following the analogy of a scientific lab, many share the common feature of promoting experimental spaces and encourage greater participation by those affected by new policy designs. By doing so, novel approaches to engagement are employed such as design thinking, hackathons, ethnographic research, service blueprinting, data science, and digital tools. While there is a growing literature on PILs internal structures and reasons for their formation, their impact on policy development and societal impact are an emerging field of research.

## Cross-References


- ▶ Bureaucratic Influence in Policy Formulation
- ▶ Leading Innovation
- ▶ New Public Management


## References


Allio L (2014) Design thinking for public service excellence. UNDP Global Centre for Public Service Excellence

Ansell C, Gash A (2008) Collaborative governance in theory and practice. J Public Admin Res Theo 18 (4):543–571

Bellefontaine T (2012) Innovation labs: bridging think tanks and do tanks. Policy Horizons Canada, Ottawa

Brookfield Institute (2018) Exploring policy innovation: tools, techniques + approaches. https://brookfieldinstitute.ca/wp-content/uploads/BrookfieldInstitute-PIP-Landscape-1.pdf

Carstensen HV, Bason C (2012) Powering collaborative policy innovation: can innovation labs help. Innov J 17(1):1–26

Chen CJ, Huang JW (2007) How organizational climate and structure affect knowledge management—The social interaction perspective. Int J Inform Manag 27 (2):104–118

Coblence E, Vivant E (2017) Le design est-il soluble dans l'administration? Trois trajectoires d'institutionnalisation de l'innovation publique. Sci Des 1:52–68

Fuller M, Lochard A (2016) Public policy labs in European Union member states. Publications Office of the European Union, Luxembourg

Gunningham N (2009) Environment law, regulation and governance: shifting architectures. J Environ Law 21 (2):179–212

McGann M, Emma B, Jenny ML (2018) The rise of public sector innovation labs: experiments in design thinking for policy. Policy Sci 51(3):249–267
Noveck BS (2011) The single point of failure. In Innovating government (pp 77–99). TMC Asser Press
Thoring K, Desmet P, Badke-Schaub P (2018) Creative environments for design education and practice: a typology of creative spaces. Des Stud 56:54–83
Tõnurist P, Kattel R, Lember V (2017) Innovation labs in the public sector: what they are and what they do? Public Manag Rev 19(10):1455–1479
Van der Heijden J (2013) Different but equally plausible narratives of policy transformation: a plea for theoretical pluralism. Int Polit Sci Rev 34(1):57–73
Wellstead A, Nguyen S (2020) The rise of policy innovation labs: a catalog of policy innovation in the United States. Available at SSRN
Williamson B (2015) Governing methods: policy innovation labs, design and data science in the digital governance of education. J Educ Adm Hist 47(3):251–271

# Policy Making and Crisis Management

Abdulrasheed A. Muhammad
Department of Political Science, University of Ilorin, Nigeria, Ilorin, Nigeria

## Synonyms

Administration; Disaster; Emergency; Organisation; Programme; Rule; Strategy; Supervision

## Definition

A policy is a deliberate decision taken on an identified problem or refusal to take any action.

A crisis represents an unfavorable situation that produces adverse effect(s). Crises management is, therefore, the process of systematically managing such situation.

## Introduction

Policy making is an aspect of general administration which is relevant to both public and private domains. This is because human societies are characterized by series of challenges requiring attention. Such challenges may be in the form of political, economic, health, or other form of crises. It could also occur to both governments or public bodies and private individuals or organizations. The natural tendency when crisis occur is to seek a way of ameliorating or solving it. Thus, having a policy on such issue becomes important. Policy making is common to both government and private entities. A commonality between them is the idea of interest. Policies are made to achieve maximum interest of the entity concerned. However, while government/public interest may not necessarily be in economic terms, business organizations usually think in terms of economic benefits and this is why it is at times crises management is conceived as risk management by business entities. All the same, both public and private organizations are involved in formulating policy to address a named problem. This entry examines issues surrounding how public policy is used to manage crises using a case study of the coronavirus pandemic.

## Issues in Policy Making

All policies must have a rationale, process of arriving at it and actors involved as well as several forms of it. All these are focused in this section of the entry. Policies are made to address a named problem. It represents a strategy for managing identified crisis which if left to fetter can result into greater crisis or crises. For this reason, it is an integral part of management in any organizational set up or state entity. It provides a guide for the day-to-day administration of any organizational entity be it a state, private organization or an individual. This means that policy making is applicable to both public and private realms. However, while policy at the private or individual realm can be described as micro since it has limited sphere of application, public policy can be situated within the macrorealm because of its larger sphere of applicability. Also, at the public realm, policies often stem from and are in compliance with enabling laws. It may at times

involve drafting of bills for legislative approval or issuance of executive order. This implies that both the legislative and executive arms of government (President/Prime minister, other ministers or aides, civil servants, and other agencies of the executive arm) are actors in public policy formulation process. For business entities, the actor in policy making is the company's management. Also, policy at times produces intended impacts in which case it achieves the objective(s) of making it and at times, it results in unintended impact. For example, recent efforts by governments all over the world to reduce the spread of the coronavirus disease (COVID 19) through stay at home order produced both intended and unintended impacts. While the policy was able to curb peoples' movement especially between countries, the avalanche of other vices such as domestic violence resulting from the stay at home order was not intended.

It is important to note that while policy and procedure are similar and goes hand in hand, they are quite different in their focus. Policies, for example, are targeted at addressing some challenges through systematic analysis but procedures emphasize sequence of steps that must be taken to address the challenges. Together, however, they help to establish standard of behavior or performance in a state or an organization on a particular issue as well as help to achieve accountability on the part of management because achievement of goal will be the measure of performance of management. It is equally important to distinguish between policy making and decision making. While the latter implies selecting a particular course among several alternatives, the former has to do with coming up with a particular plan of action to address a named problem. In other words, decision making is part of the policy making process. For example, it may be a policy of the government to ensure that citizens have access to quality living. Governments' decision in this regard will include provision of hospitals, drugs, and descent housing among others for the benefit of the citizens. A business entity or a private organization may have a policy of filling vacancies from its internal staff. Its decision to actualize the policy may, therefore, involve given a right of first bite to its internal staff or taking a step that will confer advantages on its staff.

In terms of policy cycle, that is, the stages involved in the making of a policy, quite a number of stages exist with some variations. However, the divergencies in the stages are rather in terms of number than in the substance of the activities. These stages, for clarity, can be summarized into (i) identifying a named problem that requires urgent attention. This may be global or country specific (ii) identification of alternative courses of action on the problem. This requires prioritizing the alternatives (iii) taking a decision. That is, choosing the best or most feasible alternative (iv) implementing the decision. This can be done through civil servants/bureaucrats or through special commissions or agencies in the case of public policy. It may even be implemented via executive orders. Business entities may utilize the advantage of special committees or through a supervisor. (V) Evaluation or Feedback. This is a critical stage in policy cycle. At this stage, the outcome of the policy is assessed to determine its efficacy or otherwise in order to determine its continuity, modification, or change. Where there is need for modification or change, the outcome forms another input and the policy cycle is repeated. Even where there is need for continuity in the policy, more conscious efforts are made toward its implementation.

Another issue worth considering is the typology of policy. Broadly classified, policy could be **regulatory** or a **welfare** policy. Regulatory policies tend to curtail its targets from embarking on what it wishes or compelled to take alternative action, for example, regulation banning smoking in public spaces, drinking, or prostitution. In relation to the public, it is about achieving an objective through regulation of an activity in order to deliver better economic and social outcomes and thus enhance the life of citizens (http://www.oecd.org/gov/regulatory-policy/). This type of policy limits discretion and influences behavior of its targets. In other words, it sets standard of behavior or processes of doing things. The rationale for this type of policy include to achieve efficiency and equity and, to secure public good or interest. It, therefore, follows that public confidence in the

regulator is necessary for this type of policy to succeed. Similarly, private organizations, especially business entities, often seek to achieve maximum benefits with little cost as a result of policy taken. Welfare policy on the other hand implies an attempt to deliberately enhance the living standard of the people. It could be in the form of social insurance policy or a form of progressive tax regime. Welfare policy could be in the form of distributive or redistributive policy. Distributive policy involves distributing benefits to citizens of a country such as providing public education and infrastructural development. Redistributive policy on the other hand is discriminatory in nature. It is when policies are intended to create relative equality among citizens. In this case, it limits the gap between the haves and the have-nots in the society. Examples of this include progressive tax, subsidies on some products as well as value added tax on luxury products. Welfare policy, therefore, seeks to provide benefits to the people. For business organizations, welfare policies seek to enhance performance of the worker which in turn will increase productivity. An organization may decide to provide transport incentives for some categories of workers or it may take up a health policy for its workers. This not only has the advantage of solving known problems but equally, preventing crisis from arising in the first place.

## Crises Management

Crises management includes the identification of potential crises and how to deal with it (Hayes 2019). Policy making is an instrument of managing a crisis since crises represents an identifiable problem. In this wise, the coronavirus disease (COVID 19) pandemic that is ravaging the entire world can be seen as a major health crisis that needs formulation of a definite policy to manage it. Implicit in this is that crisis may result from actions or activities in a particular country and later assume a global dimension. The utmost goal is to ameliorate or curb effect of the crisis. Most writings on crises management relate it to a business organization (Hayes 2019; Zamoum and Gorpe 2018; Institute for Public Relations 2007). However, it is equally applicable to the management of the state although there are little or no efforts in espousing this view in the literature (see, Rosenthal and Kouzmin 1997). In a business sense, three stages of crisis management exist. These are precrisis, during crises or crisis response and post crises period. Crisis at the states level cannot, however, rigidly fit into this categorization in the sense that some crises are not anticipated. What this implies that policy makers do not often prepare themselves or the public for appropriate responses once tragedy strikes (Rosenthal and Kouzmin 1997). For instance, COVID 19 pandemic is a health crisis that has engulfed countries of the world but it cannot be said to be anticipated. For this reason, the study of crisis management can be seen to involve a multifaceted analysis that includes social, political, economic, historical, and cultural considerations. From whichever angle it looked at, crisis management must involve deliberate action to end the crisis. This finds expression in policy making.

Of importance is the fact that crises are not static. Indeed, the frequency, nature, and consequences of crises are changing and they often affect societies in different ways (Boin 2009). This makes policy making a changing phenomenon in response to differences in time and context in which crisis occur.

## Case Study: COVID 19 Pandemic as a Health Crisis

The essence of this section is to analyze how the coronavirus pandemic constituted a crisis for the world that requires policy making in order to address it. This is with a view to providing empirical justification for the various stages of policy formulation mentioned above. The coronavirus disease (COVID 19) started in Whuan, China, December of 2019. It is a respiratory disease and one of the many viruses belonging to the coronavirus family. However, COVID 19 is believed to be different in the sense that it is a new variety of

the virus whose DNA has not been fully understood by scientists and has no known cure or vaccine yet. In February 2020, the World Health Organization declared it to be a global health pandemic as global search for a cure or vaccine for it continues. Ever since its emergence, it has been ravaging the entire world except Antarctica and infecting millions of people till date (millions in the United States of America {USA} and Hundreds of Thousands in Africa). Since it originated, three theoretical perspectives about it have emerged. These are significant because they touch on the emergence of the virus and also have implications for its eradication. They are the divine/spiritual perspective, the orthodox/Scientific perspective, and the Conspiracy theory.

The Divine/Spiritual perspective is promoted by religionists. They are of the view that emergence of the virus is a direct consequence of man's iniquity against God and as such, it was an affliction sent to the world by God. For this reason, the solution to the pandemic does not lie in anything but repentance by man for his sins against God. Another variant of this perspective says that it has earlier been predicted that the virus will affect the world at this time. Nosradamus, a seer, who is believed to have predicted many events before his death, was said to have even predicted emergence of the novel coronavirus at night in the twin year (2020) and in the city with seven hills (taken to be Italy). However, there is no evidence to suggest that the virus emerged at night or is there any scientific basis to classify Italy as the country with the Seven hills. More so, the virus was known to have emerged in Wuhan, China in 2019 and not 2020. The second perspective is the Scientific or Orthodox view and it is responsible for the much that is believed about coronavirus in the world today. The perspective sees the virus as a novel one belonging to the family of coronaviruses. To them, it was first discovered at a village in Wuhan, China, from where it spread to other parts of the world. While there is no known cure for it, the virus can only be transmitted from human to human through inhalation of droplets released by an infected person through sneezing or coughing by a healthy person. It is only after inhalation that the virus multiplies in its new host. They also maintained that the virus is not a living organism and as such, does not multiply except in it finds itself in a host. The perspective appears plausible because of its empirical base because t has been replicated by several scientists and found to behave in like manner. The third perspective is the conspiracy theory. There are several variants of this perspective. First, those are who believe that the virus was manufactured in laboratory and unleashed on the human race to reduce populations especially in Africa. Similar to this are those who believe it is a biological weapon that is developed in the laboratory by China to attack the United States of America. Some even argued that it was the United States actually developed it and launched it in Wuhan, China. However, China has later overcome it, changed the virus DNA, and relaunched it on the USA. They cited the indifference of the USA to threat of the virus when it was ravaging China to support this claim. However, all were mere speculations as there was no concrete evidence to prove any of the claims. A second variant of this perspective linked its emergence to development of the 5G communication technology. According to this view which is more popular in developing and under developed countries, there is nothing like coronavirus rather, it was a ploy by dominant powers to cover up their launch of the 5G technology. The argued that those who are dying are dying from impact of the 5G technology and not coronavirus. It must be stated, however, that this argument cannot hold water because even where 5G network has not been launched, people are still dying from what is considered coronavirus induced death. It was rather a mere coincidence of time between the 5G technology (whose radiation is believed to be high and capable of causing death to an exposed person) and the virus. Similarly, who would query the rationale for developing a virus in the laboratory as a biological weapon either in China or USA and citizens of the country too will be greatly affected. Irrespective of the perception of people on emergence of the virus, however, it is a great crisis in the sense that its effect on human existence

spans both economic, social, and political dimensions (World Health Organization (WHO) 2020; Jang and Farise 2020). This makes it a known problem.

Having established the dangers posed by emergence of the virus, governments all over the world began to develop measures aimed at combating it. Governments were faced with a difficult alternative of forcing people to stay at home and curtail the spread of the virus and to allow free movement by the people and experience a spike in the number of cases. Most countries eventually took decision to go with the former and that manifest in the lockdown of countries – local and international flights were cancelled, movement of people were curtailed, business beaches, places of worship, etc., were closed among others. The significance of this exercise is that a decision has been taken. However, countries differ in the implementation of the decision.

In terms of implementation, many advanced countries were able to complement this regulatory policy with providing some welfare for their citizens. Food items and items for domestic use were provided in some cases. Unfortunately, this could not be for many developing countries where people tend to reject the lockdown measure by the government. People are faced with a difficult choice of staying at home and die of hunger and, going out to fetch a living with the attendant likelihood of contracting the virus. This is so because most developing countries could not provide the necessary palliatives to cushion the effect of lockdown thus igniting civil disobedience and litigations against the state. For example, courts in Uganda and another in Malawi restrained the government from imposing a lockdown on the people (Anami 2020). In Malawi, people took to the streets to protest lockdown (AFP 2020; Newsbrake 2020; https://www.dw.com/en/do-corona-lockdowns-in-africa-make-sense/a-53228689).

An evaluation of the lockdown decision by different countries led to re-examination of this policy. While some have eased the lockdown, some have modified it, some others have maintained the lockdown while others have re imposed the lockdown. On the whole, this decision is based on the result of each country's evaluation of the initial response.

## Conclusion

This entry examined policy making and crises management. It distinguished between policy making and related concepts as well as rationale for policy making. It equally observed that policies are made in response to challenging crises. Such crises may be in the form of natural disasters, diseases, and epidemics. It may also be international or domestic in nature, static or dynamic. The crisis generated by emergence of the coronavirus disease was examined to provide empirical discussion of the stages of policy making identified. Whatever the nature, a policy is formulated to address it. It is realized that while the state and business entities may have different perception of crisis, of utmost importance in the success of any policy is trust of policy makers by the citizens. That is, in policy making, trust matters because it is a major influence on success or otherwise of a policy. Equally important is that there must be feedback mechanism because this will determine continuity and change in policy implementation. New strategy adopted by states after evaluating their initial policy response to the coronavirus pandemic amplifies this. It is, therefore, necessary to have these requirements in focus whenever policy making is necessary either in the public domain or in private.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Communication Management of Covid-19 in Nigeria
- ▶ Corporate Crisis Management
- ▶ Emerging and Reemerging Infectious Diseases and Crisis Management
- ▶ Politics and Crisis Management


## References


AFP (2020) Coronavirus: court blocks attempts to lockdown Malawi. Daily monitor, April 21. Available online at https://www.monitor.co.ug/News/National/Court-blocks-lockdown-Malawi-COVID19-Mutharika/688334-5529954-10jqhi4/index.html

Anami L (2020) Ugandan takes govt to EACJ, says lockdown against the law. The East African, April 11. Available online at https://www.theeastafrican.co.ke/

news/ea/Ugandan-takes-government-to-EACJ-lockdown-against-the-law/4552908-5520778-wl31aaz/index.html
Boin A (2009) The new world of crises and crisis management: implications for policymaking and research. Rev Policy Res 26(4):367–377
Hayes A (2019) Crisis management. Available online at https://www.investopedia.com/terms/c/crisis-management.asp. Accessed 2 July 2020.
Institute for Public Relations (2007) Crisis management and communications. Available online at https://instituteforpr.org/crisis-management-and-communications/. Accessed 2 July 2020
Jang B, Farise K (2020) Gender based violence during the COVID-19 pandemic and economic, social and cultural rights. Available online at http://opiniojuris.org/2020/04/23/gender-based-violence-during-the-covid-19-pandemic-and-economic-social-and-cultural-rights/
Newsbrake (2020) Malawi court halts govt coronavirus lockdown plans. Available online at https://www.newsbreak.com/news/0OnAU0wD/malawi-court-halts-govt-coronavirus-lockdown-plans
Rosenthal U, Kouzmin A (1997) Crises and crisis management: toward comprehensive government decision making. J Public Adm Res Theory 7(2):277–304
World Health Organization (WHO) (2020) COVID-19 and violence against women what the health sector/system can do. Available online at https://www.who.int/reproductivehealth/publications/vaw-covid-19/en/
Zamoum K, Gorpe TS (2018) Crisis management: a historical and conceptual approach for a better understanding of today's crises. In: Holla K, Titko M, Ristvej J, IntechOpen (eds) Crisis management – theory and practice. https://doi.org/10.5772/intechopen.76198. Available online at https://www.intechopen.com/books/crisis-management-theory-and-practice/crisis-management-a-historical-and-conceptual-approach-for-a-better-understanding-of-today-s-crises

# Policy Mechanisms

Adam M. Wellstead[1], Paul Cairney[2] and Kathryn Oliver[3]
[1]Department of Social Sciences, Michigan Technological University, Houghton, MI, USA
[2]Division of History and Politics, University of Stirling, Stirling, UK
[3]London School of Hygiene & Tropical Medicine, London, UK

## Synonyms

Causal mechanisms; Causality; Generative mechanisms

## Definition

Causal mechanisms are an explanatory rather than predictive tool used to unpack the "black boxes" defined by empirical generalizations common in policy research. Specifically, mechanisms can be frequently occurring and easily recognizable causal patterns that are triggered under generally unknown conditions and usually with indeterminate consequences. This approach is appropriate for public administration, public policy, and governance research because it is often based on small N between-case and within-case studies. In testing hypotheses associated with causal mechanism, process-tracing methods are often used.

## Introduction

Issues of causality are infrequently discussed within the public policy and public management disciplines. Positivism and interpretivism are the two most popular approaches. The underlying notion of causality underpinning positivism is one of simple event regularities; that is, there are constant conjunctions of empirically observable, measurable, and predicable events. In contrast, interpretivism is based on the idea that reality is subjective and socially constructed. This view of the social world is constituted by human meaning and sees the main task of research as exploring and understanding subjective human viewpoints. Here, the importance of causality is minimized because all explanations are merely personal or group viewpoints and have to be judged.

However, both of the approaches can be limited for policy researchers who are interested in explaining phenomena such as the policy process because they are often "black boxed." The causal mechanism approach has become a popular third perspective used to identify the specific details about the cause-and-effect relationships between policy-maker attention to policy problems and their receptivity to policy solutions. When the nature of the mechanism is understood, then it becomes possible to apply rigorous methods and make inferences.

## Thinking Mechanistically

There is large "mechanisms" literature, which is influenced by the natural sciences and philosophy of science. Mechanisms are sets of entities and activities organized to produce a regular series of changes from a beginning state to an ending (McAdam et al. 2008). They usually "invoke some form of 'causal agent' that is assumed to have generated the relationship between the entities observed and are analytical constructs that provide hypothetical links between observable eventss" (Hedström and Swedberg 1998). Often mechanisms are generally unobservable or hidden phenomena, sensitive to variations in context, but empirically traceable processes that act as a cause in generating the outcome (Pawson and Tilley 1997). Assessing the logic of association helps us open the black box of the limited X → Y causal inferences so prevalent in the social sciences. Causality is not simply a functional description of a certain variable but requires uncovering how X actually produces Y under specific conditions. Rather it is a theoretical formulation that "adduces properties of the relationships among phenomena with the potential to recur, which helps explain why x causes y" (Hall 2013, p. 21). What is important is the context to this relationship and the role it plays in determining outcomes. Initial conditions play a key role in determining how mechanisms are triggered and how they respond to certain contextual conditions. Identifying the context and the mechanism is important when formulating research hypotheses. It is critical to understand under what conditions that mechanisms are most likely to occur or produce a particular outcome (Pawson and Tilley 1997). Various scholars have adopted "context-mechanism-outcome" (CMO) approach: namely, the observed patterns of (un)intended outcomes can be explained by identifying the plausible causal set of mechanisms within the situational context of the process (Fig. 1) (Pawson and Tilley 1997). Key aspects of a "setting" influence when and how certain mechanisms are triggered and how they play out. Context is also critical because similar initial conditions may lead to dissimilar outcomes (multifinality) and those outcomes can be reached from any number of different developmental paths (equifinality) (Biesbroek et al. 2017).

This more robust understanding of causality permits the opening-up of the black or gray boxes of policy-making. In doing so, researchers will find a diversity of causal mechanisms that affect policy outcomes. At first glance, there are different broad mechanism types: structural (e.g., environment, institutions), cognitive (e.g., individual perceptions and ideas), and relational (e.g., network connections between people). Second, mechanisms can span between micro-level (individual) and macro-level (structural) phenomena (Bunge 1997). Given the multilevel nature of policy-making, these mechanisms are particularly important. These are illustrated in Fig. 2. "Situational" mechanisms occur when social structures or environmental phenomenon constrains individuals' action or shape and beliefs. "Action-formation" mechanisms link individual micro-level activities or behavior to their actions.

Transformational mechanisms are those in which individuals, through their actions and interactions, generate intended and unintended outcomes. Third, researchers need to be aware of the temporal nature of mechanisms which includes the time horizons of both the mechanism and outcome (Beach and Pedersen 2013). For example, some slow-moving causal processes result in a threshold event resulting in a sudden change. In the policy and public management, there are many examples of mechanisms that fit these high-level albeit somewhat abstract mechanisms. It is also critical that more compelling and measurable causal explanations can only be realized if mechanisms are disaggregated from a high level of abstraction, which they label as "processes," "mechanisms-as-type," and "mechanisms-as-example" which explains why things happen. Making a measurable causal claim and describing how things happen require attention to "mechanisms-as-cause" and "mechanism-as-indicators (Falleti and Lynch 2008)." Thus, mechanisms are often nested hierarchies that contain "lower level entities, properties, and activities" that "produce higher level phenomena" (p. 13). Machamer et al. (2000) borrow from

molecular biology and find that mechanisms "bottom out in descriptions of the activities of macromolecules, smaller molecules, and ions" (p. 14).

## Mechanistic-Based Policy Analysis

Process-based analysis is critical because "when the procedural sides of a policy making or decision-making process have been thought through properly, it will greatly increase the likelihood of substantive problems being resolved" (Mayer et al. 2013, p. 181). The policy research and analysis communities should be interested in testing policy mechanisms so as to measure policy-oriented causal inferences and explain outcomes in more practical terms. Policy and public management research is often based on small N between-case and within-case studies. When the mechanisms are known, analysts can collect diagnostic evidence, theorize variables and empirical proxies, and test hypotheses which then provide a narrative explaining how a particular outcome or set of events came about (Kay and Baker 2015).

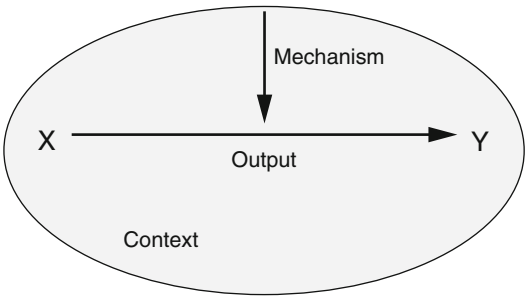


Source: Pawson and Tilly (1997)

**Policy Mechanisms, Fig. 1** Context-mechanism-output (CMO) model. (Source: Pawson and Tilley 1997)

Testing hypotheses can be achieved through rigorous methods such as process tracing and qualitative comparative analysis (QCA) which are two popular methods for capturing causal mechanisms in action. Rather than testing for probability, analysts consider necessary and sufficient conditions as their criteria (Kay and Baker 2015). Necessity refers to the situation that the outcome cannot be produced without a condition, whereas sufficiency refers to the situation in which a condition itself can produce the outcome without the help of other conditions. Process tracing can involve understanding a simplistic change of events related to a single phenomenon, the convergence of a number of conditions, or complex interactions causal factors (Meyfroidt 2016; Trampusch and Palier 2016). This is often achieved by converting narratives into mechanistic explanations. Beach (2017) argues that analysts can develop minimalist or systematic understandings of mechanisms. A minimalist approach considers only diagnostic evidence.



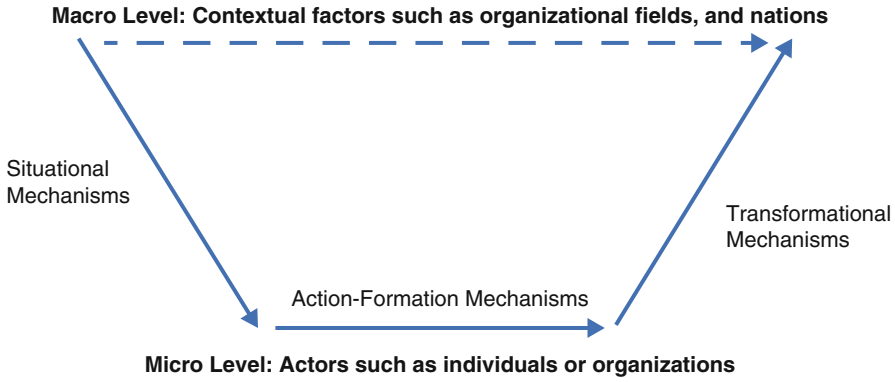


Adapted form Hedström and Swedberg (1998)

**Policy Mechanisms, Fig. 2** "Bathtub" approach for identifying different levels of mechanisms. (Adapted from Hedström and Swedberg 1998)

A systematic approach explicitly unpacks the causal process and delves into understanding the empirical fingerprint that the mechanism makes and unpacking it into its constituent parts. In part, this can be a function of the variety of information sources collected (archival documents, interviews, reports, memos) that are accumulated over a given period of time (Charbonneau et al. 2017).

Beach and Pedersen (2013) identify three types of "process tracing": theory testing, theory building, and explaining outcomes. Theory-testing process tracing is employed when a phenomenon X is causing outcome Y that is known but the mechanism is not specified. Since mechanisms are portable concepts, they can be applied by policy researchers to further elaborate the long-term nature of policy change. Alternatively, in theory-building process tracing, the relationship between X and Y is detected, but the researcher cannot identify the mechanism or when the outcome (Y) is known, but X is unknown. In both cases, the researcher develops a new mechanism. Beach and Pedersen (2013) describe Janis' (2013) development of "groupthink" mechanism as the cause of the Bay of Pigs fiasco. Theory building would require considerably more time and effort than theory testing. In explaining-outcome process tracing, the outcome (Y) is known, but X is unknown, or the researcher is interested in fully explaining why X happened. In each type of process tracing, the analyst will develop a causal mechanism. The second step involves operationalizing the mechanism based on "observable manifestation" from different types of evidence. From collecting such information, the inferential weight of the evidence and the hypotheses can be assessed using four well-known tests that apply Bayesian probability (straw in the wind, hoop, smoking gun, and double-decisive tests) (See Van Evera 1997). These tests examine necessary and/or sufficient conditions for inferring evidence from the hypotheses that exist. The principles of certainty and uniqueness of the evidence reflect the necessary and sufficient conditions. The straw-in-the-wind test supports or weakens a hypothesis but does not exclude it. The smoking-gun test confirms the hypothesis but does not exclude other hypotheses. Hoop tests reject a hypothesis but do not influence other hypotheses. Finally a double-decisive test confirms a single hypothesis and disconfirms other rival hypotheses. Often researchers will be interested in comparing a number of cases, for example, comparing climate change policy in a number of jurisdictions. Qualitative comparative analysis (QCA) is popular approach which applies set theory and conceives cases as configurations of attributes. QCA examines thes necessary and sufficiency of configurations of conditions combined to generate outcomes and enable causal interpretation (Ragin 2014).

## Conclusion

Causal mechanisms have been overlooked because they are usually hidden but are sensitive to variations in context. A toolkit equipped with well-elaborated mechanisms is not only useful for precision and depth to understand the generative processes of existing theoretical models but is also valuable for empirical research and enhancing policy-making decisions (Tranow et al. 2016). Thus, the policy scholar, scientist, and public official can benefit from deeper understanding of causal mechanisms. Policy scholars should take up the challenge and identify more specific mechanisms via process tracing in existing social science theories or develop new mechanisms. This may lead to improving, changing, or refuting the broad and sometimes vague assumptions about existing theories and frameworks. By doing so, academic researchers will be able to undertake richer empirical work.

## Cross-References

► Comparative Institutional Changes
► Incremental Theory of Decision-Making

▶ Models of Organizational Change
▶ Public Policy and Bureaucracy

## References

Beach D, Pedersen R (2013) Process-tracing methods: foundations and guidelines. University of Michigan Press, Ann Arbor
Beach D (2017) Process-Tracing Methods in Social Science. In Oxford Research Encyclopedias of Politics. Oxford University Press. http://politics.oxfordre.com/view/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-176
Biesbroek R, Dupuis J, Wellstead A (2017) Explaining through causal mechanisms: resilience and governance of social-ecological systems. Curr Opin Environ Sustain 28:64–70
Bunge M (1997) Mechanism and explanation. Philos Soc Sci 27:410–465
Charbonneau É, Henderson AC, Ladouceur B, Pichet P (2017) Process tracing in public administration: the implications of practitioner insights for methods of inquiry. Int J Public Adm 40(5):434–442
Falleti TG, Lynch J (2008) From process to mechanism: Varieties of disaggregation. Qual Sociol 31(4):333–339
Hall PA (2013) Tracing the progress of process tracing. Eur Polit Sci 12(1):20–30
Hedström P, Swedberg R (eds) (1998) Social mechanisms: an analytical approach to social theory. Cambridge University Press, Cambridge
Kay A, Baker P (2015) What can causal process tracing offer to policy studies? A review of the literature. Policy Stud J 43(1):1–21
Machamer P, Darden L, Craver CF (2000) Thinking about mechanisms. Philos Sci 67(1):1–25
Mayer IS, van Daalen CE, Bots PWG (2013) Perspectives on policy analysis: a framework for understanding and design. In: Public policy analysis. Springer US, Boston, pp 41–64
Meyfroidt P, (2016) Approaches and terminology for causal analysis in land systems science. J Land Use Sci 11(5):501–522
McAdam D, Tarrow S, Tilly C (2008) Methods for measuring mechanisms of contention. Qual Sociol 31:307–331
Pawson R, Tilley N (1997) Realistic evaluation. Sage, London
Ragin CC (2014) The comparative method: moving beyond qualitative and quantitative strategies. University of California Press, Oakland
Tilly C (2001) Mechanisms in political processes. Annu Rev Polit Sci 4:21–41
Trampusch C, Palier B (2016) Between X and Y: how process tracing contributes to opening the black box of causality. New Polit Econ 21(5):437–454
Van Evera S (1997) Guide to methods for students of political science. Cornell University Press, Ithaca

# Policy Network and Governance

Ferdous Arfina Osman
Department of Public Administration, University of Dhaka, Dhaka, Bangladesh

## Synonyms

Network governance; Policy-governance nexus; Public policy governance

## Definitions

**Policy Network** can be defined as specific structural arrangements in policy making. Policy network analysis focuses on the links and interdependence between government and other societal actors, aiming to understand the policy-making process and public policy outcomes.

## Introduction

Recent decades have witnessed a proliferation of research analyzing and examining the changing trends of policy making process. Traditional approaches to policy-making emphasized on explaining the policy process as an intellectual, centralized, and hierarchical process, which is no longer considered adequate describing the policy process in modern times. In current complex societies where governments have to deal with greater expectations of citizens, accommodation of diverse interests, and fragmentation of social and political life, a more nonhierarchical, decentralized, and participatory approach to understanding the policy process is desirable. Policy networks, thus, have emerged as an alternative approach to the conventional way of analyzing the policy process, which focuses on interrelationships among public, private, and societal actors involved in the policy process as the

determinant of policy outcome. Atkinson and Coleman (1992) noted, "policy networks are natural conceptual responses to both the limits of markets and hierarchical arrangements, and the enormous expansion in the types of societal actors involved in policymaking and to the dispersion of specialized policy resources."

The concept of policy network has widely been used to analyze policy process since the 1980s, which is now frequently characterized as a new system of governance. In modern times, likewise policy making, government also needs to rely on networks of private and societal actors for public problem solving or for public service delivery. Networks between public, private, and nonprofit actors, thus shape processes of policy making and governance. This piece of writing aims to clarify the concept of policy network and its relation with governance.

## Defining Policy Network

It is unlikely that public policy could result from the preference of any single actor. This emphasizes that it is not the formal institutional arrangements or governmental institutions, which solely control the policy process rather many informal, private actors, and institutions also play influential role. The process, in fact, tends to blur the boundaries between the public and the private spheres. Policies are essentially the outcome of interactions among multiple actors with separate interests, perceptions, and strategies. The concern about the interaction of this large variety of actors and its impact has given rise to the concept of "policy networks."

Policy network analysis focuses on the links and interdependence between government and other societal actors, aiming to understand the policy-making process and public policy outcomes (Rhodes 2008). Kenis and Schneider (1991: 41) defined policy networks as "specific structural arrangements in policy making." They explained this structural arrangement as having three key components: the policy actors, their linkages, and the policy boundary. Network is a set of public and private actors linked by communication ties for exchanging information, expertise, trust, and other political resources. The boundary of a given policy network is not in the first place determined by formal institutions but results from a process of mutual recognition dependent on functional relevance and structural embeddedness.

The overarching goal of policy network analysis is to understand how relationships between actors involved in policy making determine the outcomes of collective policy decisions (Knoke 2011). To this end, policy network analysis consists of two distinct components: (i) actors involved in the policy making process and (ii) the type of social interactions that occur between actors during the policy making process. "Network" establishes a relatively stable relationship among varieties of actors, who share common interests with regard to a policy and exchange resources with each other in order to pursue the common goals.

Definitional disputes often prevail among the terms "policy networks," "policy domains," "policy communities," and "issue networks." "Policy domain" refers to a set of actors with common orientation and concern for solving a policy problem. The policy domain and policy network concepts are interrelated, with a policy domain delineating a bounded system within which its organizational participants are interconnected by one or more policy networks (Wu and Knoke 2013). "Policy community" used in British literature, on the other hand, refers to all actors or potential actors who share either an interest in a policy area or a common "policy focus" and who, over time, succeed in shaping policy while "policy networks" describe the linking process that occurs within the community (Wilks and Wright 1987). Similar distinction has been drawn by Coleman and Skogstad (1990) who referred "network" as "the properties that characterize the relationships among the particular set of actors that forms around an issue of importance to the policy community." Thus, the "policy community" refers to the actors; the network refers to the relationships among actors.

In contrast, "issue networks" – a concept established in literature about United States

government – refer to a policy making process that is fragmented and populated by a wide and unpredictable number of participants, where a relatively large number of stakeholders are involved. An important characteristic of "issue network" is that membership is constantly changing, interdependence is often asymmetric, and – compared to policy communities – it is harder to identify dominant actors (Heclo 1978). It refers to less formal settings and involves policy actors within particular issue areas, such as health, education, or communication. Each of the policy areas develops its own distinctive channels of communication, even terminology to discuss policy issues.

## Types of Policy Networks

Every policy domain is composed of a wide number of organizational actors from both public and private sectors and their role, interests, and influence over the policy process vary from each other. Given the diversity of organizational interests, limited resources, and complexity of influence dynamics, no organization can have the capacity to exert full control or dominate the process of policy making. Instead, most policy fights consist of multiorganizational coalitions brought temporarily together to work collectively on shaping proposals and advocating a specific preferred policy solution to those authorities capable of rendering a binding decision on a particular policy event (Wu and Knoke 2013). Thus, the policy actors are interdependent on each other.

Interdependency among actors is central to the network approach. Actors in networks are interdependent because they need the resources of other actors to achieve their goals (Hazlehurst David 2001). Public and private actors form networks to exchange the resources to achieve their common goal. Knoke (2001: 65) specified *five* basic types of interorganizational relations exhibiting distinctive policy network structures, which include: (i) resource exchange such as money or personnel; (ii) information exchanges range from technical and scientific data to policy advocacy; (iii) power relations include both formal and informal inequalities in authority and dominance, with public sector entities usually controlling more power than private sector organizations to impose their interests in a domain; (iv) boundary penetration meaning two or more actors coordinating their actions for a common goal such as lobbying; and (iv) sentimental attachments are subjective and emotional affiliation expressing solidarity and political support as exemplified by labor unions and social movement organizations.

## Policy Network: Dependent or Independent Variable?

Despite the fact that there had been a confusion among the scholars for long whether policy networks should be considered as dependent or independent variable, recent research works have noted that policy network is both dependent and independent variable. Varieties of factors might influence the emergence and the type of policy networks. Adam and Kriesi (2007) noted that networks vary depending on territorial and functional/domain specificities. They identified three major contexts as the determinants of policy network: *national*, *transnational,* and *policy-specific context*.

National institutional structure is a key determinant of policy networks. The national context can be systematically linked to the distribution of power and the type of interaction within policy subsystems (Adam and Kriesi 2007). For instance, in consensus democracies where power is shared among several forces, power is fragmented within networks while in majoritarian democracy where power is concentrated in the hands of a few institutions, power is concentrated in the hands of few actors within networks. In addition, centralization of the state and the system of interest groups and the interactions between the state and the groups is another determinant of policy network. Degree of centralization in society and in the state is a critical variable in the establishment of policy networks. Greater degree of centralization of either the state or the groups puts them in stronger positions within networks.

Strong associations with greater negotiation skill constitute the key element of the self-regulated pluralist network and strong state leads to a state directed network. If both sides are equally strong, meaning power is concentrated in both sides, interaction patterns are more centralized and consensus oriented, and corporatist networks emerge. On the other hand, when both sides are weak, interactions become competitive (Adam and Kriesi 2007).

Only the national context may not be sufficient to explain the formation of policy networks. The transnational policy environments deeply influence the domestic policy environment particularly in terms of exchange of resources, support, and information. They may also provide the opportunity for the creation of new transnational policy networks (Adam and Kriesi 2007). Examples are abound how the global environment plays a determining role in shaping various public policies in both developed and developing countries.

In addition to the national and transnational factors policy, specific variables also influence and shape the policy networks. Adam and Kriesi (2007) note that policies differ according to the incentives and resources they provide for group formation, the expectations they raise among groups or the masses, their visibility/salience for mass publics, and the traceability of their effects. Policies which invite group formation produce networks with fragmented structures and the policies that are characterized by high expectations, a high visibility, and easy traceability of policy effects may cause conflictual relations as state actors have to defend their positions against important groups and the mass public.

However, in the real world, as researchers note that there is no single determinant of policy networks rather, a complex combination of factors lead to the formation of policy networks.

Differences in structural network characteristics, i.e., the presence and absence of ties/interdependencies, have a significant impact on the policy output (Raab and Kenis 2007). The type of interaction within a policy network determines the form of policy change. In conflictual/competitive situations, one can expect rapid policy shifts, whereas incremental changes are most likely to result in bargaining situations. Cooperative policy structures are likely to maintain the status quo. The degree of concentration of power also determines the potential for change. If power is fragmented potential for change becomes greater while on the other hand, when power is concentrated, challengers lack resources to break the policy monopoly and change becomes slow.

## Network as a Form of Governance

A plethora of literature on network have developed over the last three decades, which posit different meanings/dimensions of policy network. Broadly, as Raab and Kenis (2007) noted, policy network can be understood from three key dimensions: (i) as an analytical framework and as an empirical tool, (ii) as social structure, and (iii) as a form of governance.

Policy network is not a theory rather it is an *analytical tool* for policy analysis. Its analytical value lies in the fact that it conceives policy making as a process involving a diversity of actors who are mutually interdependent (Adam and Kriesi 2007). The central focus of the analysis is the relation between actors as a means of explaining why they behave the way they do and why certain outcomes takes place. Network is seen as a *social structure* with very specific features. In policy making it is characterized by a predominance of informal communicative relations, a horizontal as opposed to a hierarchical pattern of relations and a decentralized pattern of actors' positions (Kenis and Schneider 1991: 32).

Another important dimension of policy networks is that they constitute a *new form of governance* characterized by the predominance of informal, decentralized, and horizontal relations among the public and private actors. The new approach of governance focusses on networks suggesting that state power is widely dispersed and the actors need to coordinate their actions and strategies in order to solve the public problems. Klijn and Koppenjan (2014) defined governance network as sets of autonomous and interdependent actors (individuals, groups, organizations) that have developed enduring

relationships in governing specific public problems or policies. This new form is more than the sum of the actors and their links and more than a combination of elements of hierarchy and markets (Mayntz 1993). As a form of governance, network is characterized by a plurality of actors, as they are found within markets, and the coordinated efforts among them in order to pursue collective goals.

Governments are increasingly faced with complex, "wicked" problems when making decisions, developing policies, or delivering services, and they often find themselves unable to address these issues by themselves because they lack the required resources, knowledge, or skill to do so. Thus, dealing with public problems requires the involvement of multiple actors. For instance, developing social security/welfare policies and their implementation require coordinated efforts of governmental organizations at different levels, bureau of information/statistics, local government institutions, research organizations, non-government organizations, citizens forums, and also collaboration among nation states. Similarly, managing any sort of national crisis or natural disasters or controlling the outbreak of epidemics requires coordinated effort of the government and nongovernment actors. The complexity of these issues and interdependencies between actors result in intensive interactions between actors, which results in the emergence of governance networks. Thus, current complex society requires a shift from a traditional top-down way of problem solving to a more horizontal cooperative approach, called the "networks."

## Complexities in Governance Network

Networks are not simple and straight forward, rather it is complex. Complexity is not simply caused by the fact that multiple actors are present within governance, but it is also due to nature of interrelationships among the actors. Drawing on the existing literature, Koppenjan and Klijn (2004) identified three types of complexities in governance networks: substantive complexity, strategic complexity, and institutional complexity.

### Substantive Complexity

Substantive complexity is about the content of the problem addressed and the nature of solutions under consideration. In many literature, substantive complexity is attributed to the lack of knowledge and information, but in practice, complexity is more caused by the uncertainty and lack of consensus over the nature of problems, their causes, and solutions. Multiple actors may have different perceptions of the problem and may also interpret the available information differently.

### Strategic Complexity

Strategic complexity in governance networks originates from the various strategic choices that multiple actors make with regard to a public problem. As actors may have different perceptions about a problem, they also may have the liberty to make their own choices and strategies for its solution. Not all the actors are often aware of these various types of strategic choices. Such strategic complexity concerns the fundamentally erratic and unpredictable nature of interaction processes within governance networks (Gerrits 2012).

### Institutional Complexity

Finally, governance networks are characterized by *institutional complexity*. Not only does dealing with complex problems, policies, and services require the involvement of various actors, but these actors often work from different institutional backgrounds (March and Olsen 1989). Interactions between actors are difficult since their behavior is guided by outlooks, organizational arrangements, procedures, and rules of different organizations, administrative levels, and networks. Thus, interaction in governance networks is characterized by clashes between divergent institutional regimes and displays institutional complexity.

Klijn and Koppenjan (2014) propose "network management" as a coping mechanism to address the occurrence of deadlocks, breakthroughs, and the consequent policy outcomes in governance networks. Substantive complexities can be addressed by supporting learning processes and arranging joint research. Network management can address strategic complexities by initiating

and strengthening interactions, arranging relationships, and mediating conflicts among the actors. Network management may be used to deal with institutional complexity by engaging in institutional redesign (changing rules, resource distributions, and organizational relationships).

## Conclusion

Policy network does neither have any theoretical grounding, nor it has any precise, concrete definition that can have a universal application. Despite this, network is considered as an immensely important analytical tool for understanding the policy making process. Along with the government, involvement of various social actors is inevitable in the policy formulation and implementation process. The nature of interaction and interdependencies among these actors form the policy network, which plays important role in determining the policy process and the outcome. These patterns of interactions are also helpful to explain governance in larger context. In recent times, political scientists increasingly view networks as an efficient way of governing complex societies.

## References

Adam S, Kriesi H (2007) The network approach. In: Sabatier Paul A (ed) Theories of the policy process, 2nd edn. Westview Press, Boulder

Atkinson MM, Coleman WD (1992) Policy networks, policy communities and the problems of governance. Gov: Int J Policy Adm 5(2):162

Coleman W, Skogstad G (1990) Policy communities and policy networks: a structural approach. In: Coleman W, Skogstad G (eds) Policy communities and public policy in Canada. Copp Clark Pitman, Toronto

David H (2001) Networks and policy making: from theory to practice in Australian social policy, discussion paper no.83. Australian National University, Canberra, ISBN 0 7315 34263

Gerrits L (2012) Punching clouds: an introduction to the complexity of public decision-making. Emergent, Litchfield Park

Heclo H (1978) Issue networks and the executive establishment. In: King A (ed) The new American political system. American Enterprise Institute for Public Policy Research, Washington, DC, pp 87–124, ISBN 9780844733159

Kenis P, Schneider V (1991) Policy networks and policy analysis: scrutinizing a new analytical toolbox. In: Marin B, Mayntz R (eds) Policy networks: empirical evidence and theoretical considerations. Campus Verlag and Westview Press, Boulder/Frankfurt

Klijn EH, Koppenjan JFM (2014) Complexity in governance network theory, complexity. Gov Netw 1(1):61–70. https://doi.org/10.7564/14-CGN8

Knoke D (2001) Changing organizations: Business networks in the new political economy, Boulder, Co: Westview Press.

Knoke D (2011) Policy networks. In: Scott JP, Carrington P (eds) The Sage handbook of social network analysis. Sage, Thousand Oaks

Koppenjan JFM, Klijn EH (2004) Managing uncertainties in networks: a network approach to problem solving and decision making. Routledge, London

March JG, Olsen JP (1989) Rediscovering institutions: the organizational basis of politics. Free Press, New York

Mayntz R (1993) Policy-Netzwerke und die Logik von Verhandlungssystemen. In: Heritier A (ed) Policy-Analyse. Kritik and Neurorientierung. Westdeutscher Verlag, Opladen, pp 39–56

Raab J, Kenis P (2007) Ch. 14 Taking stock of policy networks: do they matter? In: Fischer F, Miller Gerald J, Sidney Mara S (eds) Handbook of public policy analysis: theory, politics, and methods. Taylor and Francis Group, CRC Press, Boca Raton, pp 187–200

Rhodes RAW (2008) Policy network analysis. In: Moran M, Rein M, Goodin RE (eds) The Oxford handbook of public policy. Oxford University Press, Oxford/New York, pp 425–443, ISBN 9780199548453

Wilks S, Wright M (1987) Conclusion: comparing government-industry relations: states, sectors, and networks. In: Wilks S, Wright M (eds) Comparative government-industry relations. Oxford University Press, Oxford

Wu C-Y, Knoke D (2013) Policy networks models. In: Araral E Jr, Fritzen S, Howlett M, Ramesh M, Wu X (eds) Routledge handbook of public policy. Routledge/Taylor &Francis Group, London/New York

# Policy Networks as a Form of Governance

Olga V. Mikhaylova
School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

## Synonyms

Governance networks; Integrated government; Network governance; Public governance; Public-private partnership

## Definition

Governance: The activities of a range of public and private actors which are included as coparticipants and partners in policy-making process.

Policy network: A cluster of mutually dependent but operationally autonomous public and private actors each with an interest in a given policy sector and a capacity to influence the achievement of policy goals.

## Introduction

Public governance practice has changed greatly since the last decade of the twentieth century. The state gives up its dominant positions in policy-making process, expanding participation in this process, creating conditions for public policy-making by private actors, and choosing model of flat hierarchy. The state shifts away from hierarchy towards interactive models which blur the distinction between public and private sectors. In this trend policy networks are becoming an effective hybrid arrangement involving a range of actors representing public, private, and non-governmental institutions.

## Rise of Governance Concept

The "governance" concept is not a new term in social science but since the end on XX century it has undergone serious changes. In particular it became multidimensional and more popular in the world due to the promotion activity of international organizations (WB, OECD, etc.). In its broad meaning "governance" assumes the space of multiple stakeholders' interaction where public problems can no longer be solved by isolated public authorities but require the cooperation of other players (citizens, NGO, business, media, community organizations) and increasing their participation in public policy-making process. In its narrow meaning "governance" reduces to the community level on which self-organized units manage common recourses without government based of mutual trust, informal rules, and practices such as mediation and self-regulation which may be even more effective than public authorities' actions (Ostrom 1990).

International organizations have supplied a new vision of "governance" underlining the necessity of democracy for economic prosperity in developing countries. Principals of "good governance" (participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive) are widely promoted in nondemocratic countries to contribute the transfer toward the democracy-oriented world (Woods 2000).

Governance as a theoretical concept in public administration practice implies the view of reality in which the state is no longer a dominant actor in public policy. Kooiman wrote that governance is "the pattern or structure that emerges in a socio-political system as a common result or outcome of the interacting intervention efforts to all involved actors" (Kooiman 1993, p. 258). It is so because modern societies are becoming highly fragmented, and recourses are distributed among wide range of private actors. Besides, the state itself is no longer regarded as a unified and integrated actor capable of enforcing public policy. It involves myriad of different groups within a hierarchy, the members of which are linked by horizontal, informal cooperation (Kooiman 2003).

"Governance" is closely related to the reviewing public policy from the network framework perspective which became popular in 1960s. Authors of "iron triangles" (Lowi 1962, 1969) and "issue network" (Heclo 1978) concepts have claimed that the process of public policy-making is based on complex constellations of actors and resource dependencies, and decisions are made in decentralized and informal environment, in the shadow of official institutions and procedures.

The new, network morphology of the state has reveled in the works of British scientists in 1990s (Rhodes 1997; Jordan and Schubert 1992; Jordan 1990). In particular, their research introduced both the idea of the existence of informal contacts within the state hierarchy, and emphasized their priority to the effective enforcement of the key functions of the state. In other words, the

state institutions are not isolated from each other by the formal separation of powers; they often find themselves in a situation of resource interdependencies for solving problems within their functional specialization, which creates conditions for horizontal interactions, negotiations, mutual accommodation, the search of compromise, reconciliation of contradictions (Bevir 2011). Modification of public administration strategy and turning to network governance became possible due to the assessment of the outcomes and consequences of administrative reforms implemented using New Public Management approaches (Pollitt and Talbot 2004). Those resulted in breaking numerous informal ties between state departments within the hierarchy which had an adverse effect on the quality of public services. However, it has become even clearer that the state operates through networks of mutually dependent organizations and not through independent organizations that are focused solely on achieving their own goals.

In the public administration framework the governance concept is developing in the Dutch scientific school as ideas of network management (Kliin and Koppenjan 2002, 2012; Koppenjan and Klijn 2004; Klijn and Skelcher 2007). From this point of view, to maintain stability, ensure effective performance of its functions, and to meet evolving demands of the society the state has to change its role. It now needs to establish partnerships with NGOs and businesses, interact through negotiations and bargaining. In other words, in order to adapt, the state changes its strategy in dealing with nongovernmental actors – it forms and enters policy networks in various spheres.

In this context the basic principles of network management are formulated. Among them:

1. The state institutions should not have a greater impact on public policy and administration than the nongovernmental institutions.
2. The state, business, and NGOs are equal partners in policy networks which are created in order to develop and implement public policy effectively, efficiently, and democratically.
3. The participation of state institutions in governance networks excludes coercion and pressure mechanisms, in contrast they are aimed at creating favorable environment for the network functioning, improving the quality of relations between network's participants, overcoming communicational barriers between them, and promoting intensive interaction between them.
4. In some cases state institutions may intervene in the network to modify it using "second generation" management tools (motivating desirable actors' behavior).
5. The main goal is searching for consensus between network participants who could have competing interests.
6. Not only state institution could act as a network manager but also nongovernmental.

As a result network governance allows the state, first of all, to achieve its public administration goals to a higher level of quality than it could on its own. Secondly, network participants realize benefits from joining efforts to meet their goals, running thereby self-reproducing mechanism of long-term cooperation, eliminating the need for further strategic interference of the state.

The extension of nonhierarchical interdependencies between state and nonstate participants is a huge challenge for the state, which assumes the rise of public administration complexity. On the one hand, policy networks weaken the influence of bureaucracy, increase the transparency of decision-making process for all interest groups, and successfully mobilize resources to implement decisions. On the other hand, building communication flows, resource exchanges based on the development of informal interaction channels cannot be ultimately legitimized in public domain where it is critical to ensure that lines of accountability of each decision-making process are transparent and justifiable to citizens. Thus, a modern state based on policy networks as a form of governance has to seek balance between formal rules and informal practices. Depending on the extent of shift towards reducing influence of established rules the semantic content of informal practices will change too (from positive to negative), as well as types of networks (from informal contacts in order to achieve goals in a formalized

environment to "state takeover" – discreet privatization of public institutions).

The success of policy networks as a form of governance depends on two key factors. First, there must be trust between the state and nongovernmental actors. It ensures willingness of both parties to invest resources in joint projects and confidence that none of the participants will act destructively towards each other. Second, the state, business, and NGOs alike must have high-level management capabilities. It means that the state institutional framework must be strong enough to hold back the opportunistic partner strategies, and business and nonprofit organizations must possess internal resources enabling self-organization and pursuance of an independent policy in dealings with the state.

## The Impact of Political Regime on Network Governance

Policy networks as a form of governance are different in various types of political systems. Democratic traditions are beneficial for developing cooperation and partnerships, forming networks where participants jointly address current problems of great social importance (social security, environment, etc.). Due to this the state is able to raise additional funds, reduce budget spending, increase the quality of public services, to widen expertise in dealing with poor structured, complex problems (Sorensen and Torfing 2007). Network strategy is very successful in crisis situations, when business and NGOs are supporting the state, providing stability by coordination of horizontal efforts. The reliable network cooperation is possible if the state provides clear, transparent, and unchangeable (fixes) rules of relationships for all participants. Only in such conditions business and NGOs can work out long-term strategies, be open for partnership, and be sure that risks of opportunistic behavior are minimized.

In nondemocratic political systems governance networks are very rare practice. It is explained by several reasons. First of all, nondemocracies belong to the rigid type of the state. They are aimed at ensuring the high level of stability and predictability with flexibility deficit in dynamic environment. Secondly, they are statist states, which are dominated by nongovernmental actors and are not ready to weaken their positions in hierarchical relationships. Thirdly, nondemocratic states are more focused on keeping power and not on the public interests, that is why new public management models penetrate into their political practice very slowly.

Summing up it would be true to say that in nondemocratic political systems governance does not exist in the sense that this model is adopted in democratic political systems. But nevertheless it is reasonable to say that they have networking public management practices. In order not to stretch the concept "governance" it would be acceptable to put it this way.

So, the experience of nondemocratic political systems demonstrates that authoritarian ruling elite also has opportunity to mobilize resources which are spread in the society by networking to fulfill strategic goals. Compared to democratic network governance nondemocratic one is based not on the truly horizontal state-business-public partnership, but on compulsory cooperation initiated by the state. It means that in nondemocratic political systems ruling elite applies mainly power management strategies, forcing business and NGOs to behave in desirable way. It results in decreasing of trust and strengthening atomization in the society, which together are a huge barrier to partnership. The state promotes the idea that its agenda is the most important and is not always, but it does not always match the public agenda. So, business and NGOs have to follow state agenda and contribute to its implementation otherwise they will meet serious difficulties in their day-to-day activity. In other words, without coercion networking is impossible, because both business and NGOs realize clearly that synergy will not bring them benefits. Voluntarily entering in the network, where the state protects its dominant positions and keeps partners at a safe distance, ensures a possibility to do business safely, but not to fulfill mutual goals in a partnership.

Besides, commonly in nondemocratic political systems private actors have extremely low managerial capacity resulting from the suppression of

private initiative and very narrow strategic planning horizon due to highly unpredictable rules for interaction with the state. The state purposefully creates different restrictions for businesses and NGOs. Its key goal is, on the one hand, to support these actors, because without them the state would have unattractive image in the world. But on the other hand, the state cannot allow them to become too strong in order to maintain dominant position in relationships. As a result, businesses and NGOs depend greatly on the political will and it leads to the great deficit of private initiative.

To weaken the private initiative, especially in the third sector (NGOs) and to strengthen democratic façade, nondemocratic systems imitate public nongovernmental activity by establishing civic associations which are fully controlled by the state. Such associations are focused on the state interests only, they fully depend on state financing, but their output is very poor. These associations in cooperation with dependable businesses are the best partners of the state in the networks which are based predominantly on informal, but coercive relationships.

## Policy Networks in Russia

Russian politics and public administration have their particular features which make it impossible to implement the idea of governance as it has been done in European countries. The hybrid nature of Russian political regime restrains the development of trends leading to the changing role of the state in the relationships between business and nonprofit organizations. Moreover, the contemporary orientations of the society toward the state don't contribute to the development of stable partnership. Despite officially democratic trajectory in public policy-making process is declared, actual policy practice demonstrates that a great distance between public and state interests exists, and there is a lack of democratic mechanisms of their convergence. They limit the participation of nonstate actors in decision-making process, and the state is not ready to become a partner for business and NGOs, to change its public administration model from hierarchical to governance, and to abandon pressure management methods.

There are a number of reasons explaining such state of affairs. Among them, first of all, not long history of independent business and NGO existence, they are not strong and stable enough to assist the state to fulfill its functions. Secondly, privileged positions were and still are occupied by huge companies – natural monopolies ("Russian Railways," etc.), oil and gas companies ("Lukoil," "Gazprom," etc.) which are the main taxpayers and they control strategies for Russian budget resources. In this sense large business in Russia is closely affiliated with the state and highly dependent on it due to the opacity of capital accumulation in the early 1990s. Such conditions encourage the state to use their organizational and financial opportunities to implement different expensive projects with the lowest costs for the budget. In contrast, other businesses have no motives for development, also they are weak because Russian economy had import-oriented strategy, which affected negatively the rise of business initiatives in different spheres.

Third, nonprofit organizations activity is relatively new for Russia. If in European countries the rise of NGOs is closely connected to the strong civic society, in Russia for a long time this sphere was poorly developed because of the trust deficit within the society, weak incentives to self-organization, a number of socioeconomic difficulties which Russian society have faced during the 1990s. In the 2000s the socioeconomic situation has demonstrated positive dynamics, but the state has changed the trajectory of political development toward strengthening its dominance in public policy and that trend had a negative impact on civic society and NGOs. In the 2010s the political trajectory has changed one more time in relation to the NGOs, when in the Federal Law on Public associations new notions, "foreign agent" and "unwanted organization," have emerged. It was a crucial moment in Russian public policy, the ruling elite has taken a course on patriotic policy as opposition to the influence of Western political values. It was a reaction on color revolutions events in nondemocratic countries.

The notion "foreign agent" is covered organizations which receive financing support from foreign funds and governments and conduct political activity in Russia. Such a status doesn't lead to the

closure of the NGO, but creates its negative image, and state organizations are forbidden to implement joint projects with them. For many NGOs the requirement to raise only Russian funds is putting them on the brink of survival, because the size of grant support and private denotations is very small. Besides, the state decides which NGOs to give grants and which NGOs conduct projects against its policy priorities; the role of society in this process is reduced to the minimum. Nowadays, more than 70 NGOs are qualified as "foreign agents" ("Memorial" Human Rights Centre, Movement "For Human Rights," "Golos," "Soldiers' Mothers of Saint-Petersburg," etc.).

The notion "unwanted organization" covers foreign or international nongovernmental organizations whose activities threaten the foundation of constitutional system, defense, or national security. These organizations are forbidden to work in Russia, they couldn't have offices, distribute their informational materials, and their staff is subject to the administrative and criminal liability in Russia. In the first edition of the so-called patriotic stop-list the following organizations are included: Soros Foundation, National Endowment for Democracy, MacArthur Foundations, etc.

Evidently, there is a very special environment in which Russian nongovernmental organizations have to perform, it encourages civic society to narrow the scope of its activity, limit it by the state's interests, because in a result just the state decides which NGOs are helpful and which are harmful. Nowadays, the state is ready to support socially oriented NGOs, as far as ruling elite has a clear understanding of all advantages such policy gives. It gives a green light for fund-raising initiatives to help different categories of people in need, volunteer movement. However, these NGOs and initiatives don't cooperate with the state, they compensate social policy failures.

Thus, in contemporary Russia there are little incentives for networking and the rise of governance. The main reason for this is the dominant position of the state which is, on the one hand, more resourceful and powerful than business or NGOs, more attractive for Russian citizens who trust it more than business and NGOs. On the other hand, the ruling elite is not going to weaken its dominant political positions; it is no more democratically oriented, that is why it is continuing to provide policy which will restrain business and NGOs strengthening, produce negative image of unwilling organizations in society.

Meanwhile in Russian public policy extra nonprofit organizations and initiatives exit. They perceive their mission not as providers and suppliers of services for the society, but as inspectors who control the bureaucracy on different managerial levels and contribute public policy implementation announced by the head of the state. The largest one is "Obsherossiskiy narodnyi front" ("All-Russian people's front"). It is not a single organization but coalition of NGOs, they have united under the leadership of Vladimir Putin, in order to control the execution of decreases and orders of the head of the state as well as to fight with the corruption. In fact it is an umbrella structure which was established by the president, includes leaders of some NGOs and State Duma deputies. This coalition has no official controlling powers but at the same time its day-to-day activity affects day-to-day work of bureaucrats in the most sensitive spheres of Russian society (social policy, housing, etc.).

It is difficult to characterize such a cooperation as governance network, because except for the state there are no autonomous participants in this structure – they follow the president's policy course, do not give alternative perspective on the public policy problems, and their relationships are based on full agreement on all the issues. At the same time it is possible to qualify this cooperation as "ego-network" in which the state occupies central position and other participants are pushed to political periphery. Moreover, peripheral participants are not interlinked at all or have unstable interactions not based on any sustainable interdependencies. So, all network participants depend on the state and don't depend heavily on each other.

Although the vast Russian "ego-network" is not similar to governance networks in European countries, it sometimes demonstrates its effectiveness as a mediator between political and administrative levels of the state in the context of sluggish and lacking in client-oriented approach

bureaucracy. "All-Russian people's front" activists respond to a myriad of citizens' messages concerning problems they face. However, even if the problem is solved due to the magic effect of the president's public battering of officials, public administration system doesn't become more client-oriented; problems are solved due to the bureaucrats' fear of losing their jobs because their activity became public. In general, highly centralized administrative system is impenetrable for external independent organizations, but is very sensitive to the artificially created associations inside the system. So, inside the administrative system ruling elite allows some nonprofit originations to act only if they perform their functions being fully aligned with the state and never opposing it.

In spite of the fact the Russian public administration system has still not evolved towards network governance and gives preferences to the acute hierarchical model rather than the flat hierarchy model, some researchers claim that modern Russia as a "network state," underlining negative semantic content of the notion "network." This position is focused on the idea that Russian political space is a symbiosis of informal groups and formal state institutions, in which "the elite groups foster their own special interests by infiltrating institutions, in effect merging with the state, while at the same time maintaining their own position as unaccountable to those institutions. The state is thus chronically weak and subordinate to the networks, yet it is kept afloat as a sort of institutional carcass that the networks need" (Kononenko and Moshes 2011, p. 5). Researchers agree that modern network nature of Russian political system has its roots in the Soviet system. The collapse of the USSR has led to the destruction of highly centralized elite network, whose stability has been supported by the closed recruitment system and in which influential patron depended on the loyalty of network members. In the 2000s this network restored its positions by closing up the recruitment system and exclusion or cooptation of opposition by establishing the "party of power" which plays an integral role for the network participants (Kryshtanovskaya and White 2011).

Russian society also widely uses network practices. According to the R. Rose's classification in the Russian society "premodern" or particularistic networks are proliferated (Rose 2000). They tend to be common in transitional societies with weak institutions and trust deficit in social relations. The impact for networking is state's unresponsiveness to the citizens' needs or inability to meet their demands, and also underdevelopment of other forms of social relations. In other words, these networks are becoming an effective way to solve urgent problems in conditions of high level of distrust in the state's ability to do this. Thus, citizens develop informal contacts outside formal state institutions. Such negative trend is relevant for contemporary society and leads to a great gap between state and society, and doesn't contribute to network governance development based on partnership between public and private actors.

## Conclusion

Policy networks as a form of governance are a common practice in modern democratic states. They are purposefully created by the state in partnership with the civil and business sectors to solve current complex semistructured tasks which makes it possible for the state to materially reduce public spending and at the same time improve the quality of services.

Russian governance experience demonstrates that there are some influential factors preventing partnership development. Business and NGOs are not independent enough, and ruling elite is not going to weaken hierarchical links in public administration and dominant positions in public policy. Still it practices networking, mixing voluntary and compulsory incentives to create cooperative alliances in order to fulfill state's functions and goals, but interests of nonstate participants remain peripheral.

## Cross-References

► Governance and the State: Theory and Russian Specifics
► Nonprofit Organizations

## References

Bevir M (2011) Governance as theory, practice, and dilemma. In: The Sage handbook of governance. Sage Publications, London
Heclo H (1978) Issue networks and the executive establishment. In: King A (ed) The new American political system. American Enterprise Institute, Washington, DC
Jordan G (1990) Sub-governments, policy communities and networks: refilling old bottles? J Theor Polit 2(3): 319–338
Jordan G, Schubert K (1992) A preliminary ordering of policy networks labels. Eur J Polit Res 21(1–2):7–27
Klijn E-H, Koppenjan JFM (2002) Rediscovering the citizen: new roles for politicians in interactive policy making. In: McLaverly P (ed) Public participation and innovations in community governance. Achgate, Aldershot
Klijn E-H, Koppenjan J (2012) Governance network theory: past. Present and future. J Policy Polit 40(4): 587–606
Klijn E-H, Skelcher C (2007) Democracy and governance networks: compatible or not? J Pub Admin 85:587–609
Kononenko V, Moshes A (eds) (2011) Russia as a network state. What works in Russia when state institutions do not? Palgrave Macmillan, London
Kooiman J (1993) Modern governance: new government-society interactions. Sage, London
Kooiman J (2003) Governing as governance. Sage, London
Koppenjan J, Klijn E-H (2004) Managing uncertainties in networks: a network approach to problem solving and decision-making. Routledge, London
Kryshtanovskaya O, White S (2011) The formation of Russian's network directorate. In: Kononenko V, Moshes A (eds) Russia as a network state. What works in Russia when state institutions do not? Palgrave Macmillan, London
Lowi TJ (1962) Legislative politics. Little Brown, Boston
Lowi TJ (1969) The end of Liberalism: ideology, policy, and the crisis of public authority. W.W. Norton, New York
Ostrom E (1990) Governing in commons: the evolution of institutions for collective action. Cambridge University Press, Cambridge
Pollitt C, Talbot C (2004) Unbundled government: a critical analysis of the global trend to agencies, quangos and contractualism. Routledge, London
Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham
Rose R (2000) Uses of social capital in Russia: modern, pre-modern and anti-modern. J Post Soviet Affairs 16(1):33–57
Sorensen E, Torfing J (2007) Theories of democratic network governance. Palgrave Macmillan, New York
Woods N (2000) The challenge of good governance for the IMF and the World Bank themselves. J World Dev 28(5):823–842

# Policy Pressures and Public Law

Elizabeth Wheat
Public and Environmental Affairs (Political Science), University of Wisconsin, Green Bay, WI, USA

## Synonyms

Interest groups; Pressure groups

## Definition

Political action committee (PAC): A political committee registered with the Federal Election Commission for the purpose of electing a politician or helping advance a legislative agenda. PACs can be established and administered by corporations, unions, membership-based organizations, or trade associations.
Super political action committee (Super PAC): A PAC that emerged after the *SpeechNow.org v. Federal Election Commission* (2010) Supreme Court decision. They can raise unlimited amounts of money and can spend it supporting or opposing a political candidate. They are prohibited from donating directly to a candidate.
Pressure group: Also known as an interest group. They share similar beliefs, goals, or political philosophies and seek to influence policymakers through lobbying, education, direct actions such as protesting, and political pressure.

## Introduction

In the American political system, each branch exerts pressure on the others with the purpose of balancing control and making sure no one branch becomes too powerful. An important piece of this political system is how the public applies pressure to achieve policies. This chapter will focus on how pressures are exerted to achieve public law changes. Specifically, it will look at pressure

groups (also referred to as interest groups), political action committees (PACs), and Super PACs, and strategies to influence policy and law. Case studies from the Chicago Police Department and the Flint, Michigan, lead contamination crisis will be discussed.

## Pressure (Interest) Groups

Also known as an interest group in the United States, pressure groups share similar beliefs, goals, or political philosophies and seek to influence policymakers through lobbying, education, direct actions such as protesting, and political pressure (Shoveller and Nathoo 2002). While some may focus their efforts on politics, interest groups are more likely to focus on narrow issues and on influencing public policies. They may also help getting policies of interest to their members on the political agenda by increasing issue salience and public awareness or by helping draft legislation (Trueman 2015a). This education can be used to put pressure on elected officials and ultimately influence policymaking (Trueman 2015b).

## PACs and Super PACs

Beginning with the first PAC in 1944, the purpose of a PAC is to raise money for supporting the election or defeat of political candidates. The Federal Election Commission (FEC) limits PAC contributions to $5000 per candidate committee in an election, $15,000/year to a national party committee, and $5000/year to other PACs. Individual, PAC, or political party committees may donate a maximum of $5000/year to a PAC. They are required to register with the FEC and provide an address, financial information, and their affiliated organizations which all count towards financial limits (Center for Responsive Politics 2016b). As political campaigns became increasingly expensive, wealthy donors challenged these financial limitations in court.

In 2010, the Supreme Court handed down a 5–4 landmark ruling, *Citizens United v. FEC*. The majority opinion argued the First Amendment protects independent spending by corporations and unions from government limitations. Corporations and unions were recognized as having free speech rights in the form of unlimited financial donations (Krieg 2012). Shortly after this decision, the Federal Court of Appeals decided *SpeechNow.org v. FEC* (2010), which held that for independent expenditure-only groups, limits could not be placed on their financial contributions (U.S. News 2016). The impact on the political system of these rulings is to allow for increases in contributions and the overall cost of campaigns. In 2015, the Michigan Senate proposed codifying *Citizens United* into state law and allowing state-based Super PACs to operate in a similar way as national Super PACs (Gray 2015). Wisconsin is also debating between codification and a ballot measure overturning *Citizens United* for the November 2016 election. Both proposals could change state campaign finance laws significantly (Bottari 2015; Reid 2015; p. 292 n.d.).

Following the court rulings, independent expenditure-only groups, known as SuperPACs, emerged (Krieg 2012). Campaign finance expert Richard Briffault stated, "The rise of super PACs suggests that the real impact of *Citizens United* may be the re-validation of the unlimited use of private wealth generally in elections, not just spending by corporations and unions" (Barnes 2012). Super PACs are prohibited from directly coordinating with a political candidate, but it is not uncommon for them to be run by former presidential aides or individuals with previous political party connections. In the 2012 election, former White House Deputy Press Secretary Bill Burton headed *Priorities USA*, which spent over $18 million dollars to support President Obama's reelection campaign. Mitt Romney's former political director, Carl Forti, ran the board of Super PAC *Restore Our Future*, spending over $60 million to support the Republican candidate (Krieg 2012).

2222 Super PACs reported total receipts of $547,465,624 and independent expenditures of $235,810,461 in the 2016 election cycle as of March 2016 (Center for Responsive Politics 2016a). In the presidential race, Super PACs have spent $64 million with 90% from single-

candidate groups (Blumenthal 2015). These numbers are expected to climb as the November 2016 election gets closer and the parties nominate their presidential candidate. Registered Super PACS must report donors to the FEC on either a monthly or semiannual basis in election off years and monthly during an election year but can choose which reporting frequency they prefer.

PACs and Super PACs are examples of how pressure can be applied through financial contributions on policymakers, thus influencing public law. The following case studies will look at a different type of policy pressure – mobilizing public opinion.

## Chicago Police Department

Following controversial police actions in Ferguson, New York, Baltimore, and Chicago, confidence in law enforcement declined to its lowest rate of 52% approval since Gallup started polling about them in 1993. From 2014 to 2015, Democrats reported the greatest decline of 13 points to 42% confidence compared to the previous 2 years, while independents and Republicans reported no change, remaining at 51% and 69%, respectively. When looking at approval by race, black respondents reported 30% in 2014–2015, down 6% from the previous 2 years; Hispanic respondents reported 52% approval, down from 60%; white respondents reported 57%, down 3%; and self-identified nonwhite respondents indicated 42% confidence, compared to 49% previously (Jones 2015).

These responses suggest there is growing public concern over law enforcement actions. Citizen advocacy groups have called for changes in police techniques and emphasized the importance of good community relationships between police departments and the people they serve. At the same time, law enforcement organizations have continued lobbying politicians in Washington, D.C., spending $2.5 million in 2013 (Rucke 2014).

Chicago is an example of compelling political leaders to address alleged instances of police misconduct and of the public applying pressure with the hopes of enforcing existing conduct laws and seeking justice. Following a series of deadly police shootings of young black men, citizens and local leaders called on Mayor Rahm Emanuel and the Chicago Police Department (CPD) for greater transparency and accountability. The 2014 shooting of Laquan McDonald, a 17-year-old black teenager, was particularly controversial because the city initially opposed the release of dash-cam video and only requested it be made public after a federal judge ordered the release of video from another shooting in 2013 involving an unarmed 17-year-old black teenager named Cedrick Chatman (Guarino 2016). Public protests calling for Mayor Emanuel's resignation grew louder when discrepancies emerged over when he knew police accounts of the 2014 shooting differed from the dash-cam footage. Bishop Larry Trotter commented, "We are hurt, disappointed, and angry. The mayor has been friendly towards many ministers, but his administration has failed all Chicagoans." A lawyer for the McDonald family stated, "I submit the graphic dash cam video will have a powerful impact on any jury and the Chicago community as a whole. This case will undoubtedly bring a microscope of national attention to the shooting itself as well as the city's pattern, practice, and procedures in rubber-stamping fatal police shootings of African Americans as 'justified'" (Guarino 2016). Chicago's law department responded that the city is working to balance calls for public transparency with the need for confidentiality of police investigations (Roberts 2016).

## Flint, Michigan

In the summer of 2015, Flint citizens discovered their tap water contained high lead levels (Delaney and Lewis 2016). The Environmental Protection Agency (EPA) recommends localities take action if lead levels in water exceed 15 parts per billion (ppb) – Flint's levels tested at or higher than this in nearly 400 homes. Over 90 homes had levels in excess of 100 ppb (Lin and Park 2016).

The lead crisis dates back to March 2013 when the Flint City Council, under the control of a

governor-appointed emergency manager, voted 7–1 to stop purchasing water from Detroit and instead get water directly from Lake Huron, an effort expected to save Flint $19 million over 8 years (Egan 2015b). Detroit opted to stop selling Flint water earlier than this new plan could be implemented which led to Flint choosing to use water from the Flint River, one of the most degraded Saginaw River tributaries. Mayor Dayne Walling celebrated the choice on April 25, 2014, saying, "Water is an absolute vital service that most everyone takes for granted. It's a historic moment for the city of Flint to return to its roots and use our own river as our drinking water supply" (Aker 2016).

An important characteristic of the Flint River is that its poor water quality corrodes lead-infused pipes and risks contaminating the public's drinking water supply unless the pipes are treated prior to consumption. The Michigan Department of Environmental Quality (MDEQ) did not require this treatment be done to reduce the corrosion or leaching of lead from the city's aging pipe system and MDEQ spokesman Brad Wurfel said, "anyone who is concerned about lead in the drinking water in Flint can relax" (Delaney and Lewis 2016). The City of Flint failed to treat the pipes for corrosion and thousands of residents were then provided with dangerous lead-contaminated water (Egan 2015a).

Flint resident LeeAnne Walters noticed her four children becoming sick during this time, contacted her pediatrician who notified the city, and had her water tested in November 2014. The Walters' family water tested at 397 ppb, well above the EPA action level of 15 ppb to avoid damage to the blood, brain, and kidneys. After the mayor failed to respond, Walters contacted the EPA and civil engineer Marc Edwards. Edwards' testing of Flint water customers yielded shocking results and put even more pressure on the city and state political leaders to act. He remarked, "If a landlord with no training in public health doesn't inform a tenant of a lead hazard, they can and have been sent to jail. That's how seriously society takes this issue. So what should be the fate of someone paid to do a specific job of protecting the public from this neurotoxin and fail? If we're going to throw a landlord in jail. . .how can you not hold these guys accountable" (Aker 2016).

The public outcry over the water quality and government response grew louder once elevated lead levels were discovered in the fall of 2015. Pediatrician Dr. Mona Hanna-Attisha found high lead levels in over 1700 children and published her findings in the American Journal of Public Health, officially documenting findings of a spike in the blood levels of Flint children. She argued, "The poisoning of an entire population was entirely preventable" (Hanna-Attisha et al. 2016; Delaney and Lewis 2016; Aker 2016). Residents complained, marched to City Hall, called for the city to reconnect to the Detroit system, and over 26,000 signed a petition to end the Flint River supply (Wang 2015). Flint switched back to Detroit's system on October 16, 2015 and announced plans to prepare the connection to Lake Huron. Governor Rick Snyder declared Flint to be in a state of emergency on January 5, 2016 and said, "I have a degree of responsibility" amid questions over when exactly he knew about the severity of the lead contamination (Aker 2016). A week later, the National Guard was called in by a state executive order to help distribute emergency water supplies (Schneider and Eggert 2016).

A class-action federal lawsuit against Governor Snyder, the city of Flint, and 13 public officials was filed in November 2015, alleging families were "deliberately deprived of their 14th Amendment rights" when Flint chose cheaper toxic water. The complaint states, "For more than 18 months, state and local government officials ignored irrefutable evidence that the water pumped from the Flint River exposed [residents] to extreme toxicity. The deliberately false denials about the safety of the Flint River water was as deadly as it was arrogant" (Wang 2015).

Governor Snyder requested $200 million in aid from the state and Senator Debbie Stabenow (D-Michigan) sponsored a bill requesting federal funding for Flint and cities in similar situations to upgrade their pipes. If passed, this bill will "provide $100 million in 'drinking water state

revolving funds' available to any state with a drinking water emergency; provide $70 million to back water infrastructure loans; and provide $50 million to prevent and address lead poisoning" (Helsel 2016). Public frustration over how the city and state government handled the process led to Flint's emergency manager resigning and the Department of Justice launching an investigation into Governor Snyder's office beginning January 2016 (Rappleye et al. 2016). Concern over lead levels and its harmful effects have not stopped at the Flint city boundaries. The crisis has ignited action throughout Michigan and nationally, as citizens call for threats to their water supply to be investigated and contamination problems resolved (Wines and Schwartz 2016).

The Flint crisis is an example of citizens mobilizing to enforce public law and pressure policymakers. The Midwest program director for the Natural Resources Defense Council feels the crisis may also lead the public to reconsider the value of water, "We see safe and sufficient water as a human right," he said. "It needs to be approached as a public service matter, not a private commercial commodity... It doesn't just come out of the wall" (Wines and Schwartz 2016). If not for the actions of local pediatricians, engineers, and concerned parents, harms from the lead contamination would likely have continued and done more damage. Due to public mobilization and pressure, residents of Flint should receive clean water and resources to address health effects from the contamination.

## Conclusion

Public pressure can change an existing policy, clarify existing ones such as police protocol with civilian shootings, create a new policy, or enforce existing laws as observed in Flint. The American political system provides an abundance of opportunities for the public to get involved in making policy and changing laws. This chapter highlights a few opportunities, but every citizen can seek out ways to become involved in their own community.

## Cross-References


- ▶ Counterterrorism and Community Resilience
- ▶ Lobbying and Social Policy
- ▶ Politics and Public Policy
- ▶ Politics and the Environment


## References


Aker A (2016, January 13) Flint's massive water poisoning all started with an innocent-enough vote at city council. http://www.upworthy.com/flints-massive-water-poisoning-all-started-with-an-innocent-enough-vote-at-city-council. Retrieved 5 Mar 2016

Barnes R (2012) Super PAC Mania. Columbia Law School Magazine. http://www.law.columbia.edu/magazine/621141

Blumenthal P (2015, November 14) How Super PACs and campaigns are coordinating in 2016. Huffington Post website. http://www.huffingtonpost.com/entry/super-pac-coordination_us_56463f85e4b045bf3def0273. Retrieved 5 Mar 2016

Bottari M (2015, October 11) WI GOP begins retroactive decriminalization of Scott Walker fundraising. Huffington Post website. http://www.huffingtonpost.com/mary-bottari/wi-gop-begins-retroactive_b_8270286.html. Retrieved 5 Mar 2016

Center for Responsive Politics (2016a) Super PACs. OpenSecrets.org website. https://www.opensecrets.org/pacs/superpacs.php. Retrieved 5 Mar 2016

Center for Responsive Politics (2016b) What is a PAC? OpenSecrets.org website. https://www.opensecrets.org/pacs/pacfaq.php. Retrieved 5 Mar 2016

Delaney A, Lewis P (2016, January 12) How the federal government botched Flint's water crisis. Huffington Post Detroit website. http://www.huffingtonpost.com/entry/flint-lead-water-epa_us_569522a8e4b086bc1cd5373c?ir=Detroit&section=detroit&utm_hp_ref=detroit. Retrieved 5 Mar 2016

Egan P (2015a, October 25) Is emergency manager law to blame for Flint water crisis? Detroit Free Press. http://www.freep.com/story/news/politics/2015/10/24/emergency-manager-law-blame-flint-water-crisis/74048854/

Egan P (2015b, November 22) Flint water mystery: how was decision made? Detroit Free Press. http://www.freep.com/story/news/politics/2015/11/21/snyders-top-aide-talked-flint-water-supply-alternatives/76037130/

Gray K (2015, December 8) State Super PACs, other vote law changes up for debate. Detroit Free Press. http://www.freep.com/story/news/politics/2015/12/08/state-super-pacs-other-voting-law-changes-up-debate/76975418/

Guarino M (2016, January 15) Police-shooting videos put pressure on Chicago mayor. The Columbus Dispatch.


P

http://www.dispatch.com/content/stories/national_world/2016/01/15/police-shooting-videos-put-pressure-on-chicago-mayor.html
Hanna-Attisha M, LaChance J, Sadler RC, Schlep AC (2016) Elevated blood levels in children associated with the Flint drinking water crisis: a spatial analysis of risk and public health response. Am J Public Health 106(2):283–290
Helsel P (2016, March 4) Senator puts hold on lead bill, says Flint doesn't need fed aid. http://www.nbcnews.com/news/us-news/senator-puts-hold-lead-bill-says-flint-doesn-t-need-n532136?cid=sm_tw&hootPostID=7019dbeda7f5b7db9f77493723d00e99. Retrieved 5 Mar 2016
Jones JM (2015, June 19) In U.S., confidence in police lowest in 22 years. Gallup website. http://www.gallup.com/poll/183704/confidence-police-lowest-years.aspx. Retrieved 5 Mar 2016
Krieg GJ (2012, August 9) What is a Super PAC? A short history. ABC News website. http://abcnews.go.com/Politics/OTUS/super-pac-short-history/story?id=16960267. Retrieved 5 Mar 2016
Lin JCF, Park H (2016, February 6) High lead levels were detected in nearly 400 Flint homes, and there may be more. New York Times. http://www.nytimes.com/interactive/2016/02/04/us/flint-water-lead-maps.html?_r=1
Rappleye H, Seville LR, Connor T (2016, January 19) Bad decisions, broken promises: a timeline of the Flint water crisis. http://www.nbcnews.com/storyline/flint-water-crisis/bad-decisions-broken-promises-timeline-flint-water-crisis-n499641. Retrieved 5 Mar 2016
Reid B (2015, January 21) 'Citizens United' referendum introduced in Wisconsin. http://rockrivertimes.com/2015/01/21/citizens-united-referendum-introduced-in-wisconsin/. Retrieved 5 Mar 2016
Roberts K (2016, January 14) Chicago releases video footage from 2013 of police killing unarmed teen. PBS Newshour website. http://www.pbs.org/newshour/rundown/chicago-releases-video-footage-from-2013-of-police-killing-unarmed-teen/. Retrieved 5 Mar 2016
Rucke K (2014, May 19) The law enforcement lobby's heavy hand in American policy. http://www.mintpressnews.com/the-law-enforcement-lobbys-heavy-hand-in-american-policy/191557/. Retrieved 5 Mar 2016
S. 292,(n.d) 2015 Leg. (Wis.). http://docs.legis.wisconsin.gov/2015/proposals/sb292
Schneider R, Eggert D (2016, January 12) Snyder activates National Guard to help with Flint. http://www.myfoxboston.com/news/snyder-activates-national-guard-to-help-with-flint/17799105. Retrieved 5 Mar 2016
Shoveller J, Nathoo T (2002) Pressure groups. In Encyclopedia of public health. http://www.encyclopedia.com/topic/pressure_group.aspx. Retrieved 5 Mar 2016
Trueman CN (2015a, May 27) Pressure groups in America. The Learning Site. http://www.historylearningsite.co.uk/american-politics/pressure-groups-in-america/pressure-groups-in-america/. Retrieved 5 Mar 2016
Trueman CN (2015b, May 28) What are pressure groups. History Learning Site. http://www.historylearningsite.co.uk/british-politics/pressure-groups/what-are-pressure-groups/. Retrieved 5 Mar 2016
U.S. News (2016) Are super PACs harming U.S. politics? http://www.usnews.com/debate-club/are-super-pacs-harming-us-politics. Retrieved 5 Mar 2016
Wang Y (2015, December 15) In Flint, Mich., there's so much lead in children's blood that a state of emergency is declared. Washington Post. https://www.washingtonpost.com/news/morning-mix/wp/2015/12/15/toxic-water-soaring-lead-levels-in-childrens-blood-create-state-of-emergency-in-flint-mich/
Wines M, Schwartz J (2016, February 8) Unsafe lead levels in tap water not limited to Flint. http://www.nytimes.com/2016/02/09/us/regulatory-gaps-leave-unsafe-lead-levels-in-water-nationwide.html. Retrieved 5 Mar 2016

# Policy Tactics

Oliver David Meza Canales[1] and
Carlos Moreno-Jaimes[2]
[1]Public Administration Division, Center for Research and Economic Training. CIDE, Aguascalientes, Mexico
[2]Socio-Political and Law Study Center, Western Institute of Technology. ITESO, Guadalajara, Mexico

## Synonyms

Incrementalism; Policy adjustment

## Definitions

A policy tactic is a minor adjustment within the implementation process of an established policy that could improve its efficacy in achieving its purported objectives. A policy tactic affects the interaction between the state (bureaucrats) and citizens with the use of one or more behavioral change tools.

## Introduction

An extensive stream of literature highlights the political, budgetary, and organizational difficulties facing public administrations to improve the

quality of government. The provision of sound advice has frequently advocated change on policy levels where neither managers, implementers, nor policymakers are able to make on their own. Nevertheless, academic work has recurrently neglected existing ways to overcome these challenges. For instance, what kind of actions do public managers have available to them to increase the effectiveness of the programs they administer? The following entry attempts to answer the question developing the notion of policy tactics. We convey that a policy tactic is a policy-oriented adjustment promoted by the acting policy implementers in an attempt to overcome challenges within the implementation phase, altering the way people behave in such interactions.

## Policy Tactic: Theoretical Foundations

Three assumptions are behind the definition of policy tactic. First, it is an adjustment in the margins within the design or the policy implementation process, aiming to increase the efficacy of the policy according to its explicit objectives. Second, it targets the interaction of the state and the policy targets during the implementation of a policy. And third, a policy tactic intends to facilitate a behavioral change that facilitates the achievement of policy objectives.

## Policy Oriented

Policy tactic has to do with managerial intentionality. Ever since Lasswell's invitation to pursue policy objectives *as if where in times of war* (1951), a number of ideas have emerged to help organize policy activities in a process infused with greater intelligence, backed with evidence and with clear pursuit of the public objectives, particularly in overcoming implementation failures (Winter 2012). A key assumption driving policy tactic is that people make choices under conditions of bounded rationality, which implies that humans decide subject to cognitive limitations (Simon 1997). In addition, the decision-making process is never detached from people's personal preconceptions, beliefs, and emotions. Therefore, gaps will inevitably remain between the goals of a policy and the actual behavior of people. Dealing with these noncompliance problems (Weaver 2015), public managers design tactics with the explicit aim of aligning the behavior of bureaucrats and citizens or policy targets within the established goals of a public policy. Therefore, a policy tactic is built explicitly within the values of a public policy frame: it does not attempt to change it, but facilitate its achievement.

## Interactive Window

Importantly, policy tactic affects the interaction between the bureaucracy, say street-level bureaucrats, and the citizen or the policy target for which the policy is targeted. Implementation research has paid much attention to this interaction window. Widely accepted is the idea of bureaucrats being powerful actors with a significant degree of discretion in the interpretation and implementation of policies, which affect the outcomes (Lipsky 2010). In other words, frontline workers are de facto policymakers.

However, more recently, studies have pointed further to the idea of bureaucrats applying different rule-following identities driven by intrinsic personal conditions and contextual factors (May and Winter 2007) or in accordance to a more sympathetic behavior which heavily depends on the quality of interaction between them and the citizen/clients. The idea behind policy tactic does not quickly regard *policy implementation divergence* as an abnormality, but as an inherent opportunity to seize the moment in favor of more efficacious action (Gofen 2014, p. 477). In that sense, policy tactics closely follow a constructivist idea of the state-citizen interaction similarly as argued by Schneider and Ingram (1993), where policies help to construct an idea of the target groups, by defining who is deserving of government attention and who is not. This ultimately affects the functioning of the policy system.

Operations in the construction of a policy tactic resembles Richard Elmore's backward mapping strategy (Elmore 1979), which opposes the predominant hierarchical forward mapping view of public policy design. Contrary to the conventional assumption that policymakers can in fact control the implementation of their decisions, the backward mapping approach takes for granted that frontline bureaucracies have considerable degrees of discretion. However, instead of proposing strict controls over bureaucratic discretion, Elmore advises to start from the last possible stage, where frontline bureaucrats interact with the target population. If policy designers actually want to change behaviors at the very microlevel of implementation, they should ask themselves the following two questions: what is the ability of the lowest unit to affect the behavior that is the target of the policy? What resources does the unit require in order to have the desired – in terms of the policy goal – effect? Having established the goals and resources at the last stage of implementation, the backward mapping perspective would continue building the overall strategy focusing on each implementation stage. Each of these stages may require the introduction of policy tactics aimed at modifying the behavior of the interacting units.

## Behavioral Nature

Behavior change is the main goal and mechanism in a policy tactic to increase the efficacy of public policy. Considering that one of the leading roles of the state is to absorb the risks associated to community life, transforming the behavior of countless people is an essential task for public policies. However, such a complex undertaking requires a clear understanding of the factors influencing people's behavior and selecting the appropriate policy tools to induce behavioral change (e.g., regulation, information, and incentives, among others). From an instrumental rationality point of view, changing behaviors implies that policy design should rest on solid causal frameworks ensuring coherence between policy goals, behaviors, tools, and outcomes. The notion of policy tactics does not demand such a comprehensive rationality assumption, but only a more modest, although more pragmatic, one: "rationality is concerned with the selection of preferred behavior alternatives in terms of some system of values whereby the consequences of behavior can be evaluated" (Simon 1997, p. 84). This implies that organizations and their managers can provide people with informational and psychological environments to adjust individual behaviors and preferences with collective goals, without relying exclusively on more conventional mechanisms such as incentives or sanctions. Policy tactics assume that public organizations can exert influence over low-level bureaucrats and citizenship in multiple ways, but mainly by altering the heuristic model of individual pre-decision's framework under which frontline bureaucrats and citizen interact. This closely resembles Thaler and Sunstein's argument on human cognitive biases, which often prevent people from making sensible choices regarding their own well-being. The latter had served to justify the use of *nudges*, defined as "any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives" (Thaler and Sunstein 2008, p. 6). Policy tactics, on the other hand, does not exclusively subscribe to the rational-instrumental paradigm behind nudge theory; however it highlights the power to change behavior by reconstructing the meaning of interaction between the state and citizens throughout non-rationalistic mechanisms. Examples of these have been presented elsewhere (see Jones et al. (2013); Meza and Moreno-Jaimes (2019)).

## Conclusion

Policy tactics is an alternative way to understand how public managers improve the implementation of public policy without making comprehensive

changes either to its design or to the organizational and institutional settings, something that generally is beyond their formal powers. Policy tactics operate within the limits of the established policy goals, which fulfillment they facilitate through small adjustments in the implementation process, aiming to change the behavior of target populations and/or the agents of the state. Policy tactics is not a prescriptive notion, but a descriptive one, frequently neglected, on how real-world public managers handle the everyday challenges of implementation.

## References


Elmore RF (1979) Backward mapping: implementation research and policy decisions. Polit Sci Q 94(4):601–616

Gofen A (2014) Mind the gap: dimensions and influence of street-level divergence. J Public Adm Res Theory 24(2):473–493

Jones R, Pykett J, Whitehead M (2013) Changing behaviours: on the rise of the psychological state. Edward Elgar, Cheltenham/Northampton

Lasswell H (1951) The policy orientation. In: Lerner D, Lasswell H (eds) The policy science. Stanford University Press, Stanford, pp 3–15

Lipsky M (2010) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage Foundation, Nueva York

May PJ, Winter SC (2007) Politicians, managers, and street-level bureaucrats: influences on policy implementation. J Public Adm Res Theory 19(3): 453–476

Meza O, Moreno-Jaimes C (2019) Taming the beast: managers' tactics to change frontline workers' adversarial interaction with policy targets. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1660991

Schneider A, Ingram H (1993) Social construction of target populations: implications for politics and policy. Am Polit Sci Rev 87(2):334–347

Simon H (1997) Administrative behavior, 4th edn. The Free Press, New York

Thaler R, Sunstein C (2008) Nudge. Improving decisions about health, wealth and happiness. Penguin Books, New York

Weaver RK (2015) Getting people to behave: research lessons for policy makers. Public Adm Rev 75(6):806–816

Winter SC (2012) Implementation perspectives: status and reconsideration. In: Guy Peters B, Pierre J (eds) The SAGE handbook of public administration. SAGE Publications, York/London, pp 255–263


# Policy-Making for Sustainable Agricultural Development


Tipakorn Senathip[1], Bahaudin G. Mujtaba[2] and Frank J. Cavico[2]

[1]Institute of International Studies, Ramkhamhaeng University, Bangkok, Thailand

[2]The H. Wayne Huizenga College of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA


## Synonyms

Farming; Policy-making; Rural development; Strategic planning; Sustainability

## Definitions

- *Sustainability* is the ability of an organization and its employees to effectively and efficiently manage their core economic responsibilities in maximizing long-term value while proactively respecting the environment and being accountable to all stakeholders in a transparent and timely manner.
- *Agriculture development* refers to the idea of policy-makers providing assistance and resources to farmers and crop producers along with relevant assistance in research, best practices, technology, and pest control recommendations.

## Introduction

Leaders in both private and public sector organizations play an important role in bringing about positive and necessary developments in society. This function is especially an important consideration for public sector policy-makers when they look at the long-term effects of policy-making in economic and agricultural development. Farmers and citizens of any agrarian society tend to depend

on the availability of local resources for their survival and independence. Furthermore, agricultural developments are important for communities to live in a sustainable manner using local products and resources.

This entry (A comprehensive version of this topic was published in *Economy* as follows: Senathip et al. (2017).) reflects on policy-making for economic progress, its importance, and how local leaders can take a developmental role in devising agriculture and sustainability approaches for local farmers, consumers, and communities. Suggestions and recommendations are provided which the authors trust will result in the betterment of people and the sustainability of societies.

Over the past decade, we have seen that many modern researchers focused on the responsibility of taking care of local communities, society as a whole, and the planet by being "sustainable" environmentally and in all aspects of life and work (Senathip et al. 2017). In some cases, one has seen friendly and even not-so-friendly protests when people are not happy with their current situation, especially economically, and want positive changes in their living and/or work environment. Fortunately, many people are now voluntarily trying to reduce waste, reuse what they can, recycle as much as possible, and renew by planting seeds or trees to replenish natural resources and by respecting the environment while keeping it clean and "green" (Cavico and Mujtaba 2016). Many companies and businesses are also going "above and beyond" the law and legal requirements to conserve energy and in some cases to actually produce energy; these companies are positive examples of "sustainable" firms.

Sustainability is defined as "the ability of an organization and its employees to effectively and efficiently manage their core economic responsibilities in maximizing long-term value, while proactively respecting the environment and being accountable to all stakeholders in a transparent and timely manner" (Mujtaba et al. 2016, p. 679). Mujtaba's long-term view of sustainability will be used in this research since highly ethical people are likely to be driven by decisions that respect people and the environment while enhancing the quality of life for everyone in society.

## Policy-Making and Development

According to Rissmiller (2000, p. 1), many writers and researchers ask how can we understand the "incredibly complex" process of policy change? Of course, there are many models and answers which have made important contributions to this understanding; but a good majority of them tend to rely on theory that is general in scope or very narrow and specific to a particular agency's decision processes (Easton 1965a, b). As such, they are difficult to apply to all situations and cases. Some models are reliant on a single case which has a limited score of utility. Yet other models are derived from multiple regression or even more sophisticated statistical analysis that disregards dynamic change and situational variables. Thereby, some believe that the "scientific approaches to the study of policy-making processes are ill-designed to confront the apparently tremendous influence of personalities and chance events, the unique features of policies, and the unique and diverse range of environments in which policy is made" (Rissmiller 2000, p. 1). Rissmiller and other authors have recommended that the goal of policy theory should be to assist in understanding the role of causal elements in policy development regardless of whether they appear to be irregular and diverse or uniform and predictable. Accordingly, it is recommended that political scientists need to think and see "holistically" and thus to utilize systems thinking in their developmental policies. Unfortunately, systems thinking and dynamics are not taught in most political science curriculums and programs. However, systems thinking and dynamics have thrived in business applications due to the continuing work and commitment by people like Peter Senge and others at the Massachusetts Institute of Technology's (MIT) Sloan School of Management.

Theory building and systems analysis have generated considerable interest in political sciences over the past century, especially up to 1965, as stimulated by David Easton's writings on *A Systems Analysis of Political Life.* Easton's work has been influential due to the fact that systems analysis has been identified as one of a

handful of primary approaches to the study of political science and public policy (Rissmiller 2000; Anderson 1997; Dye 1998; Susser 1992).

According to researchers and writers (Jenkins 1978), public policy is defined differently by different authors, including the following definitions:

1. Public policy is whatever governments choose to do or not to do.
2. Public policy consists of political decisions for implementing programs to achieve societal goals.
3. Public policy is a purposive course of action followed by government in dealing with some topic or matter of public concern.
4. Public policy is the authoritative allocation of values for the whole society.

Public policy is defined "as a set of interrelated decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve" (Jenkins 1978, p. 44). Such a definition is not all-encompassing as it does not build *implementation* into the policy. As such, one does not always consider how a policy might be implemented. This definition makes clear that a *Policy is more than a single decision* as it can involve many actors/stakeholders (Ventriss 1989). Policy-making often involves a pattern of actions that extend over time and that might go through many decisions. Nonetheless, some critical points for consideration of such a definition and model can include the following elements:

- It integrates the possibility of *inaction* (the decision not to move).
- It separates policy from ambition.
- It links policy decisions to available resources.

All policies tend to have multiple direct and indirect stakeholders. A *stakeholder (actor)* can be any person, group, or institution that has an interest in a development activity, project, or program.

The stakeholder definition includes both intended beneficiaries and intermediaries, "winners or losers," and those involved or excluded from decision-making process. Therefore, public policy should be considered as much more than simply governmental "outputs" because simply focusing on output alone may result in a partial and incomplete view of the dynamics and totality of public policy (Miyakawa 2000). Policy analysts, therefore, should deal with the separation of content and process, to wit: (a) *policy content* – the substance of policy – and (b) *policy process*, the given set of methods, strategies, and techniques by which a policy is made (Jenkins 1978).

Overall, one can summarize that policy-makers should focus on *how* policies actually govern; and they should ask other questions that relate to *why* a policy must govern as they consider the ultimate well-being of all people in society (Rissmiller 2000). As part of the policy development process, there can be a market orientation which focuses on privatization, marketization, and contracting out, which business actions hopefully will provide competition, thereby making products and services better and cheaper for consumers. There should also be a dialogue orientation in order to focus on interaction between government agencies and civic groups. "Civic responsibility emphasizes obligations that citizens have to their society, and their government" (UNF Lecture 2016, p. 7). Civic responsibility focuses on the relationship of citizens to their government and society and especially the obligations of citizens to their society.

## Economic Development of Nations

The World Development Reports, similar to most of their other similar studies, provide a review of how the world economy is often plagued, beset, challenged, and, at times, overwhelmed by severe economic problems while also paving the way for opportunities toward the growth and development of all nations through specific recommendations for policy-making and implementation. These reports review development prospects in the international economy while offering recommendations

for adjustments and opportunities in industrial, developing, and poor countries. For example, the World Bank's (1982) report found that, although international prospects had become worse in that time period, it also was forecasted that during the coming decade the leaders and policy-makers of the middle-income countries should work on narrowing the income gap between themselves and the industrial countries of the world.

The prospects for some of the low-income countries remained a matter of grave concern for leaders and local policy-makers. According to the report, agriculture remained the main source of income for about 70% of the population in developing countries and for the vast majority of those people who are living in the world's poorest nations.

### Developing Countries

Just a few decades ago, many developing countries were struggling with large debt repayments and saw their problems further exacerbated by the rise in interest payments, adverse impact of regional or global trade, and depressed export volumes. The low-income countries which make up the bulk of where poverty is concentrated seem to have a bleak future lacking major opportunities for education and health development. Perhaps due to centralized and stable governments, heavily populated countries like China and India have managed to maintain consistent growth in the 1970s; as such, these two countries are less likely to be negatively affected by the adverse international environment's changing landscape. However, the smaller low-income countries with large export sectors tend to see more of bleak future in the decades to come. Some of these countries are in Africa and fared badly in the 1970s as they did not receive developmental assistance from outsiders. Their progress has been heavily dependent on the generosity and aid from the international community. Overall, big improvement opportunities are likely to come from reforms in education, health, and better agriculture developments. Over the past several decades, growing interdependence through trade and migrations of people for business has strengthened the forces of economic expansion around the world. In the meantime, these interdependencies have also transmitted challenges and problems from country to country in parallel with the economic benefits.

Data shows that many of the developing countries adjusted better than the industrial countries during the mid-1970s, while the low-income countries were hit hard by the recession at the time. This can be seen from the fact that economic growth was slow in the poorest countries during that time period, despite the improvements made in the quality of life. Perhaps due the interdependence of global community, during the 1970s, most developing countries adjusted fairly well to the turbulent conditions and recession in the world economy. These countries grew about twice as fast as the industrial countries during that decade. The developing countries were able to borrow more income from the international community; and they made good use of their additional resources.

### Development Opportunities

Development prospects for the international economy had worsened in some decades, partially due to the lingering recession in the industrial countries, especially because some of them had leaned toward the threat of taking protectionist measures. Other reasons for the worsening of the international economy could be attributed to the "developing countries' adverse terms of trade and depressed export volumes; high and more volatile interest rates that limit borrowing; and large debt repayment burdens" (World Bank 1982, p. 2). When these challenges are not solved quickly, the barriers to growth could condemn the world to long-term sluggish growth, which can have negative ripple effects throughout the world due to the increased interdependence.

During recessionary times, major priorities for industrial countries should include the restoration of their own economic health and continued growth through the maintenance of a liberal environment for trade. In the early 1980s, while external finance accounted for 13% of the total investment in developing countries (or 4% of world savings), it made important contributions by providing imports of machinery, materials, and

other technological necessities for efficiency. External finance also helped to cushion balance of payment shocks which can be experienced due to economic upheavals and recessions.

In terms of developments, data from the 1970s suggests that most developing countries weathered the economic disruptions and challenges with effective approaches. Overall, local and international policy-makers should stress the importance of several factors such as continually increasing levels of domestic savings and investment, improving the efficient use of available capital, and effectively managing all external debts. Accordingly, it is clear that the foundation for development over the longer term requires the strengthening of economic management by developing an effective strategy for the near future which should include greater priority to agriculture.

## Agricultural Developments

The atmosphere and character of world agriculture has changed significantly and positively during the latter part of the past century. "In the developed countries, scientific research together with the increased use of industrial technology, chemical fertilizers, and machinery have revolutionized production and marketing" (World Bank 1982, p. 4). However, some elements of this uprising have produced widely differing performance and progress.

Data from the last few decades of the past century shows that the industrial countries protect agriculture to maintain parity or equality in incomes generated or earned by farmers and those of other workers in the economy. Some believe that "This protection is extremely expensive unnecessarily so, since it has spurred increases in agricultural output beyond economically justified levels and has seriously distorted international comparative advantage" (World Bank 1982, p. 5). Therefore, the challenge for policy-makers is to adjust domestic policies as needed to build an effective trading system in which mutual comparative advantage can play a positive role in local production. Rapid and relevant progress on a continuous basis through effective policies for sufficient agricultural production is clearly desirable to enlarge the developing countries' access to markets and, in the long run, to ensure that the world's agrarian resources are more efficiently used to increase per capita supplies of food for local, regional, and international consumers.

According to the World Bank report, "continuing progress in agriculture is of vital importance to the developing world," because of many reasons, including the fact that "Close to two-thirds of the population draws its livelihood from agriculture as farmers and farm workers. . .Driven by population and income growth, the demand for food in the developing economies is likely to increase by at least a third over the next decade" (World Bank 1982, p. 89). Agricultural exports have accounted for about 30% of most developing countries' total merchandise export earnings, and they will continue to be "the main category of exports for over two-thirds of these countries" (World Bank 1982, p. 90).

## Development Recommendations

Plainly, policy-makers in the public sector play a dominant and important role in providing relevant infrastructure and large-scale irrigation systems for agricultural efficiency and development. Yet, there are no universal package of prescriptions that can be offered for all nations and economies. The reality is that such elements as nature, climate, feasible cropping systems, available technology and the means to acquire and use it all vary too widely for any simple formula to make sense.

The proper and efficient use of water for irrigation, drainage, and flood control is a major source of increased productivity (Mujtaba 2014 and 2015; U-Tantada, Mujtaba, Yolles, and Shoosanuk 2016). If farmers are able to adopt to and to use new varieties of seeds and apply the right amount of fertilizer, then they must be assured of adequate supplies of water are delivered in a timely manner so they can stay in business and make a small profit that can be applied to the future of their business. Such governmental assistance or aid by the international community has provided high rates of return, though it requires considerable investment and strong leadership by local organizations. Private sector

irrigation and sustainable technology usage remain important factors in boosting agricultural output in all nations around the world. In the future, especially in developing and poorer countries, the size and collective nature of the investments in agricultural developments will require heavy reliance on public sector irrigation. Of course, cooperation of various stakeholders is important as the private sector can complement the work of policy-makers in the public sector (World Bank 1982, p. 50).

The world is adopting to new technologies every single day, while more and more people are moving into bigger cities thereby relying even more on crops of fresh foods. Therefore, "with urbanization and the growth of the cash economy, marketed food production will need to increase very rapidly" (World Bank 1982, p. 6). Adapting to the new environment will require considerable investments by both farmers and governments in crop storage, processing it efficiently and transporting it quickly to retailers and consumers in a timely manner. Consequently, there is a greater need for policy-makers and government officials to carefully consider their respective roles in financing and managing relevant investments for socially responsible long-term growth, adaptability to the changing needs of consumers, and the sustainability of operations in the environment and ultimately of society itself.

Overall, research and technological advancements need to be developed and adapted to local conditions that farmers face each year. Government or internationally financed projects in agriculture developments are often necessary to overcome major obstacles, to demonstrate how to increase output of one's hard work in the crops being produced, and to assist in devising relevant programs to benefit the poorest populations in rising above poverty levels. Oftentimes, major investments in irrigation, transportation, and marketing networks are only available from external sources like the government or international community.

In summary, it is apparent that the world's population is continuing to rise, and, thus, the increase in demand for food has important implications that go well beyond agriculture itself. In the 1980s, about 8% of the food was eaten in developing countries, and 9% of all agricultural products available was supplied by imports. As such, developing countries have had a strong reliance on exports for the consumption of their food supplies. "The past therefore provides a clear guide for the future" (World Bank 1982, p. 91). Now, one sees that the main constraints on agricultural growth do not necessarily lie in the behavior of farmers as they are motivated to work hard and to take advantage of new innovations. The constraints are in the environment in which farmers operate, the technologies that are available to them, the access to usable land, and the incentives for production and investment. Furthermore, other main constraints can include the availability and price of fertilizer, establishment of easily accessible irrigation, and marketing resources.

If the past is any guide, policy improvements could achieve dramatic results. The rise in agricultural output over the past four decades of the last century had confounded the predictions of famine which were common in the 1950s and 1960s. Unfortunately, many people still suffer from shortages of food and suffer hunger and even famine in the modern world. One point that can be made is that: "If agricultural technologies can be improved, additional resources mobilized, and appropriate policies adopted in industrial and developing countries, then faster agricultural growth will be achieved. Economic development, particularly of the poorer countries, will speed up. And poverty will be reduced" (World Bank 1982, p. 93).

## Sustainable Social Responsibility

An important value for current policy-makers and future leaders is to create policies that would encourage people to act in a socially responsible manner by being cognizant of "sustainability," a concept tied to the values of law, ethics, and social and environmental responsibility. The most frequently cited definition of sustainable development was published by the United Nations (Our Common Future, chapter 2, *Report of the World*

*Commission on Environment and Development* 1987, p. 24): "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability is a broad and all-encompassing concept since it can be interpreted as a MEANS (typically in the form of beneficial environmental actions, such as "green" buildings and offices, reducing greenhouse gasses, and otherwise reducing the firm's "environmental footprint") and also as an END (i.e., having a sustainable organization, society, as well as a sustainable planet, for future generations).

An important challenge for policy-makers is that each person is expected to act in a socially and environmentally responsible manner (Cheretis and Mujtaba 2014). The societal expectation of this responsibility is thus above and beyond the law as well as morality/ethics (Cavico et al. 2015). Business, therefore, is expected to be a "good corporate citizen" (even though there may be no legal obligation to do so). Social and environmental responsibility is related to sustainability as a goal; that is, if we restore or preserve our natural resources and communities, we will also increase our chances of sustaining as a business. The old concept of seeing the purpose of business as only short-term profit is being increasingly replaced by a broader and more socially responsible "accounting" framework, which includes three dimensions of measurement: "People, Planet, Profits," also called the "Triple Bottom Line" – economic prosperity, environmental stewardship, and social responsibility (Cavico et al. 2015).

The rationale for being socially and environmentally responsible, and one that must be underscored to the future leaders throughout their socialization in the company, is the maximization of their own self-interest along with that of their firms, communities, and society as a whole. That is, the instrumental worth of being a "socially responsible" person and organization, in addition to being a legal and moral one, will be the advancement of one's own self-interest, the company's self-interest, and the corresponding benefit to community and society as a whole as well as the sustainability of the planet for future generations.

As leaders, we can create the best future by planning for it with specific goals, organizing and devoting relevant resources, having milestones which are precise and can be measured and reported, and specifying action plans that can be controlled. Leadership is about having a vision, influence, and the ability to execute a practical strategy into action; and this ability should be used to make society a little better through the sustainable operations in each organization. The authors have emphasized that the business leader today will confront societal expectations that the business will not merely act in a prudent economic and correct legal manner but also that the business will act in a moral and ethical and socially and environmentally responsible manner. Business leaders in the public as well as private sectors must take the lead in emphasizing legality, morality, ethics, social responsibility, and sustainability in all their decision-making processes.

## Conclusion

The objective of sustainable global leadership and policy-making is to make sure the processes used for economic developments along with their associated outcomes more sustainable. This mind-set is the way to achieve long-term economic success and sustainability; and thus future business leaders must be developed and prepared to do what is the essence of leadership and that is to *know the way, go the way,* and *show the way.* Consequently, the challenge for the policy-maker today is to have that mind-set and thus to fulfill these expectations, meet these challenges, achieve success, and to sustain that success for the business and all its stakeholders including society as a whole, the planet, and future generations.

If public sector policy-makers, leaders, and managers do have a higher level of ethical maturity and sustainability consciousness, then specific positive recommendations will benefit everyone in society so all people can achieve a higher level of ethical, moral, and social responsibility awareness and action and thus contribute to and help build sustainable societies and a sustainable planet for future generations.

## Cross-References

▶ Comparative Urban Development
▶ Governmental Accountability
▶ Sustainable Development Administration

## References

Anderson JD (1997) Public policymaking, 3rd edn. Houghton Mifflin Company, New York

Cavico FJ, Mujtaba BG, Nonet G, Rimanoczy I, Samuel M (2015) Developing a legal, ethical, and socially responsible mindset for business leadership. Adv Soc Sci Res J 2(6):09–26

Cavico FJ, Mujtaba BG (2016) Developing a Legal, Ethical, and Socially Responsible Mindset for Sustainable Leadership. ILEAD Academy: Florida

Cheretis D, Mujtaba BG (2014) Maximizing long-term value and conscious capitalism at whole foods. SAM Adv Manag J 79(3):4–16

Dye T (1998) Understanding public policy. Prentice-Hall, Upper Saddle River

Easton D (1965a) A framework for political analysis. Prentice-Hall Publishers, Englewood Cliffs

Easton D (1965b) A systems analysis of political life. Wiley, New York

Jenkins WI (1978) Policy analysis. A political and organisational perspective. Martin Robertson, London, pp 15–25

Miyakawa, Tadao, (2000). The science of public policy: essential readings in policy sciences II. V(I), 44–52. New York: Routledge

Mujtaba BG (2014). Managerial skills and practices for global leadership. Davie, Florida, United States: ILEAD Academy

Mujtaba BG (2015) Climate change and sustainability. YouTube Video, available at: https://www.youtube.com/watch?v=yQbCyUxB4c0

Mujtaba BG, Cavico FJ, Senathip T, U-tantada S (2016) Sustainable operational management for effective leadership and efficiency in the modern global workplace. Int J Recent Adv Organ Behav Decis Sci 2(1):673–696. Website: http://globalbizresearch.org/ob/issues.php?id=236

Rissmiller K (2000) Approaching a model of policy change: a challenge to political science. In: Proceedings of the eighteenth international conference of the system dynamics society, Bergen, 6–10 Aug 2000

Senathip T, Mujtaba BG, Cavico FJ (2017) Policy-making considerations for ethical and sustainable economic development. Economy 4(1):7–14. Link: http://www.asianonlinejournals.com/index.php/Economy/article/view/1084

Susser B (1992) Approaches to the study of politics. Macmillan Publishing, New York

UNF Lecture 2 (2016) Paradigms of public administration. University of North Florida – Department of Political Science; PAD 4003 Public Administration. Website: www.unf.edu/~g.candler/PAD4003/02.pdf

U-Tantada S, Mujtaba BG, Yolles M, Shoosanuk A (2016) Sufficiency economy and sustainability. Proceedings of the 2nd multidisciplinary research and innovation for globally sustainable development (MRIGSD) – Valaya Alongkorn Rajabhat University. J Thai Interdisc Res 2559:84–94. Website: http://www.vru.ac.th/

Ventriss C (1989) Toward a public philosophy of public administration: a civic perspective of the public. Public Adm Rev 49(2):173–179

World Bank (1982) World development report 1982: international development trends, agriculture and economic development, world development indicators. Oxford University Press, New York. Retrieved on 8 Nov 2016 from website: https://openknowledge.worldbank.org/handle/10986/5965

World Commission on Environment and Development (1987) Our Common Future, Report of the World Commission on Environment and Development. Published as Annex to General Assembly Document A/42/427, Development and International Co-operation: Environment, August 2, 1987

# Policy-Making for Sustainable Empowerment and Poverty Reduction Scheme in Nigeria

Ikechukwu Ogeze Ukeje[1], Udu Ogbulu[2], Adeline Nnenna Idike[1], Chinyere Ndukwe[3], Harrison Onuwa Iwuala[1] and Clementina Kanu[4]
[1]Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[2]Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria
[3]Public Administration Department, Ebonyi State University, Abakaliki, Nigeria
[4]Department of Accountancy/Business Administration and Banking/Finance, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

## Synonyms

Empowerment; Nigeria; Policy-making; Poverty reduction; Sustainability; Urban development

## Definitions

| | |
|---|---|
| Sustainability | Sustainability is anchored on the three pillars of social, economic, and environmental preservation for the guaranteed present and future generations. |
| Empowerment | A people-focused development initiative that enhances self-reliance and self-esteem, through active participation in the stages of policy process. |
| Poverty | Means the denial of choices and opportunities and lack of capacity to participate effectively in society. |
| Poverty reduction | Strategic policy measures, both economic and humanitarian, which are intended to permanently lift people out of poverty (Ukeje et al. 2020, p. 1). |
| Urban development | Process of enhancing urban services for secure and sustainable environment, prosperous economy, and humanitarian cause and social well-being. |

## Introduction

Public policy-making in the developing countries is a difficult task because of the many problems militating against the process (Okoli and Onah 2010). Primarily, most of the developing countries lack the technical know-how and statistical data for formulating an endurable policy. Again, the political and economic factors tend to compound the problems already facing the policy-makers (Okoli and Onah 2010, p. 253). Individuals, organizations, and the society at large are often faced with various political and socioeconomic problems. If attempts are not made on time to address the situations, the resultant effect is that the problems degenerate into uncontrolled point that tends to render the system difficult to manage. Nevertheless, this is rarely the case, as efforts are often being made by the various categories mentioned above to find solutions to such problems. The solutions are more often than not sought through the decision-making process, whereby a policy option is made to check a named political, educational, or socioeconomic problem (Okoli and Onah 2010, p. 235).

However, a recent study has shown that previous policy efforts in Nigeria lack sustainability component due to poor human capital development (Ukeje et al. 2020) and weak governance structure. Sustainability is anchored on the three pillars of social, economic, and environmental preservation for the guaranteed present and future generations (Turvey 2017). Since its origin in 1972, with emphasis on achieving integration of economic development, environmental protection, social justice, and inclusion, attaining sustainable development has been challenging despite gaining popularity following World Commission on Environment and Development (WECD) Brundtland Report of 1987. More so, the SDGs declaration with targets by world leaders on 25 September 2015 seems unattainable in many developing countries like Nigeria (Ukeje et al. 2019a) where poverty growth rate is high. Absence of sustainability can provide foundation for society-public policy gap. Governance plays a critical role in building and bridging a relationship between society and public policy (Bhuiyan and Farazmand 2019, p. 3). Importantly, certain governance principles are required for sustainable policy-making. In that connection, six core good governance principles, properness, transparency, participation, effectiveness, accountability, and human rights, highlighted by Addink (2019, p. 19) cannot be ignored. Good governance is significant because it is both a norm for the government and a citizen's right (Addink 2019, p. 4). Service of the people not for its own sake to the extent the people institute and constitute it is the essence of good/sound governance (Offu et al. 2018). Sound governance, as critically conceptualized by Farazmand, has as its constituent elements comprehensiveness, autochthonous governance regimes, competence, societal cultural base, inclusivity, and internationally acceptable values (Farazmand 2012, 2017). Importantly, sound governance is proposed in response to the fundamental flaws of "good governance," a

concept Farazmand borrowed from the ancient Persian Emperor Darius the Great (521–480 BC) whose comprehensive administrative reforms were considered essential for a "sound economy and administration" of the world's first and largest empire – the One World State of the Achaemenid Persian Empire (Farazmand 2004, 2009, 2012).

Shaped by these principles, citizens' empowerment and poverty reduction are key strategies for sustainable urban development. Due to prevalence of rural poverty and search for a better life, cities have become homes to many for inherent prosperity and economic growth potential (Keivani 2010; Zhang 2016; Madeleine 2016; Panwar and Thapliyal 2017), hence the rising urban growth vis-à-vis high natural growth rates (Tacoli 2008). But, upon arrival in city, rural migrant family come face to face with reality of unavailable or inaccessible housing, incomes, jobs, and amenities making them unfit to live there amidst growing deviance. The fast urbanization and rapid rural-urban mobility in Africa appear worrisome granted misdirected funds to forestall outcome problems or address existing ones. While Keivani (2010) notes that urbanization does not automatically guarantee sustainability, Madeleine (2016) cautions that only fortifying infrastructure and maintaining programs upon which strong communities build can guarantee urban poverty alleviation.

Social and spatial repercussions of rural-urban migration accentuate weak planning and governance systems of sub-Saharan African countries (Agergaard and Ortenbjerg 2017). The United Nations had estimated that developing countries would have more than half of their population live in the urban areas by 2017 (Sida Policy 2006). In the coming decades, Africa is expected to grow fastest (Parnell and Walawege 2011; Farrell 2018) as developing countries and Nigeria would record more than 90% of global population growth and 71.33% at the growth rate of 3.19%, respectively (Cobbinah et al. 2015). Nigeria's urban population growth has been rapid (Fox et al. 2018), and by 2025 it would increase by 57.9% at growth rate of 3.42 (Olalekan 2014), yet the country's population remains unplanned making poverty widespread (Adedokun 2016).

Ebonyi state is one of the poorest states in Nigeria. A report of the federal office of statistics showed that 52.6% of Ebonyians are poor. The demographic pull of Abakaliki urban and the high poverty growth rate in the state call for political commitment to appropriate targeting strategies in ensuring its sustainability. However, the government approach to empowerment scheme is inconsistent with conventional intervention targeting methodologies. For attainment of sustainable urban communities, direct involvement of beneficiaries is key (Pugalis et al. 2014). Improvement in efficiency and prioritization of projects requires community participation in identification, planning, and financing. More so, process and level of participation are critical for effective management and contribution to the need of the end users (Manzi et al. 2018). Therefore, misplacement/misalignment of skills and core of needy targets in the empowerment scheme identification, design, implementation, and evaluation poses great threat to the prospect of the global goals within the specified period – an indictment on government and decision-making structure. Emphasis on implementation need and its staggering effects on sustainability calls for governance driven by proactive action, competence, pragmatism, negotiation, and political will. While Turvey (2017) characterizes urban sustainability by liveable spaces, prosperous economies, secured environment, and empowered communities, Keivani (2010) stresses the direct relationship between governance/decision-making and sustainability.

Urban sustainable development problem arising from spatial poverty movement alerted urban development experts and scholars to understanding possible causes with a view to providing solutions. Previous studies, however, focused on factors such as demographic surge and intense competition for limited economic resources as urban poverty explanatory variables (see Anger 2010).

Evidence in Ebonyi state presents a contrary view and therefore challenges the conventional arguments: first, neither competition nor mobility explains urban poverty. Second, while urban poverty increases, rural poverty is also on the rise.

The inadequacy of conventional explanations for urban poverty in Ebonyi state is rooted in the negation of empowerment-benefit exchange (EBE) as analytical concept.

Today, the reality is that economy dominates both environment and society (Giddings et al. 2002). The virtual macroeconomic growth in Ebonyi state rather dominates attention of the government to the detriment of the microeconomic need. For environmental and social sustainability to become reality, both the macro- and microeconomies need great attention without compromising the other. The argument of this entry is that compromised empowerment methodology and diverted sustainable socioeconomic strategies pose urban sustainable development threat in the state. It also contends that the exclusion/inclusion errors associated with the scheme derail the harmonization strategies for sustainable development goals 1, "end poverty in all its forms everywhere"; 2, "end hunger, achieve food security and improved nutrition and promote sustainable agriculture"; 11, "make cities and human settlements inclusive, safe, resilient and sustainable"; and 17, "strengthen the means of implementation and revitalise the global partnership for sustainable development." Goals 1 and 2 have altogether dominated both academic and policy discourses more than any other globally, leveraging on goals 11 and 17. Goal 17 plays the enabler role (Tosun and Leininger 2017). The relationship between these goals significantly lies in the combined impact of the latter goals on the former.

However, there is no prior study on the role of EBE in urban and rural poverty reproduction and sustainability particularly, in Ebonyi state. Other explanatory concepts applied to Nigeria's context only explain surface reality, but cannot explain internal dynamics of financial transactions on budgeted empowerment funds between core of the needy and associates of government officials. Other than a complex EBE concept, corruption, poor funding, etc. attributed to poverty in many African literature do not help in understanding relationships between corruption practitioners, victims, intervention funds, poverty, social vices, and unsustainable development.

The challenge is that the entire process of empowerment is riddled with politics, while the real policy-target beneficiaries lack access, capacity, and training needed to succeed in the policy implementation process.

The goal of this entry is to apply empowerment-benefit exchange in understanding the socioeconomic distortions of government policy-making processes and practices in empowerment scheme in the context of sustainable urban development and anti-poverty drive.

## The Concept of Empowerment-Benefit Exchange (EBE) Explained

The EBE is a conceptual analysis of agency and process components of empowerment where manipulations and inclusion/exclusion errors take place during the implementation of empowerment benefits. Empowerment-benefit exchange is a structural constraint to the goal of empowerment initiative. As a socioeconomic concept, it explains the tiers of financial exchanges during implementation processes. It provides insights into some form of asymmetrical contractual arrangements that exist between associates of government officials (agency) and core of needy empowerment targets (target populations). Empowerment-benefit exchange occurs in two dimensions: commercialization and diversion. In both, there are loose boundaries – the target population defined by certain distinctive criteria is infiltrated. In the former, agent sells the benefits to a member of that population category either in cash or in other forms. Commercialization and re-commercialization of empowerment benefits are usually at very incremental exorbitant prices such that traded items/services reach expiration date or life span before repayment is completed, thereby leaving the latter worse off. In the latter dimension, the benefit or opportunity is sold to a nonmember buyer, denying a deserving member of the population category the benefit. One repercussion of this kind of empowerment implementation practice is the tendency of growing inequality. This outcome inequality is

antithetical to development (Freistein and Mahlert 2016) and empowerment theoretical postulations.

EBE explains this phenomenon and uncovers the concomitant effects of reproduction and sustainability of both urban and rural poverty in the state in spite of enormous expenditure on empowerment programs and Abakaliki aesthetic rebranding. According to EBE, the character of empowerment scheme takes the form of government-prebendal-target exchange process, which heightens survival pressure on the left extreme component (target) of the process, as well as the environment. The effects of this are rural-urban-rural poverty movement, closing of wealth distribution space, and consequential rise in vices. Urban-rural migration has resulted from narrowing of rural-urban gaps in accessibility of income and basic services (Tacoli 2008).

The empowerment-benefit exchange phenomenon in the employment sphere matures through sophistication of learning the art over time as institutional indifference builds up and the phenomenon becomes increasingly amoral. A major effect is the square peg in a round hole paradox, whose results are skill-role conflict, mediocre service delivery, and sustainability quagmire (Ukeje et al. 2020). Combined with the other factors, these create poverty retention and surge both in the urban and rural settlements. Nigerian governments have initiated several political and administrative reforms with a view to achieving some measure of development (Offu et al. 2018; Idike et al. 2019), but results have shown to be negative due to the existence of too many policies without political will for implementation (Ukeje et al. 2019a). Skewed allocation of intervention benefits has become an avenue to compensate and enrich political loyalists and acolytes to the disadvantage of intended target social strata (Ukeje et al. 2020). EBE can be applied in various sectors in Ebonyi state such as agriculture, transportation, environmental, etc. By its conceptual purpose, it can be applied in systems where diversion of empowerment benefits by agents (whether or not the sponsor is aware) exists. Pertaining to opportunities or other material offer such as grant, it provides insight into endless recycling of beneficiaries. In the absence of living claimants, however, fictitious names emerge and benefits claimed by proxies. Ironically, most times, these activities enjoy covert government sanctions, which is why complaints of short change are barely attended to.

Ukeje et al. (2020) observe two challenges faced by potential target beneficiaries: short change of the intended policy targets caused by psychosocial needs and pressures and limited knowledge base and insufficient resources to access empowerment opportunities whenever they become aware. EBE problem could be overcome if intervention implementation adopts practical processes. Education of citizens signals the beginning of result-oriented intervention projects/programs of governments. The benefits must become a legal document. Use of the right agents must be strictly adhered to. Application of effective accountability mechanisms, administrative procedures, data collection and reporting, and field monitoring must be emphasized. By contrast, absence of purposeful and goal-oriented organized sensitization mechanisms for vulnerable poor and illiterate populations limits their abilities and fundamental human rights. In the above circumstances, therefore, they are potential losers in the society's scheme of things, on one hand, because they lack basic information asset to effectively connect to intervention opportunities and, on the other hand, because they cannot express their frustrations loudest for redress. The effects are the direct relationships between poverty, unemployment, inequitable distribution of wealth, and social vices such as militancy, kidnapping, bombing, armed robbery, and destruction of government property, among others. Short change of the intended policy target, therefore, derives from the mix of psychosocial needs and kleptomaniac dispositions of policy-implementing agents. Ijewereme (2015) identifies correlation between corruption and societal pressure leading to greed and nepotism in Nigerian public service. This explains the nature of public service recruitment practices in Nigeria and other developing countries (Ukeje et al. 2019a).

In cases where there exist production and printing of guidelines, organization of training, radio communication, and face-to-face interaction

with eligible members, the actual selection stage is shrouded in the most secret arrangements and subject to unethical selection criteria in Nigeria, which inflict emotional disturbances. Consequently, intervention objective is unrealized. UNDP Report (1998) revealed that those who captured the benefits of the various poverty reduction strategies were not the Nigerian poor but the Nigerian rich and powerful (as cited in Onah 2010). Oxfam report on 17 May 2017 showed how the benefits of economic growth were captured by wealthy elite to the detriment of Nigerian poor (as cited in Baje 2018). Consequence of neglect of target populations during policy implementation is unarguably economic recession in Nigeria (Ajulor 2018) high poverty growth rates. The country witnessed poverty growth rate from 60% to 72% in 2016 (Ahiuma 2016; Eke 2016; Onwubiko 2017). One fundamental problem of Nigeria's development strategies points to scarce statistics to track performance, provide necessary information, and evaluate the policies. Ukeje et al. (2019b) assert that public service delivery in Nigeria has witnessed declining performance levels since colonial administrative period. However, strong political will and institutional efficiency could offer some relief.

## Sustainable Empowerment: An Alternative Instrument for Poverty Reduction

Empowerment has become a buzzword in the contemporary development discourse and represents the ideal form of intervention for sustainable development. Therefore, empowerment approach has become a common approach in recent times, especially in Nigeria; and this approach is one that is known to involving participatory strategies (Ozoya 2016). Broadly speaking, empowerment is often situated within two concepts – process and agency (Ozoya et al. 2017). It is the enabling of individuals through an autonomously inspired mobilization of untapped potential latent in the individuals. Anyway, there are definitional variations of empowerment; hence Mehra (1997) warns of need for measurement and quantification irrespective of context it is used. The challenge of measurement stems from existing contradicting general set of indicators, yet Santillan, Schuler, Anh, Minh, Trang, and Duc (2004) note that specific indicators can be developed in a given environment based on the purpose for which to use them or general "domains" or "dimensions" developed in one environment transferred to another.

Empowerment, therefore, is a transition from a relatively limited ability to an expanded individual's strategic life choice ability (Malhotra et al. 1995; Kabeer 2001). This ability is the required knowledge and tools for task actualization (Ozoya 2016). It represents a process that facilitates people to gain self-reliance and self-esteem, which allows for active popular participation in development decision-making. In its Human Development Report, the UNDP defines human development as "a process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible" (UNDP 1990, p. 10). To human paradigm, human development is composed of four main interdependent components, which include productivity, equity, sustainability, and empowerment. First, people must be rendered capable of raising their productivity level and be made to have full participation in the generation of income and paying job. Second, accessible equal opportunities must be guaranteed, removing all political and economic barriers to opportunities. Third, accessible opportunities for both the present and future generation must be guaranteed. Fourth, the people must not be denied of full participation in decisions and processes that affect them. In the words of Ranis et al. (2000), human development must be included from the beginning of any policy reform program.

From structural standpoint, Nye argues that development must have a combination of output increase and structural changes such as

decrease in poverty, inequality, unemployment, and increased access to basic social amenities (as cited in Atelhe and Agada 2014). According to Eme and Emeh (2012), these social conditions predominant in rural areas have generally dictated rural-focused development in Nigeria. For instance, Operation Feed the Nation (OFN), the National Accelerated Food Production Programmes (NAFPP), and the Directorate for Food, Roads, and Rural Infrastructure (DFRRI) were rural-based programs, yet could not address the social problems for which they were allegedly created. The reasons, according to them, stemmed from absence of basic infrastructures and social amenities that would attract rural dwellers and improve their lives.

However, based on the underwhelming impact of empowerment, Batliwala (2007) criticizes its approaches and practices. He observes distortion of the original ideas of empowerment and its lost transformative power. For Parpart, Rai, and Staudt, empowerment was considered a tool for the weak, best wielded through grassroots and participatory activities (as cited in Ozoya 2016).

## Participatory Intervention, Political Leadership, and Sustainable Urban Development Linkages

Intervention is "an intended, planned, and targeted operation in a system or process which aims at removing or preventing an undesirable phenomenon" (Loss 2008, para. 1). It is a people-oriented activity that requires an all-inclusive approach. It is considered a scheme for different elements and activities needed to realize intended result of a program. For Loss, multi-strategy interventions are considered the most effective in achieving desired and enduring change as there is potential to reach a larger number of people in a variety of ways. By influencing individual's knowledge, attitudes, skills, social status, creating supportive environments, policies, and resources, intervention can be described as a change agent, Loss concludes.

Interventionist strategy is a tool of government in enhancing the closing of inequality and empowerment gaps in society. Intervention has recently been assigned a plethora of designations and modes alternative to top-down, elitist, and centric character with the intention of popular and stakeholder ownership connotation. Top-down approach was one of the major drawbacks of earliest development efforts in most developing countries (Ezeani 2012, p. 59; Reddy 2016; Biermann et al. 2017). Participatory development has become a growing concept in development lexicon, concept inspired by the work of Robert Chambers as alternative to top-down development mode. It is committed to inclusion, access enhancement, and direct involvement of people in development activities and processes (Oakley and Clegg 1999).

One interventionist approach is targeting strategy. The identified gaps are closed by targeting mechanism, which is inherently restrictive. Every policy has targeting undercurrent (Meessen and Criel 2008). For instance, economic and education policies target the poor and the illiterate, respectively. It is focused-group policy that delineates population needs. By means of indirect indicators, targeting is the only viable alternative for most developing nations due to the absence of reliable information for identifying the poor and mounting constraints on limited public resources (Obi 2005). Furthermore, relevance on the most suitable *verified means test* has been overshadowed by a commonly applied indicator targeting comprising a broad range of alternative methodologies (such as age, acreage, asset holdings, education, employment, gender, and place of residence) for lack of reliable information on incomes (Krishna 2007). For attainment of its conceptual objective, targeting should focus majorly on what to target, not whom to target (Krishna 2007). Nevertheless, the author identifies administrative cost, political viability, among others, as obstacles to use of the targeting indicators and focus. Obi (2005) notes that policymakers are challenged by using available resources to provide the greatest possible assistance to people who need it most. However, targeting is a necessary means of empowerment with many benefits. It enhances efficient management of limited resources arising from its

goal-oriented character leading to access restriction to the nontarget group. It is couched in efficiency and effectiveness.

Given the complex nature of intervention, the political leadership is empowered to set goals and devise strategies for realizing them through influence and allocation of resources (Kristof et al. 2008). By the nature of political leadership, the government reaches the people through the organized agencies. According to Tucker, the leadership is by obligation required to accomplish the tasks for meeting needs and demands through mobilization of persons involved (as cited in Kristof et al. 2008). The emergent focus on governance in ensuring efficient management of resources for public good has been shaping leaders. Thus, involvement of empowered stakeholders and issue-focused approach is rapidly substituting for representative participation (Kristof et al.). Participatory development and the state-residents partnership have been very crucial in problem/need identification and ensuring enduring solution (Manzi et al. 2018). The need for improved accountability to the rural poor resulted in development approaches that require community involvement rather than a selected few in the problem identification and solution process (Lunt et al. 2018). For sustainable development to occur, there must exist the practice of governance values of collective action; trade-offs based on equity, justice, and fairness; and accountability mechanisms for reaching targets and outcomes (Bowen et al. 2017). Duit and Galaz (2008) observe that there is a move toward a number of different schemes of self-government, public-private partnerships, collaboration, policy entrepreneurship, and participatory processes that come under the umbrella term of governance.

Hence, (Pugalis et al. 2014) stress that participation is key element in the maintenance and sustainability of urban change. Urban areas, depending on status level, are becoming increasingly more cosmopolitan. The appearance of economic prosperity of the urban center portrays it as a center of attraction. Urban economy generates much of the government revenues for its development activities and legitimate existence. The migrants have diverse backgrounds that influence their orientations and attitudes to their newly found environment. These rural migrant families are relatively poor, seeking a better life with a high expectation from the new environment. The level of behavioral compliance largely depends on the relative benignancy of the urban residence. Perceived or actual conflict between means and goals makes social deviance inevitable. The effects are that the deprived individual member of the urban settlement resorts to looting, vandalism, abduction, rape, terrorism, and other forms of economic sabotage.

All of this threatens sustainable urban development. To forestall occurrence of these and guarantee sustainability, the political commitment to all-inclusive urban development planning that will meet the social, economic, and psychological needs of majority of vulnerable members of the community should take a center stage. The poor can only benefit from strategic planning and management when there is the likelihood of participation in priority definition and decision-making (Allen 2003). For a better environmental justice, the traditional top-down approach has been increasingly displaced by a bottom-up, experimental, and multi-actor approach to development of urban citizen society (Assmuth et al. 2017). The concept of localism has gained quite a dazzling currency and reputation in development. Not even Mohan and Stokke (2000) who expressed doubt about its benignancy in participatory development and empowerment ruled out the correlation. The government would, after understanding the local community development idea, amend and build upon it. To reduce the tendency for disaffection among the local population in case there are identified flaws in the idea, wide sensitization coverage will suffice. Confidence level must be boosted through active participation of the people.

Social empowerment is both a means and an end to the SDGs. As coherent policy guide (Tosun and Leininger 2017), SDGs advocate a leave no one behind thinking and practices (Kite et al. 2014; Fitzpatrick and Engels 2016; Stuart and Woodroffe 2016; Dawson 2018). It is a policy framework for national-level priorities in providing decent and sustainable empowerment

structures for citizens' material and psychological satisfaction. The new goals also benefit from the vast enabling human capacity, without which they are consigned to mere aspirations. Mathur (1999) notes the correlation of human capital and development in which the latter is stimulated by the former directly or indirectly. For strategic direction, the articulation and design of policy goals is critical to attainment; but more critical is the implementation.

The widespread rural and urban poverty and the sustainable urban development implication in Nigeria entail political will to evolve policy design with a high implementation prospect. Fischer-Smith (2018) contends that policy implementation loses its effectiveness when those charged with the responsibility of implementation act in the manner opposed to the policy-makers' specified intentions, which often includes divergence between the policy design and implementation processes. Furthermore, Pierre and Peters maintain that scholars' assessment of effective policy implementation relates to the final effects and related programs on the society (as cited in as cited in Olsen et al. (2014)). Zaehlke et al. consider the degree to which a policy is successful in solving whatever problem it was intended to address as a baseline for effective policy implementation (as cited in Olsen et al. 2014).

## Harmonizing Development Planning and Empowerment Strategies Toward Sustainable Abakaliki Urban Community

Planning is key policy response to sustainable urban development challenge. Belsky highlights better planning practices for urban development and poverty alleviation (https://www.huduser.gov/portal/pdredge/pdr_edge_hudpartrpt_032213.html). Urban communities must guarantee healthy living environment if sustainability is to be achieved. However, healthy city living depends upon well-planned cities, especially, in the twenty-first century (Giles-Corti et al. 2016). The dynamic interaction between decisions and city health is such that the well-being, safety, and aging urban populations are directly affected by decisions about transportation, health care, water, social services, food, energy, and housing. Understanding migration rate resulting in urban policy projections can engender sustainable conducive urban formation (Danilina and Chebotarev 2017; Turok 2017). The projected population growth in Abakaliki by 2020 is a clarion call to policy-makers to be actively engaged in finding realistic solutions to infectious disease outbreaks through improvements in sanitation, housing, and separation of residential areas from industrial pollution and flood-prone settlements. It is expected that sound planning and decisions will profoundly contribute to mitigation of the effects of annual Lassa fever, climate change, noise pollution, and reduction in noncommunicable diseases in Abakaliki urban in particular and the state in general.

Specific to Nigeria, a settlement above a population threshold of 20,000 inhabitants can be classified as urban. In light of this, Abakaliki acquired urban status prior to its designation as Ebonyi state capital in 1996 at least by population qualification but still unable to find solutions to its sustainable development problems. Abakaliki recorded a population growth of 78,911 from 1996 to 141,438 in 2006 and projected to rise to 777,252 by 2020, according to the National Population Commission (as cited in Anyigor 2012). This rapid increase is worrisome given insignificant improvements in tackling accompanying sustainable issues. Now, according to the National Population Commission and National Bureau of Statistics, Abakaliki is a home to 2,176,947 million people (as cited in Nwofe 2015). The growth has necessitated increased economic activities, rapid markets formations, and unplanned and haphazard structures in some settlements around the Abakaliki city without being effectively regulated both formally and informally.

However, government has responded through institutional mechanisms. Development institutions have undergone nominal changes without fundamental improvements. In the year 2007, government established ACTDB by the EBSN Law No. 5 of 2007, which was amended to Abakaliki Capital Territory Development Board

and Related Matter Law No. 10 of 2015. Its subsidiary bodies such as EB-SEPA created in 1996 lack adequate modern facilities and workforce (Nwofe 2015) corresponding to the current population growth, a condition capable of limiting possibility of attaining SDG 11 by 2030. Similarly, the institution of ACTDB has underperformed in its mandate to carry out proper town planning in Abakaliki metropolis (Nwofe 2015). Lawanson (2005) establishes linkages between sustainable urbanization and unhostile environment. The author submits that checked urban poor will lead to decline in environmental degradation and further sustainable urbanization.

With a view to tackling poverty and socioeconomic development issues, Ebonyi state government collaborated with the United Nations Development Programmes (UNDP) to undertake the UNDP micro-credit scheme in the late 1990s (Udu and Onwe 2016). As time progressed, following the termination of the UNDP program, the Ebonyi State Community-Based Poverty Reduction Agency (EB-CPRA) came into being in 2005 with the same objective of addressing poverty problems in the state. NAPEP was aimed at tackling poverty as quick as possible (Kanayo 2014), but poverty alleviation programs in Ebonyi state under the agency failed for not being participatory, demand-driven, or people-oriented. EB-CPRA micro-projects voided target beneficiaries' involvement, which ought to have been the guiding principle of the agency. Afterward, to assume a social development responsibility, too, there was a merger of Community-Based Poverty Reduction Project (CPRP) and the Local Empowerment and Environmental Management Project (LEEMP) in 2007 (Udu and Onwe 2016). From the mandate argument, EB-CSDA has not fared well in its responsibilities. From the author's analysis, evidence in the socioeconomic, environmental, transportation, and infrastructural indicators confirms failure of the agency within the remit of its jurisdiction.

Persistent poverty growth rate in the state has necessitated two outstanding empowerment strategies by the state government: keke empowerment and agric revolution. Keke mode of transportation in Nigeria is recent relative to agric channel to socioeconomic development. In recent times, government of Ebonyi state embarked on face-lifting of the state to upgrade Abakaliki urban status. Among projects embarked on included 700-m twin Trans-Sahara bridge linking Enugu and Ebonyi States with Cameroon; the Senator Offia Nwali flyover; the 14.5 km Abakaliki-Afikpo road; laying of foundation of the Ebonyi city mall; and foundation laying of the Muhammadu Buhari bridge and the Akanu Ibiam statue.

Besides physical infrastructural development in Abakaliki metropolis, the government of Ebonyi state has in succession released a number of empowerment programs since inception. The government embarked on a campaign strategy developed to tackle poverty and unemployment and to ensure citizens' access to quality and better healthy living. In February 2017, the state government kicked off N2 billion agricultural empowerment program for 8,000 civil and public servants in the state (Akpa, *The Guardian* 2017). The government, on 30 October 2017, said that 7,000 indigenes had benefited from the state's microeconomic empowerment programs. According to the government, target beneficiaries of the poverty alleviation program were made up of 4,000 widows and 3,000 women and youths drawn from the 13 local government areas of the state. The government claimed, in providing economic safety nets to poor, unemployed widows, women, and youths, N400 million was disbursed to widows, while 3,000 women and youths received N250,000 each. Furthermore, the government said it empowered over 4,000 youths with N250,000 each as grants, especially those who were hawkers in Lagos (Edward Nnachi, *Daily Times* 2018).

The government equally stated that over 4,500 widows were empowered with N100,000 each to assist them start up various businesses. On 12 April 2018, the state government stated its decision to empower 13,000 indigenes with N2.6 billion (NAN, *Agency Report* 2018). The government said the beneficiaries would receive N200,000 each to start up businesses of their choice. It promised that the amount could be

increased to N400,000 with the support of the Bank of Industries (BOI). The government charged the stakeholders on compilation of names of beneficiaries from various communities and organization of training programs for effective utilization of the funds. Emphasis was on women, youth, and the vulnerable.

One problem of government approach to urban and poverty issues in the state was the naively financial inducement to Ebonyians resident in other states of the federation to return to the state. The sustainability flaws of this strategy stem from the negation of natural process of mobility which makes short stay of beneficiaries predictably inevitable. Also inferred from this, meagerness of the grants relative to high cost of living in the state renders the policy goal unattainable and unsustainable with severe implications for poverty reduction drive in the state and sustainable Abakaliki urban. Frequent mobility of residence complicate poverty targeting upon which many cash transfer depends, and this has serious implication for the urban sustainability.

Situating the above development-intervention methodology within government policy response, there is a sharp contrast with Turvey's description of urban sustainability which includes secured environment and empowered communities (Turvey 2017). The exclusion/inclusion errors which characterized the process of implementing the above-stated empowerment opportunities render Abakaliki urban sustainability unattainable. The implication of this contrast is poverty rise. According to Winsemius, Jongman, Veldkamp, Hallegatte, Bangalore, and Ward (2018), people living in poverty are particularly vulnerable to shocks, floods, and droughts. The poor can barely comply with regulations, a challenge to urban sustainability. However, many settlements within Abakaliki urban center such as Kpirikpiri (Pugalis et al. 2014), Udemezua Street, and Azu Ugwu are still slums and under constant environment-induced threats of floods, diseases, and other natural disasters. This is an interrogation of the state government and development institutions' approach to anti-poverty drive and sustainable urban development in the state.

Prevalence of social dislocations, insecurity, epidemic outbreaks, and Lassa fever, just to mention a few, is an indication of Nigeria's unsustainable development in general (Ighodalo 2018) and Abakaliki in particular. Perennial cases of Lassa fever and flooding have topped disaster discourse in the state. The disease appears intractable since it first occurred in 2005 with deaths record of five persons. It struck again in 2008, 2014, and 2015. Most recently, in January 2018, Lassa fever outbreak killed patients, nurses, and medical doctors at the Federal Teaching Hospital Abakaliki (FETHA) resulting in 1-week closure of both private and public schools in the state. Flooding is rather an annual disaster in the state. In June 2017 alone, more than 200 houses were destroyed by flood. Farmlands and crops worth millions of naira in eight local government areas were equally destroyed. All of this is an indictment on the government's sustainable urban development planning strategy in the state.

## Ebonyi Empowerment Benefits Implementation Processes

The imperative of appropriate empowerment strategies for sustainable urban development has caught the attention of the state government. But, the strategy characterized by reckless cash transfers rather peaked the empowerment streak. According to Satterthwaite (2003), sometimes government processes can be incompatible with the effective realization of poverty reduction. Efforts toward reducing poverty may have to require empowering people to develop resilience, as well as overcome it within the bounds of their capabilities and resources (Danaan 2018).

### Lessons Learnt: Empowerment-Benefit Exchange in the Ebonyi Urban Transport System

The fast-urbanizing Abakaliki metropolis has been accompanied by structural changes, including the road transportation system. In the transformation mantra of the government, no fewer than 39 urban roads within the Abakaliki, the state capital, have been completed. The formerly

reputed and addressed as a glorified village due to its dusty and dirty environment has become transformed city in terms of tarred road network, fly-over construction, street light, just to mention a few. The changes (including modes of transportation) are inevitable. According to Ehebrecht, Heinrichs, and Lenz (2018), diversifying urban and rural populations' mobility needs is a result of urbanization, population growth, and social change. However, a body of international literature on transport justice is fast growing (Jennings 2015). In view of this, it will be considered imperative that tricycle (popularly referred to as keke) received policy attention of the government as a means of target youth empowerment to reduce urban poverty in the state capital. With the objective of addressing poverty issues, on 29 March 2018, like the previous administration, the government distributed 100 cars and 400 keke Marwa to some traditional rulers and other residents of the state, respectively. This mode of transport provides a wider spatial coverage by availing a segment of low-income users of services not usually provided by other alternatives like bus rapid transit (BRT). Thus, it is a reliable response to the equity service limitations of BRT. Venter, Jennings, Hidalgo, and Pineda (2017) observe that benefits of BRT are often skewed toward medium-income users, insufficient spatial coverage, and inappropriate fare policies. Keke is effective both in cargo and passenger transit in a very short distance unlike conventional mode of road transportation that can conveniently undertake interstate long distance. As policy response to equity problem of BRT, keke-transport mode would alternatively provide transport services to the vast rickety poor settlements on the outskirts of urban centers where motorized transport services are scarcely accessible and affordable.

Nevertheless, the justice problem and urban poverty do not seem resolvable by a mere availability of keke transport system in the state granted that the core of the needy and dedicated-passionate individuals whose services would rather reach the hinterlands was denied the empowerment benefits. A number of issues need clarifications in order to understand the above contradictions. How it was acquired is a source of concern: What category of the poor acquired it? At what cost was it acquired? Under what conditions was it acquired? What are the poverty and urban sustainable implications? Findings reveal that it was not the core of the deserving poor accessed it; and the second tier beneficiaries (see section "The Concept of Empowerment-Benefit Exchange (EBE) Explained") acquired it at very incremental exorbitant costs. There is a compelling methodological interrogation of the target-poor youth intervention program. The intervention's implementation was complicated by lack of known targeting strategies. There is clear evidence, from widespread exclusion/inclusion errors, that neither *a verified means test* was used nor were indicators like age, acreage, asset holdings, education, employment, gender, and place of residence but political affiliation considerations applied.

So worrisome and complicated is the outcome tendency of severe pressure on the commercial keke operator who happens to be a victim of EBE to remit returns which often limits daily income or leaves him in severe deficits. There is the challenge of even current poor to escape out of poverty let alone the prospect of forestalling potential poor. This is because corrupt associates of government officials who undeservedly benefited from the scheme traded it on a hire-purchase arrangement to the operators. In another instance, it was outright sale on the condition of gradual payment that might never be accomplished at foreseeable profitable time. In an expanded exchange process, the second-tier beneficiary buys it from the first-tier beneficiary and resells it to the third. This process of commercialization and re-commercialization of empowerment benefits is what we refer to as "empowerment-benefit exchange process." The government empowerment program is descriptively counterproductive, and its implementation process engenders unintended poverty reproduction and sustainability. The poor is made worse off by the system of unjust exploitation. The need to be potentially better off prompts selling of personal assets like land or use it as collateral for loan worth of the cost of the empowerment keke. Thus,

property rights and household economies/income do not automatically exhibit linear relationship (Muyeba 2018). Some of the first-tier beneficiaries are yet to put it into productive use. The keke is abandoned to ruin, sometimes borne out of unsatisfactory exchange offer. Unfortunately, government statistics on empowerment and poverty reduction are not reconcilable with actual data on poverty profile in the state leading to improper impact assessment outcomes.

From the exchange process problem, the so-called beneficiaries would likely restrict their services to the urban residents with resultant diminishing revenues in the context of intense competition for contracting market share leading to urban poverty sustainability. Its use is tailored more toward epicurean pleasures than economic prosperity, hence concentration in the cities. Businesses can only operate sustainably when driven by economic need (Fleming et al. 2017). Another negative effect is the costly drifting away of urban settlements from needed rural services, thereby increasing the mileage and time food is transported (including perishable food) by means of prevalent non-motorized mobility. Globally, rural areas' dependability for food production is unlikely to end. Specifically, development efforts in agriculture and the rural areas have potential to unleash positive development dividends for Nigeria. A worthwhile community development depends on improved rural poverty condition. There will be sustainable food security only when all people can access enough food for an active healthy life at present, as well as the ability to provide enough for future generations (Metu et al. 2016). This makes it imperative to heed a call for integration of urban food security issues in the development of city master plan (see Agergaard and Ortenbjerg 2017).

Thus, transportation policies and programs must integrate the mass public, as well as be driven by poverty need (Booth and Richardson 2001). Though relatively new, keke has been a mode of transportation in the state; government massive investment in it and distribution to the people of Ebonyi state was meant to tackle poverty, and its concomitant vices yet fell short of direct involvement of the core of the needy. Therefore, the keke scheme was aimed at empowering the poor who were considered a source of the rudimentary social vices and urban disturbances. The commercial activities of keke operators have rather witnessed little spatial expansion into the rural communities to decongest the city of Abakaliki. As tranches of keke were released and distributed with the exchange character, redundancy problem sets in with the resultant tighter competition for market share among operators. The effect is an increasing shortfall in revenues. Temporary urban-rural migration becomes, for some, a short-term alternative choice, and poverty issues in real terms are still unaddressed. Another possible cause of a temporary urban-rural migration option is the high legal and illegal multiple charges by government officials and unions, evoking a sense of rural areas presented as inevitable alternative settlements for some keke commercial operators. For the exchange problem, whatever the revenues are, they are reserved for payment for the keke bought on a hire-purchase basis or to be used to liquidate loans from which the keke was purchased at very high costs. The long-term effect is widening rich-poor gap.

The implementation methodology has also compromised needed training of the "target beneficiaries." The neglect of training and sensitization programs in the operation of motorized keke transportation poses a great danger. This attitude is prevalent in Nigeria in spite of frequently occurring road traffic accidents (RTAs). Ezeibe et al. (2018) observe that road users neglect traffic signs as critical road infrastructure guiding them.

## Lessons Learnt: Empowerment-Benefit Exchange in the Ebonyi Agriculture Sector

Agricultural investment is hinged on promoting sustainable growth, development, and poverty reduction. Agriculture is the main occupation of Ebonyians, yet Ebonyi is so poor a state. The people of Ebonyi produce crops such as rice, cassava, yam, plantain, maize, banana, cocoyam, etc. The state has fertilizer blending plant in Onuebonyi in Izzi LGA, which is a huge relief for arable farmers in the state. There have been several incentives given by the state government to invest into the agro-allied sector (Nwobodo

et al. 2015). In recent times, the government said it had contributed its 50% equity contribution for 6,000 farmers in the IFAD N4billion empowerment scheme (http://www.greenbreporters.com/business/griculture/ebonyi-governor-moves-engage-50000-farmers-8000-civil-servants-grow-agric.html). It equally stated that more than 15,000 farmers benefited from the state's direct funding.

The state government encouraged establishment of cooperative societies for cassava and rice production only. The agricultural empowerment scheme targets two categories of people through cooperative societies: civil servant farmers' cooperative societies and cooperative societies for people who are not in the civil/public service. Registered cooperative societies are the platforms upon which the agric loans can be accessed. A cooperative society may focus on cassava production or rice production. Having been registered and certified, a member of a cooperative society will be required to acquire and declare two hectares of land for verification before accessing the state government loan worth of N600,000. This amount was considered good enough to cover the expenses for 2 ha of land. Afterward, the amount was halved, but the 2-ha specification was unaltered. The loan is mandatorily repayable within 12 months of receipt. An estimated worth of nonfinancial component of the empowerment (such as fertilizer, seedlings, chemicals, etc.) will be deducted from the cash loan of N300,000. These are the issues a beneficiary will have to deal with.

The government water projects in the state are welcome incentives to continual agricultural production. The overall benefit is its potential to undermine seasonal agricultural production. In 2017, the government embarked on water projects in Oferekpe, Ezillo, and Ukawu within the capital city and Uburu, Izicha Forest, Sakamori line, Ugwulangwu, Ishinkwo-Ukawu, and Juju Hill intended to be completed by first quarter of 2018. The government stated that it purchased three modern rice mills, installed parboiling units of machines in the rice mills at Ikwo, Izzi, and Oso Edda, advanced rice production to over 65,000 ha in the state, purchased four cassava processing machines, offered loans of over N2.5 billion to farmers, expanded fertilizer plant by building two new warehouses and purchased a brand new fertilizer plant, launched a program dubbed "one-man one-hectare," and purchased and distributed no fewer than 50 tractors to help farmers.

Going by the above positive gradient for, and dazzling description of, agriculture sector in the state, Ebonyians can feed reasonable proportions of the Nigeria's population in foreseeable years. But, certain prevailing practices render the potential to unleash economic prosperity unattainable by reason of the diversion and derailment of "the good intentions" of the government for the genuine farmers by the powerful group of "briefcase farmers." This group is composed of nonfarm politicians garbed in the farmers' appearance whose concealed objective is to divert empowerment benefits to themselves, cronies, and relatives. For example, distribution of farm inputs such as treated rice seeds, cassava stems, fertilizers, insecticides, seedlings, and agrochemicals was under the tight grip of benefit exchange phenomenon. Below are the reports of one of our interviewees (paraphrased but figures unchanged). In 2017, in one of the sessions of farmers' cooperative societies in Abakaliki, accessibility and receipt of fertilizers and chemicals were shrouded in exchange conditions. Two conditions were open to supposed beneficiaries: payment of N40,000 by the intended beneficiaries in exchange for the items or accepting N5,000 from donors' state representatives to forgo the items in the event of inability to afford the charge of N40,000. However, the share of those who could not afford it was sold to dealers in the items who in turn put them on their shelves to be sold at higher prices than N40,000. More so, anyone who could neither afford it nor accept the exchange offer of N5,000 had their names column signed by someone else, implying the items had been received by the intended target beneficiaries.

The psychological makeup – feeling of powerlessness and insignificance – of the poor limits their confidence to participate in engagements (Khan and Cheri 2016). Since the poor and illiterate lack connections and means of communicating their frustrations to appropriate

authorities with a view to seeking redress, poverty sustains and reproduces itself. There is also the tendency of growing inequality.

### Lessons from Previous Policy-Making Approache(s) by the State Government

The state government policy-making approach for poverty reduction lacks sustainability and impact due to the influence of EBE, hence, continued policy failure. The past empowerment scheme of the Ebonyi state government did not apply the six-step requirements of intervention targeting (participatory intervention): the formulation of the intervention; the definition of the intended group of benefits; informing the stakeholders (including the target group); the identification of individuals meeting the eligibility criteria; the entitlements; and the utilization of the program benefits. It was not guided by known targeting methodologies. All of this accounts for the unintended outcomes.

Our findings support the Booth and Richardson (2001) work entitled "Placing the public in integrated transport planning" in which they identified top-down approach possibly dictated by political considerations in transportation system in Britain. The nonperformance of keke transport mode in engendering controlled-urban poverty in the state has created a miasma of disaffection among the public resulting from politically linked inclusion/exclusion errors in the implementation of the empowerment interventions.

That the intervention aimed at addressing the issues of rising poverty, crimes and insecurity, and there is established heavily funded paramilitary unit (such as Neighbourhood Watch) suggests that the empowerment programme failed in that regard. This has serious implications for Abakaliki urban development sustainability and by extension for sustainable development goals expected to be attained by 2030.

As political patronage, the empowerment benefits were diverted. Almost all commercial operators of the government-owned keke in the state fall into the second-tier beneficiaries' category (see section "The Concept of Empowerment-Benefit Exchange (EBE) Explained"). In order to become legitimate owners, they entered a contractual agreement to remit, in addition to the initial total cost (including the cost of registration and miscellaneous expenses) between 43% and 100% of the pre-agreement costs. Payment was either by installment or on-spot payment. The empowerment schemes were devoid of ethical selection processes that would instead focus on the core of the needy both in the urban centers and rural settlements, the latter possibly leading to controlled spate of rural-urban migration and Abakaliki urban sustainability. The unintended results put pressure on institutions of ACTDB and EB-CPRA with little or no impact.

From empirical investigation, there has been increase in production at the Abakaliki rice mill following renewed interest in agriculture. From an interview with secretary of RMOIA of Abakaliki, Ebonyi state, majority of supplies come from outside the state. According to FAO, the middle belt is the highest producer of rice and enjoys comparative advantage in production over other parts of Nigeria (as cited in Ugalahi et al. 2016). The renewed mass interest came on the heels of inflation, hardship, hunger, etc. created by imports ban policy of the federal government and the economic recession that accompanied it. Particularly, rice import restriction policy had its toll on the importers. By contrast, it boosted local rice production in Nigeria in general and Ebonyi state in particular. By reducing the purchasing power and available resources, constant rising food prices and increasing poverty constitute a threat to household food security (Hendriks 2005) in the state. It was around early 2016 that nonfarm indigenes started to engage in agriculture and small-scale farmers expanded their farmlands to be able to produce more for their consumption, at least. In Amangwu Edda in particular, the community law restricting strayed goats provided motivation to even use surroundings for crop cultivation. By then goats owners had started tethering their goats. By logic of sequence, Ebonyi state intervention program in agriculture was preceded by federal government empowerment programs vis-à-vis recession and inflation. There is no evidence suggesting that increase in production of rice, cassava, etc. in the state owe its origin in the state government programs. Federal government empowerment programs such as anchors borrower may have played significant role in that

regard by reason of precedence. Federal government ban on rice imports occurred in 2016. The government of Ebonyi state interventions in agriculture started in 2017. What the state government program would do was to consolidate the impacts of the federal government efforts by implementing its own with emphasis on age, acreage, asset holdings, education, employment, gender, and place of residence as targeting indicators, as well as limit the dominance of political considerations. The intervention would have been impactful had the beneficiaries been composed of people whose preoccupation is agriculture other than the state civil servants who were coerced into farming with the threats of employment termination and deprivation of statutory entitlements.

More so, the production increase still does not suggest direct relationship with food security and poverty reduction. Agricultural intensification or food security issues can be achieved only with specific recourse to equitable distribution and individual empowerment other than focus on production only (Loos et al. 2014). From interview and focused group discussion (FGD) findings, beneficiaries of agricultural benefits were predominantly the people with no interest in agriculture. The genuine poor farmers of relatively small-scale production with passion and significant years of experience were undeservedly excluded from the empowerment opportunities. Most beneficiaries sold the inputs such as fertilizers and chemicals. Some declared virtual farmlands to claim benefits from the government. There is no evidence the government devised mechanisms to prevent (or reduce) the tendency of diversion.

The design and implementation failed to create alignment between agriculture and urban transportation. The implication of this is derailed interface between Abakaliki urban economy and rural agriculture. The wide-ranging benefits flows from proper alignment of road network and agricultural prosperity are rather lost in the skewed implementation of the empowerment benefits.

## Conclusion

Public policy is a desideratum for development, which governments must undertake. However, sound and effective policy-making for sustainability outcome should be based on certain governance principles. Important policy outcomes are empowerment and poverty reduction, key strategies for sustainable urban development. Empowerment of citizens closes inequality gap through the outcome of people/citizens' involvement in the project community and decision-making process. The people's active participation can further lead to capacity building and policy sustainability. Important elements that characterize policy-making and implementation in Nigeria governance have been explained using the EBE conceptual framework.

From our findings, the benefits/opportunities were hijacked by the agents. This is consistent with Berkhout et al. (2018) generic submission that elite groups divert more public resources for their own benefit when given a chance. Also, finding is consistent with the finding of (Masters et al. 2018) that even if economic development proceeds rapidly in urban Africa, rural Africans will face continued impoverishment unless government interventions change to improve the lives of people working in agriculture at a low productivity levels. The outcome of failed conceptual promise of empowerment is rooted in the implementation process.

Sustainable urban development cannot be achieved without guaranteed security and empowerment of the rural communities through their active involvement in all stages of policy process since majority of the people live in the rural areas. The exclusion they suffer leads to finding their way into the cities. Prominent in the implementation of the empowerment scheme in Ebonyi state was the problem of double asymmetry of information. This could have been overcome through the application of good accountability mechanisms, administrative procedures, data collection and reporting, and field monitoring.

## Cross-References


- ► Economic Development Policy
- ► Food Security
- ► Human Capital Intervention and Poverty Reduction
- ► Policy Failure

## References


Addink H (2019) Good governance: concept and context. Oxford University Press, Oxford, UK

Adedokun N (2016, August 25) (Opinion). Between Nigeria's unplanned population and poverty. The Punch. https://punchng.com/nigerias-unplanned-population-poverty/. Accessed 09 July 2018

Agergaard J, Ortenbjerg SB (2017) Urban transformations and rural-city connections in Africa. Geogr Tidsskr Dan J Geogr 117(2):63–67

Ahiuma V (2016, October 18) Poverty: 112M Nigerians live below poverty line. Vanguard. https://www.vanguardngr.com/2016/10/poverty-112m-nigerians-live-poverty-line/

Ajulor OV (2018) The challenges of policy implementation in Africa and Sustainable Development Goals. PEOPLE Int J Soc Sci 3(3):1497–1518

Akpa N (2017, February 7) Umahi kicks off N2 billion empowerment scheme for workers. The Guardian. https://guardian.ng/appointments/umahi-kicks-off-n2-billion-empowerment-scheme-for-workers/. Accessed 09 June 2018

Allen A (2003) Environmental planning and management of the peri-urban interface: perspectives on an emerging field. Environ Urban 15(1):135–147

Anger B (2010) Poverty eradication, millennium development goals and sustainable development in Nigeria. J Sustain Dev 3(4):138–144

Anyigor K (2012) Social capital, local economic development and environmental quality in deprived communities: the case of the Kpirikpiri community in South-East Nigeria. Doctoral thesis, Northumbria University

Assmuth T, Hellgren D, Kopperoinen L, Paloniemi R, Peltonen L (2017) Fair blue urbanism: demands, obstacles, opportunities and knowledge needs for just recreation beside Helsinki Metropolitan Area waters. Int J Urban Sustain Dev 9(3):253–273

Atelhe GA, Agada FT (2014) Revisiting political corruption and development in Nigeria under democratic rule. Acad J Interdiscip Stud. https://doi.org/10.5901/ajis.2014.v3n1p305. MCSER Publishing, Rome

Baje AO (2018) Nigeria's worrisome poverty level. http://sunnewsonline.com/nigerias-worrisome-poverty-level/

Batliwala S (2007) When rights go wrong. Seminar 569:89–94

Berkhout E, Bouma J, Terzidis N, Voors M (2018) Supporting local institutions for inclusive green growth: developing an evidence gap map. NJAS Wagening J Life Sci 84:51–71

Bhuiyan S, Farazmand A (2019) Society and public policy in the Middle East and North Africa. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1707353

Biermann F, Kanie N, Kim RE (2017) Global governance by goal-setting: the novel approach of the UN Sustainable Development Goals. Curr Opin Environ Sustain 26–27:26–31

Booth C, Richardson T (2001) Placing the public in integrated transport planning. Transp Policy 8(2):141–149

Bowen KJ, Craddock-Henry NA, Koch F, Patterson J, Hayha T, Vogt J, Barbi F (2017) Implementing the "Sustainable Development Goals": towards addressing three key governance challenges-collective action, trade-offs, and accountability. Curr Opin Environ Sustain 26–27:90–96

Cobbinah PB, Erdiaw-Kwasie MO, Amoateng P (2015) Africa's urbanisation: implications for sustainable development. Cities 47:62–72

Danaan VV (2018) Analysing Poverty in Nigeria through Theoretical Lenses. J Sustain Dev 11(1):20–31

Danilina EI, Chebotarev VE (2017) Comprehensive assessment of road and communal infrastructure as an important tool for sustainable development of the urban economy. Theor Empirical Res Urban Manage 12 (4):33–51

Dawson NM (2018) Leaving no-one behind? Social inequalities and contrasting development impacts in rural Rwanda. Dev Stud Res 5(1):1–14. https://doi.org/10.1080/21665095.2018.1441039

Duit A, Galaz V (2008) Governance and complexity-emerging issues for governance theory. Governance: an international journal of policy, administration and institutions 21(3):311–335

Ehebrecht D, Heinrichs D, Lenz B (2018) Motorcycle-taxis in sub-Saharan Africa: Current knowledge, implications for the debate on "informal" transport and research needs. J Transp Geogr 69:242–256. https://www.sciencedirect.com/science/article/pii/S0966692317303344

Eke E (2016, September 18) Nigeria's poverty level index hits 72% in 2016, Fitch reports. Ripples Nigeria. https://www.ripplesnigeria.com/nigerias-poverty-level-index-hits-72-2016-fitch-reports/

Eme OI, Emeh IEJ (2012) Bureaucracy and rural development; the role of public administration in national development: the Nigerian perspective. Glob J Manag Bus Res 12(4):19–40

Ezeani EO (2012) Delivering the goods: repositioning local governments in Nigeria to achieve the Millennium Development Goals (MDGs). The 66th inaugural lecture of the University of Nigeria, Nsukka, April 26

Ezeibe C, Ilo C, Oguonu C, Ali A, Abada I, Ezeibe E, Oguonu C, Agbo H (2018) The impact of traffic sign deficit on road traffic accidents in Nigeria. International Journal of Injury Control and Safety Promotion. https://www.tandfonline.com/doi/full/10.1080/17457300.2018.1456470

Farazmand A (2004) Sound governance. Policy and administrative innovations. Praeger, Westport

Farazmand A (2009) Bureaucracy and the administrative systems of the ancient world-sate Persian empire: implications for modern public administration. In: Farazmand A (ed) Bureaucracy and administration. CRC/Taylor and Francis, Boca Raton, pp 19–52

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12:223–241

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past

and exploring the future of public organizations. Public Organ Rev 17:595–617
Farrell K (2018) An inquiry into the nature and causes of Nigeria's rapid urban transition. Urban Forum 29(3):277–298
Fischer-Smith R (2018) Adjusting policy implementation frameworks for non-pluralist conditions: a case study of Ukraine's single tax for small business. Public Adm Dev 38:26–38
Fitzpatrick C, Engels D (2016) Leaving no one behind: a neglected tropical disease indicator and tracers for the Sustainable Development Goals. Int Health 8(Suppl 1): i15–i18
Fleming A, Wise RM, Hansen H, Sams L (2017) The sustainable development goals: a case study. Mar policy 86:94–103
Fox S, Bloch R, Monroy J (2018) Understanding the dynamics of Nigeria's urban transition: a refutation of the 'stalled urbanisation' hypothesis. Urban Stud 55(5):947–964
Freistein K, Mahlert B (2016) The potential for tackling inequality in the sustainable development goals. Third World Q 37(12):2139–55
Giddings B, Hopwood B, O'brien G (2002) Environment, economy and society: fitting them together into sustainable development. Sustain Dev 10:187–196
Giles-Corti B, Vernez-Moudon A, Reis R, Turrell G, Dannenberg AL, Badland H, Owen N (2016) City planning and population health: a global challenge. Lancet 388(10062):2912–2924
Hendriks S (2005) The challenges facing empirical estimation of household food (in)security in South Africa. Dev South Afr 22(1):103–123
Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in nigeria bureaucracy: the federal character principle experience. Cogent Soc Sci 5(1):1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545
Ighodalo A (2018) Public administration and sustainable national development in Nigeria's fourth republic. Adv Soc Sci Res J 5(3):466–478
Ijewereme OB (2015) Anatomy of corruption in the Nigerian public sector: theoretical perspectives and some empirical explanations. SAGE Open 5:1–16
Jennings G (2015) Public transport interventions and transport justice in South Africa: a literature and policy review. Paper presented at the 34th Southern African Transport Conference, Pretoria, South Africa
Kabeer N (2001) Reflections on the measurement of women's empowerment. In: Discussing women's empowerment- theory and practice. Sida studies 3. Novum Grafiska AB, Stockholm
Kanayo O (2014) Poverty incidence and reduction strategies in nigeria: challenges of meeting 2015 MDG Targets. J Econ 5(2):201–217
Keivani R (2010) A review of the main challenges to urban sustainability. Int J Urban Sustain Dev 1(1–2): 5–16
Khan A, Cheri L (2016) An examination of poverty as the foundation of crisis in northern Nigeria. Insight Afr 8(1):59–71
Kite G, Roche JM, Wise L (2014) Leaving no one behind under the post-2015 framework: incentivizing equitable progress through data disaggregation and interim targets. Development 57(3–4):376–387
Krishna A (2007) For reducing poverty faster: target reasons before people. World Dev 35(11):1947–1960
Kristof S, Tomas B, Henry B, Marcel B, José MR, Linze S (2008) From Princeps to president? Comparing local political leadership transformation. Local Gov Stud 34(2):131–146. https://doi.org/10.1080/03003930701852179
Lawanson TO (2005) Challenges of sustainability and urban development in nigeria: reviewing the millennium development goals. In: Fadare W et al. (eds) Globalization, Culture and the Nigerian Built Environment, 2 (2005), Obafemi Awolowo University, Ile-Ife, Nigeria
Loss J (2008) Intervention concepts in prevention. In: Kirch W (ed) Encyclopedia of public health. Springer, Dordrecht
Loos J, Abson DJ, Chappell MJ, Hanspach J, Mikulcak F, Tichit M, Fischer J (2014) Putting meaning back into "sustainable intensification". Front Ecol Environ 12(6):356–361
Lunt T, Ellis-Jones J, Mekonnen K, Schulz S, Thorne P, Schulte-Geldermann E, Sharma K (2018) Participatory community analysis: identifying and addressing challenges to Ethiopian smallholder livelihoods. Dev Pract 28(2):208–226
Madeleine R (2016) Habitat III: how urban development prevents poverty. Retrieved from Borgen Magazine on November 25, 2016. http://www.borgenmagazine.com/urban-development-prevents-poverty/. Accessed on 15 Sept 2018
Malhotra A, Vanneman R, Kishor S (1995) Fertility, dimensions of patriarchy, and development in India. Popul Dev Rev 21(2):281–305
Manzi M, Figueiredo GCS, Mourad LN, Reboucas TM (2018) Neighbourhood planning and the right to the city: confronting neoliberal state urban practices in Salvador, Brazil. Int J Urban Sustain Dev 10(1):1–15
Masters WA, Rosenblum NZ, Alemu RG (2018) Agricultural transformation, nutrition transition and food policy in Africa: Preston curves reveal new stylised facts. J Dev Stud 54(5):788–802. https://doi.org/10.1080/00220388.2018.1430768
Mathur VK (1999) Human capital-based strategy for regional economic development. Econ Dev Q 13(3):203–216
Meessen B, Criel B (2008) Public interventions targeting the poor: an analytical framework. Stud Health Serv Organ Policy 23:263–294
Mehra R (1997) Women, empowerment, and economic development. Ann Am Acad Pol Soc Sci 554: 136–149. https://doi.org/10.2307/1049571

P

Metu AG, Okeyika KO, Maduka OD (2016) Achieving sustainable food security in Nigeria: challenges and way forward. In: Third international conference on African development issues. Covenant University Press, Ota, pp 182–187

Mohan G, Stokke K (2000) Participatory development and empowerment: the dangers of localism. Third World Q 21(2):247–68

Muyeba S (2018) Does strength of tenure rights among the urban poor improve household economies? Contrasting Matero and George in Lusaka city. Int J Urban Sust Dev 10(1):16–31

NAN (2018) Ebonyi govt to empower 13,000 indigenes with N2.6 billion. Agency Report. https://www.premiumtimesng.com/regional/ssouth-east/264834-ebony i-govt-to-empower-13-000-indigenes-with-n2-6-billio n.html. Accessed 09 June 2018

Nnachi E (2018) Gov. David Umahi's golden strides in Ebonyi state. Retrieved from the Daily Times, 09 June 2018. https://dailytimes.ng/gov-david-umahis-golden-strides-ebonyi-state

Nwobodo E, Ugwu D, Arinze-Onyia V, Amakom U (2015) Impact assessment of 15 years of implementation of the millennium development goals (MDGs) in southeast Nigeria. (A progress report). pp. 1–82

Nwofe PA (2015) Management and disposal of municipal solid wastes in Abakaliki metropolis, Ebonyi state, Nigeria. Int J Sci Res Environ Sci 3(3):0107–0118

Oakley P, Clegg I (1999) Promoting participatory development as a strategy of poverty alleviation in sub-Saharan Africa: a review of some current practice. J Soc Dev Afr 14(1):31–52

Obi EA (2005) Reconstructing the meaning and the tenets of development. In: Anthony OE, Aloysius-Michaels O, Obiajulu OS (eds) State and economy. Bookpoint, Onitsha, pp 25–38

Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3499-1

Okoli FC, Onah FO (2010) Public administration in Nigeria: nature, principles and application. John Jacob's Classic Publishers, Enugu

Olalekan BG (2014) Urbanisation, urban poverty, slum and sustainable urban development in Nigerian cities; challenges and opportunities. Dev Ctry Stud 4(18): 13–19

Olsen SH, Zusman E, Miyazawa I, Cadman T, Yoshida T, Bengtsson M (2014) Implementing the Sustainable Development Goals (SDGs): an assessment of the means of implementation (MOI). Institute for Global Environmental Strategies. Retrieved 17 Aug 2018, from https://www.iges.or.jp/isap/2014/PDF/IPSS_SDGs_conference_paper.pdf

Onah FO (2010) Managing public programmes and projects, 2nd edn. Great AP Publishers, Nsukka, p 338

Onwubiko E (2017, December 13) Poverty as a killer of democracy. Daily Post. http://dailypost.ng/2017/12/13/emmanuel-onwubiko-poverty-killer-democracy/

Ozoya MI (2016) Empowerment of rural women farmers and food production in Esan West Local Government Area of Edo State, Nigeria. Being an unpublished PhD thesis. Available at Covenant University Center for Learning Resources

Ozoya MI, Edewor PA, Iruonagbe CT, Idowu AE, Chiazor IA, George TO, Egharevba ME (2017) A chronological overview of women empowerment initiatives in Nigeria. IFE PsychologIA 25(1):304–317

Panwar MS, Thapliyal S (2017) The concept of urban sustainability: the key component in achieving sustainable development of cities. International J Sci Res Sci Technol 3(8):958–963

Parnell S, Walawege R (2011) Sub-Saharan African urbanisation and global environmental change. Glob Environ Chang 21(Suppl 1):S12–S20

Pugalis L, Giddings B, Anyigor K (2014) Reappraising the World Bank responses to rapid urbanisation: slum improvements in Nigeria. Local Econ 29(4–5): 519–540. https://doi.org/10.1177/0269094214541377

Ranis G, Stewart F, Ramirez A (2000) Economic growth and human development. World Dev 28(2):197–219

Reddy PS (2016) Localising the Sustainable Development Goals (SDGs). The role of local government in context. Afr J Public Aff 9(2):1–15

Santillan D, Schuler SR, Anh HT, Minh TH, Trang QT, Duc NM (2004) Developing indicators to assess women's empowerment in Vietnam. Dev Pract 14 (4):534–549

Satterthwaite D (2003) The millennium development goals and urban poverty reduction: great expectations and nonsense statistics. Env Urban 15(2):179–190

Sibusiso V (2007) Human capital investment, challenges, retention and the diaspora: The case of South Africa

Sida Policy (2006) Fighting poverty in an urban world: support to urban development. https://www.sida.se/contentassets/6107b402eb5444b0ba156af2741a815d/fighting-poverty-in-an-urban-world_1056.pdf. Accessed 9 June 2018

Stuart E, Woodroffe J (2016) Leaving no-one behind: can the Sustainable Development Goals succeed where the millennium development goals lacked? Gend Dev 24(1):69–81. https://doi.org/10.1080/13552074.2016.1142206

Tacoli C (2008) Links between rural and urban development in Africa and Asia. In: United Nations expert meeting on population distribution, urbanization, internal migration and development. Department of Economic and Social Affairs Population Division, United Nations Secretariat, New York

Tosun J, Leininger J (2017) Governing the interlinkages between the Sustainable Development Goals: approaches to attain policy integration. Global Chall 1(9):1–12

Turok I (2017) Informing Africa's urban transformation: A response to Fox et al. and Potts. Urban Studies, pp 1–7. Available at: http://journals.sagepub.com/doi/abs/10.1177/0042098017713575?journalCode=usja. Accessed 16 Aug 2018

Turvey RA (2017) Place-making and sustainability in Ontario's small urban municipalities. Int J Urban Sustain Dev 9(3):286–299

Udu LE, Onwe SO (2016) Approaches to community development in Nigeria, issues and challenges: a study of Ebonyi State Community and Social Development Agency (EB-CSDA). J Sustain Dev 9(1):296–307
Ugalahi UB, Adeoye SO, Agbonlahor MU (2016) Irrigation potentials and rice self-sufficiency in Nigeria: a review. Afr J Agric Res 11(5):298–309
Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2019a) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394
Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019b) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Ukeje IO, Ogbulu U, Amaefula VC (2020) Human capital intervention and poverty reduction. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
UNDP (1990) Human Development Report 1990: Concept and Measurement of Human Development. Oxford University Press, New York
UNDP Report (1998) (as cited in: Onah, F. O. (2010). Managing public programmes and projects (Second edition). Nsukka, Nigeria; Great AP Publishers Ltd. P. 338
Venter C, Jennings G, Hidalgo D, Pineda A (2017) The equity impacts of bus rapid transit: A review of the evidence and implications for sustainable transport. International Journal of Sustainable Transportation, pp 1–13. https://doi.org/10.1080/15568318.2017.1340528
Winsemius HC, Jongman B, Veldkamp TIE, Hallegatte S, Bangalore M, Ward, PJ (2018) Disaster risk, climate change, and poverty: assessing the global exposure of poor people to floods and droughts. Environ Dev Econ 23(3):328–348. https://doi.org/10.1017/S1355770X17000444
Zhang XQ (2016) The trends, promises and challenges of urbanization in the world. Habitat Int 54:241–252

# Policy-Visibility and Implementation in Public Administration

Gedion Onyango
Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

## Synonyms

Policy advocacy; Policy capacity; Policy knowledge; Policy learning; Stakeholder consultations

## Definition

*Policy-visibility* is an approach to policy implementation analysis that broadly describes activities, strategies, and processes involved in enhancing the exposure or increasing the prominence of public policy designs and contents to the general populace and concerned parties (i.e., going beyond policy announcements and moving the policy from the boardrooms to the public).

## Introduction

Why do some policies seem to be more impactful or "known" than others, or why are public and political administrators more receptive to some policies or policy contents than others? And why is it that some public policies of similar policy types attract more funding or are more implementable than others within likewise similar environments of public administration? Much as answers to these questions often largely reside in extensive policy studies that over the years have generated rich data, they have been mostly handled within the variations of power relations and tensions, policy typology, the tendentiousness of the policy objectives, the complexity of joint actions, policy learning trajectories, institutional and resource capacity deficiencies, evidence orientations of policy designs and problems, the presence or absence of mutual adaptations, policy sedimentation and dynamics of policy evolution, and the participatory dimensions of implementation processes, namely, bottom-up or top-down approaches (Kingdon and Thurber 1984; Wu et al. 2015; Onyango 2019).

Yet, together these factors are indicative of the sophisticated correlative relationships between public policy and implementation or what has been coined as the word/needs dichotomy by implementation students and organizational hypocrisy by students of administrative reforms. Thus, it is hardly certain whether a policy design will subsequently direct its implementation in the first place (Pressman and Wildavsky 1973). In short, what is *visible* can be contestable about the policy and may lead to visibility inconsistencies of policy contents, their interpretations

and transfer or dissemination. To address this, therefore, a collective memory or understanding of the policy is critical for effective implementation processes in public administration. And this would be most likely tied to the degree of knowledge, awareness and communication, etc. about the policy design and contents by public and political administrators, concerned stakeholders, and the public. Yet, much as there are a number of viable policy formulation and implementation frameworks and despite indirect efforts by governments to improve the prominence of public policies, a little has been done. First, little attention is often paid to the variable of visibility so as to underscore critical policy objectives and integrate problematic interests and, second, there are unsubstantial efforts to conceptualize policy-visibility and device strategies that governments and policy-makers can pursue to improve policy-visibility in public administration and management. In this chapter therefore some answers to questions posed above also considerably reside, though in part, and are analogous to the degree of policy-visibility.

However, the term visibility in this context may take on different viewpoints. For instance, it may include the extent to which policy-makers discern the problem structure of the policy, i.e., how well has the policy problem been constructed and "visible" in terms of its contents? Visibility may also denote to the extent to which political actors and other stakeholders conceptualize a policy problem and objectives and hence considers the extent to which their interests are visibly presented. Moreover, visibility can relate to how public administrators interpret and internalize policy contents that subsequently fosters institutionalization of the policy design. Finally, visibility enlists the degree of the citizenry's knowledge of the policy objectives and related administrative burdens that may accompany public policy. This would influence the citizens' capacity to provide relevant policy feedbacks that can be utilized to improve policy contents. Even so, visibility may largely also depend on who are targeted and what policy issues are prioritized. Therefore, visibility can be contained within or can be accessible to particular interested parties more than others much as it is ideal for the general populace to be knowledgeable of policy contents and objectives. So, the utility of policy-visibility as an umbrella term can explicate policy dynamics in the contexts of policy implementation in public administration.

Besides, with growing efforts to narrow the gap between research and policy, a focus on the composites of policy-visibility can assist by identifying less burdensome or viable strategies of getting research into policy and practice (GRIPP) and getting practice into research at different levels of policy implementation. In other words, the utility of policy-visibility as an approach to policy implementation analysis can allow researchers to establish synergies that characterize implementation deficits, mainly, those related to policy communication (dissemination, interpretations, etc.); deficiencies, dynamics, and pitfalls in policy transfer (institutionalization, coordination, etc.); and translation (internalization and learning) in public administration. That is, implementation deficits may also largely lend to problematics of visibility of policy contents. As such, policy-visibility – as influenced by policy advocacy, resource mobilization, organizational visibility, policy training, the rank and profile of actors, etc. – is central in discerning policy implementation environments in public administration.

## Policy-Visibility (*and Policy Blindness*) as an Approach

*Policy-visibility* is an approach to policy implementation analysis that broadly describes activities, strategies, and processes involved in enhancing the exposure or prominence of public policy design and contents to the general populace and concerned parties. In short, it refers to the extent to which concerned stakeholders, street-levels personnel and targeted population construct and internalize policy problem and objectives. Policy-visibility activities and strategies integrate the degree of policy entrepreneurship, policy communication, knowledge exchange, stakeholder consultations, etc. Policy-visibility, therefore, can also consider the rank and profile of public entrepreneurs involved, media framing, organizational visibility,

and levels of institutionalization and internalization of the policy design and objectives inside and outside public administration. Some of the strategies for enhancing *policy-visibility* often enlist utilization of public relations strategies with regard to communication of the policy problem, contents, and objectives. This could mean that policy-visibility strategies can assist with breaking institutional *silos* that characterize most policy errors, accidents, and anomalies, and which could also specifically emanate from uninformed cognitive responses due to the lack of adequate exposures or promotion of policy contents and objectives.

Such being the case, policy-visibility approach underscores processes of knowledge exchange and utilization, considers levels of policy ownership, and promotes legitimation strategies for effective implementation processes. So, the degree to which a policy problem-design integrates effective mechanisms for policy communication, policy transfer, and translation strategies to the citizenry and relevant stakeholders is considerably central for effective implementation processes. As such, policy-visibility enlists strategies of policy advocacy, policy entrepreneurship, policy learning, stakeholder consultations, policy think tanks, policy consumption, and policy transfer and translation within and across public administration. Further to this, policy-visibility prescribes strategies that integrate both behavioral, environmental, and structural organizational and political dimensions of policy. This may in turn influence the communication and the transfer and translation processes of policy contents. That said, policy-visibility as a concept can assist with explicating the top-down and bottom-up implementation synergies, including locating the macro- and microscopic repertoires of policy-making contexts, or what can be termed as *anthropology of policy* (Shore et al. 2011).

However, the utility of policy-visibility also automatically brings to fore its flipside of *policy blindness*. The latter describes, for example, loose dissemination, abstract interpretations, limited knowledge on the policy, loose institutionalization and internalization, etc. of public policy processes. Thus, unlike policy-visibility, policy blindness describes ineffective coordination of policy design, poor knowledge of policy contents, and related implementation hiccups. That is, sometimes (and in most cases) policy implementation failures are chiefly as a consequence of either or a combination of components of policy blindness. Therefore, by discerning policy-visibility in this way, students of public policy can explicate intricacies of public policy processes, especially, with regard to the fuzzy ambience of the points of engagements in policy implementation in public administration.

Even though, the broadness of policy-visibility approach may also render it conceptually vague and fluid, it can apparently reduce some forms of implementation deficits. This is by enhancing policy development, policy knowledge, and dissemination. Actually, some structural policy-visibility strategies, namely, agencification, public-private partnerships, and cognitive strategies such as public sensitization, capacity building, trainings, etc., have been critical in enhancing implementation processes in public administration. Thus, policy-visibility as an approach is nonlinear and may bear overlapping correlations or feedback linkages with different components of implementation. This is captured in Fig. 1 below.

As will be further demonstrated in the later discussions in this chapter, the simplest presentation of policy-visibility involves demonstrating dimensions of policy promotions, how they come about, and common challenges confronted in enhancing it in public administration. But due to limited space, this task will only delve on policy promotion dimensions as policy-visibility strategies alongside addressing the following question:

## How Can Governments or Policy-Makers Enhance Policy-Visibility and Implementation?

In enhancing visibility of a public policy, policy-makers can combine different strategies to disseminate and transfer critical knowledge or information about the policy to targeted groups and stakeholders. This may range from pursuit of simple yet influential strategies such as

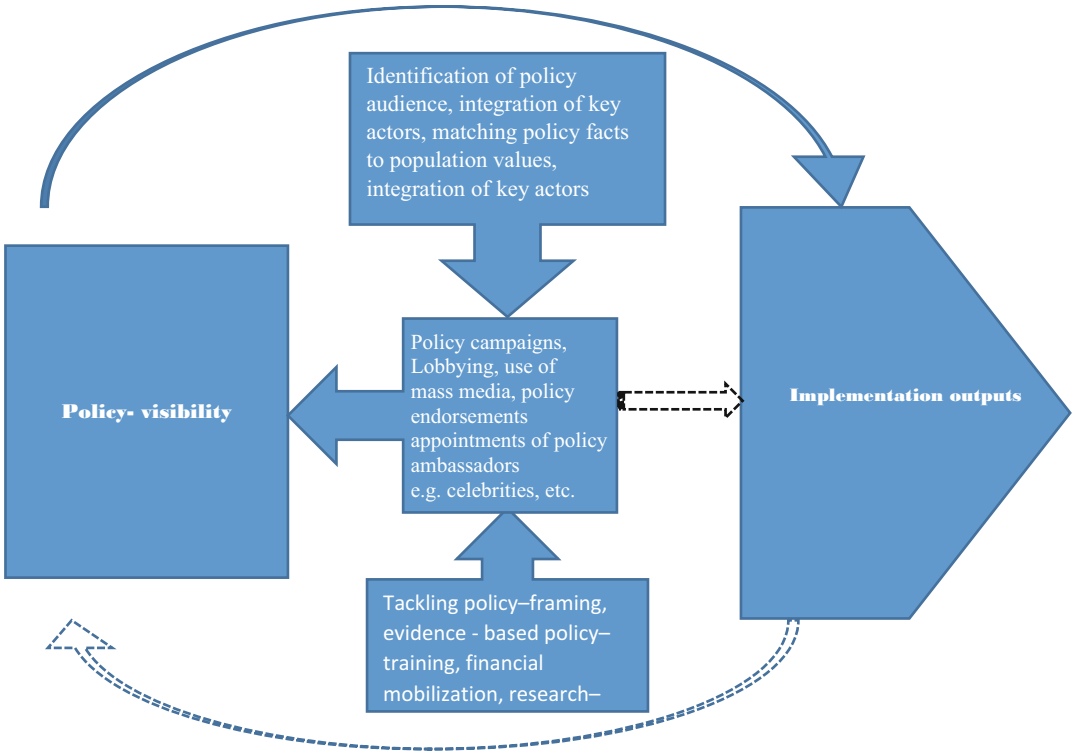


**Policy-Visibility and Implementation in Public Administration, Fig. 1** Simplified model of *policy-visibility approach of policy implementation analysis*

broadcasting through billboards; sponsoring television and radio advertisements, debates, and talks; and using posters to rather more bureaucratized strategies such as research and training of bureaucrats, engaging political executives and actors, conducting workshops and seminars, and resource mobilization. Some of these strategies are briefly explained below.

## Identifying the Right Audience and Integration of Key Actors

Prior to the policy announcement, the government needs to have unequivocal construction of both the policy problem, the audiences, and audience characteristics (i.e., matching the policy to targeted and non-targeted audiences) besides matching facts with value/belief characteristics of target groups. This can involve adopting pragmatic strategies for addressing competing value systems characteristic in the diversity of the audiences. Audiences in this case include different societal members and both formal and informal actors, i.e., public and political administrators, non-governmental organizations, eminent persons in the society, and opinion leaders. Either way, these actors are in the position to influence policy implementation and outcomes. Religious leaders, community, and political leaders are definitely critical towards informal mobilization and communication of the policy in their constituencies. In other words, as could also be seen in the study by Brownson et al. (2018: 104) on dissemination of public health policy knowledge "characteristics of the audience are important in shaping a dissemination strategy."

In policy-visibility approach, appropriate identification of policy beneficiaries, actors, and possible benefactors does not only build policy legitimacy and ownership, but it potentially also creates a constituency that is likely to present collective platforms for policy development. Within these platforms, accruing bargains and

trade-offs on policy adoption can become consolidated for effective implementation. Identification of the right audience may also further internalization of policy, which are central in addressing ambiguous framing of the policy problem, policy communication, and coordination gaps in policy-making processes. Moreover, locating an appropriate audience can essentially assist with policy simplification, which, in consequence, can reduce coordination and institutionalization breakdowns thence expediting related implementation processes. This is because identification processes elicit organic consultative, participatory, and bargaining decision-making processes, which subsequently may locate points of conflict and/or the tendentiousness of policy contents within the target group. Therefore, identification of the right audience and actors as strategies for improving policy-visibility may enhance integration of implementation processes and innovation systems (IS) in public administration. Alternatively, these implementation processes and innovations can foster knowledge exchange, communication, and institutionalization processes and thus improve policy-visibility.

### Policy Advocacy as a Strategy of Policy-Visibility in Public Administration

Policy advocacy generally "involves a deliberate process of influencing decision makers or influencing a social or civic agenda in order to build political will around [policy] action" (Gen and Wright 2013: 166). Policy advocacy's largely bottom-up and citizen-oriented strategies are critical in ensuring that policy decisions are implemented. Thus, as a critical policy activity, policy advocacy is key in policy promotion leading to enhanced policy-visibility. Although conceptually fuzzy, policy advocacy generally includes lobbying, policy campaigns, and media exposure. Lobbying includes public and private communication with legislators and political and administrative executives. Policy campaigns include such activities as writing opinion columns in leading newspapers, conducting large-scale advertisements, securing policy endorsements by prominent persons and celebrities (who can also be specifically appointed as ambassadors of the concerned policy), making documentaries/films, using newsletters, creating chain of emails to concerned groups, etc.

Policy advocacy additionally enlists "educating the public; providing information and resources to individuals in need of help; going into court; commenting on regulations; and helping individuals get benefits or services to which they are entitled" (Amidei 2008: 1). Policy campaigns may educe healthy discussions and engagement platforms that, ultimately, can reduce effects of policy politicization. This can come with identification of critical areas of concern or points of general consensus between contending groups, especially, when communicating contentious public policies such as on immigration and smoking ban. Inasmuch as strategies of policy advocacy have often been associated with non-state actors, public administration with its managerial ambitions can engage in similar processes besides adaptation of collaborative implementation strategies, the use of social media platforms like Twitter, and strengthening research-policy-practice linkages, etc. to enhance policy-visibility for effective policy implementation.

### Participating and Tackling Media Framings of the Policy

There is no contention that the media is critical in the framing and dissemination of information on public policies. The mass media particularly holds the key in defining how policy framing and communication to the general populace take shape. Actually, policy announcements are mostly dispensed through the media or are sometimes caught up tackling unintended media framings of the policy. Frame-setting and frame-building activities by the media alternatively influence audience's framings and interpretations of policy contents and existing linkages. By availing different frames of reference, media expositions can locate different policy linkages that border on "social norms and values, organizational pressures and constraints, pressures of interest groups, and ideological or political orientation of journalists" (Scheufele 1999: 109).

Therefore, policy-makers should ensure that the policy elicits viable and appropriate frames

of references in the media by having well-defined and simplified policy structures. Key policy contents should be properly abstracted to be understood by administrators, politicians, the public, and stakeholders. Consequently, media framings as a policy-visibility strategy may address problems linked to the complex nature of policy structure and cognitive limitations, especially problematics of experience and learning that characterize policy knowledge and internalization. So, tackling media framing issues can direct bonding with and implementation processes of the policy in public administration at all levels.

### Conducting Evidence-Based and Inclusive Policy Training

Policy training involves inducting and educating public administrators on the policy to become policy agents. This exercise should be evidence-based and sensitive to different policy environments within and outside public administration. Besides fostering internalization of the policy, policy training instills practical skills needed to effectively counter implementation uncertainties, interpretations, and communication and coordination deficits. Because public organizations are involved in creating collective efforts of the general population, policy training is key to this process, mainly in processing of information and generation of policy knowledge (Pressman and Wildavsky 1973).

Policy training partly delves on the translation and awareness creation both within and outside public administration. Although street-level bureaucrats rarely make the fundamental policy decisions, they are in the front line of development and hence exercise great influence on policy-making processes (Crawford 1960). Thus, even though training of civil servants about the policy design is often rare in public administration, it has great potentials in improving policy knowledge and development through subsequent public-private partnerships and policy networks and strengthening policy research linkages. Besides, the performance of administrators has been found to improve with the transfer of skills and technology through policy training activities. Training activities on the policy can potentially seal off capacity- and skills-related problems common in implementation processes. The degree of policy-visibility is therefore appended on the extent to which public administrators possess scientific knowledge and interpretations of policy contents. This would most likely drive effective communication, institutionalization, and coordination both within and outside public administration.

### Establish Effective and Broaden Financial Resource Mobilization Strategies

In this era of public governance and diminishing public financing, financial profitability and budgetary support are fundamental performance indicators of public bureaucracies insofar as building policy capacity, i.e., competencies and capabilities important to policy-making, is concerned (Wu et al. 2015). Studies show that private financing, for example, facilitates the public understanding of the public policy to counter misguided public practices and stereotypes that may influence implementation processes. Therefore, levels of resource allocation and financial mobilization can promote organizational commitment to policy dialogues, information sharing, and coordination between engaging public bureaucracies and partners or funders. Eventually, this may improve organizational visibility and capacity leading to enhanced visibility of the policy. For instance, the degree of resource allocation and mobilization to accountability institutions will most likely result in increased visibility of anti-corruption or compliance policies in public organizations. Retrospectively, internal and external financial resource mobilization is central to achieving effective policy implementation outputs.

Indeed, the viability of policy implementation is ofttimes tied to budgetary questions, i.e., resource availability and mobilization both within and outside public administration. Variance of resource mobilization depends on a particular policy type. So, financial resource determines levels of organizational commitment and the degree of policy communication and institutionalization. It automatically comes with the creation and strengthening of policy networks and partnerships in public administration, which eventually

*put the word out* about the policy. Therefore, financial resource mobilization is characterized by balancing, reconciliation of interests and policy objectives, stakeholder consultations, and defined implementation timelines. Processes of resource mobilization organically push policy-makers to reach wider groups of people, hence increasing policy prominence or improved visibility.

## Conclusion

This chapter introduced and delved on some key components of policy-visibility as an approach to policy implementation analysis in public administration. It is demonstrated that policies may vary in terms of influences and commitments they elicit towards implementation and that policies may simply fail based on the degree of their visibility or promotion by policy-makers and entrepreneurs to relevant political and bureaucratic actors as to the citizenry. It is shown that policy-visibility and implementation outputs bear nonlinear correlation that may elicit feedback relationships. Policy-visibility integrates both behavioral, environmental, and structural variables that can elicit effective policy communication, translations, knowledge exchange, internalization, etc. of policy designs and contents, hence furthering their implementation. So, policy-visibility approach delves on feasibilities of implementation processes measured by the degree of knowledge acquisition and exchange in designing and communication of public policies within and across levels of public administration. The relevance of policy-visibility therefore draws on recent efforts to identify practical synergies between theory and practice through the generation of evidence-based policies to narrow the gap between policy designs and implementation realities in public administration. Recently, most leading journals in public administration have indeed focused on studies that can assist with narrowing the gap between policy research and practice. This is thought to bring on board practitioners who influence public policies though they are outside public administration where these policies are implemented. Yet, either way these efforts have been in attentive to visibility concerns much as they have been critical in enhancing policy-visibility and exposing implementation pitfalls.

Policy-visibility approach demonstrates that tensions and the multi-actor, multilayered, and complex nature of public policy processes can also serve as a platform where policy-friendly strategies can be harnessed to promote policy knowledge and development. This would ultimately enhance policy dissemination and help with identification of the degree of policy tendentiousness and integration of key actors and stakeholders. Pooling of resources by public administrators, competence upgrading, and building evidence-oriented technical capacities advocated for by the policy-visibility approach can enhance managerial objectives of public policy such as strengthening partnering and partnerships networks. Appropriate training of public bureaucrats on the policy design and contents could also turn them into policy agents besides implementers, thus minimizing tensions between competing value systems in public organizations and policy facts. In short, policy-visibility approach promotes rigor in policy-making and development, sensitivity and attentiveness to policy environments, and objectiveness and adoption of comprehensive yet specific policy designs and implementation processes to counter unintended negative consequences often linked to the cognitive, behavioral, and structural dynamics of implementation processes in public administration.

## Cross-References

▶ Public Policy and Bureaucracy
▶ Public Policy Entrepreneurship
▶ Public Sector Collaboration and Social Policy

## References

Amidei N (2008) Public policy advocacy: five steps, five strategies, five things to remember. Seattle, Washington State Coalition Against Domestic Violence

Brownson RC, Eyler AA, Harris JK, Moore JB, Tabak RG (2018) Research full report: getting the word out: new

approaches for disseminating public health science. J Public Health Manag Pract 24(2):102
Crawford JG (1960) Relations between civil servants and ministers in policy making. Econ Rec 36(73):36–50
Gen S, Wright AC (2013) Policy advocacy organizations: a framework linking theory and practice. J Policy Pract 12(3):163–193
Kingdon JW, Thurber JA (1984) Agendas, alternatives, and public policies, vol 45. Little, Brown, Boston, pp 165–169
Onyango G (2019) Legislative oversight and policy-reforms in "Unsettled" political contexts of public administration. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1627556
Pressman JL, Wildavsky A (1973) Implementation: how great expectations in Washington are dashed in Oakland; Or, why it's amazing that federal programs work at all, this being a saga of the Economic Development Administration as told by two sympathetic observers who seek to build morals on a foundation. University of California Press, California.
Scheufele DA (1999) Framing as a theory of media effects. J Commun 49(1):103–122
Shore C, Wright S, Però D (eds) (2011) Policy worlds: anthropology and the analysis of contemporary power, vol 14. Berghahn Books, New York
Wu X, Ramesh M, Howlett M (2015) Policy capacity: a conceptual framework for understanding policy competences and capabilities. Policy Soc 34(3–4):165–171

# Political and Administrative Culture in Turkey's AK Party, Tunisian An-Nahada, and Bangladesh Jamat-e Islam

Md Nazmul Islam[1,2], Yılmaz Bingöl[2] and Israel Nyaburi Nyadera[2,3]
[1]Department of Political Science and Public Administration, Ankara Yildirim Beyazit University, Ankara, Turkey
[2]Faculty of Law and Economics, Saarland University, Saarbrücken, Germany
[3]Department of Government and Public Administration, University of Macau, Macau, China

## Synonyms

Comparative administration; Democracy; Governance; Politics; Tunisian An-Nahada and Bangladesh Jamat-e Islam; Turkey's AK Party

## Definition

To determine the legacy of Turkey's AK Party, we examine the policies of the Tunisian An-Nahada and Bangladesh Jamat-e Islam (BJI) parties, which are arguably related to Islamic political ideology and were introduced to the world as moderate-conservative political Islam parties. This entry examines the nature and processes through which a country's administrative features are shaped. Three parties from three regions of the world are compared – the Turkish AK party from the Middle East and Europe, the Tunisian An-Nahada party from the African and Arab region, and the Islamic political party BJI from South Asia. Although the countries have distinct socio-cultural issues, political backgrounds, historical perspectives, and economic differences, they also have many similarities. This entry examines these political parties' histories, political ideologies, and compatibility with democracy from a theoretical perspective on governance, administration, and ideology of a political Islam system.

## Introduction

The majority of the Muslim world has struggled for democracy and democratic institutions. Some countries have achieved good outcomes, such as Turkey, whereas other countries have failed to acquire that position, such as Egypt and Tunisia. Many western and non-western scholars have argued that the Turkish AK Party (AKP; *Adalet ve Kalkinma Partisi*, the Justice and Development Party), the Tunisian Harakat al-Nahda (Renaissance Movement), and Bangladesh Jamat-e Islam (BJI) are the "moderate conservative," "mainstream Islamist," "post-Islamist," "Muslim Democrats" and emerging "liberal Islamic parties" in the world (Kosebalaban 2011: 8; Özbudun 2006: 543–557; Bokhari and Senzai 2013; Bayat 2007; Yilmaz et al. 2017). AKP has a very strong connection to the former Islamist movement National Outlook (Milli Görüş) and Virtue Party (FP), which were referred to as the "post-Islamism" and emerging "Muslim Democrats" because of their historical linkages, political

ideologies, and democratic phases. The Tunisian An-Nahada party was assumed to begin the new transformative institutional arena of post-Islamism and Muslim Democrats, particularly recently by the founding president of the An-Nahada Party, Rachid Al-Ghannouchi; conversely, BJI is still facing the tertiary methodology of conservative and traditional political Islam.

In terms of democratic political values and governance systems, the AK Party in Turkey has much more democratic experience than the other two political parties. In this regard, it is difficult to compare the AK Party's current situation with two other political Islamist parties. One question is always raised in an academic environment: Is the AK Party destroying Political Islam or it is the model for the future of Political Islam (or Post-Islam). A political Islam method developed by the AK Party may be accepted or rejected by the global political Islam movement. When it comes to the compatibility of Political Islam with democracy, the position of the AK Party is seen as very positive compared with other Political Islam parties. However, the question remains whether the AK Party is an Islamic party at all.

Many scholars have argued that the AK Party is one of the most effective modern versions of political Islam because of its historical linkage with the conservative Islamist party. However, a very important question in the political Islam environment is whether Islamists should accept the AK Party as their model? The party has no visible structural linkage with Islamism or Islamist politicization. The common ideology-based political Islamist parties such as An-Nahada, Muslim Brotherhood, and Jamat-e Islam have plans to use AKP as their model, despite their socio-cultural, historical, and structural differences. When it comes to the border object and concept of "*Ummah*," almost all moderate conservative political Islam parties have the same target. However, their methods to reach that situation are different. (The "*Ummah*" concept itself is very controversial for a nation-state.)

This study aimed to answer the following questions: 1) Do the AK Party, An-Nahada, and Bangladesh Jamat-e Islam have historical and ideological differences in their objectives and principles; and 2) are the political ideologies of An-Nahada and Bangladesh Jamat-e Islam compatible with democracy in terms of their governance systems from a theoretical perspective?

## Link Between Turkey's AK Party, Tunisian An-Nahda, and Bangladesh Jamaat-e-Islami: Theoretical Foundation

To understand the ideological background of these three parties, it is important to know the discourse that links the political Islamist parties' socio-cultural practices to their countries' democratic values and culture. To articulate the comparative methodology in terms of history, ideology, and socio-cultural practices, discourse analysis is very effective; discourse is used to examine how language (spoken and written) is used to determine the systematic links of society and culture (Deacon et al. 2007: 152; Gee 2005). A political party's activity can be recognizable through their agenda and objectives, which are described in posters, leaflets, campaigns, and even constitutions (Römmele 2003). Therefore, to examine the historical legacies and ideological substance of these three political parties' backgrounds, discourse analysis is very important, especially for the links between socio-cultural realities and their correlation with democracy.

Despite clear tensions, the two parties and the legacy of the AK party are somehow ideologically and theoretically influenced by the Muslim Brotherhood (MB) in Egypt. The MB party advocates to return to the Quran and the Sunnah accordingly with Islamic values and ethics; however, many western states have suspected that the brotherhood can spread western context in 1 day (Bayat 2007). In any case, it is the most dominant party, especially with regard to the ideological basis of Political Islam; the party is the most successful Islamist group in Egypt and in the world (Rubin 2010). Theoretically and empirically, it has been shown that the MB was the first modern Islamist group and the initiator of political Islam in Asia and Africa, even in Europe and North America. Moreover, it has the largest network around the world. BJI, An-Nahada, and the previous root of

the AK Party were influenced by and linked to this organization. Today, the website of the Muslim Brotherhood claims to have branches in over 80 countries.

The term "democracy" is derived from the Greek words *demos* and *kratos,* which refers to people's rule or people's sovereignty (Flanagan et al. 2005). Other definitions of democracy include that of Abraham Lincoln, who stated that "democracy is of the people, by the people and for the people" (Haass 2002); on the contrary, Winston Churchill described democracy as "the worst form of government except for all those other forms that have been tried from time to time" (Quoted in Flanagan et al. 2005; Jesse Mechanic 2017). Scholars argue that democracy is meant to be a belief of freedom, with democracy blooming through elections, voting systems, and freedom of expression; ultimately, human dignity will be sustained by the democratic system (Osman 2002: 86). Drammeh argued that democracy means equality and distributive justice for creating a distribution of power (Drammeh 2006). Overall, the theoretical concepts express that democracy can be defined by three specific points: sovereignty, freedom, and social justice. However, these three concepts were selected by western scholars; an Islamic political thinker's opinion may be slightly different.

Some common questions focus on the field of democracy and its correlation with Islam. For example, what are the Islamic views on democracy? How does Islam measure the concept of democracy, either as a western-secular democracy or Muslim democracy? Finally, is democracy compatible with Islam or not, especially in terms of sovereignty, freedom, and social justice?

Searching for the term "democracy" in the field of Islam and its discourses is very difficult. In Islam's revelations to the world, even the terminology of democracy comes from a totally different perspective, time and environment. Many Muslim scholars, such as Drammeh (2006), Osman (2002), and Safi (1999), as well as non-Muslim thinkers such as Esposito and Voll (2001) and Kramer (1996), have argued that the issue of democracy can be related to the "*Shura*" concept of Islam, which is often referred to in the Quran. Since Prophet's period, the *Shura* has been found in all matters of politics, economics, and social issues, indicating that the consultation and decision-making process has been exercised since the early times of Islam. "However, some Muslim countries have interpreted this great concept to meet their own interests." For example, Saudi Arabia has the Consultative Assembly of Saudi Arabia (also known as Majlis Ash-Shura or Shura Council), which is the formal advisory body of Saudi Arabia and is an absolute monarchy. In Iran, the Iranian Guardian Council is mandated by the Iranian parliament and constitution, even when it comes to the Political Islam party. It is also installed in the Muslim Brotherhood, An-Nahada, and Jamat-e Islam of Bangladesh, India, and Pakistan.

According to clarifications from the Quran, the meaning of *Shura* is explained in verse 3 of *Surah Imran:* "It was thanks to Allah's mercy that you were gentle to them. Had you been rough, hard-hearted, they would surely have scattered away from you. So pardon them, and pray for their forgiveness, and take *counsel* from them in matters of importance. And when you are resolved on a course of action place your trust in Allah; surely Allah loves those who put their trust (in Him)" (3:159). In this verse, the word *Shura* is used to explain the counsel with decision-makers. Democratic values have been present for thousands of years, embedded in cultural and religious practices that might have been lost to history. In Islam, there are many documented instances of active participation of the people with the leaders of their time. This began with the Prophet Muhammad (PBUH) as he was directed by God to seek consultation from his followers and companions when making important decisions (Ahmed 2014). For continuation of a decision-making process, *Shura* is a very important tool, especially when it comes to the people's engagement with social and political matters of Muslim governments for any kind of political issue, such as elections, party candidates, party policymaking, election manifestos, and social issues such as the construction of hospitals and schools. In these cases, *Shura* can be used as a

very effective and professional instrument (Drammeh 2006; Osman 2002).

The leading figures and thinkers in the field of Political Islam – including Maulana Mawdudi, the founder of Jamat-e Islam from South Asia; Hasan Al Turabi, the leader of the National Islamic Front in Sudan; and Syyed Qutub from the Muslim Brotherhood in Egypt – all argue that the "Islamic State" should be the ultimate goal for all Muslims. They believe that Muslims should live under this umbrella, where *Tawhid* or oneness of Allah will be the decisive and eventual purpose in terms of freedom and equality; even the absolute sovereignty will go to Allah (Adams 1983: 115; Haddad 1983: 70; Turabi 1983: 241). However, the new concept of the An-Nahda party in Tunisia is absolutely different. Rachid Al Ghannouchi (2016), the co-founder of the An-Nahda Party from Tunisia, emphasized that An-Nahda is changing its views from "Political Islam" to "Muslim Democrats." Therefore, the An-Nahda party will not focus on religious social, educational, or cultural matters. Rather, it will focus only on politics and ultimately will separate religion from state politics in "the separation of Mosque and State" (Tamimi 2001). An-Nahda will be inspired by Islamic values. Although the concept of "Muslim Democrats" developed by Gannouchi is still obscure and vague, it is a very similar concept to western secular democracy as initiated by one of the leading "Political Islam" thinkers.

Recep Tayyip Erdogan, the founder of the AK Party and the current President of the Republic of Turkey, clarified some thoughts that are related to Gannouchi's opinions on secularism and "Muslim Democrats." For example, Erdogan said, "The state should have an equal distance from all religious faiths" (Al-Arabiya 2016). The reality of Erdogan's AK Party thinking in the socio-political perspective of Turkey is very much motivated by its past roots of "Political Islam," particularly in terms of religious education (Kayaoğlu 2012). However, it should be clarified that the newly formed AK Party did not call them an Islamic party but rather a conservative democratic party. Erdoğan, the AK Party leaders, and the members always avoid defining the AK Party in religious terms: "We are not an Islamic party, and we also refuse labels such as Muslim-democrat" (Taşpınar 2012). Nonetheless, when it comes to their political maturity, experience, and leadership position, many Islamist and conservative political parties want to follow the AK Party as their model. For example, Turkey's AK Party model has soft power impacts on the Middle East's democratization process (Benli Altunisik 2005). To balance Islam and democracy from the grassroots level, economic sustainability, and soft power impacts on the Middle East, Turkey's AK Party was viewed as a model for the Middle East and North African (MENA) regions (Dede 2011). However, the scenario is quite different in the aftermath of the Arab Spring.

## Three Parties from Three Regions: Three Diverse Histories

As described previously, this study focuses on three parties from three different regions: the Middle East and North Africa's Tunisian An-Nahada Party, the Middle East and Europe's AK Party in Turkey, and South Asia's Bangladesh Jamat-e Islam (BJI). These three parties have three diverse histories, backgrounds, and historical importances. For example, the Turkish Justice and Development Party (AKP) has a very strong legacy with Islamist political party roots, such as the Virtue Party, which has a legacy of the National Order Party, National Salvation Party, and Welfare Party. The indicated political linkages show how the AK Party is inspired by Islamists. "Political Islam" in Turkey began structurally through the leadership of Necmettin Erbakan in 1970, especially in the public sphere. It was first appeared as an ideological goal of the *Milli Görüş* (National Order), which was later politically moved to *Milli Nizam Partisi* or the National Order Party on 26 January 1970 by Necmettin Erbakan (Fulya Atacan 2005). The Milli Görüs and Erbakan's political agenda were primarily anti-secular and anti-western, but his political vision was never violent jihadist revolution; rather, it was motivated by an ideological approach (Vielhaber 2012). However, prior to

reaching their current position, the AK Party has a very distressing story. The military would crackdown on political Islamists in Turkey in the name of Kemalism or to protect secularism, as was written in the Turkish Constitution. For example, in 1971, the Constitutional Court banned the National Order Party. Then, the National Salvation Party was banned in 1980, theWelfare Party was shut down in 1998, and the Virtue Party was banned in 2001 for its ideological preferences and purposes, which were viewed as going against the Turkish constitutional principles, particularly the roots of secularism and Kemalism in the history of the Turkish Republic (Taşpınar 2012: 127).

The development of the An-Nahada movement in Tunisia had the same background and goals as Turkey's National Order movement had since 1970. An-Nahda is Tunisia's main Islamist movement. It was started in the 1960s by Rachid Al Gannouchi and his friend Abdelfattah Mourou. Tunisian An-Nahada was also banned, like the Turkish previous Islamist party. Wolf (2017) argued that the An-Nahda's intellectual roots came from the Egyptian MB while the University of Zaytouna was established against French colonialism in the late nineteenth century. The 76-year-old Gannouchi first established this organization as an Islamic movement-oriented party, but it was exposed as a political party after the Arab spring. An-Nahda is not against modernity; rather, it can be considered as a modern alternative Islamic movement in the MENA region. Wolf (2017) articulated how Islam can be more progressive in a contemporary world, with An-Nahda being a good alternative for Arab Muslims.

The history of An-Nahda in the political sphere of Tunisia is not positive. In April 1981, Ghannouchi founded the Islamic Tendency Movement with the object of "reconstruction of economic life on a more equitable basis, the end of single-party politics and the acceptance of political pluralism and democracy" (Kechichian 2011). In the same year, by the end of July, Ghannouchi and his followers were arrested, and sentenced to 11 years in prison. They were released in 1984, but again imprisoned in 1987 with a life sentence, then released in 1988. After this imprisonment, Gannouchi moved to the United Kingdom as a political exile and lived there for 22 years (Feldman 2011; The Time Magazine 2017). Since that time, An-Nahda worked with the secular parties of Tunisia.

The Islamic political party in South Asia, BJI, has the same agenda and goals as An-Nahda and MB: to work for an Islamic movement in the world. BJI is a much more religious Islamic conservative party than An-Nahda and the previous Islamic roots of AKP in Turkey. Jamat Islam (JI) in South Asia was founded by Maulana Maududi (1903–1979) in 1941. Since its foundation, it has worked both in the Political Islam field and the Islamic Movement arena; however, the main goal of JI is to establish an Islamic values-oriented state (Hashmi 2011). It is one of the oldest political parties in the history of the Indian subcontinent. The initial objective of this movement was aimed at the socio-religious development of Muslim communities in the colonized Indian subcontinent, which now includes the three countries of Bangladesh, India, and Pakistan.

According to the "two-nation theory" in 1947, Muslim-majority Pakistan and Hindu-majority India were established. The JI movement continued its function both in India as Jamat-e Islam Hind (JIH) and Jamat-e Islam Kashmir (JIK), as well as in Pakistan as Jamat-e Islam Pakistan (JIP). However, after the independence of Bangladesh from Pakistan in 1971, the Bangladesh Jamat-e Islam (BJI) continued its political and Islamic movement activities with completely independent policies and leadership under the Bangladeshi citizens since 1979 (Amin 2016: 25). The BJI started their movement in Bangladesh through social movement activities on the Indian subcontinent, including with Nepal, Sri Lanka, and Kashmir. This movement and its political activities are not limited by the confined sovereign country's boundaries; rather, it is active in various countries, such as in the Islamic Society of North America (ISNA), Islamic Forum Europe, and UK Islamic Mission. All of the groups have their own self-governing structures influenced and inspired by the Maulana Maududi (Haq 2010; Reza Nasr 1994; Nasr 1996; Riaz 2010).

The theoretical and conceptual foundations of Jamat-e Islam have been clarified by its founder Maulana Maududi, who believes that nationalism

and secular politics should be denounced in an Islamic state, where Muslims should be safe to get their political rights and freedom (Amin 2016). However, BJI's history of suffering, torture, and repression is not much different from the other Islamic-oriented political parties around the world. Since the creation of Bangladesh, BJI was banned for 5 years due to its ideological roles, which are against the secular establishment of Bangladesh. BJI lost its top five Islamist leaders, including the chief, who was hanged by order of a war crime tribunal due to the party's controversial role in the Bangladesh war of independence against Pakistan. However, the international media, news analysts, and scholars believe that the hanging of top Islamist leaders in Bangladesh was not for their roles during the liberation of Bangladesh; rather, it was politically motivated because of their continuous success in electoral democracy, which ensures the ideology of BJI in the societal perspective of Bangladesh (Amin 2016).

## Islamic Values and Ideology Versus Democratic Values: Convergence or Divergence?

Most Islamic thinkers, such as Maududi, Banna, Turabi, and Qutub, believe that the most important way to understand Islamic values and ideology is to link the social, political, cultural, and economic behavior of Muslim people with "hereafter," where "*Iman*" will be the main measurement to acknowledge this society by establishing an Islamic State. Furthermore, Islamists believe that "Islam is the complete code of life," so Muslims should live under the umbrella of Islamic values in an ideology-oriented society. However, scholars such as Hasan (2011) have emphasized several measures of Islamic values from the reference of a Political Islam party, to determine whether it is compatible with democratic and secular values. For example, according to the constitution of Bangladesh Jamat-e Islam, secularism should be replaced with "absolute faith and trust in the Allah Almighty," so the introduction of a parliamentary constitution would be like *Bismillahirahmanir Rahim* ("In the name of Allah, the Merciful, the Compassionate"). In this measurement, the system of the AK party and the current governance system of An-Nahda would be exempt. In its party constitution, the AK party very clearly states that it is a conservative democratic party in which religion will be separated from state institutions. Even the recent move of An-Nahda shows that it has a very clear opinion that the state will be a secular institution (Yildirim 2017). As such, politics will be the only focus rather than religion.

Political Islamists used to generalize the quotations from Quranic verses and Prophet's speeches for their leaders' speeches in public meetings and government offices. They also used posters to display religious objects even when state institutions and political party were to be secular (Hasan 2011). Leaders from An-Nahda in Tunisia and Jamat-e Islam in Bangladesh (but not the AK Party) used religious speeches or quotations from religious books in their public meetings to persuade people. Because of the secularism definition of AK Party, the Turkish President Recep Tayyip Erdogan said in many public meetings, "The state can be secular but not the people." Scholars called this "neo-laicism" or "neo-secularism," even though this secularism is contrary to Turkey's previous secularist concept, which was like a French model of secularism (Mahjar-Barducci 2011). In addition, the Political Islamist Party offers prayers or *dua* on special occasions related to religion or governmental institutions. This kind of activity is very common, especially inside the political party's system.

The internal and external political environments, political activities, political slogans, and political campaigns of the three parties are based on the specific religion's system, which more or less represents one religion' groups (Hasan 2011). The most important measurement to identify an Islamic value-oriented and ideology-oriented society is when the political party and its government establish new education policies that encourage the young society to study a specific religion and specific language. For example, the BJI education policy prioritizes "Islamic Education" and "learning Arabic language." Even in Turkey, the controversial secularist and anti-AK political parties say that the current government gives too

much preference to Imam Hatip schools (religious schools) rather than the secular education system. Moreover, the liberal secular society of Turkey questioned the current government's huge budget for opening new mosques and religious institutions, although the AK Party always refuted those kinds of statements.

Apart from the discourse analysis, these measurements can be greatly debated following western secularist concepts. Still, Islamist and conservative democratic individuals argue that it is up to the people to decide during elections and in the voting system. If the people are unhappy, they can show it through their electoral rights. This was the case with Turkey and the continuous election of the AK Party in Turkey's electoral process from 2002 to the present.

## Conclusion

As discussed in this entry, "Political Islam," "Conservative Democratic Muslims" or "Muslim Democrats" want to establish a new discourse in terms of political terminology and democratic practices. It remains unclear whether the AK Party or An-Nahda's new political campaign will destroy the Islamist or Political Islam, or whether they will be an example for other "conservative democratic" parties around the world. Additionally, the austerity of "political Islam ideology" and its correlation with democracy is still vague, particularly when it comes to discussing an Islamic-oriented society or western secularism. If these three parties adopt the western model of secularism and democracy is an absolute democratic movement for their countries, then there will be a lot of criticism for them in terms of their ideological objectives. However, by considering the beliefs of those political parties in the account of their socio-culture and political culture, then perhaps we can uncover new variables to measure a society's democratic future.

As history shows us, Islamist and ideology-oriented political parties have a very promising future in Muslim countries, if they can realize their political objectives on time from the perspective of their people's desires. In the field of Political Islam, so many political thinkers from Muslim countries follow the AK Party as their role model. However, a country's Political Islam party should develop its own unique model that can ensure the people's rights, freedom, sovereignty, participation, equality, and social justice, which will be compatible with democracy.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Comparative Policy Reforms
- ▶ Comparative Political Elites
- ▶ Culture and Organizations
- ▶ Link Between Administration, Politics, and Bureaucracy
- ▶ Politics and Administration
- ▶ Public Policy and Governance: Theory and Practice


## References


Adams C (1983) Mawdudi and the Islamic state. In: Esposito J (ed) Voices of resurgent Islam. Oxford University Press, Oxford, pp 99–131

Ahmed L (2014) Shura: Islamic approach to decision-making. Why Islam.org, 31 August 2014. Retrieved from https://www.whyislam.org/social-ties-2/shura-islamic-approach-to-decision-making/. Accessed 29 Dec 2017

Al-Arabiya (2016) Turkey's Erdogan defends secularism, 26 April 2016. Retrieved from http://english.alarabiya.net/en/News/middle-east/2016/04/26/Turkey-s-Erdogan-defends-secularism.html. Accessed 5 Jan 2018

Amin F (2016) Social welfare program of Islamic political party: a case study of Bangladesh Jamat-e Islami. Religion and Society Research Centre, School of Social Science and Psychology, University of Western Sydney, Sydney

Bayat A (2007) Making Islam democratic – what is the real question? 1st edn. Stanford University Press, Palo Alto. ISBN: 978-0804755955

Benli Altunisik M (2005) The Turkish model and democratisation in the Middle East. Arab Stud Q 27(1/2):45–63

Bokhari K, Senzai F (2013) Political Islam in the age of democratization. Palgrave Macmillan, New York. 2013 edn. ISBN: 978-1137008046

Deacon D et al (eds) (2007) Researching communications: a practical guide to methods in media and cultural analysis. Hodder Arnold, London

Dede A (2011) The Arab uprisings: debating the Turkish model. Insight Turk 13(2):23–32

Drammeh AM (2006) Reflecting on democratic values and principles of governance in Islam: accord or conflict? Int J Muslim Unity 4(1):11–44

Esposito J, Voll J (2001) Islam and democracy. Humanities 22(6):22–26. http://www.neh.gov/news/humanities/2001-11/islam.html

Feldman N (2011) Islamists' victory in Tunisia a win for democracy: Noah Feldman. Bloomberg. Retrieved 31 Oct 2011

Flanagan C et al (2005) What does democracy mean? Correlates of adolescents' views. J Adolesc Res 20(2):193–218

Fulya Atacan F (2005) Explaining religious politics at the crossroad: AKP-SP. Turk Stud 6(2):187–199

Gee PJ (2005) An introduction to discourse analysis. Routledge, London

Ghannouchi R (2016) From political Islam to Muslim democracy: the Ennahda party and the future of Tunisia. Foreign Aff 95:58–75

Haass RN (2002) Towards greater democracy in the Muslim world. Lecture at the council on foreign relations, Washington, DC, 4 December 2002. Retrieved from http://www.cfr.org/publication/5283/towards_greater_democracy_in_the_muslim_world.html. Accessed 3 Jan 2018

Haddad YY (1983) Sayyid Qutb: ideologue of Islamic revival. In: Esposito J (ed) Voices of resurgent Islam. Oxford University Press, Oxford, pp 67–95

Haq F (2010) Pakistan: A State for the Muslims or an Islamic State? In Ali Riaz (Ed.), Religion and Politics in South Asia (pp. 119–145). London: Routledge

Hasan M (2011) Democracy and political Islam in Bangladesh. South Asia Res 31(2):8. https://doi.org/10.1177/026272801103100201. Retrieved from https://www.researchgate.net/publication/260833697

Hashmi T (2011) Islamism beyond the Islamic heartland: a case study of Bangladesh. In: Ahmed I (ed) The politics of religion in South and Southeast Asia. Routledge, London

Jesse Mechanic J (2017) That Churchill quote on the arts is nice – but it's fake. Huffington Post, 21 March 2017. Retrieved from https://www.huffingtonpost.com/entry/that-churchill-quote-on-the-arts-is-nicebut-its-fake_us_58d02f85e4b0537abd957397. Accessed 4 Jan 2018

Kayaoğlu T (2012) Secularism in Turkey: stronger than ever?. Brookings Institute, 10 April 2012. Retrieved from https://www.brookings.edu/opinions/secularism-in-turkey-stronger-than-ever/. Accessed 3 Jan 2018

Kechichian JA (September 16, 2011) A genuine Islamist democrat. Gulf News. Retrieved 18 Oct 2016

Kosebalaban H (2011) Turkish foreign policy: Islam, nationalism and globalization, 1st edn. Palgrave Macmillan, New York

Kramer G (1996) Islamist notions of democracy. In: Beinin J, Stork J (eds) Political Islam: essays from Middle East report. I.B. Tauris, London, pp 71–82

Mahjar-Barducci A (2011) Turkey: Erdogan's new "secular" Islamism. Gatestone Institute, International Policy Council. Retrieved from https://www.gatestoneinstitute.org/2456/turkey-erdogan-secular-islamism. Accessed 5 Jan 2018

Majlish-e Shura of An-Nahda (2019) Retrieved from http://www.ennahdha.tn/%D9%85%D8%AC%D9%84%D8%B3-%D8%A7%D9%84%D8%B4%D9%88%D8%B1%D9%89. Accessed 1 Jan 2018

Nasr, Syed Vali Reza (1996) Maududi and the Making of Islamic Revivalism, New York: Oxford University Press

Osman F (2002) Democracy and the concept of Shura. In: Race A, Shafer I (eds) Religions in dialogue from theocracy to democracy. Ashgate, Aldershot, pp 81–97

Özbudun E (2006) From political Islam to conservative democracy: the case of the justice and development party in Turkey. J S Eur Soc Polit 11(3–4):543–557. https://doi.org/10.1080/13608740600856561

Reza Nasr SV (1994) The vanguard of Islamic revolution: the Jama'at-i-Islami of Pakistan. University of California Press, Berkeley

Riaz A (2010) The politics of Islamization in Bangladesh. In: Riaz A (ed) Religion and politics in South Asia. Routledge, London, pp 45–70

Römmele A (2003) Political parties, party communication and new information and communication technologies. Party Polit 9(1):7–20

Rubin B (2010) The Muslim brotherhood: the organization and policies of a global Islamist movement (Middle East in focus). Palgrave Macmillan, New York. 2010 edn. ISBN-13: 978-0230100718

Safi L (1999) Shura and democracy: similarities and differences. Paper presented at the annual meeting of the Middle East Studies Association (MESA), Washington, DC. Retrieved from http://louaysafi.com/content/view/51/22/1/1/

Tamimi AS (2001) Rachid Ghannouchi: a democrat within Islamism. Oxford University Press, New York

Taşpınar O (2012) Turkey: the new model? In: Wright R (ed) The Islamists are coming: who they really are. United States Institute of Peace, Washington, DC

The Time Magazine (2017) The exile close to winning first Arab Spring election. The Times. Retrieved 8 Mar 2017

Turabi H (1983) The Islamic state. In: Esposito J (ed) Voices of resurgent Islam. Oxford University Press, Oxford, pp 241–251

Vielhaber D (2012) The Milli Görüs of Germany. The Hudson Institute, Curr Trends Islamist Ideol 13(22):47. http://www.hudson.org/search?q=milli+g%C3%B6r%C3%BCs

Wolf A (2017) Political Islam in Tunisia: the history of Ennahda. C. Hurst & Co Publishers, London. ISBN-13: 978-1849048262

Yildirim R (2017) Transformation of the Ennahda movement from Islamic Jama'ah to political party. Insight Turkey 19(2):189–214. Retrieved from https://www.insightturkey.com/author/ramazan-yildirim/transformation-of-the-ennahda-movement-from-islamic-jamaah-to-political-party

Yilmaz I, Barton G, Barry J (2017) The decline and resurgence of Turkish Islamism: the story of Tayyip Erdoğan's AKP. J Citizensh Glob Stud 1(1):48–62. https://doi.org/10.1515/jcgs-2017-0005

# Political Appointees and Career Executives

Mokgata Matjie
Industrial and Organizational Psychology Department, University of South Africa (Unisa), Pretoria, South Africa

## Synonyms

Bureaucratic careerist; Career official; Careerist; Civil career official; Civil servant; Director-general; Government official; Minister; Non-career official

## Definition

*Political appointee*: refers broadly to any employee who is appointed by the president.

*Career executive*: any person appointed to a high administrative and policy influencing position within the state/government public administration or civil service in the capacity to render management advice to political appointees.

*Politicization*: is a situation whereby political appointees' control of the administrative sphere is growing and career executives (bureaucratic autonomy) are powerless or in retreat.

## Introduction

Political appointee exist across all nations with any type of governance system in the world. Their appointments is often seen rewards for the loyalty for the president after a successful campaign. However, scholars' advice that is should not be seen as a reward but only be seen as a chance to serve the public interests or an assignment of public duty.

Political appointments exist to assert the president's political agenda by relishing maximum control of the government. The president usually appoint those seemed loyal; hence, political appointments are often used imprecisely or interchangeably with various types of political rewards, including patronage, clientelism, nepotism, or cronyism (Piattoni 2001).

In democratic countries, presidents are democratically elected and as such, they are expected to carry out their campaign promises by directing the executive branch of government. Thus, appointments of political appointees in executive positions to lead various portfolios or departments are necessary and legitimate. Political appointees assure responsiveness to presidential policy priorities throughout the executive branch. In addition to democratic legitimacy, political appointees bring new energy and new ideas to the government from the private sector, universities, and state and local governments.

To promote and implement such policies, political appointees need assistance by qualified and experienced experts, the career executives. Career executives exist to serve any and every administration diligently and competently without regard to their own personal political beliefs. They are indispensable to the success of the political appointee(s) with whom he or she works. They serve as a link between these political appointees and the rest of the government workforce in a particular department or institution. However, one of their main challenges is presidential transitions, just like political appointees. Career executives' position can be established only in the top managerial levels of government institutions or departments, and the role is characterized by broad responsibility for policy implementation and extensive participation in policy evolvement.

Political appointees perceive their roles as to strengthen political control over the administrative system in their favor and to reduce bureaucratic autonomy enjoyed and celebrated by career executives. Political appointees' perceptions are deemed "politicization" and the result is the encroachment into career executives' roles and autonomy.

Politicization is possible because the ministers have the power and control and enjoy the support of the president over what they perceive to be disloyal civil servants. Career executives who are not responsive to request of ministers are

often threatened with dismissal as result civil servants abandon their impartiality under pressure from political agents (Hustedt and Salomonsen 2014).

Inevitably, role conflict exist between these two groups, as concluded by Kristinsson, (2016) that there is a growing political control of the administrative sphere and bureaucratic autonomy is in retreat. Downs's well-known typology of bureaucratic roles distinguish between political appointees and career executives in terms of their motivations, thus attempting to limit encroachment and ultimately role conflict. This role conflict necessitates the need to examine the different roles of both groups and to clarify them. Political appointees and career executives need not be in conflict but should work together for the sake of public interests as they supplement each other.

## Roles of Political Appointees and Career Executives in Public Administration

Political appointees serve a number of different roles and do not necessarily conform to a single type. Their roles may also vary considerably from one case to another and develop differently (Hustedt and Salomonsen 2014).

Their main roles are made by politician or president based on the discretion they have for politicizing appointments. However, the roles of career executives are usually included in the employment contract. The source of conflict between political appointees and career executives is the motivation and attitude for being in the role. Political appointees aim to do anything necessary to achieve or reach political agendas of the president, even if it means breaking rules at times, whereas career executives exist to uphold those rules and advise the politicians on the correct processes and procedures, what can be done and what cannot be done.

Downs's well-known typology of bureaucratic roles distinguishes between climbers, conservers, advocates, zealots, and statesmen. These roles indicate the motivations of political appointees and career executives in government departments across the world. Scholars have documented that the two groups differ in important ways due to what they represent and what they bring to the department or institutions. The crucial point is that political appointees and career executives occupy unique roles that help explain their respective attitudes and behaviors.

Downs's (1967) emphasis is on the behavioral rather than formal roles of political appointees and career executives. Both political appointees and career executives or bureaucrats are rational and self-interested. Basing his typology of officials on individual motivation, Downs posits five ideal types: climbers, conservers, advocates, zealots, and statesmen.

1. Climbers and conservers are wholly self-interested officials. Political appointees are the climbers because they are motivated by their own status, power, and income. The jobs are short term, as such, they seek to climb the ladder as quick as possible to ensure that by the time there is government transition, they are well placed.
2. Conservers seek only their own security and convenience. These are career executives whose convenience are the existing rules and regulations, which they strictly follow. Failure to follow rule might lead to dismissals, thus losing their security. Both groups are considered mixed-motive due to self-interests, but they have altruistic motives, which is to serve the public interests. Climbers attempt to serve based on the policies and campaign promises and conservers attempt to serve by following rules and processes.
3. A wide range of incentives motivates advocates, but primarily they promote the good of the government department or institution they work for (Downs 1967). These are the career executives, who enjoy high salaries and benefits for being a top official, but still their main prerogative is the government department or institution they work for, and it will be difficult for them to compromise their values to satisfy politicians.
4. Zealots are loyal to a particular set of policies, which Downs calls "sacred policies." These

are the political appointees because they can at all costs harm the government department or institution they lead in order to support such policies. They are susceptible to corruption, bribery, nepotism, intimidation, and all sorts of ammunitions they can get to support their policies.

5. Finally, statesmen are motivated by the good of society or "public interests" as a whole and, thus, may support measures that would harm their own organizations and careers so long as these measures are believed to be good for society. Both groups are likely to represent the public interest, although political appointees focus on supporting the president's agenda and career official's focus on the department or institution's agenda (Heclo 1977; Maranto 1993).

The existence of the difference in behavioral roles and attitudes usually stems from various issues as discussed below.

## Differences Between Political Appointees and Career Executives

These two groups have different motivations and objectives even though they all want to serve the public interests. Their methods of serving the public interests are different. For example, the political appointees may bypass rules and regulations to serve the public through the president, whereas career executive's aims to always follow the rules and regulations to protect and serve the interest of the public.

Broad literature suggests that political appointees and career executives differs in terms of the following (Table 1):

These differences are further explained clearly by the ideal types (climbers, conservers, advocates, zealots, and statesmen) as presented by Downs (1967).

Political appointees' short-term focus and their lack of complete job security implies that they are climbers, as compared to career executives whose long-term tenure give them job security and they are more likely to be conservers.

Political appointees are extremely ideological which makes their loyalty on policies of the political party, which makes them zealots, whereas career executives are rational people who become advocates for their organization than are political appointees, who are instead more likely to represent the president's views. Both groups are likely to represent the public interest, although political appointees focus on supporting the president's

**Political Appointees and Career Executives, Table 1** Differences between Political Appointees and Career Executives (Based on Downs, 1967, Heclo, 1977, and Maranto, 1993)

| | Political appointees | Career executives |
|---|---|---|
| Political ideology | • Political appointees tend to hold more extreme political ideals.<br>• Political appointees are overwhelmingly from the same political party and typically have little experience working across party lines<br>• Political appointees are often referred to as zealots or ideologues | • Career executives tend to be centrist<br>• Career executives may be required to serve under political appointees of different political parties<br>• Career executives are relatively pragmatic |
| Time horizon | • Political appointees tend to be driven by short-term political or career-advancement considerations<br>• Political appointees usually have some link to the winning political campaign<br>• Political appointees serve for relatively short periods and often set their sights on further advancement, either to higher level political positions or to the private sector | • Career executives tend to take a long-term approach to public policy<br>• Career executives take a long climb up the organization ladder<br>• Career executives have reached the pinnacle of the career service and stay in place for long periods of time |
| Loyalty | • Political appointees are merely passing through the organization and are thus more likely to be loyal to the president and their political party | • As technical experts who spend all or most of their careers in a single organization, career executives tend to be dedicated to their agency's health, mission, and clientele |
| Roles | Climbers, Zealots, Statesmen | Conservers, Advocates, Statesmen |

agenda and career official's focus on the agency agenda (Heclo 1977; Maranto 1993).

## Can Political Appointees and Career Executives Coexist Effectively in a Bureaucratic Society?

Political appointments are made occasionally, whereas appointment of career executives happens regularly. In addition, more often than not, ministers or political appointees find bureaucrats to be loyal and reliable, thus no need to not appoint and keep them. However, if career executives are found not loyal and reliable, ministers have a number of instruments to encourage compliance. Not least of such instruments is the power to transfer personnel, dismiss or not to renew their contract by advertising their position when the five-year contract runs out.

Research shows presidents can exert control over bureaucratic outputs in part by selecting political appointee's intent on forcing resistant career executives to comply with the president's agenda. The broader political environment and the president's own priorities bound the extent of presidential control over the bureaucracy, and it involves a dynamic relationship between political appointees and career executives. Careful attention should however be made, to avoid situations where the political appointees influence career executives to commit fraud, corruption, or criminal activities in pursuit of the president's agendas. If these differences are not well managed, career executives are bound to be fired and replaced with those perceived to be more willing to support the political appointees and ultimately president's agendas.

Bureaucracy remains as the basis organizational and governance principles in governments, despite the trends towards politicization. The bureaucrats or career executives' high turnover would lead to loss of coherence and institutional memory in public administration and seriously impair its performance (Heclo 1977). Hence, it is advisable that political appointees should exercise caution before applying their powers of appointment and firing to the fullest possible narrow-minded extent on career officials.

Politicians should understand that civil servants are simply "dispassionate, upright, and polite" and they can even be "frank and fearless." As such, they are bound by their oath to professions and principles of bureaucracy. According to classical bureaucratic theory, the bureaucracy is essentially an impartial tool of execution with no special interests at heart (Weber 1968).

Political appointees should understand that merit appointments serving to strengthen the long-term capacity of the bureaucracy allow deserving civil officials growth. Career executives are there to serve the political end of contributing to long-term system capacity but disregard narrow party-political or personal motivations of politicians. However, bureaucrats are to shift their loyalties when ministers or governments change, and the civil service culture encourages such a view in most democratic countries.

Political appointees or ministers should not do the following, if they are to co-exist effectively with career executives:

- Assume that career executives are less able or hard-working than their counterparts in the private sector.
- Assume that career executives are unwilling to make changes in policies and/or programs. In fact, they typically have many good ideas for beneficial change.
- Hold career executives responsible for policy decisions of previous government, president, or political appointees. They worked under the direction of the president and political appointees, as such they had responsibility to implement policy decisions that were legal and within the mandate of their departments or institutions.
- Shield yourself from, and ostracize, career executives.
- Assume that they "not on the team" when they advise on the possibilities and providing the options before implementing any policy decision.

To build a strong beneficial relationship political appointees or ministers should do the following, if they are to co-exist effectively with career executives:

- Build a strong working relationship with career executives.
- Develop open and honest communication to build trust, confidence, and understanding of one another.
- Schedule, early in your term, an off-site meeting with your career executive group to establish working relationships and share information regarding policy directions and management issues.
- Clearly articulate your vision, your objectives to the career executives and have a realistic agenda.
- Be willing to be told what they cannot do (if rules and regulations will be breached) and ask for options from career officials.
- Establish clear reporting channels and methods and solicit advice on anticipated problems with any decision.

## Are Political Appointees as Competent as Career Executives Are?

Evidence exist from research studies on political appointees' lack of management skills, policy expertise, leadership experience, and working networks that facilitate public management. As a result, government institutions or departments run by political appointees suffer from poor management. The frustrations brought by the incompetent political appointees often lead to high turnover of career executives. It is thus important that career executives run the bureaucratic operations of public institutions because they have skills and expertise. The political appointees can oversee and steer the institutions towards the political policies or ideologies of the government of the day.

A shift has, however, been noted whereby political appointees are now better educated than before and have likely served in government prior to their appointment. This might lead to improved quality from institutions run by political appointees. New evidence shows that political appointees stay longer than widely believed and are generally perceived as competent. However, this notion of educated political appointees does not apply to all nations in the world (Maranto 2005).

Scholars conclude that political appointees clearly plays an important role in the bureaucratic public administration system. However, they have less expertise and experience than career executives do. Political appointees are more loyal to the president who appointed them, which triggers corruptions fears and leading to high skepticisms from career executives.

## Conclusion

With political appointee at the helm of government departments or institutions, there is a concern about lack of accountability, administrative inefficiency, and lack public confidence in government institutions (Peters and Pierre 2004). Due to threats, bureaucrats, or career executives may come to identify too strongly with ruling politicians and lose the ability to "speak truth to power." On the other hand, political appointees and career executives have to coexist to envisage a well-functioning democratic system. Career executives exist to support politicians, while politicians can only functions effectively with much needed advise, support, and assistance from career officials.

Political appointees and career executives together have divergent and equally important roles to play in any bureaucratic public organization. However, their relationship is always hampered by role conflict. The minister is a politician (political appointee) and the director is an administrator (career executives) appointed for his/her expertise and for continuity. The political appointee provides the energy and political support needed to run a government, whereas the latter provide continuity, expertise, and institutional memory that can help run the institutions of government and ultimately to run government effectively. Politicians' tenure is short and thus they constantly looking for new opportunities, and they exist to support ideological policies and their loyalty to the ruling-party or government of the day is unquestionable. Career executives on the other hand take the permanent supporting role with their loyalty unshaken for the effective and efficiency of the bureaucratic institution. Both

groups have strong desires to serve the public and the nations (high concern for the public interests) (Maranto and Brewer 1998).

Political appointees and career executives' high concern for public interests limits the inevitable role conflict that might hamper their relationship. As a result, a high level of trust and collaboration can be developed between the two groups based on this common ground of "high concern for public interests" (Maranto and Brewer 1998).

Political appointees who oversee the bureaucratic public institutions should be appointed through a careful selection and placement. Sound political appointees are more likely to collaborate with career executives to forge ahead effectively on all issues pertaining to public interests.

## Cross-References


- ▶ Political Appointees and Political Executives
- ▶ Political Ideology in the Bureaucracy
- ▶ Politicization of Bureaucracy
- ▶ Politics–Administration Dichotomy: Insight from a Developing Country


## References


Downs A (1967) Inside bureaucracy. Little, Brown, Boston

Heclo H (1977) A government of strangers: executive politics in Washington. Brookings Institution, Washington, DC

Hustedt T, Salomonsen H (2014) Ensuring political responsiveness: politicization mechanisms in ministerial bureaucracies. Int Rev Adm Sci 80(4):746–765

Kristinsson G (2016) Specialists, spinners and networkers: political appointees in Iceland. Acta Polit 51:413–432. https://doi.org/10.1057/s41269-016-0001-5; published online 28 June 2016

Maranto RA (1993) Politics and bureaucracy in the modern presidency: appointees and careerists in the Reagan administration. Greenwood, Westport

Maranto R (2005) Beyond a government of strangers: how career executives and political appointees can turn conflict to cooperation. Lexington Books, Lanham

Maranto RA, Brewer GA (1998) Conflict between political appointees and career executives: an empirical study. Paper presented at the annual meeting of the Southern Political Science Association, Atlanta

Peters B, Pierre J (2004) Politicization of the civil service: concepts, causes, consequences. In: Peters BG, Pierre J (eds) Politicization of the civil service in comparative perspective. Routledge, London

Piattoni S (ed) (2001) Clientelism, interests and democratic representation. Cambridge University Press, Cambridge

Weber M (1968) Economy and society. University of California Press, Berkley


# Political Appointees and Political Executives


R. A. Maranto
University of Arkansas, Fayetteville, AR, USA


## Synonyms

Administrative presidency; Patronage; Politicization; Spoils systems

*Political appointees* are found in all democracies, though their numbers, roles, and expertise vary widely across time, across nations, and across subnational units like American states. The term *political executives* includes high-level political appointees but also may refer to top *elected* leaders of the executive in separation of powers governance systems like the USA, presidents, governors, and mayors. In parliamentary systems, political executives are elected officials with direct administrative responsibilities, at the national level prime ministers and cabinet ministers who typically work directly with executive level career bureaucrats (Aberbach et al. 1981; Savoie 1994).

This brief essay will explore the selection of political appointees and their roles primarily in an American context and discuss evaluations of their impact on governance.

Political appointees are those public servants who are not permanent or semipermanent tenured officials but instead likely to come and go with the elected executive branch leaders, typically at relatively high, policy-making levels. A newly elected mayor, governor, or president will fill

politically appointed positions primarily with political supporters through processes distinct from formal bureaucratic merit selection procedures. Political posts are often highly sought after and appointees usually undergo substantial vetting, so for the most part their formal credentials like educational attainment and work experience are sound, in sharp contrast to stereotypes about incompetent spoils system officials. Yet political selection is less regular and bureaucratized than for career civil servants, with considerable media attention and legislators and interest groups playing roles in what are often lengthy hiring processes. These differences in selection processes and criteria mean that political appointees may have broader experience than career executives but typically have less agency-related expertise, a matter we will return to below. Almost by definition political appointees typically serve for far shorter periods than career officials (Maranto 2005; Lewis 2008; Resh 2015).

In an American context, high-level political officials must typically earn confirmation by legislatures, the US Senate for top presidential appointees, state legislatures for gubernatorial appointees, and city councils for mayors. Legislatures often delay confirmations to extract policy or appointment concessions from executives and may use confirmation hearings to message desired policy outcomes. For these reasons and due to ever more detailed reporting rules for prospective appointees (meant to encourage openness and integrity), in the US government the period between designation and confirmation has risen steadily over time. In part for this reason, we have now seen increased use of "holdovers," political appointees from one administration who serve in the following administration, typically in relatively nonpartisan policy areas or where an incoming president supports the policies of his or her predecessor. For example, President Obama kept on Bush second term Defense Secretary Robert Gates, who continued to draw down US forces in Iraq and augment those in Afghanistan (Mackenzie and Shogan 1996; Maranto 1997, 2005; Lewis 2008).

In the modern American presidency, appointees are typically chosen for their ideological and/or personal commitment to the elected president and his or her program, their expertise in a given policy area, their managerial competence, their ethics, and their representation of various constituencies. While representation was originally primarily geographic, since the late twentieth-century religion, race, gender, and more recently sexual orientation have served as the primary representative criteria. These appointment criteria shift over time depending on contemporary political cleavages. One notable exception is political party. Presidents and other elected executives select political appointees overwhelmingly from their party. Exceptions often occur in essentially one party states or cities, where newly elected executives from the minority party may need to reach beyond their party to find sufficient expertise, and to woo additional supporters. In the nineteenth-century political appointments were to a significant degree used to hold political parties together, to reward friends, and to raise money for the parties, since appointed officials were often expected to contribute "assessments," shares of salary to the political party or individual sponsor who arranged the appointment. Indeed elections were largely funded through such "spoils systems," so-called since election victors could collect the "spoils" of office. Save for a few cases such as certain ambassadorships, such practices have largely disappeared in the US government and are uncommon in American state governments. Still, such individualistic and arguably corrupt uses of patronage still occur in cities with weak media scrutiny and non-moralistic political cultures, as well as in other nations. Accordingly some argue that the numbers of political appointees should be strictly limited in polities with insufficient media scrutiny and political competition, or lacking moralistic political culture. Individualistic political culture, most notably, does not censure politicians for corruption, so in such polities increased use of political appointment would likely increase corruption, enabling politicians to essentially sell public posts for party or private gain (Maranto 2005; Maranto and Johnson 2006). Notably, while other forms of corruption are thought to have declined in America, "pinstripe patronage"

(so named since stereotypically powerful officials weir pinstripe suits), use of government contracts to award political supporters, is thought to have increased, and is generally a legal practice (Freedman 1994).

The development of political appointments allowed electoral democracy and expert bureaucracies to coexist. Bureaucracies are relatively stable, hierarchical, expert organizations staffed largely by tenured officials. Bureaucratic expertise permits government effectiveness. Government cannot protect the nation through defense agencies, provide currency with the US Mint, protect the environment via the Environmental Protection Agency, or indeed do much of anything without specialized, expert bureaucracies with the organizational knowledge and capacity to accomplish particular tasks. At the same time by its very nature bureaucracy may undermine electoral democracy since career bureaucrats typically understand policies better than the elected officials who (at least formally) serve as their masters: the information asymmetry empowers career bureaucrats at the expense of temporary political leaders. Bureaucracies usually seek to increase agency budgets and power in manners which may not accord with the goals of the voters and the elected officials they select. In effect, the expertise of bureaucracy may undermine the political responsiveness of democracy. The doctrine of a politics-administration dichotomy dividing policy-making (political) work from bureaucratic (administrative) work is meant to facilitate both bureaucracy and democracy (Kaufman 1956; Niskanen 1971). While often critiqued by analysts, surveys of career and political executives suggest that this concept still holds considerable power among those serving within government agencies (Maranto 2005).

In part, political appointees lessen the information asymmetries faced by elected executives, serving as representatives of the elected administration to the permanent bureaucracy, both presenting expert views to elected executives and pushing career bureaucrats to develop and implement policies preferred by the political administration. Further, given the high expectations faced by American presidents (and other elected executives), increasing the numbers and roles of political appointees are among the few means of enhancing their powers solely under presidential control (Moe 1985). Not surprisingly given the expectations faced by political leaders as well as increased skepticism toward permanent bureaucracies, the numbers of appointees have grown over time in the USA but also in Canada, Great Britain, Australia, and elsewhere (Savoie 1994; Dunn 1997; Lewis 2008).

Supporters of political appointments point out that in the US government, the numbers of appointees have grown less than the numbers of congressional staffers, reporters, and interest group employees, all of whom political appointees must interact with on behalf of the bureaucracy and the political administration. Washington politics is a growth industry, and appointees are actually a lagging sector within that industry; thus Maranto (2005) argues that much of the growth in political appointments reflects increased political work, more bargaining with a greater array of political actors. Such work may entail risks (such as bad publicity) which career officials feel reluctant to take. Further, appointees can also play management roles, turning around low-performing agencies, bringing outsider perspectives and expertise and facilitating cooperation across organizational boundaries. Their very temporary status and outsider perspective empowers appointees to take such controversial roles in the bureaucracy. Maranto argues that in part due to its relatively large numbers of political appointees who act as external change agents, American public bureaucracy at national and subnational levels is more innovative, representative, and effective than foreign counterparts. On the other hand, Suleiman (2003) argues that increased numbers of appointees have degraded the capacity and legitimacy of the bureaucracy in a range of nation-states, crowding out more effective career administrators from important roles.

Though political appointees clearly play important roles, they are typically less expert than career executives and also more likely loyal to the chief executive who appointed them, leading to fears of greater corruption. Generally, public administration academics champion the

permanent bureaucracy and are thus skeptical of appointees, while political scientists, who value democratic accountability and executive (usually presidential) leadership to a greater degree, are more favorably disposed toward political appointees. This is reflected in each field's research and commentary. Further, when an administration supports agency missions, as is the case of Republican presidential appointees in defense agencies, relations between career and political officials tend to feature consensus; on the other hand, when an administration and its appointees attempt to reduce or reorient organizations political-career conflict is almost inevitable, at least in the first years of an administration. Over time, relations tend to improve due to personnel and attitudinal changes on the part of both career and political officials (Maranto 1997, 2005; Resh 2015). Notably, some historical analyses suggest that Democratic and Republican administrations employ distinct managerial strategies, with the latter attempting to take over and reorient government agencies, while the former simply create new agencies to do the work old line bureaus are not trusted to handle (Maranto 2005).

The best recent empirical work on US political appointees is offered by David Lewis (2008). Lewis finds that presidents, at least, are rational. They rarely increase the numbers of political appointees in agencies where expertise is prized or which face risk of scandal. Such agencies are dominated by career officials at both subordinate and executive levels. At the same time, while admitting that political appointees play important roles, particularly in developing long-term strategy, Lewis finds strong empirical evidence that appointees have weaker performance since they have less agency-specific experience and less longevity in office. Lewis suggests that presidents and other political executives recruit more appointees from the career service (as is common in parliamentary systems), or from among those who served in previous administrations in similar posts. Generally, Lewis suggests that further politicization of American government will have diminishing and even negative returns regarding representation, efficiency, and accountability.

Clearly, we need more research on this and related matters, for political appointees in government, and the challenges thereto, will not soon disappear either in the US government, American subnational governments, or elsewhere across the globe.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Politicians Relations
- ▶ Political Ideology in the Bureaucracy
- ▶ Politicization of Bureaucracy
- ▶ Politics and Bureaucracy
- ▶ Representative Bureaucracy


## References


Aberbach JD, Putnam RD, Rockman BA (1981) Bureaucrats and politicians in western democracies. Harvard University Press, Cambridge

Dunn DD (1997) Politics and administration at the top: lessons from down under. University of Pittsburgh Press, Pittsburgh

Freedman A (1994) Patronage: an American tradition. Nelson-Hall, Chicago

Kaufman H (1956) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50(4): 1057–1073

Lewis DE (2008) The politics of presidential appointments. Princeton University Press, Princeton

Mackenzie GC, Shogan R (1996) Obstacle course. Twentieth Century Fund, New York

Maranto R (1997) Coping with your political boss. Gov Exec 29:72–73

Maranto R (2005) Beyond a government of strangers: how career executives and political appointees can turn conflict to cooperation. Lexington, Lanham

Maranto R, Johnson J (2006) Bringing back boss tweed: could at-will employment work in state and local government, and if so, where? In: Bowman JS, West JP (eds) American public service: radical reform and the merit system. Taylor & Francis Group, Boca Raton, pp 77–100

Moe TM (1985) The politicized presidency. In: Chubb J, Peterson P (eds) The new direction in American politics. Brookings Institution, Washington, pp 235–271

Niskanen WA (1971) Bureaucracy and representative government. Aldine-Atherton, Chicago

Resh WG (2015) Rethinking the administrative presidency. Johns Hopkins University Press, Baltimore

Savoie DJ (1994) Thatcher, Reagan, Mulroney: in search of a new bureaucracy. University of Pittsburgh Press, Pittsburgh
Suleiman E (2003) Dismantling democratic states. Princeton University Press, Princeton

## Political Approach to Public Administration in Iran's Public Sector

Hassan Danaeefard[1] and
Masoumeh Mostafazadeh[2]
[1]Faculty of Management, Tarbiyat Modares University, Tehran, Iran
[2]Public Administration, University of Tehran, Tehran, Iran

### Synonyms

Politicization of public administration; Politics and administration

### Definition

Politicization of public organizations refers to this fact that administrators in public sectors pay more attention to politics rather than administration.

### Introduction

One of the most popular approaches to public administration is political approach. Generally, political approach to public sector claims public servants should be a partial or bureaucratic advocate. Thus, politicians try to control over public administration could be a reflection of political approach. At the heart of political approach, there are politics and administration, the two simple words with a world of complexity in relation to each other that make one of the most challenging issues for political and administrative experts.

There is no doubt, every administration in every country adheres to politics, but the degree of this adherence in different countries – related to their different situations and backgrounds – is not same. It is a kind of injection of politics in administration that creates a new phenomenon: politicization. Politicization of public organizations has no exact and clear meaning, but generally it refers to this fact that administrators in public sectors pay more attention to politics rather than administration, and, in other word, politics is more dominant than administration in execution of public affairs. Also policy makers, who are expected to be worried about correct execution of public policies, spend more of their time and energy to gain assurance of public sectors' companionship with their political priorities. Political control over public organizations seems the most clear reason for politicizing public sectors. In this way, bureaucratic meritocracy system fades out even in developed countries, so politicization could lead to change of public sector's goals. This struggle is an avenue of discussion for scientific community of public administration, political sciences, and other related disciplines.

Politicization is not limited just to developing countries. Developed countries (e.g., Sweden, Denmark, Germany, France, Britain, United States, Canada, and New Zealand) have the same experience of politicization in their managerial and political systems. As Peters and Pierre noted, unlike the use of patronage appointments in many less-developed countries (World Bank 2001), politicization in the industrialized democracies implies attempts to control policy and implementation (2004, p. 2). But whatever makes this phenomenon different in these kinds of countries is the target of that. So encounter with politicization is different in every country on the base of its political philosophy and public policies, and so it leads to various perceptions of its concept. Peters and Pierre (2004) in their book "Politicization of the Civil Service in Comparative Perspective: The Quest for Control" gathered a collection of several countries' experience about politicization. They talk about the degree of politicization of their public service which includes processes, functions, and consequences. In this chapter Iran is the subject of the study.

Iran has one of the oldest public administration systems in the world. A rich 8000-year-old history of Iran in bureaucracy and public administration can prove this fact. Formation of administrative structures and governance mechanisms has an ancient history in Iran. The Sassanid Empire (224–651 AD) as one of the two main powers in Western Asia with an expanded governance domain made one of the powerful civilizations for Iranian. An empire with a specified hierarchy of political system includes executive, judicial, and legislative powers. Also before them the Achaemenid Empire (550–330 BC) formed some important organizational and administrative principles that had significant influence on the Roman Empire's public administration. Today's state of Iran has used some of those old public administration traditions besides modern concepts of organization and management from around the world.

Iran with a specific nature as a developing country, generally, and as an Islamic republic, specially, attracts the interests of public administration experts from one side and political parties and policy makers from another side. Having different and specified political goals favorable to religious beliefs and traditional foundations make the governance system of this country so different. In Iran, like other countries, politics and administration are in challenge with each other. Politics' interest in control of administration and administration's interest in dominance over execution of public policies is an unavoidable affair in Iran.

Anyway the political orientation of public administration is a significant subject. This reality beside the importance of strategic situation of Iran needs to pay more attention to understanding the meaning and concept of politicization and its consequences for Iranian public administration. Unfortunately, the information about political decisions and appointments released in Iran is not enough and clear, so gathering data and ideas about this phenomenon is difficult. What is discussed here about politicization in Iran is the result of some available documents about appointments and suspensions, and interviews with informed experts.

## Politicization: The Result of Political Approach to Public Administration

Whenever a phenomenon becomes popular gradually in a social environment, scientists of that expert area begin to research about that. Politicization is one of those subjects discussed in political and public administrative environment. The politics-administration dichotomy has had a strange history in public administration, and many authors has focused on it (e.g., Cawley 2015; Demir and Nyhan 2008; Georgiou 2014; Overeem 2005; Svara 2001; Svara and Overeem 2006). This shows politicization is a common challenge for administrative systems in almost all countries. Therefore, it is quite obvious that the theoretical understanding of the phenomenon of bureaucratic politicization is of great importance – especially where consequences of policy-making are to be expected – for scholars of public administration, policy analysts, and practitioners alike (Bauer and Ege 2012, p. 407).

According to Cooper, governments turned their focus to controlling bureaucracy. By putting individuals who share a similar political orientation in key administrative positions, the power to appoint officials became a key means for governments to increase their command over bureaucracy (2015, p. 2). Also in this way, politicization of the public administration could be a weapon that executive power uses when doubting the ideological loyalty of the civil service (Dahlström and Niklasson 2013, p. 893).

The underlying rationale is that politicians will try to compensate their loss of formal power over regulatory matters by using informal channels of influence – such as the appointment of political allies (Ennser-Jedenastik 2015, p. 6). Despite theoretical and practical importance of this phenomenon, its meaning is still under discussion. So there are many different definitions of politicization but most researchers have considered politicization as "the substitution of political criteria for merit-based criteria in the selection, retention, promotion, rewards, and disciplining of members of the public service" (Peters and Pierre 2004, p. 2) (e.g., Cooper 2015; Dahlström and Niklasson 2013; Page and Wright 1999). This

definition shows politicization is recourse to partial and political criterions in public sectors' human resources management and makes political appointment. Political appointments can be viewed as an attractive strategy to ensure that the governing party's preferences keep influencing policy even after a power shift (Dahlström and Niklasson 2013, p. 894). Although this definition includes all kinds of countries (developing and developed countries) and political appointments are not avoidable, there is a difference. In developing countries, the purpose is just supply of jobs and positions for a group or tribe, but the purpose of politicization in developed countries is control over the execution of public policies.

The result of Imtiyaz's research in Sri Lanka was politicization were twofold: the erosion of the secular nature of the state and its institutions such as the legislature, bureaucracy, judicial system, public education system, and the police and defense forces; and the deepening distrust of marginalized minorities, particularly the Tamils both in the state and its institutions (2014, p. 326).

It should be mentioned that bureaucracy is born of politics because it is the manifestation of those systems and structures responsible for serving citizens, and this politics determines who serves what. So those policy makers, who want to be in power through control of bureaucracy, try to enhance its efficiency and justice in services, but it does not mean that they want to throw away the meritocracy from the heart of public administration.

Applying political criterions may influence the performance administrative system. If meritocratic criterions used for selection and promotion of employees, and political criterions just used for political managers in bureaucracies, its destructive influence on the performance of administrative system is fewer. Although about professional bureaucracies there should be professional carriers for managers.

At the end of this section and beside all mentioned about public administration and politics relation a challenge would be considered. When state comes to power democratically, there should be no doubt about all decisions on structures, appointments, and people. Is meritocracy as a criterion enough for selection, retention, and promotion administrators? Shouldn't public administrators be changed on the base of public will? Do political appointments distort bureaucracies in these cases? Is political approach to public administration required for confidence in agreeable execution of public policies? Therefore, we can note that politics-public administration dichotomy is a big challenge.

## Political System and Administrative Structure in Iran

There is a separation of powers on the base of the Constitution of the Islamic Republic of Iran, works under Supreme Leader's supervision; legislature, executive, and judicial system. Another two political organs in Iran are Guardian Council and Expediency Discernment Council of the System. Islamic Consultative Assembly has no legal status without the Guardian Council. Any bill passed by the Consultative Assembly must be reviewed and approved by the Guardian Council to become law. The Guardian Council holds veto power over all legislation approved by the Consultative Assembly. Expediency Discernment Council of the System is an administrative assembly appointed by the Supreme Leader, and its true power lies more in its advisory role to the Supreme Leader.

Legislation is the responsibility of Islamic Consultative Assembly and draws the overall policy, plans, programs, and budgets of country and passes laws. Consultative Assembly also supervises executive (government) as a control institution. Judicial system in Iran is on the base of Islam teachings. The head of the judiciary is appointed by the Supreme Leader. The Minister of Justice in government owes responsibility in all matters concerning the relationship between the judiciary and executive.

The executive is the organ that exercises authority in and holds responsibility for the governance of a state. The executive executes and enforces law. The head of the executive, President of Iran is the second government official after the Supreme leader. Eighteen cabinet ministers have

been proposed by president, and Islamic Consultative Assembly can reject or approve them. Also Consultative Assembly can question ministers about their performance and ministers should answer.

## Political Approach to Public Administration in Iran's Governance System

In some countries (e.g. Iran), based on political approach, by coming a new president the framework of government changes fundamentally. New president assigns new ministers; new ministers select new deputy ministers; new deputy ministers determine new general managers. Sometimes general managers change chairmen, employees, and even their secretaries. For example, Minister of Interior assigns new governors, and new governors assign new governor of a rural district. So all organizations even in the farthest villages see new managers. It is the beginning of politicization.

Taking politics away from bureaucracy seems impossible and irrational in Iran like other countries, so it seems necessary to notice some points about their relations. Descriptions and definitions about politicization look general and analysis of them seem necessary. Also looking at this phenomenon from national perspective could be one of the best ways to clear the meaning of that.

Almost all of public organizations have a degree of politicization in human resources area. Employees in public services with their different behaviors and decisions could make different degrees and various expressions of politicization. In Iran, like the United States, Germany, and France, this kind of politicization is common. Basically administrators and managers of public sectors are political people except for professional bureaucracies have no justification for politicians' entrance. Recognition of politicization is possible by some criterions. Fundamentally the nature of political criterions about politicization is various. Somebody point to partial political loyalties as political appointment criterions, but others mention the control of public policies as political appointment criterion.

From another aspect, some duties of some public organizations are inherently political, and forming boundary between their political tasks and executive roles is difficult. Now is it right to say these kinds of organizations or ministries are politicized? For example, the ministry of Information and Communication Technology (ICT) and the Ministry of Interior are the two important and strategic ministries in Iran that have the most political jobs.

Sometimes politicization occurs when a party comes to power after a long time by the imagination of public sectors' politicization and increased amount of opposite party's advocates in public organizations. In this case, new party may try to decrease politicization by their loyal advocate's entry. They may imagine this is a kind of meritocracy, but is it right in practice or their work could lead to a new type of politicization. This form is popular in Iran. Every party that comes to power tries to make an unpleasant image of the previous party and by exaggerating their mistakes and failures prepare the climate for their new decisions and new people. After the change of the president, new ministers change most of the managers, directors, and administrators. Documents and interviews show more than 70% of administrators at managerial and senior levels change with new winning party entrance to public sectors.

Also new organizations and companies, new structures, new services and goods, and new jobs for recruitment of new people are not surprising in Iran's public sectors through new government, for example, "Management and Planning Organization of Iran," one of the largest governmental establishments in Iran formed in 1999 from merging, "Plan and Budget Organization (PBO)," and "State Organization for Administrative and Employment Affairs," in the beginning of Mohammad Khatami's presidency. In 2007, in third year of Mahmoud Ahmadinejad presidency, he gave the verdict of its dissolution. Ahmadinejad formed Deputy Strategic Planning and Control and gave some parts of its duties to this new organization. In 2014, Hassan Rouhani president revived "Management and Planning organization" for the second time.

Making new rules and giving new licenses in different areas (political, social, cultural, economic, and other areas) are other instruments for politicians to control over bureaucracy. For example, in the duration of Ahmadinejad presidency, political parties and coalitions have been limited because of some problems and the most challenging subject was the House of Parties. In 2015 and by the coming of Rouhani with the political freedom slogan, the situation changed and the House of Parties that could not get the license in 2011 could work again.

## Consequences of Political Approach to Iran's Public Administration

Politicization, as explained, occurs with two different purposes: control over bureaucracy for confidence in right execution of public policy and finding jobs for advocates. In Iran as a developing country, appointing partial advocates to public jobs in senior levels is the main purpose of political interference in public administration.

Politicization is usually perceived as a negative concept and most of who studied this subject mentioned it as a phenomenon with destructive consequences (see Argyris 1986; Čehovin and Haček 2015; Cooper 2015; Senge 1990; Weiden 2011; Dahlstrom and Lapuente 2009; OECD 2004). Although politicization with the purpose of control over bureaucracy may have constructive consequences (Dekker and Hansen 2004; Mulgan 1998; Henig 2009; Imtiyaz 2014; Oyedeji 2016; Palonen 2003), expecting positive consequences from political approach to public administration in Iran would not be correct.

One of the consequences of political approach is spread of managerial bonus. It refers to special privilege political bureaucratic managers give to their loyal advocates in bureaucracy. They do it for the sustenance of their position and influence on system. This means use of national financial resources for individual goals like promotion of political position. Organizational flattery is another consequence of politicization. When the managers in public organizations judge on the base of their subjectivities and have competency nowhere in their judgments, every one try to make good relations with managers to influence that subjective image. So a culture of flattery forms in organizations that destruct ethics, humanity, and competency, and it could distort organizational performance. Increasing revenge expression is the other consequence that prevents people from criticizing each other or their supervisors and managers about their decisions and behaviors. It occurs when new managers try to suppress their opponents through human resource strategies (e.g., reward, punishment, and promotion). Organizational silence is the result of this climate. In such situations, employees and managers prefer to be silent instead of talking about their ideas, concerns, and wishes. Fear of managerial punishment permeates employees' heart and nobody can react to events and solve the problems creatively.

Increasing political behaviors of public servants; size of government, besides decreasing acceptability of administrative system; unskilled labor proliferation; and also destroyed meritocracy in public organizations are some other destructive consequences of politicization of public administration in Iran which are the most important consequences that have been extracted by existent literature.

## Conclusion

In almost all countries there is a degree of politicization even if they reject this claim and try to hide it. For example, a survival analysis in Denmark shows that since 1970 the risk that a top civil servant will be replaced has increased. There is no evidence of politicization in central government while city managers' risk of replacement increases when a new mayor is appointed, representing another party and holding an absolute majority, and when the shift of mayor takes place within the same party. They result in appointments which are politicized, that is, that party criteria have been substituted for merit when it comes to selecting top civil servants (Christensen et al. 2014).

With regard to what is explained about politicization of public administration in Iran and its

expressions and consequences, politicization of public administration exhibits itself more in political appointments and movements at the top levels in public sectors. Extensive amount of political decisions about selection, promotion, and movement of administrators in Iranian public sectors is a sign of important role of political approach in public administration. Although this form of politicization is difficult to prove because there is no clear and available information about them, but the facts and informal interviews can support this claim.

On the basis of Bauer and Ege (2012, p. 408) and Rouban (2012, pp. 380–390) typology, the conceptual side of politicization in Iran public administration is mainly formal or direct because it conceived of as the top-down ability of political superiors to decide about recruitment and promotion by considering nonmerit characteristics of officials. Also politicians try to apply professional politicization through to prepare a motion of censure against ministers.

Also Rouban (2012, pp. 380–391) proposed three dimensions of politicization that include: politicization as participation in political decision-making, politicization as partisan control over the bureaucracy, and politicization as political involvement. Our studies and existing documents show partisan control over the bureaucracy is popular and is the whole logic of the political system that developed in Iran in recent decades. Also all Western countries have created "political positions" to give the executive branch some means of control over public policy (Rouban 2012, p. 384).

As a conclusion, generally Iranian law allows political executives' strong influence on staffing decisions and personnel policy in public administration, so, for example, President have no veto power in Iran, and politicians can make any decisions related to cabinet members. Politicization is a popular phenomenon in Iran's public administration like most of other countries.

## References


Argyris C (1986) Reinforcing organizational defense routines: an unintended human resources activity. Hum Resour Manag 25:541–555

Bauer MW, Ege J (2012) Politicization within the European Commission's bureaucracy. Int Rev Adm Sci 78(3):403–424

Cawley RM (2015) Inserting frontier into dichotomies: politics, administration, and agonistic pluralism. Adm Theory Praxis 37(4):227–241

Čehovin M, Haček M (2015) Critical analysis of civil service politicization in Slovenia. World Polit Sci Rev 11(1):133–155

Christensen JG, Klemmensen R, Opstrup N (2014) Politicization and the replacement of top civil servants in Denmark. Governance 27(2):215–241

Cooper CA (2015) Bureaucratic identity and the resistance of politicization. Adm Soc 32:211. First published on April 14

Dahlstrom C, Lapuente V (2009) Explaining cross-country differences in performance-related pay in the public sector. J Public Adm Res Theory 20(3):577–600

Dahlström C, Niklasson B (2013) The politics of politicization in Sweden. Public Adm 91(4):891–907

Dekker S, Hansen D (2004) Learning under pressure: the effects of politicization on organizational learning in public bureaucracies. J Public Adm Res Theory 14(2): 211–230

Demir T, Nyhan RC (2008) The politics-administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68(1): 81–96

Ennser-Jedenastik L (2015) The politicization of regulatory agencies: between partisan influence and formal independence. J Public Adm Res Theory 26:507. First published online August 24

Georgiou I (2014) Seeing the forest for the trees: an atlas of the politics–administration dichotomy. Public Adm Rev 74(2):156–175

Henig JR (2009) Politicization of evidence: lessons for an informed democracy. Educ Policy 23(1):137–160

Imtiyaz A (2014) Buddhism and electoral politics in Sri Lanka politicization, tensions and de-politicization of Buddhism. J Asian Afr Stud 49(3):315–331

Mulgan R (1998) Politicisation of the senior appointments in the Australian public services. Aust J Public Adm 57(3):3–14

OECD (2004) Performance-related pay policies for government employees: main trends in OECD member countries. OECD, Paris

Overeem P (2005) The value of the dichotomy: politics, administration, and the political neutrality of administrators. Adm Theory Praxis 27:311–329

Oyedeji B (2016) Politicization of the civil service: implications for good governance. Int J Innov Soc Sci Humanit Res 4(1):1–16

Page EC, Wright V (1999) Bureaucratic elites in western European states: a comparative analysis of top officials. Nuffield College, Oxford

Palonen K (2003) Four times of politics: policy, polity, politicking, and politicization. Altern Glob Local Political 28:171–186

Peters BG, Pierre J (2004) The politicization of the civil service in comparative perspective: a quest for control. Routledge, London

Rouban L (2012) Politicization of the civil service. In: Peters G, Pierre J (eds) The SAGE handbook of public administration. SAGE, London, pp 380–391
Senge P (1990) The fifth discipline: the art and practice of the learning organization. Doubleday, New York
Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61(2):176–183
Svara JH, Overeem P (2006) Complexity in political-administrative relations and the limits of the dichotomy concept/in defense of the dichotomy: a response to James H. Svara. Adm Theory Praxis 28:121–148
Weiden DL (2011) Judicial politicization, ideology, and activism at the high courts of the United States, Canada, and Australia. Political Res Q 64(2):335–347
World Bank (2001) Year in review. World Bank, Washington, DC

# Political Communication

Bryan T. Gervais
University of Texas at San Antonio, San Antonio, TX, USA

## Synonyms

Elite influence on public opinion; Political discourse; Political persuasion and mobilization

## Introduction

Political communication is the dissemination of political information among and between political elites, mass media organizations, and the public. The study of political communication emerged as an important subfield of both political science and communication in the twentieth century, with research focused on the influence of the news media on public opinion and voting behavior; the theories of agenda-setting, framing, and priming effects; the tactics and efficacy of political campaigns; the effects of negative political advertising; the discourse and deliberation among the mass public; the speeches and rhetoric of office holders; the interactive relationships between elite and mass opinion; the influence of commercial and political pressures on the content of news media; the relationship between partisan polarization and partisan media; and the advent of digital politics.

## The Minimal Effects Era

Coinciding with the growth of mass media in the early twentieth century was the debate over whether (an improved) news media could help to bring about an informed, active public (Dewey 1954/1927), or whether the public's reliance on media to understand the world left it susceptible to elite manipulation (such as propaganda and censorship) renders participatory democracy unworkable (Lippmann 1997/1922). Concerns over the gatekeeping power of mass media were accentuated by the rise of fascism. Scholars feared that mass media enables elites to "insert" opinions into the minds of the public on a mass scale, known as the "hypodermic needle" theory (Defleur and Ball-Rokeach 1982). However, scholars in the postwar era would find little evidence of a "hypodermic needle" effect – nor much evidence of media persuasion effects (Klapper 1948).

Seminal studies in what would become two of the dominate schools of thought in political behavior in the twentieth century found that vote choice in American presidential elections was determined by social and psychological factors. The sociological model, also known as the Columbia School, argues that group attachment (and the communication that occurs within groups) is largely responsible for vote choice (Berelson et al. 1954; Lazarsfeld et al. 1944). The social-psychological school, also known as the Michigan Model, names partisan identification as the primary driver of vote choices (Campbell et al. 1960). Notably, both models allow for vote choice to be made prior to the general election season, relegating campaigns to agents of reinforcement, rather than persuasion, with short-lived influence.

These findings led mid-twentieth-century scholars to largely conclude that the media's impact on public opinion was indirect and minimal and gave way to several influential limited effects theories, including the two-step flow

theory and reinforcement theory. The two-step flow theory posits that opinion leaders receive and are influenced by mediated messages and then disseminate and interpret the messages for others within their social circles (Katz 1957). Reinforcement theory, building off of Festinger's (1985) theory of cognitive dissonance, suggests that through selective processes – including selective exposure, selective perception, and selective retention – individuals can reinforce preexisting attitudes via mass media (Klapper 1960).

## Elite Influence

In the last decades of the twentieth century, researchers began rethinking "minimal effects" and demonstrated ways in which the media can directly shape public opinion – including agenda-setting, framing, and priming. The theory of agenda-setting purports that the problems that receive prominent attention in the news become the problems the viewing public regards as important (McCombs and Shaw 1972). Moreover, when the news media frames an issue by "select[ing] some aspects of [it] and make them more salient" (Entman 1993), it can influence how it is understood by audiences. The news media can also prime audiences to use specific issues as benchmarks when evaluating political leaders and institutions (Iyengar and Kinder 1989). Theories regarding the media's agenda-setting and framing powers are particularly prevalent in political communication research.

Contemporary scholarship acknowledges the influence of elite communication, with mass shifts in public opinion attributed to exposure to elite discourse (Zaller 1992). Studies assert that the American electorate has been growing more polarized, reflecting elite polarization, with the deepest divisions existing between the most politically interested and informed on either side of the political spectrum (Abramowitz and Saunders 2008; Layman and Carsey 2002). However, the extent to which the public has polarized (and if it has at all) is not universally accepted (Fiorina et al. 2010).

The influence of political and media elites is not limited to the mass public. For instance, the indexing hypothesis holds bracketed by political elites (Bennett 1990). Likewise, theories such as the "CNN Effect" assert that the news media can influence the decisions of political elites to intervene in humanitarian crises by displaying gruesome images which mobilizes support for action among the public – although this type of influence is an area of debate (Robinson 2005).

## Political Sophistication

Improved survey methodology in the mid-twentieth century revealed that few Americans have real opinions on issues and that political attitudes are not constrained or consistent, seemingly changing at random (Campbell et al. 1960; Converse 1964). Most "public opinion" only exists in the presence of a pollster, in which respondents sample from elite messages on "the top of the head," although politically knowledgeable individuals can filter out inconsistent messages (Zaller 1992). Despite the increases in access to electronic media and educational attainment among the general population, levels of political knowledge remained stable throughout the latter half of the twentieth century (Carpini and Keeter 1996).

Inattentiveness and low knowledge levels among the public to civic affairs are not worrisome to all. Scholars have argued that retrospective evaluations of government performance can be made with low levels of political information (Key 1966) – namely, a distinction between political parties – and the costs of acquiring of political information make it irrational to acquire high levels of political knowledge (Downs 1957; Fiorina 1981). The electorate utilizes heuristics (or information shortcuts) to make adequate vote decisions – most notably party cues (Popkin 1991; Sniderman et al. 1993), but also interest group endorsements (Lupia 1994). Moreover, scholars have argued that collective public opinion (opinion in aggregate) appears to be stable and shifts in ways that can be considered rational (Page and Shapiro 1992) and the American public may consist of a number of "issue publics" or groups of citizens concerned and knowledgeable about single issues (Krosnick 1990).

## Public Deliberation

While public opinion and behavior are influenced by elite behavior, communication within social networks can influence political decisions, as well (Huckfeldt and Sprague 2006). Moreover, proponents of public deliberation argue that citizens may learn from each other by sharing and discussion policy and electoral opinions (Luskin et al. 2002). As Warren (1996) explains, deliberation is a process, "wherein the point is to increase the quality of democratic judgments through widespread citizen participation in multiple public spheres, both within and between the institutions of state, economy, and civil society."

The idea that the public can collectively produce better public policy through deliberation dates back to Aristotle, who argued in *Politics* that regime quality is in part based on the extent to which policy is based on the quality of deliberation (Wilson 2011). Among the most influential adherents of public deliberation was Mill who proposed that "collating" the range of opinions in an unrestricted public sphere can produce the best possible collective outcomes (Mansbridge 1999). Contemporary theory has been strongly influenced by the work of Jürgen Habermas regarding the requisite normative conditions for discussions in the public sphere to be translated into legitimate public actions (Habermas 1990).

Modern political science research suggests that deliberation improves levels of political efficacy, political judgments, political sophistication, and levels of participation and, as a result, better public policy (Gastil 2000; Gutmann and Thompson 1996; Luskin et al. 2002). However, the exposure to crosscutting views among the public that deliberation provides may also result in a less vibrant, participatory citizenry (Mutz 2006).

## The Broadcast Era and New Media

The "Golden Age" of American broadcast news emerged as product of Progressive Era reforms and professionalization of journalism, coupled with the welcomed regulation of broadcast media by the Federal Communications Commission on behalf of the inchoate broadcasting industry looking to limit competition (Cook 2005). Broadcast news would supplant newspapers to become the dominate media regime in the twentieth century (Williams and Delli Carpini 2011). Professional journalists enjoyed a largely uncontested role as gatekeepers – i.e., determine what constituted news and what did not – with limited commercial pressure (Williams and Delli Carpini 2011). The rapid diffusion of television throughout American homes, coupled with limited choice in channels and programming audiences, resulted in incidental exposure to news among the "captive" audiences of the postwar era and a reduction in the political knowledge gap between the educated and uneducated (Prior 2007).

Throughout the broadcast era, scholars complained about lack of diversity in news; the big three broadcast networks (ABC, CBS, and NBC) offered homogenous, uniform, and bland news, and the public had few nonmainstream television news options (Mutz and Young 2011). Television more generally has been accused of negatively affecting voter turnout (and participation more broadly) by increasing political apathy and cynicism (Hart 1999) and reducing social capital (Putnam 2001)

Massive changes in the American media environment and advances in telecommunications technology toward the conclusion of the twentieth century ended the dominance of broadcast news in the era of "captive audiences." The widespread adoption of cable and satellite television enabled viewers to create their own media "diet," producing gaps in political knowledge and participation between those who prefer news and those who prefer entertainment (Prior 2007). Increased competition from entertainment programming also led television news to become "softer," in which distinctions between news and entertainment dulled and norms of social responsibility among media elites faded (Williams and Delli Carpini 2011). Soft news programming like talk shows, also known as "infotainment," has attracted significant audiences during the cable era, although scholars debate its civic usefulness (Baum 2002, 2003; Baumgartner and Morris 2006; Young 2004).

American news media has also been infused with partisan programming in recent decades. Increased competition and the fragmentation of once-large network news audiences into niche populations of news watchers have led media figures to be more overtly partisan and opinionated (Sobieraj and Berry 2011). Cable news programming provides around-the-clock coverage of current events and is noted for its practice of "narrowcasting" or creating content targeting a specific portion of the market (e.g., liberals or conservatives) (Cook 2005). Deregulation of broadcast media, such as the discontinuation of the "Fairness Doctrine," gave rise to political talk radio in the United States, freeing media personalities from having to give airtime to the targets of attacks to rebut charges (Barker 2002). These changes have produced self-protective ideological "echo chambers," including a vibrant conservative media establishment, that reinforce preexisting views and undermine the legitimacy of the opposition (Berry and Sobieraj 2013; Jamieson and Cappella 2009). The advent of the Internet has expanded the niche targeting of political information via websites (Baum and Groeling 2008.) In particular, the rise of the blogosphere has given way to "cyber-balkanization," in which blogs link to other like-minded blogs (Lawrence et al. 2010; Sunstein 2009).

## Selective Exposure and Media Bias

With the increase in partisan and ideological media has come a renewed focus on selective exposure and media bias. A robust debate has ensued regarding the occurrence and impact of partisan selective exposure, including a revival of media effects skepticism (Bennett and Iyengar 2008). Some scholars warn of the dangers of a citizenry selectively exposed to like-minded political media, arguing that partisan selective exposure occurs with consequences – i.e., it influences the opinions and behavior of those exposed (Dilliplane 2011; Hopkins and Ladd 2014; Iyengar and Hahn 2009; Smith and Searles 2014; Stroud 2011; Sunstein 2009) – whereas others argue that the political opinions of those who select into like-minded ideological media are little affected by exposure to opinions they already agree with (Arceneaux and Johnson 2013). Another subset of scholars have argued that partisan-based selective exposure is significantly more limited than many have feared (Gentzkow and Shapiro 2011; Garrett et al. 2013; Prior 2013).

The extent to which partisan media effects exist hinges in part on the extent to which do have biases and can be measured. One of the essential jobs of the news media is gatekeeping, or the "culling and crafting countless bits of information into the limited numbers of messages that reach people each day" (Shoemaker and Vos 2009). While the process of gatekeeping is necessarily a form of bias – some stories will be selected for presentation and others will not – measuring the extent to which the mediated news is unrepresentative of all the "news in the world" is likely an impossible task (D'Alessio and Allen 2000). Perceptions of media bias are widespread, perhaps due to what is known as the hostile media effect: partisans judge neutral news as biased against their own views or side (Eveland and Shah 2003; Giner-Sorolla and Chaiken 1994). In addition, the tendency of contemporary politicians to bash the media as "biased" may contribute to growing distrust of the news media among the American public (Ladd 2012).

## Political Advertising and Campaigning

Contemporary scholars have questioned the prevailing conventional wisdom (among political scientists) that campaign events and messages have little impact on vote decisions (Druckman 2004; Ridout and Franz 2011; Vavreck 2009; Sides and Vavreck 2013) – though stipulate that the conditions must be right for this to occur (Hillygus and Jackman 2003). Increased leverage of field experiments have also demonstrated the impact (and lack thereof) of specific types of campaign tactics, particularly face-to-face canvassing (Gerber and Green 2000; Green and Gerber 2008). Attention has also been given to emotional appeals in political advertisements, including

nonverbal elements (Brader 2006; Ridout and Searles 2011). Research has also focused on whether campaign messaging has become more potent and efficient due to the rise of micro-targeting and the personalization of political communication (Hersh 2015; Nielsen 2012).

## Negativity and Incivility in Political Media

The theory of videomalaise argues that Americans' trust in political institutions has declined since the 1960s, not due to the events of the time but due to Americans' reliance on "oppositional" television news (Robinson 1975). In addition to increased negativity, news media began presenting more game-centric and horse-race coverage during this period, and supplanted political parties as the principal "kingmakers" of presidential candidates (Patterson 1994). Largely due to inconsistent results, the impact (and merits) of negative advertisement is a continuing area of debate (Ansolabehere and Iyengar 1995; Geer 2006; Lau et al. 1999). However, a growing body of research has found that exposure to uncivil political discourse reduces trust in politicians, political parties, candidates, institutions, and the overall system of government (Brooks and Geer 2007; Fridkin and Kenney 2008; Mutz 2007, 2015; Mutz and Reeves 2005) and affects the ways in which individuals engage in political discourse (Gervais 2014).

## Rhetorical Presidency

The rhetorical presidency is a communication theory involving how the presidents communicate directly to the public (Ceaser et al. 1981). This is a distinct shift from old communication that usually involved the president focusing on Congress alone when trying to make policy (Tulis 1987). The rise of the rhetorical presidency is considered to be the result of modern doctrine of presidential leadership, modern mass media, and the modern presidential campaign (Ceaser et al. 1981). The motivations of the modern presidency are centered upon persuasion and the act of "going public"; in an effort to get Congress to pass legislation in line with the president's wishes, a president will attempt to mobilize the public (Kernell 2006). The end of the broadcast era and "captive audiences" may have muted the potency of the tool, as audiences can opt out of exposure to presidential speeches (and opponents now communication tools to combat the president's message) (Kernell 2006). Some scholarship raises doubts that public appeals were ever effective in influencing policymaking (Hart 1987).

## The Internet, Digital Democracy, and Social Media

The advent of the Internet age has invited scholars to consider the prospects of a pluralistic, digital public sphere (Dahlgren 2006; Dahlberg 2001), inclusive of a more diversified and democratized political discourse that would amplify the voices of traditionally underrepresented and underprivileged groups. The initial era of the Internet ("Web 1.0") did not meet this objective, in part because the so-called digital divide left many without substantial Internet access (Hindman 2008, p. 9, 22; Norris 2001). Disparities in "digital citizenship," or the ability to participate politically, economically, and socially online, have continued into the Web 2.0 era, mirroring offline citizenship (Mossberger et al. 2003, p. 35).

The Web 2.0 era, characterized by interactivity, may democratize information sharing and enable horizontal political communication. However, research casts doubt on the likelihood of a deliberative digital public sphere emerging, where ideas can be widely expressed and considered. For one, online information searches tend to be apolitical, and commercial media (as opposed to noncommercial outlets such as blogs) continues to dominate web traffic (Hindman 2008). In addition, the anonymity and limited social cues that digital communication provides perhaps entice "netizens" to utilize incivility more than they would discuss politics in person (Borah 2013; Coe et al. 2014; Papacharissi 2004).

Additional research on online political communication has focused on the relationship between online and offline political participation (Best and Krueger 2005; Bond et al. 2012; Shah et al. 2005; Zúñiga et al. 2010; Zuniga et al. 2012), microblogging and political homophily on social media (e.g., Barberá 2014; Bode et al. 2015; Colleoni et al. 2014; Larsson and Moe 2012), and use of websites and social media by elected officials and campaigns (Golbeck et al. 2010; Lassen and Brown 2011; Lawless 2012; Vergeer and Hermans 2013). Social media platforms have thus far enabled elected officials to broadcast information to the public without filtering it through a critical news media, rather than mechanisms for two-way communication between elites and the public (Hemphill et al. 2013).

## Conclusion

Both the study and application of political communication are changing at a rate equaled by few other fields. Improvements in telecommunications enable new methods of communication in and among elites and the public, providing ever more subjects for academic inquiry. For both the practitioner and the scholar, this means persistent vigilance of the latest information technology and literature on the subject.

What the erosion of the distinctions between news and entertainment and between suppliers and consumers of political information mean for democracy remains blurry. Horizontal communication (or widespread sharing of information among the mass public) may be here to stay, but this is by no means a guarantee of a more deliberative democracy. Instead, cognitive impulses to avoid and resist information which clashes with preexisting views may instead deepen partisan division when individuals are free to design their own information environments. Put another way, elite influence on public opinion may not lessen, as the influence of public officials on the hearts and minds of those who are predisposed to share their views may be increasing.

If the engaged public can select into media that matches preexisting views, what can be said about media effects? A second era of "minimal effects" studies seems unlikely – or at least consensus among academics that the media has little impact on opinion seems unlikely – but measuring the impact of media effects is no easy task. Widespread adoption of survey experiments on online platforms (Mutz 2011) and improvements in the measurement of media exposure (Prior 2009) may help in this regard, to the benefit of students of mass communication and those involved in electoral politics.

## Cross-References


- ▶ E-Government: Informatization of Government and Politics
- ▶ Issue Networks: The Policy Process and Its Key Actors
- ▶ Politics and Partisanship


## References


Abramowitz AI, Saunders KL (2008) Is polarization a myth? J Polit 70(2):542–555

Ansolabehere S, Iyengar S (1995) Going negative: how political advertisements shrink & polarize the electorate. Free Press, New York

Arceneaux K, Johnson M (2013) Changing minds or changing channels?: partisan news in an Age of choice. University of Chicago Press, Chicago

Barberá P (2014) Birds of the same feather tweet together. Bayesian ideal point estimation using Twitter data. Polit Anal 23(1):76–91

Barker DC (2002) Rushed to judgment: talk radio, persuasion, and American political behavior. Columbia University Press, New York

Baum MA (2002) Sex, lies, and war: how soft news brings foreign policy to the inattentive public. Am Polit Sci Rev 96(1):91–109

Baum MA (2003) Soft news and political knowledge: evidence of absence or absence of evidence? Polit Commun 20(2):173–190

Baum MA, Groeling T (2008) New media and the polarization of American political discourse. Polit Commun 25(4):345–365

Baumgartner J, Morris JS (2006) The daily show effect candidate evaluations, efficacy, and American youth. Am Politics Res 34(3):341–367

Bennett LW (1990) Toward a theory of press-state relations in the United States. J Commun 40(2):103–127

Bennett LW, Iyengar S (2008) A new era of minimal effects? The changing foundations of political communication. J Commun 58(4):707–731

Berelson BR, Lazarsfeld PF, McPhee WN (1954) Voting: a study of opinion formation in a presidential campaign. University of Chicago Press, Chicago
Berry JM, Sobieraj S (2013) The outrage industry political opinion media and the new incivility. Oxford University Press, New York
Best SJ, Krueger BS (2005) Analyzing the representativeness of internet political participation. Polit Behav 27(2):183–216
Bode L, Hanna A, Yang J, Shah DV (2015) Candidate networks, citizen clusters, and political expression strategic hashtag use in the 2010 midterms. Ann Am Acad Polit Soc Sci 659(1):149–165
Bond RM et al (2012) A 61-million-person experiment in social influence and political mobilization. Nature 489(7415):295–298
Borah P (2013) Interactions of news frames and incivility in the political blogosphere: examining perceptual outcomes. Polit Commun 30(3):456–473
Brader T (2006) Campaigning for hearts and minds: How emotional appeals in political Ads work. University of Chicago Press, Chicago
Brooks DJ, Geer JG (2007) Beyond negativity: the effects of incivility on the electorate. Am J Polit Sci 51(1): 1–16
Campbell A, Converse PE, Miller W, Stokes D (1960) The American voter. Wiley, New York
Ceaser JW, Thurow GE, Tulis J, Bessette JM (1981) The rise of the rhetorical presidency. Pres Stud Q 11(2):158–171
Coe K, Kenski K, Rains SA (2014) Online and uncivil? patterns and determinants of incivility in newspaper website comments. J Commun 64:658
Colleoni E, Rozza A, Arvidsson A (2014) Echo chamber or public sphere? predicting political orientation and measuring political homophily in Twitter using big data. J Commun 64(2):317–332
Converse PE (1964) The nature of beliefs systems in mass publics. In: Apter DE (ed) Ideology and discontent. University of Michigan Press, Ann Arbor
Cook TE (2005) Governing with the news: the news media as a political institution. University of Chicago Press, Chicago
D'Alessio D, Allen M (2000) Media bias in presidential elections: a meta-analysis. J Commun 50(4):133–156
Dahlberg L (2001) The internet and democratic discourse: exploring the prospects of online deliberative forums extending the public sphere. Inf Commun Soc 4(4): 615–633
Dahlgren P (2006) The internet, public spheres, and political communication. Polit Commun 22(2):147–162
DeFleur ML, Ball-Rokeach S (1982) Theories of mass communication. Longman, New York
Delli Carpini MX, Keeter S (1996) What Americans know about politics and why it matters. Yale University Press, New Haven
Dewey J (1954 [1927]) The public and its problems, 1st edn. Swallow Press, Athens
Dilliplane S (2011) All the news you want to hear: the impact of partisan news exposure on political participation. Public Opin Q 75(2):287–316
Downs A (1957) An economic theory of democracy. Harper and Row, New York
Druckman JN (2004) Priming the vote: campaign effects in a U.S. Senate election. Polit Psychol 25(4):577–594
Entman RM (1993) Framing: toward clarification of a fractured paradigm. J Commun 43(4):51–58
Eveland WP Jr, Shah D (2003) The impact of individual and interpersonal factors on perceived news media bias. Polit Psychol 24(1):101–117
Festinger L (1985) A theory of cognitive dissonance. Stanford University Press, Stanford
Fiorina MP (1981) Retrospective voting in American elections. Yale University Press, New Haven
Fiorina MP, Abrams SJ, Pope JC (2010) Culture war? The myth of polarized America, 3rd edn. Longman, Boston
Fridkin KL, Kenney PJ (2008) The dimensions of negative messages. Am Polit Res 36(5):694–723
Garrett KR, Carnahan D, Lynch EK (2013) A turn toward avoidance? Selective exposure to online political information, 2004–2008. Polit Behav 35(1):113–134
Gastil J (2000) Is face-to-face citizen deliberation a luxury or a necessity? Polit Commun 17(4):357–361
Geer JG (2006) In defense of negativity: attack ads in presidential campaigns. University of Chicago Press, Chicago
Gentzkow M, Shapiro JM (2011) Ideological segregation online and offline. Q J Econ 126(4):1799–1839
Gerber AS, Green DP (2000) The effects of canvassing, telephone calls, and direct mail on voter turnout: a field experiment. Am Polit Sci Rev 94(3):653–663
Gervais BT (2014) Following the news? reception of uncivil partisan media and the use of incivility in political expression. Polit Commun 31(4):564–583
Gil de Zuniga H, Jung N, Valenzuela S (2012) Social media use for news and Individuals' social capital, civic engagement and political participation. J Comput-Mediat Commun 17:319–336
Giner-Sorolla R, Chaiken S (1994) The causes of media judgements. J Exp Soc Psychol 30:165–180
Golbeck J, Grimes JM, Rogers A (2010) Twitter use by the U.S. Congress. J Am Soc Inf Sci Technol 61(8): 1612–1621
Green DP, Gerber AS (2008) Get out the vote, second edition: how to increase voter turnout, 2nd edn. Brookings Institution Press, Washington, DC
Gutmann A, Thompson DF (1996) Democracy and disagreement. Belknap Press of Harvard University Press, Cambridge, MA
Habermas J (1990) Moral consciousness and communicative action. MIT Press, Cambridge, MA
Hart RP (1987) The sound of leadership: presidential communication in the modern age. University of Chicago Press, Chicago
Hart RP (1999) Seducing America: how television charms the modern voter. SAGE, Thousand Oaks
Hemphill L, Otterbacher J, Shapiro M (2013) What's congress doing on Twitter? In: Proceedings of the 2013 conference on computer supported cooperative work, CSCW'13. ACM, New York, pp 877–886. https://doi.org/10.1145/2441776.2441876. Accessed 18 Feb 2014

Hersh ED (2015) Hacking the electorate: how campaigns perceive voters. Cambridge University Press, New York

Hillygus SD, Jackman S (2003) Voter decision making in election 2000: campaign effects, partisan activation, and the Clinton legacy. Am J Polit Sci 47(4):583–596

Hindman M (2008) The myth of digital democracy. Princeton University Press, Princeton

Hopkins D, Ladd JM (2014) The consequences of broader media choice: evidence from the expansion of Fox news. Q J Polit Sci 9(1):115–135

Huckfeldt RR, Sprague J (2006) Citizens, politics and social communication: information and influence in an election campaign. Cambridge University Press, New York

Iyengar S, Hahn KS (2009) Red media, blue media: evidence of ideological selectivity in media use. J Commun 59(1):19–39

Iyengar S, Kinder DR (1989) News that matters: television and American opinion. University of Chicago Press, Chicago

Jamieson KH, Cappella JN (2009) Echo chamber: rush Limbaugh and the conservative media establishment. Oxford University Press, New York

Katz E (1957) The two-step flow of communication: an up-to-date report on an hypothesis. Publ Opin Q 21(1): 61–78

Kernell S (2006) Going public: new strategies of presidential leadership, 4th edn. CQ Press, Washington, DC

Key VO (1966) The responsible electorate: rationality in presidential voting, 1936–1960. Belknap Press of Harvard University Press, Cambridge

Klapper JT (1948) Mass media and the engineering of consent. Am Sch 17(4):419–429

Klapper JT (1960) Effects of mass communication, 1st edn. Free Press, New York

Krosnick JA (1990) Government policy and citizen passion: a study of issue publics in contemporary America. Polit Behav 12:59–92

Ladd JM (2012) Why Americans hate the media and how it matters, 1st edn. Princeton University Press, Princeton

Larsson AO, Moe H (2012) Studying political microblogging: Twitter users in the 2010 Swedish election campaign. New Media Soc 14(5):729–747

Lassen DS, Brown AR (2011) Twitter the electoral connection? Soc Sci Comput Rev 29(4):419–436

Lau RR, Lee S, Heldman C, Babbitt P (1999) The effects of negative political advertisements: a meta-analytic assessment. Am Polit Sci Rev 93(4):851–875

Lawless JL (2012) Twitter and Facebook: new ways to send the same Old message? In: Fox RL, Ramos J (eds) iPolitics. Cambridge University Press, New York, pp 206–232

Lawrence E, Sides J, Farrell H (2010) Self-segregation or deliberation? blog readership, participation, and polarization in American politics. Perspect Polit 8(1): 141–157

Layman GC, Carsey TM (2002) Party polarization and 'conflict extension' in the American electorate. Am J Polit Sci 46(4):786–802

Lazarsfeld PF, Berelson BR, Gaudet H (1944) The people's choice: how the voter makes up his mind in a presidential campaign. Duell, Sloan and Pearce, New York

Lippmann W (1997 [1922]) Public opinion. Free Press, New York

Lupia A (1994) Shortcuts versus encyclopedias: information and voting behavior in California insurance reform elections. Am Polit Sci Rev 88(1):63–76

Luskin RC, Fishkin JS, Jowell R (2002) Considered opinions: deliberative polling in Britain. Br J Polit Sci 32(3):455–487

Mansbridge J (1999) On the idea that participation makes better citizens. In: Elkin SL, Soltan KE (eds) Citizen competence and democratic institutions. Penn. State University Press, University Park

McCombs ME, Shaw DL (1972) The agenda-setting function of mass media. Public Opin Q 36(2):176–187

Mossberger K, Tolbert CJ, Stansbury M (2003) Virtual inequality: beyond the digital divide. Georgetown University Press, Washington, DC

Mutz DC (2006) Hearing the other side: deliberative versus participatory democracy, 1st edn. Cambridge University Press, New York

Mutz D (2007) Effects of 'in-your-Face' television discourse on perceptions of a legitimate opposition. Am Polit Sci Rev 101:621–635

Mutz DC (2011) Population-based survey experiments. Princeton University Press, Princeton

Mutz DC (2015) In-your-face politics: the consequences of uncivil media. Princeton University Press, Princeton

Mutz DC, Reeves B (2005) The New videomalaise: effects of televised incivility. Am Polit Sci Rev 99(1):1–15

Mutz DC, Young L (2011) Communication and public opinion plus Ça change? Public Opin Q 75(5): 1018–1044

Nielsen RK (2012) Ground wars: personalized communication in political campaigns. Princeton University Press, Princeton

Norris P (2001) Digital divide: civic engagement, information poverty, and the internet worldwide. Cambridge University Press, Cambridge

Page BJ, Shapiro RY (1992) The rational public: fifty years of trends in Americans' policy preferences, 1st edn. University of Chicago Press, Chicago

Papacharissi Z (2004) Democracy online: civility, politeness, and the democratic potential of online political discussion groups. New Media Soc 6(2):259–283. https://doi.org/10.1177/1461444804041444

Patterson TE (1994) Out of order: an incisive and boldly original critique of the news Media's domination of America's political process. Vintage, New York, Reprint edition

Popkin SL (1991) The reasoning voter: communication and persuasion in presidential campaigns. University of Chicago Press, Chicago

Prior M (2007) Post-broadcast democracy: how media choice increases inequality in political involvement and polarizes elections, 1st edn. Cambridge University Press, New York

Prior M (2009) Improving media effects research through better measurement of news exposure. J Polit 71(03): 893–908
Prior M (2013) Media and political polarization. Ann Rev. Pol Sci 16(1):101
Putnam RD (2001) Bowling alone: the collapse and revival of American community, 1st edn. Simon & Schuster, New York
Ridout TN, Franz MM (2011) The persuasive power of campaign advertising. Temple University Press, Philadelphia
Ridout TN, Searles K (2011) It's my campaign I'll Cry if I want to: how and when campaigns use emotional appeals. Polit Psychol 32(3):439–458
Robinson MJ (1975) American political legitimacy in an Era of electronic journalism: reflections on the evening news. In: Douglass C, Richard A (eds) Television as a social force: new approaches to TV criticism. Praeger, New York
Robinson P (2005) The CNN effect: the myth of news, foreign policy and intervention. Routledge, New York
Shah DV, Cho J, Eveland WP Jr, Kwak N (2005) Information and expression in a digital age: modeling internet effects on civic participation. Commun Res 32(5):531–565
Shoemaker PJ, Vos T (2009) Gatekeeping theory. Routledge, New York
Sides J, Vavreck L (2013) The gamble: choice and chance in the 2012 presidential election. Princeton University Press, Princeton
Smith G, Searles K (2014) Who Let the (attack) dogs Out? New evidence for partisan media effects. Public Opin Q 78(71):nft082
Sniderman PM, Brody RA, Tetlock PE (1993) Reasoning and choice: explorations in political psychology. Cambridge University Press, Cambridge
Sobieraj S, Berry J (2011) From incivility to outrage: political discourse in blogs, talk radio, and cable news. Polit Commun 28(1):19–41
Stroud NJ (2011) Niche News: The Politics of News Choice. Oxford University Press, New York
Sunstein CR (2009) Republic.com 2.0. Princeton University Press, Princeton
Tulis J (1987) The rhetorical presidency. Princeton University Press, Princeton
Vavreck L (2009) The message matters: the economy and presidential campaigns. Princeton University Press, Princeton
Vergeer M, Hermans L (2013) Campaigning on Twitter: microblogging and online social networking as campaign tools in the 2010 general elections in the Netherlands. J Comput-Mediat Commun 18(4):399–419
Warren ME (1996) Deliberative democracy and authority. Am Polit Sci Rev 90(1):46–60
Williams BA, Delli Carpini MX (2011) After broadcast news: media regimes, democracy, and the new information environment. Cambridge University Press, New York
Wilson JL (2011) Deliberation, democracy, and the rule of reason in Aristotle's 'politics'. Am Polit Sci Rev 105(2):259–274
Young D (2004) Late-night comedy in election 2000: its influence on candidate trait ratings and the moderating effects of political knowledge and partisanship. J Broadcast Electron Media 48(1):1–22
Zaller J (1992) The nature and origins of mass opinion. Cambridge University Press, New York
Zúñiga G d H, Veenstra A, Vraga A, Shah D (2010) Digital democracy: reimagining pathways to political participation. J Inform Technol Polit 7(1):36–51

# Political Connections, Corruption, and Tax Practices

Hichem Khlif[1] and Ines Amara[2]
[1]Faculty of Economics and Management of Mahdia, University of Monastir, Monastir, Tunisia
[2]Faculty of Economics and Management of Sfax, University of Sfax, Sfax, Tunisia

## Synonyms

Tax aggressiveness: an aggressive form of tax avoidance or tax management.

Tax shelters: techniques used by taxpayers to decrease their taxable incomes (e.g., investing in exempt sectors or a tax haven).

P

## Definitions

***Political connections*** may take several forms including the presence at least of one politician (e.g., a member of parliament, a minister, a president, a king, and any other top appointed bureaucrat in the government), in firm's ownership structure, board of directors or audit committee.

***Corruption*** is defined as an act in which one agent typically pays a sum of money or performs a service in exchange for an illicit act by a public official (Picur and Riahi-Belkaoui 2006).

***Tax evasion*** is defined as the illegal practices to escape from taxation that can occur in an isolated incident within the activity or in the informal economy where the whole activity takes place in an informal manner (Picur and Riahi-Belkaoui 2006).

***Tax avoidance*** occurs when taxpayers use the legal scope for the discretion of tax laws running counter the purpose of tax legislation (Kim and Zhang 2016).

## Introduction

Tax evasion, political connections, and corruption are important current issues for governments worldwide. Understanding the effect political connections and corruption on aggressive tax practices have been gaining momentum in tax, accounting, and economic literatures (e.g., Alm et al. 2016; Kim and Zhang 2016; Lin et al. 2017). Accordingly, it becomes important to summarize this literature to help policymakers in quantifying the adverse effects of political connections and corruption on tax practices and implementing adequate fiscal strategies in order to reduce their damaging impacts on tax revenues collection.

To do so, this chapter surveys the recent literature examining the association between political ties, corruption, and tax compliance. Fifteen published empirical studies (Articles dealing with the link between political connectedness, corruption, and tax compliance are located by searching keywords e.g., political connections, corruption and tax avoidance, tax aggressiveness, tax evasion, tax enforcement in the most relevant social science research data bases such as Emerald, JSTOR, Science Direct, Springer, Wiley Blackwell.) are identified over the period of 2006 to beginning of 2018 conducted in developed, developing and emerging economies using either single-country analysis or cross-country investigation.

This literature review reveals that both political connections and corruption have an adverse effect on tax compliance. On the one hand, political connectedness is associated with increased tax aggressiveness in developed (e.g., USA), developing (e.g., China, Malaysia), and emerging economies (e.g., Tunisia) through lower effective tax rates, higher tax sheltering, increased tariff evasion, and reduced tax enforcement exerted by fiscal authorities. On the other hand, corruption level implies higher tax evasion levels, mitigates the negative effect of sustainability level on tax evasion, increases the positive effect of financial crime on tax noncompliance, and increases tariff evasion (e.g., tariff rates, values, and quantity gaps).

This review integrates and analyzes a broad spectrum of tax literature dealing with the impact of political connections and corruption on tax compliance. In light of increased global efforts to fight tax evasion and aggressive tax practices, an updated literature review with an international perspective is needed to inform the regulatory debate surrounding the enactment of new legislations that may reduce the adverse effect of political connections and corruption on tax compliance. This review is also relevant to academics interested in the determinants of tax compliance since it suggests areas where further research around political connection, corruption, and tax evasion is needed.

The rest of the chapter is organized as follows. Section "Political connections and tax practices" reviews the empirical literature examining the impact of political ties on different tax practices. Section "Corruption and tax practices" surveys empirical studies investigating the relationship between corruption and tax compliance. Section "Conclusion" concludes the chapter.

## Political Connections and Tax Practices

Political connections of taxpayers may adversely influence the state's revenue-generation efforts through direct impacts, via tax evasion or tax avoidance, and through indirect effect such as reducing voluntary tax compliance due to the destruction of tax morale of country's citizens (Kim and Zhang 2016; Lin et al. 2017). This discussion summarizes the extant empirical literature by focusing on developed, developing, and emerging economies.

### Developed Economies

Two empirical studies dealing with political connections and aggressive tax management conducted in US setting are identified. Kim and Zhang (2016) test for the association between

corporate political connections and tax aggressiveness. They document that politically connected firms are more tax aggressive than non-connected firms. Francis et al. (2016) refine the analysis by focusing on the association between CEO political connections preference in US setting (Republican CEOs versus Democratic CEOs) and tax sheltering, as an alternative proxy for tax aggressiveness. They provide evidence that Republican CEOs are associated with more corporate tax sheltering even when their wealth is not related to that of shareholders and when corporate governance is weak. They also show that Democratic CEOs are associated with more corporate tax sheltering only when they have stock-based incentives.

These findings confirm that politically connected firms may undertake more aggressive tax management since they have "*lower detection risk, better information regarding future changes in tax regulation or enforcement, lower capital market pressure for transparency, lower political costs associated with aggressive tax planning, and higher risk-taking tendencies*"(Kim and Zhang 2016, p. 79).

### Developing Economies

On the one hand, Adhikari et al. (2006) posit that political connectedness may give managers incentives to use their discretions in order to commit illegal behavior such as concealing taxable income or profit by deliberately overstating deductions, exemptions, or credits. Managers undertake these illegal acts since they know that they are protected from any type of future law suits given their strong political ties. From an empirical standpoint, Adhikari et al. (2006) investigate the relationship between effective tax rates and political connections in Malaysia and find that firms with political connections pay taxes at significantly lower effective rates than other firms. In the same setting, Abdul Wahab et al. (2017) investigate the relationship between political connections and corporate tax aggressiveness. Based on a sample of 2,538 firm-year observations over the period of 2000–2009, they find that politically connected firms are more tax aggressive than non-connected firms. In China, Li et al. (2016) use the occasion of increase in tax rate for several listed companies in the Chinese stock exchange and document that only politically connected firms undertake aggressive tax-induced earnings management.

On the other hand, political connections may constrain the effort played by tax authorities in the detection of fiscal infractions and the magnitude of postaudit adjustments and sanctions (Lin et al. 2017). The presence of a politician as major owner or a key actor in the management may reduce fiscal authorities' capability to enforce tax law and strictly punish committed fiscal frauds (Lin et al. 2017). In this regard, Lin et al. (2017) test whether political connections on boards of directors weaken the effectiveness of tax authorities in constraining aggressive tax practices in China. They document that political connections reduce the effective enforcement of tax compliance by State fiscal authorities. These results imply that political connections play an adverse effect on the enforcement of fiscal legislations and reduce the capability of State fiscal authorities to collect tax revenues.

### Emerging Economies

Rijkers et al. (2015) focus on the question of political connections and tariff evasion in an emerging country, namely, Tunisia. They use customs data dealing with imports realized by companies connected with 114 individuals, including Ben Ali himself and his relatives, when he was ruling Tunisia over the period (1987–beginning of 2011). They document that *(i)* Ben Ali-connected firms are more likely to falsely declare imports as being destined for re-exportation in order to benefit from duty exemptions and that *(ii)* evasion gaps are increasing with the share of importers that were politically connected. These findings suggest that trade facilitation through the rise of duty suspension regimes may increase custom duties tax evasion in emerging economies for politically connected firms.

Accordingly, relationship-based economies in emerging economies may create a favorable environment that contributes to the development of black economy size where the main operators feel protected from any future fiscal sanctions

given their strong relationships with politicians in the government. Black and unofficial economies will gain momentum in such emerging economies where customs and tax officials have a hidden protection of politicians when helping them to evade the payment of taxes and customs duties.

## Corruption and Tax Practices

Alm et al. (2016) suggest that corruption may reduce the value of public inspection. In countries characterized by high levels of corruption, it is difficult to reveal illegal acts committed by taxpayers using financial media. Furthermore, high corrupt environment may reduce public scrutiny and decrease the ability of fiscal administration to enforce tax legislations and punish taxpayers and their companies involved in aggressive tax practices. This implies a fertile ground for shadow activities and underground economy. This section surveys the extant empirical literature by focusing on cross-country studies and single setting empirical enquiries.

### Cross-Country Studies

Six studies dealing with the effect of corruption level on tax evasion are identified. For instance, Picur and Riahi-Belkaoui (2006) examine the effect of corruption level on tax evasion for a sample 30 developed and developing countries. They find that higher corruption levels is associated with higher levels of tax evasion. Alon and Hageman (2013) test for the association between corruption and firm tax compliance in transition economies. Using a sample of 5,000 firms from 22 former Soviet Bloc transition countries, they show that higher levels of corruption are associated with lower levels of tax compliance dealing with sales, work force, and wages. In the same vein, Alm et al. (2016) investigate how specific type of corruption (bribery of tax officials) affects firm's tax evasion practices for a sample of 8,000 observations from 32 different countries. They document that the presence of tax inspectors who demand bribes results in a reduction of sales reported for taxes between 4 and 10 percentage points and that larger bribes imply higher levels of evasion. Khlif et al. (2016) test for the moderating effect of corruption level on the association between sustainability level (Sustainability level is proxied by social, environmental scores and the quality of infrastructure) and tax evasion for a sample of 65 developed and developing countries. They provide evidence that the negative associations between sustainability proxies and tax evasion become insignificant for high corrupt countries. Worku et al. (2016) examine whether corruption level in sub-Saharan African (SSA) countries is associated with tariff evasion (e.g., tariff rates, values and quantity gaps). Using trade data from 2008 to 2014 of 31 SSA countries, they document that the interaction between *(i)* tariff rate, *(ii)* corruption in the importing country, and *(iii)* corruption in the exporting country is positively and significantly related to the trade gap. These findings imply that tariff evasion is reinforced by the corruption levels in both importing and exporting countries. Finally, Khlif and Amara (2018, forthcoming) investigate the association between financial crime and tax evasion and whether corruption level moderates such a relationship. Based a sample of 120 countries, they provide evidence that the level of financial crime is positively associated with tax evasion and this relationship is more pronounced for high corrupt environments.

Overall, it seems that corruption has an adverse effect on tax compliance behaviors. Countries characterized by high levels of corruption may create a fertile ground for tax noncompliance and illegal acts among their companies and taxpayers which translate into high levels of tax evasion. Accordingly, combating this phenomenon is crucial to improve tax revenues and enhance tax morale among taxpayers in one country.

### Single-Country Studies

Two studies examining the effect of corruption on tax compliance behavior conducted in an emerging economy and US setting are reviewed. In an emerging economy, namely, Jordan, Alasfour et al. (2016) use a questionnaire survey to examine how the extent of governmental corruption

may affect tax evasion practices. They document that the intention of surveyed taxpayers to commit tax evasion increases with the level of perceived corruption.

In US setting, DeBacker et al. (2015) examine the association between corruption norms overseas and tax evasion. More specifically, they test whether companies controlled by foreign investors resident in countries characterized by high corruption levels are more likely to evade US taxes. They find that corporations with owners from countries with higher corruption norms engage in higher amounts of tax evasion in the US setting.

In sum, the findings reported in these empirical studies suggest that the effort played by governments to reduce the extent of governmental corruption may increase tax compliance and enhance tax morale among citizens.

## Conclusion

This chapter summarizes the empirical literature dealing with the impact of corruption and political connections on tax compliance by reviewing published empirical studies over the period of 2006–beginning of 2018. This review suggests that relationship-based economies based either on political connections or corruption practices may increase the scope of back economy and tax evasion. Therefore, it becomes crucial for policy makers and fiscal authorities in emerging, developing, and developed economies to identify and quantify the impact of political ties and corruption practices on taxpaying behavior. By doing so, these countries may increase the revenue-generating opportunities and improve tax morale among citizens.

Future research may explore the effect of foreign political connections on tax evasion practices, tax avoidance, and tax aggressiveness at country and company levels, subject to the availability of reliable cross-country data. In addition, future empirical enquiries may examine the impact of different types of companies' political connections (e.g., opposition parties versus ruling parties in democratic regimes) on aggressive tax practices (e.g., tax evasion, tax aggressiveness) and compare between them. Finally, future research may also explore the possible interaction between corruption level and political connections in shaping tax evasion practices.

## Cross-References

► Global Competency in Public Administration

## References

Abdul Wahab EA, Ariff AM, Marzuki MM, Sanusi ZM (2017) Political connections, corporate governance, and tax aggressiveness in Malaysia. Asian Rev Account 25:424–451

Adhikari A, Derashid C, Zhang H (2006) Public policy, political connections, and effective tax rates: longitudinal evidence from Malaysia. J Account Public Policy 25:574–595

Alasfour F, Samy M, Bampton R (2016) The determinants of tax morale and tax compliance: evidence from Jordan. In: Hasseldine J (ed) Advances in taxation. Advances in taxation, vol 23. Emerald Group Publishing Limited, Bingley, pp 125–171

Alm J, Martinez-Vasquez J, McClellan C (2016) Corruption and firm tax evasion. J Econ Behav Organ 124:146–163

Alon A, Hageman AM (2013) The impact of corruption on firm tax compliance in transition economies: whom do you trust? J Bus Ethics 116:479–494

DeBacker J, Heim B, Tran A (2015) Importing corruption culture from overseas: evidence from corporate tax evasion in the United States. J Financ Econ 117:122–138

Francis BB, Hasan I, Sun X, Wu Q (2016) CEO political preference and corporate tax sheltering. J Corp Finan 38:37–53

Khlif H, Amara A (2018) Financial crime, corruption and tax evasion: a cross-country investigation. J Money Laundering Control 21:(Forthcoming)

Khlif H, Guidara A, Hussainey K (2016) Sustainability level, corruption and tax evasion: a cross-country analysis. J Financ Crime 23:328–348

Kim C, Zhang L (2016) Corporate political connections and tax aggressiveness. Contemp Account Res 33:78–114

Li C, Wang Y, Wu L, Xiao J (2016) Political connections and tax-induced earnings management: evidence from China. Eur J Financ 22:413–431

Lin K, Mills L, Zhang F, Li Y (2017) Do political connections weaken tax enforcement effectiveness? Contemp Account Res. https://doi.org/10.1111/1911-3846.12360

Picur RD, Riahi-Belkaoui A (2006) The impact of bureaucracy, corruption and tax compliance. Rev Account Finance 5:174–180

Rijkers B, Baghdadi L, Raballand G (2015) Political connections and tariff evasion: evidence from Tunisia. Policy Research Working Paper Series 7336. The World Bank

Worku T, Mendoza J, Wielhouwer J (2016) Tariff evasion in sub-Saharan Africa: the influence of corruption in importing and exporting countries. Int Tax Public Financ 23:741–761

# Political Control or Professional Autonomy? A Case of Agency Director Resignation

Tom Christensen[1] and Per Lægreid[2]
[1]Political science, University of Oslo, Oslo, Norway
[2]University of Bergen, Bergen, Norway

## Synonyms

Freedom of experts; Hierarchical control; Political steering; Subordinate administrative leader

## Definitions

Political control is control by elected top leaders toward subordinate leaders and administrative units. Professional autonomy is freedom from interference of superior political leaders.

## Introduction

A classical theme in public administration research is the tension in the relationship between politics and administration, representing professional expertise. The autonomy of central public agencies has been a focus of many public organization research efforts showing that agencies may have a differentiated control and autonomy regime (Pollitt et al. 2004; Verhoest et al. 2012). The autonomy concept in public administration research is multifaceted, multidimensional, and ambiguous. Structural autonomy is the extent to which the agency is shielded from ministerial influence. Agencification tends to reduce political control, but within the principle of ministerial responsibility. In the aftermath of management reforms, there have been several prominent examples of resignation of agency heads (Polidano 1999).

This article aims at addressing the relationship between political control and professional autonomy by examining a reorganization process of Statistics Norway. The puzzle is why a minor reorganization with low political salience in a consensus-oriented political administrative setting with high level of trust between ministries and agencies ended up as a major conflict resulting in the resignation of the agency director. Based on an instrumental, a cultural, and a symbolic perspective, taken from organization theory, the article examines the internal and external dynamics ensuing from conflicting views regarding the balance between institutional logics.

The article starts by outlining the theoretical framework. This is followed by some context about the agency system in Norway. We then tell the story leading up to the director's resignation, tracing the two narratives. Finally, we analyze the findings based on the theoretical perspectives and formulate some conclusions and lessons.

## Theoretical Perspectives: Instruments, Culture, and Symbol

An *instrumental perspective* on reorganizations regards the political and administrative leadership as rather influential in public decision-making processes, scoring high on both political-administrative control and means-end thinking (Christensen et al. 2007). Leaders can either have hierarchical control or engage in negotiations and strike compromises (March and Olsen 1983). Applying an instrumental perspective would first be to analyze the actions and perceptions of the executive leadership in the ministry and the director related to the autonomy question. Second, was there a negotiation process going on

between the ministry and the director, leading the director to modify her proposals?

According to a *cultural perspective*, change processes tend to be rather slow and evolutionary, where informal norms and values are developed as a result of adapting to both internal and external pressure (Selznick 1957). The importance of path-dependency and cultural appropriateness implies that cultural norms and values of change efforts have to be compatible with historical traditions. First, we ask whether the director of the agency tried to break with the cultural path of the agency. Second, did the minister act in a culturally appropriate way toward the director and the agency?

From a *symbolic perspective*, reorganization processes will be seen as the social construction of reality, window-dressing, and symbols (Meyer and Rowan 1977). Often the actors use double-talk, meaning that they talk in one way and act in another (Brunsson 1989). Symbols are used to provide flexibility and to increase support and legitimacy, and their use is made easier by the existence of ambiguity in processes of change. Applying a symbolic perspective to our case raises questions about the main symbols the director and the minister used. Are there also signs of symbolic post-rationalization in their arguments related to the autonomy question?

## Contextual Features

There is a high level of mutual trust between ministries and central agencies in Norway. The degree of perceived autonomy of central agencies is higher and the degree of politicization is lower among top civil servants in Norway than in many other European countries (Greve et al. 2016). Norway has a long tradition of central agencies. A main governance doctrine has been that the ministries should be a secretariat for the political executive, while the agencies should have assignments that are more professional, implementing public policy and providing services, regulation, and surveillance. In recent decades an agencification process has been going on in which the agencies have become larger and more influential.

The central agencies are part of the central government administration and directly subordinate to the ministries but structurally disaggregated from the ministries. They are semi-autonomous organizations without legal independence but with some managerial and professional autonomy (Verhoest et al. 2012). The top executives in the central agencies are appointed by the government for a fixed term. Normally reorganization of central government is a prerogative for the government. Internal reorganizations in agencies are normally delegated to the agency.

Statistics Norway was established in 1876 and has over time had a strong professional autonomy. It is a large central agency subordinated to the Ministry of Finance, and it also has an executive board appointed by the government, but the board does not appoint the director. All directors have historically been trained as macro-economists. Most of them have had a long career within Statistics Norway, and there has also been frequent mobility between Statistics Norway and the Ministry of Finance. The appointment of a new director in 2015 was a break with this tradition. The director had a background as a professor in strategy and management and came from outside. Like several of the predecessors, she also had a political career. In contrast to her predecessors, her political career was not in the Labour Party but in the Conservative Party.

From 2013 to 2018 Norway had a minority coalition government formed by the Conservatives and the Progress Party. The leader of the Progress Party was the minister of finance.

## Main Events in the Reorganization Process

The timelines of the main events in the case are summed up in Table 1.

The process started in 2016 when Statistics Norway (SSB) appointed a committee headed by one of the research directors from SSB to discuss the future research strategy of the agency. It consisted of eight members, of whom five were professors of economics. The committee should evaluate the activities of the Research Division in

**Political Control or Professional Autonomy? A Case of Agency Director Resignation, Table 1** Timeline of the main events in the SSB case

| Time | Event |
|---|---|
| 2015 September | A new director of Statistics Norway is appointed |
| 2016 August | The Bye committee is appointed by SSB |
| September 9 | The ministry appoint a public commission on a new law of statistics |
| 2017 January 5 | The Bye committee submit its report proposing major changes in the Research Department, which are supported by the director |
| January 26 | Meeting between the ministry and SSB on the Bye report. Ministry expresses worries about securing the SSB's societal mission. Reiterated in a meeting on April 24 with the board and director |
| April 26 | Board meeting with the director. The board expresses reservations about the direction of the process |
| September 18, 19 | Meetings with the ministry and director on the reorganization, including the criteria for allocating researchers to the RD |
| October 23, 24 | Criteria and actual allocation of researchers revealed |
| October 30 | Meeting between the minister and director. Director announces that she will stop the reorganization until the next meeting |
| November 8 | Meeting between the minister and the director, between the administrative leadership and the director. A meeting scheduled for Nov. 10 did not happen because the director wanted to bring a lawyer with her |
| November 10 | The director gives a press conference attacking the minister, saying there is no reason to sack her and that SSB should not be dependent on the trust of the minister, but should be independent and not subject to political control. The minister gives a press conference, saying she does not trust the director |
| November 12 | Agreement between the director and the ministry that she should quit |
| November 14 | The first of many letters from the Scrutiny and Control Committee to the ministry about the reorganization |
| November 24 | The director writes a letter to the college of European directors of statistical agencies saying she had to go because of conflicts over immigration statistics |
| 2018<br>January 10<br>March 1, 20 | Two public hearings in the Control Committee and the final report from the committee including criticism of the minister from the majority of the Committee |
| March 19 | Report from the commission on a new law on statistics, clarifying and supporting political control |

terms of the strategic goals and the implications for the future organization of the RD.

In its report, the committee proposed a radical reorganization of the research unit (RD). The report concluded that current research was overall not of a high international standard. It proposed that the staff of the RD should be reduced from around 80 to between 25 and 35 researchers and constitute a "center of excellence." It proposed moving the researchers who did not fulfill international quality requirements to the statistical divisions.

The director embraced the committee's report, but the board was reluctant to accept the proposed changes, and so were allegedly also the ministry. But, the director continue to pursue and detailed the proposed change, spurring both internal and external resistance. In the late fall, the process became more intense, with several meetings between the director and the ministry, and it became more public with an intense debate between different views. Finally, the ministry put the process on hold and the director agreed to leave her position in November 2017 amidst strong conflicts over how to interpret the process. The process ended in 2018 by public hearings in the parliament's control committee followed by a general debate in the Parliament.

## Narrative 1: The View of the Agency's Director

Narrative 1, the one asserted by the director, was based on her contention that she had a clear

mandate from the ministry from day 1 to reorganize the agency, since there was a clear need for internal change at SSB. The director also claimed to have the support of the internal employees in her effort to rapidly bring about change. However, when she heard that the ministry was skeptical about the changes, she modified her proposal concerning staff reductions in the RD.

In a rather dramatic and symbol-ridden end to her narrative, the director claimed that her forced resignation was a democratic problem and that the professional independence of the agency was at the heart of the matter. She also thought that the minister had departed from the normal rules when the minister said publically that she did not trust the director, which made her position untenable. She claimed that moving a researcher doing immigration statistics also was behind her demise.

### Narrative 2: The Ministerial View

This narrative was the one espoused by the minister of finance after the conflict erupted, shown in both the open hearings and in numerous letters to the Parliament. It conceded that modernization of SSB was necessary but that the ministry had been worried about the direction of the reorganization. The minister was worried related to the "societal mission" of SSB. The minister asserted that this concern had been expressed over a long period of time in a "steering dialogue."

The minister also denied that the lack of trust in the director had anything to do with her "liberal" views on immigration. It was also argued that the ministry had only used its superior position, because reorganization was of great political significance, and that the case had nothing to do either with violating democratic rights or with limiting the professional autonomy of the agency.

The leadership of the board sided with the minister and said that it had warned the director, but did not communicate this to the ministry. The representatives from the unions at SSB said that they were not much included in the process, were skeptical about the report's attack on traditional macro-economic models, and disagreed with criteria for selection of personnel in the new RD. The national organizations for employers and employees, also sided with narrative 2, because they were warried about the "societal mission" of the agency. A Statistical Law Commission delivering its report in 2018 also agreed with narrative 2 through proposing more control measures from the ministry.

The report from the parliament's control committee had a majority from the opposition parties and a minority consisting of the two parties forming the cabinet. The majority mainly supported narrative 1, while the minority supported narrative 2. In the final vote in the parliament, the view of the majority in the control committee was supported. At that point in time, the political drama of the case had evaporated and the vote had no political consequences for the minister.

## Discussion: The Theoretical Perspectives Revisited

Seen from the *instrumental* perspective, this is a case related to a conflict over the balance between central political-administrative control by the ministry and professional autonomy of the agency. The minister was worried that political steering, defined as related to the agency's "societal mission," would be undermined by the reorganization of the RD at SSB, i.e., the minister had to interfere because it had wider political implications. Seen from the director, the central goal of the reorganization effort was to improve the ability of the agency to deliver good professional quality to the ministry, so the minister and director perceived the potential effects of the reorganization quite different. The director argued that she had the mandate and support from the ministry to enact the reorganization. But, the ministry's concerns were not very clearly expressed, and the director was not very open to stopping the process. The process also had some negotiation features. The main veto player was the minister, supported by internal and external allies, who late in the process had the authority to stop the process.

From a *cultural perspective*, the conflicts in the process represented a potential break with a cultural path for the agency. The director and her

allies supported a structural renewal of the agency and its professional models, i.e., breaking the traditional path. They opened the window-of-opportunity to changing the agency. Their actions seem to be a result of institutional "drift," meaning that they thought that it had not kept up with external changes and therefore needed substantial changes in profile and models (Mahoney and Thelen 2010).

One might further question whether it was appropriate for the minister to say, late in the process, that she did not trust the director to adhere to the agency's societal mission in reorganizing the RD, which is what eventually led to the director's resignation. This is a rather unusual thing for a minister to say, but it was within her steering rights.

According to the *symbolic perspective*, ambiguity in communication and interaction led to a more intense use of symbols. The director of the agency played a general "victim card," which consisted of several symbols related to institutional autonomy and democratic considerations. A combined modernity and quality symbol was played out with respect to the Bye committee. Both leaders in the agency and some economics professors emphasized that the research at the RD was old-fashioned in terms of the models used and of low quality.

The minister primarily used a symbol related to the "societal mission" of the agency, which is very potent in a system of peaceful coexistence and with a focus on collective values.

## Conclusion

Five main general lessons can be drawn from this case. First, the logic of action based on consequentiality and the rather clear rules for balancing political control and autonomy could be problematic in conflict situations with ambiguity in communication and interaction (March and Olsen 1989). Second, modern agency leaders, believing in managerial autonomy, may end up being strongly controlled by the political leadership, resulting from a process of politicization (cf. Maor 1999). The director failed to build internal and external alliances and compromises.

Third, change is also about path-dependency, cultural appropriateness, and veto players (Tsebelis 2002). In the end the agency leader did not pass the cultural "compatibility test" and had to resign due to a change process that conflicted with the institutional tradition and culture.

Fourth, the politics of change in public organizations is also about meaning-making and symbols of tradition and modernity (cf. Meyer and Rowan 1977). The "victim-oriented" symbols of the director clashed with the control and stability symbols used by the minister. Finally, the case illustrates the paradox that despite the loss of authority of expert knowledge, the experts do not adapt their ideas of knowledge and its relation to politics, and the political executives do not abandon their reliance on existing advisory arrangements.

## References

Brunsson N (1989) The organization of hypocrisy. Wiley, Chichester

Christensen T, Lægreid P, Roness PG, Røvik KA (2007) Organization theory and the public sector. Instrument, culture and myth. Routledge, London/New York

Greve C, Lægreid P, Rykkja LH (eds) (2016) Nordic administrative reforms. Lessons for public management. Palgrave, London

Mahoney J, Thelen K (2010) Explaining institutional change. Ambiguity, agency, and power. Cambridge University Press, Cambridge

Maor M (1999) The paradox of managerialism. Public Adm Rev 59(1):5–18

March JG, Olsen JP (1983) Organizing political life. What administrative reorganization tells us about government. Am Polit Sci Rev 77:281–297

March JG, Olsen JP (1989) Rediscovering institutions. The Free Press, New York

Meyer JW, Rowan B (1977) Institutional organizations: formal structure as myth and ceremony. Am J Sociol 83(2):340–363

Polidano C (1999) The bureaucrat who fell under a bus: ministerial responsibility, executive agencies and the Derek Lewis affair in Britain. Governance, 12(2):201–229

Pollitt C, Talbot C, Caulfield C, Smullen A (2004) Agencies: how governments do things through semi-autonomous organizations. Palgrave Macmillan, New York

Selznick P (1957) Leadership in administration. Harper & Row, New York
Tsebelis G (2002) Veto players. How political institutions work. Princeton University Press, Princeton
Verhoest K, Van Thiel S, Bouckaert G, Lægreid P (eds) (2012) Government agencies: practices and lessons from 30 countries. Palgrave Macmillan, London

## Political Corruption

Doron Navot
The University of Haifa, Haifa, Israel

### Synonyms

Abuse of power; Bribery; Graft; Immorality

### Definition

The misuse of public power for private interest.

### Introduction: Agreements and Disagreements About Political Corruption

*Corruption* is an evocative and pejorative term that is used in political contexts to express rage, disappointment and usually also a call for a change. Political corruption, which refers to abuse of public power, is one of the most discussed issues all over the world since the end of the cold war. The prominence role of corruption during the year 2015 and the first months of 2016 can demonstrate this point. For example, in the United States of America, the most established democracy in the world, the candidates' talk about corruption in American politics was one of the reasons for the popularity of the candidate for the Republican nomination for President of the United States in the 2016 election, Donald Trump, or of the candidate for the Democratic nomination for President of Berny Sanders. The leader of the Popular Party in the Madrid region resigned amid investigations of corruption within Spain's governing party. Near to deadline of submitting this entry, Israel's former Prime Minister Ehud Olmert went to prison for 19 months for taking bribe and obstruction of justice, becoming the first ex-premier in Israel – and probably in other contemporary democracies as well – to be imprisoned. Fifa, football's world governing body, has been immersed by widespread corruption. In Brazil, the president was facing impeachment proceedings and many in Congress facing criminal or corruption charges on the first months of 2016, just before this entry was submitted.

Naturally, side by side with the accusations of corruption and systemic problems of misuse of public power, anti-corruption activities and policies have gained a prominent place on the global agenda and in national politics. In addition, there are also civic protests against corruption in government, whether in well-established democracies or in developing ones. Furthermore, a composite of activities carried out by governments, intergovernmental organizations, NGOs, etc., which take the form of tools, measures, campaigns and integrity programs, developed into a distinguished "anti-corruption discourse." Some scholars have described these developments as the corruption eruption, alluding to the possibility that there is more heat than light in the way we study political corruption and attempts to reduce it. Others talk about "anti-corruption industry," alluding to the possibility that the struggle against corruption is not as pure as its agents like people to believe and that its existence is independent or unrelated to the most important problems of misuse of public power in contemporary regimes. It might actually contribute to corruption (Sampson 2010).

While scholars underscore that there are disagreements over the most basic questions of political corruption, as a matter of fact, there is also a wide consensus about important issues. For example, today many scholars are willing to admit that anti-corruption has become an issue of its own and that too many anti-corruption "strategies" did not meet their goals or simply did not make politics and government better. Scholars also agree that corruption means a great deal more than bribery

and that acts of corruption are usually symptoms of a deeper problem in the relationship between state and society. Similarly, scholars assert that there are disputes about the definition of political corruption, but at the same time, that the most common definition of political corruption is misuse of public power for private gain. More fundamentally, there is a tacit acknowledgment that misuse of public power for private gain is an important and problematic phenomenon, which deserves attention of scholars, practitioners, journalists, and ordinary citizens. Likewise, scholars are not satisfied with the measurement of political corruption, and yet, most of them would not entirely dismiss the use of perceptions indexes. Finally, there is almost a consensus today that while it is of utmost importance to combat political and reduce public corruption, there are only few success of anti-corruption endeavors.

Taking this partial consensus as a point of departure, this entry addresses several issues with regard to political corruption. The next section focuses on the question what is the function of the concept of political corruption and discusses the meaning of the term. The section that follows discusses explanations for the causes of corruption, distinguishing between public choice approach, sociological approach, and more historical-institutional approach. Next, the article looks at the consequences of corruption, while the section that follows concisely surveys methodological issues. Before concluding the article examines anti-corruption measures and attempts to curb corruption. The final part discusses new directions in the field and suggests what we can expect from anti-corruption.

## The Concept of Political Corruption and Its Functions

One of the important issues in any conceptual discussion is why the discussion exists in the first place. What kinds of problems and misunderstandings are driving it? What is the purpose in reexamining a given concept, and what will a reconceptualization achieve? These basic questions are neglected from the field, but they are important if any progress is to be made about questions such as what is the nature of political corruption and what is its definition.

The term corruption has strong negative connotations, and the notion of political corruption revolves around the misuse of public power. By definition, political corruption takes place within the public sphere or at the interface between the public and private spheres, by agents with power (Heywood 1997). Most scholars will add the notion of private or personal interest and conceive of political corruption as the misuse of entrusted power for private interest (Andersson and Heywood 2009; Philp 2015).

Generally speaking, the conceptualization of corruption is an attempt to clarify what distinguishes between the *use* and *misuse* of public power, and what kinds of goals are to be considered private. The issues that raise the most complicated and acute questions were those that relate to pervasive abuses of power and of systemic attempts by politicians to gain or preserve public power by misusing their public office. This is because political interactions necessarily involves exchanges: efforts to influence behavior by promising some kind of electoral support (money for campaigns, organization, voting, etc.) in return for governmental service, a policy, legislation, etc.

While illegality was central to definitions of political corruption in the past, and some scholars still prefer to refer legal norms, there is no justification to confine political corruption for illegal actions, and such an approach would be too conservative. Simply put, politicians determine what is legal and what is not, and confining the definition to illegality means that the definition is subordinated to the will and the interests of politicians. That would not allow to include situations and practices that the political elite want to legitimize and have the power to do so, even if they are harmful. Inasmuch as the meaning of corruption has narrowed to illegal behavior and quid pro quo that narrowing has provided not only partial content but it also provided biased content.

In addition to these general concerns, there are more specific reasons to discuss the meaning of political corruption in contemporary democracies and in the developing world. First, over recent

years the term corruption has seen intensive use in the public discourse. It is important to understand this discursive phenomenon, if political life is not to become intolerable and overly rigid. Similarly, scholars must critically examine the notion of corruption as part of a larger attempt to develop sensitivity to the circumstances of politics and in order to develop a political language that is normative but not moralistic (Philp 2015).

Second, the conceptualization of corruption is driven by juridical concerns, especially in countries where the legislature or the Court have held that limits on issues like campaign contributions, lobbying, and other democratic practices are justified by the government's interest in preventing corruption and the appearance of corruption. Third and finally, the conceptual work is required because of the dramatic increase in the power of the business community and the amount of money spent on electoral campaigns over the last four decades in many countries, and the concomitant massive increase in the power of economic elites.

In the end, any conceptualization of political corruption in liberal democracies and even in developing countries that are less than democratic must meet three challenges. First, the conceptualization should improve political judgment by helping develop sensitivity to problematic power relations. Second, it should provide guidelines for public behavior, offer prescriptions for institutional reform if necessary, and help identify agents of change – whether they are in the government or outside of it. Third, the conceptualization should retain core elements of the general concept of corruption.

## The Causes of Political Corruption

One of the features of the literature on corruption in the last century has been the attempt to explain corruption in rational terms in a field that, until the end of the nineteenth century, was dominated by moralists and moral explanations. More specifically, from the early days of modern political science there is a sincere attempt to explain why even decent people may be engages in corrupt practices, and how macro factors like industrialization, urbanization, and immigration are related to the development of massive graft, bribery, and party machine in developed democracies. That is not to say that the literature tolerates corruption or that it exonerate individuals. Rather, it means that the root cause of corruption often goes beyond few rotten apples. The problem is often in the box of apples itself, and if we want to explain why a certain person was engaged in abuse of power, we better take a look also in other factors that go beyond personal failures, bad character of agents, and wickedness of the heart (Navot 2014).

One of the questions that the literature deals with intensively is why some countries are more prone than others to political corruption (Heywood 1997; Persson et al. 2013). There is strong evident that lower perceived corruption correlates closely with higher economic development (Treisman 2007) or that liberal and democratic regimes suffer less from flagrant abuses of power such as extortion, quid pro quad bribery, and nepotism (Johnston 2014). The literature also tells that trust is both cause and effect of corruption. But naturally for the material, what exactly causes corruption, or what are the mechanisms that connect between economic and political factors and political corruption, are disputable issues.

One prominence explanation of corruption adopts economic perspective. Scholars who adopted it tend to use the principal-agent model in order to explain when corruption is more likely to occur. Corruption is modeled as illegal behavior of agents that are motivated by desire to reelect (in the case of politicians), budgets (in the case of bureaucrats), or greed (in the case of both politicians and bureaucrats), entrusted to act on the behalf of principal – the public.

The fundamental cause for corruption on the macrolevel according to this approach is governmental intervention in the economy (Acemoglu and Verdier 2000). More specifically, it is the regulatory functions of the state, rather than the productive or redistributive functions that is associated with corruption (Holcombe and Boudreaux 2015). That way or another, the economic approach believes that what cause political corruption at the individual or microlevel is the fact

that it is more rational to deviate from a rule for private gain. Likewise, this approach suggests that the regular democratic tools – elections, free press, transparency, etc. – are usually deficient against collusions between interest groups, greedy politicians, and ambitious bureaucrats. The extent of corruption in this model hinges on four factors: (1) the value of the state service for a citizen; (2) the value of the corrupt offer that the citizen provide for the decision maker, as a function of the citizen's economic capacities and interests; (3) the probability of being detected when engaging in corrupt interaction, as a function of the enforcement system; and finally (4) the punishment that the system would impose on the corrupt agents if they be detected (Banfield 1975; Rose-Ackerman 1978).

Some scholars that developed this approach assume that elected politicians and bureaucrats are the root cause of corruption. Therefore, they recommend on less government. That is, privatization, deregulation, and shirking the state can reduce corruption dramatically (Becker 1998). However, other scholars who adopted the economic perspective have less faith in the market, and they believe that the state should play a major role also in economic life. They do not support shirking the state or measures such as deregulation and privatization. Rather, according to the economic approach, the best way to cure political corruption is by changing incentives of agents – whether by increasing transparency and control or by increasing the punishment – and enhancing their ethics (Rose-Ackerman 1978).

In contrast to the economic approach, the cultural-sociological approach stresses the degree to which corrupt behavior such as paying money for public service or appointing relatives for public office is bounded by native norms, local distinctions between public and private, and shared interpretations of right and wrong in politics. From this perspective, societies encourage agents to act in ways that are honest or corrupt. The Israeli bureaucrat who receives a gift after providing a complicated service, the American politician who receives a big donation and does favors for his donors, or the French mayor who receives envelopes with cash money routinely are deeply embedded in a domain composed of habits, conventions, and norms which provide schemes of interpretations, of both what is the agent's motivations, what is right and wrong, and what he is allowed to do. Not only do societies provide information about the expectations from the agents, they also affect their desires, motivations, and preferences.

Scholars who adopt the sociological-cultural approach usually define private interests much more broadly than financial gain. Such a definition problematizes the distinction between private and public interest and shows that the boundaries between political corruption and mundane politics is dynamic and complicated. In addition, sociologists, anthropologists, and scholars who adopt this approach tend to underscore how the interpretations of agents are different from the outside observer. Thus, many scholars are reluctant to blame agents for being engage in political corruption. Finally, this perspective is sensitive to the anti-corruption discourse and how it contributes to the construction of the meaning of political corruption. It does not mean that anthropologists and sociologists are relativists or tolerant to abuse of power for private gain. However, they emphasize that observers from the outside, and what an agent will see as legitimate behavior or a corrupt one, is to a large extent itself socially constituted.

The historical-institutional perspective to political corruption combines insights from the economic and sociological-cultural approaches. While it does not provide precise answers to the question what motivates an agent to engage in corruption or what makes a country more prone to corruption than other one, this approach still offers an important and unique view on the subject. The uniqueness lies in sensitivity to power relations and conflicts among groups and in giving more room to ideas and agency in explaining why political corruption occurs. According to this approach, corruption takes place when the benefits related to being corrupt are often considerably greater than the costs. This is similar to the economic approach; however, and in differing with the latter, the historical-institutional perspective stresses that there are discrepancies across groups. The higher a group in the hierarchy, the more

likely it is that it would benefit from engaging in corruption (Persson et al. 2013, 460–461).

This perspective is also distinguishable in the role it ascribes to the state. The state and the bureaucratic apparatuses are not only causes of political corruption but also a cure for it. From this perspective, systemic corruption is deeply rooted in a state's underlying social and historical-political structure, and historical conditions ranging from institutions to natural resources can have long-term effects on political corruption (Uslaner and Rothstein 2016).

For scholars who adopted this approach, a major question is how corruption became entrenched, endemic, and pervasive, that is, the acceptable way of governing. A related insight in this literature is that it is not enough to explain that corruption is not in the interest of politicians, bureaucrats, and the people but also to solve coordination problem or collective action problems (Warner 2007; Rothstein 2011). Basically, the answer for such a question in this approach is a combination of history and institutions, a strong focus on the development of institutions of the state, and patterns of participation (Johnston 2014). For example, one study shows that the employment terms of public employees and the extent to which they are dependent on politicians are essential for understanding why some states suffer from systemic corruption (Dahlström et al. 2012).

## The Consequences of Political Corruption

One of the insights of the literature in the past three decades is that political corruption combines many types and practices, and thus, there are many consequences for corrupt acts (Johnston 2014). Likewise, context matters. While under specific consequences, certain corrupt acts may be beneficial for the common good – it may be more beneficial to pay a bribe for a lazy or a corrupt politician that would not advance a project that increases welfare otherwise – in general, it is obvious that corruption is not only immoral, and that corrupt acts are wrongful (and often blameworthy as well), but also that corruption is a harmful phenomenon. As a matter of fact, even philosophers and scholars that pointed out that corruption may be the lesser evil (from David Hume, through Alexander Hamilton to Walter Lippmann, Robert K. Merton and Samuel Huntington in the twentieth century) did not doubt that it is better to act in decent and honest way. Simply put, the question is not whether corruption is good or bad, but rather, whether it is possible to reduce corruption without causing more harm than good (Johnston 2014).

That way or another, as long as political corruption is discussed in general terms, the consequences of it can be enormous and deadly. There is plenty of evidence that corrupt rulers cause a lot of suffering for their people and that corrupt institutions and bureaucracies are one of the major reasons that poor countries are poor. It means that corruption causes death, hunger, waste of resources, and other human suffering (Rothstein 2011). High levels of corruption and exposure to corruption are a major problem for development worldwide, creating slower economic growth as well as poor social consequences. It breeds mistrust among people, mistrust in politics and government, and reduces trust (Seligson 2002). On the other hand, in countries with low corruption there is more human well-being than corrupt ones.

The consequences of corruption are far reaching even in developed democracies. Simply put, misuse of public for private gain also corrupt democratic processes and exclude people. It increases political inequality and make democracy mainly a façade (Warren 2004). Corruption in democracies breeds mistrust in government, causes anger, and discourages people to take part in the political process (Thompson 1995). More fundamentally, when institutions are systematically dependent on forces that are not the people, such as big donors or the business class, the government does not serve the people (Issacharoff 2010; Lessig 2011). This is massive problem on its own, and it can lead the desire for "strong leaders" who are "not corrupt" even if they breed racism, hatred, and illiberal ethos.

## Methodological Issues

Assuming that the conceptual challenge was solved and the definition of corruption is agreed upon, one of the problems with the study of corruption is the ability to measure misuse of public power, especially if it is delimited for misuse of public power for private gain. Corruption entails illegitimate activities, which participants want to hide. The clandestine nature of corruption makes it difficult to detect. Often corruption does not leave tracks – unlike murder there is no dead body or a missing person that someone is looking for – and at times it is not even clear whether or not corruption exists. Similarly, it is hard to tell what motivate agents to act the way they do. It is hard to judge whether the power holder has found the balance between different kinds of considerations in making decisions. The problem is not merely epistemological, one that could be overcome if the observer could only see more deeply into the minds of politicians and bureaucrats. The difficulty is built into the nature of politics – the nature of acting in the public sphere, whether in democracies (Thompson 1995) or other regimes. That means that is it often impossible to measure corruption directly.

The main response to this difficult in the last quarter century has been to rely on the perceptions, evaluations, and assessments of experts and ordinary citizens. That is, corruption measures are often based on the willingness of respondents either to share information about their own experience or their observations about corruption. The most prominent measure is Corruption Perception Index (CPI) constructed by Transparency International (Andersson and Heywood 2009), which make use of cross-national business people, experts and analysts' perception indices to rank countries, and aggregate information from a number of sources that include country risk ratings produced by business consultancies, surveys of international or domestic business people, and polls of country inhabitants. The CPI seeks to measure the overall extent of corruption in the public or political sectors. Another method was inspired by crime-victimization surveys. Corruption is measured by asking respondent about direct personal experience with it and questions recording their experience with corruption immediately prior to the survey. TI's Global Corruption Report and the Bribe Payers' Index are a case in point (Seligson 2006). The latter is not based on perceptions but rather on respondent's willingness to share information about their experience with the public sector.

In a sample of European states, the perceptions of how much one's public sector is corrupt were highly consistent when comparing samples of those who have and those who have not recently experienced public-sector corruption. Perceptions of citizens in Europe are highly correlated with expert perceptions. Simply put, a consistency of corruption perceptions between experts and citizens, as well as actual reported citizen experiences was found, and there is external validity for citizen-based perception measures (Charonn 2016).

However, whether the measure is based on experts or on ordinary citizens is also suffers from shortcomings. First, it is doubtful to what extent such perceptions and experience surveys measure misuse of power for private gain, and not other issues – such as disappointment from government, neoliberal, or anti-political sentiments. Although the surveys often ask a panel of experts to rank corruption on a scale of low to high, it is not known whether the experts share a common assessment of what constitutes any particular location on such a scale. Indeed, there is a high degree of correlation between the various indices, but that is partly because the surveys ask similar questions to people in similar positions (business people), and many of them are focused on bribery (Andersson and Heywood 2009). The second problem is that ordinary people, businessmen, and most if not all the analysts are not exposed to grand corruption, which is of great importance for the study of political corruption.

Ironically, the limitations of corruption perceptions indexes might be more crucial in indexes that are based on business people and analysts. First, the latter usually have less experience with every day corruption, or petit corruption, with compare to ordinary people. Business men usually have experience only in specific segments of

the government – according to their occupation and contacts. Second, business people usually have different world views from ordinary people, and this is especially true when it comes to very rich people. To conclude, TI has contributed to a significant research on corruption but also to the development of anti-corruption measures, which is the topic of the next section.

## Corruption, Anti-corruption, and Anti-anti-corruption

Struggling against corruption has emerged as a priority in many countries, and since the end of the 1980s, there is a tendency to adopt measures that are declared to be against corruption. These measures include declarations or statements about the need to curb corruption, signing of agreements and conventions, and efforts to enforce these commitments/agreements by governmental and non-governmental actors that are specialized in this field (Sampson 2010).

One of the insights of the literature, which is supported also by empirical research, is that democracy reduces corruption. A recent research discovered that the effect is considerably larger than suggested in the literature. Democracy, then, is important in combating corruption which means that democratization should be part of strategies to reduce corruption (Kolstad and Wiig 2015).

However, after a quarter-century long reform efforts to reduce political corruption, there is almost a consensus that anti-corruption activities that had been funded by international organizations are more often than not ineffective. Even in developed countries, there are anti-corruption rules that are not enforced, and many institutions do not have sufficient resources and discretion to enforce them. It is rare to find genuine will among power holders to eliminate corruption, and as a result, the declared intentions are not actualized. Scholars assert that the problem goes deeper than lack of will. According to them, most of the anti-corruption measures are based on misguided assumptions and on improper action items (Johnston 2014; Persson et al. 2013). Others conceive anti-corruption as apolitical and neoliberal-inspired solutions, which are part and parcel of political repression and abuse. At least in Tunisia, anti-corruption global discourse is a way to put forward neoliberal rationality, and it has been biased in favor of the needs of foreign investors (Baumann 2016).

Indeed, anti-corruption strategies may have many limitations, and they usually do not make government and politics free from misuse of public power. But at least in certain countries, they also make a positive difference. Thanks to the anti-corruption discourse; decisions makers; transnational corporations; business communities; lobbyists; courts and candidates act against quid pro quo, bribe-taking, and extortion; and flagrant abuses of power are probably less common. That is, while anti-corruption programs are at times consistent with the interests of bureaucracies and the private sector, they are also beneficial for the majority of the people. Simply put, the "anti-anti-corruption" sentiment, which seems to become fashionable in the last decade among political theorists, is much more problematic than anti-corruption per se.

Similarly, a closer look at responses to corruption shows that they have not simply been shaped by the anti-corruption global discourse or "anti-corruption industry." Rather they have been shaped by social entrepreneurs and the capacities and resources of local agents (Navot and Cohen 2015). Put differently, the global anti-corruption industry offered activists a tool they could use to put forward and legitimize their own concerns about political corruption (Walton 2016). So, while there are good reasons to be skeptical about anti-corruption measures that overlooks social forces and political institutions, it is no less important to not to overestimate the power of the global discourse.

Against this background, one of the lessons from the failed anti-corruption strategies that were adopted in the 1990s is not to conceptualize systemic corruption as a principal–agent problem, but rather to conceive it primarily as a collective action problem. Based on the case of Sweden who made a dramatic improvement during the nineteenth century, scholars who are interested in

reducing entrenched and systemic corruption stress the importance of three factors: improvements in the legal system; recognition of the problem by the main political actors; and liberal ideology (Rothstein and Teorell 2015).

## Conclusion

Over the past quarter century, political corruption has become an important issue and a central research topic in the social sciences. After a period in which political corruption was confined to illegal behavior and the focus was on the question of why individuals decide to engage in corrupt behavior, the emphasis of recent works have shifted to the analysis curbing systemic and entrenched corruption.

Supporters of anti-corruption activities and policies have tried to recruit influential players to reduce political corruption. They have been especially keen to attract people identified with an ideology that supports values such as transparency, integrity, responsibility, and accountability. Nevertheless, the experience and empirical research over the last two decades reveal that transparency and administrative measures are not sufficient to fight corruption, especially given the high costs associated with such efforts. In order to establish an environment of value-based public policy, it may be necessary to combine it with an understanding of the needs and motivations of potential anti-corruption agents and to adopt a more political approach – an approach that takes power and social relation much more seriously. Why there are no agents aimed at reducing corruption in some areas, while in other areas such efforts are successful? This question can be resolved by the realization that political intervention is conditioned by cost–benefit calculations and power relations. Thus, when agents decide to take action against political corruption, they must believe that it has a good chance of success and that the benefits outweigh the risks and costs or they must be desperate to such an extent that they would act against corruption even if the chances to succeed seem to be very low.

The historical institutional literature, which is more political in nature, has the potential to accommodate and improve accounts of political corruption based on principal-agent model, economic, and legalistic approaches. First, it suggests how fundamental change might take place, without becoming too naïve about such a possibility or glossing over the problematic of such a change. Second, it has the potential to leave room for the role of agency in curbing political corruption, thus amending abstract views about coalitions, interests, and civil society. Third, the literature corrects the wrong view as if the market is the solution to political corruption. Shifting attention from incentives to agents and social relations may offer a new lens through which scholars can examine the behavior of both politicians and the very wealthy few, including corporations. With such an approach, which is more classical in nature, scholars and citizens can identify those who are willing to risk their political careers and call out those who cowardly refuse to do so. Another change that it might be time to adopt is to distance the concept of political corruption from the question of what should be done to combat it. Corruption ought to be exposed, at minimum, because it violates human dignity. Ultimately, the aim is to trigger public discourse that may lead individual agents to rethink their engagement in a corrupt practice or to start a process that will end in an enforceable policy against it. However, to avoid the language of corruption just because "the system is here to stay" is to be unfaithful to the truth and will only serve to strengthen the corrupt system.

What is needed in order to curb corruption is not only good institutions but also good politicians who are willing to confront the very wealthy few and good citizens who are willing to demand more from their representatives. One way or another, to conceive corruption in contemporary democracies through the lens of simplistic economic or institutional theory is to gloss over crucial elements, distinctions, and insights associated with the classical view of corruption. Among these elements is sensitivity to the power of the very wealthy few – the grand or economic elite – and an understanding that good politics depends

not only on institutions but also on virtue, sacrifice, and proper power relations.

## References


Acemoglu D, Verdier T (2000) The choice between market failures and corruption. Am Econ Rev 90(1):194–211

Andersson S, Heywood P (2009) The politics of perception: use and abuse of transparency International's approach to measuring corruption. Polit Stud 57(4): 746–767

Banfield E (1975) Corruption as a feature of government organization. J Law Econ 18(3):587–605

Baumann H (2016) A failure of governmentality: why Transparency International underestimated corruption in Ben Ali's Tunisia. Third World Q. https://doi.org/10.1080/01436597.2016.1153417

Becker G (1998) If you want to cut corruption, cut government. http://www.bloomberg.com/news/articles/1995-12-10/if-you-want-to-cut-corruption-cut-government

Charonn N (2016) Do corruption measures have a perception problem? Assessing the relationship between experience and perceptions of corruption among citizens and experts. Eur Polit Sci Rev 8(1):147–171

Dahlström C, Lapuente V, Teorell J (2012) The merit of meritocratization: politics, bureaucracy, and the institutional deterrents of corruption. Polit Res Q 65(3): 656–668

Heywood P (1997) Political corruption: problems and perspectives. Polit Stud 45(3):417–435

Holcombe RG, Boudreaux CJ (2015) Regulation and corruption. Public Choice 164(1):75–85

Issacharoff S (2010) On political corruption. Harv Law Rev 124(1):118–142

Johnston M (2014) Corruption, contention and reform. Cambridge University Press, Cambridge, UK

Kolstad I, Wiig A (2015) Does democracy reduce corruption? Democratization. https://doi.org/10.1080/13510347.2015.1071797

Lessig L (2011) Republic, lost. Twelve, New York/Boston

Navot D (2014) The concept of political corruption: lessons from a Lost Epoch. Public Integr 16(4):357–374

Navot D, Cohen N (2015) How policy entrepreneurs reduce corruption in Israel. Governance 28(1):61–76

Persson A, Rothstein B, Teorell J (2013) Why anti-corruption reforms fail – systemic corruption as a collective action problem. Governance 26(3):449–471

Philp M (2015) The definition of political corruption. In: Heywood P (ed) Routledge handbook of political corruption. Routledge, London

Rose-Ackerman S (1978) Corruption: a study in political economy. Academic, New York

Rothstein B (2011) The quality of government. Chicago University Press, Chicago

Rothstein B, Teorell J (2015) Getting to Sweden, part II: breaking with corruption in the nineteenth century. Scand Polit Stud 38(3):238–254

Sampson S (2010) The anti-corruption industry: from movement to institution. Glob Crime 11(2):261–278

Seligson M (2002) The impact of corruption on regime legitimacy: a comparative study of four Latin American countries. J Polit 64(2):408–433

Seligson M (2006) The measurement and impact of corruption victimization: survey evidence from Latin America. World Dev 34(2):381–404

Thompson DF (1995) Ethics in congress. The Brookings Institution, Washington, DC

Treisman D (2007) What have we learned about the causes of corruption from ten years of cross-national empirical research? Annu Rev Polit Sci 10:211–244

Uslaner EM, Rothstein B (2016) The historical roots of corruption: state building, economic inequality, and mass education. Comp Polit 48(2):227–248

Walton GW (2016) Gramsci's activists: how local civil society is shaped by the anti-corruption industry political society and translocal encounters. Polit Geogr 53: 10–19

Warner C (2007) Corruption and globalization. In: Ritzer G (ed) The Blackwell companion to globalization. Blackwell, Malden, pp 593–693

Warren ME (2004) What does corruption mean in a democracy? Am J Polit Sci 48(2):328–343


# Political Crimes in Bangladesh


Masuda Kamal[1] and Md. Jahidul Islam[2]

[1]Department of Public Administration, Comilla University, Comilla, Bangladesh

[2]Department of Public Administration, Stamford University, Dhaka, Bangladesh


P

## Synonyms

Political Conflicts; Political Crimes; Political Violence

## Introduction

In Bangladesh, political crime has achieved a great attention of sociologists and criminologists. Political crimes are marked by the intra- and interpolitical parties' violent conflicts, brutal clashes in educational institutions between and among student political organizations over establishing supremacy and capturing seats and

hostels, sporadic violence over holding political rally, conflict between political groups in terms of elections, using state instrument to suppress the opposition political parties, political involvement and interferences in recruitment of government jobs, attacks and killing of opposition groups activists, corruption and illegal demanding of fees from government development projects, demanding illegal political quotas by ruling student political organization in educational institutions, tender related political crime, attack on law enforcing agencies by political parties, destruction of public properties during the periods of hartal by oppositions political parties, indiscriminate torture by ruling parties on opposition political parties activists, grabbing of land of poor people's by ruling party activists, destruction of environments through indiscriminate cutting of trees by political activists, and so on. There are many factors behind these types of political crimes including economic, social, and political dimensions. Except for these types of political crimes, there are different dimensions of political crimes, but in this study, the published politically connected crimes at newspapers are only a matter of discussions. The objective of this paper is to investigate different types, actors, and associated factors of political crimes in Bangladesh.

## Definition of Political Crimes

Political crime refers to politically organized, motivated, linked or supported anti-moral, antisocial, and anti-legal activities committed by political activists through using political identity and power.

## Conceptual Discussion of Political Crimes

There is no universal definition of political crime. Ross states that, "political crime is rarely examined when studying the dynamics of crime, justice and law." He also mentioned that there are various criminal acts which are considered as political. Sedition and treason are considered by state as political crime because of threat to the order (public, social, or otherwise) or national security. Sometimes, when incumbent governments occasionally engage in repressive action against its law-abiding citizens and harass are considered as political crime. According to him, oppositional and state-initiated harmful acts increasingly understood by many scholars as political crime. There are many obstacles of understanding the political crime. Ross identifies the lack of consensus with respect to a definition, availability of reliable information, rigorous analysis, and/or interest in political crimes (Ross 2012). According to Webster (2013), "political crime is the violation of law or of the public peace for political rather than public reasons." Furthermore, political crime also indicates to the serious violation of the law that threatens the security or survival of a government (ASK 2013).

Moreover, there is no widely accepted theoretical explanation of political crime. But few scholars discussed some relevant theories. For example, Merton cited in Ross in earliest provided a theoretical framework which partially touches the political crime. According to him, "anomic theory of deviance (that is, strain theory), individuals live in societies that have a considerable amount of 'structural dysfunctionalism.'" This in turn leads people to experience to an ends/means discrepancy. These processes combined together create stress. In order to minimize discomfort, individuals have five options. One of which is rebellion (nominally types of political crime). The limitation of Merton's theory is it's too limited for a more encompassing understanding of political crime (Merton 1938, 1964, 1964; Kelly 1972 cited in Ross 2012). Moran describes, "sequential stages which in successive combination might account for development of political crime." The first step involves what Moran calls "predisposing conditions or background factors, the conjunctions of which forms a pool of potential political criminals. The conditions exist prior to an individual's decision to commit a political crime and by themselves do not account for his behavior." The aforementioned perspective includes the concept of strain and "a political problem solving perspective." The latter consists of "situational contingencies which leads to the commission of political crimes by predisposed individuals." Moran advocates a five-stage "developmental model" consisting of

the following steps: (a) strain, (b) political problem-solving perspective, (c) a turning point event, (d) commitment to act, and (e) engaging in the political crime (Moran 1974 cited in Ross 2012).

Turk has offered an alternative perspective. His structural conflict theory posits that although power and inequality are important factors in explaining political crime, the cultural gap between offenders and authorities is the primary factor that leads to the commission of political crime. The conflict theory states that the political organization formed because of conflicts between individuals, families, tribes, or groups to attain a good means to live. Material gain, opportunities, resources, and power are the main sources for which people become united and select the course of action in the political organization. According Austin T. Turk, "the Political organization of social life results from and in characterized by conflicts (often more implicit than explicit) among different individuals and groups of people trying to improve and ensure their life chances-that is, the likelihood that they, at least will have the means of opportunities to realize their respective vision of the good life." Conflicts between individuals often play important role in aggravating wider conflicts. His analysis also shows that the political crime occurred in organized form (Turk 1892).

The radical conflict theory originated from Marx and Engels, where Marx suggested that conflict in society is the result of the scarcity of resources (property, wealth, power, jobs). This creates inequalities among individual and constituencies, which in turn lead to a struggle as to who possesses these resources and who do not. During the 1960s, a number of theorists applied these theories to crime. For example, Quinney, a neo-Marxist suggested that class struggle affects crimes at least in three ways. Quinney, a leading radical conflict theorist, argued that all crime in capitalist societies (which stresses individualism and competitiveness) should be considered a manifestation of class struggle, whereby people strive for wealth, power, money, status, and property. In a country dominated by capitalist mod of production, a culture of competition arises. This is seen as normal and desirable and takes many forms, including criminality (Ross 2012).

After analyzing many theories, Ross developed a new theoretical framework of political crime. He states that "political crimes is the result of complex interplay among individuals (I) situations/opportunities(S), organizations (O), resources adequacy (R). He calls it ISOR relationship." According to Ross, although many political crimes are committed by groups that are formally or loosely structured, whether oppositional or state organizations, these activities are in the final analysis committed by individuals. These people are working within the structural confines of informal or complex organizations, political systems, political economies, and different cultures. They make decisions and act, while often denying that they are not engaged in any kind of wrongdoing.

## Typologies and Actors of Political Crimes in Bangladesh

There are many types of political crimes in Bangladesh which occurred by political parties, groups and individuals. Political leaders and activists are performing several types of crimes by using their political affinity, identity, and power. They don't care about laws and regulation of the country. "Might is rights" policy is most applicable to them. "Culture of impunity" in the justice system of Bangladesh for political consideration is making the situation more degrading day by day. Political crimes are not only limited within political boundary but affecting civilian lives and property. Widespread political crimes like subversive corruption by political leaders, state-sponsored violence against opposition political leaders and activists including disappearance and crossfire, oppositional initiated political violence like random destruction of public properties in terms of hartal or political rally, arbitrary arrest of opposition political leaders and activists by law enforcing agencies, bloodshed conflict between student organizations at educational institutions, deadly clash over establishing supremacy, etc. are well known in Bangladesh. There are various

factors behind these crimes including economic, political, and social and so on. Intra-political group violent clashes and intergroup political conflict result in many deaths and thousands of injured and casualties in every year. In the following section, various types of political crime with different dimensions on the basis of news published by the Prothom Alo, a Bengali daily newspaper in 2010 discussed as follows:

### Political Crime in Educational Institutions by Students Wings

Political crimes in educational institutions especially in higher educational institutions (colleges and universities) occur at a frequent basis. There are different categories of politically motivated and connected crimes in educational institutions. In most cases, the student organizations or wings of major political parties are involved in these criminal acts. These includes intra-political parties student wing deadly clashes, attack on rival groups, interpolitical student wings' bloodshed conflict, attack on ruling student wing by opposition student organization, attack on opposition political parties' student wings' activists by ruling, assault on teachers by political leaders, illegal demanding of quotas in terms of admission tests, and so on. In many cases, admission process of different higher educational institutions are being halted for certain periods because of ruling wing student organizations pressure on administration. According to the published reports of newspapers, in 2010, different types of political crimes in educational institutions were presented. The following tables categorically describe various criminal activities performed by major political parties' student organizations:

The analysis of the reports (Kamal and Islam 2013) of the newspapers shows that in 2010, the total number of intra-political student organization clash were 23, interpolitical parties student wing clash were 8, attack by oppositional student political organizations on ruling party student wing was 1, attack by ruling student organizations on oppositions were 10, respectively. Illegal quota was demanded by the ruling party student wing (Chatra League) in four educational institutions. In addition, the total number of assault or attack on teachers by political student organization were four. In all these cases, approximately 575 persons including students and teachers have been injured, and 8 students were brutally killed respectively.

The most pervasive factors behind these crimes occur over establishing supremacy at campuses, declaring new committees, capturing halls, hostels and seats, tender, trifling matters, economic factors, ideological differences, and so on. In most cases of conflicts, university authorities did little except declaring an indefinite period of vacation. Law enforcing agencies become silent or inactive when deadly conflict take place at campuses. Few cases of students killing at educational institutions have seen proper investigation and punishment of perpetrators. The incumbent ruling party always shows their silence when any student out of their wing is being brutally killed.

### Intra-Political Parties Conflict in Bangladesh

Beyond educational institutions, political parties' activists engage in intraparty conflict. This type of conflict does not occur only among the ruling party's activists but also among the opposition as well. These types of political conflict actually occur among the leaders and activists of mother political organizations on several issues including tender, illegal business, holding new committee, establishing supremacy in certain area, establishing supremacy during elections, previous enmity, over holding rally at same places, property dispute, and so on. The analysis of Prothom Alo reveals that the total number of intra-political party conflict were 29 and 7 among the ruling party, Awami League and opposition Bangladesh Nationalist Party (BNP), respectively. Total numbers of attack on rival groups of ruling party were 11 and 1 in opposition. In addition, 549 people were injured, and 12 persons were brutally murdered due to intraparty violent clash. Finally, 48 intraparty conflicts were held according to the Prothom Alo report. But, really, this number may be more.

### Interpolitical Parties' Conflict

Interpolitical parties' conflicts beyond educational institutions between the activists of major

political parties of Bangladesh occur at a frequent basis. Deadly conflicts occur on several periods, and issues depending on the context including in the period of oppositional imposed country-wide day-night shutdown, over establishing supremacy, holding rallies and processions at the same places, before and after national and local elections, political disputes, previous memory of repression, ideological differences, and so on. The newspaper reports of Prothom Alo in 2010 shows that at least nine violent interpolitical parties' conflict occurred in several parts of Bangladesh. In these cases, hundreds of people were injured and many died.

### Clash Between Law Enforcing Agencies and Political Parties

Bloodshed clashes between law enforcing agencies especially police and political parties especially with oppositional political parties have become the political norms of Bangladesh. But, this type of clash with police indicates to abhor the law and order systems of state. Due to that reason, politically motivated clash with polices or with law enforcing agencies could be termed as one kind of political crime. In most cases, clashes between police and the activists of opposition political parties occur on the occasion of holding a rally or procession declared by opposition political parties. Engagement in conflict with police is one kind of crime, but prevention of oppositional parties' peaceful procession and rallies and indiscriminate attack by law enforcing agencies is another type of state-initiated crime as well. Because, according to the constitution of Bangladesh, every citizen has the right to hold peaceful political protest and rally. In the year of 2010, total number of clashes between oppositional political parties and police were six, and between the activists of ruling parties and police were two. In these clashes, many people including police were injured.

### Hartal and Political Crime

Hartal or shutdown is a political and democratic right according to the constitution of Bangladesh. But, this instrument frequently used by political parties especially by oppositions to force government to do anything or to protest against government on any specific issue. There may have been a certain issue of hartal including political demand and protest against repression of government. In terms of hartal, widespread destruction of public property including vandalism of cars, firing on buses, bursting bombs, and sporadic violence marked the whole country. In 2010, 171 different types of vehicles were vandalized by opposition political parties' activists and about 26 by ruling party activists on different events, respectively. In most cases, huge numbers of vandalism of cars took on occasions of hartal.

### Attack on Opposition Political Parties by Ruling Parties

Repression and indiscriminate torture by ruling party on opposition leaders and activists are well known in Bangladesh. These attacks don't wage only the opposition party activists but on their homes, business institutions, and offices. According to the Prothom Alo reports, in 2010, total numbers of attack on opposition political parties' activists and in their political offices were 20 across the country. In these attacks, many persons were injured and many were killed. Culture of impunity by the justice system of Bangladesh to the killer of opposition leaders blatantly have been observed by the people of Bangladesh. However, ruling political parties' men also are being attacked by the opposition political parties' activists at different places of country. But, all issues generally have political affiliation. In 2010, three incidents of attack on ruling party activists by opposition have occurred which have been reported by Prothom Alo.

### Attack on Law Enforcing Agencies by Opposition Political Parties

Police or law enforcing agencies are being targeted by opposition political parties when they think that policemen are an obstacle to hold their rallies or processions. Sometimes they may have different intentions including breaking the strong mind of police or law enforcing agencies. The analysis of the news reports of Prothom Alo of 2010 states that total numbers of attack on

police or law enforcing agencies were four by the opposition political parties.

### Political Vandalism of Vehicles

Vandalism of vehicles including bus, private cars, and trucks has been a political culture in terms of political protest, hartal, etc. In 2010, the total number of vandalism of vehicle by the opposition political parties were mentioned by Prothom Alo was 171 and by the ruling party activists' were 26. Dire consequences due to the indiscriminate destruction of public property may affect transpiration, economy, and the glory of Bangladesh.

### State-Sponsored Violence

By using state instrument as a means of violence and repression, often incumbent government wants to suppress opposition political parties' demonstrations. To do so, there may have many processes including mass arbitrary arrest, imprisonment of opposition leaders, disappearances, etc. According to the reported data of 2010 published by the Prothom Alo, it shows that about 1284 opposition parties' activists were detained by law enforcing agencies.

### Tender-Related Political Crime

In Bangladesh, tender is an important issue and a source of political crime. In most cases of tender, the local ruling political leaders become involved. Ruling political leaders approach illegally to get the tender. According to the data of 2010 reported by the Prothom Alo, eight political crimes over tender occurred in different places on different development projects. This type of crime includes creating a hindrance in terms of calling and selecting the individual or company. Political influence and power become the main elements of getting the tender work. Political leaders try to get the tender by hook or by crook. Sometimes violent disputes between two political groups over tender have taken place.

### Government Jobs Recruitment

The government job recruitment sector of Bangladesh is a better field for criminals. This type of crime includes taking bribe for recruitment into jobs, recommendation by political leaders (member of parliament, ministers, local leaders, etc.), and so forth. The ruling party plays key role for criminalization of job sector in Bangladesh. In all kinds of government jobs (from fourth class to first class government jobs), subversive corruption and illegal recommendations for recruitments by political leaders occur. In 2010, seven big incidents of political interference in recruitment of government jobs at different hospitals, educational institutions, and administrations performed by ruling political leaders were published by Prothom Alo.

### Environmental Hazards

Trees are the main sources of environmental security. River flow is important to get rid of over-inundation in terms of floods. In many places of Bangladesh, illegal cutting of huge numbers of trees and stopping the river flow by creating an artificial dam for catching fishes by local political leaders were published by daily newspapers. These indiscriminate cutting of trees are a threat to the environment. For that reason, it can be considered as crimes against environment. For example, a report states that 21 trees on street have been cut by Awami League leaders (The Prothom Alo, January 03, 2010). Another report states that a ruling local leader is involved in catching fish by creating an artificial dam violating the law into the Padma River at Faridpur with the cooperation of an opposition local party leader. This type of artificial dam stops the river flow and creates a new shoal on the river basin (The Prothom Alo, January 1, 2010). Furthermore, a report states state that a hundred-year-old tree of a school has been sold by a BNP leader to an Awami League leader without permission of the authority (The Prothom Alo, January 12, 2010). In addition, in recent days, thousands of trees have been cut during hartal periods. In 2010, five reports of crime on the environment by political leaders were published in Prothom Alo.

### Grabbing the Land of Landless People by Political Leaders

News on grabbing of land by political leaders in rustic areas often publishes by daily newspapers. This type of crime is being committed by the

powerful rural political elites. The political identity of grabber especially the ruling political party leader enjoys the immunity of being punished by law enforcing agencies in many cases, and the "might is right" policy can describe the situation better. The report of 2010 indicates different incidents of grabbing land of poor people by local ruling political leaders. For example, a report states that a pond of landless people has been illegally captured by a ruling party man in Jhenaidah district, which is being used by 80 landless poor families (The Prothom Alo, January 3, 2010). According to reports of the Prothom Alo in 2010, seven incidents of illegally grabbing of lands of poor people by political leaders occurred.

### Illegal Sand Business by Political Leader

Political leaders do many types of crime by using political power. Illegal sand business is also another type of crime committed by the political leaders. In 2010, three incidents of sand business by local political leaders were reported by the Prothom Alo. This illegal sand business often becomes harmful for local people and the environment. A violent conflict between local people and ruling leaders on illegal sand business also occurred in 2010.

### Corruption in Development Project by Politians

Government development project is one the most important sector of corruption by political leaders. In 2010, five incidents of corruption and demanding illegal fees by ruling political leaders on different development projects were reported by the Prothom Alo.

### Assault on Administration's Personnel by Ruling Leaders

In Bangladesh, sometimes, the incident of assault on administration personnel occurred by the ruling party leaders in different places. The incident of assault occurred especially when the administrative man avoids illegal demand by politicians. Sometimes political leaders physically harassed and mentally tortured administrative officials and were threatened to be sent in a remote area if they don't follow his order. In 2010, five incidents of assault by ruling political party men on administrative officials were reported by the Prothom Alo.

### Violence Against Women and Political Connection

Violence against women is a crucial crime. Sometimes politically connected personnel assault on women because of his political power and get immunity from law enforcing agencies by using the political power. According the analysis of the Prothom Alo reports, in 2010, three incidents of assault on women by political leaders and activists occurred. But, in these three cases, no persons have been arrested by law enforcing agencies because of their stronghold with ruling party.

### Other Types of Political Crime

Except above political crimes, there are many types of politically motivated and connected crimes. These include attack on journalists, civilian people, and on market places by political activists. Journalists often become target of violence by political leaders and parties. Furthermore, political activists may attack on a market place or in a public place for a trifling matter. In 2010, eleven incidents of different types of crimes except above described the types occurred in different places of Bangladesh.

### A Holistic View of Political Crime in Bangladesh

The above description contains different categorical and types of political crime in Bangladesh. The daily Prothom Alo published approximately 402 reports on political crimes in 2010. According to its published reports, approximately 2129 persons severely injured due to the political violence, and 24 persons have been brutally killed (Kamal and Islam 2013).

## Conclusion

Political crimes have dire consequences on physical, mental, social, economic, educational, and environmental aspect as well. There are several types of political crimes. The pattern of political

crime may change over time. In recent days, these include violent political deadlock and conflict between and within political organizations, bloodshed clashes at educational institutions, demanding illegal quota and interfering into admission process, state-sponsored violence against oppositions including disappearance and arbitrary arrest, culture of impunity for political consideration, corruption by political leaders, interference and recommendation for government jobs recruitments, indiscriminate torture by police and ruling on opposition leaders and activists, sporadic violence by opposition in terms of hartal and demonstration and destruction of public properties, tendering, crime against the environment (trees, rivers, and hills), conflict over establishing supremacy and holding rally, violence against minority before and after national elections, and so on. In most cases of political crimes, ruling party activists are vigorously involved.

To prevent these subversive political crimes, the incumbent government should take a stringent action against the perpetrators who are engaged in criminal activities by using political power and identity. Law enforcing agencies should act neutrally and strictly to detain perpetrators. The culture of impunity should be abolished from the justice system of Bangladesh. More frequent news should be published by mass media on criminal activities performed by using political power. Finally, political will of government and cooperative initiatives by masses, civil society, mass media, NGOs, and government to eradicate political crimes from society could be more effective.

## References

ASK. What is political crime? http://www.ask.com/question/what-is-a-political-crime. Access date 23 Nov 2013

Kamal M, Islam J (2013) Political crimes in Bangladesh: a study based on newspaper information. Society and Change, vol VII, no. 3, July–September. Osder Publications, Dhaka

Ross LJ (2012) An introduction to political crime. The Policy Press, Bristol

The Daily Prothom Alo, Date: 03/01/2010

The Prothom Alo, Date: 11/01/2010

The Prothom Alp, Date: 12/01/2013

Turk AT (2015) Political criminality. In: Williams FP III, McShane MD (eds) Criminology and theory: selected classic readings. Routledge, Abingdon

Webster M. Political crime. http://www.merriam-webster.com/dictionary/political%20crime. Access date 23 Nov 2013

# Political Culture and Good Governance in Nigeria

Joseph Lere Omiwole
Kinsey College of Education, Ilorin, Kwara State, Nigeria

## Synonyms

Political culture; Political orientations; Political behavior

## Definition

Political culture is a set of beliefs, orientations, and opinions of a citizen toward the form government and his political system. While good governance is the process of making the institution of the state worked in a way that will make the best use of the resources of a particular state for the betterment of the citizens.

## Introduction

Synergy between political culture and good governance cannot be overemphasized, most especially in a third world country like Nigeria. Political culture as part of a larger culture of a society developed simultaneously with other cultures like Economics, Religious, and Social culture and all are intertwined. As noted by Archie Brown and Jack Gray (1976) political culture is not divorced from a "culture" in the wildest social sense, but on the contrary related to cultural values and orientations of people which focus attention on that part of culture which bears relevance to politics.

With critical examination, the culture of any society consists of three basic elements, behavioral patterns, skills, and artifacts. The behavioral patterns will determine how consistent and innovative the citizens of the community are in projecting and promoting the cultural values of the society. The skills will portray how the imbibed culture has been put into use for the betterment of the society and in line with the principles and guideline of the society. While the artifacts element hinged on the history and development of the society based on the concrete and feasible things in the society such as buildings, crafts, and all other man-made things.

In essence, Political culture of the society will dwell much on behavioral pattern of the leaders in piloting the affairs of the community in line with the acceptable norms and value in a way that will promote the society and accord its respect among other communities. There are two ways to a coin. It is either leader got the right orientation and adopts it in the running of the society or got it wrong and does otherwise.

It is from this background the entry will look critically at how well culture are the current set of political leaders in Nigeria about the dynamics of Nigerian political system, their understanding and promotion of governance, judicious management of nation's affair, and efforts in projecting the image of the country positively among the committee of nations. In a four-segment analysis, the work will start by conceptualizing political culture, good governance, assessing Nigeria's political culture, sectionalizing the effect of Nigeria's political culture on good governance in Nigeria, and conclude.

## Political Culture Clarified

Variation in definition of political culture just as other concepts in political science was due to authors and their background. But no matter what, there is always a converging point through which each author meets either in their definition or explanation of the concept. Roy Macridis (1961) defines political culture as the "commonly shared goals and commonly accepted rules." While Samuel and Adam (1958) says that it is one of the four variables crucial to the analysis of political system, that is, it is about the value, beliefs, and emotional attitudes about how government ought to be conducted and about what it should do.

To Ayeni Akeke (2008) political culture is an aspect of the general culture of the social system which deals with the attitudes, beliefs, opinions, orientations, and behavioral patterns that people have toward political institutions, events, processes, functionaries, and the like of their political system. Whatever orientation received through the process of socialization will help an individual to his or her nature and determine his or her mode of participation in any political issue either personal or general. Lucian Pye (1962) contends that political culture is a set of attitudes, beliefs, and sentiments which give order and meaning to a political process and which provides the underlying assumptions and rules that govern behavior in the political system. Pye's definition shows that political culture is not only an imbibed ideal but it also involved operating norms of the polity. Political culture is also seen as a system of empirical belief, expressive symbols, and values which define the situation in which political action takes place (Sydney and Lucian 1963). Political culture varies with political system, but to Ayeni (2008) some features are common to political culture of all political system, regardless of their diversity. He mentioned some of these features as:

(a) Guideline provision for members of political system for dealing with various issues
(b) Choosing among the various forms of political organizations
(c) Determining the political ideas that should be pursued
(d) Standards of political conduct and morality against which the performance of political functionaries should be judged
(e) Basis of measuring the performance of political leaders, institutions, and others

Almond and Verba (1963) classified political culture into three main types based on their active role in the political process. The first is the

parochial culture where people have little knowledge of the political system. In fact people of this political culture have little or no contribution to the happenings in their political environment. The second type is subject of political culture where people are aware of things in their political environment but does not participate or play any role in it. While the third one is participant political culture, where citizens are aware and participate in both inputs and outputs of government actions. In the real sense, no political system fit perfectly into any of these three political cultures, but what we have due to the complexity of the society is the mixture of the three types which scholars refer to as civic political culture.

## Good Governance Clarified

Governance is a concept that depicts the process of decision making and the process by which decision are implemented or not. There has never been a community where human being exists that the issue of governance will not arise, either corporately, internationally, or nationally. Governance is like the two sides of a coin that have government and people at its side. To United Nations Economics and Social Council, government is one of the actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. The bottom line is that the decisions that are going to be formulated and implemented are to address certain problems, and can be truncated along the line. Some of these decision making and implementation are often influenced as a result of corrupt practices or leads to corrupt practices.

Therefore, good governance to Tanbuwal (2013) is the process of governance that is participatory and all-inclusive in not only promoting the cause of human capital development but also turning on fine basis of safeguarding the interest of the governed.

Nwosu and Gloria (2015) see good governance as the capability of the state to perform its key functions in response to the needs of the citizens and to be accountable for what it does. These definitions place emphasis on good governance in respect of the people-centered ideology, needs of the people, public interest, transparency, accountability, and responsibility of the policy maker to the people. In the actual sense, good governance refers to the proper running of a state. According to UNESCO, good governance has eight major characteristics: participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. To Adegbami and Adepoju (2017) good governance manifests in the area of law, transparency, accountability, citizen participation among others which are sine qua non for national peace and development. Good governance ensures that corruption is minimized and the action taken is responsive to the present and future needs of the society.

Good governance is a global concept which came to prominence after the end of cold war in the early 90s. In fact the IMF was the first to adopt good governance as a condition for lending to underdeveloped countries. The former United Nation Secretary-General Kofi Annan conceived good governance as the single most important factor in eradicating poverty and promotes development. To him, lack of good governance will continue to promote hunger and underdevelopment (Annan, cited in UN 1998).

The inability of the state to be run according to the specified criteria identified above leads to what is called bad governance. According to the World Bank (1992) bad governance has many features which are failure to make a clear separation between what is public and what is private, arbitrariness in the application of rules and laws, excessive rules, regulations, licensing requirement which impede the functions of markets and encourage rent seeking, priorities that are inconsistent with development, misallocation of resources, and excessively non-transparencies in decision-making. All these, sum together creates an environment that is hostile to development which is the main essence of government. In the event of bad governance, the authority of government over their subjects will be eroded progressively and bad governance represented by

corruption and lack of accountability and transparency will provide opportunity for the state resources to be squandered at the expense of the masses.

## Nigerian Political Culture in Retrospect

Nigeria is one of the most fragmented countries in the world today and the division criss cross between religious and ethnic line. One would have been of the opinion that after independence from Britain, ethnic identification would have given way to national identity, but reverse is the case. Only few Nigerians think of themselves as a Nigerian while ethnic identification became more as a source of pride, dislike, and division.

The entity known as Nigeria today comprises of different empires and kingdoms scattered over large expanse of land with their distinct cultural identity before amalgamation in 1914. In fact, there are over 250 ethnic and heterogeneous groups scattered around modern entity called Nigeria with their distinct culture and administrative control. But for the purpose of this work, I will focus on the three main groups namely Yoruba, Hausa/Fulani, and Igbo.

The Hausa/Fulani before annexation and amalgamation operated a kind of centralized system of government where the sole authority centered round the emir. Although there were officers and chiefs that help the emir in the day-to-day administration of the emirate, like Madawaki, Galadima, Sarkin Fada, Sarning Ruwa, Sarkim Pawa, etc., these chiefs performed only in an advisory role. Emirates were ruled based on Islamic doctrine and justice and were administered through Sharia laws by the Alkalis (judges).

The Yoruba pre-colonial political system ran a kind of check and balances system of administration. Very distinct from Hausa/Fulani in the way power and authority were administered in the kingdom. There were various chain of command from the family head to Baale (community head) to Bale (village head) and finally to Oba in council. The king heard and spoke through the eyes, ears, and mouth of his chiefs or traditional advisors and he enjoyed no monopoly of both secular and spiritual authority like the emir in Hausa/Fulani kingdom. The Oba (king) can be checkmate by the chiefs (the oyomesi) and the Ogboni (secret cult members). The king was highly respected and his authority well renowned.

Law making was the responsibility of the Oba and the senior chiefs. Judicial administration started from the family head through the compound head were always private things where issues were settled amicably. Only serious cases were brought to the presence of the Oba and his chiefs and whatever decision is taken there is the final.

The Igbo traditional administration which is better termed acephalous in nature is an administration that had no centralized political authority. The system of authority was run by balancing small, equal groups against each other by the ties of clanship, marriage, and religious association. The highest decision-making organ then was the council of elders in conjunction with the age grades and some other title holders like Ozo and Ofo. As there was no clear line of authority among the Igbos, there was no special institution for enacting laws. In this sense, it was the council of elders that made laws for the village, so also the age grades and the one made at their shrine. Elders in the family settled minor dispute among members and most of these are done based on compromise. However, any dispute that could not be settled by family heads is taken to the elders of the village. Early account reported that Dutch merchant who visited Benin Kingdom then in the middle age was so impressed of the orderliness that he compared it favorably with Amsterdam of his age. Arabs, Portuguese, and French merchants had also testified to this orderliness and system of administration.

Invariably, the colonial warlords in 1914 with disregard to cultural and ethnic background of the groups met on ground glue together people of different backgrounds without any input in their coming together. The centralized but monarchical kingdom of Yoruba, Hausa/Fulani autocratic system, and republican and decentralized system in the eastern part were put together under new and foreign order and administration. As recounted by Achebe (2012) in his personal history of Biafra

"There was a country," the amalgamation of the southern and northern protectorate inextricably complicated Nigeria's destiny, and Animists, Muslims, and Christians alike were held together by a delicate, artificial lattice. Buttressing this argument, Ademoyega (1981) in his book "Why we struck" which detailed Nigerian first military coup in 1965 contended that one can easily understand why there was a fundamental difference between the political aspiration (culture) of the leaders of the south and north. In the south, political leadership sprang from the people, that is, from the grassroots. These people had been the custodian of their own civic right before the British came. In the north however, the ruling class made up of the sons and kinsmen of the Emirs took over the political leadership of the people. Unfortunately, they represented their own class interest rather than popular will of the masses.

With the foregoing, it is very difficult for Nigeria to have a homogeneous political culture. The predominant ethnic groups such as Yoruba, Igbo, and Hausa clearly constitute political sub-cultural group. The exhibitions of these individual cohesive political cultures different from each other resist amalgamation and integration into a single one that can benefit the country. For stability and progress of any political system, it is important that certain basic common assumption and beliefs are shared for relatively cultural homogeneity. This is very important for the state to reach some level of agreement on the basic nature of politics, the general role of government in society and the legitimate goal of policy and participation. In a situation, where such culture does not exist, mistrust always takes the center stage as we experience in Nigeria. Governmental policies that are popular with some sections of the state are likely to be extremely unpopular with others. This is why a high level of agreement or consensus concerning the basic aspect of the political system is necessary for the political system to progress.

The problem of nation building in a country like Nigeria zero in on how a leader in such fragmented culture can promote a relatively homogeneous political culture, how can they handle the loyalty to the traditional sub-national unit? In what way can the conflict of loyalty and goals of the sub-unit and issue of national identity be resolved? To Adegbami and Adepoju (2017), political culture affects politics. It provides the connecting link between micro-politics and macro-politics. It constitutes a structure of orientations, values, and norms which helps to ensure coherence in the operation of institution and organization.

Nigerian political system failed to harmonize the different political culture embedded in her domain for a common goal. Even after amalgamation in 1914, the leader of the south and the northern protectorate did not sit together until after the Second World War in 1945. All the struggle for independence were fought by the nationalist leaders from the southern protectorate, but unfortunately, the state power was handed over to leaders from the northern part of the country, those that did not participate in the struggle but loyal to the colonial warlords.

Summarily, Nigerian political system is sharply divided along ethnic, religion, and regional basis which in turn have great effect on the disposition of the emerged leaders and followers to act nationally in the event of issues that promote the state and enhance citizen's standard of living.

## Evaluating Effects of Political Culture on Good Governance in Nigeria

### Culture of One Nation

After 60 years of independence, Nigeria is still battling with the mystery of one nation, the culture inherited from Britain after independence is not a culture of nationhood but a survival culture in the mist of polarization. Even at the point of independence in 1960 the stage had been set for British cronies to take over power as indigenous government. Meanwhile the structure of Nigeria had been done in a way that one of the region (north) is bigger than the other two and it has always been behaving as the lord over the other two (west and east). Even as at the time the Northern People's Congress of the Sardauna's form government in 1960, the party name still remains unchanged to look like national party. Various leaders produced

in Nigeria since then are sectional leaders. Each region at a cut throat rivalry over the development of their areas which led to manipulation at almost every governmental program to favor their areas. From population census of 1962, to the splitting of western region in 1963, electoral manipulation in 1964, etc. neglect of other areas by the seating president, most especially northern president has been going on for long and still continues. With this notion, hardly will the current political leaders being able to take the country higher than the way it is now. Culture of continuity is very strange to a Nigerian leader, hence the witness of various abandoned program and project everywhere.

Nigerians have grown more skeptical and cynical about politics and politicians, hence the fluid and unstable political terrain we are witnessing nowadays.

### Culture of Mediocrity, Ethnicity, and Cultural Cleaverage

Another major determinant of current political culture in Nigeria is the culture of mediocrity, ethnicity, and cultural cleaverages, and this has been affecting good governance in Nigeria. Good governance is anchored on leadership, hence no ordinary types of leader can perform miracle in a country like Nigeria. Tolerance, intellectual comprehension, hard work, selfless devotion, statesmanship, and burning sense of mission which are some of the virtues that are necessary to make a success in a great nation like Nigeria is greatly missing among the leaders. There is a general belief that an emerged political leader from any ethnic group gives a greater consideration in development to the area where he comes from. This gives credence to the notion that every group should do everything possible within their reach during election to put someone from their ethnic group at the helm of affairs in order to attract regional development not national development in respective of the pedigree of that person.

This belief informed the emergence of somebody like Alhaji Shehu Shagari, a Fulani and Teacher Training holder to emerge the president of the Federal Republic in 1979 at the expense of a well-experienced Obafemi Awolowo who happened to be a renowned lawyer. The same scenario was also repeated in 2015 when Mohamadu Buhari, also a Fulani from Katsina and a school certificate holder with pronounced health challenges emerged as the president at the expense of a renown academic in person of Dr. Goodluck Ebele Jonathan. As buoyant as Nigeria Economy was before Buhari's emergence in 2015, everything nose dive within four years in office and the country started borrowing irrationally to finance budget and meet other government obligations. Most of the key political appointments were given to politician of Northern origin regardless of their competency and age. Federal character and zoning formula were relegated to nothing and people of questionable character take the center stage of governance. Prudent and visionary leader will think more of managing available state resources judiciously than borrowing and mortgaging the future of the country as we are experiencing currently.

### Culture of Corruption and Gross Mismanagement

Government is the most vital actor of good governance. It is necessary that government official should be appointed on merit and be accountable. Unfortunately, Corruption has almost becomes the norms today in Nigeria. It is a popular saying in Nigeria that "government business is nobody's business, therefore stealing government fund is not bad." An average Nigerian does not belief in the culture of accountability and transparency.

The rank and file of leaders that have attained leadership position in Nigeria since independence had in one way or the other lacked vision and has been engrossed with corrupt practices leading to maladministration and mismanagement of public resources, hence the economic setback and abject poverty as national heritage as experience in Nigeria. Professor Anezi Okoro, in his introductory remark as the chairman of Dialogue 33, an African Leadership Forum argued that through a complex mix of mismanagement, pandemic corruption, primitive greed, and gross incompetence, leaders in Africa (Nigeria Inclusive) have comprehensively retarded the growth of their nations and peoples and relegated them to the lowest

rungs of the global economic ladder (Anezi 2000). Azikiwe was accused of using the eastern region to bought over a bank in 1944, Gowon government was also accused of corruption over the importation of cement in 1975, also Muritala administration sacked a large number of government officials and civil servants who were accused of misuse of power, Olusegun Obasanjo was accused of converting state money and program to personal used in respect of Operation Feed The Nation (OFN) which was later converted to Obasajo Farm Nigeria (OFN), and the associated land grab under the Land Use Decree then.

Sheu Shgari regime was not left out of the corruption web, his government was alleged in the transfer of hard currency for the importation of rice through the John Mathey Bank of London through which a few leading officials and politician of the leading party, National Party of Nigeria (NPN), amassed large amount of money. Buhari military regime was accused of 53 suit case scandal during the currency exchange in 1985. In fact Babangida during his own regime squander over $12.4 billion Gulf war windfall and rigging of the most successful election in Nigeria in 1993, his tenure was corruption personified. Nigerian money siphoned by Abacha during his tenure to the tune of $ billions are still being recovered up till today from various overseas account. Yar'Adua regime was accused of using his power to frustrate his political friends who were accused of corruption, while Goodluck Jonathan regime was accused of missing government funds to the tune of Billions of Dollars through agencies like NNPC, NDDC, and other ministries which are still being pursued by ICPC and EFCC. The current regime of President Mohamadu Buhari, though claimed he is fighting corruption, is shielding corrupt officers and politicians. In fact, Buhari and his party All Progressive Congress (APC) have been a safe haven for corrupt opposition members that are ready to join APC.

As the socioeconomic and political development of any state depends largely on the ability of its leadership to facilitate, entrench, and sustain good governance, leaders must be committed, patriotic, and discipline. In the Nigeria's over 60 years of independence, there had been little record of socioeconomic/political development. Corruption remains a recurrent decimal in both the public and private sectors of the economy. In fact it has become a norm. Its dimension includes frauds and falsification of account in the public service, taking of bribes and perversion of justice, inflation of contracts, gross embezzlement of funds, among others which creates great obstacle to good governance. Political corruption is a persistence phenomenon in Nigeria. In 2012, a statement credited to Ezekwesili asserted that Nigeria was estimated to have lost over $400 billion Oil revenue to corruption since independence (Okoye 2012). The rise of public administration and the discovery of oil and natural gas after independence believed to have led to the sustained increased in the incident of corrupt practices in Nigeria.

Massive corruption continues to cause underdevelopment and poverty in Nigeria, unfortunately, the set of leaders in the country, despite efforts by successive government to bring down this attitude with the introduction of policies like Anti-Corruption and Patriotism, Discipline and Self Reliance Mobilization program in the 1980s and 1990s, War Against Indiscipline (WAI), War Against indiscipline and Corruption (WAIC), Economic and Financial crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), and host of others, they lack the will to bring corruption under control. This culture has really eaten deep into Nigerians system, and this makes it very difficult to change the perception and attitude of the society about it.

### Culture of Mass Rigging and Political Violence

Polarization of Nigeria political system as earlier argued made most the political leaders in the country to be best described as political merchants, they see politics as a business deal that bring forth huge profit. This is why they do everything within their power to get to the position of authority. The culture of electoral violence, use of political thugs to win election by all means and rigging becomes the other of the day. Various means were employed during election to manipulate the electorate in their favor, some of which are

bribing of electoral officials and security agents, using party supporters as electoral officials, pre-stuffing of ballot boxes to favor a particular candidate, falsification of results and forgery of figure, vote buying, and others. They do not believe in service to the people but wealth acquisition, most of them are "political predator" that sees state as their prey and have turned the state into entrepreneur where they go in, make their money and leave, plan for development if there is any is minimal.

In an effort to achieve their aim of controlling the governmental power at all cost, they deploy various means ranging from assassination, kidnapping, disruption of election and campaign rallies, armed youth and political thug with dangerous weapon and drugs, causing commotion and unrest and creating different militia groups. In short, an average Nigerian youth nowadays has become very restive and flippant, and they get engaged in violent, armed robbery, looting, rapping, vandalization, and kidnapping. Thuggery is a turf where Nigerian youth have excelled, and they are ready weapon in the hand of political "warlord" who often equip them with dangerous weapons with which they unleash reign of terror on perceived political opponent. All these acts denied state and citizen good governance and development.

## Political Apathy

An average electorate in Nigeria now does not believe in election and electioneering process in Nigeria, their assumption is that their vote does not count. This act made most of electorate to lose partial or total interest in participating in the political process in the country. During a chat with a politician friend sometimes ago, he confessed that the forthcoming election in the state was just to fulfill all righteousness, because an unannounced result was already on ground and no matter what, the names of those candidates on that will be returned by the electoral commission. As if that revelation was not stunning enough, he further advised me not to even try to venture into politics, that I was not made for such intrigue. Truly to his advice and concern, that is the true situation of things in Nigeria, no matter how rich, big, or holy you are, if you cannot play the ball according to their dictate, you will be frustrated out of the game. According to them, "politics is a dirty game, not meant for a saint." In Nigerian political circle today you will see all calibers of people like political thugs, ex-convict, fraudsters, jobless individuals, and others with questionable characters becoming political leaders while other well-meaning people stand aloof.

In fact, two-thirds of those people that fought for the current democratic experience in Nigeria went back to their shell and did not came forward for any political post or appointment afterward and they were not even considered for any. Most people that constituted the rank and file of National Democratic Coalition (NADECO), the broad coalition of Nigerian democrats formed in May 1994, which fought the Abacha military government to standstill until his death did not feature in Nigerian politics after post-military regime. People like Anthony Enahoro, Bolaji Akinyemi, Ebutu Ukiwe, Balarabe Musa, Ayo Opadokun, Yohanna Madaki, and host of others did not contest either as a counselor, senator, governor, or president. Obasanjo who became president in 1999 was in prison when the struggle for liberation was on. They just fought for democratic rule but not involve in governance and the result is what we see now.

An average Nigerian nowadays does not care about what happen to the state, they are only concern about themselves and their families. Unfortunately, whatever happens to the state is being decided at the political circle, what an irony. In some state, a group of people or family has decided to occupy their state leadership position as their birth right and control the economy of such a state at the expense of others.

## Conclusion

Current assumption by scholars that African nowadays has no culture cannot be anything but the truth. The old culture we left, we find it difficult to go back there while the new one adopted, we do

not really understand. Development of a particular society has so much to do with the cultural expository of the people in the area, either as a leaders or followers. It is over 60 years now that Nigeria gained independence from Britain, invariably, for all that years now, Nigeria had been ruled by Nigerians. Then why can we not experience astronomical development? It is obvious than the administrative culture and nature of state inherited at independence was alien to our previous existence which made the state to be run in clientelism manners, development is alien to them compared to the precolonial period where everyone see the community as their property including the leaders. Cultural value blended with morality dictate to a very large extent approach of people to governance, irrespective of ideology and political affiliation. If there is no alternative to good governance, then leaders in Nigeria should encourage values that will promote it and do away with their current dispositions to negative political attitudes that have been discouraging positive political values among citizens.

## References

Achebe C (2012) There was a country: a personal history of Biafra. The Penguin, New York
Adegbami A, Adepoju B (2017) Good governance in Nigeria: a catalyst to national peace, stability and development. Afr Res Rev II(4):S/No 48.September
Ademoyega A (1981) Why we struck: the story of the first Nigerian coup. Evans Brothers Ltd, Ibadan
Anezi O (2000) Leadership for good governance in Nigeria: farm house dialogue 33 by the Friederic Naumann foundation for the African leadership forum
Ayeni A (2008) Foundation of political science. Ababa Press Ltd, Ibadan, pp 69–70
Brown A, Jack G (1976) Political Culture in Communist States (eds), Oxford, p. 36
Lucian P (1962) Politics. Personality and Nation Building, New Haven, pp 122–140
Macridis R (1961) Interest groups in comparative analysis. J Polit XXIII, 40
Nwosu C, Gloria F (2015) Promoting good governance in Nigeria through pre-election discourse: the challenges for the media. Res Humanit Soc Sci ISSN (paper) 2224-5766 ISSN (online) 225-0484 (online) 5(2)
Okoye R (2012) Nigeria has lost $400 billion in oil revenue to corruption since Independence, daily Post
Samuel B, Adam U (1958) Patterns of government, New York. P 40
Sydney V, Lucian P (1963) The civic culture, Boston

# Political Ideology in the Bureaucracy

Jowei Chen[1] and Tim Johnson[2]
[1]Department of Political Science, University of Michigan, Ann Arbor, MI, USA
[2]Atkinson Graduate School of Management and Center for Governance and Public Policy Research, Willamette University, Salem, OR, USA

## Synonyms

Agency ideal points; Agency ideology; Agency preferences; Bureaucratic ideal points; Policy preferences of bureaucrats

## Definition

Political ideology in the bureaucracy (def.). A condensed representation of the policy preferences held by individuals or groups of individuals (e.g., agencies) tasked with carrying out the orders of policymakers.

## Introduction

In political science, research studying the public bureaucracy has focused heavily on whether public bureaucrats prioritize their own ideological goals over politicians' policy directives (Miller 2005). In public administration, scholarship has examined whether public bureaucrats passively (via shared personal traits) or actively (via the pursuit of shared ideological aims) represent the communities they serve (Lim 2006; Meier 1975; Meier and Nigro 1976; Krislov 1974). By concentrating on these topics, research has moved ideology to the heart of the conversation about public bureaucracy. Yet, in so doing, these literatures have exposed a troublesome empirical problem: measuring the ideologies of public bureaucrats is difficult. This entry describes the challenge of measuring bureaucrats' ideologies and the recent

methodological developments that have facilitated the measurement of public bureaucrats' ideologies.

## What Is Ideology?

Generations of political scientists have sought to define ideology (Hamilton 1987), but no universally agreed-upon definition of ideology exists. Indeed, some challenge the concept's distinctiveness and usefulness (Mullins 1972). Thus, although various existing definitions provide a sense of what is meant by "ideology" (notably, Bell (1960[2000], p. 393; Althusser 1971), no definition can claim superiority over others.

With this state of the literature as a backdrop, students of public bureaucracy have turned to the definition of ideology employed by rational choice scholars to lay the theoretical foundation on which to build their empirical estimates. Scholars drawing on the paradigm of rational choice have characterized ideology as a reflection of the policy preferences an individual possesses (Poole 2005). These policy preferences are represented by a mathematical model that describes preferences based on their placement in an abstract space containing all possible policies that could be adopted. In this model, a specific individual's policy preferences can be represented by a location in this space. That pinpointed location is the individual's single, most-preferred policy (the "ideal point") within the entire range of possible policies. Any policy that deviates from an individual's ideal point is valued less by the individual than the policy at the ideal point; the policy's value declines as it grows more distant from the ideal point. With this conception of ideology in tow, individuals are then assumed to act in ways that maximize the utility they gain from adopted policies. In sum, to the rational choice scholar, individuals' ideologies consist of their ideal points, as well as the distance between those ideal points and other points in the policy space; furthermore, individuals act on their ideological leanings so as to maximize the utility they derive from policy.

Viewing ideology via this spatial model of preferences has facilitated empirical efforts aimed at measuring ideology and it did so initially in topical areas outside the study of public bureaucracy. This spatial model enables the empirical estimation of preferences because it implies that an individual's behavior indicates her preferences, due to the assumption of utility maximization. Additionally, this behavior, due to the relational nature of preferences in the paradigm, can be compared with the behavior of others in order to place individuals on a common ideological scale (Poole and Rosenthal 1991, 1997). Locating actors on that ideological scale can be achieved by data reduction techniques that analyze political actors' recurrent decisions and summarize patterns in those data with numerical estimates. Accordingly, to derive ideological estimates, scholars have scaled patterns of voting by legislators, decisions by judges, and stances on legislative votes by executives as a means of placing political actors' preferences on quantitative scales (see discussion and citations in McCarty 2011). These quantitative measures, in turn, could be compared and incorporated into broader analyses testing theories of political behavior and institutions.

Recently, students of public bureaucracy have sought to follow in the footsteps of this research tradition in order to develop quantifiable estimates of the ideologies of public bureaucrats. However, as initial forays into this line of research indicated, unique features of bureaucrats' work environments made it difficult to directly transfer previously-used methods into the sphere of public bureaucracy research.

## The Challenge of Measuring Bureaucratic Ideology

Measuring the ideologies of public bureaucrats, as Clinton et al. (2012) have noted, proves to be more challenging than estimating the ideal points of legislators, judges, or political executives due to the fact that bureaucrats perform a heterogeneous set of activities. Even when looking within a given governmental context, researchers can see

this heterogeneity vividly. The activities performed by a manager in the U.S. Department of Labor, for instance, differ from those performed by a manager in the U.S. Department of Health and Human Services and that manager's activities often differ from those of an attorney in the U.S. Department of Justice or a forest ranger in the National Park Service. Given these incongruent activities, one cannot directly employ the scaling methods used to estimate legislative, executive, or judicial preferences. After all, those methods rest on a comparison of common behaviors in order to infer individuals' underlying ideologies.

Given these difficulties, early studies of bureaucratic ideology offered rich descriptive information about the various policy positions that bureaucrats held, but refrained from attempts to characterize the ideologies that might underlie those positions. For instance, Meier (1975) turned to survey data concerning policy positions and avowed vote choices in the 1972 U.S. Presidential election in order to understand the policy viewpoints of public bureaucrats working in federal, state, and local governments. Meier uncovered a leftward lean in bureaucrats policy preferences, relative to other survey respondents; however, only in their support for "Trade with Communists" and the "Legalization of Marijuana" did the positions of public bureaucrats differ significantly (alpha = 0.10) from the policy preferences of non-bureaucrats (Meier 1975, Table 7). The differences in the distribution of responses between bureaucrats and non-bureaucrats for survey items such as self-reported voting for Nixon, affiliation with the Republican Party, and a range of other policy issues could not be distinguished from mere sampling variation (Meier 1975, Table 7). Moreover, in subtle defiance of the notion that demographic representation translated into ideological representation in the public bureaucracy, Meier (1975) indicated that the bureaucrats' demographic attributes correlated more weakly with their policy positions than did their agency affiliations. These findings were of intrinsic interest, given the limited information available about public bureaucrats' ideologies at the time, yet they gave only an episodic view of bureaucrats' policy preferences (i.e., no attempt was made to consider intra-individual correlations across issue items) and they did not offer any means of comparing bureaucrats' preferences to other political actors (such as judges or legislators), unless those actors were in the pool of survey respondents. Such efforts continued in the decades thereafter as scholars offered summary statistics about specific behavioral patterns that indicated U.S. public bureaucrats' views on specific political matters (e.g., Johnson and Libecap 1994).

However, as those methods were being employed, a theoretical literature that sought to understand interactions between public institutions – such as legislatures, the courts, and the bureaucracy (Ferejohn and Shipan 1990) – began to develop (de Figueiredo et al. 2008). To test the models developed in this literature on the separation of powers, scholars had to develop measures of bureaucratic ideology that could be compared with the rich set of ideological measures available in the study of legislatures, the courts, and the presidency (again, see McCarty 2011 on the latter measures).

## Measures of Bureaucratic Ideology

Given that theoretical models in the separation of powers literature focus on the interaction of institutions, with early models implying that a single ideal point could capture the ideology of a given institution (Ferejohn and Shipan 1990), a first attempt at measuring bureaucratic ideology involved using the historical attributes or policy missions of agencies as surrogates for ideology. This approach rested on a reasonable premise: political factors shape the origins and purpose of agencies (Howell and Lewis 2002), thus categorical variables relating to those structural features can capture an agency's ideological lean. For example, using the partisan control of institutions during the time of an agency's founding provides a stand-in for that agency's ideology (see Lewis 2007 and Lewis 2008 for examples of this approach).

This stand-in for ideology, however, contained many limitations. First, the method of implementing this approach often confounds the ideological information contained in the measure with other, unrelated factors. Consider a measure of agency ideology that indicates if an agency was created under a president affiliated with the Democratic Party or the Republican Party. Any variable correlated with when Democratic Party politicians have held the Presidency – for instance, economic trends – would confound the relationship between the indicator of agency ideology and an outcome variable of interest. Furthermore, such a measure does not convey the ideology of the public bureaucrats in the agency per se unless the structural factors promote self-selection into the agency by ideologically like-minded bureaucrats (as the evidence in Meier 1975 suggests; also, in a related vein, see Gailmard and Patty 2007). Absent the possibility of self-selection, the measure might fail to capture the actual ideological leanings of individuals working in the agency. Finally, the measure does not facilitate tests of models that make claims about the ideological distance of on institution from another (e.g., Ferejohn and Shipan 1990). Such models rest at the heart of understanding the problem of bureaucratic discretion and political control (see Epstein and O'Halloran 1999; Huber and Shipan 2002).

Clinton and Lewis (2008) offered a solution to the latter problem by examining survey data. However, unlike earlier efforts to use survey data to understand bureaucratic ideology (Meier 1975), Clinton and Lewis (2008) conducted a survey that asked academics and journalists familiar with the U.S. public bureaucracy to rate the ideological proclivities of 82 federal agencies. Clinton and Lewis (2008) then integrated these ratings with further information about the agencies themselves to model the latent – that is, unobserved in the data – ideology of the agency. This measure captured subtle differences in the ideological leanings of agencies. However, a later team of scholars – which included both Clinton and Lewis – acknowledged that, from this method, "[p]roblems arise if experts are limited in their knowledge of lesser-known agencies or make similar mistakes in categorizing agencies as liberal or conservative" (Clinton et al. 2012, p. 2). Also, even when setting aside those methodological issues, Clinton and Lewis (2008) presented a measure that – just as with the previous approach of using nominal variables to proxy for ideology – did not offer insight into the ideologies of individual bureaucrats, nor did it enable comparison with ideological measures of other institutions (Clinton et al. 2012, p. 2).

Perhaps the first method of providing estimates of individual bureaucrats' ideologies was ingeniously devised by David C. Nixon (2004). Nixon (2004) recognized that a non-trivial portion of top-ranking public bureaucrats served in Congress prior to their entry into the U.S. federal service. This career trajectory meant that those officials' ideologies had been measured via other scholars' efforts to measure the ideologies of members of the U.S. Congress (Poole and Rosenthal 1991, 1997). Accordingly, one could simply pluck those ideological estimates from prior analyses and incorporate them into empirical tests that sought to understand interactions between public bureaucrats and the Congress (Nixon 2004). In sum, the approach yielded individual estimates that could be compared across institutions. The only problem, however, was that the approach could only yield estimates of bureaucratic ideology for the subset of bureaucrats who had served in Congress – a small subset of the public bureaucracy.

To widen the number of bureaucratic officials for whom ideological estimates were available, while also providing a time-varying measure of bureaucratic ideology, Bertelli and Grose (2007, 2009, 2011) devised a method that could use the public statements issued by top officials to measure bureaucratic ideology. The method collected the testimonies of high-level U.S. federal bureaucrats from 1991 to 2004 and identified testimonies that spoke to legislation subject to roll call voting. Coding procedures then rated these top officials support or opposition for that legislation as if they had issued a vote in a roll call. Integrating these responses with the actual votes of members of

Congress and, then, performing scaling analyses allowed for the estimation of ideological estimates that could be compared across institutions. Although it clearly offered an insightful means of measuring the ideologies of top officials, the method still could not extend to a wider set of public bureaucrats. Only the relatively few public bureaucrats who had issued public statements could have their ideologies estimated by the method.

The formation of a leading team of researchers in this area – consisting of Clinton, Bertelli, Grose, Lewis, and Nixon – led to the development of ideological estimates covering a wider number of bureaucrats (Clinton et al. 2012). Clinton et al. (2012) sent a survey to thousands of public bureaucrats during the presidential administration of George W. Bush. The survey inquired about these bureaucrats' policy preferences by asking respondents about their views on policy issues reflected in legislation subject to Congressional roll call votes; responses to these survey items then were scaled (Clinton et al. 2012). The method, in other words, combined the survey methods of past research (Meier 1975; Clinton and Lewis 2008) with the use of legislation subject to roll-call votes (Bertelli and Grose 2009) – in a framework that placed bureaucrats and legislators in a common ideological scale (Nixon 2004) – to estimate bureaucratic ideology. The method offered a rich set of individual-level and aggregate-level ideal points. However, the survey methods limited the scope of the analysis and made the prospect of updating the ideal point estimates painstaking. Only roughly 33% of individuals receiving a survey request responded, with appointees even less likely to respond (Clinton et al. 2012); furthermore, the resulting estimates only covered the years 2005–2006, thus requiring the procedures to be updated frequently to ensure wider temporal scope.

To develop estimates that covered a larger number of public bureaucrats and that spanned a longer time period, Chen (2010) and Chen and Johnson (2011, 2015) studied a common activity in which a substantial number of public bureaucrats engage: donating contributions to political campaigns. Using the universe of federal campaign contribution data, Chen and Johnson (2015) identified all donors who (1) issued campaign contributions of $200 (USD) or more to incumbent federal politicians or their political action committees (PACs). Then, given that federal election laws require that donors reveal their employers when making a contribution, Chen and Johnson (2015) identified all campaign contributors who listed a U.S. federal agency as their employer. Subsequently, for every contribution issued by a federal bureaucrat, Chen and Johnson (2015) identified the ideal point estimates of the donation's recipient as measured via the method of Poole and Rosenthal (1991, 1997). Then, to estimate an agency's ideology, the researchers took the ideal points associated with contributions issued by employees of a given agency and, weighting these ideal points by the dollar value of each donation, estimated the mean of the ideal points. This led to a measure of agency ideology based on a common activity – campaign contributions – that spanned over two decades and covered myriad public bureaucrats. Moreover, the ability to use dollar amounts as a weighting device allowed the authors to emphasize larger contributions likely to have been issued by wealthier, top-level officials, plus the approach could be readily automated in order to update estimates frequently and it could generate individual-level estimates (see Bonica et al. 2015).

The method, however, was not without potential problems. First, the method fails to offer valid ideological estimates if campaign contributions do not reflect a genuine ideological expression. Ansolabahere et al. (2003) provide evidence to that effect, showing that individuals' contributions can only be interpreted as an ideologically motivated consumption good. Moreover, Gimpel et al. (2008) report that contributions issued by individuals who will not be represented by a candidate (i.e., out-of-district contributors) appear ideologically motivated. However, Gordon and Hafer (2005) present evidence of strategic giving, thereby raising questions that the method

calculates the sincere ideological orientation of public bureaucrats. Furthermore, the weighting scheme used in the estimation assumes that higher campaign contributions come from higher-paid bureaucrats and those bureaucrats' ideologies figure more prominently in agency activities. These assumptions might not be valid and, to a degree, they defy the widely-held view that agency problems in the public bureaucracy mean that even low-level bureaucrats can distort politicians' policy objectives.

## Conclusion

The conceptualization of public officials' political ideologies looms large in both political science's and public administration's studies of bureaucracy. Yet, because public bureaucrats perform highly-variable activities, distilling ideological patterns from their behavior proves to be difficult. Early studies of bureaucratic ideology circumvented this problem by simply supplying summary statistics about bureaucrats' preferences for specific policies and political candidates (e.g., Meier 1975). However, with the development of theoretical frameworks that offered general models of how institutions interacted to produce policy, the need for a measure of bureaucratic ideology – not just individual issue viewpoints – became apparent. Scholars responded initially by using categorical variables to convey the policy orientation of agencies (e.g., Lewis 2007), yet this method was quickly eclipsed by methods that produced ideological estimates from survey methods (Clinton and Lewis 2008; Clinton et al. 2012), analyses of bureaucrats who worked in other institutions (Nixon 2004), the study of public messages delivered by bureaucrats (Bertelli and Grose 2007, 2009, 2011), and the investigation of bureaucrats' campaign contributions (Chen 2010; Chen and Johnson 2011). Despite disadvantages to each of these methods, scholars now possess measures of bureaucratic ideology that can be readily incorporated into empirical tests of models concerning the public bureaucracy.

## Cross-References


- ▶ Agency Theory in Organizations
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Control
- ▶ Public Choice Theory of Organizations
- ▶ Public Values in Public Organizations
- ▶ Rational Model of Decision-Making


## References


Althusser L (1971) Ideology and ideological state apparatuses. In: Brewster B (ed) Lenin and philosophy and other essays. Monthly Review Press, New York, pp 121–176

Ansolabahere S, de Figueiredo JM, Snyder JM Jr (2003) Why is there so little money in U.S. politics? J Econ Perspect 17:105–130

Bell D (1960) [2000] The end of ideology. Harvard University Press, Cambridge, MA

Bertelli AM, Grose CR (2007) Agreeable administrators? The public positions of Cabinet Secretaries and Presidents. Pres Stud Q 37(2):228–247

Bertelli AM, Grose CR (2009) Secretaries of pork? A new theory of distributive politics. J Polit 71(3): 926–945

Bertelli AM, Grose CR (2011) The lengthened shadow of another institution? Ideal point estimates for the Executive Branch and Congress. Am J Polit Sci 55(4): 767–781

Bonica A, Chen J, Johnson T (2015) Senate gate-keeping, Presidential staffing of "Inferior Offices" and the ideological composition of appointments to the public bureaucracy. Q J Polit Sci 10:5–40

Chen J (2010) Estimating bureaucratic ideal points with federal campaign contributions. Paper presented at the annual meeting of the American Political Science Association, Washington, DC

Chen J, Johnson T (2011) Unionization and Presidential control of the bureaucracy. Paper presented at the annual meeting of the Midwest Political Science Association, Chicago

Chen J, Johnson T (2015) Federal employee unionization and presidential control of the bureaucracy: estimating and explaining ideological change in executive agencies. J Theor Polit 101(4):657–676

Clinton JD, Lewis DE (2008) Expert opinion, agency characteristics, and agency preferences. Polit Anal 16(1):3–20

Clinton JD, Bertelli A, Grose CR, Lewis DE, Nixon DC (2012) Separated powers in the United States: the ideology of agencies, Presidents, and Congress. Am J Polit Sci 56(2):341–354

de Figueiredo RJP, Jacobi T, Weingast BR (2008) The new separation-of-powers approach to American politics.

In: Wittman DA, Weingast BR (eds) The Oxford handbook of political economy. Oxford University Press, Oxford, pp 199–222
Epstein D, O'Halloran S (1999) Delegating powers. Cambridge University Press, New York
Ferejohn J, Shipan CR (1990) Congressional influence on bureaucracy. J Law Econ Organ 6:1–21
Gailmard S, Patty JW (2007) Slackers and zealots: civil service, policy discretion, and bureaucratic expertise. Am J Polit Sci 51(4):873–899
Gimpel JG, Lee FE, Pearson-Merkowitz S (2008) The check is in the mail: interdistrict funding flows in Congressional elections. Am J Polit Sci 52(2):373–394
Gordon S, Hafer C (2005) Flexing muscle: corporate political expenditures as signals to the bureaucracy. Am Polit Sci Rev 59(2):245–261
Hamilton MB (1987) The elements of the concept of ideology. Polit Stud 35(1):18–38
Howell WG, Lewis DE (2002) Agencies by Presidential design. J Polit 64(4):1095–1114
Huber JD, Shipan CR (2002) Deliberate discretion? The institutional foundations of bureaucratic autonomy. Cambridge University Press, New York
Johnson RN, Libecap GD (1994) The federal civil service system and the problem of bureaucracy: the economics and politics of institutional change. University of Chicago Press, Chicago
Krislov S (1974) Representative bureaucracy. Prentice Hall, Englewood Cliffs
Lewis DE (2007) Testing Pendleton's premise. J Polit 69(4):1073–1088
Lewis DE (2008) The politics of Presidential appointments: political control and bureaucratic performance. Princeton University Press, Princeton
Lim H-H (2006) Representative bureaucracy: rethinking substantive effects and active representation. Public Adm Rev 66(2):193–204
McCarty N (2011) Measuring legislative preferences. In: Edwards GC III, Lee FE, Schickler E (eds) The Oxford handbook of the American Congress. Oxford University Press, Oxford, pp 66–94
Meier KJ (1975) Representative bureaucracy: an empirical analysis. Am Polit Sci Rev 69(2):526–542
Meier KJ, Nigro LG (1976) Representative bureaucracy and policy preferences: a study in the attitudes of federal executives. Public Adm Rev 36(4):458–469
Miller GJ (2005) The political evolution of principal-agent models. Annu Rev Polit Sci 8:203–225
Mullins WA (1972) On the concept of ideology in political science. Am Polit Sci Rev 66(2):498–510
Nixon DC (2004) Separation of powers and appointee ideology. J Law Econ Organ 20(2):438–457
Poole KT (2005) Spatial models of parliamentary voting. Cambridge University Press, Cambridge
Poole KT, Rosenthal H (1991) Patterns of Congressional voting. Am J Polit Sci 35:228–278
Poole KT, Rosenthal H (1997) Congress: a political economic history of rollcall voting. Oxford University Press, Oxford

# Political Influence over Bureaucracy

Jashwini Jothishna Narayan
School of Management and Public Administration Faculty of Business and Economics, University of the South Pacific, Suva, Fiji

## Synonyms

Accountability; Agency; Projects; Public sector

## Definition

Agency theory has no doubt been extensively debated. In this study, this theory is extended to investigate the under-researched topic of project participant relationships in the construction sector.

## Introduction

Existing studies imply that there are no agreed or exhaustive list of factors that can fully explain the handling of construction projects, project participant relationship, and accountability issues of the public sector. Different researchers have emphasized on different sets of risk factors. For instance, Aritua et al. (2011) mention that public sector projects are exposed to risks associated with changes in government policy, diverse stakeholder aspirations, and challenges of multiple project procurement. Al-Sedairy (1994) found that project conflicts stem from timing, project concepts, specification issues, as well as costs, claiming that conflicts not only occur at later stages but remain even in the postconstruction period. Poor communication can be another most common project risk (Ceric 2003). In addition, political interference can affect project outcomes where accountability reports may be just reduced to bureaucratic communications and some insignificant stories to avoid public criticism

(Christensen and Skærbæk 2007). It may be challenging to hold public officials accountable where monitors themselves are public servants (Cabral and Lazzarini 2015). What is still under debate is whether political pressure benefits or harms the public agency performance and outcomes (Rojas 2015). Project participant relationship is no doubt complex. Despite its rapid growth, this subject matter has received very little critical attention (Hodgson 2002).

There is little doubt that the agency theory has been extensively debated. This study, however, extends the theory to the under-researched subject matter of project participant relationships in the construction sector. The research is empirically based on a developing South Pacific country, Fiji.

Literature confirms the extensive application of the agency or principal-agent theory in construction, covering risks of adverse selection, moral hazard, and hold-up (Ceric 2013). Interestingly, there is no mention of the relationship between project managers in construction projects (Ceric 2013). As per Ceric (2013: 773), exploring the more complex project participant relationships deserve greater attention. This study is an attempt in this direction.

## Theoretical Underpinnings

This study extends the agency theory by drawing factors from this theory and construction, public sector, project management, and accountability literature to include all project participants and risk factors. Ceric's (2013: 773) work is the first found in literature to have extended the agency theory to construction including other participants like project managers and contractors. To a lesser extent, another study by Hadi and McBride's (2000), also mentioned the role of the agent as more of a subcontractor as they applied the theory to study the role of marketing agents in the public sector information trading market.

The concept of principal and agent can be confusing in the contractual situations of public administration given involvement of multiple parties (Farazmand 2002). This research is thus a buildup of the pioneering work of Ceric (2013) in the construction sector that separates the role of such multiple actors. Like Ceric's (2013) work, this entry describes participants as agent, principal, contractor, and project manager to avoid the confusion of multiple agents/principals.

Literature has well established the relevance of the agency theory since it has been applied to a variety of settings and has been used by scholars of various disciplines (Eisenhardt 1989). The key actors in the agency theory are the principal and the agent. The principal pays the agent to carry out an activity. Interestingly, evidence also suggests reflexive principal-agent relationship, where an agent may enact the role of the principal (Wickramasinghe and Lamb 2002). Central to this theory is the assumption that an agent may optimize its profits at the expense of the principal (agent opportunism). Such a situation is possible because the agents do have more knowledge or information than the principal – they perform the activity with a certain degree of empowerment (Hadi and McBride 2000). However, in construction projects, the principal may also exhibit opportunism (Ceric 2013). Given self-interest, agents do not readily share information with the principal. It is this hidden information/hidden action that generates moral hazard risk (Ceric 2013). The principal will thus try to transfer its risk to the agent by either investing in monitoring systems to obtain enough information about the agency activities or offering incentives to motivate the agent to efficiently perform its interests (Hadi and McBride 2000). Studies such as that of Kauppi and Raaij (2015) argue that agency problems may not only arise with agents withholding information from principals but principals may also hold information from agents.

As per the research question and in keeping consistency with the literature reviewed, the following theoretical model was developed, illustrating the relationship between the key parties. The factors of four self-interested project participants are drawn from the study of Ceric (2013); moral hazard factor is drawn from Ceric (2013) and Klein's (2009) research and risk/issue factors are drawn from the studies of: Aritua et al. (2011) – changes in government policy, diverse stakeholder aspirations, multiple project procurement;

Al-Sedairy (1994) – timing, project concepts, specification issues, costs; and Ceric (2013) – time, cost, quality, and poor communication (Fig. 1).

## Methodology

Ceric's (2013) research was based on an exploratory survey and Delphi methods. This study differs as it employs a qualitative institutional case-based approach, employing convenience and snowballing nonrandom sampling techniques. Individuals who were easiest to reach out to were interviewed first (convenience) and they recommended others who could be interviewed (snowballing).

Data was gathered through in-depth face-to-face interviews and relevant document search. The enterprise annual reports, cabinet decisions, legislation and parliamentary reports, and reputable magazines were examined to formulate questions and to cross-check interviewee responses. The secondary sources were journal articles, textbooks, conference proceedings, theses and dissertations, newspapers, and the internet. In collecting data, information was gathered from many sources, enabling triangulation among different data sources (Eisenhardt 1989).

Overall 22 in-depth interviews were conducted only with those who could provide relevant information, those who were part of the project, and those who were still employed by GSPS at the time of research. Interviewee names and descriptions are withheld given political and job security reasons. Anonymity encouraged provision of substantial information without the fear of being questioned later. During interviews, the researcher used probes to gather more elaborate information. After the interviews, the researcher rephrased the interviewee responses in a summarized manner to correct inaccuracies and to ensure that the receiving, understanding, and interpretation of information were the same as expressed by the interviewees (Wilkinson and Birmingham 2003).

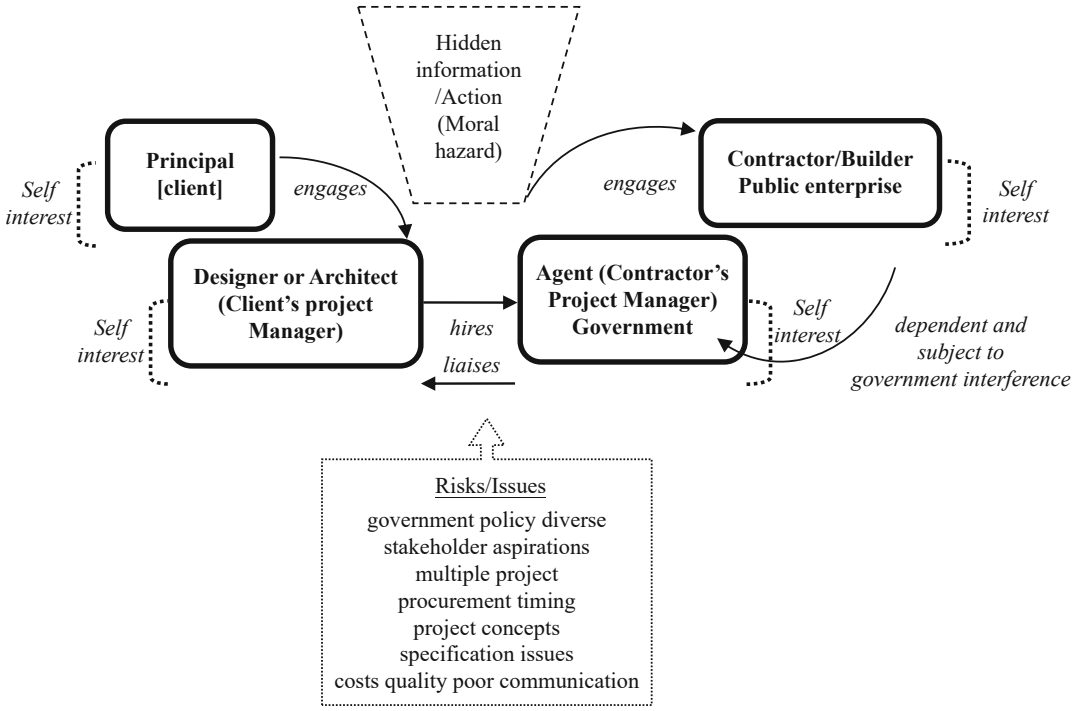


**Political Influence over Bureaucracy, Fig. 1** The agency model in the context of a construction public enterprise (Source: Narayan 2017, for this paper)

The collected data was analyzed on the basis of findings from the case study in forms of interviewee responses and relevant documents. This research used the logic of analytic rather than enumerative induction. The research used Gillham's (2001) transcription and analytical framework for the recording, verification, and analysis of data as follows. Substantive statements in each interview note and extra details (furnished during the interviews) were highlighted while repetitions, digressions, and irrelevant materials were put aside. Similar statements made by interviewees were noted as similarities and dissimilarities were marked. Following this, the researcher went through the collected primary documents to highlight noteworthy information. The researcher then went back to the entire interview notes and documents to note highlighted statements and categorized these as main events. The researcher first created major headings (preconstruction, construction, and postconstruction stage) to note the main events. For validity and reliability reasons, statements were cross-referenced between interviewee responses' and with documents such as the company and ministry documents, published interviews in reputable magazines, and newspaper articles. Dissimilar statements were marked as queries and after an interval of a few days were clarified through quick repeat interviews, emails, or telephone inquiries. The chronological listing was revised after sorting out queries.

This research is premised on a single-case study; as such, findings have limited comparability and generalizability (Blenker et al. 2014). Nonetheless, it can offer insights for later comparative studies of construction public enterprises in other countries, particularly developing countries. While the empirical study is premised on one small developing Pacific Island economy, the study does have potentially wider application for construction public enterprises elsewhere.

## Findings

### Case Background

On 1 January 1969, the boatshed section and slipways were transferred from the Public Works Department (PWD) to the Marine Department, which then became Government Shipyard and Public Slipways (GSPS) (Marine Department 1969). GSPS is now a subsidiary of another public enterprise – Fiji Ports Corporation Limited (FPCL).

The most controversial of all projects ever handled by GSPS was the "Reef Endeavour" shipbuilding project.

### Reef Endeavour: The Shipbuilding Project

While work on the "Reef Endeavour" began in 1989, it was subjected to much controversy from the very outset. The ship owners (Captain Cook Cruises (Aust.) Ltd. and Qantas Holiday Tours Ltd.) were initially involved in a contract with Ship Design Management (Australia) Pty Ltd. (SDMA) which drew up the costings and tendered the job of "Reef Endeavour" to the Fijian Government for $A7.7 million. The Director of Marine, after consulting the authority of the government, signed the contract in December 1989. Upon the 1991 collapse of the contract, government agreed to a new deal of $A7.66 million in 1992 (Hansard Report: Parliament of Fiji 1995). Construction came to a halt in 1991 given disputes but resumed in February 1993. The first dispute was between the shipyard and ship designers given problems with the contract and supply of precut steel. According to the long-service employees,

> The Fiji Government, despite its higher cost estimates signed the initial contract for $A7.7 million upon reassurances by SDMA. Such assurances were supported by estimates provided by SDMA to the Shipyard Manager, only to be found grossly inaccurate later.

Government did initiate a legal action for SDMA's misrepresentation and fraud but dropped it later because of SDMA's liquidation. $F5.5 million was written off in 1991.

It was then expected that work on "Reef Endeavour" would complete by late 1994 but the same did not eventuate. In 1995, the Manager of the "Reef Endeavour" advised that final fittings, testing, and sea trials would conclude by 31 October 1995. But, once again, this did not eventuate because of yet another dispute. A maximum late delivery penalty of $F650,000,

later lowered to $F225,000, was slapped on the shipyard by the clients (The Fiji Times 1995a: 4). GSPS disputed the penalty since clients failed to submit the required designs and specifications which were required to build the ship, leading to additional costs.

On 30 November 1995, the ship stood complete except for a few minor tasks. Government refused to hand over the "Reef Endeavour" to its Australian owners because payments and claims needed sorting out. Government blamed the owners, accusing them of "grossly inequitable contractual arrangements and misrepresentation," while the owners blamed the shipyard for lack of planning and supervision which they said, resulted in high absenteeism and low productivity, causing delays in delivery (AAP 1995d: 5). When the issue could not be resolved amicably, both the parties opted for legal arbitration in Australia (A Special Correspondent 1995: 1). The project was held up for a year in a lengthy and very costly court battle. During the court hearing, the clients/owners argued that the Fijian Government failed to live up to its promise of delivery. A predelivery inspection by the owners in November 1995 revealed a 40-page defect report which according to the owners, the shipyard refused to correct. In December 1995, the government won an official pardon in the prolonged dispute. The Supreme Court ruled that the dispute be resolved through arbitration (The Fiji Times 1995b: 4). On 19 December 1995, the Fiji cabinet decided to rescind the contract because of the "immense" financial losses (AAP 1995d: 5).

Later, the government and Captain Cook Cruises realized that there was no point in prolonging arguments. It was decided that government be paid an additional $F4.5 million upon delivery of the ship (The Fiji Times 1996: 3). The parliamentary debate of 22 February 1996 (p. 2302) revealed that the cost of the project as at February 1996 was some $F20.5 million, while the amount received was much lower – $F11.8 million (Hansard Report 1996). Additional charges (legal fees of aborted arbitration and the cost of furnishing and furbishing the ship) kept flowing which mounted the total expenditure close to $F22 million. Fiji taxpayers hence subsidized the Australian company, a whopping $F10 million.

### Under-Cost Signup and Accountability

There were also issues of "passing the buck" for the substantial under-cost signup of the contract. A top management staff explained:

> The blame was at one time pushed onto the then Manager of shipyard who was the first local Manager of GSPS between the years 1977 and 1992. He refused to sign the initial contract of the "Reef Endeavour" because it did not give much control to their division and was too loose a contract since it was between three parties – the architect (SDMA), the owners, and the builders. Since he was not the one who signed the contract, the blame was considered baseless. Resultantly, he was offered options to join other government departments but he opted for further studies. He was also one of the Directors to the Board of this enterprise.

It was the Director of Marine who signed the contract. PSC was requested for surcharge actions but nothing was done (The Hansard Report 1995: 2425) because the Director had retired and the Shipyard Manager left the shipyard (Hansard Report 1996). There was a discrepancy between the costing done by the shipyard and the actual signup amount (The Hansard Report 1996; two long-serving interviewees, union interviewees). The Fiji Labor Party (FLP) leader's question below confirms the issue raised by most interviewees:

> The shipyard was telling them all along that they cannot build the ship in the design which was then proposed for less than $[F]15.5 million. It was not the civil servants and it was not the workers. They gave an accurate estimate of the cost of the ship in the form and design and that was $[F]15.5 million. But eventually their arms were twisted to sign the deal for $[F]7.5 million. . . But this was no fault of those who are managing the shipyard. It was the fault of the politicians who interfered (Hansard Report 1996: 2301–2302).

### Discussion/Implications

The theoretical model prepared for this research is supportive of the findings. In the case study, the "principal" was the client/owner – Captain Cook Cruises (Aust.) Ltd. and Qantas Holiday Tours Ltd. The principal's project manager was SDMA. The "agent" was the Fijian Government

while GSPS acted on behalf of the agent as the contractor that built the cruise liner. The government can also be seen as the project manager of GSPS because it was the key decision maker. GSPS cannot thus be noted as the independent agent. The point that Wickramasinghe and Lamb (2002) made in terms of reflexive principal-agent relationship does make some sense here since, when a government acts as the project manager and hands over the project to a public enterprise, the government may appear as the principal, with the public enterprise as the agent.

The contractor, GSPS (public enterprise) assumed the risks associated with the building of the "Reef Endeavour" at a cost higher than the contracted amount, leading to losses from the project. The politicians/government (agent) controlled the contractor by interfering with cost estimates and making major decisions. The goals of the contractor, the agents, and the principals were poorly aligned giving rise to disagreements and even litigation. For instance, the government blamed the owners, for "... inequitable contractual arrangements and misrepresentation" while the owners blamed GSPS for lack of planning and supervision. The agent, the then government, was interested in calling the shots and making the final decision irrespective of the higher cost estimate of the GSPS professionals which maximized the risk for GSPS. The lack of power of the contractors and the control exerted by the agent (government) through the bureaucratic systems and tendering boards cost GSPS. This worked to the disadvantage of both the agent and the contractor in terms of project loss. The arrangement was also rather entangled with the involvement of politicians and SDMA. This finding concurs with Ceric's (2013) explanation of: different parties being involved in projects even before the execution and the existence of potential conflict of interests because of each participant's self-interest. However, unlike the earlier government interference of deciding on the contract amount, the later government actions (seeking additional payments) reduced the loss of GSPS to some extent but this would not have been the case if the contractor's (GSPS) estimates were favorably considered in the first place. This concurs with Roja's (2015) statement of the effects of political pressures being agency specific. The new finding here is – political interference is negative given mistakes of lower cost estimates but the negative impact lessens with later government actions of seeking higher payments, postconstruction. This new finding can be particularly useful in contract formulation in terms of stipulating the rights of all parties concerned, in situations where the project costs may not remain within the contracted amount. The final decision on the contract amount by the politicians/government (agent) placed limits on the contractor (GSPS), reducing the level of its freedom, increasing uncertainty about what GSPS should or can do. Control was further exerted by the clients (principals). This finding is parallel to Ceric's research (2013) in that – both the principal and the agent may exhibit opportunism. The agent – the government exhibited opportunism when asking for an additional $F3.06 million for the ship's release while the principal exhibited opportunism by slapping a penalty of $F650,000, later reduced to $F225,000 for late delivery. This discerns from the common argument of the traditional agency theory that portrays only the agent as the opportunist. The contractor, GSPS assumed majority of the commercial risk and yet did not have the freedom to name its price to the client (principal). The total expenditure amounted to some $22 million while revenue was much lower – $F11.8 million. The divergent interests of all parties resulted in problems related to timeliness and delivery, drawn out legal battles, higher costs, and project loss. The client (principal) was also, no doubt, adversely affected in terms of having to pay more than the contracted amount to obtain the completed project, delayed project completion, and paying for litigation in order to resolve the tiff between itself and the government. This finding is in agreement with Aritua's et al. (2011) explanation of diverse stakeholder aspirations and challenges of multiple project procurement.

And as Kauppi and Raaij (2015) argue, agency problems may not only arise with agents withholding information; principals may also withhold information. While SDMA (principal's project manager) did not withhold information, it

provided inaccurate estimates. The government, despite the higher cost estimates of its own marine experts signed the initial contract for $A7.7 million upon reassurances by SDMA. The principal however did withhold information as it failed to provide specifications of complete designs and construction plans as and when required, leading to delays. This finding in in line with Al-Sedairy's (1994) findings – project conflicts stemming from timing, project concepts, costs, and specifications. The agent (government) was disadvantaged because of its own mistakes or control over the contractors (GSPS) who were more effective in preparing cost estimates. SDMA also went bankrupt and the government was unable to take any legal action for the inaccurate estimates. GSPS ended up completing the project at a higher cost than the contracted amount. The government decided to rescind the contract when it realized that its own taxpayers were subsidizing the foreign tourist vessel. The government chose to believe the SDMA cost estimates, not its own marine experts. This entry accordingly suggests that such contracts be deliberated in rigorous parliamentary debates. In addition, all partnerships or deals should go through proper due diligence by independent committees to ensure that partners are genuine and have the financial and management capabilities. There should also be ongoing periodic checks on new partnerships. To this end, a critic committee comprising the media, NGOs, private firms, social welfare groups, politicians, academics, and unions could be setup to objectively question, carry out background research on probable partners, help in the preparation of prudent deals, and monitor state actions.

Ceric's (2003) finding of poor communication being a common project risk is also worth noting. When the government and the client could not reach amicable solutions, the matter ended up in courts. However, when both parties were open to dialogue, they realized that there was no point in prolonging arguments which helped to sort out the differences.

Furthermore, the complementary view to agency theory presents man as an honest but not fully competent actor (Kauppi and Raaij 2015). In the case study, the contractor was more competent than the politicians in the area of cost estimates, but later, upon realizing the costing mistake, the government did take necessary actions to ensure that it be paid a higher amount which reduced overall losses. Surprisingly, it was the principal's project manager (SDMA) which proved out to be incompetent as it provided with inaccurate estimates. Here government's (agent) incompetency was with respect to having more faith in SDMA than its own marine experts who estimated higher costs – a new finding. This entry suggests that when dealing with clients, thorough checks be done prior to making any commitments. An objective third party should attest (Burritt and Welch 1997) not only the background information on clients but also confirm the estimates. More research needs to be done in the area of governments having more faith in external companies than their own experts.

## Conclusion

The theoretical contribution of this study is threefold. First, the study extended the agency theory to include the contractor (a public enterprise), the government as the agent, client as the principal, and the designer/architect as the client's project manager. This extended model was empirically tested and is supportive of the empirical findings. Second, this model helped to better understand how the involvement of four parties can complicate a construction project in the public sector – this paves the way for the development of even more effective models. Third, this study sheds light on political interference, an issue that has not been given due consideration in many public management studies (Walker et al. 2013). In addition, unlike the earlier study of Ceric (2013), this study reported new findings of agent's (government) interferences and mistakes leading to contractor (public enterprise owned by the agent) losing out, the outcome being negative for the contractor, the government, and even the principal (client). The government also chose to put more faith in the principal's project manager's

estimates than its own contractor's estimates. This matter requires further investigation and findings of future study may bring about a more effective holistic theory. The findings are applicable to countries, construction companies, and public sectors where a government signs the deal and is the key decision maker for public enterprise projects.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Agency Theory in Organizations
- ▶ Bureaucratic Power
- ▶ Causes of Organizational Conflict
- ▶ Organizational Cheating
- ▶ Organizational Decision-Making
- ▶ Principal-Agent Theory of Organizations


## References


A Special Correspondent (1995, December 14) Endeavour dispute to go before Supreme Court. The Fiji Times, p 1

Al-Sedairy ST (1994) Management of conflict: public-sector construction in Saudi Arabia. Int J Proj Manag 12(3):143–151

Aritua B, Nigel JS, Denise B (2011) What risks are common to or amplified in programmes: Evidence from UK public sector infrastructure schemes. Int J Proj Manag 29(3):303–312

Australian Associated Press (AAP) (1995, December 22) Government seizes reef endeavor. The Fiji Times, p 5

Blenker P, Stine T, Elmholdt S, Hedeboe F, Steffen K, Kathleen W (2014) Methods in entrepreneurship education research: a review and integrative framework. Educ Train 56(8/9):697–715

Burritt RL, Welch S (1997) Accountability for environmental performance of the Australian commonwealth public sector. Account Audit Account J 10(4):532–561

Cabral S, Lazzarini SG (2015) The 'guarding the guardians' problem: an analysis of the organizational performance of an internal affairs division. J Public Adm Res Theory 25(3):797–829

Ceric A (2003) A framework for process-driven risk management in construction projects. PhD diss., Research Institute for the Built & Human Environment, School of Construction and Property Management, University of Salford

Ceric A (2013) Application of the principal-agent theory to construction management: literature review. In: Smith SD, Ahiaga-Dagbui DD (eds) Proceedings of the 29th Annual ARCOM Conference Reading. Association of Researchers in Construction Management, UK, pp 1071–1081

Christensen M, Skærbæk P (2007) Framing and overflowing of public sector accountability innovations: a comparative study of reporting practices. Account Audit Account J 20(1):101–132

Eisenhardt KM (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):57–74

Farazmand A (2002) Modern organization: theory and practice, 2nd edn. Praeger Publishers, Westport

Gillham B (2001) Case study research methods. Continuum, London

Hadi ZA, McBride N (2000) The commercialisation of public sector information within UK government departments. International Journal of Public Sector Management 13(7):552–570

Hansard Report (1995, February 13) Parliamentary debates, House of Representatives, Parliament of Fiji. Daily Hansard, pp 2423–2427

Hansard Report (1996, February 22) Parliamentary debates, House of Representatives, Parliament of Fiji. Daily Hansard, pp 2287–2332

Hodgson D (2002) Disciplining the professional: the case of project management. J Manag Stud 39:803–821

Kauppi K, Raaij EM (2015) Opportunism and honest incompetence – seeking explanations for non-compliance in public procurement. J Public Adm Res Theory 25(3)

Klein JH (2009) Principal agent problems in the financial crisis of 2007–2009. A paper from Master Thesis, Faculty of Sciences, Business Mathematics and Informatics, Amsterdam

Marine Department (1969) Annual report. Government of Fiji, Suva

Rojas P (2015) Political pressures: too large, too small, or just right? In: Gnan L, Alessandro H, Monteduro F (eds) Contingency, Behavioral and evolutionary perspectives on public and nonprofit governance, Studies in public and non-profit governance, vol 4. Emerald Group Publishing Ltd, London, pp 155–187

The Fiji Times (1995a, August 11) Ship's late delivery could cost $225,000. The Fiji Times, p 4

The Fiji Times (1995b, December 8) Shipyard dispute to be settled in Aust. The Fiji Times, p 4

The Fiji Times (1996) Endeavour bids Suva farewell. The Fiji Times, 13 January, 3

Walker RM, Chan SJ, Boyne AG (2013) Marching to different drummers? The performance effects of alignment between political and managerial perceptions of performance management. Public Adm Rev 73(60):833–844

Wickramasinghe N, Lamb R (2002) Managing managed care: the enabling role of IS/IT. J Manag Med 16(2/3):238–250

Wilkinson D, Birmingham P (2003) Using research instruments: a guide for researchers. RoutledgeFalmer, London

# Political Injustice and Public Policy

Fernando de Barros Filgueiras
Research and Graduate Studies, National School of Public Administration – Enap, Brasília, Brazil
Federal University of Minas Gerais, Belo Horizonte, Brazil

## Synonyms

Distributive justice

## Introduction

The relation between justice and public policy is reflected on the ability of governments to act inclusively, efficiently, efficaciously, and effectively, considering the ethical perception of society regarding institutions design and performance. Inclusion, efficiency, efficacy, and effectiveness serve as parameters that guide citizens' judgment on the performance of public policy and public administration as a whole. Political injustice takes place when institutions are permeable to power structures that lead to exclusion, inefficacy, and ineffectiveness. Political injustice in public administration is mainly triggered when the principle of equality is corrupted in public policy.

The debate on justice and public policy lays on the administration's capacity to add public value and be effective in its governance approach. Thus, political injustice is a normatively dependent concept, related to citizens' judgment on the justification and implementation of norms and values for governmental public action's assessment. Such judgment shall inform that a public policy is legitimate or illegitimate, based on ethical principles of inclusion, efficiency, efficacy, and effectiveness. That is, if a public policy is aligned with the public interest or if it reproduces exclusionary power structures. Public communication is central in this process, since it represents institutions' ability to promote public value, which will guide citizens' opinion about public policies.

The debate on governance argues that interaction between state and society must be considered in public administration's planning, so it can ensure mechanisms that enhance the quality of public policies and services as well as the quality of the political regime in which management operates. More than problems of public institutions, the concept of governance also considers the problem of public action, in such a way that the administration is limited not only in the aspect of management but also of politics (Rhodes and Bevir 2016).

Nowadays, democracies have been composed with citizens that are more critical to the action of governments. Such criticism has raised a wave of protest and demand for change in terms of management mechanism and political regime (Norris 2011). Increasing distrust in political and administrative institutions, broadening perception of corruption in managers' and large public enterprises' actions, as well as coordination problems and misinformation would be recurrent problems in democracies and that directly affect institutions (Dalton 2004; Hardin 1999; Klingelmann and Fuchs 1995; Levi 1998; Offe 1999; Pharr and Putnam 2000). There would be, in this sense, new demands to the public administration aligned with citizens' critical position in relation to democratic deficit of institutions, unrelated to social justice (Norris 2011). In other words, political injustice increases distrust in institutions and public policies, considering citizens' judgments justified by their exclusion from the decision-making process and by governments' poor results.

The idea of democratic deficit is related to citizens' high suspicion on institutions and a growing perception of public administration malfunction. The offer of public goods and services is hampered by inefficiency, inefficacy, and ineffectiveness of public policies, heavily bureaucratic archaic public services, lack of trained and qualified civil servants, systemic corruption, and public management models that do not allow the administration to add public value and to deal with its connection to the political system.

Therefore, it is the legitimacy of public action in society that announces the relationship between public administration and injustice, focusing on

inclusive and democratic values. Political justice is a parameter for judging public policy's inclusive capability and results. In contrast, political injustice comes from excluding power, which promotes inefficient, inefficacious, and ineffective results, out of ethical parameters.

## Framework of Justice and Public Policy

The debate on justice holds a broad traditional thinking. Theories on justice may vary from justice as transcendent institutionalism to justice as social accomplishment (Sen 2009). On one hand, justice is the set of principles that provide the correct choice of institutions. These principles have transcendental shape and guide society to the best possible choice of political and legal institutions for the realization of principles (Rawls 1993; Dworkin 1985; Nozick 1974). Principles must be justified in the light of a public reason that commands and guides governmental actions. The perspective of justice as social achievements, on the other hand, seeks to observe injustice in society's plan compared to social behavior criteria. However, the purpose of justice should not be focused on a dichotomous and antagonic treatment of these two perspectives, which should be combined to form a more complex framework. A valid conception of justice must account the right institutions and the right behavior, considering the values and norms set by principles (Sen 2009).

Justice is directly related to principles, which are brought to public discourse as argumentative resources for public action's evaluation. Public policy's public character depends on how government action can be justified, institutionally, having the constitution as a guide, or based on results, providing social achievements.

Within the scope of transcendental institutionalism, democratic society is governed by the principle of pluralism. Pluralism means that democratic societies build extensive and different moral, philosophical, and religious views, which prevent any kind of public interest based on social achievements, because any social achievement of a group will lead to the exclusion of another one. The transcendental character of the institutions lies in the fact that a democratic society is based on the production of an overlapping consensus on principles of justice. Overlapping consensus produces a tolerant society on the condition that citizens are reasonable and respect the difference principle (Rawls 1993).

In this sense, the origin of principles of justice demands a contractualist conception centered on the problem of validation. Validity is set up through consensus on principles that can be endorsed by everyone, regardless their moral, philosophical, or religious views. Legitimacy issues are limited to the constitutionality of laws as well as government and citizens' political actions. The exercise of power is legitimate if it is exercised according to a constitution, which is fairly endorsed by free and equal citizens (Rawls 1993).

Institutions shall establish policies and actions for the sole purpose of achieving the principles of political justice set out in a constitution. To be fair, public policy needs to be neutral from the point of view of their justification – not their results – because the bond to the conception of the good means the violation of the difference principle. Justification's neutrality is essential to validate policy established by the state and its agencies, bearing in mind valid institutions. As plural societies have no agreement on goods, the best judgment is the one that expresses first-order impartiality. Therefore, it limits the concept of public to constitutional precepts (Rawls 1993).

Constitutional principles justify administrative public action by rules that recognize citizenship equality. The equality principle requires the state to consider and treat its citizens as equals (Dworkin 1985). Public policies based on equality and on *rule of law* point to the following principles: (1) the government should not impose restrictions or sacrifices on any citizen based on an argument that the citizen would not be able to accept without abandoning his sense of equal value and (2) liberalism based on equality requires an economic system in which no citizen has less than an equal share of community resources just so that others can have more of what is lacking (Dworkin 1985). In the light of the principles of

transcendental institutionalism, public policy is fair on the condition that it is justified in accordance with the principles established by a constitution.

With regards to the concept of justice as social achievements, judgment does not take place based on transcendental principles. Deontological concepts of justice fail for assuming ideal models that are sustained in the empirical world (Walzer 1975). It is impossible to think of a person existing without being involved with his community and his ethical life since his faculty of the mind is based on values that are common and have a broader social meaning. The idea of justice is so complex that it has different significations in plural societies, depending on the context and on the group under discussion. A universal concept of justice that generates principles able to organize and formally order society is unlikely. Ordering depends on the search for deep structures of society, which are marked by common community values. Without ethical life, which generates values and deep structures of society, it is not possible to find meaning to the idea of justice, since it is connected to the fundamental loyalty that one has to others. Criticisms to transcendental institutionalism recognize diversity as the landmark of contemporary democratic societies and the need to recover ethical life to think public action. These criticisms are based on community and culture concepts as the basis for policy, taking into account a context of new social movements and their struggle for recognition (Taylor 1992). Thus, social achievements concept considers that citizens' judgment on public action justice is based on identities and philosophical and moral concepts of the world.

Justice in public policies, therefore, takes place on two levels: (1) in the political justification level, considering a free decision-making process that is able to equally include citizens and (2) in the policy implementation level, according to results that include and recognize citizens' diverse interests, opinions, and perspectives. With regards to inclusion, justice in public policy takes place in the decision-making process and in the public action's results. Regarding efficiency, justice in public policy takes place when scarce resources are optimized. Finally, as to effectiveness, public policy justice takes place when public action can ensure improved services and equitable and effective results.

## Political Injustice, Corruption, and Governance

Political injustice occurs in public policies when governmental action is assessed by citizens based on justification and implementation problems. Regarding the justification level, public policy is unfair when its ground of validity excludes the principles of freedom and equality. That is, when citizens are not free to choose the governmental action flow and when there is no equal concern and respect for diverse interests in public action. In terms of implementation, public policy is unfair when its results do not recognize and exclude the community's diverse interests, opinions, and perspectives, promoting society resource deprivation.

The main cause for political injustice in public policy is corruption. Democracy, as an ideal norm, is the political regime in which the ones affected by public decisions can manifest against those decisions (Habermas 1996). Corruption is a process of citizens' unjustified political exclusion from institutions and social achievements. Corruption means illegitimate and illegal private appropriation of public funds. Its immediate outcome is society's privation of power and deviation in resource distribution. Therefore, corruption assembles varied forms to act against public interest and it is manifested by moral judgment (Filgueiras 2008).

Being a normatively dependent concept, moral judgment, which specifies and defines corruption, depends on the law justification and implementation process, within public communication. Thus, corruption is a form of political injustice, which takes place in two levels: the institutional level and the social achievement level. Corruption is directly related to inequality, since it results in democracy institutions' malfunction and agents' misbehavior, promoting organizations and public administration resources privation. In relation to

institutions malfunctioning, corruption decreases the value of equality before the law, causing political exclusion (Warren 2005). Institutional malfunctioning results in one-sided distribution of society's economic resources, increasing inequality. That is, corruption directly affects social achievements by distributing society's resources unequally.

Corruption, as the ultimate expression of political injustice, since it results in political exclusion and reproduction of inequality, directly affects the quality of democratic government. Corruption jeopardizes the public communication process and directly affects the legitimacy of the political system and of public policy. In that sense, corruption is the breakdown of the political system legitimacy, as it means producing forms of exclusion in democracy.

Facing political injustice stems from democratic governance improvement. Public administration must grant new ways of power exercise in order to promote inclusive public policy, which means more effective, efficient, and effective. It must ensure ethical mechanisms of power exercise and institutional innovation processes marked by citizens' participation, solid management tools, transparency, and accountability. Democratic governance is the administration model that is open to public and delivers services and policies for citizens. Democratic governance goes beyond management, for the quality of public services is relevant for citizenship. Democratic governance means administration *in* public, for which, in addition to efficiency and effectiveness, state action legitimacy matters, considering public service and policy that promote equity and add public value to state action (Bevir 2010). Democratic governance brings together three elements that count up to public administration: (1) state capacity for implementation and coordination; (2) transparency and accountability mechanisms (Filgueiras 2016) and; (3) mechanisms for political participation (Fung 2015).

The concept of democratic governance is enclosed with the notion that government quality matters. Quality implies the ability to act and produce equitable results to society as a whole. It means not being permeable to corruption, being able to exercise full legitimate fair public authority (Rothstein 2010). Strengthening public sector's mechanisms for management and democratic governance allows for more inclusive institutions and results, which makes it possible for public policy to be immune to injustice and be paired up with ethical standards.

## Cross-References

▶ Ethics and Equality
▶ Politics and Ethics
▶ Theories of Ethics

## References

Bevir M (2010) Democratic governance. Princeton University Press, Princeton
Dalton R (2004) Democratic challenges, democratic choices. Oxford University Press, Oxford
Dworkin R (1985) A matter of principle. Harvard University Press, Cambridge
Filgueiras F (2008) Corrupção, Democracia e Legitimidade. Editora UFMG, Belo Horizonte
Filgueiras F (2016) Transparency and accountability, principles and rules for the construction of publicity. J Public Aff 16(2):192
Fung A (2015) Putting the public back into governance, the challenges of citizen participation and its future. Public Adm Rev 75(4):513
Habermas J (1996) Between facts and norms, contributions to a discourse theory of law and democracy. MIT Press, Cambridge
Hardin R (1999) Do we want trust in government? In: Warren M (ed) Democracy and trust. Cambridge University Press, Cambridge, pp 22–41
Klingelmann HD, Fuchs D (1995) Citizens and the state. Oxford University Press, Oxford
Levi M (1998) A state of trust. In: Braithwaite V, Levi M (eds) Trust and governance. Russell Sage, New York, pp 77–101
Norris P (2011) Democratic deficit, critical citizens revisited. Cambridge University Press, New York
Nozick R (1974) Anarchy, state, and utopia. Basil Blackwell, Oxford
Offe C (1999) How can we trust our fellow citizens? In: Warren M (ed) Democracy and trust. Cambridge University Press, Cambridge, pp 42–87
Pharr SJ, Putnam R (2000) Disaffected democracies, what's troubling the trilateral countries? Princeton University Press, Princeton
Rawls J (1993) Political liberalism. Columbia University Press, New York

Rhodes RAW, Bevir M (2016) The "3Rs" in rethinking governance: ruling, rationalities, and resistance. In: Rhodes RAW, Bevir M (eds) Rethinking governance: ruling rationalities and resistance. Routledge – Studies in Governance and Public Policy, Abingdon
Rothstein B (2010) The quality of government, corruption, social trust, and inequality in international perspective. The University of Chicago Press, Chicago
Sen A (2009) The idea of justice. Harvard University Press, Cambridge
Taylor C (1992) Sources of the self. Harvard University Press, Cambridge
Walzer M (1975) Obligations, essays on disobedience, war, and citizenship. Harvard University Press, Cambridge
Warren M (2005) La Democracia Contra la Corrupción. Revista Mexicana de Ciências Políticas y Sociales 47(193):109

# Political Leadership

Michael Johnston
Charles A. Dana Professor of Political Science, Emeritus, Colgate University, Hamilton, NY, USA

## Synonyms

Political authority; Political initiative; Political popularity

## Definition

A mutually recognized relationship between an individual or a small group, on the one hand, and a larger number of followers, sustained by transactional linkages with followers, enabling the leader(s) to persuade, set goals, and urge or discourage actions in ways that the followers do not ignore.

## Introduction

Leadership is an essential component of mass politics, public policy formation and implementation, nation and state building, conflict, and warfare, among a number of other concerns, yet the concept remains somewhat ill defined (for general analytical perspectives, see Blondel 1987; Edinger 1967; Elcock 2001; Jones 1989; Kellerman 1984, 1986; Paige 1977). During the first half of the twentieth century, perhaps in response to the rise of both democratic and undemocratic leaders enjoying considerable mass popularity – or at least mass followings and acquiescence – leadership was the focus of extended academic discussion. More recently, as interest has shifted toward grassroots politics, political psychology, the ways in which power is to be restrained rather than used, and the role of communications media, leadership has faded as a research focus. Indeed, in recent decades statements about the essence of leadership have tended to come more in the form of aphorisms on business motivational posters, or laments about the decline, absence, or poor quality of political leadership, than in the form of tightly argued definitions and analysis. At the same time, few would deny that leadership is a meaningful notion, or that it is a needed and valuable quality in politics, organizations, and society at large.

## Complex and Varial Relationships

Most conceptions of leadership involve a relationship between leaders and followers – after all, a would-be leader with no followers is of little importance – although some may also dwell upon various qualities of the leaders themselves, such as background, appearance, rhetorical and persuasive skills, moral standing, and so forth. Collective leadership in various forms is encountered fairly frequently, but most views of leadership itself emphasize an individual leader.

Let us, for the sake of argument, define leadership as a mutually recognized relationship between an individual or a small group, on the one hand, and a larger number of followers, sustained by transactional linkages with followers, enabling the leader(s) to persuade, set goals, and urge or discourage actions in ways that the followers do not ignore.

That very general definition would exclude purely coercive relationships (although some varieties of leadership may have coercive elements or include the threat of coercion). It transcends fame or popularity, in that the ability to influence followers' beliefs or actions is a central element of leadership but – while it may be a by-product of sorts – does not necessarily accompany or flow from fame or popularity themselves. It also differs from Weber's (1958 ed.) classic typology of types of legitimacy or authority (legal, traditional, and charismatic) in the sense that the latter may be properties of an institution, regime, or a system of interactions, as well as of a leader, and that any of those forms of authority might exist without necessarily having consequences for followers' behavior. Further, while those in positions of authority may be able to exercise leadership, it is easy to imagine a top figure in an insurgent movement who exercises considerable leadership with respect to that movement, yet does not possess broad social authority.

The tortured nature of the qualifications above illustrates a few of the reasons why leadership can be hard to define and why it may be more apparent by its absence than in some of its less dramatic, and effective, manifestations. The notion of influencing followers' behavior can be fraught with logical difficulties: we might attribute mass behavior to the presence and appeals of a leader, but how do we know what the followers might or might not have done in the leader's absence? Similarly, it is possible, even common, for a leader to take credit for outcomes that likely would have happened anyway or for mass beliefs or behavior that have other origins.

For that reason it is important to understand what leaders and followers offer and derive from their relationship and what sorts of resources leaders depend upon to maintain their position. While there is no agreed-upon typology of such forms of leadership, several types (as opposed to personal "styles") might be worth pointing out. At various points, some of Weber's themes will be evident here as well; and it is important to note that many cases of leadership will likely display more than one of the following characteristics.

Some forms of leadership, even though they involve relationships with followers, are less transactional than others. *Autocratic* leadership revolves around obedience of an individual (who may possess other leadership qualities as well). Often the specific threat or mere implication of coercion will be fundamental to the autocrat's role. Followers, for their part, may derive the not inconsiderable benefit of avoiding such coercion, as well as a measure of derivative prestige that flows from identifying with, or being identified with, the autocrat.

*Bureaucratic* or rule-oriented leadership will depend upon the formal duties, functions, and powers of a leadership role, as well as upon a range of rewards and incentives that are normally dispensed through that bureaucracy (Egeberg and Trondal 2009). The rules and roles underlying bureaucratic leadership may specify extensive obligations, limitations, and entitlements for both leaders and followers and are not normally dependent upon the identities or personalities of individual leaders or followers. Much leadership in business and public administration exemplifies this category.

*Charismatic* leadership (Friedrich 1961; Willner 1968, 1985) rests critically upon emotional and symbolic relationships between leaders and mass followers. Unlike bureaucratic leadership, for example, the loyalties sustaining charismatic leaders attach to the person of the leader, rather than primarily to an office or a broader system of authority. "Charisma" is a term that has been much debased by overuse regarding what ordinary political leaders ought to offer. But the linguistic roots of the term, referring to one who has been anointed by God, give a clearer indication of the power (and rarity) of genuinely charismatic leadership. Such leaders may symbolize the shared identity, hopes, or resentments of a whole people and may even be seen by some as divinely chosen; in most instances they are highly skilled at the uses of language (Shamir et al. 1994) and symbols. The charismatic leader derives immense popularity – but may also be the focus of immense expectations – while followers receive emotional gratification, the opportunity to identify with an exceptional figure, and mutual

reinforcement from other followers. Again, no consensus list of charismatic leaders exists; some have been accorded a kind of post hoc charismatic status after their death (e.g., John F. Kennedy, who during his lifetime was a popular but not wildly acclaimed, nor exceptionally effective, president). Better examples might be figures such as Gamal Abdel Nasser or Rev. Martin Luther King, Jr.

Closely related to charisma is *demagogic* leadership. The demagogue, again, inspires intense emotions and is usually adept at using words and symbols to mobilize them in followers. But unlike the charismatic leader who inspires followers, a demagogic leader is more likely to use them, directing their emotions at some common enemy or scapegoat, or diverting attention from more immediate problems. Because leaders in mass electoral systems often find it useful to be very general about what they support and very specific about what they oppose (A notable exception was Lyndon Johnson who, at the end of a long day of campaigning in 1964, proclaimed "I just want to tell you this – we're in favor of a lot of things and we're against mighty few." "Lyndon Johnson quotes" 2016), some elements of demagoguery may surface in otherwise healthy political processes, or at least charges of demagogic appeals may be frequent. But the true demagogue has malign intent transcending electoral advantage alone: Adolph Hitler's targeting Jews as the source of Germany's problems and resentments, or (in less extreme ways) contemporary politicians who cast immigrants in similar roles, show both the power and the negative potential of demagogic leadership and the essential role of mass response in this – as in any other – leader-follower relationship.

*Consensual* (or first among equals) leadership rests upon agreements, implicit as well as formal, and upon sustained trust among a number of participants in a managerial or decision-making process. The late Harold Wilson, twice prime minister of the United Kingdom, likened his leadership style to that of a sweeper or midfielder on a soccer football team – deploying people and tasks and then coordinating effort and resources to maintain a smoothly functioning government. A consensual leader may indeed have a personal agenda or set of goals, but consensus building (and maintenance) is central to this variety of leadership.

*Nationalistic* or *identity-based* leadership casts the leader as the embodiment or chief representative of a group's or nation's being – in effect, as exemplifying "us" as opposed to others. Depending upon the social composition of a nation or community, such leadership can be a strong unifying force, or sharply divisive; similarly, such a leader might mobilize followers toward positive goals, or derive credibility and power by skillfully articulating the group's resentments. Times of crisis, or of major political transition, seem particularly likely to bring such leaders to the fore. Vaclav Havel was a positive example of such a leader; more negative examples abound in dictatorial regimes.

Some leaders build a following by buying it. *Patronage-based* or *patron-client* leaders recruit followers by making it worthwhile for them to get behind the leadership. Political machine bosses offered their followers a range of favors, and in some cases local government jobs, in exchange for their loyalty and political work at the neighborhood level. Their support, in turn, helped the boss win elections and maintain control of the sources of patronage. At times patronage-based leadership is portrayed in benevolent terms, but in fact it was aimed at maintaining a political monopoly; poor and working-class followers were not so much mobilized on behalf of their own interests as controlled in the service of the boss. Once in power, patronage-based leaders can be difficult to unseat by routine political processes, as their political monopoly makes it difficult for would-be competitors to build followings of their own. If they are ousted, it will more likely be via legal or other interventions from without – or because they have allowed their organization to "age" and get out of step with changes in the wider community.

*Social* or *network-based* leaders enjoy a status and degree of prestige that reflects personal popularity. There are parallels here to the consensual leaders noted above, but leadership in this category is likely to be more informal and social, drawing upon and reinforcing social capital rather

than revolving around official roles and responsibilities. Many neighborhoods have a long-time resident, or a handful of them, whose prominence and local knowledge mean they are sought out for help and advice. Prominent local business people, educators, or clergy may also play similar roles. The reciprocities involved in such leadership may resemble those in a patronage organization, but followings are not disciplined or controlled, are unlikely to face any real competition, and are held together more by a sense of good will than by the systematic giving or withholding of rewards. Nonetheless, when a community problem surfaces, social leaders may well lead the way in organizing a political as well as social response.

*Symbolic* or *figurehead* leaders are known to all in a community or society, and while they exercise little or no formal power they can be powerful unifying influences. The classic example is Walter Bagehot's Queen Victoria (and similarly, today's Queen Elizabeth II) in the United Kingdom: as Bagehot made clear, the sovereign "reigns but does not rule." Indeed, in his analysis the symbolic power of such figures depends upon their remaining above and apart from the day-to-day political fray. The symbolism involved can be of many sorts – patriotic, religious, historical, military, cultural, and other themes may be intertwined in complex ways. While the power and durability of such symbolic appeals should not be underestimated, they are potentially fragile and open to disruption; Bagehot famously warned against parliamentary inquiries into the monarchy by saying that "we must not let in daylight upon magic." Still, symbolic leaders may at times influence government or management in subtle ways or, by example; Queen Elizabeth is widely believed to have influenced the conservative party's choice of a leader (and thus of a new prime minister) in 1963 by quietly backing Alec Douglas-Home behind the scenes.

A final variation on leadership would include leaders or would-be leaders operating from a stance of dissent or criticism of the established order. Here we might include insurgents (political or military), whistleblowers, gadflies, scandalmongers, or campaigners for various causes, so long as they have discernible popular recognition. As they generally exist and act outside of mainstream institutions and dominant leader-follower relationships, such leaders may be weak and their careers short lived. But if they can capitalize upon a crisis, widely held resentments, exceptional moral standing, or the unpopularity of established leaders and regimes, and if they can build a following sustainable for the long run, such leaders can play major, even transformative roles. Mohandas Gandhi in India, Fidel Castro in 1950s Cuba, and Lech Walesa in 1980s Poland are examples of differing sorts. Here again, such leaders will be more successful if they can make use of some of the other appeals (charismatic, patron client, nationalistic) noted above and if they can offer diverse appeals to a range of constituencies and followers.

## Conclusion

The varieties of leadership outlined above can overlap in many ways; indeed, highly effective leaders may simultaneously appeal to different constituencies in quite different ways. Each can be overlaid by the personal styles of particular leaders or strongly shaped by widely shared emotions and expectations on the part of followers. Collectively, however, they illustrate the variety of relationships that can arise between leaders and followers. Leadership can also be shaped by the distinctive needs and agendas of the leaders themselves – a "need for power"; a drive for wealth, popularity, or love; a desire to make a mark on history; or to avenge various personal or group slights, defeats, and deprivations may all drive individuals to seek leadership roles and to build followings.

Political leadership can differ from other varieties in terms of its formal sources of authority and of the types and extent of accountability to followers and wider publics that may be involved. It is distinctive in those respects from, say, corporate leadership. Leadership roles and powers can be abused – lying and corruption are examples – if leaders use their power and prestige in self-serving ways. Narcissism, in the popular senses of the term, may also arise if leaders use the

prestige, power, and resources of their positions to build up their self-image or reputations, rather than to maintain the transactional relationship (whatever it may be) with followers. Particularly where mechanisms of popular accountability are strong, a leader who "wants to be something rather than do something" may quickly deplete his or her fund of legitimacy and good will.

## Cross-References


- ▶ Constructivist Theories of Leadership
- ▶ Contingency Theory of Leadership
- ▶ Governance and Leadership
- ▶ Group Power and Leadership
- ▶ Heroic Leadership
- ▶ Implicit Leadership Theories
- ▶ Leadership Across Generations
- ▶ Leadership Across Hierarchical Levels
- ▶ Leadership and Consensus Building
- ▶ Leadership and Emergency Management
- ▶ Leadership and Social Justice
- ▶ Leadership and Society
- ▶ Leadership and Technology
- ▶ Leadership Challenges in Civic Engagement
- ▶ Leadership Development
- ▶ Leadership Effectiveness
- ▶ Leadership Failures
- ▶ Leadership in Organizations


## References


Blondel J (1987) Political leadership: towards a general analysis. Sage, Beverly Hills

Edinger LJ (ed) (1967) Political leadership in industrialized societies: studies in comparative analysis. Wiley, New York

Egeberg M, Trondal J (2009) Political leadership and bureaucratic autonomy: effects of agencification. Governance 22(4):673–688

Elcock HJ (2001) Political leadership. Edward Elgar, Northampton

Friedrich CJ (1961) Political leadership and the problem of the charismatic power. J Polit 23(1):3–24

Jones BD (ed) (1989) Leadership and politics: new perspectives in political science. University Press of Kansas, Lawrence

Kellerman B (ed) (1984) Leadership: multidisciplinary perspectives. Prentice Hall, Englewood Cliffs

Kellerman B (ed) (1986) Political leadership: a source book. University of Pittsburgh Press, Pittsburgh

"Lyndon Johnson Quotes" 101Sharequotes.com (2016). http://101sharequotes.com/quote/lyndon_johnson-and-i-just-want-to-tell-you-this-26799. Accessed 1 Dec 2016

Paige GD (1977) The scientific study of political leadership. Free Press, New York

Shamir B, Arthur MB, House RJ (1994) The rhetoric of charismatic leadership: a theoretical extension, a case study, and implications for research. Leadersh Q 5(1): 25–42

Weber M (1958) The three types of legitimate rule, vol 4 (trans: Gerth HH). Berkeley Publications in Society and Institutions, Berkeley

Willner AR (1968) Charismatic political leadership: a theory. Center of International Studies, Woodrow Wilson School of Public and International Affairs, Princeton University, Princeton

Willner AR (1985) The spellbinders: charismatic political leadership. Yale University Press, New Haven


# Political Leadership and Gender (In)Equality


Maria Ligia Ganacim Granado Rodrigues Elias[1] and Daniela Haj Mussi[2]

[1]Department of Political Science, Brasilia University (UnB), Brasilia, Brazil

[2]Department of Political Science, Sao Paulo University, Sao Paulo, Brazil


## Synonyms

Gender gap; Gender inequality; Gender inequity; Political leadership; Public headship

## Definitions

**Political Leadership**: Holding of public office or serving as a political representative by means of election or direct appointment.

**Gender**: Formalized social identities and practices affecting interactions between men and women in modern/contemporary societies; a historical and cultural concept that opposes the idea that differences between men and

women can be defined in strictly biological terms.

**Gender inequality**: Disparity between the legal rights and experiences of men and women (in their roles as human beings, producers, consumers, family members, subjects of law, etc.); a historical legacy of patriarchy, it is still prevalent in all modern societies.

## Introduction

Contemporary Western democracies have, to a large extent, consolidated the constitutional assumption of legal equality for all citizens. Nonetheless, the development of modern democracies has also been accompanied by a perception that the legal enshrinement of equality in law does not necessarily assure equal rights in fact. In other words, there is a general perception that despite the existence of constitutional and legal tools designed to ensure modern equality, a number of inequalities still persist; which points to a gap between how society is conceived in the law and how it is experienced by its citizens.

When men and women receive unequal treatment – in law and in daily life – it is referred to as gender inequality. This form of inequality has inspired a range of reflections in different contexts around the world about how to foster equal rights and opportunities for men and women alike. Yet despite these efforts, even in the twenty-first century, men and women still experience unequal rights and access to social goods, indicating that many challenges still need to be addressed to reduce the distance between equality under the law and the reality experienced by citizens. Such situations of gender inequality are often described as the gender gap.

The underrepresentation and limited participation of women in decision-making processes and institutions are two of the most important consequences of gender inequality, especially in democratic societies. As such, this entry explores the problem of gender inequality in politics, addressing the following questions (Glatte and de Vries 2015): If women account for almost half of the world's population, why are they a minority in leadership positions, particularly in the political arena? What are the possible causes of the slow and limited progress towards the full participation of women in public democratic life? What measures have been taken around the world to confront these issues?

## Women as Political Leaders

Leadership is a very broad notion that has different connotations depending on the field of knowledge. The concept of political leadership is more restricted, referring specifically to the sphere of institutionalized politics and government (e.g., Inglehart and Norris 2003). It has to do with people's effective and ongoing participation in the institutional dynamics of representation and deliberation – voting, being voted, holding public office – in the full exercise of their political rights.

Until the late 1970s, analyses of political leadership in the political and institutional life of governments and political parties did not focus particularly on the presence of women in the rank and file of political parties, unions, or civil services or in positions of power. This began to change towards the end of the twentieth century with the upsurge of women's rights movements in the United States and Europe (e.g., Jaquete 1997). Since then, "advances for women" have been discussed openly among scholars and politicians, especially "in the areas of access of education, health care, and reproductive services, as well as human rights," basic preconditions for access to political life (Inglehart and Norris 2003, p. 129).

By contrast, however, studies of women's participation in institutional politics and government only gained ground later (ibid., p. 129). It was only in the 2000s that discussions about women in political leadership led to the development of research agendas focused specifically on the study of the trajectory of women's representation in different branches of government (e.g., Jones 2009; Piscopo 2010; Schwindt-Bayer 2010; Htun 2016). Such studies focus on women's access to political representation from a historical perspective and its role in promoting gender empowerment.

## Gender Political Inequality

Gender is a term that generally refers to formalized social identities and practices affecting interactions between men and women in modern and contemporary societies. It is a historical and cultural concept that opposes the idea that differences between men and women can be defined in strictly biological terms (Scott 1986, p.1067). Gender relations therefore permeate the entire social life of a community and connect with other factors to compose a structured fabric of human relations.

Each gender is not made up of a homogeneous group of people, as there are natural overlaps with other social groupings and identity markers, such as class, race, ethnicity, religion, sexuality, and age. Nonetheless, gender of itself often connotes certain social roles that generally place women at a social disadvantage and often expose them to violence.

Gender inequality is particularly marked in political leadership. According to the Inter-Parliamentary Union, in June 2017 23.6 percent of all national parliamentarians were women (World Development Indicators 2018). This number may look low, but from a historical perspective it actually represents huge progress. (Nine percent of all national parliamentarians in 1987 were women. By 1995, this number had risen to 11.3%, and reached 14.3% in 2002.) In the words of Jane Jaquete, the growing participation and representation of woman in politics is "one of the most remarkable developments of the twentieth century" (Jaquete 1997, p. 23). Likewise, in October 2017, 11 women were serving as heads of state and 12 were serving as heads of government around the world, as opposed to just nine heads of state or government in 2003 (Inglehart and Norris 2003, p. 129). In 2016, there were just 38 states around the world where fewer than 10% of the parliamentarians in their single or lower houses were women, including four that had no women representatives at all. In 2001, there were over twice as many states (82) with such a low participation of women in the lower house, and only 27 states had over 20.7% female parliamentary representation (with none exceeding 42.7%!).

These are just a few examples that demonstrate a recent narrowing of the gender gap in political leadership around the world. However, they also reveal that political leadership is still overwhelmingly male-dominated. According to the *Report on Equality between Women and Men*, produced by the European Commission in 2008, women are still a minority in positions of responsibility in politics at all levels of representation and government in the countries of the European Union (European Commission 2008, p. 8–9).

In 2001, it was estimated that if women's participation in politics continued to grow at the same rate (0.36% per annum), parliamentary gender equality would only be achieved in the turn of the twenty-second century. Over 15 years later, the *Global Gender Gap Report* of 2017 (World Economic Forum 2017) estimated that time needed for gender parity, based on the pace of current advances, was even longer: 217 years. In other words, the gender gap would only be closed in the turn of the twenty-third century. When progress is made in combatting gender and political inequality, the danger of a backlash should never be underestimated (SDG Fund 2017).

## Barriers for Gender Equality

Throughout the world, research demonstrates that women continue to be underrepresented in positions of political leadership, although in these same surveys their effective participation in the rank and file of political organizations is evident. This begs a fundamental question: What is preventing the empowerment of women leaders in democratic institutions?

Inglehart and Norris (2003) point to a combination of three key "barriers" to the rise of women in politics: structural, institutional, and cultural. *Structural barriers* are related to situations where certain conditions in the social system (occupational, educational, socioeconomic status) are decisive in hindering or impeding women's access to political office. They are very common in developing countries, where poverty and limited access to education and health care affect entire

generations of children, particularly girls. Yet this kind of barrier alone cannot explain situations where societies at the same level of development have clear disparities in the inclusion (exclusion) of women in (from) positions of political leadership (e.g., Canada versus the United States or South Africa vis-à-vis Nigeria).

In these cases, it might be worth exploring, for example, the role of *institutional barriers* in preventing more women from holding positions of political leadership, especially the tendency for path dependence to reinforce male power in political parties, the selection of male candidates, etc. Many studies in this area have prompted calls for proportional representation and the introduction of quotas for women in political parties' internal recruitment processes. These measures, which are more accepted nowadays, would help correct the flaws in the "rules of the game" and promote gender equity within democratic competition. Another factor affecting women's access to political leadership positions is the level of democratization of the institutions in their countries, since inequality can only be fully redressed by expanding civil liberties and rights, strengthening political parties, and opening and institutionalizing political recruitment procedures (ibid., p. 132).

However, like structural barriers, institutional barriers do not of themselves explain why countries that adopt similar measures to boost the institutional inclusion of women in politics often obtain divergent results or why women with a similar socioeconomic status in the same institution will have widely diverging opinions on the need for the greater inclusion of women in politics (e.g., Cole et al. 1998).

To attempt to complement the study of the causes of gender inequality in political leadership, Inglehart and Norris (2003) then propose the existence of *cultural barriers*, which are linked to the diffusion (or not) of certain traditional values concerning the place of women in society and in the political community. In particular, societies where family values and domestic life are particularly important tend to impose barriers on the entry of women into public political arenas. Cultural barriers explain, moreover, why in certain societies women are able to rise to a certain level of political leadership but are prevented from advancing further (ibid., p. 134). The achievement of gender equity in political leadership could be hampered just as much by traditional attitudes towards women as by socioeconomic status or the political rules of the game.

## A Permanent Challenge

The persistence of gender inequality in political leadership is a quandary that has attracted the repeated attention of scholars (Glatte and de Vries 2015). As we have seen, although each region and country has its own particularities, historical data show that gender inequality of access to and permanence in positions of political representation and government is still a major issue in democracies across the globe. It is a cross-cutting issue involving multiple hurdles of an economic, institutional, and cultural nature that make it harder and more costly for women to rise to and hold political leadership positions than men. Addressing this problem means working simultaneously on different fronts.

One possible front for action is the recognition that gender inequality is a problem of social justice, encompassing society as a whole, and that this is a fundamental agenda for the development of societies engaged in democratic values. At first sight, this recognition may seem simple, even consensual; however, a real commitment to this issue calls for the scrutiny of complex social relations beyond the abolition of the formal barriers that have prevented (and in some cases still prevent) the access of women to public office, while also facing up to economic, cultural, and subjective issues linked to gendered socialization, sexual division of labor, and the social construction of politics as a male sphere. Once this issue is recognized as a problem, action must be taken.

Since the 6th United Nations Conference on Women, held in Beijing in 1995, the adoption of affirmative action policies has been recommended in order to increase the number of women in representative positions. The question

of quotas for women in the composition of representative houses is not simple, especially when it comes to deciding what models to adopt. When the problem of access to political leadership is extended beyond gender to encompass other important identity markers, such as sexual orientation, race, class, and education, its complexity is only compounded.

In addition, researches have shown that expanding the presence of women in positions of political leadership does not necessarily mean strengthening the agenda of gender equality (e.g., Htun and Power 2006, p. 83–84). Party structures must also be changed if gender inequality is to be effectively addressed, since women often feel less qualified to seek office than their male counterparts (Fox and Lawless 2011, p. 59). Research findings indicate that women's self-perception and perceptions of gender inequality are anything but homogeneous, and that providing them with formal access to certain positions of political leadership will not necessarily lead to greater political autonomy or deliberative power across the board. (e.g., Fox and Lawless 2011).

The limited presence of women in positions of political and state leadership does not, however, mean that women are not politically engaged. On the contrary, as we have seen in this entry, it is the result of an imbalance of influence caused by gender in conjunction with other important factors such as class and race. There is no consensus and no single answer to the question of how to bridge the gender gap, but the data presented here indicate that there is still a long way to go in terms of understanding the issues and designing and implementing practical and symbolic measures to bring about greater gender equality. It is not something that affects just a small group of society, but is intimately linked to the success of our democratic institutions and societies into the future.

## Cross-References

▶ Bureaucracy and Democracy
▶ Civil Rights

## References

Cole ER, Zucker AZ, Ostrove JM (1998) Political Participation and Feminist Consciousness Among Women Actvists in the 1960. *Political Psychology* 19(2):349–371

European Commission (2008) Report on equality between women and men 2008. Office for Official Publications of the European Communities, Luxembourg ISBN 978-92-79-07741-8

Fox RL, Lawless JL (2011) Gendered perception and Political Candidacies: A Central Barrier to Women's Equality in Electoral Politics. *American Journal of Political Science* 55(1):59–73

Glatte S, de Vries CE (2015) Gender norms and gender gaps in political participation in Unified Germany (provisional working title). *Draft version*. Department of Politics and International Relations. University of Oxford

Htun M (2016) *Inclusion without Representation in Latin America*. Gender quotas and ethnic reservations. Cambridge University Press, New York

Htun M, Power T (2006) Gender, Parties, and Support for Equal Rights in the Brazilian Congress. *Latina American Politics and Society* 48(4):83–104

Inglehart R, Norris P (2003) *Rising tide*: gender equality and cultural change around the world. Cambridge University Press, New York

Jaquete JS (1997) Women in Power: From Tokenism o Critical Mass. *Foreign Policy* 108:23–37

Jones M (2009) Gender quotas, electoral laws, and the election of women: evidence from the Latin American vanguard. Comp Pol Stud 42(1):56–81

Piscopo J (2010) Setting agendas for women: Substantive representation and bill introduction in Argentina and Mexico. PhD dissertation, University of California San Diego

Schwindt-Bayer LA (2010) *Political power and women's representation in Latin America*. Oxford University Press, New York

SDG Fund (Sustainable Development goals Fund) (2017) Case Study: Bolivia: Gender-Based Political Violence. Joint Programme: Integrated Prevention and Constructive Transformation of Social Conflicts Thematic Window: Conflict Prevention and Peace building. Available at: http://www.sdgfund.org/case-study/institutional-strengthening-against-gender-based-political-violence-bolivia

Scott J (1986) Gender: a useful category of historical analysis. Am Hist Rev 91(5):1053–1075. https://doi.org/10.2307/1864376

World Development Indicators. Washington, DC (2018) The World Bank. Available at: https://data.worldbank.org/

World Economic Forum (2017) The global gender gap report. [online] Geneva. Available at: https://www.weforum.org/reports/the-global-gender-gap-report-2017

# Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study

Vincent Ekow Arkorful[1] and Benjamin Kweku Lugu[2]
[1]Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong
[2]School of Management, University of Science and Technology of China, Hefei, China

## Synonyms

Africa; Democracy; Foot soldiers; Ghana; Political parties; Politics; Vigilantism

## Definition

Political vigilantism, otherwise referred to as *"footsoldierism,"* refers to the resort to, and the use of illicit mechanisms to advance and realize parochial political goals.

## Introduction

Ghana's attainment of Independence from British colonial rule on 6 March 1957, the ensuing slump into a 24-year military rule, and its subsequent resurgence onto the path of democracy has made it an oasis of hope in matters of democracy and governance in Africa and the developing world. To this end, corporate governance within the precincts of Ghana has undergone a monumental sea change since the initiation of democratic reforms. Among other things, the consolidation of democracy, and the entrenchment of liberalization and its tenets thereof, has engendered significant inroads including, but not limited to, extending rights to citizens to participate in the governance process by way of voting, having the right to belong to a political party, and the right to freedom of speech, which guarantee individuals the liberty to engage in sociopolitical discourses (Gyimah-Boadi 2009).

The stable political climate, which has supported the successful organization of series of elections spanning from the first in 1992, to the most recent in 2016, provides sufficient incontrovertible evidence to this assertion. In essence, these elections have markedly made a peaceful transition of political power from one leadership to the other. In spite of the enviable successes and monumental achievements chalked (Debrah 2016), there is however an unfortunate political culture gradually creeping into the political dispensation of Ghana fourth republic. This unfortunate development, which has become known as *"political party vigilantism"* or *"footsoldierism"* has the tendency to erode the years of painstaking and enervating successes chalked, while weakening the strongly laid democratic foundations.

Within a broader generic context, vigilantism could be conceptualized and conceived as an informal security structure or arrangement, which groups or individuals subsist on, as a reliable source of protection toward the advancement of pursuits within the broader context of group/party interest (Gyampo et al. 2017). Political party vigilantism principally entails the use of a wide array of violent and despicable mediums like dissidence, resistance, and other legally unapproved measures (Nivette 2016) by an illicitly constituted group. Given the insecure and dangerous approaches employed in the undertakings of vigilante groups, vigilantism has been one of the grave deficits in democracy practice (Asamoah 2019).

Concerning political party vigilante or foot soldier activism in Ghana, the key actor culprits include the two major political parties: the New Patriotic Party (NPP) and the National Democratic Congress (NDC). The preoccupation of these groups is anchored on preserving the interest of their political parties – for example, providing security for party activities and leadership (Bob-Milliar 2014). At this juncture, it is instructive to emphasize that these groups do not emerge out of the blue. There are possible and plausible factors underpinning their formation and

mushrooming. So, what exactly informs the decision of people to engage themselves in vigilante activities? What drives the intention of people to subscribe to vigilante groups? These constitute the questions we seek to answer in this study. As much as vigilante groups help advance both personal and political party courses, their activities could equally impair national development, and the overall democratic process.

Essentially, there have been prior seminal studies exploring the phenomenon of vigilantism in Ghana. In a qualitative study, Gyampo (2010) explores the activities of political vigilante groups within Ghana's body politic. In another seminal study, Gyampo et al. (2017) further explore the activities of vigilante groups in advancing not only the course of their affiliate political parties, but also, their debilitating effects on the entire political and democratic governance system in Ghana. In a more recent qualitative study, whereas Asamoah (2019) extensively discourses on the pervasiveness of party vigilantism as an ignoble element of governance in Ghana's Fourth Republic dispensation, Bjarnesen (2020) also treatises on the menacing activities of vigilante foot soldiers in relations to democratic governance, precisely elections.

In view of the aforementioned prior studies, it is however obvious that there is no empirical study investigating the underpinning factors of vigilantism in Ghana. Against this backdrop, our study seeks to fill the lacunae in extant research literature by investigating the potential push factors of vigilantism. Overarchingly, and more concretely, the purpose of our study is to empirically inquire into social, economic, and political factors underpinning vigilantism in Ghana. An empirical study of this sort is crucial for effective policy intervention. Until a clear examination and understanding of the complexity of the phenomenon, efforts exerted toward addressing the canker may be cast in chimera.

The uniqueness of this study lies in its empirical approach. To the knowledge of the authors, it is the premier groundbreaking empirical studies that sets out to investigate party vigilantism in Ghana. Our study contributes to literature by expanding the scope on vigilante studies, proposing and verifying a theoretical model within the context of behavior. The proposed model would not only foster an understanding of the nomological relationship between constructs, but also, would help identify factors (in order of hierarchy) likely to drive vigilantism. Overall, the findings of our study would provide sufficient empirical pointers to guide the deployment of measures targeted at fighting the phenomenon, while contributing to strengthening and consolidating Ghana's bourgeoning democracy.

The remaining part of the chapter is structured as follows: the next section discourses on the historical trajectory of political vigilantism. The "theoretical underpinning of the study" section covers the theory, research model and proposed study hypotheses. The "research methodology" section covers the study approach employed. Results of the study are captured in the "data analysis and results" segment. The broader study discussion is presented in the "discussion, conclusion and recommendations" section. The final part covers the study "implications and limitations."

## Vigilantism and Footsoldierism in Ghana: Historical Trajectory – Past to Present

The trajectory of political vigilantism in Ghana could be traced to the precolonial era when the struggle for self-determination from British colonial rule had assumed a more ruthless dimension. As a countermeasure to overcoming the overbearing British colonial masters who had overtime unyielded to the demands of the people of the then Gold Coast, now Ghana, the people organized themselves into groups, with the ultimate goal of throwing British rule into disarray while expediting the independence process. This situation culminated into the opening of the floodgates of political activism in Ghana. Key among these initiatives precipitated the formation of a youth group (The Veranda Boys Movement) by Kwame Nkrumah of the Convention Peoples Party (CPP) (Paalo 2017). On the basis of the politically charged atmosphere, the struggle for independence received an impetus when three of the

protesting disgruntled ex-service men (Sargent Adjetey, Corporal Attipoe and Private Odartey) who had fought for Britain in the Second World War were shot at the Christiansborg cross at an event which later became known as the 24 February 1948 disturbance. This event led to price hikes, which called for the boycott of British products by Nii Kwabena Bonnie II (also known as Kwamla Theodore Taylor) a radical nationalist traditional ruler.

In the aftermath of independence, in view of the display of stiff opposition to the leadership of President Kwame Nkrumah by the National Liberation Movement (NLM) and other dissident sects of ethnic provenance (e.g., The Action Troopers, Tokyo Joes, Ga Ekomefeemo Kpee), it was apparent that vigilantism had become a symbiotic feature of governance. In pursuing their goals, these groups principally employed dastard means like using guns to unleash fear and terror on their opponents. As a countermeasure to the series of destabilizing events that had characterized governance, the Nkrumah-led government promulgated the Preventive Detention Act of 1958, which empowered the then interior minister of state, (Mr. Krobo Adusei) to arrest and detain persons whose engagements and undertakings were perceived as threats to the state, and as such of dangerous consequence to the state. Going forward, the promulgation of the "Avoidance of Discrimination Act" resulted in the proscription of all political parties in the Gold Coast. Apart from the Convention Peoples Party (CPP) of Kwame Nkrumah, all other political Parties were banned, and further declared illegal.

The ensuing rage and discontentment among the people of Gold Coast informed further vigilante-like machinations against Kwame Nkrumah. Profound among them was the 1963 Kulungugu bomb assassination attempt against Nkrumah. The survival of Nkrumah informed further anti-regime machinations that finally culminated into his oust by Major A.A. Afrifa, E.K. Kotoka and Mr. J.W.K. Harley on 24 February 1966. The post-Nkrumah period ushered in other short-lived regimes including that of President Hilla Limann (24 September 1979–31 December 1981) who was later overthrown by the Jerry John Rawlings' Armed Forces Revolutionary Council (AFRC) in 1979. The Provisional National Defense Council (PNDC) Government incepted thereof by Rawlings was anchored on revolution-based committees and other militia groups (Peoples Defense Committees, Workers Defense Committees), which were essentially intransigent pro-regime vigilante groups (Gyampo 2010).

And quite unfortunately, as opposed to the practice of democracy, Ghana's fourth republic (with 24 registered political parties) has witnessed an onslaught of party vigilante activities. Leading the charge in this regard include the two major political parties: the New Patriotic Party (NPP) and the National Democratic Congress (NDC) (Bob-Milliar 2014; Paalo 2017) who stoke the flames of illegal activities such as ballot box protection and snatching, and other violence such as intimidation, threats, etc.

These groups dispense "essential" services ranging from providing security for party functionaries and events, event organization, protecting ballot boxes at polling stations during elections to engaging in activities targeted at advancing party objectives. Tables 1 and 2 present lists of vigilante groups of the two major political parties (i.e., NPP and NDC) across the regions in Ghana. While the activities of these groups have enabled the consolidation of political power for their respective parties over the years (Gyampo 2010; Asamoah 2019), it is also significant to emphasize not only the substantial threats that their undertakings pose to human rights and the general governance process in Ghana, but also factors that drive this phenomenon.

## Theoretical Underpinnings of Vigilantism and Research Model

Various authorities and scholars (Johnston 1996; Abrahams 2003; Gyampo 2010) have variously conceptualized vigilantism. Regardless of the variants and divergence in concepts, the use of *"vigilantism"* converges around, and summarily reinforces the notion of the unlawful application of force, in contravention with the tenets of Rule

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 1** Pro-NDC vigilante groups

| National democratic congress (NDC) | Location |
|---|---|
| Azorka Boys | Tamale |
| The Hawks | Western |
| Al-Qaeda | Tamale |
| Al Jazeera | Tamale |
| Zongo Caucus | Ashanti |
| Untouchable Forces | Accra |
| Gbeewa Youth | Tamale |
| Rasta Boys | Agbogbloshie |
| Nima Boys | Accra |
| Tohazie | Tamale |
| 66 Bench | Tamale |
| Salifu II | Mim |
| Untouchable Forces | Accra |
| NATO Forces | Tamale |
| Bukurisung | Tamale |
| Aluta Group | Tamale |
| Pentagon | Tamale |
| Se Se Group | Nima |
| Kandaha Boys | Nima |

Source: Authors computation

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 2** Pro-NPP vigilante groups

| New patriotic party (NPP) | Location |
|---|---|
| Invincible Forces | Eastern Region/Accra |
| Action Troopers | Kumasi |
| Bolga Bulldogs | Upper East |
| Bugri Naabu Fun Club | Tamale |
| Bamba Boys | Wenchi |
| Nana Addo Fun Club | Tamale |
| Delta Force | Ashanti Region |
| Western Crocodiles | Western Region |
| Invisible Forces | Ashanti Region |

Source: Authors computation

of Law (Nivette 2016) as advanced by A.V. Dicey. Asamoah (2019) defines vigilantism as an illicit law enforcing assembly of a group of citizens in pursuit of a parochial set of group interest. Harnischfeger (2003) also defines it as an enforcement of *"people's justice."* An excavation of literature revealed the unfortunate prevalence of vigilante culture in many societies (Abrahams 2003; Karmen 2012). In the USA, Brazil, and Egypt, for instance, the Ku Klux Klan, Death Squad, and Muslim Brotherhood have, respectively, advanced group interest in their jurisdictions of origin and even beyond.

A concatenation of reasons has been identified to undergird the mushrooming of vigilante groups across the globe. Pratten and Sen (2007) attribute the situation to the laxity of the state, which has created a lacuna that these surreptitious informal groups spring up to fill. Tankebe (2009) reveals the dearth of state incapacity as a potential driver of vigilantism. In respect of the overly partisan nature of Ghana's political landscape, which has created a germane symbiotic relationship between political functionaries and party supporters, Gyampo et al. (2017) observes political clientelism as an efficient propeller of the phenomenon. Nivette (2016) and Phillips (2017) also unearth unfavorable economic conditions as festering grounds for vigilantism. As much as the activities of vigilante groups could have lethal implications, it is apparent that the phenomenon is underpinned by a gamut of precipitating factors ranging from social, economic, and political. This suggests that empirically investigating vigilantism in Ghana must take into cognizance these factors.

Based on the foregoing discussions, and with this broader discourse as a point of departure, our research proposes a model anchored on the Theory of Reasoned Action (TRA) (Ajzen and Fishbein 1980) to investigate how these factors could affect both individual attitude and intention, to either engage in or fall prey to vigilante activities. Given the substantial theoretical and empirical evidence accumulated in its favor, the TRA has actually been employed to investigate behavior on a wide range of fields and subjects. Whereas attitude denotes the effective evaluation toward behavior (e.g., vigilantism), intention signifies the influencers of the behavior performance. The attitude–intention correlation within the TRA suggests that individual's attitude constitutes an evaluation of the inclination to behavior as a derivative of its determinant personal repercussions. Discussed below are the proposed study hypotheses.

## Hypotheses Development

A total of five hypotheses were proposed for our study. All described causal relationship as captured in Fig. 1. At the same time, one hypothesis was related to testing the mediating effect between the four independent variables (i.e., unemployment, distrust, loyalty, and powerlessness) and the dependent variable (i.e., intention to engage in vigilantism).

## Independent Variables

### Unemployment

An increasing body of literature has underscored the potency of limited working opportunities as drivers of instability (Gyampo 2010; Asamoah 2019). Unemployment has also been established as a trigger of tensions that generates riots and spurs more organized political upheaval. By inference, people left with little or no alternative but unemployment are likely to join rebellion sects as a way of gaining sustainable source of livelihood (Asamoah 2019). On this basis, it could be said that one's inclination to vigilantism becomes so high when the potential gains are perceived to be greater. The situation could become more poised in the event of the labor market's inability to absorb available human resources (Asamoah 2019). In view of this situation, in expressing pent up anger and frustration, teaming unemployed populations are likely to engage in incendiary activities. The issue of unemployment is peculiar to both the educated and uneducated. An increase in these populations could spur multipronged upheavals.

Following this, demographic transitions in developing countries and the attendant high unemployment rates is likely to render people more prone and exposed to political instability. Like other developing countries, unemployment in Ghana has concomitantly been increasingly with the population. A World Bank Report (2016) revealed a staggering 48% rate of unemployment among populations within the age category of 14–24. This situation has ensuingly created a germane space for political clientelism whereby individuals (clients) affiliate themselves to politicians (patrons) with the hope of getting employment. And because this has been the case, these clients are bent on engaging in all sorts of activities, even at the risk of their lives to please patrons. Replicating the above discourse within the context of our study, we could sum up that groups that experience unemployment are most likely to engage in vigilantism.

This is likely to happen when people feel marginalized because of lack of job. Unemployment is likely to influence attitude toward vigilantism.



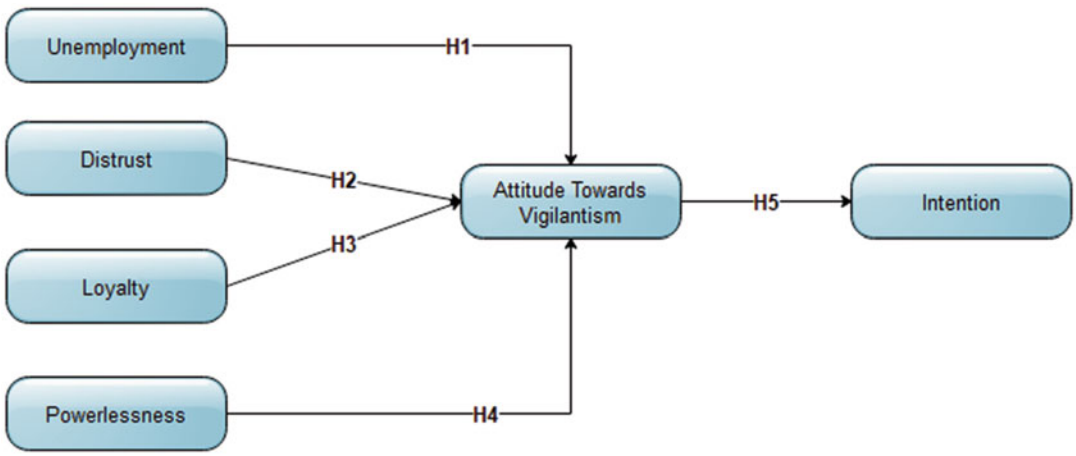


**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Fig. 1** Conceptual framework

By extension, unemployment is also likely to inform a change in attitude such that people would be likely to regard any short- to long-term engagement in unhealthy activities, such as vigilantism, to be a potential source of life support. In this respect, a positive evaluation of their potential engagement in vigilantism is likely to inform a greater attitude toward vigilantism. In view of the foregoing discourse, our study investigates unemployment as an antecedent of vigilantism in Ghana and proposes the following hypothesis:

***H1:*** Unemployment has a significant positive relationship with attitude toward vigilantism.

## Distrust

Within the context of governance, the theoretical and practical implications of trust are well established. In view of the fact that trust fosters a strong bond between state and government, stability is likely to be the result (Farazmand 2001, 2009). Thus, trust has a tremendous impact on not only the quality of governance, but also, on the healthiness of the relationship between the state structures and citizens, as well their cooperation in driving development. Resultantly, a decline in trust as a social capital has the potency to take a toll on state administration. It is in view of this significance that prior studies have explored and established the pertinence of trust (Farazmand 2004; United Nations 2007).

Whereas high government performance fosters trust in government, poor or low government performance on the other hand is likely to invariably yield distrust. Actually, mistrust could affect citizens' attitude toward vigilantism. This could further impel the individual to engage in activities geared toward advancing political group interest. Going forward, mistrust may also lay a foundation for the individual's rationalization and validation of vigilantism. The cumulative effects of these may influence the individual's attitude toward the phenomenon. The prevalence of distrust could be precipitated by perceptions of administrative and leadership laxity. In a study on election-related violence, Gyampo (2010) and Asamoah (2019) underscore the dwindling trust characterizing the relationship between government, public institutions, and citizens. Among other things, these studies bemoan the frigid relationship, and attribute the anomaly to the politicization of public institutions.

As a consequence, on the heels of the distrust characterizing government and state relations, it has become a political norm that, as a way of expressing anger and equalizing long suffered marginalization, political functionaries have been emboldened to take the law into their own hands to administer group's altruistic justice, by way of unleashing mayhem on opponents. Replicating this discourse within our study context, we seek to investigate distrust as an antecedent to vigilantism in Ghana and propose that:

***H2:*** Distrust has a significant positive relationship with attitude toward vigilantism.

## Loyalty

Proximate theoretical elucidations on support for a political group are partly steeped in choice, and the individual's support for values, which in turn induces loyalty. On these fronts, it is comprehensible that one's attachment or sense of belonging to a group could implicitly influence either a positive or a negative behavior. By inference, membership of a political party covertly or overtly, may correspondingly provoke individual behavior targeted at advancing the interest of a political party. Literature on political behavior advances potential factors that may excite an inextricable relationship between party structures on one breadth, and individual supporters on the other. Given that party structures are essentially a representation of an amalgam of social, religious, and cultural values, principles, tenets, etc., it may be convenient to conclude that individuals support for a party are largely influenced by these factors.

For this reason, whenever individual's regard these structures as fit, appropriate and strong enough to advance their held beliefs and vision, they are likely to remain loyal (Gyampo et al. 2017). Loyalty informs the degree of individual connection and affinity to a structure (i.e., political party). In this regard loyal party supporters are likely to not only remain tied, but also inherently feel a sense of obligation to exert efforts, and expend resources toward the realization of party goals. It is on this score that our study argues for

the instrumentality of loyalty as a motivator for vigilantism. On this basis, our study argues that, individuals' sense of attachment is likely to impose a sense of obligation that may further influence their evaluation to prioritize vigilantism as something of utmost relevance, as far as the defending party interests is concerned. In view of the foregoing discourse, we propose the following:

***H3:*** Loyalty has a significant positive relationship with attitude toward vigilante acts.

### Powerlessness

By nature, shape, and form, political vigilantism, otherwise referred to as footsoldierism has inherent invoking factors cardinally triggered by ideations and considerations of marginalization within the broader context of a social structure (Smith 2004). In view of this, local communities or political party members who commonly share political identity, interest, and other threat perceptions, mobilize to assert their might and act potentially more powerful against state structures in pursuit of a parochial agenda that could forcibly either situate a nation in a conflagration, or push it onto the brink of collapse. By looking forward to maximize power through violent means, vigilantes often take advantage of their newfound capacity and compensate themselves for the setbacks suffered.

In view of the recent efflorescence of vigilantism in Ghana, part of the social discourse-based efforts to diagnose the situation, and identify possible propelling factors, has not only elicited, but duly brought to the fore a flurry issue principally hinged on "feelings of hurt and pains" (Asamoah 2019). In essence, the argument of activists has underscored an ill perception regarding incumbent governments attempt to use state authorities like state security, and other Ministries, Departments, and Agencies (MDA's) to weaken political parties have an edge over them to score political points, and ultimately win future elections. More so, in the views of the supposedly sidelined groups contending with the ill treatment meted out to them by government through state institutions, they begin not only to question the contour of the state, but also attempt to delineate where the overwhelming powers of a legitimately composed state structure begins and end – in so far as promoting equal access and ensuring their equitable distribution to all class and groups of people is concerned (Gyampo et al. 2017).

After a careful interrogation, Gyampo (2013) attributes the situation to the polarizing "winner takes all" kind of politics that has pushed members of the non-ruling class to the periphery of governance, for which reason they are denied access and legitimate stake in state resources. It is in view of this that such groups consider government to act on behalf or at the behest of the ruling class (in Marxist interpretation) that these groups feel disempowered. To this end, people tend to be unsure of who stands for what, and who stands to represent the interest of spineless groups. With this at the forefront of the consideration, groups and individuals get whipped up into action to advance their peculiar courses. Therefore, it is concluded that whenever a group of people (i.e., political party loyalist) experience or perceive subjugation and tend to feel powerless, they are more likely to devise and deploy suitable mechanisms to empower themselves in a way that fits the mold of their expectation. Based on the foregoing discussion, our study outlines the following hypothesis:

***H4:*** Perceived powerlessness has a significant positive relationship with attitude toward vigilante acts.

## Theory of Reasoned Action (TRA) Variables

### *Attitude* (Mediator Variable) – *Intention* (Dependent Variable)

The Theory of Reasoned Action (TRA), an emanation from Ajzen and Fishbein (1980) has been established in research as an efficacious model capable of predicting behavioral intentions. The theory fosters an understanding of human behaviors, and the proximate intentions underlying them. The theory, considered as an appropriate model for studying behavior intentions anchors individual action (engendered by both internal and external factors) on behavioral intention.

From a careful interrogation and excavation of literature on global *"vigilantism"* and "*footsoldierism,"* factors bordering on unemployment, distrust, loyalty, and powerlessness were employed as representative of internal and external variables providing or perhaps capable of providing impetus to ideations of *"vigilantism"* and "*footsoldierism."* Complementarily, these factors are integrated into TRA variables (i.e., attitude and intention) for the study. Relative to TRA, Attitude is a representation of one's affective evaluation toward a task (Ajzen and Fishbein 1980).

Attitude as a streamliner of behavior intention determines the response disposition of the individual to a task. This could be either positive or negative. In relation to the subject matter under study, attitude toward vigilantism refers to the degree of individual's disposition or otherwise to vigilantism which is proposed to be determined by the additive contributory effects of unemployment, distrust, loyalty, and powerlessness. Intention on the other hand refers to factors that influence a desired behavior (e.g., involvement in vigilante behavior). It also captures the inclination of an individual to commit a behavior. Summarily, the performance of behavior is finally predicated on intention (Ajzen 1991). Within the context of our study, behavioral intention as the final predictor of behavior (Armitage and Conner 2001) is suggested to be determined by the additive and incremental contribution of all the independent variables and the mediator. The attitude–intention relationship within TRA posits individual's attitude as an evaluative predisposition to behavior as a function of its determinant personal consequences (Ajzen 1991).

In relations our study, we propose that, whereas a negative evaluation of vigilantism is likely to dissuade the individual, a positive evaluation (based on realizing perceived individual and group objectives) is likely to persuade the individual to engage in vigilantism. As such, our study argues that the complementarity of attitude as a mediator would help explain the intention of the individual to engage in vigilantism, or otherwise. From the foregoing, we propose that the following:

***H5:*** Attitude has a significant mediating effect on the relationship between attitude toward vigilantism, and intention to engage in vigilantism.

## Data and Research Method

### Sample and Data Collection

The study used a questionnaire to elicit data to test the proposed study hypotheses. Study participants who had attained the minimum age of 18 and beyond were targeted. The age limit was set with recourse to the voting age in Ghana (Ghana Republic 1992). Before the commencement of survey, pilot studies were conducted to validate, as well as adjust and refine the wording of the questionnaire. To obtain a representative sample, we sampled respondents from across Ghana. These areas were essentially distinct in demography (i.e., size, living conditions, sociopolitical behavior, etc.). To encourage response, gifts such as keyholders and USB flash drives were offered as incentives. The study drew data from 1 January to 30 March 2020. The research developed an English questionnaire containing 18 questions disseminated over chosen constructs. Study constructs were adapted from prior studies who had established their reliability and validity. In total, 450 questionnaires were distributed. Upon review and discarding of incomplete questionnaires, 366 useable questionnaires remained, representing an 87% response rate. Given that data was drawn from different areas, chi square and T-test were conducted to test variations between samples (Armstrong and Overton 1977). The results revealed no significant differences. The sociodemographic composition of the study sample is presented in Table 3.

### Measures

Variables for the study were composed of four (4) latent variables, one (1) mediator and one (1) dependent variable. Items were adapted from prior studies and later refined to fit the current study context. All study items were measured on a 5-point Likert scale ranging from strongly

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 3** Descriptive Information of the Sample ($n = 366$)

| Characteristics | Frequency ($n$) | Percentage (%) |
|---|---|---|
| ***Gender*** | | |
| Male | 321 | 87 |
| Female | 45 | 13 |
| ***Age*** | | |
| 18–25 | 97 | 27 |
| 26–35 | 109 | 30 |
| 36–45 | 115 | 31 |
| 45+ | 45 | 12 |
| ***Education*** | | |
| Others | 85 | 23 |
| Primary | 99 | 28 |
| Secondary | 82 | 22 |
| Tertiary and above | 100 | 27 |
| ***Region*** | | |
| Greater Accra | 45 | 13 |
| Ashanti | 35 | 10 |
| Central | 33 | 9 |
| Western | 38 | 10 |
| Eastern | 32 | 8 |
| Upper West | 32 | 8 |
| Upper East | 33 | 9 |
| Northern | 48 | 13 |
| Volta | 35 | 10 |
| Brong-Ahafo Region | 35 | 10 |

disagree (1) to strongly agree (5). The measurement items for *"unemployment"* were adapted from (Kanwal et al. 2019). Moreover, items for *"distrust"* were adapted from Mishra and Bekuretsion (2020). Items for *"loyalty"* were also adapted from Anderson and Srinivasan (2003). Furthermore, items for *"powerlessness"* were adapted from (Jones 2019). Also, items for *"attitude"* and *"Intention"* were adapted from Han et al. (2010).

A brief overview of the study was provided to respondents at the beginning of the questionnaire to enhance their understanding. In addition to the fact that respondents were notified of their liberty to drop out at any stage of the data collection, they were equally assured of their anonymity, and further informed that elicited data was going to be used purely for academic purposes. In view of this, respondents were not asked to provide their names and other contact details.

## Data Analysis and Results

In view of the theoretical framework and the proposed hypothesis, the Structural Equation Modeling (SEM) technique, along with Analysis of Moments of Structures (AMOS) version 24 was employed to establish the model and data analysis. The ultimate reason underpinning the utilization of SEM is anchored on: (a) examining series of dependent variables at the same time, especially in a situation where there exist direct and indirect effects among constructs (Hair et al. 2010); (b) Analyzing interrelationships between latent and observed variables; (c) modeling errors within observed variables and providing exact measurements; and (d) measuring latent variables using multiple indicators and testing hypotheses at construct, rather than item level (Hoyle 2011). In analyzing data, a three-step approach was employed. Measurement model was confirmed

to establish the validity and reliability of constructs at the first step. The structural model was evaluated in the second step employing hypothesis testing. Mediation analysis was conducted to test the mediating effects of attitude on the relationship unemployment, distrust, loyalty, and powerlessness all on one side, and intention on the other.

## Model Analysis

Exploratory Factor Analysis (EFA) was conducted with Statistical Package for Social Scientist (SPSS) to evaluate factor loadings, reliability, convergent, and discriminant validity of the proposed model. Results of factor loadings (Table 4) for study items ranged from 0.667 to 0.810, which is reconcilable with the recommended benchmark of 0.70. Test of reliability revealed Cronbach alpha values (Table 5) to be greater than 0.7 signifying a suitable reliability of scale (Fornell and Larcker 1981). Average variance extracted (AVE) values and composite reliability measures were used to imply convergent validity. The scores of composite reliabilities were greater than 0.7, signifying the sufficiency and representativeness of items of proposed constructs (Hair et al. 1998). AVE values greater than 0.5 signifies a good convergent validity (Fornell and Larcker 1981). Discriminant validity was assessed using both cross-loadings (Table 4) and correlations among constructs. The cross-loadings among constructs are smaller compared to their corresponding factor loadings, and the square root value of AVE for each construct is shown to be greater than correlations among constructs (Table 6). This is a clear indication that items measuring constructs are distinct from others. This signifies the validity and reliability of the measurement model.

## Measurement and Structural Model Evaluation

Analysis of Moments of Structures (AMOS) version 24 was used to assess the goodness-of-fit of the structural and measurement model, and also to test the significance of their respective hypothesis paths. Indices examined to test the overall fitness included Normed Fit Index (NFI), Comparative Fit Index (CFI), Incremental Fit Index (IFI), Root Mean Square of Error of Approximation (RMSEA), and Normed Fit Index (NFI). These indices constitute the benchmarks for signifying

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 4** Loading and cross loadings

| Construct | Item | DIS | POW | LOY | ATT | UNE | INT |
|---|---|---|---|---|---|---|---|
| Distrust (DIS) | DIS1 | **0.834** | −0.013 | 0.042 | 0.043 | −0.124 | 0.057 |
| | DIS2 | **0.904** | −0.013 | −0.040 | 0.033 | 0.083 | −0.019 |
| | DIS3 | **0.958** | 0.025 | −0.003 | −0.064 | 0.024 | −0.025 |
| Powerlessness (POW) | PPE1 | 0.010 | **0.903** | −0.010 | 0.006 | −0.025 | 0.006 |
| | PPE2 | 0.008 | **0.868** | −0.025 | −0.001 | −0.002 | 0.006 |
| | PPE3 | −0.018 | **0.857** | 0.042 | 0.005 | 0.034 | −0.016 |
| Loyalty (LOY) | LOY1 | 0.032 | −0.055 | **0.815** | 0.024 | 0.095 | −0.012 |
| | LOY2 | −0.012 | 0.083 | **0.827** | −0.001 | −0.028 | 0.025 |
| | LOY3 | −0.018 | −0.023 | **0.948** | −0.019 | −0.046 | −0.011 |
| Attitude (ATT) | ATT1 | −0.025 | −0.031 | 0.008 | **0.846** | −0.036 | 0.060 |
| | ATT2 | 0.015 | 0.006 | −0.009 | **0.903** | 0.013 | −0.020 |
| | ATT3 | 0.017 | 0.041 | 0.000 | **0.866** | 0.028 | −0.026 |
| Unemployment (UNE) | UNE1 | −0.020 | −0.029 | −0.010 | 0.089 | **0.898** | −0.046 |
| | UNE2 | −0.043 | 0.038 | −0.039 | −0.033 | **0.832** | 0.063 |
| | UNE3 | 0.052 | −0.005 | 0.059 | −0.053 | **0.808** | 0.011 |
| Intention (INT) | INT1 | −0.023 | −0.041 | 0.019 | 0.099 | −0.023 | **0.763** |
| | INT2 | 0.001 | 0.003 | −0.027 | −0.065 | 0.021 | **0.918** |
| | INT3 | 0.035 | 0.035 | 0.015 | −0.004 | 0.030 | **0.758** |

Note. Items in boldface show the loadings of measurement items on their specified constructs

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 5** Results of factor analysis

| Construct | Item | Loading | Cronbach's alpha | Composite reliability | AVE |
|---|---|---|---|---|---|
| Distrust (DIS) | DIS1 | 0.834 | 0.925 | 0.927 | 0.810 |
| | DIS2 | 0.904 | | | |
| | DIS3 | 0.958 | | | |
| Powerlessness (POW) | PPE1 | 0.903 | 0.910 | 0.908 | 0.767 |
| | PPE2 | 0.868 | | | |
| | PPE3 | 0.857 | | | |
| Loyalty (LOY) | LOY1 | 0.815 | 0.898 | 0.899 | 0.749 |
| | LOY2 | 0.827 | | | |
| | LOY3 | 0.948 | | | |
| Attitude (ATT) | ATT1 | 0.846 | 0.906 | 0.905 | 0.760 |
| | ATT2 | 0.903 | | | |
| | ATT3 | 0.866 | | | |
| Unemployment (UNE) | UNE1 | 0.898 | 0.886 | 0.884 | 0.717 |
| | UNE2 | 0.832 | | | |
| | UNE3 | 0.808 | | | |
| Intention (INT) | INT1 | 0.763 | 0.861 | 0.856 | 0.667 |
| | INT2 | 0.918 | | | |
| | INT3 | 0.758 | | | |

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 6** Composite reliability, average variance extracted, and correlation

| Constructs | Mean | SD | DIS | POW | LOY | ATT | UNE | INT |
|---|---|---|---|---|---|---|---|---|
| **DIS** | 3.224 | 1.277 | **0.900** | | | | | |
| **POW** | 3.401 | 1.078 | 0.054 | **0.876** | | | | |
| **LOY** | 3.565 | 1.039 | 0.198** | 0.190** | **0.865** | | | |
| **ATT** | 3.874 | 0.898 | 0.336** | 0.317** | 0.308** | **0.872** | | |
| **UNE** | 3.892 | 1.013 | 0.191** | 0.279** | 0.324** | 0.440** | **0.847** | |
| **INT** | 3.738 | 0.994 | 0.367** | 0.098 | 0.319** | 0.384** | 0.405** | **0.817** |

Note: DIS disloyalty; POW powerlessness loyalty; ATT attitude; UNE unemployment; INT Intention; SD standard deviation
**$p$ <0.01

the diverse categories of model fit measures as presented in Table 7. From Table 7, there is sufficient evidence that all measurements have good fit consistent with Wu (2010). Altogether, the study model finds good fitness in view of the recommendations of (Elkaseh et al. 2016). Hence, the measurement and structural models are acceptable.

## Hypothesis Testing Effects

Next, the study tested the proposed hypothesis of the model. Figure 2 captures the path analysis of the structural model. The output of analysis indicates that unemployment (β = 0.281***, t = 6.206, $p$ <0.001), distrust (β = 0.157, t = 5.387, $p$ <0.001), and loyalty (β = 0.090**, t = 2.589, $p$ <0.01) were all revealed to have a significant positive relationship with attitude. These findings were in support of H1, H2 and H3.

Furthermore, our results revealed that, powerlessness had a significant positive relationship with attitude toward vigilantism (β = 0.142***, t = 4.074, $p$ <0.001). Finally, intention was also revealed to have a significant relationship

with intention to engage in vigilantism (β = 0.531***, t = 7.210, $p$ <0.001). These findings were in support of H4 and H5. Summarily, the results of hypothesis testing revealed the support of all proposed study hypotheses (Table 8).

## Test of Mediation Effect Analysis

As part of the data analysis for this research, we conducted the mediating effect analysis to find out how attitude mediates between the independent variables (IVs) and the dependent variable (DV), thus intention to engage in vigilantism. Test of

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 7** Fit Indices for the measurement and structural model

| Measurements | Indices | Criterion | Results | |
|---|---|---|---|---|
| | | | Structural model | Measurement |
| Absolute fit measures | AGFI | > 0.80 | 0.884 | 0.908 |
| | GFI | > 0.90 | 0.914 | 0.935 |
| | RMSEA | < 0.08 | 0.065 | 0.051 |
| Incremental fit measures | NFI | > 0.90 | 0.932 | 0.951 |
| | CFI | > 0.90 | 0.958 | 0.975 |
| | IFI | > 0.90 | 0.958 | 0.975 |
| | CMIN/DF | < 3.00 | 2.526 | 1.955 |

Note. AGFI adjusted goodness-of-fit index; GFI goodness-of-fit index; RMSEA root mean square error of approximation; NFI normed fit index; CFI comparative fit index

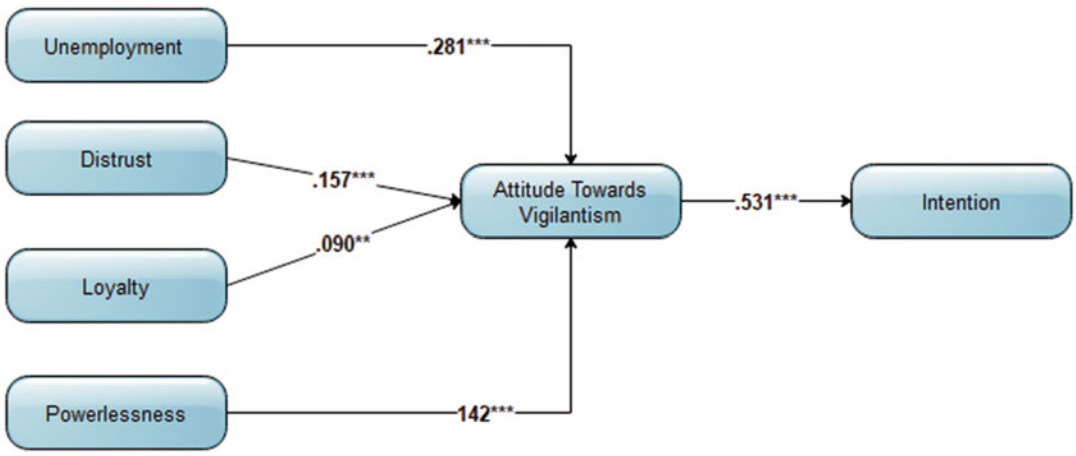


**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Fig. 2** Structural Equation Modeling with Moderation Results. Note. **$p$ <0.01; ***$p$ <0.001

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 8** Path analysis of structural model

| Path | β | t-statistics | Hypothesis | Interpretation | $R^2$ values | |
|---|---|---|---|---|---|---|
| UNE → ATT | 0.281*** | 6.206 | H1 | Supported | 0.074 | 0.314 |
| DIS → ATT | 0.157*** | 5.387 | H2 | Supported | 0.113 | |
| LOY → ATT | 0.090** | 2.589 | H3 | Supported | 0.038 | |
| PPE → ATT | 0.142*** | 4.074 | H4 | Supported | 0.089 | |
| ATT → INT | 0.531*** | 7.210 | H5 | Supported | 0.296 | 0.296 |

Note: *$p$ <0.05; **$p$ <0.01; ***$p$ <0.001

**Political Party *"Footsoldierism"* and *"Vigilantism"*: An Empirical Study, Table 9** Specific indirect effect

| Paths | Indirect effect | | | Does it mediate? |
|---|---|---|---|---|
| | Estimate | 95% Confidence interval | | |
| | | Lower | Upper | |
| UNE → ATT → INT | 0.077 | 0.040 | 0.120 | Yes |
| DIS → ATT → INT | 0.114 | 0.059 | 0.174 | Yes |
| LOY → ATT → INT | 0.093 | 0.047 | 0.148 | Yes |
| POW → ATT → INT | 0.110 | 0.030 | 0.172 | Yes |

mediating effects adopted the criteria proposed by Zhao et al. (2010) and Preacher and Hayes (2004).

As captured in Table 9, test of mediating effects revealed that attitude mediated the relationship between unemployment and intention to engage in vigilantism. Furthermore, our results revealed attitude to mediate the relationship between distrust and intention to engage in vigilantism.

Similarly, attitude was confirmed to mediate the relationship between loyalty and intention. Finally, attitude was confirmed to mediate the relationship between powerlessness and intention. Summarily, our test of mediating effect analysis revealed attitude to mediate the relationship between the four independent variables (IVs) and the dependent variable (DV). This outcome is in support of our proposed study hypothesis 5.

## Discussion, Conclusion, and Recommendations

The principal objective of the present study was to explore the antecedents of vigilantism in Ghana. Through an excavation of prior literature on the subject matter under investigation, our study proposed a theoretical model to empirically investigate the phenomenon. By so doing, our study departs from prior qualitative studies (Gyampo et al. 2017; Asamoah 2019; Bjarnesen 2020) and situates our study within the theoretical context of behavior to undertake a quantitative empirical study, which aims to foster and deepen an understanding of vigilantism in Ghana. By so doing, our study essentially contributes to literature by establishing the nomological relationships between social, political, and economic factors underlying behavior disposition and inclination, relative to vigilantism.

In recent times, more particularly in the fourth republic dispensation, vigilantism has taken a deep-seated position within Ghana's political space. And gradually, as an antithesis to the principle of Rule of Law, the growing apparition appears to be gaining a foothold in the democratic sphere of Ghana. A careful observation of the unfolding events of vigilantism reveals it as not only multifaceted in form, shape, and size, and but also varying in tactics to include the resort to physical attack and other forms of violence. Resorting to vigilantism has essentially been the conduit for individuals and group of individuals to advance their varying peculiar interests. The study presents enthralling findings, which underscore the fact that, as much as vigilantism does not occur in a vacuum, it is spurred by a confluence of factors converging around unemployment, distrust, loyalty, and powerlessness.

Specifically, data analysis results of our study revealed unemployment to have a significant positive relationship with attitude toward vigilantism. This result, which recorded the highest beta value at a significance level of ($\beta = 0.281$, $t = 6.206$ $p = 0.001$), is in support of our proposed hypotheses 1. This result could be interpreted in the light of the generally declining global employment avenues, and more particularly in Ghana. Actually, the existence of limited, or a dearth of working opportunities, an obvious sign of state relapse, has the propensity to render people vulnerable to all sorts of opportunities perceived to offer a sustainable source of livelihood – either in the medium, short, or long term. In the face of these

situations, the individual's attitude, which is a summary of the evaluation of the worthiness of a behavior, is likely to be positively enhanced. In much the same way, the propensity (as captured in attitude) to fall for vigilante recruitment bait, or offers, becomes much greater. Studies pinpoint to unemployment as an efficient enhancer, and an effective enabler of different forms of violence including vigilantism.

The unappealing situation regarding employment avenues has the tendency to move a teaming group of unemployed populations to form dissident groups, and act with impunity by unleashing terror on their targets. This explains the reason why Ghana's Fourth Republic has perennially, altogether persistently witnessed unemployed youth protest. In staging these acts, protesters have made it a preoccupation to sack public office holders and locking their offices with the hope of being offered such opportunities (Graphic Online 2016; Citifmonline 2017). Currently in Ghana, though the government's response to the unemployment situation has resulted in the creation of avenues such as The National Youth Employment Programme (NYEP), Nation Builders Corps (NABCO), etc., generally speaking, unemployment has been on the rise for the past 5 years (Asamoah 2019).

This situation exposes a grave deficit in the state's capacity to act as an unfailing shock absorber, by creating sustainable revenue-earning avenues for citizens. It is in this regard that citizens repose trust in political functionaries and other "god fathers" as providers of employment. Until the unemployment situation is resolved, tackling vigilantism head-on is likely to be a façade. Part of the resolve to remedy the malaise situation requires the creation of a germane socio-economic space for particularly small and medium enterprises. The results of our study echo the concerns earlier projected by (Nivette 2016).

Furthermore, our study findings revealed a significant positive relationship between distrust and attitude toward vigilantism ($\beta = 0.157^{***}$, $t = 5.387$, $p = 0.001$). This result, corroborating our proposed hypothesis 2 recorded the third highest beta value. This could be interpreted to imply that the dearth of trust in government, and as such, public institutions, can create a germane space for vigilantism to thrive. In Ghana, the chief executive head of state, who also happens to be the leader of his or her political party, makes major political appointments to state Ministries, Departments and Agencies (MDAs). This practice has fueled an impression to the effect that government as the entity is responsible for being in charge and has the prerogative or greater influence in making appointments.

By extension, this notion has further fueled the notion among opposition party member that the absolute control, and the somewhat monopoly wielded by incumbent governments, could be abused to the advantage of the latter's whims and caprices. Because this has been the case, opposition parties consider themselves as been denied a fair share of the "national cake," including, but not exclusive, to state security. To this end, members of the opposition parties perceive state institutions as not only an extension, but also accessories and appendages of incumbent governments, for which reason they cannot risk trusting. These perceptions have the tendency to unwaveringly fuel the inception of informal and unlawful entities like vigilante groups. An open and shut case of mistrust between government and opposition political party was witnessed during a by-election boycotted by the opposition NDC, on grounds of alleged state security maltreatment of its members.

In this case, the alleged use of the state security against the opposition party was argued to be possible because the constitution of the Republic of Ghana, under Article 202 (1) statutorily empowers the president to appoint the head of the police service, (thus the Inspector General of Police-IGP), in concert with the Police Council (Ghana Republic 1992). The overwhelming appointing powers conferred on the president are further captured under Article 195 (1) Ghana's constitution where it is explicitly stated that;

> Subject to the provisions of this Constitution, the power to appoint persons to hold or to act in an office in the public services shall vest in the President, acting in accordance with the advice of the governing council of the service concerned given in consultation with the Public Services Commission.

In view of these powers, the involvement of political figures in making appointments to key public offices and other state parastatals has the tendency to create mistrust, and at the same time inform a decline of public confidence in public institutions. In this regard, Karmen (2012) and Silke (2001) contend that public perception of state institution's complicity in inefficiency and laxity at reneging on statutory obligations could pose dire ramifications. In this respect, it could be posited that the inability, or perhaps failure, of government as a state administrative machinery, to depoliticize and decouple state institutions from purely partisan activities, explains part of the issue of mistrust and state relapse prior raised by Gyampo et al. (2017).

Moreover, the results of our study revealed loyalty to have a positive significant relationship with attitude toward vigilantism ($\beta = 0.090^{**}$, $t = 2.589$, $t = 0.01$). This result, which is in conformity with our study hypotheses 3, was the least predictor of attitude toward vigilantism. An interpretation this finding could be better appreciated when situated within the patron–client praxis, which appears to be the most predominant political culture characterizing relations within Ghana's political sphere. Clientelism as a tradeoff between a politician (patron) and a follower (client) is not only founded on support, but also characterized by expectations of mutual benefits. In view of the perceived bonds that clients seek to establish with patrons in anticipation of mutual reciprocal benefits (cash, kind etc.), the former is inclined to sheepishly commit themselves to advancing the interests (Brinkerhoff and Goldsmith 2004; Robinson and Verdier 2013; Kusche 2014), ideologies, and stance of the latter. In patron–client relationship, the former foregoes national interests and supports the latter based on their loyalty. For this reason, in regions of social, political, and economic imbalances, people outside the sphere of the ruling class are most likely not to be rewarded.

As a result, the spineless members of the society are forcibly enticed into loyalty networks as a conduit to guarantee them favors such as employment, award of contracts, etc. (Robinson and Verdier 2013). Correspondingly, clients hope that their loyalty would offer them a stake and secure them a stake and a deep bite of the political largesse anytime their patrons access power. This mix of expectations do influence individual's attitude toward vigilantism in the sense that in so far as clients foresee inherent benefits, they are more likely to positively evaluate vigilantism as worthwhile, and as such a results-oriented venture. Following from the above, it is instructive to underscore that vigilantism arises an as an initiative induced by loyalty to patrons and political ideologies.

As per the data analysis results of our study, powerlessness was revealed to also have a significant positive relationship with intention to engage in vigilantism ($\beta = 0.142$, $t = 4.074$, $t = 0.001$). This was the construct with the second highest beta value. Anatomization of this finding, which corroborates our proposed study hypotheses 4, implies that individuals with a sense of insecurity are likely to be compelled to devise mechanisms targeted at advancing their personal security and that of their political party. For this reason, individuals are likely to engage in vigilante activities. Scholars contend that, individuals' disposition to violence and crime is impelled by concomitant feelings and ideations of insecurity (Appiahene-Gyamfi 2002), which have the tendency to expose the vulnerabilities and frailties of a country's attempt at democratic experimentation. The prevalence of insecurity injects fear, disillusionment, and disconcertedness in citizens. This situation is likely to spur vigilantism, which may further jeopardize the tranquil political atmosphere required for the flourishing of democracy.

Finally, our study confirms the significant positive relationship between attitude toward vigilantism and intention to engage in vigilantism ($\beta = 0.531^{***}$, $t = 7.210$, $t = 0.001$). This is in corroboration of our proposed study hypothesis 5. This suggests that, attitude toward vigilantism (determined by the additive and incremental contribution of the exogenous variables) is a reliable and an efficient conduit for predicting behavior intention. Within our study precincts, this finding suggests that, when individual party supporters perceive of vigilantism as positive, and as such

necessary for advancing individual and group parochial interest, there is the likelihood of exerting a positive predisposition toward the formation of an intention to engage in acts of vigilantism. Overall, our study concludes that political vigilantism as a bourgeoning political culture thrives at the intersection of social, economic, and political factors. The collectivity of these factors has the potency to impair development in all its multifaceted dimensions. People engage in vigilante activities to advance narrow interests. In this respect, Ghana's advancement toward democracy may be withheld if proactive measures are not instituted to fight the phenomenon. On the basis of our study findings, we recommend the following:

Firstly, state and non-state development actors should endeavor to vigorously pursue equity and inclusiveness within the broader Ghanaian society. Key among other things, in pursuit of equity, employment avenues should be created to absorb the teeming population of the unemployed in Ghana. Also, personnel recruitment into public sector institutions should be based on merit, and be made as transparent as possible for all people to be accorded equal chance of selection without favor or discrimination. Essentially, ensuring these would reduce discontent dissatisfaction, and poverty, which are established as key drivers of vigilantism. Moving forward, government initiatives must take into cognizance the provision of financial support, or other forms of incentives stimulus packages for small and medium enterprises and/or investors.

Secondly, appointees and occupants of public office positions must also endeavor, or be entreated to serve in the national interest, regardless of the appointing authority, or government in power. The demonstration of a sense of professionalism, neutrality, and anonymity in the exercise of statutory obligations could go further to inject public confidence in state and/or public institutions, as well as its occupants. Also, incumbent governments should desist from meddling in the affairs of public institutions. While allowing the free operations of these institutions, they should also offer other parties unimpeded access to essential service providing institutions like the state security, etc.

Thirdly, through constitutional means, the inundating executive powers conferred on the president to make extensive appointments should be limited. Such arrangements must consider ceding such powers to apolitical bodies like the public service commission. In regard to appointments in the Police Service and the Judiciary, we recommend the Police Council and the Judicial Council to be empowered to make appointments devoid of the involvement of political functionaries.

Moreover, state security agencies, in concert with civil society organizations, must sensitize the public on vigilantism. Bodies like the Political Parties, Judicial Service, National Centre for Civic Education (NCCE), Centre for Democratic Development (CDD), Institute for Democratic Governance (IDEG), Ghana Police Service (GPS), and others must persistently engage Ghanaians on the lethal effects of vigilantism, and the need to disengage from such acts. And finally, state security apparatus must be adequately equipped, and further be allowed to operate autonomously without fear or favor, discrimination or any form of interferences from any quarter. The judiciary and the security services must be allowed to be independent relative to appointments, promotions, demotions, determination of working conditions, and other emoluments and benefits.

## Implications and Limitations of the Study

The results of this empirical study provide sufficient insights for policy makers on the drivers of vigilantism. State security entities can also tap into the study findings to find ways of tackling the canker head-on and step underfoot, its deleterious ramifications. Government, nongovernment, and other civil society organizations in and outside Ghana can also rely on our study and integrate the findings and recommendations into strategies targeted at countervailing vigilantism. Finally, this study has certain limitations, which needs to be further delineated to guide future research. First, this study is quantitative. The data for the study were elicited through questionnaire survey. Future research could employ qualitative or mixed study

approach to gather extensive data, and further broaden perspectives on vigilante discourse. Given that the study was conducted in Ghana, we strongly recommend future studies to conduct other country-specific study or possibly engage a cross-national population to help test the robustness of the proposed study model.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance and Public Administration


## Appendix

| Constructs | Items |
|---|---|
| **Unemployment** | I intend to be a vigilante when I am not employed |
| | I think vigilantism can help me get employment |
| | I intend engaging in vigilantism as a form of work |
| **Distrust** | State security is not trustworthy |
| | The state institutions are not honest |
| | The state institutions are not sincere |
| **Loyalty** | I feel obliged to protect my political party |
| | I feel indebted to fight for my political party |
| | I think my political party needs my protection |
| **Powerlessness** | I intend been a vigilante when my party is defenseless |
| | I plan to be a vigilante when my party has no protection |
| | I shall avail myself whenever my party is overpowered |
| **Attitude** | I think vigilantism is useful to protect my political party |
| | I think vigilantism is useful to protecting my interest |
| | I think vigilantism is a wise action |
| **Intention** | I am willing to be a vigilante for my political party in future |
| | I intend to be a vigilante to protect my party in future |
| | I plan to be a vigilante when I join a political party in future |

## References


Abrahams R (2003) What is in a name? Some thoughts on the vocabulary of vigilantism and related forms of informal criminal justice. In: Informal criminal justice. Ashgate, London, pp 25–40

Ajzen I (1991) The theory of planned behavior. Organ Behav Human Decis Process 50(2):179–211

Ajzen I, Fishbein M (1980) Understanding attitudes and predicting social behavior. Prentice-Hall, Englewood Cliffs

Anderson RE, Srinivasan SS (2003) E-satisfaction and e-loyalty: a contingency framework. Psychol Mark 20(2):123–138

Appiahene-Gyamfi J (2002) An analysis of the broad crime trends and patterns in Ghana. J Crim Just 30(3): 229–243

Armitage CJ, Conner M (2001) Efficacy of the theory of planned behavior: a meta-analytic review. Br J Soc Psychol 40(4):471–499

Armstrong JS, Overton TS (1977) Estimating nonresponse bias in mail surveys. J Mark Res 14(3):396–402

Asamoah K (2019) Addressing the problem of political vigilantism in Ghana through the conceptual lens of wicked problems. J Asian Afr Stud 55(3):457–471. 0021909619887608

Bjarnesen M (2020) The foot soldiers of Accra. Afr Aff 119:296

Bob-Milliar GM (2014) Party youth activists and low-intensity electoral violence in Ghana: a qualitative study of party foot soldiers' activism. Afr Stud Q 15(1):125

Brinkerhoff DW, Goldsmith AA (2004) Good governance, clientelism, and patrimonialism: New perspectives on old problems. Int Public Manage J 7:163–186

CitiFM Online, 1 August 2017. Available at: http://citifmonline.com/2017/10/18-incidents-of-vigilante-violence-recorded-since-npps-victory/

Debrah E (2016) The Ghanaian voter and the 2008 general election. Politikon 43(3):371–387

Elkaseh AM, Wong KW, Fung CC (2016) Perceived ease of use and perceived usefulness of social media for e learning in Libyan higher education: a structural equation modeling analysis. Int J Inf Educ Technol 6(3):192

Farazmand A (2001) Public service ethics and professionalism: a primer for public official. In: Farazmand A (ed) (2004) Building partnerships for sound governance. Sound governance: policy and administrative innovations. Praeger, Westport, pp 177–199

Farazmand A (2004) Building partnerships for sound governance. Sound governance: policy and administrative innovations. Praeger, Westport, pp 177–199

Farazmand A (2009) Public service ethics and professionalism: a primer for public officials. Evan M Berman, 303

Fornell C, Larcker DF (1981) Evaluating structural equation models with unobservable variables and measurement error. J Mark Res 18(1):39–50

Ghana, Republic (1992) Constitution of the Republic of Ghana, 1992. Tema. Ghana Publishing Corporation, Accra

Graphic Online (2016) Invisible forces take over tollbooth. https://www.graphic.com.gh/news/general-news/invisible-forces-take-over-toll-booth.html
Gyampo REV (2010) Political Apparatchiks and Governance in Ghana's Fourth Republic. Educational Research 1(11):21–36
Gyampoh R (2013) Dealing with Winner-Takes-All Politics in Ghana: The Case of National Development Planning. Accra: Institute of Economic Affairs
Gyampo RE, Graham E, Asare BE (2017) Political vigilantism and democratic governance in Ghana's Fourth Republic. Afr Rev 44(2):112–135
Gyimah-Boadi E (2009) The 2008 freedom house survey: another step forward for Ghana. J Democr 20(2): 138–152
Hair JF, Anderson RE, Tatham RL, Black WC (1998) Multivariate data analysis, 5th edn. Prentice-Hall, Upper Saddle River
Hair JF, Black WC, Babin BJ, Anderson RE, Tatham RL (2010) Multivariate data analysis. Multivariate Data Analysis. Pearson
Han H, Hsu LTJ, Sheu C (2010) Application of the theory of planned behavior to green hotel choice: testing the effect of environmentally friendly activities. Tour Manag 31(3):325–334
Harnischfeger J (2003) The Bakassi boys: fighting crime in Nigeria. J Mod Afr Stud 41(1):23–49
Hoyle RH (2011) Structural equation modeling for social and personality psychology. SAGE, Los Angeles
Johnston L (1996) What is vigilantism? Br J Criminol 36(2):220–236
Jones CA (2019) Gender, power, and powerlessness: a conceptual framework for researching men's victimization. In: Oxford research encyclopedia of criminology and criminal justice. Oxford University Press
Kanwal S, Chong R, Pitafi AH (2019) China–Pakistan economic corridor projects development in Pakistan: local citizens' benefits perspective. J Public Aff 19(1): e1888
Karmen A (2012) Crime victims: an introduction to victimology. Cengage Learning, Belmont
Kusche I (2014) Political clientelism and democracy: clientelistic power and the internal differentiation of the political system. Acta Sociol 57(3):207–221
Mishra SS, Bekuretsion S (2020) Roles of transparency and trust in the relationship between privatization and customers' satisfaction in Ethiopia: results of structural equation modelling. Public Organ Rev 1–17
Nivette AE (2016) Institutional ineffectiveness, illegitimacy, and public support for vigilantism in Latin America. Criminology 54(1):142–175
Paalo SA (2017) Political party youth wings and political violence in sub-Sahara Africa: a case of Ghana. Int J Peace Dev Stud 8(1):1–14
Phillips BJ (2017) Inequality and the emergence of vigilante organizations: the case of Mexican autodefensas. Comp Pol Stud 50(10):1358–1389
Pratten D, Sen A (2007) Global Vigilantes: perspectives on justice and violence. Hurst Publishers
Preacher KJ, Hayes AF (2004) SPSS and SAS procedures for estimating indirect effects in simple mediation models. Behav Res Methods Instrum Comput 36(4): 717–731
Robinson JA, Verdier T (2013) The political economy of clientelism. Scand J Econ 115(2):260–291
Silke A (2001) Dealing with vigilantism: issues and lessons for the police. The Police Journal 74(2):120–133
Smith DJ (2004) The Bakassi boys: vigilantism, violence, and political imagination in Nigeria. Cult Anthropol 19(3):429–455
Tankebe J (2009) Self-help, policing, and procedural justice: Ghanaian vigilantism and the rule of law. Law Soc Rev 43(2):245–270
United Nations. Division for Public Administration, & Development Management (2007) Public administration and democratic governance: governments serving citizens. United Nations Publications, New York
Wu M (2010) Structural equation modeling-AMOS application. Chongqing university publisher
Zhao X, Lynch JG Jr, Chen Q (2010) Reconsidering baron and Kenny: myths and truths about mediation analysis. J Consum Res 37(2):197–206

# Political Sociology in Latin America

Simón Escoffier
Instituto Chileno de Estudios Municipales, Universidad Autónoma de Chile, Santiago, Chile

## Synonyms

Citizenship; Clientelism; Elites; Latin America; Social movements

## Definition

Political sociology is far from enjoying a fixed, univocal definition. Not only are political sociologists using the most varied approaches in their analyses, but also they often outline the field with very diffuse boundaries. In broad terms, however, political sociology should be understood as "the social bases of politics." In other words, political sociology avoids conceiving the pacts, tensions, and negotiations between political agents in a vacuum. Instead it sees those

agents as closely interconnected with social institutions (i.e., education, family, religion, and others) (Orum 1978). Social movements, democracy, elite circulation, and clientelism have been fields of study traditionally addressed by political sociologists.

Additionally, current political sociology should be conceived as a tension between two broad approaches. Firstly, a traditional approach sees politics from a more positivistic, analytical, and explanatory perspective. It has focused on the social and political role of the state and has prioritized the framework of the nation-state. This mainstream view conceives politics as a system of struggles seeking to influence power distributions within the state or between states (Evans et al. 1999; Weber 1946). This perspective interacts more naturally with political scientists and economists.

Secondly, in the past couple of decades, a new approach has complemented sociological studies with a cultural perspective to political phenomena. It highlighted the current erosion of traditional institutions as well as people's diminished sense of community This view changed its focus on the nation-state to studying people's novel constructions of community and identity. Consequently, this approach studies the processes of politicization by which collectives build alternative forms of power and incorporation (Nash 2010; Taylor 2010).

## Introduction

This chapter provides an overview of how political sociologists have explained Latin American societies. The chapter looks at how social factors influence political developments in the region through three traditional fields within political sociology: elite circulation, political clientelism, and social movements. In each one of these fields, the chapter begins by addressing how traditional political sociologists have understood the region. Then, it explains how new perspectives of political sociology have addressed each of those fields of study. This general analysis on the political sociology of Latin America unveils the dynamics by which inequality and exclusion undermine democracy.

The processes by which elites circulate in their access to the state in Latin America have been generally determined by the entrenched social structure that dominated almost three centuries of colonial rule. Based on the oligarchic concentration of power, this structure was only partially challenged by the populist governments that emerged after the 1930s and by democratic transitions in the 1980s and 1990s. More recent, cultural approaches have highlighted the influence of external institutions – especially the Catholic Church – in explaining Latin American symbolic systems of elite reproduction.

Weak institutions and highly unequal societies have made Latin America a fertile soil for political clientelism. Latin American clientelism often involves highly authoritative, violent, and controlling interactions between local leaders and citizens. More cultural perspectives provide evidence of the empowering potential of clientelism.

In a context of readjustment policies that have pushed governments to scrap social rights and sustain inequality over time, Latin American social movements have reacted with diverse, innovative strategies. In most cases, these strategies have involved coconstructing collective action with other, institutional efforts. Political sociologists have, for example, shown how contentious mobilization can in some cases combine with clientelism to reach more effective results. Alternative approaches to Latin American social movements underline their potential to construct novel political identities and build broader political communities at the urban or the global levels.

## Political Sociology in Latin America

The social structure that emerged in the seventeenth and eighteenth centuries as a result of colonial rule has defined norms of exclusion across Latin America (Jara and Magana 1982). Based on ideals of race, ethnicity, and class, Latin American states have systematically disregarded the rights of indigenous population, afro-descendant groups, and the urban and rural poor.

Latin America is currently the most unequal region worldwide and the poverty rate in many of its countries is over 20% (The World Bank 2016). Simultaneously, since the late 1960s, Latin American nations have developed economies based on foreign debt. Under the pressure of the IMF and the World Bank, the region has increasingly lost economic autonomy. Latin American countries have increasingly opened their economies through free-trade agreements and have abandoning policies that substituted imports with local industrial production. Foreign states and international agencies have pushed Latin American nations to privatize companies and implement structural adjustments that include budget cuts to crucial public services – i.e., education, health, housing, employment, transportation, and others. In several Latin American nations, the vulnerability that large sections of the population experience, in contexts of weak institutions, has resulted in corruption, criminality, and violence (Almeida and Cordero 2015).

While critics will correctly argue that many civil society initiatives, social policies, and redistributive programs have advanced the incorporation of the underprivileged in Latin America, a general overview from the standpoint of political sociology underscores the regional imbalances of power. The following sections focus on three traditionally substantive areas of study: elite circulation, political clientelism, and social movements.

## Elite Circulation

Political elites can be defined as "persons who are able, by virtue of their strategic positions in powerful organizations, to affect national political outcomes regularly and substantially" (Burton et al. 1992, p. 8). Traditional analyses on elites in Latin America can be traced to the early nineteenth century. The processes of independence in that period gave local elites the opportunity to struggle for their access to the state in each new nation.

Latin American emancipatory processes restructured the local arrangements of colonial power. Enjoying the highest power in the colonies, the Spanish-born were always in conflict with the local Creoles. The Napoleonic invasion of the Iberian Peninsula in 1808 questioned the authority of the Spanish crown and gave Creoles the opportunity of seeking new social positions. Unlike European emancipatory movements that enjoyed strong popular engagement, Latin American independency processes resulted from these rearrangements within local elites. The independence gave rise to a set of autonomous warlords that filled the power void resulting from the decline of imperial elites by controlling territories through force. This period after the independence has been known as the "era of caudillos" (local, personalist leaders exercising military and political power) (Chevalier 1999).

Where elites were more fragmented, such as Argentina and Mexico, caudillos became more prevalent. The lack of elite integration resulted in loss of land for these nations. By the end of the nineteenth century, however, the whole region had built and oligarchic regime based on commodity exports and international lending. Mainly based on rural land exploitation, oligarchic elites reached sustainable levels of horizontal integration, which allowed them to access, shape, and expand the state without substantial efforts to reach the masses. Soon, social, political, and economic changes eroded the oligarchic regime (Rovira Kaltwasser 2009).

Seeking protection from regional and global enemies, Latin American countries – such as Argentina, Brazil, and Mexico – modernized their military. Modern weaponry was imported and new official academies professionalized the military personnel. A novel military elite rose to challenge entrenched oligarchic privileges. Additionally, the export-based liberal economy that enriched the oligarchy built differentiation and facilitated the movement of people. At the beginning of the twentieth century, Latin America experienced a strong wave of immigration from abroad combined with increasing rural-urban migration. Urban actors became more important and threatened the power of the rural oligarchic elite. This resulted in a cleavage between the oligarchic elite and the new emerging counter-elite.

After the Great Depression (1930s), the new elite increased its power and sought to put the state in the center of national development. Different military interventions, elite coalitions, and

populist governments characterized the following decades. Argentina's elite fragmentation and regular military interventions, for example, resulted in a precarious political system that could not deal with the gradual incorporation of the lower classes. This set the conditions for the election of Perón's populist government in 1946, whose friend-and-foe dynamics made it impossible to expand party representation and to avoid elite–counter-elite conflicts. Chile and Brazil had a more gradual erosion of elite hegemony. Conversely, two civil conflicts – the Mexican Revolution (1910–1920) and the Cristero War (1926–1929) – settled the Mexican elites. Taking power in 1929, the Institutional Revolutionary Party (PRI) embodied a cohesive, hegemonic elite that exercised effective civil control over the military (Rovira Kaltwasser 2009). These different developments led to also different results. In countries of the Southern cone, partial or failed elite settlements led to coups and recent dictatorships – e.g., in Argentina (1976–1983), Chile (1973–1990), Uruguay (1973–1985), Paraguay (1964–1989), and Brazil (1964–1985). These countries built what became known as bureaucratic-authoritarian regimes. Military dictatorships persecuted, imprisoned, tortured, killed, and exiled thousands of political opponents. Instead, governed by the PRI through 1989, Mexico became a semiauthoritarian regime. Its political system dealt efficiently with conflicting political minorities and secured the reproduction of the ruling elites (Garrido 2005; O'Donnell and Schmitter 1986).

In countries suffering dictatorships, the heads of the ruling military conducted negotiations with the leaders from the major opposing political forces in order to carry out democratic transitions (Przeworski 1986). To a certain extent, these transitions enjoyed stability because elites implemented amnesty laws to perpetrators of human rights abuses and provided a relative political autonomy to the military. The democratic regimes that emerged in the 1980s and 1990s combined that special treatment to the military with a stable cooperation between groups in their national economic and intellectual elites. While countries such as Brazil, Uruguay, Chile, and Argentina have advanced in their processes of transitional justice – by partially delivering reparation to victims and holding some perpetrators to account – they still have substantial progress to make in restoring the dignity of victims of human rights abuses (Olsen et al. 2010).

The neoliberal policies prescribed by the IMF and the World Bank that most Latin American countries implemented in the 1980s and 1990s stabilized growth for most countries. However, they also built simpler, extractive economies. Simultaneously, middle classes across the region strengthened by growing in number and by increasing their levels of consumption. Lower and working classes built new movements that opposed inequality and political exclusion (Almeida and Cordero 2015). As a result, new counter-elites defending redistributive policies and social rights saw their projects democratically validated in the 2000s. Lula Da Silva's and Rafael Correa's presidential victories – in Brazil (2003) and Ecuador (2006), respectively – are prime examples of how rearrangements in the distributions of power allowed new elites reaching the government through agendas that combined populist, state-centered policies with a neoliberal, export-oriented extractive economy. The entrenched stability of horizontal integration among posttransitional elite sections progressively disappointed the middle and lower classes in Chile. Consequently, since the early 2000s, the Chilean political elite has progressively lost credibility. In regional comparative terms, Chile shows particularly high levels of popular disengagement from institutional politics (Joignant et al. 2017).

Besides focusing on how Latin American political elites seek to reach the state, political sociologists have also paid attention to their cultural practices of incorporation. These analyses have gone beyond the nation state to highlight the symbolic forces that culturally shape groups in positions of power. These studies have argued that Latin American elites are highly influenced by external institutions – i.e., the Catholic Church as well as European and North American ideas. These institutions define the set of symbolic rules by which influential and powerful groups within

the elite exercise incorporation and exclusion. The Opus Dei and the Legionaries of Christ, for example, have become highly influential on how elites counter pluralism and reproduce in Latin American societies (Thumala Olave 2010).

Trained in prestigious schools of business and economics in the United States – especially at Chicago University – the group of Latin American economists known as the "Chicago Boys" are another example of how elite culture has been externally shaped. Strongly adhering to Friedman's and Harberger's liberal, market-oriented economic policy model, the Chicago Boys returned to their countries of origin – Mexico, Chile, Argentina, Uruguay, Perú, Colombia, Costa Rica, and others – after completing their graduate studies in the United States to take high positions in the government and relevant companies. They not only influenced the policies implemented in their countries – especially in Chile – but they also shaped the economics departments in the most prestigious universities in the region. By effectively transmitting their highly liberal economic models to local Latin American elites, the Chicago Boys contributed to culturally smoothing the way to the set of neoliberal reforms implemented in the region between the 1970s and 1990s (Biglaiser 2002).

## Clientelism

Clientelism is defined as "the distribution of resources (or promise of) by political office holders or political candidates in exchange for political support, primarily – although not exclusively – in the form of vote" (Gay 1990, p. 648). Students of clientelism call "patrons" those actors that withhold and manage power and resources (i.e., a political representative). "Clients" are those potential voters that benefit from the patron's discretional distribution of resources. "Brokers" are often figures within a specific community that act as connecting actors between patron and clients.

Latin America is often seen as one of the most prolific grounds for the development of clientelism worldwide. Focused on whether vulnerable citizens in a specific nation are able to influence state decisions, social and political analyses have regularly deemed clientelism as an impediment to full democracy. Analysts suggest that in impoverished areas patrons exercise power over clients curtailing their ability to freely choose their representatives. Additionally, by discretionally targeting benefit delivery to supportive groups, clientelism leaves many people in need with no access to resources.

The roots of clientelism in the region can be traced to 1912, when Argentina declared universal suffrage for men. Most other countries also did so in the mid-nineteenth century. Since then, political elites have strategically boosted electoral turnout. Newly created nations struggled to build centralized, powerful, and stable states in which systems of incorporation of the masses were not defined. Initially, leaders used the networks that they had created in their institutional positions as clients – within the military, the police, or even local government staff. Initially, clientelism worked mainly as the exchange of jobs for political loyalty. This was especially prevalent among municipality employees. But also land and company owners aligned their workers to support particular candidates. In the nineteenth century, voting polls were usually associated with violence. States had not yet implemented secret ballot and patrons brought their clients to control churches and other voting buildings. Often, voting resulted in confrontations between rival groups. In consequence, a very partial fraction of the population voted. For example, in 1890s Argentina 50% of the men were inscribed in the electoral registry and, among them, only half actually voted. In the early twentieth century nations began regulating voting more strictly to secure more democratic processes and avoid confrontations (Vommaro and Combes 2016).

Since those years, Mexico became a regional landmark by developing a highly authoritative kind of clientelism, in which patrons with local dominance exercise a severe control over clients. This clientelism is based on conditional access to resources, informal coercive sanctions, and the use or threat of physical violence against rivals. Often called *caciquismo*, this type of clientelism grew mainly in the rural areas of Mexico to then reach trade unions, universities, or squatter settlements in cities (Middlebrook 2009).

This sort of clientelism emerged in the early years of the twentieth century. Initially, bosses in many areas of Mexico controlled and protected their territories blocking the influence of national political conflicts in their localities. After 1940, however, the Mexican federal government – ruled by the Institutional Revolutionary Party (PRI) – relied on those local bosses to incorporate under its domination indigenous and isolated areas that had resisted state power. Those bosses became institutionally recognized local patrons that practiced highly authoritative clientelism and legitimized the state at the local level (Ugalde 1973). This authoritative clientelism reached Mexican cities through politically connected leaders that emerged as patrons in shantytowns imitating the culture of rural bosses.

Argentina has become regionally salient due to the particularly high prevalence and persistence of its clientelism. In 1945, the populist Juan Domingo Peron took power with great support of the working class. His government effectively connected with formal traditional civil society organizations. However, through the Eva Peron Foundation President Peron managed to modernize grassroots social assistance to reach informal, traditionally excluded sections of society – i.e., the poor, unemployed, women, and others. Peron's government incorporated and created local grassroots organizations that functioned as extensions of the state and whose leaders were loyal to the party in power. Since then, Argentinean political parties have constructed a thick network of grassroots clientelism that supports vulnerable families by providing them with food, medicine, and other basic supplies (Vommaro and Combes 2016).

Brazil presents a different Latin American case in which clientelism often combines with crime, marginality, and political corruption. Brazilian rural powerful landowners traditionally controlled groups of poor workers and negotiated their votes with politicians. In return, these landowners made demands to the state.

Clientelism became common practice in cities between the 1940s and 1960s. In those years, a number of policies sought to socially incorporate the poor living in squatter settlements through social programs. Many local improvements were then channeled through politicians in the form of clientelism. In the mid-1980s, poor urban areas experienced the influx of hard drugs. Traffickers created drug gangs, strengthened their leadership within the neighborhoods, and often provided assistance to neighbors. Crime and violence increased sharply as a result of gang confrontations and brutal police raids. Since the late 1980s, drug gangs increasingly engaged in electoral politics and in providing limited assistance to local residents. Eventually, drug traffickers began acting as authoritative clientelistic brokers in a highly corrupt political environment. In order to sustain safe control of their territory, drug dealers started making agreements with politicians who sought to secure their election in that area. In exchange, those drug traffickers gave limited assistance to residents (Arias 2006).

Going beyond this emphasis on citizens' access to the state, some analyses of Latin American clientelism have also focused on its potential to construct new community networks and to empower traditionally excluded groups.

Research in Argentina shows, for example, that the decay of industrial production and the expansion of the tertiary and informal sectors during the 1980s and 1990s strongly eroded the traditional collaboration between political parties and trade unions. During the 1990s, Argentinean poor urban dwellers grew poorer and increasingly excluded. Poverty sharply increased in most Latin American countries through the 1990s and early 2000s. High unemployment, vulnerability, and poverty in shantytowns disconnected people from community belonging and undermined local networks of help. Unable to resort to those local informal connections, residents turned to clientelistic networks to obtain food, medicine, basic goods, and services. These new connections promoted community construction and the production of new forms of belonging in marginal Argentinean neighborhoods (Auyero 2001). Evidence also suggests that residents in Uruguayan and Brazilian shantytown dwellers have been able to access urban services and even exercise rights through negotiations with patrons (Alvarez Rivadulla 2012; Gay 1990).

## Social Movements

Social movements in Latin America have responded to the democratic challenges that structural adjustments and austerity policies in contexts of high inequality impose. Many social movements have also reacted to the large social disparities that Latin America sustains since colonial rule. Movements have addressed ethnic, racial, class, and gender discrimination (Almeida and Cordero 2015).

For example, the Zapatista uprising in 1994, in Chiapas, Mexico, protested against the exclusion and poor living conditions that indigenous people were experiencing as a result of the government's economic and social policies. The Zapatista National Liberation Army (EZLN) called the North American Free Trade Agreement (NAFTA) a "death sentence." In their view, NAFTA undermines the development of Mexican indigenous communities. Similarly, in December 2001, Argentineans took to the streets marching and pot banging to protest against international pressures by the IMF, local austerity measures, political corruption, and bank freezes.

The efficacy of Latin American social movements to effect change often depends on their ability to take advantage of political opportunities. Yet, the distance between movements and political institutions can vary widely.

The Landless Workers' Movement (MST) in Brazil is one of the many examples of how social movements can coproduce effective social change in their close interaction with political authorities. With its origin in the land takeovers in the state of Rio Grande do Sul in 1979, the MST extended its initiatives in rural areas across the country to demand access to lands and dignity for poor rural workers. Eventually, the movement grew to become the largest in Latin America. In the early 2000s, the MST already organized in 22 states of Brazil. While rural land take overs are their main type of action, they also have a wide range of forms of activism – from carrying out parades in cities and towns, holding office, staging hunger strikes, among others. In addition, the MST participates in public rural schools though training teachers, building community-school connections, organizing teachers and students, contributing in the curricular design, and others. The effectiveness of their work in state local rural schools depends on the activists' ability to engage in coproduction with local authorities. In fact, Tarlau (2013) shows that engaging in political clientelism increases the movement's capacity to develop their work in rural schools.

Conversely, that case of the Chilean student movement is evidence of how the distance from political institutions can lead to more effective outcomes. Chilean students carried out massive protests in 2011. They claimed their right to free and public higher education. Students struggled against structural adjustment policies created in the 1980s that increasingly privatize universities and foster students' indebtedness. This movement carried out the largest marches since Chile's return to democracy in 1990 gathering around 500,000 people across the country. Hundreds of students painted their faces and danced to Michael Jackson's "Thriller" song in front of the presidential palace. Additionally, student leaders successfully defended their arguments in televised debates with local politicians. After several months of rallies and other collective initiatives, in October of that year the movement showed widespread approval among citizens (81%) (La Tercera 2011).

The Chilean student movement has become one of the most effective in pursuing policy change in Latin America. Analysts suggest that this outcome results from their decision to keep a prudent distance from political authorities (Somma and Medel 2017). In 2014, Bachelet's newly elected government began designing a group of reforms advancing student demands. Her government passed an ambitious tax reform to fund changes to the educational system. Later, in May 2015, congress approved Bachelet's Bill on Educational Inclusion, which bans profit making through educational institutions and forbids state-funded schools from assessing and rejecting children's admissions. She has also progresses to provide 60% of the poorest students with free higher education (Donoso 2016). Currently, other education reform bills inspired in this movement and designed by her government are under discussion in congress.

While several political sociologists explained how these Latin American movements have demanded their rights at the level of the nation state, other analysts have emphasized movements' ability to claim their rights by referring to other, alternative political communities. Successfully organizing against swindlers that sold them fake land rights, collectively struggling to avoid state eviction and self-building their houses, underprivileged urban dwellers in Sao Paulo claimed their place in the city. Not only were they successful in rejecting eviction. By defending and building their place as urban dwellers, poor residents have gone beyond the idea of the nation state to claim their citizenship rights. Consequently, through their mobilization urban dwellers create a new sense of dignity and belonging at the level of the city (Holston 2008). A similar analysis of squatter movements in central abandoned buildings, also in Sao Paulo, argue that activists rescale their demands of citizenship rights from the national to the urban level. Using transgressive, illegal occupations, Latin American urban dwellers claim their right to belong to the city (Earle 2012).

## Conclusion

Political sociology has studied the social determinants impacting political phenomena in Latin America. The descriptive analysis here provided shows the sharp, historically entrenched political inequalities experienced by the Latin American people.

Latin American economies have developed in growing dependence from more wealthy countries that is at the basis of many of its exclusionary policies. The structural adjustments and free trade agreements by which Latin American nations have opened their economies to the world foster vulnerability in the lower sections of their societies. Studies of Latin American elites demonstrate that national social structures have been historically unfit to accommodate the lower sections of society in the development of stable democracies. In consequence, populism and clientelism have prevailed in the relationship between political elites and the masses.

Social movements have reacted to these regional challenges. In the past couple of decades, we have seen a myriad of initiatives that take advantage of local, regional, or global political opportunities to effect social change and influence policies. The increased democratic stability that much of the region has experienced in the past couple of decades is, to a great extent, the result of the slow democratizing progress of civil society.

## Cross-References


- ▶ Civil Society Organizations
- ▶ Leadership and Social Justice
- ▶ Politics and Partisanship
- ▶ Power Elites


## References


Almeida P, Cordero A (2015) Social movements across Latin America. In: Almeida P, Cordero A (eds) Handbook of social movements across Latin America. Springer, London, pp 3–12

Alvarez Rivadulla MJ (2012) Clientelism or something else? Squatter politics in Montevideo. Lat Am Polit Soc 54(1):37–63. https://doi.org/10.1111/j.1548-2456.2012.00142.x

Arias ED (2006) Trouble en route: drug trafficking and clientelism in Rio de Janeiro shantytowns. Qual Sociol 29(4):427–445. https://doi.org/10.1007/s11133-006-9033-x

Auyero J (2001) Poor people's politics: Peronist survival networks and the legacy of Evita. Duke University Press, London

Biglaiser G (2002) The internationalization of Chicago's economics in Latin America. Econ Dev Cult Change 50(2):269–286. https://doi.org/10.1007/s11423-011-9194-5

Burton M, Gunther R, Higley J (1992) Introduction: elite transformations and democratic regimes. In: Gunther RJ, Higley J (eds) Elites and democratic consolidation in Latin America and Southern Europe. Cambridge University Press, Cambridge, pp 1–37

Chevalier F (1999) América Latina: De la Independencia a Nuestros Días. Fondo de Cultura Económica, Mexico City

Donoso S (2016) When social movements become a democratizing force: the political impact of the student movement in Chile. Res Soc Mov Confl Change 39: 167–196. https://doi.org/10.1108/S0163-786X20160000039008

Earle L (2012) From insurgent to transgressive citizenship: housing, social movements and the politics of rights in

São Paulo. J Lat Am Stud 44(1):97–126. https://doi.org/10.1017/S0022216X11001118
Evans PB, Rueschemeyer D, Skocpol T (1999) Bringing the state back in (eds: Evans PB, Rueschemeyer D, Skocpol T). Cambridge University Press, Cambridge. https://doi.org/10.1111/j.1467-923X.1989.tb00776.x
Garrido LJ (2005) El Partido de la Revolución Institucionalizada: La Formación del Nuevo Estado en México (1928–1945), 11th edn. Siglo XXI, Mexico City
Gay R (1990) Community organization and clientelist politics in contemporary Brazil: a case study from suburban Rio de Janeiro. Int J Urban Reg Res 14(4):648–666. https://doi.org/10.1111/j.1468-2427.1990.tb00161.x
Holston J (2008) Insurgent citizenship: disjunctions of democracy and modernity in Brazil. Princeton University Press, Princeton
Jara F, Magana E (1982) Rules of imperialist method. Dialect Anthropol 7(2):115–136. Retrieved from http://link.springer.com/journal/10624/7/2/page/1
Joignant A, Morales M, Fuentes C (2017) Malaise in Representation in Latin American Countries: Chile, Argentina, and Uruguay. Palgrave Macmillan, New York. https://doi.org/10.1057/978-1-137-59955-1
La Tercera (2011, July 5) 81,9% de Chilenos Simpatiza con Demandas de Estudiantes Según Encuesta. Educación. Santiago de Chile. Retrieved from http://www.latercera.com/noticia/819-de-chilenos-simpatiza-con-demandas-de-estudiantes-segun-encuesta/
Middlebrook KJ (2009) Caciquismo and democracy: Mexico and beyond. Bull Lat Am Res 28(3):411–427. https://doi.org/10.1111/j.1470-9856.2009.00308.x
Nash K (2010) Contemporary political sociology. Globalization, politics, and power. Wiley-Blackwell, Chichester. https://doi.org/10.1017/CBO9781107415324.004
O'Donnell GA, Schmitter PC (1986) Transitions from authoritarian rule: tentative conclusions about uncertain democracies. Johns Hopkins University Press, Baltimore
Olsen TD, Payne LA, Reiter AG (2010) The justice balance: when transitional justice improves human rights and democracy. Hum Rights Q 32(4):980–1007. https://doi.org/10.1353/hrq.2010.0021
Orum A (1978) Introduction to political sociology: the social anatomy of the body politic. Prentice-Hall, Englewood Cliffs
Przeworski A (1986) Problems in the study of transition to democracy. In: O'Donnell GA, Schmitter PC (eds) Transitions from authoritarian rule, vol 3. Johns Hopkins University Press, Baltimore, pp 58–61
Rovira Kaltwasser C (2009) Towards a historical analysis of elites in Latin America. In 21st world congress of political science. International Political Science Association, pp 1–31. Retrieved from http://paperroom.ipsa.org/papers/paper_744.pdf
Somma N, Medel R (2017) Shifting relationships between social movements and institutional politics. In: Von Büllow M, Donoso S (eds) Social movements in Chile: organization, trajectories, and political consequences. Palgrave Macmillan, New York, pp 29–61. https://doi.org/10.1057/978-1-137-60013-4
Tarlau R (2013) Coproducing rural public schools in Brazil: contestation, clientelism, and the landless workers' movement. Polit Soc 41(3):395–424. https://doi.org/10.1177/0032329213493753
Taylor G (2010) The new political sociology: power, ideology and identity in an age of complexity. Palgrave Macmillan, New York
The World Bank (2016) Poverty and equity: Latin America and Caribbean. Retrieved 2 Sept 2017, from http://povertydata.worldbank.org/poverty/region/LAC
Thumala Olave MA (2010) The richness of ordinary life: religious justification among Chile's business elite. Religion 40(1):14–26. https://doi.org/10.1016/j.religion.2009.04.011
Ugalde A (1973) Contemporary México: from hacienda to PRI, political leadership in a Zapotee village. In: Kern R (ed) The caciques: oligarchical politics and the system of caciquismo in the Luso-Hispanic world. University of New México Press, Albuquerque, pp 119–134
Vommaro G, Combes H (2016) El Clientelismo Político: Desde 1950 hasta Nuestros Días. Siglo XXI, Buenos Aires
Weber M (1946) Politics as a vocation. In: Gerth HH, Wright Mills C (eds) From Max Weber: essays in sociology. Oxford University Press, New York, pp 77–128

# Politician-Bureaucrat Relation in Ghana

Abdulai Kuyini Mohammed
Department of Political Science, University of Ghana, Legon, Accra, Ghana

## Synonyms

Administration; Bureaucrat-politician relations; Bureaucrats; Politicians; Politics

## Definitions

Because the public administrator is subordinate to the elected executive in both law and practice, the latter tends to subject the former to political control. The former also believes because of its expertise it should be assertive and influential in its area of purview. The pursuit of these rival

stands results in tension and conflict between the two categories of officers. However, there is latitude for collaboration and reciprocal influence between the two parties. This paper investigates the precise nature and consequences of the relations between elected executives and the administrative experts in the Ghanaian context.

## Introduction

Governance is a collective enterprise requiring good relationships between all the stakeholders represented in a polity. These stakeholders include the government and the governed. There are two groups of actors in the government realm, that is, politicians and bureaucrats. These public functionaries should not only have a good working relationship with each other but also with members of the public or the governed. This is essential for engendering participation, trust, and consensus building response to the needs of citizens (Dasandi 2014). It is only when the relationship between the bureaucrat and the politician is good will they be able to jointly craft solutions that will be efficacious in dealing with societal problems. Good service delivery enhances the legitimacy of, and trust of the people in, their government.

Perhaps that is the reason why the relationship between politics and administration has been one of the most popular themes in public administration discourse since the works of Woodrow Wilson and Max Weber. Over a long period, the leading notion was that there was, or at least should be, an explicit division between the realm of politics and the domain of administration (e.g., Mouritzen and Svara 2002). Several important scholars of public administration like Campbell (1983), Peters and Pierre (2004), and Svara (2001) have claimed from a normative standpoint that such a neat distinction is difficult, this contrasting view is supported by several empirical works from diverse perspectives and specialization which indicate a wide, though varying, interconnection between the two spheres (see, e.g., Kingdon 1995; Mouritzen and Svara 2002). Yet, irrespective of which side of the debate one stands (i.e., distinction or interlinking of the political and bureaucratic worlds) and as Dasandi (2014) observes, political-bureaucratic interaction can be very important in promoting development, as well as hindering it.

The remit of this paper is to investigate the politician and bureaucrat relations in Ghana from the immediate post-independence period in 1957 to the current period. The analysis focuses on determining (1) the nature of the relations, that is, whether warm or frosty, (2) the factors that are responsible for the observed relations, (3) the consequences of the relations, and (4) the measures that can be taken to engender good relations between politicians and bureaucrats.

The paper proceeds by first sketching the changing complexion of government in Ghana's history as an independent nation. Next, it expounds on the methodology of the study before considering the nature of the politico-administrative relations across regimes. It then analyzes the consequences of the politician and public administrator relations for the conduct of public business. The final section is devoted to suggestions for improving the relations between the politician and the bureaucrats and conclusion.

## The Methodology of the Study

The empirical basis of this study is 50 elite interviews and secondary evidence. The interviewees were selected because of their expertise and/or experience as past and current career politicians and bureaucrats. The respondents included 10 retired civil servants, 20 current civil servants, 5 former ministers, 5 current ministers, and 6 academics. The secondary information included published academic works on politicians and bureaucrats relations as well as media reports and departmental newsletters. The primary information corroborated the secondary evidence and also captured certain nuances that could not be revealed by the published works. This increased the credibility of the findings and conclusions and generalizations that have been drawn from the study.

## Nature of Politico-Administration Relations Across Regimes in Ghana

It is important to sketch the historical antecedents of the interface between the elected and appointed officials in Ghana. This will serve as a backdrop against which the nature of the subsequent relations between the two categories of public officeholders will be understood. As Nti (1976: 3) opines, "one cannot explain change or continuity except in terms of history." The historical background will facilitate understanding of the shifting nature of the relationship as affected by the political turbulence that Ghana has witnessed since its emancipation from colonial rule. The historical backdrop will also assist in elucidating the goals of the series of public sector reforms that have been launched over the years and their impact on the interactions of the two categories of public officeholders in the conduct of public business.

The bureaucracy as it existed in the colonies in Africa was predicated on the Weberian model of public administration (Ayee 2013). During the colonial era, expatriate bureaucrats occupied the apex of the public administration system, while natives were situated down the hierarchy. At the advent of independence, there was the need to replace all expatriate bureaucrats in an effort to dismantle the residual apparatus of imperialism under a policy known as the Africanization of the civil service and the pursuit of rapid socioeconomic transformation (Adarkwa and Ohemeng 2015). The relationship between elected and appointed officeholders in independent Ghana was, and is still, characterized by this milieu (Gyimah-Boadi and Rothchild 1990).

The relationship between the politician and the bureaucrat in the period between 1957 and the end of the Nkrumah's regime in 1966 and even beyond is aptly described as one of master and servant (Ayee 2013). The elected officers dominated the conduct of public affairs including public policy making, and this dominance has persisted to date. Bureaucrats continue to be precluded from the public policy making process. One of the important ways that was applied to exclude public administrators from public decision-making processes was through the establishment of executive or presidential commissions, which were separate from and external to the civil bureaucracy. These commissions crafted policy proposals and workable solutions to public problems to herald parliamentary consideration, executive acquiescence, and concretization into projects and programs (Ohemeng and Ayee 2016).

The desire to achieve rapid socioeconomic transformation within the shortest possible time in order to improve the living conditions of Ghanaians necessitated the reorientation of the bureaucracy toward political freedom. This engendered a hostile relationship between politicians and bureaucrats (Amonoo 1981). Elected officials arrogated to themselves the design and execution aspects of the policy making process leading them to have an urge over public administrators in both realms. The alienation of the latter bred resentment and led to distrust between the two categories of officials during the reign of Dr. Nkrumah-led CPP government. The frustration of Dr. Nkrumah especially about the bureaucracy stemmed from the fact that it was considered too slow to act – a perceived attribute which was thought to be undermining the achievement of the political goal of rapid socioeconomic development (Gyimah-Boadi and Rothchild 1990). Accordingly, this fed the impetus for the extreme politicization of the bureaucracy, with occupants of the top echelons of the hierarchy being replaced as heads of institutions by party members. This view corroborates Gyimah-Boadi and Rothchild who aver that Dr. Nkrumah resolved that, "he would see to it that there were no 'civil masters' as under colonial rule but civil servants carrying out the policy decided by the cabinet" (Gyimah-Boadi and Rothchild 1990: 233). The two scholars assert that "senor officers were regarded with suspicion," which culminated in their loyalty being thrown into question. The Nkrumah's regime ensured that the bureaucracy was firmly brought under the control of the political executive.

An effective strategy Dr. Nkrumah's administration adopted to bring the bureaucracy firmly under political control was the establishment of several parallel bureaucratic apparatuses, to

carry out national development (Amonoo 1981). These parallel bureaucratic structures included state-owned enterprises, specialized secretariats like State Planning Commission, the Productivity Center, the Water Resources and Power Secretariat, and the Civil Service Commission. All these institutions were outside the regular public services and brought under the Office of the President, who exercised direct control over appointments (Ohemeng and Anebo 2012). This deteriorated the already frosty relationship between bureaucrats and the Nkrumah's government because it not only over-politicized the public service, but it also created coordination problems for it in national development efforts. This was because some of the organizations and sectors became silos which grossly undermined sociopolitical and economic growth (Ohemeng and Ayee 2016). Accordingly, an administrative confusion was created for the state, a labyrinth which Amonoo (1981) aptly characterized as "the politics of institutional dualism."

By 1966 when Dr. Nkrumah's government was overthrown, the relationship between the politician and the bureaucrat was one of "uneasy tension" (Adarkwa and Ohemeng 2015: 15), with the latter more or less relegated to the background in terms of voice possession in the setting of an agenda for national development (Amonoo 1981).

From the fall of the Nkrumah's regime in 1966 to 1981 when the Rawlings-led Provisional National Defense Council (PNDC) took over the reins of government, there was considerable turbulence in the relationship between elected and appointed officers. Government successions were frequent principally via military takeovers with the exception of the late 1969 to early 1972 and from September 1979 to December 1981, when civilian governments ruled. Like in the Nkrumah's time, public sector reforms were also undertaken in this period that adversely affected its effective functioning and performance. The reforms alienated the bureaucracy from the public policy making process mainly because the political decision makers were ambivalent about the dedication and loyalty of public administrators (Adarkwa and Ohemeng 2015; Asante 2005) The sore relationship between the politician and bureaucrat was exacerbated by economic stagnation which fed corruption particularly in the civil service and dented the image of the bureaucracy.

The National Liberation Council (NLC) was the first military regime in Ghana, which toppled the Nkrumah government in 1966. Initially the NLC attempted to depoliticize the civil service. It made strides to create a cordial relationship with public administrators by substituting politically appointed regional and district commissioners with administrators who were civil servants (Gyimah-Boadi and Rothchild 1990). In respect of economic policy making, the military junta enticed the participation of the bureaucracy in conjunction with the business community in the NLC's National Economic Council (NEC). The council exercised control over economic policies. The membership of NEC included five senior civil servants and two financial professionals. The governing style of the NLC and NEC, according to Kosack (2012), was reminiscent of the approach of the British. That approach ensured that public administrators were at the center and administered at the local level via alliances with tribal chiefs and through central appointed bureaucrats.

Nevertheless, all was not rosy in the politico-bureaucratic relationship as there were instances when the junta expressed frustration with the bureaucracy. For example, the junta deplored the tardiness of the civil service and its lack of a sense of urgency in the implementation of public policies. Lt. Gen. E. K. Kotoka, a key member of the NLC, complained that "things don't go as expected in the civil service." Lt. General Ocran, another member of the NLC, also complained that in his ministries, unlike the army, the line of authority was ill-defined and diffused and civil servants often did not know who was responsible for what (Pinkney 1972).

The impatience which succeeding governments had with the civil service may be attributed to the fact that the service was seen as the main vehicle for promoting socioeconomic programs, which all governments unsuccessfully tried to implement. The vagueness of some of the policies of governments may itself help explain why the governments complained of bureaucratic

sabotage and tardiness in the implementation of public policies and programs. The governments themselves failed to clearly spell out what their policies were, and civil servants had to spend much time in deciding which policies appeared to be the most suitable. Even when the aims of the policies were clear, the difficulties in achieving them were not always understood by the governments (Pinkney 1972).

The politician-administrator interface during the Busia's regime (1969–1972) was similar to what obtained under the NLC rule. The period witnessed bureaucrats as cornerstones in sectoral public policy making particularly economic policy. Similar to the NLC regime, these technocrats were drafted externally including those who had worked with the World Bank and the IMF (Libby 1976). It was clear that the policy terrain was dominated by politicians and bureaucrats from international governmental organizations, which led to loss of policy ownership by local decision makers (Libby 1976).

Although the bureaucracy was over-politicized during the Busia regime, the period did not record any major tension in the relationship between the elected and appointed officers until the dismissal of 568 civil servants. While the government cited incompetence and inefficiency as the reasons for the dismissals, many observers believed they were politically motivated. The political motivation thesis is supported by the fact that a disproportionately large fraction of the dismissed was sympathizers of the Nkrumah's regime (Frempong 2007). The court order to reinstate the dismissed public servants was ignored by the government, and this destroyed the cordial relationship that existed between politicians and bureaucrats. Moreover, the government's quest to enhance efficiency and productivity in the economy via austerity measures as well as cost imposed on the civil service further alienated the bureaucracy and exacerbated tension between the political and administrative worlds.

The relationship between the politician and the administrator during the PNDC rule was the most difficult and rancorous. Before the advent of the PNDC, the civil service had witnessed most critical and trying times that arose mainly through the economic crisis that plagued Ghana from the 1970s. From 1974 to the early 1980s, the Ghanaian economy was in decline, unable, for a combination of structural and policy-based reasons, to seize the initiative and overcome the constraints on choice (Rothchild 1991). Declining agricultural and industrial productivity, in some cases despite rising international market prices, contributed substantially to the country's economic malaise during the 1970s and 1980s. The consequence of the economic downturn for the civil service was the erosion of its pay through hyperinflation which led to its cream of the crop leaving the country to escape the harsh economic realities and to seek greener pastures (Adarkwa and Ohemeng 2015). The skeleton staff who remained found the task of administration overwhelming, and this made it quite formidable to deliver basic services. Nti (1978:2) characterized the civil service at the time as "a moribund paper pushing institution" to perhaps presage the inefficiencies and ineffectiveness that bedeviled it.

The PNDC partly blamed the bureaucracy for the inefficiencies and ineffectiveness in the conduct of public business and for the socioeconomic development problems of the country. This negative opinion formed about the bureaucracy defined its relationship with the government. Not surprisingly, when the government launched its economic recovery program of 1983, the civil service and especially those at the echelon of the service were precluded from the design and even the execution of the program's critical parts (Adarkwa and Ohemeng 2015).

The PNDC envisioned that for the civil service to be effective it needed a transformation which would remove the bad nuts, reorient its culture, sharpen its skills, and enhance its responsiveness to public service customers. Accordingly, many civil servants were summarily dismissed, while others were accused of corruption and incompetence. Those who were accused of corruption were arraigned before the freshly constituted public tribunals and slapped with long prison sentences (Gyimah-Boadi 1994).

The PNDC maiden reform was kicked started with the setting up of the Kaku Kyiamah Committee in May 1982 with a mandate to advice

the junta on restructuring the bureaucracy (Adarkwa and Ohemeng 2015). Among others, the committee recommended that the civil service should (1) restrict itself to policy formulation, (2) provide the administrative support units for political heads, (3) coordinate and monitor programs and activities within the ministerial sector, and (4) conduct interministerial relationships. In addition, it advised that, "the politicization of the position of the principal secretary" was in order. This, the committee reasoned, was due to the fact that some of the principal secretaries cultivated the habit of "resisting or blocking the flow of professional advice direct to the political head" (Wood 1984: 46). This charge, however, was untenable because the committee could not produce any solid evidence to back its claim (Wood 1984). Another suggestion it tabled was the obtaining of advice from plural sources both external and internal. From the internal sources, all heads of directorates in a ministry were to be permitted easy and equal access to tender advice to the political head.

The recommendations attracted a receptive political ear which triggered some structural changes, embracing the redesignation of the position of principal secretary to that of chief director. The chief director was appointed on the basis of both merit and partisanship. Ascension to the position was no longer to be based on career progression in the service, but outsiders were also eligible for consideration for appointment (Barnes 2014). By these changes the bureaucrats felt debased, and this fed the already frosty relationship that generated between it and the regime following the mass dismissals and imprisonment of some of its members. This bitter relationship even got worse when the government established revolutionary organs.

The relationship was further ruined by the establishment of revolutionary organs which were variously labeled as People's Defense Committees (PDCs) and Worker Defense Committees (WDCs). These PDCs and WDCs were established in various cities, towns, and workplaces, including the civil service. The WDCs were created with a mandate to assist in the development of government policy. They enforced price controls and curfews, supported rent controls, and investigated malfeasance in public and private sectors (Adarkwa and Ohemeng 2015). In contrast, the PDCs were formed under the directorate of a coordinating committee that comprised representatives from all the reformist political organizations. Their establishment represented an aspect of the regime's schema to introduce new layers into the structure of the planning and implementation of government programs. In this way, it was envisioned that it would decentralize the administrative structures. The PDCs were meant to organize development programs in factories, banks, and institutions as well as serve as vigilantes for the government (Adarkwa and Ohemeng 2015).

The new democratic dispensation which was ushered in on January 7, 1993 preceded the multiparty contest which saw the National Democratic Congress (NDC) assume power. Since then to date, the country has witnessed three alternations of power: the NDC ruled from 1993 to 2000, and handed over power to the New Patriotic Party (NPP) (2001 to 2008), the NDC regained power and ruled from 2009 to 2016, and the NPP snatched power and ruled from 2017 to date. Since the PNDC metamorphosed into NDC, many people across all walks of life, including civil servants, believed the latter's rule was a perpetuation of the former's, and this affected the politico-bureaucratic relationship.

The most telling effect on the relationship between the government and the civil service is the constitutional provision that bars civil servants from openly participating in political activities. A similar provision is in the Civil Service Law of 1993 and Civil Service Code of Conduct of 1993. Under the last two laws, bureaucrats are supposed to demonstrate neutrality in political affairs. The numerous public sector reforms that have been introduced and continue to be introduced have served to continually redefine the relationship between the politician and the public administrator. As noted earlier, the constitution and the public sector reforms have vested the president with vast powers of appointment. His power to appoint the head of the civil service and chief directors of the various ministries conflicts

with the arrangement in the civil service where directorship is attained via career progression. The reforms thus served to anger bureaucrats who believe that professionalism, dedication, and hard work may play second fiddle to partisanship as a criterion for progression on the career ladder.

## Impact of Politician-Bureaucrat Relations

This section examines the consequences of the tenuous relationship between the elected and appointed officers on the conduct of public business especially in respect to policy making. The impacts that are discussed here include over-politicization of the civil service, high rate of bureaucratic attrition, mistrust of the public administrator, organizational disloyalty, and the civil service unattractiveness as an employer of choice.

The primary information now being explicated here is in tandem with the secondary evidence discussed about the over-politicization of the civil service in Ghana since independence in 1957. Respondents were asked whether they thought the civil service was over-politicized. A majority 89% answered in the affirmative, 9% responded in the negative, while the remaining 2% could neither confirm nor deny that it was over-politicized. Those respondents who said it was over-politicized were then asked to cite examples or instances of the over-politicization. One serving senior bureaucrat said, "in the second term of President Rawlings's administration five of my colleagues told me that their political bosses asked the Office of the Head of Civil Service (OHCS) to transfer them without assigning tangible reasons." A retired public administrator revealed with anguish that, "my minister told me blatantly that he could not work with me because I don't fear to tell truth to power." He added, "the minister said the strict adherence to my professional ethos had almost become a dogma." A third bureaucrat said, "the politicians will always assign you a party whether or not they have basis to confirm their perception." He continued, "the perception of a bureaucrat's political leanings becomes the basis for promoting or jeopardizing his or her professional career." A fourth public administrator lamented that, "I was transferred from a metropolitan council to a remote rural district following the change of government from the NDC to the NPP in 2017." "My transfer, I believe, was not based on competence or conduct but on my political affiliation." A fifth bureaucrat said, "I applied for early retirement to safe myself the embarrassment of having a confrontational working relationship with my political boss." A sixth technocrat lamented that, "as a person the minister himself was well mannered and had a collegial attitude but pressure from above reluctantly made him to give me a cold shoulder because of his induced-reading of my political leaning." But "this treatment of civil servants is regrettable because as bureaucrats our work is inherently political." Christensen and Laegreid (2004) agree, arguing that the public service can never be fully apolitical because bureaucrats, in delivering a public service to the citizens, inevitably participate in the political role of "deciding who gets what" from the public sector. The outcome of the over-politicization, as one minister acknowledged, is that, "the politician and bureaucrat are not able to engage in frank exchanges that will produce the good ideas to serve as building blocks for policy development."

Respondents were asked to indicate what the effect of the bitter relationship had on the bureaucrat. Eighty-eight percent pointed to high turnover rate of especially top bureaucrats. One academic intimated that, "many bureaucrats want the freedom, space, and reciprocity that enable them to perform to the best of their ability." He added that, "if they feel these conditions are not prevalent in the civil service they may either resign or take their services elsewhere." A retired bureaucrat concurred, saying that, "I had to resign because I could not bear the frustration of having to be instructed to do things that tended to serve partisan interest rather than the public interest." A third technocrat said, "I was forced to resign and I took up an appointment in the private sector because every action or omission on my part was read with political lenses." He elaborated that, "the level of suspicion was too high, and this made me hesitant

in taking even the most mundane administrative decisions because of the political connotation it would be given."

This evidence speaks to Adarkwa and Ohemeng's (2015) assertion that, there are two types of bureaucratic turnover: the first is forced where the bureaucrat who cannot cope is compelled to proceed on early retirement; the second entails moving the public administrator to a different and usually less glamorous ministry. The first is commonly suffered by those occupying the positions of the head of the Civil Service (HoCS) and chief director and even sometimes those in positions a step lower than the chief director, that is, director. To illustrate, in the 8 years (2001–2008) that the NPP was in power, the "HoCS changed multiple times, with no one spending more than two years." Others were "designated as 'acting' with no clear timetable for their confirmation or removal" (Adarkwa and Ohemeng 2015: 23). Likewise, when the NDC assumed power in 2009, the HoCS position was subjected to the same turbulence. Such rampant changes make organizations headless that proceed in no particular direction – a state of affairs that is inimical to planning and development.

At the Director level, some bureaucrats who are distrusted by their ministers choose an alternative to quitting, that is, simply succumbing to the wishes of the politicians. The deference to the politician occurs irrespective of whether this offends bureaucratic professional ethos or is inimical to the public interest. Consequently, when an administrative problem crops up, there is passing of buck as it becomes quite formidable to pinpoint who should be held responsible (Barnes 2014).

The effect of such high bureaucratic turnover rate, according to some interviewees, is the loss of policy direction of public organizations. Undoubtedly, stability is essential for incisive and vigorous policy direction and implementation. Another problem with the high turnover rate is that it creates fear and anxiety among public administrators, eventually making bureaucrats to lose confidence and in extreme situations disturb their mental balance – both of which are prerequisite to sound policy development and implementation. One informant intimated that, "rampant transfers of chief directors to different regions and districts render sluggish or ineffective the execution of a ministry's policies, projects and programs." This is because, reasoned another interviewee, "incoming chief directors require reasonable length of time to get acquainted with the new office and its processes, techniques, and procedures and how these generate throughput." A third respondent lamented that, "outgoing chief director's" handing over notes are usually hurriedly prepared and are therefore often wanting on content especially as a source of lesson drawing and guidance." A bureaucrat who was recently transferred from Accra, the national capital to Wa, the Upper West Regional capital, lamented that, "such unnecessary transfers is detrimental to the creation of a workforce that is built on rapport, comradeship and team spirit." This is because, argued another respondent, "the new bureaucrat does not have the length of time needed to study skills, competence levels and personal dispositions of his staff in order to match them to specific tasks." In general, frequent and unnecessary changes of top bureaucrats, just like ministers, undercut the efficiency and effectiveness of the civil service. Some writers concur, insisting that the turnover of personnel in the public service has created an experience and expertise lacunae, which has tended to affect the capacity and capability of the public service to deliver its core mandates (Antwi et al. 2008).

As noted earlier, the high turnover rate, whether it occurs as a transfer or retirement of the public administrator, has several ramifications. In particular, if transfers occur at the behest of the political head, a fresh round of animosity, suspicion, and mistrust awaits the bureaucrat at his new destination. This is because the alleged reasons for the transfer would have been revealed to the political boss at the receiving ministry and would have made the rounds among staff. Consequently, bemoaned one chief director, "the political head mistrusts you and precludes you from important decision arenas as well as arrogate to himself the routine bureaucratic tasks of drafting legislation and preparing policy proposals." Barnes (2014) agrees, arguing that political heads in such instances attempt micromanaging the

ministry and in the process leave out important tasks that form the core mandate of the ministry, department, or agency. In addition, the transferred bureaucrat is unable to establish a good working relationship with his subordinates chiefly because the politician bypasses him and assigns high-level managerial functions to his juniors. This makes the subordinates to disrespect the chief bureaucrat. Another respondent lamented that, "the consequence of the alienation is that it breeds uncertainty, fear, inferiority complex and a sense of resignation on the part of the bureaucrat." A third interviewee concurred, averring that, "the mistrust of the chief bureaucrat by his subordinates and the politician makes him unable to have a handle on the ministry, department or agency." This, he added, "on some instances have led to throwing the leadership and professional competence of the bureaucrat in doubt."

A frosty relationship between the politician and public administrator sometimes leads to the latter's disloyalty toward both internal and external customers of the civil service. The internal customers include the politician and fellow bureaucrats, while the external customers comprise members of the public. In the absence of loyalty, it is difficult for the bureaucrat to remain dedicated and committed and uphold professional ethos as well as strive to do good for the public interest.

According to Hubbard and Paquet (2007 cited in Adarkwa and Ohemeng 2015), disloyalty as far as bureaucratic behavior is concerned can be categorized into two groups. The first is *passive disloyalty* which implies responding to the minimalist interpretation of what is anticipated and obligatory. This interpretation is reductionist in the sense that the responsibilities of a position are scaled down to a level much less than it should be. The second is *active disloyalty* which denotes the intentional undermining of the work of superiors and/or betrayal of the trust of partners and citizens. Although both types of disloyalty are discernible in the civil service, it is the latter that is relatively common. To Hood (2001) *active disloyalty* embraces the divulging of confidential material or policy proposals to journalists or opposition parties by discontented public administrators and other kinds of policy sabotage.

In the context of Ghana, both kinds of disloyalty are identifiable in the bureaucracy. According to one academic, "the posturing of some ministers instilled in the bureaucrat a hesitant approach to public business." One director in a ministry revealed that, "some bureaucrats out of frustration engaged in bureaucratic espionage that is, selling organizational confidential information to opposition parties and journalists." One informant, for example, said some "bureaucrats gave copies of government assessment report of the performance of the National Health Insurance Scheme (NHIS) to the then opposition NDC in the buildup to the 2008 elections." This probably was, reasoned another senior officer, "the NDC government's retaliatory measure to a similar move by the then opposition NPP in the run up to the 2000 general elections when government information was leaked to it." In this case, a draft report of the auditor general was clandestinely obtained by a ranking member of the minority in the parliament (Adarkwa and Ohemeng 2015).

An employer of choice is an employer who offers a work culture and workplace environment that attract and retain superior employees. An employer of choice refers to establishing an organization that is a great place to work. If organizations do not legitimately act to become an employer of choice, then good employees will simply vote with their feet and move to look for an employer who offers them what they want. The essence of becoming an employer of choice is the quality of the employment relationship or psychological contract. Employers of choice have created a culture that is based on a new employment relationship. That relationship is more collaborative and more open than the old "them and us" relationship.

Eighty-five percent of the respondents thought that the frosty relationship between politicians and bureaucrats does not make the civil service an employer of choice. As one interviewee bemoaned, "prospective employees with superior skills hear stories about the antagonistic relationship between politicians and bureaucrats and this puts them off." Another respondent averred that, "bureaucrats with the best competences, experience and personal disposition quit the civil service leaving only suboptimal staff to do the

bureaucratic work." He added, "that is the reason why service delivery is poor, responsiveness is lacking and corruption is rife in the civil service." A senior officer agreed, arguing that "bureaucrats are the main source of innovative policy ideas, the cornerstones in sectoral policy making, and without whom policy implementation becomes ineffective." He added, "all these negatives have occurred and will continue to occur in the civil service because of the tenuous working relationship between the politician and the bureaucrat."

## Conclusion

In Ghana the frosty relationship between politicians and bureaucrats is attributed largely to the parties' inability to recognize that their supposedly separate roles have a junction or overlap. In other words, the modus operandi continues to be based on the dichotomy or separation model. Such a mindset has been recently exacerbated by the New Public Management (NPM) through the call for political leaders to choose their agency heads in order to overcome what advocates refer to as the overwhelming power of the bureaucracy. However, as in Ghana some scholars have noted that the NPM is seen by political leaders in Australia, the United Kingdom, and the United States as a reassertion of political control over the career bureaucracy. The proclivity toward political control is certainly not novel; however, the thing that distinguishes this trend in Ghana is that it has led to stubborn conflicts between politicians and public administrators. This rancorous relationship has had implications for public performance, productivity, and effectiveness which together have fed a legitimacy crisis. The conclusion is that politicians and bureaucrats everywhere must understand that their roles are inevitably complementary. And that antagonism between them and their solo pursuits will not engender accelerated national development.

## Cross-References

► Politics and Bureaucracy

## References

Adarkwa KO, Ohemeng FLK (2015) A fine line: the delicate relationship between political and bureaucratic heads in public sector management in Ghana. A paper prepared for the XVII annual meeting of the international research society for public management, Birmingham/Ontario, 30 March – April 2

Amonoo B (1981) Ghana 1957–1966: the politics of Institutional dualism. George Allen & Unwin, London

Antwi KB, Analoui F, Nana-Agyekum D (2008) Public sector reform in sub-Saharan Africa: what can be learnt from the civil service performance improvement program in Ghana. Public Adm Dev 28:253–264

Asante MS (2005) Deforestation in Ghana: explaining the chronic failures of forest preservation policies in a developing country. University Press of America, New York

Ayee JRA (2013) The developmental state experiments in Africa: the experiences of Ghana and South Africa. Round Table 102(3):259–280

Barnes EPD (2014) In the service of country: the story of one public servant. Accra: G-Pak Publications

Campbell C (1983) Governments under stress: political executives and key bureaucrats in Washington, London, and Ottawa. University of Toronto Press, Toronto

Christensen T, Laegreid P (2004) Autonomization and policy capacity: the dilemmas and challenges facing political executives. In: Painter M, Pierre J (eds) Challenges to state policy capacity: global trends and comparative perspectives. Palgrave, Basingstoke, pp 65–81

Dasandi N (2014) The politics-bureaucracy interface: impact on development reform. In: Development leadership program. University of Birmingham, Birmingham

Frempong KD (2007) Constitution-making and constitutional rule in Ghana. Paper presented at the Ghana Golden Jubilee Colloquium, University of Ghana, 1–2 March

Gyimah-Boadi E (1994) Ghana's uncertain political opening. J Democr 5(2):75–86

Gyimah-Boadi E, Rothchild D (1990) Ghana. In: Subramaniam V (ed) Public administration in the third world: an international handbook. Greenwood Press, New York

Hood C (2001) Public service managerialism: onwards and upwards, or trobriand cricket again, Polit Quart 72(3):300–309

Hubbard R, Paquuet G (2007) Cat's cradling: APEX forums on wicked problems. Opinion Online 37(2), pp. 1–22

Kingdon JW (1995) Agendas, alternatives and public policies. HarperCollins, New York

Kosack S (2012) The education of nations: how the political organization of the poor, not democracy led governments to invest in mass education. Oxford University Press, Oxford

Libby RT (1976) External co-optation of a less developed country's policy making: the case of Ghana, 1969–1972. World Polit 1(10):67–89
Mouritzen PE, Svara JH (2002) Leadership at the apex: politicians and administrators in Western local governments. University of Pittsburgh Press, Pittsburgh
Nti J (1978) Civil service in Ghana: its appraisal and prospects. Ghana Universities Press, Accra
Ohemeng FK, Anebo FK (2012) The politics of administrative reforms in Ghana: perspectives from path dependency and punctuated equilibrium theories. Int J Public Adm 35(3):161–176
Ohemeng FK, Ayee JR (2016) The new approach to public sector reforms in Ghana: a case of politics as usual or a genuine attempt at reforms? Dev Policy Rev 34(2):277–300
Peters BG, Pierre D (eds) (2004) Politicization of the civil service in comparative perspective. Routledge, London
Pinkney R (1972) Ghana under military rule. Methuen, London
Rothchild D (ed) (1991) Ghana: the political economy of recovery. Lynne Rienner, Boulder
Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61(2):176–183
Wood SN (1984) Restructuring of the ministerial organization in Ghana. Afr Adm Stud 23(4):41–57

# Politicization and Social Mobilization in Twenty-First-Century Chile

Simón Escoffier
Instituto Chileno de Estudios Municipales, Universidad Autónoma de Chile, Santiago, Chile

## Synonyms

Activism; Chile; Democracy; Social movements

## Introduction

This chapter looks at current Chilean politicization and social mobilization. Questioning the traditional divide between authorities and social movements (see e.g., Tarrow 2011), a set of publications devoted to this issue in Latin America has explained grassroots collective action as a coconstruction between movements and political institutions. Political phenomena in Latin America hardly function in isolation, these scholars argue (Alvarez et al. 2017; Helmke and Levitsky 2006). Instead, they suggest that political processes interconnect to produce outcomes that may or may not be democratic. Tarlau (2013) has studied, for example, how the Landless Workers Movement (MST) in Brazil coproduces activism with political parties in rural schools through clientelism. By showing how Chilean social movements have increasingly detached from political institutions, this chapter will outline the Chilean case as a regional exception. In fact, often, disengagement from institutional politics among Chilean social movements has proven more effective in effecting policy change.

The chapter firstly explains the conditions by which Chilean society became de-politicized during its democratic transition in the 1990s. Civil society deactivated and people grew increasingly disconnected from institutional politics. Secondly, this work pays attention to Chile's reactivation of social mobilization in the 2000s. Finally, the chapter explains the tactics by which movements have built policy change despite their relative disconnection from political institutions.

## Dictatorship and Demobilization

Unlike most other countries in the region, Chile enjoyed a representative party system as well as stable institutions for most of the twentieth century. Additionally, Chilean society evolved through a strong politicization. Until the 1970s, political party membership was very prevalent in Chile and permeated economic, social, and cultural life. Chilean party politics and social movements were closely interconnected. Nevertheless, this stability and political developments were to be abruptly interrupted (Garretón 1989).

Elected in 1970, President Salvador Allende implemented an intensive socialist reform that included nationalizing large-scale companies, intensifying land reform, and creating a unified social security scheme funded through tax reform.

Increasing polarization and international pressures diminished the country's stability. On September 11, 1973, General Pinochet's military coup d'état overthrew Allende's government. The 17-year-long dictatorship (1973–1990) that followed had a profound impact on Chilean society.

Pinochet's dictatorship suppressed freedom of speech and repressed political dissention – i.e., it persecuted, tortured, killed, and exiled those people in opposing movements. Consequently, it undermined people's disposition to participate in collective action and protests. Nevertheless, despite these barriers, civil society called for the restoration of democracy. Mobilization occurred in direct connection with supportive political institutions during the dictatorship. Center and left wing political parties – especially the Socialists, the Communists, and the Christian Democrats – worked clandestinely coordinating resistance across the country. The Vicariate of Solidarity – an office created by progressive Catholic priests to protect victims of state terrorism – also supported resistance initiatives. Similarly, local NGOs – funded by international agencies – backed and assisted activists. Between 1983 and 1986 Chile experienced massive national protests that challenged the authoritarian regime and gave the struggle against human rights violations international visibility (Bastías Saavedra 2013). Citizen organizations of all sorts – labor unions, students, transportation workers, human rights defenders, social housing committees, and many others – united in protest.

After talks with center and left-wing politicians, the military government agreed on carrying out a constitutional national referendum in 1988 to decide on the continuation of the dictatorship. Massive referendum campaigns, again, brought together political parties and grassroots organizations. Famously, the "NO campaign" was victorious in rejecting dictatorial rule. This campaign boosted electoral turnout by engaging many thousands of people with little or no political experience in grassroots electoral activism.

In 1990, the country formally regained a civilian democratic government. Arguably, a new window of political opportunity opened for social mobilization to flourish further. Reportedly, however, Chilean people became depoliticized and civil society strongly deactivated during the 1990s. This unlikely trend resulted from a twofold effect. On the one hand, the democratic transition brought a set of contingent events. International agencies withdrew their supportive funds from grassroots initiatives, the Vatican imposed increasingly conservative policies to its sections diminishing the Chilean Catholic Church's support for local activism, and many leaders abandoned civil society to take government positions (Bastías Saavedra 2013; Delamaza 2015).

On the other hand, the political system de-incentivized social mobilization. The political system inherited from the dictatorship made it extremely difficult to carry out substantial reforms that could undermine Chile's highly elitist society. Several "organic" laws fostering the commodification of social rights and boosting inequality required "supermajorities" to be modified in congress. Also, by electorally benefiting the two largest coalitions – the Concertación (center and left-wing) and the Chilean Alliance (right-wing) – the binominal electoral system gave overrepresentation to right-wing politicians in the parliament and electorally excluded independent groups that threatened the entrenched political class. This political deadlock eroded the credibility of the political system imposing a powerful barrier to movements seeking to effect policy modifications (Luna 2008; Ortega Frei 2003).

Additionally, political parties in power sought to purposively deactivate contentious collective action. Concertación politicians, for example, saw social movements as a destabilizing force for the newly established democratic regime (Hipsher 1996; Paley 2001). In addition, a deepening of the dictatorship's neoliberal policies by the new democratic governments reinforced an increasingly individualistic culture that had been forming since the 1980s. Used to behave as consumers, people became increasingly accustomed to think of their success only in personal – and not collective – terms. This new prevailing identity undermined all sorts of collective action (Silva 2004). It would take a while for social movements to challenge this national political configuration.

## The Return of Politicization and Mobilization

After a period of transitional social acquiescence, Chilean society began reactivating. In the early 2000s, reports show, people used the readiness and availability of consumption to draw a more positive future. Chile's per capita GDP had doubled in the past decade and the center left coalition in government since 1990, the Concertación, had managed to progressively increase investment on social welfare programs. As a result, Chile's Human Development Index was the highest in the region. These conditions progressively inspired people to seek higher life standards as well as new social horizons. Simultaneously, however, the Chilean economic model grew sharply inegalitarian. Inequality became increasingly evident in multiple areas. Highly commoditized, Chile's educational system diminished public schools and became increasingly segregated. Similarly, inequality undermined most other social services such as health, housing, and pensions (UNDP 1998).

In April 2006 Chile saw the reawakening of its social mobilization. While small numbers of activists had persistently mobilized over labor, housing, environmental, and indigenous rights claims, in April of that year secondary students initiated a set of protests that took the political establishment by surprise. At first, what became known as the Pingüino Revolution – due to their black-and-white uniform – demanded the improvement of educational infrastructure and the prompt delivery of school transport passes. However, the movement soon grew and staged large demonstrations that clashed with the police and had more than a thousand students arrested in early May. Their demands then included a wide range of issues, from freezing transportation costs and food allowances to the most vulnerable students, to structurally reformulating the educational system to strengthen public schools and battle inequality. Facing the government's inaction, more than 130,000 secondary students paralyzed hundreds of schools through a wave of sit-ins. Although Bachelet's government initiated a set of consultations with student and teacher organizations, the resulting package of reforms presented to the parliament in 2009 did not address their main concerns.

Arguably, however, the Pingüino Movement represented a new, incipient process of politicization in Chile. Learning how to strategically lease with authorities and building a more inclusive internal organizational structure, secondary students managed to obtain widespread support from the public opinion (Donoso 2013). Thereafter, protests grew persistently in every section of society, both in frequency and in participants (Somma and Medel 2017, p. 35). Perhaps more importantly, however, secondary students displayed two traits that would qualitatively define the legitimation and effectiveness of movements in the mobilizations of the following decade: a disengagement from institutional politics and the use of tactics to effectively pursue policy change.

While much of the traditional social movement theory has argued that protests thrive in closer connection with polity members (see e.g., McAdam 1982) the Chilean case shows that distance from political institutions can also enhance mobilization (Von Büllow and Donoso 2017).

In fact, several high school secondary student leaders in 2006 were closely connected with the Socialist and the Christian Democratic parties. However, they kept their organizational autonomy despite parties' efforts of movement cooptation.

When the student movement took to the streets again, in 2011, leaders excluded political parties from their work. With its peak in July–August 2011, this new wave of protest incorporated higher education students, attracted many more protestors from other grassroots organizations, and had a larger impact in Chilean public opinion. Twenty-three massive protests were held in Santiago and other major cities throughout the country between May 2011 and September 2013.

Most of the main leaders did not belong to political parties. Reportedly, those leaders who belonged to parties either quit their party membership or actively rejected party directives. The connection with political parties became a

deterrent for group legitimation within the movement (von Bülow and Bidegain Ponte 2015).

This cultural shift affected activists in most other Chilean social movements. In fact, movements have increasingly avoided obtaining resources from political parties. Environmental and LGBT movements get most of their funding from international organizations and foreign governments. Exceptionally, they receive money from individual private donors. Smaller, environmental organizations obtain their human resources and funds from the local community and, exceptionally, from local governments. In the core of student activism, University federations receive most of their funds from their universities (Somma and Medel 2017). Most neighborhood organizations in underprivileged areas obtain a percentage of their funds from their local government participatory funds. Most of their resources, however, come from fundraising events that boost their local identity and sense of community (Koppelman 2016).

Movements' rhetoric strategies have also reacted to and rejected political parties. A myriad of movements – i.e., environmentalists, workers, students, the Mapuche people, and others – have highlighted Chile's persistent inequality as well as politicians' role in promoting profit-oriented policies. These elements function as explanatory factors boosting a large neoliberal machinery that curtails people's access to social and cultural rights. Criticizing these policies as anchored in the dictatorship's authoritarian neoliberal project has proved highly effective for politicizing larger sections of society. This diagnostic conceives political institutions as key protagonists of a model fostering privilege over right. In consequence, movements tend to only instrumentally connect with political parties securing their autonomy to define goals and tactics (Von Büllow and Donoso 2017).

Thanks to their tactical approach Chilean social movements have been effective in pursuing policy change despite their distance from political institutions. The student movement has successfully pushed for policy modifications in different opportunities. Largely, its effectiveness can be attributed to their competence to convince public opinion of the urgent need for educational reform. Although the new General Law of Education (LGE) implemented in response to the student mobilizations in 2006 did not address many of their demands, it advanced toward a more inclusive and regulated school system. Student protests in 2011–2013 saw Piñera's government increasing funding for education and lowering state student loans interest rates considerably, from 6% to 2%. Later, in 2016, Bachelet's second government passed through congress a comprehensive national educational reform addressing many of the movement's requests.

Taking advantage of the window of opportunity that Bachelet's pro-women rights government opened, feminist organizations used recent massive rallies over gender violence to insist on their demands against Chile's abortion ban. As a result, a bill legalizing abortion in some cases passed congress this year and will soon be implemented. Similarly, after several years of mobilizing and lobbying, the LGBT movement built awareness on gender identity rights among politicians and the general public. Only a few months ago, the senate began discussing a revised gender identity bill, initially drafted by civil society organizations, which will recognize transgender people and will regulate gender reassignments. In July 2016, massive protests across the country demanded reforming the highly privatized national pension system. The movement stressed the deep crisis of the pension system and sought to exclude private companies from managing people's funds. The government reacted by introducing a bill to congress meant to create a new mixed system that will address several of the movement's demands. Although some more successfully than others, most movements have been making strides in defining Chile's political agenda.

Somma and Medel (2017, pp. 48–50), in fact, identify four features shaping Chilean movements' public approval, thus defining their ability to pursue policy change despite their distance from political institutions. They found that politicians associate the *massiveness of protests* with higher levels of popular discontent. Supporting protesters in those cases, hence, is seen as electorally profitable. Movements are also more effective

when their protests are more *publicly visible*. When they occur in cities, for example, demonstrations are more likely to be covered by the mass media, thus reaching a considerably larger audience. In these cases, police violence tends to erode the legitimacy of authorities in the eyes of the general public. Also, the Chilean government has shown to prefer negotiating or accepting movements' demands when they carry out disruptive protests in public, visible places – e.g., blocking streets or occupying central state buildings. Conversely, when disruptive mobilization occurs in more isolated and less visible areas, authorities tend to quickly oppress and deactivate those initiatives. Finally, less violent protests tend to face less repression and obtain more government concessions than violent ones.

## Conclusion

This chapter provided an overview of how politicization and mobilization has developed in recent Chile. A historical perspective shows that civil society development in Chile has not been linear. Social mobilization grew highly politicized and in direct connection with political parties throughout most of the twentieth century. People endured protest even during Pinochet's highly repressive military dictatorship. The transition after democratic restoration in 1990 saw the deactivation of social movements and the de-politicization of Chilean society. Disaffection and distrust toward political institutions increased steadily throughout the 1990s.

Unlike in most other countries in Latin America, the reactivation of mobilization in the early 2000s involved a progressive detachment from political institutions – especially political parties. This is particularly noticeable in the case of the student protests of 2011. Research has shown that this distance from political parties provides movements with credibility and effectiveness in building policy change.

In recent years, several student leaders have entered the Chilean political establishment pushing forward progressive legislation as congress members. Arguably, by using the popularity provided by the movement's momentum, these leaders expanded its impact in the political arena. Now, associated in a coalition of several movements and small parties, these leaders have sought to increase their representation by bringing more, highly competitive young candidates to the next congressional and presidential elections. The success of this movement's institutionalization in keeping a direct connection with the civil society's agenda in the future is to be seen.

## Cross-References


- ▶ Civil Rights
- ▶ Civil Society Organizations
- ▶ Conceptual Perspective in the Making of Indigenous Policy in Latin America
- ▶ Dictatorships and Nonprofit Organizations
- ▶ Global Civil Society or Networked Globality
- ▶ Leadership and Social Justice


## References


Alvarez SE, Rubin JW, Thayer M, Baiocchi G, Laó-Montes A (2017) Beyond civil society: activism, participation, and protest in Latin America. Duke University Press, Durham

Bastías Saavedra M (2013) Sociedad Civil en Dictadura: Relaciones Transnacionales, Organizaciones y Socialización Política en Chile (1973–1993). Ediciones Universidad Alberto Hurtado, Santiago de Chile

Delamaza G (2015) Enhancing democracy: public policies and citizen participation in Chile. Berghahn Books, Amsterdam

Donoso S (2013) Dynamics of change in Chile: explaining the emergence of the 2006 Pingüino Movement. J Lat Am Stud 45(1):1–29. https://doi.org/10.1017/S0022216X12001228

Garretón MA (1989) The Chilean political process (eds: Kellum S, Merkx GW). Unwin Hyman, Boston

Helmke G, Levitsky S (2006) Informal institutions and democracy: lessons from Latin America. Johns Hopkins University Press, Baltimore

Hipsher P (1996) Democratization and the decline of urban social movements in Chile and Spain. Comp Polit 28(3):273–297

Koppelman C (2016) Deepening demobilization: the state's transformation of civil society in the poblaciones of Santiago. Chile Lat Am Perspect 44(3):46–63

Luna JP (2008) Partidos Políticos y Sociedad en Chile. Trayectoria Histórica y Mutaciones Recientes. In: Reforma de los Partidos Políticos en Chile. PNUD,

CEP, Libertad y Desarrollo, Proyectamérica and CIEPLAN, Santiago de Chile, pp. 75–124
McAdam D (1982) Political process and the development of Black insurgency. University of Chicago Press, Chicago. https://doi.org/10.1017/CBO9781107415324.004
Ortega Frei E (2003) Los Partidos Políticos Chilenos: Cambio y Estabilidad en el Comportamiento Electoral 1990-2000. Rev Cienc Polít 23(2):109–147. https://doi.org/10.4067/S0718-090X2003000200006
Paley J (2001) Marketing democracy: power and social movements in post-dictatorship Chile. University of California Press, London
Silva P (2004) Doing politics in a depoliticised society: social change and political deactivation in Chile. Bull Lat Am Res 23(1):63–78. https://doi.org/10.1111/j.1470-9856.2004.00096.x
Somma N, Medel R (2017) Shifting relationships between social movements and institutional politics. In: Von Büllow M, Donoso S (eds) Social movements in Chile: organization, trajectories, and political consequences. Palgrave Macmillan, New York, pp 29–61. https://doi.org/10.1057/978-1-137-60013-4
Tarlau R (2013) Coproducing rural public schools in Brazil: contestation, clientelism, and the landless workers' movement. Polit Soc 41(3):395–424. https://doi.org/10.1177/0032329213493753
Tarrow S (2011) Power in movement: social movements and contentious politics, 3rd edn. Cambridge University Press, New York
UNDP (1998) Desarrollo Humano en Chile: Las Paradojas de la Modernización. United Nations Development Programme, Santiago de Chile. https://doi.org/10.3989/ris.2004.i37.240
Von Büllow M, Donoso S (2017) Social movements in Chile: o, Trajectories, and political consequences. In: Von Büllow M, Donoso S (eds) . Palgrave Macmillan, New York
von Bülow M, Bidegain Ponte G (2015) It takes two to tango: students, political parties, and protest in Chile (2005–2013). In: Almeida P, Cordero A (eds) Handbook of social movements across Latin America. Springer, Dordrecht, pp 179–194. https://doi.org/10.1007/978-94-017-9912-6_13

# Politicization of Bureaucracy

Daniel Appiah and Abdul-Gafaru Abdulai
Department of Public Administration, University of Ghana Business School, Accra, Ghana

## Synonyms

Bureaucracy; Democracy; Politicization; Public administration

## Definition

Bureaucracy: Bureaucracy refers to a formal-legal organization with a hierarchical structure of authority whereby merit-based criteria are used to appoint, retain, promote, and reward or sanction officials who perform functionally specialized duties in an impersonal manner.
Politicization: Politicization of bureaucracy is broadly defined as the substitution of impersonality for personal criteria in the functioning of the bureaucracy.
Democracy: Democracy is the institutional arrangement whereby individuals or groups of individuals in a society participate in regular free elections for the people's vote to acquire the power to decide on constitutional opportunities on the strength of their advocated policies and/or their projected images.

## Introduction

Public bureaucracies are institutions of administration that privilege some values, actions, interests, and actors in the distribution of resources to members of society. Governments create public bureaucracies as a means to distributing resources. Public bureaucracies are key arenas of power struggles in society because they are central instruments used by government for distributing resources. Individuals and interest groups seek to gain access to, and control of, public bureaucracies. Paradoxically, since the middle of the nineteenth century, there have been numerous public sector reforms in countries to create public bureaucracies that perform their mandates autonomously from the control of interest groups in society, particularly government. Such reforms have taken their inspiration from Max Weber's theory of an ideal-type bureaucracy where impersonal administration is used to attain the highest degree of rationality, reliability, and efficiency in the production and use of resources in society (Weber 1968). From Weber's theory of bureaucracy emerged the politics and administration dichotomy model where attempts by government and other political groups to influence impersonal

administration by bureaucrats are considered anathema to the quest for efficiency and effectiveness. Everywhere, there have been claims and criticisms that public bureaucracies have become more politicized.

Since the inception of public administration as a discipline of study, the study of public bureaucracies has continued to receive a lot of research attention. The politicization of bureaucracy by governments, whatever this means, is a hotly contested issue, both conceptually and empirically. There are numerous questions around the notion of politicization of bureaucracy, including the following: What is an ideal bureaucracy? What is meant by the notion of politicization of bureaucracy? Under what conditions can an impersonal system of administration emerge in any country where diverse political actors are continuously engaged in a power struggle over resource distribution? Is it feasible, and whose responsibility is it anyway, to create a public bureaucracy that is autonomous from the control of the government? Can a bureaucracy that is independent from political manipulation by interest groups be responsive to the development policies of the government? Are the institutions of bureaucracy and democracy contradictory or complementary? What should be the relationship between the political executive and public service bureaucrats in a democracy to promote efficient, effective, and stable development? This chapter tries to briefly take stock of some of the answers provided by scholars to these questions.

## What Is Bureaucracy?

The concept of bureaucracy is usually used in two main ways in much of the literature on public administration. The first meaning is Max Weber's ideal-type concept of bureaucracy defined as a formal-legal organization with a hierarchical structure of authority in which merit-based criteria are used to appoint, retain, promote, and reward or sanction officials who perform functionally specialized duties in an impersonal manner. According to Weber (1968: 959), the core value of impersonality in the performance of jurisdictional functions can only be attained if three conditions are met: first, that the official is servant to some ideological "other-worldly sacred values" of functional purposes embodied by members of the society, rather than establish a relationship of loyalty to a particular person; second, that the official "always strives for and usually attains a distinctly elevated social esteem vis-à-vis the governed"; and third, that the official and the system of rank order are given legal protection in the impartial performance of official duties. Weberian bureaucracy requires expert training, rule of law, and supportive cultural values for its effective functioning. Weber's ideal-type bureaucracy is the dominant understanding of bureaucracy found in academic textbooks, scholarly publications, and civil service reform programs.

The modern state has not evolved from contending political struggles between powerful actors to function like what Weber refers to as a "monocratic bureaucracy." In Weber's words, a monocratic bureaucracy is the one that is "capable of attaining the highest degree of efficiency, and is in this sense formally the most rational known means of exercising authority over human beings. It is superior to any other form in precision, in stability, in the stringency of its discipline, and in its reliability" (Weber 1968: 223). Such forms of bureaucracies are extremely rare because countries across the globe are generally characterized by "a combination of merit and patronage, near specialization, and some degree of rules are applied in the real world of public administration and governance worldwide" (Farazmand 2010: 246). Consequently, a group of scholars have developed a "realist" meaning of the concept of bureaucracy. This perspective defines bureaucracy "as a hierarchical organization of officials appointed to carry out certain public objectives. The extent to which such an organization does or does not fit Weber's model (for instance with regard to the appointment and promotion of officials by objective criteria and the general, objective, impersonal rules guiding their actions) can thus be left open for empirical investigation" (Etzioni-Halevy 1983: 5). The Weberian ideal type of bureaucracy offers the analytical lens for

scholars to examine the extent of politicization of the bureaucracy created by governments in modern states. While some states are better organized along the Weberian bureaucracy, others are heavily organized along clientelistic and patronage norms. Some scholars have argued that states that are better organized along Weberian lines are more capable of promoting development (e.g., Acemoglu and Robinson 2012).

Historically, all states (including the ancient Assyrian, Median, Persian, Ottoman, and Chinese Empires) have been organized according to a hierarchy of officials appointed to carry out certain public objectives. Farazmand (1997: 49) observed that "Although the Egyptian and Chinese bureaucracies were very much controlled by the monarch, their systems developed a tendency toward professionalization through functional specialization and structural differentiation based on some education, training, and, in the case of the Chinese, some form of merit entrance examination for the civil service system. The Assyrian empire was a bureaucratic empire with maximum rigidity and inflexibility." The French, Prussian, and British empires that inherited the practice of bureaucracy improved the system to its modern standards and practices of universal merit-based recruitment of the "common man," rule-of-law-based impersonality, and functional professionalization in civil service systems. In Britain, the organization of a Weberian professional civil service took off after the publication of the Northcote-Trevelyan Committee Report in 1854. The USA followed in the footsteps of its former colonial master by passing in 1883 the Civil Service Reform Act (the Pendleton Act) to set the foundation for a long contentious process of building a professional civil service out of the entrenched spoils system (Grindle 2012). Woodrow Wilson, who became the 28th President of America, had argued in his famous seminal article "The Study of Administration" (1887) that there was the need to rescue the administration of government policies from "the hurry and strife of politics." Developing countries inherited their modern public bureaucracies from the Western European colonial rulers. Some scholars have argued that "the character, behavior, culture, structure, and values" of modern public bureaucracies in developing countries "reflect Western influence" (Farazmand 2010: 250); however, other scholars, extending Max Weber's concept of "patrimonialism," have characterized these public bureaucracies (particularly in African states) as neopatrimonial structures that reflect both Weberian rational-legal rules and patron-client power relations of power (Erdmann and Engel 2007).

Scholars are yet to secure agreement on the extent to which government can exercise some political influence over its own bureaucracy. In ancient and modern states, bureaucratic administration has never been fully autonomous from the control of their governments who used it as an instrument of domination and policy implementation. Public sector reforms intended to separate bureaucratic administration from the political control of government always met strong resistance from government officials. Reducing the political influence of governments in bureaucratic organization and administration, in the hope of making the bureaucracy more efficient and effective, has attracted scholarly attention. While there is general agreement among scholars that all governments have politicized their civil service bureaucracies to some extent, there exist different conceptions of what is meant by the politicization of bureaucracy in the literature.



## What Is Politicization of Bureaucracy?

There are various definitions of what is meant by the politicization of bureaucracy. To clarify what is meant by "politicization of bureaucracy," it is important to first define the concept of "politics." In the broadest sense, politics refers to the process whereby power is contested for, obtained, and exercised. Politics is therefore found in all human organizations including the bureaucracy. Due to conflicts of values over questions on who gets what, when, and how, the process of contestation for the acquisition, maintenance, and use of power never ends even when the majority reaches consensus. Weber (1968) observed that "Bureaucracy has been and is a power instrument of the first order – for the one who controls the

bureaucratic apparatus." Different actors in society therefore try to gain access into the bureaucracy to influence the decisions and behavior of bureaucrats in the allocation of resources. Government, political parties, nongovernmental organizations (both local and international), ordinary citizens, and even officials in the bureaucracy are all involved in the game of politics in order to control the distribution of resources.

There have been differences of scholarly opinion as to whether a truly independent, apolitical, and nonpartisan professional bureaucracy can be created in any country for the impersonal performance of functions concerned with resource distribution. This has implications for the definition of what constitutes the politicization of bureaucracy. What has famously become known as the politics-administration dichotomy debate has continued to generate strong debates among scholars and practitioners of public administration. Woodrow Wilson (1887) argued that "Administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices." Wilson used the concept of politics in its narrow sense of referring to the political process of public policy-making by government for the allocation of resources.

Do the losers in the public policy-making process go home to sleep quietly and allow administrators in the state bureaucracy to impersonally implement the laws and policies in the distribution of resources to the winners? The Wilson orthodoxy of politics-administration dichotomy was the dominant intellectual perspective that drove public administration reforms in the USA until the mid-1940s when it was shattered by other scholars (Waldo 1948). Critics mounted the powerful argument that a public bureaucracy is inherently a political creation of government to implement its policies; bureaucratic officials participate in the process of policy-making by providing information and expert advice to government, and, ultimately, policy administration is only a part of the continuous political process of resource allocation in society. Politics is a process which does not stop with the crystallization of the preferences of contending actors into legal rules and public policies for implementation.

Decades after discrediting the Wilsonian orthodoxy, Waldo (1971: 264) recognized that a generation after discrediting of the notion of "politics-administration" dichotomy, "we have made little progress in developing a 'formula' to replace it." Even though the Wilsonian orthodoxy of politics-administration dichotomy is dysfunctional to theory building and the practice of public administration, it still serves a useful purpose for politicians, administrators, and reformers in their continuous struggle over effort to reduce government political control over the civil service administration. Governments seek to control the implementation of public policy by civil service bureaucrats, but the latter also require some degree of independence for its core Weberian value of impersonality in the delivery of public service to all citizens.

Politicization of the civil service has often been discussed in the literature through the lens of Weber's ideal type of bureaucracy, but scholars have applied the concept to different aspects of the bureaucracy. The politicization of bureaucracy has often been defined to mean the substitution of merit-based criteria in the recruitment of public sector employees for political criteria of loyalty to a political party or political leaders (Peters and Pierre 2004). Many of the definitions of politicization are targeted at the basic level of personnel recruitment and performance management issues of promotion, retention, rewards, and disciplining of members of the civil service.

The criteria of merit-based recruitment of bureaucratic employees have been the most common issue discussed in the literature on politicization of the bureaucracy. It has been noted that the focus on employee recruitment may have received greater attention due to the general assumption that establishing a relationship of personal loyalty with bureaucratic employees is the best launchpad to gain access to vital bureaucratic information and influence decisions concerning the allocation of resources. Peters and Pierre (2004: 6) have noted that "politicians may politicize the public service in order to change policy"; it is also possible for the politicization of policy to

occur even in contexts where public service appointments are not politicized (Eichbaum and Shaw 2008: 342). Similarly, politicizing the recruitment of employees may not achieve the objective of changing policy if the new recruits are captured by the organizations they were meant to influence. Definitions of politicization of the civil service bureaucracy that focus on the basic level of human resource management have therefore been criticized by other scholars as too narrow. This has led to suggest the need to "distinguish between the politicization of *appointments* and the politicization of *policy*" (Eichbaum and Shaw 2008: 341, italics from source).

It may be helpful to conceive of politicization of the bureaucracy as an intervention that violates the Weberian core value of impersonality. Therefore, using the Weberian core value of impersonality, politicization of the bureaucracy may be broadly defined as the substitution of impersonality for personal criteria in the functioning of the bureaucracy. Specifically, politicization of the civil service bureaucracy can be broken down into the substitution of merit-based criteria for personal criteria in the recruitment, retention, promotion, rewards, and disciplining of members of the civil service; the substitution of neutral competence for personal criteria in the delivery of civil service mandates; and the substitution of civil service mandates for personal functional purposes. Kaufman (1956: 1060) defined "neutral competence" of bureaucrats as the "ability to do the work of government expertly and to do it according to explicit, objective standards rather than to personal or party or other obligations and loyalties." The concept of "neutral competence" is implied in the Weberian core value of impersonality of bureaucrats in the performance of specialized functions. Other scholars have argued that when the mandate of a civil service organization is substituted for personal functional purposes, or the mandate is taken away and given to a new organization created by the government to achieve political objectives, a process of "structural politicization" has occurred.

Beyond the analysis of politicization of employees of the civil service bureaucracy, empirical analysis of the politicization of policy-making is usually complex because of difficulties in the empirical measurement of concepts associated with these. Peters (1997: 235–236) uses the following five ideal models to conceptualize the relationships between administrative civil servants and political executives in the policy-making process:

- The "Weberian/Wilsonian" model where there is the almost complete separation of politics and administration, with civil servants willingly taking the direction of their nominal political "masters".
- The "administrative state" model where there is the same separation between politics and administration but with the bureaucracy being the dominant force.
- The "adversarial model" where there is a substantial separation between politicians and civil servants but also that there is no clear resolution in their struggle for power.
- The "village life" model where civil servants and politicians are both parts of a unified state elite, and that they therefore should not be considered as being in conflict over power or policy.
- The "functional village life" model which assumes some of the same integration of civil servants and politicians but within specific functional areas of government.

The Weberian/Wilsonian model is the ideal type which cannot exist in any country. However, the factors that influence the emergence of each of the non-Weberian models in countries have not been extensively examined in the literature. Contrary to popular practice in comparative political analysis, Peters (1997: 250) remarked that the use of any simple division between presidential and parliamentary systems does not appear to be valuable in making predictions about the relationship between the political executives and the civil service bureaucracy. Peters (1997: 250) identified two factors that appear particularly relevant for understanding the relationship between civil servants and ministers. One is the politico-administrative culture of the country as it relates to the role of

civil servants and their separation from partisan political life. The second is the "recruitment patterns" of both civil servants and ministers from either a specialist training background or from a generalist background. There has been little empirical research to uncover how the above two factors shape the relationship between the civil service bureaucracy and the political executive. It is important for scholars of public administration to examine the factors that shape the emergence of the four non-Weberian/Wilsonian models, the relative effect of the models on policy-making, and the outcomes on processes of social, economic, and political development.

## The Relationship Between Democracy and Bureaucracy

The analysis of the politicization of bureaucracy has led to an increasing scholarly focus on the relationship between democracy and bureaucracy. Democracy is the institutional arrangement whereby individuals or groups of individuals in a society participate in regular free elections for the people's vote to acquire the power to decide on constitutional opportunities on the strength of their advocated policies and/or their projected images (Lipset 1959; Etzioni-Halevy 1983). A number of scholars have examined the important question of whether democracy undermines or supports bureaucracy and whether democracy and bureaucracy are contradictory or complementary. Weber (1968: 957) was emphatic that there is "the basic contradiction" between the ideal type of monocratic bureaucracy and popular electoral democracy. According to him, "Popular election not only of the administrative chief but also of his subordinate officials usually endangers, at least in very large bodies which are difficult to supervise, the expert qualification of the officials as well as the precise functioning of the bureaucratic mechanism, besides weakening the dependence of the officials upon the hierarchy" (Weber 1968: 961). Many analysts see a political dilemma between popular demands by voters and politicians for a responsive democracy, on the one hand, and the requirement for a professional bureaucracy to support policy-making and implementation by whichever government is elected into power.

What then should be the relationship between democracy and the civil service bureaucracy? Many scholars would support the view that "It is a hypocrisy to speak of democracy without bureaucracy, because both are well integrated, and one without the other does not work" (Farazmand 2010: 255). As earlier pointed out, Weber argued that one of the important conditions for the attainment of the core value of impersonality in a bureaucracy is a system of rule of law that protects bureaucrats in the performance of official duties. Scholars have recognized that democracy provides an environment of political and civil liberties required to support meritocratic recruitment of the common man into the civil service bureaucracy. Bureaucracy, on the other hand, strengthens the democratic value of equality through the impersonal delivery of service to all citizens who qualify to receive benefits from the implementation of public policies, regardless of party allegiance. Although elected governments may have constitutional opportunities to reform the civil service bureaucracy, it is also the case that bureaucratic impersonality in public service delivery will not be achieved if the elected politicians and their appointees substitute bureaucratic impersonality in decision-making for personal and partisan criteria. Indeed, the relationship between democracy and bureaucracy is both paradoxical and complementary as recognized by many analysts (Etzioni-Halevy 1983; Farazmand 2010; Peters 2010).

Many scholars are of the opinion that the incentives for elected governments and other actors to politicize the civil service bureaucracy will be reduced if the bureaucracy is democratized through two main approaches: first, ensuring that there is "social representation" of diverse groups and genders during the recruitment of employees, and, second, ensuring that there is "policy representation" of ideas from diverse professional experts during policy decision-making (Rourke 1997). Social representation and policy representation will serve as the "inner check" in the civil service bureaucracy to reduce the incentive for governments and their appointed bureaucratic

heads to pursue politicization. It is commonly accepted that promoting representative bureaucracy "is an important step in democratizing the bureaucracy" (Farazmand 2010: 206). Democracy and bureaucracy are more likely to be more complementary than contradictory if the democratic value of representation in decision-making is extended into bureaucracy. Democratizing the bureaucracy is now being advocated in the literature as the best guarantee against politicization.

## Conclusion

Bureaucratic administration by civil servants in developing and developed countries is targeted by both the winners and losers in the politics of resource distribution in society. In spite of increasing criticism by scholars against the politicization of the civil service bureaucracy by governments in all countries, the literature offers no definite conceptual boundary of how far governments should relate to the civil service bureaucracy in the pursuit of developmental goals. Using the Weberian lens of bureaucracy, conceptual definitions of the politicization of bureaucracy found in the literature include the substitution of merit-based criteria for personal criteria in the recruitment, retention, promotion, rewards, and disciplining of members of the civil service, the substitution of neutral competence for personal criteria in the delivery of civil service mandates, and the substitution of civil service mandates for personal functional purposes. Following the ascendency of the modern democratic state, scholars and practitioners of public administration have revived the quest to create a professionally competent civil service bureaucracy that is free from government political interference. Many scholars are now advocating the creation of a democratically representative bureaucracy – through the representation of diverse social groups during employee recruitment, as well as the representation of diverse ideas from different professionals during policy-making – as the best strategy to counter the tide of politicization. The values of responsiveness, equality, and representation are now being used by scholars to strengthen the complementarity of democracy and bureaucracy. How to ensure that political and bureaucratic elites will respect such values in their respective camps is the key challenge to which public administration scholars must provide theoretical and practical solutions.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Bureaucracy and Professionalism
- ▶ Bureaucracy and Public Policy
- ▶ Politics and Bureaucracy


## References


Acemoglu D, Robinson JA (2012) Why nations fail: the origins of power, prosperity and poverty. Profile Books, London

Eichbaum C, Shaw R (2008) Revisiting politicization: political advisors and public servants in Westminster systems. Gov Int J Policy Adm Inst 21(3):337–363

Erdmann G, Engel U (2007) Neopatrimonialism reconsidered: critical review and elaboration of an elusive concept. J Commonwealth Comp Polit 45(1): 95–119

Etzioni-Halevy E (1983) Bureaucracy and democracy: a political dilemma. Routledge & Kegan Paul, London

Farazmand A (1997) Professionalism, bureaucracy, and modern governance: a comparative analysis. In: Farazmand A (ed) Modern systems of government: exploring the role of bureaucrats and politicians. Sage Publications, Thousand Oaks, pp 48–73

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10:245–258

Grindle M (2012) Jobs for the boys: Patronage and the state in comparative perspective. Harvard Business Press, Cambridge

Kaufman H (1956) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50(4): 1057–1073

Lipset SM (1959) Some social requisites of democracy: economic development and political legitimacy. Am Polit Sci Rev 53:69–105

Peters BG (1997) Bureaucrats and political appointees in European democracies: who's who and does it make any difference? In: Farazmand A (ed) Modern systems of government: exploring the role of bureaucrats and politicians. Sage Publications, Thousand Oaks, pp 232–254

Peters BG (2010) Bureaucracy and democracy. Public Organ Rev 10:209–222
Peters BG, Pierre J (2004) Politicization of the civil service in comparative perspective: the quest for control. Routledge, London
Rourke FE (1997) Politics and bureaucracy: their impact on professionalism. In: Farazmand A (ed) Modern systems of government: exploring the role of bureaucrats and politicians. Sage Publications, Thousand Oaks, pp 181–195
Waldo D (1948) The administrative state. Ronald, New York
Waldo D (1971) Some thoughts on alternatives, dilemmas, and paradoxes in a time of turbulence. In: Waldo D (ed) Public administration in a time of turbulence. Chandler Publishing Company, Scranton, pp 257–285
Weber M (1968) Economy and society, vol 2. University of California Press, Berkeley
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–220

# Politicization of Iran's Public Administration Based on Institutional Perspective

Tayebe Amirkhani
Department of Public Administration, Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran

## Synonyms

Criteria for appointment and promotion in the office: professional competence or political loyalty; Dominance of politics over administration; Politics-administration dichotomy

## Definition

Politicization is illustrated from different perspectives. From one perspective, politicization is considered as the extent to which politicians control bureaucratic careers. Thus, a politicized bureaucracy is a bureaucracy whose employees are hired, promoted, or fired based on political principles which run counter to professional skills and competencies. From another perspective, politicization of bureaucracy happens also when the institutions and organizations of the bureaucracy and government are highly guided by political, revolutionary, ideological, or national goals or strategies that are aimed at promoting certain values or defending against adversarial and counterrevolutionary ideas or foreign infiltrators.

## Introduction

The relation between politics and administration has always been of interest to politicians and public administration scientists.

Governmental organizations are never thoroughly separate from other parts of the political system because they are part of the chain of delegations, from voters to elected officials, departments, and other public sector organizations (Batch 2018).

Since the democratic government relies on its administration for performing policies and formulating new policies, this dependence has led to the question of how the relation between senior political managers and public sector staff should be organized. In this regard, the discussion of the required competencies alters the balance for the decent administrative system, while the issue of the political accountability of the administrative system changes the balance for the politicized bureaucracy so that appointments are based on political criteria instead of professional competence (Christensen et al. 2014).

This caused public administration reforms, which began in the 1980s and 1990s, and had a dual purpose for relieving a high level of civil service from politicization and granting more managerial independence to public managers (Walle 2019).

Thus, the issue of politicization of the administrative system has always been considered by scientists in the field of public administration and political sciences. This issue becomes more important when it arises in developing countries because the administrative system in its current form is usually formed in the imitation of the West in some of these countries. On the other hand, the emerging democracies in the political system of these countries do not have

many of the features of Western democracies. Therefore, the balance between the political system and the administrative system is disturbed for one side.

Today, Iran is also one of the countries which are facing the problem of politicization in its administrative system. The importance of studying the Iranian administrative system is related to the fact that Iran has an important historical place in the world civilization and a unique geographical location in the Middle East, while experiencing important developments such as two revolutions in the contemporary era (Farazmand 2002). Considering the problems of the Iranian administrative system can be seen in many developing countries which have similar conditions to Iran, rooting these problems can be very important. Thus, the problem of politicization of the Iranian administrative system from an institutional perspective is analyzed and rooted in this article. Thus, the theoretical basis of the analysis is presented in the first section.

## Theoretical Foundation

### Politicization

The concept of politicization widely refers to the functioning of modern bureaucracies (Ohberg et al. 2016). Bureaucracy – both civilian and military – is the institutional arm or machine of the government that implements programs and policies, leading to the achievement of political goals. Accordingly, the main question is raised regarding who the bureaucracy serves, who controls it, and how it acts as a process (Farazmand 2018); thus, there has been a long-standing conflict between politicians and bureaucrats. According to Panday (2018), the effect of politicization reflects an important dynamic relationship between politics and governance. From Panday's point of view (2018), politicization is illustrated through two broad perspectives. The first category regards politicization as the participation of the bureaucracy in the policy-making process. However, the second category concerns the effect of politicization on appointments in the bureaucracy.

In another classification of types of politicization, Cooper (2015) explains that politicization is used with two different meanings. The first meaning is concentrating on the behavior of public sector employees, especially their tendency and capacity to provide loyal and competent services. The second use of this word focuses on the standards by which personnel are assigned to administrative positions. In fact, in many countries, the appointment of high-ranking officials is an important source of power for the head of government, which requires much attention. Boräng et al. (2018) define politicization as the extent to which politicians control bureaucratic careers. Thus, a politicized bureaucracy is a bureaucracy whose employees are hired, promoted, or fired based on political principles which run counter to professional skills and competencies. Therefore, politicization occurs when political criteria replace criteria based on competence in selecting, retaining, promoting, rewarding, or punishing members of the administrative system (Ohberg et al. 2016). Here, this definition of politicization is the basis of the analysis, which is also referred to by Peters and Pierre (2004).

In democracies, important changes in the result of elections lead to major changes in appointments aimed at ensuring that bureaucratic priorities are in line with the preferences of elected authorities. This political control aims to ensure the accountability of the bureaucracy because the elected officials are the legitimate representatives of the citizens and have a legal responsibility to recognize and pursue their interests. Therefore, the elected officials have to provide political guidance to bureaucrats to ensure that bureaucracy and democratic governance are compatible (Liao 2018).

Although political control may improve bureaucratic accountability, it can have devastating effects (Bersch et al. 2016). This keeps the bureaucracy away from the principles of independence, permanence, and meritocracy of the bureaucracy and re-enters politics into the realm of administration. Thus, politicization can be a threat to the financial security and professional identity of public sector employees (Cooper 2015).

Bureaucratic politicization has some interrelated signs which affect democracy including corruption, customer-centric electoral competition, and the inability to identify valid electoral foundations for public goods and the proper supply of public goods (Boräng et al. 2018). Therefore, rooting the politicization of the administrative system should be highlighted.

## Institutionalism

As Douglas North (2005) states, institutions are the rules of the game in a society or the bonds imposed by mankind that shape human interactions with one another. As a result, institutions organize the hidden motivations in human exchanges, whether these exchanges are political, economic, or social. Institutional changes specify the evolution of human societies throughout history; hence, they are the key to understanding historical changes. According to Douglas North (2005), institutions can be formal or informal, which means that institutions can both be created as the constitutions of countries and can be formed and transformed slowly such as common law.

Regarding the role of institutional arrangements, Panday (2018) emphasizes their primary effects on the behavior of public officials through formal and informal rules. Besides, these institutional arrangements also affect the administrative operations and policy-making of governments. Hence, it can be argued that institutions contribute significantly to shaping and defining the relationship between politicians and bureaucrats.

In this regard, Williamson (2000) introduces four levels of social analysis for studying in the context of neo-institutional economy.

The top level is the social embeddedness level, where the norms, customs, mores, traditions, etc. are located. Religion plays a large role at this level. Level 1 is taken as given by most institutional economists. Institutions at this level change very slowly (p. 596).

In this regard, Williamson (2000) believes that identifying and describing the mechanisms by which informal institutions are created and maintained helps us understand the slow process of change at Level 1 of institutions.

The second level refers to the institutional environment. The structures observed at this level are partly the product of evolutionary processes. However, design opportunities are also posed.

Going beyond informal Level 1 restrictions (sanctions, taboos, customs, traditions, and codes of conduct), formal rules are included at this level, which include constitution, laws, and property rights.

This opens up the opportunity for first-order economizing, i.e., getting the formal rules of the game right. Constrained by the shadow of the past, the design instruments at Level 2 include the executive, legislative, judicial, and bureaucratic functions of government, as well as the distribution of powers across different levels of government (federalism). The definition and enforcement of property rights and of contract laws are important features (p. 598).

The third level is the level at which governing institutions are located. In other words, the set of regulations and circulars which are set to guarantee the implementation of the rules of the game is located at this level. The fourth level is the level of resource allocation and employment (Williamson 2000). In Williamson's viewpoint, any change in development requires the adaptation of Level 1 institutions. Of course, it is possible that the rules of the game are not proper to the culture and customs due to the existence of authoritarian regimes, and it is possible to change the rules of the game through a general alteration such as revolution. These kinds of changes cannot be considered as the rule but an exception. The opposite happens when the rules of the game are more progressive than the Level 1 institutions brought from outside the borders. In this case, the implementation of these rules is problematic due to the discordancy of these rules with the culture of the people. However, it is expected that the culture of the society will change gradually if their implementation is assured. It means that the velocity intensified the changes at Level 1 by the beginning of the evolution at Level 2 (Williamson 2000).

Based on the abovementioned issues, it can be concluded that the evolution of institutions should

be studied over time from an institutional perspective because institutions depend on the path, and what we see in the current situation is a function of the historical trend which has occurred over the years (North 2005).

## Rooting the Causes of the Politicization of the Iranian Administrative System

Although Iran had one of the oldest and richest traditions of public administration in ancient times in the world, the Iranian administrative system began to decay during the eighteenth and nineteenth centuries (Farazmand 2001). Today, Iran, despite its brilliant history of governance, culture, and administrative achievements, has lagged behind in the process of improvement towards higher levels of governance and public administration. Chaos, change, and political and revolutionary disturbances, along with foreign interventions are considered as some features of the administrative and political system of modern Iran (Farazmand 2002). Thus, public administration in modern Iran is the product of an old endogenous tradition (indigenous ancient tradition) and new concepts of organization and administration which are taken from the Western world (Farazmand 2001). As Saboori (2001) states, based on historical researches, there was an extensive administrative organization in the imperial governments of ancient Iran. Iranian society was mainly agricultural, and its main production was agriculture and animal husbandry. In Iran, like in the other great empires of the ancient world, the government had a religious and political aspect, and it is clear that power in the bureaucracy in this system is in the authority of those who are close to the main center of power, the king. Since land possession was the basis of power, both in ancient Iran and after, high administrative positions were in the authority of nobles and large owners for a very long period in the history of Iran which continued until the end of the Qajar era and the establishment of the modern state. The Qajar era should be called the period of transition from the traditional tribal political system and bureaucracy to the monarchy and modern bureaucracy. In this era, due to the relationship with the West and the movement of Iranian intellectuals, changes took place in the Iranian administrative system. The first steps for establishing a modern government during the Qajar period were taken by Mirza Hussain Khan Sepahsalar. In this way, he created nine ministries and a great presidency based on Western style. However, since the preconditions for establishing a modern administrative organization did not exist, some of the traditional structures which had long existed in the court became official bureaucratic structures, and high-ranking officials were elected from the members of the royal family and the court. Moreover, the employees of departments and ministries at that time did not spare any means and title to achieve their personal goals, and most of the employments were done without considering special expertise and criteria. Thus, the new administrative structure was mixed with traditionalism (Saboori 2001).

The changes that occurred in Iranian society in the first two decades of the twentieth century provided the way for establishing a modern state bureaucracy (during the reign of Reza Shah Pahlavi). During this period, a new government bureaucracy emerged in terms of staff, goals, departments, and activities. In this period, one of the important features of the development process was that the bureaucracy, army, and administrative organization were the mainstay of the government. In this era, for the first time, the features of the rational-legal bureaucratic structure can be seen in the government bureaucracy, which was completely different from the bureaucracy of the previous periods from Safavie to Qajar. However, one of the special features of the bureaucracy of this period was that the traditional and modern elements were intertwined, which was reflected in its administrative behaviors. Another important point was that the influence of the political system and the power of the monarchy on the bureaucracy, in the absence of real parliamentary oversight, caused the bureaucracy to react essentially to pressure from above and the wishes of superiors. In addition, the government bureaucracy achieved a lot of power during this period and became a special sector or subculture and a

group with high social prestige in society. In order to protect their benefits, the influential groups tried to establish a close relationship with the bureaucracy and, if possible, to include a family member or relative in high bureaucratic positions. These features made bureaucratic agents consider themselves government servants and had a kind of patriarchal attitude towards the people. During the reign of Mohammad Reza Pahlavi, the Iranian administrative system witnessed a huge increase in bureaucratic staff, rising costs and budget of government bureaucracy, and the development of government administrative organizations. In this period, the blending of traditional and modern elements continued, and the negative impact of political factors is another feature of the bureaucracy in this period, which, like the previous period, is related to the political system. For example, despite the enactment of numerous laws on attraction, recruitment, and holding recruitment tests for entry into the bureaucracy, political officials easily violated the set rules if they wanted a person to enter or not. Further, high positions in the administrative system were held by people who were approved or supported by political officials.

It is worth noting that the bureaucracy was considered as a major tool for social change and political socialization, for example, its role in the performance of programs known as the White Revolution, which has expanded the scope of bureaucrats' activities beyond their specific goals and affected the social life of large groups of the population (Saboori 2001).

Today, according to the report of the Research Center of the Islamic Consultative Assembly (2013), the biggest and most important issue in the administrative organizations is extreme politicization. As Danaee Fard (2016) mentioned, currently in Iran, election campaigns determine who should be the manager in public administration. Hence, the main goal is to seek a share, not to control the bureaucracy, and even in the most specialized bureaucracies, the goal is to create a foothold for party members. On this basis, there is always a kind of revolutionary atmosphere in the government organizations, and every manager takes revenge with the victory of his party. This trend has more or less existed since the beginning of the victory of the Islamic Revolution and has intensified in the last decade. This challenge will exist in the future due to the nature of the country's political system.

Analyzing the current politicization of the Iranian administrative system from the perspective of institutionalism, we can say that at the first level of institutional analysis according to Williamson (2000), norms, traditions, and customs have been formed throughout history in Iran which create or improve these conditions. In other words, the culture of a country and particularly politico-bureaucratic culture play an important role. The politico-bureaucratic culture refers to the dominant norms and values that affect the attitudes, interpersonal relationships, behavior, and performance of bureaucrats and politicians during governance and development (Rahman 2018). Considering the politico-bureaucratic culture in Iran, it is noteworthy that since the formation of the modern administrative system in the Qajar period, this system has been a tool in the hands of the monarchy, and in the absence of any laws and regulations, the king and the monarchy have been allowed to interfere or grab in the administrative system. In the absence of any rules for recruitment or promotion, only the king's relatives and trustees held positions so that sometimes the minister of several ministries was one person. Thus, the occasions of the Qajar dynasty court in the administrative system were reproduced.

During the Pahlavi era, when codified laws were gradually adopted, the history of tyranny in the monarchy, the weakness and infancy of the rule of law in Iran, and the process of government-centered development of the Pahlavi government led to the high domination of the monarchy over the administrative system. Thus, the administrative system has not been recognized as an independent institution.

In the context of dictatorship-based culture, the increase in oil revenues steers government towards rentier government, and this in turn reinforces authoritarianism in the government. The important point in this regard is forgetting the criteria of efficiency, effectiveness, and economy

in all areas of management in general and in the administrative system in particular, which, in turn, deprives attention to expertise and competency-based criteria in the administrative system.

The dominance of politicians over the administration, ignoring the efficiency and effectiveness, and using the administration for political and personal purposes and consequently ignoring meritocracy have created an intense atmosphere of politicization so that the competency-based criteria for selection and appointment of government employees are forgotten and loyalty to the criteria defined by politicians is the main principle for selection and promotion in Iranian administrative system.

Regarding the second level of institutions, from Williamson's point of view (2000), which includes approved laws and regulations till now, three national employment laws were passed in 1931, 1966, and 2007. However, none of these laws, which were approved in the three periods of the first Pahlavi, the second Pahlavi, and the Islamic Republic, have been able to prevent the politicization of the administrative system. According to the institutionalist view, one of the most important problems is the huge gap between the goals, rules, and performance achieved in society. Thus, the experience of Iran in the last hundred years shows that most official laws are based on the laws of developed countries but it has not been successful in action because it has not been commensurate with informal institutions. In other words, the legislators were unaware of the key point that these new laws are not institutionalized in society and are not compatible with customs, values, customs, and traditions, and institutionalization processes must also be predicted for adapting the existing informal institutions on these formal institutions. These kinds of laws are the same as Williamson's black letters, which are not enforceable, while a good law is a law which all the necessary guarantees for its operation are predicted based on the bottlenecks in the text of the law in Williamson's view. In other words, in order to successfully perform the enacted laws, it is necessary to predict the institutionalization processes as well; otherwise, the mere assumption of progressive laws without attention to the necessary cultural contexts to implement them cannot achieve the essential results. Thus, these laws have not been able to achieve the expected results, and despite the fact that more than a hundred years have passed since the formation of the modern administrative system in Iran, its content is still far from the rationality which hides in the nature of bureaucracy.

## Conclusion

Development is a set of institutional improvements. According to Williamson's theory of four social levels, these institutional transformations are staged. Therefore, we must start with the reform of institutions at Levels 1 to 3 in order to make reforms. Planning to reform must also consider the importance of communication between each level. However, it should be noted that bottom-up communication (from Level 1 to Levels 2 and 3) is stronger than top-down communication. In other words, norms, customs, and beliefs at the first level determine the rules at the second level, while the influence of laws modeled on other cultures on domestic customs and traditions is much less. Of course, according to Williamson's arguments, the degree of top-down influence (the influence of Level 2 and Level 3 institutions on Level 1) depends on the cultural conditions of different countries. The more dynamic the cultures and the more willing they are to change, the greater the impact is expected. According to Williamson's perspective, in order to reform and adapt institutions to the development process, we need long-term planning and step-by-step reforms, not revolutionary and short-term reforms. Thus, during the last century, the development process in Iran in general and the development of the administrative system in particular, under the influence of modernization in the West, has always followed a top-down pattern; in this regard, Vigoda-Gadot (2018) points out that false top-down initiatives are specific to non-democratic regimes. Nevertheless, the right top-down changes occur in liberal environments and prosperous societies where there is mutual understanding along with the acceptance of the needs

and desires of others. In such a context, there is also respect for free markets and exchange mechanisms between people. There are counterproductive top-down initiatives in the field of public policy-making in environments that lack this acceptance, and consequently, the bottom-up initiatives are empowered.

In the institutional context of Iran due to the nondemocratic nature of regimes supporting top-down initiatives and the lack of attention to free markets and mechanisms of free exchange among individuals, development has been limited to the imitation of Western civilization (structures, laws, and other artifacts), and what is known as the cultural aspect of this development (fundamental assumptions, values, and norms) has been neglected. This, in turn, has led to the development process in Iran being limited in form and appearance, and the institutions created in imitation of the West are not functioning properly since the intellectual foundation required for the proper functioning of these institutions has not been formed in Iran at the level of values or fundamental assumptions. This chaos has intensified in recent times because the current government of Iran (Islamic Republic) in stark contrast to the Pahlavi government, which was the founder of many of these structures and institutions, openly opposes the ideological foundations of Western modernization, but has not succeeded in theorizing or creating a structure based on Islamic intellectual principles to run the affairs of the country. This, in turn, has made the process of institutionalizing the basic values of modern structures in Iran, which is generally created by imitating the West in the Pahlavi era, more difficult and has led to an increasing chaos in Iran's development process and consequently the administrative system of Iran.

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy, Bureaucratic Politics, and Democracy
- ▶ Bureaucracy Responsiveness


## References


Batch T (2018) Administrative autonomy of public organizations. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 171–179

Bersch K, Praça S, Taylor M (2016) State capacity, bureaucratic politicization, and corruption in the Brazilian State. Governance 30(1):105–124

Boräng F, Cornell A, Grimes M, Schuster C (2018) Cooking the books: bureaucratic politicization and policy knowledge. Governance 31(1):7–26

Christensen J, Ørgen G, Klemmensen R, Opstrup N (2014) Politicization and the replacement of top civil servants in Denmark. Governance 27(2):215–241

Cooper C (2015) Bureaucratic identity and the resistance of politicization. Adm Soc 10(1177):1–23

Danaefard H (2016) Political approach to management in the public sector: theoretical foundations, operational framework, and consequences. Iranian Public Adm Stud 1(1):15–33 (in Persian)

Farazmand A (2001) Learning from Ancient Persia: administration of the Persian Achaemenid World-State Empire. In: Farazmand A (ed) Handbook of comparative and development public administration. Marcel Dekker, pp 33–60

Farazmand A (2002) Reorganization, reform, and revolution in contemporary Iran. In: Farazmand A (ed) Administrative reform in developing nations. Praeger Publisher, pp 125–149

Farazmand A (2018) Bureaucracy, bureaucratic politics, and democracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 612–619

Liao Y (2018) Bureaucracy responsiveness. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 607–612

North DC (2005) Understanding the process of economic change. Princeton University Press, Princeton

Ohberg P, Christiansen PM, Niklasson B (2016) Administrative politicization or contestability? How political advisers affect neutral competence in policy processes. Public Adm 95(1):269–285

Panday PK (2018) Bureaucracy and politicians: dynamics and challenges. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 586–590

Peters BG, Pierre J (2004) Politicization of the civil service comparative perspective. Routledge: Taylor and Francis Group, New York

Rahman MS (2018) Bureaucracy and politicians relations. In: Farazmand A (ed) Global encyclopedia of public

administration, public policy, and governance. Springer International Publishing, pp 578–585
Research Center of the Islamic Consultative Assembly (2013) Politicization of administrative system of Iran and providing solutions for the Islamic Republic of Iran (Case study: Pakistan, China and Britain). Political Studies Office
Saboori M (2001) Organization sociology: modern bureaucracy in Iran. Sokhan Publisher, Tehran (in Persian)
Vigoda-Gadot E (2018) Bureaucracy and democracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 532–543
Walle V (2019) Explaining variation in perceived managerial autonomy and direct politicization in European public sectors. Int Rev Adm Sci 85(4):1–18
Williamson OE (2000) The new institutional economics: taking stock, looking a head. J Econ Lit XXXVIII: 595–613

# Politico-administrative Relationships in Japanese Context

Jun Matsunami
Graduate School of International Cooperation Studies, Kobe University, Kobe, Japan

## Definition

The power and influence relations between politicians and bureaucrats; which organization in the central government can control or influence over other governmental organizations; the reasons why (governing party) politicians can influence over bureaucracy.

## Synonyms

Bureaucratic control over important political decisions; Political control over the bureaucracy

## Section: Bureaucracy

### Introduction: Who Designed the Japanese Postwar Recovery?

When Japanese economy and society showed rapid recovery from the destruction of the World War II, some pointed out that it was the bureaucracy who designed the rapid economic development. In his famous *MITI and the Japanese Miracle*, Chalmers Ashby Johnson argued that there are five types of explanations about Japanese economic miracle. Among these five groups, Johnson wrote that he himself belonged to the school of the developmental state and argued that the bureaucracy played important role in Japanese economic miracle. He described the role and power of bureaucracy as follows:

In Japan, the developmental, strategic quality of economic policy is reflected within the government in the high position of so-called economic bureaucrats, [. . .]. These official agencies attract the most talented graduates of the best universities in the country, and the positions of higher level officials in these ministries have been and still are the most prestigious in the society. Although it is influenced by pressure groups and political claimants, the elite bureaucracy makes most major decisions, drafts virtually all legislation, control the national budget, and is the source of all major policy innovations in the system (Johnson 1982, pp. 20–21).

It should be noted that Chalmers Ashby Johnson, who later became famous as an anti-Japan Revisionist, analyzed Japanese economic policy as a different type from Anglo-American economic policy, but another type of a rational policy for a country like postwar Japan with its context.

In fact, in the United States, there was an understanding that the bureaucracy had played very important role in the prewar Japan. That was the reason why the bureaucracy became a target of the American-led postwar reform after World War II. However, at that time, the Ministry of Interior (Home) was the ministry which the American thought the need to reform to democratize Japan, because it controlled various important administrative functions including local government, police, and civil engineering (Pempel 1987, pp. 164–167). It was Johnson who found economic bureaucracy with a positive image even that the economic bureaucrats also played an important role during the World War II in war-related production and mobilization.

### Stronger Bureaucracy Hypothesis

Until the 1980s, many scholars in Japan argued that Japanese bureaucrats were stronger than politicians and the Japanese bureaucrats were more influential than the bureaucrats in many other democratic countries. They had an almost same understanding about the power of the bureaucracy with Johnson, but those Japanese professors valued the stronger bureaucracy rather negatively and described them as a possible danger against the infant Japanese democracy. The Japanese professors argued that bureaucracy could keep most of important decision-making power, just like the pre-World War II Japan. The Liberal Democratic Party (LDP), which formed the government after its foundation in 1955, rubberstamped what the bureaucracy had prepared as cabinet bills and budgets. Many important cabinet ministerial seats such as the finance minister and the foreign minister, key positions of LDP such as party secretary were frequently occupied by ex-bureaucrats. For example, they argued that among 15 prime ministers between 1955 and 1993 (when LDP lost the general election for the first time), 7 prime ministers were ex-bureaucrats and they served more than two-third of that period. The scholars argued that these were evidences that Japanese bureaucrats could keep the power and be stronger than the politicians.

Kiyoaki Tsuji was the most important professor who systematically argued the reasons of powerful bureaucracy and criticized it as a danger against postwar Japanese democracy. According to him, there are three reasons why the postwar Japanese bureaucrats could keep their power. They were the indirect rule by the Allied powers during the Occupation (1945–1952); the conviction of the Japanese people who believed the neutrality of the bureaucrats; and weakness of other political institutions (Koh 1989, pp. 204–205). Only small numbers of bureaucrats were purged from the ministries, and those top positions like vice ministers and director generals were filled by bureaucrats who were in the ministries and worked with the purged officials during the war. Many Japanese believed that bureaucrats kept themselves distances from dirty party politics. People believed that politicians received donation and sometimes even bribes and worked for those interest groups, but clean bureaucrats protected national interests. The army and navy were disbanded and officers lost their jobs and prestige. The politicians who were supported by the war cabinet during the 1943 general election and the business leaders during the war were purged. The Japanese bureaucracy kept and expanded their power because of these facts and images.

Many believed that stronger bureaucracy had rooted in the Japanese modernization history since the nineteenth century deeply. Many graduates of prestigious universities like Tokyo University sat the higher civil service examination and only those who passed the examination, i.e., the Best and Brightest joined the government as elite young bureaucrats. They were given OJT (on the job training) by moving one position to another position, sometimes in local offices (including prefecture and city halls) and other times in ministries in Tokyo. Some of them were given chances to go abroad for policy research. They drafted all government policy documents including government bills and budget. By accumulating these experiences, the Japanese bureaucracy was stronger than politicians who lacked systematic chances to learn policies (Nakamura 2005, pp. 21–23).

Stronger Bureaucracy hypothesis had been widely accepted both by academia and by journalists and has kept some influence even now. Karel van Wolferen's *The Enigma of Japanese Power*, which was published in 1989 and became a best seller at that time, argued that the bureaucracy still kept most important decision making power (van Wolferen 1989). When the Democratic Party of Japan (DPJ) won the 2009 general election and formed the government, they wanted to exclude the bureaucrats from the political decision making process by abolishing the administrative vice minister meetings which were usually held one day before the cabinet meetings. The DPJ politicians thought that all important decisions had been decided by bureaucrats before the cabinet meeting. To regain the decision-making power, they thought that it was important to abolish the administrative vice minister meeting. The DPJ also

wanted to move the decision-making process from the hierarchical ministerial meetings to the politically appointed team (minister, vice ministers, and parliamentary secretaries) in each ministry (Kushida and Lipscy 2013, pp. 32–33).

### Stronger Politicians Hypothesis

In the 1980s, however, Michio Muramatsu started to challenge the stronger bureaucracy hypothesis. Based on survey to elite bureaucrats, Muramatsu pointed out that at least by the middle of the 1970s, the self-image of bureaucrats had changed from "the state man" to "the moderator between various interests." He argued that Japanese politics-administration relation became similar to other liberal democratic countries, because Japanese bureaucrats accepted the stronger power of the politicians. According to Muramatsu, the fundamental base of politics, the legitimacy of the government, has changed by the New Constitution after the World War II. The Diet and the politicians as a whole gained the legitimacies because they were popularly elected by the people who had the sovereignty. First, the constitutional changes came, then, the changes of the understandings and behaviors of the people happened. Finally, bureaucrats' self-image changed (Muramatsu 1981).

If Muramatsu's argument presumed that certain years were needed to change mindset of the Japanese bureaucracy to accept the political power based on democracy, Ramseyer and Rosenbluth (1993) pointed out that the politicians' successful monitoring made bureaucrats behaved just what politicians wanted by using the rational choice theory. They argued that by controlling promotion in the ministry and post-ministerial salaries, Japanese governing party politicians could have a relatively responsive bureaucracy. Ramseyer and Rosenbluth argued that even the bureaucrats drafted governmental bills and the bills were enacted without any changes, they were already what the principal, i.e., the governing party Diet members wanted. By monitoring bureaucrats, politicians could remove those bureaucrats from key positions who drafted bills against politicians interests, while could promote to higher positions and allow higher post-ministerial salary to the bureaucrats who prepared favorable bills.

Stronger Politician hypothesis is now widely accepted both by academia and by journalists. Newspapers and TV news used to report on what the elite bureaucrats said and what the advisory bodies of the government were arguing about the policies. Now they cover more about what the governing party internal organizations like the Policy Research Council (PRC) of the LDP argue and what influential politicians say. If there are differences between bureaucrats-preferred and politician-favored policies, now what the PRC members agreed, what senior politicians said, becomes the government policy.

### Politico-Administration Relations after the 1990s

After the 1990s, politico-administration relations have changed as the surrounding environments of the government changes. Two former administrative vice ministers were arrested and were later found guilty in The Recruit scandal (1988), while another administrative vice minister was imprisoned by another bribe case. The Ministry of Finance (MOF) bureaucrats were found guilty in the misconduct in the banking industry regulatory administration, which led the reorganization of the MOF itself. Now the banking industry is regulated by the Financial Services Agency, which is independent from the MOF.

Japanese people lost their trust to the bureaucracy by these repeated scandals caused by the elite bureaucrats. After these scandals, we saw populist politicians and their parties repeatedly tried to use anti-bureaucracy emotion among the people to increase the support to them.

Another important change in the 1990s was that for the first time, the LDP lost general election in 1993. Although LDP backed to the government by a coalition with Socialists in the following year, this experience also affected politics administration relation after the 1990s. The LDP no more gave a full trust to its agent, the bureaucracy, because the bureaucracy cooperated with non-LDP coalition government. Therefore, the LDP started to discuss about

bureaucracy reform in the 1990s (Nakamura 2005, pp. 30–36). In 2006, a cabinet minister was created to take charge of civil service reform, and in 2008 the national civil service reform act was enacted. In the following year, 2009, the DPJ won the general election and formed the government, but they were more critical against the bureaucracy, as already explained.

Masaru Mabuchi argued that in the recent years, the anti-bureaucracy sentiments among the people shrinked the Japanese bureaucrats. Based on the survey results, he wrote that their self-image became "the servants," which he described as a bureaucratic syndrome (Mabuchi 2006, p. 156).

### Cabinet Bureau of Personnel Affairs

We should understand the establishment of the Cabinet Bureau of Personnel Affairs (CBPA) in 2014 on this context. (CBBA's web address is as follows: http://www.cas.go.jp/jp/gaiyou/jimu/jinjikyoku/ (In Japanese only).) A Deputy Chief Cabinet Secretary (Political) was appointed as the first Director General of the CBPA and it started to control around six hundred top bureaucrats (deputy director general class and above) personnel administration. It was created by the Abe LDP-Komeito coalition government, which had experienced the oppositions (2009–2012) and another distant relation from the bureaucracy. It was widely said that by establishing CBPA, Abe LDP-Komeito coalition government obtained another tool to control the bureaucracy.

However, in 2017, the same Abe government appointed a senior bureaucrat to the Director General of CBPA after the government faced criticism from the oppositions and public opinions. Although there remains anti-bureaucracy sentiment, too much control to the bureaucracy is also unpopular.

### Conclusion

We can say that now Japanese politicians are stronger than bureaucrats in political process just like other democratic countries. Politicians can monitor and control bureaucrats, and bureaucrats behave to materialize what the governing party politicians want. However, it is still not so clear that how much politicians are stronger than bureaucrats. There also remain some unsolved questions. How politicians should exercise their power over the bureaucracy? How a current governing party should intervene personnel administration of top elite bureaucrats?

It should be noted that Japanese bureaucracy cannot be separated from the Japanese society. Unlike the United States, and like most of European countries, Japanese labor market is, and will be, a semiclosed market. Many, if not all, bureaucrats get a job in the government when they are young and stay in the government during the most of their working ages. The recruitment of brighter younger generations and keeping their motivations high are essential for the management of the government now and the future. The development of a good politics-administration relation matters to the management of the government in the long run.

## References

Johnson CA (1982) MITI and the Japanese miracle: the growth of industrial policy, 1925–1975. Stanford University Press, Stanford

Koh BC (1989) Japan's administrative elite. University of California Press, Berkeley

Kushida KE, Lipscy PY (2013) The rise and fall of the Democratic Party of Japan. In: Kushida KE, Lipscy PY (eds) Japan under the DPJ: the politics of transformation and governance. Walter H. Shorenstein Asia-Pacific Research Center, Stanford

Mabuchi M (2006) Kanryosei no Henyo. In: Muramatsu M, Kume I (eds) Nihon Seiji Hendo no 30 Nen. Toyo Keizai Shimposha, Tokyo

Muramatsu M (1981) Sengo Nihon no Kanryosei. Toyo Keizai Shimposha, Tokyo

Nakamura A (2005) The debilitating power of Japan's central government bureaucrats in civil service reform: reality or fallacy? In: Cheung ABL (ed) Public service reform in East Asia: reform issues and challenges in Japan, Korea, Singapore and Hong Kong. The Chinese University Press, Hong Kong

Pempel TJ (1987) The tar baby target: "reform" of the Japanese bureaucracy. In: Ward RE, Sakamoto Y (eds) Democratizing Japan: the allied occupation. University of Hawaii Press, Honolulu

Ramseyer JM, Rosenbluth FMC (1993) Japan's political market places. Harvard University Press, Cambridge

Van Wolferen K (1989) The enigma of Japanese power: people and politics in a stateless nation. A.A. Knopf, New York

# Politics and Administration

Tansu Demir
Department of Public Administration, University of Texas at San Antonio, College of Public Policy, San Antonio, TX, USA

## Synonyms

Political-administrative relations; Politics-administration dichotomy; Politics-administration relationship

## Definition

Politics and administration is the study of theoretical relationship between political and administrative realms of government. It attempts to understand both normatively and empirically if, and to what extent, these two sets of activities differ from each other. Specific areas of inquiry cover links, similarities, and differences between the two domains of government.

## Introduction

The relationship between politics and administration has been, perhaps, the most fundamental question in the field of public administration since its emergence as a self-acknowledged discipline in the late 1880s. From the dawn of human civilization, states have had clearly distinguishable administrative apparatus in place to implement policies of their rulers; systematic study of this apparatus, however, is a fairly recent phenomenon. It is common in the field to mark 1887 as the foundational year for public administration, at least, in the United States. In that year, a young scholar named Woodrow Wilson published an article entitled "The Study of Administration" in Political Science Quarterly in which he implied a strict separation between political and administrative spheres of government. It was later called "politics-administration dichotomy" and has had a lasting influence on both theory and practice of public administration. Challenged very often in the field, both on empirical and normative grounds, the politics-administration dichotomy has lost most of its early appeal in the field and was replaced by more practical and accurate models of politics-administration relationship. The debate on how to link politics and administration in a democratic government continues to engage both scholars and practitioners, as the question has significant implications for both institutional development and intellectual identity of public administration.

## The Politics-Administration Dichotomy

When putting this term in its historical context and social setting, it should be noted that the politics-administration dichotomy was a strong reaction to inefficient government caused by partisan political influences on the daily affairs of administration since the inauguration of Andrew Jackson as the president of the United States. Following the assassination of James Garfield in 1881, this period of so-called spoils system came to an end with the passage of Civil Service Act (a.k.a., Pendleton Act) in 1883. This act marks the beginning of the merit system in the United States by prohibiting personnel practices based on partisan considerations and introducing competitive civil service exams in the hope that only the qualified people with the right mix of knowledge, skills, and abilities would be placed in public office. Their selection, promotion, discipline, and compensation would be based on knowledge, skills, and performance, not on political loyalties. Since partisan influences had been blamed for widespread corruption, waste, and incompetence in government, the progressive movement aimed to minimize the role of politics in daily, routine affairs of administration. It is not coincidence that Wilson's article was published only 4 years after the passage of Pendleton Act. The idea is simple. There should be a sharp separation between political and administrative domains of government. Politics is about

policymaking, a set of activities that involve value choices. This domain is responsible for deciding "what to do" or, as Wilson (1887) put it, "setting the task" for administration. Administrative domain, however, is for policy implementation, a set of activities that involve translating political choices into concrete accomplishments with the aid of technical knowledge and skills called expertise. In the years following Wilson's article, other contributors made this rudimentary idea a normative theory, further to be used to perfect administrative apparatus of government and to draw the boundaries of public administration.

## Evidence on Political-Administrative Relations

Following World War II, however, the politics-administration dichotomy has been criticized and attacked by opponents on both normative and empirical grounds. Normatively, the inherent limitations of the concept of dichotomy were clear. If public administration is all about policy implementation in a value-free and neutral manner, then it was easy to use this apparatus for evil purposes, like it was done in Nazi Germany during WW II. Politics-administration dichotomy leaves no room for public administrators to question the ethical foundations of public policies or political orders, and they cannot act upon their assessment of what is right and what represents the public's best interests. Knowing that public servants are human being with values, emotions, and ideologies, the politics-administration dichotomy sits on a very shaky foundation, sounding somewhat naive, leading critics to say that it is nothing more than political metaphysics. Empirically, a non-trivial amount of research showed that political and administrative domains are linked and they are in constant interaction. Politicians often interfere with administration, mostly for the benefit of their constituencies, and administrators also get involved in policymaking due to their expertise. Studies at federal, state, and local levels of government in the United States have revealed a complex web of interactions between political and administrative spheres. Vague and ambiguous legislations often leave public administrators with significant latitude and discretion to make their choices when they begin implementing public policies. Bureaucratic expertise also gives public administrators an important edge over policymaking, as they are frequently called upon by their political superiors for their knowledge and skills. As policy issues evolved and grew even more complex, an expert cadre of bureaucrats became very critical for society. Also, lack of a strong political center, which should provide consistent, fast, and clear policy direction and support to administrative agencies, makes power and politics a necessity for managers (Long 1949). On the other side of the dichotomy, elected officials have always maintained a keen interest in the administrative domain. Since their reelection depends on satisfying their constituencies and public administration is responsible for routine, daily decisions that affect the lives of citizens, it becomes a political necessity for elected officials to seek influence in the administrative affairs and routine decision-making processes. This is known as casework and makes up an important part of any elected official's work.

Empirical studies in the literature generated very little evidence, if any, to support a sharp separation between political and administrative domains of government. Observations and empirical tests in local government research have actually provided strong evidence against the dichotomy view, corroborating the significant roles played by professional administrators in the policymaking process. Public administration scholars have produced a substantial amount of research output on the role of public administration in the broader political processes and policymaking. Research methodologies used to provide evidence against the dichotomy varied including interviews, anecdotal evidence, case studies, personal experiences, comprehensive surveys, descriptive data analyses, and theoretical model construction and evaluation.

Examining politics-administration relationship in US local governments, some scholars utilized descriptive data analysis to determine the degree

of politics versus professionalism in public administration. Newell and Ammons (1987), for example, studied the time allotment patterns of municipal managers and found that city managers spent an average of 17% of their total time for political roles that involved community leadership. Similarly, French (2005) evaluated time allocations of mayor and managers in small cities and towns. His research found that managers in small cities and towns spend more time on policy and management activities and less time on political activities than mayors.

Some researchers attempted to test theoretical models using both qualitative and quantitative methodologies. Browne (1985) tested Svara's dichotomy-duality model (re: complementarity model) and found some supportive evidence for that model; however, the research had an important limitation in that it examined only policy initiatives. Dunn and Legge (2002) used three models that they culled from the literature and surveyed local government managers to understand whether public administrators' relationships with elected officials conform to the three models that public administration scholars had used to characterize that relationship. Dunn and Legge (2002) found empirical evidence supporting a partnership model, pointing to the strength of blending politics and administration in policy development and administration. Demir and Nyhan (2008) specified a theoretical model of politics-administration dichotomy and tested the theoretical model with comprehensive survey data collected from city managers. Their research failed to provide support for the politics-administration dichotomy, a model that favors very limited policy role for public administrators.

Summarizing the outcome of various research and observations, Van Riper (1983) concluded that:

> As we all should know by now, politics and administration are inextricably intermixed. Both are central to effective action. One problem is to bring them together in a symbiotic association yet keep each in its proper place. The other is to understand that the "proper place" of each will vary through time. There is no permanent solution, no fixed paradigm, to this or any other ends-means continuum. (p. 489)

## Roles that Public Administrators and Elected Officials Play

It is perhaps an oversimplification to subsume all public managers in one type, portrayed as neutral, expert, and apolitical, or the opposite, as highly politically involved. Prior research identified a diverse set of roles played by administrators. Scholars proposed typologies that would help distinguish more active managers from less active ones. In his study of city managers, Loveridge (1968) identified nine roles for city managers. They can be policy innovators, policy advocates, budget consultants, policy administrators, policy neutrals, political advocates, political leaders, political recruiters, and political campaigners. Lewis (1982) examined the role behavior of city managers and proposed seven roles, extending from "traditional textbook administrator" to "near-boss type." Moore (1995) offered two distinct roles for managers as technicians and strategists. The research on role conceptions places city managers' roles on a continuum from political to professional. City managers with political role definitions are more likely to get involved in a variety of policymaking activities, whereas those managers with a greater focus on professionalism would refrain from policymaking and give much of their attention to policy implementation tasks.

The same can be said about elected officials. Their involvement in administration is subject to significant variation. Some are more involved and do play the role of micromanagers. Some are relatively distant and deal mostly with broader political issues. According to Svara (1999), some elected officials, at the local level, are electoral activists and they try to help their constituents by acting as their spokesperson and representative. These elected officials are willing to make a major investment of time and talent to gain and exercise political influence. Electoral activists, according to Svara (2002), are often involved in administrative sphere by playing the role of ombudsman and attempting to promote responsiveness to constituencies. This role is very different from what Svara (2002) calls the trustee role, which requires no involvement in administrative side of the policy process.

As identified by empirical research, the roles played by appointed and elected officials vary significantly and are contingent on a variety of external and internal factors. Demir and Reddick (2012) modeled some of those factors that increase cross-functional contributions of elected and appointed officials into policymaking process. Their findings show that a manager's role conception and elected officials' expectations increase managers' involvement in the policymaking process. On the other hand, the context of policymaking, elected officials' access to resources, and managerial support to elected officials are factors that enhance elected officials' involvement in the administrative activities. More research in the future will likely provide a more refined understanding of how elected and appointed officials define their roles.

## Complementarity View: An Alternative

A search for a better conceptualization of politics-administration relationship resulted in a number of models. Complementarity is one of them and emerged as both descriptively more accurate and a normatively desirable model and has gained prominence in the literature.

The complementarity view rests on the premise that there is a continuum between politics and administration. This notion implies that elected officials and public administrators should be active in all dimensions of the governing process, from developing and determining missions and policies to administering and managing policies and programs. Most of the research on the complementarity view has been done in US local governments. Henry and Harms (1987, pp. 154–55) specified the four constructs of the continuum as follows:

1. Mission: identifying public concerns, problems, or needs for services that require agency action.
2. Policy: developing goals and plans for agency action that address identified concerns and determining how much of the agency resources should be allocated to carry out the plans and goals.
3. Administration: reassessing the plans for agency action to determine if the concerns are being addressed or the goals are being achieved.
4. Management: establishing administrative procedures to carry out the plans for agency action.

According to this model of political-administrative relationship, elected officials play a much larger role in developing mission and public managers play a dominant role in management. However, policy and administration are open to the contributions from both sides. Complementarity model encourages elected officials and public administrators to frequently interact and cooperate in policymaking process by acknowledging overlapping roles and shared responsibilities. As Nalbandian (1999) states:

> In an evaluation not too long ago, one of the Commissioners suggested that she would be more comfortable if I brought to her the projects as I was working on them rather than when they were completed. She used the analogy of a baby. She said she was part of the family and she wanted not only see the clean baby with a shiny ribbon in her hair, but she wanted to see the baby, messy diaper and all. (p. 194)

Complementarity conceptualizes the relationship between politics and management as a continuum. One part of the continuum is construed between politics and policy and the other is between administration and management. Complementarity is often called dichotomy-duality as it accepts duality between policy and administration, the two areas toward which elected officials and public administrators are expected to make substantive contributions. A dichotomy, however, is preserved for the polar ends of politics and management.

According to the proponents of the complementarity view, public administrators do and should engage in various policy activities, yet should refrain from what falls within the realm of politics, especially political partisanship. What makes an activity political or policy is answered

by complementarity scholars with reference to (1) partisan nature of the activities and (2) leadership initiatives of managers taken "independently" from elected officials. According to the complementarity view, elected officials do and should engage in administration, yet should refrain from what falls within the realm of management. The question of what makes an activity administrative or management is answered by complementarity scholars with reference to the impact of that activity on (1) administrative integrity and (2) management efficiency. The activities undertaken by elected officials, if they interfere with administration in issues that clearly fall within the authority of administrators (e.g., appointments to management positions, bypassing the manager and giving orders to lower level personnel), are considered to be intrusions into management. This kind of activities not just undermines the authority of public administrators but also weakens their control over organization and staff. Also, elected officials' activities that circumvent routine and consistent enforcement of adopted policies are considered to be political intrusions into management. The complementarity view seems to be a middle ground between the dichotomy and political bureaucracy perspectives, in that it acknowledges "the logical and psychological distinctions" between politics and administration but also addresses the problem of bringing the two together in a symbiotic association yet keeping each in its proper place.

In one of the most comprehensive empirical tests of the complementarity view, Demir (2009) administered a nationwide city manager survey to explore the idea of a continuum in political-administrative relations. His findings support the existence of overlapping roles and mutual influence between elected and appointed officials when it comes to policy and administration. The research also found that political and management activities are characterized in a way closer to the dichotomous view. Complementarity has been supported by a nontrivial number of other empirical studies, and review of the extant literature shows that this model has emerged as a strong alternative to the politics-administration dichotomy (Georgiou 2014).

## Conclusion

Politics and administration relationship is considered one of the most important questions in the field. That the overly simplistic notion of the dichotomy has been discredited does not mean that the field developed a conclusive answer to this long-standing issue. The research on this question will continue to remain important in the foreseeable future and more research is likely to be generated in the years ahead. Demir and Nyhan (2008) suggest that to settle this issue, three things need to be done. First, a more cooperative relationship between politics and administration should be conceptualized as the complexity of problems challenge traditional boundaries and require constant interaction, shared responsibility, and reciprocal influences. Second, the alternative model(s) should be evaluated with systematic and data-based research to identify patterns in practice. Third, empirical evidence should be provided for that the alternative model produces desired results without compromising democratic accountability and administrative performance.

## Cross-References

► Politics and Bureaucracy
► Public Administration Theory

P

## References

Browne WP (1985) Municipal managers and policy: a partial test of the Svara's dichotomy-duality model. Public Adm Rev 45(5):620–622

Demir T (2009) The complementarity view: exploring a continuum in political-administrative relations. Public Adm Rev 69(5):876–888

Demir T, Nyhan RC (2008) The politics–administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68(1): 81–96

Demir T, Reddick CG (2012) Understanding shared roles in policy and administration: an empirical study of council-manager relations. Public Adm Rev 72(4): 526–536

Dunn DD, Legge JS Jr (2002) Politics and administration in U.S. local governments. J Public Adm Res Theory 12(3):401–422
French EP (2005) Policy, management, and political activities: a current evaluation of the time allocations of mayors and managers in small cities and towns. Soc Sci J 42(4):499–510
Georgiou I (2014) Seeing the forest for the trees: an atlas of the politics-administration dichotomy. Public Adm Rev 74(2):156–175
Henry GT, Harms SW (1987) Board involvement in policy making and administration. Public Adm Rev 47(2): 153–159
Lewis EB (1982) Role behavior of U.S. city managers: development and testing of a multidimensional typology. Int J Publ Adm 4(2):135–155
Long NE (1949) Power and administration. Public Adm Rev 9(4):257–264
Loveridge RO (1968) City manager in legislative politics: a collision of role conceptions. Polity 1(2): 213–236
More MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA
Nalbandian J (1999) Facilitating community, enabling democracy: new roles for local government managers. Public Adm Rev 59(3):187–197
Newell C, Ammons DN (1987) Role emphases of city managers and other municipal executives. Public Adm Rev 47(3):246–253
Svara JH (1999) Conflict and cooperation in elected-administrative relations in large council-manager cities. State Local Gov Rev 31(3):173–189
Svara JH (2002) The roles of the city council and implications for the structure of city government. Natl Civ Rev 91(1):5–23
Van Riper PP (1983) The American administrative state: Wilson and the founders – an unorthodox view. Public Adm Rev 43(6):477–490
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

# Politics and Aid

Katherine V. Bryant
Westmont College, Santa Barbara, CA, USA

## Synonyms

Aid allocation; Aid effectiveness; Development assistance; Development politics

## Definition

Politics and aid refers to the ways in which domestic and international political forces shape policies related to foreign aid.

## Introduction

Aid is perhaps one of the most debated topics in foreign policy. Despite decades of research, controversies persist on issues such as how much money should be spent on aid, who should receive aid, and whether aid is actually promoting the welfare of recipient countries. These are important questions to ask because aid has the potential to drastically alter the global landscape by eliminating poverty and promoting good governance. However, achieving this success is fraught with political difficulties for both donors and recipients. Finding support for aid, determining how it is allocated, and evaluating its effects are all suffused with political influences from individuals, donor countries, international institutions, and the recipients themselves. As global priorities shift and poverty continues to thrive, future aid research will have to address more fully the political nature of aid policies. After providing some background information on foreign aid, this article examines the political nature of three aspects of aid: how much aid is supported, where and how aid is allocated, and whether or not aid has been successful in promoting development. The article concludes by summarizing future directions for foreign aid research.

## Who Provides Aid?

What exactly is foreign aid? Lumsdaine (1993) defines aid as "gifts and concessional loans of economic resources, such as finance and technology, employed for economic purposes provided to less developed countries by governments of the developed democracies, directly or through intermediaries such as UN programs and multilateral development banks" (Lumsdaine 1993, p. 33).

The Organization for Economic Co-operation and Development (OECD) defines aid, or official development assistance (ODA), in much the same way. According to the OECD, aid must be provided by official donors such as governments, their executive agencies, or multilateral institutions with the intent of furthering the economic welfare of its recipients. Military aid, peacekeeping, and anti-terrorism activities are therefore excluded from ODA. Aid can be given as general budgetary assistance, also known as program aid, or as project aid where it is directed toward a specific project within the recipient country. Project aid can support activities in sectors such as healthcare, education, infrastructure, promoting governance and civil society, or supporting certain economic production areas.

As noted above, there are two types of donors that can provide ODA. The first are donor governments, or bilateral aid. Within the OECD, 29 countries are members of the Development Assistance Committee (DAC) which serves as an international forum for the largest aid donors. Table 1 lists the members of the DAC. As Table 1 demonstrates, the majority of the countries included in the DAC are from Western Europe and North America. While these countries still provide a significant portion of today's ODA, the number of non-DAC aid donors is growing, as is the size of their aid contributions (Woods 2008). China, for instance, provides billions of dollars in aid, especially to African countries. Saudi Arabia, Brazil, and India are also notable aid donors that are not members of the DAC. While most analyses of aid have focused their attention on ODA from DAC members, more recent research has focused on the quantity and quality of aid from these rising non-DAC donors.

**Politics and Aid, Table 1** Members of the OECD DAC

| | | |
|---|---|---|
| Australia | Greece | Poland |
| Austria | Iceland | Portugal |
| Belgium | Ireland | Slovak Republic |
| Canada | Italy | Slovenia |
| Czech Republic | Japan | Spain |
| Denmark | Korea | Sweden |
| European Union | Luxembourg | Switzerland |
| Finland | The Netherlands | United Kingdom |
| France | New Zealand | United States |
| Germany | Norway | |

Source: OECD Statistics

The second type of donors that can provide ODA is multilateral aid agencies. A multilateral agency is an international organization whose primary purpose is to promote development. The agency is funded by donor countries and then pools these funds and subsequently determines how, where, and when to allocate those funds. This creates a principal-agent relationship between donor governments and multilateral aid agencies. Multilateral aid agencies include development banks, UN agencies, and regional groupings. Although not exhaustive, Table 2 lists 40 of the most prominent multilateral aid agencies operating today. It should be noted, however, that hundreds of additional multilateral aid agencies also exist.

Within multilateral aid funding, there is also an important distinction in the type of aid they receive. In recent years, donor countries have increasingly funded multilateral agencies through noncore aid contributions. These noncore aid funds are earmarked for a specific recipient, sector, or project, essentially undermining the ability of multilateral agencies to determine their own aid policies for these funds. In 2012, donor governments contributed $17 billion to multilateral aid agencies through noncore funding, accounting for 13% of all ODA (Tortora and Steensen 2014, p. 7). Noncore funding is becoming more prevalent as well, growing by 8% from 2009 to 2010 (*Multilateral Aid Report*, 2012). The consequences of this shift from core to noncore funding of multilateral aid agencies remain to be seen. On the one hand, it may allow donor governments the opportunity to distribute aid to a desired sector or recipient that they may be unable to reach if acting independently. If the specified sector or recipient is largely ignored by the aid community, then the provision of noncore aid from the donor government may be beneficial. However, there are negative aspects associated with earmarked funding

**Politics and Aid, Table 2** Multilateral aid agencies

| Agency | Abbreviation |
|---|---|
| African Development Bank | AfDB |
| African Development Fund | ADF |
| Arab Bank for Economic Development in Africa | BADEA |
| Arab Fund (Arab Fund for Economic and Social Development) | AFESD |
| Asian Development Bank | ADB |
| Asian Development Bank Special Funds | ADF Spec. Funds |
| Caribbean Development Bank | CDB |
| Central American Bank for Economic Integration | CABEI |
| EU Institutions | EU |
| European Bank for Reconstruction and Development | EBRD |
| European Commission | EC |
| European Development Fund | EDF |
| European Investment Bank | EIB |
| Global Alliance for Vaccines and Immunizations | GAVI |
| Global Environment Facility | GEF |
| Global Fund | Global Fund |
| Inter-American Development Bank | IDB |
| Inter-American Development Bank Special Fund | IDB Spec. Funds |
| International Fund for Agricultural Development | IFAD |
| International Bank for Reconstruction and Development | IBRD |
| International Development Association | IDA |
| International Development Association-Multilateral Debt Relief Initiative | IDA-MDRI |
| International Finance Corporation | IFC |
| International Monetary Fund (Concessional Trust Funds) | IMF |
| Islamic Development Bank | Isl. Dev. Bank |
| Joint United Nations Programme on HIV/AIDS | UNAIDS |
| Multilateral Investment Guarantee Agency | MIGA |
| Nordic Development Fund | Nordic Fund |
| OPEC Fund for International Development | OFID |
| Office of the United Nations High Commissioner for Refugees | UNHCR |
| Organization for Security and Co-operation in Europe | OSCE |
| United Nations Democratic Republic of the Congo Pooled Fund | DRCPF |
| United Nations Development Program | UNDP |
| United Nations Economic Commission for Europe | UNECE |
| United Nations International Children's Emergency Fund | UNICEF |
| United Nations Peacebuilding Fund | UNPBF |
| United Nations Population Fund | UNFPA |
| United Nations Relief and Works Agency for Palestine Refugees in the Near East | UNRWA |
| World Food Programme | WFP |
| World Health Organization | WHO |

Source: OECD Statistics

as well, such as increasing the administrative costs incurred by multilateral agencies, as well as potentially undermining their overall utility by diminishing the agency's control over its own funds.

Bilateral and multilateral aid organizations each offer different types of benefits. Bilateral aid enables the donor state to maintain control over how aid funds are used. This allows the donor government to pursue their national interests or ensure that domestic firms are chosen to implement developmental projects. Multilateral aid, on the other hand, takes control away from the donor states and invests it in a third party. Rather than being controlled by a single donor government, a multilateral aid agency is governed by a group of contributing donor governments. Since the preferences of the donor governments are aggregated into a single agency, multilateral aid is able to operate in an environment further removed from the domestic political constraints that are often placed on bilateral aid agencies. These constraints are discussed in more detail in the sections below.

## Determining Support for Foreign Aid

Decisions regarding foreign aid allocation – choosing who gets how much and in what form – have sparked continued domestic and international controversy. Although in 1970 the

international community established a target for DAC members to contribute 0.7% of their gross national product (GNP) to ODA, this standard has only been met by a handful of countries. In fact, DAC members on average have never contributed more than 0.4% of their GNP. To a large extent, researchers have attributed this shortcoming to a lack of public support for aid, as well as country-specific factors that may impact aid policies. In a broad analysis of both of these explanations, Paxton and Knack (2011) use two global public opinion surveys to investigate what determines support for foreign aid, both at the individual and country levels. Using a multilevel model, the authors find that for individuals, factors such as gender, income, political ideology, religion, interest in world affairs, and trust in foreign aid and government all have significant effects on levels of support for foreign aid. Women and individuals with higher incomes generally support foreign aid more. The authors also find that individuals with left-leaning political ideologies have more positive views toward foreign aid, supporting other researches that have been previously conducted regarding aid and political ideology. At the country level, the authors find that richer countries are generally more supportive of increasing aid, although larger countries are less supportive. Countries that are former colonizers are also more likely to provide greater levels of aid. Last, countries that already provide relatively large amounts of aid are significantly less supportive of increasing those amounts.

It is worth briefly returning to the question of ideology's influence on support for foreign aid. Conservative governments are generally critical of foreign aid for two main reasons. The first is that it creates redundancy and undermines efficiency in the developing world. Rather than providing loans and investment through aid funds, conservatives argue that privatization would be more pragmatic. Second, aid is resisted as it is thought to be similar to the welfare state, leading to higher taxes and greater government dependence. Liberal governments, on the other hand, are generally expected to support foreign aid as it addresses unequal income distribution on an international level. Somewhat surprisingly, research in this area remains rather limited. While several studies have examined government ideology and support for aid, their analysis has generally been restricted to short cross-sectional analyses. Tingley (2010) presents a thorough test of these arguments by examining the influence of various political factors on aid. Using a time-series cross-sectional analysis of DAC donors from 1971 to 2002, he presents the most comprehensive test of this relationship. His results indicate that conservative governments are indeed less likely to provide aid than liberal ones. Interestingly, he also finds that this relationship is especially pronounced for aid flows to lower-income developing countries and multilateral aid agencies, whereas conservative governments continue to support aid to developing countries with higher income levels. Such a result may be attributed to the importance of economic policy on aid flows, which is addressed in the next section.

## Debates on Aid Allocation

When the era of foreign aid began in the 1950s, for the first time ever, there appeared a systemized sense of moral obligation by states to help those that were less fortunate. As articulated in Truman's inauguration speech after World War II, Western states believed that "...only on the basis of a just international order in which all states had a chance to do well was peace and prosperity possible" (Lumsdaine 1993, p. 30). The vision was that foreign aid would help contribute to world peace by encouraging development in poor countries and alleviating the suffering that underlies violent uprisings. In reality, however, aid quickly became a tool of statecraft, one that often disregarded the needs of the developing world in order to ensure the advancement of political agendas. This is particularly true of bilateral aid donors, who often give aid in a manner that benefits their own political or economic interests. Although initially meant to spur development, bilateral aid is now often cited as a political tool that can be used to extract valuable policy concessions from recipient governments or

to gain support for foreign allies. For instance, in their game-theoretic model, Bueno de Mesquita and Smith (2007) demonstrate how bilateral aid is used by recipient leaders to bolster their domestic political support. In return, recipient leaders offer policy concessions to donor governments, often in the form of political or economic benefits to the donors. Political factors such as military importance, past colonial relationships, and UN voting behavior are all prominent factors driving aid allocation. During the Cold War in particular, the USA gave substantially more aid to its allies. Although this trend diminished in the 1990s, the events of September 11th prompted a renewed motivation for aid to be provided for political purposes.

Recipient countries can also attract foreign aid by offering potential economic benefits to donor governments, including access to natural resources, favorable trade terms, and domestic policies that support donor firms. This type of economic patronage is often provided in the form of tied aid, or aid that is dispensed with the contingency that the goods and services it provides be implemented or sourced by the donor state. For example, Fleck and Kilby (2001) found that of the $12.9 billion that the US Agency for International Development (USAID) provided in contracts during 1995, $11 billion of that went directly to US firms. Other studies have documented that the more goods a recipient imports from a donor government, the more aid they are likely to receive from that donor. This limitation on the choices that a recipient country has for actually using their aid can significantly constrain aid effectiveness. According to one study, tied aid is 15–25% less cost-effective compared to untied aid (Clay et al. 2009). While the percentage of untied bilateral aid from DAC members has grown in recent years, there is still much improvement to be made.

In contrast to the political and economical motivations that underlie aid provided by donor governments, multilateral institutions base their allocation patterns on different factors. Multilateral institutions are more likely to be concerned with issues of recipient need and the quality of governance, indicated by factors such as democratic political institutions, the rule of law, and respect for property rights. In this way, multilateral aid is more "selective" than bilateral aid (Dollar and Levin 2006). Further research has also demonstrated that multilateral agencies base their aid allocations on human rights considerations as well, whereas bilateral donor do not appear to factor human rights abuses into their allocation decisions (Neumayer 2003). On the other hand, multilateral agencies have been criticized by environmentalists for failing to be responsive to the environmental concerns of recipient countries (Hicks et al. 2010). Furthermore, substantial variation exists within multilateral agencies with regard to their allocation patterns. Neumayer (2003), for example, finds that UN agencies are more likely than regional development banks to be concerned with human rights issues.

A final factor to note within multilateral aid allocation policies is that the internal characteristics of the agency can also affect their distribution patterns. Schneider and Tobin (2013) demonstrate this by discussing political interactions occurring within the European Commission (EC). The authors find that when there is a powerful coalition of members within the EC, they are able to manipulate its actions and direct more aid to countries that they have economic, political, or strategic interests in. However, when the members have divergent preferences over allocation, they are unable to manipulate the actions of the EC, allowing the agency to distribute more aid to poorer countries. Therefore, although multilateral aid agencies are more removed from domestic political influences, they are not free from them.

## Debates on Aid Effectiveness

The third aid-related debate addressed here is that of foreign aid effectiveness. Essentially, the question is whether or not aid is actually promoting development. Although development can encompass multiple factors including improvements to healthcare, education, access to clean water, and improved government institutions, the majority of the studies have focused on the relationship between aid and economic growth rates. Aid is thought to contribute to the economy of recipient

countries through increasing capital spending, transferring technology or knowledge, leading to changes in economic and political institutions, and enhancing worker productivity through improved healthcare and education.

The current state of the literature regarding aid's effectiveness is quite mixed. While several studies conclude that aid and growth have a generally positive relationship, much of the literature has produced conditional findings. The seminal work by Burnside and Dollar (2000), for instance, demonstrates that aid can increase economic growth when it is given to countries with good political institutions. Although this finding was challenged by Easterly et al. (2004), other studies have also concluded that aid can be effective when given in a conditional manner. Several studies, however, have sharply challenged this finding that aid has led to economic growth, even if this finding is conditional. These critics argue that aid actually undermines economic performance in that it reduces savings, leads to currency appreciation, and discourages private investment (Radelet 2006). Aid has also been criticized because it is seen as contributing to corruption and perpetuating the rule of autocratic leaders. According to this argument, aid insulates leaders from domestic politics as it allows them to ignore public opinion and utilize aid for personal gains. As a result, it is more difficult for these autocrats to be overthrown domestically and their often incompetent rule is maintained at the cost of achieving positive development results.

Much of this discrepancy in the literature is due to a large degree of variation in the data and methodological specifications of empirical tests of aid and growth. Of particular concern for researchers has been the difficulty of properly modeling the potentially endogenous nature of aid and growth. That is, while aid may be spurring economic development, it is also possible that aid is targeted toward countries with better economic performance. Finding ways to deal with this endogeneity has ranged from using instrumental variables to using a generalized method of moment estimation which is more sophisticated but also more sensitive. Other empirical issues include the amount of time over which aid's impacts are evaluated, the type of aid that should be expected to improve economic growth rates, and potentially nonlinear impacts of aid. As methodological approaches improve, so too will future analyses on aid effectiveness.

## Conclusion

Despite being the subject of an immense amount of research for the past 60 years, there is still much work to be done in terms of understanding foreign aid. In particular, future research must address new political influences that are shaping aid policies. These include the rise of noncore aid, which may substantially alter the operations of multilateral aid agencies. Also of growing concern is the rising prominence of new donors within the aid community. While developed democracies have been the dominant sources of aid donations for decades, non-DAC countries in emerging economies have been providing increasing levels of development aid. Future research should examine both the domestic determinants of this aid and its effects in addressing global poverty. Last, while aid recipients have often been on the outside of decisions regarding aid policies, today they are taking on a more prominent role. With increased calls for cooperation, recipients have potentially more influence over aid policies today than ever before. Whether or not this influence and the actions of both DAC and non-DAC donors can push development further and help in achieving the Sustainable Development Goals (SDGs) before 2030 remains to be seen.

## Cross-References


- ► Economic Development Policy
- ► Foreign Policy in Latin America
- ► Global Ethics


## References


Bueno de Mesquita B, Smith A (2007) Foreign aid and policy concessions. J Confl Resolut 51(2):251–284

Burnside C, Dollar D (2000) Aid, policies, and growth. Am Econ Rev 90(4):847–868
Clay E, Geddes M, Nattali L (2009) Untying aid: is it working? An evaluation of the implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs. Technical report Danish Institute for International Studies, Copenhagen
Dollar D, Levin V (2006) The increasing selectivity of foreign aid, 1984–2003. World Dev 34(12):2034–2046
Easterly W, Levine R, Roodman D (2004) New data, new doubts: a comment on burnside and dollar's 'Aid, Policies, and Growth'. Am Econ Rev 94(3):774–780
Fleck R, Kilby C (2001) Foreign aid and domestic politics: voting in congress and the allocation of USAID contracts across congressional sectors. South Econ J 67(3): 598–617
Hicks RL, Parks BC, Timmons Roberts J, Tierney MJ (2010) Greening aid: understanding the environmental impact of development assistance. Oxford University Press, Oxford
Lumsdaine D (1993) Moral vision in international politics. Princeton University Press, Princeton, Multilateral Aid Report. 2012
Neumayer E (2003) Is respect for human rights rewarded? An analysis of total bilateral and multilateral aid flows. Hum Rights Q 25(2):510–527
Paxton P, Knack S (2011) Individual and country-level factors affecting support for foreign aid. Int Polit Sci Rev 33(2):171–192
Radelet S (2006) A primer on foreign aid. Technical report Center for Global Development
Schneider C, Tobin J (2013) Interest coalitions and multilateral aid allocation in the European Union. Int Stud Q 57:103–114
Tingley D (2010) Donors and domestic politics: political influences on foreign aid effort. Q Rev Econ Finance 50:40–49
Tortora P, Steensen S (2014) Making earmarked funding more effective: current practices and a way forward. Report 1 OECD Development Co-operation Directorate
Woods N (2008) Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance. Int Aff 84(6):1205–1221

# Politics and Bureaucracy

Nathan Favero
Texas A&M University, College Station, TX, USA

## Synonyms

Bureaucratic politics

## Definition

Politics and bureaucracy refers to the role that government bureaucracies play in making policy or resolving political conflicts.

## Introduction

Governments make important determinations about how social resources are to be distributed and how public justice is to be dispensed. While many key governmental decisions are made by traditional political actors – such as presidents, legislatures, and courts – implementation of many policies is carried out by bureaucracies. Implementing policy is often a complicated task, and many government bureaucrats have substantial discretion over implementation decisions, including in policy areas that lack political consensus. As such, bureaucracies are an important actor to examine when considering how political systems operate. Although bureaucrats often play a key role in implementing policy, they may not enjoy the same level of legitimacy as other political actors, particularly in the context of a democracy where bureaucrats may be compared to other officials whom the public has elected. This encyclopedia entry discusses why bureaucracies are involved in political decisions, where bureaucracies fit into the broader policy making landscape, and some ways that bureaucracies can potentially be held accountable in the context of a democratic government.

## Limitations of the Politics-Administration Dichotomy

One simplistic view of bureaucracy attempts to separate administration from politics. Under the politics-administration dichotomy, traditional political actors (legislatures, elected executives, and political appointees) are the arbiters of political conflicts, while government bureaucrats merely administer political programs and make technical judgments based on their expertise (Frederickson et al. 2012). The political actors

determine what values should be pursued and how they should be prioritized, while bureaucrats determine the technical means of pursing those values and priorities. Under this view, public administration is a completely neutral, apolitical activity, and the personal or political values of bureaucrats should not affect their work.

While the politics-administration dichotomy provides an interesting ideal to consider, the division between politics and administration is not a clean one in practice. On the one hand, the details of many political decisions are sorted out within bureaucracies. For example, within constraints given to them by political authorities, public school staff decide how to prioritize various student needs, such as core academic learning, extracurricular learning, socioemotional learning, and even health and fitness needs. At the same time, political actors often write into statute certain administrative determinations regarding which technical means will be used to pursue particular ends. Legislation might require the use of a specific type of screening equipment by airport security officers, or elected officials might effectively prohibit the development and manufacture of a particular type of military equipment by failing to fund it.

Political scientists often use principal-agent theory to conceptualize bureaucratic politics. Viewed through principal-agent theory, legislatures or other traditional political actors serve as principals who enlist bureaucrats as agents to implement policies. The political actors must give bureaucrats some degree of discretion in order for the bureaucrats to be able to effectively implement policies, and the political actors cannot perfectly monitor the behavior of the bureaucrats. Bureaucrats sometimes use their discretion to pursue objectives other than those on which the political actors have agreed. In other words, bureaucrats may decide to use their discretion to allocate resources or prioritize objectives in a manner somewhat inconsistent with formal policy, thereby effectively amending the political decisions of the elected officials.

Even if elected officials could perfectly monitor and control the bureaucracy, bureaucrats would still have to make political decisions in areas where elected officials have not fully resolved political disputes. This cause of political decisions pouring over into the bureaucracy can be described in terms of goal ambiguity, a topic that has received much attention among public administration scholars. Bureaucracies often face substantial goal ambiguity, meaning that political actors do not provide bureaucracies clear direction regarding the goals that they are to pursue. It can be very difficult for political actors to specify (in legislation or otherwise) exactly how they want competing priorities to be balanced. Many policy issues are so complex that it may be impossible to specify goals in enough detail for bureaucrats to always know how various factors should be weighed when facing a decision. Bureaucracies can also face trade-offs that were never foreseen by the political actors originally tasking a bureaucracy with the implementation of a policy, perhaps because of a shock like a technological change. In some cases, political actors may have been unable to agree on how to settle a political disagreement regarding the establishment or prioritization of goals and have thus deliberately left it up to the bureaucracy to resolve such political disputes.

Whatever the cause, a lack of clear direction from political bodies regarding what a bureaucracy should aim to achieve makes it necessary for the bureaucracy to make such political determinations itself. In practice, bureaucracies routinely make decisions that are political in nature, often creating winners and losers in society. Some of these decisions are made at the level of street-level bureaucrats, as when a police officer decides whether or not to issue a citation for a traffic violation. In other cases, higher-level officials within a bureaucracy create or amend rules and procedures for the bureaucracy that inevitable prioritize certain interests over others.

Bureaucracies and their officials can also informally affect policy decisions by attempting to influence elected officials' use of legislation and other forms of policy making. Bureaucratic officials can be called upon to testify before legislative bodies that are considering passing new legislation. Some bureaucracies, such as intelligence agencies, exist in large part in order to provide information to elected officials who are

making policy decisions. These avenues give many bureaucracies a direct means of interacting with elected officials and thereby influencing elected officials' policy making decisions.

## Policy Disputes and Bureaucracies

Given that policy decisions are made within the bureaucracy, who exerts influence over these decisions? One basic framework that can help answer this question describes how various actors affect policy making in the US national government and is known as iron triangles or policy subsystems. An iron triangle consists of three actors – an interest group (or multiple groups), Congress, and a bureaucracy – that contribute to policy decisions in a given policy area. Though iron triangles generally describe policy making at the level of the national government in the USA, similar arrangements with somewhat different actors may be found in other governments.

Interest groups are nongovernmental entities that have an interest in the outcome of bureaucratic policy decisions and that actively work to promote their interests to government officials. In the context of a regulatory bureaucracy, the interest group is usually the industry being regulated. Policy capture refers to bureaucratic decision-making that is heavily influenced by an interest group, with the interest group typically being the regulated industry. In its most extreme form, policy capture implies that the industry so dominates the bureaucratic policy making process that a regulatory agency serves to benefit the interests of the regulated industry at the expense of other social interests. The existence of a "revolving door" whereby individuals easily move between jobs within the bureaucracy and jobs within the interest group can facilitate policy capture. If bureaucratic behavior that is favorable toward the industry improves a bureaucrat's future prospects of obtaining a desirable job in the industry, revolving doors produce incentives for bureaucrats to favor the regulated industry's interests.

Under the framework of iron triangles, Congress also plays an important role in forming policy. Since iron triangles form around specific policy areas, the most frequent congressional participation in a policy area occurs at the level of congressional subcommittees. These subcommittees serve in an active oversight role with regard to the bureaucracy, and their staff are generally specialized experts in the policy area of their subcommittee. Subcommittees hold formal authority with regard to initiating legislation, but they also hold informal power over bureaucracies. Since Congress plays a central role in allocating resources to bureaucracies through the budgeting processes, bureaucracies have an incentive to demonstrate to their subcommittees that they are effectively achieving objectives that are important to current members of Congress. Furthermore, the hearings and investigations that subcommittees conduct present opportunities for potential embarrassment of bureaucratic officials. Bureaucrats who are concerned about their professional reputations will likely want to develop a favorable relationship with the subcommittee that oversees them in order to minimize the chances of experiencing public embarrassment or criticism from the subcommittee.

The third actor in the iron triangle is the bureaucracy. As they make decisions, bureaucrats may be motivated by a combination of various factors such as organizational pressures, personal values (including a desire to serve the public), and professional norms. The selection of bureaucrats to fill positions in a bureaucracy can influence how that bureaucracy behaves. For example, a bureaucracy that fills positions using a patronage system will likely make decisions more in line with the political values of the lead executive (or whoever has appointed them) than a bureaucracy operating in a civil service system. Bureaucracies that hire individuals belonging to strong professions would be expected to make policy decisions that usually align with the values and ethical standards of those professions.

Just as industry profits often motivate interest group behavior and as reelection concerns can drive elected officials' actions, self-interest can affect how bureaucracies navigate their surrounding political environment. Individual bureaucrats may be motivated by career concerns, including

opportunities for promotion or job security. At an organizational level, the incentives employees within the bureaucracy face with regard to promotion or other desirable career outcomes can affect policy decisions. If individuals are rewarded for taking risks, risky policies are more likely to be adopted. If bureaucrats have strong job security, they may be more willing to pursue unpopular policy positions. Collectively, a bureaucracy is expected to be motivated by a desire for greater autonomy and resources.

In order for a bureaucracy to gain autonomy and resources, it will need support from the other actors in the policy subsystem. As such, the bureaucracy must actively engage with these other actors to achieve its own interests. The political power of individual bureaucracies can vary considerably depending on factors such as their knowledge, cohesion, and leadership (Meier and Bohte 2007; Rourke 1969). A bureaucracy with multiple political principals (e.g., an executive power, a legislature, and a court system) may be able to strategically play the principals off one another or strategically align itself with one to advance its own preferred policies. Or a bureaucracy may turn to interest groups, relying on their backing to strengthen their appeal for resources or changes in legislation. Selznick's (1949) classic work on the Tennessee Valley Authority (TVA) clearly illustrates the manner in which bureaucracies can function as political actors in their broader environment. The TVA adopted a set of policy positions in order to retain support from specific interest groups who could help the TVA ensure sufficient political will to pursue certain policy goals that were of interest to the bureaucracy.

## Democracy and Accountability for the Bureaucracy

Within a democracy, the role unelected bureaucrats play in making important political decisions is potentially problematic from the standpoint of accountability. Issues of democratic accountability within the bureaucracy have been approached using two broad perspectives. The first perspective assumes that bureaucracies uphold democratic norms when they enact policy that is consistent with the wishes of elected officials. Since bureaucrats are able to exercise discretion and elected officials are not able to perfectly observe all actions of bureaucrats, bureaucratic activity will not perfectly conform to the will of elected officials.

Nonetheless, multiple mechanisms might push bureaucratic activity toward alignment with the wishes of elected officials. Specifically, several blunt tools enable elected officials to exercise a measure of control over implementation. Elected officials often conduct reviews of bureaucratic policies – as in US Congressional committee hearings – which provide opportunities to gain information about what a bureaucracy is doing, to communicate what elected officials want from the bureaucracy, and to publicly embarrass or praise bureaucratic officials for what their organization is doing. Political actors can also manipulate a bureaucracy's personnel makeup through rules or political appointments, manipulate funding to punish or reward bureaucracies, and strategically adopt administrative procedures such as requirements for public comment periods before bureaucracies impose new regulatory rules (McCubbins et al. 1989). In some cases, there may be multiple government agencies that could reasonably be tasked with implementing a given policy, and elected officials may choose whatever agency has norms or expertise most consistent with the desired policy objectives. Or a new agency might even be created to implement the policy.

Another reason that bureaucracies might enact policies consistent with the wishes of elected officials is that members of the bureaucracy might voluntarily defer to elected officials, perhaps as a result of bureaucratic norms regarding administrative responsibility (Finer 1941). Bureaucrats may believe that they have a moral or social obligation to defer to elected officials with regard to the values and priorities that direct the bureaucracy's activities. Even if some individual bureaucrats do not personally hold this conviction, broader organizational norms might form that encourage all employees to act out of deference to elected officials.

Whether examined through the lens of voluntary submission or top-down control, works adopting this first broad perspective often emphasize (sometimes implicitly) bureaucratic alignment with elected officials' preferences as a means of furthering democratic ideals. A major challenge to this perspective is that elected officials do not always direct bureaucracies to act in a manner that is consistent with the will of the electorate. Procedures that make it easier for the public to observe what goes on within a bureaucracy may mitigate this concern by facilitating the public's ability to hold elected officials responsible for how they oversee bureaucratic activity (Wood and Waterman 1994).

A second strand of scholarship adopts a perspective which assumes that bureaucracies can carry out policy decisions that are consistent with democratic norms independent of submission to elected officials (Gruber 1987). A policy created by unelected officials might derive a democratic character from the bureaucracy's direct responsiveness to public policy preferences. If individuals within a bureaucracy care about public perceptions of the bureaucracy, they might have an incentive to respond directly to public opinion, particularly on issues that garner substantial public attention. Greater transparency regarding bureaucratic activities may facilitate accountability by allowing the public more opportunity to evaluate and express concerns about political decisions made within the bureaucracy. In some cases, complaints or public demonstrations might alert bureaucrats to public sentiments and compel them to act in a particular manner. Some interest groups may pressure bureaucracies to adopt policy positions that align with the broader will of the public. Bureaucracies can also formally engage the public through practices such as participatory budgeting, solicitation of public comments, or citizen surveys.

Some scholars have argued that it is possible for unelected bureaucrats themselves to serve as representatives of the people in some sense. Representative bureaucracy theory suggests that a bureaucracy with personnel who demographically mirror the public will tend to make decisions that account for broad public interests. Under this theory, individual bureaucrats are seen as representatives of members of the public who share one or more demographic characteristics. Whether bureaucrats actually act in a manner that serves to benefit members of the public who share their own demographic characteristics appears to depend on multiple factors, such as the organizational environment and the salience of a given demographic characteristic to the policy area in which the bureaucrats work.

## Conclusion

Bureaucracies play an important role in politics. Without them, government as we know it could not function. Yet bureaucracies occupy a somewhat unusual space in democratic governments given that they operate with the force of government but are run mostly by officials who were not elected to office. The manner in which bureaucracies intersect with political conflicts constitutes an important topic of study both for students of political systems and for students of public administration. Without looking at the bureaucracy, one cannot know how political decisions will actually be implemented on the ground. And without considering politics, it is impossible to fully evaluate the implications of bureaucratic functioning for society. Bureaucratic politics is not easy to study or measure, but several important insights can be taken from existing work on the topic. First, the outcomes of policy programs often depend on who is hired to implement the programs. Second, institutions that dictate relationships among bureaucrats, interest groups, and legislatures will affect policy decision-making in significant ways. Third, personnel policies that change the incentives of bureaucrats can affect how bureaucrats make political decisions. Fourth, the accountability of bureaucracies to more traditional political actors is limited; specific structures that enhance transparency or facilitate direct accountability of bureaucracies to the public may mitigate such concerns. Finally, bureaucracies may have to resolve big political conflicts when other political institutions neglect to do so; legislatures and heads of government that are unable or unwilling to resolve aspects of key political conflicts

sometimes give vague mandates to bureaucracies that require them to act without clear political direction. If bureaucracies lack the level of legitimacy that other political institutions enjoy, it may be beneficial to create structures that encourage more traditional policy making institutions to more fully resolve political conflicts.

## Cross-References

► Administrative Discretion

## References

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1(4):335–350
Frederickson HG, Smith KB, Larimer CW, Licari MJ (2012) The public administration theory primer, 2nd edn. Westview Press, Boulder
Gruber JE (1987) Controlling bureaucracies: dilemmas in democratic governance. University of California Press, Berkeley
McCubbins MD, Noll RG, Weingast BR (1989) Structure and process, politics and policy: administrative arrangements and the political control of agencies. Va Law Rev 75(2):431–482
Meier KJ, Bohte J (2007) Politics and the bureaucracy: policymaking in the fourth branch of government, 5th edn. Thomson Wadsworth, Belmont
Rourke FE (1969) Bureaucracy, politics, and public policy. Little, Brown and Company, Boston
Selznick P (1949) TVA and the grass roots: a study of politics and organization. University of California Press, Berkeley
Wood BD, Waterman RW (1994) Bureaucratic dynamics: the role of bureaucracy in a democracy. Westview Press, Boulder

# Politics and Collaboration

Brian Shreck
Texas Tech University, Lubbock, TX, USA

## Synonyms

Civic engagement; Comanagement; Cooperation; Public participation; Stakeholder partnership

## Introduction

For many, the word "collaboration" probably conjures some image of multiple parties working together to achieve some mutually desired end, a shared effort to achieve a goal in which each party has a shared stake. Indeed, this is largely consistent with what we talk about when we discuss collaboration in the context of public administration and public policy. Very broadly speaking, in public management, policymaking, and governance, collaboration is often used as a tool for organizing the efforts of multiple groups or individuals working together in a manner that is typically cooperative and deliberative, as opposed to adversarial and hierarchical. Choosing the exact terminology here can be problematic because there are so many different terms that have been used in the literature to describe collaboration in the context of governing. Common terms represented in the literature might include, collaborative governance/management, networked government/management, comanagement, cooperative federalism, negotiated regulation (RegNeg), stakeholder partnership, participatory governance, civic engagement, and others too numerous to name here.

Similarly, there are as many theoretical frameworks for defining and explaining the dynamics of collaboration as there are unique terms. Thus it would not be possible, or even useful, to recapitulate all of these varied frameworks here. With that in mind, this entry will focus on a very broad survey of the diverse ways in which collaboration is constructed in practice and in scholarship, drawing from a few of the most common models in the literature, and distilling them into a broad framework that will serve as a basic introduction to the topic while providing some possible directions for further reading for those who wish to gain a deeper understanding.

The next section outlines the background of collaboration in public administration and policy, situating it within the broader context of the tension between bureaucracy and democracy, highlighting the proliferation of collaboration in the literature over the past few decades and briefly introducing the theoretical frameworks that produced this movement, as well as the movement's

underpinnings in democratic theory. That section will be followed by one that explores the structure and dynamics of collaborative frameworks, focusing on questions related to who participates and how decisions are made.

## Background and Basic Framework of Collaboration in Politics

Collaborative governance, policymaking, and management have proliferated in both the practice and scholarship of public administration over the past 20–30 years. Indeed, many argue that collaboration constitutes the new paradigm in democratic governance, particularly regarding regulatory policymaking, pointing to claims that collaboration has greater democratic legitimacy than the top-down, command-and-control alternatives. This is certainly true in particular policy subsystems, such as endangered species habitat management, which is now done almost entirely through collaborative partnerships between the federal government, state and local governments, private land owners, and conservation interest groups. The classic command-and-control style of regulating issues such as environmental and natural resources policy has long caused consternation among scholars and practitioners concerned about the consequences for democracy of unelected administrators exerting influence over matters of public policy (see, for example, Wilson 1991). At the core of collaborative concepts is the goal of uniting diverse groups of stakeholders – sometimes from historically opposing interests – to make public policy or manage public programs and resources in a way that is more cooperative and less coercive than traditional top-down command-and-control approaches through deliberative consensus building. The collaborative approach is frequently employed in an attempt to solve "wicked problems." Rittel and Webber (1973) coined this term to describe their view that nearly all social problems are inherently different from scientific or technical problems and thus cannot be solved in the same ways. Wicked problems are those that can neither be neatly defined nor objectively solved. In contrast to "tame problems," such as mathematical equations and engineering tasks, public policy problems are subject to multiple definitions and interpretations by multiple interested parties, making the identification of objectively correct resolutions impossible.

The nature of these types of thorny, complex problems in which varied interests are involved is that they frequently result in stalemate between the interested parties. In environmental and natural resources problems, for example, the result is frequently a prisoner's dilemma, or a scenario in which perverse incentives to overuse or fail to protect the resource prevail. Garrett Hardin (1968) famously decried the resultant depletion of resources as the "tragedy of the commons." He illustrated this point with an example of a common grazing field on which a group of local shepherds graze their sheep. Each shepherd is allowed to graze a particular number of sheep on the commons, and if each farmer complies with this agreement, the commons will be sustainable. However, without monitoring and strict enforcement, each shepherd has an incentive to graze additional sheep so long as she believes she will not be caught and punished. The result is that all of the farmers overgraze the commons and it is quickly destroyed, rendering it useless. Hardin, and contemporaries such as William Ophuls (1977), argued that the only means for preventing the tragedy of the commons was for central governments to implement rigid, top-down resource use regimes and to enforce them with their monopolies on the use of force. Implicit in these arguments are assumptions about human nature that have their roots in early modern political thought, particularly the social contract theory that emerged from the work of the English philosopher Thomas Hobbes, who argued that strong central sovereign authority is essential to avoiding perpetual violent conflict.

However, more recent influential work in political science and economics has challenged these assumptions by showing that there are alternative methods of breaking the stalemate of the prisoner's dilemma that do not rely – or do not rely directly – on central authority. This work, which proceeds from two major theoretical frameworks

in political science, has been the impetus for the collaborative revolution in public policy, administration, and management. First, Elinor Ostrom challenged Hardin in her influential book, *Governing the Commons* (1990), in which she argues and shows empirically that when small groups of users of common pool resources – such as Hardin's grazing commons – communicate, deliberate, and make credible commitments, they can form self-enforced agreements that manage the resource sustainably in everyone's best interest, without resorting to the necessity of the state to maintain order through threat of force. This work resulted in a theoretical framework that is used to analyze the structures and rules of the institutions that such agreements produce. This Institutional Analysis and Development (IAD) framework has served as the basis for much of the theory on stakeholder collaboration. For a more thorough review of the IAD framework, readers might refer to Ostrom (2007).

The other body of theory in which much of collaborative theory is based is the Advocacy Coalition Framework (ACF) developed by Sabatier and Jenkins-Smith (1993), which explains policy change over long periods of time as a process of learning and as a negotiated process among varied stakeholders inside a policy subsystem. ACF theory, particularly its components that have most heavily influenced scholarship on collaboration, is deeply rooted in the literature on alternative dispute resolution. One of its core elements is the idea of getting away from the idea that any dispute between opposing stakeholders is a zero-sum game, in which one player's gain necessarily comes at the loss of the other.

While these two main frameworks have guided much of the empirical work that has been done on collaboration, the popularity of collaborative governance also grows out of the deliberative democracy movement in political theory (e.g., Sabel et al. 1999). Again this harkens to apprehension over the power of the bureaucracy in democratic governance and an effort to build democratic legitimacy into the process. For deliberative democrats, opportunities for citizens and stakeholders to participate in the process of governing in a way in which all reasonable voices are heard and no one individual or group dominates the process comprises the cornerstone of democratic legitimacy (see, for example, Dryzek 2000; Fishkin 1991). Collaboration, with its deliberative, participatory component, meets this criterion for these advocates of deliberative democracy. Where collaborative theory is influenced by more general democratic theory, however, it places an emphasis on the outcomes of collaboration and is critical of an approach that focuses on consensus as a goal in itself. It is also worth noting, however, that collaboration became popular amid the early 1980s conservative backlash and the Reagan era of American conservatism. As Layzer (2012) points out, American conservatives define themselves in opposition to the government intervention in markets that characterizes New Deal liberalism, preferring instead to align themselves with neoliberal principles that emphasize market-based solutions to public problems.

While collaboration has been most studied, and perhaps most used, in the setting of environmental policymaking and administration, such as local watershed management and other natural resources issues (e.g., Heikkila and Gerlak 2005; Leach et al. 2002; Lubell 2004; Thomas 2003), it has also been studied in many other substantive contexts. Agranoff and McGuire (2003) study public-private collaboration over local and regional economic planning. Nicholson-Crotty and O'Toole (2004) study the use of interagency collaboration in law enforcement. Provan and Milward (1995) study local and regional collaborative networks for the provision of mental health services. And these are just a few examples selected to illustrate the diversity of the policy arenas in which collaboration has been both used as a practical tool and analyzed by public administration and policy scholars.

## The Structure of Collaboration: Who Participates and How?

Who participates in a collaborative governance endeavor varies greatly depending upon the context of the particular arrangement. In fact, some scholars of collaboration even define collaborative

governance in ways that are contingent upon who is participating or who initiates the collaboration. For some (i.e., Ansell and Gash 2008), collaborative governance exists when one or more governments – or government agencies – engage with one or more nonstate stakeholders in an effort to make policy or manage public goods. By contrast, others (i.e., Emerson et al. 2011) do not make assumptions about who initiates the collaboration or who participates, instead articulating a much broader definition that might include nearly any combination of public and/or private parties.

In addition to variation in the composition of collaborative governance endeavors, there is also a great deal of variation in the structure of collaborative arrangements. This variation can be seen in the level of formality of the connections between various actors, the level of institutionalization that binds the actors together, and the level of formality of the outcomes. In some cases, the goal is to produce a decision that will have the force of law. In other cases, the outcome might be a legally binding contract between the involved parties. Alternatively, sometimes the agreement might be much less formal, backed by little more than a handshake, mutual trust, and perhaps some self-monitoring and self-enforcement mechanisms. Stakeholder collaboration in practice ranges from very informal collectives of interested parties coming together, as in a local watershed partnership or irrigation cooperative, to highly formal and institutionalized partnerships between federal agencies, state and local agencies, and various interest groups, such as in habitat conservation planning under the Endangered Species Act. With this kind of diversity in collaboration, it is easy to see why the field has struggled to produce one, integrative framework that explains it in all its forms.

However, one common element between nearly all collaborative governance endeavors is an agreement among stakeholders that the status quo is no longer tenable and that multiple perspectives must be taken into account in determining a solution in order to move beyond adversarial processes and produce an outcome that is acceptable to all relevant parties. This desire to set aside antagonistic relationships in order to build consensus incentivizes groups to compromise and make concessions in order to build consensus because one dissatisfied party can choose to affect the process from the outside by bringing litigation against the other parties. This is why the alternative dispute resolution (ADR) movement, which was built on the concept of resolving conflicts through mediation, has been so influential in the study and practice of collaboration (see Emerson et al. 2003).

Therefore, like any other attempt at policy change, attempts at collaborative governance begin with a problem, debates and negotiations over the definition of the problem, and a consensus that a change from the status quo is necessary, even if not all parties initially agree on what form that change should take. The next stage in the process is typically to identify all relevant stakeholders and invite them to participate in the collaboration. There are, of course, a few practical concerns here. First, there are practical limits to the number of individuals and groups that can effectively negotiate together. It is easy to imagine, for example, that there might be literally hundreds of individuals and groups that might wish to have a say in the crafting of something like a regional habitat conservation plan that will have important implications for the preferences of all sorts of people and groups, including local governments, conservationists and nature lovers, individual landowners, construction firms and other contractors, realtors, public interest advocates across the political spectrum, scientists, educators, and countless others. It is easy to see that a negotiation process among this many varied stakeholders could quickly become unwieldy and collapse under its own weight. For this reason, in practice individuals and groups are often chosen as representatives of broader interests, much in the same way that elected officials are chosen to represent the interests of larger constituencies. However, often in these situations efforts are made to ensure that all relevant interests are represented, for fear that a dissatisfied group that feels its voice was not heard might bring litigation against the final decision.

This of course comes with one important caveat. Groups and individuals deemed to be

unreasonable are frequently intentionally sidelined. If a group is perceived as being unwilling to compromise or as making unreasonable demands, its participation will likely not be invited. One of the driving forces that is frequently listed as an important determinant of collaboration in analyses in the literature is the history of the relationships between the actors, which of course is a leading factor determining the level of mutual trust between them. Trust has been theorized to be one of the most important variables in fostering an environment in which successful collaboration can take place (e.g., Heikkila and Gerlak 2005; Lubell 2004). In addition to historical relationships between actors, other factors also determine this level of trust, such as norms of consensus, beliefs that the process is fair, and a belief that a failure to cooperate would result in mutual stalemate (Leach and Sabatier 2005). So, groups and individuals join a collaborative effort when there is some baseline of trust that the other parties are negotiating in good faith, that the process will be fair, and that their voices will be heard, and those who are perceived as not being able to live up to these requirements are frequently left out.

Another important component of collaboration that has received a great deal of attention is the role of scientific information in defining problems and evaluating alternatives (Heikkila and Gerlak 2005). In order to solve any policy problem one must first understand its causes. Similarly, in order to weigh alternatives for action one first needs to understand their effects. Scientific data thus constitute an integral part of any policy or management decision. The role of science features particularly prominently in studies of collaboration because one of the chief complaints about the classical regulatory approach leading to the proliferation of collaborative alternatives was that it lacks the flexibility to incorporate ecosystem-specific scientific data into the policymaking and management processes. Scholars of collaboration have shown that scientific information spurs policy action through increasing concurrence on problem salience (Heikkila and Gerlak 2005). In other words, good technical information helps stakeholder partners broadly agree on the importance of the problem at hand.

## Conclusion

Collaboration has been an important tool for solving difficult social and political problems over the past few decades. Going forward into the future, its usage is likely to increase and broaden as more public and private stakeholders in all policy arenas seek new options for breaking old policy stalemates and solving new and increasingly complex problems. Collaboration can often be a useful tool for bringing varied interests together to work cooperatively and deliberatively to come up with solutions to problems on which the same parties have historically disagreed.

In the literature on collaboration in public administration and policy one will find dozens of different very specific definitions of collaboration and other terms meant to connote collaboration. One will find as many frameworks for describing how collaboration emerges and how the internal dynamics of a collaboration work. Covering all of these in any detail would be beyond the scope of this brief entry. Thus this entry has provided a brief introduction to the concept of collaboration and how it has been applied to public policy and administration problems. Ultimately, in the broadest sense, collaboration in this context is what occurs when multiple individuals or groups from various perspectives come together in a process that is deliberative, in which everyone has a voice and no one group or individual is dominant, and which seeks to find a consensus solution that all can live with. There are various forms that this might take in practice, ranging from very informal to highly formalized and legalistic. And there are sometimes limits placed on who is invited to participate and at what level. Who is invited to participate will be determined by multiple factors, including who might take legal issue with the final decision, historical relationships and mutual trust between parties, perceived levels of reasonableness of an individual or group's demands, and efforts to appoint certain groups or individuals as representatives of a broader constituency with similar interests. Participants then deliberate and debate about the problem, possible alternatives for solving the problem, and the interpretation of scientific and technical data. For further reading

on collaboration, or for a deeper treatment of any particular theoretical framework of collaboration, the reference list below would be a useful place to begin.

## Cross-References

- ▶ Bureaucracy and Democracy
- ▶ Community-Based Organizations
- ▶ Conflict Dynamics
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Issue Networks: The Policy Process and Its Key Actors
- ▶ Organizational Collaboration
- ▶ Policy Networks as a Form of Governance
- ▶ Politics and the Environment

## References

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Ansell C, Gash A (2008) Collaborative governance in theory and practice. J Public Adm Res Theory 18: 543–571

Dryzek JS (2000) Deliberative democracy and beyond: liberals, critics, contestations. Oxford University Press, Oxford

Emerson K, Nabatchi T, O'Leary R, Stephens J (2003) The challenges of environmental conflict resolution. In: O'Leary R, Bingham LB (eds) The promist and performance of environmental conflict resolution. Resources for the Future, Washington, DC

Emerson K, Nabatchi T, Balogh S (2011) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29

Fishkin JS (1991) Democracy and deliberation: new directionsn for democratic reform. Yale University Press, New Haven

Hardin G (1968) The tragedy of the commons. Science 162(3859):1243–1248

Heikkila T, Gerlak AK (2005) The formation of large-scale collaborative resource management institutions: clarifying the roles of stakeholders, science, and institutions. Policy Stud J 33(4):583–612

Layzer JA (2012) Open for business: conservatives' opposition to environmental regulation. The MIT Press, Cambridge, MA

Leach WD, Sabatier PA (2005) To trust an adversary: integrating rational and psychological models of collaborative policymaking. Am Polit Sci Rev 99(4): 491–503

Leach WD, Pelkey NW, Sabatier PA (2002) Stakeholder partnerships as collaborative policymaking: evaluation criteria applied to watershed management in California and Washington. J Policy Anal Manage 21(4):645–670

Lubell M (2004) Collaborative watershed management: a view from the grassroots. Policy Stud J 32(3):341–361

Nicholson-Crotty S, O'Toole L (2004) Public management and organizational performance: the case of law enforcement agencies. J Public Adm Res Theory 14:1–18

Ophuls W (1977) Ecology and the politics of scarcity: prologue to a political theory of the steady state. W.H. Freeman and Company, San Francisco

Ostrom E (1990) Governing the commons: the evolution of institutions for collective action. Cambridge University Press, New York

Ostrom E (2007) Institutional rational choice: an assessment of the institutional analysis and development framework. In: Sabatier PA (ed) Theories of the policy process. Westview Press, Boulder

Provan KG, Brinton Milward H (1995) A preliminary theory of interorganizational effectiveness: a comparative study of four community mental health systems. Adm Sci Q 40:1–33

Rittel HWJ, Webber MM (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169

Sabatier PA, Jenkins-Smith HC (eds) (1993) Policy change and learning: an advocacy coalition approach. Westview Press, Boulder

Sabel C, Fung A, Karkkainen B (1999) Beyond backyard environmentalism: how communities are quietly refashioning environmental regulation. Boston Rev

Thomas CW (2003) Bureaucratic landscapes: interagency cooperation and the preservation of biodiversity. The MIT Press, Cambridge, MA

Wilson JQ (1991) Bureaucracy: what government agencies do and why they do It. Basic Books, New York

# Politics and Crisis Management

Neal Turpin
University of Louisville, Louisville, KY, USA

## Synonyms

Administration; Democracy; Government

## Definition

Crisis management is the process by which a government agency works to avoid crises or

events which may be harmful to the organization or to the public at large and works to mitigate the effects of any crises which may occur.

## Introduction

When crises occur, it is natural for citizens to look to political leaders to help solve the issues quickly and effectively. When disaster strikes, governments often have tools and resources available that most other organizations or individuals do not, and we like to think that the government will be there for a community in its time of need. The government is the best way to solve issues that require collective action, including managing a crisis situation. When something goes wrong, governments can do more to solve the problem than any other entity. However, this process is not always as simple as it may seem, and any action taken by a government in response to a crisis has to be viewed through a political lens.

Any form of crisis, whether it is economic, military, or environmental, can have political ramifications. Because of this, any situation has the potential to be used for political gain and can cause political actors to make decisions that may have as much to do with political concerns as they do with the public good. There is a theoretical aversion to this line of thinking, rooted in the idea of a dichotomy between politics and administration. When a natural disaster occurs, most people would like to imagine that politics will take a back seat to resolving the crisis quickly and safely. After all, when a tornado hits a town, there is not a Republican or Democratic way to rescue people trapped under debris. However, this mindset drastically underestimates the desire for political actors to maintain control.

## Political Ramifications of Crises

A crisis can rapidly define or redefine a politician's image. Handling it well can instantly improve one's reputation, elevate a leader in the eyes of citizens, and potentially lead to more power or a higher office. Following the incident at the Three Mile Island Nuclear Station, Pennsylvania Governor Dick Thornburgh's approval rating skyrocketed. He was seen as having stayed calm, effectively leading emergency management operations, and raising money for cleanup efforts (Fink 1986). After the attacks on September 11th, President George Bush's approval ratings topped 90% due to his reaction to the disaster. John F. Kennedy came across as an international power player for his handling of the Cuban Missile Crisis. These leaders gave the appearance of stability to an uncertain public, and they benefitted politically because of it.

On the other hand, poor handling of a crisis can derail a politician's career. For example, a poor response to the 1969 Blizzard in New York by Mayor John Lindsay is commonly thought to have hurt his career and crippled his 1972 presidential bid. George W. Bush's administration suffered greatly from its bungled response to Hurricane Katrina. Because mishandling a crisis can have such negative effects, politicians have a great incentive to make sure contingency plans are in order and the public sees them as being prepared for whatever crisis may come up.

But leaders do not only have to concern themselves with the public's reaction. While citizens look to leaders to help solve crises, political opponents look to capitalize on them (Boin and 't Hart 2003). Crises can show the need for reform or improvement in a government organization, which can imply that the status quo is problematic. In a crisis, opponents can blame current leaders for any issues that have arisen during their tenure. This can make those in power look inept and put forth the opposition as ones who can solve or prevent future problems. If a current leader has issues that led to a crisis, a new leader may be required to come in and clean house. Because of the level of blame ready to be heaped upon those in power, it requires not just a ready response after a crisis has occurred, but enough preventative measures to show that officials were not caught off guard and had done everything possible to mitigate the effects.

## All Crises Are Political

There are many types of crises that can affect a society. Some of these are inherently political in nature. When a corrupt politician mishandles public funds or when political pressures result in innocent people being arrested, there is very clearly a political connection and political outcomes. Political scandals and corruption, while not always life threatening, are crises nonetheless. They can result in a breakdown of the system of government, causing other functions to suffer. Political issues must be managed in order that political structures do not collapse.

Throughout history, political crises have resulted in dramatic changes to the way people are governed. The Watergate scandal, for instance, was a fundamentally political crisis. No lives were ever at risk, yet it led to the resignation of both the president and vice president and caused an unprecedented lack of trust in the government. In the 1780s, Shays' Rebellion highlighted problems with the Articles of Confederation and showed the need for the Constitution. In the 1800s, a nationwide system of corrupt party bosses in cities helped to usher in the Progressive Era.

Other types of crises, though not fundamentally political in nature, still have major political implications. Economic crises are not strictly political in nature. Often they result from private action, a change in consumer preference, or simply a bad year for a crop. Still, politicians are typically held accountable. When campaigns promise jobs and economic growth, it is damaging when those things don't happen. Inflation rates, interest rates, growth rates, tax rates, and unemployment rates are all political issues. Rising unemployment can be a sign that a party's economic policies are misguided and could hurt them on election day, whereas broadly felt economic growth can solidify a politician's or party's hold on political power.

Many environmental crises have direct political causes and effects. How to handle climate change, for example, is a contentious issue. Though the issue itself is firmly rooted in science, dealing with it places it squarely in the political arena. Some would argue that the government should regulate certain industries or products or that taxes be used as a deterrent force. Measuring economic concerns against environmental concerns is a value decision common in the realm of politics. When natural disasters strike, elected leaders are often measured on the quality of their response, as well as what measures were in place beforehand. Were tornado sirens functional? Were shelters well supplied? How coordinated was the response by emergency workers?

Infrastructure problems are another source of political crises. The 2007 collapse of a bridge in Minneapolis and the ongoing water crisis in Flint, Michigan had serious political implications. Political blame abounded over who was responsible for funding, inspecting, and maintaining these systems.

Often multiple types of crises can combine to form a much larger crisis. Hurricane Katrina is a prime example. The storm caused infrastructure to fail and led to the flooding of New Orleans. The government's disastrous response further compounded the issue, which not only resulted in the deaths of hundreds in New Orleans alone, but was politically devastating to the Bush administration.

## Crisis Avoidance for Politicians

To a large extent, avoiding crises means taking steps toward preparation and maintenance of current systems. Inspecting flood walls, running drills, and doing routine infrastructure repairs can greatly reduce the damage inflicted by an environmental- or infrastructure-based crisis. Smart tax and finance policies and attracting a diverse yet stable employment base can safeguard a region against economic crises.

Politicians (executives and legislators alike) should concern themselves with crisis avoidance procedures. If a congressional oversight committee misses key warning signs, it could be disastrous both to those affected and to the legislators themselves. If an executive is not prepared when a crisis hits, they can lose political capital instantly.

Avoiding crises seems like a goal all politicians could get behind. However, this is often not the

case. Differing political views can create values conflicts. Various ideologies may support funding to avoid a natural disaster or a military crisis. Some may see infectious diseases as an issue that needs to be addressed quickly, while others would prefer to focus on averting an economic crisis. While avoiding a crisis may be theoretically desired, debating which crises are seen as the most pressing often results in heated battle for funding, resources, or political attention.

When leaders do have the ability to plan for a crisis, it is important that they do so in the right way. Irving Janis (1983, 1989) discusses heavily the processes by which leaders make their decisions. Leaders who have oversimplified views of a crisis situation or the potential for a crisis situation may make bad choices. Leaders may make impulsive or emotionally based decisions, which often do not work out. Leaders may succumb to social pressure in pursuing a specific policy when evidence and expertise indicate another route should be taken.

Groups are the usual way to counteract the limits of an individual. Having a panel of experts or a brain trust can show the willingness of a politician to accept help and advice and is usually positive. Many decisions are too important to mess up, and more ideas and points of view can add value to a discussion and be the difference between a good outcome and a negative one. But groups also have their shortcomings, including a lack of vigilance, an overestimation of the group's power or morality, and a pressure toward uniformity. Having a panel of "yes-men" is as likely to do more harm than good. Politicians need advisors who are willing to tell the truth, even if it conflicts with the opinions of the rest of the group or its leader.

But even leaders who are open minded can fall victim to faulty intelligence or just plain bad luck. A storm that intensifies despite all available weather forecasts can wreak havoc. Unexpected turmoil overseas can send domestic markets tumbling. Even with the best efforts of political leaders, crises can still occur.

Constant tests, drills, and training sessions are vital to ensuring that a response is effective. They also protect politicians from charges of negligence in the event of a crisis. Before a crisis, these steps may seem like a waste of time or an annoyance. The noise involved in testing civil defense sirens and emergency alert systems may frustrate the public, but the danger of them not functioning properly is much greater. In addition, knowing that preventative steps are being taken can calm the nerves of the public. If snow is in the forecast, seeing that roads are being pretreated can prevent a rush to the grocery for food.

However, while preparation is important, these actions are not at all glamorous politically. It is much more politically beneficial for a politician to dedicate a new bridge than to maintain an old one so it doesn't collapse. When politicians leave office, they often point to visible accomplishments. Improving a city's infrastructure rating is rarely noticed, but perhaps more important. And few citizens will remember if a crisis didn't happen. People will not look back fondly on the economy not collapsing or a flood being averted. This may be why many areas are unprepared and so much infrastructure is in such bad condition.

## Political Action During a Crisis

Even if every possible step has been taken to avoid a crisis, they will still occur. When a crisis happens, how a politician handles it can not only determine their political future but also determine how extensive the damage from the crisis becomes. To begin, political leaders must first decide if something is a crisis or simply an isolated, temporary, or small-scale event. Not every snow storm or market fluctuation represents a full-blown crisis, and responding to every event as if it were can strain resources and leave people with a false sense of security when a real crisis occurs. This decision must be made quickly, however. A delayed response can be disastrous and make politicians look unprepared, unobservant, weak, or scared to act.

Leaders must also communicate with citizens honestly without leading to panic. Showing that government agencies are prepared to handle a situation can prevent a small crisis from turning

into a full-blown emergency. Government responsiveness and communication should be shown before, during, and after a crisis has occurred.

One of the most important things a politician can do is to be involved. When leaders are on the front line, coordinating responses, and working with other agencies, it will drastically improve the impression that citizens have of them. Being involved shows that political leaders care and that they understand or even share in the suffering of the community. Politicians who are not involved run the risk of appearing indifferent, which can weaken their standing in the community and give support to political opponents in subsequent elections. Leaders should not get in the way, however, unless of course a politician is a trained emergency responder.

Politicians should also be aware that no emergency plan will ever be totally sufficient for a crisis. There will always be unforeseen circumstances which will require some degree of flexibility. Having alternate routes for emergency vehicles to travel after a tornado or having a rainy day fund for unexpected expenses can give a plan just enough adaptability to handle a problem.

In a crisis, it may be difficult for one person to take charge completely because issues are now so complex. Politicians must be able to work together to solve a problem. While this sounds straightforward enough, political considerations often prevent opposing politicians or political parties from effectively cooperating. Deciding who will receive credit can not only result in bickering between parties but slow down any response, needlessly drawing out a crisis situation. While political concerns may motivate leaders to act quickly, those same concerns may prevent leaders from acting together.

## Political Concerns After a Crisis

In a political context, what happens after a crisis can be as relevant as what happens during one. There can be much to learn from a crisis, and learning what went wrong can lead to improvements and better outcomes in the future. Still, many difficult questions must be answered. What crisis prevention mechanisms worked well? Which ones did not? Were there warning signs missed? Was this a system breakdown, human error, or simply bad luck? While these questions are important for all involved, they are of particular concern for politicians, who are likely to deal with accusations and blame from political opponents. Following large crises, there are likely to be official investigations or hearings. Figuring out what happened and why can help deflect blame and serve as a potent political defense.

It is likely the case that due to an increasingly complex set of systems, breakdowns in several different areas contributed to a crisis. In this case, improvements in coordination are often advocated. This can create new political structures and introduce new concerns about funding and oversight. For example, the Department of Homeland Security was created in response to the attacks on September 11th due to a lack of coordination and communication among various government agencies. While many felt this was necessary to prevent future attacks, others raised concerns over citizens' privacy and the cost-effectiveness of some measures.

Crises can also present opportunities to propose new policies that may otherwise have not had enough support to be politically viable. An oil crisis can lead to new calls for investment in alternative sources of energy. An economic crisis can lead to new regulations to safeguard against future problems. The Great Depression, for example, resulted in several New Deal policies which may never have been passed had the crisis not occurred.

## Political Ethics and Accountability

Politically, results matter. Whether or not crises are prepared for and handled effectively is important for everyone involved. The end result of crises, however, may not be the only consideration. The means in which crises are handled and resolved matter a great deal.

To begin, political leaders must be seen as legitimate (Stark 2010). Having representative structures in place can help with this, showing that while leaders are in charge of dealing with a situation directly, they are still held accountable by citizens for their actions and for how they handled the crisis. Keeping people accountable is important, as it ensures that the public will and public good are at the forefront of politicians' minds. When there is no one to hold accountable for how a situation unfolds, the public usually suffers. The water crisis in Flint, Michigan is a prime example. Many of the decisions that led to the crisis were made by emergency managers appointed by the governor – unelected officials who are unaccountable to voters. These decisions resulted in thousands of children being poisoned with no one to hold directly accountable. While appointing unelected officials may appear apolitical, the decision to use such methods is heavily politicized. A basic tenet of democracy holds that people should have some say in how they are governed – in the decisions that affect their lives. By removing this democratic feature, political accountability was also removed, changing the political landscape of Flint's local government.

Beyond political accountability and technical concerns are ethical considerations (Svedin 2011). Even if the government's response to a crisis is flawlessly carried out, if the action is seen to be unethical, the reaction by citizens can be negative, and mishandling the response can result in a real lack of faith in leaders. Deciding what is ethical is often hard to determine. For example, can going to war be considered ethical? Should the government force people to evacuate their homes in a flood? Forcible removal of residents is generally seen in a negative light, but if doing so keeps people alive and prevents the need for dangerous and costly rescue efforts, people may be more willing to accept it. These sorts of ethical questions are important. Politicians need to be seen as holding the moral high ground. People generally understand that hard choices have to be made by those in charge and are often willing to extend political forgiveness to those presented with such difficult decisions. However, when a politician is selfish or deceitful in the decision-making process, or when they stick to a rigid ideological structure even when it is impractical and harms citizens, voters may not be as understanding. Citizens expect their political leaders to make the right decisions and to make them in the best possible way.

## Conclusion

The handling of a crisis by a government is full of political concerns. A politician's responses before, during, and after a crisis can make or break a career. Citizens expect their leaders to take necessary preventative action and to take steps to mitigate the damage. Proper communication and involvement are vital. In addition, politicians must handle these situations in an ethical fashion. Crises are much more complicated than the crisis itself. The stakes involved for citizens and communities make them inherently political, and they must be handled as such.

## Cross-References

► Governance in Crisis Management
► Public Bureaucracy and Crisis Management

P

## References

Boin A, 't Hart P (2003) Public leadership in times of crisis: mission impossible? Public Adm Rev 63(5): 544–553

Fink S (1986) Crisis management: planning for the inevitable. AMACOM, New York

Janis IL (1983) Groupthink: psychological studies of policy decisions and fiascoes. Houghton Mifflin Company, Boston

Janis IL (1989) Crucial decisions: leadership in policymaking and crisis management. The Free Press, New York

Stark A (2010) Legislatures, legitimacy, and crises: the relationship between representation and crisis management. J Conting Crisis Manag 18(1):2–13

Svedin L (2011) Ethics and crisis management. Information Age Publishing, Charlotte

## Politics and Ethics

Elizabeth S. Overman
University of Central Oklahoma, Edmond, OK, USA

### Synonyms

Code of right and wrong; Conduct; Decency; Functional government; Governance; Honesty; Honor; Integrity; Moral philosophy; Moral practice; Principles

In the popular imaginary, politics and ethics seem to be an oxymoron for all too many around the world. Cynicism, bias, partiality, and reckless passion may rule, squeezing out ethical considerations. Global polling shows that politics and politicians are often seen as selfish and corrupt power-players, defending special interests. Problems abound as humanity is exhausting the carrying capacity of the planet. Examples of the disregard for human ethics are evident in the widespread proliferation of military weapons, the lingering implementation of the death penalty, and the sometimes willful neglect of public services. Safeguards incentivizing corporate responsibility have been removed in the few places where they existed ushering in an era of rash and widespread monetization of public goods. Without trust in, and respect for, politics and politicians, the vitality for living together in democratic communities leaches out, and societies that are populist, fascist, or dictatorial can take root. This essay examines the fundamental premises of politics, the emergence of ethical considerations, and the thinking of modern theorists focusing on twenty-first century political ethics. To understand the deeply serious role of ethics, we need to understand the role of politics.

Formally or constitutionally, politics consists of five basic issues. First, because humanity clusters within states, the populous develops relationships with one another as citizens. This is the choice between equality and inequality. Second, functions are allocated to the state with the potential to be all encompassing or severely limited. This is the choice between a pluralist and a monistic state. Third, the state must have the authority/power to carry out its functions. The license originates with the state itself or with the citizenry. This is the choice between freedom and dictatorship. Fourth, the organization of the exercise of state power allows authority to be concentrated or dispersed. This is the choice between either a dispersion or a unification of powers. And, fifth, the magnitude of the state and its external relations vis-à-vis the governed population means there is a choice between a multitude of states and a universal state.

Lipson recognizes, as did Aristotle, that the state is a wholly human contrivance making it a form of self-analysis eliminating any possibility for complete detachment. To make sense of the chaos, politics has to be interpreted. This subjective feat allows each person to play the tripartite role of spectator, critic, and actor. Stone sees politics converging with policy to keep society together in a polis. Communities exercise collective will and apply collective efforts. The inevitably of conflict between and among citizens revolves around questions such as who is included and whether the goals are cooperative, consensus driven, or conflictual.

Politics are then the essential activity or master science which builds societies and communities premised on rules, laws, and a balance of conflicting interests. The human need for protection provided by organized force leads to the formation of communities and the monopolization of force by governments capable of controlling internal and external threats. States advanced from protection and order to justice and the good life. These advances can be contradictory and are of no small moment because, as Lipson pointed out, Hitler outdid Attila and a future tyrant could outdo him.

The body of ethical/moral values, virtues and visions, converge on the democratic ideal of the common good. Politics require a high level of responsibility and commitment from citizens, political parties, elected officials, government executives, the judiciary, the media, business, nongovernmental organizations, and religious and educational institutions. The world's people

are calling for greater transparency resting on the recognition that democratic accountability requires public officials not only to act in the public interest but also to reveal their processes.

Overtime societies developed functional bodies of obligations and duties required of its members. We know this as ethics. Sometimes individuals are encouraged to reflect on the intentions and consequences of their actions leading to the development of theories of conscience. Whether ethical sensibilities are innate, as postulated by Rousseau, or a power of discrimination acquired by experience as Mill contended, they all address ethical responsibility in politics. A canvass of the world's political traditions carried out by Girardin reveals a global demand for a just politics. Although the relationship between politics and ethics oscillates between close alignment and almost complete mutual exclusiveness, thoughtful theorists have emerged whose contributions substantially delineate the link between politics and ethics.

All societies embrace difference and diversity because no two human beings are alike and desired resources are usually circumscribed. When divisions proliferate, competing perceptions and varying needs demand alternative outcomes. American, James Madison, recognized this when drawing up the US Constitution in the late 1700s. He saw "factions" as agents of disorganization violating the potential harmony imposed by the umbrella of the state. He did not imagine that they may be valuable contributors to a broader debate.

Public officials are larger than life in representative democracies, empowered to act on behalf of everyone in society. They assume rights and have obligations to a degree that surpasses those of ordinary citizens. Their duties may call for forceful transgressions, lying, keeping secrets, and breaking promises that would be wrong in private life. This is known as the problem of "dirty hands" rationalized as an ends-justifies-means argument that privileges doing wrong to get the right result.

Whether or not a person uses power to carry out harm may depend on whether or not the individual developed an internal locus of control or governor that helps them distinguish right from wrong, resist societal and authorial pressures to harm others, and take personal responsibility for the consequences of their actions. Others are willing to do anything to achieve desired results including deception, manipulation, using discretion when offering favored contracts to benefit themselves, failing to share credit, and practicing discrimination and/or disrespect. For some, there are no boundaries or societal norms and nothing short of getting caught could serve as an impediment.

Officials who affiliate with public and nonprofit organizations will either take an oath agreeing to uphold moral and ethical standards or share professional ethical prohibitions such as to do no harm. Elected officials or politicians, by contrast, take an oath to uphold the constitution. Those with professional certification may be exposed to codes of conduct that could spill over into their actions as policy makers. Beyond that, the only tools available to build moral awareness, frame moral decision making, clarify moral intent, or encourage moral action have been developed through early socialization such as exposure to caregivers, teachers, religious institutions, the media, and peers. This could be coupled with prior study or life experiences. They have no reason to be concerned about ethical behavior unless they see themselves as persons of integrity who practice openness, accountability, and service. In the best of all scenarios, they would also practice charity. It has been suggested, as shorthand, that individuals may ask themselves three general questions about proposed actions:

1. Is it legal? Am I violating any laws or organizational policies?
2. Is it balanced and fair to all concerned? Is there a possibility that my action or vote can create a win-win situation for all concerned?
3. How will I feel about myself? Will I be proud of what I have done and will I openly tell others what I did?

In democratic settings, this may not be enough because of complexity, chaos, and noise generated in contemporary social settings. The scope and structure of modern politics magnify a bad behavior. The fault line for public officials lies in their representational and organizational capacity. It is

often said that those elected are held to a higher standard and that they need not only avoid ethical infractions but also the appearance of such.

It may be helpful to consider an alternative perception of political ethics. Confucius, for example, cautioned that political figures represent government and must not lose the confidence of the people as this is the foundation of the state. He cautioned that the state will not persist without it. Derelict politics and politicians place the entire society in jeopardy.

Political theorists such as Amoureaux don't accept the theory of "dirty hands" and instead call for the realization that modern life is complex, contingent, and undergoing constant construction and reconstruction as reform and revision. This calls for an ethical reflexivity that allows individuals, organizations, and communities to grow into ethical considerations through interrogation, recognition, and action. Moral beliefs come from successfully negotiating, constructing, and sustaining the rules of a moral community. Abstract principles represent an unsatisfactory basis for establishing an ethical policy. This places the onus on political actors and citizens who need to work to understand the particular circumstances and empathize with the views of others, while acting and observing to see that the results are compatible with ethical goals. Ethical actions are then in a continuous reassessment and adjustment to unfolding circumstances and introspective, self-critical interrogations. The centrality of ethics in a reflexive policy environment encompasses everyone which makes agency or action universal. Ethical actions, as imagined by Foucault, are developed through active interpretation. This engagement with one's own identity calls for listening to others as the activity reaches across cultures and relies on human judgment.

Another alternative guide was developed by Girardin who calls for an ethics that strives for an optimal politics which secures fair treatment of political stakeholders, stresses equity, and fairness and reminds us that the limitation to power, effectiveness, accountability, and justice is essential in politics. He points out that impunity, arbitrariness, and cruelty are destabilizing as they cause regimes to lose support. Ethics in politics is measured by consequences which produce more justice, deeper fairness, more sustainability, and greater responsibility. Constitutions, checks and balances, and an independent judiciary, devolution, delegation, political competition, and mechanisms of accountability need to be in place and enforced. Power unchecked will remove or reduce limitations as it moves toward autocracy and dictatorship. The primary ethical value in politics is justice, interpreted as fairness and reciprocity. There are six values that articulate justice if they are supported with consistency. They include equity, freedom and responsibility, security and peace, unity and diversity, solidarity, and sustainability.

Is there more at stake today? Do we currently face dilemmas that were in the making but did not reach perilous fruition until now? The interests of the planet and of future generations are at stake. Today's globalized world calls for the development of shared values that seek solutions beyond parochial or short-term interests. To Girardin, ethics is at the heart of a constructive tension between global values and global interests. Settling conflicts and shaping compromises into sustainable agreements are premised on finding common ground that elevates the common good for all. Like Amoureaux, Girardin sees the limitations imposed by principles and seeks consistency in consideration, allowing interests, which are under constant evaluation, to converge. Learning from experience and taking corrective measures that foster corrections encourage alertness and seeing questioning as a political advantage. Functional democracies have the elasticity to function while listening to the citizenry.

Girardin seeks the realization of economic limitations and resources as essential reference points if any political agenda is to be realistic. Sound choices need to reflect the true costs of any decisional polices. Ethics in politics is about consistent process and agency which matches values while encouraging the development of associational and stakeholder commitment to the development of shared platforms of values as government leads by setting the agenda, guiding the negotiations, and acting as leader. Trust is built incrementally through respectful processes open to dissent and joint assessment. Politics and ethics are only an

oxymoron if we don't come together and use the tools political theorists like Stone, Girardin, and Amoureaux provide. Ethical politics are possible.

## References

Amoureaux JL (2015) A practice of ethics for global politics: ethical reflexivity. The New International Relations, New York

Aristotle CL (editor, translator, introduction) (2013) Aristotle's politics, 2nd edn. University of Chicago Press, Chicago

Dawson MM The ethics of confucius: the state. http://www.sacred-texts.com/cfu/eoc/eoc10.htm. Accessed 30 June 2017

Friedman D (2008) Morals and markets: an evolutionary account of the modern world. Palgrave Macmillan, New York

Gallup, Trust in government. http://www.gallup.com/poll/5392/trust-government.aspx. Accessed 29 June 2017

Girardin B, Ethics in politics: why it matters more than ever and how it can make a difference, globalethics.net. http://www.globethics.net/documents/4289936/13403252/FocusSeries_05_EthicsinPolitics_Benoit_text.pdf/. Accessed 20 June 2017

Leading with Trust, Got ethics? Three questions every leader should ask. https://leadingwithtrust.com/2011/08/14/three-questions/ Accessed 30 June 2017

Lipson L (1996) The great issues of politics, 8th edn. Prentice Hall, Englewood Cliffs

Subcommittee on Courts (2017) Judicial transparency and ethics. CreateSpace Independent Publishing Platform, Washington, DC

# Politics and Gender

Kendall D. Funk
Texas A&M University, College Station, TX, USA

## Synonyms

Gender expression; Gender identity; Gendered institutions; Gendered leadership; Gendered policy

## Definition

Gender: the behavioral, cultural, or psychological traits typically associated with one sex.

## Introduction: What Is Gender?

What is gender and what does it have to do with politics? Definitions of gender and gender identity have changed drastically over time and continue to be disputed. Traditional conceptualizations define gender as "the state of being male or female." More nuanced definitions suggest that gender is more accurately "the behavioral, cultural, or psychological traits typically associated with one sex" (Merriam-Webster). There is now widespread consensus that gender, like race, is a social construct – meaning that it is an idea that was created through cultural and societal practices, rather than a reality constructed by nature. Gender is distinct from sex, the latter of which refers to one's biological anatomy, such as chromosomes, gonads, reproductive organs, and/or genitalia. One's gender may correspond with one's biological sex (i.e., cisgender) or not (i.e., transgender).

In recent years, there has been a notable societal effort to acknowledge the fluidity of gender and move beyond traditional notions of gender, gender identity, and gender roles. As an example, in 2014, the massive social media company, Facebook, generated an option for users to customize the way they identify their gender, which included expanding their list of gender identities to include over 58 categories and allowing users to select between different gender pronouns, not provide a gender, or keep their gender private. The presence of LGBTQIA (lesbian, gay, bisexual, trans*, queer, intersex, asexual, where trans* refers to multiple identities, such as transsexual, transgender, transvestite, etc.) people in the media and pop culture is also increasing, and gender nonconformity is becoming more accepted among the mass public – though it is still considered unorthodox or taboo by many people. According to a survey conducted by the Pew Research Center in 2015, 55% of Americans support same-sex marriage, with the bulk of this support coming from the Millennial generation or those born after 1980 (70% of whom are in favor) and people unaffiliated with any religion (82% of whom are in favor) (Pew Research Center 2015).

## The Politics of Gender Identity

What does all of this have to do with politics? While gender is indeed a social construct, it is also a *political* one. Governments decide whether to acknowledge certain gender identities, whether to provide rights and protections to various gender groups, or whether to suppress and penalize them. Governments generate and implement policies that affect all gender groups, with some groups benefitting (or suffering) from these policies more than others. While individuals may self-identify their gender(s), governments regulate the extent to which individuals can express and receive official recognition of their gender identity. For example, the United States provides only two gender options for official government documents and proceedings: male or female. Meanwhile, at least seven countries, including Nepal, India, Pakistan, Bangladesh, Germany, New Zealand, and Australia, have made efforts to expand official gender options to include a third category, most commonly denoted as "other," "indeterminate," or "X" gender. These efforts have involved supreme court rulings or national legislation stipulating the addition of a third gender option to certain government records, such as census forms, passports, identification cards, voter registration documents, or birth certificates.

While these efforts signify an advancement for gender minorities and are an important step toward achieving official legal status, there are still shortcomings. Administrative burdens, such as having to request special forms or submit additional paperwork, the absence of additional official gender categories, the failure to separate biological sex from gender, and lack of the option for respondents to write in their self-identified gender, mean that a significant portion of gender minorities will face barriers in their pursuit to attain official recognition of their genders. The vast majority of countries in the world are "genderist," meaning that they acknowledge the existence of only two genders (gender binarism) and assume that the characteristics of one's gender are inherently linked with their biological sex. In genderist institutions, sex and gender are divided into two distinct and opposing categories: masculine, associated with males, men, boys, and masculinity, and feminine, associated with females, women, girls, and femininity. In these countries, individuals who do not identify as entirely male/man or entirely female/woman, such as intersex or trans* individuals, are forced to falsely identify their sex and/or gender in order to receive legal documents and access to government services.

## Gender Rights, Protections, and Prohibitions

In addition to regulating which gender identities receive official legal recognition, governments also determine which rights and protections, if any, will be provided to different gender groups. Many countries have passed laws that protect against sex- or gender-based discrimination in the workplace and protections against hate crimes, though not all of these laws include provisions for gender identity and/or sexual orientation. As of 2015, 21 countries have passed legislation to legalize same-sex marriages, and one country (Mexico) allows same-sex marriages in certain jurisdictions. A number of other countries allow same-sex civil partnerships, registered partnerships, or civil unions, though these partnerships are often denied the same legal rights and privileges as heterosexual marriages. Governments, especially less democratic and nondemocratic ones, are also responsible for generating laws that perpetuate – and even exacerbate – the oppression of women and other gender minorities. Formal legal barriers exist in advanced industrial democracies as well. Same-sex marriage is illegal in most countries, including those considered among the most democratic in the world. In five countries – Iran, Mauritania, Saudi Arabia, Sudan, and Yemen – engaging in same-sex sexual activity is legally punishable by death, and the death penalty is widely implemented in parts of Iraq, Nigeria, and Somalia, despite these countries lacking official laws that stipulate the death penalty for same-sex acts (Carroll and Itaborahy 2015).

Discriminatory laws against women persist in many countries as well, despite the ratification of

the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), an international treaty designed to protect the rights of women, by 189 countries around the globe. An *Equality Now* report published in 2015 outlines four areas in which women face discriminatory laws: marital status (marriage, divorce, polygamy, wife obedience), personal status (citizenship, weight of court testimony, travel, prostitution), economic status (inheritance, property, employment), and violence against women (rape, domestic violence, "honor" killings) (Equality Now 2015). Both Egypt and Syria have codified laws that condone "honor" killings – the murder of a woman for engaging in an "illegitimate" sexual act, be it forced or consensual – which protect murderers from being prosecuted to the full extent of the law. Laws in other countries, including the Bahamas, India, Lebanon, Malta, Palestine, Singapore, and Nigeria, protect perpetrators of rape and domestic violence.

Additional punitive laws against women, such as travel constraints, employment limitations, wife obedience laws, forced habitation, divorce restrictions, restrictions on the confer of citizenship to children, forced dress requirements, limitations on property ownership and inheritance, and differential weight of court testimony, are widely prevalent throughout much of the Middle East and Africa and parts of Asia and Latin America. Some notable developed democracies were highlighted by the *Equality Now* report as well. In Japan, women cannot remarry unless 6 months have passed since the dissolution of her previous marriage. The United Kingdom's Equality Act of 2010 allows for discrimination against women in the armed forces. In the United States, citizenship for persons born out of wedlock is tied to the nationality of their biological father (section 309 of the Immigration and Nationality Act). In addition, over 30 US states allow perpetrators of rape to sue their victims for visitation and custody rights for children conceived as a result of forcible insemination (Prewitt 2010). Laws such as these and those that discriminate against LGBTQIA people exacerbate the inequalities that exist between heterosexual, cisgender men and all other gender groups. Moreover, these inequalities are often greater for people of color and those with the worst economic outcomes in life.

## Gendered Politics: Access, Leadership, and Behavior

Gender can be present in all parts of governance, including but not limited to: the elected and non-elected decision-makers who make up governing bodies, the creation and implementation of policy, and the institutions in which policy is developed. Acker (1992: 567) coined the term "gendered institutions" to refer to the presence of gender in "the processes, practices, images and ideologies, and distributions of power in the various sectors of social life." Acker suggests that institutions (e.g., the law, politics, religion, the economy) in many societies are structured along gendered lines. Many important institutions were developed by men, were historically and are currently dominated by men, and are symbolically interpreted as men's domains. These institutions are gendered by nature; however, there is some evidence that the gendered nature of institutions can change once more women (and presumably more LGBTQIA people) are integrated into the institution (Funk and Taylor-Robinson 2014).

Stivers (2002) argues that the very image of leadership is gendered. The traits commonly associated with a leader are tied to masculinity and masculine norms of behavior, such as conflict, competition, aggression, strength, and bravery. If leaders – including men, women, and LGBTQIA people – choose to emphasize leadership traits that diverge from these stereotypically masculine traits, they risk being viewed "as indecisive, soft, and not assertive enough" (Stivers 2002: 72) and may be seen as essentially unfit to be a leader. A large body of literature has researched the gendered patterns of leadership styles and behavior, with much of this literature arguing that women's leadership styles are more democratic, cooperative, inclusive, and participatory. However, there is mixed evidence to support the theory that women's leadership styles and behaviors are significantly different than those of their men counterparts (Eagly and Johnson 1990).

Pathways to power and access to equal treatment and participation in political institutions are fundamentally gendered in most societies as well. Women often have different pathways to power than do men. In democratic countries, factors such as the type of electoral system, structure of the political party system, candidate selection procedures, and incumbency affect levels of women's representation in political institutions. Many countries around the world have taken to unconventional means to overcome these barriers and increase the representation of women in politics through the implementation of gender quotas that force political parties to include a certain percentage of women on their lists of candidates. There is strong evidence that gender quotas are effective in increasing women's representation when enforcement mechanisms and placement mandates exist and that gender quotas are most effective in closed-list proportional representation systems (Tripp and Kang 2008).

Once women attain access to power, there are gendered patterns to the types of positions they receive. For example, in legislatures women are more likely to be assigned to women's issues and social issues committees and generally kept off power committees like economics or foreign affairs (Heath et al. 2005). Additionally, women cabinet ministers are more likely to be given less prestigious and more feminine cabinet portfolios (Krook and O'Brien 2012). Kanter's (1977) work on sex ratios suggests that women are more likely to be equal participants if the gender composition of a group is less skewed and more balanced. This seminal study spawned a huge body of research on "critical mass" theory – the idea that women must obtain a "critical" mass, usually hypothesized to be above 30–40%, before women can act as equal participants. However, few studies have found empirical support for critical mass theory, and more recent research suggests that other factors, such as critical acts or critical actors, are more important for guaranteeing women's equal participation in politics. There is also evidence that women are more likely to come to power under precarious circumstances, such as in times of economic crisis, after a corruption scandal, or following a major party failure, and are more likely to run in elections where they have a small chance of winning (Ryan et al. 2010). This phenomenon has been termed the "glass cliff" by the literature, and women candidates who are recruited to run for precarious positions are often called "sacrificial lambs."

Little to no research has been conducted on gendered pathways to power for LGBTQIA people due to at least three factors: (1) the failure of governments to collect reliable data on LGBTQIA political candidates, (2) hesitation of (would-be) political leaders to openly identify as anything other than a (cisgender, heterosexual) man or woman for fear of negative political repercussions, and (3) the underrepresentation of LGBTQIA people in politics. As the representation of LGBTQIA people increases, research on gendered pathways to power, leadership styles and behaviors, and political assignments should expand to incorporate these other gender groups and determine whether they, like women, face obstacles to equal access, treatment, and participation in politics due to their gender.

## Gendered Policy: Does Representation Matter?

One of the most obvious ways in which politics and gender are intertwined is in the creation of policies that are overtly gendered. Clearly, whether women and LGBTQIA people are treated with equality before the law is a fundamental example of gendered policy. However, policies with gendered implications exist in numerous areas, some of which may seem to be entirely gender neutral. What is considered a women's issue or LGBTQIA issue varies across time and space, so it is difficult to produce a comprehensive list of gendered policy issues. Nevertheless, there are a number of definitions that are able to identify gendered policy issues across contexts. In regard to women's issues, the most minimalist definitions include only issues of women's rights and equality. Broader definitions incorporate issues of children, families, and sometimes welfare, since policies in these areas disproportionately affect women in many societies. The broadest

definitions also include traditionally feminine policy areas, such as education, healthcare, and social services, that correspond to women's traditional roles in society as caregivers and homemakers. However, these broad-based definitions are becoming increasingly obsolete as more men become involved in these traditionally "feminine" policy areas.

Further complicating these definitions of women's issues is the fact that women are an extremely heterogeneous group. Beckwith (2014) distinguishes between women's interests, issues, and preferences as a way to acknowledge that women as a class may share similar interests in various policy issues; however, their preferences about how to address certain issues may differ greatly. For example, all women likely share an interest in protecting their health and well-being. Policy issues related to this interest include healthcare, domestic violence, abortion, and reproductive rights. However, women's preferences about how to address each of these issues vary greatly. Feminist women prefer that abortion is legal in all circumstances, while many religious women prefer that abortion is legal only under certain circumstances (e.g., in cases of rape or when the pregnancy is a threat to the woman's life) or illegal under all circumstances. Both sets of women have a legitimate interest in this policy area and reasons for supporting their preferences, yet they have vastly different ideas about how to best solve the issue. Women constitute roughly half of the world's population, so the idea that women would have congruent preferences on all women's issues is overly simplistic and ill-founded.

Keiser et al. (2002), in their study of the effects of gender representation in the bureaucracy, offer a useful set of criteria for classifying policy areas as gendered. The authors suggest that policy areas can become gendered if (1) the policy directly benefits women as a class, (2) the gender of the bureaucrat changes the relationship between the client and bureaucrat, or (3) the political process defines the issue as a women's issue. In this conceptualization, "elected representative" could easily be substituted for "bureaucrat." In addition, this conceptualization is useful in that it can easily be extended to incorporate all LGBTQIA people. Scholars often forget that the study of gender is not just the study of women, so they neglect to include other gender groups in their studies of gendered policy areas. This critical oversight means that policy areas that affect LGBTQIA people but might not affect (cisgender, heterosexual) women are not being given as much scholarly attention. The LGBTQIA community is interested in issues that also affect cisgender, heterosexual women, such as protections against discrimination and violence, guarantees of equal treatment and compensation in the workforce, provision of equal rights, and access to personalized and quality healthcare. However, they also face unique issues such as whether they can use public facilities (e.g., bathrooms, locker rooms) of their choosing, whether they are provided with adequate services in situations of violence and abuse (e.g., if shelters exist for battered women but not for battered trans* people), and whether they can openly identify as LGBTQIA in military service and public service without being discriminated against.

Policy areas may be gendered even when they appear to be gender neutral or can become gendered through a political event or changes in the policy process. For example, the law regarding alcohol consumption in the United States stipulates that anyone, regardless of gender, above the age of 21 can legally consume alcohol. However, a recent policy recommendation by the Centers for Disease Control and Prevention made alcohol consumption a gendered policy area by recommending that women "stop drinking alcohol if they are trying to get pregnant or could get pregnant" (CDC 2016). This recommendation targeted not only women who are or are trying to become pregnant but also women who could hypothetically get pregnant – no matter their actual probability of becoming pregnant or desires to continue with or terminate a pregnancy if one were to develop. Comparably, increased spread of the Zika virus in 2016, coupled with the discovery of the connection between Zika and microcephaly in newborns, has prompted several nations, including Brazil, Jamaica, El Salvador, Colombia, and Ecuador, to advise women to delay getting

pregnant – up to 2 years in El Salvador – until the virus is better understood. These recommendations are highly gendered and disproportionately burdensome for women who lack access to adequate education, contraceptives, and legal means to abortion. Further, these recommendations do not advise men, who can sexually transmit the disease and impregnate women, to stop having sex or help prevent pregnancies in Zika-affected regions. Additional supposedly gender-neutral policies can have significant implications for various gender groups. Some gender scholars might go so far as to argue that gender is present in all policy areas since gender is such a salient societal division and political identity.

Can the representation of women and gender minorities help to improve gendered politics and policies? In her seminal work *The Concept of Representation*, Pitkin (1967) identifies three types of representation: descriptive, substantive, and symbolic. Descriptive representation involves the mere presence of a certain group in politics. Substantive representation involves the representative acting on behalf of or in the interests of the represented group. Symbolic representation is the response that the represented have to the representative of their group. Research suggests that the descriptive representation of women and LGBTQIA people in political offices and public administration will likely increase the substantive and symbolic representation of the groups they represent. A huge body of research has found that women elected officials are likely to view women as an important constituency, consider themselves representatives of women, and act on behalf of women's substantive interests. There is also a growing literature on representative bureaucracy that finds that gender representation in public administration leads to the substantive representation of women – even in contexts where representation would not be expected (e.g., Keiser et al. 2002). There is no reason why the link between descriptive representation and substantive representation would not exist for LGBTQIA people as well; however, this link has yet to be established empirically due to a lack of sufficient research in this area, the unavailability of reliable data, and the underrepresentation of openly LGBTQIA people in politics and public administration.

Despite widespread evidence that increasing women's representation in politics and the bureaucracy results in positive outcomes for women, women continue to be underrepresented in all aspects of political life. In 2015, UN Women reported that women's representation in national legislatures has doubled over the course of 20 years (from 1995 to 2015). However, this increase resulted in a meager average 22% of national legislators identifying as women. Rwanda is the best performer by far in regards to women's legislative representation, with women occupying 63.8% of seats in the lower house as of 2015. The representation of women in most other countries is abysmal, with women accounting for less than 10% of lower legislative houses in at least 37 states, some countries lacking women political representatives entirely, only 21 countries with women as heads of state or heads of government, and women composing only 17% of government ministers worldwide. These statistics suggest that, despite the gains that have been made, progress for women's representation around the world has been slow and does not seem to be improving much – barring the countries that adopt gender quota laws and reserve seats for women representatives. These extremely low levels of diversity in gender representation signal the need for increased representation of women and other gender minorities in many countries around the world.

## Conclusions

Gender is present in nearly all – if not all – aspects of politics. Gender is political and politics is gendered. Governments play a role in defining the confines of gender identity – at least from a legal perspective – and determine which rights, protections, or limitations will be imposed on various gender groups. Images of political leaders and the ways leaders are expected to behave are gendered. Access to political power, the division of political assignments and responsibilities, and participation in political institutions are gendered as well.

The creation and implementation of public policy certainly have gendered implications. Despite these facts, the overwhelming majority of studies in political science, public administration, and public policy ignore the prevalence of gender throughout almost all political matters and thus fail to capture the importance of gender in studies of political processes and outcomes. The result is that much of what is known about politics and public administration is limited and may not generalize beyond the men who have traditionally dominated these institutions.

Cisgender, heterosexual, elite, white men continue to dominate politics and hold a monopoly on political power, as they have done for hundreds of years in many societies. Increasing gender representation throughout the world is a much-needed step toward achieving better governing systems and political outcomes. Women and LGBTQIA people (in addition to people of color) are largely absent from politics throughout the world, despite the robust finding that increasing the descriptive representation of a group produces improvements in that group's substantive representation. Research on gender and politics continues to grow and improve, but there are still many more questions that need to be answered and much more to be learned. Going forward, researchers and political representatives need to decide whether the bimodal categories for gender (man and woman) are still useful categorizations and whether they should continue to be used. Decisions also need to be made about the extent to which gender should be conceptualized and measured separately from biological sex. In addition, the intersection of various identities (e.g., gender, race, etc.), the nuances of gender identity, and the fluidity of gender (and other) identities should be taken into consideration in future studies and by political decision-makers and representatives.

## Cross-References


- ▶ Gender and Governance, Russia
- ▶ Public Administration and Gender Issues
- ▶ Women in the Middle East
- ▶ Women Leaders


## References


Acker J (1992) From sex roles to gendered institutions. Contemp Sociol 21(5):565–569

Beckwith K (2014) Plotting the path from one to the other: women's interests and political representation. In: Escobar-Lemmon MC, Taylor-Robinson MM (eds) Representation: the case of women. Oxford University Press, New York, pp 158–182

Carroll A, Itaborahy LP (2015) State-sponsored homophobia: a world survey of laws: criminalisation, protection, and recognition of same-sex love. International Lesbian, Gay, Bisexual, Trans and Intersex Association Report, Geneva

Center for Disease Control and Prevention (2016) Alcohol and pregnancy: why take the risk? Vital signs report. Available at http://www.cdc.gov/vitalsigns/fasd/index.html

Eagly AH, Johnson BT (1990) Gender and leadership style: a meta-analysis. Psychol Bull 108(2): 233–256

Equality Now (January 2015) Words & deeds: holding governments accountable in the Beijing+20 review process. Equality Now Beijing+20 ending sex discrimination in the law report, 4th edn

Funk K, Taylor-Robinson MM (2014) Gender balance in committees and how it impacts participation: evidence from Costa Rica's legislative assembly. Rev Uruguaya Cien Política 23(2):111–134

Heath RM, Schwindt-Bayer LA, Taylor-Robinson MM (2005) Women on the sidelines: women's representation on committees in Latin American legislatures. Am J Polit Sci 49(2):420–436

Kanter RM (1977) Some effects of proportions on group life: skewed sex ratios and responses to token women. Am J Sociol 82(5):965–990

Keiser L, Wilkins VM, Meier KJ, Holland CA (2002) Lipstick and logarithms: gender, institutional context, and representative bureaucracy. Am Polit Sci Rev 96(3): 553–564

Krook ML, O'Brien DZ (2012) All the president's men? The appointment of female cabinet ministers worldwide. J Polit 74(3):840–855

Pew Research Center (2015) Changing attitudes on gay marriage. Published online on July 29, 2015. http://www.pewforum.org/2015/07/29/graphics-slideshow-changing-attitudes-on-gay-marriage/. Accessed 8 Mar 2016

Pitkin HF (1967) The concept of representation. University of California Press, Berkeley

Prewitt SR (2010) Giving birth to a rapist's child: a discussion and analysis of the limited legal protections afforded to women who become mothers through rape. Georgetown Law J 98:827–862

Ryan MK, Haslam SA, Kulich C (2010) Politics and the glass cliff: evidence that women are preferentially selected to contest hard-to-win seats. Psychol Women Q 34(1):56–64

Stivers C (2002) Gender images in public administration: legitimacy and the administrative state, 2nd edn. Sage, Thousand Oaks
Tripp AM, Kang A (2008) The global impact of quotas on the fast track to increased female legislative representation. Comp Political Stud 41(3):338–361

# Politics and Government in Hong Kong

Dixon Ming Sing
Division of Social Science, Hong Kong University of Science and Technology, Hong Kong, China

## Introduction

### Hong Kong's Outstanding Economic Development Legitimated Its Nondemocratic System Before Handover to Mainland China

Hong Kong was a former British colony between 1841 and 1997. Soon after the World War II, given Hong Kong's port, a skilled international trade sector, and extensive shipping links, Hong Kong has accomplished a rapid postwar recovery through entrepot trade and services and acted as a doorway to China. As one of the four renowned Asian tigers, Hong Kong has enjoyed the most spectacular economic development in a single generation via its export-led growth strategy. Between 1960 and 1982, Hong Kong enjoyed an amazing average annual economic growth rate of 7%, which placed it the fifth highest one globally. Between 1980 and 1992, its GDP could still grow at an enviable rate of 6.7% annually (Sing 2009, 2012). Of no less importance, since 1970, Hong Kong has changed its gear, broadening its economic base by its more diversified consumer manufacturing and gradual development into the top three financial center in the world. In 2016, the International Monetary Fund statistics revealed that Hong Kong was ranked 12 in the world in terms of per capita GDP, with US$58,095 in purchasing power parity (Table 1). Besides, Hong Kong has also stood out as a society with an extraordinary degree of global connections. Predicated on the 2012 Globalization Index, which encompasses 60 largest societies by GDP in total, Hong Kong was ranked the top and the most globalized society in the world. The spectacular level of human development of Hong Kong, based on the latest statistics, is shown in Table 1.

Hong Kong's stunning socioeconomic development and globalization has been accompanied by a low level of corruption. The Transparency International, a worldwide agency assessing the perceived levels of corruption around the world, reveals that only 16 out of 175 societies globally are considered as less corrupt as Hong Kong in 2014, putting Hong Kong as the one of the least sullied societies in Asia (Table 2). In short, the spectacular socioeconomic development and overall level of good governance have legitimated the nondemocratic regime of Hong Kong especially before the reversion of its sovereignty from Britain to Mainland China in 1997 (Sing 2010).

That said, the legitimacy or the mass support for Hong Kong's nondemocratic system has visibly faltered, in view of Beijing's increasingly glaring erosion of Hong Kong's freedoms, judicial autonomy, and its widely reported reneging on its promise of allowing Hong Kong to fully democratize especially since 2003.

## Chinese Government Has Repeatedly Blocked Hong Kong's Democratization

Between 1984 and 1997, the British Government has progressively and vigorously pushed for democratic reforms for Hong Kong. During the period, Beijing repeatedly stalled those democratic reforms with implicit and explicit threats, opinion mobilization, and formation of alliances. Immediately after Chinese Government has become the sovereign power over Hong Kong in mid-1997, Beijing reversed some crucial democratic reforms initiated by London and cemented a nondemocratic hybrid regime by dampening

The author is very grateful to the research assistance of Ms. Xing Zhang.

**Politics and Government in Hong Kong, Table 1** Various objective indices of human development

| Indicator | Hong Kong | Ranking from the top |
|---|---|---|
| Human Development Index (HDI) value 2014[a] | 0.91 | 12 |
| Life expectancy at birth (year) 2016[b] | 82.90 | 7 |
| Adult literacy rate (% ages 15 and older) 2014[c] | 95.70 | NA |
| GDP per capita (PPP US$) 2016[d] | 58,095 | 12 |
| Overall globalization index 2012[e] | 7.81 | 1 |

*Source*:[a]Human Development Data (1980–2015) http://hdr.undp.org/en/data
[b]The CIA World Factbook (2016) https://www.cia.gov/library/publications/the-world-factbook/rankorder/2102rank.html#hk
[c]Social Indicators of Hong Kong (1986–2014) http://www.socialindicators.org.hk/en/indicators/education/7.7
[d]International Monetary Fund World Economic Outlook (2016) http://statisticstimes.com/economy/countries-by-projected-gdp-capita.php
[e]The EY Globalization Index (2012) http://www.ey.com/gl/en/issues/driving-growth/globalization%2D%2D-looking-beyond-the-obvious%2D%2D-2012-index

**Politics and Government in Hong Kong, Table 2** Corruption perception index (CPI) 2014

| Country | Score | Ranking of 175 societies |
|---|---|---|
| Hong Kong | 74 | 17 |
| South Korea | 55 | 43 |
| Taiwan | 61 | 35 |
| Singapore | 84 | 7 |
| Japan | 76 | 15 |
| China | 36 | 100 |

*Source*: Transparency International (TI) 2014 corruption perceptions index (CPI) http://www.transparency.org/cpi2014/results
*Note*: 100 = "highly clean," 0 = "highly corrupt"

popular participation in the electoral process and changing the electoral system to discourage the ascendancy of the pro-democratic forces. Beijing's maneuvers have debilitated Hong Kong's civil liberties and democracy as measured by the Freedom House (Fig. 1). The Chinese Government has enthusiastically rolled back Hong Kong's partial democracy in order to preclude Hong Kong becoming a subversive base against the one-party rule in China (Sing 2006). At least, Beijing viewed the potential demonstration effect of a fully democratic Hong Kong for the rest of Mainland China with trepidation. Against this backdrop, Beijing, through its anointed chief executive of Hong Kong, attempted blatantly to impose a Draconian anti-subversion law in Hong Kong in 2003. This measure unintendedly deepened the mutual distrust and tension between Beijing and Hong Kong people.

The Draconian national security law eventually sparked off half a million Hongkongers to join a mass demonstration for better governance and greater democracy, the largest protest since the handover of Hong Kong to China. The protest attested to a widespread public rejection of Beijing's ratcheting up of political suppression of Hong Kong and a strong support for greater democracy, in order to safeguard Hongkongers' freedoms, socioeconomic development, and good governance (Sing 2005). Indeed, public opinion surveys toward universal suffrage have shown a fairly consistent mass demand for real democracy.

Public aspirations for democracy have been greeted by deliberate and repeated procrastination of democratization from Beijing since the handover of Hong Kong (Sing and Tang 2012). Since China has become Hong Kong's new master, there was a regression to more authoritarian rule in Hong Kong by dampening popular participation in the electoral process and amending the electoral system to deter the participation of pro-democratic forces in elections. Specifically, the Chinese Government reduced the size of the functional constituencies from over two million to around 200,000 for the elections of the 9 new legislative seats reserved for various professionals. It also installed the proportional representation system for selecting the 20 directly elected seats and made it difficult for pro-democratic

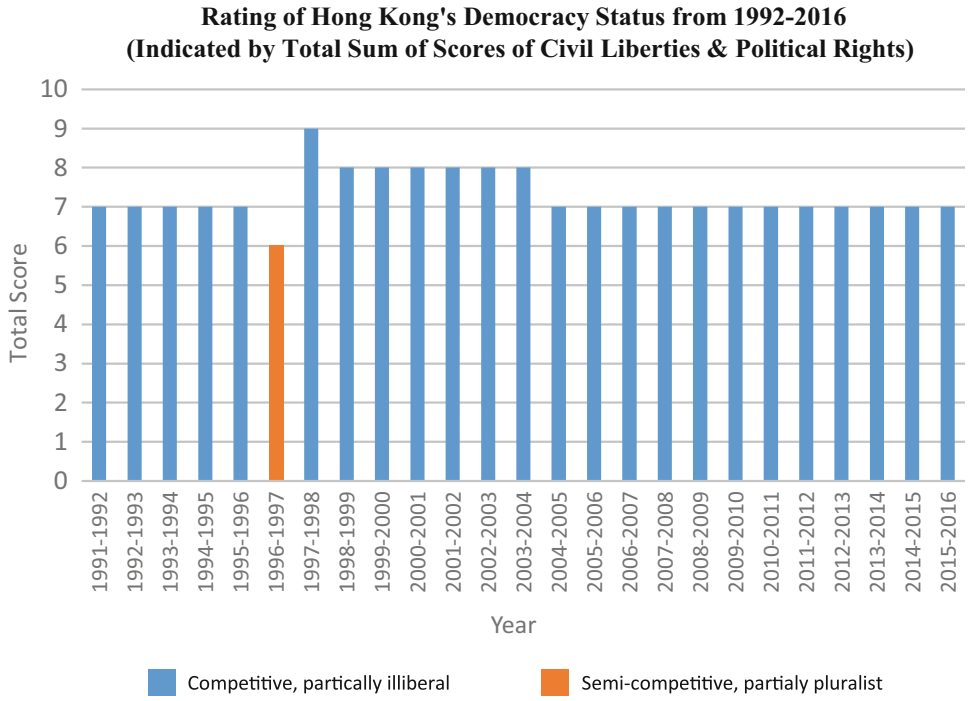


**Politics and Government in Hong Kong, Fig. 1** Ratings of Hong Kong's democracy from 1992 to 2016 (*Source*: Freedom House (1992–2016) Freedom in the World, Hong Kong https://freedomhouse.org/report/freedom-world/2016/hong-kong)

forces to be represented in the legislature (Sing 2009, 298).

With pervasive perception of dwindled freedoms and worsening governance in Hong Kong, amid Beijing's repeated reneging of constitutional promises to implement democracy, Hong Kong's followers of democracy have progressively switched to more aggressive tactics to push for democratization. The escalation in confrontations has coincided with the coming to power of Xi Jinping, a die-hard antagonist to democracy of China. Xi has strengthened Beijing's determination to scupper not only Hong Kong's democratization but also to its freedoms and judicial autonomy.

In June, 2014, Beijing publicized the white paper on "One Country, Two Systems." The Chinese Communist Party asserted, in contravention of Hong Kong's constitution endorsed by Beijing, that Beijing is entitled to interfering with every internal affair of Hong Kong and controlling the nomination of candidates running for Hong Kong's chief executive. What was more, in 2014, the Standing Committee of China's National People's Congress (NPCSC) had suggested Hong Kong should hold a direct popular vote for its chief executive for the first time in 2017, but an effectively pro-Beijing committee would control nominations for the contest. Confronted with Beijing's violation of promise of implementing full democracy in Hong Kong, an occupy movement called Umbrella Movement broke out in 2014 to compel Beijing to concede.

The striking Umbrella Movement in Hong Kong has stunned the world and riveted the global attention. It was notable by its long duration, epic scale of participation, and a drastic turn in movement tactics from the past in this global city. The 79-days-long civil disobedience movement participated by 1.2 million Hong Kong citizens, i.e., nearly 20% of the city's population aged between 15 and 65, signposted the scale of this civil disobedience activity was the largest in Hong Kong's history. The movement was also salient by its

foremost break from the past, when restrained strategies were supplanted by far more provocative acts in the struggle for democracy. The movement has been greeted by many in the world, as many Hong Kong people had the braveries to defy up-front the Chinese Government for democracy. That said, the campaign has hit a stone wall, with Beijing yielding no concession in democratization. What is worse, Beijing and the Beijing-anointed leader of Hong Kong have continued to tighten the screw on Hong Kong's freedoms since late 2014.

## Threats to Freedoms and Judicial Autonomy in Hong Kong Escalated

To obviate another Hong Kong-wide occupy movement, Beijing and its puppet government in Hong Kong have blatantly launched offensives in Hong Kong since the Umbrella Movement to curb Hong Kong's press freedom, academic freedom, freedom of expression, and judicial autonomy.

### Rising Threats to Hong Kong's Press Freedom

Though Hong Kong's constitution upholds freedom of press freedom, the Hong Kong and Chinese Government have stepped up their control over Hong Kong's media (Freedom House 2016).

According to the *Hong Kong Journalists Association (HKJA)'s* 2016 annual report, the erosion in press freedom has been mirrored by the sagging Press Freedom Index. "The 2015 index dropped 0.7 points to 38.2 for journalists and 1.4 points to 47.4 for the general public" (Hong Kong Journalists Association 2016), indicative of a deterioration in press freedom for a second consecutive year. Besides, 85% of journalists, based on a HKJA's research, held that press freedom worsened over the previous year. Likewise, in April 2016, an international NGO concerned with press freedom, i.e., the Reporters Without Borders, detailed Hong Kong's conspicuous fall in press freedom from eighteenth to seventieth between 2002 and 2015. The calculation was based on 43 criteria, including every kind of violation directly affecting journalists (such as murders, imprisonment, physical attacks, and threats) and news media (such as censorship, confiscation of issues, searches, and harassment). The dire warnings from the HKJA and Reporters Without Borders were echoed in January 2016 by the International Federation of Journalists. When the Federation released its annual China Press Freedom Report, it underscored that the "press freedom in China, Hong Kong and Macau deteriorated further in 2015, as the Communist Party of China used every means at its disposal to control the media." The report also forewarned that "As Hong Kong goes to elections . . . the party is also using its considerable wealth to consolidate its influence in the region" (UK Foreign & Commonwealth Office 12 October 2016). To explain the decline in Hong Kong's press freedom, the worsening self-censorship amid the suppression from the political establishment, and the increasing ownership of Hong Kong's media from Mainland's capital, have been obviously important causes.

As argued by the HKJA in 2015, journalists in Hong Kong were confronted with both external and internal pressures. Journalists were besieged with the "internal pressure in the form of escalating self-censorship in order to comply with establishment viewpoints" (UK Foreign & Commonwealth Office 11 February 2016). Most journalists regarded self-censorship as very common, particularly regarding stories criticizing the Beijing Government, so as to avoid currying trouble from Beijing (Africa Leader 24 March 2016; Reporters Without Borders 10 October 2014). One case in point has been that in April 2016, a dominant middle-class newspaper of Ming Pao sacked its executive chief editor, shortly after his insistence of releasing an in-depth report detailing the secretive investments and deposits of Mainland's leaders in offshore banks. "Many were skeptical about Ming Pao's public explanation that the decision to sack the senior executive was simply 'cost saving'" (UK Foreign & Commonwealth Office 12 October 2016).

HKJA also highlighted that "71 percent of journalists believed the Hong Kong Special Administrative Region (HKSAR) Government contributed to the suppression of press freedom" (UK Foreign & Commonwealth Office

11 February 2016). HKJA condemned the HKSAR Government's increasing practice of making major announcements through blogs and other "one-way" form of communication rather than holding press conferences. The HKJA called on the government to raise transparency by enacting freedom of information and archive laws, only to be ignored by the government. Indeed, 89% of journalists agreed in a survey in 2014 that a law on freedom of information should be enacted. Journalists surveyed in early 2016 thought they faced obvious and increasing difficulties in obtaining information vis-à-vis a year before (Hong Kong Journalists Association 2016). Concerns were also raised by some commentators that the pro-Beijing chief executive has restricted information on government officials' visits to Beijing and refused to hold press conferences or only invited camera operators and photographers in order to avoid question-and-answer sessions (Reporters Without Borders 10 October 2014).

Physical attacks on journalists can be tantamount to trampling on press freedom, especially if they happen mostly on liberal media. Despite the decline in the number of physical attacks on journalists between July 2015 and June 2016, they have been worsening in the last few years (Hong Kong Journalists Association 2016). To illustrate, during the 2014 Umbrella Movement protests, more than 30 journalists were assaulted. Attackers on journalists were mostly released or only had a minor punishment subsequently. In January 2015, the harshest critic on the government and the most liberal media company – the Next Media – had its headquarters and its founder's home targeted in firebomb attacks soon perhaps for their support of Hong Kong's pro-democracy movement (Freedom House 2016; Hong Kong Journalists Association 2016). Meanwhile, "the attitude of Hong Kong police toward media and journalists has been hardening in recent years" (Reporters Without Borders 10 October 2014). Arrests of journalists and police misconduct toward journalists during demonstrations have become more frequent.

Since the ascendancy to power of Xi Jinping in March 2013, there has been a visible trend toward escalating media control in Mainland. Arguably, the decline in Hong Kong's press freedom has mirrored the tightening ideological and organizational control from Beijing.

As underlined in *the HKJA's 2013 annual report*, China has endeavored to regain the Hong Kong media since the crackdown of Tiananmen Square movement in 1989. The policy aims at ensuring the territory's media would become the Chinese Government's mouthpieces. Beijing's policy has achieved a success as the Chinese Government or Mainland corporations now have direct control or stakes in 8 out of 26, i.e., 31% of mainstream media outlets in Hong Kong. "These are Ta Kung Pao, Wen Wei Po, Hong Kong Commercial Daily, China Daily's Hong Kong edition, Sing Pao Daily News, Phoenix Satellite Television, TVB and most recently the South China Morning Post, which came under the control of Chinese internet entrepreneur Jack Ma and his Alibaba group in April 2016" (Hong Kong Journalists Association 2016).

### Escalating Threats to Academic Freedom

Academic freedom has also taken a hit during recent years. University professors in Hong Kong have been generally able to write and lecture freely, and political debates on campuses were lively. In the aftermath of the Umbrella Movement, however, concerns began to surface that political pressure was being applied to Hong Kong's universities, in particular over appointments and general policy. In January 2015, Chen Zuo'er, former Deputy Director of the Hong Kong and Macao Affairs Office of the State Council (HKMAO), said at a forum in Beijing that it was "clear there are problems with the education in Hong Kong along with its development" and that "the 'national interest' must be considered when Hong Kong considered its education policy" (UK Foreign & Commonwealth Office 21 July 2015).

A string of incidents in the last 2 years have raised concerns that Beijing is putting greater pressure on Hong Kong's academic circle. In April 2015, the City University of Hong Kong abruptly closed its creative writing program, whose students had published a number of

works supportive of the Umbrella Movement. In September 2015, "the governing Council of the University of Hong Kong rejected a nominee for the post of pro-vice-chancellor, Johannes Chan, who had been unanimously approved by the search committee. The majority of the council members were neither students nor university employees – six were appointed directly by the Hong Kong's Chief Executive. Chan's supporters said that his background as a human rights lawyer and prodemocracy scholar made him unpalatable to Beijing" (Freedom House 2016). In December 2015, despite a series of protests, Chief Executive Leung appointed a pro-Beijing scholar, Arthur Li, as the chairman of the governing council of the University of Hong Kong (Freedom House 2016).

Moreover, a liberal and famous academic, Joseph Cheng Yu-shek, a professor of political science at the City University of Hong Kong, also alleged that the pressures on and job insecurity of young academics have incentivized them to be "politically correct" (Denyer 2015). He found the presence of political pressure to adopt a pro-Beijing line among the faculty members if they aspired for promotion. Concomitantly, Beijing encourage loyal academics by granting them valuable honors and posts at Mainland universities and discourage disloyal academics with denial of their access to Mainland to conduct research (Denyer 2015). Likewise, a scholar who joint in 2014 Umbrella Movement underscored that the tendency toward tighter control was quite obvious, as the whole system delivered a crystal clear message that academics "should keep silent and focus on their research" (Denyer 2015). That said, confronted with the erosion of academic freedom, hundreds of scholars signed a petition letter in March 2015 to voice their concerns about "political intervention" in the territory's universities and a serious threat to academic freedom (Denyer 2015).

Moreover, in 2012, Hong Kong experienced a large-scale public movement protesting the implementation of national education. The movement was significant as it was both successful and broad based, being against Beijing's attempt to limit students' freedom of thought and renege on its promise of granting Hong Kong "high degree of autonomy" under the "One Country, Two Systems" framework. In January 2015 Hong Kong's chief executive stressed that the government would amend the current high school curriculum to deepen students' interest in and understanding of Chinese history and culture (Steger 2015). Many media reports purported the government was intent on a major policy shift to brainwash students in order to avert another large-scale democracy or occupy movement if students continued to be exposed to liberal and critical ideas including those found in the subject of liberal studies. Pro-Beijing politicians have repeatedly sounded out warnings to water down the subject of liberal studies (Steger 2015). In addition, the Chief Executive underlined that the government would subsidize students to participate in exchange programs with schools in Mainland, but not elsewhere (Denyer 2015). The obvious attempt for Beijing to control the academic freedom and freedom of thought in Hong Kong already backfired on Beijing in a number of resistance movements since 2012.

### Threats to Freedom of Expression

Beijing Government's growing interference with Hong Kong's human rights can also be gleaned from the erosion of Hong Kong's freedom of expression. One notorious and internationally reported case concerned five missing booksellers, who published and distributed books critical of the Chinese Government in Hong Kong, especially for Mainland's tourists. They were all later held in detention in Mainland China (Hong Kong Journalists Association 2016).

Among them, Lam Wing-kee returned to Hong Kong on 14 June 2016, 8 months after his vanishing. Two days afterward, Lam held a press conference, divulging to the press that he and other booksellers had been kept in custody involuntarily by Mainland agents, denied due process, interrogated, required to sign nondisclosure documents, and compelled to make untrue statements. Lam said that he had chosen to risk his own and his family's safety by speaking out because "this isn't just something which involves me, but implicates the whole of Hong Kong society" (UK Foreign & Commonwealth Office

12 October 2016). Lam's press conference raised grave concern and serious doubt about Beijing's sincerity to grant Hong Kong high degree of autonomy and have its freedoms remained intact as promised in Hong Kong's constitution. The saga dominated media coverage over the following days, with many arguing that Lam's revelations showed that rights and freedoms guaranteed by the Basic Law had been undermined (UK Foreign & Commonwealth Office 12 October 2016).

The case of five missing booksellers and the effort by Beijing to quash the publication of critical books have been emblematic of the deterioration in freedoms in Mainland and Hong Kong on the heels of an ideological crackdown in Mainland China triggered by President Xi Jinping. The event has created negative impact on freedom of expression and press freedom in Hong Kong (Hong Kong Journalists Association 2016). The descent in freedom of expression also appeared in the entertainment industry.

On 6 June 2016, it was reported that Lancôme called off an impending concert it had sponsored by a prominent pro-democracy Canto-pop star Denise Ho. Though Lancôme mentioned "possible safety concerns" as the ground for cancellation, the decision came only days after Mainland state-owned media denigrated Ho for her pro-democracy stance and for having met the Dalai Lama. Ho contended "If we were in a free society, a civilized society, political pressure shouldn't cross the border to affect business decisions." This event has prompted widespread anger and concerns for freedom of expression (UK Foreign & Commonwealth Office 12 October 2016).

Of no less importance, in February 2016, the Mainland media banned the broadcast of the Hong Kong Film Awards (held in April) after the film *Ten Years* was nominated as a candidate for the Best Film Award (UK Foreign & Commonwealth Office 12 October 2016). This film, which sought to depict Hong Kong in 2025, portrayed Hong Kong as an authoritarian institution with a bleak future under Beijing's stringent control. It has attracted much more audience and many more screenings in Hong Kong than expected, despite its minuscule budget. "While the 'Ten Years' is a hit, Hong Kong cinema operators quietly dropped it after state media criticized the film" (Radio Free Asia 2016). Many pro-Beijing investors and professionals in film industry also denigrated value of the film. The Hong Kong Film Awards Association acknowledged that after the nomination of the movie, both China Central Television (CCTV) and Chinese Internet broadcaster Tencent had decided not to broadcast the ceremony. This has happened despite that the movie was crowned "Best Film" and has played at cinemas overseas.

## Judicial Autonomy

Justice Kemal Bokhary, a Nonpermanent Judge of Hong Kong's Court of Final Appeal, elucidated a fundamental challenge faced by courts of the global city in April, 2016 – their onus to make the "One Country, Two Systems" principle work (UK Foreign & Commonwealth Office 12 October 2016). Since the handover of Hong Kong, threats of China to its rule of law have surfaced. In 2014, for instance, the White Paper issued by the Chinese Government in June deemed that Hong Kong officials, including judges, should love the country as the basic political requirement. "Many jurists saw it as a demand for loyalty to Beijing and a threat to the territory's rule of law and judicial impartiality" (Freedom House 2016).

Noticeably, one major source of threat to Hong Kong's judicial autonomy and rule of law lies in the legal right of China's National People's Congress to make final interpretations of the Basic Law. This right curtails the power of Hong Kong's Court of Final Appeal to maintain political rights and rule of law. China's recent decision to reinterpret the Basic Law in late 2016 is a case in point.

In November 2016 the Standing Committee of the National People's Congress (NPCSC) in Beijing reinterpreted Article 104 of the Basic Law, demanding Hong Kong's elected legislators, on taking the oath of office in Hong Kong, to do so "sincerely and solemnly" (Williams 2016). Anyone who includes sarcasm or implies insincerity in their oath will be excluded from becoming a legislator and cannot retake the oath. Following the reinterpretation, on 15 November 2016, Hong Kong High Court ruled against two pro-

independence elected legislators, formally barring them from taking up their seats in the legislature. Besides, four more pro-democracy legislators were sued by the HKSAR government for the purported refusal to take the oath properly.

This latest interpretation of the Basic Law, the fifth one already since the reversion of Hong Kong's sovereignty, has fueled extensive apprehensions that China is tightening its control over Hong Kong and thereby sparking a series of protests in the city.

Critics contended that the fifth interpretation of the Basic Law attempts to preclude the pro-independence legislators getting a foothold in the local government (Williams 2016) and to silence democratic voices. And it casts a pall on China's willingness to reinterpret Hong Kong's constitution for its own benefit (New York Times 09 November 2016). In response, on 8 November 2016, over 1000 lawyers marched silently through Hong Kong to berate China and support two elected and disqualified lawmakers (New York Times 09 November 2016). Lawyers warned that the latest interpretation would undercut the city's judicial independence and spell the death knell for Hong Kong's rule of law (Hong Kong Free Press 09 November 2016).

## Hong Kong's Vital Importance for China Helps Maintain "One Country, Two Systems"

As indicated in Fig. 1, despite the glaring erosion of freedoms in Hong Kong over the last few years, its overall level of civil liberties and political rights still patently outperforms those in Mainland. As argued below, Hong Kong still possesses some strategic and irreplaceable economic advantages over Mainland that have induced Beijing to maintain the limited freedoms and judicial autonomy in Hong Kong to date.

Despite the sagging proportion of Hong Kong's GDP out of China's one, the International Financial Centre of Hong Kong remains indispensable to China for several reasons. First, as Hong Kong has outperformed any other Mainland city in terms of its fair, transparent courts and long-established tradition of rule of law, Hong Kong has become the greatest center for equity financing in China. For example, between 2012 and late 2014, "Chinese companies have raised $43 billion in initial public offerings in the Hong Kong market, versus just $25 billion on mainland exchanges. More than anywhere else in the world, Hong Kong has also provided Chinese companies with access to global capital markets for bond and loan financing (Economist 2014)." What is more, Hong Kong is the key hub for investment in and out of China. It accounted for two-thirds of foreign direct investment into China last year, up from 30% in 2005 (Economist 2014). Also, given the resources in Hong Kong, it has become a testing ground for a range of financial reforms for the Chinese Government. In short, China has benefited greatly from the global city of Hong Kong, which is detached from the Mainland but closely associated with it; a territory that is fully integrated into the global economy but eventually controlled by Beijing (Economist 2014). Therefore, if China were to take away Hong Kong's freedoms and rule of law, or jettison "One Country, Two Systems" entirely, China would have to pay a heavy price. This is especially so, given Hong Kong's outstanding and stable record in terms of global competitiveness.

Hong Kong's competitiveness was ranked for the fifth consecutive year in the top 10 of famous Global Competitiveness Index (GCI). The latest 2016–2017 measurement shows that Hong Kong was ranked the ninth in terms of GCI having achieved a strong and consistent performance. "HKSAR features in the top 10 of seven criteria of the GCI. Hong Kong tops the infrastructure pillar for the seventh time, reflecting the outstanding quality of its facilities in various modes of transportation. Its financial sector (4th) is very well developed, highly sophisticated, trustworthy, and stable. Its labor market is among the world's most flexible and efficient (3rd worldwide). Finally, Hong Kong is hyper-connected and it boasts some of the highest rates of Internet use and mobile telephony penetration" (Schwab 2016). The GCI results reveal that Hong Kong, Japan, and Singapore are the only Asian societies within the top 10 in the GCI for 2016–2017. The

structural advantages of Hong Kong over China and the subsequent strategic economic importance of Hong Kong for China can raise the bargaining power of Hong Kong to maintain freedoms and rule of law promised under the rubric of "One Country, Two Systems." That said, there are increasing signs that Beijing has endeavored to deepen economic dependence of Hong Kong and China so as to tighten its political control over the global city.

## Prospect of Hong Kong: Greater Sino-Hong Kong Economic Integration Deepens Political and Economic Threats to Hong Kong

The rising economic integration of Mainland and Hong Kong economy has increasingly raised the threats to Hong Kong's political stability and economic prosperity, owing to the increasingly palpable financial and economic weaknesses in Mainland, and the political suppression from Beijing on Hong Kong. Based on the International Monetary Fund, at least as of 2012, the American economy overrode the Chinese one in terms of the size of economic impact on Hong Kong's business cycle (Economist 2015). However, the sharp increase of Mainland's investment in Hong Kong over the years has enormously integrated Hong Kong's economy into Mainland's one (Economist 2015).

Nearly 40% of Hong Kong's foreign direct investment in 2015 came from Mainland, which rose from about 10% in the late 1990s (Economist 2015). Also, in 2015, 43.6% of Hong Kong's exports of domestically produced goods, and 53.8% of its re-exports were shipped to China. In addition, in 2016, 77.3% of tourist arrivals were from China, up from 63% 5 years ago (Moody 2016). The quantity of Mainland visitors to Hong Kong surged more than 10 times from 4.4 million in 2001 to 47 million in 2014, taking up more than 75% of all foreign arrivals (Economist 2015).

The rising economic integration between Mainland and Hong Kong has been further boosted by that since late 2014; Shanghai provided access to any foreigner with a Hong Kong brokerage account to its closely safeguarded stock market. In 2015, Mainland also allowed the sale of mutual funds domiciled on its side or in Hong Kong to be sold in each other's markets, strengthening Hong Kong's asset management industry. Beijing has also reinforced Hong Kong as the pivotal offshore center for trading the yuan, making it the most important place to internationalize yuan. That said, further integration between Mainland and Hong Kong will likely pose greater threat to Hong Kong's political stability and economic prosperity.

## Conclusion: Further Integration Between Mainland and Hong Kong Harmful to Hong Kong's Stability and Prosperity

In March 2016, one of the leading international rating agencies, i.e., Moody's Investors Service, affirmed the rating outlook of Hong Kong was downgraded to negative from stable. The downgrade reflects Moody's analysis that Hong Kong's deepening political, economic, and financial linkages with the Mainland would jeopardize Hong Kong's economy and stability (Moody 2016). Likewise, another renowned rating agency Standard and Poor also cut the credit rating for Hong Kong from stable to negative in 2016, which cited the increasing economic and financial risks to the Mainland government's creditworthiness (CNBC 2016).

Beijing's incessant attempts to block Hong Kong's democratization, suppress its freedoms, and weaken its judicial autonomy have triggered the radicalization of street politics, the outbreak of Umbrella Movement, the unfolding of a pro-independence movement, and the sharply rising confrontations against Mainland. As argued by Moody (2016), over the medium term, the strong political linkage embedded in June 2014 White Paper from China's State Council – "creates the risk that Hong Kong's institutions will lose some of their independence over time as China's influence grows. This would negatively affect policy

effectiveness and credibility in Hong Kong and weaken its institutional strength relative to China's."

On the other hand, the deepening financial and economic malaises in Mainland, amid the growing significance of China for Hong Kong's trade, entail that any further economic trouble in China would considerably stifle Hong Kong's economic performance, both directly through bilateral trade channels and indirectly through China's bearing on global trade (Moody 2016). Noticeably, other than economic linkages, Hong Kong's banking sector is also exposed to China. During the third quarter of 2015, the total bank lending from Hong Kong to the Mainland took up 15.7% of total assets. Hong Kong's banks credit risk would therefore escalate if loan books' exposure to Chinese corporations continues to mount (Moody 2016).

Based on a gauge of the Bank for International Settlements, China's credit-to-GDP gap stood at an exceptionally high level of 30.1% in November 2016, scoring the largest figure among all countries since the use of this statistics in 1995 (Panckhurst and Leung 2016). The credit-to-GDP gap shows the scale of credit boom and the risk of trouble brewing. Based on the Bank's analysis, the credit-to-GDP gap is the single most reliable indicator of looming financial crises. The Bank found in a 2011 analysis of 36 countries that a majority of banking crises followed readings higher than 10% (Panckhurst and Leung 2016). The dire warning from the Bank of International Settlements about the looming economic crisis of China was echoed by the celebrated Nobel Prize Laureate, the economist Paul Krugman, who said that "China in 2016 looks a lot like Japan in 1989 – right before Tokyo headed into a prolonged period of financial crisis known as the 'lost decade'" (Liu 2016).

In short, should Mainland encounter major economic woes, not only will it spell severe economic distress for Hong Kong but it may also usher in more political upheavals for Hong Kong. The erosion of Hong Kong's freedoms and judicial autonomy bred under an increasingly authoritarian government within a nondemocratic structure has progressively delegitimized both the HKSAR and Beijing Government. Further economic integration of Mainland China and Hong Kong can unleash colossal economic and political cost for Hong Kong, should China's economy run into big distress.

## References

A motherland's embrace; Hong Kong's economy. The Economist, 2015. http://www.economist.com/news/china/21654107-former-colonys-economy-bound-ever-more-closely-chinas-motherlands-embrace. Accessed 13 June 2015

Basic Law interpretation leaves legal uncertainties, troubling possibilities. Hong Kong Free Press, 2016. https://www.hongkongfp.com/2016/11/09/basic-law-interpretation-leaves-legal-uncertainties-troubling-possibilities/. Accessed 09 Nov 2016

China bans Hong Kong film awards show after '10 Years' nominated. Radio Free Asia, 2016. http://www.rfa.org/english/news/china/china-bans-hong-kong-fim-awards-show-after-10-years-nominated-02232016113702.html. Accessed 23 Feb 2016

China bullies Hong Kong. The New York Times, 2016. https://www.nytimes.com/2016/11/09/opinion/china-bullies-hong-kong.html?_r=0. Accessed 09 Nov 2016

Denyer S (2015) In Hong Kong, fears of Chinese restrictions on academic freedom grow. The Washington Post. https://search-proquest-com.lib.ezproxy.ust.hk/docview/1663402022?accountid=29018. Accessed 15 Mar 2015

Freedom in the World – Country report – Hong Kong. Freedom House, 2016. https://freedomhouse.org/report/freedom-world/2016/hong-kong

Hong Kong's press freedom index falls for second year running. Africa Leader, 2016. http://www.africaleader.com/index.php/sid/242504271. Accessed 24 Mar 2016

Liu N (2016) Noted US economist warns of future economic woes in china. Voice of America News. http://www.voanews.com/a/noted-economist-warns-economic-woes-china/3603502.html. Accessed 19 Nov 2016

Moody's Investors Service (2016) Rating action: Moody's changes outlook on Hong Kongâ€™s rating to negative from stable. https://www.moodys.com/research/Moodys-changes-outlook-on-Hong-Kongs-rating-to-negative-fromâ€"PR. Accessed 12 Mar 2016

Occupy Central and the fight for information freedom. Reporters Without Borders, 2014. https://rsf.org/en/news/occupy-central-and-fight-information-freedom. Accessed 10 Oct 2014

One country, two nightmares: Hong Kong media caught in ideological battleground – 2016 annual report. Hong

P

Kong Journalists Association, 2016. https://www.hkja.org.hk/site/Host/hkja/UserFiles/file/annualreport/Annual_report_2016_Final%20V.pdf. Accessed July 2016
Panckhurst P, Leung A (2016) Will China's financial bust ever come? What we can learn from other economies. Bloomberg. https://www.bloomberg.com/graphics/2016-china-banking/. Accessed 14 Nov 2016
S&P cuts China, Hong Kong outlook to negative. CNBC, 2016. http://www.cnbc.com/2016/03/31/sp-cuts-china-hong-kong-outlook-to-negative.html. Accessed 31 Mar 2016
Schwab K (2016) The global competitiveness report 2016–2017. World Economic Forum. http://reports.weforum.org/global-competitiveness-index/. Accessed 28 Sept 2016
Sing M (2005) Public support for democracy in Hong Kong. Democratisation 12(2):244–261
Sing M (2006) The legitimacy problem and democratic reform in Hong Kong. J Contemp China 15(48):517–532
Sing M (2009) The quality of life in Hong Kong. Soc Indic Res 92(2):295–335
Sing M (2010) Explaining mass support for democracy in Hong Kong. Democratization 17(1):175–205
Sing M (2012) Quality of life of an Asian metropolis in a governance crisis: the case of Hong Kong. In: Happiness across cultures. Springer, pp 75–94
Sing M, Tang YS (2012) Mobilization and conflicts over Hong Kong's democratic reform. In: Contemporary Hong Kong government and politics, 2nd edn. Hong Kong University Press, Hong Kong, pp 137–158
Steger I (2015) World news: Asia: Hong Kong's civics class irks Beijing. The Wall Street Journal Asia. https://search-proquest-com.lib.ezproxy.ust.hk/docview/1655200030?accountid=29018. Accessed 16 Feb 2015
The six-monthly report on Hong Kong: 1 January to 30 June 2015. UK Government, 2015. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447070/6MR_2015_Jan-Jun.pdf. Accessed July 2015
The six-monthly report on Hong Kong: 1 January to 30 June 2016. UK Government, 2016. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/559549/Six-Monthly_Report_on_Hong_Kong_-_1_January_-_30_June_2016.pdf. Accessed 12 Oct 2016
The six-monthly report on Hong Kong: 1 July to 31 December 2015. UK Government, 2016. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/500119/Six_Monthly_Report_on_Hong_Kong_-_1_July_to_31_December_2015.pdf. Accessed 11 Feb 2016
Why Hong Kong remains vital to china's economy. The Economist, 2014. http://www.economist.com/blogs/economist-explains/2014/09/economist-explains-22. Accessed 30 Sept 2014
Williams W (2016) Elected Hong Kong leaders to appeal disqualification for 'insincere' oaths. The Christian Science Monitor. http://www.csmonitor.com/World/Asia-Pacific/2016/1115/Elected-Hong-Kong-leaders-to-appeal-disqualification-for-insincere-oaths. Accessed 15 Nov 2016

# Politics and Partisanship

Grant Ferguson
Department of Political Science, Texas Christian University, Fort Worth, TX, USA

## Synonyms

Party ID; Party identification

## Definition

Partisanship: The identification of an individual with a political party.

## Introduction

Partisanship is one of the most important aspects of American politics. It has been somewhat accurately called the "unmoved mover," because it influences everything in the political world, while it itself changes slowly and rarely. This chapter describes the meaning of partisanship for American politics, beginning with the origin and function of parties in the US political system and ending with how partisanship affects political behavior. The chapter also includes some meaningful comparisons to partisanship in a comparative context.

## Where Do Parties Come from?

The American Founders disliked parties. Prior to the adoption of the Constitution, James Madison warned of the "mischief of factions" in Federalist 10. In his Farewell Address, George Washington cautioned against their effects. So why did parties arise, if both the chief designer of the Constitution and influential first president disliked them?

The Constitution created a Congress without parties. However, legislatures without parties face a tremendous **coordination issue**. Coordination issues occur when a group of people all have

similar preferences about a group of potential outcomes, but a mutually preferred outcome will not be achieved unless they are able to share information and bear the costs of organizing. Imagine being a legislator in the early American Congress who favors the creation of a national bank. You want to write a bill creating a bank but don't know what other legislators favor one. You also don't know who has expertise in finance and could help you write such a bill. In a legislature with almost 100 members, this creates a real challenge to your ability to pass a bill creating a national bank. Without parties, the coordination issue you face may prevent you from passing a bank bill. A similar coordination issue occurs in legislatures around the world.

Parties solve this problem. By mobilizing a group of legislators into a party, members of Congress could easily organize around particular policy positions and appoint administrative leaders to increase their ability and efficiency to pass legislation. By the end of Washington's second term, two parties had formed, the Federalists and the Democratic-Republicans.

## The Origins and Development of Mass Partisanship in American Politics

Parties arise to satisfy the legislative need to pass policies. It's not surprising, therefore, that American parties first organized themselves around differences in which policies should be passed. Policy preferences about the proper role of government in society, or **ideology**, are a common organizing principle of parties around the world. Personalist parties, or those organized around support of a particular politician or family, sometimes compete with ideological parties. In American politics, however, explicitly or effectively personalist (like Theodore Roosevelt's Bull Moose Party) parties are rare and short-lived.

Following George Washington's retirement after two terms, the policy-oriented Federalist and Democratic-Republican parties faced the challenge of getting a new president elected who fit their policy preferences. They adapted to do so and exhibited the second purpose of parties in American politics. If the first purpose was to get preferred policies passed, the second purpose was to get candidates elected who would further ease the passage of preferred policies. To do this, they eventually had to create national, state, and local party organizations.

With the end of the Era of Good Feelings in 1824, the rise of the Whig Party to challenge the Democrats, and the gradual development of universal free manhood suffrage, the development of these party organizations adapted to mobilize and turn out massive coalitions of partisan voters. For much of the nineteenth century and early twentieth century, the parties encouraged turnout among their loyal voters with promises of patronage jobs and spoils from victory. The parties nevertheless mobilized their supporters around important political issues and appeals to group identity, and continue to do so today.

## Why Are There Two Parties in American Politics?

Minor parties have existed throughout American history. Independent or minor party candidates occasionally even attract a significant percentage of the popular vote in presidential elections or win congressional office. Nonetheless, American politics is based on conflict between two major parties. This two-party system has existed in various forms throughout the history of the American republic. Today's Republican and Democratic parties are merely its latest incarnation. This two-party form of partisan electoral conflict is unusual (though not unique; Costa Rica and some other countries also had or have because Costa Rica's two-party system has declined recently) when compared to the politics of many other democratic countries across the world. Why is American politics based on conflict between two parties?

Winner-take-all elections are the chief reason. **Duverger's Law** states that first-past-the-post or winner-take-all electoral systems cause political conflict to be centered around two-party competition. While exceptions exist (e.g., India, see Diwakar 2007), Duverger's Law is generally true

across the world. American congressional and state legislative elections feature single-member districts and states, instead of multimember districts in which parties receive a number of seats in the legislature proportional to their percentage of the popular vote. These kind of legislative elections give each party a very strong incentive to appeal to voters who might consider a minor party, such as the Constitution Party or Green Party, and co-opt them, because a small percentage of the popular vote can be the difference between winning a seat and getting nothing.

American presidential elections are more complex because of the Electoral College. Even so, almost all states effectively give all their electoral votes to the candidate that wins the statewide popular vote. This means the incentives of Duverger's Law also apply to presidential elections. America is a two-party system because of its winner-take-all elections, and will presumably remain so, perhaps with brief interruptions, for the foreseeable future.

## The Meaning of Partisanship in the American Public

Classic scholarship from the 1950s and 1960s (see Campbell et al. 1960) on the meaning of partisanship in the American public found that party identification was primarily about an American's social groups and place in American society. For example, union members were more likely to be Democrats, while business people were more likely to be Republicans. Family allegiances to each party were also very influential. Most Americans did not know much about politics and saw the national Republican Party and national Democratic Party as relatively similar in goals and issue positions. American voters were not particularly ideological or issue oriented and did not see the two parties in those terms either.

This kind of mass partisanship was presumably in part a response to the unusual circumstances of party conflict during the early Cold War. During the 1950s and early 1960s, Republican members of Congress were slightly more conservative than Democratic ones, but not by much (Cox and Poole 2002). There was considerable ideological overlap between the two parties. Both the Democratic Party's politicians and the Republican Party's politicians, on average, accepted the New Deal welfare state, the favorability of the nuclear family and traditional social stratification and norms, and the necessity to fight communism and the Soviet Union at home and abroad. While there was considerable regional variation, with Northeastern Republicans more liberal and Southern Democrats more conservative, there were many conservatives, moderates, and liberals in each party's congressional delegation.

In response to a variety of political and cultural phenomena in the mid and late 1960s, elites in both parties began to take increasingly different positions on economic, social, and foreign policy issues. The upheavals of the sexual revolution, civil rights movement, Vietnam conflict, President Lyndon Johnson's Great Society programs, popular drug use, and (a few years later) Watergate caused the Republican Party to start moving to the right (favoring a smaller government overall and especially in the economy, traditional Judeo-Christian morality on social issues, and a hawkish, assertive American foreign policy) and the Democratic Party to start moving to the left (favoring a larger government role in the economy, acceptance or promotion of nontraditional morality on social issues, and a dovish, multilateral American foreign policy focused on diplomacy). Over the course of the next two decades, Democratic Party elites became predominantly liberal and Republican Party elites became predominantly conservative. By the early 1990s, congressional scholars (Cox and McCubbins 1993; Aldrich and Rohde 1997) were analyzing two parties who advocated for markedly different policies and behaved in a very partisan fashion.

Politically active Americans outside of government received the message that the Republican Party was for conservatives and the Democratic Party was for liberals, and responded accordingly. By the mid-to-late 1990s, there were significant issue differences among Democratic and Republican partisans in the mass public (Abramowitz and Saunders 1998). This phenomenon was caused by two important processes. Moderate

mass Democrats and Republicans slowly converted their issue positions to the more liberal and conservative ones of their national party. Liberal Republicans and conservative Democrats realized they were no longer welcome in their parties and switched their partisan identifications. Older, more moderate Republicans and Democrats passed away, and they were generationally replaced by younger partisans attracted to the conservative and liberal messages they received from their respective party elites.

Today, the Democratic Party in government is almost entirely comprised of liberals. It is mirrored by Democratic partisans in the public who also favor a more expansive welfare state, promotion and acceptance of nontraditional morality and lifestyles, and a more dovish, multilateral approach to foreign policy abroad that relies primarily on diplomacy to solve problems. The modern Republican Party in government is overwhelmingly conservative. Contemporary mass Republican partisans also favor lower taxes, a smaller and cheaper government with fewer programs, promotion and acceptance of Judeo-Christian morality and lifestyles, and a foreign policy that emphasizes American power and interests and relies on the threat of the use of force to solve problems. There are virtually no moderates among Democratic and Republican Party elites, and far fewer among mass Democrats and Republicans than there used to be.

Partisanship in the modern American public is based on ideology and issue positions. The public, especially the political active public, is far more aware of politics than it used to be and generally understands the basic differences between the two parties. This means that partisanship in the American public today is much more meaningful and significant than it was in the middle of the twentieth century.

Specifically, American mass partisanship now fits well with the **rational choice theory of partisanship**. The rational choice approach to social science emphasizes the importance of individuals being able to rank their preferences over outcomes and act to achieve their maximum value from them. The rational choice theory of partisanship argues that individuals identify with the party that is closest to their ideology and issue positions. If they are even a little left of center, individuals identify with the Democratic Party; those even slightly right-wing identify with the Republican Party. While this theory does not perfectly capture the dynamics of American partisanship (there are far more independents, and ideological ones, than the theory would expect), it correctly describes the primary meaning of American partisanship today. Party identification in America is now usually synonymous with conservatism and liberalism.

While partisanship is now an ideology, this does not mean there are no other aspects to it. The rise of party identification as a set of programmatic issue positions did not replace partisanship as a group identity, but added onto it. How individuals see themselves and their place in society continues to form a basis of partisanship, just as it did in the 1950s. Each party's social group coalition, however, has changed.

The Republican Party's primary social group coalition includes Christians, people who are religiously observant and devout, Americans who identify as white, those who are married, men, older Americans, wealthier people in states that are competitive and favor Republicans, and Southerners. The Democratic Party is favored by Jewish and agnostic/atheist Americans, those who rarely attend religious services and whose religion is not an important part of their everyday life, Americans who identify as black and Asian, non-Southern Americans who identify as Hispanic, those who are single, women, young Americans, lower-income people, those with postgraduate degrees or without a high-school diploma, and those who live in the Northeast or West Coast. These partisan demographic differences have generally grown over the last two decades.

Importantly, these social group coalitions often align with the two parties' ideologies as well. Nevertheless, this partisan phenomenon fits well with a different theory of political behavior: The **social identity theory of partisanship**. The social identity theory of partisanship argues that Americans identify with a party on the basis of its social group coalition and whether they fit into it. Effectively, this means that Americans ask

themselves "which party has people like me?" and identify accordingly. Social identity theory also includes identification with a party on the basis of familial ties (which party individuals were socialized into by their parents) and which party is popular among one's generational cohort as one becomes politically active and aware. This understanding of partisanship is powerful and deepens understanding of the process of party identification. However, social identity theory has difficulty explaining why Americans who don't match a party's social group coalition would identify with it (such as why a single, lower-income female who identifies as black would be a Republican) and has no role for ideology and issue positions. It also has difficulty describing why individuals who fit a party's demographic base well would identify as independent.

Contemporary research shows that the rational choice theory of partisanship generally outperforms social identity theory in explaining partisanship (Abramowitz and Saunders 2006). However, for some large and politically important groups of Americans, such as people who identify as black, social identity theory describes the meaning of partisanship much better. The rational choice and social identity theories of partisanship are the two most prominent and competing theories that explain the meaning of party identification in the American public. Both theories have long and valuable lines of historical research corroborating them. However, they are not necessarily in conflict. For many Americans, *both* rational choice and social identity theory describe why they identify with a party well.

The rational choice and social identity theories are not the only explanations of partisanship. Recent research (Gerber et al. 2012) has revealed another facet of partisanship: Personality. The **personality theory of partisanship** shows that an American's score on the "Big Five" personality traits also explains why he or she identifies with a party. The Big Five personality traits, known also by the acronym OCEAN, are increasingly prominent in social science research on political behavior. This is partly due to the ease of measuring them on surveys (with as few as 10 questions) and partly due to their explanatory power. The OCEAN traits are openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism (or emotional stability). Those high in openness are creative and enjoy trying new things; those high in conscientiousness are punctual, reliable, and care about duty; extraverts are outgoing and talkative; agreeable people are kind and warm; and those high in neuroticism experience more emotional ups and downs and anxiety.

Even accounting for other factors, those high in openness to experience and neuroticism are more likely to be Democrats. Those who are more agreeable are slightly more likely to be Democrats. The conscientious are more likely to be Republicans, and extraverts are weakly more Republican as well. While this personality theory of partisanship is still emerging, it adds considerably to the understanding of party identification in the American public. However, both the rational choice and social identity theories considerably outperform the Big Five traits in predicting an American's partisanship. Therefore, the personality theory of partisanship is best considered as a way of adding depth to the understanding of party identification, rather than replacing other theories.

The personality theory of partisanship is additionally valuable because it underscores how far-reaching partisanship is in contemporary American society. If something as immutable (at least after someone's mid-twenties) as personality is now related to whether an American is a Democrat or a Republican, then truly party conflict in American politics will be long-lasting and profound. Political scientists see some additional evidence of this in lifestyle choice as well; consumer preferences like food, drink, and entertainment choices often are correlated with partisanship today.

## How Partisanship Affects Political Behavior

Given the profound meaning of partisanship in the contemporary American public, it is not surprising that it drives almost every aspect of political behavior. Party identification determines voter turnout. Democrats and Republicans are considerably more likely to vote regularly than

Independents, especially those who don't lean toward either party. Individuals who identify with a party are also more likely to be politically informed, volunteer for a candidate, participate in unconventional political activities like protests or boycotts, talk to a friend about politics, and give money to a candidate.

Once an American enters the voting booth, party identification explains most of his or her candidate choices. Split-ticket voting (the practice of voting for candidates of different parties for different offices) was common in the 1970s and 1980s; it is rare today. Instead, both Democrats and Republicans commonly practice straight-ticket voting and vote for all the Democrats or all the Republicans on the ballot.

This practice has important consequences for campaigns and elections. In presidential elections, 85–95% of partisans will vote for their party's candidate for president. This percentage is almost as high when Republicans and Democrats are voting for candidates for the US House and Senate. In recent years, straight-ticket voting has started to characterize how Republicans and Democrats vote in gubernatorial and state legislative elections as well. This means that elections for state government offices are now often determined by national party considerations! Partisans see almost everything through the lens of party identification.

## Conclusion

Partisanship is the most important factor affecting American political behavior today. The Democratic Party and Republican Party are entrenched and far-reaching institutions in American politics, among both officeholders and individuals. The structure of American elections and government is the primary reason for the two-party nature of American politics. Despite initial opposition from the American Founders, parties arose for practical reasons and have persisted ever since. Perhaps because there are only two major parties in American politics, the meaning of party identification in the American public is deep and far-reaching today. Being a Democrat or Republican today not only encompasses one's views on government policies and purpose but also how one sees one's place in society and personality. These factors have created an increasingly partisan political culture that determines contemporary election outcomes and political participation and that will continue for the foreseeable future.

## Cross-References

► Politics: Basic Concepts

## References

Abramowitz AI, Saunders K (1998) Ideological realignment in the U.S. electorate. J Polit 60:634–652

Abramowitz AI, Saunders K (2006) Exploring the bases of partisanship in the American electorate: social identity vs. ideology. Polit Res Q 59(2):175–187

Aldrich JH, Rohde D (1997) The transition to republican rule in the house: implications for theories of congressional politics. Polit Sci Q 112(4):541–567

Campbell A, Converse PE, Miller WE, Stokes DE (1960) The American voter. University of Chicago Press, Chicago

Cox G, McCubbins MD (1993) Legislative leviathan: party government in the house. University of California Press, Berkeley

Cox GW, Poole KT (2002) On measuring partisanship in roll-call voting: the U.S. house of representatives, 1877–1999. Am J Polit Sci 46(3):477–489

Diwakar R (2007) Duverger's law and the size of the Indian party system. Party Polit 13(5):539–561

Gerber AS, Huber GA, Doherty D, Dowling CM (2012) Personality and the strength and direction of partisan identification. Polit Behav 34:653–688

P

# Politics and Public Policy

Craig Matheson
Flinders University of South Australia, Adelaide, SA, Australia

## Synonyms

Civics; Democracy; Diplomacy; Government; Polity; Public affairs; Statecraft

## Definition

Politics is the means by which a community makes collective decisions about public issues.

## Introduction

This article provides an overview of the relationship between politics and public policy. It will examine what politics is, why it exists, the venues in which it occurs, and the ways in which it can shape public policy. Politics is only one way of determining public policy decisions. Politics will be contrasted with the other ways of making public policy, namely, ideology, expertise, and authority. This article will also examine the sources of politics, the contrast between politics and rationality as sources of policy, and the question of how power is distributed in modern democracies.

## Main Text

Public policy refers to the decisions and actions that are taken by the government when it addresses public issues or those that concern the entire community. Politics refers to the way in which a group seeks to arrive at collective decisions. Politics can occur at different levels, in families, organizations, and communities. Politics within communities involves seeking to influence the decisions and actions that are taken by government in relation to public issues, in other words public policy. Politics refers to a particular way of arriving at collective decisions, namely, one in which people seek to negotiate, persuade, and compromise with others rather than to command or coerce them. Such a view of politics was advanced by the British political scientist Bernard Crick in his celebrated book *In Defence of Politics*, first published in 1962. The reason that politics exists is because people disagree about what the best collective decision would be. Politics is a way in which such disagreements can be resolved peacefully and without the use of authority, coercion, or violence.

Politics is not the only basis upon which public policy decisions can be made. Broadly speaking, we may, following Henry Mintzberg's analysis of organizational decision making, identify four broad sources of public policy. These are politics, ideology, expertise, and authority. Mintzberg sees these four factors as being the main influences on decision making in organizations. We may likewise view them as being the main proximate sources or bases of public policy, since governments are also organizations. Politics and the other three sources of public policy are not entirely separable since people can pursue ideologies when engaging in politics. People can also draw on expertise when engaging in politics and seek to influence or control authority by means of politics. Ideology and expertise become alternatives to politics when power holders in government seek to base their policy decision upon ideology or expertise rather than upon a process of persuasion or negotiation. Expertise shapes public policy when decisions are based on a process of rational analysis and expert knowledge rather than upon a process of "mutual adjustment" between different policy actors such as negotiation and bargaining. Authority shapes public policy when governments make decisions on their own without consulting with nongovernment actors and then impose these decisions upon them through the use of their authority. Politics shapes public policy when decisions are arrived at as a result of a process of negotiation, persuasion, and compromise. A typical example is voting undertaken by a deliberative assembly or negotiation between government and interest groups.

Politics occurs when there is a division of opinion within a group about what course of action to undertake. Such a division of opinion may arise because people's interests are differently affected by the decision. Some people may be adversely affected, whereas other may benefit. The fact that there are winners and losers from public policy decisions means that people's interests differ. People will seek to protect their interests if they are going to be harmed by a decision. Prominent examples of policy fields where such material interests are at stake include tax policy, social welfare policy, and trade policy. Another

reason why people hold different opinions about a policy issue is because they have different values and therefore take a different view about the desirability of various courses of action. While politics is often thought as being about the pursuit of material interests (as in Harold Lasswell's celebrated definition of politics as "who gets what, when, and how"), politics is as much about the pursuit of "ideal interests" as it is about the pursuit of material interests. Studies of voting in many nations over recent decades show that the link between social class and voting preferences has weakened and that many political disputes are about moral and social issues rather than economic issues. Contemporary examples include "quality of life" issues such as the environment and moral issues such as abortion, stem cell research, euthanasia, and "victimless crimes" such as drug taking, prostitution and gay marriage. Many have noted that there is frequently a division of opinion about such issues between "progressives" and "conservatives." Much of contemporary politics is about such moral issues rather than about material interests.

A division of opinion then is a necessary condition of politics as without such differences of opinion there would be consensus and hence no need for politics as a process of reconciling competing interests and viewpoints. In addition to a division of opinion, there also needs to be a decentralization of power within the society for politics to exist. Throughout most of history, power within communities has been centralized and collective decisions have been taken by a minority of people. The terms used to refer to such a form of government vary and include oligarchy, despotism, autocracy, aristocracy, and meritocracy. The world "polyarchy" was coined by the American political scientist Robert Dahl to describe the type of political system in which power is not centralized but decentralized and shared among multiple power holders. Another word for such a system is "pluralism." Within a polyarchy, we find that power is shared by a number of different social actors rather than monopolized by a single actor. Where power is shared, policy decisions are the outcome not of the exercise of authority in which government seeks to impose its preferences on other policy actors but of negotiation, debate, and compromise. This is the case within liberal democracies where governments share power with interest and advocacy groups and with civil society broadly. Within authoritarian political systems by contrast, power is monopolized by government rather than shared with others, and decisions are the outcome of authority or power rather than of politics.

The exercise of power per se then is not politics. Politics as an activity consists of debate, discussion, negotiation, voting, compromise, and bargaining rather than of the issuing of commands and obedience to such commands. The idea of politics then is closely associated with ideas such as those of civil society, the public sphere, and democracy. Civil society refers to the sphere of social life that lies outside the domain of the market, government, and the family. It comprises associations, clubs, advocacy groups, trade unions, political parties, and nongovernment organizations. The presence of civil society can be seen as a precondition of politics. For example, Aristotle saw politics as arising from the existence of different groups, different interests, and different traditions, in other words, an aggregate of many members rather than a single group. The notion of a public sphere identified by the German social theorist Jurgen Habermas also has similarities to the idea of politics as it involves the notion of a social domain in which different groups and individuals can discuss matters of public interest and thereby influence government.

Politics then arises within diverse societies that contain different interests and viewpoints and in which disputes between such interests are resolved by means of negotiation, discussion, voting, and compromise rather than by means of the exercise of power or force. Violence then is an alternative to politics, since people can resolve a conflict by seeking to force their antagonists to submit to their will. Such violence can be exercised by the state as in the case of tyrannical forms of government which suppress dissent and seek to prevent the emergence of any opposition to themselves. It can also be exercised by non-state actors such as private militia and private armies, subunits of a state that secede from a

state, and by popular movements. Civil war and revolution as well as tyranny are therefore alternatives to politics. To engage in politics is therefore to abjure violence as a means of resolving disputes.

Coercion, authority, and violence are alternatives to politics in the sense that they are ways of resolving disputes that do not involve persuasion, debate, negotiation, and compromise. Another alternative to politics is ideology. Ideology can be defined as a set of beliefs about the political, economic, and social order and set of preferences about how such orders should be constituted. Examples of ideologies include liberalism, socialism, conservatism, Marxism, and fascism. As we noted earlier, one of the sources of politics lies in the fact that people often hold different values. Ideologies express such values and provide a rationale for them. Politics can be a means by which people pursue such ideologies. Ideology replaces politics when public policy is shaped by a set of beliefs and associated values about how society should be ordered rather than by discussion and debate. Examples of types of government in which this occurs include totalitarian states and theocracies. In each case, the government seeks to structure society in accordance with an ideology or religious doctrine by using coercion, authority, and indoctrination. Totalitarianism was best exemplified by the Nazi and communist dictatorships of the twentieth century. Within Western Christendom, a separation between the church and state existed, but in Orthodox Christianity, the church and state were one. Within Islam likewise there is no separation of mosque and state. In totalitarian states and theocracies, public policy is shaped by ideology and religious doctrine rather than by politics.

For example, the Soviet Union sought to create a socialist society by abolishing private property in the means of production and establishing a command economy. Maoist China did likewise. Nazi Germany sought to expand its territory by launching a war against the Soviet Union in 1941 and to create a racially pure society by conducting a genocide of the Jewish people in Europe and of other unwanted minority groups. In such cases public policy is shaped by a combination of coercion and ideology rather than by politics. In totalitarian societies, the state seeks to eliminate the pluralism that underlies politics by seeking to indoctrinate all members of society into the ideology. People in such instances will share the same worldview and values, and the disagreement over values that underlies politics is thereby eliminated. In such cases, there is no longer a "need" for politics, since everyone agrees on what to do. Karl Popper saw in the Nazi and communist dictatorships an attempt to recreate the unity that had characterized tribal societies. He contrasted such "closed societies" with the "open society" represented by liberal democracy. In closed societies, thinking is governed by "taboos" which prohibit the questioning of certain ideas, whereas in open societies, ideas can be debated and challenged. Politics requires the existence of an open society or one in which people can freely express their opinions and in which ideas and authority can be challenged.

Politics as a way of creating public policy may therefore be contrasted with coercion, violence, authority, and ideology. It may also be contrasted with expertise or science. Expertise differs from ideology in that it is based on reason and evidence rather than on faith and conviction. We may accordingly contrast religion and ideology on the one hand with science on the other. In the case of the two former kinds of belief system, the content of belief reflects peoples' values and desires. For example, socialists see equality as being the supreme value, whereas for liberals, it is liberty. In the case of science, the content of belief reflects the character of reality. Scientific knowledge has been tested empirically to see if it is valid. Such a process of verification does not occur in the case of religion and ideology. Science or expertise can be a source of public policy. This occurs when people seek to base public policy decisions on verified expert knowledge of what does and does not work.

A major debate within the study of public policy has been about the relationship between politics and rationality. Some argue that public policy decisions should be based on rationality rather than on politics. Such a viewpoint is often espoused by bureaucrats and policy analysts. At

the basis of this belief lies the conviction that it is possible to make objective, rational, and value-free assessments of policy issues and to arrive at a decision that is "best" for the community as a whole. Such an approach underlies "rational" approaches to decision making such as cost-benefit analysis. Advocates of this approach argue that we can identify policy options, rank them in terms of their suitability for attaining a given outcome, and select the one that is best, that is, that is most likely to result in the attainment of the desired outcome. This view underlies the idea that we can separate "politics" and "administration" as activities. Politics is assumed to be the process of selecting policy goals, whereas administration is the process of selecting the best means of attaining those goals. The former of these activities is the province of the politician, whereas the latter is the province of the administrator or official.

Critics of this view argue that rationality can never supplant politics in policy making. This is the case for a number of reasons. First is the fact that judgments about what is "best" are inevitably based on people's values and preferences. The fact that people hold different values and therefore subscribe to different notions of what is "best" means that policy making inevitably remains a matter of debate, conflict, and negotiation rather than of disinterested analysis. This is the case even if such judgements concern not the ends of policy but the question of what is the best means of attaining them. Critics therefore argue that we cannot cleanly separate politics and administration as activities. Even within authoritarian political systems, we encounter "bureaucratic politics" in which different agencies take different viewpoints regarding the desirability of certain policies.

Such bureaucratic politics also occurs within democratic political systems where it is often known as "departmentalism." This refers to the tendency of particular departments or agencies to habitually take particular policy positions or "lines" on policy issues. For example, finance departments typically seek to reduce government spending since their role as the central agency responsible for exercising control over spending departments is to restrain spending. Other departments likewise adopt particular policy lines which are shaped by their function or role. The idea that we can have an objective or impartial analysis of policy issues is belied by the fact that administrators themselves often advocate different solutions to policy issues. Writers have drawn attention to the fallibility of analysis or the fact that people often do not know what the best solution to a policy issue is given its complexity, the uncertainties about the outcomes of actions, and the limitations of human cognitive capacities.

Another problem with the view that it is possible to replace politics with rationality is that policy issues involve the self-interest of different policy actors. The fact that policy actors have different interests which may conflict means that policy making involves argument and negotiation rather than rational analysis. Rationality itself is subject to limitations in the sense that a comprehensive analysis of all options may not be feasible, given the limitations of time and money. Many students of public policy have noted that we do not find "comprehensive rationality" in which all possible options are considered and analyzed but "incremental analysis" in which policy changes in small increments. Power within polyarchies is shared among different policy actors rather than centralized in the hands of a single actor. Decision making within polyarchies therefore involves the political process of debate, negotiation, and compromise rather than a choice made by a single all-powerful agent.

Students of public policy making have, for example, noted the emergence in recent decades of "governance" as opposed to the "government" within the policy making processes of liberal democracies. Whereas government involves a centralized executive making and executing decisions in isolation and imposing them on other policy actors, governance involves the sharing of power between the executive and other policy actors such as interest groups. The term "policy community" has emerged to describe the fact that policy is made by negotiation between politicians, government agencies, interest groups, courts, and the mass media. The term "policy networks" has also been used to describe the way in which policy

emerges from process of collaboration or "mutual adjustment" between policy actors. Politics occurs within policy communities and policy networks in so far as policy actors possess different material and ideal interests which are reconciled by means of negotiation, bargaining, and compromise. To understand policy making within such communities, we need to pay attention to how different policy actors interact rather than to focus exclusively on the formal institutions of government such as the legislature and executive.

Politics as an activity occurs in various venues. There is electoral politics when parties or individuals compete to gain electoral endorsement. Much of this occurs within the mass media in the form of political advertising and news reporting. Within parliamentary systems of government, there is parliamentary politics which arises when government and opposition confront each other in parliament. In multiparty governments that involve coalitions between different political parties, there is a politics that occurs within such governing coalitions. Within systems of government in which there is a single governing party, there is intraparty politics which occurs when candidates and politicians compete against each other for preselection and advancement and when engaging in political debates and controversies. Within the bureaucracy, there is bureaucratic politics. This occurs within government agencies when individual bureaucrats pursue sectional agendas. It can also occur between agencies when they engage in political conflict behind closed doors out of the public gaze. There is also politics within policy communities when politicians, bureaucrats, the media, courts, and interest or advocacy groups seek to influence government decision making. In federal systems of government, there is intergovernmental politics that occurs in negotiation and bargaining between the state and federal governments. At the broadest level, there is international politics when states deal with other states via negotiation and diplomacy.

In addition to these venues of politics, there is also the question of what role politics plays in shaping public policy. Other ways of creating policy include expertise, ideology, and authority. Governments hold the formal authority to make and implement policy. Politics is one means by which other policy actors in society such as the public, interest groups, and the media can influence the decisions that governments take. Political systems vary in the extent to which they permit politics to play a role in policy making. Within authoritarian and one-party states, the role of politics is extremely circumscribed as the state controls civil society and the media. There are often no independent political parties, advocacy groups, and independent media that can give voice to the concerns of the public and of non-state actors. Politics within such political systems occurs not in public venues but in private, in the form of intraparty and bureaucratic politics. Within such political systems, public policy is mainly shaped by a mixture of authority, expertise, and ideology with a limited role for politics. Within liberal democracies or polyarchies, power is not monopolized by the state and there is room for non-state actors to shape policy. The holding of periodic elections ensures that politicians must account to voters for their actions and thereby gives the general public some influence on public policy. The existence of an independent media and of advocacy groups means that non-state actors can influence the policy agenda and thereby the decisions taken by the state. This view of the policy process sees it as exemplifying "pluralism" or a dispersion of power throughout society rather than its concentration in a single monolithic authority.

Some writers question this depiction of the way that public policy is shaped within liberal democracies. They argue that the distribution of power within liberal democracies is unequal and in particular that certain interests have more power than other types of interests. Writers point to the "privileged position of business" in the policy making process. Business occupies such a position since it controls investment in the economy. Governments in a sense share power with business since within a market economy it is the price mechanism rather than government fiat that determines the distribution of goods and services. Business also enjoys reserves of wealth that enable it to fund lobbyists to act on its behalf and to make donations to politicians who are business friendly. It is argued that governments can only govern with the "consent" of business since if governments take actions that are inimical

to the interests of business, then business will seek to overturn such decisions or withdraw their investment. In an age of economic globalization, capital is mobile and can be withdrawn from nations that are regarded as being business unfriendly and reinvested in those nations that are more receptive toward the interests of business. Others draw attention to the way in which public opinion is shaped by the mass media and to the way in which ownership of the media is concentrated in the hands of wealthy media proprietors who favor pro-capitalist policies.

Habermas saw the public sphere as being an arena in which different viewpoints could be voiced and in which people could engage in dialogue about issues of public importance. In modern societies, the concentration of power in the hands of a handful of media proprietors and the predominantly one way nature of communication within television, radio, and newspapers means that instead of dialogue we find a situation where public opinion is molded by media indoctrination. Marxist writers allege that there exists a form of ideological hegemony in which the ruling class exercises power over the subordinate class by means of indoctrination and ideology. Such a viewpoint sees modern liberal democracies as being akin to totalitarian states in so far as people in both cases undergo indoctrination. The difference is that in the case of totalitarian states the mass media are controlled by the state, whereas in the case of liberal democracies, the mass media are controlled by the capitalist class. In addition to the role of the mass media, exponents of the thesis of ideological hegemony point to the role of the education system in inculcating pro-capitalist ideas in people. Such critics of capitalist liberal democracy see government as being antipolitical and essentially authoritarian since public opinion is shaped by indoctrination. Some issues (such as the highly unequal distribution of wealth and income) rarely make it onto the policy agenda because they are not seen by most people as being a problem. If we take this viewpoint, then the role of politics is more restricted than many imagine it to be. Policy choices do not reflect the influence of politics but the influence of power. Others argue that politics does matter and point to the fact that different nations adopt different policies. Such differences reflect the role of different political forces within each nation.

Politics can play a role at different stages of the policy process. The first stage is that of agenda setting or problem definition. Issues get placed on the policy agenda as a result of the efforts of political actors such as politicians, interest groups, and the mass media. The definition of policy problems also reflects politics since people define problems in different ways depending on their values. Here political ideologies play an important role since ideologies such as liberalism, socialism, and conservatism portray society in different ways and provide different explanations for social problems. Definitions of problems will in turn shape how people select solutions to problems. For example, if we see the problem of unemployment as being due to an unwillingness of the unemployed to find jobs, then the solution that we favor is likely to be different to that of someone who sees unemployment as being due to an absence of job opportunities. The next stage of devising solutions to problems occurs mainly within the executive arm of government and in particular within the bureaucracy. Here we encounter bureaucratic politics. In implementing policy solutions, there can also be a "politics of implementation" as different policy actors seek to secure different outcomes by means of negotiation and bargaining.

Finally politics occurs in different institutions. Institutions in this context refer to the way in which politics is structured through rules and the way in which power is distributed and regulated. Examples of political institutions include constitutions, electoral systems, political parties, laws, courts, the mass media, interest groups, executives, and assemblies. Political systems differ markedly in terms of their institutional structures. We may broadly differentiate between authoritarian and polyarchic or democratic systems of government. Within the former, the role of politics is circumscribed as decisions are taken by those in authority without much influence being exercised by nongovernment actors. Within democratic political systems, the role of politics in shaping public policy is much greater as the topmost power holders in government are elected by voters. Different political parties within

democracies seek to gain office by competing for the people's vote at elections. Interest groups and advocacy groups seek to influence the decisions that are taken by government by lobbying politicians and officials and by using the mass media to voice their opinions and to influence public opinion. The mass media within a democracy is not controlled by government and can exert influence on government and act as an organ of public opinion. Within assemblies such as parliament, governments can be questioned and held to account for their actions by the opposition. Where there is a "division of powers" between the executive, judiciary, and legislature, each arm of government can act as a check and balance on the powers of the other arms of government. Within federal systems of government, power is divided between state government and the federal government, and there can be a politics of federalism in which the federal and state governments seek to negotiate policy outcomes.

## Conclusion

Politics is the means by which a community makes collective decisions. Such decisions when taken by government take the form of public policies. Politics may be contrasted with authority/coercion, science, and ideology as ways of making policy decisions. Politics occurs when people disagree about collective decisions and when power is decentralized. In these instances, people seek to persuade, negotiate, and compromise with others in order to reach a collective decision. By contrast, where power is centralized, collective decisions are imposed by a central power holder upon others. In making such decisions, power holders may be guided by ideology or science. In the latter instance, decision makers seek to make the "best" or most rational decision, that is, to select the means that is best adapted to the attainment of a given end. The limitations of the rational model of decision making entail that politics plays a role in public policy making. We may contrast authoritarian political systems in which power is centralized with polyarchic or democratic systems in which power is decentralized. Politics plays a greater role in shaping public policy in the latter. The extent to which power is actually decentralized within democracies has been a matter of debate with some academics arguing that business wields disproportionate power compared to other groups. Politics occurs in different venues and at different stages of the policy process and occurs within different institutional contexts.

## Cross-References

► Lobbying and Social Policy
► Policy Networks as a Form of Governance

## Further reading

Beetham D (2005) Democracy: a beginner's guide. Oneworld Publications, Oxford
Colebatch H (2002) Policy, 2nd edn. Open University Press, Buckingham
Crick B (2005) In defence of politics. Continuum, London
Heywood A (2013) Politics, 4th edn. Palgrave Macmillan, Houndmills
Lindblom C, Woodhouse EJ (1992) The policy-making process, 3rd edn. Prentice Hall, Englewood Cliffs
Matheson C (2009) Understanding the policy process: the work of Henry Mintzberg. Public Adm Rev 69(6): 1148–1161
Minogue K (2000) Politics: a very short introduction. Oxford University Press, Oxford

# Politics and Public Policy of Wireless Facilities Procurements, The

Joshua M. Steinfeld
School of Public Service, Old Dominion University, Norfolk, VA, USA

## Synonyms

Cell tower base sites; Cell tower politics; Cell tower procurement; Cell tower regulation; Information communication technology; Milliwave

scanners; Mobile communication; Radio frequency towers; Telecommunications Policy; Wireless base sites

## Definition

The public policy matters including legal, statutory, and public health issues, and political factors governing and inherent to the procurement, placement, presence, and use of devices that provide wireless communications and remote capabilities through technological utilization of the electromagnetic wave spectrum.

## Introduction

There has been substantial policy discourse regarding the procurement of wireless communications base sites including cell towers. As wireless facilities continue to be installed on playing fields at parks and schools, next to or on top of government buildings, and near residential areas including neighborhoods and shopping centers, it is becoming increasingly difficult to identify places where wireless facilities cannot be found. Proponents to widespread installation of wireless facilities argue that the public demands universal service connectivity while opponents express concern over aesthetics and health issues with regard to the presence of electromagnetic fields. The political debate has intensified as wireless companies now argue that it is safer for subjects to have cell towers erected nearby, equidistant from each other, as this allows for a less powerful signal to be transmitted across landscapes between towers.

The politics by which public entities such as schools and government agencies procure wireless facilities as a revenue stream, and adopt wireless technology capabilities, can be illustrated according to political narratives. The purpose of this entry is to explain the public policy and political issues regarding the procurement of wireless facilities. The stakeholders, legal mandates and statutes, policy issues, procurement process, and prevailing narratives will be explained to frame the topic for policymakers and the public in order to establish bases for continued research and discourse.

Through radio frequency electromagnetic wave (RFEMW) technology, advancement, communication, transfer of data, pinpoint surveillance, image scanning, and digital interventions can be achieved on an interspersed, distributive scale by transferring electromagnetic pulses through air. Government and regulatory agencies bestow the power to monitor and transmit information and high-powered signals between networks and across both geographic and orbital areas. However, as RFEMW devices begin to embody newfangled high frequency and wavelength technologies, some concerns have arisen. Steinfeld (2014) illustrates the political context elements dictating public policy outcomes in the RFEMW regulatory sphere, a socio-administrative process devoid of public interest. Meanwhile, there are health concerns with the spatial-proximate elements of having populations live, work, and play near RF towers and pads, or in zones where signals are being transmitted across, called radio frequency electromagnetic fields (RFEMF). Nonetheless, consumers' positive disposition toward RFEMW, the transmission technology used for cellular service, has been widespread as evident by the popular ownership of mobile devices and apathy toward milliwave scanning machines when entering secure areas such as airports.

## Public Policy Matters

From regulatory and governance standpoints, there are a host of public policy issues to address given the statutory and legal foundations currently in place, which are lacking altogether in terms of public concern and consistency of public policy implementation. As the ruling authoritative body, the Federal Communications Commission (FCC) is required by the National Environmental Policy Act of 1969 to evaluate the effect of FCC-regulated transmitters on humans and the environment. Several organizations such as the American National Standards Institute (ANSI), the Institute

of Electrical and Electronics Engineers (IEEE), and the National Council on Radiation Protection and Measurements (NCRP) issued recommendations to the FCC regarding human exposure to RFEMF.

Yet, current guidelines for the building of new physical sites and modification of existing sites stipulate that an environmental assessment is not required if the particular facility, operation, or transmitter does not cause human exposure levels beyond the allowable levels (Federal Communications Commission 1997), insinuating a level of trust be granted to RF tower installation and maintenance companies, operators, and wireless service providers to begin with. To explain further, the apparatuses necessary to test RF strength levels are difficult to obtain, and unless a gauge is affixed to the device being tested at all times with seamless communication to inspectors, then there is no way to confirm that RF base sites are conforming to strength of signal guidelines on continual bases. The allowable levels are categorized according to the NCRP's Guidelines for Evaluating the Environmental Effects of Radiofrequency Radiation, which are determined by distance from source, wavelength band, and transmitter power (Federal Communications Commission 1997). The categories include allowable levels at extremely high frequency (EHF) and very high frequency (VHF) and are stipulated therein not to exceed a power of 500 watts at a wavelength band of 160 m, but the allowable wattage is provided as a scale/range, which significantly decreases to 50 watts when the wavelength band is 10 m (Federal Communications Commission 1997).

With no scientific or experimental data explicitly cited by the FCC to support these thresholds, it can be inferred that these values are somewhat arbitrary, especially considering they do not consider length of exposure. The FCC's guidelines for radiofrequency radiation are questionable in the simple sense that an RF device cannot alter the power of its RFEMW according to the many subjects circulating the environment simultaneously at various distances. For example, a resident's home may be absorbing an RFEMW field strength of 500 watts from an RF tower 1 mile away, but that does not change the fact that if a resident drives by that RF tower on the highway that the resident is not being exposed to the same 500 watts of power, except this time at only 100 m. In the event that the more powerful RF towers are placed in areas where bystanders cannot get close enough to them to exceed the FCC guidelines then the aforementioned thresholds may make sense, but in the vast majority of visible RF towers prevalent in communities, the metrics being utilized by the FCC to determine allowable human exposure levels to RF radiation seem to require some fine-tuning. Even if the distance between residents (RF subjects) and RF towers could be controlled: Who is to determine how much RF exposure each resident is willing to accept? Furthermore, as mentioned, the particular FCC guidelines do not consider thresholds with respect to exposure length of time.

Not only has regulatory enforcement of effective, if not acceptable, guidelines been abysmal, US federal government has in some ways facilitated the interests of wireless service providers and related ancillary technology industries. Essentially, federal government has facilitated the streamlined implementation of RADFIT devices, including tower base sites, by wireless service providers. According to the Telecommunications Act of 1996, Section 332(c)(7)(B)(iv), "No state or local government or instrumentality thereof may regulate the placement, construction, and modification of personal wireless service facilities on the basis of the environmental effects of radio frequency emissions to the extent that such facilities comply with the Commission's regulations concerning such emissions." As explained, the FCC's allowable emissions levels are either being fundamentally misapplied in terms of gauging allowable RF strength and distance parameters or fail to address issues with regards to length of time exposed. Additionally, the installers of tower base sites may legally forego environmental evaluations if local government or authoritative jurisdictional bodies do not contest signal strength, according to Sect. 332 of the Act. More broadly, Section 253(a) further fastens carriers' rights in stating "No state or local statute or regulation, or other state or local legal

requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service."

Other regulatory issues relate to competitive markets. In conjunction with the aforementioned limitations of the Telecommunications Act of 1996, Section 214(e)(1)(a) grants telecommunications carriers eligibility to provide their own telecommunications facilities in areas designated as "universal service." This means that even if a wireless service provider has already installed an RF tower that sufficiently provides connectivity to area residents, public administration entities, and other corporate stakeholders, a wireless carrier competitor still has the right to install an RF tower in order to promote their own company's service connectivity to customers. Thus, there is an overabundance of RF towers and the amount of RFEMW in the environment is consequently excessive and more powerful than needed.

In addition to the legal and statutory issues in the public policy of wireless facilities, there are numerous public health issues that emerge with the development and use of radio frequency information technology (RADFIT). RADFIT denotes the broad field of study that deals with transmittal and collection of data and information through RFEMW as well as the ability to use such technology to trigger various mechanical or biological interventions. As examples, RFEMW has been used to destroy carcinogenic cells in humans, as a way of altering plant growth, and in various forms with regard to marine sciences, exploration, and defense systems, to name just a few. Based on widespread utilization of RADFIT applications, health concerns, privacy rights, and regulation of the environment are policy matters that are being addressed and are slated to attract increasing attention by political actors. There is concern regarding the safety of RFEMW, in terms of surrounding RFEMF's that are created by transmission of waves between devices, cloud technologies, and the waves being emitted by towers and security scanning apparatuses.

Common outcries against those who denounce excessive use of RFEMW or wish to subside its impact on communities revolve around the argument that there is not conclusive scientific research that indicates RF towers and related RADFIT is hazardous. However, Steinfeld (2014) cites numerous studies, many of which have been conducted by the National Institute of Environmental Health Sciences (NIEHS) and other academic scholars and researchers, which indicate that RFEMW has been found to negatively affect health of small mammals, plant life, and even humans. Other studies conducted by independent research bodies have cited concerns regarding human insomnia, brain disorders such as the onset of attention deficit, psychosis, depression, and other mental health issues.

Challenges to the current research on consequences to health from RFEMW absorption revolve around the fact that many studies indicating the dangers of exposure use small mammals such as rats or microorganisms for testing. The argument here is that human beings may be more resilient than these other smaller living organisms, an argument with inherent risk and a grand assumption that humans are exceptionally powerful and superior to other species. There is an excess of qualified medical doctors and scientists who have been able to isolate the specific and exact negative impacts of RFEMW exposure on molecular and cellular bases of the human body that far exceeds the evidence of health hazard provided herein, evidence that is easily obtainable from the National Institutes of Health U.S. Library Medicine database. Medical professionals at the NIEHS have also published results indicating the health hazards of RFEMW, although its official organizational position is that the research outstanding is inconclusive.

Just as in the social sciences, it is expected that there are numerous factors driving the findings of experimental studies including the hypothesis, data collection, methodology, and research design, or empirical issues that emerge including reliability, validity, generalizability, and exogenous variables. With differing results and an over-flux of varied studies that each test particular kinds of exposures to RFEMW, it becomes difficult to accumulate the findings from a standpoint of public health. It cannot be agreed upon which study provides the conclusive evidence as to the

safety of human absorption and environmental effects of RFEMW; each study focuses on exposures at specific frequencies or wavelengths according to a seemingly unique test of different biological and physiological aspects of the living organism. Thus, with the scientific findings to a large extent neutralized in terms of determining public health risks, it is the regulation and public policies that are centrally important in governing electromagnetism.

Based on the varying opinions of scientists and experts who have conducted studies on health effects, and given the newness of the technology, it is unfounded to attempt to devise guidelines for maximum absorption and power. It could even be argued that no level of RFEMW is safe or acceptable. However, people's everyday personal and professional lives rely on mobile communication, and increasingly electromagnetism is becoming inhabited into the environment, such as biotechnology and bioenergy applications, where electromagnetic fields can be used to achieve metabolic effects on plants and living organisms, or serve to detect changes in conditions where mechanical interventions are necessary to support infrastructure. It is difficult enough to try to determine experimental causality between electromagnetism and health concerns, and then to try to establish risk-return parameters for its use regarding the extent to which public health should be risked for public wealth. It becomes especially difficult when the "thing" being debated and measured is invisible.

When considering the most prevalent application of RADFIT across communities, the main technology behind RFEMW involves the flow of electrons from and between RF base sites to mobile devices. When these electrons hit a human subject, then the atomic make-up of that subject is modified. A given material is composed of atoms. Each atom consists of electrons orbiting a central positive nucleus; electrons also spin around their own axis. The orbital array of activity occurring between protons and electrons in atoms results in orbital disarray and unpredictable movement of electrons. When an RF field is applied, the subject's atom movements are impacted from the infusion of electrons, creating a magnetic moment in the human body.

Despite experimental results that indicate harmful effects of RFEMW exposure to humans, there are many policy advocates and users of the technology who disregard health concerns based on risk-reward trade-offs. A vast majority of jobs in today's workplace require regular, if not constant, use of RADFIT devices through wireless technology, not to mention personal utilization by means of mobile phones. Humans' presence in wireless environments that support Wi-Fi networks and cloud computing represents continuous exposure to intermediate levels of static RFEMF. Exposure to static RFEMF occurs at numerous community locations; anywhere RF towers or devices are mounted such as at schools, post offices, municipal buildings, or simply at the placement or receipt of a mobile phone call. Also, a majority of technical occupations require the use of handheld devices to communicate with clouds and input information for the purposes of corporate data mining, communication, or operational setup.

Regardless of the source or reason for exposure, the overwhelming presence of RADFIT devices and the necessary supporting RFEMF has become widely overlooked and accepted. Just as there are cardiovascular risks to living in populated urban areas and geothermal risks to being near the sun during air travel, most people accept these risks as being minimal or a cost of "doing business" or "surviving" in a modern society.

## Political Factors

Beyond legal and statutory frameworks governing public policies, U.S. federal government has largely deferred to local government, or community organizers, when it comes to making decisions about placement of RF towers on an individual, site-by-site basis. As a result, there are inconsistent outcomes for residents across the country and world, or even within counties and cities. One of the first documented successful rejections of an RF tower proposal at a public school was recorded by the Students Against Cell Towers (SACT) organization of Wootton

High School in Rockville, Maryland (Steinfeld 2013). Despite the organization's ability to reject an RF tower at Wootton High School, the towers at nearby schools remained in place and other community schools were forced to fight their own fresh battles, involving new residents, government decision-makers, and wireless service providers. Due to the lack of organized efforts at the grass-roots level, there are hundreds of local advocacy groups that have formed to reject the placement of RF towers at public schools or other residential areas throughout the world (Steinfeld 2014). A similar example of inconsistent public policy implementation can be seen in Palm Beach County, Florida, where a moratorium was put into place forbidding placement of RF towers at public schools, but the ten towers that were erected at public schools prior to the moratorium were left in place.

These community voluntary initiatives present their cases to school principals, superintendents, parent-teacher associations, school boards, and court judges. The decision to allow or disallow the placement of an RF tower thus falls on different decision-makers at various points in time of the RF tower placement process. For example, if a school principal rejects a wireless service provider's soft proposal and blueprints for an RF tower at that location, then the RF tower placement effort may be pronounced dead at an early stage before the public is ever aware of the consideration. In other cases, such as a subsequent 2014 initiative in Montgomery County, Maryland, the county where the city of Rockville is located, residents became heavily involved in the political process in opposition to a county-wide initiative that was set forth to systematically install RF towers at numerous schools and recreational sites, including public parks. Ever since SACT's successful opposition to the Cingular Wireless proposal to install a cell tower at Wootton High School in Rockville from 2003 to 2005, the state of Maryland has become a hotbed regarding the issue of cell towers, and thus serves as a great example for politics on the matter.

High schools that previously rejected RF towers in the past, such as Wootton High School, experience repeated targeting by wireless service providers years later, such as in the case of AT&T's 2014 proposal to erect an RF tower at Wootton High School, roughly 10 years after the community's successful campaign against Cingular Wireless. While grassroots political leaders and community organizers may move on to other full-time endeavors professionally, the wireless service providers remain steadfast in their ability to approach communities some day in the future. Additionally, decision-makers such as school principals, school superintendents, county executives, and state representatives may move on to different positions, leaving new actors to make decisions on the matter, even though these actors may lack the learned knowledge and expertise to effectively deal with the matter. Like most counties in the US, there are little to no formal rules in Montgomery County that have been established in regards to regulating and governing the political process for installation of RF towers, especially on public grounds. Other heavily populated counties in Maryland such as Anne Arundel County and Prince Georges County have experienced community uproar over RF towers at schools to the extent that community-based RF tower committees have been founded to assist residents' engagement in the political arena.

In cases where RF towers are currently present and cannot be taken down, community residents have gotten creative in finding ways to object to RF towers based on technicalities. In Prince George's County, a Maryland county adjacent to Montgomery County, a resident and parent of two at a local school challenged an RF tower's legality at a public school based on the number of times that the RF tower has been serviced, arguing that the lessee contract specifies that no more than four service calls by humans shall take place on the tower per year, a quota that the resident claims to have been exceeded by the tower operator. Meanwhile, community residents filed a complaint against the Prince George's County Tower Commission arguing that it violated the Maryland Open Meetings Act in making it unclear to residents which 60 public sites would be used for future tower placement. When county-wide initiatives serve the interests of wireless

service providers, then "lone ranger" public administrators aimed at defending communities face widespread persecution by political masses who may be aligned with business interests, and may therefore typically choose to ignore the issue altogether or begin focusing on monetary benefits of RF tower base site rental revenues in hopes of gaining at least bureaucratic, if not public support.

The placement of RF towers at public schools has garnered so much attention in Maryland policy making in particular that Montgomery County Board of Education candidates are being asked about their stance on RF towers at public schools. Also at the county level, the issue has gotten so promulgated that a Transmission Facilities Coordinating Group and a Tower Committee have been formed in Montgomery County. At the state level, government is scurrying to adopt acceptable nomenclature that supports the federal universal service directive while ameliorating local residents' desire for rights, clarity, and consistency on the issue.

There are a number of political narratives that have surfaced in the support or opposition for the presence of wireless facilities base sites. Supporters for widespread placement and use of wireless facilities on public property, such as RF towers at public schools and parks, argue that residents desire ample connectivity such as seamless cell service for mobile phones. Additionally, supporters argue that the presence of more wireless base sites allows for transmission of lower strength signals. This prevailing narrative suggests that when RFEMW travels long distances between cell towers, or between a cell tower and a mobile device, a much stronger signal is necessary as compared to having numerous cell towers where the RFEMW signal strength can be reduced since the distance traveled between cell towers is less.

Additionally, supporters of the presence of cell towers at schools cite the monetary benefits that can be realized. Since wireless service carriers have traditionally targeted lower-income public school districts first when placing cell towers in a community, where parent-teacher associations (PTA) are less adept, find it more difficult to mobilize, and may be more responsive to monetary benefits, lower-income school districts are typically the first to incur the presence of cell towers. Local government officials including school principals and school board decision-makers have argued that schools greatly benefit from the rent charged to wireless service providers for allowing the placement of cell towers on school property. It has been stated that the rent can go to construction of computer labs and other needed educational facilities at the school.

At the same time, it is difficult to put a value on students' health and wellbeing, especially if there are physical and mental health hazards associated with the close proximity of cell tower base sites. Of particular concern is the fact that cell towers are strategically placed near open areas so that RFEMW transmission can take place without obstacles in the way, such as trees or building structures. Hence, cell towers and cell pads are oftentimes erected at school football and baseball fields, which pose an immediate threat to those students at play for several hours day after day. It is the open space surrounding public schools to begin with that makes these grounds attractive places for placement of wireless facilities.

Opponents to the procurement of wireless base sites by public schools have not only posed arguments according to the health risks of RFEMF, but also according to aesthetics and privacy issues. While some community residents are not concerned with health risks associated with RFEMF, many residents oppose procurement of cell towers at public schools or in public spaces due to aesthetic issues, citing the "eyesore" that cell towers can be, as well as the accompanying wireless base facilities on ground level that serve as the computer, or brain of the cell tower. In response, wireless service providers have dressed-up cell towers with various camouflage made to look like tree branches and tree leaves, so as to blend in with the surrounding environment.

Furthermore, some privacy issues have arisen given the ability of cell towers to collect data from holders of mobile devices. For example, the movement of community residents can be tracked from cell towers. Consumer spending behavior is currently being tracked such that data can be collected from shoppers who have a mobile phone in their pocket. As a shopper moves about a store, or

moves from store to store, their shopping habits can be tracked. Also, government agencies can use mobile tracking data to plan for traffic congestion or for purposes of emergency management. While there are benefits to this type of mobile tracking and data collection, especially in cases when a criminal can be prosecuted as a result of evidence obtained from cell towers in terms of a person's location during the time of a crime, there are legitimate privacy concerns as well. Opponents to the presence of wireless facilities at public schools and public parks in particular believe that certain areas should be free from commercial activities.

In addition to the political issues surrounding cell towers, other wireless facilities have garnered attention by communities such as security scanning devices that utilize RFEMW milliwaves to scan passengers entering secure areas, such as the ones placed in US airports. Similar to the case of cell towers, the scientific research regarding health hazards to human subjects is equally debatable, and the political narratives have been controversial as well. First of all, travelers in the US question why milliwave scanning machines are outlawed by the European Union but are acceptable for use in US airports. Also, since children under the age of 13 are not required by the Transportation Security Administration (TSA) to pass through milliwave scanners, and instead may go through metal detectors, passengers are questioning what the health hazards to the milliwave scanners may be. It is believed that the developing body of children may put children at health risk of milliwave absorption, indicating that there is a biological effect that takes place in the body as a result of exposure. If this is the case, then children over the age of 13 may be at risk, as it is unlikely that the human body undergoes substantial changes from the time a child is 12 years and 364 days old to 13 years old. Also, if there is a biological effect that takes place in the human body as a result of milliwave exposure, then adults may wish to avoid this reaction as well, even if it is deemed to be harmless to one's health. Opponents to milliwave scanning devices also argue that the health risks associated with these machines is credible, considering that passengers receiving TSA preclearance are allowed to pass through metal detectors instead. Just as in the case of RF towers, the scientific and experimental research on milliwave scanning yields inconsistent conclusions, even though there is a body of knowledge that indicates these devices pose risks to public health.

## Conclusion

Regulators across a host of nongovernmental organizations (NGO's), international organizations, federal communications agencies, and state and provincial governments are examining a plethora of experimental research on the biological effects of RFEMW and trying to determine safe and appropriate power levels for RF towers and devices. Regulatory bodies need to be transparent in presenting the prevailing scientific research, as there is no shortage of experimental studies that indicate the health risks associated with RFEMW. Instead of proclaiming that the scientific research is inconclusive, governmental organizations can present the research findings as they exist today, in which there are numerous studies that indicate health risks are substantial, despite the presence of some studies that indicate the health risks to be nonconcerning.

The effort to improve public policy and politics on this issue involves planners who must figure out the best placement for RF towers so as to maximize their expanse and connectivity while minimizing the physical intrusion into the community. Thus, numerous public administrative elements are considered such as scientific expertise, the public policy process including urban planning, public health considerations, and the political argumentation that serves to promote narratives for or against specific wireless facilities procurements.

RF towers have become a part of the environment; they appear in the background on a light pole, attached to a nearby building, or in the distance atop a hill. Simultaneously, RF towers are part of their own internal environment; their arrangement in communities and across landscapes represents an intricately planned network of connectivity. The debate surrounding

wireless facilities procurements is centered on the placement of RF towers at public schools, public parks, and other public spaces where residents are in close proximity. Other applications of RADFIT such as the implementation of milliwave scanning machines demonstrate the advent of advanced uses of RFEMW and the continued prevalence of the technology.

This entry argues that the public policies in place governing public procurement of wireless facilities needs to consider public health issues and the varied stances of community residents with regard to the placement of wireless facilities where residents work and play. The public policies may be streamlined so that if one local community rejects placement of a cell tower at a particular school, then all schools in the county, or even across the state or country, should benefit from the successes and mobilization of resource-intensive community voluntary initiatives. On the other hand, reasonable caveats can be put into place to maintain local jurisdiction's autonomy in having the power to make decisions according to the desires of each unique community. However, first public policies can be instituted that serve to represent the interests of community residents, not solely the interests of wireless service providers. Then, in cases where local communities would like to circumvent new, protective public policies, transparent processes and procedures can be made available whereby local communities can overturn such protections. Currently, the opposite public policy stance is in place, in which the procurement process is streamlined on behalf of wireless service providers to enable the speedy installation of wireless facilities with disregard to public interest.

## Cross-References


- ▶ Accountability and Democratic Administration
- ▶ Accountability, Politics, and Power
- ▶ Bioethics and Health Policy
- ▶ Citizen Participation in Public Management
- ▶ Corporate Social Responsibility
- ▶ Ethical Frameworks
- ▶ Ethical Values
- ▶ Health-Care Policy in America
- ▶ Incremental Theory of Decision-Making
- ▶ Leadership Challenges in Civic Engagement
- ▶ Lobbying and Social Policy
- ▶ Mediation in Public Administration
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizational Collaboration
- ▶ Politics and Bureaucracy
- ▶ Public Values in Public Organizations
- ▶ Putting Public Values in Public Procurement Agenda
- ▶ Risk and Organizations


## References


Federal Communications Commission (1997) Second memorandum opinion and order and notice of proposed rulemaking, FCC 97–303. In the matter of WT Docket No. 97–192, ET Docket No. 93–62, and RM-8577. https://transition.fcc.gov/Bureaus/Engineering_Technology/Orders/1997/fcc97303.pdf

Steinfeld J (2013) Radio frequency towers: public school placement. In: Jorgensen SE (ed) Encyclopedia of environmental management. Taylor & Francis, New York, pp 2224–2233

Steinfeld J (2014) Risk regulation regimes of radio frequency information technology. In: Khosrow-Pour M (ed) Encyclopedia of information science and technology, 3rd edn. IGI Global, Hershey, pp 6282–6294


# Politics and the Environment


David Switzer
Texas A&M University, College Station, TX, USA


## Synonyms

Conservationism; Environmental movement; Environmental policy; Environmentalism

## Definition

Environmental politics concerns the development of political institutions to solve problems of

negative externalities related to the use of natural resources, which occur when costs from some activity or decision are imposed on parties outside the activity or decision.

## Introduction

Environmental politics can most simply be defined as the politics of externalities. All environmental conflicts between humans, or even between humans and nonhumans, can be thought of as being produced by the existence of negative externalities. Sometimes called "spillover effects," negative externalities occur when costs resulting from some activity or decision are imposed on parties outside of the activity or decision.

Two kinds of negative externalities can result in environmental problems. First, simple spillovers may occur when one party's decision about the use of a natural resource immediately and negatively affects another party. An environmental example of this would be a factory dumping hazardous waste into a neighboring lot as a byproduct of production, and the members of the homes around the lot becoming sick because of their exposure to the waste. The owners of the homes surrounding the factory would not be involved in the decisions that led to the dumping of the hazardous waste, and would not benefit from production, but they would bear some of the costs. This can apply to nonhuman parties as well. When humans chop down trees, pollute water, or construct dams, they impose costs onto the nonhuman nature affected by these decisions. Any animals that are affected would bear the costs of the human decisions to change the natural environment.

A second problem that can result in negative externalities is the problem of common pool resources. These problems occur when many parties share a single resource in common, and those using it do not absorb all the costs of their activities. Any one party's use of the resource imposes costs on the other owners of the resource. This is because whenever any one individual makes use of the resource, he or she is preventing someone else's use. Efficient use of common pool resources can be difficult due to collective action problems involved in managing them. Collective action problems occur when individuals acting in their own self-interest results in an inefficient collective outcome for all. The individually optimal outcome leads to a suboptimal outcome for the collective. In this way, management of common pool resources closely resembles the classic scenario of the "prisoner's dilemma," where two men accused of a crime would collectively benefit from cooperating with each other but individually benefit from turning each other in. In this situation, the only equilibrium solution occurs when the prisoners turn on each other, even though it is the worst possible collective outcome.

The same logic that leads to a lack of cooperation in the prisoner's dilemma applies at a larger scale with common pool resources. Rational self-interest leads to collective inefficiency. The classic case of a collective action problem in the use of a common pool resource is farmers grazing their cows on a field held in common. Each individual farmer has an incentive to overgraze the field, despite this leading to lower profits for everyone and the potential destruction of the field. It is the common pool resource problem that most think of when they think of environmental issues. Environmental politics involves examining how humans design (or fail to design) political institutions, both formal and informal, to deal with negative externalities that result from common pool resource problems and simple spillovers.

## Solving the Problem of Externalities

Perhaps the most striking illustration of the collective action problems that occur in the management of common pool resources was made by Garrett Hardin in his 1968 article "The Tragedy of the Commons," one of the most influential works of social science ever published. As he reflects on commons problems like the ones discussed above, Hardin argues that humans as a whole face a problem that mirrors that of the farmers and their cows. All humans share in a common resource in the earth itself and face a

collective action problem in managing that collective resource. Each individual desires consumption of that resource and reproduction of their genes, and yet, Hardin argues this will collectively lead to overpopulation and a terrible outcome for all.

Almost all social scientists are familiar with Hardin's illustration of the tragedy of the commons, but his explanation of the problem is only the first part of his argument. It is the less discussed, and more controversial, second part of his essay that concerns environmental politics as such. Hardin argues that the only solution to the collective tragedy that would result from continued common use of the earth is "mutual coercion." It is only through centralized government force that humankind will be able to stop its insidious march towards overpopulation and overexploitation of resources. Indeed, Hardin argues that the "freedom to breed is intolerable" and that the only way to prevent overpopulation is vigorous government regulation and enforcement of reproduction. He makes similar arguments about common ownership of land, air, and water. In this way, Hardin introduced the fundamental issue of environmental politics to generations of social scientists. When faced with problems of environmental externalities, what kinds of political institutions can be designed to solve them? When individual self-interest will result in suboptimal collective outcomes, what political solutions can lead to optimal collective outcomes?

While Hardin's solution of coercive regulation, also known as command and control regulation, is one possible institutional solution, it is certainly not the only one. The problem of externalities can also be defined as market failures. These occur when market incentives lead to inefficient outcomes. While Hardin's solution to market failures is command and control regulation, market-based policy solutions have also been proposed. While command and control regulation can be costly and inefficient, many economists argue that market-based solutions allow for the maximization of net benefits when efficiency is the goal, and even when quantifiable benefit is not the goal, market-based solutions may allow for the minimization of costs. For much of the twentieth century, the most common market-based solution was Pigouvian taxation. Pigouvian taxation involves estimating the cost of the negative externality and imposing a tax equivalent to that cost. It is important to note that the tax is always on the pollution (or externality) and not on the activity that produced it. In the case of a power plant, the tax would be on the units of $CO_2$ (or other emissions) produced and not on the amount of energy produced. The idea of the Pigouvian tax is that either polluters will pay for their negative externalities, thus fully addressing the costs of their activity, or they will figure out a way to prevent the externality from occurring.

In 1960, the efficiency of Pigouvian taxes was challenged in a seminal paper by Ronald Coase, "The Problem of Social Cost." Coase is widely cited in policy debates but also widely misunderstood. The Coase theorem, which was developed out of the paper, suggests that any initial allocation of property rights will result in an efficient allocation of resources, if transaction costs are zero. Essentially, Coase argued that thinking of polluters and victims is incorrect when it comes to considerations of efficiency. Rather, he suggested that externalities are the result of joint behavior. Pollution can only lead to negative externalities if there is another party available to bear the costs (this ignores the possibility of the environment itself bearing the costs of externalities). He suggested that absent transaction costs (costs, such as uncertain information, imperfect communication, or costly enforcement, which hinder negotiated solutions), all that is necessary for an efficient result is to allocate rights to parties and let the market work itself out through negotiation, regardless of whether the polluter is given the right to pollute, or the party bearing the costs of pollution is given the right to not suffer the externality. He showed that in certain circumstances, Pigouvian taxes would actually lead to less efficient solutions.

Many have misinterpreted Coase to mean that government involvement in pollution is unnecessary and that the free market will figure out the best ways to solve pollution issues. On the contrary, since transaction costs are never equal to zero, the government has a robust role to play in

reducing them. Additionally, it is the government's responsibility to assign property rights in the first place. The 1990 Clean Air Act Amendments, which created the world's first large-scale pollutant cap and trade system, regulating sulfur dioxide and nitrous oxide produced by coal fire power plants, is an example of an explicitly Coasean solution to an externality problem. Rather than use command and control regulation, or Pigouvian taxation, the act allocated rights to a certain amount of pollution through the cap on emissions and then let a market decide how that pollution was allocated among the power plants. Allocating the rights and reducing transaction costs by implementing the market directly involved the government in the process of mitigating externalities. Despite often being misunderstood, Coase provided a new way of thinking about the problem of negative externalities. Rather than Pigouvian taxes or Hardin style command and control regulation, the Coase theorem suggests that the solution to problems of externalities may actually be to assign rights and then to reduce transaction costs, resulting in a more efficient allocation of resources.

While the Coase theorem is certainly a strong alternative to the Hardin solution of mutual coercion through regulation, perhaps the greatest challenge to Hardin's central thesis is the work of Elinor Ostrom. The 2009 Nobel Laureate in Economics, and the first woman to receive the award, Ostrom's work questioned Hardin's idea that command and control governmental regulation would solve the problems in the use of common pool resources. She argued that since perfect information about resources is not always available to central government authorities, and since monitoring and enforcement can be expensive and difficult, it may not be possible for a centralized government to effectively regulate. Additionally, Ostrom recognized that markets are not a universal solution to common pool resource problems. Some common pool resources, like water and fisheries, are difficult to assign rights to. While it is possible to assign rights to particular kinds of use, the resource systems remain held in common.

Additionally, Ostrom recognized the fundamental issue of institutions meant to govern common pool resources is that their creation is subject to collective action problems as well. It is costly to create an institution, yet one does not need to be involved in its creation to benefit from its existence. Thus, while all collectively benefit from the existence of institutions that effectively govern common pool resources, there is little incentive for individuals to create them.

Ostrom argued that views like Hardin's put little faith in human capacity for self-organization, and she recognized that groups may be capable of solving the tragedy of the commons through collective self-governance. Under certain circumstances, individuals may be able to design institutions to govern their own use of common pool resources and use those resources in sustainable ways. Ostrom's goals were to figure out the characteristics of the sustainable self-governing institutions that help overcome collective action problems in the management of common pool resources, and to figure out under what conditions groups are able to overcome second-order collective action problems to create those institutions. In her 1990 book, *Governing the Commons*, Ostrom developed a series of design principles for sustainable institutions, including clearly defined boundaries, the presence of collective choice arrangements, graduated sanctions when rules are violated, and recognition of a right to self-organize by central governments, among a number of others. With regard to the development of the institutions themselves, she found that where resources were predictable and spatially limited, and appropriators had a common understanding of the resource and a sufficient level of trust within the community, institutions could be created. Ultimately, Ostrom argued that under certain circumstances, common ownership of resources need not end in tyranny or centralized coercive regulation. Rather, individuals are sometimes capable of creating institutions to govern themselves. The solution to externalities can involve self-governance.

## Environmentalism as a Social Movement

Crucial to the development of institutions governing the negative externality of pollution

was the development of environmentalism as a social movement. Something resembling what we today would call environmentalism sprung into existence around the middle of the nineteenth century, with individuals like Henry David Thoreau and George Perkins March discussing the natural world in their writings. The turn of the twentieth century saw the emergence of the conservation movement, with the founding of the Sierra Club in 1892 and the Audobon Society in 1905, and Teddy Roosevelt implementing conservation as national policy for the first time. As a part of the New Deal Policies passed during FDR's presidency, the Civilian Conservation Corp, the Fish and Wildlife Services, and the Tennessee Valley Authority were created. It was not until the 1960s, however, that environmental issues became a major concern for Americans nationwide. Rachel Carson's 1962 publication of *Silent Spring*, which brought to popular attention the negative effects of pesticides, specifically DDT, on the environment, is often credited with being a founding moment for the environmental movement in the United States. The 1965 documentary "Troubled Waters," produced by the US Senate Subcommittee on Public Works, and the Cuyahoga River catching on fire in 1969, only added to the growing demands by the citizens for action on pollution.

As the 1960s came to an end, and the 1970s began, the growth of the environmental movement was something that the United States government could no longer ignore. Congress responded to citizen demands for pollution controls with the passage of a series of major environmental laws: The National Environmental Policy Act (NEPA) in 1969, the Clean Air Act (CAA) in 1970, the Clean Water Act (CWA) in 1972, and the Safe Drinking Water Act (SDWA) in 1974, among others. The Environmental Protection Agency was created by an executive order in 1970 to implement these laws. Environmental issues associated with the negative externalities of pollution existed long before the 1960s. Indeed, the Cuyahoga River had caught fire many times before 1969. However, it was only once the public became engaged with environmental issues, once the social movement of environmentalism sprang into action, that meaningful political steps were taken to mitigate pollution.

Since public support for environmental action has been instrumental in spurring government action on pollution, scholars from numerous disciplines have paid a great deal of attention to how public opinion about the environment has changed over time and how individuals form their opinions about the environment.

One of the most consistent findings of the literature on environmental public opinion is the "White Male Effect." In many studies of public opinion, across numerous environmental issues, white men have been found to be far less concerned about the risks posed by environmental degradation and pollution than females and minorities. This finding also has been consistently found with respect to policy preferences. White men have been found to be far less willing to support policies that protect the environment from pollution, especially when it means potentially sacrificing economic development. Even more persistent than the effect of gender and race is the effect of political ideology and partisanship on environmental public opinion. Even in cross-national studies, it has consistently been found that individuals with left leaning political ideologies and party affiliations favor are far more likely to have concern about pollution, global warming, and other environmental issues, while right leaning individuals tend to be less concerned.

## Implementation of Environmental Law and Environmental Federalism

As mentioned, the growth of the environmental movement throughout the 1960s led to the passage of a number of environmental laws by the US government meant to deal with the problems of negative externalities caused by pollution. The implementation of these laws has been the subject of scholarly inquiry. Once laws and institutions have been established to help curtail the costs of negative externalities, how effectively those laws are implemented is a crucial issue.

In the United States, the EPA is the bureaucratic agency responsible for the implementation of most of the major pieces of environmental legislation passed during the 1960s and 1970s. While the classic idea of bureaucracy is that laws passed during political processes are implemented free of politics by a bureaucratic agency filled with technocrats and professionals unaffected by electoral and political pressures, the literature has found that this is not always the case. The implementation of environmental policy by EPA has often been found to be subject to the political desires of elected officials. Through the use of appointments, budgetary controls, and new laws, the president and congress exert political control of the EPA and other bureaucracies. The extent of this control is up for debate, but it is clear that the EPA is not a purely technocratic and independent bureaucracy.

The EPA, however, is not solely responsible for the implementation of environmental law. One major element of the implementation environmental of environmental law is federalism. Federalism describes a system in which sovereignty and governance is shared between a central government and geographic units within it. In the United States, federalism concerns the relationship between the government in Washington D.C. and the 50 states. Most of the major environmental laws governing pollution in the US fall under a cooperative federalism framework in which the EPA (at the federal level) shares responsibility for implementation with the state governments. The EPA sets standards at the national level, and the state governments are able to create plans to implement those standards and potentially create even more stringent pollution controls. In most cases, it is the state governments that are responsible for monitoring pollution and enforcing punishments when violations are discovered.

This cooperative federalism framework did not develop out of careful policy design, but was rather the result of political negotiations. The laws would not have been able to pass without robust state involvement. This has had major implications for policy implementation. Scholars have long recognized that because strict enforcement of the environmental laws could potentially have damaging effects on state economies, the cooperative federalism framework could lead to state governments shirking their responsibilities in a "race to the bottom." Because the pollution laws primarily target private firms, states that have greater enforcement of the laws would be less attractive than neighboring states, leading companies to target states that are less strict in enforcement. Indeed, this logic should seem quite familiar, as it is just another example of a collective action problem, except with states rather than individuals acting as parties. Each state acting in its own self-interest leads to a situation in which none of the states stringently enforce environmental laws and worse collective outcome for all. This idea of the "race to the bottom" also applies to the adoption of new policies at the state level covering environmental issues not regulated by federal law. Because it would risk economic development, states are unwilling to adopt policies that could damage businesses.

There is another side to this story, however. Rather than a "race to the bottom," states may actually participate in a "race to the top," where citizens are drawn to states that protect the environment and public health and avoid those that shirk their responsibilities. In this way, states may compete with their neighbors to limit pollution, rather than race to limit enforcement. This may also lead to states being sources of environmental policy innovation, seeking to get credit for moving past federal laws in protecting their environments. Indeed, it is the logic of the "race to the top" that leads to the idea of compensatory environmental federalism, where states create policies that address issues not covered by federal law. Neither "race to the bottom" nor "race to the top" fully captures the result of environmental federalism. What actually occurs is likely a mix, with some states competing to be leaders in the environmental field, while others compete to be as friendly to business as possible.

## Environmental Justice

Beginning around the 1980s, scholarly and public attention began to shift towards the distribution of

negative externalities from pollution. It became clear that pollution was not evenly distributed across the entire population, but rather focused in areas with poor and minority populations. This discovery led to scholarly investigation and activist involvement in Environmental Justice. Environmental Justice, or perhaps more accurately Environmental Injustice, focuses on how environmental risk is inequitably distributed across the population and how groups can overcome these issues.

The first empirical analysis to systematically address the unequal distribution of environmental risk was a 1987 study by the United Church of Christ's commission on Racial Justice, which found that toxic waste sites were often located near poor and minority communities. Other early studies emphasized the placement of Treatment, Storage, and Disposal Facilities (TSDFs), supporting the original analysis in finding that they were disproportionately located near poor and minority communities. While much of the environmental justice literature considers siting decisions of this kind, a more recent focus of the literature is on the potentially inequitable implementation of the major pieces of environmental legislation. Some studies have found evidence that courts and state environmental agencies are less stringent in their enforcement of environmental regulations, and that government and firm compliance with the laws is less in poor and minority communities as well.

One of the enduring questions in the literature on environmental justice is whether environmental risk is distributed across racial/ethnic lines, or whether it is distributed across socioeconomic status. Some have argued that environmental inequities are really a case of environmental racism and that they are the result of intentional or unintentional biases against minority populations. Others have argued that any perceived racial biases are simply the result of minority populations generally living in poorer communities. More recently, however, scholars have begun to question whether the distinction between race/ethnicity and socioeconomic status is a useful one. Instead, some scholars have argued that it may be more useful to explore them together, and perhaps interactively. In this way, socioeconomic status may actually moderate the effect of race on environmental outcomes. The recent problems with drinking water in Flint, Michigan, a poor and majority black community, only ensure that issues of environmental justice will continue to be discussed in both the scholarly and activist communities.

## Conclusion

As we move further into the twenty-first century, the importance of finding political solutions to externality problems will only continue to grow. Nothing illustrates this more than the growing challenge of climate change. Indeed, many consider the problem of climate change to be one of the greatest political challenges facing the world today. In many ways, the problem of climate change is reflective of the issue of negative externalities.

Climate change is fundamentally a problem of a common pool resource. All individuals and all nations share a common resource in the earth, and each country is incentivized to produce as much as possible in order to improve their economies. Through production, however, greenhouse gasses are produced that warm the globe and cause problems for all through rising sea levels, massive species extinctions, and higher levels of drought, among other problems. Because the costs of climate change are shared by all countries, no individual country benefits from reducing their emissions and potentially weakening their economies, leading to a situation in which the suboptimal outcome of climate change seems more likely. The ultimate political question of climate change is how to overcome the collective action problem wherein all countries are individually incentivized to continue emitting greenhouse gasses, but collectively would benefit if all reduced emissions.

As climate change illustrates, being able to understand how political institutions can solve the problem of negative externalities will only continue to grow in importance. In this way, the field of environmental politics will remain an important area of study for the foreseeable future.

## Cross-References

▶ Federalism and Public Administration
▶ Politics and Bureaucracy
▶ Politics and Collaboration

## References

Coase RH (1960) The problem of social cost. J Law Econ 3:1–44
Hardin G (1968) The tragedy of the commons. Science 162(3859):1243–1248
Ostrom E (1990) Governing the commons. Cambridge University Press, Cambridge, UK

# Politics in Program Evaluation

Kandyce Fernandez and Jenna Gonzales
The University of Texas at San Antonio, San Antonio, TX, USA

## Synonyms

Political influence on evaluation; Program evaluation and politics; Public programs and politics of evaluation

## Introduction

Over the past 50 years, scholars have proposed various definitions of program evaluation, primarily from the standpoint of assessing the effects of social programs. Some definitions include the following:

- Evaluation determines the merit or worth of a program, policy, or entity (Scriven 1967).
- Evaluation determines what is needed in societal programs through the systematic collection and use of data (Mertens and Wilson 2012).
- Evaluation objectively examines the outcomes of programs to determine whether goals are met successfully or unsuccessfully (Weiss 1973).

Cumulatively, program evaluation involves the systematic study of social programs in the public sector. Rooted firmly in social science research methodology, program evaluation determines the merit or worth of program components or the effectiveness of program processes as they relate to program goals intended to address societal ills. Evaluation as a formal, practical discipline gained prominence in the 1960s with national programs related to the "Great Society" and the "War on Poverty" that were rigorously evaluated to determine the return on investment (Datta 2011). Early practices in evaluation emphasized the use of information in terms of the ability to influence a decision and the likelihood that decision-makers would act on evaluators' recommendations (Rossi et al. 2003). The evaluator's ability to influence decisions and promote action as a result of evaluation motivated early professional evaluators to focus on the primary goals of research methodology and empirical data collection.

While continuing to improve evaluation from a methodological perspective, attention in the field shifted in the 1970s to include not only the uses of evaluation findings but also the politics of the evaluation process. The politics of evaluation refers to the interactions of stakeholders involved in approving, funding, and implementing public programs that have different positions of power, influence, and authority in relation to a specific program (Palumbo 1987). As social programming increased the involvement of policymakers, administrators, program managers, clientele, and other stakeholders, evaluators experienced political pressures from special interest groups within the political process who had a stake in program resources (Datta 2011). Stakeholder involvement therefore contributes to the political context of evaluating public programs.

## Political Context of Evaluation in the Public Sector

Whether programs are carried out by public agencies or nonprofits, they often originate from political processes and decisions within the context of public policymaking (Mohan and Sullivan 2006).

From policy approval to program implementation, and then assessment of policy or program components, evaluation is relied upon throughout the policymaking process. In 1973, Carol Weiss wrote *Where Politics and Research Meet* (Weiss 1973) arguing for the importance of understanding the high-stakes environment that programs operate in. Weiss was one of the first professional evaluators to underscore the significance of being aware of stakeholder interests in evaluations (Azzam and Levine 2015; Datta 2011). Within a democracy evaluation serves to not only provide governmental oversight and accountability in relation to policymaking (Chouinard 2013) but also to help determine program decisions, advance knowledge in society, and inform the public more broadly (Chelimsky 2006).

It is through the use of different approaches to evaluation that results are used by stakeholders to inform, defend, support, or counter a proposed course of action (Mohan and Sullivan 2006). Since Weiss (1973) first wrote about politics in evaluation, others have echoed her thoughts (Chelimksy 1987; Cronbach et al. 1980; Palumbo 1987) in selecting which programs undergo evaluation, who will be asked to conduct the evaluation, which stakeholders will participate in the evaluation process, and how evaluation results are used. The politics of evaluation often begins with the choice to select certain programs over others to undergo evaluation.

## Selection of Programs to be Evaluated

Before programs are assessed, there are choices made as to which programs or specific parts of a program will undergo an evaluation. These choices typically fall to agency heads, program staff, funders, elected officials and their staff, or some combination of stakeholders referred to as the "evaluation sponsor." As a result of stakeholder involvement, programs may be selected for evaluation based on different criteria (Mohan and Sullivan 2006). These include understanding the impact of a program on clients, determining if program goals were met, or assessing whether the program fits the needs of the population being served. Nevertheless, evaluations can be commissioned for a myriad of other reasons beyond understanding the program outcomes. Considering the politics that may arise out of public and sometimes controversial programming, specific evaluations may be commissioned over others based on the likelihood of having positive/beneficial results, the timeframe in which evaluation results are needed, and whether or not programs may benefit from increased attention or resources that may occur as a result of the evaluation process (Mertens and Wilson 2012).

Weiss (1973) called attention to the demands for evaluators to deal with competing interests and loosely defined goals by using political tact to decide on what to evaluate (Chouinard and Cousins 2015). Political tact refers to an evaluator's efforts to determine why a program or agency is seeking an evaluation, identifying the goals for undertaking an evaluation, and determining how the information will be subsequently used (Patton 2008). Understanding the reasons why a program is chosen for evaluation is helpful for determining other influences on the evaluation process. These may include the need to impress funders with credible information on the program, to provide evidence justifying an already determined course of action in the policy process, or even to delay a decision in the face of criticism (Rossi et al. 2003). While the choice of programs to be evaluated may be driven by any number of justifications put forth by the evaluation sponsor(s), several competing interests may equally influence the choice of who will conduct the evaluation.

## Selection of Evaluators

Evaluation professionals or teams of professionals can be found within or outside an organization or agency that is sponsoring the evaluation. A primary distinction in selecting an evaluator is the perceived and actual difference between an internal and external evaluator (Mertens and Wilson 2012). The individual(s) assigned or hired to conduct an evaluation can influence the credibility of the evaluation process and results depending on their relationship to the program

(Mohan and Sullivan 2006). For example, an internal evaluator works for the organization or agency that houses the program being evaluated and may have some stake in the outcome of the evaluation. On the other hand, an external evaluator conducts the evaluation, but not as an employee of the organization or agency where the program resides. When seeking an external evaluator, the organization, agency, or program manager may weigh the benefits of gaining an outside perspective given the costs in time and resources associated with understanding the internal dynamics of a program. While an external evaluator is often relied upon to be objective and independent in the evaluation process and therefore less likely to influence the evaluation results in favor of a certain outcome, they may be at a disadvantage in not knowing the inner workings of the program or agency. Internal evaluators may overcome the perceptions of potential bias in their work by designing a more rigorous, valid, and detailed evaluation plan that is closely followed and well documented (Rossi et al. 2003).

The qualifications necessary to be an evaluator require expertise in the areas of program content, knowledge of evaluation examples from other programs, and appropriate research norms and methods for the program context (Chouinard and Cousins 2015; Datta 2011; Vanlandingham 2010). Evaluation of public programs often occurs in targeted problem areas like education, crime, health care, or substance use. As a result, evaluators may be asked to conduct long and complex evaluations in terms of program substance and length, or they may be asked to conduct more limited evaluations of a single program requiring less complex research methodologies or time (Rossi et al. 2003). The field of evaluation relies on the *Guiding Principles for Evaluators* published by the American Evaluation Association to inform evaluation practices and ethics within the field. The principles acknowledge essential practices of evaluation that include involving stakeholders, maintaining independence, identifying conflicts of interest, protecting confidential and sensitive information, ensuring quality, presenting balanced results, and preserving evidence of accepted evaluation methods. After an evaluator is selected, the evaluation design is considered in light of the best approach for the subject matter, the extent to which stakeholders are expected to be involved, and possible future uses of evaluation results.

## Evaluation Approach and Stakeholder Engagement

Program evaluation takes place within a broader context of policymaking. With a growing interest in determining the impact of public programs, evaluators acknowledge that satisfying stakeholder needs and ensuring legislative use are both high priorities (Azzam and Levine 2015; Vanlandingham 2010). In the past, an emphasis on the methods used in evaluation studies took priority over the involvement of clients or other stakeholders. A methodological orientation allowed evaluators to focus on quantitative research design over other priorities in determining a specific approach to evaluation. However, as studies on evaluation utilization arrived at the conclusion that the impact that evaluation has on legislative decision-making is minimal, some studies have correlated stakeholder engagement with increased evaluation use (Vanlandingham 2010). As a result, evaluation of public programs shifted attention to democratic values to ensure that stakeholder voices are heard and evaluation reports are ultimately used to inform public programs (Chouinard and Cousins 2015; Datta 2011). The history of evaluation research reflects that interactions with local partners have become increasingly important for understanding the complexities and uncertainties involved with collecting data for evidence to build a case for recommendations (Chouinard 2013; Datta 2011).

Originating from the theoretical frameworks that came about during the 1970s, responsive evaluation became a chosen method for evaluators interested in a more participatory approach (Chouinard 2013). By empowering managers, clients, and others to gain knowledge through participation, responsive evaluation extended the scope of evaluation to focus on understanding

shortcomings of the program in terms of responsiveness to stakeholders. Using this framework, evaluator's factor in as many stakeholder interests as possible in an effort to evolve from the previous methods that only included the motivations of policymakers or decision-makers (Vanlandingham 2010). A participatory approach allows for understanding of how the program or policy impacts the individuals that have contact with the program components. This approach also supports a more democratic perspective on evaluation, as individuals beyond program administrators are able to engage with the evaluation process from beginning to end.

Participatory evaluation became more popular in the 1980s and involved the coordination of trained evaluators and community partners to increase knowledge about program decision-making (Chouinard and Cousins 2015). Emphasizing partnerships between evaluators and stakeholders, participatory evaluation seeks to not only serve as an approach for reporting but also to address power imbalances that exist in society (Chouinard and Cousins 2015). By opening up communication channels between evaluators and stakeholders, information can be gleaned about pressing needs and methods that deliver timely results, all within an atmosphere of organizational learning (Chouinard 2013).

Participatory approaches have made way for empowerment and social justice approaches to evaluation, which also focus on stakeholder involvement (Mertens and Wilson 2012). An evaluation design with a social justice perspective tends to focus on viewpoints and participation from marginalized groups, while empowerment evaluations allow often unheard voices and perspectives to be included in the evaluation process and results. Through these approaches, evaluators often rely on mixed methodology including both quantitative and qualitative data to inform and expand the uses of evaluation results. The decision to use different approaches beyond a purely methodological approach may be influenced by various stakeholders and with some consideration for the time it will take to complete the evaluation and how evaluation results will be used.

## Uses of Evaluation Reports and Research

While evaluation projects may be judged by their outcomes, it is more common that evaluation results are judged by their utility or how useful they are to decision-makers and stakeholders (Rossi et al. 2003). Organization and agency stakeholders use evaluation information in different ways. When evaluation results, reports, or data are used directly by stakeholders, they then provide information for supporting decisions related to a specific course of action or policy. This is considered to be the highest form of utility in evaluation research. However, there is a tendency to use positive evaluation results to support program initiatives, while negative evaluation results are disregarded (Palumbo 1987). Where evaluation results are used to inform thinking on specific subjects or contexts, information is shared in a way that supports a certain perspective or preconceived understanding of a problem. This may also include the use of evaluation results to sensitize society to the frequency, prevalence, or specific dimensions of a social problem (Rossi et al. 2003). Given that evaluation results can identify certain nuances to a problem or issue, within the context of politics and elected officials, results may also be used to persuade others to defend or challenge the status quo of different social programs. Even when reports may be read or accessed by only a few elected officials, depending on the subject matter, considerable media attention may be given to a report. This will extend the impact of the evaluation results to beyond the specifics of the program or policy (Rossi et al. 2003).

Utilization of evaluation results may also be influenced by the credibility of the evaluator and evaluation methods documented in a report. For example, external evaluators with strong social science research backgrounds may be perceived as objective, qualified, and credible. Therefore, the reports they produce may gain greater support and validation from others. Likewise, where sound research methods are relied upon, evaluation reports may be referred to and even replicated in other studies of similar contexts. Evaluation reports are therefore judged not only

by their content and substance but also by the source of the research.

## Conclusion

As public programs originate from the policy process, any assessment or evaluation of their outcomes, processes, impacts, successes, or failures will have an inherently political component involving various stakeholders. As professional evaluators continue to develop their skills and approaches to evaluation in an effort to meet the public demand for information in a democracy, so, too, will the need to consider the influence of politics on evaluation design, implementation, and reporting. A strong balance between methodological rigor and practical use will still need to be foremost when conducting evaluations of public programs.

## Cross-References

► Program Evaluation

## References

Azzam T, Levine B (2015) Politics in evaluation: politically responsive evaluation in high stakes environments. Eval Program Plann 53:44–56
Chelimksy E (1987) The politics of program evaluation. Society 25(1):24–32
Chelimsky E (2006) The purposes of evaluation in a democratic society. In: Shaw I, Greene J, Mark M (eds) The SAGE handbook of evaluation. Sage, Thousand Oaks, pp 33–55
Chouinard JA (2013) The case for participatory evaluation in an era of accountability. Am J Eval 34(2):237–253
Chouinard JA, Cousins JB (2015) The journey from rhetoric to reality: participatory evaluation in a development context. Educ Assess Eval Account 27(1):5–39
Cronbach LJ, Ambron SR, Dornbusch SM, Hess RD, Hornik RC, Phillips DC, . . . Weiner SS (1980) Toward reform of program evaluation. Jossey-Bass, San Francisco
Datta L-e (2011) Politics and evaluation: more than methodology. Am J Eval 32(2):273–294
Mertens DM, Wilson AT (2012) Program evaluation theory and practice: a comprehensive guide. Guilford Press, New York
Mohan R, Sullivan K (2006) Managing the politics of evaluation to achieve impact. N Dir Eval 112:7–23
Palumbo DJ (1987) The politics of program evaluation. Sage, Newbury Park
Patton MQ (2008) Utilization-focused evaluation. Sage, Thousand Oaks
Rossi PH, Lipsey MW, Freeman HE (2003) Evaluation: a systematic approach. Sage, Thousand Oaks
Scriven M (1967) The logic of evaluation. In: Tyler RW, Gagné RM, Scriven M (eds) Perspectives of curriculum evaluation (AERA monograph series-curriculum evaluation). Rand McNally, Chicago
Vanlandingham GR (2010) Escaping the dusty shelf: legislative evaluation offices' efforts to promote utilization. Am J Eval 1–14
Weiss CH (1973) Where politics and evaluation research meet. Evaluation 1(3):37–45

# Politics of Corruption in Africa

John Sunday Ojo
School of Public and International Affairs, Virginia International University, Virginia, USA

## Synonyms

African politics; Colonialism; Democracy; Political corruption; Postcolonial state

## Definition of Terms

| | |
|---|---|
| Politics of stomach infrastructure | A political logic popularized in Africa that considered distribution of money and material stuffs as an alternative approach to woo the electorates in order to garner their political conscience during election. |
| African democracy | This is a democratic paradigm modeled as hybrid or semiauthoritarian regime. |
| Political corruption | This is misuse and abuse of political office for personal aggrandizement or benefit. It also dwells within the context of either elected representative or political appointees involving in |

P

the manipulation of the rules and regulation or state laws for personal benefit.

## Introduction: An Expedition Toward Contemporary Politics in Africa

The contemporary political nomenclature in Africa cannot be well understood without the instrumentality of precolonial political structure and the mechanical application of modern political arrangement devised by the colonial authorities. Africa's historical formation has its own unique sociocultural, political, and traditional representation. The African traditional political system was based on communal panache with an element of collective participation in local affairs. The spirit of oneness has made the traditional political system more unique in the world. Accountability was sacrosanct, even than Western societies; the chiefs handled both communal functioning and even any natural catastrophe that occurs. The chiefs may be asked to go to exile or commit suicide if he violates the fundamental ethos of social order (Ake 1991). It is in line with Ake's argument that Salih (2001) recognizes the democratic structure of African indigenous institution, he argues that democracy was embedded in African precolonial administration; however, the colonial and postcolonial political systems have commandeered the exclusion of citizens from democratic governance. Therefore, modernization theory applied toward African political renaissance is considered to have trampled on indigenous political institution and gives no room for citizen's participation in governmental affairs. As a result of this exclusion, African states are subjected to poverty, weak institution, and global pressure to adopt western democratic lifestyle, endangering independence and post-independence developmental efforts (Ake 1993). It can therefore be argued that the precolonial Africa was governed on traditional model, with basic principles, adhered with, by both the indigenous community and their traditional chiefs.

In the context of colonialism, African traditional chiefs were mobilized to support colonial sociopolitical structure; incentives were offered to fascinate indigenous chiefs for the exploitation of economic resources. The policy of divide and rule were instrumentalized to appease local populace, the superior ethnic groups were orchestrated to subdue ethnic minority groups, people were mobilized against one another, hence, form the origin of ethnic majority-minority crisis in Africa. In the pursuit of promoting colonial economic agenda, monetary reward were offered to African chiefs to pacify the uprising of freedom fighters as it was revealed in the case of Mau-Mau in Kenya. Colonialists employed corruption tool to woo African chiefs in support of their economic plan and political domination (Mulinge and Lesetedi 1998), considered as the origin of corruption dilemma in Africa. One of the advocates of this view, Patrice Lumumba contends that corruption syndrome "is an import, nurtured, developed and entrenched in the continent of Africa" (Lumumba 2011, p. 5). A further philosophical sensitivity of this school of thought includes the one acknowledged by Ebbe (2005), he argued that:

> The seed of political corruption was sown in African countries during the European Scramble for Africa and the subsequent colonization of the various people of Africa. In the process, many ethnic groups (tribes), without ties of consanguinity or religious affinity, were amalgamated into one country. Some of these countries may have as many as 250 ethnic groups. It was, and still is, an uncomfortable marriage or union. Some of the amalgamations were achieved by corrupting some tribal leaders to concede to the amalgamation at the opposition of a related tribe, sending to exile the leader of the opposing tribe, and making the conceding tribal leader the sole administrator of both tribes. The colonial administrators bribed the conceding tribal leader to concede to the colonial hegemony. Gifts of European manufactured goods to the tribal leaders were the quid pro quo. Political corruption therefore imported into Africa South of Sahara' (p, 101).

The ethnic divides echoed by colonialists, therefore, leads to what Ekeh (1976) popularized as "two publics" that characterized the current African sociopolitical disorder and served as the origin of corruption in the region. This view manifests in everyday life in Africa till date. This could be found in economic, political, and social arrangement. However, before the departure of colonial officers, struggles were made against the colonialists in several African states, people

were mobilized to agitate for independence, and some of freedom fighters have had western education, either home or abroad. The unrelenting agitation, thus, led to declaration of independent in some African states. Prior independence, African political elites were recruited from freedom fighters; they were charged to take control of economic resources for the general welfare of the citizens. They were saddled with the responsibility of designing people-oriented policy that alleviate endemic poverty, incorporates diverse ethnic configuration, and provide an inclusive democratic political platform for the citizens (Mbaku 2009). Very few of those that championed African independence had professional livelihood; on this basis, many of them were appointed to coordinate African political affairs. This opportunity was perceived as a reward for the independence struggle. The institution was therefore devised by the political leaders to foster ethnic, religious, and regional sentiment, consequently, becomes a backdrop for corruption and hegemonic politics in African political landscape (Gumede 2012). The integration of African elites into public affairs during the departure of colonialism led to economic, social and political supremacy of the political class that repels Africa's postcolonial states. Their interest can, therefore, be evoked as an exemplification of postindependence regimes (Branch and Cheeseman 2006). It is against this background that Osaghae (2005) explained it all that,

> the state in Africa was created and integrated into the global capitalist system as a peripheral formation by colonial authorities, principally to serve the needs and interests of global capitalism, and it has done so since then. In this scheme, the interests of the Africans themselves were, and remain, submerged. This is the major reason for the disjuncture between the state and society, which has kept the state derooted and alien (some say irrelevant) to most ordinary peoples. It is in the context of the de-rooted state that notions and structures of the common good, nationhood, citizenship, public morality, legitimacy, accountability and transparency have malformed, been lacking or fiercely contested.

In the postindependence regime, Africa has developed its nonconformist breed of democracy. "African-style democracy is often the most minimalist, most limited and most elementary kind of democracy. In African-style democracy the state is the major tool for accumulating wealth. That is also why there is a proliferation of political parties in African democracies – everyone wants to have access to the state so they can become wealthy" (Gumede 2015). Moreover, African nations adopted democracy without institutional foundation for democratic values. The absence of democratic institution to facilitate democratic process serves as a major challenge to African democracy. African election is attributed to vote-buying, election rigging, electoral violence, and all sorts of electoral criminalities that subject democracy to a game for the highest bidder at the advantage of political capitalists. The institutional failure and hybrid democratic foundation create ominous platform for backward democratization or incomplete democracy in the region (EISA Conference 2007; Rose and Shin 2001). It is believed that the dearth of genuine democratization impairs the realization and survival of sustainable development in African postcolonial state (Alence 2009).

In the 1990s, democracy returns to African nations, this nurtures aspiration for good governance; its acceptance in the 1990s constitutes rearrangement among a range of stakeholders; including political elites, civil societies, and international communities; hitherto, very few of the African states are considered operating liberal democratic system. The contemporary democratic movement in the continent is measured as a strategy to retain international legitimacy to fascinate foreign aid and foster corruption (Obianyo 2008; Thompson 2010; Hanlon 2004). Hence, it is difficult to christen African democratic model and therefore raises confusion to the scholars of politics (Ake 1993). The ascendancy of corruption in African politics is considered as a major obstacle that responsible for Africa's tribulation; such assumption generalizes the nature of African states (Szeftel 2000). Ake (1993) therefore concludes that corruption is perceived as a device through which "big men" provides a political template for clientelism and patronage to loot state resources espoused to compensate political allies. Thus, this entry explores the linkage

between African contemporary democracy and political corruption, considering paradigms from Democratic Republic of Congo, Kenya, South Africa, Tanzania, and Nigeria.

## The Current Debates on Political Corruption

Corruption as a concept is surrounded by scores of ideological complexities, defining it becomes a laborious intellectual task, especially, to situate it within the divergence political climate. Despite all these complexities, corruption is considered as misuse or abuse of power, funds or political/administrative positions for private gain. This intends to explain accumulation or diversion of public wealth for private advantages. However, in the political context, it entails diversion or misuse of public funds for personal aggrandizement. Merely considered the political sophistication of corruption, misuse of political power by the government in power, or its agency can be situate within the concept of political corruption.

In a similar direction, Heidenheimer et al. (1993, p. 6) opines that political corruption "is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs". This definition establishes the involvement of the government and its agency. However, understanding political corruption within the state can be difficult without ironing out bureaucratic corruption. This is because, the state cannot function without the bureaucrats whose obligations are to facilitate the decision making of the political class, including enforcing law and order in the state. Although, some policy makers and scholars usually construct political corruption alongside bureaucratic corruption, Amundsen (1999) shed more light in understanding this dichotomy between the two conceptual arguments. He argues that bureaucratic corruption occurs at the implementation stage of the policy made by the political office holders. In this context, political corruption can be explained in terms of involvement of elected or appointed representatives in diverting public funds for private utilization. In this environment, the political class uses their offices to influence and siphon state funds aided by their political status while bureaucratic corruption operates within the public administration milieu and therefore disengage politics from administration.

Political corruption also views as misallocation of resources, manipulation of government procedures, rules and regulations by reconfiguring the ethical standard of the state by the political office holders. Lodge (1998) argues that it is a situation whereby the state laws are circumvent and fashion in line with the individual political elites, when laws are abused, misused, or disregarded by those in power to protect their personal interest. Beyond that, political corruption also constitutes electoral fraud and electoral manipulation at the advantage of the either incumbent regime or the political colossus whose political influence can be felt in the polity. This may also be established in the context of exchanging money or material benefits for electoral support. This is more pronounced in the contemporary African democracy which was popularized in Nigeria as "politics of stomach infrastructure."

## The Nexus Between African Democracies and Corruption: Examples from South Africa, Tanzania, Kenya, Democratic Republic of Congo, and Nigeria

Most African states have followed the political steps of former colonizers in the post-independence regimes. They employed the political model operating in the western colonial states. Experience from Ghana, Kenya, Uganda, Nigeria, Kenya attempted parliamentary model applicable in the Britain prior independence while French colonies followed comparable fashion (Ozor 2009). However, despite the adoption of western political style, most African states are still categorized as hybrid regime – a pseudodemocratic states or semiauthoritarian (Cranenburgh, 2011).

A manifestation of the dynamics of institutional corruption and spoil politics in African democracies is found in a study conducted by

Transparency International, it found that 44% of parents have paid unlawful fees for free education in Uganda, Sierra Leone, Ghana, Madagascar, Niger, and Senegal (Transparency International 2009). In Zimbabwe, local councilors have liaised with housing officials to buy government houses and sell them at inflated rates for the citizens (Transparency International 2015). In Kenya, the political regime of Mwai Kibaki was alleged of inflation of contracts by the anticorruption agency led by John Githongo. In Liberia, the government that ruled up till 2005 was alleged of stolen more than $100 million annually (Ellis 2006). The culture of primitive accumulation by the public officers saddled with the responsibility of safeguarding public treasury has portrayed African postcolonial state (Appolloni and Nshombo 2013). Hence, leading to conflicts, civil war, terrorism, political instability, poverty, and exasperating developmental cynicism (World Bank 1997).

## Democratic Republic of Congo

In Democratic Republic of Congo (formerly Zaire), started from the political regime of Mobutu Seseko, the primacy of corruption is institutionalized in the political and bureaucratic framework. Corruption forms a coordinating network through military personnel, civil servants, and political office holders. Also, corruption was also accredited in the judicial system, a situation whereby adjudication is based on the level of wealth or affluence, political, and social status. The judicial verdicts are not instituted on the evidence presents in the court of law. Furthermore, judicial institution is also being used by judicial officers to chastise their enemies. The custom that is saddled with the responsibility of safeguarding counterfeit goods also serves as facilitators of smuggling operations. Corruption also manifests among directors of public institutions and proliferation of "ghost workers." Almost every public sector is involved in corrupt practices (Mbaku 2010).

In Democratic Republic of Congo (DRC), corruption saturates all levels of government, constituting involvement of both senior and junior civil servants. This is evident in a study carried out by Global Corruption Barometer; it is believed that 62% of the citizens interviewed have paid bribe to government officials within that year. The payment of bribe involves some of the key government parastatals and functionaries, including judiciary, police, tax, permit, education, revenue, and registry. In securing government contract, private companies have to pay bribe before the contract could be approved. In the 2010 World Bank Enterprise Survey, 65% of the companies interviewed have agreed that they have paid bribe to the government officials in order to secure contracts while 75% of them agreed that they need to present informal gifts amounted to 9% of the secured contract to the civil servants who are in charge of the contracts. Corruption also forms the primacy of electoral conduct in the country. The 2011 election in the country reveals various form of electoral corruption such as election manipulation, rigging, campaign financing, and voters' registration. The parliaments, police, judiciary, public officials, the military, and educational institutions are considered as most corrupt in the country (Transparency International 2013). The reason for endemic corruption among the Congolese public servants is attributed to poor salary. Before any service could be rendered to the public, the citizens need to facilitate it by providing bribe. For instance, in 2005, public officials from various ministries including the ministry of mines, foreign trade, communication, and transportation were indicted due to corruption (Harsch 1993).The obscurity of corruption has therefore continued to eclipse daily governmental business in Democratic Republic of Congo.

## Tanzania

In Tanzania, the colonial occupation in the region has a great impact on the general composition of the political system. The origin of corruption in the country is attributed to the unaccountable colonial administration that control political machinery in Tanzania. Colonial government institution was accountable to imperial state and

its allies while profits are transported to overseas. The state was cohesive to serve the interest of colonial rule; while the interest of the people was subjugated. This legacy was therefore inherited by Tanzania and other East African nations in the postcolonial regime. The debris of colonial institution has, therefore, typifies the structural framework of corruption in the country (Sedigh and Muganda 1999). The level of corruption has increased over time in the country, from independence in the 1960s. The endemic corruption has its place in bureaucratic organizations. The hierarchical composition of Tanzania's public organization provides a responsive dais for intensive corruption in the country. The citizens that want specific services have to abide by the procedural framework of the government, and thereby becomes challenging to the people who might want quick service delivery. Thus, provides an opportunity for public officials to ask for illegal fees for the speedy provision of public services (Masabo 2014).

As at 1990s, the Tanzania's presidential report on corruption found endemic corruption that constitutes illegal payment, unlawful award of contract, and illegal procurement channeling through the government institution (Gray 2015). In the twenty-first century, corruption continues to manifest within the Tanzania's political terrain; it revolves around the top political officials, top ranking government personnel, local industrialists, and multinational corporations involving a series of unlawful activities such as kickbacks, looting of public treasury, bribes, among others. The case of Richmond and Independent Power Tanzania Limited (IPTL) illustrate how grand corruption entwines with the ruling party and international business organization that has becomes a very foundation of Tanzania's political life. In 2005, an advertisement was publicized by Tanzania Electric Supply Company Limited (TANESCO). All the applications submitted for the project were rejected as a result of lack of financial capacity and competence; among the company rejected was Richmond Development Company. However, the political support for the Richmond Development Company was later championed by the then Minister for Energy, Mr Msahaba, the Prime Minister, Edward Lowassa, and the new Minister for Energy, Mr Nazir Karamagi. The Minister for Energy therefore instructed all his subordinates to approve all the necessary documents regarding the contract to Richmond Development Company. In the aftermath of the contract approval, the company was found incapacitated to actualize the electricity project. This led to intervention of parliamentary enquiry into the mode of awarding the contract. The panel found that the approval of the contract negates legal and procedural laws in awarding contracts.

In another related case, in October 2014, the ruling party Chama Cha Mapinduzi (CCM) was ensnared in the corruption scandal that entails illegal energy contract that worth US$112 million. Consequently, led to the suspension of foreign aid by the twelve international donors and the resignation of some political juggernauts from the parliamentary chamber (ibid); therefore, "corruption is then shown to be socially embedded in logics of negotiation, gift-giving, solidarity, predatory authority and redistributive accumulation" (Sardan 1999, p. 25). In this context, corruption has been domesticated in the public institutions that have reproached the country's international political image.

## Nigeria

After many political upheavals of authoritarian regimes, democracy returns to Nigeria in 1999, which symbolizes another historic political landmark in the country. However, the phenomenon of corruption has remained the Nigeria's biggest challenge; the everyday corruption has heaved the nation back to recession, underdevelopment, and astronomical increase in unemployment. Concurrently, the country is plagued amidst ethnic configuration, bad political leadership, terrorism, sociocultural hindrances, and big-man politics and therefore led to democratic hybridity and rocky democratic experience. Nigerian political structure is personalized to the extent that it is difficult for ordinary citizens to have access to basic necessities of life. According to Seteolu

(2005), "these socially imbibed values are replicated in the political terrain where contending coalitions accumulate resources to offset side payments required to retain or expand followership in the context of power politics. The fierce struggle in the public space is linked to conflicts that characterize leadership succession in traditional political systems and the attractions of political control where party politics guarantee access to wealth and economic power"

Money politics also takes another dimension in the country, in terms of obtaining party nomination form; the contender must have acquired millions of naira, thus, disenfranchising those with genuine interest of the country. Money has been a veritable tool in the hands of politicians to manipulate and influence election results. While the citizens have bowed to the mammoth threat, especially, the youths who are unemployed or victims of poverty, consequently, instituting political hegemony (Muse and Narsiah 2014); Therefore, money politics serves as a determinant for political participation and representation, youth and women in this process become the victims who have no access to economic resources (Adetula 2008). Due to prevalence of poverty, the citizens are found succumbing to the whim and caprices of the political elites who have the power to influence electorates by distributing money and material needs, thus empowering political representatives to be unaccountable and fostering corruption in Nigeria's political space (Tar and Shettima 2010).

Electoral contestation becomes expensive due to vote-buying at all levels of government. In a study, it was revealed that there was astronomical increase in political expenditure in 2003 elections. The study emphasized the possibility for political godfathers who are responsible for financing election to request repayment in monetary values or by influencing government policies. Money is therefore at epicenter of Nigeria's democratic politics (Bryan and Baer 2005). Elections are won based on financial muscle; the practice becomes traditional way for electoral contestation at local, state, and national levels. Thus, money remains an apparatus to determine the outcomes of elections in Nigeria's political terrain (Adebayo 2011). If the citizens can be swayed to compromise their electoral right, therefore, it is difficult to categorize Nigeria's democratic model as ideal one (Bratton 2008).

There are numerous factors that can be adduced to Nigeria's money politics. These factors include poverty, ignorance, altitudinal problem, and political apathy. Due to high level of poverty, some electorates consider election period as an avenue to get their democratic dividends from deceitful politicians. They sell their votes and get their "national cake." Also, the inability of political contestants to articulate comprehensive manifestoes provides another alternative for adoption of money politics in Nigeria. Moreover, political skepticism on the part of electorates who have perception that politicians are full of self-seeking, corruption, and that the whole political processes are fraud due to past political experiences, therefore, payoff is considered as another political logic to get their share (Agbaje and Adejumobi 2006).

The recent discovery of subterranean arms procurement funds [$2.1.billion] looted by the former National Security Advisor, Col Sambo Dansuki (rtd) during President Goodluck Jonathan's regime, discovered by the anticorruption institution [EFCC] led by the incumbent administration of President Muhammadu Buhari exemplifies how democracy is instrumentalized to facilitate corruption in the country. Additionally, election rigging, kickback, inflation of contracts, bribery, ghost workers syndrome, and embezzlement become a political way of life for public office holders in Nigeria (Dike 2008). Corruption also revolves around electoral cycle in Nigeria. The 2007 election has been assessed both locally and internationally. The election was rated as the worst in the history of electoral administration in Nigeria. It was symbolized and sheathed with electoral corruption. Electoral corruption in Nigeria's 2007 election involves stuffing of ballot boxes, manipulation of election results, among others (Omotola 2010, p. 549). Under the regime of former President Goodluck Jonathan, corruption has been widely reported among political paraphernalia. The public declaration by the former Governor of Central Bank, Lamido

Sanusi, that Nigerian National Petroleum Corporation (NNPC) could not account for $20 billion from the sale of crude oil also symbolized how corrupt Nigerian public institutions are (Ross 2014). The Nigerian National Petroleum Corporation (NNPC) has been considered as the hub and propeller of corruption in Nigeria and this validates the theory of "resource curse" which makes the country a "rentier state" (Obi 2010). In the sector (NNPC), contracts are awarded based on political affiliation, while all Nigerians refineries have malfunctioned, the reason for the total neglect of the refineries is to allow political partners to benefit from the stealing of refined oil importation (Premium Times September 16, 2015).

## South Africa

In South Africa, Lodge (1998) argues that corruption in the country has its origin in homeland department. The nature of corruption in South Africa is unique to other African states where corruption has pervaded every political space. However, corruption is evident in various dimensions in the country. Based on empirical clarification, corruption is embedded in the country's administrative machinery. For instance, the case of financial director at the Ntsika Enterprise Promotion Agency, a government owned institution established to facilitate small-scale businesses serves as an example. Shine-On Hadebe was sacked in 1996 as a result of misappropriation of R70,000; Mkhwanazi, who was appointed to replace the sacked manager, he was also alleged of embezzling R211,000. The Independent Broadcasting Corporation managers were alleged of corruption that forced some of them to resign. Even academic institutions are not exempted from the malignant corruption in South Africa. In the University of Venda, a senior official was caught in the corrupt act in the attempt to cash a check in the name of the University without the knowledge of appropriate authority in the institution. It also surfaces by exchanging money for marks in South African universities, as it was evident in 1996.

Another form of corruption engulfs the leadership of President, Jacob Zuma. Zuma was alleged of advocating for a bribe from the head of South African branch of Arms Company which was under investigation. It is believed that the bribe aimed to guarantee the political support of the vice president so the company would not be prosecuted (Amundsen 2006). In a corruption related development, President Jacob Zuma was also implicated in a 355 page report titled "State of Capture," the report contains allegations, and in some instances evidence, of cronyism, questionable business deals, and ministerial appointments, and other possible large-scale corruption at the very top of government (CNN November 2, 2016). The allegation against the President led to massive protest against his regime by the civil society organizations in South Africa. Started from the transition of power from Nelson Mandela regime, corruption has been the national debates in South Africa, from one regime to the other; the syndrome of political corruption has continued to subdue the political leadership and international integrity of the country.

## Kenya

In the early year of independence in 1963, Kenya had already nurtured wealthy capitalists; it is on this pedestal that affluence is measured as a precondition for political triumph. Those who were lucky enough to get to the mantle of political leadership automatically became the member of affluence group or vice versa. The sustainability of the wealthy aristocratic cabal was based on manipulation of contract procedures in which the political class influenced or awarded contracts to themselves. The 1998 saga in which some forces within the state operative circumvented contract procedures exemplifies the porosity of Kenya's state institution, serving as a devise to sustain corruption in the country (Mutounyi, 2005). In Kenya, Corruption is notable among government parastatals. The model of Kenya's corruption is so exceptional that it forms coordinating network amongst public institutions. "Kenya is one country where is a complicated syndicate of corrupt

officials between the police, the public and the judiciary, that you cannot easily extricate one from the other. It has been observed that investigating such corruption cases could be very difficult because, if legal authorities (prosecutors or judges) do not support anti-corruption probes, ways can be found to obstruct such investigations" (Anassi 2004, p. 24–43).

According to Akech (2011), he argues that corruption is institutionalized among the executive, legislature, and judiciary in Kenya; it is believed that none of these apparatus of government are excluded from the network of corruption the country. According to him, the corruption scandal that involves importation of oil and maize and the looting of free primary education fund demonstrates how grand corruption has eaten the institutional foundation of the Kenya's government. Unfortunately, the judiciary that would have safeguarded the public treasury has been merged with the autochthonous network of the looters in the country. In a similar experience, the case Goldenberg International in 1990s which necessitates conspiracy among the government authorities, including the Ministers, senior civil servants, and wheeler-dealers to loot public funds in the course of embarking on government projects demonstrates interconnectedness, networking, and alliance formation within the government aristocratic cabal in Kenya.

The dubious intersection among the judicial officers, police, and citizens give this type of corruption a remarkable outlook. It was observed that police do form alliance with judicial officers to execute corrupt deals. Corruption among police officers manifests in "bribery and extortion, favoritism, kickbacks, misapplication of resources, deceptive practices, theft, and premeditated criminal activity." While the ministry of public works is considered as second most corrupt institution in the country. The ministry handles construction and maintenance of roads, residential apartments, and public offices in the country. Corruption is so endemic in the ministry to the extent that every contract has to be inflated through alliance formation between public officials and contractors. Also, the citizens have to pay a bribe before public services could be offered (Anassi 2004, p. 24–43). In a similar direction, the former head of anticorruption agency in Kenya, John Githongo, the anticorruption Czar, exposed the various financial scandals that involve various political-colossi under the leadership of president Kibaki. It is believed that the pledged of John Githongo to expose all the politicians involved in the graft led to threatening of his life. This was eventually led to John Githongo exile in United Kingdom (Amundsen 2006). Hence, many public officials considered their position as what Bayert et al. (1999) terms as "meal ticket," a situation whereby public office is exploited as an opportunity to accumulate personal wealth. There are numerous factors that ensuing lingering corruption in the country. These include institutional problem, which legalize every activity of the government in power without questioning. The state secrecy laws empower the incumbent regime to conceal government information from the governed (Akech 2011).

## The Normalization of Politics of Stomach Infrastructure

The resurgence of politics of stomach infrastructure has been an antiquate one within Africa's political ecology. It dated back to independence which manifests during regional electioneering campaign in Nigeria. The theoretical platform of stomach infrastructure is situated in political clientelism, considering the effectiveness of material benefits for political support, making it difficult for electorates in a fragile region like Africa to safeguard their vote. The typical system of informal political relationship between voters and political contestants is refers to clientelism. For clientelism to become an effective political strategy in an electoral competition, the political parties must incorporate a vast number of local political agents saddled with responsibility to provide information about voter's political preferences so that they can provide material and monetary packages to local populace in order to get political advantage in electoral competition; linking political agents and the electorates (Schneider 2015). This has its origin in rural/kinship society, indicating "horizontal exchanges between equals from vertical exchanges between unequals" (Foster 1961). It targets the poor who

have limited information and autonomy about political affairs. There is exchange of political support for material benefits. Mexico is regarded as a typical example of this model, with provision of material benefits such as "cash, caps, tee-shirts, pencils, lighters, dictionaries, bags of basic foodstuff, breakfasts, cactuses, fruits, vegetables, beer, washing machines, bags of cement, cardboard, sand, shovels, pickaxes, machetes, hoses, fertilizer, seeds, chickens, cows and sheep" (Schedler 2002). This informal interaction between the client and patron within the political space therefore remains a source of corruption (Gray and Whitfield 2014).

In Africa, the political patron sometimes refers to "godfather" more often than not commandeered the political computation at the national, State and grassroots levels. They capitalized on citizen's destitution to achieve political interests, thus, provides opportunity for rotational power among the aristocratic political cabals (Kura and Marquette 2007). It is believed that politicians who adopt stomach infrastructure strategy, involving distribution of material packages habitually gains the prominent support of the people. The lexicalization of stomach infrastructure is rooted in poor governance system orchestrated by political comprador. 'The reality remains that many Africans 'are hungry with little or nothing to eat and any politician that looks after their nutritional wellbeing is an astute statesman, a humanitarian and a shrewd politician' (George 2014).

In similar direction, politics of stomach infrastructure also legalized in Tanzania's electoral act, inculcating what is termed as "Takrima" which means "Traditional Hospitality." The clause allows every political contestant in the country to offer gifts such as clothes, money, food and building materials to the electorate during political campaign. This has been devised as a modus operandi and a stratagem of coaxing and entrapping citizens under the travesty of providing material benefits in exchange for vote by the deceitful politicians (Amundsen 2006). This principle was acknowledged that "you cannot lead hungry people" (Premium Times 2014). From similar point of view, Ojo (2014) argues that the trading of vote in exchange for material benefits becomes the order of the day, no matter how constructive are the manifestoes of political contestants, the fundamental consideration recurrently revolved around what the politicians can offer in preelection and during election. This belief is justified on a ground that, if the citizens do not get their democratic dividends during electioneering, they might not be able to have access to their political representative until the next election.

## Shifting the Blame of Corruption: Political Class or the Citizens

Several attempts have been made to link the current challenge of corruption in Africa with the political leaders. Such assumption has not only witnessed the test of time, but redefined the political atmosphere in which politicians/citizen's coalesce in fostering political corruption. Experience from country like Nigeria validates this hypothetical analysis that election cannot be won without providing money and some material packages for the electorates so that they can gain the political support of the people. This event does not only provide avenue for the politicians to look for illegitimate boulevard so that they can meet with the demand of the people whose aspiration is to get material needs. Having said that, it is important to observe that the money offered by the politicians in the pre and during election must be recurred back to the source where it was oozed.

In this milieu, electorates cannot be excluded from the league of political corruption in Africa. There are many occasions when politicians need to bear the burden of materials and monetary demands of political supporters, friends, and families. This takes inform of payment for children school fees, house rent, and assistance towards funeral. Consequently, some politicians have capitalized on the suffering of the masses to galvanize political supports. Thus, it can be argued that financial and material demands by the electorates have drawn politicians to engage in corruption (Gabriel 2015). The electorates prefer a political representative or government whose campaign strategies are tailored in line with provision of short-term material needs (The Sun Newspaper

2014). The prioritization of stomach infrastructure over social infrastructure therefore remains a platform for endemic poverty, corruption, underdevelopment, and democratic cruelty (Chazan 1992). Nevertheless, whatever rationalization that may be presented for the humdrum demands by the electorates from political contestants, it is essential to note that this democratic prototype remains an aberration for ideal democratic reality, and has sustained deteriorating social infrastructural development in Africa. Therefore, the two actors – political elites and the citizens cannot be rooted out from the web of political corruption in Africa, having examined their involvement in monetization of politics and adoption of stomach infrastructural policy which remains a substantial challenge in accomplishing sustainable infrastructural development in Africa.

## Concluding Remarks

In comparison, the nature of corruption in African emerging democracies, including Nigeria, Tanzania, Kenya, Democratic Republic of Congo, and South Africa dwells within a holistic paradigm and has demonstrated in the bureaucratic system, cultural posture of the people, and political institution. Therefore, it can be demonstrated that, the trend of corruption in Africa journeyed through analogous familiarity. The nature and stereotype of corruption in Africa showcases political patronage and cronies system, applicable in the various African states. However, whatever justification that might be used as a propeller of corruption in Africa, it is important to perceive corruption in the continent as a by-product of other "structural forces" such as "class formation on state power and public resources in the context of post-colonial underdevelopment" (Szeftel 2000, p. 429–430). It can therefore be diametrically demonstrated as "criminalization of the State" which is termed as "the routinization, at the very heart of political and governmental institutions and circuits, of practices whose criminal nature is patent" (Bayart et al. 1999, p. 66). It is perceived as "asymmetrical reciprocity" and institutional "patrimonialism" between the State and the governed which has led to "instrumentalization of disorder" in Africa's socio-political affairs (Chabal and Daloz 1999).

## References


Adebayo A (2011) Elections and Nigeria's national security. In: Albert IO et al (eds) Democratic elections and Nigeria's national security. John Archers Publishers, Ibadan, pp 23–46

Adetula VAO (ed) (2008) Money and politics in Nigeria. International Foundation for Electoral System, Abuja

Agbaje A, Adejumobi S (2006) Do votes count? The travails of electoral politics in Nigeria. Afr Dev 31(3):25–44

Ake C (1991) Rethinking African democracy. J Democr 2(1):32–44

Ake M (1993) The unique case of African democracy. Int Aff 69(2):239–244

Akech M (2011) Abuse of power and corruption in Kenya: will the new constitution enhance government accountability. Ind J Global Legal Stud 18(1):341–394

Alence R (2009) Democracy and development in Africa. J Int Institut 16(2):4–5

Amundsen I (1999) Political corruption: an introduction to the issues, working paper, Chr. Michelsen Institute development studies and human rights

Amundsen I (2006) Political corruption. Anti-corruption resource centre, Bergen

Anassi P (2004) Corruption in Africa: the Kenyan experience: a handbook for civic education on corruption. Trafford Publishing, Victoria

Appolloni A, Nshombo J (2013) Public procurement and corruption in Africa: a literature review. Rivista di Politica Economica 2:191–214

Bayart JF, Ellis S, Hibou B (1999) The criminalization of the state in Africa. International African Institute in association with James Currey and Indiana University Press, Bloomington, International African Institute, London, UK

Branch D, Cheeseman N (2006) The politics of control in Kenya: understanding the bureaucratic-executive state, 1952–1978. Rev Afr Polit Econ 33(107):11–31

Bratton M (2008) Vote buying and violence in Nigerian election campaigns. Elect Stud 27(4):621–632

Bryan S, Baer D (eds) (2005) Money in politics: a study of party financing practices in 22 countries. National Democratic Institute for International Affairs, Washington, DC

Chabal P, Daloz J (1999) Africa works: the political instrumentalization of disorder. International African Institute in association with James Currey and Indiana University Press, Bloomington

Chazan N (1992) Africa's democratic challenge. World Policy J 9(2):279–307

CNN (November 2, 2016) South Africa corruption report released amid anti-Zuma protests, CNN November 2, 2016

Cranenburgh O (2011) Democracy promotion in Africa: the institutional context. Democratization 18(2):443–461

Dike V (2008) Corruption in Nigeria: a new paradigm for effective control, Africa Economic Analysis
Ebbe ON (2005) Political corruption in Africa. In: Sarre R, Das DK, Albrecht H-J (eds) Policing corruption: international perspectives. Lexington Books, Lanham
EISA Conference (2007) In search of sustainable democratic governance for Africa: does democracy work for developing countries? In: Conference proceedings report Eisa annual symposium, The Kopanong Hotel, Benoni, South Africa, 7–9 November 2007
Ekeh P (1976) Colonialism and the two publics in Africa: a theoretical statement. Comp Stud Soc Hist 17(01):91–112
Ellis S (2006) The roots of African corruption. Curr Hist 105:203–208
Foster G (1961) The dyadic contract: a model for the social structure of a Mexican peasant village. Am Anthropol 63(6):1173–1192
Gabriel C (2015) Stomach infrastructure: the newest vocabulary in Nigeria's political dictionary; Vanguard Newspaper (Online). Available from http://www.vanguardngr.com/2015/03/stomach-infrastructure-the-newest vocabulary-in nigerias-political-dictionary/ (Accessed on 21 May 2015)
George O (2014) "Stomach infrastructure" is exactly what Nigerians need (Online). Available from https://www.naij.com/309385-why-stomach-infrastructure.html (Accessed 12 Aug 2015)
Gray H (2015) The political economy of grand corruption in Tanzania. African Affairs 114:1–22
Gray H, Whitfield L (2014) Clientelism, rents and accumulation as drivers of capitalist transformation. Int Develop Paper Ser 159:14–159
Gumede W (2012) Africans inherited corruption. The Sunday Independent Newspaper, 19 Mar 2012
Gumede W (2015) African style democracy? (Online) Available from http://www.publicseminar.org/2015/02/africanstyledemocracy/#.VWOcu09VhHw(A)
Hanlon J (2004) Do donors promote corruption?: the case of Mozambique. Third World Q 25(4):747–763
Harsch E (1993) Accumulators and democrats: challenging state corruption in Africa. J Mod Afr Stud 31(01):31–48
Heidenheimer A, Michael J, LeVine VT (eds) (1993) Political corruption. A handbook, 3rd edn. Transaction Pub, New Brunswick
Kura S. and Marquette H (2007) Building democratic institutions in developing countries: poverty, Clientalism, neopatrimonialism & political party institutionalisation in Nigeria. In: Paper prepared for European consortium of political research (ECPR), Helsinki Joint Sessions, Panel 25: Inequality, poverty and democratic governance in developing societies, Department of political science, University of Helsinki, Finland, May 7–12, 2007
Lodge T (1998) Political corruption in South Africa. Afr Aff 97(387):157–187
Lumumba P (2011) The war against corruption as a poverty reduction agenda in Africa. In: A paper presented at the 2nd African governance, leadership and management convention organized by Kenya Institute of management Mombasa, 2nd to 6th August 2011
Masabo J (2014) The state of constitutionalism in Tanzania mainland – 2013. The annual state of constitutionalism in East Africa 2013, 105
Mbaku JM (2009) Corruption in Africa–Part 2. History Comp 7(6):1416–1427
Mbaku J (2010) Corruption in Africa: causes, consequences, and cleanups. Lexington Books, Lanham
Mulinge M, Lesetedi G (1998) Interrogating our past: colonialism and corruption in sub Saharan Africa. Afr J Polit Sci/Rev Afr de Sci Polit 3(2):15–28
Muse S, Narsiah S (2014) Public participation: problems and prospects of elections in Nigeria. Pro J Hum Soc Sci (PHSS) 2(1):46–55
Mutonyi J (2005) Fighting corruption: is Kenya on the right track? In: Sarre R, Das DK, Albrecht H-J (eds) Policing corruption, international perspectives. Lexington Books, Lanham
Obi C (2010) Oil as the 'curse' of conflict in Africa: peering through the smoke and mirrors. Rev Afr Polit Econ 37(126):483–495
Obianyo N (2008) Democracy on sale: the 2007 Nigerian elections and the future of democratic movement in Africa. In: Okafor V (ed) Nigeria's stumbling democracy and its implications for Africa's democratic movement. Greenwood Publishing Group, Westport
Ojo J (2014) Nigerians and the politics of stomach infrastructure. Political Finance Newsletter, International Foundation for Electoral System (IFES)
Omotola J (2010) Elections and democratic transition in Nigeria under the fourth republic. Afr Aff 109(437):535–553
Osaghae EE (2005) The state of Africa's second liberation. Interventions 7(1):1–20
Ozor FU (2009) Electoral process, democracy and governance in Africa: search for an alternative democratic model. Politikon 36(2):315–336
Rose R, Shin D (2001) Democratization backwards: the problem of third-wave democracies. Br J Polit Sci 31:331–354
Ross W (2014) Is Nigeria serious about tackling corruption. BBC News, Lagos [Nigeria]. Retrieved from http://www.bbc.com/news/world-africa-26535530
Salih M (2001) African democracies and African politics. Pluto Press, London
Sardan J (1999) A moral economy of corruption in Africa? J Mod Afr Stud 37(1):25–52
Schedler A. 2002. Clientelism without clients: the incongruent institutionalization of electoral mobilization in Mexico. In: Paper presented at conference on informal institutions and politics in the developing World, Harvard University, Cambridge
Schneider M (2015) Does clientelism work? A test of guessability in India (Online). Available from http://cpd.berkeley.edu/wp-content/uploads/2015/02/Does Clientelism Work_Berkeley2.pdf
Sedigh S, Muganda A (1999) The fight against corruption in Tanzania. In: Stapenhurst R, Kpundeh S (eds) Curbing corruption: towards a model for building national integrity. World Bank, Washington DC
Seteolu D (2005) Historical trajectories of elections in Nigeria: the state, political elite and electoral politics. In:

Onu G, Momoh A (eds) Elections and democratic consolidation in Nigeria. Lagos, Triad Associates, pp 34–42
Szeftel M (2000) Clientelism, corruption and catastrophe. Rev Afr Polit Econ 27(85):427–441
Tar UA, Shettima AG (2010) Hegemony and subordination: governing class, power politics and electoral democracy in Nigeria. Inform Soc Justice 3(2):135–149
The Sun Newspaper (2014) Politics of stomach infrastructure (Online) Available from http://sunnewsonline.com/new/?p=74762 (Accessed on 21 May 2015)
Thompson A (2010) An introduction to African politics, 3rd edn. Routledge, New York
Premium Times .2014. Why the PDP believes in stomach infrastructure – Jonathan. (Online). Available from http://www.premiumtimesng.com/news/headlines/168731why-the-pdp believes in-stomach-infrastructure-jonathan.html (Accessed on 21 May 2015)
Premium Times (2015) Investigation: Jonathan, Alison-Madueke, Tunde Ayeni, named in fraudulent oil contracts that cost Nigeria billions, September 16, 2015
Transparency International (2009) Corruption: cost for developing countries. Transparency International, Berlin
Transparency International (2013) Overview of corruption and anti-corruption in democratic republic of Congo. Transparency International, Berlin
Transparency International (2015) Working together. Transaprency International, Berlin
World Bank (1997). Helping countries combat corruption: the role of the World Bank (online) Available from http://www1.worldbank.org/publicsector/anticorrupt/coruptn/corrptn.pdf (Accessed on 02 Jun 2015)

# Politics of Municipal Consolidation

Kohei Suzuki
The Quality of Government Institute, Department of Political Science, University of Gothenburg, Gothenburg, Sweden

## Synonyms

Municipal amalgamation; Municipal merger; Organizational change; Structural change

## Definition

Municipal consolidation refers to reducing the number of municipalities and increasing their scale in terms of geography and population by combining two or more municipalities.

## Introduction

This section explains municipal consolidation (In this paper, the words "municipal consolidation", "merger", and "amalgamation" are used interchangeably). Municipal consolidations have been widely used as a tool for administrative reform at the municipal level in developed countries. Consolidation means "[t]he action or process of combining a number of things into a single more effective or coherent whole" (Oxford University Press 2016). Municipal consolidation refers to reducing the number of municipalities and increasing their scale in terms of geography and population by combining two or more municipalities. Municipal consolidations have been planned or implemented with the hope of increasing efficiencies and effectiveness in the provision of municipal services by taking advantages of economies of scale. Economies of scale refer to the reduction of production of average costs arising from an increase in the volume of outputs. In the context of municipal consolidation, municipalities can provide more public goods and services at a lower cost per capita as the population served increases.

The purpose of this paper is to concisely explain what is known about municipal consolidations. This paper begins with an overview of global trends in municipal consolidations as a tool for administrative reform at the municipal level. Secondly, it will explain the main motivations for and arguments against municipal consolidations. Thirdly, this paper discusses critical issues pertaining to the municipal consolidation. Finally, a discussion and conclusion are provided.

## Trends in Municipal Consolidation

Worldwide, reforms of the administrative structures of municipal governments have attracted great attention among policy makers, politicians, and scholars. Such municipal reforms usually occur in one of two contrary directions: municipal fragmentation and municipal consolidation. While many developing countries have pursued municipal fragmentation and the creation of new

municipalities aiming at better service delivery, stronger local civil society, and more democratic decision making, developed countries tend to reduce the number of municipalities by consolidation in order to take advantage of economies of scale. In the U.S., municipal annexation, which is the process of increasing the geographic size of city by including an adjacent unincorporated area, is the most common type of local boundary adjustment (Edwards 2008). Municipal consolidation in the form of city-county consolidation, which is a merger of a city and county into one unified jurisdiction, is rare (Feiock and Carr 2000; Leland and Thurmaier 2005). However, municipal consolidations are a major form of municipal reform in most developed countries outside the U.S.

According to the OECD (2014), half of OECD (Organization for Economic Co-operation and Development) countries have planned or implemented municipal consolidations in the last 15 years. For instance, in Japan, the central government promoted municipal consolidations after 1999. This nationwide municipal consolidation reform reduced the number of municipalities from 3,232 in 1999 to 1,718 in 2014 (Ministry of Internal Affairs and Communications 2014). In Demark, the 2007 structural reform of local government reduced Danish municipalities from 271 to 98 (Blom-Hansen 2010). In Finland, the number of municipalities was reduced from 560 in 1945 to 416 in 2005 and 320 in 2012 through voluntary mergers (André and García 2014). In 1989, the New Zealand government implemented a major reform of local municipalities, reducing their number of municipalities from 454 in 1980 to 86 in 1990 (New Zealand Parliament 2014). Some countries such as Belgium (1975), Norway (1957–1967), and Sweden (1952) implemented large-scale municipal consolidation before 1980. See OECD (2014) for a list of countries which have conducted municipal consolidation.

Municipal consolidations can be either compulsory or voluntary, depending on countries and states. For instance, in countries such as Denmark, Greece, Sweden, and Turkey, forced municipal consolidations have been implemented. In other countries such as Finland, Iceland, Japan, the Netherlands, and Norway, consolidation decisions are on local voluntary basis. In Australia and New Zealand, whether or not municipal consolidations are voluntary or compulsory depends on the individual states (André and García 2014). In the case of voluntary consolidations, the decision often relies on local referenda (OECD 2014). Even when a merger decision is on voluntary basis, that does not mean that the central governments do not influence merger decisions or provide no incentive for municipal mergers. For instance, the central government of Japan carried out the Great Heisei Consolidation from 1999 to 2006. Although the consolidation was decided on a voluntary basis often through a referendum process or other means, the central government promoted municipal consolidations nationwide by revising laws and giving strong fiscal incentives for consolidation. This led to the reduction in the number of municipalities from 3,229 to 1,821 within a 7-year period (Yokomichi 2007).

The consolidation process can be classified into one-shot or progressive consolidations (OECD 2014). The national government may require or encourage many municipalities to merge at the same time. For instance, the aforementioned Great Heisei Consolidation from 1999 to 2006 is an example of one-shot consolidation reform. The 2007 Danish structural reform of municipal governments is another example of multiple consolidations carried out at the same time, reducing the number of municipalities from 271 to 98. Alternatively, in the progressive case, consolidations are not carried out at the same time. In this case, individual municipalities are allowed to carry out consolidation sometimes at their own pace and sometimes with a deadline set in advance (OECD 2014). For instance, after the period of Great Heisei Consolidation in Japan, the number of municipalities was gradually reduced from 1,821 in 2006 to 1,718 in 2014.

## Arguments for and Against Municipal Consolidation

Proponents of municipal consolidation have proposed several reasons in favor of amalgamation.

Among the several potential advantages, the most frequently cited reason is taking advantage of economies of scale to improve the provision of municipal services (Dollery et al. 2007; Fox and Gurley-Calvez 2006). Economies of scale refer to the reduction of costs arising from an increase in the volume of outputs. Larger municipalities in terms of population are able to provide municipal services at lower per capita or unit costs. Consolidating municipalities can reduce fixed costs and administrative duplication. For instance, merging three separate water plants into a single large one can reduce fixed costs such as equipment and administrative expenses and thus produce water at a lower cost.

A second argument in support of municipal consolidation is that larger municipalities can develop more professional staffs and specialized departments that cannot be acquired easily by smaller municipalities (Dollery et al. 2007; Fox and Gurley-Calvez 2006). For instance, amalgamated municipalities are able to hire staffs with higher expertise in regional planning or economic development and create specialized sections for specific purposes. Such advancement in administrative capacities can enhance the effectiveness of municipal services, and it enables municipal governments to respond to more diverse demands from citizens. Thirdly, some proponents of municipal consolidation emphasize the benefits of having more coordinated regional planning and economic development as a result of consolidation (Fox and Gurley-Calvez 2006). Consolidation enables municipalities to plan and implement more coherent regional and economic development plans within the enlarged area encompassed by the merged municipalities, which were otherwise planned and implemented by separate municipal governments. Municipal consolidations can also implement unified regulations regarding land plans and economic activities within the consolidated areas. Uniform regulation lowers the cost for private companies and land developers who otherwise would have to deal with a number of separate local government entities and a diversity of regulations (Dollery et al. 2007; Fox and Gurley-Calvez 2006). This improves the business climate and thus may attract more business and investment into the local area.

While municipal consolidations have been pursued with the hope of achieving the aforementioned potential effects, there have been criticisms against consolidation. Opponents of municipal consolidation, who tend to support fragmentation of municipalities, often cite the positive impact of competition among small municipalities for better service provision. The underlying idea behind municipal fragmentation is that competition among small municipalities leads to better public service delivery at or near lowest cost (Geoffrey and Buchanan 1980; Goodman 2015). According to this argument, competition among local governments will provide the opportunity for citizens to choose the municipality which provides the services and assesses taxes that best fit their demands. In addition, in large municipalities, municipal services are not tailored to citizen preferences because officials in large municipalities may not be familiar with local circumstances (Steiner and Kaiser 2016). Therefore, amalgamated municipalities may not be able to respond to local citizens' demands with sufficient details. Furthermore, efficiencies in service provision may be hampered by budge maximization in larger bureaucracies (Hanes 2015).

Another important criticism against municipal merger has been raised from the perspective of local democracy. The ancient Greeks considered as appropriate for a successful democracy jurisdictions that were large enough to be self-sufficient but small enough that citizens could get to know one another (Blom-Hansen et al. 2014; Larsen 2002). In modern political science, scholars have debated over jurisdiction size and the healthy functioning of democracy (Dahl and Tufte 1973). Opponents of municipal consolidation point out that people have less access to local elected representatives and the bureaucracy in larger municipalities (Vojnovic 2000). Such declines in citizen access can negatively affect various dimensions of local democracy, including interests in politics, political participation, political trust, political efficacy, citizen satisfaction, and functions of local councils (Hansen 2015; Kjaer

et al. 2010; Steiner and Kaiser 2016; Vojnovic 2000). Therefore, these advocators claim that municipal consolidation might damage the quality of local democracy and encourage smaller municipalities.

## Some Issues Regarding Analysis of the Effects of Municipal Consolidations

Despite the extensive arguments for and against municipal consolidation among policy makers and scholars, previous studies have not yet established conclusive results regarding the consequences of consolidation on the effectiveness and efficiencies of service provision (Allers and Geertsema 2014; Reingewertz 2012; Vojnovic 2000). Some studies find positive impacts of municipal mergers, while other studies find no evidence or negative impacts. Studies examining the effects of municipal consolidation on economic development are likewise scarce and have produced inconsistent results. Furthermore, there have been few empirical studies on the effects of municipal consolidation on the local economy covering nationwide reform data (Hanes and Wikström 2010).

Some studies find positive impacts of municipal mergers, while other studies find no evidence or negative impacts. Such inconsistency might be due to a failure to examine various contextual factors. For instance, the effects of municipal consolidation might be contingent on which entities merge or the composition of merger partners. The selection of the merger partner may affect subsequent merger effects. For instance, having a financially weak municipality as a merging partner may offset potential benefits of amalgamation such as improved efficiencies in spending.

Moreover, one may need to analyze municipal consolidation from the perspective of organizational behavior. Municipal mergers cause significant organizational change for those institutions affected by mergers. Local officials in the merged municipalities may not fully understand or accept the necessity of mergers. They may have anxieties or uncertainty about the changes and potential personnel loss that consolidations brings. Municipal managers in new municipalities need to manage resistance from local officials and successfully lead significant organizational change (Denhardt et al. 2015). Organizational merger is like a marriage. Compatibility of organizational cultures such as patterns of work behavior, beliefs and values, risk orientation, and achievement orientation are important (Denhardt et al. 2015). The degree of homogeneity in the organizational cultures of consolidated municipalities may also matter for municipal performance in the new, larger entity. New merged municipalities that have relatively heterogeneous organizational cultures among the partners may need more time to create a new organizational culture and to perform well than merged municipalities with relatively homogeneous organizational cultures.

Another issue that one needs to consider when examining merger effects is the role of leadership. Previous studies suggest that the mayor's leadership and capabilities matter for organizational performance. A mayor's qualities such as education, expertise, age, and experience can affect municipal performance (Avellaneda 2009). And so the consolidation effects might be contingent on the mayor's capabilities. A mayor with relevant expertise and experience may mitigate negative impacts. In addition, a mayor with the appropriate qualities may accelerate positive merger impacts. Thus, the mayor's leadership might condition the merger effects on municipal performance.

One of the other critical issues pertaining to the analysis of consolidation effects is that most studies tend to overlook the issue of the unequal distribution of advantages and disadvantages among merged units. When empirically measuring the effects of consolidation on municipal service provision and local economic development, previous studies tend to assess how consolidations affect service provision of and economic development in new municipalities as a whole. The unit of analysis is the post-merger jurisdiction. However, municipal consolidation may not uniformly affect all consolidated jurisdictions. When some

municipalities are merged into a larger one, it is likely that some areas within the post-merger jurisdiction could benefit from the merger more than others. Perhaps, some jurisdictions can gain more efficiencies and improve the effectiveness of municipal services more than other jurisdictions within the merged unit. Consolidation may positively affect local democracy for residents living in the central areas, however it may increase political alienation of citizens living in the "absorbed" areas in new municipalities. A municipal merger may boost local economic growth in some areas, however the effect may not be uniformly experienced within a merged municipality. Perhaps the areas that were absorbed by the larger municipality may gain less from consolidation. One important factor in the inadequacy of the research focusing on the gap in benefits within merged municipalities is the absence of sufficient data in the pre-merger unit. After municipal mergers, most cities do not continue to collect data in the pre-merger unit. The data collection unit tends to be the post-merger unit rather than the pre-merger one. Most existing studies assessing merger impacts tend to rely on only post-merger unit data, which consists of aggregated data from merged municipalities. Therefore, it is difficult to analyze how, for example, economic growth or levels of democratic participation have changed in the same area before and after municipal mergers. We still do not know the empirical results of the issue of the unequal distribution of advantages and disadvantages among merged units.

## Conclusion

This entry has provided an overview of municipal consolidation, its global trends, arguments for and against municipal consolidation, and some issues for future research agendas pertaining to the analysis of municipal merger effects. Municipal consolidation is defined as the reduction in the number of municipalities and increasing their scale in terms of geography and population by combining two or more municipalities. Municipal consolidation has been carried out with the hope of achieving improved efficiencies and effectiveness in municipal performance and better fiscal outcomes. While fragmentation of municipalities has been actively pursued in developing countries, municipal mergers have been a main means of municipal reform in developed countries. Almost half of OECD member countries have considered municipal consolidation as a significant tool to improve performance and fiscal conditions of municipalities.

Municipal consolidation can improve the provision of municipal services by taking advantage of economies of scale. Consolidations enable municipal governments to develop more professional staffs and specialized departments, which are expected to bring significant benefits to economic growth, urban planning, and social welfare at the local level. In addition, local governments are able to carry out more cohesive regional and economic development plans within the enlarged areas encompassed by the merged municipalities. However, policy makers and scholars who prefer municipal fragmentation are wary of the downside of consolidation. Municipal consolidations may reduce competition among municipalities, which may result in the loss of effectiveness and efficiencies in municipal services. Officials in enlarged municipalities may not be aware of local circumstances. Therefore, large municipalities may not respond to local citizens' demands effectively. From a perspective of democratic politics, municipal consolidations may reduce citizen access to elected representatives and bureaucracies, which may negatively affect the democratic activity of local citizens.

Despite a trend in municipal consolidations in developed countries, scholarly works have not yet found conclusive results regarding the outcomes of consolidations. The lack of consistent results might be due to the failures in considering contextual factors. This paper suggested some future research agendas for examining the effects of contextual factors on municipal consolidation. Factors such as the composition of merger partners, organizational culture, and mayor's

leadership and capabilities should be included when one examines the effects of municipal consolidations on municipal service provision and their fiscal outcomes. In addition, the paper points out the importance of using pre-merger jurisdiction unit data, in addition to data from the post-merger jurisdiction. The effects of municipal consolidation might not be equivalent within merged units. Consolidation may enhance economic growth in some merged areas. However, other areas, especially those which are absorbed by a bigger municipality, may not enjoy the same level of economic development. Policy makers and scholars need to pay more attentions to the inequality of benefits or drawbacks of mergers within merged areas.

## Cross-References

► Models of Organizational Change

## References

Allers MA, Geertsema JB (2014) The effects of local government amalgamation on public spending and service levels: evidence from 15 years of municipal boundary reform. University of Groningen, Faculty of Economics and Business

André C, García C (2014) Local public finances and municipal reform in Finland

Avellaneda CN (2009) Municipal performance: does mayoral quality matter? J Public Adm Res Theory 19(2): 285–312

Blom-Hansen J (2010) Municipal amalgamations and common pool problems: the Danish local government reform in 2007. Scand Polit Stud 33(1):51–73

Blom-Hansen J, Houlberg K, Serritzlew S (2014) Size, democracy, and the economic costs of running the political system. Am J Polit Sci 58(4):790–803

Dahl RA, Tufte ER (1973) Size and democracy, vol 2. Stanford University Press

Denhardt RB, Denhardt JV, Aristigueta MP (2015) Managing human behavior in public and nonprofit organizations. Sage

Dollery B, Byrnes J, Crase L (2007) Is bigger better? Local government amalgamation and the South Australian rising to the challenge inquiry. Econ Anal Policy 37(1):1–14

Edwards MM (2008) Understanding the complexities of annexation. J Plan Lit

Feiock RC, Carr JB (2000) Private incentives and academic entrepreneurship: the promotion of city-county consolidation. Publ Adm Q 223–245

Fox WF, Gurley-Calvez T (2006) Will consolidation improve sub-national governments? World Bank policy research working paper (3913)

Geoffrey B, Buchanan JM (1980) The power to tax: analytical foundations of a fiscal constitution. Cambridge University Press, New York

Goodman CB (2015) Local government fragmentation and the local public sector a panel data analysis. Publ Finance Rev 43(1):82–107

Hanes N (2015) Amalgamation impacts on local public expenditures in Sweden. Local Gov Stud 41(1): 63–77

Hanes N, Wikström M (2010) Amalgamation impacts on local growth: are voluntary municipal amalgamations more efficient than compulsory amalgamations. Can J Reg Sci (online) 33(1):57–70

Hansen SW (2015) The democratic costs of size: how increasing size affects citizen satisfaction with local government. Polit Stud 63(2):373–389

Kjaer U, Hjelmar U, Leth Olsen A (2010) Municipal amalgamations and the democratic functioning of local councils: the case of the Danish 2007 structural reform. Local Gov Stud 36(4):569–585

Larsen CA (2002) Municipal size and democracy: a critical analysis of the argument of proximity based on the case of Denmark. Scand Polit Stud 25(4): 317–332

Leland S, Thurmaier K (2005) When efficiency is unbelievable: normative lessons from 30 years of city-county consolidations. Publ Adm Rev 475–489

Ministry of Internal Affairs and Communications (2014) Numbers of local governments and Meiji and Showa Great Merger [Shichouson Suu no Hensen to Meiji Showa no Daigappei no Rokucho]. Retrieved from http://www.soumu.go.jp/gapei/gapei2.html

New Zealand Parliament (2014) Local government amalgamation. Retrieved from https://www.parliament.nz/resource/en-NZ/00PLLawC51141/b0d1ac49e8cb7b90f3d7d063c3bf9afd461e4722

OECD (2014) OECD regional outlook 2014 regions and cities: where policies and people meet. OECD Publishing, Paris

Oxford University Press (2016) Oxford dictionaries. Retrieved from http://www.oxforddictionaries.com/

Reingewertz Y (2012) Do municipal amalgamations work? Evidence from municipalities in Israel. J Urban Econ 72(2):240–251

Steiner R, Kaiser C (2016) Effects of amalgamations: evidence from Swiss municipalities. Publ Manag Rev 1–21

Vojnovic I (2000) The transitional impacts of municipal consolidations. J Urban Aff 22(4):385–417

Yokomichi K (2007) The development of municipal mergers in Japan. National Graduate Institute for Policy Studies

# Politics of Patrimonialism, Influence of Principal/Agent Relationships on Discretionary Powers of Street-Level Bureaucrats in Nigeria

Ikechukwu Ogeze Ukeje[1], Sunday Odo Nwangbo[1] and Johnpaul Chukwujindu Onele[2]
[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria
[2]Department of Political Science, Ebonyi State University, Abakaliki, Nigeria

## Synonyms

Bureaucratic politics; Clientelism; Developed state SLB; Developing state politics; Elite capture; Patrimonialism; Prebendalism

## Definitions

Street-level bureaucracy: Is the subset of public agency consisting of the cadre of civil servants (bureaucrats) who have contact with members of the general public (street) in the policy process. It is the face of government and the points of state-citizen interactions in social services provisioning. It is also the theory and practice of implementation and evaluation of policies at the frontline using relative discretional independence to innovate on or modifies policies of government to suit prevailing circumstances, perhaps poorly envisaged at policy-design level.

Patrimonialism: System of government based on nepotistic networking where reward channels and motivation reflect personal interests of certain principals and their agents in the allocation of public wealth and opportunities. The personalization of public office by a principal and the distribution of gains accruing thereto in such a manner aimed to maintain tenure, attract loyalty, and sustain service from the agent.

## Introduction

There is an ongoing debate on the roles of discretion, accountability, lack of resources, impacts of technology, and risks of corruption on street-level bureaucrats. These concerns stem from the central role street-level bureaucrats (SLBs) play in government especially in the contemporary time when the nature, essence, and responsibilities of government are changing rapidly in meaning and scope. This reality of change is depicted in the public administration movements – from Old Public Administration (OPA) all the way up to New Public Governance (NPG), of course with myriad theoretical debates underlining the various movements. So, why the "Old" and the "New"? The fact that societies and their demands have evolved profoundly, and are putting enormous and increasing burdens on government as the manager of social, political, and economic life, has continued to influence administrative reforms across many cultures even from ancient time (Farazmand 2009, 2012, 2017). As a body, government depends on SLBs to provide interfaces for state-citizen interactions in provision of public service in the new public administration era (Evans 2016). Thus, SLBs provide important avenues for the citizens' service experience and perceptions about their government, "as de facto policy makers" (Akosa and Asare 2017). Irrespective of forms of government, it has been observed that street-level bureaucrats determine quality of service and access to such service by the citizens (Tummers and Bekkers 2014).

It is interesting that despite that street-level bureaucracies have high chances of determining how they work, social culture plays significant roles in determining what constitute acceptable discretion and how the discretional powers of SLBs are exercised (norm) within administrative traditions. Thus, Akosa and Asare (2017) applied principal/agent theory to better understand the nature and behavior intentions of developing countries street-level bureaucracies, particularly in sub-Saharan Africa. Although relevant literature in this connection cuts across administrative contexts, prescriptive models for street-level

bureaucracy's reforms have been somewhat insensitive to the nuances of developing nations' street-level bureaucracy influencers such as political, economic, and cultural environments. In addition to the cultural cleavage considerations that shape societal life in developing societies such as communal life, primordial affection, consanguinity, ethnicity, and tribalism, there is the other problem of perverse leadership character among the ruling elite that tends to circumvent the exercise of discretion of street-level bureaucracy through the instrumentality of principal/agent relationships in meeting with the demands of the multiple accountability to the networks around an agent (Hupe and Hill 2007), often in developing countries' contexts not in favor of any stated public value but for the entrenchment of elitist political control in the widest reach of government. For instance, the "complimentary card" (referral) mode of public service recruitment in Nigeria largely utilizes tribal, ethnic, or family considerations to consolidate partisan loyalty networks (Ukeje et al. 2020a) than in producing public good. Thus, using a hypothetical principal/agent conceptual model, this entry considers previously understudied dimension of SLB, namely, how political principals and their street-level bureaucracy agents enact change in the public service process for mutual gains.

## The Concept of Street-Level Bureaucracy

Street-level bureaucracy (SLB) is a sociological theory that seeks to explain the work realities of frontline workers as they do government work, i.e., how they engage in making policies (discretion) that enhance their daily work performances (Cooper et al. 2015). Its concerns have been the practical and systemic dilemmas that confront frontliners in the execution of their daily assignments in the public service, the comprehensive field where the "hard, dirty and dangerous work of the state is done" (Cooper et al. 2015). As the frontliners interact with the people, they device routine strategies of beating down heavy loads of work or mass processing (Akosa and Asare 2017), relying on personal judgment to assign value to public needs and demands and allocate efforts. A process that may eventually lead to inclusion or exclusion of persons from the service meant for them (Cooper et al. 2015).

SLBs attend to large population of people with competing demands. However, the state resources at their disposal are usually limited to meet these competing demands. Also, because these needs can hardly be met by other service providers, the SLBs are compelled to device additional means of executing their jobs, often not part of the initial design of the implementation framework, a kind of coping mechanism since the challenges the frontliners face in their daily work are often poorly captured in the policy guiding their actions (Akosa and Asare 2017). This is because organizational policy appears like a general guideline or principle which does not foresee exceptional end-point cases in the frontline (Bergen and While 2005). And because organizational policies as guidelines are not flexible enough or does not possess the scope for the kind of needs that often surface in the frontline, especially in critical situations that make resorting to the bureaucratic process of seeking approval before action dangerous and put policy expectations at risks, frontliners sometimes task their ingenuity to device a course of action that best handles the challenge they face; this results in the exercise of discretion that leads to emergence of contingent policy different from existing one. Since the success or failure of any policy programs is a function of its governance, strategies, implementation, and the impact it has on the citizens (Idike et al. 2020) due to its accountability questions (Ukeje et al. 2020b). Therefore, the practice of SLB has implication not only for scaling up the governance ratings of the government but also for the overall reforms that improve the conditions under which the SLBs do their jobs.

## SLB Theory and Practice: A Contextual Explication

Popular SLB reform opinions have more often focused on the developed countries' cultural

realities – political, social, and economic (see Murphy and Skillen 2015; Cooper 2018; Nisar 2018) – and not surprisingly, the administrative experiences of these societies have always dominated SLB literature. All these reflect theoretical and practical developments in advanced societies of Europe and America and conceal some details of the practice outside these contexts. For example, according to Michael Lipsky, the American who developed the theory of street-level bureaucracy in the 1980s, workers manage challenging situations in the frontline by prioritizing clients, and this leads to unexpected policy outcomes. Workers are seen to have strong affection to helping the people receive adequate public service. According to Ukeje et al. (2019), provision of essential public services through implementation of government's programs and policies is the core object of public bureaucracy. They could even do this by undermining the priorities of the organization spelled out in its policies in a bid to satisfy or at least ensure happiness for a greater number of people. They see government or organizations as established to serve the people. With this at heart, they may even bypass policy guidelines to invent policies or chose course of actions needed at each point to serve the people's needs. It has been noted also that in addition to workers trying to manage pressuring situations by prioritizing clients, they also seek to justify their actions by placing side by side the needs of the people and the rules that guide their actions (Maynard-Moody and Musheno 2003). Thus, we learn from these opinions that SLBs of developed contexts are not only conscious about serving their clients, but they are also constrained and moderated by the rules of the state. They are careful about serving the people and at the same time upholding the state order to ensure the proper functioning of the whole system. The SLBs are seen therefore as both agents of the state and that of the citizens. Arguably, this practice of the SLBs is shaped by the political tradition and equality norms that guide these societies, particularly the strong democratic traditions of the developed countries. Governments of countries in this category exercise confidence in the ability of their public service outlets in providing equal access to opportunities for their citizens. The question then arises whether this ideal-type SLB can be found in developing societies. Scholars have observed that developing societies' SLB has been understudied (Pepinsky et al. 2017; Nisar 2018). It has been noted rather that bureaucratic politics is prevalent in developing societies (Pepinsky et al. 2017) and that depoliticization of the bureaucracy has impact on their work (Cooper 2018). However, depoliticization of the bureaucracy in developing societies is somewhat a slippery idea just as it is in the developed ones. What is rather significant is the nuanced degree of professionalization of the relevant agencies in terms of non-personalization of public processes and procedures as well as "popularity of alternative performative ethics" in postmodern public administration (Santis and Zavattaro 2019), such that "in the shadow of post-modern condition, administrative ethics can no longer rely solely on bureaucratic codes, professional obligations, and/or democratic ideals as basis for proper behavior" (p. 2). For example, there is presently bureaucratic pushback against what is presently considered the excesses of the President of the USA, President Donald J. Trump, a movement now known as "Trump resistance" (Santis and Zavattaro 2019, p. 2). There is, therefore, intricately influential link between politics and bureaucracy that sometimes even circumstantially blurs the bureaucrats' sense of commitment to public good and notions of political neutrality; and this is not peculiar to developing countries. For instance, in contrast to the highly personalized administrative culture of Nigeria, there is a notion of "collectivism" in the administrative philosophies of most developed countries, perhaps because as El-Rufai (2013) argued: "To provide social services: security of life and property, decent schools, health facilities, and even a financial system-requires collective action. . .," hence, the need to work together to produce the desired public value. When this expectation is threatened by some overarching set of principles, values and ethics begin to take on new meanings that tend to challenge "business as usual" (Santis and Zavattaro 2019), because "if 'reality' is socially constructed by and within communities, no absolutes exist." But are the so-called postmodern political spectacles that

inspire emotions and group identification new and strange in the context of modern administrative ethos? If it is, then the developing worlds never have followed modern administrative trends in the first place.

## Understanding Patrimonialism and Prebendal Clientelism in Nigeria

One of the prominent features of the developing countries' politics is the resilient social ties that dot the public landscape. These networks are often leveraged as media for rewards allocation in the public sector wherein sycophancy, hierarchy, and tradition is anomalous to courtesy, frankness, and pragmatism (El-Rufai 2013). Indeed as he further observed, a developing country like Nigeria is confronted with "institutional weaknesses," and the capacity for people to help themselves is limited.

He clarified:

> To those aspiring to a career in public service, be prepared to be tested in ways impossible for you to foresee. . .there will be no shortage of voices surrounding you aiming to distract or persuade you from the fact. . . as things stand currently, we have surrendered the bulk of our political space to the dishonourable, the incompetent and worse , to the criminally-minded. . . this is an undeniable fact; the dregs of our society dominate the politics and have created a negative image that makes talented people spurn helping the country.

Yet, these "dregs" remain very popular across public spaces. Interestingly, even the introduction of Western system of sociopolitical order has not been able to rid the people of these characteristics. Rather, these two contrary organizations of societal life have been struggling to cope over time; at best, the result has been the erosion of the boundary demarcating the two. This further keeps transforming into new realities of sociopolitical life where allegiance is to the temporary government rather than the permanent state leading erosion of the ordinance of deservingness and norms of fairness in the society at large. It is therefore necessary to search for theory that underpins this developing *state reality*, which will offer adequate explanation for their experiences beyond the alternatively held pro-developed states' ideal-type SLBs largely constrained in their contexts.

Accordingly, patrimonialism was a concept coined by Max Weber (1978) to describe the administrative system of government on the basis of self-rule characterized by distribution of benefits in exchange for support, loyalty, and service. Political office holders are more concerned about deepening their roots in the system to ensure total influence and zero opposition. They seek a political environment where they have effective control of public institutions. They also mobilize every instrument of power domination to bring every segment of the state under their complete control. Ikpe (2009) identified five principal characteristics of patrimonialism as follows:

1. Political power is controlled by a personal ruler or a cabal of patrons or both.
2. There is an absence of separation between public and private realms for state officials.
3. Political offices are regarded as personal rewards and benefits for officials.
4. The exercise of public authority is utilized to serve rulers and officials.
5. The system operates through numerous patron-client networks and relationships.

Every political system retains certain characteristics of patrimonialism, namely, neo-patrimonialism, prebendalism, and clientelism (Ikpe 2009). It depicts a perverted democratic practice and corruption of its values, captured in the political culture involving sometimes vote buying and selling and "job for the boys" who aid the democratic heist.

Similarly, prebendalism is concerned with the acquisition of political offices not with a sincere intention of initiating new policies or policy reforms but for rent extraction (unearned income) in the state (Adebanwi and Obadare 2013). "What distinguishes prebendalism from patrimonialism is the absence of authority of the personal ruler and the existence of a feigned legal-rational order and, sometimes, a democratic facade" (Ikpe 2009, p. 682). Prebendal politics is concerned with intentional seeking of public office to acquire its instrument of power for the exploitation of the political

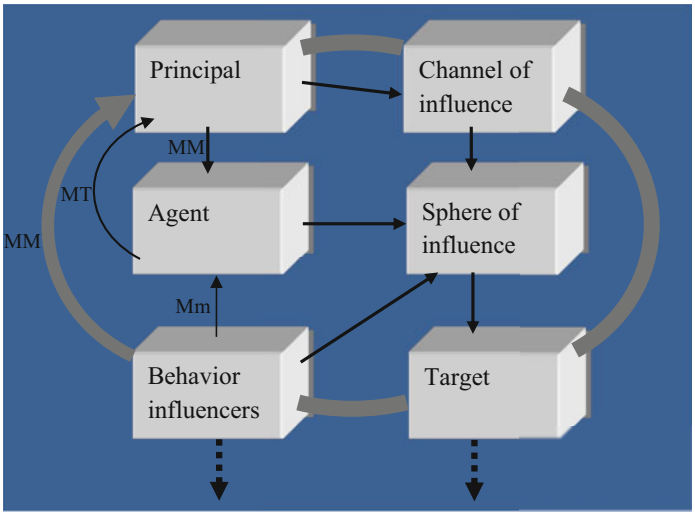


**Politics of Patrimonialism, Influence of Principal/Agent Relationships on Discretionary Powers of Street-Level Bureaucrats in Nigeria, Fig. 1**
A hypothetical principal/agent building blocks and sphere of influence. Key: MM = major influence, MT = moderate influence, Mm = minor influence

and economic benefit of the state. Similarly, clientelism is a network kind of mutual relationship between two economically and politically unequal actors which enables mutually exclusive or common gains to the greater and to the lesser in the prevailing power arrangement (Walle 2007). It is also the transformation of "economic privileges into political advantages through patronage" (Omobowale and Olutayo 2010 p. 2). Clientelism is concerned with the enlisting of personal relations or friends into a network of people with whom to share mutual benefits. This usually involves two kinds of parties, namely, patrons and clients. Patron-client networks can be groomed over time gradually and often form chains of patrons and clients. That is, a patron can be a client to another patron higher in power or rank and so on.

## Patrimonial Influence on SLBs Discretionary Exercises in Developing Contexts

Nigeria experience paints a vivid picture of a developing state SLB politics. For example, arguments for administrative reforms have focused on politics/administration dichotomy, particularly at the time of Woodrow Wilson in the USA. Today, this debate continues to influence developing nations' public administration research. It is clear that what is most plausible is "degree" of neutrality rather than the nonpartisan debate for bureaucrats. Nigeria, from independence, experienced tremendous increase in the number of public agencies. By 1998, the state was responsible for over 5000 board appointments for 588 SOEs, incurring #265 billion in expenditure (Mustapha and Imuetinyan 2016). However, the establishment of these public outfits did not impact positively on the way services were rendered. Criticism and pressure for reform from both internal and external forces have become rife. In response, the Nigerian government is presently experimenting with privatization as a means of devolving public service delivery functions to more competent private establishments.

However, though it appeared that the leadership was influenced to decentralize service delivery especially by involving the private sector either under PPP arrangements, devolution, partial sell, licensing, or outright sell of public enterprises, the background processes of this transition underscored the reality of developing state politics and the patrimonial character of value allocation in the public process. It has been observed somewhere that decentralization reforms were merely strategy of regime maintenance and extension of patronage networks (Clausen 2020).

The privatization of public enterprises in Nigeria was simply the personalization or commoditization of these outlets. The political elite sold the structures to themselves and used them as a

patronage extension. The patron-client network was built over time and maintained. Appointments into the service delivery outlets were based on "Ima mmadu" (whom you know), that is, connection. In the clientele networks, the patrons were the political hegemonistic, responsible for managing, moderating, and maintaining the network of relationships. As stated earlier, the system served as instrument to punish those perceived as rebels, and actions that qualify as rebellion are measured by the extent of incongruence with patrons' interests no matter how pro-public interest they are. Implications for "rebellion" are always devastating. The "rebellious" clients could be ejected from the networks, denied their job, and even sometimes eliminated in other to cover up the secrets or ordinances of the networks. This point of view is so clearly illustrated in the memoirs of El-Rufai and former President Jonathan quoted earlier, considering their positions and experiences as FCT Minister and now Governor of Kaduna State and Deputy Governor, Vice President, and President of Nigeria, respectively. For fear of consequences, clients at the frontline are often constrained to prioritize the interests of their employers (patrons) rather than public interests. Thus, Ikpe (2009) admitted that the prism of Nigerian political space should not only be restricted to the fallouts of religious and ethnic structure but attention should be given to its patrimonialistic character. Accordingly, "the problem with Nigeria was not simply endemic corruption, but the profoundly systematic, prebendal character of it" (Diamond 2013). Jonathan (2015) testifies further:

> It becomes compulsory for the politician to war for a ringside seat at the amphitheater, for differing incentives split under glory and greed. This does not detach glory from greed on very permanent basis, since humans could still be greedy, even about glory. . . Ambition scales up from the individual to clans, tribes, ethnic, corporate packs and curious religious projections. Indeed, it becomes a very fluid flux as they tightly mesh into each other under deft programmers such that the lines become so blurred between individual goals and ethnic aspirations. . .Such powers which nudge "independent" agencies like the judiciary, police, and army etc. to act in tandem with a president's body language; presidential gestures which numbs ordinances and assumes for a presidency the status of the more supreme court. The final election umpire. The swift jailor and the ultimate carrot and stick bearer.
>
> As nations team up against each other on global battlefields, so it is in the Nigerian polity, with political champions completely swept away from sincere representation in most cases. Financial corruption should be Nigeria's least and lowest on a list of worries. The systemic corruption which enables financial corruption in perpetuity should be the largest single corruption.

The wave of democratization that swept through the developing societies in the 1990s also had significant impact on the political culture of the Nigerian state. The transition to democratic rule post 1990s was also followed by the transformation of the patrimonial character of the larger society. This period ushered in the subtype known as neopatrimonialism in interplay with the existing subtype. During this time, thugs were indiscriminately recruited by agents to wrestle the electoral process in favor of their principals and to bring down opponents if opportunity permitted. As compensation, these agents eventually retained privileged positions of influence in government after their political bosses won election into various offices they aspired to occupy, and expectedly, they have continued to influence processes of public service recruitment into public offices often in disregard for procedures and recruitment best practices (Ukeje et al. 2020a). This creates the setup where employee loyalty is more to the principal who also is loyal to another higher in rank and so on rather than to the government; after all, humans are the government. Sometime ago, the new Chief of Staff to President Buhari declared openly during media interaction at Abuja that he is "loyal to President Buhari only and not to Nigerians."

## Ambiguity of Discretionary Roles

This arises where there is no policy specificity in process and policy goals, giving rise to multiple notions about the same phenomena (Hupe and Hill 2007). These multiple notions arise from the ambiguity of loyalty among SLBs in Nigeria. For instance, there is a popular practice among civil

servants in Ebonyi State where staff discipline is approached from the perspective of network influence. Due disciplinary measure could easily be averted by a simple phone call made to the disciplining authority by the offender's principal or any other influential member of his network working with the disciplining authority. Teachers who were contravened for not coming to school and not preparing their lesson plans and who were scheduled to lose their salary for 1 month easily scaled the consequence by "seeing" the junior officer delineated to effect the punishment; and the negative behavior intention continues in circle between the SLB who himself is an agent to a political authority and his own agent in the ministry in a show of discrimination and favoritism (Akosa and Asare 2017).

## Conclusion

This entry has examined SLBs exercise of discretion from the prism of principal/agent relationship within the discourse of interest sharing. Whereas previous contribution (Akosa and Asare 2017) has applied this principle vertically to understanding popular influencers of SLBs behavior intentions as agent of the state or government, it has been used here horizontally to explicate further incentives for patterns of behavior by SLBs as agents of principals in the fluid contest of self-interests within and outside government circles. The findings captured in a hypothetical principal/agent building block relate the possible incentives not limited to political culture, bureaucratic norms, social values, poverty, and the psychological needs for security and self-preservation see: (Figure 1). These needs are seen to drive network of relationships that in turn influence SLBs behavior intentions. These findings extend literature beyond widely held notions about SLBs as agents of positive change, who exercise discretion to overcome workplace constraints to create the desired public value, especially within the contexts of developing nations. While developed countries SLBs may have been able to define the line demarcating politics and public service and self-interest, the political/cultural order that created the developing countries' SLB tends to blur this thin line and so creates responsibility chaos leading to policy capture and challenges to maneuvering the terrain of cultural complexities to engender efficiency and effectiveness in the public service (Ukeje et al. 2020a) capable of improving public trust ratings (Idike et al. 2019) of SLBs.

## Cross-References

▶ Bureaucratization and Service Delivery in Nigeria

## References

Adebanwi W, Obadare E (2013). Democracy and prebendalism in Nigeria: critical interpretations. Palgrave Macmillan, New York

Akosa F, Asare BA (2017) Street-level bureaucrats and the exercise of discretion. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3353-1

Bergen A, While A (2005) 'Implementation deficit' and 'street-level bureaucracy': policy, practice and change in the development of community nursing issues. Health Soc Care Community 13(1):1–10

Clausen M (2020) Decentralization as a strategy of regime maintenance: the case of Yemen. Public Adm Dev:1–10. https://doi.org/10.1002/pad.1880

Cooper CA (2018) Bureaucratic identity and resistance of politicisation. Adm Soc 50(1):30–50. https://doi.org/10.1177/0095399715581046

Cooper MJF, Sornalingam S, O'Donnell C (2015) Street-level bureaucracy: an underused theoretical model for general practice? Br J Gen Pract. https://doi.org/10.3399/bjgp15X685921

Diamond L (2013) Forward to democracy and prebendalism in Nigeria: critical interpretations. Edited by Ebenezer Obadare and Wake Adebanwi. Palgrave Macmillan, New York

El-Rufai NA (2013). The accidental public servant. Safari Books Ltd, Ibadan

Evans T (2016) Professional discretion in welfare services: beyond street-level bureaucracy. Routledge, London

Farazmand A (2009) Bureaucracy and the administrative systems of the ancient world-sate Persian empire: implications for modern public administration. In: Farazmand A (ed) Bureaucracy and administration. CRC/Taylor and Francis, Boca Raton, pp 19–52

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12:223–241

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past

and exploring the future of public organizations. Public Organ Rev 17:595–617
Hupe P, Hill M (2007) Street-level bureaucracy and public accountability. Public Adm 85(2):279–299
Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the federal character principle experience. Cogent Soc Sci 5(1): 1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545
Idike AN, Ukeje IO, Ogbulu U, Aloh JN, Obasi VU, Nwachukwu K, Osuebi K, Ejem EN (2020) The practice of human capital development process and poverty reduction: consequences for sustainable development goals in Ebonyi state, Nigeria. Public Org Rev. https://doi.org/10.1007/s11115-020-00482-5
Ikpe UB (2009) The patrimonial state and inter-ethnic conflicts in Nigeria. Ethn Racial Stud 32(4):679–697. https://doi.org/10.1080/01419870802246305
Jonathan GE (2015). My transition hours. LWCA Publishers
Maynard-Moody S, Musheno M (2003) Cops, teachers, counselors: narratives of street-level judgement. University of Michigan Press, Ann Arbor
Murphy M, Skillen P (2015) The politics of time on the frontline: street-level bureaucracy, professional judgement, and public accountability. Int J Public Adm 38: 632–641. https://doi.org/10.1080/01900692.2014.952823
Mustapha AI, Imuetinyan FO (2016) Between theory and experience: privatisation of state-owned enterprises and service delivery in Nigeria – a case study of Benin electricity distribution company (BEDC). International journal of Advanced studies in economics and public sector management 4(1):52–67
Nisar MA (2018) Overcoming resistance to resistance in public administration: resistance strategies of marginalised publics in citizen-state interactions. Public Adm Dev 30:15–25. https://doi.org/10.1002/pad.1817
Omobowale AO, Olutayo AO (2010) Political clientelism and rural development in south-western Nigeria. Africa 80(3):2010. https://doi.org/10.3366/e0001972010001567
Pepinsky TB, Pierskalla JH, Sacks A (2017) Bureaucracy and service delivery. Ann Rev Polit Sci 20:13.1–13.20. https://doi.org/10.1146/annurev-polisci-051215-022705
Santis EL, Zavattaro SM (2019): Performative ethics in the Trump era: a postmodern examination. Public Integrity. https://doi.org/10.1080/10999922.2019.1600351
Tummers L, Bekkers V (2014) Policy implementation, street-level bureaucracy, and the importance of discretion. Public Manag Rev 16(4):527–547. https://doi.org/10.1080/14719037.2013.841978
Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. http://springer.iq-technikum.de/referenceworkentry/10.1007/978-3-319-31816-5_3824-1
Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020a) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm 43(4):361–372. https://doi.org/10.1080/01900692.2019.1636394
Ukeje IO, Onele JC, Okezie BN, Ekwunife AR, Ogbonnaya CE, Nwangbo SO (2020b) Public service ethics and accountability. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_4173-1
Walle NVD (2007) The path from neopatrimonialism: democracy and clientelism in Africa today. Cent Int Stud Work Pap Ser 3(7):1–20
Weber M (1978) Economy and society. University of California Press, Berkeley

# Politics of Public Policy Implementation: Case of Ghana National Health Insurance Scheme

Emmanuel Kofi Ayisi[1], Emmanuel Yeboah-Assiamah[2] and Justice Nyigmah Bawole[1]
[1]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana
[2]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa

## Synonyms

Developing countries; Institutions; Policy implementation; Public policy

## Definition

| | |
|---|---|
| Implementation | It involves a general political and technical process of enforcing government intentions, decisions, and programs to address societal pressing demands or needs. |
| Public policy | It is a general course of action or inaction followed by a |

| | |
|---|---|
| | government or its agents in dealing with a problem or matter of concern. Such course of action or inaction is targeted at peculiar outcomes. |
| Politics | It involves the use of state authority and [discretion] to determine how policies, decisions and resources target particular groups or sectors (perhaps and not others) in a political system at any given time. Many forces and considerations do shape how policies get designed, including the pattern and manner of implementation. Politics determines the questions of society entailing who gets what, how and when [and perhaps who pays] (Lasswell 1936) |

## Introduction

Why do most policies attempted at addressing socioeconomic woes in developing countries fail? Are there missing links or gaps in the policy process? These questions have occupied center stage in the continuing debate over the capability of developing countries to deal with the myriad of socioeconomic challenges confronting them. One school of thought points to the inability of the state to design context-relevant policies and programs to deal with context-specific problems (see Massey 2009 on *mimetic isomorphism* and *coercive isomorphism* which suggest directly transferring policies from one context to the other). Many other analysts argue that there are several well-designed and well-intended policies, but the missing link is rather [enforcement laxities] the knack and will of the state and its institutions to effectively implement these policies (Brinkerhoff 2000).

Although stages in the policy process are closely interwoven, the implementation stage is of critical importance to the success of governments in the quest to addressing socioeconomic challenges. This point is forcefully brought home by Sapru (2004) who contends that "however good the political system, however noble the goals, however sound the organizational structure, no policies can succeed if the implementation does not bear relationship to the intentions of the policy adopters. . .studies show that the implementation stage is the most important and yet the most neglected" (Sapru 2004: 149). The conclusions of several studies and discussions have been that the policies exist; rather what is left is effective implementation (Carbone 2011; Tetteh 2012).

Besides the acknowledgment that the implementation process is administrative or technical in nature, it is also largely political and involves governance decisions, appointments, coalitions, and networks in dealing with complex and ill-defined societal problems, especially in the post-NPM era of network governance (see Salamon 2002). This makes it imperative for scholars to reflect on how the practical and political complexities of policy implementation can offset the potential net gains, so that societies are not drawn into a cycle of merely replacing *failed policies* with newer and perceived better ones. How does politics influence public policy implementation? The circumstances surrounding Ghana's National Health Insurance Scheme provide prima facie case of how politics could affect a policy process; however, the literature has left this phenomenon [politics conundrum] largely under discussed. The main object of this study is to examine the political milieu of the NHIS policy cycle with special focus on the implementation phase. This paper makes a modest contribution to the literature on political context of social interventions in African countries by adequately discussing five political elements which shrouds Ghana's NHIS that have hindered the effective implementation: *The political haste in passage of the bill into law; technical and political imperatives [technical alienation?]; power play among actors and institutions; appearance of partisanship in strategic appointments and 'street-level' politicking.*

## Theoretical Framework

### Politics and Implementation

Over the years, there has been the realization that implementation is not merely a technical exercise but also an inherently political activity. Thus, implementation of policies involves far more than a mechanical translation of goals into routine procedures. Ripley and Franklin (1986) argue that the perceptions held by individuals involved in implementation of programs and policies about what is at stake in the decisions that must be made have an important impact on the nature of politics surrounding implementation. In other words, the nature or type of policy determines the politics around it. Grindle (1980) also contends that implementation involves fundamental questions about conflict, decision-making, and who gets what in a society (see also Lasswell 1936). The author contends that implementation is frequently a highly political process and that the implementation stage is an arena where those with interest in a policy engage in negotiations over the goals of the policy as well as conflicts over the allocation of resources. Thus, there are numerous political clashes over the allocation of resources at the implementation stage. These clashes are also characterized by politics based on factions, patron-client ties, and other affective forms suited to individualized demand on the bureaucratic apparatus for the allocation of goods and services (Grindle 1980). It is this interaction that these scholars refer to as the politics of implementation, thereby underscoring the existence of a politics-implementation nexus.

## Political Settlement

In the contemporary literature on policy implementation, particularly, on developing countries, the crucial role of politics in implementation is captured by the concept of political settlement (see, e.g., Khan 2011). The term "political settlement" is used to describe the informal power arrangements between and among key actors, interests, and institutions in a country or a "social order" within the system. The concept captures the complexities that come about as political, and sometimes bureaucratic actors use their influence to shape and control formal governance structures and policies to advance their own interests. In most cases, it is this coalition of powerful elite factions making up the key actors in a political settlement that determines the nature, form, and direction of public policies and not how well thought through the policies are or how well resourced the implementing institutions are (Khan 2011). Abdulai and Hulme (2015) reinforce the dominance of political settlement in developing countries when they argue that effective implementation of public policies is not necessarily the result of good formulation per se but the extent to which the power relationships surrounding those polices agree. From this perspective, policy implementation is seen as resulting from an intense process of inter-elite bargaining and can only be effectively implemented to the extent that those who have the "holding power" agree to the rules of the game (ibid). This view is quite instructive because it directs attention to the inherent structural influences that bear strongly on the implementation process. The essence of this perspective lies in the acknowledgment that even if all the other factors (resources, effective communication, and a well-resourced implementing agency) are met, it will take some consensus on the part of the power holders to guarantee effective implementation.

## Methodology

The study is positioned within content analysis of qualitative research approach. It is largely driven by secondary sources of data. The design is a content analysis of relevant policy documents including, inter alia, NHIA Act 650 of 2003, political party manifestoes [1996 and 2000 manifestoes of NDC and NPP prior to 2000 elections that influenced the birth of NHIS in 2003], and other written reports. The data is sourced from government agencies and their websites, conference and lecture proceedings, newspaper publications, and journal articles.

## Discussion

### Political Context of the Policy: The Haste and Laxities in the NHIS Bill/Law

Discussions of the possibility of a universal health policy in Ghana had always been in the background in the 1990s, though it became a key electoral issue in the heat to the 2000 general elections (Ayee 2001). For the New Patriotic Party (NPP), even while in opposition, the party had condemned the then existing "cash-and-carry" system as "notoriously callous and inhuman" and promised to replace it with a more equitable system of health insurance. The NPP's election platform made it plain that the party would "abolish the iniquitous cash-and-carry system," so that "nobody in Ghana will be denied medical attention because of his or her inability to pay and that payment of fees, if any, will be discussed when the patient is out of danger" (NPP Manifesto 1996: 36–37). Hence, for Ayee (2001), the health reform introduced by the NPP was the result of its long-standing effort to capitalize on the unpopularity of cash-and-carry.

A content analysis of the ruling party at the time, the National Democratic Congress (NDC) pre-2000 election manifesto, reveals their own political indifference, slowness, and inability to offer an immediate alternative to replace their unpopular cash-and-carry system. As indicated in their manifesto, they maintained that "feasibility studies on the proposed Health Insurance Scheme had been completed, the scheme will be tested on a pilot basis and if successful, it will be introduced on a national scale" (NDC 1996). Haunted by pressure from Ghanaians and their main political opponents, the NPP, they hurriedly broadcast an alternative strategy on the eve of the 2000 election; a proposal of a "mix of insurance schemes" which was meant to work side by side with a "reviewed" and "improved" cash-and-carry system rather than fully replacing it (NDC 2000).

It was within this politically charged context that the NHIS was implemented by the NPP in 2003, 3 years after winning power. Indeed for a country like Ghana – with a quarter to a third of its people living in poverty, a high number of informal workers, a prevalence of rural dwellers, and a relatively poor infrastructure – this represented a bold policy, as the new legislation marked the first attempt in the region to institute a nationwide insurance scheme with the ambitious goal of achieving universal coverage (Sulzbach et al. 2005). Consequently, most Ghanaians welcomed the NHIS, although many opposed the government's funding plan and the haste with which the bill was being processed. Organized groups particularly the trade unions and international bodies like the IMF advised the government to tread with caution (Wahab 2008). Be that as it may, the government felt pressed to stick to its own election pledges and sped up plans for the reform. According to Carbone (2011), this was mainly because the new government was anxiously on the lookout for concrete policies that it could showcase in seeking a renewal of political mandate in the next election. The government rushed through the processes just to fulfil a campaign promise in time, and this led to the failure to establish a full-proof mechanism of funding the scheme. It also left gaps in enforcing its core legalities as well as adequate deliberations with stakeholders (Agyepong and Adjei 2008; Wahab 2008). Though the bill got passed into law in the end, the battle lines had clearly been drawn and entrenched positions taken. The unresolved tensions and dissatisfactions were only transferred to the implementation stage (Grindle 1980).

This haste and poorly "muddled through" means of funding as well as failure to address accountability loopholes in the bill is what has led to the persistent financial albatross and associated corruption hanging around the neck of the scheme. The scheme has been battling with increasing debt owed various service providers in the country. Even with a current value added tax (VAT) rate of 17.5%, a National Health Insurance Levy of 2.5% and the Social Security and National Insurance Trust (SSNIT) contributing up to 94% of its funding, urgent calls are still being made for additional sources of funding to avert collapse of the NHIS (NHIA 2015).

### Technical and Political Imperatives: Complementarity or Competition?

Contemporary public administration thinkers make a case for complementarity between policy-making and implementation critiquing the classical Wilsonian dichotomy. According to Svara (2001: 179) "in contrast to the politics–administration dichotomy, the complementarity view supports broader policy-making responsibilities for public administrators, along with significant involvement of elected officials in policy implementation. . .. administrators complement elected officials in the policy-making process by helping them shape policy and by giving it specific content and meaning in the process of implementation. . .." Owing to the significance of technical and expert role of technocrats, as early as 1966, Omanboe called for some restraint with political decisions after noting how all important projects at the time had to be initiated by politicians who committed their countries and people to certain courses of action before technocrats are consulted (Omanboe 1966). This raises a bigger question of whether *politicians engage technocrats in a genuine and deliberative manner over policy content and processes or merely consult them as a mere formality?*

In the case of Ghana's NHIS, serious tensions characterized the implementation of the policy. The politicians after taking the decisions mainly based on political calculus also got involved in "bulldozing them through" in ways and manner that were sometimes incongruent with the technical plans of health planners and managers. Agyepong and Adjei (2008) point to the level of these tensions by noting that "as the work of the committee set up to design the health financing reform appeared to slow down because of technical concerns and recommending building on existing local mutual health organisations and continuing the piloting, its composition was changed to better reflect the political priorities and the haste of the executive." Thus, no time could be wasted on technical details; new political nominees came to dominate the drafting process in the committee, whereas the traditionally strong role played by the technocrats of the Ministry of Health – some of whom were proving too cautious, or even sceptical, about the reform – was downsized (Atim et al. 2001). For instance, technical committees appeared to be rubber stamps in the process, "the trusted political associates remained so powerful in the decision-making process that sometimes technical working groups noted decisions on the issues they had been charged to work on had, in effect, already been taken" (Agyepong and Adjei 2008: 156). In his policy alienation framework, Tummers (2012) defines *policy alienation* as a form of strategic powerlessness conceptualized to involve a "form of powerlessness that occurs, for example, when a new policy is drafted without the help of professionals, for example, by failing to consult professional associations or labor unions" (Tummers 2012: 518). The unresolved conflicts with the NHIS consequently led to low patronage, particularly from the sceptics who adopted a "wait and see" attitude thereby stalling the building of the pool needed for effective implementation of a social insurance scheme especially at the initial phase (see Atim et al. 2001; Grindle 1980).

### The Politics of Strategic Appointments: A Political Calculus

Several studies on the nature and functions of public services in Africa and other developing nations have relied heavily on the use of the concept of neo-patrimonial state (Kelsall 2011). This refers to the state in which there is a weak sense of the public good or of public service, and where the resources of the state are at the disposal of the executive (president and his ministers) who use these to reward and to co-opt adherents in a patron-client continuum. Like other public agencies, the National Health Insurance Authority (NHIA) has also been at the mercy of politicians. Characteristic of all public institutions, the government of the day reserves the right and responsibility to make appointments to the authority, especially, to the top positions. The chief executive officer (CEO) who oversees the management of the authority is appointed by the government and appointment to this position is largely done from a purely political calculus and logic. The main consideration has been "who will best serve our interest as a party or individual." Thus, appointment of the NHIS boss changes when

there is a change in government, and the two parties that have been in power since the implementation of NHIS have brought on board their own CEOs. This is consistent with the practice in Ghana, where heads of public institutions are predictably asked to proceed on leave whenever there are political alternations. In 2009 [ruling NPP government lost power in a general election], for instance, the CEO, Ras Boateng, was summarily replaced by Sylvester Mensah (NHIA 2009), a vociferous member of the ruling NDC [new government]. More worrisome is when key actors and officers of the scheme are seen in the media engaged in active partisan politics which appears to make the scheme and its implementation more politically underpinned.

### Street Level Politics and Appointments

More related to the above, it appears one has to be a member of a particular political party [ruling party] at any point in time to be able to get a job at the NHIS which is been used as a "job for the boys" of the government of the day. Grounds for such belief abound in the Ghanaian media which reports local party members hijacking NHIS offices at the district level. In August of 2010, for instance, myjoyonline.com reported of rampaging youth of the NDC [ruling party] in the Zabzugu constituency in the Northern Region forcibly taking over the offices of the NHIS in the area. The irate youth allegedly chased out the scheme manager on suspicion that he is loyal to the New Patriotic Party [opposition party] and was getting NPP people [perhaps appointing objectively instead of giving jobs to only the ruling NDC members] on board. While these struggles are only a tip of the iceberg, it points to the twists and turns in tinkering with policies usually for political survival and perpetuation of party interest. It is within this context that civil society organizations (CSOs), for example, the moderator of the Presbyterian Church of Ghana, called for a cessation of the politicization of the operations of the NHIS in order not to cause its collapse, reechoing the need for the government to employ technocrats and not just party faithfuls (*Daily Graphic, Sep 10 2015*). On a key question of what makes a policy successful, Mead provides a swift answer that "in the recipe for success, strong administration is probably the most crucial single ingredient" (Mead 1997:122).

## Conclusions and Policy Suggestions

This paper has analyzed the politics of the policy process and how it culminates in the implementation phase using the case of the NHIS in Ghana. The study has demonstrated that the implementation process is not just a technical exercise but also an inherently political activity. The experience of the NHIS points out that the phases in the policy process are very much interlinked and closely interwoven; the elements that occur in a prior stage feed into or have ramifications on the subsequent stages. In other words, there is a subsequent forward loop and the better we carry out the earlier phases, the smoother the subsequent stages. On the other hand, a well-rushed through or poorly "muddled through" policy formulation will meet the very challenges that were glossed over along the way. A policy-maker who fails to prudently address significant concerns at the formulation phase lives to fight or meet the same concerns [perhaps exacerbated] at the implementation phase.

Policy elites should endeavor to enable stakeholder involvement and some form of consensus and commitment from bureaucrats or administrators right from the formulation phase. We posit that politics should be managed in such a way that it does not deactivate the technical competence of the implementation machinery. This is because "no matter how clear the policy message, no matter the level of capacity of a given state, and despite an appropriate formal organizational structure, skillful and committed program management seems important for implementation success" (Goggin et al. 1990: 130). Logically, it is quintessential to distinguish or perhaps, balance political party commitment with meritocracy to effectively execute public policies; and the lines should be drawn clearly.

There is the need therefore for wider participation in the formulation and implementation processes by the population or at least the target

group. As has been seen in the NHIS case, more often than not the target group is usually left out at the policy formulation stage, and the views of the few groups who have the opportunity to voice out concerns are easily ignored. The resultant policy so designed, therefore, fails to be client-oriented and alienates the very people for which it is targeted. The much needed ownership of the policy becomes difficult leading to apathy and subsequent failure.

## Cross-References


- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and Service Delivery
- ▶ Bureaucratic Politics
- ▶ Political Influence over Bureaucracy


## References


Abdulai AG, Hulme D (2015) The politics of regional inequality in Ghana: state elites, donors and PRSPs. Dev Pol Rev 33(5):529–553

Agyepong IK, Adjei S (2008) Public social development and implementation: a case study of the Ghana National Health Scheme. Health Policy Plan 23:150–160

Atim C, Grey S, Apoya P, Anie SJ, Aikins M (2001) A survey of health financing schemes in Ghana. Abt Associates, USAID/Partners for Health Reform plus, Bethesda

Ayee JRA (2001) The 2000 general elections and presidential run-off in Ghana: an overview. In: Ayee JRA (ed) Deepening democracy in Ghana: politics of the 2000 elections. Vol. 1. Accra: freedom publications, pp 23–55

Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20(3):239–252

Carbone G (2011) Democratic demands and social policies: the politics of health reform in Ghana. J Modern Afr Stud 49(3):381–408

Goggin ML, Bowman AOM, Lester JP, O'Toole LJ Jr (1990) Implementation theory and practice: toward a third generation. Scott, Foresman and Company, Glenview

Grindle M (1980) Politics and policy implementation in the third world. Princeton University Press, Princeton

Kelsall T (2011) Rethinking the relationship between neo-patrimonialism and economic development in Africa. IDS Bull 42(2):76

Khan M (2011) Political settlements and the governance of growth-enhancing institutions, draft paper in research paper series on 'Growth-enhancing governance'. University of London, SOAS, Mimeo

Lasswell H (1936) Who gets what, when and how? McGraw-Hill, New York

Massey A (2009) Policy mimesis in the context of global governance. Policy Stud 30(3):383 395

Mead LM (1997) Optimizing JOBS: evaluation versus administration. Public Adm Rev 57:113–123

National Democratic Congress (NDC) (1996; 2000; 2008) Manifestoes. Accra, NDC

New Patriotic Party (NPP) (1996) Manifesto 1996: development in freedom, agenda for change. NPP, Accra. (2000 Manifesto; 2004 Manifesto, Accra)

NHIA (National Health Insurance Authority, 2009; 2015). 2009 and 2015 annual report. Accra, Ghana

Omanboe EN (1966) The process of planning. In: Neustadt I, Omanboe EN (eds) A study of contemporary Ghana: the economy of Ghana, vol 1. North Western University, Evanston, pp 439–463

Ripley RB, Franklin GA (1986) Policy implementation and bureaucracy, 2nd edn. The Dorsey Press, Chicago

Salamon LM (ed) (2002) The tools of government: a guide to the new governance. Oxford University Press, Oxford

Sapru RK (2004) Public policy: formulation, implementation and evaluation. Sterling, New Delhi

Sulzbach S, Garshong B, Owusu-Banahene G (2005) Evaluating the effects of the National Health Insurance Act in Ghana: baseline report. Abt Associates, USAID/Partners for Health Reform plus, Bethesda

Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61 (2):176–183

Tetteh EK (2012) Responding to the challenges of social health insurance in African countries. Dev South Afr 29(5):657–680

Tummers L (2012) Policy alienation of public professionals: the construct and its measurement. Public Adm Rev 72(4):516–525

Wahab H (2008) Universal healthcare coverage: assessing the implementation of Ghana's NHIS Law. Paper prepared for the workshop in political theory and policy analysis mini conference, Indiana University, Bloomington, 26–28 April 2008


# Politics of the Policyscape


Mallory E. SoRelle
Lafayette College, Easton, PA, USA


## Synonyms

Policy regime; Policy state

## Definition

A political landscape in which policies created in the past become durable institutions that shape the future politics of policymakers, organized interests, and citizens.

## Introduction

Creating public policy is one of the primary ways in which the state carries out the task of governing. It is, therefore, unsurprising that a great deal of attention has been paid to understanding how different political factors shape the public policies that are passed at a particular time and in a particular place. But public policies are not simply a product of politics. Once enacted, public policies – especially those that become enduring features of the political landscape – also have the ability to reshape future politics in important ways. Policies can influence the agendas and actions of both individual lawmakers and political parties. Policies can create or dismantle government agencies, commissions, and departments. Policies can affect the resources and political activities of organized interest groups. Policies can even shape the political preferences and behavior of ordinary citizens.

The following sections explore the dynamics of the so-called policyscape – the tapestry of public policies that, once created, shape the future politics of policymakers, organized interests, and citizens. This entry begins by explaining how public policies function as political institutions. Next, it explores how the policyscape influences the political preferences and behaviors of three main groups of political actors: lawmakers, interest groups, and citizens. Finally, it addresses the importance of policy maintenance and some of the obstacles to achieving it.

## Public Policies as Political Institutions

A political institution determines the "rules of the game" by which political actors must play. Political actors make strategic decisions based on these institutional constraints, and when new institutions emerge or when existing institutions change, the behavior of political actors will have to adapt to those developments. Over time, however, responding to the constraints of political institutions can become increasingly challenging. Once established, political institutions become part of the landscape upon which politics plays out, so politicians are rarely able to operate from a clean slate. Instead, political actors must contend with progressively more complex – and sometimes contradictory – institutional arrangements. These institutions are often created in a piecemeal fashion, layering new rules atop existing ones.

Political institutions are critically important to the political process, making them an obvious target for scholarly enquiry. Most prominent among the political institutions studied by social scientists are constitutional arrangements, electoral systems, and major branches of government (e.g., legislative, executive, bureaucratic, and judicial institutions). For many years, public policies were left out of the study of institutions, treated instead simply as institutional outputs. But over the last two decades, it has become increasingly accepted to consider policies, particularly those that become enduring features of a state's political scene, as institutions in their own right.

Public policies mirror the features of other types of political institutions: once established, policies create rules and incentives that political actors must contend with moving forward. And as with other political institutions, once a major policy is enacted for a particular issue, lawmakers must confront that policy any time they seek to engage in future legislative activity in the same area. Paul Pierson summed up this phenomenon in his seminal 1994 work on welfare state retrenchment arguing, "today's policymakers must operate in an environment fundamentally conditioned by policies inherited from the past" (p. 9). Scholars have used the term "policy state" to capture the idea that public policies serve as political institutions that structure subsequent politics. More recently, Suzanne Mettler coined the term "policyscape" to refer to a political landscape that is increasingly cluttered with existing policy

programs that influence the preferences and behaviors of a variety of political actors, including policymakers, interest groups, and citizens (2016).

## How the Policyscape Shapes Politics

Public policies are expected to create material or procedural changes in a specific issue area – for example, by introducing new drug sentencing requirements or allocating funds to build new bridges; however, a growing cohort of scholars have embraced the idea that new public policies can also create political changes. Through their design and implementation, policies have the power to generate what Theda Skocpol called "feedback effects" (1992). That is, once enacted, a public policy can reshape the preferences and actions of policymakers, interest groups, and citizens in several important ways (see Mettler and SoRelle 2014 for more in depth discussion of the following mechanisms).

### Policymakers

Once enacted, a new public policy can shape the political agenda, future policymaking activity, and day-to-day governing of policymakers – both elected officials and bureaucrats – in several interconnected ways. Public policies influence the political agenda of both individual legislators and political parties by creating constituent expectations about when and how the state will act in a particular domain. Once a new program is created, it sets the public's expectations that government should be involved in the particular policy area. Not only do ordinary citizens come to view certain issues as requiring government intervention, but policies that were forged by a particular political party often become associated with that party. The policy, and ideas for future amendments to it, becomes part of a party's political platform and can mobilize partisans in support of or opposition to future reform efforts. Policies can also affect the timing with which issues emerge on the political agenda. If, for example, a policy has a sunset clause after which it is no longer in effect unless reauthorized by legislators, or perhaps funding runs out after a certain date unless legislators extend it, the policy has already set into motion a deadline by which it must reappear on the legislative agenda.

In addition to shaping the political agenda, public policies also constrain future attempts to pass legislation in a number of ways. Perhaps most significantly, policies demand the allocation of resources for their implementation. Not only does this set a precedent for future budgets, but assigning resources to one area necessarily reduces the amount that can be spent in another. As the policyscape becomes increasingly cluttered, more and more resources are committed to maintaining existing programs. These resource constraints limit a government's flexibility to implement new programs in the future.

Existing policies also shape the alternatives that are considered when lawmakers seek to enact new legislation for a particular issue. The policyscape presents elected officials with an existing set of guidelines that they must grapple with when attempting to make policy. As a result, policymakers today are rarely able to design the most efficient or effective program from the ground up. Instead, tweaking the existing policy infrastructure often serves as the more realistic starting point for discussions of reform. Not only does this limit the types of solutions that can be adopted for a particular policy problem, but it also encourages incremental, rather than wholesale, policy change.

Finally, new policies often generate new organizational entities and operational procedures for the purpose of implementation, each with the potential to structure politics moving forward. Whether mandating the establishment of a new executive agency or a temporary commission, policies frequently create entire infrastructures dedicated to their administration and implementation. In doing so, a tremendous amount of resources are invested both in the creation of the new agency and its ongoing staffing and operations. Bureaucrats who run new agencies also become politically invested in the preservation of the existing policy program because their very

livelihoods depend on either maintaining or expanding the status quo. When policies create costly infrastructure manned by politically invested personnel, elected officials face a doubly difficult task in their attempts to reform existing programs. Dismantling and rebuilding a new administrative infrastructure is not only extremely costly in monetary terms, but it requires fighting against the political power of an established agency – often one that has formed collaborative relationships with the constituents it oversees who can bring their own resources to bear to prevent legislators from undoing the existing policy arrangement.

In each of these ways, the policyscape influences the strategic future behavior of policymakers. But those who make and implement public policy are only one subset of actors whose preferences and actions are affected by the policyscape.

### Interest Groups

Organized interest groups are another. Professional advocacy groups have proliferated since the 1960s, and many of them have emerged as a direct result of government policy. Public policies have the ability to create new constituent groups with incentives to organize in order to preserve or expand their benefits. The visibility and complexity of policy benefits (or costs) can also shape which types of groups emerge to support a particular set of policies. For example, some public policies are highly complex and administered in ways that obscure government's role in their creation and implementation. The average citizen is unlikely to organize around a policy that they can neither see nor understand, but industries that stand to profit (or lose) from these policies certainly have the resources and expertise to pay attention to them. As a result, complex regulations that aren't highly visible may lead to the creation of corporate interest groups but not public interest groups. By contrast, policies that provide highly visible benefits to ordinary citizens are much more likely to give rise to public interest groups.

The end result is that the policyscape shapes the types of groups that emerge to engage in future political contestation around a specific program. Some policies may give rise to a more diverse, representative array of organized interests that are capable of influencing future policy reforms, while others privilege the organization of the most resource-rich. The composition of organized lobbying that results from this phenomenon has the capacity to shape the democratic character of future policy reforms.

### Citizens

Finally, citizens themselves are affected by the policyscape in several ways. Perhaps most obviously, policies that provide benefits to citizens also give them incentives to support the maintenance and expansion of those benefits in the future. As larger numbers of people benefit from a policy, it can be increasingly challenging to remove or fundamentally restructure that policy without angering constituents. In this way, the policyscape can shape people's preferences for or against a particular policy program as well as the likelihood that they are willing to take action in support of those preferences.

Providing resources to people also shapes their political action in a second way. People with greater socioeconomic status – including those with more education, income, and other related resources – are more likely to participate in political and civic activity broadly construed. So when policies increase a person's resources, for example, by providing them with access to educational opportunities or raising the minimum wage, that policy is indirectly creating conditions for increased political engagement among the beneficiaries.

But public policies influence ordinary citizens' politics in two less obvious ways as well. First, public policies can teach people lessons about their own political efficacy and citizenship, affecting how they engage in political activity. When policies are created, decisions about whom they apply to create what Anne Schneider and Helen Ingram call "target populations" (1993). By creating target populations, public policies define who is a member of a particular group and who is not. They also provide a government endorsement of those groups who are worthy of benefits

and those who are in need of punitive measures to "correct" their behavior in some way. The language and remedy of a particular policy can ascribe norms to a target population that are potentially embraced both by beneficiaries and the wider public. The policyscape can, therefore, influence how people see themselves and the relative value of their citizenship as well as influencing how society, more broadly, evaluates a particular group.

Beyond creating and dispersing norms about a particular group's identity, the implementation of a particular policy can also teach beneficiaries lessons about the relative worth of their citizenship. For many people, interactions with various disbursement or oversight agencies serve as their main, and frequently their only, direct experience with government. As a result, interactions with these agencies can operate as a proxy for government as a whole. When people have positive experiences with the implementation of a public policy, they may feel valued and respected by government. Conversely, when people have frustrating or negative experiences with the implementation of a policy, they may feel that government does not value them enough to treat them well. These assessments have been found to translate into people's willingness to participate in politics in predictable ways: those who feel valued in their interactions with the policyscape have a greater sense of political efficacy and an increased likelihood of engaging in political activity; those who feel undervalued retreat from the political realm.

Interactions with the policyscape can also shape citizens' evaluations of government efficacy, with consequences for their political engagement. People who experience excessive red tape or encounter problems receiving policy benefits may come away with a negative evaluation of the state's ability to govern. When that happens, citizens may be less supportive of future policy proposals designed to expand government intervention in a particular venue. Having a particularly positive experience with a government program can produce the opposite effect. More recently, scholars have also found that public policies administered without an obvious government presence can also diminish people's preferences for government involvement on a particular issue.

## Social Security: A Case Study

US Social Security policy provides a good case to examine each of these dynamics in action. President Franklin Roosevelt signed the original Social Security Act into law in 1935. Initially envisioned as a program to provide old-age insurance, the policy has been amended over the years to extend benefits to other groups as well, including widows and dependents. Social Security is credited with keeping nearly a quarter of elderly Americans out of poverty, but its funding structure is becoming increasingly unsustainable as the potential number of beneficiaries outpaces the number of people whose payroll taxes support the program.

Since its enactment, Social Security has undoubtedly reshaped the political behavior of policymakers. It has become a landmark piece of legislation associated with the Democratic Party, and most subsequent proposals to expand or reform the program have divided along partisan lines. The presence of the existing policy institution has also shaped the alternatives that policymakers consider. Rather than fundamentally reimaging the whole approach to old-age insurance – a tactic that has been dead on arrival whenever policymakers raise the possibility – attempts to reform the program to accommodate its rising costs frequently revolve around incremental revisions, for example, changing the age at which beneficiaries can receive payments. The resource constraints imposed by the program – Social Security accounted for more than one third of all US government expenditures in 2013 – also restrict the ability of policymakers to consider enacting new policy programs that would require significant expenditures. Finally, Social Security created an enormous physical and personnel infrastructure to administer it. To dismantle the program now would not only waste the resources already sunk into that infrastructure, but it would also affect the jobs of more than 60,000 people working in more than 1000 offices scattered across the nation.

Passage of the Social Security Act also shaped the subsequent behavior of organized interest groups. New groups, like the National Committee to Preserve Social Security, emerged, and other interest groups, like AARP, would eventually allocate substantial resources to lobby in support of maintaining and expanding existing benefits. On the other side of the political aisle, interest groups representing the financial industry, which would benefit if social security were privatized, and other conservative coalitions have dedicated time and money to lobbying for benefit reductions and other reforms designed to reduce government expenditures for the program. In total, the Center for Responsive Politics, a lobbying watchdog group, identifies over 600 groups that have lobbied on the issue of social security since 2006.

Of course, a substantial part of that lobbying effort has mobilized Social Security beneficiaries. The policy identified a target population of recipients who have coalesced to form a powerful constituency group to support the maintenance and extension of the existing program – something its proponents intended. Social Security is funded with a payroll tax, so recipients feel as though they are receiving a benefit they have earned and are willing to mobilize to keep receiving their deserved payments. President Roosevelt anticipated this reaction to the policy's design, famously explaining, "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program."

Social Security provides an excellent example of the policyscape at work. Not only has the presence of this policy fundamentally reshaped subsequent politics surrounding the issue of old-age insurance, but it also highlights the durability of policies over time. When policies establish administrative structures, incentivize organized interest groups, and empower ordinary citizens to support them, programs become enduring features of the political landscape. As the policyscape becomes littered with more and more permanent programs, lawmakers must devote increasing time to policy upkeep, or maintenance, in order to make sure these policies continue to fulfill their intended missions in a changing world.

## The Problem of Policy Maintenance

All political institutions require occasional maintenance to ensure that they are doing what they are supposed to without creating unintended consequences. Public policies are no exception. Policies passed in a specific historical moment may eventually require maintenance for several reasons. The way a particular policy is implemented may produce some unintended repercussions that lawmakers feel the need to eliminate. The population of a country may change in ways that render existing policies either unable to accomplish their goals or unsustainable in their current form. Better technology or access to new information may allow for policy solutions that were impossible to imagine in previous eras but that would provide a more efficient solution. The state may also encounter crises that require the implementation of radical new approaches, or perhaps the diversion of resources to other areas, to solve the emergent problem. All of these possibilities contribute to the need for ongoing policy upkeep, but maintaining an increasingly complex policyscape can be a challenge for two major reasons.

First, when policies reshape politics along all of the pathways discussed in the previous section, those policies become path dependent, or self-reinforcing. It is increasingly costly, in both monetary and political terms, to change course once a particular policy is adopted. Political legacies are attached to the preservation of the existing program. Interest groups and bureaucrats fight to maintain and expand programs. And citizens themselves become devoted to policies that benefit them, increasing their willingness to punish policymakers who attempt to scale back or fundamentally change those benefits. As more and more policies come into being, legislators face increased political pressure to sustain them. In many ways, the path-dependent nature of the policyscape makes governing a much less flexible and more challenging enterprise than that faced by lawmakers in previous eras.

The second potential challenge to the successful maintenance of the policyscape is that the political context may change in ways that make it difficult to revisit or reform policies in need of upkeep. An excellent example of this is occurring in the USA today. Since the 1970s, partisan polarization – largely driven by an extreme rightward shift of the Republican Party – has increased dramatically. Political moderates in the federal legislature have become largely extinct, making the distance between the two parties bigger than it has been in a century. The growing polarization of the two parties has led to a virtual standstill of policymaking operations. With the two sides increasingly unable to come to agreement on policy reforms, Congress has enacted fewer and fewer laws with each passing legislative session. Policy maintenance has been one of the major casualties. In the case of Social Security, despite a clear need for policy maintenance to grapple with the potential funding shortfall, Congress hasn't enacted major reform since 1983 – more than three decades ago. The same trend can be seen for a number of other major policy programs as well. Over the past decade, lawmakers have also increasingly had to resort to short-term funding extensions to keep major programs running because agreements for longer-term reauthorizations have been impossible to reach. Whether driven by path dependence or changing political contexts, the problems associated with maintaining the policyscape have potentially significant consequences for the long-term success of governance.

## Conclusion

The policyscape is an important political institution for any state. It has the ability to fundamentally reshape the political preferences and behaviors of a variety of political actors, including lawmakers, interest groups, and ordinary citizens. And as the policyscape grows, the task of maintaining it becomes increasingly difficult. Understanding the constituent policies that comprise a particular policyscape is necessary in order to understand the broader political dynamics for any state: What are the policy priorities? Who are the most powerful constituent groups? What are the prospects for policy reform for any given issue? These fundamental political questions cannot be sufficiently answered without considering the political effects of the policyscape.

## Cross-References


- ► Issue Networks: The Policy Process and Its Key Actors
- ► Minority Groups and Politics
- ► Politics and Administration
- ► Politics and Bureaucracy
- ► Politics and Partisanship
- ► Politics and Public Policy


## References


Mettler S (2016) The policyscape and the challenges of contemporary politics to policy maintenance. Perspect Polit 14(02):369–390

Mettler S, SoRelle M (2014) Policy feedback. In: Sabatier P (ed) Theories of the policy process, 3rd edn. Westview Press, Boulder, pp 151–181

Pierson P (1994) Dismantling the welfare state? Reagan, Thatcher, and the politics of retrenchment. Cambridge University Press, New York

Schneider A, Ingram H (1993) Social construction of target populations: implications for politics and policy. Am Polit Sci Rev 87(02):334–347

Skocpol T (1992) Protecting soldiers and mothers: the political origins of social policy in the United States. Belknap Press of Harvard University Press, Cambridge, MA


# Politics of Value-Added Tax Policy in Ghana


Daniel Dramani Kipo-Sunyehzi
Legon Centre for International Affairs and Diplomacy, University of Ghana, Accra, Ghana


## Synonyms

Implementation; Party politics; Public policy

## Definition

Politics of public policy is when the stages of the policy cycle take a partisan line.

## Introduction

### Public Policy Cycle

In public policymaking process, the government is a key policy actor. Public policy goes through the policy cycle. Howlett et al. (2009) identify five stages of policy cycle, namely, agenda-setting (problem recognition), formulation (proposal of solution), decision-making (choice of solution), implementation (putting the solution into action), and evaluation (monitoring results) (Howlett et al. 2009: 3). Public policy processes involve key policy actors from public (government) and private (nongovernmental) sectors. It also involves the decisions of political and nonpolitical actors. Policy issues require high expertise, more commitment, publicity, and resources. For this reason, policy scholars indicated that governmental actors alone cannot handle public policy issues (Hill and Hupe 2009).

Every stage of the policy cycle is very critical and that no stage/cycle should be taken for granted by policymakers or governing elites. Problem identification is the first stage of the policy cycle. This stage is very critical because a wrong approach has great consequences for the entire policy cycle. Howlett et al. (2009) indicate that what happens at the agenda-setting stage of the policy cycle has a great and decisive impact on the entire policy cycle. For instance, the policy made by few governing elites without views of the population or representatives may face some resistance at the implementation stage because of a lack of involvement of people or their representatives.

Policy formulation is the second stage in which key policy actors (elected politicians, appointed officials, mass media, political parties, interest groups, think-tanks, and the general public) suggest possible options to help solve the public problem identified at the agenda-setting stage. Policy formulation stage can face challenges as either as "substantive" or "procedural" (Hill and Hupe 2009; Howlett et al. 2009). For this reason, policymakers have to consider policy options more critically especially at the formulation stage.

The third stage of the policy cycle is policy decision-making. This stage Howlett et al. (2009) postulate is "where one or more, or none of the many options that have been debated and examined during the previous two stages of the policy cycle is approved as an official course of action" (Howlett et al. 2009: 139). This stage is very crucial, and policymakers must not rush over passing a bill into a law. Policy bills must be properly scrutinized in parliament if under a democratic regime as the case of Ghana.

The fourth stage of the policy cycle is where policy decision is put into practice. Many policy scholars consider this stage as the *most critical*. It is the stage where "funding must be allocated, personnel assigned and rules of the procedure developed to make a policy work" (Howlett et al. 2009: 160; Hill and Hupe 2009). In most countries, policy implementation is left in the hands of civil servants. However, in recent times due to the growing importance of networks, other nongovernmental organizations have become key implementers of public policies.

The final stage of policy cycle is policy evaluation. This stage assesses if the problem identified has been solved or not. If the policy is successful, it becomes a credit, but if it is unsuccessful, the policy has to go back to the agenda-setting for the whole process to start. Adding a theoretical perspective, Winter argues implementation results (outputs and outcomes) are not only affected or influenced by "prior policy formulation process" but other conditions in the implementation process on how organizations or interorganizational relationships respond to policy objectives (Winter 1990). Events that happen at each stage of the policy cycle are crucial for the success or otherwise of the policy. A country's political system can facilitate or impede the policy process.

## The Features of the Political System

### Constitutional Provisions

Ghana since independence in 1957 had a number of military coup d'états. The longest serving military ruler in Ghana's political history is Flt.

Lt. Jerry John Rawlings. He continued to rule Ghana until 1992 when there was domestic and external pressure to return Ghana to a democratic rule. Hence, Ghana adopted a new constitution in 1992 as the Fourth Republican Constitution of Ghana. Elected representatives are expected to consult their constituents on public policy issues so that the policies they make will reflect the wishes of the people who gave them the mandate.

Also, Ghana's constitution endorsed multiparty democracy. Article 55 (1) stated "the right to form political parties is hereby guaranteed" and in clause (2) "every citizen of Ghana of voting age has the right to join a political party" (Republic of Ghana 2005: 42). The 1992 Constitution also promotes media plurality. In Article 162 (1) "freedom and independence of the media are hereby guaranteed" (Republic of Ghana 2005: 101). This is to promote freedom of expression and safeguard journalism and ensure citizens can freely contribute to the issues of national interests including public policies without any arrest or intimidation (Republic of Ghana 1992, 2005).

The executive powers of Ghana are vested on the President in accordance with the provisions of the constitution as captured in Article 58 (1) (Republic of Ghana 2005: 45). The Vice President of Ghana shall perform functions assigned to him/her by the Constitution or President of the Republic in Article 60 (1) (Republic of Ghana 1992, 2005: 46). The 1992 Constitution made provisions on the composition of cabinet and person(s) who qualify to chair cabinet meetings. Article 77 stated (1) "the Cabinet shall be summoned by the President who shall preside at all its meetings; and in the absence of the President, the Vice President shall preside" (Republic of Ghana 1992, 2005: 56). It is important to note that the cabinet plays a very crucial role in the initiation of most public policies in Ghana.

The 1992 Constitution of Ghana made provision for a unicameral legislature. There is one House of Representatives (Parliament). The Constitution empowered parliament to make laws. Article 106 stated (1) "the power of Parliament to make laws shall be exercised by bills passed by Parliament and assent to by the President" (Republic of Ghana 1992, 2005: 72).

## Features of the National Democratic Congress Government

The National Democratic Congress (NDC) led by Jerry John Rawlings won the first general election held on December 7, 1992, with 58.3%, and the main opposition party New Patriotic Party (NPP) led by Prof. Adu Boahen had 30.4% (Gocking 2005: 211). This represents the "first NDC government." For the purpose of analysis, the "first" NDC government refers to 1993–1996, which also refers to the "closed" NDC government. It is called the "closed" NDC government due to the less participation of the citizenry and opposition parties to public policy processes. The main opposition party (NPP) "challenged the validity of the election in a publication entitled *The Stolen Verdict*" (Gocking 2005: 211). Due to those accusations of rigging, all opposition parties boycotted the parliamentary elections. Out of the 200 seats in parliament, the NDC won 189 seats, National Convention Party (NCP) pro-NDC won 8 seats; EGLE Party (pro-NDC) won 1 seat, and 2 women independent candidates were elected (Gocking 2005). Gocking (2005) indicates that the role of opposition in shaping public policies of the first NDC government was absent.

Some editors and journalists who were critical of the government were arrested. This era was known in local parlance as "culture of silence" in action. The provision that in the absence of the President of the Republic, the Vice President presides over the cabinet meeting was not much observed. The opposition members perceived the first NDC government as "military in civilian coats."

### The Economic Conditions Under the First NDC Government

Gocking (2005) indicates that the 1994 budget experienced a shortfall in revenue as such the first NDC government resorted to borrowing internally from local banks as well as externally. The NDC government was highly indebted from $3.5 billion in 1990 to over $5 billion in 1994. Moreover, the NDC government "overall tax revenue was 14% lower than it had been in the three previous years" (Gocking 2005: 221). It is on

these that the NDC government associated the problem of lower tax revenue to the existing narrow base tax system. Thus, the first NDC government decided to broaden the tax based on introducing the indirect tax system known as value-added tax (VAT) where "17.5% that was to be levied on service and retail transactions excluding education, health, foodstuffs, financial services and some categories of equipment" (Gocking 2005: 221; Osei 2000).

## The Policymaking Stage of the VAT

The government as part of the policymaking process established a project office in October 1992 to be "responsible for the design and implementation of a new tax system to replace the Sales Tax regime which has been in existence since 1965" (Attafuah 2001: 40). A feasibility study was conducted by a technical committee under the supervisory of UK-based consultants Crown Agents and Harvard Institute for International Development (HIID) on how to design VAT to ensure its successful implementation. It is important to note that this stage was confined to foreign experts or consultants. The Ghanaian public knew very little about VAT until it was sent to parliament for consideration. It was passed in Parliament in November 1994 under Act 486. Also, VAT regulations were passed in February 1995 under Legislative Instrument (LI) No. 1598. VAT Act became effective on January 1, 1995, and actual "collection" (implementation) commenced in March 1995 (Terkper 1993, 1999; Assibey-Mensah 1999; Attafuah 2001).

## The Implementation Stage of the VAT

The NDC government vested the powers to determine the percentage of VAT on the Minister of Finance. This arrangement was contrary to the 1992 Constitution. Article 174 (1) stated that "no taxation shall be imposed otherwise than by or under the authority of an Act of Parliament" (Republic of Ghana 2005: 105). This first arrangement introduces a flaw right from the policy formulation stage of the VAT. The flaw was detected by the Honorable Members of Parliament which generated a heated debate in Parliament. But the majority had their way, and the minority in Parliament only had their say; this has been the parliamentary culture or practice in Ghana. In a one-party dominated parliament, the voice of opposition was quite low between 1993 and 1996.

As part of the implementation stage of VAT, there were clear rules for businesses who intend to implement the policy. One such rule was that any business or trade firm with an annual turnover of 25 million Ghanaian cedis (10,000 pounds sterling equivalent by then) was required to register and operate the new tax system (VAT). In addition, persons and companies qualified to register but failed to do so can be prosecuted in accordance with the Legislative Instrument (1598). Moreover, operators of VAT must file their monthly returns at VAT offices, and the accounting period is 1 month without fail. Certain items were exempted from VAT according to schedule 1 of the VAT Act 486 (Attafuah 2001: 48–49).

One implementation strategy put in place was the establishment of an agency to facilitate the implementation of VAT. In this regard, the NDC government established the value-added tax service (VATS) in 1994 as an independent state revenue collecting agency in Ghana. The functions of VATS for implementation of VAT include to collect taxes, account for taxes, and ensure that penalties and interests are payable. The VATS was headed by a commissioner and assisted by deputy commissioners. Also, VATS had a board with the mandate to provide policy directions for the implementation of VAT (Attafuah 2001: 49–50). It is expected that this institutional structure would facilitate the implementation process of VAT in the 1990s. However, the public policy (VAT) implementation process was deviled with many challenges.

## The Implementation Challenges of VAT in Ghana

The VAT was faced with serious challenges, especially at the implementation stage. Attafuah

indicates "barely a month after its introduction, prices of goods and services shot up" (Attafuah 2001: 49–50). Organized labor unions, businessmen and businesswomen, and the Ghanaian public protested seriously against the introduction/commencement of VAT on March 1, 1995 (Assibey-Mensah 1999; Terkper 1999; Osei 2000). These protests or contestations were to show their disapproval for the first introduction/commencement or implementation of VAT in Ghana in 1995. There were a number of reasons for those protests in the country. One, the agenda-setting was so secretive that the general public had little knowledge about VAT. Network groups such as nongovernmental organizations and other groups could not make inputs into the VAT policy. Even top civil servants who could have given government officials some pieces of advice were not part of the various stages except the top trusted "revolutionary cadres." Also, the mass media played a minimal role concerning the publicity of the VAT. The NDC government cabinet was divided; President J. J. Rawlings was at loggerhead with Vice President K. N. Arkaah (leader of the party with eight seats that formed a coalition with NDC known as "Progressive Alliance"). The NDC government was divided over the introduction of the VAT. According to Attafuah "the Vice President in his May Day address on 1st May 1995 called for the withdrawal of VAT." These developments brought more protests in Ghana over the implementation of the VAT (Attafuah 2001).

Apart from the street protest by labor unions and various business groups, there was a massive demonstration in May 1995 against the NDC government organized by a pressure group known as *Alliance for Change (AFC)* in Kumasi. The demonstration was termed "Kume Preku" in the Akan language meaning "kill me instantly." This mammoth demonstration ("Kume Preku") "led to the death of four people and others sustained various injuries, who were allegedly shot by the Association of Committee for the Defense of the Revolution (ACDR), a pro-government body" (Attafuah 2001: 51; Osei 2000: 255). The demonstration mounted serious pressure on the NDC government to review the policy. This evidence proved there was a lack of acceptability of the public policy (VAT) by the Ghanaian public due to its content and design.

Another implementation challenge was in relation to NDC government intolerance for media pluralism. The failure of the NDC government to educate the public (taxpayers) before passing VAT Bill into law was a mistake. Also, it was a wrong approach for policymakers to introduce a public policy (VAT) before intensifying public campaign to support it. Therefore, inadequate public education on the VAT coupled with the deceit from government officials hindered the implementation of VAT in Ghana at the first phase of its introduction (March–June 1995).

Another challenge of VAT was its design. Certain items like Gari (local food from cassava) that were exempted from sales tax (previous tax) were included as taxable items under VAT (Attafuah 2001: 55–56). Also, goods that were exempted under Ghana Investment Promotion Act (a previous tax) came under VAT. The Ministry of Health failed to provide the list of "essential drugs," so the Ghanaian public "was at the mercy of pharmacists" who could increase the prices of drugs, whether they were essential drugs or not (Assibey-Mensah 1999; Terkper 1999; Osei 2000; Attafuah 2001: 54).

Also, the NDC government adopted a "top-down" implementation approach where Ghanaian public was not deeply involved in the agenda-setting, policy formulation, and policy decision-making. It was only the implementation stage that involved the general public, and this approach did not help. At the implementation stage, the bottom (Ghanaian public) frustrated the top (political elites). Thus, the top-down approach alienated the general public and other key policy actors.

The Ghanaian public discontent continued against the NDC government over VAT. Finally, in June 1995, the NDC government decided to withdraw VAT after implementation for only 3 and a half months (Terkper 1999; Attafuah 2001). VAT was withdrawn completely in 1995, and the NDC government never attempted VAT in 1996 because it was an election year.

It may be interesting for one to ask if *there are any consequences for the withdrawal of VAT in*

*the first phase*. This paper attempts to address this question.

## A New Political Environment and the Reintroduction of VAT in Ghana

The failure of VAT in the first phase (1995) has three main consequences: it was a serious policy setback, it put government financial plans into disarray, and it was a test case of making the NDC government more accountable to the Ghanaian public (Osei 2000: 256). The country experienced a new political environment with a new parliament. In 1996 there was competitive election involving the incumbent NDC and all opposition parties. The composition of 200 seats won by the political parties: National Democratic Congress (NDC), 131; New Patriotic Party (NPP), 62; People's Convention Party (PCP), 5; People's National Convention (PNC), 1; and vacant seat, 1 (Republic of Ghana 1996). This period means a new NDC government (winner of a competitive election) and a new Parliament emerged in 1997 (as a multiparty parliament).

The content of VAT was reviewed by the new NDC government. The VAT was well designed by policy experts and several networks and brought back to parliament for consideration. The VAT bill was debated to remove the mess by the vibrant opposition and the incumbent NDC parliamentarians. Once the policy content selection of goals and means as the design of VAT were right, it did not face any difficulty in the new Parliament with a strong opposition to debate VAT. The reintroduced VAT bill was passed into law in February 1998 under a new VAT Act (Act 546) by Parliament of Ghana. The President of Ghana assented to VAT on March 18, 1998; it received gazette notification on the same day with the Legislative Instrument (LI 1646). The new VAT legislation came into effect on December 30, 1998 (Terkper 1999; Osei 2000).

*Are there any lessons for policymaking and implementation of the reintroduced VAT?*

One lesson was it pegged VAT rate at 10% against 17% of the first VAT. Also, those operating the old tax regimes such as sales tax and service tax "were deemed to be liable for registration" of the VAT to ensure continuity against the first VAT which did not make provision for operators of previous tax systems (Osei 2000: 272). Finally, a new VAT service was established with nine board members and responsible to the Ministry of Finance and Parliament of Ghana against the first VAT where the VATS (secretariat) and board members were autonomous. Another lesson was VAT had more policy actors such as elected politicians, appointed officials, media, various political parties, and active civil society groups to review its content and design.

Another question pose is: *what factors precipitated the reintroduction of VAT in 1998?*

The new NDC government identified inflow of foreign aids as its main source of revenue for development, and if the levels of inflow of foreign aid declines or ceases to flow into Ghana, it would signal that "the long-term sustainable development of the country would be jeopardized if aid levels declined sharply" (Osei 2000: 272). The new NDC government sought for local ways of sustaining its national budget and to reduce aid dependency through the reintroduction of the VAT. Moreover, the government was determined to succeed in the VAT system since many other African countries succeeded in the enactment and implementation of the VAT. Uganda was cited as one African country which successfully replaced its sales tax with VAT in 1996 (Osei 2000). In the same year other African countries followed with VAT, these countries include Botswana, Swaziland, and Malawi. Osei indicated that even Ghana's neighboring country to the West, Cote d' Ivoire, adopted VAT and others such as Nigeria, Mali, Niger, Kenya, Madagascar, and Benin "adopted VAT system without any serious political fallout" (Osei 2000: 258).

Another question addressed is: *If VAT succeeded in other African countries and increased their revenue base, does it mean it must necessarily succeed in Ghana?*

The political culture of Ghana is not the same as the other African countries. Also, the role of civil society groups and other factors differs from one African country to another. The NDC government's decision to copy tax reforms from other

countries should have taken other factors into consideration to avoid wrong copying. Also, there was a need to study policy transfer dynamics well before the adoption of the first VAT.

## Study Implications and Recommendations to Public Policymakers

The first NDC government needed to have created a public trust and involve Ghanaians through their representatives in Parliament and utilized media houses. The early stages of policy cycle (agenda setting, policymaking, and formulation) should not have been secret but should have been open for public discussions through media houses, schools, universities, policy actors, and engagement of opposition groups. If the NDC government had intensified the public campaign to educate the people on the aims of the VAT and its operations, the challenges VAT faced in 1995 would not have come. The reason was that Ghanaians would have known VAT was for their good and would have accepted it rather than rejection. The first NDC government was also divided on VAT, and that affected its acceptability, the adage "a divided house cannot stand."

Another way that could have helped tackle numerous challenges of VAT was to have adopted a mixed approach to policy implementation. The mixed approach also is known as the "synthesizer" approach which utilizes the strengths and weaknesses of top-down and bottom-up approaches to policy implementation (Winter 1990; Hill and Hupe 2009; Howlett et al. 2009). Top-down approach involves the perspectives of policy elites (top politicians, public officials), while "bottom-up" approach involves the views and lower-level officials or actors like frontline workers/street-level bureaucrats and other policy actors at the local level. It was not advisable to have adopted bottom-up approach because the political system or political culture was not ripe for it. Also, confining VAT to the top elites (political/administrators) alone was inappropriate (top-down). The best implementation strategy should have been the "mixed approach" involving top NDC elites, top public officials, and local-level policy actors/stakeholders. Thus, the mixed approach would have been more effective and appropriate to enhance the implementation of the VAT. This agrees with Winter's argument that to enhance policy success, the "interests of the various actors who have a stake in the implementation process" must be involved (Winter 1990: 22–23).

Moreover, the content and the policy design of VAT were not clear. Policy goals and the means (instruments or tools) for achieving the policy goals were not clear and adequate. An ineffective and flawed policy design factors such as poor resources (including financial and human), goals, and intermediaries (public and private implementing agencies) can affect the implementation process which may result negatively (May 2012; Winter 2012; Vancoppenolle et al. 2015).

The empirical evidence support that the policymakers were divided on the percentage of a VAT charge on goods. These developments did not make the policy attractive as the Ghanaian public was suspicious of the real intentions or motives of the NDC government on VAT. The findings support Winter's theoretical arguments that policy implementation is often affected by prior policy formulation process (policy design elements) such as conflicts and unclear goals and means, as these elements affect policy implementation results – output and outcome (Winter 2012). It was found that these policy design elements or factors inhibited the implementation of VAT in 1995. This finding concurs with May (2012) that a faulty policy design instruments (poor mix of the instruments) affect the policy implementation success. It was also found that the people were alienated from the design, formulation, and decision-making processes, and that affected VAT implementation in 1995. This result is consistent with Howlett et al.'s (2009) study outcome.

The key recommendation is that public policymakers need to be mindful of their policy goals and the means of achieving the goals. The content or substance of the policy must be clear to avoid misunderstanding, misinterpretation, or ambiguity of policy goals/means (May 2012). Another way that could have minimized the numerous challenges of VAT in a "closed" NDC

government was for political tolerance on divergence views, especially from opposition groups. Also, to respect 1992 Constitution that guarantees the right of associations, right to demonstrate, freedom of speech, media plurality, among others. There was the need for the NDC government to have opened up or shifted from the secrecy of policymaking to pave way for "citizen participation" (Kpessa 2011) with emphasis on openness on both policymaking and implementation.

It seems that most developing countries rely heavily on experts from the developed world. There is nothing wrong with consulting experts from developed countries, but what developing countries' governments need to be mindful of is on which consultants to invite for policy matters is crucial. Moreover, developing countries need to know that vast differences exist between developed and developing countries. When a public policy worked in a developed country environment, it does not necessarily mean it may work in a developing country context. It does not also mean a policy that was successful in one African country will necessarily work in another African country. Thus, policymakers need to study "policy transfers" very well before adoption. Developing countries should study local contexts or conditions in identifying factors that promote or inhibit policy implementation. Thomas and Grindle (1990) mentioned the policy failure of the Busia government in Ghana when it relied so much on the advice of the Harvard Institute for International Development (HIID) for the devaluation of the Ghanaian currency by 44% in 1971 (Thomas and Grindle 1990). The experts' advice on the devaluation of Ghana's local currency was a "political suicide." It contributed to the overthrown of Busia government in 1972. Unfortunately, the NDC government failed to learn a lesson from Ghana's past experience on policy failures. There is the adage that "he who fails to learn from the past is bound to repeat the mistakes of the past." I, therefore, suggest policymakers in Ghana and other developing countries to learn from the experience of similar policies in their countries or elsewhere to avoid making public policy blunders.

## Conclusion

It is advisable for democratic governments should keep to their democratic tenets. Allow freedom of the press and association. Allow network governance to be a driving force in policymaking processes in order to come with good and acceptable public policies. Ghana's second VAT in 1998 was successful because of the good governance structures then, media freedom, tolerance for opposition, and active civil society networks, etc. These are vital for governments and political regimes to uphold their constitutions to boast policymaking processes to enhance policy implementation at national and local levels. In conclusion while the "closed" NDC government (1993–1996) relied so much on its top elites with so much secrecy of the policymaking process, the "open" NDC government (1997–2000) shifted to "citizen participation" (Kpessa 2011) with more openness, policy actors, opposition groups, civil society groups, as well as the deep involvement of the people (citizens). This contributed to VAT successful implementation in 1998. Thus, an open political system matters a lot in both the public policymaking and the implementation processes, not only in Ghana but in other developing countries.



## References

Assibey-Mensah GO (1999) The value-added tax in Ghana. Public Budg Financ 19(2):76–89

Attafuah J (2001) The Implementation of public financial management reform program in Ghana: revenue management (VAT) and budgetary process (BPEMS). Master thesis, University of Bergen, Bergen

Bery SK (1990) Economic policy reform in developing countries: the role and management of political factors. World Dev 18(8):1123–1131

Gocking RS (2005) The history of Ghana. Greenwood Press, Westport

Hill M, Hupe P (2009) Implementing public policy, 2nd edn. Sage Publications, London

Howlett M, Ramesh M, Perl A (2009) Studying public policy: policy cycles and policy subsystems. Oxford University Press, Oxford

Kpessa MW (2011) The politics of public policy in Ghana: from closed circuit bureaucrats to citizenry engagement. J Dev Soc 27(1):29–56

May PJ (2012) Policy design and implementation. In: Peters BG, Pierre J (eds) The SAGE handbook of public administration, 2nd edn. Sage Publications, London
Osei PD (2000) Political liberalization and the implementation of value added tax in Ghana. J Mod Afr Stud 38(2):255–278
Republic of Ghana (1992) Constitution of the Republic of Ghana. Ghana Printing Press, Tema
Republic of Ghana (2005) Constitution of the Republic of Ghana (abridged 2005). Ministry of Justice/Allshore Co, Accra
Republic of Ghana Parliamentary Results (1996) Available at: http://en.wikipedia.org/wiki/Ghanaian_parliamentary_election. Accessed 6 Dec 2014
Terkper S (1993) The VAT challenge in sub-Saharan Africa: Ghana: a case study. International VAT monitor: a global guide to sales taxation, pp 2–11
Terkper S (1999) Ghana: scope of new VAT laws. Int VAT Monit 10(1):11–15
Thomas JW, Grindle MS (1990) After the decision: implementing policy reforms in developing countries. World Dev 18(8):1163–1181
Vancoppenolle D, Sætren H, Hupe P (2015) The politics of policy design and implementation: a comparative study of two Belgian service voucher programs. J Comp Policy Anal Res Pract 17(2):157–173
Winter SC (1990) Integrating implementation research. In: Palumbo DJ, Calista DJ (eds) Implementation and the policy process: opening up the black box. Greenwood Press, New York, pp 19–38
Winter SC (2012) Implementation. In: Peters BG, Pierre J (eds) The SAGE handbook of public administration, 2nd edn. Sage Publications, London, pp 255–264

# Politics Without Principles, Ghana

Franklin Akosa[1], Bossman E. Asare[2], Akua Pokuaa Essah-Koli[3] and Portia Oware Twerefoo[4]
[1]Department of Political Science, MountCrest University College, Accra, Ghana
[2]Department of Political Science, University of Ghana, Accra, Ghana
[3]Department of Public Administration, University of Ghana Business School, Legon, Ghana
[4]MountCrest University College, Accra, Ghana

## Synonyms

Corruption; Failed leadership; Politics without principles

## Definitions

**Politics without principles** Gandhi submitted that "*when politicians (or anyone else, for that matter) give up the pursuit of truth, they, or in the case of parties, would be doomed.*"

**Socioeconomic development** Socioeconomic development refers to the social and economic indicators such as health, education, gross domestic product (GDP), foreign direct investment (FDI), technology, and life expectancy rates which are linked to the development of the society (Sewell et al. 2017).

## Introduction

Among the seven deadly social sins proposed by Mahatma Gandhi is ***politics without principles*** (Gandhi and Gunsky 1990). Politics without principles emerged during the twentieth century in one of Gandhi's weekly newspaper publications called the *Young India* in 1925 (Gandhi 1939). It has been a striking description of what occurred in sometime past and is recently reoccurring in some developed and developing countries. Politics is everywhere though some scholars do not agree to this assertion. Politics can be experienced in almost every facet of the human life. It is in the church, mosque, sports, government, and *"politics is even in the bedroom."* Aristotle argued that, it is within the political society that one can achieve his or her potentials (O'Toole 2005). Politics is defined as the struggle for power that will give one or more person(s) the opportunity to make decisions for group of people (Young 2011). Politics can also be referred to as the process through which people make, preserve, and amend the general rules under which they live (Heywood 2002, p. 4).

The impact of politics on the society from the ancient, medieval, and recent times has been massive and for that reason cannot be taken for

granted. Nevertheless, Jordan and Van Tuijl (2006) among other scholars have argued that politics must be linked to principles in order to have a peaceful and a developed society. Politics without principle is therefore a recipe for chaos. Mahatma Gandhi argued that politics without principles was one of the root causes of corruption, violence, and other evils in the society. To create an enabling environment for peace, growth, and sustainable development, Gandhi advocated for politics with principles. Concerning politics with principle, Gandhi asserted, "it is *the expression of perfection, and as imperfect beings like us cannot practice perfection, we device every moment limits of its compromise in practic*e" (Gandhi and Gunsky 1990, p. 10).

The seven social sins which are also known as the seven blunders that the society commits according to Gandhi is the cause of violence and evils in the society. The seven social sins are politics without principles, wealth without work, pleasure without conscience, knowledge without character, commerce without morality, science without humanity, and worship without sacrifice (Gandhi and Gunsky 1990).

Some scholars have indicated that Gandhi's seven social sins might have originated from Pope Gregory I in AD 590 in his list of the seven deadly sins. They are lust, gluttony, greed, sloth, wrath, envy, and pride. These seven deadly sins by Pope Gregory I was appropriate for him because he realized it was as a way to keep the flock from straying into the thorny fields of ungodliness. Though in recent times for all but the most devout, Pope Gregory's list seems less like a means to moral behavior than a description of cable TV programming (Gandhi 1939).

The list of social sins to which politics without principles is linked to sprung from a correspondence that Gandhi had with someone who was only identified as a "*fair friend*." Though major commentary was not passed on this, Gandhi wanted readers not just to know the social sins through intellect but also through the heart (Seligman 2004). The social sins by Gandhi emphasized on the conduct of people in the society. It focused on how the behavior of people in the society will bring about development and peace.

Each of these social sins by Gandhi exhibited selfishness winning out over the common good of the society. These social sins if fully observed and practiced by individuals in the society will make those who have wealth without work to work harder to yield their investment. It will also help those who are into commerce without morality to have good morals, those with knowledge without character will also build characters. It will further place a demand on people in politics or in charge of state resources to discharge their duties with high ethical principles.

This entry focuses on one of Gandhi's social sins; politics without principle which gained prominence in the twentieth century. Regarding politics without principle, Gandhi asserted, having politics without principle is doing politics without truth, politics of lies, deceit, politics of insults, propaganda, corruption, bribery among others. These actions according to Gandhi create chaos, fuels the violence of crime, rebellion, and war (Gandhi and Gunsky 1990).

Nevertheless, researchers (Boucekkine et al. 2016) have argued that a politics may be of principle or not based on the type of political regime. There are several regime types, monarchy, dictatorship, aristocracy, oligarchy, and democracy. With these political regimes, Boucekkine et al. (2016) have argued that the autocracy and democratic regimes normally determine how the other political regimes interact. Due to the nature and variations of political regimes among states, it can be established that what may be of principle in one political regime may be otherwise in a different regime. In view of this, scholars have argued that the issue of principle in relation to political regimes is open to greater interpretation and hence appears subjective (van der Sloot 2017).

This study attempts to examine based on classic and contemporary literature the politics without principles in developing countries especially Ghana. The main focus of this entry is to unpack how politics without principles have impacted the socioeconomic development of Ghana and other African countries. The decision to examine this issue stems from the fact that most state officials especially in the developed and developing countries sometime are unethically principled in

discharging their duties and in the distribution of resources (Rosenberg et al. 2018). The political responsibility and accountability approaches are used in this study to clarify how politics without principles has impacted the socioeconomic development of Ghana.

This entry begins with a discussion of the theoretical approach that can help unravel the impact of politics without principles on the socioeconomic development of Ghana. Literature on politics without principles and socioeconomic development are reviewed. The study concludes by analyzing how politics without principles have impacted the socioeconomic development of Ghana and discusses the approaches that can help achieve political responsibility and accountability.

## The Political Responsibility Approach

Political responsibilities are inherent in the activities of individuals and organizations (Lau et al. 2018). Individuals and organizations become responsible through their day-to-day activities. Individuals become responsible citizens when they act according to the laws of the land, respect the constitution, and show basic civility. By exercising their discretion, individuals can also become responsible (Akosa and Asare 2017). However, when individuals act contrary to the laws, lack basic civility, lack respect of the laws, it does not promote good governance; this is known in this study as politics without principles.

Political responsibility is a normative concept (Coeckelbergh 2016); it refers to the commitment that individuals and organizations embrace in their quest to maintain democratic principles.

The main argument underpinning this theory of political responsibility according to Young (2011) is that individuals or organizations who are part of all sorts of irresponsible and harmful things as a result of indifference, sloppiness, malice, selfishness, or self-righteousness should be held responsible. When Young (2011) was contributing to responsibility and global justice, he asserted that, when applying the concept of responsibility, there must be clear rules of evidence.

Responsibility is normally assigned to a particular agent or individual when it is shown that their actions are connected to the outcome for which responsibility is assigned. It is important to note that responsibility can be assigned to an individual, corporation, or a government (Young 2011).

The political responsibility approach is relevant for holding individuals and organizations accountable for their actions and inactions.

Esquith (2013) argues that political responsibility calls for individuals and organizations to devotion in matters relating to humanitarian development in the society. Political responsibility refers to what politicians and public office holders are obliged to in ensuring development in the society. Thus, their duties in ensuring the rule of law and making sure the right things are done make them politically responsible. Those who are able to operate these ways bring about positive political responsibility (Esquith 2013).

The political responsibility framework which is adopted in this study is appropriate because it would help identify, control, and deal with individuals or organizations that act without principles. Political responsibility creates good governance and brings about socioeconomic development in the society. Nevertheless, there are state officials who are politically irresponsible. Gandhi referred to such officials as politicians who operate without principles. Officials with negative political responsibility really provide great disservice to their country.

## The Political Accountability Approach

Contributing to the literature of political responsibility, Bovens (2007) attempted to link political responsibility to accountability. Przeworski and Stokes (1999) have argued that when the issue of accountability is raised scholars normally refer to the accountability of bureaucrats to the general public or the society. However, researchers in public administration have revealed several forms or approaches to accountability and responsibility. According to Bovens (2007), one of the approaches to accountability is political accountability. Political accountability focuses on elected

representatives, political parties, voters, and the media. Political accountability is mostly practiced in democracies where voters delegate their sovereignty to popular representatives in parliamentary democracies.

Another approach of accountability is legal accountability. This form of accountability is of increasing importance to public institutions as a result of growing formalization of social institutions or due to the trust that is placed in courts. Legal accountability is usually based on specific responsibilities, formally or informally conferred on authorities. Scholars have argued that legal accountability is the most unambiguous approach to accountability because the legal scrutiny is based on detailed legal standards, prescribed by administrative status or precedent (Przeworski and Stokes 1999).

Moreover, administrative accountability is one of the accountability types Bovens (2007) indicated in his literature. There are quasi-legal forums that exercise independent and external administrative supervision and financial control. Administrative accountability inspects, supervises, checks frauds, and ensures regular and administrative scrutiny on the basis of specific statutes and prescribed norms (Friedman 1985).

Other forms of accountability as revealed by Bovens (2007) are professional accountability, social accountability, corporate accountability, hierarchical accountability, collective accountability, individual accountability, and social accountability.

Recently, Christie (2017) has argued in the public administration literature that various accountability frameworks or approaches exist in explaining accountability. Christie (2017) has indicated that different kinds of accountability and responsibility produce different types of decisions in government. Similar to the work of Bovens (2007), different types of accountability like moral/ethical and social accountability are indicated in the literature of Christie (2017).

## Politics Without Principles

Gandhi submitted that when politicians (or anyone else, for that matter) give up the pursuit of truth, they, or in the case of parties, would be doomed. Partisan politics, lobbying, bribery, and other forms of malpractices are all considered "*politics without principle*" (Gandhi 1939). They are unprincipled. Politics without principles exist when powerful lobby groups are created for the cause of politicians to do anything to achieve their goals.

It must be noted that even in the 21st century these "unprincipled" practices appear so rampant in politics. Politics has earned the reputation of being dirty and this is so because individuals in have made it dirty. People sometimes create power groups to lobby for their personal interests and are willing to do anything to achieve their goal. Not many among human kind have learned how to resist temptation, so who is to blame for the mess we find ourselves in?

Gandhi posits that, "*When politicians indulge in power games, they act without principles*." An example is to remain in power at all cost. Especially in the developing countries like most African countries, some elected leaders whose terms of office are due are not willing to step down or go for reelection. Those who accept reelection also use dubious means and methodologies to win elections. These according to Lasswell and Kaplan (2013) are unethical.

Within the context of Ghana, there have been several instances where individuals and public officials have conducted themselves in a manner which leaves little to be desired. Some of these public officials have compromised on their ethical principles, compromised on their values, and engaged in politics without principles. For example, Joy News reported in April 26, 2016, that "a brand new Ford Expedition *with engine No. E173A1905101 and Chassis No. 1FMJUIJ58AEB748 was presented as a gift to the President of Ghana by a* Burkinabe contractor in 2012. The said Ford Expedition entered Ghana on October 29, 2012. It was within this same year that the Burkinabe Contractor was awarded two contracts by the Government of Ghana. The contracts were the $650,000 Ghana Embassy Fence Wall and Dodo Pepeso-Nkwanta road worth €25.9million after several failed attempts by the same person to win a contract"

(Joy News 2016). From the report, it was observed that a gift was presented to win contract. This action and many other unprincipled cases have occurred in Ghana and many other African countries. Also, activities by individuals in high positions do not only affect the smooth running of the country but also contribute to huge sum of revenue loss to the state. This hinders the government's quest to provide public goods, hinders development, and increase poverty.

A study by Campbell (1993) has shown that politics without principle is not only linked to Africa or the developing countries. There are politics without principles in the developed countries also. Campbell (1993) related the politics without principles in the developed countries to the war options or defense strategies that are adopted by some developed countries. For example, the stand and support by the USA in the invasion of Kuwait according to Wallerstein (2002) were too aggressive and biased. In Michael Gordon and Trainor's view on the Kuwait invasion, they submitted: "*it was more like a one-sided clay pigeon shoot than armored battle*" (Gordon and Trainor 1995). Though other writers disagreed with the invasion of Kuwait by Iraq, however, the stand by the USA appeared one-sided and aggressive. These actions by the USA in relation to the Kuwait invasion, according to Miller (2008), seemed unprincipled and not healthy in international politics.

It is important to establish that, some of the developed countries have threatened the developing countries by stressing they would reduce or stop giving them aid if they do not accept or support their policies. For example, the US President threatened to cut aid to countries over the UN Jerusalem vote (BBC News 2017). It appears the aids given to the less developed countries are done so that the less developed countries would support the powerful countries. Moreover, in the developed countries just like some developing countries, issues of subtle racism, religious discrimination, and bigotry abound.

## Principle Defined

Principle refers to a comprehensive and fundamental law, code of conduct, doctrine, or assumption (Proper and Greefhorst 2010). Principles are fundamental norms, rules, or values that represent what is desirable and positive for a person, group, organization, or community and helps in determining the rightfulness or wrongfulness of its actions (Proper and Greefhorst 2010).

Gandhi defined principle as "*the expression of perfection, and as imperfect beings like us cannot practice perfection, we device every moment limits of its compromise in practic*e" (Gandhi 1939, p. 78).

Principles are more basic than policy and objectives and are meant to govern both. It is important to note that principles are used as a basis for prediction and action. This implies that principle regulates the actions and inactions of individuals, groups, organizations, and nations. Principles define what is right and wrong (Mackie 1990).

Perkins (2002) has indicated that there is an international human right law that protects freedom of the press, provides cross-culturally reliable foundation through which there is the universal principle when it comes to ethics in journalism. It has been deduced from Perkins (2002) perspective of principle that every sector or area has it principle that it operates. In the area of medical science, they have their principle; economics, there is principle; and politics, there is principle. There is principle in everything we do in the world. Without principle, the foundation of what is meant to exist collapse.

With regards to principle and in the context of politics, Herbert (1880) has argued that "*politics must be based on general principles grounded in an understanding of human nature*" (p. 1). Since politics is part of the human race, it must be based on principles. However, *the word principle* causes some sort of horror to the people who are indulging in politics. It must be observed that principles in politics will bring an idle way of thinking. Herbert (1880) has indicated that those who object to general principles in politics and renounce their supremacy are betrayed by the incautious caution. The universal law cannot be disregarded without injury to every part of humanity. Principles are, however, a truer approach in regulating politics and the development of the society.

## Socioeconomic Development

Socioeconomic development is concerned with the social and economic development in the society. The pivot surrounding socioeconomic development lies in low levels of per-capita income and low standards of living (Dastjerdi and Isfahani 2011). It must be noted that the concept of socioeconomic development refers to the social and economic indicators such as health, education, gross domestic product (GDP), foreign direct investment FDI, technology, and life expectancy rates which are linked to the development of the society (Sewell et al. 2017).

It has been stated in literature that activities like tourism has contributed to the socioeconomic development in Kenya. In Kenya, tourism has contributed to the socioeconomic development both at the local and national level. The research by Sewell et al. (2017) has indicated that the use of balance score card by retailers in South Africa is generating sustainable profitability as well as contributing to the socioeconomic development of South Africa.

## Analysis and Discussions

### How Politics Without Principles Have Impacted the Socioeconomic Development of Ghana and Africa

There are other key politics without principles variables (racism, lobbying, power games among others) that could be used to explain the socioeconomic development of Ghana and other African countries. Nevertheless, the analysis of this study was hinged on two crucial politics without principles variables: corruption and failure of leadership.

### How Corruption Has Affected the Socioeconomic Development of Ghana and Africa

Studies and other scientific reports like the Transparency International Global Corruption Report have shown that political leaders and other public officers in Africa and other developing countries in the world have engaged in one form of corruption or the other (Andersson and Heywood 2009). This kind of practice by politicians is what Gandhi has indicated as *politics without principle*. Corruption is undoubtedly the present social menace in Ghana and other African countries. Recently in Ghana, an investigative journalist revealed how some politicians and individuals who hold public offices were found in the act of corruption.

Box 1 shows a case of a corrupt activity that was exposed by Anas Aremeyaw Anas in the Ghana Judicial Service. This was reported by Citifm (one of the renowned radio stations in Ghana) in 2015.

**Box 1 Anas Descends on Judges in "Stinking" Corruption Scandal**

On 8 September 2015, ace investigative journalist Anas Aremeyaw Anas exposed some corrupt activities within Ghana's judicial arm of Government. The video points fingers at very notable judges who have been involved in high profile cases in the country in a damning corruption scandal. A total of 34 judges were caught on camera receiving bribes while others were involved in other corruption-related activities to influence judgment. The high profile judges including, Justice John Ajet-Nassam, a High Court Judge, who freed Alfred Agbesi Woyome in the controversial GHC51 million judgment debt scandal, have been videotaped and audio recorded in separate conversations with suspects or persons acting as agents of suspects before them to compromise big cases. A Human Rights Court judge Kofi Essel Mensah, Charles Quist (a High Court Judge) allegedly making demands to throw away cases which include robbery, murder, and corruption among others.

Source: Citi News (2015). http://citifmonline.com/2015/09/08/anas-descends-on-judges-in-stinking-corruption-scandal-trailer/

Judges who are expected to be an example to the people with regards to integrity and to administer justice were rather caught on camera receiving bribes according to the case above. This is unethical and dangerous to the society. The case

of bribery and corruption is very common in Africa and other developing countries.

It is important to establish that corruption exist in all political jurisdiction globally, however, it is believed to be more evident in transitional democracies particularly African countries. Due to the extent of corruption in African countries as in the case of Ghana, public administration practitioners and other scholars have indicated that corruption has negatively affected the socioeconomic development of Ghana and other African countries (Yeboah-Assiamah et al. 2014).

The cases and magnitude of corruption marveled some scholars in Africa to the extent of them admitting that "*corruption is here, corruption is there, corruption is everywhere*" (Yeboah-Assiamah et al. 2014).

One of the negative effects of bribery and corruption on the socioeconomic development of Ghana is that it brings high prices of goods and services on Ghanaian consumers. When entrepreneurs and businessmen pay bribes to politicians or public office holders, it is viewed by the businessmen as part of the cost of doing business and they transfer it unto the people which lead to high cost of goods and services in the country.

For instance, when a businessman goes to the Tema Habour to take delivery of goods, it has been reported that all kinds of bribes are taken by the officials. However, these bribes that are paid may be tacked onto the final prices of goods and services to the public.

More importantly, Ghana and other African countries lose several billions of dollars to corruption annually (Musila and Sigué 2010). According to IMANI Ghana (an influential think tank in Ghana in the fight against corruption), Ghana loses about $3 billion annually on corruption. The $3 billion stated by the IMANI Ghana was linked to Ghana Auditor General's annual report (IMANI Ghana 2016). Box 2 gives details of the report by IMANI Ghana.

**Box 2 Ghana loses $3 billion annually in corruption: IMANI**

Mr. Cudjoe, the director of Imani Ghana, a pressure group and a policy think tank, on 15 May 2016 indicated that Ghana loses about $3 billion annually. This comment was based on analysis of the 2014 Auditor General's report. He cited that corruption in state institutions is taking a toll on the economy and must be checked. He stated that "...My estimation about grand corruption in this country looking at the numbers from the Auditor General's report on an annual basis and doing an extrapolation looks to me about $3 billion a year. I think it may be conservative but I think it is significant." The Auditor-General, Richard Quartei Quartey, in his 2014 report recommended the prosecution of various officials of Metropolitan, Municipal, and District Assemblies (MMDAs) indicted in the report for various financial and legal infractions. Whereas just 195 out of the 216 assemblies submitted their books for auditing, 21 assemblies failed to comply with the legal requirement.

Several public institutions were also cited in the report for various financial malfeasance. The report also cited the Public Utilities Regulatory Commission (PURC) for blowing GH¢c99, 663 on the distribution of Christmas hampers. The report also stated that the Ghana Railway Company Limited is said to be struggling to trace an amount of GH¢25, 404 belonging to the company. According to the report, the company received a total cash amount of GH¢3, 422,574.76 at the end of 2009, out of which GH¢3, 397,170.47 was sent to the bank "leaving a balance of GH¢ 25,404.29 which could not be traced."

Source: IMANI Ghana (2016). http://www.imaniafrica.org/

Based on the IMANI Ghana 2016 report, over $3 billion is wasted annually on corruption. These are coming from the public services of Ghana. Other public and private organizations are also reported on their act of corruption.

It has also been shown in literature that corruption has reduced the commitments from

international development actors (Grindle 2004). Corruption reduces the quick flows of aids that are used for development in the country. Ghana and other African countries like Nigeria, Cote d'Ivoire among others have benefitted immensely from aid inflows from donor agencies like IMF, USAID, and UNICEF. However, these agencies are now concerned that their support in the form of aid for sustainable development are not used for the intended purpose but end up in the hands of corrupt politicians or government. It is in this view that the US government indicated recently that corruption in Ghana is on the rise and pragmatic measures have not been taken to cure this menace.

Furthermore, politics without principles through corruption has reduced the tax revenues in Ghana. Corruption has led to the loss of tax revenue in the form of tax evasion or the improper use of discretionary tax exemptions. It was reported by the myjoyonline.com on the 24 April 2017 that a relative to the former President of Ghana owed the Ghana Revenue Authority (GRA) about 20 million Ghana cedis for some equipment the individual imported into the country and did not pay the due tax. This case and other government official's conduct of not paying tax reduces tax revenues that are intended to develop the country.

More importantly, corruption reduces foreign direct investment (FDI). The World Bank (1997) has reported that FDI may flow in the countries that are found corruptible but bribery may reduce the FDI in the country. Corruption negatively affects foreign firms in the cost of doing business. However, high levels of corruption have the tendency to risk Ghana of being marginalized in the international economy.

## Failure of Leadership and How It Has Affected the Socioeconomic Development of Ghana

In Ghana, failure of leadership has affected negatively the country's economic fortunes. The failure by government hinges on the fact that leadership in Ghana has failed in its quest to address the issues of bribery, corruption that also influence negatively the socioeconomic development of the country.

In Ghana, the Commission for Human Right and Administrative Justice (CHRAJ) Act (Act 456) was enacted in accordance with the provisions of the Fourth Republican Constitution in October 1993 to establish the Commission. Among the role of the commission is to promote integrity and decency in Ghanaian public life by investigating corruption and educating the public about its high costs and, conversely, the significant pay-offs of a relatively corrupt free society. In 2014, there was a report on the wasteful expenditure undertaken by then CHRAJ boss, which questions whether the leadership of the commission was upholding the principles it had to work with. Box 3 shows details of the CHRAJ boss case.

**Box 3 CHRAJ Boss Rent**

The Daily Graphic's investigations published on Tuesday 16 September 2014 casts a terribly bad image on the Commissioner of the Commission on Human Rights and Administrative Justice (CHRAJ), Ms. Lauretta Lamptey, and the concerned state actors. The state had spent a total of $203,500 in 37 months for her rent. This was because the CHRAJ boss lived in a $456.25 per day hotel accommodation after the US$5500 monthly rent for her apartment at the exquisite AU Village expired. Her official residence renovation at the cost of GH¢182,000 was also yet to be completed. The revelation by the Daily Graphic report raises critical issues such who is responsible for dolling out $4500.00 USD as monthly rental in lieu of official accommodation for the CHRAJ boss, and on what basis was the said amount was determined?

Source: Daily Graphic (2014)

## Approaches in Achieving Political Responsibility and Accountability

Out of the approaches in achieving political responsibility and accountability discussed in the

literature, it can be seen that various approaches were explained to achieving political responsibility and accountability. In respect to political responsibility, Esquith (2013) indicated in the literature that there are positive political responsibility and negative political responsibility. The positive political responsibility approach ensures that the rule of law is achieved and the right things are done in the country. The positive approach to political responsibility creates good governance and this leads to socio-economic development in the country. It must be noted that in terms of the political responsibility approach that is most promising to the researcher is the positive political responsibility (Esquith 2013). It was revealed in the literature that state official with negative political responsibility are providing great disservice to the state (Neito 2009).

In the literature, several approaches to achieving political accountability were discussed. Moral/ethical and social accountability were indicated by Christie (2017) among the approaches in achieving political accountability. These approaches by Christie (2017) are seen by the researcher as the most promising because it explore the behavior for which one is morally responsible to. Being morally responsible for an act amounts to being accountable for that act. Moreover, being accountable demands being a moral interlocutor. This helps individuals to be part of the moral reasoning (Christie 2017).

Moral or ethical accountability enables an individual the ability to attend to, discuss answers to reasons for actions bearing moral weight.

Social accountability, on the other hand, measures an organizational state of being mindful of the arising social concerns and priorities of government and nongovernmental organizations. Social accountability focuses on the commitment of politicians or individuals in the society in the areas of their willingness to comply with the rules of law, complying with the development of the community and its environs (Christie 2017). More importantly, social accountability mechanisms ensure the political checks and balances, accounting and auditing systems, administrative rules and legal procedures that will help fight corruption and other malpractices which are known as politics without principles.

## Conclusion

Real politicians operate with principles. Principles hinge on laws, universal truths, timeless precepts and have determinable consequences. Politicians with principles are not partial and do not indulge in what have been discussed in this study as malpractices. This entry has explained critically the politics without principles as indicated by Gandhi in his seven deadly social sins. It has been revealed in this study the politics without principles in developed countries and the developing countries. It has been explained in the study that politics without principles affect the socioeconomic development of Ghana and other African countries through corruption and bad leadership. The various approaches to achieving political responsibility and accountability have also been explained by the researcher in the study. It has been established in this study that the most promising approaches to achieving political responsibility and accountability are positive political responsibility, moral/ethical accountability, and social accountability. These approaches discussed in the study when implemented by governments in both developed and developing countries like Ghana will help ensure politics with principles.

## References

Akosa F, Asare BE (2017) Street-level bureaucrats and the exercise of discretion. In: Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 1–6

Andersson S, Heywood PM (2009) The politics of perception: use and abuse of transparency international's approach to measuring corruption. Polit Stud 57(4):746–767

BBC News (2017) http://www.bbc.co.uk/news/world-middle-east-42431095

Boucekkine R, Prieur F, Puzon K (2016) On the timing of political regime changes in resource-dependent economies. Eur Econ Rev 85:188–207

Bovens M (2007) Analysing and assessing accountability: a conceptual framework 1. Eur Law J 13(4):447–468

Campbell D (1993) Politics without principle: sovereignty, ethics, and the narratives of the Gulf War (p 33). Lynne Rienner Publishers, Boulder
Christie NV (2017) A Comprehensive Accountability Framework for Public Administrators. Public Integrity, pp 1–13.
Coeckelbergh M (2016) Technology and the good society: a polemical essay on social ontology, political principles, and responsibility for technology. Technol Soc 52:4–9
Daily Graphic (2014) State spends $203,500 on CHRAJ boss for rent in 37 months https://www.graphic.com.gh/news/general-news/state-spends-203-500-on-chraj-boss-for-rent-in-37-months.html
Dastjerdi RB, Isfahani RD (2011) Equity and economic growth, a theoretical and empirical study: MENA zone. Economic Modelling 28(1-2):694–700
Esquith SL (2013) The political responsibility of bystanders: the case of Mali. J Glob Ethics 9(3):377–387
Friedman LM (1985) Total justice Behn, op. cit. note 11 supra, pp 56–58.41
Gandhi M (1939) The collected works of Mahatma Gandhi. Ministry of Information and Broadcasting Government of India
Gandhi M, Gunsky FR (1990) Seven deadly sins. Press Office Winding Way, India
Gordon MR, Trainor BE (1995) The generals' war: the inside story of the conflict in the Gulf (p 474). Little, Brown, Boston
Grindle MS (2004) Good enough governance: poverty reduction and reform in developing countries. Governance 17(4):525–548
Herbert A (1880) https://www.libertarianism.org/publications/essays/general-principles-politics
Heywood A (2002) Politics. Houndsmills. Hampshire: Palgrave MacMillan
IMANI Ghana (2016) Ghana loses $3 billion annually in corruption http://www.imaniafrica.org/
Jordan L, van Tuijl P, et al. (2006) NGO accountability: Politics, principles and innovations. Routledge
Joy News (2016) Contractor offers controversial gift to Prez Mahama https://www.myjoyonline.com/news/2016/June-15th/burkinabe-contractor-offers-controversial-gift-to-prez-mahama.php
Lasswell HD, Kaplan A (2013) Power and society: A framework for political inquiry. Transaction Publishers
Lau CM, Scully G, Lee A (2018) The effects of organizational politics on employee motivations to participate in target setting and employee budgetary participation. J Bus Res 90(2018):247–259
Mackie J (1990) Ethics: inventing right and wrong. Penguin, London
Miller RB (2008) Justifications of the Iraq war examined. Ethics Int Aff 22(1):43–67
Musila JW, Sigué SP (2010) Corruption and international trade: an empirical investigation of African countries. World Econ 33(1):129–146
O'Toole J (2005) Creating the good life: applying Aristotle's wisdom to find meaning and happiness. Rodale Press, New York
Perkins M (2002) International law and the search for universal principles in journalism ethics. J Mass Media Ethics 17(3):193–208
Proper E, Greefhorst D (2010) The roles of principles in enterprise architecture. In: International workshop on trends in enterprise architecture research. Springer, Berlin/Heidelberg, pp 57–70
Przeworski, Stokes, SC, Manin B, et al. (1999) Democracy, accountability, and representation (Vol. 2). Cambridge University Press
Rosenberg D, Kozlov V, Libman A (2018) Political regimes, income and health: evidence from subnational comparative method. Soc Sci Res 72:20–37
Seligman ME (2004) Authentic happiness: using the new positive psychology to realize your potential for lasting fulfillment. Simon and Schuster, New York
Sewell W, Mason RB, Venter P (2017) Socio-economic developmental strategies as retail performance indicators: a balanced scorecard approach. Dev Southern Africa, 1–18
van der Sloot B (2017) A new approach to the right to privacy, or how the European court of human rights embraced the non-domination principle. Comput Law Secur Rev 34(3):539–549
Wallerstein I (2002) The eagle has crash landed. Foreign Policy 131:60
World Bank (1997) World Development Report 1997 : The State in a Changing World. Oxford University Press, New York
Yeboah-Assiamah E, Asamoah K, Osei-kojo A (2014) Corruption here, corruption there, corruption everywhere: a framework for understanding and addressing public sector corruption in developing African democracies. J Pub Admin Govern 4(3): 186–204
Young IM (2011) Justice and the politics of difference. Princeton University Press, Princeton

P

## Politics: Basic Concepts

Soren Jordan
Texas A&M University, College Station, TX, USA

### Synonyms

Conflict; Political science; Power; Preferences; Rationality

## Definition

Politics is the "intersection of power and conflict".

## Introduction

People disagree. At an individual level, people might disagree over how best to allocate limited resources in a state or which candidate would be best for a government. In the aggregate, people might disagree over the appropriate amount of social welfare spending and assistance by a government, or whether to go to war with an enemy state.

Understanding the nature of these conflicts is the essence of politics and political science. Given the importance of conflict and the implications any single resolution to the above situations might have on an individual (or a larger society), society ought to have a deeply developed understanding of how individuals come into conflict with one another and how that conflict gets resolved. This nuanced understanding requires, at its core, a precise set of definitions. These definitions should allow individuals not only to identify the "political" or "politics"; they should also inform the study of the concept. Offered here are some precise definitions: first of politics, then of its key concepts, as well as those parts of society that are *not* political.

## A Definition of Politics

The lineage of political science is sufficiently developed so as to make offering another original definition an unwarranted exercise. Instead, previous work should guide definitions. Warren (1999, p. 208) defines politics as the "intersection of power and conflict." This definition is useful in that it provides two key monikers to identify the political.

The first moniker of the political is that some sort of power relationship must exist between two or more individuals, groups, or objects. This power dynamic is exactly what motivates individuals to make political decisions: either to exert power over another for an advantage or to subvert an existing relationship to achieve an established goal.

The exercise of power can be obvious. For instance, parties in the House of Representatives often use their control of the Rules Committee to control the flow of debate and amendment on a bill as to push the policy content towards a certain outcome. But the power need not be so formal. Informal power relationships, like the importance informal knowledge about Congressional procedures often called "folkways," leads to senior members of Congress becoming more powerful than their junior counterparts. Both exercises of power, though, lead to political interactions.

The second moniker of the political is that two or more individuals, groups, or objects must be in conflict with one another. Politics almost never exists when individuals work towards shared goals, which is why scholars of Congress routinely exclude votes concerning post offices or Flag Day. But even the tinge of conflict – like when individuals cannot agree on who will bear the burden of organization towards achieving a shared preference – induces political behavior.

These situations – politics even with shared preferences – arise far more often than one might imagine: so much so that academics have formally defined two especially important situations. The first is a *coordination problem*. Coordination problems occur when individuals in some group (both formal, like a legislature, and informal, like a group of friends) all have similar preferences but are unwilling to make the commitment to incur the costs of organizing or to spend the time coordinating their preferences. So even in the rare situation where individuals all want the same (or very similar) outcomes, these outcomes might not be achieved because they cannot (or will not) properly coordinate.

Perhaps the best example of a coordination problem is the problem of parties in legislatures. Most members that share a party identification who have been elected to a legislature share some basic level of preferences. For instance, in the United States context, most Democrats want liberal policy, while most Republicans want

conservative policy. But even though legislators share these basic preferences, they are unwilling to spend the time and energy required to coordinate their efforts together for the purpose of creating legislating. Other considerations, like district concerns or time pressures, might keep them from acting in a unified way. The party as an overall institution can help to solve this problem, doing the legwork of gathering information about different pieces of legislation or informing the members of the party about upcoming votes. In this way, the more desirable outcome – party-favored legislation – is achieved because another institution helps to fill the gap.

The second is a *collective action problem*. These are a bit more realistic: individuals all want to benefit from the access to some resource without having to pay for the resource. These problems often occur when examining the provision of government services. Almost no one on a survey would be for lower education standards or more roads with potholes. But individuals diverge dramatically on their willingness to pay for those services. Although they themselves want to benefit, they want only others to incur the cost, often leading to situations where individuals want for tax rates to be increased on others' income and others' resources (like capital gains or cigarettes), but decreased on their own! Here too some sort of mutually preferred outcome might not be achieved, but this time much more directly because of an individual's own self-interest.

The last sentence points towards another key concept from politics: *rationality*. Rationality can be defined as a situation in which an individual has well-defined preferences regarding some outcome and then act in a way to maximize those preferences, or get an outcome as close as possible to his or her preferred one. Calling preferences "utility" – how much an individual "gets" from an outcome – political scientists formally say that rationality is when individuals are *utility maximizers*. An entire branch of the study of politics is devoted to analyzing what happens in political situations when each individual acts rationally, given his or her own preferences and the preferences of the other individuals in his or her situation. This branch of politics is *formal theory*.

Formal theory is useful in the study of politics for a multitude of reasons. The first is that it is one of the true *deductive* theories of politics. A deductive theory of politics starts from a central assumption at the "top level" and works to explain lower levels of behavior. The central assumption of formal theory is that individuals are utility maximizers. In making this assumption, political scientists say nothing of *individual politicians* or particular contexts. Instead, formal theorists can simply observe what behavior in the political world can be explained or predicted by rationality. Formal theory produces interesting predictions, like candidates converging to a moderate ideology. If individuals vote simply for the candidate in an election who is the most proximate to their own ideology, and abstention is not permitted, formal theory predicts that candidates will converge to the median voter. Formal theory also helps explain the importance of "veto players" in Congressional chambers. If two-thirds of each chamber of Congress are required to override a presidential veto, and an individual member recognizes that he or she is the "two-thirds" member (the so-called "veto-pivot"), he or she might be able to extract concessions from other lawmakers or otherwise control that outcome of legislation.

Both of these above predictions, though, rely on core assumptions that may not accurately model particular situations. For instance, the median voter theorem does not allow for abstention. It also fails to recognize the relative importance of each individual vote (like whether individuals at the extreme are more or less likely to contribute to campaigns in other ways) or the likelihood of each individual actually voting, regardless of his or her ideology (although political scientists know that moderates participate less often than ideological extremists). Some political scientists argue that this points to the importance of *inductive* theory: making scientifically useful observations about the social world and using those observations to build a theory of political behavior. The importance of both the inductive and deductive approaches, though, illustrates a

broader point: politics can be studied in a variety of ways, a point elaborated below.

## Approaches to Studying Politics

So when looking for politics, political scientists can look for instances of preferences in conflict. What remains, then, is a closer look at the individual concepts that help *organize* the study of politics. The first two concepts are relatively zero-sum dichotomies in which the researcher must make an *a priori* decision.

The first requires a decision about the types of *questions* a researcher wishes to ask. There are two basic approaches. The first considers a question about how politics is organized. A researcher can choose to ask either a *scientific* question or a *normative* question. The scientific question would include elements such as "how is a government organized?" "If X is a part of a government's organization, how does Y change?" Such questions have, at their core, a targeted goal of understanding the mechanics of preferences in conflict. Scientific questions are common in political science. One example is a set of research that seeks to understand how "clarity of responsibility" in government influences voter behavior. This research argues that in governments in which responsibility is more transparent (like when a single party maintains a majority, rather than a coalition of parties), it is easier for individual voters to trace policies back to specific politicians. In these cases, voters are more proactive at the polls, replacing those politicians whose policy actions they disagree with. This leads to more accountable government and better policy representation. The cause-and-effect story of how clarity of responsibility influences voter behavior is a scientific question.

*Normative* questions are much different. Normative questions are essentially concerned with how things *ought* to be. These would turn the previous examples on their head, instead asking "how *should* government be organized?" often with the goal of serving some population or group. Using the previous example, normative research might ask "which system of government is best for the voters?" It might conclude that governments *should* increase clarity of responsibility so that voters can make better decisions and representation can improve. Here, regardless of the causal story, the normative researcher is interested in a particular answer.

Presuming the researcher knows the kinds of questions he or she wants to ask (*scientific* or *normative*), the second dichotomy involves the researcher's own perspective when providing an *answer* to these questions. Fundamentally, an answer might involve a description of how the world works – simply describing the causal relationship of some concepts to others. This perspective is called *objectivity*: devoting less attention to the content of an answer to a question as much as the "correctness" of the answer, with a special attention to the accurate description of the causal relationships between concepts. Objective answers are unconcerned if they find that politicians purposefully use obscure policymaking methods (like complex procedural rules) to hide the responsibility for policy. Such answers are only concerned with accurately identifying the relationship.

The opposite of this objective perspective is a *critical* one. A critical perspective is concerned with illuminating the especially human aspects of the exercise of power in conflict, rather than merely describing it. Only with a critical perspective do researchers arrive at explications of the political focused on resolving alleged systematic wrongs, like Marxism. Marx was especially concerned with elaborating the relationship between capital and labor, but to simply understand the cause-and-effect. Instead, Marx wanted to inform common laborers of the way in which they were being abused and incite them to take control of the production of capital for their own benefit. Such a critical answer to this relationship between two concepts – capital and labor – is clearly meant to illuminate the power dynamic between groups.

An especially important word is in order at this point: politics and political science are sufficiently wide to permit a genuine diversity of perspectives among their practitioners. This diversity is known as *pluralism*, and usually it is recognized for its importance to the discipline.

The mere definition of politics offered here – the intersection of power and conflict – points toward the importance of asking normative questions and crafting critical answers. Those individuals in which political power is often vested are interested in the furthering of their own interests, not some collective good. And the external challenges to this exercise of power offered by the study of politics are especially well positioned to engineer change for some normative "better." But without an objective, scientific understanding of the causal relationship between variables – what resources *objectively* empower a government to do, or what electoral systems *precisely* change about voting outcomes – providing the most empowering answer to a normative question might prove difficult.

## Where Politics Often Occurs

Even understanding what constitutes the political, it is useful for the practitioner of political science to have a basic set of points of interests in which to look for the exercise of politics. Such points include when individuals engage in *voluntary* or *involuntary associations*. Voluntary associations might be much more centered around a shared set of defined preferences. Politics in voluntary associations might be a group with a set of shared preferences working to use their common influence and pooled resources to exert power over other groups. A simple example of these voluntary associations is lobbying groups. Lobbying groups depend on voluntary members and contributions to influence the policy preferences and decisions of members of a legislature. Often, this results in some final policy outcome being skewed towards the lobby's preference, rather than some mutually preferred outcome.

Involuntary associations usually evoke much more of a dynamic of preferences in conflict with a stronger power relationship. The key part of the power relationship here is that an individual does not get to choose to be a part of the association, so those in charge might be tempted to take advantage of them. A simple example here is of a government. An individual might choose to live in a country, state, county, or town, but after that choice, he or she does not get to choose to join its governments. And even without this choice, he or she is still expected to pay his or her taxes and follow the jurisdiction's rules. This might lead the politicians of those jurisdictions to take advantage of some individuals, knowing that it is extraordinarily difficult to uproot oneself and move to another place, especially for those with limited monetary resources. These involuntary associations evoke a much stronger sense of power in conflict. Both voluntary and involuntary associations are likely to induce political behavior as individuals negotiate their own preferences in competition with another.

Similarly, politics often occurs when distributing some finite amount of *resources*. Individuals might compete for the time and attention of one another, while governments might compete (often with each other) for physical or monetary resources. Given the power that resources often enable an individual to exert, and the finiteness of those resources, researchers are often drawn to situations in which resources are being distributed. In formal theory in particular, politics occurs when individuals often compete rationally to divide some finite resources or outcomes to maximize their own benefit.

The preceding paragraph alludes to one final point of interest. Politics can often occur among individuals – either single people or governments – or it can occur regarding the rules governing their interactions, when political scientists study the individuals themselves, it often ascribes a specific importance to *behavioralism*: why do actors make specific decisions? Returning a final time to Congress, a researcher might focus on the *individual* pressures a legislator feels when casting his or her vote – to vote in line with constituency, with party, and with expectations, to name a few.

But the larger environment in which individuals operate might also play a critical role. In this sense, researchers might also be interested in *institutions*: the "rules of the game" that limit the set of

behaviors and responses available to some actor. In Congress this might include how the written rules themselves (the ability to offer amendments or the technicality of certain points of order when spending Congressional money) influence the policy outcomes and alternatives available to members. Both the study of individuals and their institutional environments enrich the understanding of politics and deserve attention.

Lastly, researchers ought to note that not all things are political. Not every societal interaction involves some sort of political process: otherwise, the fields and definitions of sociology and political science would be subsumed by one another. Not all power is contested, and political scientists ought to understand those situations in which it is deferred willingly. Similarly, not all conflict is political, as actors might not hold sincere preferences over some resource in question. Politics certainly permeates the social world, but to see every societal interaction as political misses the nuance of politics: it is the union of *both* power *and* conflict. In those situations, political scientists should seek to understand what is driving that conflict and understand it.

## Conclusion

Society is interesting and exciting to study because of the very nature of the many disagreements that occur within it. Politics and political science are equally valuable because of the many approaches that they permit. Researchers are free to ask objective or normative questions, to start their theories inductively or deductively, or to examine the political between individuals or through institutions.

When truly looking for politics, researchers can readily conclude that it exists with ubiquity in the social world. Moreover, even those social interactions that one might be tempted to conclude are negative – individual disagreements, electorally biased rules, conflict over policy preferences – are beneficial in that they create the very interactions that constitute the existence and study of politics. Rarely are preferences aligned, and when they are not, it allows for the study of those basic concepts and interactions that make up the political world. A researcher should choose an approach and, with a recognition of some basic concepts in hand, enrich the study of the political world.

## Cross-References

▶ Politics and Bureaucracy
▶ Politics and Partisanship

## References

Warren ME (1999) What is political? J Theor Polit 11(2): 207–231. http://jtp.sagepub.com/content/11/2/207.full.pdf+html

# Politics–Administration Dichotomy: Insight from a Developing Country

Gurmeet Singh[1], Neale Slack[2] and Shavneet Sharma[1]
[1]School of Business and Management, The University of the South Pacific, Suva, Fiji
[2]Sydney, Australia

## Synonyms

Administration; Bureaucracy; Bureaucratic politics; Politics; Politics and bureaucracy nexus; Public administration

## Brief Definitions

*Politics* – the expression of the will of the state in terms of formulating policies for control, allocation, and use of resources.

*Public administration* – the execution of the will of the state by carrying out that policy.

*Politics administration dichotomy* – is a theory that constructs boundaries between political and administrative functions and holds that political interference in administration would erode the opportunity for administrative efficiency, and that the policymaking activities of government ought to be wholly separated from the administrative functions.

## Introduction

The predominance of extant knowledge relating to the politics–administration dichotomy has almost exclusively been derived from wealthy, advanced democracies. However, in stark contrast, only scant research attention has been given to understanding this dichotomy and the way in which politicians and bureaucrats engage with one another in developing countries (Dasandi and Esteve 2017). This has led to a severe gap in understanding of the dichotomy from a developing country perspective. Compounding this significant knowledge gap, and of concern, is that "best practice" governance approaches adopted in developed countries are "suggested" by donors and developmental organizations and transferred to developing countries, with simplistic, prescriptive intentions aimed at addressing public sector improvement failures. These good-intentioned strategies ignore the significant country-to-country political and administrative differences and have the potential to severely exacerbate underlying politics–administration tensions (Levy 2014).

To lay a foundation for understanding a brief explanation of the politics–administration dichotomy, an underlying theory, history, and various interpretations are provided. Insight into the means by which politicians and administrators engage with each other and the factors that shape this engagement and reform efforts in the public sector of a developing country, namely Fiji, are also discussed. The aim is to inform researchers, scholars, donors, developmental organizations, and policymakers, and in so doing, aid closure of the noticeable developing country knowledge gap.

## Politics–Administration Dichotomy

It is suggested that two basic government functions exist in all government systems, namely politics and administration. Reference to these terms as applied in this chapter respectively refer to the expression of the will of the state in terms of formulating policies for control, allocation and use of resources ("politics"), and the execution of the will of the state by carrying out that policy (public "administration") (Goodnow 2003). The politics–administration dichotomy is a theory that constructs boundaries between political and administrative functions and holds that political interference in administration would erode the opportunity for administrative efficiency, and that the policymaking activities of government ought to be wholly separated from the administrative functions (Shafritz 1985, p. 415). Notwithstanding, many authors do not use the term "dichotomy" but rather refer to "differentiation" (Goodnow 2003) and "discrimination" (Wilson, 1887) between politics and administration (Overeem 2012).

The politics–administration dichotomy "has been subject to much academic interest and debate… this debate centers on the respective roles of politicians and administrators in the policy process and the nature of the relationship between them" (Dasandi and Esteve 2017, p. 2). Based on the principal-agent theory, it would seem reasonable to suggest that clearly defined roles and responsibilities of politicians (as elected officials and the "principals" responsible for formulating policies) and bureaucrats (as "agents" tasked with implementing policies) exist, and conflict and tension between the two authorities would not exist (Nyadera and Islam 2020). However, in reality politics is directly and indirectly involved in public administration to ensure practical implementation of policies and

decisions made by politicians. Also, public administrators are increasing involvement in politics at all levels of government, through influence on and making of political decisions (Alford et al. 2017) and design and drafting of public policy (Svara 2001). Hence, an uncomfortable nexus exists in the core relationship between politicians (desirous of policymaking, while pleasing citizens and posturing for reelection) and bureaucrats (confronted with the complexity of simultaneously balancing support of politicians in policymaking and reacting to directions and interference of politicians and other interested parties in policy implementation, while maintaining political neutrality and professional integrity, efficiently and effectively managing public sector organizations, and serving the public) (Svara 2001; Waterman et al. 2004). Conflict and tension inevitably arise as a result of the related complexity and breaches and the interplay of the forces of control and independence that could lead one to dominate the other (Krause 1999); associated issues including overlap in roles, accountability, and responsibility; and conflict of interest between elected and appointed leaders (Nyadera and Islam 2020).

## History and Interpretation of the Politics–Administration Dichotomy

Woodrow Wilson (28th US president from 1913 to 1921) proposed administration to be separated and distinct from politics in government. Wilson authored and published *The Study of Administration*. In this seminal article Wilson (1887, pp. 209–210) argued that "Politics is state activity in things great and universal, while administration, on the other hand, is the activity of the state in individual and small things" and "Politics is thus the special province of the statesmen, administration of the technical official. Policy does nothing without the aid of administration; but administration is not therefore politics." Wilson went on further to state that "administration lies outside the proper spheres of politics" and "administrative questions are not political questions."

Literature remains divided as to whether Wilson authored and championed the politics–administration dichotomy or not, and as to interpretations of the dichotomy (Uwizeyimana 2013). Some contemporary authors attribute to Wilson the idea of the politics–administration dichotomy based on his "unambiguous" writings and suggesting that while politics influence policies and administration is the execution of such policies (Goodnow 2003), a boundary exists between both spheres (Overeem 2012). Other authors openly critique such attribution and interpretation on the basis that Wilson "did not set out to separate the public administration and politics functions, nor did he wish to exclude administrators from political affairs" (Uwizeyimana 2013, p. 167). Some of the main critics (Lilienthal 1944; Waldo 1955) dismissed and rejected the indefensible concept of a politics–administration dichotomy and the idea that the work of the government could be divided into two parts: policy decision-making and policy execution (Uwizeyimana 2013, p. 169). There are even some authors who publicly neither attribute the politics–administration dichotomy to Wilson, nor deny he championed the dichotomy, and they contend that Wilson's article was poorly written, contradictory in nature, "ambiguous" and at best difficult to interpret (Uwizeyimana 2013). Additionally, they argue for a less divisive and more cooperative relationship than a strict dichotomy proposed by Wilson (Waldo 2007), and that the two poles of the dichotomy complement each other and should be conceptualized with both bureaucrats and elected leaders in collaboration (Svara 2001).

## Complementarity of Politics and Administration

According to Svara (2001, p. 179), "the complementarity of politics and administration is based on the premise that elected officials and administrators join together in the common pursuit

of sound governance." Complementarity acknowledges the interdependence and reciprocal influence between elected officials and administrators. Also, while elected officials and administrators maintain separate and distinct roles, both operate in a mutually supportive manner, and their functions overlap (Svara 2001, p. 179), and both are instruments and contributors to the political process (Cook 1996). Complementarity is suggested to reconcile the contradictory aspects of the politics–administration dichotomy with politicians maintaining control, while at the same time allowing administrators involvement in policymaking and independence to implement policy and serve the public (Svara 2001). Reciprocating values also underpin the complementarity. Nevertheless, elected officials could dominate administrative activities but are constrained by respect for administrative competence and commitment; and administrators could use their resources and take a self-directed approach, but are constrained by a commitment to accountability to the complementarity relationship (Svara 2001, p. 179). The interrelationship between the elected officials' degree of political control and the administrative level of independence provides an assortment of relational models. Where the level of political control or administrative independence is extreme, and the reciprocating value is absent, respectively, "political dominance" or "bureaucratic autonomy" can be present. Another relationship that could also exist is with low political control, low administrative independence, and an absence of a reciprocating value, which could result in a "stalemate" between both parties. Complementarity occurs with "ongoing interaction, reciprocal influence, and mutual deference between elected officials and administrators" (Svara 2001, p. 180).

## Politics/Administration Zones

Alford et al. (2016) are of the view that a fluid, blurred transition area ("purple zone") with indeterminate roles and relationships, and ambiguity, exists between the domains of politics ("red zone") and administration ("blue zone") in addition to a clear line of delineation. The zone concept suggests that public managers formally and informally move in and out of the political domain through the shared area of the "purple zone," not to usurp the authority of politicians but rather to assist administrators in achieving desired outcomes. Alford et al. (2016, p. 14) also suggest that the clear line of delineation between politicians and administrators may have been devised at a time "where situations are routine, stable, and uncontested, and the orderly separation of roles inherent in the dichotomy may apply," as opposed to the current times where wicked and complex problems are now commonplace.

## Types of Bureaucratic Relations

Dasandi and Esteve (2017, pp. 3–4) introduced four models of political–bureaucratic relations. These relations are suggested to be based on two dimensions, namely separation ("the extent to which political and administrative spheres are formally distinct") and autonomy (the extent to which bureaucrats have the freedom to perform their assigned functions without political interference). Under conditions of high role separation between politicians and bureaucrats ("intrusive" and "integrated" models), bureaucrats must act in accordance with political demands while maintaining neutrality in policy implementation; however, with low role separation ("collusive" and "collaborative" models) responsibilities are diluted between politicians and bureaucrats, who both perform the various functions. With high autonomy ("integrated" and "collaborative" models) politicians and bureaucrats' functions are clearly assigned with bureaucracy provided sufficient space to work out policy implementation; while with low separation ("intrusive" and "collusive" models) bureaucrats when

undertaking their responsibilities are subordinated to politicians.

## Public Enterprise Reform in Fiji

Structural adjustment policies of many developing countries like Fiji were introduced in the 1990s to address the internal pressures resulting from sluggish national development and high levels of inefficiency and ineffectiveness, and external pressures from the donor and developmental agencies (Rahman et al. 2013). New Public Management (NPM) practices formed the basis of political, economic, and public sector reforms (An and Sharma 2015) and emphasized an adoption of commercial practices, and a transition from accountability for inputs controls (bureaucratic procedures, rules, and standards) to quantifiable outputs and results, devolution of management controls, enhanced reporting, and cost-cutting and efficiency (Awio et al. 2007).

In Fiji, when the Public Enterprise Act 1996 came into effect, the Ministry of Public Enterprises and Public Sector Reform was established. The Ministry was responsible for monitoring and encouraging state-owned enterprises to reform and adopt commercial practices in order to enhance their profitability, efficiency, and accountability, and to return a dividend to the government. The Public Enterprise Act 1996 also defined how state-owned enterprises were established, managed, and supervised, and provided a markedly different governance structure for state-owned enterprises. The government remained the "owner" and maintained oversight of each state-owned enterprise; however, it appointed a commercial board of directors responsible for strategic direction, commercial performance, and government reporting (An and Sharma 2015). Currently, 15 state-owned enterprises are established, including enterprises such as Airports Fiji Limited, Fiji Ports Corporation, Fiji Rice Pte Limited, Maritime Safety Authority of Fiji, and so on. Subsequently, to ensure Fiji state-owned enterprises remained relevant and aligned with international best practice, the politics–administration dichotomy was mitigated, reform efforts were more effective, and the legislation governing those state-owned enterprises was updated with gazettal of the Public Enterprise Act 2019 (Government of Fiji 2019).

## The Politics–Administration Dichotomy in Fiji

Over a ten-year period (2010–2020) interactions with, feedback from, and observations of politicians and public servants in Fiji in terms of how they engaged with each other, and the politics–administration dichotomy, were compiled and have been interpreted according to the types of political–bureaucratic relationships as promoted by Dasandi and Esteve (2017), politics/administration zones as supported by Alford et al. (2016), and the complementarity model as advocated by Svara (2001). These interpretations provide meaningful insight into the politics–administration dichotomy experienced between politicians and administrators of state-owned enterprises in Fiji.

A number of characteristics of the political–bureaucratic relationships in Fiji suggest that a collusive model (low role separation and low bureaucratic autonomy) has been inculcated and is in existence for some time. Relational characteristics to support such a suggestion include: due to personal ties, control is vested in a small number of politicians and bureaucrats; bureaucratic "machinery" of government is geared such that rent-seeking is a primary objective; employment in the bureaucracy is conditional upon absolute loyalty to the politicians in power; high degree of political interference in the day-to-day operationalization by the administration of the government policies; and large, inefficient, and ineffective bureaucracies predominate. It is important to note that "all states at some point in time had public services based on patronage systems with collusive political-bureaucratic relations" (Dasandi and Esteve 2017, p. 15). Relational conflict has been extreme and perpetuated the politics–administration. Notwithstanding, concerted efforts have been underway by the government to transition to a more integrated (high role separation and high bureaucratic autonomy)

model. This desired transition is also typical of donor-promoted governance reforms of developing nations undergoing NPM reform (Dasandi and Esteve 2017). Evidence of this transition is noted in clearer role separation between politicians and bureaucrats and bureaucratic autonomy (with the introduction of the Public Enterprise Act 2019), implementation of merit-based civil service systems for recruitment and promotion that limit political interference, and a more "rule-of-law based politically neutral civil service," with bureaucrats primarily focused on advising politicians and implementing their decisions and reform (Dasandi and Esteve 2017, p. 14).

As suggested by Alford et al. (2016, p. 3), administrators undertake "forays into the political domain" in order to "deliver quality services in the public interest" and in so doing create a blurred zone between politicians and administrators. Evidence of administrators' foray into politicians' domain was noted in Fiji. Political behavior of administrators included selective control and delay in the provision of information to politicians and other stakeholders; restriction of time available to either speed up or delay a decision; use of bureaucratic processes to delay decision-making; questions posed to create confusion; distortion and downplaying of critical issues; and influence of stakeholders in order to unduly limit politicians' room to maneuver. Each of these administrator behaviors had the potential to usurp politicians' decision-making. Conversely, politicians also forayed into the administrator's domain, further creating a blurred and overlapping zone of the interface. Politicians' high degree of interference in the day-to-day operationalization by the administration of the government policies was noted in public administrative matters such as planning, allocation, and use of public funds, staffing, budgeting, reporting, and decision-making. Such interference was continuous, frustrating administration and reform efforts, and also had the potential to usurp the administrators' decision-making. The fluidity of the zones and boundaries between politicians and administrators, the absence of a clear line between policy and administration, no general agreement in the blurred zone as to who should do what, and the continuous operation within the blurred zones by both politicians and administrators frustrated both politicians and administrators and only contributed further to the perpetuation of the politics–administration dichotomy.

In Fiji, history has shown that conditions of high political control and low administrative independence have prevailed, with a great emphasis on hierarchy and subordination of administrators (politicians dominated over administrators), low-quality governance and service, tensions between politicians and administrators unreconciled, and the politics–administration dichotomy exacerbated and perpetuated. Under conditions of high political control and low administrative independence, the propensity for loss of administrative competence, degradation of administrative morale and performance, and political corruption is high (Svara 2001). Notwithstanding, concerted NPM and other reform efforts (reinforced by the recent gazettal of the Public Enterprise Act 2019) have been undertaken by the government to transition toward complementarity of politics and administration, and in so doing "politicians and administrators join together in pursuit of sound governance" (Svara 2001, p. 179). These efforts have been evidenced by enhanced "interaction, reciprocal influence, and mutual deference" (Svara 2001, p. 180) between politicians and administrators, more regular communication with citizens and administrators assisting in shaping policy and providing meaning to policy implementation, while politicians oversee policy implementation and address complaints about poor policy implementation performance.

A study of the politics–administration dichotomy also has important implications relating to avoidance of using public servants for partisan political purposes, and the need to maintain political impartiality when administering the laws.

## Conclusion

A collusive model of political–bureaucratic relations, the fluidity of the zones and boundaries between politicians and administrators, and conditions of high political control and low

administrative independence have prevailed in Fiji for many years and perpetuated the politics–administration dichotomy and conflict between politicians and administrators. These prevailing conditions have adversely affected public sector governance, reform, and service delivery. In more recent times, concerted efforts by the government of Fiji to transition toward a more integrated model of politics and administration, with complementarity and clarification of role separation between politicians and bureaucrats and bureaucratic autonomy, has provided the opportunity for politicians and administrators to mitigate the politics–administration dichotomy somewhat and in so doing drive much-needed governance and public sector reform outcomes beneficial to the nation.

Elected politicians and an innumerable number of actors seek to influence the policy choices of public administrators. These influences have wide-ranging impact on public service professionalism, leadership and decision-making, efficiency and effectiveness, and ultimately service delivery to citizens. Future studies should focus on the challenges, dilemmas, coping patterns, and "crafted" practices of public servants to navigate the politics–administration dichotomy, in what is "an increasingly turbulent, incident-prone and unforgiving political environment" (van Dorp and 't Hart 2019, p. 889).

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Bullying in Public Administration
- ▶ Bureaucracy and Politicians: Dynamics and Challenges
- ▶ Governance and Public Administration
- ▶ Politics and Administration
- ▶ Politics and Public Policy


## References


Alford J, Hartley J, Yates S, Hughes O (2017) Into the purplezone: deconstructing the politics/administration-distinction. American Review of Public Administration 47(7):752–763

An Y, Sharma U (2015) Challenges of new public management (NPM) in Fiji's public sector. Did an employee share-ownership plan work? Public Money & Management 35(5):377–382

Awio G, Lawrence S, Northcott D (2007) Community-led initiatives: reforms for better ac-countability. J Account Organ Chang 3(3):209–226

Cook BJ (1996) Bureaucracy and self-government. John Hopkins University Press, Baltimore

Dasandi N, Esteve M (2017) The politics–bureaucracy interface in developing countries. Public Adm Dev 37(4):231–245

Goodnow F (2003) Politics and administration: a study in government. Transaction Publishers, New Brunswick

Government of Fiji (2019) Report on the Public Enterprises Bill 2019 (Bill No. 4 of 2019). Standing Committee on Justice, Law and Human Rights. http://www.parliament.gov.fj/wp-content/uploads/2019/05/Standing-Committee-Justice-Lawa-Human-Rights-Report-on-the-Public-on-Public-Enterprises-Bill-2019.pdf

Krause GA (1999) A two-way street: the institutional dynamics of the modern administrative state. University of Pittsburgh Press, Pittsburgh

Levy B (2014) Working *with The Grain: Integrating Governance and Growth in Development Strategies*. Oxford University Press, Oxford

Lilienthal DE (1944) TVA: democracy on the march. Harper & Row, New York

Nyadera IN, Islam MN (2020) Link between administration, politics, and bureaucracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Overeem P (2012) The politics administration dichotomy: towards a constitutional perspective. Taylor and Francis, Boca Raton

Rahman MH, Naz R, Nand A (2013) Public sector reforms in Fiji: examining policy implementation setting and administrative culture. Int J Public Adm 36(13):982–995

Shafritz JM (1985) The facts on file dictionary of public administration. Facts on File, Inc., New York

Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61(2):176–183

Uwizeyimana DE (2013) The politics-administration dichotomy: was Woodrow Wilson misunderstood or misquoted? Journal of US-China Public Administration 10(2):165–173

van Dorp E-J, 't Hart P (2019) Navigating the dichotomy: the top public servant's craft. Public Adm. 97, 877–891

Waldo D (1955) The study of public administration. Random House, New York

Waldo D (2007) The administrative state: a study of the political theory of American public administration. Transaction Publishers, New Brunswick

Waterman R, Rouse AA, Wright RL (2004) Bureaucrats, politics, and the environment. J Public Adm Res Theory 16(4):639–642

Wilson W (1887) The study of administration. Political Science Quarterly 2(2):197–222

## Poor and Social Policy, The

Laura K. McDavitt
Jackson State University, Jackson, MS, USA

### Synonyms

Destitute; Impoverished; Indigent; Poverty; Poverty-stricken; Under privileged

### Definition

**Aid to Dependent Children (ADC)** was created as Title IV of the Social Security Act of 1935 and provides federal grants supplying a third of the cost associated for states to continue and underride their mothers' aid laws, which assisted single mothers without the presence of a male breadwinner and were originally developed between 1910 and 1920. This program was later renamed the Aid to Families with Dependent Children (Gordon 2014).

**Consumer Price Index (CPI)** a federal data report produced each month on changes that urban consumers have paid for representative goods and services (U. S. Bureau of Labor Statistics 2013).

**Cultural Poverty Theories** are theories that examine individual characteristics and individual behaviors that might increase poverty (Cellini et al. 2008).

**Economic Opportunity Act of 1964** began the "war on poverty" during the Lyndon B. Johnson administration and created the Office of Economic Opportunity with a mission to combat poverty and provided funding to Community Action Agencies that serviced the low-income citizens by facilitating equal opportunities in areas like education, training, and jobs (California Health and Human Services Agency 2015).

**Federal Earned Income Tax Credit** was developed in 1975 and is a federal poverty prevention program designed to provide targeted support in the form of a yearly tax credit for qualifying poor by promoting work without creating negative financial impact on employers (Hartig et al. 2014).

**Federal Grant-in-Aid** refers to federal funds allocated to another government, institution, or individual to carry out a particular policy or program (USLegal, Inc 2016).

**Labor Market Theories** are theories that look to labor market failures and the role employment plays in the levels of poverty (Cellini et al. 2008).

**New Deal** refers to economic policies and programs developed and promoted under the President Franklin D. Roosevelt administration between 1933 and 1938 to provide poverty relief and economic stimulation to help end the Great Depression in the United States (WebFinance Inc 2016).

**Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996** repealed Title IV of the Social Security Act of 1935, which created the categorical entitlement program Aid to Families with Dependent Children program, and replaced it with the Temporary Aid to Needy Families that provides benefits that are limited in duration and tied to work requirements (Social Security Administration 2015).

**Poverty** as defined by Peter Townsend's states *"Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities"* (Hicks 2014).

**Poverty Line** is set by each state to identify the standard family income threshold that a family must fall below to be eligible for welfare assistance and to be classified as poor in the United States (WebFinance Inc 2016).

**Situational Poverty Theories** are theories that focus on how the social structure and demography that limits one's access to economic opportunity impact poverty levels (Cellini et al. 2008).

**Social Causation Theory** speculates that both the physical and mental stress associated with living

in poverty fuels increased physical and developmental attributes (Santiago et al. 2013).

**Social Security Act of 1935** created system that raised revenue to support and provide general welfare benefits to senior citizens, the blind, dependent, and crippled children (Social Security Administration 2015).

**Supplemental Poverty Measure (SPM)** a Census Bureau measure developed in 2011 to provide a more accurate picture of poverty in the United States by address many of the criticisms of the original and official poverty measure (Social Security Administration 2015).

**Welfare Queens** a derogatory slang term referring to a female who exploits the welfare system and lives a life of luxury with the funds received (Oxford University Press 2016).

**Working Poor** is a term that refers to individuals who work at least 27 weeks and still fall below the poverty line or who work, are above the official poverty line, do not qualify for assistance but still live in poverty, and often ignored in poverty measures and policy planning (Rossi and Curtis 2013; U. S. Department of Commerce 2016).

## Introduction

In the United States, social policies concerning the poor are a complex and powerful gumbo developed in the stockpot of our history, built with the disjointed bones of federalism and seasoned with deep cultural beliefs and values about poverty, the poor, and their rights to public assistance. This entry is an overview of how public opinion, poverty measures, and historical influences have helped shape social policies in response to the needs of the poor in the United States and a brief overview of these policies.

According to the Office of Management and Budget (OMB) being poor in the United States is a quantitative line in the sand that does not vary geographically and is determined by income levels based on family size and the current Consumer Price Index (U. S. Department of Commerce 2016). For example, in 2016 a family of four that earns $24,300 lives in poverty (Families USA 2016). Referred to as the poverty threshold, this circumscribed definition has limited one's understanding of what it really means to live in poverty and is a relative measure in that compares one family to the next (Aber et al. 2012; Branham 2011). An additional limitation is its lack of flexibility, as it would be difficult to argue that a family of four making an additional $100 per year would not also be living in poverty (Rossi and Curtis 2013). In 1979, Peter Townsend developed a more comprehensive often-quoted definition of poverty that is still relevant today that states:

> Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities. (Hicks 2014)

This definition emphasizes the subjective nature of poverty and how local economics and both individual and cultural perceptions influence one's conceptualization of poverty (Aber et al. 2012). Differences in the public's perceptions of poverty over time have influenced public policy as well as further complicate the concept considerably (Pimpare 2009). While it may be tempting to compare poverty to past standards or other cultures, it often seems inadequate for those experiencing poverty or for the development of appropriate public policy (Pimpare 2009). It is generally accepted that in the United States poverty means more than simply surviving starvation, instead it includes the ability to secure housing, care for the health and wellbeing of one's family, and to hold down a job (Blank 2008). In recent years, defining poverty has been further fragmented by including discussions of the working poor, which although is not a term acknowledged by the U S Census Bureau, often refers to individuals who work at least 27 weeks and still fall below the poverty line (Rossi and Curtis 2013; U. S. Department of Commerce 2016). A slightly different definition of the working poor refers to those individuals who work and are above the

official poverty line and do not qualify for assistance but still live in poverty and are often ignored in poverty measures and policy planning (U. S. Department of Commerce 2016; Rossi and Curtis 2013).

In the late 1950s, the poverty rate was 22.4% and by 1973 it reached a low of 11.1% and began creeping back up the 1980s (The University of Michigan 2016). In 2014, the poverty rate was 14.8%, which includes approximately 47 million people in the United States (U. S. Department of Commerce 2016). Throughout history, those most affected by poverty have been the unemployed women who headed families with children and senior citizens (Katz 1995). Interestingly, the 1970s drop in poverty is attributed mainly to reductions in senior citizen poverty rates (The University of Michigan 2016). Children, on the other hand, continue to be hit hard by poverty, they only comprise 24% of the population, yet are 36% of those living in poverty (The University of Michigan 2016). In addition, African-Americans, American Indians, and Hispanics are all disproportionally affected by poverty (U. S. Department of Commerce 2016; The University of Michigan 2016).

In the United States, research has found that poverty for many is not a permanent state, and it is common to move in and out of poverty over time (Cellini et al. 2008). Research suggests that approximately 75% of citizens in poverty move out in less than 4 years (Cellini et al. 2008). Yet, any number of setbacks, crises, or bad decisions can cause an individual or family to fall quickly back into poverty (Conway and Norton 2002). Another abiding characteristic of poverty in the United States is the tendency for those living in poverty to cluster together in regions or in neighborhoods around the country (Ferrigan 2015; Katz 1995). This clustering, or segregation, creates a detrimental isolating environment that contributes to the challenges faced by those living in poverty (Ferrigan 2015; Katz 1995).

Although the impact of poverty is beyond the scope of this entry, it is important to note that it permeates the lives of those living in poverty as well as our cultural and economic burden placed on society. For example, researchers have linked poverty to increase chronic and mental illness, tobacco and drug use, obesity, and exposure to physical abuse (Roberts 2006; Santiago et al. 2013). In addition, children who grow up in poverty experience delays in cognitive development, increased behavioral problems, depression, and exposure to violence and chronic disease (Kaminski et al. 2013). The social causation theory speculates that both the physical and mental stress associated with living in poverty fuels increased physical and developmental attributes (Santiago et al. 2013). Furthermore, living in poverty can have a negative impact on behavioral choices that can lead to poor decisions that impact one's life (Roberts 2006).

## The Impact of Public Opinion on Social Policy for the Poor

Much of the research on public policy concerning the poor is directed towards understanding how the public attitudes towards poverty and towards the government's obligations to the poor have influenced the political agenda and development of public policy in the United States. Historically, public attitudes that have helped influence the development of social policies on poverty include the belief that there are deserving poor and undeserving poor, that upward mobility is possible with hard work, and that families and private charities should and could manage the needs of the poor, and government intervention makes poverty worse (Williams 2009; Katz 1995; Smiley 2012). There is little historical evidence to suggest public support for early Christian teachings that poverty was a blessing or that the poor be treated with dignity that induced charity among the wealthy, instead the wealthy often viewed the poor as broken individuals that needed their guidance on how to mend perceived character flaws (Piven and Cloward 1993; Smiley 2012).

At the heart of these early beliefs are those who cannot help themselves, for example, children, the elderly, or infirmed and those who can help themselves and simple do not because of character flaws such as laziness, drunkenness, dishonesty, faulty parenting, or lose morals (Piven and

Cloward 1993; Katz 1995; Williams 2009; Rose and Baumgartner 2013; Tangler and Cozzarelli 2013). In public opinion, women and children fared better than men, and in many cases it was mistakenly believed if a man wanted to work he could, except during times of war this was not always the case, this belief resulted in little public sympathy and few direct policy interventions directed towards men (Katz 1995). This is an example of how that attitudes about public assistance corresponds more to the concept of deservingness and less on need and is a belief that still linger today (Tangler and Cozzarelli 2013).

In addition, poverty policy has been influenced by the strong, but mistaken belief that upward mobility is possible for anyone willing to work hard in the United States (Williams 2009). There are significant impediments for economic mobility for many, yet there are examples of those who escape poverty, but these are the exception and not the rule and fuels misconceptions by the public about work ethics and the poor (Williams 2009). These attitudes helped spur a host of poverty interventions designed to correct the perceived flaws of the poor (Katz 1995). Not until the 1960s with the War on Poverty did poverty start to be viewed more as a structural or situational problem that helped lead to the development of programs to address tangible needs like educational deficits, job-skills training, and lack of transportation or childcare (Williams 2009).

Another strong negative public belief concerns governmental involvement in poverty prevention and this has also helped shape social policy. Many believed that originally, society successfully cared for their poor privately through charities, churches, and families with little public assistance and that the problems of the poor can and should be handled through the private sector, with additional doubts about the fundamental rights to governmental protection from poverty (Katz 1995; Piven and Cloward 1993; Tangler and Cozzarelli 2013; Conway and Norton 2002). Furthermore, concerns existed about the negative impact of public assistance on recipient's work ethics, encouraged reliance on public handouts, feelings that a working wage should be the primary source of income; fears of excessive abuse of public programs, basic distrust of governmental intervention, and dislike of taxes have permeated poverty policy development (Katz 1995; Danguerre 2011; Rose and Baumgartner 2013). Finally, social policy towards the poor has been further influenced by the belief that poverty relief should supply only the minimal benefits needed to survive and not exceed the minimum citizen's income to encourage employment (Pimpare 2009; Katz 1995).

Over time, many of these beliefs and attitudes concerning the poor and poverty policy have surged to the forefront while another loses steam and has influenced political agendas and the development of social policy (Rose and Baumgartner 2013). For example, during the Great Depression in the 1930s when unemployment skyrocketed, attitudes began shifting away from the assumption that poverty was a moral defect, while increasing feelings that public assistance was a basic human right and that governmental support was a necessary component of poverty prevention (Piven and Cloward 1993; Tani 2012). During the early 1960s, there was a strong social movement to address poverty that helped shift attitudes further away from individual character flaws to systematic and situational flaws and was fueled in part by an urgency to correct racial inequalities in education, health, housing, and community (Rose and Baumgartner 2013). By the late 1960s and early 1970s the public's enthusiasm began to wane, and attitudes again returned to the moralistic judging of the poor that they needed to work harder and avoid dependence on crippled government benefits (Rose and Baumgartner 2013). In the 1980s and 1990s, these attitudes expanded, and concerns over program abuse, excessive program spending, family breakdown, and individual responsibility flourished with racial undertones with terms like "welfare queens" becoming prevalent (Danguerre 2011; Rose and Baumgartner 2013). These attitudes combined with a desire to reduce government spending have placed the plight of the poor on the back burner for many, and it has remained relatively low on most recent political agendas (Rose and Baumgartner 2013).

The ebb and flow of public sentiment towards poverty is understandable when faced with multiple variables influencing this complex subject. Researchers are also still grappling to find a comprehensive theory to explain the root causes of poverty (Cellini et al. 2008). Theories tend to divide roughly into three broad categories: labor market theories, situational poverty theories, and cultural poverty theories (Cellini et al. 2008). Labor market theories look to labor market failures and the role employment plays in poverty (Cellini et al. 2008). For example, an underlying tenant of capitalism is a natural flow and change in levels of employment over time, which intensifies during times of rapid modernization or economic depression (Piven and Cloward 1993). While situational poverty theories focus attention to the social structure and demography that limits one's access to economic opportunity (Cellini et al. 2008). These theories include theories that look at common situational characteristics or features found in clusters of poverty that are stumbling blocks for the poor, such as quality of education or local access to employment (Murphy 2010). Other researchers have explored how individual characteristics and individual behavior affects the poor and if there exists a "culture of poverty" that can be inherited (Cellini et al. 2008). There theories developed in the late 1960s, although today there is little evidence that individual character flaws are at the root of poverty (Cellini et al. 2008).

## Poverty Measures and Social Policy for the Poor

How we measure poverty also influences social policy towards the poor, and a large body of research examines the US methods of calculating poverty levels. In 1965, Molly Orshanshy, an accountant with the Social Security Administration, developed the current federal poverty level measures not as measure for practical means but as a tool for research during the War on Poverty yet it was adopted as such (Pimpare 2009; Cellini et al. 2008; Blank 2008). The measure is based primarily on the annually adjusted cost for food, based on the Consumer Price Index, multiplied times three, to account for other living expenses and then adjusted for the size of the family (Cellini et al. 2008; Blank 2008). The family's income or resources are determined by the annual before tax cash income and excludes tax credits or other in-kind services (Cellini et al. 2008).

Over 50 years later, this measure is considered by many scholars to be flawed, out-of-date, and a poor indicator of poverty or program efficiency (Bernstein and Shierholz 2014; Blank 2008; Defina 2008; Cellini et al. 2008). Markedly, it is largely based on outdated consumption patterns and poverty thresholds, which has created a discrepancy between the poverty line and what it realistically cost to meet basic needs, some estimate the figure needs to be doubled (Hartig et al. 2014; Chung et al. 2013; Pimpare 2009). A common concern also is its geographic uniformity, which may ease program administration and appeals to one interpretation of equity but in high cost of living areas, it is hardly equitable (Levitan et al. 2010). Other concerns about the measure includes how resources or income is measured; by arguing, that it should be based on after-tax figures and include in-kind resources, such as tax relief or credits, food, healthcare, and housing assistance (Blank 2008; Chung et al. 2013). Another criticism is the measure includes a mother and children but failure to include any unmarried cohabitating partners in income calculations (Chung et al. 2013; Cellini et al. 2008). In addition, the measure makes it extremely difficult to gauge the long-term impact governmental interventions have on poverty as that they are often not included in the measure (Blank 2008; Hicks 2014).

Although the official poverty measure has changed little over time, there have been some efforts to accommodate these flaws in the system (Pimpare 2009; Bridges and Gesumaria 2015; Blank 2008). For example, many public programs targeting the poor inflate the cut-off eligibility levels between 125% and 200% of the poverty threshold (Pimpare 2009). In addition, there have been some federal efforts to find a more promising measure, but these efforts rarely have produced substantive changes (Blank 2008; Chung et al.

2013). One notable exception was the release of the supplemental poverty measure (SPM) that provides a measure that includes in-kind government benefits, excludes taxes, uses a broader measure of expenditures, and varies geographically based on the cost of living (Bridges and Gesumaria 2015; Chung et al. 2013). Although the official poverty thresholds levels have not adjusted it does provide an alternate picture statistically about poverty in the United States and has shown that poverty rates are slightly higher than originally reported (Bridges and Gesumaria 2015). Most researchers agree that changing the official poverty thresholds is politically unlikely primarily because a change would have significant financial impact due to the predicted jump in eligible benefit recipients and the technical difficulties associated with finding an agreeable measure (Blank 2008; Pimpare 2009; Ladd 2012; Rossi and Curtis 2013).

## Historical Influences on Social Policy for the Poor

To understand today's social policies on poverty in the United States, it is essential to acknowledge a few important historical milestones in its development. From the earliest historical roots, there have been governmental efforts to manage the needs of widespread poverty in the United States with policies borrowed primarily from the decentralized, tax-supported British Elizabethan Poor Laws (Trattner 1999; Katz 1995). For example, by the late colonial period, most city government's largest expense, averaging from 10% to 35%, was on the poor additionally, federal aid was funding multiple social programs including the first federal military pension with the 1818 Revolutionary War Pension Act (Trattner 1999). Even larger relief efforts initiated after the Civil War and provided relief for veteran, war widows, and for newly freed slaves (Trattner 1999). These and other early poverty relief efforts were influenced by federalism that resulted in a disjointed approach to poverty by mostly local governments wrapped in tensions caused by class, ethnicity, and gender differences in an attempt to "fix" the poor that are reflected in today's policies (Katz 1995; Tani 2012).

The Great Depression was a major turning point in poverty relief as unemployment exploded; local governments and private charities attempts to manage the poor were exhausted and President Roosevelt's New Deal moved the federal government into the driver's seat in the development and funding of a more comprehensive structured effort to relieve poverty (Tani 2012; Katz 1995). Two programs worth noting include the 1935 Economic Security Act provision for the Aid to Dependent Children that became the Aid to Families with Dependent Children, which is commonly referred to as "welfare" and the 1935 Social Security Act, which began a social insurance that is credited with preventing many senior citizens from falling into poverty (Tani 2012; Katz 1995). Although, originally intended as a temporary fix to the depression, many of the New Deal's programs became permeant policy of the federal government, which still exists today (Tani 2012; Katz 1995).

The Great Society or War on Poverty was set in motion with the 1964 Economic Opportunity Act designed to address education and job opportunities of the poor and began a second influential and unique period in the expansion of social policies for the poor and spurred a 10% poverty rate drop in 15 years (Rose and Baumgartner 2013; Danguerre 2011). During this period, there were increases in benefits and available services that included food stamps, Head Start, Medicaid, Medicare, Supplemental Social Security, Legal Services Programs, Jobs Corp, Neighborhood Youth Corp, and Community Action Programs (Price 2010). Policy development during this period lacked clear coordination and waffled between social policies that attempted to change the behavior of the poor and policies that attempted to stimulate labor markets, which weakened federal efforts (Danguerre 2011; Katz 1995). Yet there was a clear upswing in attention to often unsuccessful place-based corrective measures, especially in urban communities with high concentrations of African-Americans, a new policy agenda influenced by the Civil Rights Movement (Katz 1995; Price 2010). Marked

improvements included increased focus on community involvement, recipient's access to information and resources, and providing a safety net with a special emphasis for children and senior citizens (Williams 2009; Price 2010). In addition, during this period poverty rates were positively affected by the new civil rights laws, which helped expand job opportunities for many minorities (Edelman 2014).

These are just a few examples of points in history where great growth in the United States policy development has contributed to current social policies aimed at reducing poverty. Also important in shaping our current system are more conservative periods like the 1980s and 1990s that looked to cut or reduce dependency on government programs (Stricker 2000). A notable example is the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, which redesigned the Aid to Families with Dependent Children to the current Temporary Aid to Needy Families in an attempt to reduce dependence on governmental programs (Rossi and Curtis 2013). Key changes included expansion of welfare-to-work programs, ending federal welfare entitlements, and establishing time limits on welfare benefits (Reese 2007; Parisi et al. 2005). As a result, cash benefits have decreased with the Temporary Assistance for Needy Families, yet noncash benefits like SNAP and work-related tax credits have grown significantly (Chung et al. 2013).

This gumbo of strong cultural beliefs, inadequate poverty threshold measure, and complex history becomes even more convoluted by adding the shifting interpretations of United States federalism, federal, state, and local government's rights, multiple policy agendas, policy execution, and fiscal responsibilities into the mix (Hatcher 2010; Katz 1995). The complexity of addressing poverty has contributed to a significant federal role in program development and funding, yet states and local governments have remained the primary lead on implementation and tailoring programs to meet local interest and have resulted in great geographical variance among social programs in the United States (Gundersen 2006; Hatcher 2010; Katz 1995). Funding now is primarily provided through federal grant-in-aid funding to ensure budget cuts at the local level do not negatively affect the poor, yet states still have significant fiscal responsibilities, which creates inter-governmental tensions and influences services (Hatcher 2010). State and local variance in implementation, practices, and benefits exist and do affect those living in poverty (Parisi et al. 2005). For example, Mississippi's has a strong program emphasis on caseload reduction and discouraged application for assistance that might vary in a less conservative state (Parisi et al. 2005). Other varying state and local laws can further influence the success of federal poverty reduction efforts. An example, citizens eligible for federal tax credits might still be subject to state and local taxes (Hartig et al. 2014).

## Current Social Policies for the Poor

The consequences of our past, values, and governmental structure have produced a vast, complex, and disjointed system for social policies for the poor (Rose and Baumgartner 2013). Some programs are overt methods and others are less obvious to the public but intended to provide relief or are a stopgap for poverty, and those less obvious often are viewed as a citizen's right and less as government handout (Danguerre 2011). For example, unemployment insurance, created by the Social Security Act of 1935, was a temporary poverty-preventing stopgap in response to the monumental layoffs during the Great Depression has for the most part avoided a negative stigma by the public and is viewed as an acceptable right (Danguerre 2011).

The public educational system in the United States is another powerful poverty prevention tool that is often overlooked and underestimated, it was developed to not only educate and provide work skills but also imparts values, attitudes, and counterbalances perceived parenting shortcomings among the poor (Cellini et al. 2008; Katz 1995). For example, few realize that high schools developed when jobs were scarce and attending high school provides alternative for teens looking for employment (Katz 1995). More obvious

poverty prevention efforts were educational programs developed during the War on Poverty like Head Start that specifically targets children from low-income families (Hale 2012). Although, some research suggest that we have moved away from this priority with the current No Child Left Behind based system, which has reduced the educational systems positive effects on children living in poverty as its tendency towards standardization lessons educators' ability to address unique educational challenges (Ladd 2012).

Other programs create great debate among scholars as to their effectiveness in addressing poverty and one example includes the minimum wage. Supporters of the minimum wage site that it has had a significant impact on preventing poverty and that raising it would be beneficial especially in single female-headed families with children and that it gives value to and encourages the nonworking to seek employment (Defina 2008; Bernstein and Shierholz 2014). Others say that the minimum wage is not a tool to prevent poverty and has little positive effect on poverty rates and that raising it would be harmful because it would spur reductions in work hours, increases job losses, and often benefits nonpoor families (Sabia 2014; Defina 2008; Bernstein and Shierholz 2014; Levitan et al. 2010).

A less controversial program is Social Security, created by the Social Security Act of 1935, a popular form of social insurance, which is income-transfer program that does not use means testing, and is available for anyone who meets designated criteria, such as age or disability (Danguerre 2011; Katz 1995). The program has been credited with being one of the most successful and if ever eliminated would potentially drop many senior citizens into poverty and yet, many citizens fail to associate it as form of welfare or poverty relief (Reno and Ekman 2012; Danguerre 2011).

Another important policy tool in fighting poverty is the Federal Earned Income Tax Credit developed in 1975 and designed to provide targeted support for the poor by promoting work without creating negative financial impact on employers (Hartig et al. 2014; Danguerre 2011; Sabia 2014; Bernstein and Shierholz 2014). The program provides refunds of up to $6044 for those eligible and for the most part has been considered a successful poverty-prevention program, especially for children, and is practically popular with those who oppose raising the minimum wage (Branham 2011; Chung et al. 2013; Hartig et al. 2014; Bernstein and Shierholz 2014). The program is viewed as a viable tool but not as a sole solution to poverty due to the projected excessive governmental cost if expanded greatly (Bernstein and Shierholz 2014).

Other programs are designed to provide social protections through in-kind support for the basic needs of those living in poverty (Hoefer and Curry 2012). Preventing food insecurity and hunger is addressed through the National School Lunch Program; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and the Supplemental Nutrition Assistance Program (SNAP), previously referred to as the Food Stamp Program (Hoefer and Curry 2012). Those who oppose these programs fear increased long-term dependence on government programs, reduced incentives to work, and high administrative cost while others point to the millions who would go hungry without these services and is an important role in preventing poverty (Hoefer and Curry 2012; Supplemental Nutrition Assistance Program 2016; Chung et al. 2013).

Inability to address medical cost is another common need of the poor, especially senior citizens and children and large federal programs like Medicaid, Medicare, Children's Health Insurance Program (CHIP), and the more recent Affordable Healthcare Act, which are funded by both federal and state funds (Danguerre 2011; Williams 2009; Grogan and Gusmano 2007). Other programs like the Housing Choice Voucher Program and Choice Neighbors are in place to target housing needs for the poor and encourage desegregation of concentrated areas of poverty and mixed housing solutions (Darrah and Deluca 2014; Price 2010; Kucheva 2013). In addition, the Temporary Aid to Needy Families is available to provide assistance with services to help families achieve self-sufficiency (U. S. Department of Health and Human Services 2015).

## Conclusion

There are few claims that the United States' current gumbo of policies and programs will solve the complexities faced by those living in poverty or eliminate poverty, but one clear turning point began when policy makers focused on what could be changed instead of what could not (Rose and Baumgartner 2013). Current research sites six additional ways to maximize the impact of social policies to address poverty, which includes a healthy mix of programs, maximize current technology, improved public participation, improve coordination, increased public support, and insure fiscal and political feasibility (Dasgupta 2010; Gundersen 2006; Piven and Cloward 1993; Conway and Norton 2002; Price 2010; Etzioni 1970; Williams 2009; Cellini et al. 2008). Researchers suggest that there should be a healthy mix of both economic and comprehensive social policies that provide a safety net and limits risk exposure for the poor (Dasgupta 2010; Gundersen 2006; Piven and Cloward 1993; Conway and Norton 2002). There is evidence that policies that spur economic growth have a positive impact on reducing poverty, but it must be a growth that brings viable, long-term jobs opportunities (Dasgupta 2010).

Secondly, current technology should be maximized to help tailor services and improved two-way communication and increase understanding and response to recipient's needs (Giugale 2015). In addition, benefit recipients need to feel as if they are a viable part of the solution and not simply passive recipients through effective public participation in policy development and implementation (Price 2010; Etzioni 1970). Fourthly, although difficult, improved communication and coordination between all of the stakeholders involved in delivering services and between the different types of services, to provide a more fluid and unified approach (Price 2010; Danguerre 2011). Fifthly, there is a need to improve communication with the public about the importance of social policy towards the poor and for the challenges experienced by the poor to increase policy support (Cellini et al. 2008). Finally and arguably, the most difficult, policies and programs must be both fiscally and politically feasible (Dasgupta 2010; Cellini et al. 2008). Although, there may be no sure-fire solution to the challenges of poverty, the US government has been and continues to be a powerful force in this fight that cannot be ignored, and the public attitudes, poverty measures, and policy history have played a viable role in its development (Williams 2009; Katz 1995; Edelman 2014).

## Cross-References


- ▶ Christianity and Meeting the Needs of the Poor, the Homeless, and the Imprisoned
- ▶ Health-Care Policy in America
- ▶ Healthcare Ethics
- ▶ Homeless and Social Policy, The
- ▶ Social Work and Governance
- ▶ Urban Policy


## References


Aber L, Morris P, Raver C (2012) Children, families and poverty definitions, trends, emerging science and implications for policy. Society for Research in Child Development, New York

Bernstein J, Shierholz H (2014) The minimum wage: a crucial labor standard that is well targeted to low- and moderate-income households. J Policy Anal Manage 33(4):1036–1043

Blank RM (2008) Presidential address: how to improve poverty measurement in the United States. J Policy Anal Manage 27(2):233–254

Branham M (2011) States step up efforts in war on poverty. Capitol Ideals 54(1):28–31

Bridges B, Gesumaria RV (2015) The supplemental poverty measure (SPM) and nonaged adults: how and why the SPM and official poverty estimates differ. Office of Economic Analysis and Comparative Studies, Office of Research, Evaluation, and Statistics, Office, Washington, DC

California Health and Human Services Agency (2015) California Department of Community Services & Development. Retrieved from History http://www.csd.ca.gov/AboutUs/History.aspx

Cellini SR, McKernan S-M, Ratcliffe C (2008) The dynamics of poverty in the United States: a review of data, methods, and findings. J Policy Anal Manage 27(3):577–605

Chung Y, Isaacs JB, Smeeding TM (2013) Advancing poverty measurement and policy: evidence from Wisconsin during the great recession. Soc Serv Rev 87: 525–555


P

Conway T, Norton A (2002) Nets, ropes, ladders and trampolines: the place of social protection within current debates on poverty reduction. Dev Policy Rev 20(5):533–540

Danguerre A (2011) US social policy in the 21st century: the difficulties of comprehensive social reform. Soc Policy Adm 45(4):389–407

Darrah J, Deluca S (2014) "Living here has changed my whole perspective": how escaping inner-city poverty shapes neighborhood and housing choice. J Policy Anal Manage 33(2):350–384

Dasgupta A (2010) A new programme to combat poverty and inequality? Institute of Social Studies, Geneva

Defina RH (2008) The impact of state minimum wages on child poverty in female-headed families. J Poverty 12(2):155–174

Edelman P (2014) Why is it so hard to end poverty in America? Human Rights 40(3):2–5

Etzioni A (1970) The war on poverty: between economics and politics. Policy Sci 1:255–265

Families USA (2016) Federal poverty guidelines. Retrieved from Families USA http://familiesusa.org/product/federal-poverty-guidelines

Ferrigan T (2015, December 17) United States Department of Agriculture. Retrieved from Geography of Poverty http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/geography-of-poverty.aspx

Giugale MM (2015) The changing war on poverty. Public Adm Rev 75(3):359–360

Gordon L (2014) Aid to dependent children: the legal history. Retrieved from the Social Welfare History Project http://socialwelfare.library.vcu.edu/public-welfare/aid-to-dependent-children-the-legal-history/

Grogan CM, Gusmano MK (2007) Healthy voices unhealthy silence. Georgetown University Press, Washington, DC

Gundersen C (2006) Are the effects of the macroeconomy and social policies on poverty different in nonmetro areas in the United States? Rural Sociol 71:545–572

Hale JN (2012) The struggle begins early: Head Start and the Mississippi Freedom Movement. Hist Educ Q 52(4):506–534

Hartig S, Skinner C, Ekono M (2014) Taxing the poor state income tax policies make a big difference to working families. National Center for Children in Poverty, New York

Hatcher DL (2010) Poverty revenue: the subversion of fiscal federalism. Ariz Law Rev 52:675–726

Hicks R (2014) On 'consistent' poverty. Soc Indic Res 118: 1087–1102

Hoefer R, Curry C (2012) Food security and social protection in the United States. J Policy Pract 11:59–76

Kaminski JW, Perou R, Visser SN, Scott KG, Bechwith L, Howard J, . . . Danielson M (2013) Behavioral and socioemotional outcomes through age 5 years of the legacy for children public health approach to improving developmental outcomes among children born into poverty. Am J Public Health 103(6):1058–1066

Katz MB (1995) Improving poor people. Princeton University Press, Princeton

Kucheva YA (2013) Subsidized housing and the concentration of poverty, 1977–2008: a comparison of eight U.S. Metropolitan Areas. City Community 12: 113–133

Ladd HF (2012) Presidential address: education and poverty: confronting the evidence. J Policy Anal Manage 31(2):203–227

Levitan M, D'Onofrio C, Koolwal G, Krampner J, Scheer D, Seidel T, Virgin V (2010) Using the American community survey to create a National Academy of Sciences-style poverty measure: work by the New York City Center for Economic Opportunity. J Policy Anal Manage 29(2):237–400

Murphy KA (2010) The symbolic dilemmas of suburban poverty: challenges and opportunities posed by variations in the contours of suburban poverty. Sociol Forum 25(3):541–569

Oxford University Press (2016) Oxford dictionaries. Retrieved from http://www.oxforddictionaries.com/definition/english/welfare-queen

Parisi D, Harris DA, Grice SM, Taquino M, Gill DA (2005) Does the TANF work-first initiative help low-income families make successful welfare-to-work transitions? J Poverty 9(1):65–81

Pimpare S (2009) The failures of American poverty measures. J Sociol Soc Welf 36:103–122

Piven FF, Cloward RA (1993) Regulating the poor the functions of public welfare. Vintage Books, New York

Price H (2010) A seat at the table: place-based urban policy and community engagement. Harv J Afr Am Public Policy 73:65–73

Reese E (2007) The causes and consequences of U. S. welfare retrenchment. J Poverty 11(3):47–63

Reno VP, Ekman LD (2012) Social security disability insurance: essential protection when work incapacity strikes. J Policy Anal Manage 31(2):461–469

Roberts B (2006) Area poverty effects on local health care costs: an analysis of Mississippi. Rev Policy Res 23(1):223

Rose M, Baumgartner FR (2013) Framing the poor: media coverage and U. S. poverty policy, 1960–2008. Policy Stud J 41(1):22–53

Rossi MM, Curtis KA (2013) Aiming at half of the target: an argument to replace poverty thresholds with self-sufficiency, or "living wage" standards. J Poverty 17: 110–130

Sabia JJ (2014) Minimum wages: an antequated and ineffective antipoverty tool. J Policy Anal Manage 33(4): 1028–1036

Santiago CD, Kaltman S, Miranda J (2013) Poverty and mental health: how do low-income adults and children far in psychotherapy? J Clin Psychol 69(2):115–126

Smeeding TM, Waldfogel J (2010) Fighting poverty: attentive policy can make a huge difference. J Policy Anal Manage 29(2):401–407

Smiley T (2012) Standing together against poverty. Public Adm Rev 73(1):6–7

Social Security Administration (2015) Social security. Retrieved from Legislative History https://www.ssa.gov/history/35act.html
Stricker F (2000) Why American poverty rates stopped falling in the 70s, and why a better story was not told about it. J Poverty 4(4):1–23
Supplemental Nutrition Assistance Program (2016, April 22) Retrieved from USDA Food and Nutritional Services http://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap
Tangler MJ, Cozzarelli C (2013) Feelings about the poor and beliefs about the causes of poverty: the role of affective-cognitive consistency in help-giving. J Psychol 147(6):517–539
Tani KM (2012) Welfare and rights before the movement: rights as a language of the state. Yale Law J 122: 314–383
The University of Michigan (2016) Poverty in the United States. Retrieved from National Poverty Center http://npc.umich.edu/poverty/
Trattner WI (1999) From poor law to welfare state. The Free Press, New York
U. S. Bureau of Labor Statistics (2013, March 18) Bureau of labor statistics. Retrieved from Consumer Price Index http://www.bls.gov/cpi/
U. S. Department of Commerce (2016, 3 24) United States Census Bureau. Retrieved 15 Mar 2016 from http://www.census.gov/
U. S. Department of Health and Human Services (2015, October 29) About TANF. Retrieved from Office of Family Assistance http://www.acf.hhs.gov/programs/ofa/programs/tanf/about
USLegal, Inc (2016) USLegal. Retrieved from USLegal Definitions http://definitions.uslegal.com/g/grants-in-aid/
WebFinance Inc (2016) Business Dictionary. Retrieved from http://www.businessdictionary.com/definition/poverty-line.html
Williams WR (2009) Struggling with poverty: implications for theory and policy of increasing research on social class-based stigma. Anal Soc Issues Public Policy 9(1): 37–56

# Popular Reporting

Sandra Cohen
Athens University of Economics and Business, Athens, Greece

## Synonyms

Accountability; Reporting for citizens; Transparency

## Definition

Popular reports are reports that aim at informing citizens about the financial condition of the state/local government in a convenient and friendly manner. They are expected to be concise, short in length, and present public sector accounting information in a simplified way.

## Introduction

Over the last 30 years, there have been considerable actions worldwide aiming at enhancing transparency and accountability in the public sector. Citizens and several other stakeholders are in need of having a rich array of information, in order to assess the performance and make decisions about the efficiency, effectiveness, and economy of public sector entities. Accountability in the public sector is more important than in the private sector, and it is mainly achieved through financial statements and budgeting documents. Informed citizens could be more active in democratic participation which is sine qua non in democratic polities. Within this realm new tools in public sector accounting and budgeting have been promoted and adopted in several countries all over the globe such as program budgeting, performance budgeting, accrual accounting, corporate social responsibility reports, sustainability reports and environmental reports, etc. Many studies confirm the interest of governments in providing information to citizens as a tool to restore trust and legitimation, as well as a medium to actively involve citizens in the strategic decision process. However, the success of these initiatives depends on the acceptance and understandability of reporting by the targeted stakeholders. In this realm, during the last years starting from the USA and Canada, a movement aiming at the preparation and publication of reports especially addressing citizens' profile has evolved. These reports contain easily understandable financial information regarding governmental entities and are called "popular reports". Popular reporting aims at informing citizens about the financial condition of the state/local government in a

convenient and friendly manner. Popular reports are expected to be concise, short in length, and present public sector accounting information in a simplified way (GASB 1992). All in all, popular reports are supposed to provide a less detailed overview of a government's financial activity in a comprehensive way.

In the aftermath of the financial crisis, popular reporting has become critical. Citizens in several countries, in Europe and worldwide, are witnessing significant budget cuts in several parts of public administration (e.g., local governments, health, education) and face important tax increases – but they are questioning the suitability of these measures to streamline public sector, to fight corruption and meet sustainability targets. Understanding where the flow of the public money goes, through their disclosure in popular reports, is thus expected to increase accountability, trust, acceptance, and citizens' involvement.

## Citizens' Accounting Information Needs

The primary goal of governmental financial reporting is to satisfy the information needs of numerous different users for decision-making as well as for accountability purposes. Within these different user groups which include, among others, politicians, investors and creditors, and oversight and governing bodies, citizens hold a prominent position. Citizens are identified as the most significant group of governmental financial reporting users in terms of voting power and financial assistance provided through taxes. Several public sector accounting standards-setting bodies such as the International Public Sector Accounting Standards Board (IPSASB) and the Governmental Accounting Standards Board (GASB) recognize in their conceptual frameworks that citizens are a group of users with specific interest in governmental financial reporting. Citizenry includes citizens, taxpayers, voters or service recipients, but also other stakeholders that act on behalf of citizens, who distill, digest, and communicate to citizens important information. This latter group of stakeholders would include the media (e.g., daily newspapers, magazines, all-news broadcasters). Citizens are involuntary providers of financial resources; they cannot decide whether or not to pay taxes, and there is no exchange relationship between the resources provided and the services received. Therefore they expect rational use of the available resources by management and demand accountability. Furthermore, as receivers of goods and services provided by public administrations, they also demand effective and suitable services.

Providing information to citizens in simple and easily understandable form is not something new. Ancient Athenians, mainly during Pericles Golden Age, were constantly getting informed on public money spending through public inscriptions carved in stone visible to all. To an extent, citizens were thus "made" informed by receiving easily accessible and comprehensive information.

In the USA, the Government Finance Officers Association (GFOA) is promoting the preparation of popular reports seen as a tool able to increase the understanding among citizens about the way in which a government is managed and a possible base for dialogue between elected officials and citizens. This dialogue could involve both municipal finances and public services delivery choices. In this sense the popular reporting approach seeks to bridge the gap between financial reporting that is addressed to specialists and reporting for non-specialists. However, in several cases popular reporting is rather oriented to financial information and is not structured to guarantee the inclusion of all other operational information important for democratic accountability.

The production of popular reports by public sector entities corresponds to the supply side of information. The demand side, encapsulating the actual demand stemming from the genuine interest of citizens in public sector entities' financial performance and position, is an interesting issue. Even though citizens should be concerned about public finances for a plethora of purposes, there is a general notion that the general public does not have much interest in financial statements. Empirical works have concluded that citizens appear to make limited use of governmental financial statements in practice (Lee 2006; Yusuf et al. 2013). These findings could however be reversed by

finding alternative and new ways to intrigue citizens' interest. The use of the Internet and new technologies could be supportive in this direction as discussed in the section "Popular Reporting and the Internet."

## Popular Reporting

Popular financial reports are reports distributed to citizens and other interested parties who lack a background in formal government financial reporting but who desire an overview of the government's financial status and activities. Popular reports are considered general purpose external financial reports which, however, are not structured around basic financial statements, notes to basic financial statements, and supporting information that is the typical format of these reports. Therefore, popular reports are separately issued financial reports. More specifically, popular reports are financial reports that are prepared following a concise, easy to read, comprehensive, and user-friendly manner that is mainly focusing on citizens' needs. Nevertheless, apart from citizens which constitute the cornerstone target group of popular reports, these reports could be useful for politicians, public sector employees, the media, and community groups. Therefore, they could address a rather extended audience whose members all lack expertise in accounting and financial reporting. The basic philosophy of popular reporting is the provision of a simplified view of financial statements, avoiding both the disclosure of a detailed analysis and the use of complicated technical terms making in this way the report easy to be understood by nonexperts. Even though the information included in these reports originates from the formal financial statements and the formal financial systems of the governmental entity, simplifications and aggregations are usually adopted. In this sense, popular reporting can be applied regardless of the accounting basis implemented. It would be equally applicable when an entity uses cash accounting, accrual accounting, or a modified basis of cash or accrual accounting provided that the summary financial information in the popular reports corresponds to that disclosed in the official audited accounting or budgeting statements. Additionally, in order for popular reports to satisfy the information needs of citizens, they should be published on time, have a clearly defined scope, and highlight the existence of the formal set of financial statements for those who would like to have more detailed information. Of course, those interested in getting more details or additional information could easily consult the financial reports. Although the popular reports have less technical language and provide less detailed information than the financial statements, they are expected to be credible and to present an accurate, objective picture of the governmental activity.

Popular reports would encourage citizens that are not experts in accounting to better understand the finances of the public sector and even become more interested in the public sector finances. The "making" of interested citizens is expected to lead to multiple benefits. A basic benefit would be that informed citizens might become more willing to pay their taxes. Tax and budget issues are often the focal points for citizen dissatisfaction. The main issue might not be the amount of taxes levied by several levels of government, but how tax money is spent and the suspicion that it is sometimes wasted. Popular reporting would enhance the connection between the tax collected and the services that the public sector entities provide.

The GASB published a research report, *Popular Reporting: Local Government Financial Reports to the Citizenry*, in 1992 (GASB 1992). The study described reporting practices at that time, reported on surveys and interviews with preparers of popular reports, discussed factors that should be considered when developing a popular report for citizens, and discussed and prepared a prototype popular report for use by citizens. The research report found that a wide variety of approaches to popular reporting were being used. A recent follow-up of this study has confirmed the same conclusions (Yusuf et al. 2013).

Practice so far has revealed a paradox in relation to popular reports. While many governmental entities respond to this trend and develop popular reports, they are not equally active when it comes to their dissemination to constituents (Yusuf et al.

2013). This phenomenon would have two explanations. Either that public sector entities do not have a genuine interest in being accountable and transparent or that the actual demand for these reports is not as high as it is supposed to be.

So far popular reports are mostly used by local governments. As for their role, it seems that most local governments view popular reports as a valuable tool for meeting citizens' information needs and maintaining transparency and accountability, while few view the reports as a way of gaining active citizen involvement.

## Characteristics of Popular Reports

In order for the popular reports to serve their role, that is act as suitable means of accountability and transparency and a convenient vehicle to convey financial and nonfinancial information to citizenry, they should be better developed abiding by some characteristics that could be summarized as follows:

**Financial statement reliance**: The information included in the popular reports should be extracted from the financial statements. In cases in which there are deviations from the generally accepted accounting standards, this should be clearly stated on the report. A popular report would include, among others, abbreviated operating information, abbreviated information on financial condition, explanation of commitments and expenditure on major capital improvements, debt position, and explanation of major changes in revenues and expenditures.

**Timeliness**. Popular reports should present information in a timely manner in order to be relevant. For this reason, their publication should take place close to the end of the period they correspond to. For example, they should be released no later than a few months after the end of the fiscal year they refer to.

**Defined scope**. There should be a clear description to what is included and discussed in the report and a clear path to getting more information from the official financial statements for those interested in formal general purpose financial statements.

**Understandability**. The information in popular reports should be accompanied by comparative data (e.g., trends and benchmarks) as well as visual aids that facilitate comprehension. For example, photographs and drawings appeal to readers and reinforce the topics being discussed (e.g., illustrations of capital improvements give meaning to a discussion of construction costs, and photographs can present very lively damage and deterioration). The text should be simple, clear, and concise. Issues of particular importance should be highlighted and explained. The use of technical language and jargon should be avoided. However, it has to be noted that adopting a simple writing style is not easy for preparers who think in technical accounting language.

**Suitable dissemination**. The public sector entity should have a clear dissemination policy in order for the popular reports to reach the interested/target audience. Several means would be employed for this purpose (hard copies, electronic copies, web pages, etc.). Preparers should also provide incentives to encourage citizens to read these reports.

**Credibility**. The popular reports should present information in a balanced and objective manner. This is of utmost importance as the entire process of preparing a popular report starting from the choice of topics to be discussed to the tone used in the text is subject to bias. Also the fact that the popular reports are not audited and that they use simplified accounting terminology intensifies the need to be as objective as possible. It is important for these documents not to end up being public relations documents. To this end, they should cover both favorable and unfavorable trends and should discuss both successes and problems.

The characteristics discussed above are broadly in line with what has been discussed in GASB (1992), Sharp et al. (1998), GFOA (2006, 2007) and Clay (2008). It has to be noted that there are no specific rules and norms for developing popular reports. There are only best practice recommendations. The lack of formal guidelines has resulted in the phenomenon of the popular reports developed in practice exhibiting significant heterogeneity.

The Government Finance Officers Association (GFOA) established in 1991 the Popular Annual Financial Reporting Awards Program (PAFR Program) to encourage and assist state and local governments to extract information from their comprehensive annual financial report (that is produced according to generally accepted accounting principles) to produce high-quality popular annual financial reports. These reports should be specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. GFOA recognizes individual governments that are successful in achieving that goal and awards them (http://www.gfoa.org/pafr).

## Popular Reporting and the Internet

The Internet is an ideal mean to host and promote popular reports. As popular reports are usually accompanied by graphic presentations, the use of the Internet that can easily host color graphs is recommended. The presentation of the financial information disclosed in popular reports with the aid of ICT (information and communications technology) and not through traditional hard copy or even pdf reports makes the presentation of the information more relevant to contemporary practice. However, this vehicle of dissemination would require additional effort in order for the reports to be created, especially if they were to be developed and presented in an interactive way. For example, a web-based interactive tool would be developed to present information in a user-friendly, expandable manner (i.e., from general information to more analytical information) according to the users' requests. Nevertheless, the use of the Internet for popular reporting is expected to have multiple benefits in several fronts. Firstly, the information would be available to citizens at any time, bypassing the dependence on coverage by the news media. Secondly, it would decrease the cost of dissemination by achieving savings in printing costs, paper consumption, and maintenance of mailing lists (Lee 2006).

While popular reports refer and are linked to the published financial statements and they are static, there is a new trend, that has been evident recently, of public sector entities sharing financial and nonfinancial information through open data means. In this way, the information presented to the public is up-to-date and can get to a low level of detail, while the user is able to have access to multiple comparisons and select only the information that is of interest. Within this realm there is a recent emphasis on websites geared toward enhancing transparency by providing information on government expenditures, revenues, etc. Several such datasets that have become flagship initiatives of open government and open data strategies aim at increasing transparency for public official's accountability (Lourenço 2013).

### Popular Reporting and Integrated Reporting

A recent idea that has been proposed in literature is a synthesis of integrated reporting and popular reporting (Cohen and Karatzimas 2015). The proposed scheme named integrated popular reporting is a synthesis under which popular reports are enhanced to include basic and necessary information regarding public sector entity's well-being, prosperity, and value creation. The goal is for the reports to provide a holistic, useful, and meaningful information set in an easily comprehensible and attractive manner. In this way, citizens would be encouraged to engage in public matters with simply presented information, while in parallel, the reporting entity would fulfill its reporting obligations, by providing a "holistic" picture of its status to citizens according to the integrated reporting concept.

## Conclusions

Popular reports are reports containing financial and nonfinancial information regarding governmental entities presented in a concise, convenient, user-friendly, nontechnical language that have the citizens as their primary target audience.

However, while popular reports are expected to enhance accountability and transparency of public sector entities and mobilize the interest and the

involvement of citizens, they seem not to have exploited their full potential yet. Their significance in normative terms is non-questionable, but the way citizens are getting access to public sector entities' financial and nonfinancial information might be improved. Toward this end more studies are needed in order to clarify the actual information needs of the citizens not only regarding their content but also in presentation form, frequency, and dissemination means. Last but not least, the use of modern technology and the Internet would boost citizens' interest in popular reporting.

## Cross-References


- ▶ Accountability
- ▶ Accrual Accounting
- ▶ Auditing for Financial Reporting
- ▶ Cash Accounting
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ New Public Financial Management
- ▶ Public Sector Accounting


## References


Clay JA (2008) Popular reporting. In: Encyclopedia of public administration and public policy, 2nd edn. Taylor and Francis, Boca Raton

Cohen S, Karatzimas S (2015) Tracing the future of reporting in the public sector: introducing integrated popular reporting. Int J Public Sect Manage 28(6): 449–460

GASB (1992) Popular reporting: local government financial reports to the citizenry. Governmental Accounting Standards Board, Norwalk

GFOA Best practice, approved by the GFOA Executive Board, February 2006. http://www.gfoa.org/sites/default/files/CAAFR_PREPARING_POPULAR_REPORTS.pdf

GFOA Recommended practice applicable in Canada: preparing popular reports (2003 and 2007) (AAFR), approved by the GFOA Committee on Canadian Issues, January 2007. http://www.gfoa.org/sites/default/files/PreparingPopularReportsCCI.pdf

Lee M (2006) The history of municipal public reporting. Int J Public Adm 29(4–6):453–476

Lourenço RP (2013) Open government portals assessment: a transparency for accountability perspective. In: Wimmer MA, Jassen M, Scholl HL (eds) EGOVE 2013, LNCS 8074. Springer, Berlin/Heidelberg, pp 62–74. http://link.springer.com/chapter/10.1007/978-3-642-40358-3_6

Sharp FC, Carpenter FH, Sharp RF (1998) Popular financial reports for citizens. CPA J 68:34–39

Yusuf JE, Jordan MM, Neill KA, Hackbart M (2013) For the people: popular financial reporting practices of local governments. Public Budg Finance 33(1): 95–113


# Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate


Emmanuel Yeboah-Assiamah[1,2], Maame A. Gyekye-Jandoh[1], Kwame Asamoah[3] and Clement Mensah Damoah[3]

[1]Department of Political Science, University of Ghana, Accra, Ghana

[2]Global Development Institute, University of Manchester, Manchester, UK

[3]Department of Public Administration & Health Services Management, University of Ghana, Accra, Ghana


## Synonyms

Africa; Development; Elections; Electoral violence; Political vigilantism

## Definitions

Elections — They involve a formal group decision-making process, a means through which a group chooses an individual(s) to hold formal office mostly public in nature. Elections are usually very competitive in nature and have been the main mechanism through which modern representative democracy operates. Ideally, the processes before, during, and after should be in

| | |
|---|---|
| | a free and fair manner devoid of intimidation and violence. |
| Electoral violence | It entails coercive force, directed toward electoral actors and/or objects, that occurs in the context of electoral competition – it can occur before, during, or after elections, and it can target a variety of actors, including candidates, activists, poll workers, election observers, journalists, and voters (Birch and Muchlinski 2017), and electoral materials. |
| Political vigilante | It is an ad hoc or organized group of people mobilized for the purposes of applying unauthorized means and power ostensibly to enforce order or to intimidate and attack a person(s) or group and properties before, during and after elections or any activity/person that has political relatedness. Political vigilante groups usually cause electoral violence and also perpetrate other security-impeding acts which may not be election related but political in nature. |

## Introduction

Violence and political vigilantism in the governance process and electoral system in Africa are a problem which requires a more robust solution. For instance, the violent vigilantism of the Bakassi Boys in Nigeria which is blatantly uncivil in its modus operandi reveals convolutions and illogicality which typify the ungoverned space of political organization and imagination in many political processes and elections in Africa. We conceptualize political vigilantism to involve *an* ad hoc *or standing mobilization of people for the purposes of the application of unauthorized means and power ostensibly to enforce order or to intimidate and attack a person(s) or group and properties before, during, and after elections or any activity/person that has political relatedness.* The menace of political vigilantism is not endemic to Nigeria but in many parts of Africa (Smith 2004). The literature reports similar phenomenon in Cameroon (see Argenti 1998; Malaquais 2001), in Kenya (see Anderson 2002), and in South Africa (see Baker 2002; Haysom 1990). While the above countries are renowned for their political vigilantism, there is a general perception that Ghana has achieved remarkable success in democratic consolidation by conducting seven general elections in the Fourth Republic without widespread violence since 1992.

Despite the growing improvements in its electoral processes over time, what remains problematic is the security aspect and growing trend of electorally related violence which is exhibited in the political space by the two main political parties (NPP and NDC). Researchers (Asamoah et al. 2014) have noted that although Ghana has made remarkable gains in democratic elections, the electoral processes, however, come with intense tensions and acrimonies. Over time, a phenomenon which is sophisticatedly gaining roots in Ghana is the canker of political vigilantism. This is a trend which requires urgent attention since it has implications on the security of the country and its democracy. In a post-mortem report of the 2016 Presidential and Parliamentary elections, the Coalition of Domestic Election Observers (CODEO) among other things cited isolated cases of acts of violence purportedly committed by certain individuals and groups within the New Patriotic Party (NPP) against some supporters of the National Democratic Congress (NDC), amidst counter-accusations. Additionally, in its communiqué which was released in April 2017, CODEO described as awkward with regard to the increasing spate in the activities of vigilante groups and fingered the two major political parties, the NPP and NDC, as culpable. The activities of these groups pose a considerable danger to Ghana's electoral politics, democratic governance, and development (CODEO 2017). What is noteworthy is how vigilante activities have bedevilled almost all the relevant Parliamentary by-elections in Ghana's post new millennium era. For instance, there was a recent Rambo-style political vigilantism (apparently with some support from the NPP-led government) (https://www.myjoyonline.com/politics/2019/February-1st/undp-condemns-ayawaso-west-wuogon-bye-election-violence.php) in an Ayawaso West

Wuogen by-election in Accra which led to the inauguration of an Emile Short Commission to probe into the issue. A group in the NPP also made a call for similar commissions to take a retrospective investigation of the electoral violence which had taken place in Asunafo, Asutifi, Talensi, Chereponi, and other by-elections in recent past. This is to indicate that violence and political vigilantism have become rife in Ghana's political landscape and both NPP and NDC are culpable.

In what appears to be the government's commitment to addressing the canker, the NPP-led government through some stakeholder deliberations sought ideas and opinions to initiate legislation against the issue. Consequently, the Parliament of Ghana passed the Vigilantism and Related Offences Bill in 2019 (later withdrawn for correction) which prima facie may suggest a steady commitment to the issue and addressing political vigilantism. However, in Ghana, many laws are well formulated, yet the implementation becomes problematic which in many cases are due to "claw-backing" or calculus machinations to render the implementation structure deactivated to get perpetrators off the hook even though the laws prevail in the books (Yeboah-Assiamah and Alesu-Dordzi 2016). Some analysts believe this law may suffer a similar fate, and it is just to whitewash atrocities which occurred in the 2019 Ayawaso by-elections. Before the Act finally gets passed and enforced, it is imperative to assess how Ghanaians view political vigilantism which will guide policymakers and implementers on how serious they take the issue.

In spite of the growing spate of political vigilantism in the electoral processes of many African political systems, the political science literature has not been swift to systematically assess this all-important phenomenon. There are, however, pockets of studies that tend to assess the phenomenon from some perspectives. For instance, Gyampo (2010) discusses some issues of party apparatchiks in Ghanaian politics. The literature also discusses the drivers of vigilantism in Ghanaian politics (Gyampo et al. 2017). The extant literature, however, is yet to sample the views of the electorate on vigilantism as well as how best to address the phenomenon. This presents a research gap which requires systematic enquiry through opinion survey and triangulation with secondary data to contribute to knowledge in that space. The main objective of the study is to discuss the views and thoughts of Ghanaian electorate on political vigilantism through the lens of "group" and "political system" frameworks which are useful tools for political and public policy analysis. The study seeks to provide answers to these three key questions: *(i) What is the extent of popular support for political vigilantism? (ii) Would the electorate support state policies and institutions that attempt to clamp down on vigilante activities? (iii) Is there any qualitative (*prima facie*) relationship between level of education and support for anti-political vigilante policies?* The study is organized into five main sections. Beyond this introduction section, the second section discusses the group model of policymaking which frames the study. The section also provides a conceptual overview of political vigilantism. Section three presents the study design and sources of data. The section also provides a sketch overview of vigilantism activities and those activities prompting the government to decide to legislate on the problem. The section presents data findings and provides analysis through descriptive figures and diagrams. Section four provides an adequate discussion of the study findings, and key insights are derived. The final chapter provides conclusions and policy implications from the study.

## Theoretical Framework

### Group Model of Politics, Policymaking, and Implementation

The group model is a useful tool for understanding political processes and public policy analysis. The model contends that public policy is the product of the "group struggle" in society. This point has forcefully been argued by Anderson (1997) that many public policies do reflect the contentions of groups. What may subsequently emerge as public policy is the equilibrium

reached in this group struggle at any point in time. The competing groups or interests repetitively strive to push policy in their favor. Individuals remain relevant in political discourse insofar as they represent a group interest or act as part of or on behalf of a group and not in individual capacities.

The central role of the state or government is to establish "rules of the game" to help arrive at compromises and/or balancing of interests through policies and laws (Sabatier and Mazmanian 1979). The group theory of public policy denotes that policies are outcomes of the group struggle and, all things being equal, policies go in favor of the group that is more dominant at a time (see Fig. 1) with respect to time. The tendency for a group to gain dominance and influence hinges on group size and numbers; resources including finances; organizational strength, cohesion, and mobilization prowess; and leadership quality and access to policymakers.

The group model posits that policymakers respond to group pressure by bargaining, negotiating, and compromising among competing demands (Gilens and Page 2014). Depending on the nature of demands, agitations, pressures, and lobbying activities of a group, policies may tilt in favor of such group in the meantime. In Fig. 1, the influence of Group A is enormous, and so the equilibrium is on the side of A because B's influence is far less as compared to A.

Deploying the group model to the current study with respect to political vigilantism, there are at least two broader groups, the interested political parties on the one hand and citizenry including civil society and media on the other hand. In as much as resorting to political vigilantism may enure to the benefit of the two main political parties (NPP and NDC), the greater citizenry and society greatly detest such acts of political vigilantism. As such the activities of the latter group, through their public condemnation, organizational prowess, and lobbying, have compelled the state to commit to legislation. Whether born out of goodwill or "business as usual" (see Yeboah-Assiamah and Alesu-Dordzi 2016), it is quintessential for the state or government to empirically ascertain the strength of groups that oppose such acts of political vigilantism. A defining characteristic of politics is the struggle for power, maintenance of power, and its usage; hence, political parties remain resolute to the popular demand at a time in order to secure or maintain political power for the public interest especially, in a competitive democracy.

In this paper, a survey report on the views of the Ghanaian electorate regarding political vigilantism is presented and discussed which we believe should drive the steady and prudent enforcement of relevant institutions to address political vigilantism.

## Conceptualizing Political Vigilantism

Political vigilantism has been conceptualized by Gyampo et al. (2017) to mean "a form of social group-controlled violence or activism, which

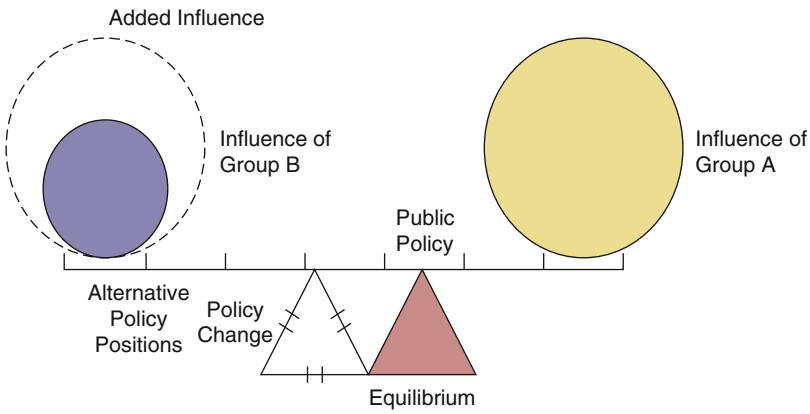


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 1** Group model. (The group model assumes that public policy is an outcome of interest group influence; policies change when particular interest groups gain or lose influence)

P

serves the political interest of both an incumbent government and the opposition since both incumbent government and the opposition have their vigilante groups" (p. 115).

For the purpose of this study, we define political vigilantism to denote *an* ad hoc *or organized group of people mobilized for the purposes of applying unauthorized means and power ostensibly to enforce order or to intimidate and attack a person(s) or group and properties, before, during, and after electoral processes or any activity/person that has political relatedness.*

The tendency for political vigilantism may emerge where there is a perception of "ungoverned spaces" or vacuum in the overall reach of the state and its security apparatus. Perhaps there is nothing which embodies the disillusionments of democratic principles more than "the all-consuming public concern that crime is rampant and out of control."

To rise above those feelings of insecurity and perceived dysfunctions in government, violent vigilante groups emerge in different areas (Gore and Pratten 2003; Ikelegbe 2001). The literature (see Abrahams 1996) through historical and cross-country analysis affirms that vigilantism has become a common reaction to uncertainties and incongruity with regard to the authority of the state, especially, in the provision of professional and neutral security to all manner of people. On the other hand, vigilantism may also proliferate when people or a group are convinced that the rules or systems are not robust enough to penalize them even when apprehended.

## Envisaging Robust Political Systems: World Governance Indicators

In its quest to promoting more robust political systems world over, the World Bank has adopted some indicators to benchmark the effectiveness of how governments steer the affairs of the state and political institutions. These benchmarks have become known as the "World Governance Indicators" which among other things measure the extent to which a state is more effective and capable of enforcing rules and regulations to safeguard the integrity of political institutions and protection of individual liberties and private properties. These are illustrated in Box 1.

**Box 1 World Governance Indicators. Source: World Bank 2018**

- *Voice and accountability*: This measures perceptions of the extent to which a country's citizens are empowered or allowed to participate in the selection of their governments and leaders. It involves commonly held liberties such as freedom of expression, freedom of association, and free media. This should be applicable to all citizens.
- *Political stability and absence of violence/terrorism*: This measures perceptions of the possibility that the government will be subverted or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.
- *Government effectiveness*: This measures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the political will of government to remain committed to enforcing such policies in an impartial and fair manner.
- *Regulatory quality*: This measures perceptions of the ability of governments to formulate and implement sound policies and regulations that permit and promote private sector development. This also involves the level of respect of citizens and the state for the institutions that govern economic and social interactions among them. In other words, to what extent do the state and its institutions through policies safeguard individual liberties?
- *Rule of law*: This measures perceptions of the extent to which people and agents have confidence in and abide by the rules of society, and in particular the quality of

(continued)

**Box 1 World Governance Indicators. Source: World Bank 2018** (continued)

contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. This remains very essential because if it breaks down, an ungoverned space emerges and people may resort to other unorthodox means to protect themselves.

- *Control of corruption:* This measures the perceptions of the extent to which public power is prudently deployed for public interest and not exercised for private gains, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

## Methodology

### Design

The study adopted content analysis of secondary data and relevant materials sourced from the Afrobarometer survey of 2018 which assesses the worldview of Ghanaians on political vigilantism. Sample which was nationally representative of adult citizens, thus from age 18 and above, was used, and all the respondents were randomly selected from all then ten regions of Ghana. The sample used was distributed across regions and urban-rural areas in proportion to their share in the national population. A sample size of 2400 respondents was selected with a margin of error of ±2% at a 95% confidence level was used. Again, the 2400 respondents were located in 300 Enumeration Areas (EAs) spread across 293 towns in 171 districts in the then 10 regions of Ghana. Other data were gathered from online source. Data is analyzed and illustrated through simple bar graphs and pie charts which provide an overview of people's thoughts displayed in frequencies. The use of bar and pie charts is to help give a quick visual impressions and to ascertain the dominant worldview.

## Brief Overview of Recent Political Vigilantism Activities in Ghana

**An Escalating Pattern of Political Intolerance and Violence**

What existed as use of vitriolic language in politics, through an era of well-built men (macho men) to secure ballot boxes and intimidate opponents, has grown to assume a more sophisticated and heightened level of impunity in different parts of the country.

In March 2017, a greater number of Delta Force members (a vigilante group linked to the ruling NPP government) attacked a regional government building in Kumasi to forcefully oust a senior government officer. Ghanaians became shocked when members of the Delta Force stormed a court to free 13 of their members standing trial for the assault (https://www.ghanaweb.com/GhanaHomePage/NewsArchive/NPP-Delta-force-storms-Kumasi-court-frees-13-suspects-526326).

The Delta Force is just one of a handful of groups responsible for commandeering public facilities since New Patriotic Party (NPP) leader Nana Akufo-Addo won December's presidential polls.

Vigilante groups campaign for and also provide informal security to secure their party's interests even at the perils of their lives. Members of these groups are assured of ready jobs upon the party winning elections and assuming reins of government. If these expectations are not met, desperation sets in, and they begin to cause mayhem even against their own political party leaders. For example, in 2017 the President Nana Addo Dankwa Akufo-Addo appointed George Agyei [an individual the Delta Force vigilante group claimed had not been part of the struggle to win election] as regional security coordinator for the Ashanti Region. This infuriated the vigilante group whose members became so apprehensive to the extent of marching

into the appointee of the president's office to assault and forcibly oust him. When the embattled Delta Force members were put on trial, fellow members entered the court and forcibly freed their members on trial in the courtroom.

**General Condemnation from Internal and External Groups**

The Coalition for Domestic Election Observers (CODEO) condemned the hefty presence of security personnel and masked officers at various polling centers in the Ayawaso West Wuogon by-election which they said generated a terrifying atmosphere which would make electorate scared to come out to cast their votes.

The National Commission for Civic Education (NCCE) also condemned the alleged violent attacks during the by-election. The Commission condemned the growing political party thuggery in Ghana's electoral and political processes as a threat to the country's democratic gains and its peace and security.

Mohamed Ibn Chambas, head of the UN Office for West Africa and the Sahel, said the Delta Force group was acting with "impunity" following the 2016 election.

**Breaking the Camelback: Decision to Legislate**

Although almost all by-elections in the Fourth Republic have experienced some forms of violence, the incident which broke the camel's back was the fall out of the Ayawaso West Wuogon by-election of 2019 which experienced a heightened form of political vigilantism with gross impunity which has seen greatest condemnation from different actors and groups.

With the aftermath of violence in the Ayawaso by-election, the UNDP in a statement signed by its resident representative Ms. Gita Welch stated ". . .we strongly condemn such impunity and brazen acts of violence which undermine Ghana's hard-earned democracy and peace. Ghana as a pillar of stability in the sub-region must not become complacent. We call on all to avoid violence and the use of inflammatory language that could further increase tension (https://www.myjoyonline.com/politics/2019/February-1st/undp-condemns-ayawaso-west-wuogon-bye-election-violence.php)."

Addressing Parliament in a third State of the Nation Address on Thursday, February 21, 2019, the President of the Republic put it "I have asked the leadership of the NPP (then party in government) to extend an invitation to the leadership of the NDC (then party in opposition) for such a meeting on vigilantism. He said, "the security services of the country will be on standby to assist this meeting. If voluntary disbandment by the parties is not feasible, then I will initiate legislation on the matter" (http://www.ghana.gov.gh/index.php/media-center/news/5417-president-akufo-addo-initiates-dialogue-on-vigilantism).

## Results and Discussions

The study sought to assess the dispositions of Ghanaians toward political vigilantism, their perceptions, and how such social menace should be dealt with. Data is presented and analyzed along the three key research objectives that underpin the study. Consequently, the section is organized along these themes: *extent of popular support for political vigilantism*; *extent of popular support for public policies and institutions to clamp down vigilante activities*; and *level of education and support for anti-political vigilante policies.*

From the Afrobarometer Survey data of 2018, insights relevant to the disposition of Ghanaians on political vigilantism have been extracted and discussed in themes below.

## Extent of Popular Support for Political Vigilantism

The first objective was to ascertain from the electorate the extent to which they sympathize or solidarize with actors who engage in acts of political vigilantism. In other words, the study sought to obtain a fair idea of whether there is popular support for political vigilantism. Three key questions posed to respondents have been used to discuss this objective.

### Appropriate for Groups to Attack Government Officials?

There may be some general mixed feelings that may surround the appointment of particular government officials or on their performance in public office. Thus, people may express or demonstrate their displeasure through different medium including open protests and lobbying for such officials to be relieved of their positions. That notwithstanding, civil Ghanaians do not have a culture of forcibly ousting a government official from office by an unauthorized group of people. Ghanaians have been regarded as tolerant people with a culture of respect for authority and structure. This is given support by an Afrobarometer Report (2018) where a greatest majority of Ghanaians treat the attacks on government officials with contempt and in essence register their disgust for such activities of political vigilantes and irate youth. Respondents scorn people who take the laws into their own hands to attack public officials in either their offices or residence to compel them out of station.

Respondents were asked *whether it is appropriate for vigilante groups to attack appointees of the government*. The response to this question has been illustrated in the Fig. 2.

Majority of respondents eighty-eight percent (88%) regard the act as "wrong and punishable," six percent (6%) believe it is wrong but understandable, and two percent (2%) believe it is not wrong at all, while the remaining four percent (4%) do not know whether or not it is wrong for political party vigilante groups to attack government appointees whose appointment they disagree with. Essentially, at least 94% of respondents support the state to clamp down the activities of vigilantism. Stemming from the above, it could be argued that majority of the people of Ghana abhor the phenomenon of political vigilantism and would like the law and its enforcement agencies to punish perpetrators without fear or favor.

### Disgruntled Youth Justified Locking Up Government Offices?

Many politicians may ride on the back of unemployed youth who are promised jobs which in most cases entices them to go all out even at the peril of their lives before and during elections. There after, when power is finally attained, the youth have higher expectations with a high sense of entitlements, and they become disillusioned when the

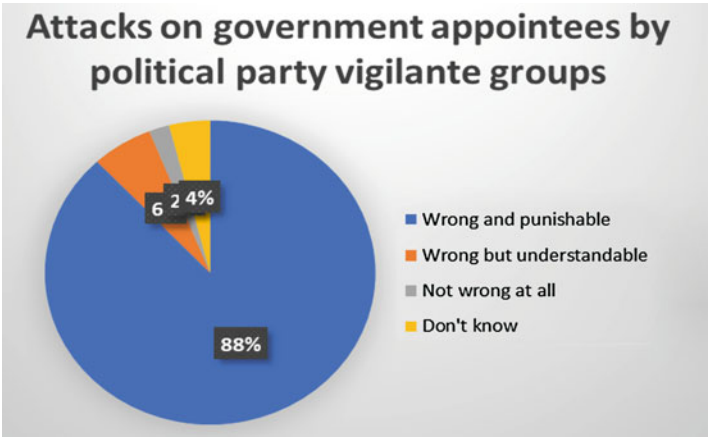


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 2** Is it right for political vigilantes to attack government officials? (Source: Afrobarometer Report 2018)

initial promises appear to be delaying or a mirage. At times, to register their displeasure for any decision by their government (https://www.ghanaweb.com/GhanaHomePage/NewsArchive/NDC-youth-on-rampage-lock-down-DCE-s-office-331241), they may react by locking up state facilities and government offices (https://www.myjoyonline.com/politics/2019/June-17th/tamale-npp-boys-lock-up-national-sports-authority-office.php).

Respondents were asked whether disgruntled political party members who perhaps were promised jobs or are not happy with government decisions are justified to lock up government offices as a form of protest. From the survey, the results are illustrated in Fig. 3.

From Fig. 3, a large number of citizens, eighty-seven (87%), believe it is "wrong and punishable" for political party vigilante groups, whose employment expectations have not been met after election victory, to lock up government offices. However, seven percent (7%) believed it is wrong but understandable, two percent (2%) believe it is not wrong at all, and four percent (4%) have no knowledge about it. Judging from the afore, it can be said that members of political party vigilante groups locking up government offices because their expectations of getting employment with those institutions are not met is something loathed by Ghanaians and they think offenders should be prosecuted to serve as a deterrent to others. Be as it may, a greater majority of Ghanaians do not subscribe to such acts of impunity and are likely to support the government to deal with such ruthless acts.

### Seizure and Destruction of State Properties?

On seizure and destruction of state properties by disgruntled political party members or groups, an overwhelming majority, ninety-one percent (91%), indicate that it is wrong and punishable for political vigilante groups to take over and destroy state properties such as offices, toll booths, public toilets, and car parks among others. While a majority of the people expressed worry about the issue of vigilantism, four percent (4%) were of the view that it is wrong but understandable, one percent (1%) believed it is not wrong at all, and four percent (4%) expressed no knowledge about it. Ransacking public property, be it public toilets, toll booths, or district assemblies, is a thing that Ghanaians want the law to punish and think it is not acceptable in a growing democracy. The result is illustrated in Fig. 4.

## Popular Support for Institutions to Clamp Down on Vigilante Activities

The second objective of this study was to discuss the level of support that the environment provides for state policies, laws, and actions that are geared toward sanctioning perpetrators of political vigilantism. Respondents were quizzed: ***Is it appropriate to prosecute and sanction political vigilante members who trespass?***

Usually, people argue that political affiliation appears to endorse or give room for wrongdoing; however, a majority of fifty-five percent (55%) of the respondents strongly approve the prosecution and punishment of political party vigilante groups for lawlessness irrespective of party affiliation. Twenty-nine percent (29%) approved of it, three

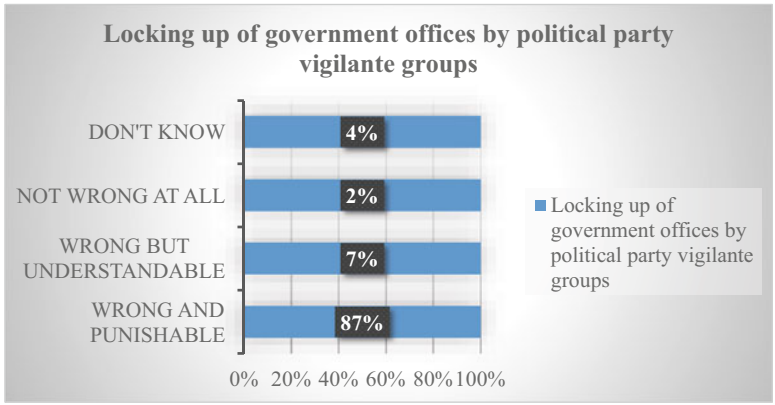


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 3** Is it right for disgruntled party supporters to lock up government offices?

percent (3%) strongly disapprove, four percent (4%) disapprove, and three percent (3%) don't know, while two percent (2%) neither approved nor disapproved the prosecution of lawless vigilante groups. Regardless of political affiliation, a cumulative 88% of respondents at least disapprove of such acts and regard them as a crime for which they would expect the law to punish culprits. Seven percent (7%) on the other hand disapprove punishing vigilante offenders, while five percent (5%) appear undecided. This is illustrated in Fig. 5.

### Level of Formal Education and Support for Government to Deal with Political Vigilantism

It is worthy to note that, regardless of the educational background of respondents, they still want people involved in vigilantism to be prosecuted. This is illustrated in Fig. 6. The percentage demanding prosecution of political party vigilante groups for their crimes, to some extent, rises with the level of education, no education, eighty percent (80%); primary, eighty-eight percent (88%); secondary, ninety-one percent (91%); and postsecondary or tertiary, eighty-nine percent (89%), and the national average is eighty-eight percent (88%). Though it can be observed that there was a percentage drop from secondary level to the postsecondary level, the national average is eighty-eight percent (88%) which is an indication that the grounds appear fertile for government to clamp down political vigilantism.

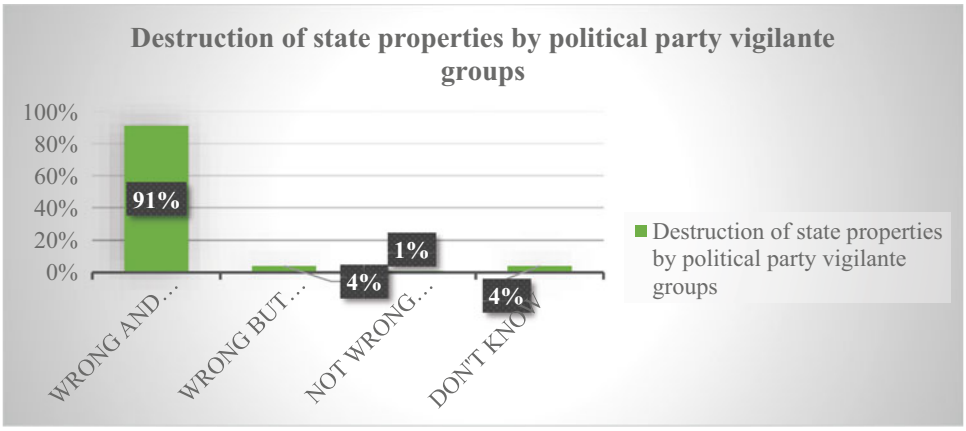


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 4** Is it appropriate for vigilante groups to seize and destroy state facilities?

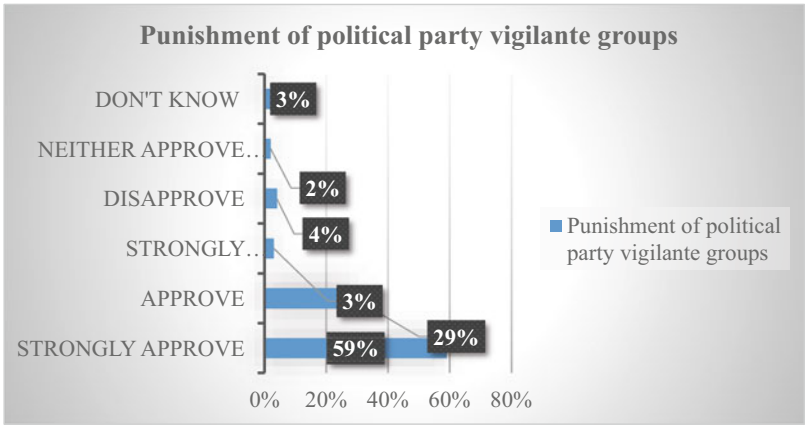


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 5** Is it appropriate to punish culprits of political vigilantism?

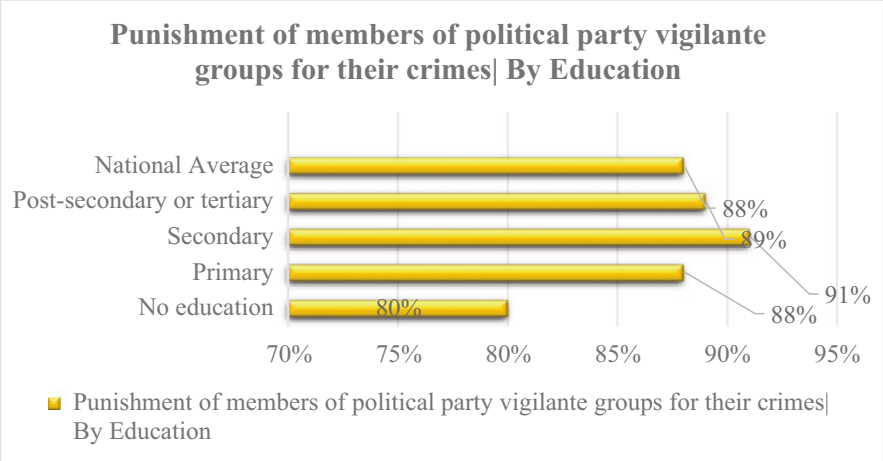


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 6** Level of education and support for punishing vigilantism culprits

## Insights and Discussion

From the study and data analysis, key insights have been derived which remain crucial in all political considerations and public policy decisions that government wants to embark.

### Political Vigilantism Greatly Scorned by Ghanaians

The data presents a clear majority support for any government action that genuinely supports the clamping down on vigilante groups and their activities. Essentially, the majority of Ghanaians will "praise sing" a political party that demonstrates a commitment to ending political vigilantism. From the survey data above, it is clear the majority of Ghanaians detest the idea of political vigilantism and any government on any good day should be determined to address the canker head-on through public policy. Addressing political vigilantism requires institutional and structural reforms which will empower the state agencies to be more independent, neutral, and professional without fear or favor. To Sabatier and Mazmanian (1979), a critical task of policy implementation analysis ought to ascertain the factors that may affect the achievement of statutory objectives throughout this entire process, and those could be classified into three general categories: *(a) the tractability of the problem(s) being addressed by the statute*; *(b) the ability of the statute to favorably structure the implementation process*; and *(c) the net effect of a variety of "political" variables on the balance of support for statutory objectives.*

The study provides that there is greater support for any legislation that will genuinely seek to address political vigilantism; it is, however, important for policymakers to structure the legislation such that it will favor the implementation process and not frustrate it.

### Support to Clamp Down Generally Highest with Secondary Education

The data suggests that support for the government to clamp down activities of political vigilante groups increases with level of education and highest (91%) among Ghanaians with high school education. This study confirms a similar observation by Apergis (2018) who through economic modelling of data on education and democracy through a comparative assessment detected "the presence of democracy dividend driven by education." Similarly, Shafiq (2010) observes that secondary education and beyond provide support for democracy in Jordan, Lebanon, and Pakistan, thus supporting that democracy is a social benefit of education. This is an indication that an intensification of people's access to secondary education in Ghana through the government's Free Senior

High School Education Policy will help in no small way in enlightening the majority of Ghanaians who will have a deeper understanding of development politics and support for state policies on development management.

### Political Communication to Derive Political Currency and Benefits

Through effective political communication and marketing (see Norris 2015), political party or government in power can generate electoral currency (political points) by bringing about genuine structural retooling that will reduce the strict grips of the executive arm on the very institutions of state which require some leverage to effectively fight political vigilantism. This is against a backdrop that the group model of politics and policy process reiterates the role of dominant groups in influencing the policy process. A political party in government with a commitment to genuinely address such menace dances to the tune of the majority of well-meaning Ghanaians (at least 88%) and civil society groups which, all things being equal, should generate some support from the environment. In his political system model (see Fig. 7), David Easton (1953) posits that inputs such as pressures from citizenry and CSOs are presented as petitions to policymakers (institutional arena) and it is the role of the government and state institutions to process these demands into policy outputs. Therefore, if a clear majority of the citizenry (88%) dislike a phenomenon and appropriate policy instruments are enacted to address such issue, such policy response will feed into the political system in the form of "support." This form of support enhances the legitimacy of government which could be further developed to translate into many other fortunes including securing grants, garnering moral suasion for different purposes, and possible electoral fortunes among others (see Lees-Marshment 2014).

### Development Politics and Local Economic Development to Address Problem

The findings of the study reiterate the need for political actors to reorient themselves and adopt the idea of development politics whose central pillar rests on issues of economic, social, and human development. In that regard, the struggle for political power will be centered on development issues and not the use of "thuggery," intimidation, and violence to capture political power where those same violent elements will become a monster to haunt the ensuing government after the elections. More importantly, the study underscores the need to intensify economic transformation to empower many Ghanaians economically which will further consolidate their general peaceful loving culture. Essentially, majority of



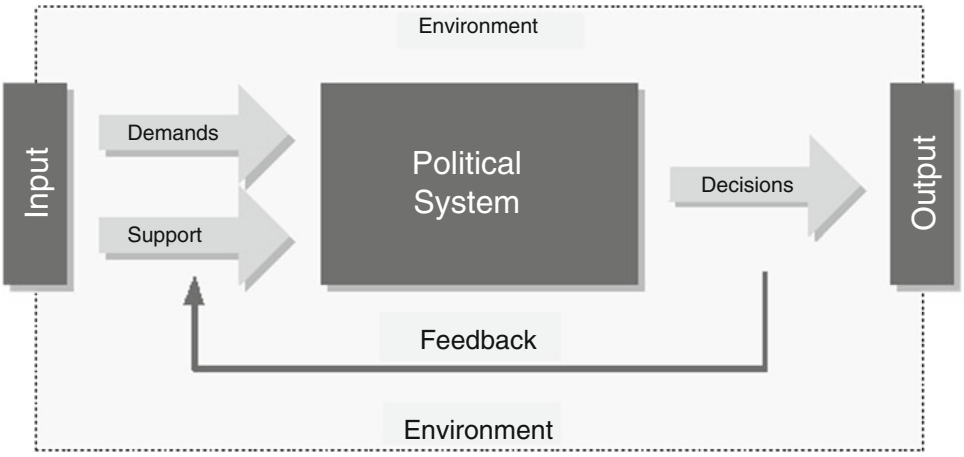


**Popular Support for Public Policies to Curb Political Vigilantism: Reflections from Ghanaian Electorate, Fig. 7** The political system model. (Source: Easton 1953)

respondents treat with contempt the activities of vigilante groups and violence; this suggests that the few who appear affirmative may only think so due to their economic situations and the lack of economic opportunities which the youth are always promised of during elections and only become disappointed when the party wins power. Given right economic opportunities, there is more likely to be a general dislike for vigilantism, and the source/supply factor will reduce.

## Conclusion and Policy Implications

Many activities of political vigilante groups could be viewed as *civil coup d'etats* because government offices and personnel are by extension elements of the state and any use of unorthodox or unconstitutional means to topple such entities is in a broader sense an attack on the state authority. To summarily attempt to cut the tenure of office of a legally appointed or elected individual or to lock down a public office to prevent it from performing legally mandated duties could be regarded as a civil *coup d'etat* since it is an attempt to usurp the powers of the state.

The Government of Ghana upon noticing the growing condemnation of activities of political vigilantism by many actors and the general citizenry has attempted to address it via new legislation. From hindsight, this is laudable, yet experiences suggest that it is not legislation per se that addresses such social and political problems but a demonstration of political will to render the enforcement process very viable and well resourced, given adequate autonomy to act professionally without the long arm of the politician pulling strings from the other end. There could be legislations where the long title of the Act appears very promising yet in the details are provisions that will only "clawback" the very powers to the long arm of politicians and such kind of legislation will only result in the "calculus of legislation" where enactments only appear in the books and implementation agencies are unable to professionally and impartially apply them and are only selectively deployed as and when politicians deem fit.

To address the political vigilante menace, the study argues for strong political will. Political will has been cited as a major factor that affects many policies especially those that will reduce the inherent powers of the executive (CIVICUS 2007, p. 4). In Participatory Governance Programme assessing impediments to participatory governance using 250 practitioners from around the world, lack of political will outranks other variables such as follows: inadequate knowledge and skills, limited citizen capacity, a disabling political/policy environment, and lack of access to public information. The fight against political vigilantism requires adequate political will that should move beyond intent and motivation to the subsequent forging of tangible actions to make the intentions of government really reflect our motives. It is only through this act that leaders could be seen as exhibiting strong political will, making pronouncements and crafting institutions is just one aspect that is intangible and making sure that the institutions are applied and seeing to their end is tangible. For instance, Williams uses a classic case of the Zambian leadership code, which he described as quite convincing in the books, yet it was only for symbolic purpose without any tangible or material cost and benefit in terms of serving as a deterrent to corruption, because there have "never been any prosecutions under its provisions" (Williams 1987, p. 111). Merely using institutions as a smokescreen to whitewash or buy time does not help anybody. As an activity, countries should make the transaction very costly so as to reduce the participants or people who patronize it. Society must frown on political actors who establish, nurture, and encourage political vigilante groups because they put the safety and security of the people and state on a rough road. Demand side of accountability should be on the rise; role of the media and mobilized civil societies should stand up for the right of the less privileged; it is a moral duty and natural right to demand accountability by throwing sunshine on the activities of political actors.

Finally, the study argues for prudent enforcement of rules in a professional and impartial manner which will make opposition parties gain assurance in the political system.

## Cross-References

▶ Comparative Policy Reforms
▶ Comparative Political Elites

## References

Abrahams RG (1996) Vigilantism: order and disorder on the frontiers of the state. In: Harris O (ed) Inside and outside the law: anthropological studies of authority and ambiguity. Routledge, London

Afrobarometer (2018) Ghanaians denounce mob 'justice' and political-party vigilantism, endorse rule of law instead. Retrieved from Accra: https://afrobarometer.org/publications/ad186-ghanaians-denounce-mob-justice-and-political-party-vigilantism-endorse-rule-law. Accessed 4 July 2019

Anderson J (1997) Response to Theodore J. Lowi's comments on "Anderson, 'governmental suasion: adding to the Lowi policy typology'" (Policy Studies Journal, 25 (2), 283–285). Policy Stud J 25(4):557

Anderson DM (2002) Vigilantes, violence and the politics of public order in Kenya. Afr Aff 101(405): 531–555

Apergis N (2018) Education and democracy: new evidence from 161 countries. Econ Model 71:59–67

Argenti N (1998) Air youth: performance, violence and the state in Cameroon. J R Anthropol Inst 4:753–782

Asamoah K, Yeboah-Assiamah E, Osei-Kojo A (2014) Demons of transitional democracies: politics of insults and acrimony in Ghana. J Soc Sci Stud 1(1):44–56

Baker B (2002) When the Bakassi boys came: Eastern Nigeria confronts vigilantism. J Contemp Afr Stud 20(2):223–244

Birch S, Muchlinski D (2017) The dataset of countries at risk of electoral violence. Terror Polit Violence, 1–20

CIVICUS (2007) Results of a survey to assess practitioners' priority needs and preferences. CIVICUS, Johannesburg

CODEO (2017) Communique issued by participants at the coalition of domestic election observers (CODEO) Stakeholder Review Workshop on Ghana's 2016 Presidential and General Elections at Aqua Safari Resort in Ada, Greater Accra Region on March 27–29, 2017. Accessed from https://codeoghana.org/assets/downloadables/CODEO%20Communique_6April17.pdf. Access 5 July 2019

Easton D (1953) The political system. Knopf, New York

Gilens M, Page BI (2014) Testing theories of American politics: elites, interest groups, and average citizens. Perspect Polit 12(3):564–581

Gore C, Pratten D (2003) The politics of plunder: the rhetorics of order and disorder in southern Nigeria. Afr Aff 102:211–240

Gyampo REV (2010) Political apparatchiks and governance in Ghana's fourth republic. Educ Res 11(1): 561–567

Gyampo RE, Graham E, Asare BE (2017) Political vigilantism and democratic governance in Ghana's fourth republic. Afr Rev 44(2):112–135

Haysom N (1990) Vigilantism and the policing of African townships: manufacturing violent stability. In Hansson D, Van Zyl Smit D (eds) Towards justice? Crime and state control in South Africa. Oxford University Press, Cape Town

Ikelegbe A (2001) The perverse manifestation of civil society: evidence from Nigeria. J Mod Afr Stud 39(1): 1–24

Lees-Marshment J (2014) Political marketing: principles and applications. Routledge, Milton Park

Malaquais D (2001) Death Duala-Style. Paper presented at the annual meeting of the African Studies Association, Houston, November 16, 2001

Norris P (2015) Political communication. In: Wright JD (ed) International encyclopedia of the social & behavioral sciences, 2nd edn. Elsevier, pp 342–349

Sabatier P, Mazmanian D (1979) The conditions of effective implementation: a guide to accomplishing policy objectives. Policy Anal 5:481–504

Shafiq MN (2010) Do education and income affect support for democracy in Muslim countries? Evidence from the pew global attitudes project. Econ Educ Rev 29(3):461–469

Smith D (2004) The Bakassi boys: vigilantism, violence and political imagination in Nigeria. Cult Anthropol 19(3):429–455

Williams R (1987) Political corruption in Africa. Gower, Aldershot

World Bank (2018) Worldwide governance indicators. Accessed from https://info.worldbank.org/governance/wgi/. Accessed 15 July 2019

Yeboah-Assiamah E, Alesu-Dordzi S (2016) The calculus of corruption: a paradox of 'strong' corruption amidst 'strong' systems and institutions in developing administrative systems. J Public Aff 16(2):203–216

P

# Population Ecology Theory of Organizations

Michael R. Ford
University of Wisconsin-Oshkosh,
Oshkosh, WI, USA

## Synonyms

Community ecology; Ecological perspective

## Definition

The study of dynamic changes within organizations.

## Introduction

Much of the history of the field of public and nonprofit administration organizations were studied internally in order to answer pressing public and nonprofit management questions. Relevant research topics included bureaucratic structures, group dynamics, and the decision-making process within organizations. The normative goals of organizational theory were to find ways to manipulate structures, group dynamics, and decision-making processes in order to improve organizational performance. The contextual questions in organizational theory tended to focus on the interaction between administrative actors and political actors, issues of regulation, changing policy preferences, and revenue streams. However, scholars like Paul Peterson (1981), Vincent Ostrom (2011), and E.S. Savas (2000) called attention to the varying ways in which local government and nongovernment organizations impact one another. Though Peterson, Ostrom, and Savas did not specifically touch on population ecology, their insights into governments and networks reflect a recognition that understanding public and nonprofit organizations requires studying both their internal environments and their external environments. The organizations comprising the public and nonprofit sector do not operate in a vacuum but rather as part of a larger organizational ecosystem.

### What Is Population Ecology?

The basic premise of population ecology is that the environment (or marketplace) in which an organization exists affects that organization's operations and trajectory in predictable ways. Michael Hannan and John Freeman (1977) authored the first seminal piece on the subject, in which they challenged the dominant unit of analysis guiding organizational theory, i.e., the organization itself. Instead, they advocated a population ecology approach that uses the entire population of organizations as the unit of analysis. This approach informs several theoretical propositions that continue to guide empirical studies of public and nonprofit organizations.

The first theory is isomorphism, which refers to the belief that organizations operating in a common marketplace begin to resemble one another over time. In order to effectively study isomorphism, and really any of the dominant theories used in population ecology, longitudinal data is needed. The underlying supposition of isomorphism theory is that common goals, regulations, and customers naturally lead to organizations in common populations resembling one other. For example, nonprofit charter schools theoretically have unique offerings to attract parents, but nonetheless begin to resemble one another over time due to their high dependence on government funding, common regulatory frameworks, and participation and membership in common advocacy networks.

The second theory is competition theory, which states that organizations in a common marketplace can be understood primarily by how they compete with one another for customers and resources. Municipal taxation policies and economic development approaches could be understood through competition theory, i.e., municipalities set policies to attract residents. In the nonprofit sector, competition theory could be used to explain service offerings and grant-seeking behaviors.

The third theory is niche theory, in which organizations are assumed to seek out new space in which to reach an underserved population. Thus, the current level of services offered by existing organizations, as well as consumer need, can be used to predict why an organization is created or decides to offer a new service (Amburgey and Rao 1996). A theoretical government example might include the decision to build a new public pool in a suburb within a metropolitan area. Under niche theory the local government in question would determine that there is a demand for a public pool in the region and hence choose to build one

in reaction to other local governments' failures to do so. The government identified an area it could be a niche provider and took action to fill that niche.

The fourth theory refers to the issue of public legitimacy. Ford and Andersson (2016) utilize this approach in their study of the lifecycle of private voucher schools in Milwaukee, speculating that the quick failure rate of many entrepreneurial private schools is a result of their failure to gain legitimacy in the eyes of parents. Studies premised on questions of public legitimacy rely on external stakeholder perceptions of a public or nonprofit organization. In other words, the fate of an organization is determined by external actor's willingness to grant legitimacy to their operations, rather than the quality of that organization's internal operations.

The fifth theory is inertia theory. Hannan and Freeman (1984) and Betton and Dess (1985) both cite inertia as a key principle guiding population ecology research. Inertia could arguably be an asset or a liability in terms of organizational survival, depending on factors existing in the larger population of organizations. Consider the Milwaukee school voucher example used by Ford and Andersson (2016), who found that well-established private schools had higher survival rates than new entries into the voucher school marketplace. In that case inertia was an asset, and older schools were household names with a parent-accepted and established approach to educating students. However, if Milwaukee parents suddenly expressed an interest for more online offerings and project-based learning, the inertia of long-established schools could prevent adaptation to consumer demand, and hence, inertia would become a liability.

The sixth theory is liability of newness theory, which states that new organizations into a sector must overcome the challenges of being a new provider before gaining a permanent foothold into the sector. Hager et al. (2004) utilized liability of newness theory to explain how the age of Minnesota nonprofit organizations impacts the likelihood of their survival. Importantly, age serves as a marker for all of the issues that arise from newness, including misalignment of services provided and customer needs, legitimacy, and level of development of organizational systems and staff. All of these issues are relevant from an organizational perspective because they occur relative to other members of the population. For example, for a new social service agency attempting to gain government funding, the challenge of developing effective systems that aid in obtaining a government grant makes the process more difficult relative to other well-established organizations.

The seventh theory is density theory, which uses the density of organizations within a population to explain the behaviors and trajectory of those organizations. For example, Andersson and Ford (2015) applied density theory to explain when new voucher schools open in Milwaukee. They found that new schools were less likely to enter the marketplace during times the market was saturated by existing education providers. Simply, when there is already a critical mass of providers in place, it becomes more difficult for a new provider to enter the marketplace.

While other theories (or alternative names for existing theories) do exist under the population ecology umbrella, they all have the common thread, like the seven presented theories, of explaining organizational behavior and/or trajectory in the context of the communities or marketplaces in which they operate (Astley 1985).



## How Can Population Ecology Be Applied?

Despite its roots in the study of for-profit firms, population ecology has wide-ranging applications for the field of public and nonprofit administration. A basic application is modeling the entry of an organization into an existing population. A core tenet of network governance is the supposition that private and nonprofit sector organizations can aid in public service delivery in ways that create efficiencies and help to solve wicked public problems (Savas 2000). But understanding the applicability of network governance arrangements requires knowing the conditions in which nonprofit and private organizations emerge. The entry of entrepreneurial actors is likely dependent on resource availability, larger regulatory

environment, perceived opportunity, and other factors exogenous to the organization itself. The application of population ecology to market entry gives policymakers a roadmap for creating conditions that encourage public entrepreneurship. Similarly, theories of population ecology can be used to model organizational exits. If nonprofit and private sector organizations are to be effective network governance actors, policymakers will naturally want to ensure they remain viable organizations over time. Many of the same factors leading to organizational entry, like regulation and resource availability, can also be applied models predicting organizational failure (see Anderson and Ford 2015; Ford and Andersson 2016).

Population ecology can also be used to study the factors that lead to innovation, be it in the public or nonprofit sector. A classical organizational theory approach to understanding innovation would look internally at organizational structure and incentives that encourage or discourage innovation. Population ecology allows external factors, such as competition between firms, regulation, and external incentives such as foundation funding, to be considered. From a policymaker perspective, such research can give guidance on how to spur innovation through policy. An example is the federal race-to-the-top funding competition that created financial incentives to create competition between state departments of education for purposes of spurring innovation.

The population ecology approach also encourages the differentiation of organizations by function in studies of organizational behavior and lifecycles. The species approach, discussed in detail by Amburgey and Rao (1996), recognizes that different types of organizations have different environmental factors that impact their behaviors and lifecycles. For example, the factors leading to the exit and entry of schools in Milwaukee's school voucher program (Ford and Andersson 2016) should logically be different than the factors determining entry and exit for human service organization populations (Twombly 2003) or mutual aid organization populations (Archibald 2007). Being able to account for environmental differences allows for a more precise assessment of the factors leading to nonprofit behaviors. While a population ecology approach may limit generalizability, it does so because it is often more precise.

Population ecology can also be used to measure the stability of functional sectors. In an era where all levels of government engage in contracting and are hence dependent on nonprofit and private sector organizations in key service delivery areas, it is important to know when sectors are stable and/or likely to change. Economic cycles, health-care costs, disruptive technology, climate change, etc. all have the capacity to affect a population's equilibrium and hence impact the function (or even existence) of organizations with the population. The stability of an organizational population can impact the extent to which governments contract out for services, budgeting decisions, and staffing decisions.

Finally, population ecology can be applied to the historical development of organizations. The necessity of longitudinal data means that population ecology studies often look into the past to trace the historical development of organizations (Ruef 2002). Looking at the past can provide insight into how positive developments can be replicated in new contexts and how negative impacts can be thwarted in new contexts. In other words, population ecology is a tool that policymakers and public and nonprofit administration scholars can use to learn from the past.

## Conclusion

Population ecology is a relatively young idea in the field of public and nonprofit administration. Notably, the foundations of population ecology are consistent with the ideals of early public administration scholars who argued that the field cannot be understood outside of its context. Organizations, be they public, nonprofit, or private, all operate within populations of other similar organizations. Logically, organizational decision-making is guided, in part, by the characteristics

of the population. Importantly, population ecology exists to supplement traditional organizational theories, not to supplant them.

## Cross-References

► Motivation-Based Theories of Organization

## References

Amburgey TL, Rao H (1996) Organizational ecology: past, present, and future directions. Acad Manag J 39(5): 1265–1286

Andersson FO, Ford MR (2015) Social entrepreneurship through an organizational ecology lens: examining the emergence and evolution of the voucher school population in Milwaukee. Voluntas 27(4):1760–1780. https://doi.org/10.1007/s11266-015-9576-0

Archibald M (2007) An organizational ecology of national self-help/mutual aid organizations. Nonprofit Volunt Sect Q 36(4):598–621

Astley WG (1985) The two ecologies: population and community perspectives on organizational evolution. Adm Sci Q 30:224–241

Betton J, Dess GG (1985) The application of population ecology models to the study of organizations. Acad Manag Rev 10(4):750–757

Ford MR, Andersson FO (2016) Determinants of organizational failure in the Milwaukee school voucher program. Policy Stud J. https://doi.org/10.1111/psj.12164

Hager MA, Galaskiewicz J, Larson JA (2004) Structural embeddedness and the liability of newness among nonprofit organizations. Public Manag Rev 6(2): 159–188

Hannan MT, Freeman J (1977) The population ecology of organizations. Am J Sociol 82(5):929–964

Hannan MT, Freeman J (1984) Structural inertia and organizational change. Am Sociol Rev 49(2):149–164

Ostrom V (2011) The intellectual crisis in American public administration, 3rd edn. The University of Alabama Press, Tuscalossa

Peterson PE (1981) City limits. University of Chicago Press, Chicago

Ruef M (2002) At the interstices of organizations: the expansion of the management consulting profession. In: Sahlin-Andersson K, Engwall L (eds) Carriers of management knowledge: ideas and their global circulation. Stanford University Press, Stanford, pp 1933–1997

Savas ES (2000) Privatization and public private partnerships. Chatham House Publishers, New York

Twombly E (2003) What factors affect the entry and exit of nonprofit human service organizations in metropolitan areas? Nonprofit Volunt Sect Q 32(2):211–235

# Population Policy, China

Paul C. Trogen[1] and Yuan Xu[2]
[1]East Tennessee State University, Johnson City, TN, USA
[2]Vanderbilt University, Nashville, TN, USA

## Synonyms

China; One-child policy; Population; Population policy; Two-child policy

## Definition

*Population policy* consists of government actions which influence or attempt to influence the growth, size, distribution, and/or composition of a nation's population.

## Introduction

China's population policy evolves to respond to changing social conditions. Even the one-child policy, the most controversial population policy in history (Whyte et al. 2015), was never an ideological blueprint for the future but only a temporary fix. During each policy, policy makers were already contemplating their next step.

## Types of Population Policy

Population policies can be divided into *pro-natal* policies and *population control* policies. Pro-natal policies encourage more children, whereas population control policies seek to limit births. Population control policies can again be divided into two categories, the *family planning gap* approach and the *desired children* approach.

The family planning gap approach assumes contraceptives are the best policy, as high fertility results from the inaccessibility and cost of

contraceptives (Pritchett 1994: 1–2). If contraceptives are distributed, people voluntarily use them to reduce births (Daugherty and Kammeyer 1995: 225). It assumes that individual freedom to pursue enlightened self-interest will coincide with the public interest (Gupte 1984: 183).

The second strategy, the "***desired children***" approach, suggests that development is the best contraception. People tend to have the number of children they want, subject to social, educational, cultural, and economic conditions (Pritchett 1994: 2). One empirical study found that 90% of differences in fertility between countries were accounted for by differences in desired fertility (ibid).

### Population Dynamics of Developing Nations

The People's Republic of China faced demographic challenges common to the developing world. Since 1950, the population of the developing world more than doubled (Pritchett 1994: 1). Almost half of the population in developing countries is young (Gillespie 1984), creating explosive demographic potential as these children approach their own childbearing years. If all couples were limited to only two children, the population would still grow 80%; most countries would need to limit births to one child per couple over the next 30 years just to stabilize the population (Gillespie 1984).

In China, irresistible demographic dynamics collide with immovable geographic constraints. While China has 22% of the world's population, it only has 7% of the earth's arable land (Gu 1997: 42). Only about 15% of China's land is suitable for farming. Until 1949, war, famine, and disease kept death rates near the birth rate, and the population was stable at 500 million (Gupte 1984: 178). When Mao reduced war and disease as population suppressants, China's population grew 20 million/year.

## Population Policy in China

In 1949, China was the world's most populous country, with a population of 500 million people. China remains the world's most populous country with approximately 1.3 billion.

### Initial Policy: Socialist Development Is the Best Policy (1949–1954)

Social transformation superseded population control as Mao's primary goal in 1949. Mao's statements on population showed appreciation of multiple approaches to population control. Mao took two steps which reduced fertility. The marriage law of 1950 raised the marriage age for women to 18 and Mao integrated women into the workforce (Kammeyer and Ginn 1986: 246). Officially, the purpose was to protect women. New health policies also improved basic health, controlled disease, and reduced death rates far more than the marriage law reduces birth rates. The population grew 20 million a year for the next ten years (Gupte 1984: 178).

Mao's public pronouncements extolled the value of China's vast population, "The more people we have, the greater our force". Mao said, "Every stomach comes with two hands attached," and the government encouraged births as a means to increase labor as the best way to increase production (Morrish 1994: 44). The People's Daily denounced birth control as, "A way of slaughtering the Chinese people without drawing blood" and called people, "The most precious of all categories of capital" (Gupte 1984: 178). Impressive agricultural results before 1957 seemed to vindicate Mao's confidence (Aston et al. 1984: 625).

### First Five-Year Plan

China's first population control campaign was part of the first five-year plan in 1954. The 1953 census revealed the population had grown to 600 million people (Gupte 1984: 179). By 1956 an intensive family planning program included distribution of contraceptives, educational programs on reproductive physiology, and a propaganda program extolling the virtues of small families (Kammeyer and Ginn 1986, p.247). Population policy was still pragmatically subordinated to socialist development. The first population campaign was implemented in cities, where only 20% of the people lived, because the collectivization of agriculture had higher priority in the countryside (Gupte 1984: 197). The shift from pro-natal propaganda to the family

planning gap message that contraception is the best policy was effective. The birth-rate fell substantially (Kammeyer and Ginn 1986: 247). The new propaganda encouraging small families foreshadowed future policies when state goals would supplant a family's own goals in family planning.

Mao's thinking raced ahead of official policy. He was conversant in many schools of population policy. Mao argued that development is the best contraceptive: "after 100 years . . . our cultural level will be high. When all the people are college educated, they will naturally practice birth control" (Zedong 1958). But Mao's top priority was building socialism. Mao was confident the Great Leap Forward would solve China's food problem: "We are not afraid of a population of 800 million or one billion" (ibid). Unfortunately, Mao's optimism collided with reality during the Great Leap Forward.

### The Great Leap Forward

The largest famine in world history occurred in China during the Great Leap Forward (1958–1961), when 30 million people died of famine during government efforts to collectivize agriculture and to shift resources from agriculture to industry (Aston et al. 1984: 614, 625).

The Great Leap Forward attempted to realize Mao's vision of economic growth through labor and socialist enthusiasm. "Human investment" led to building dams with shovels (Gupte 1984: 343).

During the Great Leap, opponents of population control won a temporary victory, and the first population campaign was abandoned (Kammeyer and Ginn 1986: 247). Proponents were denounced as rightists, purged from the Party, dismissed from ministerial posts, and repudiated their policies (Gupte 1984: 179; Kammeyer and Ginn 1986: 253). A rapid increase in the birth-rate resumed when the famine ended (Kammeyer and Ginn 1986: 247).

### China's Second Population Campaign

Following the Great Leap's failure, Mao was replaced by Liu Shaoqi as Chairman of the People's Republic of China, but Mao still retained leadership of the Communist Party (Aston et al. 1984: 614). China's second population campaign began in 1962 with a reinstatement of the previous population policies and programs (Kammeyer and Ginn 1986: 247). A central birth planning office was established, and contraceptives finally became widely available again in 1962 (ibid).

### Cultural Revolution Population Policy Reversal

In 1966, Mao initiated the Cultural Revolution to oust Liu Shaoqi as head of state and consolidate his control over the government. Like most government activities, the second population campaign and distribution of contraceptive supplies was interrupted (Kammeyer and Ginn 1986: 247). Red Guards sought to weed out anti-revolutionary elements in society (Kammeyer and Ginn 1986: 253) and persecuted family planning cadres (Ma 1996: 265). Suspension of population campaigns during both the Great Leap Forward and the Cultural Revolution led to a decade without a population program and led to a baby boom in the 1960s.

Liu Shaoqi was finally ousted as head of state in 1970. At that time, the average Chinese woman bore six children (Gu 1997: 41). Inside the government, family planning became a controversial topic. Opinions split into two factions: birth control (contraception is the best population policy) and family planning, which reflected Mao's idea of central planning for human reproduction. After 1969, an administrative framework for family planning was built (Population Policy 2014).

### Later-Longer-Fewer, China's Third Population Campaign, 1971

Political instability precluded an organized birth limitation program before 1971 (Kaufmann, et al. 1989: 708). Pragmatic politicians have little incentive to promote unpopular programs during a power struggle. After Mao reestablished firm control, the "later-longer-fewer" campaign reflected the recentralization of authority. "Family planning" became central planning. Births under later-longer-fewer were rationed under a quota system (Population Policy 2014). National birth quotas were passed down through the

administrative hierarchy (ibid). Couples wanting a child had to request a planned birth card from their local family planning committees in order to obtain obstetric care, while alternatives, such as abortions, sterilizations, and IUDs, were provided freely (Kammeyer and Ginn 1986: 249).

The **later-longer-fewer** campaign stressed three reproductive norms: *wan* ("later" as in later marriage), *xi* ("longer" as in longer spacing between children), and *shao* ("fewer" as in fewer total children) (Kammeyer and Ginn 1986: 247;). Committees for planned birth were organized at every administrative level. The delivery of contraceptives was closely tied in with the provision of basic health care by local clinics in urban areas and by the barefoot doctors in the countryside. Medical means of birth control were supplemented with peer group pressure in factories, enterprises, urban streets, and rural villages. Each small group received its allocated number of births. As a result, decisions regarding family size became subjected to intervention by the state in the form of peer group pressure (Population Policy 2014).

Implementation varied. While the national quota was set at the center, the local allocation of these quotas was determined at the local level. In 1980 the legal marriage age was raised two years (Kammeyer and Ginn 1986: 247). In the city efforts were made to delay marriage further until age 25 for brides and 27 for grooms. (Whyte et al. 2015). Local birth planning officials pressured couples to wait 3–4 years between births (Kammeyer and Ginn 1986: 248; Whyte et al. 2015) and to limit themselves to two children in the cities and three children in the country. Penalties were imposed for those who did not comply (Kaufmann et al. 1989: 708; Whyte et al. 2015). The later-longer-fewer campaign reduced births from six per woman to an average of three (Fong 2016: xiii).

## One-Child Policy

Mao died in 1976. A second generation of eight elders shared leadership, mentored by Deng Xiaoping, who had directed the economic recovery after the Great Leap Forward. Deng set a goal of quadrupling the per capita gross domestic product (GDP), a task made easier by slowing population growth (Fong 2016: 48).

The baby boom preceding the later-longer-fewer campaign created a large cadre of women approaching their childbearing years. In the 1970s, half of China's population was under 21 (Daugherty and Kammeyer 1995: 239). The problem was not people having more babies but more people having babies (Gupte 1984: 182). The huge bulge in the population pyramid in the 1960s had the potential to create an equally large echo effect in the 1980s (Gu 1997: 42). With a half billion young people approaching their childbearing years, even if each couple were to have only two children, a population explosion was imminent (ibid). China was already importing between 15 and 20 million tons of grain to feed its people (Gupte 1984: 162). In 1980, China's population appeared destined to reach 1.4 billion by 2000, surpassing the country's ability to feed itself (Morrish 1994: 45).

In the early 1970s, a project group using computerized population models projected that China needed to limit each couple to a single child (Ma 1996: 265). China's one-child policy was crafted by military rocket scientist Song Jian (Fong 2016: 48). Song projected that under a two child per family quota, the population would continue to balloon, and even with a one-child policy, the population would still grow for another 25 years (Fong 2016: 53). The policy would be necessary for three decades (Fong 2016, 58).

On September 25 1980, an open letter asked communist party members to voluntarily limit their family to one child (Fong 2016: x). The one-child policy progressed through three phases: (1) a restrictive policy with strong implementation, (2) a liberalized policy with relaxed implementation, and finally (3) a liberalized policy, with stronger implementation.

### First Phase: One-Child Policy Introduction

The first phase was a restrictive policy with increasing implementation. This policy was announced in 1979 and leniently enforced during 1980–1981 (Greenhalgh 1986: 491). Fines would be levied on families who violated the policy, based on family income and other factors. Fines

could range from inconsequential to five times annual disposable income (Fong 2016: 6, 67). From the central government to the local level, Population and Family Planning Commissions were created to raise awareness among the populace and to provide surveillance for implementation of the policy.

In 1983, circulars appeared calling for mandatory IUD insertion for women with one child, abortions for unauthorized pregnancies, and sterilization for couples with two or more children (Greenhalgh 1986: 491). Strict application of the one-child policy followed. National annual birth quotas were allocated to the provinces which assigned responsibility to local governments to set the number of births permitted in each area (Li 1995: 563). Local officials, either heads of work units or village heads, selected the families authorized to have a child (Li 1995: 563). Birth permits were not automatically granted to new couples; to achieve targets, local authorities required people to wait until they got a permit (Li 1995: 568). Pregnancies outside the plan (without permits) had to be terminated (Li 1995: 563). The birth-rate dropped to 1.385 per couple in 1984 (Ma 1996: 267), but there were unanticipated consequences. Abortion and sterilization campaigns led some couples, desperate for a son, to commit female infanticide (Greenhalgh 1986: 491). Unanticipated levels of resistance erupted; women illegally removed their IUDs or ran away to cities or the wilderness to have children, and people attacked family planning workers (Greenhalgh 1986: 508).

### Second Phase: Central Document 7

In 1984, the nationwide one-size-fits-all measure proved so unpopular that the central government was forced to decentralize a large portion of the one-child policy (Fong 2016: 71). Document 7 encouraged the development of local policies at the local level to suit local needs (Greenhalgh 1986: 493; Short and Zhai 1998: 374). Revisions enabled those most in need to have a second child (Greenhalgh 1986: 507). This liberalization was likely due to a desire to stop female infanticide (Mosher 2001: 45) and to ease political strains at the local level (Greenhalgh 1986: 492).

Each of the 30 provinces developed its own family planning laws, to meet 5-year targets set by the Central Family Planning Commission. The provincial-level administrative regions were divided by household registration status. Families with urban household registration status could have only one child. Policy divided citizens with rural or agricultural household registration status into three categories. Residents in Beijing, Tianjin, Shanghai, Jiangsu, Chongqing, and Sichuan provinces still needed to follow the one-child rule. In Hainan, Qinghai, Ningxia, Yunnan, and Xinjiang provinces, residents with rural household registration status were allowed to have two children. Families in the other 19 provinces would follow the rule of 1.5-child policy which means if the first child was a girl, a second child was allowed as long as their births were within the plan and did not jeopardize the goal of limiting population to 1.2 million by the year 2000 (Greenhalgh 1986: 492). The birthrate, which was 13.85 per thousand in under the strict policy 1984, rose to 20.0 per thousand under the relaxed policy during 1986–1989 (Ma 1996: 267).

With increasing flexibility came increasing responsibility. The second reform in the second phase of the one-child policy strengthened the cadre responsibility system (Greenhalgh 1986: 493) and held local cadres accountable for successful implementation (Short and Zhai 1998). Cadre responsibility systems spelled out the rewards for success and penalties for failure (Greenhalgh 1986, p.503). Provincial officials also became responsible for family planning outcomes:

> In 1990 the central government instituted a nationwide accountability system. Called *yipiaofoujue* (loosely translated as "one-vote-veto"), it made birth-planning targets a major objective for all provincial authorities. Administrators who did not meet their area's birth quotas could face wage reductions, demotions, or even dismissal. (Fong 2016: 73)

A third reform during the second phase was the Information Management System (Greenhalgh 1986: 504). Continuous systematic monitoring of fertility assured that targets were met (Greenhalgh 1986: 499). The system recorded the status of women of reproductive age

(Greenhalgh 1986: 504). One reporter's visit to a family planning service station in Jiekuang Village Elementary School in Hunan Province showed how the system worked (Lawrence 1994). A chart on the wall recorded the 160 women of childbearing age assigned to that station. Of 160, 125 were sterilized, twenty were using IUDs, five were infertile, and four were on the pill. One had a recent birth, and five had permits to have babies (ibid). Every six months, family planning workers performed ultrasounds on women using birth control to ascertain if the steel ring IUD was in proper position and to catch babies conceived outside the plan early enough to perform safe abortions (ibid). Any such woman lacking an allotted a space in the official quota was expected to have an abortion (ibid).

### Third Phase: Liberal Policy with Strong Implementation

The third phase of the one-child policy was a liberalized policy with stronger implementation. A December 19, 2000, State Family Planning Commission white paper set a population cap of 1.6 million by 2050 and reiterated that targets and quotas were to be achieved by education and persuasion (Mosher 2001: 45). The Chinese Communist Party Central Committee elevated population goals to the level of economic goals. Village cadres would also have their salaries docked for poor performance.

### Selective Two-Child Policy

After the eighth session of the third plenary in November 2013, the Chinese Communist Party Central Committee revised regulations, among the most important of which was the selective two-child policy. The selective two-child policy was a prototype that allowed families formed by the marriage of two single children to have two offspring.

The selective two-child policy signaled the imminent phasing out of the one-child policy. Its purpose was attained. The one-child policy was an interim solution to drastically reduce the fertility of one generation (Greenhalgh 1986: 508). The youngest children of the baby boom were now over 40 and had declining fertility. Relaxing the one-child policy became feasible once the baby boom generation passed beyond their childbearing years.

### The Two-Child Policy

Officials implemented a two-child policy in late 2015 because of early indications that the one-child-policy was creating a labor shortage. In 2015, the last year of the 12th five-year plan, the demographic dividend generated by workers born in the 1960s, baby boom was evaporating, and economic growth slowed. According to Peian Wang, the vice director of China's National Health and Family Planning Commission, the two-child policy is more practical than the selective two-child policy because it better serves China's current population and economic trends. Now anyone will be allowed to have a second child, regardless of where they live.

China's move to a two-child policy may be too little too late. When Beijing adopted the selective two-child policy in 2013, only about one tenth of the eligible couples applied to have a second child (Fong 2016: xii). Many say it is too costly and stressful to raise a second child (Fong 2016: xii;). The costs of services like schooling and health care are still prohibitively high (Fong 2016: 7). A survey conducted by Shanghai Academy of Social Sciences shows that the average spending per child per year in 2011 was 32,000 yuan (about $5000 US dollars), compared to the average disposable family income 31,838 yuan (Wu and Yu 2011). Since the cost of an additional child exceeds average the disposable family income, 45.3% of parents in this major city did not want to have a second child, even if allowed. Modern educated women choose to have fewer children (Fong 2016: 55).

Thirty five years of the one-child policy allowed many Chinese to internalize the one-child household as the ideal. If Beijing is unable to reverse this thinking, China's population will peak between 2020 and 2030 and then decline to 1950 levels in 2100 (Fong 2016: xii).

## Conclusion

### Policy Evolution

In less than 70 years, China has run the full circle of population policy. First, the official policy was "each stomach came with two hands attached" as population was extolled as labor as China

endeavored to build socialism by hand. The first population control policy worked under the assumption that contraception is the best policy. The next policy was family planning but with Chinese characteristics that planning was designed to meet central birth quotas. The next step was the one-child policy. This policy worked too well. After 35 years, the one-child policy has changed Chinese culture, and many urban couples now prefer to have only one child. Now, a shrinking labor force insufficient to support China's retiring baby boomers is causing China to successively relax its population policies in hope of more births. But, as other developed countries have discovered, encouraging people to have more children often has modest impact. The People's Republic of China's population policy has now come full circle. China's challenge will be to encourage its modern, educated, urban workforce to have enough children to support its retiring baby boomers. This will be the hardest challenge yet.

## Cross-References

► Retirement Crisis: Global

## References

Aston B, Hill K, Piazza A, Zeitz R (1984) Famine in China. Popul Dev Rev 10(4):613–645
Daugherty HG, Kammeyer KCW (1995) An introduction to population, 2nd edn. Guildford Press, New York
Fong M (2016) One child: the story of China's most radical experiment. Houghton Mifflin, Boston
Gillespie R (1984) Introduction. In: Kangas GL (ed) Population and survival: five challenges in five countries. Praeger, New York
Greenhalgh S (1986) Shifts in China's population policy, 1982-86: views from the central, provincial and local levels. Popul Dev Rev 12(3):491–151
Gu B (1997) China's population grows despite fertility decline. Forum Appl Res Pub Policy 12(2):41–45
Gupte P (1984) The crowded earth. W.W. Norton, New York
Kammeyer KCW, Ginn H (1986) An introduction to population. Dorsey Press, Chicago
Kaufmann J, Zhang Z, Qiao X, Zhang Y (1989) Family planning and practice in China: a study of four rural counties. Popul Dev Rev 15(4):707–424
Lawrence SV (1994) Family planning at a price. US News 117(11):56–57
Li J (1995) China's one child policy: how well it has worked: a case study of Hebei Province, 1978-88. Popul Dev Rev 21(3):563–585
Ma J (1996) 1.2 billion -retrospect and prospect of population in China. Int Soc Sci J 48(2):261–268
Morrish M (1994) China struggles with the population equation. Geogr Mag 66(6):43–45
Mosher S (2001) In China, family planning is still a government affair. Insight on the News 17(10):45
Population Policy (2014). Chineseposter.net. Available from http://chineseposters.net/themes/population-policy.php
Pritchett LH (1994) Desired fertility and the impact of population policies. Popul Dev Rev 20(1):1–55
Short SE, Zhai F (1998) Looking locally at China's one-child policy. Stud Fam Plan 29(4):373–387
Whyte M, Feng W, Cai Y (2015) Challenging Myths about China's One Child Policy http://scholar.harvard.edu/files/martinwhyte/files/challenging_myths_published_version.pdf
Wu J, Yu L (2011) The average cost to raise a child is around 30,000 yuan, almost half of the families in shanghai do not want a second child. Available from http://finance.people.com.cn/money/GB/15315314.html
Zedong M (1958) quoted in *Mao Zedong sixiang wansui (Long Live Mao Zedong Thought)*, Cultural revolution red guard document collection, Vol. 3 (Wuhan: n.p., 1968), p 86

# The Position of Women in Iranian Public Sector Organizations: Facts and Challenges

Tayebeh Abbasi[1] and Sareh Ebrahimi[2]
[1]Faculty of Management, University of Tehran, Tehran, Iran
[2]Faculty of Management, Kharazmi University, Tehran, Iran

## Synonyms

Women's career advancement; Women's job promotion

## Definition

Women's job promotion is when a woman is moved up in the hierarchical levels within an organization. The more responsibilities and

P

higher levels of authority within the organization will be the result of this promotion for women.

## Introduction

One of the concepts that is very important for economic growth and sustainable development is gender equality. Gender equality means that all members of society, regardless of gender, have equal opportunities in terms of access to livelihood resources, health, and education and people can participate in social, economic, and political affairs without any gender discrimination (Madan and Gill 2011). According to the Office of the Special Adviser on Gender Issues and the Advancement of Women United Nations (OSAGI) in 2001, the importance and necessity of promoting gender equality stems from two rationales. The first reason backing up gender equality promotion is considering human rights and social justice issues as providing women with equal opportunities, rights, and responsibilities as men are directly related to these issues. The second rationale is sustainable people-centered development. In other words, increasing gender equality could be a precedent of sustainable people-centered development in which considering both genders as beneficiaries of development with equal share is an essential requirement (Warth and Koparanova 2012). Gender equality is an essential goal in both the ILO's Decent Work Agenda and the 2030 Agenda for Sustainable Development. The importance of this issue is to the extent that 5th Goal of the SDGs is specifically dedicated to achieving gender equality and empowering women and girls, while these issues are somehow obvious in other 16 goals (LOSTAT 2019). One of the conditions for achieving sustainable development is the real and active participation of women in the development process and the reduction of gender inequalities. According to the International Labor Organization, in the last 29 years, the participation of women older than 15 has decreased from 51% to 47% (Fig. 1).

On the other hand, as higher levels of education are being widespread among- women, their participation and their will to be promoted to public managerial positions tend to be a more critical issue, regarding sustainable development; however, there are still severe barriers and obstacles in the way of women's advancement in their

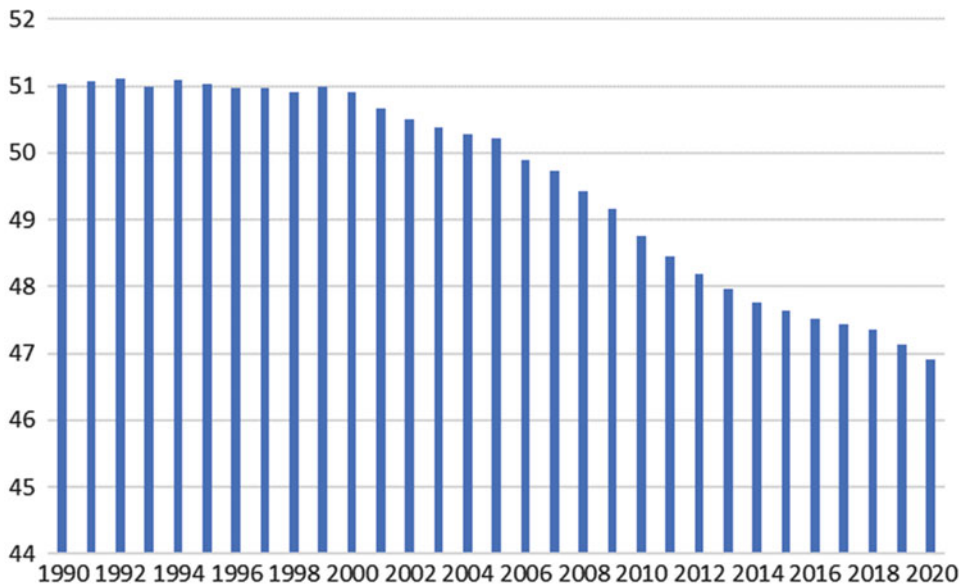


**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 1** Labor force participation rate, female (percentage of female population ages 15+)

career to senior managerial levels. One of the current problems in organizations for women is the lack of fit between women's education/experiences and the managerial positions to which they get assigned. Based on the World Labor Organization's Sustainable Development Index, in spite of the fact that the share of women in management positions has increased to 27.8%, the increase has been only 4% for more than two decades (Fig. 2). Thus, although women still are taken into account around half of the workforce, they hold a small share of managerial positions. Studies in various countries including Indonesia (Herri and Handika 2016), Iceland (Einarsdottir et al. 2018), and the United Kingdom (Howe-Walsh and Turnbull 2016) show that the lack of proper activity of women in executive positions in the senior decision-making levels of large organizations is a global phenomenon.

Also, studies show that in different countries, the share of women in managerial positions is low. For example, according to the Human Development Report, women's share of management positions (in 2018) for high-income countries, low-income countries, Europe, and Central Asia is, respectively, 34.8%, 22.2%, and 34.5%. In Iran, as in many countries, the rate of women's participation in managerial jobs is not proper. In other words, regarding women's capabilities, there is still a significant gap between men and women in occupying managerial vacancies. For instance, out of 69,133 managers in Iran public sector, 12,850 are women, and 56,283 are men. In other words, only 18.6% of public sector managers are women (The vice Presidency for Women, and Family Affairs, Islamic Republic of Iran 2019). These statistics mean that women will be promoted to only certain levels in the organizational hierarchy, where some obstacles prevent them from being promoted further. These obstacles are referred to, as "Glass ceiling." Glass ceiling is a term to describe artificial and invisible barriers to organizational and ideological bias and discrimination; Barriers that in practice prevented women and racial minorities from achieving high positions and job positions.

In recent years, benefiting from the empowerment of women in senior management has been a priority of the Iranian government (for example, allocating a 30% share of women in managerial positions), but there are challenges and problems in achieving this goal. Hence, the purpose of this entry is to examine the barriers to promoting

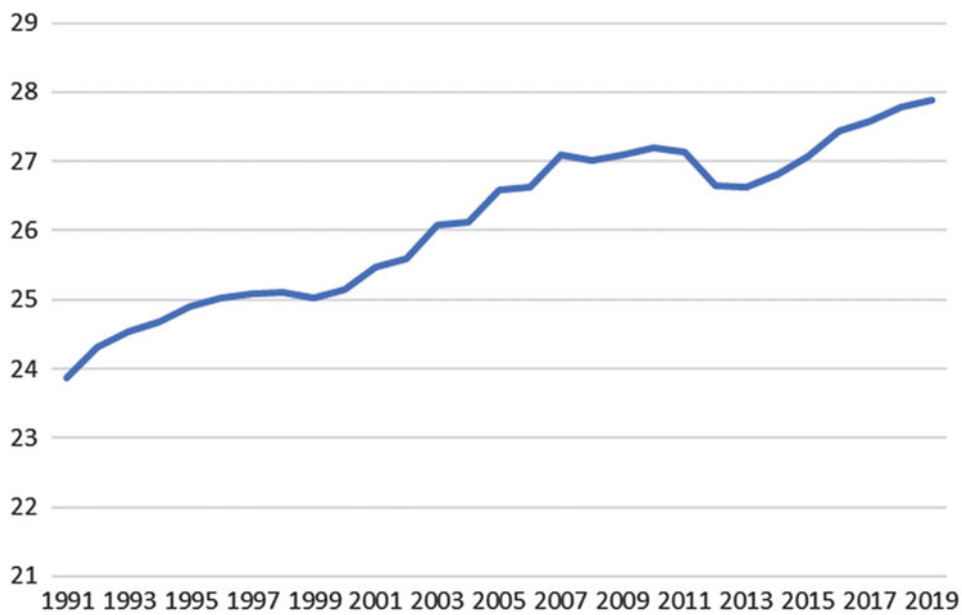


**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 2** Female share of employment in managerial positions in the world (%), 1991–2019

P

women to managerial positions in Iranian government organizations. Since, the phenomenon of "glass ceiling" plays a vital role in the failure of women to climb up the organizational ladder and is an allusion to the failure of women's efforts to attain senior, executive, and top management positions, accordingly, we first discuss the phenomenon of the glass ceiling. We then review the adjustments made to reduce gender inequality (closely related to the concept of a glass ceiling). We have done this by examining policy-legal considerations and indicators in international instruments. Legal considerations regarding the management of women in Iran and Iran's situation in terms of the international indicators and approach are other sections of this entry. Finally, we will address Barriers to promoting women to managerial positions in Iranian government organizations.

## Glass Ceiling

The term glass ceiling was first used in 1986 by the Wall Street Journal (Weyer 2007). This irony referred to gender discrimination, which describes a barrier that prevented women from growing above a certain level in an organization (Simon 1996). The term was used in 1990 to refer to a small number of women and minorities to administer public and private sector organizations. In women's employment in managerial positions, the glass ceiling shows an issue in which women are less likely to be appointed to managerial and senior positions. Burn (2005) defined the glass ceiling as the prevalence of occupational discrimination that gradually leads to a real but invisible obstacle to promoting women to high positions of power (Burn 2005). Researchers have emphasized that the glass ceiling is a barrier, which prevents women to be chosen for high-level positions not due to any disability, but just because they are women. The glass ceiling is the result of common myths and perceptions. The International Labor Organization studied female share in management employment and the working-age population from 2000 to 2019 (ILO's Website), and regarding this study, while women make up about 50% of the working-age population, only about 40% of them are employed. The other 60% do not contribute to economic activities, not because they are disable, but because there are barriers, which make paid job inaccessible for women, and among the whole occupational barriers for women, the only factor that has been recognized as a barrier for women to work in managerial positions since 2000 is known as the glass ceiling. So it is not surprising to face the fact that just 27% of employed women (the 40% active women out of all women who are in working-age) occupied managerial positions (ILOSTAT 2019).

Since the glass ceiling is a consequence of gender discrimination, one of the necessary measures to break the glass ceiling is to moderate gender inequalities. Studying international documents reveals two types of efforts which are aimed to demolish gender inequality: policy-legal considerations and indicators of human and gender development in international instruments.

## Adjusting for Gender Inequality

The international community emphasizes the concept of "gender equality." International instruments and the practice of human rights institutions emphasize the fight against gender inequality to achieve gender equality between women and men in all individual, family, and social matters.

> Gender equality refers to the equal rights, responsibilities, and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities, and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs, and priorities of both women and men are considered, recognizing the diversity of different groups of women and men. Gender equality is not a women's issue but should concern and fully engage men and women. Equality between women and men is considered both as a human rights issue and as a precondition for, and indicator of, sustainable people-centered development. (European Institute for Gender Equality 2017)

Gender inequality refers to the injustice done to the rights of half of the members of human society because of their gender and femininity. One of these inequalities is seen in the low rate of

promoting women to managerial levels. In order to create equality in the workplace, many efforts have been made in the form of regulation. However, discrimination could be still observed in certain social groups; women face more injustice than men in most economic equity indicators, such as income, unemployment, and occupational distribution (Trentham and Larwood 1998).

Until the 1970s, not only were women not considered as important actors in economic activities, but also were referred to as second gender. They were dominated by men, and women's participation and exploitation in projects were often overlooked. This inequality is rooted in the traditional division of labor between men and women, which in practice has led women to focus on domestic work and to push men to work outside the home. Since the 1970s, there have been changes in attitudes toward the role of women in economic activities. The proclamation of 1975 as the "International Women's Year" (IWY) by the United Nations is an example of this process of change. March 8 is being celebrated as International Women's Day since 1975. The International Women's Year (IWY) drew the world's attention to the undeniable role of women in development and created the necessary incentives in international organizations and many governments to try to eliminate discrimination against women. One of the proposed alternatives to eliminate this problem is positive discrimination. Cambridge Dictionary defines positive discrimination as "the act of giving an advantage to those groups in society that are often mistreated because of their race, sex, etc." The definition is similar to Merriam-Webster's definition, which is "the practice of improving the educational and job opportunities of members of groups that have not been treated fairly in the past because of their race, sex, etc."

Due to the importance of this issue, two types of actions, namely, legal considerations and international index are explained in following pages.

## Policy – Legal Considerations

Gender equality is one of the objectives of the United Nations Universal Declaration of Human Rights. The United Nations adopted the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) in 1979. CEDAW is an international bill of rights for women, which was instituted in 1981 and ratified by 189 states. This convention is the most important United Nations Convention on the Elimination of All Forms of Discrimination against Women and defines gender discrimination as follows:

> Any distinction, exclusion or restriction made based on sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on the basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field.

Article 3 of this convention focuses on "basic human rights and fundamental freedoms" through the "political, social, economic and cultural fields" and suggests that the countries guarantee these items for women "on the basis of equality with men." Also, The United Nations Development Program (UNDP) has introduced a five-point strategy to accelerate progress toward gender equality. According to the third target, at least 30% of national decision-making positions should be allocated to women (United Nations Development Program 1995: 9). Recommended initially in 1990, this includes being in parliament, and if possible, in the cabinet, and working with government and economic institutions at the management level. Due to the limited information available to the United Nations, access to political power is measured only by the number of women in government positions at the national level. Furthermore, the United Nations Millennium Declaration, which was signed in 2000, includes eight goals. The UN Member States had agreed upon these goals, and set 2015 as a deadline to achieve them. The third goal focuses on promoting gender equality and empowering women. Gender equality and women's empowerment are part of the Sustainable Development Goals (SDGs) that succeeded the MDGs in 2016. SDGs call for action to ensure economic growth not only socially and economically but also environmentally. The fifth goal of the seventeen goals of this

document refers to "ensuring gender equality and empowering all women and girls" (UN 2015). One of the targets of this goal is to "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life" (UN 2015).

To preserve the SDGs, ILO helps developing countries in different fields, including promoting income, decreasing the unemployment rate, and providing both men and women with good job opportunities (Kring 2017). The main goal of the International Labor Organization is to work with member countries to achieve full employment, production right job, and for all, including women and youth. This goal was outlined in the ILO Declaration on Social Justice in 2008 for globalization of justice and is now widely accepted by the international community. Regarding the work environments, the ILO's considerable proportion of efforts focused on eliminating any kind of discrimination in employment and occupation. ILO's first concern is defining criteria and coordinating endeavors against at-work-place discriminations. The main Conventions adopted by ILO to encourage adhering countries to unite against employment and occupation-related discriminations are Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Equal Remuneration Convention, 1951 (No. 100), and the Recommendations associated with them.

Equal Remuneration Convention, 1951 (No. 100): Refers to equal compensation for work of equal value done by either men or women in member countries. This principle applies through national law, any wage-setting system established or recognized by law, collective agreements between employers and workers, or a combination of different methods.

Discrimination (Employment and. Occupation) Convention, 1958 (No. 111): This Convention was adopted to accept the principle of nondiscrimination in areas such as gender, access to vocational training, access to employment, and equal conditions for employment. Each Member for which this Convention is in force undertakes to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminate any discrimination in respect thereof.

International Employment Policy Convention, 1964 (No. 122): refers to the freedom to choose a job so that every worker, regardless of race, color, religion, gender, political opinion, national affiliation, and social origin, has all the opportunities to education and has the necessary expertise to access a suitable job and use your expertise and capabilities.

In addition to these international standards, in response to concerns about gender discrimination, countries worldwide have made various efforts, especially on gender equality in the workplace. The Gender Discrimination Act of 1975 and The Equal Rights Act of 1970 in the United Kingdom; the Equal Pay Act of 1963, The Civil Rights Act of 1964, and the affirmative action policy of 1965 in the United States; the 1976 Act on Equal Pay for Men and Women in Denmark; and The 1978 Act on Gender Equality in Norway are the results of such endeavors.

## Indicators of Human and Gender Development in International Instruments

To measure gender equality and women's empowerment at the international level, numerous indicators have been defined, among which gender development index (GDI), gender empowerment measure (GEM), gender Inequality Index (GII), and gender gap index (GGI) are the most well-known. Gender data is critical in monitoring the progress of gender equality and ensuring the successful implementation of all SDGs programs.

Human Development Index (HDI): The United Nations Development Program (UNDP) in 1990 used the Human Development Index (HDI) as a way to measure national development, using crucial dimensions of human development such as Health-Life expectancy at birth, education-expected years schooling for school-age children

and average years of schooling in the adult population, and income-measured by Gross National Income (GNI) per capita (PPP US$). Development programs also sought to select indicators to identify how to deal with different groups in the human development of each country and compare them with similar groups in other countries. The Human Development Report then introduced two new indicators which seem helpful to determine the status of women in each country. These two indicators are: Gender Development Index (GDI) and Gender Empowerment Index (GEM). Using these statistics, the situation of women in general and their status in managerial positions are analyzed and examined.

Gender Development Index (GDI): The GDI is the ratio of the HDIs calculated separately for females and males using the same methodology as in the HDI. In other words, the Gender Development Index is the human development index set to measure gender inequality (United Nations Development Program 1995: 73).

Women's Empowerment Measure (GEM): This index considers the growth of women in a country from a political, economic, and professional point of view. More clearly, the Gender Empowerment Index emphasizes that women can participate in political and economic decisions and that they can contribute to development of their countries. A country's position in the field of gender empowerment is determined using three indicators: (a) Proportion of seats held by women in national parliaments, (b) a percentage of women in economic decision-making positions (incl. Administrative, managerial, professional, and technical occupations), and (c) female share of income (earned incomes of males vs. females), which indicates the level of achievement They refer to jobs and wages. Together, these indicators provide information that determines women's ability to use a country's potential. To achieve balance, equality, and elimination of discrimination, and as a result, better and more complete development of society, women must be able to participate in the decision-making process at different levels of society. At the global level, international organizations have paid particular attention to women's participation in decisions and high-level careers, and one of the essential indicators that is considered as a measure of gender development and women's empowerment is the level of women's participation in the country's major decisions as well as their presence in managerial positions.

Gender Inequality Index (GII): The Gender Inequality Index reflects the gap between men and women achievements in three dimensions: reproductive health, measured by maternal mortality ratio and adolescent birth rates; empowerment, measured by the proportion of parliamentary seats occupied by females and proportion of adult females and males aged 25 years and older with at least some secondary education; and economic status, expressed as labor market participation and measured by labor force participation rate of female and male populations aged 15 years and older, and means the extent to which potential human development may be lost due to gender inequality in the dimensions measured. The range of this index can be changed between zero (equality of women and men) to one (excluding women in all measured dimensions), and thus, the higher the GII value, the more disparities between females and males and the more loss to human development.

Gender Gap Index (GGI): The World Economic Forum has been reporting on the Global Gender Gap Index since 2006. This index shows the gap between men and women in the four primary dimensions:

- Health and survival – outcomes on life expectancy and sex ratio
- Educational attainment – outcomes on access to primary and higher-level education
- Economic participation and opportunity – outcomes on salaries, participation levels, and access to high-skilled employment
- Political empowerment – outcomes on representation in decision-making structures

It is a framework for measuring gender inequality and its evolution over time.

Considering these practices and the international index, the authors tried to present the image of Iran. It should be mentioned that the present manuscript studies the public sector.

## The Image of Employment and Promotion of Women in Iran

The women who work in the public sector are one of the most significant capitals and, as one of the most critical elements of the administrative system; they play a critical and decisive role in society. The result of their efforts is ultimately the growth and development of society. Therefore, identifying barriers and challenges for the promotion of women in managerial positions in Iranian government organizations can help to eliminate and improve problems and barriers. In this study, first, the description of the glass ceiling as a global concept and metaphor of invisible barriers to the promotion of women was presented. Since the glass ceiling is the result of gender inequality, to examine global efforts to reduce gender inequality in the world, we addressed policy-legal considerations and indicators of human and gender development in international documents. Describing the status of employment and promotion of women in Iran in this section is based on upstream laws and documents as well as international indicators. And finally, the obstacles to the promotion of women to managerial positions in Iranian government organizations will be put into discussion.

## Legal Considerations Regarding the Management of Women in Iran

To achieve human development, it is necessary to pay attention to the role of women in the development process of the country and meet the demands of this large group in the development and macro-policies. Before examining the position of women in Iran's development plans, we will point out some essential public policies that support women and their rights (All the mentioned laws and approvals have been adapted from the website of the Islamic Parliament Research Center Of The Islamic Republic Of IRAN.):

The Constitution of the Islamic Republic of Iran: The Constitution of the Islamic Republic of Iran is based on religious and national principles and considers Iranian women's rights according to Islamic criteria. Some articles of the constitution describe the status of women. In the introduction of the constitution, there exists a specific topic "women in the constitution," which shows women's importance for legislators. Articles 3, 19, 20, 21, 28, and paragraph 4 of Article 43 of the Constitution also emphasize the equal rights of men and women and the free choice of job opportunities.

The Vision Document of the Islamic Republic of Iran: This document is a description of Iran's horizons in terms of development, social justice, legitimate freedoms, equal opportunities, and demolishing poverty and discrimination by 1404.

General policies of the administrative system: These policies, as a roadmap for reforming the administrative system, announced in 2010 by the Supreme Leader, focus on justice in recruitment, job security and promoting human resources, meritocracy based on Islamic ethics in the appointment and promotion of managers and emphasis has been placed on strengthening the family and creating work-life balance in the administrative system, and avoiding any narrow-minded, distasteful and unprofessional attitudes in attracting capable, committed, and worthy human resources.

Also, the Supreme Administrative Council in the 100th session dated 12/24/2002 in Article 7, Note 2 enacted that in order to promote women's participation in management, the public organization must plan and take the necessary actions to identify and enhance the capacity of Women and their appointments at managerial levels so that the appointment of women to managerial positions increases every year.

Also, Resolution 288 of the Supreme Council of the Cultural Revolution in 1992 entitled "Women's Employment Policies in the Islamic Republic of Iran" with the theme of establishing social justice, while emphasizing women's employment in cultural, social, economic and administrative jobs, has required government agencies to provide the necessary facilities for women's employment. Besides considering gender justice in women's employment, it has

considered encouraging educated and experienced women to hold management positions and staff jobs, in order to be able to use their efficiency at the highest executive levels.

Policies for International Women's Activities is another resolution of the Supreme Council of the Cultural Revolution adopted in 2003 (Resolution 516). One of its goals is to grow and promote the scientific and practical knowledge of women to have a more favorable interaction in the international arena. Efforts to create new and appropriate arenas to take the initiative of Iranian women in international decision-making and using women's capabilities at various levels of management of international affairs and foreign policy of the Islamic System are some of its policies.

Protection of Women's Rights and Responsibilities Law in Domestic and International Areas, was approved by the parliament in 2006. This law focuses on the rights of women to participate in policy-making, legislation, management, implementation, and supervision in the field of health, cultural affairs, especially for women, as well as educational, scientific activities in a domestic and international context.

Charter of Women's Rights and Responsibilities: The Charter of Women's Rights and Responsibilities in the Islamic Republic of Iran, approved in 2004, as a reference document of policy-making, supposes the basis to present and explain the position of Iran's women in international forums. This charter defines the rights and responsibilities in employment and economic participation of women, taking into account the right to employment, freedom to choose a job, the right to equal pay, and benefits in similar working conditions with men.

The President's Charter of Citizenship Rights 2016: Article 11 of the Charter stated that women have the right to participate actively and effectively in policy-making, legislation, administration, implementation, and oversight, and to utilize equal social opportunities by Islamic standards. Article 83 of the Charter also pointed out that women must have the right to good employment opportunities and equal pay and benefits to men for equal work.

## Five-Year Economic, Social, and Cultural Development Plans of the Islamic Republic of Iran

Although in the first 10 years of the revolution (1988–1978) development planning has not been considered seriously, widespread participation of women in the process of revolution and the 8-year war, undoubtedly, had an considerable effect on increasing women's desire to promote their positions. In the First Five-Year Economic, Social, and Cultural Development Plan of the Islamic Republic of Iran [1989–1993], due to the economic crisis after the war, all attention and efforts were focused on economic issues, and there was no attention to women's positions in organizations. This plan emphasizes more on women's participation in social, cultural, educational, and economic affairs and on maintaining family foundation and transcendental values of female Islamic personality, raising the level of literacy and general knowledge of society, significantly increasing the educational coverage of girls, promoting women's political place and social prestige by making pervasive education and increasing their participation opportunities. In terms of education, women were focused on general education and increasing their participation in the economic and social affairs. Also, developing women's sport has been a serious concern.

In the Second Five-Year Economic, Social, and Cultural Development Plan of the Islamic Republic of Iran [1995–1999], planning and allocating resources to sport-related facilities, developing programs for women's leisure time – more women's participation in social, cultural, educational, and economic activities – and concerns about population and family planning were the important topics of the plan. The Third Five-Year Economic, Social and, Cultural Development Plan of the Islamic Republic of Iran [1999–2003] have included a spatial approach based on increasing participation of women in social, economic, and cultural arenas, compared to the two previous plans. For example, according to Article 158 of this plan, seven elements have been focused on: the educational affairs, cultural

affairs, sports affairs, employment (economic participation), scientific and research affairs (studies and research on women's issues), legal affairs, and the development of NGOs. At the national level, the gender gap has narrowed significantly during the Third Plan. Iran's "Human Development Index" increased, and at the same time, the "Gender Human Development" and "Gender Empowerment" indices have significantly improved, indicating that they have raised Iran's ranking among other countries in these two respects. The Fourth Five-Year Economic, Social, and Cultural Development Plan of the Islamic Republic of Iran [2005–2009] is the first plan based on a long-term approach, (20-year vision document). Supporting women-headed households in the areas of housing, special support insurance, empowerment, increasing monthly pensions, emphasizing equal pay for men and women for equal work, equal opportunities for men and women, and empowering women by providing opportunities to achieve the appropriate jobs were among the essential items of this plan. Among the various groups of women (married, single, urban, rural, employee, student, etc.), the Law on the Fifth Five-Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran [2011–2015] pays special attention to housewives and the other groups of women typically have been ignored. Elimination of gender perspective, ignoring women's affairs, budget reduction of women's affairs, and considering women only as householders is one of the significant drawbacks of the Fifth Plan law (Ghadimi et al. 2011). One of the essential features of the Sixth Five-Year Economic, Cultural, and Social Development Plan of the Islamic Republic of Iran [2016–2020] is paying attention to the role of women, emphasizing gender justice in Article 101. Article 101 of the plan obliges all executive organizations to achieve the objectives outlined in Articles 10, 20, and 21 of the Constitution of the Islamic Republic of Iran, the objectives of the 20-year vision document, and the general policies of the Sixth Plan.

General family policies are based on "strengthening the institution of the family and the position of women in it and the fulfillment of women's religious and legal rights in all areas and paying special attention to their constructive role" in order for society to benefit from women's human capital in the process of balanced, sustainable development. According to Article 101 of the plan, in order to benefit the society of women's human capital in the process of balanced, sustainable development, all executive organizations should apply the approach of gender justice based on Islamic principles in its policies, programs, and plans and evaluate the effects and decisions based on the indicators provided by the National Headquarters for Women and Family of the Supreme Council of the Cultural Revolution. It should be done through organizing and strengthening the organizational position of women and family affairs in organizations. The aim of this Plan is the promotion of women's participation in the field of economics and politics by creating equal opportunities and overcoming gender injustice. In short, in the first and second development plans, attention to gender justice in the development process is weak. Although the third and fourth plans focus on gender justice, the law of the fourth plan is more successful in terms of the status of women. In particular, this trend has continued in the fifth and sixth Economic, Cultural, and Social Development Plans (Ghadimi et al. 2011).

## Iran' Situation in Terms of the International Indicators and Approach

According to the Statistical Center of Iran survey (2018), of the total population of active women in Iran's labor market, 948,884 are working in governmental organizations; however, the data of 2019 shows a reduction of about 3000 in this population. Even though the laws and policies facilitate holding most of the decision-making positions for women, in 2019, out of 69,133, only 12,850 were female. In other words, 18.6% of managerial jobs in the public sector are allocated to women. As we move toward higher management levels, this rate decreases (15.7% for operational level, 2.7% middle level, and 0.09% for the top level.

According to the report of women in the management positions of the government, female managers at all levels increased from 13.7% in 2017 to 18.6% in 2019, and in general, female managers' appointment in the last 2 years has seen a growth rate of 36%. Referring to the 36% growth rate of the appointment of female managers since 2017, the number of line managers in 2017, 2018, and 2019 were 7990, 9736, and 10,859, respectively. The number of female middle managers in 2017, 2018, and 2019 was 1423, 1670, and 1924, respectively, and the number of female senior managers in those years was 31, 48, and 67, respectively. The ratio of male managers to total public sector managers in 2019 was around 81.4%, which indicates the low level of participation and success of women in obtaining managerial positions and the lack of managerial opportunities for them in government organizations compared to men. Figure 3 compares the number of male and female managers in government management positions in Iran in 2019.

Also, the growth of educated girls and women has caused women overtake men in society, so the need to discuss women's management becomes essential more than ever.

Although Iran's approach is based on gender justice not gender equality considered by international gender indicators, examining the situation of Iran in international indicators can present a comprehensive image.

## Iran Human Development Index (HDI)

According to the Human Development Report (2019), Iran's human development index is 0.797, and its rank among countries is 65 from 189, which puts the country at the top of human development. Norway ranks first, and Nigeria ranks 189th.

Between 1990 and 2018, the HDI value of Iran (Islamic Republic) increased from 0.577 to 0.797 (38.3%), and as shown in Fig. 4, it has had an upward trend until 2018.

## Iran Gender Development Index (GDI)

Iran's gender development index for 2018, according to the 2019 Human Development Report, is 0.874, placing it in Group 5. The

**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 3** Comparison of the number of male and female managers in government management positions in the whole country in 2019

P

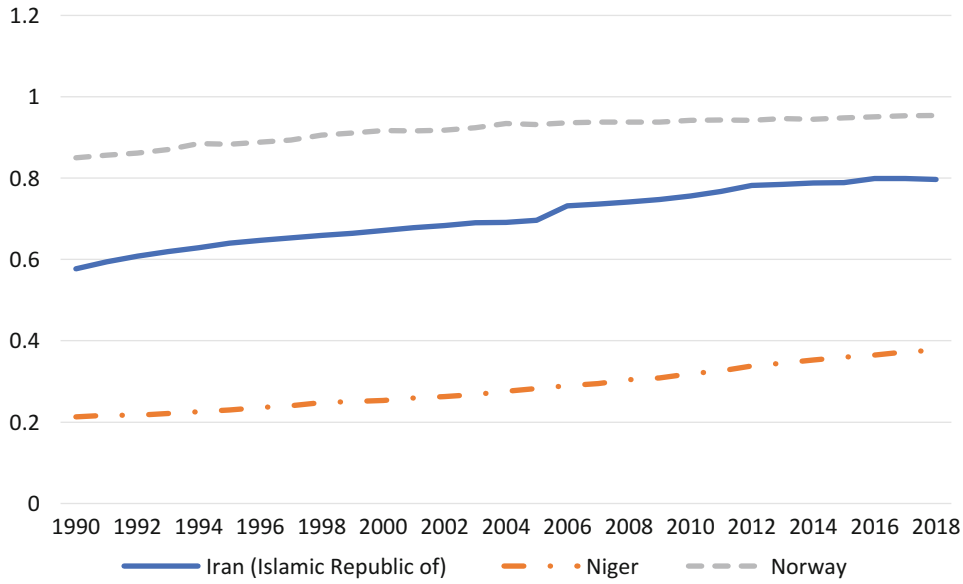


**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 4** Human development index (HDI), 1990–2018

value of Iran's gender development index for women is 0.727 whereas for men is 0.832 (UNDP 2019). The gender development index for women in developing countries is 65% of men, in underdeveloped countries 48% of men, and in Iran, this index is 72% of men (see Table 1).

## Iran Gender Inequality Index (GII)

According to the 2019 Human Development Report, the average global gender inequality index in 2018 is 0.439 among 162 countries. Iran ranks 118th with an index of 0.492, which means that a considerable loss of potential human development is anticipated because of gender inequality in the three areas: reproductive health, labor market, and empowerment. In the four divisions of human development levels, Iran is in the category of countries with high levels of human development, but the rate of gender inequality in Iran is higher compared to this group (0.331). As Fig. 5 shows, Iran has a higher rate of gender inequality than its northern neighbors (Armenia, Azerbaijan, and Turkey). However, it has better situation in comparison with some its neighbors and some Persian Gulf countries.

## Iran Gender Gap Index (GGI)

According to the 2020 report of the World Economic Forum, Iran is ranked 148th by eliminating 58% of the gender gap in the measured dimensions between 153 countries. Iran has decreased by six ranks since 2018, and Iran's gender gap index has increased by 0.020 since 2016, and by 0.005 since 2018, which indicates Iran's unfavorable situation in this index. In 2020, the global gender gap score (based on average population weight) was 69%. This gap means that, on average, the gap is narrowing, and the remaining gender gap is 31%. No country has as yet achieved full gender equality. All top five countries have closed at least 80% of their gender gap, and the best country (Iceland) has so far closed 82% of its gender gap.

As shown in Fig. 6, the global gender gap differs significantly in these four dimensions of health, education, economic participation, and participation in political power (political empowerment). In both education and health, 96% and 97% of the gap (respectively) have already been closed. Instead, in terms of political empowerment and economic participation, respectively, just 25% and 58% of the existing gaps have been

**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Table 1** Gender development index for some countries 2018

| | Gender Development index | | Human development index | | Life expectancy at birth | | Expected years of schooling | | Mean years of schooling | | Estimated gross national income per capita | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Value | | (years) | | (years) | | (years) | | (2011 PPP $) | |
| Country | Value | Group | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male |
| Norway | 0.990 | 1 | 0.946 | 0.955 | 84.3 | 80.3 | 18.8 | 17.4 | 12.6 | 12.5 | 60,283 | 75,688 |
| Qatar | 1.043 | 2 | 0.873 | 0.837 | 81.9 | 79.0 | 14.1 | 11.1 | 11.1 | 9.3 | 57,209 | 127,774 |
| Iran (Islamic Republic of) | 0.874 | 5 | 0.727 | 0.832 | 77.7 | 75.4 | 14.6 | 14.8 | 9.9 | 10.1 | 5809 | 30,250 |
| Niger | 0.298 | 5 | 0.130 | 0.435 | 63.2 | 60.9 | 5.8 | 7.2 | 1.4 | 2.7 | 112 | 1705 |
| Very high human development | 0.979 | – | 0.880 | 0.898 | 82.4 | 76.7 | 16.7 | 16.1 | 12.0 | 12.1 | 30,171 | 50,297 |
| High human development | 0.960 | – | 0.732 | 0.763 | 77.8 | 72.7 | 14.0 | 13.6 | 8.0 | 8.6 | 10,460 | 18,271 |
| Medium human development | 0.845 | – | 0.571 | 0.676 | 70.9 | 67.8 | 11.9 | 11.5 | 5.0 | 7.8 | 2787 | 9528 |
| Low human development | 0.858 | – | 0.465 | 0.542 | 63.0 | 59.7 | 8.5 | 9.9 | 3.8 | 5.8 | 1928 | 3232 |
| **Developing countries** | 0.918 | – | 0.653 | 0.711 | 73.2 | 69.1 | 12.2 | 12.2 | 6.7 | 8.1 | 6804 | 14,040 |
| **Least developed countries** | 0.869 | – | 0.489 | 0.562 | 66.9 | 63.2 | 9.3 | 10.2 | 3.9 | 5.7 | 1807 | 3462 |
| **World** | 0.941 | – | 0.707 | 0.751 | 74.9 | 70.4 | 12.7 | 12.6 | 7.9 | 9.0 | 11,246 | 20,167 |

Source: Human development report, 2019

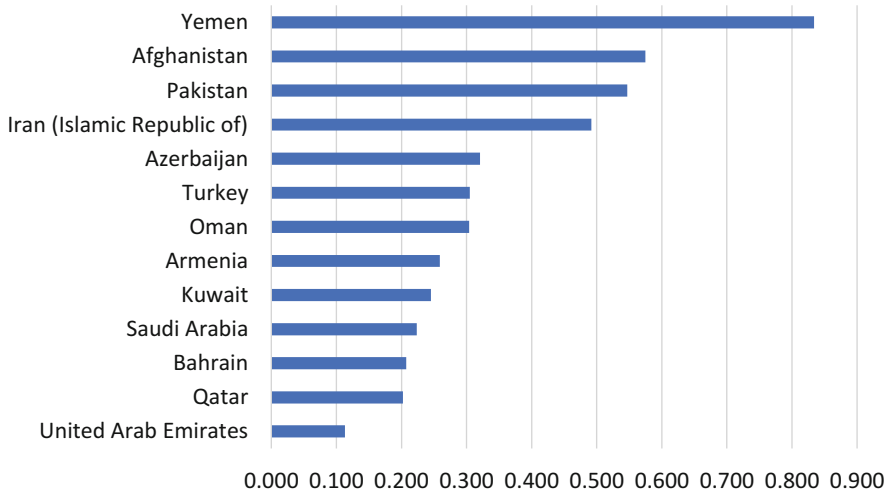


**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 5** Gender inequality index, 2018

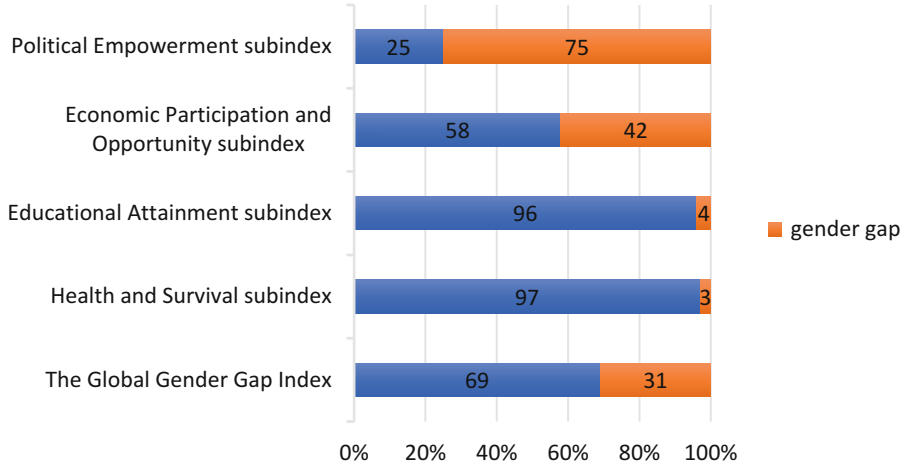


**The Position of Women in Iranian Public Sector Organizations: Facts and Challenges, Fig. 6** The state of the gender gaps (%)

closed, which do not have appropriate conditions comparing to education and health.

According to Iran's gender gap index in 2020, eliminating the gender gap in the issue of economic participation, participation in political power, health, and education is, respectively, 38.1%, 3.7%, 96.6%, and 95.3%. The above data and information indicate that Iran has a long way to bring the gender equality index to the desired level, and it can be considered a serious and fundamental social issue.

Also, a study of the trend of this index during the years 2006–2020 in Iran shows that Iranian women in terms of health and education indicators are in a much better position than most countries in the region, but in terms of economic participation and participation in political power are ranked low.

Overall, Iran's position in international indicators of gender equality and domestic statistics on the low share (18.6%) of women in managerial positions in the Iranian public sector

(as mentioned earlier) highlights the need to examine and identify barriers promoting women to managerial positions in Iranian government organizations. Therefore, considering the importance and necessity of women's presence in critical managerial positions and political positions, the obstacles and challenges of appointing women to managerial positions in Iranian government organizations are examined and discussed below.

### Barriers to Promoting Women to Managerial Positions in Iranian Government Organizations

One of the significant issues of Iranian public organizations is the incompatibility of women's position with their competencies and knowledge (over qualification). Several factors can play a role in this regard; in the following, we try to discuss some of these.

Individual-family barriers: lack of support from husband and children, conflict of women's roles, the priority of mother and wife over organizational roles, lack of women's self-confidence, lack of motivation for promotion, lack of women's self-confidence, lack of managerial skills, double responsibility of women, and lack of support for each other are individual-family barriers for the promotion of women to managerial positions (Molaei et al. 2020). The importance of conflict of women's roles is described below.

### Barriers Related to Role Requirements

In most cases, women who work have three roles at the same time: wife, mother, and employee (Taghizadeh et al. 2012). Women's dual responsibilities, within their family and in their professions, are challenging for them. Women who have succeeded in achieving academic or professional degrees often face cultural barriers in the form of their inner perception of their role and the expectations of others. Mainly, their dual responsibility as spouses and mothers on the one hand and experts, on the other hand, are seen as the causes of all problems. In some cases, the traditional role of women is undoubtedly accepted, and their professional role is of secondary importance. "Women are the victims of the conflicts of experts about women's status and demands" and ultimately, they are ambiguous in recognizing the priority of their roles.

Some scholars focus on women's role in family, and some believe in the full participation of women in various political, economic, and social activities. The others believe achieving sustainable development is possible just through this participation. In such contexts women become skeptical, and this misunderstanding of the roles of women and the expectations of society has led them to fear work-life imbalances, anorexia, and lack of motivation to hold managerial positions. In such situations, the expert women face much pressure to adapt to their professional and traditional roles. Such a situation can reduce women's job satisfaction (Soleimanpour Omran and Shirazi 2017). Women often have slow career advancement because of interruptions due to pregnancy, childbirth, and childcare, and hence do not accept senior positions.

### Sociocultural Barriers

Sociocultural barriers refer to false and negative public attitudes, inappropriate values and norms, and general cultural attitudes and beliefs that prevent women from achieving managerial positions. In Iranian society, there is a traditional view about women's functions and a patriarchal culture in the family. Although both men and women work outside the home, women are responsible for the burden of household chores, while men are the breadwinners. Regarding Iranian culture, women are considered as the second sex, while men are considered superior, and even there exist cultural stereotypes for determining female and male duties (Molaei et al. 2020). Although a significant number of women act in different social, economic, and educational arenas, still in some families, the traditional and old-fashioned idea of housekeeping prevails, and women are not supported to work outside the home. These problems have made women to have low self-esteem and sometimes not even believe in their abilities (Ahmadi Kohnali et al. 2013).

### Legal Barriers

Legal barriers are actions and decisions which have prevented women from gaining managerial

positions. Such barriers include extended maternity leave, protective laws, female citizenship of the spouse, the gender of policymakers, and legal weakness in decreasing discrimination between men and women (Ahmadi Kohnali et al. 2013).

### Political Barriers

Some obstacles affecting the promotion of women's management are political; the bargaining power of women in the legislature jurisdictions is low; the number of women in the legislature and government centers, as women representative of parliament or minister, is limited; thus, power of women in defending their rights and demands is not considerable. Also, unequal distribution of power between men and women in society, lack of political skills in women, male government structure, absence of women in power circles, the inability of women to lobby, lack of women among decision-makers and policy makers, lack of party affiliation and political affiliation restricting the presence of women in political affairs, keeping women away from influential people are other political obstacles (Molaei et al. 2020).

### Organizational Barriers

In public organizations, some barriers that restrict the promotion of women are: unwritten rules and regulations, lack of a transparent promotion system in the organization, lack of trust in women, the existence of a patriarchal culture in the organization, rejection of female managers by other male managers, absence of women in the organization's communication networks, and the organization's view of management as men's work (Molaei et al. 2020). The number of mentors at top levels to train female managers is low. On the other hand, male managers have little desire to coach women. Another organizational barrier is the patriarchal organizational culture, which is flounced by the culture of society and the stereotyped attitudes of decision-makers. As a result, all organizational mechanisms, as well as norms and values, are designed to support men and against women (Taghizadeh et al. 2012).

Management and leadership style can be another element, too. For example, one of the reasons of women's inappropriate position in organizations is the over-support they receive from their managers. Due to this unnecessary support they could not experience critical jobs. These managers appoint a woman in a "risk-free" job and do not give her an opportunity to utilize her all competencies. The managers think that promoting a woman to a higher position and probably if she fails in that position, will harm her, so they oversupport their female subordinates (Ghavami 2016).

Other organization barriers are communication, lack of delegation, the prevalence of manly terms in organizations, the multiplicity of men in organizations, the strong communication network of men, obstruction of female colleagues (Esmaeilpour and Tafaghodi 2017), lack of suitable career for women, lack of patterns of successful female managers, and lack of open communication between men and women (MirGghafoouri 2006).

## Conclusion

Iran is a country with about 83 million people, half of whom are women. This part of the society has an essential contribution to the growth and development of the country, and especially in recent decades, its role in various social fields has become more prominent. For example, the demographic change of women in education, health, and higher education in recent decades has been very significant. Out of approximately 13.4 million students, 6.5 million (almost half of them) are girls studying at different levels (preschool, elementary, secondary) (Statistical Yearbook 2018). Also, according to the same statistics, 3,794,420 students are studying in Iranian universities, of which 1,723,269 are women studying in various fields (engineering, medical, agriculture, social science, and art); of these, 304,418 are studying for a master's degree and 109,463 are studying for a doctorate. Also, 78% of the country's nurses are women. Such a change in the female population has grown significantly compared to previous decades. However, the manner and extent of women's participation in other areas has been

different. According to the reports of the statistics center, in a population of 40.2 million women, 33.3 million are of working age. Of these, 5.4 million are economically active women. In other words, 28 million people are economically inactive, three-quarters of whom are housewives. According to the same statistics, 20% of these economically active women are studying, and only 1.3 million people have full-time jobs (Statistical Yearbook 2018).

On the other hand, a significant portion of this number of women works in the public sector. However, various issues make it difficult for these women in the public sector to manage their careers and, compared to men, they may not be able to use their abilities, skills, and competencies in their jobs as they should and women do not work in jobs and positions commensurate with their capabilities. This approach is the presence of 12,209 female managers in 2019 at the middle level and 67 at the top management level, which of course, compared to the year 2017 (9034 people), has grown by 25%.

Numerous influential factors were discussed in this entry in the form of barriers to promoting women. Some of these obstacles are related to the political, economic, historical, and cultural characteristics of Iranian society, and some of them are individual factors. Given the demographic changes in Iran, in terms of the number of educated women, especially in higher education, and the change in the new generations' expectations, Iranian policymakers must provide a suitable platform for the activities and comprehensive growth of this segment of society. In this way, this vital capacity for the country's development will be exploited and the goals and expectations of women in society will be achieved.

## References


Ahmadi Kohnali R, Behbouodi MR, Jam Jjoor T (2013) Barriers to women's access to managerial positions from the perspective of female managers (qualitative studies in Bandar Abbas). Women Dev Polit 11(3):333–349

Burn MS (2005) Introduction to cross-cultural study of women's issues. Women across cultures: a global perspective. McGraw Hill, New York, pp 2–15

Einarsdottir UD, Christiansen TH, Kristjansdottir ES (2018) It's a man who runs the show: how women middle-managers experience their professional position, opportunities, and barriers. SAGE Open 8(1): 1–18

Esmaeilpour R, Tafaghodi HR (2017) Content analysis of women's management and job promotion obstacles qualitative study of barriers to women's career and managerial promotion. Women Dev Polit 15(2): 169–185

European Institute for Gender Equality (2017) Concepts and definitions. In: European Institute Gender mainstreaming [online]. Vilnius. [cited 08 December 2017[. https://eige.europa.eu/gender-mainstreaming/concepts-and-definitions

Ghadimi A, Ghoerbani Sheikh Neashin A, Hariri R (2011) Comparisoning of the position of women in the development and macro programs of in the Islamic Republic of Iran. J Women' Res Stud 5(3):5–26

Ghavami N (2016) Identification and ranking of barriers to promotion of women to managerial positions using fuzzy multi-criteria decision makingcriteria decision-making methods (Case study: Khorasan Razavi Tax Affairs Organization), Master dissertation, Ferdowsi University of Mashhad, Faculty of Administrative and Economic Sciences

Herri NM, Handika RF (2016) Perceived barriers toward women participation in managerial positions in higher education institution (evidence from Indonesia). Int J Appl Bus Econ Res 14(5):3345–3367

Howe-Walsh L, Turnbull S (2016) Barriers to women leaders in academia: tales from science and technology. Stud High Educ 41(3):415–428

ILOSTAT (2019) Labour statistics on women. Available online at: https://ilostat.ilo.org/topics/women/

Iran Statistical Center (2018) Statistical Yearbook of Iran, available at: https://www.amar.org.ir/Portals/0/News/1400/salnameh-98.pdf

Kring SA (2017) Gender in employment policies and programs what works for women? International Labour Organization

Madan S, Gill KK (2011) Human development and gender: a feminist perspective of Haryana. J Econ Soc Dev 8(2):48–61

MirGghafoouri SH (2006) Ranking the barriers of women's promotion to managerial positions: a case study of Yazd Province's public sector. Quart J Women's Stud Soc Psychol Soc Psychol Stud Women 4(1):122–101

Molaei P, Alvani M, Zahedi SS, Alinezhad A (2020) A Meta – analysis on the obstacles to women's promotion to the levels of governance in Iranian government agencies. J Career Organ Consult 12(42): 199–224

Simon J (1996) The "double-glazed glass ceiling" in Australian libraries. Women Manag Rev 10(8): 19–29

Soleimanpour Omran M, Shirazi Z (2017) The factors affecting the job promotion of women in managerial

positions identifying the factors affecting women's career advancement in organizational management positions. Women Cult 9(33):109–124
Taghizadeh H, Soltani Fasqandis G, Shokri A (2012) Identifying barriers to Women's promotion to managerial positions (a case study)identifying barriers to the promotion of women to managerial positions (case study). Women Study Family Stud 5(17): 33–50
The Vice Presidency for Women & Family Affairs, Islamic Republic of Iran Deputy Minister of Women and Family Affairs, President of the Islamic Republic of Iran (2019) Presenting the record of appointing women to managerial positions in the cabinet
Trentham S, Larwood L (1998) Gender discrimination and the workplace: an examination of rational bias theory. Sex Roles 38(1–2):1–28
UN SDGs (2015) Transforming our world: the 2030 agenda for sustainable development. A/RES/70/1 United Nations Development Program. (UNDP) (1995). Human Development Report 1995. Oxford University Press, Oxford. [Also, the same publication for 1990 to 1994]
Warth L, Koparanova MS (2012) Empowering women for sustainable development, discussion paper series, and no. 2012.1. United Nations Economic Commission for Europe, Geneva
Weyer B (2007) Twenty years later: explaining the persistence of the glass ceiling for women leaders. Women Manag Rev 22(6):482–496
United Nations Development Program (UNDP) (1995) Human Development Report 1995. Oxford University Press, Oxford., available at: http://hdr.undp.org/sites/default/files/reports/256/hdr_1995_en_complete_nostats.pdf
United Nations Development Program (UNDP) (2019) Human Development Report 2019. available at: http://hdr.undp.org/sites/default/files/hdr2019.pdf (10 January 2020)

# Positive Deviance

Samuel Mayanja[1], Joseph M. Ntayi[2] and J. C. Munene[2]
[1]School of Postgraduate Studies and Research, Cavendish University Uganda, Kampala, Uganda
[2]Makerere University Business School, Kampala, Uganda

## Synonyms

Abberrance; Deviation; Divergence

## Definitions

**Positive deviance:** refers to a behavioral and social change approach which is premised on the observation that in any context, certain individuals confronting similar challenges, constraints, and resource deprivations to their peers, will nonetheless employ uncommon but successful behaviors or strategies to achieve their objectives.

**Deviant employees:** is someone whose behavior falls far outside of organization norms.

**Constructive deviance:** voluntary behavior that violates significant organizational norms and thus contributes to the wellbeing of an organization, its members, or both.

**Policy:** a course or principle of action adopted or proposed by an organization or individual.

## Introduction

Organizations have employees who tend to deviate from norms, come up with different ways of doing things to increase their competitiveness. The effects of deviant behaviors in the organization have economical, sociological, psychological, and anthropological implications. Positive deviance (constructive deviance) is a behavior that deviates from the norms of the reference group and has positive effects on the organization. It is an endogenous source of organizational creativity that has been shown to be powerful tool for learning and change. It is positive in terms of intention, effects, and conforms to hyper norms. It is not harmful to other employees or organization as a whole.

The fundamental success of the positive deviance approach depends on getting the organization to: define its own problem based on context, develop and use its own information to discover the scale of the problem and any positive deviants, determine whether the successful practices are in detail to be understood by other employees, design practical ways of spreading and sharing these practices among the employees, and disseminate the practices among other employees to replicate them.

Positive Deviance can be used when a problem meets several criteria, which are (1) the problem is not merely technical, (2) that other solutions have not worked, and (3) that there is a commitment in the organization/community to address the problem (Pascale et al. 2011). Within Positive Deviance, the focus is on the positive outliers of the normal distribution. The Positive Deviance approach challenges managers to think outside of the dominant frameworks. Therefore, the Positive Deviance approach is an asset-method.

The organization policies guide the individual behavior and practices to have harmony. Positive deviant behaviors have a greater tendency to resign, and develop stress related problems and low morale because their ideas may not be accepted by management and fellow employees. Positive deviant employees tend to experience low self-esteem, an increase in fear and lack of confidence at work, as well as physical and psychological pain. Together with these negative outcomes, deviant behaviors of employees can also be functional and constructive. For example, violating organizational norms by demonstrating deviant behaviors can serve as a source of innovation and creativity, thus contributing to the organization's competitive advantage as well as to the societal well-being.

## Constructive Deviance

Constructive deviance is voluntary behavior that violates significant organizational norms and thus contributes to the well-being of an organization, its members, or both. Despite the fact that these behaviors are sometimes impermissible by the managerial level, they assist the organization in achieving its objectives. These behaviors can be divided into two main categories. The first, interpersonal constructive deviance, is directed at individuals and comprises behaviors such as disobeying managerial orders in order to improve organizational processes. The second, organizational constructive deviance, is directed at the organization and comprises two types of behaviors: innovative behaviors aimed at helping the organization finding creative ways to solve problems and behaviors that challenge existing norms in order to help the organization breaking rules in order to solve clients' problems. Constructive deviance does not embarrass the employee and hence enables direct measuring through self-reports.

## Attributes of Positive Deviance

### Uncommon Practices

Uncommon practices and disagreements create freedom among employees to make use of their ability and judgment innovatively, even when they deviate from the norms (Albanna and Heeks 2019; Kibirango et al. 2018). When employees deviate from the norms, they are capable of boosting their creativity while addressing prevailing challenges, generate more spontaneous ideas, come up with new experiences, and venture creations. Uncommon practices develop a high degree of resonance interaction and not predation that requires individuals with different backgrounds, sets of experiences to connect in a very meaningful way to access resources from entrepreneurial networks. Mertens and Recker (2017) argue that a common assumption in most of these studies is that divergent opinions emerge spontaneously with elements of the environment, the person or the interaction between both making this emergence more or less likely. However, Hendryadi and Suryani (2019) argue that leaders can also actively stimulate divergent opinions, where managers have leadership skills, which may not be the case among small-medium organizations in developing countries because of bureaucratic culture.

In this case, heterogeneity, the vast diversity of components, agents, and parts involved in an ongoing variety of distinct interactions with others, is one of the important features of complex leadership systems that manage employees with uncommon practices. This is true for an organization with the presence of leadership that can operate and coordinate different individuals with different background and informational differences. This is still a challenge among small organizations with individuals who happen to possess

opposing view-points since it is difficult to challenge the structures of small-medium organizations where the business owner is likely to be part of every decision made.

### Novelty Experiments

Novelty experiments can produce unique experiments that have the potential to become seeds for unprecedented organizational action. Innovative behavior or tactics are evaluated, scrutinized, and tried before they are made accessible to all or considered for implementation. Creativity and problem solving are important elements of action that enable the emergence of novelty. The novelty to be successful, rules are changed in ways that enable the convergence of disparate, sometimes conflicting individual perspectives, preferences, and activities into effective and predictable collective action (Mayanja et al. 2019). During periods of uncertainty, reinforcing feedback is offered to certain process fluctuations through amplifying actions that seem to offer promising new ways to bring back stability. In this way, new structures grow through the gradual accretion of constructive deviations that work. Experiments to acquire resources produce information; feedback (under promising conditions) leads to significant expected value with regards the resources that could be discovered. This positive feedback loop is generative of possible future ecological niches for the system. However, if risks and rewards are not properly recognized and modeled, this feedback may end up not being beneficial to the organization.

### New Knowledge Values

New knowledge values is when employees observe how new ideas, knowledge, and innovations are formed from divergent opinions in an institution. Employees who notice and observe how new ideas, knowledge, and innovations evolve are likely to attach different meaning to information. Without new knowledge value, employees with no differences, social network agents would disseminate more of the same information along the network (Mayanja et al. 2019). The new knowledge value created by management and employees help in identifying new opportunities, which are exploited using the interactions, ties, and networking style within a social network. When managers and employees share with one another information and meaning attached to differences in perception, this is likely to influence the choices and actions that connect people and create new knowledge. However, Bohnet and Saidi (2019) argue that differences in absolute informedness may not be associated with performance differences. Instead, informational differences can have an effect on performance only when subjects are differently treated, and the seemingly less well-informed subjects perform significantly worse.

Organizations do have positive deviant employees who can contribute to competitiveness of any entity. This may happen when leadership creates enabling environment for the employees to act with autonomy in mind. Positive deviants need conducive environment for:

#### Acceptability

Positive Deviance is an innovative approach that enables organizations to discover their inherent wisdom. All members of the organization have the opportunity to contribute to the solution and broader adoption of the solution. The Positive Deviance approach strives to accomplish sustainable behaviors through interactions and feedback by identifying new ways of solving problems and accessing resources from different social and business networks. Positive deviants are more capable of promoting behavior change, because they are not inhibited by differences in experiences or culture (Frese and Gielnik 2014). The positive deviants face the same challenges and barriers and share the same norms and values as the nonpositive deviants. Therefore, nonpositive deviants can identify themselves with the positive deviants, because *"if they can do it, we can also do it."* Therefore, positive deviants serve as role models for nonpositive deviants. This implies that the solutions of the positive deviant role models are more solutions proposed by experts, which results in the second premises of Positive Deviance.

### Competitiveness

Employees with divergent views come up with unique solutions to the problems through learning from each other. The solutions of positive deviants are based on the available resources within the organization, social, or business network. Therefore, solutions remain feasible which makes positive deviant solutions more sustainable. This results in the third premises of Positive Deviance.

### Adoption

Positive Deviance is a peer-based learning process through individual interactions. In the Positive Deviance approach, the manager creates a conducive environment for employees to learn from each other through feedback. The manager facilitates all stages of the Positive Deviance approach (Bhattacharya and Singh 2019; Pascale et al. 2011). The stages of Positive Deviance cover the identification of the needs in the organization, the problem, and the positive deviants. Moreover, the uncommon behaviors and/or practices of the positive deviants are discovered, which is often called the Positive Deviance inquiry. Thereafter, interventions are designed based on the results (van Dick and Scheffel 2015). In the intervention, nonpositive deviants should learn the micro-behaviors from positive deviants, which is related to peer-based learning, and practice the new ways of doing things together. One of the principles of Positive Deviance is that "*you are more likely to act your way into a new way of thinking than to think your way into a new way of acting*" (Pascale et al. 2010, p. 38). This implies that adopting new behavior is more feasible through modeling than through knowledge transfer, which results in the first premises of Positive Deviance.

## Positive Deviance as a Management Method

Organizational behavior literature shows that there is a greater likelihood that employees engage in positive deviant behaviors once they are psychologically empowered in the working environment. Cameron and Spreitzer (2011) state that psychological empowerment is likely to be a key enabler of positive deviance. They posit that an empowered mindset is critical for adoption. Empowerment enables employees to participate in decision making, helping them to break out of stagnant mindsets to take a risk and try something new. Organizational behavior researchers point out that the pervasive influence of norms provides a means of control over what people say and do. Positive deviance requires real risk, and it requires departing from norms in a positive way often making others uncomfortable. In other words, when companies empower their employees, they are more likely to engage in risk-taking behaviors that depart positively from the norms of the organization in a way that is beneficial to the organization. And companies making their employees empowered have led to much financial and psychological gain: supervisors who report higher levels of empowerment are seen by their subordinates as more innovative, upward influencing, and inspirational. Despite organizational acceptance of positive deviance, as a management method, has not been explicitly investigated.

There are research and practical gaps in positive deviance knowledge within the arena of organizational science. First, the underlying mechanisms of positive deviance methods which give rise to claims of endogenous innovation success remain a subject of future research. More especially issues related to willingness to adopt, ability to adopt, and capacity to reward. This is a necessary step to realize the potential of positive deviance as a concept, without which the concept has limited practical utility and fails to fulfill the requirements of engaged scholarship.

Second, it is widely recognized that deviance can have deleterious outcomes as well as positive outcomes. Hence, management may be reticent to encourage rule-breaking as a means of innovation, compounding the importance of providing clearly elucidated mechanisms by which positive deviance operates as a form of endogenous innovation. Positive deviance has merit as a management

method for innovation. Namely, management potentially tolerates deviance from both formal and informal norms as a means of endogenous innovation. Management is likely to be more accepting of informal deviance than formal deviance because controls are varied and differ from individual to individual and group to group (Vadera et al. 2013).

Positive Deviance can be majorly categorized into formal and informal. Formal deviance is a behavior that violates social norms, practices, or policies of an organization. Informal deviance refers to violations of informal social norms, which are norms that have not been codified into policies. Management may be reluctant to discuss informal deviance relative to formal deviance. This reluctance could not be attributed to negative evaluation of the deviant behavior, itself, as both informal and formal deviance are often viewed positively as well as negatively. Hence, it is argued that reluctance may be indicative that management perceives formal breaches as an indicator of management failure, whereas informal breaches are not. The ultimate evaluation, then, depends on the reference group judging the behavior (management) and their perception of the behavior rather than the objective behavior itself.

## Challenges of Managing Positive Deviants in Developing Countries

In developing countries, small-medium organizations face a challenge of managing employees with deviant behaviors since they have a greater tendency to resign, develop stress related problems, and have low morale. They sometimes experience low self-esteem, an increase in fear and lack of confidence at work, as well as physical and psychological pain. This normally happens where innovations and resource allocation are highly controlled by top management.

Employees may not be willing to adopt positively deviant behavior based on the premise that the norms and policies in the organization promote resistance to change to adopt new complex behaviors.

Organizations may not have results-based credibility to measure behavior-based view of positive deviance. These judgments may invoke cognitive and/or affective resistance to change, limiting willingness to adopt. The implication is that good ideas may be disregarded if they are not perceived as positive and/or the source is not trusted, making them unable to generate intrinsic motivation and credibility.

Ability to adopt behavior-based and outcome-based approaches to positive deviance is a challenge. Specifically, positive deviance assumes that positively deviant behaviors can be implemented by all organizational members owing to commonality in goals, resources, and constraints which may not be the case.

## Recommendations

Organization leaders should create enabling environment for error and trail. Employees should be given freedom to make experiments guided by policies. In case an error is made by positive deviant employee, management should focus on the process of learning from the mistakes and how to improve on the new generated ideas without punishing the employee since it kills initiatives. The organization systems should accommodate information sharing and error management.

Managers can stimulate the emergence of positive deviance by deviating themselves and encouraging employees to learn from errors by rewarding and scaling good practices. Individuals that positively deviate stimulate positive deviance in their teams.

Managers that consistently reward, reprimand, and that keep a tight control over processes, yet at the same time invite employees to actively participate in design making and optimizing work design, are likely to stimulate the highest degree of positive deviance.

Nurturing positive deviants require an enabled, adequate, and favorable internal working environment with a certain degree of freedom and exercised tolerance of trials and error. In this case, organization managers ought to provide a flexible platform for enhanced rational thinking

and learning. Positive deviance is used to develop interventions and implementation process based on the successful behaviors and strategies of individuals at risk. Despite their circumstances, they perform better than their peers did.

## Conclusion

Acceptance is highest and broadest when management embrace deviance from both formal and informal norms. However, formal deviance is monitored more closely than informal deviance and, if considered undesirable, will be discouraged using relational governance. Organizations that manage Positive Deviance well are likely to remain competitive because of their continued innovations.

## Cross-References


- ▶ Globalization and Public Health
- ▶ Psychology of Leadership
- ▶ Sociology of Governance


## References


Albanna B, Heeks R (2019) Positive deviance, big data, and development: a systematic literature review. Electron J Inf Syst Dev Ctries 85(1):e12063

Bhattacharya S, Singh A (2019) Using the concepts of positive deviance, diffusion of innovation and normal curve for planning family and community level health interventions. J Family Med Prim Care 8(2):336

Bohnet I, Saidi F (2019) Informational inequity aversion and performance. J Econ Behav Organ 159:181–191

Cameron KS, Spreitzer GM (eds) (2011) The Oxford handbook of positive organizational scholarship. Oxford University Press, Oxford

Frese M, Gielnik MM (2014) The psychology of entrepreneurship. Annu Rev Organ Psych Organ Behav 1(1):413–438

Hendryadi S, Suryani BP (2019) Bureaucratic culture, empowering leadership, affective commitment, and knowledge sharing behavior in Indonesian government public services. Cogent Bus Manag 6:1. https://doi.org/10.1080/23311975.2019.1680099

Kibirango MM, Munene JC, Mutumba A (2018) Makerere University business school co-evolution journey: the role of extraordinary performers. Emerald Emerg Markets Case Stud 8(3):1–16

Mayanja S, Ntayi JM, Munene JC, Wasswa B, Kibirango MM (2019) Critique does not equate to rebellion: Positive deviance and entrepreneurial networking among small and medium enterprises in Uganda. African Journal of Business Management 13(1):11–22

Mertens W, Recker JC (2017) Positive deviance and leadership: An exploratory field study

Pascale R, Sternin J, Sternin M (2010) The Power of Positive Deviance: How Unlikely Innovators Solve the World's Toughest Problems. Cambridge: Harvard Business Review Press.

Pascale R, Sternin J, Sternin M (2011) Betting on anomaly: the power of positive deviance: how unlikely innovators solve the World's toughest problems. Business digest, 213 p

Vadera AK, Pratt MG, Mishra P (2013) Constructive deviance in organizations: integrating and moving forward. J Manag 39(5):1221–1276

van Dick G, Scheffel R (2015) Positive deviance. A literature review about the relevance for health promotion


# Positive Emotions and Employee Engagement


Muhammad Faisal Malik and
Muhammad Asif Khan
SZABIST, Islamabad, Pakistan


## Synonyms

Compassion; Elevation; Employee engagement; Gratefulness; Joy; Positive feelings; Pride

## Definitions

| | |
|---|---|
| Employee Engagement | Employee engagement is the extent to which employees put discretionary efforts into their work, are committed to their organization, and feel passionate about the job. It represents the levels of enthusiasm and connection employees have with their organization. |
| Positive Emotions | Positive emotions are described as the desirable or pleasant situational response of an individual. These are basically the |

P

positive feelings of an individual triggered through social interactions mean reciprocal mechanism awake in the brain.

## Introduction

Public sector-related organizations are facing a real challenge for motivating its employees in such a way to engage in work-related activities. A survey was conducted by Gallup in 2013 and revealed that in Pakistan only 13% workforce is actually engaged in their work-related activities. This percentage is 50% less, as compared to Canada and the United States which have been identified as developed countries. Such percentage is damaging the performance of public sector-related organizations where employees are having the secure permanent job status. Due to this permanent status, they are continuously involving themselves in procrastination and non-work-related presenteeism. Hewitt Quarterly presented another study which is stating that if the organization is achieving high engagement rate of its employees than its mean, the organization is 78% productive and 40% profitable than those with low engagement rate. For a developing country like Pakistan, 13% engagement rate of employees is alarming and can create a real problem even for survival of organization. Recent economic report suggested that debt of most of the public sector-related organizations of Pakistan has increased in the current year. One of the main reasons of increasing in debt is the disengagement tendencies of workforce. It is imperative for the organizations to identify the facts which are hindering the engagement tendencies of public sector of Pakistan. The current study is focusing on the relationship of positive emotions and employee engagement because Pakistan is having the collectivist culture society where the people got effected from the emotions. Moreover, individual's emotions emerged through the close interaction with leaders or supervisors. The current study is focusing on the positive emotions which are invoking as a result of leaders specifically authentic leaders. Common positive emotions which are emerging in the result of interaction with supervisors or leaders are happiness, elevation, pride, compassion, and gratitude. At workplace individuals feel elevated when they are getting something from their leaders or supervisors which is morally accepted. Happiness emotion depicts that the individual is overall satisfied with the performance of their leaders. Pride emotion emerged when individuals feel sense of achievement by having the relation with leaders. Compassionate individuals show passion about the relation with leaders/supervisors and reciprocate it toward their co-workers. Gratitude emotion can be found when an individual is having the feeling of being thankful to the organization's initiatives or leaders' initiatives. These emotions have the potential to predict the positive attitude such as engagement, satisfaction, and commitment. Besides all other attitudinal dimensions, since the current study is highlighting the issue of employee engagement in public sector organizations, it has filtered out other attitudes and took employee engagement as prime concern.

## Positive Emotions

Positive psychology is showing deep concerns for identifying and studying antecedents and outcomes of positive emotions. Before accepting the importance of emotions at workplace, organization practitioners emphasized that the emotions are hazardous and distracting mechanisms which are effecting the employee's performance. They concluded that the emotions should be separated from employees at workplace. With the advancement of knowledge and shifting of thoughts, organization practitioners identified that emotions cannot be separated from employees at workplace; rather it can have positive outcomes at organizational settings in terms of adopting positive attitude and behavior.

Positive emotions are having the influential role specifically in maintaining the working relationships because it helps the individual to envision challenges and goals, and it can open the mind of individual to solve the problem, important for resilience and attachment with others, and

foster to adopt positive behavior important for self-regulation. In line with the thoughts, Fredrickson (2001) concluded that the positive emotions are not just the end state; rather it helps to improved well-being and in achieving the psychological growth. Despite the importance of positive emotions, it is still a myth for categorizing different emotions into one broad category titled as positive emotions. Recent systematic review of Fehr et al. (2017) presented a table which is categorizing positive emotions as compassion, happiness, pride, elevation, and gratitude. These positive emotions are having the potential to develop and tailor the attitude of employees such as engagement and adopting citizenship behavior.

## Types of Positive Emotions

### Gratitude

Individuals with gratitude emotion generally display the feelings of thankfulness for someone, something accompanied by humility.

### Pride

A sense of approval of oneself and pleasure emerged due to the personal attributes, skill, or achievement.

### Elevation

The elevated emotion invoked when individuals see someone engaging in the act of kindness, goodness, and generosity and impelling them to reciprocate the same action.

### Compassion

The one who is having the feelings of care, kindness, and willing to help others is known as the compassionate individual. Compassion feelings derive the individual to help out others when they are suffering from any circumstances.

### Happiness

Happiness is a general enjoyment sense and enthusiasm for life, feeling of contentment, and pleasure on the basis of things that are going.

## Antecedents of Positive Emotions

Researchers identified the importance of positive emotions in development of positive attitude. Before identification of outcomes, psychology-related researchers presented different theories which are explaining the antecedents of positive emotions. For example, Isen et al. (1987) identify flexibility at workplace creates environment for emergence of positive emotions. Roseman (2001) investigated and concluded normative significance, controllability, expectedness, goal conduciveness, goal congruency, and valence which are the elements of cognitive appraisal, and these cognitive appraisals are identified as potential antecedents of positive emotions. Goetz et al. (2010) further expanded the research and added perceived control and perceived values as antecedents of positive emotions. Control-value theory of emotion defined a comprehensive environment consisting on instruction, support, autonomy, goal structure, expectations, relatedness, and feedback achievement as the triggers of positive emotions. Psychologists defined that the individual personal resources or psychological resources are very important for developing of positive emotions because of affective component where personal resources are the psychological capabilities and capacities, psychological capital, and well-beings. In organizational settings the role of human faces of an organization can have a significant impact on development of positive emotions. These human faces are generally interpreted by researchers as direct supervisors. Despite the plethora of research that have been conducted on the positive emotions, there are some unexplored avenues available which need to be attended by the researchers and scholars around the world. For example, the role of supervisors and leaders is very important and inevitable in the process of generating positive emotions. Positive leadership style is materialized as the most influential style for adoption of positive psychological resource of followers. Among all other positive leadership styles, authentic leaders are the leaders who can have the influential role in generating positive emotions because of the nature and construct (Avolio and Gardner 2005).

Initial theory of authentic leadership explored that the authentic leaders are the best source of generating the positive emotions in individual through the process of identification (personal and organizational) vis-à-vis trust. The process further leads to adoption of positive attitude and behavior which is important for organization. Broaden-and-build theory also supported that the social relationships and social bindings are very important for displaying a positive emotions whether these bindings are resultant from organizational policies or getting the support from the immediate bosses (leaders or supervisors). The mentioned organization policies or supportive activities from supervisors or leaders cannot work in isolation rather through the comprehensive process because emotions are the individual psychological resource which can invoke through the comprehensive mechanism. For example, authentic leadership theory is suggesting the authentic leaders affect the identification feelings of individual which further leads to the positive emotions, and these emotions further lead to the attitude of employee.

## Outcomes of Positive Emotions

Positive emotions record certain outcomes noticed from the practitioners and research scholars. It was widely accepted that positive emotions have a significant role in creating and developing a positive attitude of employees specifically at workplace. Cohn et al. (2009) revealed that the positive emotions increase overall life satisfaction through building the resilience in employees. Havens et al. (2018) identified that positive emotions significantly affect work engagement and satisfaction. Zivnuska et al. (2019) linked positive emotions with employee performance and concluded that the employee's performance can be achieved through emergence of positive emotions. It has also been identified that employees with positive feelings (emotions) posit engagement tendencies and increase employee commitment level toward the organization at workplace. Based on the facts, positive emotions in psychology literature got tremendous attention and are identified as important mechanisms for adoption of positive attitude. Cropanzano and Mitchell (2005) acknowledged that at workplace individuals who are getting the socioemotional and economic resources tend to have the satisfied feelings which lead them to engage in work-related activities due to the reciprocal mechanism as they are posing what they are getting from the organization. They are basically repaying the organization in the shape of engagement which they are receiving from the organization. Employee's attitude consisted of the three components, namely, affective, cognitive, and behavioral components, where affective components are the emotions of employees generating through the positive organizational initiatives and these emotions lead the employees to engagement in accomplishment of organizational goals. Based on the categorization of positive emotions, it has been identified that the happiness emotion has a significant impact on the career-related outcomes (Boehm and Lyubomirsky 2008) at individual level, increases job satisfaction, increases organization commitment, and increases engagement tendencies of an individual at workplace (Mathieu and Farr 1991). Happiness emotion is also identified as a driving mechanism for adoption of positive attitude at an organizational place. Rego et al. (2010) linked happiness with employee's extra role behaviors such as increase in contextual and creative performance. Employees with happiness emotion are the real asset of the organization because they give their best in response of organizational initiatives to make them happy. They tend to engage themselves in work-related activities rather to procrastinate their tasks. Happiness emotion can create a better working environment where employees put their best to increase the performance of organization by engaging themselves. In the category of positive emotion, another emotion is pride which is related to the self and defined as the pleasurable emotion resulting from actions that described that the self of individual is goofy, virtuous, and competent. It is having a significant impact on adoption of positive attitude (engagement, commitment, and satisfaction) at workplace. Researchers explored and concluded that the

emotional drivers such as employee's relationships with their leaders or managers invoking pride emotion which triggered them four times greater to put the discretionary efforts to complete their tasks means greater engagement. Researchers also identified that pride emotion is the most influential emotion of an individual to put extra energies to perform the tasks. Compassion emotion is another emotion coming under the umbrella of positive emotions. It takes place when individuals identify any other individual in some sort of suffer. Compassion can be defined as "individual emotional response of caring for and wanting to help those who are suffering" (Weng et al. 2013). Compassion has the power to generate the positive feelings in employees which ultimately leads them to increase the engagement at workplace. Cameron et al. (2003) provided a strong link for compassion and creation of upward spiral of positive feelings (engagement) toward organization and its members. Compassionate employees tend to have the focus on achievement of organizational vision and mission by putting discretionary efforts like helping others (co-workers) in achievement of tasks. The study of Kahn and Heaphy (2013) with the relational context got significant results of the relation of compassion and employee engagement. These results encourage to define the relationship of compassion and employee engagement which means that if the employees feel compassion at workplace due to certain antecedents such as relationships with supervisors or organization initiatives, then they tend to engage themselves in work-related activities. Gratitude emotion is the second last emotion which has been selected for the current topic, and it has been defined as the individual's feelings of appreciation in response to an experience that is beneficial to, but not attribute to, the self. It can generate the positive feelings about the organization or leaders and due to those feelings can result in the engagement in the achievement of assigned tasks. The researchers, e.g., Whetten (2007) and Robbins and Judge (2003), found gratitude as an important precedence of employee engagement. Employees being thankful or having gratitude emotion show great emphasis on the engagement (Froh et al. 2008). The last emotion in the category of positive emotions determined is "elevation." It has also been categorized as moral emotion, and it can emerge when an individual is experiencing or seeing that an action of the person deems morally virtuous (Siegel et al. 2016). The employees with elevation emotion generally try to reciprocate to be virtuous, and for the purpose they put their efforts by engaging themselves for betterment of the organization. Meyer and Peng (2016) published a book titled *Handbook of Employee Commitment*. It consisted of the thoughts that elevated employees known as more engaged and committed workers in organization. Initially, Fredrickson (2001) provided a stem for the relationship of elevation emotion and employee engagement in the context of broaden-and-build model. Later on the said researcher presented a famous broaden-and-build theory which is also supporting that employees at workplace with elevation emotions are identified as more engaged workers.

## Conclusion

Today in the competitive environment, organizations are focusing on the effective utilization of the resources. Human resource is one of the important resources which determine the success or failure of the organization, and the focus of organization has also been shifted form top-down approach to bottom-up approach. Bottom-up approach has the strength to work as motivational mechanism for human resource. Moreover, with the advancement of technology and blending discipline of psychology in management, organization accepted the importance of emotions which cannot be separated from employees. It was explored and accepted that emotions can provide help in adoption of positive feelings (attitude) like engagement, commitment, and satisfaction. So organizations need to identify and implement the strategies which are helping in the development of positive emotions. It is imperative for the organization to focus on the employee's attitude so that they can give their best which further leads to behavior that drives

through organization success in a competitive environment. For instance, the current topic focused on the positive emotions which are further categorized as happiness, pride, elevation, compassion, and gratitude with the relationship of employee engagement. Further the content used in the context of public sector organization shows engagement rate of employees is comparatively low and requires attention from the practitioners, researchers, and policy makers.

## References


Avolio BJ, Gardner WL (2005) Authentic leadership development: getting to the root of positive forms of leadership. Leadersh Q 16(3):315–338

Boehm JK, Lyubomirsky S (2008) Does happiness promote career success? J Career Assess 16(1):101–116

Cameron KS, Dutton JE, Quinn RE (2003) An introduction to positive organizational scholarship. Positive organizational scholarship, 3(13)

Cohn MA, Fredrickson BL, Brown SL, Mikels JA, Conway AM (2009) Happiness unpacked: positive emotions increase life satisfaction by building resilience. Emotion 9(3):361

Cropanzano R, Mitchell MS (2005) Social exchange theory: an interdisciplinary review. J Manag 31(6): 874–900

Fehr R, Fulmer A, Awtrey E, Miller JA (2017) The grateful workplace: a multilevel model of gratitude in organizations. Acad Manag Rev 42(2):361–381

Fredrickson BL (2001) The role of positive emotions in positive psychology: the broaden-and-build theory of positive emotions. Am Psychol 56(3):218

Froh JJ, Sefick WJ, Emmons RA (2008) Counting blessings in early adolescents: an experimental study of gratitude and subjective well-being. J Sch Psychol 46(2):213–233

Goetz JL, Keltner D, Simon-Thomas E (2010) Compassion: an evolutionary analysis and empirical review. Psychol Bull 136(3):351

Havens DS, Gittell JH, Vasey J (2018) Impact of relational coordination on nurse job satisfaction, work engagement and burnout: achieving the quadruple aim. J Nurs Adm 48(3):132–140

Isen AM, Daubman KA, Nowicki GP (1987) Positive affect facilitates creative problem solving. J Pers Soc Psychol 52(6):1122

Kahn WA, Heaphy ED (2013) Relational contexts of personal engagement at work. In: Employee engagement in theory and practice. London: Routledge, pp 96–110

Mathieu JE, Farr JL (1991) Further evidence for the discriminant validity of measures of organizational commitment, job involvement, and job satisfaction. J Appl Psychol 76(1):127

Meyer KE, Peng MW (2016) Theoretical foundations of emerging economy business research. J Int Bus Stud 47(1):3–22

Rego A, Ribeiro N, Cunha MP (2010) Perceptions of organizational virtuousness and happiness as predictors of organizational citizenship behaviors. J Bus Ethics 93(2):215–235

Robbins SP, Judge TA (2003) Organizational behavior. New Jersey: Prentice Hall

Roseman IJ (2001) A model of appraisal in the emotion system. In: Appraisal processes in emotion: theory, methods, research. New York, pp 68–91

Siegel JT, Tan CN, Rosenberg BD, Navarro MA, Thomson AL, Lyrintzis EA, … Jones ND (2016) Anger, frustration, boredom and the Department of Motor Vehicles: can negative emotions impede organ donor registration? Soc Sci Med 153:174–181

Weng HY, Fox AS, Shackman AJ, Stodola DE, Caldwell JZ, Olson MC et al (2013) Compassion training alters altruism and neural responses to suffering. Psychol Sci 24(7):1171–1180

Whetten DA (2007) Principles of effective course design: what I wish I had known about learning-centered teaching 30 years ago. J Manag Educ 31(3):339–357

Zivnuska S, Carlson JR, Carlson DS, Harris RB, Harris KJ (2019) Social media addiction and social media reactions: the implications for job performance. J Soc Psychol 159:746–760


# Positive Leadership Behavior


Sara R. Jordan
Center for Public Administration and Policy, Virginia Polytechnic University and State Institute, Blacksburg, VA, USA


## Synonyms

Authentic leadership; Positive organization

## Definition

Positive leadership behavior is a set of actions, taken by individuals in a position of power and influence, to motivate and cultivate others through mechanisms of empowerment, engagement, and collaborative assignment to meaningful work. Positive leadership behavior promotes happiness, well-being, and mindfulness as goals for

organizations that are as important as profit, achievement, and winning in competitive situations, like markets and contract award.

## Introduction

What makes a good leader? The long history of political philosophy, studies of leaders, and studies of organization suggest that good leadership is that which is effective at motivating individuals to do those acts which would they would not ordinarily do. Over the course of time, our concept of leadership has changed from a leader motivating individuals into battle, to leaders motivating individuals to engage in repetitive productive tasks during the Industrial Revolution, and finally to leaders motivating individuals to become productive by being self-aware. While leaders in the Industrial Revolution were overwhelmingly concerned with employees only as productive units, in the current organization environment, leaders and managers are concerned with creating an ecosystem of positive influences that direct the whole person to play an active and meaningful part in a productive community.

One of the notable artifacts of this change from an industrial model of leadership to a positive model of leadership is the change in the orientation of leaders toward their subordinates and to themselves. As Staw and Barsade's (1993) research showed, there is "more support for the 'happier-and-smarter' than the 'sadder-but-wiser' approach to leadership." Positive leadership theories, and the instantiation of that in positive leadership behaviors, seem poised to be the next wave in the elevation of the manager-employee and leader-led dyad.

## Positive Leadership

Positive leadership behavior is part of the study of positive organizations. Constituting a set of actions taken by individuals in a position of power and influence to motivate others through four mechanisms – modeling positivity, empowerment, engagement, and cooperative assignment to meaningful work – positive leadership behavior promotes excellence, enthusiasm, happiness, well-being, and mindfulness as goods for organizations that are as important as profit, achievement, and winning in market competition situations. According to this definition, positive leadership behavior has some important characteristics that distinguish it from negative leadership behavior or abusive leadership which is described below.

First, positive leadership is active rather than reactive or stationary. As defined by positive leadership scholars Youssef-Morgan and Luthans, positive leadership is:

> the systematic and integrated manifestation of leadership traits, processes, intentional behaviors and performance outcomes that are elevating, exceptional and affirming of the strengths, capabilities and developmental potential of leaders, their followers and their organizations over time and across contexts. (2013, p. 201)

Taking off from earlier discussions of leadership as management by walking around and other managerial engagement theories, positive leadership behavior encourages leaders to be visible actors working to effect change at the organizational level through active work at all levels of the organization (Peters and Waterman 1982). Positive leadership would include work by leaders on the enhancement of line workers' skills as well as self-referential work on balance, flow, and leadership as learning. Second, while positive leadership behavior retains the characteristics of classic leadership – power and influence – positive leaders use power to empower or to promote quality, strengths, and virtues of the organization and its people. That is, the positive leader focuses his/her attention on building power in others. Similarly, positive leaders seek to influence others not through rhetorical devices or threats but through engaged argument and deliberation. For example, positive leaders do not deliver orders or edicts through disengaged channels (e.g., notices of changes to SOPs) outside of employee's normal communicative platforms but provide opportunities for question and answer in small and large groups, often in a natural work setting (Spreitzer 1995).

Third, positive leaders seek to motivate others to create meaning as well as create products or services. Positive leadership practitioners seek to create spaces to give employees the sense of being part of a meaningful and engaged work life. One technique for doing this is encouraging customer and employee interaction so that employees can share in the customer's enjoyment of the service or product. Another technique is to model positive behaviors, such as confidence, hope, resilience, and self-efficacy.

Fourth, positive leaders seek diversity and inclusion in their organization and its practices. Employees and leaders representing a diversity of viewpoints and lifestyles are encouraged to give voice to concerns which ideal positive leaders seek to incorporate into their decisions and branding strategies.

Fifth, positive leadership behavior includes creating clear goals and missions for organizations and employees. This includes creating architectures for individual success through which employees can rise within the organization or may even change their career paths to satisfy desires for individual learning and development.

## Is There Negative Leadership Behavior?

New concepts like positive leadership behavior can be explicated by comparing it to its opposite or its absence. We can characterize that negative leadership behavior is that which is inactive, reactive, or disengaged or motivates individuals through negative psychological effects such as fear, aggravation, intimidation, and/or the negation of the importance of the employee themselves. Classic theories of leadership which incentivize leaders to homogenize employees or to reduce employee variation as a mechanism to improve productivity output or productivity success are also instances of negative leadership behavior.

Negative leadership behavior is often stereotyped in popular culture as "bad bosses" who intimidate, threaten, verbally abuse, or psychologically abuse their employees in order to try to motivate them to perform unclear tasks. While there are few sustained theoretical and empirical studies of abusive and counterproductive leadership, the works of Ashforth and Keashly and Duffy et al. coalesce around a set of themes such as: "petty tyranny [or a] manager's use of power and authority oppressively, capriciously, and vindictively" (Ashforth 1994), lack of consideration for individual emotional and physical integrity (Keashly 2001), and "social undermining [or] behavior that is intended to negatively affect an individual's ability to establish and maintain relations with others, work-related success and favorable reputation" (Duffy et al. 2002; from Starratt and Grandy (2009)).

## Origins of Positive Leadership Behavior

Positive leadership behaviors are socially engaged and, as such, fluid and move with context. However, these positive characteristics are also backed by a theoretical architecture that is tested, rigorous, diverse, and inclusive. Making individual and cooperative organizational meaning is part of the psychological thrust of positive leadership. Positive psychology, or the psychology of improvement and happiness over the psychology of impairment and syndromes or diseases that lead to suffering, promotes an agenda of flourishing and well-being. A positive leader attempts to create the conditions that promote well-being and happiness as much as he or she seeks to promote the conditions that create quality products or services. Positive leadership is also theoretically linked to the drive to create quality in product. Taking off from theories of production such as total quality management, positive leadership intends to use each individual's input to the system as a way of creating opportunities for improvement of the quality of the product being generated.

## Recent Research

### Theoretical

While there is no single theory positive leadership behavior, this framework is supported by multiple

theoretical perspectives. In addition to interdisciplinary perspectives, there are two clearly linked schools of positive organizational thought: positive organizational scholarship (POS) and positive organizational behavior (POB). Cameron and Caza (2004, p. 731) define positive organizational scholarship as "the study of that which is positive, flourishing and life-giving in organizations. Positive refers to the elevating processes and outcomes in organizations. Organizational refers to the interpersonal and structural dynamics activated in and through organizations, specifically taking into account the context in which positive phenomena occur. Scholarship refers to the scientific, theoretically derived and rigorous investigation of that which is positive in organizational settings." Positive organizational behavior has been defined by Luthans as "the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" (2002a, p. 59). Both positive organizational scholarship and the study of positive organizational behavior have roots in studies of positive psychology and management theories, like empowerment management and total quality management.

## Positive Psychology

What is positive psychology? Positive psychology is a new movement within the professional and scholarly field of psychology that emphasizes the study of well-being and happiness as opposed to the study of suffering and syndromes or diseases. Positive psychologists study how it is that people come to be happy, return to being happy after a setback, or inspire happiness in others. Positive psychologists also study how it is that conventional psychological issues such as mental illness or psychological syndromes lead to changes in well-being and happy effect among sufferers (Seligman 1998, 2002, 2011).

Three major terms capture the concerns of positive psychologists: well-being, flow, and resilience (Seligman and Csikszentmihalyi 2002). Well-being is not only a statement of a generally positive and undisturbed state of mind but also a state of flourishing that allows individuals to function well and with a sense of purpose. Positive psychologists studying well-being share concerns with political philosophers, like Martha Nussbaum and Amartya Sen, who are concerned about how public policy and government change the opportunities for citizens to achieve maximum flourishing. Flourishing or being well and living well is made up of at 10 capabilities that promote well-being. These dimensions of well-being can be promoted or hindered by external factors, such as public intervention, or by individual factors, such as mental disease or physical infirmity. In the context of organization, positive leaders should work to foster the development of capabilities, such as practical reason and play, among employees.

Flow is that state of being where individuals are able to practice meaningful skills easily with a sense of clear enjoyment. Developed as a theory by Mihaly Csikszentmihalyi, flow is a state of intense meaningful enjoyment that emerges when high challenge and high skill meet. In the study of positive psychology, theorists and researchers are curious to know the conditions under which flow happens whether those conditions are individually motivated or motivated by others. In the context of positive leadership behavior, the ability to inspire an optimum experience or flow becomes an important goal for managers to be able to inspire their employees. Inspiring flow involves allowing employees to develop their own skills well, or to actively promote the enhancement of such skills, and the presentation of new and innovative challenges to the skillful employees (Csikszentmihalyi 2014).

Positive psychologists are also concerned to study what makes particular individuals more happy than others despite the same setbacks. Concerns about grit or about resilience are pertinent to the study of positive psychology. Resilience or the ability to bounce back well or to even bounce forward after a setback is critical to the study of how individuals line and maintain happiness. The implications of positive psychology have been adapted to the study of psychological capital

(PsyCap) in organizations. PsyCap is argued to help those that have developed this skill to "confidently take on and pub in the necessary effort to succeed at challenging tasks... persevere toward goals and, when necessary, redirect paths to goals in order to succeed" (Youssef-Morgan and Luthans 2013, p. 200).

## Empowerment Management

Another area from which theorists of positive leadership behavior draw is what I will describe as empowerment management. Empowerment management seeks to distribute responsibility for generating new concepts, products, and ideas from the c-suite throughout the organization by motivating a sense of self-efficacy among all employees. Empowerment management asks employees to "get involved in activities and behave assuredly when they judge themselves capable of handling situations that would otherwise be intimidating" (Bandura 1977, p. 193; quoted in Conger and Kanungo 1988, p. 476). Empowerment management practices that produce greater self-efficacy for individuals include encouraging continuing technical and social education, creating collaborative cultures with high performance standards that are coupled with clear architectures of support, breaking down barriers and discriminatory patterns, and providing supportive feedback that invoke both formal and informal mechanisms of evaluation and praise.

## Quality Improvement

Total quality management is a concept that has been in the public and private management literature since the late 1980s. Associated strongly with the work of Deming (2000), total quality improvement seeks to use the knowledge and position of all employees throughout the organization to create the most consistent, high-quality products possible for that organization. Total quality management as a model of managerial behavior is akin to the ideas of empowerment management – empowering, encouraging leaders develop their employees and themselves to create an ecosystem of quality.

As noted in the famed "14 Points on Quality Management," leaders are encouraged to break down barriers, instantiate pride in workmanship and personal performance, and include all members of the organization in the process of creating value. Under the total quality management approach, leaders are encouraged to abandon "gotcha" and "investigative" strategies, such as audits, to gather data on employees, products, and performance. Instead, quality management leaders invite each employee to be deeply involved and openly appreciated as being integral to the quality process (Darling 1992). However, total quality management differs from empowerment management by focusing on the quality of the products in the end. Empowering management and positive leadership encourage leaders to think of the organization's output and also the input or the employees, their meaning, their work, and their happiness in the process of producing outputs and themselves.

## Recent Empirical Research

The theoretical architecture of positive leadership behavior supports a rich empirical literature as well through which theories and practices of positive organization are tested. Exhaustive catalogs of the literature in each of these domains can be found in key articles (Luthans and Youssek 2007; Youssef-Morgan and Luthans 2013) and through scholarly and popular websites such as those supported by the University of Pennsylvania (https://www.authentichappiness.sas.upenn.edu/) or the researchers associated with positive psychology (https://positivepsychologyprogram.com). The empirical work on the importance of positivity in organizations has led to formulations of recommendations and useful mnemonics for leaders. A few of these examples include promotion of organizational citizenship behavior, courageous principled action, and promotion of a HERO orientation to organization development and leadership.

> Hope is a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals and proactively identifying alternatives if obstacles are encountered).
>
> Efficacy is one's belief about his or her ability to mobilize the motivation, cognitive resources, and courses of action necessary to execute a specific action within a given context.
>
> Resilience is the developable capacity to rebound or bounce back from adversity, conflict and failure, or even positive events, process and increased responsibility. Optimism is an explanatory style that attributes positive events to personal, permanent and pervasive causes and negative events to external, temporary and situation-specific ones. Optimism also constitutes a generalized positive expectancy of the future. (2013, p. 200)

## Implications for Governance and Public Administration

The positive psychology movement has spawned a new way of looking at human motivation, mental fitness, and capability. This movement is constantly infused with new perspectives, theoretical architecture, and empirical analyses that can inform management in any organization, public or private. From the perspective of public organizations however, the positive organization scholarship paradigm and study of positive leadership behavior provide informative clues for assisting organizations and their clients. In particular, a focus on positivity, quality-focused action, managerial support for employees' achievement of flow, and the HERO dynamic may assist public organizations through trying periods such as executive turnover or public crises. With particular respect to nonprofit and voluntary organizations, positive psychology and positive organizational studies can help new and emerging leaders find new pathways to motivate volunteerism in general and retention of volunteers.

## Conclusion

Positive leadership behavior is but a small section in the growing field of positive organization studies. Based on the theoretical and empirical study of positive psychology, quality management, and empowerment management, positive leadership behaviors are those that encourage employees and volunteers to cultivate HERO and technical skills and achievement of a flow experience in meaningful work. The positive perspective also insists that leaders cultivate this same range of skills and experiences within themselves as a pathway to betterment of the organization. While there has been substantial empirical work on positivity in management for the private sector, the applications of this to the public sector are understudied. A new wave of positive leadership behavior studies should emerge from the public sector if this genre of scholarship is to advance.

## Cross-References


- ▶ Abusive Leadership
- ▶ Authentic Leadership
- ▶ Emotional Intelligence as an Antecedent of Leader Emotion Contrasting Behaviors
- ▶ Leadership Development in Organizations
- ▶ Leadership in Organizations


## References


Ashforth B (1994) Petty tyranny in organizations. Human Relat 47(7):755–778

Bandura A (1977) Self-efficacy: towards a unifying theory of behavior change. Psychol Rev 84:191–215

Cameron KS (2012) Positive leadership: strategies for extraordinary performance. Berrett-Koehler Publishers, San Francisco

Csikszentmihalyi M (2014) Flow and the foundations of positive psychology: the collected works of Mihaly Csikszentmihalyi. Springer, Dordrecht

Darling JR (1992) Total quality management: the key role of leadership strategies. Leadersh Org Dev J 13(4):3–7

Deming WE (2000) Out of the crisis. MIT Press, Cambridge, MA

Duffy MK, Ganster DC, Pagon M (2002) Social undermining in the workplace. Acad Manag J 45(2): 331–351

Keashly L (2001) Interpersonal and systemic aspects of emotional abuse at work: the target's perspective. Violence Vict 16(3):233–268

Luthans F (2002a) Positive organizational behavior: developing and managing psychological strengths. Acad Manag Exec 16(1):57–72

Luthans F (2002b) The need for and meaning of positive organizational behavior. J Organ Behav 23(6):695–706
Luthans F, Youssek CM (2007) Emerging positive organizational behavior. J Manag 33(3):321–349
Peters T, Waterman RH (1982) In search of excellence: lessons from America's best-run companies. Harper & Row, New York
Seligman MEP (1998) Learned optimism. Pocket Books, New York
Seligman MEP (2002) Authentic happiness. Free Press, New York
Seligman M (2011) Flourish: a visionary new understanding of happiness and well-being. Free Press, New York
Seligman MEP, Csikszentmihalyi M (2002) Positive psychology. Am Psychol 55:5–14
Spreitzer GM (1995) Psychological empowerment in the workplace: dimensions, measurement, and validation. Acad Manag J 38(5):1442–1465
Starratt A, Grandy G (2009) Young workers' experiences of abusive leadership. Leadersh Org Dev J 31(2):136–158
Staw BM, Barsade SG (1993) Affect and managerial performance: a test of the sadder-but-wiser vs. happier-and-smarter hypotheses. Adm Sci Q 38:304–331
Youssef-Morgan CM, Luthans F (2013) Positive leadership: meaning and application across cultures. Organ Dyn 42:198–208

# Postdisaster Public Procurement

John Kwesi Buor
The Business School, Ghana Institute of Management and Public Administration, Accra, Ghana

## Synonyms

Disaster management; Emergency public procurement policy; Postdisaster recovery and reconstruction

## Definition

Postdisaster public procurement refers to processes that focus on the laws, the policies, and practices that integrate economic, social, and environmental risks into public procurement processes and decisions aimed at meeting demand during emergency and the period thereafter.

## Introduction

Managing disaster of any kind/category can be quite a daunting task. To ease this task, writers (Hidayat and Egbu 2010; Khan et al. 2008) attempt to label the stages (phases or cycles) of disaster management in various ways, including: prevention, preparedness, response, mitigation, and recovery. Each of these disaster management phases may require different resources, different skills, and different regulations to govern the procurement processes. This chapter will focus on procurement for response, mitigation, and recovery stages. The reason being that whether an affected community will survive the scourge of a disastrous event, it depends on how well these three phases of disaster are managed in terms of the quality and quantity of resource flow. Knowing these cycles, therefore, can aid in the approach to adopt and the procurement strategies or processes to choose for implementation at a particular time.

Based on disaster timelines (Ergun et al. 2010), procurement activities for the disaster management cycles can be viewed from the angles of *predisaster procurement* and *postdisaster procurement*. The predisaster procurement (or procurement for disaster preparedness) can take a relatively long period in advanced preparation and is appropriate for speculative and slow-onset disasters. Its activities involve long term strategic planning including disaster drills, stockpiling of relief items, and training so that the response (i.e., dispatch and delivery) stage can become smooth. Contrarily, the postdisaster procurement (or procurement for emergency response, disaster recovery, and reconstruction) decisions are rather for faster, unforeseen, unplanned, and sometimes chaotic events. The focus is on procurement for the period immediately after a disaster event (i.e., disaster response), through to the reconstruction and mitigation phases. The reconstruction phase covers all efforts necessary to restore life and property to a reasonable level. It extends into preventing or reducing the consequential effects of disaster loss and future occurrence (mitigation). Furthermore, disaster recovery refers to the restoration,

and improvement (where appropriate) of facilities, livelihoods, and living conditions of disaster-affected communities. It includes efforts to reduce current and future disaster risk factors. Items procured at these postdisaster periods therefore should take advantage of the available opportunities to upgrade quality and capacity that can lead to sustainable development. Communities can leverage on such opportunities to transform their lots and restructure themselves to become both robust and resilient towards future events of similar nature.

The major challenge, however, is the urgency and multiplicity of actors, some of whom can be opportunistic. A thorough needs assessment is therefore required by national/local governments to define, lead, plan, and coordinate the procurement and supply of disaster operational items. The postdisaster recovery and reconstruction phase is a shared responsibility involving all stakeholders including individuals, private businesses and industries, state and local governments, and the central governments.

## Definitions of Key Terms and Relations

The United Nations (UN) defines "d*isaster,"* as a serious disruption of the functioning of a community or a society. It involves widespread human, material, economic, or environmental impacts that exceed the ability of the affected community or society to cope with, using its own resources. Similarly, the World Health Organisation (WHO) defines "*disaster"* as a vast ecological breakdown in the relationship between man and his environment, a serious sudden or slow onset disruption, on such a scale that the stricken entity needs extraordinary efforts to cope with it, often resulting in dependence on outside help, or on international aid.

Disaster can subject entities to physical, mental, and emotional consequences. However, for an event to be considered a disaster, it needs to be one which constitutes a threat, a disaffection to human beings, or what they depend on for survival. It suffices therefore to say that not all incidents are disasters, but their level of impact can be perceived as such. For example, if an earthquake or flood occurs in an uninhabited area which also does not pose a direct threat to resources required by humans, it may be considered a natural phenomenon, but not necessarily as a disaster. Generally, disasters are not declared by any ordinary entity, they are declared by a state authority in whom the power is vested and guided by an Act. From this perspective, it suggests that disaster management could refer to how a community deals with the human, material, economic, or environmental impacts of a particular disaster, including the processes involved in preparedness for, response to, and the lessons learnt from effects of major failures.

A disaster occurrence and its impact depends on three basic elements: the vulnerability of an entity and its environment; the magnitude of the hazard/risk; and the entity's capacity to counter the effect of that event depending on the level of preparedness. The basic mathematical relationship between the three elements could be expressed as "**Hazard (H)** multiplied by **Vulnerability (V)**, all divided by **Capacity (C),** equals **Disaster (D)** [i.e., **(H x V)/C = D**]." Perhaps, disasters themselves may not kill or cause the characteristic havoc as many victims may experience at a point, but the level of preparedness does. Thus, the focus of any disaster management activity should explicitly or otherwise, be directed towards ways by which the "**C**" (i.e., capacity or preparedness) component in the equation can be improved through strategic resource acquisition (i.e., procurement).

Procurement is perceived as all processes and activities involved in: the preparation of annual budget, estimating the needs by entities; planning according to budgetary allocations; and the executions according to budgetary plan. According to Laswell (1971), the term "*public*" refers to that which belongs to the general society/community, and "*policy*" means an important choice. A p*ublic procurement policy*, therefore, stand for all governmental activities leading to acquisitions, the choice of which can have influence on the lives of citizens. In simple terms, public procurement refers to the acquisition for public consumption (Weiss 1993) through structured processes and

activities. It is the avenue by which nation states and their agencies award contracts on behalf of the citizenry. This suggests that public procurement can be viewed as a tool, a mechanism, an instrument, or a lever, for promoting public policies such as industry and economic development, as well as an assistance to historically disadvantaged group. Public procurement policies also relate to principles such as transparency, probity/accountability, competition, and value for money. These principles are apparently linked to the desired outcome, or impact, of public procurement.

According to the Asian Development Bank (2011), "*public procurement*" is the process by which national and local public administrations establish and determine the needs for which procurement is required. It also involves: the formulation of appropriate procurement strategy to meet the needs; the solicitation of competitive bids from qualified suppliers as a means of determining best value and price; the selection of bids according to preestablished criteria; the award of contracts and ensuring the availability of a formal challenge mechanism; and the insurance that contract administration focuses on performance, cost, and timeliness. This view suggests that public procurement concept is not an event but a process and its subprocesses, as well as the series of actions which can lead to the accomplishment of a particular operation.

Apart from the traditional goal of acquisition of goods, works, and service, public procurement also performs nonprocurement goals. Governments have used public procurement to deliver social, economic, and environmental policies, in both developed and developing countries. For instance, public procurement can be used by governments to stimulate economic activity, protect national industry against foreign competition, improve the competitiveness of certain industrial sectors, and remedy regional disparities. Besides this, public procurement activities can also be engaged to achieve certain direct social policy objectives such as to: foster jobs creation, promote fair labor conditions and the use of local labor as a means to preventing discrimination against minority groups, protect the environment, encourage equal opportunity between genders, and promote increased utilization of the disabled in employment. Being the largest spender on resources, governments in most instances have often aimed to using public procurement to promote social, industrial, or environmental policies (sustainability issues). A well-designed public procurement framework, therefore, is capable of becoming a useful vehicle through which a government can strategically enhance its performance, quality of service, as well as empower its citizens economically.

## Public Procurement Principles, Structure and Policies

Under UN's regulation 5.12 (which seems to be benchmarked by many nation states' procurement reforms), the functions of public procurement include all actions that are necessary to carry out acquisitions by purchase or lease of a property, products, real property, services, and works. The said acquisitions need to follow the general procurement principles of best value for money; fairness, integrity, and transparency; effective (international) competition; and the interest of the UN (in this case the nation state, or the entity).

The achievement of the principles and outcomes of procurement can be functions of both structural and allocative policies. Structural policy centers on the sourcing strategies available as in a nation's procurement reforms/laws, including conditions under which domestic sourcing, dual sourcing, and other sourcing policies hold. On the other hand, allocative policy bothers on whom to benefit, or otherwise, from items being distributed during and after a disastrous event. As nations develop from distributive policy to regulatory policy stages, there is need to adopt reforms that can bring growth. Distributive and redistributive policies come under allocative policy, while regulatory policies are classified under structural policy (Salisbury and Heinz 1970). During emergencies, contracts are usually procured in minimal time but rather at high cost (or overcost). Procurement at minimal time often comes with problems relating to capacity and efficiency. Structural policies as in the procurement Acts

(or regulations and reforms) are evoked as contingency procedure while allocative policies guide the distribution of resources. By these policies, most advanced societies have relied on public procurement principles to curb corruption and undesirable outcomes. These laws, regulations, and structures must be established prior to event occurring.

Based on the number of suppliers involved, sourcing policies that can be adopted for disaster operations may include single sourcing, sole sourcing, dual sourcing, parallel sourcing, or multiple sourcing. Single sourcing refers to the *"fulfillment of all of an organization's needs for a particular purchased item from one vendor by choice."* Sole sourcing on the other hand is *"any contract entered into without a competitive process, and which is based on a justification that only one known source exists, or that only one single supplier can fulfill the requirements."* Ordinarily, these two sourcing policies (single and sole sourcing) confuse many and are applied arbitrarily especially in countries that are still undergoing public procurement reforms. The general similarity is that both single and sole sourcing policies are noncompetitive procurement strategies and are not permitted by statute, except where competition is not feasible. The difference, however, is that single sourcing intentionally chooses to purchase from only one supplier in the midst of many, while sole sourcing comes about as a result from supplier constraint (e.g., monopoly) where purchaser may have no other choice. Note that none of the two is particularly meant to be applied on disaster or emergency cases only. Multiple sourcing occurs where a buyer purchases identical part from two (dual) or more sellers. Parallel sourcing is a strategy where a buyer purchases conventional products simultaneously from a group of suppliers each of whom is specialized in a single product category (see Treleven and Schweikhart 1988). Apart from single and sole sourcing policies which are not opened to competition and which can be highly susceptible to uncertainties, risks of cost and quality, all the other sourcing strategies can be opened to competition and might be preferred in normal procurement conditions.

## Postdisaster Behaviorism and Public Procurement

In the aftermath of a disastrous event (postdisaster), particularly at the response phase, coordination of procurement processes and proper financial control becomes a major problem. The gap between demand and supply for resources can become extremely huge. Adherence to and the implementation of public procurement principles (i.e., fairness, transparency, accountability, and value for money) and the general procurement processes become more complex due to the unstably chaotic environment. The nature of the situation may lead to time becoming a scarce and most essential commodity. Also, it could lead to the relaxation of policy regulations, with the intent to improving responsiveness. Contracts might be awarded without competition; the principle of reasonable pricing while procuring becomes secondary in most cases; high tendency for misuse of resources due to time constraints may occur; and efforts which consider environmental concerns, employment issues, alternative welfare considerations, or the protection of domestic industry may not be given the needed priority because they may lead to suboptimality in responsiveness (see Schultz and Søreide 2008). The probable consequence of these outcomes could be a highly amplified bullwhip effects. For instance, there could be exaggerated hikes in demand for funding and resources, a rise in corruption and fraud as a result of uncoordinated, hurriedly procured, and uncontrolled financial environment. Other behaviors that may characterize postdisaster procurement activities include misapplication of discretionary authority by people entrusted with power, mismatching specifications against the desired resources, restricting bid invitations, political influences in award decisions, conflict of interest, and possible sale of contracts in some instances.

Postdisaster sentiments come with great expectations and hopes. Emotions of citizens, civil servants, and their political leadership are still raw with shock, terror, and grief. It is a time when governments are seeking policies for fast but inclusive growth. All efforts are directed towards rebuilding infrastructure and housing, energizing

industries, providing jobs, improving health and education, etc. It is the time when the state and its stakeholders seek strategies that will increase investor confidence and showcase government leadership. The state and its agencies seek policies that may move the community forward and towards economic growth and development, despite the monetary and economic uncertainties that are exhibited during times of community reconstruction. Thus, postdisaster public procurement policies and activities need to focus on the laws, the policies, and practices that integrate economic, social, and environmental risks into public procurement processes and decisions.

### Challenges in Postdisaster Procurement

Postdisaster procurement management comes with some challenges. The first one being the potential widespread localized disruptions such that there may be extensive infrastructural damage, inventory constraint, and deficient human resource capacity to execute any contract even if awarded. Infrastructure refers to the network of structures, utilities, and facilities that supply and support our basic needs for mobility, power, water, sewer, communications, and economic activities. Disaster can cause years of infrastructural development to come to a halt, or to go waste, and possibly increase the potentially existing poverty as well as risk vulnerability in a community.

The second challenge concerns the apparent discrimination against local contractors. Providing local contractors the opportunity does not only encourage the postdisaster recovery/reconstruction effort, but it also promotes the rehabilitation and resettlement efforts. However, in most cases, contracts are awarded to big foreign companies, which encourages as well as increase capital flight, at the expense of small local businesses which have the potential to rejuvenate the local economy.

The third challenge is in relation with Cohen and Werker's (2008) concept of political economy (i.e., the political effect and bailout effect) of disasters. The political effect occurs where government take advantage of a disaster situation to redistribute power by favoring communities and people who are politically aligned to the regime in power. On the other hand, the bailout effect is the situation where a government may deliberately underinvest in disaster prevention in anticipation of getting bail outs by donors and international community when a disaster occurs. An extreme case of the political economy of disasters may lead to the racket effect where government or its agencies may leverage on disasters to attract and steal humanitarian aids away from the intended purpose. Under this construct, there could be deliberate action by rogue governments not to prepare for any event. Apart from the potential cost escalations that can be associated with procurement, it can also places disaster stricken communities under continuous poverty and under development.

Following from the above challenges, there is need to create agencies that can detect fraud through rigorous procurement auditing in order to assist the state, the donor agencies, and all other stakeholders in detecting and the minimizing the associated tendency for corruption, resource diversion, and misappropriation during and after disasters. Also, proper resource management, transparency, and accountability are required to enhance monitoring, coordination, tracking progress, communicating results to all stakeholders, as well as align resources to meet their urgent needs. Furthermore, there is need to provide appropriate channels for the aggrieved to seek redress to their grievances.

## Summary and Conclusion

The public sector is a very large and diversified enterprise that spends in the neighborhood of 45–65% of its annual budgets on procurement. This amounts to about 13–17% of GDP in high-income earning countries and even more income earning countries. In times of postdisaster reconstruction and rehabilitation, the figures usually go up. Sustainable Public procurement framework could be a powerful policy tool to demonstrate government's commitment to nation building and sustainable equitable development as a whole. Note that disasters can impact greatly on the

three pillars of sustainability (i.e., economic, social, and environmental). Irrespective of the type or cause of disaster, the consequences affect lives (deaths, displacement of settlements, injuries, and public panic), reduce food security (i.e., shortage of food and water), rupture the socio-economic conditions (e.g., infrastructural damages), and cause economic damage (e.g., losses in sectors like fisheries, agriculture, livestock, tourism, or microenterprises).

After a large-scale disaster and its accompanying widespread destructions and disruptions (such as the Japan earthquake in 2011, or Katrina in 2005, or the Malawian floods in 2019), managing the inflow of resources and spending those resources well have proven to be very difficult. Procurement framework agreements (i.e., a set out terms and conditions with suppliers for making specific purchases) and their effective use can be invaluable tools which signal to stakeholder and the business world that long-term demand opportunities can be available to take advantage of. Through framework agreements, stockpiles can be created and regularly replenished, sometimes in the manner of a reverse auction. Since there may be no market for competition under emergency situations, the site of stockpiles becomes the source of first movement of supplies to where they are most needed. The framework agreements then become the authorized means that procurement can be done in emergency situations without fear of major procurement infractions. Such frameworks can trim the procurement process, widen the supplier base, pre-vet suppliers, ensure that suppliers are aware of requirements, mitigate against risks of low quality products and product substitution, extortionists price, logistical challenges, as well as prepare for repeat orders. With a proper framework available, it will be less difficult to manage the sustainability of the stockpiles, their shipment to disaster sites, the regionalization of markets, the roadmap to ensure that local business and individuals can also win contracts from the rebuilding process are laid down prior to event occurrence. Framework agreements are not used as avenues to centralize procurement, rather, they are a centralized instruments that allow local flexibility with central control. In the Caribbean and other disaster prone areas, for instance, such frameworks have worked to produce results in disaster management.

Finally, impediments/hindrances to disaster preparedness such as the hierarchical structure (as in Giddens' 1979 stratification model) and bureaucratic policies can be two key obstacles. Note that policies and logical decisions do not work well during crises situations. Structure and form of command may cease to exist under real emergency conditions. Generally, disaster caused disruptions generate chaotic states within the affected region. The priority of victims might be the need for survival. In such instances, only preparedness thrives and therefore is a key requirement for the management of any kind of disaster.

## References

Asian Development Bank (2011) Country Public Procurement Profile Survey (with e-Procurement Overview). [Online]. Available at http://adbprocurementforum.net/?page_id=1547. (Retrieved on April 3, 2012)

Cohen C, Werker ED (2008) The political economy of "natural" disasters. J Confl Resolut 52(6):795–819

Ergun O, Karakus G, Keskinocak P, Swann J, Villarreal M (2010) Operations research to improve disaster supply chain management. Wiley Encycl Oper Res Manag Sci

Hidayat B, Egbu CO (2010) A literature review of the role of project management in post-disaster reconstruction. In: Proceedings of the 26th annual ARCOM conference. Association of Researchers in Construction Management, pp. 1269–1278

Khan H, Vasilescu LG, Khan A (2008) Disaster management cycle – a theoretical approach. J Manag Mark 6(1):43–50

Laswell H (1971) Policy problems of data rich society. In: Information technology in a democracy. Cambridge, pp 187–197

Salisbury R, Heinz J (1970) A theory of policy analysis and some preliminary applications. In: Sharkansky I (ed) Policy Analysis in Political Science. Chicago, IL, Markham, pp 39–60

Schultz J, Søreide T (2008) Corruption in emergency procurement. Disasters 32(4):516–536

Treleven M, Schweikhart SB (1988) A risk/benefit analysis of sourcing strategies: single vs. multiple sourcing. J Oper Manag 7(3–4):93–114

Weiss F (1993) Public procurement in European community law, vol 4. Athlone Press, London

# Poverty and Hunger in Nigeria

Tope Shola Akinyetun[1] and Osariyekemwen Iyase Ambrose[2]
[1]Department of Political Science, Adeniran Ogunsanya College of Education, Oto/Ijanikin, Lagos State, Nigeria
[2]Department of Political Science, University of Benin, Benin City, Nigeria

## Synonyms

Famine; Deprivation; Hardship; Penury; Starvation

## Definition

Poverty is the condition of lacking in essential needs required for standard living.

Hunger is the state of being malnourished and in need of food.

## Introduction

Nigeria is a country blessed with abundant human and natural resources. Concerning human resources, Nigeria is the most populous Black Country in the world with an estimated population of 200 million people in 2019, growing at a steady 3% rate. Thus, Nigeria is the most populous country in Africa and the seventh most populous country in the world. The Nigerian population has been described as having a youth bulge and boasts of one of the largest youth populations in the world. Concerning natural resources, Nigeria is blessed with abundant resources including crude oil, iron ore, lead, coal, limestone, and arable land.

Of these natural resources, crude oil has received more attention from the Nigerian government and continuously dominates her political economy. Nigeria, the largest oil exporter and home to the largest natural gas reserves in Africa, depends majorly on the sales of crude oil, which accounts for 90% of her foreign exchange earnings and 80% of government revenue. In addition to this, Nigeria's economy is the largest in sub-Saharan Africa and 30th in the world, by gross domestic product (GDP) – to which agriculture contributes 40%. Nigeria also produces a large volume of yam, cowpea, rice, and cassava.

Even though the country has recorded significant economic growth, these have not impacted positively on economic development. Nigeria is plagued with socioeconomic issues such as widespread corruption, pervasive unemployment, and cybercrime among youths. One prominent factor responsible for this is poverty. To be specific, a puzzling proportion of the Nigerian population lives in extreme poverty. Having recently overtaken India to be the poverty capital of the world, Nigeria has the highest number of poor people on the African continent. As reported by the Nigeria Bureau of Statistics (2019), 82.9 million (i.e., 40.1%) Nigerians live in severe poverty as of 2019, and 4 of every 10 Nigerians live on below $360 annually.

The implications of poverty in Nigeria have been extensive with effects on cybercrime proliferation, unemployment, malnutrition, and hunger. The level of hunger and malnutrition in Nigeria, especially in rural areas, is a source of concern. This is evidenced in the 2020 Global Index Hunger wherein Nigeria scored 29.2, indicating a serious level of hunger. Also, malnutrition is responsible for 45% of all the deaths of children below 5 years. About 32% of children under 5 years are stunted, while an estimated two million children suffer from severe acute malnutrition, which is presently the highest in Africa. This is a case of suffering amid plenty, a paradox of poverty amid opulence that requires adequate attention.

## Poverty in Nigeria: Meaning, Causes, and Effects

Centuries after Seebohm Rowntree undertook the first quasi-empirical study of poverty in 1899, the incidence of poverty remains evident in the world and rapidly endemic in Nigeria. This underscores the need to understand the phenomenon. The conceptualization of poverty suffers from a lack of

academic consensus with series of meanings given to the concept. Spicker (2007) identified 12 clusters of the meaning of the word poverty:

(a) Poverty as a material concept: Poverty is a result of lack of necessities.
(b) Poverty as deprivation: Poverty is the suffering resulting from a sustained web of deprivations.
(c) Poverty as limited resources: Poverty is a result of need occasioned by limited command over resources.
(d) Poverty as the standard of living: Poverty is visible when the living standard, income, and consumption of an individual are below a defined average.
(e) Poverty as inequality: Poverty is a result of disadvantaged economic comparison and the resulting distance.
(f) Poverty as an economic position: Poverty describes a particular level of social stratification.
(g) Poverty as a social class: The poor refer to a particular class in the society – the underclass.
(h) Poverty as dependency: Poverty is evidenced by dependence on the receipt of social assistance.
(i) Poverty as lack of security: Poverty is the lack of factors that guarantee fundamental human rights.
(j) Poverty as lack of entitlement: Poverty describes the lack of necessary entitlements, i.e., housing.
(k) Poverty as exclusion: Poverty is when people are excluded from participating in the standard form of social life.
(l) Poverty as a moral judgment: Poverty connotes a morally unacceptable material condition.

From the foregoing, it can be posited that poverty is a state of lack and need for necessities of life needed to participate in society. This is true in the case of Nigeria where a majority of the people – mostly in rural areas – suffer from a lack of one or more of housing, education, a health-care system, good sanitation, electricity, assets, potable water, and good nutrition. The clusters identified above describe the manifestation of poverty in Nigeria – as a multidimensional phenomenon – which incorporates not just income but health, education, living standards, employment, and other important domains of life.

## Causes of Poverty in Nigeria

Poverty in Nigeria is attributable to several factors which include:

***Poor economic growth performance and external shocks:*** Being a mono-product and petrodollar economy, the Nigerian economy is volatile and highly susceptible to external shocks. Since the sales of crude oil accounts for the larger percentage of her foreign exchange earnings, a decline in oil demand will lead to a decline in earnings and, of course, a stunted or recessive economy. As the recent coronavirus pandemic has proven, the fluctuation in oil price is enough to send the economy of the country into recession because there is a non-negligible connection between the international crude oil market and budgetary operations in Nigeria. This unprecedented oil price plummets, and its attendant recession plays a major role in increasing the number of poor people in Nigeria.

***Unemployment:*** The level of unemployment in Nigeria is alarming and is estimated by the Nigerian Bureau of Statistics (2019) to be 23.1%, 55.4% of which is unemployment among the youth. This has been further worsened by the coronavirus pandemic which led to the loss of jobs of many Nigerians. Akinyetun et al. (2020) note that during Covid-19, there was an increase in the rate of youth unemployment in Nigeria due to the shocks of labor demand and labor supply. A lot of people were further driven into poverty as they became subjected to exceptional lack which was deepened by the absence of social welfare packages needed to mitigate the effect of the lockdown and disruption of economic activities occasioned by the pandemic. To be sure, the relationship between unemployment and poverty in Nigeria is causational as one leads to and strengthens the other.

***Policy failure:*** Some of the policies initiated by the Federal Government of Nigeria are inimical to growth and entrench poverty because the majority of these policies are bedeviled by inconsistency, lack of funding, inadequate coordination, unprofessional monitoring, politicization, and high levels of bribery and corruption. Rather than being pro-poor, these policies have ended up engraining poverty. A case in point is the policy of the government to provide financial assistance of N3.5 trillion (i.e., $8.7 billion) to small-scale businesses hit by the Covid-19 pandemic as well as a conditional cash transfer to individuals. As expected, this policy suffered from a lack of proper planning, execution, and unnecessary secrecy. The funds could not be accounted for as the majority of the individuals and business owners lamented not receiving the funds. Therefore, rather than abate, the incidence of poverty further persists.

***Lack of human capital development:*** The individuals who are the units representing their economy have been ignored for far too long in Nigeria. Investments in humans have been dismal, thereby reducing their capabilities and functioning. The lack of investment in human capital in Nigeria has intensified the incidence of poverty as young people have been left to fend for themselves. This has been given as one of the factors responsible for increased cybercrime in Nigeria. Nigeria presently ranks 158 out of 188 countries on the human development index, with a poor record of per capita income, life expectancy, and poverty.

***Corruption:*** Nigeria's performance on the corruption index remains low as corruption continues to permeate almost every sector in the country. The implications of corruption on poverty are extensive. Due to corruption, the funds meant for welfare development, poverty alleviation, service delivery, wealth creation, infrastructural development, employment creation, and quality public service have been diverted by public officials (sometimes in connivance with the private sector) for personal use. There is wanton bribery, kickback, laundering, under-declaration of profit, and nonperformance in government parastatals. The anti-corruption agencies have also been complicit in this web of deceit, thereby reducing public confidence in them. This level of corruption has made meaningful development a mirage and poverty a reality. This trend also made the judicious use of public funds to provide palliatives during Covid-19 unattainable, the effect of which is deepened poverty.

***Insecurity:*** Crime, violence, violent extremism, terrorism, and insurgency are other factors that have increased the incidence of poverty in Nigeria. The Northern part of Nigeria has the highest population density compared to the South. Meanwhile, the majority of Nigeria's poor people are found in these Northern parts where an insurgent group, Boko Haram, has claimed the lives of thousands of people and displaced over two million people. The insurgency has also made economic activities in some parts of the region impossible, while a lot of children are out of school. This has further increased the chances and manifestation of poverty in the country.

## Effects of Poverty in Nigeria

Having examined the causes of poverty in Nigeria, it is equally imperative to identify the effects of the social malady, and they are:

***Recurring poverty:*** When not addressed, poverty becomes endemic and, in most cases, generational. The poverty level in Nigeria continues to rise due to the failure of the past governments to take decisive actions to reduce it. If not combated now, poverty will remain a recurring phenomenon in Nigerian socioeconomic and political discourse.

***Crime:*** There is a connection between poverty and (cyber) crime in Nigeria. As a result of perceived deprivation, frustration and aggression often become the norm among the youth. When this is not managed, it often leads to crime, violence, or youths' susceptibility to radicalization and extremism.

***Disease and illness:*** Poverty subjects people to a myriad of health challenges, diseases, and illnesses. Chronic childhood diseases, mental health problem, substance abuse, infant mortality, earlier

adulthood mortality, ear and eye impairment, and vulnerability to fever are common among poor people in Nigeria, especially in rural areas and Northern parts of the country. The inability of poor people to access basic amenities and deficiency of essential vitamins and minerals subject them to multidimensional disease, illness, and disorder.

***Hunger and malnutrition:*** This is perhaps the most evident effect of poverty in Nigeria. It is easy to identify a child who is hunger-stricken or malnourished. Hunger is the manifestation of extreme poverty whereby a household cannot afford nutritious foods. Indeed, where poverty persists, hunger is evident. This is why the next section turns to appraise the incidence of hunger in Nigeria.

## Hunger in Nigeria: Meaning, Causes, and Effects

Hunger has previously been used by writers to describe a situation of physical pain or weakness from not eating and food-related socioeconomic deprivation. Holben (2005) however identified and grouped the definitions of poverty into four clusters:

(a) Hunger as a drive: Hunger refers to a motivational need or desire for food.
(b) Hunger as an uneasy sensation: Hunger is the resultant feeling of not eating for some time.
(c) Hunger as weakness: The lack of food causes discomfort, pain, weakness, and illness.
(d) Hunger as lack of food: Hunger refers to the prolonged and/or involuntary lack of food itself.

Given this classification, hunger can be described as a feeling of pain and discomfort arising from the lack of food. Hunger is measured using four component indicators: undernourishment, child wasting, child stunting, and child mortality. A cursory look at the situation in Nigeria reveals that there has been a steady rise in hunger statistics in Nigeria since 2008. The states in Northern Nigeria are majorly plagued by stunting and wasting – low height for age and low weight for height. Malnutrition in Nigeria is responsible for increased risk of death, poor performance in school, diminished cognitive development, and low productivity in adulthood. According to Okolo (2006), many Nigerians lack good nutrition. The average daily intake is 9 g of protein contrary to the recommended 65-g intake. This explains the high level of illness, suffering, and death experienced in the country.

## Causes of Hunger in Nigeria

The major causes of hunger in Nigeria are:

***Insurgency:*** Nigeria is a food-deficient country with a poor record of food security occasioned by lack of commitment and high levels of insecurity that have plagued the North. For emphasis, the North accounts for 79.1% of the total cultivable land in Nigeria, thus contributing the largest share of food production. The North also has the highest number of farmers in the country and a favorable ecological condition for crops (such as tomato, yam, onion, wheat, potato, millet, cowpea, sorghum, etc.), which makes production all year round. As such, it can be said that the North is more food secure than the South and can aptly be referred to as the food basket of the country (Okolo 2006). Despite the potentials for food production in the North, the region is the worst hit by the number of hungry children in the country. This is attributable in part to the insurgency that has ravaged the region. Since the outset of insurgency in Northeastern Nigeria, food insecurity has increased, while displacement has been pervasive. Boko Haram has been responsible for the death of thousands of people including farmers. Due to this, many people have abandoned their homes to neighboring communities, thus straining the available resources in the host community. Farmers have deserted their farms as a result of the fear of being attacked. For instance, in December 2020, the international media reported the gruesome killing (beheading) of 76 farmers by the Boko Haram sect. The insurgency has contributed to food insecurity, malnutrition, and hunger in Nigeria.

***Poverty:*** Behind the problem of hunger lies poverty. Poor people generally find it difficult to

maintain a standard way of life or experience favorable well-being.

***Coronavirus pandemic:*** Covid-19 also increased the spate of hunger in Nigeria due to restricted movements, restricted economic activities, and unemployment. During the lockdown, farmers could not go to the farm leading to a decrease in farm produce. The little goods available were hoarded, while in some cases the prices skyrocketed. This meant that the poor were systematically denied access to food and therefore subjected to hunger.

***Food insecurity:*** The ability to access enough food and resources required to acquire and produce food leads to inadequate diet and poor health. This impairs the ability to live a productive healthy life.

The effect of hunger in Nigeria cannot be overstressed. Hunger leads to illness, disease, malnutrition, undernutrition, mental problem, child mortality, food insecurity, and poverty.

## Poverty and Hunger in Nigeria: Way Forward

Eradicating poverty and hunger is at the core of Sustainable Development Goals 1 and 2: to eradicate extreme poverty and end hunger among all people by 2030. Meanwhile, combating poverty and hunger in Nigeria has proven a herculean task. That there is no universally agreed formula to reduce poverty and hunger does not invalidate the need for the Federal Government of Nigeria to make frantic efforts to reduce these social oddities to the minimum.

To tackle poverty and hunger, the Federal Government of Nigeria must pay dire attention to education, human capital development, and social welfare programs; promote agricultural research, employment creation, skills development, deradicalization of Boko Haram, poverty alleviation schemes, and partnership with humanitarian and nongovernmental organizations to address lack of nutrition and hunger, food security, improved service delivery, health initiative, rural welfare, potable water, and improved sanitation; diversify the economy; and tackle corruption.

## Cross-References

▶ Global Poverty and Inequality
▶ Human Capital Intervention and Poverty Reduction

## References

Akinyetun TS, Salau JA, Bakare TO, Ahoton AS, Alausa JA, Odeyemi DD (2020) Impact of Covid-19 on youth unemployment, cybercrime and national security in Nigeria: evidence from Nairaland. A paper presented at the African Research University Alliance (ARUA) Centre of Excellence for Unemployment and Skills Development International Conference, University of Lagos, Lagos, 2–4 Dec 2020

Holben DH (2005) The concept of hunger. Background paper prepared for the panel to review the U.S. Department of Agriculture's Measurement of Food Insecurity and Hunger. Retrieved from http://www.nationalacademies/CNSTAT/

NBS (2019) 2019 poverty and inequality in Nigeria: executive summary. Proshare, Abuja. Retrieved from www.nigerianstat.gov.ng

Okolo D (2006) Agricultural development and food security in sub-Saharan Africa (SSA): the case of Nigeria. Food and Agriculture Organization working paper no. 05. Retrieved from http://www.fao.org/3/a0817e/a0817e.pdf

Spicker P (2007) Definitions of poverty: twelve clusters of meaning. In: Poverty: an international glossary. Zed Books, London/New York, pp 229–243. Retrieved from http://rszarf.ips.uw.edu.pl/welfare-state/spicker.pdf

# Poverty Reduction in Africa

Patience Karungi[1] and Rose Namara Bakenegura[2]
[1]School of Management and Business, Uganda Management Institute, Kampala, Uganda
[2]School of Civil Service, Governance and Public Administration, Uganda Management Institute, Kampala, Uganda

## Synonyms

Community welfare; Marginalized societies; Poverty relief; Wellbeing

## Definitions

Poverty reduction involves a set of actions, both economic and humanitarian, that are intended to permanently lift people out of scarcity. Poverty reduction is often used as a short-hand for promoting economic growth that will permanently lift as many people as possible over a poverty line.

## Introduction

The dawn of the Industrial Revolution led to high economic growth, eliminating mass poverty in what is now considered the developed world. However, presently worldwide, approximately 734 million people live on less than $2.50 a day. Over three billion people are deprived of basics ranging from food, water, shelter, healthcare, and education, among others. This is dominant particularly in the developing societies as compared to the developed world. For example, Africa has more than 800 million people living in 54 different countries and is by far the world's poorest inhabited continent. Around 28% of all children in developing countries are estimated to be underweight or stunted due to poverty in sub-Saharan Africa. About 72 million children of primary school age in developing countries were not in school in 2005 due to insufficient funds (Kwemarira et al. 2019).

The gap between the rich and the poor is at its highest level in Africa. Most of the developing countries as well as development organizations have devoted much of their attention and budgets towards the reduction of poverty in sub-Saharan Africa but to no avail. Despite the existence of Poverty Reduction Strategy Papers (PRSPs), Millennium Development Goals, and the Sustainable Development Goals that succeeded the MDGs in 2015 and the New Partnership for Africa's Development, about 316 million in Africa still live below the US $1 dollar a day poverty line as do 1.2 billion people worldwide. The international poverty line has just been raised to US $ 1.90 a day, but global poverty is unchanged (World Bank 2020). Several researches conceptually and empirically exist on the construct of poverty reduction in Africa. However, these studies have paid less attention to the power of planned behavior theory, personal initiative theory, and social capital and human capital theory combined together in informing poverty reduction particularly in sub-Saharan Africa.

## Theoretical Underpinning

### Theory of Planned Behavior

The theory of planned behavior (Ajzen 1991) attempts to explain all behaviors over which people have the ability to exert self-control. The central theme in the theory of planned behavior is the individual's intention to perform a given behavior. It emphasizes that individuals are rational in considering their actions and that decision is made under uncertainty. Rational decision implies that either optimum results are expected or decision-making unit is aware of all the impacts and consequences. By introducing perceived behavioral control to subjective norms and attitudes, the theory clearly explains the relationship between behavioral intention and actual behavior. In this entry, the construct of attitude towards behavior is identified to explain the intentions that propel people to work hard and finally move out of poverty. For example, the leading cause of poor hygiene as a dimension of poverty in Uganda is the lack of basic necessities like clean water and permanent toilets. This makes Ugandans fail to clean themselves, their children, and their homes as required. Then, a lot of money is spent on medication that would otherwise be spent on improving the wellness of families. Emanating from the theoretical lens of planned behavior, citizens should be changed on basic hygiene, for example, to always wash their hands before eating and after leaving toilets. This assists in saving money that would be taken to hospitals to improve families. However, the theory does not account for other variables that factor into behavioral intention and motivation, such as being self-starting, innovation, setbacks, persistence, and threat that may influence people's intention to perform a behavior or actions that may enhance their wellness. This introduces the personal initiative theory.

### Theory of Personal Initiative

The theory of planned behavior is supplemented or challenged by upcoming phenomena, the theory of personal initiative (Frese et al. 1996). Personal initiative is based on the fundamental idea that human beings are not only influenced by their environment but also influence the very same. It is seen as a behavioral syndrome that results in an individual taking an active and self-starting approach to work goals/tasks and persisting in overcoming barriers/setbacks, and one of the consequences of such an active approach is that the environment is changed by the individual (if ever so slightly). This is in contrast to a passive approach, which is characterized by doing what one is told to do, lacking the ability to adjust easily to misfortune or change (not being **resilient**), and reacting to environmental demands. Showing initiative involves spotting and acting on opportunities by keeping one's minds open to new ideas and new possibilities that other people have not noticed inclusive of fighting poverty. It is noticed here that a person who is innovative and is in control of relevant and important issues at work and business will be paid off by having control.

Also, personal initiative is characterized by its self-starting nature, its proactive approach, and being persistent and resilient in overcoming difficulties/barriers that arise in pursuit of a goal. Frese (2009) further stated that PI behavior is a central feature/construct in poverty reduction; therefore, increasing PI leads to actively pursuing wellbeing tasks which in turn reduces poverty. The initiative has also become increasingly important in today's businesses, and many people want employees who are innovative and can take action without waiting for someone to tell them what to do. After all, this type of flexibility and resilience is what pulls human beings to innovate and to overcome competition. Critiques of this theory have quibbled that the theory fails to acknowledge the fact that people have different levels of stamina and not everybody can endure being self-starting, proactive, persistent, and resilient since that could be stressful and exhausting.

### Social Capital Theory

Social capital theory emphasizes (Coleman 1988) close ties through family, business, community, and religious affiliation that is vital to improving the wellbeing of an individual by assisting in moving out of poverty. This is conceived from the thinking that the provision of mutual trust, knowledge, shared beliefs, cultural values, social networks, information flow, valuable resources, and insurance is necessary to facilitate cooperation to both the individual and the community. Most people connect themselves with networks to gain cooperative action and also obtain relevant information, skills, and other resources that are needed for their businesses. Social capital conceptions of lifelong learning emphasize the creation of learning societies, in which continual learning enhances connections among individuals and engenders civic participation. Rather than being concerned with economic output, social capital concentrates more on civic society and networks in the family and community. The level of engagement that participation in adult education and learning can foster has been found to strengthen the fabric of communities and encourage citizenship, critical awareness, and understanding. However, it has been noted that social capital is not always used for positive ends. An example of its complex effects is violent or criminal gang activity that is encouraged through the strengthening of intragroup relationships (bonding social capital). The theory has been criticized for its inability to address how the absence of education (learning) could decrease connections among individuals and civic participation which could be addressed by Human capital theory.

### Human Capital Theory

Human capital theory has strongly influenced most debates on the relevance of education for development. It is premised on the thinking that there are substantial economic effects of education for social development. The theory presumes that formal education is highly instrumental and even necessary to improve the production capacity of a population. Human capital proponents

assert that an educated population is a productive population because education increases the productivity and efficiency of people by increasing the level of cognitive stock of economically productive human capability. According to Fägerlind and Saha (1989), human capital theorists provide a basic justification for large public expenditure on education both in developing and developed nations. Education creates skills which facilitate higher levels of productivity among those who possess it when compared with those who do not. The strength of this theory lies in the fact that when populace attains education, they attain knowledge and seek for formal employment; others will even employ themselves, thus reducing poverty. The advocates of this theory believe that those with higher levels of education seem to have, on average, higher levels of productivity. Additionally, an effective anti-poverty strategy should incorporate the enhancement of education and skills among poor homes and that such an approach improves productivity in the African rural setting. The theory maintains that education promotes the eligibility for paid employment in the formal sector and for their advancement once the people are employed. Similarly, Bowles, Gintis, and Oxaal (1997) argued that increasing levels of schooling in the labor force are likely to be functional to the process of employment growth. They also suggest that although education is necessary in improving the wellbeing of the poor and thus contributes to poverty reduction, it also has a tendency of perpetuating inequality in society. A number of empiricism suggest a direct relationship between educational attainment, job opportunities, and poverty reduction. Relatedly, higher levels of education do not only contribute to productivity and income earnings but also narrow the income gap across gender and racial lines.

## Poverty Reduction

Recently, research interests have shifted to understanding poverty in its multidimensional form. This interest has been furthered by the increasing availability of relevant data and the inability of the one-dimensional measure to capture multiple deprivations. The multidimensional form draws largely on the basic needs argument and Sen's capability approach (Sen 1984). In a broad sense, poverty can be understood as involving not only a lack of necessities of material wellbeing but also the denial of the opportunities of living a tolerable life within a society (Anand and Sen 1997). A number of people in Africa are not formally employed, and their monthly incomes are not guaranteed. They do not have a stable income which makes the family fail to buy the basics of life ranging from food to even children going to good schools. In order to have good life among the unprivileged, the main asset of the poor is human capital. Human capital development, particularly education and training, are critical ingredients for a country's sustainable socioeconomic development and poverty eradication. A successful poverty eradication strategy would require full and proper development of human capital through equitable education policies. This is especially in line with the fact that poverty is a complex issue that requires to be tackled by using all fronts particularly education. Education is thus a vital tool because its role in poverty reduction cannot be underestimated as no country has successfully eradicated poverty without educating its people.

As one of the most powerful instruments for poverty reduction, education can be a guarantee for development in every society and to every family. Its centrality is not only for poverty reduction, but it can also contribute in reducing inequality. It can equally be argued that education enhances people's productivity. No one would doubt that education gives people some necessary skills that increase their capacity to produce more effectively and efficiently. Education can thus directly reduce poverty through the contribution that productivity enhancement makes to economic growth, and that could indirectly help to alleviate poverty through its positive spillover effects (externalities) on society more broadly.

Many women working in both formal and informal sector have a substantial "decent work deficit." Employment is often described as the most important link between economic growth and poverty reduction. Providing income-earning opportunities through wage employment or self-employment for poor women and men is crucial to raising incomes and overcoming poverty. However, currently women across the developing world enjoy limited access to fair and decent work compared to men largely as a result of lacking skills. Krueger (1983) argued that poverty is assumed to come from the effects on the real wages of unskilled workers, endowed with labor but no human capital. Consider Africans in leadership positions who are able to suggest, implement, and follow up different poverty alleviation beneficial programs ranging from increasing household assets, food security, and improved health status. In the long run, their families and associates stop lacking as these programs improve the welfare of households, thus reducing poverty.

## Conclusion

The entry concludes that when people from developing countries attain quality education, they get employed either formally or informally which leads to poverty reduction. There should be a development of long-term economic and social policies aimed at building societies that encourage and motivate the parents to send their children inclusive girls to school. Education and training underpinned by human capital theory is an important predictor of job creation especially vocational training as youth get vocational skills and they start their own jobs which leads to poverty reduction especially at household level. However, vocational, technical, and skills enhancement matters a lot among people in sub-Saharan Africa in alleviating poverty. Therefore, there should be a shift from the current education being provided to focus on practical skills enhancement among Africans that are vital for job creation that will eliminate poverty. Through the joint lens of personal initiative theory and the theory of planned behavior, the scholars conclude that the creation of employment promotes poverty reduction. Employment increases the incomes of poor families as the best way of fighting scarcity. There should be innovative economic policies to reduce the level of adult unemployment and underemployment that facilitate income generation. When there is employment, people can take their children to school because they can afford the costs of schooling which greatly contributes to wellbeing in societies.

## References

Ajzen I (1991) The theory of planned behavior. Organ Behav Hum Decis Process 50:179–211

Anand S, Sen A (1997) Concepts of human development and poverty: a multidimensional perspective. Human development papers. UNDP, New York, pp 1–19

Bowles S, Carpenter J, Gintis H (1997) Mutual monitoring in teams: the importance of shame and punishment. University of Massachusetts

Coleman JS (1988) Social capital in the creation of human capital. The American Journal of Sociology, 94(1) Supplement: Organizations and institutions: Sociological and economic approaches to the analysis of social structure, 95–120

Fägerlind I, Saha LJ (1989) Education and Development: The Emerging Confidence in Formal Schooling as an Agent of Change. In Education and national development: A comparative perspective. Oxford: Pergamon 32–64

Frese M (2009) Dynamic self-reliance: An important concept for work. In C. L. Cooper & S. E. Jackson (Eds.), Creating tomorrow&s organization

Frese M, Kring W, Soose A, Zempel J (1996) Personal initiative at work: differences between East and West Germany. Acad Manag J 39(1):37–63

Krueger AO (1983) The role of trade in growth and development: theory and lessons from the East Asian experience. In: Garnaut R, Grilli E, Riedel J (eds) Sustaining export-oriented development: ideas from East Asia. Cambridge University Press, Cambridge, pp 1–30

Kwemarira G, Ntayi JM, Munene JC (2019) Accountability and public interest in government institutions. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1672187

Sen A (1997) Social Exclusion: A Critical Assessment of the Concept and its Relevance. (mimeo), Asian Development Bank, (Sept 1997)

World Bank (2020) Development Report 2019/2020. Oxford University Press, New York

# Power and Empowerment

Mehmet Akif Demircioglu
School of Public and Environmental Affairs, Indiana University-Bloomington, Bloomington, IN, USA

## Synonyms

Ability; Authority; Authorization; Capacity; Consent; Control; Dominance; Delegation; Force; Influence; Permission; Right; Strength

## Definitions (from the Oxford Dictionary)

Power: "The ability to do something or act in a particular way, especially as a faculty or quality" (e.g., *the power of speech*), "The capacity or ability to direct or influence the behavior of others or the course of events" (e.g., *the idea that men should have power over women*), "Political or social authority or control, especially that exercised by a government" (e.g., *a power struggle*), and "A person or organization that is strong or influential within a particular context" (e.g., *he was a power in the university.*).

Empowerment: "Authority or power given to someone to do something" (e.g., *individuals are given empowerment to create their own dwellings*.) and "The process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights" (e.g., *political steps for the empowerment of women*.).

## Introduction

This paper will discuss two interesting and interrelated concepts: power and empowerment. First, this study explains similarities and differences between these concepts. Second, this paper's focus shifts to empowerment: The definition and construction of employee empowerment will be provided. Then, this paper discusses the benefits and costs of power and empowerment. Due to the importance of empowerment, this paper briefly extends the discussion of power and empowerment and offers future research agendas. Finally, a discussion and conclusion are provided.

One of the most interesting concepts within organizational behavior is power. Power refers to the ability to do something or to have authority in an organization, whereas empowerment refers to the distribution of power from the top to employees working at lower levels. Thus, empowerment refers to granting power to middle-level managers and frontline employees, yet all types of employees possess power. In particular, senior level employees and political appointees possess more power.

Two basic assumptions of organization theory are that all individuals, organizational units, and organizations want to survive and flourish (prosper). One important way to survive and flourish is to gain power. In fact, all types of organizational member – regardless of whether they are members of public, private, or nonprofit organization – use or aim to use power to influence others. For instance, employees and managers form coalitions, engage in organizational politics, and negotiate to influence organizational processes and outcomes. Thus, organizational power and politics need to be recognized as they occur in every organization.

Likewise, in order to minimize dependency, individuals form coalitions and try to acquire more power. It is usually the case that the higher the position a person has in an organization, the better their access to resources including information, money, and human, so these people can attain greater power. Nevertheless, power relationships are not always hierarchical. For instance, someone from the lowest level of the organizational hierarchy may have power over the organization and organizational leaders based on her or his technical skills. Finally, frontline employees may be empowered, which implies that they have some power to do something. For instance, if an organization provides empowerment to employees, then these employees may determine some of the processes and outcomes of organizational products and services. In this regard, the relations of power and empowerment

are very dynamic; they can shift depending on organizational structures, organizational policies, the budget and resources of organizations, and the types, sizes, and characteristics of organizational leaders, teams, and employees.

## Similarities and Differences Between Power and Empowerment

"Power" and "empowerment" concepts are one of the most interesting topics of the organizational behavior and management studies. They have very similar meanings, yet these terms also contradict each other. Empowerment includes the word of "power," and both concepts share the same "root" in the English language. Both of these concepts imply power, authority, and influence. However, these terms also differ significantly. These terms imply different contexts, processes, and outcomes.

First, power is as old as history itself. The intellectual roots of power go back to the early ages. Philosophers like Plato and Aristoteles discussed power and how to use power effectively, justly, or coercively. *The Prince*, written by Niccolo Machiavelli in the sixteenth century, is the most significant example of a thorough examination of power. Throughout the book, Machiavelli discusses elements of and types of power; how to gain power, use power, and control power; and how to navigate relationships of dependency. He argued that power is not only desirable but also necessary for leaders. The philosopher Max Weber, however, was suspicion of the use of power.

In contrast, the concept of empowerment goes back to the Human Relations Movement in the 1930s, making it a much newer concept. Employee empowerment programs and policies were not implemented until the 1980s. Since the 1980s, management scholars and governments around the world have discussed the importance of empowerment in public and private organizations. In fact, empowering employees and managers was one of the ideas of the New Public Management (NPM) reforms globally and of the National Performance Review (NPR) in the United States. One problem with the NPM and NPR reform applications is that their focus has been primarily on empowering middle-level managers rather than frontline employees.

Second, the field of organizational behavior consists of five important disciplines: psychology, sociology, social psychology, anthropology, and political science. In other words, these five disciplines contribute to the field of organizational behavior. Power is primarily studied by the disciplines of political science and anthropology, while empowerment is primarily explored in psychology, social psychology, and sociology. In fact, empowerment is one of the hot topics of management and business studies.

Third, while power refers to an accumulation of power at the top of an organization, empowerment implies reducing some powers at the top and distributing some of this power to employees. In this regard, power and empowerment can be seen as opponents in a zero-sum game: The higher the power of an individual at the top (e.g., the President and CEO), the lower the power of the individuals below (e.g., middle-level managers or frontline employees). The more empowered the workplace, the less power is held by top managers. In some cases, even within an organizational structure of centralized power relationships, some managers may not have been able to exercise their power (e.g., the manager may lack referent power like charisma). On the other hand, a skillful employee may hold more power than the managers. Thus, empowerment refers to sharing or distributing power.

Fourth, the bureaucratic structure focuses on power, status, and extrinsic rewards (Thompson 1965). Less bureaucratic organizations, on the other hand, focus on empowerment rather than power, outcome rather than status, and intrinsic rewards rather than extrinsic rewards. Therefore, power structures are indicative of the type of organization as well as organizational structure and design. For instance, while traditional government structures imply hierarchy, chains of command, and powerful elected officials or agency leaders, a network-type of organization focuses less on hierarchy and more on shared empowerment. In this regard, more bureaucratic

organizations focus on power, while less bureaucratic organizations focus on empowerment.

Fifth, the idea of empowerment started in the 1930s and 1940s in opposition to the scientific management movement. The scientific management movement in the early twentieth century focused on efficiency, mechanization, top-down management, and labor productivity, so the movement discouraged the empowerment of consulting employees. Empowerment in the workforce, on the other hand, implies democratization, humanization, and employee participation in the workplace. As a result, despite the similarity of these terms, these two terms have different implications.

## Defining and Constructing Employee Empowerment

Employee empowerment has received significant attention within both scholarly research and popular literature since the 1980s, but disagreement abounds over how to best define, conceptualize, and measure it. At least one broad cleavage exists: empowerment as a relational/management construct and empowerment as a psychological/motivational construct. First, employee empowerment as a relational/management construct consists of a set of practices that managers can employ. For instance, according to Bowen and Lawler (1992, p. 32), empowerment practices include: "(1) information about the organization's performance, (2) rewards based on the organization's performance, (3) knowledge that enables employees to understand and contribute to organizational performance, and (4) power to make decisions that influence organizational direction and performance."

Second, employee empowerment as a psychological or motivational construct contends that empowerment is a cognitive state in which a person or an employee feels enhanced feelings of self-efficacy, self-determination (e.g., autonomy and competence), and task motivation. More specifically, in his seminal work, Spreitzer (1995) defines psychological employment as "a motivation construct" and elaborates the construct as consisting of four interrelated dimensions: meaning, self-determination, competence, and impact, which together create an active orientation to take actions that shape the work role or environment.

Both constructs and definition include elements of power. For instance, regarding the latter approach, employees' beliefs about their autonomy and competence indicate that they have power – powers of controlling, learning, achieving tasks, and shaping the environment. While the second approach implies power, the first approach, on the other hand, clearly states power: Employees need power so that they can make decisions that influence organizational outcomes such as organizational performance. To empower employees, organizations can provide resources to employees and train them. They can allocate rewards to higher achievers. They can share information about performance. However, without power, employees or middle-level managers cannot achieve organizational outcomes. Thus, power is the most important facet of employee empowerment.

## Benefits and Costs of Power and Empowerment

The benefits and costs of power and empowerment have different implications. Employee empowerment has become a recent trend over the last few decades. The benefits of power and empowerment are that they allow organizational members to exercise authority and make decisions. As mentioned in the previous section, power is a crucial part of empowerment. If employees are not provided with enough power, they are not able to implement policies, allocate resources, coordinate employees, and execute decisions. Pfeffer (1992, p. 338) states that "In corporations, public agencies, universities, and government, the problem is how to get things done, how to move forward, how to solve the many problems facing organizations of all sizes and types." Pfeffer (1992) states that power is necessary for managing organizations. Organizational members need power; they need to understand power dynamics and strategies that develop

power. Additionally, empowerment allows organizational members to join in the decision-making process, so empowerment is consistent with democracy and humanization in the workplace.

The negative aspects of empowerment may be the following: First, although empowerment may work well for service organizations, it may not work as well for product types of organizations. While the former focuses on "service" and customer and employee satisfaction, the latter focuses on efficient and timely production. Because empowerment may take time and be costly, empowerment may not work as well within the latter type of organization. Second, public organizations typically have a bureaucratic culture. Because bureaucratic culture emphasizes rules and regulations, empowerment might disrupt the hierarchical chain of command, increasing conflicts in the organization. Third, giving power to employees without controls or a system of checks and balances may cause an excessive use of power, conflicting with the goal of democracy. As a result, too much empowerment may cause indecision, delays of processes and outcomes, inefficiency, and the accumulation of power by a few influential individuals.

In this regard, the use of power and empowerment is an art, science, and craft. If employees are not given any power or incentives, empowerment cannot be achieved in organizations. Employees not only need support but also power to take action and make decisions. On the other hand, excessive empowerment and power have potential problems. Thus, it is necessary to achieve balance while keeping in mind the contingencies of the organization: How and what level of power and empowerment should be granted to employees depends on time, type of organization, the characteristics of organizational stakeholders, leadership and employee quality, the level of red tape, and the external environment. Political and organizational leaders should find the right balance considering all these factors. Empowerment should not undermine or eliminate the bureaucratic or democratic process.

It is likely that the best way to approach empowerment is to create a climate and culture of empowerment and then to institutionalize empowerment and its process. To create a climate and culture of empowerment, first, common goals and perspectives are needed among organizational members. Pfeffer states,

> If people share a common set of goals, a common perspective on what to do and how to accomplish it, and a common vocabulary that allows them to coordinate their behavior, then command and hierarchical authority are of much less importance. People will be able to work cooperatively without waiting for orders from the upper levels of the company. Managing through a shared vision and with a strong organizational culture has been a very popular prescription for organizations. (Pfeffer 1992, p. 25)

## Extensions of Power and Empowerment and Future Research Agenda

One interesting concept is the importance of the sources of power and empowerment. The sources of power can be formal (e.g., a legitimate power like formal authority in organizations, coercive power, and reward power) or informal (e.g., expert power, like that of an employee who has extensive skills and knowledge of technology). When a manager or an employee has formal or informal power, she or he can be considered powerful. On the other hand, empowerment is generally given by organizations or organizational managers to middle-level managers or frontline employees. Thus, while empowerment is given, power can be either taken (e.g., expert power) or given.

Another important question is how employees and managers use power or empowerment to influence other organizational members. The answer may be simple, but its implications are complex. One implication is that organizational members can use tactics to influence others. There are several tactics for achieving power and empowerment. For instance, a manager or an employee can make logical claims and provide evidence to gain something, a tactic called rational persuasion. Or, she can consult and ask managers for additional power or distributing power. Or, she can give something to a manager and ask for a favor in return to gain power. For example, an employee who is skilled with computer software

programs can help the organization, and her supervisor may promote her. There are many tactics that organizational members can use more or less successfully to gain power and empowerment. Although research exists on power bases and sources of power, no research is available regarding the bases and sources of empowerment. Thus, future research may focus on the latter.

How can power and empowerment be applied usefully to other concepts? Or, how can researchers use power and empowerment to explain other phenomena? This and the following paragraphs will briefly discuss how empowerment can be used as a dependent, independent, moderator, and mediator variable. First, researchers can treat power or empowerment as the dependent variable. The use of power increases where resources are limited, where disagreements occur on goals, and where there is a high level of interdependence and decentralization and a climate of uncertainty about knowledge and equipment (Pfeffer 1981, 1992). However, the factors effecting empowerment are not well known. For instance, how do organizational structures and type of organization affect the adoption of empowerment practices? How does the climate of innovation affect empowerment? Future research can continue to analyze these factors.

Second, researchers can treat power and empowerment as independent variables. For instance, an interesting question would be: What are the outcomes of empowerment and power? How do empowerment and power influence individual, group, or organizational performance? It would be interesting to analyze how empowerment as an overall practice or facets can affect employees' job satisfaction, performance, innovativeness, creativity, organizational commitment, job involvement, decision-making, turnover, affective commitment, and barriers to innovation. Although some studies exist on these topics, more studies are needed for comparison and to build knowledge of the effects of empowerment.

Third, power and empowerment can function as mediators, or moderators, as the connection between organizational structures and organizational outcomes can be mediated by power, or empowerment can mediate the relationship between perceived accountability and innovative behavior. Although studies exist considering empowerment as a mediator or moderator, using power as a mediator or moderator is not common. Finally, future researchers could also analyze the relationship of power and empowerment to accountability and the relationship of power and accountability to networks and collaborative governance. As a result, power and empowerment and the relationships among these concepts and employee attitudes seem very promising topics for future research.

## Discussion

Understanding power and empowerment processes in organizations can contribute to the success of groups and organizations. Rather than power, powerlessness is the problem. While power is crucial for leadership, empowerment is crucial for organizational success. Although empowerment is not an essential part of management, it can increase employees' job satisfaction, motivation, and commitment, and it can reduce barriers to innovation and turnover in the workplace as well as improving organizational performance. Thus, power and empowerment are neither tasks nor ends; rather, they are processes or essential means to achieving organizational and individual ends.

All types of organizations include people who use power in order to influence other people, organizational outcomes, and organizational decisions. "People who acquire and use power appropriately and well are persuasive, have a positive influence on others, and are better able to obtain necessary support and resources for programs, people, and priorities" (Denhardt et al. 2012, p. 238). Likewise, "Innovation and change in almost any arena require the skill to develop power, and the willingness to employ it to get things accomplished" (Pfeffer 1992, p. 345). As a result, the important question is not whether power exists or whether leaders should use power. The important questions are how power is being used to help achieve organizational goals and whether these uses of power are ethical. In

fact, public value and ethics should be top priorities in the public sector. In this regard, power should not be the goal or the end in itself. Instead, power can be a means to achieve organizational outcomes such as better organizational performance. At the same time, ethical public service should be a priority. The use of power and empowerment should always be consistent with ethical standards. Otherwise, history has taught us that power corrupts. Finally, in terms of applications in a democratic context, in addition to empowering employees, citizens need to be empowered. Specifically, from a relational perspective, citizens need to be empowered and given information about how the government is doing.

## Conclusion

This paper has discussed the concepts, constructs, benefits, costs, and research agenda of power and empowerment. At least two constructs of empowerment exist in the literature: psychological/motivational and relational/management. As a management approach, empowerment aims to share information, rewards, resources, and power with middle- and low-level employees. Power is a crucial part of empowerment. While the study of power is as "old" as history itself, empowerment is the "new" object of study of the newly established subdiscipline of organizational behavior. While power is primarily associated with political or organizational leaders, empowerment is associated with frontline employees and middle-level managers. The former implies accumulating power at the top of the hierarchy, whereas the latter implies distributing power from the top to the bottom of the organization. These terms possess both similarities and differences in terms of application and implications.

## Cross-References

► Accountability, Politics, and Power
► Centralization and Decentralization
► Power and Ethics

## References

Bowen DE, Lawler EE III (1992) The empowerment of service workers: what, why, how, and when. Sloan Manag Rev 33:31–39
Denhardt RB, Denhardt JV, Aristigueta MP (2012) Managing human behavior in public and nonprofit organizations, 3rd edn. Sage, Thousand Oaks, California
Oxford Dictionary (2016). http://www.oxforddictionaries.com/
Pfeffer J (1981) Power in organizations. Pitman Pub, Marshfield
Pfeffer J (1992) Managing with power: politics and influence in organizations. Harvard Business Press, Boston
Spreitzer GM (1995) Psychological, empowerment in the workplace: dimensions, measurement and validation. Acad Manag J 38(5):1442–1446
Thompson VA (1965) Bureaucracy and innovation. Adm Sci Q 10(1):1–20

# Power and Ethics

Elizabeth S. Overman
University of Central Oklahoma,
Edmond, OK, USA

## Synonyms

Organizational potency and conscience; Prepollence and fairness; Puissance and integrity

Power is the ability to get things done. Ideally this occurs through the constructive application of creativity and cooperation. The sources or bases of power in organizations, as delineated by French and Raven, can be described as legitimacy, expertise, referent power, coercive power, and reward power. Legitimate or positional power is held by people who "earned" the position and are, therefore, the legitimate heads of an organizations, managers of agencies, or professors. Expertise can make one seem to be indispensable to an organization because "experts" solve problems and, hence, become influential and are often highly promotable. Referent power derives from either the cultivation of interpersonal relationships usually based on charisma within an organization or by the perception of association with

the organizations top management. Coercive power rests on the policing ability to fire, reprimand, punish, threaten, or sanction others. Reward power is a two-edged sword. The power to allocate resources, or reward power, includes the provision of salary increments, positive appraisals, and promotions. If used well, it is a great motivating tool. But, if there is favoritism or the perception of favoritism, reward power greatly demoralizes employees and diminishes their output.

Morgan argues that "power" in organizations is available to all who have the ability to cultivate it. His categories are formal authority; control of scarce resources; use of organizational structure, rules, and regulations; control of decision processes; control of knowledge and information; control of boundaries; ability to cope with uncertainty; control of technology; interpersonal alliances, networks, and control of the "informal organization"; control of counter organizations; symbolism and the management of meaning; gender and management of gender relations; structural factors that define the stage of action; and self-cultivation or "the power one already has."

Formal authority rests on the basic employment transaction and belief that people who are paid to do a job must do whatever the payee demands. Control of resources, especially if they are diminishing, can lead to internal turmoil and can embellish existing centers of power. Organizations use structures, rules, and regulations as administered by power brokers or managers through a variety of structures including departments and teams. From Morgan's perspective, the people who do know the rules and regulations in detail can become sources of power within the organization. Power can also aggregate around those who overstate rules or understate their meaning. Is this an abuse of power? Who controls the process of making decision in an organization and how are decisions made can be power central in an organization. Work can be selected and resources can be allocated by the decisions decided by individuals or groups of people. The management of this process, requiring, for example, consensus or managerial sign-off may embellish the power of some while it limits the power of others to make decisions. Those who chair meetings or are in charge of keeping the minutes may have notable powers to control decision-making processes and the decision themselves.

Is knowledge power or does power reside in the gathering of facts and their dissemination? The power of experts as holders of highly specialized knowledge is eroding as information technologies democratize or displace such power aggregators. Instructions for writing wills, for example, are available online for every state in the union. Enterprising individuals can write their own will and not hire an attorney to do so.

Boundary control, another form of power, can take multiple forms. This may be the job of appointment secretaries and security guards who decide, each in separate spheres, who may enter and under what circumstances. Morgan suggests that personal resilience or the ability to cope with uncertainty allows individuals in organizations to tackle assignments others avoid or fear because they are, in some way, harmful. Taking on what others fear, dread, or avoid may be a route to promotion and add to one's power within the organization.

Making sophisticated information technologies cheap enough to be widely available has created new organizational power centers. Morgan points out that former Information Technology managers are now "CIOs" or Chief Information Officers who control access to the latest, fastest computers and the new software. Sometimes having the latest technology can be a status symbol adding to the holder's "social power" and reputation.

Power can inferred through the development of interpersonal alliances and networks in control of "informal organization." People will usually help their friends and those who have helped us in the past. Those who build social networks in organizations by bringing associates together informally can gain a significant amount of power. But informal and formal organizations can sometimes become counter-organizations. In public organizations, like institutions of higher education for example, faculty counter-organizations have formed to fight the corporatization of universities which robs the professoriate of their responsibilities for shared governance.

Management of symbols and their meaning is a powerful tool for change and influence in organizations. In most organizations there are power struggles between the genders. Women are still, in the aggregate, losing. But demographics favor women who are filling the pipelines to power at the lower levels in such numbers that the possibility of major breakthrough in the upper echelons of power appear to be on the horizon. Those who shape the purpose, vision, mission, and strategies of organizations exhibit the power for societal leadership that moves organizations into the future. Without this organizations would wither in the face of societal change.

However, the term "power" is freighted, for good reason, with a host of negative consequences. Entire dramas going back to the ancient Greeks, revolve around example after example of the abuse of power. Aeschylus's Agamemnon suffered from arrogance and thoughtlessness. Sophocles's Oedipus Rex committed patricide causing his wife and mother to abandon him. And, Euripides's Medea deserted the family and committed homicide. Unfortunately, the dramas have, more often than not, fallen short of actual events which are so instilled as to become iconic. Examples range from the Teapot Dome Scandal's no bid contracts and the political espionage and illegal surveillance of Watergate to the NSA's warrantless surveillance programs. This is just in the public sector. A true accounting of the abuse of power in the for-profit and nonprofit world speak volumes. Most immediately, the fraud that lead to the bankruptcy of Enron in 2001 and WorldCom in 2002 were matched in 2015 when it was found that Volkswagen deliberately engineered misleading vehicle emission calibrations and the FBI indicted world soccer's FIFA officials for racketeering, fraud, and other offenses. The same year Toshiba overstated its earnings by $7 billion, more than four times the actual earnings, over a 2 year period. The price gouging drug company, Valent, created a specialty pharmacy company, Philidor, to artificially inflate sales. Meanwhile, Turing jacked up the price of a drug that treated HIV patients by 5000% from $13.50 to $750 per pill. In 2016, Mylan began selling emergency allergy life saving EpiPens for $600 for two, up from $58 per pen in 2007. The nonprofit sector has also experienced its share of plundering and filching. The United Way case rocked the 1990s when president William Aramony was convicted of stealing $600,000. Risking reputations all too many nonprofits continue to be undermined by CEO malfeasance and/or board neglect.

Three sectors, public, nonprofit, and for-profit, are suffused with examples of the abuse of power. It is not surprising that citizens are skeptical and have been for centuries. For example, the founders, according to Frederickson, crafted the constitution of the United States, to ensure the absence of tyranny, viscerally still considered a negative in the popular imagination, with a system of shared power and checks and balances. Abuse of power is a problem for all organizations. Although examples of malediction are rife in all sectors, public institutions are particularly reviled if evidence of debauchment or the perception of wrong doing exists, whether or not it is linked to performance. This may be because public institutions reflect cherished values key to the broader societal image that both fires and fuses citizen identity. Citizens may not be surprised, but they may also feel emotionally blighted and find relief in cynicism, not voting, and undue resentment over taxation, etc. Political instability may ensure.

Having said that, the display of power as discretionary authority by public officials is generally accepted, even if potentially controversial because power, used correctly, serves the common good. The bridge between the abuse of power and right conduct is ethics. By all accounts, ethics reside, first, in the person but not entirely because individuals can be resocialized by organizations embracing ethical policies, practices, and procedures. Individuals, however, comprise the human capital of public organizations and their ethical norms and those of society as a whole impact the organization. Each person is a composite of beliefs and perceptions about right and wrong that may originate intuitively as does natural law, or come from religious imprecations, or what may have been learned from the study of philosophy. The individuals ethical persona can be foundational and either align or conflict with the organization's values.

Whether or not organizations abide by or disregard ethical injunctions depends on the expectation of the broader society. Ethical organizations enhance the legitimacy of power structures and create trust that operates as glue between an organization or government and the citizenry.

To paraphrase Koven, good societies, good governments, good organizations, and good individuals are founded on ethical considerations. Ethical institutions are foundational and framing. Ethics outline the means to achieve socially derived ends. They are the boundaries, precursors, preconditions, and preliminary frameworks undergirding the exercise of behavior and the values activated when designing and implementing public policy.

Although nonprofits are fighting it, there have been calls for the US Congress to pass a Sarbanes-Oxley like regulatory act for nonprofits. The 2003 United Nations Convention Against Corruption calls for the institution of codes for the public and private sectors. The UN calls for preventive measures and safeguards to the abuse of power that promote efficiency, transparency, and accountability. Developing codes of conduct with requirements for financial and other disclosures backed up with disciplinary means could raise the standards of conduct in the public services.

Ethical codes are institutional and symbolic. Within the organization they articulate boundaries of behavior and the expectations. Markers should define what is prohibitory and how to behave such as showing impartiality to all citizens. As symbols, ethical codes reflect how public institutions see themselves and how they want to be seen by others. Public servants in democracies have a special professional standing in their communities and responsibilities flow from that. Ethical codes require understanding by deploying cognitive or reasoning abilities and the ability to appeal to the emotions of guilt, shame, conscience, and pride in profession.

Ethical public managers direct power for the benefit of the common good even though the specific missions of agencies are various. It is up to mangers to work any ethical ambiguities into specific directives, prescriptions, and proscriptions of behavior within the boundaries of the organization's mission. In the public, specific responsibilities and mandates guide an organization's goals. Cultures and formal and informal behaviors develop to support the mission and shape the way standard operating procedures are carried out. Ethics are consciously inserted into all processes and procedures and become part of program review, assessment, and evaluation. Actions that enhance public support generally foster the mission as they flow from the organizational culture and reaffirm public perceptions of behavior. Such action either bolsters public support and therefore the legitimacy of the organization and, in the public sector, the government. Or, the action may erode public support.

Power used ambiguously by public organizations may create difficulty for the citizenry. Problems in the modern world do not come in either/or, black/white, yin/yang polarities. Ethical codes fall short of dealing with the problems of "dirty hands" or doing bad to achieve good results. Ethical codes in the future need to ask, what George Frederickson has asked of public administrative professionals to do: who benefits and why? That is the ultimate power question.

## References

French JPR Jr, Raven B (1960) The bases of social power. In: Cartwright D, Zanders A (eds) Group dynamics. Harper and Row, New York

Koven S (2015) Public sector ethics. Taylor and Francis, New York

Morgan G (1986) Images of organizations. SAGE, Thousand Oaks



# Power and Leadership

Morten Fogsgaard and Claus Elmholdt
University of Aalborg, Aalborg, Denmark

## Synonyms

Discursive power; Influence; Leadership; Personal power; Power; Structural power

## Introduction

Power is one of the most heretical concepts in modern organizations. Not only is power often taboo, an explosive issue that managers and employees avoid talking about, it is also in itself a difficult phenomenon to approach, because the allocation of power is not always transparent.

The aim of this contribution is to emphasize the dynamics of power and leadership relations in organizations. Power is traditionally defined as forms of influence based on the execution of control and sanctions (Hatch 2011; Fogsgaard and Elmholdt 2014). However, in relation to leadership, this definition is insufficient, because the emphasis on explicit forms of power does not fully embrace the concept of power in organizations. This contribution advocates that a more comprehensive conception of power contains three aspects: structural power, personal power, and discursive power. Power is thus considered as an analytical concept in the sense that it is perceived as neither negative nor positive. Rather, the affective value of power reveals itself in the way it is used and executed.

## Definitions and Theoretical Review

### Power

Much research on power has been made in the contexts of the political science, where the concept is described from very different and opposing perspectives. In particular, the following five dimensions have been represented:

1. *Direct and visible* power, as formulated by Robert A. Dahl, where "A gets B to do what B would not otherwise have done" (Dahl 1957). Focus is on the obvious and visible power, where one of the partners imposes their preferences on the other party by virtue of their power resources. Power is thus limited to the activities that take place when interests clash during decision-making. Dahl calls for power analysis to identify A and B as individuals or groups between which there is a visible conflict. The existence of the conflict makes it possible to investigate the extent to which A succeeds in resolving the conflict to his own benefit. This approach consists of identifying and taking a point of departure in an issue or topic (e.g., employment conditions) about which two or more individuals, parties, or groups have directly expressed their opinion. Power analysis then seeks to clarify which of the players control the outcome of the decision-making process and "win" the conflict.
2. *Indirect power*, as formulated by Bachrach and Baratz. Here the decisive power dimension is related to that of learning how to control decisions. By limiting decisions to relatively safe and uncontroversial matters, the organization's rulers can secretly exercise far more power than would be possible through the official decision-making process (Bachrach and Baratz 1962). Bachrach and Baratz argue that an organization's main conflicts will often be hidden. Hence, these hidden conflicts can be made the object of an empirical analysis of power.
3. *Consciousness-controlling power*, as described by Steven Lukes, is directed toward the content of our immediately felt interest. By controlling the consciousness of others, the power holder can ensure that the felt interests of others are more in line with the interests of the power holder than with their own objective interests. The power holder can do this via a hidden ideological control of the prevailing needs, wants, values, and preferences, as they are articulated in the workplace (Lukes 2005).
4. *Structuralized power* concerns how structural factors affect the distribution of power. It is especially formulated in Marxist approaches, where the analysis often deals with the distribution of power between the different classes in society (Clegg et al. 2006).
5. *Poststructuralist power* conceives power as diverse, dynamic, and ubiquitous, which also makes it discrete and hidden. Here power consists in its being linked to relations (Foucault 1982).

### Leadership

In organizational literature, leadership is commonly defined as the task of solving problems

through other people (Yulk 2013). Consequently, leadership comes with power. However, leadership is not necessarily linked to specific positions/people but can be spread across individuals or groups of employees in formal or informal patterns. These patterns vary over time and between different tasks depending on changing power relations. By these means, leadership always involves some kind of *influence*; a manager must be able to influence his followers. Without influence, leadership does not exist. Leadership and hence power are essential if organizations are to function and evolve. As such, leadership can be defined as "a process of influence which gets people to understand and agree on what needs to be done and how to do it, and a process that supports individual and collective efforts to achieve the common objectives." (Yulk 2013, p. 26). It seems meaningful to include Foucault's (1982) understanding of power as a relational and discursive phenomenon. Power and influence can thus be understood as dialectical processes in which power is a tool of influence, and influence is a source of power.

## Power Over and Power To

The leadership pendulum has swung substantially in the direction of a post-heroic leadership style. Today's ideal manager is a soft and caring team player who knows how to involve him/herself and how to dialog with and acknowledge employees in order to facilitate employee development, responsibility, and ownership (Pfeffer 2010). At the same time, every manager knows that not all organizational challenges can be met with participatory, dialogical, and appreciative leadership tools. Sometimes, a leadership task demands that the manager sets the direction more overtly, while at other times it requires employee involvement and coaching. In situations where the manager underscores the structural asymmetry, e.g., by using their right and obligation to hire and fire, it becomes especially clear that leadership is a power-based relationship.

The literature on power represents two general idea-historical lines of power-based relationships (Clegg and Clegg 2002). The first goes back to Thomas Hobbes (1588–1679) and deals extensively with the question: What is power? This question is often described as a "power-over" perspective. One asks, "Who has power over whom?" This view of power is centered on the power structure: Who possesses power, who or what is the target, and how can power be identified? The other idea-historical line asks the question: "What does power do?" This line of thinking can be traced back to Niccoló Machiavelli (1469–1527). It is often described as a "power-to" perspective, i.e., inquiring about how power can be productive. The focus here is on how to concretely exercise power and on the effects it has on the individual's consciousness.

## Power in Organizations

According to the organizational theorist Mary Jo Hatch (2011, p. 1), "Organizations emerge when people work together to achieve a particular desired state or goal." Organizations often consist of a large number of individuals, each with different backgrounds and interests. To get all of these individuals to work together to achieve a common organizational goal is basically associated with power (Clegg et al. 2006).

Previously, organizations were hierarchical and bureaucratic. This form of organization reinforced "power over": Explicit, direct, and apparent power mechanisms (Clegg et al. 2006). Contemporary organizations (at least in a European context) are much more democratic, organic, and dialog oriented. The organizational structure has become more flexible and the boundaries more blurred. At the same time, power has been atomized; there no longer exists an unequivocal center or a distinct structure. Furthermore, recent theories of power in organizations suggest that execution of power frequently occurs in tacit and indirect variants. The concept of power is therefore extended to include discourses, strategic behavior, and socialization. Power is a relational phenomenon since it is not to be understood as an institution, a structure, or as having a specific location (Al-Amoudi 2007). Power relations are instead "immanent in the sphere in which they operate and which constitutes their own organization" (Foucault in Flyvbjerg 1992, p. 112).

## The Triangle of Power

As demonstrated above, the literature on power has been characterized by continuous positioning battles between different dimensions and perspectives. This seems to call for a wider, more nuanced conception of power. The triangle of power is our attempt to develop an integrative and analytical framework of power – referring to a wide spectrum of power and influence dimensions. The triangle of power is elaborated on throughout the rest of this contribution. The strength of not limiting power to a narrowly defined concept is that it secures sufficient openness to what goes on in the field of power and leadership. A multiple power concept can help us sensitize to the diversity of the field and thus sharpen our awareness of the opportunities for changes in power relations.

The *triangle of power* is a model grounded in three different power perspectives that mutually contribute to understanding the working of power within leadership. It will be argued that an analysis of leadership should include all three perspectives and that successful leadership is precisely about balancing these power dimensions. The three perspectives of the power triangle are as follows:

1. *Structural power* contributes with its focus on the positional relationship in the organization and in the formal structure.
2. *Personal approach* contributes with its focus on properties and resources.
3. *Discursive approach* contributes with its focus on the organizational play of language and discursive power struggles, the informal processes.

The three power perspectives are interrelated, as the chart illustrates below (Fig. 1).

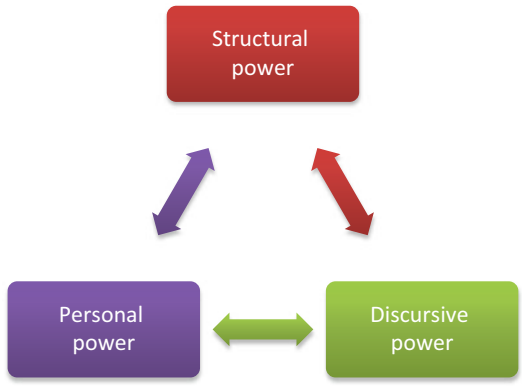


**Power and Leadership, Fig. 1** The interrelations between structural, personal, and discursive power

**Structural power**: The structural perspective on power is based on a zero-sum assumption. This means that more power to A means less power to B. This forms the basis for a conflict of interest between A and B as to who should have the power, and whose interests are to be protected. With reference to Robert A. Dahl (1957), power is thus described as a relation of influence between two individuals so that power occurs when A gets B to do something in accordance with A's wishes that B would otherwise not have done. It is a "power-over" perspective, where power is viewed as a resource for the few, a repressive phenomenon that dominates, oppresses, and robs one of their freedoms. It is primarily a mono-centered understanding of power, a top-down perspective on the distribution of power. The organization therefore contains a number of positions, each with their own associated power constellations. Power is linked to specific actions and positions, such as the board, the executive, the middle manager, etc., and these are in possession of different degrees of power depending on their position in the hierarchy. Determining the power distance between the various actors in the organization, as well as their positions, is therefore central to a power analysis, since these factors will have a major influence on their behavior. The structural composition of the organization, e.g., the leadership hierarchy, composition of teams, etc., all contains mechanisms that allow for certain behavioral patterns. Power must therefore be understood as something possessed and imbedded in the person's position in the organization (Parsons 1987).

**Personal power**: The renowned power researcher Steven Lukes (2005) has cautioned us, however, about exaggerating the importance of structural power in the organization. Structural

power never fully determines people's actions. Structural power can limit or promote possibilities for action. In an analysis of power, one should always take into account that individuals participate with a certain degree of free will and a variety of choices. The consequence is that the organizational structures have an influence on the individual, but that the individual, conversely, also has some influence on the organizational structures, e.g., by virtue of their unique and special characteristics. This means that their behavior cannot be reduced to the structural context of which they are part.

In line with the above, Gary Yulk (2013) points out that it is not only within the formal authoritative position in the organization that individuals can possess power. All persons in the organization, in their own way, are in possession of one or more power bases related to, for example, specific skills, previous experience, personal dispositions, personal background, etc. Already in 1959, French and Raven presented a theory of power's "bases" (1959). Bases are power resources, understood as individual or group capacities in the organization. Central for French and Raven is that these power resources function by virtue of the fact that others acknowledge them. They list five types of power:

1. *Reward power*: The possibility to give and withhold reward. In the organizational context, reward power can manifest itself in the form of pay rises, employee perks, fringe benefits, promotion, or an offer to work on more attractive and exciting tasks.
2. *Coercive power*: The ability to punish or sanction. Within organizations, this could be the ability to demote an employee, issue warnings, or deprive an employee of bonuses. Ultimately, it could also be the power to fire the employee outright.
3. *Legitimacy power*: The power attached to a specific position in a given social context. A specific position and its associated power are internalized by the employees through socialization. Legitimacy power is exercised from a position in a social structure where it is customary or agreed that the holder of this position has the right to exercise influence over people in other positions. In an organizational context, the manager can be seen as a clear example of this.
4. *Reference power*: The power that individuals or groups possess due to their characteristics, which act favorably on the surroundings. Identification with the individual or group acts as the key element of this power. People with a lot of charisma are a clear example of reference power.
5. *Expert power*: The power that a person has, by virtue of others recognizing that they possess extensive knowledge and expertise in a particular area

These power resources should be seen in relation to the individual (such as an experience or acquired knowledge) and in relation to the structure (such as institutional features, e.g., that certain professions and expertise are valued higher than others). The model shown below summarizes the characteristics of the structural and personal power dimensions (Fig. 2):

Several leadership scholars have emphasized that the personal power dimension is crucial for creating adherence to the organization's mission and objectives (Yulk 2013). At the same time, it is important to emphasize that regardless of the increasing importance of personal power, managers can never escape their structural positional power. Similarly, it is clear that although a moderate amount of positional power increases the opportunities for personal power, positional power does not guarantee a personal power base (Yulk 2013). It is therefore important to analyze the power strategies used by the various managers, employees, and groups and to view them in interaction with the structural conditions. The interaction between structural power and personal power is a very relevant framework for applying such an analysis. But it does not allow us to take into account that society and the organization have a large number of institutional features which also affect the behavior and the relationship between individuals in organizations. To meet this challenge, a third aspect must be added: discursive power.

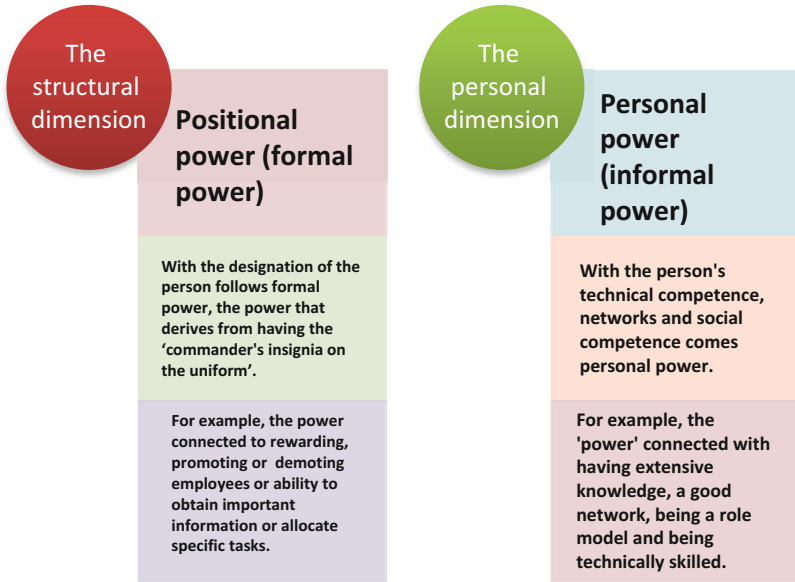


**Power and Leadership, Fig. 2** The structural dimension versus the personal dimension of power

**Discursive power**: Our understanding of discursive power is based on Michel Foucault's concept of power. Foucault opposes the traditional Hobbesian understanding of power as something one can own, distribute, or conquer (Foucault 1994). According to Foucault, the traditional understanding of power has its origins in the medieval development of the monarchy, the judicial system, the state and its apparatus and operates using "the law, prohibition and censorship's ubiquitous wheel" (Foucault 1994, p. 90). Power is considered as a mechanism associated with and formulated by the power wielder, such as the monarch, the state, and the parents, over the oppressed, that is, as something negative and repressive (Foucault 2002, p. 41).

In contrast, Foucault emphasizes that power produces and creates: "Power (. . .) is the name given to a complex strategic situation in a given society" (Foucault 1994, p. 99). It is by its nature processual and operational. Foucault looks into how power is exercised, the mechanisms underlying power, as well as its intended and unintended consequences.

## Power Is Knowledge: Knowledge Is Power

In the traditional understanding of power, power and knowledge are seen as separate from each other. Foucault believes, however, that power and knowledge implicate and require each other. He argues that it is necessary "to give up a whole tradition that gives the impression that there can be no knowledge where power relations are abolished, and that knowledge can develop only if free of its obligations, requirements and interests" (Foucault 2002, p. 42). He also points out that an analysis of the relationship between power and knowledge should not take a knowing subject as its starting point. Rather, it is the interaction between the power-knowledge relations that creates new knowledge, because power produces truth (Flyvbjerg 2003).

Power and knowledge come together in discourse to be understood as socially embedded structuring principles of what can be said about a given subject at a given moment in history. Power thus develops between people and operates unnoticed, as discourses, and as the structuring principle of modes of conduct. Foucault describes power as something that comes from everywhere, which means that it operates at macro-, meso-, and micro-levels (Heede 2002). It is through the discourse that language comes to play a central role in relation to grasping power. Foucault's concept of power thus concerns the ubiquitous and discursive focus on relations and language. He argues that it is never possible to reach the truth because one can never speak from a position outside the

discourses. The truth, rather, is embedded in and produced by power systems. As one cannot ever reach the truth, one should give up asking whether something is true or false, and instead focus on how truth effects are created.

### Power Technologies

"Power technologies" are the technologies that seek to determine the behavior of individuals and submit them to goals and forms of discipline and control (Thompson and McHugh 2002). The prominent example of modern power technologies is Foucault's analysis of the Panopticon prison. Designed by the English philosopher Jeremy Bentham (1748–1832), the Panopticon is built so that prisoners, due to the backlight and the building construction, cannot see those who are monitoring them. The Panopticon is an architectural form, which, by putting the individual prisoner in a conscious and permanent state of visibility, ensures that power and the social order are maintained (Foucault 2002). This leads Foucault to the theory of modern leadership discipline. He shows that the prisoner's constant awareness of being under surveillance means that he monitors and disciplines himself. Because of the ubiquitous surveillance from the control tower, the control becomes automated, and the individual internalizes the external power technology. Foucault uses the Panopticon as a metaphor for how power technologies in the eighteenth-century France began to transform sovereign power, in the form of external coercion, into a productive and positive power that regulates and disciplines the subject from within. Every prisoner has to constantly behave as if he was monitored. Foucault shows how power creates subjects who monitor and control themselves by adapting to the prevailing discourses. The point is that different power technologies in different historical periods create different value-related differences for how one should govern and live one's life. Governing discipline is not something that just organizes and structures. It is a production of the orderly, the obedient, and the useful, which acts on and through the body. Many scholars have pointed out that the Panopticon illustration is not just a metaphor for the control of our modern industrial society (Hancock and Tyler 2001). This form of leadership discipline also operates prominently in today's society and organizations.

### Technologies of the Self

Today we tolerate power, says Foucault, only if it has managed to mask its expression. The methods of power have moved from explicit laws and threats of corporal punishment to the use of what he calls "normalization" and "technologies of the self" (Foucault 1994). *Normalization* refers to how different strategies for self-discipline bring individuals to act and experience themselves and each other in ways that are consistent with the prevailing discourse. *Technologies of the self* are specialized techniques that individuals use on themselves, on their own bodies, mind, and conduct, to regulate themselves in accordance with specific interpretations of the world. The spread of self-technologies is part of what Foucault called "governmentality": The way in which a given society influences the individual's inner life by getting the individual to govern himself (Jensen 2005). Examples of this are managers' and employees' self-discipline in relation to the self-monitoring possibilities provided by modern HR tools such as competency, performance contracts, and performance measures. One of Foucault's heirs, the British sociologist Nikolas Rose (Hancock and Tyler 2001), has pointed out that the 1960s largely changed the form of organizations so that the employee took it upon himself to adapt to the company's goals and expectations. An impression was created that the employee was free to live out his or her personal goals. The company's goal, then, was to pursue innovation, flexibility, and competitiveness. Modern leadership, in Rose's words, should "work directly on the self." There is no doubt that Foucault's main contribution to the understanding of power in organizations is his demonstration of the shift of power from being exercised by an external authority to power being supplemented by an inner control.

### Leadership as a Social Construct

Foucault's concept of power is important in a power analysis of an organizational context. It allows us to probe more deeply into the linguistic mechanisms which help to constitute historical and therefore

arbitrary limits for a wide range of acts and forms of consciousness in the organization. With his insistence on power relations containing not just repressive but also a great deal of productive aspects, the discursive understanding of power opens the way toward applying power constructively in leadership contexts. In a discursive perspective, leadership is a social construct, like all other phenomena whose content is determined locally in social interactions. The real manager role becomes a result of subject positions which the manager is invited to take, and the manager invites others to take part in discursive interaction with both subordinate employees and superiors. The manager role is thereby self-created and contingent. The manager is cocreator of a common language of leadership and organization. This attitude clearly reflects the strong focus on language and its impact on the individual's construction of reality. The manager's task is to establish a sense of meaning and direction within the organization by cooperating with employees in order to create common discourses and narratives. These discourses and narratives unite employee experiences into a coherent and meaningful understanding of the employees themselves and the world. The discourses are thus important in that they give meaning to organizational life and constitute the basis upon which the employees carry out their self-managing role. At the same time, the discourses give the employees the experience of personal meaning in their work.

## Conclusion

This contribution has focused on how leadership is linked to power. It has been argued that the three dimensions of power described above are needed in order to understand the complex power dynamics of leadership. It would be an inappropriate reduction to favor one dimension at the expense of others, and it would prevent us from understanding essential features of power relations. It is the manager's job, regardless of the level of consciousness thereof, to react in the power field that often extends itself between the **structural**, **personal**, and **discursive** dimensions.

Leadership is always a power-based relationship. Taking the formal structural understanding of power as a starting point, we have argued that leadership is linked to various positions of power vertically in the organization. However, it is not sufficient to focus on the structural and formal aspects of leadership positions in organizations. Personal characteristics and interaction also play a key role, both positively in relation to strengthening the manager's position and negatively in terms of perceiving a loss of legitimacy. We thus focus on an essential approach to understanding the manager's actions and organizational legitimacy by examining the manager's personal power base and how it is used. The goal of a power-oriented approach to leadership could thus be to strengthen the manager's ability to act through enhanced insight into the dynamics of power in the field of tension constituted by the hard and soft types of power. Foucault contributed by showing us the linguistic and less visible forms of power where the manager becomes part of the discursive practices of the organization and where different perceptions of the organization thrive side by side. This happens without the involved persons necessarily being aware that there are other versions of reality than their own. This perspective begs the interesting question of why some forms of leadership can have greater impact than others in particular historic periods.

In sum, we can conclude that leadership in today's organizations takes place in a context marked by arenas of interaction and contradictions, where antagonism and paradoxes constitute a basic condition. It is essential that leaders understand the complexity and contradictory nature of their work. They must relate to the power field of tension of which they are part by acting appropriately in relation to themselves, their employees, and the organization as a whole.

## References

Al-Amoudi I (2007) Redrawing foucault's social ontology. Organization 14(4):543–563

Bachrach P, Baratz MS (1962) Two faces of power. Am Polit Sci Rev 56(4):947–952

Clegg SR, Clegg S (2002) Frameworks of power. Sage Publications, London

Clegg S, Courpasson D, Phillips N (2006) Power and organizations. Sage Publications, Thousand Oaks

Dahl RA (1957) The concept of power. In: Behavioural science, vol 2. Department of Political Science, Yale University
Flyvbjerg B (1992) Velkommen til magten Byplan 44(1): 10–15
Flyvbjerg B (2003) Rationalitet og Magt – Bind 1: Det konkretes videnskab. Akademisk Forlag, København
Fogsgaard M, Elmholdt C (2014) Magt i organisationer. Klim, Århus
Foucault M (1982) The subject and power. In: Dreyfus HL, Rabinow P (eds) Michel Foucault – beyond structuralism and hermeneutics. The University of Chicago Press, Chicago
Foucault M (1994) Viljen til viden – Seksualitetens historie 1. Det lille Forlag, Frederiksberg
Foucault M (2002) Overvågning og straf – fængslets fødsel. Det lille Forlag, Frederiksberg
French JRP Jr, Raven B (1959) The bases of social power. In: Cartwright D (ed) Studies in social power. University of Michigan, Ann Arbor
Hancock P, Tyler M (2001) Work, postmodernism and organization – a critical introduction. Sage Publications, Thousand Oaks
Hatch MJ (2011) Organization theory – modern symbolic and postmodern perspectives. Oxford University Press, Oxford
Heede D (2002) Det tomme menneske – Introduktion til Michel Foucault, 2nd edn. Museum Tusculanums Forlag, København
Jensen AF (2005) Mellem ting – Foucaults filosofi. Det lille Forlag, Frederiksberg
Lukes S (2005) Power a radical view, 2nd edn. Palgrave, New York
Parsons T (1987) The structure of social action: a study in social theory with special reference to a group of recent European writers. Free Press, New York
Pfeffer J (2010) Power – why some people have it – and others don't. Harper Collins Publishers, New York
Thompson P, McHugh D (2002) Work organizations. Palgrave, London
Yulk G (2013) Leadership in organizations. Prentice Hall, Albany

# Power and Minority Representation

Kenicia Wright
Department of Political Science, University of Houston, Houston, TX, USA

## Synonyms

Active representation; Black; Descriptive representation; Latino; Passive representation; Political representation; Representative bureaucracy; Substantive representation

## Definition

There are two types of representation – descriptive or passive representative refers to the level of similarity in descriptive characteristics, such as one's race, between bureaucrats or politicians and their constituents, while substantive or active representation refers to whether bureaucrats or politicians pursue the *interests* of their constituents.

## Introduction

Representation is a foundational component of democracy and a key piece of the processes of governance and administration. The percent of racial minorities – members of the public who identify Black, American Indian/Alaska native, Asian, and nonwhite Hispanics – is growing. According to the US Census Bureau in 2010, nearly 74% of America's population were White, 14% were Black, nearly 2% identified as American Indian/Alaska native, and nearly 6% as Asian, while slightly more than 16% identified as Hispanic or Latino (US Census Bureau). Population projections estimate that 62% of the American population were White, 12% were Black, 1% were American Indian/Alaska Native, 6% were Asian, and 18% were Hispanic in 2014 (Kaiser Family Foundation 2015). This comparison of population demographics reveals changes in the short time period of 4 years. The percent of the population who identify as racial minority groups is growing as are differences between minorities and Whites in America.

Although racial minorities comprise a growing sector of the public, racial minorities are traditionally underrepresented in American government and bureaucracies. America has a long history of race impacting the quality of life an individual leads. Significant strides have been made since the influence of race from the days of slavery and Jim Crow laws, but race remains an important

determinant of the life of Americans, particularly for racial minorities. When compared to Whites, racial minorities face higher unemployment rates, receive lower pay, and accumulate lower levels of wealth and are more likely to be incarcerated. There are also differences in the education realm as minority students have lower standardized test performance, are more likely to face discipline and to be placed in special education classes, and graduate at lower rates than White students.

Increasing minority representation is viewed as a potential avenue for improving outcomes for minorities in the public. As mentioned, race has important effects. Because of their shared racial identity, many racial minorities often have similar socialization and life experiences. These shared experiences often result in similar political outlooks and behavior among racial minorities and motivate the view that increasing minority representatives will generate positive effects for minorities in society. The logic is that when minorities are in a bureaucratic position or elected to political office, these representatives pursue the interests and behave in the best interests of minorities in the public. These benefits are often generated – as research shows, minority politicians improve the trust minorities of government, have higher levels of satisfaction with their representatives, and are more likely to pursue the interests of minority constituents.

Given these effects, this project examines minority representation as a source of *power*. The effects of minority representatives – whether in the form of elected officials or bureaucrats – are beneficial for minorities in the public, and thus minority representation is a power source. This project begins with a definition of different types of representation and by reviewing common theories/models of representation, such as the delegate vs. trustee models of representation, Pitkin's descriptive and substantive representation (commonly applied in studies of elected officials), passive and active representation (commonly applied in studies of the bureaucracy), and the theory of representative bureaucracy. The second section presents the *theoretical expectations* behind viewing minority representation as a power source, and the project concludes with consideration of the *actual* effects of minority representation. The concluding section will offer insight on whether there is support for the theories that will be described in the first section. There is an extensive line of research on minority representation – far more than can be reviewed in one article – so this project focuses on a mixture of the most important seminal projects on minority representation as well as some of the more recent work in this line of research.

## What Is Representation?

Questions about representation date back for centuries, and there have been many definitions of the concept. In the broadest sense, representation refers to the relationship between elected officials and their constituents. Political representation refers to making the voices, opinions, and perspectives of citizens "present" in the public policy-making process (Pitkin 1967). Representation refers to what political actors symbolize, speak, as well as how representatives *behave* and can result from those in elected or political positions and through those in bureaucratic position. The next paragraphs discuss theories of representation: the trustee and delegate models of representation, a model of representation that is generally applied for elected officials from Pitkin (1967), and representation models commonly applied to the non-elected members of the bureaucracy (passive and active representation).

### Trustee Versus Delegate Model of Representation

Two long-standing models of the appropriate role of representatives are the delegate model of representation and the trustee model of representation. Focusing on the former, delegate representatives are elected by constituents and behave according to the desires on their constituents irrespective of the conscience of the representatives (Mill 1862). Under this model, delegate representatives must act in accordance with the desires of his/her constituents; in other words, delegates are not supposed to go against public opinion. In essence, delegate representatives are

*messengers* who carry out the exact desires of the public. On the other hand, trustee representatives are elected and entrusted to act in alignment with the greater good. Trustee representatives are expected to use their opinions, judgment, and conscience to behave according to his/her own understanding of the best actions for constituents. In this model, it is acceptable for trustees to (temporarily) go against the desires of their constituents so long as their actions are aimed at bringing about the greater good of the public.

### Pitkin's Representation Theories

More recent efforts expand of these representational theories. One of the leading scholars in contemporary theories of representation is Hanna Fenichel Pitkin. Pitkin (1967) offers four theories of representation: formalistic representation, symbolic representation, descriptive representation, and substantive representation. Based on Hobbes' view of representation, formalistic representation emphasizes the formal structures and arrangements that generate a representative government. The logic of formalistic representation is that representation automatically generates with proper forms and processes. There are two dimensions to formalistic representation: authorization (the means through which representatives get their position, office, or standing) and accountability (the responsiveness of the representative to their constituents or how constituents are able to punish their representatives). Symbolic representation is slightly different. Symbolic representation refers to the ways representatives create the perception that he/she shares and stands for the issues important to his/her constituents. This type occurs when something *visible* represents something that is *invisible*; resemblance or reflection is *not* required; symbolic representation is about what the representative means to the constituent he/she represents.

Two additional types of representation are substantive representation and descriptive representation. These types of representation are probably the most common metrics of representation. Substantive representation refers to the actions representatives take on behalf of constituents. This type of representation refers to what representatives *do* when in their office or position. Descriptive representation refers to the extent to which representatives *resemble* or *look like* those being represented. Unlike substantive representation, descriptive representation is about the *appearance* similarity between representatives and their constituents.

### Passive and Active Representation

Public administration research focuses on two types of representation in the bureaucracy – passive representation and active representation. Descriptive representation and substantive representation are often examined in the political context (i.e., elected politicians). Public administration research commonly examines passive and active representation. Similar to descriptive and substantive representation, the types of representation commonly examined in public administration research also involve the appearance of bureaucrats and what bureaucrats *do* when in a position. While passive representation is the extent that a bureaucracy is comprised of people from diverse demographic backgrounds, active representation refers to the pursuit of policies reflecting the interests and desires of people from different demographic backgrounds (Bradbury and Kellough 2007, 697). Scholars who examine these different types of representation often assess the level of representativeness by focusing on race and ethnicity of the bureaucrats. So what is the logic of focusing on minority bureaucrats? Do these bureaucrats adopt attitudes, behave, or have effects that are different from their White counterparts? The next section explores the importance and the theory behind viewing minority representation as a source of power.

## Why Is Minority Representation Important?

### Shared Socialization Experiences with Minorities in Society

Individuals are comprised of many different social identities. These identities affect our socialization experiences, and, in turn, our socialization experiences shape an individual's attitudes and the

behavior he/she engages in. Socialization refers to the continuous process where an individual acquires personality, learns norms, values, behaviors, and social skills. Social identities, such as race, have important influences on socialization and ultimately an individual's political attitudes and behavior. The shared socialization and experiences of minorities lead to minority representatives adopting similar attitudes and engaging in similar behavior as minority citizens; having someone acting on their behalf and pursuing the issues important to them means minority representation is a source of power for minorities in the public.

The *benefits* of minority representation make minority representation a source of power. Minorities in the public accrue these benefits in two ways: from seeing representatives who share a social identity with them in a position or because minority representatives pursue the interest of minorities in the public when they are in a position. The following sections discuss both of these avenues.

### The Theory of Representative Bureaucracy

This logic is captured in the theory of representative bureaucracy, which is a theory commonly examined in public administration research. The theory of representative bureaucracy suggests as the bureaucracy becomes more demographically diverse, policy outcomes will better represent the interests of groups in society. In other words, as it becomes more representative of the public, the bureaucracy will be more responsive to the public (Selden 1997). In the beginning the focus was on bureaucratic representativeness/responsiveness to the dominant class; scholars eventually expanded this focus to include more members of the *general* public. The theory of representative bureaucracy theory also connects passive and active representation by arguing passive representation (such as more racial minorities in the bureaucracy) leads to representation of the interests of racial and ethnic minorities in society (Thompson 1976).

### Linked Fate

The linked fate theory offers more insight on why minority representation is power. The basis for viewing minority representation as a source of power is the perception that when minority representatives gain a position, they will act/behave in a way that benefits minorities in the public. Socialization is one motivation for the premise driving this idea. A second reason we can expect this behavior from minorities is the linked fate theory. Put forth in Dawson (1994), the theory of linked fate argues that because of the dominance of race in shaping the experience of Black Americans, Blacks prioritize the well-being of other Blacks when determining their interests. The premise for this theory is that, given the treatment of racial minorities in the history of the United States, the life chances of individual Black Americans are inextricably tied to the well-being of the race as a whole. In other words, these minorities view their fate as linked to other members of their racial group. As a result of this view of "linked fate," Blacks are expected to vote in alignment with whatever is the best interest of the entire racial group. This sense of linked fate exists regardless of class, education, or income of Blacks.

## Are Minority Representatives a Source of Power? Promising Effects in Extant Literature

The effects of minority representation make minority representation a source of power. Up to this point, the theoretical effects of minority representation have been presented. Given the importance of understanding the effects of representation, there are countless studies devoted to this topic. Many of the studies offer support for the theoretical expectations of the effects of minority representation. The next section will review pieces of literature on minority representation.

### Effects of Descriptive and Substantive Representation

There is support for many of the expected benefits of descriptive and substantive representation. Descriptive representation refers to the similarity in descriptive characteristics such as gender, race, and ethnicity, while substantive representation

refers to representatives who pursue the interests of their constituents. Descriptive representation and substantive representation are often the focus of studies on elected political officials. Although descriptive representation does not *guarantee* substantive representation, descriptive representation often provides the foundation necessary for substantive representation to occur. Descriptive representation leads to higher assessments of government by minorities. Abney and Hutcheson (1981) find Blacks have higher levels of trust in their city government when the mayor of the city is Black than when the mayor does not share their racial identity. Minority political participation is larger in areas with high levels of descriptive representation. Focusing on party and race, Griffin and Keane (2006) find that Blacks who are liberal are more likely to vote when descriptively represented in their state legislature than Blacks who are moderate or Blacks who are conservative. Similarly, there are studies that find Blacks are more satisfied with their government with controls for the party affiliation of the legislator, voting record, seniority, and committee. Notions of linked fate are also confirmed with results that are particularly strong for Blacks and suggest Blacks share similar stances on policies, regardless of class divisions.

Many other scholars examine the effects of minority representation by testing the minority empowerment theory. This theory argues that when groups attain significant representation, members of the group will be empowered in a manner that influences their political participation (Bobo and Gilliam 1990). The General Social Survey (or GSS) asks respondents a plethora of questions regarding their social policy preferences, political attitudes, and opinions of government and politicians. Researchers commonly use GSS data. When there is a Black mayor in the largest city of a primary sampling unit in GSS data, there are increases in socio-political involvement, trust, and political efficacy of minorities in the public (Bobo and Gilliam 1990). Other benefits of descriptive representation are that Black voters are more likely to recall the name, contact, and say they approve of the performance of their representative when the representative is Black than when their representative is not Black (Banducci et al. 2004). Higher levels of minority representation also lead to improved assessments of government by minorities in the public (Abney and Hutcheson 1981); Blacks and Latinos are more likely to vote in state legislature elections in states with high levels of minority representation and higher levels of political efficacy. The effects of descriptive representation also seem to be long-lasting (Gilliam and Kaufman 1998). Similar benefits result from Latino representative; as the amount of Latino representation in state assembly, state senate, and/or US House increases, political alienation in Latinos decreases.

There is also support for the link between descriptive and substantive representation (Banducci et al. 2004; Mansbridge 1999). Descriptive representation not only has positive effects on assessments of government and the political participation of minorities, it also leads to substantive representation in many cases. For example, descriptive representation of Latinos leads to substantive representation of Latino interests. Descriptive representation also results in minority representatives being more responsive to requests for information when there are limited political incentives than White representatives.

P

### Support for Benefits of a Representative Bureaucracy

Similarly to descriptive representation, there are benefits from passive representation. Many studies examine the theory of representative bureaucracy by focusing on education policy. The research suggests there are many positive effects that result from passive representation. For example, minority teachers can serve as "role models" for disadvantaged students, and minority teachers have even been shown to affect how White teachers behave; outcomes also improve when levels of passive representation are high.

Many of the seminal pieces of work testing the theory of representative bureaucracy use educational data. The results of these studies offer

support for the representative bureaucracy theory as there are positive effects from passive representation and active representation, and there appears to be a link that commonly exists between the two types of representation. The connection between passive representation and active representation appear and is most likely to occur when minority representatives are in positions with *discretion*. Selden (1997) examines the effects of minority representation and finds that as the amount of minority teachers and administrators increases, there is a reduction in discrimination and improved student performance.

Similar benefits are found in more recent examination of representative bureaucracy theory. Many of the more recent studies examine the theory using educational data. Kenneth Meier and a host of coauthors have contributed seminal pieces of research in this area. Using data from Texas school districts, Meier et al. (1989) find increases in Black teachers and Latino teachers improve the academic performance of Black students and Latino students. Some examples of these effects include Black students being more likely to be referred for gifted courses when taught by a Black teacher, the benefits of minority representation exist in charter schools as well as traditional public schools, the effects of minority representation are strongest in the South, and the effects are particularly strong for Black teachers who teach lower grade levels.

There are also studies on the representative bureaucracy theory that move outside of the educational arena. When studies focus on administrators, findings generally suggest that Black administrators and Black citizens have very similar attitudes. There is more congruence between attitudes of Black administrators and Black citizens than the congruence between Black citizens and White administrators. The link between this type of passive representation and active representation is also supported as these Black administrators are more likely than White administrators and White citizens to support governmental action that addresses the issues important to the Black community. Many empirical studies confirm a link between passive and active representation for minority representatives, and there are times when the benefits of high levels of minority representation are experienced by nonminorities in society.

## Conclusion

Race is a salient social identity and shapes the life experiences and life qualities of members of societies. The experiences of minorities are marred with difficulties and disadvantage, but these experiences are often shared by members of the same racial group. The common socialization experiences give rise to many minorities sharing similar political attitudes and behavior and are the basis for viewing minority representation as a source of power. This has given rise to the linked fate theory and the logic that when elected to political office or in a position, minorities will *behave* in a manner that benefits minorities in the public.

This paper begins by presenting theories on representation, discussing the logic behind viewing minority representation as a source of power, and concludes with a review of literature on representation. First, models of representation from one of the earliest models (the delegate model of representation and the trustee model of representation) to models common in research on elected representatives (descriptive representation and substantive representation) to models common in research on the bureaucracy (passive and active models of representation) are reviewed. Given the importance of representation, there is an extensive line of research on the topic. The literature review presented here is by no means all-inclusive but covers seminal research as well as important, more recent works on minority representation.

These theories note the possibility for many positive effects from representation. After reviewing *theoretical* expectations, the results in studies in the literature are presented. Many of the benefits theoretically expected are found. Some of the benefits of minority representation include higher assessments of government, higher levels of trust for government, and in some cases increased political participation of minorities in the public.

The major take-away from this piece is that minority representation is a source of power. Minorities elected to political office and minorities in the bureaucracy both have important effects for minorities in the public. These benefits are the motivation for viewing minority representation as a source of power. Recent examinations, however, suggest that the effects of minority representation extend beyond individuals who share the racial and ethnic identity to minorities who do not share the racial or ethnic identity of their representatives and even Whites in some cases.

With the understanding that minority representation is a source of power, there are many promising directions for future research. First, the power of minority representation may actually be larger than the literature suggests. The effects of minority representatives have been examined in a narrow set of contexts, such as where minority interests are known or can be inferred, specific minority decision makers can be identified, and decisions on issues relevant to minority interests can be isolated and linked back to particular decision makers (Bradbury and Kellough 2007). Studying different environments will be beneficial for our understanding of the effects of minority representation.

Another promising direction for future research is further examination of when minority representation generates *negative* effects. Some scholars have already started examining this possibility or have found no effects from minority representation on the attitudes or outcomes of minorities in the public. Future research can build on this by focusing on when minority representation is more likely to result in negative effects than positive effects. Another promising direction for future research is studying what happens when considering more than one identity. In part, this paper presents the effects of one salient identity: race. Since individuals are comprised of more than one identity, another promising step for future research is examining whether minority female representatives are a source of power. A few scholars have started studying minority female representatives, and many scholars have called for greater consideration of interactive effects of race and gender. It would be promising for the future to continue this line of research.

## Cross-References


- ▶ Active Representation
- ▶ Legislative Power
- ▶ Minority Groups and Politics
- ▶ Power and Minority Rights
- ▶ Representative Bureaucracy


## References


Abney FG, Hutcheson JD (1981) Race, representation, and trust: changes in attitudes after the election of a black mayor. Public Opin Q 45(1):91–101

Banducci SA, Donovan T, Karp JA (2004) Minority representation, empowerment, and participation. J Polit 66(2):534–556

Bobo L, Gilliam FD (1990) Race, sociopolitical participation, and black empowerment. Am Polit Sci Rev 84(02):377–393

Bradbury MD, Kellough JE (2007) Representative bureaucracy: exploring the potential for active representation in local government. J Public Adm Res Theory 18(4): 697–714

Dawson MC (1994) Behind the mule: race and class in African-American politics. Princeton University Press, Princeton

Gilliam FD, Kaufmann KM (1998) Is there an empowerment life cycle? Long-term black empowerment and its influence on voter participation. Urban Aff Rev 33(6): 741–766

Griffin JD, Keane M (2006) Descriptive representation and the composition of African American turnout. Am J Polit Sci 50(4):998–1012

Kaiser Family Foundation (2015) Population estimates based on census bureau's 2015 CPS

Mansbridge J (1999) Should blacks represent blacks and women represent women? A contingent "Yes". J Polit 61(03):628–657

Meier KJ, Stewart J, England RE (1989) Race, class, and education: the politics of second-generation discrimination. University of Wisconsin Press, Madison

Mill JS (1862) Considerations on representative government. Harper & Brothers Publishers, New York

Pitkin HF (1967) The concept of representation. University of California Press, Berkeley

Selden SC (1997) The promise of representative bureaucracy: diversity and responsiveness in a government agency. ME Sharpe, Armonk

Thompson FJ (1976) Minority groups in public bureaucracies are passive and active representation linked? Adm Soc 8(2):201–226

# Power and Minority Rights

Nevena Nancheva
Politics, International Relations and Human Rights, Kingston University London, London, UK

## Introduction

Power and minority rights are inextricably linked. It is impossible to fully understand problems of minority rights without having mapped out the structures of power within the polity. This entry will discuss power and minority rights in order to outline their meaning within the organization of modern politics and to identify what shapes the relationship between the two. The entry will begin by mapping out the normative justification of power in modern public policy. Then it will frame the problem of minorities and minority rights within this normative justification. It will engage with issues of collective identity within the modern state, the construction of political community, the conceptualization of minorities, and the formulation of minority rights at national, regional, and international level. The entry will demonstrate why, in the normative context of globalization, increased mobility, and interdependence, it is problematic to establish institutions of power without considerations of minorities and their rights.

## Power and Political Community

**Definition: Political power is the ability to create and enforce policies on behalf of and for the community**. Political power is thus firmly rooted in a notion of community, and its realm is determined by the boundaries of that community. It makes little sense to speak of political power in general, without specifying the subjects and objects of power. Rather, political power should always be understood within the context of the political community within which it is exercised. Without a political community that accepts, or is forced to accept, the political authority formulating public policies, power becomes meaningless. It is therefore essential to outline what a **political community** is and how it is being enacted and constructed in the realm of public policy. The agency and construction of political community in the structure of the modern state is the key link to the minority problematique and the key justification for minority rights.

### The Westphalian System of Sovereignty

In modern politics, political community has been enacted and constructed on the basis of a particular arrangement which is often taken for granted but which, historically speaking, is rather recent. This arrangement came about at the end of an extended period of warfare in Europe in the mid-seventeenth century over political, economic, and religious autonomy within the context of the fragmenting Holy Roman Empire. The arrangement is rooted in a series of peace treaties signed in the Westphalian cities of Osnabrück and Münster and is often referred to as the Westphalian Peace. The system of understanding contained in this peace arrangement established, among other things, the principle of **state sovereignty** over governed territory, which became the basis of modern politics and international relations.

### Principle of Sovereignty and Self-Determination

Establishing the principle of state sovereignty as the governing rule of modern politics has two significant implications for the dynamics that governed the relationship between power and minorities. The first one is that the Westphalian arrangements created the normative basis for **self-determination**: the idea that political power should be exercised over willing political communities and in according to the expectations of these communities. In the context of seventeenth-century Europe, this referred mainly to the autonomy of local princes and principalities and the choice of religious affiliation. By the end of the eighteenth century, with the French Revolution, the idea of self-determination already referred to the will of *the people* as political actors. The people were seen as a clearly identifiable

community – the community of the governed, who had the right to determine the way in which they were governed. By the late eighteenth and early nineteenth century, that community was increasingly referred to as *the nation*. The **nation** gradually became the shorthand reference for political community within the modern state. And while scholars of **nationalism** have not been able to agree on a single story of the origins of nations (see debates between primordialists and modernists described in Mole 2007), they have managed to reach a broad consensus on the central role of the idea of nationhood in the construction and legitimation of modern **statehood**.

### Principle of Sovereignty and Noninterference

This is closely linked to the second important implication of establishing the principle of state sovereignty: the idea that others do not have legitimate (and legal) rights to interfere in the affairs of a sovereign over their territory. In the tumultuous eighteenth and nineteenth centuries which witnessed the fall of many European monarchs, the legitimacy of the sovereign became increasingly more closely intertwined with the will and expectations of the people who inhabited the governed territory. The need to identify and express the will and expectations of these people in a coherent manner is what laid the groundwork for the inaction and the construction of the **nation**. But not all groups could subscribe to the stories of self-identification that united the nation. Because of irreconcilable differences or because of antagonistic relations, some groups saw themselves marginalized in the process of **nation building**. The claims of nations over political power within their states meant that attempts of such communities to access political power were often seen as illegitimate. The rule of noninterference into the sovereign affairs of a state left non-titular groups with the alternative to either revolt against the holders of power or accept their marginalized position.

### National Political Community and Westphalian Sovereignty

Thus, on the basis of the agreements reached in the Westphalian peace treaties, political power in the modern world became firmly attached to a notion of political community that came to be expressed through the idea of nations and nationhood. Within this political community, solidarity was based on *national identity*. Those groups which could not identify with the nation became marginalized in the **power-sharing** arrangements within the state, as they could not legitimize their claims to power within the logic of national **statehood. National identity** became the ethical justification and legitimation of modern statehood as a form of political **self-determination** and as an expression of the sovereign will of the political community in the face of the nation. This is of central importance to understanding the place of minorities within the political community, their relationship to political power, and the formulation of minority-specific rights.

## National Statehood and Minorities

In the immediate aftermath of seventeenth-century religious wars and the subsequent redrawing of sovereign borders, political solidarity often referred to religious affiliation and place of residence. With the advent of **nationhood** as a common marker, these two criteria were supplemented by common (or similar) language, shared ethnic characteristics, common ancestry claimed on the basis of that, as well as, particularly outside of European mainland territories, shared racial features. These characteristics became the markers of a common collective identity that was described through the notions of **nation** and **nationhood** and belonging to which outlined the boundaries of the political community under the political power of the sovereign state. Within this normative framework sustaining modern **statehood** as a national political project, the place of minorities is rather peculiar.

**Definition**: On the basis of such understanding of statehood, **minorities are all communities under the territorial jurisdiction of a sovereign state that in some way differ or diverge from the common characteristics that outlined the identity of the political community represented by the sovereign state**. In Europe and many of the

dominions of European states across the globe, this identity was often described as **national identity**. This has become increasingly the case even if the basis of community in many parts of the non-Western world has been forged overwhelmingly on the basis of religious, tribal, ethnic, racial, or other shared identity, rather than national ideology. Since minorities can differ from the majority community on any of the common characteristics that outlined the common identity, ethnic minorities, religious minorities, linguistic minorities, etc., can be identified within the state.

### Minorities and National Minorities

The term "national minority" has widely been used to make a distinction between minority communities within a state that represent a majority in another state – which is their ***national*** state – and those minority communities that do not have their own state. An example of the latter are Roma communities in contemporary Europe. Historically, another example have been Jewish communities across the globe. Because of the different priority attached to different common characteristics, both analysts and practitioners prefer to distinguish between national minorities and, for instance, ethnic (such as the Rohingya in Myanmar), religious (such as the Yazidis in Iraq), or linguistic (such as Aramaic speaking communities in Syria) minorities around the world. As the significance of the national aspect of modern statehood has been decisive in the organization of politics today, the term "national minority" can be used in its broader meaning to describe all these communities within states dominated by the political communities of titular nations. In view of the practice of listing national minorities as one particular type of minorities (those that are a titular nation elsewhere), such usage needs to be explicitly specified.

### What Defines a Minority?

The usage of the term "national minorities" as either a general category to describe minorities within the national state or as only one type of minority community among others is relevant to the way minorities have been defined in legislation and the literature. This has been notoriously problematic, as is evident from the application of the term "national minorities" in legal instruments without including a legal definition (example is the 1995 Council of Europe Framework Convention for the Protection of National Minorities) or from the addition of narrower categories together with the term "national minorities" (example is the 1992 United Nations Declaration on the Rights of Persons Belonging to National or Ethnic, Religious, and Linguistic Minorities, henceforth UN Minorities Declaration). Academic literature has attempted to fill this gap by providing conceptualization of national minorities on the basis of objective criteria such as ethnicity, language, culture, religion, and race or on subjective criteria such as self-identification with a minority group. For a detailed overview of both legal and academic definitions, see Chapter II of Jackson Preece (1998).

### Inequality

What is important to highlight in all attempts at defining and conceptualizing minorities is the central role of the relationship between minorities and the holders of political power. By virtue of their very definition, minorities always hold a position of inequality in the context of that relationship. Political power is exercised over a political community within which minorities stand out as different from the majority. The reasons for that difference may be varied. Minorities may have been underrepresented numerically and prevented from equal participation in the processes that led to the construction of the common state identity (indigenous peoples of colonized territories may constitute such minority groups, which in **international law** have acquired their own standing). Minorities may have been deliberately ignored in these processes on the basis of their difference (examples include Jewish and Roma populations). They may have become a minority as a result of territorial border changes (in such cases, the term "national minorities" can be used in its narrower meaning to describe, for example, Hungarians living in Transylvania under the jurisdiction of Romania or Germans living in South Tyrol under the jurisdiction of Italy). Minority communities may have come into being as a result

of long-term migration settlement (such as Afro-Caribbean communities in the United Kingdom which settled in the 1950s–1960s in the context of decolonization). Minority communities may have been formed as a result of segregation on the basis of cultural and religious practices that gradually distinguished a group of people from the larger community within which it existed (e.g., the Haredi community within the Jewish population of Israel). Minority communities may have been created also as a result of political processes of state formation including two or more ethnically or linguistically distinct communities (such as the processes that led to the creation of the states of Belgium, France, Spain, the United Kingdom, etc., with their Walloon, Basque, Catalan, and Welsh communities, respectively). Irrespective of the circumstances in which a community found itself in a minority status within a state, what characterizes this status is the *unequal position* in terms of the exercise of political power. This is true even in cases when communities enjoy numerical parity with or advantage over the titular nation, as the example of African-Americans before the 1964 Civil Rights Act in the United States or the Blacks under the apartheid regime of South Africa demonstrates. This inequality is what characterizes most visibly the problematique of minorities and power, in terms of both the problems plaguing minority communities, and the measures taken to solve them.

## Minorities and Problems of Inequality

Based on the experience of minority communities worldwide, four major concerns can be identified that are rooted in the unequal position of minorities in terms of political power within the state.

### Survival and Existence

In the most extreme end of the spectrum of concerns stand the problems of **the survival and the existence** of minorities. The survival of the minority community is at stake when the holders of political power deny minorities a physical place in the political community of the state. This has often been the outcome of political projects which rely on homogeneity for the building of solidarity or whose success depends on narratives of victimization and practices of scapegoating. In their worst versions, such political projects have led to **ethnic cleansing** and **genocidal campaigns** aimed at a specific minority group. In most recent history, examples include the Bosnian Serbs' campaign of ethnic cleansing against the Bosniaks in Bosnia and Herzegovina during the war of 1992–1995 or the Hutu-dominated government's genocidal campaign against the Tutsi in Rwanda in 1994. Nonviolent political projects can also be aimed against the survival of a minority group, if they imply denying the existence of the minority as a separate community. France, for example, has maintained that no national minorities exist on its territories. Greece has claimed the existence of only one religious minority under its jurisdiction – the Muslims of Thrace. For minority concerns in so-called denial states, see Malloy (2014).

### Identity

Another problem linked to minorities' unequal position with regard to political power within a state concerns lack of appreciation for the minority group **identity** as a value in its own right. Since the basis of solidarity within national majority dominated states is the majority's identity, all divergent group identities may be neglected as irrelevant to the political community or, worse, threatening its stability. Where the group identity of minorities is not appreciated as valuable, the outcome is either gradual assimilation of the minority group within the majority community or increasing **segregation**. A prime example of this concern is the lack of appreciation of Roma communities' way of life within a series of European states.

### Inequality and Discrimination

A third problem in minorities' relationship to political power is the **inequality** of **access** to social goods and **discrimination** toward minorities in the public and private spheres of social life. Both aspects of this problem are often rooted in the very differences that distinguish members of the minority group from those of the majority. A segregated place of residence, a different

mother tongue, the use of religious symbols or pieces of clothing such as face- or head-covering scarves, and a distinctive diet can become impediments to equal access to social goods such as schooling, health care, social services, and employment opportunities. Such distinctive features can also be used as a basis for discrimination by providers of public services or by private sector employers.

### Nonparticipation

Finally, even if all of the above problems have been addressed by the holders of political power, and measures have been taken to prevent them, it still does not mean that minority groups can enjoy **effective and meaningful participation** in the political community of the state. The national makeup of the modern state has placed the titular majority community at the commanding heights of political power by virtue of the very processes of state formation and solidarity building within the state. Therefore, a deliberate legislative and public policy effort is often required to ensure effective engagement of the minority community in the exercise of power and meaningful **participation** of representatives of the minority in the public life of the political community of the state.

## International Minority Protection: Emergence and Features

Acknowledging the unequal position of minorities within the structures of power of the modern state has given rise to normative thinking about providing redress to such inequality. This occurred within the international political realm, since national politics found no normative contradiction between national sovereignty and the marginalized position of national minorities. This is how the idea of **international minority protection** was born. Gradually, international negotiations on minority protection created legal principles and established practices that became the basis of a **minority rights regime**. Unsurprisingly, the emergence of the minority rights regime has revolved around the four main areas of concern identified above. International minority protection currently includes measures ensuring the survival and recognizing the existence of minorities within national legislations, measures protecting the collective identity of the minority group, measures ensuring equal opportunities and providing guarantees against discrimination, as well as measures enabling effective and meaningful participation in all aspects of public life.

But these measures have neither been universally accepted nor meaningfully implemented by states around the world. Minority protection is seen as an issue of highest importance to the holders of political power worldwide, because it relates directly to the normative justification of sovereignty. It implies an acknowledgment of the normative shortcomings of national sovereignty and an agreement to curtail the dominance of the titular majority within the structures of sovereign power. This is why minority protection regimes have been so hard to formulate and to implement. It has variously been argued that no special minority protection is needed if the rights of everybody are guaranteed by national laws, that specific individual rights relevant to minorities are sufficient to ensure equality, that broader minority protection implies collective rights which are incompatible with the legal rights of nonminority citizens, or that guaranteeing **human rights** is the best possible way to provide equality for everybody in the modern state. These arguments have marked the emergence and implementation of the modern minority rights regime. Nevertheless, we can identify some of its defining features as they have been recognized in the interpretation and practice of minority rights in the realm of **international law**.

### Special Measures

Currently, it has been widely acknowledged that measures of minority protection often imply differential treatment of members of minority groups that aim at correcting existing inequalities and past injustices. Differential treatment in public policy is usually dressed in the form of **special measures**, which are envisaged by several international legal instruments, including the 1969 UN International Convention on the Elimination of

All Forms of Racial Discrimination. Special measures can be variously described as "affirmative measures," "affirmative action," or "positive action" and are temporary policies that aim to supplement the already guaranteed legal rights of members of minority groups as human individuals. The rationale behind such special measures is that often individual rights are insufficient to ensure adequate policy responses to all minority concerns, especially when taking into consideration the long-term position of inequality within the political community of the state.

### Individual Versus Collective Rights

The consensus within the international regime on minority rights that special measures are an adequate – and necessary – policy response to minority concerns, however, is a relatively recent development. It refers to the UN Minorities Declaration of 1992 (UN General Assembly Resolution 47/135) and the recognition that, to fully enjoy their individual rights, members of minorities also need, as a group, some targeted assistance on behalf of the state. This recognition opened the conceptual and policy debate on individual versus **collective rights** for minorities, undertaken by proponents of **liberalism** as political ideology (see Kymlicka 2000). Throughout the Cold War period, the general international agreement had been that it sufficed to guarantee individual **human rights** for everybody, including members of minorities. Any minority norms created within this period retained at all times their focus on the individual ("persons belonging to [such] minorities" instead of "minorities"), even if they conferred minority-specific rights. A prominent example is Art. 27 of the 1976 International Covenant on Civil and Political Rights which has been interpreted as containing a specific permanent right to individual members of minorities (to enjoy their own identity), in addition to the other rights they enjoy in common with everybody else.

### Collective Rights: From Religious to National Minorities

But the normative preference for individual rather than collective minority rights should also be seen from a historical perspective. In fact, most historical references to minorities discuss, in policy terms, **collective rights**. From the Westphalian peace agreements formulating rights to faith practices for religious minorities within Europe's redrawn boundaries to the millet system of non-Muslim confessional communities' self-governance within the Ottoman Empire, rights were granted to the minority community as defined by its chief identifying characteristic. In the times of empires, this used to be ethno-religious rather than ethno-national identity. Due to the nature of the imperial state, it did not make political sense to enact and construct the political community of the state as monolithic. So group identities within the state did not pose threats to political power, as long as they acknowledged its legitimacy. With the rise of **nationalism** as an ideological justification of political power, however, this started to change. Political organization along ethnic lines (whether on religious, linguistic, or other common basis) began to be seen as a threat to power, because of the claims to national **self-determination** and **sovereignty** that it implied. It is indicative that in the years preceding and following the First World War, minority concerns were very high on the international agenda, and minority clauses were the subject of extended negotiations among the Great Powers and between victors and defeated after the War. The system of treaties created as a result of the 1919 Peace Conference in Paris and within the framework of the League of Nations contained important minority clauses that address nationalist claims within a number of states. These clauses already clearly linked minority identities with state power by defining them as "national," even as their defining characteristics may have been ethnic, linguistic, or religious belonging. In this period, collective minority rights were still not seen as problematic within the international protection regime.

### Individual Rights: From Minorities to Human Rights

It was with the Second World War, the acknowledgment of the aggressive potential of ethnic

nationalism, and the spread of communism that **collective rights** began to be viewed with suspicion. The creation of a universal regime of **human rights** as the common project of humanity and the United Nations within the framework of the eponymous organization was upheld as a solution to inequality. In the context of universal human rights, discussions about minority rights soon became superfluous. But analysts argue that the universal human rights regime had been the sovereign nation-states' compromise on addressing minority inequalities within their borders by subscribing to grand universal agreements that had no binding legal force within national jurisdictions (see Mazower 2004). The Cold War bloc opposition made interference within sovereign borders highly problematic, thus reinforcing the point that attempts to enforce or even discuss minority rights were out of the question. It was only after the Helsinki process had gained speed and the communist bloc had started to disintegrate that minority rights as *specific* rights and as *group* rights returned to the international political agenda. The adoption of the UN Minorities Declaration came to indicate that.

## Sources of Minority Rights and Mechanisms for Protection

The UN Minorities Declaration is the main source of minority rights under the international human rights regime. It contains clauses that cover the full spectrum of concerns with minority inequalities: from physical survival through nondiscrimination to effective participation and representation in public life, including within the institutions of state power. Within the framework of the UN treaty bodies, mechanisms have been developed to address minority concerns, especially under the mandate of the UN Independent Expert on Minorities Issues established in 2005 and within the Forum on Minority Issues established in 2007. These mechanisms suffer from the widely recognized limitations of being dependent on nation-states' cooperation and being constrained by national sovereignty. However, their contribution to elaborating the international standard of minority protection should not be underestimated.

Within the international regime of minority protection and as a consequence thereof, effective regional minority frameworks have also been created. A good example is the system of minority governance established in Europe. In 1993 the Organization for Security and Cooperation in Europe assigned to a High Commissioner on National Minorities early warning and monitoring tasks with regard to minority grievances. The High Commissioner's work on creating guidelines on various aspects of minority protection has been unparalleled. Under the Council of Europe, the first international treaty with a multilateral, general protection regime for minorities was created: the 1995 Framework Convention for the Protection of National Minorities. The document mirrors the universal regime in that it upholds nonbinding standards and lacks sanctions for nonobservance. It has, nevertheless, been significant in sustaining minority protection in the region because it has created a framework within which minority-specific legislation could be adopted and special measures for substantive equality of minorities could be taken. It was this regional regime that the European Union upheld as its own standard, when it included minority protection as one of the conditions of membership. See Henrard (2004) for a useful overview of that process.

## Conclusion

The European framework is the best developed international system of minority protection. But it is also significant in its explicit focus on national minorities as a policy priority. Generally, the system understands national minorities, much in line with the UN standard, as defined on the basis of ethnic, religious, and linguistic difference. This does not mean that the European human rights framework does not engage meaningfully and effectively with minorities identified on the basis of gender, disability, or, indeed, race. But the elaborate focus on national minorities recognizes the significance of these

minority groups in terms of maintaining political solidarity within the modern **nation-state** – whose model has been forged in Europe. National minorities appear as an aberration from the logic of national statehood, by challenging the link between nationhood and the state. Yet, all nation-states contain communities different from their titular majorities. The processes of globalization seem to be reinforcing this fact, by creating new types of minority communities (the so-called new minorities) or by making minority grievances politically more visible. In the context of globalization, all states appear to be ever more **multicultural** (Parekh 2006). This is precisely what presupposes the need for explicit minority protection within the current organization of politics and determines the relationship between power and minority rights.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Centralization and Decentralization
- ▶ Globalization and Nation-States
- ▶ Group Power and Leadership
- ▶ Power and Minority Representation


## References


Henrard K (2004) Charting the gradual emergence of a more robust level of minority protection: minority specific instruments and the European Union. Neth Q Hum Rights 22(4):559–584

Jackson Preece J (1998) National minorities and the European nation-states system. Clarendon, Oxford

Kymlicka W (2000) Multicultural citizenship: a liberal theory of minority rights. Oxford University Press, Oxford

Malloy T (2014) Dialogue with the unwilling: addressing minority rights in so called denial states, European Centre for Minority Issues working paper. European Center for Minority Issues, vol 77, Flensburg

Mazower M (2004) The strange triumph of human rights, 1933–1950. Hist J 47(2):379–398

Mole R (ed) (2007) Discursive constructions of identity in European politics. Palgrave Macmillan, Basingstoke

Parekh B (2006) Rethinking multiculturalism: cultural diversity and political theory. Palgrave Macmillan, London


# Power and Peace


Md. Rafiqul Islam
Department of Peace and Conflict Studies, University of Dhaka, Dhaka, Bangladesh
School of History and International Relations, Flinders University, Adelaide, Australia


## Synonyms

Power: Capability; Control; Dominance; Force; Influence; Strength.

Peace: Balance of power; Concord; Development; Freedom; Goodness; Harmony; Human rights; Order; Social justice.

## Introduction

Throughout history, the concepts of "power" and "peace" have been dominating as well as widely talked topic in the academic and political arenas. Different nations in the long journey of history have showed consistent passion for seeking and exercising power. Human beings are equally peace loving and peace pursuers and, thus, have sacrificed a lot for the quest of peace. However, thousands of wars and an uncountable number of deaths have occurred in the different phases of history. For this scourge of wars and casualties, human beings have negotiated, compromised, and signed treaties between and among nations for establishing peace and security. This complex situation of wars and craving for peace have founded the concepts of "power" and "peace" across the disciplines, such as political science, sociology, public administration, international relations, and peace and conflict studies. This essay will discuss the conceptual development of both these terms – power and peace and their interrelationship.

## Definition

### Power

Power, as a complex and an elastic term, has been defined differently in various disciplines;

however, the core meaning of the power is the capacity and capability of different actors – from an individual to states – to influence the actions and behavior of another actor (Dahl 1957). Although power has been a core principle of discussion in the discipline of social sciences, there is no comprehensive definition of power yet. In a simple sense, power is the capability which is relatively enjoyed by few people over others. For example, a state is called powerful when the country has enough capability in terms of economy, military, and strategy to influence and control of at least a few or more number of states. The Webster's Third International Dictionary of the English Language defines power as "a position of ascendancy; ability to compel obedience; 'control' 'domination'" and is closely associated with this: "a military force and its equipment" and "ability to wage war" (Webster's English Dictionary 1981). This definition signifies the dominating and controlling characteristics of power which is perhaps the central concept in the literature of political science for determining the relationship between and among states. The Merriam-Webster Collegiate Dictionary similarly defines power as "possession of control, authority or influence over others" and "one having such power, *specif.* a sovereign state" (Merriam-Webster Dictionary 1996). Therefore, power is defined as control, dominance, possession, and influence which is applied describing relation between people and groups and even state to state relations.

### Peace

Peace is the "absence of violence" (Galtung 1969, p. 168). This is the most common definition of peace that refers to absence of all forms of violence, war, confrontation, and any kind of negative actions against people. However, the definition of peace demands more than the absence of violence. Like "power," peace is an elastic term that conveys comprehensive and varied meanings. Philosophers, religious thinkers, and political activists have defined peace and war from different perspectives since the inception of human history. The Oxford English Dictionary refers to peace as "freedom from or cessation of war or hostilities; freedom from civil commotion and disorder; freedom from disturbance or perturbation; freedom from quarrels or dissension between individuals" (In Rummel 1977). Peace in religious perspective is meant as serene, spiritual, and mental goodness of man. Pacifists define peace as the highest good of the society that can be attained through nonviolent social change. Peace is also conceded as the social order, social contract, and a state of social concord between nations. Early philosopher Saint Augustine defined peace as the "well-ordered concord between those of the family who rule and those who obey" (In Zwitter and Hoelzl 2014, p. 319). Peace is also meant as the harmonious state of mind and social relations. The medieval political philosophies, on the other hand, define peace as the social contract between the rulers and ruled. According to the legal, peace is legally binding peace treaty between and among the nations for limiting state behavior and avoiding confrontation and conflicts (Kant 1795). Peace is also viewed as the power, force, and coercion in an authoritative and persuasive manner to influence the violent behavior of the individual, groups, and the state for attaining peace. Peace is a balance of power among the nations or establishing equilibrium of power between and among the power blocks.

## Discussion of Power

Since the Greek city state power has been a central issue in analyzing the social and political relations in every nation state. From Plato and Aristotle through Machiavelli and Hobbes to Pareto to Weber, power has occupied a key position in the discussion of relations between group, nations, and states (Dahl 1957). Power in the ancient time was seen as the power of virtue and innate goodness of human being. Plato's seminal work "Republic" centralized the concept of justice and power. Plato's teacher Socrates believed that "justice cannot be seen as the unqualified good unless it is interlinked with the human power" (In Lycos 1987, p. 2). This is a reality in all social systems as human relation depends on the mutual understanding and exercising power. But the nourishing

of power in any given society should be used in such a manner so that all members of the society negotiate and satisfy with the values and behavior of other members. This is not the coercive imposing of decision over the majority people but a cooperative and consulting exercise of power. In early modern period, Hans Morgen thus, defined power as:

> When we speak of power, we mean man's control over the minds and actions of other men. By political power we refer to the mutual relations of control among the holders of public authority and between the latter and the people at large. (Morgenthau 1973, p. 26)

In the context of social relations, some political sociologists have defined power as the capability of individual person to influence the behavior of other people and members of a group. Max Weber demonstrates power as the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance (Weber 1978). In this regard, the social relation is referred to a constructive social relation in where power should be exercised for ensuring security and benefit for all people in the society. Some sociologists have viewed this "security" as the absence of anxiety from the mind of the people in their social and political setting. Beyond the concept of "dominance," Foucault (1980) argued power as the relational force that helps all social beings to be united and come into the web of mutual influences (Foucault 1980). According to this view, power is constructive and productive force that permits all people in a social setting to come into a hierarchy and mutual social benefit for all. Giddens (1984) has given similar view about power by arguing that power is the "transformative capacity" and power is not always associated with conflict; rather, power obliges cooperation among people for their benefits (Giddens 1984).

With the development of sovereign nation, state power has been characterized as the capability and performing abilities of individual state within and beyond the boundary. Power in this context refers to military strength, economic sufficiency, performance of the governance to attain internal stability, and also the sustenance of the government to absorb pressures that come from outside of the border. In fact, the concept of powerful state laid down the philosophy of competition among the states to become powerful and keep dominance on other states. In nineteenth and twentieth century, some states in Europe had been engaged into an unholy struggle of capturing power for expanding their state boundaries. Military power was primarily used by the colonial masters to keep dominance and expand their territory. The United Kingdom, Germany, and Italy severely used military power and have been able to expand their boundaries occupying states all over the world. Morgenthau (1973) has termed this system as "the international system struggling for power" (Morgenthau 1973). Colonial expansion by the United Kingdom is regarded as the "Pax Britannica" or the British in the Europe and the world through dominance and hegemonic construction.

During the twentieth century, the concepts of collective power, cooperative power, or "shared power" have appeared in international system to redress and deter unwanted tyranny, aggression, and war. This type of power is grounded on the collective strength of at least few or many states who are ready to use force in case of emergency. The establishments of the League of Nations in 1920 and the United Nations in 1945 were the reflection of cooperation which laid down the concept of "collective power" and "collective security" for all nation states. Collective power is defined as the state power and capacity of the international community for the common benefits for the nations. Here, the common benefit is meant as the territorial integrity and ensuring peace and security for each and every nation. Johan Galtung (1985) defined power as "the power of a system is its influence potential, i.e., its potential to induce it will on other systems" (In Carroll 1972, p. 586). System is referred to the political system of a state that influences other political system in a rational manner.

Power in the modern period is demonstrated as the capacity of a state which is measured on the basis of some indices, i.e., population, geographical position, natural resources, national product, economic strength, military forces, and budget (Krasner 2009). The national character of a state,

quality of the government, national morale, diplomatic character, technological know-how, education, social mobility, and political and religious charters are also measured as the sources of power in current political situation (Carroll 1972, p. 587). However, peace researchers have suggested an alternative concept of power which considers power as the "collective form of power" bestowed upon the overarching institution for exercising through the consultation and compromise for attaining common goal (Singer 1963).

From the discussion of "power," it is evident that there are different forms of power such as dominance to cooperative, "soft power" versus "hard power," and destructive power to constructive power. Soft power or constructive power is a form of power required for reshaping the social system through cooperation, mediation, personation, balance, and negotiation between and among the people in a social setting, whereas "hard power" or power based on dominance, is the military might, economic dominance, and hegemonic construction. Power is also legitimate and illegitimate in nature. Legitimate power is derived from the constitution within the country which prescribes rules of business for the government to operate the functions of the state. In the international system, legitimate power is attained through establishing alliances or organizations where states confer upon their individual power for the collective benefits; on the contrary, illegitimate power is founded on the force and repression and exercised against the will of the people. In the international context, illegitimate power is referred to a system in which power is exercised out of the rules and regulations prescribed by the international organizations, like the United Nations and International Court of Justice.

## Discussion of Peace

Although peace has been defined in different perspectives, the development of peace research has been initiated to study peace systematically. Thereafter, peace is discussed in the negative and positive perspectives taking into account the violence and insecurity existed in individual state and international system. The negative peace is the absence of direct, intentionally organized violence, whereas positive peace is social justice, welfare, as well as absence of physical violence (Carroll 1972, p. 599). Johan Galtung has popularized the term peace in the academic discussion of political science, international relations, and peace and conflict research coining it with direct and structural violence. In analyzing the concept of peace, Galtung (1969) has mentioned three principles: peace is the social goal which should be agreed by the common people; the social goal is difficult, but it is not impossible to attain; and the last principle is the absence of all kinds of violence (Galtung 1969, p. 167). The core meaning of these principles is the perfect social order where violence, confrontation, and conflicts are absent. Galtung (1969) termed this concept as the negative peace which is attainable by eliminating human's personal drawbacks such as psychological and physical attacks; hindrance is absent (Galtung 1969). However, Galtung (1969, 1985) and other peace researchers have expanded the meaning of peace considering the social and political reality and growing needs for the human beings. Peace, under this context, is defined as positive peace which means presence of human rights, social justice, cohesion, and material benefit for the realization of human potential and development. Positive aspects of peace can be attained through the elimination of both direct and structural violence from the society and international system (Galtung 1985). Social justice replicates this peace for the attainment of mental and physical well-being of the people.

Jon Barnett argues that Galtung's positive peace concept is not clear to understand and comprehend peace comprehensively (Barnett 2008, p. 75). Therefore, peace has been associated with the meaning of development, sustainability, and human cooperation for achieving common goal. This is also called the "lasting peace," "green peace," or "sustainable peace." Barnett (2008) defines peace combining the theory of "absence of violence" (Galtung 1969) and presence of "human freedom" (Sen 2014). The absence of violence protects people from being physically harassed, and the presence of human freedom

ensures the realization of human potential and choice to do whatever people like. So, peace as a comprehensive concept is meant not only the absence of war, confrontation, exercise of any forms of violence in group, national and international perspective, but also presence of conductive social and political system where human potentials are fully realized and actualized. More specifically, peace refers to the presence of human rights, human freedom, sustainable development, and ensuring basic and fundamental needs of the people. Positive peace implies on overall environment of a society where people can flourish them without any hindrance. Peace is, therefore, broadly defined as the nonviolent social change, social justice, ecological sustainability, and popular participation of people in all domains of social and political relations.

## Interrelationship Between Power and Peace

The above definition and conceptual discussion denote that both the terms power and peace are closely related and at the same time opposite from each other. Power is perceived as the way or medium of establishing peace; on the contrary, power is considered as the main spoiler of peace and security of humanity. Therefore, question has come whether power is detrimental for peace or power promotes peace. One school suggests that exercising power hinders and hampers peace and security for all or at least for a section of the people over whom power is exercised. Power is destructive based on the dominance that undermines human potential and interrupts human progress. Another school suggests that peace is a normative idea which believes in promoting both human and social progress. Power does not promote comprehensive security and development for all people; rather, it brings security and prosperity for the few in expense of harmony and peace of the majority of people. Peace is a holistic approach and takes stance for opposing any kind of forces and power in the national and international system.

Power is closely associated with armament and ownership of the lethal weapons. Sophisticated weapons are considered as the symbol of modern power in many respects. Powerful states are heavily engaged in arm race, production, marketing, and the ownership of sophisticated weaponry system. Powerful states, blocks, or alliances perceive weapons and military technologies which are the only means of acquiring power and keeping dominance over the other states. On the contrary, peace researchers consider the weapons and military technologies as the main spoiler of peace as well as the main elements for damaging environment and development efforts. War and conflicts are inherently connected with the armament and arm race. Peace researchers also consider this arm race and sophistication of weaponry system of as "threat system," which encourages the use, production, and research on arms and ammunition in the world. This threat system is often blamed as the main instrument for threatening peace and security. In the domestic arena, the "threat system" is equally applicable as and when a government or ruling class imposes excessive power and dominance controlling the social institutions by the low enforcing agencies. Under this condition, peaceful situation and human rights condition are seriously hampered. The use of power by few and unequal distribution of power in the regional and international system also contribute to emergence of structural violence.

But modern peace researchers opine that power is a necessary instrument for establishing peace and security. Kenneth Boulding (1989) argues that power is the ability to change the future. Power promotes peace when people interact with each other and surrender their realistic power to cooperation power. Kenneth Building (1970) has termed this power as "exchange power" and "integrative power" which lies on the will of the people (Boulding 1970). Under this view, power has been presented as the constructive power which is the strength when people, nation, and states come forward to combine their power as a force against the tyranny, injustice, and any kind of odds against the humanity. History shows that lasting peace was established in different phases when nation states compromise their power and come into cooperation and common ground. Immanuel Kant (1795) mentioned that war is inevitable in the society; therefore,

"republican" constitution is essential for attaining perpetual peace in the society (Kant 1795). The example of Westphalian peace treaty in 1648 and creation of the United Nations in 1945 are the examples of how nation-states compromised and surrendered their individual power to the common power.

Buzan (1984) has depicted the objectives of power and peace in international system. Peace promotes the attention of eliminating all forms of violence in regard to the relations between and within states. The concept of peace argues that insecurity in any social system is existing for the anarchy and unequal power distribution; therefore, elimination of roots of wars and conflicts is extremely essential. On the other hand, concept of power gives priority to the individual state who can be controlled internally as well as pursue interest within the state system. The concept of power identifies the problems of insecurity and conflict within the unit level and thus urges to solve the problem using power rationally both within the country and international system.

## Conclusion

In sum, it can be concluded that power and peace are opposite in terms of meaning and application, but in some respect complement for each other. Power as dominance and control is used for waging war coming from the outside and managing resistance coming from within the state. Power in this case is being institutionalized for maintaining statuesque of the government or the state. This process according to the realist perspective is essential for peace and security of a country. However, exercising power for the goal causes sufferings and destruction instead of establishing peace and development in many places in the world. Even the liberal democratic countries exercise power over its citizen as a tool of capturing and exercising political power. On the other hand, power is also seen as a tool for establishing peace when it is exercised collectively or based on the internationally accepted norms and values. For this ground, people are still rethinking how best the power can be exercised for the sake of common benefit and well-being of the people in the universe.

## Cross-References

▶ Accountability, Politics, and Power
▶ Forms of Power

## References

Barnett J (2008) Peace and development: towards a new synthesis. J Peace Res 45(1):75–89
Boulding KE (1970) The balance of peace. Pap Peace Res Soc 13:59–65
Bouilding KE (1989) A proposal for a research program in the history of peace. Peace Change 14(4):461–469
Buzan B (1984) Peace, power, and security: contending concepts in the study of international relations. J Peace Res 21(2):109–125
Carroll BA (1972) Peace research: the cult of power. J Confl Resolut 16(4):585–616
Dahl R (1957) The concept of power. Behav Sci 2(3): 201–215
Foucault M (1980) Power/knowledge: selected interviews and other writings by Michel Foucault. Harvester, Brighton
Galtung J (1969) Violence, peace, and peace research. J Peace Res 6(3):167–191
Galtung J (1985) Twenty-five years of peace research: ten challenges and some responses. J Peace Res 22(2): 141–158
Giddens A (1984) The constitution of society: outline of the theory of structuration. University of California Press, Berkeley/Los Angeles
Kant I (1795) On perpetual peace. Toronto Broadview Press, Peterborough
Krasner SD (2009) Power, the state, and sovereignty: essays on international relations. Routledge, London/New York
Lycos K (1987) Plato on justice and power: reading Book I of Plato's Republic. SUNY Press, Albany
Merriam-Webster Dictionary s. C (1996) Merriam-Webster. Incorporated, 10th edn
Morgenthau H (1973) Politics among nations: the struggle for peace and power, 7th edn. Knopf, New York. Revised by Kenneth W. Thompson and W David Clinton
Rummel RJ (1977) Understanding conflict and war: vol. 3: conflict in perspective. Sage, Beverly Hills
Sen A (2014) Development as freedom (1999). In: Roberts JT, Hite AB, Chorev N (eds) The Globalization and Development Reader: Perspectives on Development and Global Change, 2nd edn. John Wiley & Sons. Ltd, Hoboken
Singer JD (1963) Inter-nation influence: a formal model. Am Polit Sci Rev 57(02):420–430
Weber M (1978) Economy and society: an outline of interpretive sociology. University of California Press, Berkeley/Los Angeles
Webster's third new international dictionary of the English language (1981) Merriam-Webster
Zwitter A, Hoelzl M (2014) Augustine on war and peace. Peace Rev 26(3):317–324

# Power and Politics in the European Union

Imdat Ozen
Department of Political Science and Public Administration, University of North Carolina Charlotte (UNCC), Charlotte, NC, USA

## Synonyms

Confederalism; Exclusive EU competence; Federalism; Intergovernmentalism; Shared competence; State powers; Supranationalism

## Definition

The European Coal and Steel Community (now the EU) has grown in size to 28 member states that have joined together, with some others on the waiting list, to build a common economy, government, and culture. The European Union is the most successful experiment in international cooperation, but also the most complex system where powers and responsibilities are shared horizontally among interdependent institutions (European Commission, European Council of Ministers, European Parliament, European Council, and European Court of Justice) at the EU level and vertically between the EU and the member states (Hay and Menon 2007). The power or policy authority in this complex system is divided into three different categories such as exclusive EU competence, shared competence between the states and the EU, and the responsibility of member states. As McCormick describes, "Competence is a term used to indicate responsibility or authority in an area of public policy. Article 2 of the Treaty of Lisbon points out that Exclusive EU Competence in a policy area means that only the EU can legislate or adopt legally binding acts related to that area, and that the member states can only do this themselves if specifically empowered by the EU or in the interests of implementing an act of the EU. The EU has Exclusive Competence in only five policy areas-competition, customs, fisheries conservation, trade and- within the euro zone – monetary policy. Levels of competence in all other policy areas (except those where the member states have clearly retained their authority) are debatable" (McCormick 2015).

## Introduction

In the wake of World War II, statesmen such as Jean Monnet and Robert Schuman of France and Paul Henri Spaak of Belgium believed that a united Europe was essential to preserving peace and security and preventing another war in Europe. In their opinion, controlling coal and steel (building blocks of industry and raw materials for weapons of war) would ultimately result in the reconciliation of Europe. France and Germany, the two main rivalries of Europe, would combine their coal and steel production. They all agreed on the creation of a new body within which responsibility for coal and steel production could be pooled. In 1951, France, West Germany, Italy, and the Benelux countries (Belgium, the Netherlands, and Luxembourg) signed the Treaty of Paris that led to the creation of the Coal and Steel Community, a first step in the process of building the United States of Europe. The same six countries signed the Treaty of Rome in 1957, which established the European Economic Community. EEC's main goal was to create a single market which is a multistate economic area (known as a common or internal market) in which there is a free movement of people, money, goods, and services called four freedoms. Since then, in many areas of political and economic life, power has been gradually transferred from the member states to the European Union and its various institutions. For example, the European Court of Justice (similar to the US Supreme Court), which is one of the main institutions of the European Union, has weakened the sovereignty of member states of the EU by declaring that the laws of the European Union are supreme in relation to the laws of individual states in certain areas of public policy (Payne 2011). Although today's EU has its own military (Rapid Reaction Force), anthem (Beethoven's Ode to Joy), flag, holiday (Europe Day on May 9),

motto (Unity in Diversity), regulations, laws, and governing structures, the EU is not a single state yet, as is the United Kingdom and Germany. This status quo of the European Union creates a tension between intergovernmentalism (rights, interests, and powers of individual states) and supranationalism (rights, interests, and powers of the EU itself). While intergovernmentalism wants to retain the powers of the member states within the EU, supranationalism wants to take power away from individual states and invest the EU with greater authority (Kubicek 2012). The purpose of this article is to study and evaluate the politics and power distribution in the European Union.

## Politics and Power Distribution in the European Union

The European Union itself has an exclusive competence when it comes to making policy in competition, customs, fisheries conservation, monetary policy in eurozone, and trade, but the member states still have a higher degree of control over education, elections, defense, tax policy, postal services, local transport, land use, healthcare, policing, citizenship, broadcasting, and criminal justice. In most areas of policy, there is a wide overlap of powers called shared competence between the EU and its member states such as agriculture, cohesion, consumer protection, transport, trans-European networks, space policy, social policy, single market, research and development, development cooperation, energy, immigration, humanitarian aid, environment, external relations, freedom, security, justice, economic policy, employment policy, civil protection, culture, public health, etc. Therefore, the power or policy authority in the European Union can be divided into three different categories such as exclusive EU competence, shared competence between the states and the EU, and responsibility of member states. The concept of competence is the key to understand the division of powers in the European Union. As McCormick describes, "competence is a term used to indicate responsibility or authority in an area of public policy. Article 2 of the Treaty of Lisbon points out that exclusive competence in a policy area means that only the EU can legislate or adopt legally binding acts related to that area and that the member states can only do this themselves if specifically empowered by the EU or in the interests of implementing an act of the EU." As indicated above, the EU has exclusive competence in only five policy areas. Levels of shared competence in all other policy areas (except those where the member states have clearly retained their authority) are debatable. In policy areas where competence is shared, it is not always clear how far it is shared; in some areas the EU has authority only to support, coordinate, or supplement the work of the member states (McCormick 2015). Basically, outside the areas of exclusive EU competence, it is a matter of debate how much responsibility the EU has.

The power distribution of the European Union is similar to the governmental power distribution of the US federal system. Just like in the European Union, the governmental power of the USA is also divided into three different categories such as national powers (enumerated powers), concurrent powers, and state powers (reserved powers). While the federal (national) government and state governments share some powers, such as the ability to tax, make and enforce laws, charter banks and corporations, borrow money, and spend money for general welfare, each government is supreme in some spheres (O'Connor et al. 2011). In addition to the power distribution, the EU has some other qualities that make some scholars believe that EU is a federal system such as having one flag, one anthem, two levels of law (European and national), a separate executive branch (the European Commission), a separate legislative branch (the European Parliament and European Council of Ministers), and a separate court (the European Court of Justice) that coexist and share powers with their national equivalents, one currency (Euro), that is used by 19 countries in the EU. Since the European Union has not completed its evolution yet, the similarities between the EU and federalism are not enough to define the European Union as a federal system. Since the EU also has some qualities of confederation, international organization, regional

integration association, state, multilevel governance, quasi-federal polity, and cooperative federalism, nobody agrees on what exactly the European Union is. For instance, some scholars believe that the EU is a confederal system since it is a voluntary association and the member countries of the EU are free to leave the Union if they want; most citizens of the EU countries still have a higher sense of allegiance toward their national flags and national anthems; the EU institutions are weaker relative to national institutions than is the case in a conventional federal system; residents are citizens of the member states, not of the confederation; and they have a direct political relationship only with their state governments (McCormick 2015). Frederick Lister described the EU as a jumbo confederation whose members and governments continue to dominate the EU's institutions (Lister 1996). Moravcsik argued that, despite its few federal qualities, the EU is essentially a confederation of member states (Moravcsik 2007). McKay believes that we can think of the European Union as a species of federal state with some clear federal qualities and a trend over time to greater federalism (McKay 2001). Burgess argues that federal ideas have seeped into all the central institutions of the European Union, and he describes federalism as a constant reminder of a conception of Europe going well beyond mere intergovernmental cooperation (Burgess 2000). Several scholars have suggested that the EU is a hybrid system, containing features of both federalism and confederalism. While the number of federations has grown, there have been few examples in history of confederations such as Switzerland, Germany, and the United States, and none of them have ever lasted (McCormick 2015). Therefore, it is believed that the EU will end up becoming a federal system when it completes its evolution, and Tony Blair's following statements support this belief.

At one of the EU's summit meetings, Reid T. R. went up to Britain's prime minister and asked him whether these long, wordy sessions around the conference table were worthwhile. Based on Reid's description, Blair sounded bored and weary first, but then he came to life when started talking about the prospects for the EU's future. "You know, these summits makes sense if you try to have a sense of history. I mean, when the thing is getting tiresome, you have to remember what we are doing here. We are building a new world superpower. The European Union is about the projection of collective power, wealth, and influence. That collective strength makes individual nations more powerful-and it will make the EU as a whole a global power. Look, the United States is plainly the superpower of the world today, but the argument is that a single-power world is inherently unstable. I mean that's the rationale for Europe to unite. When we work together, the European Union can stand on par as a superpower and a partner with the U.S. The world needs that right now" (Reid 2004).

The following story of the blind men and elephant is a great example to understand the European Union:

> Several blind men approached an elephant and each touched the animal in an effort to discover what the beast looked like. Each blind man, however, touched a different part of the large animal, and each concluded that the elephant had the appearance of the part he had touched. Hence, the blind man who felt the animal's trunk concluded that an animal must be tall and slender, while the fellow who touched the beast's ear concluded that an elephant must be oblong and flat. Others of course reached different conclusions. The total result was that no man arrived at a very accurate description of the elephant. Yet each man had gained enough evidence from his own experience to disbelieve his fellows and to maintain a lively debate about the nature of the beast. (Puchala 1972)

With this universally known story, Donald Puchala is pointing out that nobody agrees on whether the European Union is a type of country or if it is a large and powerful international organization (EU Learning).

The European Union consists of five main institutions that were given power by twenty-eight member states in the European Union: the European Commission, European Council of Ministers, European Council, European Parliament, and European Court of Justice. On the one hand, the 28 member states of the EU are sovereign actors in the international system, with

territory, sovereignty, independence, and legitimacy. On the other hand, the member states have pooled or transferred their authority to the extent that it is no longer accurate or practical to think of them as independent political actors (McCormick 2015).

Starting with the Treaty of Paris that created the European Coal and Steel Community in 1951, the powers of the institutions of the European Union were expanded gradually. Although the European Union does not have a written constitution, it has several main treaties that empowered the Institutions of the European Union gradually. The following treaties of the EU specify the powers of the institutions and obligations of the member states: Treaty of Paris 1951, Treaty of Rome 1957, Treaty of Single European Act 1986, Treaty of Maastricht 1992, Treaty of Amsterdam 1997, Treaty of Nice 2001, and Treaty of Lisbon 2007. Before giving examples on how exactly these treaties empowered the EU and its institutions, it is crucial to understand the main structure and powers of the EU institutions.

## The Institutions of the European Union

**European Commission**: The European Commission is the executive branch and bureaucratic arm of the European Union. Its main components are the president, College of Commissioners, directorate-general and services, a network of advisory and executive committees, and the -secretariat-general. The president of the European Commission is proposed by the European Council using a qualified majority vote, and he or she must be confirmed by a majority vote in the European Parliament. The president of the European Commission is appointed by the European Council for renewable 5-year terms. Including the president of the European Commission, the College of Commissioners consists of 28 members who head the European Commission. Twenty-seven members are chosen by the president from lists submitted by governments of member states, and then the European Council either approves or rejects the final draft by a qualified majority vote. The European Parliament must also approve all nominees. The College of Commissioners serves a 5-year term, functions as a cabinet, and makes the final decisions on which proposals for new laws and policies should be sent to the European Parliament and European Council of Ministers for approval (McCormick 2008). The main powers of the European Commission are as follows:

- *Initiation*: It is the only institution tabling laws for adoption by the European Parliament and European Council of Ministers.
- *Implementation*: Together with the European Court of Justice, it ensures the correct application and implementation of EU legislation in all the EU member states (Bomberg et al. 2008).
- *Developing and managing EU budget*: It draws up annual budgets for approval by the European Parliament and European Council of Ministers, sets EU's spending priorities, and supervises how the money is spent (European Union a 2015).
- *Managing the EU's external relations*: Vets applications for full or associate membership from aspirant states and oversees the negotiation process with applicants, represents the EU in international trade negotiations, and coordinates the European Union's Official Development Assistance and Humanitarian Aid (McCormick 2008).

**European Council of Ministers**: It consists of the presidency, councils, Committee of Permanent Representatives (COREPER), working parties and committees, and the general secretariat. The European Council of Ministers is the quasi-legislative arm of the European Union, and it shares power with the European Parliament for discussing and passing EU laws. It also shares powers with the European Parliament for approving and adopting the EU budget. Since the Treaty of Maastricht in 1992 obliged the presidency of the Council of Ministers to consult with the EP on the development of the Common Foreign and Security Policy, with the consent of the European Parliament, it also concludes international agreements on behalf of the EU. Each

country of the European Union holds the presidency on a 6-month rotating basis, and the 28 members (government ministers from each EU country) under the councils constantly change depending on the policy area to be discussed (European Union b 2015).

**European Council**: It consists of 28 heads of governments of the EU member states. It is chaired by a president who is appointed by the members of the European Council for two and a half years, renewable once. The European Council meets at least four times a year and provides strategic policy direction for the EU. The European Council can be considered as a steering committee or a board of directors of the EU. It mainly discusses the broad issues and goals of the EU and leaves it to four other institutions of the European Union to work out the details. It has power to make nominations to several senior positions such as the president of the European Commission, High Representative of the Union for Foreign Affairs and Security Policy, and president of the European Central Bank. Till the Treaty of Lisbon, both the European Council of Ministers and the European Council had a presidency on a 6-month rotating basis, but the European Council is now headed by its own president (McCormick 2008).

**European Parliament**: It has the following five components: The president, Members of the - European Parliament (MEPs), the rapporteurs, the secretariat, and parliamentary committees. It is the legislative arm of the EU and shares powers with the European Council of Ministers. The European Parliament started life as a toothless, consultative body in a union with only six countries such as France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. Today's European Parliament is directly elected by the citizens of the 28 EU member states and has a good deal of power (Noury and Roland 2002) There are 751 member in the European Parliament, and MEPs are distributed among the members states roughly in proportion to population of the EU countries, with Germany having 96 and Malta having six. Just like the European Council of Ministers, the European Parliament also has powers over legislation and the budget. It also has powers over other EU institutions such as having right to confirm or reject the European Council's nominees for president of the European Commission and High Representative of the Union for Foreign Affairs and Security Policy, approve the appointments to the College of Commissioners, and force the resignation of the College of Commissioners through a motion of censure.

**European Court of Justice**: The European Court of Justice is the judicial authority of the EU and consists of five components: The president, judges, advocates-general, General Court, and the EU Civil Service Tribunal. The court has 28 judges appointed for renewable 6-year terms of office. The president of the court is elected from among its judges for renewable 3-year terms. The court's main responsibility is to make sure that the treaties are correctly interpreted and national and European laws meet the terms and the spirit of the treaties, and the EU law is equally, fairly, and consistently applied throughout the member states. The court does this by ruling on the constitutionality of EU law, making judgments in disputes involving member states, corporations, individuals and EU institutions and giving opinions to national courts of the member states in cases where there are questions about the meaning of EU law or doubts on the interpretations of the treaties. EU law takes precedence over the national laws where the two come into conflict, but only in areas of EU Competence (McCormick 2008).

Each main Treaty of the EU has made an impact on increasing the powers of the EU and its institutions:

For instance, in its early years, the European Parliament was mainly limited to the *consultation procedure*, and it was the European Council of Ministers that had the final say over the adoption of EU laws, but the Treaty of Single European Act in 1986 changed the balance of power by introducing a new cooperation procedure that gave the EP a second reading for laws in environment, single market, regional policy, and European Social Fund. The Treaty of Maastricht (Treaty on European Union) in 1992 gave more power to the EP by extending cooperation to cover more policy areas and introducing a new *co-decision*

procedure that allowed for a third reading. The Treaty of Lisbon in 2007 renamed the co-decision procedure as ordinary legislative procedure, and this is the most common legislative procedure now used in the European Parliament. Ordinary legislative procedure gives the European Parliament and European Council of Ministers equal powers over proposals for almost all EU legislation. The Treaty of Amsterdam in 1997 also expanded the powers of the European Parliament, and EP was given the power of approval over the appointments to the College of Commissioners.

The Single European Act has given legal status to the meetings of the European Council, created a new Court of First Instance (General Court) to help the European Court of Justice with the growing legal caseload, and given more responsibility to the community over environmental policy, research and development, and regional policy. The Treaty of Maastricht has given new rights to the citizens of the EU member states and created an ambiguous citizenship allowing EU citizens to live wherever they want in the EU and to stand and vote in local and European elections. The Treaty of Amsterdam has created a new office of high representative of Common Foreign and Security Policy (CFSP), extended the EU policy responsibilities to health and consumer protection, and incorporated the Schengen Agreement into the EU treaties. The Treaty of Lisbon has allowed the members of European Council to appoint their own president, created a new office of High Representative of the Union for Foreign Affairs and Security under the European Commission, created a new formula for qualified majority voting in the European Council of Ministers, and formally recognized the freedom of a member state to leave the European Union. The Treaty of Nice has given each member state just one commissioner and left today's College of Commissioners with 28 members (McCormick 2011).

## Conclusion

Although the current EU institutions are weaker relative to the national institutions than is the case in a conventional federal system such as the USA, the EU and its institutions are definitely becoming more powerful, and each new EU treaty is taking the EU a step closer to becoming a federal system and the United States of Europe. Although the EU has become more and more supranational over time, it is still far from the point where one could talk about the irrelevance of 28 member nation states in the European Union today (Kubicek 2012). The tension between intergovernmentalism and supranationalism will continue to make an impact on the politics and power division in the European Union which is a complex system where powers and responsibilities are shared horizontally among interdependent institutions (European Commission, European Council of Ministers, European Parliament, European Council, and European Court of Justice) at the EU level and vertically between the EU and the member states (Hay and Menon 2007).

## Cross-References


- ► European Harmonization and EPSAS
- ► Global and International Politics
- ► Globalization and Public Administration
- ► Politics and Public Policy
- ► Power and Politics: Basic Concepts


## References


Bomberg E, Peterson J, Stubb A (2008) The European Union: how does it work? 2nd edn. Oxford University Press, New York

Burgess M (2000) Federalism and European Union: the building of Europe, 1950–2000. Routledge, London

EU Learning. http://carleton.ca/ces/eulearning/introduction/what-is-the-eu/extension-of-blind-men-elephants-and-international-integration-2/. Retrieved 5 Mar 2016

European Union a (2015). http://europa.eu/about-eu/institutions-bodies/european-commission/index_en.htm#goto_1. Retrieved 25 Feb 2016

European Union b (2015). http://europa.eu/about-eu/institutions-bodies/council-eu/index_en.htm#goto_1. Retrieved 20 Feb 2016

Hay C, Menon A (2007) European politics. Oxford University Press, New York

Kubicek P (2012) European politics, 1st edn. Pearson, United States

Lister FK (1996) The European Union, the United Nations, and the revival of confederal governance. Greenwood, Westport
McCormick J (2008) Understanding the European Union: a concise introduction, 4th edn. Palgrave, London
McCormick J (2011) European Union politics, 1st edn. Palgrave, London
McCormick J (2015) European Union politics, 2nd edn. Palgrave, London
McKay D (2001) Designing Europe: comparative lessons from the federal experience. Oxford University Press, New York
Moravcsik A (2007) The European constitutional settlement. In: Meunier S, MacNamara KR (eds) Making history: European integration and institutional change at fifty. Oxford University Press, New York
Noury AG, Roland G (2002) More power to the European Parliament? Econ Policy 17(35):279–319
O'Connor K, Yanus AB, Sabato LJ (2011) Essentials of American government, roots and reform, 2011th edn. Pearson, United States
Payne RJ (2011) Global issues, 3rd edn. Longman, United States
Puchala DJ (1972) Of blind men, elephants and international organization. J Common Mark Stud 10(3): 267–284
Reid TR (2004) The United States of Europe: the new superpower and the end of American supremacy, 3rd edn. Penguin Books, New York

# Power and Politics: Basic Concepts

James Alexander
Department of Political Science, Bilkent University, Ankara, Turkey

## Synonyms

History of political thought; Political philosophy

## Introduction

It is no easy matter to discuss the basic concepts of politics. To do so requires both philosophical and historical reflection. Philosophical reflection considers such concepts in relation to truth; historical reflection considers them in relation to time. A basic concept of politics is one which enables us to state the problems of politics. "Liberty," "justice," "equality," "rights," and "democracy" are not basic concepts for this reason. They are the words for highly sophisticated answers proposed by some to the problems of politics. Anyone who takes any of *those* concepts to be basic is simply making a mistake.

The basic concepts of politics have been much written about in the western tradition of political thought. There are two types of basic concepts, those which clarify the questions raised by politics and those which attempt to state the answers to these questions. There are three sections in this chapter, one for the questions, one for the answers, and one for politics itself.

## The Questions

The basic questions of politics cannot be conceptualized simply. Politics is not a simple subject. So in the last century or so, these questions have come to be conceptualized in terms of six nexuses. A "nexus" is a tension between two features or elements of a human situation which can, at times, appear to be in contradiction but can be reconciled or overcome in some way or other. The six nexuses form a complete sequence taking us from a "state of nature" to the "state."

The first is the *nexus of sociability and unsociability*. Aristotle in *The Politics* thought humans were political animals, that is, naturally sociable; Hobbes in *De Cive* thought not. Both were right. Humans are, as Kant put it, characterized by *ungesellige geselligkeit*: they are "unsociably social" (Kant 1991, p. 44). We are continually coming together, to share our activities, before then departing, whether physically or imaginatively, all the while displaying and concealing our separate views of what should be done. This makes all shared human activity highly uncertain. The question is what arises when unsociably social humans try to act together sociably?

The answer is the *nexus of conflict and cooperation*. Since humans are both sociable and unsociable, when they come together there is a continual uncertainty about the nature of their

ability to do anything together and to do it for any length of time: each human reacts against others and reacts against him or herself. In this situation, while humans are together, they experience moments when their ends coincide and there is concord and moments when they do not and there is discord. At this stage "politics is the balance of conflict and co-operation between human purposes on any scale on which you care to look at it." (Dunn 2000, p. 361) But it is more than this, because the next question arises, what happens when humans come into conflict? Conflict is not, as it might be, the end of politics but one of its conditions.

The third nexus is the *nexus of coercion and consent*. The result of human conflict would be the continual threat of relapse into unsociability if it were not for this. For here humans impose their wills on each other and not only their wills but their imaginations. If I impose my will on you, in the first instance I coerce you, as if we are at war, by using force. This is a simple possibility, a fact of power. But humans are capable of understanding how they have consented to such coercion: and thus coercion becomes something other than coercion. Through consent coercion might even become concord. At this stage politics is the conversion of power, force, or violence into something else or, as Runciman puts it (2014, p. 11), "the control of violence." "What's specific to politics" – at this stage – "is the relationship over time between consensus and coercion" (p. 13). This nexus signals the end of any original condition of equality. Coercion creates inequality, after which consent enables us to justify inequality or even overcome it completely.

The fourth nexus is the *nexus of rulers and ruled*. The resolution of conflict by coercion and the subversion of coercion by consent mean that an order is established which divides a society into recognized classes, which means fundamentally into classes of rulers and ruled. A community is arranged into vertical hierarchies of classes or castes and acquires its distinctive culture and character through the mechanisms by which these hierarchies are established, sanctified, maintained, adjusted, and exploited. This is the most important of all the nexuses. It is here we find the traditional Greek constitutions of monarchy, aristocracy, and democracy. Grotius declared in the seventeenth century (1949, p. 130) that "a relationship of the parts that rule and the parts that are ruled" was the proper study of the *politicus*, or political scientist. Collingwood's remarkable *Three Laws of Politics* (1992, pp. 189–190) is the best characterization of this nexus. The first law is that "a body politic is divided into a ruling class and a ruled class"; the second law is that "the barrier between the two classes is permeable in an upward sense"; and the third law is that "there is a correspondence between ruler and ruled": the ruled are educated by the rulers so that they too can become rulers. At this stage power is no longer a mere flux dependent on sociability and unsociability operating through conflict and cooperation: it is a flux which is fixed at a center, even if only an imaginative center, and therefore a center of power emerges. Hence the fifth nexus.

The fifth nexus is the *nexus of center and periphery*. Unlike the fourth, which is vertical, this nexus is horizontal and is best understood abstractly in terms of the extension of power in space. A power is established at a center, the point at which rulers and ruled are distinguished. Maintaining, changing, and subverting vertical hierarchies consumes power, but it also unleashes greater power outward where it is used in maintaining and extending control at a distance. This power inevitably declines the further we move from the center outward to the periphery. The decay of power allows first outlaws and then other communities to exist, which are either ruled from their own centers or not ruled at all. If the previous nexus raises the question of the nature of the constitution, this nexus raises the question of how the body politic understands itself to relate to the world as a whole.

There are, formally considered, in terms of territory, three major ways in which a body politic can relate to the world. It may be a state, an empire, or a cosmopolis. If a power recognizes other equal powers and divides the territory of the world between them with the eventual acknowledgment of borders, then it will be a primitive state. The modern legal state of the last five centuries is simply this state brought into law

(Skinner 1989). It is fundamental to a state not only that it is, as Weber (1994, p. 326) put it, the possessor of the legitimate monopoly of violence within its territory but that it *recognizes* the existence of equally legitimate monopolies of violence beyond its borders (Lauterpacht 1948). Secondly, a power may refuse to recognize other powers but only its own power extended as far across the world as it can be extended, so there are no borders, and there is no recognized rival *de iure*, no matter what exists de facto. This is an empire (Münkler 2007, p. 5). Thirdly, a power may extend across the world and be recognized as justified, sublimated, existing in a total world order not by coercion but only by consent: this is – we still lack an agreed language for this – a cosmopolis. This last is perhaps unattainable, but it remains the ideal of a body politic of all humans: it is perhaps the telos of all political activity, even if impossible (Kant 1991).

The sixth nexus is the *nexus of past and future*. If the fifth nexus concerns space, this concerns time. It is simple enough. The establishment of order has a history, established in memories or canons of literature, including both continuities and discontinuities, which enables us to make sense of the past and anticipate the future. Traditions are established, forgotten, and recovered (Renaissance and Reformation) or criticized and extended (hence Enlightenment) – perhaps even invented (Hobsbawm 1983). Sometimes absolute revelations or epistemic insights convince us that we can establish fixity in the flux of time. There is no doubt that uncertainty about the relation between past and future is a major source of political anxiety. Almost all political philosophy is a meditation on the mortality of states. Even Hobbes's Leviathan, though a god, was a *mortal* god.

The discovery of these six nexuses is the achievement of Western political theory. They describe the difficulties faced by humans in attempting to create or maintain any sort of order on earth. The answers to those difficulties constitute politics. But politics is not simple. It is not one answer but a great set of contradictory answers. Four major paradigmatic concepts have emerged which enable answers to be offered to the question of politics. These paradigms are not just historical. All four still exist and still complicate everything we think about politics.

## The Answers

Of the four paradigms, or four paradigmatic concepts, in terms of which answers have been proposed to the questions thrown up by politics, the first is simple and already evident in what has been said so far. It is power. The other three are law, love, and commerce.

The four paradigms form a logical, as well as a historical, succession. Fundamentally, there is power. Law is antithetical to power, impersonal where power is personal, fixed where power is a flux. Love is the reconciliation of the two. It offers completion but perhaps only in unattainable form. So there is a fourth paradigm, an adjustment of power, so it is not merely imposed from above but discovered in human activity. Yet even this, so far from answering our questions about politics, puts them in amber, makes them eternally unanswerable. So we must consider all four paradigms.

Power is a fact of all life. All life exerts itself, strains for a "place in the sun": to somehow take some of the power of the sun, even if only indirectly. Plants exert themselves to cover the earth – they struggle for land (consider the epic struggle eight million years ago between the empire of trees and the empire of grass) – and animals struggle on the face of the earth, above it and below it, to maintain their modes of life, by conquering and consuming plants and other animals and by struggling against other animals, of the same and other species, to propagate themselves across the earth. Raymond Geuss (2008, p. 97) has recently told us: "If you want to think about politics, think first about power." But there are two ways of thinking about power. One of them is ancient, though it is still with us, and the other is modern. One is absolute, the other dialectical. The first is power in the form of power over others. Here power is a capacity belonging only to the stronger, the lord, the master, the king, the priest, the god. The second way of thinking about power sees power as everywhere, as a matter of relations and acting together, or as a capillary presence and situational

fact: not so much "power over," as "power with" or even "power throughout" – the power evident in a system (Foucault 2004). Such dialectical views are now standard; Hegel spoke of a "master–slave dialectic"; Nietzsche spoke of "slave-morality"; anthropologists now speak of "reverse dominance hierarchies." Such reversals explain why it is difficult to distinguish power from authority and influence. J. R. Lucas (1967, p. 16) distinguished them as follows: by *power*, if I say "let this happen," then it happens; by *authority*, if I say "let this happen," then it ought to happen; and by *influence*, if I say "let this happen," then others say "let this happen." This is a good formal distinction. In practice they are difficult to distinguish.

Some have returned to an absolute theory of power. The most famous theory is the one proposed by Steven Lukes (2007):

1. I have one sort of power over you if I can make a decision on your behalf.
2. I have another sort power over you if I can exclude the decision you want from the range of available options.
3. I have yet another sort of power over if I can control the means by which the decision is implemented or the conditions on which the decision depends, even if it is the decision you want.

No matter how dialectically it is understood, power of this sort remains an absolute fact. Since this is so, humans have sought to restrain it by various means. The primary means is law.

If power is a fact or a flux, then law is a frame for the fact or flux of power. The word "law" is derived from an old Teutonic word meaning "to lay something down." Law seeks fixity, stability, and security through the laying down of standards. Humans have never lived without standards, though these have not always been codified. Law brings with it subsidiary concepts like right or justice or legitimacy which are meant to stand behind any actual law, to make that law right or just or legitimate. Plato suggested a magnificent threefold about where we find law in a political order. There is:

1. A ruler who has the laws within him, is *nomos empsychos*, the spirit of the law.
2. A ruler who acknowledges laws that are outside himself.
3. A ruler who does not acknowledge laws.

Plato distinguished these in terms of knowledge. The first type of ruler has perfect knowledge, the second has imperfect knowledge formalized in law, and the third is ignorant and rules capriciously (Barker 1959, p. 175). Plato considered the second, which we would now call "the rule of law," a mere second best. But the Biblical writers, who understood how weak kings could be, considered Josiah, the king who discovered "the book of law," one of their greatest kings: and for a time suggested that on coming to power, a king should be locked away to study a copy of the law. This was a vision of politics of the second best: though the Israelites did not think of it this way, since for them the law was God's law. In the absence of God's law, it is unclear how to ground our trust in law. Is there such a thing as natural law? Or is there only positive law?

Behind these questions lies the greater question of one of the relation between law and power. Power is the realm of *is*. Law adds to *is* a beguiling second, *ought*. Power should be in accordance with law. But power is independent of and prior to law. "Naturally and thus originally *might*, not *right*, rules on earth and has the advantage over the latter of the *jus primi occupantis*. All that we can desire and demand is that it will always be on the side of, and associated with, right" (Schopenhauer 2000, Vol. 2, p. 248). Law requires a power acting on behalf of law to force all power, or all other power, to lie down with the law. As Schmitt (2015, p. 32) put it, power is a surplus. "Even in those cases where power is exercised with the full consent of all those subjected to it, it still retains a certain significance of its own, a surplus value, so to speak." Aristotle in the *Politics* could not decide whether to locate the ultimate *arche* in the *polis* in rules or a ruler. And power and law have remained the fundamental contradictory elements of politics. No one has succeeded in resolving them. Even in our time Michel Foucault and Noam Chomsky (2006)

have disagreed on the question of whether power is prior to law or law prior to power.

Justice has been a major concern of political philosophers from Socrates to Rawls. But belief in law and justice has always depended on some higher principle than the law itself. In the Bible (1 Timothy 1:9) it says, "The law is not made for a righteous man." The idea is that a righteous man, like Plato's statesmen, does not need the external imposition of law, because the law is within him because of his understanding of and sympathy with the principle of all things: in other words, because of love. This brings us to the third paradigm.

The case for love was stated in full in our tradition by Augustine (1998), who understood that Christianity had destroyed classical assumptions about politics once and for all. A *societas perfecta*, for all ancient philosophers, was one in which there was harmony, concord: a society of friends or of love, where we trusted our rulers, where we had faith in them. This trust or faith was usually lacking in practice, and the eventual verdict was that such a society could only exist by grace, by an act of God. Such a vision of political grace has almost always existed: it survived into modernity in utopias which looked forward, or in romantic visions of a golden age which looked backward, to a better society. Without such a vision, political philosophy lacks its telos, a good order or *eunomia*. According to such a vision, right is righteousness. We seek a complete harmony between man and world, and therefore all men. In religious terms this harmony is derivative. Humans can trust God and so can, by grace, by covenant, or even by imitation, trust each other. This paradigm completes the paradigm of law while not belonging to it.

This paradigm of political thought has depended on a multitude of expedients: covenants, oaths, contracts, prayers, sacrifices, priests, prophets, missionaries, and even a revolutionary vanguard. It has its own set of related concepts: faith, hope, charity, benevolence, and trust. All of these expedients were designed to make trust in other men possible. Rousseau's "general will" was the attempt to create a secular trust and was perpetuated in historicized form by Hegel into the nineteenth century where it existed to inspire Marx to his theories. It was adapted by anarchists: those who took it so far that they disavowed any dependence on God and assumed that humans by their own efforts, by imitation alone, could achieve a perfect society (Rocker 1998). Most philosophers, however, chose other paths. Their expedients – involving rights or any sort of calculus or, more practically, "democracy" (elective oligarchy in borrowed regalia) and "checks and balances" – were admissions of failure. The ideal could not be achieved: so we attempted to patch up the actual. Love was considered "not of this earth." The Catholic Church could not hold onto its claim to be a perfect society and was usurped by the state, which never pretended to be perfect. The state clothed itself in the paradigms of power and law – the languages of *Raison d'état* and *Rechtsstaat* – and finally clothed itself in the next paradigm to emerge: the commercial paradigm which was the contribution of the seventeenth and eighteenth centuries.

A political order constructed in terms of commerce is a political order constructed in terms of an adjusted theory of power. Where power formerly had always been understood to be "power over," here power is understood to be transactional, where the transaction is more significant than the status of the transactors. The revolution in consciousness which came about through the establishment of the commercial paradigm is still not understood as clearly as it should be. It is not that individuals engage in commercial transactions: it is that they fundamentally relate to each other in the manner of a commercial transaction (Hont 2015, p. 3). Without this there would have been no modernity: no enlightenment; no historical consciousness; no science of economics; no politics of gross domestic products, investment, and capital; no romanticism; no revolution; and no ideologies.

The nexus of sociability and unsociability had always caused problems for theorists. The compromise between Aristotle and Hobbes which was established by Pufendorf and taken up by Adam Smith and others was that "sociability was not an immediate and instinctive natural propensity but

rather a reciprocal transactional mechanism to repair the feeblest aspects of man's natural constitution" (Hont 2005, p. 41). It depended, as Smith (1991, p. 12) put it, on "the propensity to truck, barter, and exchange one thing for another." The commercial paradigm involves the claim that the establishment of order is an unconscious consequence of acts carried out with other purposes in mind. Passions are no longer condemned, and selfishness is no longer condemned: because, as Mandeville put it, private vices generate public virtues. Particular interests are the motive forces of universal history. This is Adam Smith's theory of the "invisible hand." Its discovery unleashed on the world a paradoxical question, the answers to which for a century or longer seemed to offer humanity answers to all the problems of existence. The question was: Until now we thought our achievements were conscious and intended. Now we know they were unconscious and unintended. But now we are conscious of *this fact* – what do we intend?

The commercial paradigm put everything in the older politics to the question. Yet modern politics has to be considered in terms of all four paradigms. Power has a very insecure hold on the future, even if it seems decisive in the present. Law offers more hold on the future, since it is static, fixed. Love offers security for this rather impersonal law yet also makes it secondary and perhaps seeks a perfection not to be found in politics. And the final hope is that the unconscious activity of humans engaged in commerce in search of their own satisfactions might by some invisible hand generate not only the order we seek but also that continued order we hope for. This is the hope of the enlightened modernity of the last few centuries, in which we still exist. After Hume and Smith, there was the French Revolution and Burke and Marx, and after the long nineteenth century of Bentham and Mill and other optimists, there was the First World War and all the fractured consciousness and modernism and skepticism of Heidegger, Barth, Oakeshott, Gramsci, Schmitt, and many others. The questions of politics are still open.

What is politics in particular?

## Politics

Politics, for Aristotle, was the word for the activity appropriate to the polis and also the activity of understanding the polis. Aristotle understood all too well that this science was an object of study which at any time could exercise control of the scientists conducting that study. He said at the beginning of the *Nicomachean Ethics* (1934, p. 5) that politics was the *ruling* science, "for it is [the science] that ordains which of the sciences are to exist in states." Interestingly, the word "politics" in medieval Europe always had a positive meaning: it was only used to describe the good order. For many, like Thomas Aquinas, politics was only found in republics, not monarchies. From the fifteenth century, some writers applied political language to monarchies (Rubinstein 1987). And then came what Maurizio Viroli has called "the revolution in the concept of politics":

> Before the revolution, the word politics had only a positive connotation. Afterwards, it acquired, for the most part, only a negative connotation. Having enjoyed for three centuries the status of the noblest human science, politics emerged from the revolution as an ignoble, depraved, and sordid activity: it was not longer the most powerful means of fighting oppression and corruption but the art of perpetuating them. (Viroli 1992, p. 477)

This shift is now associated with Machiavelli. But Machiavelli kept apart his reflections on how a prince should control the state from his reflections on good order. Careful readers of Machiavelli, like Bodin, Harrington, and, later, Arendt, saw that Machiavelli had wanted to restore classical political science. But things were no longer so simple: the light and dark were henceforth mixed. Harrington (1992, p. 8) had distinguished "ancient prudence" from "modern prudence": the former was "an art whereby a civil society of men is instituted and preserved upon the foundation of common right or interest," and the latter was "an art whereby some man, or some few men, subject a city or a nation, and rule it according to his or their private interest." But now both are part of politics.

Between the seventeenth and nineteenth centuries, the master concept of politics was "the

state." But since the late nineteenth century, political theorists have tried to define politics (or "the political") apart from the concept of the state. The most impressive of these are Schmitt ([1932] 1996), Collingwood ([1942] 1992), Arendt (1958), Oakeshott (1975), and Rancière (1999). Their definitions are so contradictory that there is reason to think that thinking about politics should now begin with reflecting on the contradictions between them (Alexander 2014). For instance, Arendt and Rancière begin with the singular view that "politics" cannot be associated with rule. The problem is that all major political philosophers from Aristotle through Hobbes to Hegel have understood that "politics is inherently concerned with rule" (Dunn 2000, p. 15). If we cannot ignore Arendt and Rancière, it is because politics is obviously much more than rule and is sometimes "much more" in a way which can seem antithetical to rule.

At the beginning of the twenty-first century, it seems that politics has a variety of meanings, which can be arranged in a scale of forms as follows:

1. Politics is, most simply conceived, rule.
   *But it is difficult to maintain the fixity of rule in a changing world, so*:
2. Politics, at a higher level of complexity, is the maintenance of rule by rulers in a changing world.
   *But it is not only rulers who disagree about how to do this; the ruled also disagree about it; and it is possible for disagreement to be incorporated into the system, so*:
3. Politics, at an even higher level of complexity, is the maintenance, adjustment, and subversion of rule, as well as deliberation about rule, by those who are in dispute about it.
   *But politics is not only a practical matter of dispute, it is also a theoretical matter of conceptualization, so*:
4. Politics, at the highest level of complexity, is the critical understanding or science of the maintenance, adjustment, and subversion of rule by those who are in dispute about it.
   *Where politics is understood in terms not only of time but of truth*.

## Conclusion

Politics is complicated by the six questions (nexuses) and four answers (paradigms). It is torn between an ancient prudence which values the common good and a modern prudence which values the individual good. It is very often a matter of "irrelevance, inadvertence and ambition" (Cowling 1963, p. 187). Yet it is also sometimes a matter of the highest ideals. This is why we may well agree with Mr. Pickwick, who said, in the fifteenth chapter of the *Pickwick Papers*, to a curious and studious foreigner, that "the word politics, Sir, comprises, in itself, a difficult study of no inconsiderable magnitude."

## References

Alexander J (2014) Notes toward the definition of politics. Philosophy 89:273–300
Arendt H (1958) The human condition. Chicago University Press, Chicago
Aristotle (1934) The Nicomachean ethics. Harvard University Press, Cambridge, MA
Augustine (1998) The city of god. Cambridge University Press, Cambridge, MA
Barker E (1959) The political thought of Plato and Aristotle. Dover Publications, New York
Chomsky N, Foucault M (2006) The Chomsky-Foucault debate on human nature. The New Press, London, pp 1–67
Collingwood RG (1992) The New Leviathan [1942]. Clarendon, Oxford
Cowling M (1963) The nature and limits of political science. Cambridge University Press, Cambridge
Dunn J (2000) The cunning of unreason. Harper Collins, London
Foucault M (2004) Society must be defended. Penguin, London
Geuss R (2008) Philosophy and real politics. Princeton University Press, Princeton
Grotius H (1949) The law of war and peace [1625]. Walter J. Black, New York
Harrington J (1992) The commonwealth of Oceana and a system of politics. Cambridge University Press, Cambridge
Hobsbawm E (1983) Inventing traditions. In: Hobsbawm E, Ranger T (eds) The invention of tradition. Canto, Cambridge, pp 1–14
Hont I (2005) Jealousy of trade. Belknap, London
Hont I (2015) Politics in commercial society. Harvard University Press, Cambridge, MA

Kant I (1991) Political writings. Cambridge University Press, Cambridge
Lauterpacht H (1948) Recognition in international law. Cambridge University Press, Cambridge
Lucas JR (1967) The principles of politics. Clarendon, Oxford
Lukes S (2007) Power. Palgrave Macmillan, London
Münkler H (2007) Empires. Polity, Cambridge
Oakeshott M (1975) On human conduct. Clarendon, Oxford
Rancière J (1999) Dis-agreement. University of Minnesota Press, Minneapolis
Rocker R (1998) Nationalism and culture. Black Rose Books, Montreal
Rubinstein N (1987) The history of the word politicus in early-modern Europe. In: Pagden A (ed) The languages of political theory in early-modern Europe. Cambridge University Press, Cambridge, pp 41–51
Runciman D (2014) Politics. Profile Books, London
Schmitt C (1996) The concept of the political [1932]. University of Chicago Press, Chicago
Schmitt C (2015) Dialogues on power and space. Polity Press, Cambridge
Schopenhauer A (2000) Parerga and Paralipomena [1851]. Oxford University Press, Oxford
Skinner Q (1989) The state. In: Ball T, Farr J, Hanson RL (eds) Political innovation and conceptual change. Cambridge University Press, Cambridge, pp 90–131
Smith A (1991) The wealth of nations [1776]. Everyman, London
Viroli M (1992) The revolution in the concept of politics. Political Theory 3:473–495
Weber M (1994) The profession and vocation of politics [1919]. In: Political writings. Cambridge University Press, Cambridge, pp 309–369

## Power Elites

Niilo Kauppi[1] and Mikael Rask Madsen[2]
[1]University of Jyväskylä, Jyväskylä, Finland
[2]iCourts, Centre of Excellence for International Courts, University of Copenhagen, Copenhagen K, Denmark

Sociologists have taken an interest in elites since the discipline started to take form in the nineteenth century. Alexis de Tocqueville's explorations of the formation of the United States and modern society clearly highlighted the key role played by legal professionals in this process and how they offered an important alternative to the landed elites who still dominated in Europe (Tocqueville 1842). Half a century later, Max Weber explored modern society by highlighting how the bureaucratization of the state via legal rationalization created a professional corps of jurists who effectively exercised (delegated) state power (Weber 1978). Moreover, the modern state and society developed a professionalization of politics which challenged other, previously established, forms of power and domination. Both authors were however very much aware that there was no complete transformation from older forms of power to a meritocratic and democratic society and its agency.

This tension between traditional elites (broadly speaking) and modern meritocratic and professional elites such as lawyers and economists remains central to understanding contemporary processes of globalization and the formation of power elites (Kauppi and Madsen 2013a, 2014). Scholars have shown how an often ambiguous combination of transnational professionals and more traditional powerholders (supranational capitalists, hegemonic states, etc.) not only dominate international affairs but also largely define the very territory of what is typically referred to as the international. This challenges more formalist ideas of the delineation of the international sphere and its agency by situating processes of internationalization as prolongations of the struggles over power and domination which characterize the national level (Dezalay and Madsen 2009). The dichotomy between the national and the international is largely erased, and most of the processes in question are indeed more transnational in scope, that is, encompassing several national and international spaces – and so are the elites in question: They are global in outlook, and their actions help produce global fields. They are, in the words of Jeffrey Jackson, *globalizers* (Jackson 2005).

Following Tocqueville and Weber, elites are as a select group of agency that can be defined as

This chapter in large part reprints the analysis in Kauppi, N. and M. R. Madsen (2016). Global Elites. *Routledge Handbook of International Political Sociology*. X. Guillaume and P. Bilgin. London, Routledge.

elites by virtue of them being superior in terms of competence (knowledge and know-how) and/or because they enjoy a superior status (socially, economically, or intellectually). Elites are in other words either *relatively* defined (they are superior to the rest of their group) or *materially* defined (they possess more of a given (material or symbolic) asset than others). Importantly, they are in both cases in a position to exercise significant power with regard to global processes – and more power than nonelites. Approaching elites this way helps capture, for example, both transnational capitalists and transnational professionals under the same overarching notion of global (power) elites. This is important as to avoid distinguishing too sharply between new transnational professional elites and what could be defined as old more traditional international elites. The first reason for this is that these groups in some cases are interchangeable and often tacitly use the different professional and social venues they have access to (Dezalay 2004). The second reason is that research into global power elites should not limit itself to an extension of the sociology of professions. Instead, it should be concerned with the sociological properties of these groupings with the goal of explaining the political and social consequences of their rise to dominance for the broader social and political figurations of emerging global society.

## Theories of Global Elites

This way of delineating elites differs from most studies in the area. In a previous study, we coined the notion of *transnational power elites* with the goal of identifying our object as the agents of new forms of power and global change triggered by powerful transnational agency (Kauppi and Madsen 2013b). Thereby we sought to remedy what we saw as a flaw in existing literature which primarily has described global elites by emphasizing how they are denationalizing themselves. Samuel Huntington's "Davos Man" is one example of the latter. In his account, global elites are above all posing a threat to the coherence of the State, in his case the "American creed" (Huntington 2005). More recently, David Rothkopf has gone further and analyzed what he terms the global "superclass" (Rothkopf 2008). This new power elite, he estimates, has some 6000 members who are all defined by the fact that their connections to one another are more important than their connections to their home countries. Following this definition, the Pope and leading global terrorists are all members of the same global "superclass." Using a less glossy vocabulary and drawing on more substantiated theory, in this case global system theory and Marxism, Leslie Sklair's *The Transnational Capitalist Class* provides a striking account of a social group and structure which seeks to further the interest of global capital in ways no nation-state – or other social group – does or could possibly imagine (Sklair 2001). Sklair insists on the fact that this transnational social group is a class when defined in respect to the means of production and distribution. It is capitalist because it owns or controls – individually or collectively – the means of production. Thus, a transnational capitalist class is sustained by its interlocked agencies, ranking from business, bureaucracy, and professions – or, as we suggest by drawing on Mills, by a complex of interrelated transnational power elites.

A related sociological study is found in an analysis of development workers entitled *The Globalizers* (Jackson 2005). In his analysis of three decades of state building in Honduras, Jeffrey T. Jackson shows how the development community functions as a close-knit network of state building assistants who themselves have become policy makers. They clearly have in common with the "Davos Men," the global "superclass," and the "transnational capitalist class" in some traits of an epistemic community – they share international beliefs and goals within their community. Such a view ultimately draws on Peter M. Haas' seminal work on epistemic communities (Haas 1992). What makes the community particular is its episteme, that is, its adherence to a certain set of values and modes of validity. One might question whether the transnational capitalist superclass of "Davos Men" is as much an epistemic community as that of development workers. What is certain, however, is that they are all globalizers.

The question we raise is however whether global elites can simply be understood in terms of denationalized globalizers as suggested particularly by Huntington and Rothkopf. In a way, these approaches seem to primarily add an elite component to existing theories and ideas of global civil society or cosmopolitanism. The approach we suggest has more in common with Sklair's approach. However, we reject the strong global system perspective, as well as we moderate the Marxist metaphors. In practice, our approach is closer to the work of Yves Dezalay and Bryant Garth (2002). Whereas Dezalay and Garth might at first glance be seen as protagonists of the view of global elites as denationalizing elites, at closer examination, the "legal cosmocrats" they have studied in diverse settings and subject areas – politics, economics and human rights – are closely connected to national structures. Pierre Bourdieu, when commenting on the earlier work of Dezalay and Garth on international commercial arbitration, wrapped it up nicely: "Since lawyers and others are trained nationally, and for the most part they make their careers nationally, it is not surprising that they seek as a matter of course to deploy their ways of thinking and practicing in the construction of international institutions" (Bourdieu 1996a). In a similar fashion, global elites, like their historic national counterparts, are neither entirely international nor national but rather transnational and relying, to varying degrees, on both national and international resources and capitals. It is for these precise reasons they are often in a key position to impact globalization.

## The Global Power Elites

Emphasizing how global elites move and influence globalization raises the question of what is power. Power, of course, is by no means a clear-cut social scientific concept and necessarily has to be understood in multiple ways and combinations when analyzing global elites: as expert power, cultural power, network power, economic power, etc. Power is a relational social resource (Dahl 1961) that some individuals and groups have access to or that some groups and individuals have the right to use in specific ways following often implicit and informal conventions and rules (Bourdieu 1996b). These resources are all linked to mechanisms of recognition of their value. They consist of a variety of different types, from the most codified like collective organizational assets tied to organizational structures and division of labor or of financial means to more nebulous varieties of symbolic power (Kauppi 2005). Since global elites come in different forms – from experts to financial dynasties – very different forms of power are being exercised by these agents.

Expert power refers to the technical and political role of individuals and groups involved in the formulation and implementation of global policies. Cultural power refers to the models of organization that shape institution building (Meyer et al. 1997). Through institutional isomorphism, the same institutional patterns and modes of decision are being adopted and adapted in very different social and economic contexts. Network power, for its part, refers to the global networks of individuals and organizations in which resources are embedded. These include family networks as well as epistemic cultures that unite professional groups sharing a common interest. Finally economic power refers to the financial muscle of certain groups. Power evolves in all these different networks and spaces where diverse types of agents operate. For this reason, it is important to briefly examine the social scientific theories that seek to define more generally what kinds of groups global (power) elites are and what kinds of social resources they have access to and deploy.

As already indicated, scholars however disagree on who elites are. According to the pluralist theory expounded by, for instance, Talcott Parsons and Robert Dahl, social power (polyarchy) is dispersed and divided. The development of society is determined by democratic competition between a variety of elites, economic elites, trade unions, churches, and so on. The outcome of this competition will be equilibrium between these different interests that share a certain conception

of the political game. While this perspective takes into account the variety of interests, it paints a rather harmonious picture of political life. Joseph Schumpeter's 1950 concept of democratic elitism however seeks to unite the analysis of power with that of democratic principles (Schumpeter 2013). Democracy has evolved from a system of direct popular government into a system of competition between elites for the control of the state. As in the pluralist perspective, this theory reflects the situation in the United States, excluding from analysis the private sector and legitimizing the status quo. But in contrast to the polyarchy perspective, it introduces classes and inequality in the analysis of politics and ultimately law.

The dimension of class is even more present in elite theories that underline the concentration of power and social resources in the hands of a few who are then independent of ordinary citizens. In the classical elite theories of Pareto, Mosca, and Michels, psychological differences distinguish the elites from the masses: the elites are, so to speak, more intelligent. Elite formation is a functional necessity. Organizational complexity requires a leader. Power is situated in the key political and economic institutions of a given society. Following Michels, every organization is by definition elitist: it requires specialized personnel, usage of specialized structures by the leaders, and specific psychological attributes (charisma). In Max Weber's theory of bureaucracy, the state has a quasi-autonomous role in society. Weber understands power as the capacity to realize one's will even if others oppose it. The state has the monopoly of expertise, but contrary to Michels and his iron law of oligarchy, the state is not totally autonomous. Rather, the state is tied in a multitude of ways to society's socioeconomic structures. More recent elite theories include that of C. Wright Mills, particularly his landmark study on the American power elite. In contrast to Weber's individualistic conception of power, for Mills power was essentially institutional, for instance, military, political, or economic (Wright Mills 1956). C. Wright Mills defined the elites as being composed of upper middle class individuals. Powerless, the masses are conversely manipulated and exploited. Another American sociologist, William Domhoff, sought to fuse theories of class together with theories of power elites. A superior class that controlled the large enterprises governed the United States (Domhoff 1970). The governing class was an American business aristocracy. French sociologist Pierre Bourdieu has developed this idea of dominant elites in his numerous works on French society (Bourdieu 1996b).

While these studies show the mechanisms by which some groups of individuals succeed in staying in power, they tend to minimize the importance of electoral politics and public opinion. The complexity of society is further simplified to an extreme, as being composed of dominant or dominated classes. In revealing the mechanisms of institutional power, most of these approaches create an impression of inevitability: the elites are unified, and the relationships they entertain with the masses are unchanging. Compared to pluralist and power elite theories of elites, Marxist theories however underline the links between the economic system and the political system. Those who control the means of production govern society. According to Ralph Miliband, economical dominance tends to instrumentalize political power to further its own ends (Miliband 1982). Political conflicts are conceptualized in terms of class conflict, and the dominant classes form the ideas that make up the conscience of the masses.



## Conclusion

All these theories of power and elites attempt to answer one major question: how does the unequal distribution of resources between types of elites and elites and masses affect democracy – and society? Except for some forms of Marxist theorizing, answers have been sought at the level of the nation-state. The challenge today is to further develop both theoretically and empirically approaches that concentrate on power but this time in a much broader context. Inequalities are produced at the global level and competition for institutional political power cannot be confined to nation-states.

## References

Bourdieu P (1996a) Foreword. In: Dezalay Y, Garth BG (eds) Dealing in virtue: international commercial arbitration and the construction of a transnational legal order. University of Chicago Press, Chicago, pp vii–viii
Bourdieu P (1996b) The state nobility: elite schools in the field of power. Stanford University Press, Stanford
Dahl RA (1961) Who governs? Power and democracy in an American city. Yale University Press, New Haven
Dezalay Y (2004) Les courtiers de l'international: Héritiers cosmopolites, mercenaires de l'impérialisme et missionnaires de l'universel. Actes Recherche Sci Soc 151–152:5–34
Dezalay Y, Garth B (2002) The internationalization of palace wars: lawyers, economists, and the contest to transform Latin American states. University of Chicago Press, Chicago
Dezalay Y, Madsen MR (2009) Espaces de pouvoir nationaux, espaces de pouvoir internationaux. In: Cohen A, Lacroix B, Riutort P (eds) Nouveau manuel de science politique. La Découverte, Paris, pp 681–693
Domhoff GW (1970) The higher circles: the governing class in America. Random House, New York
Haas PM (1992) Introduction: epistemic communities and international policy coordination. Int Organ 46(01):1–35
Huntington SP (2005) Who are we?: America's great debate. Free Press, New York
Jackson JT (2005) The globalizers: development Workers in Action. The Johns Hopkins University Press, Baltimore
Kauppi N (2005) Democracy, social resources and political power in the European Union. Manchester University Press, Manchester
Kauppi N, Madsen MR (eds) (2013a) Transnational power elites: the new professionals of governance, law and security. Routledge, Abingdon
Kauppi N, Madsen MR (2013b) Transnational power elites: the new professionals of governance, law and security. In: Kauppi N, Madsen MR (eds) Transnational power elites: the new professionals of governance, law and security. Routledge, Abingdon, pp 1–16
Kauppi N, Madsen MR (2014) Fields of global governance: how transnational power elites can make global governance intelligible. Int Polit Sociol 8(3):324–330
Kauppi N, Madsen MR (2016) Global elites. In: Guillaume X, Bilgin P, Salter MB (eds) Routledge handbook of international political sociology. Routledge, London
Meyer JW, Boli J, Thomas GM, Ramirez FO (1997) World society and the nation-state. Am J Sociol 103(1):144–181
Miliband R (1982) Capitalist democracy in Britain. Oxford University Press, Oxford
Rothkopf D (2008) Superclass: the global power elite and the world they are making. Farrar, Straus and Giroux, New York
Schumpeter JA (2013) Capitalism, socialism and democracy. Routledge, London
Sklair L (2001) The transnational capitalist class. Blackwell, Oxford
Tocqueville Ad (1842) De la démocratie en Amérique, Ch. Gosselin
Weber M (1978) Economy and society: an outline of interpretive sociology. University of California Press, Berkeley
Wright Mills C (1956) The power elite. Oxford University Press, New York

# Power Politics in the Governance of Bengal Sultanate

Md. Shariful Islam
Institute of Business Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Bengal Sultanate: Sultanate of Bengal, medieval period of Bengal, medieval Bengal; Ghiyath al Din Azam Shah: Ghiyas-ud-Din Azam; Muslim scholar: Shaikh, religious leader

## Introduction

Many of historical events of medieval period of Bengal remains disputed among modern scholars because of lack of contemporary commentary from Bengal. What we know about Bengal today are based mostly on numismatic evidences and stone inscriptions. Commentaries of contemporary foreign historians and travelers also have been used as reference. Most quoted contemporary commentaries that have descriptions about Bengal are Ain-i-Akbari, Tabaqat-i-Akbari, Tarikh-i-Firishta, and travel of Ibn Battuta (Ali 1985; Sarkar 1948). But in those sources, Bengal came as a short reference when there was an incidence of Delhi or other sultanates with Bengal or when the respective traveler had a visit to Bengal. Therefore, those historical records cover a very small part of the whole history of medieval period of Bengal. Reaz-us-Salatin by Salim (1788) is considered as the first comprehensive text on the history of Bengal sultanate that broadly covers medieval period of

Bengal. But still Reaz-us-Salatin was not as complete as it was required. That was caused by very small number of numismatic evidences and stone inscriptions available at hand to Salim (1788) when he wrote his said book. That also resulted into controversies among modern scholars that has been discussed later in this chapter. Further discovery solved many, not all, of those controversial issues. Therefore, numismatic evidences and stone inscriptions have played a vital role in the process of construction and reconstruction of the history of medieval period of Bengal.

A controversial character of that time in Bengal is Raja Ganesh who was a Hindu in religion. In a crucial period of Bengal sultanate, Raja Ganesh wanted to seize power of Bengal from Muslim rulers. Later he had to convert his son to Muslim which has an implication to governance in Bengal sultanate. Current chapter presents this extraordinary but controversial event in the history of Bengal. This part of history of Bengal remains enigmatic as modern historians are divided in presenting the role of Raja Ganesh in change in power of Bengal during his time. A group presents him as wicked, while another group depicts him as a clean character. Here also history of Bengal depends on numismatic evidences and stone inscriptions. This chapter covers the period of usurpation of Raja Ganesh from Muslim sultans where commentaries of historians have been moderated by available numismatic evidences.

## Early Muslim Rulers of Bengal

The Muslim conquest of Bengal dates back to the beginning of the thirteenth century. In the year 1201 AD/597 AH, a troop of 19 soldiers of Malik Ikhtiyar al Din Muhammad Bakhtiyar Khilji attacked suddenly and captured Nudia palace (West Bengal) of King Rai Lakshman Sen, a Hindu ruler of Bengal from Sen Dynasty. Bakhtyar Khalzi completed his conquest of the Varendra, which was one of the ten administrative divisions of Bengal, with the historic city of Gaur (East Bengal) during 1204 AD/600 AH. After the assassination of Bakhtyar Khalzi in August of the year 1206 AD/601 AH, Bengal was dividedly ruled by several Muslim rulers. Coins of Bengal reveal two sultans, one from East Bengal (Fakhr al Din Mubarak Shah, 1334–1349 AD/734–750 AH) and the other from West Bengal (Ala al Din Ali Shah, 1339–1345 AD/740–746 AH), simultaneously at almost same time showing a divided Bengal. It was Shams al Din Ilyas Shah (1342–1357 AD/743–758 AH) who successfully unified East Bengal and West Bengal and became sultan of unified Bengal (Bangala) that included Sonargaon, Satgaon, and Lakhnauti. He is regarded as the first independent Muslim ruler in Bengal sultanate. Reign of Ilyas Shahi dynasty took place in two periods. First reign continued until 1414 AD/817 AH. Shams al Din Ilyas Shah was succeeded by his son Sikandar bin Ilyas (1357–1389 AD/758–792 AH), grandson Ghiyath al Din Azam Shah (1389–1410 AD/792–813 AH), and grand grandson Saif al Din Hamza Shah (1410–1412 AD/813–815 AH). After Hamza Shah, Bengal sultanate saw a political crisis that was led by a Hindu usurper known as Raja Ganesh, as claimed by contemporary and modern historical records.

## Political Rise of Hindu Raja in Muslim Bengal

According to Reaz-us-Salatin (Salim 1788), Raja Ganesh conspired in killing Ghiyath al Din Azam Shah. His able minister Khan-i-Jahan Yahya was also murdered shortly after the death of the sultan Ghiyath al Din Azam Shah, which brought Raja Ganesh in the forefront of the struggle of power (Ali 1985). That may also indicate that there might be active role of Raja Ganesh in the killing of Khan-i-Jahan. After the death of Ghiyath al Din Azam Shah, his son Saif al Din Hamza Shah (1410–1412 AD/813–815 AH) was murdered followed by the killing of usurper Shihab al Din Bayazid Shah (1412–1414 AD/815–817 AH), who was a slave of Hamza Shah, and Bayazid's son Ala al Din Firuz Shah (1414 AD/817 AH) who wanted to overpower Raja Ganesh in the struggle of power in Bengal sultanate. According to historians of Bengal sultanate, Raja Ganesh had a role in conspiring all these subsequent murders (Ali 1985; Salim 1788).

Though it was assumed that Raja Ganesh ensured full control after Ala al Din Firuz Shah, it was evident from the analysis of a few coins of Qutb al Din Azam Shah and a single specimen of coin of Siraj al Din Sikandar Shah that struggle of power was continued between Raja Ganesh and other contestants even after the death of Ala al Din Firuz Shah. It is observed from coins in the catalogue of Goron and Goenka (2001) and from personal collections of different collectors that the *al musta'in billah wa'al musta'an* legend has been used in the coins of only three rulers of Bengal such as Qutb al Din Azam Shah, Siraj al Din Sikandar Shah, and Ghiyath al Din Nusrat Shah. Coins of Ghiyath al Din Nusrat Shah bear date 837 AH (1432/1433 AD), while the coins of Qutb al Din Azam Shah (Coin 1) and Siraj al Din Sikandar Shah (Coin 2) do not bear date.

**Obverse**: *al musta'in Billah wa'al musta'an Qutb al dunya wa'l din abu'l muzaffar Azam Shah*

**Reverse**: *Yamin khalifat allah nasir amir al mu'minin ghawath al islam wa'al muslimin*

**Power Politics in the Governance of Bengal Sultanate, Coin 1** Image of coin of Qutb al Din Azam Shah

**Obverse**: *al musta'in billah wa'al musta'an Siraj al-dunya wa'al din abu'l mujaffar Sikandar Shah al-sultan*

**Reverse**: *al musta'sim billah nasir amir al-mu'minin khallada mulkahu*

**Power Politics in the Governance of Bengal Sultanate, Coin 2** Image of coin of Siraj al Din Sikandar Shah

Year 837 AH (1432/1433 AD) is also a year of political conflict in the history of Bengal sultanate when the power of Bengal went back to the descendant of Ilyas Shah, Nasir al Din Mahmud Shah (832 AH/1427 AD and 837–864 AH/1433/4–1459 AD) from the family of Raja Ganesh. But the type of coins of Siraj al Din Sikandar Shah and Qutb al Din Azam Shah is different than that of Ghiyath al Din Nusrat Shah and also they don't have dates. Therefore, the coins of Siraj al Din Sikandar Shah and Qutb al Din Azam Shah have been placed in the time of usurpation of Raja Ganesh by present scholars (Karim 2012; Nasir and Islam 2014). According to Karim (2012), Qutb al Din Azam Shah was a contestant of Bengal sultanate during 1412/13 AD or 815 AH to 1415/16 AD or 819 AH. The same author also anticipates that Qutb al Din Azam Shah was a minister of Ghiyath al Din Azam Shah. After the murder of Hamza Shah, he fled to East Bengal and revolted in some times against conspiracy of Raja Ganesh. As there was no other evidence of survival of Qutb al Din Azam Shah as Sultan of Bengal and because of rarity of his coins, it is presumed that this contestant of Bengal sultanate was later killed by Raja Ganesh. On the other hand, Nasir and Islam (2014) concluded that Siraj al Din Sikandar Shah whose name was found in Reaz-us-Salatin (Salim 1788) as an appointed chief judge (Qazi) in the court of Ghiyath al Din Azam Shah fled to East Bengal after Raja Ganesh dethroned Hamza Shah and later rebelled against Shihab al Din Bayazid Shah or Raja Ganesh. Similar to the fate of Qutb al Din Azam Shah, it can be presumed that the rebellion of Siraj al Din Sikandar Shah also ended up as a failure and he was also killed by Raja Ganesh or Shihab al Din Bayazid Shah. Later, as it has been said earlier, Raja Ganesh killed Shihab al Din Bayazid Shah and his son Ala al Din Firuz Shah. Probably after all these, Raja Ganesh finally got ultimate supremacy in Bengal.

## Trade-Off of Religion for Power

After securing his power in Bengal, Raja Ganesh continued elimination and persecution upon the

Muslims (Ali 1985). According to Reaz-us-Salatin (Salim 1788), Raja Ganesh continued oppression over and bloodshed of Muslims to make his power more secured. He killed many Muslims and Sufis or scholars of that time. Muslim scholar Shaikh Badr al Islam and his son Farid al Islam were killed by Raja Ganesh as they persistently refused to acknowledge his supremacy in Bengal (Ali 1985; Blochmann 1968; Salim 1788). It is claimed that Raja Ganesh conspired to kill a large number of Muslim scholars by ordering the drowning of a boat where Muslim scholars were on board (Blochmann 1968; Salim 1788). He also demolished mosques and massacred Islamic establishments.

All these oppressions by Raja Ganesh led Nur Qutb al Alam, the leading Muslim scholar (Shaikh) of the time, to invite neighboring Jaunpur sultan, Ibrahim Shah Sharqi, to invade Bengal. As Raja Ganesh was facing opposition of Muslims from inside Bengal, he did not have the strength or courage enough to fight against Jaunpur sultan. According to Sarkar (1948), the invaders, on the other hand, who came from dry land could not maintain their hold or keep their force fit in the wet climate of Bengal as monsoon started. Finally a truce was reached after Raja Ganesh submitted to Nur Qutb al Alam. Shaikh took this opportunity and agreed to accept proposal of truce on the condition of his conversion to Islam. Raja Ganesh saved his religion by offering his elder son, Jatmal Jadu, to convert to Islam and enthroning him as sultan of Bengal. Nur Qutb al Alam accepted this proposal, converted Jadu to Islam, and gave him a Muslim name Jalal al Din Muhammad Shah (Blochmann 1968). After that Jalal al Din Muhammad Shah was placed on the throne of Bengal sultanate (1415–1416 AD/818–819 AH as first reign) as was negotiated between the two parties. On this event, Ibrahim Shah of Jaunpur Sultanate ordered withdrawal of his force from the border of Bengal. Coin 3 is a numismatic evidence of the first year (818 AH/1415 AD) of first reign of Jalal al Din Muhammad Shah. On the reverse of the coin, Jalal al Din Muhammad declares him as *nasir al Islam wa'al muslimin*, translated as *the helper of Islam and the Muslims*.

**Obverse**: *Jalal al dunya wa'al din abul muzaffar Muhammad Shah al sultan*

**Reverse**: *nasir al Islam wa'al muslimin Khallada mulkahu*
Date 818 (٨١٨) AH on margin

**Power Politics in the Governance of Bengal Sultanate, Coin 3** Image of coin of Jalal al Din Muhammad Shah

Nur Qutb al Alam died in 1416 AD/819 AH. Raja Ganesh was probably waiting for this time, and he immediately dethroned his son Jalal al Din Muhammad Shah and declared himself as Raja of Bengal taking the title *shri shri Danuja Mardana Deva*. Raja Ganesh again started repression over Muslims. This time the oppression of Raja Ganesh reached to the climax. Blochmann (1968) mentioned Raja Ganesh's reign as "the oppressive rule" and dubbed him as a "monster." Raja Ganesh arrested and later killed Shaikh Anwar, son of Nur Qutb al Alam (Ali 1985; Blochmann 1968). He ruled Bengal from 1416 AD/819 AH to 1418 AD/821 AH (Saka 1339–1340) and introduced a new series of coins with Bengali inscriptions. He replaced Islamic religious legends with Hindu religious legends. In addition to this, he introduced Sakabda dates on his coins replacing Hijri calendar dates. Coin 4 is an example of coins issued by Raja Ganesh.

As said earlier, on his coins Raja Ganesh took the title *Danuja Marddana Deva*. On the obverse of the coin at the center within a multifoil, the Bangla inscriptions have been read as *shri shri danuja marddana deva*. On the reverse of the coin, Raja Ganesh introduced religious legends showing respect to Shri Chandi, a name of Hindu goddess Durga. The inscriptions at the center of this coin have been read as *shri chandi charana parayana* that has been translated as *obedience to the feet of Shri Chandi*. Margin of

the reverse bears the date and mint of the coin. The mint is not on the flan and so not readable. But the date on this coin is read as 1339 (Sakabda). Raja Ganesh died in 1418 AD/821 AH. According to the statement of a few historians, he was killed by officers of his son Jalal al Din Muhammad Shah (Ali 1985; Blochmann 1968).

After the death of Raja Ganesh in 1418 AD/821 AH, his younger Hindu son Mahendra Deva became Raja of Bengal for a short period of time (1418 AD/821 AH/Saka 1340). His coins (Coin 5) continued to bear the same Hindu legends as introduced by his father Raja Ganesh. He was later dethroned by supporters of his elder Muslim brother Jalal al Din Muhammad Shah who was enthroned to Bengal Sultanate for the second time after this event in 1418 AD/821 AH. The second reign of Jalal al Din Muhammad Shah brought into stability in Bengal Sultanate which lasted for a significantly longer period of time. He ruled Bengal till 1432/33 AD/837 AH. Shams al Din Ahmad Shah (1432/33 AD/837 AH), a son of Jalal al Din Muhammad Shah, was the last sultan from successors of Raja Ganesh. Coin 6 is an example of coins of Jalal al Din Muhammad Shah of the first year (1418 AD/821 AH) of his second reign. Coin 6 bears the same title of the sultan and legends as it was in Coin 3 of first reign.

It is claimed that Ganesha after becoming Raja of Bengal wanted to convert Jalal al Din Muhammad back to Hindu religion (Blochmann 1968; Salim 1788). But numismatic evidences reveal that his effort was not successful. From Coin 6 it is evident that in the first year of his second reign Jalal al Din Muhammad Shah declares him as *nasir al Islam wa'al muslimin*, the helper of Islam and the Muslims. As stronger evidence, the reverse of a few types of his coins bear kalima-i-shahada, which is the foundation of Islam. Coin 7 is one of such examples.

Year 1421 AD/826 AH falls in his second reign. On this type of coins, the inclusion of kalima-i-shahada indicates that Jalal al Din Muhammad Shah was converted to Islam wholeheartedly. Another evidence of this argument is that his son's name was Shams al Din Ahmad Shah, indicating that he was also a Muslim. Ahmad's coins also bear kalima-i-shahada. Coin 8 is one of the examples of coins of Shams al Din Ahmad Shah with kalima-i-shahada on the reverse.

**Obverse**: *shri shri danuja marddana deva*

**Reverse**: *shri chandi charana parayana;* Date 1339 Saka on margin

**Power Politics in the Governance of Bengal Sultanate, Coin 4** Image of coin of Raja Ganesh

**Obverse**: *shri shri Mahendra deva*

**Reverse**: *shri chandi charana parayana;* Date 1340 Saka on margin

**Power Politics in the Governance of Bengal Sultanate, Coin 5** Image of coin of Mahendra Deva

**Obverse:** *Jalal al dunya wa'al din abul muzaffar Muhammad Shah al sultan*

**Reverse:** *nasir al Islam wa'al muslimin Khallada mulkahu*
Date 821 (٨٢١) AH on margin

**Power Politics in the Governance of Bengal Sultanate, Coin 6** Image of coin of Jalal al Din Muhammad Shah

**Obverse**: *al mu'ayyad bi ta'yid al rahman jalal al dunya wa'al din abu'l muzaffar Muhammad shah al sultan* (in tughra character)

**Reverse**: Kalima-i-shahada. Date 826 (٨٢٦)AH on the margin

**Power Politics in the Governance of Bengal Sultanate, Coin 7** Image of coin of Jalal al Din Muhammad Shah

**Obverse**: *al sultan al azam Shams al dunya wa'al din abu'l muzahid Ahmad Shah ibn Muhammad Shah al sultan*

**Reverse**: kalima-i-shahada. Date 837 (٨٣٧) AH on the margin

**Power Politics in the Governance of Bengal Sultanate, Coin 8** Image of coin of Shams al Din Ahmad Shah

## Reconstruction of Ganesha's History by Sarkar (1948)

Sarkar (1948, pp. 125–128), a modern historian of Bengal, offers a "modern reconstruction of the history of Ganesha and his sons" where he rejects most of the claims made by Salim (1788) by calling them as "pious frauds." According to Sarkar (1948), Raja Ganesh was "a baron of Dinajpur." His ability, experience, and material resources helped him to become the most powerful man in the court of Ghiyath al Din Azam Shah. These also made him natural de facto ruler of Bengal after Ghiyath al Din Azam Shah. He set Saif al Din Hamza Shah, a minor prince, to throne as a puppet of him. Raja Ganesh did it in concert with certain widow queen. This led other dowager queens and disappointed nobles in plotting against Raja Ganesh that ended up in a civil war. At this stage the puppet king was somehow lured into rising against the force of Raja Ganesh but later was killed.

When Ala al Din Firuz Shah was assassinated by regent of Raja Ganesh, the latter assumed the crown himself. According to Sarkar (1948), this led Islamic theologians and "unruly and ambitious" Shaiks to invite Ibrahim Shah Sharqi, the sultan of Jaunpur, to invade Bengal. Later a truce was reached, the Jaunpur force went back "for a money consideration," but Raja Ganesh converted his son "Jadusen" to Islam to make him sultan of Bengal.

Sarkar (1948, p. 127) disagrees with the claim of Salim (1788) that Raja Ganesh attempted to uproot Muslim scholars instead claiming that he tried to "reduce the overgrown and unruly Muslim monastic orders to obedience and to squeeze out of them a portion of vast treasures they had accumulated by beguiling sultan Ghiyas-ud-din Azam in his old age. . . ." He adds that Ganesha was not murdered by his son Jalal al Din Muhammad. Instead he died peacefully in his old age. Sarkar (1948) also turns down possibility of any civil war between Jalal al Din Muhammad and his younger Hindu brother, Mahendra Deva, who succeeded his father for a short reign.

## Criticism of Sarkar's "Reconstruction" by Ali (1985)

Ali (1985) criticizes Sarkar's (1948) "modern reconstruction of the history of Ganesh and his sons" by calling it as "attempted apologies for the Raja" based on Sarkar's "historical imagination." Ali (1985) calls Raja Ganesh's natural position of de facto ruler after Ghiyath al Din Azam Shah simply because of the weakness of infant rulers, which has been claimed by Sarkar (1948) as "obviously far too much of an apology for him." According to Ali (1985, p. 156), "all the extant sources rather show clearly that he came to occupy the position which he did by clever machinations resulting in a series of murders." He also questions source of claim made by Sarkar of Ganesha's having recourse to bribery that led Jaunpur sultan to withdraw troops from Bengal.

Ali (1985) also criticizes Sarkar's (1948) claim that Raja Ganesh died peacefully in old age and was not murdered by his son Jalal al Din Muhammad as Sarkar (1948) indicates this as piously imagined event by Salim (1788) on the "gossip of some" (ba qaul-i-ba'ze). Ali (1985) introduces contemporary historian Al-Asqalani (in Habashi, 1971) who unequivocally mentioned that Jalal al Din Muhammad Shah revolted against his father Raja Ganesh and killed him. Hence Ali (1985) instead claims that Sarkar's (1948) indication was his "pious imagination" instead. Further, Ali (1985) also criticizes Sarkar's (1948) effort to hide Ganesha's oppressions over Muslim scholars as claimed by Salim (1788) by calling it as Sarkar's (1948) "labored apology" for Raja Ganesh.

## Conclusion

There is disagreement with the conspiracy theory, developed based on the commentary of Salim (1788), of Raja Ganesh against Ghiyath al Din Azam Shah and his successors. There is disagreement also on how Raja Ganesh died. But there is no controversy on the fact that Raja Ganesh agreed to convert his elder son Jadu to Islam who was later given a Muslim name Jalal al Din Muhammad Shah. Historians also agree on the role played by Nur Qutb al Alam, a Muslim religious leader, in power politics of Bengal Sultanate. There is also no disagreement among historians that Jalal al Din Muhammad Shah came back in his second reign as a Muslim ruler. Contemporary coins of Bengal act as a series of evidence of the agreed events in the history of Bengal.

It is true that numismatic evidences do not tell anything about how Raja Ganesh died or whether the sultan of Jaunpur went back in money consideration or not. But two recently identified sultans of Bengal, Qutb al Din Azam Shah and Siraj al Din Sikandar Shah, who have been placed by modern numismatists in the crucial period of usurpation of Raja Ganesh, indicate a series of conflict between Raja Ganesh and contemporary Muslim leaders who struggled for power against each other. Contemporary Muslim leaders challenged usurpation of Raja Ganesh, while the latter ultimately defeated them to establish himself as supreme power of Bengal. It has also been observed from numismatic evidences that Jalal al Din Muhammad Shah did not hesitate in discarding trend of coins that carry Hindu images, which was introduced by his father and reinstating Islamic coins in Bengal. This move of Jalal al Din Muhammad Shah indicates sign of no respect for his Hindu father. After the death of Raja Ganesh, enthronement of his younger son Mahendra Deva instead of elder son Jalal al Din Muhammad Shah puts a question mark on the claim of Sarkar (1948) that there was no conflict of power among sons of Raja Ganesh. The short reign of Mahendra Deva, rarity of his coins, and continuation of Hindu legends on his coins that were introduced by his father in contrast to Islamic coins of Jalal al Din Muhammad Shah indicate conflict of power between siblings of two religious beliefs.

In conclusion it is evident that Raja Ganesh wanted to establish him and his family in the power of Bengal. He also wanted to uphold his religious belief, Hinduism, over Islam. Raja Ganesh challenged sultans of Ilyas Shahi family, while afterward was challenged by Muslim religious leaders of Bengal. Raja Ganesh successfully placed him and his family in power of Bengal by outperforming Ilyas Shahi family. But he was defeated at the prudence of religious leader Nur Qutb al Alam, who above all wanted supremacy of Islam in Bengal. Raja Ganesh established his family in power, but Nur Qutb al Alam at that time saved Islam in Bengal.

## References

Ali MM (1985) History of the Muslims of Bengal. Imam Muhammad Ibn Sa'ud Islamic University, Riyadh

Blochmann H (1968) Contribution to the geography and history of Bengal. The Asiatic Society, Kolkata

Goron S, Goenka JP (2001) The coins of the Indian sultanates. Munshiram Manoharlal Publishers, New Delhi

Karim MR (2012) Qutbuddin A'zam, Nasiruddin Ibrahim and Ghiyasuddin Nusrat, three new rulers of Sultani Bengal: their identification and chronology. J Bengal Art 17:215–227

Nasir N, Islam MS (2014) Siraj al-Din 'Sikandar' (?) Shah – a new ruler of the Bengal Sultanate. J Orient Numismat Soc 220:39–40

Salim GH (1788) Reaz-us-Salatin. Translated as Banglar Itihas (2008). Abosar, Dhaka

Sarkar SJ (1948) The history of Bengal, vol 2. The University of Dacca, Dacca, pp 120–129

# PPPs and SDGs, the Missing Stakeholder Is Civil Society

Raymond Saner
CSEND, Geneva, Switzerland

## Synonyms

Multistakeholder assessment of PPP alignment with SDG principles (transparency, inclusiveness, participation)

## Definition

Implementation of SDG 17.17.1- effective public, private, and civil society partnerships, inclusive strategies of partnerships.

## Introduction: The Intentions of the 2030 Agenda Versus the Reality of SDG-PPP Partnership Implementation

The UN General Assembly adopted a resolution called "Transforming our world: the 2030 Agenda for Sustainable Development" on 25 September 2015. The resolution consists of 17 Goals and 169 Targets covering crucial areas of the global development agenda that countries have agreed to implement at the General Assembly meeting in New York. The 17 SDG goals are expected to be achieved in an integrated manner focusing at the same time on social, economic, and environmental sustainability and be implemented in a transparent, inclusive, and participatory manner.

In order to achieve these 17 goals, a very substantial financial investment will be required. Early on at the start of the 2030 Agenda, the United Nations Conference on Trade and Development (UNCTAD) estimated in its 2014 World Investment Report (WIR) that approximately $4 trillion will be required every year in developing countries alone for the SDGs to be achieved by 2030. Given the current levels of investment in all SDG-related sectors by both public and private bodies, developing countries face a funding gap of $2.5 trillion/year (http://www.unece.org/fileadmin/DAM/ceci/documents/2014/PPP_Newsletter/newsletter_06_content_2_WEB.pdf).

However, in view of the severe negative impact of the covid-19 pandemic, there is now already and will be in the near future a serious downturn of economic growth and most likely a related decrease of investment in SDG implementation. As stated by the World Bank:

> Every region is subject to substantial growth downgrades. East Asia and the Pacific will grow by a scant 0.5%. South Asia will contract by 2.7%, Sub-Saharan Africa by 2.8%, Middle East and North Africa by 4.2%, Europe and Central Asia by 4.7%, and Latin America by 7.2%. These downturns are expected to reverse years of progress toward development goals and tip tens of millions of people back into extreme poverty. (Shertok 2020)

It is unlikely that government budgets of DCs and official development aid (ODA) will be able to compensate fully for the ensuing funding gap. Even before the start of the covid-19 pandemic, many developing countries faced fiscal constraints and most donor aids were often channeled toward their current spending needs and not into infrastructure development. Therefore, investments by the private sector are and will be crucial to ensure the realization of developing countries' SDG strategies.

SDG Goal 17 aims to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development through the development of inclusive institutions at all levels (Resolution adopted by the General Assembly on 25 September 2015, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E). These partnerships are defined by Goal 17 target 17 as consisting of the following:

> 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. (pp. 27, 35)

Whether the solution will be public, public-private, or civil society partnership or all combined, the solutions should build on the experience (past) and the resourcing strategies of partnership – which as stated above – should be transparent, inclusive, and participatory.

The SDG 17 on partnerships also highlights the risks of indebtedness.

> 17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress.

In other words, whether public, private, public-private, or society based – all financing of SDG goals carry the risk of indebtedness if countries do not carefully assess the potential short, medium, and long-term risks of indebtedness.

## Developing PPP Standards by UNECE

Several international organizations are involved with PPPs for more than 20 years, for instance the World Bank Group, the European Investment Bank, and the Multilateral Development Banks. However, none of these international organizations nor the UNECE, has ever conducted a comprehensive evaluation of PPPs to establish clear factors leading to success or failures of PPPs. UNECE has been active in the field of PPPs and at the sixth session of the "UNECE Team of Specialist on Public-Private Partnerships" held in Geneva in June 2014, an agreement was reached to develop international PPP standards and to create an innovative structure for producing PPPs.

A new UNECE International PPP Centre of Excellence (ICoE) was subsequently created with the intention of it becoming a project-driven, goal-oriented body that produces standards that are both relevant and effective in the evolving PPP landscape. The ICoE was also given the mandate to work in close collaboration with other international organizations including the World Bank and the World Economic Forum to develop standards that will enable the realization of the SDGs (http://www.unece.org/index.php?id=36228).

UNECE's PPP activities are part of its Committee on Innovation, Competitiveness, and Public-Private Partnership (ICOC) and its International PPP Centre of Excellence. UNECE offers to help governments address many of mankind's most pressing development problems, including the greening of the economy and mitigating the effects of climate change, and to discover what partnerships in the world constitute excellence and have the most beneficial impact on development (http://www.unece.org/ceci-welcome/areas-of-work/public-private-partnerships-ppp/icoeppp.html).

In 2014, UNECE launched a new program to develop international PPP standards. The standards and drafting groups which produce the standards consist of the following domains. All the current PPP standards and their development stage are described on UNECE's website (https://www2.unece.org/wiki/display/pppp/PPP+Standards+Development+Process).

## Organizational Structure of UNECE's PPP Centre of Excellence

The organization of UNECE's PPP initiative consisted of a secretariat led by Mr. Geoffrey Hamilton supported by three professional staff and two administrative assistants, a Bureau called the UNECE Team of Specialists on Public-Private Partnerships (TOS PPP) and a UNECE PPP Business Advisory Board.

**Bureau**: As of February 2021, the members of the UNECE Bureau of Specialists on Public-Private Partnerships (TOS PPP) were 14 men and 4 women with geographical backgrounds from Western Europe (7), Eastern Europe (2), North America (2), Japan, Turkey, Morocco, Lebanon, and Uganda. The author was member of the Bureau from November 2018 to November 2021 and together with a colleague from Western Europe was of academic background.) The leadership of the Bureau was shared by 3 co-chairpersons and 15 vice-chairpersons.

**Advisory Board**: From 2014 to December 2020, there was also the UNECE PPP Business Advisory Board which consisted of 24 members mostly from consulting companies and banks.

The objectives of the Business Advisory Board were to advise on the elaboration of international best practices and standards and to assist member states with the implementation of

international PPPs through high-level consultative meetings.

In summary, UNECE's PPP structure consisted of a Bureau of 18 PPP experts and an Advisory Board of 24 PPP advisers. The composition of both entities showed an over-representation of the private sector and of developed country governments and private sector PPP experts. Applying the SDG principles of multistakeholder participation, the composition of the Bureau and of the Advisory Board lacked stakeholders from civil society such as trade unions, consumer groups, and NGOs following the example of the Major Groups of non-state actors who represent well-established interest groups and who participate in the annual High-Level Political Forum of the SDGs (https://sustainabledevelopment.un.org/mgos). The PPP unit of UNECE has continuously made efforts to broaden its membership and to include CSOs to succeed in achieving full multi-stakeholder representation with no success so far.

A new Bureau was constituted on November 30, 2021 consisting of only seven members which are all representing UNECE countries except one who represents Japan. There are five men and two women; four lawyers, two engineers-urban planners, and one from finance. Of the seven members, three are government officials, two are academics with functions in government, and two are in private practice. There is no representation from Civil Society; hence, the current compositions does not live up to the SDG criteria of multi-stakeholder representation.

## The PPP Standard Setting Process and Economic Cooperation

In 2015, UNECE created the **Committee on Innovation, Competitiveness, and Public-Private Partnerships (CICPPP) whose goal is to** help all countries in the UNECE region to promote a policy, financial, and regulatory environment conducive to economic growth, innovative development, and higher competitiveness in and of the ECE region. In its work, the Committee responds to the needs of Governments and considers the needs of the private sector, consumers, researchers, and civil society. It contributes to the economic cooperation and integration, as well as sustainable development of the ECE region (https://unece.org/economic-cooperation-and-integration, accessed on 15 Feb 2021).

While initially focusing on the region covered by UNECE (Europe, North America, and Central Asia), the CICPPP expanded its mandate by focusing on Public-Private Partnerships (PPP) in various social and economic sectors at a global level thereby going beyond the traditional UNECE territorial boundaries. In order to avoid conflicts of influence and overlapping of mandates with the other UN economic commissions such as ECA, ESCAP, ECLAC, and ESCWA, a solution was found to keep the central policy making at UNECE in Geneva while creating knowledge or competence centers in different parts of the world.

In order to further institutionalize the PPP initiative, UNECE created an International PPP Centre of Excellence, a PPP specialist center, which developed PPP standards and recommendations and guidelines, case studies, and readiness assessments (https://www.uneceppp-icoe.org/people-first-ppps/) as well other useful information pertaining to the international PPP networks.

Key areas of work have been achieved over the last 3 years namely the development of PPP standards such as the Zero Tolerance Approach to Corruption in PPP Procurement (2018, ECE/CECI/WP/PPP/2017/4), Standard on Public-Private Partnerships in Railways (2019, ECE/CECI/WP/PPP/2017/4), Standard on Public-Private Partnerships in Renewable Energy (2019, ECE/CECI/WP/PPP/2018/7), Standard on Public-Private Partnerships in Roads (2019, ECE/CECI/WP/PPP/2018/8), and Guiding Principles on People-First Public-Private Partnerships in support of the United Nations Sustainable Development Goals (2019, ECE/CECI/2019/5). (https://unece.org/ppp/standards).

## Better Alignment of the PPPs with the SDGs

The Addis Ababa Action Agenda (Financing for Development) held on 13–16 June 2015 emphasized the importance of infrastructure investment for achieving the SDGs. It notes "that both public and private investment have key roles to play in infrastructure financing, including mechanisms such as public-private partnerships" (paragraph 48, Addis Ababa Action Agenda, http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf).

As an important follow-on to the Addis Ababa Action Agenda (AAAA) and the signing of the SDGs in September 2015 in New York, an Inter-Agency Task Force meeting on Public-Private Partnerships (PPPs) was convened on 16th December 2016 in New York. Participants at the meeting included approximately 20 Task Force members such as UNECE, World Bank, UNDESA, IMF, UNESCAP, UNCTAD, OECD, as well as representatives from national governments (Haiti) and from civil society (EURODAD, Oxfam, IHRB, academia and the private sector (PWC, EY, AIG).

The meeting generated a lot of suggestions on how to structure PPPs in general and how to align PPPs with the SDGs. The report was made available for consultation (http://www.un.org/esa/ffd/wp-content/uploads/2017/02/Summary-of-IATF-meeting-on-Public-Private-Partnerships-16-December-2016-Final.pdf) as well as a Scoping Study on Public-Private Partnerships by Motoko Aizawa in February 2017 (FFDO/UNDESA, working paper series, February 2017, http://www.un.org/esa/ffd/wp-content/uploads/2017/02/Scoping-Study-on-Public-Private-Partnerships_FfDO-working-paper.pdf). Both publications are excellent sources of information for instance in regard to what the different agencies have developed in regard to PPPs and what kind of ability and competencies are important for government agencies responsible for PPPs and in general about capacity building for PPP and SDG implementation.

## Making UNECE PPP aligned with the 2030 Agenda

Criticisms of PPPs became prevalent in the UK, France, and the EU leading some UNECE member countries to decide not to renew the mandate of the BAB. On the other hand, they did not agree to a broadening of the membership to include CSO representatives. As a reaction of lingering old-style PPP practice and rationales, a group of six PPP experts under the guidance of the author wrote and published a study titled "Making PPPs fit the 2030 Agenda" to make the point that the traditional concepts of Value for Money should be enlarged to include Value for Society and Value for the Future Generation. UNECE PPP has started to develop the second form of values calling it People-First-PPPs aiming at SDG compatibility, but much more needs to be done to ensure alignment with the SDGs.

However, more information on the success and failures of PPPs are still missing. A lot of key data remain either dispersed or are not publically available. Scholars and policy makers alike should access the information mentioned above but should also go beyond collecting of "how-to-do" lists and guidelines made available by organizations involved in PPPs. It would for instance be useful to read constructively critical publications such as the one by Jomo et al. (2016) and to respond to their criticism. It would also be important to consult the publication mentioned above to better understand the risks of corruption as well as the potential difficulties of conceiving PPPs in case of market and government failures (http://www.csend.org/images/articles/files/Raymond_Saner_Interview_Seoul_2015.pdf).

This author has suggested at previous conferences of the UNECE PPP unit that an observatory should be created that would focus on analyzing past and current PPPPs. Such an observatory could collect and make available to the public case examples describing success or failure of PPPs from developed and developing countries, offer capacity building training programs, conduct scholarly research on PPPs, and offer neutral third-party assessments of planned PPPs projects without

though being part of the commercial transactions nor being part of PPP projects. Board membership of such an Observatory could be organized similar to the CERN "Scientific Information Policy Board" which requires members to be knowledgeable and independent of vested interests (http://library.cern/about_us/policyboard).

The author recommended that UNECE reassesses the compatibility of its PPP approach with the SDGs principles and ensures that the PPP standard setting process complies with the SDGs goals and targets. In view of the dominant representation of the government sector on the UNECE PPP Bureau, a reorganization is called for that helps democratize the PPP process by inviting consumer-based civil society groups as well as other stakeholders such as trade unions and professional associations from developed and developing countries to partake in the elaborations of standards and best case examples.

Citizens from all UN member countries are entitled to be informed of the strengths and weaknesses of PPPs and be given the right to contribute to the discussions as to whether the PPP approach to financing social and physical infrastructure should be conceived as a public good or not, whether private financing is called for, and whether PPPs contribute to equitable provision of public services for the aging and the young generation.

As a step toward closer application of SDG principles to PPP, the author developed an assessment grid (Figure 1) which was used during UNECE's conference in April 2016. The grid was used by three scholars to assess 20 case examples of PPPs as to how close they were to the principles of the SDGs (inclusiveness, transparency, and participation) and the sustainable development goals of the 2030 Agenda consisting of the three interdependent dimensions namely sustainable economic, social, and environmental development. A copy of the grid is annexed. More work needs to be done by the community of PPP scholars and experts to fine tune the measures and weights attributed to the different goals, but an initial step has been done which will be useful for implementation of the SDGs through PPPs.

## Conclusions

There is more to PPPs than inviting financial wizards to rescue governments short of money or unable to collect sufficient taxes to invest in their social and economic sector as seen adequate and appropriate based on realistic needs assessments of their citizens' current and future needs. PPPs means getting money today to be paid back in the future by the next generation. Similarly to the climate change discussion, it is not right to backload the due payments without giving the citizens and the young generation the ability to take part in the decision-making process.

The SDGs suggest the achievement of sustainable economic, social, and environmental goals (triple bottom line) for each member country of the United Nations. To implement the SDGs, each government is supposed to set its triple bottom line goals, communicate them to their citizens, make the goal setting inclusive and participatory, and provide for means to review and monitor the implementation of the SDGs from 2015 to 2030.

The UNECE PPP standard setting process is too crucial for the future of our societies to be left to private sector providers (construction companies, financial brokers) and government offices often short of democratic legitimacy. Without the inclusion of the civil society actors like consumer groups, cooperatives, labor unions, academic scholars, and teaching faculty, the risk of misguided investment decisions and related rent-seeking behavior by private and public sector actors is too high to be left to experts alone, however competent they might be. What is needed is a PPP Observatory which could add information on PPPs that are often missing or not fully reliable. Such a PPP Observatory could support UNECE and other international organizations but also governments and civil society stakeholders involved in PPPs. A PPP Observatory could help the PPP-SDG process stay on course and ensure that the implementation of PPPs is aligned with SDG principles such as inclusiveness, participation, and transparency.

## Annexe 1

SDG-PPP assessment grid developed by Raymond Saner, 2016

| **Title of the PPP project:** | |
|---|---|

**Overall remarks on evaluation of the case:**

| |
|---|
| |

| Criteria | Comment |
|---|---|
| PPP is in concurrence with SDGs | Yes/No |

| Assessor's name | Criteria | 1 | 2 | 3 | 4 | 5 | Total Score |
|---|---|---|---|---|---|---|---|
| | (Threshold) | 25 | 10 | 10 | **10** | **10** | |
| | | | | | | | |

| General Criteria (1) | Score | Remarks |
|---|---|---|
| (threshold ≥ 25) | (0-40) | |
| ▪ Increases **access** to essential services like health, education, water. | | |

**PPPs and SDGs, the Missing Stakeholder Is Civil Society, Fig. 1** (continued)

| | | |
|---|---|---|
| • Improves **efficiency** and filling the capability gap in the public sector that exists in the country | | |
| • Promotes **equity** and a less unequal society both in terms of income and in terms of women's empowerment | | |
| • Makes services **affordable** to the poor while at the same time generating a reasonable ROI to private sector investor | | |
| • **Enables Replicability** (a characteristic of a project) which allows for scalability and real impact | | |
| • **Provides** capacity building by the company inside its project and outside among critical stakeholders including consumers | | |
| • Contributes to making the planet **sustainable**, mitigating the risks and creating a resilient infrastructure | | |

**PPPs and SDGs, the Missing Stakeholder Is Civil Society, Fig. 1** (continued)

| Specific Criteria | | Remarks |
|---|---|---|
| **People (2)** (threshold ≥ 10) | **Score (0-15)** | |
| **Provides** capacity building (training) by the company inside its project and outside among critical stakeholders including consumers | | |
| Ensures consumer protection at the project site as well as externally | | |
| | | |
| **Prosperity (3)** (threshold ≥ 10) | **(0-15)** | |
| Includes small projects that provide opportunities for local SMEs to provide goods and services | | |
| Offers benefits to local government in terms of taxes and levies in a transparent manner to limit possible corruption | | |
| | | |
| **Planet (4)** (threshold ≥ 10) | **(0-15)** | |
| Project is of low carbon emissions and low agriculture GHS | | |
| Project includes alternative energy technology as much as possible and feasible | | |
| | | |
| **Peace (5)** (threshold ≥ 10) | **(0-15)** | |
| | | |
| Project promotes understanding and respect among all parties | | |

**PPPs and SDGs, the Missing Stakeholder Is Civil Society, Fig. 1** (continued)

| | | |
|---|---|---|
| Project promotes a safe and faire environment that will lead to stability needed to attract private investors (long term peaceful co-existence) | | |
| | | |
| **Partnership (6)** **(threshold ≥ 10)** | **(0-15)** | |
| | | |
| Project promotes the development, transfer, dissemination and diffusion of environmentally sound technologies | | |
| Project respects each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development | | |

**PPPs and SDGs, the Missing Stakeholder Is Civil Society, Fig. 1** SDG-PPP assessment grid (source: author)

## References

Jomo KS, Chowdhury A, Sharma K, Platz D (2016) PPPs and the 2030 agenda for sustainable development: fit for purpose?. UNDESA, New York. https://sustainabledevelopment.un.org/content/documents/2288desaworkingpaper148.pdf

Shertok J (2020, June 8) The global economic outlook during the COVID-19 pandemic: a changed world. https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world#:~:text=The%20COVID%2D19%20recession%20has,all%20global%20recessions%20since%201990&text=September%20to%20December%20shows%20forecasts,data%20for%20the%20current%20year

# Practical Aspects of Emergency Management

Melissa Pinke
Jacksonville State University, Jacksonville, AL, USA

## Synonyms

Feasible; Practical-applied; Realistic; Useful

## Definition

Useful ways to plan for respond to and recover from potential or actual disasters

## Introduction

With the many regulations and directives currently in place, it is easy to see how emergency management can become a complicated process, driven by the need to create written plans to meet requirements. In the process of meeting requirements, it is essential the practical aspects of emergency management are not overlooked. Once the bird's-eye view of emergency planning has been done, it is time to get into the weeds so to speak and determine how emergency planning will play out during a real event. This paper will look at some of the practical aspects to consider regarding emergency management.

## Why Is Emergency Planning Needed?

The first determination that must be made is why emergency planning is being done in the first

place. If meeting a requirement is the main reason, then think again. Emergency planning just to meet a requirement provides a check in the box, but it is unlikely to meet the intent of the requirement. Saving lives and property while maintaining and/or returning to business quickly are the reasons regulations exist. Employees and customers must feel safe in order to continue to provide or use goods and services during an emergency or disaster. Therefore, the safety of your staff and customers should be the first priority when planning to weather an event and remain in business afterward.

Before, during, and after a disaster, some goods and services are not likely to be needed, while others are in high demand. Patients often cancel routine medical visits, while others experience life-threatening or urgent conditions caused by the event or other medical issues need to be seen regardless of what is going on. Snow shovels seem to fly off the shelves right before a snowstorm, and sump pumps are hard to be found when there is flooding. If an organization provides basic needs, there is an opportunity to both serve and flourish during a disaster. This will require maintaining some business functions. Knowing what goods and services customers will need and when will guide businesses in determining how long they will need to stay open or reopen before, during, or after an emergency.

## Planning Considerations

It does no good to survive a disaster, but to have everything lost afterward. Taking into account the potential for employee injuries and compliance issues, planning and preparedness can reduce liability and losses. OSHA requires employers provide a workplace free of recognized hazards likely to cause death or serious harm (Lockwood 2005). Safety violations contributed to the Deepwater Horizon oil spill in 2010. Two supervisors on board the oil rig were indicted of involuntary manslaughter due to gross negligence of conditions which contributed to the explosion and deaths of nine workers, while a third executive was charged with obstruction of congress and making false statements while overseeing response of the spill (EPA 2016). British Petroleum pleaded guilty to 11 counts of manslaughter (EPA 2016). How a company is seen caring for its employees and customers will impact its reputation and public perception (Lockwood 2005). Company image can be improved or damaged by your actions and can make or break sales and revenue and will influence stakeholder confidence in an organization after a disaster (Lockwood 2005).

It is more important to put more emphasis on planning rather than a plan document (Perry and Lindell 2003). The idea of planning is to reduce risk through hazard assessments, vulnerability assessments, and risk reduction; these are the actions to identify and decrease the level of danger and identification of resources necessary to get to acceptable levels, so include the experts available (Perry and Lindell 2003). Preparedness is a state of readiness to respond to threats; it is not simply the possession of a written plan (Perry and Lindell 2003). The application and steps are documented in the plan and revised as the plan is tested and updated (Perry and Lindell 2003).

Keep in mind that planning and management are different; planning is part of preparedness, while management is performance-implementing assessment and corrective, protective, and coordinating actions identified in the planning stage (Perry and Lindell 2003). While the same people that are a part of planning may be part of the response leadership, the abilities to rapidly assess, make decisions, and work well with others are key characteristics needed. Actions should be based on accurate knowledge of threats and the likely human responses (Perry and Lindell 2003). It is more important to act on valid information rather than quick information (Perry and Lindell 2003). This may require the need to look at and address interorganizational coordination and how each unit or divisions missions, structures, operational styles, capabilities, and limitations work and may need adjusting when responding to emergency events (Perry and Lindell 2003).

In planning, it is necessary to incorporate both high-tech and low-tech options for response and recovery (Bond 2007). The Internet and

computers are most valuable for managing events off-site, but when technology is unavailable, basic methods must be used. Going back to sending faxes, handwriting orders or talking face to face could be necessary. Review these methods with staff to increase confidence and to reduce errors.

## Emergency Response Leadership

In selecting emergency response leadership, individuals that cannot step up and take charge are best in important support roles rather than leading, regardless of their position. This is sometimes difficult when organizational structures get in the way. Having emergency response personnel on staff can be highly beneficial as they are professionals trained to evaluate situational contingencies and act in accordance with those assessments rather than political agendas (Perry and Lindell 2003). Choosing those to lead during difficult times requires strength, capabilities, knowledge, and ability to look at the big picture; make sure leadership can perform in this manner.

For larger buildings, it will take more than one person to coordinate and implement emergency response procedures. Establish a location emergency action plan team and include safety wardens on each floor to clear areas, direct people, keep lines moving, coordinate special needs, and conduct a headcount to ensure everyone is safe. While it is best if people volunteer, management is ultimately responsible to ensure emergency procedures are in place.

## Emergency Plans

Requirements often dictate lengthy sections in the written plan on organizational vision, mission, roles, responsibilities, and other areas that document how the emergency management program shall be administered. While these are necessary components for planning and preparedness, during emergencies, it is the annexes that detail specific response actions, contact information, and maps which are most needed during response (NFPA 2016). Plans must be created in a useful format; so needed information is quickly accessible. Information must be familiar to those that have responsibilities in the plan. The use of tabbed sections can greatly improve finding important items when seconds count. Having action verbs describe actions, such as "activate alarm systems" or "announce instructions," is much clearer than vague statements such as "the person in charge will determine what to do." Criteria should also be included to determine "triggering" events or what are the conditions for activating various responses. The use of checklists is also highly recommended to make it easier to remember what to do and not miss any important steps (Bond 2007). However, a checklist does little good if the reader has never seen the information before or understands how to apply it.

It is important that not only are appropriate authorities given to those identified in the plan but that they have actual authority to enact provisions they are responsible for. While a position may be named to initiate certain steps, if in real life, they need permission from someone else, then that person needs either to be named or true authority given to the individual. Another consideration is to identify where emergency plan document is physically located. Plans must be immediately available, especially if notification of an event occurs after hours. Anyone with designated responsibilities in an emergency should keep a hard copy or an electronic version of the plan with them at all times. Having direct access to the plan will improve response time. It may also reduce the chance of having to go to the office, delaying response. Plans must also be reviewed at least annually and kept up to date. People leave; phone numbers change; technology evolves; and locations may change. Make sure changes are accurately reflected in the plan and those responsible are made aware of the changes.

## Facility Issues

Facility safety is paramount for considering evacuation plans for all employees, visitors, vendors, and contractors. Within each of these groups are those with special or functional needs that may

require assistance with hearing notifications, reading instructions, speaking English, or exiting upper floors, so contingencies will be needed ahead of time to avoid confusion and delays. Determine all evacuation routes, assembly areas, and hazardous areas along with any places that can create confusion or challenges. Conduct a risk assessment of the facility using one of the many available tools. Take steps to reduce vulnerable situations such as poor lighting, shrubbery to conceal items or people, or relocating electrical devices such as computers off the floors, especially on lower levels. Identify and correct any situations that increase hazards, such as crossing a busy street to go to an assembly area or if the assembly area is located next to flammable material storage.

Employee behavior at assembly areas is also something to consider ahead of time. If there are delays in returning back into the office, determine if employees are free to wander or if they must remain in place. Another potential problem to address is smoking at the assembly area while people are waiting to go back in. While people are waiting or are nervous, they are likely to light up outside. If there are any flammable materials involved, this can turn out to be dangerous. Clear policy and communication regarding smoking during emergencies can reduce issues ahead of time. Typically employees are not on break during an evacuation unless they are given one. Further actions may be necessary, so employees should remain reasonably quiet and ready for further instructions.

## Evacuations and Sheltering

While there is an expectation under the Life Safety Code to evacuate a building in 4 min, it is important to determine if policies and procedures allow this to occur. Not only must people evacuate but also accountability for employees, visitors, and contractors must be established and reported to the emergency coordinator in case someone is left behind. Determine how you will account for employees and visitors, and perform it until it is flawless. The more employees practice, the more reality will impose and identify any wrinkles in emergency plans. Take the time to do after action reviews to identify problems, address deficiencies, and improve response.

Employee identification is becoming more commonplace nowadays. Perpetrators have pulled the fire alarm and then entered the building with the rest of the employees returning. Checking everyone for identification upon reentry should also be considered.

Identify multiple off-site shelter areas to relocate personnel from potentially damaging weather such as rain, cold, or high winds. The building next door is a great idea if it is large enough to hold employees and the building is also not impacted. If this is a larger community event, such as flooding, buildings nearby may also be impacted along with many of the streets across town; so a location out of the area should be found as well.

If severe weather like a tornado hits or there is chemical infiltration into the building, a plan and procedure is needed to protect people inside. Determine safe areas within the building people can move to. For severe winds and tornados, people should be moved to the lowest areas of the building away from doors and windows, so debris does not break through causing further injuries. Consider how to notify occupants and assist those with special needs. These plans need to be practiced to determine how long will it take to get everyone there and identify any bottlenecks that occur and if successful accountability is achieved. There must be provisions in place to quickly shut down air handling systems to avoid drawing in or spreading airborne contamination through the building. This must also include who is responsible and that proper access can be gained quickly.

Practice for these basic response steps is necessary and can point out challenge areas or conditions that need to be streamlined. While most people conduct drills on a sunny day, the reality is it may be raining, snowing, or very hot or cold. Start out simple, but be prepared for bad weather.

## Emergency Communications

It is necessary to determine how to communicate with employees, customers, and vendors before, during, and after a disaster. Establish notification and communication methods to activate your location emergency action plan team and to provide information to people in the building on-site and off-site. Develop and maintain lists of employees, partners, customers, vendors, contractors, and repair services for the physical plant. Include multiple ways to contact individuals, especially during off hours. Consider programming the numbers into cell phones.

Evaluate the existing physical communication systems that can be used to reach others, intranet home page, hotline, bulletin board, password-protected Internet site, or emails, and determine if it is acceptable (Lockwood 2005). The communication plan must clearly spell out who is authorized to create and approve these messages. Have approvals in place ahead of time for all notices. These systems must be immediately accessible, 24/7 by those who are authorized. Emergencies do not pay attention to work schedules. Considerations must include how long does it take to sign in, create your message, and send them. Regular testing will verify how quickly messages will be delivered. A message to evacuate is not very effective if it takes 3 h or more to reach the approver and get an answer. Consider a mechanism for recipients to confirm receipt of the message, so it is clear the message went out and was received. Be sure to test the system at different times of the day, from both inside and outside of the facility to ensure it works. Develop backup methods for access and delivery. The sender should include their contact information in all messages to verify when and how it was sent. All employees authorized to deliver messages need to practice regularly and frequently. Passwords fail, firewalls can block access, and multiple users during a crisis can bog down systems. Anticipate these problems and plan accordingly.

Communication messaging related to an emergency should be clear, with information on both the situation and direction for what actions people should take. People are more reluctant to comply with suggested emergency measures that are vague or incomplete (Perry and Lindell 2003). Using multiple delivery mechanisms will ensure people receive the message and promote the urgency for compliance. Use as many methods as possible and practical for the situation.

Also, make sure communication works between team members when responding. When coordinating an evacuation or other response, consider the use of handheld radios. Test them out before purchasing if possible to ensure they work in all areas of the building or if a repeater is needed. Ensure there is enough and maybe a spare or two in case one breaks. They must be charged and periodically tested to ensure they work and staff maintains competency in using them. Radios can either be assigned to team members or kept in a designated location. There are pros and cons to both. Especially in large buildings, team members need to reach each other and the leader; situations can change and everyone needs to both give and receive critical information quickly. Ultimately communications rely on tools. Ensure people have immediate access to the tools needed.

## Alternate Locations

If you do direct employees to alternate locations, they must know where they are and how to get there. Policy should address additional travel time and how expenses are reimbursed. Don't assume employees know where the alternate locations are or how to get there. Directions should be published and given at the time of the notification to avoid confusion.

Another factor to consider is transportation issues for your staff, visitors, and customers. Consider if it is too dangerous to drive or if public transportation shuts down, how many employees will be able to still make it in. Many times during emergencies and disasters, local officials will direct the public to avoid all unnecessary travel, so consider what does this mean for your

employees and your business. Determine ahead of time if there are critical functions that must continue to serve the public or your customers, the necessary staff needed to perform those functions, and ensure these employees have plans in place at home to ensure family is safe so they can work. If employees must travel, ensure they have identification on them to show they are critical staff and must report. Moving large amounts of people through an area that has travel restrictions during severe weather should not be taken lightly. Consider if existing employees can remain in place until the bad weather is over before traveling. If people do not have to travel during the worst of the weather, try to avoid it.

## Finances

Another critical resource that must be managed during an emergency is money. Develop a plan to maintain financial transactions. Ensure employees can be paid and critical items can be purchased if power or Internet goes down. If banking transactions cannot occur, having cash on hand may be a necessary resource. If employees are unable to work due to a disaster, determine if they will be paid or be required to use vacation time. If employees have to work extra hours, be sure overtime policies are clear and are reviewed. Be prepared to address expenses employees accrue for traveling or hotels.

Financial management needs to factor in multiple variables when facing disasters; the more resources and expenses needed will cost more money, leaving the questions of how is it getting paid for. The more answers are determined ahead of time will reduce additional decision-making and stress at the time of the event.

It is also essential to conduct a review of your organizations insurance policies (Shaw n.d.). Verify what types of events are and are not covered and how is damaged goods or lost revenue compensated. Deductibles and replacement coverage are important things to consider. Exclusions for acts of war seem far-fetched, but damages might not be covered from a terrorist event. Make adjustments to policies based on risks, coverage, and ultimately cost, but more importantly know where the organization stands ahead of time. Do not rely on FEMA reimbursement. It is never enough nor is it quick enough to get back in business immediately. Make sure risks are managed.

## Management Commitment

Everyone has heard it is necessary to establish commitment for the emergency management program by the top leadership (State Farm 2015). Senior management must communicate the priority and support needed for emergency management. Create measurements to track performance of departments and employees for participating in training and exercises and reward them accordingly. Employees will see quickly if leadership supports emergency preparedness by their actions as well as their words. If leadership does not support the program, it will most likely not work when you need it to.

## Training

It is necessary for everyone involved in the organization, including leadership, to participate in emergency preparedness training. Employees must know their roles (Perry and Lindell 2003). People need to know what is expected of them, what is likely to happen, and what the organizations can and cannot do for them (Perry and Lindell 2003). Ensure people understand the information and can execute actions when it is necessary. Therefore practice should be a part of training. It is also necessary for teams to train together for operability, understanding each other's roles and priorities in realistic scenarios, including community partners on a regular basis (Bond 2007). Provide training, drills, and exercises to develop team competency. Throwing a team of experts together does not make an expert

team (Burke et al. 2004). Trust and competencies must be developed together in order for good performance during emergencies.

Determine what professional responders can and will do for your facility in various scenarios during planning. Don't assume the police will search your building if a bomb threat is called in. Police may not even say it is safe for people to return to the building, so work with them ahead of time to determine how this will be handled.

Conduct action reviews after each drill, exercise, or potential or actual event. Look for what worked well and what needs to be changed. Have a process to ensure corrective steps are taken and assign accountability. While many businesses may rely on 911 to handle emergencies, during a disaster, highest priority calls are taken first and basic response may be up to facility staff. It is best to be as self-reliant as possible.

## Conclusion

In order for effective emergency management, it requires planning, training, exercising, acquisition of equipment and resources, and the need to include outside partners. Planning is a process of analysis, development, and maintenance of individual and team performance skills achieved through training, drills, and critiques (Perry and Lindell 2003). While this paper has attempted to cover many practical aspects of emergency management, it is certainly not inclusive of all of them. A good philosophy to go by is if it can be planned for, it can be prepared for. Better decisions will be made when management and responders, both internal and external, can plan ahead by discussing various scenarios, response actions, and outcomes ahead of time. Response will be much better than waiting to make decisions with the pressure of an event unfolding.

Many of the lessons identified in this paper were learned through drills, while some were unfortunately learned through actual events. Take the opportunity to critically examine procedures and expected outcomes now while the sun shines, in order to make emergency management run smoother during a disaster. Practice for real-life events is what makes an emergency plan practical.

## Cross-References


- ▶ Crisis Management Training
- ▶ Leadership in Organizations
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizational Technology
- ▶ Performance Management and Culture
- ▶ Preparedness Measures' Implementation in Crisis Management
- ▶ Team Coordination in Crisis Management


## References


Bond B (2007) Lessons in preparedness from response to hurricane Katrina. J Bus Contin Emer Plan 1(4):426–431

Burke CS, Salas E, Wilson-Donnelly K, Priest H (2004) How to turn a team of experts into an expert medical team: guidance from the aviation and military communities. Qual Saf Health Care. https://doi.org/10.1136/qshc.2004.009829. Retrieved from: http://europepmc.org/articles/PMC1765796

EPA (2016) Summary of criminal prosecutions. Retrieved from: https://cfpub.epa.gov/compliance/criminal_prosecution/index.cfm?action=3&prosecution_summary_id=2468

Lockwood NR (2005) Crisis management in today's business environment: HR's strategic goal. SHRM Res Q 4:1–10

National Fire Protection Agency (2016) Standard on disaster/emergency management and business continuity/continuity of operations programs. National Fire Protection Agency

Perry RW, Lindell MK (2003) Preparedness for emergency response: guidelines for the emergency planning process. Disasters 27(4):336–350

Shaw GL (n.d.) Business crisis and continuity management. The George Washington University Institute for Crisis, Disaster and Risk Management

State Farm (2015) Natural disaster planning for your business. Retrieved from: https://learningcenter.statefarm.com/insurance/business/business-recovery-planning-for-disaster/

# Pragmatism Matters in Chinese Public Hospital Management and Doctor-Patient Relationship

Shaozhuang Ma[1], Xuehu Xu[2], Virgínia Trigo[1] and Nelson J. C. Ramalho[1]
[1]Instituto Universitário de Lisboa (ISCTE–IUL), Business Research Unit (UNIDE-IUL), Lisbon, Portugal
[2]Department of Gastrointestinal Surgery, The Third Affiliated Hospital of Guangzhou Medical University, Guangzhou, China

## Synonyms

Chinese Hospital Management; Commitment HR practices; Doctor-patient relationships (DPR); Pragmatism; Turnover intention

## Definition

Pragmatism is defined from an individual point of view as putting considerations of utility (for oneself) above any other type of consideration when making professional decisions.

## Introduction

Healthcare management policymakers are currently concerned about tackling the deteriorating doctor-patient relationship (DPR). The tension of DPR has contributed to an increased turnover intention among Chinese doctors (Lin et al. 2014). A solution may reside in the growing evidence that human resource management (HRM) is an important tool for improving employee well-being and delivering high-quality patient care in China (Cooke and Bartram 2015). Especially commitment HRM should be given priority because they may positively impact DPR and lower turnover (Ma et al. 2016).

However, previous findings might not always be replicated in Chinese healthcare contexts due to the cultural value of pragmatism, because in a pragmatism-based situation, decision-making is mostly of a transactional nature, a situation common in current Chinese hospital settings (Cooke and Bartram 2015). This study challenges this assumption by testing a boundary condition of commitment HRM policies in healthcare settings in China. Using a sample of 508 doctors from 33 tertiary public hospitals in Guangdong, China, this study examines the moderator effect of pragmatism on the relationship between commitment HRM policies and turnover intention via DPR. The study reveals that commitment HR practices are positively associated with the DPR and that overall DPR is negatively related with turnover intention. Furthermore, our results suggest that pragmatism moderates the association between DPR and turnover intention in the model.

## Chinese Healthcare Reforms and Pragmatism Model of Doctor-Patient Relationship

Along with China's opening-up policy at the end of the 1970s, the Chinese healthcare system has undergone two major phases of reform: the first round is a market-oriented reform from the early 1980s to 2002, and the second is a comprehensive reform from 2003 to the present. An important outcome of the marketization reforms was the continuous reduction of government subsidies to less than 10% by 2000 (Ramesh and Wu 2009). As a result, the marketization prompted by healthcare reforms since the 1980s in China turned public hospitals into "for-profit" organizations by maintaining their survival and development through user charges and pharmaceutical markups (Dong et al. 2014). Hospitals encourage doctors to overprescribe drugs, medical tests, and treatments in order to meet the expenses of their own personal pay and hospital revenues (He 2014), creating serious ethical violations, corruption, and injustice in the society at large. The overdiagnosing and overprescribing make patients and families pay out-of-pocket fees and then lead to mistrust of doctors.

Cooke and Bartram (2015) argue that when individuals bear high costs, as consumers they, in turn, have high expectations of services from the medical staff and hospitals at all levels. "Patients' poor experiences and often unmet expectations can accumulate, result in doubt into an individual doctor's treatment and a general distrust in health care professionals and finally may break out into open doctor-patient conflicts" (Hu and Zhang 2015: 1651). Since doctors are afraid of being accused of misdiagnosis, they resort to defensive behaviors, particularly by overprescribing to avoid making a mistake. Such defensive behaviors further increase the distrust and anger against doctors and result in the increasing tension in DPR, thus creating a vicious circle.

This pragmatic approach of DPR in which public hospitals act as for-profit businesses and "patients" as "consumers" has also brought suffering to doctors (Ma et al. 2017). For example, a study by Lin et al. (2014) showed that violence against doctors resulted in doctors' burnout, job dissatisfaction, and turnover intention.

## Institutional Change and Turnover of Doctors in Public Hospitals

Until the 2009 reform, the healthcare sector was one of the few areas that remained under the planned economy system, and public hospitals were run as part of the government administration. For example, senior hospital managers were typically appointed by local governments with attached official ranking status. Medical staff were given budgeted posts instead of signing employment contracts with the hospital in the same manner as any other government employees, and almost all Chinese doctors were employed full time and not allowed to work for any other medical organization. Therefore, the mobility and turnover of medical professionals in public hospitals in China were constrained to a very low level under the planned economy approach. This situation has changed since 2009, with the emergence of private hospitals and with new medical policies giving extended rights to certified doctors.

As part of the reform initiated in 2009, the Chinese government encouraged non-governmental entities to invest in hospital services. As of the end of April 2017, while private hospitals increased to 16,876, public hospitals continued to decrease to 12,602, accounting for 43% of all hospitals in China – a 15% decrease compared with 2012 (National Health and Family Planning Commission 2017). The decrease in the number of public hospitals coupled with the decentralization of their personnel management system, as well as the emergence of joint-ventured and private hospitals, contributes to a substantial rise of medical staff turnover rate, particularly of senior professionals in China's public hospitals (Zhang et al. 2016). A more recent initiative of this round of healthcare reform is to allow doctors to offer medical services at multiple sites by pushing a multi-site medical practice in an attempt to increase doctors' motivation and resource sharing by different healthcare units. In 2014 the *Notice on Developing and Standardizing Multi-site Medical Practice of Certified Physicians*, issued by the National Health and Family Planning Commission, endorsed this provision.

At the same time, the Chinese government has been decentralizing and deregulating the hospital management system. Public hospitals have become legal entities with rights to independently recruit, allocate, and manage employees and with the autonomy to establish internal incentive mechanisms. Gradually, the personnel management of China's hospitals has been transformed from a national and unified employment model to an autonomous employment system in which hospitals have independent rights to recruit clinical talent and design positions according to human resource planning. Along with this institutional change, clinician turnover has emerged as an issue due to the "pull force" of opportunities in the medical market and the "push force" of escalating tensions and conflict between patients and doctors in public hospitals.

## Doctor-Patient Relationship and Turnover Intention of Doctors in Public Hospitals

Doctors' turnover in recent years has been on the increase with strong evidence that tense relationships between doctors and patients, and workplace violence punctuated by medical disputes, play a significant role in their decision (Lin et al. 2014). Due to the insufficient investment in healthcare, doctors in Chinese public hospitals are chronically overworked while receiving low pay and little or none of the recognition they deserve from society. The frequent occurrence of violent attacks and bodily injuries make personal safety a top concern of China's doctors since they often become victims of violence. For example, Wang's research (2012) found that personal safety and social respect were the top concerns of 65% of the doctors surveyed, in contrast with 53% who asserted that their utmost priority was to cure patients' diseases. Similarly, Ding et al. (2014) argue that doctors who have suffered workplace violence are twice as likely to foster turnover intention as those who have not. Thus, the tension and conflict in DPR turn out to be the "push effect" for turnover behavior of doctors in public hospitals. These study results suggest that DPR is negatively associated with turnover intention in the overall sample. That is, the lower is the level of perceived DPR by doctors, the higher is the turnover intention.

## Commitment HR Practices and Doctor-Patient Relationship

A commonly used solution to tackle high turnover in China is to promote commitment HR practices (Ma et al. 2016), and in recent years Chinese hospitals have been increasingly exploring different HR approaches to cope with the competition. Strategic HR scholars contend that control and commitment HR practices represent two different HR styles (Ma et al. 2016). While control HR imposes compliance with rules and regulations on employees, the commitment approach focuses on motivating employees to contribute higher levels of discretionary behaviors through participation in decision-making and teamwork (e.g., Collins and Smith 2006). Recent studies suggest that China-based HRM systems consist of both control and commitment (Ma et al. 2016). This study applies the concept of commitment HR that focuses on practices such as participation in decision-making, internal communication, and teamwork (Xiao and Tsui 2007). The current study reveals that there is a positive association between commitment HR practices and DPR. The overall findings demonstrate the value of commitment HRM in improving patient care like DPR and in retaining senior hospital managers and doctors by reducing turnover intention.

These findings imply that turnover intention might be reduced by introducing commitment HR practices to improve DPR. The results are consistent with the arguments that HRM focused on participation and empowerment might improve patient care quality. The finding suggests that Chinese healthcare organizations should value teamwork, effective collaboration, and open communication. Therefore, this study argues that commitment HR practices characterized by participation in decision-making, good internal communication, and teamwork can be the "one stone" to "kill the two birds" of the deteriorating DPR and turnover issues faced by many Chinese hospitals.

## Pragmatism and Individual Values

The effectiveness of HRM policies should be considered in its societal context. One important cultural value that pervades Chinese society and determines both ethical and heuristic behaviors is its embracement of pragmatism. This orientation has been present for centuries in Chinese philosophy and culture and has been extensively studied from different perspectives, but to the best of our knowledge, it has never been approached from the viewpoint of how it may

affect employees' decisions to stay or leave an organization.

In organizational studies, Hofstede's fifth cultural dimension, "long-term orientation" (first named Confucian dynamics), was introduced in 1988 after an extensive survey conducted with Chinese subjects. This dimension reflects how extensively societies seek to face future challenges through solutions that have been used in the past (Hofstede and Bond 1988). Short-term-oriented societies are normatively based, while long-term-oriented societies are pragmatic (as they favor more relativism). Traditional Chinese scientific thinking is recognized as being deeply pragmatic (Li and Wu 2016; Stephens 2009). Although this cultural characteristic was briefly rejected in the 1950s because it favored incremental change through education (reform) over radical change (revolution) as a way to improve societies, it was revived in the 1980s, along with the reform and opening which endorsed pragmatism, openness, and economic liberalization. The most well-known expression of pragmatism from this period came from Deng Xiaoping's thought on the white or black cat – "Never mind whether the cat is black or white, so long as it catches mice."

The emergence of individual-focused pragmatism in healthcare, expressed in consequentialism, can change the logic of group relationships and translate into instrumental opportunism. This corrodes the moral grounds that ensure the primacy of collective interest, and an instrumental-based ethical climate may foster corruption in hospital settings (Stachowicz-Stanusch and Simha 2013). Following this perspective, pragmatism is defined in this study from an individual point of view as putting considerations of utility (for oneself) above any other type of consideration when making professional decisions.

All in all, pragmatism may be an important dimension to consider when studying organizational behavior because of its potential to change outcomes from value-based variables such as commitment HR practices. This study suggests that individual pragmatism moderates the relationships between commitment HR, DPR, and turnover intention in such a way that DPR plays some role in explaining turnover intention only for the low-pragmatism condition.

First of all, this study reveals significant differences in means for DPR and turnover intention, in which the low-pragmatism group reports lower commitment HR, lower level of DPR, and higher turnover intention. This could be an expression of a stronger sensitivity and disappointment with prevailing consumerism and opportunism in hospital settings, as low-pragmatism individuals will be keener to rely on value-based criteria. Also, high pragmatism individuals are more aligned and benefit from the emerging pragmatic system and thus quite understandably report the higher commitment HR, the higher level of DPR, and the lower turnover intention. This can be taken as a dynamic that will favor high pragmatism in healthcare and drive low-pragmatic individuals out of the system.

In addition, this study shows there is a striking contrast between the high and low-pragmatism groups for the relationship between DPR and turnover intention. The high pragmatism group shows a nonsignificant relationship, while there is a significant negative relationship for the low pragmatism. This lends support to the existence of a moderation effect of pragmatism. When taking the sample as a whole and disregarding the pragmatism level, findings follow the expected path from commitment HR practices to DPR to turnover intention.

Pragmatism, as shown in this study, might be a two-edged sword, because having it to some degree would be necessary to withstand the pressures of organizational change. Too little will create rigidity and prevent the necessary flexibility, but too much would push the individual into the utilitarianism grounds, which may lead to sacrificing professional mission as a doctor to save lives and protect physical well-being, creating ethical challenges in a healthcare setting. However, a competing interpretation will state that high pragmatic individuals are those who are more effective in resisting poor DPR, as it does not push them into wanting to quit. This apparent resistance can stem from several

reasonable causes such as focusing more on personal benefits, being less emotionally engaged with patients and patients' relatives, or being more "looking-to-oneself" instead of being concerned with the overarching logic of the system. An alarming implication of this finding for the ongoing healthcare reform in China is that should consumerism and opportunism in hospital settings continue, fewer low pragmatic individuals will stay and serve in hospitals, while more high pragmatic ones will stay and continue the "for-profit" mentality, thereby worsening DPR. This has systemic implications that should not be overlooked by policymakers.

## Implications

These findings have two implications: (1) commitment HR practices can be an effective tool to implement policies that counter deteriorating DPR in the Chinese healthcare sector, and (2) commitment HR practices will have a different influence on turnover intention via DPR whereby only the low pragmatic individuals will be less likely to quit from their hospitals.

Additional implications concern deciding first about the extent to which DPR is important in preventing turnover intention and, second, whether pragmatism should be taken as a critical variable. Findings suggest that DPR can be managed to prevent turnover in low pragmatic individuals, but managers will lack this tool for high pragmatic individuals. So, findings indicate that pragmatism matters for managers and policymakers. From HRM ethics and stakeholder perspective, HR managers should be cautious in recruiting and placing high pragmatic individuals in clinical positions in order to ensure the interests of patients are respected.

In conclusion, pragmatism has a significant moderation effect in the paths established from commitment HR practices to DPR and turnover intention in such a way that, in the low-pragmatism sample, commitment HR practices are associated with better DPR, while DPR is associated negatively with lower turnover intention.

## Cross-References


- ▶ Comparative Healthcare Systems
- ▶ Diversity Management and Cultural Competence in the Healthcare Field
- ▶ Professional Norms in Public Sector HRM


## References


Collins CJ, Smith KG (2006) Knowledge exchange and combination: the role of human resource practices in the performance of high-technology firms. Acad Manag J 49(3):544–560

Cooke FL, Bartram T (2015) Guest editors' introduction: human resource management in health care and elderly care: current challenges and toward a research agenda. Hum Resour Manag 54(5):711–735

Ding WJ, Song H, Dong JQ, Wang YQ, Zhuo L (2014) Analysis on the health service utilization and its influencing factors in one economic development zone of Xuzhou. Mod Prev Med 41: 465–469

Dong L, Christensen T, Painter M (2014) Health care reform in China: an analysis of development trends and lack of implementation. Int Public Manag J 17(4):493–514

He AJ (2014) The doctor–patient relationship, defensive medicine and overprescription in Chinese public hospitals: evidence from a cross-sectional survey in Shenzhen city. Soc Sci Med 123:64–71

Hofstede G, Bond MH (1988) The Confucius connection: from cultural roots to economic growth. Organ Dyn 16(4):5–21

Hu Y, Zhang Z (2015) Patient education – a route to improved patient experience in Chinese hospitals? Patient Educ Couns 98(12):1651–1652

Li TC, Wu YL (2016) Pragmatism in China – Chinese pragmatism. In: International conference on humanity, education and social science. Atlantis Press

Lin SW, Chai WL, Lin XR, Li DL, Hong RY, Wu SY (2014) The influential factors of doctor's turnover intention. Mod Prev Med 41:470–473

Ma S, Silva MG, Callan VJ, Trigo V (2016) Control and commitment HR practices, job satisfaction and turnover intentions: a comparison between local and multinational firms in China. Int J Hum Resour Manag 27(9):974–990

Ma S, Xu X, Trigo V, Ramalho NJ (2017) Doctor-patient relationships (DPR) in China: managers and clinicians' twofold pathways from commitment HR practices. J Health Organ Manag 31(1):110–124

National Health and Family Planning Commission (2017) Number of nationwide health institutions by the end of April 2017. Retrieved from http://www.nhfpc.gov.cn/mohwsbwstjxxzx/s7967/201706/41573016be1b41719c8ca68dfab05e9d.shtml

Ramesh M, Wu X (2009) Health policy reform in China: lessons from Asia. Soc Sci Med 68(12):2256–2262
Stachowicz-Stanusch A, Simha A (2013) An empirical investigation of the effects of ethical climates on organizational corruption. J Bus Econ Manag 14(sup1):S433–S446
Stephens D (2009) Confucianism, pragmatism, and socially beneficial philosophy. J Chin Philos 36:53–67
Wang LY (2012) Public hospital personnel dominant loss reason analysis: statistical analysis in 2000–2010. Theor Stud 15:65–66
Xiao Z, Tsui AS (2007) When brokers may not work: the cultural contingency of social capital in Chinese high-tech firms. Adm Sci Q 52(1):1–31
Zhang DJ, Zhang CF, Wang JT (2016) Study of turnover and its influential factors in a Chinese public hospital. Hosp Manage Forum 33(3):31–34

# Prayer in Implementing Social Policy

Bill Dudley
U.S. Department of Defense, Virginia Beach, VA, USA

## Synonyms

*God*: Almighty; Authority; He; One; Provider

## Definition

*Objective Moral Standard* Merriam-Webster (www.meriam-webster.com) defines moral as "considered right and good by most people: agreeing with a standard of right behavior." When combined with an object (God) from which the standard is provided there is a reference point to where authority, integrity, and morality combine in governance over the subjective will of man.

## Introduction

The ultimate goal of social policy is the mitigation of an identified need for the better good of the people. Deciding what social need is warranted and then legislated, funded, and supported must be validated against some sort of standard. This work assumes some moral standard in each and every endeavor. At issue is the diverse moral standard among society that elicits division and animosity. So there must be an objective moral standard that is the guideline for setting policy. If there is a moral standard, then there must be an entity that provided the wisdom, intent, and applicability of the standard. In applying that standard there must be an acknowledgment of the provider and an attempt in knowing and following the wisdom of that origin. There must be a relationship that is established with the provider, which this endeavor submits as God, which enables the public servant to captures God's wisdom and intent in meeting the societal need. That relationship is established and maintained via communication in which the vehicle is prayer. While it is evident in a diverse society that some will vehemently oppose that supposition, governments have throughout history sought that very relationship.

The purpose of this entry is not to determine if God exists. Rather, the concern here is the role prayer plays in the implementation of social policy. Prayer is examined in its personal form (through devotion), its professional form (through servant leadership), and its public form (in practice, perception, and provision).



## Why the Discussion?

Diversity has become a key principle, rightly so, in which policy makers must consider when enacting or developing agents of delivery to meet an acknowledged need. However, within that framework of diversity are distinct and unique culture and belief systems that come in conflict with that very diversity. So how is the decision, to implement policy, decided when those diverse systems of belief and culture conflict in purpose and scope? Is it majority wins? Some would think. Yet many hot topic policy decisions have been made that support only the smaller fraction of some members of society. Is it monetarily driven? In some cases and in others it is a political power move. Other

examples could be cited but not necessary to the argument. Is it always the greater good of society that many would like to cite as justification? If it is, who decides what is good? Again, what is the moral standard?

Currently there is contention in respect to the intention of religious liberty mandates in numerous countries. There are many that believe religious influence in any way has no right or benefit in the public domain. There is strong sentiment from numerous organizations to have prayer of any kind banned in the governmental platform. This becomes interesting as countries where this struggle rises to notice are demographically religious by large percentages. Those in that religious demographic believe in prayer for wisdom and guidance. Do the wants of a substantially less numbered constituency culture trump the needs or wants of the much larger demographic? Every policy presents a solution that has winners and losers. Who decides? The answer of course is not easy.

Within this battlefield of opinion are curious ethical irregularities. Is it permissible for presidents, kings, and leaders to call for prayer in each and every disaster, whether they are by natural divine providence, or by psychopaths, intent on causing harm? No matter the political party there are calls for prayer and condolences. Many of those same legislators and leaders reject the premise of the need or utility of prayer in conducting daily governmental tasking. When dignitaries or celebrity lives have come to their end, these same leaders send prayers and best wishes to the families in very public declarations.

In the very founding documents of the United States, numerous references to the Almighty are evident. Numerous early monuments of the capital city declare commandments, writings, and scripture on the institutional building architecture. Currently a small constituency seeks to have those inscriptions removed and prayer banned in those buildings once free to all ideals. The argument may be that we need to remain neutral. That is a very subjective term, for no one is really neutral in any position. Even those that call for tolerance and diversity seek heavily to have their opinion (belief structure) as the statement of truth. Every policy-maker comes from a paradigm of belief that directs their worldview and subsequent action.

When deciding on actions affecting those large religious (believers in an Almighty) demographics, why is it so wrong to invoke the wisdom of the Almighty? When the Almighty is left out the standard then is man who has proven to fall short time and time again. When moral and ethical decisions are being made, why is it wrong to involve the One that instituted those moral and ethical standards? Does diversity and tolerance demand the abstinence of religious thought and action? If so, is that really diversity and tolerance in action? While no one religious dogma should control or coerce others into subjection, the open acknowledgment of the Almighty on occasions of needed wisdom should not be excluded.

## Prayer That Is Personal

Relationships are at the heart of every endeavor of life. The family relationship is one of utmost importance and has a dramatic influence on all other relationships. The interaction, cooperation, communication, and compromise that are needed in the family relationship guide and direct the further expansion of relationship into the community. Each of the character traits of the individual are molded and reinforced within the family structure. One of the more important skills learned within the family context is conflict resolution. How does the individual face relationship struggles, health issues, financial hardship, or the myriad of other challenges of daily life? There must be a developed sense of direction and purpose that leads to effective problem-solving.

The direction and purpose of an individual has a foundational base in the moral principles displayed and promoted within the family structure. Yet, there must be an authority for the moral fiber of the relationships. For a large demographic, their morals, purpose, and direction are learned and reflected via the personal relationship with the Almighty. Certainly the parental leadership has a huge influence, but belief in an Almighty cannot be coerced. A behavior model can be coerced but character and internal morality

cannot be forced. It is the result of experience and evidence that the individual prioritizes via relationship with the Almighty. As evidence is presented in the divine documents, and experienced thru principles validated in real world situations, it is the personal communication with the Almighty and the witnessed response that builds the trust and reliability on the Almighty.

Altruism and the desire to serve others is not a natural predisposition. The opposite is actually the natural desire. Most would have to admit the selfishness and self-adoration that exists within. That is overcome only as the individual realizes there is a greater purpose to serve. The personal development of that purpose comes through the vehicle of prayer as the wisdom, love, and direction of the Almighty is sought. Volumes have been written on individuals who once sought selfish gain, but whose heart was turned by a relationship with the Almighty that resulted in a passion to impact and serve others that had worldwide change and utility for many. Mother Theresa and her dedication to ease the plight of the poor, William Wilberforce and his passion to have slavery abolished, the Salvation Army and the millions touched by their generosity all have their roots in an individual who sought the wisdom, love, and direction of the Almighty as a result of the touch upon their heart through the purposed communication provided through prayer. Prayers that were done in secret, tears that were shed, sorrows that were shared, and hopes that were expressed were all done in the privacy of the home. It was the personal activation of faith that produced the changes. It was the personal, prayerful relationship that was built with the Almighty, unseen by the masses, which impacted the world. Had these individuals chosen to remain private in their purpose, and withheld the wisdom provided through the hours of prayer, many a life would have remained in despair waiting on relief for their sorrow and pain.

Purpose, character, and initiative are personal and developed with family, friends, community, and the relationship with the Almighty. Those relationships spark the drive for individuals to seek public service and influence in order to participate in the change for the greater good of society. It is the personal prayers that lead to that expression in the professional workplace through leadership and involvement in policy advocacy.

## Prayer That Is Professional

A glance into the biography of a stellar achiever or one that has presented a legacy of superior service will reveal strength in leadership and an acknowledgment of personal integrity. While leadership is developed in certain roles within the family context, much more is learned and honed in the execution outside the family unit. Yet the character and moral development resultant from prayer and the family relationship is the foundation that many leadership qualities are built upon. Servant leadership principles find their success in individuals who learned that leadership is all about serving. That serving principle, tied back to the altruistic spirit, again goes against the natural grain. It would be ignorant to express that only servant leaders get things done. Certainly, despots through centuries achieved phenomenal works done through coercion and fear. While many would say governmental policies could fall into that category, the assumption this work makes is that public servants really are trying to advance the good of the people.

What then defines the separation between the despot and the servant leader? The answer is found in the attitude of the heart and the integrity of purpose. The despot is driven by greed and personal grandeur. The servant leader is purposed to make a difference in the lives of those they serve. The despot seeks and serves self. The servant leader seeks the will of God and the hope of using the wisdom and skills learned to make a change that benefits society. One accomplishes through fear what the other accomplishes through the empowerment of others willing to follow because of the sincerity expressed and demonstrated by the servant leader. While the followers may not share the same moral and ethical principles of the servant leader they follow because of the integrity displayed. While subordinates may not pray or believe in prayer, they respect the servant leader that does knowing that the result is not self-centered but others centered. Why pray to an Almighty for self-fulfillment? Why pray for

wisdom if it is already inherent within the individual? Is it then wrong that subordinates or customers see a leader pray if that same prayer is not forced upon them? Within the work environment many ideas and cultures are expressed through pictures on desks, slogans on shirts, conversations, and actions that run the gambit of ethical and moral boundaries. Each occurrence is a direct representation of a worldview or culture of belief. Certainly there is diversity, and there is tolerance, but why only for those that choose not to believe in God?

Public service is not easy; sometimes, it is not even pleasant. Trying to meet the needs of such diversity comes with challenges. It demands the public servant to invest and commit their time and talent all for the edification of others. In every policy endeavor, moral and ethical decision are made. The professional public servant that makes decisions based on their own volition or some coerced allegiance to an outside entity will quite often create problems rather than find solutions for the contingency they serve. As stated, every policy that finds funding and implementation will always have a negative effect on some. Sometimes, it is in accountability for wrongdoing, at other times it is the unintentional impact upon certain individuals. Certainly, wisdom is needed to mitigate the unintentional impacts.

While the leadership contingency draws wisdom and ideas from other leaders, the wisdom and intent of the Almighty will always find the best solution for all. The servant leader that has learned to utilize prayer to not only seek the wisdom of God, but to also put in check any selfish desire, can rest knowing that the integrity of the decision was based on others and not on selfish gain. That professional decision is the outcome of communications starting with the personal prayers in the family unit. Why would anyone not want that as part of the professional decision-making process? Would a better process be the self-absorbed individual bent on fame and fortune?

## Prayer That Is Public

Transparency seems to be a catch-phrase for the politically correct. Society demands integrity and character of its leaders if trust is to be developed. That trust is built upon observance of integrity in action. Those claiming transparency often fall prey to modern technology that catches the hypocritical practices of leaders who promote one set of morals in public, but in private demonstrate the opposite. Trust is built by those that display the same moral standards in public that they live in the private and professional environment. Why should the spiritual servant leader be required to hide the very foundation of faith that provides the bedrock of success that led to the beneficial policies that flow from the conversation with the Almighty? Many of the United States presidents have volumes of personal letters and communication which cited the deep passionate guidance received from the vehicle of prayer with the Almighty. Why the rush to abandon that process today? To be transparent is to reveal the driving passion that makes the servant willing to put the needs of others first and to be a good steward of the responsibility laid upon their shoulders. So in practice, prayer seems a logical response to God to start any endeavor.

Certainly, there will never be the utopia of consent by all individuals in any societal setting. The hope is that the contingency sees the intention of pure motive when decisions are being made. Respect can be given to an opposing view if the intent of the heart is perceived to be focused on trying to do the right thing. Integrity once was a driving principle in compromise for reaching decisions that were beneficial to the contingency. The perception of honor was based on the observance of the actions of the leader in their public and personal lives. In decades and centuries past, it was perceived to be honorable to pray and ask for guidance of the Almighty. Certainly there are those that used the generosity of trusting individuals and presented the façade of being spiritual to get votes and power; but the dishonesty of those chameleons should not be used as the excuse to be rid of prayer for those that earnestly and sincerely rely upon the Almighty for wisdom. The perception of prayer is favorable in times of disaster, chaos, and in the death of cherished public figures; even sought after, but now there is reluctance and a forced abolition in the public demonstration. This is a detriment to the better good of society.

The forced abolition will lead to the self-centered decision-making of power brokers intent on personal gain. That perception is already evident and prevalent in many governmental dealings.

## Conclusion

Finally, the performance of prayer provides the transparency, perception, and professional consideration while seeking the greatest possible resolution for the problems that place such high demand upon public servants. No single individual possesses the intellect or wisdom greater than the Almighty that graced the creation of this universe and placed the differing cultures that bring beauty to life. There is no need to hide or cast out such a great tool to bring success in the public arena. Prayer should neither be feared or coerced but part of the dialogue of differing ideas and cultures that result in wisdom that has led so many to provide great change and benefit to society. The personal devotion, the professional dedication, and the public display resultant from the communication with God will lead to altruism and integrity that will impact lives and bring honor to the public servant and those they serve.

## Cross-References

► Philosophical Ethics

# Preparedness Measures' Implementation in Crisis Management

Melissa Pinke
Jacksonville State University, Jacksonville, AL, USA

## Synonyms

Feasible; Practical-applied; Realistic; Useful

## Definition

Useful ways to plan for respond to and recover from potential or actual disasters.

## Introduction

With the many regulations and directives currently in place, it is easy to see how emergency management can become a complicated process, driven by the need to create written plans to meet requirements. In the process of meeting requirements, it is essential the practical aspects of emergency management are not overlooked. Once the bird's-eye view of emergency planning has been done, it is time to get into the weeds so to speak and determine how emergency planning will play out during a real event. This paper will look at some of the practical aspects to consider regarding emergency management.

## Why Is Emergency Planning Needed?

The first determination that must be made is why emergency planning is being done in the first place. If meeting a requirement is the main reason, then think again. Emergency planning just to meet a requirement provides a check in the box, but it is unlikely to meet the intent of the requirement. Saving lives and property while maintaining and/or returning to business quickly are the reasons regulations exist. Employees and customers must feel safe in order to continue to provide or use goods and services during an emergency or disaster. Therefore, the safety of your staff and customers should be the first priority when planning to weather an event and remain in business afterward.

Before, during, and after a disaster, some goods and services are not likely to be needed, while others are in high demand. Patients often cancel routine medical visits, while others experience life-threatening or urgent conditions caused by the event or other medical issues need to be seen regardless of what is going on. Snow shovels seem to fly off the shelves right before a

snowstorm, and sump pumps are hard to be found when there is flooding. If an organization provides basic needs, there is an opportunity to both serve and flourish during a disaster. This will require maintaining some business functions. Knowing what goods and services customers will need and when will guide businesses in determining how long they will need to stay open or reopen before, during, or after an emergency.

## Planning Considerations

It does no good to survive a disaster, but to have everything lost afterward. Taking into account the potential for employee injuries and compliance issues, planning and preparedness can reduce liability and losses. OSHA requires employers provide a workplace free of recognized hazards likely to cause death or serious harm (Lockwood 2005). Safety violations contributed to the Deep Water Horizon oil spill in 2010. Two supervisors on board the oil rig were indicted of involuntary manslaughter due to gross negligence of conditions which contributed to the explosion and deaths of nine workers, while a third executive was charged with obstruction of congress and making false statements while overseeing response of the spill (EPA 2016). The British Petroleum pleaded guilty to 11 counts of manslaughter (EPA). How a company is seen caring for its employees and customers will impact its reputation and public perception (Lockwood). Company image can be improved or damaged by your actions and can make or break sales and revenue and will influence stakeholder confidence in an organization after a disaster (Lockwood).

It is more important to put more emphasis on planning rather than a plan document (Perry and Lindell 2003). The idea of planning is to reduce risk through hazard assessments, vulnerability assessments, and risk reduction; these are the actions to identify and decrease the level of danger and identification of resources necessary to get to acceptable levels, so include the experts available (Perry and Lindell 2003). Preparedness is a state of readiness to respond to threats; it is not simply the possession of a written plan (Perry and Lindell 2003). The application and steps are documented in the plan and revised as the plan is tested and updated (Perry and Lindell 2003).

Keep in mind that planning and management are different; planning is part of preparedness; and while management is performance-implementing assessment, corrective, protective, and coordinating actions are identified in the planning stage (Perry and Lindell 2003). While the same people that are a part of planning may be part of the response leadership, the ability to rapidly assess, make decisions, and work well with others are key characteristics needed. Actions should be based on accurate knowledge of threats and the likely human responses (Perry and Lindell 2003). It is more important to act on valid information rather than quick information (Perry and Lindell 2003). This may require the need to look at and address inter-organizational coordination and how each unit or division missions, structures, operational styles, capabilities, and limitations work and may need adjusting when responding to emergency events (Perry and Lindell 2003).

In planning, it is necessary to incorporate both high-tech and low-tech options for response and recovery (Bond 2007). The Internet and computers are most valuable for managing events off-site, but when technology is unavailable, basic methods must be used. Going back to sending faxes, handwriting orders, or talking face to face could be necessary. Review these methods with staff to increase confidence and to reduce errors.

## Emergency Response Leadership

In selecting emergency response leadership, individuals that cannot step up and take charge are best in important support roles rather than leading, regardless of their position. This is sometimes difficult when organizational structures get in the way. Having emergency response personnel on staff can be highly beneficial as they are professionals trained to evaluate situational contingencies and act in accordance with those assessments rather than political agendas (Perry and Lindell 2003). Choosing those to lead during difficult

times requires strength, capabilities, knowledge, and ability to look at the big picture; make sure leadership can perform in this manner.

For larger buildings, it will take more than one person to coordinate and implement emergency response procedures. Establish a location emergency action plan team, and include safety wardens on each floor to clear areas, direct people, keep lines moving, coordinate special needs, and conduct a headcount to ensure everyone is safe. While it is best if people volunteer, management is ultimately responsible to ensure emergency procedures are in place.

## Emergency Plans

Requirements often dictate lengthy sections in the written plan on organizational vision, mission, roles, responsibilities, and other areas that document how the emergency management program shall be administered. While these are necessary components for planning and preparedness, during emergencies, it is the annexes that detail specific response actions, contact information, and maps which are most needed during response (NFPA 2016). Plans must be created in a useful format; so needed information is quickly accessible. Information must be familiar to those that have responsibilities in the plan. The use of tabbed sections can greatly improve finding important items when seconds count. Having action verbs describe actions, such as "activate alarm systems" or "announce instructions," is much clearer than vague statements such as "the person in charge will determine what to do." Criteria should also be included to determine "triggering" events, or what are the conditions for activating various responses. The use of checklists is also highly recommended to make it easier to remember what to do and not miss any important steps (Bond 2007). However, a checklist does little good if the reader has never seen the information before or understands how to apply it.

It is important that not only are appropriate authorities given to those identified in the plan but that they have actual authority to enact provisions they are responsible for. While a position may be named to initiate certain steps, if in real life, they need permission from someone else, then either that person needs to be named or true authority given to the individual. Another consideration is to identify where emergency plan document is physically located. Plans must be immediately available, especially if notification of an event occurs after hours. Anyone with designated responsibilities in an emergency should keep a hard copy or an electronic version of the plan with them at all times. Having direct access to the plan will improve response time. It may also reduce the chance of having to go to the office, delaying response. Plans must also be reviewed at least annually and kept up to date. People leave; phone numbers change; technology evolves; and locations may change. Make sure changes are accurately reflected in the plan, and those responsible are made aware of the changes.

## Facility Issues

Facility safety is paramount for considering evacuation plans for all employees, visitors, vendors, and contractors. Within each of these groups are those with special or functional needs that may require assistance with hearing notifications, reading instructions, speaking English, or exiting upper floors, so contingencies will be needed ahead of time to avoid confusion and delays. Determine all evacuation routes, assembly areas, and hazardous areas along with any places that can create confusion or challenges. Conduct a risk assessment of the facility using one of the many available tools. Take steps to reduce vulnerable situations such as poor lighting, shrubbery to conceal items or people, or relocating electrical devices such as computers off the floors, especially on lower levels. Identify and correct any situations that increase hazards, such as crossing a busy street to go to an assembly area or if the assembly area located next to flammable material storage.

Employee behavior at assembly areas is also something to consider ahead of time. If there are delays in returning back into the office, determine

if are employees free to wander or if they must they remain in place. Another potential problem to address is smoking at the assembly area while people are waiting to go back in. While people are waiting or are nervous, they are likely to light up outside. If there are any flammable materials involved, this can turn out to be dangerous. Clear policy and communication regarding smoking during emergencies can reduce issues ahead of time. Typically employees are not on break during an evacuation unless they are given one. Further actions may be necessary, so employees should remain reasonably quiet and ready for further instructions.

## Evacuations and Sheltering

While there is an expectation under the Life Safety Code to evacuate a building in 4 min, it is important to determine if policies and procedures allow this to occur. Not only must people evacuate, but also accountability for employees, visitors, and contractors must be established and reported to the emergency coordinator in case someone is left behind. Determine how you will account for employees and visitors, and perform it until it is flawless. The more employees practice, the more reality will impose and identify any wrinkles in emergency plans. Take the time to do after action reviews to identify problems, address deficiencies, and improve response.

Employee identification is becoming more commonplace nowadays. Perpetrators have pulled the fire alarm and then entered the building with the rest of the employees returning. Checking everyone for identification upon reentry should also be considered.

Identify multiple off-site shelter areas to relocate personnel from potentially damaging weather such as rain, cold, or high winds. The building next door is a great idea if it is large enough to hold employees and the building is also not impacted. If this is a larger community event, such as flooding, buildings nearby may also be impacted along with many of the streets across town; so a location out of the area should be found as well.

If severe weather like a tornado hits or there is chemical infiltration into the building, a plan and procedure is needed to protect people inside. Determine safe areas within the building people can move to. For severe winds and tornados, people should be moved to the lowest areas of the building away from doors and windows, so debris does not break through causing further injuries. Consider how to notify occupants and assist those with special needs. These plans need to be practiced to determine how long will it take to get everyone there and identify any bottlenecks that occur and if successful accountability is achieved. There must be provisions in place to quickly shut down air handling systems to avoid drawing in or spreading airborne contamination through the building. This must also include who is responsible and that proper access can be gained quickly.

Practice for these basic response steps is necessary and can point out challenge areas or conditions that need to be streamlined. While most people conduct drills on a sunny day, the reality is it may be raining, snowing, or very hot or cold. Start out simple, but be prepared for bad weather.

## Emergency Communications

It is necessary to determine how to communicate with employees, customers, and vendors before, during, and after a disaster. Establish notification and communication methods to activate your location emergency action plan team and to provide information to people in the building on-site and off-site. Develop and maintain lists of employees, partners, customers, vendors, contractors, and repair services for the physical plant. Include multiple ways to contact individuals, especially during off hours. Consider programming the numbers into cell phones.

Evaluate the existing physical communication systems that can be used to reach others, intranet home page, hotline, bulletin board, password-protected Internet site, or emails, and determine if it is acceptable (Lockwood). The communication plan must clearly spell out who is authorized to create and approve these messages. Have approvals in place ahead of

time for all notices. These systems must be immediately accessible, 24/7 by those who are authorized. Emergencies do not pay attention to work schedules. Considerations must include how long does it take to sign in, create your message, and send them. Regular testing will verify how quickly messages will be delivered. A message to evacuate is not very effective if it takes 3 h or more to reach the approver and get an answer. Consider a mechanism for recipients to confirm receipt of the message, so it is clear the message went out and was received. Be sure to test the system at different times of the day, from both inside and outside of the facility to ensure it works. Develop back up methods for access and delivery. The sender should include their contact information in all messages to verify when and how it was sent. All employees authorized to deliver messages need to practice regularly and frequently. Passwords fail, firewalls can block access, and multiple users during a crisis can bog down systems. Anticipate these problems and plan accordingly.

Communication messaging related to an emergency should be clear, with information on both the situation and direction for what actions people should take. People are more reluctant to comply with suggested emergency measures that are vague or incomplete (Perry and Lindell). Using multiple delivery mechanisms will ensure people receive the message and promote the urgency for compliance. Use as many methods as possible and practical for the situation.

Also, make sure communication works between team members when responding. When coordinating an evacuation or other response, consider the use of handheld radios. Test them out before purchasing if possible to ensure they work in all areas of the building or if a repeater is needed. Ensure there is enough and maybe a spare or two in case one breaks. They must be charged and periodically tested to ensure they work and staff maintains competency in using them. Radios can either be assigned to team members or kept in a designated location. There are pros and cons to both. Especially in large buildings, team members need to reach each other and the leader; situations can change and everyone needs to both give and receive critical information quickly. Ultimately communications relies on tools. Ensure people have immediate access to the tools needed.

## Alternate Locations

If you do direct employees to alternate locations, they must know where they are and how to get there. Policy should address additional travel time and how expenses are reimbursed. Don't assume employees know where the alternate locations are or how to get there. Directions should be published and given at the time of the notification to avoid confusion.

Another factor to consider is transportation issues for your staff, visitors, and customers. Consider if it is too dangerous to drive or if public transportation shuts down, how many employees will be able to still make it in. Many times during emergencies and disasters, local officials will direct the public to avoid all unnecessary travel, so consider what does this mean for your employees and your business. Determine ahead of time if there are critical functions that must continue to serve the public or your customers; the necessary staff needed to perform those functions, and ensure these employees have plans in place at home to ensure family is safe so they can work. If employees must travel, ensure they have identification on them to show they are critical staff and must report. Moving large amounts of people through an area that has travel restrictions during severe weather should not be taken lightly. Consider if existing employees can remain in place until the bad weather is over before traveling. If people do not have to travel during the worst of the weather, try to avoid it.

## Finances

Another critical resource that must be managed during an emergency is money. Develop a plan to maintain financial transactions. Ensure employees can be paid and critical items can be purchased if power or Internet goes down. If banking transactions cannot occur, having cash on hand may be a necessary resource. If employees are unable to

work due to a disaster, determine if they will they be paid or be required to use vacation time. If employees have to work extra hours, be sure overtime policies are clear and are reviewed. Be prepared to address expenses employees accrue for traveling or hotels.

Financial management needs to factor in multiple variables when facing disasters; the more resources and expenses needed will cost more money, leaving the questions of how is it getting paid for. The more answers are determined ahead of time will reduce additional decision-making and stress at the time of the event.

It is also essential to conduct a review of your organizations insurance policies (Shaw n.d.). Verify what types of events are and are not covered and how is damaged goods or lost revenue compensated. Deductibles and replacement coverage are important things to consider. Exclusions for acts of war seem far-fetched, but damages might not be covered from a terrorist event. Make adjustments to policies based on risks, coverage, and ultimately cost, but more importantly know where the organization stands ahead of time. Do not rely on FEMA reimbursement. It is never enough nor is it quick enough to get back in business immediately. Make sure risks are managed.

## Management Commitment

Everyone has heard it is necessary to establish commitment for the emergency management program by the top leadership (State Farm 2015). Senior management must communicate the priority and support needed for emergency management. Create measurements to track performance of departments and employees for participating in training and exercises and reward them accordingly. Employees will see quickly if leadership supports emergency preparedness by their actions as well as their words. If leadership does not support the program, it will most likely not work when you need it to.

## Training

It is necessary for everyone involved in the organization, including leadership to participate in emergency preparedness training. Employees must know their roles (Perry and Lindell). People need to know what is expected of them, what is likely to happen and what the organizations can and cannot do for them (Perry and Lindell). Ensure people understand the information and can execute actions when it is necessary. Therefore, practice should be a part of training. It is also necessary for teams to train together for operability, understanding each other's roles and priorities in realistic scenarios, including community partners on a regular basis (Bond). Provide training, drills, and exercises to develop team competency. Throwing a team of experts together does not make an expert team (Burke et al. 2004). Trust and competencies must be developed together in order for good performance during emergencies.

Determine what professional responders can and will do for your facility in various scenarios during planning. Don't assume the police will search your building if a bomb threat is called in. Police may not even say it is safe for people to return to the building, so work with them ahead of time to determine how this will be handled.

Conduct after action reviews after each drill, exercise, potential, or actual event. Look for what worked well and what needs to be changed. Have a process to ensure corrective steps are taken and assign accountability. While many businesses may rely on 911 to handle emergencies, during a disaster, highest priority calls are taken first, and basic response may be up to facility staff. It is best to be as self-reliant as possible.

## Conclusion

In order for effective emergency management, it requires planning, training, exercising, acquisition of equipment and resources, and the need to include outside partners. Planning is a process of analysis, development, and maintenance of individual and team performance skills achieved through training, drills, and critiques (Perry and Lindell). While this paper has attempted to cover many practical aspects of emergency management, it is certainly not inclusive of all of them. A good philosophy to go by is if it can be planned for, it can be prepared for. Better decisions will be

made when management and responders, both internal and external, can plan ahead by discussing various scenarios, response actions, and outcomes ahead of time. Response will be much better than waiting to make decisions with the pressure of an event unfolding.

Many of the lessons identified in this paper were learned through drills, while some were unfortunately learned through actual events. Take the opportunity to critically examine procedures and expected outcomes now while the sun shines, in order to make emergency management run smoother during a disaster. Practice for real-life events is what makes an emergency plan practical.

## Cross-References


- ▶ Crisis Management Training
- ▶ Leadership in Organizations
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizational Technology
- ▶ Performance Management and Culture
- ▶ Team Coordination in Crisis Management


## References


Bond B (2007) Lessons in preparedness from response to Hurricane Katrina. J Bus Contin Emer Plan 1(4):426–431

Burke CS, Salas E, Wilson-Donnelly K, Priest H (2004) How to turn a team of experts into an expert medical team: guidance from the aviation and military communities. Qual Saf Health Care. https://doi.org/10.1136/qshc.2004.009829. Retrieved from: http://europepmc.org/articles/PMC1765796

EPA (2016) Summary of criminal prosecutions. Retrieved from: https://cfpub.epa.gov/compliance/criminal_prosecution/index.cfm?action=3&prosecution_summary_id=2468

Lockwood NR (2005) Crisis management in today's business environment: HR's strategic goal. SHRM Research Quarterly

National Fire Protection Agency (2016) Standard on disaster/emergency management and business continuity/continuity of operations programs. National Fire Protection Agency. https://www.nfpa.org/codes-and-standards/all-codes-and-standards/list-of-codes-and-standards/detail?code=1600

Perry RW, Lindell MK (2003) Preparedness for emergency response: guidelines for the emergency planning process. Disasters 27(4):336–350

Shaw GL (n.d.) Business crisis and continuity management. The George Washington University Institute for Crisis, Disaster and Risk Management

State Farm (2015) Natural disaster planning for your business. Retrieved from: https://learningcenter.statefarm.com/insurance/business/business-recovery-planning-for-disaster/


# Preparedness to Retire by Malaysian Civil Servants


Singaravelloo Kuppusamy and Shirley-Tan Sok Kit
Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia


## Synonyms

Civil servants; Financial literacy; Preparedness; Retirement; Retirement planning

## Definition

Retirement planning involves preparation made by an individual to face life in retirement after the individual leaves employment. This encompasses decisions and actions taken to ensure the availability of sufficient resources to support life after the individual leaves formal employment. Civil servants represent all individuals who are employed by the government. Preparedness to retire shows the adequacy of skills an employee has in taking measures to transit into life in retirement (Nyoro and Otieno 2016).

## Introduction

By each day, more people are enjoying longer life span with improved quality of life. A report by World Health Organization (2018) showed that global life expectancy has increased gradually over the years from an average of 66.5 years in 2000 to an average of 72.0 years in 2016. United Nations (2019) reported that one in six people in the world will be over 65 years old by 2050

compared to one in 11 in 2019. These figures are alarming as they imply that the world is inevitably moving toward aging population and much debate continues on whether the world is ready for it.

To address the socioeconomic needs of older population, most countries have set statutory retirement age where individuals reaching a certain age will be eligible to receive old-age benefits in accordance with national laws and regulations. Globally, there are countries without statutory retirement age while some other countries impose flexible retirement age by gender and type of labor. Countries such as Canada (the Ontario's Human Rights Code 1990) and the US Equal Employment Opportunity Commission (Age Discrimination in Employment Act 1967 (Amendment 1986)), for instance, do not set any mandatory retirement age in support of age equality in employment.

In anticipation of retirement, it becomes a growing concern for an individual to secure adequate financial protection to support life in retirement. However, the significance of proper financial management and retirement planning may not be well addressed by the people since it is often perceived that retirement planning is personal-choice dependent (Grace et al. 2010).

Civil service in most countries can be regarded as the largest employer. Any policies and regulations introduced by the public service shall have extended impact on the civil servants and the general public as a whole. It is notable that social security packages and schemes affect the well-being of everyone in the country as the implications of the policies extend from pre-employment till the post-employment phases. In Malaysia, the civil service has undergone development in the social security benefits for its employees. Ever since Independence in 1957, pension scheme and job security have been the main attractions for one to be employed in the government sector. While the retirement age in 1957 was 55 to commensurate with life expectancy then which was only 58 (Fernandez et al. 1975), the government instituted increases in statutory retirement age to 56 in 2001, 58 in 2008, and 60 in 2013. These commensurate with rising life expectancy which was 74.8 years in 2013 and 75 years in 2018. With that, the Pensions Act 1980 (Act 227) stipulates that an employee shall retire from the public service when he/she attains the age of retirement of 55, 56, 58 or 60 years. The option to choose the retirement age is left to the employees to decide when the government introduces a new statutory retirement age. Besides, there is also flexibility in allowing the employee to opt out of employment in the civil service without losing his/her pensionability, provided a formal application is made at certain age and subjected to approval of the authorities. Unlike in say 1957 when the average life in retirement is only about three years, it currently spans about 15 years. With this prolonged time in retirement, there is strain on their funds including savings that are likely to be used to manage their deteriorating health which often involve costly treatments.

Employees in the private sector are subjected to monthly contributions in the Employee Provident Fund (EPF) scheme while the employer contributes a certain proportion determined by the government. Unlike this, contribution into the EPF is only performed for the first few years for employees in the civil service, beyond which they are moved into the Retirement Fund Incorporated (KWAP) under the Retirement Fund Act 2007. This, however, excludes the armed forces. Once moved into this scheme, only the employer contributes into KWAP which dispenses pension once the employee retires. Occasionally, due to erratic changes in policies, there are instances when new recruits into the civil service are only offered the EPF scheme.

This entry discusses the key factors that contribute to the preparedness of Malaysian civil servants to retire.

## Preparedness of Civil Servants to Retire

Among civil servants, there is a general view that the pension they will receive upon their retirement will be sufficient to meet their needs. As such they believe they could sustain their life in retirement with their pension. A study by Singaravelloo, Abdul Talib, Mohd Kamil, Yong, Abdullah, and Mansor (2020) on preretirement civil servants of support staff category who are still in service find that they are confident that their pension would be

sufficient to sustain them in retirement. However, 60% of them were unsure about the actual amount of pension they will receive in retirement. Furthermore, their study also finds that there are little individual efforts to strengthen their spectrum of financial sources to prepare them for life in retirement. Using a Retirement Preparedness Scale, UPM (2018) finds that civil servant respondents will only set their retirement goals when the time is ripe, indicating the subject as being given less attention. The same study also noted that the pre-retirees only save occasionally. Singaravelloo et al. (2020) also find that almost six in ten respondents are ill-prepared to retire. Preparedness of the civil servants to life in retirement is dependent on various factors such as financial literacy, effectiveness of employee's retirement planning, and awareness about retirement.

### Financial Literacy

Financial literacy has been broadly defined by many scholars and there is no one universal definition on it. The term "financial literacy" is often used interchangeably with financial knowledge as it is commonly understood that individuals who are financially literate have financial knowledge to help make better economic decisions especially when the knowledge was acquired at a younger age. The OECD reported in 2015 that those with low financial literacy generally lack understanding of the need for retirement planning which often lead to delayed retirement or poorly managed life in retirement. Financial literacy therefore can be regarded as the basic foundation required by an individual to make sound financial planning and decisions. As such, being financially literate allows an individual to plan a manageable life in retirement.

As most countries are slowly shifting toward aging population with declining birth rate and improved life expectancy, the progressive change in population pattern is inevitable and this creates challenges in the new millennia particularly on social security. Following this, much of the current literature has emphasized on the issues concerning financial literacy and retirement planning. A number of studies such as by Almenberg and Säve-Söderbergh (2011) and Bucher-Koenan and Lusardi (2011) have found that both constructs are interrelated. A person who retires will not only require sufficient savings for daily consumption expenses but also need adequate funds to cover rising health-care costs, inflation, and other contingent costs which are also expected to rise over time. As such, understanding the concept of financial literacy helps explain individuals' financial preparation for retirement. Lusardi and Mitchell (2011) and Atkinson and Messy (2012) report that employees with low income and in the younger age categories are more likely to be financially illiterate. Level of formal education of Malaysian employees is found to influence extent of financial literacy (Ali 2013). In support, Tan and Singaravelloo's (2020) study on management and professional category employees in the Malaysian civil service found that over 85% of them have good level of financial literacy.

### Effectiveness of Employee's Retirement Planning

Do civil servants plan well to prepare for their retirement? Ideally, retirement planning should start quite soon after an individual enters work force, that is when they are aged around late twenties. However, retirement planning receives little or no importance at an early age. This is coupled with the problem that no one can tell specifically the right sum of funds a person requires to retire in comfort. Each individual may have different retirement needs due to different societal background, health concerns, and a series of other factors. Despite the term "retirement planning" is being generally perceived as about old-age problem to be planned while still in employment, any decision made during early years of employment will greatly influence individual's well-being positively in retirement. Often, however, many young employees see retirement planning as not too important to indulge into too soon in the beginning years of their employment. As many civil servants are overdependent on the pension they would receive, Singaravelloo et al. (2020) showed that many are in illusion that their expected income in retirement would be able to meet their expected expenditure.

In fact, the study also showed that a large proportion have no inkling as to what their expenditures would be in their retirement. Combined with little knowledge about their expected pension amount and expected expenditure, their state of financial well-being in retirement is certainly worrying. Nevertheless, the higher the salary, the higher is the tendency to have a good plan that matches their retirement needs (Singaravelloo et al. 2020). As support staff makes the large proportion in the civil service, their meager monthly income can be expected to be insufficient to meet their requirements in retirement.

An individual civil servant's financial planning and social well-being can be made in pre-retirement through a variety of initiatives. These include voluntary and forced savings, investment in the equity market, endowment insurance policies, and participating in annuity schemes. Nonetheless, as described earlier, lower income civil servants do not commit to most of these as they fantasize that their pension they would receive after their retirement would be sufficient. As a result, there is a high likelihood that retirees from the civil service would face serious mismatch between their total income in retirement and expected expenditures. Consistently, Singaravelloo et al. (2020) find that at least half of the current civil servants are likely to look for employment in their retirement. Apart from earnings from pensions and employment, inclusive of those on part-time basis, in retirement, lower income civil servants are expected to explore entrepreneurship, part-time jobs, rental or assets, and trust funds. This is not surprising as the government as the employer encourages its support staff to seek additional income after work without jeopardizing quality of their main work. With such experience, some retirees would easily adapt into entrepreneurship to earn a living in retirement.

### Government Efforts in Retirement Planning for Civil Servants

In civil service, employees in general think that their life in retirement will be well taken care of by the government. How much efforts have the government taken to offer social security welfare to its employees? In most instances, an employee's retirement preparedness is very much dependent on the governmental efforts in helping the employees prepare for retirement financially and psychologically. Existing retirement policies may need to be revamped in order to address different needs of employees.

One governmental effort that could possibly affect the retirement preparedness of civil servants is the timeliness and exposure on the importance of financial and retirement planning provided to its employees. These are reasonably weak in Malaysia. In this context, it is suggested that the earlier the employees are exposed to proper financial and retirement planning, the more ready they will be to retire comfortably. On the extent of exposure, all employees within the civil service irrespective of job grades and position should be given equal exposure on the importance of having proper retirement planning. As soon as an employee enters the civil service, there shall be various approaches provided by the government to assist the employee in making rightful financial decision and retirement planning.

## Conclusion

As the nation moves toward an aging population, the inevitable wave of retirement will change the general nature of society due to the progressive shift in the structure of the labor force. There is a need to consider revisiting current retirement pension system in view of rapid changes in the global population structure while taking into consideration the economic wellbeing of the nation. Various factors could possibly affect an individual's decision on retirement planning, one of which is financial literacy. This is because as an individual leaves employment, the major concern is on whether the individual has sufficient resources to support life. At the micro level, financial literacy affects the quality of life of individuals while at the macro level, having citizens who are financially illiterate will also adversely affect the

economic well-being of the nation. As such, it is imperative for policy makers to institute relevant policies to help raise awareness of individuals to make wise financial decisions in relation to savings, investment, and retirement planning. As part of the social security reforming efforts, it is equally important to consider the implication of widening gap in life expectancy and retirement age by socioeconomic status.

Most countries including Malaysia have retirement systems in place for individuals working in public and private sectors. In general, employees in the public sector get to enjoy a stable monthly retirement pension together with other fringe benefits to cover their expenses in retirement whereas private employees depend on the provision of private retirement schemes, personal savings, and investments. Despite the fact that employees working in civil service have established pension and retirement benefits, it is important to rethink over the need to revamp existing pension system and retirement age policy. Besides, the government recognizes that the provision of pension is an ever-increasing cost to the government causing it to consider whether new recruits should be put into alternate schemes. As an employer, the government shoulders the responsibility to raise the awareness of its employees to equip themselves with the requisite knowledge of financial planning to prepare them to face retirement. This initiative should be made periodically to guide the employees into safe and satisfactory retirement. Ultimately, every individual needs to be socially and financially secure for life in retirement.

## Cross-References


- ▶ Comparative Administrative Reforms: Nigeria, Malaysia, the Philippines, and Brazil
- ▶ Retirement Crisis: Global


## References


Ali S (2013) Financial literacy in Malaysia: issues and status update. Bank Negara Malaysia, Kuala Lumpur

Almenberg J, Säve-Söderbergh J (2011) Financial literacy and retirement planning in Sweden. J Pension Econ Finance 10(4):585–598

Atkinson A, Messy F (2012) Measuring financial literacy: results on the OECD/International Network on Financial Education (INFE) pilot study. OECD working papers on finance, insurance and private pensions, no. 15. OECD Publishing, Paris

Bucher-Koenan T, Lusardi A (2011) Financial literacy and retirement planning in Germany. J Pension Econ Finance 10(4):565–584

Fernandez DZ, Hawley AH, Predaza S (1975) The population of Malaysia. In conjunction with 1974 World population year, C.I.C.R.E.D. series. Retrieved from cicred.org/eng/publications/pdf/c-c34.pdf. 13 Mar 2020

Grace D, Weaven S, Ross M (2010) Consumer retirement planning: an exploratory study of gender differences. Qual Mark Res Int J 13(2):174–188

Lusardi A, Mitchell OS (2011) Financial literacy and planning: implications for retirement wellbeing (no. W17078). National Bureau of Economic Research, Cambridge UK

Nyoro KN, Otieno OJ (2016) Predictors of employee preparedness for retirement in public institutions within Mombasa country, Kenya. Int J Humanit Soc Sci Educ 3(1):136–145

OECD (2015) Financial education and saving for retirement. Retrieved 5 Mar 2018 from http://www.oecd.org/finance/private-pensions/39197801.pdf

*Ontario's Human Rights Code, R.S.O.* 1990 (ON) Chapter H.19 (Canada). Retrieved 5 Aug 2018 from https://www.ontario.ca/laws/statute/90h19

Singaravelloo K, Abdul Talib M, Mohd Kamil NL, Yong SL, Abdullah N, Mansor N (2020) Retirement planning by civil servants: a full report. Report submitted to Social Wellbeing Research Centre (SWRC), University of Malaya, February

Tan S, Singaravelloo K (2020) Financial literacy and retirement planning among government officers in Malaysia. Int J Public Adm 43(6):486–498. https://doi.org/10.1080/01900692.2019.1672078

U.S. Equal Employment Opportunity Commission, The Age Discrimination in Employment Act 1967 (Amendment in 1986) (US). Retrieved 5 Aug 2018 from https://www.eeoc.gov/laws/statutes/adea.cfm

United Nations Department of Economic and Social Affairs/Population Division (2019) World population ageing 2019: highlights. Retrieved 22 Feb 2020 from https://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2019-Highlights.pdf

UPM (2018) Retirement preparedness and productive ageing among government employees and retirees in Klang Valley (Final report). UPM: Malaysian Research Institute on Ageing

World Health Organization (2018) Life expectancy and healthy life expectancy [data file]. Retrieved 22 Feb 2020 from http://apps.who.int/gho/data/view.main.SDG2016LEXREGv?lang=en

# Preparing for Succession, Head and Heart

Debra L. Mitchell
Augsburg University, Minneapolis, MN, USA

## Synonyms

Business transition; Small business enterprise succession; Small business owner departure; Small business owner transition; Small business succession; Succession planning; Succession readiness

## Definition

Preparing for succession is the process the business owner engages in planning to leave the business. This journey includes the owner's personal process of transition from the enterprise as well as the deliberate process of succession planning for the future of the enterprise and its managerial control.

## Introduction

Small business enterprises are important contributors to the global economy across the world. Within the USA alone, small business enterprises comprise 99.9% of all US businesses. They make up 47% of the private workforce (SBA 2020). Small business enterprises are often considered to have fewer than 500 employees. However, businesses with fewer than 100 employees make up 98% of all businesses and have the largest share of small business employment (Small Business and Entrepreneurship Council 2016). Many of these small enterprises are family-owned businesses. Sadly, nearly 50% of small business enterprises fail to survive more than 5 years, and only about a third survive 10 years or more (SBA 2018). In the case of family-owned businesses, only about a third survive from the first to the second generation, and only 10–15% make it to the third generation (De Massis et al. 2008; Ward 2004).

Given their relative importance and contribution to the economy and workforce, it is conceivable that most small enterprise owners would have a plan in place to ensure business continuation in the event the business owner is not willing or able to continue management control as the owner. Historically, this is not the case. Even if the business reaches a mature stage, and success occurs, very few owners plan for the ongoing future of the business. Business owners indicate that succession planning is critical to the continuation of their business, yet as many as 60%–70% owners do not have a succession plan in place. It is troubling that so many are willing to leave the fate of something so important to them to chance (Eliopoulos and Meister 2017; Sharma et al. 2001).

This chapter examines limited succession planning, exploring (1) reasons related to the business, itself, and the aspects critical for its continuation readiness and (2) reasons directly related to business owner readiness and willingness to transition from the business and transition to post-succession life. In both cases, the business owner stands at the center of decisions made related to succession planning. The proverbial who, what, when, where, why, and how questions for succession preparation are left only to the owner to answer. Even though it is the intention of many owners to have a succession plan, and they spend considerable time thinking about it, few actually take the steps needed to adequately prepare (Mitchell 2020).

Despite the volumes of guidance and research regarding business continuation, such advice is only part of the preparation needed for successful succession. Small enterprise owners must also consider the more personal, individual aspects of life and their futures once they decide to transition from the business. This type of personal planning may well be more difficult than the preparation of the business. Letting go of a business that has been an entrepreneurial creation and source of livelihood for years can be psychologically and financially hard for many owners. In many instances, running a business provides meaning

in life. Transitioning from the *known* routine and role of owner and chief decision-maker to the broad *unknowns* of life, post- succession, can be overwhelming. Suffice it to say that preparing for succession is a multifaceted and complex process for the business and the business owner.

There are two fundamental components of succession preparation – the enterprise and the enterprise owner. What are the business readiness and preparation considerations? What is the owner's personal preparation and considerations for transition and life after the business? This relationship between the owner and the business is at the heart of succession success.

## Succession Planning Readiness: Enterprise Considerations

For succession planning to occur most successfully, there are several business aspects that need to be considered. Given enterprise differences, not every consideration is the same. However, several aspects include the following: operation health and effectiveness; regulatory and legal; tax issues; business valuation and assessment; financial health; customer and supplier retention; product and service quality; successor identification and development; and employee considerations. In every component of the business, the owner is likely to play a significant role. This makes enterprise owners critical to the process of succession preparation and implementation.

The process, or at least the actions taken, for approaching succession planning may look different for each business based on unique owner-centric characteristics. Owners wear many hats in the company depending on the business need, their own strengths, and interests. In the early stages of enterprise development, the entrepreneur may function as the owner, operator, and general manager out of necessity. As businesses grow, owner roles change. What they do and in what areas of the company they spend their time may be different from one business to another. For example, one owner may be skilled at sales and marketing, customer retention, and managerial control. Another owner may have experience in operations or finance but is not skilled in the people side of the business.

As the business matures, complexity increases, and the need for specialized and managerial skills may also surpass the owner's ability and capacity (Sambrook 2005). Bringing in outside talent or resources is one way owners address areas of skill or knowledge deficiencies. The most common resources acquired as complexity grows are to add specific employee, contractor, or professional consultant services. The majority of small businesses see the need to utilize tax, legal, and financial services in succession preparation (Mitchell 2020; White et al. 2004). These may be added due to a specific need, or owner's personal preference to have someone else outside the business perform services.

Nevertheless, there is general agreement that the owner role is a position with a great deal of power, influence, and control in the business and that this role is overwhelmingly responsible for the success or failure of the business. Therefore, the owner is in the driver's seat of decision-making regarding business preparation and timing for succession. What owners *think* (head) and how they *feel* (heart) about these considerations lead to planning action or inaction.

Knowing which phase of the life cycle the business is in is a useful consideration in enterprise succession planning. While the number of stages may vary, there are typically four core stages of the business life cycle: a beginning, growth, maturity, and decline stages (Greiner 1998; Sambrook 2005). Yes, just like humans, all businesses do eventually die. Think of the stages of the business life cycle like a bell-shaped curve. However, the number of stages is not what is important. What is useful about a business life cycle model is that it becomes a way to talk about the "state" of the business, which phase it is in, what occurs in each phase, and what changes occur from one phase to the next. In each stage, the firm and leader pass through critical phases of development that lead to the next stage and phase. Each stage is marked by a different type of supervision and control, as well as different approaches used by the leader to achieve business success.

The stages of the life cycle tend to correspond to the age of the business. At some point, the maturity (and presumably success) phase of the organization is reached, and owners can "coast" to some degree. However, at this phase and in every other phase, there will be unforeseen obstacles such as marketplace changes, supply chain disruption, new competition, turnover, or other potential setbacks. Despite setbacks, owners can also decide to continue to grow and expand the business by increasing its resources, leadership, operations, and profitability. This stage of enterprise maturity is a logical point in the business cycle for the owner to begin planning succession while it is likely experiencing success.

There are several reasons that suggest this is a good time to think about the future continuation plans of the enterprise and the exit strategies of the owner who is approaching retirement age or at least thinking about retirement. After several years of growth, survival, and maturity, the business owner has become more financially, operationally, and emotionally invested in the business. Over the course of the business life, the owner has been the one responsible for the vision, culture, management, and decisions of the company which have led to its success (Sharma 2004; Ward 2004). The owner has established a career as an entrepreneur and business owner which affords a certain lifestyle; builds a community of relationships with customers, employees, and colleagues; and forms a personal identity and purpose closely intertwined in the business. Essentially, the business is a life source of sorts – providing financial means for making a living as well as a source of psychosocial well-being.

Given owners are closely tied to their businesses, they may be reluctant to plan for the future of a business that does not include them or includes them in a different and perhaps less significant role. While this is understandable, the very owner who creates the business may actually stand in the way of its continued success and may contribute to its decline (Mintzberg 1984).

The reasons for plateaus and declines in business are numerous. However, one thing is clear: the leader influences the transitions from one stage of the business life cycle to the next. How the owner responds to the variations and the ups and downs of the business cycle has an impact on the continuation and vitality of the business. This is not to say that businesses can't have declines and periods of renewal, but it takes extraordinarily strong leadership and willingness to transition managerial control necessary to support steps toward change. Succession planning is one such action step needed to support business continuation. Preparing the enterprise for the future when it's still operating well, has a healthy financial status, and is a healthy organization would be an optimal time to do it. Yet, owners tend to not only resist planning but also underestimate the amount of time it takes to adequately prepare the business for succession.

While the maturity phase is the logical time to plan for business transition, there is no agreed-upon time period identified as the best for succession planning. For many small business enterprises, owners have a strong desire to have the business continue long after they have left the helm. This can take different forms. The owner may give up management but not ownership. The transition could be to a family member or other selected successor outside of the family. Owners may also decide to sell the business to continue under new ownership. Aside from options to continue the business, there are owners who prefer to have the business close when they decide to leave (Alterman et al. 2020). Regardless of the decision, it takes time to prepare and execute. A rule of thumb is to allow enough time for the smooth transition of the business, successor, and the owner. Ideally, this should start not less than 10–15 years prior to the owner's exit (Lee et al. 2003; Sambrook 2005). Delays in planning may not allow enough time for owners to adequately prepare. Notes from the field indicate that those who do plan spend closer to 5–10 years preparing themselves and the business for exit.

While owners may think about succession planning and have intentions to do so, the behaviors and actions needed are lacking. Unfortunately, if done at all, succession begins in the later maturity or decline stages when business

owners are nearing retirement (Mitchell 2020; Sambrook 2005). Considerations for owner planning and preparation for departure become even more important as aging occurs. The decisions made and actions taken by the owner related to these succession considerations can have a profound impact on the future of the business and owner.

## Succession Planning Readiness: Enterprise Owner Consideration

The owner makes most of the decisions regarding the business as well as their own life choices. Yet, literature tends to focus on the elements of the business in the succession preparation and less on addressing owner-centric preparation of leaving the business and considerations for life without it.

There are biological, psychological, social, emotional, and financial considerations faced by the owner. Age can be a factor in succession preparation. The median age of CEOs in the USA is 52 years (United States Bureau of Labor Statistics 2020). This is about 10–15 years before the social norms of retirement age ensue. However, it isn't until small business entrepreneurs reach the age of at least 60 do more of them have succession plans in place than do not (Mitchell 2020). This may be because owners, as does society in general, associate retirement with a certain age. In the USA, it is expected or anticipated that people will retire in their 60s.

Retirement is viewed as the completion of employment or, more generally, as an ending of career or work life. Age is also associated with life span and human development. Similar to the business life cycle, psychologists have long studied and categorized the human life cycle in stages – stages that start with the beginning of life and continue through growth, development, maturity, and eventually decline and death. These phases are characterized by developments and changes in personality, social roles, biological characteristics, behaviors, and relationship to the world as a whole. They are peppered by both negative and positive elements which are integrated into a person's identity and can influence trajectory and expectancy of life (Lakra et al. 2012).

This later maturity stage of development is often characterized by reaching retirement. Retirement is a concept that carries different meanings to people. However, though the concept is hard to articulate, the systems, social norms, behaviors, and benefits associated with retirement are evident. The age of retirement, as often marked by reaching a certain age, coincides with the dispersion of benefits such as Social Security and Medicare. It is also in this stage that thoughts of mortality, uncertainties, identity, and purpose are common. Perceptions of retirement, social norms related to aging, and the perceptions society holds of retired people are often negative (Robbins 2015). For example, retired people are perceived to be old, greater consumers of resources, and less valuable to society and have growing health and cognitive issues (Mitchell 2020; Robbins 2015). These unfavorable perceptions can contribute to a business owner's reluctance to plan for succession and departure from the business. Contemplating retirement and "letting go" of a business they love can be very emotional and difficult, especially when they still feel they have much to contribute and offer (Aronoff 2011). This makes planning unattractive to many, causing delays or resistance to take the steps necessary for succession to occur. However, those who have positive views about their retirement are more likely to have a succession plan than those who do not (Mitchell 2020).

The impact of personal perception on owner's current life and future life after the business is powerful. It can influence the decisions and choices owners make about their exit strategy. Because owners are as varied, unique, and complex as the businesses they run, it makes the decisions about the future of the owner as important as the decisions about the business. It takes the whole owner – head and heart – to make the choices that will impact the future of the business and the future of the owner post-succession.

The owner's life is centered around the business. Even through the changes in the business and the different roles a business owner plays, the business remains a significant part of the owner's

life. In the case of family-owned enterprises, owners and their families are closely tied to the business. The dynamic of family members involved in the business adds to the considerations and complexities of planning for succession. For one, the owner's desire to have the next successor be a family member may not be reciprocated by family members.

There are good reasons for the owner to keep the business "in the family." It is likely the family member chosen for succession has worked in the business and worked with the owner. Knowing the owners can have difficulty letting go of the business, the family member offers the owner a way to let go more gradually and still have some influence and ownership of the company even if the control is given to the new family member successor. However, less than 20% of the time, do businesses transition to a family member (Alterman et al. 2020). This can lead to family strain, causing the owner to seek an alternate successor who may be outside of the family and difficult to identify. If a successor is identified, the owner's responsibility to train and develop the successor to a level of satisfaction or comfort can also create conflict between the owner and successor. Should a suitable successor not be identified, this domino effect can change the course of the owner's retirement or transition plans and can cause considerable angst for the owner and the family. There can also be expectations and pressure from significant others and family members for the owner to retire.

Another aspect of the family consideration for the owner is that the business has provided for the financial well-being of the family and its lifestyle. As the owner ages and considers retirement, the business is considered a source of revenue for the owner. Small business enterprises do not have the typical retirement planning options and company matches for saving benefits that many larger companies do. Therefore, the business is, for many owners, their financial means for retirement. If this is perceived to be in jeopardy, it may change the owner's timetable and willingness to leave the business or retire.

In addition to the consideration of family and finances, the business provides the owner with a community and network of friends and colleagues. These relationships, both internal and external to the company, have been built over the years. There is a sense of routine, comfort, and social connection that develops with employees, customers, and professional advisors. This social community can be difficult to leave.

Small business entrepreneurs who are considering retirement have likely been in the driver's seat of the business for more than 10 years. They have been the primary leader, visionary, owner, expert, decision-maker, breadwinner, risk-taker, strategist, legacy builder, and the list goes on. For many, leaving the business in the hands of someone else and giving up management control is not appealing. They enjoy working and simply don't want to retire or leave. At some point, however, they come face to face with age and mortality. Certainly, it can be a gradual, descending slope unless marked with significant events that shorten, impair, or end life. Choices, experiences, genetics, environment, and other factors can also impact longevity. The awareness of one's mortality and unknown future can be viewed unfavorably and a deterrent to exiting the business, thereby making staying in the business a preferred option.

Retirement and aging are related and the factors that influence intentions to leave the business are subject to change. It should be noted that while the majority of owners do not plan for the business future, there are owners who do. There are two sides to every coin. Pros and cons are present in every transition. The literature has identified two broad groups of factors influencing intention to retire: push and pull factors. Typically, *push factors* are things that move individuals toward retirement such as poor health, an organizational downsizing, or work fatigue. Generally, these types of push factors are perceived as negative. In contrast, *pull factors* are generally viewed as positive and are things such as a person's interest in seeking retirement, outside work interests, a significant other's retirement status, and caretaking responsibilities (Oakman and Wells 2013). Like pull factors, there are some indicators that suggest those with a more favorable outlook of retirement and future are more likely to plan for

their succession (Mitchell 2020). They have likely given considerable thought to the next phase of life and view it full of possibilities and opportunity.

Owner perceptions of their own life after the business are no less important or influential than the considerations of the business and are interdependent in many ways. Since the owner is at the center of both the business life and personal life, the owner's objectivity in decision-making may be altered. Even with the best intentions for preparing for both transitions, the complicated nature of the relationship and dependencies of each could influence the owner to make decisions that may or may not be in the best interest of either or both. The natural "rub" in the relationship with the owner and the business is to be expected but resolution can be challenging.

## Interdependencies: Relationship and the Rub

The integration of the owner and business is a multifaceted and complex relationship with few threads of widespread agreement. Yet, it is critical for preparation to occur for a smooth and successful transition. At the head and heart of this relationship stands the owner. The business owner chooses the path for the business or at a minimum has influence on the direction of continuation or ending. The same owner is at the center of determining the direction of what happens after the owner leaves the business.

In a perfect world, the owner's desire to retire, if they do, and the state of the business success and health (overall readiness) would be in sync and overlap in a nice congruent manner. This is often not the case. In actuality, the conditions for succession readiness and conditions for owner readiness are not likely to be fully synchronized. This misalignment and uncertainty of how to correct may be a factor in the owner's decision to delay, resist, postpone, or ignore planning altogether. This suggests that some conditions, perceived or real, of either the business or owner are not ready to move forward with the actions of the transition.

Businesses are as unique as the people who own them. However, there are areas of interdependence and relationship common to both. Key areas include professional advice needs, timing, life cycle alignment, family and social influence, and owner judgment. The growth of the relationship and mutual dependency between the owner and the business has likely deepened through the years. The act of decoupling these interdependencies is complex and difficult. The approaches used to achieve this work will be nuanced and different for each entity.

While there is extensive literature that can be used as a road map for planning business continuation, the same guidance for navigating post-succession life is lacking. This lack of clarity and guidance can disrupt the intentions to plan for succession simply because the owner is unsure what the steps are that could/should be taken.

Owners have, at their discretion, the use of professional advice and services to complement or supplement business needs. However, the use of professionals specifically for the purpose of succession planning guidance is not as prominent. This is not to say there are not advisors who can adequately guide the owner on aspects of the transition. Owners certainly have need for guidance on their retirement planning through financial, legal, and tax advisors. However, there is a degree of reluctance to discuss more *personal* questions and issues related to their own transition and future with those same business advisors. This is due to a concern that the "word may get out" that they are considering leaving the business or retiring before the owner is ready to make that decision (Mitchell 2020). This could have unintended consequences which may negatively impact the business or owner. Concerns range from losing employees concerned over employment if the boss leaves, clients may look for another company, competitors may have some type of perceived advantage, and the social community may view the owner differently if they think the owner is leaving or retiring (Mitchell 2020). These perceived concerns may prevent the owner from further preparing for succession.

Preparing for change takes time and planning. Time is something people think they have too

much of or not enough of. When it comes to preparing for succession, business owners may be well served by spending more time planning than they do. Furthermore, even when CEOs do have a succession plan, the time invested in planning for their succession is considerably less likely than the number of years they have been planning financially for retirement. One reason for this is simply that the concept of saving is encouraged early in life. A childhood piggy bank or storage box for saving money, a savings account at a bank, employers who provide company match programs or retirement plans, and even paying into government programs such as Social Security are designed to prepare and save for retirement over time. This disconnect in years of planning may be a reason why small business owners find it difficult to set and follow personal retirement and business succession timelines. Timing may not coincide with financial readiness.

In the life cycle stages, there are no clearly specified years the business or owner spent in each phase. The success of the business may continue for many years, showing no signs of decline and making business transition less of a perceived priority. The same may be true with how many years the owner has before retirement or leaving the business. Therefore, there may be a perception that succession can be deferred. Waiting until the later stage of the owner's life to consider succession may compound the already difficult task of making ready the business for transition by truncating the amount of time needed to adequately prepare.

The family and social aspects of succession can also create tension for the owner. In some cases, the desire of a family member identified to be the next successor is not aligned with the owner's plan. Family members or other close relationships may have a different timetable for business departure and retirement than that of the owner. Retirement and leaving the business are often characterized as specific events or dates which link to age. Yet, retirement and business transition dates do not always align. An owner may desire to leave but aspects of the business are not at a point where the owner can responsibly exit. In addition, relationships of significance to the owner can add elements of stress and friction to the succession planning process. If the relationships within the company or within the personal life of the owner are not in harmony, it may make it more difficult to prepare for the transition.

It is evident that the owner's readiness and the readiness of the business to transition may not sync up in the way that could be helpful for the owner, potentially causing more challenges to overcome. Reconciling the "readiness gap" between owner readiness for succession and business readiness for succession may be an interstice or chasm. Regardless, the readiness gap should be minimized to better position the owner and business for successful separation and transition. This warrants the serious attention and action of the owner. Drawing from personal experience, knowledge, skill, perception, and emotion, the owner discerns the readiness and makes determinations as to when, how, and if actions toward succession occur. Even with the best intentions, if there are perceived readiness gaps, succession planning is not likely to occur. This rub between the conjoining owner and business can impact owner decisions which impact the timing and trajectory of succession preparation and implementation. This can lead to unintended consequences that have various operational, financial, and emotional impacts to people if not addressed.

Understanding the parallel considerations and integrated relationship that exist between the path of readiness for the business and the path of readiness for the owner is a step toward change in the preparation process. The more conventional ways succession preparation has historically been approached are necessary and useful but are not sufficient to make notable strides in successful succession planning. The pathway forward suggests a less isolated and bifurcated approach between the preparation for the business transition and the owner's retirement. A more intentional, integrated approach that jointly addresses the succession preparations of both is needed. The common factor in this approach is the owner-centric influence and control in the exit planning decisions and actions. This approach also extends the considerations for succession past the point of owner departure and includes the planning for post-succession life.

## Pathway Forward

The pathway forward starts with an owner-centric approach that emphasizes readiness assessment, of sorts. The concept of *readiness* is reviewed from the perspective of business owner perceptions, influencers to those views, and the subsequent decisions and behaviors that follow. As previously noted, the relationship between the business owner views of the enterprise readiness for succession and views of personal readiness for succession is laced with interdependencies and peppered with head and heart issues. These dilemmas confronting the owner can feel overwhelming, especially when the intended goal is to uncouple a lifetime commitment of heart and soul given to a business that was birthed, developed, and made successful by the owner.

Since every person is different and no business is exactly the same, it would be impossible to find a process for succession that would work in every situation. Several models and frameworks exist for owners to choose from, but few use them. This may suggest that the issues go beyond just the process and technical aspects of succession planning. Perhaps succession planning starts as a head and heart endeavor – a focus by the owner on what *precedes* the mechanics of succession.

What owners think and how they feel about aspects of the business as well as their own life matters. Not only does it matter, but for intentions to lead to actions, the head and heart need to work together. But what happens when they don't work together? When they don't agree? Does the owner have the self-awareness and ability to assess and address the impasse?

If the owner wants to retire but doesn't think it is feasible, it is unlikely the owner will leave the business. The flip side could also be true. The business is in a healthy state, a successor has been identified, or a plan to sell the business is set – conditions met that the owner perceives would make it feasible to leave. Yet, despite the perceived feasibility for succession, the owner has no desire to give up the business. If either the head or heart is not in agreement on business or personal succession, postponing the necessary actions and behaviors needed to make either happen is likely. However, when desirability and feasibility are both present, the owner decision is less conflicted, and there is more alignment with head and heart. The pathway forward is clear for action!

As simple as it sounds, the process for making decisions for the preparation of owner and business succession is influenced by the perception of feasibility and desirability. The groundwork for this process is informed by human psychology. Intentions-centered theory proposes that behavior can be affected by intentions toward a behavior. Intentions formations are affected through the collective integration of attitudes, beliefs about expectations of important others, and perceptions of control over the behavior (Ajzen 2002).

Adaptations to intention theory highlight the importance of two perceptions – desirability and feasibility. In Shapero's model (1982), perceived *desirability* refers to the extent to which a person feels an attraction toward a given behavior (e.g., starting a business). Similarly, perceived *feasibility* is the degree to which a person feels personally capable of executing a given behavior (Krueger et al. 2000, p. 418). These two types of perceptions are combined with a person's disposition to act. In the case of succession planning, perceptions of feasibility and desirability (as influenced by the owner's set of beliefs, values, significant relationships, and self-efficacy) are factors of consideration in the owner's decisions and actions (Fig. 1).

Perceptions of feasibility and desirability are potentially more meaningful when the owner attaches emotional valence to each, such as favorable or unfavorable. Valence is a way to designate emotions as positive or negative (Shuman et al. 2013). This psychological process for valuation is a simple form of meaning analysis that codes the environment in terms of whether it is good or bad, helpful or harmful, at a given time (Barrett 2006).

Succession planning is designed to meet the psychological and financial needs of the owner (White et al. 2004). The intentions of succession planning are good, though they may fall short of leading owner follow-through to actual behaviors and concrete actions. The valence factor, positive

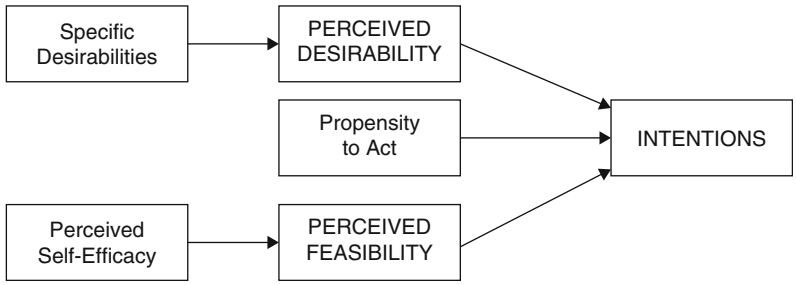


**Preparing for Succession, Head and Heart, Fig. 1** Shapero-Krueger model of intentions. Reprinted from Krueger et al. (2000). Copyright (2000) with permission from Elsevier

or negative, is assigned by the owner to the desirability and feasibility of retirement and succession. This value assignment provides a way to simultaneously evaluate the readiness of the owner and business readiness for succession at point in time.

Here's how it works. Let's say there is a new government action related to trade which may impact the supply chain and make products more expensive or harder to get. This has a domino effect and may drive up prices along the distribution channel. The owner has a desire to follow through on identified succession planning steps, but the feasibility is impacted due to changes in the marketplace which has negatively affected the financial health and readiness of the business for succession. When feasibility is perceived by the owner to be unfavorable, succession planning is less likely to occur.

Now, let's say the financial health and other aspects of the business are in great shape. The business valuation is positive, and the operations and people aspects of the business are excellent. The business is at a state where the feasibility to proceed with succession preparation seems positive. The owner's identity is wrapped up in so many aspects of the business that it is hard to decipher the business from the owner. The owner loves business and really doesn't want to hand over the reins to someone else despite best intentions to do so. In this example, the owner's desire for succession is unfavorable, even though the succession readiness of the business is favorable. Once again, readiness to move forward with the transition is unlikely.

Psychological preparedness is also associated with how favorable or unfavorable an owner's view is of retirement or succession. The perceived feasibility and desirability of both personal retirement and "retirement" from the business can be hard to reconcile for the owner.

If the perception of life post-succession is positive, owners may be more apt to prepare the business for continuation without them. If they don't perceive life beyond the business favorably, they may drag their feet on preparing for succession of the business and their own departure.

Whatever the reasons, the psychological considerations of the head and heart are influential pieces for the owner to understand when preparing for succession. Just like head and heart, business and owner work best when they work together. Natural rubs and tensions are expected, but if the owner is unable to navigate resolution, these obstacles can halt the process of planning for the future, leading to unintended consequences for the owner and business. If either feasibility or desirability is at odds with one another, steps toward succession planning are unlikely. Succession success for the business and owner is enhanced when the owner's perceptions of feasibility and desirability are positive.

## Conclusion

Many small business entrepreneurs consider succession planning critical to the continuation of their business. They have spent the better part of their lives working to build and grow a successful company. Despite these efforts, many business owners do not have a succession plan and leave the fate of the business to chance.

There are numerous reasons for the limited amount of succession planning. The readiness of the business and readiness of the owner to leave

the business are two such reasons. The owner and the stage of business are fundamental components of succession preparation. The business owner is at the center of decisions related to the strategies for transition. Indeed, he/she is instrumental in navigating the sometimes-conflicting relationship between owner life and business life, and it is this relationship that is key to successful succession.

Succession planning is a multifaceted and complex process. While preparation for succession should take several years, the planning process is often truncated or delayed due to business readiness concerns or owner readiness issues. The business has likely been a source of financial security, sense of purpose, and emotional connections. Leaving the business involves head and heart decisions, which when integrated produce the best outcome.

The owner's emotional state and financial readiness must align with the business life cycle and prevailing internal and external conditions. The desires of a succession plan must reach an accord with its feasibility. When this occurs, both the successful business and its owner can move forward. The successful owner now has the freedom to choose "what's next" in life. . .head and heart.

## Cross-References


- ▶ Emerging Female Entrepreneurial Leaders
- ▶ Entrepreneurial Mind, The
- ▶ Families and Entrepreneurship


## References


Ajzen I (2002) Perceived behavioral control, self-efficacy, locus of control, and the theory of planned behavior. J Appl Soc Psychol 32(4):665–683. https://doi.org/10.1111/j.1559-1816.2002.tb00236.x

Alterman V, Froidevaux A, Fasbender U, Xie J (2020) A conceptual model of small business owners' unique retirement decisions: multilevel antecedents and retirement adjustment consequences. Work Aging Retire 6(3):146–152

Aronoff CE (2011) Letting go: preparing yourself to relinquish control of the family business. Palgrave Macmillan, New York

Barrett LF (2006) Valence is a basic building block of emotional life. J Res Pers 40(1):35–55

De Massis A, Chua J, Chrisman J (2008) Factors preventing intra-family succession. Fam Bus Rev 21(2): 183–199

Eliopoulos PJ, Meister DP (2017) The power of planning: why business owners need viable transition plan, and practical strategies for putting them in place. Wilmington Trust Study, 2017. Retrieved from https://www.wilmingtontrust.com/repositories/ebook/The-Power-of-Planning/index.html#p=1

Greiner LE (1998) Evolution and revolution as organizations grow. Harv Bus Rev 76(3):55–68

Krueger NF Jr, Reilly MD, Carsrud AL (2000) Competing models of entrepreneurial intentions. J Bus Ventur 15(5–6):411–432

Lakra DC, Ng R, Levy BR (2012) Increased longevity from viewing retirement positively. Ageing Soc 32(8): 1418–1427

Lee Y, Jasper CR, Goebel K (2003) A profile of succession planning among family business owners. J Financ Couns Plan 14(2):31–41

Levinson DJ (1986) A conception of adult development. Am Psychol 41(1):3–13

Mintzberg H (1984) Power and organization life cycles. Acad Manag Rev 9(2):207–224

Mitchell DL (2020) The" R" factor: perceptions of retirement as a consideration in small business owner succession planning (Publication no. 27833807) [Doctoral dissertation, Pepperdine University]. ProQuest Dissertations Publishing

Oakman J, Wells Y (2013) Retirement intentions: what is the role of push factors in predicting retirement intentions? Ageing Soc 33(6):988–1008

Robbins LA (2015) Gauging aging: how does the American public truly perceive older age – and older people? Generations: J W Gerontol Soc 39(3):17–21

Sambrook S (2005) Exploring succession planning in small, growing firms. J Small Bus Enterp Dev 12(4): 579–594

Sharma P (2004) An overview of the field of family business studies: current status and directions for the future. Fam Bus Rev 17(1):1–36

Sharma P, Chrisman JJ, Pablo AL, Chua JH (2001) Determinants of initial satisfaction with the succession process in family firms: a conceptual model. Entrep: Theory Pract 25(3):17

Shuman V, Sander D, Scherer KR (2013) Levels of valence. Front Psychol 4:261

Small Business and Entrepreneurship Council (2016) Annual survey of entrepreneurs (ASE). Retrieved from https://sbecouncil.org/about-us/facts-and-data/

United States Bureau of Labor Statistics (2020) Current population survey. Retrieved from https://www.bls.gov/cps/cpsaat11b.pdf

United States Small Business Administration Office of Advocacy (2018) Frequently asked questions, 2018. https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf

United States Small Business Administration Office of Advocate (2020). https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf
Ward J (2004) Perpetuating the family business: 50 lessons learned from long lasting, successful families in business. Palgrave Macmillan, New York
White WS, Krinke TD, Geller DL (2004) Family business succession planning: devising an overall strategy. J Financ Serv Prof 58(3):67–86

## Preparing the Population for an Aging Society in Thailand

Narong Kiettikunwong
Research Group on Local Affairs Administration and Smart City, College of Local Administration, Khon Kaen University, Khon Kaen, Thailand

### Synonyms

Aged society; Aging society; Elderly

### Definition

Due to the increasing trend of growing numbers of elderly citizens in Thailand and the problems arising from the elderly not being adequately prepared, the restructuring of the foundations of governmental schemes to equip "soon to be elderly" generations is very important.

### Introduction

Thailand's population structure has changed to that of an "aging society" since 2005 and is expected to become an "aged society" (i.e., an aging rate over 14%) by 2021. With an aging population at present of 13 million, or 20% of the total population, this situation is already leading to problems in terms of economic, health, and social issues, so it is a challenge for the country to be prepared to cope with quality aging. Thailand, as most other medium-high developed countries around the world, must prepare in three areas: finances, health, and society. Financial preparation requires the creation of income guarantees, i.e., savings during the working years that are sufficient for living in retirement or old age. Proper health requires the need to create healthy behaviors that are appropriate for all ages, prepare individuals to accept change, and plan a valuable life based on self-reliance. The societal aspect includes family support and help from communities and society.

### Royal Thai Government Response

The Royal Thai Government (RTG) has realized how important the effects of population aging are, and policies and measures have been formulated by the Office of the National Economic and Social Development Board (NESDB) since 2009. Guidelines on a strategic drive for integrating the elderly were designed by the NESDB and many other related parties in order to promote a proactive approach, with the main concepts being human resource and social protection development. Consequently, all Thai government sectors are, in practice, engaged in supporting this initiative, e.g., in providing personal training programs on financial literacy, developing welfare society in order to ensure security for all Thai citizens when they get old, etc. In the NESDB Guidelines, the NESDB has proposed four points for an operational framework for supporting the elderly: (1) strengthening income security by promoting financial savings for people of all ages as well as promoting the potential of the elderly in terms of "social wisdom"; (2) developing a social welfare system so that it becomes extensive and sustainable, with cooperation between all sectors; (3) creating an appropriate living environment for the elderly; and (4) developing management mechanisms for the elderly at regional and local levels, as well as developing and connecting databases and knowledge bases to promote the potential of the elderly.

## Quality Elderly (Active Aging)

Quality elderly are people who have the potential and ability to be productive while aging but, at the same time, bringing the concept of successful aging into consideration because the elderly need to face various situations in a holistic manner. Therefore, quality elderly are people who take care of themselves (self-care), can rely on themselves (self-reliance) to do what they want according to their potential, benefit others and society, are satisfied with life, and prepare for the changes that will come (Yotphet 1999).

The components of quality elderly are (1) having the potential and ability to be productive while aging; (2) providing self-care by creating security for themselves; (3) being self-reliant by maintaining a good quality of life in terms of physical, mental, social, and intellectual aspects in order to do what they desire; (4) being able to benefit others by engaging with society for as long as possible; and (5) being satisfied with the current life and preparing for coming changes.

Preparing for becoming elderly means planning one's life with the objective of becoming ready to prevent crises during one's latter years (Wattanawong 2004). Aging changes various aspects of life, and people should be prepared in advance to make life in old age happy. There are several aspects to this preparation: economic preparation by preparing for self-income, evaluating income-expenditure, preparing to save money in reserve, preparation for illness, and completing a will. Health readiness should be considered by seeking knowledge about health education, eating foods that are nutrition-based, and regularly exercising. Housing should be renovated to suit the condition of the elderly. Social readiness consists of a vibrant social life in order to maintain optimism.

The Thai Department of Health, Ministry of Public Health, also defines a quality elderly society as a society that has 10% or more of the population aged 60 years or older and where the elderly still maintain their creativity; are able to do what they desire according to their potential; benefit others and society; are satisfied in their present life; have good physical and mental health; are financially prepared, including housing; and participate in social activities.

A study on aging and preparation before entering old age (Kiettikunwong 2018) suggests that factors that influence the well-being of the elderly are age, education level, health status, income, marital status, education level, time spent in the community, knowledge of financial management, housing that is suitable for the elderly, and the rights of the elderly. In other words, people who are properly prepared in these aspects have been found to be happier with life after retirement. This confirms studies previously done (Akkharaseni 2006; Sodon 2009) which identified that preparation for old age should be more focused in the areas of education, housing, debt amount and savings, relationships with family members, and health.

## Obstacles on Tackling the Aging Society Problem in Thailand

Many aging society countries have formulated elderly care policies in terms of welfare, medical services, medicine, and life security. In addition, to improve quality of life for the elderly, learning services and social preparation in terms of understanding, attitudes, and elderly treatment should be provided by the government at all levels in order to ensure that people will be able to adapt and live happily while aging (Kantavong 2014). However, it was found that the majority of the Thai population (52.4%) lacks proper preparation for their lives after retirement, especially as regards well-being and financial aspects. To address this, government has to be more responsible for elderly care. Although the Thai central government has authorized local administrative organizations (LAOs) to take responsibility for elderly care and to appropriately accommodate them, neither the central government nor LAOs are able to respond to the needs of the elderly (Jitpimolmas 2016).

LAOs, therefore, have a responsibility to meet this urgent need to create a preparation process for

the aging population, especially the working-age, pre-aging, and older people who have not yet planned for the future. These people need to have a good understanding of the requisite systematic preparation and concrete practices in terms of health and finance. To address this, issues regarding preparation of the population for the aging society and development of life quality for the elderly should be emphasized in municipal planning. This responsibility corresponds with the 2nd National Plan on the Elderly B.E. 2545–2564 (2002–2021), which states that family, along with the community, is the first unit to support the elderly to be able to live in the community with a high quality of life.

Based on the report of the situation of the Thai elderly that the National Elderly Committee (NSC) has conducted every year since the enactment of Elderly Act in 2003, there is a trend indicating that the elderly are facing a poorer quality of life for low-income elderly (Office of the Permanent Secretary et al. 2015). The empirical data suggests that the development of the quality of life for the elderly should be focusing on preparing the population to support the aging society as well as drive policy recommendations to support the aging society in accordance with policies and measures to support the aging by the government. This can be achieved by using cooperation between various sectors to enable the elderly to have good health and be able to live with dignity. The empirical data further suggests that the preparation of the population should be in three dimensions: first, the health dimension, including addressing various risk factors such as alcohol and smoking, promoting physical activity, caring for the elderly with long-term dependence, and caring for the elderly with dementia; second, the social dimensions such as the development of potential and the expansion of elderly associations, promoting learning and developing appropriate courses for creating quality elderly who are energetic and able to take care of themselves; and finally, economic dimensions such as supporting academic work to drive the strategy of employing older people to create opportunities and extend the age of employment for older workers and working with the policy sector and local communities, which currently have prototype areas (e.g., Khon Kaen Municipality) for the development of the elderly care system by using the community as a base both in local communities and in over 300 urban communities (National Statistical Office Ministry of Information and Communication Technology 2014).

## The Foundations on Preparing to Enter the Old Age

More than half of the Thai elderly are not prepared to become "quality elderly," although most seniors see that preparing for the old age is important. It was found that even though Thailand has a high level of readiness in terms of housing and social aspects, health is at a moderate level. As for the economy, it was found that the preparation was low. Although currently only one fifth of Thai consists of the elderly, the pre-retirement population (40–59 years old), which accounts for nearly 50% of the total population, will slowly be joining the aging society over the next 20 years. Thus, to prepare for and cope with the problems of the aging society, which can involve high levels of expenses on the part of public budgets, proper preparation is needed for this segment of the population.

The increase in urbanization in Thailand causes changes in family structure; in other words, the interdependence level is lower. This change can greatly affect the quality of life among the elderly in terms of livelihood management, health care, and finances. Therefore, preparation of the population for the aging society is important, because the more prepared the people are, the more satisfied they are with their lives. Conversely, a lack of preparation leads to low levels of life satisfaction.

According to many research results done by government, academia, and other agencies, the majority of elderly people were still not very satisfied with current preparation of the population for the aging society. The issue of health needs to be prioritized in terms of delivering it which will correspond to the public's needs. Furthermore, Thailand needs to provide other

types of preparation for people, such as housing, methods for building good relationships, and management of leisure activities. Moreover, Thailand may need to consider placing additional importance on financial literacy, e.g., financial planning, savings, investment in both capital and money markets, and education on insurance in areas such as health insurance. The preparation should be provided based on age and conducted before old age arrives. In other words, preparation should start not later than the age of 40 because health and financial preparation cannot properly succeed and be effective if delayed for too long after this age. Additionally, there are several recommendations that should be helpful in laying solid foundations to cope with the inevitably aging society and aged society.

1. Most of the people of all ages agreed that preparation of the population for aging, particularly in terms of health issues, is very important because the elderly tend to face more health problems than those of other ages. They still experience the problem of access to health services, and they regard medical fees as expensive. This preparation should begin with those in the age range of 40–59 years.
2. Currently, there are a rising number of people who are generally satisfied with the preparation process for the aging society thanks to the various programs and activities arranged by the RTG and LAOs. Nevertheless, educating people to have more financial knowledge, as regards savings, investment in both capital and money markets, and choosing or buying the right type of insurance, should be enhanced in order to improve people's satisfaction with the preparation process.
3. The Ministry of Social Development and Human Security (MSDHC) is regarded as the main mechanism for improving the quality of life of the elderly. At the local government level, the Department of Social Development and Welfare is the key mechanism to implement programs and activities based on the needs of citizens, for preparation to enter retirement age, and other social welfare development programs based on national policies and MSDHC initiatives. Thus, a specific intermediary agency, founded specifically for the purpose of improving quality of life, especially in the elderly, should be established. This agency should have the following three important roles:
   (a) Serving as a liaison between the private and public sectors (based on the concept of a civil state), including being a facilitator and information center for the elderly.
   (b) Creating a database or "Big Data" of the elderly by collecting data through field surveys in order to acquire timely and accurate data, which will allow the administrative team to formulate appropriate policies to satisfy public needs, which is in line with Thailand's current Big Data policy.
   (c) Sharing timely and accurate information with the LAOs and community in order to expand public participation in promoting the preparation process for the aging society.

## Cross-References

▶ Advocacy Coalition Framework and the US Immigration Policy
▶ Nonlinear Policy Change

P

## References

Akkharaseni L (2006) Preparing to enter the ageing of the population Raikhing sub-district, Samphran district, Nakhonpathom province. Master of social work thesis, Thammasat University. (in Thai)

Jitpimolmas S (2016) The elderly society. How to prepare well? "State – descendants" ready to bear the burden of the elderly, [Online]: Retrieved on 2 Feb 2019, from https://thaipublica.org/2016/06/ageing-society-1.-6-2559/. (in Thai)

Kantavong P (2014) The current knowledge about the elderly society to develop strategies and directions for future research. J Local Adm 7(4):1–15. (in Thai)

Kiettikunwong N (2018) Re-employability of older people in Khon Kaen Municipality (KKM). Ageing Int 43(2):141–157

National Statistical Office Ministry of Information and Communication Technology (2014) The elderly

population survey, Bangkok, Thailand. Text and Journal Public Company Limited, Bangkok. (in Thai)
Office of the Permanent Secretary, Ministry of Social Development and Human Security, Information Technology Center Journal of Social Statistics (2015) Thai elderly population: current and prospective, [Online document]: Retrieved on 2 Feb 2019, from https://www.m-society.go.th/article_attach/13225/17347.pdf. (in Thai)
Sodon P (2009) Preparation prior to the ageing of the population in Prachinburi province. Master of Liberal Art Thesis, Chulalongkorn University. (in Thai)
The Prime Minister Committee on Promotion and Coordination National Elderly. National Plan for the Elderly Issue 2 (2002–2021), [Online Document]: Retrieved 2 Feb 2019, from http://www.npmhomeperson.dsdw.go.th/document/plan/plan2545_2564.pdf. (in Thai)
Wattanawong S (2004) Psychological training for adults. Chulalongkorn University, Bangkok. (in Thai)
Yotphet S (1999) Guidelines for the management of welfare services for the elderly. Thammasat University, Bangkok. (in Thai)

# Presidential Policy Agenda in Latin America

Miguel A. López[1] and Nicolás Miranda[2]
[1]Institute of International Studies, University of Chile, Santiago, Chile
[2]University of Salamanca, Salamanca, Spain

## Synonyms

Agenda-setting; Congress; Executive power; Latin America; Presidentialism

## Introduction

Latin American presidentialism is characterized by head of state faculty to define or, at least, strongly influence the policy agenda. Although presidential powers vary from country to country; the president is one of the main actors in the public policy agenda setting. This agenda begins to take shape with the presidential manifesto, also known as government program, the candidate presents during the electoral campaign. Once elected, the manifesto becomes an actual roadmap for the newly elected authority, especially when it comes to keeping promises made during the election campaign. Since program compliance becomes an accountability indicator for a new government, modifications or updates are made public during the annual speech before the plenary session to the Congress (a protocolar act equivalent to the American State of the Union Address). Similarly, the president's actions and statements to the press have a strong impact on the mass media, affecting not only media agendas, but also public opinion in general. Nevertheless, presidents' faculties to turn their agendas into law and enacting their presidential programs depend mainly on the interactions with the legislative branch.

Unlike the scenario in the United States, where there is a longstanding tradition of studies on president' faculties to set and/or influence the policy agenda, in Latin America studies on this subject are extremely rare. Although there are several specific policy analyses at a country level, a large part of these comparative studies has focused on the decision-making process and the interactions/negotiations among different actors in the parliamentary arena. Even more, most of this research has been overshadowed by political science, especially under the umbrella of the relationship president–congress, focusing mainly on the president's legislative power.

## Presidential Pre-legislative Agenda

Broadly speaking, the agenda setting is "the process by which problems and alternative solutions gain or lose public and elite attention" (Birkland 2007: 63). More explicitly, "the process by which information is prioritized for action, and attention allocated to some problems rather than others" (Jones and Baumgartner 2005: VII–IX). The agenda setting is a process, where a large number of political, social, economic, and governmental actors, among others, seek to embrace topics of their interest with the aim of becoming the object of government action. The actors' ability to turn their demands into priorities as part of the decision-making agenda can make a difference in what will, or will not, become a specific public policy. In that sense, the president, the

government, as well as the congress are constant addressees of demands from different sectors for them to include particular issues on their agendas.

In this short entry, we will understand the presidential agenda as a signal indicating "what the President believes to be the most important issues facing his administration" (Light 1991: 2–3). Or, more specifically, as "a list of hopes for the future, some of which become law, others of which languish for a lack of support" (Light 2004: 2).

As Cobb and Elder (1983) acknowledge, there are two types of agenda setting. The broadest and most abstract is the *systemic agenda*, which includes all issues members of the political community commonly perceive as meriting public attention. On the other hand, the *institutional or governmental agenda* refers to those matters of interest political institutions seriously consider as appropriate measures and actually act on them at a given moment. Latin American presidents are important actors on shaping both agendas. As Wood (2010) points out, in the case of the United States, presidents are "symbolic representatives of the nation" and voters expect from them the ability to recognize society's problems and offer solutions. At the same time, they are expected to be able to provide effective public policies in general, to be good administrators and managers, and to generally provide order and prosperity to the nation. As heads of state and government, presidents are the most visible and important political actors in presidentialism.

In Latin America, the president's capacity as an "agenda setter" begins during the electoral campaign, prior to the elections. Presidential candidates and/or their supporting parties usually present an eventual future government's program with a series of public policy offers which, if elected, is expected to be implemented in the form of policies. These manifestos vary in length and detail by country, but also differ at an internal level within each country depending on different factors, such as candidate style and party tradition, among others. In general, presidential candidates from large parties with real possibilities of being elected tend to elaborate extensive manifestos covering mostly all public policy areas. Most of the research about future government programs in time of elections for Latin America comes with the extension of "Manifesto Research on Political Representation" (MARPOR). Despite the fact that party manifesto studies political parties, in Latin America, research has been extended to consider presidential manifestos (Ares and Volkens 2017) to estimate policy priorities and positions in presidential political competition. The main objective is not to study agendas themselves, but rather the spatial positioning, especially on presidents and/or parties in the left-right axis based on their positions on public policy issues. These analyses have been carried out mainly in Chile (Gamboa et al. 2013; Mella et al. 2019), Brazil (Tarouco 2011), Argentina (D'alessandro 2013), Mexico (Martínez-Hernández and Martínez 2017), and in comparative perspective (López et al. 2013).

Since voters usually do not read these extensive manifestos, much of the information they receive from the candidates comes from the media and the electoral campaign itself, especially when the campaign message is policy-focused. In the last years, social media – especially Twitter – have taken a leading role in the public policy agenda dissemination (López-López and Vásquez-González 2018).

Once the president takes office, he/she will have nonlegislative and legislative powers to carry out the government agenda. The first presidential faculty describes the administrative approach through which governmental offices/units and other public services depending on the central government can directly implement certain policies. The second capability refers to a legislative process, which implies the Congress approval ending (or not) with the implementation of laws (Payne 2006: 95–96).

Unlike North American presidentialism, there is limited analysis of the Latin American executive branch and the resources of the presidency. In general terms, the executive branch is headed by the president and is assisted by ministries or secretaries differentiated by specific areas, who advise the head of government in their subjects of competence. The ministries council, commonly known as "presidential cabinet," is an important collective actor when it comes to achieving the

presidential agenda, mainly because ministries are responsible for the implementation of most of public policies, especially those coming directly from the president through executive orders. Although the cabinet's number, size, and political responsibilities in fulfilling the agenda have increased in the last decades, its participation in the decision-making process varies from country to country, and even from one president to another.

A fundamental act in determining priorities on Latin American presidential agendas is the head of state's annual speech to the congress. In this speech, citizens are informed and updated on the nation's administrative and political situation. During this protocolar act, achievements made by the current administration are highlighted. Public policies planned to be implemented are also announced. This speech, which has extensive media coverage, is an opportunity for the president to gain support for the executive's course of action in all major areas of public policy. Given that these speeches are delivered annually, they constitute a source of information on the presidential agenda, facilitating comparative studies over time and between countries (López et al. 2011; Arnold et al. 2017; Brasil et al. 2020).

## Presidential Legislative Agenda

Generally speaking, there has been the belief presidents dominate the legislative process and the political agenda setting in Latin American presidential systems. Some authors have highlighted the importance of Latin American president's figure in the legislative process, pointing out that congresses are more reactive to executive's bills than proactive in the formulation of laws. Cox and Morgenstern (2001) highlight that congresses, or legislative assemblies, do not have the faculty to be generative (form and remove governments) or proactive (promote or sanction laws), becoming rather reactive by modifying or vetoing proposals coming from the executive (2001: 373).

However, this view is no longer dominant. Recent articles have added new dimensions to the legislative agenda analysis, where Alemán and Tsebelis's (2016) research stands out. In their comparative study, they state parliamentarians considered as a collective present a more significant number of bills than those sent by the president.

The presidential system structure is relevant for the democratic system and its capacity to effectively adopt and implement specific public policies, such as its legislative agenda. In the Latin American region, structures and presidential systems' operation are diverse: "whereas in some countries the design of the political institutions helps to foster the crafting, passage, and implementation of public policies which work to advance economic and social development in the country, in others suboptimal institutional arrangements often undermine development efforts" (Jones 2012: 30).

The initial approach to the president's role analysis during the legislative process has been institutional; and specifically focused on the powers granted to the president and legislators by the constitutions and regulations. Despite differences between countries, the faculties granted by the constitution to the head of state can be divided into two. On the one hand, those related to the legislative process and, on the other, those associated with the capacity to appoint ministers and other authorities (Payne 2006: 95). President's legislative powers can be summarized as follows: (a) the exclusive power to the president to introduce legislative initiatives in some specified areas; (b) faculty to veto bills; (c) legislate by decree; (d) a degree of control on the legislative agenda; and (e) the faculty to dissolve the legislative branch during his/her constitutional mandate (Shugart and Carey 1992; Payne 2006; García Montero 2008).

The presidential veto is the "mechanism by which the president rejects or make comments on a bill or decree approved by the legislature" (Zovatto and Orozco 2008: 35). Two aspects of the veto process are the most relevant to understanding presidential power in this arena. Presidents have the power of vetoing a bill in whole, in part, or both. In the first case, the president can only veto the entire Congressional-approved bill, while in the second, the head of state has the

possibility of removing specific articles/sections. The specific effect of this power is the promulgation of articles that the president does not object to (Payne 2006: 99–100).

In all Latin American countries, presidents have the faculty of a total veto. However, not all presidents have the power to make partial vetoes. Given the president's greater room for maneuver, this type of veto reinforces presidential power over the legislature by allowing him to intervene in the bill, either by stopping changes to the status quo or by introducing issues on his/her own interest (Payne 2006; Jones 2012; Alemán and Tsebelis 2005, 2016). It is necessary to keep in mind that not all countries assign this power to the president. Likewise, some constitutions also allow a presidential veto overriding if the legislature insists on the original version, for which a quorum is required according to each constitution.

Latin American constitutions also empower the president to legislate without having to go through the congress, giving him/her greater possibilities to carry out his/her legislative agenda. Presidents can legislate using three mechanisms: a) decree powers, b) emergency powers, and c) legislative delegation. Among all three, decrees are the most important ones, because they can become law without passing through the Legislature (Shugart and Carey 1992; Payne 2006; Carey and Shugart 1998; García Montero 2008; Zovatto and Orozco 2008). When a president has a strong decree power, he/she can actually modify the *status quo* "to any position within his preference space without taking into account the preferences of Congress" (García Montero 2008: 62).

Emergency powers relate to the executive's faculty to exercise extraordinary legislative powers as well as the suspension of rights and freedoms (individual and collective) in situations of national emergency, such as social and political unrests. This type of power delegation is temporary and has to be communicated to the legislature in order to be ratified (Carey and Shugart 1998). Emergency faculties are considerably variable in Latin American constitutions. These variations consider dimensions such as actors who, in addition to the executive, are involved, conditions under which the emergency can be declared, and limitations on actions taken in emergency conditions (Cheibub et al. 2011). Although this power is often used in exceptional circumstances and has been abused in the past (Loveman 1994), in today's Latin American democracies it constitutes a very rare presidential tool to fulfill the agenda.

In addition to the powers of veto and decree, presidents have faculties, which allow them to set and control the legislative agenda. The first one is the ability to give precedence to specific bills by classifying them as "urgent" to be discussed by the legislature. Urgency has a priority effect on the agenda, as well as on times of legislative discussion and processing. The legislature is forced to process bills in a shorter period of time than in a normal legislative process. While the congress may meet to reject or amend presidential initiatives, this is a mechanism for presidents to force congressional action in case of delay or inaction (Alemán and Tsebelis 2016). The scope of this presidential power will depend on a series of established institutional mechanisms, such as "the amendment capacity that Congress has, the method of approval of the presidential proposal, the matters on which the urgency can be declared or the time limit in which the Legislature must pronounce" (García Montero 2008: 41).

The second, extraordinary institutional mechanism aim to grant presidents some type of control over the legislative agenda is the executive's ability to call the congress to extraordinary sessions in order to deal with specific matters. This power is enhanced to the extent that the legislative power itself lacks the possibility of self-convening during periods of recess, or when that power exists, the quorum necessary to carry it out is very high (García Montero 2008: 69).

All Latin American constitutions grant the president the power of legislative initiative. This power becomes relevant in cases where the president has the exclusive right to introduce projects on specific policy areas (exclusive initiative), making the head of state the most important legislative actor in these subjects. This scenario relegates the legislative branch to a reactive position on these matters, allowing them only to modify what the president sends (Shugart and Carey 1992: 139).

Most presidents in Latin America play a central role on the national budget's elaboration and approval. There are three central elements to this process. The first one is whether the bill's presentation is an exclusive attribution of the president. The second factor is the power legislators have to modify the bill. In some cases, they can modify the entire proposal, while in others they cannot increase spending. The third aspect applies when agreements are not reached on the budget, and the bill is not approved. In this case, in most countries, the previous year's budget remains in effect, although, as Jones (2012) points out, several countries have a rule that, if it is not approved, the bill presented by the president is automatically adopted.

## President's Partisan Powers in the Legislative Process

The president's constitutional powers are a part of the legislative agenda process. Equally important, however, are the president's partisan powers in front of the legislature, the level of polarization of each country's political party system, and the degree of response or discipline of the legislative contingent of its party or alliance (Jones 2012: 27). The interaction of these three factors will influence the president's partisan power in the legislature and with it, the level of ease or difficulty he/she will have to form alliances bringing forward his/her legislative agenda (Jones 2012).

When the president has a clear and cohesive majority, the parliamentarians who support him should be able to move onward the executive's legislative agenda. One of the main concerns on presidentialism studies is the possibility that the president may not have an absolute majority and this fact could lead to a legislative paralysis (Linz and Valenzuela 1997; Shugart and Carey 1992). Faced with this situation, presidents can form coalitions or seek ad hoc agreements for specific projects. Alemán and Tsebelis's research shows that, when presidents do not have that parliamentary majority, they should seek support from small parties, independents, and dissidents from the opposition to support their bills and thus avoid blockage or paralysis. But there is also the possibility that legislators close to the president may "amend presidential bills in order to respect the preferences of congress" (Alemán and Tsebelis 2016: 225–226).

When the president has a cohesive and disciplined legislative majority, he/she has no major problems turning his/her bills into laws. In this case, the level of party polarization has no significant relevance. However, when the head of government does not have a majority, polarization starts playing an important role in this process. When polarization is low, there is a greater likelihood of forming and maintaining legislative coalitions. However, when "high levels of ideological polarization exist, the barriers to forming coalitions are much greater, and the costs (in terms of payoffs/side payments) much greater" (Jones 2012: 29).

Cohesion or discipline within the party (and the coalition) is also important for the president to succeed with his/her legislative agenda. A disciplined contingent allows the legislative process to be expeditious and without further surprises. On the other hand, when there is no such discipline, they are forced to negotiate and, in some cases, compromise some specific aspects of the initial project, accepting suggestions from the legislators in order to pass the bills the executive is seeking to enact. Jones (2012) explains that this situation varies significantly in Latin America, both between countries and within each government.

There are other elements to highlight about the president's legislative agenda. Firstly, bills presented by the executive are less numerous compared to the initiatives presented by legislators. However, those presented by the head of state are more likely to be approved. Likewise, presidential bills' processing and approval times also tend to be shorter than those initiated by legislators. Secondly, the president's legislative agenda tends to attract more attention than congressional bills. Conclusions on Alemán and Tsebelis's (2016) research reinforce the idea that the president introduces "important" bills. This is partly due to institutional prerogatives, such as the exclusive

initiative, which usually relates to areas of great importance. Finally, despite the president's legislative agenda's success, most of the important bills he/she presents ended up suffering modifications by members of congress during the legislative process (Alemán and Tsebelis 2016).

## Conclusions and Directions for Future Research

Agenda setting is the first stage of an extensive process that aims to formulate public policies. Agendas proliferate along with different political, social, and economic actors. In Latin America, one of the main agenda setters at a national level is the president.

Presidential agendas emerge from what presidents believe are the most important issues his/her administration is addressed to face and, in many cases, result in public policy bills. Through this agenda, the head of government establishes his/her own priorities in public policy representing a fundamental element of political leadership.

Setting the presidential agenda is a long process, beginning with the presidential candidate's government program. Once the elected president takes office, the program is called to translate into bills sent to congress for approval. Finally, bills enter the legislative stage to be discussed by the legislature. Presidential agenda's timing is, by no means, static as policy makers – including the president – are constantly bombarded with information on multiple potential policy subjects. In developing countries, such as the ones in Latin America, issues are multiple and resources are especially scarce. The battle between various political, social, and economic actors to get their matters of interest to become part of the governmental agenda is fierce.

Studies on presidential agenda and agenda setting in Latin America have been scant. Generally, there are case studies and analyzes on specific public policies, but temporal and comparative analyzes are unusual, in part, due to lack of data. However, the extension of the Comparative Agendas Project (Baumgartner and Jones 1993) for Latin America (Baumgartner et al. 2020) offers an opportunity to research trends in agenda setting and policy making over time and between countries.

## Cross-References


- ▶ Agenda Setting
- ▶ Latin American Governance
- ▶ Political Leadership
- ▶ Public Policy and Politics


## References


Alemán E, Tsebelis G (2016) Legislative institutions and lawmaking in Latin America. Oxford University Press, Oxford

Ares C, Volkens A (2017) ¿Por qué y cómo se está extendiendo el Manifesto Project a América Latina? Rev Esp Ciencia Polít 43:115–135

Arnold C, Doyle C, Wiesehomeier N (2017) Presidents, policy compromise, and legislative success. J Polit 75(2):380–395

Baumgartner FR, Jones BD (1993) Agendas and instability in American politics. University of Chicago Press, Chicago

Baumgartner FR, Jones BD, Chaqués L (2020) Agenda dynamics in Latin America: theoretical and empirical opportunities. Rev Adm Pública 54(6):1513–1525

Birkland T (2007) Agenda setting in public policy. In: Fischer F, Miller G, Sidney M (eds) Handbook of handbook of public policy analysis. CRC Press, Boca Raton

Brasil F, Capella ACN, Fagan E (2020) Policy change in Brazil: new challenges for policy analysis in Latin America. Latin Am Policy 11:24–41

Carey J, Shugart M (1998) Poder de decreto: Chamando os tanques ou usando a caneta? Rev Brasil Ciências Soc 13(37):149–184

Cheibub JA, Elkins Z, Ginsburg T (2011) Latin American Presidentialism in comparative and historical perspective. Texas Law Rev 89(7). University of Chicago, Public Law Working Paper 36

Cobb R, Elder C (1983) Participation in American politics: the dynamics of agenda building. The Johns Hopkins Press, Baltimore

Cox G, Morgenstern S (2001) Legislaturas reactivas y presidentes proactivos en América Latina. Desarrollo Econ 41(163):373–393

D'alessandro M (2013) Las plataformas electorales en la Argentina moderna. Am Latina Hoy 65:107–139

Gamboa R, López MA, Baeza J (2013) La Evolución Programática de los Partidos Chilenos 1970–2009: de la polarización al consenso. Rev Ciencia Polít 33(2): 443–467

García Montero M (2008) Instituciones y actividad legislativa en América Latina. Documentos CIDOB América Latina, N° 23. Fundación CIDOB, Barcelona
Jones MP (2012) Presidentialism and legislatures. In: Kingstone P, Yashar D (eds) Routledge handbook of Latin American politics. Routledge, Abingdon, pp 21–32. Routledge Handbooks Online. Accessed 12 abr 2021
Jones B, Baumgartner F (2005) The politics of attention: how government prioritizes problems. University of Chicago Press, Chicago
Light P (1991) The President's agenda, rev. edn. The Johns Hopkins University Press, Baltimore
Light P (2004) Fact Sheet on the President's Domestic Agenda. The Brookings Institution. In https://www.brookings.edu/research/fact-sheet-on-the-presidents-domestic-agenda/ Viewed on 22 January 2021
Linz J, Valenzuela A (1997) Las crisis del presidencialismo: Perspectivas comparativas, vol 1. Alianza Editorial, Madrid
López MA, Vílchez U, Miranda N (2011) El discurso de política pública presidencial: Los casos de salud y educación durante los gobiernos de la Concertación (1990–2009). Estado Gobierno Gestión Públ 18:37–59
López MA, Valenzuela P, Miranda N (2013) Estimando el espacio político del Cono Sur y Brasil: las elecciones presidenciales en el eje izquierda-derecha. Rev Post-Data 18(2):404–442
López-López P, Vásquez-González J (2018) Agenda temática y Twitter: elecciones presidenciales en América Latina durante el período 2015–2017. Profess Inf 27(6):1204–1214
Loveman B (1994) The constitution of tyranny: regimes of exception in Spanish America. University of Pittsburgh Press, Pittsburgh
Martínez-Hernández A, Martínez D (2017) La ideología de los partidos políticos en México: la estructura de la competencia y la dimensión izquierda-derecha (1946–2012). Rev Latinoamericana Polít Comparada 13:31–55
Mella M, López MA, Valenzuela P, Berríos C (2019) Cambios programáticos y estratégicos de la derecha en Chile (1989–2013). Colombia Int 100: 91–120
Payne M (2006) El equilibrio de poder entre el Ejecutivo y el Legislativo: papel de la Constitución y los partidos políticos. In: Payne M, Zovatto D, Mateo M (eds) La política importa. Democracia y desarrollo en América Latina. IDEA-BID, Washington, DC, pp 91–128
Shugart MS, Carey J (1992) Presidents and assemblies. Cambridge University Press, Cambridge
Tarouco G (2011) Brazilian parties according to their manifestos: political identity and programmatic emphases. Brazil Polit Sci Rev 5(1):54–76
Tsebelis G, Alemán E (2005) Presidential conditional agenda setting in Latin America. World Politics 57 (3):396–420
Wood D (2010) Presidents and the political agenda. In: Edwards GC, Howell WG (eds) The Oxford handbook of the American presidency. Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199238859.003.0006
Zovatto D, Orozco J (2008) Reforma política y electoral en América latina 1978–2007: lectura regional comparada. In: Zovatto D, Orozco J (eds) Reforma política y electoral en América Latina: 1987–2007. Instituto de Investigaciones Jurídicas, UNAM e IDEA Internacional, México, pp 3–209

# Presidential Signing Statements and Public Administration

Christopher S. Kelley
Miami University, Oxford, OH, USA

## Synonyms

Iron-clad item veto; Unilateral action

## Definition

The signing state is any written and/or verbal statement issued by the president when legislation is signed into law. In most cases, the president issues only a written signing statement, but on some occasions, he will also issue a verbal statement to accompany the written statement. As explained below, sometimes the tandem is used to obscure the written statement, which always contains the more controversial provisions.

## Introduction

In the run up to the 2008 presidential election, a seemingly obscure issue was front and center – the use or misuse of the presidential signing statement. Senator John McCain, the presumptive nominee for the Republican Party, and Senators Hillary Clinton and Barack Obama, still battling for the Democratic nomination, were each asked in press interviews whether they would continue to use the signing statement if elected president. The two Democrats, with some equivocation, said

they would while Senator McCain was absolute in his answer that the signing statement was an unconstitutional overreach into the prerogatives of the Congress and the courts.

The reason why such an arcane issue reached the level of a presidential election cycle was a direct result of how useful George W. Bush found the device to help him protect presidential power and to advance his own policy preferences. President Bush had used the signing statement to take control over the legislation he signed into law, either by refusing to enforce provisions believed to be unconstitutional or to reinterpret sections so that it better fit within the Bush policy agenda. One of the more controversial uses occurred when President Bush signed legislation prohibiting the use of torture as part of the Global War on Terrorism. Prior to signing the bill, President Bush met with Senator John McCain (R.AZ) in a very high-profile and public meeting to agree that the USA would not use such techniques as "waterboarding" because it was declared a form of torture, and since the USA was part of the international agreement, it was our obligation to respect the rule of law.

All this changed in the dead of night on New Year's Eve, 2005, when President Bush signed the legislation but then seemed to qualify his agreement with Senator McCain. President Bush wrote he would "construe" the agreement consistent with his constitutional powers. This set off a public firestorm that drew unprecedented attention toward the signing statement, particularly after learning that President Bush used the device to challenge or change hundreds of provisions of laws without anyone paying attention.

George W. Bush certainly was not the first president to use the signing statement, nor is he the last. Though it is not likely that any president will come close to his use of the device, it nonetheless serves an important purpose for the president. For instance, even though Barack Obama issued detailed instructions limiting the use of the signing statement, he nonetheless has found uses for it as well to challenge or control sections of laws that are problematic.

This chapter will be broken into the following sections: the first section will offer a concise history of where/when the signing statement originated as well as how it has evolved; the second section will explain the different uses, illustrated with examples, for the signing statement; and the third section will offer some concluding remarks on the future of the signing statement.

## History

The signing statement is not new. It first appeared in the Andrew Jackson administration, and from that point through the Carter administration, it was used sporadically to protect the president's constitutional powers or individual liberty.

The Reagan administration gets the credit for turning the signing statement into an important tool or device to help his administration move public opinion, to protect presidential power, and to direct bureaucrats in their implementation of the law. Thus, it is the Reagan administration that is the first to use the signing statement systematically to advance the president's position in the lawmaking process, giving to the president enhanced powers to control legislation beyond the simple signing or vetoing of a bill.

And even though each subsequent president continued to use the signing statement much like the Reagan administration, it never really attracted much attention by the media or the academic community. And that was by design – the signing statement, like executive orders or proclamations – work best when it goes unnoticed, particularly by the Congress. This gives the president the opportunity to establish a pattern of usage, so if there is an objection made at some future time, the president can always defend it by pointing to all the previous times it was used without objection.

Thus, it was the George W. Bush administration that provided the signing statement with its official public debut by using the device to negate hundreds of provisions of law – so much that by the time President Bush ended his first term in office, he had used the signing statement to challenge more provisions of law than *all* previous presidents combined!

President Bush, in some instances, used a single signing statement to challenge hundreds of provisions of a single law. As a result, this provoked a number of media stories, which sparked two congressional investigations, a scathing condemnation by the American Bar Association, and in the end the publicity rendered the signing statement as a less than useful device for the next president, Barack Obama, who has issued fewer signing statements of any president from the Reagan administration forward.

## Signing Statement: A Typology

The signing statement is so useful because it serves a variety of purposes for the president. First, it can be used as a rhetorical device to generate congressional or public support for a president's policy or political preferences. The president can identify a couple of key players for their good work in moving the legislation to his desk. On the flip side, the president can use the signing statement to admonish Congress or his opponents in the signing statement in the hope that the media might seize upon the conflict and help move the opposition into the president's corner.

Or the rhetorical signing statement may be a way to bridge an intractable divide between the White House and the Congress. For instance, President Obama made it a priority when he took office in 2009 to close down the detainee facility at Guantanamo Bay, Cuba (Gitmo) because it represented the negative side of the Global War on Terror, from the image of the detainees in orange jump suits to the fact that a number of detainees had been held since the facility was created in 2002 without ever facing a judge or jury. This contradicted American values, according to President Obama, while also serving as a visible recruiting tool to radical Muslim groups such as ISIS or al-Qaeda.

Despite President Obama's wishes, the Congress has engaged in a high-stakes battle over the closing of Gitmo, with the Congress placing sections into defense spending bills prohibiting the president from closing the facility, and the president responds with a signing statement arguing that the prohibitions are a violation of presidential powers. And yet, despite the high drama over the issue, the Obama administration, working with the Congress, has managed to drain the facility of all but 91 detainees (out of 800) as of February 23, 2016 (n.a. 2016). Thus keeping the pressure on the Congress by threatening to act unilaterally, the administration has managed to make tremendous progress in fulfilling a campaign promise to close the facility down.

The second use for the presidential signing statement originates from the president's interpretation of the "Oath" clause of the Constitution. This clause commands the president to "protect and defend" the Constitution as well as the "Office of the President." The "Oath" clause, combined with Article II's "Vesting" clause (which bestows to the president all executive powers), gives the president leverage over the constitutionality of the laws he defends or enforces.

To the average person, a president who refuses to enforce or defend a provision or provisions of law that he signed seems like an imperial act. The common refrain to the refusal to enforce is to ask why the president did not veto the legislation if it was constitutionally troublesome. This would be sensible if legislation only contained a single issue to deal with, but unfortunately most legislation sent to the president's desk contains hundreds of different policy or political issues to which the president can either sign or veto. This creates a lot of opportunity on the part of the Congress for mischief. One well-known area of mischief is in the form of "pork" – legislative riders added to important spending bills that fund the pet projects in the district or state of a member of Congress.

In the same vein, what if Congress added an unconstitutional provision to an important spending bill in order to embarrass the president? In the lead up to the 1996 presidential election, the Republican Congress passed a defense spending bill, over the objections of the secretary of defense, the Joint Chiefs of Staff and President Clinton, that discharged all HIV-positive members of the military. The Clinton administration concluded that the amendment was unconstitutional and refused to enforce it once it went into effect or to defend it if

challenged in federal court. The action of the administration convinced the Republicans in Congress to blink, and subsequent legislation was passed which negated the unconstitutional provision.

In this way, the signing statement acts as a placeholder, effectively freezing unconstitutional provisions of law until the Congress and the president can work out their differences while preserving the president's promise not to knowingly execute or defend law he sincerely believes is unconstitutional.

The final use for the signing statement is of particular interest to those who study public administration. This use allows the president to direct bureaucrats in the administration of law so that the public is technically represented in administrative decision-making by taking away a bureaucrats' discretion to make decisions and placing that authority in the president, the only nationally elected figure in the USA.

To understand how this works, it is important to look at how the presidency since Ronald Reagan has worked to get control over administrative discretion. The Reagan administration, in a series of executive orders, empowered the Office of Management and Budget (OMB) to monitor how bureaucrats were interpreting the law and, with the help of the Supreme Court (e.g., *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.* (1984)), allowed the president to interpret the meaning of the law where the plain meaning is not clear.

The use of the signing statement to interpret unclear provisions of law originates in the president's Article II responsibility to "take care" that the law is faithfully executed. The president, in this usage, provides clear direction to executive branch administrators in his signing statement as to how the law should be interpreted and enforced and uses the OMB to monitor the actions of the bureaucrats.

For example, in 1986 the Congress sent President Reagan a legislation that reformed the US policy toward immigration. One particular provision attempted to protect American citizens who were fired because of their skin color or race, where an employer could claim that the firing was due to fear that the employee was an illegal alien using false identification. In the House version of the bill, the provision was clear in requiring the employer to document the reason for the firing to insure it was for some reason other than discrimination. The Senate did not include the provision in their version of the bill, so it went to a conference committee to work out the difference in order to send it to President Reagan. When the conference committee completed work, the House provision was added, but it was not clear whether the employer or the employee had to prove intent to discriminate.

When President Reagan signed the bill, he "interpreted" the section to mean that the employee had to prove discriminatory intent, something that the House sponsors had not meant, as well as a burden that would be difficult for any employee to prove.

In a similar action, President George W. Bush used the signing statement to commandeer a provision of the "Sarbanes-Oxley" bill that was designed to clean up corporate malfeasance in the wake of the Enron scandal in 2001. President Bush singled out a provision of the bill that provided broad protections to private sector whistleblowers.

President Bush issued two separate signing statements to the law. The first signing statement was a formal, Rose Garden ceremony, where the president praised Congress in sending a message to Corporate America that impropriety would not stand. In his second, written signing statement, President Bush crippled the whistleblower protection by qualifying it as only applying to active investigations by the House or the Senate, meaning that any whistleblower who went public with his or her information in the absence of a formal congressional investigation could be fired from their job.

## Conclusion

The signing statement has been a maligned device that is largely misunderstood by the American public. Some argue that the signing statement is an example of a president who has slipped loose from the Constitution to become a king. Still others make a partisan argument that only focuses

on the signing statements issued by the president from the opposite party.

What is clear is that the signing statement is an important part of the president's impressive arsenal of devices to help him navigate the polarized, gridlocked political system by enabling him to move policy unilaterally when necessary and to protect core constitutional powers.

While the Obama administration has not used the signing statement nearly as much as any of his predecessors (electing to use the executive order instead), nonetheless he has used it when it mattered.

It is important for researchers, journalists, and the public to move past the question of whether the signing statement is or is not constitutional and instead keep the focus on when the president decides to use it and why.

What is important is to understand the underlying dynamics behind the use of any unilateral device by the president, because it is clear that the gridlocked, polarized system has a great deal to do with its use, and given how likely the gridlock and polarization will continue in the future, the use of signing statements will remain an important part of president's overall administration and legislative strategy.

## Cross-References


- ▶ Agency Rulemaking
- ▶ Executive Orders and Public Administration
- ▶ Formal Rulemaking in Public Administration
- ▶ Lawmaking and Public Administration


## References


n.a. (2016) Plan for Closing Guantanamo Bay detention facility. Department of defense. p 1. http://www.defense.gov/Portals/1/Documents/pubs/GTMO_Closure_Plan_0216.pdf. Accessed 1 Mar 2016


### Further Reading


American Bar Association (2006) Report on the task force on presidential signing statements and the separation of powers doctrine. http://www.americanbar.org/content/dam/aba/publishing/abanews/1273179616signstatereport.authcheckdam.pdf. Accessed 21 Mar 2016

Garvey T (2012) Presidential signing statements: constitutional and institutional implications. In: CRS report for congress. Congressional Research Service, Washington, DC

Kelley CS (2007) Contextualizing the presidential signing statement. Pres Stud Q 37(4):737–748


# Press Freedom and Democracy in Nigeria (2015–2020)


Raphael Abumchukwu Ekwunife[1], Malachy Uche Agbo[2], Ikechukwu Ogeze Ukeje[3], Osita George Agha[4] and Helen Ijeoma Nwachukwu[5]

[1]Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

[2]Department of Mass Communication, Enugu State University of Science and Technology, Enugu, Enugu State, Nigeria

[3]Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

[4]Department of Mass Communication, Evangel University Akaeze, Akaeze, Ebonyi State, Nigeria

[5]Department of Mass Communication, Coal City University Enugu, Enugu, Enugu State, Nigeria


## Synonyms

Editorial independence; Free press; Freedom of speech; Media regulation; Representative government; Sound governance

## Definitions

| | |
|---|---|
| Press Freedom | This is the legitimate right of persons and the press to hold opinion and impart ideas and information without government restriction. |
| Democracy | It refers to a popular government where everybody is involved in governance through the representation of elected persons in office. |

Press Law This is the set of laws that is made by the government to regulate the conduct on activities of the press toward state protection.

## Introduction

Press freedom is strongly connected to the freedom of speech. This inextricable linkage between these two variables indicates that freedom of speech or expression is a fundamental human right. In virtually all settings, press freedom has a theoretical foundation (NOUN 2017). Press freedom (PF) advocates the unrestricted right of the press to receive and disseminate information without any form of interference. In the present world, many societies are coming up with laws and policies that enhance the freedom of the press, and any society that muzzles the right of the press to live up to its responsibility comes under the searchlight and criticism of the international community. In both military and democratic governance, press freedom is advocated. This underscores the ultimate need for communication, which is indispensable for man's collective survival (CRP 1993); hence, the right to free speech is constitutionally provided for.

Press freedom enables press men and media organizations to hold and disseminate information of public importance without undue interference. The gap between press freedom in theory and practice remains evident, particularly in the developing countries of the south like Nigeria and other countries in sub-Sahara Africa where the ruling class uses overt and covert measures to stifle the press from prying into the prevailing bad governance. Ani (2020) explains that, in Nigeria, media coverage is stifled and controlled by the government. This is in an attempt to sit tight in offices and cling on to power "hegemonically." Considering the lacuna between press freedom in theory and practice, the entry for this study tends to examine the extent to which press freedom thrived in Nigeria between 2015 and 2020 under the democratic governance of President Muhamadu Buhari since press freedom is said to flourish much better in a democratic dispensation.

## Origins

In almost every part of the world, particularly in the present time characterized by democratic governance, press freedom is upheld. Comparatively however, the degree of freedom enjoyed by the press in different countries differs (Ebeze 1996). Over time, the developed nations of the world like the USA have shown a resolve for freedom of expression, consequently, freedom of the press. In this regard, Ewelukwa (1999, p. 74) brings to light the Article 19 of the Universal Declaration of Human Rights on 10 December 1948:

> Everyone has the right to freedom of opinion and expression. This right includes freedom to hold opinion without interference and to seek, receive and impart information and ideas thrssough any media regardless of frontiers.

By the above declaration, a foundation is provided for the freedom of expression, and by extension, press freedom. At the international level, more theoretical foundations for press freedom includes the Article 19 of the International Covenant on Civil and Political Rights of 16 December 1966, which took effect on 23 March 1976. It has these provisions: (i) Everyone shall have the right to hold opinion without interference (ii) Everyone shall have the right to freedom of expression: this right shall include freedom to seek, receive, and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice. In the same vein, Article 13 of the American Convention of Human Rights adopted 22 November 1969 but came into operation on the 18 July 1978 states that, "Everyone has the right to freedom of thought and expression." This right includes freedom to seek, receive, and impart information and ideas of all kinds, regardless of frontiers, either orally or in writing, in print, in form of art, or through any other medium of one's choice. In all these foundations backing up the freedom of expression and PF, the underlying thought is the unrestricted right to seek, receive, and impart ideas of all kinds without interference. Other international bases for freedom of speech and PF are the African Charter on Human and People's Rights of 1981, which

clearly outlines the rights of individuals and those of the people while Article 8 of this charter categorically states that individuals have the right to receive information and to express and disseminate opinions.

Lending more framework to freedom of expression and PF, the Article 10 of the European Convention on Human Rights of 14 November 1950, which took effect on the 3 September 1953 notes that "Everyone has the right to freedom of thought and expression.

This right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers. These articles shall not prevent states from requiring the licensing of broadcasting, television or cinema enterprises."

In Nigeria, the provision for freedom of expression and PF have been strongly backed up by these international provisions for freedom of expression and PF. Fundamentally, the Universal Declaration of Human rights has become binding on Nigeria as it became the 99th member of the United Nations Organization. By this membership, Nigeria has automatically accepted an obligation to do its best to realize the principles encapsulated in the declaration. To this effect, Ekwunife (2020), NOUN (2017), and CRP (1993) show the constitutional provision of PF in Nigeria as enshrined in the 1979 and 1999 constitution of the Federal Republic of Nigeria. The expression of press freedom in the 1979 constitution is almost the same with that of 1999 constitution amended. Looking at the 1979 constitution, Section 22 and 36 of the Federal Republic of Nigeria is currently in use:

> Everyman shall be entitled to Freedom of Expression, including freedom to hold opinions and receive and impart ideas and information without interference. . . .The press, radio, television and other agencies of the media shall at all times be free to uphold the fundamental objectives contained in this chapter and uphold the responsibility and accountability of the Government to the people.

By implications, these constitutional provisions made explicit the role of the press and expressed its freedom in carrying out its legitimate duties. By these provisions and their specificity, the press is entitled to uphold political, economic, social, constitutional, and environmental objectives, among others. The press must expose the citizens to the truth and ideas and cover the activities of the government in its surveillance role. At this stage, it is important to pinpoint that the 1960 constitution, Section 24 made a provision for freedom of expression as well as in Section 25 of the 1963 constitution when Nigeria became a Republic.

## The Press, Regulation, and the Government

There are several impediments to effective press operation. In an interview, a staff with the Accounts Department, FRCN, Abakaliki Ebonyi State Nigeria, identified unprofessionalism (quackery) as the number one hitch to effective media practice in Nigeria. This interviewee observed that there are untrained personnel in the media industry, hence the need for regulation. These untrained personnel are persons who have obtained degree certificates, but not in Mass Communication, Journalism, or related areas. Apart from the untrained personnel, a graduate of Mass Communication and an artiste with FRCN, Unity FM Abakaliki lamented that, even among media practitioners who are certificated in mass communication, a high degree of unprofessional practices is still witnessed.

Lending support to this, Omu (1978) observes that the early press in Nigeria was characterized by minimal corruption. In the writing of MacBride (1980), conceptualizing professionalism poses a challenge, particularly as a form of specialized training is seen as important for professional communicators. From this ideology, it can be deduced that a wide range of unethical practices in the media, whether by trained or untrained media people, can be categorized as unprofessionalism. Writing on "the Virtuous Journalist," Klaidman and Beauchamp (1987) pinpoint the absence of values as a cankerworm to effective media practice. Values such as integrity, contentment, and hard work, among others, have been thrown to the winds. In a lecture on "Issues in Nigeria Mass Media," Onyeisi (2018) explains that the quest for materialism in particular is an unprofessional phenomenon that has eaten deep into media practice.

He notes that this quest for materialism manifests mainly in the acceptance of brown envelop by media men and women. Inadvertently, this made media people to throw ideology and values such as objectivity and ethical soundness to the bin. The need for media regulations, therefore, cannot be over-flogged.

In a lecture delivery, this scholar recounts that in earlier writings on media practice such as the writings of Dr. Nnamdi Azikiwe in his book "My Odyssey" and the writings of Professor Fred Omu, hardly is the word "bribe" mentioned. The implication is that it was then totally absent or too minimal to be noticed. Today, the acceptance of bribe and other undue benefits has spoilt the tides of journalism. Al these sharp practices underscore the need for a regulated media practice and this implies that press freedom does not imply an unregulated media practice.

Media regulations have been identified by scholars and the media industry as serious impediments hampering effective media practice. In Nigeria, many regulations and regulatory bodies have been established in the name of regulating the media. Studies (Ndolo 2005; Ukonu 2005; Udomisor 2013) have shown that from the beginning, the press has been under some roadblocks that interfere with its operations. All over the world, in Nigeria to be particular, different laws and promulgations have been made to put the media practice in shape. This makes the case of an independent press impracticable. Generally, mass media are used to express views, opinions, attitudes, etc. Such expressions thrive more in a democratic setting, for cultural expression, political communication, and economy, among others.

Hilliard and Keith (1996) argue that the regulation of media practice anywhere is both political and economic. This is understood in the writing of Karl Marx that he who controls the economy also controls power, and vice-verse. Karl Marx sees the political and economic institutions as inseparable, hence, laws are made in order to get the media to promote and consolidate the political institution. In any case, no government survives without the media.

An understanding of the above has made the state to seek to bring the media under some sort of control. The earlier form of this control is authoritarianism, which began in the sixteenth-century England but it was meant to make the press a pro-government machinery. This was achieved through licensing, pre- and post-censorship, journey men, among others (Okunna 1998). Apart from the print, looking at the attempt to regulate broadcasting in Nigeria, Udomisor (2013, p. 5) observes:

> Broadcast media policy in Nigeria has been a sensitive undecided and unconcluded issue, not only because of the diversity of the Nigerian society but also because of the failure of majority of Nigerians and their leaders to visualize the role of the mass media in the development of Nigeria.

Policies meant to regulate the Nigeria media are both federal and state directed. At the initial stages of media development in Nigeria, the colonial government had a very insignificant interest in the media, and this manifested in the absence of media regulations. Hence, the media enjoyed somewhat an absolute freedom. These authors note that what could be considered the first media regulation in Nigeria was set up by the colonial masters after the death of Iwe Irohin – the first newspaper in Nigeria. Subsequent media outlets had their contents and management influenced by politics.

Prior to government regulation of the press, Ifeduba (2016) points out that self-regulation existed. He identifies statutory regulation and co-regulation as forms of regulation that check the media practice. Writing on self-regulation in media management, this is the combination of standards showing the appropriate codes of behavior, which the media require for the exercise of the freedom of speech. Self-regulation "preserves government interference." This notion argues that self-regulation could be more efficient in regulating media practice since they understand their own environment better than the government.

In the course of this overview of media regulations in Nigeria, it is necessary to note that in Nigeria, the media are both owned by the government and individuals. While the print media started as a private initiative, the broadcast media were flagged off by the government, and

had a long monopoly of it till 1992 when regulation allowed private ownership of the broadcast station with the emergence of Ray Power Radio followed by Minaj Systems Radio Obosi in Anambra State (Okunna 1998), and other broadcast media followed.

Government media are those media outlets that are owned and controlled by the government while private or independent media achieve a degree of freedom from government control. In essence, it is assumed that such media have no direct control from any political party. Contents are more prescriptive in setting agenda for the people. In the same vein, Ukonu (2005) explains that the government would not let the private media independent; rather, the government exerts chocking control by regulating both the private and public broadcast media. Laws are made to gag both the public and private press. And research observes that "these pernicious laws and decrees against the media gave government officials legal backing to persecute, fine, detain, and imprison journalists, and to proscribe media houses." However, it must be noted that media laws and regulations are not all meant to oppress the media. Laws generally are meant to check and guide a system.

Sampling more opinions of media workers on impediments to effective mass media practice, a long serving broadcaster with the Anambra Broadcasting Service Awka in Nigeria (ABS) argues vehemently that the greatest impediment to effective media practice is censorship. She explains that stories which are not juicy or profitable to the government of the day are shunned in a government medium. In her own words via Messenger chat:

> *Government censorship! Using my own office as a case study, there are times when you consider giving out information that will benefit the citizenry but because the government of the day is the pay master, we are made to refrain from reporting such story thereby being somehow partial in our reportage.*

## Press Freedom and Democratic Governance in Nigeria: 2015–2020

Democracy is an open system of government. It is a form of government that carries the led along; quite representative of the masses. It is a free society characterized by freedom of speech, participation of the people in governance and equality. Democratic governance is a liberal and responsive governance that has the characteristics of sound governance, which Farazmand (2017) argues is "a more comprehensive governance that includes the normative as well as technical and rational features of good governance, presents a balanced view of governance that is less biased and takes into consideration the genuine features of indigenous governance systems that may be at odd or conflict with the globally dominant neo-colonialist power structures. It has all the quality characteristics of governance that is superior to good governance and is sound technically, professionally, organizationally, managerially, politically, democratically and economically. Sound governance is also sound in terms of capacity, and anticipatory behavior; it is democratic in character, responsive, and competent; and its cultural values are embedded in societal values and structures."

Freedom of expression, and by implication, freedom of the press, is expected to thrive unequalled in a democratic governance than in a military regime. Ogbonda (2005) observes that the press under the military was characterized by arbitrary and detaining arrest of media persons, torture of journalists, and other forms of brutality. There are several judicial and extrajudicial measures used by the government to gag the press in both military and democratic governance: court litigations, fines, denial of licensing, assassination, beating of journalists, seizing of working equipment, demolition and proscription of media houses, and mysterious disappearance of media persons, among other judicial and extrajudicial measures (Udeze 2012).

President Mahumadu Buhari came on board as the president of Nigeria in 2015 under a democratic dispensation. A general assessment of his government and stewardship between 2015 and 2020 however, leaves one to ask: Are Nigerians better or worse under President Buhari? (Igwe 2020). For the common man in Nigeria, the Buhari administration's information management comes with lots of distrust.

Obiezu (2020) has noted that advocates of free press in Nigeria have seriously accused the Buhari government of blacklisting a leading national newspaper for criticizing his government. On this note, the Punch newspaper has observed that the Buhari government engages in illegal detentions and attacks on civil society groups and journalists through the instruments of the Nigeria State Security Services (SSS). In the writing of Obiezu (2020, p. 1):

> Until Buhari and his oppressive regime purge themselves of their martial tendency, Punch will not be a party to falsely adorning it with a democratic role. . ...but label it for what it is- an autocratic military–style regime run by Major General Muhammadu Buhari (ret'd)

The above extract is suggestive of the Buhari administration as a government that is military in blood but wearing civilian costume; hence, it continues to see the leadership as one led with military might and suppressing the press. Suggesting a high-handedness with which the press was handled between 2015 and 2020 in Nigeria, the Punch Newspaper has vowed to address President Buhari by his military title – Major General. Being committed to its duty of speaking truth to power and to flay misgovernance and bad governance, Raphael Adebayo, a Nigerian rights activist claims the present government is muzzling the press but Yusuf Alibaba who is one of Buhari's supporters refuted the claim by noting that Punch's allegations of rights abuses are without proof and objectivity; hence, "many of these media houses don't balance information. . ..they have hatred in their hearts against the government . . .say all manner of things just to make sure that their voice is heard." In any case, Punch's resolve to use only President Buhari's military title remains a statement to press freedom. Speaking to Voice of America, the news director for the state-run Voice of Nigeria – Ahaziah Abubakar – maintains that the threat to press under President Buhari's government is overblown as Nigeria remains the freest in terms of press freedom in Africa.

In the period under review, the arrest and the rearrest of Nigerian activist and former Presidential candidate, Omoyele Sowore, for staging a protest against bad governance in Nigeria has raised much dust globally about the exercise of PF in Nigeria. Apart from his arrest, the prolonged detention of this reporter, and also that of the Muslim cleric Ibrahim el-Zakzakky whom the State Security Service has ignored two court orders to free on bail, speaks volume about press freedom in Nigeria between 2015 and 2020. The Punch editorial had also accused Nigerian Governors under the ruling All Progressives Congress (APC) party of President Muhammadu Buhari of using security agents as repressive state apparatuses to punish critics and journalists thereby stifling press freedom. Instances of journalists' arrest in the recent time, which the press has described as muzzling the press, include the May 2019 arrest of Kaduna journalist Stephen Icefan and Bayelsa State publisher Jones Abiri, the August 2019 disappearance of activist and senior media influencer Abubakar "Dariyata Idris," the detention of Agba Jalingo in August 2019, and the cases of journalists Joe Ogbudu and Prince Amour Udemud in 2019 in Delta State on criminal defamation charges (Igwe 2020).

The law of defamation, overtime, has been a cog in the wheel of press freedom, and overt and covert measures have been used to shape the press. Under the military regimes, lots of laws and decrees are promulgated to gag the press. Ogbonda (2005, p. 193) writes:

> The relationship between the state and the press during the period of military rule was tenuous. . .various military regimes arbitrarily arrested, detained and tortured journalists. . .several media houses were arbitrarily shut down and newspapers and magazines copies were confiscated at newsstand. . ..scores of political critics were arrested and detained.

A review of state–press relations under military government in Nigeria with a view to understanding state–press relations under the democratic dispensation in focus would take cognizance of the following state–press relations under President Muhammadu Buhari's military era:

(i) 31 December 1983 to 27 August 1985: Haroun Adamu, Punch editorial adviser; Lade Bonuola and Femi Kusa, assistant editors of the Guardian newspaper; Duro Onabule, editor

of National Concord; and AB Ahmed of the New Nigerian were arrested and detained. Recounting the history of Nigerian mass media, Ogbonda (2005) explains that the arrest of two editors Tunde Thompson and Nduka Irabor of the Guardian newspaper by a military tribunal marked a watershed in state–press relations during the Buhari regime in Nigeria. Anyanwu (2002) explains her terms of imprisonment at Kirikiri Maximum Prison, Lagos State, under the Abacha military junta as a scene that depicts the military intolerance of free speech; hence, she was incarcerated under Decree 2 for daring to caution the military president with her writing. In the present democratic rule in Nigeria where the press is said to enjoy freedom in the discharge of her duty, are these stringent laws and extrajudicial tortures against the press still prevalent?

Rozen (2019, p. I) captures the nature of the press in the democratic governance led by a military president:

> Under Buhari's elected term, CPJ (Committee to Protect Journalists) documented detentions, assaults, and harassment of the press. In one particularly grave case, Jones Abiri, editor of the weekly source, was detained without charge in 2016 and denied contact with his family or a lawyer for over two years.

The case of Abiri is one of the misgivings that the press has against the Buhari's first elected terms in Nigeria. Citing more scenes of the denial of press freedom that characterized the democratic governance under review, Samuel Ogundipe of Premium Times was detained and faced prosecution for refusing to disclose his source of information. Justifying this arrest, Rozen (2019, p. I) quotes General Buhari as saying that the "rule of law must be subject to the supremacy of the nation's security and national interest." Two of Daily Trust offices were also raided by the ministry according to media reports and research carried out by the Committee to Protect Journalists. An opinion poll on PF conducted among practicing journalists in Nigeria revealed that the Buhari administration has not lived up to its 2015 promise that the press would be free and safe under his democratic governance This has been evidenced by the denial of advertisement, keeping eye on journalists, and outright attacks, among other covert measures.

Editor-in-Chief of Daily Nigerian Jaafar Jaafar in the same vein has expressed fears and worry for press freedom in Nigeria, noting that President Buhari's first term was quite hostile to a free press. In his words, "my fear is that this administration in the next four years may not condone some publications. Anything that does not favor the government, or the government doesn't like, they may descend on." Speaking on covert means of gagging the press, Martin Anyankola of Punch newspaper observes that the government could decide to hit the revenue of the newspaper since the government is a very big advertiser in these media. Using the withdrawal of advertisements as a subtle way to put the press to shape, he who plays the piper dictates tune. Attempts to cow the press are not new as the case of Minere Amakiri who was arrested, locked up in an unused toilet, and given several strokes of the cane by the military government of Diette Spiff in Rivers State in 1970 remains a reference point (Udeze 2012; Ewelukwa 2004; Omu 1978).

Reemphasizing the case of Sowore and the government under review, Okonkwo (2019) has noted that Nigeria has been quietly crushing press freedom as security personnel attempted a rearrest of the activist Omoyole Sowore before the Federal High Court in Abuja that freed him on the said charge. On this premise, the Nobel Laureate, Professor Wole Soyinka has slammed the department of State Security and called on civil society organization in Nigeria to team up and resist the government of president Buhari for infringing on the rights of citizens. Perhaps, one thing that is attention-catching about this case was not necessarily the arrest but the manner in which it was done and the given circumstance. The manhandling of the activist in court has also gained the wrath of US Senators representing New Jersey where Sowore is a resident. Capturing press freedom and democracy in Nigeria, Okonkwo (2019, p. I) writes:

> "Worldwide condemnation has trailed Nigeria's government violent re-arrest of journalist and activist, Omoyele Sowore, on Friday (Dec. 6). It came less than 24 hours after Sowore and his co-accused,

> Olawale Bakare, were freed after 125 days in detention during which two courts had granted them bail. Government agents stormed the Federal High Court in Abuja, manhandled the journalist in full glare of world media".

From another perspective, Ogbonda (2005) has observed that press accusations against the military government in relation to the restriction of press freedom is unsubstantiated. However, since 1999, the Nigerian press has criticized the policies and ills of the state officials. The print media has featured caricature images of President Obasanjo at an alarming rate. In the Guardian Newspaper of 23 February 2004, IK Muo noted that "criticism of the president is taking on a hitherto unimaginable dimension and is coming from all quarters." Looking at people's criticisms against the state, Obiezu (2020) observed in an interview that argument about PF in Nigeria is political; hence, Buhari's supporters do not align with the thought that the government muffles PF. Such supporters peg many of the mordant criticisms of the government on hatred and the seeking of cheap popularity. In any case, from the inception of the nascent democracy in Nigeria in 1999 till date, the administrators who are also past military leaders have faced a barrage of criticism from the press.

## Conclusion

This entry is an examination of the degree of freedom enjoyed by the press in Nigeria from 2015 to 2020 as democratic governance brings to the limelight the study of Edmund and Wilson (2018) where the researchers made an assessment of media coverage of anti-corruption campaigns by the Buhari administration. In their findings, the media studied and featured frequently the issues of corruption but mostly in a positive way. The majority of such reports in the selected Nigerian dailies – Nation and Daily Trust Newspapers – however lack depth and prominence. In-depth investigations on such matters are ignored. Using the state as a machinery to hunt opposition party, these researchers observed that the administration under review "has continued to cover its cronies such as Rotimi Amaechi and Babatunde Raji Fashola, former Governors of Rivers and Lagos States. By implication, this state protection of associates strains the editorial independence of media stations that are compelled to report news events, shielding certain interests.

Arguably, much difference has not been experienced between the exercise of PF in military and democratic government in Nigeria as the era of democratic governance seems to portray a military government in civilian costume.

## Cross-References

► Accountability and Democratic Administration

## References

Ani I (2020) The whistleblower's dilemma. www.researchgate.net. 20/3/2021. 4:08pm

Anyanwu C (2002) The days of terror. Ibadan, Spectrum

CRP (1993) Press freedom. Mbeyi & Associates, Lagos

Ebeze VU (1996) Media and society. Lecture note. Department of Mass Communication. Nnamdi Azikiwe University, Awka

Edmund L, Wilson F (2018) An assessment of media coverage of anti-corruption campaigns by the Buhari Administation in 2016: a study of the Nation and Daily Trust Newspaper. J Mass Commun 8(4):2–14

Ekwunife RA (2020) Citizen-professional journalism in Nigeria: interrogating the gains and crisis implications. In: Chukwuemeka EO & Nwali TB (eds) Dynamics of government & politics: principles, issues and perspectives. De Oasis Communications & Publishers, pp 425–435

Ewelukwa BN (199) Nigerian press law. Maranatha press, Onitsha

Ewelukwa BN (2004) Nigerian press law. Mranatha Press, Anambra

Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50 475

Hilliard RL, Keith MC (1996) Global broadcasting systems. Retrieved at https://books.google.com. 15/3/2021. 6:00pm

Ifeduba E (2016) Holding Nigerian press to account; an evaluation of models, milestones and sustainability. J Int Soc Res 7(35):702–711

Igwe U (2020) Five years on: are Nigerians better or worse under President Buhari? blogs.ise.ac.uk. 5/3/2021. 11:15pm

Klaidman S, Beauchamp T (1987) The virtuous journalist. Oxford University Press, Oxford
MacBride (1980) Many voices one world: communication and society. Today and tomorrow. Ibadan University Press, Ibadan
Ndolo IS (2005) Mass media systems and society. Rhyce kerex, Enugu
NOUN (2017) History of Nigerian mass media. National Open University of Nigeria, Lagos
Obiezu T (2020) Media advocates accuse Nigerian government of stifling free reporting. https://www.voanews.com. 5/3/2021. 11:18pm
Ogbonda CW (2005) Many rivers to cross: a critical analysis of state-press relations in Nigeria, 1999–2005. Nig J Commun 15:193–202
Okonkwo RO (2019) Nigeria has been quietly crushing press freedom – but the world is watching. Retrieved at https://twitter.com. 12/03/2021. 05:09pm
Okunna CS (1998) Ethics and law of mass communication. New Generation Books, Enugu
Omu F (1978) Press and politics in Nigeria (1880–1937). Longman, London
Onyeisi (2018) Issues in Nigeria mass media. A PhD lecture note. Department of Mass Communication. Enugu State University of Science and Technology, Enugu State, Enugu
Rozen J (2019) You cannot muzzle the media: Nigerian journalists on press freedom under Buhari. https://cpj.org
Udeze SE (2012) Media law and ethics. New Generation Books, Enugu
Udomisor IW (2013) Management of Radio and Television Stations in Nigeria. New Media Mass Commun 10: 2–11
Ukonu MO (2005) Influence of media ownership patterns on media freedom and professionalism in Nigeria. Nsukka J Human 15:13–16

# Preventing Corruption Risk in Legislation: Russia

Alexander Kotchegura and Igor Bartsits
Institute of Public Administration and Management
the Russian Presidential Academy of National Economy and Public Administration,
Moscow, Russian Federation

## Synonyms

Anti-corruption screening of laws; Corruption proofing; Corruption risk assessment

## Introduction

Corruption risk assessment of draft laws and other normative acts aims to exclude the possibility of intentional exploitation of the legal provisions for corrupt purposes. It is a relatively new instrument in the anti-corruption strategies implemented by developed nations, countries in transition, and the developing world. Up-to-date experience demonstrates that various loopholes, defects, and intentionally built-in clauses in existing legal norms are far from being exceptional and constitute the source of large-scale illegal practices.

The Russian Federation was one of the first countries on the post-Soviet space that initiated corruption risk assessment of legal and other normative acts both at the federal and regional levels. The practices of corruption risk assessment of legislation are in many ways innovative and also from the international perspective. Despite the high demand in many countries in Europe for crime-proofing mechanisms that can be applied to the legislative process, there has been little implementation in the field (Savona 2017).

## The Essence of Corruption Proofing

Corruption risk assessment (often called *corruption proofing*) of legal acts can be defined as "a review of the form and substance of drafted or enacted legal rules in order to detect and minimize the risk of future corruption that the rules could facilitate" (Hoppe 2014). Corruption risk assessment of legal acts should be clearly distinguished from corruption of the legislative process itself such as bribery of members of a parliament or nontransparent lobbying practices.

The importance of the corruption risk assessment of legislation is highlighted by the UN Convention against corruption. Article 5 Paragraph 3 of the convention stipulates that "Each State Party shall endeavor to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption."

The introduction of effective and easily operationalized mechanisms of corruption

proofing requires elaboration of a sound methodology applicable for the assessment of various types of legal and normative acts. Corruption risk assessment of legislation is classified into screening of draft laws and screening of enacted legislation and normative acts. As a rule, it is divided into "initial" and "advanced" assessment. The "initial" type assessment deals with identification of "typical" *corruption risks* or *factors of corruptibility*, i.e., those provisions (regulatory defects, legal formulas, and lacunas) that (a) are often encountered in laws and other normative acts irrespective of the sphere they regulate and (b) with a high degree of likelihood that can be exploited for corrupt purposes. These factors constitute the most obvious indicators of potential corruptibility.

The anti-corruption screening of legal and normative acts can be implemented by the official structures and by civil society organizations and independent experts. The "official" assessment is conducted by government agencies and other public institutions, whereas the "independent" one is undertaken by NGOs, various professional or citizen's associations, and nongovernmental experts.

A list of "typical" corruption risks (also often called corruptibility elements or factors) in legislation makes up an essential part of the methodology (methodological guidelines) developed in particular for the "initial" corruption risk review. Such a list facilitates in conducting a corruption-proofing exercise in line with certain standards and provides the ground for comparison and verification of the results achieved. Verification may be required in order to prevent potential abuse of the assessment procedure itself.

Most frequently encountered "typical" corruption risks (factors) are linked to excessive discretion of public authorities, a lack/insufficiency of control mechanisms, inadequate responsibility and sanctions, ambiguous linguistic formulation, excessive requirements for exercising the rights of persons, limited access to information, lack of transparency, and conflict between legal provisions.

The "advanced" or "targeted"-type assessment is aimed at the identification of "non-typical" corruptibility factors, specific to a particular area of regulation. Both "initial" and "advanced" assessment can be implemented by the drafters of the laws.

In terms of the preparation and organization of corruption risk assessment, the whole process can be divided into several phases – (a) apprehension of the importance and urgency of the problem by major stakeholders, (b) development of unified methodology (guidelines) and training of experts, (c) adoption of respective normative framework providing for regular assessment of draft and existing legislation and other legal acts, (d) carrying out assessment proper, and (e) appropriate enforcement of its results. The order of these phases is largely presentational, and in reality it can be altered, or some activities can be carried out simultaneously.

The start of practical activities in the Russian Federation involving the preparation and implementation of corruption risk assessment of legal acts using standard methodologies dates back to the year 2004. The bulk of the initial work for conducting regular corruption-proofing exercise was done by the Center of Strategic Studies (CSS – a think tank affiliated to the RF Government) in cooperation with INDEM Foundation (NGO) and the Institute of Legislation and Comparative Law, a government-funded entity.

The same year the Center of Strategic Studies presented the first version of the *Guidelines for Initial Assessment of Laws for Corruption*, which has been regularly improved and updated since then. The guidelines have been widely used for corruption proofing of the draft legislation by the State Duma's Commission on Counteracting Corruption and by other commissions of the Duma since November 2005.

The *Guidelines* defined the following key methodological principles of the effective corruption risk assessment: (a) comprehensive nature – meaning that all known corruptibility factors should be identified; (b) accessibility – proposed methodology should be easily applied even by an expert with brief experience; (c) verifiability – subjective factors should be reduced to the largest extent possible; (d) uniformity of practice – existing

standards of assessment should be binding in all cases; (e) independent oversight – there should always be an opportunity for independent corruption screening conducted by a public organization or appropriately skilled citizens.

The official requirement of conducting the anti-corruption assessment of legal and normative acts was formally introduced in the Concept of Administrative reform in the Russian Federation enforced by the Government Enactment No. 1789p on October 25, 2005. On 17 July 2009, the State Duma adopted Law FZ No.172 "On the Anti-corruption Assessment of Normative Legal Acts and Draft Normative Legal Acts." The law provides for mandatory corruption proofing of draft laws and other normative acts including Presidential Decrees (Ukaz) and Government Resolutions, as well as bylaws and normative acts at the level of regional authorities and local self-government.

In accordance with Article 3 of the abovementioned law, corruption proofing can be performed by the Office of the Prosecutor General, the Ministry of Justice, the government and state institutions, and civil society organizations/experts duly accredited by the Ministry of Justice. By its Resolution No. 96p of 26 February 2010, the Russian Government approved "the Rules and Guidelines of Conducting Corruption Risk Assessment of the Normative Acts and Draft Normative Acts." The guidelines comprised 11 corruptibility elements (risks):

1. Excessive discretionary authority.
2. Defining authority by the formula "has the right".
3. Establishing unjustified exceptions to the general rule.
4. Excessive freedom for setting bylaws.
5. Adoption of regulations outside authority.
6. Filling in gaps in legislation by introducing bylaws in the absence of due authority.
7. Lack of or incomplete administrative procedures.
8. Rejection of competitive procurement procedures.
9. Excessive requirements placed on individuals before they can exercise their rights.
10. Lack of clear regulation of the rights of citizens.
11. Linguistic ambiguity.

Law FZ No. 172 stipulates that amendments to existing laws are also subjected to anti-corruption screening. Information about new draft laws and other regulatory acts as well as conclusions of the accomplished anti-corruption assessments are placed on the government web site – www.regulation.gov.ru.

The institution which issued a regulatory act is obliged to consider a prosecutor's appeal (based on the conclusions of a corruption-proofing examination) and provide a written response within 10 days upon receipt of appeal. In case the recommendations of a prosecutor are not accepted, he/she can take the case to a court. In 2015 there were 465 such cases across the country (Dmitriev and Kudashkin 2013).

Similarly, the drafters of a legal act are given 30 days to consider conclusions of a corruption risk assessment prepared and submitted by the Ministry of Justice, other government bodies, or independent experts. However, written response (with either consent or objections) is mandatory only if the conclusions incorporate recommendations to "remedy" the defects of the normative act.

The practice of conducting corruption-proofing reviews in Russia has not been confined only to the federal center. Starting from 2005 the authorities in several Russian regions launched elaboration of their own corruption-proofing methodologies (*guidelines*) followed by the experimental application of this tool in the legislative process. By 2017 such anti-corruption expertise was conducted in the absolute majority of the Russian regions involving also the level of local self-government. Corruption risk assessment performed in recent years by the government agencies and independent experts allowed to remove corruptibility-related clauses in a number of important draft laws at the stage of their "readings" in the State Duma.

## Conclusion

The accumulated experience in Russia and other countries demonstrate that major prerequisites of

the effective implementation of corruption risk assessment are:

1. The comprehensive nature of any corruption-proofing exercise which provides for the mandatory coverage of all draft laws and regulatory acts as well as regular screening of enacted legislation.
2. The transparency of the process by involving civil society representatives and making public the results of the corruption-proofing exercise.
3. The political support from the highest authority.
4. Legally binding requirements to provide written feedback to the conclusions of anti-corruption assessment and penalties for non-compliance with the assessment related norms and rules.
5. Adequate dispute resolution which offers equal opportunities to all the parties.
6. High level of professionalism of experts engaged in conducting corruption risk assessment.
7. Regular monitoring and evaluation of the impact and efficacy of corruption-proofing activities.

One of the major challenges in implementing corruption risk assessment of laws and regulatory acts is proper enforcement of its results, which should exclude unsubstantiated selective approach to the identified corruptibility elements in the draft and enacted legislation in terms of their removal.

## References

Dmitriev D, Kudashkin A (2013) Anti-corruption expertise conducted by the prosecutor offices: issues of legal regulation. Admin Law Practice 3:158–177

Hoppe T (2014) Anti-corruption assessment of laws ('corruption proofing'). Comparative study and methodology. Regional Cooperation Council, Sarajevo

Savona E (2017) Proofing legislation against crime as situational prevention measure. In: LeClerc B, Savona E (eds) Crime prevention in the 21st century. Springer, Cham, pp 247–274

# Price Index Contracts

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

## Synonyms

Cost-plus-incentive fee (CPIF) contract; Fixed-price contract with economic price adjustment. *Related terms:* Contingencies; Information asymmetry; Risk; Volatility

## Definition

A price index contract includes an adjustment based upon on some agreed-upon measure or formula, reflecting "changed economic conditions" (Nash et al. 2007, p. 444). A price index contract may be utilized in situations where prices for specific commodities are volatile. Using a price index contract may help share risk borne by both government and contractor, raising or lowering allowable costs given future market conditions, which are unknown at the time of agreement (information asymmetry) (Eger III and Guo 2008).

## Introduction

A fundamental concern in contracting is the "indescribability of future states" (Goorha 2018, p. 191). Volatility of certain commodity prices can be a major concern for both public sector procurement offices and contractors. With a fixed price contract, the pricing agreement for a contract is firm at the time of the agreement and relies on best knowledge of expected variable, semi-variable, and fixed costs (Murphy 2009). If the government has inadequate information about the price for a commodity, it may overestimate the cost, allowing the contractor to make more than what might be considered a fair profit. If the contractor has inadequate information, it may bear more of the risk in agreeing to a set price, which underestimates later costs (Eger III and Guo 2008).

Price index contracts allow for adjustment based upon some agreed upon formula or factor, to account for shifts in pricing for commodities that may be unpredictable over the contract period. In this respect, price index contracts include an aleatoric or hedging aspect, to insure against fluctuations so that a party to the contract is not unduly harmed by matters beyond the control of the party, such as through market fluctuations or acts of God. This entry considers contingencies, price volatility as a risk in procurement, and reviews example forms of price index contracting.

## Contingencies

The (U. S.) Federal Acquisition Regulation at 48 CFR § 31.205-7 defines a contingency as "a possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminable at the present time." The regulation categorizes contingencies in two ways: those extending from known or existing conditions, and those where conditions are unknown. Typically, contingencies in the first category are more allowed, and those in the second category receive more scrutiny, with requirements that estimates of impact to future costs be "disclosed separately" (31.205-7(c)(2)). For contingencies that are foreseeable, contingency costs are "included as part of the cost estimate (e.g., as part of the cost of rejects or of rework material in the total estimated contract price). . .[with] historical data [establishing a basis for] estimating the cost of rejects" lest the costs be rejected as unallowable (Oyer 2011, p. 99).

Contingencies associated with price volatility can represent considerable risk in the contracting environment. Materials costs can affect the profitability of a project (Zhou and Damnjanovic 2012), and increase the possibility that it will not be accomplished in a timely and complete manner. It has been suggested that "in negotiating contract prices, contracting officers generally are willing to include the first category but attempt to exclude the second category from the price" (Nash et al. 2007, p. 125).

## Price Volatility as Risk in Procurement

Public contracts occur in an environment where fairness and reasonableness are key. As a general public contracting principle, "it is in the government's best interest to offer contractors reasonable rewards for doing government work" (Murphy 2009, p. 185), generally in the form of profit. At the same time, the public contracting environment is characterized by significant risk, which must be managed. Risk has been defined as "The uncertainty of a result, happening, or loss; the chance of injury, damage, or loss" (Garner 2014, p. 1524). A variety of risks – from fuel prices to technology advances and contextual instability – can all affect a project. Risk may be thought of as a product of the risk impact and the probability that an incident will occur (Turner 2011).

While the risk inherent in contracting is often considered absorbable by government entities, smaller entities may be less able to withstand considerable liability; the same is true for smaller vendors, where pricing failures can cause hardship or worse, put a vendor out of business entirely. A long-term contract holding a vendor to out of control pricing is less likely to allow for realization of ideals like fair profit for vendors. Even if the result saves money for the government, this may occur at the cost of a business's destruction. As a result, some discussion about the potential for *hardship*, "a (ex post) circumstance in which either it becomes more onerous to fulfill the contract or the equilibrium of the contract fundamentally changes" (Østergaard and Petersen 2020, p. 2), can help ensure contract completion as expected by providing for responses to the shifting of circumstances after contract execution.

Fixed-price contracts are agreements that are creatures of their context and operating environment, and thus are a source of risk in the operational environment of public contracting. Assumptions are made about cost and pricing, and parties agree to unit pricing based on then-current market pricing and assumptions about variations in that pricing over the life of a contract. When those assumptions prove incorrect, the inherent volatility can make contracts a significant liability for a vendor or cause waste for a public

entity. It has been noted in the literature that certain contracting scenarios see fixed-price contracting as passing along significant risk for vendors, notably in projects involving building and road construction, where materials are subject to price fluctuation (Zhou and Damnjanovic 2011).

However, contingencies can increase cost for contracts. When adjustments are not allowed, contingencies feature more heavily in the costing of a contract (Zhou and Damnjanovic 2012). The need to balance risk for both parties (Wahl 1998) is a compelling need for contracts of significant length where pricing of constituent components or commodities is *volatile*, subject to "sudden and extreme price changes" (Garner 2014, p. 1805). For agencies, making decisions about how much risk is acceptable affects their approach to contracting, as they seek to balance exposure with cost (Zhou and Damnjanovic 2011).

The decision to employ contracts that use index or other adjustments, as a means to respond to contingencies beyond the scope of understanding at the time of contracting, represents a form of risk management. Price index contracts can provide an effective means of responding to volatility in cost of materials, especially, and help to assure an evening of risk for both vendor and buyer.

## Example Forms of Price Index Contract

On a continuum of contracting types, Engelbeck (2002) placed firm-fixed-price contracts as presenting greatest cost risk to the vendor. Cost-plus contracts, by comparison, showed greatest risk for the government. Price index contracts lie somewhere in the middle of the continuum, allowing for assumption of risk beyond what might be considered reasonable, while helping to assure a positive contracting outcome for both buyer and vendor.

There are various sorts of contracts where adjustment factors, aligning with the intent of price indexing arrangements, exist. A fixed-price contract can be adjusted to reduce risk for the vendor and possibly the government by adding a redeterminable component, leaving open a final total price to allow for both parties to account for true cost of operation. Ceiling prices can also be included that may force a reconsideration of price if acceptable levels are surpassed (Engelbeck 2002). A formula may not be needed for these scenarios as long as both parties agree with the occasion and mechanism for recalculation.

A fixed-price contract with economic price adjustment is a form of formula-based price index contract, providing "for upward and downward revision of the stated contract price upon the occurrence of specified contingencies," including "increases or decreases from an agreed-upon level in published or otherwise established prices of specific items or the contract end items. . .in specified costs of labor or material that the contractor actually experiences during contract performance, [or]. . .in labor or material cost standards or indexes that are specifically identified in the contract" (FAR 16.203-1(a)). It is suggested that this approach is most appropriate when "there is serious doubt that market or labor conditions will remain stable during an extended period of contract performance, and contingencies that would otherwise be included in the contract price can be identified and covered separately in the contract" (Nash et al. 2007, p. 272). When this form of contract is solicited, firms are evaluated on the basis of their offered quotes without adjustment (Nash et al. 2007). This approach may obviate the need to include contingency allowance in contract pricing (Engelbeck 2002).

The use of an economic adjustment contract can also include incentives based on award fees or performance (FAR 16.203-1(b)). As an example, a cost-plus-incentive fee (CPIF) contract "provides for the initially negotiated target fee to be adjusted later by a formula based on the relationship of total allowable costs. . .to total target costs [as well as] a minimum fee, a maximum fee, and a fee adjustment formula" (Nash et al. 2007, p. 152). The contractor is paid according to the formula, but inherent in the form of this contract is that the contractor can more effectively manage costs, and be given a fee that is adjustable based on the placement of total allowable costs within a formulaic range (Nash et al. 2007). The CPIF is still a price index contract, given its adjustable

nature based on a formula, despite the presence of incentives.

While it is reasonable to assume that a price index contract will allow for improved outcomes for both government and vendor, Eger III and Guo (2008) did not find significant difference between price index and firm fixed price contracts. However, this may have been due to the presence of multi-year price guarantees in the cases studied.

## Conclusion

While public contracting presents a substantially different environment than private-sector contracting, the business of government still requires effective balancing of risk and rewards. Price index contracts seek to manage allowable contingencies in a manner that is potentially helpful for both vendor and buyer, hedging against a market more or less unpredictable, thus reducing the adverse impact of uncertainty and helping to assure a positive contracting outcome for all concerned.

## Cross-References


- ▶ Contract Design
- ▶ Economic Context of Public Procurement
- ▶ Fixed Price Contracts
- ▶ Public Procurement and Public Trust


## References


Eger RJ III, Guo H (2008) Financing infrastructure: fixed price vs. price index contracts. J Public Procurement 8(3):289–301

Engelbeck RM (2002) Acquisition management. Management Concepts, Vienna

Garner BA (ed) (2014) Black's law dictionary, 10th edn. West/Thomson Reuters, St. Paul

Goorha P (2018) Contextual contracts: on a context-sensitive approach to contract theory. J Interdiscip Econ 30(2):191–209

Murphy JE (2009) Guide to contract pricing: cost and price analysis for contractors, subcontractors, and government agencies, 5th edn. Management Concepts, Vienna

Nash RC Jr, Schooner SL, O'Brien-DeBakey KR, Edwards VJ (2007) The government contracts reference book, 3rd edn. CCH, Riverwoods

Østergaard K, Petersen B (2020) The application of hardship and gain provisions in strategic contracting. J Strateg Contract Negot, in press, 1–16. https://doi.org/10.1177/2055563620907905

Oyer DJ (2011) Pricing and cost accounting: a handbook for government contractors, 3rd edn. Management Concepts, Vienna

Turner RW (2011) Supply management and procurement: from the basics to best-in-class. J. Ross Publishing, Fort Lauderdale

Wahl JB (1998) Introduction. In: Wahl JB (ed) Economic analysis of contract law, antitrust law, and safety regulations. Garland Publishing, New York, pp vii–xii

Zhou X, Damnjanovic ID (2011) Optimal hedging of commodity price risks in highway contracts. Transp Res Rec 2228:19–25

Zhou X, Damnjanovic ID (2012) Accounting for correlations: price adjustments in unit-cost construction contracts. Transp Res Rec 2297:137–144


# Primary Education in Uganda: Serving Public Interest


Godwin Kwemarira[1], Isa Nsereko[2] and Waswa Balunywa[2]

[1]School of Management Science, Uganda Management Institute, Kampala, Uganda

[2]Makerere University Business School, Kampala, Uganda


## Synonyms

Collective good; Community goods; Public value; Shared values

## Definitions

Public interest is the ultimate good for the greatest number. It is the outcomes best serving the long-run survival and wellbeing of a social collective construed as a "public." This phenomenon focuses on an ethical standard for evaluating public policies and as a goal civic officials should pursue.

## Introduction

The concept of serving communities is as old as the world. This is supported by widespread traces of serving people in the holy books. Biblically, one of the most important principles of the divine commands is helping people. In this regard, Philippians 2:4 presents the interesting case of not looking to your own interests but each of you to the interests of the others. This could have been written from Ephesus in 52–55 AD or Caesarea Maritima in 57–59, but the most likely city of origin is Rome, around 62 AD. Mark 10:45 offers Jesus Christ as the son of God who did not come to be served, but to serve, and to give his life as a payoff for many in compensation of sin. These examples point to serving the common good at individual level and the fact that it is an age-old phenomenon spanning centuries, nations, and races. The scriptures identify many areas of life in which communal benefit is crucial for a healthy and fair society: justice at all levels, good legal processes, economic opportunity, ethical profit-making, and creation-care. The Religious texts consistently challenge the status quo with their plain warnings about unequal systems against the vulnerable and poor. This is consistent with contesting the poor quality education offered to the humble pupils in Uganda where even their parents do not visit public schools, both learners and teachers go to school late and they leave early.

In ancient times, societies benefited more from the state than modern times. Greek philosophers argue that the idea of public benefit was geared towards the possibility that certain goods, such as security and justice were, to be attained through citizenship, collectivism, and active participation in the public realm of politics and public service. In effect, the notion of the common good is a denial that society is and should be composed of atomized individuals living in isolation from one another. Instead, its proponents have asserted that people can and should live their lives as citizens deeply embedded in social relationships. At the birth of the Renaissance during the fifteenth and sixteenth centuries, the common good was one of the several important themes of political thought. The thought goes back to Thomas Aquinas' theory of common good which became standard in Roman Catholic moral theology. Against that background, the common good became a central concept in the modern tradition of Catholic social teaching, beginning with the foundational document, Rerumnovarum, a papal encyclical by Pope Leo XIII, issued in 1891. Since 1891, each generation has been faced with a similar challenge in its efforts to evaluate how developments in industry and technology affect the common man.

In Africa, the concept of public interest preexisted the colonial period. African kingdoms and empires operated on monarchical systems as a ring of officials who on behalf of the ruler fostered the interests of the subjects. Rulers surrounded themselves with capable people who formed the core of the precolonial civil service. Eventually these leaders received European-style of education in the nineteenth century from elementary schools, seminaries, secondary schools, and eventually universities. This marked the beginning of the end for traditional African education. However, one of the greatest mistakes of this education is that it taught the African to become a European instead of remaining African and change existing traditions to meet the needs and ambitions of Europeans. The earliest colonial schools for Africans included Achimota College in Ghana, Fourah Bay College in Sierra Leone, Makerere College in Uganda, and Lovedale in the Eastern Cape of South Africa among others. By the 1930s, only these four schools offered education that could ensure entrance into University. The Free Church of Scotland, which had established Lovedale, also founded Fort Hare University College in South Africa. Between 1923 and 1936, an average of four students per year obtained degrees at Fort Hare. On average, two or three students were granted degrees by Fourah Bay College which worked in conjunction with the University of Durham. The merits of the European schooling include: learning to read and write, it produced professions in the education, medicine, engineering, agriculture, law, commerce, and other disciplines that enhanced public service. This entry notes that it is only recently with the rise of commerce and industry in the

seventeenth and eighteenth centuries that another type of active life, that aims directly at the production and accumulation of private wealth, was discovered. In the same period, the idea that the pursuit of one's private, material interest is a legitimate form of human conduct (Hirschman 1982).

The account of primary schooling in Uganda dates back in 1895 when Mengo School was started and grew from humble beginnings of a mere elementary school that educated boys at a junior level to a secondary school. As decades went by, in 1977, the Ugandan government launched a 20-year Poverty Eradication Action Plan (PEAP) and Poverty Action Fund (PAF), where primary education was a central component to eliminate poverty by 2020. To emphasize this, in 1997 Universal Primary Education (UPE) was started which led to increase in total enrolment of pupils from over 3 million pupils in 1998 to about 8.6 million pupils in 2010, all enrolled in government, community and private schools.

## The Concept of Public Interest

In the last 100 years, the paradigm of public interest has been variously derided, applauded, dismissed, and revived – leaving little consensus on what it means or if it is even a relevant concept. Herring (1936) defined public interest as the verbal symbol designed to introduce unity, order, and objectivity into administration. Lippman (1955) argues that it is what men would choose if they saw clearly, thought rationally, and acted disinterestedly, and benevolently. Wamsley and Wolf (1996), on the other hand, derived public interest from constitutional interpretation, and the enactment of the supreme public will. In terms of processes, Lewis (2006) identified public interest as a value-driven dialogue of balancing democracy, mutuality, sustainability, and legacy. Kwemarira et al. (2020) argue that public interest is the outcomes attained when government leaders discharge their obligations for long-run survival and well-being of the society particularly public institutions providing quality services to the citizenry.

Schubert (1961) suggested that the concept of common good makes no operational sense. Likewise, Sorauf (1957) stated that the term is too burdened with multiple meanings for valuable use. Still, regardless of its ambiguity, there has never been a society which was not in some way and to some extent guided by this ideal. In one sense, attempting to define public interest is a little like trying to define "love." It is clear that love means different things to different people under varying circumstances. It can change over time in both form and substance. It also changes us – how we think and behave. Although seeing its effects is often possible, it is difficult to observe directly. As a result, it defies quantification and meaningful measurement and is, therefore, difficult to use in certain kinds of analyses. This complexity and fluidity in meaning makes a number of people question whether love exists. A number of commentators' reaction to public interest appear like nonbelievers' responses to discussions of God and the afterlife. Irrespective of this conceptual vagueness, Kwemarira et al. (2019) revived and conceptualized the construct of public interest to have the dimensions of: Common preferences, Citizens' will, and Egalitarianism.

## Primary Education in Uganda

Education is rightly regarded as an important component for positively changing the lives of deprived and disadvantaged group of the population in developing countries. This includes Uganda that has focused on primary education which has brought in positive effects of literacy and other aspects of social and human development such as infant mortality and life expectancy. Besides such direct effects of education, the indirect effects of education have been established such as through its fulfillment of basic needs like better utilization of health facilities, shelter, water and sanitation, and its effects on the behavior of women on decisions relating to fertility, family welfare, and health which in turn enhance the productivity of the people and yield higher wages, taking them above the poverty line.

The attainment of free primary education to all Ugandan pupils has been one of the main policy priorities of the government of Uganda since it gained independence in 1962 from the British. Although there has been an upward trend in school enrolment rates in Uganda since the 1960s, the enrolment rate is still relatively low compared to many other low-income countries. There is a challenge of funding, yet Uganda partially relies on international aid when it comes to facilitating primary education. The authors note teacher absenteeism as a lead issue frustrating the learning process. This is largely informed by low and delayed payment of teachers as they go away to look for alternative ways of survival. This has serious implications for the economy, particularly as the illiteracy rate remains high until universal education is attained. This is as a result of the rampant late coming of teachers which cannot fight ignorance.

Uganda's education system is structured in a hierarchical order of 7-4-2-3 and comprises of pre-primary school education of 7 years; secondary education covering 4 years of ordinary level secondary and 2 years of advanced level secondary; teacher education and business, technical and vocational education, and training of 2–3 years; and tertiary education including university education for 3–5 years. Students who pass with two principal passes at advanced level secondary may choose to progress to university for bachelor's degrees or those with a minimum of one principal pass can join other tertiary institutions that award diplomas and certificates. Some tertiary institutions, like primary teachers' colleges and some nursing schools, also admit students who have only completed their ordinary level secondary education. In this connection, the national vision is to use primary education as a basic tool for the transformation of society and for national integration and development. To offer quality primary education for sustainable development, there are 47 primary teachers colleges (PTCs) in Uganda; 45 are owned and funded by the government and 2 are owned by faith-based bodies; 23 of the government colleges are core institutions that run both pre- and in-service programs; and 22 are noncore institutions that have only preservice programs.

## Primary Education Promoting Public Interest

To date, teachers in government schools, just as elected presidents, governors, chief executives, politically elected leaders, or appointed officers, are public managers. This, therefore, gives them the responsibility to contribute towards the construction of school buildings by providing local materials such as bricks, stones, sand, water, and labor. They create public value by encouraging communities to send learners to school and they support these pupils once in school to remain school. They are entrusted with the stewardship of school assets and learners. They are responsible for security and safety of school children while in school. Teachers particularly promote positive discipline for children both within and outside the school premises. The demands of the parents, learners, and public are taken care of by utilizing the resources from the Ministry of Finance to improve learning and teaching programs. They even use the public resources to provide safe water, stores, offices, staff rooms, sign posts, and sports facilities. Teachers are faithful of their mandate of being as efficient and as effective as possible especially being in school from 8.00 am to 5.00 pm, Monday to Friday. In this way, teachers are administratively competent and skilled in devising the school structures and arrangements, thus guiding learners to academic excellence. Indeed, it is this behavior that makes publics praise government teachers as they foster societal benefit. This entry finds no other reasonable explanation for the extraordinary dedication and commitment of the teachers who teach Ugandan children with energy, resolve, and determination.

## Theoretical Viewpoint

Held (1970) categorizes approaches to the public interest as preponderance theories, common interest theories, and unitary theories. Preponderance theories maintain that something is in the public interest if it is in the interest of most people;

unanimity is not required. Democratic, majority-rule voting exemplifies this. Common interest theories maintain that something is in the public interest only if it is in the interest of everyone. An example might be a fair judicial process, which is arguably needed by everyone in society to resolve conflicting interests. Unitary theories, in contrast, maintain that there are no valid interests outside of the public interest, because only what is right and good is in the public interest. This entry is anchored on public choice theory.

## Public Choice Theory

Public education has been targeted by multiple reform efforts. Such initiatives have been ideologically couched in public-choice perspectives and entrenched beliefs that government is the problem. One unavoidable consequence of this continued bout of criticism is the fact that government currently has noticeably decreased capacity of boosting creation of public value in the education sector. Public choice theory (Buchanan and Tullock 1962) focuses on the individual, assuming that the individual decision maker, like the traditional "economic man," is rational, self-interested, and seeks to maximize his or her own "utilities." According to this view, individuals seek the greatest benefit (at the least cost) in any decision situation, acting to always seek the biggest possible benefits and the least costs in the decisions. People are basically egoistic, self-regarding, and instrumental in their behavior. Even if people are not that way, public choice theorists argue that it enables us to better explain human behavior if we *assume* that they are. Secondly, public choice theory focuses on the idea of "public goods" as the output of public agencies. These can be distinguished from private goods in that a public good, like national defense, when provided to one person will be provided to all.

A third idea associated with public choice is that different kinds of decision rules or decision situations will result in different approaches to choice making. For this reason, structuring decision rules to influence human choice, and in turn human behavior, is a key to the operations of public teachers and schools more generally. In this view, "public teachers are viewed as a means for allocating decision-making capabilities in order to provide public education and services responsive to the preferences of parents and pupils in different societies." In other words, the public choice approach involves the application of economic models and approaches to nonmarket circumstances, especially government and political science, so as to provide structures and incentives to guide human behavior. In the context of Uganda, public schools offer free education to the deserving pupils at no cost, and the enrollment numbers increased at the same time the community is engaged in monitoring these government schools.

## Conclusion

Uganda recognizes primary education as a basic human right and continues to strive to provide free primary education to all children in the country. The government is dedicated to providing equitable access to quality and affordable education to all Ugandans. However, the education sector is constrained by many challenges. These include a high level of teacher and student absenteeism, weak school-level management structures, inadequate availability of learning materials, and large class sizes. A major issue is also the availability of teachers in disadvantaged areas and a lack of accommodation for teachers in rural, hard-to-reach areas. Again, public primary schools depend on funding from the government only. There is need for government through the line Ministry of Education and Sports to empower UPE schools to look for alternative ways of securing funds. This can be best done through collaborating with private funders to work hand in hand with the government in providing more resources needed in public schools. This reduces the challenge of lacking funds in UPE schools, once these resources are raised, they should be well supervised to avoid wastage.

## Cross-References

▶ New Public Management

## References

Buchanan JM, Tullock G (1962) The calculus of consent: the logical foundations of constitutional democracy. University of Michigan Press, Ann Arbor
Held V (1970) The public interest and individual interests. Basic Books, New York
Herring EP (1936) Public administration and the public interest. McGrawHill, New York
Hirschman AO (1982) Shifting involvements. Private interest and pubic action. Princeton University Press, Princeton
Kwemarira G, Ntayi JM, Munene JC (2019) Accountability and public interest in government institutions. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1672187
Kwemarira G, Munene JC, Ntayi JM (2020) Public interest in government institutions. In: Global encyclopedia of public administration, public policy, and governance. Springer Nature, Cham. https://doi.org/10.1007/978-3-319-31816-5_3926-1
Lewis CW (2006) In pursuit of the public interest. Public Adm Rev 66(5):694
Lippman W (1955) The public philosophy. Hamish Hamilton, London
Schubert G (1961) The public interest. Free Press, Glencoe
Sorauf F (1957) The public interest reconsidered. J Polit 19(4):616–639
Wamsley GL, Wolf JF (1996) Refounding democratic public administration: modern paradoxes, postmodern challenges. Sage, London

# Principal-Agent Theory of Organizations

Robin Gauld
Department of Preventive and Social Medicine, Dunedin School of Medicine, University of Otago, Dunedin, New Zealand

## Synonyms

Agency theory; Institutional economics; Public choice theory; Theory of contracts; Theory of incentives

## Definition

Theory of interaction between an agent and the principal for whom they act, the point being to structure incentives so that the agent will act to benefit the principal.

## Introduction

The principal-agent theory of organizations ("agency theory" from here on) encapsulates the idea that public sector performance can be improved if incentive-based contracts between different actors are implemented. Principals will be more likely to achieve their desired outcomes, while agents will have clarity around work programs and goals. Agency theory has had considerable influence on the theory and practice of public administration and policy since its emergence in the 1970s. It was particularly instrumental in many high-income developed countries through the 1980s and 1990s, with often radical public sector reforms resulting. Its legacy has endured, with many public sector organizational and policy designs continuing to be underpinned by concepts derived from the theory. Based on institutional economics, agency theory has, therefore, provided a powerful and all-encompassing framework for public sector organization. As such, there has been much written about agency theory itself, and about public sector contracting, which is a central tenet (see for instance Ashton et al. 2004; Klingner et al. 2002; Lane 2001; Pallesen 2004; Pinch and Patterson 2000). There is less literature that discusses the longer-term policy outcomes when agency theory has been an overarching influence on public sector organization (Gauld 2007).

This chapter provides an overview of agency theory, including the key ideas behind it and the organizational and policy arrangements that are derived from it. The chapter outlines the benefits that might be expected to result when the theory is applied to public sector organization. It also highlights agency theory's shortcomings. Finally, it notes areas where theoretical extension is demanded.

## What Is Agency Theory?

Agency theory has its foundations in two ideas which were developed through the study of the economics of organizational and institutional behavior.

First was the notion proposed by public choice theorists that self-interest is the primary motivation behind the activities and behavior of individuals and the organizations that they work for (Mitchell and Simmons 1994; Mueller 1989). Through this lens, people in public employment and public organizations are viewed as "rational utility maximizers," meaning that each seeks to advance their own interests as would a private business or private sector employee in pursuit of profit or an increased salary. In this way, government officials and organizations are presumed to be in pursuit of only budgetary expansion; politicians, for their part, are motivated by the prospect of an expanded share of votes; interest groups, who represent specific sector groups or services users, are only concerned with furthering their own ends and those of their members. Public choice theory suggests that the result of such behaviors is a state which is larger than it should be, along with policies which are designed primarily to serve voter preferences and boost voter support for politicians and political parties, and an economy which is skewed through meeting the demands of selected interests over and above those of the broader public interest. To counter this, public choice theorists advocate limits on the power of politicians, interest groups, and public officials, as well as the implementation of financial incentives and sanctions to ensure appropriate performances.

The second idea, again based on a presumption that self-interest and rational utility maximization drive behavior, is the view that all of life, including public work, private lives, and organizational activities, can be viewed as a set of relationships between different parties (Moe 1984; Perrow 1986). The details of these relationships, once defined, and the requirements of the various parties in any particular venture or activity can be itemized and then written into a formal contract. The contract can, in turn, be deployed for purposes such as setting expectations and objectives of contract partners and for establishing performance assessment and accountability expectations.

Advocates of agency theory and related organizational arrangements presume that contracting will align the interests of principals (those wanting something done, such as politicians, funding agencies, or chief executives) and their agents (e.g., government officials and organizations or non-government and private service providers of public services). The result, in theory, is that the achievement of principals' objectives will be maximized, resulting in a more efficient and effective policy and service delivery outcomes. Alongside of this, the self-interested behavior of agents will be stemmed and focused on principals' goals via various incentives and sanctions. These might include anything from withholding of service delivery payments through to organizational or individual employee performance bonuses (detailed discussion of agency and related theory can be found in Dixit 2002; Laffont and Mortimort 2002; Mueller 1989; Self 1993; Stretton and Orchard 1994; Wallis and Dollery 1999; Walsh 1995).

## Factors that Complicate Application of Agency Theory

Complicating agency theory is a series of behavioral factors encapsulated by the terms "adverse selection" and "moral hazard," as well as the very nature of the public sector and government. Adverse selection results from the existence in any relationship of what are called "information asymmetries." This refers to the simple fact that one party (for instance, an experienced and skilled public servant) may be likely to have more knowledge, and therefore be at an advantage, than another party (such as a politician). Adverse selection can occur when, for example, a principal (a politician) is not able to gain sufficient knowledge about an agent's (a public servant's) background, motivations, or capabilities prior to entering into a contractual relationship (Perrow 1986). It can pose particular problems in

any contracting situation and require considerable investigation to ensure that the potential for adverse selection related-difficulties is reduced.

The risk of "moral hazard" arises once a contract has been agreed to. It stems from the fact that, on a day-to-day basis, principals are not able to observe most agent activity (Moe 1984). Principals are, therefore, reliant on agents carrying out tasks and performing at a level as specified in a contract. The ever-present prospect of moral hazard means an ongoing requirement for monitoring. This can result in considerable costs to both contracting parties, as well as goal-displacement behavior on behalf of agents where they place a disproportionate emphasis on work that is specifically subject to monitoring. By goal displacement, this means that agents focus on monitored goals, to the detriment of other organizational and individual goals that may not be directly monitored.

A further factor complicating agency theory is a range of circumstances particular to government and public sector work. These include that policy refinement is frequently left to the implementation process and is routinely the responsibility of agents, being public officials and not principals (Hill and Hupe 2002); most government agencies have several and often conflicting tasks and objectives which can be difficult to define and itemize (Wilson 1989); multiple principals and agents characterize the public sector as do situations in which principals often double as agents; the public sector tends to lack competition, at least in terms of core government non-trading functions (Allison 1979); and the public workforce and agencies are motivated by a complex array of factors, only one of which might be financial incentives (Dixit 2002; Le Grand 2003; Thaler 2015; Wilson 1989).

## Improving Agency Theory

There is now considerable international experience with application of agency theory to public sector organization. It has provided the foundations for public sector reforms in a range of high-income countries. While there is an absence of research into whether long-term public sector performance has improved as a result, and it could be difficult to determine direct causality, it may be fair to suggest that performances have continued to be questionable. Indeed, politicians in most high-income countries, along with international agencies, continue to demand improvement in a context where policy challenges are increasingly complex (e.g., issues ranging from how to deal with population aging and chronic disease through to inequality and climate change which require considerable cross-government coordination and long-range planning). This is despite agency theory having an ongoing and influential role as a framework for establishing the roles of principals and agents and, in turn, for managing policy development and implementation.

The above discussion brings to the fore questions over the applicability of agency theory to complex and changing policy and management issues and points to several agency theory deficiencies. Most of these have been alluded to elsewhere but not incorporated explicitly into the theory (see, e.g., Dixit 2002; Laffont and Mortimort 2002; Le Grand 2003). In other words, they do not feature prominently in discussions by agency theorists about the implications of, and prospects for, arrangements derived from the theory. There are four key shortcomings. These include:

1. Principals (in this case, political leaders and public officials at different levels of government and the health system) often may not have sufficiently detailed knowledge of what they want when setting parameters and building incentives and goals for agents. If they do, and decide upon a certain policy path, then this has implications if political and policy preferences are subsequently altered. To counter such problems, principals may need a longer-term view, as discussed below.
2. Principals may not recognize in advance the ramifications of the directions they set. In response, it might be suggested that principals clearly need to model in detail the possible outcomes of various policy options. Such an approach, however, would be subject to the

widely noted limits of "rational" policymaking (Lindblom 1959).

3. Agency theory fails to adequately account for situations when principals regularly change. Such changes, for instance in political leadership, can be a harbinger for change in policy directions and the organization of the public sector. Agency theory may simply need to be amended to include reference to the fact that arrangements inspired by it cannot be relied upon to produce continuity in transitions between principals.
4. Following the previous point, when the administrative systems within which agents work are regularly restructured by principals, with the potential to induce confusion and chaos, this undermines the assumption inherent to agency theory that principals are in control and capable of providing consistent direction over time; it also disrupts administrative processes and continuity, creating obstacles to effective individual and aggregate agent activity. A consequence is that agents may develop their own methods and systems for working and fail to coordinate with one another. If incentives are to be relied upon for complex organization and in scenarios of transition, then their design needs to be sophisticated. A simple vertical contract between principals and agents may not be enough; horizontal contracts between agents may also be required, and these may need to be coordinated by principals. By implication, this means that principals need the detailed knowledge and foresight discussed in points 1 and 2 above, along with commitment to stability implied in point 3.

Thus, for agency theory to be an effective organizing principle now and into the future, more intricacy in its development may be required (Deacon 2004). Yet even if an approach that accounted for the four points above were applied, this may be too constrained for the exigencies of politics, the multitudinous motivations of individuals and public organizations, the ever-changing and increasingly complex nature of administration and society, and the challenges for the foreseeable future. It may also prove to be administratively demanding, raising questions over transaction costs.

If so, then alternatives may need to be considered. One possibility is for increasing the level of centralized policy control and sector oversight, in short, the growth of a more comprehensive iteration of agency theory that incorporates the coordination of principals and agents. If contracting is to remain a fundamental principle of public sector organization, then longer-term contracts, combined with standardized objectives and funding levels (inherent to comprehensive policy), may promote more commitment among agents to centrally driven directions. This points to the need for development of a consensus-based variant, bringing together principals and agents, with an aim of stewardship over a subset of contractual agreements between interested parties. In practice, this may mean lengthy consultation processes that involve policymakers, key interests, industry, and provider groups with a primary aim of forging long-term goals. Such an approach might be underpinned by a focus on outcome-oriented policies being increasingly pursued by various national governments (Baehler 2003; Christensen and Laegreid 2013; Hoque 2008). Forging a long-term, cross-government view may carry with it a risk of committing to particular directions that, following any future political change, could be rejected. Consensus may, also, over time lead to policy embeddedness and establishment of a set of institutions that would be resistant to future reform (see Blank and Burau 2004; Putnam 1993: 179; Wilsford 1994). This may be appropriate when effective responses are demanded to complex policy problems such as those listed earlier in this chapter.

## Conclusion

Short of the developments described in the previous section, which might be seen by agency theory proponents as undermining competitive incentive systems, the rudimentary method of simple contracts between principals and agents may fail to provide an effective developmental foundation for multifarious administrative issues.

## Cross-References


- ▶ Agency Theory in Organizations
- ▶ Ethics and Organizational Performance
- ▶ Goal-Setting Theory of Organizations
- ▶ Public Choice Theory of Organizations


## References


Allison G (1979) Public and private management: are they fundamentally alike in all unimportant respects? In: Shafritz J, Hyde A (eds) Classics of public administration. Brooks/Cole Publishing Company, Pacific Grove

Ashton T, Cumming J, McLean J (2004) Contracting for health services in a public health system: the New Zealand experience. Health Policy 69(1):21–31

Baehler K (2003) "Managing for outcomes": accountability and thrust. Aust J Public Adm 62(4):23–34

Blank RH, Burau V (2004) Comparative health policy. Palgrave Macmillan, Houndmills

Christensen T, Laegreid P (eds) (2013) Transcending new public management: the transformation of public sector reforms. Ashgate, Surrey

Deacon A (2004) Book review: Julian Le Grand, "motivation, agency and public policy: of knights, knaves, pawns and queens". J Soc Policy 33(3):503–506

Dixit A (2002) Incentives and organizations in the public sector: an interpretive review. J Hum Resour 32(4): 696–727

Gauld R (2007) Principal-agent theory and organisational change: lessons from New Zealand health information management. Policy Stud 28(1):17–34

Hill M, Hupe P (2002) Implementing public policy. Sage, London

Hoque Z (2008) Measuring and reporting public sector outputs/outcomes: exploratory evidence from Australia. Int J Public Sect Manag 21(5):468–493. https://doi.org/10.1108/09513550810885787

Klingner DE, Nalbandian J, Romzek BS (2002) Politics, administration, and markets – conflicting expectations and accountability. Am Rev Public Adm 32(2):117–144

Laffont J-J, Mortimort D (2002) The theory of incentives: the principal-agent model. Princeton University Press, Princeton

Lane JE (2001) From long-term to short-term contracting. Public Adm 79(1):29–47

Le Grand J (2003) Motivation, agency and public policy: of knights, knaves, pawns and queens. Oxford University Press, Oxford

Lindblom C (1959) The science of muddling through. Public Adm Rev 19(2):79–88

Mitchell W, Simmons R (1994) Beyond politics: markets, welfare, and the failure of bureaucracy. Westview Press, Boulder

Moe T (1984) The new economics of organization. Am J Polit Sci 28:739–775

Mueller D (1989) Public choice II. Cambridge University Press, Cambridge

Pallesen T (2004) A political perspective on contracting out: the politics of good times. Experiences from Danish local governments. Governance 17(4):573–587

Perrow C (1986) Complex organizations: a critical essay. Random House, New York

Pinch PL, Patterson A (2000) Public sector restructuring and regional development: the impact of compulsory competitive tendering in the UK. Reg Stud 34(3):265–275

Putnam R (1993) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton

Self P (1993) Government by the market? The politics of public choice. Westview Press, Boulder

Stretton H, Orchard L (1994) Public goods, public enterprise, public choice: theoretical foundations of the contemporary attack on government. Macmillan Press, Houndmills

Thaler RH (2015) Misbehaving: the making of behavioural economics. Allen Lane, London

Wallis J, Dollery B (1999) Market failure, government failure, leadership and public policy. Macmillan, London

Walsh K (1995) Public services and market mechanisms: competition, contracting and the new public management. Macmillan, London

Wilsford D (1994) Path dependency, or why history makes it difficult but not impossible to reform health systems in a big way. J Public Policy 14(3):251–283

Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York


# Principles of Good Governance, The


Agustí Cerrillo-i-Martínez
Faculty of Law and Political Sciences, Universitat Oberta de Catalunya, Barcelona, Spain


## Synonyms

Principles of good government; Quality of government; Sound governance

## Definition

Principles of good governance are those rules that enable to guarantee the greatest possible democratic status and the achievement of the objectives in governance.

## Introduction

Good governance is a normative approach to governance. It identifies the rules that have to be fulfilled by actors participating in public decision-taking. From a general point of view, principles of good governance refer to a list of common principles that are useful and important to improve decision-making processes and, in the end, to strengthen democracy and to improve social and economic development.

In the following pages, different approaches to principles of good governance are shown, and the differences between them are briefly highlighted. A general overview to the most recognized principles of good governance is also given.

## Two Approximations to Principles of Good Governance

Currently there are different approaches to principles of good governance. Principles of good governance are used to set the conditions that should be fulfilled by actors participating in governance networks. In this direction, some rules state principles that govern the functioning of governance networks and the decision-taking procedures.

But principles of good governance are also used to define the conditions that should be fulfilled by recipients of international aid. In fact, international organizations like the World Bank, the International Monetary Fund, the United Nations, or the European Union require the fulfilment of principles of good governance in their international aid programs.

However, there is not an agreement about which are the principles of good governance in each case. In addition, there have been several and different attempts to define these principles. As it will be shown, defining the principles of good governance is difficult and controversial (Graham et al. 2003). Furthermore, there is not either an agreement about the utility of this concept and its role to foster democracy and development (Andrews 2010). In particular, some authors consider that good governance tends to enhance "the dominant, imperialistic, and globalizing elites' political and economic interests" (Farazmand 2004).

## Good Governance as the Setting in which Networks Operate

Governance networks can take very different forms and degrees of formalization. However, in general terms they are characterized by a plurality of actors and the interdependence and interaction existing between them (Klijn and Koppenjan 2016).

As the recognition of networks has spread in the last decades, various doubts and difficulties generated by their functioning have also been put forward. In particular, the existence of a gap between democracy and governance has been observed. Sørensen and Torfing (2005) have proposed a number of criteria for evaluating the democratic anchorage of the governance networks. In particular, they consider that governance networks will have a democratic anchorage to the extent that they are controlled by democratically elected politicians, that they represent the grassroots members of the participating groups and organizations, that they render accounts to a territorially defined citizenry, and that they facilitate interaction in accordance with generally accepted standards of democratic conduct. According to these authors, these four anchorages offset any defects which may emerge and jointly provide a solid source of democratic legitimacy (Torfing et al. 2009). In order to incorporate these elements and to facilitate the democratic legitimacy of governance networks, different authors have noted, from different perspectives, the possibility of regulating governance by way of the governance of governance, the management of networks, or metagovernance, in which they have highlighted different roles for the public powers (Sørensen and Torfing 2009).

There is a variety of tools for developing metagovernance like principles of good governance. Principles of good governance define the setting in which governance networks operate. From a normative point of view, the concept of

governance networks should integrate principles that enable them to guarantee the greatest possible democratic status and the achievement of their own objectives. These principles set the framework in which networks develop their activity.

The principles of good governance have often been related with those of good administration which are receiving increasing legal support as such at the European level. The principle of good administration includes those principles of organization and action that seek to guide the conduct of public administration. However, its scope is limited to government and public administration and does not extend to all the actors of governance networks, as is the case of the principles of good governance. The principles of good governance have also been related to quality of government (Rothstein and Teorell 2008).

In particular, the principles of good governance must be those that foster good functioning of governance networks and therefore enable them to achieve their goals. In particular, they may contribute to the democratic anchorages of governance networks. From this point of view, the principles of good governance have to permit and guarantee that all the necessary actors are included, each of them assuming their corresponding role, that the actors in governance networks have the necessary and sufficient conditions to take the decisions that correspond to them, and that decisions can actually be taken.

The principles of good governance that have the mission of guaranteeing the achievement of these goals are those of transparency, participation, accountability, and effectiveness. Some authors link to this principle the principles of coordination and coherence (Peters 2008). Others include the principle of impartiality (Rothstein and Teorell 2008).

The principles of good governance are recognized in some rules. Thus, in environmental legislation, the United Nations Convention of the Economic Commission for Europe on access to information, public participation in decision-making, and access to justice in environmental matters (Aarhus Convention) of 25 June 1998 is a clear example.

## Good Governance as a Condition to International Aid

Principles of good governance also have an important role in international aid. In the last decades, donor agencies have been using principles of good governance to distribute their aid to recipient countries and to drive changes in their institutional frameworks to improve social and economic development. Principles of good governance have also been used as a condition to receive international aid.

Since the first use of the term good governance as a policy strategy by the World Bank in 1989 (Doornbos 2001), the use of principles of good governance has undergone changes in its conception and content. In fact, nowadays there are different conceptions of good governance among aid donors which are settled on different principles. A comparative analysis of aid programs of the United Nations, the International Monetary Fund, the World Bank, the Organisation for Economic Co-operation and Development, and the European Union shows that they include different principles when defining good governance.

In spite of this, it seems that there is an agreement about five principles of good governance: accountability, effectiveness and efficiency, openness and transparency, participation, and the rule of law (van Doeveren 2011). But there are other principles that are also included when defining good governance by some international institutions like absence of corruption, democracy and representation, equity and inclusiveness, or human rights (Gisselquist 2012; van Doeveren 2011).

Once again, donors also have different conceptions of each principle of good governance. In fact, donors do not usually define these principles, and in case they do, they use simple definitions. For instance, the World Bank's 2007 report, *Strengthening the World Bank Group Engagement on Governance and Anticorruption*, only provides a brief quote from former president about good governance instead of a definition. The same happens in the European Union *White Book on European Governance*.

In the last decade, the debate around good governance is about its real impact on

development (Andrews 2010). In this direction, the Economist (June 4, 2005) was graphically critical with the role of good governance on development noting after defining good governance as good for economic development that it may generate the following infinite regress: "What is required for growth? Good governance. And what counts as good governance? That which promotes growth. And what is required for growth. . .."

In addition to it, some recipient countries and also some authors are also critical considering that principles of good governance impose a Western liberal model of democracy, they are a poor guide for policy changes, they are a new generation of political conditionalities, and they ignore institutional variations among different countries (Doornbos 2001). To overcome this deficiency, alternative concepts have been proposed. For example, sound governance consists of several major components or dimensions that work in concert with others which include international or globalization forces (Farazmand 2004).

## Defining the Principles of Good Governance

Although many definitions of each principle of good governance have been proposed, there are some common elements which are shown next.

First of all, the principle of transparency. It consists of the knowledge by state and non-state actors of what is happening inside an organization through the placing at their disposal of information generated by the organization through different mechanisms. A first mechanism of transparency is freedom of information also known as the right of access to information, whereby state and non-state actors can gain knowledge of information on request to its producers or proprietors in order to be shown it or to be given a copy. This mechanism has a reactive character and constitutes a powerful, though usually underused, instrument for controlling the activity of government and public administrations. A second mechanism of transparency is dissemination of information. By way of this mechanism, the public administration circulates information in a generalized manner by creating dissemination services mainly on the web.

Secondly, the principle of participation. Through participation, non-state actors have the possibility of providing to governmental actors and, in general, to the networks, sufficient elements of judgment to guarantee not only the legality but also the rightness and appropriateness of decisions and also endow them with democratic legitimacy. However, this participation must meet certain requirements to guarantee its democratic anchorage, for instance, that the participants represent the grassroots members of the participating groups and organizations. The regulation of participation must guarantee a participation of quality and prevent the articulation of only a limited number of interests. It must also guarantee impartiality, objectivity, and the duty of due care. Various mechanisms of participation exist, which adopt different nuances. On one hand, those that come under the heading of procedural participation, which covers those mechanisms whereby the citizens participate in the process of generating provisions or proceedings or, in general, in the definition of public policies. And on the other hand, organic participation, which is characterized by the incorporation of the citizens into administrative bodies with decision-making, consultative, or monitoring functions. Participation must not only refer to the mechanisms of formal participation (public information, public hearings, etc.) but also to those of informal participation (hearings, *enquêtes públiques*, etc.).

Thirdly, the principle of accountability. It can be defined as "a social relationship in which an actor feels the obligation to explain and to justify his or her conduct to some significant other" (Bovens 2005). One of the most important consequences of the democratic principle is that those who exercise public powers must answer for the use they make of those powers, since they do not belong to those who exercise them but to the citizens in whose name they are exercised. Accountability acquires greater significance to the extent that "political leaders have found themselves in the position of having to take political responsibility for programs that they have little

capacity to influence directly" (Peters 2008). There are some traditional mechanisms for guaranteeing accountability, such as elections and the citizens' participation in them, and periodical auditors' reports on the public accounts (Agere 2000). In addition to them, in recent years, new accountability mechanisms have emerged, which are more flexible and make it possible to overcome the problems posed over time by those more traditional mechanisms, in addition to being easier to transfer to other scenarios such as governance networks. Thus, for example, the figure of the ombudsman, the formation of decentralized power structures, the introduction of citizens' participation mechanisms, the watchdog role of the press, or the establishment of internal administrative control measures are accountability mechanisms. Access to information and transparency in general are also important mechanisms for guaranteeing accountability mechanisms.

Fourthly, the principle of effectiveness. It is the achievement of the result corresponding to the goals set by the organization. The duty of acting effectively, which derives from the principle of effectiveness, also entails the need to act efficiently and economically, that is, to say, the principle of effectiveness also gives rise to the criteria of efficiency and economy. As Ponce has said, "the principle of effectiveness means that in the performance of its function public administration considers the resources available and the goals to be achieved, studies from this perspective the various practically feasible alternatives of action before choosing one, and weighs up the foreseeable effects of that choice" (Ponce Solé 2001).

## Conclusion

Principles of good governance have an important role defining the framework for decision-making processes. They can also contribute to increase democracy and improve social and economic development.

However, as it has briefly been shown, it is difficult to identify the principles of good governance. It is also complex to define them. In the last decade, there have been several attempts to do so which have quite different results.

That is the reason why some authors consider that defining the principles of good governance is a hard work without too much practical consequence (Doornbos 2001). Besides, some authors propose that the concept of good governance should be disaggregated on its various components and research should focus on them (Gisselquist 2012).

Principles of good governance should not continue being a catchall term. Otherwise, they will not be useful neither to drive governance nor to analyze it.

## Cross-References


- ▶ Accountability
- ▶ Citizen Participation in Public Management
- ▶ Transparency


## References


Agere S (2000) Promoting good governance. Principles, practices and perspectives. Commonwealth Secretariat, London

Andrews M (2010) Good government means different things in different countries. Governance 23(1):7–35

Bovens M (2005) Public accountability. In: Ferlie E, Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford

Doornbos M (2001) "Good governance": the rise and decline of a policy metaphor? J Dev Stud 37(6): 93–108. https://doi.org/10.1080/713601084

Farazmand A (ed) (2004) Sound governance. Policy and administrative innovations. Greenwood Press, Westport

Gisselquist RM (2012) Good governance as a concept, and why this matters for development policy. UNU-WIDER Working Paper No. 2012/30. World Institute for Development Economics Research. United Nations University, Helsinki

Graham J, Amos B, Plumptre T (2003) Principles for good governance in the 21st century. Policy Brief 15:1–6

Klijn E-H, Koppenjan J (2016) Governance networks in the public sector. Routledge, Abingdon

Peters BG (2008) The two futures of governing. Decentering and recentering processes in governing, Reihe Politikwissenscahft. Political science series, vol 114. Institut für Höhere Studien, Wien

Ponce Solé J (2001) Deber de buena administración y procedimiento administrativo debido. Las bases constitucionales del procedimiento administrativo y del ejercicio de la discrecionalidad. Lex Nova, Madrid
Rothstein B, Teorell J (2008) What is quality of government? A theory of impartial government institutions. Governance 21(2):165–190. https://doi.org/10.1111/j.1468-0491.2008.00391.x
Sørensen E, Torfing J (2005) The democratic anchorage of governance networks. Scand Pol Stud 28(3): 195–218
Sørensen E, Torfing J (2009) Making governance networks effective and democratic through metagovernance. Public Adm 87(2):234–258. https://doi.org/10.1111/j.1467-9299.2009.01753.x
Torfing J, Sørensen E, Fotel T (2009) Democratic anchorage of infrastructural governance networks: the case of the Femern Belt forum. Plan Theory 8(3):282
van Doeveren V (2011) Rethinking good governance. Public Integrity 13(4):301–318. https://doi.org/10.2753/PIN1099-9922130401

# Prisons as Social Policy, United States

James D. Slack
Jackson State University, Jackson, MS, USA

## Synomyms

Confinement; Facility; Imprisonment; Incarceration; Prison

## Definition

Deadline: A form of punishment in the nineteenth century, where an inmate would be shot to death if he crossed a particular line in the yard.
Just desert: The theory behind retribution. A convicted criminal will get what he deserves, or his "just desert."
Lock-step: a form of punishment where an inmate walking in line must keep the toe of the shoe on the heel of the inmate's shoe in front of him.
Rates of recidivism: the proportion of former inmates who reenter the prison system.
Stocks: A form of punishment used primarily in colonial times through the nineteenth century, where an inmate's head and hands are locked in place for an indefinite amount of time.

## Introduction

America is a land of prisons and prisoners (Bureau of Justice Statistics 2016). It ranks first in the world with over 4500 facilities. Russia, second in the world when it comes to the number of prisons, has four times fewer than what is found in the USA. While having only 5% of the world's population, one in four of the world's inmates is serving time in American prisons. There are 2.8 million Americans in prison. One child in every 128 has a parent incarcerated. Nearly one-third of all black men in the USA will be incarcerated at some point in their lives.

American federalism is reflected in the prison systems. There are a little more than 100 federal prisons and about 130 private prisons, but the remaining thousands are divided among the 50 states' departments of correction. Prison systems, however, share some commonalities. All tend to be organized into three categories. Maximum security prisons hold the most dangerous offenders. These facilities are built with confined quarters, sections demarcated with a series of iron gates and doors that open mechanically, and layers of electrified razor-wired fencing separating the various subunits and surrounding the entire facility. Electrified razor-wire fencing typically is planted 5–8 f. into the ground to prevent underground escape attempts. The entire facility is marked with watchtowers.

The second level consists of combinations of medium and maximum security facilities. When located within a blended institution, the maximum security component is segregated with similar safety features as found in the stand-alone maximum security prisons. Inmates in the medium-security units, whether blended or stand-alone, are afforded more allowances. Still housed in traditional prison blocks, they tend to have more time to socialize in common areas and in the outside yard. There may be a better library and more lenient gymnasium visitations. There may also be more opportunities to engage in faith-

based activities. The environment is a bit more relaxed because the inmates, in comparison to those in the maximum security units, are deemed to be a lesser threat to themselves, other inmates, and the correctional officers.

The third level consists of minimum-security facilities, and these are sometimes called camps, farms, or detention centers. Low-risk inmates, serving time for nonviolent crimes, are placed in this category. The housing tends to be dormitory or military bunk bed, in style. The living arrangements tend to have unlocked doors to allow inmates freedom to walk about. Inmates may even be assigned to work details outside the facility, picking up trash along the highways, or cleaning the inside of public buildings. Some minimum-security facilities have programs that engage the inmate with paid private sector jobs during the day or provide weekend furloughs to visit loved ones.

## Origins

The modern prison stems from colonial times (Stohr and Walsh 2016). The Jamestown and Massachusetts Bay colonies developed the earliest arrangements for incarcerating offenders. These arrangements included pretrial housing in homes, taverns, and barns. Posttrial sentencing, if not hanging, included stocks. This was a wooden two-part devise with three holes cut as corresponding semicircles in both the upper and lower sections of the wood. With the two parts opened, the convicted person's head and hands were fit into the holes. When the two parts closed and locked, the head and hands remained stationary. Stocks typically were located in a public area so the convicted person would also receive ridicule and scorn from the community. Early colonial confinement and punishment also included the European tradition of charging fees to each incarcerated man.

Given the influx of new settlers from Europe, these makeshift arrangements became inefficient and ineffective. Many inmates could not afford the fee, and, furthermore, confinement in a house, tavern, or barn was not secure.

Three models of prisons emerged in the eighteenth and nineteenth centuries, and parts of these models are seen in contemporary prisons (Krisberg et al. 2015). The Pennsylvania Model was structured around the idea that inmate punishment was best served in isolation. If inmates were kept from one another, the less chance of corruption by the other. Hence, the purpose of segregation was both to punish and to rehabilitate. Prisons adopting the Pennsylvania Model employed codes of silence. No man could speak unless specifically asked a question by a correctional officer. Inmates were not allowed to eat, socialize, or work with other inmates.

The New York Model was predicated on the idea that punishment and rehabilitation was most effective when associated with the value of community. Prisons using this model required collective work and common socialization. Inmates were organized into work teams, and they were permitted to eat and talk in common areas. Like the Pennsylvania Model, however, inmates slept in single cells isolated from one another.

The Newgate Prison Model is the third model of prison. Connecticut's Newgate Prison was founded on Quaker values. From confession and forgiveness would flow redemption and rehabilitation. Faith was incorporated into the everyday activities of the inmate. Prayer was consistent throughout the day – at dawn, before and after meals, before and after work, and at dusk. Church services were daily, and bible study was mandatory.

## Prisons as Social Policy

For most Americans, prisons are used as a social policy (Cullen et al. 2014). However, which aspect of social policy is most effective, or even desirable, is debated widely in the USA. There are five aspects of social policy that influence, or are influenced by, correctional institutions in the USA. First, prisons perform an **incapacitation** function in society. As long as a criminal is locked-up, he or she can do no further harm to citizens in the community. The incapacity function also is applied to safety inside the prison. Segregation blocks are used to keep very dangerous

criminals from harming other inmates. Incapacity social policy is best seen in maximum security facilities.

Second, prisons implement **retribution**. It is the basis of the "just desert" theory. Convicts get what they deserve – their "just desert" – through punishment. Some historical acts of retribution are now viewed as cruel and unusual punishment. Examples include the "deadline" and the "lock-step." The deadline was used before the invention of electrified razor-wire fence. It entailed an invisible line that, if crossed by an inmate, a guard with a rifle would shoot to kill. (Hence, this is the origins of the term "deadline.") The lock-step was a more Draconian punishment because it was used every day on every inmate. Whenever they moved from one part of the prison to another, inmates were lined up in single file. Their hands were on the shoulders of the inmate in front, and their entire torsos were pasted together. When they marched, each inmate's toe had to be in constant touch with the heel of the inmate ahead. When an inmate got out of lock-step, he was beaten. The lock-step was so painful that, not uncommon, some inmates opted for suicide after just a period of months in prison.

Contemporary forms of in-house retribution include lock-down, where a block of inmates are locked in their respective cells for a period of time; transfer to segregation, where one inmate is placed into lock-down within a segregation block; denial of parole and, hence, the inmate is forced to reach end-of-sentence status; and extension of sentence, due to conviction of further crimes committed in prison. The policy of retribution, while evident in all facilities, is seen most vividly in maximum security institutions.

**Deterrence** is a third aspect of social policy. Prisons are believed to deter further crime by the convict when he or she is either paroled or exits at end of sentence. Prisons are also believed to stop other citizens from committing crimes. Many prisons set up special programs for juveniles who have crime records. These at-risk children visit a prison where selected inmates give them a glimpse of life in the facility. Some corrections departments have established programs that encourage any citizen or civic group to visit a prison to see deterrence in action. Through these kinds of programs, it is hoped that at-risk youth will think twice about crime, and citizens will not think twice about advocating on behalf of prisons in their communities and state. Deterrence is the logic behind both maximum and medium security institutions.

A fourth aspect of social policy is **rehabilitation**. This policy requires changing the attitudes of inmates to make each want to stay away from crime once he or she exits the institution. Prisons are criticized for failing the rehabilitation function (Cullen et al. 2014). Rates of recidivism tend to be over 50% and can be as high as 90% (Slack 2014). Primarily due to limited state funding, prisons tend to choose the cost-effective routes of social policy – incapacitation, retribution, and deterrence. Rehabilitation is a labor-intensive process, requiring counseling, small-group session, and opportunities to learn skills useful on the outside. Rehabilitation is most effective in minimal security level facilities.

The fifth aspect of social policy found in prisons is **reintegration**. Like rehabilitation, reintegration tends to be less than successful (Mears and Cochran 2015). It costs money to prepare an inmate to go back into society. Preparing inmates to cope with fundamental issues – like starting a checking account or using the internet to search and apply for a job or how to interview – requires institutional capacity that is often lacking. Further, an inmate exiting the institution needs hard cash in order to survive. Some states give the exiting inmate as little as $10 and a bus ticket. Too often, the bus ticket is sold, and all cash is consumed by dinner on that first day (Slack 2014). The inmate then has to choose between criminal activity (and reentry into the prison system) or becoming homeless and unsuccessful in reentering the free world. Reentry programs work best in minimal security prisons, and they fail worst in maximum security facilities.

## Conclusion: Prisons as Social Policy

Contemporary prisons in the USA face many problems. Some are ageless problems, dealing

with the politics of overcrowding (see Pratt 2009) and perhaps even representing a new form of Jim Crow social policy (Alexander 2012). Is the purpose of prisons to warehouse or change inmates? That question has never been fully answered. Effective faith-based programs are increasingly challenged (Sullivan 2009), inmate-victim restorative justice activities remain experimental (Zehr 2002), and effective reentry programs are rare (Mears and Cochran 2015). Yet American prisons do reflect social policy. Whatever successes or failures encountered, they gauge the priorities and fears of society.

## Cross-References


- ▶ Domestic Violence
- ▶ Execution as Social Policy
- ▶ Policing in Implementing Social Policy
- ▶ Race, Arrest, and Sentencing as Social Policy
- ▶ Rape as Social Policy
- ▶ Rehabilitation and Recidivism


## References


Alexander M (2012) The new Jim Crow: mass incarceration in the age of colorblindness. The New Press, New York

Bureau of Justice Statistics (2016) www.bjs.gov

Cullen FT, Jonson CL, Stohr MK (2014) The American prison: imagining a different future. Sage, Thousand Oaks

Krisberg B, Marchionna S, Hartney C (2015) American corrections: concepts and controversies. Sage, Thousand Oaks

Mears DP, Cochran JC (2015) Prisoner reentry in the era of mass incarceration. Sage, Thousand Oaks

Pratt TC (2009) Addicted to incarceration. Sage, Thousand Oaks

Slack JD (2014) Abortion, execution, and the consequences of taking life. Transaction Publishers, New Brunswick

Stohr MK, Walsh A (2016) Corrections: the essentials. Sage, Thousand Oaks

Sullivan WF (2009) Prison religion: faith-based reform and the constitution. Princeton University Press, Princeton

Zehr H (2002) The little book of restorative justice. Good Books, Intercourse


# Privacy Rights and Public Employment


Martin Joseph Adamian
Department of Political Science, California State University, Los Angeles, CA, USA


## Synonyms

Constitutional law; Federalism; Privacy; Privacy law; Public employment; Statutory law

Individuals employed by federal or state governments are protected by the United States Constitution, state constitutions, as well as federal and state statutes. The Bill of Rights and the Fourteenth Amendment provide public employees with an avenue of redress that would not be available to private employees. The United States Constitution restricts what governments can do, including protections for free speech and from unreasonable searches and seizures. Therefore, governments are prohibited from restricting speech and from searching employees in ways that private employers are not. However, the government typically maintains a level of oversight and control of its employees that is much more extensive than that of a private employer, and the courts have acknowledged this.

Although the term "privacy" is not used in the United States Constitution, the United States Supreme Court has recognized the existence of a right to privacy in the *Griswold v. Connecticut* (1965) (381 U.S. 479) and subsequent cases. Justice Douglas, writing for the majority of the Court cited the "penumbra of specific guarantees of the Bill of Rights" including the right of association contained in the First Amendment, as well as the Third Amendment, in its prohibition against the quartering of soldiers "in any house" in time of peace without the consent of the owner. Perhaps most directly on point is the Fourth Amendment's "right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures." These privacy rights extend to public employees with some limitations.

The Fourth Amendment protects an employee's "reasonable expectation of privacy" under the circumstances, and any government search must be reasonable in both inception and scope (*O'Connor v. Ortega*, 480 U.S. 709, 723 (1987)). In other words, the purpose must be sound and defined in such a way that it limits the searches scope. Although there is some ambiguity, courts have found the government's interest in efficiency precludes requiring warrants or findings of probable cause for workplace searches of public employees' desks, files, and other work-related spaces. In this regard, searches may be reasonable even when they're not based on suspicion that any particular employee has violated a workplace rule.

In *O'Connor v. Ortega* (1987), the Supreme Court explained that the Fourth Amendment applies to "[s]earches and seizures by government employers or supervisors of the private property of their employees" (Id. at 715). However, the Court concluded, some privacy expectations held by public employees may be unreasonable given the "operational realities of the workplace" (Id. at 717). The operational realities test has become the measure by which courts gauge whether public employees have an expectation of privacy that is deemed reasonable.

*O'Connor* involved an administrative search that led to the dismissal of the Chief of Professional Education at the Napa State Hospital, Dr. Mango Ortega. The Ninth Circuit Court of Appeals held that "Dr. Ortega had a reasonable expectation of privacy in his office" and that the hospital was liable for damages resulting from the unlawful search. The Supreme Court granted certiorari and reversed the Ninth Circuit.

Chief Justice William Rehnquist, joined by Justices Sandra Day O'Connor, Byron White, and Lewis Powell, held that the determinations of whether public employees have a reasonable expectation of privacy must be made on a case-by-case basis since working conditions can vary greatly from one public employee to the next and the analysis is therefore always fact intensive. The plurality found that Dr. Ortega had a reasonable expectation of privacy in some of the areas searched, including his desk and file cabinets. However, the next question became whether the search was reasonable in its inception and in its scope. Because there was a factual dispute regarding the justification for the search, the case was remanded to the district court.

*O'Connor* stands for the principle that "individuals do not lose Fourth Amendment rights merely because they work for the government instead of a private employer." However, the constitutionality of administrative (i.e., non-law enforcement) searches depends on two factors. First, whether or not the employee has a reasonable expectation of privacy in the circumstances involved. This threshold issue is determined by looking at whether the employee actually had an expectation of privacy or whether the expectation is one that society is prepared to accept as reasonable. Second, even if the employee did have such an expectation, an administrative search would be constitutionally permissible if the government could show that "both the inception and the scope of the intrusion . . . [were] reasonable."

The Fourth Amendment protection for a public employee's business office is to be assessed "on a case-by-case basis," in light of whether the office is "so open to fellow employees or the public that no expectation of privacy is reasonable." Little guidance is provided to determine how open "so open" must be.

The monitoring of public employees' email, tweets, text messages, and similar communications is also raising a number of Fourth Amendment issues that will undoubtedly continue to be litigated in the future. Email is a relatively open communication channel so it may be difficult to demonstrate a reasonable expectation of privacy in its use at work. Voice mail is more similar to a telephone conversation, in which one does have a reasonable expectation of privacy. However, an employer may be able to reduce his expectation by not providing private passwords for all employees or by informing employees that voice mail and telephone conversations will be monitored for business purposes (e.g., efficient and appropriate communication with customers). Nevertheless, Fourth Amendment protection maybe applied to communications that are

clearly private, such as between spouses about family matters.

In *City of Ontario v. Quon* (2010), the city monitored the use of a government-issued pager by the police officer and subsequently disciplined him based on the number and content of the messages he sent and received (560 U.S. 746). The Supreme Court applied the reasonableness standard used by the plurality in *Ortega* and upheld the constitutionality of the City's action. The court reasoned that the search was reasonable in its inception and scope because it was partly intended to determine the effectiveness of the police department policies regarding pagers.

## Drug Testing

Drug testing also presents Fourth Amendment privacy issues. Administrative (noncriminal) drug testing is reasonable for personnel in law enforcement, public safety, or other positions where, on balance, the employees have a reduced expectation of privacy and the government and public interest outweigh their privacy interest (*National Treasury employees Union v. Von Raab*, 489 U.S. 656 (1989)).

In *National Treasury Employees Union v. Von Raab* (1989), the Supreme Court upheld a United States customs service program for urinalysis drug testing of an employee seeking transfer or promotion to positions involving the use of firearms for the interdiction of drugs. Much of the legal action in this area has centered on what constitutes a special government need sufficient to override public employees' and applicants' Fourth Amendment privacy rights. The courts have held that certain types of positions create a "special need" which justifies random drug testing of employees in those positions. In addition, positions that are sensitive with respect to government security and law enforcement, such as those in which employees are required to handle classified material, or carry firearms, may justify drug testing of the employees without individualized suspicion. Public sector human resource managers would be well advised to check the law regarding drug testing in their federal judicial districts and circuits because what is permissible may continue to vary among the lower courts.

The legalization of marijuana in certain states for medical and recreational uses has complicated the law in this area. Marijuana use is now legal in 23 states and the District of Columbia, with four states – Alaska, Colorado, Oregon, Washington – and the district permitting recreational use. The other 19 states have legalized marijuana use for medical purposes, though their laws vary. In addition, federal and state statutory protections for workers vary considerably. There are federal laws that protect employees, like the Americans with Disabilities Act, as well as a number of relevant state laws that protects employees' legal, off-duty conduct. Yet all these acts specifically exclude from disability any employee or applicant who's currently engaging in the illegal use of drugs. Other federal laws compel employers to prohibit the use of marijuana on the job, for example, President Ronald Reagan issued an executive order in 1986 creating a federal drug-free workplace. In addition, the Drug-Free Workplace Act of 1988 requires employers to maintain a no-drugs environment in order to become a federal contractor or receive federal funding. In fact, it is worth noting that no state requires employers to permit employees to be under the influence of marijuana on the job.

In *Coats v. Dish Network*, the court held the state's "lawful activities statute," which generally prohibits employers from firing employees for engaging in lawful activities off the job, applied only to activities lawful under Colorado and federal law (350 P. 3d 849 (Colo. 2015)). The court held that because marijuana is illegal under the federal Controlled Substances Act, its use isn't lawful – and can remain a valid basis for termination in the state. Although *Coats* addressed one specific state legal issue triggered by the loosening of marijuana laws, there are a number of yet to be resolved questions about how employers must treat marijuana use under state and federal employment laws, including disability laws.

Civil service or personnel rules and collective bargaining agreements may provide protections

that are similar to those provided by statute, such as rules regarding how drug and alcohol test may be administered.

## Personnel Files

The federal Freedom of Information Act (FOIA) and similar state laws permit the broad disclosure of government records subject to specifically enumerated exceptions. Among the nine categories of records specifically exempted under FOIA from disclosure, section 552(b)(6) is "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." Courts have chosen to err on the side of disclosure by placing a high burden upon government agencies that invoke the invasion of privacy exception: First, the agency must demonstrate that the information at issue is in fact included in a personnel, medical, or similar document. In addition, the agency must demonstrate that release of the information would violate "substantial privacy interests" of the person involved. Then, a balancing test is used to weigh the "substantial privacy interest" against the interests of disclosure as mandated by FOIA's purpose of opening "agency action to the light of public scrutiny," with the added hurdle that the invasion must be "clearly unwarranted" rather than being merely "unwarranted." (*Sims v. C.I.A.*, 642 F.2d 562, 572 (D.C. Cir. 1980). Even if information is contained in a personnel, medical, or similar document, the entire document is not conclusively exempt. Plaintiffs can show that only the truly private information should be withheld, by way of redaction. See *Dep't of Air Force v. Rose*, 425 U.S. 352, 381–82 (1976)). Lastly, courts are instructed to "tilt in the favor of disclosure" when applying this test because their purpose is to enforce the congressionally determined balance in favor of disclosure (*Getman v. NLRB*, 450 F.2d 670, 674 n.11 (D.D.C. 1971) ("The legislative history suggests that use of the 'clearly unwarranted' standard is the expression of carefully considered congressional policy favoring disclosure.")).

## Employee Recourse for Invasion of Privacy

Employees' recourse for violation of the right to privacy is through the courts and a lawsuit, either seeking a court order to prohibit the conduct or compensation for any damage the employee may have of the invasion of privacy. Statutory protections also may be enforced through litigation, whereas personnel rule violations may be remedied through appellate procedures contained in civil service rules, with the determination made by an independent commission or board. If the privacy issues are raised in a grievance, it will often be subject to binding determination by neutral arbitrator. Even when a public employee can prove a constitutional violation against his employer, the employer is frequently held not liable based on governmental immunities.

## Cross-References


- ▶ Constitutional Law and Public Administration
- ▶ Due Process Rights
- ▶ Employee Rights in the Public Sector
- ▶ Federalism and Public Administration
- ▶ Supreme Court and Public Administration


# Private Law and Public Administration

Geo Quinot
Stellenbosch University, Stellenbosch, South Africa

## Synonyms

Civil law; Contract law; Law of delict; Law of family and persons; Law of obligations; Law of succession; Property law; Tort law

## Definition

Private law is that part of law that governs the relationships between legal subjects (persons subject to the law) on a horizontal level, i.e., the relationships between parties with equal legal power.

## Introduction

Private law is that part of law that governs the relationships between legal subjects (persons subject to the law) on a horizontal level. Theoretically, private law thus governs relationships between parties with equal legal power. In contrast, public law is that part of law that governs the relationship between the state and private persons on a vertical level. Public law is thus primarily concerned with the exercise of state power. The distinction between private law and public law is one of the most basic divisions in the domestic law of many legal systems.

In light of the basic description of private law and public law in the previous paragraph, it follows that state administration will largely be governed by public law (and in particular by the branch of public law called administrative law). Put differently, the state administration will generally act in terms of public law since the administration is tasked with fulfilling the state's obligations toward its citizens and functions within the vertical relationship between state and private persons.

However, the line between what is considered public and what is considered private has never been an absolute one and is increasingly been blurred by public administration activities that are typically governed by private law. For example, the public administration is no stranger to the private market where relationships are governed by private law. It follows that private law also plays an important role in public administration.

Private law is typically divided into a number of main fields (although there is certainly no set division of fields): law of family and persons, property law, law of succession, contract law, tort law/law of delict. Property law, contract law, and tort law (law of delict) are of particular interest to public administration.

## Property Law

Property law is that branch of private law that governs the relationship between legal subjects and their possessions vis-à-vis all other legal subjects. Since public administration inevitably involves dealing with state assets, property law plays an important role in this area. In many instances the state is simply viewed as another property owner or user like any other so that the relationship between the state and its assets in relation to all other legal subjects is governed by the same property law that applies to private parties. Within the public administration function, property law will thus play an important role in determining what can be done with state assets and how it can be done. In this way property law becomes part of the legal framework in terms of which public administration occurs. For example, the way that the administration goes about establishing a physical location for its activities will largely be governed by property law: the administration may use premises that it owns if property law (e.g., planning law) allows such usage of the particular premises, or it may rent facilities from a private property owner in terms of property law (particularly landlord and tenant law), or it may buy suitable land or buildings using property law (specifically law governing sale of property). In these instances the private law rule framing the public administration's actions will be very similar, if not identical, to that applying to any other legal subject (e.g., a private retailer) in establishing facilities for its activities.

There are, however, aspects of the public administration's relationship with its property, especially vis-à-vis citizens dependent on public services, that call for distinct treatment in terms of property law. In these scenarios ordinary private property law seems inadequate to provide a complete framework for the relevant relationships. Additional legal rules are required to supplement

ordinary property law either by means of regulation or by modified interpretation and application of the ordinary rules. A good example is the public administration's management of public housing stock or more generally how the public administration deals with its property in relation to the need for housing, especially by the indigent. In these scenarios the public administration's obligations cannot simply be viewed as equal to those of a private landlord so that property law that would generally govern the relationship between a landlord and tenant in relation to the property would not be wholly adequate to serve the public administration's needs.

Justice Albie Sachs of the South African Constitutional Court eloquently explained the need for a distinct approach to the property law relationships of the public administration in the judgment of *Residents of Joe Slovo Community, Western Cape, v Thubelisha Homes* (2009) ZACC 16; 2009 (9) BCLR 847 (CC); 2010 (3) SA 454 (CC) as follows:

> In my opinion, the question of the lawfulness of the occupation of council land by homeless families must be located not in the framework of the common law rights of landowners, but in the context of the special cluster of legal relationships between the council and the occupants established by the Constitution and the Housing Act. The common law might have a role to play as an element of these relationships, but would not be at their core. The very manner in which these relationships are established and extinguished will be different from the manner in which these relationships might be created by the common law, for example, through contract, succession or prescription. They flow instead from an articulation of public responsibilities in relation to the achievement of guaranteed social and economic rights. Furthermore, unlike legal relationships between owners and occupiers established by the common law, the relationships between a local authority and homeless people on its land will have multiple dimensions, involve clusters of reciprocal rights and duties and possess an ongoing, organic and dynamic character that evolves over time (footnotes omitted).

## Contract Law

Contract law also plays a key role in public administration. Public administrations participate in the marketplace in ways that are very similar to other private commercial actors (e.g., consumers or companies). For example, administrations acquire and dispose of goods and services; they enter into financial arrangements and conclude partnerships. In all these transactions, the administration utilizes the primary legal mechanism to create commercial relationships, namely, the contract. However, although the public administration may appear equivalent to any other (powerful) market participant when engaging in these transactions and their contracts thus seem to be equivalent to any other commercial contract, these arrangements involving the public administration remain distinct from "normal" commercial transactions (Quinot 2008). Due to its unique status and position in any given society, the public administration is never wholly equivalent to other (private) legal actors with the result that its legal relationships are also distinct. Many legal systems have recognized this distinctiveness of the commercial relationships of the public administration by developing a distinct concept of a public contract. The French concept of the *contrat administratif* is a prime example (Turpin 1999; Maree 2013). However, many legal systems do not recognize a distinct legal concept of a public contract and rely on the private law rules of the ordinary commercial contract to also govern the administration's commercial dealings. Even in those systems that do recognize the distinct concept of a public contract, the public administration may still conclude ordinary commercial contracts that would be governed by the ordinary private law of contract. Finally, while the rules governing distinct notions of a public contract are different from the ordinary private law of contract, those rules are still, to a very large extent, based on the ordinary private law of contract either because it developed from the latter or because it simply amounts to the ordinary private law of contract with an overlay of administrative law (Turpin 1999).

It is clear that even though the public administration's commercial dealings may differ from equivalent dealings by private parties, the rules that govern those transactions are largely private law based.

## Tort Law/Law of Delict

The third area of private law that is of particular importance for public administration is that of tort or in some systems known as the law of delict. This is the branch of private law that governs the relationship between legal subjects in relation to wrongful action. It is largely aimed at ensuring that the person that caused the damage is liable to the person that suffered the damage.

It is inevitable that public administration will from time to time result in damage to private persons. For example, damage may occur when a person falls into an open drain in a public street, or when a doctor in a public hospital fails to exercise the necessary level of care in treating a patient, or when a person is mistakenly arrested and detained, or when a public bus collides with a private vehicle. In all these scenarios and many more that one can think of, the public administration may be liable for the damage caused by its actions. In these cases the private law of tort may govern the relationship between the public administration and the person that suffered the damage.

Again, as with the two areas of private law noted above, the application of tort law to the public administration is not wholly equivalent to its application in purely private settings, that is, between private legal subjects. In recognition of the distinctiveness of the public administration in attracting liability for wrongful action causing loss, the application of tort law to the public administration is often referred to as state liability law. Many legal systems impose special conditions on the liability of the state (including the public administration) in relation to damages claims. For example, it is fairly common to find that there are special notification rules that would require a person wanting to claim damages from the public administration to give a particular form of notice to a certain public office of its intention to bring such a claim. One also commonly finds restrictions on how damages claims can be enforced against the public administration. It is widely recognized that the type of enforcement that is generally available against a private person found liable for damages caused to another cannot be followed in relation to the state administration. Typically, when a claimant has obtained a damages judgment against a defendant, it can execute that judgment by attaching any of the assets of the defendant and selling those assets to compensate for the damages, i.e., to satisfy the judgment debt. However, it would lead to fairly chaotic results if those who have obtained damages judgments against the public administration could simply attach any of the assets of the public administration (e.g., government vehicles or planes or medical equipment) to satisfy the debt. As a result there are thus often rules in place that would limit the method of how damages claims can be enforced against the administration where the administration refuses or neglects to pay.

The liability of the state in tort has also developed along some distinct lines from ordinary private law, because of the influence of the English law maxim that the "King can do no wrong" ("rex non potest peccare"), which has influenced many legal systems. This maxim, more accurately described as a doctrine of sovereign immunity, effectively provided immunity to the Crown against damages claims, which extended to the entire public administration, which was effectively done in the name of the Crown. In England, it was thus only with the introduction of the Crown Proceedings Act of 1947 that a more general state liability regime emerged (Fairgrieve 2003).

## Conclusion

While public administration fulfills a unique function in any society, it does not occur in a vacuum, separate from that society. Many of the activities of the bureaucracy in pursuing the function of public administration take place within the same legal and institutional context as the dealings of any other person (individual or firm) operating in that society. The methods used by bureaucracy to effect public administration are also often very similar, if not identical, to the methods used by private persons in pursuit of their own private

endeavors. It is accordingly not surprising that the law that frames the conduct of private legal subjects, i.e., private law, also plays a significant role in facilitating and controlling public administration.

In many instances the state can make use of the very same legal rules as private legal subjects to pursue its agenda in public administration. It can conclude contracts, deal with its property, and may attract liability for its actions along the way. However, the distinctiveness of public administration often impacts on private law rules when they apply in scenarios involving the administration. It is thus common to find that private law rules obtain a public (administration) or administrative slant when applied in the context of public administration.

## Cross-References


- ▶ Bureaucracy and Outsourcing
- ▶ Impact of Law on Public Administration
- ▶ Legal Liability
- ▶ Outsourcing Public Services
- ▶ Privatization in Central Government
- ▶ Privatization in Local Governments
- ▶ Public Contracts
- ▶ State Action Doctrine and Public Administration


## References


Fairgrieve D (2003) State liability in tort: a comparative law study. Oxford University Press, Oxford

Maree PJH (2013) Investigating an alternative administrative-law system in South Africa. Stellenbosch University, Stellenbosch. http://hdl.handle.net/10019.1/85591. Accessed 24 Mar 2016

Quinot G (2008) State commercial activity: a legal framework. Juta, Cape Town

Residents of Joe Slovo Community, Western Cape v Thubelisha Homes and Others (CCT 22/08) (2009) ZACC 16; 2009 (9) BCLR 847 (CC); 2010 (3) SA 454 (CC). http://www.saflii.org/za/cases/ZACC/2009/16.html. Accessed 29 Mar 2016

Turpin CC (1999) Public contracts. In: Von Mehren A (ed) International encyclopedia of comparative law: contracts in general. JCB Mohr (Paul Siebeck), Tubingen


# Privatization


Yurie Yokoyama
Department of Social Policy and Social Work, University of York, York, UK


## Synonyms

Governance; Marketization; Public administrative reform

## Definition

Privatization is defined by either financial or organizational aspects: the transfer of assets owned by government to the private and not-for-profit sectors, or the participation of these organizations in public service delivery which were previously limited to the government.

## Introduction

Privatization is the reconsideration of priorities in government intervention and redefines boundaries between the public and private sector. Privatization has appeared as one of the key features in Anglophone public administration reform since the 1980s due to economic stagnation, which required public expenditure reductions to balance budgets and ending government protection of declining industry. It has subsequently been adopted in countries facing similar economic issues, including formerly communist countries and Lower and Middle-income countries, where the World Bank and International Monetary Fund are influential advocates of privatization. They view privatization as a key solution to reform failing governments and to achieve economic recovery, and attached privatization to conditions for loans to countries facing sovereign debt crisis. These reforms may have contributed to stabilizing fiscal order and encouraging economic growth in these countries but also draw criticisms of unnecessary or excessive

privatization, ignoring social structure and historical background of recipient countries.

Though privatization is a global phenomenon, it takes a wide variety of forms depending on the political, legal, organizational, and economic context in which a specific target is privatized. Furthermore, privatization is applied to a range of public functions, including industries which have required a huge initial investment and protection to develop, for example, transportation, airport, and energy, but need fewer commitments from the government after services have matured. Privatization could also indicate the construction of public facilities, such as energy plants, public housing, and hospitals, using full or part-based direct investment from the private sector. In this case, the ownership of these facilities is vested in the government or is expected to return to the government when contracts are terminated. The target of privatization is not limited to public assets but also encompasses public services which could be either back office functions or services directly provided to citizens, including waste collection, education, health care, and social care. In this sense, privatization has a similar meaning as the marketization of public service delivery. In addition to these variations in forms of privatization, its rationale varies from case to case. Drivers of privatization include: reducing public expenditure by cutting back the government's role; gaining proceeds from sale of assets; introducing management knowledge and innovation developed in the private sector (for example, outcome measurement, consumer satisfaction, and technological development); improving efficiency and quality of service through competition among providers; and increasing user choice. Overall, privatization introduces market principles into the public sector.

## Means of Privatization

There are numerous means to implement privatization. In terms of asset transfer, this could involve sale of a public asset to private organizations or individuals. Sometimes public assets are managed at arms-length by a state-owned enterprise rather than the government itself. In that case, transferring the ownership of the enterprise from the government to the private sector is another way of privatization. Stocks, loans, limited partnerships, joint ventures, and other financing schemes developed in private markets are used to privatize public assets, either individually or in combination. For example, when the national railways were privatized in the United Kingdom (UK) in the late 1990s, basic infrastructures such as tracks, signals, and stations were transferred from British Rail, a state-owned enterprise providing railway services, to a newly established railway company, and then the government sold off its stocks in the stock exchange market in 1996 to complete privatization (Gourvish and Anson 2002). Engines and carriages were sold to rolling stock companies, which had been established as state-owned enterprises, to lease them to passenger service companies, and these rolling stock companies were sold to the private sector (ibid.).

Privatization of public services could be implemented by contracting out a part of the service to private organizations. For example, local governments in some countries are responsible for waste collection and commission private companies to deliver it, thereby replacing direct service provision. Another form of privatization is granting a concession to manage a public facility, for example, airports, water plants, and libraries to private organizations by contracts. Unlike the privatization of a facility itself as an asset, the main focus becomes services provided by the facility, and the facility still remains government-owned.

Moreover, contracts between the government and private organizations are not necessarily a prerequisite of public service privatization. For example, in 2000 Japan introduced a long-term care public insurance system replacing conventional services provided directly by local governments or organizations commissioned by them. The model allows eligible elderly people to receive care services from a wide range of providers, which meet requirements and get approval to enter the elderly care market (MHLW 2016). In the UK, the government has introduced personal budgets for adult care so that people could purchase necessary services from private organizations other than services commissioned by local

governments (NAO 2016). In these cases, there is no direct contract between local governments and service providers, but changes could be perceived as a form of privatization.

Removing barriers to enter markets or terminating the government's monopoly by deregulation could also be recognized as having characteristics associated with privatization. Where a state-owned enterprise monopolizes energy supply, opening the energy market to private organizations would be one way to introduce competition into public services and increase user choice. It should also be noted that privatization in assets and that in services are sometimes undertaken simultaneously. During the UK railway reform in the late 1990s, the passenger service was delegated to private companies which won the competitive bidding and agreed franchise contracts between the government (Department for Transportation 2004). Thus, the terminology of "privatization" needs to be interrogated carefully because it takes a variety of forms and serves different objectives.

## Advantages and Disadvantages of Privatization

Privatization has been presented as a solution to structural problems of the public sector, such as budget restraint, cost-inefficiencies, and limited service choice. In many cases, privatization has been argued to benefit service users and taxpayers. The UK government argued that privatization attracted large investments including new rail line construction and upgrades of existing line, which could not have realized in the nationalized industry (Department for Transportation 2004). Privatization has also contributed to improve passenger services by increasing the number of journeys and diversifying the ticket options for off-peak travels (ibid.).

On the other hand, privatization has drawn a series of criticisms: less affordability of service; decline in service quality; conflict between profitability and requirements originating from public characteristics of assets or services such as equity among service users; blurred accountability of the government; and lack of actual competition (Dassiou et al. 2015; Smith and Jones 2015) . First, prices or charges for facilities or services may rise after privatization, and some privatization may involve charges for services previously provided for free. It is essential for a private organization to make the privatized business profitable and price rises or new charges may be unavoidable in some cases. Nevertheless, if these privatized facilities or services are indispensable for daily lives, the additional payment could be a considerable burden on people especially those with low incomes or in precarious employment.

Second, privatization does not automatically improve the quality of public assets or services and may even lead to deterioration in quality. There are many examples of service quality decline following privatization driven by a focus on short-term profitability, excessive pursuit of cost-efficiency, or lack of coordination among fragmented providers. The Department for Transportation (2004) admits that insufficient knowledge and investment on tracks of the railway company succeeding British Rail was one cause of the Hatfield rail accident in 2000.

Third, there is a fundamental contradiction between rational economic decisions in the market and the demand to secure values, such as equality and universality, originating from remaining public characteristics in privatized assets or services. For example, within privatized social services, those providing the services may focus on users who are likely to bring larger profits regardless of each user's service need.

Fourth, privatized facilities or services may be closed or withdrawn when they become unfeasible for the private organization managing them. For example, in some countries the withdrawal of elderly care home providers caused unwilling transfer of the residents to other care homes, and sudden bankruptcy of a provider in a privatized electricity market lead to blackouts. Ensuring service continuity in a privatized market may incur the government additional costs including public financing or even re-nationalization as a last resort.

Fifth, privatization blurs accountability of the government to the parliament and the general public. Privatization is typically accompanied by transfer of discretion to manage privatized assets

or services out of the government. Contracts for privatization and/or related legislation usually stipulate the lines of accountability between the government and private organizations. However, in practice, it is not always clear who is to solve problems regarding the privatized asset or service. Accountability issues are likely to be more salient when the government still supports private organizations with public money. Moreover, even if the private organizations make the most desirable decision regarding their role in the market, it is sometimes difficult for them to redress deep-seated problems arising from the overall market structure.

Finally, privatization does not necessarily achieve real competition among private organizations. With the privatization of large public assets such as railways and power plants, it is possible that only one or a few private organizations are capable of managing the assets. It might be partly due to bidding criteria on turnover, capital size, and technical capacity, which are sometimes necessary to guarantee financial and administrative feasibility of the privatized business. Alternatively, even when apparent competition among the private organizations exists at a regional level, the market could be dominated by subsidiaries of a large company at the national level. Lack of competition increases financial risks to government and undermines the legitimacy of privatization.

## Privatization and the Emergence of New Governance Arrangements

In the process of privatization, new governance structures are introduced aiming to prevent or minimize market failure. Thus, typically new regulations on privatized assets or services are established, linked to market structure and the primary aims of privatization. There may be minimum requirements for entering the market or basic standards on quality and safety in order to maximize free competition in the market. On the other hand, public characteristics remaining in privatized assets or services usually require a guarantee of essential principles such as universality and equality in service, and additional regulations are necessary to avoid private organizations overriding these principles. These include pricing rules, procedural requirements for withdrawal to avoid a service vacuum, and legal framework for government emergency intervention. In addition to contents of regulation, there is the question of who is to regulate. The regulator may be either government or a public body independent from the government. During UK railway service privatization in the 1990s, two regulatory bodies were established: the Office of Passenger Rail Franchising was in charge of establishing and monitoring franchise contracts for the passenger service; the Office of the Rail Regulator was responsible for regulating access to track and stations, and managing licenses regarding the whole rail network, trains, and stations (Gourvish and Anson 2002).

Secondly, the government may introduce new market oversight schemes inside the government or an independent public body, sometimes combined with regulatory functions (Hardiman 2012; Dassiou et al. 2015). The level of oversight depends on market characteristics. In some cases, the oversight body aims to secure free and fair competition in the privatized market, though applicability of competition law to the privatized market is still controversial. In other cases, an oversight body checks financial stability in the market and is expected to issue an early warning to stakeholders on the withdrawal of a hard-to-replace provider. Alternatively, an oversight body may focus on benchmarking quality of privatized assets or services for users to promote better quality through competition or aim to secure value for public expenditure in the whole privatized system by making recommendations to the government.

A third arrangement involves management tools to control the outcomes or to promote desirable competition in the market, for example, performance measurement with regular evaluation. Where the government directly agree contracts with the private organizations or the market is heavily subsidized by the government even after privatization, financial incentives are usually combined with performance evaluation. Nevertheless, establishing appropriate measurement is not straightforward, and distorted performance measurement risks unexpected side effects.

## Conclusion

Privatization is a cornerstone of public sector reform bringing market discipline and innovation to what are seen to be failing or under-performing public services. However, there is no standardized pattern for privatization, and its form and process are shaped by political climate, legal systems, organizational settings, and economic system. Privatization benefits are seen to include those of attracting large private sector investment and in providing more tailored service for users. On the other hand, privatization may give rise to new problems such as price rises, declining service quality, and gaming behavior by private organizations, which primarily result from the market structure after privatization.

Privatization was perceived an effective measure for scaling down the governmental role, but in practice rarely results in complete withdrawal of government from the privatized business. Public characteristics typically remain in the privatized assets or services, and thus new arrangements are essential to avoid private organizations overriding essential values originating from these public characteristics, such as service universality and equal accessibility of users. They are also necessary to maintain safety standards; to promote better quality of services; and to hold the government accountable regarding the privatized assets or services. New arrangements could be regulations; market oversight scheme; outcome measurement; and evaluation schemes. In brief, privatization is the reconfiguration of the government role from direct provider of public assets or services to supervisor of quasi-private markets by partial ownership or indirect governance.

## Cross-References

► Privatization and Public Management
► Public Service and Service Delivery

## References

Dassiou X, Langham P, Nancarrow C, Scharaschkin A, Ward D (2015) Public service markets: their economics, institutional oversight and regulation. Palgrave Commun 1:15035. https://doi.org/10.1057/palcomms.2015.35

Department for Transportation (2004) The future of rail, white paper. (Cm 6233). The Stationery Office, London

Gourvish TR, Anson M (2002) British rail, 1974–97: from integration to privatisation. Oxford University Press, Oxford

Hardiman N (2012) Governance and state structure. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, pp 228–241

Japan. Ministry of Health, Labour and Welfare (MHLW) (2016) Long-term care insurance system of Japan. Retrieved 10 July 2017 from the MHLW: http://www.mhlw.go.jp/english/policy/care-welfare/care-welfare-elderly/dl/ltcisj_e.pdf

National Audit Office (NAO) (2016) Personalised commissioning in adult social care. (HC 883). National Audit Office, London

Smith M, Jones R (2015) From big society to small state: conservatism and the privatisation of government. British Politics 10(2):226–248

# Privatization and Deregulation in Japan

Junya Takamatsu
Meijo University, Nagoya, Japan

## Synonyms

New public management; Private finance initiative

## Introduction

This chapter describes a series of public reforms in Japan since the 1980s. This reform includes the introduction of the market mechanism, the performance evaluation, and the division of decision-making and implementation. This chapter focuses on the introduction of the market mechanism: privatization and deregulation.

Firstly, privatization was held in the 1980s and the 2000s. The process of privatization includes not only just selling public corporations but also subdividing a company. Methods of division include horizontal separation and vertical separation. Horizontal separation refers to separate a public corporation by region, such as west,

central, and east, or by function of business, such as a passenger company and a freight company. Vertical separation refers to separate a public corporation into a company which obtains infrastructure and a company which uses it. The process of privatization has raised political conflict between the pros and cons of privatization because privatization of public corporations would affect the allocation of pork-barrel among beneficiaries. In recent years, furthermore, the government has introduced another type of privatization, the concession system, to operate public facilities. A good example of this is the airport PFI introduced by the Democratic Party government.

Secondly, about deregulation there are also various cases because in terms of devising economic policy, the Japanese Government had preferred regulatory frameworks to nationalization of industry after World War II. Civil aviation and finance policy, for instance, had regulated business licenses, prices, and so on. Because of changing economic circumstances, the government, however, changed its policy from the late 1980s. In the civil aviation industry, the government gradually eased the regulations mentioned above. The Hashimoto government conducted the Financial Big Bang, which ended the "convoy system" in the postwar Japanese finance industry.

## Privatization Overview

In the 1980s, as in other developed countries, the Japanese government privatized state-owned companies (hereafter SOCs). As Obinger et al. (2016) argue, privatization of SOCs can be of two types. One involves the selling of the properties of an LOC. The other refers to a change in the legal status of the LOC. The Japanese government preferred to choose the latter type. This is because most cases were for reforming business, which was struggling and had huge amounts of debt. Furthermore, the executives of the government were wary of the resistance they would have to face from backbenchers who were against privatization in order to reserve their pork barrel for their beneficiaries. Section "Privatization Overview" describes five cases of privatization in Japan since the 1980s. These are the national railways, telecommunication, highway agencies, postal services, and airports.

### The Nakasone Government

The Yasuhiro Nakasone government (1982–1987) privatized three public corporations. This section explains two typical cases of privatization of public corporations: Japan National Railways (hereafter JNR) and Nippon Telegraph and Telephone Public Corporation (hereafter NTTPC). The privatization of JNR was meant to reform a public corporation whose management had collapsed as the railway industry was in shambles. The other, the privatization of NTTPC, was, on the contrary, privatization in which the management was good and the industry had a bright future.

#### Japan National Railway

From the administrative, political, and economic points of view, the reform of JNR was considered the most difficult task for the Nakasone government. First, in the administrative sphere, the management of JNR had completely collapsed. The amount of annual operational losses and accumulated debt was incredible. In 1986, JNR's annual income from the railways was 3.2 trillion yen, but the annual cost was 4.6 trillion yen. When JNR became privatized in 1987, its accumulated long-term debt was 37.1 trillion yen.

Second, from the political point of view, politicians of both the right, the Liberal Democratic Party (hereafter LDP), which was the governing party, and the left, the Social Democratic Party of Japan (hereafter SDPJ), had intervened in JNR. The LDP politicians demanded that JNR construct railway lines for their constituencies although it would lead to losses, and the LDP along with the local authorities did not permit the closure of loss-making lines in the rural areas. The SDPJ insisted that the government and JNR freeze the rising fares from the welfare point of view, although JNR could not afford the inflation. They, furthermore, supported trade unions in their strike against the executives of JNR. Trade unions of JNR were hostile to the executives and went on

strikes to disrupt JNR executives. This disruption resulted in confusion among railway users.

In the transportation market, JNR lost its competitiveness against both other railway companies and road transport services for both passengers and freight. In the first case, the loss was because of the disruption caused by the strikes. In the second case, the government proceeded to undertake road construction and the development of the automobile industry.

Privatization of JNR was meant to resolve these complicated problems. However, people who were part of the discussion process of privatization did not necessarily have confidence that privatization would salvage JNR (Kasai 2003). The Nakasone government chose a horizontal separation and split JNR into six passenger railway companies (JRs) and a freight company. The government did not introduce vertical separation, like in the UK and the EU countries. However, privatization of JNR resolved these issues beyond their expectations. Especially in metropolitan areas, such as Tokyo and Osaka, JNR recovered competitiveness to other private railway companies. Except for dealing with the increasing consumption tax, three JR companies, East, Central, and West, have not raised their fares since privatization. In the inter-city services, the *shinkansen*, the high-speed train network, has been beating civil aviation. Politicians found it difficult to intervene in the investment plans of JR companies without the fiscal resources for construction (Takamatsu 2006). In 2017, 30 years after privatization, four out of the six JR companies listed their stock in the market.

### Nippon Telegraph and Telephone Public Corporation

In contrast to the case of JNR, the telecommunication industry had a prosperous future ahead because of the foreseen development in communication technology. Unlike JNR, the NTTPC operated in the black. Rather, restrictions introduced by the government were considered to impede free and efficient business activity. The NTTPC's business had been controlled by the Diet or the Ministry of Posts and Telecommunications because it was a government corporation. These restrictions on the NTTPC included permissions for the annual budget, investment, and fund usage.

The telecommunication industry was a natural monopoly and therefore, monopoly by the public body was justified. Under the system of a public monopoly, the government implemented construction of telecommunication network infrastructure. The development of the network and technology, however, reduced the need for state monopoly. In other words, unlike JNR, which was a reform meant to remove the deadlock, this one was in preparation "for the twenty-first century" and corresponding to the rapid growth of telecommunication technology and its market (Otake 1994).

In 1985, the Nakasone government privatized the NTTPC to Nippon Telegraph and Telephone Corporation (hereafter NTT) and in 1987 listed its stock on the market. Because of the bubble economy, the share of the company became extremely valuable to individual investors. Selling NTTPC to NTT, the government earned about 10 trillion yen. However, the government also set two restrictions on NTT capital. The government would keep the lions' share, which is more than a third, because the telecommunication infrastructure was important for national security. The government also set restrictions on foreign capital investment in NTT.

Simultaneously, the government eased regulations to enable entry of other enterprises into the telecommunications market. Many New Common Carriers (hereafter NCCs) were established, and they entered the market, especially the long-distance call market. To accelerate the entry process for the newly joined, the government created a new business category, by which a company did not need to hold infrastructure by itself but instead could lease it from a company that held it. Furthermore, for starting the business, the company needed to only register with the Ministry.

Although NCCs built up the long-distance call network by themselves, for the last one mile they had no choice but to depend on the network owned by NTT, their competitor. Conflict arose when they had to connect their network with that of the NTT. The Ministry of Posts and

Telecommunications realized that competition between the two would be unfair, because the last one mile infrastructure monopolized by the NTT. Moreover, with the emergence of new technologies, such as the Internet, mobile communications, and optical fibers, the Ministry reexamined the state of NTT. In 1997, because of lack of competition in the telecommunication industry, the government revised the privatization scheme and divided NTT into four companies, a holding company, two regional companies, and a long-distance call company.

## Koizumi Government

The Junichiro Koizumi government (2001–2006) also tackled privatization of government-affiliated corporations. This section describes two highly politicized cases, privatization of the highway agencies and the postal services. A characteristic feature of these cases is that in privatizing the two, there was conflict not only between PM Koizumi and the opposition party but also between the PM and the backbenchers of the LDP, whose interests apparently suffered by privatization.

### Japan Highway Public Corporation

Highway construction has long been the source of patronage politics by the LDP. The LDP politicians initiated a long-term development plan to construct a highway network of 9,342 km across Japan. Japan Highway Public Corporation (hereafter JH), constructed the highway and operated it.

Although the highway network contributed to the economic development in Japan, a few routes were not economically viable. Some routes, especially in the rural areas, could not afford the construction cost due to the limited usage. The construction of such routes became a burden on the JH management, which had about 40 trillion-yen interest-bearing debt. The LDP members whose constituencies were situated in such rural areas, however, strongly demanded that the government continue constructing the remaining planned routes.

Therefore, when PM Koizumi mentioned privatization of JH, it was expected that the construction of new routes would no longer be possible. This was because a private company would naturally avoid loss-making businesses and, in fact, JR companies, the predecessors of privatization, had stopped railway construction in rural areas and had been shutting down loss-making lines. Hence, political conflict arose between Koizumi and the backbenchers who supported highway construction. The Committee for the Privatization of Highway agencies, whose members were appointed by PM Koizumi, discussed the scheme of privatization and sought to prevent the construction of loss-making lines.

The backbenchers of the LDP, who finally understood that privatization was inevitable, strongly insisted that the government introduce vertical separation and an infrastructure holding company of public-related bodies to continue highway construction in public interest, not private interest. PM Koizumi finally compromised with the backbenchers and accepted their demands.

In 2005, the government decided to break up JH and other highway agencies and privatize them into six highway companies. As per the LDP members' preference, an independent administrative agency, named the Japan Expressway Holding and Debt Repayment Agency, was established to hold highway infrastructure and repay interest-bearing debts inherited from Japan Highway. Thus, the highway assets were given on an agency lease to five other highway companies, which managed and operated the highway business and the lease fees were paid to the agency. These companies were also involved in the construction of new highway routes, which would then be transferred to the agency along with its long-term debt from the construction. By this system, highway companies would avoid the burden of the debt, and hence, they had an incentive to expand their network. In other words, a new highway line would continue to be built in accordance with the 9,342 km Scheme.

### Japan Post

Reforming the Japanese postal services was Junichiro Koizumi's political lifework. He had already begun to appeal for postal privatization in the 1980s, when he was the Parliamentary Vice-Minister for Finance. This opinion, however, had

seen hostile reaction from the other members of the LDP, because quite a few LDP members depended on the support from the Association for Small Post Office Masters (hereafter *Zentoku*). In 1871, the Meiji government introduced a postal service between Tokyo and Osaka, which was the start of the modern postal service in Japan. Since then, the postal services in Japan had been undertaken as a government business. To expand the postal network, the Meiji government appointed local magnates, who donated their land and building for the post office to the government, as owners of Small Post Offices and gave them the status of a national public servant. Later, they formulated the *Zentoku* to keep their benefits and became strong supporters of the LDP. If the postal service became privatized, they would lose their position as a national public servant as they feared that the loss-making small post office would become abolished.

When he became the prime minister, Koizumi moved into action to achieve his ambition and submitted the Postal Privatization Bill to the Diet. However, the process that he and the executives of the LDP had taken was a deviation from the intraparty legislative procedure that the LDP usually took. Therefore, the LDP members who opposed privatization insisted that the executives could not declare that and the LDP members must vote in favor of the party decision. In the House of Representatives, although there was rebellion from the LDP, 37 oppositions and 14 absentees, the bill was approved by a slim margin with the support of 233 votes and opposed by 228 votes. In the House of Councilors, however, the bill was rejected with only 108 votes in support and 125 votes opposing it. The rebellion from the LDP was 22 oppositions and 8 absentees.

PM Koizumi dissolved the House of Representatives on the same day and asked the electorates whether the postal service should be privatized. In the general election campaign, Koizumi made maximum use of his right to choose the LDP candidates and did not give party tickets to those who had opposed the postal privatization bill. Furthermore, he nominated rival candidates to them. The result was a landslide victory for the LDP, which secured more than two-thirds majority in the House of Representatives. This majority could help in passing the bill in the House of Representatives even if the House of Councilors rejected it. At the special Diet session after the election, the Postal Service Privatization Law was approved by both Houses.

The postal services were privatized with both vertical and horizontal separation. As a holding company of the Japan Post Group, the government established Japan Post Holdings. Japan Post Network obtained the postal network infrastructure, post offices. Using this infrastructure, three operative companies, Japan Post Service, Japan Post Bank, and Japan Post Insurance, ran their respective businesses. The law required Japan Post Holdings to sell all the stock of Japan Post Bank and Japan Post Insurance by 2017.

In 2009, however, the Democratic Party of Japan (here after DPJ) led by Yukio Hatoyama won the general elections and his government decided to review the postal privatization scheme. Until the government decided upon it, the listing plan was frozen. In 2012, the parliament passed the Japan Post Privatization Amendment Law, which removed the deadline for selling all stocks to the market.

In 2015, a holding company, the Japan Post Holdings, and its subsidiary, Japan Post Bank, were listed to the Tokyo Stock Exchange, and they sold a small part of the stocks to the market.

### Privatization of International Airports

As in many other countries, in Japan most of the airports were constructed and operated by the central and local governments. The Ministry of Transport held the power to decide and approve the location and plans for airport construction every 5 years. It permitted local governments to construct new airports or expand the existing ones. This institutional framework changed alongside the deregulation of civil aviation mentioned later.

The exception to this was the three international airports, Narita, Kansai, and Chubu, which were operated by special public corporations. In the early 2000s, the Ministry of Land, Infrastructure, Transport and Tourism (hereafter MLIT) had to tackle the privatization of the New Tokyo International Airport Authority (hereafter NAA),

which operated the Narita Airport, and the financial trouble of the Kansai Airport Company.

First, the Koizumi government decided to examine the possibility of privatizing all government-owned companies, including the three public companies operating Narita, Kansai, and Chubu airports, respectively. The MLIT sought to privatize the Narita Airport Company to salvage the Kansai Airport Company, which was in financial trouble. Because this airport was constructed on reclaimed land along Osaka Bay, the Kansai Airport Company had incurred a huge amount of interest-bearing debt, about 1.3 trillion yen in 2006, which had a negative impact on the management of the airport. Furthermore, the weak economy in the Kansai area led to the number of passengers to the airport fall far below the government's expectations.

The MLIT intended to merge the three existing international airport companies, Narita, Chubu, and Kansai. This plan, however, was criticized because it involved a cross-subsidy from the surplus of Narita to the deficit of Kansai, and hence it would reduce the competitiveness of the Narita airport. The MLIT then withdrew the scheme and privatized the NAA as the Narita International Airport Corporation in 2004.

Even after the privatization of Narita, the financial problems of Kansai Airport persisted. A proposal for resolving this problem stemmed from a local government (Takamatsu 2016). The Osaka-prefecture Governor Tohru Hashimoto proposed closing down of the Osaka International Airport (hereafter Itami Airport). This airport is located in the Kansai area, same as the Kansai Airport, and close to the city center and hence convenient for a multitude of passengers. However, Itami Airport had been the cause for high levels of noise pollution, and therefore, the governor felt that residents around the airport might approve his proposal. To the contrary, Kansai Airport is located in far from the city center to avoid noise pollution. In fact, after opening up Kansai Airport, there had been plans to abolish Itami Airport. However, the governor of Hyogo prefecture opposed this proposal because the abolition of Itami Airport would reduce convenience for passengers for Kansai region. Conflict between Osaka and Hyogo prefectures led to frustration and failed to reach an agreement at the local government level.

The MLIT proposed a merger of both airports and privatization by using a concession system. Under the concession system, the government does not transfer the proprietorial right of an airport to a private sector and maintains a contract to grant the right to operate infrastructure over a long period to the private airport operating company. Both governors accepted this proposal. The DPJ government amended the PFI Act, in which the object facility was expanded to the airports and seaports.

## Deregulation Overview

To recover from the devastation of World War II and conduct postwar economic policy reforms, the Japanese government preferred to the implementation of regulatory frameworks rather than the nationalization of industry. This policy is said to achieve certain results (Johnson 1982). However, the government implemented deregulation in a variety of industries since the 1980s. This section explains two important deregulation policies: the civil aviation and the financial big bang. Both of them are related to the Japanese economic policy post the 1980s.

### Civil Aviation

The Ministry of Transport introduced a regulatory framework in the civil aviation industry called the "45–47 system" in the 1970s. This framework was for the "protection and fostering" of the civil aviation industry, which was an infant industry at the time (Akiyoshi 2007).

The Ministry of Transport controlled the civil aviation market by four regulatory institutions. First, with regard to entry regulation, the Transport Minister held the sole authority to issue permission for an airline that wanted to start a new line. In fact, the Ministry did not give permission easily, because a new competitor might confuse the market. Second, the Transport Minister also held the power to permit changes in the fares and charges such that a consistent profit was obtained

for the carriers. Third, the Ministry of Transport controlled even the number of flights in each line. It set high standards for airlines when they wanted to increase the number of flights. This was done to avoid over-competition. Last, the Ministry introduced a system in which lines were allocated to three airline companies. Japan Airline (hereafter JAL), the national flag carrier, to fly domestic trunk lines and the international lines; the All Nippon Airline (hereafter ANA), the second largest airline, to fly domestic trunk lines, local lines, and short-distance international lines; and Toa Domestic Airlines (hereafter TDA), a follower airline, to fly domestic local lines.

This system, however, was forced to change in the middle of the 1980s when the United States started to deregulate its civil aviation market. The idea may have spread to other countries (Akiyoshi 2007). In 1986, the Civil Aviation Council in the Ministry of Transport issued the "86 Report," which proposed to turn the aviation policy from protection to competition. In response to the Report, the Ministry of Transport made the following changes in policies.

First, the Ministry permitted ANA to operate in the international market. Second, the government introduced double and triple tracking of a domestic market if a particular line met the criteria for the number of passengers: 700,000 for double tracking and one million for triple tracking. Third, the government sold the shares of JAL to privatize it completely.

In the USA and Europe, after deregulation, new airline companies were established and newcomers such as Ryanair dominated the market. In Japan, however, newcomer and competition did not occur easily. In 1996, the first new airline, Skymark Airlines, was established, but it failed in 2015. In 2012, ANA established a low-cost carrier (hereafter LCC), Peach Aviation. After that various LCCs were established, such as Jetstar Japan and AirAsia Japan, and the Japanese domestic aviation market at last entered the LCC competition era.

### Financial Market

"The convoy system" introduced by the Ministry of Finance in the Japanese financial market illustrates the characteristics of the postwar Japanese economy. The Ministry utilized the power of approval and permission for various aspects of business, such as entry and price, and controlled the financial industry. The Ministry of Finance also introduced controls over classification of business categories and regulated interests and commissions. The Ministry controlled the business area of each bank via administrative guidance. Moreover, the foreign exchange market was also restricted by the Ministry.

This system resulted in the stabilization of the financial markets in Japan from the 1950s to the 1980s. This stability of the financial market enabled banks and securities to provide finance to industries in the period of postwar reconstruction in the 1950s and saw high economic growth in the 1960s and the early 1970s.

However, the collapse of the bubble economy in the early 1990s brought about a crash in the condition of banks, especially stemming from bad loans, which drove banks and securities into bankruptcy. This breakdown of the monetary institutions made it impossible for the Ministry of Finance to maintain this system.

To resolve this crisis and the confusion in the financial market, and revitalize it, the Ryutaro Hashimoto government formed a financial market delegation called the "financial Big Bang" in Japan from 1996. The keywords of reform were "free," "fair," and "global" (Mabuchi 2009). "Free" referred to the government's abolition of the various regulations such as interest rates, commissions, and entries for financial business. "Fair" referred to the government-introduced deposit insurance system and disclosure of information about banking organizations. "Global" referred to the government's liberalized foreign exchange.

The financial big bang resulted in, first, newcomers from other industries, such as IT companies or supermarkets, bringing a fresh new perspective into the market; second; through a process of competition and survival, banks that had lost their competitiveness were eliminated from the market; and third, the number of banking companies decreased from 1,117 in 1976 to 589 in 2008.

## Conclusion

This chapter described privatization and deregulation in Japan. In the first, the privatization in Japan tended to change a legal status of public corporation rather than to sell off a company. The case of NTTPC privatization that the government sold the share to the public coming only 2 years later of the privatization was exceptional. This is because privatization in Japan was mostly for the reconstruction of management or for PM's political ambition. Recently, however, by introducing the concession system into an airport management, the government, which was suffering from the prolonged financial difficulties, found the new fiscal resource to invest an infrastructure.

In the second, about deregulation policy, this was a major turning point for Japanese economic policy in postwar era. Until the 1980s, the government had implemented regulatory frameworks, by which the government had protected and fostered industries for the reconstruction and development of the postwar Japanese economy. The Japanese government, however, has changed its regulatory policy from protection to competition, because of the changes of circumstances surrounding Japan, such as globalization and collapse of bubble economy. Deregulation resulted in newcomers for competition and in elimination of losers.

## Cross-References

► New Public Management
► Privatization and Public Management
► Privatization in Central Government

## References

Akiyoshi T (2007) Kokyoseisaku no Hen'yo to Seisakukagaku (the changes of public policy and policy Sceience). Yuhikaku, Tokyo

Johnson J (1982) MITI and the Japanese miracle: the growth of industrial policy, 1925–1975. Stanford University Press, Stanford

Kasai Y (2003) Japanese National Railways: its break-up and privatization. Global Oriental, Kent

Mabuchi M (2009) Gyoseigaku (Public administration). Yuhikaku, Tokyo

Obinger H, Schumit C, Trub S (2016) The political economy of privatization in rich democracies. Oxford University Press, Oxford

Otake H (1994) Shinjiyushugiteki Kaikaku no Jiidai (The era of Neo-liberal Reform). Chuokoronsha, Tokyo

Takamatsu J (2006) Paradox of privatisation: the case of railway policy, vol 9. CCLP Publications, Tokyo, pp 221–245

Takamatsu J (2016) Kuko Min'eika to PFI Donyu no Seijikatei: NAR Min'eikato Kansai□Itami Ryokuko no Togo Mondai wo Jirei toshie (Political process of airport privatisation and PFI introduction: the case of NAR privatisation and Mereger of Kansai and Itami airports). Meijo Hogaku 66(3):345–380

# Privatization and Public Management

Anne-Marie Reynaers
Faculty of Law, Department of Political Science and International Relations, Autonomous University Madrid, Madrid, Spain

## Synonyms

Generic management; Governance; New public management; Outsourcing; Private finance initiatives; Private sector management; Public-private partnerships

## Definition

New public management: Process in which business principles and private sector management techniques are transferred into the public sector in correspondence with, and based on, a neoliberal understanding of the economy and the State (Drechsler 2005, p. 95).

Privatization: Any action that transfers some or all of the ownership and/or control of state-owned enterprises to the private sector (Zahra et al. 2000, p. 511).

Public management: The merger of a normative orientation of traditional public administration and

P

the instrumental orientation of general management (Perry and Kraemer 1983, p. x).

## Introduction

Since the late 1970s early 1980s, Western governments have made attempts to reform the organization and management of the public sector. They do so by adopting a business-like approach as promoted by reform movements such as New Public Management (NPM). NPM postulates the neoliberal idea of business-like government which implies the transfer of private sector values and private sector management techniques into the public sector.

Supporters of NPM argue that Western governments have become too big, costly, inefficient, ineffective, overly bureaucratic, and too little responsive to public needs (Osborne and Gaebler 1992). In order to overcome these problems, and to enhance the efficiency, effectiveness, and legitimacy of the public sector, roughly two solutions are suggested. The first solution consists of a closer involvement of the private sector within the process of public service delivery via the application of privatization strategies. The second solution concerns the reform of the management and organization of the public sector and consists of the incorporation of private sector values and private sector management techniques and approached into the public sector.

## Privatization

The term privatization gained popularity between the late 1970s and 1990s with the rise of conservative governments in, amongst other countries, the United Kingdom, Australia, and the United States. Privatization can be considered as an organizational manifestation of the NPM that has been ascribed the potential to impede or even reverse the growth of government. Although Anglo-Saxon countries like Australia and New Zealand were first in embracing the privatization strategy, other Western countries like Sweden, the Netherlands, and France have adopted privatization strategies too as a "centerpiece of their national policies" (Zahra et al. 2000, p. 509). Privatization strategies have even been applied in developing countries since they are suggested to have "the potential to transform national economies, industries and organizations by infusing a spirit of entrepreneurial risk taking" and to support social progress and economic renewal and development (Zahra et al. 2000, p. 509). International comparative research demonstrates that differences between countries with respect to the degree, pace, and exact content of the privatization strategy are significant and that these differences reflect different political preferences, development stages, national cultures, and long-term development plans (Pollitt and Bouckaert 2011; Zahra et al. 2000).

Despite its worldwide application and its importance for public policy, the question of what privatization exactly refers to is not an easy one to answer given the concepts' ambiguousness. In academic literature, for example, privatization has been defined in both a narrow and a broad sense. Narrow definitions understand privatization as the transfer of ownership, decision-making authority, and control of state-owned enterprises from federal, state, or municipal governments to the private sector and private investors (Zahra et al. 2000, p. 511). Practical examples of privatization in the narrow sense are the transfer of ownership, decision-making authority, and control of public transportation, education, hospital health care, water and energy supply, and mail delivery. On the contrary, when privatization is defined in a broad sense, it entails much more than solely the transfer of ownership, decision-making authority, and control from the public to the private sector. In a broad sense, privatization entails any action that helps to increase the role of the private sector in the economy such as the sale of public assets, contracting-out, the provision of public services by private firms, deregulation, the implementation of public-private partnerships (PPPs), and the reduction of subsidies.

Critics argue that the term privatization is far too often used as a synonym for contracting-out and PPPs and that differences are neglected. They suggest it is important to take these differences into account since what is true for

privatization, does not need to be true for contracting-out or PPPs. Despite the fact that all three structures entail some sort of private sector influence, their institutional logic differs substantially. Contracting-out, for example, involves a temporary and singular principal-agent relation in which the public partner defines what, how, and by whom something must be done. In contrast to privatization in the narrow sense, asset ownership usually remains with the public sector that, as a consequence, remains in control by monitoring performance and replacing the contractor if necessary.

Whereas contracting-out implies "simple contracting" (i.e., one service is contracted out for a relatively short period to a single private party), PPPs imply "complex contracting" (i.e., an integrated contract for a relatively long period (between 15 and 30 years) is signed with a multiheaded consortium). Ownership, control, and decision-making authority remain with the public procurer in PPPs as well as the responsibility for service supply and service quality goes. In contrast, privatization entails that private firms make their own decisions on service supply and service quality. It is suggested that PPPs enable governments to control private sector performance to a far greater extent than is the case with privatization. In that respect, some argue that PPPs are not a manifestation of NPM but rather form an alternative to it. Some, however, consider that the term PPPs is nothing more than a language tool used as a substitute for the neoliberal or "Thatcherite" use of the word privatization that helps to neutralize the negative connotations of privatization.

With respect to these negative connotations, various scholars argue that despite the supposed benefits of privatization for public service delivery in terms of efficiency and effectiveness as articulated by proponents of NPM, privatization and related manifestations or actions might not be beneficial for the public interest at all and actually harm values such as transparency and service quality given the profit motive of private companies and their loyalty towards their shareholders.

In relation to transparency, for example, it is argued that privatization implies a switch from inefficient but transparent public property to not very efficient and less transparent public property and that privatization fails in terms of transparency because of a lack of regulatory oversight, inadequate ways of collecting data, and the absence of quantitative models that help governments to compare and measure private performance. In relation to service quality, some suggest that in the search for financial optimization, private firms will only provide minimum levels of quality. This quality-shading hypothesis assumes that private firms strive for financial optimization rather than service quality and that although market-like reforms might have increased efficiency, concerns with respect to the quality of service delivery remain.

With respect to the impact of privatization and related manifestations on public values and the overall contribution for public policy and public service delivery, it has been suggested that the bulk claims expressed in academic studies are based on normative ideas about NPM rather than on convincing empirical evidence of the actual functioning of organizational manifestations of the NPM reform. The little empirical evidence that is available provides contradictory claims. With respect to service quality, for example, several studies indicate it is maintained or even improved under privatization, whereas other studies provide indications for a loss of service quality. Hence, a definite answer to the question of whether privatization is beneficial for public policy remains out.

## Public Management

A second strategy postulated by supporters of the NPM that supposedly allows for the increase of governments' effectiveness, efficiency, and legitimacy concerns the reform of public sector management. Public management or, more specific, public managers are considered to be the center of organizational performance (Lynn et al. 2000). Public management reforms, the, are suggested to be a "force of progress" as they intent to optimize public managers performance and, as such, the efficiency and effectiveness of public service delivery.

Public management reforms merge "the normative orientation of traditional public administration and the instrumental orientation of general management" (Perry and Kraemer 1983, p. x). The normative orientation of traditional public administration refers to the classical Weberian bureaucratic model of public administration. One of its main features is its hierarchical structure which means that the highest level of authority is located at the top of the organization. Subordinate offices are controlled by higher offices that give orders and expect subordinate levels to report on and account for their activities. Politics and policy implementation are strictly separated, and it is suggested that professionally trained civil servants loyally implement political decisions. Behavior is controlled and laid down in strict rules and standardized procedures. Critics argue that due to its inflexibility, the focus on procedures instead of output, and the high level of red tape, the bureaucratic administrative model is no longer able to respond adequately to current issues.

The merge of the traditional model with general or generic management is considered to be the appropriate solution to this problem. It refers to management approaches, values, techniques and instruments that are applied by commercial, private sector enterprises and is supposedly about "getting things done as quickly, as cheaply, and as effective as possible." In practice, administrations and public sector organizations implement management techniques such as performance contracts, performance monitoring, and performance-related pay (Hood 1991; Pollitt and Bouckaert 2011) and place a greater emphasis on values such as efficiency, effectiveness, and flexibility. Public management reforms thus "summarize a way of reorganizing public sector bodies, and to bring their management, reporting, and accounting approaches closer to (a particular perception of) business methods" (Dunleavy and Hood 1994, p. 9) and imply a shift from a focus on process to a focus on output, from inflexible hierarchies to flexibility and competition, from preoccupation with structure to preoccupation with improvements of process, from fixed pay to variable pay, and from the stability of government agencies and budgets to market-style competition (Kettl 1997, p. 447). As a result, loyal and controlled civil servants become active, entrepreneurial managers that, rather than following rules and obeying hierarchy, seek for quick and efficient solutions via alternative ways.

As goes for privatization, the exact content, intensity, pace, and form of the implementation of public sector reforms differ per country. In that respect, a distinction can be made between countries that either empower or control public managers. Public management reforms in countries such as Sweden and Australia aim to empower the manager by breaking down restrictions in order to "let the manager manage." Following the assumption that public managers know what to do and that they will not take advantage of their discretionary power, public management reforms intend to create space and to remove existing rules and procedures that provide unnecessary barriers (Kettl 1997, p. 449).

Other countries, such as New Zealand and the United Kingdom, implement reforms in order to "make the managers manage." Given that most government agencies are monopolies and, as such, have little incentives to perform better, reforms are targeted at increasing or improving their performance. In order to do so, market-like incentives such as performance-related pay or the requirements to reach specific targets are introduced (Kettl 1997).

Various studies indicate that the supposed benefits from these reforms are not materialized in practice given the lack of capacity of those that are suggested to act as public managers. They demonstrate that being an efficient and effective public manager is not that easy given that they operate under high political pressure, that they are often supposed to do things they do not have any experience with, and that they must act much quicker while at the same time having less resources to spend (Kettl 1997, p. 454). As such is has been suggested that, in order to fully enjoy the potential benefits of public management reforms, governments should invest in the capacity of public manager to actually act as managers.

As goes for privatization, public management reforms are subject to intense scientific debate too. The debate focuses mainly on the "hollowing out

of the state" and on the appropriateness of a general private sector-based management model for the public sector. With respect to the first, scholars suggest that the dominant neoliberal agenda might contribute to the "hollowing out of the state," implying that politicians are no longer in control when it comes to influencing and constructing public policy (Rhodes 1994). In that respect, it is argued that NPM intentionally separates politics from administration and that it allows managers to manage according to economic rationality rather than in accordance with the political and public opinion. As a result, politicians fear that they lose control over public service management and policy making. The perception of a loss of responsiveness in the context of NPM has grown even stronger because of the importance of external advisors for public policy and public service delivery. In relation to that, Drechsler (2005, p. 98) describes "NPM specifically returns decision making to the allegedly expert bureaucrat, under the cloak of efficiency, therefore removing political control, and that also means political responsibility, from the political sphere."

This debate focuses mainly on the appropriateness of a general private sector-based management model for the public sector. In contrast to the suggestions made by generic management supporters who argue that a universal management approach is applicable independently of the organizations context, critics question to what extent private sector management techniques are compatible with and appropriate for the specific context of public organizations. In that respect, it is suggested that the public sector, public organizations, and public managers are confronted with a different organizational environment and structure and with different goals and managerial values that require management approaches that fit this specific context.

As a result, some consider the incorporation of private sector values and private sector management techniques into the public sector problematic given the assumed differences between public and private organizations in terms of their publicness which can be defined as "a characteristic of an organization which reflects the extent the organization is influenced by political authority" (Bozeman and Bretschneider 1994, p. 197). Various empirical studies have indeed tried to assess to what extent public and private organizations are different and whether the incorporation of private sector management techniques and values indeed is undesirable. It has been concluded that "there is no clear support for the view that public and private management are fundamentally dissimilar" and that convincing proof for rejecting the incorporation of private sector values or management techniques does not (yet) exist (Boyne 2002, pp. 116–118).

Empirical studies on both the appropriateness and benefits of public sector management reforms do not provide a definite verdict given that it appears to be very difficult to establish the exact effect of large and complex reform programs on specific dimensions. Besides, many governments have not implemented credible evaluation procedures that allow for measuring the result of public sector management reforms. Finally, it is argued that the little empirical evidence that is available does not provide convincing evidence given that they mostly concern disaggregated studies (Pollitt and Bouckaert 2011, p. 215).

## Conclusion

Ever since the 1970s, governments undertake attempts to reform the traditional bureaucratic public administration model that is suggested to become too big, costly, inefficient, ineffective, overly bureaucratic, and too little responsive to public needs. The business-like approach to government as suggested by supporters of the NPM aims at increasing private sector involvement through privatization and at optimizing public sector management through the incorporation of private sector values and private sector management techniques. The exact content, intensity, pace, and form of the implementation of public sector reforms differ per country. Although convincing empirical evidence on the contribution of privatization and public management is scarce, the academic, societal, and political debate on NPM reforms are vibrant.

## Cross-References

- ▶ Bureaucracy and Outsourcing
- ▶ Citizen Participation in Public Management
- ▶ Governance of Higher Education System in Iran: The Elongated Road to New Public Management
- ▶ New Public Management
- ▶ Outsourcing Public Services
- ▶ Public Management Models, Latin America
- ▶ Public-Private Partnership and Governance

## References

Boyne GA (2002) Public and private management: what's the difference? J Manag Stud 39(1):97–122

Bozeman B, Bretschneider S (1994) The "publicness puzzle" in organization theory: a test of alternative explanations of differences between public and private organizations. J Public Adm Res Theory 4(2): 197–224

Drechsler W (2005) The re-emergence of 'Weberian' public administration after the fall of new public management: the central eastern European perspective. Halduskultuur 6:94–108

Dunleavy P, Hood C (1994) From old public administration to new public management. Public Money Manag 14(3):9–16

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Kettl DF (1997) The global revolution in public management: driving themes, missing links. J Policy Anal Manage 16(3):446–462

Lynn LE, Heinrich CJ, Hill CJ (2000) Studying governance and public management: challenges and prospects. J Public Adm Res Theory 10(2):233–262

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming government. Addison Wesley, Reading

Perry J, Kraemer K (1983) Public management: public and private perspectives. Mayfield Publishing, Palo Alto

Pollitt C, Bouckaert G (2011) Public management reform. A comparative analysis: new public management, governance, and the neo-Weberian State. Oxford University Press, Oxford/New York

Rhodes RA (1994) The hollowing out of the state: the changing nature of the public service in Britain. Polit Q 65(2):138–151

Zahra SA, Ireland RD, Gutierrez I, Hitt MA (2000) Introduction to special topic forum privatization and entrepreneurial transformation: emerging issues and a future research Agenda. Acad Manag Rev 25(3): 509–524

# Privatization and Reforms

Frank L. K. Ohemeng
Department of Political Science, Concordia University, Montreal, QC, Canada

## Synonyms

Amelioration; Betterment; Change; Denationalization; Improvement; Transfer

## Definitions

In a narrower sense, privatization denotes the complete sale of a public service delivery entity to a private sector organization. It is therefore concerned with a government completely divesting itself of delivery of a public service and allowing the private sector to take full control of it.

In a broader sense, it denotes, on one hand, actions to reduce the role of government, and on the other, the use of market forces to produce a more competitive economy. In this sense it may take the form of deregulation, public-private partnerships, trade liberalization, or the increased contracting out of government services.

## Introduction

Privatization has become one of the major policy planks of the administrative reforms that have ensued from the Thatcher and Reagan economic revolutions from the late 1970s to the early 1980s in, respectively, Great Britain and the United States. These revolutions led to what Hood (1991) has described as the New Public Management (NPM). A fundamental premise of the NPM is that the state had become too large and, therefore, inefficient, and no good at doing what it is supposed to do. The private sector, though, continued to show much promise when it comes to delivering services; the state should, therefore, restrict itself to issues relating to protection and

allow the market, or the private sector, to actually do the delivering.

The main thrusts of the NPM include more orientation to results, value for money, serving the client, and strategy and policy development; introducing competition and other market elements; changing relationships with other levels of government; explicit standards and measures of performance; emphasizing private-sector style management practices; and greater discipline and parsimony in resource use (Hood 1991). The defining characteristics of NPM are its entrepreneurial dynamic, its reinstatement of the competitive market as a potentially more proficient provider of public services than the state, and its proclaimed intention to transform managerial behavior (Minogue 2001), and it is these that have pushed privatization to the forefront of reforms.

## Public Sector Reforms

Although not new, public sector reform has received significant attention in both developed and developing countries since the early 1980s. What has been different, compared to reforms before this period was about institutional tinkling. As a result, reforms before the early 1980s focused more on the Civil Service or what most scholars conceived as "administrative reforms." In short, administrative reform was narrowly focused. As a result, reform was for example, defined as:

> a deliberate process to change both the structures and procedures of the public bureaucracy and the attitudes and behaviour of the public bureaucrats involved in order to promote organisational effectiveness and attain national developmental goals. (Quah 1976: 58)

Recent reforms have however changed to look at the larger public sector. Thus, reform in the public sector, according to Olsen (2017), is about comprehensive changes in the political-administrative orders – arrangements of institutions – rather than to incremental modifications in single institutions (9). In this perspective, reforms concerning the public sector deals with radical institutional changes, altering the existing institutional arrangements to new different forms. In some cases, the reform may be about reorganizations of such institutions, while in others, it may be a complete overhauling of such institutions. The most radical part of reforms, however, deals with waning the government off from certain activities, leading in some instances, to the collapsing or getting rid of the public institutions involved, while allowing the private sector to enter and undertake such activities. It is the latter part of reforms, which privatization generally fit.

## Types of Privatization

Despite the rise of privatization in both developed and developing countries, there seems to be no agreement about the content of the idea. As can be seen from the foregoing, as well as the numerous definitions in the literature, it can, in one breath, encompass a whole range of government activities that need to be transferred to the private sector, with government still owning the services, or, simply, government completely removing itself from such a service. This lack of consensus has given rise to a multiplicity of categories or forms of privatization. At least five major forms of privatization can be discerned in the literature. The fundamental idea in all of them is allowing markets, rather than the state, to provide goods and services to consumers.

## Contracting out

Contracting out is a major one among the many forms of privatization. According to Domberger and Jensen (1997), contracting out refers to the "opening up to competition a set of economic activities which were previously immune from it. Organizations are invited to submit bids for contracts to provide particular services to the client" (68). Thus, contracting out involves, simply, the government retaining ownership and overall control of a service, while employing a private

sector operator to undertake the delivery of the service. For example, most municipalities in the developed world have, at some point, contracted out garbage collection and water services delivery (Voorn et al. 2020). The distinctive feature of contracting out in the words of Domberger and Jensen (1997) is the element of ex ante competition – competition for the market as opposed to competition in it (68).

## Divestiture

The pure form of privatization is called divestiture, which means the complete sale of government entities to the private sector. It has been called "the transfer of enterprises from the public to the private sector, be it through a transfer of securities (including shares), businesses or other productive assets. It implies a transfer of property rights from a public body (State, government, ministry, public agency, local government, enterprise owned or controlled by the public sector or any other public body) to a private party, whether against payment (sales)or not (e.g. free distribution of shares)" (Guislain 1992: 1).

Unlike contracting out, in divestiture government rids itself utterly of a state-owned entity and may only regulate the entire sector in which the entity operates: what the literature refers to as the "task environment." It was this that most developing countries, with the aid of the World Bank and the International Monetary Fund, undertook in the 1980s and 1990s to rid themselves of their SOEs (which had become burdens on the states' finances and enlarged the public sector) as part of the Structural Adjustment Program (SAP), the highly indebted poor countries (HIPC), and the good governance initiatives (Doyle 2010; Killick and Commander 1988).

## Management Contract

A third form of privatization is the management contract. Here the government transfers management control over a public entity, usually a state-owned enterprise (SOE), without transferring ownership. The government still owns the public entity but engages a contractor to manage a range of activities for a relatively short time, normally 5 years or less. Management contracts tend to be task specific and input rather than output focused. Operation and maintenance agreements may have more outputs or performance requirements. In management contracts a private entity is paid a fixed fee to perform a specific task that the public authority is supposed to undertake. Unlike contracting out, the private operator does not take on the risk of asset.

## User Fees or Charges

A fourth type of privatization is user fees or charges. User fees are a "service charge" (or "user charge") for certain public services. Thus, it is the "amounts received (by governments) from the public for the performance of specific services benefiting the persons charged" (Boyle 1976: 1). There are two types of user fees paid for public services that are to be distinguished from paying directly for services in the private sector. Users may pay fees at the point of service, which are usually a fraction of the cost of the service. The second type is a generalized user fee often found in the form of premiums paid on top of a program supported by general tax revenues (Antony et al. 2007). User fees are generally seen as a voluntary levy imposed on a person who is benefiting from specific categories of publicly provided service, or as simply a levy on consumers of government goods or services in relation to their consumption (Duff 2004).

## Public-Private Partnership

The term "public-private partnership" is particularly malleable as the name of a kind of privatization. It is defined broadly as an arrangement in which a government and a private entity, for-profit or nonprofit, jointly perform a traditionally public activity. It is defined narrowly as a complex relationship – often involving at least one government unit and a consortium of private firms – created to

build large, capital-intensive, long-lived public infrastructure, such as a highway, airport, public building, or water system, or to undertake a major civic redevelopment project. Private capital and management of the design, construction, and long-term operation of the infrastructure is characteristic of such projects, along with eventual public ownership. Despite its ambiguity, "public-private partnership" is sometimes a useful phrase because it avoids the inflammatory effect of "privatization" on those ideologically opposed (Savas 2000).

## Franchising

Another form of privatization is franchising. Under a franchise government awards a private organization the right (often exclusively) to sell a service or a product to the public, with the organization usually paying the government a fee. In other words, it is a contract between a government and a private entity for the production of a product or service by the latter, who establishes an outlet to produce or sell the product or to deliver a service. In franchising the government will allow a private organization into the public domain, such as the airwaves, air space, streets, or underground space, to carry out their commercial activities (Savas 2000). Franchising is thus used as a means to promote "competition in circumstances where actual competition is either not possible (natural monopoly) or not desirable (wasteful)" (Mackie 1983: 48).

## The Impetus of Privatization

Again, the literature has continued to provide a plethora of reasons for the wave of privatization that has gripped the world since the early 1980s. A look at these reasons, however, helps us to identify three major factors, or at least categories. The first is simply reducing the size of government. Proponents believe that government has grown too big and encroaches on areas in the general economy where the market could function better. This encroachment has created significant debts for government and stifled competition, which could benefit service delivery. To those who hold this belief, privatizing government will shrink its debt, while promoting competition both locally and globally.

The second factor, which is linked to the first, is increasing efficiency. Efficiency means use of resources in such a way as to maximize the production of goods and services. According to Sullivan and Sheffrin (2003: 15), a system is efficient if (a) no one can be made better off without making someone else worse off, (b) more output cannot be obtained without increasing the amount of inputs, and (c) production proceeds at the lowest possible per-unit cost. To proponents of the privatization idea, government cannot meet these conditions; hence, service delivery is unequal, and people who need essential services are worse off, all the while costing government exorbitantly. On the other hand, the private sector continues to show tremendous efficiencies and thus can do a better job of producing or delivering services.

The third factor is effectiveness. Effectiveness is much more concerned about the timing of service delivery but is linked to efficiency inasmuch as such timing may require either fewer or more resources. Various explanatory models of effectiveness have been developed (Njoh 1994); however, with respect to privatization, it seems to refer generally to how organizations use resources to achieve their goals. Thus, it could be said to relate to the timely delivery of services to clients or citizens.

Proponents of privatization believe that the private sector is able to achieve these three factors or variables better than the public sector. Thus, they argue, government must only provide the necessary environment for the private sector to function. If this is done, then many societal problems, especially relating to service production and delivery, can be addressed, and society itself will be better served.

## Privatization and Reforms in Developed and Developing Countries

As already mentioned, an unprecedented wave of privatizations took place in both developed and

developing countries as part of the attempts to reform the state and make it work better. This wave was an expression of the political right's view of the administrative state: it charged it with an array of crimes, such as failure to perform; abuse of power; repression of employees, clients, and people in general; and being muddled, confused, expensive, unresponsive, bloated, and self-destructive to the extent that it is now seen as a "splendid hate object" that must be reformed or, even, destroyed. To these conservatives, the problems faced by the modern state in the late 1960s and early 1970s were the product of the state's expansion of its activities. They claimed that "if government was not the root of all evil, it certainly was more part of the problem than the solution" (Stiglitz 2003: 85). For instance, Barzelay (1992) argued that the existing bureaucratic model (the state), while promising good government, really tended to constrain it and produced weak, misplaced, and misguided accountability (xv). Such criticisms provoked calls from some quarters to tame or, even, banish the administrative state.

A fundamental assumption of the political right was, therefore, a minimalist role for the public sector while enhancing the power of the private sector. It was time, they asserted, to curtail what they saw as the "intrusion of the state into people's private lives"; and where it was not possible to interrupt that trend, to subject the state to some of the rigorous practices of the market, which have led to prosperity and improved performance of the private sector as a whole. In short, they complained about the state engaging in activities that could and should be undertaken by private individuals or groups. Where such activities were beyond the capability of the private sector, it was held, the state should develop mechanisms that would serve the interests of citizens rather than the needs of the bureaucracy. In this way the bureaucracy could be subjected to an accountability regime that would lead to a reduction of its power.

To the proponents of the minimalist state, the idea of curtailing the state and enhancing bureaucratic efficiency could be realized by limiting the state's role in service delivery and by managing government like a private business, through privatization and the introduction of market efficiencies and tools of private sector management into residual state functions. Privatization, therefore, is fundamental to that agenda and has gained much currency in current administrative reform discourse.

Adhering to this agenda led governments to privatize many public services. For example, in Great Britain under the rule of Margaret Thatcher, the government privatized a number of hitherto state enterprises, such as the National Rail, the water system (Helm 2020), the National Telecommunication, airports, and a host of others. In Canada, beginning with the Mulroney government, a number of Federal Crown Corporations became victims of privatization. In the Province of Ontario in Canada, under the Conservative government that held power from late 1995 until its defeat in 2003, privatized government organizations and activities included water testing, which had been performed by the Ministry of the Environment (Ohemeng and Grant 2008). The tsunami of privatization that hit Southeast Asia in late 2004 included New Zealand, with the sale of a significant number of government owned enterprises and other activities (Schick 1998). In the United States contracting out, franchising, leasing, and other forms of privatization became the hallmark of public sector reforms.

In developing countries privatizations as a policy of reform, as already noted, were undertaken under the auspices of the World Bank – and IMF – backed SAP in the 1980s and HIPC and good governance initiatives in the 1990s (Doyle 2010). For these countries, the core ideas of the SAP and the programs engineered by these institutions dealt with the pursuit of macroeconomic stability by controlling inflation, reducing fiscal deficits, opening developing countries' economies to the rest of the world through trade and capital account liberalization, liberalizing domestic product and factor markets through privatization and deregulations, and reforming the state, which they believed was "swollen" and suffering from "bureaucratic elephantiasis syndrome" (Goldsmith 1999). As a result of these programs and initiatives, many of these countries privatized numerous state-owned enterprises, which were considered moribund, through divestiture (Conteh and Ohemeng 2009).

Despite the sale of these public organizations, many still considered the process too slow: a belief that continues to compel them. Now, rather than focusing on moribund institutions, their attention has shifted to core state enterprises in the utility sector and, to some extent, to social security. Meanwhile market principles have been introduced even into the health sectors in these countries.

## Debating Privatization as a Tool for Reform

Belief in privatization's power to reduce the state and enhance service delivery continues, but there is currently no consensus about the form it should take (Helm 2020). Proponents continue to advocate for more, while opponents persist in exposing its weaknesses in a number of areas. While outright sale of public organizations has had limited success, the former still promote the idea of public-private partnership, contracting out, and other forms. A number of studies continue to show that these hybrid types of privatization do work and that government should continue to vigorously explore them. They emphasize areas like telecommunications, which has been hugely improved by competition in both developed and developing countries, as examples.

On the other hand, there is now a vast literature pointing out the failures of privatization in these countries, leading to de-privatization or privatization reversals, or back to the state or in-house service production and delivery. One particular area that has seen significant failures, and therefore, privatization reversal, is water (Helm 2020; Voorn et al. 2020). This sector was touted as the "next big thing" after crude oil. Unfortunately, even France, the supposed exemplar of water privatization, has now taken water back to in-house (Voorn et al. 2020).

## Conclusion

Privatization as a reform tool continues to be hotly debated. While supporters view it as instrumental in correcting the state, dissenters continue to point out its defects. For many of the former, a variety of manifestations of privatization help the state deliver better service and ensure what they call the three "Es": efficiency, effectiveness, and economy. While many of them see divestiture as not the ideal way to privatize, they do approve of contracting out, public-private partnership, as a way for the state to undertake meaningful development and achieve socioeconomic well-being. Critics continue, however, to dismiss this argument and dismiss privatization as a fantasy, emphasizing its failures in every form, wherever it is attempted. It is therefore difficult for anyone to identify how, exactly, privatization can be called a promising way to reform the state.

## Cross-References

▶ State-Owned Enterprise

## References

Antony W, Black E, Frankel S, Henley D, Hudson P, Land W, Lewycky D, Ternette E, Tychonick R (2007) Privatization: the public service Trojan Horse. https://www.policyalternatives.ca/sites/default/files/uploads/publications/Manitoba_Pubs/2007/State_of_Public_Services_2007.pdf

Barzelay M (1992) Breaking through bureaucracy: a new vision for managing in government. University of California Press, Berkeley

Boyle GJ (1976) Study of charge financing for local government services (A monograph). Albuquerque Urban Observatory, Albuquerque

Conteh C, Ohemeng FLK (2009) The politics of decision making in developing countries: a comparative analysis of privatization decisions in Botswana and Ghana. Public Manag Rev 11(1):57–77

Domberger S, Jensen P (1997) Contracting out by the public sector: theory, evidence, prospects. Oxf Rev Econ Policy 13(4):67–78

Doyle D (2010) Politics and privatization: exogenous pressures, domestic incentives and state divestiture in Latin America. J Publ Policy 30(3):291–320

Duff DG (2004) Benefit taxes and user fees in theory and practice. Univ Tor Law J 54(4):391–447

Goldsmith A (1999) Africa's overgrown state reconsidered: bureaucracy and economic growth. World Polit 51(4):520–546

Guislain P (1992) Divestiture of state enterprises: an overview of the legal framework. World Bank technical paper, no. 186. The World Bank, Washington, D.C
Helm D (2020) Thirty years after water privatization – is the English model the envy of the world? Oxf Rev Econ Policy 36(1):69–85
Hood C (1991) A public management for all seasons. Public Adm 68(1):3–19
Killick T, Commander S (1988) State divestiture as a policy instrument in developing countries. World Dev 16(12):1465–1479
Mackie P (1983) Competition in the bus industry. Public Money Manag 3(1):45–48
Minogue M (2001) Should flawed models of public management be exported? Issues and practices. In: McCourt W, Minogue M (eds) The Internationalisation of Public Management: Reinventing the Third World State. Edward Elgar, Cheltenham
Njoh AJ (1994) A client-satisfaction-base model of urban public service delivery organizational effectiveness. Soc Indic Res 32(3):263–296
Ohemeng FLK, Grant JK (2008) When markets fail to deliver: an examination of the privatization and de-privatization of water and wastewater services delivery in Hamilton, Canada. Can Public Adm 51(3):475–499
Olsen JP (2017) An institutional perspective. In: de Walle SV, Groeneveld S (eds) Theory and practice of public sector reform. Routledge, New York
Quah JST (1976) Administrative reform: a conceptual analysis. Philipp J Public Adm 20(1):50–67
Savas ES (2000) Privatization and public-private partnerships. Seven Bridges Press, New York
Schick A (1998) Why most developing countries should not try New Zealand's reforms. World Bank Res Obs 13(1):123–131
Stiglitz JE (2003) Globalisation and its discontents. W.W. Norton, New York
Sullivan A, Sheffrin SM (2003) Economics: principles in action. Pearson Prentice Hall, Upper Saddle River
Voorn B, Marieke L, Genugten V, Thiel SV (2020) Reinterpreting re-municipalization: finding equilibrium. J Econ Policy Reform. https://doi.org/10.1080/17487870.2019.1701455

# Privatization in Central Government

Patricia Bachiller
University of Zaragoza, Zaragoza, Spain

## Synonyms

Corporatization; Denationalization

## Definition

The transfer of ownership of a state-owned company from a government (public sector) to a privately owned entity or private investors (private sector).

## Introduction

The privatization of state-owned enterprises (SOEs) has become a common process all over the world and is considered a major component of the New Public Management (NPM). The sale of SOEs and their assets to private parties by the governments has been one of the most relevant issues in the reforms of the public sector, and privatizations are expected to correct inefficiencies associated with the public sector. Moreover, the requirement of the European Union of governmental neutrality, the globalization of markets, and changes in organizational and productive processes have led to the decrease of the intervention of governments in the economy.

Privatization has not only reduced the role of the State in the production of goods and services, but has also increased the size and efficiency of the capital markets and the participation of citizens in stock markets. In line with this, newly privatized firms have begun to operate in an environment of greater economic freedom and, therefore, have initiated an expansion to take advantage of the market and of the financial opportunities. For an effective transformation, organizational changes must be undertaken by these entities to guarantee their continuance in the market, and their goals must be modified as a consequence of a greater market orientation and environmental changes. There is a lot of divergence between public and private companies and, consequently, SOEs have undertaken internal changes to carry out an effective restructuring and to adapt to the new competitive environment.

## Reasons and Factors for Privatization

Reasons that boost this process are the changing view of the role of the State in the economy, new

perceptions about the control and distributional function of utilities, the growing demand for more and better quality infrastructure services, and technological developments in the telecommunications and electricity industries. Governments have given multiple reasons for carrying out the privatization process, including the increase of revenues for the State (Brusca et al. 2015), to promote economic efficiency, to reduce the interference of the Administration in the economy, and to introduce competition and to discipline SOEs through capital markets.

The reasons for privatization can be categorized as economic, financial, and political (Vickers and Yarrow 1991). Efficiency is the economic reason most frequently used by governments to justify privatization programs. In privatization processes, most governments assert that private companies are better managed and are more efficient than public ones, and economic theory admits that private ownership transforms SOEs into more efficient firms, especially in competitive industries (Megginson et al. 1994). However, there is no theoretical consensus about the capacity of private ownership to pursue social objectives such as the stabilization of employment or the provision of goods and services at reasonable quality for citizens. Currently, controversy continues about whether SOEs should maximize profits or have only social objectives. Theoreticians do not agree on whether a state monopoly is preferable or whether the monopoly must be private and subject to regulation.

Privatization has changed the perspective from which regulatory questions are addressed, as market failures associated with monopoly and externalities do not disappear with a change of ownership. Development of a modern regulatory system is neither simple nor fast. The problem is vast, and sustainable change requires not only reforms to thousands of instruments, but also new institutional capacities and a shift by the public administration from a culture of control and rent-seeking to a culture of results-orientation and client services. Therefore, countries face the task of moving forward with the transition to market-led growth to maintain economic performance in response to technological innovations, changes in consumer demand, and interdependencies in regional and global markets. In this transition, supply-side reforms to stimulate competition and reduce regulatory inefficiencies have become central to effective economic policy.

## The Process of Privatization

Governments employ three basic techniques to privatize their SOEs – share issue privatizations, asset sales, and voucher privatizations – according to the objectives of the privatization process.

The decision about the transfer method of SOEs is not straightforward. Political factors like the ideology of the government about the market and regulation and economic factors like the financial position of SOEs and the conditions of capital markets are involved in the privatization process. Governments use the sale of an SOE as a tool to develop a capital market. Larger and more profitable SOEs are more likely to be privatized through capital markets, while governments that have less state control over the economy tend to privatize SOEs via asset sales.

In a privatization process, the method of privatization determines the management replacement, because it determines who the new owners are. In initial public offers (IPO), the company is usually restructured previously in order to prepare it for private ownership and to reach higher value in capital markets. Moreover, in privatizations by IPO, managers are exposed to the discipline of financial markets and the control of investors, and public companies are no longer immune to acquisition and to the threat of bankruptcy. The preparation for an IPO, and the IPO itself, causes organizational changes within a company that contribute to performance. The most relevant IPO-related changes that contribute to performance are related to innovation, financial management, and financial reporting (planning and control, capital budgeting, and internal communication).

In the environment of the post-communist transition of the Eastern European countries, privatization is a complex economic and political process. In these countries, voucher privatization has been the main method of sale by giving preferential treatment to citizens and workers of the

privatized enterprises. Restructuring the company and substituting the management may lead to a successful privatization process; however, the literature shows that management has not been replaced in these countries. So, unless voucher privatization is coupled with the possible purchase of shares by foreign firms, the newly privatized state enterprises have difficulty making the restructuring with the existing management and face additional costs in purchasing managerial skills on the labor market because of adverse selection problem. Literature corroborates this idea in their analysis of companies privatized through voucher privatization as, with voucher privatization, financing and control mechanisms are unlikely to be introduced by external shareholders, so it is more complicated to improve the performance of companies privatized in this way.

## Capital Markets as Disciplinary Mechanisms of Management

Privatization subjects managers to the pressure of the financial markets and monitors and disciplines profit-oriented investors. Therefore, objectives imposed by politicians in SOEs are redefined, and mechanisms that aligned managers' incentives with owners' financial interests are introduced. The accountability to shareholders gives a better incentive for state companies to operate efficiently. That is, the change of ownership has led to new incentive systems to enhance financial performance. Moreover, companies introduced instruments for performance measurement in order to enhance transparency and improve organizational learning. These changes in privatized companies give managers the possibility of increasing their salaries according to their level of efficiency. The change of ownership has generated more defined objectives and new incentive mechanisms for the managers.

SOEs may be less efficient because they are immune to capital markets. The public trading of shares of privatized companies in capital markets will increase their efficiency if privatization is linked to the possibility of takeover by outsiders, disciplines managers, and provides the ability to link compensation to performance. As a result, when shares are traded in public equity markets, managerial effort and accountability increase.

In the companies, agency problems arise between the managers (agents) and owners (principal). In private companies, these problems are reduced through the existence of a market for ownership rights, which enables the owners to sell shares if they are not satisfied with managerial performance (property rights theory), through the threat of takeover and bankruptcy, and through a managerial labor market. In the case of privatized firms, the possibility of issuing capital implies that the discipline of the financial creditor is replaced by the discipline of shareholders and, therefore, of the capital markets.

On occasions, the appointment of SOE managers is carried out according to their capacity of negotiation with politicians, their ideology, and the confidence of politicians in these managers. With the change of ownership, the labor market puts pressure on managers and disciplines them. If the management labor market is competitive, it will be a monitor mechanism and replace non-efficient managers. The conflicts between shareholders and managers are addressed using optimal contracts within a principal-agent framework.

In the privatization process, the capital markets work as a mechanism to establish management incentives. In efficient markets, the stock price incorporates performance information about future benefits from company's decisions (Vickers and Yarrow 1991). This information is useful for shareholder-manager contracts and for defining managerial remuneration. The objectives of compensation plans are to help the company attract, retain, and motivate its executives and other employees. Privatized firms that have incentive systems show more performance improvements than companies that do not have them. Compensation plans motivate employees by providing a direct link between company performance and executive wealth, that is, employees are rewarded for achieving specific goals. These

plans are an efficient mechanism in matching managerial pay to managerial ability.

The public trading of shares establishes the possibility of takeover by outsiders, and the threat of a takeover is another management control mechanism. These market operations may stimulate managers to achieve greater efficiency and to avoid being acquired by another company. A major consequence of privatization is that privatized companies can be targets of takeovers and mergers. Several takeovers in Europe involved newly privatized firms.

From these explanations, it can be observed that the level of development of capital markets is a key determinant of post-privatization efficiency gains. More developed markets facilitate access to private debt and equity, which allows a more far-reaching modernization and restructuring of companies. Companies whose shares are traded in more sophisticated and active markets can obtain greater performance improvements from the privatization process.

## The Governance System in the Privatization Process

The privatization of SOEs has been one of the most important channels for improving corporate governance, which is a key element for enhancing economic efficiency and investor confidence. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in line with the interests of the company and of shareholders and should create trust in order to promote an efficient and transparent market economy. The change of the ownership structure has required modifications in the mechanisms of corporate governance of privatized companies. In these companies, governance depends on the effectiveness of relations between interest groups that control the strategic management and the performance of the company.

Figure 1 shows factors and mechanism of corporate governance. As it can be seen, the

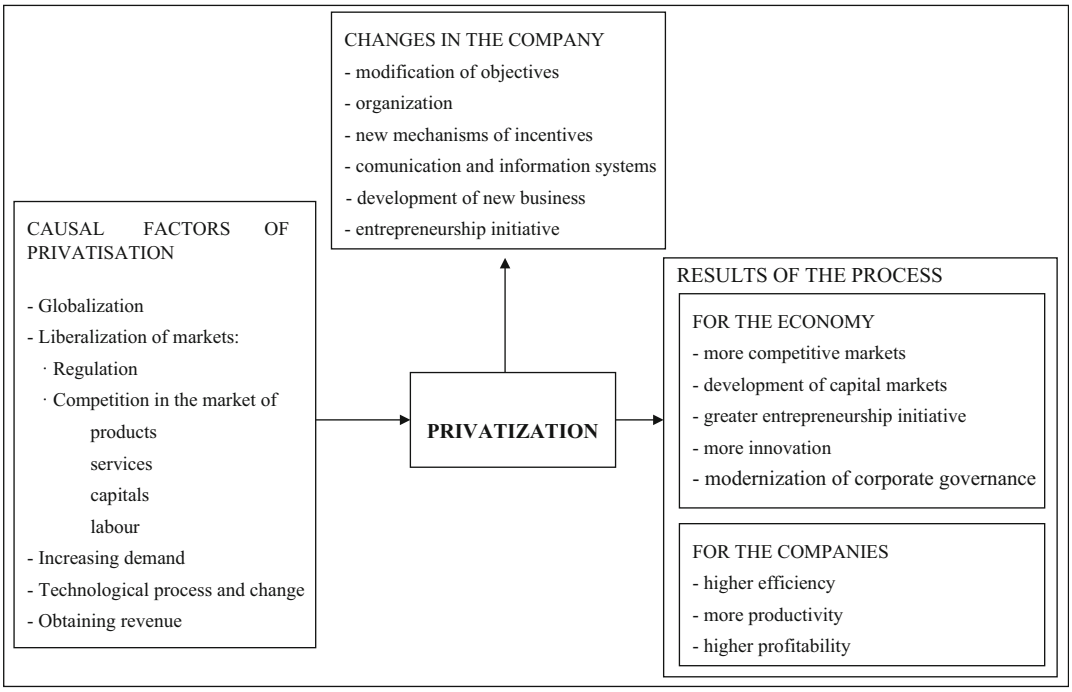


**Privatization in Central Government, Fig. 1** Factors and mechanisms of corporate governance systems. (Source: self-elaborated, based on La Porta et al. (2000))

separation of owners and managers and the expansion of capital markets, derived from the increase of quoted firms, boost the development of corporate governance. Corporate governance has to do with the agency problem: the separation of management and ownership. The fundamental question of corporate governance is how to assure investors that they get a return on their financial investment.

With globalization, institutional investors force companies to comply with the rules of transparency and corporate governance, as institutional investors acquire shares of companies to maintain shares in the long run (Megginson 2005). This author states that creating a satisfactory corporate governance system generally involves changing a nation's corporate and securities laws, strengthening the listing and disclosure requirements for its stock exchanges, enhancing the independence and competence of the national judiciary, and establishing a regulatory regime capable of balancing the competing claims of managers, outside shareholders, and creditors.

Factors of corporate governance can be split into two groups: internal and external mechanisms. Internal governance mechanisms include ownership concentration, board composition, executive compensation, top management replacement, the monitoring of executive decisions, and the protection of outside investors. External governance mechanisms refer to the effectiveness of a market for corporate control that may permit the purchase of the firm when it is underperforming. Both types of mechanisms are influenced by environmental and organizational factors linked to the privatization process.

Finally, other corporate governance mechanisms are the legal system and codes of good governance. The country's legal system must force managers to feel the discipline of the capital market. Markets affording greater shareholder protection are consistently larger and more efficient. Codes of good governance are a set of best practice recommendations about the structure of the boards of directors and act as a substitute for deficiencies in the protection of shareholders in the legal system.

In the privatization context, all these mechanisms are very important, and the government should prevent the newly created shareholders from being expropriated by the managers of privatized companies. Where the law affords weak protection to shareholders, governments are more reluctant to relinquish control of SOEs to avoid opportunist behavior on the part of privatized firms, and privatization efficiency is lower.

The property rights theory states that privatization must replace political managers to create an independent governance system in the companies. Furthermore, privatization to outsiders is associated with higher gains than privatization to insiders. That is, new owners will restructure the company to recover their investment and obtain a higher profitability.

Governments must enhance corporate governance systems to promote transparent markets and a successful privatization process. Investors decide to acquire shares and restructure the company in order to adapt it to the new competitive environment. Weak governance and a limited protection of minority shareholders intensify traditional principal-agent problems. These problems have relationship with issues of managerial discretion and expropriation, which occurs when large owners assume control of the firm and deprive minority owners of the right to appropriate returns on their investments. Post-privatization performance improves when corporate structures are introduced into the companies.

## Results of the Privatization Process

Main conclusions that can be extracted from privatization process are:

1. The privatization process has reduced the role of the SOEs in the economy in order to fulfill economic, political, and financial objectives imposed by the governments.

   The Depression and World War II pushed the government into a more active role in their economies, including the ownership of the production of goods and services. In the second half of the twentieth century, Western European governments debated how deeply involved the national

government should be in regulating the national economy and which industrial sectors should be reserved exclusively for state ownership. They decided that the government should own at least the telecommunications and postal services, electric and gas utilities, and transportation. Many politicians also believed that the state should control strategic manufacturing industries such as steel and defense production. Another reason to boost state ownership was the general resentment toward foreign investors owning the largest firms, so privatization policies provided a preferential treatment to national investors in their early stages.

With the Thatcher government, privatization programs started in the UK, and the change of ownership of British Telecom in 1984 meant the beginning of privatization as an essential economic policy in the country (Martin and Parker 1995). The successful British privatization program persuaded other countries to sell their SOEs. The objectives established by governments through privatization processes define initial conditions of the sale of SOEs. All governments must take three decisions about privatization: how to transfer control of the company, what price to offer, and how to distribute the shares. A government that does not want to interfere with the privatized firms will distribute their sale over time to gain credibility. Firms whose value is highly sensitive to public policy choices will be privatized with smaller share sales to retain their control for long.

The ideology of left-wing governments is more inclined to privatize SOEs to foreign investors than right-wing governments, rather than decrease the sale price in order to carry out redistribution between domestic investors. Left-wing governments adopt strategies for obtaining more revenues. A market-oriented government will significantly decrease the price in the initial offer of privatization to signal to investors that it will not interfere with the privatized firm in the future. Most initial sales have political features such as preferential share allocations to domestic investors and employees.

2. Privatization – an appropriate regulation and the liberalization of the market can lead to efficiency improvements.

The agency theory predicts that change of ownership per se will lead to improvements in the performance of privatized company. This theory analyzes the differences between the performance of private firms and SOEs as a result of the differences in the principal-agent relationship. In the private company, divergences between shareholders and managers are managed through internal and external control mechanisms, but SOEs do not have these mechanisms as they do not operate in a competitive market. In SOEs, the principal's objectives are related to the public interest whereas, in private firms, the principal's objectives are related to maximizing the firm's value. Furthermore, the manager (agent) of an SOE has two principals, voters and government, whereas, in private companies, the principal is the shareholders. Additionally, the public choice theory defends that the State is a self-interested agent that pursues its own interest and, consequently, SOEs have multiple and varied objectives. These theories are confirmed by literature (Boycko et al. 1996) and highlights problems in the SOEs using a model that shows the gap between the objectives of politicians and managers.

Although both theories defend that privatization improves the performance of companies, many studies do not agree with this assertion. There is considerable debate about whether the efficiency and productivity of an SOE depend more on regulation and competition in the market or on ownership (Yarrow 1986; Vickers and Yarrow 1991).

According to Vickers and Yarrow (1991), competition is one of the main components of improvements in the performance of privatized companies. Liberalization, more than privatization, forces public companies to be more efficient. Empirical studies like Megginson et al. (1994) assert that there are significant differences between the performance of companies that operate in competitive and non-competitive markets. In these studies, it can

be observed that all companies improve their performance after being privatized; but if the market is competitive, the benefit will be higher.

Currently, the regulatory decisions have been designed to introduce rules that do not interfere in the running of competitive markets, and regulatory powers are more widely distributed at the national, regional, and international levels.

3. Privatization processes have contributed to the development of capital markets

One of the objectives of privatization has been to promote the so-called popular capitalism, that is, the democratization of capital markets through the participation of citizens in privatization processes. Privatizations by initial public offering (IPO) have developed primitive capital markets, and the sale of shares of SOEs tends to be underpriced to attract the participation of investors. Companies privatized by IPO generally obtain higher market capitalization and values in the capital markets.

Quoted companies generate an economic benefit from the increase in efficiency and liquidity that they provoke in the capital markets. The efficiency of capital markets promotes economic growth and allows the financing of investment opportunities of companies, not only in capital markets, but also in bond markets. So, the privatization of SOEs promotes the development of fixed income markets.

In privatization processes by IPO, investors purchase shares and resell them to earn significant positive returns. One reason is that IPOs may be significantly underpriced. In the long run, important gains are generated, which indicates that the market underestimates the total efficiency gains due to privatization. Parker (1997) analyzes the privatized sector in the UK and asserts that gains for investors are due to the high profits of privatized companies and the low level of competition in the first years after privatization, which lead to high returns to investors. Investors have gained experience about important variables such as the cost of capital, asset values, and depreciation rates of regulated firms, so they can evaluate the real price and the market price and avoid underpricing.

4. The privatization process modernizes a nation's corporate governance system.

The change of ownership aims to increase corporate efficiency and transform corporate governance by introducing incentives systems in companies and creating arrangements that are conducive to effective governance.

The adoption of privatization programs strengthens a nation's governance systems and leads to significant improvements in the market regulation and financial systems. So privatization programs have forced governments to improve effective governance systems so that the change of ownership of SOEs is perceived as economic and political success. This is more complex than the simple fact of selling SOEs because it implies that many rules and institutions have to change simultaneously. Concern about the security issues of capital markets has risen with the privatization process, and the law has tried to strengthen the defense of minority shareholders. Another consequence of a successful privatization process is the change of the legal system in order to protect investors.

In recent years, governments have boosted privatization by public offer and have established a regulation to increase the confidence of potential investors and guarantee that the capital markets are appropriate for investing in these companies. This has led capital markets to be more liquid and transparent.

From these results, it can be observed that the privatization process has meant rapid changes in utilities and infrastructure companies. Global competition between multinational firms has replaced domestic and monopolistic markets by others that are more segmented and competitive. In spite of these gains derived from privatization, the relationship between these benefits and the change of ownership is not clear. The results of privatization take several years more than expected to appear. Privatized industries have grown and become more profitable, but the causality

relationship runs from the growth and profitability to the privatization, not in the opposite direction. The benefits of privatization coincide with increasing dissatisfaction among and opposition from citizens. Macroeconomic and distributional gains are not equivalent to microeconomic gains, and in several cases the privatization process has not been transparent. Figure 2 shows factors that boost the privatization process and its main results. However, it is also necessary to consider that key elements such as regulation, competition, restructuring of privatized companies, and changes in corporate governance systems influence post-privatization performance.

## Conclusions

The above theories and perspectives on privatization offer positive features, but they also carry serious problems of their own. For example, change of ownership is not enough to improve efficiency in privatized companies, which indicates that compliance with fiscal rules and the development of the capital markets may be the real reasons why the governments implemented the privatization process.

Capital markets discipline privatized companies because of the threat of takeover – when the company is not efficient enough – and the risk of bankruptcy. This is a consequence of the lack of financial support from the government, which no longer subsidizes privatized companies nor takes responsibility for their debts. Literature corroborates this idea and shows that companies privatized through public offers obtain a better performance in the short run than companies privatized through private sale or voucher privatization. SOE managers have freedom to take decisions, and they are only accountable to politicians. However, the change of ownership means that managers have to justify their actions to new private shareholders and are exposed to the risk of being replaced by more efficient managers. If the corporate governance system of a country is weak, investors' rights are not protected, and there is no confidence in the financial system. This can explain why insiders, old employees and directors, rather than outsiders have acquired the control of the privatized companies. The lack of outsider control means that privatized companies' performance does not improve with privatization.

Privatized companies have introduced management techniques and have carried out internal restructurings, modifying their objectives and



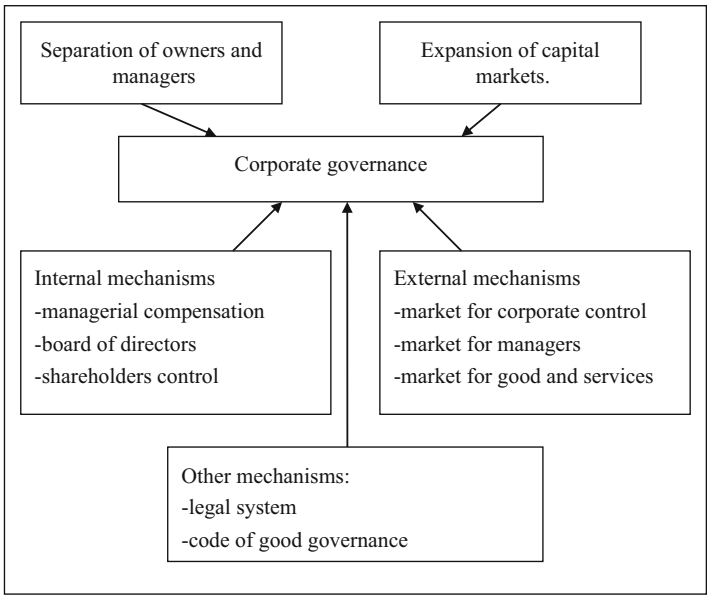


**Privatization in Central Government,**
**Fig. 2** Casual factors and results of privatization processes. (Source: Self-elaborated)

strategies. Restructurings allow them to give a better economic image, and, consequently, governments can obtain higher revenues and reduce the public deficit with the share sales. Moreover, more investors are attracted to the capital markets, which promote the so-called popular capitalism. The internal changes require a learning process and a period of adjustment because companies do not receive financial support from governments and they need several years to adapt to the new competitive environment.

The conclusions presented here allow to assert that the results of privatization have not always been those expected because the companies have not improved their efficiency with the change of ownership. This indicates that governments have followed other aims, such as modernization of the corporate governance system or the development of the capital markets. Privatization is a necessary response to globalization and the liberalization of markets but not an independent trend.

## Cross-References

► Economic Liberalization and Governance
► Privatization and Public Management
► Privatization in Local Governments

## References

Boycko M, Shleifer A, Vishny RW (1996) A theory of privatisation. Econ J 106(March):309–319
Brusca I, Caperchione E, Cohen S, Rossi F (2015) Public sector accounting and auditing in Europe: the challenge of harmonization. Palgrave Macmillan, Houndmills
La Porta R, López-de-silanes F, Shleifer A, Vishny RW (2000) Investor protection and corporate governance. J Financ Econ 58:3–28
Martin S, Parker D (1995) Privatization and economic performance throughout the UK business cycle. Manag Decis Econ 16(3):225–237
Megginson WL (2005) The financial economics of privatization. Oxford University Press, New York
Megginson WL, Nash RC, Van Randenbourgh M (1994) The financial and operating performance of newly privatised firms: an international empirical analysis. J Financ XLIX(2):403–452
Parker D (1997) Price cap regulation, profitability and returns to investors in the UK regulated industries. Util Policy 6(4):303–115
Vickers J, Yarrow G (1991) Economic perspectives on privatization. J Econ Perspect 5(2):111–132
Yarrow G (1986) Privatization in theory and practice. Econ Policy 2:324–364

# Privatization in Local Governments

Francisco Bastida
University of Murcia/American University of Armenia, Murcia, Spain
Facultad de Economía y Empresa, Murcia, Spain

## Synonyms

Denationalization

## Definition

The process by which a company or organization is transferred from the local government to the private sector (private company) so that the latter will hold ownership and control thereafter.

## Introduction

The term "privatization" sometimes is ambiguous. There are several ways in which the private sector manages municipal services: concessions, delegated management contracts, leasing, or other forms of public–private partnership. However, these management agreements are normally not considered as privatization. The term privatization refers to a transfer of assets to the private sector rather than just a transfer of activities. This distinction is necessary because an increasing share of privatizations takes place in public utilities and infrastructure, sectors which also have a high proportion of public–private partnerships that in some aspects may be close substitutes to asset sell-offs (OECD 2009). Figure 1 shows the continuum that exists between the two opposite ways to provide a public service, i.e., from in-house

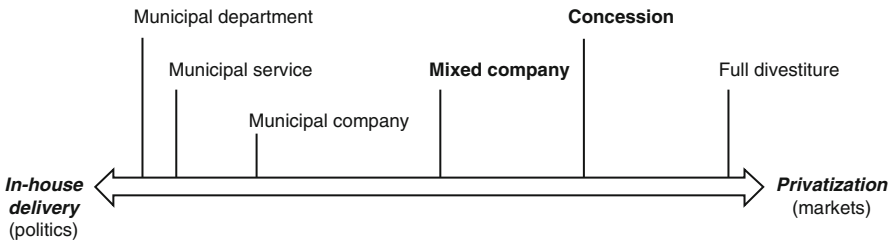


**Privatization in Local Governments, Fig. 1** From in-house delivery of municipal public services to privatization. (Source: Cruz et al. (2013))

(100% government provision) to a privatized way (private company delivery).

We can set the early nineteenth century as the moment when public services in general started to be provided by local governments. These basic services formed the incipient local welfare state. Since this time, the scope of municipal public services has spread at different paces in all developed countries. However, at the end of the twentieth century, a neoliberal policy named the "new public management" (NPM) theory proposed a market liberalization policy, which included the privatization of municipal services. This theory predicted significant improvements stemming from privatization: greater efficiency and quality of remaining government activities, lower taxes, and smaller government size. In the services that are privatized, the profit-seeking approach of private companies will lead to cost cutting and greater customer satisfaction.

In addition to this privatization process, there has been a contradictory trend in recent years in Europe, since increasing public services have been devoted to local governments, while at the same time budget restrictions have significantly limited local governments' ability to provide services. In an attempt to reduce the political impact, municipal incumbents have considered privatization, as opposed to direct public provision, as a way to provide services without increasing service-connected taxes, thus reducing the service-specific deficit.

Apart from NPM and fiscal stress, other factors led to privatization of local government services in Europe. First, the emergence of populist political movements that were critiques of bureaucracy and waste in government. Second, the growth of public choice ideas in academia that gradually affected the think tanks and then the views of politicians, particularly conservative politicians. Third, the wave of private sector reforms in the 1980s that led to structural change in many large financial corporations. These changes were exported to the public sector by consultants that had both private and sector practices (John 2001).

Supporters of privatization claim that private market companies can more efficiently deliver many goods or service than government due to free market competition. They argue that this will lead to lower prices, improved quality, a decrease in excessive regulation, and less corruption. Most authors think that not everything should be privatized, due to shortcomings such as market failures and natural monopolies. However, if we move to the extreme line of thought, some think that everything should be privatized, including the local government itself.

## Factors that Influence the Decision to Privatize Local Government Services

Some studies claim that conservative local governments privatize more due to ideological underpinnings. Conservative local governments prefer small governments and believe in the higher efficiency of market competition, while progressive local governments are reluctant to let the private sector provide public services. Conservative politicians that privatize public services may gain political support from local companies located in the municipality. According to this, conservative local governments may get electoral support from privatization, while progressive local

governments may face disappointment from their voters. Privatization is thought to provide cost savings to taxpayers. However, these cost savings depend on many factors, and sometimes it is difficult to create and benefit from competition among service providers (Sundell and Lapuente 2012). Sometimes, privatization of local government services is hampered because European local governments are afraid of losing political support of public employee unions. Actually, some surveys claim that a high degree of unionization of public employees makes privatization more difficult. Coalition governments are also thought to be preventing local governments from privatizing, due to the necessary agreement among parties with different ideologies. The greater the number of coalition members, the higher the probability that at least one party will veto the privatization. Therefore, conservative, majority local governments are the most likely to adopt privatization policies (Sundell and Lapuente 2012). We must keep in mind that the local government will still be held responsible for the cost and quality of the service that has been privatized.

## Advantages of Privatization in Local Governments

These are the advantages claimed to support the privatization of local government services:

- Municipally owned companies tend to suffer from political interference or populist factors. For example, obliging the municipally owned company to purchase supplies from local manufacturers (even when they are more expensive than buying from other suppliers), forcing an industry to freeze its prices/fares to satisfy the electorate or control inflation, or increasing its staffing to reduce unemployment. Privatization is thought to prevent all these negative factors.
- Quality of privatized services is ensured because service provision is periodically reviewed to verify the level of quality.
- By privatizing a municipal nonprofitable company, the local government eliminates the need to provide tax-funded resources to cover losses.
- Contracts are competitively bid to maximize taxpayers' savings.
- Private, for-profit services should not have lower quality than publicly provided services.
- Privatized services benefit from technological innovations developed by the private sector. Private companies may invest retained earnings on research.
- Economies of scale. Small local governments face high unit costs if they operate their own services, because they cannot achieve economies of scale. These municipalities may benefit from privatizing services to companies that work with several municipalities and thus get economies of scale.
- Continuous performance controls and accountability are implemented by the local government.
- Lower capital investment required from the local government. Private companies may use retained earnings to purchase new capital equipment that lowers unit production costs.
- Flexibility in service provision by private sector. Private companies have more flexibility than governments to use part-timers to meet peak periods of activity, to fire unsatisfactory workers, and to allocate workers across a variety of tasks.
- Lower cost for hiring civil servants.
- The local government frees human resources that can be devoted to key areas that need additional staff.
- Savings can be invested in other key municipal areas.
- In cities with growing population, it can be difficult for local governments to meet the increasing demand for public services. Through privatization, companies may respond fast to this increasing demand.
- Should natural monopolies exist, local governments should apply antitrust legislation and/or create institutions to deal with anticompetitive behavior of companies delivering privatized services.

## Disadvantages of Privatization in Local Governments

These are the disadvantages raised by those who are against the privatization of local government services:

- Job loss for government employees. Sometimes, when privatizing a service, the contract obliges the company that wins the bidding to hire the public employees who were providing the service previously. Besides, local governments sometimes reallocate public employees to other government departments or negotiate with them early retirement incentives.
- Problems in the bidding process. Potential suppliers may initially offer a pretty low price to the government, less than actual production costs, to get the privatized service. Subsequently, the company would request a higher price after the government has dismantled its own production system. Such "lowballing" may be reduced if the local government requires long-term contracts or if it sets contracts that allow the local government to grant the privatized service to another company should this "lowballing" occurs.
- Privatization of key local government services makes them lose control over essential public services.
- Cost of managing contracts including quality check and audit of performance. Local governments need to take several important precautions before privatization, in order to avoid legal liability. These precautions include detailed performance specifications for service providers, guidelines for the evaluation of competitive bids, and labor relations precautions. Some ways to monitor the privatized service are continuous cost comparisons, performance appraisals, complaint sheets from customers, citizen satisfaction surveys, periodic reports from contractors, and field observations.
- Potential for favoritism or bias in contract decisions, incentives for corruption. Benefits of cost savings because several companies compete to get the contract sometimes are damped down when it is difficult to create competitive bidding.
- Sometimes it is complicated to perfectly specify which activities privatization will include.
- Clear definition of the problems privatization is expected to solve may be difficult.
- Setting the parameters and indicators that will rule the privatization contract.
- Privatization decision may have overestimated the benefits of privatization and underestimated its costs.
- Real competition must be encouraged. Competitive environment is claimed as one of the factors to support privatization. Private companies have a strong incentive to operate efficiently, while this incentive is missing under public ownership. If private firms consume more inputs to provide the same output, competition will lead to lower margins, lost customers, and decreased profits. However, this effect of competition does not occur in the public sector. Therefore privatization produces the public benefits of lower costs and high quality only if a competitive environment exists, and accordingly, privatization cannot be expected to produce these same benefits in the absence of competition. Considering this fact, municipal governments must make sure that the bidding process follows ethical standards.
- In many instances, privatization has triggered corruption, especially in municipalities from developing countries.
- Privatizing a municipal nonprofitable company may oblige the company to raise prices in order to become profitable.

## Experiences of Privatization in Local Governments

British local governments are, within Europe, those who have applied NPM, and thus, privatization, to the highest extent. In fact, the UK has been exceptional in this privatization process, triggered by the conservative governments during the 1980s and 1990s, the weakness of the state in the UK, and the influence of ideas from the USA.

One great organizational change was the "compulsory competitive tendering" legislation, which obliged local governments to have local services delivered through competitive tendering. The idea was to split the provision of public services in two parts: purchasing function exercised by the local government and the provider function, made by private sector companies. Although this legislation has been already repealed, it changed the way local governments provided services in the UK (John 2001).

In the Netherlands, starting from the 1980s, ideas such as businesslike efficiency, privatization, and corporate-style government were introduced in the municipal sector. Dutch municipalities adopted business practices and implemented privatization. There were some clear examples of privatization, such as the municipality of Tilburg (John 2001). This city sought to become more transparent and more efficient and decided to set up a holding with a concern staff and a number of independently operating subsidiaries (public services). Several services, such as gas, electricity, and the slaughterhouse, were privatized. This process led to the "Tilburg model" that was mimicked by other municipalities in several countries. The main points of this model are:

- Focusing on outputs rather than on inputs: quality-oriented and citizen-friendly management
- Integral cost accountability
- Open and transparent processes
- Decentralization of authority

German local authorities reacted more slowly to NPM ideas. In the 1980s there was resistance to the privatization ideas, which German local governments associated with conservative trends from the USA and the UK. These ideas appeared to undermine the rule of law principle that governs German municipal sector, which means that municipal services are completely regulated by law. Reforms leading to privatization started in the 1990s, changing the German municipal bureaucracy, partly affected by reunification and fiscal stress. Some cities such as Cologne and Hanover introduced new policies first. After these first years of early adoption of privatization, German local governments started to foster the privatization process, for example, the municipal water service, telecommunications, and waste management. An interesting case is the city of Potsdam, which privatized its water supply and sewage disposal services through a globally operating investor. Just 2 years later, Potsdam re-municipalized these services that had been privatized. Actually, in Germany there has been a growing number of binding local referenda in which privatization of municipal services has been rejected by the local citizens.

Similarly, in Switzerland, municipalities, such as Bern, have introduced NPM philosophy. A number of other cities, such as Lucerne, Zurich, and Winterthur, have adopted a similar set of reforms (John 2001).

Nordic countries have been reluctant to full privatization. Sweden, Norway, Denmark, and Finland took NPM ideas slowly. As far as corruption is concerned, we said above that corruption sometimes is connected to privatization. However, we must point out that privatizations in the Nordic countries have not led to greater corruption, since these countries rank in the first positions in all the lists of comparative international corruption.

Swedish municipalities adopted a business model in a way to reform their bureaucracies. Local governments introduced management by objectives and UK-inspired purchaser–provider process. In many cities, such as Stockholm, the privatization process was driven by financial stress, since the local government sought budget savings. In Sweden, to ensure that privatized services are efficient, courts can prevent local governments from making decisions that may jeopardize competition, unless they are justified by public interest.

In the 1970s, many Norwegian municipalities adapted to the philosophy of corporate management. However, privatization has not been adopted to a high extent. In Denmark there have been some reforms aimed at rationalizing bureaucracy, under the influence of conservative governments of the 1980s, which sought to simplify

regulation and introduce market style on public services. Besides, there was a transforming trend to privatize public organizations into private sector companies. However, Danish local authorities have not implemented NPM reforms that much. There have been some initiatives at the local level, and local authorities have focused on total quality management, decentralization, and enhancing the influence of users on public service provision (John 2001).

Finland has reformed its municipal sector to promote results-orientated management and the use of market mechanisms (privatization). Simultaneously, the central government does not monitor local governments because of the constitutional principle of local self-government. Some municipalities have developed standards of service quality (John 2001). As regards municipal production in Finland, municipal reforms in progress are increasingly exploiting markets and competition, as a way to provide welfare services more efficiently.

In France, the local sector has not applied privatization as extensively as in the UK. However, there have been reforms in the provision of local government services, such as water. Due to decentralization reforms and the lower involvement of the central government in municipal issues, local governments sought partners in the private sector. During the 1980s and 1990s, there was a continuous privatization of local government services. Private sector ideas and practices (NPM) have influenced the public sector. France's powerful system of public law principles is against the NPM assumptions of efficiency and flexibility (John 2001).

Like France, Spain has a tradition of private sector provision by companies founded in the late part of the nineteenth century. Since 1975, when the transition to democracy started, Spain privatized many local services, such as water, public transport, waste collection, and street cleaning. Such reforms have also taken place in Portugal, where municipalities have privatized their water supply and waste management services. As in France, NPM reforms in Spain have been rejected by the traditional municipal bureaucracy, the strong legal regulations of municipal services, and the principle of "rule of law." These thorough regulations reduce local governments' flexibility to implement NPM reforms such as privatization. Accordingly, Spain is one of the European countries where privatization of local government services has been more limited (John 2001). However, some municipal services such as water provision, garbage collection, and street cleaning are widely privatized in Spain. In fact, the lack of economic sustainability has always been an important issue for the particular case of waste services in Spain. In an attempt to reduce the political repercussions, local decision-makers might view new governance models (such as privatization) as a chance to raise tariffs without much public opposition. Indeed, referring to the Spanish waste sector, Bel and Miralles (2010) find that "policy makers may have used privatization as a means of reducing the political cost of increasing service-specific taxes, thus reducing the service-specific deficit."

Italy's local government privatization differs from France and Spain, since there is less experience of municipal services privately provided. Many functions were provided in-house, such as cultural and social services; others, such as water, refuse collection, and disposal and transport, were provided by semiprivate entities' communal agencies. Moreover, the move to more flexible forms of service delivery has been much slower than local governments of other countries. Italian political parties had no ideological commitment to privatization. Since that time, the growth of the importance of business people in Italian politics has meant more public commitment to business practices. Strong mayors have pursued privatization policies. In Trieste, for example, privatization has been advanced with the selling off of land and contracting out of municipal services (John 2001). For example, Rome is working toward the privatization of the municipal waste company, but there is opposition from the citizens.

## Re-municipalization of Municipal Services

There are empirical indications that in recent years, a comeback of public/municipal sector-

based provision of public services has been gaining momentum and that a pendulum swing toward a "re-municipalization" is under way (Wollmann and Marcou 2010). The reasons for re-municipalization are diverse, but they stem mainly from the failures of water privatization. If a government-owned company providing an essential service (such as the water supply) to all citizens is privatized, its new owner(s) could lead to the abandoning of the social obligation to those who are less able to pay or to regions where this service is unprofitable. Even the World Bank has called for a "rethink" of privatization policies, with the argument of the negative impact of a profit-driven service delivery model on workers, low-income households, and the environment. Some municipalities have experienced the effects of privatization, making this level of government a key player in public–private debates. Many municipalities are frustrated with the broken promises, service cutoffs to the poor, the lack of integrated planning, and pressures from international institutions forcing them to contract out to private firms. As a result, many municipalities have begun to push back. This trend is making practitioners and policy makers question the neoliberal ideology of market-based service delivery (McDonald et al. 2012).

A striking fact about the re-municipalization of Paris waters is that it has been a highly political move undertaken with little public pressure or participation. Instead, there were numerous and detailed audits proving the potential for financial savings, more than arguments about managing water as a "public good." The transition was difficult, particularly on the financial management side and in terms of personnel. But despite these challenges, the return to in-house delivery provided impressive financial outcomes. Overall, the preliminary assessment is encouraging, with Paris' water systems moving from opaque, fragmented, and short-term management to a more integrated, transparent, longer-term, and progressive approach. A similar process occurred in some other European cities such as Grenoble (France). Italian citizens recently voted in a referendum against privatization of municipal public provision of water service.

Since the early 2000s, public enterprise in Cologne (Germany) has undergone a major transformation. This has seen the creation of the country's largest municipal service consortium and the return into public hands of key public services like waste management.

The local government of Barcelona (Spain), currently ruled by a progressive party, is now trying to re-municipalize the water service. This service is now provided by a private company, and the municipality is paving the way so that the service is again provided in-house. This is not the only service the municipality wants to retake, and experts announce great budget costs of this re-municipalization process, since huge compensations will have to be paid to the private companies that are currently providing the municipal services.

In other services, such as electricity, re-municipalization occurs mainly in Germany. Reasons for this trend are low quality of service, high costs, end of contracts, and higher control by the municipality. In municipal public transportation, British and French local governments are leading the process of re-municipalization. Regarding urban waste management, Germany and France are mainly retaking its provision in-house. The re-municipalization of street cleaning is taking place mostly in the UK and Germany.

## Conclusion

The diversity of experiences at the local level in Europe, in terms of privatization, is extensive. The privatization took place mainly in the UK and the Netherlands. In the remaining European local governments, the changes have been slower. This aspect of governance appears to be an Anglo-Saxon idea, with only the Netherlands trying to imitate this philosophy. Municipal privatization has attracted local governments with fiscal stress by the promise of cost savings and higher, private-financed, investment. In the southern European local governments, the strong central state is hidebound by legal rules, procedures, and professional corps. Local bureaucrats and

politicians are less focused on the quality of services and are less likely to find reforms attractive. The evidence suggests that NPM reforms found their natural expression in some northern countries, but did not transfer to the classic southern countries. The attraction of municipal privatization is Western Europe-wide and cannot be restricted to the north. Rather than a strict north–south divide, a variegated pattern has emerged. The adoption of these ideas is particular to contexts. Ideas cross nations and between levels of government. Reformers adapt them to fit in with their own systems of government. Ideas may also engage with older practices. In Scandinavia many of the management reforms followed on from the previous experiments with private sector ideas in the corporate management revolution (John 2001).

As an attempt to summarize, we can point out these three keys on the privatization of local government services (Goodman and Lovemen 1990):

1. Neither public nor private managers will always act in the best interests of their shareholders (agency problem). Privatization will be effective only if private managers have incentives to act in the public interest, which includes, but is not limited to, efficiency.
2. Profits and the public interest are best intertwined when the privatized service is provided in a competitive market. It takes competition from other companies to enhance managers' behavior.
3. When these conditions are not met, continued governmental involvement will likely be necessary. The simple transfer of ownership from public to private hands will not necessarily reduce the cost or enhance the quality of services.

Liberalization and privatization of public services have largely negative effects on employment and working conditions and varied effects on productivity and service quality. Positive effects and better performance as compared to other countries were mostly the result of superior regulation rather than of competition or private corporate initiative. Privatization has also led to inequality among consumers depending on their consumer power or the place where they live. Hence the nature of service provision should not be left to the "free" role of market forces, but ensured by strong, comprehensive, and accountable regulation that makes sure that all important quality aspects are met and that the universal character of public service provision is retained (Hermann and Flecker 2013).

## Cross-References

► Accountability and Ethics
► Performance Management

## References

Bel G, Miralles A (2010) Choosing between service fees and budget funding to pay for local services: empirical evidence from Spain. Environ Plann C Gov Policy 28(1):54–71

da Cruz NF, Simões P, Marques RC (2013) The hurdles of local governments with PPP contracts in the waste sector. Environ Plann C Gov Policy 31(2): 292–307

Goodman JB, Lovemen GW (1990) Does privatization serve the public interest? Harv Bus Rev 69(6):26–28

Hermann C, Flecker J (2013) Privatization of public services: impacts for employment, working conditions, and service quality in Europe. Routledge, New York

John P (2001) Local governance in Western Europe. SAGE, London

McDonald DA, Hoedeman O, Kishimoto S (2012) Chapter 1. In: Pigeon M (ed) Remunicipalisation: putting water back into public hands. Transnational Institute, Amsterdam

Organization for Economic Co-operation and Development-OECD (2009) Privatization in the 21st century: recent experiences of OECD countries. Report on Good Practices

Sundell A, Lapuente V (2012) Adam Smith or Machiavelli? Political incentives for contracting out local public services. Public Choice 153(3–4):469–485

Wollmann H, Marcou G (2010) From public sector-based to privatized service provision. Is the pendulum swinging back? In: Wollmann H, Marcou G (eds) The provision of public services in Europe: between state, local government and market. Edward Elgar, Cheltenham, pp 168–182

# Privatization of Education in Australia

Robert Lewis
University College, University of Tasmania|, Newnham, Australia

## Synonyms

Australian education; Education; Government failure; Privatization; Rent-seeking; VET fee-help; Vocational training

## Introduction

The Australian educational system consists of the three major "pillars." The first, the schools sector in which senior secondary educational certificates are issued upon the completion of year 12. The second, the Vocational, Educational, and Training (VET) sectors aimed at providing students with the skills to become "job ready." Credentials for students graduating from the VET sector can range from certificates, through to diplomas and advanced diplomas. The final pillar is the Higher Education Sector or universities, which awards diplomas, degrees, and advanced degrees.

This entry details the period from 2009–2015 when the Australian Government deregulated the Vocational Education and Training (VET) sector and by doing so, it is argued, enabled opportunistic and unscrupulous providers to take advantage of the large financial sums available by using aggressive and inappropriate marketing techniques. In 2008, the Rudd Government introduced the VET Loan scheme enabling students to apply for a government loan to pay for a VET course. The Australian Government simultaneously allowed private operators to enter the field in competition to public entities (such as TAFE) by deregulating the industry. The Australian government opened up the VET sector to competition in deregulating the sector or more particularly, "contestability" whereby the government's intention is to introduce private competitors to challenge the public provider to be more "nimble" and achieve greater customer service and efficiencies (Rea 2015). Sahlgren (2014) argues that while there may be benefits to privatization, for it to function well there must be well-designed system incentives to counter the more opportunistic of providers, or as Krueger (1974) calls them, rent-seekers. Businesses who look to rent seek are in effect distorting the market leading to a divergence between the private economics and the social good of the service.

## The VET Sector Design and Implementation

VET has a long history starting with the Technical and Further Education (or TAFE) as the government-funded provider of post-secondary vocational education. Since Federation, TAFE and its previous iterations have been the sole provider for all educational and training purposes, except for employers who might provide their own nongovernmental funded training courses to employees. Since the mid-1990s, various Australian governmental policies have seen a move from TAFE to the VET system. Designed in response to cost pressures from TAFE, the VET sector is now seen as encompassing both the public TAFE and the private and community education and training arena (usually private educational providers), and TAFE is now considered as one part of the VET system, albeit a major part. In 2008, the State Victorian Brumby Labor government announced the introduction of the Victorian Training Guarantee. Under this Guarantee, eligible students were able to choose to study with any VET provider, in direct competition to TAFE. Other Australian states followed a similar policy, which saw private providers issuing credentials that were previously the domain of TAFE. Up until the late 2000s, the students of private providers would pay the private organization for its services, and costs were kept under control through the normal supply and demand equation, that is, if services were too expensive students would seek a lower cost provider, such as TAFE. This equation all changed in 2008 when the

Australian Federal Government introduced the VET FEE-HELP Scheme as part of the Commonwealth's Higher Education Loan Program (HELP). Since 1989, the Higher Education Sector had the Higher Education Contribution Scheme (HECS), introduced by the Education Minister John Dawkins as part of the Labor Government reforms to the university sector at that time. All students enrolled in a university place were required to make a part contribution payment to the cost of their education, in the form of a Commonwealth backed loan (HECS). Students with a HECS debt would pay it back in fixed percentage amounts once individual incomes reached a predetermined amount; the current repayment threshold for 2017 is A$54, 869.

The VET FEE-HELP duplicated, to some extent, the HECS system with one important distinction that the government does not set prices for VET courses – service providers (or Registered Training Organisations – RTOs) can charge whatever the market will bear. The student therefore will be required to pay for the full cost of the course through a VET HELP loan from the commonwealth that led to students becoming liable for large financial commitments.

## The VET Sector: Analysis of the Financial Implications

Since the introduction of VET FEE-HELP in 2009, loans have exponentially increased each year and stand (as reported by the Department of Education and Training) at $2,925 M at end of year 2015. Relaxed standards as to who could become RTOs under the legislation may have contributed to this increase. Prior to 2012, all courses offered needed to be able to articulate into the Higher Education Scheme through transfer of credits and therefore universities have to recognize the course as having sufficient merit and quality to be acceptable for credit or a pathway up to university. This naturally set the bar high on the courses and the quality of service provider. Under the conservative Abbott government, this requirement was removed and the standards for entry for registration as a training provider greatly lowered. Reduced barriers to entry led to a 570% increase in RTOs between 2009 and 2015 as they entered the market and started competing for students. Rather than a demand-driven market from the students, it became a demand-driven market created by the RTOs, which saw the number of students accessing VET FEE-HELP (VFH) increase from 5,262 in 2009 to 272, 026 in 2015. Indeed, the commitment per student to VFH loans also increased, from an average loan per student of $4, 861 in 2009 to $15, 114 in 2015. Increased student numbers, increasing student debt, and increasing RTOs offering training courses led to high financial commitment from the Commonwealth as these financial benefits accrued to the RTOs. The total commitments from the Commonwealth to the educational providers increased from $25.6 m in 2009 to $2.9 billion in 2015.

Introducing the VET FEE-HELP scheme to private providers and allowing them access to government funding has led to a demand-driven increase in educational services from the perspective of the private operator using increasingly aggressive marketing tactics to attract students. Due to the large financial returns on offer, the market became attractive to the more opportunistic organizations not particularly concerned with student educational outcomes and more concerned with the business bottom line. This led to some dubious marketing practices and business behavior, primarily due to the remuneration structure of the sales staff of the VET providers. The training colleges hire "brokers" as an intermediary between the colleges and the salespeople (whose sole function is to market the courses and provide the salespeople to sign clients to the course). RTO providers pay brokers reported sums of up to $5000 per student who in turn pay the salespeople up to $1000 for each student signed (Bachelard et al. 2015). Brokers paid on commission have no real incentive to accurately represent the courses or provide advice about which courses would suit or not suit a client or even be concerned if a student has the ability to complete a course. In a government inquiry into the VET scheme, Speech Pathology Australia cited one provider who was advertising a Certificate IV in an allied health

course implying that it is a "speech pathology" course without making any reference that in no way would the student be able to practice as a "speech pathologist" on completing the course (Committee 2015).

## Rent-Seeking Behavior and Marketing Practices

The marketing techniques of VET colleges to attract and retain students has been concerning. There is evidence of high-pressure sales and marketing techniques of VET colleges in order to attract and retain students. Examples include targeting disadvantaged clients, making untrue promises of "free" equipment and other financial inducements, making false and misleading representations that the course is "free" and that employment opportunities are abundant. Sales people specifically target those living in public housing and non-English speakers. They would set up stalls outside welfare offices in order to approach recipients looking for educational opportunities, target vulnerable migrants and the elderly. Prospective students who were elderly were encouraged to look at the loan as one they would never have to pay back as it would be highly unlikely pensioners would be earning above the required amount to have to pay it back in the coming years. Potential students would be offered a free computer/iPad and cash incentives, having little understanding that they were agreeing to pay back a loan in order to fund the course. Examples abound of salespeople signing clients up to inappropriate courses; The Redfern Legal Centre (in the Government inquiry) cited the example of a client who wanted to do hairdressing but was instead enrolled into a course on how to manage a hairdressing salon (Committee 2015, p. 38). Further evidence cited details how "Inclusion Australia" an advocacy group for people with disabilities reported that RTO salespeople were outside their premises approaching clients as they tried to enter the disability service.

Quality control issues also became apparent – highlighted by the lack of pedagogy taking place and the short amount of time allocated for the course. For example, one college was reported to be offering an advanced diploma in only 2 weeks whereas such a qualification from TAFE (with the volume of teaching and learning required) should be about 2 years. In addition, courses were excessively expensive, for example, a Double Diploma of Business and Management from one provider was costed at $23,250, whereas a similar course from TAFE was only $6,800.

The Australian Chamber of Commerce and Industry has also identified that providers are basing their course offerings on gaining access to government funding and ignoring the needs of students in regards to training for employment. For example, there is an abundance of business courses as they attract significant government funding, while other courses (such as carpentry or plumbing) are not offered due to the low profitability of those deliveries. The Australian Council of Trade Unions has identified courses in hypnotherapy, aromatherapy, and Christian proselytizing as courses that have been given priority due to government funding and cost-effectiveness of delivery (ACTU submission 38, Committee 2015).

A key concern in regards to quality is that graduates are coming out of these courses with insufficient knowledge to be able to be job ready. Evidence was provided in the government inquiry from former tutors that students were continually tested and retested until they passed. Pressure was put on tutors to pass a student even though they did not meet the requisites for a pass grade, or to ignore clearly plagiarized work and mark it as if it was the student's own work. Public safety issues also present itself if students are not adequately prepared for a job, for example, a tradesman unable to erect scaffolding or being unable to operate equipment. Ms. Sue Bond Head of the Guild Pharmacy Academy was asked in the inquiry about her concerns about the level of training and cited a pharmacist who had rang her about a pharmacy assistant who has a certificate III but did not know what an analgesic was. The Australian Skills Quality Authority (ASQA) who hold dual responsibility for vetting qualified applicants to deliver a VET course regulates all RTOs, since 2011, and the accreditation of said

courses delivered. However, a department of Industry report from 2014 found that a significant portion of RTO providers (40%) did not have formal pedagogic qualifications. Usually educators held a Certificate IV in Training and Assessment (the qualification needed to teach at the VET level). Additionally, it was found that there are poor enforcement activities by the regulators against RTOs who were seen to be breaching the regulations; PriceWaterhouseCoopers found that approximately 79% of RTOs were not compliant with the regulations – however they contributed this to misunderstanding of the regulations rather than malice.

## Government Response

It became obvious to the service providers in the system that large financial rewards were possible through capturing part of the market. Intense competition for the growing student demand saw unscrupulous operators enter the market to access the large financial benefits that would flow and promote their services to what may be described as unsophisticated and uninformed consumers. The large increase in providers, from 39 providers in 2009 to 261 in 2015, had come about due to the market dynamics making the system attractive to entrepreneurs. This increase has seen intense competition for students evidenced in consumers targeted in aggressive marketing campaigns as mentioned previously.

Aggressive marketing techniques led the Australian government to ban, from the 1st April 2015, all private providers from offering any financial inducements to sign up such as free laptops or cash and to stop some of the more aggressive marketing techniques like going to nursing homes, or purporting that the courses are "free" or "government-funded." The Assistant Minister for Education and Training, Simon Birmingham, released a statement with further measures to stop unscrupulous marketing such as stopping the more insidious marketing practices, stopping the practice of using "brokers" to sign students, and making it easier for students to cancel debt if they have been signed up in an inappropriate manner (Birmingham 2015). These features have had a significant effect in ensuing year. VET loans for 2016 decreased from $2.92 billion to $1.47 billion and student numbers decreased by 24% from 2015 numbers.

Since the 1st January 2017, VET FEE-HELP has ceased and been replaced by "VET Student Loans." Students are now required, by legislation, to be fully informed of all their financial obligations and making it clear that they are entering a VET loan with repayment obligations. The website "Study Assist" has been setup to provide information to all students into how VET loans operate and provide information to students to make informed judgments as to the level of debt they will incur, as well as the qualifications to enter a particular job, and expected course length. Enshrined in the legislation is the means to ensuring that student debt is in-line with the course duration and rigor, and ensuring that providers assess the capabilities of students to undertake the course to completion and provide evidence that the assessment has taken place. The legislation also makes it easier to remove debt that has been placed in error or by false representations, and ensuring that all providers are financially stable and delivering courses to a high level of competency.

While it is too early to ascertain the effects on private colleges and student achievement at the time of writing (2017), already there are reports that registration requests from new colleges are declining significantly. Just before the new standards took place, there were many requests for registration from colleges believing erroneously that they were assessable under the old regime. In January 2017, of the 18 applications assessed, one was rejected, with the remainder asked for further clarifying details from the regulators. Of those 17 applications, 11 withdrew and the 6 remaining have not submitted any further details.

## Conclusion

The VET Scheme Loan and the failures of the program have highlighted the difficulties that governments face in deregulating public services into

the private sphere. Government failure is a very real possibility particularly if the design of the program is conducive to attract rent seekers and unscrupulous operators are prepared to take advantage of lack of policy standards and lack of over-sight. Business has demonstrated several times that it behaves poorly in response to deregulation. The reasons for that are many; Fassin (2005) points to a decline in business ethics exhibited in unfair practice, unethical behavior and abuse of power, unfair competition, and lack of respect for agreements.

Governments will always seek to privatize/deregulate services either because of a belief that deregulation provides cost savings to the budget or that it provides better outcomes to the community, or both. The danger is in not designing the system so that it takes the form of opportunistic deregulation with all the inherent flaws that flow from that particular model. In fact, the Australian Government appears to have learned that particular lesson with the drafting of new legislation that attempts to write policy to stop rent-seeking behavior and protect the community. The Australian government had intended introducing the VET Fee Help model into the university sector, following the election of the conservative Abbott government, whereby private operators would be able to offer degrees to students and the current higher education fee help scheme would be deregulated. This policy was abandoned in 2016 due, in part, to the evidence presented of the effect such a policy had on the VET sector, and in part to the opposition parties refusing to pass the legislation in the Senate.

The way forward for the Australian educational system is continuing vigilance of proposed governmental policy and legislation and to ensure that deregulation policies are fully vetted and further strengthened to avoid a repeat of history.

## Cross-References


- ▶ Bureaucracy and Capitalism
- ▶ Compliance Theory of Organizations
- ▶ Privatization and Public Management
- ▶ Public Choice Theory of Organizations


## References


Bachelard M, Cook H, Knott M (2015) Vocational education, the biggest get-rich quick scheme in Australia. Retrieved from http://www.smh.com.au/national/vocational-education-the-biggest-getrich-quick-scheme-in-australia-20150916-gjnqwe.html

Birmingham S (2015) Government targets VET FEE – HELP scammers [Press release]. Retrieved from https://ministers.education.gov.au/birmingham/government-targets-vet-fee-help-scammers

Committee (2015) Getting our money's worth: the operation and funding of private vocational education and training (VET) providers in Australia. Retrieved from http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/vocationaled/Final_Report

Fassin Y (2005) The reasons behind non-ethical behaviour in business and entrepreneurship. J Bus Ethics 60(3):265–279. https://doi.org/10.1007/s10551-005-0134-3

Krueger AO (1974) The political economy of the rent-seeking society. Am Econ Rev 64(3):291–303

Rea J (2015) Critiquing neoliberalism in Australian universities. Aust Univ Rev 58(2):9–14

Sahlgren GH (2014) Handing over the school keys: the impact of privatisation on education quality. Econ Aff 34(2):196


# Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry


Maman Setiawan and Ernie Tisnawati Sule
Faculty of Economics and Business, Padjadjaran University, Bandung, Indonesia


## Synonyms

Firm ownership; Government control; Private enterprise; Productive efficiency; Public enterprise; Transfer of state ownership

## Definition

State-owned enterprise (SOE) is an enterprise where the government has full, majority, or significant ownership of the firm enabling the government to fully control the firm. In Indonesia,

the government can have a full control on the SOEs if it has at least 51% of the ownership share. The privatization is a mechanism applied by the government to transfer its ownership to the public or private firm. The privatization is supposed to improve the efficiency of the companies. The efficiency is related to efforts of the firm to reduce the waste in using the resources. The technical efficiency can be defined as the ability of the firm to expand its output using the same input or contracting its input using the same output.

## Introduction

State-owned enterprises (SOEs) in the manufacturing sector contribute significantly to the Indonesia economy with its contribution about 10% to the total manufacturing output in the period of 1980–2015, on average. The number of the SOEs in the manufacturing industry also reached about 25% of the total number of SOEs in Indonesia in 2015 (see Setiawan and Tisnawati Sule 2018). With its significant contribution, the performance of the SOEs can significantly affect the Indonesian welfare.

Regarding the performance of the SOEs, three main theories i.e. property right theory, agency theory and public choice theory may explain the nature of the SOEs performance (see Bozec et al. 2002). Those theories suggest that the performance of the SOEs will not always be at the optimum level with a tendency to be lower than the private firms. Thus, most of the jurisdictions have been privatizing their SOEs to avoid the higher loss to the economy.

With respect to the privatization, Indonesian government has been privatizing the SOEs in the manufacturing sector since 1980s. In 1987, 7 SOEs operating in manufacturing and non-manufacturing sectors were privatized. Also 52 SOEs having business in manufacturing, finance, agriculture, and service were planned to be privatized in 1989. Based on the Indonesian Law No. 19 year 2003 about the SOEs, the privatization can be done through three ways: (i) direct stock sales to the investor, (ii) initial public offering (IPO) through the stock market, and (iii) stock sales to the employee or management. The privatization causes the government to have less control to the privatized SOEs. The selling of the stock share to more than 50% will result in the loss of the government control on the SOEs.

The privatization is expected to increase the efficiency of the firms, since the privatized SOEs have less political interferences compared to the condition before the privatization. The political interferences in the SOEs may usually result in the poor choices of inputs, low quality of product, and less incentive for the managers (see Shleifer and Vishny 1994). Therefore, the privatization may improve the choice of the inputs and the quality of the products increasing the technical efficiency of the privatized SOEs.

## Literature Review

Previous research has investigated the effect of the privatization on the technical efficiency of the state-owned enterprises. Chirwa (2001) investigated the privatization and its effect on the technical efficiency of the manufacturing sector in Malawi during the period 1970–1997. The technical efficiency is estimated using data envelopment analysis. The research found that the privatized firms had higher technical efficiency after the privatization. Al-Obaidan (2002) investigated the effect of the privatization on the efficiency of the 45 developing countries in 1980s. They applied frontier production function to account efficiency differences between countries with different degrees of the private sector contribution on the economy. They found that after the privatization the developing countries can increase the utility of their natural resource by 45%. Shi and Sun (2016) investigated the effect of the privatization in the China during the period 2001–2010. They applied regression model and Cobb-Douglass production function to estimate the firm performance and productivity, respectively. They found that the privatization improved efficiency and productivity in the China. Plane (1999) also investigated the effect of the privatization on the productive efficiency in

the Cote d'Ivoire electric power company for the period 1959–1995. The research applied the stochastic production frontier to estimate the productive efficiency. The research found that the productive efficiency improved after the privatization because of the organizational innovations. In addition, Boussofiane et al. (1997) investigated the technical efficiency of nine privatized organizations in the UK in 1980. The research used data envelopment analysis to estimate the technical efficiency before and after privatization. The research found that the positive effect of the privatization on the technical efficiency applied only for some privatized organizations. Moreover, Yu and Fan (2008) investigated the effect of the privatization on the technical efficiency in the Taiwan's Intercity Bus Services. They found that there is a significant increase in the technical efficiency of the firms after the privatization. The previous research explaining about the technical efficiency of the SOEs and its relation with the privatization in other countries had been investigated. It is still rare to find a same research in the Indonesian economy. Thus, it is important to investigate the technical efficiency and its changes after the privatization in the Indonesian economy.

## Modeling

This research uses data envelopment analysis with a bootstrapping approach to estimate the technical efficiency. The data envelopment analysis requires very few assumptions about the properties of the production possibilities set, since it applies a mathematical linear programming to measure the efficiency (Setiawan et al. 2012). The technical efficiency score estimated by the DEA is based on the transformation of $N$ inputs into the $M$ outputs for all $I$ firms. Suppose the column vectors $x_i$ and $q_i$ represent input and output for the *i-th* firm, respectively. The consecutive $NxI$ input matrix, $X$, and the $MxI$ output matrix, $Q$, represent the data for all $I$ firms. The output-oriented DEA model (The output-oriented DEA estimates the technical inefficiency by having a proportional increase in output, given the same inputs. The rigidities in the inputs faced by the firms make this assumption relevant in the Indonesian economy (see Setiawan et al. 2012).) is applied by having the mathematical linear programming model as follows:

$$\begin{aligned} &\max_{\phi,\lambda} \phi, \\ &\text{st} \quad -\phi q_i + Q\lambda \geq 0, \\ &\qquad x_i - X\lambda \geq 0, \\ &\qquad I1'\lambda = 1 \\ &\qquad \lambda \geq 0, \end{aligned} \tag{1}$$

where $\phi - 1$ can be defined as a proportional increase in outputs that could be achieved by the $i$-th firm or SOE given the same amount of input quantities. This research also applies a Farrell approach to avoid getting a negative efficiency score because of the high variabilities of inputs and outputs. This measures the technical efficiency to get an efficiency score which varies from 1 to infinity. The variable return to scale (VRS) is also applied to the DEA by having $I1'\lambda = 1$ as a convexity constraint with $I1$ as an $Ix1$ vector of ones and $\lambda$ as an $Ix1$ vector of constants. Furthermore, the final technical efficiency score is calculated from $1/\phi$ $(\widehat{\delta}(x, y))$ as a value in the unit interval as also applied by Setiawan et al. (2012).

The research also applies the DEA with a bootstrap technique of Simar and Wilson (1998) to get a robust estimate of the technical efficiency score. The bootstrapping approach uses a repeated simulation of the data generating process by using a resampling method and applying it to the original estimator. The simulated estimates can be identical to the sampling distribution of the original estimator. The biased-corrected efficiency score from the bootstrapped method is applied using the formula:

$$\begin{aligned} \widehat{\widehat{\delta}}(x, y) &= \widehat{\delta}(x, y) - \text{bias}_B\left[\widehat{\delta}(x, y)\right] \\ &= 2\widehat{\delta}(x, y) - B^{-1}\textstyle\sum_{b=1}^{B}\widehat{\delta}_b^{*}(x, y) \end{aligned} \tag{2}$$

with the condition of sample variance

$$\widehat{\delta}_b^*(x, y) < \frac{1}{3}\left(\widehat{\text{bias}}_B\left[\widehat{\delta}(x, \quad y)\right]\right)^2 \qquad (3)$$

This research applies $\widehat{\delta}(x, y)$ and $\widehat{\widehat{\delta}}(x, y)$ representing the original and biased-corrected efficiency scores, respectively. The $\widehat{\delta}_b^*(x, y)$ is a final bootstrap estimate of the efficiency score which is generated from B samples with b = 1,. . .,B.

This research also applies analysis of variance (ANOVA) to test the differences between average technical efficiency of the SOEs in the subsectors before and after privatization. ANOVA test is based on the variance analysis between the two groups of the subsectors. The higher the differences of the variance between the two groups, the higher the possibility of the test to reject the null hypothesis of the no differences of the variance between the two groups of the subsectors. The ANOVA will be applied for the groups of all subsectors, only subsectors with increasing technical efficiency after privatization and only subsectors with decreasing technical efficiency after privatization.

## Data

This research uses establishment-level data to estimate the technical efficiency of the firms pooling both SOEs and non-SOEs. To compare the technical efficiencies of the SOEs in the subsectors between pre- and post-privatization, the research only takes the technical efficiency scores of the SOEs. The technical efficiency of the subsectors is obtained by averaging the technical efficiency of the SOEs in the subsectors. The data are sourced from the Annual Manufacturing Survey provided by the Indonesian Bureau of Central Statistics (BPS) covering the period from 1980 to 2015 in which the data of the SOEs can be obtained.

There are about 400 subsectors in the Indonesian manufacturing industry. Each subsector may include both SOEs and non-SOEs in the period from 1980 until 2015. The subsectors having less than 30 observations are combined into a new subsector in the same digit of ISIC 4 (four) or 3 (three) level to have at least 30 observations. (For example, subsectors of 10110, 10120, and 10130 were combined into a new subsector of 10100 to have at least 30 observations in every single year.) Also the subsectors without having the SOEs during the period 1980–2015 are dropped. Finally, this research uses 146 subsectors classified into 5-digit International Standard Industrial Classification (ISIC) level. This research defined the privatization as the changes of the government ownership on the SOEs to become less than 51%. The government has no dominant control anymore on the SOEs if its stock ownership is less than 51%.

The firms in the manufacturing industry transform labor, raw material, and fixed capital such as machines, equipment, etc. into the output (see Setiawan et al. 2012). Production output is defined as the value of gross output produced by the firms and deflated by the Wholesale Price Index (WPI). This research also applies a proxy of labor efficiency units to represent the labor. (We define the labor efficiency units as used by Setiawan et al. (2012): L = Number of production worker + number of other worker* $\left(\frac{\text{Salary of other worker}}{\text{Salary of production worker}}\right)$) Raw material is represented by the total costs of domestic and imported materials (The raw materials include not only materials but also other costs related to the production such as electricity and fuel cost.) and is deflated by Wholesale Price Index (WPI), respectively. Fixed assets measure the fixed capital which is deflated by the WPI of machinery (excluding electrical products), transport equipment, residential, and nonresidential buildings.

Table 1 shows the descriptive statistics of the variables including input and output variables used for the technical efficiency estimation using the DEA across firms and subsector period 1980–2015. Table 1 shows that all variables had high variability. This is shown by the high standard deviation for every variable. The high variation of data can be caused by the long period of 1980–2015. The high variability of the data can also be caused by the variation across the subsectors. Moreover, fixed capital had the highest variation of the data among the other inputs and output variables with the mean and standard

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 1** Descriptive statistics of the variables across firms and subsectors, 1980–2015

| Variable | Mean | Standard deviation | Maximum | Minimum |
|---|---|---|---|---|
| Output (in thousands Rupiah) | 386114.700 | 3691963.000 | $7.950*10^8$ | 102.802 |
| Labor (person index) | 816.904 | 8618.203 | 174992.100 | 4.000 |
| Capital (in thousand Rupiah) | $1.020*10^7$ | $6.300*10^9$ | $4.25*10^{12}$ | 100.000 |
| Material (in thousand Rupiah) | 287855.000 | 2391415.000 | $6.440*10^8$ | 100.037 |

Source: Authors' calculation

deviation of $1.020*10^7$ and $6.300*10^9$, respectively. In spite of this, the high variability of data will not affect the estimation of the technical efficiency significantly, since the estimation of the technical efficiency is applied for every year in each subsector. Furthermore, the DEA estimation which applies the VRS approach naturally benchmarks each firm to the best practice of the other firms with the similar sizes.

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 2** Number of privatized firms, 1980–2015

| Period | Average number of privatized firms in Indonesian manufacturing sector |
|---|---|
| 1980–1990 | 45 |
| 1991–2000 | 71 |
| 2001–2010 | 46 |
| 2011–2015 | 47 |
| 1980–2015 | 53 |

Source: Authors' calculation

## Results

Table 2 shows the number of privatized SOEs in the Indonesian manufacturing industry during the period 1980–2015. The number of the privatized SOEs was based on the establishment data. Table 2 shows that there was a significant increase of the number of privatized SOEs from the interval period of 1980–1990 to the interval period of 1991–2000. The number of privatized SOEs was 45 in the interval period 1980–1990, and the number increased to 71 SOEs in the interval period of 1991–2000. The number of privatized firm was the largest in the interval period of 1991–2000. This may be an indication that the plan of the privatization in 1989 went as the plan in 1990s. Furthermore, this might also happen because the privatization was the priority program stated in the letter of intent (LOI) between Indonesia and the International Monetary Fund as a return of the support from IMF to resolve the economic crisis in Indonesia occurring during the period 1997/1998. The number of privatized firms decreased in the interval period of 2001–2010 compared to the previous interval period, but the number of privatized SOEs increased again in the interval period of 2011–2015. The average of the number of privatized SOEs was 53 during the period 1980–2015. The fluctuation of the number of the privatized firms was also related to the different regulations as well as the different regimes in the Indonesian government during the period.

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 3** Technical efficiency of the SOEs before and after privatization across subsectors, 1980–2015

| Period | Technical efficiency before privatization | Technical efficiency after privatization |
|---|---|---|
| 1980–1990 | 0.55 | 0.60 |
| 1991–2000 | 0.46 | 0.50 |
| 2001–2010 | 0.45 | 0.46 |
| 2011–2015 | 0.45 | 0.45 |
| 1980–2015 | 0.48 | 0.51 |

Source: Authors' calculation

Table 3 shows the average technical efficiency of the privatized and non-privatized SOEs across subsectors during the period 1980–2015. The average technical efficiency of the privatized SOEs was larger than the average technical efficiency of the non-privatized SOEs during the period 1980–2015. In the interval period of

1980–2015, the average technical efficiencies of the privatized and non-privatized SOEs were 0.51 and 0.48, respectively. The average technical efficiency of the SOEs declined for both privatized and non-privatized SOEs during the period of estimation. For example, the average technical efficiencies of the SOEs were 0.60 and 0.55 for privatized and non-privatized SOEs in the interval period of 1980–1990, respectively. The average technical efficiency decreased to 0.45 for both privatized and non-privatized SOEs in the interval period of 2011–2015, respectively.

Table 4 shows the percentage of the subsectors in which the privatized SOEs exhibited increasing and decreasing average technical efficiencies after the privatization. Percentage of the subsectors with increasing technical efficiency after privatization was 53%. The percentage of the subsectors with increasing technical efficiency was larger than the percentage of the subsectors with decreasing technical efficiency which reached about 47%. Although more than half of the subsectors experienced increasing technical efficiency after the privatization, the privatization might not always guarantee that privatized SOEs will be more technically efficient. Okten and Arin (2006) suggested that other environmental factors could also influence the effect of the privatization on the efficiency.

Table 5 shows the percentage of the subsectors with increasing and decreasing technical efficiency after the privatization classified into low technology level, medium-low technology level, medium-high technology level, and high technology level. The classification is based on the grouping from the United Nations Industrial Development Organization (UNIDO). Table 5 shows that the percentage of the subsectors having decreasing technical efficiency after the privatization were 54.41% coming from the subsectors with low level of technology. Only 50% of the subsectors with increasing technical efficiency after privatization were classified as the subsectors with low level of technology.

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 4** Percentage of subsectors with increasing and decreasing technical efficiencies after privatization of the SOEs period 1980–2015

| Subsectors | % of privatized firms |
|---|---|
| Subsectors with increasing technical efficiency after privatization | 53 |
| Subsectors with decreasing technical efficiency after the privatization | 47 |

Source: Authors' calculation

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 5** Percentage of subsectors with increasing and decreasing technical efficiency (TE) after privatization based on the groups of technology level

| Technology level | Subsectors with increasing TE (%) | Subsectors with decreasing TE (%) |
|---|---|---|
| Low-level | 50.00 | 54.41 |
| Medium-low | 30.77 | 22.06 |
| Medium-high | 14.10 | 16.18 |
| High | 5.13 | 7.35 |

Source: Authors' calculation

Table 6 shows 20 of the 78 subsectors in which the privatized SOEs exhibited increasing average technical efficiency after the privatization, and they had the largest average technical efficiencies after the privatization. From Table 6, it shows that subsectors classified as medium-high technology industry, medium-low technology industry, and low technology industry were four subsectors, eight subsectors, and eight subsectors. This indicates that 60% of the 20 subsectors exhibiting increasing average technical efficiency came from the subsectors with medium-low and medium-high technology industry.

Table 7 shows the 20 of the 68 subsectors in which the privatized SOEs exhibited decreasing average technical efficiency after the privatization. The 20 subsectors also had the lowest-average technical efficiency score during the period 1980–2015. The subsectors classified as high technology level, medium-high technology level, medium-low technology level, and low technology level were 1 subsector, 4 subsectors, 3 subsectors, and 12 subsectors. From Table 7 it is seen that the 20 subsectors having decreasing technical efficiency after the privatization dominantly came from subsectors classified as low technology

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 6** 20 of the 78 subsectors in which the privatized SOEs exhibits increasing average technical efficiency after the privatization

| ISIC | Industry | Technology level | Technical efficiency before privatization | Technical efficiency after privatization |
|---|---|---|---|---|
| 10623 | Glucose | Low | 0.663 | 1.000 |
| 21020 | Traditional medicine | Medium-high | 0.843 | 1.000 |
| 25940 | Metal furniture | Medium-low | 0.862 | 1.000 |
| 23950 | Concrete | Medium-low | 0.802 | 0.959 |
| 25990 | Metallic goods | Medium-low | 0.752 | 0.959 |
| 24102 | Steel rolling | Medium low | 0.850 | 0.934 |
| 10392 | Soybean – tahu | Low | 0.647 | 0.913 |
| 20290 | Other basic chemistry goods | Medium-high | 0.570 | 0.890 |
| 20111 | Khor and Alchaly | Medium-high | 0.490 | 0.875 |
| 23922 | Clay tiles | Medium-low | 0.527 | 0.864 |
| 20220 | Paint, printed ink and Lacquer | Medium-high | 0.462 | 0.779 |
| 24101 | Iron and steel making | Medium-low | 0.714 | 0.771 |
| 13942 | Rope goods | Low | 0.723 | 0.765 |
| 20115 | Organic, farm | Medium-high | 0.608 | 0.760 |
| 14201 | Finished clothes from leather convection | Low | 0.636 | 0.744 |
| 10792 | Cakes | Low | 0.665 | 0.739 |
| 10611 | Rice and seed milling, cleaning | Low | 0.717 | 0.729 |
| 10293 | Frozen other aquatic biota | Low | 0.708 | 0.722 |
| 25930 | Cutting equipment | Medium-low | 0.664 | 0.718 |
| 13111 | Preparation textile | Low | 0.479 | 0.716 |

Source: Authors' calculation

level. About 60% of the 20 subsectors with the decreasing technical efficiency came from the subsectors classified with the low technology level.

Tables 6 and 7 may give an indication that privatization most likely had positive effect on the technical efficiency on the industry with higher level of technology. The privatization of the firms in the higher level of technology may boost the economies of scale because of the improved inputs and outputs boosting the technical efficiency. Nevertheless, the privatized SOEs exhibiting decreasing technical efficiency may consider other environmental factors that can affect the technical efficiency (see Setiawan and Tisnawati Sule 2018).

Table 8 shows ANOVA test to determine whether there is a difference between technical efficiency before privatization of the SOEs and technical efficiency after privatization of the SOEs. The ANOVA test was based on the subsector level comparing between the technical efficiency of the subsectors before the SOEs were privatized and after the SOEs were privatized. The technical efficiency of the subsectors is the average technical efficiency of the SOEs in the respective subsector. The ANOVA test was also applied for both groups of subsectors in which the privatized SOEs exhibited decreasing and increasing average technical efficiency after the privatization.

From Table 8, it is shown that there were no significant differences of the average technical efficiency between before and after privatization for all subsectors at the 10% critical level. In spite of this, the results were different if the tests were based on the only subsectors with increase technical efficiency after privatization or the only subsectors with decreasing technical efficiency after the privatization. Table 7 shows that there were significant differences of the technical efficiency before and after privatization for the two

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 7** 20 of the 68 subsectors in which the privatized SOEs exhibits decreasing average technical efficiency after the privatization

| ISIC | Industry | High-tech | Technical efficiency before privatization | Technical efficiency after privatization |
|---|---|---|---|---|
| 11035 | Wine and other liquor | Low | 0.499 | 0.265 |
| 13912 | Embroidery textile | Low | 0.299 | 0.265 |
| 20231 | Soap, detergents | Medium-high | 0.324 | 0.274 |
| 16212 | Laminated plywood | Low | 0.291 | 0.282 |
| 17021 | Paper nec | Low | 0.320 | 0.294 |
| 31000 | Furniture, rattan, and others | Low | 0.323 | 0.300 |
| 23929 | Porcelain prod, structural | Medium-low | 0.330 | 0.306 |
| 10745 | Macaroni, noodles | Low | 0.342 | 0.307 |
| 23940 | Gips and gips prod | Medium-Low | 0.484 | 0.307 |
| 12011 | Cigarettes, clove | Low | 0.352 | 0.308 |
| 10612 | Coffee cleaning | Low | 0.356 | 0.318 |
| 10620 | Other palm scratch | Low | 0.409 | 0.320 |
| 22210 | Plastic prod, structural | Medium-low | 0.489 | 0.326 |
| 10800 | Animal feed and concentrates | Low | 0.373 | 0.329 |
| 27110 | Electrical motor and generator | Medium-high | 0.370 | 0.335 |
| 22122 | Remilled rubber | Medium-low | 0.488 | 0.341 |
| 15120 | Leather goods for technical and Industrial use | Low | 0.403 | 0.344 |
| 13132 | Finished textiles | Low | 0.364 | 0.352 |
| 28190 | Machinery and equipment for other general uses | High | 0.364 | 0.355 |
| 20110 | Other basic chemistry industries | Medium-high | 0.415 | 0.362 |

Source: Authors' calculation

**Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry, Table 8** ANOVA test of the average technical efficiency before and after privatization period 1980–2015

| Group | DF | F-statistics |
|---|---|---|
| All subsectors | df1 = 1; df2 = 290 | 0.010 |
| Subsectors in which the privatized SOEs exhibits decreasing average technical efficiency after the privatization | df1 = 1; df2 = 134 | 11.697*** |
| Subsectors in which the privatized SOEs exhibits increasing average technical efficiency after the privatization | df1 = 1; df2 = 154 | 14.195*** |

Source: Authors' calculation
Note: *** denotes significance of the test statistic at the 1% critical level

groups at the 1% critical level. The subsectors in which the privatized SOEs exhibited decreasing or increasing average technical efficiency after the privatization had a different average technical efficiency significantly compared to the average technical efficiency before the privatization. From the Table 7 and previous tables, it is concluded that more than half of the privatized SOEs improved their efficiencies in the respective subsectors significantly, but the other privatized SOEs worsen their efficiencies in the respective subsectors significantly.

## Conclusions

This research investigates the impact of the privatization on the technical efficiency of the

privatized SOEs in the Indonesian manufacturing industry. This research uses the data from the Indonesian Bureau of Central Statistics during the period 1980–2015. The ANOVA test is also applied to test whether there is a difference of the technical efficiency of the subsectors between pre- and post-privatization.

This research found that the technical efficiency of the SOEs in the Indonesian manufacturing sector was low. Furthermore, the improvement of the average technical efficiency after the privatization happens not to all SOEs. The ANOVA tests suggest that the privatization may increase or decrease the technical efficiency of the SOEs significantly in the subsectors after the privatization. These results may suggest the government to carefully consider the SOEs that will be privatized. The SOEs should be feasible and able to give a good impact on the efficiency as well as on the market after the privatization.

## Cross-References

► Cost Efficiency
► Dynamic Capabilities in Public Enterprises

## References

Al-Obaidan AM (2002) Efficiency effect of privatization in the developing countries. Appl Econ 34(1):111–117
Boussofiane A, Martin S, Parker D (1997) The impact on technical efficiency of the UK privatization programme. Appl Econ 29(3):297–310
Bozec R, Breton G, Cote L (2002) The performance of state owned enterprises revisited. Financ Account Manag 18(4):383–407
Chirwa EW (2001) Privatization and technical efficiency: evidence from the manufacturing sector in Malawi. African Development Review 13(2):276–307
Okten C, Arin KP (2006) The effects of privatization on efficiency: how does privatization work? World Dev 34(9):1537–1556
Plane P (1999) Privatization, technical efficiency and welfare consequences: the case of the Cote d'Ivoire electricity company (CIE). World Dev 27(2):343–360
Setiawan M, Tisnawati Sule E (2018) Technical efficiency and its determinants of the SOEs in the Indonesian manufacturing sector. Working Papers in Economics and Development Studies (WoPEDS) No. 201802, Department of Economics, Padjadjaran University, Available at https://econpapers.repec.org/paper/unpwpaper/201802.htm
Setiawan M, Emvalomatis G, Oude Lansink A (2012) The relationship between technical efficiency and industrial concentration: evidence from the Indonesian food and beverages industry. J Asian Econ 23(4):466–475
Shi W, Sun J (2016) The impact of privatization on the efficiency and profitability: evidence from Chinese listed firms, 2001–2010. Econ Transit 24(3):393–420
Shleifer A, Vishny R (1994) Politicians and firms. Q J Econ 109:995–1025
Simar L, Wilson PW (1998) Sensitivity analysis of efficiency scores: how to bootstrap in nonparametric frontier models. Manag Sci 44(1):49–61
Yu M-M, Fan C-K (2008) The effects of privatization on return to the dollar: a case study on technical efficiency, and price distortions of Taiwan's intercity bus services. Transp Res A Policy Pract 42(6):935–950. Elsevier

# Privatization of the Utilities in Abu Dhabi, UAE

Hamad Al Ameri[1] and Bakhit Al Ameri[2]
[1]Business Solutions & Pathways to Success, Abu Dhabi, United Arab Emirates
[2]Al Ain Municipality, Al Ain, Abu Dhabi, United Arab Emirates

## Synonyms

Denationalization; Joint venture; Public-private partnerships

## Definitions

| | |
|---|---|
| Independent Water and Power Producers | Private companies that enter into a joint venture with the government |
| Single Buyer Model | The designation by the government of a single entity as the buyer of water and energy produced |
| Utilities Sector | Government sector responsible for providing basic utilities such as water and energy |

| | |
|---|---|
| Water-Energy Nexus | The simultaneous generation of water and energy in a single proximal space |

## Introduction

Privatization as an instrument of economic policy was one of the economic reforms adopted by many countries in the past decades and is considered today as a significant economic and political strategy shaping the global economic landscape (Guriev and Megginson 2005). With the increasing momentum of privatization worldwide, countries in the Arab world are no longer faced with the choice of whether to privatize or not. The more important challenge is how these countries privatize their state-owned enterprises while taking cognizance of the lessons from the privatization practices and experiences of countries in the global context (Megginson and Netter 2001).

State-owned enterprises are an important feature of the economic landscape in many Arab countries and are looked up to as anchors of national development and competitiveness (OECD 2005, 2010). What makes privatization different in these countries is that their circumstances vary from those of developed and developing countries primarily when it comes to the drivers of privatization when seen in the context of their culture, history, and economic development (Afridi et al. 2015). The Gulf countries, for instance, are not cash-strapped, and privatization is seen as a means of getting access to many forms of private know-how which is scarce in the regional context; hence they do not see the need to make trade-offs between internal fund-raising and long-term structural reforms (Al Hashemi 2016). This is reflected in the situation of Abu Dhabi which makes it a good case for understanding how specific political, social, financial, legal, and other factors inform the policy choices on privatization.

The double-digit increase in the demand for electricity and water in Abu Dhabi in the past few years is expected to escalate, and this prompted the government to strategically address the challenge by entering into contracts with private power companies to participate in its utilities sector. This led to the establishment of the Abu Dhabi Water and Electricity Authority pursuant to the Abu Dhabi Electricity Law, which is now responsible for all matters relating to formulation, development, and implementation of government policy relative to the electricity sector, including its privatization. Currently, its larger production capacity and extensive distribution network had allowed the Abu Dhabi Water and Electricity Authority to assist the other Emirates in meeting their power demand.

## Privatization of Utilities

The privatization of utilities in Abu Dhabi was largely an internally motivated initiative that was driven by the vision of His Highness Sheikh Zayed Al Nahyan, founder of the UAE and herein referred to as the leader. He had the vision to look beyond its budget surplus and understood well that the benefits from the private sector went way beyond delivery of finance (Parmigiani 2015). Hence from the start, privatization in Abu Dhabi was backstopped by strong leadership. Weak leadership can be a hindrance to privatization as shown in the privatization experiences of neighboring countries' case of Algeria, Tunisia, and Morocco (Biygautane and Lahouel 2011).

The conditions in Abu Dhabi such as its vast capital resources, business-friendly environment, transparent and accountable government, and the inspiration provided by the leader's vision to build a sustainable, open, and globally competitive economy paved the way for implementing privatization in the Emirate. In the context of the utilities sector, the government adopted the single buyer model to resolve the twin issues of providing adequate water and energy to communities in the Emirate (Alsulaiman et al. 2015).

In the conceptual template of the single buyer model, the electric power industry is no longer vertically integrated because of the entrance of new players: the Independent Power Producers. The role of the Independent Power Producers was to generate electricity and sell this to the national

power company of the country. Based on the model, there is only a single entity that acts as the buyer, and competition only occurs at the generation level.

The model was set in motion starting with the unbundling of the utilities sector in 1999 that led to the creation of the Abu Dhabi Water and Electricity Authority, Abu Dhabi Water and Electricity Company, Transmission Company, and the Abu Dhabi and Al Ain Distribution Companies, all of which are 100% government-owned. After its inception, the Abu Dhabi Water and Electricity Authority entered into joint ventures with foreign investors who were allowed a 40% ownership of the partnership. Independent Water and Power Producers operate under the signed power and water purchase agreement of 20 years with Abu Dhabi Water and Electricity Company as the sole buyer of their products. The Regulation and Supervision Bureau issues the operating licenses to the Independent Water and Power Producers and monitors the maintenance of these licenses. In contrast, the traditional model used in Abu Dhabi was the vertically integrated cogeneration of water and power where only one entity owned and took responsibility for the whole supply chain (Abu Dhabi Water and Electricity Authority 2008).

The Abu Dhabi single buyer model is a unique model in which the energy market is extensively powered by Independent Power Producers and functions under an independent regulator. There are considerable government control and oversight. Having a majority stake in the generation and a single buyer model, competition is limited except in the tendering of new generation plant. The single buyer model implemented in Abu Dhabi sector eliminates competitive pool arrangement because all production output is purchased by the single buyer. The majority of large-scale production companies are privately operated and partly owned (40%) by foreign investors. All electricity and water output is sold to the Abu Dhabi Water and Electricity Company which acts as the single buyer. This model creates a high level of certainty between producers and the Abu Dhabi Water and Electricity Company through long-term (typically 20 years) power and water purchase agreements, more commonly referred to as "offtake agreements." The bureau regulates only the Abu Dhabi Water and Electricity Company and each project company.

On the whole, the utilities sector in Abu Dhabi had demonstrated dramatic changes in the past 15 years with improved provision of services to the populace. Partial privatization has also reduced disruptions, and inefficiencies in both networks have also been greatly reduced under the new model. It is quite unique as noted by USAID (2012) as it hosts 50% of the national demand and 35% of the national demand with 96% of power generation coming from the Independent Power Producers.

A significant aspect of the implementation of privatization is the legal framework. Law 2 of 1998 concerning the reorganization of the electricity sector has been effectively crafted based on related legislations. One such legislation was the Crown Prince Decision which echoed the leader's vision on the economic development of the Emirate and also legally institutionalized these as guiding principles in crafting the law on the privatization of the utilities sector. Through the law, the leader's vision was not a matter of rhetoric but a reflection of political will. At best, privatization in Abu Dhabi is vision-driven which makes it uniquely endemic to the Emirate.

One feature of privatization in Abu Dhabi which makes it different from other privatization drives is being able to reduce rules and regulation to let the market decide what is best. An added attraction in the model is that the 11% return on investment guaranteed in the contract is generating strong competition for the Independent Water and Power Producer bids. All these features have made the Independent Power Producers and the financial sectors readily embrace the single buyer model in Abu Dhabi.

## Alignment

Measures for ensuring the alignment of the activities and processes of the Independent Water and

Power Producers with the economic goals of the Emirate were built into the preoperational phase and operational phases of the process. In the preoperational phase, templates for competitive bidding, models of various project agreements, and project documents have been created to enable alignment of processes and activities. These are reflected in the power purchase agreements, the award of contracts, ownership structure, financing, and contractual arrangements already in place.

In terms of power and water purchase agreement, there are two main components of payments to the Independent Water and Power Producers. The capacity (or availability) payments covered the fixed cost of the plant which included return on capital, depreciation, and fixed operating and maintenance cost. This was paid after the plant was made available for production regardless of the bulk of the output to be produced. The output (or energy or water) payments was (paid only for the output) actually produced by the plant. The payment rates are annually indexed against the US and UAE inflation rate or the USD-AED exchange rate. Fuel suppliers are paid directly by the single buyer for the fuel consumed by each Independent Water and Power Producer. The Independent Water and Power Producers are incentivized for fuel efficiency consumption by a bonus-penalty mechanism based on the benchmarks set or by reference heat rates.

Capacity payments and fuel costs account for about 90% of the production cost shouldered by the single buyer. In addition, the single buyer also pays shared facility cost whenever applicable.

In terms of the award of the contract, the Independent Water and Power Producers developed generation and desalination projects on a build, own, and operate (BOO) basis, where projects were awarded through a competitive bidding process. The primary bidding criterion for greenfield projects is the lowest level of tariff for the sale of water and electricity to the single buyer. For brownfield projects, the criterion is the highest asset value of given tariffs. The water and electricity authority managed the bidding process through prequalification of bidders, issues the request for proposals, and selection of the successful bidder for the projects. The successful bidder can be a single company or a consortium of companies.

In terms of ownership structure, a successful bidder and a local holding company establish an Independent Water and Power Producer as a joint stock company. The successful bidder owns 40% of the share capital of the Independent Water and Power Producer, and 60% is owned by the local holding company. The local holding company is established by the electricity and water authority that is entitled to 10% ownership, while 90% is owned by Abu Dhabi National Energy Company (Taqa).

Taqa, on the other hand, is owned by the electricity and water authority (51%) and the government-affiliated Farmers' Fund (24.1%). The remaining share of 24.9% is owned by private stakeholders who are exclusively UAE nationals. Taqa is one of the largest companies listed on the Abu Dhabi stock exchange.

The source of funding for the project comes from a combination of debt, equity, or internally generated net cash flows of the Independent Water and Power Producer. The arrangement for debt is on a nonrecourse project financing basis. In this arrangement, the successful bidder is responsible for taking care of the required financing and negotiating financing arrangement with the lenders. The debt to equity ratio is 80:20 which may be raised depending on the capital market.

A simplified contractual arrangement for an Independent Water and Power Producer is adopted where the risk is allocated to the best party, thereby making the Independent Water and Power Producer a low-risk transaction. In terms of the land lease agreement, the water and electricity authority acquires the land intended for the project. In which case, the Independent Water and Power Producer is granted an exclusive long-term leasehold on the land including easement rights for access to the land during the project duration. The land lease agreement stipulates the mutual responsibilities in relation to the use of the land and environmental impacts. Furthermore, it stipulates the conditions for the surrender of the land after the project is terminated.

## Benefits of the Privatization of the Utilities Sector

The benefits of privatization of the utilities sector of Abu Dhabi are categorized and summarized as follows:

**Efficiency gains**. For more than 15 years and nine Independent Water and Power Producer companies, the single buyer model accounted for more than 95% of generation and has provided substantial benefits for both the government and the public sector. The regulatory mandate resulted in a robust network at the transmission and generation levels at a competitive cost. This is supported by an extensive capital investment program which makes the network secure and reliable.

**Gains from strategic investors**. Privatization enables the host country to gain from the global expertise and experience of strategic investors. The provisions set by the Abu Dhabi Water and Electricity Authority for the bidding process stipulated requirements that result in the inflow of the best expertise and technology in the privatization of the utilities sector. This means that the successful bidders bring in not only new human resources and modern technology but also operational management techniques, structures, and processes. Existing employees can learn from the foreign company and improve their skills through training. This leads to further reform in the sector.

**Impact on the financial health of the sector**. Overall, privatization has impacted the returns to governments implementing privatization as well as their private partners. The good fiscal policy that streamlined financial procedures added to the financial performance of the industry.

The impact on the financial health of the sector can be seen in terms of measures such as liquidity, solvency, profitability, and financial effectiveness. By all indications, putting the sole buyer in the hands of the Abu Dhabi Water and Electricity Company guarantees that financial obligations on the sales of power and water are met on time.

**Escalating the performance benchmark**. It was evident that the unbundling of the utilities sector created regulatory authorities, managing bodies, and operational entities that rationalized the structure for privatization. The embodiment of the vision of HH Sheikh Zayed Al Nahyan in the development roadmap of the Emirate and its diligent implementation is a concrete manifestation of political will and good governance. Privatization has led to transparency and accountability not only in the practice of governance but also in reporting to the public. The institutionalized preoperational and operational arrangements between the Abu Dhabi Water and Electricity Authority and Independent Water and Power Producers ensure that both operational and financial performances are aligned to the strategic goals for privatization. Commercial management includes billing processes, customer service, and communication. The evidence for this indicator in terms of the Emirate comes in the form of the prompt and uninterrupted services provided to the customers and the outreach program of providing utilities to the farthest localities of the Emirate.

## Lessons Learned

Privatization as a strategy intends to improve service reliability and overall efficiency through the inflow of private capital, global knowledge and expertise, new management skills, and state- of-the-art technology that foster policy reforms that promote further rationalization of the sector. To this effect, every privatization effort is unique in itself. The following are the lessons learned from the Abu experience:

**Strong political will**. The most significant driver of privatization in the Emirate of Abu Dhabi is the vision of the leader which is enshrined in Abu Dhabi Vision 2030. As demonstrated, the leader's vision is not a matter of rhetoric but a reflection of strong political will and commitment to developing the Emirate.

**Government support**. Privatization of the utilities sector in Abu Dhabi was able to attain its

goals because of the convergence of support from different government institutions. The transition from one stage to the other was smooth because of massive support provided by the government.

**Planning is the key**. Upon its announcement, the Crown Prince mobilized the proper authorities to come up with a long-term economic road for the Emirate that delivers upon the vision of the leader. Thereupon, Abu Dhabi Vision 2030 was formulated based on Policy Agenda 2007–2008 which among others provided for developing a partnership with the private sector.

**Setting appropriate privatization objectives**. The goals of privatization were dovetailed with the overall development goals to attain the vision of the Emirate. On the basis of the sector's goals, the appropriate objectives were set that considered the intent of the vision but defined in the context of the utilities sector. In this manner, the attainment of the objectives in the micro level will contribute to goal attainment at the macro level.

**Alignment**. One of the most significant factors in the privatization efforts of the utilities sector in Abu Dhabi is the alignment of policies and strategies, structures and functions, and processes and activities with the overall goals of privatization. This is the result of diligent planning and the creation of the proper authorities that oversee, regulate, and monitor both the preoperational and operational stages of privatization to ensure optimum alignment.

**Stable and transparent legal and regulatory framework**. For one, the success of privatization in Abu Dhabi is one account of a strong legal and regulatory framework. The laws enacted are strong and binding and are subject to constant review to keep it updated with global standards as evinced in the amendments introduced to the electricity and water laws. The mandates of the regulatory bodies likewise keep the balance of interest of the government and its private partners.

**Willingness to learn**. The road toward privatization in Abu Dhabi would not have been that smooth if not for the favorable attitude of the government to learn from the experts. Without a doubt, private consultants and foreign experts played a tremendous role in helping the government set the stage for privatization in the onset. This willingness to learn has paved the way for knowledge transfer which has significantly benefitted the sector.

**Favorable incentives**. Attracting international strategic investors is critical to achieving privatization objectives. As shown in the case of Abu Dhabi, the enthusiasm of private companies to invest in Abu Dhabi's utilities sector was not dampened by the economic downturn of 2008 and 2009. This is because of the stability of the Emirate and its capacity to provide favorable incentives to private investors.

**Risk management**. One contributory factor attracting private investment is the low-risk environment. As shown, the sound policies crafted by the sector, openness, transparency, accountability, and the regulation of private assets all contribute to attaining the privatization goals in the Emirate.

**Human capital development**. The benefit of privatization to the community through the nationalization program or Emiratization is a productive way of developing the nation's human capital. Emiratization is a part of the performance indicators of the Independent Water and Electricity Producers, and this has created the opportunity for high-value employment for UAE nationals. Part of the success of privatization in the Emirate is that it balances interests between private investors and the government without losing sight of the social agenda of providing the best employment opportunities to its citizens.

## Conclusions

The privatization of utilities in Abu Dhabi is one that is driven by political will. It all started with the vision of the leader, and everything else such as laws, regulatory frameworks, structural support, and financial mechanisms followed. This concept of a vision-driven privatization in rentier states under favorable conditions makes a worthwhile contribution to existing theoretical perspectives.

On the whole, the partial privatization of the utilities sector is robustly contributing to the realization of the leader's vision for the economic development of the Emirate. The series of legislation that culminated in the creation of Abu Dhabi Water and Electricity Authority and beyond institutionalized a framework for *enhancing the business environment through legislative reforms*. Privatization also opened the opportunity for Abu Dhabi Water and Electricity Authority to enter into joint ventures with world leading companies, thereby *enhancing the business climate to integrate Abu Dhabi in the global economy by attracting foreign investment and international partners*. All these are concrete indicators that privatization is contributing to economic diversification. Overall these reforms in the utilities sectors have not only shifted the government's function from "rowing" to "steering" but are edified milestones that see the leader's vision come to life.

## Cross-References

► Privatization

## References

Abu Dhabi Water and Electricity Authority (2008) Privatization of the public sector is key to the economic growth of Abu Dhabi. Abu Dhabi Water and Electricity Authority, Abu Dhabi. Press Release. http://www.AbuDhabi Water and Electricity Authority.ae/en/press/press-releases/privatization-of-public-sector-is-key-for-economic-growth-in-Abu-Dhabi-adsm-chairman.aspx

Afridi M, Baryalay H, Aloke A (2015) The United Arab Emirates. In: Schwartz D (ed) The energy regulations and market review. Encompass Print Solutions, Derbyshire

Al Hashemi M(2016) Is a wave of privatization about to sweep the GCC? Abu Dhabi The National, p 1

Alsulaiman Y, Bowles G, Ogunlana S (2015) Evaluating risk management in independent water and power plant projects in Saudi Arabia. In: Taiden AB, Aboagye E (eds) Proceedings of the 30th annual Association of Researchers in Construction Management conference. Association of Researchers in Construction Management, Portsmouth

Biygautane M, Lahouel M (2011) The political economy of privatization in the Maghreb region, 2011. Working paper series no. 11-05. Dubai School of Government

Guriev S, Megginson W (2005) Privatization: what have we learned? ABCDE, St. Petersburg

Megginson W, Netter J (2001) From state to market: a survey of empirical studies on privatization. J Econ Lit 39(2):321–389

OECD (2005) Ownership structures in MENA countries: listed companies, state-owned, family enterprises and some policy implications. Online Available at http://www.oecd.org/dataoecd/26/2/3540210.pdf

OECD (2010) Privatization in the 21st century, Report on good practice. OECD, Paris, pp 1–67

Parmigiani L (2015) Water and energy in the GCC: securing water in oil-rich countries. Working paper, IFRI Centre Energie, Paris, pp 1–55

USAID (2012) Middle East power sectors. Comparing generation, transmission, and market structure as a basis for reform. USAID, September 2012

# Privatization Question, Perspectives and Experiences

Adeline Nnenna Idike[1], Ikechukwu Ogeze Ukeje[1], Sunday Odo Nwangbo[1], Johnpaul Chukwujindu Onele[2], Benedette Nneka Okezie[3], Ifeoma Loretto Nnaji[4] and Ikechukwu C. Akor[1]

[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

[2]Department of Political Science, Ebonyi State University, Abakaliki, Nigeria

[3]Department of Accountancy/Banking & Finance, Alex Ekwueme Federal University, Ndufu-Alike, Nigeria

[4]Department of Public Administration, Nnamdi Azikiwe University, Awka, Nigeria

## Synonyms

Business managerialism; Contracting out; Co-production; Efficient system; Entrepreneurial government; Market economy; New public governance; New public management; Public-private partnership; Social service innovation; Third government

## Definition

**Privatization**: transfer of public ownership of enterprise to the private. Relinquish mentor share of government functions with the private. Management of service delivery outfit by private entity. A governance situation that permits private control of the economy. Management reform targeted at dismantling public enterprise and establishment of private counterpart. Private participation in social service provisioning.

## Introduction

The purpose of government and governance everywhere in the world in human societies is to meet and provide for the basic needs of citizens, as well as to manage the collective affairs of society in a manner that enhances the welfare of the citizens and promote sustainable and progressive development in the state. The nature and practice of privatization policy, whether by (divestment, delegation, displacement, or decentralization) can determine citizens' satisfaction-dissatisfaction measurement as well as the type of market structure created, i.e., whether monopolistic or competitive structure. According to Sharma et al. (2012, p. 154), "privatization refers to transfer of ownership and management of country's economic activities from public sector to private sector." Privatization is primarily done to introduce effectiveness and efficiency, reduce government interference and administrative burdens, generate new investment, develop capital market and deepen the financial system, provide the opportunity to introduce competition, and enlarge individual choice and freedom.

Thus, in the context of this entry, privatization means deliberate attempt by government to induce competitiveness and efficiency in public institutions. However, this entry argues that government succeeds in creating monopolies through its privatization policies by neglecting the "competitiveness and citizens-choice" components in the stated policy objectives. It remains arguable whether there can be competition in a monopolistic situation. With the exception of the communication industries, it is not clear whether there are other government privatization policies which represent perfect market situation. The implication of these is the circumvention of consumer choice and monopolistic exploitation.

Interestingly, the survival of privatized service institutions hinges on the presence of competition and consumer participation as central elements in determining the level of service delivery citizens enjoy and the quality of services workers render in the organization. This holds simply that citizens have expectations on their government or state as compensation for recognizing its authority over them which is the bedrock for state emergence in the first place. However, the reality of government failings becomes antithetical to these ideas leading to dissonance. Applying this to the study of EEDC performance in Abakaliki, power utility consumers have experienced great conflict or psychological discomfort due to frequent power failures and their inability to do anything about the situation owing to the absence of customer appeal/justice system which would have promoted service atonement in the event of service failure (Rahman and Widiyanto 2015).

There has been a relentless search for most adequate service provisioning mode world over. In this process, several experiences and results have been recorded in different countries and settings. This also led to the glorification of one mode or condemnation of another. Scholars have also been tempted into advocating for one or some against one or some others. Not only that, the process has tasked the ingenuity of governments and scholars alike to go beyond the box. This had contributed to more invention or reformation of existing modes to suite the changing demands of our dynamic societies.

Privatization became an option when most revered governments of the world became champions and advocates of it. Also, many countries saw it as a dare option when it appeared that it

worked in those enviable societies. It was more attractive when this mode of service provisioning came with compelling promises especially when the existing mode appeared to had failed or at least worn out in the heart of the users.

The mode of service provisioning that was natural to the state was the public. This was the wife of the government betrothed to it at its inception to birth services for the people. This extension was central to defining the competence and responsive of the government to the people's needs. The total responsibility of service provisioning for the whole state as large as it may be is of course tasking and presents some challenges. The diverse results countries get in this mode has more often than not given them impetus to problematize the mode and opt for some change. This could be why other modes evolved to the service provisioning stage.

Privatization was a guest on the service provisioning stage. It came as an option to ameliorate the challenges of the public service. After decades of its experimentation, its undeclared characteristics came to light and many began to review their opinion of it. More so, it became more challenging when its promises could not be substantiated in the experiences many countries faced.

Against this background, this entry seeks to give a critical evaluation of privatization following diverse perspectives and angles. Also, we explore the processes and factors that determined its glorification. We also explore the various experiences of privatization and the impression it has made in both management system theory and practice, using the experiences of the customers of the Enugu Electricity Distribution Company (EEDC) in Abakaliki, Ebonyi State, Nigeria, as a case study. Then, we look at the future of social service delivery systems.

## Government Intervention and Resurgence of Privatization

It has become a normancy for governments of the world to initiate public service reforms, an attitude that was traceable to the British in the 1970s under the administration of Margaret Thatcher and that of Reagan in the United States showing a radical reduction in the way governments intervened in the process of service provisioning (Narayan and Singh 2014). This was a precursor to the erstwhile big government characterized by state intervention in the public life. The Second World War left a devastating impact on various states of the world. Rebuilding state and catering for the needs of the people aftermath of the war was highly needful. The situation of the states at this time was too fragile to be left in the hands of the private which were more concerned about profit rather than welfare. The war situation was even profitable for the privates as these saw it as opportunity to sell their wares at exorbitant prices. The activities of the private suppliers of weapons of war and materials created great impact that governments began at once to limit them immediately after the war.

Governments therefore took interventionist position in ordering state life and public service provisioning. This period saw the establishment of several public enterprises almost at all fronts of public life in most states of the world. Economic prosperity of this time also catalyzed the process and strengthened it. It had appeared to had started with the developed capitalist states down to the socialists and through to all other states irrespective of ideological leaning. Developing states were also found establishing and maintaining large public service outfits. These governments were seen to be running "big governments." Some period before the 1970s, these public outfits became a big burden to the state resources. It consumed large budgetary allocations and ran at deficits in its operations. Many of the enterprises accumulated large debts for the government. Then, these governments remembered that they could exhume the previously undermined mode of service provisioning, namely privatization as an alternative to this disappointing mode. This necessitated the rolling back of governments to enable the private to take over. The private was at this time preferred for a number of reasons. One, it would relief the governments of the large budgetary allocations. Two, it would offer alternative choice to the people who were limited by the previous option.

Three, it would make service provision more efficient and effective. Four, it would ensure greater public control and participation in their affairs. All these and more inspired and instigated the propagation of the privatization agenda even beyond the shores of the developed states to the developing and transiting states.

## Ideology and Privatization Campaign

Many scholars have alarmed that privatization is beyond a sincere service provisioning prescription but an ideologized emblem. It was argued to have stemmed from the liberalization ideology that aims to enthrone capitalism in every corner of governance in the world. It was seen as a new way of propagating capitalism and undermining every other alternative ideology. Farazmand (2002) has affirmed that privatization is a global campaign of capital ideology, and in all its forms and manifestations, the underlying motivation or ideology of privatization is "the supremacy of the market as an all-encompassing institution of the economy" (p. 357). The liberal ideology was an expansionist one that sort to enlarge spheres of material accumulation by the bourgeois class. The way to exploit the state to the full was to turn it into a market where there would be free and unbridled interaction between demand and supply. A market economy would permit scampering of the state by the privates that are set to maximize profit as the very motivating factor. This kind of economic arrangement would only permit the government a limited function. The government would serve as a speculator, a simple night Watchman and a passive participant in the state economy. This idea was bundled, packaged, and sold to the whole world especially at the time that socialism was already going into decline.

## Globalization

The propagators and advocates of privatization which were especially the developed world were the highest owners of multinational corporations. These companies felt the heat of the interventionist regimes that swept the whole world in the 1950s/1960s. These might have cried out to a heavy blow given to it as was even initiated by their own people. The developed state whether they were convinced about the relevance of privatization at the time around 1970s or not began to push for it. The world quickly forgot the impact of the activities of the private enterprises prior to government intervention aftermath the World War II. The vehicle for the propagation of capitalist ideology of privatization was globalization.

Globalization is the erosion of world state's boundary at several fronts of, but not limited to politics, economics, culture, and ideology. It was signified by the integration of all states of the world into a single global market. The design of globalization was overwhelming and overarching. It swept through and overtook all segments of public life and arrangements. It was an attempt at unification and homogenization of the socio-economic life of all people around the world.

Particularly, the economic design was aimed at integrating all states into a uniform global market for equal interaction. This design was suspicious and unfair for several reasons. The states of the world are both natural and by circumstance unequal in economic strength and power. The merging of these economies to interact on equal basis was not simple as it sounded. Some economies dominated others and of course interactions of states were unequal due to their differential capabilities. Developing states and some other weaker states were at the loss end of this economic arrangement. The integration of all states into this economic sphere meant that these were going to be bound by common rules of the game. Yes, the states were to dismantle every economic barrier for free economic interactions.

This aspect of free trade and less barriers to economic interactions across state borders necessitated or permitted the rooting of transnational corporations in many economies. Obviously, the very mode of service delivery that could permit this adequately was privatization. Globalization was targeted as ensuring that states of the world opened their borders for scampering by multinationals. This was an imperialistic tendency of

capitalism to deepen its ideology in every corner of the world. Service provisioning by multinationals will in every sense not be motivated by the ordinance of social service provisioning but by cardinals of profit maximization. Nevertheless, the grand purpose of demand for change of service provisioning mode by the people is adequate social service delivery that must be affordable in everyway more than the former arrangement. Also, it was to expand avenue for choice, adequate response to demand, and social service security.

## Management System Revolution

Another interesting way of looking at impetus for privatization was to look at some nuances in the management transitions, reforms, and revolutions. The world management system has been revolving and transforming. We could say that the management system of the world is in a constant but slow and punctuated motion. The post World War II 1950–1970s that saw big economic boom was characterized by proliferation of public service outfits and greater commitment to public service provisioning (Puolokainen and Jaansoo 2018). Service provision was centralized and the bureaucracy was to render efficient service neutrally (Ukeje et al. 2020). This period also saw dichotomy between politics and administration. The nomenclature with which this arrangement was captured by the Public Administration scholars was Old Public Administration (OPA).

This era was quickly followed by another arrangement known as New Public Management (NPM). It was an attempt to revolutionize the existing management system to have a market-oriented structure that leverages on decentralized operations embracing public-private collaboration for effective and efficient service delivery (Marshall and Abresch 2016). This was more or less necessitated by the economic meltdown in the 1970s. There was need to cede government functions to the private enterprises to reduce both fiscal and management burdens on the state. The first move in this direction was recorded in United Kingdom under the administration of Thatcher (Puolokainen and Jaansoo 2018). The era was justified by a number of criticisms leveled against the OPA as outdated service provisioning mode. This management system has as its underlining idea the priorities of privatization as had been identified.

As aptly pointed out by Puolokainen and Jaansoo (2018), when NPM came of age, its promises began to fade and its weaknesses became apparent. It became needful to evolve new management system as responsible governments to meet the needs of social service provision. This development has triggered quest for a new management system. The development that ensued resulted to the emergence of the so-called governance era characterized by dynamic effort to social service provisioning.

## Why Privatization?

Understanding the reason privatization has become global priority has tasked ingenuity of scholars and state men alike. Could there be homogeneous perspective on the imperatives of privatization? Is there any explanation that supersedes another? Is there any reliable explanation to the nuances of privatization theory and practice? Clifton et al. (2006) took the challenge to explore perspectives on the reasons why governments privatized. Accordingly, they developed or divided the privatization literature into three paradigms, namely, the British paradigm, multiple logic approach, and the European paradigm as explanatory framework for the imperative of privatization in Britain, European Union, and how this has implication for the global experiences.

The authors raised yet to be resolved questions that centers around the way analysts share privatization excitements especially as it relates to the financial success which they assume as fast and uniform while neglecting how disjointed and complex it actually is in many places. Another concern is that there is also neglection of social implications of privatization while focusing on the financial aspect of it. Lastly, whereas it is agreed that privatization made-up policy option of many countries especially in the twentieth

century, there is little or no agreement on the motivation behind it. It was against this backdrop that the authors sought to identify the motivating factor(s) that underscored privatization especially in the European Union.

With respect to the British paradigm, privatization was pegged on the experiences of the British. It was a function of British ideological preference for "market solutions," ownership by individuals and state intervention distaste (Clifton et al. 2006). This was linked with the right-wing ideological imperatives of Margaret Thatcher. The proponents of the paradigm insist that for inclusion into the global market economy, countries have to subscribe to the privatization logics. There is belief that privatization is a "single, homogeneous process that can be implemented in diverse countries and yet have the same kind of results" (Clifton et al. 2006, p 738). One of the impetus for the paradigm's emergence was that scholars at this period where more often than not influenced by the experiences especially of the British. They had strong belief in the idea of private ownership stressing that the tendency of profit maximization would result in efficiency and adequate service provisioning while neglecting strengthening competition, reregulation, and public service obligations. These British imperatives are still being paraded by the contemporary World Bank and International Monitoring Fund (IMF) as policy prescription warning against falling to the deadly ailment of public ownership (Shirley 1999 cited in Clifton et al. 2006).

However, towards the end of 1980s, comparative works that examine the privatization experience across countries showed different results. The linearity of the British paradigm was exposed and was been rejected by many scholars. It was even noted that British cannot be seen as a leader of the privatization but rather an abnormality. It was noted that the rationale behind privatization was not single but variegated. There were several experiences by several countries that necessitated the policy reform. The British was further accused that its tendencies could be termed as "market fundamentalism" (Stiglitz 2002 cited in Clifton et al. 2006) showing her insincerity in the first place. This was evidenced by the fact that examination of the results of privatization beyond financial terms became troublesome.

The third paradigm known as the European paradigm was concerned with what has impetus for privatization in the European Union (EU). Could the British experience be the same reason for this policy priority? It was noted that beyond other factors, the technological shift, economic crisis, and interconnectedness of the society were central to the privatization and deregulation reforms in the EU. This paradigm explains the regulatory roles that these governments undertook to correct trending anomalies in this sphere. It could be seen as reactive and responsive measure to the fallouts of the globalization and governance crisis. These three paradigms explained above have implications or at least shades some lights on the experiences of the rest of the world and may proffer explanatory framework for the experiences.

## Theoretical Framework

This entry is predicated on the Public Choice theory as propounded by Buchanan, James and Gordon Tullock, (1962). The Public Choice theory focuses on the action of both elected and appointed government officials, their self interest, and the nature of their relations with various client groups. In essence, the theory seeks to analyze the actions and behavior of an individual as a rational, discriminating selector who aims at maximizing utility (Munck 2002). The basic assumptions are as follows: Firstly, individuals act in their self-interest and not in the interests of others. They are considered rational, calculating choosers who seek to maximize their own utility. Political actors who make choice in the world of scarce resource are influenced by each other, foreign officials, unions, and others who have direct or indirect stake in public policies.

Hence in every organization, policies are made in favor of major economic actors and government agents. Since the major interest of a rational economic man is profit, he acts to continue endlessly in capital accumulation process. Secondly, individuals have enough information about how

to make the maximal use of their preferences. These preferences come from outside and are not the consequences of social, cultural, or historical influences. Finally, the preferences are transitive (Mueller 2003). Accordingly, research findings reveal that the EEDC fear of contract review/withdrawal and lack of job security after the probation period (2014–2018) due to change of government has forced them to make rational choices such as cost minimization strategies to protect their interest. The political market is made up of those who demand certain type of public policies and those who supply them. These actors are self-interested. They are motivated to better off themselves. Since every self-motivated official would like to be reelected or reappointed, the interests of the actors and the resource they command determine the policy made and implemented in any environment (Balaam and Veseth 2005).

From the findings and observation, customers of EEDC have added "self-pacifist cognition" to tolerate power failures rather than confront them. Hence, customer expectation is set at default to expect and tolerate service failure and a resort to petrol powered engines as standby power supply sources. Service failure normally leads to negative reaction from customers of service institutions. Ideally, when it persists, should lead to customer switching. However, it does appear there are little or no such experiences in the study area.

This holds simply that citizens have expectations on their government or state as compensation for recognizing its authority over them which is the bedrock for state emergence in the first place. However, the reality of government failings becomes antithetical to these ideas leading to dissonance. The implications and or purpose of dissonance resolution is that in a perfect competitive market, consumers are said to be kings; deciding on what is produced and supplied (though indirectly) through consumer choice mechanism. This phenomenon keeps producers and distributors on their toes for efficiency and effectiveness to be achieved so as to satisfy customers demands which is the sole criterion for a producer's or distributor's survival in the perfect market. It can be used to engender healthy competition in addition to enhancing investments. In this vein, the public choice theory are used to explain the games of interest preservation and propagation as evidenced by EEDC and staff's contract intelligence as well as consumers withdrawal from the service process respectively. Applying this to the study of EEDC performance in Abakaliki, power utility consumers have experienced great conflict or psychological discomfort due to frequent power failures and their inability to do anything about the situation owing to the absence of customer appeal/justice system which would have promoted timely and effective service delivery in the system.

## Lessons Learnt: Customers Quality Service Delivery and Development Issues in the Ebonyi State Power System

No doubt, electricity is a major source of power, a critical infrastructure that is strategic to a nation's socioeconomic development (Idowu et al. 2020). However, lessons from the experiences of the customers (citizens) and some selected members of Electricity Committee in Ohatekwe, Agalegu community on the nature and level of power service delivery in Ebonyi State, Nigeria, revealed that factors such as fear of contract review/withdrawal and lack of job security after the probation period (2014–2018) due to change of government affect the performance of electricity supply by the EEDC in Abakaliki. Also, monopoly and customers self-pacifist behavior were found to account for the persistence of the identified challenges in the sector. Findings further revealed that beating, harassment of EEDC staff, and vandalization of power infrastructures by customers (citizens) due to service failure or as expression of frustration results in constant high bill estimation since staff cannot freely move to pick accurate meter readings in some premises where they had been confronted regularly. These results into constant light interruption, over voltage, load shedding, bulk billing, disconnections, and delay in new connection.

Notably, the same epileptic power supply currently experienced in Nigeria prompted most countries in the world like the governments of

India, China, Mexico, and South America in general to hand over the entire management of electricity generation to the hands of private investors in which has led to a wonderful performance in the industry (Awosope 2014), but in Nigeria, the impact of such reforms is yet to be felt almost 6 years after the program. The entry posits that for the attainment of the current Sustainable Development Goals (SDGs) goal 7, which aims to ensure access to affordable, reliable, sustainable, and modern energy for all by 2030, Public Enterprises (PEs) should invest more in recruiting more qualified staff and improving their condition of service; while government institutionalize the contract concessioning activities to remove it from political influence, at least partially and finally, make clear its policy responsibility to assign clear areas of intervention between it and the company and invest robustly in infrastructure (Ukeje 2017).

Importantly, the SDGs targets cannot be achieved without careful consideration of the role of energy (Edomah et al. 2017). Nigeria as the largest economy and most populous state in the entire continent of Africa (Offu et al. 2018) is greatly challenged with the problem of reliable power supply (Ighodalo 2018). The provision of adequate, affordable, accessible, and sustainable electricity supply is critical to the attainment of sustainable development (Akinbami and Momodu 2012). However, public service delivery in Nigeria has witnessed declining performance levels since colonial administrative period (Ukeje et al. 2019). According to Kauzya (2015), the effective delivery of public services which includes energy is generally taken as a key function of government and a critical element in the implementation of 2030 Agenda for sustainable development and achieving the SDGs, mediated by sound governance indices and public administration through a strong partnership building (Farazmand 2009) in the delivery process. Sound governance requires adaptability, capacity building and development, innovations in policy and management, and a sound administrative system that is dynamic, flexible, diverse in character, and solid in structure and value orientations (Farazmand 2004) in both political and administrative settings that centers on citizens engagement (Farazmand 2012, 2017). Service delivery is the center of all activities of public-private sector organizations because government is constituted to serve the people and ensure public good. Sound administrative-governance in public service delivery is measured by the quality and quantity of those citizen-centric and people-driven services rendered since the SDGs need an effective public service for successful implementation (Ukeje et al. 2020).

The nature and practice of privatization policy, either by contracting out, outsourcing, or complete privatization through various schemes, "grounded on the idea of the supremacy of the market as an all-encompassing institution for a functioning society as well as the most viable and functioning institution in the economy" (Farazmand 2002), can determine citizens' satisfaction-dissatisfaction measurement as well as the type of market structure created (either monopolistic or competitive structure). Privatization is primarily done to introduce effectiveness and efficiency, reduce government interference and administrative burdens, generate new investment, develop capital market and deepen the financial system, provide the opportunity to introduce competition, and enlarge individual choice and freedom. Privatization must result in better service at lower prices as desired by consumers who oftentimes are not much bothered about economic philosophies (Adeyemo and Salami 2008).

Thus, in the context of this entry, privatization means deliberate attempt by government to induce competitiveness and efficiency in public institutions through the new public management (NPM) and the new public governance (NPG) paradigm. However, based on the Ebonyi State experience, this entry argues that the government of Nigeria has only succeeded in creating another layer of powerful unaccountable monopolies through its privatization policies by neglecting the "competitiveness and citizens-choice" components in the stated policy objectives, often as government is unable to deal with the politico-economic intervening components of the reform process. It remains arguable whether there can be competition in a monopolistic situation. For

example, the poor service situation in the communication industry and the manner they deal with cases of reported service failure demonstrates clearly the audacity of secure business interest ostensibly due to "market conquest." It is not clear whether there are other government privatization policies which represent fair competitive market situation in keeping with the true spirit of privatization. The implication of these is the circumvention of consumer choice and monopolistic exploitation.

Thus, on these stated problematic underpinned, former president Chief Olusegun Obasanjo, in the year 2003, constituted a committee of experts headed by Wendy Thomas to help Nigeria do a diagnostic audit of the system, examine institutional environment for service delivery, reflect on people's lives and experiences, and draw a road map for a service delivery program. The service delivery program should:

- Create "citizens" and "customers" demand.
- Instill higher expectations of public services.
- Communicate service entitlements and rights.
- Publish information about performance.
- Redesign the services around customer requirements.
- Success of the program will require committed leadership from the top.
- Government should demonstrate leadership commitment with a public declaration about service delivery.

The extent this noble goals have been achieved is only a matter of debate between practitioners who see "great leaps in public service reforms since 1999 and scholars who see little progress and largely business as usual efforts lacking the needed impetus to perform". Effective performance of public services is underpinned by certain core values, which include integrity, meritocracy, discipline, professionalism, patriotism, and impartiality (Idike et al. 2019).

The privatization of the power sector in Nigeria has suffered setbacks due to lack of good maintenance culture which has resulted in a number of situations whereby the industry has remained unviable to investors (Oluseyi et al. 2007) and lack of regular training, the human factor accounts for a great deal of then power sector's current debilitating condition (Awosope 2003; Abubakar 2011). This is aggravated by unavailability of specialized engineers and technicians for certain tasks as well as unpreparedness of the industry to pay equitable amount as hazard allowance and insurance policy attached to the workers. Government at all times should be prepared to demonstrate the political will to enforce as well as implement policy reforms (Ukeje et al. 2020). Absence of alternatives or competition (substitutes) is responsible for customer incapacitation and non-responsiveness of EEDC in respect to service atonement and service appeals. It might be helpful for both government and EEDC to explore the SDGs targets of 7a and 7b to widen resource dragnet for improved investments in the sector while leveraging the "Third Sector" structure to engender a resilient administrative mix. This may provide the needed incentive for performance optimization in the EEDC framework.

As yet, the third sector partnership option remains largely unexplored and its potential to improving service outcomes in the Nigeria energy sector yet untapped. It is argued that involvement of the already existing Electricity Committee Framework as a statutory management layer will help mobilize resources for investment, secure power infrastructure, and broad supervising oversights on EEDC staff operations and ensure customers (citizens) satisfaction. This means that the destiny of the state or nation and its public sector is tied and overthrown if service is not rendered effectively and efficiently. PEs should be politically neutral, impartial, loyal, transparent, accountable, and of high integrity with participatory leadership style if effective service delivery is to be achieved (Obiwuru et al. 2011; Ukeje et al. 2015).

## Implications and Explanation for the Developing State Experiences

Most developing countries were formerly under the colonial influences of advanced European and American societies. Many of these countries

weaned from the political dominance of the Western or Northern Metropole around the 1950s and 1960s of the post WW II. As these countries were under the administration of their colonial heads, their political and economic policy imperatives were in fact implemented in their countries with little or no knowledge of the implications. In most cases, they see these policy options as natural and sincere for their development. After they weaned from the colonial rulership, they still continued to implement the policy prescriptions of the former colonizers as it appeared safer than the unknown others. The developed societies ensured that these countries followed their prescriptions by using it as the only way for the developing countries to receive aid from the international donors. This explanation shows why implementation of privatization policy was successful in many countries, a thing that triggered questions as to what was the incentive for the huge acceptance of the privatization idea even without prior experimentation on the authenticity of the relevance. Some have noted that this acceptance was instigated by pressure (Bazilian et al. 2012), deception, and not a product of policy intelligence. The idea of privatization influenced naive idealists and optimists to accepting market as the final alternative force for society running and economic institutions governing (Farazmand 2002).

The British paradigm explanations are significant to understanding this process in the developing societies. Many developing countries were under the colonial influence of the British prior to the 1960s. Many of these still maintained strong alliance with the British even after their political independence. The strong relationship lends credence to why privatization was accepted hook, line, and sinker in these countries. By implications, the acceptance of this service provisioning mode in this sphere was not due to its benevolence but a product of ideological deception and political manipulation. The developing societies were made to believe that their economy would transform automatically to the form of that of the developed states just by following this policy prescription. These countries tolled the prescribed line of reform and eventually got heart breaking results. They lost their economy to multinational corporations showing they lost to the imperialists. Also they became enemies to their own citizens who saw that the lack of adequate supply of social service was a deliberate one by their states. The states became confused as to which option to fall back to or how to solve their problems.

The experiences of the developing societies show like the multiple logic approach has explained that there are different reasons that should inform adopt of privatization reforms and not just a policy fantasy patterned in line with global policy transition trends. Developing countries each have individual and peculiar challenge that could necessitate some policy options. It was not even necessary that this option must be uniform as the case with privatization. Prescribing uniform policy options for diverse countries at various levels of economic growth and possessing peculiar challenges should have sent a strong signal that it was insincere. It could have shown that if the pressure was coming from a particular angle that it could have meant a uniform issue from the angle requiring collective action to ameliorate. Perhaps, the reason for the propagation of the policy option would not have been for solving the problem of the targets but of that of the propagators. Internal countries' logics should have been a determining factor for policy option suitable to addressing their challenge rather than foreign prescriptions freely offered even when it was not requested for.

Finally, the European paradigm offers significant insight into what is really needful to addressing countries' internal logics. Whereas this offers reactive measures to rising challenges in each country, we suggest a combination of both proactive and reactive measures. Proactive measures is necessary to arresting possible future challenges while reactive measures may serve as a correction of the mistake or unforeseen occurrence in the system.

## Conclusion

With critical examination of the notions and perspectives held about privatization coupled with cross country experiences, we are constrained to

tender unbiased observations. Privatization is nothing but an ideological prescription to instigate market superiority in all aspect of socioeconomic life. It could be termed as unbridled quest for excess gain instigated by the bourgeois class and implemented by their political allies. There is a disjuncture between profit maximization and social service provisioning and satisfaction. Therefore, privatization question is not a social service provisioning but a financial prosperity question. This does not deny the areas of the state which privatization has worked fine like, for example, the telecommunication industry. It is important to clear the point that the major aim of the private enterprises is not social welfare but profit. This is not also to certify that public ownership of social service outfits is the ultimate. Both have evidently failed in many countries with few good reports. We subscribe to the idea of strong institution and competent regulation by governments to be able to order social service provisioning (Ukeje et al. 2019). Any service provisioning mode could be fine if supported by relevant and adequate institutional logics and pragmatic leadership.

In view of the research findings and taking into consideration the overall performance of EEDC, it is quite reasonable to conclude that EEDC lacks the institutional capacity and capability to deliver quality and satisfactory services to the public such as under staffing and use of inexperienced staff in order to minimize cost and maximize profit, inabilities to provide adequate transformers in the various service areas/zones, and thus jeopardizing the goal of achieving quality, reliable, and sustainable power supply in the state. This is aggravated by unavailability of specialized engineers and technicians for certain tasks as well as unpreparedness of the industry to pay equitable amount as hazard allowance and insurance policy attached to the workers. Furthermore, government has not also faithfully implemented the competitiveness component of the privatization program leading to the emergence of new monopolies. Absence of alternatives or competition (substitutes) is responsible for customer incapacitation and non-responsiveness of EEDC in respect to service atonement and service appeals. Customers of EEDC also showed reflections of dissonance from the expectations of the privatization of the power sector by the Nigerian government which was expected to improve power supply.

Customer dissonance can be resolved in two basic ways: firstly, adding to the cognition to tolerate or justify the frustration. For example, customers of EEDC perceive power failure to be a normal situation which defies remedy and so condition their minds to accept power outages by default. Being by expectation, it really does not worry anyone when it happens. This is the self-pacifists method. Secondly, by avoiding social situations that exasperates dissonance like resorting to alternatives to EEDC supplies such as personal power generating sets even at high costs.

Availability of power is a sine-qua-non for the much desired industrialization in Nigeria. Problem however remains how to improve the institutional capacity of the EEDC and conserve both power and power infrastructure. In this line of thought, the Nigerian Electricity Regulatory Commission (NERC) should be reconstituted to give the required institutional support to ensure a balanced regulatory framework to protect both investors and consumers; finally, the Transmission Company of Nigeria (TCN) should be reorganized into technically, financially, and commercially viable and market-driven company. This will help to achieve increased access to electricity services, improved efficiency, affordability, reliability, and quality of service and greater investment in the sector to stimulate competitiveness, economic growth, and development in the state. Lastly, EEDC as a private company should improve upon its public relations strategies such as fair and timely service atonement, frequent consumer orientation/information through advertorial, stakeholders' engagements, etc. This is intended to change consumers' attitudes which lead to power wastages.

This entry has shown that traces of inefficiency, poor service delivery, injustices, ethical violations, and low performance in EEDC pose serious challenge to the tenets of privatization in Nigerian governance and underscores the need to reengineer a service rebirth. The poor service

challenges are characterized by difficult sometimes confusing payment procedures not clearly displayed; customers do not see EEDC as an efficient organization; EEDC staff don't offer explanation for delays; hidden charges (bills) for services rendered; inadequate records and management of complaints resulting in customers' dissatisfaction and conflict. Thus, removing the challenges of poor power supply and inefficiencies in the sector will enhance the realization of the objectives of the current Sustainable Development Goal 7 by 2030 by providing access to affordable, reliable, sustainable, and modern energy for all.

## Cross-References

- ▶ Accountability and Democratic Administration
- ▶ Bureaucratization and Service Delivery in Nigeria
- ▶ Comparative Administrative Reforms
- ▶ Co-production
- ▶ Debureaucratization of Power in Nigeria
- ▶ New Public Management
- ▶ New Public Management and Governance
- ▶ Service: The Matrix of Good Governance in Nigeria-Africa
- ▶ Social Innovation

## Reference


Abubakar MK (2011) Welcome address at the summit on energy and sustainable economic growth, energy commission of Nigeria organized workshop at LadiKwali Hall, Sheraton Hotel and Towers, Abuja, 9th–10th March, 2011

Adeyemo DO, Salami A (2008) A review of privatization and public enterprises reform in Nigeria. Contemp Manag Res 4(4):401–418

Akinbami J-FK, Momodu AS (2012) Electrical energy production pathway for sustainable development in Nigeria: a case study of energy recovery from agro-forestry wastes. Int J Sustainable Energy 31(3):155–173

Awosope COA (2003) Power Demanded but not supplied: The agonizing roles of emergency power supply and transmission system inadequacy, University of Lagos Inaugural Lecture Series, 10th September

Awosope CA (2014) Nigeria electricity Industry: issues, challenges and solutions. 38th public lecture series 3(2):1–40

Balaam D, Veseth M (2005) Introduction to international political economy (third edition). Pearson Education Inc, New Jersey

Bazilian M, Nussbaumer P, Roger H, Brew-Hammond A, Foster V, Pachauri S, Williams E, Howells M, Niyongabo P, Musaba L, Gallachoir BO, Radka M, Kammen DM (2012) Energy access scenarios to 2030 for the power sector in sub-Saharan Africa. Utilities Policy 20:1–16. https://doi.org/10.1016/j.jup.2011.11.002

Buchanan, James M and Gordon Tullock (1962) The calculus of consent

Clifton J, Comin F, Fuentes DD (2006) Privatising public enterprises in the European Union 1960–2002: ideological, pragmatic, inevitable? J Eur Publ Policy 13(5):736–756. https://doi.org/10.1080/13501760600808857

Edomah N, Foulds C, Jones A (2017) Policy making and energy infrastructure change: a Nigerian case study of energy governance in the electricity sector. Energy Policy 102:476–485

Farazmand A (2002) Privatization and globalization: a critical analysis with implications for public management education and training. Int Rev Adm Sci 68(3):355–371

Farazmand A (2004) Sound governance. Policy and administrative innovations. Praeger, Westport

Farazmand A (2009) Building administrative capacity for the age of rapid globalization: a modest prescription for the twenty-first century. Public Adm Rev 69(6):1007–1018

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12:223–241

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17:595–617

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the Federal Character Principle experience. Cogent Soc Sci. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

Idowu SS, Ibietan J, Joshua S (2020) Debureaucratization of power in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. https://doi.org/10.1007/978-3-319-31816-5_3974-1

Ighodalo A (2018) Public administration and sustainable national development in Nigeria's fourth republic. Adv Soc Sci Res J 5(3):466–478

Kauzya JM (2015) From implementation of MDGs to 2030 sustainable development agenda: what will it take from government and public administration to achieve sustainable development goals (SDGs). Paper presented during the 20th CLAD Congress Lima Peru, November 2015

Marshall GS, Abresch C (2016) New public management. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. https://doi.org/10.1007/9783-3-319-31816-5_3076-1

Mueller D (2003) Public choice III. Cambridge University Press, Cambridge
Munck G (2002) Rational choice theory in comparative politics. In: Wiarda H (ed) New directions in comparative politics. Westview, Boulder
Narayan J, Singh G (2014) Public enterprise reform sand financial performance of government commercial companies of Fiji. Int J Public Adm 37(11):756–772. https://doi.org/10.1080/01900692.2014.903275
Obiwuru TC, Okwu T, Akpa VO (2011) Effects of leadership style on organizational performance: a survey of selected small scale Enterprises in Ikosi-Ketu Council development area of Lagos state. Aust J Bus Manag Res 1(7):100–111. Nigeria
Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3499-1
Oluseyi PO, Akinbulire TO, Awosope COA (2007) Solving the technical problems facing electrical energy development in Nigeria, UNILAG fair and conference in Awosope, C. A. (2014) Nigeria electricity Industry: issues, challenges and solutions. 38th public lecture series 3(2): 1–40
Puolokainen T Jaansoo A (2018) Bureaucracy and service delivery. Global Encyclopedia of Public Administration, Public Policy, and Governance. https://doi.org/10.1007/978-3-319-31816-5_3076-1
Rahman S, Widiyanto I (2015) Service atonement toward the service dissonance and customer switching. J Econ Bus Manag 3(7). https://doi.org/10.7763/JOEBM.2015.V3.273
Sharma MP, Sadana BL, Kaur H (2012) Public administration in theory and practice. 48th edition. Kitab Mahal, 22-A, Sarojini Naidu Marg, Allahabad
Ukeje IO (2017) Employee motivation and the performance of power sector: a study of Enugu electricity distribution company (EEDC) in Abakaliki, Ebonyi state, Nigeria. Unpublished PhD seminar submitted to the department of Public Administration. Nnamdi Azikiwe University, Awka
Ukeje IO, Abraham EA, Ndukwe C (2015) Effects of leadership influence on labour management relations: case study of Ebonyi state university, south eastern Nigeria. Int J Adv Res Technol 4(7):44–50. Available online: http://www.ijoart.org/researchpaper-publishing_july-2015.shtml
Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. http://springer.iq-technikum.de/referenceworkentry/10.1007/978-3-319-31816-5_3824-1
Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm 43(4):361–372. https://www.tandfonline.com/doi/full/10.1080/01900692.2019.1636394

# Process Innovation in Public Sector

Ali Khodadad-Saryazdi
IRGO (Institut de Recherche en Gestion des Organisations), University of Bordeaux, Bordeaux, France

## Synonyms

Administrative innovation; Organizational change; Organizational innovation; Organizational technology; Technological innovation; Technology implementation

## Definition

Process innovation is the realization of work activity in a new way, in other words, it is a radical process change initiative (Davenport 1993) that may be due to political, organizational, or resource constraints. Process innovation integrates technological and organizational changes and may result from the advent of new technology in an organization. The implementation of process innovation requires the change and transformation of business processes, equipment, and work habits. This innovation may require the readjustment of administrative, manufacturing, or managerial processes. Process innovation is an outstanding issue in the public sector, but, till now, little attention is paid to its implementation challenges in this sector.

## Introduction

Adoption of innovation results from the innovation diffusion and marks the starting point of the implementation process. Nevertheless, an innovation adopted by an organization or some of its members does not necessarily lead to implementation or a successful implementation. Even though the adoption studies can anticipate the innovation absorption

capacity, it would be in the implementation phase where the challenges of process change reveal themselves.

The majority of public organizations challenge social requirements, multiple user exigencies, and resource constraints. The reorganization of services, development of synergies, or the introduction of new technologies that disrupt the operators' routines reflect these challenges.

The high performance of the private sector due to the entry of multiple tools has led to the importation of private-sector techniques into the public sector. Over the last few years, new technologies have gradually entered in all activities and induced the need to transform production processes of public services. The interconnection of this transformation with ongoing technologies can offer significant benefits to the public sector and improve the added value of activities. However, despite the reform of the New Public Management, which seeks to make the government more business-like (Hood 1998), the peculiarity of the public sector and its mode of governance require adapting the management of process innovation implementation.

There are several works about the success factors of process change in the private sector, but there is little explanation of how the public sector specificities can influence its implementation. In this work, process innovation implementation is highlighted under the public sectors' restrictions and traits. The objective is to provide a general framework for the implementation of any process innovation type in the public sector. Several proposals are presented in the end. Taking these proposals into account by managers before implementing a technology-based innovation will aid increase the implementation success. The proposals can also be used by researchers to conduct field research.

## Process Innovation: From Adoption to Implementation

Process innovation is the most widespread innovation in the public sector because of two major convergent movements, new public management (NPM) and e-government (De Vries et al. 2016). However, public organizations are rather adopters and not innovators (Djellal et al. 2013). Moreover, because of the functioning of the public sector, innovations are often introduced in a top-down process, which raises the question of how to implement innovation more acutely.

### At the Origin of the Implementation: The Adoption of Innovation

Adoption as a decision to implement does not guarantee effective implementation or application. This decision separates the phase of initiation, also called preadoption, from that of implementation, also called postadoption (Damanpour and Schneider 2009). Several sequential models represent the innovation process, but in fact, it seems too complex to separate the stages. Indeed, process innovation is a recommended technique, philosophy, or series of activities that can be implemented in different ways without a unique rule but requires context knowledge.

In increasingly competitive situations, process innovation can significantly impact productivity and help to gain a competitive advantage by improving organizational efficiency and responsiveness. As examples of process innovation in the public sector, we can mention the e-government (Mensah 2020), Smart Port technologies (Rajabi et al. 2018), the one-stop-shops, e-learning, telemedicine (Khodadad-Saryazdi 2019), the enterprise resource planning system, or the cargo community systems (Baron and Khodadad-Saryazdi 2021).

## Implementation of Process Innovation in Public Organizations

Adoption and implementation are the challenges related to the introduction of innovation in any organization. The success of the implementation phase does not obey a single rule, so its comprehension requires a thorough knowledge of the specificities and characteristics of the public sphere.

### Public Sphere

Process innovation in the public sector is often associated with reform movements, such as new public management (De Vries et al. 2016; Pollitt and Bouckaert 2004) that contributes to legitimize public organizations. Seeking increased performance leads to the introduction of new tools or changes in business practices. Innovation in the public sector is mainly driven by governance improvement and service performance, all for creating public value. Process innovation can both improve the services provided to users and simplify administrative processes (De Vries et al. 2016). However, the initiative to implement process innovation can not only raise the legitimacy of public bodies but also lead to a loss of legitimacy by revealing the gaps or conflicts in the implementation.

The public sector is the collection of organizations, agents, and activities subject to the political system, collective purpose, and strict rules (Ouellet 1994). These criteria indicate the importance of the government's role and its influence on innovation implementation.

The social utility of public organizations can be at the origin of public innovation policies. However, today's degrading image of public service is not irrelevant to the subject. Limiting public bodies' resources influencing the service quality, and introducing the competition, incite the desire to regain. Therefore, innovation can be one of the strategic decision orientations of public organizations. Moreover, public agents have certain rights and obligations. The fact that they work in a strictly regulated environment and are regularized to their position can sometimes affect their work culture vis-à-vis the process change. Culture, not irrelative to public servants' social ideology, can facilitate or complicate process innovation's implementation.

### Public Context Characteristics

Public and private organizations are similar in many respects but differ fundamentally that can be explained by Core Publicness (Rainey et al. 1976). The basis of this approach is the division between political authority and market incentives, generally used to identify the differences between public and private sectors and examine the possibility of applying certain techniques of private enterprises in public organizations (Rainey and Chun 2007). These differences also have an impact on the organizational posture toward innovations (Koch and Hauknes 2005).

Political and economic authority can affect organizational strategy. The public sector is mainly known for the specific legal status, budget dependence, and nonprofit vocation to ensure the missions of general interest, that can encourage public directors to engage in producing goods and services without seeking profits or incentives (Rainey and Chun 2007). Public directors, as well as many public professionals, do not have enough time to think about doing things differently, because they devote a substantial part of their time to responding to political bodies and reporting to the inspection agencies or political leaders (Mulgan and Albury 2003). They are under the permanent control of public authorities, which restrains their activities' liberty. Moreover, complex administrative formalities and long process requests make it complicated to achieve new technologies. These latter are considered the process change enablers, and their absence may inhibit innovation (Koch and Hauknes 2005).

All these restrictions, obligations, and potential risks can increase the hesitation of public organizations in implementing a complex innovation. The public values and objectives can also affect innovation implementation. For instance, some public bodies, like the military, have a rigid structure with a dominant heritage culture, in which the change is considered as a disruption in the organization's functioning, and thus it is preferable to keep intact the processes that function properly (Koch and Hauknes 2005).

Public agents have a reduced motivation to improve performance, but they prioritize organizational commitment and public values (Bullock et al. 2015). Limited motivation plans and financial incentives, as well as budget dependence of public institutions, can decrease organizational performance.

Lack of resources, such as relevant skills, financial resources, and support from other departments, can preclude adoption (Djellal et al.

2013). Nevertheless, these shortages can also obstruct the implementation due to resource underestimation or weak intercommunication. For instance, in some public structures such as public hospitals, the large size and lack of communication between the different departments can complicate the implementation (Koch and Hauknes 2005).

The impact of this compartmentalization is even more evident in public hospitals where the medical and administrative staff do not always have the same priorities in terms of innovation, which can lead to a lack of support, resistance to change, and a decline in organizational learning.

## Factors Impacting Process Innovation Implementation in the Public Sector

The potential situation of process innovation implementation in the public sector has been investigated by the existing intersection between publicness and the implementation success factors. The intersection gave rise to nine proposals that can be validated by future investigations (Table 1).

### Strategic Alignment

It is the linkage of organizational priorities and processes to achieve business goals (De Bruin and Rosemann 2006). The disjunction between process and strategy can be one of the major failure reasons of the process change projects, but when the processes are aligned with the public organization's strategy, it facilitates the change.

The force field in public bodies emanates from government policies with a normative framework on their functioning. If the financial objectives and profit logic encourage private organizations to develop or use innovation, in public ones, the force field and social interest can migrate the strategy toward the implementation of an innovation deemed useful. In the same way, a risky innovation project can be judged as a loss of public funds. Risk aversion in the public sector can be explained by the fear of inadequate consumption of public resources (Koch and Hauknes 2005; Mulgan and Albury 2003). Therefore, process innovation must be closely linked to the strategy to be accepted.

Given that in the public sector, strategic alignment is particularly influenced by political objectives, laws, and people's well-being, a process innovation may be admitted with more interest if its advantages concern both the State and the users. So, we can say that:

**Proposal 1.** The conformity of process innovation with the policy and laws of society may favor its implementation.

Lack of incentive can reduce motivation toward innovation (Mulgan and Albury 2003). Similarly, if the innovation does not benefit the public organization and agents, it may never become a part of organizational strategic priorities, and even after a period, it can be stopped partly or entirely.

**Process Innovation in Public Sector, Table 1** **Matrix of proposals**, The interaction of public sector's traits with process innovation success factors

| Implementation success factors<br>Public characteristics | Strategic alignment | Governance | Leadership | Culture | IT/IS | PA | PE |
|---|---|---|---|---|---|---|---|
| State's high influence | | | | P5 | | | |
| Lack of resources/budget dependence | | | | | P6 | | |
| Strict rules/regulated environment/complex and long administrative formalities | | P3 | | | | | P9 |
| Public values and objectives | P1/P2 | | | P5 | | P8 | |
| Limited financial incentives/reduced motivation | | | | | | P8 | |
| Limited power, limited autonomy, and more frequent changes of public directors | | | P4 | | | P7 | |
| Risk aversion | P1/P2 | | | P5 | | | P9 |
| Compartmentalization | | | | | P6 | | |

In the public context, there are different stakeholders such as State, public organization, public agents, and users, and their benefits during the process change should not be neglected. Therefore, process innovation must bring advantages for public managers and agents to support its implementation, so:

**Proposal 2.** The more process innovation is adapted to the requirements of the public body and its agents, the easier would be the implementation.

If the alignment of new processes with the organizational strategy contributes to implementation, reciprocally, the organizational strategy can also support the implementation of new processes. In this context, management can provide a helpful context and support all the necessary dimensions of implementation.

### Governance

It refers to the management of the process change project and that of process execution. Project governance enables the accomplishment of activities in the given time and minimizing the project problems, but not enough because the effective daily functioning of new processes requires process governance. Therefore, when new processes are implemented, a management system is essential to make them viable, by the creation of structures, performance measurement tools, as well as transparent and appropriate roles and responsibilities (Rosemann and vom Brocke 2015; Spanyi 2015).

The process change initiative in the public sector requires a detailed project management plan with specific steps and objectives. The development and validation of the project, as well as the provision of resources, sometimes can be very time-consuming due to the rigid structure of the public sector. Furthermore, the fact that public bodies are dependent on the annual budget forces them to prepare a rational economic plan in the short term. Short-termism can hinder significant organizational change because this later usually requires long-term planning (Mulgan and Albury 2003).

Therefore, the strict rules of the public sector may make the implementation more complex. In fact, at the organizational level, public bodies are more or less bureaucratic, and decision-making needs more paperwork. Moreover, the role of public authorities in the management of the public services is accentuated by the central or local administrations, as part of activity control and supervision; consequently, we can say that:

**Proposal 3.** The administrative procedures and burden can complicate the implementation of process innovation.

### Leadership

Leadership concerns the manager's support throughout the process change. According to Damanpour and Schneider (2009), leadership in public organizations can create a social climate encouraging staff motivation. The director can also provide necessary resources and coordinate projects. The role of leadership would be even more significant if the project is raised in a bottom-up manner. In the public sector, the frequent change of senior managers can influence the implementation of projects (Rainey et al. 1976). The arrival of a new director can have a significant impact on the popularity of process change, even if the official strategy remains the same (Rosemann and vom Brocke 2015) because each director has his own reasoning. So:

**Proposal 4:** Frequent change of public managers can impact the implementation of process innovation.

### Culture

Because of the specific culture and legal status, business process change in a public organization can be more complex than in a private one. Moreover, in the public sector, reforms can affect the implementation of process innovation. As Pollitt and Bouckaert (2004) point out, the reform consists of deliberate changes in structures and processes of public sector organizations to get them to run better. Process changes can encourage public agents to be more performance aware. According to the recent research of Mensah

(2020), the ability of governments to provide the required regulatory framework and other related policy issues can be useful and even crucial for the implementation of e-government services.

Regardless of the nature of the public sector, the reforms can influence organizational culture by reducing resistance and encouraging public agents to cooperate in implementing the process innovation. Reforms can also, sometimes, clarify and simplify the legal requirements of implementation, and so decrease the risks of the process innovation.

**Proposal 5.** Reforms can act as an enabler in implementing process innovations.

### Information Technologies (IT) and Information Systems (IS)

Some process innovations in the public sector are highly IT-dependent, and their utilization can bring significant benefits to organizational processes. For example, e-government is one of the IT applications to automate business processes and to create integrated IT infrastructures, or telemedicine which is one of the IT applications in the healthcare sector aimed at improving patients' access to care by modifying traditional medical processes (Khodadad-Saryazdi 2016). Thus, IT can both facilitate process modification and the implementation of process innovation.

Integrated Information Systems (IIS) can contribute to decompartmentalize different units of the public institution, facilitate the creation of integrated processes, and add value to the organizational processes. However, many process innovations are dependent on Integrated Information Technologies (IIT) or IIS or both. The reality of resource and skill shortage in the public sector is not irrelevant to the implementation of IT-dependent or IIS-dependent process innovations. The provision of performant IT equipment requires the budget allocation and the competence for IS interconnection. So, we can say:

**Proposal 6.** The fact that IT implementation within process innovation requires specific and extraresources can complicate or delay its implementation.

### Process Actors (PA)

Actors who are directly or indirectly involved in process change are the most valuable asset of an organization for process improvement or innovation (Willaert et al. 2007) in terms of knowledge, competence, commitment, motivation, and loyalty. The essential actors for implementing process innovation are the director and his team, the personnel concerned by new processes, and the project champion.

In the public sector, the implementation of an innovation is often realized in a top-down logic. However, the limited power, restricted autonomy, and more frequent changes of the public directors (Rainey et al. 1976) may lead to a movement by agents to lead a process change. This movement is observed only in certain sectors, where public agents have more autonomy like that of the public hospitals (i.e., healthcare professionals).

Though management support can be crucial for a successful implementation, the interest of public agents in organizational commitment and public values (Bullock et al. 2015) can enable process change. Conversely, it is quite possible that the top-down strategies, imposed by management, lead to reluctance and resistance by employees. Thus:

**Proposition 7.** A Bottom-up initiated process innovation is more likely to be implemented successfully and become regular.

Lack of incentives and funding is the barrier to implementing innovation in the public sector (Damanpour and Schneider 2009). Process innovation can improve products or services and so benefit the citizens. Moreover, knowing that human resources remain a determining factor in the implementation of process innovations, it seems that agent's decision empowerment and awareness of the social utility of process innovation can favor its implantation. Consequently:

**Proposal 8.** Raising the awareness of public agents to the benefits of process innovation can encourage them to cooperate in the implementation.

Performance Evaluation (PE)

A process life cycle generally includes four stages of design, configuration, execution, and assessment. Some techniques are useful in each process life cycle, such as modeling and improvement methods (Rosemann and vom Brocke 2015). Performance assessment concerns both process and project evaluation. For Spanyi (2015), performance must be measured from the perspective of users and society. The evaluation of process performance can be considered as a tool for the execution of the organizational strategy (Willaert et al. 2007).

Underutilization of an allocated budget would not be a resource for the public organization because budget surplus must be restored to public resources. This fact can affect the agent's motivation to save and reduce costs (Ouellet 1994). In the public sector, the cost control lever is presented in the mandates and obligations to be respected. Thus, this is quite normal that public bodies are more reluctant to the risks associated with the innovation whose results are uncertain.

The innovation performance evaluation is sometimes very requested in public organizations. These latter are generally worried about the little-known impacts of innovation on the society, citizens, environment, and public funds; nevertheless, some benefits are difficult to quantify.

The dynamic nature of technological elements of process innovation can prevent accurate determination of cost-benefit relationship. Furthermore, before the maturity stage of innovation, it may be hard to estimate its short-term consequences because innovation continues to evolve and adapt to the context.

**Proposal 9.** Evaluating a process innovation in early stages of adoption may delay its implementation.

## Conclusion

Process innovation, as a subset of organizational innovation, is a new way of doing activities present in different business sectors. It may involve both new processes and new technologies, giving it a hybrid image.

Process innovation implementation is still a concern for practitioners and scholars. Process innovation literature in the public sector focuses primarily on process redesigning methods, while in this entry, using the same literature, the implementation conditions of process innovation have been analyzed.

Public values, resources, agents' priorities, decision-making modes, and service structure are decisive elements in the implementation. The latter can be affected by organizational, technical, cultural, or strategic factors. Confronting public features with the factors affecting process innovation implementation has led to several non-exhaustive proposals.

This entry provides a general framework for the implementation of process innovation in the public sector. The proposals can be applied both by practitioners and researchers for any process innovation type. Their legitimacy highly depends on empirical validations, notably by qualitative research, to contextualize them to the targeted sector. Different contexts can offer different outcomes, so proposals should be examined in different public sectors, such as healthcare or national education.

## Cross-References

► Dynamics of Managerial Innovation
► Organizational Innovation
► Organizational Technology
► Public Policy and Bureaucracy

## References

Baron, ML, Khodadad-Saryazdi A (2021) Application de la théorie des communs à l'analyse des défis managériaux d'un SIIO: le cas du système de rendez-vous transporteurs au port du Havre. Logistique & Management 29(1):34–46

Bullock JB, Stritch JM, Rainey HG (2015) International comparison of public and private employees' work motives, attitudes, and perceived rewards. Public Adm Rev 75(3):479–489

Damanpour F, Schneider M (2009) Characteristics of innovation and innovation adoption in public organizations: Assessing the role of managers. J Public Adm Res Theory 19(3):495–522

Davenport TH (1993) Process innovation: reengineering work through information technology. Harvard Business Press, USA
De Bruin T, Rosemann M (2006) Towards understanding strategic alignment of business process management. In: Spencer S, Jenkins A (eds) Proceedings of the 17th Australasian Conference on Information Systems, Adelaide, pp 1–10
De Vries H, Bekkers V, Tummers L (2016) Innovation in the public sector: a systematic review and future research agenda. Public Adm 94(1):146–166
Djellal F, Gallouj F, Miles I (2013) Two decades of research on innovation in services: which place for public services? Struct Chang Econ Dyn 27:98–117
Hood C (1998) The art of the state: culture, rhetoric and public management. Oxford University Press, New York
Khodadad-Saryazdi A (2016) Les barrières et les facteurs de succès à l'implantation d'innovation de processus dans les établissements publics de santé: le cas de la télémédecine en France. Doctoral dissertation, Aix-Marseille
Khodadad-Saryazdi A (2019) La télémédecine, une innovation au service de la logistique hospitalière. In: Fabbe-Costes N, Rouquet A (eds) La logistisation du monde Chroniques sur une révolution en cours. Presses Universitaires d'Aix-Marseille (PUAM), Aix-en-Provence, pp 39–42
Koch P, Hauknes J (2005) On innovation in the public sector–today and beyond, (Publin Report). D20, Oslo
Mensah IK (2020) Impact of government capacity and E-government performance on the adoption of E-Government services. Int J Public Adm 43(4): 303–311
Mulgan G, Albury D (2003) Innovation in the public sector. Strategy unit, Cabinet Office. 1(40)
Ouellet L (1994) Le secteur public et sa gestion. In: Parenteau R (ed) Management Public: Comprendre et Gérer les Institutions de l'État. Presses de l'Université du Québec, Québec, pp 25–48
Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis. Oxford University Press, New York
Rainey HG, Chun YH (2007) Public and private management compared. In: Ferlie E, Lynn LE, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, New York, pp 72–102
Rainey HG, Backoff RW, Levine CH (1976) Comparing public and private organizations. Public Adm Rev 36(2):233–244
Rajabi A, Saryazdi A K, Belfkih A, Duvallet C (2018) Towards smart port: an application of AIS data. In: 2018 IEEE 20th international conference on high performance computing and communications; IEEE 16th international conference on Smart City; IEEE 4th international conference on data science and systems (HPCC/SmartCity/DSS), pp 1414–1421
Rosemann M, vom Brocke J (2015) The six core elements of business process management. In: vom Brocke J, Rosemann M (eds) Handbook on business process management 1. Springer, Berlin/Heidelberg, pp 105–122
Spanyi A (2015) The governance of business process management. In: vom Brocke J, Rosemann M (eds) Handbook on business process management 2. Springer, Berlin/Heidelberg, pp 333–349
Willaert P, Van den Bergh J, Willems J, Deschoolmeester D (2007) The processoriented organisation: a holistic view developing a framework for business process orientation maturity. In: Alonso G, Dadam P, Rosemann M (eds.) Business Process Management. Springer, Berlin Heidelberg, pp. 1–15

# Procurement and Finance in the Public Sector

Sawsan Abutabenjeh
Mississippi State University, Starkville, MS, USA

## Synonyms

Contracting; Procurement; Purchasing

## Definition

Public procurement and public finance: two strategic activities that play AN important role in the day-to-day operations of government organizations.

## Introduction

The purpose of this entry is to identify the nature of the relationship between procurement and finance functions in the public sector and to emphasize the importance of the strategic role that procurement plays when it works with other functions in the organization, especially the finance function. This entry attempts to focus on the relationship between the procurement and finance functions in state governments as well as the factors that contribute to an effective working relationship between the two functions. The first two sections provide overviews related to each function in the public sector. The third section shows how the two functions are studied in

research and practice, and the final section focuses on a recent study investigating the strategical interactional connection between procurement and finance on the state government level to achieve the organization's mission, visions, and goals.

## Procurement in Public Sector Organizations

Public procurement is defined as "the designated legal authority to advise, plan, obtain, deliver, and evaluate a government's expenditures on goods and services that are used to fulfill stated objectives, obligations, and activities pursuant to desired policy outcomes" (Prier and McCue 2009, p. 329). The procurement department within an organization can operate as a separate unit or be placed under the general management department or the finance department depending on the size and level of government. Governments spend trillions of dollars annually on products, services, and construction (Abutabenjeh and Rendon Forthcoming). With the necessary support from finance, human resources, budget, information technology, and legal functions, procurement manages the funds in an efficient manner, implements laws and policies, and has a say in early discussions related to acquisitions (McCue and Pitzer 2005).

## Finance in Public Sector Organizations

Public finance consists of two sides, the revenue side and the expenditure side (Mikesell 2013). Financial managers need to balance these sides by planning, implementing, reporting, and analyzing financial data (Gruber 2011a, b). The finance department is responsible for posing taxes, paying for goods and services, adding revenue for the organization, and keeping records of receipts and expenditures. The finance department usually is a freestanding department, but it could be located in a variety of places or called by a variety of names. For example, the finance department is called "Department of Treasury" at the federal level, Department of Revenue as a sub-office to the Executive Office for Administration and Finance at Massachusetts' state level, or Department of Finance at the local level.

## Finance and Procurement in Research and Practice

Public procurement, which is an essential subfield of public management (Trammell et al. 2019), contributes not only to the political, economic, and social goals of public organizations (Abutabenjeh et al. 2018) but also to their strategic goals (Abutabenjeh 2020). In spite of this, procurement is still attempting to validate its contributions to research and practice (McCue and Gianakis 2001; Edler and Georghiou 2007; Snider 2006; Snider and Rendon 2012; Trammell et al. 2019). Research in the private sector shows that some financial managers are not paying attention to procurement (Ball 2015; Minter 2009; Rizza 2009), and THAT others are aware of the importance of establishing a working relationship between the two functions (Scout 2016), but the relationship between the departments is either not recognized, or ignored, or not clear, or not fully understood by the finance department (Ball 2015). Recommendations on how to work together were published by the Aberdeen Group (2007) in an attempt to increase overall organization performance. From the public sector perspective, procurement is mentioned as a "sub subject" in financial management textbooks, and few universities are offering introduction classes in public procurement (Snider and Rendon 2012). There appear to be no studies in the literature that have addressed the connection between the two functions in the public sector context (Abutabenjeh 2020).

## The Strategic Interactional Relationship Between Finance and Procurement

The importance of a working relationship between finance and procurement can be related to strategic management. Strategic management

helps organizations make effective, efficient, and resilient decisions (Toft 1989; Bryson 2010). Based on Poister et al.'s (2010) strategic planning and management conceptual framework, Abutabenjeh (2020) investigated the determinants of the interactions between the procurement and the finance functions and the factors that enhance the working relationship them as they affect the ability of the organization to achieve its mission, vision, and strategic goals. Three data resources were utilized: interviews with state procurement officers, state procurement and finance websites, and official documents. With the focus on state government, five public procurement officials from Delaware, Maryland, Massachusetts, Tennessee, and Washington state were asked questions related to the strategic relationship between their procurement and finance functions. Government websites were searched intensively for any information related to both departments and their strategic goals. In addition, documents such as the states' strategic management legislation, programs, policies, procurement codes, manuals, and Bylaws and Rules of procurement were reviewed. Deductive content analysis was used to analyze the collected data. Utilizing Poister et al.'s (2010) strategic management framework and Elo and Kyngäs (2008) content analysis framework, the following phases were conducted: first, the preparation phase which consisted of examining all the text data from all the resources, second, the organizing phase to develop two unconstrained matrices using common themes driven from the data (see Figs. 1 and 2), finally the reporting phase which includes writing a detailed description of the results.

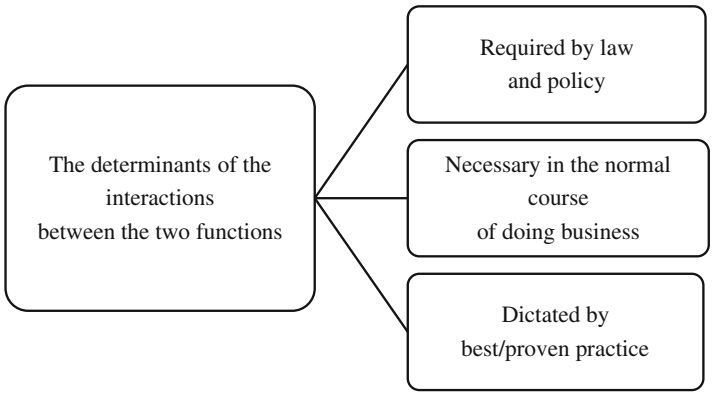


**Procurement and Finance in the Public Sector, Fig. 1** The determinants matrix

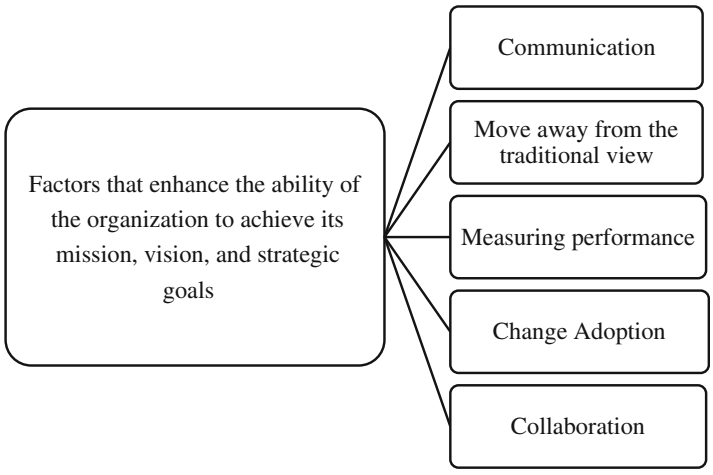


**Procurement and Finance in the Public Sector, Fig. 2** The enhancing factors matrix

An analysis of the data revealed that the two departments interact when payment, budget, and advanced planning are required in relation to the needed goods and services. It further showed that the first determinant of the interactional relationship between the departments is whether or not it is mandated by laws passed or policies enacted by the state's legislative body. The second determinant of interaction is whether it is necessary in the normal course of doing business in any public sector organization, and the third determinant of interaction is when it is dictated by best and proven practice.

Beyond the determinants of the relationship, the results looked at the factors that help to improve the interaction between the procurement and the finance departments to achieve the organization's mission, visions, and strategic goals. The five enhancing factors emerging from the 164 data were open communication between both 165 departments, collaboration to enhance daily cooperative interaction to meet their customers' expectations in a strategic manner, performance measures to determine how each unit is utilizing funds, timely adoption of technological changes in response to emergent needs, and a willingness for finance to move from the traditional view of considering the procurement department a back-room operation.

## Conclusion

Researches have emphasized the need to recognize the importance of a strategic working relationship between the organizations' functions. This entry focuses on the interactional relationship between the procurement and finance departments to achieve the organization's mission, vision, and strategic goals. Traditionally, finance departments considered procurement to be a back-room operation because it assisted in completing the responsibilities of the finance department. Both departments were paying and arranging for the needed products and services. Recently, the finance department is handling payment, and procurement is arranging and issuing the required documents. Each department's job is completing the other. The procurement department plays a more strategic role in helping the organization achieve its mission, vision, and values. Reducing negative stereotyping and embracing collaboration, communication, and change will result in more effectively meeting the organization's strategic goals (Abutabenjeh 2020).

## Cross-References

► Comparative and Development Public Administration and Policy

## References

Aberdeen Group (2007) The CFO's view of procurement: Same page, different language, benchmark report. Aberdeen Group. Retrieved June, 6, 2019, from https://www.sourceoneinc.com/wp-content/uploads/2015/08/cfo_view_procurement.pdf

Abutabenjeh S (2020) Strategic Management in State Government; two servants of the same master: procurement and finance. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1742158

Abutabenjeh S, Rendon R (Forthcoming) Procurement and contract management deficiencies: analysis of state audit reports. Int J Public Sector Perform Manag. https://www.inderscience.com/info/ingeneral/forthcoming.php?jcode=ijpspm

Abutabenjeh S, Gordon S, Mengistu B (2018) The impacts of in-state procurement preference policies on the economy of South Carolina. J Public Procurement 18(3): 240–256. https://doi.org/10.1108/JOPP-09-2018-015

Ball D (2015) Three ways procurement must build bridges with finance. Retrieved May 21, 2019, from https://www.cips.org/supply-management/opinion/2015/september/three-ways-procurement-must-build-bridges-with-finance/

Bryson JM (2010) The future of public and nonprofit strategic planning in the United States. Public Adm Rev 70:255–267

Edler J, Georghiou L (2007) Public procurement and innovation – resurrecting the demand side. Res Policy 36(7):949–963. https://doi.org/10.1016/j.respol.2007.03.003

Elo S, Kyngäs H (2008) The qualitative content analysis 1200 process. J Adv Nurs 62(1):107–115. https://doi.org/10.1111/j.1365-2648.2007.04569.x

Gruber J (2011a) Public finance and public policy. Macmillan

Gruber J (2011b) Public finance and public policy. Macmillan

McCue CP, Gianakis GA (2001) Public purchasing: 1285 Who's minding the store? J Public Procurement 1(1): 71–95. https://doi.org/10.1108/JOPP-01-01-2001-B002
McCue CP, Pitzer JT (2005) Fundamentals of leadership and management in public procurement. NIGP
Mikesell, J. (2013). Fiscal administration.. Cengage Learning
Minter S (2009) Risky disconnect between purchasing and finance. Retrieved September 26, 2016, from http://www.industryweek.com/software-amp-systems/risky-disconnect-between-purchasing-nd-finance
Poister TH (2010) The future of strategic planning in the public sector: linking strategic management and 1320 performance. Public Adm Rev 70:s1
Prier E, McCue CP (2009) The implications of a muddled definition of public procurement. J Public Procurement 9(3/4):326–370. https://doi.org/10.1108/JOPP-09-03-04-2009-B002
Rizza, N. M. (2009). Procurement and finance groups unite! The best practices for success. AMR Research
Scout (2016) Finance & Sourcing: A case for collaboration. Retrieved June 5, 2019, from http://learn.scoutrfp.com/rs/757-YPU-587/images/ScoutRFP-FinanceSourcingCaseforCollaboration-WhitePaper.pdf
Snider FK (2006) Procurement leadership: from means to ends. J Public Procurement 6(3):274–294. https://doi.org/10.1108/JOPP-06-03-2006-B004
Snider KF, Rendon R (2012) Public procurement: public administration and public service perspectives. J Public Aff Educ 18(2):327–348
Toft GS (1989) Synoptic (one best way) approaches of strategic management. In: Rabin J, Miller GJ, Hildreth HW (eds) Handbook of strategic management. Marcel Dekker, pp 3–34
Trammell E, Abutabenjeh S, Dimand A (2019) A review of 1430 public administration research: where does public procurement fit in? Int J Public Adm:1–13. https://doi.org/10.1080/01900692.2019.1644654

# Procurement at the Local Level

Andrea S. Patrucco[1] and Andreas H. Glas[2]
[1]Penn State University, Monaca, PA, USA
[2]Bundeswehr University Munich, Munich, Germany

## Synonyms

Government; Local; Public procurement; Regional

## Definition

Public procurement refers to the process task by which public authorities purchase work, goods, or services from the private sector. This comprises a variety of goods or services, e.g., ranging from the construction, repair, and maintenance of assets such as roads, hospitals, and military equipment to service contracting of consultancies or social care. Besides those specific product category groups of the public sector, public procurement also has to supply public authorities with standard items such as pens, paper, laptops, or furniture. This entry addresses the peculiar type of public authorities on the local level. Local level describes the lowest tier of administration in contrast to state-level, centralized forms of administration.

## Introduction

Public procurement is the biggest component of government expenditure in most countries. According to OECD (2019), countries spend around 30% of general government expenditure in procurement that is representing more than 13% of gross domestic product (GDP). This means that, roughly, one-third of all money that the public sector spends is issue of public procurement. Looking at specific countries, we can see that the share of public procurement in relation to the overall government expenditures is 32% for the United Kingdom, 34% for Germany, 27% for the United States, and, respectively, 43% for the Netherlands (the highest) and 20% for Portugal (the lowest).

A closer look onto public procurement reveals that local governments are of high relevance. Local governments are of significant economic interest as these are responsible for slightly more than 50% of awards of contract in some countries (Decarolis and Giorgiantonio 2015) with a monetary share in relation to the overall public procurement spend of around 30–40% in OECD countries (OECD 2019). This implies that despite a country might have a several national public authorities, which execute public procurement processes, a

relevant share of public procurement is executed by the government at a local level.

Local government usually addresses public authorities at the lowest level of administration. Usually, local government comprises heterogeneous forms of public authorities in a range of contexts. These are, among others, regions, counties, districts, towns, municipalities, or even special purpose local governments for schools, health care, etc. As an example, more than 35,000 local governments exist in the United States; more than 7,000 municipalities in Italy; more than 10,000 municipalities in Germany; and more than 10,000 councils and local councils in the United Kingdom. Despite their high number, the size, task, and peculiarities of local government can differ greatly.

Local government is established by federalism, the division of power between a central, national government level and local government levels. The logic is that local government is closer to local issues and thus can better handle these. Thus, responsibilities for some public tasks are given to local government. Often, the division of political power into national and local government is also determining the organization of public procurement. Local governments are usually independent/autonomous in deciding how to procure a range of goods and services to the public, including education, social care, environmental services, and planning. Thus, local government gets the responsibility to procure required input goods or services to execute their public tasks. Another term that describes public procurement at the local level is decentralization, because a high number of authorities at the lowest level of public administration buy the same or similar goods in different regional contexts. The other way round, decentralization means that a single public authority at the local level only has a low procurement volume without the opportunity to establish buying power through bundling demand.

In combination with other characteristics of local governments, namely, limited resources and capabilities, a number of management issues require special attention to execute public procurement at the local level in an efficient and effective manner. The challenges and potential pathways toward operational excellence in public procurement at the local level are described in the next sections.

## The Traditional "Bureaucratic" Perspective of Procurement in Local Government

At the local level, procurement is often a neglected or disregarded aspect. The procurement function is only expected to execute the order process in compliance with normative, legal regulations. The internal customer of the public authority often does know the peculiarities of public procurement law and has no mutual understanding for long lead times or procedural necessities. Therefore, the image of public procurement can often be described as the "bureaucratic role" with the primary objectives to assure compliance with procedures (rather than being focused on the final output of a process), implement standardized practices (to limit degree of freedom in supplier choice), and find the lowest price for most contracts.

In fact, public procurement law sets specific and strict procedural governance, and procurement function is expected to act in conformance with these rules. In many countries, this has become a difficult task, as public procurement law does not only address how to award a contract but also is linked to market regulation laws or public budget law. It is the traditional task of a public procurement department to assure that procedures and contracting rules are respected when awarding contracts to external suppliers.

However, in response to limited public budgets, economic crisis, or higher outcome expectations, the question is how to improve public procurement management. In recent years, public managers at all government levels begun to reconfigure the procurement system.

## The Strategic Role of Local Government Procurement

The biggest issue about procurement management at the local level was the lack of "strategic

alignment" between policy, broader government objectives, and the public procurement system (Glas et al. 2017). Today, public procurement is recognized as an important lever for government policy implementation, and local government should design procurement system in order to support specific government strategic objectives. Following Harland et al. (2019), these can include:

- Improving innovation
- Supporting small business development and entrepreneurship
- Improving social outcomes
- Improving environmental sustainability
- Increasing employment
- Improving quality of local public services
- Developing competitive supply markets
- Supporting the industrial development of particular sectors and local economies
- Sourcing from local suppliers to have economic impact at a national level

The shift toward the strategic role of public procurement sets a new focus on management tasks within the procurement function. For example, early procurement involvement may alter demand description and thus allow innovative start-ups to apply for the contract. Revised or improved award criteria could improve environmental sustainability. This shows that adherence to legal governance and efficiency are of importance but contrast these "traditional" dimensions with recent strategic perspectives on effectiveness.

## Management of Public Procurement at the Local Level

Starting from this, local governments should execute an appropriate management process to develop procurement strategy, which can be conceptualized at five levels (Patrucco et al. 2017):

1. The "make-or-buy strategy," defining how contracting authorities interact with supply markets
2. The "organizational strategy," defining how procurement department is structured
3. The "category strategies," defining how procurement is executed for different goods
4. The "process strategy," defining how procurement activities are executed
5. The "awarding strategy," defining how suppliers are selected and contracts awarded

Hitherto, public procurement in particular addressed the last two aspects (by legal regulations). But organizational strategy represents, for sure, the most critical aspect. A sound organization builds the basis to pursue operational targets and provide support to the delivery of the broader government objectives. Unfortunately, the procurement organization remains a challenging issue in local governments, as at this level, institutions often lack sufficient resources and skills.

Usually, procurement organizations may vary from more straightforward to more complex structures. Alternative configurations exist, and their distinguishing characteristics are the level of centralization, the level of procurement responsibilities, the level of process formalization, and the integration with other government functions (Glock and Broens 2013). This entry provides insights how to manage and organize public procurement at the local level. For this purpose six different alternatives are presented in Table 1, following the works of Patrucco et al. (2019).

The suitability of these organizational models can be discussed in light of some local government specific contingent factors. Decentralized models seem to be a diffused structure in the smaller local governments, where the magnitude of spending is limited, and in which procurement is likely part of the traditional administrative role. On the one hand, this model does not require substantial resources to be dedicated to the execution of procurement activities (that a small institution cannot allocate). On the other, the scale of available resources does not justify a more complex structure.

In contrast, the hybrid models seem more diffused in medium-sized local governments, where resource availability (and dimension) is

**Procurement at the Local Level, Table 1** Procurement organizational models in local governments

| | Decentralized configurations | | Hybrid configurations | | Centralized configurations | |
|---|---|---|---|---|---|---|
| | Connected procurement | Local procurement | Hub procurement | Silo procurement | Authoritative procurement | Supportive procurement |
| **Description** | The procurement department is responsible for very few categories (mainly noncritical purchases) and is directly involved in the decision-making activities and sourcing guideline definition for strategic purchases managed by other departments, with a strategic consulting role | The procurement department doesn't have any formal responsibilities in the procurement process given that purchasing responsibilities are fragmented among the different departments; the procurement department may act as a controller of budget and procedure and/or support | Procurement resources are "distributed" in the different departments. Strategic and technical guidelines for specific and critical purchases are usually provided by single departments, and operational activities are executed by on-site staff | The procurement department is responsible for the supply of nonspecific goods and services and in charge of both operational and decision-making activities; the supply of specific technical goods and services is directly managed by single departments | A strong procurement department is responsible for all the procurement operational and decision-making activities, within a centralized structure | The procurement department is directly responsible for executing all the operational activities for the different categories, which are fully centralized |
| **Level of centralization** | Noncritical purchases are centrally managed by the procurement department for strategic and operational activities, while other categories are managed at the department level | No categories are the responsibility of the procurement department, which can be involved in activities as needed by single departments | The procurement department is responsible for common goods and service purchases, while technical categories are managed at the departmental level | The procurement department is responsible for common goods and service purchases with marginal or no visibility (and involvement) on other categories | All the categories are centrally managed for both strategic and operational activities | All the categories are centrally managed for operational activities, with strategic guidelines communicated by single departments and/or final users |
| **Span of control** | The procurement department manages the whole process for noncritical categories, and it is involved and consulted for strategic sourcing decisions on other categories | The procurement department has no defined responsibilities except for assuring internal and external compliance to procedures | The procurement department has responsibilities for both operational and strategic activities for categories under its control, providing operational support for others | The procurement department has responsibilities for both operational and strategic activities for categories under its control | The procurement department has responsibilities for both strategic and operational activities | The procurement department has responsibilities only for operational activities |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Level of internal integration** | There is a great deal of integration and interaction between the procurement and single departments; even though in a reactive and uncoordinated way, strategy and decision are driven by the procurement department | There are frequent and unpredictable interactions with other departments, as most of resources do not have competencies for managing procurement activities independently | Frequent, planned, and intense meetings with heads of single departments are in place in order to align procurement category guidelines in and out of the scope of the procurement department | Integration is very weak as procurement decisions are taken independently by the procurement department and single departments according to category responsibility distribution | Coordination meetings with other departments are planned, with spot interactions for technical support | No formal or planned coordination mechanisms are in place, as communication between the procurement department and other departments takes place on a regular basis, albeit in a reactive way |
| **Level of process standardization** | Procurement tools and procedures are designed and shared among all departments | Procurement tools and procedures are designed and shared among all departments | Procurement tools and procedures are shared and made available to all departments, and targeted cross-functional meetings are planned regularly | Procurement tools and procedures are defined at a general level; the procurement department is often not aware how the process should be executed in other departments | Procurement tools and the procedures manual are defined at a general level, as all the activities are executed within the same department | Procurement tools and procedures are defined at a general level but communication mechanisms with departments and can occur in unpredictable ways |

insufficient to justify a fully centralized solution but able to support sharing responsibilities regarding the various categories of goods and services purchased by the institution, with coordination, alignment, and information exchange continuing to occur in many informal ways.

Finally, high investments are required to design and implement the centralized configurations, in addition to a robust managerial commitment to defending the authority and role of the procurement department within the institution. Therefore, an investment of this type can be justified for large local governments, which serve a high number of citizens (where efficient and effective procurement management has a pervasive impact on the government's ability to provide better services), spend a significant amount of money, and can rely on a strong human resource base with specific competencies to execute the various procurement processes.

## Increasing Procurement Operational Excellence at the Local Level

Besides the choice of organization, an increase in the efficiency and effectiveness of public procurement process also depends on the type of resource investments local governments are able to make to support procurement in their authorities. This entry will highlight two major pathways for local governments toward operational excellence: (1) e-procurement and digitalization and (2) professionalization and training.

On one side, there is a debate about the use and adoption of e-procurement in order to guarantee better support in the execution of activities and more knowledge about the suppliers and, ultimately, supply base optimization (e.g., Walker and Brammer 2012). Several public authorities have decided to invest in digitalization technologies and to introduce e-procurement systems. Modern systems can use business analytics of big data to forecast demands and to execute market analysis, while they enable automation of order processing and other activities (Glas and Kleemann 2016). Then, procurement staff can focus on strategic issues, because the traditional governance adherence is monitored or even executed by the e-procurement systems.

On the other, with the intention to make the strategic role of procurement in local governments higher and higher, organizations constantly must look for employees who have skills necessary to deal with the wide variety of tasks faced by purchasing professionals. Thus, there is a need for professionalization, training, and certification (Prier et al. 2010). Procurement professionals in a local government context are undoubtedly expected to have a multiplicity of skills ("generalists"). On the other hand, the procurement domain becomes more complex, what would call for more focused skills ("specialists"). Developing public procurement capabilities is crucial for local governments. These capabilities comprise several dimensions:

- **Management skills**, which include competences in strategic management, project management, and communication. This capability is required to match superior policies, internal demand, and budget restrictions with market opportunities.
- **Relationship skills**, which include competences in contracting management, including negotiating. This also comprises supplier relationship management and claim management.
- **Technical skills**, which include competences and the ability to discuss demand descriptions with internal customer and potential supplies but also refer to the use of procurement electronic systems.
- **Analytical skills**, which include competences in forecasting, in calculating, and generally in data analysis. An example is the ability to apply a total life cycle or spend analysis approach.

Several procurement organizations, such as the National Institute of Government Purchasing (NIGP) and Chartered Institute of Purchasing and Supply (CIPS), offer extensive training programs that can help procurement professionals in local governments to develop their capabilities.

## Conclusion

This entry introduces the management dimensions that must be addressed when developing public procurement at the local level of government. The focus was on procurement organization, while two pathways for strengthening the function are strived: e-procurement and professionalization.

## Cross-References

► Administrative Procedure

## References

Decarolis F, Giorgiantonio C (2015) Local public procurement regulations: the case of Italy. Int Rev Law Econ 43:209–226

Glas AH, Kleemann FC (2016) The impact of industry 4.0 on procurement and supply management: a conceptual and qualitative analysis. Int J Bus Manag Invent 5(6):55–66

Glas AH, Schaupp M, Essig M (2017) An organizational perspective on the implementation of strategic goals in public procurement. J Public Procurement 17(4):572–605

Glock CH, Broens MG (2013) Size and structure in the purchasing function: evidence from German municipalities. J Public Procurement 13(1):1–38

Harland C, Telgen J, Callender G, Grimm R, Patrucco A (2019) Implementing government policy in supply chains: an international coproduction study of public procurement. J Supply Chain Manag 55(2):6–25

OECD (2019) Government at a glance 2019. OECD Publishing, Paris. https://doi.org/10.1787/8ccf5c38-en

Patrucco AS, Luzzini D, Ronchi S, Essig M, Amann M, Glas AH (2017) Designing a public procurement strategy: lessons from local governments. Public Money Manag 37(4):269–276

Patrucco AS, Walker H, Luzzini D, Ronchi S (2019) Which shape fits best? Designing the organizational form of local government procurement. J Purch Supply Manag 25(3):100504

Prier E, McCue C, Behara R (2010) The value of certification in public procurement: the birth of a profession? J Public Procurement 10(4):512–540

Walker H, Brammer S (2012) The relationship between sustainable procurement and e-procurement in the public sector. Int J Prod Econ 140(1):256–268

# Procurement Integrity

Carol Cravero
Università degli Studi di Torino, Torino, Italy
Université Paris-Nanterre, Nanterre, France

## Synonyms

Honesty; Probity; Professionalism; Righteousness and anticorruption

## Definition

Procurement integrity is a principle/objective aiming at ensuring that public officials' conducts follow ethical standards and moral values of honesty, professionalism, and righteousness throughout the public procurement process.

## Introduction

Public procurement refers to the purchase of goods, services, and works which satisfies a public entity's own needs. It represents a key governmental economic activity which accounts for a significant part of the national public expenditure. According to some estimations, around 10–15% of the gross domestic product (GDP) is spent on public procurement across the world (OECD 2009), but percentages may vary greatly from one country to another.

Considering the size of procurement, public funds – normally coming from taxpayers' or financial institutions' money – need to be used in a proper and sound way in order to both reduce financial resources waste and obtain the best procurement outcome at the best possible price, in line with citizens' and business' expectations.

However, public procurement has traditionally been identified as one of the government activities most vulnerable to corruption and fraud. Even though public procurement cannot be considered as a cause of corruption, it represents "an

opportunity which the potentially corrupt may seize upon to engage in corruptive practices" (Trepte 2005).

As a result of the profoundly negative impact that corruptive practices may have in procurement, integrity has received a good deal of attention over time. Most of the national and international legal instruments focusing on public procurement express integrity either as a procurement objective or as a principle. Regardless of the specific formulation as an objective or a principle, it is widely agreed that integrity standards should be put at the core of any public procurement policy.

However, even if the lack of integrity is a well-documented phenomenon in procurement (Gabriella M. Racca, Christopher R. Yukins), fighting corruption by ensuring integrity remains one of the main challenges in public sector purchasing (Anderson et al. 2011). In particular, difficulties may arise in (i) identifying what and when risks may occur, (ii) adopting different types of integrity measures, (iii) finding a proper balance between good governance principles, and (iv) involving different actors in the procurement process.

## Corruptive Practices in Public Procurement Markets: An Overview

Integrity means first and foremost understanding what corruption is (Transparency International). According to a large part of the international community, integrity violations in procurement are facets of corruption, "which includes bribery, kickbacks, nepotism, cronyism and clientelism; fraud and theft of resources, for example through product substitution during delivery, resulting in lower quality materials; bid collusion and bid rigging; abuse and manipulation of information; discriminatory treatment in the public procurement process; and waste and abuse of organizational resources" (UNDP 2017).

This large definition includes different types of bad practices which might also be considered separately from corruption, such as conflicts of interest, bid collusion, professional misconduct, or other types of unethical behaviors. However, the purpose of such a definition is to shape a broad concept of corruption and embrace every facet of it, regardless of possible national divergences.

Accordingly, corruption may come in many forms, all of which are likely to compromise the public interest at the advantage of (illicit) private interests. According to the principal-agent model, the relationship between the procurer (*agent*) and the government or the public (*principal*) is central to the practice of public procurement. When the procurer acts in order to enrich him or herself at the expenses of the government or the public, the public interest is put aside for an improper gain or for other undue benefits. This kind of conduct represents an abuse of the power that has been entrusted to the public official and is likely to undermine both government efficiency and sustainable development (Robert Wade 2003).

The literature agrees in considering corruption as a barrier to economic efficiency, to development, and to trade, as well as a threat to both the sound management of public funds and the public health, safety, and trust. In this respect, corruption leads to a loss of (public) money and of expected quality of procurement outcomes, as well as a potential risk to public health and safety, and a decrease of public trust in government and public administration. For instance, corruption may lead to the delivering of substandard, unhealthy, or unsafe products, services, and works (as in the infrastructure sector), or to the conclusion of contracts which are unnecessary or not aligned with public needs and interests (see for details OECD 2013).

This illustrative and nonexhaustive list of consequences gives an idea of the extent of the problem. Transparency International (2010) estimated that "systematic corruption can add at least 20–25 per cent to the cost of government procurement." In terms of global GDP, corruption could represent 5% of the GDP corresponding to around 2.6 trillion USD, with over 1 trillion USD paid in bribes each year across the world (Racca and Yukins 2014). However, the real magnitude of corruption in terms of costs is difficult to quantify precisely, given also its hidden nature.

According to the OECD (2016), consequences of corruption in public procurement should be understood in terms of direct and indirect costs. Direct costs include, among others, higher or exaggerated expenses and lower quality of procurement outcomes. These costs may occur, for instance, when works are not performed but nevertheless billed as duly done, or when contract standards are not met, or even when the quality of works is reduced by using lower-quality materials. On the other hand, indirect costs refer to the effects that corruption has in terms of competition distortion, market access limitation, and loss of business confidence in the public sector.

## Integrity Risks and Measures to Fight Corruption Throughout the Public Procurement Cycle

Public procurement process can be understood as a cycle made up of diverse phases, namely, pre-bidding, bidding, and post-bidding phases, also referred to as procurement planning (including needs assessment, development of specifications/requirements, choice of procurement procedure), tendering and award (including bid submission, bid evaluation, contract award), and contract management.

Integrity risks occur along the whole procurement cycle, but their nature may differ for each step. Without attempting to provide an exhaustive list of all integrity risks, it is sufficient to note that corruption might unfairly determine the winners of government contracts (for instance, favoring friends or relatives of procurement officials) or might impact service delivery (World Bank 2018). According to Rose-Ackerman (1975), corruption may affect the identity of the seller and the terms on which the sale is made. More specifically, corruptive practices may, on the one hand, interfere on the decision on which tenderers are admitted to the process and on which are excluded; and, on the other hand, they may have an effect on the definition of technical requirements/specifications, as well as on evaluation and award (Trepte 2005).

This means that an integrity-oriented approach should not just focus on one phase of the cycle or on one type of risk only, but on the contrary it should be based on a holistic strategy (see for details OECD 2016). Accordingly, each type of corruption risk is equally important, and tackling all of them at all purchasing stages is critical to achieving procurement outcomes based on efficiency and quality and more broadly to realizing (a more) sustainable development (UNDP 2017).

From a prevention perspective, detecting possible irregularities in advance is pivotal and, at the same time, challenging. For this reason, some *red flag* indicators have been developed at different levels (sub-national, national, international) drawing on criminal investigations related to effective anticorruption safeguards and due diligence (World Bank 2007). These indicators may help public officials, business, and various stakeholders recognize the main risks and the key points to be verified throughout the procurement process (see, for instance, Kenny and Musatova 2010).

From the repressive perspective, corruption in public procurement is usually considered as a criminal offense, but the types of measures and sanctions may vary from one domestic legal system to another.

Concerning the usual dichotomy between preventive and repressive measures, there seems to be a broad consensus that, for an anti-corruption system to work, legislation alone and traditional repressive measures are not enough. Repression should be combined with, at least, (i) a set of preventive actions, (ii) an incentive scheme (Racca and Yukins 2014) imposing "the right incentive or disincentive at the right time" (Trepte 2005), (iii) a mindset change and awareness-raising activities across the society as a whole, and (iv) the promotion of public sector professionalization including ethical values.

Only a balanced combination of preventive and repressive measures can effectively contribute to reduce corruption and enhance integrity in public procurement. However, this also implies a complex interrelation of the various actors involved at different stages of the public procurement process. Apart from the public officials directly engaged in day-to-day procurement activities, there are some other key actors, such as multilateral development

banks (MDB) within specific funding projects, the business community, users and stakeholders, and civil society's organizations.

## Good Governance Imperatives for Promoting Procurement Integrity

It is widely agreed that several mutually interconnected principles may be supportive of procurement integrity. These principles may fall into the broader category of good governance and include transparency, fair competition, accountability, and participation (OECD 2007).

According to the literature, transparency should always be the first choice (Racca and Yukins 2014), as it addresses what is called, in economic terms, informational asymmetries. By ensuring publicity and disclosure of all relevant information, there is less room for corruptive practices which usually have a hidden nature. As observed by UNDP (2017), transparency is designed to make procurement opportunities publicly available, disclose the rules to be followed, provide that procurement processes are undertaken publicly and visibly, limit the officials' discretion, and establish a monitoring system (UNDP 2017).

However, it should be noted that the degree of transparency in the public procurement process is a matter of balance; it is about ensuring a high level of transparency without disclosing information that should be kept confidential. Transparency finds, indeed, its limits in the protection of commercial interests and business secrets (Halonen et al. 2018). Moreover, it has been observed that, under some circumstances, a "too liberal dissemination of information" may contribute to enhance opportunities for collusion among suppliers (Anderson et al. 2011). Therefore, a balance should be struck between transparency and competition, so that fostering integrity through transparency-enhancing measures is consistent with the promotion of competition (Roberto Caranta 2010).

Transparency requirements also enable the procurers' actions "to be verified in a way which ensures responsibility and accountability through the application of enforcement mechanisms" (Trepte 2005). This implies that a clear chain of responsibility should be set out, and effective control mechanisms should be established. Moreover, a particular attention should be paid to the media's, the civil society's, and the wider public's empowerment, since they may play a pivotal role in scrutinizing public procurement activities. But to do so, their awareness of corruption risks should be enhanced by means of general public education initiatives or other specific training activities (Anderson et al. 2011).

The participation of civil society is often required under the terms of the so-called Integrity Pacts (Cravero 2018). These usually come in the form of a signed document which commits a contracting authority and bidders to comply with best practices, integrity, and maximum transparency (Transparency International, The case for integrity pacts). Civil society is a third actor which may be involved at different levels: it may be required to monitor the procurement process, it may be asked to discuss the official steps taken in the context of the contract, and, more generally, it may play a key role in overseeing the correct and full implementation of the Integrity Pact by the parties.

The Integrity Pact usually contains no-bribery commitments and disclosure obligations, such as the undertaking by the public entity that its officials will not demand or accept any bribes, with appropriate disciplinary or criminal sanctions in case of violation; the statement by each bidder that it has not paid, and will not pay, any bribes in order to obtain or retain the contract; and the undertaking by each bidder to disclose all payments made in connection with the contract in question to anybody including agents and other middlemen as well as family members (see for details Transparency International, *The case for integrity pacts*). References to the implementation of Code of Conduct rejecting the use of bribes and other unethical behavior may also be made. However, there can be some differences from one Integrity Pact to another as adopted, and specifically adapted, by governments or local public authorities.

Overall, it should be noted that transparency, accountability, participation, and fair competition are some of the good governance imperatives

which constitute, if properly balanced by each other, the building blocks for an integrity-based public procurement system.

## Conclusion

Public-sector purchasing is widely considered as being one of the areas most exposed to corruption risks. The high costs and negative impacts of corruptive practices have contributed to draw the attention on integrity-related issues in public procurement.

However, fighting corruption remains a challenging objective when it comes to the achievement of good governance in the public sector.

First of all, challenges occur in defining what type of and when integrity violations might be committed throughout the procurement cycle. This might be a particularly difficult task, especially given the (pretty much) hidden nature of corruptive practices.

Secondly, challenges may also come from the necessity of balancing preventive and repressive measures in order to enhance integrity. Risk assessment, bad practice detection, and sanction application should be at the very heart of any integrity-based procurement system. In this regard, prevention and repression cannot anymore be understood as two dichotomic alternatives but rather as mutually reinforcing approaches.

Moreover, various actors, including civil society's organizations, should be involved at different stages of public procurement, for instance, in monitoring the effective integrity of the purchasing process. Integrity Pacts are an example of this kind of civil society's engagement, although there can be some differences from one specific Integrity Pact to another.

Finally, challenges also arise when it comes to properly balancing good governance imperatives. Integrity promotion needs a transparent-enhanced set of measures. These measures might however compromise, if mishandled, the level playing field between suppliers and lead to a collusion risk.

Although it is widely recognized that transparency, accountability, participation, and competition are at the very heart of any integrity procurement system, it is also acknowledged that, for these principles to be mutually supportive of each other, a proper balance must be struck. From this point of view, there might be a high degree of synergy between different objectives and principles in public procurement.

## Cross-References

► Ethics and Accountability
► Governance

## References

Anderson RD, Kovacic WE, Müller AC (2011) Ensuring integrity and competition in public procurement markets: a dual challenge for good governance. In: Arrowsmith S, Anderson RD (eds) The WTO regime on government procurement: challenge and reform. Cambridge University Press, Cambridge

Caranta R (2010) Transparence et concurrence. In: Noguellou R, Stelkens U (eds) Droit comparé des Contrats Publics. Comparative law on public contracts. Bruylant, Bruxelles

Cravero C (2018) Les pactes d'intégrité dans les marchés publics: Les expériences en Italie, Allemagne, Bulgarie, Suisse et Mexique. In: Lalliot-Folliot L, Torricelli S (eds) Contrôles et Contentieux des Contrats Publics- Oversight and challenges of public contracts. Bruxelles, Bruylant

Halonen K-M, Caranta R, Sanchez-Graells A (eds) (2018) Transparency in EU procurements. Disclosure within public procurement and during contract execution. Edward Elgar Publishing. Chapters: Halonen K-M, Many faces of transparency in public procurement; Sanchez-Graells A, Transparency and competition in public procurement: a comparative view on their difficult balance; Caranta R, Procurement transparency as a gateway for procurement remedies; Sanchez-Graells A, Transparency in procurement by the EU institutions

Kenny C, Musatova M (2010) 'Red flags of corruption' in World Bank projects an analysis of infrastructure contracts. In: Policy research working paper 5243, The World Bank

OECD (2007) Integrity in public procurement. Good practice from A to Z. OECD Publishing, Paris

OECD (2009) Principles for integrity in public procurement. OECD Publishing, Paris

OECD (2013) Implementing the OECD principles for integrity in public procurement: progress since 2008. In: Public governance reviews. OECD Publishing, Paris

OECD (2016) Preventing corruption in public procurement. OECD Publishing, Paris
Trepte P (2005) Transparency and accountability as tools for promoting integrity and preventing corruption in procurement: possibilities and limitations. Paper presented at the OECD Expert Group meeting on Integrity in public procurement, (GOV/PGC/ETH (2005)1)
Racca GM, Yukins CR (eds) (2014) Integrity and efficiency in sustainable public contracts. Balancing corruption concerns in public procurement internationally, Brussels, Bruylant. Chapters: Racca GM, Perin RC, Corruption as a violation of fundamental rights: reputation as a deterrent against the lack of loyalty; Racca GM, Yukins CR, Steps for integrity in public contracts
Rose-Ackerman S (1975) The economics of corruption. J Public Econ 4:187
Transparency International (2010) International council on human rights policy. In: Integrating human rights in the anti-corruption Agenda. Challenges, possibilities and opportunities. http://www.ichrp.org/files/reports/58/131b_report.pdf
Transparency International, Anti-corruption glossary. https://www.transparency.org/what-is-corruption
Transparency International, The case for integrity pacts: engaging civil society for better procurement outcomes. https://www.transparency.org/whatwedo/tools/resources_about_integrity_pacts/3
UNDP (2017) Guidebook. Tackling integrity risks in government contracts. An opportunity to unlock resources for sustainable development in Asia and the Pacific, Thailand
Wade R (2003) Governing the market: economic theory and the role of government in East Asian industrialization. Princeton University Press, Princeton
World Bank (2007) Improving development outcomes – annual integrity report. The World Bank Group, Washington, DC
World Bank (2018) Combatting corruption. https://www.worldbank.org/en/topic/governance/brief/anti-corruption

# Procuring for Sustainability: Prioritizing Preferences

Jessica N. Terman
Schar School of Policy and Government, George Mason University, Fairfax, VA, USA

## Synonyms

Contracting out; Environmentalism; Green purchasing; Purchasing

## Definitions

Sustainability: Avoidance of natural resource depletion, able to maintain production rate perpetually at a constant level

Green procurement: Procurement of goods or products that do not deplete natural resources

Climate protection networks: Networks (often of local governments) focused on long-term policies to mitigate climate change

## Introduction

There is a robust and growing literature on the adoption of sustainability policies in US local governments. Scholars have examined locality involvement in climate protection networks, sustainability policy adoption, and the allocation of resources for sustainability-oriented responsibilities (Hawkins et al. 2015). This chapter addresses the dearth of scholarship in the public administration literature on one of the most significant ways that local governments have of advancing sustainability goals: the adoption of green procurement policies (Testa et al. 2016). Specifically, it is tested whether three factors commonly found to impact sustainability policy adoption – general and sustainability-specific professional management (Terman and Feiock 2015), membership in climate protection networks, and interest group support (Deslatte and Swann 2015) – influence the adoption of green procurement policies (GPPs).

## What Is Green Procurement Policy?

Green procurement, also known as environmentally preferable purchasing (EPP), is defined according to the United States Environmental Protection Agency (EPA) as "selecting products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose" (US EPA 2000) (The National Association of State Procurement Officials (NASPO) defines GPP as "purchasing a product that has a lesser or reduced negative effect

or increased positive effect on human health and the environment when compared with competing products that serve the same purpose" (NASPO 2016). Similarly, the European Commission defines GPP as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured"). GPPs can be suggestive or mandatory, with some public organizations requiring the use of environmentally preferable criteria in purchasing decisions, while others simply suggest substitutions where available and when cost considerations allow. This flexibility is particularly important because, while organizations that buy green are perceived as socially responsible, the practical benefits are difficult to systematically capture (Carter 2005). Moreover to see these benefits, a considerable up-front investment is often required – the gains from which might not even be realized (Carter 2005).

### Determinants of Green Procurement in Public Organizations

While clearly a growing practice across both public and private organizations in the USA (Roman 2017), GPPs have received minimal empirical attention – particularly in the public administration literature (Roman 2017). Much of the literature contains case studies or descriptive analyses – which have limited generalizability (Roman 2017). For example, some scholars have examined major procurement projects in individual states such as Massachusetts (Coggburn and Rahm 2005) and California (Case 2007). Lange et al. (2014) observed that public procurement overall and green procurement specifically are more commonly researched in Europe than the USA.

Of the GPP empirical research in public organizations in the American setting, two particular pieces of scholarship stand out. In a random sample of green procurement plans in US counties, Smith and Terman (2016) find that GPPs have minimal adoption. Approximately one third of the counties have formal GPPs. Of that third, policies range from strict requirements such as a prohibition on the use of styrofoam or products from virgin wood to suggestions that products made from recycled material should be procured when possible.

The second study, conducted by Roman (2017), uses the term "sustainable procurement" (1048) rather than green procurement or environmentally preferable purchasing. Sustainable procurement is therein defined as "purchasing, contracting and supply practices, emphasizing sustainability and thereby seeking to accomplish sustainable outcomes" (Roman 2017, 1049) (NIGP defines sustainable procurement as "a purchasing and investment process that takes into account the economic, environmental and social impacts of the entity's spending. Sustainable procurement allows organizations to meet their needs for goods, services, construction works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to organization, but also to society and the economy, while remaining within the carrying capacity of the environment" (NIGP 2012, 1)). Roman (2017) develops one of the first frameworks to explain the adoption of organizational sustainability procurement practices. He finds a relationship between sustainable procurement practices and various dimensions of leadership, stakeholder expectations, and interdepartmental collaboration. This chapter builds on Roman's work and tests whether the traditional determinants of sustainability activity also influence GPP adoption.

## Hypotheses

### General and Sustainability-Specific Professional Management

Professional management that influences the likelihood of adopting sustainability policies can be divided into two component parts: general and sustainability-specific (Terman and Feiock 2015). General management may be understood in terms of form of government – mayor-council or council-manager. Council-manager governments produce more efficient outcomes, while

mayor-council governments are more responsive to the local constituency (Feiock et al. 2003). City managers are professionalized to focus on responsible prudent management; elected officials may not have the background – or incentive – to do so. This is because the incentive structure of the latter depends on reelection (Feiock et al. 2003), while the incentive structure of the former is based on the ability to efficiently and professionally manage the information and human and technological resources of a given government (Terman and Feiock 2015. While efficiency and responsiveness are not mutually exclusive, there is evidence to suggest that the professional norms and career interests of city managers incentivize innovation and fiscal prudence in internal government operations (Terman and Feiock 2015).

GPPs are internal operations that have the potential to make governments more efficient. Furthermore, GPPs can have a number of efficiency gains for the internal operational functions of governments. As such, it is suspected that local governments with heightened levels of general professional management – council-manager forms of government – are more likely to adopt GPPs (H1a).

While the same directional relationship for sustainability-specific knowledge-based management is expected, the reasons are somewhat different. The dedication of municipal resources for sustainability-oriented purposes represents the prioritization of sustainability goals and the knowledge-based capacity to successfully pursue those goals (Hawkins et al. 2015). While some governments may give lip service to green management and sustainability, dedicating staffing resources for the sole purpose of managing these programs suggests a genuine desire to achieve sustainability-oriented goals. Moreover, having these dedicated resources means that the attention of policymakers can be drawn to these programs because there will be individuals advocating on their behalf. Furthermore, the resources and expertise accrued by governments that have dedicated resources to sustainability also give governments the ability to be successful in GPP and sustainability-oriented policies. Thus, with the likelihood of achieving programmatic goals, governments will be predisposed to adopt these programs. It is suspected that local governments with sustainability-specific professional management are more likely to adopt GPPs (H1b).

### Climate Protection Networks

Local governments have been involved in various climate protection networks such as the United States Conference of Mayors (USCM) Climate Protection Agreement (CPA) and the International Council for Local Environmental Initiatives (ICLEI). Membership in these organizations can represent both a symbolic and substantive move toward the prioritization of sustainability.

Following the Kyoto Protocol agreement, USMC members began signing the CPA, and by the end of 2005, there were 141 signatories (USMC signatories made three particular commitments: (1) meet or exceed Kyoto Protocol targets, using anti-sprawl and land use policies, urban forest restoration projects, public information campaigns, etc.; (2) urge state and federal governments to enact policies and programs that meet or exceed the US suggested greenhouse gas emission reduction targets, suggested in the Kyoto Protocol – 7% reduction from 1990 levels by 2012 – and (3) urge Congress to pass greenhouse gas reduction legislation, thereby establishing a national emission trading system). Similarly, with a considerable membership fee, ICLEI was intended to provide local governments with the knowledge and capacity to manage and build their cities more sustainably. Both of these organizations are representative of a commitment to green infrastructure and climate change mitigation and adaptation. The resources and time that go into being members of the networks indicate a willingness to engage in sustainability, and the information that they provide will likely support local governments in the successful adoption and implementation of GPPs. Thus, it is hypothesized that local governments that are part of climate protection and sustainability networks are more likely to adopt GPPs (H2).

### Interest Group Support

Local interest groups have considerable influence on sustainability policy adoption. Either through their business concerns or political preferences,

local groups can put pressure on governments to adopt their preferences. These groups have been referred to as "demand side factors" (Bae and Feiock 2013) because, in the political market, they are policy demanders seeking the adoption of policies that benefit their interests. These groups include specialized interests such as local businesses, chambers of commerce, and environmental interests in addition to the broader general public (Deslatte and Swann 2015).

Local business and chamber of commerce groups have a professional and pecuniary interest in sustainability policy adoption. In some cases, these groups are providers of public goods and services for local governments. Thus, changes to procurement policies may threaten their ability to make a profit. Furthermore, as some of the work on economic development implies, these business-oriented organizations may see sustainability policies as a threat because they perceive that economic growth and environmentalism operate at cross-purposes. In part, this is because economic growth and the environment have often been considered at odds. Thus, the degree to which these groups support or oppose sustainability policy is important.

Other groups shown to influence sustainability policy are environmental groups. In the same way that economic development groups create headaches for local governments when sustainability policies are advanced that they perceive to be against their interests, environmental groups draw considerable attention to governments that are not engaged in environmentally friendly policies. These groups exert direct pressure through lobbying, campaign endorsements/donations, litigation, etc. They can also exert indirect pressure through public information campaigns that attempt to persuade the local populace of the importance of environmental conservation and sustainability.

As such, the last group hypothesized herein that has considerable influence over local government policies is the local constituency (i.e., the general public as a whole). In comparison to other levels of government, local governments are the closest to their citizens; therefore, in the political market, if citizens demand green policies, local governments experience considerable pressure (Bae and Feiock 2013). Thus, it is expected that local governments where interest groups such as the local chamber of commerce and local business groups, environmental groups, and the general public support energy conservation and sustainability efforts will be more likely to adopt green procurement practices (H3a).

## Research Design

### Data

The two primary data sources for this study are the 2011 and 2012 *Energy Efficiency and Conservation Block Grant Program: Implementation and Impact* surveys, conducted by the Florida State University Local Governance Research Laboratory. The Energy Efficiency and Conservation Block Grant Program (EECBG) was a Department of Energy (DOE) program funded by the American Recovery and Reinvestment Act (ARRA). Cities with populations over 25,000 were eligible for the EECBG. Surveys were sent to the population of EECBG grantee cities (According to DOE administrative data, a total of 1257 municipalities were EECBG recipients, and according to the County and City Data Book (2007), there are a total of 1267 municipalities with populations of 25,000 or greater). To receive DOE funding, cities had to designate a specific staff member as a liaison to the agency. Questionnaires were addressed to this individual in each city. The 2011 survey achieved a 74% response rate (The survey went out to all 1094 EECBG recipients, which yielded a total of 809 respondents), while the 2012 survey achieved a 77% response rate. This extremely high response rate is largely due to the fact that the survey had the support of the DOE and there were both email and paper reminders for non-responders. The independent variables originated from the 2011 survey, while the dependent variables originated from the 2012 survey. The use of multiple surveys prevents, in part, the problem of common source bias in addition to the concern about time order for asserting causation between our independent and dependent variables. The other data sources came from ICMA and Census (see Table 1).

**Procuring for Sustainability: Prioritizing Preferences, Table 1** Operationalizations and descriptive statistics

| Green procurement policies | | Mean (SD) | Min-max |
|---|---|---|---|
| Mandated GPP | Does your city provide guidance on eco-friendly practices in any of the following ways? Stipulates/mandates the use of eco-friendly vendors/products [No = 0, Yes = 1] | 0.129 | 0–1 |
| | *Source*: EECBG 2012 Survey | (0.335) | |
| Permissive GPP | Does your city provide guidance on eco-friendly practices in any of the following ways? | 0.239 | Permissive GPP |
| | Maintains vendor list | (0.335) | |
| | Maintains product list | | |
| | [No = 0; yes adopted before EECBG or yes adopted after EECBG = 1] | | |
| | *Source*: EECBG 2012 Survey | | |
| Professional management | | | |
| General professional management | City-manager form of government | 0.765 | 0–1 |
| | *Source*: ICMA Form of Government 2011 | (0.424) | |
| Sustainability-specific professional management | Dichotomous variable for whether city has dedicated staffing for sustainability | 0.450 | 0–1 |
| | *Source*: EECBG 2011 Survey | (0.498) | |
| Climate networks | | | |
| US MCPA | Mayor is a signatory of US Climate Protection Agreement by 2010 | 0.457 | 0–1 |
| | [Yes = 1, No = 0] | (0.499) | |
| | *Source*: US Conference of Mayors | | |
| ICLEI membership | Municipality is an ICLEI member by 2010 | 0.279 | 0–1 |
| | [Yes = 1, No = 0] | (0.449) | |
| | *Source*: ICLEI Cities for Sustainability 2010 | | |
| Interest group support | | | |
| Chamber of commerce | To what extent would you say that the following individuals or groups support or oppose energy conservation and sustainability efforts by your city government? | 3.678 | 1–5 |
| | | (0.812) | |
| Local businesses | | 3.468 | 1–5 |
| | | (0.680) | |
| Environmental groups | Chamber of commerce | 4.335 | 1–5 |
| | Local businesses | (0.788) | |
| General public | Environmental groups | 3.768 | 1–5 |
| | General public | (0.668) | |
| | [Strongly oppose, moderately oppose, neutral, moderately support, strongly support] | | |
| | *Source*: EECBG 2011 Survey | | |
| Local characteristics | | | |
| % Bachelor's degree | Percentage over age 25 population with bachelor's degree | 30.622 | 4.5–79.3 |
| | *Source*: US Census 2010 | (14.055) | |
| City council political ideology | | 5.436 | 1–11 |
| | | (2.178) | |
| Unemployment rate | Percentage of unemployed individuals | 9.536 | 3.1–37.7 |
| | *Source*: US Bureau of Labor Statistics 2010 | (3.453) | |
| Population (1000s) | Population (per 1000) | 112.492 | 1–1526 |
| | *Source*: US Census of Population and Housing 2010 | (163.589) | |
| Own-source revenue | | 582.879 | 40–2820 |

(continued)

**Procuring for Sustainability: Prioritizing Preferences, Table 1** (continued)

| Green procurement policies | | Mean (SD) | Min-max |
|---|---|---|---|
| | Own-source municipal revenue (as opposed to intergovernmental sources) | | |
| | *Source*: US Economic Census 2007 | (383.266) | |
| Median home value | Municipal median home value | 259602.7 | 51,800–1,000,001 |
| | *Source*: US Census of Population and Housing 2010 | (173788.3) | |

## Operationalizations

### Dependent Variables

The dependent variable of the adoption of GPPs is measured in two ways: (1) maintaining a green public procurement vendor and product list and (2) mandating green product and vendors. The former – permissive procurement policy – was measured using two survey questions asking "whether the city provides guidance on eco-friendly practices" (1) by maintaining a vendor list and (2) maintaining a product list. If a municipality answered yes to at least one of the questions, permissive policy was coded as one. These two permissive practices have a tetrachoric correlation of 0.945 and a standard error of 0.022 ($p < 0.00$). This suggests that they are similar enough to combine into one variable (see Appendix A for a breakdown of this variable). Mandated procurement policy was measured by asking whether the city "stipulates/mandates the use of eco-friendly vendors/products." The tetrachoric correlation between the two dependent variables is 0.706, with a standard error of 0.0631 ($p < 0.00$). Thus, they have a strong correlation, and we made the choice to treat them as two separate variables.

### Independent Variables

Generalized professional management was measured by whether the municipality has a council-manager form of government, while sustainability-related professional management was measured using a survey question asking whether the city has dedicated staffing for sustainability. Participation in climate protection networks was operationalized using 2010 International Council for Local Environmental Initiatives (ICLEI) membership and whether the municipality was a signatory of the Mayor's Climate Protection Agreement. Interest group support was operationalized using survey questions that asked respondents to gauge, "To what extent would you say that the following individuals or groups support or oppose energy conservation and sustainability efforts by your city government?" Local socioeconomic characteristics of the municipality were included as control variables. Table 1 contains the sources, operationalizations, and descriptive statistics for the variables in the analysis.

## Results and Discussion

To test the hypotheses proposed here, two logit analyses were estimated: one for maintaining a green public procurement vendor and product list – a permissive policy – and another for mandating green public procurement vendors and products. The results lend some credence to our arguments that the determinants of sustainability can also help predict GPP adoption. Roughly 24% of local governments in the sample have permissive GPPs – they maintain either or both a green vendor or product list. However, only 13% have adopted a mandated GPP. The overall fit for both models is statistically significant at $p < 0.00$, with a Wald chi-square of 61.52 and 47.67, for mandated and permissive policies, respectively. McFadden's pseudo r-square suggests that the explanatory power of the mandated GPP model is greater (pseudo $r^2 = 0.2138$) than that of the permissive model (pseudo $r^2 = 0.1310$).

Both general and sustainability-specific professional management were significant in the model. The odds that a council-manager form of government will adopt a mandated GPP in

comparison with a council-manager form of government are 2.255–1 (126% greater). The odds that a council-manager form of government will adopt a permissive GPP in comparison with a council-manager form of government are 1.35–1 (35% greater). Thus, it would appear that governments focused on the internal operational efficiency (i.e., council-manager rather than mayor-council) are more likely to adopt GPPs (see Bae and Feiock 2013). In comparison to governments that do not have dedicated sustainability staffing, the odds that governments with dedicated sustainability staff will adopt a mandated GPP are 1.709–1 (71% greater) and 2.173–1 (117% greater) for permissive GPP adoption. This supports the perspective that GPPs can be considered a fundamentally internal activity – like government energy and conservation building programs (Bae and Feiock 2013). And more still, professionalized management seems to recognize the usefulness of these forms of programs. This finding is important because it challenges the assertion that environmentally motivated policies operate at cross-purposes to efficiency and fiscal prudence. Sustainability-specific management also had a positive effect.

ICLEI membership had a positive statistical effect on the likelihood of both mandated and permissive GPP adoption, while the US MCPA signatory status only had an effect on permissive GPP status. In comparison to non-signatories, the odds that local governments that are signatories of the US MCPA will adopt a permissive GPP are 1.578–1 (58% greater). For ICLEI members, the odds for adopting a mandated GPP are 2.492–1 (143% greater) and 3–1 (200% greater) for permissive GPP adoption. Part of this difference may be that ICLEI membership is somewhat more substantive, requiring a considerable membership, while signatory of the MCPA is a one-time occurrence for a local government. For example, new local government leadership may choose to cancel their ICLEI membership, whereas new leaders in signatory cities may change municipal priorities without very much effort. It is important to state that neither organization has a policy where they remove members that are not meeting their policy expectations; thus, both organizations are fundamentally voluntary with little enforcement teeth. However, ICLEI requires more skin in the game because of their membership fee and ongoing socialization through conferences and other professionalization opportunities.

The results for interest group support are equally strong. For every one unit increase in perceived chamber of commerce support, the odds of mandated GPP adoption are 1.131–1 (a 13% increase); the odds of a permissive GPP adoption are 1.245 (24% increase). For every one unit of perceived environmental group support, the odds of mandated GPP adoption are 1.339–1 (34% increase), while the odds of permissive GPP adoption are 1.735–1 (74% increase). For every one unit increase in local business support, the odds for mandated GPP adoption are 2.221–1 (120% increase), while the odds for permissive GPP adoption are 1.665–1 (67% increase).

These results suggest that interest group support of sustainability policies has positive effects on both mandated and permissive GPP adoption. In particular, chamber of commerce and local businesses represent potential vendors and service providers of green products. The adoption of these policies has the potential to affect their bottom lines. The question is whether these groups see GPPs as a form of sustainability policy. If they do, there is reason to question the assumption that sustainability and business interests operate at cross-purposes (for a discussion of this assumption).

And lastly, for each unit increase in perceived support by the general public, the odds of mandated GPP adoption are 1.349–1 (a 35% increase). This is a useful contribution in that the general public often does not realize the breadth of sustainability policies and that GPP adoption may be included in them. The perceived support of the general public may be translated into support of GPPs even if local constituencies do not realize it (Table 2).

The control variables yielded some interesting findings. The percentage of residents over 25 with

**Procuring for Sustainability: Prioritizing Preferences, Table 2** Logistic regression results

| | Mandated GP | Permissive GP |
|---|---|---|
| | β (SE) | β (SE) |
| Professional management | | |
| Council-manager government | 0.813*** | 0.300* |
| | (0.197) | (0.153) |
| Sustainability-specific | 0.536*** | 0.776*** |
| | (0.180) | (0.163) |
| Climate protection networks | | |
| US MCPA | 0.087 | 0.456** |
| | (0.184) | (0.165) |
| ICLEI membership | 0.913*** | 1.101*** |
| | (0.177) | (0.162) |
| Interest group support | | |
| Chamber of Commerce support | 0.123* | 0.219** |
| | (0.051) | (0.086) |
| Environmental group support | 0.292** | 0.551*** |
| | (0.135) | (0.120) |
| Local business support | 0.768*** | 0.513* |
| | (0.127) | (0.270) |
| General public | 0.299** | 0.095 |
| | (0.124) | (0.108) |
| Local characteristics | | |
| % Bachelor's degree | 0.021*** | 0.012* |
| | (0.008) | (0.007) |
| City council political ideology | −0.080* | −0.143*** |
| | (0.041) | (0.035) |
| Unemployment rate | 0.094*** | 0.037 |
| | (0.029) | (0.026) |
| Population (1000s) | 0.001*** | 0.001*** |
| | (0.001) | (0.001) |
| % Own-source income | <0.00*** | <0.00 |
| | (<0.00) | (<0.00) |
| Median home value | <0.00*** | <0.00*** |
| | (<0.00) | (<0.00) |
| Constant | −10.164*** | −5.240*** |
| | (0.911) | (0.756) |
| Wald $Chi^2$ | 61.52*** | 47.67*** |
| McFadden's $r^2$ | 0.2138 | 0.1310 |
| | $n = 451$ | $n = 451$ |

***$p < 0.001$;**$p < 0.05$; ***$p < 0.1$

bachelor's degrees is positively associated with local government adoption of both mandated and permissive GPPs. This is in line with other studies suggesting that educational attainment influences the adoption of renewable energy tools and technology innovation/demonstrative projects (Deslatte and Swann 2015). In a somewhat surprising result, local governments with city councils that are perceived to be more liberal are less likely to adopt both mandated and

P

permissive GPPs. One reason for this may be that they are already engaged in considerable sustainability programs that green procurement is less likely to be on their radar. Population density, unemployment rate, and median home value are all positively associated with adoption of both mandated and permissive GPPs. Population density and municipality wealth have been previously associated with the adoption of renewable energy and conservation policy tools. In part, more densely populated areas are more likely to have robust communities with the ability to provide green products. And, municipal wealth, which may be demonstrated through home value, is often associated with the adoption of energy efficiency and conservation policies because these communities can best afford it.

## Conclusion

The results here suggest that GPPs should be more widely studied in the sustainability lexicon. All three categories of our variables of interest – professional management, climate protection network membership, and interest group support – had a statistically significant positive effect on GPP adoption. Individually, each of our variables contributes in different ways to this conclusion. The effect of professional management – both general and sustainability-specific – suggests that the fiscal prudence of this green procurement is growing. Similarly, the relationship between climate protection network membership and GPP adoption supports some of the literature on European and North American sustainability policies, which have historically directed governments to use their purchasing power to advance environmentalism (Case 2004). And lastly, the fact that interest group support of sustainability also translates to GPP adoption suggests that there may be a broad group of political interests whose support is needed for their adoption.

Overall, the core contribution of the study is that it isolates one form of sustainability policy – green procurement, a practice that has not been frequently discussed in the sustainability literature. This is important because GPP adoption is one of the most proactive ways that governments engage in sustainability. Taking this argument one step further, one might consider that municipalities engaged in mandated GPPs are truly dedicated to sustainable governance because these policies make a choice between traditional and green product and service purchasing. However, to reliably make this conclusion, GPP adoption must be tested against other forms of sustainability policies to determine levels of commitment. Thus, there additional research needs to be done in terms of comparing sustainability policy adoption with GPP adoption in the same study as dependent variables. Additionally, our measures of sustainability deserve more precision and how different sustainability policies relate to one another.

## Cross-References

▶ Contracting with Government
▶ Procurement Integrity

## Permissive Procurement Policies

| | No service provider list | Service provider list | Total |
|---|---|---|---|
| No vendor list | 384 | 19 | 403 |
| Vendor list | 7 | 41 | 48 |
| | 391 | 60 | 451 |

r (tetrachoric) = 0.945*** (sε = 0.022)

## Mandated and Permissive Procurement Policies

| | No mandated GPP | Mandated GPP | Total |
|---|---|---|---|
| No permissive GPP | 358 | 26 | 384 |
| Permissive GPP | 35 | 32 | 67 |
| | 393 | 58 | 451 |

r (tetrachoric) = 0.729*** (sε = 0.0473)

## References


Bae J, Feiock R (2013) Forms of government and climate change policies in US cities. Urban Stud 50(4):776–788

Carter CR (2005) Purchasing social responsibility and firm performance: the key mediating roles of organizational learning and supplier performance. Int J Phys Distrib Logist Manag 35(3):177–194

Case S (2004) Environmental purchasing policies 101: an overview of current environmentally preferable purchasing policies

Case S (2007) Government purchasers roll out the green carpet. Gov Procure. [On-line]. Available at www.govpro.com. Retrieved 27 Oct 2008

Coggburn JD, Rahm D (2005) Environmentally preferable purchasing: who is doing what in the United States? J Public Procure 5(1):23–53

Deslatte A, Swann WL (2015) Is the price right? Gauging the marketplace for local sustainable policy tools. J Urban Aff 38(4):581–596

Feiock RC, Jeong MG, Kim J (2003) Credible commitment and council-manager government: implications for policy instrument choices. Public Adm Rev 63(5):616–625

Hawkins CV, Krause RM, Feiock RC, Curley C (2015) Making meaningful commitments: accounting for variation in cities' investments of staff and fiscal resources to sustainability. Urban Studies: 0042098015580898

Lange S, Telgen J, Schotanus F (2014) Green public procurement in academic literature: a survey

National Association of State Procurement Officers (2016) NASPO Green Purchasing Guide. Retrieved from http://www.naspo.org/green/index.html#top. 28 Jan 2017

National Institute of Government Purchasing (2012) Principles and practices of public procurement. Retrieved from https://www.nigp.org/docs/default-source/New-Site/global-best-practices/sopsustainableprocurement.pdf?sfvrsn=2. 28 Jan 2017

Roman AV (2017) Institutionalizing sustainability: a structural equation model of sustainable procurement in US public agencies. J Clean Prod 143:1048–1059

Smith C, Terman J (2016) Overcoming the barriers to green procurement in the county: interest groups and administration professionalism. J Public Procure 16(3):259–285

Terman JN, Feiock RC (2015) Improving outcomes in fiscal federalism: local political leadership and administrative capacity. J Public Adm Res Theory 25(4):1059–1080

Testa F, Annunziata E, Iraldo F, Frey M (2016) Drawbacks and opportunities of green public procurement: an effective tool for sustainable production. J Clean Prod 112:1893–1900

U.S. Environmental Protection Agency (2000) Environmentally preferable purchasing. [On-line]. http://www.epa.gov. Retrieved 25 Oct 2008


# Product Development Partnerships: Collaborative Multi-sector Regimes to Accelerate Vaccine Development


Muhammad Azfar Nisar[1] and Christopher S. Hayter[2]

[1]Suleman Dawood School of Business, Lahore University of Management Sciences, Lahore, Pakistan

[2]School of Public Affairs, Arizona State University, Phoenix, AZ, USA


## Synonyms

Collaborative governance; Collaborative governance regime; Interorganizational collaboration; Public-private partnerships

## Definition

Product development partnerships (PDPs) are innovative collaborations among public, private, and nonprofit institutions from around the world the purpose of which is to accelerate the development of vaccines to prevent communicable diseases within the poorest of nations.

## Discussion

### Vaccine Development: A Wicked Policy Problem

As shown in Table 1, vaccine development for some of the deadliest and most contagious diseases in the world – like AIDS, malaria, TB, and the "neglected" tropical diseases (NTDs) – continues to remain a wicked policy problem for which no clear solution exists. These diseases affect more than a billion people (Hotez et al. 2006, 2007) and result in an estimated five million deaths annually (Kremer and Glennerster 2004). The problem is exacerbated by the fact that most diseases for which vaccines do not exist

P

**Product Development Partnerships: Collaborative Multi-sector Regimes to Accelerate Vaccine Development, Table 1** Relevant policy actors for vaccine development for neglected tropical diseases

| | Motivation | Funding | Capacity |
|---|---|---|---|
| Developing countries | ✓ | ✗ | ✗ |
| Developed countries | ✗ | ✓ | ✓ |
| Industry (pharmaceutical companies, university research centers) | ✗ | ✗ | ✓ |

disproportionately affect developing or underdeveloped countries which do not possess the financial, scientific, or human resources necessary to develop efficacious vaccines.

On the other hand, large private pharmaceutical companies based in developed countries that have the capacity to carry out research and development (R&D) for vaccine development have little incentive to develop vaccines for the developing world due to limited profit opportunities; developing countries are seldom in a position to buy expensive vaccines unless they are heavily subsidized. Similarly, public health agencies within the developed countries – where these diseases are not endemic – have little political motivation to prioritize vaccine development for the developing world.

## Emergence of the PDP Model

At the end of the twentieth century, several stakeholders acknowledged the growing developing world public health threat posed by diseases like AIDs, tuberculosis, and malaria. These stakeholders also recognized that no single government, sector, or organization could develop vaccines for such diseases on their own. The result was the emergence of shared motivation among relevant policy actors to do something about this important policy problem (Widdus and White 2004).

Collaborative meetings in the late 1990s among influential public and nonprofit organizations led to joint commitment to devise potential vaccine development solutions eventually leading to the emergence of the PDP model. While many organizations were involved, the Bill and Melinda Gates Foundation (BMGF) – an international nonprofit organization – played an especially important leadership role in the conceptualization, establishment, and funding of the PDP model, a role that continues today. Although similar organizations already existed, the International AIDS Vaccine Initiative (IAVI) was established in 1996 as the first organization designated as a vaccine-focused PDP, and more than 15 additional PDPs have been established since (see Table 2).

## The PDP Model

PDPs are nonprofit organizations which seek to focus constituent partners and their respective resources on accelerating the development of vaccines for the developing world. As Hayter and Nisar (2016) note, PDPs may be characterized as a type of collaborative governance regime (CGR) (Emerson et al. 2012), "a system in which cross-boundary collaboration represents the predominate mode for conduct, decision making, and activity" (p. 10). PDPs attempt to address complex technical, financial, and human resource challenges that make vaccine development for tropical diseases a wicked policy problem.

PDPs are funded by charitable foundations, such as the Gates Foundation, and public sector development agencies such as The Department for International Development (DFID), United States Agency for International Development (USAID), and National Institute of Health (NIH) (Moran et al. 2014). Funds are used to carry out in-house vaccine research and development (R&D) or to partner with public and private institutions, such as universities or pharmaceutical companies, to develop potential new candidates for vaccine synthesis. Funded partnerships are especially important given that many of these organizations do not want to invest their own resources.

From identification of promising vaccine candidates and conducting preclinical and clinical trials to the manufacture of final vaccine products,

**Product Development Partnerships: Collaborative Multi-sector Regimes to Accelerate Vaccine Development, Table 2** Important information about key product development partnerships (PDPs)

| PDP | Year established | Funding 2014 | Disease focus |
|---|---|---|---|
| Program for Appropriate Technology in Health (PATH) | 1977 | 121 Million | Multiple (Japanese encephalitis, malaria, diarrhea, rotavirus, ETEC, shigella, pneumonia, influenza, meningitis) |
| Medicine for Malaria Venture (MMV) | 1999 | 77 Million | Malaria |
| Drugs for Neglected Diseases Initiative (DNDi) | 2003 | 58 Million | Multiple (e.g., leishmaniosis, sleeping sickness, Chagas disease, malaria, pediatric HIV, filarial diseases) |
| TB Alliance | 2000 | 58 Million | Tuberculosis |
| Aeras: Advancing Tuberculosis Vaccines for the World | 2003 | 55 Million | Tuberculosis |
| International AIDS Vaccine Initiative (IAVI) | 1996 | 41 Million | HIV/AIDS |
| International Partnership for Microbicides (IPM) | 2002 | 29 Million | HIV/AIDS |
| Foundation for Innovative New Diagnostics (FIND) | 2003 | 26 Million | Multiple (tuberculosis, malaria, sleeping sickness, hepatitis C, HIV, leishmaniosis, Buruli ulcer and Chagas disease) |
| Contraceptive Research and Development Program (Conrad) | 1985 | 17 Million | HIV/AIDS |
| Infectious Disease Research Institute (IDRI) | 1993 | 14 Million | Multiple (malaria, leishmaniosis, tuberculosis, Chagas disease, leprosy, meningitis, pneumonia/influenza) |
| Innovative Vector Control Consortium (IVCC) | 2005 | 10 Million | Multiple (malaria, dengue) |
| International Vaccine Institute (IVI) | 1997 | 6.4 Million | Multiple (cholera, enteric fever, dengue) |
| Sabin PDP (initially HHVI) | 2000 | 5.7 Million | Multiple (human hookworm disease, leishmaniosis, Chagas disease, helminths, schistosomiasis) |
| European Vaccine Initiative (EVI) | Established as European Malaria Vaccine Initiative in 1998 | 3.4 Million | Multiple (malaria, leishmaniosis, tuberculosis, Chagas, dengue, HIV) |
| Tuberculosis Vaccine Initiative (TBVI) | 2008 | 1.5 Million | Tuberculosis |
| Institute for One World Health (OWH) | 2000–2011 | Funding included under PATH since 2013 | Multiple (malaria, leishmaniosis, helminths, cholera/diarrheal disease) |

The information about individual PDP funding comes from "G-finder report 2015" which can be accessed at http://policycures.org/downloads/Y8%20GFINDER%20Findings%20%E2%80%93%20Funding

PDPs typically focus on all the stages of vaccine development. PDPs employ a portfolio-based strategy (Grace 2010) through the identification of multiple promising vaccine compounds at different stages of vaccine development. This not only increases the likelihood of success but also minimizes technical and financial risk if some promising compounds fail during more advanced development stages. PDPs also seek to build developing world vaccine development capacity and establish regional offices to improve clinical access and the cultural sensitivity of their operations.

As shown in Table 2, PDPs differ in terms of their disease focus with some organizations focusing on individual diseases (e.g., IAVI, TBVI, TB Alliance) while others targeting multiple diseases (e.g., DNDi, FIND, IDRI). PDPs also differ in terms of the type of final product. While most PDPs focus on vaccine development, some PDPs focus on other aspects of diseases control (e.g., CONRAD and IVCC focus on disease or vector transmission).

In terms of internal management, PDPs are generally lean organizations employing various corporate management strategies to limit overhead costs and enable quick adaptive decision-making mandated by an unpredictable policy environment. Figure 1 presents a process representation of the PDP model.

## Impact

While, given the long time lines required to develop efficacious vaccines (generally 10–20 years), it is too early to assess the impact of PDPs; early results are promising. For example, between 2009 and 2013, more than half of the new vaccine products approved for tropical diseases were produced by PDPs (Cohen et al. 2014). According to other estimates (Breitstein and Spigelman 2013), more than 400 promising PDP-funded vaccines are currently in development. *MenAfriVac*, a vaccine developed by the PDP, Program for Appropriate Technology in Health (PATH), has been used to prevent meningitis among more than 200 million people globally. Further, multiple PDPs are working together to, for example, accelerate the development of TB vaccines through a process called Critical Path to TB Drug Regimens (CPTR) (Hayter and Nisar 2016).

PDPs also focus on various stages of vaccine development, not only the development of vaccine compounds and their manufacture. For example, the PDP Global Alliance for Vaccines and Immunization (GAVI) was established to guarantee bulk purchases for vaccine producers. This mechanism guarantees that vaccines producers will have a market large enough to cover their costs and effectively reduces the cost of individual

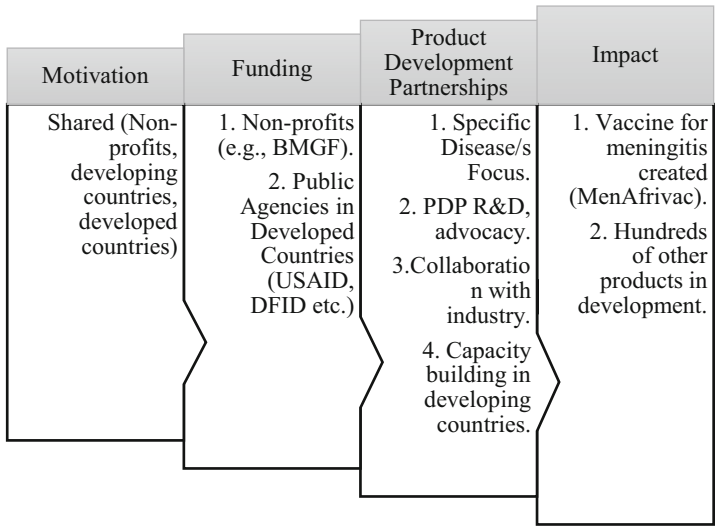


**Product Development Partnerships: Collaborative Multi-sector Regimes to Accelerate Vaccine Development, Fig. 1** A process representation of the PDP model

vaccine doses. GAVI has been instrumental in the distribution of PDP-developed vaccines such as *MenAfriVac* to the poorest regions of Africa (Bishai et al. 2011).

## Evolution

PDPs were originally established as independent, stand-alone organizations focused on one specific disease targets. PDPs often created their own policies and competed with other PDPs for scarce funding. However, as the collaborative vaccine development model matures, PDPs are increasingly collaborating with other PDPs to identify areas of common interest and take advantage of potential synergies. For example, in 2008, multiple PDPs to form the PDP access group the intention of which is to share best practices, resources, and expertise to further accelerate vaccine development for neglected tropical diseases (Hayter and Nisar 2016). Similarly, many PDPs have entered into formal bilateral collaborative agreements to enhance the overall efficiency of their vaccine development operations. Further, individual PDPs are expanding and/or shifting their goals in order to reflect the changing nature of the target disease, as is the case with IAVI and AIDS, or expand their focus to additional, related diseases as is the case with the Human Hookworm Vaccine Initiative (HHVI).

## Challenges

The PDP model, despite its promise, continues to face challenges related to its sustainability, accountability, and impact. Most PDPs are almost entirely dependent on donors, especially BMGF, to sustain their operations. Thus, a change in donor priorities, global financial recession, or unexpected financial requirements pose an ever-present threat to the existence of PDPs. It is for this reason that financial sustainability poses the greatest challenges to the PDP vaccine development model (Hayter and Nisar 2016).

There also exist important legal and organizational hurdles around the collaborative agreements that constitute the PDP model. For example, intellectual property policies, increased industrial involvement, and the limited capacity of developing country partners are especially important challenges. Due to their transnational, nonprofit status, critics question the extent to which PDPs are accountable for public funds granted by individual governmental agencies. Similarly, due to the long-term nature of vaccine development and lack of known viable alternatives, the impacts of PDPs have yet to be fully understood; systematic evaluations of PDP efficacy may hold promise (Hayter and Nisar 2016). How PDPs respond to these emerging challenges will determine the extent to which the PDP vaccine development model can evolve or, alternatively, may eventually be replaced by another arrangement, such as direct funding by private, nonprofit, and governmental donors to private pharmaceutical companies or perhaps nothing at all.

In an increasingly interconnected world, where individual countries or sectors are seldom in a position to solve complex policy problems, the PDP model – despite its limitations – is a good illustration of the potential offered by collaborative governance to tackle major policy problems facing the world today.

## Cross-References


- ▶ Collaborative Public Management (CPM)
- ▶ Independent Regulatory Agencies in Coordination of Public-Private Partnerships and Other Economic Institutions
- ▶ Public-Private Partnership and Governance


P

## References


Bishai DM, Champion C, Steele ME, Thompson L (2011) Product development partnerships hit their stride: lessons from developing a meningitis vaccine for Africa. Health Aff 30(6):1058–1064

Breitstein J, Spigelman M (2013) The role of product development partnerships in advancing the development of drugs for unmet needs. Clin Pharmacol Ther 93(6):468–470. https://doi.org/10.1038/clpt.2013.53

Cohen JP, Sturgeon G, Cohen A (2014) Measuring progress in neglected disease drug development. Clin Ther 36(7):1037–1042

Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm

Res Theory 22(1):1–29. https://doi.org/10.1093/jopart/mur011
Kremer M, Glennerster R (2004) Strong medicine: creating incentives for pharmaceutical research on neglected diseases. Princeton University Press, Princeton
Grace C (2010) Product development partnerships (PDPs): lessons from PDPs established to develop new health technologies for neglected diseases. Great Britain, Department for International Development, Human Development Resource Centre, London
Hayter CS, Nisar MA (2016) Spurring vaccine development for the developing world: a collaborative governance perspective on product development partnerships. Int J Publ Adm:1–13. https://doi.org/10.1080/01900692.2016.1247367
Hotez PJ, Molyneux DH, Fenwick A, Ottesen E, Sachs SE, Sachs JD (2006) Incorporating a rapid-impact package for neglected tropical diseases with programs for HIV/AIDS, tuberculosis, and malaria. PLoS Med 3(5):e277. https://doi.org/10.1371/journal.pmed.0030102
Hotez PJ, Molyneux DH, Fenwick A, Kumaresan J, Sachs SE, Sachs JD, Savioli L (2007) Control of neglected tropical diseases. N Engl J Med 357(10):1018–1027. https://doi.org/10.1056/NEJMra064142
Moran M, Guzman J, Chapman N, Abela-Oversteegen L, Whittall C, Howard R, Howard R, Farrell P, Halliday D, Hirst C (2014) Neglected disease research & development: emerging trends. Policy Cures, Sydney
Widdus R, White K (2004) Combating diseases associated with poverty: financing strategies for product development and the potential role of public-private partnerships. Initiative for Public-Private Partnerships for Health, Geneva

# Productivity and Management in Public Sector

Lois M. Warner
School of Public Affairs and Administration, Rutgers, The State University of New Jersey, Newark, NJ, USA

## Synonyms

Effectiveness; Efficiency; Performance

## Definition

To be productive is to have the capability and capacity to achieve targeted goals, such as the production of goods and services in response to consumer demand. The word productivity is used to describe the relationship between what is produced, in terms of goods or services, and the resources used in the processes of producing them. Goods and services are normally referred to as outputs, and the resources used to produce them are known as inputs. Productivity is calculated based on the ratio of output to input: units of output per units of input. Ideally, effective public management requires that inputs do not continuously exceed outputs in production processes. The general intent is to economically maximize outputs, based on the efficient management of resources.

## Introduction

Productivity in public management demonstrates competence in the use of resources, such as taxes, facilities, labor, and time, for creating and distributing goods and services, and the impact achieved. Productive public organizations accomplish their mandates and meet public expectations. Their leaders understand what makes government productive and effective. But, a wide range of factors influence public productivity, because the public sector is complex and encompasses many different types of production processes. So, there is no simple answer to this question. Certain factors, however, such as work processes, workers' skills and motivation, management techniques, the introduction of technology, and organizational environments continue to be associated with productivity improvement and are impactful in various types of organizations and in other sectors as well. There are also factors that continue to deter productivity, such as political influence in decision-making, the lack of clear objectives, inflexible bureaucracies and fragmented authority (also known as "red tape"), the lack of accountability, and inadequate performance evaluation. These are also important for public managers to understand, so that they can find ways to control them. Understanding which factors drive or deter productivity enables public managers to address related issues in order to achieve success in their organizations.

## Productivity Drivers

Work processes, workers' skills and motivation, management, the introduction of technology (Rosen 1984), and organizational environments continue to be avenues for improving productivity. Changes in management, especially in knowledge, attitudes, and behavior, lead to better understanding of how to obtain and use productivity measures. This supports more accurate evaluation of public organizations (Rosen 1984). Overall, technology is a major driver of productivity by accelerating and standardizing work processes, expanding capacity, increasing access to information, and supporting knowledge building in the field of public management. In the last three decades, information and communications technologies (ICTs) have transformed work environments and favorably impacted productivity.

Employee training is an ongoing necessity for developing required skills and for maintaining employees' technological competence, given the continuous innovations in ICT development. Such programs are beneficial investments over time and contribute to increasing the responsiveness of public organizations to the needs and concerns of citizens by enabling closer connection between citizens and appointed and elected officials in governments and also through facilitating networks between departments of government and links between employees at various levels and occupations in the public sector. Closer contact between those who serve, with the people they serve, allows public sector employees to be better informed about public needs and concerns and, therefore, more responsive. Citizens expect that their government's agencies will be fair, responsive, open, and accountable (Rainey 2014). Public productivity assessments must take into consideration their efficiency in organizing public programs but also the effectiveness of each program. It is important that programs are appropriate, as well as cost effective.

Public organizations become more efficient when they adapt to ICTs as an integral part of their operations. ICTs enable them to prioritize their activities accordingly, as well as to accommodate feedback and include it in their decision-making processes when determining what developments are required for them to contribute to the quality of life of citizens. The use of ICTs also allows public employees to share, exchange, and distribute information among public organizations locally and regionally, increasing the possibility of greater speed and thoroughness in decision-making processes. Management that is "connected" can more readily contribute to productivity improvements when doing so from informed standpoints. These methods can be used to reduce the need for incremental approaches when developing public programs.

Employee motivation is a driver of productivity that has received a lot of attention. Public managers need to know what inspires and energizes workers in order to help them increase their outputs. Many studies have found that workers in public organizations have different sources of inspiration than those working in private businesses. Indeed, there are some incentives that employees everywhere respond to, such as job security and adequate remuneration, but public employees are comparatively more motivated by their commitment to serving the public, the desire to do meaningful work for the benefit of their communities, and an interest in public policy development and implementation. Organizations that value feedback from employees get a better sense of the specific motivational factors that are relevant in different organizational settings.

In addition to work processes, workers' skills and motivation, and managerial and technological interventions, organizational environments drive productivity. Practices and processes for the production of public goods and services are conducted in and through organizations, and certain organizational features can enhance productivity. Organizational communications processes that are improved by ICTs support standard operating procedures, customization of administrative responses to public request, and enhancement of record keeping and retrieval, due to the storage capacity and search features in ICT systems. Systematic comparisons and cross-referencing provide ongoing learning opportunities. Indeed, technology brings order to organizational environments and supports the execution of more

timely administrative procedures, all of which contribute to improving public productivity.

Successful public organizations strive to foster and maintain work place environments that are cooperative and free of conflicts and tensions among employees. Occupational safety is an important area for managerial concern. In many countries, safety requirements are clearly documented with related mechanisms in place to monitor compliance. Safe and cooperative organizational environments help to inhibit some of the barriers to productivity.

## Productivity Barriers

Political influence, ambiguous objectives, bureaucratic inflexibility, fragmented authority, lack of accountability, and inadequate performance evaluation have all been frequently identified as barriers to public productivity. Public organizations have a long history of dealing with the challenges of political influence. Political decision-makers determine the mandates of public organizations and approve budgetary allocations for their programs. Budgetary priorities differ across political parties, and changes in government leadership can result in changes in funding for public programs. Political candidates often promise to cut taxes while increasing or improving services. (This is equivalent to cutting resources, while at the same time increasing or improving outputs.) There is also a tendency to take election cycles into consideration when determining funding priorities and time frames. These developments can impair public sector productivity and effectiveness in program delivery. A common mantra among public employees is the challenge of having to "do more with less." Achieving better results with fewer resources is a challenge often faced by public organizations. When this leads to innovation, the results are commendable, but there is resistance to innovation because it can be experimental and time-consuming, with the possibility of wasting resources. Furthermore, there tends to be inadequate support for research development and experimentation in many important areas of public management.

Ambiguous objectives deter goal achievement. Public policy directives can be "lofty" without clear targets and specified indicators of achievement. Consequently, government agencies face difficulties in designing programs that are focused on achieving success. The following are examples of this: "to ensure public safety," "to improve public education," or "to enhance recreational opportunities." Precise, quantifiable objectives are missing in these broad terms. Public productivity has been measured, for example, along the lines of the number of calls answered, cases processed, and applications received. Such data is informative regarding the demand for services, more so than organizational success in catering to those demands. The emphasis here is on quantity, with neither assessment of the quality and effectiveness of service rendered, nor of public satisfaction. Quality must be a component in productivity assessment if the waste of resources is to be controlled.

The structure of public organizations within political frameworks involves fragmented lines of authority within a bureaucratic hierarchy. Approvals and decision-making processes are consequently rigid, and, although they are aimed toward maintaining central control and preventing deviations in programs and service delivery, inflexible multifaceted methods rely heavily on rules, regulations, and detailed procedures (Ammons 1984) that result in delayed responses and reductions in productivity. Accountability has been directed primarily toward political decision-makers and supervisors, along the chain of command within departments of government. Public sector reformers continue to address bureaucratic rigidity and cutting the "red tape," and these inflexible processes are often referred to as their primary intent. Decentralization of decision-making is a major approach aimed to reduce delays.

Lack of accountability to the public clouds managerial awareness of productivity levels. When accountability is internally focused in the organization, working within inadequate budgets and with limited resources, management can become preoccupied with trying to keep their operations running. When expectations focus more on efficiency, accountability remains at a

low level, but with increasing public awareness and their demand for greater accountability, public organizations become more accountable for their effectiveness. This calls for more attention to results-based management rather than reliance placed simply on output-input productivity measures. Although the concept of productivity has been utilized for many years, it is often simplified and misapplied. Performance measurement facilitates a more accurate assessment of productivity and impact, as well as a more attractive path toward improving productivity (Holzer and Seok-Hwan 2004).

## Public Performance Measurement

The public sector funds programs and delivers goods and services in the interest of the public. They must constantly be searching for ways to improve service to their communities. A major concern is how to make better use of allocated tax revenues. With this in mind, in measuring productivity, program outcomes and their impact become important indicators of organizational success. Performance measurement provides more clarity about what is actually provided, not what is produced. It must focus on more than just outputs and attempt to understand outcomes (Shark 2015). Performance, as a measure of organizational success, has been a major focus in the assessment and management of public sector progress in the new millennium.

At least two main stages are involved in utilizing performance measurement information. First is adoption (development of measures) and secondly, their implementation (actual use). These measures assist public managers in supporting the use of performance measures more effectively (de Lancer Julnes and Holzer 2001). An additional series of steps also affects the use of performance measures. These include assessing the organization's readiness to develop and implement performance measures, identifying and involving the organization's internal and external interest groups, involving employee unions, emphasizing the need for the organization to develop a "performance improvement culture," and supporting the adaptation of performance measures in a short period of time. The awareness and culture that the adaptation of performance measures can create may help to improve the chances of implementing performance measurement in due course. Political and management support are also important to adopting and implementing performance measurement as a process of assessing organizations' success (de Lancer Julnes and Holzer 2001).

The involvement of external stakeholders in performance measurement provides a more objective look at public organizations. Self-reporting can be self-serving. When citizens participate, it allows the public to ask questions and to select the measures and methods to be used. The effect is greater acceptance and appreciation of the results and more confidence that bureaucracies are making prudent use of tax-funded resources (Halachmi and Holzer 2010). Citizens' participation also provides an avenue for better representation of all elements of society and more inclusive decision-making regarding issues that affect the lives of entire communities. Citizens' participation also promotes transparency and accountability, in particular, and may facilitate better efficiency, legitimacy, public cooperation, and trust (Halachmi and Holzer 2010).

Technological developments and the adaptation of certain ICTs in public organizations make it possible for citizens to participate in measuring and assessing the performance of public organizations. This practice can be enhanced when there is actual legislation in place to support it. The Freedom of Information Act (FOIA) is an important example. With free access to public information, citizens can update themselves about public policies and programs being created for implementing them. Public agencies must also initiate consultation with citizens to facilitate feedback on issues that might concern them and engage them more integrally and interactively in decision-making processes. Across world regions, 62% of the United Nations member states recognize citizens' rights to access public information. This is a constitutional right and is regulated through the promulgation of FOIA (United Nations 2015). In most cases, FOIA includes

provisions for appeals and specific time frames for providing access to information.

## Conclusion

Major aspects of productivity management in the public sector are first, the recognition that output-input measures are limited in determining the success of public organizations' effectiveness in implementing public policy. It once prevailed as the method public organizations as well as in private businesses used to assess levels of productivity. It became recognized as more appropriate for private businesses seeking to calculate and retain their profit margins. As citizen orientation became a more important value, this form of productivity analysis proved to be devoid in providing useful information on which public organizations could plan for improvements. Citizens' satisfaction is associated with their willingness to pay taxes, which makes their satisfaction a priority in evaluating the productivity and performance of public organizations.

Secondly, during the past 50 years, public administration and management researchers and practitioners in many countries have been dedicated to addressing the challenges for public sector reform, with strategies for productivity improvements. As a result, the study of public productivity has become geared more toward measuring the performance of public programs that are designed for implementing public policies. It has proven to offer better indicators of effective management. A third important aspect is technological development that can ameliorate the challenge of large and often unmanageable workloads. Traditionally, these conditions characterized government agencies and contributed to their inefficiency. Technology continues to improve productivity by enabling better time management and facilitating direct communication with both internal and external stakeholders. Above all, ICTs have helped to increase government-to-citizen connectivity, so that citizen satisfaction can be surveyed and addressed with appropriate responses to demonstrate that their governments are being accountable and responsive.

## Cross-References

▶ Organizational Learning
▶ Organizational Technology
▶ Performance Management and Culture

## References

Ammons DN (1984) Productivity barriers in the public sector. In: Holzer M (ed) Public productivity handbook. Marcel Dekker, New York

de Lancer JP, Holzer M (2001) Promoting the utilization of performance measures in public organizations: an empirical study of factors affecting adaptation and implementation. Public Adm Rev 61:693–708

Halachmi A, Holzer M (2010) Citizen Participation and performance measurement: operationalizing democracy through better accountability. Public Adm Q 34:378–399

Holzer M, Seok-Hwan L (2004) Mastering public productivity and performance improvement from a productive management perspective. In: Holzer M, Seok-Hwan L (eds) Public productivity handbook, 2nd edn. Marcel Dekker, New York

Rainey H (2014) Understanding and managing public organizations, 5th edn. Jossey-Bass, San Francisco

Rosen ED (1984) Productivity concepts and management. In: Holzer M (ed) Public productivity and public policy. Sage, Beverly Hills, pp 19–43

Shark A (2015) Technology and public management. Routledge, New York

United Nations (2015) World public sector report. UNDESA, New York

# Productivity Methods in Public Sector

Markku Kuula[1], Antero Putkiranta[2] and Pirjo Tulokas[3]
[1]Information and Service Management, School of Business, Aalto University, Espoo, Finland
[2]Department of Industrial Management, Metropolia University of Applied Sciences, Helsinki, Finland
[3]School of Management, Tampere University, Tampere, Finland

## Synonyms

Business process re-engineering; Process improvement; Strategic management

## Definitions

| | |
|---|---|
| JDR | Job Deman Resource model |
| Lean | Do not waste, concentrate on key things |
| NPM | New Public Management |

## Introduction

Management literature has long taken for granted that well-motivated employees perform better than other employees. Thus, motivated employees naturally increase the productivity and profitability of companies. Similarly, job satisfaction and motivation have been considered to go hand in hand.

The issue has also been clarified in academic research. Researchers have sought an explanation in many industries for how motivation increases employee productivity, and which factors increase job motivation and/or job satisfaction. Factors that influence motivation and job satisfaction include: job diversity, job identity, job relevance, job independence, different rewards, and management feedback. In order for management to provide fair feedback, the employee must also have clear goals against which to perform and which the employee has internalized. In addition, leadership has been seen as a key contributor to good motivation. Further, studies have found a causal link between sick leave and work motivation, which has a direct impact on company productivity.

Mayo (1946) studied labor productivity already in the 1940s. Perhaps his most important observation was that workplace conditions did not in themselves affect productivity. More important was whether or not someone paid attention to the employees. The symptom was that, even though the working environment was being weakened, labor productivity increased as long as sufficient attention was paid to the workers.

Public services are tasks decided by the parliament or municipalities and are produced within the budgets provided by tax funds. Measuring the productivity of these services is often problematic. In principle the measurement is to be made, but the determination of the right types of indicators, however, is very difficult.

The public sector has started to pay more attention to productivity and employee motivation. This development has been influenced by many factors, including the shift in work in society as digitalization and the use of new tools become more widespread. Developments have been accelerated by the difficulties of public finances following the economic crises of the 1990s and 2000s. At present, there is particular pressure on the availability of labor for public administration as the population ages and fertility rates decline.

In the public sector, the search for efficiency has begun by learning about private sector actors. This trend was called the New Public Management (NPM) in the 1990s. In the literature, NPM has been characterized e.g. related issues measurement of work performance, responsibility for work performance, strategic planning and leadership, and changes in leadership style and human resource management (incentive implementation). New technologies like social media and new ideas like personal incentives have put extra pressure on for heads of agencies. These new tools have been eagerly provided by commercial consultants, who have also used terminology that old school leaders have found difficult to understand. They felt that the new tools outweighed the services provided by the agencies. Similarly, wondering has been caused by the forgetting or rejection of old tools.

For example, in Finland in 2003, the government launched a productivity program to increase productivity by reducing staffing and increasing e-services in government. This project did not fully meet expectations. In part, this was because employees were already working at the limits of their performance when the project started and were no longer able to meet new output or productivity requirements. They simply overloaded with new demands. The project focused too much on measuring the success of different projects, rather than measuring the productivity of public services. From the outside view, it seems that the tail had begun to swing the dog.

Recognizing the connection between job satisfaction and motivation for job performance, various agencies have also begun to pay attention to staff motivation and well-being at work. Studies have investigated whether there are differences between the private and public sectors in how to

motivate staff in their work. A further challenge is the fact that people of different ages (generations) seem to have big differences in what motivates them to work.

## Development of Management Paradigms

The history of management can be viewed through various management paradigms. This has been done by, e.g., Sibbet and The Staff of Harvard Business Review (1997) and later Kuokkanen et al. (2010), whose viewpoint slightly differed from Sibbet's classification. Kuokkanen's research group grouped management paradigms as follows: scientific management, human relation theories, structural analysis, organizational culture, and the innovation paradigm (Fig. 1).

*Scientific management* (Taylorism) is based on accurate analysis and measurement of working processes and tasks. Scientific research methods identified best practices for performing different tasks. These practices were implemented in various company operations. Thereafter, operations were regularly measured.

According to *Human relation theories* (Mayo 1946), employee performance was influenced not only by working conditions but also by taking into account the social needs of employees. The management had to be able to, among other things, increase collaboration and interaction between employees.

*Structural analysis* broadened the concept of a company. According to it, it was also essential to look at the environment of the company and the changes in it. It was no longer enough for the company to be seen as an independent entity. Based on structural analyzes, Hamel and Prahaland (1990) and Porter (1980) developed tools for analyzing the strategic dimensions of companies.

*The paradigm of organizational culture* assumes that every company has its own culture that management must strengthen and further develop. Corporate culture determines how a company operates. A good corporate culture is based on strong values, taking into account the employees and is one that competitors cannot easily copy. The Japanese working culture is a good example of a working corporate culture.

*Innovation paradigm* is based on the view that society is undergoing constant structural change. In this case, employees must be able to develop as individuals and as members of the group so that they can use their skills to support the new company's success and growth. Innovation is seen as an important way to create new business and can only be achieved if employees are willing to develop their own skills.

In addition to the management paradigms presented above, business organizations have been studied for decades. Researchers have determined what kind of organization suits what purpose Waterman et al. (1980) and Galbraith et al. (2002). Further research has focused on management systems and methods to determine the right

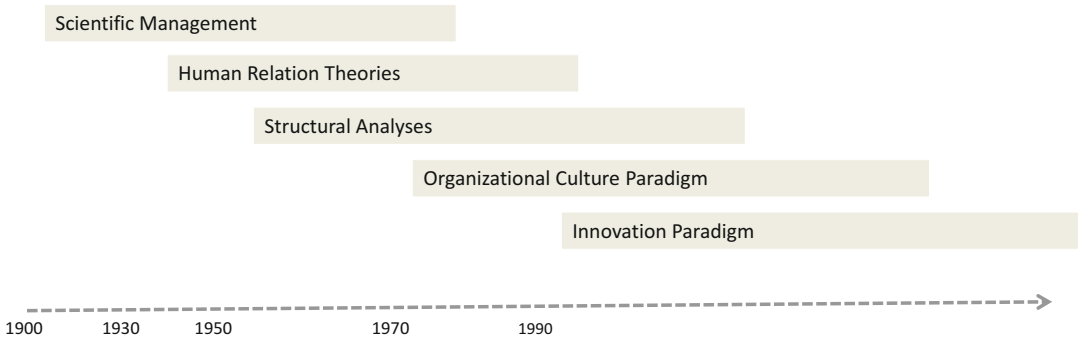


**Productivity Methods in Public Sector, Fig. 1** Timeline of some key management paradigms (The Staff of Harvard Business Review 1997)

visions for companies, as well as the goals that support the strategy and how those goals can be achieved by Kaplan and Norton (1992).

## New Public Management

New management paradigms, in the public sector, have replaced old practices such as Taylor's policy management, Weber's bureaucracy, and Wilson's policy-administration divide. To replace them, New Public Management (NPM) has been created. The main reasons for abandoning the old management paradigms and the birth of NPM were pressures from the development of the surrounding society, as described in the introduction. NPM aims to increase administrative transparency and market orientation. In addition, management practices such as LEAN in the private sector were also found to be attractive in the provision of public services. Table 1 presents the key elements of the NMP, following the categorization proposed by Diefenbach (2009).

**Productivity Methods in Public Sector, Table 1** Key elements of NPM, Diefenbach (2009)

| Area | Element |
|---|---|
| 1. Business environment and strategic objectives | Cost reduction, privatization<br>Changing business environment<br>Customer and market orientation |
| 2. Organizational structures and processes | Decentralization and reorganization<br>Concentration on processes, standardization |
| 3. Performance management and measurement system | Performance indicators, explicit targets<br>Productivity and quality<br>Higher performance and motivation |
| 4. Management and managers | Management culture<br>New types of management positions |
| 5. Employees and corporate culture | Empowerment and subsidiarity<br>Business-like attitude |

Similar categorizations have been proposed by numerous other researchers in the 1990s and 2000s.

## Practice and Performance

Organizations are influenced by a variety of practices that are hoped to lead to the best possible performance, and Voss et al. (1995) have also proved such a practice-performance relationship. In their studies, best practices were represented by employee training, the company's long-term vision and shared values. As performance indicators, they used lead times, quality, employee morale, etc. Although these practices and performance indicators are commonly used, Kuula et al. (2012) recall that their use resembles the bell curve, whereby the use of certain practices and/or indicators initially increases in a particular industry, reaching a maximum at some point, and their use begins to decrease correspondingly after that culmination point as new practices and/or indicators replace it.

How then do different management tools and techniques improve the performance of the company? Unfortunately, studies (e.g., Nohria et al. 2003) have found no evidence that the use of such tools and techniques has resulted in a competitive advantage over other companies. However, according to them, "four primary management practices": strategy, execution, culture, and structure (Table 2).

## Motivation

Motivation and its factors have been studied for a long time. What are the factors that drive people to do things and, on the other hand, how to get more out of an employee without burdening them too much? In 1964, Hertzberg published his theory of the content of the work – two-factor theory – that had two parts: hygiene factors and motivational factors. Hygiene factors are things that need to be in order – they are the so-called on-off factors – and if they are not at worst an employee leaves the organization. Either they are okay or not – enough

**Productivity Methods in Public Sector, Table 2** Primary management practices. (Modified from Nohria et al. 2003)

| Primary Management Practices | | |
|---|---|---|
| *Strategy* | Define sharply<br>Communicate clearly | Based on the value proposition to the customers<br>Continuously fine-tune the strategy based on changes<br>Clear communication to all parties<br>Keep focused |
| *Execution* | Develop and maintain flawless operations | Delight the customers consistently<br>Decision making authority close to the front-line<br>Constantly strive to eliminate all the waste, improve productivity |
| *Culture* | Holding high expectation of performance | Inspire all to do their best<br>Empower employees and managers to do improvements in operations<br>Reward achievement with pay based performance but keep raising the bar<br>Create challenging and satisfying environment<br>Establish and abide by clear company values |
| *Structure* | Reduce bureaucracy and simplify work | Simplify<br>Promote cooperation and exchange of information across the organization<br>Best people closest to the action<br>Establish systems for seamless sharing of knowledge |

okay is enough. Motivational factors, on the other hand, are factors that make employees do more and better work. Typical motivational factors are getting feedback, appreciation, and job content, while hygiene factors include safety, relationships, and money.

Another major motivation theory is Maslow's hierarchy of needs. In it, Maslow describes human needs in a five-step system (physiological needs, safety, love / belonging, esteem, and self-actualization). According to the theory, the upper level cannot be reached unless the lower level is sufficiently enough satisfied. Herzberg's two-factor theory and Maslow's hierarchy of needs are the basis of many of the latest theories of motivation and, on the other hand, they are interrelated. Hygiene factors are typically the lowest three levels of the needs hierarchy and motivational factors are the top two levels. The starting point for working better is the meaningfulness of the work and the achievement of the goals. Often people also are confused with the concepts of expanding and enriching the image of the work, which mean different things. The latter leads to improved motivation and action while the former may rather lead to burnout.

You do not always even have to motivate employees. In many times, it is just enough not to demotivate them. Especially in expert and high-level positions, the work itself is already sufficiently motivating and the expert does not need motivation from the supervisor if the content and goals of the work are set correctly. The worst thing in this case may be the supervisor's excessive interference in things so-called micromanagement and excessive control, which can deprive the expert of motivation. In this case, the supervisor demotivates his subordinate and the subordinate may respond with the only means he has at his disposal, i.e., by doing just the required amount of work, but no more. An employee often only needs achievement, community and equality in his or her job and working conditions (Table 3).

The Job Demand-Resources model (JDR) describes very clearly what motivation and achievement are all about (Fig. 2). Factors influencing the outcome of an organization have been extensively studied, but usually as a correlation of two or three factors, e.g., motivation and outcome, working conditions and motivation, etc.…. The JDR model has combined many of these issues and made the effectiveness of the factors well visible, both negative factors such as pressure and stress as well as positive factors such as resources provided, support, and feedback.

**Productivity Methods in Public Sector, Table 3** How to fulfil the drives that motivate employees (Nohria et al. 2008)

| Drive | Primary Lever | Actions |
|---|---|---|
| *Acquire* | Reward system | Sharply differentiate good performers and poor performers<br>Tie rewards clearly to performance<br>Pay as well as your competitors |
| *Bond* | Culture | Foster mutual reliance and friendship among co-workers<br>Value collaboration and teamwork<br>Encourage sharing of best practices |
| *Comprehend* | Job design | Design jobs that have distinct and important roles in the organization<br>Design jobs that are meaningful and foster a sense of contribution to the organization |
| *Defend* | Performance-management and Resource-Allocation Processes | Increase the transparency of all processes<br>Emphasize their fairness<br>Build trust by being just and transparent in granting rewards, assignments and other forms of recognition |

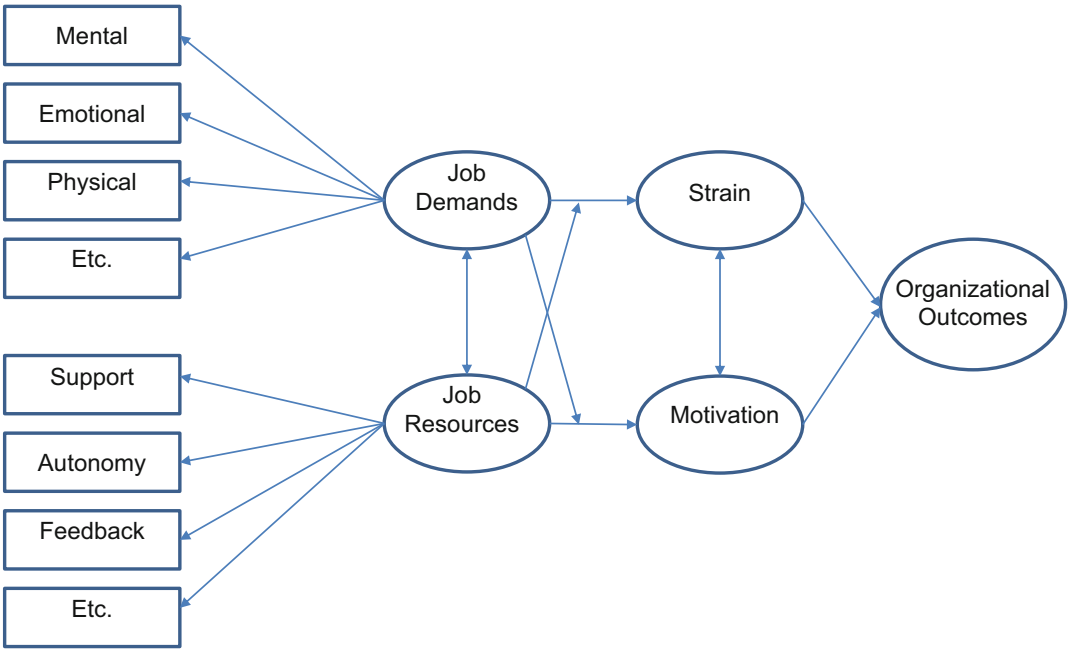


**Productivity Methods in Public Sector, Fig. 2** Job Demand-Resources model (Bakker and Demerouti 2007)

Kuula et al. (2012) reached a similar result in their own research in public administration. The key factor in improving work results and motivation was clarifying the purpose of the organization's existence and how different people can influence it with their own activities and what their role is as a whole. Once the tasks and their own playground were clear, employees were better able to manage their own workload, work pressure, and to participate better in the development of their work, starting with the clarification of processes and responsibilities.

**The Actions Taken Were Clear**:

- **Communicating the mission of the organization**
- **Giving individual performance targets**
- **Monitoring the development**

- **Early and immediate involvement in differences**
- **Right tools for the employees**
- **Analyzing the reasons for low output**
- **LEAN type of operations**
- **Removing distracting circumstances (e.g., Facebook and other social media, which were not part of individuals' work)**.

As stated at the beginning, the new public management idea brings good established private models and methods to public administration. The latest business development model imported from private sector and especially from manufacturing industry is the widespread use of lean thinking.

It has often been criticized for its original origin at Toyota production lines and thus the critics claim it is not suitable for service industry or public sector as such. However, it has several levels, the most important of which is the philosophical level. The main goal is to use resources for essentials and not to waste. An idea that fits all organizations and activities. Focus is on the essential. Of course, it is not always easy to find or become aware of its essentials. Moreover, especially in the public sector, this may change quite rapidly due to political situation.

Lean operations start from finding and eliminating the wastes. These wastes were originally (the so-called seven wastes)

- Unnecessary stocks
- Unnecessary transport
- Unnecessary movements
- Overproduction
- Over-processing
- Low quality
- Unnecessary waiting

The eighth waste mentioned is doing work with the wrong or too expensive tool / person or resources.

There are several tools used in lean improvements, perhaps the most significant of which is the so-called 5S model. 5S comes from the words sort, standardize, systemize, shine, and sustain. Things are done systematically, reducing errors and their potential, which brings productivity. You do not have to run faster but do things more sensibly and focus on the essentials. Other good tools for almost every situation are 5 x why, root cause analysis, and, of course, Deming's plan to check act model.

## Discussion

Communication plays a significant role in improving operations and results. When employees are clearly communicated what the goal of the organization and operations is, then it is easier for them to participate in the activities and their development, and they are more commitment to the goals.

Once organizational goals are communicated and understood, even employees' personal goals are easier to understand and discuss together their causes and effects. This in turn makes it easier to monitor actions and results in consensus and corrective action is easier to accept and understand.

Much has been discussed, and there is talk about how a new generation – millennials – should be guided to lead. The world of work has become much more hectic, more information is available, and people are even available 24/7, which is both a good thing and a bad thing. There is constant pressure from management to do more things faster without sacrificing quality, which is almost impossible.

What to invest in to achieve the best possible outcome? Very often, it is about the chicken and egg setup – which comes first: a satisfied employee or motivation. Of course, a lazily managed organization can lead to satisfied employees, but not to the main result, and on the other hand, as soon as you start demanding again, the satisfaction ends when conditions deteriorate, i.e., the so-called "Laissez-faire" management does not work.

The Galbraith star model is a very good tool for developing an organization's operations. It is easy to understand and communicate and at the same time, you find things that "rubbing" an organization's operations that are typically conflicting goals or processes that do not support the achievement of the overall goal.

## Conclusion

Many studies have found and investigated the link between job satisfaction and motivation. However, this does not always bring better results to the organization. Increasing satisfaction does provide better motivation, but it can stay that way. However, motivation or job satisfaction alone are not the ultimate goals of an organization.

## Cross-References

► Motivation and Governance
► Performance Management

## References

Bakker A, Demerouti E (2007) The Job Demands-Resources model: state of the art. J of Manag Psychol 22(3):309–328
Diefenbach T (2009) New public management in public sector organisations: the dark sides of managerialistic 'enlightenment'. Public Adm 87(4):892–909
Galbraith J, Kates D, Kates A (2002) Designing dynamic organizations. AMACOM, New York
Hamel G, Prahalad CK (1990) The core competence of the corporation. Harvard Business Review, May–June, pp 71–91
Kaplan RS, Norton DP (1992) The balanced scorecard: measures that drive performance. Harvard Business Review, January–February, pp 71–79
Kuokkanen A, Laakso A, Seeck H (2010) Management paradigms in personnel magazines of the Finnish metal and forest industries. J Manag Hist 16(2):195–215
Kuula M, Putkiranta A, Toivanen J (2012) Coping with change – a longitudinal study into changing manufacturing practices. Int J Oper Prod Manag 32(2):106–120
Mayo E (1946) The human problems of an industrial civilisation, Macmillan, 1933. 2nd edn. Harvard University, New York
Nohria N, Groysberg B, Lee L (2008) Employee motivation: a powerful new model. Harvard Business Review, July–August, pp 78–84
Nohria N, Joyce W, Roberson B (2003) What really works. Harvard Business Review, July, pp 42–52
Porter M (1980) Competitive strategy: techniques for analyzing industries and ompetitors. Free Press, New York
Sibbet D, The Staff of Harvard Business Review (1997) 75 years of management ideas and practice, 1922–1997: a supplement to the Harvard Business Review. Harvard Business Review, September–October
Voss C, Blackmon K, Hanson P, Bryan O (1995) The competitiveness of European manufacturing – a four country study. Bus Strateg Rev 6(1):1–25
Waterman R, Peters TJ, Phillips JR (1980) Structure is not organization. Bus Horiz 23(3):14–26

# Professional and Business Associations

Ekaterina Ivanova
Faculty of Business and Management, National Research University – Higher School of Economics, Moscow, Russia

## Synonyms

Interest groups; Mutual benefit and membership based nonprofit organizations; Societies; Unions

## Definition

Professional and business associations are formally established membership organizations – that work to promote, regulate and protect the interests of professional groups (e.g., occupational associations in culture, healthcare, science and education), special sectors of business (e.g., business and trade associations in real sector of economy and services) and multiple sectors of business (e.g., cross-sectoral umbrella associations supporting business and entrepreneurship). As any nonprofit organization professional and business associations are multifunctional, providing members simultaneously with services, advocating for their interests and building them as a community. Membership in professional and business associations varies from individual to collective, or both, and could be voluntary or compulsory, depending on national regulation or self-regulation traditions.

## Introduction

In this entry, the origins of associations as a concept and its particular type – professional and

business associations – are discussed. The development of this type of associations in various national contexts is then discussed as highlighted in the research literature. An overview is provided of three central functions that professional and business associations simultaneously perform – advocacy, service delivery and community building – for making a meaningful contribution to public management, market and society. As researchers and practitioners have struggled with a complex nature of activities performed by associations, recognition has emerged that professional and business associations serve as a viable societal infrastructure necessary for sustainable development.

## Associations as Nonprofit Organizations

Nonprofit membership associations, being a significant subset of the nonprofit sector play important roles across different societies (Freise and Hallmann 2014). Associations serve as a forum for discussions and coordination of common interests among full-fledged members, and they also provide vital horizontal and vertical links between different parts of society. In other words, according to Anheier (2005, p. 61) the function of voluntary associations "is to serve both as a cohesive device for members with similar interests and as an inclusive mechanism by being open to different segments and groups of the community". At the same time, associations' impact on society could be ambivalent, ranging from negative exclusive to positive inclusive effects of associating.

The most important distinctive feature of nonprofit membership associations studies is that there is no single discipline that examines them comprehensively, rather a patchwork understanding is prevailing based on dominant perspectives in sociology, political science, law or organization studies. For instance, political scientists claim that today "the diversity of associations is the institutionalized core of civil societies", which guarantees "the democratic commonwealth" (Freise and Hallmann 2014, p. 2). Given such a cross-disciplinary and multi-dimensional nature of the literature on associations and their varied meaning in different nation states it comes as no wonder that there is no one ideal typology of associations in use. One of the categorizations of associations was developed Warren (2001), who distinguished between the thickness and thinness of associative relations. He differentiates between primary associations, constituted from families and friendships, secondary associations that are made up of close social attachments in the living environment (e.g., leisure clubs, self-help groups), and tertiary associations, whose members apart from sharing the purpose of uniting have little in common (e.g., professional and business associations).

## Professional Associations

In the Western academic tradition, under professional associations, one normally understands NPOs, which were created in order to independently promote, regulate and protect interests in certain professional fields (Anheier 2005). As Chua and Poullaos (1998, p. 156) argue, the neo-Weberian notion of "social closure" or "market closure," as opposed to critical frameworks of Marx and Foucault, remains a mainstream theoretical basis for the empirical analysis of professionalization projects. Theory of market closure "focuses on how members of an interest group seek market dominance by monopolizing social and economic opportunities and closing off opportunities to outsiders" (Chua and Poullaos 1998, p. 156). In other words, as researchers have often pointed out (Abbott 2007), the self-interested rationale of occupations lays in their striving to achieve professional status, manifested in their collective actions to introduce entry barriers to the profession. Occupations follow such strategies not only to cut off rival interest groups, such as amateurs or charlatans, but more so to maximize their economic and political power, that allows them to keep and protect their occupational "havens" from the threats and fluctuations of a free market of services. Starting from the medieval cities of Europe professionals have traditionally gained benefits of "social closure" from the unwanted similarly qualified immigrants, thus

keeping the number of members of professional corporations within desirable limits and protecting their earnings from a consequent depreciation. However, with the introduction of the progressive EU 1989 Directive 89/48/EEC on the mutual recognition of professional qualifications, professional bodies in the European member states are now prevented from exercising influence over labor markets, at least in theory.

Turning back to history shows that professionalization projects are implemented in two ways. Either in a bottom-up way, as in the liberal Anglo-Saxon countries, in which professional associations emerged from the horizontal voluntary interaction at the occupational level in order to achieve professional status. Or in a top-down manner, as in case of the continental European state-centric countries, such as Germany, where the state was actively involved hierarchically as an interventionist in the initial establishment, regulation and administration of professions in order to make labor markets rationalized and controlled. As a result of Neal and Morgan's (2000) comparative historical study of 19 professions in the UK and Germany, the scholars came up with two different models of professionalization, resulting from a systematic occupational project, "the spontaneous" self-interest guided model was characteristic of the insular UK and the "state-sanctioned" model was attributed to the continental Germany. In both cases, however, the mode of professionalization, expressed through the conditions for entry into the regulated field, the licensing procedure or an academic route to qualification, were negotiated between three major constituencies: the state, academia and the professional associations. But the roles professional associations played in two countries were different. In the UK, they were set up at an earlier stage of the professionalization process and remained responsible for professional education, thus the professions in the UK evolved predominantly on a self-regulatory basis. In Germany, professional associations, represented by a system of professional chambers, emerged at a later stage of the professionalization process, having only limited amount of self-regulation at their disposal, whereas the state remained responsible for professional education and admittance into the profession, therefore professions in Germany were largely state-regulated (Neal and Morgan 2000). Nevertheless, emergence of professional associations, as a legitimate body that represents interests of the respective communities, remains being a sign of a completed professionalization project in a given field, be it established professions, such as lawyers, accountants and medics, or newer professions in engineering, management or business services. What is more important to note is that the professional transparency directives of the European Union are written based upon the Germanic mode of professionalization. It means that the European super-state will continue to play a leading role in establishing new professions, such as that of "eco-auditor," in terms of setting the new regulatory and educational frameworks (Neal and Morgan 2000).

At the same time, statements of scholars on the end of "golden age" of the traditional professions and critical views on threats of "de-professionalization," caused by the hegemony of the economy in the modern world, are becoming more and more widespread (Moskovskaya et al. 2013). The old "collegial" model of professionalization, based on formal credentials that certify the mastery of a given body of knowledge, which has always been implemented within the national boundaries, is challenged by the new market-oriented "corporate" professionalization, which has been carried out from the very beginning by large multinational corporations in the context of globalization (Muzio et al. 2011). An a priori prerequisite for the professionalization of the canonical professions was the formal codifiable body of knowledge, which was regulated and controlled via such mechanism, as educational institutions and state licensing and protected by ideology stated in the professional codes of ethics, enforced by a particular professional association (Torres 1991). In case of the new knowledge-based corporate professions, such as management consultants, project managers or executive head-hunters, the body of knowledge consists to a certain degree of codifiable technical knowledge and to a large degree of uncodifiable practical knowledge, which is always contingent to time, place and

personal characteristics of a professional. Accordingly, the reasons for acquiring legitimacy are different in each model; in case of traditional professions they came down to the public benefit factor, expressed in claims to public service and the social trusteeship of key competencies, whereas in the new professions legitimacy stems from purely commercial claims and market value that they create (Muzio et al. 2011). Finally, the role of professional associations is diminishing in the new market-oriented professions, in which they are restricted in influence in comparison to bearing responsibility for ideals and professional control, as it was common for the traditional professions (Moskovskaya et al. 2013).

In case of transitional economies, such as Russia, as it is outlined in the explorative study of professional associations by Moskovskaya's team (2013) the professionalization projects in the high status occupations are far from being completed in any one of professions, which are found at different stages of struggle for their professional status. Given the omnipresence of the state in the public sphere throughout the Russian history it becomes apparent to conclude that Moscow-led mode of professionalization will rather follow the German pattern than the Anglo-Saxon one, meaning that the role of the Russian professional associations is far less important than that of the state. In this respect it is self-evident that according to Moskovskaya et al. (2013) self-regulation mechanisms used by the Russian professional associations are still at the embryonic stage of development, what shows that it is the state and not professional associations, who decides which professions should be regulated. Contrary to the institutionalized professions in the West, Russia finds itself in a unique historical moment, in which professionalization projects are still at the very early stages of attaining their professional status, given the still lacking social embeddedness of professions in Russia.

## Business Associations

Business associations or trade associations, as they are often referred to alternatively, operate under the premise of promoting the collectively shared interests of their members (Barnett 2013). Trade associations are created by the companies of the same sector "to collect and disseminate trade information, offer legal and technical advice, furnish industry-related training, and provide a platform for collective lobbying", as well as to provide services, organize annual meetings and events for members (Barringer and Harrison 2000, pp. 392–393). The typical model of governance of business associations represents a combination of a paid workforce and a voluntary board (Barringer and Harrison 2000). In many respects business associations are similar to other mutual benefit membership organizations, such as professional associations discussed in the section above. Their activities resemble as they aim at restricting competition within their industry, act as gatekeepers within their issue area (Aldrich et al. 1994) and their advocacy activities "may generate positive spillover benefits even for those who are not members of the association" (Esparza et al. 2013, p. 3). Another similarity between professional and business associations acknowledged by scholars lies in the uneven distribution of power, which is concentrated in the hands of the most influential actors in the field (Barnett 2013), despite the common view of trade associations "as organizations that engage in collective action for mutual benefit of all industry members" (Esparza et al. 2013, p. 4). Moreover, many business associations just like professional associations do not only advocate for their interests in the face of the government, but also enjoy the privilege of self-regulation in their industry, thus supplementing or complementing direct regulation by the government (Gupta and Lad 1983).

According to Scott (2001, p. 118) professional and trade associations represent modern cases of the normative institutionalization of field practices, in which "normative standards may be explicitly established by self-appointed arbiters employing more or less representative bodies and deliberative procedures". Such a normative role prescribed to professional and business associations appears in varied scholarly accounts, which involve the processes of value setting

about the most preferred courses of action or establishment of standards (Esparza et al. 2013). Following Scotts' categories on three pillars of institutions (2001), apart from the central normative role, trade associations are also active in the regulative field through advocacy and interest representation activities, as well as in the cultural-cognitive field by reinforcing their collective identity and taken-for-grantedness. In their capacity of arbiters business associations possess the power to encourage the appropriate behavior of members in confirmation to the established standards, as well as to sanction those who does not confirm to them (Esparza et al. 2013). The intermediary position occupied by business associations between the state and industry contributes to the fact that their governance model is shaped by their environments by means of two oppositely directed logics: logic of membership and logic of influence (Aldrich et al. 1994). The logic of membership is coined by the diverse interests of the industry members and the need to coordinate them in order to aggregate competing interests into an effective action beneficial to all constituencies (Aldrich et al. 1994). Logic of influence concerns how business associations interact with the state and other industries (Aldrich et al. 1994). Both of these logics are intertwined, for instance, business associations that do not have strong connections with the state and cannot exercise influence upon it may compensate it by having stronger ties within their membership and better articulating their interests (Esparza et al. 2013).

In spite of the fact that there are thousands of business associations, representing almost every industry and their enormous potential impact, there is still little academic research devoted to this phenomenon on behalf of the organizational scholars (Barnett 2013; Barringer and Harrison 2000). A descriptive study on industry self-regulation put forward an argument that business associations are capable of introducing and enforcing industry standards, as well as product quality and safety guidelines, on the self-regulatory basis, which could serve as an alternative to state regulation (Gupta and Lad 1983). Among factors that drive companies' participation in a trade association researchers recognize reduction of uncertainty and augmenting industry legitimacy (Esparza et al. 2013). However, there are also drawbacks of associational activity. On the one hand, since there are almost no barriers to enter trade association, typically any company can join, what leads with a high probability to a free-rider problem, which means that a certain member could enjoy all the benefits that association produces on the same level with other members but with minimal contribution on own behalf. On the other hand, there is a risk of disclosing too much information for the essential needs of trade association in their information collection efforts, meaning that sensitive information on technologies, know-how or trade secrets will benefit competitors (Bresser 1988).

When looking at the emerging markets, the specifics of business association development in the post-Soviet Russia is the following. There are at least two different periods in the institutionalization of relations between the state and the private sector. The first one is linked to the Yeltsin presidency in the 1990s, which was marked by an emergence of a large number of professional and business associations. These NPOs were organized primarily around the personalities of their founders and their social capital inherited from the communist rule. Also, many of the former sector-specific "glavki" (central offices for industrial management) that were responsible for the strategic planning and supply activities in the planned economy were transformed into the new business associations. However, the public standing and influence of these organizations had been negligible. The second period starts with Putin's stepping in power in 2000. A turn in the construction of the societal model towards a traditional state dominant one was made. It appeared in the increased intervention of the state both in economy and public life. The latter became apparent particularly in the established "from above" state corporations, as well as in the all-Russian umbrella-type public chambers. The appearance of the power vertical in relations between the state and business became evident through the official state support of four cross-sectoral federal associations: the Chamber of Commerce and Industry and the

Russian Union of Industrialists and Entrepreneurs, Business Russia and "Opora Rossii." Each of these organizations was officially recognized as a consultation platform that represents interests of the large (the Chamber of Commerce and Industry and the Russian Union of Industrialists and Entrepreneurs), medium (Business Russia) and small (Opora Rossii) business respectively.

The state of empirical studies on business associations in Russia is similar to professional associations. The studies are scarce and driven primarily by economists and political scientists. Among the most comprehensive works on the Russian trade associations is the work of Yakovlev and co-authors (2010), which deserves special mentioning. These scholars managed to show the evolution of the role and place of business associations in the relations between the state and the private sector in the contemporary Russia. It should be highlighted that authors of this monograph were trying to refute the critical propositions of Olson (1982), who claimed that collective action of business inevitably brings harm to society and embeddedness of such groups of interests impedes economic growth. The formation of trade associations is higher in the industries, in which threat of overregulation exists, providing for the need of lobbying (Barringer and Harrison 2000). It is thus not surprising that in Russia companies of the competitive private-owned service sectors are more eager to unite, whereas the extractive, primarily, state-owned monopolists are less inclined to do so.

## Professional and Business Associations

According to the international classification of nonprofit organizations (Anheier, 2005, p. 55), professional and business associations constitute Group 11 "Business and professional associations, unions". In developed economies this type of nonprofit organizations provides employment for 4,8% of the total civil society workforce, while in transition and developing economies almost twice as many people (8,6%) are employed by professional and business associations (Salamon et al. 2004). The countries in which such associations generate the highest figures of employment in the nonprofit sector, according to Salamon et al. (2004), include Mexico (33,6%), Philippines (29,3%), Sweden (15,4%), Columbia (14,9%), Hungary (14%), Norway (13,1%) and Poland (10,8%). In all of these countries, professional and business associations rank third or fourth in terms of creating employment for nonprofit organizations, trailing only to culture, social services, as well as civic and advocacy activities.

In an empirical study of professional and business associations in Russia Ivanova (2015) distinguishes between business associations, intermediary unions and liberal professional societies that serve as an institutional infrastructure of civil society. Business associations unite representatives of the real sector of economy and professional service providers. Intermediary unions consist of the federated umbrella associations, all of which clearly identify themselves as multi-sector associations that encourage development of the national business and entrepreneurship. Liberal professional societies consolidate representatives of culture, healthcare, science and education. These professional and business associations are multi-functional, fulfilling simultaneously a composition of advocacy, service delivery and community building functions, as illustrated in the Table 1.

Thus, professional and business associations contributing not only to the political system, but also to the market and society at large are characterized by a pluralism of different logics, which represent a mix that effects simultaneously and should be constantly balanced. This multi-functional character of associations appeared considerably more distinct in case of the Russian associations in comparison with nonprofit organizations from developed economies. Such a difference could be due to the specific type of nonprofit organizations under investigation, represented by professional and business associations, in which multi-facetedness is one of its distinctive features, but also because of the emerging character of the Russian nonprofit sector, which is still young and less functionally specialized.

**Professional and Business Associations, Table 1** Functions of the Russian professional and business associations

| Function/ criterion | Advocacy | Service delivery | Community building |
|---|---|---|---|
| **Perspective** | Legal/communicative | Organizational | Normative |
| **Mission** | Socio-political | Socio-economic | Socio-cultural |
| **Addressee** | State, society | Members, society, (state – indirectly) | Members, society, (state – indirectly) |
| **Members' role** | Funders/opinion makers | Customers/inquirers | Networkers/status enhancers |
| **Critical resource** | Connections to public officials, publicity | Bureaucratically organized and professionally managed structure | Collective action |
| **Action logic** | Influence | Service | Interaction |
| **Outcome** | Changes in legislation, setting agenda, outreach activities | Specialized knowledge, development and diffusion of innovations | Events, psychological and social security to members, codes of ethics, rankings, professional standards |
| **Output** | School of Democracy | Commercialization | Trust |

Source: Adopted with minor changes from Ivanova (2015)

## Conclusion

The concept of professional and business associations helps explain how societal infrastructure is developing in different contexts. The multifunctional nature of associations shows how they are contributing to political system, market and society.

## Cross-References

► Civil Society Organizations

## References

Abbott A (2007) The system of professions: an essay on the division of expert labor, 7th edn. University of Chicago Press, Chicago

Aldrich HE, Zimmer CR, Staber UH, Beggs JJ (1994) Minimalism, mutualism, and maturity: the evolution of the American trade association population in the 20th century. In: Baum JAC, Singh JV (eds) Evolutionary dynamics of organizations. Oxford University Press, New York, pp 223–239

Anheier HK (2005) Nonprofit organizations: theory, management, policy. Routledge, London

Barnett ML (2013) One voice, but whose voice? Exploring what drives trade association activity. Bus Soc 52(2):213–244. https://doi.org/10.1177/0007650309350211

Barringer BR, Harrison JS (2000) Walking a tightrope: creating value through interorganizational relationships. J Manag 26(3):367–403. https://doi.org/10.1177/014920630002600302

Bresser RKF (1988) Matching collective and competitive strategies. Strateg Manag J 9(4):375–385. https://doi.org/10.1002/smj.4250090407

Chua WF, Poullaos C (1998) The dynamics of "Closure" amidst the construction of market, profession, empire and nationhood: an historical analysis of an Australian accounting association, 1886–1903. Acc Organ Soc 23(2):155–187. https://doi.org/10.1016/S0361-3682(97)00009-3

Esparza N, Walker ET, Rossman G (2013) Trade associations and the legitimation of entrepreneurial movements: collective action in the emerging gourmet food truck industry. Nonprofit Volunt Sect Q. https://doi.org/10.1177/0899764013512723

Freise M, Hallmann T (2014) Modernizing democracy? Associations and associating in the twenty-first century. In: Freise M, Hallmann T (eds) Modernizing democracy: associations and associating in the 21st century. Springer, New York, pp 1–16

Gupta AK, Lad LJ (1983) Industry self-regulation: an economic, organizational, and political analysis. Acad Manag Rev 8(3):416–425. https://doi.org/10.2307/257830

Ivanova E (2015) The role of professional and business associations in development of civil society in Russia. Doctor of Social and Economic Sciences Doctoral Dissertation, WU Vienna University of Economics and Business, Vienna. Retrieved from http://epub.wu.ac.at/4484/

Moskovskaya A, Oberemko O, Silaeva V, Popova I, Nazarova I, Peshkova O, Chernysheva M (2013) Development of professional associations in Russia, vol 26. Higher School of Economics, Moscow

Muzio D, Hodgson D, Faulconbridge J, Beaverstock J, Hall S (2011) Towards corporate professionalization: the case of project management, management consultancy and executive search. Curr Sociol 59(4): 443–464. https://doi.org/10.1177/0011392111402587

Neal M, Morgan J (2000) The professionalization of everyone? A comparative study of the development of the professions in the United Kingdom and Germany. Eur Sociol Rev 16(1):9–26. https://doi.org/10.1093/esr/16.1.9

Olson M (1982) The rise and decline of nations: economic growth, stagflation, and social rigidities. Yale University Press, New Haven

Salamon LM, Sokolowski WS et al (2004) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian Press, Bloomfield

Scott WR (2001) Institutions and organizations, 2nd edn. Sage, Thousand Oaks

Torres D (1991) What, if anything is professionalism. Institutions and the problem of change. Res Sociol Organ 8:43–68

Warren ME (2001) Democracy and association. Princeton University Press, Princeton

Yakovlev AA, Zudin AY, Golikova VV, Govorun AV, Astafyeva EV, Garifullina GA (2010) Business associations in Russia: internal structure, evolution of relations with the state, role in modernization of the economy (Biznes-assotsiatsii v Rossii: vnutrennyaya struktura, evolyutsiya otnoshenij s gosudarstvom, rol' v modernizatsii ekonomiki). Moscow Public Science Foundation, Moscow

# Professional City Management

Mark Benton
University of Missouri, Columbia, MO, USA

## Synonyms

Professional city administration; Urban management

## Introduction

Professional city management traces its roots to government reform in the early 1900s. This "good government" reform aimed to make government administration more professional, and more like business administration. The reform rose in response to widespread corruption in city governments. Although there are many important ways that government management is unlike business management, reform did lead to less corruption. The position of city manager has since professionalized and grown to encompass a wide variety of responsibilities.

City managers are responsible for running the day-to-day activities of municipal government, which include tasks as diverse as budgeting, public safety, streets, and parks and recreation. They are unelected government officials, and are usually hired by city councils. Because they are unelected government officials, city councils are tasked with holding them accountable for the sake of the public. Despite the tension between unelected officials and a democratic system of government, the expertise of professional city managers can prove valuable to cities that would otherwise have difficulty managing the variety of municipal services that citizens expect.

In recent years, the role of city manager has had to keep pace with changing trends in technology. These trends have necessitated updating government departments to use technology, creating opportunities for online service delivery, and has even allowed for more direct and inclusive citizen participation in government policies and practices. Although managers must take care not to use technology in a way that excludes people who do not use information communication technology, this "e-government" has the potential to make city management more democratically accountably, efficient, and effective.

## Early City Management

City manager is a profession that began in America, though other nations have adopted similar management models as the United States. This entry will discuss professional city management from the perspective of the United States. American cities in the 1800s were dependent on state governments that were largely concerned with rural interests, and were not usually able to receive state funding to finance very many municipal services. This meant that most municipal

improvements had to be financed locally by private interests (Wade 1996). The arrangement of needing private interests led to widespread and well-known corruption, where political favors were exchanged for agreements to finance municipal improvements and profit the politician (Steffens 1904).

In response to government corruption, reformers across the country called for government to become more professional, neutral, and accountable. This movement became known as the progressive movement, and also the good government movement. Notably, Woodrow Wilson called for more professional government in an 1887 essay "The Study of Administration." Wilson (1887) called for a separation of politics and administration, saying managers tasked with implementing laws should not be subject to the same concerns that politicians were because implementation was not a political job. Furthermore, Wilson called on government administration to be more like business administration. Making government more like a business entailed a professionally trained workforce, adopting business practices like budgeting, holding managers accountable to executive superiors, basing decisions on research and science, and focusing on efficiency.

Of course, there are many ways in which government administration is not like business administration. No business manager who wants to remain out of the public eye will still have as much exposure to public scrutiny as a government manager. A government manager must regularly interact with their public constituency, while a business manager can usually choose to stay out of the public eye. Governments don't have one typical goal of business, which is profit, and instead must measure their successes and failures in other ways. Usually this is the effectiveness or efficiency of service delivery. Government managers usually have less discretion in assigning additional monetary compensation for good performance than managers in the private sector. Business managers are often able to manage by giving orders, but because government administration is inevitable connected to politics and elections, the government manager must often be willing to make compromises. Finally, while a business must address the concerns of stakeholders, government must usually confront a larger body of the public.

Still, despite the differences between public management and private management, progressive good government reforms had a positive effect on professional city management. Today, city management has grown to be a profession in many cities. Many managers are highly trained and educated. More than 105 million people in the United States live in communities where city manager is a professional position hired by elected officials. This sort of local government organization is most popular in medium sized cities, over 100,000 people, and is also popular in smaller more rural communities (ICMA 2017).

Different governments are organized differently, and the manager must interact with each organizational structure differently. Some cities have a city manager directly for responsible almost all city functions, meaning some city managers are responsible for directly supervising fire departments, police departments, and public work departments. Other cities will appoint a director to each department, and the city manager's responsibility is to oversee and direct department heads. In almost all cases, the organization of government will determine that the city manager is accountable to elected officials, themselves responsible to the citizens of the city.



## City Management Responsibilities

A city manager can be responsible for any number of programs, limited only to what can be afforded by the budget and what policies elected officials pass. Often, elected officials at the city level of government are not full-time legislators. Many of them have full-time jobs, and serve their communities part-time to the best of their abilities. This can give the manager a great deal of power, especially, if they are government management experts and elected officials are not. Because the city manager knows more about government than the elected officials, they might usually defer to the expert recommendations of the manager. The

city manager must administer the programs that are asked of them by elected officials, and inform them in their full capacity as an expert about government management, without manipulating them and while remaining subordinate to them. The American Society of Public Administration suggests that ethically, public managers must fully inform and advise elected officials while upholding laws that subordinate them to elected officials (ASPA 2013) – when they do not, and instead make decisions without the consent of elected officials, it is called a principal-agent problem.

One of the most important responsibilities of the professional city manager is to prepare the municipal budget. The budget process is long and ongoing. The manager usually meets with the department heads of municipal agencies long in advance of presenting the city council with the formal budget request. This document is the manager's budget recommendations, which can be modified by the elected officials based on their own priorities. In the United States, many municipal governments are limited to collecting certain kinds of taxes. At most, cities will be able to collect property, income, and sales taxes to fund local government, with property taxes often capped to a maximum amount of revenue. Additionally, most cities are legally limited to have a balanced budget, meaning that expenses cannot exceed revenues – if they do, the budget must either be shrunk or money must be borrowed. Some states even have limits on how much city governments can collect from citizens (Lewis and Hildreth 2013). The manager must account for all of this when preparing the budget request and inform elected officials if their own budget modifications would break any legal rules.

The city manager might be directly responsible for delivering services like public safety, which can include police protection, fire protection, and housing code enforcement. There are a wide variety of public safety functions that a government can fill, and the city manager is responsible for the good functioning of each of them. In recent years, many cities have seen citizen protests against what they see as discriminatory policing. This makes the city manager's job more difficult than ever: They must ensure that public safety services are delivered to city residents, while also ensuring that police remain accountable to all residents of the city. Managers receive input on performance from multiple constituencies, including police unions, department heads, citizens, elected officials, and local groups. The issues that city managers face in ensuring police accountability highlight one of the most difficult parts of governing, how to balance the demands of different constituencies whose interests and desires might directly conflict with one another.

Some city managers may be in highly affluent and professional communities. They might have teams of highly trained and educated experts helping them to make the best decisions. They can have analysts using sophisticated techniques to help determine the best budgetary decision to make, or they might have mapping software experts updating crime maps in real time to help police. On the other hand, some city managers will work in less affluent and relatively economically low-status communities. They might not have a large, trained, and educated talent pool to draw from. They may not have enough financial resources to staff multiple departments. In an affluent city, a highly educated specialist might be the head of the police department – in a less affluent city, a high school educated manager might oversee most of the city departments. Although the discipline has professionalized, city managers can be of all social, educational, and economic backgrounds. The take away from the fact that city managers have so many varying responsibilities, conflicting constituencies, and levels of professionalism and affluence highlights that the professional city manager must be flexible and adaptable. Their responsibilities and resources are determined by their contexts, of which there are a large variety.

## The Future of City Management

The professional city manager has a wide variety of responsibilities that involve the day-to-day administration of local government. They may have to oversee budgeting, public safety, streets, parks and recreation, economic development, and

urban planning, just to name a few. It is likely that they will have to cooperate with federal, state, and nonprofit groups as well, to understand and implement different kinds of policies. With the proliferation of technology in the modern world, the job of city manager has become even more complicated. E-government, or government techniques that rely on the use of information communication technology (ICT), is becoming increasingly important for city managers to understand.

There are three broad ways that ICT, especially the internet, have been used in city management. The first, the service model, aims to use ICT to deliver services to citizens more easily and efficiently. Under the service model, city managers might ensure that citizens can go online to pay taxes, make service requests, or get government data. Most managers and citizens operate under this model of e-government. A manager might use the second model, the consultative model, to get citizen feedback on programs or to solicit ideas for new programs. Under the consultative model, managers can get feedback and ideas directly from citizens using the connective power of technology. This can be especially useful when the manager is facing multiple constituencies with conflicting interests and values, and the possibility of congruence or compromise must be tested. The third model, the participatory model, takes citizen inputs and formalizes it directly into public policy. This third model tends to be more useful for elected officials, who unlike the administrator can pass policy directly (Reddick 2011).

There are benefits to any model of e-government, though it could be argued that more participatory models are better in that they provide the opportunity for the manager to use policy from those who they are ultimately accountable to. E-service delivery alone can increase government efficiency and effectiveness. Another positive democratic outcome of e-government is that it can include more people in government decision making. This is especially true if those people would have a difficult time participating otherwise because of disabilities or because they're worried about being shouted down in public meetings. Still, the manager must take care not to rely too heavily on e-government – there is a digital divide, and not everyone has the access or skills to use e-government. The manager can improve government quality and democracy through e-government, but must take care not to unintentionally exclude some people from accessing government by making it online only (Cropf 2017).

## Conclusion

The responsibilities of city managers have evolved significantly since good government reformers demanded more professional and business-like government. Although no government activity can truly be just like business, professionalizing government helped give cities talented, educated, and quality managers. These sorts of government managers became increasingly important as citizens continue to make demands of government. To meet these demands, government employees became increasingly educated, sophisticated, networked, and trained. Today, city managers handle a wide variety of responsibilities in a wide variety of municipal settings. In almost all cases, they are organizationally accountable to elected officials and should not use their expertise to supersede elected officials. The citizens of the city are ultimately in charge of government, and ethical city managers will respect and enable that whenever possible.

Looking forward into the future, the professional city manager must expect to deal with information communication technology, citizen participation, and e-service delivery. They must implement new processes and technologies into existing government structures. The professional city manager, once believed to be ideally disconnected from politics, more and more uses technology to deliver better services, create more government participation, and open government up to all voices without exclusion. Woodrow Wilson's call for a more professional government was answered, and will continue to be answered, to fruitful effect for citizens – his call for an apolitical government administration cannot be answered. Involved in government as they are, city managers will always be subject to the

concerns, interruption, and questioning of their elected superiors. They must always be accountable to their ultimate superiors, the citizens of the city they manage.

## References

ASPA (2013) Code of ethics, http://www.aspanet.org/ASPA/Code-of-Ethics/ASPA/Code-of-Ethics/Code-of-Ethics.aspx. Accessed 10 Jan 2018

Cropf R (2017) E-government for public managers: administering the virtual public sphere. Rowman & Littlefield, London

ICMA (2017) Council-manager form of government, https://icma.org/sites/default/files/18-027%20Council%20Manager%20FOG%20Brochure_final%2010-16-17.pdf. Accessed 9 Jan 2018

Lewis C, Hildreth W (2013) Budgeting: politics and power. Oxford University Press, Oxford

Reddick C (2011) Transforming government: people. Process Policy 5(2):167

Steffens L (1904) The shame of the cities. McClure, Phillips, & Co, New York

Wade R (1996) The urban frontier: the rise of western cities, 1790–1830. University of Illinois Press, Champaign

Wilson W (1887) The study of administration. Polit Sci Quartr 2(2):197–222

# Professional Development and Training

Becca Janiak
Strategic Leadership Consulting, Port Charlotte, FL, USA

## Synonyms

Change management; Leadership development; Organizational development; Organizational growth; Organizational learning; Organizational training; Strategic leadership

## Definition

Professional development and training is the focused and strategic organizational path toward fostering skills and abilities identified as needed within individuals and the organization as a whole.

## Introduction

Professional development (PD) and training within nonprofits can be a difficult and challenging task. A PD and training program should establish a path for creating a culture that is conducive to positive employee morale and equips employees to work toward achieving the organizational vision. A commitment to professional development and training is indicative of a need for organizational growth, and well-crafted programs can help foster the established vision while also emboldening staff to attain new goals.

However, the amount and type of training offered by nonprofit managers, administrators, and boards are often limited by fiscal constraints and the availability of funding. Ill-conceived professional development programs may intentionally or inadvertently convey the message to employees, and internal or external stakeholders, that leadership is either uncommitted to, or unclear about, the organization's stated agenda, priorities, and goals.

Therefore, when creating a professional development program, it is imperative to design a program that is consistent with the short-term operational needs of the organization and its long-term strategic priorities and organizational culture. Well-designed PD programs have the power to clearly articulate a desired skill or culture and equip staff to meet those expectations. When seeking a strategy for professional development, nonprofit managers must consider how these programs can help meet the needs of the organization as it adjusts to changing fiscal resources and cultural or operational challenges.

## What Is Professional Development?

Professional development is the process of identifying deficiencies, growth areas, knowledge gaps, or professed needs at the level of the

organization, department, position, function, or individual in order to provide the necessary skills to further the mission and purpose of the organization over time. An initial needs assessment investigates the skills and knowledge employees need to perform their jobs or required functions. First, an inventory must be taken to ascertain the gap between the required and actual competencies within the organization. Then, the next step is determine what can be provided to make up for any human resource deficits that have been identified. Nonprofits must be willing and able to think of their long-term growth and needs in order to plan appropriate PD.

## What Is Training?

While training offers many similar attributes to professional development, it differs in its propensity to focus on shorter-term gains in specific skill sets that have been determined by leadership to be necessary or lacking. Training offers staff an opportunity to develop or strengthen a needed skill. By offering this training staff is made aware that they should begin implementing the skills, therefore serving as an indication of strategic direction. Again, like professional development, training requires leadership to develop an idea of what skills are lacking and how to deliver them. Training essentially tackles observed or potential problem areas in a concrete way by retraining and equipping staff with the necessary skill sets. It first creates awareness of either problems or areas of growth and helps change or facilitate desired behavior. It can be done for groups or for individuals, but the key differences are that it concentrates on short-term growth and seeks to impart a specific skill.

As nonprofit employees must often balance simultaneous jobs, duties, and expectations, certain changes can be made to help make training easier to accomplish with frequently smaller staffs and limited time. Tailoring training format and time frame are two accommodations that can be made for nonprofits in order to embrace their unique needs and requirements (Dolan 2002). Training offered in nontraditional classroom settings may be easier to accommodate, as well as training offered for shorter periods of time, such as a half-day or full day. When considering training, nonprofit managers may wish to consider seeking these accommodations. They must also be willing to allocate the necessary time to gain these skills through training and should understand how adding the training benefits the organization's long-term plan.

## Strategic Advantages of Training and Development

Though the task of assessing needs and creating a path of PD and necessary training can be daunting, this process offers many benefits. A message of value is communicated through the inclusion or exclusion of a particular training or PD program. A thoughtfully curated plan can serve as a recruiting tool for well-qualified, dedicated, and competent staff. As organizational leaders set priorities in terms of money and time, they communicate a clear message of what is and is not important within the organizational setting.

Likewise, those areas that do not receive PD or training may be regarded as unimportant and less valuable to employees, resulting in their efforts in those areas being diminished or abandoned. Organizations without directed aims and purposes will end up needlessly wasting money, time, and resources of organizational members. As stated, resource commitments – money and time – communicate priorities to staff, whether intended or not. In light of this, professional development and training are all the more important when considering that they are not only an organizational expenditure but also an explicit endorsement of organizational values. The mere act of considering and developing a comprehensive and skill-driven training plan and future-focused PD path tells staff that learning is a foundational value of the organization, while also communicating that long-term strategy serves a purpose. The plan should be curated with specific short- and long-term needs and desires in mind, placing it within the realm of the strategic plan.

In addition to serving as a recruiting incentive, PD that offers growth and desired skill development can also serve to foster in-house ability and retain competent individuals. Nonprofits operate in a competitive environment in which many organizations are targeting the same funds, time, promotion, and energy. Therefore, it is important to focus on retention and continuously updating competencies. Efforts to gain and maintain human capital will be very difficult if talent is not developed properly. Given the larger globalized economy, employees may choose to trade in their skills to work for another organization, but it is also imperative to provide them with the skills and abilities necessary to help them and therefore the organization succeed in a climate of change. Carefully crafted and implemented PD and training not only helps to create awareness of the needed skills within the organization but also allows staff to feel confident in their abilities to meet these challenges. Assisting staff through skill and ability assessments and updates clearly benefits not only the organization, but serves to reinforce organizational values, while placing value on staff. Having PD and training plans that solve current staff and organizational needs while preparing for future goals is imperative in communicating that value and assisting employees in remaining current.

## Culture of Learning and Growth

Organizations create and cultivate their own unique culture, which either serves or detracts from the organization's mission. Whether culture is intentionally established or one that develops by default as a result of the actions taken by leaders, organizational members, boards, or other stakeholders, it nevertheless shapes the organization and staff. Culture is the product of formal policies, rules, leadership, employee behaviors, and structures combined with informal qualities, such as unspoken or undefined expectations, values, and preferences. These things come together to form an amalgamation of shared meaning and unique organizational culture. Prioritizing training and PD is an opportunity to signal priorities to stakeholders and elevate growth and learning as a valued part of organizational culture. Training helps develop shared meaning around a particular value or skill and establishes them within the organization.

Creating awareness of a skill or ability deficit and then rectifying it by initiating training or facilitating PD are ways to establish a culture that values growth and openly acknowledges weaknesses. By setting aside time and funding for the task of fortifying skills and acquiring knowledge, leadership demonstrates to employees that that is what is valued within the organization. This indicates that those particular skills are what are noticed and prioritized within the culture. Stated or not, this communicates the traits and skills that will help employees engage and get ahead. In this way, a culture of learning is explicitly nurtured by modeling how areas in need of improvement can be targeted and changed. Professional development and training present the opportunity for skill refreshment and organizational learning. Yet, they also create an opportunity to foster an environment of growth through structure and action, rather than through unsupported statements and talk. Knowledge and intellectual capital are requirements for growth and organizational and industry development. PD and training provide a vehicle for creating a climate in which both growth and development are active in a purposeful and meaningful way.

A constraint on nonprofit professional development is limited resources and the difficulty of obtaining operational funding. Yet, nonprofits must not only train their paid workforce but must also dedicate time and effort into recruiting, training, and retaining volunteers. PD aligned with core values supports the long-term direction of the organization and ensures that the vision is being emphasized and communicated to organizational members. By elucidating particular skills, traits, abilities, or ideals during professional development, the organization has an opportunity to convey their importance to employees and volunteers as well as indicate that growth itself is valued. Training also does this in a much more explicit manner. Through training, both staff and volunteers are taught that a particular skill is

needed for the workplace and that it should be implemented immediately, effectively indicating that growth is not only welcomed but a requirement.

Ensuring that staff, leadership, volunteers, and other stakeholders are seeking the same goals and vision can be difficult. This task, of keeping stakeholders aligned to the purpose of the organization, can be reinforced through training and PD that seek to create a collective experience as well as create common examples, language, and other contextual knowledge that can serve as shorthand. Professional development that supports strategic aims can also reinforce organizational alignment. As staff learns skills, abilities, and knowledge set forth in the PD plan, they then share this information which infuses vision, values, and other organizational DNA further into the organization.

Additionally, volunteers see what the employees are attending and learning, sending a message that these skills and abilities are emphasized and prioritized in the organization. As volunteers are included in the training, or even given a brief overview from staff, they too understand the lexicon used within the organization and learn to communicate more efficiently within the organization. Volunteers can also be outsiders and therefore lack a deeper understanding of nuanced phrases, terms, acronyms, and other organizational lingo. Even secondary exposure to training can help alleviate some miscommunication and foster alignment.

## Assessing PD and Training Needs

Though many methods, strategies, and tools can be used to determine PD and training needs, it is important to focus on both long-term goals and short-term deficits. By considering the long-term strategic vision of the organization, nonprofit leadership can discover organizational misalignment. This misalignment can help make clear areas of weakness or opportunities for growth from which PD and training can be developed. It is important to consider tangible aspects of the organization that foster outcomes based upon structures and expectations, as well as intangible areas that contribute to the organization's culture, therefore impacting its effectiveness.

Areas of the organization that can foster more explicit structural changes, such as organizational strategy, hierarchy, and systems, all funnel staff toward implied expectations. For instance, whether an organizational hierarchy is flat or multileveled gives staff particular channels for reaching and communicating with authority. Through an established hierarchy, they understand if they should follow the chain of command or if they can speak directly to the director or manager. Misalignment in these areas may alert leadership that PD or training is necessary to eliminate dysfunction or bring the organization back into equilibrium.

Intangible factors that influence organizational behavior, such as culture and values, existing skill level, and staff habits and attitudes, add to the operational balance of the organization. These areas are often difficult to assess, as they must be uncovered and made explicit through tools such as culture surveys, leadership interviews, or employee feedback. Areas that are found wanting, however, are targeted opportunities to strengthen and correct through a PD and training plan.



## Professional Development and Training Strategies

PD and training should enhance staff skills, deepen the reservoir of organizational knowledge, and expand the culture of learning within the organization. These tasks can be accomplished through a variety of methods. What follows are types of PD and training that can be utilized within a nonprofit organization. They provide only an overview of some different means for developing new skills. Though they are described as unique strategies, they are not mutually exclusive. They can be used in tandem, or on their own, to purposefully and methodically acquire and foster organizational aims. Again, the plan or method chosen for both PD and training speaks specifically to the organizational approach for its intended growth trajectory.

***Coaching and Mentoring*** Coaching and mentoring involve a one-on-one process that helps assist individuals in gaining particular skill sets and capabilities in a highly personalized way. It is designed to help a particular person acquire a particular skill. Coaching and mentoring can occur in a vertical relationship (mentoring) or a parallel relationship (coaching), allowing any member of the organization to participate. Coaching is often more about encouraging and supporting another's efforts to improve something they have sought out guidance for through active listening, reframing, and other guiding methods. Mentoring can involve a predetermined skill or ability and utilizes more direct assistance in imparting that particular focus. Both have the benefit of being highly interactive and cost-effective, which can beneficial for nonprofits. As mentoring can involve requesting that staff acquire predetermined skills or abilities, it can fall into the category of training. Managers may wish to strengthen areas of deficit and may ask for one or more employees to be mentored, therefore increasing their competency. Coaching may fall more into the realm of PD, as it is a strategic decision to bolster abilities in order to increase career potential, making it a longer-term focus.

***Career Planning*** Career planning offers staff a chance to select and work toward their long-term goals. It is individualized as well, but is also aligned to meet organizational needs. Employees determine their values, interests, capabilities, and other self-aware factors in order to determine where they would like to progress by the end of their career. With this in mind, nonprofits can develop programs, workshops, and other interventions to help employees accomplish these goals, yet they are employee-requested initiatives. Career planning has the organizational advantage of helping reduce turnover and increase staff satisfaction, but also presents individual employees with a focused plan they can use to assertively improve their own career. It therefore enhances skills and deficits that individuals have stated they need, but it also delivers stronger skill sets that offset organizational weaknesses, creating both individual and organization-wide interventions. Examples of career planning include job preview, assessment centers, job rotations, consulting assignments, and training interventions. Though the staff facilitated aspect of career planning may intrigue some, others may choose not to participate. Those that choose to participate can create their own PD path to their career goals, while others may choose only to attend particular trainings.

***Management and Leadership Development*** What differentiates career planning from management and leadership development is that the former is driven by the employee, while the latter by the organization. In management and leadership development, the organization determines what skills and knowledge it believes are necessary to advance strategically in the future. The organization then chooses to cultivate these assets in its employees. Unlike career planning, staff are told what values and attributes are considered more important to be promoted within the organization. Organizationally driven interventions can help prepare employees for future success, but could also lead some staff to conclude they are powerless to direct their own development. In a sense management and leadership development is both training and PD. It is training as the organization determines what skills are integral to its future success and who should acquire those skills. It is PD because it is clearly focused on the long-term health of the organization and is a strategic and purposeful plan. For nonprofits in areas of extensive turn over, implementing management and leadership development can be vital for long-term strategy.

***Communities of Practice and Professional Learning Communities*** Communities of practice are those that seek to collaboratively accomplish goals that could not be done independently. The objective is to create an environment of intellectual exchange so that the outcome of the work will be greater than the individuals. These informal communities are formed around similar interests with expertise focused on practical ideas and solutions (Wegner et al. 2002). Within the world of nonprofits, these communities often occur in formal or informal professional associations

formed to serve the sector an organization is part of or a professional field targeting areas of leadership. Some examples of informal professional communities may include executive directors of local nonprofits gathering for informal lunches to discuss community challenges or founders of international aid organizations participating in online chats to present their challenges and contribute their own insight for others. Though they are informal, they still add value to the organization's knowledge base. Such communities have been shown to enhance PD, learning, and knowledge within an organization. Similar groups exist in the form of professional learning communities (PLCs). PLCs are groups that form around an idea, concept, book, or topic to allow peers an opportunity to delve deeper into their chosen discussion. Through the unique perspective of the group members, they are exposed to different methods for growth and development. The objective is to foster organizational changes through the PLC. The intent is that members apply what they have learned. Other staff members observe and discuss those changes and can choose to apply them as well. This leads to a larger impact than just the initial members. PLCs and communities of practice both require time to fully develop, but allow members an outlet for their learning. Just as with management and leadership development, communities of practice and PLCs can function as both training and PD. In some workplaces staff are forced to join PLCs with the intention that it will serve as PD, but without a purposefully long-term plan, it is merely a brief training in whatever book or topic is being discussed.

## Conclusion

Professional development and training in nonprofits can help organizations cultivate skills and abilities that will give them a strategic advantage and as they prepare for future growth. As the organizational knowledge increases and a culture of learning is fostered, organizations place themselves in a stronger position to recruit, receive funding, and retain top talent. Yet, skills enhancement in the form of training and PD is not only beneficial for the organization but also places employees in a position to attain promotions and control their own career in a purposeful way. Although it requires dedicated resources in terms of time, effort, and money, professional development and training can place both the individual and the organization in an advantageous, strategic position for the future.

## Cross-References


- ▶ Authority in Organizations
- ▶ Knowledge Utilization in Organizations
- ▶ Leadership in Organizations
- ▶ Models of Organizational Change
- ▶ Organizational Control
- ▶ Organizational Excellence
- ▶ Organizational Innovation
- ▶ Social Psychology of Organizations


## References


Dolan DA (2002) Training needs of administrators in the nonprofit sector: what are they and how should we address them? Nonprofit Manag Leadersh 12(3):277–292

Wegner E, McDermott R, Synder WM (2002) Communities of practice: a guide to managing knowledge. Harvard Business School Publishing, Boston




# Professional Ethics


David A. Bell
Savannah State University, Savannah, GA, USA


## Synonyms

Ethical behavior; Ethical decision making; Moral awareness; Moral judgment; Moral reasoning

## Definition

Professional ethics in public administration involves behavior that is based on beliefs. The

values and principles expressed in behavior constitute professional ethics, while beliefs about "life, humanity, and nature" are the morals informing the behavior (Menzel 2017, p. 24). Professional ethics is about the professional as a moral agent; however, understanding ethical behavior requires a broader examination to include external influences. Public administration is about serving the public, and professional ethics is about doing so with integrity.

## Introduction

Professional ethics is about the behavior and decision-making of public servants. An essential prerequisite for effective public service is public trust. This trust is influenced in large measure by the people's perception of public servants. Moreover, understanding and possessing ethical competence are vital to effectively navigate the complexity of administering public service (Menzel 2017; Plant 2015). The challenge is found in developing the principles and standards, as well as their expression and diffusion throughout the profession. The empirical record demonstrates that developing and diffusing are as dynamic and evolving as are the principles and standards of the society and political institutions that form the context where public services are provided.

Professional public administrators are called upon to serve in a manner that expresses values such as effectiveness, efficiency, and social equity. Citizens and their elected officials require quality service. Effectiveness is about performance in serving the public and efficiency involves doing so with value. Getting the job done in a quality manner, while providing a high benefit-cost return, is part of the twenty-first-century mantra of public service. In addition, providing public service that is responsive to different constituencies is central to democratic values. It is the pillar of social equity that drives consideration of "Efficient for whom? Economical for whom?" (Frederickson 1990, p. 228). Moreover, an extensive body of research drawing upon a variety of public servants has demonstrated a connection between ethics and performance. For example, a positive relationship has been found between *ethical management practices and behavior* and *improved performance*. Behavior that expresses effectiveness, efficiency, and social equity is embedded in ethical decision-making.

Ethical behavior is the result of public servants' decisions about right and wrong. The capacity to make such decisions is moral agency. It is important to possess the ethical competence necessary to identify and act on ethical situations. Developing ethical competence is a journey more than a destination. It involves understanding and employing tools to behave in a professionally ethical manner. It is also necessary to understand the important effect of the organizational context, on behavior including professional relationships. Decision-making tools that aid both examining ethical problems and developing courses of action can greatly assist professional public servants to demonstrate ethical competence in behavior. Moreover, understanding the influence of role models, employing steps such as self-reflection, and ascertaining the empowering-suppressing influences of the organization context provide important insight into decisions about right and wrong that are expressed in behavior.

## Professional Ethics and Public Trust

In 1887 Woodrow Wilson revealed a connection between the professional ethics of public servants and public trust. He described professional public service as possessing a "moral atmosphere" and the "sanctity of public office as a public trust" (Wilson 1887, p. 210). In the late twentieth century, a national public-private partnership emphasized the importance of public servants understanding their work as public trust with two overriding responsibilities. First, serving the public interest was the focus, above self and the organization. Second, their service was to be executed with integrity (Menzel 2017). In recent years, public trust in senior government administrators has been alarmingly low. Some believe one of the main reasons is that administrators have lost their ethical and moral compass. Consider the too

frequently used defense by senior administrators who find themselves embroiled in a public scandal: *no unethical or immoral act was committed and no law violated*. It is the implied aim of satisfying a minimum standard that is alarming. The connection between professional ethics and public trust has been demonstrated throughout the decades, which was integral to the development of codes to inform ethical behavior of professionals.

Generally, a key driver to developing codes of ethics has been threats to public trust posed by scandal or public disclosure of unethical behavior. Beginning in the late nineteenth century, local and national public service reform efforts aimed to address intertwined issues involving social, political, and economic concerns. By mid-twentieth century, the focus had narrowed to executive government issues. The City Managers' Association was formed in 1914 and in 1924 developed the first code of ethics for local government professionals. Now called the International City/County Management Association (ICMA), an important issue of the time was public administrators recognizing elected officials' primacy in developing public policy. For example, a 1938 revision to the code explicitly expresses that the manager was not a political leader. Today the ICMA code (http://icma.org/m/en/icma/ethics/code_of_ethics) is generally viewed as a combination of ideals and practical prudence.

Another code ascribed to by many public servants and researchers is generally viewed as emphasizing ideals of honor and integrity in public service. This code, developed by the American Society for Public Administration (ASPA), was stoked by the Watergate scandal and growing concerns for social equity in providing public service (https://www.aspanet.org/ASPA/About-ASPA/About-ASPA/apex; then go to "Ethics and Integrity"). In 1974 ASPA formed the Professional Standards and Ethics Committee. Among the important outputs of this committee was the 1984 code of ethics, "To safeguard the public trust, 'unacceptable' practices such as subordinat [ing] public positions to private gains' should be opposed, and the qualities of justice, courage, honor, equity, competence and compassion' should be actively promoted" (Svara 2015, p. 262).

## Ethics Management: Formal and Informal

Codes of ethics are part of the broader work of ethics management (EM). EM is work at the organizational level to ensure behavior that properly stewards the public trust and performs at a high level. It is the organization working to be a place of integrity, "where individuals treat each other with respect, take pride in their work, care about one another, promote accountability, and place constituents and public interest over individual and organizational self-interest (Menzel 2017, p. 16). In other words, professional ethics are about the behavior of public administration professionals, and ethics management is the organization's work aimed to facilitate exemplar behavior.

There are various frameworks to inform the practice of ethics management. Some particularly useful ones are found in Dr. Donald Menzel's (2017) work. Here, the work of Berman, West, and Cava (as reported in Menzel 2017) provides a useful approach to thinking about EM. This study of municipal human resources officers confirms, and is confirmed by, other studies providing key insights of EM. The study provides insights on activities that can be categorized as *formal* and *informal* (Fig. 1).

Both formal and informal strategies have demonstrated effectiveness. Laws, such as The Honest Leadership and Open Government Act of 2007, are understood as foundational components of formal strategies employed by organizations. Many practitioners have reported valuing codes and expressed the belief they contributed to positive ethical behavior. Some have expressed the belief codes that are the best way to prevent corruption. Berman et al. found that an informal strategy – moral leadership – was more effective than codes in accomplishing organizational ethic objectives (Menzel 2017, p. 33). In practice, both are used. For example, leaders displaying codes are deemed to be taking an important step in inculcating an ethical culture. When looking at several aspects believed to impact ethical culture, individually and various combinations, the one with the greatest impact was senior and local managers' commitment. This speaks to code

**Professional Ethics, Fig. 1** Ethics management framework. (Adopted from Menzel (2017, pp. 32–33))

| Formal Strategies | Informal Strategies |
|---|---|
| Mandatory training | Leadership |
| Ethics as a criteria for rewards | Providing positive role models |
| Adoption of rules promote an ethical context (e.g., code of ethics) | Positive reinforcement |
| Ethics as a criterion in hiring and promotion | |
| Adopted from Berman, West, and Cava 1994 as referenced in Menzel 2017 (p. 32, 33) | |

being embedded in the organization culture. Research demonstrates that ethics management plays a central role in fostering ethical behavior.

Professional ethics is about the behavior of public service professionals, primarily in the context of the public organization where ethical management can shape decisions about right and wrong. The aim is to develop ethical competence in public servants with the expectation that resulting skills, knowledge, and abilities (competencies) are reflected in providing public service. Better decision-making about right and wrong behavior results in public trust and quality performance.

## Ethical Competence and Decision-Making

Menzel provides a variety of views and definitions for ethical competence, concluding that the shared components are "moral reasoning, public service values, and a knowledge-action link" (Menzel 2017, p. 53). It seems, in general, that most public administrators continuously examine options using competencies included in this framework to satisfy their supervisors, employees, and the public. Developing the competencies that result in an ethically competent professional is served by many strategies and tools.

An important competency that is integral to moral reasoning is moral awareness. That is, in order to reason about moral aspects of a problem, the professional must first recognize that the situation has moral content. This is important because "identifying an issue as ethically significant presumably helps to initiate ethical decision making and in turn makes ethical behavior more likely" (Trevino et al. 2006, p. 953). Several factors can serve developing moral awareness. When the focus is on professional ethics, developing moral sensitivity seems to be particularly useful. Moral sensitivity can be understood as the "ability to recognize that a decision-making situation has ethical content" (Trevino et al. 2006, p. 953). Research has demonstrated that this sensitivity can be developed via training and experience (Menzel 2017, p. 55; Trevino et al. 2006, p. 953; Velasquez et al. 2009). For example, training is widely offered on public service values (e.g., codes, standards, laws/regulations) and how to recognize ethical issues. The ability to recognize and identify moral conflicts and situations is foundational to being ethically competent.

A key challenge is found in the knowledge-action link. When ethical competence involves not only avoiding unethical behavior but also advocating for principled actions and behaviors, understanding the challenge is underscored. For instance, professional ethics involves integrity expressed in honesty and truthfulness, as well as an uncompromising commitment to these regardless to personal "advancement, honor, or gain" (Menzel 2017, p. 99). This includes taking responsibility for personal actions, behavior in accordance to codes and laws, and encouraging ethical behavior in the organization through personal example and initiatives. The challenge is found in that there seems to be a disconnection between moral reasoning and moral behavior. Self-reports indicate a high degree of automaticity and an absence of moral reasoning or internal mental struggle in deciding the course of action. Sometimes moral desires are so connected to core identity that moral action is spontaneous (Trevino et al. 2006, p. 960). That research underscores the importance of context, such as organizational

culture, on moral behavior (Menzel 2017, pp. 25, 131, 145, 146, 174, 175; Trevino et al. 2006, pp. 956–957) and places an emphasis on preparing and equipping public service professionals to act when the context is unfavorable.

A practical first step in developing ethical competence and an ethical decision-making framework can go a long way to addressing the challenge to the knowledge-action link. Self-reflection is an important starting point to becoming an ethically competent public service professional. Menzel (2017) outlines steps to employing an audit (pp. 56–57). These include steps to address personal subjectivity, such as by having others involved for a broader perspective. Kevin Kearns (2016), in his work with the Leadership Portfolio Program for graduate students at the Graduate School for Public and International Affairs, University of Pittsburgh, explains the program's core value of *self-awareness* by using these points:

- Effective leaders are aware of their inclinations, predispositions, "style," and strengths and weaknesses.
- Committed to continuous process of self-reflection and discovery.
- Surround themselves with staffs who challenge as well as support.
- Comfortable with subordinates who contribute to this learning process.
- Blend of confidence and humility.
- Committed to diversity of all types in the workplace and in the executive team.
- Often seek the counsel of a mentor, coach, or trusted colleague.

Understanding *self* with respect to the values and beliefs of the profession, organization, and the public is important to understand the knowledge-action link. The behavior and moral reasoning of ethical competence are closely linked to a sense of self and identity (Trevino et al. 2006). In organization settings where the situation defines ways of behaving as part of the culture, ethical competence may require navigating knowledge-action disconnection (Menzel 2017, p. 25). In addition to an awareness of their ethicality, public service professionals can employ a decision-making framework to situations that aids ascertaining ethical components and possible responses.

Manuel Velasquez and his colleagues (2009) developed a useful framework for thinking ethically about dilemmas and courses of action. The key steps are:

1. Recognize an ethical issue. Is there damage to others? Is the choice between two bad options or two good options?
2. Get the facts. Who are the key stakeholders and have they been consulted? Are some interests more important? Why?
3. Evaluate alternative actions. Which provides most good with least harm? Which best respects the rights of all stakeholders? Which best services the community as a whole?
4. Make a decision and test it. What would a respected friend or a television audience say about the choice?
5. Act and reflect on the outcome. This requires courage and self-control (Menzel 2017, p. 101).

Professional ethics requires the public servant to understand their ethicality and their moral agency capacity and employ tools and techniques to navigate perils such as the risk of job loss and being ostracized.

## Conclusion

Professional ethics involves public servant behavior and decision-making. Public trust is foundational to effective public service. Understanding and possessing ethical competence are essential to effectively navigate the complexity of administering public service. It requires moral agency, ethical competency, and integrity.

Behavior that expresses effectiveness, efficiency, and social equity is embedded in ethical decision-making. Effectiveness is about performance in serving the public, and efficiency involves doing so with value. In addition, providing public service that is responsive to different constituencies is central to democratic values. It is the pillar of social equity that drives consideration of "Efficient for whom? Economical for whom?"

Ethical behavior is the result of public servants' decisions about right and wrong. This requires moral agency. Developing ethical competence is a journey more than a destination. It is also necessary to understand the important effect of the organizational context, including professional relationships, on behavior. The organization can be empowering or suppressing. Moreover, understanding the influence of role models, employing steps such as self-reflection, and ascertaining the empowering-suppressing influences of the organizational context provide important insight into decisions about right and wrong that are expressed in behavior.

## Cross-References


- ▶ Administrative Ethics
- ▶ Costs of Ethics
- ▶ Ethics and Organizational Culture
- ▶ Ethics Training
- ▶ Motivating Ethical Behavior


## References


Frederickson HG (1990) Public administration and social equity. Public Adm Rev 50:228–237

Kearns K (2016) NLCU: values based leadership and public accountability. PowerPoint, City Summit: National League of Cities, 16 Nov 2016

Menzel DC (2017) Ethics management for public and nonprofit managers: leading and building organizations of integrity, 3rd edn. Routledge, New York

Plant JF (2015) Seventy-five years of professionalization. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York, pp 232–253

Svara JH (2015) From ethical expectations to professional standards. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York, pp 257–274

Trevino LK, Weaver GR, Reynolds SJ (2006) Behavioral ethics in organizations: a review. J Manag 32: 951–990

Velasquez M, Moberg D, Meyer JM, Shanks T, McLean JR, DeCosse D, Andre C, Hanson KO (2009) A framework for thinking ethically, Santa Clara University. http://www.scu.edu/ethics/practicing/decision/framework.html. Accessed 6 Mar 2012

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222


# Professional Norms in Public Sector HRM


Siegrun Fox Freyss
Department of Political Science, California State University, Los Angeles, CA, USA


## Synonyms

Human resource management (HRM); Organizational culture; Professional work; Public personnel policies; Public workforce management; Standards of self-regulated work behavior; Technical expertise

## Definition

Norms: Standards, best practices, guideposts, foundational values, expectations, and principles
Professional: Standards developed in a field of study, acquired through training and education, and applied systematically in employment practices and work settings.
Public personnel: Government employees and public workforce.
Public personnel administration: Public sector human resource management (HRM) and human capital management.

## Introduction

Merit system and civil service, along with equal employment opportunity, bring fundamental, professional norms to human resource management (HRM) in the public sector. In turn, the personnel standards form the core of public administration principles and practices in general. The core standards are supposed to ensure quality services, competence, and efficiency, as well as stability and predictability. Such administrative traits can be valuable to provide continuity of services even if the political arena is unstable during election campaigns and in crisis situations.

## Clarification of Terminology

Changes in the terminology, used to describe the administration of the public workforce, reflect efforts to innovate in the employment arena. The original term was "public personnel administration," which is still widely used. Following the lead of the business sector, the public sector switched to "human resource management" (HRM) some years ago. The switch was to reflect shifts toward a more activist role for human resource professionals. As part of a team, they were expected to help their government employer achieve its mission. Employees were supposed to be actively managed so that they could contribute their best efforts toward the achievement of organizational goals. More recently, the term "human capital management" has been introduced to emphasize the strategic importance of the workforce in accomplishing the government's mission. Most practitioners and academics use the three terms interchangeably, and so will this article.

The term "profession" or "professional" also deserves some explanation. It is widely used in HRM and refers to the standards that have evolved over many years and are considered best practices or successful practices. Court decisions, professional organizations, master of public administration programs, and progressive governments all contribute to our understanding of norms in the human resource field.

Table 1 shows the historical evolution of the term "civil service." Originally, the term is distinguished between the civilian service and military service. Then the term was limited to government employees who underwent rigorous selection procedures, had to remain nonpartisan with respect to election campaigns and political candidates, and in turn enjoyed job security. In contrast, exempt employees were appointed because of their political ideology and loyalty to elected officials, and the length of their service depended on the electoral fate of their superiors.

**Professional Norms in Public Sector HRM, Table 1** Breakdown of civil service terminology

| Civilian service | | Military service |
|---|---|---|
| / | \ | |
| | **Civil service** | Has its own ranks |
| Exempt (from civil service rules, political appointees, at-will employees) | Not exempt (from civil service rules), regulated by merit system principles (described below) | |

## History

The first major set of professional standards became the merit system or civil service, and an important year was 1883. In that year, Congress passed the Civil Service Act, also called the Pendleton Act. The Act codified four principles:

- Meritorious hiring
- Political neutrality
- Job security
- Creating a neutral or bipartisan civil service commission to issue civil service rules and administer public personnel policies

Some states and local governments quickly followed suit, Albany in 1884, Buffalo in 1885, New York City in 1888, Seattle in 1896, and Los Angeles in 1903. It was a victory for the Progressive Movement and reformers who sought the change to weaken the corrupt power of the patronage system or spoils system (Van Riper 1958).

Congress and the Roosevelt Administration accelerated the adoption of merit systems across the country, when states and local governments received the mandate to implement the programs of the Social Security Act of 1935. To ensure efficiency and professionalism in the implementation, Congress included in the Social Security Amendments Act of 1939 the requirement that states and local agencies adopt merit system standards for personnel that administered the federal programs (Fox 1993, p. 9).

## Meritorious Hiring

The principle of meritorious hiring has evolved over the years into comprehensive selection

procedures. Depending on the job to be filled, applicants are tested on their knowledge, skills, and abilities (KSAs), as well as competencies in verbal and written communication. Educational achievements and previous job experiences have become additional core rubrics. The civil rights movement and the women's movement in the 1960s laid bare biases in selection procedures, and court rulings have established the norm that selection criteria be job related and not related to the applicants' demographic characteristics, such as race, ethnicity, or gender. The first important case was *Griggs v. Duke Power* (1971).

Job relatedness can be determined by job analysis, which is supposed to identify the content of a class of jobs and the qualifications required to fulfil the job successfully.

## Political Neutrality, the Hatch Act, and Job Security

The principle of political neutrality required civil service employees to remain uncommitted with respect to elected officials and political candidates. The policy weakened political machines in that they could not officially draw on government employees to help with election campaigns. The principle also protected public employees from pressure to support political candidates; and it created relatively peaceful worksites, where differences in political opinions did not paralyze the work flow.

Congress passed the Hatch Act in 1939 to reinforce the principle of political neutrality. It denied federal employees the opportunity to show support for Franklin D. Roosevelt, a popular president, who had given them jobs with the New Deal programs. The Hatch Act had consequences for state and local governments as well in that Congress passed an amendment to the Hatch Act in 1941 which applied the principle of political neutrality to state and local agencies that received federal funding and administered federal programs. In addition to the federal pressure, states and local jurisdictions adopted the principle of political neutrality by passing laws that came to be known as "Little Hatch Acts."

The edict of political neutrality limited the public employees' freedom of speech. However, in return for giving up a first-amendment right, civil servants would enjoy job security. This provision also benefited the public. Continuity of government services could be ensured despite turmoil in the political ranks during election campaigns.

## The Civil Service Commission

To manage the new personnel policies, introduced with the Civil Service Act in 1883, Congress created a semi-independent agency, the Civil Service Commission. It was headed by three bipartisan members appointed by the President for limited terms. The Commission received the comprehensive authority to fulfil the functions of legislators, administrators, and judges in federal personnel matters. States and local governments also appointed neutral commissions to manage personnel functions.

However, at all three levels of government, patronage was entrenched and the merit system took hold only slowly. A survey by the International City/County Management Association (ICMA) in 1989 found that 64.1% of cities and 56.3% of counties had a formal merit system in place. Cities in the 100,000–249,999 population range and counties with a population of 250,000 and above were most likely to have adopted 1%, 91.4%, and 78.3%, respectively. Differences by region could also be observed, with the cities in the West having the highest adoption rate (80.8%) and in the Northeast the lowest (44.6%). The equivalent numbers for counties were 71.4% and 36.4% (Fox 1993, p. 11).

## Searching for Efficiency Through Standardization

As the population and the number of public employees grew, efficiency through standardization emerged as an important principle. At the federal level, a milestone was reached with the Classification Act of 1923. It established a

position management system for the federal government. Similar legislation was passed by states and local governments. The classification systems hold job descriptions, grouped by classes, required KSAs, minimum education level, work experience, and various other pieces of information. The classes of positions have expanded so much that simplification through contraction and even broad banding has been proposed (National Academy of Public Administration 1991, p. 45; Berman et al. 2016, p. 181).

## Searching for Efficiency by Abolishing Job Security

In the 1980s, the debate over merit systems shifted from strong support to some opposition. Conservative critics argued that job security protected poor performance and was demoralizing the public workforce. Meritorious standards could be restored by abolishing the merit system. A few states with conservative majorities and weak public sector unions proceeded dismantling the civil service for most of their state employees – Texas in the 1980s and Georgia in the 1980s – and other states are tweaking some of the traditional standards.

Opponents of the reforms argue that the lack of job security returns the organizational culture of public agencies back to the patronage or spoils system. International observers from developing countries also fear that the criticism and push toward termination will have negative consequences for their countries where corruption is rampant. They want their countries to adopt the merit system, seek compliance with the professional norms, and grow a proud culture of public service – and they look to the United States for guidance.

Table 2 is an attempt to bring some order to the various arguments. The table takes into consideration the observation that a written merit system policy is no guarantee against corruption, as a dozen cases in Southern California have shown in recent years. In contrast, other jurisdictions are managed professionally even though no formal merit system has been adopted. The argumentation also suggests that the promotion of a meritorious culture will be more effective in the long run than a rigid enforcement of rules.

**Professional Norms in Public Sector HRM, Table 2** Merit system policy options

| Degree of corruption | Merit system in place | |
|---|---|---|
| | Yes | No |
| **Low** | Examine possible deficiencies, e.g., rigid rules, that justify simplifying merit system standards | Perhaps adoption of a formal merit system policy not necessary |
| **High** | Enforce the law and work toward a proud culture of public service | Adopt a merit system policy, enforce it, and work toward a proud culture of public service |

Source: Freyss (2014)

## The Civil Service Reform Act

The federal government responded to the pressure to innovate by passing the Civil Service Reform Act in 1978. It was a major revision of the original Civil Service Act passed nearly 100 years earlier. The new Act introduced pay for performance, merit pay for middle managers, and bonuses for the senior executive service. Research suggests that the policy has not been well received.

Another change involved the reorganization of the personnel functions. The independent civil service commission was abolished and replaced by three new agencies:

- The Office of Personnel Management (OPM)
- The Merit System Protection Board (MSPB)
- The Office of Special Counsel (OSC)

OPM, an independent federal agency, took on the responsibility of managing the federal workforce and administering the functions of a typical personnel department. To limit corruption, MSPB was created as an independent regulatory agency that would, as the name implies, protect merit

system standards in federal personnel decisions. Another new agency, the Office of Special Counsel, was charged with protecting whistle-blowers and defending them against retaliation. Again, state and local governments enacted similar legislation (California Public Employee Relations 2016, pp. 94–101).

## The Federal Government as Model Employer

Since passage of the Civil Service Act in 1883, the federal government has achieved a good reputation as a model employer. It also is a model employer with respect to the contents of the website maintained by the Office of Personnel Management (OPM), not only with respect to the display of personnel information but also with respect to the posting of best practices in human resource management. Since the federal workforce is spread all over the world and since supervisors, no matter their location, need to have ready access to professional advice, the OPM website addresses many issues that supervisors, as well as rank-and-file employees, might encounter in the course of their work.

The Merit System Protection Board (2011) identified nine merit system principles, which are presented here in full because they provide an excellent summary of professional norms and best practices as developed over the last 100 years:

1. Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a workforce from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity.
2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition and with proper regard for their privacy and constitutional rights.
3. Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.
4. All employees should maintain high standards of integrity, conduct, and concern for the public interest.
5. The federal workforce should be used efficiently and effectively.
6. Employees should be retained on the basis of adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.
7. Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.
8. Employees should be:
   (a) Protected against arbitrary action, personal favoritism, or coercion for partisan political purposes
   (b) Prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election
9. Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences:
   (a) A violation of any law, rule, or regulation
   (b) Mismanagement, a gross waste of funds, an absence of authority, or a substantial and specific danger to public health or safety

To disseminate the meaning of the principles and promote compliance, MSPB declared each month in 2011 “a merit system principle of the month.” This educational strategy gave MSPB the opportunity to post long lists of questions and answers on its website, as well as case studies.

## Equal Employment Opportunity and Affirmative Action

Apart from civil service reform, new professional norms for personnel management were introduced with Title VII of the Civil Rights Act passed in 1964, plus amendments. It established the principle of equal employment opportunity (EEO). The Act prohibits discrimination in employment on account of race, color, religion, sex, and national origin. Later amendments dealt with disability, age, pregnancy, and in some states sexual orientation. The Equal Employment Opportunity Commission (EEOC) was established to enforce the law.

EEO is intractably intertwined with affirmative action. Some argue that affirmative action plans are needed to make up for past discrimination, while others maintain that such plans violate EEO and lead to reverse discrimination for white males. Courts have tried to find a balance between the conflicting interpretations, and over the years, the US Supreme Court has ruled on many cases.

## Debating Professional Norms in the Information Age

The nature of professional norms, standards, and best practices in public sector HRM is constantly evolving, and the internet can be used to share information across time and space. Contributors can be federal employers, as well as states and local governments that continuously seek improvements in principles and practices. Court decisions have provided guidelines. Scholarly research and professional organizations also make valuable contributions. The International Public Management Association-Human Resources (IPMA-HR) is a clearing house and provides a public forum for innovative developments. The International City/County Management Association (ICMA) and the American Society for Public Administration (ASPA), especially its Section on Personnel Administration and Labor Relations (SPALR), are valuable participants in the discourse on public sector HRM as well.

## Conclusion

Professional norms touch employers and employees, managers, supervisors, and workers on a daily basis. The norms can be the written rules that new employees receive as part of their orientation on the first day of work and that are perhaps reinforced and updated annually. Professional norms are also the principles and practices that students acquire as part of their professional training in public sector HRM. New trends can be shared at professional conferences and in Webinars. In general, the norms add to predictability and stability in public administration, as well as to the quality of service. HRM is at the center of any bureaucracy, and stable, high quality government service is central to the well-being of the country.

## Cross-References

► Performance Management

## References

Berman EM, Bowman JS, West JP, Van Wart MR (2016) Human resource management in public service, 5th edn. Sage, Los Angeles

California Public Employee Relations (2016) Pocket guide to workplace rights of public employees, 4th edn. University of California, Berkeley

Fox SF (1993) Professional norms and actual practices in local personnel administration. Rev Public Pers Adm 13:5–26

Freyss SF (2014) Paradigm shifts in public administration – column 1: towards new merit system standards. PA Times Online (Mar 4)

Merit System Protection Board (2011) Merit system principles. Retrieved from www.mspb.gov/meritsystemsprinciples.htm

National Academy of Public Administration (1991) Modernizing federal classification. NAPA, Washington, DC

Tompkins J, Stapczynski A, Freyss SF (2009) Planning and paying for work done. In: Freyss SF (ed) Human resource management in local government, 3rd edn. International City/County Management Association, Washington, DC, pp 1–34

Van Riper PP (1958) History of the United States civil service. Row, Peterson, & Co., Evanston

# Professionalism and Professionalization in Russia

Roman Abramov and Elena Iarskaia-Smirnova
Department of Sociology, National Research University 'Higher School of Economics', Moscow, Russia

## Synonyms

Critical ecology; New-weberian approach; Occupations; Post-socialist Russia; Pre-socialist Russia; Professional autonomy; Professional groups; Professions; Russian intelligentsia; Socialism; Sociology of professions; State control; Work ethics

## Definition

**Professionalization** may be considered in several dimensions. First, as a positive and progressive force that fosters social change in ways that minimize social conflict and disintegration. Second, as a complex historic process, a connected sequence of events, as a result of which an occupation acquires a certain set of attributes. Third, as a professional socialization in workplaces, relationships in the everyday life of occupations, and their meanings in working routine and in wider contexts. Fourth, as the project whereby a distinct occupational group seeks to gain a monopoly control of competence and credibility with the public and, as a result, to secure an increase in income, power, and prestige. Fifth, as wide changes in the occupational structure, when the number of "professionals" or "white-collar workers" increases in comparison with representatives of other types of occupations.

**Professionalism** can be viewed in several dimensions. First, on the individual level, professionalism is a characteristic of a competent specialist, possessing special attributes, for example, credentials, specialized knowledge, practical experience, work ethics, and group identity. The basis of professionalism is thus considered to be technical knowledge and the ideal of service. At the level of the professional community, professionalism may be understood as a result of a series of predictable stages of occupational change during the process of professionalization. The term professionalism refers also to a special state of occupation, characterized by the presence of a developed professional culture, a specialized training system, a monopoly on the provision of services in a certain sphere, a significant role for the professional community, and so on. Different models of professionalism have historically developed in different countries, related to the role of the state, the economic structure, social structure, and political situation. In these historically developed models, professionalism is differently defined, and the basic criteria of its definition are refracted in different ways.

## Introduction

Within a sociological context, professionalism is increasingly examined on the macro level as a universal social phenomenon that is evolving in diverse ways throughout modern societies. Approaching professionalism from a phenomenological perspective entails investigating it at the micro level; such as examining group communication in the labor process, during which meanings are produced that are shared by members of a professional group. The professionalism and professionalization in Russia are presented in this entry within the theoretical framework known as the "critical ecology of the professions"; a research direction that seeks to reconcile the macro and micro levels of professionalism and combine wider views of certain institutional universals with knowledge of local cultural contexts and the specific contexts of various occupational groups. This approach combines the theoretical lens of critical ecology with a neo-Weberian stance that understands professionalism as emerging from a system of arguments that support the upward mobility of members of a particular occupation. The professionalization here is treated as a fluid and multifaceted phenomenon. The authors show how the processes behind it have evolved

across the shifting contexts of prerevolutionary, Soviet, and post-Soviet Russia.

## Theoretical Frameworks

It was in the 1970s and 1980s that professionalization began to be understood, in accordance with the neo-Weberian approach, as a process whereby increasing social status was achieved through various types of social closure (Abbott 1988; Larson 1977). Thus, social closure is a vital building block in the formation of professionalization, which serves the function of legitimizing the claims of a certain professional group to a monopoly on the provision of a specific service (Evetts 2003). Professions do not, however, develop in isolation from one another, and it is important that professionalization be examined with reference to changes in the national and global context. It is in this context that the utilization of an ecological approach is of particular benefit.

An ecological approach to the sociology of occupations and professions first appeared in the works of Hughes (1971). Here the term "ecology" was employed to refer to the contexts and environments in which professionals operate. The term also includes the conditions within a profession that create opportunities for or build barriers against various types of professional practice. Abbott preferred the term "ecology" when he talked about the professions as he argued professional groups appeared as systems of actors and tasks tied together in interlinking relationships, which Abbott called "linked ecologies" (Abbott 2005).

The "critical ecology of the professions" shares the common research question of how professionalism emerges and professional groups are formed in a variety of geographical, physical, and cultural contexts. What is important here is how professionalism is understood among the actual practitioners of the profession, how the members of a profession perceive the groups and institutions that surround them, as well as what universal traits of professional practice are seen to dominate in each context. Dalli and her colleagues vigorously advanced the concept of a "critical ecology of the professions" by applying a critical perspective to the study of the political and social realities, challenges, and ordeals within professional practice at the various levels of professional systems (Dalli et al. 2012). Professionalism, thus, is not seen as a phenomenon created by a singular event or action, but, rather, as a process (Dalli 2010). Within this approach there is a preference to view professionalism as a social phenomenon, which is influenced by changes at the macro level (e.g., public policy and priorities) and changes in the micro level (the work environment, the everyday and culture in the workplace). Thus, at both the macro and micro level, there are differing agendas of requests and expectations as to what constitutes "professionalism" (Karila 2008).

This approach finds its origins in the work of Bronfenbrenner, who singled out several levels of ecosystem (micro-, meso-, exo-, and macro-) that could be applied to the context of studying professional practice. Bronfenbrenner proposed to use these levels as a set of structures organized on the principle of the Russian *matryoshka* doll. He also designated another level, the chronosystem, to describe historical changes in the ecosystem (Bronfenbrenner 1986). The key definitions and the legal framework supporting the functioning of a given profession, as well as the status standards of professional activity, are thus seen to change under the influence of both internal and external factors (Krause 1991). In this entry, the focus of analysis will mainly be at the level of the so-called chronosystem.

## Professions and Professionalization in the Pre-Socialist Period

The macro environment of the early Russian professions was formed under the direct influence and control of the state authorities. Vocational training of technical experts was introduced in Russia by Peter the Great at the beginning of the eighteenth century in, mining, the military, medicine, and public administration. Engineering and the medical profession both developed with particular intensity due to the close links that were forged with the army. Peter overhauled the previous system of class and estates and created a new one, the Table of Ranks, which was based on the

principles of state service. It was this system that would operate for almost the entire remaining history of the Russian Empire formed the structure of the Russian society.

The opening of new universities and administrative reforms at the beginning of the nineteenth century created a new institutional framework that could support the growth of professional bodies in Russia. Prior to this the "ecology" of the professions had been largely the domain of the state bureaucracy (Shepelev 1999). The liberal reforms of Alexander II (1864–1870), in particular the abolition of serfdom, improved levels of geographical, social, and intellectual mobility among different population groups (Balzer 1996, p. 56) and brought about significant change to the ecology of professionalism at all levels. While the estates and social classes of the Table of Ranks were not abolished, the social structure of the Russian Empire became more mobile, adapting to the demands of capitalism and accelerated economic development. Intellectuals formed their own special stratum of educated people known as the "Russian intelligentsia," who developed their own culture, ethos, and institutions, often in opposition to state forms (Shchetinina 1995). The bulk of the intelligentsia were professionals such as engineers, doctors, journalists, lawyers, teachers, and university professors (Pomeranz 1999). Local government bodies, the so-called *zemstva*, also needed qualified personnel such as bookkeepers, stenographers, architects, and postal workers (Balzer 1996). Thus, at the micro level a new ecological niche for the employment of professionals was established. The professional system of values emerging in these new teams was "based on qualifications and meritocracy" (Bailes 1996, p. 40), as opposed to selection principles based on hereditary estate or social class dominant in the civil service or the ideas of competition and profit prevailing among the Russian merchant class (Freeze 1992, p. 41).

Despite the existence of associations of businessmen and merchants, more prominent social involvement was observable in the new societies and associations formed on the national and local levels by representatives of intellectual professions. These organizations held conferences, conducted research, and published professional journals. The powerful influence of the Russian state meant that these professional communities did not become fully autonomous and self-regulating professions. However, the increasing disillusionment of these professional groups toward the state made an important contribution to the growth of critical attitudes to authority in intellectual circles.

A number of further developments in the political and social life of the country also affected the evolution of professional spheres. Dissatisfaction with the Tsarist regime only increased throughout the nineteenth century, leading Alexander III to suspend or even repeal many of his father's liberal reforms. Nonetheless, economic development continued unabated, and by the beginning of twentieth century, Russia had witnessed impressive progress in the modernization of her industry and transport system, even if her political system remained essentially unaltered, as an autocracy. In many cases, the emergence of many modern professions can be traced back to the prerevolutionary period. Although their development occurred under conditions of strict state control and the subordination of professions within the state administrative system, this was also an era marked by the emergence of self-organized professional communities who fought for the expansion of their political, civil, and social rights, while also attempting to spread enlightening messages to the larger population (Ryavec 2003). Therefore, at the onset of the era of the Russian revolutions, Russian society was diverse and complex, due in no small part to the coexistence of different types of professionalism within a variety of ecological niches.

Rapid industrialization and the growth of monopoly capitalism led to the accumulation of serious political, socioeconomic, and cultural contradictions, which resulted in spontaneous protests and the revolutionary events of 1905 and 1917. A particularly calamitous aspect of this was the powerless position of the working classes, which only grew more pronounced against a general backdrop of deteriorating health levels and falling living standards. A politically active minority of radical and liberal intellectuals helped

ignite a revolutionary spirit and new aspirations among the masses. The October Revolution of 1917 marked the beginning of a radical transformation to the structure of Russian society, bringing with it profound identity shifts and life style changes to many professional groups.

## The Reconceptualization of the Professions and Professionalization in the Soviet Era

Labor legislation was identified as a target of reforms in the immediate postrevolutionary period, with the aim being to eliminate capitalist elements in employment relationships and radically alter the structure of employment in the population. In official terms, the working class was declared the leading social group of the new socialist state.

The processes of economic and social modernization that occurred during state socialism brought with it the creation of new or modified administrative bodies in such areas as industrial management, the healthcare system, education, policing, law, and technological research and development. As part of the central economic planning system devised by the Soviet authorities, all manner of economic activity came under the control of a large party-state administrative apparatus (Mrowczynski 2012). These new conditions of state dominance led to the destruction of ecosystems for some professional groups and the creation of new ecological niches for others.

Professionalization in 1920s and 1930s was heavily linked to the division of labor and the development of specific vocations that were assigned roles in the project of "building socialism." This meant that people had to learn certain requirements in new skills and knowledge by gaining more and more qualifications, which would, in turn, allow individuals to progress up the career ladder. At the same time, labor specialization and the acquisition of specialist knowledge seemed to run counter to the prevailing ideals social justice and uniformity promoted by the socialist state. Professionalization in these terms was often perceived as a threat to equality; this was seen as a process that could potentially lead to a new alienation of the individual and his work from the masses, thus deepening class inequality (Iarskaia-Smirnova and Abramov 2016).

The years of the New Economic Policy (NEP) witnessed an economic recovery 1921–1928 that only highlighted the dearth of technical specialists in the USSR. This deficiency was partially remedied by inviting German and American engineers from abroad and utilizing the experience of home-grown prerevolutionary professionals, the so-called *spetsy* or specialists. These specialists were often treated with suspicion and were replaced at the first opportunity by the so-called *vydvizhentsy* (promoted workers). These were engineers who possessed more "appropriate" social origins who had received their training within the new Soviet system of education (Schattenberg 2011).

It was not uncommon from the end of 1920s for scientists and engineers to work in *sharashki*; secret laboratories located near prison sites. This practice continued throughout the period of Stalinist repression, which targeted the *spetsy*, many of whom were arrested and executed. Stalin's war on the "old cadres" can be seen as part of an ambitious plan to create a new Soviet elite (Fitzpatrick 1979), and contributed to the formation of a new view of professionalism, which was interpreted as skilled labor conducted for the benefit of the Soviet state.

By 1941, the process of replacing prerevolutionary professionals with new Soviet-educated specialists was largely complete. Soviet specialists became, in many ways, civil servants and fulfilled functions related to controlling the population, providing ideological support of the regime, and conducting the technical reequipping of Soviet industry and the army. The war with Nazi Germany (1941–1945), which demanded the total mobilization of human and technical resources for the needs of the front, led to a further reconceptualization of professionalism that affected the ecology of a number of professions. Under these conditions, for example, the profession of army medical services experienced a true blossoming. One victim of the Stalinist

repressions was the Soviet officer class, which was deprived of many thousands of trained military personnel, resulting in the loss of those capable of thinking independently. During the Second World War a new ethos emerged in the Soviet officer profession that was partially borrowed from the traditions of prerevolutionary Russian officers but also founded in the actual experience of battle and influenced by antifascist ideology. However, after the war, repression once again affected both Soviet officers and rank-and-file soldiers, which was linked to Stalin's fear of a growing spirit of independence in the Soviet army.

The Second World War era also witnessed a rise in the status of elite engineers, who designed the new weapons, whose skills were in serious demand by the military-industrial complex. During and after the war, providing the healthcare industry with a higher number of trained personnel became an important goal. While the total number of doctors doubled between 1940 and 1950, the Soviet medical profession significantly lagged behind Western country in terms of technical equipment (Krause 1991, p. 14), as did the wage level of doctors (Mankevich 2010).

Technological modernization also impacted upon the medical profession. During the Khrushchev "thaw" era, improving the quality of medical training and upgrading the equipment used in hospitals became a new priority for the Soviet state (Krause 1991, p. 14). These reforms were consistent with international trends of specialization in the medical profession which saw an increase in the status of medical specialists compared to that of general practitioners (Burton 2007). The criteria of professionalism for Soviet doctors in the 1950s and 1960s included strict submission to the rules of universal healthcare and displaying mastery of the full range of modern scientific and technical medical instruments.

The postwar period was also characterized by the expansion of access to technical and higher education, which was accompanied by the emergence of a new Soviet scientific and technical intelligentsia. The engineering profession evolved faster than others due to the key role it played in the Soviet technological development plans. The Soviet state prioritized heavy investment in education and job creation for engineers in the military-industrial complex and the aerospace industry, as well as in energy, communications, and other civilian sectors (Gerovitch 2015).

Various degrees of professional autonomy were enjoyed within the various subgroups of the Soviet scientific and technical intelligentsia, depending on the specific conditions in a particular industry (Josephson 1997). The scientific and technical intelligentsia worked in applied research institutes, the USSR's Academy of Sciences, universities, laboratories, and the engineering departments of industrial enterprises, as well as at those enterprises working in "closed cities," which handled production for sensitive strategic defense contracts (Brown 2013).

The postwar economic recovery permitted a significant improvement in the living standards in the 1960s within a context of continued urbanization and modernization (Harris 2013). The "thaw" era marked the end of mass repression as an instrument of state policy and heralded a weakening in levels of party supervision and a reduction in ideological pressure on the activities of representatives of the medical, legal, scientific, and engineering professions (Krause 1991, p. 9). This relative liberalization gave rise to the phenomenon of the *shestidesyatniki* ("the sixtiers"); a new generation dominated by representatives of intellectual professions, who were energized by the new possibilities of the "thaw" (Alekseeva and Goldberg 1990) and formed their own sociocultural niches enjoying relative freedom in terms of creative expression (Iarskaia-Smirnova and Abramov 2016). Inspired by these thaw-era policies of liberalization, as well as the successes of Soviet science in the 1960s, the Soviet scientific and technical intelligentsia formed a special work ethic based on selflessness, honesty, responsibility, and dedication to work (Abramov 2016). Representatives of this circle were also characterized by a strong contempt for bureaucratic hierarchy, possessing both a broad range of cultural and scientific knowledge and superior competencies within the narrower sphere of their own profession (Lipovetsky 2013).

## Professions and Professionalization in the Period of Late Socialism

In the Khrushchev era, Soviet ideology focused upon achieving social equality and uniformity across socialist society (Podmarkov 1973). The reality, however, was in contrast to the utopian values of social equality promoted by the state; in fact great variation in working conditions, wages, benefits, and prestige existed across different professions and industries. At one end of the scale were the most qualified "blue collar" professions, especially in the defense industry. At the other end were sectors such as agriculture, the food industry, and others, all of which suffered shortages in qualified personnel. Across the 1970s and 1980s, however, working-class professions also increasingly declined in prestige.

The Khrushchev "thaw" era (1955–1964) was one of rapid urbanization combined with an expanding Soviet-style consumer society. A variety of consumer services emerged with some rapidity in urban areas, with professions such as shop assistants, hairdressers, repairmen, and tailors becoming increasingly widespread. Their unimpressive social status and low official salaries were offset by lucrative kick-backs from private customers in what was known as "shadow economy." A further compensation was to be found in networks that shared of professional services that emerged at this time.

By the end of the Soviet era, the scientific and technical intelligentsia had become an important social and professional group but had lost much of their esprit de corps and relative autonomy they had enjoyed in the 1960s. The reasons for this were linked to increasing economic stagnation in high-tech industries, the reduction of opportunities for upward mobility, and a relative decline in wages. The political "freeze" that occurred in the Brezhnev era affected the mood of the scientific and technical intelligentsia; an increased apathy and indifference in attitudes to work was observable against a backdrop of decreasing opportunity for creative realization and career growth in the workplace (Iarskaia-Smirnova and Abramov 2016).

The late Soviet period was characterized by a contradictory combination of both tightening controls over professional groups and an increase in the importance of informal relations. The social networks that emerged in the workplace were supportive to their members and helped galvanize an identity based on one's labor and profession (Knudsen 2014). Professional life was organized through a number of different informal practices, negotiations, and interdependent relationships. Whole areas existed in which professionals were able to accumulate expertise and deposit cultural resources. Informal communication played an important role not only in the working relationship between employees and managers (Romanov 1995) but penetrated into all spheres of life in Soviet industrial enterprises, a process that, in many ways, breathed fresh air into their operations and allowed them to continue their work effectively in the stagnation era (Ashwin 1999, p. 143).

Despite the extensive possibilities on offer for those working in the Soviet professions to adapt to the existing system and even manipulate it to their advantage through a wide range of informal practices, by the end of the "perestroika" period (McForan 1988) the majority of professional groups had become critical of their working conditions. This sense of dissatisfaction was most graphically expressed in a variety of forms of political mobilization, such as miner strikes, rallies of the scientific-technical intelligentsia, and splits among the various unions of the creative intelligentsia (such as the Union of Soviet Writers).

While gender issues are not in the core focus of this entry, they are rather important for ecological understanding of professionalism as a social phenomenon. While women were awarded broad political and social rights in Soviet times, it is worth noting that these emancipatory measures tied in with state goals to mobilize human resources behind the construction of a new society (Ashwin 2000). The number of women working in the military dramatically increased during the war, whether in hospitals, communication units, or on combat missions, such as diversionary partisan units, or as snipers and pilots. On the home

front, women and teenagers replaced skilled workers in industrial enterprises, which was part of a more general trend whereby women dramatically increased their presence in the traditional spheres of "male employment" (Gruzdeva and Chertikhina 1983). The employment of women in professional jobs increased even more in the late Soviet period, although gender stereotypes continued to dominate and were an important factor in publicly legitimizing the unequal representation of men and women in many professions, influencing in turn the kind of education women would choose.

## Post-Soviet Professionalism: The Remapping of Occupations and Professions

The 1990s witnessed a radical transformation of living conditions in Russia, and the affects of this reached the labor market and the landscape of professional groups (Filtzer 1994). A rapid marginalization of status occurred among professional groups and the "intellectual occupations" such as doctors and school teachers. The latter were increasingly referred to as *byudzhetniki* (state employees) and portrayed as a burden for the state, which could no longer cope with the tasks of meeting its previous social obligations and sought ways of escaping from them. In the first half of the 1990s, chronic nonpayment of salaries became a problem across the country, especially in the sphere of educational and social services provision. Engineers and technicians also faced redundancies and joined the ranks of the "new poor" alongside teachers and doctors. Many of them came to make up a new post-Soviet "precariat," which was composed of various artisans and small producers, laborers, taxi drivers, *chelnoki* (shuttle traders), and the self-employed. A significant chunk avoided the precariat by retraining as commercial agents, real-estate agents, managers, business consultants, and the like. Much of this commercial work was set up on an informal and temporary basis.

The situation improved slightly in the first decade of the twenty-first century, which saw impressive levels of economic growth. However, the rewards of this growth were not evenly spread, with professionals employed in public research institutions, the healthcare system and education at a disadvantage in comparison to those working in the private sector. The reforms aimed at improving efficiency and reducing costs have led to a revision of the contractual relations between the professional communities and the state; instead of long-term relationships involving state support for professional activities, the new preference is to only grant commercial contracts of limited duration, which effected an increase of instability in the employment of professionals.

The collapse of the socialist economy and the gradual destruction of the Soviet model of professionalization has opened up new opportunities for those types of employment that were able to respond to market realities and adapt to new conditions emerging from the radical transformation of post-Soviet society. Under these conditions, a variety of strategies have proven effective in terms of achieving professionalization. Over the course of the market reforms new professions in the field of business formed, and a new social group of small entrepreneurs emerged. Many new professional groups set out to acquire the institutional attributes of professionalization. This could involve, for example, the licensing of special educational programs and the creation of associations. At the same time, some professional groups failed to acquire professional status in the classic sense of the Anglo-Saxon sociology of professions. In some cases, this was due to the fact that some professional groups were not able to survive for very long when faced with conditions of economic and social instability.

In addition, certain intellectual professions, which in Soviet times were either banned or forced to cater exclusively for the ideological needs of the party and the government, have now been either reformed or undergone a profound transformation, discovering a wide range of development opportunities. This was the case with the legal profession, whose role and specialization has increased dramatically. New legal associations for lawyers and judges appeared, with some of these associations even receiving significant public recognition for their clear stances on public issues (Mrowczynski 2012).

Journalism has also been significantly transformed away from its previously subservient role under the ideological and organizational supervision of the Union of Journalists during the Soviet period. Political and civil liberalization has led to the emergence of professional organizations engaged in human rights work or offering services as political consultants.

In the post-Soviet period, the gender organization of professional world has also changed. In the sphere of private business new opportunities for a professional career have opened up, and an image of "business lady" became fashionable since 1990s, but the owners of the managers of private companies were still mainly men (Chirikova 1998), while women held positions of accountants, secretaries, and sometimes specialists in PR and advertising. Thus, the Russian business has been reproducing the patriarchal gender order. Today Russia tops the list of countries with the highest number of female board members, here 45 percent of senior management positions are held by women, according to the report (Grant Thornton 2016). However, women prevail in the owners and managers of small and middle rank businesses, while in the upper echelon of managers and among the big business owners their share remains low.

The occupations of the welfare state (including, for example, doctors, teachers, and social workers) in post-Soviet Russia are still mostly women, and only with the beginning of the reforms in the field of school education since 2010–2012 men were more likely to appear in leadership positions (as school principals). In the legal profession there is an interesting trend: the notaries and judges today mostly are women. According to the research, women make up to the two third of the judiciary (Volkov et al. 2015, pp. 87–91). Moreover, among the lawyers related to finance the share of women is lower. Surprisingly, women predominate also among the detectives (investigators) (Titaev and Shklyaruk 2016, pp. 40–43), although this profession considered to be "male" in Soviet times. In general, we can say that in the post-Soviet era there are no special mechanisms regulating gender aspects of professionalism. The significant gender disparities are reproduced and occurring anew in various professional fields.

Economic growth and a new "consumer revolution" has greatly changed the social and economic landscape of Russia since the early 2000s. In addition, the Internet has acquired a significant role as a sector of the economy, both as a means of communication and entertainment. This has had serious implications not only for the formation of new occupations and types of employment but also in the sense that it has opened up new possibilities for professional activity, primarily in the form of freelancing, remote working, and coworking. Improvements in the quality of life in one's later years have helped stimulate demand for new professions and specializations focused on the servicing of the new consumer habits. Experts in the field of relaxation, beauty and image, various consultants, fitness coaches, and representatives of many other new professions are often employed in this informal sector with rather unstable employment prospects. However, given the prevalence of these types of employment, it would appear that we are looking at a new model of professionalism. Over the past 15 years, this tendency for new professional groups to form can also be seen in "white-collar" and "corporate employment." This includes representatives of various classes of skilled workers and administrative-bureaucratic staff employed at large and medium-sized businesses such as auditors, middle managers, employees of commercial departments, corporate lawyers, financial analysts and accountants, PR-specialists, and those working in marketing and advertising.

Government reforms in a variety of sectors have led to the emergence of new channels of professionalization and the development of new types of employment. These reforms have also impacted on existing, established professions. For example, the armed forces have introduced the practice of employing privates and sergeants on the basis of private contracts. The emergence of the "contracted worker" in the state tax inspection bodies has considerably altered the functions and nature of the organization of the tax authorities. Similar changes can be observed in the creation of a new state rescue services body with its

own identity and set of functions under the purview of the Ministry of Emergency Situations. Social work reemerged as a fully fledged profession in 1991, when professional training in this area was officially launched (Iarskaia-Smirnova and Romanov 2002).

In the current period the government is actively pursuing neoliberal reforms in the sphere of education, science, social services, and health care. At the core of this ideology of social reform and the creation of professionalism is the utilization of a managerial approach and improving "efficiency." This is in line with global trends, where the "old professionalism" is either retreat or is undergoing significant change under the pressure of neoliberal reforms affecting the welfare state model. In Russia, this is also quite painful and changes the existing model of professionalism, reducing the degree of professional autonomy and making professionals even more dependent on the control and custody of the state and quasi-corporate management styles at universities or large clinics.

## Conclusions

While the dominant trend in Western countries has been for professional groups to campaign for the enhancement of the role of the state and demonstrate the power to resist neoliberal policies of total noninterference in the free market (Abbott 1988), the Russian context is rather different. Russian society has suffered from a shortage of entrepreneurial values and a lack of freedom in terms of professional activity. Being dependent on the state, professions have sought to achieve a certain degree of autonomy and improve their prospects for self-regulation. Compared to Western Europe, where professionalism is founded on specific middle-class values such as independence and responsibility for one's work, in the Russian prerevolutionary period the main way professionalism was understood as part on a work ethic that was dedicated to the idea of state service.

The Soviet state created a new map of occupations, destroying or reforming old professional groups. Official propaganda glorified feats of heroic labor and lauded the professionalism of workers, doctors, and teachers, while also at the same time suppressing or inhibiting the formation of independent professional groups. At the heart of the rules of professional conduct and the borders of collective identity that solidified in the Soviet era, however, were key internal values, norms, and concepts that emerged informally as part of the daily working practices and relationships of employees and customers. At the same time, throughout the Soviet period the collective identity of various professions was formed in close conjunction with the state apparatus. This relationship, which can be traced back to the era of the late Russian empire, is marked by the state determining the status and identity of different professional groups, and was preserved through the socialist period, even remaining a force in post-Soviet Russia (Becker 2011). With the end of the 1990s and the dawn of the twenty-first century, the map of the professions in Russia was again actively redrawn. New forms of professionalization appeared "from below" through business activity and trade unions, while it has also been driven "from above" by means of state regulation. Today, the boundaries between different professions and types of employment have become more mobile, and professionalization strategies more flexible. At the same time, we can see that the resources employed in building a professional identity have also become more diverse.

## Cross-References


- ▶ Bureaucracy and Professionalism
- ▶ Ethical Values
- ▶ Governance and Professionalism
- ▶ Governance and the State: Theory and Russian Specifics
- ▶ Government Support of Small Business in Russia
- ▶ Human Resource Management in Russia
- ▶ Impact of Government Experiences on Management Skills of Russians
- ▶ Inequality in Income and Wealth in Russia
- ▶ Lean in the Public Sector? Try Flexible Professionalism

▶ Local Governments in Russia
▶ Middle Class Formation in Russia
▶ Professional Development and Training
▶ Professional Ethics
▶ Professional Norms in Public Sector HRM
▶ Workplace Relevance of Professional Standards to Practitioners

**Acknowledgments** The work on this chapter was supported by the Russian Science Foundation grant # 14-18-03784.

## References

Abbott A (2005) Linked ecologies: states and universities as environments for professions. Sociol Theory 23(3): 245–274

Abbott AD (1988) The system of professions: essay on the division of expert labour. University of Chicago Press, Chicago

Abramov RN (2016) Understanding professionalism in the Soviet Union and post-Soviet Russia: an analytical review. Am Sociol 47(1):81–101

Alekseeva L, Goldberg P (1990) The thaw generation: coming of age in the post-Stalin Era. University of Pittsburgh Press, Pittsburgh

Ashwin S (1999) Russian workers : the anatomy of patience. Manchester University Press, Manchester

Ashwin S (2000) Introduction: gender, state and society in Soviet and post-Soviet Russia. In: Ashwin S (ed) Gender, state and society in Soviet and post-Soviet Russia. Routledge, London/New York, pp 1–29

Bailes KE (1996) Reflections on Russian professions. In: Balzer HD (ed) Russia's missing middle class: the professions in Russian history. M.E. Sharpe, Armonk/London, pp 39–54

Balzer HD (1996) The engineering profession in Tsarist Russia. In: Balzer HD (ed) Russia's missing middle class: the professions in Russian history. M.E. Sharpe, Armonk/London, pp 55–58

Becker EM (2011) Medicine, law, and the state in Imperial Russia. CEU Press, Budapest

Bronfenbrenner U (1986) Ecology of the family as a context for human development. Dev Psychol 22(6): 723–742

Brown K (2013) Plutopia: nuclear families, atomic cities, and the Great Soviet and American Plutonium Disasters. Oxford University Press, Oxford

Burton C (2007) Zdravookhranenie v period pozdnego stalinisma i dukh poslevoennogo gosudarstva blagodenstviia, 1945–1953 gody [Public Health in the Period of Late Stalinism and the ghost of the Postwar Welfare State, 1945–53]. Zhurnal issledovanii sotsial'noi politiki [Journal of Social Policy Studies] 5(4):541–558

Chirikova A (1998) Zhenshchina vo glave firmy [Woman as a head of a firm]. Institute of Sociology RAS, Moscow

Dalli C (2010) Towards the re-emergence of a critical ecology of the early childhood profession in New Zealand. Contemp Issues Early Childhood 11(1). www.wwwords.co.uk/CIEC. Accessed 20 Feb 2017

Dalli C, Miller L, Urban M (2012) Early childhood grows up towards a critical ecology of the profession. Springer, Dordrecht

Evetts J (2003) Sociological analysis of professionalism. Occupational change in modern world. Int Sociol 18(2):395–415

Filtzer D (1994) Soviet workers and the collapse of Perestroika: the Soviet labour process and Gorbachev's reforms, 1985–1991. Cambridge University Press, Cambridge

Fitzpatrick S (1979) Stalin and the making of a new elite, 1928–1939. Slav Rev 38:377–402

Freeze GL (1992) Between estate and profession: the Clergy in Imperial Russia. In: Bush ML (ed) Social orders and social classes in Europe since 1500: studies in social stratification. Longman, Harlow, pp 47–65

Gerovitch S (2015) Soviet space mythologies: public images, private memories, and the making of a cultural identity. University of Pittsburgh Press, Pittsburgh

Grant Thornton International Business Report (2016) https://www.grantthornton.global/globalassets/wib_turning_promise_into_practice.pdf. Accessed 20 Feb 2017

Gruzdeva EB, Chertikhina ES (1983) Trud i byt sovetskikh zhenshchin [Labor and everyday life of the Soviet women]. Politizdat, Moscow

Harris SE (2013) Communism on tomorrow street mass housing and everyday life after Stalin. Woodrow Wilson Center Press, Washington, DC

Hughes EC (1971) The sociological eye. Part III: work and self. Aldine, Chicago

Iarskaia-Smirnova E, Abramov R (2016) Professions and professionalisation in Russia. In: Dent M, Bourgeault I, Denis J-L, Kuhlman E (eds) The routledge companion to the professions and professionalism. Routledge, London/New York, pp 280–294

Iarskaia-Smirnova E, Romanov P (2002) "A salary is not important here": the professionalization of social work in contemporary Russia. Soc Policy Adm 36(2): 123–141

Josephson PR (1997) New Atlantis revisited: Akademgorodok, the Siberian City of science. Princeton University Press, Princeton

Karila K (2008) A Finnish viewpoint on professionalism in early childhood education. Eur Early Child Educ Res J 16(2):210–224

Knudsen IH (2014) Moonlighting strangers met on the way: the Nexus of informality and blue-collar sociality in Russia. In: Morris J, Polese A (eds) The informal post-socialist economy: embedded practices and livelihoods. Routledge, London/New York

Krause EA (1991) Professions and the state in Eastern Europe and the Soviet Union: theoretical issues. In: Jones A (ed) Professions and the state: expertise and autonomy in the Soviet Union and Eastern Europe. Temple University, Philadelphia, pp 3–41
Larson M (1977) The rise of professionalism: a sociological analysis. University of California Press, Berkeley
Lipovetsky M (2013) The poetics of ITR discourse: in the 1960s and today. Ab Imperio 1:109–131
Mankevich DV (2010) O nekotorykh problemakh razvitiya sovetskogo zdravookhraneniya Kaliningradskoj oblasti v kontse 1940-h – seredine 1950-h godov (po materialam oblastnykh arkhivov) [On Some Issues of the Development of the Soviet Health Care in Kaliningradskaya Oblast in the late 1940s – mid–1950-s (on the Materials of Regional Archives)]. Retrospektiva: Vsemirnaya istoriya glazami molodykh issledovatelej 5:62–71
McForan DWJ (1988) Glasnost, democracy, and perestroika. Int Soc Sci Rev 63(4):165–174
Mrowczynski R (2012) Self-regulation of legal professions in State-Socialism: Poland and Russia Compared. Rechtsgeschichte Leg Hist 20:170–188. http://rg.rg.mpg.de/en/article_id/802. Accessed 20 Feb 2017
Podmarkov VG (1973) Vvedenie v promyshlennuyu sotsiologiyu. Sotsial'nye problemy promyshlennogo proizvodstva [Introduction into the industrial sociology. Social problems of industrial production]. Mysl', Moscow
Pomeranz W (1999) "Profession or estate?" The case of the Russian pre-revolutionary advocatura. SEER 2(77): 241–268
Romanov P (1995) Middle management in industrial production in the transition to the market. In: Clarke S (ed) Management and industry in Russia. Formal and informal relations in the period of transition. Edward Elgar, Aldershot/Brookfield, pp 182–211
Ryavec KW (2003) Russian bureaucracy: power and pathology. Rowman & Littlefield Publishers, Oxford
Shattenberg S (2011) Inzhenery Stalina: zhizn' mezhdu tekhnikoi i terrorom v 1930e gody [The Stalin's Engineers: life between technics and terror in 1930s]. ROSSPEN, Moscow
Shchetinina GI (1995) Ideinaia zhizn russkoi intelligentsiI: konets 19 – nachalo XX v. [Intellectual life of the Russian intelligentsia: late 19th – early 20th century]. Nauka, Moscow
Shepelev LE (1999) Chinovnyi mir v Rossii: 18 – nachalo XX v. [public officials' world in Russia: 18th – early 20th century]. Iskusstvo-SPb, St Petersburg
Titaev K, Shklyaruk M (2016) Rossiiskii sledovatel': prizvanie, professia, povsednevnost' [Russian investigators: vocation, profession, everyday life]. Norma, Moscow, p 2016
Volkov V, Dmitrieva A, Pozdnyakov M, Titaev K (2015) Rossiiskie sud'i: sotsiologicheskoe issledovanie professii [Russian juries: sociological study of the profession]. Norma, Moscow

# Professionalism and the Ethics in Selected Local Governments in the Philippines

Yolanda I. Camaya and Arneil G. Gabriel
Department of Public Administration, Nueva Ecija University of Science and Technology, Cabanatuan City, Philippines

## Synonyms

Actual adherence; Behavior in public service; Ethical conduct; Good behavior in profession; Norms of conduct; Standard of behavior

## Definition

Professionalism is the application of moral and ethical standards into the practice of the profession in the office, school, organization, and all entities, public or private. It is also a state of being aware of norms of conduct and behavior and observing actual adherence thereto while executing the duties and functions of a public office.

Ethics is a set of rules, regulations, or expectations accepted as the standard or at the very least acknowledged in a given field (Henson 2016). It is a set of norms and conducts that govern the execution of functions in the public office.

## Introduction

Professionalism in public office goes beyond acquisition of a college degree. Becoming professional needs the application of moral and ethical standards into the practice of the profession in the office, school, organization, and all entities, public or private. As Pereira (1997) contended:

Being professional means more than just employing professionals or paying lip service to professional values. It requires a thorough

understanding of professionalism and strict adherence to public norms of model behaviour.

Professionalism is considered as a superior form of governance when done in accord with technical know-how and in conformity to standard of behavior of doing things as determined by one's profession. This concept of professionalism sometimes invites ethical source of tension when working with the bureaucracy where cost-efficiency associated with the concept of "managerialism" is the bench mark of performance. Professionalism, in contrast to managerialism, is a prescribed code of conduct and standards of doing things to generate positive outcomes to the public clients (Salvatore and Numerato 2017). Its virtues are the bases of actions and not solely efficiency and effectiveness in the distribution of public resources as suggested by managerialism of the NPM Era. Professionalism has also the potential to improve bureaucracy and the delivery of services to the public, because it discourages exercise of discretion of street-level agents and execute functions of office based on set of standard of behaviors instead (Freyss 2017). Professionalism is a component of bureaucratic competence when public administrator strikes the delicate balance between professionalism and delivery of public needs separate from personal relations, e.g., loyalty to political powers (Atkinson 2017).

Meanwhile, the need for ethics in public service is universally recognized. Ethics is a set of norms and work standards that govern the conduct of government personnel contextualized in the different political territories all around the world. For instance, in the United States, the American Society of Public Administration drafted and implemented the Professional Standards and Ethics in 1994; in Canada, the Values and Ethics Code was written in 2012; in the United Kingdom, the Civil Service Code was promulgated in 1996. In the Philippines, the Code of Conduct and Ethical Standards is explicitly provided for in the 1987 Philippine Constitution. And as offshoot of the constitutional mandate, several ethical codes were formed, the Philippine Civil Service Law; the Code of Conduct and Ethical Standards for Public Officials and Employees, also known as RA 6713; and the Anti-Red Tape Law or RA 9485, in addition to institutional policies, rules, and regulations promulgated and implemented in each government office, bureau, or corporation (De Leon and De Leon Jr 2014). According to Rose (2017), ethics as a practice, is necessary for achieving a well-functioning public administration. For Robertson 2017 it is a set of moral principles that govern the public sector. The role of ethics in the organization is to enhance ethical governance (Saban 2016). But despite the crafting of too many laws on ethics and values in public service, a few studies on ethical standards and shared values linked to transparency and accountability in the Philippines show that among government personnel, more actions are being essential to ensure its reflection in high level of actual adherence(Gabriel 2017; and Gabriel and Gutierrez 2017).

In the Philippines, the exact opposite of professionalism is mistakenly perceived in the operation of the bureaucracy, thereby creating distrust of the public to the public institution (Brillantes and Fernandez 2011). The perceived unethical bureaucracy, being the nexus of democracy and the people and as legally prescribed by principal agent theory, paints an ugly picture of the system (Ita and Titus 2018). Consequently, the public is conditioned to settle for substandard government services committed by unethical leaders and government personnel (Alfiler and Nicolas 2007), alongside to this is the inconsistent implementation of the laws on ethics. Ethics as a concept is considered by Greek philosophers as a "transcendental" set of norms of behavior drawing a fine line between what is right and what is wrong (Argyriades 2016); it is an imperative in the public service (United Nations New York 2000) and, as viewed by Alibašić (2018), is an important component of development sustainability in local government planning.

This contribution is part of a larger study focusing on the measurement of the professional practices and actual adherence of government personnel on the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) in selected cities and municipalities of Nueva Ecija in the Philippines during the fiscal year 2017. The chapter measured the adherence to

the norms of conduct and ethical standards in the public service of department heads, personnel, and constituents. It used the assessment parameters of (a) commitment to public service, (b) justness and sincerity, (c) political neutrality, (d) responsiveness to the public, (f) nationalism and patriotism, (f) commitment to democracy, and (g) simple living. The chapter compares the appraisal made by department heads, personnel, and constituents across selected cities and municipalities of Nueva Ecija in the Philippines; it determines and compares the actual practices incongruent to the norms of conduct. The participants to the study were 96 department heads, 288 personnel from 10 municipalities and 2 cities, and 140 constituents selected using convenience sampling method. The chapter triangulated the appraisal made by department heads and personnel by the appraisal of constituents who are the benefactors of public service delivery. The chapter used the descriptive method of research. It is a research design where events are recorded, described, interpreted, analyzed, and compared. The data was gathered by the application of Likert Scaling tool with five-point options to measure the perception of the different groups of participants. The scaling options are strongly agree, agree, moderately agree, disagree responses, and strongly disagree.

## Adherence to the Norms of Conduct and Ethical Standard

The merging of knowledge on the norms of conduct by public servants and actual adherence are considered by this chapter as factors of professionalism. Data were gathered through the use of questionnaire and interviews. A total of 524 participated in the study, and they come from the 8 mandatory offices of the local government units (LGU): accounting, assessor, budget, engineering, health, planning and development, civil registry, and treasury of the selected city and municipal government offices of Nueva Ecija. To validate their responses, perception of the constituents was also solicited. Table 1 shows the summary of appraisal per group of participants including the overall appraisal.

The comparability of appraisal of department heads of municipalities and cities is obvious as they responded *strongly agree* to all factors of professionalism in public service. This means that they are convinced that majority of the components of professionalism are observed in their offices. However, when compared to the responses of personnel and constituents of the ten municipalities and two cities, there is a difference in the average appraisal. The personnel and constituents *agree* that components of

**Professionalism and the Ethics in Selected Local Governments in the Philippines, Table 1** Appraisal on the adherence to the norms of conduct and ethical standards in the public service by department heads, personnel, and LGU constituents across cities and municipalities in the Province of Nueva Ecija

| Norms of conduct | Appraisal on the adherence to the norms of conduct and ethical standards in the public service | | | |
|---|---|---|---|---|
| | Department heads of cities and municipalities | Personnel of cities and municipalities | Constituents | Overall appraisal |
| (a) Commitment to public service | Strongly agree | Agree | Agree | Agree |
| (b) Justness and sincerity | Strongly agree | Agree | Moderately agree | Agree |
| (c) Political neutrality | Strongly agree | Agree | Agree | Agree |
| (d) Responsiveness to the public | Strongly agree | Agree | Agree | Agree |
| (e) Nationalism and patriotism | Strongly agree | Agree | Agree | Agree |
| (f) Commitment to democracy | Strongly agree | Agree | Moderately agree | Agree |
| (g) Simple living | Strongly agree | Agree | Agree | Agree |

professionalism are observed in their respective local government units different from department heads with *strongly agreed* response. Part of the duties of department heads is to serve as example to the personnel. It is their managerial responsibility to their subordinate. Hence, their appraisal of themselves must come closer to the ideal regardless if their personnel and constituents perceived otherwise. The appraisal of constituents on the different departments of the LGUs revealed the differing responses compared to the responses of the department heads in all factors affecting professionalism such as commitment to public service, justness and sincerity, professionalism, responsiveness to the public, nationalism and patriotism, and commitment to democracy. Meanwhile, a comparison in the appraisal of the three sets of respondents across cities shows that majority of the participants have comparable responses, although of different levels of agreement. Across groups, however, significant difference in appraisal is apparent on "justness and sincerity" and "commitment to democracy." The three groups of respondents have varying appraisal of the factors of professionalism.

## Professionalism Goes Beyond Awareness

Knowledge on the concept of professionalism is not enough to improve public service. It must be coupled with actual adherence translated into actual practice.

Table 2 presents the respondents perception on actual practices incongruent to the norms of conduct and ethical standards that may be prevalent in the public service in the selected cities and municipalities of Nueva Ecija. When asked about the actual practices incongruent to the norms of conduct and ethical standards, the respondent revealed that some of the unethical practices are committed as signified by a *moderately agree response*. A *moderately agree* appraisal on dishonesty was given by department heads of cities, government personnel, and constituents of both cities and municipalities, while department heads of municipalities *disagreed* on this item. The department heads of cities and municipalities "disagreed" on the existence of unauthorized solicitation of contribution, lending of money for usurious interest, and engaging in partisan politics, while a difference on perception is observable on the description of the department heads of cities and municipalities along the factors of practical professionalism on dishonesty, neglect of duty, misconduct, and discourtesy. The heads of the cities on the other hand, *moderately agree* on the existence of these negative behaviors different from the heads of municipality who *disagree* on the matter. The observation of constituents of both municipalities and cities is comparable and almost similar to the appraisal on the existence of practices incongruent to norms of conduct and ethical standards in public service made by personnel of cities and municipalities including the degree of occurrence; their responses are different in most respect to the responses of department heads of municipalities (*disagree*) but are similar in the appraisal of department heads of cities in terms of *moderately agree* response on dishonesty, neglect of duty, misconduct, discourtesy, engaging in partisan politics, and receiving of gifts for personal use. On the other hand, personnel of both cities and municipalities and constituents have almost the same responses in almost all matters (*moderately agree*) pertaining to actual practices incongruent to the Code of Conduct and Ethical Standards in Public Service. A *significant difference* appeared only in the appraisal of LGU constituents. The data showed that the appraisal of all respondents in terms of the comparison across municipalities was comparable. Finally, when compared across cities and municipalities, the results showed that the appraisal of respondents was *significantly comparable*.

## Conclusion

Overall, the self-assessment made by heads and personnel of cities and municipalities gave a quite modest appraisal indicating *not the highest nor the lowest positive* on their adherence to the norms of conduct and ethical standards a little lower in appraisal given by their constituents; while the

**Professionalism and the Ethics in Selected Local Governments in the Philippines, Table 2** Actual practices incongruent to the norms of conduct and ethical standards that may be prevalent in the public service in the selected cities and municipalities of Nueva Ecija

| Norms of conduct | Department heads of cities | Department heads of municipalities | Personnel of cities | Personnel of municipalities | Constituents of cities | Constituents of municipality |
|---|---|---|---|---|---|---|
| (a) Dishonesty | Moderately agree | Disagree | Agree | Moderately agree | Moderately agree | Moderately agree |
| (b) Neglect of duty | Moderately agree | Disagree | Moderately agree | Moderately agree | Moderately agree | Moderately agree |
| (c) Misconduct | Moderately agree | Disagree | Moderately agree | Moderately agree | Moderately agree | Moderately agree |
| (d) Discourtesy | Moderately agree | Disagree | Moderately agree | Disagree | Moderately agree | Moderately agree |
| (e) Receiving gift for personal use | Moderately agree | Disagree | Moderately agree | Disagree | Moderately agree | agree |
| (f) Unauthorized solicitation of contribution | Disagree | Disagree | Moderately agree | Moderately agree | Moderately agree | Moderately agree |
| (g) Lending of money for usurious interest | Disagree | Disagree | Moderately agree | Disagree | Moderately agree | Moderately agree |
| (h) Engaging in partisan politics | Moderately agree | Disagree | Moderately agree | Disagree | Moderately agree | Moderately agree |

overall appraisal of the three sets of respondents from the selected offices in cities and municipalities of Nueva Ecija revealed a uniform *agree* response in all of the parameters of professionalism and ethics used in this chapter. Nevertheless, the LGU constituents indicated their highest appraisal on the adherence of only to the *agree* scale contrary to the appraisal made by department heads where a consistent *strongly agree* appraisal was given. The government personnel from municipalities would always indicate higher appraisal than the city government personnel. All in all, there is a varying appraisal of the three groups on adherence to the norms of conduct in public service.

Meanwhile, the existence of practices considered incongruent to the norms of conduct and ethical standards in public service is rated by the department heads, personnel, and constituents as *moderately agree* showing a less firm resolve of practicing what has been required of public service ethics. What is alarming is the constituents' perception that practices incongruent to public ethics are taking place as supported by their unwavering *moderately* affirmative appraisal. This finding suggests the unity of perception of the three groups of respondents on the existence of unethical behavior in public office and the need to improve bureaucratic practices align to their claim that they observe code of conduct in public office.

## Future Directions

The findings of the study show a gap between the appraisal of the constituents, personnel, and heads of departments in cities and municipalities in the observance of code of conduct and ethical standards and actual adherence translated into practice in their respective offices. Although the appraisal is quite acceptable being "modest," there is still the need to improve professionalism and ethics in the system of bureaucracy in the LGU. And this may be done through formulation of reinforcing policies that may cause both department heads and personnel to seek for improvement in the discharge of their functions, duties, and responsibilities based on legal and moral standards.

There is also a clear showing of the incongruence of knowledge on ethical standards and actual practices of personnel and department heads of conduct incongruent to the standard of RA 6713. All in all the observance of ethics and professionalism is known to the respondents. But as a matter of practice, higher level of adherence is necessary to reflect awareness on actual practice. Thus, the Department of the Interior and Local Government may conduct morality enhancement program to set the common criteria for professional practice both in theory and in practice. The gap between the appraisal of department heads of municipal and city offices and constituents may be narrowed down through the use of digital technology for communication between LGU offices and the constituents. Further studies may be conducted to determine other actual practices prevailing in the local government offices for enhancement of positive behavior and rewards for outstanding services provided.

## Cross-References

► Ethics in Public Service

## References

Alfiler MCP, Nicolas EE (2007) Public administration plus governance: assessing the past, addressing the future. National College of Public Administration and Governance, University of the Philippines, Quezon City, pp 173–197

Alibašić H (2018) Ethics and sustainability in local government. In: Farazmand A (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham, pp 1–4. https://doi.org/10.1007/978-3-319-31816-5_3427-1

Argyriades D (2016) Ethics in public service: a historical perspective. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Atkinson CL (2017) Competence in bureaucracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Brillantes AB, Fernandez MT (2011) Restoring trust and building integrity in government: issues and concerns in the Philippines and areas for reform

Freyss SF (2017) Professional norms in public sector HRM. In: Farazmand A (ed) Global encyclopedia of

public administration, public policy, and governance. Springer, Cham
Gabriel AG (2017) Transparency and accountability in local government: levels of commitment of municipal councillors in Bongabon in the Philippines. Asia Pac J Public Adm 39(3):217–223. https://doi.org/10.1080/23276665.2017.1368902
Gabriel AG, Gutierrez MP (2017) Praxis in local legislative governance: measure of organizational effectiveness of the component cities in Nueva Ecija, Philippines. Asia Pac J of Multidiscip Res 5(2):12
Henson CR (2016) Effective performance measurement of state and local inspectors general: a multi-methods analysis of current operations and a scorecard for future application
Ita VE, Titus DA (2018) The role of bureaucracy in democratic governance in nigeria: relevance and evidence from akwa ibom state (1999–2017). J Public Adm Gov 8(3):54. https://doi.org/10.5296/jpag.v8i3.13305
De Leon HS, De Leon HM Jr (2014) Textbook on the Philippine Constitution. Rex Bookstore, Manila, Philippines
Pereira LCB (1997) Promoting ethics in the public service, Division for public economics and public administration. United Nations, New York
Robertson PB (2017) Ethics in the public sector. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Rose J (2017) Global ethics. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Saban LI (2016) Ethics in public administration and governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham
Salvatore D, Numerato D (2017) Governance and professionalism. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
United Nations New York (2000). Professionalism and ethics in the public service

# Program Evaluation

Bonnie Stabile
Schar School of Policy and Government, George Mason University, Arlington, VA, USA

## Synonyms

Performance measurement

## Introduction: What Is Program Evaluation and Why Do It?

The purpose of program evaluation is to improve the effectiveness and efficiency of public policies and programs through systematic research. In the private sector, the success of any given product or service might be determined by its marketability, with profit the ultimate arbiter. Public sector initiatives present particular challenges where assessment is concerned, as they often target pernicious social problems, like poverty. The causes of such problems are multifaceted and contested, as are the programs designed to address them, and both are subject to the vagaries of politics. Despite the difficulties involved in tackling such wicked problems (Rittel and Webber 1973), public employees at all levels have found themselves increasingly accountable for providing evidence that their efforts help to achieve desired outcomes within budgetary constraints. Evaluation can influence policy and program development and implementation by establishing the need for a program, selecting a preferred course of action, and adapting that course of action in accordance with findings of program effectiveness, or lack thereof (Henry 2003).

New York's Mayor Ed Koch often greeted citizens with his catchphrase "How'm I doin'?" This, in the most colloquial of terms, is the very question that program evaluation seeks to answer. Through formal means of evidence-based inquiry, evaluation offers answers to the question of how well government is doing. The end of Koch's time in office in 1989 coincided with the beginning of a new era of increasing emphasis on government results and accountability. Some significant milestones in the evolution of program evaluation occurred in the early 1990s, including the creation of the National Performance Review (NPR) by President Clinton in March of 1993 and the passage of the Government Performance and Results Act (GPRA) by Congress that same year. These initiatives addressed the perceived ineffectiveness and inefficiency of government by calling for clear definition of program goals, attention to program performance, and an emphasis on results. They included the explicit requirement to use

program evaluation in "establishing or revising general goals and objectives" and to tie program activities to budget plans (Government Performance and Results Act 1993, Section 3, a, 6).

The influential book *Reinventing Government; How the Entrepreneurial Spirit Is Transforming the Public Sector* (Osborne and Gaebler 1992) captured the zeitgeist and served as a "blueprint" – so-called by President Bill Clinton – for reform. Coauthor David Osborne was tapped by Vice President Al Gore to direct the efforts of the National Performance Review, echoing its themes of adopting market mechanisms and incentives to inspire government improvements and enhance its ability to satisfy citizens, now re-characterized as customers. A case study published by Harvard's Kennedy School of Government illustrated the plight of such citizen customers by chronicling the experience of a routine, dreaded visit to the registry of motor vehicles (Scott and Leone 1984). The inefficiencies and indignities of the customer experience, and frustrating interactions with state employees, make it easy to imagine how citizens might become disaffected. While the pedestrian goal of reform was aimed more at the level of balance sheets, its loftier purpose was to "improve the confidence of the American people in the capability of the . . . Government by systematically holding . . . agencies accountable for program results" (Government Performance and Results Act 1993, Section 2, b, 1). Thus, program evaluation can be seen not only as a mechanism for assuring effective and efficient program operations but, more broadly, for supporting the foundations of democracy by bolstering government accountability and strengthening citizen trust in government.

## How Programs Are Evaluated

Most who call for the evaluation of programs are concerned primarily with two things: whether or not a program "worked" (its outcome or impact) and how efficient it was. Yet by the beginning of the twenty-first century, some evaluation scholars and practitioners were calling for a more holistic view of evaluation. Rossi et al. (2004) suggested the evaluation hierarchy framework, identifying five "groupings of evaluation questions and methods" that "constitute the building blocks of evaluation research, and individually or in combination, are recognizable in virtually all evaluation studies" (80). Each building block necessarily rests on the firm foundation of the step beneath, beginning with an assessment of the need for the program (step 1), followed by assessments of the program theory (step 2) and implementation (step 3). Only once these prior steps have been considered might a meaningful assessment of a program's outcome or impact (step 4) be conducted. Finally, an assessment of the program's cost and efficiency (step 5) has the best chance of yielding meaningful results when the previous steps are well established. There is not much sense in determining whether a program has been efficient if it has not yet been determined to be effective. Likewise, evaluating a program's outcomes without consideration of how it has been implemented can lead to what some have termed "black box evaluation," which gives an indication of what programs "work" and "don't work" but offers "no understanding of why they succeed or fail" (Heckman and Smith 1995).

The Program Assessment Rating Tool (PART) implemented by the George W. Bush Administration in 2002 evaluated over 1,000 federal government programs by administering questionnaires divided into four sections. The first took into account "whether a program has a clear purpose and is appropriately designed to achieve its objectives," the second evaluated strategic planning, the third rated program management, and the fourth assessed program results (Breul 2007, p. 24). The inclusion of these four categories reflects the idea embodied in the evaluation hierarchy that not just outcomes and efficiency are important in determining the merit of a given program. Nonetheless, the PART did "render a judgment" as to whether each program was effective after subjecting it to systematic review, and its findings were meant to inform budgeting decisions (Breul 2007, p. 24). It labeled programs either "Effective," "Moderately effective," "Adequate," or "Ineffective"; and if insufficient

evidence was available, a program could be classified under the moniker "Results not demonstrated." PART was subject to accusations of politicization by some, but received praise from the Council for Excellence in Government and Harvard's Kennedy School of Government, whose Ash Institute gave it the 2005 Innovations in American Government Award (Breul 2007, p. 25).

Program evaluations take many different forms, and scholars differ in the theoretical frameworks that they advocate, but there is some consensus among scholars and practitioners alike that evaluation methods and recommendations should be "practical and feasible and conducted within the confines of resources, time, and political context" (Centers for Disease Control and Prevention 2012, Introduction, para. 2). This being the case, most programs will likely never undergo an evaluation that covers all of the building blocks in the evaluation hierarchy. Still, taking a look at those steps here serves as a basis for examining essential aspects of all evaluation.

## Program Need and Stakeholders

Determining the identified need for any given program is a good first step toward evaluating its outcomes. Since public policies and programs can be construed as solutions to identified public problems, it is worth asking just what problem each policy or program is intended to solve. This may seem too obvious a question to ask, yet for programs that have long been in existence, the answer may have never been clearly articulated at the outset, or the problem may have evolved, thus warranting reexamination. A further consideration is that varying stakeholders may disagree about the nature of the problem being addressed and will thus favor different program objectives, making an assessment of outcomes especially difficult.

Naturally, a determination of program need is best done upon a program's inception in a forward-looking manner and is akin to the very first step recommended for policy analysis: problem definition (Bardach 2012). Defining a problem involves describing it and quantifying it so it is clear who is affected, where, and in what ways. "Overwhelming piles of undeniable specifics" attesting to the existence of a problem serve to demonstrate the need for an intervention and can aid consensus for action (Keck and Sikkink 1998, p. 45.) Creators of new programs are now encouraged to consider this step in detail up front, clearly defining the condition to be ameliorated, such as teen pregnancy or illiteracy. Identifying some metrics beforehand that can be assessed after the program has been in operation for a period of time makes it easier to see if the program has made a difference. Evaluators of existing programs must look for explicit evidence of perceived need in foundational program documents or guidelines or implicit evidence gleaned from program operations.

Specificity is required in identifying the target population – those whose behaviors or conditions the program is intended to influence to achieve policy goals. This includes the geographic area in which the target population is found (called the "catchment area" in evaluation parlance) and any other characteristics, such as age or weight, or education level, which might be relevant to program goals. Another population that must be taken into consideration is program stakeholders. These comprise anyone who has a stake in the conduct or goals of the program, either as members of the target population, those who must carry it out, or anyone who stands to benefit or be burdened in some way by its existence. Identifying stakeholders and soliciting their input will give evaluators the best possible sense of the program need and goals and enhance the possibility of the evaluation being useful. The idea of "utilization-focused evaluation" is that its findings should be "used to support making decisions about what works and doesn't work" (Patton 2012, p. 2); rather than sitting "moribund on a shelf somewhere," findings should be strategically disseminated to stakeholders (Chelimsky 2008, p. 413). Despite the apparent wisdom of this aspiration, and increasing statutory emphasis on its importance, there is evidence that evaluation results are often unused; in fact, the General Accountability Office found that federal "agencies' reported use of performance information... generally did not improve between 2007 and 2013" (2014).

## Program Theory and Logic Models

"A program can . . . be thought of as a hypothesis: if a program is implemented as planned, then certain results are expected to follow" (McLaughlin and Jordan 2010, p. 56). This expectation rests on some important assumptions: that the causes of the problem are well understood and properly identified and that the program as designed has the capacity to bring about desired change. Logic models can be used to explore these assumptions and the theories upon which they are based. They can make the underlying rationale of a program explicit to all stakeholders by clearly identifying "antecedent conditions" of the problem (Renger and Titcomb 2002), the desired outcomes of the program, and the resources and activities that will be used to achieve its stated goals.

To identify the causes of the problem addressed by the program being evaluated, Renger and Titcomb advocate asking a series of "why" questions to uncover various causal pathways to the targeted condition (496). Where the problem of obesity is concerned, for instance, the first question asked might be why people are overweight or obese to begin with. One answer to that root question is that people consume too many calories; another is that they are sedentary. A follow-on question to the first answer – that they consume too many calories – would ask *why* people consume too many calories, leading to a couple of answers, including that they more frequently eat in restaurants these days (which serve large portion sizes) or that they are consuming increasingly larger quantities of sugar-sweetened beverages (SSBs). A third series of "why" questions would probe the reasons for these latter two circumstances, and so on, until a broad array of factors are identified. For the model, each condition (obesity, overconsumption, frequent restaurant meals, large quantities of SSBs) would be depicted in a box with arrows showing the sequence of relationships among them. This admittedly simplistic exercise enables the identification of "all the major factors that 'cause' the problem" (McLaughlin and Jordan 2010, p. 64). Once these factors are identified as exhaustively as possible, those targeted by the program under evaluation can be specified. No one program could hope to tackle them all.

After using this type of "backward mapping" to answer "How did we get here?" – to the condition where a policy or program is needed to solve a public problem (McLaughlin and Jordan 2010, p. 68) – a logic model can be drawn that is focused on how and why the program is expected to work, by laying out the program theory. While logic models vary in their use of particular elements, there is broad agreement that they ought to include the following in some form: inputs, activities, outputs, and outcomes (divided into categories of short, medium, and long term). A good first step in creating such a model is to start with the long-term outcome of interest and work backward in filling in the rest of the model. The long-term goal of any program might be characterized as its broadest, perhaps even loftiest, objective. So, for a program aimed at reducing consumption of SSBs, the long-term goal might be expressed as being, "To reduce the condition of obesity in the target population in order to enhance health and well-being, and reduce costs associated with being obese." An intermediate goal of such a program might be to change a behavior that leads to the problematic condition, such as consuming SSBs. And short-term goals could be aimed at creating the conditions that could lead to behavior change, such as educating people about the calorie content of SSBs and the health implications of consuming them or making SSBs more expensive through taxation to reduce sales. As this progression suggests, programs can be seen as being "based on a series of . . . theories about what is important to do if the participants are to achieve success" (Birckmayer and Weiss 2000, p. 408).

The outcome section of any logic model should be collectively focused on changes to be brought about in the target population in order to mitigate the identified problem in the short, intermediate, and long term, while the input, activity, and output section is focused on the workings of the program itself. Inputs are the resources, including human and financial, that are needed to support the program; activities are the things that the program does to reach the target population through the

provision of goods or services, or any other actions it might take to bring about desired change; and outputs are countable things that a program produces (McLaughlin and Jordan 2010). These first steps in the logic model are useful for program managers in planning how to bring about the desired outcomes and are important considerations for program implementation.

## Program Implementation and the Purpose of Evaluation

Scholars have identified the primary purposes of evaluation including (1) program improvement, (2) accountability, (3) knowledge generation, and (4) hidden agendas (Rossi et al. 2004). Evaluation aimed at program improvement is known as formative evaluation, and it necessarily focuses on program implementation, or the processes by which the program is carried out. Summative evaluation, on the other hand, is concerned with a big picture answer regarding program effectiveness and is not concerned with the program inputs and activities that are undertaken to achieve program ends. For accountability purposes, a summary judgment of whether a program is effective or ineffective is what stakeholders seem to desire most. While the relative merits of formative versus summative evaluation have long been debated, there has been increasing acknowledgment of evaluation's more general utility beyond this limited, dualistic paradigm (Patton 1996). These remaining purposes of evaluation reflect what might be characterized as both lofty and base aspirations. Methodologically well-done evaluation can add to the body of knowledge in relevant fields and improve practice beyond the confines of any individual program. Conversely, politically motivated evaluation can be steered by hidden agendas to advance or subvert particular programs for self-serving reasons more than by methodological purity or public interest.

For whatever purpose a program is being conducted, its findings will likely be more credible and valid if it takes program process, otherwise known as implementation, into account. A program may be put in place to address an identified need and be based on sound theory as to why it is expected to work, but if it is not well implemented, its chances of achieving desired ends are diminished, or scuttled altogether. A study of welfare reform in the state of California in the 1990s is often cited to illustrate this point (Meyers et al. 1998). Public sentiment in the United States during this period had coalesced around a widely agreed upon need for reform. In order to address perceived inefficiencies in the existing welfare system, new program theory was postulated, which operated on the belief that the indefinite provision of government support to the target population would lead to ongoing dependency, inefficiencies, and fraud. The "Work Pays" program was designed to fundamentally change the nature of welfare in California, most prominently provided by what was then known as the federal Aid to Families with Dependent Children (AFDC) program. "Work Pays" was meant "to materially influence the work behavior of AFDC recipients by establishing incentives to work and disincentives to remain on AFDC" (Meyers et al. 1998, p. 5). Yet study of the program's implementation found that frontline workers rarely conveyed information about the changed policy to program clients. Though embraced by state lawmakers and at high levels in the California Department of Social Services, the program had never been fully implemented by "street level bureaucrats." Therefore, it could not have been expected to bring about desired behavioral changes in the target population, and may in fact have caused some harm, by failing to inform clients about reduced benefits and mechanisms for accessing work opportunities.

Program process monitoring can help to avert such undesirable outcomes. Since the 1990s it has been advocated as "a key component of informed public management… for improved public sector performance" (Wholey and Hatry 1992). Identifying and regularly measuring essential activities and conditions can identify shortcomings before they might cumulatively contribute to a program's failure or significantly diminished performance. Process monitoring itself also serves as a mechanism of public accountability. The Recovery Accountability and Transparency Board (Recovery Board), for instance, was established by Congress to oversee funds

appropriated by the American Recovery and Reinvestment Act of 2009, and its website, Recovery.gov, gave weekly, publicly available updates about how those funds were being obligated and expended. The General Accountability Office (GAO) determined that Recovery Board oversight, by ongoing monitoring of performance using data analytics, did in fact help in identifying instances of fraud in the course of program operations (GAO 2015).

### Program Outcomes and Evidence of Effectiveness

"An outcome is the state of the target population or social conditions that the program is expected to have changed" (Rossi et al. 2004, p. 204). According to Rossi, Lipsey, and Freeman, a program cannot claim success without some measure of beneficial change in a given social area. Even though the measures of such outcomes can seem pretty straightforward, identifying and getting access to relevant data can be difficult. If a program seeks to reduce consumption of sugar-sweetened beverages (SSBs) for the purposes reducing the incidence of obesity in children in a public school system, evaluators will have to either identify existing indicators to measure program process and outcomes, or go about collecting and measuring the necessary data. The long-term outcome of reducing obesity might be measured by the body mass index (BMI) of students, but this data may not be publically available, or available for the specific population of interest. A measure of the intermediate outcome of reduced consumption of SSBs among students might be gleaned from soda sales in school vending machines, or surveys of students reporting on their consumption, but each of these measures presents its own challenges. Vending machine sales cannot capture all consumption, and self-reports on surveys may suffer from mistakes in reporting due to deliberate misrepresentation or faulty memory. These are just a couple of examples of the difficulties and inaccuracies to be expected when attempting to make determinations of program outcomes. Still, while they may not give us exact numbers, such measures can provide an indication of the magnitude and trend of the problem in target populations and thus be useful in planning to mitigate it by conveying a general idea of the size and shape of the problem.

Requiring programs to have measurable indicators is essential, but not without pitfalls and at times may even distort program activity. The most resonant example of this may be "teaching to the test," a problem much bemoaned in the wake of the No Child Left Behind Act of 2001, which many feel led to an overemphasis on standardized testing in US schools, even while it sought to eradicate educational disparities. Similarly, an initiative by the Illinois Department of Public Aid to more fairly reimburse nursing homes for Medicaid patients according to the level of care received (meaning that it paid more for especially ill patients) actually seemed to increase the number of bedridden residents (Osborne and Gaebler 1992).

Nonetheless, the persisting influence of the reinventing government movement's emphasis on the importance of focusing on outcomes (Jossi 2004) is evident in publications such as Ezekiel Emmanuel's 2014 book *Reinventing American Healthcare* in which he identifies, for each area of the Affordable Care Act, "specific measures" and "quantitative metrics" that might ultimately be used to assess the Act's success or failure. More consequentially, the Government Performance and Results Modernization Act of 2010 renewed and deepened the commitment of the original GPRA of 1993 by requiring each agency to have publicly available mission statements "including outcome-oriented goals, for the major functions and operations of the agency" (2010, Section 2, a, 2).

The purpose of focusing on outcomes is to ensure that programs are achieving meaningful improvements in situations where public problems persist and that those results can be demonstrated with credible evidence. Evaluators are urged to use the soundest methodologies available in reaching conclusions regarding program effectiveness. Such evidence will be but one factor in decision-making regarding programs due to political and ideological differences among stakeholders. At times, even strong evaluation results are stubbornly disbelieved. This was the case with

the Drug Abuse Resistance Education (D.A.R.E.) program, which communities largely continued to support even though evaluations found that it "is not effective in preventing adolescent drug use" (Birkeland et al. 2005, p. 248).

Experimental design is considered to be the "gold standard" in assessing program effectiveness. It requires randomly assigning program-eligible targets to one of two groups: the intervention group, which participates in the program of interest, and the control group, which does not. In the case of D.A.R.E., this would involve identifying all students eligible to receive D.A.R.E. training in a given location and then dividing them into an intervention group that receives the training and a control group that does not. Random assignment is meant to ensure that each group has people with the same mix of characteristics, so that when the effect of the intervention is measured, the only difference of consequence will be their program participation. So, if students who attended D.A.R.E. training were in fact less likely to use drugs later in their teen years, that beneficial change could be attributed to the program.

Often it is not possible to conduct such experiments, also known as randomized controlled trials (RCTs), due to the expenses involved and ethical considerations about withholding program services from eligible would-be recipients. It is often more practical and feasible to evaluate program effect by using quasi-experimental assessment "in which control groups are constructed by nonrandom means" (Rossi et al. 2004, p. 266). These techniques include making up a group of controls by matching selected characteristics of the program group, measuring the same program targets before and after an intervention (known as a simple "pre-post design"), and using statistical controls, among others (Rossi et al. 2004). Without random assignment, though, quasi-experiments run the risk of introducing bias into the estimation of program effects, leading to programs potentially taking either credit or blame for outcomes due not to program participation, but to some preexisting characteristic of the comparison groups.

The more "scientific" a study is, the more credible and useful it will be. Newcomer et al. (2010) have developed a "pyramid of strength" for designing evaluations capable of producing credible findings. The base is built on valid and reliable measures, followed by internal and external validity for the sake of generalizability of findings, and statistical conclusion validity, which requires an adequate sample size (12). The stronger the evidence, the better chance of convincing any program's inevitable detractors of its worth, assuming that its findings offer evidence of beneficial program effect.

## Efficiency

All organizations, whether public or private, must be concerned with the question of efficiency, as budgets almost always have limits, and programs are accountable to stakeholders, whether they are taxpayers, lawmakers, managers, stockholders, or philanthropists. At a minimum, programs should strive to substantiate whether their costs justify any purported benefits. The two primary types of evaluation available for this purpose are cost-benefit analysis (CBA) and cost-effectiveness analysis. Both require that program costs to be monetized, which is not too difficult a requirement, as programs must have some accounting of the costs they incur. It is accounting for benefits that can be trickier, as some program benefits are considered to be a bit intangible, such as the value of a human life saved or the value of a beautiful view made possible by the cleanup required in an environmental statute. Despite the discomfort of some in placing a dollar value on such benefits, it is routinely done by the likes of insurance companies and the Environmental Protection Agency, which is in many cases required by law to conduct CBA. Cost-effectiveness analysis can be more comfortable for decision-makers regarding social programs, as benefits are expressed in terms of substantive benefit achieved per dollar expended. A smoking cessation program, for example, might express the benefit in terms of the number of smokers who quit for every program dollar expended. Though efficiency, however measured and expressed, is the final step in Rossi, Lipsey,

and Freeman's evaluation hierarchy, it is likely to be foremost in the minds of most decision-makers.

### A Note on Measurement

The New Public Management model that arose in the late twentieth century favors the use of performance measures to evaluate how well programs have achieved their goals (Pfiffner 2004, p. 8). The focus on meaningful outcomes versus mere inputs and outputs is intended to increase public sector efficiency and accountability. Critics of this approach note how difficult it can be to put into practice, since public goods are fundamentally different from goods produced in the private sector. One detractor has even remarked that "There is an inverse relationship between the importance of an indicator and the ease, or even possibility, of its quantification" (Perrin 1998, p. 372). This frustration arises from the fact that indicators for conditions such as juvenile delinquency, for example, which some public programs aim to reduce, can be numerous and disparate, including proxy or indirect measures ranging from self-esteem to school grades to involvement with the justice system (Poulin et al. 2000). Assessment can be further complicated by the need to demonstrate a dollar value for desired changes in the target condition. Despite the difficulties in calculating the net benefits of social programs that strive to meet needs unmet by the market, accountability and evidence of efficiency are now routine requirements. Policymakers and public administrators should include a strong measurement component from the beginning of any program's design phase. That way, when called upon to report outcomes, they will be able to respond with some specificity and credibility to Mayor Koch's prescient question, "How're we doing?"

## Conclusion

Evaluation has been described most glowingly as a "shining path to social betterment" (Henry 2003) and more pragmatically, in its experimental form, as "a refining process superimposed upon the *probably* valuable cumulations of wise practice" (Campbell and Stanley 1963, p. 4). In either case, it is prized for the analytical rigor and empiricism it offers to public decision-makers in an era when evidence is increasingly valued more highly than instinct. By its application, it is hoped that social problems can be mitigated, public expenditures optimized, government transparency and accountability safeguarded, and public confidence in the democratic process restored.

## Cross-References

▶ Performance Evaluation and Reporting
▶ Politics in Program Evaluation

## References

Bardach E (2012) A practical guide for policy analysis: the eightfold path to more effective problem solving, 3rd edn. CQ Press, Washington, DC. ISBN 978-0-87289-952-0

Birckmayer JD, Weiss CH (2000) Theory-based evaluation in practice. Eval Rev 24(4):407–431

Birkeland S, Murphy-Graham E, Weiss C (2005) Good reasons for ignoring good evaluation: the case of the drug abuse resistance education program (D.A.R.E.). Eval Program Plann 28:247–256

Breul JD (2007) Three Bush administration management reform initiatives: the President's management agenda, freedom to manage legislative proposals, and the program assessment rating tool. Public Adm Rev 67:21–26

Campbell DT, Stanley J (1963) Experimental and quasi-experimental design for research. Wadsworth

Centers for Disease Control and Prevention (2012) Introduction to program evaluation for public health programs: a self-study guide. Available at http://www.cdc.gov/eval/guide/introduction/#ftn5

Chelimsky E (2008) A clash of cultures: improving the 'fit' between evaluative independence and the political requirements of a democratic society. Am J Eval 29(4):400–415

Government Accountability Office (2015) Preserving capabilities of recovery operations center could help sustain oversight of federal expenditures. September GAO-15-814 Available at http://www.gao.gov/assets/680/672473.pdf

Government Performance and Results Act (1993) Office of management and budget. Retrieved from https://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m

Government Performance and Results Modernization Act (2010) Office of management and budget. Retrieved

from https://www.whitehouse.gov/omb/performance/gprm-act
Heckman JT, Smith JA (1995) Assessing the case for social experiments. J Econ Perspect 9(2):85–110
Henry G (2003) Influential evaluations. Am J Eval 24(4): 515–524
Jossi F (2004, March 22) Best program strategies focus on outcomes. Federal Times, p 16
Keck ME, Sikkink K (1998) Activists beyond borders: advocacy networks in international politics. Cornell University Press, Ithaca
McLaughlin J, Jordan G (2010) Chapter 3, Using logic models. In: Wholey J, Hatry H, Newcomer K (eds) Handbook of practical program evaluation, 3rd edn. Jossey-Bass, San Francisco, pp 55–80
Meyers MK, Glaser B, MacDonald K (1998) On the front lines of welfare delivery: are workers implementing policy reforms? J Policy Anal Manage 17:1
Newcomer KE, Hatry HP, Wholey JS (2010) Chapter 1, Planning and designing useful evaluations. In: Wholey JS, Hatry HP, Newcomer KE (eds) Handbook of practical program evaluation, 3rd edn. Jossey-Bass, pp 5–29
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading
Patton MQ (1996) A world larger than formative and summative. Eval Pract 17(2):131–144
Patton MQ (2012) Essentials of utilization-focused evaluation. Sage Publications, Thousand Oaks
Perrin B (1998) Effective use and misuse of performance measurement. Am J Eval 19(3):367–379
Pfiffner J (2004) Traditional public administration versus the new public management: accountability versus efficiency. In: Benz A, Siedentopf H, Sommermann KP (eds) Institutionenbildung in Regierung und Verwaltung: Festschrift fur Klaus Konig. Duncker & Humbolt, Berlin, pp 443–454. Available at http://pfiffner.gmu.edu/files/pdfs/Book_Chapters/NewPublicMgt.doc.pdf
Poulin ME, Harris PW, Jones PR (2000) The significance of definitions of success in program evaluation. Eval Rev 24(5):516–536
Renger R, Titcomb A (2002) A three-step approach to teaching logic models. Am J Eval 23:493–503
Rittel WJH, Webber MM (1973) Dilemmas in a general theory of planning. Policy Sci 4:155–169
Rossi PH, Lipsey MW, Freeman HE (2004) Evaluation, a systematic approach, 7th edn. Sage Publications, Thousand Oaks
Scott E, Leone R (1984) Registry of motor vehicles: Watertown branch. John F. Kennedy School of Government, Case number C16-84-580. Harvard University, Cambridge, MA
US General Accountability Office (2014) Agencies' trends in the use of performance information to make decisions. GAO-14-747 (September 26). Available at http://www.gao.gov/products/GAO-14-747
Wholey JS, Hatry HP (1992) The case for performance monitoring. Public Adm Rev 52:604–610

# Project Management in Government Organizations, Russia

Igor Khodachek
Department of Comparative Political Studies, North-West Institute of Management, Russian Presidential Academy of National Economy and Public Administration, Moscow, Russia

## Synonyms

Management control system; Project planning framework

## Definition

Project management represents plethora of planning, accounting and management control techniques applied to deliver specific, often strategically important policy initiatives in hierarchical bureaucratic governance regime within certain timeframe, budget limitations and scope in order to satisfy key stakeholders.

## Introduction

The Russian story of project management in government organizations is interesting due to the overall strong role of the state in the country and its intricate bureaucratic ethos which are not in all ways similar to modern understanding of bureaucracy (Makeyenko et al. 1999; Sager and Rosser 2009). What underlying model that stands behind the contemporary Russian bureaucracy is a disputable question, while it is known to inherit both Soviet planning practices and New Public Management (NPM)-like corporate techniques. However, the corporate sector of Russia's economy in turn has its own specificity due to the dominance of state corporations and state-owned companies. Altogether this implies the prevalence of large top-down management control systems used

primarily to sustain existing hierarchies and therefore focused on compliance and reporting rather than effectiveness and efficiency.

Starting with early years of Post-Soviet Russia the project management practices developed gradually and gained state actors' attention only within a recent decade. The implication behind the federal government interest in project management were social investments within Dmitrii Medvedev's presidency and major infrastructure development initiatives of 2010s that required huge coordination efforts both from federal ministries and private suppliers in various sectors. Since mid-2010s, the so-called national projects became one of the main policy implementation tools together with program-based budgeting and state strategic planning framework.

At the current point of time the national projects serve as a ubiquitous top-down management control system that transcend from federal to the local level and secure long-term federal policy goals with 2030 as a planning horizon. The project management system, created within recent 15 years is complex and sophisticated and in many ways reflect the nature of Russian hybrid bureaucratic governance. The next sections explain the background of the current state of project management in government organizations and trace key steps in the development of project management practices in Russia.

## Hybrid Nature of Russian Governance

Russian state is known to be a successor to Russian Empire and Soviet Union. After collapse of USSR in 1991, Russia passed series of rapid societal transformations, which constructed hybridized governance framework that embraced management tools and technologies from different ideologies (Khodachek and Timoshenko 2018). Pollitt (2008) denies proliferation of Weberian *Public Administration* tradition in Russia due to the lack of democratic institutions and claims that Soviet background is an important feature that distinguishes Post-Soviet contexts from Western European democracies. Other scholars also claim strong sediments of Soviet past together with New Public Management (NPM) style of public administration (Antipova and Bourmistrov 2013), leading to principles of managerialism coming together with "rule of law," "expert knowledge," "secrecy," "tight control," "importance of plans," and "nomenklatura".

Besides, the Russian story of project management development becomes interesting because of the role of the state in economy and, therefore, potential project management market with its players. Since 1999, Russian state became its resurrection and regained control over 70% of the country GDP by 2015. This happened through nationalizing major assets with fueling the welfare infrastructure Russian state introduced new form of state-owned enterprises – state corporations, e.g., nuclear technologies (Rosatom), nanotechnologies (Rosnano), and high-tech industry (Rostech). Together with major state-owned enterprises like Russian Railways, Gazprom, Rosneft, Rostelecom, Rosseti, Sberbank, etc., the state corporations became an indispensable part of project management market in terms of consulting services, software and project personnel.

## Origins of Project Management in the Post-Soviet Russia

With minor exceptions public management innovations were not evident within the first decade of independent Russia. The few known include target-oriented budget programs and government accounting reforms. However, project management practices transcended into government organizations through Russia's engagement into international cross-border cooperation programs such as TACIS and Interreg.

Early 2000s marked the state renaissance in Russia that sparked the consequent interest in government modernization agenda, which, however, was primarily focused on budgeting and government accounting innovations (Aleksandrov et al. 2021) and has turned to projects only in 2005.

After several months of preparations, four major national projects have commenced on January 1st, 2006: "Health," "Accessible and comfort housing," "Education," and "Agriculture" (TASS 2019). The outputs of the first generation of national projects became one of the key achievements of Dmitrii Medvedev's shift as the prime minister and later his presidency.

The main idea of the national projects was the concentration of financial and administrative resources at the limited number of initiatives that altogether had to enhance the quality of life. Medvedev's election in 2008 has coincided with major financial and economic crisis, which has effectively restricted the ambitions of the national projects. Nevertheless, the basic project vocabulary was adopted by many government agencies and the prototype of the project office has been created at the federal government staff thus enhancing the overall project culture of Russian bureaucracy.

## Sochi 2014 Olympics as a Catalyst of Project Management Competences

The mass-scale application of project management techniques in Russia's public sector can be traced to Sochi 2014 Olympics when the federal government and Russia's National Olympic Committee had to create world-level infrastructure for winter Olympic games in Northern Caucasus mountains literally from the scratch. Besides outdoor winter sport facilities, hotels and stadiums, the Sochi endeavor included major transport infrastructure construction that engaged state corporations and state-owned companies such as Russian Railways (rail connection from Sochi to the Olympic village) and Rosavtodor (highways). The project management techniques relied on Project Management Institute (PMI) and International Project Management Association (IPMA) methodologies and employed professional software such as Microsoft Project and Oracle Primavera. Besides, the Sochi Olympics projects have raised several thousands of managers who have boosted project management competences in all sectors, government organizations included.

## National Projects as a Policy Implementation Tool

After the re-election of Vladimir Putin in March 2018, the federal government agenda focused on the second generation of national projects, which served as a strategic management tool to implement the promises made during the election campaign. President's decree #204 "On national goals and strategic tasks of development of Russian Federation until 2024" issued May 7, 2018 became policy framework for national projects in 12 areas. In October 2018, the federal government issued the government decree #1288 "On organizing project activities in Government of Russian Federation" that created the legal framework for design and implementation of national projects.

The decree #1288 introduced vocabulary and guidelines for project management in government organizations through four types of projects: national, federal, ministerial, and regional. In the hierarchy of government projects national projects provide the achievement of goals, indicators, and tasks set by decree #204, while federal projects provide the achievement of goals, indicators, and tasks set by national projects and ministerial projects provide the achievement of goals and indicators of federal executive authority (Decree #1288 2018). Regional projects provide the achievement of goals, indicators, and tasks of federal projects in the areas legally assigned to regional and/or local authority.

Thus, by the beginning of 2019, Russian federal authorities created comprehensive strategic long-term (5 year) national priorities agenda and a bureaucratic governance framework based on national projects to support the implementation of this agenda. The framework, which transcended all levels of governance is rather rigid in terms of delegation and control mechanisms but provides a certain degree of openness to accommodate new initiatives at lower levels of bureaucracy through ministerial and regional projects. This framework is supported by federal standards and national project management center of excellence at Russian Presidential Academy of National Economy and Public Administration (RANEPA), which provides retraining programs for civil servants and public sector managers.

While the ecology of project management techniques in Russian government organizations is primarily dominated by "hard" frameworks such as PMI, IPMA, and PRINCE2, a special tribute has to be paid to Russian agile community, mainly consisting of IT professionals. The agile project management ideology is also, although indirectly, supported by the Russian state through Sber, a state-owned bank, which is currently in the process of transformation into an IT company. In 2019, RANEPA has issued a comprehensive open-access guide "Agile-approach in public management" in cooperation with the federal Ministry of communications (RANEPA 2019). The guide addresses key features of agile framework and how it may be bridged with public management culture and consequently its application in government organizations.

## National Project Management Standards

There are three generations of national standards for project management in Russia. The first generation has been issued in 2011 and comprises of three standards:

- GOST R 54869 – 2011 "Project management. Requirements for project management" (GOST 2011a).
- GOST R 54871 – 2011 "Project management. Requirements for program management" (GOST 2011b).
- GOST R 54870 – 2011 "Project management. Requirements for project portfolio management" (GOST 2011c).

The second generation is a single standard issued in 2014: GOST R ISO 21500-2014 "Guidance on project management," which is identical to the international ISO 21500:2012 Guidance on project management (GOST 2014).

The third generation has been issued in 2018 and consists of two standards:

- GOST R 58305-2018 (GOST 2018a) "Project management system. Project office".
- GOST R 58184-2018 (GOST 2018b) "Project management system. Basics".

All standards are voluntary and are rarely referred to in official government project management guidelines, but serve as an important reference for the professional community.

## Conclusion

The project management in Russian government organizations carries many features essential for Russian public governance: hybridized nature, hierarchical top down control, and bureaucratization. At the same time, the project management practices in Russia have developed gradually within recent 30 years and have received valuable influence from internationally recognized techniques, methodologies, and frameworks. This influence may be traced back to cross-border cooperation projects in the 1990s and has continued with Sochi Olympics infrastructure projects, which would not have been possible to accomplish without a proper project management framework. With this said, starting with the first generation of national projects, the project management in Russia's government organizations is primarily seen as a policy implementation tool. Projects as such are valued because they provide concentration of financial and administrative resources and promise clear focused deliverables within certain budget and time span. Within recent 15 years, there has been issued six national standards on project management. The project management practices in government organizations in Russia are generally strongly influenced by "hard" frameworks and methodologies. However, there is a growing community that supports agile approaches and its application in the public sector.

## Cross-References


- ▶ Government Structure in Russia
- ▶ Innovation and Tradition in Public Administration Reform: Case of Russian Central Governmental Budgeting
- ▶ State Strategic Planning System, Russia

## References

Aleksandrov E, Khodachek I, Bourmistrov A (2021) Performance budgeting across government levels in Russia: from dialogic aspirations to monologic implementation. In: Hoque Z (ed) Public sector reform and performance management in developed economies: outcomes-based approaches in practice. Routledge, pp 292–317

Antipova T, Bourmistrov A (2013) Is Russian public sector accounting in the process of modernization? An analysis of accounting reforms in Russia. Financ Account Manag 29(4):442–478

Decree #1288 (2018) Government Decree #1288, issued 31/10/2018 "On organizing project activities in Government of Russian Federation". http://www.consultant.ru/document/cons_doc_LAW_310151/

GOST (2011a) National standard GOST R 54869 – 2011 "Project management. Requirements for project management". https://www.isopm.ru/metodicheskie_osnovy/gosts/gost-r-54869-2011/

GOST (2011b) GOST R 54871 – 2011 "Project management. Requirements for program management". https://www.isopm.ru/metodicheskie_osnovy/gosts/gost-r-54871-2011/

GOST (2011c) GOST R 54870 – 2011 "Project management. Requirements for project portfolio management". https://www.isopm.ru/metodicheskie_osnovy/gosts/gost-r-54870-2011/

GOST (2014) National Standard GOST R ISO 21500-2014 "Guidance on Project Management". https://standartgost.ru/g/%D0%93%D0%9E%D0%A1%D0%A2_%D0%A0_%D0%98%D0%A1%D0%9E_21500-2014

GOST (2018a) National standard GOST R 58305-2018 "Project management system. Project office". https://www.isopm.ru/metodicheskie_osnovy/gosts/gost-r-58305-2018/

GOST (2018b) National standard GOST R 58184-2018 "Project management system. Basics". https://www.isopm.ru/metodicheskie_osnovy/gosts/gost-r-58184-2018/

Khodachek I, Timoshenko K (2018) Russian central government budgeting and public sector reform discourses: paradigms, hybrids, and a 'Third Way'. Int J Public Adm 41(5–6):460–477

Makeyenko PA, Gabrielian V, Holzer M (1999) The new Russian bureaucracy: what is new about it? Int J Public Adm 22(1):13–37

Pollitt C (2008) An overview of the papers and propositions of the first Trans-European Dialogue (TED1). The NISPAcee Journal of Public Administration and Policy Special Issue: A Distinctive European Model? The Neo-Weberian State. vol. 1(2). Winter 2008/2009.

RANEPA (2019) Agile-approach in public management. Digital transformation navigator. Russian Presidential Academy of National Economy and Public Administration. https://gosagile.cdto.ranepa.ru/

Sager F, Rosser C (2009) Weber, Wilson, and Hegel: theories of modern bureaucracy. Public Adm Rev 69(6): 1136–1147

TASS (2019) The history of national projects in Russia. https://tass.ru/info/6101471

# Proletarian Power

Mustafa Görkem Doğan
Faculty of Political Sciences, İstanbul University, İstanbul, Turkey

## Synonyms

Dictatorship of the proletariat; Proletarian rule; Rule by the working class

## Definition

Marxist political theory maintains that power rests with the dominant social class; hence, class rule is the only possible rule. The capitalist societies are ruled by the capitalist class, the bourgeoisie. Proletarian power then occurs when the bourgeoisie is overthrown by the proletarian class in order to establish a classless society. Proletarian power thus exists in polities in which the proletarian class is the ruling class.

## Introduction

The term proletarian power denotes that political power rests in the proletarian class in a society; hence, the proletariat is its ruling class. The term ruling class, by the way, did not enjoy a widespread use among the students of politics. Once Charles Wright Mills argued that it is "badly loaded" since it implies "an economic class rules politically" (Mills 1956) which did not fit into the liberal dichotomy between civil society and state in which these two spheres are remarkably remote from each other. However, the Marxist political theory argues that in a higher level of abstraction, only social classes rule. Therefore, according to

Marxist political theory, in any given polity, the dominant class holds the political power, and if proletarian class achieves to overtake the political power, we can talk about proletarian power.

In order to define and contextualize the proletarian power, first, we will briefly summarize differing approaches to the role of political power and its relationship to society at large and the Marxist critique of these theories. Then, the classes in the capitalist mode of production will be briefly explored; lastly, the theoretical analysis of some historical instances of proletarian power from the Paris Commune to the Russian Revolution will be explored.

## Who Rules?

Where do the rulers, the political elite, originate from in a polity? Apart from the Marxist tradition, the political theory does not usually point to a single factor in finding the answer to the question "who rules." The liberal theory assumes a divide between the civil society and the state so as to make the social relations in the former not to reflect on the latter. The asymmetrical power relations between different income groups, genders, or races have only an indirect effect in determining the cadres of the political elite according to this approach. Moreover, none of these social factors enjoys a special ascendancy over the others in influencing the political decision-making process. That is to say, one cannot single out one type of social relation in the civil society, conditioning the institutional structure and working of the government.

To sum up, the strict divide envisioned between economic and political spheres in the liberal political theory impedes the conceptualization of a meaningful link between the unequal economic relations in a society and relationships of power and dominance conditioning the political decision-making process of the same society. Hence Professor Mills above quoted remark on the awkwardness of the claim about an economic category acting in political sphere. Those who enjoy an advantageous status in economic relations in the society may have an impact on political decision making, but this is not a necessity according to the liberal political theory. Politics is an autonomous sphere of social relations. However, erasing the divide between civil society and state hence linking economics to politics does not necessarily mean that such theories would conceive class rule. The Hegelian approach is a case in point.

The Hegelian notion of state, in line with his philosophical method and disdain for liberal conceptions, assumes the transcendence of the particular interests represented in the civil society by the universal interest represented by the state as a whole (Hegel 1991). That is to say, the civil society is full of competing social groups representing their particular interests, and civil society is the sphere where this competition meant to exist, whereas the state is conceived as on top of these quarrels of particularities in order to rule these quarrels according to the universal interest of the whole. The civil society (bourgeois society if we prefer the literal translation) is the domain of economic relations between different sectors of society, say employers and employees, each vying for its particularistic claim based on its perceived interests. The civil society in this respect is full of antagonisms in need of resolution.

The resolution on the other hand cannot be crafted from within the civil society which is indeed the very domain of these competing interests. It must be given from a higher vantage point transcending these particularistic claims. This is where state enters the scene. The state apparatus must not be a party to the cited particularities and acts as a neutral arbiter among those. In this, the universal idea would be its guiding principle, meaning it would not succumb to particularistic interests existing in the polity and rule neutrally considering the good of the greater whole. Indeed, Hegel, to the dismay of a disenchanted Marx, refers implicitly to the bureaucracy as the social group representing the universal. In a word Prussian state apparatus rules the civil society by transcending the clashing particularistic claims of different sectors of the Prussian society. Therefore, there is a link between politics and economics, but this connection is a hierarchical relation

where the politics manage the economics. Hegel obviously perceives social ills of his time yet he relies on the state for their cure.

The young Marx objected vehemently to this schema while accepting that the political sphere has a close connection to the economic sphere. In his youth, he argues that only a democratic state which means a state representing every single citizen can be accepted as representing the universal. In that, he was still using the Hegelian formula, yet refuting Hegel's praise for the Prussian state. Where Hegel perceives a purposeful unity and the ultimate end of a progressive march of history, Marx sees a corrupted and reactionary political regime. Indeed, many of Marx's contemporaries saw the existing states as the main culprit of the social ills ravaging the humanity and suggest solutions accordingly.

About this time, Marx moved to Paris witnessed the lively radical working-class atmosphere and connected with Friedrich Engels who had similar experiences in Manchester. Later in the mid-1840s in Brussels, two men realized that, analyzed in a higher level of abstraction, the state is not the cause of social and political phenomena but rather a reflection of the social relations taking place in the civil society. Therefore, state is not a transcendent universal managing the antagonisms of particularistic interests taking place within the civil society; it is shaped by those very antagonisms. The main subjects of these antagonisms are social classes. Moreover, the Hegelian philosophical method is also refuted and reversed since the particular must be understood in order to grasp the universal and not vice versa. This is where Marx turned Hegel on its head, and this is why he undertook the study of the political economy resulting in the publication of *Das Kapital*.

## Enter the Proletariat

The Marxist tradition argues that to find the answer for the question "who rules," one must decipher the social relationship constituting the material reproduction process of a polity. In a higher level of abstraction, the mode of production comprised of social relations of production and forces of production determines the overall institutions of political power such as legal systems or even religions. The capitalist mode of production, the underlying factor behind the dominant political systems in Europe at least from the early nineteenth century onward, thus became the main target of analysis for understanding the power structure of the modern western states.

Who rules the capitalist state then? The simple and straightforward answer is "bourgeoisie." Marx calls the capitalist class as the bourgeoisie since this is the term used by the students of the French Revolution at the time. The bourgeoisie overthrew the old political order in France. They replaced the old ruling class since "a group that can embody society's universal interest in a permanent way but in a particular historical context, the context of revolution, the universal significance of a given class may coincide with its particular role, its selfish interests may at this conjuncture coincide with the interests of the masses and the universal rights of society" (Draper 1977). This means simply that in Hegelian terms, the particularistic interest of the bourgeoisie in the context of the French revolution matched the universal interest of the humanity. Consequently, the bourgeoisie was able to shape the political power in its own interest on the basis of its dominance in the civil society, in the social relations of production.

The history did not end there though according to Marx. The particularistic interest of the bourgeoisie came short to heal all the social ills that thwart the human emancipation. The class antagonisms continue to exist in the civil society under the capitalist mode of production pitting proletarians against bourgeoisie. Naturally social cleavages visible in the civil society are more complex than a mere two-faction struggle, yet on an abstract level, all of these competing interests can be regressed to this basic antagonism where proletarians defied the bourgeoisie. But who are the proletarians?

Social classes are often mentioned in Marx's own work, yet the only attempt to define them is an incomplete chapter at the end of the third volume of the *Capital* where Marx argued that having a common source of income does not

bind people into social classes and said nothing else (Marx 1977). A strict Marxist definition of the term must emphasize that proletarian class does not own the means of production and hence economically forced to choose to sell their labor power for their subsistence in the capitalist society. The term in its Roman usage denotes the citizens with the lowest income, and during Marx's time, the term was still in use to imply the poorest section of the capitalist society. Marx gave it a specific meaning as one of the two main social classes under the capitalist mode of production. More importantly, proletariat is the class whose particularistic interest overlaps with the universal interest of the human emancipation under the social and economic circumstances of the capitalist system. Therefore, in the coming revolution that would overtake the capitalist system, it will play the part played by the bourgeoisie in the French Revolution.

## What Does Proletarian Power Entail?

According to the Marxist tradition, proletarian power is not a mere political utopia. In the preface to the 1891 edition of Marx's third book of the French Trilogy, *The Civil War in France*, Friedrich Engels cited the Paris Commune as the perfect example of the dictatorship of the proletariat. Thus, the 9-week experience of the Parisians with self-rule actually is an example of the proletarian power at work. Indeed, Marx's book is a vivid description of the political machinations leading to the days of commune and of the politics during the heroic days of Parisian defiance. Marx not only delved into the daily events (in fact, the foremost chronicler and witness of the Commune Prosper-Olivier Lissagaray was one of his close friends), but most importantly, he analyzed the deeper motives that condition the political strategies of the social actors. Thus he shed light on the class basis of the politics.

During the Paris Commune, the executive and the legislative powers were united in a single body assembly consisted of ninety-two seats. That means roughly one representative for every twenty-thousand Parisians. Commissions were established to oversee the daily management of the city. The Central Committee of the National Guard also played a prominent role in the Parisian politics. At last, the Commune was brutally terminated by the forces of bourgeoisie. Marx hailed the Commune and the Parisian proletariat as the harbinger of the coming society (Marx 1933). This new society still needed mechanisms of political rule, but its ultimate goal would be the withering away of the state apparatus. Thus, proletarian power, the dictatorship of the proletariat, would compose a caretaker ruling class, while the social transformation amounting to complete human emancipation will eradicate the material basis and the means of class rule including the institution of state.

This short-lived instance of proletarian power in Paris set the example for the future generation of revolutionary politicians who are interested in working-class politics. They tried to draw lessons both from the heroics and shortcomings of the Paris Commune. However, the history during the last quarter of the nineteenth century proved that the capitalist system is resilient enough to respond successfully to the demands of the working people so as to prevent proletarians to constitute a politically self-conscious social class ready to press its political claims. The particularistic political and economic claims of the proletariat to destroy the shackles of capitalist mode of production which according to the Marxist theory would embody the universal goal of emancipation of humankind did not coincide with the context of political revolution. Political revolutions did occur as in 1905 in Russia or in 1908 in Ottoman Empire, yet apart from constitutional changes, nothing of the sort of sweeping structural social transformation in the mode of production took place.

Within this very context, a thorough theory and practice of proletarian revolution was put forth in Russia in 1917 as a result of fast-moving political events under the circumstances of the First World War. Thus, to complete our analysis of proletarian power, we will return to Lenin's well-known book *State and Revolution*. Lenin planned to write a book on the Marx and Engels ideas on the problem of state especially in the aftermath of the

decision by the national social democratic parties to support "their" countries in the World War. He argued that the wrongful thoughts and analysis by Karl Kautsky and Georgi Plekhanov on the issue of state and political power that they attributed to Marx and Engels must be criticized severely. His preparation bore fruit in August and September of 1917 when he had to hide in Finland just before the October Revolution.

The book contained six chapters, in which Lenin elaborated the analysis of Marx on the political power in class societies, his considerations on the 1848 revolutions and the Paris Commune, the contribution of Engels on the subject, the transition to communism from capitalism, and the distortion of the Marxist thought by the revisionist theoreticians like Kautsky. The *State and Revolution* is considered as the foremost compilation of the Marx and Engels ideas on the origin of political power in capitalist societies and the transition to communism from capitalism and the role of politics in this process.

The main argument is pretty straightforward. As discussed above, the political power rests with the ruling class, the class which has the upper hand in the social relations of production prevalent in the civil society. Then, on a higher level of abstraction, state power is a reflection of this power structure within the civil society. Thus, in the capitalist society, state is the executive board of the bourgeoisie. Proletariat on the other hand is the only social class capable to overthrow the bourgeois state under the capitalist mode of production since its interest coincides with the universal interest of the human emancipation in the specific historical instance of capitalism. A political revolution thus can pave the way for the transition to a communist mode of production under the guidance of proletariat (Lenin 1932).

The need for a political revolution arises from the need to dismantle the bourgeois state apparatus since the proletariat simply cannot rule through it. Changing the staff of police force or diplomatic corps would be a futile attempt. Proletarian class needs another set of political tools in order to oversee the period of transition to communism, and a transition period is needed because as already cited without changing the power balance in the social relations of production, thus the power balance in the civil society, one cannot expect to overthrow capitalism. Therefore, the proletarian power's objective is to administer the period of transition to communism. In this, on the one hand, the bourgeois institutions of political power must be destroyed, and on the other hand, in a parallel process, a social revolution must take place in the civil society.

According to the Leninist approach, the principal political institution of the proletarian class is its political party made up of the politically conscious sector of the working class. That is why the party is described as the vanguard of the proletariat. In order to break apart the bourgeois state institutions and to act as a substitute political institution to manage the societal transformation required for the transition to communism, the vanguard party constitutes itself as a proxy state. Furthermore, a new type of political institutions in line with the experience of the Paris Commune was also devised, the chief among them being the soviets. Soviets, which are local assemblies constituted by workers, operate as governmental bodies. These grassroots political organizations had a direct effect over the social relations of production in the civil society, thus instrumental in the social transformation of the capitalist society.

The dictatorship of the proletariat then is the name of the political mechanism that oversees the transitional period to communism during which the state withers away. The communist utopia does not entail a state apparatus since the class rule won't exist anymore under this final phase in human emancipation. Democracy or dictatorships are all only names for mechanisms of class rule according to Marxist tradition which cites the evaporation of such political mechanisms of obedience among its final objectives. Therefore, the proletarian power is not the final end but a vehicle for reaching the ultimate goal. By the way, it must be noted that especially anarchist participating in the Russian revolution heavily criticized the Bolshevik version of the proletarian power since in practice it means the rule of the socialist intellectuals through the political party claiming to represent the whole working class (Makhno 2016). The continuation of state institution under the

proletarian label for the sake of an allegedly necessary transitional era was an affront to the anarchist ideal.

## Conclusion

The ideal of proletarian power nowadays seemed to be an affair of the distant past. Although the stealing away of the democratic governments by the plutocrats, the super rich, is a very current concern in political debates, none talks about class rule. The present situation is considered as an anomaly that must be remedied by a genuine democratic fix rather the rule in capitalist societies as Marxist suggested from the mid-eighteenth century onward. The left-leaning populist political rhetoric of the present debates does not envision a proletarian takeover of the political power but the establishment of a popular democracy that will include every citizen in the political decision-making process. The younger Marx from the 1830s would concur with this proposition; 10 years later, he had a better understanding of the capitalist mode of production. Possibly, 10 years from now, some of our contemporaries might also change their mind.

## Cross-References

► Power Elites

## References

Draper H (1977) Karl Marx's theory of revolution: state and bureaucracy. Monthly Review Press, New York
Hegel GWF (1991) Elements of the philosophy of right. Cambridge University Press, New York
Lenin VI (1932) State and revolution. International Publishers, New York
Makhno N (2016) The paths of "proletarian" power (Marxists Internet archive). https://www.marxists.org/reference/archive/makhno-nestor/works/1932/01/proletarian-power.htm. Accessed 21 Jan 2016
Marx K (1933) The civil war in France. Martin Lawrence, London
Marx K (1977) Capital: a critique of political economy, vol 3. Lawrence & Wishart, London
Mills CW (1956) The power elite. Oxford University Press, Oxford

# Pronatal Responses to National Decline

Lon Felker and Paul C. Trogen
East Tennessee State University, Johnson City, TN, USA

## Synonyms

Birthrate decline; Demographic policy; Infertility

## Definition

Population decline: a decline in aggregate birthrate of a population.

## Introduction

> "Every human society is faced not with one population problem but with two: how to beget and rear enough children and how not to beget too many."
> M. Mead, 1950

At "the turn of the twenty-first century, fertility decline and sub replacement fertility have become widespread" (Morgan and Taylor 2006). All first-world countries reproduce below the 2.1% replacement rate (Last 2013: 8). According to UN projections, by 2050, 75% of all countries in the world will have below replacement rate fertility (Last 2013: 26). Falling birthrates create greater challenges than population growth. One of the stiffest headwinds slowing recovery from the C. global financial crisis is demographics (Ip 2015). "There is no precedent in human history for economic growth on declining human capital" (Last 2013: 36).

## Demographic Transition Theory

Two demographic transitions transformed the human race from high to sub-replacement fertility. Long ago, such as during the Middle Ages, infant

mortality was high, so women used to give birth to more children than they desired, expecting some would not survive. When progress caused infant mortality to decline, more children survived and the population grew. The population surge causing Malthus (1798) to raise an alarm. Parents' also realized more children were surviving, and they started having fewer children until they approximated their desired family size. This reduction in fertility to match desired family size is called the first demographic transition.

The second demographic transition occurred when families left farms to live in cities and work in factories. On the farm, children were an asset as they produced more than they consumed. When families moved to the city, children who once were an asset became an expense and an impediment to economic mobility (Last 2013: 87–96). The second demographic transition reduced desired family size. "Developmental changes that transformed Europe from a predominantly rural-agrarian to a predominantly urban-industrial society accompanied the transition from high to low levels of fertility" Knodel and van de Walle (1979: 217).

If development is the best contraception (Pritchett 1994), it works all too well in developed countries. Every member of the European Union has less than replacement level fertility (Hoorens et al. 2011: 1). Nature has not provided a self-correcting mechanism to stabilize fertility once it falls to replacement level (Kohler et al. 2002: 641). Once fertility transition has begun, it does not stop until births fall below replacement rates (Morgan and Taylor 2006). The second demographic transition theory predicts sub-replacement fertility and will be "structural and permanent" (Last 2013: 94). Industrialized nation-states do not produce enough children to sustain their populations (ibid).

## Sub-replacement Fertility

### 1930s Sub-replacement Fertility

Demographers in the 1930s detected fertility levels in Europe well below two births per woman (Morgan and Taylor 2006). Teitelbaum and Winter (1985) recount that France during the 1930s and 1940s suffered considerable anguish regarding the perceived "withering" of the nation. Young childless couples were accused of shirking their patriotic duty. French, as Teitelbaum and Winter note, has a term for a birthrate decline: *denatalite*, which "carries a much stronger (and more negative) emphasis than its English equivalent" (1985: 3).

### Postwar Baby Boom

The debate over fertility declines was muted by the postwar baby boom in every industrialized European nation and quite a few non-European ones. Andorka (1978: 120) observes:

> After the Second World War the pessimistic population projections proved to be wrong. In the most developed western European countries, as well as the United States and Canada, in Australia and New Zealand, and in the white population of South Africa, the trend of fertility changed, with a rise of all fertility measures which was popularly called the 'baby boom.'

Initially the experts attributed the fertility rise to postwar replacement; the rates remained high so long that it appeared that the secular trend of low fertility had shifted to higher rates. In hind sight, such projections of continued high fertility were shortsighted, and the baby boom soon proved to be an anomaly.

### Baby Bust

The baby booms of the post-World War I and post-World War II eras must now be viewed as ephemeral phenomena. These were temporary responses to one-time events, which failed to reverse the overall fertility decline. Japan, for example, had a baby boom from 1946 to 1951, following which its birthrate fell by half (Arentz 2015). Fertility dropped in every industrialized nation between 1960 and 1980: Canada, 3.8 to 1.8; the Netherlands, 3.1 to 1.6; the United States, 3.7 to 1.8; and West Germany, 2.3 to 1.5 (Last 2013: 15).

### The New Normal

Below replacement fertility is the new normal. There is no reason to think fertility will rise above replacement level. No country has

exceeded replacement level fertility for 5 years after falling below it (Morgan and Taylor 2006). Low fertility reshapes a population structure, with more adults, and eventually more retirees, than children (Last 2013: 26).

## Sample Attempts to Reverse National Decline

There appear to be three basic rules for pro-natal policies:

1. Below a certain point, there is no turning back (Last 2013: 159). There are no reasonable grounds for believing fertility will rise above replacement rate. After a five-year decline below replacement level, no nation has ever risen above it (Last 2013: 24).
2. Any effort to increase fertility must be long term, over several generational cohorts, as is suggested by the relatively successful efforts in France and Scandinavia (Last 2013: 160).
3. People cannot be bribed into having babies they do not want. Childbirth is difficult and painful and leads to unhappiness. 5.6% fewer adults describe themselves as "very happy" once they become parents (Caplan 2011: 15; Last 2013: 160).

Russia, Germany, and Sweden provide examples of nations promoting pro-natal policies. Russia is representative of fertility decline in post-communist Eastern Europe. Germany is the largest country in the European Union and is representative of the fertility problems of highly developed countries. Sweden, like other Scandinavian countries and France, while still suffering from sub-replacement fertility, is an example of countries experiencing more success and the highest fertility in Europe.

### Russia

> Russia's challenge is a double whammy. Like most of the developed world, birthrates have fallen far below levels that would sustain the population... Russian death rates, particularly among the working-age males, have skyrocketed due to post-Soviet poverty, substance abuse, disease, stress and other ills. (Weir 2002)

Russia's population plight is one of the most dire in Europe. The fall of the Soviet Union ushered in free-falling population. Russia's total fertility rate (TFR), which was estimated at 2.2 children per woman in 1988 (before the fall), fell 1.41 by 2009 (Miljkovic and Glazyrina 2015). More women have abortions than give live births (ibid). Male life expectancy has also fallen 6–59 years, with the average for females falling 2–72 years (Weir 2002).

Population of Russian Republic

| Time period | Population |
|---|---|
| Soviet Era | 148.3 million |
| 2002 | 145 million |
| 2006 | 142.5 million |
| 2009 | 140 million |

Data Source: Miljkovic and Glazyrina 2015: 961–962

At current rates, the Russian population will halve in 43 years (Morgan and Taylor 2006). The road to a normal population distribution will be difficult for Russia. Low birthrates during the economic upheaval caused by the fall of communism leave a small current population of childbearing age.

#### Immigration

One ray of hope amidst demographic gloom was the return migration of many ethnic Russians from the former Soviet states of Central Asia, the Caucasus, and the Baltic following the breakup of the USSR. However, the immigration stream is slowing. This flow is hardly sufficient to compensate for the long-term fertility decline.

Internal immigration within the Russian Republic is less of a blessing. Rural to urban migration was difficult during the Soviet period because of internal passports and population movement controls. Under Putin, some of these controls were relaxed, and it is conceivable that some of Russia's reduction in fertility is a by-product of the natural reduction of family size that accompanies rural to urban migration.

Moreover, the long-standing xenophobia of Great Russians toward other people makes it unlikely that non-Russian immigration can account for the gap in fertility. Long-standing hostility against Asians makes opening up

more immigration from China politically unacceptable (Weir 2002).

### Policy Initiatives

In Vladimir Putin's speech to the Russian parliament of May 10, 2006, he called the population decline "the most acute problem of contemporary Russia" (Rosenberg 2010). Putin offered to provide incentives for families to have a second child. The measure was enacted on December 29, 2006. Entitled the Federal Law of the Russian Federation No. 256-FZ "On Additional Measures of State Support of Families with Children," the law permits state support of families with children in the form of the mother's capital to be available upon the birth/adoption of a second or more children in the period from January 1, 2007 until December 31, 2016 (Miljkovic and Glazyrina 2015: 962).

These funds could be used to improve housing conditions, contribute to education of the child, and set up the contributory portion of the mother's labor pension. The funds were accessible 3 years following the birth or adoption of the second or third child. The amount of the mother's stipend was set at 215,000 rubles ($7722), which was eventually increased to 300,000 rubles ($9267) on November 1, 2013, and, by January of 2010, to 343,378.80 rubles (roughly $10,607) (Miljkovic and Glazyrina 2015: 962).

According to *Eurasian Daily Monitor*'s report (Bernstein 2008), a "demographic explosion" had occurred, with two million children born in Russia between January 1, 2007, and April 1, 2008. While the government's 2006 law did have a positive effect on the Russian total rate, the effect was of small magnitude. Furthermore, researchers predict that the law, which expires in 2016, might have limited impact beyond its expiration date. Miljkovic and Glazyrina conclude that the policy will continue to contribute to an increasing birthrate in the next few years, "but the rate of this increase will hardly be enough to reach the level at which the population can reproduce itself" (2015: 971).

While Federal Law 256-FZ "On Additional Measures of State Support of Families with Children" exerted a small positive effect of fertility in Russia, policies to create more jobs and improve healthcare would have a greater impact on fertility (Miljkovic and Glazyrina 2015: 971–2).

## Germany

Germany is the largest country in the European Union (PRB 2011). Since 1972, deaths have exceeded births every year (ibid). At the current rate, the population of Germany will halve in 46 years (Morgan and Taylor 2006).

Germany's experiences with population policy have been mixed and unique. First, the severe loss of life during World War II created a gender imbalance that lasted a generation. Second, Germany was divided from 1945 to 1989 into two nations, one capitalist and one communist. Total fertility rates were similar in both Germanys beginning with the baby boom era from the late 1950s until 1975 (PRB 2011). Each part of the country followed different policies.

### Immigration

West Germany did little to reverse low fertility (Cottrell 2013). And fertility remained below 1.5 children per woman since 1975 (PRB 2011). West Germany embarked on a program of labor importation in the late 1950s and 1960s. West Germany imported large numbers of foreigners ("guest workers" or *Gastarbeiter)* from southern Europe, Iberia, and the Middle East.

East Germany had an additional population problem due to the attrition of population in the form of refugees to the West. Only with the construction of the Berlin Wall in 1962 did this hemorrhage of population cease. Following Germany's reunification in 1990, many ethnic Germans who had lived behind the iron curtain arrived in Germany, 800,000 in 1992 alone (PRB 2011). At the end of 2009, 19% of Germany's population was immigrants and their offspring (PRB 2011).

German life expectancy increases, combined with decreased fertility, contributed to the phenomenon of population aging (United Nations Population Division 2000: 37). The potential support ratio dropped from 6.9 persons aged 15–64 years per person aged 65 in 1950 to 4.4 in 1995. Maintaining a workable 4.4 level of support

would require "an influx of 3.4 million migrants a year. . .more than ten times the yearly amount of migrants entering Germany during 1993–1998" (United Nations Population Division 2000: 38). Only an aggressive immigration policy would stop a decline in support ratios. The United Nations study on Germany concludes: "In absence of migration the retirement age would have to be raised to 77 years to obtain the same 4.4 potential support ratio" (ibid).

Immigration alone cannot be considered an adequate approach to population decline. France, from the middle of the nineteenth century until World War II, used immigration that was always regarded as an economic regulator to meet employee shortages (Chesnais 2000: 14). Chesnais notes immigration policy does not address demographic considerations such as the repair or rectangularization of the age distribution. He notes, "[s]uch an imperative would need a solution totally opposed to basic human rights: the import of children without their parents" (Chesnais, ibid).

As a member of the European Union, Germany must abide by the Schengen Agreement (PRB 2011) which allows open entry from other EU states. Currently, the influx of a large Middle Eastern migrant stream of refugees from Syria, Iraq, and other Islamic nations greatly complicates any assessment of immigration as factor in population growth in Germany. Tentatively, a large Moslem presence in Germany might have a dramatic effect on short-term and long-term population growth, given the higher fertility rates in Middle Eastern countries. Many immigrant populations have distinctive birthrates upon arrival, only to see those birthrates usually adjust toward that of their host country. Whether Middle Eastern immigrants will assimilate into their host culture and absorb German fertility attitudes remains to be seen. Integrating Germany's Turkish minority has proven difficult (Cottrell 2013). Even Chancellor Angela Merkel admitted integration was "not working" (PRB 2011).

### Pro-natal Policies

The East Germans lacked the resources and the access to foreign labor markets accessed by West Germany and consequently relied on socialized medicine and an official pro-natal policy along classical socialist lines, maternity leave, childcare subsidies, and family allowances with greater allowances for additional children. Fertility rose in East Germany above that of the West and stayed strong until reunification caused economic disruption and outmigration from East Germany to the West (Cottrell 2013). After reunification, fertility in the East fell sharply to 0.8 by 1995 before gradually converging with the average level of the new unified Germany (PRB 2011).

West Germany experimented with modest monthly child allowances before reunification. In 1982, the Federal Republic offered only DM 50 for a first child (approximately 20 USD), DM 100 for a second, and DM 220 for a third. Thus, a one-child family received only DM 50, while a three-child family got DM 370 (Teitelbaum and Winter 1985: 116). West German policy had little impact.

The total fertility rate (TFR) in reunified Germany has remained between 1.3 and 1.4 children per woman, one of the lowest in Europe (Hoorens et al. 2011: 27). German women were among the first to postpone childbearing until later in life (Hoorens et al. 2011: 28). Postponed fertility implies some level of fertility foregone (Morgan and Taylor 2006). Fertility among women 20–29 years old has decreased, and more births are postponed until women are 30 years of age and older (Hoorens et al. 2011: 27).

Germany is in a disadvantageous situation because of low desired fertility rates. Germany's low desired fertility is due to many who would like to remain childless, a preference which has become widely accepted (Hoorens et al. 2011: 29). Germany has a cultural preference for childlessness due to a commitment to career (AICGS 2015). When the European Commission's 2001 Annual Eurobarometer survey asked German women 15–24 what their personal ideal number of children was, the result was 1.8 children (PRB 2011) compared to 2.0 only 5 years previously, and 2.6 in neighboring France. Since realized fertility is lower than desired fertility, the number of desired children sets an upper limit on fertility, not a floor. A 2001 survey of German

women 18–34 years of age found nearly 17% said "none" was the ideal number of children, and 9% said "one," percentages which far exceeded those of women giving similar answers in other EU countries (ibid).

Potential German mothers face significant headwinds if they contemplate having a child. Only 25% of German survey respondents consider Germany to be a child-friendly country (Hoorens et al. 2011, p. 31). This compares unfavorably to 80% in neighboring France, whose fertility rate of 1.87 also compares favorably to Germany's at under 1.4 (ibid). German childcare is inflexible and is among the worst in Europe. German childcare is open for few hours and is only subsidized for 3 h a day, not long enough for women with children to have jobs (Hoorens et al. 2011: 32). Most preschools close at 1:00 pm (PRB 2011). Many working mothers find themselves in poorly paid, 17 h a week "mini-jobs" paying about $600 a month (Cottrell 2013). A quarter of Germany's female workforce holds such mini-jobs (ibid).

German culture opposes working mothers and disapprovingly calls them *Rabenmutter* (raven mother) because the raven abandons her young at an early age (PRB 2011). Germany's policies reinforce cultural assumptions in which the males are the primary breadwinners (Hoorens et al. 2011: 32) and women are dependent on their husband's earnings. If German institutions do not support working mothers, marriage becomes a prerequisite for childbearing, which may partially explain later pregnancies in Germany. Furthermore, the number of marriages contracted in Germany has fallen to its lowest level since 1950 (Hoorens et al. 2011: 30).

Unified Germany's family benefits are now among the highest in OECD countries (AICGS 2015). The German government now gives 184 euros monthly allowance (approximately $200) for the first and the second child, 190 for the third, and 215 for the fourth, until each child turns 18 (or 25 if still in school) PRB 2011). Today Germanys spends $265 billion a year on family subsidies (Cottrell 2013); still the fertility rate lingers at about 1.4 children per woman.

## Sweden

Swedish fertility, while still below replacement levels, is the highest in Europe (Hoorens et al. 2011: 75). In the 1930s, Sweden had one of the lowest fertility rates in the world (Wells and Bergnehr n.d.). Furthermore, considerable emigration occurred (mostly to North America) around 1900, and during the 1930s, population growth fell to 0.3%. A national family policy was instituted, largely inspired by Gunnar Myrdal's (1935) study of the population crisis (Myrdal and Myrdal 1935). The first of many laws reconciling work and parenting began with laws which prohibited dismissing women from employment for marriage, pregnancy, and childbirth and providing free childbirth services and healthcare for both mother and child (Wells and Bergnehr n.d.). The birthrate slowly rose over the subsequent decades, only to decline with the introduction of modern contraception in the mid-1960s (Sweden SE 2003). Sweden again registered below replacement fertility rates in 1968, followed by Denmark and Finland. In the 1970s, the Swedish birthrate declined to 1.6 children per woman. Then, the pattern reversed dramatically. By 1990, Sweden's birthrate was 2.1, one of the highest in Western Europe. The Swedish experience contradicted conventional wisdom about fertility and the inevitability of population decline.

## Immigration

The only other policy response concerned immigration. From the 1950s to the end of the 1960s, immigration came mainly from other Nordic countries and from southern Europe, principally Yugoslavia, Greece, West Germany, Turkey, Great Britain, Poland, and Italy. Labor migration was the principal form: immigrants seeking better working conditions and pay. With changing economic conditions in the 1970s, the relatively open immigration was ended with tighter restrictions. Subsequently, the major exception for limited immigration was for cases of political oppression. This pattern only changed in late 1980s and early 1990s, when the numbers increased.

According to one source (sweden.se/templates/Factsheet):

> By 2001. . .“476,000 foreign citizens were living in Sweden. In other words, every 20th person. . . is a foreign citizen and every tenth was born outside the country. The largest group are the Finns, of whom there are some 100,000. The second largest group is from Iraq with 36,000, followed by Norwegians 33,000, Danes 26,000, Yugoslavs 21,000, Bosnians 20,000, Germans 17,000, and Poles 15,000.”

Sweden is a member of the European Union, and a participant in the Schengen Agreement, in which it has open borders with other member states. Like Germany, Sweden is a destination country for people fleeing war in the Middle East.

### Pro-natal Policies

As a highly urbanized, industrialized nation-state with high female participation in the workforce and politics, Sweden exemplifies a highly modern nation. Sweden also has considerable premarital cohabitation, a high divorce and separation rate, which usually associated with reduced fertility. Sweden’s policy response to the perceived post-pill fertility decline was to increase family allowances slightly and institute maternity leaves for mothers and eventually for fathers.

In contrast to stable low fertility in Russia or Germany, Sweden has volatile or “roller-coaster” fertility (Hoorens et al. 2011: 72). Sweden is atypical because it enjoys pro-cyclical fertility, meaning more births occur when the economy is growing (Hoorens et al. 2011: 59). Neoclassical economic theory predicts a countercyclical relationship in which career and children are alternatives. In Sweden, family and career are compliments. In the 1990s, Swedish fertility rates declined in line with other European countries, mirroring worsening economic trends, the less generous family allowances, and leave provisions (Hoem and Hoem 1996). Sweden then re-experienced “roller-coaster fertility,” rebounding from a low of 1.5 in 1999 to 1.9 by 2008 (Hoorens et al. 2011: 72).

Sweden is a child-friendly country. In Sweden, most preschools are open from 6:30 am to 6:30 pm, and the government is investing in additional hours (Nordfors 2013). Fees cannot exceed 3% of family income (ibid), and families receive a monthly allowance equivalent to 80% of the maximum monthly cost of 1.287 of Swedish Krona (about 196 USD) (Åkerström 2016). The monthly allowance (*barnbidrag*) continues until the child reaches 16 years of age (ibid). Furthermore, the first 525 h of preschool (*förskola*) per year is provided free of charge (Nordfors 2013). Each child is entitled to 480 days of paid parental leave when they are born or adopted to be used from birth to age 8. Two months of paid leave is reserved for each parent (is nontransferrable), and parents get an equality bonus (*jämställdhetsbonus*) if 270 days of the bonus are divided equally between mother and father (Åkerström 2016).

Swedish women desire both families and career (Hoem and Hoem 1996). The pro-natal policies of both Sweden and France focused on reconciling work and family (AICGS 2015), and both have enjoyed close to replacement rate fertility. Swedish social policy, which encourages an egalitarian dual-earner household where both partners share in raising children, has led to one of the highest fertility rates in Europe (Hoorens et al. 2011: 74–75), a halt in the postponement of first childbearing at younger ages (Andersson and Kolk 2011), and made second and even third births more common, especially among women in professions with the most flexible working conditions (Hoorens et al. 2011: 75).



## Conclusion

A familiar analogy to the motivations to have children can be found in Frederick Herzberg’s theory of work motivation (Herzberg et al. 1959). Herzberg found that one set of factors motivated people, and a second completely different set of factors de-motivated them. A similar dichotomy also appears in the motivations whether or not to have children.

**Motivators** Herzberg’ motivators were intangible, abstract, and sometimes even ethereal, like self-actualization, achievement, and growth. The reasons for the natural urges to have children sound equally intangible and abstract are the

desire to be a parent, wanting a child to love (Morgan and Taylor 2006), a biological urge to pass on one's genes, and/or a desire to please parents.

**De-motivators** De-motivators in Herzberg's model were much more tangible, like salary, security, and working conditions. The de-motivators for having children are also tangible, like the high cost to raise a child, high unemployment, economic insecurity, and social instability. In Herzberg's model, favorable conditions in the de-motivators, like a good salary, job security, and good working conditions, alone were not enough to motivate. Only motivators could do that. But unfavorable de-motivators, like an inadequate salary, job insecurity, and unfavorable working conditions, may quench the influence of motivators. Likewise, favorable conditions among the de-motivators, such as adequate money, economic security, peace, and prosperity, alone are unlikely to motivate a woman to give birth. But unfavorable de-motivators can cancel the influence of motivators. Conditions which make it difficult to reconcile family and career are de-motivators, such as the lack of affordable childcare, fierce competition for scarce jobs, inflexible job requirements, and economic insecurity. De-motivators can cause people who otherwise might want a child decide not to have one.

De-motivators can make motherhood appear impossible. Women in their prime childbearing years are young. They are still pursuing higher education, or hold entry level positions. At this stage of life, the costs of pregnancy and childcare can appear insurmountable. A low fertility trap springs from the inability of women to harmonize career and family obligations (Morgan and Taylor 2006).

Economic uncertainty is another potent de-motivator. The onset of sub-replacement fertility in Europe coincided with the Great Depression of the 1930s. Rapidly falling fertility in Eastern Europe occurred at the demise of communism. Women rationally reduce their exposure to economic uncertainty by delaying pregnancy (Kohler et al. 2002: 652).

Incentives alone are inadequate. Germany and Sweden provide similar monthly allowances for each child, yet fertility in Germany is among Europe's lowest and Sweden the highest. One major difference is that Sweden has from the 1930s sought to reconcile work and motherhood. Swedish childcare is affordable and available the entire workday, so a woman can have both a child and a career. The Swedish built incentives into their system to encourage male parents to share in child-raising responsibilities. In contrast to the Swedes, who reconciled career and family, in Germany childcare is only half day. The German burden of childcare falls on the mother. German women find it difficult to reconcile career and family. Work and family are alternatives, and many German women understandably pick career.

If development is the best contraceptive, it works far too well in developed countries. Women understandably want higher education and careers. Policies which help women reconcile career and family help low fertility countries escape the low fertility trap.

## Cross-References

► Retirement Crisis: Global

## References

AICGS (American Institute for Contemporary German Studies) (2015) Germany's declining population: no end in sight?. http://www.aicgs.org/events/germanys-declining-population/

Åkerström LA (2016) 10 things that make Sweden family friendly. https://sweden.se/society/10-things-that-make-sweden-family-frendly/

Andersson G, Kolk M (2011) Trends in childbearing and nuptiality in Sweden: and update with data up to 2007. Finnish Yearbook of Population Research, XLVI:21–29

Andorka R (1978) Determinants of fertility in advanced societies. The Free Press, New York

Arentz E (2015) Causes and economic consequences of the baby boom, Policy Interns. http://policyinterms.com/2015/06/25/causes-economic-consequences-of-the-baby-boom

Bernstein J (2008). Experts doubt that Russia's population decline can be halted. Eurasia Daily Monitor. www.edi.org/Russia/Johnson/2008-83-27

Caplan B (2011) Selfish reasons to have more kids: why being a parent is less work and more fun than you think. Basic Books, New York
Chesnais JC (2000) The inversion of the age pyramid and the future population decline in France: implications and responses. United Nations Secretariat, Population Division, Department of Economic and Social Affairs, New York
Cottrell C (2013) Germany fights population drop. New York Times August, 14, 2013 P.A1
Herzberg F, Mausner B, Snydermann BB (1959) The motivation to work. Wiley, New York
Hoem B, Hoem J (1996) Sweden's family policies and roller coaster fertility. *Jinko Mondai Kenkyu* (J Popul Prob) 52:1–22
Hoorens S, Clift J, Janta B, Diepieveen S, Jones MM, Grant J (2011) Conclusions and implications for policy. In: Low fertility in europe: is there still reason to worry? RAND Corporation, Santa Monica, pp 71–78
Ip G (2015) Population's flagging growth undermines global economy. Wall Street J CCLXVI(123):A1–A14
Knodel J, van de Walle E (1979) Lessons from the past: policy implications of historical studies. Popul Dev Rev 5(2):217–245
Kohler HP, Billiari FC, Ortega JA (2002) The emergence of lowest low fertility in Europe during the 1990s. Popul Dev Rev 28(4):641–680
Last JV (2013) What to expect when no one's expecting: america's coming demographic disaster. Encounter books, New York
Malthus TR (1798) An essay on the principle of population. J. Johnson in St. Paul's church yard, London. Library of economics and liberty [online]. Available at http://www.econlib.org/library/Malthus/malPop.html
Miljkovic D, Glazyrina A (2015) The impact of socio-economic policy on total fertility rate in Russia. J Policy Model 37:961–973. www.elsevier.com/locate/jpm
Morgan SP, Taylor MG (2006) Low fertility at the turn of the twenty-first century. Ann Rev Sociol 32:378
Myrdal A, Myrdal G (1935) Kris i befolkningsfragan, Stockholm
Nordfors M (2013) What preschool means in Sweden. New York Times. http://www.nytimes.com/roomfordebate/2013/02/25/is-public-preschool-a-smart-investment/what-preschool-means-in-sweden
PRB (Population Reference Bureau) (2011) Germany: beyond the demographic transition's end. World Population Data Sheet. http://www.prb.org/publications/datasheets/2011/world-population-data-sheet/Germany.aspx
Pritchett LH (1994) Desired fertility and the impact of population policies. Popul Dev Rev 20(1):1–55
Rosenberg M (2010). Population decline in Russia. http://geography.about.com/od/obtainpopulationdata/a/russiapop.htm
Sweden SE (2003) The Swedish population. http://sweden.se/templates/FactSheet_6048.asp
Teitelbaum MS, Winter JM (1985) The fear of population decline. Academic Press, Orlando
United Nations Population Division. Department of Economic and Social Affairs (2000) *Replacement migration: is it a solution to declining and ageing populations?* http://www.un.org/esa/population/publications/migration/migration.htm
Weir F (2002) Russia's population decline spells trouble. Christ Sci Monit http://www.csmonitor.com/2002/0418/p06s02-woeu.html
Wells MB, Bergnehr D (n.d.) Families and family policies in Sweden. https://researchingparents.files.wordpress.com/2014/07/family-policies-final.pdf

## Property Insecurity and Globalization

Arthur T. Denzau
Department of Economics and Finance, Utah State University, Logan, UT, USA

How does globalization, here deemed opening up a nation to external economic forces, affect the enforcement of property and contract rights in a society? This has been a largely neglected area in the academic literature. But the arrival of foreign interests has set off complaints and demands for better treatment by domestic citizens in many places in the globalizing world. These demands are often the result of changing perceptions as to what the government should be doing in the economy, changing mental models (MMs).

Opening up to outside economic forces (globalization) affects many parts of the economy and society. A key question we focus on here is how does globalization affect MMs and prices, opportunities for corrupt acts? The opening can be a difficult time for keeping public administration effective and free from corruption. The resulting problems can reduce the security of property, especially for domestic citizens and businesses, as the focus of government's actions turns to its relationships with the rest of the world.

A common expectation has been for globalization to have beneficial effects on domestic institutions, including governmental corruption levels. Overall, in the long run, this is likely

right, but there are key exceptions and problems along the way.

Globalization has been a strong powerful force in lifting hundreds of millions out of poverty, but is not without a variety of costs. Here we focus on the effects of globalization on the security of property rights. This is an important but largely neglected aspect of globalization.

The one aspect of this that has had a small literature is the effect of FDI (Foreign Direct Investment) on institutional development, including property rights. Lee and Choi (2011) focus on this question directly, while previous work had looked only at the channel of FDI increasing competition for domestic firms. Lee and Choi disaggregate FDI and find that mining FDI can make corruption better or worse, depending on initial institutions: if institutions are good, such FDI reduces corruption, but if bad, then the FDI makes corruption even worse. Service FDI tends to reduce corruption. This has been corroborated by others, who also show that FDI into service industries improves institutions and reduces corruption.

The effects of opening up to the world economy (globalization) have both short run and longer run effects, which can be quite different. Further the effects may vary due to the sector of the economy affected, the types of interactions, and the quality of property rights institutions before opening up. In addition to these effects, there are also likely to be major effects on the ways that citizens and leaders perceive things related to property rights – their MMs (mental models) of property rights.

The differential timing of effects is important in many areas, such as the overall costs and benefits of any economic liberalization. Typically, we expect the costs to be felt more immediately than the benefits, and especially in terms of political reactions. Here, the story is more complicated.

## Short Run and Longer Run Effects

### Short Run

One possible effect is for there to be a shift from one of several equilibria to another. The initial equilibrium is often a high corruption, poor institutions one. In the short run, changes may shift from equilibrium high level of corruption to lower corruption level. The new environment can create incentives for the corrupt to take the money and run strategies, cashing out and exiting the new environment. This can result in a confused situation and a government that may be less able to function, after losing some key people who did something, albeit in response to corrupt payments.

Land may become more valuable – some land – and be more likely to be taken by corrupt officials, who use it to have something to replace their old jobs. Due to a system of incomplete registration of land ownership, based only on specific paper documents, this was what occurred in Thailand during the late stages of the 1990s boom. Certificates granting some ownership rights were being issued to farmers in land reform schemes, but the value of the land being transferred had risen substantially due to Thai's economic boom resulting from globalization. Some politicians, working with their friendly bureaucrats, were able to get these certificates issued to themselves. After a period, they were able to upgrade their ownership rights and sell the corruptly acquired land. The path from globalization to rising asset prices to corruption was quite clear.

Before a new institutional situation is completely in place and enforced, property rights may be quite insecure. Owners of more valuable assets may now be vulnerable, as their old contacts and means of protecting their assets no longer function. The government may go after their assets, either claiming them the result of a corrupt bargain or as simply a useful source of revenue held by a politically weakened owner. The opening up of Mexico starting in the 1980s has greatly weakened its formerly dominant political party, PRI, reducing its supporters' ability to protect monopoly positions in various industries. These include telecom, trucking, and even the constitutionally protected oil industry that had fallen so far behind in terms of its technology for exploiting undersea oil pools.

Two other avenues of changing MMs are also suggested by the globalization of China. In order to join the World Trade Organization (WTO), China had to agree to protect property and contract rights, including intellectual

property – China was required to become a member of the World Intellectual Property Organization (WIPO) to enter. It was now under obligations to help protect trademarks and copyrights that had previously had little domestic protection. Domestic parties now realized the potential in getting their own intellectual property protected and began to register their property and work to protect it. I saw a similar effect in the Middle East. In joining WIPO in 2000, the Omani government started enforcing software copyrights. Stores that had previously openly displayed counterfeit software now kept such products under the counter, shown only to those seen as safe customers. New opportunities, however, were open to enforcement officials to demand bribes from these stores. A more positive outcome also resulted – a prominent local photographer in Oman found some of his photographs used in a European company's annual report, without attribution or license. He now was able to demand the company recognize his intellectual property, opening up new opportunities for creative worker to be paid.

### Longer Run Effects

Over the much longer run, the effects change considerably. On a flat earth, attracting FDI, technology, etc. becomes more attractive, and this may result in attempts to reduce corruption against foreigners, shifting corrupt officials' efforts against locals. China has done this successfully to get FDI. This protection is so substantial that it was world news when a Beijing McDonald's, the largest McDonald's restaurant in the world, ran into a municipal order that required it to be demolished (Millman 1996). The Beijing government in 1994 ordered the demolition in order for a Hong Kong developer to build a new shopping plaza. McDonald's resisted for 2 years, and the government finally agreed to pay over $12 M in compensation. McDonald's was able to move 150 m to a new site. The result of these good property rights for foreign investors is that foreign-invested firms would have better secured property and contract rights than did domestic firms.

Domestic investors and firms realized the situation created an opportunity and used it to better protect their own rights. The errors and omissions involved in Chinese international capital flows are quite large, almost US$200B in 2015, according to the World Bank. Apparently, many Chinese investors transfer capital outside China (much seems to pass through Hong Kong and Taiwan) and then act like foreign investors investing in China. Often, they form joint ventures with the real Chinese investor, who now enjoys the better property rights accorded to foreign investors. The scale of this channel may have reached US$100B per year at times.

Accompanying the investment, they often require the investing firm to set up research facilities in Beijing that helps train domestics as well as transfer tech to firms these employees set up or to other Chinese firms. Japanese firms benefitted from the Japanese government requiring foreign investors to license proprietary technology to any Japanese firm that paid nominal royalties.

In Singapore, the better terms offered foreign investors lead to demands by local investors for similar treatment. While not completely realized, this lead to better treatment of these domestic investors, even in an entrepot city such as Singapore, which had been a free trade haven for almost two centuries.

A different channel of globalization operates through international institutions. The investment protection rules of WTO require a greater rule of law, new organizations, and the training of personnel. The resulting better protection of foreign-owned property, like the Chinese situation mentioned above, leads to demands for like treatment for locals. Similarly, SMMs (shared MMs) of what is possible from government result. In more democratic regimes, such as Singapore, these demands get some response, even though the desire to increase FDI is substantial there. On the other hand, in less democratic environments, such as the People's Republic of China, these demands can be ignored for long periods.

## MM Effects

Another channel of globalization effects is through changing the MMs (mental models) of domestic agents. While some Chinese firms that

partner with global MNCs (multinational companies) have been exposed to contracts that involve international legal terms and concepts, most Chinese firms have never experienced a strong legal environment of law and enforcement of their rights, in the socialist legal system China had created, with many legal rights existing on paper only. The greater exposure to such contracts, combined with the existence of WTO adjudication panels required by the acceptance of China into the WTO, has changed the expectations of what the government can do with regard to property and contract rights. This has resulted in revised SMMs (shared MMs) among Chinese businesspeople about the government's role in defining and protecting their rights.

Some Chinese businesspeople have taken the path of mimicking foreign investors mentioned above, but others have started demanding better protection for their rights. These demands have largely been ignored, unless made with guanxi, by politically connected parties. Regardless, seeing others have better protection of property and contract rights changes the expectations people have about what government can do for them. These changing MMs are part of a set of MM changes, involving rising expectations of good government, inclusive markets, freedom of choice, access to information, participation and voice in collective decisions and even accountable government. The 1989 Democracy Movement led by Beijing university students showed some early effects of foreign ideas in China, and the regime attempted to staunch the inflow or expressions of support for them.

But such efforts may be doomed to failure in the face of the Internet's provision of global ideas and information. The government has responded with the Great Firewall of China (Barme and Ye 1997), but such efforts are never completely successful. When I was in Beijing in 2005, I typed democracy into google.cn and found many of the same websites that I had found on google.com in the United States. The major difference was that none of the sites in China were clickable – none were html-enabled. But I was able to copy/paste the address and access these sites. While I am sure the censorship is more complete today, many Chinese know how to utilize VPNs, and anonymous forwarding websites to get around the Great Firewall. Such a wall invites attempts to get around it. Even the Chinese government realizes there is a tradeoff between censorship and the two-way flow information required by a twenty-first century economy. At least, some in the government realize it, even if some of the party's ideologues were to prefer a purely Chinese Internet, walled off completely from global sites.

This tradeoff has also been realized in Singapore, which since 1969 has tried to maintain censorship over ethnic strife and related matters. Over the past 20 years or so, the Singaporean government has been trying to turn the city-state into the leading regional financial center in Southeast Asia. In order to do this, they realize they must compete against Hong Kong, with minimal censorship. The Singapore government does realize that financial markets price information, and the free flow of information is essential to growing their financial markets. Substantial loosening of government censorship has been a major part of their plans to boost their financial markets.

In contrast, China has attempted to promote Shanghai over Hong Kong as a financial center, at least for mainland China, if not a larger stage. But those doing so have met the party ideologues who refuse to release control of public information flows. There has been a back-and-forth between the two groups, even under the new paramount leader, Xi Jinping, who has acquired all the formal power that Chairman Mao ever had. The financial and foreign exchange market turmoil of 2015 and 2016 have resulted in a pulling back from the government's plan to enable the currency to compete with the dollar in international capital flows or reserve holdings. While still announced government policy, many government actions during these years continued to make it less desirable to conduct international transactions in the currency, and China is far from freeing international capital flows much at all. Hong Kong has remained the dominant financial center in China as a result of the ambiguous policy. Globalization has strongly affected trade and logistics in the nation, but contract rights in international capital transactions are severely limited.

Over the longer term, however, the net effect of globalization on public corruption is very likely to be an improvement in economic efficiency and reduction in public corruption. Many of the short-term effects occur due to the new opportunities created by opening the economy. Credible systems are likely not in place to detect and track these new types of corrupt channels. Over the longer term, the changing MMs of private parties demanding a cleaner government, and learning by public bodies to better control the new types of corruption should greatly improve the situation. But in the short term, large examples of corruption may slow or turn the globalization initiatives around, cutting off the benefits from globalization, and reducing its legitimacy in the minds of the public.

## Summary

There are several channels by which globalization can affect corruption. Some operate relatively quickly, as new opportunities, including substantial changes in asset prices, can increase the level of corruption. Over the longer term, if the society continues to open up to the world economy, the learning that occurs changes MMs about corruption, and the expectations society has about what the government should be doing in the economy. In addition, the public sector is likely to learn to better control corruption, both through learning new MMs (including bring in international best practices) and changing the expectations of public officials about their and their colleagues' behavior. Ultimately, the net effect is likely to be positive, improving government practices, but the large new wealth opportunities may stall further globalization, or can lead to a change in the type of corruption, responding to these new opportunities on the part of public officials.

## References

Barme GP, Ye G (1997) Great firewall of China. Wired 5:6

Lee D, Choi S (2011) Does foreign direct investment increase corruption in host countries. J Econ Stud 1(29):211–250

Millman N (1996) Beijing to compensate McDonald's. Chicago Tribune, 24 Dec, 1

# Property Rights and Governance

Md. Al-Ifran Hossain Mollah
Faculty of Law, Eastern University, Dhaka, Bangladesh

## Synonyms

Bangladesh; Governance; Intellectual property rights; Law; Property; Protection regime

## Introduction

The process of rapid industrialization and globalization has its profound impact upon the socio-economic realities of Bangladesh in the last few decades. Being moved up in the income bracket by the World Bank in the foregoing year and being classified as a country with "lower middle-income" status, the thriving economy of Bangladesh is said to be going through a metamorphosis despite being hit by political instability and natural disasters. In the age of a fast-moving market economy, this economic development is closely interconnected with the domain of technological excellence contributed through the practice and preservation of specialized knowledge created in this regard. This realm of knowledge can only be perceived through their practical implications in increasing economic productivity, employment, and wealth. The specialized set of knowledge resulting from intellectual activity in the form of industrial, scientific, literary, and artistic works gives the creator a distinguished legal right over his creation which is generally known as intellectual property rights (IPRs). It can be loosely defined as the rights given to people over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creations for a certain period of time. As modern economy is based on knowledge and innovation, adequate protection of intellectual property rights (IPRs) plays an important role in stimulating new technological development, artistic expression,

and knowledge dissemination, all of which are vital in ensuring a sustainable economy from the context of a developing country like Bangladesh. It is essential for fostering innovation, dissemination of existing knowledge through providing incentives to the owner of the IPR, and widening the horizon of creating new knowledge as well. Specific protection regime for IPR protection is generally adopted for two main reasons. Firstly, to give statutory recognition to the economic as well as moral rights in favor of the creator over their innovative creations and ensuring the access of common people to such creations. Secondly, for promoting creativity, proper dissemination of knowledge, and ensuring fair trading which shall further the economic as well as social development in the long run (WIPO 2004).

## Conceptual Framework

The governance aspects of intellectual property rights protection and enforcement embraces all the substantive, procedural, institutional, and normative rules and regulations. Present legal framework of Bangladesh on IPR protection traces its origin back to the British-Indian regime and is intrinsically embedded to the colonial legacy of that period. Prevailing IPR protection regime in Bangladesh is supported through well-established legislative, administrative, and judicial initiatives. Legislative initiatives from domestic context also stands in conformity with the global standards laid down in that regard. In that regard, this article shall be initiated through a brief description of the IPR infringement scenario in Bangladesh for the past decades followed by an elaborate discussion on the legislative responses within domestic arena. Leading cases adjudicated by domestic courts have also been accommodated in the subsequent part. Compliance of domestic legal system with the international legal regime in that regard shall be examined side by side. This paper particularly aims at analyzing the legal measures adopted by Bangladesh till to date for affording protection to the IPR holders. In doing so, various national, regional, and international instruments along with leading case decisions delivered by judicial authorities shall be discussed with a view to have a proper insight into the governance mechanism of IPR protection and enforcement in Bangladesh. Following terms has been frequently used in the subsequent chapters of this discussion:

***Property***, in its widest sense, includes all the legal rights of a person whatever description. It is the right to possess, use, and enjoy a determinate thing. Properties are generally classified into two kinds: corporeal and incorporeal. All the movable and immovable properties are classified under the category of corporeal property. Incorporeal property is intangible property, i.e., the creation of mind. Intellectual property, i.e., patents, trademarks, and copyrights falls within the category of incorporeal property.

***Property right*** is defined as the exclusive authority to determine the process and manner of using the resource. It is the liberty or permit to enjoy the benefits of wealth while assuming the costs which those benefits entail. Following the basic definition, intellectual property rights (IPRs) can be defined as the exclusive right (moral and commercial) and protection granted to the creator of an intellectual property (IP).

***Legal regime*** in here particularly refers to all the substantive, procedural, institutional, and normative rules and regulations designed to protect and enforce intellectual property rights within the national boundaries.

## Understanding IPR Infringement: Context Bangladesh

When a person other than the owner of the IPR attempts to exercise the same rights without permission, they infringe the intellectual property rights (IPRs) of the owner. The term "IPR infringement" has been used in a generic sense. Infringement occurs when IPR-protected content is reproduced, transferred, redistributed, used, or sold for commercial purpose without the permission of concerned IPR holder. It is the gross violation of the IPR owner rights over his creative works and inventions which causes financial loss

and for which the infringer has civil and criminal liability. Being a country with promising prospects in economic development, Bangladesh has been facing difficult times in protecting IPR in its dynamic marketplace. Copyright and trademark violation are the most common trend of IPR infringement in Bangladesh. Its economic growth is being vitiated by the increasing level of piracy at the domestic market and for which Bangladesh has been considered as one of the countries having highest rate of piracy in the world. Bangladesh has been given 2.6 on the scale of 7 in IPR protection by the World Economic Forum for the year of 2015–2016 placing in 135th position out of 140 countries (World Economic Forum Global Competitiveness 2015). The music industry of Bangladesh is said to be the worst victim of piracy with a projected yearly loss of $180 million, and it has forced a good number of well-reputed Bengali music recording companies to fold their business for good. Only 5–10% of the total music market consists of legitimate sales (Amin 2012). With 87% software piracy, the first in the Asian Pacific region and the fifth highest in the world sharing the position with Yemen, Bangladesh has been considered a safe haven for software piracy. Software piracy costs about $197 million in Bangladesh as (BSA 2014). Trademark and patent infringement are also on the rise with the access of counterfeit products produced domestically as well as imported from China. Bangladesh has been facing tremendous pressure from the global community in that regard, and it has been stated by the United States Trade Representative naming Bangladesh as one of the countries that "still need to adopt and implement legislation or improve existing measures to combat pirate optical disc production," as it has "not made sufficient progress in this area" (USTR 2009). Moreover, the economic losses due to the rampant infringement practices are enormous and felt throughout the business value chain. In this context, it is essential to have a viable regulatory framework with a view to protect IPR and ensuring a smooth path of economic growth as well. The next chapter discusses the scope of applying available legal mechanisms at domestic level in this regard.

## Legislative Responses Within the Domestic Level

The Constitution of the People's Republic of Bangladesh has recognized and vouched to protect its citizen's right to property within the purview of Article 40 and 42. The concept of property has been expanded by courts to include practically all rights. Thus, patents, licenses, trademarks, and copyrights are held to be properties distinct from physical or material property (Munim 1975). Bangladesh has a quite fascinating history of protecting the interest of the IP rights holders from the very inception of its colonized structure of legal system starting its journey from the late nineteenth century. The present legal system primarily focuses on the trademark-, copyright-, patent-, and design-related issues within the precincts of IPR protection regime (Azam 2008).

### The Penal Code, 1860

The Penal Code of 1860 has founded the very basic provisions relating to the protection and preservation of IP rights. Section 478–489 of the aforesaid Act has particularly envisaged the remedial mechanism available against the infringement of trademark or property mark. The highest punishment for trademark or property mark violation is punished with an imprisonment of maximum 3 years imprisonment or fine or both. The subsequent provisions (Section 489A–489E) also contain the resolution against counterfeiting of currency and bank notes which are exclusive property of the sovereign authority, and a harsh punishment mechanism has been provided with an imprisonment up to 10 years and fine as well.

### The Patent and Designs Act, 1911

The Patent, Designs and Trademark Act of 1883 was the first legislative enactment in the undivided Indian subcontinent, designed exclusively for protecting IP rights at the national level, and it was subsequently replaced by the Patent and Designs Act of 1911 and the Trademark Act of 1940. The Patent and Designs Act of 1911, now prevailing in Bangladesh, has been enacted with an ambition of protecting inventions and designs at the domestic level. This Act redresses the enforcement and

protection regime of IPR from two dimensions, i.e., Part I deals with patent protection and Part II with design protection. Patent protection has been fixed for a period of 16 years under this enactment and violation of which can result into legal proceedings in the form of injunction, delivery of the infringed patented product, or payment of compensation for unlawful profit made from such infringement. Provisions relating to grant of compulsory license for patent rights have also been made available under Section 22–25 of this enactment, but it does not denote any terms and conditions for such license. Moreover, this Act does not contain any inclusive list as to patentable or non-patentable inventions. The second part of the Act provides the mechanism for registering designs featuring shape, configuration, pattern, or ornament applied to any article by any industrial process or means as copyrighted property. The copyright protection period has been prescribed for 5 years and subject to subsequent application before expiration of the prescribed period; it can be extended for a total period of 10 years in two consecutive phases. Bangladesh Law Commission has prepared a draft law in 2001 for improving this almost outdated and age-old enactment with a view to stay in conformity with the rapid technological development, but it has not been presented before the parliament for approval yet.

### The Trademarks Act, 2009

The Trademarks Act, 2009, traces its origin back to the Trademark Act of 1940 and the Merchandise Marks Act of 1899 and exclusively deals with trademark protection and enforcement regime within Bangladesh. Three functions of trademarks may be distinguished as origin function, quality function, and advertising/investment functions (Bently and Shermon 2003). Under the Trademarks Act of 2009, a registered trademark is entitled to seek protection before the law for an initial period of 7 years which can be extended for 10 years from the date of expiration of the original registration or the last renewal of registration and on the basis of application from the holder of the trademark. Both the civil and criminal remedies are available in case of infringement of trademarks under Section 73–91 of this Act in the form of imprisonment, fine, injunction, damages, accounts for profit, and delivery of the infringing labels and marks for destruction and erasure. In addition, it contains provisions relating to passing off, i.e., the misrepresentation of another's trademark, be it registered or unregistered, with a view to create likelihood of confusion or deception. The criminal remedies under this Act can also be availed through the provisions relating to infringement of trade and property marks under the Penal Code of 1860. Moreover, the Customs Act of 1969 has also authorized the customs officials to confiscate and detain any goods, transported into Bangladesh by land, air, or sea, having counterfeit trademark or false trade description (Khondker and Nowshin 2013). The Trademarks Act of 2009 has been supplemented by the Trademarks Rules of 2015 which contemplates the procedural matter in this regard. The liability for ensuring trademarks, patent, and designs protection in Bangladesh lies within the Department of Patens, Designs and Trademarks (DPDT) under the Ministry of Industries.

### The Copyright Act, 2000

The protection regime for copyright and related rights in Bangladesh is centered within the precincts of the Copyright Act, 2000, replacing the Copyright Ordinance of 1962. It has further been amended by the Copyright (Amendment) Act, 2005, and supplemented by the Copyright Rules of 2006. The Copyright Act of 2000 is said to be a comprehensive regulatory mechanism and has been prepared in consonance with the international protection regime concerning copyright and related rights. Copyright registration is not a mandatory option; nevertheless, registration establishes evidence of ownership of copyright in case of infringement under this Act. Computer software is protected by copyright as literary work within the purview of Section 2(46) of this Act. A Copyright Board in quasi-judicial nature shall be established for dealing with copyright issues under the authority of Section 11–12 of this law. The authority of the copyright owner to assign or grant license has been also recognized within the

perimeter of Section 18–23 and 48–54. Section 24–32 of the Act has laid down the term of protection for lifetime as well as 60 years from the beginning of the calendar year next following the year in which the copyright owner dies. The provisions relating to compulsory licensing have been enshrined under Section 50 and 52, whereas Section 72 deals with the processes of fair use, i.e., exceptions to the copyright infringement. Civil, criminal, and administrative remedies are available in case of infringement of copyrighted work which can be enforced by the owner himself, his assignees, or his legal representative. The remedies are available in the form of fine, imprisonment, injunction, compensation, seizure, and delivery of infringing goods and ban on import of infringing goods. This law is administered by the Copyright Office under the authority of the Ministry of Cultural affairs.

### The Information and Communication Technology (ICT) Act, 2006

The Information and Communication Technology (ICT) Act of 2006 has been prepared with a view to provide legal recognition and security of information and communication technology. This legislative enactment has been designed exclusively for facing the evolving challenges in digital and online environment, and it can be construed in tackling piracy and counterfeiting of software which is increasing in staggering number. A good number of provisions enshrined under Section 54–67 of the ICT Act, 2006, entertain the provisions relating to punishment for specific IP-related offenses done in online environment. These offenses may include, but not limited within, software piracy, distribution, and download of copyrighted materials and disclosure of confidential information in online environment, etc. Even though Section 57 of the Act can be applied through constructive interpretation in certain respect, it has been argued by the rights advocacy groups to drop from the enactment due to its flagrant misuse by the government authority. The remedies available under this Act for an act of IPR infringement is imprisonment for a term up to 14 years or fine for a maximum amount of one million taka or both.

### Competition and Geographical Indication Related Laws

The Competition Act of 2012 and the Geographical Indication of Goods Act of 2013 are very new additions in the IPR enforcement regime creating a whole new paradigm of protection in Bangladesh. The Competition Act, 2012, has been prepared with a view to encourage, ensure, and maintain competitive environment in business and to prohibit, control, and eradicate anticompetitive practices within the territorial limit of Bangladesh. Section 15 of the Act imposes prohibition on any anticompetitive agreement, be it direct or indirect, and Section 16 on the abuse of dominant position in the marketplace. Provision for establishing Bangladesh Competition Commission has also been made to tackle any anticompetition design and ensure healthy competition for small and medium entrepreneurs. Being a newborn piece of legislation toward ensuring efficient market system, it would take a little more time to alleviate the shortcomings remaining within this legislative enactment. On the other hand, the Geographical Indication of Goods Act, 2013, has been enacted to protect ownership of products that are traditionally characterized by their geographic origin. Geographical indication (GI) is a name or sign used on certain products to certify that they possess certain qualities because they are made as per traditional methods or enjoy a certain reputation due to its geographical origin. This law came into force in the context of India registering embroidered quilt (*Nakshi Kantha*), *Fazli* mango, and *Jamdani saree* (as *Uppada Jamdani saree*) in the years of 2008 and 2009, respectively, which are historically of Bangladeshi origin. It is pertinent to mention in here that Bangladesh did formulate the Geographical Indications of Goods (registration and protection) Ordinance, 2008, which successfully identified 65 products as its own GI products. The Act has been supplemented by the Geographical Indication of Goods Rules, 2015. The GI of Goods Act is primarily focused on the punishment mechanism which makes it less prevalent with international standards for registering GI products and consequently, losing the international bargaining platform in redressing the interest of Bangladesh.

## Judicial Decisions for IP Rights Protection

In the case of *Sunil Kumar Das v. Canon Kabushiki* (*57 DLR*, *2005*, *pp. 93–100*), it was decided that the well-known international trademarks must be protected even when they are not registered in Bangladesh. This decision has expressed the obligation of Bangladesh to protect international trademark within its territorial limit as one of the contracting parties of the Paris Convention for the Protection of Industrial Property (1883) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (1995). The provisions relating to recognizing cross border reputation of trademarks under the Trademarks Act of 2009 and obligation for affording protection on the basis of "National Treatment" Principle under Article 16 of the TRIPS have been expressly recognized in judgment of this case. This has also been reaffirmed in the case of *Major General Amjad Khan Chowdhury* (*Retd.*) *v. Parle Agro Products Ltd. & another* (*17 BLC*, *2012*, *pp. 730–740*) and contemplates that only advertisement and publicity is sufficient to protect the "use" of any well-known international mark in Bangladesh.

In the case of *Bombay Sweets and Company Limited v. Liberty Food Company* (*ADC*, *V-5*, *2008*), it was held that due to long continuous use and advertisement of the mark through various media, the trademark of the appellant "Potato Crackers" has become popular and the mark has acquired distinctiveness as the appellant has been using the trademark "Potato Crackers" since 1986, and by expending a huge amount of money for advertising the mark, it has become the most popular brand in the country and the petitioner being allured by the goodwill and reputation of the respondent-appellant's mark subsequently adopted the words "Potato Chips" as its trademark with the color, design, and getup exactly similar to the appellant's marks. The two trademarks are similar, and therefore registration of the petitioner trademark would be likely to cause confusion and deception, and as such registration of the same would be contrary to the provisions of Section 8 of the Trademarks Act, 2009.

In another case of *Samsonite Corporation v. Moon Light Travels* (*2008*), based upon an allegation private investigation done by the local agent of Samsonite Corporation in Bangladesh, law enforcement agency seized counterfeit "Samsonite" products on a sudden raid and found the allegation true. The local police lodged criminal action under the provisions of the Penal Code, 1860. The infringers surrendered with the local agent, disclaimed the seized goods, and provided adequate compensation including undertaking for not trading with counterfeit product. It was finally disposed of on the basis of an out of the court settlement.

In the case of *Kraft Foods Globe Brands LLC v. Ibn Sina Food Products Pvt. Ltd*, the respondent was debarred, in pursuant of an ad interim injunction issued by the District Court, from using the mark "Tang" which is a globally renowned brand for marketing concentrated powder for preparing fruit drinks and has secured IP protection in Bangladesh since 1987. Later on, Ibn Sina attempted to obtain registration for their trademark with the suffix "Tang," and their application was rejected by the Department of Patents, Designs and Trademarks (DPDT).

In 2010, a legal dispute between the owner of Bijoy software (Bengali computer keyboard layout), Mr. Mustafa Jabbar (proprietor of Ananda Computers) and Omicron Lab, Bangladesh regarding an allegation of unauthorized use of Bijoy layout in open-source Avro Keyboard resulted in lodging of official complaint before the Registrar of Copyrights as to show cause for not taking proper legal measures. Later on, it was disposed of through an amicable settlement between the contesting parties with the intervention of the Bangladesh Computer Council. Consequently, Unijoy keyboard layout from Avro keyboard was removed and Mustafa Jabbar formally withdrew his allegation of copyright violation against the Omicron Lab.

In another case (*National Fans Ltd. v. Haji Md. Firoz and another*, *47 DLR 1995*, *p. 285*), it has been held that no design shall be accounted new or original if it only differs from the earlier design by an immaterial detail, which means that any variation must not be trivial or infinitesimal

which a skilled person might make between the articles for commercial purpose.

## Compliance with the International Protection Regime

The World Intellectual Property Organization (WIPO) is one of the specialized agencies of the United Nations (UN) systems of organization which is intergovernmental in nature. It was established with two main objectives, i.e., to promote the protection of IP worldwide and to ensure administrative cooperation among the IP unions established by the treaties that WIPO administers. Bangladesh has become a member state of WIPO in 1985 through ratifying to the convention establishing the World Intellectual Property Organization. WIPO seeks to protect intellectual property rights through facilitating access to and exchange of information worldwide and simplify practice through international standardization and mutual recognition of rights and duties among nations. Bangladesh is one of the state parties to two significant treaties administered under the authority of the WIPO for protecting and enforcing IP rights, namely, the Berne Convention for the Protection of Literary and Artistic Works of 1886 and the Paris Convention for the Protection of Industrial Property, 1883.

The Berne Convention for the Protection of Literary and Artistic Works is one of oldest conventions dealing with the protection of works and the rights of the authors. It aims at creating a common regime for the protection and enforcement of copyright stretching from national to global context. Bangladesh has ratified to this convention in 1999, and as a contracting party to the convention, it is obliged to adopt necessary measures in consonance with the prevailing legal system to ensure the application of the Treaty (Naznin 2011). The Treaty is based on three basic principles, i.e., Principle of National Treatment, Principle of "Automatic" Protection, and Principle of "Independence" of Protection. In addition, it contains a series of provisions determining the minimum protection to be granted and special provisions relating to leverage to the developing countries. The appendix to the Paris Act of the Convention permits developing countries like Bangladesh to implement nonvoluntary license for translation and reproduction of works in certain cases, in connection with educational activities. The Copyright Act, 2000, and its subsequent amendments in Bangladesh is the outcome of obligation imposed under the Berne Convention. It is pertinent to mention that Bangladesh has also ratified the Universal Copyright Convention in 1975 which has lost its significance due to the prevalence of Berne Convention.

The Paris Convention for the Protection of Industrial Property applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models, service marks, trade names, geographical indications, and the repression of unfair competition. Bangladesh ratified the convention in 1991. This international agreement was the first of its kind to help IP rights holders protecting their right beyond national boundary. The substantive provisions of the convention fall into three main categories: national treatment, right of priority, and common rules. Under the authority of this convention, Bangladesh is obliged to grant the same protection to nationals of other contracting states that it grants to its own nationals.

Being a founding member state of the World Trade Organization (WTO), Bangladesh is also obliged to afford protection to IP rights holders envisaged under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Part III (Article 41–61) of the TRIPS outlines the substantive standards and enforcement provisions for IP rights. As a contracting party, Bangladesh is bound to ensure the enforcement procedures under its own legal system so as to permit effective action against any act of infringement of IP rights covered under this agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. Despite the stringent mechanism of IPRs enforcement, Bangladesh is yet lacking in developing strategies to implement the obligations of TRIPS agreement and fulfilling the demand of collective interest. Nevertheless,

Bangladesh as a member of lesser developed countries (LDC) has been given an extension of waiver to avoid applying and enforcing IP rights on pharmaceutical products until 2033. This agreement is also a bitter point of contention and ignited the longstanding division between the north and the south.

The very concept of protection of intellectual property rights has also been embedded in Article 27(2) of the Universal Declaration of Human Rights (UDHR) which states that everyone has the right to the protection of the moral and material interest resulting from any scientific, literary, or artistic production of which he is the author. Bangladesh, being a member of the United Nations, is bound to follow the obligation to protect IP rights declared under the UDHR, 1948.

Bangladesh has been considering joining the Patent Cooperation Treaty (PCT) which aims at establishing patent protection for an invention simultaneously in each a large number of countries by filing an "international" patent application. However local experts have warned that it should not endorse the PCT without detailed study of its impact on pharmaceutical and other knowledge-based industries.

In addition, Bangladesh has also ratified to a handful numbers of regional, bilateral, and transnational treaties and agreements which are relevant for cross border protection of IP rights like the Treaty for the Reciprocal Encouragement and Protection of Investment (1989), Agreement on South Asian Free Trade Area (2006). One of the most significant of such is the Trade and Investment Cooperation Framework Agreement (TICFA) which was signed on November 25, 2013, with the USA. While aiming at fostering bilateral trade and investment for creating jobs, improving technology, and enhancing development, the agreement requires an adequate and effective protection and enforcement of intellectual property rights and adherence to intellectual property rights norms. Although there's shadow of skepticism looming around this agreement about the protection of interest of Bangladesh, it is not bound to comply with any issues which are being exempted by the WTO agreements or any other international convention (Abdin 2013).

## Conclusion

For fostering a culture of knowledge and innovation and in ensuring a sustainable economic growth, it is essential to have viable IP rights protection regime. Regulatory mechanisms available in Bangladesh in this regard lack in coherence and have failed to address the significance of utilizing concerted efforts for protecting IP rights within its territorial limit. With the rapid excellence in the technological sector, the dynamism and ratio of IPR infringement are also on the rise. The modern dimension of infringement has been evolving dramatically where the legal mechanisms available in Bangladesh have failed, due to certain inherent defects, in providing adequate protection for IP rights holders. On the other hand, the real problem of infringement lies within the perception of common people as the ratio of infringement is significantly high at the consumer level in comparison to infringement at commercial scale. The relation between supply and demand must be determined within the very core point of socio-economic dynamism to tackle IPR infringement. The supply line of infringed goods at the industry level can easily be eliminated through culminating more effective tools of protection, but it is required to have frequent awareness building programs for creating a state of responsible consumer behavior which shall seek for IPR protection within itself. From regulatory context, Bangladesh has no specific legislation or is not bound under any international agreement concerning plant variety protection and layout designs of integrated circuits. Being member of LDCs, Bangladesh also gets significant level of leverage from international standard practices for IPR protection which consequently acts as an impediment in enforcing standard practice and procedures into the domestic legislation. The sociopolitical division between the north and the south in issues like capital accumulation, discriminatory matrix of wealth distribution, and excellence in the domain of knowledge, etc. has created a regime of distrust and dilemma among the developing countries like Bangladesh (Watal 2001). Reflecting the nonaligned foreign

policy, Bangladesh tends to keep itself away from regional or transnational obligations of IPR protection. Meager capacity building programs has also led to the absence of expertise in specialized cases like IPR infringement in online and digital environment. Enforcement aspect of IP rights also does matters while making theory into action. Law enforcing agencies and judicial authorities are not well trained for understanding the intricate mechanism of IPR protection and enforcement standards. Hence it is required to increase the organizational capacity and efficiency of the concerned authorities from qualitative as well as quantitative approach for curbing IP-related offenses and minimizing losses incurred by IPR infringement.

## References

Abdin MJ (2013) TICFA: issues, realities and possible impacts. The Daily Sun on November 30, 2013. Retrieved from https://doi.org/10.2139/ssrn.2361845

Amin Zahid Al (2012) Pirated CD/DVD selling openly in Bangladesh. Retrieved from http://www.fortiumtech.com/article.aspx?id=519

Azam MM (2008) Intellectual property: WTO and Bangladesh, 1st edn. New Warsi Book Corporation, Dhaka

Bently L, Shermon B (2003) Intellectual property: patent, copyright, trademark and allied rights. Sweet & Maxwell, London

BSA (2014) The Compliance Gap: BSA Global Software Survey. Retrieved from http://globalstudy.bsa.org/2013/

Khondker BH, Nowshin S (2013) Developing national intellectual property policy for Bangladesh: an assessment of national intellectual property system. Department of Patents, Designs and Trademarks (DPDT), Ministry of Industries

Munim FKMA (1975) Rights of the citizen under the constitution and law. Bangladesh Institute of Law and International Affairs (BILIA), Dhaka

Naznin SMA (2011) Protecting intellectual property rights in Bangladesh: an overview. Bangladesh Res Publ J 6(1):12–21

Office of the United Stated Trade Representative (2009) Special 301 reports on copyright protection and enforcement. Retrieved from https://ustr.gov/sites/default/files/2009%20Special%20301%20Report%20FINAL.pdf

Watal J (2001) Intellectual property rights in the WTO and developing countries. Oxford University Press, New Delhi

World Economic Forum Global Competitiveness Report (2015–2016). Retrieved from http://reports.weforum.org/global-competitiveness-report-2015-2016/

World Intellectual Property Organization (2004) Intellectual property handbook: policy, law and use, 2nd edn. World Intellectual Property Organization, Geneva

# Proposed Fiscal Council for Ghana: An Ex Ante Evaluation

Abdulai Kuyini Mohammed
Department of Political Science,
University of Ghana, Legon, Accra, Ghana

## Synonyms

Financial anchors; Financial performance; Financial watchdog; Fiscal discipline; Fiscal imbalance; Profligacy; Prospective assessment

## Definition

Fiscal councils strictly are akin to independent central banks with a mandate for independent fiscal policy setting. They determine annually the budget balance or the expected level of public debt. In a modest sense, fiscal councils forecast, analyze, and advise on fiscal matters. A fiscal council is supposed to check fiscal indiscipline and profligacy. The question that is interrogated here is: Can a fiscal council achieve these goals in Ghana?

## Introduction

Many developing countries are noted to be operating their budgets persistently on deficit bases. But advanced industrialized countries have also had their share of the deficit bias. The real estate bubble in the USA in 2008 symptomized the onset of fiscal crisis in several developed economies (Calmfors and Wren-Lewis 2011). The fiscal crisis was partly blamed on the economic downturn, but it also smacked of a reemergence of an earlier

phenomenon, that is, the speedy mounting of government debt in most OECD countries in the period between the early 1970s and mid-1990s (Calmfors and Wren-Lewis 2011). In that time the refrain that perfectly described government fiscal policy was "deficit bias" which provided the basis for a rethink of fiscal policy. Discretionary policy was disparaged into disfavor, while fiscal rules crafted to rein in decision-makers were stressed. Across the European Union area, the stability accord established caps on both deficits and debt in addition to medium-term objectives (Calmfors and Wren-Lewis 2011). Many countries including the UK and Sweden introduced national fiscal rules.

The slippages in the implementation of fiscal rules prompted the hunt for novel approaches to sanitize fiscal management. One of the promising mechanisms that have been promoted by both practitioners and academics for doing just that is the creation of autonomous fiscal institutions. According to Calmfors and Wren-Lewis (2011), citing several authors, reputable organizations such as the IMF (Kumar and Ter-Minassian 2007), the OECD (contained in several surveys), the European Central Bank, and the European Commission (2010) have called for the establishment of such institutions. These calls likely inspired European finance ministers to consent to the van Rompuy Task Force to design modalities for fiscal councils which have been mandated to issue independent analysis, evaluations, and forecast in respect of internal member country fiscal policy issues (Wren-Lewis and Calmfors 2011).

In developing countries there is usually a gap between the expected and the actual delivery of public goods and services. The existence of the gap is attributable to several factors. First is the increasing demand for more and better services by citizens. Second is governments' inability to collect the revenues due to them efficiently and effectively. Third is the existence of a large informal sector in some jurisdictions. This makes the identification and proper assessment of the taxable units very difficult resulting in the narrowing of the tax base (Amoah and Loloh 2008). Together these factors compel governments to adopt expansionary fiscal policy either via hiking spending or cutting taxes or both. The resultant is a budget deficit which is financed through internal or external borrowing (Amoah and Loloh 2008). In the African context, for example, additional factors are culpable for the fiscal malaise. These include fiscal indiscipline, the structure of the economy, patronage politics, corruption, and lack of accountability, just to mention a few. Fiscal indiscipline is usually triggered by patronage politics aimed at maintaining incumbent governments in power. This is because it engenders corrupt behavior which is acute in Third World nations.

Many developed countries have adopted fiscal rules and/or fiscal institutions to arrest the deteriorating fiscal positions of their economies. However, developing countries of Africa that are in even precarious fiscal health have not taken measures in the form of fiscal rules and fiscal councils to tackle their worsening fiscal conditions. This is probably due to lack of political will in doing so. It may also be attributable to the public's lack of knowledge and appreciation of the functions of fiscal rules and fiscal institutions and their link to good fiscal performance. Moreover, most countries have only recently reverted to democratic rule after protracted experiments with authoritarian single party and military rule. Such undemocratic political systems are opaque and offer little room for questioning and holding public office holders accountable. Only Kenya and recently South Africa have established fiscal councils as parliamentary budget offices in Africa (Chote 2013). In South Africa the Money Bills Amendment Procedure and Related Matters Act 2009 created the Parliamentary Budget Office to "... provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money bills" (Section 15 of the Act as cited in Calitz et al. 2013: 9). These assigned functions of the Parliamentary Budget Office represent essential tasks of fiscal authorities (Calitz et al. 2013).

Ghana has unremittingly been witnessing macroeconomic instability and rising public debt stock due largely to fiscal indiscipline caused by nonobservance of fiscal rules (Assibey 2017).

This concern was echoed by the Minister of Finance and Economic Planning, Mr. Ken Ofori-Atta, when presenting the 2017 and maiden budget of the new Akufo-Addo-led government on the floor of Parliament on Thursday, March 2, 2017. Justifying the establishment of a fiscal council for Ghana, Mr. Ofori-Atta averred that, "Ghana has been faced with significant, long-term slippages and an escalating public debt stock." This he said has led to "a high risk of debt distress, which he attributed to the 'fact that the implementation of fiscal policy lacks a transparent institutional arrangement for providing quality information to the public'" (Ofori Atta 2017). He therefore signaled government's intention to establish a fiscal council to be responsible for setting up medium-term fiscal policy anchors to guide fiscal policy as well as monitor compliance (Ofori Atta 2017).

The aim of this chapter is to assess a priori the promises and potential challenges of the proposed fiscal council in Ghana in executing its mandate efficiently and effectively. Specifically, the chapter poses and addresses the following questions: (1) Does Ghana need a fiscal council? (2) What functions will the fiscal council perform? (3) How independent will the fiscal council be? (4) How effective will the fiscal council be in the discharge of its mandate? (5) What measures will be put in place to deal with potential challenges that might confront the fiscal council in the discharge of its mandate?

The chapter is structured such that after the introduction the second section reviews literature on deficit bias, while the third section examines the emergence of fiscal councils. The fourth section looks at trends in Ghana's fiscal outlook. The fifth section discusses the prospects and potential challenges of establishing a fiscal council in Ghana. The final section is devoted to discussion and conclusion.

## The Trend of Deficit Bias in Fiscal Management

Beginning in the early 1970s, fiscal policy implementation has been oriented toward a strong budget deficit bias. Examining a panel of 22 developed countries, Beetsma and Debrun (2016) discovered, based on long fiscal time series data, that the frequency of general government deficits increased significantly over time and across jurisdictions. During the 1960s around half of the countries in their study witnessed largely balanced or in-surplus budget positions more than half of the time. Only New Zealand and Norway had attained such performance between 1990 and 1999. The median number of deficit years per decade was between 7 and 9 years for all post-1970 sub-periods except the pre-global financial crisis period (2000–2008) (Beetsma and Debrun 2016: 4). This occurred when several nations enjoyed extravagant hikes in revenues from asset price booms and relatively strong economic growth. The fiscal ramifications of the global financial crisis currently are evident: 13 out of the 22 states in Beetsma and Debrun's study have experienced or are expected to witness a deficit every single year between 2009 and 2017 (Beetsma and Debrun 2016). In the USA and Europe, spending increased markedly over revenues in the 1970s and 1980s. During the period in the USA, fiscal policy was obviously countercyclical because downswings were usually followed by a dramatic upsurge in expenditure (Wyplosz 2005). The trend was halted by the Reagan administration which managed to arrest the growing debt. However, the deficit reemerged in the 1990s when the federal government introduced tax cuts which were not offset by spending reductions. In the 1980s in Europe, public expenditure hiked every year which was unmatched by tax changes. An important element of the rise, which was quite formidable to reverse, was government expenditure on welfare transfers (Wyplosz 2005).

Fiscal deficits are usually blamed on adverse domestic and external shocks; but their sustained spell in several jurisdictions for so long and the continued public debt accumulation that accompanies the trend imply that some other important forces are responsible. For example, unparalleled in the postwar period, public debt has peaked to heights never witnessed among the G7 economies (Beetsma and Debrun 2016). Extant literature

indicates that "weak public financial management and distorted political incentives are the main culprits for deficit biases" (Beetsma and Debrun 2016: 4). Political distortions comprise the propensity of policymakers to concentrate on the ramifications of their discretionary actions in the short term, giving scant consideration to the medium and the long term. Moreover, distributive conflicts involve the "common pool" problem, that is, the basic propensity for any given political constituency to use the available resources for their exclusive benefit without regard to the overall budgetary position (Beetsma and Debrun 2016; Calmfors 2015). In addition, the deficit bias can also reflect time inconsistency. For instance, it can be difficult for governments to credibly commit to saving revenue windfalls in good times because of strong spending pressures that inevitably arise when abundant resources are available (Calmfors 2015).

The fiscal outlook in Africa is even worse than the picture in the developed countries. During the past decade, Africa's debt sustainability has improved, and its debt-to-GDP today is lower than in decades, even though it has been rising in some countries (e.g., Cape Verde, Ghana) (Ncube and Brixiova 2015). Nevertheless, the global financial crisis has left some countries with looming fiscal challenges and deteriorating public debt sustainability. African countries – which entered the global financial crisis with overall low debt levels, adequate foreign-exchange reserves, and moderate inflation – experienced the crisis shock mostly through cuts in external demand and liquidity shortages. Where policy buffers allowed, the governments adopted countercyclical responses to the crisis, usually in the form of increased capital outlays and/or monetary easing (Kasekende et al. 2010). This contrasts with the experience of developed countries where the global financial crisis of 2008–2009 led to a major private sector de-leveraging and public debt accumulation (Ncube and Brixiova 2015).

In general, the global financial crisis has led to African countries' deteriorated fiscal (and current account) balances. Sometime after the crisis, fiscal balances were pitched lower than before the crisis in about two-thirds of the countries. Although the size of Africa's fiscal decline is reminiscent of other developing and emerging market economies (EMEs), its causes are dissimilar. In advanced countries the increased deficits were driven virtually by stimulus policies, while in Africa external shocks contributed significantly (Ncube and Brixiova 2015: 557).

In Africa, fiscal balances and public debt ratios have shown remarkable dissimilarities and variations even during such a short time period as the aftermath of the global financial crisis. Overall, however, countries with sturdier fiscal positions at the beginning of the crisis employed more decisive countercyclical measures and experienced larger deterioration of their fiscal balances (Ncube and Brixiova 2015: 558). For example, following the posting of large fiscal surpluses in the run-up to the crisis, oil exporters recorded declining fiscal balances decidedly in 2009. Despite this, most countries at least partly recovered with favorable oil prices, and the group recorded a small surplus in 2012 (Ncube and Brixiova 2015). Notwithstanding the improvement, oil exporters need to tackle the underlying structural weaknesses and reduce their dependence on volatile commodity revenues. The fiscal deterioration was severer in frontier market – countries that have issued international sovereign bonds or have sovereign credit rating such as Ghana. These countries recorded the largest deterioration of their fiscal balances, and public debt built up as a result of the countercyclical measures adopted in 2009 and beyond. Several of these countries have upheld expansionary policies. For example, Egypt continues to post deficits (in terms of GDP) near or in double digits, reflecting high subsidies and public sector wages. Their access to financing has allowed for the maintenance of budget deficits which were financed through sovereign bond issues, as Namibia and Zambia did externally and Kenya locally (Ncube and Brixiova 2015). A disproportionately large number of other nations, particularly some of the fragile countries, could not employ countercyclical measures during the crisis, due to limited fiscal policy buffers and access to borrowing. Their fiscal

balances have thus deteriorated less than those of the frontier markets. These countries have also posted current account deficits in double digits, raising concerns about vulnerability to external shocks (Ncube and Brixiova 2015).

To rein in the deficit, most developed countries have established fiscal rules and fiscal councils and equipped with the requisite resources, personnel, and independence to discharge their mandate effectively. The question that arises for interrogation in respect to a developing context like Ghana is: Will the fiscal council when established be given adequate resources, requisite personnel, and independence to do its work?

## The Advent of Fiscal Councils

Coming on the heels of the early upsurge of fiscal rule implementation, many jurisdictions attempted to further boost fiscal credibility via improved designed rules and by setting up fiscal councils to enhance openness, transparency and answerability (Beetsma and Debrun 2016). However, the advent of fiscal councils has been much slower and only actually took off intensely subsequent to the global financial crisis. Independent bodies with responsibility for strengthening the institutional dimensions of the budgetary process, such as enforcing fiscal rules, extending the budget forecast, and creating new fiscal institutions, are certainly not novel (Calmfors 2015; Franek 2015). Countries that have had such institutions in place include the Netherlands (the Central Planning Bureau from 1945), Denmark (the Economic Council from 1962), Germany (the Council of Economic Experts from 1963), and the USA (the Congressional Budget Office from 1974) (Calmfors 2015: 11). These pioneers were followed by Belgium and Austria that created such bodies in 1989 and 2002, respectively. Late comers in the establishment of fiscal institutions include Sweden (2002), Canada (2008), Hungary (2009), Slovenia (2009), and the UK (2010). Calmfors (2015) claims the research by OECD (2014) which indicates that currently there is appetite for the establishment of fiscal institutions.

When the proposals for establishing autonomous fiscal watchdogs were first mooted, it was thought that they should resemble independent central banks. Since governments have delegated monetary policy to central banks, it was surmised that likewise fiscal policy could be relinquished to autonomous fiscal entities as a way of blunting the inclination toward deficit bias. Unfortunately, the view that fiscal policy could be delegated to autonomous institutions never materialized (Calmfors 2015). The reason for this could probably be the idea that fiscal decisions are inherently much more redistributive and for that matter more political than monetary decisions. This is so because government must indicate precisely which taxes or public expenditures to alter (Calmfors 2015; Wyplosz 2005). This forced the theoretical discourses to reorient toward autonomous fiscal authorities devoid of decision-making power. Their role was to be circumscribed to a "watchdog" and a mandate to inform and warn elected officers and citizens of fiscal risks. In this debased capacity, the objective is now to influence policy either directly via input into the decision-making process or indirectly by means of analysis and participation in public deliberations (Calmfors 2015: 12).

A fiscal authority with an oversight mandate could arrest many of the factors that bring about deficit bias in several important respects: furnish information to both electorates and politicians; decrease the informational gaps between government and voters; eliminate the chances for government to apply unrealistic growth forecast to rationalize deficits; mitigate common pool problems via precise costing of spending and tax proposals; increase reputational cost for governments inclined toward deficit bias; identify and warn against unsustainable booms that when ending can cause fiscal crunches; serve as a tool for objective macroeconomic forecasts; focus on long-term analysis of budget balance; and make recommendations for the execution of fiscal policy (Calmfors 2015: 12; Franek 2015).

Despite the theoretical and practical benefits of fiscal institutions, critics have attacked their establishment from multiple angles. One objection to the setting up of fiscal councils is that

proponents simply assume their effectiveness. They ignore the exigencies that might work against their efficacy in practice. They assume mainly that institutions are fashioned as incentive structures for policymakers and their credibility is often taken as given (McCallum 1995 cited in Beetsma and Debrun 2016). Advocates retort that institutions are characterized by the high cost of changing them; hence they are essentially more credible than discretionary polices (Beetsma and Debrun 2016). Posen's (1995) criticism of fiscal institutions relates to the likely incongruence of their judgments with the ethos of the people in a democracy. He insists that in a democracy institutions can only endure if they match profounder social inclinations or permanent features of the political system (Posen 1995 cited in Beetsma and Debrun 2016). The inference from this is that institutions in isolation do not change fundamental motivations. So if fiscal institutions are to be effective, then their judgments should coincide with the deeper preferences of society – neither the former nor the latter can stand alone. Posen strikes an analogy here when he clinches that, "both central bank independence and a coalition in society committed to protecting that independence are necessary to achieve the low inflation heretofore ascribed to central bank independence, either alone is insufficient" (Posen 1995: 271 cited in Beetsma and Debrun 2016).

The question that arises from the above discussion on the strengths and weaknesses of fiscal institutions is: Will such institutions work in a developing context? This question is asked because of the characteristics of the Third World which are markedly different from those in the developed countries where such institutions originated. These characteristically different Third World conditions include the "Big Man" cult; disrespect for constitutions and constitutionalism; lack or weak institutional conventions; lack of political will and commitment; and the culture of reciprocity and deference. For example, in terms of the Big Man cult, historically the executive has been the most powerful institution of governance from the pre-colonial chieftaincy through the colonial era, one-party rule, and military dictatorships in the postindependence period and up to the current democratic dispensation. The executive has been so powerful to the extent that it has culminated in a phenomenon known as the "Big Man" – a single man so powerful that the whole governance system seems to depend on his capabilities and whims and caprices (Mohiddin 2008). Consequently, the other branches of government and other countervailing centers of power are powerless to check the executive and to hold it to account.

## Prospects and Challenges of Establishing a Fiscal Council in Ghana

This section is devoted to the examination of the possibilities and difficulties that are likely to arise if Government of Ghana makes good its promise to establish a fiscal council for the country. Specifically, the remit here is to determine the need for a fiscal council in Ghana, the functions the fiscal council will be assigned, chances for autonomy of the fiscal council from political interference, and measures that will be taken to deal with challenges that might confront the fiscal council.

## The Need for a Fiscal Council in Ghana

There are at least five reasons why a fiscal council and/or fiscal rules are needed in Ghana. These are the escalating budget deficits; inaccurate fiscal forecasts; opaque account of the benefit of expenditure programs or the risks involved; the technical language of budgets; and poor fiscal policy decisions arising from the limitation of government payments to available revenues.

In the Ghanaian context, the debate between the positive versus negative impact of budget deficits on economic growth has been longstanding, particularly among politicians and policymakers. Since the first republic where the socialist agenda was adopted, budget deficits have been a common feature of Ghana's economic management (Larbi 2012). The decade prior to the Economic Recovery Program/Structural Adjustment Program (ERP/SAP) saw momentous economic deterioration which culminated in negative

real growth, triple-digit inflation, and large fiscal deficits. In particular, the deficits averaged over 10% of GDP in the period, reached 13% of GDP in 1976. In 1983, however, it declined progressively to settle at 3% (Amoah and Loloh 2008: 7). The factors that were responsible for the budget deficit included trade shocks and a decline in international transactions, reduction in economic activity, inadequacies and errors in domestic policy, and serious misalignment of the real exchange rate followed by the emergence of parallel markets. Together with an overstretched public sector activity, these factors adversely affected government revenues (Amoah and Loloh 2008). The main fiscal objective of the ERP and the SAPs was to reduce the budget deficits in order to control inflation and halt crowding out of the private sector through among others, revenue growth, broadening the base of the economy, and eliminating waste through privatization of public enterprises. These efforts produced the desired results as the deficit declined to the extent of revenue outstripping expenditure from mid-1980s to 1991.

An expenditure expansion occurred in 1992 and was caused by the democratization process which was climaxed with the general elections in November of that year. The expenditure growth made the budget deficit to rear its ugly head again climbing to 4.8% of GDP in 1992. Nevertheless, there was a progressive decline in the quantum of the deficit which translated into a budget surplus for fiscal years 1994 and 1995 of 2.3% and 0.9% of GDP, respectively (Amoah and Loloh 2008). The large deficits reappeared in 1996 (another election year) after improving from the 1992 level. In 2000 a reminiscent trend was also recorded, which was another election year. The fiscal austerity that was instituted following the assumption of power of a new government in 2001 led to a considerable decrease in the budget deficit from a high of 8.6% of GDP in 2000 to a low of 1.96% of GDP in 2005 (Amoah and Loloh 2008). However, fiscal deterioration which usually characterizes election cycles was not witnessed in 2004 as revenues earned outstripped expenditure incurred. This good fiscal health turned into a malaise by 2007 for a number of reasons: the energy crisis which began in 2006; expenditures associated with "Ghana at 50" celebrations; the hosting of the AU summit in Accra in 2000; and the hosting of the 2008 Africa Cup of Nations. Together expenditure on these events culminated in a fiscal deficit of 8.1% of GDP in 2007 (Amoah and Loloh 2008).

The extraordinary upsurge in the budget deficit since 2012 has rekindled and intensified the debate about the implications of fiscal deficit for economic growth and the development of the country. Ghana's deficit increased from 4.3% in 2011 to 11.8% in 2012 before plummeting to 6.3% in 2015, which is still considered high when juxtaposed with past statistics (Bank of Ghana 2013). The hike in the deficit has contributed to an increase in the country's gross public debt as a ratio of GDP, from 40% in 2011 to 72.6% at the end of November, 2015 (African Development Bank, Organization for Economic Cooperation and Development & United Nations Development Program 2015).

Extant literature identifies four broad means through which a country can finance its budget deficit: (i) it can run down its cash reserves; (ii) it can sell some of its assets like properties, shares in companies, and even enterprises; (iii) it can print more currency, which in turn will increases money supply and thus trigger inflation; and (iv) it can also borrow from central and/or deposit money banks (DMBs) or from the general public internally and externally (Amoah and Loloh 2008). There are economic implications associated with the adoption of each of the approaches to plugging the deficit. For example, while external borrowing upsurges a country's external debt with attendant high interest payments, domestic borrowing does not only increase domestic debt profile, but it also impacts inflation and interest rates and undermines the long-run growth path of the economy (Amoah and Loloh 2008).

The Government of Ghana over the years has employed to varying degrees these different instruments. The principal instrument, however, for financing the budget deficit has been borrowing from both the banking and the private sector (Domestic sources) which averaged about 70%

of the overall deficit financing. Domestic financing of the budget deficit in 1999 was 83% of the overall financing or 5.4% of GDP, out of which 93% or 5.1% of GDP was sourced from the banking sector, of which 21% or 1.1% of GDP came from the Bank of Ghana (Amoah and Loloh 2008). It is important to state that by 2000, domestic financing of the deficit jumped to 102% of the overall financing or 8.8% of GDP; the banking sector's share was 80% or 7% of GDP, and the Bank of Ghana's share of the banking sector was 94% or 6.6% of GDP (Amoah and Loloh 2008). This disproportionately large share of Central Bank financing of the budget deficit is in line with the high inflation and the considerable macroeconomic instability witnessed between 1999 and 2000. During the last 7 years, the composition of the deficit financing has witnessed a complete change. In 2001, government succeeded in traditional debt rescheduling (exceptional financing) of up to 22.3% of the overall deficit. And since 2003, exceptional financing mainly related debt relief made up a big fraction of the overall deficit financing, averaging over 40% between 2003 and 2007 (Amoah and Loloh 2008). The West African Monetary Zone (WAMZ) criterion stipulates that respective central banks cannot finance the budget deficit of more than 10% of the previous year's revenue. Likewise, the Bank of Ghana's Act of 2002 restricts the bank's financing of government (Amoah and Loloh 2008). These restrictions together with other existing financial and legal instruments are intended to force government to discipline expenditure and plug the budget deficit. Successive governments have, however, flouted these controls with the result that the deficit continues to grow. For example, the deficit increased from 6.3% in 2015 to 8.7% in 2016 (ISSER 2017). This means Ghana probably needs binding numerical limits on primary balances, expenditures, and deficits. It also needs fiscal institutions either to advice on or compel adherence to fiscal targets and monitor fiscal performance.

Another reason why a fiscal council is warranted in Ghana is that the government and its treasury's fiscal forecasts are rarely accurate. For example, fiscal targets, characteristic of virtually all election years, were not attained in 2016. In cash terms the overall target was set at a deficit of 5% of GDP, but what was actually achieved was 8.7% – 3.73 percentage points difference. In regard to commitment, the target set was a deficit of 3.7% of GDP, but the figure that was actually obtained was 10.3% (6.6 percentage points difference) (ISSER 2017). Despite the fact that both expenditure and revenue accounted for missing the targets, the contribution of expenditures was far greater. Compare the share of GHS7.1 billion of the former to GHS4.2 billion for the latter. The expenditure target was 26.4% of GDP, but what was actually achieved was 30.3% of GDP. The projection for revenue and grants was 22.7% of GDP, but the actual figure obtained was 20% of GDP (ISSER 2017).

Equally, the projections for 2017 are interesting but ambitious in many important respects. On the upside there have been generous tax abolitions and cuts. While these tax incentives may spur production and growth, they may reduce the revenue yield and create a mismatch between income and expenditure. This gap could only be bridged through deficit financing. Moreover, there is the likelihood that tax cuts are intended to garner patronage and popularity to the new government (ISSER 2017). The other issue relates to whether the government can remain disciplined, fiscally. This is because there is a historical record of profligacy in government expenditure in Ghana's 60 years of nationhood.

Ghana relies on historical trends to make projections. This largely depends on the exchange rate volatility as a key parameter, among other things. Budgets are normally prepared against certain expenditures, which government collates from the various institutions to make revenue projections. Such a system makes it difficult to forecast since it lacks scientific verification (ISSER 2017).

The experiences of both industrialized and developing countries show that governments are generally engaged in bending of their own laws. The fiscal impropriety embraces substantial window dressing of budget estimates of revenues and expenditures, avoidance of credit limits through an accumulation of unpaid bills, transfer of amounts toward the end of the year to deposit

accounts to avoid lapse of funds, and manipulation of performance data and associated means (Shende and Bennett 2004). Window dressing involves projection of rosy scenarios of economic growth and policy measures yet to be formulated. A susceptible public may not always know what the government is doing. While these practices are sought to be reduced in some jurisdictions via a review of the estimates by the audit agency or through an assessment by credit rating agencies, it is important to state that these attempts are, generally, circumscribed (Shende and Bennett 2004). For now, in many jurisdictions the budget mirrors creative accounting approaches that successfully disguise the actuality. These practices, to be frank, undermine financial accountability.

In the Ghanaian context, budget information on nonfinancial assets and liabilities including contingent ones is either scanty or nonexistent. Instead, a good deal of detailed information on small operations may be provided, while accounts are generally opaque in important areas such as defense and extremely brief on the benefits of expenditure programs or the risks involved. The budgets tend to be very silent on risk management, that is, the changes in strategy in the event of changes in the underlying assumptions. For example, the new Akufo-Addo-led government has repeatedly criticized the huge outlays (largely financed from borrowing and tax hikes) of its predecessor Mahama administration. In charting a new direction, the new government has either scrapped or reduced several taxes which its predecessor introduced, labeling them as nuisance taxes (Ofori Atta 2017). In so doing it has over concentrated on the benefits of the abolition of the so-called nuisance taxes, but it has been silent on its costs. Also, budgets and accounts in government speak a technical language that tends to be extremely difficult for the public to comprehend. The classification of government activities may conceal more than it reveals.

The applications of payment arrangement under which government expenditures are circumscribed by available revenues have created grave problems in the pursuit of apt fiscal policy. A fiscal policy suggests a balance between fiscal aspects and service delivery. In cash limited approaches, budgeting becomes a backdoor exercise in that the budget that is implemented may not be the one that is approved by the legislature but the one that is determined by cash inflows (Shende and Bennett 2004: 4). In a setting like that, service delivery becomes incidental, and the very approach that is aimed at boosting investor confidence eventually undercuts public trust in government and weakens legislative accountability. This was exactly the situation during President Mills' regime. In attempt to achieve macroeconomic stability, the government barred the commencement of new projects and programs, froze public sector employment, and instituted fiscal austerity. These measures succeeded in reducing the double digit inflation to single digits and stabilized the foreign exchange rate as well as restored investor confidence (ISSER 2017). But the downside was that public service delivery was sacrificed as maintaining existing service levels became quite formidable. This reinforced the popular perception that, in a crisis, the first activity that is protected is not service delivery, but payment of wages to government employees (Shende and Bennett 2004).

## Functions of Proposed Fiscal Councils

As Wren-Lewis and Calmfors (2011: 15) indicate, the likely functions of a fiscal council are at least seven. These include (1) ex post evaluation of whether fiscal policy has met its targets in the past; (2) ex ante evaluation of whether fiscal policy is likely to meet its targets in the future; (3) analysis of the long-term sustainability of fiscal policy; (4) analysis of fiscal transparency; (5) costing of individual government policy initiatives; (6) macroeconomic forecasting; and (7) normative recommendation on fiscal policy.

In terms of the core functions of a fiscal council, the first four are representative. Fiscal targets are typically predicated on cyclical dynamics which implies myriad and varied interpretations will be obtained in respect to whether or not the targets have been attained. This increases the opportunity for political manipulation (Calmfors and Wren-Lewis 2011). It is in such a

scenario that the role of a fiscal watchdog becomes crucial in verifying past fiscal behavior. The Ghanaian economy in the postindependence period from 1957 to date has been witnessing economic swings or business cycles – recessions and recoveries (ISSER 2017). The business cycle is the cyclical changes of the economy from periods of boom to bust. It encompasses an expansion in economic activity (gauged by indicators like rises in output, employment, and profits) accompanied by a reduction (downward turn in economic activity measured by indicators such as falling production, unemployment, business losses, and bankruptcies) (ISSER 2017). In line with Calmfors and Wren-Lewis (2011), there have been different interpretations over the years as to whether governments have achieved their targets. The window for multiple interpretations of government's fiscal performance was opened following the democratization process in the late 1990s when the hitherto gagged civil society organizations and think tanks had a liberalized environment established in which they could make input to public policy making. Think tanks like the Center for Economic Policy Analysis (CEPA), Institute of Economic Affairs (IEA), Institute for Democratic Governance (IDEG), Center for Democratic Development (CDD), and IMANI Ghana have now been able to speak boldly on national issues and have on occasions criticized government policies. For example, in a recent report, IMANI Ghana made an assessment of the immediate past National Democratic Congress (NDC) government's campaign promises against its achievement (IMANI Ghana 2016). Its findings among others included a mismatch between the government's economic fiscal fundamentals and targets and achievements. This was, however, disputed by the government. Likewise, the Institute for Fiscal Studies (IFS) claims that the outgoing NDC government's medium-term adjustments were not ambitious enough to spur robust economic growth and improve revenue mobilization (Institute for Fiscal Studies 2015). So having a fiscal council will enable an independent assessment to be made of government's past fiscal targets. Because there is risk of a fiscal authority criticizing government, later this should strengthen the ex ante incentives for the government to exercise fiscal discipline. These incentives are much more profound if a fiscal watchdog takes up the task of ex ante evaluation of whether fiscal policy is likely to meet its objectives in the future (Calmfors and Wren-Lewis 2011).

Engaging in long-term fiscal analysis should also be an important remit of a fiscal council. This is because scant consideration of future consequences is at the crux of the deficit bias problem (Calmfors and Wren-Lewis 2011). Yet the proposed fiscal council for Ghana will be confined to making only medium-term projections. This was made clear by the Minister of Finance, Mr. Ken Ofori-Atta, when presenting the 2017 budget on the floor of Parliament on Thursday, March 2, 2017. He said that the "fiscal council shall be responsible for setting up medium-term fiscal policy anchors to guide fiscal policy as well as monitor compliance."

Medium-term fiscal projections should feed long-term objectives. Medium-term targets can be viewed as intermediate goals fashioned to attain more fundamental, high-level objectives. These objectives could include social efficiency (giving an argument for tax flattening), precautionary savings to take care of future contingencies or intergenerational equity (Auerbach 2008). So if Ghana wants the proposed council to do a good job, it should also assign it with the task of projecting long-term fiscal objectives.

Another consideration relates to whether the proposed fiscal council should engage in macroeconomic forecasts. There is one important advantage in conducting macroeconomic forecasts: over confident government forecasts have usually been employed to disguise extravagant fiscal policy (Jonung and Larch 2006). The downside is that the resources required for such forecast can be colossal. Such analyses may also come at the expense of other council activities. Furthermore, forecasts are inaccurate most of the time – sometimes very wrong. Thus, if the fiscal council that is proposed for Ghana is assigned the task of macroeconomic forecasting, this could undermine its credibility and make it quite formidable to accomplish other assigned functions. Wren-Lewis

(2010) agrees when he asserts that engaging in macroeconomic forecasts could weaken a council's credibility and make it harder to fulfill other tasks. They propose another option, that is, that, the fiscal council only monitors the governments' forecasts.

According to the Finance Minister, the fiscal council will "set up medium-term fiscal policy anchors to guide fiscal policy, and monitor compliance with fiscal policy rules" (Ofori Atta 2017). But a fiscal council can do more than what the Finance Minister has suggested. It could in addition do either positive or normative analysis. At the minimum, positive analysis can take the form of setting out the ramifications of the government's policy only. A more advanced positive analysis will be to outline the effects of alternative policies as well. Moreover, a fiscal council could give alright policy recommendations. The pursuit of these tasks will entail hard compromises. In one vein, normative recommendations could compromise the positive analyses. The other side is that those who make use of the council's reports may find it difficult to determine how strictly positive analysis should be transformed into policy conclusions, hence debasing the effect of the fiscal watchdog's analysis on real-world policy (Debrun et al. 2009).

## Independence of the Council

Independence of fiscal councils in discharging their mandate efficiently and effectively has been mentioned often times in the literature. This is grounded in the belief that deficit bias stems from distortions in the political system which a council is established to resolve (Calmfors and Wren-Lewis 2011). Factors that guarantee a fiscal council's independence can be sketched. These are (1) budgetary independence, (2) accountability, (3) establishment of international standards, (4) the choice of a principal for a fiscal council, (5) the composition of a fiscal council, and (6) the legal status of a fiscal council (Franek 2015; Wyplosz 2005).

To ensure independence from political interference, a fiscal council should be guaranteed a stream flow of funds to run its activities. Central banks have no problem since they have financial autonomy (Calmfors and Wren-Lewis 2011). Likewise, a fiscal council should possess a long-term budget to forestall the likelihood of governments attempting to interfere or influence its activities via controlling the size of budget allocations. The uncertainty of a long-term budget for the proposed fiscal council for Ghana looms large. This is because the experience of the resource-strapped constitutional bodies like the National Media Commission (NMC), National Commission on Civic Education (NCCE), and Commission on Human Rights and Administrative Justice (CHRAJ) is illuminating. For example, the NCCE is mandated to provide civic education across the country on all aspects of national life including healthy living, civil liberties, and civic responsibilities as well as voter education, just to mention a few. But its offices are as yet not even established in many districts across the country and it has skeleton and often less skilled staff in addition to poor logistics supply. The mandate of NCCE is huge, but its appropriation in the annual budget is extremely limited. The NCCE has witnessed recurrent discrepancies between the approved budget and the actual funds received. For example, in 2006 a budget of $35,304 was approved, but at the end of the year, the Ministry of Finance released $31,102 resulting in a shortfall of $4,202. For the 2011 fiscal year, a budget of $40,976 was approved; however, only ¢36,231 was released (Debrah et al. 2014). A CDD's (2005) study found huge divergences between budget releases and expenditures of governance institutions. So without political commitment, a fiscal governance institution like the proposed fiscal council will also suffer funding constraints just as the NCCE and the other constitutional bodies.

A second issue in relation to the independence of a fiscal institution is accountability. This seems ironical, yet a fiscal watchdog which is not answerable in the short run may sacrifice its independence into the long term (Calmfors and Wren-Lewis 2011). This is explained by the fact that in the discharge of its responsibilities on a day-to-day basis, a fiscal council may run into a collusion path with the government which may attempt to

curtail its independence or redesign its remit. One way of insulation against such obtrusion is to have regular evaluations of the quality of the work of the council. An appraisal like that could take the form of peer reviews which could be conducted by councils from other jurisdictions or by a more formalized international network of councils or by international organizations like the IMF and the OECD (Calmfors and Wren-Lewis 2011). In a developing country, context such as Ghana's rating by an international body like the IMF may be more credible and acceptable because it already conducts assessments of government's fiscal management of the country which is a beneficiary of its loans.

A third strategy for ensuring the independence of a fiscal council is to establish international standards. This is already a reality in the European Union (EU) where finance ministers have already reached a consensus in the van Rompuy Task Force to develop (non-binding) recommendations on the set up of national fiscal councils (Calmfors and Wren-Lewis 2011). This measure represents an option for making it politically expensive for governments to undermine the independence of fiscal councils. In the Ghanaian context, this appears to be a gloomy proposition because the African Union's underdevelopment in terms of monetary, fiscal, and legal integration makes the continental body incapable of setting and administering such standards. Recourse to the EU will be inappropriate because of lack of jurisdiction.

Another way of guaranteeing the independence of a fiscal council is the assignment of a principal for it. The council could formally be designated as an agency under the executive as in Sweden, Denmark, and Slovenia. Alternatively it could be an entity under the legislature as in Canada, Hungary, and the USA (Calmfors and Wren-Lewis 2011). As an entity under the legislature, the council can achieve independence from the government because it will be difficult for the executive to interfere in the work of the council. However, the downside is that the legislature can likewise interfere in the work of the council since the political cost in doing so might be smaller for less well-known parliamentarians than for government ministers (Calmfors and Wren-Lewis 2011: 18). In the Ghanaian scenario, another problem that will be encountered for subsuming the fiscal council under the legislature is that Parliament has traditionally been a majoritarian one. Moreover, under the fourth republican constitution, the executive and the legislature are fused. Together these two factors make the legislature dance to the tune of the executive. In other words, in fused and majoritarian parliaments like Ghana's, the executive controls the legislature and for that matter will control the fiscal council.

The makeup of a fiscal council can also affect its independence. The tenure of office of council members should enable the council to operate independently from the election calendar (Franek 2015). The likely constituencies from which members of a fiscal council can be drawn include (1) academic researchers, (2) public finance experts from the public administration structure, (3) analysts from the financial sector, and (4) ex-politicians (Franek 2015).

Members of academia constitute the dominant group especially in Denmark, Germany, Hungary, and Sweden. In these countries the council is made up of only academics or a clear majority of academics (Calmfors and Wren-Lewis 2011). The reason for their dominance is that their analyses are more likely to be objective and free from political contamination than most other groups (Chote 2013). A high reputational cost would be incurred by an academic if their analyses were politically tainted rather than being scientifically objective. Nevertheless, academics do not possess the expert knowledge required to furnish detailed assessments of budget bills. This is also the rationale for including public finance experts with a background in government administration. Yet career public servants are more worried than academics about future career prospects in government establishment. Another option is enlisting analysts from the financial sector. The last but not the least alternative is to include a small number of well-known ex-politicians in order to ensure the legitimacy of the council and hence its independence.

In the Ghanaian context, all of the above categories of people are available. For example,

many academics with expertise in economics and finance that are trained locally and internationally are in adequate supply. The bureaucracy with diverse expertise including economics and finance has proven indispensable in public policy development, implementation, and evaluation since independence in 1957 (Asante 2005). There is now a fledgling financial sector in Ghana made up of a portfolio of commercial banks, financial institutions, and a stock exchange market. All of these have nurtured and retained dedicated and experienced staff in the economic and financial fields. The proposed fiscal council can therefore draw members from these different backgrounds. The only problem is with the ex-politicians who may not be truly ex-politicians and their analysis may be politically tainted. This is highly likely in Ghana with its profoundly polarized politicking where even ex-politicians still campaign on political platforms and continue to identify with their parties in order to rent-seek within the state. Their neutrality on the fiscal council will therefore be questionable.

In relation to the tenure of council members being long enough to be independent of the election calendar, the experience varies. Periods of office are in general much shorter for council members than for members of executive boards (monetary policy committees) of central banks. The tenure is 5 years in Belgium, Canada, Germany, Slovenia, and the UK. The tenure is 3 years in Denmark, while in Sweden the original 3-year tenure was reduced to 1 year (Calmfors and Wren-Lewis 2011). In addition to the short tenure, members of fiscal councils in most jurisdictions can be dismissed at the discretion of the principal. The exception is the Office for Budget Responsibility in the UK where the consent of the Treasury Select Committee of Parliament is required. Another is Germany where the law does not grant power for the executive to dismiss members of the fiscal council (Calmfors and Wren-Lewis 2011).

So in Ghana if the proposed fiscal council is to be truly independent, then the tenure of council members should go beyond 4 years which is the tenure of every government. There should perhaps also be an entrenched provision in the constitution establishing the council which no government on its own volition can change without the approval of the citizens. Moreover, dismissal of council members should be barred. In this regard, it is heartening to note the assurance that was given by the Minister of Finance, Mr. Ken Ofori-Atta, when he was presenting the 2017 budget on the floor of Parliament on Thursday, March 2, 2017. He said "legal backing will be given to the fiscal council through an amendment of the Public Financial Management Act 2016 (Act 921), to inter alia capture all the elements of a fiscal responsibility law" (Ofori Atta 2017). This legal guarantee will only work if it is entrenched so that successive governments cannot scrap it if they are uncomfortable with it. Such legal guarantees are lacking in Hungary where only after 2 years of existence, the council had its secretariat hived out and the institution was debased into a more toothless entity. The new body comprised a chair nominated by the President of the Republic, the Governor of the Central Bank, and the Director of the National Audit Office. This happened after the council had criticized the government's budget for its optimistic assumptions and lack of transparency (Calmfors and Wren-Lewis 2011). Nevertheless, formal safeguards provide cover only to some extent. Eventually, fiscal councils have to engender independence and legitimacy in an informal way by cultivating a reputation for transparency and for impartial and rigorous analysis (Chote 2013).

## Effectiveness of the Council

The Akufo-Addo-led government wants to be viewed as constraining its future actions by proposing the establishment of a fiscal council. Once instituted it is likely for the constraints to start to bind, and this may motivate the government to disregard the council's wise counsel. There is also the likelihood that the government will interfere in the council's activities or in the extreme scenario, disband it. The picture is likely to be even gloomier for the council if the New

Patriotic Party (NPP) government, which proposed the establishment of the council, loses power. If the succeeding government is not comfortable with the council, it may scrap it. This is especially highly probable if the assessments of the council are highly critical of government policy to the extent of embarrassing the regime (Chote 2013). On the other hand, if the council produces good quality and impartial analyses, this could be a basis for "building reputation strong enough to create public opinion pressure on government." Moreover, in such a scenario, the government "cannot ignore opinions and recommendations presented by the council" (Franek 2015: 40). This implies that in public financial crisis, the government may even use the council's "recommendations as a form of support in making decisions which are difficult to accept by public opinion" (Franek 2015: 40).

Across Africa, governance institutions have failed to deliver on their mandate because of financial constraints. In Ghana specifically, institutions like Parliament, NMC, CHRAJ, and NCCE, among others, are bedeviled by financial constraints, which have culminated in their appalling performance (CDD 2005). Also if the information a fiscal council requires is not forthcoming from government institutions, its success will be in doubt. This is likely to be the case for the proposed fiscal council because a Freedom of Information Bill which will oblige public organizations to furnish information on their activities on demand by citizens and groups is languishing in Parliament for close to a decade now without passage. So the effectiveness of the proposed fiscal council will be hampered if it is starved of the requisite funds and information it needs to discharge its mandate. Chote (2013) agrees when he observes that a fiscal council's effectiveness can be damaged if the resources and information it needs are not availed to it or are woefully inadequate. So to avoid this funding squeeze, the council's budget should be fixed several years in advance, and published, which would make it quite formidable to exert financial pressure on a year-by-year basis.

Appointment can also be a factor which can undermine the effectiveness of the proposed fiscal council. The power of appointment can be a crucial tool for engendering good governance. However, in Ghana this has been abused among others because considerations of personal loyalty have overridden ability to perform (Oquaye 2000). For example, the Council of State was invented in 1969 to strengthen the checks and balances system under the Constitution. However, this mechanism over the years has been dented and made ineffective because the President controls the appointments. Members generally are used as errand boys and girls for the President, are seen on government party platforms, and are regarded by Ghanaians as not having the guts to speak truth to power. They cannot disagree with the President, and they express only what pleases the government in return for party patronage gains. It is therefore highly probable that members of the council will not be able to speak their minds. Moreover, the government may be able to exert pressure on the council to alter elements of its analyses.

The power of appointment by the executive has undermined the effectiveness of the Belgian fiscal council, the High Council of Finance. The council was left in an indeterminate state for several years, incapable of making policy recommendations. This was because the Finance Minister had declined the renewal of the mandate of incumbent council members or appointment of new personnel (Chote 2013). Also, the future of the Canadian fiscal council (the Parliamentary Budget Office) hangs in a balance following the government's refusal to appoint a permanent replacement to the outgoing Parliamentary Budget Officer before the end of his tenure (Chote 2013). So if Ghana wants its proposed fiscal council to be effective, the current and subsequent governments should refrain from refusal, delay, and using non-meritocratic methods of appointments.

Ultimately, the proposed fiscal council has to be accountable and responsive to the executive and Parliament and yet remains independent of both. Its final responsibility should be to the Ghanaian people. The public is entitled to be furnished with the good judgment of the council irrespective of whether politicians find it receptive or not. For the purpose of protecting its

legitimacy, it is incumbent on the council to enjoy bipartisan support. So far objections to the setting up of the council by the opposition National Democratic Congress (NDC) have not been voiced, which is a sign that it may enjoy support across the political divide.

Achieving a balance between accountability and independence will be a difficult undertaking. The board members of the proposed fiscal council who will exercise oversight could play an important role. Their duties and responsibilities will be to make certain that the council is able to discharge its mandate in the most professionally desired and effective manner. They will be responsible for ensuring that the strengths and weaknesses as well as successes and failures of the council for each year are captured in the annual report. Their watchdog role is also advantageous in another respect, that is, they can furnish a second opinion and an avenue of communication if the council is especially worried about the behavior of politicians – or if the elected officers are troubled by the council's conduct (Chote 2013).

## Discussion

The analysis in this paper indicates that both the prospects and challenges of establishing and running a fiscal council in Ghana are looming. In terms of challenges, the inclination toward deficit bias shows no sign of abating especially so since the country started producing and exporting oil in 2010. Since the discovery and exportation of oil in commercial quantities, the country has tended to be borrowing more and spending more. Compare the pre-oil borrowing level of 2006 of 26.2% of GDP to oil regime level of 72.6% at the end of November 2015 (African Development Bank, Organization for Economic Cooperation and Development & United Nations Development Program 2015; Institute for Fiscal Studies 2015). This evidence confirms the prediction in the literature that if not constrained democratic governments would be susceptible to "deficit bias" and "pro-cyclicality" in their management of public finances. That on average they borrow more than they should and, that in particular, they spend too much or tax too little when the economy and the public finances both appear to be in good shape (Calmfors and Wren-Lewis 2011).

In regard to the proposed council's independence, one of the challenges that appear insurmountable is the disregard for constitutions and constitutionalism. This makes leaders to want to have their way by disobeying laws and rules, intimidating countervailing centers of powers, and interfering in the work of independent monetary, audit, and fiscal institutions. For example, there is political interference in the work of the supreme audit institution in Ghana. For example, only recently the Auditor General petitioned President Akufo-Addo to the effect that the politically appointed board chairman of his outfit was unlawfully interfering and violating his constitutional mandate. According to him, the board chairman attempted to interfere in audit processes and took procurement decision in his absence as well as unlawfully circulated audit circulations (Banaseh 2018). Government was also accused of contracting parallel private firms to conduct special audit of the accounts of some public agencies without recourse to the Auditor General (Aseidu-Nketia 2018). This action, according to the opposition National Democratic Congress (NDC), is usurpation of the power of the Auditor General. Under the 1992 Constitution, only the Auditor General is authorized to conduct audit of public agencies. Where for some good reasons such audits have to be carried out by private firms, it has to be with the consent of the Auditor General who chooses the private firms. Such political interference undermines the independence of the supreme audit institution and twists audit findings in favor of executive desires rather than the public interest. There is therefore no guarantee that when established the government will not interfere in the work of the fiscal council.

In terms of effectiveness of the fiscal council, factors such as lack of funds, lack of access to information, and the president's power of appointment are stark realities in Ghana. These factors potentially can undermine the effectiveness of the fiscal council. For example, access to government

information is extremely limited. To illustrate, the Freedom of Information Bill which would have guaranteed public access to government information has been languishing in Parliament for over two decades without passage (Raviv 2016). Because of lack of funds, the Auditor General's Department in Ghana by June 2009 had a backlog of 27 reports to present to Parliament. The auditing of foreign exchange receipts and payments of the Central Bank (Bank of Ghana), local governments, and public boards and corporations was in arrears for 3 years (GNA 2009). Due to financial limitations, the Auditor General's outfit covers only 70% of its entire audit annually (Daily Guide 2013). There is therefore no guarantee that when established the fiscal council will have access to government information it requires and that its activities will be adequately funded.

This view joins Hagemann (2011) when he argues that the evidence on the effectiveness of fiscal council is limited or indeterminate. He conducted comparative analyses of fiscal indicators of a sample of countries (Belgium, Chile, Hungary, and the UK) before and after the formation of fiscal councils. He found that in some cases fiscal councils impacted positively on fiscal performance, while in some others they did not. In Romania the current public debt is worse than in previous years when a fiscal council was absent. The Romanian fiscal council was established in the middle of 2010. In 2013 that country's public debt was 37.9% of GDP, while in 2009 it was lower at 23.2% of GDP and was even much lower in 2008 at 13.2% of GDP (Franek 2015). The case of Sweden also clouds the claim that fiscal councils have contributed to improved fiscal performance. This is because despite the existence of a fiscal council, public debt has not decreased substantially. In 2007 following the creation of the council, public debt constituted 38.2% of GDP, while in 2013 it marginally decreased to 36.8% to GDP. When juxtaposed with the years prior to the establishment of the council, the rate of decrease of the public debt-to-GDP ratio was bigger. The debt decreased from 70.3% of GDP in 1996 to almost 50% of GDP in 2002 (Franek 2015). The evidences above show that the issue of the effectiveness of fiscal councils is far from settled.

## Conclusion

This paper examined a priori the chances of success and the potential pitfalls of the proposed fiscal council in Ghana. The investigation was in relation to whether Ghana needs a fiscal council; the functions the council will perform; the independence of the council; the effectiveness of the council; and the potential problems and measures for resolving the problem. The evidence showed that indeed Ghana needs a fiscal council in view of the country's inclination to deficit bias and seemingly unsustainable debt trajectory. It also found that the functions that the government intends to assign to the council are somewhat circumscribed which may debase its influence and impact. In addition, it is also highly probable that the independence and effectiveness of the council will be sacrificed due to Ghanaian governments' propensity to circumvent their own laws, starve governance institutions of requisite resources, and use party loyalty rather than meritocracy in appointments to key governance institutions. The paper concludes that unless these minutiae are adequately addressed, achieving fiscal discipline in a fiscal council regime will be quite formidable.

## References

African Development Bank, Organization for Economic Cooperation and Development & United Nations Development Program (2015) African Economic outlook. Ghana 2015, Retrieved from: www.africaneconomicoutlook.org on June 5, 2017

Amoah B, Loloh FW (2008) Causal linkages between government revenue and spending: evidence from Ghana. Working paper WP/BOG-2008/08, Bank of Ghana

Asante MS (2005) Deforestation in ghana: explaining the chronic failures of forest preservation policies in a developing country. University Press of America Inc. New York

Aseidu-Nketia J (2018) Press statement: NDC on the NPP Government's Fake Audit Reports on the Operations of Former Government Officials. Retrieved from: https://www.ghanaweb.com on January 21, 2019

Assibey EO (2017) Making Ghana's fiscal council work: experiences and best practices. Retrieved from: www.ieagh.org/iea-event/making-ghanas-fiscal-council-work-experiences-and-best-practices/. Accessed 20 Dec 2018
Auerbach AJ (2008) Long –term objectives for Government Debt. Studier i finanspolitik 1. Swedish Fiscal Policy Council
Banaseh MA (2018) Tension Brews between Auditor General, Audit Service Board. Retrieved from: https://www.ghanaweb.com on January 21, 2019
Bank of Ghana (2013), Annual report and accounts 2012, Accra
Beetsma MW, Debrun X (2016) Fiscal councils: rationale and effectiveness. International Monetary Fund working paper number WP/16/86
Calitz E, Siebrits K, Stuart I (2013) Enhancing the credibility of fiscal forecasts in South Africa: is a fiscal council the only way? Stellenbosch Economic working papers: 25/13
Calmfors L (2015) The role of fiscal rules, fiscal councils and fiscal union in EU integration. IFN working paper no. 1076
Calmfors L, Wren-Lewis S (2011) What should fiscal councils do? Econ Policy 68:649–695
Centre for Democratic Development (CDD) (2005) Political party financing in Ghana: survey report. CDD-Ghana. Res Pap 13:1–40
Chote R (2013) Britain's fiscal watchdog: a view from the Kennel. Institute and Faculty of Actuaries Spring Lecture, May 9
Daily Guide (2013) Audit service is Broke – Auditor General. Retrieved from: https://www.ghanaweb.com on January 20, 2019
Debrah E, Ayee JRA, Mohammed AK (2014) Financing Governance Institutions in Ghana: The Case of the National Commission on Civic Education. J Gov Democr 10(1):163–181
Debrun X, Kumar MS (2009) Independent fiscal agencies. J Econ Surv 23:44–81
European Commission (2010) Reinforcing economic policy coordination, COM (2010) 250. Brussels
Franek S (2015) Are independent fiscal institutions really independent? Eurasian J Econ Finance 3(3): 35–44
GNA (2009) Auditor general's department has a backlog of 27 reports for parliament. Retrieved from: https://www.modernghana.com on January 20, 2019
Hagemann R (2011) How can fiscal councils strengthen fiscal performance. OECD J: Econ Stud 2011(1):75–98
IMANI-Ghana (2016) Final output-based Assessment of the 2012 NDC manifesto. Retrieved from: https://imaniafrica.org/.../imani-report-final-output-based-assessment-ndc-2012-manifesto
Institute for Fiscal Studies (2015) Ghana: public debt and debt sustainability issues. Occasional paper no.3, Institute of Fiscal Studies
ISSER (2017) Policy brief: 2017 post-budget analysis: sowing the seeds for growth and jobs budget. ISSER, Accra
Jonung L, Larch M (2006) Improving fiscal policy in the EU: the case for independent forecasts. Econ Policy 21:491–534
Kasekende E, Brixiov Z, Ndikumana L (2010) Africa: Africa's counter-cyclical response to the crisis. J Glob Dev 1(1):1–20
Kumar MS, Ter-Minassian (2007) Promoting fiscal discipline. IMF, Washington, DC
Larbi DA (2012) The long term impact of budget deficits on economic growth in Ghana. J Bus Res 6(2):22–34
Mohiddin A (2008) Unchecked executive powers: lessons in effective government design. SAIIA occasional papers series no. 1, May
Ncube M, Brixiova (2015) Public debt sustainability in Africa: building resilience and challenges ahead. Dev Policy Rev 33(5):555–580
OECD (2014) Recommendations of the council on principles for independent fiscal institutions, Paris
Ofori Atta K (2017) Ofori Atta presents maiden budget. Retrieved from: https://www.pulse.com.gh/news/business/2017.budget Accessed 28 Dec 2018
Oquaye M (2000) The process of democratization in contemporary ghana. Commonw Comp Polit 38:53–78
Posen A (1995) Declarations are note enough: financial sector sources of central bank independence. NBER Macroecon Ann 10:253–274
Raviv S (2016) Ghana new domestic spying bill. Retrieved from: https://medium.com/@shaun on November 20, 2018
Shende S, Bennett T (2004) Transparency and Accountability in Public Financial Administration, Concept paper 2 RAB/101/006 UN DESA DPADM, UN
Wren-Lewis S (2010) Comparing the delegation of monetary and fiscal policy, paper to conference on independent fiscal institutions, March 18–19, Fiscal Council Republic of Hungary, Budapest
Wyplosz C (2005) Fiscal policy: institutions versus rules. Natl Inst Econ Rev 191:64–78

P

## Protected Disclosures Act: Whistleblowing in an Anti-informer Culture

Omar E. Hawthorne
Department of Government, University of the West Indies, Mona, Kingston, Jamaica

### Synonyms

Corruption; Culture; Disclosures; Informant; Informer; Protection; Transparency; Whistleblower

## Definition

Whistleblowing may be plainly defined as the act of exposing unlawful activities or misconduct occurring in a society or organization. It is notably a key instrument in the fight against corruption and in the promotion of transparency and openness.

## Introduction

A country's culture and attitude to reform might be as, or more, pivotal than legislations passed. In Jamaica, a country with a strong anti-informer culture, (The Protected Disclosures Act 2011) represents a legislative thrust to encourage whistle-blowing in a strong anti-informer culture. Whistle-blowing is increasingly recognized as an important effective tool in the prevention and detection of corruption and other dereliction. The nature of corrupt behavior means that it is highly likely that it may never come to light unless people who come across corrupt acts in the course of their work feel that they can report them without facing retaliation. Studies have shown that reports of fraud in companies often come to the fore thanks to whistle-blowers who, some studies have shown, detect internal problems more frequently than any other actor, including auditors, regulators, and the media.

(The Protected Disclosures Act 2011), regarded as one of the best pieces of whistle-blowing legislation enacted globally by the Organisation for Economic Co-operation and Development (Jamaica Information Service 2014). The Act was further commended by the head of public sector of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom (UK), Gillian Fawcett, as the legislation's provisions, in principle, and accompanying supporting guidelines are deemed pivotal in relation to executing anti-fraud and corruption measures by protecting individual who decide to report wrongdoings. With all of this praise, it is therefore imperative to assess what are some of the possible reasons why the Act has yet to receive a formal report of whistle-blowing.

It is therefore appropriate that the legislation be examined in order to ascertain the factors that are possibly contributing to the lack of reporting to the Commission for the Prevention of Corruption (CPC) on whistle-blowing. Is it a matter of lack of regulations promulgated under or does the informer fi dead culture influence individuals in not making reports? Conversely, there is a strong possibility that the public is unaware of the legislation and therefore have simply not utilized it. Whatever the reason(s) are, it is imperative to review the legislation and provide regulations to accompany the Act. It might very well be the case where, due to the lack of regulations, it might facilitate and or foster a climate where even if and when matters of whistle-blowing are reported and dealt with privately in a firm; the statistics and information are not forwarded to the CPC.

Protecting one's right to come forward with wrongdoings is closely related to protecting one's freedom of expression and conscience. The UN Convention against corruption held in 2003 helped provide the framework for cooperation for states with regard to corruption. Moreover it introduced a comprehensive set of standards, measures, and rules that all countries can apply in order to strengthen their legal and regulatory regimes to fight corruption. Furthermore this convention also included a provision concerning whistle-blowers in Article 33, entitled "protection of reporting persons" which states that: "Each State Party shall consider incorporating into its domestic legal system appropriate measures to provide protection against any unjustified treatment for any person who reports in good faith and on reasonable grounds to the competent authorities any facts concerning offences established in accordance with this Convention."

Jamaica was ranked by Transparency International as highly corrupt and ranked 83rd of 176 countries globally in the 2016 Corruption Perception Index. The whistle-blowing legislation is one such means of improving the ranking of Jamaica. However, since its passing, there have not been any cases reported to the Commission that is tasked with monitoring compliance.

## Informer Fi Dead Culture

Jamaica has long had an informer fi dead culture. The proverbs "see and blind, hear and deaf," similar to the phrase "see no evil, hear no evil, speak no evil" in essence, convey that you should pay attention to your own business and to not meddle in another person's affairs. These proverbs, to a large extent, sum up the perceived cultural attitude, of informer fi dead. Or rather the noting that he who keepeth his mouth, keepeth his life. And, especially, in a country with one of the highest murder rates per capita, in order to gain traction on this legislation, significantly more than creating the legislation is needed. The informer fi dead culture flourishes within the context of this crisis of public safety, "anarchic disorder," and a widespread perception by scholars of systemic weaknesses in governance and in policing (Johnson and Soeters 2015).

The prevalence of the informer fi dead culture flourishes especially in dancehall music. In many songs, dancehall artistes call for "informers" or "snitches" to pay for their treachery with their lives. Therefore, with the strong cultural sentiments of minding one's own business, it is not surprising that whistle-blowers are reluctant to blow the whistle on wrongdoings and hence no recorded report to the CPC. In general, the culture connotes staying out of another's affair. Quite often the person the alleged informer is reporting the matter to is not necessarily the police but just sharing information with others in regard to a violation. Johnson and Soeters (2015) emphasized that in order to fully understand "informerphobia" in Jamaica, one must comprehend the garrison phenomenon, and the powerful "alternative authorities," which have given a social basis to political order (and disorder) in Jamaica.

Despite the different measures in place that encourages disclosure, many individuals shy away from doing so for several reasons. The reality is that most countries do not have a culture of sharing such sensitive information. Thus, those who share information of this kind have to be prepared for the possible repercussions. In mild cases, individuals often fear that they will ostracized and distrusted. In other cases, persons fear that their employment will be terminated as a direct result of their actions. At the extreme end of the spectrum, fear of malicious reprisal or death silences anyone who has the slightest idea of sharing information and so they decide to turn a blind eye (Johnson and Soeters 2010).

In the Jamaican context, potential informants fear for the lives more than any other repercussion (The Jamaica Gleaner 2015). It is important to note though that anti-informer culture is not specific to the Jamaican reality. Evidence points to fatal and otherwise difficult situations for informants even in countries recognized for their introduction and adoption of whistle-blower legislation (Baker 2010). Jamaican culture, through music and popular culture, frowns upon the practice of being informants. Political psychologist (Charles 2013) explores extensively the responses to informant culture in dancehall music and Jamaican popular culture over the years, comparing and contrasting the extant anti-informant discourse.

## Protection for Whistle-Blowers

The Act seeks to protect whistle-blowers by shielding them from what it describes as an "occupational detriment," which has defined as an act or omission resulting in disciplinary action; suspension or demotion; dismissal; harassment, intimidation or victimization' transferal against one's will; refusal of a transfer or promotion; subjecting the employee to a term or condition of employment or retirement from employment, that is, altered to his disadvantage; providing an adverse reference; denying appointment to any employment, profession or office; threatening those actions; or otherwise adversely affecting the employment, profession or office, including employment opportunities and job security of the employee. With this said and despite having received high global ratings for the whistle-blower legislation, Jamaica is encountering problems as it relates to the enforcement of the legislation. Addressing the lack of regulation might be a key starting point. In that, accompanying regulations to the legislation are not in place.

Hence, detailed regulations on the scope of application of the procedures of the legislation might yield more results. The legislation affects both public and private entities, but, without regulation, it is unlikely that we will see improvement in reporting.

The risk of corruption is significantly heightened in environments where the reporting of wrongdoing is not supported or protected. Public and private sector employees have access to up-to-date information concerning their workplaces' practices and are usually the first to recognize wrongdoings. However, those who report wrongdoings may be subject to retaliation, such as intimidation, harassment, dismissal, or violence by their fellow colleagues or superiors. In many countries, whistle-blowing is even associated with treachery or spying (Banisar 2011). The current legislation seemingly provides protection for whistle-blowers, and it is in tandem with best practices of similar acts that show a balance should exist between being overly prescriptive thereby making it difficult to disclose, or overly relaxed, allowing for unlimited disclosures, which in the end may not encourage internal resolution of issues within the organization.

Subsequently, in assessing other jurisdictions, the use of incentives to encourage reporting has shown to be effective. For instance, in the United States, the False Claims Act allows individuals to sue on behalf of the government in order to recover lost or misspent money and can receive up to 30% of the amount recovered. Likewise the Dodd-Frank Act authorizes the SEC to pay rewards to individuals who provide the commission with original information that leads to successful SEC enforcement actions. In South Korea, for example, Korean law also provides monetary rewards for whistle-blowers who disclose acts of corruption. The Anti-Corruption and Civil Rights Commission (ACRC) may provide whistle-blowers with rewards of up to USD two million if their report has contributed directly to recovering or increasing revenues or reducing expenditures for public agencies. The ACRC may also grant or recommend awards if the whistle-blowing has served the public interest.

There is wide gap between the first US whistle-blower legislation, which incentives persons to disclose corrupt practices by providing a financial reward to do so and the current trend that seeks merely to avoid retaliation against whistle-blowers. So in the first case, you will be rewarded if you report misconduct. In the second instance, you will not be punished if you do. It is obvious that the earlier approach is a greater incentive.

Some criticisms have been launched at the Protected Disclosures Act, coming notably from the Commonwealth Human Rights Initiative (CHRI). The latter criticized the types of misconduct on which disclosure may be made, stating that it is too restrictive and excludes disclosure to the commission of the human rights violations as a category entitled to protection (The Law Reform Commission 2014). An employee is only protected if the disclosure is made in good faith and in the public interest.

A disclosure of information is not protected under the Act if the employee making the disclosure commits an offence by making it. Thus, if an employee, who does not have authorization to access a document, which has been categorized as secret or confidential by the organization, reveals such information under the Act, he does not have the benefit of protection. This section has also been criticized, and it has been argued that it is not uncommon for employers to hide documentary evidence of wrongdoing by stamping the document "secret" or "confidential" with access being restricted to a few officials only. With this in mind, and if employees are supposed to make reports on "improper conduct" and make a disclosure under this Act, such disclosure should receive the benefit of protection in the larger public interest. Without protection to the employee, there is no incentive to make such a report when he/she can face retaliation for releasing company information. The CHRI supports therefore that an official should receive the benefit of protection if misconduct is exposed through the unauthorized obtaining and disclosure of classified information.

Another deficiency with the new law in Jamaica is that it introduces what is tantamount to a cumbersome scheme for determining what is protected from what is not. Here, there is a real danger that many disclosures will be denied protection under the Act because the employee may not have followed correctly the prescribed procedure.

Moreover, critical areas are left out of the Act. For example, the Act does not authorize the disclosure of information that is protected by legal professional privilege. These are vexing issues that challenge some of the deeply entrenched ideas of the lawyer – client relationship (McKoy 2012).

Currently, the Protected Disclosures Act of Jamaica has not achieved what many hoped that it would have achieved. In that, it has certainly advanced significantly an important area of workers' rights, but based on the lack of any recorded instance of whistle-blowing, it may not have significantly advanced the broad anti-corruption project (McKoy 2012). In order to make a dent into the informer fi dead culture, and to see fruit from the legislation on whistle-blowing, it is imperative that public awareness and training efforts be given high priority, citing that if and when citizens risk their livelihoods and sometimes their lives to expose corruption, there ought to be more than the feeling of doing "good."

Perhaps, a weakness in policy administration after the legislation was passed is that no efforts were made to launch a public awareness campaign that would, to some degree, counter the strong informer fi dead culture in Jamaica. The probability that the average Jamaica is unaware of this legislation is highly significant. Therefore, the inference can be made that if the average Jamaican is not aware of the legislation, it is highly unlikely that he/she will be aware of the requirements in filing such reports. The benefits of a public awareness campaign would be that it would sensitize the public to the remedies and sanctions in the event they have made a report and is subsequently faced with some retaliatory actions. The Korean and Japanese models are among the best practices in terms of comprehensive remedies. Publishing data on the benefits of whistle-blowing goes a long way. The United States is probably the best case example on data as it pertains the relevance of whistle-blowing for the recovery of public revenues. At the global level, there is little data available on the number of cases reported, the effectiveness of reporting channels, and the financial benefits due to whistle-blowing (Transparency International 2010).

In the Caribbean, there is a brewing interest in whistle-blowing and in the protection of whistleblowers. In the wider Caribbean, Jamaica was first out the gate in 2011 with the Protected Disclosures Act; Trinidad and Tobago in 2015 passed a similar legislation. In the Dutch Caribbean, the importance of protecting whistle-blowers has been highlighted. In Guyana, the government in 2014 announced that it would be dealing with the protection of state witnesses in criminal matters, and to this end, approximately six bills were tabled before Parliament, including the Whistleblowers Protection Bill. In Barbados, there are also calls to protect whistle-blowers. While Jamaica is ahead of some of its Caribbean neighbors, there is still a long way to go in addressing the cultural aspect of informer fi dead.

## Conclusion

With just over 5 years after (The Protected Disclosures Act 2011) was passed and over 4 years since it was enacted into law, the CPC has no reported cases of whistle-blowing. Perhaps now it is prudent that there is an evaluation and review of the legislation as to why there have not been any reports. If there had been clear regulations perhaps, the CPC could systematically collect data and information as a means of evaluating the effectiveness of the whistle-blowing mechanism. However, both the public and private sectors would need to report instances of whistle-blowing, and with that, the CPC could ensure systematic data collection regarding the number of cases and conduct follow-up investigations where appropriate. Efforts like this would play a key role in assessing the progress, or lack thereof, in the whistle-blower protection mechanisms. Conceivably, in order to encourage whistle-blowing, a reward system, including monetary rewards, could be considered in a revised bill. However, this brings into focus several questions: Should the government provide financial incentives for disclosures? Is there a need for this? Would the benefits of having such an incentive scheme outweigh any negative factors it may bring? If the financial incentives are to be provided, how would they be funded? These are questions to be discussed, considered, and evaluated.

The practice of whistle-blowing should be institutionalized and de-stigmatized while ensuring that

adequate protection for whistle-blowers is guaranteed. The legislation is an important first step, however, regulations are needed. Hence, until such regulations are in place, it is highly unlikely that the private sector will have an incentive to turn over documents, statistics, and records to the CPC. A commendation regarding the legislation is that an existing agency, the CPC, was tasked with oversight rather than creating another new government agency. However, the blunders and seeming confusion by different government agencies regarding the Security Interest in Personal Property (SIPP) and the uploading of personal information of debtors online and the lack of clarity as it pertained to the regulations which should have been applied are more reasons why regulations are needed regarding the whistle-blowing laws.

Public support is needed to promote whistle-blowing. Therefore, until whistle-blowing is promoted as an effective tool for stopping corruption and serving the public interest, it will continue to have a negative connotation resulting in very little reporting. The government needs to lend its support to public information campaigns as well as create initiatives which would promote whistleblowing. A robust public awareness campaign to sensitize the public on the Act is needed, especially within the context of a culture that has a strong negative reaction toward "informers." Therefore, until the issue of regulation and cultural matters are addressed, the legislation will be another legislation on the books but largely ineffective and under-utilized. Consequently the following recommendations and regulations need to be drafted and put in place. Public attitude surveys on whistle-blowing are needed to help decipher (1) the public's awareness of the legislation and (2) their knowledge of the duties and rights as public and private workers. These will be steps in the right direction to sensitize the public and to assist in discrediting the informer fi dead culture.

## References


Baker P-A (2010) Piipl Ded Fi Less Dan Dat! In: The Sunday Gleaner. Retrieved from http://jamaica-gleaner.com/gleaner/20100919/focus/focus4.html

Banisar D (2011) Whistleblowing: International Standards and Developments (February 1, 2011). Corruption and transparency: debating the frontiers between state, market and society, I. Sandoval, ed., World Bank-Institute for Social Research, UNAM, Washington, DC, 2011. Available at SSRN: http://ssrn.com/abstract=1753180

Charles C (2013) The anti-informer and anti-snitch discourses in Dancehall and Rap Songs. https://doi.org/10.2139/ssrn.2372209

Jamaica Information Service (2014) High global rating for Jamaica's whistleblower legislation. Retrieved from http://jis.gov.jm/high-global-rating-jamaicas-whistleblower-legislation/

Johnson H, Soeters J (2010) Informerphobia. In: The Sunday Gleaner. Retrieved from http://jamaicagleaner.com/gleaner/20100502/news/news6.htm

Johnson H, Soeters J (2015) 'See and blind, hear and deaf': Informerphobia in Jamaican garrisons. Crime Prev Commun Saf 17(1):47–66

McKoy D (2012) Whistle blowing and the law, Nov. 15, 2012. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2176330

The Jamaica Gleaner (2015) Mum is the word – Jamaicans are no whistle-blowers. Retrieved from http://jamaica-gleaner.com/article/lead-stories/20150311/mum-word-jamaicans-are-no-whistle-blowers

The Law Reform Commission (2014) Legislative protection in the cayman islands and other jurisdictions. Retrieved from http://www.lawreformcommission.gov.ky/pls/portal/docs/PAGE/LRCHOME/PROJECTS/PROTECTED-DISCLOSURES-BILL/WHISTLEBLOWER-DISCUSSION-PAPER-FOR-PUBLIC-APRIL-2014.PDF

The Protected Disclosures Act (2011) Jamaica

Transparency International (2010) Whistleblowing: an effective tool in the fight against corruption, Policy Position # 01/2010


# Provisions and Contingent Liabilities


Alessandra Allini
University of Naples Federico II, Naples, Italy


## Definition

The provision is a subset of liabilities with uncertainty of timing of settlement or amount to settle (Picker et al. 2012).

In accounting studies, a liability consists of future sacrifices of economic benefits arising from present obligations to transfer resources, or provide services, to other parties in the future, as a result of past transactions or events (Jones and

Pendlebury 2000). This obligation may be legal, which means that there exists a formal agreement or a contract between parties.

The existence of a liability may be also demonstrated through a *constructive* obligation arising from the normal business or past practices and circumstances creating a valid expectation that the obligation will be probably discharged by the firm. Thus, a present (legal or constructive) obligation occurs when the firm has no alternative options than to fulfill it. However, the likelihood of future outflows may also be probable, possible, or remote. In practice, such investigation is not always immediate. In this regard, when timing of settlement or amount to settle a liability is uncertain, there is a provision.

In the international accounting profession, provisions are regulated by specific accounting standards. Namely, within the private sector, the related International Accounting Standard is the no. IAS 37 issued by the International Accounting Standard Board (IASB), while for the public sector – which includes the State Owned Companies (SOEs) – the related standard is the IPSAS no. 19, issued by the International Public Sector Accounting Standards Board (IPSASB). Despite the existence of two different accounting standards (private vs. public sector), there is no real and concrete differences between the two rules in terms of definition, measurement, and recognition of provisions (Lapsley et al. 2009; Biondi 2014).

Focusing on the IPSAS no 19, the standard does not provide a direct definition of provision; rather, the term is framed through a residual approach, after having clarified the concept of liability (Berger 2012).

In this sense, the provision derives from past events leading to a present obligation (so-called obligation event). Such obligation event is required to exist before the end of the financial reporting date, and it may arise from either constructive or legal obligations (IPSAS No 19 2002, § 18). However, it could also happen that an event does not origin, immediately, an obligation, but later due to changes in the legislation.

This is the case when an existing law does not engage an SOE to cover environmental damages caused by its operating activity. But if a new requirement has been issuing and recognizes the SOE's responsibility for existing damages, an obligation event arises under the new scenario.

## Recognition

The identity of the counterpart to whom an SOE has the obligation is not a condition to recognize a provision, so that the obligation may be also to the public at large.

Instead, reliable estimation of outflows represents the main condition for recognition. The concept of probability of outflows, however, is not well clarified. It is generally interpreted with the concept that "it is more likely than not" to occur. It can be argued that if the likelihood of an outflow is 50% or less, then the obligation is considered as "possible." Firms have to assess probability for each present obligation in order to distinguish between liabilities and provisions (IPSAS No 19 2002, § 31).

Typical transactions that may produce a provision are related with warranty, restructuring, or onerous contracts. To this end, the promulgation of a law on the existence of a contaminated geographical area may produce an expected probable outflow of resources by an SOE, which imposes the recognition of a provision for the best estimate of the decontamination expenditures. Payments for damages connected with legal cases that are probable shift toward recoding of provisions. Indeed, the outsourcing of a business unit communicated to employees gives rise to a constructive obligation. Outflows of resources are probable; hence, a provision needs to be recorded for the best estimate of the costs determined by the outsourcing of activities.

Conversely, no provisions are permitted for net deficits from future operating activities. Lastly, social or employee benefits are not provisions.

## Contingent Liability and Asset

A provision differs from what is called as contingent liability. Contingent liabilities refer to other transactions that encompass a dissimilar aspect in terms of definiteness and measurability. It deals with the concept of a possible obligation, which

means that it is not probable that the company will have an outflow of resources in the future, or with the uncertainty of the amount, which means that the measurement of the obligation is not reliable (Picker et al. 2012).

Since the contingent liability may be possible or probable, it should be continually assessed by an SOE.

For example, if an SOE is subject to legal proceedings and claims deriving from its current activities, and the amount that should be paid is reliable, but there is no material expectation about the adverse event, this transaction represents a contingent liability. Indeed, the issuance of guarantees on behalf of the employees may be classified as contingent liabilities.

When a firm incurs in a contingent liability, its recognition in the financial statement is not permitted; rather it must be just disclosed in the financial notes, unless the settlement is at least considered remote (IPSAS No 19 2002, § 36).

The amount to be disclosed in the notes should represent the best estimate of outflows to settle the obligation. For example, legal fees that may derive in a court case would be included in the assessment of the costs of the contingent liability. However, in the case an SOE cannot estimate such fees with reliability, disclosure is required indicating the extent to which such costs are considered.

Some contingent losses will not originate liabilities; rather, they may represent an impairment so that a reduction of the amount of the asset may be recorded (Picker et al. 2012).

Instead, corporate tax disputes, failure of a counterpart that an SOE has guaranteed or legal claim against an SOE are some examples of expected contingent losses. Of course, while users of financial reporting prefer more disclosure on risks and contingencies, managers may claim that the range of risks is too high and the information depends on future events. Decision on what disclose about contingent liabilities is an important aspect and should be framed into a clear process that supports and helps managers to assess associated potential risks.

At the same time, users should understand the nature of such risks associated with contingent liabilities and interpret properly related information. Several countries have created their own framework to ensure comprehensive assessment of risks by contingent liabilities. Some rules, for example, ask SOE to approve only projects that pass the cost-benefit approach, are of value for money, and embrace a rigorous risk assessment process.

Contrary to contingent liabilities, a contingent asset is a possible asset arising from past events, and its existence is confirmed only by the occurrence of future events outside the control of the firm. They cannot be recorded in the financial statement; rather, the notes to financial statement should provide a brief description of their nature (IPSAS No 19 2002, § 39).

Since the recognition of provision in the financial statement is not so immediate, possible (involuntary) error may occur. In particular, when provisions have not been properly recognized at the reporting date, an SOE should immediately restate the financial statement and report information in the notes. However, when there is a bias, so relevant as to affect investors' decision, possible legal consequences may arise.

## Measurement

Once an SOE has provided that the obligation origins a provision to recognize, the amount to be reported in the financial statement at the end of the reporting date should reflect the best estimate of the amount to settle rationally the obligation, without considering tax effects or equivalents. Such measurement is difficult to formulate, since there are many uncertainties surrounding the assessment, and managers have to use judgment. Judgments are usually made with caution concerning what and when the obligation should be settled and what should be the possible scenario (Picker et al. 2012).

If there is a range of possible probabilities, then the mean of single probabilities as a whole is used to adopt the best estimate (IPSAS No 19 2002, § 44).

A simple example can clarify the issue. Suppose that an SOE provides radiography machines to other public and private medical firms and hospitals and the equipment is supported by a warranty condition under which firms are covered for the cost of repairmen due to defects within first year after purchase. If minor defects occurred in all equipments, repair costs of three million would result. If major defects were occurred in all equipments provided, repair costs of eight million would result. The past experience and future expectations suggest that 70% of the equipments will show no defects, 25% of the equipments will have minor defects, and 5% will have major defects. Accordingly, an SOE should assess the probability of an outflow for the warranty obligations as a whole; hence, the expected value of the cost of repairs to be recognized as provision will be (70% of nil) + (25% of 3 m) + (5% of 8 m) = 1.150 million.

Conversely, whether probabilities of outflows are either higher or lower than the best most likely outflow, the estimate will reflect a higher or lower measure.

When the effect time is material, the amount of the provision requires also to be discounted to present value by using, normally, a pretax discount rate. Such rate has to reflect the specific risks associated with the time value of the money. Practically, firms tend to adopt the rate employed for liabilities with similar terms and conditions or a free-risk rate (e.g., governmental bonds) adjusted for the specific risks of the provision. Of course, if a future event occurs in advance, the estimation of the expected present obligation should include such adjustment when the expectation is reliable. For example, an SOE may perceive that cleanup costs for unlawful environmental damage are lower, due to expected future changes in technology tools (Picker et al. 2012).

An SOE is required to review provisions at the end of each subsequent reporting period in order to ensure that they reflect the current best estimate of expected outflows, and if no probabilities still exist, then the provision should be reversed. Of course, a risk adjustment approach may increase the amount at which the liability is measured.

In the case the settlement is expected to be concluded by a third party, such event will be recorded as an asset. The condition is that the reimbursement is virtually certain. This could be the case of an insurance contract. Usually, the value of the reimbursement shall not exceed the value of the provision.

The international accounting standard for the public sector requires that a provision may be used only to front expenditures for which that provision has been originally created and cannot be used to cover outflows related to other purposes. In this regard, any unused amounts should be reversed.

## Particular Transactions and Provisions

The IPSAS no 19 includes the so-called onerous contracts which represent a peculiar transaction originating a provision. It consists of an agreement "in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it which includes amounts recoverable" (IPSAS No 19 2002, par. 79).

In fact, the firm is expected to fulfill the contract and has a present obligation. An example of such onerous contract exists when an SOE service supplier (e.g., for electricity or water) has entered into a contract to supply services at a price lower that the one at which it has been contracted to receive. The amount to be recorded in the financial statement is the present obligation net of recoveries. The unavoidable costs include the least net cost to exit from the contract, which is the lower between the cost of fulfilling the obligation and any compensation or penalties arising from failure to fulfill it.

Some provisions may also derive from business combinations among SOE. The IPSAS no 19 called them "restructuring provisions."

They derive typically from the event related to the "closure of a branch office or termination of activities of a government agency in a specific location or region or the relocation of activities from one region to another; changes in management structure, for example, eliminating a layer of

management or executive service; fundamental reorganizations that have a material effect on the nature and focus of the entity's operations" (IPSAS No 19 2002, par. 81).

However, an SOE may recognize such provisions only in the presence of some requisites. Specifically, a detailed formal plan of the restructuring should exist, specifying at least the operating units, the main involved locations, the role and number of employees incurred in the business combination who will be compensated for concluding their activities, the expenditures to support, and the timing of the plan. Furthermore, the existence of a real expectation to implement and carry out the restructuring activities is also required.

For example, an SOE may inform on the implementation of a restructuring plan through a public announcement or a notification of intention to cancel leasing contracts. A public announcement leads toward a constructive obligation for an SOE only if it affects and creates the valid expectations by interested stakeholders (like users of the services, suppliers, and employees) that such plan will be realistically carried out. Of course, in general, an expected restructuring provision may result from events other than the public announcement by the government or official agencies. They include, for example, negotiations with employee representatives for termination benefits.

The amount of the restructuring provision should reflect only some types of expenditures. Specifically, in order to reduce accounting discretion by managers, the international accounting standard requires only expenditures related with the restructuring and not with the ongoing activities of the SOE. To this end, retraining or relocating continuing staff, marketing and investments in new systems, and distribution networks expenditures cannot be included in the measurement of the restructuring provision.

## Information on Provisions

The IPSAS no 19 prescribes several information that should be included in order to guarantee better transparency (IPSAS No 19 2002, § 97). For each class of provision, some information an SOE should disclose includes the carrying amount, changes in existing provisions, and the amounts used during the period. Narrative information concerns description of the nature of the obligation and the expected timing of any outflows, uncertainties about the amount or timing of those outflows, and the amount of any expected reimbursement.

Disclosure about provisions is an important part of the financial reporting since it helps to better understand nature, probability, and event surrounding this kind of liabilities.

In particular, even if the public accounting standard provides several guidelines to ensure that the measurement and recognition of provisions are credible and faithfully conducted by SOE, there still exists a certain range of discretionary managers may exercise, due to the intrinsic nature of such item.

## Cross-References

► Accrual Accounting

## References

Berger TM-M (2012) IPSAS explained. A summary of International Public Sector Accounting Standards. Wiley, Chichester

Biondi Y (2014) Harmonising European Public Sector Accounting Standards. Issues and perspectives for Europe's economy and society. Account Econ Law 4(3):165–178

IPSAS No 19 (2002) Provisions, contingent liabilities and contingent assets. IFAC, New York

Jones R, Pendlebury M (2000) Public sector accounting. Pearson Education, Harlow

Jones R, Pendlebury M (2010) Public Sector Accounting. Pearson Education, 6/E, Essex

Lapsley I, Mussari R, Paulsson G (2009) On the adoption of accrual accounting in the public sector: a self-evident and problematic reform. Eur Account Rev 18(4): 719–723

Picker R, Leo K, Loftus J, Wise V, Clark K, Alfredson K (2012) Applying International Financial Reporting Standards, 3rd edn. Wiley, New York

# Psychology of Crisis Evacuation

Craig Barham
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

## Synonyms

Disaster psychology; Psychology of catastrophe contexts; Psychology in emergency situations

## Definitions

The highly dynamic phenomenon of human behavior during disasters and emergencies that result in evacuations.

## Introduction

An accurate understanding of human behavior in disasters and emergencies is critical to minimizing the fatalities and injuries that may arise during a dispersal or evacuation and to ensuring that the response by disaster agencies, or the coverage of the media, does not become a greater risk to human safety than the crisis event itself (Donald and Canter 1990; Quarantelli 2001; Sime 1990). The traditional assumption of collective behavior in crisis events was that crowds were over-emotional and irrational which often leads to mass panic and disorganized and dangerous dispersals and evacuations. These assumptions about collective behavior, when held by and acted upon by those with responsibility for disaster and emergency management, have particular and far-reaching implications (Chertkoff and Kushigian 1999). The traditional assumptions of crisis psychology rested on theories of mass panic, fear-induced flight, or post-event paralysis; contemporary theories, supported by a considerable body of empirical evidence, suggest that collective behavior is usually socially meaningful and constructive and demonstrates stable patterns of collective agency, endurance, adaptation, and collective resilience (Aguirre 2005; Drury 2012).

The traditional behavioral assumptions have given rise to "disaster myths" which have influenced public policy and practice, mass media and public discourse, and popular culture. In addition to myths about crowd behavior, the traditional assumptions also suggest that the constituted authorities always know best and behave moderately and rationally. These myths are not supported by empirical evidence; however, they persist and encourage counterproductive practices that potentially exacerbate the effects of disasters and emergencies and undermine the public's collective resilience (Dynes 2003; Tierney 2003). Understanding how crowds and the authorities actually behave under a range of stressful and life-threatening conditions is necessary for proper emergency planning, can lead to more appropriate official and public responses to crisis events, and guide the design and layout of the built environment to facilitate safer crowd dispersal and evacuations. Facilitating emergency management best practices can encourage a more desirable collective social response that can reduce the possible negative impacts of a disaster or emergency (Donald and Canter 1990; Quarantelli 2001; Sime 1990; Williams and Drury 2010).

A range of events come under the broad headings of "disaster" and "emergency." Disasters and emergencies often trigger dispersals and evacuations which usually involve a mass of people, who face an actual or perceived threat of injury or death, in which there is still a subjective possibility of escape within a time-limited window and through a physically restricted space (Quarantelli 2001; Drury and Cocking 2007). Dispersals and evacuations can be physically and psychologically stressful on both evacuees and emergency workers making medical and psychological care an important component of disaster and emergency management (Alexander 2002). Even in the absence of injury and death, disasters can take an emotional toll (APA 2017). Crisis

psychology deals with the negative reactions and responses of victims and witnesses of disasters and emergencies but also reactions and responses that demonstrate psychological robustness, resilience, and collectively pro-social behavior (Quarantelli 2001; Alexander 2002; Tierney 2006; Drury and Cocking 2007; APA 2017).

## Theories of Behavior in Crises and Evacuations

In crisis-related events, it is possible to identify typical patterns of collective behavior. These behaviors depend on the scale of analysis, the type and nature of the crisis event, the frequency with which a group is exposed to crisis events, and the times in the social life of a group when a crisis event takes place (Quarantelli 1999, 2000, 2005). The scale of analysis can be either at the individual, organizational, community, or national level each of which can affect collective behavior in different ways (Phillips et al. 2012). Most crisis-related events impact a large group, but they also impact small groups or people who are isolated or widely dispersed. Among large groups, and in more routine disasters, there are often the mechanisms and the capacity for survivors to receive the mutual social support that emerges from people who share a common experience, while in catastrophes or among dispersed groups, that capacity may be absent or the mechanisms may have broken down (Jacob et al. 2008).

Crisis-related events can also be distinguished along a continuum from emergencies, to disasters, to catastrophes; and their cause can be natural, technological, social, religious, or political (Phillips et al. 2012). Crisis-related events can be further distinguished by whether they are consensus-driven or conflict-driven; whether they take place in homogeneous communities characterized by high trust or heterogeneous communities characterized by low trust; whether they represent a major threat to life and property and a significant disruption to the routine social and economic order; or whether the community is able to restore its routines quickly and smoothly. The behavioral response in each case might be quite different due to the presence or absence of collective social support mechanisms or because these events may have different social constructions (Phillips et al. 2012).

The scope of a crisis, and its spatial, temporal, and informational characteristics, will also produce major differences in behaviors (Phillips et al. 2012). A crisis may take place in a concentrated space or over a large area; there may be a large volume of accurate information about a crisis, or there may be limited or inaccurate information available to the public; and it may occur quickly or evolve gradually. Individual, community, organizational, or institutional factors often weigh more heavily in the overall outcome of a disaster or emergency than the actual crisis event itself (Phillips et al. 2012). Identifying the context and nature of a crisis is important because such factors produce qualitatively and quantitatively different impacts that will affect behavioral responses to a crisis in both degree and in kind.

Psychological and sociological models of crisis behavior have evolved considerably during the twentieth century, and early theories based on antisocial crowd behavior have given way to theories which increasingly emphasized the pro-social aspects of group behavior (Turner and Killian 1957; Rule 1988; Mawson 2007). The contagion, asocial, convergence, value-added, normative, and emergent behavioral theories are good examples of the evolution in thinking. Contagion theory was the dominant perspective on crowd behavior in the first half of the twentieth century (LaPierre 1938). It was the product of an intellectual mindset that was influenced by more than a century of social conflict that often resulted in mob violence by the poor and politically dissatisfied (Le Bon 1960). Elites in the twentieth century were very disturbed by this violence and concerned about the breakdown of social order. They were convinced that normally rational individuals became unduly influenced by strong, irrational emotions of other people in crowds and could no longer control their unconscious instincts.

The negative conception of collective behavior contained in contagion theory remained popular well into the twentieth century until it was

gradually superseded by theories which emphasized more rational, cooperative, and purposive human behavior (McPhail 1997; Mawson 2007). The asocial conceptualization of collective behavior was advanced by Quarantelli (1954, 1957) who suggested that people in crowds, when placed in a position of fear for their safety, acted rationally but with self-interest. Primary group ties were temporarily suspended as people engaged in highly individualistic behavior. Asocial crowd behavior suggests that the rare instances of fear-induced flight should be considered as a nonrational, rather than irrational, individual behavioral responses to specific and contributory circumstances which produce collectively suboptimal outcomes (Mawson 2007). The Lang and Lang (1961) further refined these behaviors into terror responses, mob escapes, and mass panics and articulated their different sources or triggering events, stages, and outcomes.

Convergence theory suggests that crowd behavior is reflective of the attitudes and behavior of the individuals who decide to join a crowd. Smelser (1963) suggested that certain specific conditions produced specific collective behaviors – a range of panic behavior – which could be distinguished by the "generalized beliefs" of the individuals in the crowd. It is not the crowd that affects the behavior of the individual, but the convergence of like-minded individuals with pre-existing values, beliefs, and behavioral dispositions that affect the behavior of the crowd (Goode 1992). Convergence theory thus agrees with contagion theory that people in a crowd may do something that they would not do by themselves; but, the antisocial behavior of the crowd largely reflects the individuals who compose it. Smelser (1963) also put forward the idea of "value-added" which suggested that there were a set of necessary conditions that together created sufficient conditions that determined collective behavior. The causes and effects of collective behavior were more complex and contingent that previously assumed but could be understood as the logical outcome of a specific context.

Normative conceptions of crowd behavior began to emphasize the sociability of crowds and suggested that everyday social roles and norms shape the behavior of people even when facing emergencies (Johnson 1987a, b). Normative conceptions of crowd behavior emphasize the importance of pre-existing social bonds. One normative conception is the affiliation model of crowd behavior which suggests that in threatening conditions, physical danger is less disturbing or stressful than separation or isolation, and people are motivated to seek familiar people and places. Affiliation behavior has a calming effect, keeps fear to a minimum, reduces the likelihood of "flight," makes expressions of mutual aid commonplace, and is more influential than other forms of social control (Sime 1985; Mawson 2005; Cocking et al. 2009). Cohesion and calmness is heavily dependent on the establishment and maintenance of "primary group" relations, flight affiliation is more social than risk based, and perceptions and responses are determined by proximity to attachment figures (Mawson 2005). Another normative conception is the social identity model of crowd behavior which suggests that people are able to act cooperatively in crowd events because they share a common social identity which sets normative conduct. This normative conduct exists along a spectrum from peaceful to conflictual (Reicher 1982, 1984, 1987). Rather than irrational, antisocial, or asocial behavior, it is social and affiliate behavior that usually takes place during crisis events.

In addition to social and affiliate behavior, there is also evidence of mutual aid, heroism, and self-sacrifice among groups of strangers (Chertkoff and Kushigian 1999; Proulx and Fahy 2003; Ripley 2005). This lacuna is addressed by the conception of the mass emergent sociability of crowds which suggests that social bonds can arise within a crowd of strangers based on a shared relationship to the crisis itself. The shared experience of a common external threat can become the basis for solidarity, social cohesion, and empowerment in the crowd (Drury et al. 2009a, b); and this solidarity is dynamic, meaning that it can change over the life of the crisis, with individuals increasingly identifying with the rest of the crowd, and the crowd becoming more unified (Drury and Cocking 2007). This shared social identity results in specific behaviors in which everyday norms are upheld and

social roles continue to operate; and it is both a cause of helping and coordinating behavior, as well as an outcome of crisis (Drury and Cocking 2007). Evidence from the July 7th bombings in London suggest that people in crowds generally cope well during disasters and emergencies and that crowds appear to be an adaptive source of mutual support (Drury and Cocking 2007). In short, while the contagion approach emphasizes the dissolution of social bonds, and normative and affiliation approaches stress their maintenance, mass emergent sociability considers the possibility of the creation of such bonds.

## Crowd Behavior, Panic Myths, and the Empirical Evidence

The concepts of "panic" and "flight" are often negatively associated with dispersal and evacuation events. Panic is generally defined in terms of an irrational or emotionally charged psychological state, or group response, to real or imagined external threats (Peckham 2015); and it is often linked to fear-induced "collective flight" (Smelser 1963, p. 131). Panic is often characterized as an "overwhelming sense of fear" (Quarantelli 1954, p. 269), believed to be based on "hysterical belief" (Johnson 1988, p. 8), and involving "unregulated competition" and a "loss of social control" (Feinberg and Johnson 2001, p. 270). This orthodox conception of behavior was influenced by the contagion and asocial theories; and it suggests that antisocial behavior is an inevitable response to either danger, the threat of damage to property, and the risk of death. Panic involves a fear-induced breakdown in the accepted social order, and of normal social bonds, that is often driven by insufficient time to make an informed decision, which in turn creates more danger for members of the group. Panicked people uncritically copy the antisocial behavior of others without considering the consequences, allowing their instinct for self-preservation to override normal socialization, dissolve collective bonds and social attachments, and engage in selfish and competitive strategies for personal survival (Strauss 1944; Quarantelli 1954; de Ville de Goyet 1991). These images of crowd behavior follow what McPhail (1991) refers to as "the myth of the madding crowd."

New conceptions of crowd behavior gradually emerged as these phenomena became subject to increased study by psychologists and sociologists and as anecdote and conjecture gave way to a growing body of empirical evidence based on research of actual cases. The orthodox assumptions of irrational and destructive behavior during crisis events did not accurately account for actual human behavior in the vast majority of events. Collective crisis behavior is typically socially structured and adaptive, among survivors is characterized by sociality and cooperation rather than by individualized competition, and is usually complex and highly contextual (Quarantelli 1954; Fritz and Williams 1957; Johnson 1987b; Donald and Canter 1992; Solnit 2009; Aguirre et al. 2011). Couch (1968, 1969) identified and critiqued several crowd stereotypes or myths associated with the orthodox conception, most of which he demonstrated were empirically false, present only in very specific cases, or also present in other collectives beyond crowds (McPhail 1991, 1997). Several of the leading myths are summarized in the Table 1.

Over time each of these myths has either been discredited, qualified, or circumscribed based on the nature of the crisis and the context in which the crisis takes place. The description of crowd behavior as being antisocial behavior and noninstitutionalized, and the use of negative and emotive terms to characterize its collective psychological state, seems to ignore or downplay the fact that collective behavior that is coordinated, calculated, and institutionalized can also be antisocial, emotional, and irrational and can lead to violence, destruction, and death. Crowd behavior which seems on the surface to be uncoordinated and irrational might actually be a rational and effective means for achieving some goal and represent at least tacit acceptance of shared beliefs among the crowd. Human behavior that is pathological, primitive, emotional, impulsive, irrational, delusional, and paranoid does not require a mob to manifest itself, nor does it arise only in the context of mass panic or fear-induced flight.

**Psychology of Crisis Evacuation, Table 1** Crisis myths versus empirical evidence

| Crisis myths | Claim | Empirical evidence |
|---|---|---|
| Crowds often act in an antisocial manner when faced with some stressful triggering event | Crowds are less intelligent and more driven by simple emotions than individuals. Crowd behavior often described using negative and emotive terms (LeBon 1968; Smelser 1963) | No evidence that crowds inherently suffer from any cognitive deficit. Many crowds are goal-focused. The perception of irrationality might be more reflective of the biases, prejudices, and agendas of observers and commentators (Turner and Killian 1957; Couch 1968, 1969; Rule 1988) |
| Crises bring out the worst in people | "Civil disorder" was inevitable. Rioting, looting, and interpersonal violence would be the specific manifestations (Alexander 2007; Fischer III 2008) | Helping and rational behavior, cooperation, and altruism are common to crisis-related events (Turner and Killian 1957; Couch 1968, 1969; Rule 1988) |
| Survivors of crises-related events are often stunned and overwhelmed by the experience | Survivors become passive and helpless, cannot adequately care for themselves, and need outside support to cope and recover (Quarantelli 1954; Webb 2002; Auf der Heide 2004) | Survivors commonly act as first responders and members of "therapeutic communities," carry out the bulk of search and rescue activities, and convey the bulk of injured toward medical treatment (Barton 1969; Drury et al. 2009a, b) |
| Crowds act spontaneously and are highly suggestible | The strong emotions of other people in the crowd spread like a "contagion" giving rise to widespread antisocial behavior (Park and Burgess 1924; LeBon 1968; Ross 1908; McDougall 1920) | Crowds are no more spontaneous nor receptive to the suggestions of outsiders than other groups including the authorities. Crowds are often the result of careful planning and represent organized collective action, e.g., strikes, boycotts, and protests (Couch 1968; Tilly 1993) |
| Crowds are highly destructive and capable of causing loss of life and damage to property | Anonymity leads people to feel free from normal social constraints and unaccountable for their actions, while unanimity suggests that the spontaneous and suggestible crowd is driven to behave in a mutually inclusive manner (Couch 1968, 1969) | Destructiveness and death often arises in very specific circumstances, is not restricted to crowds, and is more likely to be a result of, or response to, the behavior of the authorities. Violence is usually triggered by a small group whose intent is violence (Couch 1968; Tilly 1978; McPhail's 1994) |
| Antisocial behavior tends to come from the lower or marginalized echelons of society | Lower strata social groups do not command sufficient respect, possess sufficient resources, nor have the necessary knowledge and skills to organize others and coordinate pro-social behavior (Tierney 2006) | Misconceptions about the behavior marginalized or poorly understood groups are well-ingrained. Elite groups normally characterized what is socially normal and acceptable |
| "Mass panic" and "fear-induced flight" | Irrational fear spreads through a group of people like a contagion inducing collective panic flight (Ross 1908; McDougall 1920). Crowds react out of proportion to the actual level danger (Smelser 1963). The perception of entrapment increases likelihood of antisocial behaviors (Johnson et al. 1994) | Mass panic and fear-induced flight are uncommon. People are more likely to remain in place, move to familiar places, or stay with or move to familiar people (Drury et al. 2009a, b) |

This is not to suggest that people in a crisis do not "panic" nor feel "fear," nor to suggest that the stereotypical panic reactions never happen; however, these feelings only rarely emerge as selfish, competitive, injudicious, antisocial, and behavior. It is important to note that the relationship between a state of fear or panic and fear-induced flight is not necessarily a direct one, nor is it an inevitable one. When people are surveyed or interviewed after a crisis, they usually report feelings of fear, and not panic-stricken behavior by themselves or others, consistent patterns of solidarity in the face of a common external threat, and communities working cooperatively and collaboratively to restore to recognizable shapes their physical environment and their culture (Drury et al. 2013). Where the conditions for mass panic and fear-induced flight are present, or these behaviors start to emerge, they are usually taken care of by various informal mechanisms of social control (Rosengren et al. 1974; Quarantelli 1981). The concepts of mass panic and fear-induced flight are poor predictors of, and explanation for, death and injury in disasters and emergencies and are therefore of limited scientific value (Rogsch et al. 2010).

Despite the empirical evidence against the orthodox conception, the myths about mass panic and fear-induced flight persist, often reinforced in popular culture by the inaccurate reporting in the mass media, by apocalyptic themes in films and novels put out by mass entertainment, and by the rhetoric of politicians and public officials (Clarke 2002; Quarantelli 2002; Tierney 2003; Fischer III 2008). A few examples illustrate the persistence of these myths: popular accounts of the Johnstown Flood of 1889, the Galveston hurricane of 1900, and the 1938 Orson Welles radio dramatization of War of the Worlds; media accounts of the 1973 Swedish radio dramatization of a fictional meltdown at an unfinished nuclear reactor in Barseback; and initial official rhetoric surrounding Hurricane Katrina in 2005 (Cantril 1940; Rosengren et al. 1974; Thevenot 2005; Miller and Goidel 2009). Also, many leading sociology textbooks – to which policy makers, emergency managers, law enforcers, and journalists are exposed in their training – contain passages endorsing one or more of the panic myths (Park and Burgess 1924; Schweingruber and Wohlstein 2005).

The continued use of the term "panic" may be more related to its rhetorical, rather than scientific, value where it is used to convey the seriousness of an event, to exaggerate impending danger, to socially and symbolically construct a desired post hoc image of a crisis, and thus to influence an audience in a way that serves elite interests (Quarantelli 2002; Dawkins 2006; Hoffman and Ford 2009). There are numerous ways in which the perpetuating of the panic myths serves elite interests to distract from their culpability in engineering, management, policy, institutional, and organizational failure and to cover elite panic (Clarke and Chess 2008; Challenger and Clegg 2011); to justify restrictions on public access to information and increase centralized crisis management (Tierney 2004, 2007); and to encourage members of the public accept the expansion of state powers, the curtailing of civil liberties, and increasing of surveillance of its citizens, as happened in many Western countries after the terrorist attacks in the 2000s (Davis and Silver 2004). The orthodox conception of crowd behavior therefore shows how power often works in disasters and emergencies but with negative consequences.

## Crowd Dispersal and Evacuations

A wide variety of disaster and emergency situations may cause or require a dispersal or an evacuation (egress), although in some crisis events the best course of action is to remain in place. When an egress does take place, it may be spontaneous or planned, or it may be chaotic or orderly, but in all cases, it is psychologically stressful and places considerable pressure on people's decision-making abilities. This is especially so when the threat is eminent, the number of evacuees is large, and escape routes are limited. In such circumstances it is appropriate to experience feelings of fear (Drury and Cocking 2007). The unpredictable and varied circumstances surrounding a crisis will therefore greatly affect how quickly and safely people move away from a

hazard, or an impending or ongoing disaster or emergency, and determine if an orderly egress devolves into mass panic and fear-induced flight.

For an egress to devolve into fear-induced flight, people must perceive the following circumstances: the threat of entrapment in a confined space, the possibility of escaping the threat, a limited number of escape routes that appear to be rapidly closing, and a belief that flight seems to be the only way to survive and that no external help will be forthcoming (Rosengren et al. 1974; Heide 2004). These circumstances, when combined with one or more further contributing factors, will determine if aggressive conditions will emerge, the degree of jam of evacuees, and the probability of successful escape. These contributing factors include crowd size and crowd density, perceptions by evacuees about the seriousness of a threat, mechanisms for warning of a threat, the physical environment in which the emergency takes place, the psychological and social characteristics of individuals and the crowd, the managerial policies and controls in place to deal with an emergency, the volume and consistency and credibility of information, and the familiarity of evacuees with the location and its people (Canter 1980; Bryan 1982; Sime 1980, 1983, 1995; Johnson 1987a, b; Johnston and Johnson 1988; Keating 1982; Donald and Canter 1990).

The degree of group cohesion and calmness during egress is connected to the maintenance of existing, or establishment of new, "primary group" relations, and it is usual to attempt to maintain or reestablish proximity to attachment figures. Strong primary group relations are not always beneficial to an efficient and effective egress. People fleeing from dangerous situations tend to remain guided by social relationships and roles; they exhibit altruistic behavior; and they move toward familiar people and places rather than move away from the threat; however, this pro-social behavior will often mean people fail to recognize the urgency of the situation and act quickly enough and with purpose, so that collective flight may be delayed and the chance of survival reduced (Sime 1984; Drury and Cocking 2007). Studies of evacuations suggest that people are often unwilling to deviate from what is familiar, even in the face of danger: people tend to leave venues by the way they entered, or through familiar routes, even with better exits available; and the propensity for flight is more social than risk based, leading people to under- or overestimate danger and respond suboptimally (Donald and Canter 1990). The order and regulation of social relationships and roles should impose control on people, and interdependence and cooperation should generate feelings of social solidarity and promote mutual assistance; however, the availability of greater amounts of group resources slows evacuations as it changes the social perceptions of danger (Donald and Canter 1990).

There is some empirical evidence suggesting that factors such as gender, culture, social class, social influences and support, and prior evacuation experience may also affect dispersal and evacuation behavior (Riad et al. 1999; Riad and Norris 1998; Tierney 2006). Studies also suggest that different egress situations are also likely to provoke a range of evacuation behaviors among a heterogeneous crowd that gives rise to models of behavior such as competitive, queuing, herding, altruistic, and leader-following (Pan et al. 2006, 2007). The September 11th attack on the World Trade Center provides some empirical examples of a range of egress behaviors: some evacuees delayed their egress to collect belongings, save their work on computers, or go to the bathroom (Blake et al. 2004; McConnell et al. 2010); strangers stopped to help evacuate a woman in a wheelchair (Averill et al. 2005); and the evacuation of people from below the impact point was orderly, efficient, and characterized by a very high survival rate because pro-social norms were reinforced by evacuation protocols which were put in place after the 1993 bombing (Drury and Cocking 2007). These protocols were periodically rehearsed and known by a significant number of the building's occupants.

## Policy and Practice Implications of Crisis Psychology on Evacuations

The current theoretical assumption is that a heterogeneous crowd will behave rationally, normatively, and collaboratively during egress situations

which are triggered by a wide range of disasters and emergencies. Theories of individual and collective egress behavior, whether explicit or implicit, do inform policies, procedures, and practice which will in turn influence the risk of human casualties (Mawson 1980; Clarke 2002; Drury and Cocking 2007). Public officials and emergency managers need robust, empirically based, theories of human crisis behavior to help them develop balanced evacuation policies and practices that reflect the legitimate public policy and safety concerns of public officials; that reflect individual and group decision-making processes; and that reflect how people interpret official warnings and advice that influence whether, when, and how to disperse or evacuate (Riad et al. 2001).

One important result that emergency managers need for efficient and effective egress is getting people to fully comply with evacuation requests. Compliance is usually more problematic than mass panic and fear-induced flight: evacuation rates will vary widely in disaster situations depending on individual, group, spatial, temporal, informational, and hazard characteristics; and some people may evacuate even though they are not officially considered to be at risk (Riad et al. 2001; Drury and Cocking 2007; Kendra et al. 2008). Public knowledge about risks and hazards they face, and the expectations of the authorities charged with managing relief and recovery efforts, is critical to efficient, effective, and successful crowd control and egress. Disaster and emergency agencies and other public officials must practice sound information management; they must treat the public as trustworthy and cooperative partners who can be trusted with accurate information about the risks and hazards they face; they must get coherent, understandable, meaningful, and consistent information to the various audiences; they must carefully and strategically use of the media to educate and inform the public; and they must do so in a timely manner to allow the public to process the information and respond appropriately (Riad et al. 2001; Eiser et al. 2012). Individuals and communities are often more psychologically and socially resilient than the authorities give them credit; however, individual and community resilience is not unlimited (Douglas and Wildavsky 1982; Tierney 2006; Quarantelli 2008). Successful crowd control and egress requires authorities to act ethically; to be explicit, unambiguous, and sensitive in their communications; and to encourage two-way communication if they are to build and maintain public trust (Quarantelli 1984; Riad et al. 2001; Drury and Cocking 2007; Eiser et al. 2012).

Apart from the hazard itself, it has long been recognized that human factors are the major source of problems in all types of disasters and the prime factor behind mass fatalities and injuries (Quarantelli 1988). Emergency organizations have been criticized for assumptions, policies, and practices ill-suited to civilian disaster operations: the traditional civil defense type orientation involved centralization, hierarchy, and command-and-control; contingency plans were followed inflexibly; civilians were expected to respond appropriately to instructions; and dysfunctional behavior and nonfunctioning individuals were assumed to be the major source of problems (Riad et al. 2001; Quarantelli 2008). Panic, informational and cognitive overload, and bureaucratic inertia often takes place among the people in positions of power and authority tasked to manage crisis-related events (Mawson 2005). Successful disaster and emergency management in general, and dispersal and evacuations in particular, requires robust communication and coordination, the avoidance of management overload, the ethical and responsible exercise of authority, the clarification of roles and responsibilities, and the trust, moral support, and actual participation of the public in addressing the event.

## Conclusions

Current research and empirical evidence suggests that crowd behavior in disasters and emergencies is socially structured, collectively patterned, and meaningful rather than irrational or instinctive; is characteristically orderly and cooperative rather than disorderly, individualistic, or selfish; and the shared experience of danger and deprivation tends to lead to feelings of togetherness, mutual helping of strangers, altruism, and even heroism

(Drury and Cocking 2007). Even in the most life-threatening situations, people do not usually turn against each other, nor do they suddenly forget personal ties and moral commitments to members of the community. In cases of egress, mass panic and fear-induced flight are rare, and most people cooperate with each other and the authorities. In the instances were crowds descend into violence and individualistic behavior, there are usually special circumstances and triggering events beside the actual emergency and disaster. Disasters and emergencies, like other social situations, have social rules and prescribed roles, and people generally follow them (Drury and Cocking 2007).

The psychological robustness and resilience of individuals and crowds have important implications for improving disaster and emergency planning and management, for ensuring that emergency organizations cope well and act ethically, and for providing the public with meaningful support to survive and recover. Survivors can be a potentially useful resource to the emergency services to assist with response, relief, and recovery; and emergency management organizations must not inhibit the public's own natural resilience and resourcefulness (Drury and Cocking 2007). Traditionally negative perceptions of crowd behavior by public officials and the media in crisis situations need to be challenged and addressed by better education and training of emergency professionals, the public, and the media. The ability of the crowd to positively contribute during response and recovery by providing mutual aid and rescue, by coping with individual distress and panic, by coordinating and cooperating with the authorities, by taking initiatives to identify and solve immediate problems, and by playing a leadership role should not be underestimated nor undermined (Drury et al. 2013). Just as the social construction of collective psychological vulnerability has been historically used to misrepresent the behavior of the crowd and serve the interests of those in power, so too can the social construction of collective psychological resilience, civility, and cooperation be employed to reduce death and injury in crisis events.

## Cross-References


- ▶ Causes and Consequences of Crisis
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Education and Training in Crisis Management
- ▶ Ethics and Crisis Management
- ▶ Evolution of Crisis Management
- ▶ Governance in Crisis Management
- ▶ Governance of Disaster Management
- ▶ Local Governments and Crisis Management
- ▶ Politics and Crisis Management


## References


Aguirre BE (2005) Emergency evacuations, panic, and social psychology. Psychiatry Interpersonal Biol Process 68(2):121–129

Aguirre BE, Torres MR, Gill KB, Hotchkiss HL (2011) Normative collective behavior in the station building fire. Soc Sci Q 92:100–118

Alexander D (2002) From civil defence to civil protection–and back again. Disaster Prev Manag 11(3):209–213

Alexander DE (2007) Misconception as a barrier to teaching about disasters. Prehosp Disaster Med 22:95–103

APA (2017) Disasters. http://www.apa.org/topics/disasters/. Accessed 14 Oct 2017

Averill JD, Mileti DS, Peacock RD, Kuligowski ED, Groner N, Proulx G, ..., Nelson HE (2005) Federal building and fire safety investigation of the World Trade Center. Disaster occupant behavior, Egress, and emergency communications (Draft)

Blake SJ, Galea ER, Westeng H, Dixon AJP (2004) An analysis of human behavior during the WTC disaster of 11 September 2001 based on published survivor accounts. In: Proceedings of the third international symposium on human behavior in fire. InterScience Communications, London, pp 181–192

Bon GL (1960) The crowd: a study of the popular mind. Viking Press, New York. (Original work published 1895)

Barton AH (1969) Communities in disaster: A sociological analysis of collective stress situations. Garden City. In New York. Doubleday & Company Inc

Bryan JL (1982) Human Behavior in the MGM Grand Hotel Fire. Fire J 76(2), 37(41):44–48

Canter D (1980) Fires and human behaviour: emerging issues. Fire Safety J 3(1):41–46

Cantril H (1940) The invasion from Mars: a study in the psychology of panic. Princeton University Press, Princeton

Challenger R, Clegg CW (2011) Crowd disasters: a socio-technical systems perspective. Contemp Soc Sci 6(3):343–360
Chertkoff JM, Kushigian RH (1999) Don't panic: the psychology of emergency egress and ingress. Praeger Publishers, Westport
Clarke L (2002) Panic: myth or reality? Contexts 1:21–26
Clarke L, Chess C (2008) Elites and panic: more to fear than fear itself. Soc Forces 87(2):993–1014
Cocking C, Drury J, Reicher S (2009) The psychology of crowd behaviour in emergency evacuations: results from two interview studies and implications for the fire and rescue services. Ir J Psychol 30(1–2):59–73
Couch CJ (1968) Collective behavior: an examination of some stereotypes. Soc Probl 15(3):310–322
Davis DW, Silver BD (2004) Civil liberties vs. security: public opinion in the context of the terrorist attacks on America. Am J Polit Sci 48(1):28–46
Dawkins MA (2006) A rhetorical response to Hurricane Katrina. Space Cult 9(1):12–13
de Ville de Goyet C (1991) The role of WHO in disaster management: relief, rehabilitation, and reconstruction. World Health Organization, Geneva
Donald I, Canter D (1990) Behavioural aspects of the King's cross disaster. In: Canter D (ed) Fires and human behaviour. David Fulton, London, pp 15–30
Donald I, Canter D (1992) Intentionality and fatality during the King's Cross underground fire. Eur J Soc Psychol 22(3):203–218
Douglas M, Wildavsky A (1982) Risk and culture: an essay on the selection of technical and environmental dangers. University of California Press, Berkeley
Drury J (2012) Collective resilience in mass emergencies and disasters. In: Jetten J, Haslam C, Haslam SA (eds) The social cure: identity, health and well-being. Psychology Press, Hove, p 195
Drury J, Cocking C (2007) The mass psychology of disasters and emergency evacuations: a research report and implications for practice. University of Sussex, Brighton
Drury J, Cocking C, Reicher S (2009a) The nature of collective resilience: survivor reactions to the 2005 London bombings. Int J Mass Emerg Disasters 27(1):66–95
Drury J, Cocking C, Reicher S (2009b) Everyone for themselves? A comparative study of crowd solidarity among emergency survivors. Br J Soc Psychol 48(3):487–506
Drury J, Novelli D, Stott C (2013) Psychological disaster myths in the perception and management of mass emergencies. J Appl Soc Psychol 43(11): 2259–2270
Dynes RR (2003) Finding order in disorder: continuities in the 9–11 response. Int J Mass Emerg Disasters 21:9–23
Eiser JR, Bostrom A, Burton I, Johnston DM, McClure J, Paton D et al (2012) Risk interpretation and action: a conceptual framework for responses to natural hazards. Int J Disaster Risk Reduct 1:5–16
Feinberg WE, Johnson NR (2001) The ties that bind: a macro-level approach to panic. Int J Mass Emerg Disasters 19(3):269–295
Fischer HW III (2008) Response to disaster: fact versus fiction and its perpetuation: the sociology of disaster, 2nd edn. University Press of America, Lanham
Fritz CE, Williams HB (1957) The human being in disasters: a research perspective. Ann Am Acad Pol Soc Sci 309:42–51
Goode E (1992) Collective behavior. Harcourt Brace Jovanovich, Fort Worth
Heide E (2004) Common misconceptions about disasters: Panic, the "disaster syndrome," and looting. In: O'Leary M (ed) The first 72 hours: a community approach to disaster preparedness. iUniverse Publishing, Lincoln, pp 340–380
Hoffman MF, Ford DJ (2009) Organizational rhetoric: Situations and strategies. Sage Publications.
Jacob B, Mawson AR, Marinelle P, Guignard JC (2008) Disaster mythology and fact: Hurricane Katrina and social attachment. Public Health Rep 123(5):555–566
Johnson NR (1987a) Panic at "The who concert stampede": an empirical assessment. Soc Probl 34(4):362–373
Johnson NR (1987b) Panic and the breakdown of social order: popular myth, social theory, empirical evidence. Sociol Focus 20(3):171–183
Johnson NR (1988) Fire in a crowded theater: a descriptive investigation of the emergence of panic. Int J Mass Emerg Disasters 6:7–26
Johnston DM, Johnson NR (1988) Role extension in disaster: employee behavior at the Beverly Hills Supper Club fire. Sociol Focus 22(1):39–51
Johnson PF, Beck VR, Horasan M (1994) Use of egress modelling in performance-based fire engineering design-A fire safety study at the National Gallery of Victoria. Fire Safety Sci 4:669–680
Keating JP (1982) The myth of panic. Fire J 76(3):57–61
Kendra J, Rozdilsky J, McEntire DA (2008) Evacuating large urban areas: Challenges for emergency management policies and concepts. J Homel Security Emerg Manag 5(1):1–22
Lang K, Lang G (1961) Collective dynamics. Thomas Y. Crowell, New York
LaPierre R (1938) Collective behavior. McGraw Hill, New York
LeBon G (1968) The crowd: A study of the popular mind Dunwoody, GA: Norman S. Berg. (Original work published 1896)
Mawson A (1980) Is the concept of panic useful for scientific purposes? In: Second international seminar on human behavior in fire emergencies. National Bureau of Standards, Washington, DC
Mawson AR (2005) Understanding mass panic and other collective responses to threat and disaster. Psychiatry 68:95–113

Mawson AR (2007) Mass panic and social attachment: the dynamics of human behavior. Ashgate Publishers, Brookfield
McConnell NC, Boyce KE, Shields J, Galea ER, Day RC, Hulse LM (2010) The UK 9/11 evacuation study: analysis of survivors' recognition and response phase in WTC1. Fire Saf J 45(1):21–34
McDougall W (1920) The group mind. G.P. Putnam's Sons, New York
McPhail C (1991) The myth of the madding crowd. Aldine de Gruyter, New York
McPhail C (1994) The dark side of purpose: Individual and collective violence in riots. Sociol Quart 35(1):1–32
McPhail C (1997) Stereotypes of crowds and collective behavior: looking backward, looking forward. JAI Press Inc, Greenwich
Miller A, Goidel R (2009) News organizations and information gathering during a natural disaster: lessons from Hurricane Katrina. J Conting Crisis Manag 17(4):266–273
Pan X, Han CS, Dauber K, Law KH (2006) Human and social behavior in computational modeling and analysis of egress. Autom Constr 15(4):448461
Pan X, Han CS, Dauber K, Law KH (2007) A multi-agent based framework for the simulation of human and social behaviors during emergency evacuations. AI Society 22:113132
Park R, Burgess E (1924) Introduction to the science of sociology. University of Chicago Press, Chicago
Peckham R (ed) (2015) Empires of panic: epidemics and colonial anxieties. Hong Kong University Press, Hong Kong
Phillips B, Neal G, Webb G (2012) Introduction to emergency management. CRC Press, Boca Raton
Proulx G, Fahy RF (2003) Evacuation of the world trade center: what went right? In: Proceedings of the CIB-CTBUH international conference on tall buildings Oct 20–23, Malaysia, pp 27–34
Quarantelli EL (1954) The nature and conditions of panic. Am J Sociol 60:267–275
Quarantelli EL (1957) The behavior of panic participants. Sociol Soc Res 41:187–194
Quarantelli EL (1981) Panic behavior in fire situations: Findings and a model from the English language literature. Publication fil44, University of Delaware, Disaster Research Center
Quarantelli EL (1984) Emergent citizen groups in disaster preparedness and recovery activities. Final Project Report, #33. University of Delaware, Disaster Research Center, Newark, Delaware
Quarantelli EL (1988) Disaster crisis management: A summary of research findings. J Manage Stud 25(4):373–385
Quarantelli EL (1999) Disaster related social behavior: summary of 50 years of research. Preliminary paper #280. University of Delaware, Disaster Research Center
Quarantelli EL (2000) Emergencies, disasters and catastrophes are different phenomena. Preliminary paper #304. University of Delaware, Disaster Research Center, Newark, Delaware
Quarantelli EL (2001) Panic, sociology of. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social and behavioural sciences. Pergamon Press, New York, pp 11020–11023
Quarantelli EL (2002) The role of the mass communication system in natural and technological disasters and possible extrapolation to terrorism situations. Risk Manage 4(4):7–21
Quarantelli EL (2005) Catastrophes are different from disasters: some implications for crisis planning and managing drawn from Katrina. In: Understanding Katrina: perspectives from the social sciences. University of Delaware, Disaster Research Center, Newark, Delaware
Quarantelli EL (2008) Conventional beliefs and counterintuitive realities. Soc Res Int Quart 75(3): 873–904
Reicher SD (1982) The determination of collective behaviour. In: Tajfeld H (ed) Social identity and intergroup relations. Cambridge University Press, Cambridge, UK, pp 41–83
Reicher SD (1984) The St Pauls riot: an explanation of the limits of crowd action in terms of a social identity model. Eur J Soc Psychol 14:1–21
Reicher SD (1987) Crowd behaviour as social action. In: Turner JC (ed) Rediscovering the social group: a self-categorization theory. Basil Blackwell, New York, pp 171–202
Riad JK, Norris FH (1998) Hurricane threat and evacuation intentions: an analysis of risk perception, preparedness, social influence, and resources. Disaster Research Center, University of Delaware, Newark
Riad JK, Norris FH, Ruback RB (1999) Predicting evacuation in two major disasters: Risk perception, social influence, and access to resources 1. J Appl Soc Psychol 29(5):918–934
Riad JK, Waugh WL, Norris FH (2001) The psychology of evacuation and the design of policy. Public Adm Public Policy 93:309–326
Ripley A (2005) How to get out alive. Time, 16 May 48–52
Rogsch C, Schreckenberg M, Tribble E, Klingsch W, Kretz T (2010) Was it panic? An overview about mass-emergencies and their origins all over the world for recent years. In Pedestrian and evacuation dynamics 2008. Springer, Berlin, Heidelberg, pp 743–755
Rosengren KE, Arvidson P, Sturesson D (1974) The Barseback 'Panic': a radio programme as a negative summary event. Acta Sodologica 18(1975): 303–321
Ross EA (1908) Social psychology. New York: Macmillan
Rule JB (1988) Theories of civil violence. University of California Press, Berkeley
Schweingruber D, Wohlstein RT (2005) The madding crowd goes to school: myths about crowds in introductory sociology textbooks. Teach Sociol 33(2): 136–153

Sime J (1980) The concept of panic. In: Canter D (ed) Fires and human behavior. Wiley, New York
Sime JD (1983) Affiliative behaviour during escape to building exits. J Environ Psychol 3(1):21–41
Sime JD (1984) Escape behaviour in fires: 'panic' or affiliation? (Doctoral dissertation, Department of Psychology, University of Surrey)
Sime JD (1985) Movement toward the familiar: person and place affiliation in a fire entrapment setting. Environ Behav 17(6):697–724
Sime JD (1990) The concept of 'panic'. In: Donald I, Canter D (eds) Fires and human behaviour, 2nd edn. David Fulton, London, pp 63–81
Sime JD (1995) Crowd psychology and engineering. Saf Sci 21:1–14
Smelser NJ (1963) Theory of collective behavior. Free Press, New York
Solnit R (2009) A paradise built in hell: the extraordinary communities that arise in disaster. Viking, New York
Strauss A (1944) The literature on panic. J Abnorm Soc Psychol 29:317–328
Thevenot B (2005) Myth-making in New Orleans: the impressive media coverage of Hurricane Katrina was marred by the widespread reporting – sometimes attributed to public officials – of murders and rapes that apparently never took place. What can news outlets learn from this episode to prevent similar problems in the future? Am Journal Rev 27(6):30–38
Tierney K (2003) Disaster beliefs and institutional interests: Recycling disaster myths in the aftermath of 9–11. Res Soc Probl Public Policy 11:33–51
Tierney KJ (2004) Collective behavior in times of crisis. In Commissioned paper presented at the National Research Council Roundtable on Social and Behavioral Sciences and Terrorism, Meeting (Vol. 4). The National Academies, Washington, DC
Tierney K (2006) Social inequality, hazards, and disasters. In: Daniels RJ et al (eds) On risk and disaster: lessons from Hurricane Katrina. University of Pennsylvania Press, Philadelphia, pp 109–128
Tierney KJ (2007) From the margins to the mainstream? Disaster research at the crossroads. Annu Rev Sociol 33:503–525
Tilly C (1978) From mobilization to revolution. Reading, Mass: Addison-Wesley Pub. Co.
Tilly C (1993) Contentious Repertoires in Great Britain, 1758–1834. Soc Sci Hist 17(2):253–280
Turner RH, Killian LM (1957) Collective behavior. Prentice Hall, Englewood Cliffs
Webb GR (2002) Sociology, disasters, and terrorism: Understanding threats of the new millennium. Sociol Focus 35(1):87–95
Williams R, Drury J (2010) The nature of psychosocial resilience and its significance for managing mass emergencies, disasters and terrorism. In: Rebuilding sustainable communities for children and their families after disasters: a global survey, vol 121, no 148. Cambridge Scholars Publishing (Newcastle upon Tyne, UK) in association with GSE Research, pp 121–148

# Psychology of Leadership

Eric K. Austin
Department of Political Science, Montana State University, Bozeman, MT, USA

## Synonyms

Bureaucracy and Leadership; Group and Individual Leadership; Leadership; Leadership in Organizations; Theories of Leadership

## Introduction

The psychology of leadership is the study of leadership, including topics such as organizational identity, motivation, coordination, performance management, and organization development and change through various psychological models and corresponding approaches to psychological research. These approaches examine variables including individual and group identity, perceptions, and behaviors.

At least two, potentially related, basic models of psychology and leadership are operative within the research. The first explores the psychology of leaders and inquires into how psychological traits or orientations of leaders affect their ability to improve the effectiveness of followers' or subordinates' efforts to do their jobs and accomplish their goals/tasks. The second examines the psychology of all members of the organization and the relationships among them in order to understand how leaders can leverage psychological processes to improve employee and organizational performance.

This entry proceeds by first exploring several of the dominant psychological models used descriptively and prescriptively in the study of psychology as it relates to leadership, beginning with early trait and character models of leadership, and then proceeding through behaviorist, humanist, social-psychological, psychoanalytic, and finally neuroscience and cognitive science approaches to understanding and developing

leadership. The description of each model includes an overview of its core psychological ideas and a summary of the organizational and leadership applications that have developed from it.

### Early Management Theory: Character, Personality, and Trait Approaches

As leadership, management, and organization theory emerged as a formal, systematic field of study in the early twentieth century, psychology too is still in its early stages of development. To the degree that a psychological theory of leadership existed, it took the form of what is either described as *trait theory* or *great man theory*, which both assume that leaders are born with the requisite characteristics or traits to lead. These theories tend to emphasize traits including heroism, self-confidence, courage, and extroversion as the basis of effective leadership.

Although it does explicitly adopt a psychological model of leadership, classical and scientific management does embrace a basic model of behavior, which entails a corresponding theory of mind. The rational or economic model of mind and behavior dates back as far as Adam Smith and the Scottish Enlightenment, but its integration into organizational settings emerges most influentially with Fredrick Winslow Taylor's Principles of Scientific Management, in which he argues that subordinates' basic rationality or pursuit of utility can be used by managers and leaders to maximize organizational performance.

One of the key representatives of the shift toward changing the emphasis and growing recognition of the more complex human elements of organizations, including an essential role for leadership, was Chester Barnard (1938). His thinking marks an important shift away from the classical models in that he emphasizes individual, small group dynamics, systems, communications, and decision-making as important concepts. Barnard also advanced the thinking about the importance of informal groups and emphasized the role of leadership by saying that leadership cannot be solely exercised by those at the top and not only at their discretion. Leadership is dependent upon the willingness of workers to follow, accept, and respond to the direction. He suggested that followers have a great deal to do with the nature of leadership. Barnard pictured motivation as a matter of interactive exchange of capacity rather than the narrow pursuit of self-interest. In such interactive relations, leaders and followers have something to offer the other and seek to negotiate these roles. In shifting attention away from narrowly rational organizational structures and behaviors, and to the importance of cooperation and interactive relationships, Barnard represents an important bridge to what would become the human relations movement.

As a part of that shift, Barnard is interested in issues of persuasion and cooperation based on an assumption of some level of rationality in individuals. Workers are not necessarily uneducated, uncalculating masses, but not wholly rational either. As such, they are also affected by social pressures. Like the great man and trait theories described above, Barnard suggests that leaders had better attributes for management. Labor, according to Barnard, wants and perhaps even needs to be lead and will recognize fulfillment through the success of the organization. Leadership is connected to the satisfaction of desires, and those who were successful were characterized by intelligence, ability, enthusiasm, honesty, and fairness.

Barnard's depiction of leadership is illustrative of the reflectivist character of this psychological approach to leadership, in that his depiction of the necessary leadership traits is developed largely based on his reflection on his own capacity for and success as a leader. One difficulty of trait and great man theories is that observationally, the link between these traits and effective leadership is more difficult to identify and verify in systematic ways. That is, if traits are causal features of leadership, how do we explain those who possess those traits and are not leaders or are not effective leaders? Similarly, how do we explain those individuals who are effective leaders who do not possess those traits?

### Behaviorism

Developing in part because of the problems reflectivist psychological theory had in accurately

predicting behavior, behaviorist theories adopt a more systematic, empiricist approach to examining behavior and inductively attributing causes to that behavior. Behaviorists believe that behavior itself can be objectively and scientifically measured rather than being inferred based on internal and subjective mental causes like thinking and emotion. As a result, behaviorists emphasize carefully controlled, observational methodologies. Critically, though, behaviorists also assume that, rather than being innate or inherited, effective behaviors can be intentionally developed through conditioning.

Moving beyond Pavlov's notion of classical conditioning and natural reflexes, B. F. Skinner was among the first behaviorists to turn his attention to more complex voluntary and involuntary forms of behavior and developed the approach known as *operant conditioning*. Operant conditioning functions on the assumption that behaviors, and changes in behaviors, result from an individual's response to stimuli experienced in the environment. Most simply, positive stimuli will reinforce and increase behaviors and negative stimuli or punishment will decrease the frequency or prevalence of behaviors. Leadership, working from a behaviorist orientation, suggests that supervisors cannot directly cause behaviors among subordinates, but rather sets the circumstances or provides the stimulus for behaviors to occur or appear (Davis and Luthans 1979).

While early behavioralist research, especially using classical and operant conditioning approaches, attempted to proceed by focusing only on observable phenomena, subsequent work, described as cognitive behaviorism, recognized the possibility that unobservable or covert cognitive processes such as self-instructions, self-evaluation, and other thoughts and images have an influence on the relationship between the actor and environment.

## Humanism

Unlike the more narrowly observational methods used by behaviorists, humanist psychology works from the assumption that behavior is shaped by inner feelings such as self-concept, and emphasizes studying the whole person rather than what humanists see as overly reductionist methodologies that measure only behavior.

It is this attention to employees and their normative value in the organization that appears clearly in the work of Abraham Maslow, perhaps the most well-known psychologist beyond Sigmund Freud to make a contribution to management and organization theory. Maslow's observational research found behavior which suggested that a prioritized or hierarchical set of needs were involved in shaping what humans do. Based on this recognition, together with the addition of the concept of self-actualization, he developed the widely known *hierarchy of needs*. Beyond the profound impact Maslow's theory has had on American psychology, the same thinking has influenced thinking about leadership and management in organizations as well. Drawing on his observations at a small manufacturing firm, the results of which were published in his book *Maslow on Maslow* (1998). The basic idea of Maslow's hierarchy – physiological, safety, social, esteem, and self-actualization, respectively – as applied to organizations is that humans pursue the needs described in the hierarchy and do so in a particular prioritized way. That is, if one's basic or physiological needs haven't been met, the individual will not consider or pursue his safety needs. As a question of leadership in organizational settings, the idea is that if organization can be managed such that many, if not most, of the individual's needs can be fulfilled inside the organization, then that individual will be able to focus his or her energy on his or her job duties. If leaders can arrange for more of the employee's energy to be directed to job duties and tasks rather than need fulfillment or if needs can be met through the work of the organization, then the organization will benefit and organizational performance will be higher.

Working along a similar line of inquiry, Frederick Herzberg (1959) recognizes that there are attributes of organizational practice and experience that can serve as powerful positive motivators for individual performance, and there are also job dissatisfiers, or *hygiene factors*, which can inhibit performance. For Herzberg, satisfiers or motivators follow closely with those that emerge

from motivational theories described above. These include opportunities for development, achievement, recognition, and so forth. The addition of Herzberg's hygiene factors reveals the importance of organizational structures that are, to a large degree, outside the control of the individual but that nevertheless have a substantial impact how individual workers feel about and performs. Hygiene factors, according to Hertzberg's research, include things like company policies, working conditions, structural or authority relationships with supervisors and subordinates, and, interestingly, salary. Herzberg's survey research found that contrary the position generally taken by rationalist management theorists, salary functions as a hygiene or dissatisfier factor rather than a motivator. That is, when salary was a concern for workers, it was associated with problems such as perceived unfairness or inequities in the salary system and its administration. In the cases where salary was mentioned in comments about motivation or satisfier factors, it was typically connected to factors of achievement and recognition rather than being a motivator in and of itself.

Hertzberg's consideration of an alternative and more complex model of motivation is particularly important in revealing that operationalizing motivational factors, especially hygiene factors such as compensation, is not just a matter of finding the optimal level where it becomes a positive motivator. More broadly, the humanist picture of leadership that is attuned to both motivators and hygiene factors is especially useful in public organizations where often the work is challenging in contextually very different ways than in private, for-profit settings. Because sources of motivation are different and often the very work that one does in the public sector comes with inherent public perceptions, it is important for leaders to note that the dynamics of any specific setting can dramatically influence the dynamics of motivation.

## Social Psychology and Sensemaking

The next approach draws on social rather than individual psychology. Social psychology is the subfield of the discipline that deals with social interactions, their causes, and their effects. Within the subfield of social psychology, this section looks specifically at Karl Weick's notion of "sensemaking" as a way of viewing the patterns within and factors that shape social relations organizations. Weick's depiction of the psychological processes of sensemaking involves more than a dozen of factors that are operative for most individuals and social groups (1995). Weick (1993) also recognizes that sensemaking has a critical role to play in the dynamics of leadership and organizational operations in that organizations are susceptible to sudden losses of meaning. That is, organizations can suffer what he calls cosmology events or vu jade as a sense that, "I've never been here before." Organizations and individuals within them can find themselves in situations that are totally out of the ordinary.

Weick proposes a social-psychological model of sensemaking as an alternative to the formal situational analysis and decision-making that entails routinized, rational, or boundedly rational decision-making described by Herbert Simon and others. Instead, Weick's social-psychological model of sensemaking advances a different way of conceiving how we come to understand organizational circumstances and has implications for the conceptualization of leadership.

Weick shifts attention from how information is acquired and analyzed, and by which decisions are made, and instead emphasizes the psychological character and development of shared meaning in organizations. He suggests that much of the activity in organizations is really an effort at rationalization or making sense of where we are and what we are doing at any point in time and working to fit available data into existing frameworks. When the data no longer fit, there's a breakdown in sensemaking.

Two of the central factors of sensemaking are that it is grounded in identity construction and it's social (Weick 1995). As such, the *role structure* that exists among members of an organization is critical. It also reverses the traditional understanding of group dynamics by suggesting that panic causes groups to break down rather than vice versa. Working, in part, from Freud, Weick (1993) argues that as the space between individuals and their roles becomes convoluted, then panic will ensue.

In the face of threats to sensemaking, there are mitigating strategies and structures that, when used by official and informal leaders, can reduce organizations' vulnerability and improve their resilience. The use of *improvisation and bricolage*, or the capacity to generate alternate courses of action based on available and perhaps unrelated knowledge, is one strategy. Weick's argument is that the collapse of role systems can, in part, be overcome in the presence of individuals who have the ability to identify creative solutions. He also suggests that organizations can develop *Virtual Role Systems* wherein each member of the group simulates the leadership roles and identifies "escape routes" or alternate courses of action. A third element, *Wisdom*, has to do not with knowledge of particular facts but is instead an attitude taken toward knowledge that includes skepticism or hesitancy no matter the extent or strength of one's values, knowledge, skills, information, and so forth. Finally, *respectful interaction* with others builds relationships based on trust, honesty, and self-respect. Such relationships contribute to sensemaking through the synthesis or the creation of meaning that can be the basis of actions and the recognition that such interaction changes the parties to it.

In addition to these attitudes, Weick argues that organizations can adopt certain structures that will enhance its resilience and enable it to cope with situations that will cause sudden losses of meaning. First among these structures is the capacity for *communication*. Regardless of the character or nature of the group or its structure, verbal and nonverbal communication has to be continuous and allows for the constant creation and refinement of meaning in the context of the work. Weick also emphasizes *developing frameworks* around which we create meaning. In doing so, a positive feedback loop is created wherein the meaning that is created then reinforces the existing framework. While there is a risk that this positive feedback can build to the point of dysfunction and disconnection that can tear down the group, Weick suggests that it can be balanced by giving more attention to the social or both formal and informal relationships. That is, by giving more attention to the relationships that have been created, puzzlement regarding the nature of the situation can be reduced.

Leadership approaches, utilizing Weick's model of sensemaking, understand organizations as being more or less socially constructed. The dynamics of such organizations are best understood via a social-psychological approach. More broadly, social psychology describes the relational dynamics that impact the functionality of groups and sets out to prescribe courses of action that are effective.

## Psychoanalytic Theory

A fourth psychological framework for both studying and enhancing leadership draws on psychoanalytic theory. Although there are important distinctions within psychoanalytic approaches to leadership, all psychoanalytic models have evolved from the seminal work of Sigmund Freud and all share a model of the human behavior that assumes a separation of the conscious from the unconscious mind.

Work drawing on the research and theory of Carl Jung is among the most developed and influential within organizational studies. Jung (1971) developed a theory of personality types that breaks human personality into four discrete elements, each of which functions along a continuum. The first element, the introvert/extravert domain, describes individuals' orientation toward social settings with respect to where they draw or expend energy. The sensing/intuiting element designates how individuals perceive the world around them and the thinking/feeling how one judges or assesses that world. The final element, judging/perceiving, reflects one's orientation toward the other world with respect to how they are likely to take action – individually or within groups. Where one falls along each continuum and the interplay of the four elements determines or frames how humans perceive and interpret the world around them and, thereby, structures how they behave. Jung's theory suggests that while people have a dominant type that becomes fairly stable over time, they also have an auxiliary function that provides balance, and that it is possible for people to develop or enhance nondominant elements of their personality type.

In organizational settings, personality type has been used to examine aspects of leadership including communication, supervisory style, approach to personnel relations, and other factors. Several Jungian-type indicators, including the Myers-Briggs Type Indicator (MBTI), Keirsey Temperament Sorter, and Singer-Loomis Type Indicator, have been developed to assess personality types and have been used fairly extensively in organizational settings. Early research into the validity and efficacy of Jungian typology in organization settings was mixed (Gardner and Martinko 1996). More recent work (Thomson and Gopalan 2005) has found that personality types affect the sorts of behaviors leaders believe to be appropriate under different conditions and that those beliefs translate into actual behaviors. Another work (Hautala 2006; Brown and Reily 2009) has shown a relationship between leaders of certain personality types, especially those tending toward extraversion rather than introversion and intuition rather than perception, as having a stronger sense of supporting transformational leadership efforts.

Another quite distinct approach to considering leadership and organizations from a psychoanalytic perspective draws on the work of Jacques Lacan. Lacan, while retaining the notion of the unconscious as being a key driver of human behavior, breaks with Freud and Jung in presenting a model that understands the mind and behavior as being shaped by the processes by which language is acquired during childhood. According to Lacan, language, as well as other variables like culture, produces a set of structures that frame and shape behavior. Because language and culture are shared within a society, these factors not only shape individual behavior, but they become embodied in social institutions like law and policy as well. Lacan also differs from his predecessors in that he made what is known as the "linguistic" or "postmodern" turn, which rejects the idea of absolute truths and instead adopts an understanding of truth as being socially constructed.

This characterization of truth and knowledge has implications for how we conceive of and approach leadership. For example, if we reject the notion that there is a finite body of knowledge that can be compiled and acted upon by authoritative or knowing figures in organizations, then it may be necessary to shift to alternative conceptualizations of activities like leadership, decision-making, and communications.

McSwite (2003), drawing on Lacan, describes the concept of *refusal* in organizational settings and a very different model of leadership that results. To be clear, McSwite's refusal is not a "take my ball and go home" response that results in disengagement or even departure from the organization. Rather, it is the refusal to grant deference or privilege solely to formal expertise or authority derived from traditional depictions of leadership, while at the same time remaining fully engaged in and committed to the work of the organization. This form of refusal is the recognition that there are structural or role necessities associated with productive activities in large, divisionalized organizations and a simultaneous refusal to allow authority or knowledge to rise to the level where it precludes alternate forms of wisdom or other collaborative contributions to organizational processes. McSwite argues, following Lacanian psychoanalytic theory, that the linguistic framework which gives a sense of order and shape to the world also assumes, and repeatedly reinforces, the importance of having a leader, a man of reason, or one who both knows and is in control. The problem, in an increasingly diverse, complex, and rapidly changing workplace, is that control is an illusion. If knowing in absolute terms is undermined, then control based on the ability to act from knowledge collapses as well. An example of an alternative organizational strategy that de-privileges structural elements like hierarchy and privileged knowledge and even the structural position of the leader is the use of participatory change models like action research.

The Lacanian response is one of the refusals that entails a choice to see the organization for what it is; refuse to grant deference to constructed loci of knowledge, authority, and claims thereby developed; and yet remain entirely engaged with the organization and its operation. Because the symbolic order is socially constructed, refusal also prompts us to begin to recognize that we are

not radically autonomous, atomistic individuals. We are mutually created by one another in relationship to each other and to the symbolic order. It is also a paradoxical subject who is simultaneously responsible for his actions and at the same is unavoidably a product of his circumstances.

Drawing again, directly and metaphorically from Lacan, in order to come to terms with these conditions, the individual goes through psychoanalysis to recognize how those circumstances both shape his behavior and function within and at the same time stand apart from them. At the organizational level, the discourse of the analyst might look the mission of an organization, its institutional identity, or the myths and rituals that give stability and distinction. More concretely, the organization can go through a social emergent action noted above. Action research, which operates through the collective or interactive process of acquiring data, reviewing that data, and identifying courses of action, allows the organization to deconstruct its operations, identify and make sense of the dysfunctional symbolic structures, and begin to change them.

Psychoanalytic theory, whether Jungian, Lacanian, or another approach, operates based on the notion that the drivers of behavior, because they emerge from the unconscious mind, are always more than what meets the eye. As a result, the analytic strategies, as well as the leadership and organizational responses developed through a psychoanalytic approach, all set out to make the invisible visible, or to create a space for the unconscious of the organization or its members to be present. In doing so, it becomes possible to improve the performance of the organization.

## Cognitive and Behavioral Neuroscience

Neuroscience, most broadly, is the study of the nervous system, and cognitive and behavioral neuroscience is the study of how psychological functions are produced by the neural circuitry of the brain. Until recent advances in neural imaging, the brain was largely a black box, leaving researchers to infer the causality relationships based on some combination of observed behavior and psychological models. However, because of the development of functional magnetic resonance imaging (fMRI), positron emission tomography (PET), and other neural imaging technologies in conjunction with digital analysis of the imaging, scientists are now able to gain new information about brain function in real time. Insights gleaned from this research have direct implications for behavioral and social settings, leadership, and organizational operations most prominent among them. If we can develop a better understanding of the electrochemical and neural processes of the brain, we can enhance leadership practices in relation to processes including organizational learning, behavior change, transformation, and other processes. Work in this area is new and rapidly emerging, and the following examples of leadership research and practice developing out of cognitive and behavioral neuroscience are neither exhaustive nor comprehensive. They are, however, indicative of interdisciplinary efforts to enhance understanding and practice in this area.

Work being done by the Center for Creative Leadership (CCL) is notable among recent efforts to extend and apply research in this area. CCL is using neural research to understand neurofunctioning, mindfulness, and emotion to build and test leadership development interventions (Ward and Becker 2014). For example, early efforts at CCL include the use of biofeedback to support mechanisms of self-regulation within leaders. CCL builds leadership development techniques utilizing these new understandings, in which it then tests for efficacy, both in the perceptions of participants and the degree to which they can be assessed against organizational outcomes by comparison to interventions that use approaches which leverage other variables.

Another initiative uses the interconnectedness, modularity, and plasticity of the brain, and the finding that learners' sense of reality is driven by electrochemical signals, to consider leadership and learning models (Kussrow 2001). This research suggests that the physical structure of the brain, along with its electrochemical processes, predisposes the mind to learning and responding to novelty. If this holds, then the corresponding leadership response might be to develop organizational processes that leverage

these biochemical processes in support of development and change.

A final example of study in this area approaches organizational change and leadership in a different way. Rock and Schwartz (2007) combine learnings about electrochemical processes in the brain, with the quantum phenomenon, the quantum Zeno effect, to highlight how mental focus manifests in the brain and, in so doing, shapes learning, perception, and identity. This understanding of the intersection of quantum and psychological processes can then be leveraged to establish more effective learning processes in the classroom, the workplace, and beyond.

## Conclusion

The psychology of leadership has been formally and systematically developing for more than a century at this point. Research has evolved into areas including the behaviorist, humanist, social-psychological, psychoanalytic, and, most recently, cognitive and behavioral neuroscientific approaches described here. Each approach has, in its own way, contributed both to a better understanding of and practices for leadership in organizations. Working from the premise that leadership, at its core, has to do with the ability of one actor to influence the behavior of other actors, research in psychology, which seeks to better understand functions of the mind and their relation to behavior, will continue to be influential in leadership studies.

## Cross-References

► Motivation and Leadership
► Personality and Leadership

## References

Barnard CI (1938) Functions of the executive. Harvard University Press, Cambridge
Brown FW, Reily MD (2009) The Meyers-Briggs type indicator and transformational leadership. J Manag Dev 28(10):916–932
Davis TRV, Luthans F (1979) Leadership reexamined: a behavioral approach. Acad Manag Rev 4(2):237–248
Gardner WL, Martinko MJ (1996) Using the Meyers-Briggs type indicator to study managers: a literature review and research agenda. J Manag 22(1):45–83
Hautala TM (2006) The relationship between personality and transformational leadership. J Manag Dev 25(8): 777–794
Herzberg F, Mausner B, Snyderman B (1959) The motivation to work. Wiley, New York
Jung CG (1971) Psychological types. In: Baynes HG (ed) The collected works of C. G. Jung, vol 6. Princeton University Press, Princeton
Kussrow P (2001) Brain-based leadership. Contemp Educ 72(2):10–14
Maslow AH (1998) Maslow on management. Wiley, New York
McSwite OC (2003) Now more than ever – refusal as redemption. Adm Theory Prax 25(2):183–204
Rock D, Schwartz J (2007) The neuroscience of leadership. Reclaim Child Youth 16(3):10–17
Thomson NF, Gopalan S (2005) Jungian personality types and leadership styles: an empirical examination. J Org Cult Commun Confl 9(2):61–71
Ward MK, Becker M (2014) Neuroscience and leadership development: an interview with Dr. Marian Ruderman and Dr. Cathleen Clerkin. Ind-Organ Psychol 52(2): 55–58
Weick K (1993) The collapse of sensemaking in organizations: the Mann Gulch disaster. Adm Sci Q 38:628–652
Weick K (1995) Sensemaking in organizations. Sage, Thousand Oaks

P

# Psychology of Talent Management, The

James Kwame Mensah
Department of Business Administration,
University of Professional Studies, Accra, Ghana

## Synonyms

Employee outcomes; Psychological contract; Talent management; Talented employees

## Definition

Talent management focuses on the activities and processes that are used to identify key positions, the development of a pool of high-potential and

high-performing employees to fill these roles, and the continuous management of such employees with differentiated human resource architecture to ensure their continued commitment to the organization. Rousseau (2004: 120) defined psychological contract (PC) as "the beliefs, based upon promises expressed or implied, regarding an exchange agreement between an individual and, in organisations, the employing firm and its agents."

## Introduction

The past two decades have seen an increasing interest in talent management (TM) in the academic literature and as a central element of managerial discourse and organizational practice. Its growing significance is premised on the assumption that superior talent is a key source of competitive advantage in this highly dynamic and often uncertain market environment of the twenty-first century. This coupled with changes in worldwide demographics leading to talent supply issues have been key driving forces of interest in TM. Indeed, two articles in the Economist entitled "The Battle for Brainpower" (Wooldrige 2006) and "The Tussle for Talent" (Schumpeter 2011) claimed that organizations are much concerned about talents. Earlier scholarly research on TM primarily focus on defining and clarifying the conceptual boundaries of TM, but this has since given way to empirical studies in recent years. Therefore, it has been found that TM does matter as it is positively associated with employees' attitudes and outcomes and organizational performance, and negatively associated with quit intentions and counterproductive work behaviors.

While many business leaders, practitioners, and academics attach great value to TM, there is still little known about how TM really works in practice – the mechanisms by which TM practices produce these consequences remain poorly understood. This is what is usually referred to us the "black-box" in TM (Mensah et al. 2016). The "black-box" focuses on the critical interactions inside the complex realm of organizational TM systems that account for its positive consequences. Indeed, it is stated that psychology is a missing link between the TM systems and their consequences in that, employee perceptions, attitudes, and attributions are crucial mediators of this relationship (Dries 2013). Drawing from the social exchange theory (SET), this section attempts to explain why psychological contract (PC) fulfilment may act as mediator in the TM–talented employee outcomes relationship. Whereas SET was initially developed to examine the development and maintenance of interpersonal relationships, it has since been used to explain the nature of employee–organization relationship.

PC basically has to do with beliefs based upon promises either implied or expressed regarding an exchange agreement between an employee and organization. TM practices and talent strategy of an organization can be considered as particularly instrumental in shaping PC fulfilment and employees make sense of their employment relationship. The implementation of TM practices is related to PC fulfilment thereby inducing talent pool members to illicit the desired employee outcomes. Thus, an organization's investments in TM practices serve as a fulfilment of the PC for talent pool members which then have a strong relationship on talented employees' outcomes. In this paper, an attempt is made to examine the mediating role of PC fulfilment in the relationship between TM and employee outcomes as this is central to examining the "black box" in TM.

## The Concept of Talent Management

Academics and practitioners agree that TM continues to be one of the key challenges for organizations worldwide because it represents a source of sustained competitive advantage. However, TM research has long suffered from lack of a precise definition, theoretical support and development, and measurement frameworks for operationalization and identification. Early

definitions of TM concentrate on the individuals, but the focus has since shifted to strategic positions that drive organizational performance (Collings and Mellahi 2009). This paradigm shift led to the identification of "high impact" or "pivotal" roles to be filled with talented employees. Strategic positions are defined in terms of their potential outputs or disproportionate contribution to the organizational strategic intent. Strategic positions are not only limited to top positions, but include different levels in organizational hierarchy among functional and operational units. The key to understanding strategic positions is to take into account the contribution of the position to the achievement of the strategic objectives of the firm.

Generally, there are two approaches to the study and practice of TM – exclusive and inclusive. The exclusive approach views talented employees as an elite subset of the organization's employees as they exhibit a drive to excel, a catalytic learning capability, an enterprising spirit, and a dynamic sensor (Ready and Conger 2007). On the contrary, the inclusive approach is based on the "egalitarian" principle and that ideally, all employees in an organization have a role to play and can contribute something (Iles et al. 2010). Clearly, every individual's role is part of the overall performance of the organization; however, some individuals have rare skills that are crucial and contribute heavily to the competitiveness of the organization. Similarly, some positions are very strategic and contribute towards the achievement of organizational goals than others. Therefore, adopting an inclusive approach results in overinvestment and waste of resources when a star performer is in a position with little potential for differentiation (Minbaeva and Collings 2013).

TM has been described as important to the success of organizations, being able to give a competitive edge through the identification, development, and redeployment of talented employees. Contemporary TM research has focus on the individual level and found that TM contributes to employee outcomes such as satisfaction, commitment, OCB, task performance, and reduced turnover intentions (Mensah et al. 2016). However, TM especially the exclusive approach is likely to have some negative consequences. It may discourage, demotivate, frustrate, and cause dissatisfaction and jealousy of those employees who are not in the talent pool, resulting in lower productivity or increased turnover. Similarly, talent label may lead to arrogance and complacency, promote inequality, and exclusion from the TM pool could be interpreted as somehow inferior, which might lead to lower self-efficacy. Indeed, the overemphasis on individual performance diminishes teamwork and creates a destructive internal competition that hinders learning and the spread of best practice across the organization.

## Psychology: A Psychological Contract Fulfilment Perspective

PC has gained increased attention because it is an important concept in understanding the exchange relationship between organizations and their employees. The origin of PC theory can be traced to the work of Argyris (1960), Levinson et al. (1962), and Schein (1965). However, recent use of the concept stems from Rousseau's (1989) seminal work. PC comprises of the beliefs employees hold concerning the terms and conditions of the exchange agreement between themselves and their organizations. PC is unwritten and hence not necessarily shared by the other party to the exchange, what is termed perceptual (Rousseau 1989). Explicitly, PCs are comprised of the obligations that employees believe their organization owes them and the obligations the employees believe they owe their organization in return. Accordingly, different views are held by employees and employers on the content of the PC and the extent to which each party has fulfilled the mutual obligations of the exchange.

A central premise of the PC is the notion of reciprocity whereby employees reciprocate their employer subject to how well they have been treated – PC fulfilment, breach, or even violation. A composite measure of PC uses content-specific

items which can be categorized as transactional and relational (Rousseau 1990). Transactional content refers to specific, monetizable exchanges over a limited period, while relational content refers to long-term exchanges that maintain the employee–employer relationship (Robinson and Rousseau 1994). PC fulfilment reveals an employee's perception that the organization has fulfilled its side of the contract (Henderson et al. 2008). Empirical research has established a relationship between PC fulfilment and individual performance variables such as neglect, intention to quit, satisfaction, organizational citizenship behavior, turnover, intention to remain, loyalty, and voice (Robinson and Rousseau 1994).

Generally, PC develops at key moments in the employment relationship, such as recruitment, performance appraisal, training, and compensation discussions and outcomes or during events where organizations express plans for the future. Human Resource departments of organizations, through their policies, practices, and actions aimed at managing and shaping the employment relationship, are therefore considered to be particularly instrumental in the shaping of PC. Indeed, HRM has the task to create and maintain PC between organizations and their employees, where each HRM practice represents a choice by the organization about what it expects from its employees and what the employees can expect in return (Sonnenberg et al. 2011). Therefore, as part of efforts to open up the black box of TM, the concept of PC fulfilment could be used to examine how TM practices send signals that are relevant to talented employees which in turn generate talented employee outcomes.

## Talent Management: What Has Psychology Got to Do with It

A large body of research has documented that academics and practitioners agree that TM continues to be one of the priorities for organizations worldwide. While the importance of TM practices is now well accepted, there is insufficient understanding of how they work in practice (Thunnissen 2016). In order to advance the field, Dries (2013) challenged scholars to bring in literature from the field of psychology. In response, this section argued that PC fulfilment may act as mediating variable in the relationship between TM practices and talented employees' outcomes. The state of PC in terms of fulfilment or breach is of interest to the extent that if the theoretical predictions hold true, organizationally desired outcomes will result from contract fulfilment by the employer whereas contract breach by the employer is likely to lead to negative responses. Findings from the PC literature showed that fulfilment of employer obligations will be reciprocated and this reciprocation may take the form of performance, commitment, satisfaction, OCB, reduced turnover, and reduced counterproductive work behaviors.

TM practices can be seen as an investment in a long-term and stable relationship with an employee. Therefore, an organization's investment in TM practices generates a higher emotional involvement and more mutual interdependence between the talent and the employer. Thus, whereas TM may lead to talented employee outcomes, it is the perception of PC fulfilment that would generate an obligation on the part of talented employees to reciprocate their employer. In other words, the more talented employees perceive the organization as fulfilling their promises and obligations, the more likely they will display positive outcomes. This accounts for the importance of PC fulfilment in the TM and employee outcomes relationship. Indeed, the TM process is of significance to the talented employee in two ways. First, the inclusion in a talent pool is an indication of the employer's attempt to fulfil the PC. Second, the favored individual recognizes differential treatment and an investment in the development of their talent and career as an indication that their contribution is valued and the fulfilment of the PC (Sonnenberg et al. 2011). Thus, TM practices such as identification, selecting, developing, appraising, motivating, and retaining signal a fulfilment of the organizations' obligations in the contract.

Theoretically, SET provides a useful lens through which to understand the mechanisms involved in how talented employees interpret and react to TM practices. From the perspective

of SET, talented employees may see organizations' investment in TM practices as an indication of their employer's commitment towards them, signaling future opportunities in the organization. Thus, when organizations invest in TM practices, talented employees interpret this as organizational support and will reciprocate with positive employee attitudes and outcomes. Scholars have offered explanations of SET that defines TM as signals of organization's willingness to invest in talented employees (Mensah et al. 2016), which subsequently impact the PC fulfilment (Sonnenberg et al. 2014). From the above explanation it is argued that PC fulfilment may be valuable in explaining the TM–employee outcome relationship.

## Implications and Recommendations

The above discussion has implications for human resource managers. First, managers must institute communication mechanisms that inform talented employees about the availability, content, and focus of TM practices to ensure that the desired results are achieved from talented employees. This is perhaps because TM practices when communicated to talented employees help develop better understanding of organizational signals while at the same time implying the fulfilment of the PC on the part of the employer (Sonnenberg et al. 2014). Indeed, given the strategic intent to manage talent as a competitive resource, top management are expected to be highly involved in governing and communicating intentionally regarding this highly visible competitive activity.

Second, managers need to be careful about what promises and expectations they create with talented employees. Care must be taken by managers at the beginning of the employment relationship or at the time of admitting high potentials into the talent pool to firstly establish and agree to a fair PC that would benefit both parties in the employment relationship. Indeed, an entry-level survey can be used to identify their initial expectations and align them, thus creating a fair PC that would benefit both parties in the employment relationship. Since expectations may change over time, monitoring and aligning expectations should be done on a regular basis, perhaps half-yearly. This also includes the need to create environments that are supportive of employees' PC needs as far as possible. Third, organizations and their agents such as managers and supervisors should be transparent and communicate effectively with their high-potential employees about the promises, business situations, and other factors that may influence or limit their ability to fulfil their promises to their talented employees. This also implies that in situations where there has to be changes in the employment relationship, employers should seek to renegotiate the contract and thereby create new terms that are reflective of the new employment conditions.

## Conclusion

TM practices do not only have a direct positive effect but also an indirect effect on talented employee outcomes via PC fulfilment. Management should therefore endeavor to understand and fulfil the expectations of talented employees so that they can reciprocate with positive outcomes. It is also imperative for management to communicate the availability and content of TM practices, and provide information on how the organization seeks to fulfil their part of the PC. This paper contributes to the TM literature by bringing an important mechanism from the field of psychology, PC fulfilment. Therefore, this paper links the two streams of fields together to show that PC fulfilment is a psychological mechanism through which TM practices illicit positive talented employee outcomes.

## Cross-References


- ▶ Alternative Recruitment Strategies
- ▶ Knowledge Management and Governance
- ▶ Productivity and Management in Public Sector
- ▶ Public Employees as a Strategic Resource
- ▶ Social Psychology of Organizations

## References

Argyris C (1960) Understanding organizational behaviour. Dorsey Press, Homewood
Collings DG, Mellahi K (2009) Strategic talent management: a review and research agenda. Hum Resour Manag Rev 19(4):304–313
Dries N (2013) The psychology of talent management: a review and research agenda. Hum Resour Manag Rev 23(4):272–285
Henderson DJ, Wayne SJ, Shore LM, Bommer WH, Tetrick LE (2008) Leader–member exchange, differentiation, and psychological contract fulfilment: a multilevel examination. J Appl Psychol 93(6):1208
Iles P, Chuai X, Preece D (2010) Talent management and HRM in multinational companies in Beijing: definitions, differences and drivers. J World Bus 45(2):179–189
Levinson H, Price CR, Munden KJ, Solley CM (1962) Men, management and mental health. Harvard University Press, Cambridge, MA
Mensah JK, Bawole JN, Wedchayanon N (2016) Unlocking the "Black box" in the talent management employee performance relationship: evidence from Ghana. Manage Res Rev 39(12):1546–1566
Minbaeva D, Collings DG (2013) Seven myths of global talent management. Int J Human Res Manage 24(9):1762–1776
Ready DA, Conger JA (2007) Make your company a talent factory. Harv Bus Rev 85(6):69–77
Robinson SL, Rousseau DM (1994) Violating the psychological contract: not the exception but the norm. J Organ Behav 15(3):245–259
Rousseau DM (1989) Psychological and implied contracts in organizations. Empl Responsib Rights J 2(2): 121–139
Rousseau DM (1990) New hire perceptions of their own and their employer's obligations: a study of psychological contracts. J Organ Behav 11(5):389–400
Rousseau DM (2004) Research briefs. Acad Manag Exec 18:120–127
Schein E (1965) Organizational psychology. Prentice Hall, Englewood Cliffs
Schumpeter (2011) The tussle for talent. Economics 398:68
Sonnenberg M, Koene B, Paauwe J (2011) Balancing HRM: the psychological contract of employees: a multi-level study. Pers Rev 40(6):664–683
Sonnenberg M, van Zijderveld V, Brinks M (2014) The role of talent-perception incongruence in effective talent management. J World Bus 49(2): 272–280
Thunnissen M (2016) Talent management: for what, how and how well? An empirical exploration of talent management in practice. Empl Relat 38(1):57–72
Wooldridge A (2006) The battle for brainpower: A survey of talent. Economist Newspaper. 1–14.

# Psychosocial Consequences of Obstetric Fistula: Implications for Social Work Policy and Practice

Vincent Ekow Arkorful[1], Reindolf Anokye[2], Anastasia Hammond[3] and Vincent Ansah Arkorful[4]
[1]Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong, China
[2]Graduate Research School, Edith Cowan University, Joondalup, WA, Australia
[3]Department of Psychology, University of Ghana, Accra, Ghana
[4]Department of Geography and Rural Development, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

## Synonyms

Fistula care; Ghana; Obstetric fistula; Social health care; Social policy

## Definition

Obstetric fistula refers to a medical condition characterized by an abnormal opening in the vagina and the bladder or rectum, thereby leading to an incessant leakage of urine and/or feces.

## Introduction

Obstetric fistula is one of the medical disabilities troubling women (GHS 2015). It is a medical condition that involves an abnormal opening between the bladder and the vagina (vesicovaginal fistula) or between the rectum and vagina (recto-vaginal fistula), or both, leading to uncontrolled leakage of urine and/or feces caused by prolonged, obstructed labor, without access to timely, high-quality medical treatment.

Globally, it is estimated that more than two million women are living with obstetric fistula (vesico vaginal fistula [VVF]) with an additional 50,000–100,000 new cases diagnosed each year with at least 33,000 of these cases among women and girls in sub-Saharan Africa (SSA) (WHO 2014). It is also estimated that 30,000–90,000 new cases develop each year in Africa alone (WHO 2014). Also, more than two million young women live with untreated obstetric fistula in Asia and in sub-Saharan Africa (UNFPA 2002; Vangeenderhuysen et al. 2001).

Obstetric fistula is a severe condition which can have debilitating ramifications on a woman's life (Wall 2006). Generally, the disorder mostly results to pains and disability among patients (Lewis and De Bernis 2006), symptoms of constant leaking of urine and feces, infections, bladder stones, and infertility (Rochat 2010), depression and emotional loss (Khisa et al. 2011), loss of dignity and self-identity, and interrupts social roles among women (Mselle et al. 2011). Besides social stigmatization brought about by the condition, it also poses a threat to the women while imposing constraints on their socioeconomic activities (Wall 2006; Khisa and Nyamongo 2012; Roush 2009; Bangser 2006).

Women who experience obstetric fistula suffer constant incontinence of urine or feces or both leading to shame, anxiety, social segregation, and other health and social problems. Obstetric fistula victims often experience feelings of powerlessness, physical injury, emotional breakdown, depression, divorce, erosion of social capital, and loss of healthy years (WHO 2014). The condition is treated by corrective surgery but in spite of the successes recorded from corrective surgery, the victims continue to suffer from social isolation, and gaining entry into their disrupted social networks is often a long and arduous journey (Khisa and Nyamongo 2012). The condition affects marital and family stability as most often, and divorce and separation often occur following the onset of the illness (Roush 2009; Yeakey et al. 2009). This further aggravates the already worst lives of women with the condition (Ahmed and Holtz 2007; Roush et al. 2012).

Obstetric fistula remains a public health issue in sub-Saharan Africa and Asia; its consequences have a devastating impact on the lives of those affected (Wall 2006; Abrams et al. 2010). In sub-Saharan Africa and other developing countries, women and girls continue to endure lives of shame and incredible suffering because of this preventable condition, and not enough hospitals exist for them to receive the surgery that can cure them (AbouZahr 2003).

The complexities surrounding obstetric fistula requires further investigation to improve understanding of women's experiences and to assess whether holistic approaches may enhance their quality of life (Maulet et al. 2013). As such, a research on such a crucial health condition is much needed to enhance a holistic care approach. Exploring and describing the experience of obstetric fistula patients and sharing with individual full stories of their own feeling will fill the gap of baseline data, information, and stories of the occurrence, severity, consequence, and impact of this condition among Ghanaian women.

Discovering and documenting the plight of women with obstetric fistulas in their own voices excavates insight into the nature of this demoralizing problem and thus assists as a call for policymakers concerned with reproductive health to discourse the complex issues that propagate this preventable condition. There is now a growing literature on the period following corrective surgery albeit few studies examine their social reintegration (Molzan Turan et al. 2007; Yeakey et al. 2011). Despite the growing population of obstetric fistulas in sub-Saharan Africa (Murk 2009), the physical, psychosocial, and economic consequences suffered by those affected remain largely unexplored (Wall 2006).

A total of 1538 women have been diagnosed as having obstetric fistula (vesicovaginal fistula (VVF) between January 2011 and July 2014 in Ghana and the Ashanti region; the focus of this study recorded 295 cases representing 19.2% is the second highest in Ghana between this

period (GHS 2015). The consequences of obstetric fistula differ from country to country and from community to community. The author attempts to add to this growing corpus of literature by exploring the psychosocial consequences of obstetric fistula among women with the condition in Ghana.

## Methods

### Study Design

This research study was conducted in Ghana. Study participants were recruited from five (5) hospitals. They comprise the Okomfo Anokye Teaching Hospital (KATH), Manhyia District Hospital (MDH), Kwame Nkrumah University of Science and Technology (KNUST) Hospital, Tafo Government Hospital, and Suntreso Government Hospital. All these health facilities are located in Southern Ghana, specifically in Kumasi. According to the Ghana Statistical Service (GSS 2013), the region is the second most populous in Ghana. The selected health facilities are health facilities that are equipped with the required technology and adequate human resources to attend to obstetric conditions. The study design was a cross-sectional institution-based qualitative descriptive research. Fraenkel et al. (2011) posit that a cross-sectional design entails collection of data from a sample drawn from a specific population. It aids the researcher in collecting data in just one point in time. In addition, surveys are important in research and have been found to be useful in describing the characteristics of a population under research since they allow the researcher to ask individuals to describe the existing phenomena (Fraenkel et al. 2011; Kathuri and Pals 1993).

### Study Population

The study population consisted of women who have been living with obstetric fistula, their families as well as health professionals (nurses, midwives, and medical doctors). Participants were targeted because it was expected that all had knowledge or insights into the condition and as such could contribute to gathering relevant data for assessing the consequences of the condition on patients, and as well contribute to offering remedies through recommendations, to overcoming the challenges. This was intended to help the study draw much information from both patients and practitioners. It is believed that this would contribute to gathering a holistic, comprehensive, representative, and concise as well as a well thought through data.

*Participants for the study were selected based on this inclusion criterion:*

(a) Participants must be obstetric fistula patients
(b) Participants must be proficient in a local Ghanaian language, English, or both
(c) Key informants must have a relationship, either as a professional health practitioner or a relative to obstetric fistula patient
(d) Patient must be 18 years or more
(e) Participant must be an attendee of any of the selected health facilities

*Participants' exclusion was based on the following criteria:*

(a) Obstetric fistula patients who were reluctant to participate in the study
(b) Obstetric fistula patients less than 18 years
(c) Obstetric fistula patients outside of the selected health facility

### Sample and Sampling

The purposive nonprobability sampling technique was used in the selection of women with obstetric fistula. A total of 50 participants (women with obstetric fistula) constituted the sample for this research study. These were women who had the condition and had undergone a corrective surgery but were reporting to the various hospitals for review. Also, another sample of ten (10) key informants comprising of health professionals (nurses, midwives, and medical doctors) and relatives of women with obstetric fistula were also selected. Overall, a total sample of sixty (60) participants was involved in this seminal study. The sample for the study was achieved at the point of reaching saturation.

## Data Collection Methods

Patients with obstetric conditions were interviewed and key informants were also interviewed using an in-depth interview instrument. Specific participants recruited for the key informant interview included certified nurses, medical doctors, midwives, and family relatives of obstetric patients. The research investigators with five (5) research assistants interviewed patients in each of the five (5) health facilities and key informants with work bearing on obstetric fistula were also interviewed. Integral to the interview guide, participants were required to furnish the research team with data bordering on their individual demographic characteristics like age, marital status, level of education, number of children, and occupation. In gathering data, participants with difficulty of understanding English had the instruments explained to them in Twi (the local language which is the most widely spoken language in the study area) with the help of a professional translator. On the few occasions when the research team encountered a participant with little or no proficiency in the Twi language, a professional facilitator was engaged to assist in explaining the interview. Data were elicited using a tape recorder. This was done with the consent of the participants. All the participants were above the age of eighteen (18) years. To gather a holistic, comprehensive, representative, concise, and a well thought thorough data, key informant interviews were also conducted. Participants including relatives of patients and medical professionals were interviewed. The key informants contributed to gathering diverse opinions, which were consistent with information provided earlier by patient participants. The key informants were precisely relatives of patients and other health professionals like doctors, nurses, and midwife whose knowledge and professional insights into the condition were tapped into. Going forward, their views, relative to recommendations, were sought to make the study complete. Before our engagement with participants, the research team clearly explained the purpose of the research, procedures, and benefits as well as the associated emotional complexities to them.

## Data Analysis

Miles and Huberman's framework of thematic content analysis was employed. Miles and Huberman (1994) segmented data analysis into data reduction, data display, conclusion drawing, and verification. Audiotaped recoding of interviews had with participants were transcribed accurately and used as primary data. The audiotapes of the participants' description of their experiences were then transcribed verbatim. Once the interviews were transcribed, an overall summary was written based on the participant's responses to the interview. In transcribing, a person proficient in the medium of communication transcribed the recorded in-depth interviews with the guide of investigators field notes. Assigning much attention to details, transcripts were patiently read line by line in order to become conversant with them. Initially, codes were identified after which codes with similar discourse focus and connections were integrated to constitute subject matter themes intended to help detailed content analyses which were used. The response of the interviewees of the study, deduced from the in-depth interviews conducted, which constitutes the central narratives of this study, is representative of descriptions of their own opinions. The themes derived from the in-depth interviews were then subsequently summarized. Also, no names were associated with participants but pseudonyms. This was done to hide to ensure confidentiality and anonymity.

## Ethics

Ethical clearance was obtained from the Committee on Human Research Publication and Ethics at the Kwame Nkrumah University of Science and Technology (KNUST) before the study was conducted. Participants were given ample time to recall their experiences. The questionnaires were approved by experts who had working experience related to obstetric fistula research. The research design for all the participants was tailored to avoid gathering duplicated and irrelevant responses. To ensure consistency and minimize

inherent weaknesses, questionnaires were pre-tested on a pilot basis with a randomly sampled population from the targeted study areas. The piloted questionnaires were however not included in the final data gathered for the main research work. Key informants were involved in the survey.

## Results

### Sociodemographic Characteristics of the Participants

For the purposes of this study, fifty (50) participants with obstetric fistula were recruited in some five (5) selected health facilities. The ages of participants ranged between 20 and 51 years. A careful look at the table indicates the ages at which women developed fistula, most of the participants (48%) developed obstetric fistula at the age between 41 and 50 years. On the educational level of participants for the study, most of them (70%) had no formal education. The resident status of the interviewed women indicates that 66% ($n = 33$) were from rural areas and 34% ($n = 17$) were urban residents. With regards to the number of years lived with the disorder, it was found that most (40%) had lived with it for 7–9 years. From our field interview, it was apparent that 58% ($n = 29$) were divorced, 28% ($n = 14$) were still married, and 14% ($n = 7$) were widowed as sown in Table 1.

### Psychosocial Consequences

The participants sampled for the study clearly stated their social challenges experienced as a result of the obstetric fistula. Some of the challenges included stigmatization, isolation, and reduced or truncated general social and marital relationship.

### Marginalization and Stigmatization

Almost all participants interviewed for the research study complained of stigmatization

**Psychosocial Consequences of Obstetric Fistula: Implications for Social Work Policy and Practice, Table 1** Study participants composition

| Variable | Category | Number of Respondents | Percentage (%) |
|---|---|---|---|
| Age | 20–30 | 25 | 50 |
| | 31–40 | 10 | 20 |
| | 41–50 | 8 | 16 |
| | 51+ | 7 | 14 |
| OBF age occurrence | 20–30 | 13 | 26 |
| | 31–40 | 10 | 20 |
| | 41–50 | 24 | 48 |
| | 51+ | 3 | 6 |
| Residence | Rural | 33 | 66 |
| | Urban | 17 | 34 |
| Education level | Formal education | 15 | 30 |
| | No formal education | 35 | 70 |
| Occupation | Employed | 21 | 42 |
| | Unemployed | 29 | 58 |
| Marital status | Married | 14 | 28 |
| | Widowed | 7 | 14 |
| | Divorced | 29 | 58 |
| Yrs. lived with OBF | 1–3 | 15 | 30 |
| | 4–6 | 12 | 24 |
| | 7–9 | 20 | 40 |
| | 10+ | 3 | 6 |

from within and among members of the society. The continuous isolation in their view stems from the smell and odor brought about by the fecal and urine leakages and incontinence. The extent of the stigmatization, though pervasive, appeared varying from one participant to the other. Whereas others suffered from job losses, others complained of having been objects of social mockery owing to intolerance for the health disorder. In an interview with a participant, it was recounted that;

> *"I lost my first job because my employers thought customers couldn't bear with the smell and odour from me. I was a shopkeeper then. I had a second job and it was taken away from me because of the same problem"* (Participant 18).

Another participant in the narration of her ordeal stated that:

> *"People think I am dirty and filthy. Whenever they see me, they whisper to say that is the and smelly lady coming. Actually, before God and Man, it makes me feel bad and wants to even at times end my life by committing suicide"* (Participant 21).

Another woman said that:

> *"I cannot go to community meetings because people will point fingers at me and talk about me. My social life is now limited"* (Participant 25).

Another reiterated that:

> *"I have been home alone almost all the time because my faeces and urine all together are leaking. It is quite nasty an experience to go through. People who have little or no idea of the ailment come into contact with me and think I am unclean and filthy to be associated with. To be frank with you, I am tired of this ailment. I wish I am dead. For some time now, I have been hoping for recovery, but now, I have given up. Whatever want to happen can happen. I care less* "(Participant 9).

This theme of marginalization and stigmatization recurred throughout the narratives of key informants. Our interaction with a key informant nurse captured that:

> *"Obstetric fistula patients face a lot of problems. Close associates of theirs including family relations, husbands and even the society abandon them. They find themselves in a tight situation living a solitary life from society. It is not surprisingly most of them have psychological problems"* (Participant 22).

Another key informant who is a medical doctor said that:

> "*Obstetric fistula is more of a social and cultural problem. One of the first things that fistula patients face is the stigma from the society so they are segregated, simply because of the condition they are living with"* (Participant 16).

The foregoing interviews underscore the painful experiences that women with obstetric go through. As captured above, it is obvious from the above that they are socially sidelined and as such are unable to live a normal life and participate in social activities as well all because of the continuous urine and feces leakage.

### Isolation and Abandonment

Participants bitterly expressed their profound disappointment with the isolation and abandonment they are subject to. A participant shared that:

> *"My friends no longer come to me. Even the very people I am proud to call relations have all abandoned me all because they think I smell"* (Participant 28).

A key informant in an interaction also reiterated that:

> *"The way and manner patients are abandoned and left to their fate by relatives is not the best of treatment. In times of the ailment, that is the time they need the emotional support of their relatives to overcome the thoughts of the burden they carry about the ailment"* (Participant 24).

One participant who experienced incontinences of urine and fecal leakages said that:

> *"The level of my isolation has become too painful that, my husband, whom I expected to be my backbone in all situations, has abandoned me. To add more to my emotional woes, he told me in the face that, he cannot stay with an Obstetric urinating patient. This is the most painful comment ever heard since my disorder started. I understand it's a medical problem. And it's repairable. So why did he abandon me? It is shocking, to say the least"* (Participant 18).

The above responses from the women and key informants suggest that women living with obstetric fistula are subject to emotional abuses, rejection, marginalization, and stigmatization as well as ostracism from the larger society.

### Sexual Dysfunction, Disrupted Marital Relations, and Divorce

Participants interviewed complained of their inability to have normal sex. Others also complained of the difficulty to have sex after developing the obstetric fistula disorder. During our interaction with participants, it appeared that most participants attributed their divorce or marriage breakdown to their development of an obstetric fistula. Among those who were still married, some complained of limited or no sex life with their husbands whereas others complained of not receiving emotional support from their husbands. In our interaction, a participant said that:

> *"My marriage has known no peace and enjoyment since I developed this disorder. My husband has abandoned me. He is now married to another lady"* (Participant 12).

Another participant said that:

> *"I can see my husband has lost interest in me. He has left the home for a long time. He rarely visits. On days he decides to visit, he does not even eat the food I cook for him"* (Participant 20).

These concerns raised by participants resonated with what key informants shared with the research team. In our engagement, a family member who is a key informant stated that:

> *"Husbands start to maltreat and abandon their wives from the very moment they develop the disorder. This is very bad. This attitude of men destabilizes the family structure"* (Participant 29).

Another interviewed woman declared that:

> *"Yes, my family has been the source of support and my backbone since my ailment started. My mother and siblings have provided me the support that has got me to this level. I would say they are my reason for being alive today. My husband has not been of any help at all. He is better dead"* (Participant 2).

### Economic Consequences

Due to the stigma attached to the obstetric, many women tend to lose their jobs and are unable to engage in economic activities. As such, in times like this, with the onset of financial difficulties and uncertainties, some women have to endure a lot of hardship.

### Job Losses

In responding to issues of job losses, a participant commented that:

> *"I have lost my job because of this ailment. And no employer would want to engage me because of my ailment. The smell has deprived me of my source of livelihood"* (Participant 9).

A participant said that:

> *"Having this disorder is more than hell for an individual to contend with. I have been unwell for long with this ailment. The leakage has shattered my dreams and restricted me in many ways such that I can hardly go about with my normal daily life. I am a hard-working woman. But because of this ailment, I am home now. This is not typical of me"* (Participant 10).

Another participant stated that:

> *"Because of this sickness, I can't go to the market to sell. So, I don't have enough money to buy a pad. I have to buy a pad and use to absorb the leakage. This is a financial hurdle for me now. I feel uncomfortable when the pad is wet and don't have a replacement. So, in times like this, I use cut garments to absorb them. I remove them when they are wet, wash, dry and reuse them later"* (Participant 8).

One participant said that:

> *"Because of my indisposition, I am unable to work, so I am at home now. It has, therefore, become very difficult for me to survive. And I am also not receiving any help from my any source"* (Participant 16).

According to a family member of the obstetric fistula patient, the combined effects of all these have compounded the problem. He stated that:

> "*She was in good health and she was the breadwinner for the family. But now she can't participate in any activity"* (Participant 7).

### Financial Challenges

In a separate interview, another participant shared that:

> *"My husband is not in love with me. He does not even want to set eyes on me. Our marriage is shaky. He was no longer fulfilling his financial commitment s as he used to. Out of financial stress and other difficulties, I packed and came to my family"* (Participant 15).

### Dependency

Most interviewed participants indicated they are struggling to make ends meet. Another who lamented having lost her sustainable source of livelihood and survival stated that:

> *Since I developed this condition "Obstetric" I was depending on one single source. That source is what I get from my family especially my parents. When I want to go and pay for something, I have to beg my parents and wait for some days"* (Participant 13).

Another woman reported that she lost her working capability due to the frequent pain and the leakage of the urine, which made it difficult for her. She recounted that:

> *"I feel worthless because I have no capacity to work. My survival now is under threat. I am just imagining how I am going to make it in the rest of the years ahead of me without depending on others"* (Participant 27).

### Coping Measures

In our interaction with participants, it was revealed that almost all of them have devised measures to control the discomfort engendered by the onset of the obstetric fistula. Among some of the measures meant to normalize their situation range from distancing themselves from the larger society, maintaining a good sense of personal hygiene, use of good smelling perfume, use of sanitary pads, and other absorbent materials. A participant recounted that:

> *"In my difficulty, whiles I try to hide my situation from people, I try to control the smell from the leakage by using sanitary pads. When I don't have the money to buy the pads, I use other absorbents like pieces of garments to control it"* (Participant 30).

Another woman indicated that:

> *"I distance myself from the larger society. I refuse attending social gatherings to save myself from shame and finger-pointing. Most of the time, I hide at home"* (Participant 4).

Another participant narrated that:

> *"Almost every hour, I take shower and change my dress. When it is time for me to attend to something outside, I dress and apply perfume on my dress and go out. Mostly I have perfume on me. So anytime I feel like the smell is coming, I apply it to control the situation"* (Participant 20).

From the foregoing interactions, it is obvious how obstetric fistula patients devise ways and means of overcoming or controlling their situation.

## Discussion

The results of this research were elicited from diverse participants with obstetric fistula in five selected health facilities in Ghana. From the responses elicited, the wide array of experiences encountered by the participants were similar to the reports by previous researches (Khisa and Nyamongo 2012; Gebresilase 2014; Wilson et al. 2015) that obstetric fistula exerts heavy consequences including sores, skin rashes, and wounds around the genitalia, bad smell, leakages, and incontinences of urine and feces. Other social experiences brought about by the onset of obstetric fistula comprise marginalization, stigmatization, ostracism, abandonment and isolation, sexual dysfunction, disrupted marital relations, and divorce. This according to McKinney (2006) could necessitate clinical depression and suicidal thoughts. It may also bring about other forms of socioeconomic difficulties such as financial insecurity and dependency, as well as financial hardships occasioned by limited social support, financial constraints, and profound poverty and one's loss of health. The findings of this study are consistent with prior studies conducted in Ethiopia (WHO 2014; Muleta 2006; Browning et al. 2010; Burundi (Bishinga et al. 2013); Democratic Republic of Congo and Bangladesh (USAID 2012); Kenya (Khisa and Nyamongo 2012), Ghana (Mwini-Nyaledzigbor et al. 2013) as well as Nigeria (Okoye et al. 2014), and Tanzania (Wilson et al. 2015). These studies corroborate with the physical, psychosocial, and socioeconomic challenges found by this study as some of the experiences of obstetric fistula patients.

As revealed by this study, obstetric fistula patients exercise fears to enjoy sexual life with

their partners. This finding is in conformity with a study conducted in Kenya (Khisa et al. 2011) which reported that obstetric fistula victims still have fear to have sex with their husbands. This same study confirms that patients easily get divorced. This finding is consistent with this study finding which revealed that most participants sampled for this study were divorced. Most of the divorces could be ascribed to the urine and feces leakage that created smell and odor which their partners could not stand. Also, the inability of affected women to sexually satisfy their husbands stood as one of the factors that precipitated their divorce. This research finding agrees with a study carried out by Landry et al. (2013); Ampofo et al. (1990) as well as Pope et al. (2011) and Gebresilase (2014). These studies further confirmed that husbands married for the second time. This was also confirmed by participants and other interviewed key informants in this study. As confirmed by Lita (2008) and Drew et al. (2016), this research revealed that obstetric fistula victims do not get much support from their husbands as some of the husbands neglect their wives because of the fistula condition. The main challenge of obstetric fistula patients is smell and odor and its discomfort for patients has been confirmed in a number of studies conducted in other African countries (Mselle et al. 2011; Khisa and Nyamongo 2012; USAID 2012; Mwini-Nyaledzigbor et al. 2013). These studies assert that women who lived with obstetric fistula frequently get unsettled and emotionally worried about their situation.

As captured under the social experiences, specifically of marginalization, stigmatization, and abandonment, sexual dysfunction, disrupted marital relations, and divorce among obstetric fistula patients, earlier studies conducted in Kenya and Nigeria (Khisa and Nyamongo 2012; Okoye et al. 2014) reported that husbands develop attitudes that end up ostracizing their wives after developing an obstetric fistula. It was further revealed that women living with obstetric fistula face daily life challenges including the inability to engage in socioeconomic activities (Wall 2006). This, in their views, has deprived them of self-confidence while at the same time it has rendered them unable to maintain a sustainable source of income. This research study also confirms this finding. In our interaction with participants, most of them expressed their worries relative to their unwillingness and inability to attend social gatherings because of the development of obstetric fistula, which has brought about smell and odor.

In the course of the research, it was revealed that participants have control measures for managing the situation. While some of the participants indicated resorting to social isolation as a control measure, others also indicated that they use sanitary pads and other absorbents to control the situation while maintaining personal hygiene. As revealed by previous studies (Gebresilase 2014; Mwini-Nyaledzigbor et al. 2013; Okoye et al. 2014) and (Elzubeir et al. 2010), people with medical illnesses resort to using different measures to manage their situations. Similarly, as reported in previous studies (Mselle et al. 2011; Gebresilase 2014; Mwini-Nyaledzigbor et al. 2013), participants in this study also used garments as sanitary absorbents to control the leakage and odor. Others also cited frequent changing of clothing and use of perfumes.

## Conclusion, Recommendations, and Implications for Future Policy and Practice

Women with the condition have grave challenges contending with it and its ensuing debilitating discomfort comprising physical challenges such as wounds around the genitalia, bad smell, and leakage of urine and feces, psychosocial consequences such as marginalization, stigmatization, and ostracism, isolation and abandonment, reduced or truncated general social and marital relationships as well as economic consequences such as financial challenges, job losses, and dependency. The results accentuate how the combined effects of obstetric affect women

psychosocially, which is devastating even to an extent that the fulfillment of certain responsibilities by them becomes restricted. To assuage obstetric patients of the multipronged ordeals that the onset of the condition exposes them to, the study, therefore, recommends that continuous awareness and extensive public media campaign toward obstetric should be implemented at community levels to "generate media attention." Also, the Government of Ghana should devise means of social reintegration and women empowerment mechanisms for women with obstetric fistula.

Authorities of the selected health facilities, in concert with the Ministry of health, government and nongovernmental organization, civil society organizations, and stakeholders alike, should intermittently organize outreach programs targeting patients who visit their hospital and those within their catchment area to improve their knowledge on obstetric especially on the causes in order to equip them to detect and report suspected cases for treatment. The Ministry of Health, through community engagement strategies, should engage local community institutions to assist grassroots workers in tracking cases and organizing intermittent free mass screening exercises across the country. An extensive health education on obstetric should be undertaken by the hospital authorities in collaboration with social workers and community health workers.

In ensuring that the results and output of this study translate into concrete effects as in impacting on health policy directives of Ghana, we recommend a nationwide broad-based replication of this study to help address the complications, complexities, and etiology of obstetric to help foster a deeper understanding of the causal factors. A study of this nature would help gather expertise knowledge while helping build a national consensus among health practitioners on the way forward in mounting a national strategy to fight against obstetric while creating national awareness among people. Obstetric awareness education should be all integrative. Strategies designed by stakeholders relative to public enlightenment should be broadened to concentrate and target all members of the society. To ensure this, the Ministry of Health, Ghana Health Service, and other stakeholders like the department of social welfare, the World Health Organization, and UNICEF could join forces to execute this proposed policy strategy.

Advocacy, support, and reintegration efforts should be instituted to reduce the emotional and economic impacts of fistula. The findings of the study suggest that positive illustrations of support from family, friends, and communities can be enhanced by use in public education and advocacy efforts to break the stigma around fistula. Promoting sexual and reproductive rights should be promoted by the local government. Public education and interventions to mitigate the risks of fistula must address the full reproductive life cycle of girls and women. For this reason, community education efforts must inform people that all women are potentially at risk of obstetric fistula. In creating public awareness about the disorder, this study recommends that stakeholders team up with other institutions like the religious and educational institutions to help in reaching out to populations as part of efforts to sensitizing them and creating awareness among them about the disorder and ways and means to deal with it.



## References

AbouZahr C (2003) Global burden of maternal death and disability. Br Med Bull 67(1):1–11

Abrams P, De Ridder D, De Vries C, Elneil S, Esegbona G, Mourad S (2010) Obstetric fistula in the developing world. An international consultation on Vesicovaginal Fistula. Marrakech, Morocco

Ahmed S, Holtz SA (2007) Social and economic consequences of obstetric fistula: life changed forever? Int J Gynecol Obstet 99:S10–S15

Ampofo K, Otu T, Uchebo G (1990) Epidemiology of vesico – vaginal fistulae in northern Nigeria. West Afr J Med 9(2):98–102

Bangser M (2006) Obstetric fistula and stigma. Lancet 367(9509):535–536

Bishinga A, Zachariah R, Hinderaker S, Tayler-Smith K, Khogali M, van Griensven J, . . . Sinabajije G (2013) High loss to follow-up following obstetric fistula repair

surgery in rural Burundi: is there a way forward? Public Health Action 3(2):113–117
Browning A, Allsworth JE, Wall LL (2010) The relationship between female genital cutting and obstetric fistulas. Obstet Gynecol 115(3):578
Drew LB, Wilkinson JP, Nundwe W, Moyo M, Mataya R, Mwale M, Tang JH (2016) Long-term outcomes for women after obstetric fistula repair in Lilongwe, Malawi: a qualitative study. BMC Pregnancy Childbirth 16(1):2
Elzubeir MA, Elzubeir KE, Magzoub ME (2010) Stress and coping strategies among Arab medical students: towards a research agenda. Educ Health 23(1):355
Fraenkel JR, Wallen NE, Hyun HH (2011) How to design and evaluate research in education. McGraw-Hill Humanities/Social Sciences/Languages, New York
Gebresilase YT (2014) A qualitative study of the experience of obstetric fistula survivors in Addis Ababa, Ethiopia. Int J Women's Health 6:1033
Ghana Health Service (2015). Report on the burden of obstetric fistula in Ghana. Ghana Health Service, Accra, Ghana
Ghana. Statistical Service (2013) 2010 population and housing census: national analytical report. Ghana Statistics Service, Accra
Kathuri NJ, Pals E (1993) Introduction to education research. Egerton University, Njoro
Khisa AM, Nyamongo IK (2012) Still living with fistula: an exploratory study of the experience of women with obstetric fistula following corrective surgery in West Pokot, Kenya. Reprod Health Matters 20(40): 59–66
Khisa AM, Nyamongo K, I. (2011) What factors contribute to obstetric fistulae formation in rural Kenya? Afr J Midwifery Womens Health 5(2):95–100
Landry E, Frajzyngier V, Ruminjo J, Asiimwe F, Barry TH, Bello A, . . . Kanoma B (2013) Profiles and experiences of women undergoing genital fistula repair: findings from five countries. Glob Public Health 8(8):926–942
Lewis G, De Bernis L (2006) Obstetric fistula: guiding principles for clinical management and programme development. World Health Organization, Geneva
Lita A (2008) Obstetric fistula: a dire consequence of child marriage. International Humanist and Ethical Union
Maulet N, Keita M, Macq J (2013) Medico-social pathways of obstetric fistula patients in Mali and Niger: an 18-month cohort follow-up. Tropical Med Int Health 18(5):524–533
McKinney TB (2006) Fistula women of Africa. the horror of their lives and hope for their tomorrow. The International organization for women and development. Lecture presented October 2006. Phoenix AZ
Miles MB, Huberman AM (1994) Qualitative data analysis: an expanded sourcebook. Sage, Thousand Oaks
Molzan Turan J, Johnson K, Lake Polan M (2007) Experiences of women seeking medical care for obstetric fistula in Eritrea: implications for prevention, treatment, and social reintegration. Glob Public Health 2(1):64–77
Mselle LT, Moland KM, Evjen-Olsen B, Mvungi A, Kohi TW (2011) "I am nothing": experiences of loss among women suffering from severe birth injuries in Tanzania. BMC Womens Health 11(1):49
Muleta M (2006) Obstetric fistula in developing countries: a review article. J Obstet Gynaecol Can 28(11): 962–966
Murk W (2009) Experiences with obstetric fistula in rural Uganda. Yale J Biol Med 82(2):79
Mwini-Nyaledzigbor PP, Agana AA, Pilkington FB (2013) Lived experiences of Ghanaian women with obstetric fistula. Health Care Women Int 34(6): 440–460
Okoye UO, Emma-Echiegu N, Tanyi PL (2014) Living with vesico-vaginal fistula: experiences of women awaiting repairs in Ebonyi State, Nigeria. Tanzan J Health Res 16(4):322–328
Pope R, Bangser M, Requejo JH (2011) Restoring dignity: social reintegration after obstetric fistula repair in Ukerewe, Tanzania. Glob Public Health 6(8):859–873
Rochat CH (2010) Obstetric fistula. Training Course in Sexual and Reproductive Health Research
Roush KM (2009) Social implications of obstetric fistula: an integrative review. J Midwifery Women's Health 54(2):e21–e33
Roush K, Kurth A, Hutchinson MK, Van Devanter N (2012) Obstetric fistula: what about gender power? Health Care Women Int 33(9):787–798
United Nations Fund for Population Activities (UNFPA) (2002) Second meeting of the working group for the prevention and treatment of obstetric fistula. Addis Ababa, Ethiopia. http://www.unfpa.org/sites/default/files/pub-pdf/fistula_meeting02_eng.pdf. Accessed 9 Oct 2017
USAID, Fistula Care (2012) Living with Obstetric Fistula: qualitative research Findings from Bangladesh and the Democratic Republic of Congo. New York. https://www.engenderhealth.org/files/pubs/fistula-care-digitalarchive/1/1.2/living-with-obstetric-qualitative-brief-english.pdf
Vangeenderhuysen C, Prual A, Ould el Joud D (2001) Obstetric fistulae: incidence estimates for sub-Saharan Africa. Int J Gynecol Obstet 73(1):65–66
Wall LL (2006) Obstetric vesicovaginal fistula as an international public-health problem. Lancet 368(9542): 1201–1209
Wilson SM, Sikkema KJ, Watt MH, Masenga GG (2015) Psychological symptoms among obstetric fistula patients compared to gynecology outpatients in Tanzania. Int J Behav Med 22(5):605–613
World Health Organisation (2014) 10 facts on obstetric fistula. Last updated May 2014. Available at http://www.who.int/features/factfiles/obstetric_fistula/en/
Yeakey MP, Chipeta E, Taulo F, Tsui AO (2009) The lived experience of Malawian women with obstetric fistula. Cult Health Sex 11(5):499–513
Yeakey MP, Chipeta E, Rijken Y, Taulo F, Tsui AO (2011) Experiences with fistula repair surgery among women and families in Malawi. Glob Public Health 6(2):153–167

# Public Acceptance of Nuclear Energy Policies in South Korea

Juyong Jung[1] and Eunju Rho[2]
[1]Department of Public Management Information System, Korea National University of Transportation, Chungjusi, South Korea
[2]Department of Public Administration, Northern Illinois University, DeKalb, IL, USA

## Synonyms

Policy acceptance; Policy compliance

## Introduction

Group theorists and pluralists view public policy as a product of group interaction or struggle (Dahl 1978; Truman 1971). A large number of groups that are more, or less, well organized according to social, economic, and demographic similarities or needs compete with each other in the political arena. These groups put pressures on the government to gain access to the key points at which policy decisions are made (Theodoulou 2013; Truman 1971). Considering that public policy is the result of a process of power struggles among competing individual and group claims, it is critical for policy-makers to first identify the relevant stakeholders who may be affected by or who may influence the policy process. Particularly, when facing complex combinations of interest groups, any conflict concerning stakeholders' different needs is expected to be assessed and addressed. Moreover, in cases where a policy decision should be jointly made among stakeholders who pursue conflicting needs, policy-makers are required to minimize the adverse impacts of a policy and increase the likelihood that disaffected groups will still accept the policy.

However, conflicts can occur among various stakeholders, including conflicts between the government and affected groups, conflicts among different policy target groups, conflicts between the government and civic groups, and conflicts between central and local governments. Therefore, it is inevitably challenging for policy-makers and public managers to make high quality decisions while remaining responsive to the different groups those decisions affect. Meeting such challenges may pose serious problems, particularly when policy issues are technically complex and value-laden, when the policy decision is perceived as risky, and/or when multiple interests operate in an atmosphere of conflict and mistrust (Beierle 1999). For instance, the construction of facilities such as nuclear power plants, radioactive waste management facilities, incinerators, prisons, or landfills are prone to raising heavy concerns about localized risks (Jenkins-Smith et al. 2011). The public's resistance to hazardous or unwanted facilities leads to the *not in my backyard* (NIMBY) or so-called *locally unwanted land uses* (LULU) phenomenon (Schiverly 2007). Opposition to potentially hazardous facilities may be attributed to concerns about environmental threats, perceptions about facility safety, economic concerns about reduced property values, or localized losses that may outweigh prospects for some larger public good, dynamics in the public discourse of risk, or even mistrust in other participants and the information they provide (Jenkins-Smith et al. 2011; McAoy 1998; Schiverly 2007). Despite such strong opposition, many developed and developing countries are also faced with the dilemma posed by siting such hazardous facilities, particularly nuclear energy facilities, as a major energy source to protect national energy security needs (Jenkins-Smith et al. 2011; Kim et al. 2014). In this vein, understanding the public perception of the localized risks is substantial. Focusing on the case of the historical development of Korean nuclear energy policies, this entry addresses issues related to public acceptance of nuclear energy policies.

## Public Acceptance of Nuclear Energy

Public acceptance of nuclear policy refers to "people's willingness or readiness to receive, within

their governmental boundaries, the operation of nuclear power reactors for electricity generation and various applications of nuclear technologies, as determined by perception sharing" (Kim et al. 2014, p. 476). As reflected in this definition, public acceptance is inherently related to the attitudes of policy target groups, and for this reason, it may be used in a sense similar to policy compliance, which refers to policy target groups' willingness to obey a government's request, policy direction, and/or the regulation of action in the guidance and the implementation process. While policy compliance ensures that expressed behavior conforms to a set of prearranged rules of conduct, public acceptance highlights not only changes in outward behavior but also changes in internal value systems and attitudes (Jung 2008). Therefore, public acceptance can be understood as a complex social process in which the government understands the value system of target groups and encourages a positive attitude so policy groups will accept it. In other words, public acceptance involves an active process to achieve policy goals by reducing the gap between stakeholders' preferences and the government's policy direction. In this sense, public acceptance of nuclear policy can be understood as an overall process to understand the value system of the government-drafted nuclear energy policy and to induce positive attitudes to reach a consensus when conflicting needs and value systems exist among various stakeholders.

Researchers have investigated the factors affecting public acceptance of nuclear power. These factors include personal beliefs and attitudes (e.g., Midden and Verplanken 1990), general worldviews (Peter and Slovic 1996), a policy discourse that framed nuclear power in terms of climate change mitigation (Bickerstaff et al. 2008), perceived risks of nuclear power (Greenberg 2009; Whitfield et al. 2009), perceived benefits (Tanaka 2004), citizens' trust of nuclear institutions or their government (Ansolabehere and Konisky 2009; Greenberg 2009; Tanaka 2004; Whitfield et al. 2009), perceived costs of nuclear power (Ansolabehere and Konisky 2009), and so on.

Liu et al. (2008, p. 2834) further specify sources of subjective judgments that result in the acceptance of nuclear power with four categories and nine relevant issues as follows:

- Opinions on benefits of nuclear power: (1) benefit to the national power supply; (2) benefit to lower electricity prices; (3) benefit to environmental protection.
- Judgment of the risks: (4) judgment on operational risks of nuclear power plants; (5) judgment on the risks of nuclear waste (nuclear proliferation is not yet included here).
- Knowledge of nuclear power: (6) how much nuclear knowledge the public has; (7) self-assessed familiarity with nuclear power.
- Trust in the parties concerned: (8) trust in government agencies; and (9) trust in nuclear experts.

On the other hand, in their model of public acceptance of nuclear power, Visschers et al. (2011, p. 3623) highlight risk perception and benefit perception as key factors predicting public acceptance. In particular, benefit perception consists of two types of benefits, including perceived benefit for the climate (it is $CO_2$ neutral and therefore an effective mitigation strategy against climate change) as well as the perceived benefit of a secure energy supply (it will secure the fulfillment of our energy demands).

Based on previous studies on public acceptance of or resistance to nuclear power, this study specifies four dimensions of public acceptance of nuclear energy policies particularly in the context of South Korea. The four dimensions are technology acceptance, risk acceptance, economic acceptance, and political acceptance.

First, nuclear energy policy involves technology acceptance because it deals with highly advanced technologies. Whether it is a nuclear power plant or a radioactive waste management facility, public acceptance is determined by whether the technology can minimize the negative impact by significantly reducing the potential risk probability. This is equivalent to the acceptance of almost all groups of stakeholders because any group would prefer to minimize the risk probability through proven technology.

The second dimension of public acceptance of nuclear policy is risk acceptance which should be considered beyond the acceptance of the technology itself. Judgment of a technology is not made solely by the calculation of objective risk probabilities; instead it is socially constructed by considering the reputation of institutions and persons dealing with formal/informal information and related technology. In other words, risk acceptance involves an understanding of the political, social, economic, and cultural impacts of technologies. In particular, risk acceptance can be differently assessed depending on the group to which one belongs. Local residents living near nuclear facilities will demonstrate high levels of public concerns due to the risk, while groups who use power cheaply produced by nuclear power will emphasize the economic benefits and hold a stance that some risks should be accommodated.

Third, economic acceptance may be different between groups that benefit directly from the location of nuclear facilities and those that do not. Groups with huge economic rewards can take some risks, but those exposed to risks without economic rewards may resist because they have no incentive to take risks. These economic rewards include both direct compensation and indirect economic effects. The impact on the local economy in the construction and operation of nuclear facilities as well as the direct economic compensation received by local governments due to the location of nuclear facilities can act as important factors in determining public acceptance of nuclear power.

Finally, public acceptance of nuclear power can be shaped by political trust and ideology, which is referred to the political dimension of public acceptance. Citizens' political trust, a global affective orientation toward the governing body and politicians, has long been thought to reflect policy satisfaction and acceptance (Rudolph and Evans 2005). Citizens are more likely to support an expansion of nuclear power when the decision-makers (e.g., a president, ministers, and politicians) are perceived as trustworthy. Likewise, citizens' willingness to accept the nuclear policy highly depends on their political support, and therefore, it is even complicated for the government to consider conflicting needs and political preferences of various stakeholders in the process of decision-making.

## Case: Historical Review on the Development of Nuclear Power in South Korea

South Korea first became interested in nuclear power and technology in the 1950s due to a lack of energy sources needed to generate electricity. In 1959, the Korea Atomic Energy Research Institute (KAERI) was established to conduct basic research on nuclear power, technology and the safety of nuclear power plants, and economics of nuclear power. On March 1962, TRIGGA Mark-II, Korea's first research reactor, was provided by US firm General Atomics and General Dynamics under an agreement signed on 3 December 1958 to acquire practical nuclear technology. Based on the acquisition of such technological capabilities, the GORI-1 reactor, Korea's first commercial nuclear power plant, started commercial operation in April 1978 after 7 years of construction.

In the 1980s, additional PWR (Pressurized Water Reactor) and CANDU (Canadian Deuterium Uranium Reactor) nuclear power plants were built, and as part of effort to localize nuclear fuel cycle technology, the Korea Nuclear Fuel Company (KNFC) was established in 1982 and has been successfully producing nuclear fuel since 1989. During this period, domestic participation increased to enhance self-sufficiency in nuclear power plant construction and technology.

In the 1990s, through a technology transfer contract with the USA to increase self-reliance in nuclear power technology, Korean entities took responsibility for the entire projects, while foreign suppliers were mainly consultants. As a result, OPR-1000 (Optimized Power Reactor-1000), a Korean Standard Nuclear Power Plant (KNSP), was constructed. In the 2000s, Korea has made an all-out effort to supplement the core technologies, and in 2012, Korea fully attained self-reliance in nuclear power technology for long-term

self-reliance in fuel and plant design, manufacturing, construction, and operation. South Korea's first Advanced Pressurized Reactor with a 1400 MW(e) generating capacity (APR-1400) project began in 1992 with the basic design completed in 1999. The APR-1400 was developed by making improvements and modifications to the KNSP, and its commercial operation commenced in 2016. Korea's APR-1400 was exported to the UAE. Currently, a total of 24 nuclear power plants produce about 30% of the nation's electricity (Kim 2018). Table 1 provides the summary of key characteristics of each period of the development of nuclear power in South Korea.

South Korea became active in building and operating nuclear power plants because it lacked the energy sources to sustain its economic growth. The reserves of coal, the source of energy for thermal power generation, were far from sufficient, and oil and natural gas were not available, so thermal power alone could not produce enough cheap electricity for economic growth. Moreover, a stable supply of electricity was needed for sustainable economic growth, but the high dependence on energy sources overseas was bound to cause a sharp rise in the unit cost of electricity production due to price changes and would eventually hinder the competitiveness of industries in Korea. In this context, nuclear power generation began to receive a spotlight not only in terms of stability and efficiency, but the trend has been invigorated through the United Nations Framework Convention on Climate Change in 1992, which is a framework for international cooperation to combat climate change and prevent global warming due to the indiscriminate use of fossil fuels. Nuclear power generation was considered an alternative to greenhouse gas reduction

**Public Acceptance of Nuclear Energy Policies in South Korea, Table 1** Development of nuclear power in South Korea

| Period | Major Characteristics | Major Nuclear Plant Development |
|---|---|---|
| 1950s<br>1960s | Introduced a research unit reactor | • TRIGGA Mark-II |
| 1970s | Construction of the first nuclear power plant; Turnkey contract | • Kori 1: PWR (Commercial operation: 1978)<br>• Wolsong 1: PWR (Commercial operation: 1983)<br>• Kori 2: PWR (Commercial operation: 1983) |
| 1980s | Localization of nuclear fuel cycle technology; Non-Turnkey contract | • Kori 3 & 4: PWR (Commercial operation: 1985 & 1986)<br>• Ulchin 1 & 2: PWR (Commercial operation: 1988 & 1989)<br>• Younggwang 1 & 2: PWR (Commercial operation: 1986 & 1987) |
| 1990s | Increased self-reliance in nuclear power technology | • Younggwang 3 & 4: PWR (Commercial operation: 1995 & 1996)<br>• Wolsong 2, 3, & 4: Candu (Commercial operation: 1997, 1998, & 1999) |
| 2000s | Self-reliance in nuclear power technology (OPR-1000)<br>Advanced nuclear power plant technology (APR-1400) | • Ulchin 3 & 4: OPR-1000 (Commercial operation: 1998 & 1999)<br>• Ulchin 5 & 6: OPR-1000 (Commercial operation: 2004 & 2005)<br>• Shin Kori 1 & 2: OPR-1000 (Commercial operation: 2011 & 2012)<br>• Shin Kori 3 & 4: APR-1400 (Commercial operation: 2016 & 2019) |
| 2010s | Advanced nuclear power plant technology (APR+) | • Nuclear Power Plant Technology Development Plan (Nu-Tech 2012) |

Source: Lee (2012)

in terms of generating little carbon dioxide compared to thermal power generation. In spite of the TMI nuclear accident in the USA in 1979 and the Chernobyl nuclear accident in the former Soviet Union in 1986, nuclear power has continued to grow in almost all countries. Since 2008, the Korean government has established a National Energy Master Plan every 5 years to cover the next 20 years, and in January 2014, the Korean government announced the Second National Energy Master Plan up to 2035. This plan outlined the future energy policy direction, including the development and deployment of nonfossil energy such as nuclear and renewable energy. South Korea seeks to achieve a 41% share of nuclear energy in regard to the total energy consumption by 2030.

There is no doubt that the potential of nuclear energy is tremendous, but there are also downsides. As the proportion of nuclear power plants has increased in South Korea, the problem of radiological waste management has begun to emerge, the nondemocratic behavior of the government in the site selection process of radioactive waste management facilities has begun to antagonize local residents, and because of the participation of antinuclear environmental groups, anxiety about nuclear power generation and distrust in the government has begun to worsen. The fact that it took more than two decades to decide the low and intermediate level radioactive waste disposal sites may be evidence of how many conflicts there have been due to such distrust. Although a gap apparently exists between the nature of accidents that could occur at nuclear power plants and those that could occur in radioactive waste management, people are becoming nervous about unclear power in general in the wake of the problems at the Fukushima nuclear power plant in Japan, questioning whether nuclear power is a sensible option for energy production in light of the perceived risks and provoking antinuclear groups to lead an antinuclear movement. Moreover, as the Moon Jae-in government promised to reduce the country's dependence on nuclear energy and has implemented a nuclear phase-out policy, the future of South Korea's nuclear power programs has seemingly come to the end.

## A Historical Analysis of Public Acceptance of Korea's Nuclear Policy

### Public Acceptance of Nuclear Policy in South Korea: 1940s–mid 1980s

In 1948, the Republic of Korea (South Korea) was formally established as a free democracy, with Rhee Syngman as the first president. It has been paying attention to nuclear power since the establishment of the Rhee administration. At the time, there were few industrial facilities and power production bases for national development, and even existing facilities were destroyed during the 1950–1953 Korean War, making power production an urgent task. For this reason, the Rhee administration (1948–1960) established the Korea Atomic Energy Research Institute (KAERI) to promote nuclear technology research, and South Korea became a member of the International Atomic Energy Agency in 1957. The Atomic Energy Law was passed in 1958, and in 1959, the Atomic Energy Institute was launched as a government agency dedicated to nuclear energy policies, and a nuclear power plant design and manufacturing company was established and fostered as an affiliated organization (Jung 2018).

Although President Rhee Syngman stepped down in 1960 due to the April 19 revolution, the project to introduce nuclear reactors continued, and nuclear power plant design and nuclear fuel manufacturing technologies were also steadily studied. At that time, there was no controversy over nuclear acceptance because of a low level of public awareness about nuclear power, and it was extremely rare for the government to inform or seek consent from the public about the public policies it was pushing.

The Third and Fourth Republic was a period of promoting the economic development of the state by President Park Chung-hee, whose top priority was the growth of a self-reliant economy and modernization. Under the slogan of "Development First, Unification Later," the economy grew rapidly with vast improvement in the industrial structure, especially in the basic and heavy chemical industries, and the supply of electricity for economic development became the biggest concern of the administration. The

Park administration (1963–1979) prepared legal and institutional devices necessary for the construction of nuclear power plants, pushed ahead with the selection of nuclear reactors to be introduced in Korea based on economic and technological feasibility, and concentrated on training nuclear power plant operation personnel. At that time, most people agreed with the national task of economic development, and there were no groups unhappy with or actively opposed to the government's nuclear energy policy, so it was more like policy compliance than discussing public acceptance (Jung 2018).

The situation was similar under the Chun Doo-hwan administration (1980–1988). As there was little controversy over citizens' acceptance of nuclear power, the government implemented an aggressive nuclear energy promotion policy by setting a localized target of 95% for nuclear technology and was continuing to build nuclear power plants. A total of seven nuclear power plants had been constructed and commercialized by 1987 when President Chun Doo-hwan was in power, and there were also nuclear power plants under construction. However, the majority of the public did not take issue with the potential risks of nuclear power plants but rather generally accepted them in terms of providing a driving force for the nation's development.

Overall, public acceptance of nuclear power in this period relied on high levels of technology acceptance in that the acquisition of technological capabilities of developed countries and the introduction and transfer of new technology from these countries were believed to advance domestic technological development. Moreover, considering that South Korea had experienced a government-driven rapid economic growth in this period of time, the Korean public expressed a high level of trust in the positive economic benefits of nuclear power as well as trust in government agencies. On the other hand, high levels of technology acceptance and higher trust in nuclear experts and institutions led to a lower risk perception of technological risk probability. Therefore, the high levels of technical, economic, and political dimensions of public acceptance as well as low levels of risk perception reinforced the laypeople's acceptance of nuclear power.

## Public Acceptance of Nuclear Policy in South Korea: Mid 1980s–2000s

The Sixth Republic was established in 1987 and remains the current republic of South Korea after the June 29 Declaration, which was called for holding direct presidential elections and the restoration of civil rights. Roh Tae-woo became president in the first direct presidential election and was officially inaugurated in February 1988. As democratization has progressed rapidly, South Korea has been experiencing a flurry of complaints about a military regime and past vestiges of authoritarian rule. This has made it difficult for the government to demand policy compliance with its closed actions any longer. For decades under the military regime, the Korean government had not paid attention to understanding the value system of local residents and how to make efforts to change their behavior, and in turn Koreans have shown high levels of distrust in government.

The issues regarding public acceptance of nuclear policy in South Korea have emerged not because of the risk of nuclear power plants but because of conflicts around radioactive waste generated as a by-product of power generation and siting conflicts during the selection and evaluation of a site suitable for a nuclear management facility. The Korean government has been discussing plans for radioactive waste management since 1983 and contracted outside consultation agencies to draw up candidate sites from 1986 to 1987 while the overall process was not publicly announced. However, the residents living in the candidate sites revealed that the process was not transparent, which led to serious distrust about the government's nuclear policy.

Even after the government publicly announced the selection process of candidate sites, public acceptance of nuclear power remained at a very low level due to a severe backlash from residents. In addition to distrust in the government, the democratization process amplified the public belief that local residents do not need to accept the government's policies if they do not conform to their own value system. Moreover, antinuclear

activities dramatically increased in conjunction with the rapid growth of civil society as well as concerns about nuclear safety and criticism of the nuclear policy making process. In this context, a set of factors caused the Korean government to experience massive policy failures in securing radioactive waste sites, which in turn heightened distrust in government and public acceptance of nuclear energy policies remains extremely low.

Moreover, the accidents at Three Mile Island in 1979 and Chernobyl in 1986 provoked negative public attitudes toward nuclear power, and anti-nuclear groups highlighted the potential damage from the released radioactive materials and the possibility of radioactive contamination. Through the social amplification processes (Pidgeon et al. 2003), nuclear accidents stigmatized nuclear power (Flynn 2003). Although nuclear accidents are rare, their severe damage generates a strong signal that perpetuates a negative image or stigmatization of nuclear power, and such risk perception has structured the fear of nuclear power and influenced public acceptance of nuclear power being remained extremely low.

Ironically, however, nuclear power plants have been continuously constructed and operated even after democratization despite more than seven major opposition campaigns in the selection process of radioactive waste repositories. The conservative administrations of Roh Tae-woo (1988–1993) and Kim Young-sam (1993–1998) focused on developing and implementing mid- and long-term plans for the nation's nuclear research and development. The progressive administrations of Kim Dae-jung (1998–2003) and Roh Moo-hyun (2003–2008) also established a comprehensive long-term plan for nuclear power development and expansion and planned to continuously construct eight additional Korean Standard Nuclear Power Plants by 2015 (Jung 2018). The development of nuclear power in Korea indicated that political, economic, and technology acceptance remained still high because there have not been any significant accidents at South Korea's nuclear power plants and the proportion of electricity production from the nuclear power cannot be ignored. However, the combination of local residents and antinuclear groups armed with specific ideologies and values created a severe backlash, which led to an increase in the awareness of the risks, eventually affecting public acceptance of nuclear power as a whole.

Since 1986, the Korean government has looked for a nuclear storage site for low- and intermediate-level radioactive waste (LILW), but for approximately 20 years, Korea was unable to find a location for the radioactive waste management project. However, long-term discourse between government and stakeholder groups led to public acceptance and trust, and accordingly, the policy was changed to promote the democratic process, improve procedural transparency, consider public acceptance, and increase credibility regarding safety (Yun 2008).

In 2005, for instance, various efforts were made to secure an LILW disposal site, and as a result, the Special Law on the Support for the Volunteer Site of the Low and Intermediate Level Waste Disposal Facilities was legislated on March 31, 2005. This law ensures the safety of the facility, promotes a democratic siting process, and provides financial support for economic development and quality of life in the area. Four local governments (Gyeongju, Gunsan, Youngdok, and Pohang) applied as volunteer sites, and these candidate sites were evaluated and confirmed to meet the safety recommendation standard. As a result of resident voting, Gyeongju was selected with the highest approval rate (89.5%) and received a special state subsidy of 300 billion won (about $288 million). During the siting process in 2005, antinuclear groups' activities rapidly declined and overall public acceptance of nuclear energy policies considerably increased. In 2005, for instance, local residents in the four regions blocked the intervention of antinuclear groups, tried to assess their economic feasibility, and attracted medium- and low-level radioactive waste dumps. The government, which had identified major causes of extreme opposition, created a referendum that allowed local residents to participate in the site selection process directly, provided economic incentives, and tried to increase acceptance of the project by preparing various systems and procedures. Thus, the government's efforts for understanding the value

and needs of stakeholders (e.g., local residents, general public, local government, local business leaders), developing strategies (e.g., economic incentives), ensuring procedural transparency, and eliminating negative perceptions of nuclear power were key to overcoming resistance to nuclear power and increasing public acceptance of nuclear energy policies.

In this period of democratization, public acceptance of nuclear power waxed and wanted. Despite initial enthusiasm in the 1960s and 1970s, the Korean public expressed significant levels of opposition to nuclear power due to distrust in the government decision-making process, antinuclear activities, and the nuclear accidents at TMI and Chernobyl. The low levels of technological and political acceptance and high level of risk concerns led to extremely low levels of public acceptance of nuclear energy policies. However, opposition to nuclear power appears to have decreased steadily in South Korea since the mid-2000s when newly enacted Special Law ensured the technological safety of the nuclear facility, promoted transparent democratic siting process, and provided a financial support to the volunteer sites for their economic development and quality of life in the area. Thus, enhanced technological, political, and economic acceptance helped people have favorable than unfavorable attitudes toward unclear energy.

### Public Acceptance of Nuclear Policy After the 2011 Fukushima Accident (Early 2010s)

During the Lee Myung-bak administration (2008–2013), the government adopted an ambitious Green Growth Strategy in 2009 and tried to revive nuclear power plants under the "Low Carbon, Green Growth" vision (Jung 2018). However, the March 2011 Fukushima nuclear accident in neighboring Japan had a huge impact on Korea's nuclear policy acceptance. On March 11, 2011, the cooling systems of the Fukushima Daiichi nuclear power plant were devastated due to a 9.0 magnitude earthquake and tsunami. Compared to nuclear accidents and incidents such as Chernobyl and TMI, the nuclear accident in a neighboring country amplified anxiety about nuclear power generation and caused people to be suspicious of the safety of nuclear energy (Wang and Kim 2013). In this situation, antinuclear groups, which had slowed in mid 2000s, became actively involved as the issue of managing spent nuclear fuel (SNF) emerged as a key issue in the nuclear policy.

South Korea has secured low- and intermediate-level radioactive waste management facilities but has yet to come up with a high-level radioactive waste management policy, including spent nuclear fuel (SNF). High-level radioactive waste (HLW) is more toxic than LILW and has a longer half-life (radioactive half-life time to return to natural radioactivity state). As a result, the government delayed the selection of the management site and faced strong resistance from local residents. In particular, while the government decided to draw up management policies based on public consensus, it was not easy to reach an agreement among various stakeholders, including residents near nuclear power plants, experts, and antinuclear groups. Local residents near nuclear power plants insisted on considerable economic incentives if the high-level hazardous waste was not removed. Antinuclear groups argued that the issue of managing high-level waste would be discussed only after a decision is made to shut down the plant. In addition, expert groups argued that the plant must be shut down if spent nuclear fuel in temporary storage inside a nuclear power plant is not brought out of the plant. In this context, the Policy Forum on SNF management was organized by government. Based on a review of SNF management options and public opinions, public engagement started with the launch of the Public Engagement Commission on SNF management in 2013. The commission decided major principles and methods of the public engagement programs, initiated public consultations and discussions, submitted recommendations to the government, and drew up the consent-based national plan on SNF management. However, the policy decision was not smooth due to resistance from residents near nuclear power plants, antinuclear groups, and a delayed public debate process. The government had to push for a re-publicization effort from 2019.

Only a few studies have been conducted to investigate how a nuclear power plant accident influences public acceptance of nuclear power in a longitudinal setting. Two European studies found that people had more negative attitudes toward nuclear power and a lower level of acceptance after the Chernobyl catastrophe (Eiser et al. 1989; Verplanken 1989). Specifically using the case of Fukuyama accident, Visschers and Siegrist (2013) were able to follow 790 Swiss people before and after Fukuyama (5 months before and directly after the accident) to measure public acceptance, perceived risks, perceived benefits, and trust related to nuclear power stations. From a longitudinal study, they found that in general, people presented a more negative perception of nuclear power after the accident. However, their findings show that even after the nuclear accident, the public did not dramatically change their attitudes toward nuclear power. Moreover, the public still considered the perceived benefits as relevant.

In the case of Korean public acceptance after the Fukuyama accident, it is consistently found that the public's risk perception has been dramatically increased and people have become seriously concerned about technological issues at nuclear faculties. While people recognized the economic benefits as important, political debates among various stakeholders and interest groups resulted in complex public discourses about sustainable nuclear policies and eventually led to reducing public acceptance of nuclear power in this period.

### Public Acceptance of Nuclear Policy in the Era of Changing Energy System (Mid 2010s–)

Nuclear policies in South Korea emerged as a national concern after the 2011 Fukushima nuclear accident and through public debate on the use of nuclear fuel. Unlike in the past when the majority of the public remained indifferent to nuclear policies, the Fukushima nuclear accident transformed the public's indifference into an active negative perception of nuclear power. Of course, the majority of the general public still does not pay much attention to South Korea's nuclear energy policy. While recognizing the risks, they perceive that there is no alternative power source to replace nuclear power and nuclear policies do not have a significant impact on their individual lives. Thus, in general, residents living near nuclear power plants have shown high levels of economic and technology acceptance but low levels of risk acceptance, while antinuclear groups have demonstrated low levels in all four dimensions of public acceptance. The general public did not receive any substantial economic benefits or compensation while recognizing the positive economic impacts of nuclear power. Instead they have been indifferent to nuclear energy policy or quite accepting of nuclear power since their economic/political acceptance is moderate. However, since the inauguration of President Moon Jae-in, nuclear policy has become a hot topic of debate among the public, because he pledged to phase out coal and nuclear energy considering the public's growing concerns about air pollution and nuclear safety.

The Moon administration (2017–2022) is emphasizing the transition to safe and clean renewable energy by abolishing existing nuclear-centered energy policies. President Moon's pursuit of a nuclear-free era made the fate of the two ongoing new nuclear reactor construction projects controversial, sparking heated debates between pro- and antinuclear groups in South Korea. Amid the public's growing concerns about nuclear safety, the Moon administration has emphasized the damage from the Fukushima nuclear accident, which was nearly 220 trillion won, and stressed the safety of nuclear power plants due to earthquakes in the densely populated areas of Korea. According to the Moon administration, the economic feasibility of nuclear power plants was assessed relatively high by underestimating the cost of dismantling nuclear power plants and waste management, and the social conflict in securing the site for radioactive waste management facilities was a huge waste of money. Moreover, advanced countries such as Germany and Switzerland are actively trying to convert energy, and the portion of nuclear power generation is decreasing worldwide (for more information: https://www.etrans.go.kr).

At the closing ceremony for the GORI-I reactor in June 2017, President Moon proclaimed that he

would review the policy on nuclear power plants entirely. He said, plans for new power reactors would be cancelled and the operating periods of existing units would not be extended beyond their designed lifetime. He added that he would reach a social consensus to suspend construction of units 5 and 6 of the Shin GORI plant. The president's remarks at the time were enough to draw attention from many people who were not previously interested in nuclear power plants. The people's attention to nuclear energy policy has been higher than ever because the former president was impeached due to the state-run meddling scandal and overwhelming public support under these circumstances. However, social conflicts arose due to a lack of consistency in the government's nuclear energy policy. Residents in the region were less receptive to a new nuclear energy policy when the government announced the suspension of construction of Shin-Kori 5 and 6 reactors. Local residents actively protested the nuclear phase-out policy, recognizing that the huge economic benefits from the construction and operation processes could be eliminated. In the end, a public discussion was conducted on whether to resume the construction of Shin-Kori Units 5 and 6, and the general public decided to resume the construction in consideration of the burial costs.

In 2019, the government has reinvigorated public debate on its spent nuclear fuel management policy. The government has made significant progress in terms of democratic decision-making process compared to the past; however, it is still unknown whether public engagement can increase public acceptance of nuclear policy when it comes to the different values and needs of stakeholders.

## Conclusion

This entry examines the public acceptance of South Korea's nuclear policy using a multidimensional approach. Levels of public acceptance are determined by the various groups interacting with the environmental conditions and the environmental context at the time. Under the Korean government's strong commitment to the nuclear power program for economic development, the question of public acceptance did not emerge, as the majority of the population was advocating for nuclear power. However, as democratization and a degree of economic development have progressed, a lack of efforts to improve transparency and develop consensus through risk communication might reinforce negative perceptions about nuclear power and decrease the level of public acceptance of nuclear power.

International issues as well as domestic ones have a significant impact on public acceptance. The massive nuclear disaster in Japan could lower public acceptance of nuclear policies by raising risk perceptions among uninterested ordinary citizens. Also, the president's political judgment can affect public acceptance as it creates a new context for debates. It should be noted that the government's efforts to maintain consistency in the policy, provide open accurate information to the public, improve transparency and accountability, increase trustworthiness, and adapt effectively to the changing environment will be beneficial for increasing public acceptance of nuclear policies.

## Cross-References

► Korean Public Administration: Historical Approach
► Local Autonomy in South Korea

## References

Ansolabehere S, Konisky DM (2009) Public attitudes toward construction of new power plants. Public Opin Quart 73(3):566–577

Beierle TC (1999) Using social goals to evaluate public participation in environmental decisions. Rev of Policy Res 16(3–4):75–103

Bickerstaff K, Lorenzoni I, Pidgeon NF, Poortinga W, Simmons P (2008) Reframing nuclear power in the UK energy debate: nuclear power, climate change mitigation, and radioactive waste. Public Underst Sci 17:145–169

Dahl R (1978) Pluralism revisited. Comp Polit 10(2):191–204

Eiser JR, Spears R, Webley P (1989) Nuclear attitudes before and after Chernobyl: change and judgment. J Appl Soc Psychol 19(8):689–700

Flynn J (2003) Nuclear stigma. In: Pidgeon N, Kasperson RE, Slovic P (eds) The social amplification of risk. Cambridge University Press, Cambridge, p 326
Greenberg R (2009) NIMBY, CLAMP, and the location of new nuclear-related facilities: U.S. national and 11 site-specific survey. Risk Anal 29(9):1242–1254
Jenkins-Smith HC, Silva CL, Nowlin MC, deLozier G (2011) Reversing nuclear opposition: evolving public acceptance of a permanent nuclear waste disposal facility. Risk Anal 31(4):629–644
Jung J (2008) Study on dynamics in public acceptance: evidence from the radioactive waste siting process in South Korea (doctoral dissertation). Korea University, Seoul
Jung J (2018) Explanatory study on the possibility of transforming nuclear policies in South Korea. Korean Asso Policy Stud Conf P 27:223–249
Kim HD (2018) Preliminary study on sustainable energy policy: forecasting the political, social and economic impacts of different energy sources. Korean Asso Policy Stud Conf P 27:195–222
Kim Y, Kim W, Kim M (2014) An international comparative analysis of public acceptance of nuclear energy. Energ Policy 66:475–483
Lee TH (2012) Korean status and prospects of nuclear power. Orbis Sapientiae 12:104–120
Liu C, Zhang Z, Kidd S (2008) Establishing an objective system for the assessment of public acceptance of nuclear power in China. Nucl Eng Des 238:2834–2838
McAvoy D (1998) Partisan probing and democratic decision-making rethinking the NIMBY syndrome. Policy Stud J 26(2):274–292
Midden CJ, Verplanken B (1990) The stability of nuclear attitudes after Chernobyl. J Environ Psychol 10(2):111–119
Peters E, Slovic P (1996) The role of affect and worldviews as orienting dispositions in the perception and acceptance of nuclear power. J Appl Soc Psychol 26:1427–1453
Pidgeon N, Kasperson RE, Slovic P (2003) The social amplification of risk. Cambridge University Press, Cambridge
Rudolph TJ, Evans J (2005) Political trust, ideology, and public support for government spending. Am J Polit Sci 49(3):660–671
Schiverly C (2007) Understanding the NIMBY and LULU phenomena: reassessing our knowledge base and informing future research. J Plan Lit 21(3):255–266
Tanaka Y (2004) Major psychological factors determining public acceptance of the siting of nuclear facilities. J Appl Soc Psychol 34:1147–1165
Theodoulou SZ (2013) The contemporary language of public policy: starting to understand. In: Theodoulou SZ, Cahn MA (eds) Public policy: the essential reading. Pearson, Upper Saddle River, pp 1–11
Truman DB (1971) The governmental process. Alfred A. Knopf, New York
Verplanken B (1989) Beliefs, attitudes, and intentions toward nuclear energy before and after Chernobyl in a longitudinal within-subjects design. Environ Behav 21(4):371–392
Visschers VHM, Siegrist M (2013) How a nuclear power plant accident influences acceptance of nuclear power: results of a longitudinal study before and after the Fukuyama disaster. Risk Anal 33(2): 333–347
Visschers VHM, Keller C, Siegrist M (2011) Climate change benefits and energy supply benefits as determinants of acceptance of nuclear power stations: investigating an explanatory model. Energ Policy 39:3621–3629
Wang J, Kim S (2013) Analyzing the change of acceptance and its perception structure about nuclear power. Korea Public Adm Rev 47(2):395–424
Whitfield SC, Roas EA, Dan A, Dietz R (2009) The future of nuclear power: value orientations and risk perception. Risk Anal 29(3):425–437
Yun ST (2008) Site selection for low and intermediate level radioactive waste disposal facility in Korea. Prog Nucl Energ 50:680–682

# Public Accountability in African Local Governments

Ogentho Poul Maxwell[1], Chrisostom Munene[2], Kamukama Nixon[3] and Joseph Mpeera Ntayi[4]
[1]Makerere University, Kampala, Uganda
[2]Faculty of Graduate Studies & Research, Makerere University Business School, Kampala, Uganda
[3]Mbarara University of Science and Technology (MUST), Mbarara, Uganda
[4]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda

## Synonyms

Answerability; Culpability; Liability; Responsibility

## Definitions

Accountability involves being held answerable for one's actions or decisions that attract consequences of punishment for performance or nonperformance.

P

| | |
|---|---|
| Public accountability | is the obligation of government agencies through the civil servants to explain the utilization of delegated responsibilities they exercised in trust on behalf of citizens. |
| Local government | is a lower-level administrative unit of a country set up in cities, districts, towns, counties, and parishes with responsibility to provide delegated or devolved services to the public. These units are manned by appointed and elected public officers. |

## Historical Perspective of Accountability

Accountability is a concept that originated from the old French word, "aconter," meaning to count and enumerate which equates to the Latin word, "computare," which denotes to reckon up and render account arithmetically. This concept gradually progressed to encompass accounting and bookkeeping, including nonnumerical matters. It later graduated to reckoning for money given or received, progressing to providing detailed explanation of money held in trust. Accountability as a concept was initially used in respect of holding individuals to account for tax on private property; and over the years, it advanced to holding sovereigns accountable to citizens for entrusted public authority and resources. Eventually, public accountability by governments became embraced as a fundamental requirement for good governance that makes a difference in the lives of citizens (Bovens 2014).

Accountability is helpful in explaining the institutionalized action of giving accounts with focus on public sector managers mandated to utilize public funds and exercise authority. In this way, communal resources are saved from wastage by operating in accordance with civic law. The concept has variously been studied considering it as a relationship between what citizens expect and what government officials are obliged to do. Answerability is thus the principle that individuals, organizations, persons, and the community are responsible for their actions and may be required to explain to others how they were exercised. Each party in an accountability relationship plays a distinct role with varying characteristics. While the principal exhibits a constant characteristic, the other party displays varying ones depending on whether they are agents or stewards. Agent civil servants present conflict of interest in the relationship, while stewards share the principal's interest. In terms of public business, the citizens are principal, while public officers are agents or stewards. In a state-society relationship, the principal is expected to enjoy superior authority, with agent in a subordinate position.

## Text of Public Accountability in African Local Governments

Ogentho, Munene, Kamukama, and Ntayi (2020) conceptualized public accountability in local governments as including six dimensions: transparency, accessibility, credibility, obligation, judgment, and sanctioning. Transparency underpins the importance of provision of information to the citizens proactively, especially that which is published or available upon request by members of the public. This is the hallmark of freedom for obtaining information on primary service delivery managed at the local government levels. The relevance of the second dimension, accessibility, stems from the requirement that every citizen has a right to access information and records in the custody of government or a public body. The exception is in the case where the release of the information is likely to prejudice the security or sovereignty of the state or interference with the right to the privacy of any other person. Another dimension is credibility of the report. This is the requirement that information and records to which a person is entitled shall be accurate and up-to-date as is practicable. Credibility, in this context, refers to the fact that the reported information should, in real terms, reflect the services delivered to recipient communities in local governments.

The fourth dimension presents public officers as having the obligation to account to citizens. It underscores the commitment of the parties involved in accountability. It indicates whether public officers know and perform their role of prompt display of local government financial information to the public, the willingness to respond to the public to answer demands raised on accountability, and whether the existing laws are adequate in forcing public officers to account to the general public. Citizens' ability to pass judgment on public officers is another dimension. In essence, this is the court of public opinion. In contemporary terms, it is the aggregate of individual attitudes or beliefs held by a population (in cities, districts, towns, counties, or parishes) on accountability situations. The public is expected to possess the capacity to verify whether their resources are being well managed. Judgment spells out whether citizens can openly denounce public officers who do inappropriate jobs, report their dissatisfaction on the performance of the public officers, and whether there exists a formal channel for the public to report nonperforming public officers.

The last dimension, citizens sanctioning public officers, provides opportunity to appreciate them for good performance and put a tag for non-performance. The sanctions options available to citizens in local government setting include inflicting shame, ridiculing, sarcasm, criticism, and disapproval. In extreme cases, sanctions may include social discrimination and exclusion. These sanctions provide means of informal social controls with effect on individuals given that their social values are internalized, thus becoming an aspect of the individual's personality. As for elected public officers, citizens exercise sanction by recalling them or voting them out of public office.

The concept of accountability within African local governments takes its roots from the informal sanctions and societal values inculcated at individual level. These controls are implicitly exercised by society through customs and norms either internalized unconsciously or through indoctrination. Acceptable behavior in society is rewarded, while unacceptable behavior (i.e., deviance) is punished. The breakdown in societal setup made it possible for non-accountability to thrive in the current African local governments.

## Rationale of Public Accountability

The main objective of public accountability is to provide good governance that delivers services to citizens through promoting transparency that eliminates favoritism, discrimination, fraud, corruption, money laundering, and other social evils from society. To achieve this, governments should be held answerable by citizens. The citizens should be able to reward and/or punish their government in order to influence the provision of services that are in their best interests. Accountability can be objectively categorized into two: either rendered about the process (procedure) or outcome (result). Accountability for process seeks to establish whether public officers' acts are in compliance with rules and regulations spelling out the manner in which the officers ought to conduct themselves. Answerability that specifically targets process tends to become inflexible and attempts to indicate how things ought to be done. Obligation for performance (outcome/result), on the other hand, focusses on whether or not government is achieving the intended results regardless of procedures (process). Outcome accountability emerged as part of the new public management paradigm in response to concerns by citizens on government performance on provision of quality services to them. This outcome obligation is concerned with whether the decisions of governments are in the best interest of their citizens. It is an attempt to shift accountability from complying with rules and regulations to achieving intended results. Using this approach, public officials can deliver service demanded by citizens through innovative and flexible approaches.

An appropriate system of transparency embraces responsibility for performance as well as for due process. Focusing attention on outcome only may result in little attention on how things should be done and thus provide loopholes for

corruption, unfairness, and unethical tendencies in the process of achieving results. Accountability is a fundamental requirement of good governance. It puts pressure on local government technocrats to report, explain, and be answerable for the consequences of decisions they make on behalf of the community they represent. Through accountability, actions and decisions taken by public officials get subjected to oversight and verification whether government imperatives are tailored to meet stated objectives and respond to society's needs and benefit. In this way, accountability contributes to better governance and poverty reduction.

## Approaches to Accountability

This is largely through two basic approaches: supply or demand accountability. These approaches emerge regardless whether the obligation is political, administrative, or financial/fiscal. Supply side accountability refers to the obligation of governments, elected representatives, corporate, and other governing bodies to publicly explain how they exercise their mandate that impacts on citizens who are the owners of resources. This aspect is the institutionalized practice of providing accountability by civil servants entrusted with utilizing public funds, exercising public authority, and managing corporate bodies in accordance with the relevant public laws. It offers political representatives and citizens (voters) the inputs for assessing effectiveness and efficiency of the system of governance. In an environment with excessive oversight and regulatory requirements, under this approach, most civil servants choose to satisfy the test of transparency through being audit-proof for process. Risk-taking and result-seeking executives may apply innovative ways to circumvent the formal rules and ensure they are not held accountable,

Demand-side accountability depends on pressure mounted through society based on civic engagements in which ordinary citizens and/or civil society organizations demand for openness. This attracts sanctions that necessitate the proactive role of civil society actors which is a form of social accountability initiative. This presents an emerging broader new obligation agenda in response to the general failures of democratic accountability in conventional institutions. This approach aims to overcome entrenched processes of elite capture and elite bias to deliver accountable governance to the poor and marginalized groups in society. Citizens' demand and sanctions can contribute to improved governance through monitoring to ensure authority is exercised in a transparent, responsive, and fair way; improved service delivery through provision of feedback to service providers on areas requiring improvement and helping to discipline them; and deepening democracy by allowing citizens to exercise their right to ensure government acts in the best interests of people.

## Traces of the Lack of Accountability in Sub-Saharan Africa

The lack of public accountability has bedevilled African local governments as reflected in poor services delivered to citizens. This is an indication of weak public interest demonstrated by some civil servants and is a challenge. Citizens get frustrated and feel that they are not empowered adequately to enforce transparency and answerability in their governments. This makes them resort to denouncing public officers for failure to remain responsible for entrusted community funds. The outcome of public accountability is expected to be visible as it provides key factors that drive success in society's projects. For example, tax compliance levels are very high in the Nordic countries despite their having the highest income tax rates. This compliance is because the outcomes of accountability are publicly evident as taxpayers derive direct benefits in form of good education, health, infrastructure, social welfare schemes, and other systems that are run using the taxes. Similar evidence is seen in Rwanda which is ranked the best country at continental level in improving the quality of life due to the high level of transparency despite having just emerged out of the ruins of genocide barely few years back. In this regard too, Mauritius is a state regarded as a reflection of encouraging levels of

public accountability in good service delivery. For example, the Mauritius Revenue Authority (MRA) collected better revenues that led to improved service delivery to her citizens.

In contrast, Ugandan citizens have resorted to tax evasion partly because of the absence of accountability in terms of tangible benefits out of tax payment. They cite the lack of visible results from taxpayers' money; they assert that a lot of public resources remain unexplained which has led to reduced participation and enthusiasm of citizens. Without a robust, transparent, and accountable government, it is not possible to assess reliably whether the decisions made by government have been in the interest of the public (Kwemarira et al. 2019).

In Uganda, for the period 2015–2019, Shs. 14.35 billion ($3.9 million) were unaccounted for by public officers at district and urban local governments (Auditor General' annual reports 2015–2019). This money is sufficient to provide 2.9 million poor rural citizens with single dose of malarial drugs supplied by the National Medical Stores (NMS) which can prevent their possible death from malarial infection. Equally, the Inspector General of Government of Uganda reported that Shs. 10 billion ($ 2.7 million) were recovered from local government officers who had previously failed to account for the funds (Inspector General of Government of Uganda 2015–2018). This money which was taken back to the Consolidated Fund is equivalent to providing four million rural school-going girl children sanitary towels that can boost their menstrual hygiene. This would facilitate their retention in schools as they are bedevilled by high dropout rates due to menstrual hygiene-related challenges. Lack of openness denies citizens services intended to have been delivered by government. It demonstrates that lack of transparency corrodes public esteem and leads to loss of trust by citizens in public officers.

## Conclusion

Public accountability in African local governments should be made effective by sensitizing citizens to take up ownership of public resources, participate, be assertive, and take up their role in demanding the public officers mandated to serve them to improve on transparency levels. Resources which are not owned tend to be cared for less because there is lack of control that goes with ownership. Public accountability seals the loophole of unchecked corruption, unfairness, and unethical practices in government. Public authorities should emulate their counterparts in other parts of the continent and ensure outcomes of their responsibility are evident for citizens to appreciate and improve their support for public resource mobilization. It will also help to restore public confidence in government. African countries should scale up their judgment and sanctioning of civil servants on account of their performance. Without these efforts, improvement in service delivery for the benefit of society may be a far-fetched expectation. A good balance between supply and demand and process and output accountabilities is essential for better transparency in society.

## Cross-References


- ▶ Accountability
- ▶ Horizontal Accountability to Prevent Corruption


P

## References


Auditor General's Annual Reports (2015–2019) Annual audit reports. Kampala

Bovens M (2014) Two concepts of accountability: accountability as a virtue and as a mechanism. In: Accountability and European governance. Routledge, London

Inspector General of Government of Uganda (2015–2018) Annual report on corruption in Uganda. Kampala

Kwemarira G, Ntayi JM, Munene JC (2019) Accountability and public interest in government institution. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1672187

Ogentho PM, Munene JC, Kamukama N, Ntayi JM (2020) Citizens' behaviour and accountability: the power of social capital in Sub-Saharan African local governments. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1729186

# Public Accountability System in Korea and Role of Board of Audit and Inspection

Minah Kang[1,2] and Hee-jeong Park[3,4]
[1]Department of Public Administration, Ewha Womans University, Seoul, Republic of Korea
[2]The Board of Audit and Inspection of Korea, Seoul, Republic of Korea
[3]Pusan National University, Busan, South Korea
[4]Audit & Inspection Research Institute, Seoul, Republic of Korea

## Synonyms

Answerability; Enforcement; Liability; Responsibility

## Introduction

While public accountability is considered to be "a crucial principle, expectation, and foundation of a democratic governance system," (Lindquist and Huse 2017) as well as the most critical mandate of audit and inspection systems, its meaning and boundary have not yet been clearly defined. There have been continuous debates on how to operationalize the concept (Lindquist and Huse 2017), but it is considered to be elusive and amorphous (Dowdle 2006; Mulgan 2000).

Nevertheless, it is hard to deny that public accountability is considered to be one of the most important public values that asks audit and inspection institutions like the Board of Audit and Inspection (BAI) of the Republic of Korea to ensure that public actions are conducted according to legitimate policies and laws; that they abide ethical precepts; and that they produce expected outcomes.

The BAI is the only Supreme Audit Institution in Korea that is assigned with the constitutional power to check and balance accountability, which is to scrutinize the allocation and use of public funds as well as to inspect the performance of public agencies and individual officials to see if they are consistent with statutory and regulatory requirements, both in terms of procedure as well as outcome.

Based on the power delegated by the people and the National Assembly, the BAI bears the constitutional duty and authority to investigate, decide, and report to the public on whether public officials have provided proper accounts from the perspective of public interest. At the same time, the Board also makes recommendations on how the public should respond to the public officials' accounts, including disciplinary actions and policy recommendations. In this sense, the BAI is an entity, endowed with supreme power and accountability by the public, to ensure the public accountability of different levels of governments, public agencies, and executive branches.

The accountability system of Korea has a long history of 1300 years. Since the earlier form of the BAI, *Sajeongbu*, started in the Shilla Dynasty, AD 659, to detect wrongdoings and violations of central and local officials, the national audit and inspection system has gone through tremendous changes both in terms of structure as well as practice. Nevertheless, it is noteworthy how its spirits and practices maintained its core mandates for accountability, while its political, managerial, and social functions have changed over the history.

## Understanding Public Accountability

### Definition of Accountability

The origin of the term, *accountability*, is known to come from accounting and bookkeeping. However, these days, the concept is regarded more frequently as a symbol of good governance (Bovens 2007) as well as a necessary condition for democracy (Lonsdale and Bemelmans-Videc 2017: 15) rather than a mere principle for financial management. Despite the lack of "a single, grand unified theory of public accountability (Dowdle 2006: 15)," it seems that there is at least an agreement that accountability is closely related to the exercise of power and the legitimacy of policies (Lonsdale and Bemelmans-Videc 2017: 3). Most commonly, accountability is defined as "the obligation to present an account of and answer for the execution of

responsibilities to those who entrusted those responsibilities (Gray and Jenkins 1993: 55)."

It is notable that the accountability concept is often considered as equivalent, or at least most closely related to the responsibility concept. For example, based on its etymology, Hart (2008) defined accountability as equivalent or conceptually very close to responsibility. In comparison, scholars, including Mosher (1968), emphasized the differences between the two concepts. They characterized accountability to be rather objective, while responsibility subjective. According to them, accountability is based on formal obligation, so accountable actors have a formal duty to give an account of their actions to their formal accountability forum, usually with higher authority. Therefore, accountability is a formal mandate that needs to be expressed to other parties.

## Public Accountability Systems

To define the basic elements of a public accountability regime, Mashaw asked questions of "to whom, about what, through what processes, by what standards and with what effect" (2006:18). These questions capture the four major parts that characterize accountability, namely, (1) relationship, (2) performance of tasks, (3) oversight/direction/request, and (4) provision of information or justification (Stapenhurst and O'Brien 2005).

### Accountable About What

To the question of about what one should be accountable, scholars like Normanton (1971) defined accountability rather broadly, to include liability in the financial aspect as well as the responsibility to explain and justify their performance, which is expected by law, contract, and organizational roles and status. Public accountability relates to the question of how clearly roles and responsibilities are speculated by law, mandates, and regulations. For example, ministers are responsible for various functions including (1) leadership within the ministry, (2) legislative work in parliament, (3) administrative management, and (4) representation of ministry interests in cabinet meetings. For other public officials at lower levels: (1) making policy recommendations to ministers, (2) implementing policies and managing performance, and (3) carrying out administrative roles are main role responsibilities.

In addition to these role responsibilities, which are specified in laws and regulations, public officials are also accountable in terms of the ethical expectations of the society. Following the Confucian tradition, public officials in Korea are expected not only to be clean from corrupt behavior and to produce successful outcomes, but also to be role models according to the ethical and moral expectations of the society.

Within the realm of public governance, accountability can be categorized in various types like political, managerial, legal, consumer, and professional ones (Lawton and Rose 1991). For example, political accountability is based on political relationships, which is formed by elections and political appointment. Their duties and authorities are generated and delegated by the public, directly through elections and indirectly through the legislative process (Christensen and Lægreid 2015). While political accountability between voters and representatives or government staff works in a horizontal relationship, other accountability relationships are vertical, based on a hierarchical relationship where the superior in a higher position appoints and delegates formal power to the subordinate and holds them accountable for their performance of delegated duties (Christensen and Lægreid 2015).

Administrative accountability is an example of a hierarchical relationship. Administrative accountability is usually continuous and is formed in a context where a superior has requested the subordinate to account for his/her performance of delegated duties. Political accountability aims for political leaders' systematic responsiveness to the public's demand and preference. Usually it involves various methods of communication such as dialogue, debate, hearing, and forum (Christensen and Lægreid 2015). Administrative accountability is often neutral and technical, and thus involves accounts by recording such as bookkeeping and evaluation of the efficiency or effectiveness of task performance (Christensen and Lægreid 2015).

### Accountable to Whom

Accountability is a relational concept. It is based on relationships, where actors feel a duty to explain and to provide justification of their conduct and the outcome of the conduct to others to whom they are accountable. (Bovens 2014; Lerner and Tetlock 1999; Romzek and Dubnick 1987). Often, accountability relationships contain multiple parties, including an actor (accountor) and accountees or a forum, both of which can be individuals or agencies (Bovens 2014).

Depending on the direction and extent of delegation, accountability relationships can take various forms, horizontal or vertical, as well as internal or external. Vertical accountability is a common form, often described as a classic top-down and principal-agent relationship. Usually, in this relationship, the principal delegates duties and power to the agent and thus agents are accountable to their direct superiors. Horizontal accountability occurs between individuals or agencies. With increasing collaboration within and across sectors, organizations, and networks, cases of horizontal accountability are more commonly observed (Conteh 2016; Lindquist and Huse 2017). Horizontal and vertical accountability can exist both internally and externally to ministries and government agencies. External accountability is formed when an actor(s) (an individual, individuals or agencies) becomes accountable to accountees (or an accountable forum) outside the government office, such as parliament or citizens. Internal accountability is formed inside the executive branch, both vertically (when accountable to the superior) and horizontally (between individual officials or ministries).

Depending on the direction of authority, accountability directions can be upward or downward. Applying a directional model of public accountability, Elcock (1991: 162) suggested "upward, outward and downward" accountability. According to him, public officials are accountable to superior authorities such as the president or parliament (upward) and accountable to expert colleagues within or across government offices (outward). At the same time, they are accountable to the citizens (downward).

### How to Hold an Actor Accountable: The Public Accountability Mechanism

The two most distinctive characteristics or conditions for public accountability to take place are answerability and enforcement. Answerability is the responsibility of the government or executive branch and government officials to provide explanations about their decisions, actions they took, and consequences of the decisions and to justify them to the forum (Bemelmans-Videc 2017). At the same time, there should be enforcement. For instance, the public or the overseeing institutions (forum) can sanction the actor and correct illegal behaviors.

To ensure that a public accountability system works according to its mandate of answerability and enforcement, external forces such as the Supreme Audit Institution (SAI), an institution with political and legislative legitimacy, can play useful roles (Lonsdale and Bemelmans-Videc 2017). Public audit institutions, like SAIs, are entities that are entrusted by the public or parliament for third-party verification of public sector accountability. Also, a performance management system holds the public sector accountable to the public and the top management. Quantitative and qualitative evaluation data using various indicators that monitor processes and measure performance – for example, in the form of league tables – can improve the transparency of the public accountability system. Often, political systems can work as a sanctioning mechanism. For example, elections are the loosest form for rendering political accountability. In addition, questions by lawmakers, debates to draw ministerial responses, and investigations by legislative and investigation committees come under this kind of mechanism. Finally, close investigations of public servants' activities using an ombudsman system, an external financial audit, and various methods of regulations are mid-range mechanisms for accountability rendering.

### Public Accountability Framework

In Table 1, Korea's public accountability system is described in terms of three parameters, namely, "accountable about what," "accountable to whom," and "how to hold an actor accountable." In terms of "about what." public accountability centers on statutory responsibility, compliance with laws, performance, and ethical duties. In

**Public Accountability System in Korea and Role of Board of Audit and Inspection, Table 1** Public accountability framework

| | Check list | Internal | External | |
|---|---|---|---|---|
| | | | To the national assembly | To citizens |
| Accountable about what | (1) Statutory roles and responsibilities<br>(2) Performances<br>(3) Compliance with regulations and laws<br>(4) Ethical expectations and duties | Administrative (managerial) accountability<br>Performance accountability<br>Financial accountability<br>Ethical expectation | Political accountability<br>Ethical expectation | Social accountability<br>Ethical expectation |
| Accountable to whom | (1) The formal and informal accountability to a superior<br>(2) The formal and informal accountability among ministries or colleagues<br>(3) The formal and informal accountability to the National Assembly and the citizens | Vertical (upward) accountability<br>Horizontal (outward) accountability | Horizontal accountability | Downward accountability<br>Participatory accountability |
| How to hold an actor accountable: mechanisms for answerability and enforcement | (1) Legal and ethical standards<br>(2) Mechanisms and standards to check performance<br>(3) Mechanisms for answerability<br>(4) Effectiveness of sanctions and rectification on avoided duties and ineffective performance | Punishment on illegal or improper actions<br>Request for dismissal<br>Request for improvement<br>Adjudication for compensation | Impeachment<br>Explanation | Explanation |

terms of "to whom," there are three key dimensions: accountability to a superior, accountability among ministries and colleagues, and accountability to the National Assembly and citizens. And "how to" explains the mechanism for answerability and enforcement, like legal and ethical standards, performance standards, etc.

## Historical Changes of the Public Accountability System in Korea

### The Accountability System During the Joseon Dynasty

#### Introduction

The outset of the Joseon dynasty (1392–1897) was characterized as a time when government functions were expanded and strengthened with a solid financial system. The governance system of the previous dynasty, the Goryeo dynasty (918–1392), especially in its waning period, was characterized by the monopoly of court power, concentrated in the *Dopyeong* Assembly, a council of the old government administration. Despite the apparent six-ministry system, a small number of high government officials monopolized political powers in deciding major policies, the budget and personnel management.

In contrast, the governance system of the Joseon dynasty was a highly centralized monarchy. The first king put strong efforts to recover the monarch's political power by making it clear that major policy decision-making would be made with the king's approval. At the same time, the dynasty had a system where public officials eagerly participated in the decision-making process. The king, as the highest authority of the

country, had the formal authority to choose and appoint chief executives and to make the final policy decisions in consultation with the State Council (*Uijeongbu*), which was the highest deliberative body. The State Council's political power varied over the history of the dynasty, between the time when the six ministries – the chief executive body of the Joseon dynasty – had direct control, and other times when they played an advisory role under stronger kings. The six ministries in Joseon were unique in a way and different from many other bureaucratic systems in other monarchies, as they were relatively independent in making policy decisions and had a direct communication channel with the king.

## The Public Accountability System

**Accountable About What** During the Joseon dynasty, a system of hierarchical and upward accountability was established by specifying the roles and responsibilities of government offices at various levels. The governance of Joseon was established with an intention to reduce political monopoly and to promote competition, especially between the highly centralized monarchy and a neo-Confucian bureaucracy. The State Council, the highest deliberative body with the most powerful decision-making authorities, was firmly established. The chief executive body was the six ministries, namely, the ministries of taxation (*Hojo*), personnel management (*Yijo*), justice and law enforcement (*Hyeongjo*), military affairs (*Byeongjo*), rites (*Yejo*), and public works (*Gongjo*). Also, there were other executive offices of the king, including the Royal Secretariat, the three offices, the Royal Investigation Bureau, and the Capital Bureau.

The fiscal system of Joseon was operated as an annual budget-based accounting and expenditure management system. The Ministry of Taxation (*Hojo*) was the highest office, which collected taxes and handled state revenues. Cash transfers and inventory management were conducted with documents under the auspices of the Ministry of Taxation. The financial audit was performed by *Saheonbu*. During the Joseon dynasty, 200 officials were appointed and dispatched to local areas with authority officially delegated by the king. These officials had commanding authorities and responsibilities on administrative, financial, legal, defense, and security matters.

It is notable that public officials in Joseon were also expected to account for ethical discipline, in addition to role responsibilities that were specified and assigned by public authorities. Based on Confucianism, which was the dominating governance ideology, moral values, social norms – in addition to hierarchical loyalty between the king and subordinates – neo-Confucian humaneness, and strong ethical principles were emphasized and were expected to be strictly observed by public officials at every level of central and local governments.

**Accountable to Whom** During this period, public servants were accountable to kings for delegated authorities and duties to administer and implement policy decisions (Fig. 1). Therefore, accountability mechanisms for answerability and reporting were constructed mostly around kings. The State Council discussed and reached a consensus on major policies and then reported it to the king. After the king's approval, they conveyed the decision back to relevant offices for implementation. Notably, during the Joseon dynasty, kings participated in daily debates among scholars in the public research institute, *Gyeongyeon*, which was organized by the Office of Special Advisors (*Hongmungwan*). As a national research institute, major responsibilities of the Office were to study the Confucian philosophy and make recommendations to kings about policy questions based on Confucian values.

The six ministries were accountable to the king for their designated policy areas. It is notable that the ministers of the six ministries could report directly to kings, skipping intermediary steps at the State Council. Accordingly, the upward accountability line in the central government was formed from the lowest office, to the six ministries, and finally to the king, while the line in the local government was from a senior clerk (*hyangri*), local magistrate, governor of a province, and then to the king. As a channel of communication and appeals to the king, memorials (*sangso*) were submitted by public servants through the Court of

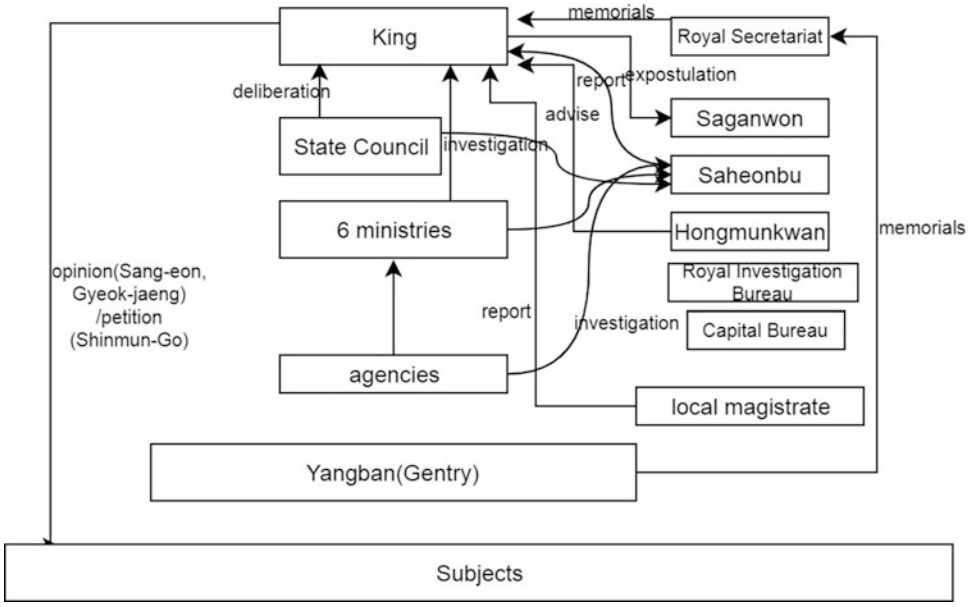


**Public Accountability System in Korea and Role of Board of Audit and Inspection, Fig. 1** The public accountability system in the Joseon Dynasty

Transmission (*Seungjeongwon*) to the king. Any public servant was able to participate in *ganjeng*, which was a system to remonstrate with and to provide advice to the king and other high officials. While the system was used as an effective channel to ensure upward accountability, it was also used as a mechanism for outward accountability.

The most distinctive characteristic of the accountability mechanism in Joseon was the system for ensuring downward accountability, one not usually found in Western monarchies. During the eighteenth century, there were at least six different ways of downward accountability, namely, *eochal, chaekmun, gu-eon, sunmun, sang-eon*, and *gyeok-jaeng*, for the king to communicate with public servants and subjects. Among the six methods, the first three, *eochal* (direct communication with higher officials), *chaekmun* (request for policy solutions for current problems), and *gu-eon* (a communication channel in case of national disasters and emergencies), were used as communication channels with subordinate public officials. The last three methods, *sunmun, sang-eon, and gyeokjaeng*, were used to apprehend the opinions of ordinary people outside the palace. Also, rooted in Confucian values, an official system for the common people to file a petition, "a drum for the people (*Shinmun-go*)" was set up and used during this period. With the system, people could first file a complaint to their local government. If the petition was not addressed appropriately, then they could beat the drum in front of the king's palace and file a complaint directly to the king.

For local administration during the Joseon dynasty, high-level officials were sent to provinces as governors, which strengthened the government's control of local governments. The role of local officials remained as implementers of central government policy decisions. Governors were under the auspices of the king, but the six departments at the local government were not managerially linked to the six ministries in the central government.

**How to Hold an Actor Accountable** The Joseon dynasty established a system of checks and balances, which aimed to prevent a monopoly of political power by any one section of the government or the monarch. The most notable system for accountability in Joseon was the three offices or *samsa*, which functioned as major institutions that

provided checks and balances on the monarch and public officials at the central and local level.

The three offices were composed of the Office of the Inspector General (*Saheonbu*), Office of the Censor-General (*Saganwon*), and Office of Special Advisors (*Hongmungwan*). The Office of the Inspector General was an institution of independent officials, who monitored wrongdoings, corruption, and the inefficiency of government officials, at various levels in both the central and local governments. As a public body with supreme power over the audit and inspection of public matters, officials here were endowed with substantial authorities and privileges to intervene in policy decisions and political matters in the government and to make comments on activities of the king as well as public officials. Also, they were granted the authority to agree to the appointment of public officials and to recommend candidates for high public positions. To avoid corruption and bribery, visitations to the residences of these officials were closely watched and prohibited. The Office of the Censor-General (*Saganwon*) played an advisory role to the king. Officials here were supposed to control and reverse a king's wrongdoings or improper actions by imploring the king to withdraw such actions. They also issued opinions about the general state of affairs. The Office of Special Advisors (*Hongmungwan*) was a research institute, which oversaw the royal library. Officials participated in daily lessons (*gyeongyeon*) and gave the king advice on political issues.

In terms of financial accountability, the Office of the Inspector General and the Ministry of Taxation (*Hojo*) were the main bodies that ensured financial and accounting responsibilities. *Gamchal*, an official at the Office of the Inspector General, was responsible for the inspection of accounting books and inventory management. Local authorities that handled various merchandises and rice were required to keep records of inventory and accounting activities (*jung-gi* system). These records were reported regularly to the superior offices and ultimately to the Ministry of Taxation. The *jung-gi* system was used as a policy tool not only for accounting books but also for internal control and prevention of corruption in accounting.

To inspect the duties and activities of public servants at the local government level, a system of royal inspectors was in place. Royal inspectors were under the control of the Ministry of Personnel Management (*Yijo*). There were also secret royal inspectors, who traveled to local areas incognito and served common people by monitoring inappropriate dealings, wrongdoings, and corruptive behavior of local officials.

During the Joseon era, rules for bureaucracy and responsibilities of public officials were ascribed in the State Code, the *Gyeongguk Daejeon*, which was promulgated in 1485. The *Gyeongguk Daejeon* was the most comprehensive Grand Code for State Administration, comprising every law, act, custom, and ordinance that provided legal standards on every aspect of society during the Joseon dynasty for over 500 years.

In terms of the performance accountability of public officials, there was a system of performance evaluation (*jeoncheo*). Work performance of public officials was scored in four grades, among which *jeon* was the lowest and *cheo* was the highest grade. Sanctions from the results were serious. Officials who received the highest grade ten times out of ten evaluations were promoted. Those who received the lowest grade were fired immediately.

### Summary of the System

The most distinctive characteristic of governance during the Joseon dynasty was its system of checks and balances, which distributed political power between the monarch and bureaucrats. Such a system is different from most other monarchies, where supreme power or sovereignty was held by a single person considered to have a divine right. While the Joseon dynasty was a monarchy with a king who made the final decision, the political philosophy was based on Confucian values, which emphasized people-centered governance principles and had various mechanisms for public officials to actively participate in the decision-making by the monarch.

The followings are several notable characteristics of Joseon governance to uphold accountability. First, Joseon had a solid system of internal accountability with relatively well-defined roles and responsibilities of public officials. Officially, the king had the supreme power for policy

decision-making, but major policy decisions were first suggested in discussions at the State Council and then submitted to the king for his approval. Public servants were able to participate in policy decision-making processes for major policies through various channels, including *sangso,* which was a system allowing subordinates to provide comments and advice directly to the king. The system was so unique that it is rarely found even in modern governance systems.

Secondly, a mechanism to hold central government officials answerable was set up with various control tools, including the impeachment of corrupt officials by the *daegan* at the Office of the Inspector General. Governors at provinces were also under supervision and inspection of the royal inspection system, which extended upward accountability to local areas.

Finally, Joseon was an era when downward accountability was realized through various mechanisms to listen to the people and collect their opinions and petitions. Common people and lower level officials could file petitions or provide comments to the king directly and indirectly. It is clearly a notable system of downward accountability hardly found in the monarchies of other countries.

While the Joseon dynasty was clearly an authoritative monarchy, accountability in various types was formed during the time and continued its tradition and spirit until the next Korean government system. Due to Japanese occupation, these features of the government accountability system were disconnected until the establishment of the Government of the Republic of Korea in 1948.

## The Public Accountability System During the Developmental State Stage (From the First to the Fifth Republic)

### Introduction

With the end of the Japanese colonial period, the most urgent priority of the new state was to build a strong and independent nation (Lee et al. 2018: 148). Since the start of the Republic of Korea, the nation needed a transition from the desperate morale of resistance to and independence from Japanese colonial rule to a spirit supporting the construction of a new and strong democratic nation. It was also a period of social and political confusion from rapid changes in every aspect of society, which faced urgent and immense pressure for an economic and political recovery from the scars of colonial rule and the Korean War afterwards.

Until the mid-1950s, the main governance strategy of the new nation's top leaders was to stabilize the nation with strong national security. It was a time before a solid bureaucratic system had taken root, and policy tools for taxation and national finances had not developed to a sophisticated level. The period between the 1960s and the 1980s was a time for high-speed economic growth, the major strategy of President Park Chung-hee, who took over the nation with a coup d'état and needed to explain the legitimacy of his rule.

The amendment of the Constitution during the Fifth Republic was marked by the reduction of presidential power. In addition, other major emphases of the amendment during this time included the extension of the basic rights of the people, the state responsibility to promote citizen's welfare, and the enhancement of the independence of the judicial branch.

### The Public Accountability System

**Accountable About What** Slowly but surely, this was a period when public accountability, in terms of roles and responsibilities, of a democratic government was established. The First and Second Republic (1948–1961) was a time of critical transition with a mixed presidential system – a combination of a parliamentary cabinet system and the presidential system. In the beginning, the president was merely an official head of state, while actual political and administrative power was in the hands of the prime minister.

Before long, the president gained real political and administrative power over the government. After going through a period of military governments in 1961–1962, the Third Republic witnessed an extreme concentration of presidential power (Lee 1998: 33). The president had enormous political and administrative power, ranging from the power to issue an emergency order, to the power to veto legislation, and the authority to declare martial law.

Later periods (Fourth and Fifth Republic) were a time of continuous and frequent expansion of the government organization. The government was restructured multiple times, of which the purpose was said to be to strengthen the national economy with a focus on the heavy industry and to stabilize society by stressing the importance of national security. Organizational restructuring was implemented in a unitary way under the strong authoritarian system, while such frequent reorganization led to the weakening of role responsibilities and accountability awareness within the executive branch.

It was a time when the accountability of role responsibilities among ministers was checked rigorously. Ministers had to resign when their performances did not meet the standard. During the Fourth Republic, the offices of ministers were more stable than in earlier periods, while during the Fifth Republic, ministers were frequently replaced and their terms in office were shorter than before.

Administrative efforts for economic development brought a marked growth in the size of the government. Therefore, during the Fifth Republic, frequent administrative reforms continued aiming for a clean and small government. A drastic reduction of the government size and continuous cutbacks of unnecessary functions, along with a series of efforts to align authorities and responsibilities of public servants and carefully designed personnel assignments seemed to remove inefficiencies and inappropriate practices in public administration during this time.

At the same time, observation of rules on the duties of civil servants and maintenance of integrity and probity by civil servants were also emphasized and included as evaluation criteria in the performance evaluation. The Public Service Ethics Act was enacted, which included mandates for senior civil servants to register and disclose their assets and properties for official review.

**Accountable to Whom** The accountability line in this period can be described as a centralized and hierarchical system, where the president and the executive branch had the core power over decision-making processes and implementation of government affairs.

After a short period of a prime minister-dominant system in the First Republic, soon the controlling power was passed on to the Office of the President, who then obtained authority to appoint ministers and major public officials, both at the central and local levels. Continuously, during the Third Republic, the presidential system was led by the slogan, "stabilization through a powerful nation." The president could appoint the prime minister and form the cabinet without parliamentary approval, which strengthened the presidential power while substantially weakening the power of the National Assembly.

As mechanisms to support the internal accountability system during the Third and Fourth Republic, the Board of Audit and Inspection (BAI) and the National Information Agency were set up under the direct supervision of the Office of the President. Under the authoritarian system of the developmental state, the president maintained a very close relationship with the bureaucracy, based on both control and dependence, which seemed to assist policy objectives that needed to be achieved with speed and efficiency.

As for the relationship with the National Assembly, the executive branch enjoyed a tremendous amount of autonomy. The power to control granted to the legislative branch only functioned in the early days of the First Republic, and later, as the ruling party continued to dominate the majority of the legislature, the National Assembly played a supporting role for the government, rather than keep the government in check (Ahn 1978: 173). The balancing power of the National Assembly had diminished so substantially that its authority to conduct an audit and investigation of state affairs had been abolished. Even in the Fifth Republic, when multiple political parties existed, the National Assembly was not able to properly deliberate the budget and review the national account settlement (Fig. 2).

With the obvious priority of economic growth and industrialization over democratization, it was a time when firm citizenship could not develop. The civil society and the private sector could not take on the role of a forum, to which the government should be accountable. But eventually, by the Fifth Republic, the civil society and the power of labor had matured considerably; the

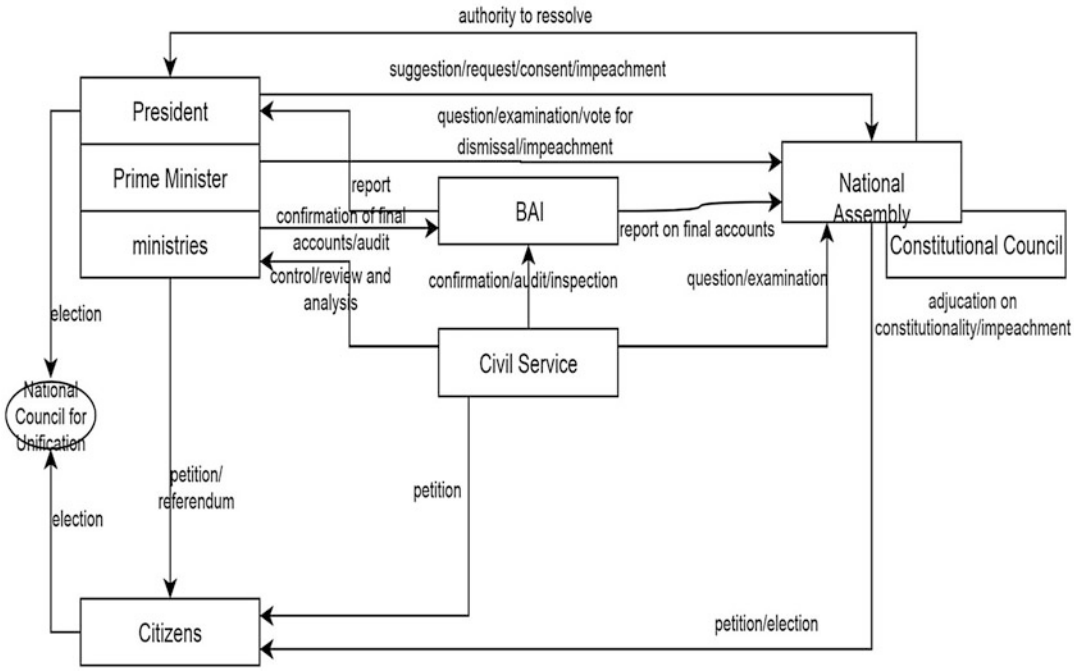


**Public Accountability System in Korea and Role of Board of Audit and Inspection, Fig. 2** The public accountability system of the Fourth Republic

authoritarian government was losing momentum; and the ruling government had to face stronger political demand for democracy from the society. Nevertheless, under the closed administrative system, downward accountability did not reach expected levels.

**How to Hold an Actor Accountable** Overall, during the developmental state, an independent system to ensure public accountability was developed but could not be firmly established. Control of public officials occurred only internally, and not so much by external and independent third-party institutions that check and ensure horizontal and downward accountability. The mechanism for accountability, especially internal and upward accountability, was mostly based on the centralized bureaucratic control system.

The Third Republic introduced a system to review the performance of ministries and agencies. The results were used as feedback for the next budget allocation and planning with the goal to cutback government expenditure and to promote efficient budget allocation. The program functioned as an internal mechanism for the performance accountability of individuals and organizations. Also, as a mechanism to control the bureaucracy for internal accountability, the president was given the authority to replace ministers anytime s/he found it necessary. Meanwhile, ministers were rarely called upon to the National Assembly for hearings, which would have kept the executive branch politically accountable to the legislative branch.

During the early days of this period, functions of the BAI were divided and existed in two institutions: the Board of Audit and the Commission of Inspection. The Board of Audit was set up as a central administrative agency that monitored the use of taxpayers' money and audited government accounts, both at the central and local governments, and at public agencies. The Commission of Inspection was established to inspect duties and to detect corruptive behavior of public officials. Together, both institutions took on the role of ensuring upward and hierarchical accountability within the public sector.

During this period, both institutions, the Board of Audit and the Commission of Inspection reported directly to the president. The results of the review and confirmation of national accounts were not submitted directly to the National Assembly. The Board of Audit and the Commission of Inspection were able to enforce sanctions on and punish individuals and agencies. The results were not open to the public.

Table 2 below summarizes the accountability mechanism of the BAI using the RASCI model. **RASCI Model or RASCI Matrix** (Cabanillas, Resinas and Ruiz-Cortés 2011) is one of the methods used to assign and display responsibilities of individuals or in the organization. **RASCI** is an acronym from the initial letters of the following words:

**R** – **Responsible** – Who is responsible for carrying out the entrusted task or responsibility?
**A** – **Accountable** (also Approver) – To whom is the responsible actor supposed to report the results of work? Or who is responsible for what has been done?
**S** – **Support** – Who provides support during the implementation of the activity, process, or service?
**C** – **Consulted** – Who can provide advice or consultation for the task?
**I** – **Informed** – Who should be informed about the progress and the decisions in the task?

As shown in Table 2, during the First Republic, the accountability function of the BAI was limited. The BAI was responsible for verification of final accounts, audit of accounts, inspection, and retrial, and it was accountable to the president for verification of final accounts, audit of accounts, and inspection. In comparison, to the National Assembly, the BAI only provided information on verification of final accounts and inspection. The ombudsman system, where citizens could file a petition for any improper or unfair activities by civil servants, did not exist.

In the Third Republic, the Board of Audit and the Commission of Inspection were consolidated and the Board of Audit and Inspection (BAI), as it is now, was born. In terms of function, the role of the BAI became a combination of that of each institution. The reporting line had changed, so results of account confirmation were now sent to both the Office of the President and the National Assembly.

Table 3 below shows how accountability mechanisms of the BAI expanded during the Fourth Republic compared to during the First Republic. The Board now has added responsibilities of performance audit in its earlier form and request for examination. The Board also is accountable to the National Assembly for the verification of final accounts. To note, the BAI during this time had responsibilities to provide information to the people as well as to the civil service by opening audit reports to the public.

### Summary of the System

The first priority of the political leadership in the developmental state was to obtain legitimacy

**Public Accountability System in Korea and Role of Board of Audit and Inspection, Table 2** The accountability mechanism of the Board of Audit and the Commission of Inspection in the First Republic

| | The Board of Audit/The Commission of Inspection | President | National Assembly | Citizens |
|---|---|---|---|---|
| Verification of final account | R | A | I | |
| Audit of accounts | R | A | | |
| Inspection | R | A | I | |
| Performance audit | | | | |
| Re-examination | R | | | |
| Claims | | | | |
| Audit request | | | | |

Note: *R* responsible, *A* accountable, *S* support, *C* consulted, *I* informed

**Public Accountability System in Korea and Role of Board of Audit and Inspection, Table 3** The accountability mechanism of the BAI in the Fourth Republic

| | The Board of Audit/The Commission of Inspection | President | National Assembly | Citizens |
|---|---|---|---|---|
| Verification of final account | R | A | A | I |
| Audit of accounts | R | A | | I |
| Inspection | R | A | | |
| Performance audit | R | A | | I |
| Re-examination | R | | | |
| Claims | R | | | |
| Audit request | | | | |

Note: *R* responsible, *A* accountable, *S* support, *C* consulted, *I* informed

with economic development led by industrialization. The government under strong presidential power in a yet immature democracy seemed to possess almost limitless political power and authority. In such a state, the public accountability system was built based on bureaucratic and hierarchical accountability rather than on political and downward accountability. The executive branch was delegated to make most of the critical policy decisions and to implement them with strong presidential support. The most notable characteristics of the public accountability system of this time can be summarized as follows:

First, due to the weak separation of powers, which ended up concentrating power and authority in the presidential office, a mechanism for political accountability did not develop at a sophisticated level, especially in the beginning of the era. The president had limitless power over the legislative and the judicial branches, which indicated that there were no entities to demand political accountability from the president and his administrative branch. The role responsibilities of the prime minister were limited as most of the government decisions and implementation, including organizational operation, personnel management, and budgeting, were dominated by the bureaucracy under the strong presidential leadership. As a result, the mechanism for horizontal accountability between ministries did not function properly.

Secondly, the government's role responsibilities were focused mostly on promoting economic growth. Building an organizational structure and functions to promote economic development was the main priority, and the bureaucracy was restructured for this purpose. In such an environment, there was keen interest from ministries and ministers to focus mostly on strengthening the nation's economy.

Thirdly, the BAI, which existed as two separate institutions in the beginning, was consolidated into one during the Third Republic and incrementally strengthened its accountability mechanism. The reporting line changed. In the beginning, the BAI reported only to the president, and audit results were not open to the public. Later, the reporting system changed and results of account confirmation were sent to both the Office of the President and the National Assembly.

Finally, democratic accountability to citizens was not as active as upward and hierarchical accountability, as the following evidence shows: First, the BAI acted as an institution for internal inspection under the auspices of the president. Also, the absence of an independent ombudsman system, which helps the government listen and respond to citizen petitions, is another example. Economic development was prioritized over democracy, as economic prosperity was accepted as the fruit of authoritarian governance. Continuous demonstrations by college students and citizens, organized strikes and joint struggles by workers and farmers ignited the demand for stronger downward accountability and democratic accountability.

## The Public Accountability System During the Establishment of Democracy (The Sixth Republic)

### Introduction

The Sixth Republic, when democracy finally took root, is said to have started with the constitutional amendment in 1987, which adopted a direct presidential election system, while limiting the presidential term to 5 years without a re-election. During this time, a system of democratic government accountability was at last established in Korea.

Roh Tae-woo's presidency, which started as a minority government, had to face diverse political, economic, administrative, and social changes. The political power of the National Assembly was strengthened, as an authority for checks and balances on the executive branch. From the aspect of public administration, the president's shorter 5-year term in office led to more administrative plans focused on immediate political issues rather than on long-term visionary agenda.

The focus of the Kim Young-sam government was on building a civilian government, a small and strong one, with globalization and an open-door policy. Pressure to open the nation and welcome globalization, the dominance of New Public Management (NPM) values in administrative affairs, and heightened voices and stronger demand from the civil society all contributed to changes in the approach to public accountability. Most importantly, the focus of governance finally deviated from that of the developmental state, which emphasized extreme concentration of power in the executive branch for government planning and coordination.

The Kim Dae-jung government started with a heavy burden and responsibility to recover from the 1997 Asian financial crisis. In response to strong criticism for the economic crisis, the government reduced its size. Nevertheless, the actual roles and responsibilities of the executive branch did not diminish (Park 2016: 217).

President Roh Moo-hyun's government started at a time of deep public distrust in the government. The government faced severe global competition and prolonged stagflation in the domestic economy. With the slogan, "a transparent and effective government," the political leadership emphasized efficiency in government performance under the spirit of New Public Management. Notably, citizen capacity and awareness of civil rights were enhanced substantially. The leadership also focused on building a new governance system based on a collaborative relationship between the public and private sectors along with the civil society (Park 2016: 229).

### The Public Accountability System

**Accountable About What** The most notable characteristic of the 1987 constitutional amendment removed the president's power to dismiss the National Assembly and limited the presidential power to exercise authority regarding emergency orders, emergency financial and economic actions or orders, as well as the declaration and termination of martial law. At the same time, the National Assembly regained its authority to audit and investigate state affairs, to demand the dismissal of the prime minister and the cabinet, and to organize a hearing, which strengthened its political power against the executive branch. As a result, the balance between the executive and the legislative branches seemed to be restored.

During the Roh Tae-woo government, the autonomy of the executive branch weakened considerably compared to the previous era. In terms of economic policies, the political leadership also changed its approach from the previous style of government-led economic growth to one that emphasized the autonomy of the private sector (Kim 2014: 136–137). Notably, elections for local council members were reintroduced in 1991, which provided a foundation for local autonomy and accountability, as well as subsequent changes in the relationship between the central and local governments.

The most prominent feature of the Kim Young-sam government was public sector reforms, which finally shifted the focus away from the state affairs of the developmental state, which valued highly concentrated planning and coordination targeting faster and efficient economic development. The government was restructured several times to make it smaller,

but those reform efforts were not evaluated as successful (Ha 2011; Kim and Kwon 1997).

The major focus of the Kim Dae-jung government was to downsize the functions of the executive branch. The reduced power and authority of ministries responsible for economic development was also a visible change, a symbolic action that illustrated a crucial move away from the developmental state. Most notably, in operational management, innovative approaches like entrepreneurial management, an open position system, a responsible management system, the Citizen's Charter, and a customer-oriented administrative system were adopted and contributed to enhancing public accountability.

During President Roh Moo-hyun's term, there was a serious effort to make horizontal adjustments, realize decentralization, and coordinate roles and responsibilities within the public sector. Overall, the reform aimed to promote the autonomy of ministries, and thus strengthen upward accountability by the autonomous effort of each ministry rather than with top-down pressure from the top leadership. In terms of organizational structure, the autonomy of ministries expanded and several new administrative systems, such as a performance-based organization and a total payroll cost system, were introduced.

**Accountable to Whom** The most prominent characteristic of the accountability system in this period was the change in the accountability line, in terms of to whom the government and public officials were to be accountable. This period began when trust in the government had collapsed after a series of political corruption scandals and wrongdoings by public officials and political leaders. During the developmental state, when upward accountability toward the presidential leadership worked efficiently, ministerial coordination was not a serious problem. However, at the start of the democratic state, the presidential leadership was losing its authority compared to previous years. It seemed that the presidential system with a shorter term and no reelection exposed several problems like shortsighted policy cycles often resulting in policy failures. Consequently, frequent cabinet reshuffles with ministers often arraigned for policy failures and low performance evidently weakened ministerial accountability to the presidential leadership (Fig. 3).

Limitations of vertical accountability within the boundary of bureaucracy were noted, and downward and political accountability were strengthened instead. The two most critical factors that affected autonomy and accountability of the executive branch were the growth and maturation



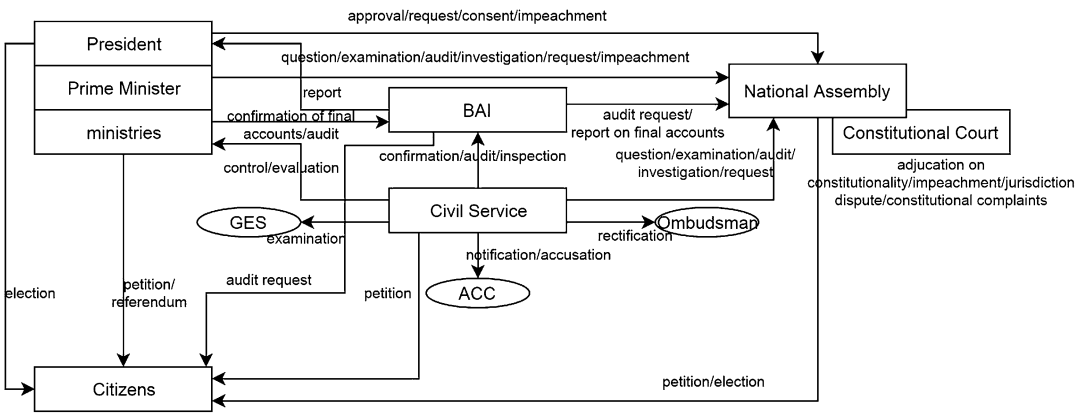


GES: Government Ethics Committee
ACC: Anti-Corruption Commission

**Public Accountability System in Korea and Role of Board of Audit and Inspection, Fig. 3** The public accountability system of the Sixth Republic

of the civil society and the strengthening of parliamentary power. The political power and authority of the National Assembly was enhanced. The National Assembly Budget Office was established in 2003, which scaled up the budget deliberation role of the National Assembly. Besides, the demand for meaningful participation by the civil society and the private sector was heightened to unprecedented levels. Nevertheless, the mechanisms for downward accountability were not established in the beginning of the period.

It was at the end of the Roh Moo-hyun government, when the number of civic groups increased to reach 3000 and more citizens took on the role of armchair auditors, that such mechanisms were put in place. Notably, participatory budget decisions, citizens' watch over the inefficiencies and waste in budget implementation, and request for the public announcement of budget spending performance were examples of citizen participation in the budgeting process. There was also an increasing number of public hearings, associations, and committees, in which citizen representatives could participate. Other systematic mechanisms such as the Citizen's Charter and the Integrated Public Service Evaluation System were in place to ensure performance accountability of the public sector.

**How to Hold an Actor Accountable** Throughout this period, various programs and policies were adopted and refined to promote public accountability. Most of all, diverse systems to upgrade and reinforce downward and political accountability were established and further evolved to maximize their effect.

As a remedy for weakened hierarchical accountability, especially ministerial accountability within the executive branch, several programs like performance management systems and contracting-out with the private sector were adopted as a means to boost the effectiveness and efficiency of government performance.

During this time, the Board of Audit and Inspection experienced a drastic transformation, expanding its traditional role of inspecting works performed by government agencies and the duties of their employees, and detecting unlawful behaviors and wrongdoings of public officials. In 1993, the Board launched a performance audit program. Accordingly, the boundaries of audit criteria were expanded from those of regularity to those of effectiveness and efficiency in policy implementation. The focus of the disposition of audit results has also broadened from requests for disciplinary action to more frequent recommendations and requests for improvement. A variety of new programs were introduced, including an audit request system allowing an audit and inspection upon request from the National Assembly and citizens. The Request for Audit in Public Interest (1996), Citizens' Request for an Audit (2002), and the National Assembly Audit Request (2003) were examples of the participatory audit programs.

Table 4 illustrates the public accountability mechanisms of the BAI during the Sixth Republic. As shown, the Board has responsibilities

**Public Accountability System in Korea and Role of Board of Audit and Inspection, Table 4** The accountability mechanism of the BAI in the Sixth Republic

| | The Board of Audit/The Commission of Inspection | President | National Assembly | Citizens |
|---|---|---|---|---|
| Verification of final account | R | A | A | I |
| Audit of accounts | R | A | | I |
| Inspection | R | A | | I |
| Performance audit | R | A | | |
| Re-examination | R | | | |
| Claims | R | | | |
| Audit request | R | | A | A/I |

Note: *R* responsible, *A* accountable, *S* support, *C* consulted, *I* informed

to respond to the audit requests from the National Assembly and the people.

### Summary of the System

The political system during this period was marked by weakening state autonomy and the decentralization of authorities and responsibilities along with the growth of the civil society. The mature civil society, with an expanding middle class, urged the executive branch to reduce its size and roles, calling for greater accountability in terms of role responsibilities and performances. At the same time, the National Assembly regained its political power to oversee government affairs.

From the perspective of public accountability, this was a time when the bureaucracy underwent vast substantial changes. First of all, various mechanisms for the government to be accountable to the National Assembly were established as the political power of the presidency was reduced. The authority and responsibility of the National Assembly to audit and investigate state affairs, to request the dismissal of cabinet members and the prime minister, to request information and attendance to hearings, to hold confirmation hearings, and to request the BAI for an audit and inspection were recovered or introduced strengthening the horizontal and political accountability of the government to the National Assembly. Also, the proliferation of New Public Management values promoted market domination over the government. Accordingly, privatization of public enterprises and contracting-out of government activities were prevalent, making the public accountability system more complicated.

At the same time, labor and civil movements were vitalized with clearer and stronger demand for a democratic political system. However, stable mechanisms for downward accountability were not yet firmly established. As a result, social issues frequently burst out in the form of massive rallies and vigorous demonstrations. Nevertheless, with the expansion of the local autonomous government system, various systems to reflect citizens' voices, such as participatory budgeting, the ombudsman system, the Citizen Audit Request, the Audit Request for Public Interests, the Public Service Charter, and the Performance Management and Public Notice system, were established and developed as mechanisms for downward accountability.

The public accountability system during this era showed the following characteristics, which were distinctive from previous governments. First of all, the public accountability system became considerably complicated, due to reduced state autonomy and increased articulation of non-state actors. Previous systems of strict hierarchical accountability under a strong presidential leadership were not found to be very effective. As public officials received variant messages from short-lived political leadership, the public officials displayed self-protective behaviors and inactive responses to social demand, which in turn paralyzed agenda setting and policy decision-making power of bureaucrats in the government. Instead, horizontal accountability within the bureaucracy, between ministries, and between the executive branch and the National Assembly, was emphasized and activated. Downward accountability mechanisms between the government and the civil society were also enhanced. As a result, a bureaucratic culture asking for administrative accountability as well as performance accountability has overridden the previous one, which focused on the exercise of power and authority.

Secondly, along with diminished presidential power, there were amendments of the Constitution and laws to consolidate parliamentary power, which allowed the National Assembly to recover its role of checks and balances against the executive branch. With better human resources possessing expertise and experience, the offices of the National Assembly became better equipped to exercise their responsibility and authority to ensure government accountability.

Lastly, the rapid growth of the civil society opened opportunities for citizens to actively participate in administrative affairs, both at the central and local levels. Downward accountability became a serious agenda. However, mechanisms for downward accountability often did not yet function at the level expected by society. Dissatisfied citizens walked out onto the streets and participated in mass demonstrations and rallies to express their opinions and make requests to the government. How to build a system for

citizens to present their values and for public officials to respond to these voices so that the downward accountability to the civil society can take a firm place in our society will continue to be the most critical task for public leadership to be faithfully accountable to the people.

## Conclusion: Future Directions for Improvement

Trust in the government, which is the cornerstone of good governance, can be obtained with a system of strong accountability and transparency. A robust accountability system, which clearly describes who is accountable to whom about what, allows a transparent government system that shows how the government is doing and what they can do to gain redress when things go wrong. The system ensures that civil service is acting in the interests of the people they serve.

Despite its long tradition from 1300 years ago, starting as an established accountability system of the Joseon dynasty, which balanced the political power and administrative responsibilities between the monarch and the public servants, and slowly but continuously developing into the system of recent governments, the accountability system in Korea still has room for improvements.

Most of all, the level of public trust in government is still low, much below the OECD average. According to international surveys, perception of corruption in the public sector is improving but Korea still ranks 30th out of the 36 OECD countries (Transparency International 2019). The presidential system with a single 5-year term is said to be causing administrative "short-ism" and accountability gaps between ministers and public officials. A highly hierarchical accountability tradition may hold the government back from keeping pace with the increasingly complex modern society. Fragmented accountability tools, which successive administrations have introduced, are likely to aggravate the passive behavior of public officials. This promotes defensiveness, encourages compliance and precludes learning from mistakes. Considering that inflexible accountability systems can prevent innovative spirit (Christensen and Lægreid 2015), continuous improvement and learning should be an important objective, along with control and assurance (Aucoin and Heintzman 2000; Lindquist and Huse 2017).

Refining the accountability system across the breadth of the government requires a range of improvements. For example, ministerial accountability, including clarifying the responsibilities of ministries, needs to be redefined. Also, strengthening autonomous control in the public sector by establishing an internal control system and enhancing transparency around processes of policy making and implementation to facilitate network governance, would be necessary to address issues arising from the current accountability system.

Most of all, refining the role of the Board of Audit and Inspection as an independent Supreme Audit Institution is necessary. The Board must readily confront the accountability challenges and contribute to holding the government rightly accountable to the public. For this, the Board must take action to further strengthen its audit strategy, governance, human resources, and knowledge management strategies. The BAI should establish a strategy to support the creation of public value in the public sector. For better audit governance, the BAI should build stronger collaborative relations with the National Assembly, civil society and internal audit institutions. Also, the BAI should transform its audit approach from a substantive approach to a risk-based and in-depth evaluation in order to raise the value of public auditing.

Last but not least, despite the tradition of downward accountability, which existed from the Joseon dynasty, recent governments are perceived as not yet fully responding to the demand of civil society and the private sector, whose voices have gained strength during the era of democracy. Considering how the oversight authority ultimately comes from the citizenry, it is also important that citizens and civic groups to have dependable mechanisms that redress their grievances in the case of inappropriate or inadequate government action.

This is becoming a more complex problem as the accountability regime is transforming to a more complex and dynamic one based on hybrid relations in the reality of a pluralistic governance system.

Then, the key challenge is how to manage diverse and partly conflicting expectations (Romzek and Dubnick 1987) as well as multiple or contradictory standards (Steets 2010). Public organizations and officials will be accountable to diverse forums, and will face namely, "the problems of many eyes" (Bovens 2007; Romzek and Dubnick 1987). Then, as Christensen and Lægreid (2015) contended, it is important to move beyond the traditional perception of accountability from a hierarchical principal-agent approach and be ready to cope with "a liquid state with a fluid, complex, flexible, semi-autonomous and fragmented multi-level governance polity." (p. 223)

## References


Ahn HK (1978) Administrative control of legislature. Korean J Public Adm 16(1):1111–1138

Aucoin P, Heintzman R (2000) The dialectics of accountability for performance in public management reform. Int Rev Adm Sci 66(1):45–55

Bemelmans-Videc ML (2017) Accountability, a classic concept in modern contexts: implications for evaluation and for auditing roles. In: Bemelmans-Videc ML, Lonsdale J, Perrin B (eds) Making accountability work. Routledge, New York, pp 39–58

Bovens M (2007) Analysing and assessing accountability: a conceptual framework 1. Eur Law J 13(4):447–468

Bovens M (2014) Two concepts of accountability: accountability as a virtue and as a mechanism. In: Bovens M, Goodin RE, Schillemans T (eds) Accountability and European governance. Routledge, New York, pp 28–49

Cabanillas C, Resinas M, Ruiz-Cortés A (2011) Mixing RASCI matrices and BPMN together for responsibility management. In: VII Jornadas en Ciencia e Ingeniería de Servicios (JCIS'11) 1167

Christensen T, Lægreid P (2015) Performance and accountability: a theoretical discussion and an empirical assessment. Public Organ Rev 15(2):207–225

Conteh C (2016) Rethinking accountability in complex and horizontal network delivery systems. Can Public Adm 59(2):224–244

Dowdle MW (2006) Public accountability: conceptual, historical, and epistemic mappings. In: Dowdle MW (ed) Public accountability: designs, dilemma and experiences. Cambridge University Press, Cambridge, pp 1–29

Elcock H (1991) Change and decay? Public administration in the 1990s. Longman, Harlow

Gray A, Jenkins B (1993) Codes of accountability in the new public sector. Account Audit Account J 6(3):52–67

Ha TS (2011) An analysis of the reforms of the government organization in the first-half of the Kim Young-Sam administration. J Korean Policy Stud 1(2): 367–402

Hart HLA (2008) Punishment and responsibility: essays in the philosophy of law. Oxford University Press, New York, pp 186–209

Kim DI (2014) Public law perspective on developmental state. Korean J Law Soc 47:115–152

Kim KS, Kwon SJ (1997) Small government?: An empirical study on the government size in the Kim YS administration. Korean Public Adm Rev 31(3): 275–293

Lawton A, Rose A (1991) Organisation and management in the public sector. Pitman Publishing, London

Lee DS et al (2018) Korean politics and political ideology. Ingansarang, Seoul

Lee JS (1998) Public administration and politics. In: Kang IJ, Lee DG (eds) Korean public administration. Daeyoung Moonhwasa Publishing, Seoul

Lerner JS, Tetlock PE (1999) Accounting for the effects of accountability. Psychol Bull 125(2):255

Lindquist EA, Huse I (2017) Accountability and monitoring government in the digital era: promise, realism and research for digital-era governance. Can Public Adm 60(4):627–656

Lonsdale J, Bemelmans-Videc ML (2017) Introduction; Accountability—the challenges for two professions. In: Making accountability work. Routledge, New York, pp 21–38

Mashaw JL (2006) Accountability and institutional design: Some thoughts on the grammar of governance. In: Dowdle MW (ed) Public accountability: designs, dilemma and experiences. Cambridge University Press, Cambridge, pp 115–156

Mosher FC (1968) Democracy and the public service. Oxford University Press, New York

Mulgan R (2000) 'Accountability': an ever-expanding concept? Public Adm 78(3):555–573

Normanton EL (1971) Public accountability and audit: a reconnaissance. In: Smith BL, Hague DC (eds) Dilemma of accountability in modern government: independence versus control. Macmillan, London, pp 311–345

Park JH (2016) Reflection and prospect of governmental reorganization: the cases of the past Korean government. KIPA, Seoul

Romzek BS, Dubnick MJ (1987) Accountability in the public sector: lessons from the challenger tragedy. Public Adm Rev 47(3):227–238

Stapenhurst F, O'Brien M (2005) Accountability in Governance 1, http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/AccountabilityGovernance.pdf. Accessed 15 Oct 2019

Steets J (2010). Accountability in public policy partnerships. Palgrave Macmillan

Transparency International (2019) Corruption perceptions index 2018. Retrieved from https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018. Accessed 15 June 2019

# Public Administration and Corruption

Anil Hira[1], Martin J. Murillo[2] and Anna Kim[1]
[1]Simon Fraser University, Burnaby, BC, Canada
[2]University of Notre Dame, South Bend, IN, USA

## Synonyms

Breach of trust; Bribery; Crime; Crookedness; Exploitation; Extortion; Fraud; Graft; Malfeasance; Misrepresentation; Nepotism; Profiteering; Racket; Rent-seeking; Skimming; Squeeze; Venality

## Definition

Corruption is most often defined as "the use of public office for the pursue of private gain" (Galtung et al. 2013). This reflects a contractual relationship between the state and its bureaucrats and more broadly between the state and its citizens (Ledeneva 2009; Hira 2016). However, corruption increasingly refers to any breach of trust, malfeasance of intended duty, or failure to deliver in both practice and spirit for any agreement when the purpose is the gain of just one of the parties. Thus, corruption can occur at all levels of governance and include public, private, or nonprofit actors. Corruption is sometimes divided between petty, everyday corruption, and corruption scandals that occur on a large scale. Corruption can involve a wide variety of activities, from bribery to nepotism to favoritism.

## Introduction

Corruption, or misuse of office and abrogation of duties for pecuniary gain, has been common to all human societies. The development of the idea of a common interest, and subsequently a neutral bureaucracy looking out for the best interests of society, in the West helped to solidify the idea that corruption is something that could be rooted out, or minimized, though it has proven to be an ongoing process. In the postcolonial era after World War II, attention naturally turned to reforming developing countries, where widespread abuse of public finances and offices has taken place. Besides the wastage and misallocation or resources, corruption corrodes public trust and the legitimacy of government while reducing long-term investment. Attempts to reproduce Western style bureaucracies and accountability mechanisms, and the spread of democracy as well as extensive monitoring efforts through global indices, have brought attention to the problem, but yielded limited results. Both the indices and much of the literature around corruption seem to point out the obvious that corruption in the West is lower than in the developing world (Treisman 2000). Consensus around a causal theory that would lead to a more comprehensive reform effort has been contentious around whether an economics or cultural approach makes more sense. There is the possibility to see overlap between the two approaches, leading to a more effective corruption reform strategy.

## Theories on Sources of Corruption (Kim and Hira)

There are two main approaches to understanding the sources of corruption, economic and anthropological. The economic approach emphasizes the possibilities that cost-benefit analysis of cheating, that is, the costs of enforcement vs. the private gains from stealing or engaging in favoritism (Lambsdorff 2002). The anthropological approach looks more at cultural norms as a source of behavior, that is, formal bureaucracy may not reflect long-standing loyalties, traditions, and relationships that lead to corruption.

The dominant approach from economics has a deep and rich literature behind it and has informed most of the effort behind corruption reform. The ubiquitous term "rent seeking" was popularized by economist Anne Krueger in 1974. Rent seeking refers to the pursuit of individual or group private interest at the expense of public interests. It is often used to reflect the pursuit of gains by

special interest groups and thus tied to campaign finance. Economists also tie corruption to transaction costs or the costs or creating a link between a buyer and a seller (Lambsdorff et al. 2005). Oldenburg thus defines corruption as "the exchange of money or favor for a benefit disbursed by government official" (Oldenburg 1987, p. 512). Government officials have an inherent conflict of interest in that they are to put national interests above their own individual or agency ones.

More complicating still is the fact that many transactions involve information uncertainty on the part of one or more parties to the transaction (Akerlof 1970). On top of this possibility for asymmetric information and the accompanying imbalance in power (e.g., the seller of a used car) is the principal-agent problem which comes up when one hires an expert in a field to act on their behalf and/or provide a service, such as a lawyer. The essential challenge is how to evaluate the role and performance of the agent when one lacks the expertise, no more so than in government decisions. In parallel, a middleman or broker in a transaction may benefit unduly from both of these phenomena. The Coase theorem (1960) suggests that property rights hold a key to reducing corruption since they internalize all transactions under one actor, such as a corporation that provides a beginning to end production process. However, many public activities, such as regulating environmental pollution or national security, are not possible to privatize.

Economics suggests that reciprocity is the basis of long-term cooperation (Axelrod 1984). Reciprocity leads them toward a generalized notion of social trust, giving an individual an incentive to play by the rules so that he/she does not suffer from violations. Thus, economists have a strong explanation why both good and bad practices of corruption tend to be self-reinforcing. Repeated transactions and the need for transparency thus form the foundation for institutions or organizations which bear and enforce rules of behavior for collective action.

It is hard to tell what role politics has on corruption. Though the general consensus is that vibrant democracies should be less corrupt (Treisman 2007), recent work on corrupt democracies such as India belies any simplistic notions (Riley and Roy 2016). There is contention about what types and activities of democracy reduce corruption. For example, Brunneti and Weder (2003) argue that the freedom of the press is particularly important to expose corrupt officials and as a result will lead to the lower corruption over time. Kunicov'a and Rose-Ackerman (2005) claim that presidential systems have higher perceived corruption compared to their parliamentary counterparts.

From the cultural perspective, corruption reflects deeply embedded values and relationships. For example, some authors claim that power distance is a cultural value, reflecting the degree of tolerance from public and number of checks and balances against the abuse of power. In more egalitarian societies such as those in Scandinavia, therefore there is less corruption than in more unequal societies such as India and China (Hofstede and Hofstede 2005). However, those who study culture approach corruption in a very different way. Corruption is often viewed as a Western lens which unfairly judges developing societies (Torsello 2014). Authors such as Blundo (2007) therefore suggest studying culture as a reflection of more informal and less acknowledged cultural practices. Corruption is therefore understood as emanating from a clash between formal (Western) institutions and traditional ones based on more informal and less recognized personal networks. Such networks include long-term personal relationships which allow individuals to deal as a group with formal institutions and avoid uncertainty in an environment of scarcity through information exchange, political support, and bureaucratic favors (Lomnitz and Sheinbaum 2004; Jancsics 2014). Such networks can be found all around the world: in America it is called *pull*, in Russia *blat*, in Latin America *compadrazgo*, in Israel *protexia*, in Mexico *palanca*, and in China *guanchi* (Lomintz 1988). Thus nepotism is not seen in the same negative light as it is in the West (Jaskiewicz et al. 2013). The networks may also be vertical in the sense of a patron bestowing favors upon a client in exchange for loyalty or long-term debts (Boissevain 1989;

Campbell 1989; Jackall 2010, pp. 18–44). Thus much of the formal movement toward democracy, even in the West, covers up patron-client activity that tends to elicit corruption.

The general approach coming from economics that has informed most corruption reform efforts is to increase penalties, transparency of transactions and regulations, and set up oversight agencies to examine transactions. The transactions approach is embraced by the leading global actors on corruption reform such as Transparency International and the World Bank. While there have been improvements in general awareness, there is no real sign of general shifts away from corruption globally. Therefore, new studies call for some combination of the two approaches, recognizing and seeking to change and merge informal and formal approaches to corruption reform (Hira 2016).

## History of Corruption and Attempts to Fight It in the West (Hira)

If the West is the model to follow, how did it establish "clean" government? We can begin our review of the history of corruption in the West in a counterintuitive way: since corruption has been around since the beginning of time, the more interesting question is what are the roots of anti-corruption efforts? Along the lines of cultural approaches to corruption, it is still important to point out that anti-corruption has its roots in Western ideas around morality. Corruption in its broadest sense is any violation of accepted morality. In the West, the sources of morality are most proximately Judeo-Christian traditions, particularly the notion of sin. The most primordial story of the Garden of Eden is based on the devil's lies. Corruption was historically tied to sin through a sense of uncleanliness, a violation of purity through dishonesty, which then made everything else metaphorically unclean and diseased (Bayless 2012). This helps to explain why we have an instinctively repugnant response to even petty corruption in the West, which is much harder to observe elsewhere. We essentially see corruption as an individual failing and breach of trust. The breach of trust is exacerbated when such violations take place in the public sector, which has additionally packed in notions of social, public, and collective responsibility. Arguably, then, in the West, proscriptions against corruption are much stronger due to the overlap of both individual and social implications in public activities, whereas in more corrupt societies there is a perceived long-standing breach between an individual bureaucrat's and public interests. Thus, ironically it is the focus on individual responsibility, regardless of context, in the West that allows for a strong sense of responsibility, whereas in societies which are more group oriented, it is more understandable for an individual to take care of their clan or extended family before taking care of their public responsibility.

We can see in the West, therefore, that the justice and legal systems are built around the broader notion of dealing with moral violations. "The rule of law," whereby the law is above individual interests and decisions, is a key concept that enshrines moral codes into a standing set of reified rules, a phenomenon rarely found in the developing world. The concept has deep roots in Greek and Roman history. In terms of corruption, these are embedded in the well-accepted principles of codes of conduct, conflicts of interest, independent judicial and regulatory review, and whistle-blowing, along with the overriding one of due process in investigating purported violations (Miller et al. 2005). Such notions were developed and supported during medieval times by the idea that even rulers were subject to God's law (Møller and Skaaning 2014, 131). Underlying these systems are the deeply embedded beliefs that the end does not justify the means, the need for stable rules of behavior, above all for honesty. This is not to say that other societies are a- or immoral, only that their notions of corruption in practice do not match those of the West. In times where behavior in the West deviates from such guidelines, a correction inevitably ensues. For example, the turn of the twentieth century in the USA is sometimes looked upon fondly in terms of the machine politics of the big cities like Chicago or New York, where votes and contracts were frequently bought off from recent and often illiterate

immigrants; however, the violence of the Prohibition (with parallels in narco-trafficking today) era demonstrated the problem that allowing the breaking of rules in one area of society would spill over into others and that social norms had to support the rules.

Corruption does occur in the contemporary West, as stories from cost overruns in Afghanistan by US defense contractors to the massive scandal around FIFA abound. Large parts of southern Italy are rife with extortion payoffs and control of certain subsectors of production by illegal groups. It is more the perception and pervasiveness of corruption that varies. In the West, most everyday transactions are generally stable and predictable whereas in the developing world, they are more prone to changing conditions. The best examples of that are the regular and peaceful succession of governmental change after a fair election and the independent role of law enforcement and the judiciary, both things often lacking in the developing world. It bears examining, therefore, how the West developed the notions of corruption that it is now attempting to universalize.

It would be difficult to retrace the exact steps of the evolutionary process in the West that led to less corrupt bureaucracies. Neild (2002, 12) links it to the rivalry among European states, whereby efficiency and stability in the public administration supported military success. The foundation of Western notions of propriety relate to the rule of law, property rights, and the development of the Weberian bureaucracy. All of these can be seen as parts of the overall context of accountability by election and by checks and balances among branches of government. Behind these is the concept of a public interest that supersedes that of any individual or group, with the government as the embodiment of it.

The idea of the rule of law is designed not only to set up orderly and acceptable conduct in public administration, but also to give a sense of confidence to the population at large in terms of equal and fair treatment under transparent rules of behavior. The rule of law is much more forceful than enacting law. As the cases of Latin America and Russia attest, enforcement and the spirit of the law are equally important to having a legal code.

Property rights figure large in most accounts of Western propriety. Property rights are in essence contractual boundaries for ownership of the benefits deriving from a piece of land, business, etc. that are ultimately enforced by the state. Property rights are thus essential to the free trade/exchange of assets in a reliable fashion. Tying into the monetary system, valuations of them, and the ability to exchange property, goods and services for financial reward is the heart of the capitalist system allowing for accumulation and long-term investment.

Behind these systems is the public bureaucracy. The modern Western bureaucracy is generally traced to developments in Western Europe around 1790–1850. Within the next 100 years, many of the attributes of a modern bureaucracy, including functional divisions and task allocation, non-political personnel no longer appointed by sale of offices, ranking systems, and professional pay and pension systems developed (Raadschelders and Rutgers 1996, 75–80).

Weber's (1978) notion of advanced bureaucracy is central to Western propriety. Weber posited that traditional cultural systems would give way over time to a modern state where a merit-based neutral bureaucracy with strict rules on conflicts of interest and separate, stable budgets would make decisions in the best interests of society. This approach still represents our ideal view of the principles behind bureaucracies, though practices vary considerably. Yet, in practice, most Western bureaucracies are mixed systems, whereby political appointments occur at the highest levels (e.g., ministers or ambassadors), and merit-based hiring should take place at the lower levels. In some cases, such as local prosecutors or judges, there is a direct election. Historically, there has been a continual tension between these two systems, the first derided as the "spoils system," a term popularized by appointments under US Pres. Andrew Jackson of his cronies to high positions. A related area of ongoing tension is public procurement. The Western principle is that public contracts should be awarded in a public competition with the criteria clearly known. The development of auditors, whistleblowers, and transparency for public contracts

reflects an ongoing concern. A more recent addition to accountability agents is the ombudsmen, an office that hears public complaints about corruption or poor service directly. In essence such efforts are bound to be limited because of: (a) the levels of expertise required to understand and weigh the different aspects of different proposals, (b) the number of contractors who can deliver on many contracts that is bound to be limited and subject to collusion, and (c) the possibility of hijacking or otherwise marginalizing the accountability efforts. A perfect example of the latter is the conflict of interest that occurred by rating agencies for junk US housing derivatives leading up to the 2008 financial crisis. The agencies had a basic conflict of interest because they wanted ongoing contracts from the issuers of the bonds (Hira 2015). What is underplayed in many discussions due to the prominence of the economics approach is the culture of bureaucracy in the West. Not only formal codes of conduct but a genuine spirit of public service abounds in Western bureaucracies.

The last piece for understanding Western approaches to corruption derives from the notion of checks and balances (Montesquieu 1748). This is often called "horizontal" accountability as opposed to the vertical accountability manifested through elections or appointments (where the supervisor has responsibility). The checks and balances approaches reflect the enshrinement of law enforcement and judicial independence. Along with that is the idea of overlapping roles, such as the need for the executive to propose budgets and the legislature to approve them. The overlap draws back to the basic history of democratic development in the West whereby European kings relied upon aristocratic landholding families in the Middle Ages to finance wars. This was the original source of power for a separate legislative branch as enshrined in the Magna Carta. Eventually, this evolved into the enshrined principle that the king should be accountable to oversight by the legislature and, over time, toward elected government. Elections are still considered the ultimate source of accountability. Perhaps an equally important role is played by the media, to uncover stories of corruption. The role of investigative journalism works hand in hand to allow whistleblowers access to a wider audience, as in the famous case of "Deep Throat" who revealed the Watergate scandal was tied to US Pres. Nixon in the 1970s.

We see, then, that democracy itself is pervaded by the idea of accountability. Where transparency breaks down, such as the lack of oversight on privacy of security gathering of personal information following the 9/11 terrorist attack in the USA, skepticism and distrust of government start to creep in, undermining its effectiveness. The importance of values is underscored by noting that even when rules are not violated, violations of the spirit of propriety are quite serious. A contemporary example is the row over campaign donations by ultra-wealthy individuals in the USA currently. While such notions are common throughout the West, the level of tolerance of violations varies greatly over time and space. In Canada, for example, Québec has a reputation for questionable public contracts. Propriety seems to break down often when Western companies work overseas as we discuss in the section on development and corruption. The boundaries of corruption are not as easy to discern in the West, then, as is commonly portrayed. The example of the Wikileaks scandal whereby a number of embarrassing classified communications were hacked and released publically demonstrates that there are still limits and controversy around transparency and accountability in the public sector.

Growing skepticism in the West about the role of government from the 1980s led to a series of reform movements which are discussed in detail in other sections of this volume. The first is called the New Public Management (NPM). NPM seeks to increase accountability by emphasizing a market approach to public services. Where private providers can provide the service, they are preferred. If not, the government should act like a private firm in terms of developing measures of performance, from setting up competition among providers to objective measures such as waiting times to allowing citizens ("clients") to evaluate the service. Government agencies may even

compete against each other. The second is the whole-of-government approach which sees government agencies as too fragmented and lacking in communication across functional areas, in distinction with the separation of powers tradition. It sets up integrated tasks forces and other means to improve integration and coordination. It is still too early to tell whether such reforms will make any dent on corruption, but there are reasons to be skeptical. While the NPM is helpful in creating a sense of performance, there are many functions outside of routine mundane functions, such as providing drivers' licenses, that are difficult to measure. Horizontal efforts go against a variety of systems including recruitment that are designed to build functional specialization along vertical lines.

The history of corruption in the West is ongoing rather than resolved. While the West has relatively strong accountability and normative systems that reduce levels of corruption, we should be very cautious about finding solutions or replicating systems that developed over hundreds of years in individual national circumstances. Ongoing scandals show that accountability systems must evolve over time as well.

## Global Measurements of Corruption (Murillo)

The measurement of corruption is a particular area of interest related to the need to map out corruption as part of general reform efforts. Quantitative approaches to tracking corruption allow cross-country comparison over time. These, in turn, have important and profound decisions on global economic transactions, particularly investment flows. However, the measurement of corruption has been an area of disagreement between stakeholders from different fields. The plethora of methodologies, measurement instruments, and indices represent in turn different conceptualizations of corruption. This section elaborates on three ways to measure corruption: surveys, expert assessments, and composite indices.

### Representative Surveys of Service Users

Measurement of corruption through nationally representative opinion surveys is a common method to assess corruption levels in a nation. The two general types are private sector (business) surveys and general population surveys. Nationally representative surveys of firms or households provide a good insight of apparent corrupt practices in the provision of government services to the citizen. The samples range from randomized general population samples to surveys of the private sector and segments of the public administration. The size and nature of the samples has varied considerably.

Private sector-led surveys measure only corrupt transactions happening between public officials and business firms. For instance, they enquire about bribes paid in tax collection or in business licensing and also identify the types of firms that pay more in bribes. Business people are frequently surveyed since they are thought to be knowledgeable in this field (Knack 2006).

Overall, these types of surveys provide a specific corruption measure that can be used to shed light on aspects of corruption that are not emphasized by the more broad perception-based indicators, which focus primarily on administrative corruption.

Among the many private sector surveys, two large surveys are the World Bank Enterprise Surveys and WEF's Executive Opinion Survey. Both are parts of broader surveys of an economy's private sector. World Bank Enterprise Surveys capture the prevalence of different types of bribery in 135 countries. The results are based on surveys of more than 130,000 firms. The Enterprise Survey is carried out through face-to-face interviews with firm managers and owners regarding the business environment in their countries and the productivity of their firms. Corruption is one of the topics covered through questions on bribes paid for different government services and processes. Others topics include infrastructure, trade, finance, regulations, taxes and business licensing, crime and informality, finance, innovation, labor, and perceptions about obstacles to doing business (WB 2015). The World Economic

Forum's (WEF) Executive Opinion Survey also has corruption as one of its topics. The survey is applied to a sample of firm managers in most nations of the world. Ratings are computed as the simple average of all executives' responses (Knack 2006).

### Citizen Surveys

There is a plethora of household surveys that address corruption issues. Some surveys are entirely focused to corruption, while others explore a wide gamma of variables, corruption being one of them. Each of them differs on the nations covered, the methodology utilized, and the sample characteristics.

Transparency International's Global Corruption Barometer (GCB) is an annual opinion survey of approximately 1000 people from each of 107 countries (for the sample taken from Sep. 2012 to Mar. 2013) that tracks public opinion on corruption. Administered to a representative sample of the population, it addresses people's direct experiences with bribery and details their views on corruption in the main institutions in their countries. The survey also provides insights into how willing and ready people are to act to stop corruption. The survey was applied to 500 urban residents in six countries with a population of less than 1000,000. The survey is administered face to face in local languages, through computer-assisted telephone interviewing or online, depending on the country context (Hardoon and Heinrich 2013).

The World Values Surveys (WVS) is carried out by professional survey organizations, using face-to-face interviews. All national samples were drawn from the residential population of 18 years and older and have a minimum sample size of 1000 individuals. In most countries, some form of stratified multistage random sampling was used to obtain representative national samples. In the first stage, a random selection of sampling points was made based on the given society's statistical regions, districts, census units, election sections, electoral registers or voting stations, and central population registers. In most countries, the population size and/or degree of urbanization of these primary sampling units (PSUs) were taken into account. In the second stage, the list of addresses within each PSU was chosen using standard random route procedures. In the third stage, various methods were used to select respondents within households. In most countries, substitution of respondents was allowed (Kravtsova et al. 2014).

Another survey is Gallup International Voice of the People. As in the WVS, corruption is one of many topics of the survey questions. The survey is conducted in 59 countries, with an approximate minimal sample size of 500 per country. Wherever possible, within each country, a nationally representative sample of 500 adults, male and female, aged 18 years and over, is used. In some emergent countries, where such research conditions are not possible, there may be stated variations to this (e.g., urban areas only). Similarly, in the developed world, interviews were conducted by telephone, while in emergent and underdeveloped countries, face-to-face interviews were conducted (Gallup 2012).

Similar types of surveys are International Crime Victim Surveys, New Democracy Barometer, Afrobarometer, Asia Barometer, Latinobarometer, and many others. These are characterized by focusing on different world geographies and economies and by having corruption only a part of the survey (Knack 2006).

### Expert Assessments

In contrast to citizen surveys, expert assessments are surveys given to a network of correspondents with country-specific expertise. Given the nature of the data sources, these assessments of corruption have been most widely used for comparisons across countries and over time.

These assessments differ in various aspects that can have important impacts on the survey results. For instance, they generally focus on specific geographical or economical regions, thus providing limited number of nations. They also differ in how the surveys are managed and processed. For instance, some surveys are very centralized approaches, with final ratings being determined by a very small number of people from views of a network of correspondents with country-specific expertise. Others follow a more

decentralized approach where final ratings are directly determined from experts with experience in different countries. A hybrid version utilizes regional hubs in order that process information.

These assessments also differ on how transparent is their methodology and whether they have clear definitions of the various concepts. While some indices provide detailed documentation and qualitative details, others provide little documentation, which raises important questions in regard to the nature of its data source and the rationale of the choice of the different parameters (Knack 2006).

An example of well-utilized expert assessment is the African Development Bank Governance Ratings 2014 (AFDB). Part of the Country Policy and Institutional Assessment (CPIA), the Governance Ratings assesses the quality of a country's institutional framework in terms of how conducive it is to fostering the effective use of development assistance. The index is characterized by maximum level of uniformity and consistency across all regional member countries surveyed. The CPIA is carried out by a group of country economists with vast experience in policy analysis. The knowledge of these experts is complemented with that of local contacts that provide both quantitative and qualitative insights. Peer discussions are also used to monitor the quality of the findings. Experts are asked to assess the transparency, accountability, and corruption in the public sector. Three dimensions are addressed: the accountability of the executive to oversight institutions and of public employees for their performance, access of civil society to information on public affairs, and state capture by narrow vested interests. The assessment covers 40 African countries (TI 2015).

The Economist Intelligence Unit (EIU) Country Risk Ratings is another example of expert surveys. Country Risk Ratings are designed to provide in-depth and timely analysis of the risks of financial exposure in more than 140 countries. The EIU relies on teams of experts based primarily in London (but also in New York, Hong Kong, Beijing, and Shanghai) who are supported by a global network of in-country specialists. Each country analyst covers a maximum of two or three countries/territories. The economic and political reports produced by EIU analysts are subjected to a rigorous review process before publication. Scores are given as integers on a scale from 0 (very low incidence of corruption) to 4 (very high incidence of corruption). One hundred twenty-eight countries/territories were scored in 2015. Data is available to subscribers of EIU Country Risk Service (TI 2015).

### Composite Indices

The assessment of corruption of citizen surveys, firm surveys, and expert assessments have various limitations. First, each is purposely defined too narrowly in order to capture different aspects of corruption. For instance, some might reflect only corrupt interactions between firms and public officials. Second, each is focused to various aspects of governance or other phenomena, corruption being only one of the components, frequently represented by a small number of questions. Third, each individual survey might introduce measurement errors due to bias, noise, or others. And fourth, each focuses on different sets of nations deepening on the organization's geographical or economical focus. No single source covers all world nations.

Composite indices seek to address some of these issues. Their rationale is that a combination of several sources helps capturing the different forms and dimensions of corruption, thus providing a more comprehensive measure of this complex phenomenon. The aggregation of several sources also reduces the margin of error, assuming that such errors are not correlated (i.e., sources are independent). Nation coverage is also improved tremendously, however making indices interdependent.

The best-known example in this category is the Corruption Perception Index (CPI) that measures the degree to which corruption is perceived to exist among a country's public officials and politicians. The index is based on 17 surveys from 13 independent institutions that gather opinions of businesspeople and country analysts.

The World Bank Institutes' Control of Corruption Index (CCI) is another well-known index that is also an aggregate of several sources. The index

seeks to improve on the CPI by providing more nations, including nations where only one source of data was available. In contrast to the CPI which weights all sources equally, the CCI claims to weigh its sources objectively by attaching more importance to indices that correlate to one another. TI describes the measure as an indicator of perceptions of public sector corruption (administrative and political corruption) and not a measure of corruption levels of entire nations, societies, their policies, or the activities of their private sector. Figure 1 illustrates the relationship between the PCI and the CCI. The indices correlate very well and seem to measure the same aggregate phenomena. Figures 2 and 3 also illustrate the relationship between these composite indices and regular citizen surveys. They clearly seem to measure different dimensions of corruption, national income appearing to have an effect on their scattering.

A common criticism of this framework is that aggregating corruption indicators from numerous sources – with the goal of increasing precision in measurement – does not always produce a more appropriate measure than using a single indicator or data source. One cost that should be considered is the loss of conceptual precision through aggregation (Knack 2006). Gains in statistical precision from aggregating sources of corruption data likely are far more modest than often claimed, because the assumption of independent error in measurement among data sources is violated (Knack 2006).

## General Criticisms and Limitations of Corruption Measurement

Both surveys and expert assessment have limitations beyond those already discussed. They are useful in presenting a general picture of where countries stand in terms of levels of corruption at a given time; however, they should not be mistaken for causal arguments, and their measurements should be looked at more as ordinal rather than continuous variables, thus limiting their statistical usefulness.

Firm surveys can be more appropriate for tracking changes over time than citizen surveys

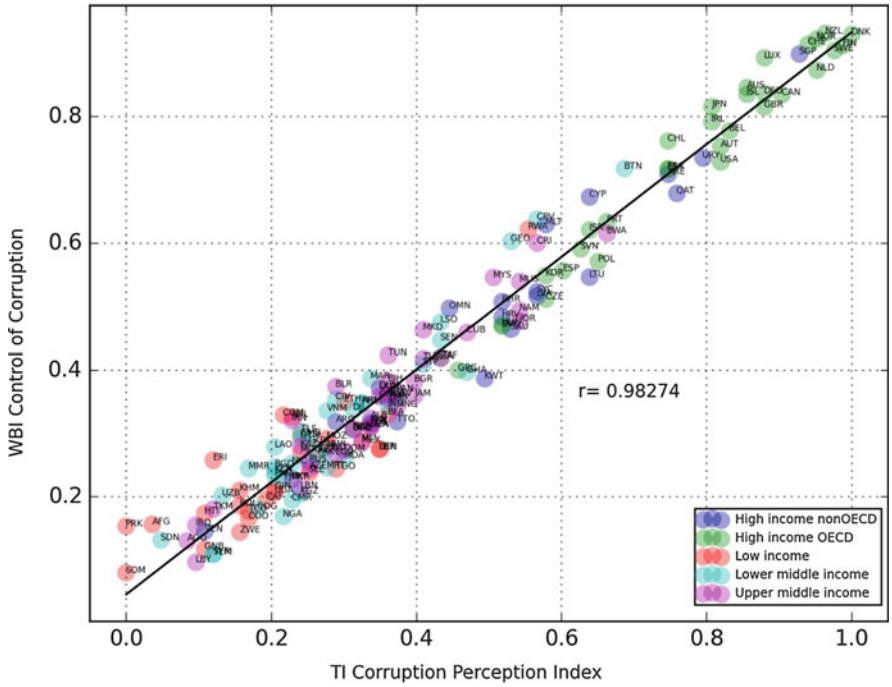


**Public Administration and Corruption, Fig. 1** Two aggregate indicators based on expert surveys: Transparency International's Corruption Perception Index and World Bank Institute's Control of Corruption. Note that both indices are highly correlated (Source: Author (Murillo))

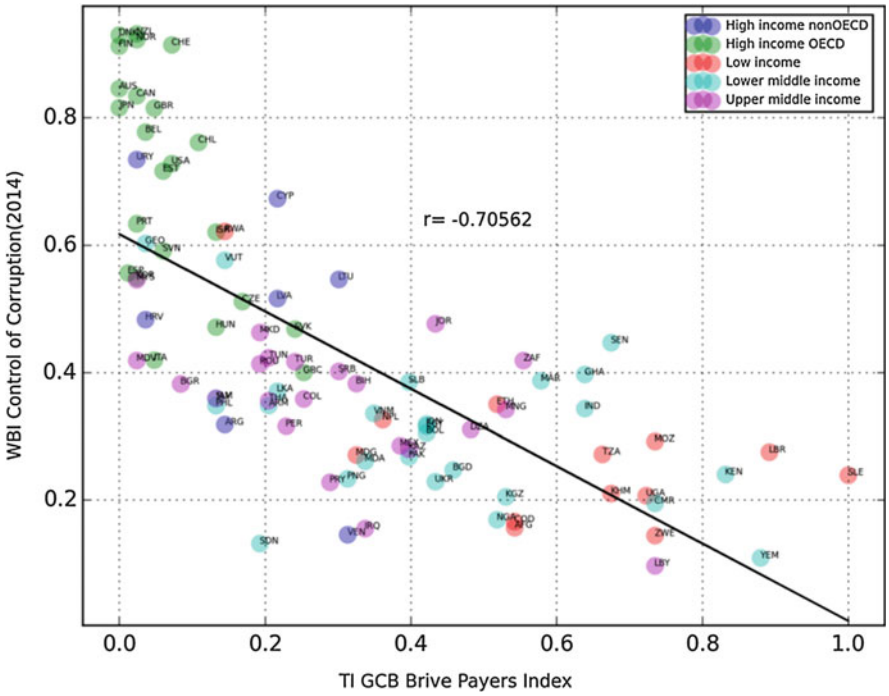


**Public Administration and Corruption, Fig. 2** Relationship between one of the dimensions of the Global Corruption Barometer and World Bank Institute's Control of Corruption (Source: Author (Murillo))

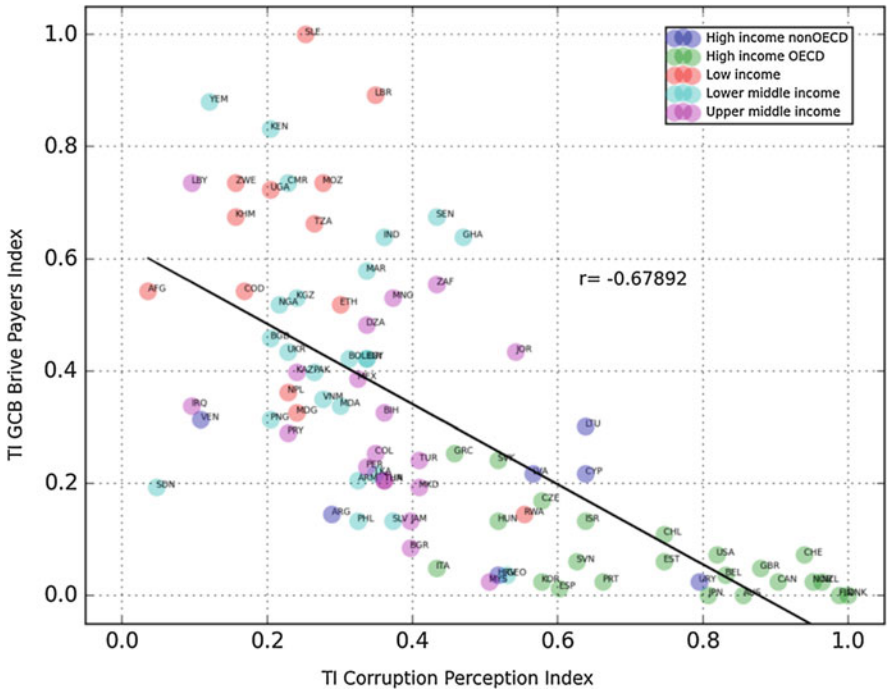


**Public Administration and Corruption, Fig. 3** Relationship between TI's Corruption Perception Index and one of the dimensions of the Global Corruption Barometer (Source: Author (Murillo))

P

if the survey questions and sample design are identical in both periods and if other factors are controlled for where necessary. However it is important to highlight that these measure only a small dimension of corruption and they suffer of similar bias as citizen surveys do (Galtung et al. 2013). For instance, the surveying of firms and households is not effective in assessing the prevalence of corrupt transactions that occur entirely within the state, for example, when politicians bribe bureaucrats or when funds are illegally diverted. Furthermore, perceptions that corruption is an obstacle to doing business are potentially affected by optimism or by prevailing economic conditions (Knack 2006). Many types of conflicts of interest also are not easily captured by firm surveys, for example, equity stakes of public officials or employment promises to them by firms (World Bank 2000).

Furthermore, in firm surveys and citizen surveys alike, there are difficulties in obtaining honest responses when addressing a social or cultural taboo or an issue in which the respondent has a high degree of complicity (Galtung et al. 2013). Similarly, current political climate fueled by mainstream media, social media, or other communication mechanisms might introduce bias in the respondent's answers. The above biases can be complicated with the particular cultural background of respondents, their level of expertise in the subjects (i.e., education and awareness), whether they live or have lived in other nations, and whether they are rural or urban dwellers. Some surveys might be overly focused to citizens of urban areas, thus introducing further bias.

Likewise, expert opinions about the extent of corruption might reflect the frequency of muckraking media reports, of government anti-corruption campaigns, or of politically motivated accusations by opposition politicians. Ratings by international business people and experts, disproportionately drawn from developed Western countries, might be influenced by Western preconceptions or by the raters' greater familiarity with certain cultures. Some of the organizations that prepare corruption ratings might also have ideological axes to grind. For all these reasons, "perceived corruption" may reflect many other things besides the phenomenon itself (Treisman 2007).

Most importantly, the different measures reflect differences in regard to the nature of corruption. They disagree on the definition, the rigor of the framework and survey, the sample size and characteristics, and the role of culture, among many others. Overall, existing corruption indicators differ importantly in the aspects of corruption they purport to measure, in clarity and breadth of definition, and in the methods and transparency of their assessments. For these reasons, no one indicator or data source is best for all purposes (Knack 2006). The lack of a formal framework that will appropriately capture the concept of corruption stands out in contrast to the practices of measuring whatever dimension of corruption is readily available through existing tools. This leads to large bias and prejudgment that the funding organizations can set upon the methodology and measurement instruments. For instance, poor and simple societies tend to be more corrupt than rich and complex ones; however this assumption largely ignores major corruption in developed nations and the elusive nature of lesser forms of corruption that could have permeated the complex Weberian system in evolved forms. The fact that visible corruption (such as bribes in public service) is more often associated with more primitive levels of economic and political development (Zimring and Johnson 2005) might be an indication that we are conveniently measuring what is obvious and not what is essential. That might be one of the reasons that complexity is associated with lower levels of corruption. Indeed, corruption, being an evolving phenomenon, takes different forms depending on the controls that the system sets, adopting lesser visible behaviors in order to avoid the deterrents and preventions that grow with Weberian complexity (Zimring and Johnson 2005). Perhaps most concerning of all is that the indices are frequently used for policy-making without the requisite reevaluation needed for this new role (Ledeneva 2009). This takes us to innovation in the monitoring of corruption.

## New Technological Approaches to Corruption (Murillo)

If we want to move beyond the general perceptions of a country's overall levels, we find the monitoring of corruption challenging. Until the mid-1990s, most of the empirical findings on corruption in the academic literature were of an incidental or anecdotal nature. The evidence was based on particular, well-defined events or settings. Sometimes this was drawn from fieldwork and interviews, occasionally on legal and other primary sources and quite often on items and scandals reported in the media. The general problem in writing about corruption was that "the facts cannot be discovered, or that if they can, they cannot be proved." Even in our current context, major corruption can only be found through unofficial channels such as leaks, whistle-blowers, "hackers," and other actors; this makes us rethink and ponder of the validity of current indices and also examine the role of modern technologies in incorporating other dimensions of corruption to current measurements.

### The Principal-Agent Framework, Adjusted

To better understand the relationship between the citizen and the government, political scientists have often utilized the principal-agent framework. This framework provides a useful representation of the asymmetric relationship between a government and its constituency, with an informational advantage on the side of the government and authority on the side of the agent (Miller 2005; Lindstedt and Naurin 2010; Spence and Zeckhauser 1971). In this framework, the principal (citizen) delegates authority to the agent (government); however, the preferences of the former are different from those of the later. Corruption is one of the agent's activities that benefits its own interests rather than the principal's (Miller 2005). Transparency is therefore key to holding government accountable (Fig. 4).

Transparency can be categorized using two dimensions: *how* information is released and *what type* of information is released. These can be relevant for the identification and measurement of corruption.

Within the principal-agent framework, two types of transparency are identified, depending on who controls the release of governmental information (Lindstedt and Naurin 2010). *Agent-controlled transparency* is the agent's release of information about its activities as mandated by the agent itself or externally imposed by the principal. This mandate could be self-imposed by the agent in an effort to increase its legitimacy or imposed by the principal in order to increase control, as modern freedom of information or other mandates do. *Non-agent-controlled transparency* is the release of information through the work of an independent and investigative media or other third-party sources such as whistle-blowers. While agent-controlled transparency makes the life of the agent more complicated, non-agent-controlled transparency makes it more dangerous, as it may identify actual instances of corruption and illegal activity (Lindstedt and Naurin 2010).

The type of transparency depends on the type of information released. Two types of

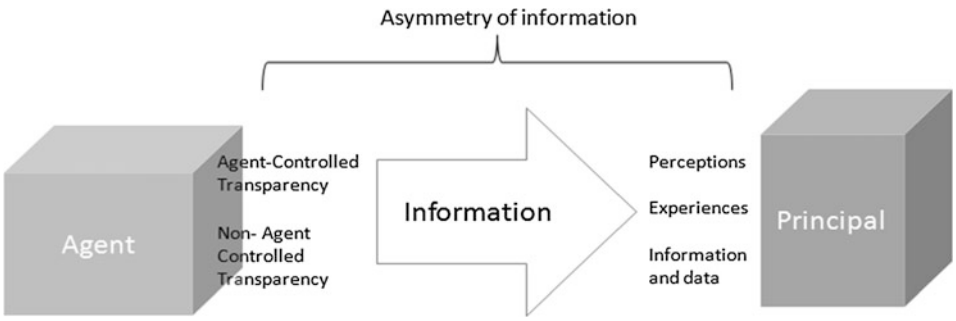


**Public Administration and Corruption, Fig. 4** The agent, principal, and information asymmetry (Source: Author (Murillo))

transparency can be identified, *economic and institutional transparency* and *political transparency*. Economic and institutional transparency is related to the content, accessibility, and usefulness of economic and institutional information. It deals with transparency of economic and financial information, the budget and its process, economic policy-making, and public administration, among many others. It also deals with the implementation of Freedom of Information laws and other transparency enablers (Bellver and Kaufmann 2005; Knack 2006). This type of transparency can be highly relevant in the context of an ever-increasing globalized market and the opportunities for corruption at new scales, which seem to be growing. Political transparency is related to open debate and accountability in political institutions. It relates to transparency in political funding, openness and competitiveness of political participation, independence of the media, disclosure of politician's assets, voting records, etc. (Von Alemann 2004; Bellver and Kaufmann 2005; Knack 2006).

With the principal-agent framework in place, we now identify the various approaches to measure corruption, including what we measure, how we measure, and where we measure.

As illustrated in Fig. 5, corruption could be directly identified (thus measured) by monitoring the agent and the agent's actions at all times. However, this would be prohibitively expensive and unfeasible, as postulated by the principal-agent framework. For instance, some US states have required police officers to carry out body cameras in order to document their dealings while in duty in the field. Similar requirement to all public office holders would certainly make their visible actions more transparent; however, the costs of the processing of information resulting from monitoring the actions, activities, documents, messages, dealings, and other activities of every single public servant would be extremely high. Thus, as the principal-agent framework postulates, gathering complete information on the agent's actions is regarded as prohibitively expensive (and not feasible, at least for now), thus resulting in a preference for shirking.

A second manner of measuring corruption is by monitoring the information that the agent makes available proactively (agent-controlled) and finding incongruencies through different types of analyses, work generally done by civil society, investigative media, or other stakeholders. As the principal-agent framework assumes, the nature of the agent makes him withhold information in order to satisfy its own interests (i.e., hide inefficiency and corruption). Freedom of Information laws and digital technology are facilitating the possibility of having more information available proactively, in a timely manner, and with technical sophistication that would facilitate its processing.

However there are still various barriers to utilize information for measuring corruption. First, in most nations, the availability of information that is relevant for identifying corruption is highly

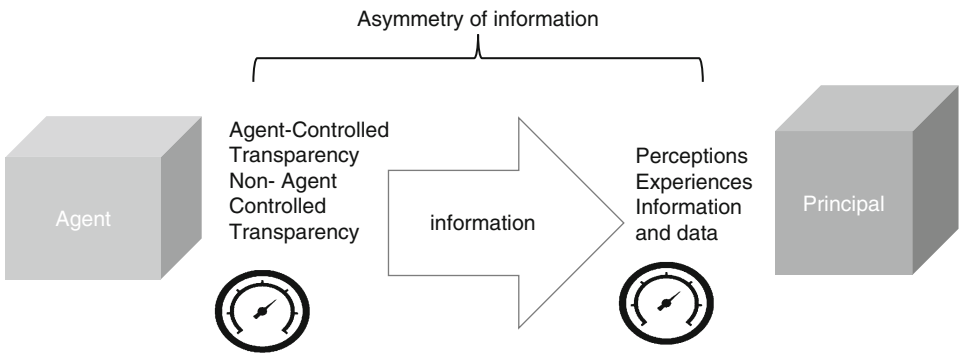


**Public Administration and Corruption, Fig. 5** The agent, principal, and information asymmetry (Source: Author (Murillo))

reactive, generally obtained through highly bureaucratic Freedom of Information processes that can take a long time. And second, specialized online portals that claim to make governments more transparent are not sharing information that is relevant for the identification of corruption (Shkabatur 2013; Murillo 2014) and are not utilizing appropriate technical sophistication and tools that would allow different segments of the population that identify instances of corruption (Murillo 2014).

There are various technical tools and other processes that could be relevant in making government actions transparent in order to curb corruption. For instance, the utilization of appropriate technical standards and the adherence of global processes (such as "open budgets" and "open procurement") will certainly have an effect in identifying occurrences of corruption; however we argue that these will mostly have an effect in curving corruption or even changing the way that corrupt acts are being carried out.

Actors such as civil society, investigative journalists, and the international community can leverage the processing of data in order to identify instances of corruption. Tools such as "crowdsourcing", technical standards, and even artificial intelligence will certainly help in identifying corruption. While the monitoring of the agent might switch from prohibitively expensive to highly expensive, the evolving nature of corruption might make it even more hidden, to the depths of technical processes. There are some emerging frameworks and limited efforts to measure government's economical and institutional transparency, an important requisite for identifying corruption (Piotrowski 2010; Hollyer et al. 2014; Murillo 2012).

A third manner of measuring corruption is through non-agent-controlled transparency, that is, through assessing acts that are exposed through whistle-blowers, leaks, investigative journalists, or other major actors. The use of these actors to provide governmental information generally signifies that "grand corruption" is involved in such disclosures. Measuring corruption based on non-agent-controlled transparency has two main issues. The first is that it generally measures major corruption (happening at various political and administrative levels of a nation); and the second is that it is highly biased, as the measurement is highly in function of the "capacity" of the nation to disclose information in unofficial manners, which might depend on whistle-blower protection laws. Naturally nations that do not have such laws might be harsher with the different actors present, thus presenting lesser number of non-agent-controlled transparency disclosures. The advent of the Internet, databases such as Wikileaks, and the spread of investigative journalism have been key factors in disclosing corruption instances. Furthermore, with the evolving nature of corruption that adopts lesser visible behaviors in order to avoid the deterrents (Zimring and Johnson 2005), non-agent-controlled transparency might be a key tool for identifying major corruption acts.

In conclusion, despite the increasing ease of sharing information through the Internet, the lack of data and the high cost of monitoring the agent impede progress. However, as the bureaucratic process gets more automated and as technical tools gradually become part of human interactions, the identification and measurement of corruption through agent-controlled transparency might become a reality (Galtung et al. 2013; Murillo 2014). Thus, for now, we are obliged to utilize indirect methods and proxies in order to measure corruption or, properly put, perceptions of corruption. This is done through representative surveys of service users, expert assessments, and composite indices composed of the above methods, when data is available (Knack 2006; Ledeneva 2009).

More comprehensive measures of corruption should include objective measurements (of what is actually occurring) and subjective assessments (of how those involved perceive or understand what is occurring). The information is needed because the reactions of people to anti-corruption efforts will be governed by their own perceptions (Galtung et al. 2013). Therefore, the cultural approaches to culture also underline that compliance should be norm based as much as enforcement based. The two should in fact be mutually self-reinforcing (Hira and Shiao 2016). Thus,

culture and norms can be reconciled with the economic approaches.

## Corruption, Development, and Globalization (Hira)

Corruption is synonymous with underdevelopment. Throughout the developing world, the ineffectiveness of government remains a major impediment to economic growth and citizen satisfaction. Corruption leads to declines in and misallocation of investment (Uhlenbruck et al. 2006). Concerns about corruption have led to ongoing spontaneous protests throughout the developing world, which increasingly evolve into more organized anti-corruption movements, such as the Hazare movement in India which sprang up in 2011. While NGOs such as Transparency International play a valuable assisting role, the role of international organizations and multinational corporations (MNCs) is more scrutinized.

By their charters, the World Bank and the IMF can not engage in domestic politics. Yet, their activities speak otherwise. Numerous reform efforts, often tied to meeting international debt obligations, have followed the logical lines of creating a Weberian type bureaucracy, meritocratic, transparent, and accountable to national interests. Moreover, since the 1980s, increasing emphasis has been placed on reducing the role of the government, including extensive privatization of state-owned enterprises, aka neoliberalism. The World Bank's own governance indicators have become a primary means to measure corruption. Measuring items such as days to open a new business, the indicators reflect the difficulties created by both bureaucratic inefficiency and corruption. At the same time, such surveys (including that of Transparency International) are often accused of being biased toward Western interests in market liberalization, to assure investors. As a result, the efforts have more recently attempted to engage in citizen surveys and broader indicators to reflect more domestic sentiment. Yet, the choice of indicators and how they are reported and used, despite warnings by the issuers, remains controversial. There is no indication based on indices that neoliberalism has had any effect on levels of corruption. In broad terms, international organizations as well as foreign NGOs have to deal with host governments in order to be able to operate, thus exposing them to tacit cooperation with often corrupt entities.

Certain international organizations have taken a more active stance. The United Nations, for example, created the UN Global Compact in 2000 to set up principles for MNC activity, including reducing collusion for corruption. The UN has also set up certain organizations such as CICIG (International Commission Against Impunity in Guatemala) which have acquired quasi-legal status, at the behest of the host government, to fight corruption and human rights abuses. The International Criminal Court, set up to deal with the latter, does not have any mandate for dealing with corruption.

Findings on MNC activities are blurry. MNCs are routinely accused of shady deals with corrupt governments, with trillions unaccounted for, such as the recurrent scandals around Nigeria's oil industry or many arms deals. MNCs often counter that they are merely following local practices and have a better record than domestic counterparts. Statutes in the West designed to curb such practices, such as the US Foreign Corrupt Practices Act, seem to have quite limited practical effect in reducing corruption. Some would go further and state that even some legal mechanisms, such as export financing, amount to effective subsidies. However, countries wanting to curb such practices find their MNCs complaining that they will be shut out of such markets by their competitors, including those from emerging markets who face minimal pressure, if they do so. MNCs frequently use their global nature, for example, through transfer pricing to subsidiaries, to reduce taxes and hide transactions from prying eyes. In turn, governments seeking to crackdown on unwanted MNC behavior face the possibility that they will lose work to countries willing to look the other way. In line with the Global Compact, MNCs have ubiquitously adopted corporate social responsibility platforms. However, analysis of such behavior indicates haphazard, at best

compliance, even when there are third-party monitors (Hira and Benson-Rea 2017).

The problem for curbing corruption on a global scale is even more daunting, given the setup of the global financial system. As revealed in reporting around the Panama Papers emerging from a hack of a legal firm in 2016, individuals and companies everywhere freely use non-reported offshore banking havens to hide assets from tax collectors and for use in illicit activities. Despite some increase in reporting requirements following the 2008 financial crisis, Western government are still unwilling to close down such havens.

## Conclusion and Recommendations

Developing countries clearly lack or are underdeveloped in terms of accountability and transparency, ranging from property rights to independent judiciaries. Yet, attempts to create such institutions as meritocratic recruitment have generally met with resistance, which can be explained by deeply embedded cultural norms. In considering the economic vs. the cultural approaches to corruption, we find that both work together. In the development of rule of law and good governance in the West, cultural and bureaucratic norms were established that were then reinforced through legal sanctions. The occasional scandal that grabs media attention in the West and bigger questions around campaign finance and procurement contracts demonstrate that such norms are not only alive and well, but necessary for a legal regime to be effective. Emerging measurements of corruption seek to combine elements of objective transparency and accountability with perceptions, addressing the principle weaknesses of both survey- and expert-based assessments. The development of the internet also holds promise for increasing transparency, for example, by making budgets and procurement contracts publically available.

Acknowledging that culture or group norms have a direct impact on levels of corruption is not the same as finding causal mechanisms that would suggest reforms (Licht et al. 2007). Examining the history of anti-corruption in the West reveals that rule of law evolved over centuries and that vigilance must be constant. History cannot be reproduced, thus suggesting that while there may be some general lessons, it is likely that each region, or possibly each country, must find its own way forward. Complicating the situation even further in developing countries is the fragile nature of their states, postcolonial, and fragmented along ethnic, religious, and class lines; traditional institutions persist in the shadow of formal Western ones (Hira 2016). The persistence of institutions over long periods of time suggests a far greater effort is needed to make inroads on corruption (Acemoglu et al. 2001).

## Cross-References


- ▶ Ethical Probity in Public Service
- ▶ Integrity in the Public Service
- ▶ Political Corruption
- ▶ Public Corruption
- ▶ Public Values in Public Organizations
- ▶ Transparency


## References


Acemoglu D, Simon J, Robinson JA (2001) The colonial origins of comparative development: an empirical investigation. Am Econ Rev 91:1369–1401

Akerlof GA (1970) The market for "lemons": quality uncertainty and the market mechanism. Q J Econ 84(3):488–500

Axelrod R (1984) The evolution of cooperation. Basic Books, New York

Bayless M (2012) Sin and filth in medieval culture: the devil in the latrine. Routledge, New York

Bellver A, Kaufmann D (2005) Transparenting transparency: initial empirics and policy applications. World Bank policy research working paper

Blundo G (2007) Hidden acts, open talks. How anthropology can "observe" and describe corruption. In: Nuijten M (ed) Corruption and the secret of law. Ashgate, Farnham, pp 27–53

Boissevain J (1989) Patronage in Sicily. In: Johnston M, Heidenheimer AJ (eds) Political corruption: a handbook. Transaction Publishers, New Brunswick, pp 307–325

Brunneti A, Weder B (2003) A free press is bad news for corruotion. Public Econ 87(7–8):1801–1824

Campbell JK (1989) Village friendship and patronage. In: Johnston M, Heidenheimer AJ (eds) Political

corruption: a handbook. Transaction Publisher, New Burnswick, pp 327–337
Coase RH (1960) The problem of social cost. J Law Econ 3:1–44
Gallup (2012) Voice of the people end of year survey from http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/33504
Galtung F, Shacklock A et al (2013) Measuring corruption. Ashgate Publishing, London
Hardoon D, Heinrich F (2013) Global corruption barometer. Transparency International, Berlin
Hira A (2015) Three perspectives on human irrationality. The Book Guild, London
Hira A (2016) Broken windows: why culture matters in corruption reform. J Dev Soc 32(1):1–16
Hira A, Benson Rea M (2017) Shirt off your back? Prospects for ethical clothing manufacture in the post-ran plaza era. Palgrave Macmillan, New York
Hira A, Shiao K (2016) Understanding the deep roots of success in effective civil services. J Dev Stud 32(1):17–43
Hofstede G, Hofstede GJ (2005) Cultures and organizations: software of the mind, 2nd edn. McGraw-Hill USA
Hollyer JR, Rosendorff BP, Vreeland JR (2014) Measuring transparency. Policy Anal:1–22
Jackall R (2010) Moral mazes: the world of corporate managers. Oxford University Press, New York
Jancsics D (2014) Interdisciplinary perspectives on corruption. Sociol Compass 8(4):358–372
Jaskiewicz PKU, Balkin DB, Reay T (2013) Is nepotism good or bad? Types of nepotism and implications for knowledge management. Fam Bus Rev 26:121–139
Knack S (2006) Measuring corruption in Eastern Europe and Central Asia: a critique of the cross-country indicators. World Bank, Washington, DC
Kravtsova M, Oshchepkov AY et al (2014) Corruption and social values: do postmaterialists justify bribery? Higher school of economics research paper no. WP BRP 34
Krueger AO (1974) The political economy of the rent-seeking society. Am Econ Rev 64:291–303
Kunicov'a J, Rose-Ackerman S (2005) Electoral rules and constitutional structures as constraints on corruption. Br J Polit Sci 35:573–606
Lambsdorff JG (2002) Corruption and rent seeking. Public Choice 113:97–125
Lambsdorff JG, Taube M, Schramm M (2005) The new institutional economics of corruption. Routledge, New York
Ledeneva A (2009) Corruption in postcommunist societies in Europe: a re-examination. Perspect Eur Polit Soc 10(1):69–86
Licht AN, Chanan G, Schwartz SH (2007) Culture rules: the foundations of the rule of law and other forms of governance. J Comp Econ 35(4):659–688
Lindstedt C, Naurin D (2010) Transparency is not enough: making transparency effective in reducing corruption. Int Polit Sci Rev 31(3):301–322
Lomintz LLA (1988) Informal exchange networks in formal systems: a theoretical model. Am Anthropol New Series 90(1):42–55
Lomnitz LA, Sheinbaum D (2004) Trust, social networks and the informal economy: a comparative analysis. Rev Soc 10:2–26
Miller GJ (2005) The political evolution of principal-agent models. Annu Revision Polit Sci 8:203–225
Miller S, Roberts P, Spence E (2005) Corruption and anti-corruption: the applied philosophical approach. Pearson, Upper Saddle River
Møller J, Skaaning S-E (2014) The rule of law. Palgrave Macmillan, Basingstoke
(Baron de) Montesquieu, Charles de Secondat (1748) The spirit of laws. Crowder, Wark, and Payne, London
Murillo M (2012) Towards measuring government transparency through measuring data openness
Murillo MJ (2014) Evaluating the role of online data availability: the case of economic and institutional transparency in sixteen Latin American nations. Int Polit Sci Rev 0192512114541163
Neild R (2002) Public corruption: the dark side of social evolution. Anthem Press, London
Oldenburg P (1987) Middlemen in third-world corruption: implications of an Indian case. World Polit 39: 508–535
Piotrowski S (2010) Measuring municipal transparency. In: 14th IRSPM conference, Bern
Raadschelders JCN, Rutgers MR (1996) The evolution of civil service systems, 67–99 in Hans AGM Bekke, James L. Perry Theo A.J. Toonen, Civil service systems ion comparative perspective. Indiana University Press, Bloomington
Riley P, Roy RK (2016) Corruption and anticorruption: the case of India. J Dev Soc 32(1):73–99
Shkabatur J (2013) Transparency with(out) accountability: open government in the United States. Yale Law Policy Rev 31(1):80
Spence M, Zeckhauser R (1971) Insurance, information, and individual action. Am Econ Rev 61(2):380–387
TI (2015) Corruption perceptions index 2015: full source description. T. International. Transparency International, Berlin
Torsello D (2014) Corruption as social exchange: the view from anthropology. University of Bergamo, Bergamo
Treisman D (2000) The causes of corruption: a cross-national analysis. J Public Econ 76:399–457
Treisman D (2007) What have we learned about the causes of corruption from ten years of cross-national empirical research? Annu Rev Polit Sci 10:211–244
Uhlenbruck K, Rodriguez P, Doh J, Eden L (2006) The impact of corruption on entry strategy:evidence from telecommunication projects in emerging economies. Organiz Sci 17(3):402–414
Von Alemann U (2004) The unknown depths of political theory: the case for a multidimensional concept of corruption. Crime Law Soc Chang 42(1):25–34
WB (2015) Enterprise surveys indicator description. T. W. Bank, The World Bank
Weber M (1978 [orig. 1922]) Economy and society. University of California Press, Berkeley
Zimring FE, Johnson DT (2005) On the comparative study of corruption. Br J Criminol 45(6):793–809

# Public Administration and Gender Issues

Lynda Boswell
International Public Policy and Administration, and Monitoring and Evaluation Expert, Stratton, CO, USA

## Synonyms

Bureaucracy; Gender-women-females; Governance; Laws; Organizational development; Public administration-policy

## Definition

Public administration refers to the surface mechanics of establishing governance and policies, through institutional development, regulations, laws, implementation, and policies. Gender refers to women or females. Genderizing refers to making distinctions based on gender.

## Introduction

As a student and practitioner of public administration, gender was not a specialized topic. The study of classic public administration included structure, bureaucracies, activities, responsibilities, and organizational development (Stillman 2009). In addition, education in the United States on public administration concentrated on surface values and construction of public administration (Shafritz and Hyde 2011). Gender did not have a specific role, be it positive, negative, or neutral.

The experience of genderizing seemed to gain prominence through the recent establishment of the constitutions in Iraq and Afghanistan after the United States provided much influence. Gender became a political issue and memorialized as a public administration issue (through the use of quotas in elections). Although the United States touts its foreign aid policies to enable recipients to have a more inclusive government with female quota, this would not be something that the United States would have in its own constitution.

The purpose of this entry is to provide a more global overview of public administration and gender in the context of the international arena. Though the Middle East region may or may not have issues in gender inclusion, Western and Asian arenas have their own issues regarding gender. Encouraging inclusion of gender in public administration would be a common sense approach, and unfortunately, this is a case of "do as I say, not as I do." Surprisingly, we will find that some of the more conservative (e.g., monarchies or Islamic) countries (or those deemed as non-democratic) are more inclusive of gender in public administration. The type of governance is not as important (i.e., dictatorship, democracy, monarchy, etc.) as understanding the benefits of including gender roles in international public administration (Bertucci and Alberti 2005, Frankfort-Nachmias and Nachmia 2008).

## Fundamentals of Public Administration

In the study of public administration in general, distinctions are made in terms of the regional study of public administration. Denmark focuses on Europe and the Western world. The United States and Australia have specific exchanges with China in its public administration program, differentiating the Chinese element. Turkey and the Middle East also have their concentration specific for the area and international borders close to them. The same goes for Latin America, Russia, and any other region not specifically mentioned. The common thread among the country-specific specializations of public administration is structure, organization, compliance, and implementation. Regardless of the region and type of government, these four elements are consistent.

In every government is a structure, and in this case, it will be the type of government. The traditional types of government today include democracy, republic, monarchy, anarchy, authoritarian, commonwealth, communist, aristocracy, dictatorship, democratic republic, ecclesiastical, emirate, federal, socialism, theocracy, Islamic republic,

totalitarian, and a few more. Combinations of types of government also exist in which even a communist government provides for democratic elections. Democratic governments provide for oligarchy direction. Theocracies become inclusive of secular laws. Government structure is fluid and so is its definition. In any government structure, a leader or leaders exist. Regardless of the state or continuum of a government structure, agreement in all regions is the recognition of the various types (and hybrids) of government that exists today.

Once the structure is known, the next major foundation of public administration is in its organization. Organization is a very broad topic. Heady (1991) did a good job in bringing forth a way to examine some common themes for comparative public administration. Here, the diversity of organization becomes apparent in the hundreds of ways in which one organizes types of government from the views of culture, development, bureaucracy, political parties, classical administration, religion, causes, etc. Again, the possible ways to organize a type of government also are multitudinous.

Included as a foundation of public administration is a semblance of compliance. This means that those who are active in the type of government, through its leadership, bureaucracy, involvement, organization, and contribution, agree toward a set of goals, whatever that may be. The goals could be making the leadership look good, or to ensure the citizens do not get agitated, a benevolent or social program, keeping one's power in the organization, trying to upend the leadership or government. Regardless of the reasons for compliance, good or bad, a group of individuals will move forward to comply with and move to advance the purpose they see.

Finally, through this very bare-boned foundational aspect of public administration, implementation is the last key. Here, the classics and neo-modern elements of Western public administration begin to have relevance regardless of structure, organization, and compliance. Perry (1996) systematically lays out several elements for implementing public administration. Along with the works collected by Shafritz and Hyde (2011), focus turns to the individual actors as public administrators. To bring implementation to one more level, Cooper and Wright (1992) focus on individual acts of public administrators through examining character and leadership.

The following section focuses on the last part of the foundation of public administration, and that is implementation of public administration through indirect, direct, and bureaucratic involvement of women (Bustelo 2003). Many women throughout history and current have amazing contributions to public administration; however, for the purposes of this entry, a few are highlighted with the hopes of sparking renewed interest in going further than what is written here. Also, many sage authors of public administration and incredibly capable studies exist in this forum (Schachter 2011, Stivers 2002), that much of the seminal works in this growing area were not included. This is not to slight or ignore those important works, and the nature of this entry is to pique interest, challenge, and encourage further examination.

## Models of Public Administration and Gender

### Gender Influence: Indirect

For a monarchy, Jordan is a positive example of female contributions through its Queen, Rania. Though not a direct political player, she is involved in the governance through portrayal and representation of women in general for the causes she is involved in. She empowers women as the Queen to a benevolent King because she demonstrates that she can be a strong Muslim woman who can bring about positive social change within her community, which happens to be Jordan. Perhaps she tempers him, or he ensures she flourishes as a woman, her involvement in public causes provides positive influences in Jordanian governance. Although the Middle East, and especially Jordan, is still ranked low in global gender gap (World Economic Forum), it does not portray the level of involvement in public administration, either governance or bureaucracy. In this, those areas, Jordan, and especially Queen

Rania's indirect influence provide positive contribution to the causes that are important to her, health and education.

Another indirect influence was that of Masako, the Crown Princess of Japan. With her Western education, lifestyle, leadership, and activism, many young Japanese women hoped for change with her marriage to the Crown Prince of Japan. To the disappointment of those women, the fact that she has demurely accepted her role as the same as many before her, in the lack of any activism, leadership, or positive role model in influencing public administration, it is no surprise that representation and respect for women are not encouraged. If the Western educated confident princess cannot speak her voice, what chance would any woman? Although the country's traditions do not allow the princess to be engaged in public causes, it does not make her mute. In contrast to Queen Rania and King Adbullah II of Jordan, malnourishment of a woman's natural leadership in areas she is strong in may contribute to her declining health. At the least, Crown Princess's silence continues to contribute to the pressures and silence of Japanese women.

### Gender Influence: Direct

Notable direct players in public administration are the elected or appointed leadership of women in several countries. Chosen for inclusion in this entry are South Korea, Turkey, the United Kingdom, Germany, and Pakistan. Some are good examples and some are controversial or even bad examples.

Time will tell the legacy of South Korea's current leader, Park Geun-hye. She was one of the most powerful women in East Asia, and the first being democratically elected. She has had the opportunity to be included in the public administration of her country through her political party, parliamentary representation, and familial legacy. She brought compassion during the difficulties of the assassinations of her parents, and realization that he father may not have had the country's best interests through his purported human rights abuses in South Korea. Despite violence against her, her responses were compassionate and have won the hearts of her fellow citizens throughout her political journey. She has been able to bring attention to gender issues to the national forefront as part of social policy. Her inclusion in public administration has had a positive effect thus far in advancing the voice of women and their issues in South Korea Despite these notable accomplishments, she was being impeached.

Tansu Ciller's leadership in Turkey as the Prime Minister was an example of strength and elegance. Even after Ciller was no longer in office in the early 1990s, women have increasingly had opportunities in areas such as education, employment, and rights. During her time in leadership, Ciller was perceived to be strong because of her position in public administration and provided hope for other Turkish women in leadership. However, her critics claimed that she used her femininity and was unsure (Kesgin 2012). The same critic would go on to say that the evidence laid with her not challenging the military during the PKK uprisings and was less than average in terms of Turkish leadership. Regardless, for the area of the world she was in, the fact that a woman led Turkey was an accomplishment. The values of the founder of Turkey (Ataturk) which among others included education, political rights, and social justice for both women and men did not fade with Ciller's leadership but continued in those legacies.

Margaret Thatcher from the United Kingdom was a direct influence in public administration through her political positions, which culminated in her leadership as Prime Minister. Her greatest legacy was the enduring mark she has left in the UK government, through policies, determination, and even in her resignation. Her direct involvement in not just politics but in policy-making, whether popular or not, demonstrates that her position in leadership was not less nor more than any other of her male counterparts who came before her or after her in terms of the citizens' like or dislike of what she has done or promoted. Known to be abrasive, she managed a war with Argentina and would be considered a nemesis to anyone she would strongly disagree with in terms of her politics or position. Inadvertently though, Margaret Thatcher provided an avenue of encouragement for women in the public administration sector.

Germany's appointed Chancellor, Angela Merkel provides an interesting contrast in public administration. On one hand, she started out as an administrative bureaucrat in East Germany and then elected after the German Reunification in 1990. Later she would be appointed as the Minister of Women and Youth. In 2005, she became the Chancellor. On the other hand, she has been criticized for not bringing forth more policies in gender equality, and she is not considered a role model for women. This dichotomy is the very reason why public administration should be more inclusive of women. Including women does not mean including feminism, feminist agendas, or even pushing forth women's rights. Including women, however, does mean that strong women, like Angela Merkel, have influence in politics for the good of her constituents, which also include men and Germany in the world arena. Like in indirect influences of women in public administration, her interests may not be in those feminist agendas, but potentially world leadership, and most certainly leadership and stalwart of the European Union. No one doubts the power of Germany, and that power is a woman who was afforded the opportunity to be involved in public administration.

The leadership of Benazir Bhutto in Pakistan was an accomplishment in the field of public administration in a Muslim nation. Despite the allegations of corruption charges, and difficulties during her first reign, her party did lose the seat that put her in power in the first place. During her second reign as Prime Minister, more of her family members became embroiled in corruption scandals that would eventually lead to not only legal charges but also to a self-imposed exile. Her causes for empowerment of women through education, employment opportunities, and family planning provided hope for women in Pakistan. Her attempts to tie in both the West and Islamic ideology in politics were also a hope that was unfortunately derailed through the actions of the Pakistani parties (including hers) and her assassination. Bhutto was not merely a woman who became a Prime Minister, but she created a momentum to influence politics in Pakistan even after her death.

### Gender Influence: Bureaucracy

Several authors argued for a logical explanation in having a broader gender inclusive bureaucracy: it levels the playing field for a variety of causes, policies, and general public administration. What has been unfortunate is that certain public sectors have an overabundance of women that presumes a woman's role (which is not what is meant by inclusion) such as education, gender issues, and health care. Although those areas are important for women to formulate policy direction, women should be included in other areas such as budgeting, social policy, defense, and culture. Keiser et al. (2000) concluded that increased participation of women in bureaucracy can lead to active participation in forwarding gender positive issues or problems.

Some countries have female quotas for representatives in government, and others encourage the hiring of females in the bureaucratic systems. Whichever manner a government chooses to encourage participation of women in public administration, those efforts generally provide positive results in terms of balancing and prioritizing the needs of a country. That is not to say that having an all-male governance is not equipped to understand or handle some of the societal issues that can only be solved through government, but it is to say that even with a multitude of male-centered solutions, women could offer different perspectives to enhance and consider for the contribution of its citizens (Meier and Funk 2016). Although there have been critics to quotas and efforts such as affirmative action, regardless of the target of those quotas, inclusion benefits the community.

## Female Leadership

Public administration and gender does not presume that every woman who steps into any government role, be it direct, non-direct, or bureaucratic will be a leader (Schachter 2015). In some areas of governance, expectations of a woman (rather than an employee or leader) can get in the way of building coalitions, advocacy, and workplace environment. Some of those

expectations include the sexuality of women, roles that are in servitude of men (serving tea and coffee), being silent, tolerating inappropriate behavior by other staff, etc. As many problems women may or do face in the field of public administration, benefits and overcoming those problems will lead to a more productive bureaucracy.

Thanks to the compilation of Leadership provided by Hickman ed. (2010), one particular article, defined universally the problems women face in leadership (Eagly and Carli 2010). Briefly mentioned in this topic are elements eluded to which included words such as demure, compassionate, abrasive, nurturing, perceptive, and intimidation. When describing any woman in the context of her abilities as a public administrator, though some of those words would be positive in different environments, they do nothing to describe her actual ability in the performance of her task for the good of the organization.

Hinted at earlier was the implementation as one of the foundations for public administration, and implementation is a personal journey. Many examples of good public administrators have characters and qualities that are not gender-centric, i.e., any man or woman has the character and leadership that make them exemplary. Different types of leaders and staff work at all levels of government from the highest to the lowest (Wren 1995). Again, this crosses all regional public administration boundaries from around the world. Implementation crosses all areas of any government structure and organization. Therefore, since implementation is a personal journey, and every man and woman who serves in this capacity has its own quality to bring to governance, then gender in public administration would only strengthen the existing structure and provide perspectives through a gender-inclusive public administration.

For women who wish to build on their leadership skills, several excellent public administration and general leadership books and articles exist. In mining the different aspects and ways to lead, even types of leadership depending on situations, it is important that she does not lose herself in all that she may find she would like to do, but to keep in mind staying true to her character and recognizing effective and ineffective ways to promote change in the situation and in herself. A woman will have fans and detractors in her role within public administration. Just like in any political situation, even a man surrounds himself with those who would benefit him and his cause, likewise this is not any different from a woman. The situation in serving a leadership role in public administration may be more or less difficult, depending on which region one is serving, and gender inclusion allows for a more full understanding of how women navigate their careers in this sector.

## Conclusion

Some countries have chosen to memorialize the inclusion of gender within public administration through election quotas and preferences in hiring women. More of the Middle East and Central Asia have these female election quotas, whereas the more democratic (Western) countries do not. The reasons for this are not known and will not be explored here. Many in the Western arena do have policies in action to increase female opportunities in public administration fields, whereas other regions do not. Regardless of how a country genderizes it government, any time these efforts lead to more women involved in the governance of the citizens, it rounds out the potential for a country to view women as partners and to have more equal partnerships within its policies and laws (D'Agostino 2016).

Having a more gender-inclusive governance is not the panacea for good governance. Regardless of gender, corruption and bad motives will always exist when it comes to ruling over citizens (Henry 1995). Genderizing is way to provide balance and voice, good or bad, to allow public administration to play out (Clark 2000, Dolan 2000, Kabir 2013, UNDP 2014, 2016). Implications of including women are the typical stereotypes of nurturer, compassion, inclination for less violence, and balance against male stereotypes of aggression, selfishness, and egotism (Eagly and Carli 2010). This is not to say that women do not have the negative

stereotypes of men and that men do have the positive stereotypes of women. Genderizing provides more balance than exclusion of women in public administration. With bad or good intentions of female inclusion, it is still better to balance public administration in general in the increased likelihood of a positive contribution to governance (Cantarelli et al. 2016, Durant and Rosenbloom 2016). Much room exists to expand on any areas written here. However, the conclusion will remain the same, that public administration and gender, taking on the many flavors or regions, and governments, have positive contributions for those willing to respect the intelligence and perspective a woman brings to governance.

## Cross-References


- ▶ Collaborative Public Management (CPM)
- ▶ Globalization and Gender Frontiers
- ▶ Globalization and Public Administration


## References


Bertucci G, Alberti A (2005) The United Nations programme in public administration: reinventing itself to help reinvent public administration. Int Rev Adm Sci 7(2):337–353. https://doi.org/10.1177/0020852305053891

Bustelo M (2003) Evaluation of gender mainstreaming: ideas from a meta-evaluation study, vol 9. Sage, London, pp 383–403, 4

Cantarelli P, Belardinelli P, Belle N (2016) A meta-analysis of job satisfaction correlates in the public administration literature. Rev Publ Pers Admin 36(2):115–144

Clark LL (2000) The rise of professional women in France: gender and public administration since 1830. Cambridge University Press, Cambridge

Cooper TL, Wright ND (eds) (1992) Exemplary public administrators. Jossey-Bass Publishers, San Francisco

D'Agostino MJ (2016) Changing the narrative: the difference women make in public administration. Admin Soc, Advance online publication:1–11. https://doi.org/10.1177/0095399716641986

Dolan J (2000) The senior executive service: gender, attitudes, and representative bureaucracy. J Publ Admin Res Theory 10(3):513–530

Durant RF, Rosenbloom DH (2016) The hollowing of American public administration. Am Rev Publ Admin. https://doi.org/10.1177/0275074015627218

Eagly AH, Carli LL (2010) Women and the labyrinth of leadership. In: Hickman RJ (ed) Leading organizations: perspectives for a new era, 2nd edn, pp 439–447

Frankfort-Nachmias C, Nachmias D (2008) Research methods in the social sciences, 7th edn. Worth Publishers, New York

Heady F (1991) Public administration: a comparative perspective, 4th edn. Marcel Dekker, Inc., New York

Henry N (1995) Public administration and public affairs, 6th edn. Prentice Hall, Inc., Englewood Cliffs

Hickman GR (ed) (2010) Leading organizations: perspectives for a new era, 2nd edn. Los Angeles, Sage

Kabir SL (2013) Key issues in women's representation in bureaucracy: lessons from the South Asia. Publ Organ Rev 13(4):427–442. https://doi.org/10.1007/s11115-013-0261-8

Keiser LR, Wilkins VM, Meier KJ, Holland C (2000) Lipstick and logarithms L gender, institutional context, and representative bureaucracy. American Political Science Association Meeting August 31–September 2, 2000

Kesgin B (2012) Tansu Çiller's leadership traits and foreign policy. Perception 17(3):29–50. Retrieved from http://search.proquest.com.ezp.waldenulibrary.org/docview/1196598819?accountid=14872

Meier KJ, Funk KD (2016) Women and public administration in a comparative perspective: the case of representation in Brazilian local governments. Admin Soc:1–22. https://doi.org/10.1177/0095399715626201

Perry JL (ed) (1996) Handbook of public administration, 2nd edn. Jossey-Bass Publishers, San Francisco

Schachter HL (2011) The New York school of philanthropy, the bureau of municipal research, and the trail of the missing women: a public administration history detective story. Admin Soc 43(1):3–21. https://doi.org/10.1177/0095399710382734

Schachter HL (2015) Women in public administration: giving gender a place in education for leadership. Admin Soc:1–16. https://doi.org/10.1177/0095399715611173

Shafrtiz JM, Hyde AC (eds) (2011) Classics of public administration, 7th edition, Boston. Moore Publishing Company, Inc., Oak Park

Stilman RJ (2009) Public administration: concepts and cases, 9th edn. Wadsworth Publishing, Boston

Stivers C (2002) Gender images in public administration: legitimacy and the administrative state, 2nd edn. Sage, Thousand Oaks. https://doi.org/10.1177/0734371x02250115

United Nations Development Programme (2014) Gender equality in public administration. UNDP, New York

United Nations Development Programme (2016) Women empowerment and gender equality: UNDP in Turkey. Retrieved from www.tr.undp.org/content/turkey/en/home/ourwork/democraticgovernance/in_depth/WomenEmpowermentandGenderEquality.html

Wren JT (ed) (1995) The leader's companion. The Free Press, New York

# Public Administration and Governance in Comparative Perspectives: Nigeria and South Africa

Olugbemiga Samuel Afolabi[1,2] and Gideon Olusola Durodola[1]
[1]Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria
[2]Department of Political Science, Osun State University, Osogbo, Nigeria

## Synonyms

Bureaucracy; Policy process; Public good; Public management; Public service

## Definition

Public administration deals with formulation and implementation of government policies for the public good and for the betterment of the general populace in all countries. The linkage of public administration to governance is seen if greater number of the populace benefits from governmental actions and inactions, which are implemented in the form of policies through the bureaucracy.

## Introduction

In the realm of determining the success of states and nation-states, it becomes compelling to examine the processes of governance and public administration responsible for the success or otherwise of such states. Through the study of the modes and operation of administration and governance, it is possible to project into what the future of a state leaning on past and present experiences in determining the future. However, it is never enough to examine oneself without juxtaposing one's reality with that of other contemporaries.

Comparison essentially involves placing side by side the predominant realities between states in a bid to reach conclusions and make inferences into the future of states. Admittedly, comparison can take different forms, it could be carried out between two or more states or between one state and more than one other state, and it could also be between histories, economies, and systems of government, for example, a democracy state could be compared with another or a dictatorship with a monarchy. It is however noteworthy that no two states can be exactly the same no matter the degree of similarity nor completely incomparable no matter the extent of difference.

Nigeria and South Africa are two African nations considered to have been competitors and rivals in diverse areas, ranging from standard of living, good governance and administration, and music to sport and social cultural life, among many others. Historically, both nations are related on certain degrees of ties, interaction, and conflict periods including Nigeria's prominent role during the South African apartheid and the xenophobic attacks against Nigerians living in South Africa.

Other than these, the attention of researchers and public commentators is often more drawn to the process of governance and public administration in each state, and often, comparison is made among a myriad of elements surrounding the public administration and state governance. This paper examines the situation of public administration and governance in each state and thereafter makes comparison between the two largest economies in Africa in terms of public administration and governance with practical policy options and recommendations.

## Understanding Public Administration and Governance

Public administration is related to government and society. The word "public" connotes that which is separate from personal or private life; it has to do with that which is general, which is relating to or pertaining to everyone within a state as opposed to personal or group affair. Administration is an organizational term which relates to the process of carrying out the will and

agenda of the organization, but in the case of this paper, the state is considered as an organization.

Public administration therefore suggests the arrangements and structures through which public values, goods, or services are generated, administered, and delivered. As a field of study, it refers to the academic discipline which studies the mechanics or structures through which government plans and implements its programs. The main thrust of public administration as an academic discipline is the development of a public sector organization theory different from the intellectual leaning of private sector organization theory and market principle (McLean 2003).

Summarily, public administration can be seen as the utilization of theories and principles of administration in the public realm within a state. It has to do with the application of administrative logic in the running of a state, viz., the making and implementation of government policies in view of effectively bringing the state to its full and sustainable development goals.

Relatedly, governance is one of the most popular concepts in the field of political science; its relevance cuts across all forms of organized groups and institutions upon the globe. The term "governance" finds its etymology in the ancient Greek, and it literarily suggests "control," "steering," "guiding," or "maneuvering a ship or a land-based vehicle." From this, it can be deduced that governance has to do with the process of control or the existing structure, set of operational rule, and regulation within which public administration is expressed.

Governance is a system through which "power is exercised in the management of a country's political, economic and social resources for development." The emphasis here, according to the World Bank, is "the use of power to control political and economic resources of the nation." Thus, governance is about securing political power in order to control economic power for the purpose of nation's development. While the definition is true to the developed nations of the world, it is far from being true in the third-world countries, especially in most African nations. Most African leaders cannot differentiate between private and public organization; they run nation like their personal businesses and corner nation's wealth for themselves and their cliques (World Bank 1993).

The essence of governance is not merely in its existence within a state but in its quality, its proficiency, and its degree of successes, and the basic examination is if the governance is good or bad. Therefore, the United Nations Development Program (2002) declared that "good governance" is about striving for the rule of law, transparency, equity, effectiveness/efficiency, accountability, and strategic vision in the exercise of political, economic, and administrative authority. In other words, it could be seen as a process where public officers and institutions conduct public affairs and manage public resources effectively through the above-listed conditions.

## Public Administration in Nigeria and South Africa: An Overview

The United Nations Development Program (UNDP) lists five areas to achieve good governance goals. The first is governing institutions followed by civil society organizations, decentralization and support to local governance, governance in special circumstances, and public and private sector management (Governance for Sustainable Human Development 2005). In a similar direction, public administration is only considered to be effective to such an end if there is sufficient availability and equal distribution of state values and resources. It is expected that the rendering of public services must be without bias or prejudice as well as void of manipulations, abuse, or misuse of administrative offices and privileges. Although each of public administration and governance has distinct and peculiar challenges in states, it is however true that most of these issues are closely related. This claim is exact in African states where similar problems plague governance and public administration and it is in this perspective that Nigeria and South Africa are discussed below.

## Public Administration and Governance in Nigeria

Having celebrated 60 years of independence from colonial rule, Nigeria has drawn the attention of

citizens, political scholars, researchers, and international actors. The reason why Nigeria has attracted so much attention is not a far-fetched, and this is due to the fact that the West African state is richly blessed in both human and natural resources as well as having a good climatic condition, encouraging an influx of foreign investors and multinational companies to the country. An observant thinker will readily agree that Nigeria has all it takes to become one of the leading nations in the world in terms of development. However, the irony of the Nigerian state has attracted great concern in recent times as to why such a naturally blessed and humanly buoyant entity could be listed among the poorest nations of the world. The situation of Nigeria can therefore be paradoxically expressed as "so rich, yet so poor."

The decadence in the structural operation in Nigeria is a true reflection of the poverty level in the public administrative and governance substructures of the republic. The plagues and pitiable situation of the "Giant of Africa's" governance and public administration are discussed below.

1. **Bribery and Corruption**
   Bribery and corruption in Nigeria stand as a chief plague eating grievously into the nation's political and economic image. Bribery and corruption in Nigeria range from public servants accepting bribes, grafts, and gratifications for carrying out their lawful duties to inflation of contract awards so as to collect kickbacks from contractors in return. It also ranges from embezzlement and misappropriation of public funds to direct looting of the treasury (Achimugu et al. 2013). For example, the sum of five billion Naira (N5b) was allocated to nonexistent agencies in the 2010 national budget (Nigerian Tribune 2010). Furthermore, crude swaps due to subsidy and domestic crude allocation from 2005 to 2012 indicated that 11.63 billion US dollars were paid to the Nigerian National Petroleum Corporation (NNPC), but there was no evidence of the money being remitted to the federation account. The challenges posed by bribery and corruption have and still lead to other problems like poor remuneration of workers, strike actions, unemployment, increase in crime rate, and so on.
2. **Rigidity and Red Tape**
   Another difficulty that characterizes the failure and ineffectiveness of Nigeria's public administration is bureaucratic rigidity. Bureaucracy in Nigeria is yoked with excess adherence to protocols which have down turned its effectiveness and efficiency. Extreme strict adherence to rules, policies, and procedures produces timidity, conservatism, and technicism in the public servants. Besides, formalism and ritualism prevail in societies or organizations in which members cling tenaciously to bureaucratic principles and practices; this is the case in Nigeria, in the words of (Ezeani 2005).
3. **Crimes and Insecurity**
   Safety and security of lives and property are necessary for the development of a nation. However, Nigeria is currently bedeviled with the problems of crime and insecurity. The vices manifest in frequent cases of armed robbery, pen robbery, religious riots, inter-ethnic clashes, youth restiveness, political thuggery, rape of women, Boko Haram insurgency, ethnic militias, secret cult activities, herdsmen attacks, child trafficking, kidnappings, and a host of others (Njoku 2007). These are serious issues of concern as they make lives and property unsafe and threaten to dampen the country's quest for national development. In the same light, the government seems not to be really bothered as the cases of crimes, terrorism, and other vices are on the increase daily.
4. **Political Leadership and National Consciousness**
   The whole of essence of leadership is to bring about a formidable energy and motivation geared toward the attainment of the state will for the benefit of all citizens. However, it seems like the reverse is the case in terms of governance and administration in Nigeria as older citizens narrate the stories of "the good old days" to the younger ones; this is highly connected with the dwindling state of quality leadership, mirrored by the high rate of mismanagement and syphoning of public fund for personal use as well as abuse and misuse of political power due to the absence of national

consciousness. National consciousness is a mind frame that captures the whole state as one entity, as one unit and people notwithstanding the obvious diversities displayed in terms of cultures, ethnicity, religion, social status, language, political affiliations, and so on.

Regrettably in Nigeria, political leaders grossly lack national consciousness, and this also certainly contributes to leadership challenge in Nigeria as leaders in Nigeria tend to be more conscious of regional, party, and/or, amazingly, personal interest and they appear to be either clouded or completely veiled from seeing the whole essence of the country being one. Apparently, many national leaders irrespective of the conspicuousness of their offices and the sensitivity of their disposition in national matters portray themselves either overtly or silently as warriors in pursuit of sectional or personal portion of the "national cake."

5. **Political Parties, Godfatherism, and Other Related Issues**

As already established, good governance and effective public administration are only expected when there is good leadership and political parties play an inalienable role in the supply of quality leadership for different political offices across all democratic states of the world. However, Nigeria seems to reveal a reverse case as political parties have not supplied quality leadership as expected.

Amid numerous challenges surrounding political parties and leadership supply in Nigeria, godfatherism stands in a very conspicuous position. Without doubt political mentoring is a natural reality in political life as more mature political actors train and guide upcoming once. However, political mentorship in Nigeria has been changed into political lordship, political grand mastership, and party dictatorship otherwise called godfatherism – a palmerworm in Nigeria's party system, where certain individuals sustain hegemonic relevance and control. The prevalence of political godfathers has grossly grown and abused overtime. The so-called godfathers sit in elevated platforms, determining what goes in and out of political parties, party members or aspirants, and by extension the entire political landscape of the nation, thereby frustrating the natural running of the state.

Another prominent attack against leadership in Nigeria is the issues of excessive cross carpeting and lack of party ideology. The absence of a standard party ideology results in directionless leadership. Cross carpeting is another major one as politicians shuttle parties especially in electioneering periods. In these periods, politicians change parties like "transit buses." This regrettable act finds expression in virtually every state in the federation with the most recent occurrences in Edo and Ondo states at the eve of the 2020 election in each state. In Edo states, two opponents shuttled between the two main political parties in two successive electioneering sessions of 2016 and 2020. The event in Ondo state is a little more dramatic as the serving deputy governor contested against his boss huddling through two other parties before finally attaining candidacy ticket. These dramatic events are product of the party indiscipline, lack of ideology, and porosity in Nigeria leading to poor leadership supply. Other prominent problems include vote buying and the party-to-party allegiance (smaller parties have affiliations with either of the "big shots," viz., Peoples' Democratic Party and All Progressives Congress, which currently contends for national hegemony in Nigeria).

## Public Administration and Governance in South Africa

South Africa is one most the influential state in the continent of Africa. This influential is regularly attached to its trade relations investments and political engagement in the region. Another notable feature of South Africa is its large and highly most diverse and developed economy compared with many other African countries. The struggle and victory against apartheid also give it fame across Africa and beyond the continent.

However, like their Nigerian counterparts, South Africans are grossly uncomfortable with

the state of public administration and governance in the state. Very often has the South African government been accused of deficient delivery of services to citizens. This dissatisfaction appears to be an African reality or a black man syndrome. Like Nigeria, it is naturally expected that South Africans should enjoy the dividend of effective public administration and good governance. This is due to the natural, human, and industrial advantage that the country boasts of, but in reality, governance and public administration are far behind the expectation of the masses and other international observers. Some obvious challenges are thus explained below.

1. **Xenophobic attacks and economic hardship**: The xenophobic attacks in South Africa have proven to be a product of economic hardship; South Africans seem to be in affliction in their own country; they feel cheated as foreigners take over their business and wealth; this is a clear revelation of poor governance and public allocation of resources. The very attacks appeared to be beyond the control of government as foreigners especially Nigerians were killed and their businesses destroyed and burned into ashes. This claim finds a similar trace in history, for example, the killing of Jews in Nazi Germany is perceived to be a product of poor governmental administration leading to ill feelings toward foreigners; a similar occurrence is recorded in Italy under Benito Mussolini's fascist control as well as Nigeria's "Ghana must go."
2. **Political actors and corrupt practices**: In a bid to examine the success of governance and public administration performance, one cannot but come to the sad conclusion that South Africa has done well enough in the fight against corruption. This is revealed more obviously in that no accused public officers in South Africa have been brought to book or convicted whether serving or retired. It is submitted therefore that, in the absence of more appropriate political governance and the flushing out of corruption, the transparency policy being sought for will never be attained.
3. **Economic diversification**: One of the most profound successes attributed to South African government is economic diversification, blessed with abundant natural resources, the nation, more than many other African countries has proven not to be fixated on one commodity as the main source of income; also South Africa is known to have more international presence with the existence of companies like ShopRite, DSTV, Sasol, Stanbic Bank, MTN, and so on. This is an enviable feat which sends an important lesson to other African states but might question the benefits South Africans enjoy from it.
4. **Access to social amenities**: The South African government has often been accused of not delivering services to its citizens. The mass media have reported on service delivery protests that are indicative of inadequately addressed problems in the public sector. These protests cannot all be blamed on municipalities' perceived dismal performance – it is evident that something more serious underlies these problems, possibly involving underperformance in all spheres of government (Carrim 2009). The presence of inept public servants and the absence of accountability and poor human resources practices alongside poor leadership led to poor service delivery.



## Comparing Public Administration in Nigeria and South Africa

In a bid to make a clear comparison between public administration and governance in Nigeria and South Africa, it is imperative to note that certain similarities and differences shall be examined accordingly. Some of these numerous similarities and differences are discussed below.

## Similarities Between Public Administration and Governance in Nigeria and South Africa

1. **Corruption and illegal practices**: Without doubt, corruption and all its "siblings" have

found a breeding place in both Nigeria and South Africa. Within administrative walls, corruption seems to have built an edifice which expands massively as years run. It is in fact saddening that the more institutions are created to confront corruption, the more this cancer multiplies. One cannot but agree that successive governments in the two states have made efforts to eliminate corruption, but in practice, it's quite clear that these institutions are tools in the hands of current governments to bring down past political enemies while they continue in the same path with protection from the same institutions; it is therefore not surprising that these institutions themselves are highly corrupt with internal decadence, bribery, and abuse of powers.

2. **Leadership and administrative challenges**: It is possible to assume that successive changes in states' government are definitely bound to bring about improvements either by multiplying the success of previous leaders or introducing positive changes amid the failure and ruins caused by past leaders. However, to a very large extent, the case of Nigeria and South Africa seems to be a story of running with the same cycle with very meager improvements.
3. **Unemployment**: Both Nigeria and South Africa are characterized by high rate of youth unemployment. The teeming population of youths in both countries appears to be grossly unemployed. Although there is a popular reality in most African and third-world nations, it is however embarrassing that the two leading African economies wallow in the same shackles of high-level joblessness.
4. **Bureaucratic difficulties**: Another area of similarity between Nigeria and South Africa is excessive adherence to protocols; this has proven to be the strongest limitation to policy implementation processes in the two nations. The challenge of stiffened bureaucratic method is known to be a killer of initiatives and idea executions. A more alarming surge surrounding this excess use of official protocols is the prevalence of the "man knows man" (nepotism) and state capture (Afolabi 2019).
5. **Service delivery inefficiency**: Clearly, in both countries, the delivery of basic social services is on a downturn trend as citizens daily complain of limited supply or total absence of basic social amenities and services. This is revelatory of the claim that African countries are terribly backward if citizens of the two largest economies barely have access to their basic need as should be provided by the governments.

## Differences Between Public Administration and Governance in Nigeria and South Africa

1. **Diversification of Economy**
   One distinction in public administration and governance between Nigeria and South Africa is diversification of economies. The two nations are clearly blessed with natural resources, but it is the case that South Africa sustains a more diversified economy than Nigeria. South Africa has the most diversified and industrialized economy in Africa, while Nigeria seems to be completely dependent on a commodity (petroleum) although there exist other numerous means through which the nation's economy can be advanced.
2. **Standard of Living**
   In recent times, especially years before the xenophobic attacks in South Africans against Nigerians, it was observed that hundreds of Nigerians took to their hills outside Nigeria while South Africans in diaspora headed back to their country; these events point attention to the huge difference in the observable standard of living in Nigeria compared with South Africa. South Africa ranks about five times more of GDP per capita ahead of Nigeria. Although it is not at its best, the standard of living of South Africans outweighs that of Nigerians by far.
3. **Natural and Human Resource Management**
   The population and resources naturally available in Nigeria are in multiples to that of South Africa. For instance, the population of Nigeria stands at over 200 million compared to

South African population that is slightly less than 50 million. Also, Nigeria is greatly blessed with various natural resources, the chief of which is the crude oil which has consistently catered for the survival of the country's economy. In the light of this reality, it should be expected that Nigeria should do way better than South Africa in the areas of socioeconomic growth and development, but the reverse is the case. Also, the population size of Nigerians that are educated, industrious, and committed to diligence and hard work is expected to produce a bank of intelligence and man power that will multiply the possibilities of the country, but unfortunately poor administration and governance have limited the usefulness of these potentials.

4. **Mass Violence Management**
   The mode of violence management in Nigeria and South Africa contrasts greatly; to a large extent, mass violence or rioting is often not domicile in Nigeria. This appears to be a good feat, but a deeper examination would reveal a bitter truth. The ongoing Boko Haram insurgency has proved to be an exception and a destabilizing force. Also, it is not the case that Nigerian citizens are comfortable with the status quo, but the victimization of innocent citizens who go about their normal live is responsible for their refrain from mass violence as law enforcement agencies and politicians with thugs regularly victimize, molest, and extort citizens. South Africans on the other hand seem to have the liberty of actions to such an extent as of initiating and implementing notorious and obnoxious xenophobic attacks with the government seemingly unable to act. All these are some of the differences in the administration and governance in Nigeria and South Africa.

## Conclusion and Recommendation

It is no gainsaying that the benefits accruable from engaging in comparisons or a comparative analysis between states cannot be overemphasized. Comparisons have proven to present to us a need to check and recheck the progress of states and nations especially in Africa. The comparison of the two largest economies in Africa as presented in this paper clearly unveils the deplorable state of governance and public administration in Africa. The tragedy of the paradox "so rich, yet so poor" is evident in these two countries, and without doubt or controversy, the deplorable state of governance in these countries is not unconnected to the bad governance and ineffective public administration.

It is therefore recommended that citizens should be involved in governance by participating in decision-making processes and in politics and in challenging the anomalies suffocating good governance and effective public administration within the confines of the law. It is also recommended that political and administrative bureaucrats and elected officials should assume more responsibility and be accountable while recognizing that the primary purpose of their occupation of public offices is for the advantages of the masses and not for illegal accumulation of public fund resulting in state capture. They are also expected to formulate sound policies and review the same if need be, especially the public good and public services in pursuit of effective deliveries of basic social and administrative services to their citizens.



## Cross-References

► Administrative Procedure

## References

Achimugu H, Stephen MR, Aliyu A (2013) Public administration and the challenges of National Development in Nigeria: issues and concerns. Mediterr J Soc Sci iv (6):113–118

Afolabi OS (2019) Political elites and ant-corruption campaigns as 'deep' politics of democracy: a comparative study of Nigeria and South Africa. Taiwan J Democr 16(1):159–182

Carrim Y (2009) Co-operative governance, service delivery and development. Department of Cooperative Governance and Traditional Affairs. Retrieved from http://www.cogta.gov.za/cgta/index.php/about-cogta/263-cooperativegovernance-service-deliveryand-development-pdm-20aug-09.html

Ezeani EO (2005) The Nigerian Civil Service and National Development since Independence: an appraisal. Afr J Polit Adm Stud ii:167–182

Governance for Sustainable Human Development (2005) Retrieved 11 Oct 2020, from http://gis.emro.who.int/HealthSystemObservatory/Workshops/WorkshopDocuments/Reference%20reading%20material/Literature%20on%20Governance/GOVERN~2.PDF

McLean IA (2003) Oxford concise dictionary of politics, 2nd edn. Oxford University Press, New York

Nigerian Tribune (2010, May 20) Uproar in the Senate over allocation of N5bn to non-existent agency

Njoku AO (2007) Internal security and sustainable development: improving the internal security for sustainable development in Nigeria. In: Agwuama H, Adamu HA (eds) Contemporary issues and the challenges of sustainable development in the new millennium: the Nigerian experience – a book of readings. Sam Artrade, Lagos

The World Bank (1993). The East Asian Miracle: Economic Growth and Public Policy. A World Bank Policy Research Report, Washington, D.C: The World Bank

United Nations Development Program (2002) Human development report 2002: deepening democracy in a fragmented world. UNDP, New York

# Public Administration and Management in Uganda

Pius Gumisiriza
School of Public Policy and Governance, Management Institute, Kampala, Uganda

## Synonyms

Civil service; Public administration; Public management; Uganda

## Definitions

Public administration is defined in this entry as all the processes, organizations, and individuals associated with implementation of public policies, laws, and rules issued by their government using specialized knowledge, technical skills, and aims at translating goals into concrete accomplishments (see Tansu 2016). The term public management is used in this entry to refer to a process of deploying human financial assets and other public resources so as to achieve setout objectives and measured results.

## Introduction

Public administration and in more recent years public management are some of the most important engines that determine the functioning of a country. If any society or country gets if public administration/management infrastructure wrong, then it may not get its development objectives correct. Experience has also shown that in most of the progressive societies, public administration through a proper recruitment, deployment, retention, reward of public servants, and proper utilization of public resources has been central to their success. Through its entire history as a country, Uganda has tried to have an effective public administration with a lot of difficulty. This entry uses a historical approach to discuss Uganda's public administration/management experience. Some of the mistakes are deliberate with intention to exploit, and others are outcomes of trial and error experiments that the country has endured of the course of its difficult history.

## Origins of Public Administration

Public administration as a practice is as old as human civilization itself. However its growth as an academic field of study started with President of the United States Professor Woodrow Wilson who argued in his 1887 seminal article *The Study of Administration* that it is difficult to run modern complex governments without thorough knowledge of public administration. Other early Western scholars including Francis W. Taylor, Max Weber, Luther Gulick, Herbert Simon, and James Buchanan built on Wilson's work and developed managerial, political, and legal approaches that tried to theorize how public administration can be organized. The managerial approach was historically established as a remedy to the political patronage appointments of the civil servants that resulted in inefficiencies and

corruption. Its main tenets were that for government to be effective in serving the public good, it should be run in a business-like manner where efficiency, performance, and economy as the intended desirable outcomes emphasize separation of politics and administration, with administrators in charge bureaucracies and not politicians. The approach also discourages selection of administrators based on political affiliation, race, or sex, and instead emphasis is put on the ability to perform, division of labor, specialization, hierarchy, and written down rules all of which fit into a rationalized approach of doing work (see Woodrow 1887; Gulick and Urwick 1937; Shafritz et al. 2011). On the other hand, the political approach to public administration emphasizes the values of representativeness, political responsiveness, and accountability through elected officials to the citizenry (Rosenbloom 1989). The legal approach to public administration views each individual as a unique person having his/her own set of circumstances, unique thinking, motivation, and values, and thus adversary procedures are designed such that individuals are able to explain their circumstances before decisions are made. The legal approach looks at public administration from the administrative, judicial, and constitutional law perspectives. Administrative law emphasizes laws that lay the foundation on how organizations are run, determines the competence of the authorities which execute the law, and indicates to the individual remedies for the violation of his rights. On the other hand, judicialization calls for establishment of procedures to protect individual rights and fairness when mediating conflicts between private parties and the government, equity, and equal protection by the laws. The constitutional law approach to public administration safeguards rights of individuals in two ways: first, the immunity of public servants from civil suits for damages is reduced to qualified immunity, and secondly, courts frequently decree ongoing relief requiring institutional reforms that place the judges in the role of "partner" with public administration (Goodnow 1905). This kind of public administration is not what existed in African communities before colonialism, and it is not what colonial administrative systems establish in Africa generally or Uganda in particular.

## Colonial Public Administration in Uganda

Different ethnic communities (over 30) in pre-colonial territories that constitute Uganda today had their systems of administrations ranging from small polities that hardly existed beyond a village in non-stratified communities such as Samia-Bagwe where the Nalundiho was a little more than a village head to highly centralized kingdoms of Buganda, Bunyoro, Nkore, and Tooro, which had absolute monarchs that ruled over their areas with the help of chiefs. The main objectives of colonialists were to serve their home countries interests especially commercial. Very early on, the British decided that they would not make Uganda a settler colony but would exploit the resources of the country especially agricultural production using Ugandan peasant production. In administrative terms, indirect rule mostly relying on local Baganda chiefs and others who were also ready to pay loyalty was instituted. Thus the most important criteria to become a chief or assume any colonial office were loyalty. The chiefs were only accountable to the colonialists and instituted decentralized despotism of their own when each chief assumed all powers of a judge, administrator, and lawmaker. The 1919 Native Authority Ordinance gave the district commissioner (white colonial agents) powers to appoint chiefs at village, parish, subcounty, and county levels. Councils, originally consisting of these chiefs, were created during the 1930s at each level. The Local Government Ordinance of 1949 established ethnically oriented district in non-kingdom areas as separate administrations. During the 1950s, elections to district councils were introduced, and the councils were given responsibility for district administration. This meant that district councils were tribal councils concerned only with matters affecting their respective communities, for instance, the district council say of Kasese hardly knew and cared about the problems of Bukedi District.

Nevertheless, the central government retained the power to control most district council decisions. Any native who tried to oppose or question the chiefs or district commissioner's powers or way of doing things was crushed, imprisoned, or exiled. Ethnicity, religion (in favor of protestants), and colonial loyalty defined the parameters of both the native authorities in charge of the local state apparatus. It was this kind of predatory, unaccountable, oppressive, ethnic, and hated administrative structure that the Uganda government inherited at independence.

## Postcolonial Public Administration

The 1962 Independence Constitution maintained the same colonial administrative structure also stayed until 1966 when Prime Minister Obote abolished kingdoms after his showdown with the Kabaka of Buganda and the public service that was supposed to serve Ugandans inherited the same predatory culture of serving narrow as a basis for their survival. The 1967 Constitution centralized all powers and subdivided the abolished kingdoms into districts that had the same relationship with the central government as other districts in the country. To concretize the constitutional changes, the Local Administration Act 1967 that made the district councils mere agents of the central government was passed. Their budgets and development plans had to be approved by the central government. The Obote government was also moving toward the socialist left, and thus the government was involved in so many administration and economic planning functions. When Amin came to power in 1971, he suspended the constitution, abolished parliament, dissolved district councils, and proceeded to rule by decree. In 1973, local administration was reorganized into ten provinces headed by governors drawn from the army and appointed by the president himself. People who had undergone military training headed counties, subcounties, parishes, and sub-parishes, while districts were headed by district commissioners largely drawn from traditional civil service. Questioning of orders given by government was not allowed, and people were not appointed on merit but on the basis of loyalty to government. Very quickly, Amin's regime turned everything upside down, and total collapse followed in all direction including public administration, political instability, civil strife, and economic decay. The second Obote government ruled from 1980 to 1985, and all it did was just to reorganize the local government structure in accordance to the 1967 Constitution and the 1967 Local Government Administration Act which was a highly centralized administration, and patronage was a common practice.

## Public Administration and Management Museveni Rule

President came to power in 1986 and inherited a failed state, ruined economy and with no organized public service to talk about but a demotivated, highly corrupt, and inefficient civil service (Andrews and Bategeka 2013). Meanwhile as Museveni and his NRA rebel fighters were trying to thread several pieces to resuscitate a broken public administration, many changes across the globe were also changing the thinking on how public administration should be conducted, and it caught up with Uganda. During the early 1980s, high inflation; unemployment; oil shocks; militant labor unions; huge state-sponsored welfare programs; and long-standing criticism of the poor quality, unaccountable, inflexibility, hierarchical, and inefficiency of public services forced governments in developed countries to move from traditional public administration to public sector management which closely follows on the tenets New Public Management (NPM) that also aimed to model the way governments work on private sector methods of management that were assumed to be superior to those of the public administration (Ridley 1996). NPM emphasized hands-on professional skills, explicit standards, and measures of performance through clarification of goals, targets, and indicators of success; shift from the use of input controls and bureaucratic procedures to rules relying on output controls measured by quantitative

performance indicators; shift from unified management systems to desegregation or decentralization of units in the public sector; introduction of greater competition in the public sector so as to lower costs and achievement of higher standards through term contracts; stress on private-sector-style management practices, such as the use of short-term labor contracts, the development of corporate plans, performance agreements, and mission statements; stress on cost-cutting, efficiency, parsimony in resource use, and doing more with less; and introduction of market and quasi-market mechanisms, customer-oriented services minimal government, contracting out, privatization, and performance management (Aucoin 1990; Hood 1991). President Museveni and his government walked into this global public administration reform storm and which in fact served their political objectives perfectly. Under the World Bank and IMF structural adjustment policies conditionality, Uganda undertook public administration reforms that included retrenchment of civil servants, restructuring and scrapping government ministries, and department and public enterprises among others. While the international reformists thought that this public administration paradigm shift would take Uganda's public service back on course, it also presented the new Museveni government an opportunity to purge out all the old guard civil servants that served the governments he had just defeated in a war and replaced them with new NRM supporters.

## Recruitment into the Public Service

For many years after that, efforts by the international community to assist Uganda to establish a Weberian kind of public service in which meritocracy is a prime factor during recruitment, promotion, and availability of predictable long-term careers have yielded very minimal successes. In most instances, appointments in Uganda are now based on a candidate's political capital. Where there is appointment on merit, especially in very complicated deployments, the most competent cadres are assigned to those ministries that are central to the survival of government. Otherwise, less strategic ministries, such as that of public service, receive non-vibrant leaders who are usually appointed from the outer circle elites on the basis of their loyalty and ability to bring in a network of clients for the ruling party. President Museveni and his government enjoy and have built a highly politicized public service system in which government officers are deployed to serve the interests of the ruling party. The Constitution of Uganda allows the President to participate in the selection of civil servants, and over the years, this has allowed him to meddle in the affairs of the civil service, thereby taking responsibility away from independent bureaucrats – especially from the judiciary, local governments, and recently the police. Under the decentralization system, the recruitment and appointment of local government technocrats, especially chief administrative officers (CAOs), were also decentralized. The CAOs also act as the chief returning officers in districts during elections. Starting in 2001, Museveni begun to lose elections in some districts mainly because many CAOs were not directly appointed by the central government and thus could act independently while announcing election results. President Museveni accused them of conniving with the opposition parties to deny his party victory, and in 2007 the government decided to recentralize the appointment of senior local government bureaucrats such as CAOs, deputy CAOs, and town clerks. Using this chance in the law, the President has been able to recruit and deploy regime-compliant officers from district level to central government and semiautonomous agencies. Several staunch supporters of the NRM have been appointed as judicial officers, which has brought this arm of government under Museveni's effective control. The politicization of the civil service usually heightens during the buildup to presidential elections, for example, toward the 2016 elections, the project to issue national identity cards was withdrawn from mainstream civil servants and handed over to military officers with an objective of keeping retired army officers preoccupied, thereby reducing the chances of them being co-opted by the opposition which almost happens across the board on many projects. The Museveni regime has also

substituted professionalism with ideology as exemplified in the several indoctrination exercises that take place at the National Leadership Institute in Kyankwanzi, where senior public servants, election workers, soldiers, intelligence officers, and other such persons who are expected to be neutral in the course of their work are obliged to attend political lessons and must graduate from. Meanwhile as all this hullaballoo has been taking root, more independent and specialized public institutes that used to provide induction and in-service training to public servants such as Uganda Management Institute (UMI) for training senior public servants were privatized or abandoned as methods to weaken or circumvent sections of the civil service whose allegiance cannot be counted upon in favor of those sectors that are led by trusted cadres (Bukenya and Muhumuza 2017).

## Creation of Multiply Authorities and Agencies

The government decided to create several agencies and independent authorities not just for duplication of roles to create a balance in Museveni's management strategy but mainly as a channel for funneling patronage resources. Most of the created authorities and agencies were a way of creating lucrative jobs and access to public resources to people carefully selected by the regime. This created a lot of stress on public resources, and the agencies that suffered most from this were the line ministries as more resources were shifted to these semiautonomous agencies. Most authorities had the independence to set their own salaries an opportunity these used to reward themselves handsomely, while people in line ministries and the public service are getting peanuts. This has resulted in several conflicts and laying down of working tools especially from university lecturers, medical workers, teachers, and prosecutors who see it as an injustice for them to be earning meager salaries when their counterparts and even less qualified people in semiautonomous government agencies are taking fancy salaries. With a lot of pressure from these groups and public outcry, the government has now announced that less efficient and non-income-generating government agencies that have duplicated roles have to be scrapped, merged, or made department in their line ministries. Most people in the country have welcomed this development and are now campaigning for a rationalized public pay system, a reduced parliament, reduced number of districts, effective fighting of corruption across government, and establishing a meritocratic recruitment system across the board that remain to be seen.

## Conclusion

Without doubt Uganda has endured a lot of difficulty, but also some progress has been registered. As the country aims to transform itself into a modern society, it must take deliberate steps to modernize its public administration and management practices. Otherwise having an impressive record of introducing well-documented public sector reform proposals and laws on paper cannot be of significant help to the citizens. Overstaying in power and designing public administration structures with the intention of consolidating a regime in power are some of the key issues that have to be addressed in order to avoid future problems.

## Cross-References

► New Public Management
► Public Administration Theory

## References

Andrews M, Bategeka L (2013) Overcoming the limits of institutional reform in Uganda. ESID working paper no. 27. Effective States and Inclusive Development Research Centre (ESID), University of Manchester, United Kingdom. Retrieved from https://www.effective-states.org/wp.../working_papers/.../esid_wp_27_andrews-bategeka.pdf. On 3 Oct 2018

Aucoin P (1990) Administrative reform in public management: paradigms, principles, paradoxes, pendulums. Governance 3(2):115–137

Bukenya B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the façade. Working paper no. 85. Effective States and Inclusive Development Research Centre (ESID), University of

Manchester, United Kingdom. Retrieved from https://www.papers.ssrn.com/sol3/papers.cfm?abstract_id=2954595. On 15 Aug 2018
Goodnow FJ (1905) The principles of administrative law of the United States. G.P. PUTNAM's Sons, New York. Retrieved from https://www.lawbookexchange.com/...goodnow/the-principles-of-the-administrative-la. On 28 Sept 2018
Gulick L, Urwick L (1937) Papers on the science of administration. Institute of Public Administration, New York. Retrieved from www.journals.sagepub.com/doi/abs/10.1177/000271623819700157. On 01 Oct 2018
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19. Retrieved from www.newdoc.nccu.edu.tw/teasyllabus/110041265941/Hood%20NPM%201991.pdf. On 2 Oct 2018
Ridley FF (1996) The new public management in Europe: comparative perspectives. Public Policy Adm 11(1). Retrieved from https://www.researchgate.net/publication/304726548_'New_Public_Managers'_in_Europ. On 3 Oct 2018
Rosenbloom DH (1989) Public administration: understanding management, politics and law in the public sector. Random House, New York. Retrieved from www.nla.gov.au/anbd.bib-an4218121. On 25 Sept 2018
Shafritz JM, Russell EW, Borick CP (2011) Introducing public administration. Longman, Boston. Retrieved from https://www.pearson.com/.../Shafritz-Introducing-Public-Administration.../978020578. On 27 Sept 2018
Tansu D (2016) Public administration theory. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. https://doi.org/10.1007/978-3-319-31816-5_2372-1
Woodrow W (1887) The study of public administration. Polit Sci Q 2(2). Retrieved from https://ballotpedia.org/%22The_Study_of_Administration%22_by_Woodrow_Wilson. On 01 Oct 2018

# Public Administration and Religious Leaders in Nigeria

Robert Dibie
Department of Public Administration and Health Management, Indiana University Kokomo, Kokomo, IN, USA

## Synonyms

Administrative reform; Betrayal of public trust; Faith-based religious institution, nation building; Moral leaders; Personal kingdom building; Religious injunction

## Introduction

The current challenges facing the political system in Nigeria require reliable and ethical leaders than other times in the nation's history. Faith-based leaders just like their political counterparts have become one of the major problems facing the development process in the country (Ake 2005; Diamond and Plattner 2010; Edoho and Dibie 2017). In the past, faith-based institutions in Nigeria were highly trusted; however, corrupt religious leaders do not seem to have the moral solutions to their problems anymore (Iheanacho and Kilani 2016; Obadare 2018). Rather than preaching about hard work, the focus of most faith-based institutions' leaders has been that of tithes, sowing seeds to get instant blessings, miracles, and wonderful progress in life (Zook 2017).

In addition, government leaders in Nigeria, be they ministers, public administrators, members of national legislature, or senior army officers, are known to misappropriate most of the nation's public funds for personal use (Iheanacho and Kilani 2016; Obadare 2018; Okoro 2012). According to Dibie et al. (2018), a more troubling aspect of these corrupt practices is that the stolen funds by government and faith-based leaders are never invested in Nigeria's economy rather they are expropriated to western industrial countries.

Since the 1980s Muslim fundamentalist group called Maitatsine and Boko Haram planned and executed many brutal operations that led to the death of many non-Muslims members in the northern states of the country (Erisksen 2000; Soriola 2018). The Boko Haram militia group assumed that western education has been corrupting Muslim in the country (Agbiboa 2013; Kilani and Iheancho 2016; Zenn 2020). Ogbu (2012) and Iheanacho and Kolo (2016) contend that Boko Haram insurgency in Nigeria has led to the adoption of secondary school girls for many years as well as the killing to many innocent Nigerian citizens.

Further, in the past 6 years, Fulani herdsmen with guns that are Muslim often wonder into the farms of hard-working farmers in the Middle Belt

and southern states of Nigeria (Soriola 2018; Umana 2019). These herdsmen allow their herds to eat up the crops of these hard-working farmers in the mist of high unemployment rate in the country. These malicious behaviors of the herdsmen often resulted in violent confrontation (Fasan 2019; Soriola 2018; Umana 2019).

According to the Global Terrorism Index Fulani herdsmen has killed more than 2,000 innocent farmers in Southern Nigerian with their AK7 guns (cited in Umana 2019; Fasan 2019). The current President of the Federal Government of Nigeria Mohammadu Buhari, who is a Fulani, has not been able to effectively address these major security problems. Rather he has been accused of playing ethnic, religious, and political games with the life of innocent Nigerians (Agekameh 2012; Fasan 2019; Nnanna 2017).

President Buhari has also been accused of nepotism and tribalism due to the way he has appointed the Independent National Electoral Commission (INEC) Chairman, all the Army Chiefs, the Inspector- General of Police, Custom and Excise Controller, the Chief Justice of Nigeria, and other Security Agencies chiefs in the country (Nnanna 2017; Obadare 2018; Ojo 2019). It is not a coincident that the above appointed senior officials in President Buhari's administration are all either Fulani, Muslims, or both just like him (Etakibuebu 2016; Nnanna 2017; Ojo 2019).

There is a major gap in the literature about Nigeria's faith-based institutions and political leadership. The goal of this chapter is to investigate the differences between faith-based and political leaders in Nigeria and close the gap.

## Conceptual Framework

Ethical leadership encompasses the embodiment of justice fairness, compassion, integrity, equity, equality, respect, and moral values that could enhance or foster solidarity and development for people in a country or government (Ferrell et al. 2019). According to DesJandin (2020), ethical leaders tend to consider the interests of all works or citizens as well as the needs of the poor and rich in a country.

The utilitarian benefits by Bentham, and Stuart Mill (cited in (Geuras and Garofalo 2011), postulate that compassion, and a sense of community would be ideal if everyone was compassionate, kind, and work for the good of community rather than for themselves (Hosmer 2010). This is the rule that is often summarized as "greatest good for the greatest number" (Hosmer 2010). One other principle of ethics propounded by Robert Nozick (cited in Hosmer 2010) is called the contributive liberty. The principles compel leaders and governments not to interfere with other people's self-development, as well as stay with the constraints of the law.

Figure 1 shows that promoting ethical leadership and moral professionalism entails applying the principles of (1) honesty and compassion; (2) not taking any action that could harm the poor and the uneducated or anyone; (3) leaders should not take any action that he/she will not be proud of; (4) leaders should take actions that would lead to the greatest good for the greatest number; (5) eliminate distrust between government and the citizens: and (6) leaders should not interfere in other people's self-development. Figure 1 shows the relationship between ethical leadership and the six universal principles of ethics.

The religious injunction principle by St. Augustine and St. Thomas Aquinas suggests that honesty, truthfulness, and temperance are not always enough. As a result, human beings need to express kindness and compassion toward each other in the form of reciprocity (Hosmer 2010; Ferrell et al. 2019). The personal virtue by Aristotle suggests that human beings should make all attempts to eliminate distrust by engaging honestly, openly, and truthfully with one another (Geuras and Garofalo 2011).

Distributive Justice ethics principle by John Rawls (2001) contends that justice is meant to be the first value of social institutions, just as truth is the first value of belief system. Rawls (2001) envisioned in his theory of *justice that fairness should entail* a society of free citizens holding equal basic rights within a political system. Socrates contends that there could be no happiness in the pursuit of pleasure by exploiting other people (Geuras and

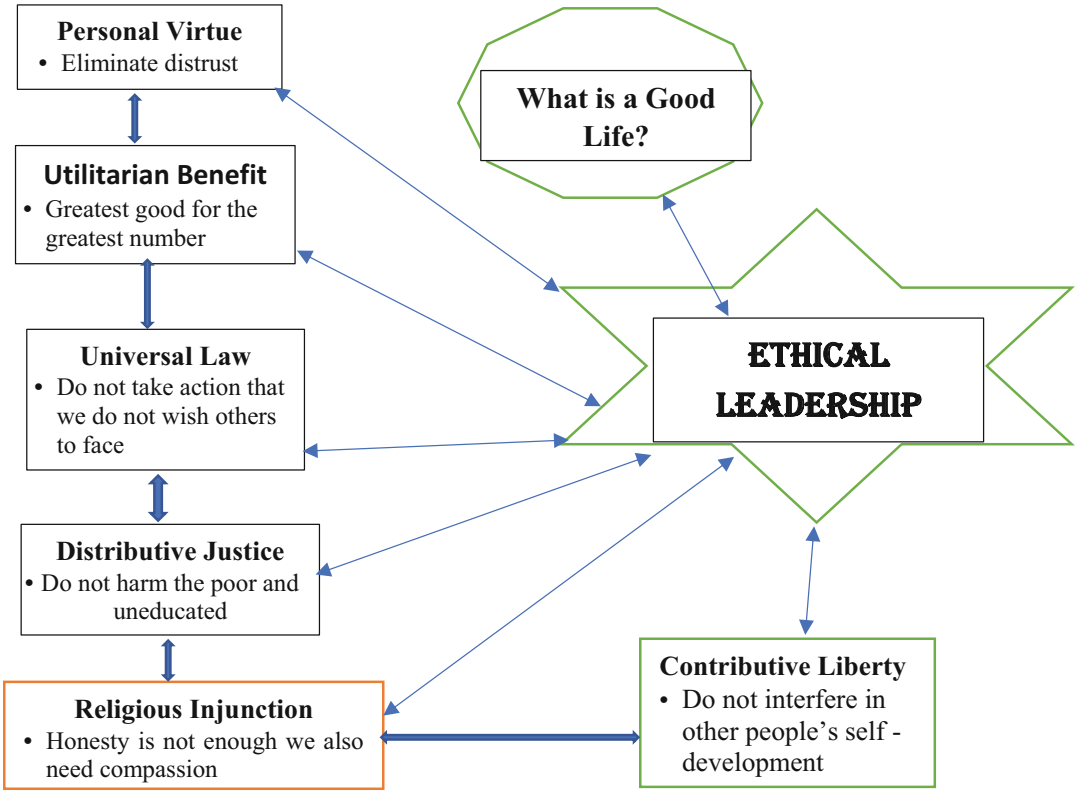


Source: designed by Dibie, R. (2020)

**Public Administration and Religious Leaders in Nigeria, Fig. 1** Ethical leadership and the six universal principles of ethics (Source: designed by Dibie 2020)

Garofalo 2011). Therefore, there could be no happiness in the ownership of property unless you morally and ethical work honesty to attain it.

The review of literature suggests that the future of Nigeria will depend on equal access to capacity building and economic empowerment of all its citizens (Edoho and Dibie 2018). In addition, compassion that could result in the greatest good for the greatest number is what is expected leaders in Nigeria in the near future.

## Research Method

The purpose of this study is to investigate the differences between faith-based institutions and political leaders in Nigeria. The analysis utilized data derived through interviews and questionnaires research methods. A total of 26 out of the 36 states were researched in the country. Questionnaires were administered to 3,000 respondents that was randomly selected from 26 out of the 36 states in the country. Those who participated in completing the survey and interviews, respectively, included members of different religious affiliations, various staff the federal state and local governments, and many people employed in the private sector. A total of 2,225 (74%) questionnaire was completed and returned by the respondents. Data were analyzed with the use SPSS statistical tool and presented in correlations, tables, and percentage. A total of 400 in-depth one-on-one interviews were conducted in the same 26 states as well. The study was conducted between 2017 and 2019 in Nigeria.

Three major research questions were tested. The limitation of the study is that only 26 out of the 36 states in Nigeria were covered by this research. Many of the respondents cannot read

English properly. Current pastor and political leaders were not interviewed. The dependent variable is leadership, and the independent variables are ethical credibility, servant leadership, economic development, and tribalism and ethnicity.

## Analysis and Discussion

The demography of the respondents for this research include 2,225 members, 894 men, and 1,331 women. Below are the responses to the three research questions.

Research Question 1: Do you think your faith-based and political leaders in Nigeria are ethically credible?

The analysis of question 1 reveals that 62% of the reported that their faith-based and political leaders were not ethically credible. Further, 81% of the respondents also indicated that faith-based leaders are not ethically credible because they live the same ostentatious lifestyle as the corrupt political leaders. The analysis reveals that 83% of the respondents indicated that faith-based and political leaders are not accountable to the citizens or church or mosque members.

Ninety percent (90%) of the respondents stated that faith-based and political leaders always travel to Europe and North America with the money appropriated to provide public goods and services for the citizens. While 82.6% of the respondent reported that faith-based and political leaders believe in self-aggrandizement, another 78% of the respondents indicated that faith-based and political leaders are intoxicated with power. The mean of Table 1 data is agree 58.1 and disagree 41.7%, respectively.

The interview analysis shows that 92% of the interview respondents reported that faith-based and political leaders in Nigeria are not ethical credible. Only 8% indicated that not all the leaders are corrupt. In addition, 85.5% of the interview respondents stated that faith-based leaders do not have moral values to preach about integrity anymore because they continue to accept stolen money from political leaders. Below are some the statements made by some interview respondents:

> "Evangelical church pastors and Imam now travel with a fleet of luxurious cars and many security guards. They are no longer saving God or Allah; they are displaying power and wealth in the name of the Lord."

> "All we hear from these new generation Pentecostal pastors is sow a seed and pay your tithes to received God's blessing. They get the money and use it for their own benefit."

Another 76% of the respondents also indicated that some faith-based leaders no-longer care about moral values because they can have received blood money from political leaders and armed robbers. *Thus, faith-based and political leaders are not different in respect of their immoral and unethical values.*

Table 2 Analysis reveals a moderate positive relationship between lack of ethical credibility (0.067) and faith-based and political leaders. The data shows a strong positive relationship between lack of credibility and the ostentatious and luxurious lifestyles of faith-based and political leaders (0.170) in Nigeria. The data also reveals a strong positive (0.176) relationship in respect of corrupt faith-based and political leaders' lack of ethical credible because they always travel to abroad to spend taxpayers' money. There is a strong positive relationship between lack of ethical credibility of faith-based leaders and inadequate accountability (0.152) to the church or mosque members. The correlation matrix also reveals a strong positive relationship between lack of ethical credibility and faith-based and political leaders believe in self-aggrandizement (0.171). *The correlation analysis shows that there are no differences between the unethical behavior of both faith-based and political leaders in Nigeria.*

Research Question 2: Do you see any difference between your faith-based and political leaders' role as servant leaders?

Table 3 Analysis for question 2 reveals that 94.2% of the respondents indicated that faith-based and political leaders in Nigeria are not ethical leaders because there is no constant electricity for all citizens 7 days a week. On one hand, 86% of the questionnaire respondents stated that political leaders are corrupt like faith-based leaders. On the other hand, 81% the same group indicated that

**Public Administration and Religious Leaders in Nigeria, Table 1** Faith-based and political leaders are ethically credible

| | Questions | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| 7 | Faith-based and political leaders are credible | 750 | 631 | 25 | 353 | 466 | 819<br>37% | 1381<br>62%* | 2225 |
| 8 | Faith-based and political leaders leave a moderate lifestyle | 817 | 508 | 27 | 466 | 407 | 873<br>39.2% | 1325<br>59.5%* | 2225 |
| 9 | Faith-based leaders preaches about tithes and sowing seeds all the time | 129 | 342 | 19 | 842 | 893 | 1735<br>78%* | 471<br>21.1% | 2225 |
| 10 | Faith-based and political leaders promote civility, humility, reciprocity, and compassion | 473 | 729 | 58 | 905 | 60 | 965<br>43.4% | 1202<br>54% | 2225 |
| 11 | Faith-based and political leaders believe in self-aggrandizement | 123 | 248 | 16 | 1029 | 809 | 1838<br>82.6%* | 371<br>17% | 2225 |
| 12 | Faith-based and political leaders are transparent and accountable to the church or mosque members | 917 | 900 | 32 | 211 | 165 | 376<br>19% | 1817<br>83%* | 2225 |
| 13 | Faith-based and political leaders are corrupt and can be trusted | 856 | 874 | 0 | 254 | 236 | 490<br>22% | 1735<br>78%* | 2225 |
| 14 | Faith-based and political leaders always travel to Europe and North America | 100 | 112 | 11 | 1289 | 713 | 2002<br>90%* | 212<br>9.5% | 2225 |
| 15 | Faith-based and political leaders' children live or are studying in Europe or North America | 331 | 361 | 0 | 1027 | 506 | 1533<br>69%* | 692<br>31% | 2225 |
| 16 | Faith-based and political leaders leave ostentatious and luxurious lifestyles | 183 | 227 | 23 | 1119 | 673 | 1792<br>81%* | 410<br>18.4% | 2225 |

(continued)

P

**Public Administration and Religious Leaders in Nigeria, Table 1** (continued)

| | Questions | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| 17 | Faith-based and political leaders are intoxicated with power instead of practicing civility, shared governance, and humbleness | 275 | 289 | 14 | 957 | 776 | 1733 78%* | 564 25.3% | 2225 |
| | Mean | | | | | | **58.1%** | **41.7%** | |

Source: Derived from field research in Nigeria in 2017 and 2019

* *There are no differences between the unethical and self-aggrandizement behavior of both faith-based and political leaders in Nigeria*

**Public Administration and Religious Leaders in Nigeria, Table 2** Correlation matrix for faith-based and political leaders ethically credibility

| Factors | Correlation index | Average agree factors | Average disagree factors |
|---|---|---|---|
| Mean | 0.056 | **58.1%** | **41.7%** |
| Faith-based and political leaders are credible | 0.067* | 37% | 62%* |
| Faith-based and political leaders believe in self-aggrandizement | 0.171** | 82%* | 17% |
| Faith-based and political leaders are transparent and accountable to the church or mosque members | 0.152* | 19% | 83%* |
| Faith-based and political leaders always travel to Europe and North America | 0.176** | 90%* | 9.5% |
| Faith-based and political leaders are intoxicated with power instead of practicing civility, shared governance, and humbleness | 0.074* | 78%* | 25.3% |
| Faith-based and political leaders leave ostentatious and luxurious lifestyles | 0.170** | 81%* | 18.4% |
| Faith-based leaders preaches about tithes and sowing seeds all the time | 0.074* | 78%* | 21.1% |

**Correlation is significant at the 0.05 level (2-tailed)*

** *There are no differences between the lack of credibility, ostentatious, and luxurious lifestyles of both faith-based and political leaders in Nigeria. The finding confirmed that faith-based and political leaders in the country are not steward or servant leaders; they only care for themselves rather than the interest of the citizens*

public administrators are corrupt just like faith-based leaders.

In addition, 74.2% of the respondents reported that there is inadequate health-care system for all citizens in the country. Another 70% of the respondents reported that the wealth of the country is not equally distributed by government leaders to all citizens due to many unethical factors. Furthermore, 63% of the respondents also indicated that public administration and teachers are not paid on time. Moreover, 60% of the respondents indicated that the government is not effective in providing public goods and services for all the citizens. The mean of Table 3 data is

**Public Administration and Religious Leaders in Nigeria, Table 3** Faith-based and political leaders are different in respect of their roles as ethical leaders

| | Questions | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| 18 | Government is effectively providing good and services for all citizens | 564 | 768 | 0 | 694 | 199 | 893<br>40% | 1332<br>60% | 2225 |
| 19 | Political leaders are very corrupt like faith-based leaders | 143 | 157 | 12 | 1342 | 571 | 1913<br>86% | 300<br>13% | 2225 |
| 20 | Public administrators are corrupt like faith-based leaders | 198 | 200 | 0 | 928 | 879 | 1807<br>81.2% | 418<br>18.2% | 2225 |
| 21 | Political and faith-based leaders are performing their duties like servant leaders | 590 | 850 | 28 | 513 | 244 | 757<br>34% | 1440<br>65% | 2225 |
| 22 | The wealth of the country is equally distributed by government leaders to all citizens | 857 | 699 | 18 | 314 | 337 | 651<br>29.3% | 1556<br>70% | 2225 |
| 23 | The government encourages diversity and inclusion | 649 | 732 | 23 | 419 | 402 | 821<br>37% | 1381<br>62% | 2225 |
| 24 | Government is promoting the economic and social welfare of all the citizens | 793 | 504 | 0 | 544 | 384 | 928<br>42% | 1297<br>58.3% | 2225 |
| 25 | Public administration and teachers are paid on time | 823 | 578 | 0 | 425 | 399 | 824<br>37% | 1401<br>63% | 2225 |
| 26 | Retired solders and civil servants are paid their benefits on time | 856 | 614 | 0 | 389 | 366 | 755<br>33.9% | 1470<br>66% | 2225 |
| 27 | There are security and good roads all over the country | 699 | 752 | 34 | 421 | 387 | 808<br>36.3% | 1451<br>65.2% | 2225 |

(continued)

P

**Public Administration and Religious Leaders in Nigeria, Table 3** (continued)

| | Questions | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| 28 | There is a very good health-care system for all citizens in the country | 843 | 807 | 19 | 312 | 244 | 556<br>25% | 1650<br>74.2% | 2225 |
| 29 | There is electricity for all citizens 7 days a week | 1486 | 611 | 0 | 78 | 50 | 128<br>5.8% | 2097<br>94.2% | 2225 |
| | Mean | | | | | | **46.6%** | **59%** | |

Source: Derived from field research in Nigeria in 2017 and 2019

agree 46.6% and disagree 59%. *The data analysis confirmed that the principles of ethical leadership are also not promoted by both faith-based and government institutions' leaders in Nigeria.*

Eighty-nine (89%) of the interview respondents indicated that ethical leader values are far from the operating style of both faith-based and political leaders in Nigeria. Unfortunately, faith-based and political leaders tend to be obnoxious. Further, 98% of the interviewed respondents stated that faith-based and political leaders have a similar desire for individualism and personal kingdom development rather than ethical leadership values. Below is some statement that was made by respondents:

> "Nigerian Leaders steal the citizens money and travel to America, England. Canada, Dubai, and Indian to receive good medical treatment while they deliberately poorly fund our hospitals and equipped them for the needs of the low-income citizens." Shame on Nigerian corrupt leaders"

> "There is nothing like ethical leaders in our country. Church and especially political leader see shared governance as a process of sharing stolen money between political cronies while the poor citizens continue to suffer."

Table 4 shows a strong relationship between faith-based and political leaders' lack of their ethical leadership roles due to corruption (0.172). Further, the data revealed that public administrators (0.161) are as corrupt just like faith-based leaders in the country. In respect of the provision of electricity for all citizens 7 days a week, there is also a strong positive correlation of (0.183) for lack of ethical leadership role. Moreover, government is not effectively providing public goods and services for all citizens' score a moderate positive (0.053) relationship with poor ethical leadership role. The problem of lack of good health system for all citizens in the country scored a strong positive relationship (0.093) with lack of ethical leadership role.

Research Question 3**:** Do you believe that tribalism and ethnicity has affected the role of faith-based and political leaders in Nigeria?

Table 5 Analysis for question 3 shows how tribalism and ethnicity has negatively affected the role of faith-based and political leaders in Nigeria. The data shows that 82.7**%** of the questionnaire respondents indicated that the President has not taken drastic measures to address Boko Haram insurgency in the country probably due to tribalism, or religious affiliation. A more troubling observation made by the respondents (72.2%) indicated that the President of the country has been silent about the Fulani herdsmen's brutal activities in Nigeria due to tribalism.

Sixty-five percent (65%) of the respondents reported that the Federal Government of Nigeria is not doing its best to stop kidnapping in Nigeria because the President is from a tribe in the northern states of the country. In addition, 67% of the

**Public Administration and Religious Leaders in Nigeria, Table 4** Correlation matrix for faith-based and political leaders ethical leadership roles

| Factors | Correlation index | Average agree factors | Average disagree factors |
|---|---|---|---|
| Mean | 0.053 | 40.6% | 59% |
| Government is effectively providing good and services for all citizens | 0.057* | 40% | 60%* |
| Political leaders are very corrupt like faith-based leaders | 0.172** | 86%* | 13% |
| Public administrators are corrupt like faith-based leaders | 0.161** | 81%* | 18.2% |
| The wealth of the country is equally distributed by government leaders to all citizens | 0.092* | 29% | 70%* |
| There is electricity for all citizens 7 days a week | 0.183** | 5.8% | 94.2%* |
| There is a very good health-care system for all citizens in the country | 0.093* | 25% | 74%* |

**Correlation is significant at the 0.05 level (2-tailed)*
*** The corruption has prevented the immoral leaders of Nigeria to adequately provide goods and services that could benefit all the citizens in the country in respective of their religious affiliation*

**Public Administration and Religious Leaders in Nigeria, Table 5 Tribalism and ethnicity has affected the role of faith-based and political leaders**?

| | Profile of respondents | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| 30 | The President, who is from the Fulani tribe, has taken drastic measures to address Boko Haram insurgency | 1139 | 700 | 14 | 199 | 173 | 372<br>17% | 1839<br>82.7% | 2225 |
| 31 | The President has been silent about the most notorious Fulani herdsmen's brutal activities in the country | 144 | 397 | 33 | 688 | 963 | 1651<br>72.2% | 541<br>24.3% | 2225 |
| 32 | The Federal Government is doing its best to stop kidnapping in the country | 881 | 574 | 0 | 475 | 295 | 770<br>34.6% | 1455<br>65.4% | 2225 |
| 33 | Nepotism and tribalism are major problem in the country | 264 | 466 | 27 | 923 | 545 | 1488<br>67% | 730<br>32.8% | 2225 |
| 34 | Government employ citizens on the basis of tribalism or religion instead | 333 | 437 | 15 | 829 | 611 | 1440<br>65% | 770<br>34.6% | 2225 |

(continued)

P

**Public Administration and Religious Leaders in Nigeria, Table 5** (continued)

| | Profile of respondents | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Agree % | Disagree % | Total |
|---|---|---|---|---|---|---|---|---|---|
| | of qualification and experience | | | | | | | | |
| 35 | Faith-based organizations promote members to leadership position on the basis of tribalism | 358 | 582 | 13 | 679 | 593 | 1272<br>57.6% | 940<br>42.2% | 2225 |
| 36 | Government good and services are distributed around the country on the basis of tribalism | 490 | 501 | 9 | 627 | 598 | 1225<br>55% | 991<br>45.5% | 2225 |
| 37 | One tribal group dominate the key affairs of the Federal Government | 287 | 322 | 37 | 888 | 691 | 1579<br>71% | 609<br>27.3% | 2225 |
| | Mean | | | | | | **54.9%** | **44.4%** | |

Source: Derived from field research in Nigeria 2017–2019

respondents revealed that nepotism and tribalism are major problems in the country. Seventy-one (71%) of the respondents reported that one tribal group dominate the key positions of the Federal Government of Nigeria. Another 65% of the respondents stated that the government now mostly employs citizens on the basis of tribalism or religion instead of qualification and experience. The mean of Table 5 data is agree 54.9% and disagree 44.4%, respectively.

The interview data shows that 97% of the respondents indicated that tribalism and ethnicity has affected the role of political leaders. In addition, 56% reported that tribalism and ethnicity may have affected faith-based leaders' role. Furthermore, 93% of the interview respondents indicated that in their respective faith-based leaders often associated with group members that are either selected based on ethnicity or wealth.

In addition, 61% of the interview respondents stated that since the government of Nigerian returned to representative demonocracy in May 1999, civil servants are not paid for several months, retired people have not received their pension for over 2 years, and the incident of corruption has increased. The following statements were made by interview respondents:

> "I wonder why the 300,000 Nigerian army cannot defeat the Fulani herdsmen that have been brutally killing citizens from southern Nigerian. My God help Nigeria."

> "Tribalism and religion are superficial problems that created by selfish megachurch, Mosque for self-aggrandizement in Nigeria"

Table 6 reveals a strong positive relationship between tribalism (0.153) and the inability of the President, who is from the Fulani tribe not to take

**Public Administration and Religious Leaders in Nigeria, Table 6** Correlation matrix for tribalism and ethnicity

| Factors | Correlation index | Average agree factor % | Average disagree factor % |
|---|---|---|---|
| Mean | 0.056 | 54.9% | 44.4% |
| The President, who is from the Fulani tribe, has taken drastic measures to address Boko Haram insurgency | 0.153** | 17% | 82.7%* |
| Nepotism and tribalism are major problem in the country | 0.070* | 67%* | 32.8% |
| The President has been silent about the most notorious Fulani herdsmen's brutal activities in the country | 0.076* | 72%* | 24.3% |
| The Federal Government is doing its best to stop kidnapping in the country | 0.067* | 34.6% | 65.4%* |
| One tribal group dominate the key affairs of the Federal Government | 0.075* | 71%* | 27.3% |
| Government good and services are distributed around the country on the basis of tribalism | 0.058* | 55%* | 43.5% |

* *Correlation is significant at the 0.05 level (2-tailed)*
** *The present government of Nigeria has not been able to effectively address the challenges posed by faith-based religious institutions interference in the governance of the country*

drastic measures to address Boko Haram insurgency. The correlation data also show a moderate positive relationship (0.075) between one tribal group dominating the key affairs of the Federal Government and tribalism or ethnicity. Government good and services are distributed around the country on the basis of tribalism also has a moderate positive relationship (0.058) with tribalism and ethnicity. Some respondents observed that while Brazil, South Korea, and Peru have all sent their previous presidents to jail for corruption, the Nigeria government and political leaders have ignored the role of law, social justice, and liberty for all.

## Public Policy Recommendations

The solutions to the challenges of unethical and corrupt activities among faith-based and political leaders in Nigeria constitute a serious need for reliable or effective legal and social justice programs in the country. Freedom, trust of government, and the rule of law are argued to be the soul for a nation's building and economic development (Edoho and Dibie 2017). Another method to combat the unethical issues of corruption and self-aggrandizement in Nigeria is using a combination of ethical training and Code of Ethics.

*Judicial Reform:* The Nigerian judiciary system should be overhaul so that nobody is above the law or the constitutional provisions of the country. *Corruption Solution*: In addition to enforcing drastic punishment for those that are found guilty of corruption, the citizens of Nigeria need to be able to speak up for their rights and demand accountability from their political and administrative leaders. *Capacity Building:* The Government of Nigeria must initiate measures that could help to create jobs for the citizens to meet their needs.

*Promoting Economic Growth*: Minimal government intervention in the private production of goods and services, few regulations of the industrial sector, and a shared governance approach to promote social and individual responsibilities could rejuvenate economic growth and development in the country (Mandel 2013; Mankiw 2018). *Strengthening Good Governance:* Good governance is also about accountabilities, which depend on information, transparency, and recourse contestability. *Term Limit*: One of the major predicaments in the democratic system in Nigeria is term limit and the re-circling of old politicians. *Auditing Church and Mosque Accounts:* In order to control the extravagant lifestyle of faith-based leaders in Nigeria, there is the need to frequently audit their earning every year.

Imam and Pastors found guilty of violating Inland Revenue laws should be sentence to prison. It is very important to punish those that are stealing from the poor to benefit themselves, their families, and cronies.

## Conclusion

In this chapter, I investigated the significant differences between faith-based and political leaders in Nigeria. The findings of this research revealed that there is no difference in the ostentatious lifestyle of faith-based and political leaders in Nigeria. The solution to these unethical challenges lies in the nation's ability to take drastic actions to enforce a new Code of Ethics, judicial reform, fight against corruption, capacity building, promoting economic growth, strengthening good governance, term limit, and auditing church and mosque accounts annually.

Finally, for faith-based and political leaders to effectively help all the citizens of Nigeria: (1) they must have compassion on them; (2) recognize what the people's needs are; (3) know what they have to offer; and (4) connect with the people at the point of their need. The role of ethical leaders should be to have compassion, be honesty, and serve as a servant or steward leader in such a way that economic development initiatives could benefit everyone. This principle should be the goal of a good life for everyone, ethical leaders, and the greatest good for the greatest number as well as transformational economic development, respectively.

## References


Agbiboa DE (2013) No retreat, no surrender: understanding the religious terrorism of Boko haram. African Study Monogram 34(2):65–84

Agekameh, D. (2012). Still on Boko Haram. *The Nation*, Newspaper (June 29). pp. 1–2. Retrieved from https://thenationonlineng.net/. March 22, 2020

Ake C (2005) The feasibility of democracy in Africa. Codesria Press, Darker

DesJandin J (2020) An introduction to business ethics. McGraw Hill, New York

Diamond L, Plattner MF (2010) Democratization in Africa: progress and retreat. John Hopkins University Press, Baltimore

Dibie R, Dibie J (2017) Analysis of the paralysis of government leadership in sub-Saharan Africa. African's Public Service Delivery and Performance Review 5(1):1–13

Dibie R, Edoho FM, Dibie J (2018) Business and government partnership in Nigeria. In: Robert Dibie (ed) Business and government relations in Africa. New York: Routledge Press

Edoho FM, Dibie R (2017) Global corporations: corporate environmental accountability and the future of sustainability. Global Journal of Science Frontier ii 17:1–11

Erisksen T (2002) Ethnicity and nationalism: anthropological perspectives, 2nd edn. Pluto Press, London

Etakibuebu, G (2016) Between Buhari and Fulani herdsmen. Vanguard Newspaper, Nigeria. https://www.vanguardngr.com/2016/06/buhari-fulani-herdsmen/. September 21, 2020

Fasan, R. (2019). Herdsmen banditry as problem of Nigeria's political elite. Retrieved from https//www.vanguardngr.com/2019/07/herdsmen-banditry-as-problem-of-nigerians-political-elite/. December 28, 2019

Ferrell C, John Fraedrich C, Linda Farrell L (2019) Business ethics: ethical decision-making and cases, 12th edn. Cengage Learning Press, Stanford

Geuras D, Garofalo C (2011) Practical ethics in public administration, 3rd edn. Management Concepts, Vienna, Virginia

Hosmer LT (2010) The ethics of management, 7th edn. McGraw-Hill Press, New York

Iheanacho NN, Kilani A (2016) Culture, development and religious change: the Nigerian perspective. African Books Collection, Port Harcourt

Iheanacho N, Kolo A (2016) Religion and Boko Haran insurgency in Nigeria. In: Kilani AO, Iheanacho N (eds) Culture, development and religion change: the Nigerian perspective. Port Harcourt, Nigeria: M & J Orbit Communication

Kalu UO (2012) Religious and conflict transformation in Africa: discourses on Nigerian religious conflict, 1980-1998. In: Anyanwu SO, Nwanaju IU (eds) Religious conflicts and dialogue initiatives in Nigeria, vol II: Boko haram and terrorism, 2nd edn. Saap Press Ltd., Enugu, pp 76–89

Kilani AO, Iheanacho N (eds) (2016) Culture, development and religion change: the Nigerian perspective. Port Harcourt, Nigeria: M & J Orbit Communication

Mandel M (2013) Economics. The basic. McGraw-Hill, New York

Mankiw NG (2018) Macroeconomics. South-Western/Cengage Learning, Mason

Nnanna, O. (2017). Nepotism, mother of all corruption. Vanguard Newspaper Nigeria. Retrieved From https:/www.vanguardngr.com/2019/10/nepotism-mother-corruption. February 20, 2020

Obadare E (2018) Pentecostal republic: religion and the struggle for state power in Nigeria. Zeb Books, London, pp 214–216

Ogbu K (2012) Religion and conflict transformation in Africa. Discourse in Nigerian religious conflicts, 1980-1998. In: Anyanwu SO, Nwanaju IU (eds) Boko haram and terrorism: religious conflicts and dialogue initiatives in Nigeria. Snaap Press, Enugu, pp 1–32
Ojo, J. (2019). Open Letter to President Buhari and His New Ministers. Punch Newspaper. Retrieved from https/: punchng.com/Open-letter-to-president-buhari-and-his-new-ministers/. February 22, 2020
Okoro SI (2012) Africa and global terrorism: the Nigerian experience. In: Anyanwu SO, Nwanaju IU (eds) Boko haram and terrorism: religious conflicts and dia modelling initiatives in Nigeria. Snaap Press, Enugu, pp 76–89
Rawls J (2001) Justice as fairness: a statement. Harvard University Press, Cambridge
Soriola, E. (2018). History of Fulani Herdsmen in Nigeria and Today's Crisis a Year Ago. Retrieved from https://www.legit.ng/1151632-history-fulani-herdsmen-nigeria-today. February 22, 2020
Umana K (2019) Effects/impact of climate chane in Nigeria: conflict. https://researchcyber.com/effects-impact-climate-change-nigeria-conflicts/. September 21, 2020
Zenn J (2020) Boko Haram's conquest for the caliphate: how Al Qaeda helped Islamic state acquire territory. Journal of Studies in Conflict & Terrorism 43(2):89–122. https://doi.org/10.1080/1057610X.2018.1442141
Zook, W. (2017). Challenges for Church leaders today. Retrieved from http//www. Identity.network.net/apps/articles/default.asp. January 18, 2020

# Public Administration as a Professional Practice

Md Nazirul Islam Sarker
School of Public Administration, Sichuan University, Chengdu, People's Republic of China

## Synonyms

Ethics; Liability; Professional responsibility; Responsibility in the workplace; Values

## Definition

Professionalism is one of the core values of public administration. In considering its essence and prestigious nature with vision and stewardship of public funds and information, it becomes a profession. There are three essential items to be a profession like knowledge, skill, and license. The public administrator possesses knowledge and skill but still lacks a license. The administrator cannot practice openly like another profession, for example, doctor, engineer, lawyer, etc.

## Introduction

The meaning of profession varies from sector to sector. It means an indicator of trust as well as expertise. It also means a group of people who possess a special kind of knowledge and skills in an extensively accepted body of knowledge derived from education, research, and training with recognition or license from a professional institution or recognized organization.

A profession is a group of people who are disciplined and adhere to ethical standards. This group is possessing special knowledge and skills in a widely accepted body of learning derived from research, education, and training at a high level and is recognized by the public as such. A profession is also established to apply this knowledge and exercise these skills in the interest of others (Evetts 2011).

A professional is an individual of a profession. Professionals are followed by codes of ethics and profess obligation to competence, honesty and morality, selflessness, and the promotion of public goods and services within their expert domain. Professionals are accountable to those served and to society (Cruess et al. 2004). Professionalism means the person has beliefs about the individual's own manner as a professional. It's often connected to the keeping of the principles, laws, and ethics of a profession as a mean of practice. Professionalization is the process of becoming a profession (Farazmand 2012). Greenwood (1957) reported that a profession should have few elements like an established body of knowledge, authority and credibility, certain regulation and control, code of ethics and a culture of values, norms, and symbols. On the other hand, Jones (2012) emphasized singular assumptions not

more than that. He argues that the main feature which differentiates it from other occupations is the position of legitimate control over work. Farazmand (2012) emphasized that public administration still suffers and will continue to suffer from a deficit of status and respect within and outside the university.

## Professional Practices of Public Administration

The professional practice of public administration is related to the activities of the executive, the legislature, or the judiciary. Many thinkers seem it is only related to the executive. But some others argue that public administration practices as the activities of organization and management financed from the taxpayer's money.

## Accountability

Accountability is the acknowledgment and assumption of responsibility for decisions, actions, products, and policies including the public, administration, governance, and implementation within the scope of the role or employment position with an obligation to report, explain, and interpret for output. In governance, accountability has expanded beyond the basic definition of being called to account for one's actions (Mulgan 2000). The accountability of public administration also means the government, civil servants, and politicians are accountable to the public and to legislative bodies such as a congress or a parliament.

In developed countries, the level of accountability practices is very high, and the parliament is strong and capable to punish anybody who is not accountable. Hughes (2003) argues that every government needs an accountability system, so that it acts in such ways which are largely approved by the community. For being democratic it is a key component for a society. So, the public administration is created by the public, for the public, and need to be accountable to the public.

## Transparency

The public administrator should be responsible for regulatory commitment with due diligence. It should have a set of clearly defined and publicly available operating procedures. The practice of transparency is highly adapted to developed countries, but it is very rarely effective in developing countries. Though developed countries have corruption, developing countries' corruption is worse than developed countries. Huque (1996) argues that public administration itself is liable to corruption since officials exercise a substantial amount of power. They are providing undue benefit to the people by interpreting or bending rules in favor of certain groups or individuals. A strong safeguard or transparency is necessary for deterring and dealing with corruption within administrative agencies. It has to develop ways and means to prevent and detect corruption in other sections of society. There is a possibility to loss the benefit of rapid economic growth or a stable political order due to a growing tide of corruption.

## Coordination of Works

The coordination of works among different departments is the key practice of a good administration. The result of any work will not be achieved properly due to less or no coordination among different stakeholders. It should be engaged and consulted with key stakeholders in the development of policy and strategy.

## Implementing Legislation

The legislation should be implemented in such a way that interprets it to facilitate changing public protection needs. It is widely practiced in developed countries but rarely used in developing countries. World Bank and the International Monetary Fund sometimes emphasize the structural adjustment of the administrative systems of developing countries which helps to develop a professional administrative system. Financial assistance from the international organization can help developing

countries to comply with all related issues of governments to make the administrative system as a professional organization (Haynes 1996).

## Advocacy

The advocacy of public administration is an activity to influence the decisions of political, economic, and social systems and institutions for the betterment of the public. It will promote professional issues for protection of the public. It is widely practiced in developed countries but rarely used in developing countries. Public administration should have a stronger advocacy role to earn public and private resources to maintain research and technical assistance which will develop administrators as professional (Rosenbaum 2014).

## Responsiveness

The public administrator should be consistent with related disciplines. It also maintains guidance, codes, standards, and expectation of the public. For getting a fruitful public administration, responsiveness is necessary.

## Competence and Conduct

The administrator should have the competence to do their assigned job properly. The public administrator should be maintaining a standard of performance. The administrators of developed countries are competent enough and conduct their jobs according to the policy taken by the government. On the contrary, the administrators of developing countries are not competent and negligent to their duties.

## Professional Bodies of License and Registration

The license is a mandatory item to be a profession. There is no professional body to give the license. In some cases there are some association of public administrators for discussing various issues and public affairs. Milakovich and Gordon (2007) reported that professional associations encourage lifelong learning of public administrators by training courses through offering annual training courses which allow administrators to work cooperatively with each other, to learn research results, and to apply them in their respective professional settings. Professional associations often offer other services to individual organizational members. These may include publications, technical assistance, brief notes, newsletters, updates rules and regulations, and other useful information to practitioners (Klingner 2000). Mexico is an example of professional practices of public administration where a well-developed network is available with national public administration centers and professional associations which are supported by government funding. Professional associations outside the United States can support these activities by showcasing Mexican public administration in their conferences, programs, and journals. But in developing countries, it is not available.

## Ethics and Bureaucratic Behavior

The ethics and bureaucratic behavior are essential professional characteristics to maintain the hierarchy and achieve organizational goals. Hughes (2003) argues that some problems occur in developed countries, particularly where bureaucracies having technical experts. A tradition of the bureaucracy is being quite firmly compliant to the political leadership using various sources of information, as well as formal and informal rules to ensure ethical behavior. The bureaucracy is superior to the rest of society in developing countries. The principles of examination led to a closed bureaucracy open only to elites, formally educated, often in the West, but operating at a remove from their society of origin (Hughes 2003).

## Law Implementation

The law implementation procedure is not the same in developed and developing countries. The rule of

law is commonly practiced in developed countries. But it is very rare in developing countries. The law implementation is based on the desire of political leader in most developing countries. The recruited official administrator is not able to exercise law due to political interruption (Garrison 2000).

## Professional Autonomy

There are some professional organizations available in developed countries. But these organizations are not like doctors' association, engineers' association, and bar association. So, these organizations can't certify any administrators (Evetts 2011). As a result, we can't compare the public administrator as a profession.

## Professional Service Status

The professional service status of the public administrator is not the same as other professional. Though, professionalism is one of the major values of public administrators but not like another profession who are paid. They are providing service to the public but can't claim money from them for delivering service. It is almost the same in developed and developing countries (Bellò and Spano 2015).

## Nonprofessional Occupation

There are so many public administrators who comes from non-public administration academic background but working as a public administrator. Some of them are a good administrator and some are not a good administrator. So, there is no demarcation in the recruitment system that differentiates professionals from nonprofessionals. The nonprofessional administrator is common in both developed and developing countries.

## Conclusion

It is the main fact that developing countries followed the traditional model of public administration during the colonial period and after independence. It is mentionable that most of the developing countries were under British colony. The main feature of the administration in developing countries is strict hierarchy norms and staff recruitment for lifetime career with good salary. On the contrary, the public administration practices in developed countries are more accountable, more transparent, corruption-free, and more interacted with a professional association. They are more devoted to their duties as a perfect professional. The reality is that public administration practices are very different in developed and developing countries. There are three essential items to be a profession like knowledge, skill, and license. Knowledge and skill are possessed by almost every public administrator which still lacks license irrespective of countries. The public administration is very much different from another profession like doctor, engineer, and lawyer. But the public administrator sees themselves a professional. It is good for a country. There are lacking some other criteria like professional autonomy, professional service status, license and registration, distinctive scientific theory, bounded-specific curriculum, specification of selecting administrator, membership of professional bodies, nonprofessional occupation, etc. irrespective of developed and developing countries.

## Cross-References


- ▶ Bureaucracy and Professionalism
- ▶ Governance and Professionalism
- ▶ Lean in the Public Sector? Try Flexible Professionalism
- ▶ Professional Development and Training
- ▶ Professional Ethics
- ▶ Professional Norms in Public Sector HRM
- ▶ Professionalism and Professionalization in Russia
- ▶ Workplace Relevance of Professional Standards to Practitioners


## References


Bellò B, Spano A (2015) Governing the purple zone: how politicians influence public managers. Eur Manag J 33:354–365. https://doi.org/10.1016/j.emj.2015.04.002

Cruess SR, Johnston S, Cruess RL (2004) "Profession": a working definition for medical educators. Teach Learn Med 16:74–76. https://doi.org/10.1207/s15328015tlm1601_15
Evetts J (2011) Sociological analysis of professionalism: past, present and future. Comp Sociol 10:1–7
Farazmand A (2012) The Future of public administration: challenges and opportunities-A critical perspective. Adm Soc 44:487
Garrison J (2000) Pragmatism and public administration. Adm Soc 32:458–477
Greenwood E (1957) Attributes of a profession. Soc Work 2:45–55. https://doi.org/10.1093/sw/2.3.45
Haynes J (1996) Third world politics: a concise introduction. Blackwell, Oxford
Hughes OE (2003) Public management and administration: an introduction. Palgrave, New York, pp 249–250
Huque AS (1996) Administering the dragons: challenges and issues. In: Public administration in the NICs: challenges and accomplishments. Macmillan, Basingstoke, pp 1–32
Jones A (2012) Where has all the public administration gone? Teach Public Adm 30:124–132. https://doi.org/10.1177/0144739412462169
Klingner DE (2000) The role of professional associations in strengthening the professionalization of public administration. In: V Congreso Internacional del CLAD sobre la Reforma del Estado y de la Administración Pública, Santo Domingo, October 24–27, 2000, pp 1–5
Milakovich ME, Gordon GJ (2007) Public administration in America, 10th edn. Wadsworth Cengage Learning, Boston
Mulgan R (2000) Accountability: an ever expanding concept. Public Adm 78:555–573
Rosenbaum A (2014) Putting first things first: critical issues for public administration education. Teach Public Adm 32:80–94. https://doi.org/10.1177/0144739414523286

# Public Administration as an Academic Discipline and Social Science

Md Nazirul Islam Sarker
School of Public Administration, Sichuan University, Chengdu, People's Republic of China

## Synonyms

Academic discipline; Learning; Public administration; Social science; Teaching

## Definition

Discipline actually focuses on the way of thinking or certain behaviors. Discipline also focuses specific way of creation of knowledge and organization of learning. Academic discipline is a way of thinking or a certain behavior, knowledge creation, learning, and teaching in an academic setting.

## Introduction

Public administration is a dynamic discipline. It is a set of processes, organizations, groups, society, as well as individuals associated with implementing laws and other rules administered by judiciary, legislatures, and executives (Pandey 2017). The concept of public administration has been gradually changed with time and made accordingly to the necessities of organizations, societies, as well as individuals. It also varies with the context of the country (Kim 2017). The model of administration of developed countries is not compatible with developing countries. So, it is necessary to develop an appropriate model according to countries' social, political, economic, and cultural context. The practice of public administration is prevailing in our society from the very beginning of the people's organized community life. Generally, public administration deals with administrative activities for implementing governmental policies with administrative requirements (Thornhill 2006).

In developing countries, public administration is suffering from a number of deficiencies like narrow orientation in understanding, bureaucratic failure, weak political commitment, corruption, lack of accountability and transparency, etc. The contribution of these deficiencies in public administration made failure to meet expectations of peoples of developing countries. That is why public administration as an academic discipline could not take the main place in social science. On the other hand, in developed countries, public administration has become the main force for society as well as government. It takes a prominent and influential place in developed countries' administration through setting processes, organizations,

and individuals with laws and rules administered by the legislature, executive, and judiciary. It also includes internal and external agency involvement for many rules and laws with the application. It also interacts with policies for ensuring good administrations in terms of people's value orientation accountability, transparency, etc. Developing countries have to adopt a strong political ideology, check and balances in every sector, appropriate institutional framework, sound rule of law, dynamic civil service system, proper accountability, and transparency.

Since public administration of developed countries largely depends on the staff of governmental institutions, so moral ground have higher importance for ensuring professionalism, competence, and effective management. The importance of public administration is increasing with time for ensuring sustainable government system irrespective of the country's context. The present trend of public administration largely depends on a clear appreciation of its surrounding social, political, economic, and cultural environment. Though, it is easier to say but difficult to do. The literature of public administration shows that one of the recurring themes has made it broad-based and free it from western-developed culture basis (Khan 2013).

The main emphasis in public administration research, practice, and teaching is on building, promoting, and integrating cross-country and cross-cultural studies (Khan and Islam 2014). Most of the developed countries like the USA, Canada, UK, Australia, China, India, Japan, and South Korea are increasing collaboration of public administration in teaching and research among scholars. The main goal of public administration in a global context is transcending division among cultures and national boundaries to build and test theories outside of the country in a specific context to address global issues of public administration (Dominique and Kealeboga 2014). The role of public administration as an academic discipline and social science is a continuous topic of debate and discussion. This chapter highlights the status of public administration as an academic discipline and social science in developed and developing countries.

## Public Administration as an Academic Discipline

The strong intellectual foundation is necessary to get an identity as an academic discipline (Farazmand 2012). Though public administration is the oldest profession but considered as a contemporary discipline due to a weak linkage between practices and intellectual foundation. The government of developing countries are facing the challenge of the twenty-first century regarding the creation of a system of governance that promotes competent interaction as well as ensuring the welfare, safety, health, and security of their citizens. It is necessary for the government of developing countries to strengthen their support to perform the functions which are required for ensuring socially equitable growth, enabling policies for promoting global economy and combating poverty. Khan (2013) suggested the several functions which will enable public administration of developing countries as an appropriate discipline such as promoting human resources; ensuring people's rights and political freedoms; assuring safety, security, health, and development; promoting social capital through activating civil society; conserving natural environment; utilizing financial resources; launching public-private partnership for service delivery, decentralization, and democratization of bureaucracy; developing physical and technological infrastructure; and encouraging private sector.

Public administration is like a machine which is composed of many components. If the components work well, the machinery of the government will work well. The issues of ethics and morality are a vital component of public administration. So, the framework of government should be ethically standard and corruption-free. Many articles reflect that public servants are violating the law regularly which reduces the trust of people. In developing countries, corruption spreads so endemic form by which people are bound to pay bribes to public servants both elected and appointed. Not only that appointed public servants are fallen in politics but also it degrades their morality to tend corruption for their political parties. So, there are income disparity,

uneven economic growth and resistant to administrative reform, etc. as common scenery in developing countries. Wolf (2000) suggested six trends to understand the government framework of the last two decades such as universal innovation, holistic mapping, flexible administration, information communication technology (ICT) networks, people participation, and human development. Though, all the trends are not compatible with the developing countries' administration.

Some developing countries adopted public administration as an academic discipline after colonial periods. For example, in Bangladesh, public administration is established as an academic discipline after 1960 by the effort of Professor Muzaffar Ahmed Chowdhury of Dhaka University who obtained a Ph.D. in Public Administration from the University of London. He took initiative to establish a Master of Public Administration at Dhaka University in 1968–1969. Then other five universities of Bangladesh introduced public administration at the bachelor and master level. Public administration in developing countries is an emerging discipline. It is still evolving and learning from the relevant environment. It is not only a discipline but also a profession which facing a number of challenges. If we fail to take remedial measure, the growth of public administration will be retarded by the upcoming challenges, especially in the developing countries. According to Farazmand (2012), the major challenges of public administration are predatory globalization, failure of the institution, scarcity in the field, and possibility of success to be an effective field of study. Emphasis should be given on the day-to-day challenges facing leaders and managers in the public and nonprofit service sector, such as dealing with complex and sensitive personnel issues. Budgetary and legal constraints are assuring ethical decision-making, maintaining a professional and respected workforce, delivering quality services, and ensuring high levels of measurable productivity in a government program.

Developed countries took an initiative to reinvent government, a movement that has gained considerable strength at all levels of government (Milakovich and Gordon 2009). This movement emphasizes the following points:

- A redefinition of the relationship between citizen and government
- Entrepreneurial thinking, innovation, and creativity
- Empowering public employees to enable them to do their best work
- Eliminating unnecessary regulation
- Achieving results with fewer resources
- Serving government's customers efficiently and well

The substantial changes in the ways of operation, government organization results from reinvention efforts, and it is visible at all levels of government. Emphasis should be given on ethics and integrity in both the selection of appointed and elected public officials. This concern has intensified in the public sector and includes a focus on various types of ethical considerations that enter into both political and administrative decisions as well as an examination of ways to promote more ethical behavior, responsive and accountability among public administrators. The growth of information technology should be adopted to enhance knowledge, improve access, and facilitate communication between citizens, elected officials, and public administrators. The information technology supports to give an opportunity for citizens to participate responsibly in public decision-making like the Internet, the World Wide Web, and teleconferencing. It can be applied worldwide to achieve greater access to decision-makers, improve efficiency in government, and influence the outcome of public issues. Stoffregen et al. (2016) emphasized using open-source e-learning technology on a means of learning for an open educational resource of public administration.

Though public administration is now an academic field of study, it is also far from a settled discipline (Box 2015). The boundaries between it and other fields are blurred, and there are many loose ends in terms of what of study and how? It has a history of conflict with its parent discipline (political science), and growing controversy

exists over just where public administration belongs intellectually and institutionally. The main issues are maintaining the ethics and accountability of public administrators within the context of the larger political system, increasing the internal efficiency and economy of public resources, and improving effectiveness or results of public programs. The issues depend on three levels of analysis such as the role and function of government bureaucracy in society at large, management of the public organization, and the role of individuals.

Public administration is now becoming a prominent and influential force in the government system of developed countries and society. It is a simultaneous and academic field of study as well as an active field of training. Current political issues and bureaucracy are related to administrative agencies. Public administration act as a set of process, organizations, and individuals related to the implementation of rules and regulations endorsed by legislatures, executives and judiciary with involving administrative agency (Milakovich and Gordon 2009).

So, it involves internal and external agency structures. It is also characterized by managerial components which focus on internal dynamics like training of administrators, IT operation, skills of personnel, and budgeting. At the national level, the developed country's public administration is maintained by a few public agencies. These agencies are organized based on functions, geographical areas, clientele saved, or work process. Administrators are classified based on hired through merit procedures or political appointment and specialist or generalists. In some of the cases, the state government follows the national governments. But the exception is not uncommon; some state government activities are influenced by local political parties and employees union at the state government. Obviously, the technical government is lower than the national government.

In developed countries, there are some similarities and differences in private and public administrators. The public administrator must pursue broad goals set by others and evaluated by outside agencies, but it is not true for private management. Public managers can't design their own organizational structures but it's almost opposite in private management. But both of the organizations have similar competent, effective, and efficient administrators. According to Milakovich and Gordon (2009), the public administrator has been shaped by several major and partially overlapping schools of thought such as politics-administration dichotomy, the chase of economy and efficiency of the main goals of public administration, principles of administration, rejection of the principals' approach, a turning toward different perspectives of administrative behavior, growing ferment regarding the links between public administration and its parent discipline political science, and developing trends that seem to carry the study. The study of administration is far from political science as well as allied disciplines of administrative study and toward disciplinary autonomy. Public administration may face new challenges regarding its knowledge exploitation for providing better service to people, for example, technological integration to its practices.

## Public Administration as a Social Science

Public administration is a social science which deals with the behavior of people in organization and society. It also encompasses other social sciences like political science, sociology, economics, history, psychology, and law. Box (2015) suggested six areas of actions for developing countries' administrator who want to be an agent of social change with a small act of sweeping within an environment. According to Box (2015) the public administrators should gather and analyze the information about six areas of social actions like the current situation to organizational goal, and wider aspect of knowledge and practices, alternative futures, and pattern of social and environmental change, adjusting operating system within the organization to serve social equity goal and recommending for positive change for offering information to citizen, meaningful access and protecting private lives and striving the equity and personal freedom (Zalmanovitch 2014).

The public administration of developing countries focused more on management, efficiency, mid-level managers, generic approaches, organizations and management rather than social values, equity, elites, specifically public issues, processes and institutions, and political science or sociology respectively (Rosenbaum 2014). In this era of governance, ethics and morality issues are continued to remain relevant for public administration. Governance framework of developing countries has been supportive of ethical and corruption-free public service and administration. Surveys after surveys globally showed the real picture of how public life has been suffered regularly through violation of gross acts and public trust by elected and appointed public servants. Corruption has become so endemic in many developing countries that have adversely affected all spheres of life. The consequences are there for all to see. People are compelled to pay bribes to public servants; all aspects of a career public servant's life are affected by partisan politics; income disparity between the beneficiaries of corruption and the majority of the population increases at a frightening rate; distribution of the benefits of economic growth, however marginal, goes mostly to the well-to-do segments of the society; and major reforms in administration are resisted and remain non-implemented.

## Social Change

Public administration adapted to rapid social changes by adapting to changing trends in political and economic thought. Now, public administration deals with rapid population growth and urbanization, increasing specialization, dealing with new social problems, and complex technological advances.

## Crisis of Legitimacy

Legitimacy is a political situation under which public officials are felt lacking in the legal authority to make decisions for the citizen. The several assumptions are required in the shaping of government such as the relationship of public programs to the social and economic betterment, minimizing the use of public funds, maintaining public programs at various level, decreasing less efficient public managers, and protecting abuse of payment and rewards of public managers. The legitimacy of the government may be easily declining due to the failure of the government and market institutional mechanism which reduces the trust of the citizen on institutional ability.

## Political Environment

The political environment is changed in developed countries due to an emphasis on both effectiveness and accountability of administrative agencies, reinventing government, customer service standards, employee empowerment, etc. The extent of recent presidential efforts changes the direction of government. Similarly, a gradual transformation of the public agencies is taking place at a global level due to the privatization of marketization and corporatization. This kind of transformation decreases the role of the public agency's bureaucratization.

## Field of Study

Milakovich and Gordon (2009) described the following points which made public administration as an academic field like social science in developed countries.

(a) Movement away from political science. It is the ancestral home of public administration. The emergence of public policy as a district and legitimate field of study has helped to bridge the methodological gap between two disciplines.
(b) Some schools of management and business administration have inaugurated distinct public sector management portions recognizing the growing importance of education in public sector-related subject matters.
(c) Schools, programs, and institutes of public administration have proliferated in the last

40 years with a number of distinctive features like it already separated from political science and developed as major social sciences.

Matei and Leoveanu (2014) mentioned that public administration is a complete science which deals with various social complex matters and explored the emergent behavior of people in an interconnected complex social system rather than an individual. In a society, people interact with each other, and their complex relationship was clearly explained by complexity theory. Adaptive management is necessary to solve the complex societal problem of developing countries. It is an approach which focuses on managers and policy-maker's action since they have to work under uncertainty and sometimes under wrong knowledge. It emphasizes knowledge acquired through management-based philosophy (Waldt 2014). Decision-making is one of the key factors for solving the problem. So, structured decision-making is necessary for adaptive management, and it engages stakeholders, experts, and decision-makers to determine resource management option (Farazmand 2012). It is necessary to emphasize governance for development. In some developing countries, structure decision-making governance is prevailing. Norms and values on accountability, collaboration, and decision-making should be ensured for doing better in the uncertain and unpredictable socio-ecological system (Matei and Leoveanu 2014). As an effective field of study, public administration must focus on the major dimensions like legal and constitutional dimension, organization and managerial dimension, political dimension, and intergovernmental dimension. These dimensions help to enhance the theory and practices of public administration.

Finally, there is an unsettled question in public administration. Considering the nature of the academic field and subject matter, one observer discussing the constitutional separation of powers and administrative theory has noted three separate approaches to public administration: a managerial approach most closely associated with the chief executive, a political approach geared to legislative concerns, and a legal approach associated with the judiciary.

## Conclusion

In developing countries, public administration could not bring desirable changes that ought to be as an academic discipline. But in some developed countries, it brought desirable changes in administration. As a social science, public administration covers all the fields like political science, sociology, social works, economics, history, psychology, law, and some issues related to business administration, environmental science, and disaster management. Public administration of developing countries is affected by many deficiencies which retard the country from sustainable development. On the other hand, public administration has become the main force for society as well as government in developed countries. It takes a prominent and influential place in developed countries' administration through setting processes, organizations, and citizens with rules and regulations administered by the legislature, executive, and judiciary. It also includes internal and external agency involvement for many rules and laws with the application. It also interacts with policies for ensuring good administrations in terms of people's value orientation, accountability, transparency, etc. A strong political ideology, checks, and balances in every sector, appropriate institutional framework, sound rule of law, dynamic civil service system, proper accountability, and transparency are required for developing public administration as an academic discipline in developing countries. The moral factors have higher importance for ensuring professionalism, competence, and effective management for public administration of developed countries since it is largely dependent on the staff of governmental institutions.

## Cross-References


- ▶ Bureaucracy and Public Policy
- ▶ Comparative Public Policy
- ▶ Constitutional Federalism and Public Administration
- ▶ Development Administration

▶ Globalization and Public Administration
▶ Governance of Higher Education System in Iran: The Elongated Road to New Public Management
▶ Innovation and Tradition in Public Administration Reform
▶ Legitimacy in Public Administration
▶ Sociological Study of Nonprofit Organizations
▶ Supreme Court and Public Administration

## References

Box RC (2015) Making a difference: progressive values in public administration. M.E. Sharpe, Inc., New York

Dominique EU, Kealeboga JM (2014) The changing global public administration and its theoretical and practical implications for Africa. J Public Admin Policy Res 6:90–101. https://doi.org/10.5897/JPAPR2014.0284

Farazmand A (2012) The future of public administration. Adm Soc 44:487–517. https://doi.org/10.1177/0095399712452658

Khan MM (2013) Public administration in the governance framework: Bangladesh public administration at forty. J Asiat Soc Bangladesh 58:277–288

Khan MM, Islam MS (2014) Democracy and good governance in Bangladesh: are they compatible? Millenn Asia 5:23–40. https://doi.org/10.1177/0976399613518855

Kim PS (2017) The development of modern public administration in East Asia. Int Rev Adm Sci 83:225–240. https://doi.org/10.1177/0020852316685162

Matei A, Leoveanu AC (2014) Logic and public administration: towards a logic of administrative action. GRIN Verlag, Munich

Milakovich ME, Gordon GJ (2009) Public Administration in America, 10th edn. Wadsworth Cengage Learning, Boston

Pandey SK (2017) Theory and method in public administration. Rev Public Pers Admin 37:131–138. https://doi.org/10.1177/0734371X17707036

Rosenbaum A (2014) Putting first things first: critical issues for public administration education. Teach Public Admin 32:80–94. https://doi.org/10.1177/0144739414523286

Stoffregen JD, Pawlowski JM, Ras E, et al (2016) Barriers to open e-learning in public administrations: A comparative case study of the European countries Luxembourg, Germany, Montenegro and Ireland. Technol Forecast Soc Change 111:198–208. https://doi.org/10.1016/j.techfore.2016.06.030

Thornhill C (2006) The domain of public administration. J Public Admin 41:793–806

van der Waldt G (2014) Public administration teaching and interdisciplinarity. Teach Public Admin 32:169–193. https://doi.org/10.1177/0144739414523285

Wolf A (2000) Trends in public administration – a practitioner' s view. Int Rev Adm Sci 66:689–696

Zalmanovitch Y (2014) Don't reinvent the wheel: the search for an identity for public administration. Int Rev Adm Sci 80:808–826. https://doi.org/10.1177/0020852314533456

# Public Administration During the Indenture System

Suwastika Naidu, Anand Chand, Maureen Karan, Atishwar Pandaram and Jone Lako
School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

## Synonyms

Indenture system; Indian laborers; Public administration; Taylorism

## Definitions

Indentured system: refers to the start of a new form of global labor mobility that involved taking laborers from India to a number of British colonies to work in the sugarcane plantations (Lal 2012).

## Introduction

The Indian indenture system has been undoubtedly the most discussed and debated topic in the existing literature by academics and practitioners. According to Lal (2012), the Indian indenture system started a new form of global labor mobility that involved taking laborers from India to a number of British colonies to work on the sugarcane plantations. During this movement of laborers from India, the specific British colonies that extensively benefited were Mauritius, British Guiana, South Africa, Trinidad, Fiji, Jamaica,

Suriname, Reunion Island, Grenada, St Lucia, St Kitts, St Vincent, Seychelles, Malaysia, Guadeloupe, Martinique, Belize, and French Guiana (Lal 2012).

A number of reports and studies, most of which form part of gray literature, have been published on the indenture system in different British colonies over the world, and most of these studies focused on the history, working conditions, and exploitation of workers. However, to date, none of the existing studies have examined how Taylorism and Weberian theories were practiced by the British rule and the Colonial Sugar Refinery Company in order to achieve their goal of establishing a fully functional economic system in Fiji. The main aim of this entry essay is to examine how the British traditional public administration system assisted the Australian-owned Colonial Sugar Refining Company (CSR) and the European planters to exploit workers in the sugarcane plantations. This entry essay provides a discussion on the early public administration models followed by a discussion on how these models are relevant to the indenture system practiced in the Fiji Islands.

## Early Public Administration (EPA) Model

The origins of public administration as theory and practice can be traced back to the early Iranian Susa Empire (3000 BC), then to the powerful Federated Elamite Empire of early Iran (3000–600 BC), and to the mighty One World State Achaemenid of the Persian Empire (559–230 BC) (Ghirshman 1954; Frye 1984; Farazmand 1996; Farazmand 2009). The Persian Empire was the largest, most professionalized, efficient, and most effective system of administration based largely on merit and covered around 80% of the world's populations spreading from Asia to the Middle East and Africa to Europe (Ghirshman 1954; Frye 1984; Farazmand 1996; Farazmand 2009). The Persian Empire was a major contributor to many administrative innovations and contributed to the development of "modern public administration, policy, organization theory and behavior, crisis and emergency management systems, communications systems, and financial management system" (Farazmand 1996; Farazmand 2009). Farazmand (1996) argues that public administration is as old as human civilization, and there are twin fields of public administration, namely, "development administration" and "comparative administration." Farazmand (1996) further mentioned that public administration as a field of study had gained more attention since World War II and during the 1960s under Fred Rigg's leadership of the Ford Foundation in the USA.

During the eighteenth century, the "early public administration" model (EPA) was used to manage the public sector, especially when monarchies controlled the public sector (Adams 1992; Frederickson 2010). This EPA model was based largely on "loyalty" toward those who hold power in society, for instance, loyalty toward a particular king and those people in power (Adams 1992; Frederickson 2010). The recruitment of government officials was not based on "merit" but family relationships (nepotism), favoritism, and bribery (Grindle 2004). In other words, it was predominantly based on family and personal aspects, and these resulted in corruption, lack of transparency, and the absence of accountability in the public service (Grindle 2004). Thus, the recruitment and selection under the early public administrative practice were based mainly on nepotism, and there were no formal procedures in place to ensure that those who were employed in the public service were competent enough to take up appropriate positions (Lavigna and Hays 2004). Besides, some of the practices, such as nepotism, making the public sector more personal in nature and patronage, may seem bizarre in the contemporary period but were acceptable practices under the early public administration (Hopkins 1974; Hughes 2012). Furthermore, the administrative positions during the early period of administration were not usually full-time positions but were part-time positions in nature. Some business people preferred to undertake part-time government jobs to maximize their business returns (Hall 1993; Skocpol 1995).

## Traditional Model of Public Administration (TMPA)

Over time, the monarchies changed into early forms of government, and by the early 1800s, the public sector began to adopt Weber's Theory of Bureaucracy. This led to the development of the "traditional model of public administration" (TMPA) (Karl and Sutton 1998; Hood 1991; Wart 2003; O'Flynn 2007). Two important theories that form the basis of the TMPA are Max Weber's Theory of Bureaucracy and Frederick Taylor's Scientific Management principles.

## Weber's Theory of Bureaucracy

In the eighteenth century, Max Weber developed his Theory of Bureaucracy (Weber 1922) that argued that the recruitment of government officials should not be based on family relationships (nepotism), favoritism, and bribery but instead on "merit" and "rational rules" (Chand 2018). Weber's Theory of Bureaucracy is based on five principles. Firstly, the management of the public sector should be based on written documents. Secondly, the management of public sector offices should be done in a specialized manner. Thirdly, the appointed officials should work in full capacity to meet the demands of the state. Fourthly, general rules must be followed in the management of the office. Fifthly, the administrative regulations would govern the principles of the fixed and official jurisdictional areas (Grindle 2004). Some of the key principles of the traditional model of public administration were undertaking a proper examination before appointing key personnel in the public sector and separating policy-making from public administration (Peters and Pierre 1998; King et al. 1998).

## Taylor's Scientific Management

Furthermore, Taylorism involved standardizing work practices, which implies finding the best way to work (Bain et al. 2002; Baldry et al. 1998). Scientific management emphasized three main issues (Jürgens et al. 1993; Niepcel and Molleman 1998). These three issues are time-motion studies, wage incentive system, and functional organization. Initially, Taylor's principles were applied to the private sector, and it was not long before Taylor's principles were applied to the public sector. Taylor believed that scientific management might be very useful in the public sector organizations because he perceived that each public sector employee performed around one-third or a half of a fair day's work. According to Schachter (1989), scientific management became a key theory that played an indispensable and vital role in both the private and public sectors.

## British Public Administration

The traditional model of public administration emerged in the nineteenth century from Britain (Peters and Pierre 1998; King et al. 1998). The British colonial government also allowed the European planters to utilize Taylorism in the sugarcane plantations. There are two reasons for using the traditional model of public administration, together with the Weberian Theory of Bureaucracy and Taylorism in this entry essay. First, the traditional model of public administration was used to correct the inefficiencies in the early days of public administration. These inefficiencies refer to the appointing of the public sector officials based on nepotism and lack of transparency and accountability. Second, during the early days of the public administration, Weber's Theory of Bureaucracy and Taylorism were widely used to improve the efficiency and effectiveness of the inputs employed in an organization.

## Indenture System in Fiji

Fiji was ceded to Great Britain in 1874, and the first Indian indentured laborers were brought to Fiji in 1879 (Lal 2004). This new colony of Fiji was in dire need of economic development so that

it could sustain itself in the long run. Fiji's first governor-general, Sir Arthur Gordon, protected the Fijian laborers from commercial employment and believed that Fijians should continue to live in their traditional surroundings, protected from the outside world and controlled and managed by their tribal chiefs. It was Sir Gordon that invited the Australian-owned Colonial Sugar Refining Company (CSR) to establish the sugar industry in Fiji. The CSR started its operations in Fiji in 1882 and departed in 1973. The decision of Sir Gordon to use Indians to work in the sugar cane plantations in Fiji was based on the success that was achieved by using Indians to work in the sugarcane plantations in Trinidad and Mauritius, where he had previously served as a governor before his appointment in Fiji. The colonial administration controlled the indenture emigration. The indentured workers were required to work for 9 h during weekdays.

Additionally, on Saturdays, they worked for 5 h. Sunday and public holidays were treated as free days for workers. Males were paid one shilling per day, and women nine pennies per day. These laborers were allowed to return home at their own expense after 5 years or at the expense of the government after 10 years. There was a huge disparity between what was promised to them before they departed from India and what they experienced upon their arrival in Fiji (Lal 2004). The Indians chose to migrate under the *girmit* system, as they saw this as a way to evade the tyrannical times and to attain a better socioeconomic life in Fiji.

Nonetheless, this did not prove to be easy for the *girmitiyas* (Girmitiya's refers the Indians who came to work in Fiji under the indenture system.), as the terms of indenture were different on entry as compared to reality (Pandey 2011). There was a strict routine to be followed by workers for 5 years, that is, after having breakfast every day they would have to pick their tools and start engaging in plowing, weeding the fields, digging drains, feeding the horses, mulching the cows, cutting and transporting cane to the mills, and ensuring that the road and bridges and tramlines were kept in a serviceable condition. Initially, the laborers were overloaded with tasks, and they hardly received the minimum statutory wages. Those workers that were underpaid could not afford a proper diet, so they were quite unhealthy and were frequently away from work (Lal 2004).

The nature and amount of work that was to be done by laborers were decided by the Colonial Sugar Refining (CSR) Company. There were few initiatives to reduce the number of abuses that laborers encountered. During May 1886, one hundred and thirty immigrants protested against the "task" system, where workers were only paid if they finished the allocated tasks in a given period. As a result of this, the government responded to this behavior by passing an ordinance where laborers were penalized for inefficient labor and enacted regulations that made it clear that more than five laborers could not participate in the protest (Sohmer 1984).

Additionally, the working conditions deteriorated and even the Colonial Office protested that something had to be done or else the Indian government would disallow further recruitment of laborers. There was no action taken by the Indian government or the CSR. The Indian laborers had no supporters, and finally, in 1916, the indenture system was abolished. It is noteworthy that the suicide statistics during the indenture system in Fiji was nine times higher than in Madras, as life in labor lines in Fiji were referred to as "*narak*" (*Narak* is the Hindu term that refers to hell where sinners are given punishment after death.) (hell) (Gillion 1962 cited in Sohmer 1984).

There are a number of studies conducted on the indenture system in Fiji. However, most of these studies are on the socioeconomic and cultural effects of the indenture system in Fiji. None of the existing studies have explored the public administration system that existed during the indenture system in Fiji. Gupta (2015) highlighted that the term "*girimit*" points to the erosion of the caste system and shows the impact of forced migration on indentured workers. Pande (2010) argued that the indentured system represented the evils of slave trading, thus making the victims of the indenture system also the victims of racial discrimination and racism. Kaplan (2007) and Lal (2012) highlighted that the "Indo-Fijian" identity was created from the intermarriage of

the Indian indentured laborers, also known as the *girmitiyas*, that were brought to work in Fiji's sugarcane fields (Balakrishnan 2015; Lal 2012; Munro 2012: 687; Pande 2010: Kaplan 2007; Luangphinith 2006). This process also ended the traditional Indian caste system as the "indentured system" forcefully obligated *girmitiyas* of different castes to live, work, and eat together (Balakrishnan 2015).

## Indenture System and Psychological Contract Theory

The indentured system contributes to the literature on the Psychological Contract Theory. The process in which the *girmitiyas* were lured to the boat without their consciousness was considered inhumane. According to Handy (1999), the term "psychological contract" is usually an unstated agreement between two parties, the nature of which included expectations. The most appropriate of the three types of psychological contract is the "coercive psychological contract" where a party has agreed with their will. Since the *girmitiyas* were pushed out of India (Pande 2010; Saha 1970; Gillion 1962), and the fact remains that they were not aware of the intention of their capture or their preferences were not sought. Furthermore, the indentured system adds to the literature on the Scientific Management theory (SMT), where the indentured laborers were forced to work in the sugarcane field, an environment not of their choice. SMT states that in order for the workers to work hard, they must be forced to produce the maximum output, which on the contrary, failed to consider their physical and their mental well-being (Ramasamy 2009).

## Indenture System and Human Relations School of Thought

Besides, the indentured system contributes to the Human Relations School of Thought theory. Since the *girmitiyas* were human beings, which, according to Maslow had human needs (Schmerhorn et al. 2013). The fact that they were pushed out of India and worked in sugarcane fields against their will and without any family relations made them fill the gap through intermarriage among themselves, which Gupta (2015) argued as the process of depleting the "caste system" in order to fulfill their social needs on the sense of belonging (Schmerhorn et al. 2013).

## Indenture System and Dunlop's System Theory

Also, the *girmit* era adds to the Dunlop's system Theory, where *girmitiyas* were part of the input as human resources in the sugar production process in Fiji. One can argue that the indentured system was the solution to labor woos in Fiji and other British colonies. They became one of the most important actors (Muller-Jentsch 2004) in the sugar industry in all British colonies that used the indentured system. According to Narsey (1979), around 60,000 indentured workers were imported from India to work in the sugarcane plantations in the Fiji Islands. Narsey notes that the workers were forced to meet task outputs, and workers who did not meet the task outputs were fined and made to work without any form of compensation until the work was completed.

Sharma and Lawrence (2009) and Gaines (2012) argue that initially, the Indian laborers were imported to work in the sugar cane plantations, but as the economy of Fiji evolved, there was an immediate need for the Indian workers to join the public sector and the government departments. The history proves that the Indians have played a significant role in establishing the economic system of Fiji. Work practices of indentured workers confirm that anything is possible with the right attitude and professional work ethics.

## Task System

Sharma and Irvine (2016) emphasizes that under the indenture system, the Indian laborers were controlled by using the task system. The task system involves the use of controlled hierarchy by using premeditated labor management practices in the

sugarcane plantations. Premeditated labor management practices used during the indentured system were such that it increased the pressure on the performance of the Indian indentured laborers. As a result of this, the suicide rate increased because some indentured laborers were not able to take the pressure that the CSR company had imposed on them. Chand (2007) emphasizes that the work ethics and discipline of the indentured laborers are significantly different from the work ethic and discipline of the new generation. The new generation of Indians in Fiji has socialized in a culture whereby they do maintain some of the aspects of the traditional Indian culture, but they have adopted western and local Fijian culture.

Davie (Davie 2000) allege that there was collusion between the British leaders and the high chiefs to import the Indian indentured laborers to work in the sugarcane plantations in the Fiji Islands. Alam et al. (2004) submit that in order to protect the Fijian culture and traditions, the Indian workers were imported under the indenture system contract to work in the sugarcane plantations. These workers were mainly brought in so that the cheap labor supply demands of the Australian capitalist, the Colonial Sugar Refinery, could be adequately met.

Prasad (2009) highlighted that Indo-Fijian work ethics brings communal stability in the working environment in Fiji. Traditionally, the Indians were recruited from India to work in the sugarcane plantations because these Indians had the discipline and strong work ethics and could start the economic system in Fiji. The Indians recruited under the indenture system were able to adjust to different working environments easily. For instance, during the *Girmit* period, women used to work in cane fields even if they were pregnant. Presently, it is seen as against the Employment Relations Promulgation Act (2007) if pregnant women were compelled to work in the sugar cane plantations.

## Application of Scientific Management and *Girmit* System

The British Empire, together with the Colonial Sugar Refinery (CSR) Company, used several deceptive ways to recruit the Indian workers (Lal 2004; Naidu 1980). There were several reasons for using these ways to recruit workers to work on the sugarcane plantations in the Fiji Islands. First, in order to establish fully functional industries in Fiji, it was becoming extremely difficult to use the Fijian laborers in the sugarcane plantations. Therefore, the purpose of using Indian laborers to work in the sugarcane plantations was to maximize productivity, and this was based on the tools of scientific management. Under the principles of scientific management, the employers would go to any extent to maximize the productivity of the workforce.

Achieving maximum productivity from the workers in the sugarcane fields in Fiji required the use of highly productive Indian laborers – who demonstrated their ability to produce high output in sugarcane plantations in other parts of the world too. Next, if Indian laborers did not see a better future in Fiji, it would have been difficult to recruit them to work in the sugarcane plantations. Some of the foul ways that were adopted by the CSR with the support of the British rule were informing the Indians that they had an optimistic future in Fiji, and they would be earning much more than they would be earning in India (Naidu 1980). Under the Scientific Management philosophies, using foul ways in recruiting workers is not a problem as long as these foul methods help organizations to recruit best workers to maximize the productivity of the workers. The task system under the British indenture system was too difficult for the workers.

Additionally, one of the fundamental tools of the scientific management system is to reduce costs to maximize the productivity of the per dollar input in the organization. The *Girmit* workers were kept in the barracks that comprised of three single men. For men who were married, they were kept with their wives and children. Some indentured laborers described the barracks as "horse stables" (Naidu 1980). Due to overcrowding in the barracks and the indenture laborers' suffering health, the British colonial administration implemented legislation in the year 1908 that provided bigger and detached rooms for the workers. During the *Girmit* era, there was no system in place to measure the

productivity of workers. The CSR officials believed that working in the sugarcane plantations required intensive physical labor. Therefore, men were producing more than women at the workplace. As a result of this, men were paid more than the women in the sugarcane plantations (Naidu 1980).

## Application of Bureaucratic Principles and *Girmit* System

During the *Girmit* time era, the British Empire had rules and regulations, as those provided the framework to guide the relationship between the CSR and the indentured laborers. According to Weber's principles of bureaucracy, rules, and regulations are needed in the public sector so that the state can achieve its objectives. Unfortunately, during that period, the objectives of the state were to establish commercial industries so that the output from the public sector could be maximized. In order to achieve this objective, the Immigration Ordinance Act was implemented by the British Rule (Naidu 1980). This Act was designed to support the practices of the CSR Company. For instance, the workers were assigned tasks that had to be completed, and if these tasks were not completed, then the workers were severely punished under the Immigration Ordinance Act.

Additionally, there were a lack of implementation of rules and regulations at the workplace, and there were no mechanisms put in place to ensure that these were followed at the workplace (Naidu 1980). The internal characteristics of the indenture system, such as task work and penal code, made it difficult to have a good working relationship between the British rule and the indentured laborers. Due to poor implementation of the labor ordinances, the CSR Company became a dominant stakeholder in the private sector, and the workers could not do anything but to protect themselves if they were mistreated. The CSR Company did not follow the labor ordinance that was implemented by the British rule on several occasions. According to the labor ordinance, the CSR was required to give rations to the Indian laborers in the first 6 months. However, the amount of food received by the Indian families was insufficient, and this harmed the health of workers working on the sugarcane plantation.

Moreover, there were no regulations to guide the type of medical services that were provided to the indentured laborers. The medical services that were provided to the indentured laborers were provided by the people who did not have qualifications in the area of medicine (Naidu 1980). There were no regulations for the necessity of health services that were to be provided to the indentured laborers. The CSR used many forms of violence against the indentured laborers. The planters, overseers, and *sardars* (supervisors) were three groups of people who were controlling the sugarcane plantations. These three groups of people used different types of violence on the indentured laborers. There was also violence among the indentured laborers, and some of the reasons for this violence were overcrowding of houses, prostitution, and lack of availability of proper food (Naidu 1980). The government did not provide any regulation to control this conflict. The labor ordinance regulated the first form of violence, that is, the violence on the indentured laborers by those in power. However, due to a lack of implementation of the labor ordinance, this type of violence was not curtailed. There were no regulations that restricted violence among the indentured laborers.

This entry essay has emphasized that Taylorism and Weberian management philosophies were practiced during the *Girmit* period. The approach in which the public sector was managed during the *Girmit* era with Taylorism and Weberian philosophies is different from the way the public sector is managed in the modern era. First, some of the important practices of Taylorism prevalent during the *Girmit* period were task payment, barrack housing, violence, and corporal punishment to squeeze the maximum out of the workers. These were some of the tactics used by the state in conjunction with the CSR Company to improve worker productivity. The "indentured system" or *Girmit* had much relevance to the Scientific Management theory (SMT) when the indentured laborers were forced to work in the sugarcane fields, an environment that was not of their choice. SMT contends that in order for the workers to

work hard, they must be compelled to produce the maximum output, which on the contrary, failed to consider their physical and their mental well-being (Ramasamy 2009). Another contribution of this entry essay was the emphasis on the work rules that were directed toward work and the maximization of sugar production.

Second, state bureaucracy was present during the *Girmit* era but to a limited extent. The bureaucracy existed to benefit mainly the CSR Company rather than the indentured laborers. Surprisingly, the bureaucracy was quite low in areas, such as defense, health care, and education. Nonetheless, during the indenture system, the children of the indentured farmers did not have access to the proper schooling system.

The indentured laborers that were brought to work in sugarcane fields in Fiji worked in very harsh conditions that were characterized by poor hygiene and inadequate sanitation practices. Therefore, the work environment is an important factor that must be taken into consideration if organizations are keen on enhancing high levels of efficiency and performance of various individuals. From the experiences gained during the indenture period, it is evident that in order to maximize worker output, the organizations must provide proper and adequate working conditions to workers.

Lower morale of employees contributes to decreased commitment levels and productivity levels. Therefore, it is paramount that the welfare of workers is adequately looked after, especially if organizations are intending to increase the performance of their staff. During the indenture system, there was an absence of labor ordinances, and this contributed to extensive labor exploitation through false promises directed to those who were being recruited. In light of this, there is a need for enactment of proper regulations to facilitate effective labor movement and to protect the vulnerable and weak sections of the community.

## Conclusion

The main aim of this entry essay was to discuss public administration during the *Girmit* era. This entry essay found that different forms of bureaucracy and scientific management practices were present during the *Girmit* era. Additionally, these were significantly different from the forms of bureaucracy and scientific management principles that exist in the workplace today. During the *Girmit* period, some of the Taylorism practices prevalent were task assigned payments, barrack housing, violence, and corporal punishment to squeeze the maximum out of the workers. Bureaucracy mainly existed during the *Girmit* period so that the state could fully support the CSR Company to get the maximum output out of the workers.

One of the limitations of this entry essay is that it is based entirely on the Fijian indenture system. Therefore, cross-country comparisons cannot be made on the indenture practices adopted in other countries around the world.

## References

Adams GB (1992) Enthralled with modernity: the historical context of knowledge and theory development in public administration. Public Adm Rev 52:363–373

Alam M, Lawrence S, Nandan R (2004) Accounting for economic development in the context of post-colonialism: the Fijian experience. Crit Perspect Account 15(1):135–157

Bain P, Watson A, Mulvey G, Taylor P, Gall G (2002) Taylorism, targets and the pursuit of quantity and quality by call centre management. N Technol Work Employ 17(3):170–185

Balakrishnan B (2015) India's engagement with the pacific islands. Indian Foreign Aff J 10(4):353–367. Retrieved from http://proxy.usp.ac.fj:2048/login?url=http://search.proquest.com/docview/1792165549?accountid=28103

Baldry C, Bain P, Taylor P (1998) 'Bright satanic offices': intensification, control and team Taylorism. In: Workplaces of the future. Macmillan Education, London, pp 163–183

Chand A (2007) The Fiji Indian chutney generation: the cultural spread between Fiji and Australia. Int J Media Cult Polit 3(2):131–148

Chand A (2018) Expanding gouldner's theory of patterns of industrial bureaucracy: looking back and moving forward. Soc Indic Res 137(1):317–334

Davie SSK (2000) Accounting for imperialism: a case of British imposed indigenous collaboration. Account Audit Account J 13(3):330–359

Farazmand A (1996) Regime change and the thousand family elite replacement in Iranian revolution of

1978–1979. In: International conference on Regime change and Elite change in El Paular, Spain
Farazmand A (ed) (2009) Bureaucracy and administration. CRC Press, Boca Raton
Frederickson HG (2010) Social equity and public administration; origins, developments, and applications. Public Integr 11:1–21
Frye RN (1984) The history of ancient Iran, vol 7. CH Beck, München
Gaines E (2012) British imperialism in Fiji: a model for the semiotics of cultural identity. Int J Semiot Law-Revue Internationale de Sémiotique Juridique 25(2):167–175
Ghirshman R (1954) Iran: from the earliest time to the Islamic conquest. Penguin Book, New York
Gillion KL (1962) Fiji's Indian migrants: a history of the end of indenture in 1920. Oxford University Press, Melborne
Grindle MS (2004) Good enough governance: poverty reduction and reform in developing countries. Governance 17(4):525–548
Gupta C (2015) 'Innocent' victims/'guilty' migrants: Hindi public sphere, caste and indentured women in colonial north India. Mod Asian Stud 49(5):1345–1377. https://doi.org/10.1017/S0026749X14000031
Hall PA (1993) Policy paradigms, social learning, and the state: the case of economic policymaking in Britain. Comp Polit 25:275–296
Handy C (1999) Understanding organizations. Penguin Group, London
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19
Hopkins JW (1974) Contemporary research on public administration and bureaucracies in Latin America. Lat Am Res Rev 9(1):109–139
Hughes OE (2012) Public management and administration. Palgrave Macmillan, Basingstoke
Jürgens U, Malsch T, Dohse K (1993) Breaking from Taylorism: changing forms of work in the automobile industry. Cambridge University Press, Cambridge
Kaplan M (2007) Fijian water in Fiji and New York: local politics and a global commodity. Cult Anthropol 22(4):685–706. Retrieved from http://www.jstor.org/stable/4497790
Karl KA, Sutton CL (1998) Job values in today's workforce: a comparison of public and private sector employees. J Public Pers Manag 27(4):515–527
King CS, Feltey KM, Susel BON (1998) The question of participation: toward authentic public participation in public administration. Public Adm Rev:317–326
Lal BV (2004) Bittersweet: the Indo-Fijian experience. Pandanus Books, Research School of Pacific and Asian Studies, The Australian National University, Canberra
Lal B (2012) The Odyssey of indenture. In: Chalo Jahaji: on a journey through indenture in Fiji. ANU Press, pp 41–66. Retrieved from http://www.jstor.org/stable/j.ctt24h3ss.7
Lavigna RJ, Hays SW (2004) Recruitment and selection of public workers: an international compendium of modern trends and practices. Pers Adm 33(3):237–253
Luangphinith SI (2006) Stolen worlds: Fiji Indian fragments. Contemp Pac 18(1):202–204. Retrieved from http://proxy.usp.ac.fj:2048/login?url=http://search.proquest.com/docview/201678275?accountid=28103
Muller-Jentsch W (2004) Theoretical approaches to industrial relations. In: Kaufman BE (ed) Theoretical perspectives on work and the employment relationship. Industrial Relations Research Association, Madison, pp 1–40
Munro D (2012) Of journeys and transformations: Brij V. Lal and the Entry of Girmit. In: Lal B (Author) Chalo Jahaji: on a journey through indenture in Fiji. ANU Press, pp 1–23. Retrieved from http://www.jstor.org/stable/j.ctt24h3ss.5
Naidu V (1980) The violence of indenture in Fiji, Fiji monograph series no. 3. Laucala Campus, Suva
Narsey WL (1979) Monopoly capital, white racism and super profits in Fiji: a case entry of the CSR. J Pac Stud 5(1):66–146
Niepcel W, Molleman E (1998) Work design issues in lean production from a sociotechnical systems perspective: Neo-Taylorism or the next step in sociotechnical design? Hum Relat 51(3):259–287
O'Flynn J (2007) From new public management to public value: paradigmatic change and managerial implications. Aust J Public Adm 66(3):353–366
Pande A (2010) Indians and the struggle for power in Fiji. Diaspora Stud 3(1):57–67. Retrieved from http://proxy.usp.ac.fj:2048/login?url=http://search.proquest.com/docview/862580148?accountid=28103
Pandey A (2011) Indian diaspora: contributions to their new home. MD Publications Pvt Ltd, New Delhi
Peters BG, Pierre J (1998) Governance without government? Rethinking public administration. J Public Adm Res Theory 8(2):223–243
Prasad M (2009) Vijay Singh's Indo-Fijian work ethic: the politics of diasporic definitions. In: Comparing postcolonial diasporas. Palgrave Macmillan, London, pp 168–188
Ramasamy T (2009) Principles of management. Himalaya Publishing House, Mumbai
Saha P (1970) Emigration of Indian labour (1834–1900). Peoples Publishing House, Delhi
Schachter HL (1989) Frederick Taylor and the public administration community: a re-evaluation. State University of New York Press, Albany/New York
Schmerhorn JR, Davidson P, Poole D, Simon A, McBarron E (2013) Management, 5th Asia Pacific edition. Wiley, Milton
Sharma U, Irvine H (2016) The social consequences of control: accounting for indentured labour in Fiji 1879–1920. Qual Res Account Manag 13(2):130–158
Sharma U, Lawrence S (2009) Global remedies for local needs: corporate governance and public sector reforms in Fiji. Pac Account Rev 21(3):260–285
Skocpol T (1995) Social policy in the United States: future possibilities in historical perspective. Princeton University Press, Princeton
Sohmer SH (1984) Idealism and pragmatism in colonial Fiji: Sir Arthur Gordon's colonial rule policy and the

introduction of Indian contract labour. Hawaiian J Hist 18:140
Wart MV (2003) Public-sector leadership theory: an assessment. Public Adm Rev 63(2):214–228
Weber M (1922) Economy and society: an outline of interpretive sociology. Bedminster Press, New York

# Public Administration in Kyrgyzstan

Mahabat Baimyrzaeva
Graduate School of International Policy and Management, Middlebury Institute of International Studies at Monterey, Monterey, CA, USA

## Synonyms

Governance in Kyrgyz Republic; Kyrgyzstan's bureaucracy; Kyrgyzstan's government reforms

## Introduction

This article introduces readers to key features of and developments in Kyrgyzstan's public administration. It starts with a brief review of the context of Kyrgyzstan's public administration, including its geography, history, economy, and politics that shaped the way the government operates. Its structure and policy functions are summarized next. The following section reviews key challenges and reforms intended to address them. The article concludes highlighting some of the strengths within the system that could be leveraged to make it more effective.

## The Context of the Public Administration

Kyrgyzstan is located in Central Asia. It is surrounded by China, Tajikistan, Uzbekistan, and Kazakhstan on a mountainous terrain of about 200,000 km$^2$. The great mountains that divide the country into northern and southern parts, its geographic isolation from the rest of the world, lack of access to sea routes, and rough climatic conditions partially account for resilience and adaptability of the historically nomadic people of Kyrgyzstan. These same forces have created significant barriers for building and maintaining both physical infrastructure essential for integration and economic development as well as governance infrastructure essential for effective public administration.

Kyrgyz people lived in surroundings of Yenisei River in Siberia and Mongolia for centuries, at least since 200 BC. They relocated to Kyrgyzstan's current territory around eleventh to sixteenth century AD. They did not leave many physical traces as their lives were woven into the nature's patterns they tried to fit in without disrupting it. They lived in groups of families called clans which were in turn organized into tribes. The tribes were ruled by executives (*bi* or *bek*) in charge of responding to group's needs, and councils of elderly (*kurultai*) in charge of advising the executives, deliberating on important decisions, and adjudicating conflicts. While the tribe leaders occasionally got together on special occasions, the decentralized governance structure and nomadic ways did not lend themselves for building a nation state with rigid territorial boundaries or to subjecting them to direct colonial control (Abazov 2004; Baimyrzaeva 2012).

This lasted until late nineteenth century when military tsarist Russia took full control of the territories where Kyrgyz people lived by way of co-opting local chiefs and using military power. The colonizers also distributed those lands to large settlements of peasants brought down from Central Russia and Ukraine. These developments built up resentment among locals and eventually erupted into a popular uprising in 1916. In 1917, when Bolsheviks overthrew the Tsarist Russian Empire, Kyrgyzstan, along with its other colonies, became one of the Soviet states with its own territory (Abazov 2004).

The Soviet regime instituted extensive four-tiered governance system to administer peripheral republics like Kyrgyzstan. Local cadres were trained and indoctrinated in the Communist Party's ideology and set back to leadership

positions. The state and all its officials served the Communist Party which made key policies and controlled essential appointments. Still, this system did not erase the preexisting informal networks. They survived, especially in rural areas where soviet collective farms were established on the basis of preexisting familial kinship networks.

Kyrgyzstan considerably changed in many ways during the Soviet Union. Economically it started off as a supplier of agricultural and mineral raw materials to more industrially developed parts of the Soviet planned economy. Over time, by 1990s one third of the country's economic output was coming from industrial manufacturing sector (Abazov 2004). An extensive educational system from preschool to universities was developed. Literacy rates jumped to above 99%. Health outcomes greatly improved in matter of decades. Large physical infrastructure projects such as hydroelectric plans and roads were built on a difficult geographic terrain.

At the same time, the identity of the people had been tinkered with in a quest to engineer a soviet citizen. The nation's top intellectual elites were sent to labor camps and killed during Stalin era. This was done to induce greater conformity to the regime and preempt independent thinking, which largely worked. The Kyrgyz people were more disadvantaged in terms of accessing higher education and white-collar professions since they mostly lived in rural areas working in agricultural sector. In contrast, Slavic populations, despite being a minority, were disproportionately concentrated in cities, universities, and better paying jobs.

Kyrgyzstan's economy sank in 1991 along with the dissolution of the Soviet Union and breakdown of its densely connected economic network. This problem was fueled by hastily executed large-scale privatization of economic enterprises, all of which were owned by government, at that time. The new owners, lacking investments and lured by quick money, sold off expensive machinery and equipment, often for scrap metal. Kyrgyzstan's industrial and agricultural sectors collapsed. Internal demand did not emerge quickly enough as majority of the population became impoverished. The privatization disproportionately benefitted the circle of political elites, who now became new economical monopolies. They still used political positions to protect and advance their economic and personal interests. The economic hardships of the majority, in turn, fueled massive internal and external migration of people especially from the most isolated parts of the country.

Demographic indicators reflect these political and economic developments. Officially, Kyrgyzstan's population is close to 6.3 million as of 2018 (National Statistical Committee of the Kyrgyz Republic (NSC) 2018a). Out of this between 650,000 and 700,000 people – about one fifth of its 3.7 million labor force – are living and working abroad, most of them in Russia (National Institute for Strategic Studies of the Kyrgyz Republic 2016). It is not a coincidence that Kyrgyzstan tops the list of the countries receiving remittances as a percentage of GDP at 35.4% (International Organization for Migration 2018).

The country's population is still diverse and very young. Population's 73% are ethnic Kyrgyz, while among about hundred minority groups the largest are Uzbek (14.7%) and Russian (5.6%) populations. Nearly 30% of all people are under 14% and 47% under 24. The population is concentrated in the capital city Bishkek (over one million) and the next largest southern city Osh (233,000).

The economy started slowly recovering by early 2000s. The GDP per capita in Kyrgyzstan is $1220 (in current USD). The average salary in the country is around $223/month, including for government employees, although many families' incomes are supplemented by remittances. The inflation has been stable at about 2.9% (NSC 2018a).

Around 90.5% of all employed workforce work in private enterprises. Currently the most dominant sectors of the economy in terms of employment are agriculture and trade, accounting for a slightly more than 40% of all employment in the country (NSC 2018a). Businesses face difficulty attracting reasonably priced investments despite emergence of promising new sectors ripe

for growth including in agriculture, garments industry, and tourism. Current interest rates are too high at about 20% even though the country has a relatively low ratio of loan defaults (7.4%) and stable national currency (National Bank of the Kyrgyz Republic 2018). In the World Bank's Doing Business ranking for 2017 Kyrgyzstan is ranked 77 out of 190, slightly above China. The history of two public revolutions and property disputes under the first two presidents still seem to remain significant deterrents for potential investors.

The government accounts for about 10% of total employed people (NSC 2018a). This share of public sector employment is rather high compared to the world average of 5–6% (Heady 2001). As of 2016, altogether about 100,000 people were employed in government offices alone (NSC 2016). The remaining public sector employees seem to be predominantly concentrated in law enforcement, public education, and health sectors. Not surprisingly, the largest expense in the national budget were salary payments to public sector employees (38%) and social security payments (16%) as of 2016 (NSC 2016).

The public administration is not representative of the general population's composition in terms of gender and ethnic ratios. This directly or indirectly affects government services and policies towards different segments of the population. For example, women who constitute 50.4% of the general population make up 40% of all public administration staff. They are mostly concentrated in lower tiers of health, education, and social sectors. About a quarter of senior level, political positions were occupied by women (UNDP 2012). Minorities are infrequently employed in the public sector.

UNDP's Human Development Index for 2018 was 0.672 (UNDP 2018). This index is higher compared to many countries which have higher GDP per capita. This could be due to a number of factors. The public education continues to be free, and the country has a high literacy rate of above 99%. The government also provides free universal healthcare. The people receive significant share of their income in remittances. Last and not the least, the culture of caring for relatives and availability of free services within broader self-help groups in rural areas that do not register in formal economic transactions also could be playing a role.

The current constitution describes Kyrgyzstan as a democratic, parliamentary, and secular republic. The legislative authority is vested on the unicameral national parliament (*Jogorku Kenesh,* translated as "Higher Council"). It is made up of 120 representatives elected nationwide using proportional system where public directly votes for parties. Among the three branches of power, the executive's formal authority by far exceeds the others, even though the previous president Atambaev championed constitutional changes in the 2016 referendum claiming to make the system "fully" parliamentary. The president still retains the power to appoint heads and deputies of law enforcement and security ministries, holding disproportionate influence over them while also excluding them from parliamentary oversight. The 2016 referendum also resulted in the judicial branch's decreased independence with the increased presidential and parliamentary authority over the judges' selection and dismissal.

The public expects the government to ensure economic security above all. The latter is considered to be significantly more important than using democratic governance methods (World Values Survey 2011). Still, most people seem to believe they can influence the government. The voting rate in national elections is quite high, where 66% said they "always" participate and 30% said they "usually" participate (ibid).

The country also has a relatively healthy political opposition, liberal media, and vibrant civil society compared to its neighbors. In particular, formal nongovernmental organizations (NGOs) grew rapidly in the 1990s in large part fueled by funding from international organizations. Their numbers increased from 3019 in 2001 to 21,000 in 2011 (Baimyrzaeva 2012). For the last several years their numbers seem to have stabilized at around 20,000 (NSC 2018a) partly due to reduced donor funding.

Besides these formal NGOs, in rural areas the society is held together via a dense network of

self-help groups formed mostly on the basis of familial kinship. These groups support their network members in good times and bad. (For example, they show up to help members during organization of large festivities, construction of their homes, and take charge of elaborate logistical tasks during funerals, among many other things.) They also seem to be one of the reasons why inequality is relatively low, and homeless or abandoned people are rare in rural areas.

## Public Administration System

The government policy and services are administered via central and local governance institutions that have preserved many features of the Soviet government. The national level government consists of the prime minister's office and the cabinet with 12 ministries. The ministers are nominated by the prime minister subject to approval by the president with the parliament's consent. The remaining four ministry-level bodies called "committees" are also part of the government though they are directly accountable to the president who appoints their heads, as mentioned above. Altogether public administration at national level is carried out via over 40 government ministries, committee, agencies, services, foundations, and inspectorates.

The local government bodies exercise public administration via three hierarchical administrative layers also preserved from the previous Soviet system with some modifications. The lowest government administration at municipal level consists of 459 *ail okmoty* – local communities consisting of villages and/or towns – averaging 12,712 residents in each. These local self government institutions led by the executive (*ail okmotu*) and local councils (*kenesh*) co-exist with local state administration institutions. The *self*-government body's executive and the council members are directly elected by residents of a given territory, but have less authority than the local state administration's office. The head of the local state administration is in charge of the local government budget and is appointed by the prime minister.

The intermediate *rayon* level encompasses several *ail okmoty* and smaller cities. Altogether 40 *rayons* and 23 cities comprise this level. The top level in local governance is comprised of seven *oblasts* that encompass several *rayons* each. In other words, villages and small towns organized into *ail okmotu* report to the *rayon* level; the heads of *rayon* and smaller city administrations report to the *oblast* level; and *oblast* governors in turn report to the national level officials.

Local state administrations and self governments use transfers form the national government, limited local taxes, and income from local property to fund and oversee the delivery of vast government services. This includes public education, law enforcement, all utilities (such as water, sewage, gas, trash collection, public transportation system, roads maintenance, etc.), managing land use, construction permits, emergency services, and local economic development.

## Policy Process

The policy making process is dominated by the executive branch while the legislative body usually follows the executive's lead. This is yet another example of continuity from the Soviet regime. It does not help that legislators have a very small staff and analytical support units for policy development.

The strongest policy analytical units within the executive branch are found at the National Bank and Ministry of Finance. They have benefitted from extensive capacity building opportunities from donors from the start being central to macroeconomic reforms. They also have higher salaries and prestige to retain the best and the brightest. Most of the remaining government agencies have much room to grow in developing their policy analysis and implementation capacity (Baimyrzaeva 2012).

Evidence-based policy making is yet to become a common practice in government. Government officials and civil servants are not generally well trained in policy-analysis skills partly because most of the universities that train them

still tend to teach theory. Government research institutions such as the National Institute of Strategic Studies and the Academy of Sciences are not commonly consulted with in policy development (ibid).

A number of NGOs and independent experts have developed considerable and analytical skills and expertise in evidence-based decision-making as well as in monitoring and evaluation while working with donor projects. However, their involvement in government's policy-making process remains limited due to a number of reinforcing factors. This includes a secretive culture of the bureaucracy, corruption, defensiveness about their own lack of competencies, and lack of incentives for involving local experts. General public influences policy formulation mainly via demonstrations and media stories besides voting for parties (ibid). In contrast the executive branch has been much more open to donors' influence in developing government policies.

This is because key donors such as United Nations Development Fund (UNDP), the World Bank, International Monetary Fund, Asian Development Bank, and Unites States Agency for International Development, among others, usually provide funds experts to advise the government on related policies.

In implementing policies, as evident above, the functions, responsibilities, and authority among national level government units, as well as among units at multiple tiers of sub-national governance bodies significantly overlap. This leads to confusion, conflicts, and accountability problems.

Monitoring and evaluation of the government's work is becoming a more accepted, albeit not always systematic, practice as more and more units are entrusted with it. For example, parliamentary committees have the primary responsibility for monitoring implementation of laws passed by the parliament, but legislature's staff is still too small to systematically perform this role. The Ombudsman, elected by and reporting to the legislature, is charged with monitoring implementation of human rights and addressing citizens appeals with regards to their interactions with government units. The National Bank monitors the banks to ensure implementation of monetary policy. The Audit Chamber monitors how national and local government bodies are using public funds.

From outside the government, media is accustomed to exposing and publicizing problems in government's policies and operation. This is an effective way to draw attention to key problems because the Prosecutor's Office is required to respond to media reports.

Another promising innovation introduced to monitor public administration is the Councils of Public Observers (*Obshetvenni Nabludatelni Sovety*) initiated by the ex-president Roza Otunbaeva. These Councils consist of independent citizens, members of civil society organizations, and experts. They are expected make the government more transparent and open to public, to monitor the use of public funds, and to curb corruption. Even though the public observers' recommendations do not have binding authority on respective government units, they have significant levers in their discretion to influence the culture of government organizations. The public observers can convene public hearings, form working groups, and inform the public and the media about their work (Baimyrzaeva 2012).

## Key Challenges and the Reforms

There are many challenges undermining effectiveness of Kyrgyzstan's public administration. These include low salaries, inadequate capacity, secretive bureaucratic culture, limited accountability, and loyalty to political patrons over needs of general public (Baimyrzaeva 2012). At the core of these deficiencies lies corruption. According to Transparency International, Kyrgyzstan has been consistently scoring low in this measure for the last few decades among the lowest quarter of surveyed countries (24–29 out of 100 between 2012 and 2017). In 2017, it was ranked 135 out of 180 countries (Transparency International 2017).

The government's own surveys provide even more nuanced view of this problem. The "Public Confidence Index" surveys the public measuring

trust, performance, and corruption perceptions in each government body in Kyrgyzstan since 2012. It is administered by the National Statistical Committee of the Kyrgyz Republic bi-annually using a random sample of 3600 respondents from all over the country. In 2018, the most corrupt organs were generally the worst performing bodies: Customs Service, the Government Agency for Enforcement of Punishments, and the Ministry of Interior (NSC 2018).

The causes of corruption are many. The most important cause seems to be institutional. The initial reforms in 1990s when Kyrgyzstan became independent from USSR were more concerned with democratizing political institutions such as the electoral system, and on freeing the market via privatization and other macroeconomic reforms. There was also an urgent need to transform the administrative system inherited from the USSR to support the democratization of the political system. The soviet bureaucracy was well trained in implementing top down policies set in Moscow and serving the Communist Party. But it was not equipped to develop and implement new policies to promote and enable private and nonprofit sector and serve the public.

However, reforming the administrative system was not seen as a priority, at least in the beginning. The donors who promoted early reforms assumed that better government was a small government and that functional administrative institutions would fill the "institutional vacuum" once macroeconomic reforms were implemented. Hence, administrative reform at this stage was mainly reduced to privatization and downsizing with the exception of Central Bank and Finance Ministry as mentioned above. In the remaining parts of the government, well-run administrative institutions did not emerge on their own.

The bureaucracy that actually emerged was neither democratic or effective. The President's Office came to fill the Communist Party's shoes including by commanding over the bureaucracy. Between 1991 and 2010, the first two presidents built up a super-presidential state via several constitutional changes. (This is in stark contrast to the way the first president Akaev started as the most liberal and democratically minded head of state in the region who wanted to turn Kyrgyzstan into "Switzerland of Central Asia.") They brought under their direct control the executive branch, including civil service, and local governments, including via creation of parallel structures, while weakening other branches of power. Political appointments and civil service staff alike turned into a lever for shaping election results, while also serving as a source of favors in exchange for loyalty and also money in some cases. Institutionalized corruption quickly blossomed and replicated down the chain all the way to street level bureaucrats.

Administrative reforms initiated from late 1990s to 2010s have been unsystematic and mostly cosmetic partly because the political leadership lacked incentives to change the system. Establishing truly merit-based civil service would limit politicians' control over the system. Slight changes to the legislation on *state* service, functional reviews, and creation of state secretaries in ministries and agencies did not make much difference. Similarly, giving more autonomy to local self-government bodies or eliminating duplicate local state administrations would limit the president's ability to control elections. Greater accountability and transparency, even when declared in policy documents, were precisely what the political leadership at that time did not want.

In 2010, the constitution was rewritten, and the power was more equally distributed among the three branches. A number of measures are being carried out to curb corruption to some degree. The anti-corruption measures and campaigns target some of the officials. So far, it has not been widely effective in targeting high-level officials in most corrupt agencies such as customs and law enforcement. A policy requiring public officials to fill annual declarations of personal income has been a toothless instrument since illegally acquired property can be registered for family members. The anti-corruption campaigns also have been selectively used to target political opponents.

At the same time, the administrative reforms undertaken since 2010 could have better results compared to the previous reforms as they are being implemented in a slightly different political

environment. Among such reforms, a few are worth mentioning. The Councils of Public Observers at all 40 plus government ministries and agencies could improve how the government operates and interacts with public as detailed above. The State Personnel Service is in charge of ensuring merit-based recruitment and promotion of civil servants using personnel reserve database for all government units' use. The database has not been systematically used by most government agencies (UNDP 2012), but they are trying to make it a common practice. The 2016 changes to the Law on State Civil Service and Municipal Service more clearly distinguished political and civil service jobs. E-governance reforms that increased IT capacity of the government had some effect on the overall performance of the government. They were revived in 2017 as part of the new effort to reform the public administration.

It is hard to know exactly what impact these administrative reforms made for the last several years partly because the government's performance and level of public satisfaction with it usually mirrors political and economic developments. The latter are affected by external factors as much as by internal reforms. Large-scale changes to transform the complex public bureaucracy also require time.

## Conclusion

For over two decades Kyrgyzstan's public administration has been evolving while caught between two powerful forces. On the one hand, aspiration to democratize and economically and socially develop pulls is forward. On the other hand, it is still cast in the spell of its authoritarian past. Challenges that Kyrgyzstan's public administration faces also reflects larger shifts in public administration globally where public sector is increasingly expected to adapt and innovate to respond to the changing environment.

The government in Kyrgyzstan continues to deliver free education and healthcare, and prides itself with a democratic government with strong civil society, despite the low GDP per capita, geographic isolation, corruption, and low salaries. To extend and improve upon the positives, the government could take further steps.

The education system will benefit from revamping to better meet the demands of the knowledge economy. The health system will need additional investments to update its ageing infrastructure and equipment. Furthermore, the government could get better at recognizing and building on strengths within the society, and leverage them to a greater effect. For example, public administrators could supplement their own expertise with skills and knowledge of experts from civil society and think tanks. Involving them in this process, in addition to improving the quality of policies, might also help limit corruption.

Another strength within the system is the strong culture of self-help and collective responsibility that people still harbor. People have been self-organizing and solving collective problems locally using informal institutions and customs through difficult economic conditions. Public administrators should at the very least avoid undermining, and at best, preserve, strengthen, and build on them.

The government could support innovation both within and outside the government. For example, it could incentivize establishment of incubators and accelerators to identify more effective solutions for a host of social, economic, and technological problems. The diversity of the people can be an asset in developing novel solutions.

Kyrgyzstan has taken many steps to build a well-performing public sector. It has still a lot of room to grow in its never ending endeavor.

## References

Abazov R (2004) Historical dictionary of Kyrgyzstan. Scarecrow Press, Lanham/Oxford

Baimyrzaeva M (2012) Institutional reforms in public sector: what did we learn? Emerald Publishing, Bradford

Heady F (2001) Public administration: a comparative perspective, 6th edn. CRC Press, Boca Raton

International Organization for Migration (2018) World migration report: 2018. IOM, Geneva

National Bank of the Kyrgyz Republic (2018) Trends of the development of the banking system. http://www.nbkr.kg/index1.jsp?item=80&lang=eng. Accessed 1 Nov 2018

National Institute for Strategic Studies of the Kyrgyz Republic (2016) Kyrgyzstan: extended migration profile 2010–2015. http://www.mainstreamingmigration.org/sites/default/files/2017-06/migration-profile-extended-kyrgyzstan-eng-2010-2015%20%282%29.pdf. Accessed 1 Nov 2018

National Statistical Committee (NSC) of The Kyrgyz Republic (2016) Social tendencies in Kyrgyz Republic, 2012–2016. Issue #13. http://stat.kg/media/publicationarchive/4d455bc5-357c-49c7-a735-3ac469a69e89.pdf. Accessed 1 Nov 2018

National Statistical Committee (NSC) of The Kyrgyz Republic (2018a) Kyrgyzstan in numbers: statistical compilation. http://stat.kg/media/publicationarchive/b6ef1992-6722-425a-bc93-a3eb4fbb971c.pdf. Accessed 1 Nov 2018

National Statistical Committee (NSC) of the Kyrgyz Republic (2018b) Indices of public confidence. http://stat.kg/en/opendata/category/60/. Accessed 1 Nov 2018

Transparency International (2017) Corruption Perceptions Index 2017. https://www.transparency.org/news/feature/corruption_perceptions_index_2017. Accessed 1 Nov 2018

United Nations Development Program (2012) Gender equality and women's empowerment in public administration: Kyrgyzstan case study. http://www.undp.org/content/dam/undp/library/democratic%20governance/women-s%20empowerment/kyrgyzstanfinal%20-%20hires.pdf. Accessed 16 Oct 2018

United Nations Development Program (2018) Human development index: 2018. http://hdr.undp.org/en/composite/ihdi. Accessed 1 Nov 2018

World Bank (2017) Economy rankings for 2017. http://www.doingbusiness.org/en/rankings. Accessed 1 Nov 2018

World Values Survey (2011) World Values Survey Database. http://www.worldvaluessurvey.org/wvs.jsp. Accessed 1 Nov 2018

# Public Administration in Morocco

Rabia Naguib
School of Public Administration and Development Economics, Doha Institute for Graduate Studies, Doha, Qatar

## Synonyms

Bureaucracy; Governance; Hybrid regime; Makhzen; Monarchy; Moroccan government

## Introduction

Public administration may have different meanings and varies in form and scope. It is an academic field and a professional activity and a combination of theory and practice. Linked to a country, it refers to the government and activity of the state. The purpose of public administration is to "promote a superior understanding of government and its relationship with the society it governs, as well as to encourage public policies more responsive to social needs and to institute managerial practices attuned to effectiveness, efficiency, and the deeper human requisite of the citizenry" (Henry 2007).

Public administration is intrinsically entrenched in a set of values and philosophy, which are translated in activities representing responses and reactions to its sociocultural, political, and economic surroundings. It is therefore important to relate public administration to its context in order to understand its conception and practice. Through the case of Morocco, the nature and the role of the government and its interaction with the citizens will be explored. It is also interesting to draw a parallel between the evolution of public administration as a discipline at the academic level and as a praxis at the country level.

## Evolution of Public Administration

As a discipline, public administration has evolved to respond to the continuous challenges of the changing times through paradigm shift and the development of different models. Succinctly, its evolution can be traced through the progress from an Old Public Administration approach to a New Public Management (NPM) during the 1980s and 1990s to enter starting from 2000 the era of New Public Service or Governance (Robinson 2015).

Public administration praxis in Morocco, as it is the case in most developing countries, seems to have remained static and stuck in the old approach of public administration and the traditional administrative model, in spite of several initiatives promoting the modernization and democratization of the political and administrative government

apparatus. This model or paradigm takes the form of a bureaucratic organization with top-down structure, where the role of government consists in "rowing" and implementing politically defined objectives, and the civil servants' motivation is derived from pay, benefits, and civil service protections. Comparatively, the NPM is based on economic theory, rather than political theory, promoting technical and economic rationality seeking to serve customers through decentralized public organizations, and the role of government consists in "steering" serving as a catalyst to unleash market forces, and the motivation of civil servants comes from an entrepreneurial spirit and the desire to use resources efficiently. Placing citizens rather than government at the center of its frame of reference, the New Public Governance (NPG) approach adopts a different starting point from the two previous public management traditions (Osborne 2006). It draws on democratic theory and emphasizes "serving," rather than controlling, as a public service ethos while promoting collaborative structure with shared leadership, and the motivation of public servants is to contribute primarily to society and to the wider public good (Denhardt and Denhardt 2000).

Obviously, in many developing countries, as it is the case in Morocco, there is a persistent adoption of the traditional public administration paradigm and a lack of integration and implementation of contemporary approaches to public management and good governance. It is reflecting in the government apparatus where citizens are still treated as passive recipients of top-down policy making and bureaucratic service delivery mechanisms and where control and hierarchy rather than plurality and engagement are the rule (Robinson 2015). Such approach to public administration and static position represents a serious obstacle to any form of public sector reform as the example of Morocco shows.

## Evolution of Public Administration in Morocco

To understand the activity of public administration in Morocco, we have to link it to the history of the state formation and the nature of government of this century-old monarchy where the royal dynasty has ruled the country since 1649. The Moroccan regime represents an interesting case in the MENA region with a reigning monarchy caught between the driving forces of modern and democratic changes and the pervasive power of traditional and authoritarian rules. A core concept and system marking this regime consist in what is known as *Makhzen* (literally meaning "warehouse") and implying the functions of conservation, preservation, and protection. The term has different connotations ingrained in the Moroccan culture. It refers to the "central administration together with the Sultan's governmental suite." It is associated with traditional authority, informal rules, shadow power, bureaucracy, and elite related to government in Morocco. Hence, the Makhzen originates in the feudal state, and contributes to its perpetuation through a patrimonial and authoritarian system, predating the colonial era (1912–1955). French colonial apparatus used this system to "help maintaining order" in Moroccan administrations of several regions while modernizing its "coercive and extractive capacity" (LeVine 2012) using a repressive penal code (El Malki 2017). After the independence in 1956, the Makhzen contributed to the process of state building in Morocco (Daadaoui 2011).

Independent Morocco's first constitution, promulgated in 1962, set up a "constitutional monarchy," seeking to establish democratic institutions recognizing to Moroccans of all denominations, the rights as citizens and the exercise of public freedoms and participation, while concentrating the executive and legislative powers in the hands of the monarchy and establishing the political supremacy of the crown. Amendments made to the constitutional text in 1970, 1972, 1980, 1995, and 1996, during the reign of Hassan II, strategically enabled the king to engage with the opposition elites and civil demands while continuing to play a key role in the government and administration of the country.

After coming to power in 1999, King Mohammed VI defined the Moroccan regime as an "executive monarchy" and reaffirmed the central role of the king at all levels. He also made reference to

other concepts such as "institutional governance" or "institutional reform" as a way of responding to pressing issues raised by the civil society. In the context of the popular uprisings in the region, and in reaction to the social movement initiated in February 20, the monarchy decided to move ahead with constitutional reforms drafting and adopting a new constitution in 2011. King Mohammed VI proceeded to the establishment of the Economic and Social Council followed by the creation of the National Human Rights Council (NHRC), replacing the Consultative Council on Human Rights (CCHR) that was established in 1990. The declared objectives of the initiated reforms consist in "developing a new social charter based on major contractual agreements that create the right environment to meet the challenge of revamping the economy, boosting competitiveness, promoting productive investment and encouraging public involvement to achieve development at a faster pace" (Madani et al. 2012). According to the king, the constitutional reform was destined to lay the basis for an "efficient, rational constitutional system whose core elements are the balance, independence and separation of powers, and whose foremost goal is the freedom and dignity of citizens" (Tremlett 2011).

The new constitution represents a positive step toward reacting to popular pressure for change and a catalyst to the transition of the kingdom to the New Public Governance model, placing citizens at the center of the public administration philosophy and objectives. The recognition of new rights, the capacity building for the parliament and government, the legitimation of regulatory bodies as well as the promotion of human rights, and civil participation constitute important breakthroughs. Still, according to many observers, the constitution has not established a true parliamentary monarchy. The king granted limited executive powers to the head of government (prime minister). He retained significant authorities, including the ability to dissolve parliament. He preserved the king's role as an arbiter of political decision-making and remained commander in chief of the armed forces and the country's preeminent religious authority. The king also maintained a "shadow government" of royal advisors (Arieff 2013). Legislative elections held in 2011, under the new constitution, brought to power an Islamist political party, the Justice and Development Party (PJD). The PJD has sought to institute important economic and governance reforms (Ottaway 2011). However, the party has to overcome the challenging transition from an outsider opposition role to the responsibility of policymaking, in addition to managing the tensions with pro-palace elites, as well as with nominal allies (Arieff 2013).

Obviously, the Moroccan regime seems to be marked by a dichotomy between the aspiration to a liberal democracy and the perpetuation of a traditional long-standing monarchy, generating a dual administrative system operating in the kingdom, one, corresponding to modern state function of bureaucratic and administrative governance, and another, traditional in nature functioning as a "deep state" and reproducing the patrimonial and authoritarian system of Makhzen. As underlined by Kausch (2008), "the debate about constitutional reform is a debate on the distribution of powers in the country, and as such it touches the very heart of the Makhzen." Also, as pointed by El Malki (2017), "the new government is a reflection of how much strong is the Makhzen and how much limited impact elected governments can have on decision making and in implementing public policies." In sum, this situation illustrates clearly how Makhzen has had a remarkable continuity in Morocco given its ability to cast and adapt its traditional, patrimonial, and symbolic power within modern political institutions (Daadaoui 2011).

This peculiar relationship between rational mechanisms and traditional practices helps understand the current state in Morocco and its mode of government and public administration. This system corresponds to the conception of public administration as being both an *institution of public service*, providing public goods, and a *center of power* concerned with the elite's own privileges represented by the Makhzen. This dualism has apparently obstructed the progress and development of Morocco in spite of many undertaken public reforms.

## Public Reforms in Morocco

In the latest Democracy Index released by the Economist Intelligence Unit (2016), Morocco is considered as a hybrid regime ranking number 105 of 167 countries judged for the fairness of the electoral process, civil liberties, government functioning, political participation, and political culture. In terms of human development, the kingdom is placed 129 of 187 countries (UNDP 2016). Out of 129 countries, it ranks 81 in the Management Index, 73 in Economic Transformation, and 93 in Political Transformation (BTI 2016). Meanwhile, the country scores high in the Corruption Perception Index placed 90 of 175 (Transparency International 2016). Noticeably, the country is performing better in economic growth than in social development. Overall, these indicators are symptomatic of internal flaws and inefficiency of the Moroccan government and public administration and explain the widespread public dissatisfaction with its low performance and weak governance.

In many Arab countries, increasing dissatisfaction among citizens with the functions of government and the provided services by public administrations led to youth mobilization and protests calling for modern and global values such as human rights, democracy, freedom, and gender equality, and demanding real citizenship rights, and to be treated by their government with dignity (Hissouf 2014). In Morocco, mobilizations led by the February 20 movement included a series of nonviolent demonstrations asking the monarchy for reforms and for greater social justice and democracy. Therefore, following a worldwide quest toward greater efficiency and cost savings instigated by some donors and international organizations, such as the World Bank and the IMF, Moroccan government initiated reforms subscribing to New Public Management paradigm. Two of the more commonly adopted elements of the NPM agenda are privatization and downsizing (Polidano 1999).

Since 2002, the Moroccan government, with assistance from the World Bank, has initiated a comprehensive Public Administration Reform Program (PARP). This reform aims at improving public administration, making it leaner, more focused, and more efficient in the delivery of social services. Through this program, Morocco's administrative tradition was aspiring to move from strict and bureaucratic legal compliance to a search for better performance and more effective public service (World Bank 2010). The key components of the PARP include increased internal and external controls, improved human resource management (HRM), increased quality of public services, consolidated and managed public sector payroll, and simplified administrative procedures through the development of e-government or digital governance (Kettani and Haddouti 2003). Improving HRM in the public sector while reducing costs to the national purse is representing one of the major challenges to the Moroccan government in the public reform.

In Morocco, as in developing countries with bloated and inefficient bureaucracies, some measures of downsizing and efficiency reforms in the public sector represent a priority to bring spending on public administration within manageable fiscal limits. Reflecting its colonial experience, Morocco's public sector is characterized by centralized procedures leading to inefficiency in the use of public resources. Moreover, human resource management is dominated by a tenure system that provides little incentive for good performance (El Massnaoui and Biygautane 2011). After the country's independence, the administration at that time had to build a modern administration while avoiding creating a total break with the system inherited from the protectorate period. The first steps taken by the government were to respond to the concern of the National Movement to "moroccanize" the personnel of central administrations and to ensure a strong territorial presence of the state at the level of the regions and provinces of the kingdom. Over a relatively short period, the administration had to hire a large number of civil servants. But their qualifications and profiles were often not in line with the requirements of the positions held. Since 1954, the number of public service employees in Morocco grew rapidly from 32,000 to an estimated 679,638 in 2002. Compared to other MENA countries and to most of the governments worldwide, Morocco

spends a relatively large portion of its GDP (14%) to pay the salaries of its bureaucrats, out of proportion to its 7% share of the labor force (Ministry of Economy and Finance 2015). Moreover, the statutory basis for HRM in the civil service, set in 1958, is clearly outdated, inflexible, and obscure, and there is a growing gap between the skills required and the competences of available staff. The objectives of HR set in the PARP consist in creating a better match between job requirements and the skills of the workforce; improving transparency in promotion, appraisal, and pay; and creating a coherent and continuous training policy (World Bank 2010).

Major plans and programs have been deployed aiming to improve public service performance and efficiency. However, reforms could never go beyond the stage of the adoption of a law, and structural obstacles hinder the implementation of the programs. In a study assessing the governance of public services in Morocco, the perception of users remains overall negative. The relationship with the administration is experienced by the citizens as an unfavorable balance of power. The service is perceived as a favor rather than a right, which often results not only in a lack of accountability and responsiveness but also in a free interpretation of the texts and procedures that govern the service (CESE 2013).

In order to improve governance, public administration reform is viewed as a core component for sustained national growth and societal development. Conversely, the initiated reforms in the public sector in Morocco seem to have failed to achieve their objectives. As identified by Robinson (2015), political obstacles, and lack of capacity for implementation, are key explanatory factors in developing countries, in addition to focusing the public sector reform on structural and organizational reforms located within the old public administration paradigm. The new public management ideas seem also to be influential in the process of public sector reform, but more so at the level of rhetoric than practice (Polidano 1999). Moreover, by acting in the interest of the state and themselves, rather than in the general public interest they are supposed to represent and serve, civil servants are perceived by Moroccans as being "makhzenisés" (Silverstein 2011). Therefore, the practice of public administration in Morocco is still far from the New Public Governance approach and its public service ethos.

## Conclusion

Despite some undertaken initiatives seeking public reforms under the NPM paradigm, the public administration framework in Morocco seems to remain anchored in the old and traditional model with top-down reforms and the preponderance of control, over the logic of truly serving the common interest and effective participation of citizens. A gap between the rhetoric of reform and its reality is noticeable. The transition to the New Public Governance approach will require a bottom-up push by political parties and civil society to restore the balance of power and to effectively strengthen human rights, democracy, good governance, and economic transparency and fiercely fight the endemic corruption in the administrative system. The government needs to ensure that "public sector reforms are grounded in the interests and needs of citizens rather than driven by the technocratic impetus of public officials or the self-interested imperatives of politicians" (Robinson 2015). Protests have diminished since their apogee in 2011, with the sparkle of the Arab Spring leading to regional political unrest. However, the latent discontent and sporadic demonstrations continue over economic and social grievances, while some continue to call for deeper political changes (Bozonnet 2015). The recent Hirak movement, triggered in the Rif, is an alarming and revealing signal. Slogans used in the protests were openly denouncing the Makhzen's rampant corruption, poor governance, and outright appropriation of the nation's resources (El Malki 2017). The need to improve governance and public administration and to enhance the state's capacity to carry out new functions and roles is now widely recognized. The United Nations Millennium Declaration calls for respect for human rights and the promotion of democracy and good governance, emphasizing efficient and effective public administration

(UN 2007). Therefore, there is an urgent need in the kingdom of Morocco to raise awareness and promote a culture of accountability, transparency, and rule of law among civil servants and government authorities. Furthermore, there is a pressing necessity to place citizens at the center of public sector reform initiatives and to align the rhetoric with the reality of a new public governance.

## References


Arieff A (2013) Morocco: current issues. CRS report for Congress. Congressional Research Service, pp 1–23. http://www.fas.org/sgp/crs/row/RS21579.pdf

Bozonnet C (2015, Mar 9) Political stability in Morocco cannot silence the murmurs of discontent. The Guardian. https://amp.theguardian.com/world/2015/mar/09/morocco-reform-protest-arab-spring

BTI (2016) Morocco country report. http://www.bti-project.org/en/reports/country-reports/detail/itc/MAR/

Conseil Économique, Social et Environnemental (CESE) (2013) La Gouvernance des services publics. http://www.ces.ma/Documents/PDF/Avis-AS13_2013-VF.pdf

Daadaoui M (2011) Moroccan monarchy and the Islamist challenge. Palgrave Macmillan, New York, pp 41–70

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6): 549–559

Economist Intelligence Unit (2016) Morocco Country Report. https://store.eiu.com/product/country-report/morocco

El Malki TZ (2017) Morocco's Hirak movement: the people versus the Makhzen. Jadaleiyya. http://www.jadaliyya.com/pages/index/26645/moroccos-hirak-movement_the-people-versus-the-makh

El Massnaoui K, Biygautane M (2011) Downsizing Morocco's public sector: lessons from the voluntary retirement program. Case studies in governance and public management in the Middle East and North Africa. Dubai School of Government. http://www.mbrsg.ae/getattachment/60db517c-ffd4-4053-9cf6-7fe6175b9cd1/Downsizing-Morocco%E2%80%99s-Public-Sector-Lessons-from-th.aspx

Henry N (2007) Public administration and public affairs, 10th edn. Pearson, New Delhi, p 17

Hissouf A (2014) Moroccan soft revolution in the era of the Arab Spring: reforms, assessment, and prospects. Walden University, ProQuest Dissertations Publishing, 3620299

Kausch K (2008) Morocco: negotiating change with the Makhzen. Project on freedom of association in the Middle East and North Africa. Working paper. http://fride.org/download/WP54_Morocco_Makhzen_ENG_mar08.pdf

Kettani D, Haddouti H (2003) Transparency of administrative structures: e-government? 2nd FIG regional conference. Marrakech, 2–5 December 2003. https://www.fig.net/resources/proceedings/fig_proceedings/morocco/proceedings/TS5/TS5_2_kettani_haddouti.pdf

LeVine M (2012) Meanwhile, in Morocco... http://www.aljazeera.com/indepth/opinion/2012/06/201262613325323191 9.html

Madani M, Maghraoui D, Zerhouni S (2012) The 2011 Moroccan constitution: a critical analysis. International Institute for Democracy and Electoral Assistance. http://www.idea.int/sites/default/files/publications/the-2011-moroccan-constitution-critical-analysis.pdf

Ministère de l'Economie et des Finances (2015) Projet de loi de finances pour l'année budgétaire 2015: Rapport sur les Ressources Humaines, Royaume du Maroc. https://www.finances.gov.ma/Docs/2014/DB/rh_fr.pdf

Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–388

Ottaway M (2011) The new Moroccan constitution: real change or more of the same? Carnegie Endowment for International Peace. http://carnegieendowment.org/2011/06/20/new-moroccanconstitution-real-change-or-more-of-same/5l

Polidano C (1999) The new public management in developing countries. IDPM public policy and management working paper no. 13. http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN014322.pdf

Robinson M (2015) From old public administration to the new public service: implications for public sector reform in developing countries. UNDP Global Centre for Public Service Excellence, p 20. www.undp.org/.../undp/...development/.../Singapore%20Centre/PS-Reform_Paper.pdf

Silverstein P (2011, Jul 5) Weighing Morocco's new constitution. Middle East Research and Information project. http://www.merip.org/mero/mero070511

Transparency International (2016) Morocco- Corruption Perceptions Index. https://www.transparency.org/country/MAR

Tremlett G (2011, Jun 17) Morocco's king bows to pressure and allows reform. The Guardian. http://www.guardian.co.uk/world/2011/jun/18/morocco-king-reform

UNDP (2016) Morocco. Human Development Reports. hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MAR.pdf

United Nations Publication (2007) Public administration and democratic governance: governments serving citizens. 7th global forum on reinventing government building trust in government, Vienna, 26–29 June 2007. ST/ESA/PAD/SER.E/98

World Bank (2010) Morocco – fourth public administration reform project. World Bank, Washington, DC. http://documents.worldbank.org/curated/en/268161468060261611/Morocco-Fourth-Public-Administration-Reform-Project

# Public Administration in Russia, Digital Transformation

Igor Bartsits
Institute of Public Administration and Civil Services, Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation

## Synonyms

Digital Government; e-Government; Electronic Government

## Definition

Electronic government (e-government) is a mode of operation of government organs that is based on extensive use of information and communication technology (ICT) and is intended to step up the speed and convenience of access to public services and information concerning the activities of public authorities. Key objectives of e-government include: improving the quality and availability of public services for organizations and individuals; expediting the delivery of public services and simplifying the related procedures; reducing the administrative fees paid by organizations and individuals receiving public services; increasing the openness and accessibility of information concerning the activities of public authorities; and enabling direct engagement of organizations, individuals, and civil society institutions in the procedures related to making and reviewing decisions at all levels of government [comment on Federal Law N 8-FZ of 9 February 2009 "On Granting Access to Information Concerning the Activities of Government and Local Self-Government Organs," 2010].

Analysis of international experience of electronic government development and implementation reveals a broader interpretation of this concept, which includes elements of electronic democracy ("Electronic Justice," "Electronic Voting," etc.), with subsequent introduction of broader concepts (e.g., "Digital Government," "Digital Public Administration," etc.)

## Introduction

Digitalization and digital transformation have become a global trend and a source of large-scale changes in virtually all industries and fields of activity. At the same time, the accelerating migration of cultural, political, economic, and other activities to the digital domain not only opens new opportunities, but also poses risks, such as aggravation of the existing problems of social inequality and exclusion; fraud; threats to security, privacy, and personal data protection; lack of balance of power, etc. (Janowski 2015).

Although it is obvious that governments and individual government officials should have a way to monitor changes and control digital space, it is important to understand how key government functions, such as delivery of public services, design and implementation of state policy, maintenance of public order and safety, implementation of social programs, facilitation of economic growth, etc., should be implemented in the physical and digital world.

No doubt, evolving landscape of digital interaction changes citizens' expectations of public authorities and the nature of relations between them shifting the focus toward partnership and joint identification of citizens' needs. However, it is not enough to equip public authorities with digital technology. The objective is to make sure that they use it in a knowledgeable manner for the purposes of public and municipal administration and to make decisions based on real-time data rather than unclear personal or political interests or ambitions. The structure of the public sector, its workflows, transactions, and methods of administration are gradually adapting to the rapidly developing digital environment giving rise to concepts such as "Electronic Government," "Digital Government," "Data-Driven Governance," and many others.

Many of these terms are used in existing digital government initiatives implemented all over the world, as well as in studies and other publications

summarizing the experience of and lessons drawn from such initiatives.

## Experience of E-Government Building and Digital Transformation of Public Administration

Since the early 1990s, online public services have been influencing New Public Management as one of the models of public administration. After 2000, this trend became increasingly fast. At the early stage of digital technology evolution (first computers and information and communication systems), governments often assumed the role of a leader in implementation of new systems and applications; however, this did not translate into digital transformation of the system of public administration. According to Patrick Dunleavy, at the initial stage of introduction into public administration processes, digital technology did not play any significant role (Dunleavy and Margetts 2013).

In fact, IT operations were outsourced to agencies and IT companies leaving no room for technology in public administration. A distinctive feature of the Internet as a factor of transformation is its fundamental impact on various aspects of relationship between public authorities, individuals and nongovernment organizations. The expansion of the Internet not only produces technology-related effects, but also causes a wide range of behavioral, cognitive, organizational, political, and cultural changes related to a digital revolution. Thus, the Internet and mobile communication technology made possible joint production and joint provision of public services on a scale that could not have been predicted by the founders of the concept of public administration in the 1970s (Dunleavy and Margetts 2015).

The influence of the Internet-based technology on public administration has two dimensions: individual and collective. In the first case, it leads to isocratic administration where all citizens manage public services in the same way they use online banking services. In the second case, citizens jointly create public services and use the government as a platform for new ideas (the Government-as-a-Platform concept) in order to jointly design public policies. However, even though the culture and the system of values of the Internet have significant influence on the internal organization of the government, the digital environment of government organs is in many ways inconsistent with that of the citizens (Dunleavy and Margetts 2013). It is in this context that the Digital Era Governance (DEG) model emerged in the mid-2000s manifesting itself as complex of changes in public administration due to improved processing of information and fast "multi-sectoral" spread of information technology.

The DEG has three key components:

- Reintegration – core capabilities of the digital government are in unification of the diverse approaches of the state, society, and enterprises to provide individuals and businesses with user-friendly packages of public services.
- Needs-based holism in public administration or transition from the so-called "joined-up government" to simplification and further modification of the links between public authorities and society, and integration of all components of public and municipal administration to provide services to individuals and businesses through a "single window."
- Digitalization of government organs.

This model comprises three types of public administration transformation: first, internal organizational and economic changes within government authorities; second, civil and customer-oriented changes of the system of public service (holism and holistic approach); and, third, social and cultural changes caused by adoption of new technology.

This model also relies on citizens' feedback and takes it into account the delivering of public services, thus, making top-down administration inefficient. Such processes are integrated into each and every pillar of the system allowing citizens to create public services in an efficient manner. The UK achieved major progress in implementation of such processes in public administration thanks to its behavioral research team. Singapore is also trying to catch up with the UK (Dunleavy et al. 2006).

The growing need of reintegration can also be explained by the austerity policy of governments in the developed states. These states, by default, consider single-window services and digital tools as a means of achieving better policy outcomes with fewer resources and also as a way to encourage citizens to manage their affairs on their own (Dunleavy and Margetts 2015).

The Digital Era Governance and the Essentially Digital Governance (EDGE) as its enhanced version are models of bureaucracy that eventually place technology in the core of organizational structure of government and public administration.

This system of public administration is associated with social changes in the same way as learning is associated with experience at the individual level. In essence, digital government is based on two pillars (Dunleavy and Margetts 2015). The first one is putting in place a framework for public service design and administration, including: free provision of public services, use of existing information, one-time action ("Do it Once"), competitive development of scalable services, and isocratic administration. The second pillar is about creating a legal framework for policy design and service delivery: comparing results versus processes, ensuring formal rights and real compensation, "maintaining obligations of the state", and learning by doing.

Further development of the EDGE model is limited to the Weber and New Public Management models that still dominate in practical governance (Cruz-Rubio 2015). Some governments, especially those of Anglo-Saxon countries, are striving to satisfy the needs of citizens who are "neck-deep" in the digital world and use social media and online forums not only as their main source of information, but also as a source more reliable than public administration in its current bureaucratic form.

Numerous studies of various UN agencies are also devoted to e-government and digital government. Thus, in 2014, experts of the Organization for Economic Cooperation and Development designed and the OECD Council officially adopted the Recommendation on Digital Government Strategies for member states. This Recommendation was the first international legal document concerning this matter and summarizing the experience of OECD recommendations implementation in related policy areas (OECD 2014). The document lists the principles to be followed implementing a digital government strategy. These principles include winning more public confidence through citizen engagement and open government; improving management technology for more efficient cooperation and better outcomes; creating a favorable environment for higher return on investment in digital technology.

Some years later, in 2016, the Organization of Economic Cooperation and Development issued another interesting document studying the transformational effect of digital government strategies on public services (OECD, 2016). The document identifies two important elements of a digital government environment. The first one is the nature of the chosen information and communication technology where digitalization provides for higher adoption of digital solutions, especially ICT solutions, for better information and data management with the focus on higher efficiency and effectiveness of service delivery. The government should use approaches that change ways of service delivery for the purpose of cost reduction, especially for the services that require person-to-person contacts. The second element is the services and actions of the state where the process of digitalization will play a significant role. The final destination of a transformation journey should be digital government allowing the state to make its actions and activities more socially valuable and to achieve serious modernization of the public sector with the focus on higher openness and transparency as well as better interaction between society and public authorities resulting in increased confidence in public authorities and officials. This is to be achieved through integration of digital technology and user preferences into the design of public services as well as into the goals of government policy (OECD 2017).

To summarize, there is no point to deny the importance of information and communication technology. It is the development of social media, other communication tools and technology innovation in general that gave an impetus to

modernization of public administration. Thus, the DEG and EDGE models, as well as OECD's FAST modes served as a foundation for the new Digital Government concept.

Igor Ponkin believes that the concept of Digital Government comprises the following ingredients: a set of "e-government" tools and approaches, a set of "e-democracy" tools and approaches, a set of "e-justice" tools and approaches, and a set of "e-voting" tools and approaches (Ponkin 2016).

Very interesting is the approach to digital government building presented in the report by the Center for Strategic Research entitled "The Government as a Platform" (Burov et al. 2018). It describes the new modern government as a compact government machine capable of agile decision-making and with no state organs that may be acting as intermediaries between the individuals and their data, which makes building individual development trajectories and resolving real-life situations more feasible.

However, such transformation is impossible in the current situation where paperwork prevails, individual departments create duplicating information systems, and no partnership between the citizen and government authorities exists. Changes are needed, but there is a serious problem, which lies in the system itself and as such freezes the current state of affairs for an indefinitely long period of time (Center for Strategic Research, 2018). The authors of the report propose as a solution to the existing issues a Greenfield scenario of digital transformation. This scenario means deep reorganization and reengineering of business processes with extensive application of digital tools as process execution mechanisms which will result in a significant improvement of process characteristics (shorter execution times, elimination of some groups of subprocesses, increased output, lower consumption of resources needed for process execution, etc.) and emergence of process qualities and properties (automated decision-making with no human intervention, etc.) (Dobroliubova et al. 2019).

Experts of the World Bank have come up with interesting recommendations on development of e-government in Russia (World Bank 2016). These recommendations were based on leading countries' best practices and took into account the findings of a preliminary assessment of the current state of Russia's e-government project. They included designing a new strategic framework for programs of transition to digital government underpinned by clearly articulated goals for reduction of administrative costs, improvement of public services for individuals and benefits from Russia-wide "digital inclusion." It was also recommended to define the goals and objectives of using information and communication technology in different industries, introduce measures intended to reduce the digital divide between the federal center and the regions, and develop a detailed transformation strategy for each government organ specifying their respective objectives and methods of administrative processes digitalization.

Thus, what we have seen recently in the global practice is digital transformation of the public sector, migration from electronic government to a full-fledged open and efficient digital government. Rapid and ubiquitous adoption of digital technology across the globe gives rise to innovative business models and introduces drastic changes into people's lives. Anytime access to online products and services in combination with growing user-friendliness and simplicity of digital services have made citizens more demanding of their interaction with public authorities and of the quality of public services. Government portals, in turn, no longer meet the new demands; new online platforms emerge to set links between the government, civil associations, political parties, public opinion centers, and mass media. This results in conceptualization of the modern movement for the introduction of information and communication technology into public administration and policy in the form of new ideologies of electronic government, electronic governance, digital government, etc.; we see how accents are shifting from "Governance to You" to "Governance with You" for effective cooperation between public servants and civil society in solving complex socioeconomic and political problems and challenges (Pankratov 2016). It appears that the concept of electronic government is developing toward higher complexity, contextualization, and

specialization similar to the evolutionary processes that change cultures and societies.

## Stages and Principles of E-Government Building in Russia

In 2000, the Russian Federation ratified the Okinawa Charter on Global Information Society and it is then that some ideas of electronic government were mentioned at the legislative level. The Charter emphasized, "Information and Communications Technology (IT) is one of the most potent forces in shaping the twenty-first century. Its revolutionary impact affects the way people live, learn and work and the way government interacts with civil society."

Later, Russia adopted a number of concepts (e.g., the Concept of Information Technology Use by Federal Authorities of the Russian Federation through 2010 (2004), the Concept of Electronic Government Building (2008) and the State Program of the Russian Federation "Information Society (2011–2020)" (2010)) and laws (e.g., Federal Law "On Personal Data Protection" (2006), Federal Law "On Delivery of Public and Municipal Services" (2010), etc.).

The active phase of e-government building in the Russian Federation is associated with the implementation of the State Program "Information Society (2011–2020)," which is aimed at:

- Improving the quality and availability of the public services provided to organizations and individuals; simplifying the procedure and reducing the time of service delivery; reducing the administrative costs incurred by citizens and organizations receiving public services; and introducing uniform standards of service delivery to individuals
- Ensuring openness and accessibility of information about the activities of public authorities; creating more opportunities for organizations, individuals and civil society institutions to directly participate in making and reviewing decisions at all levels of government
- Improving the quality of administrative and managerial processes
- Improving information and analytical support of decision making at all levels of government; ensuring efficient and thorough control over the performance of public authorities; and maintaining at the proper level information security of electronic government

The Strategy of Information Technology Sector Development in the Russian Federation in 2014–2020 and through 2025 approved by Order of the Government of the Russian Federation № 2036-р of 1 November 2013 emphasizes the importance of information systems. Thus, the Strategy document says that information technology helps deliver higher-quality public services and facilitates economic growth, which makes it an important tool of public administration. For this reason, the Russian state gives high priority to introducing information technology in key industries and developing technologies, stepping up the adoption of information technology by the public sector, and developing electronic services.

Another important document is the Concept of Development of Electronic Public and Municipal Services. This document emphasizes the role of various information and communication solutions, such as the Public Service Portal and the interdepartmental information systems, with the focus on the advantages of electronic services, including self-sufficiency and remote access.

The Strategy of Information Society Development in the Russian Federation in 2017–2030 identifies key principles of building information society, including: safeguarding citizens' right of access to information; granting freedom to choose the means of acquiring knowledge in working with information; giving priority to traditional Russian spiritual and moral values and encouraging behavior based on such values in using information and communication technology; ensuring public protection of the interests of Russian citizens in the information domain, etc.

The Strategy also defines terms, such as "Secure Software and Services," "Critical Infrastructure of the Russian Federation," "Critical Information Infrastructure Facilities," etc.

The said documents describe the prerequisites for and the goal, key focus areas, and priorities of electronic government building in the Russian Federation and define the activities and key performance indicators intended to enable the creation of e-government infrastructure.

The Strategy of Information Society Development is intended, in the first place, to serve national interests such as development of human potential; protection of citizens and the state; free, uninterruptable, and secure interaction between individuals and organizations, government authorities of the Russian Federation and local self-government authorities; higher efficiency of public administration; social and economic development; shaping of digital economy, etc.

To develop information society, the government needs to put in place an environment conducive to shaping a knowledge space and enabling access to this space, and improve mechanisms of knowledge dissemination and putting into practice in the interests of individuals, society, and the state.

The Strategy underscores the need to standardize approaches to government regulation and gradually migrate government authorities and local self-government organs to the electronic government infrastructure that is part of Russia's information infrastructure.

The measures included in the Strategy are expected to ensure effective use of electronic tools by public servants. Moreover, such effective use is not a right, but a duty of each and every official at all levels of public service. In turn, electronic data channels can grant citizens true access to information about public service.

It is worth mentioning that, in 2014, the Government of Russia launched a program named "Bridging the Digital Divide" – the objectives of the program are defined by Federal Law "On Communications." Under this program, users of access points get free access to 2,000 websites including websites of government organs, a portal of public and municipal services, and online media that officially publish federal and constitutional laws, legislative acts, and other regulations issued by federal executive organs. Besides, in his Address to the Federal Assembly of the Russian Federation of 15 January 2020, President of Russia Vladimir Putin proposed getting down to the preparation and implementation of the "Affordable Internet" project. This project is intended to provide nationwide free access to essential domestic Internet services, including the Portal of Public Services, as well as to the websites of federal and regional organs of power. It is expected that the "highly affordable Internet will give Russia and its citizens a competitive advantage and create bigger opportunities for education and creative activities, networking and implementation of social and cultural projects" (Putin 2020).

Decree of the President of the Russian Federation № 474 of 21 July 2020 "On National Development Goals of the Russian Federation through 2030" underscores the importance of digital transformation of public administration and defines as one of the priorities achieving "digital maturity" in key sectors of the economy and social sphere, including healthcare and education, as well as public administration.

Pursuant to this Decree, 4 June 2019, the Government of the Russian Federation designed the National Project "Digital Economy of the Russian Federation." An important part of this Project is the Federal Project "Digital Government." This Project is intended to accelerate the introduction of digital technology into the economy, social sphere, public administration, and public services. Implementation of the "Digital Government" Project will complete the transition to electronic interaction between individuals, organizations, and the state, and will make this interaction more convenient for individuals and organizations.

Thus, a register model, exterritoriality, and proactive delivery of electronic public and municipal services will be implemented. There will also be put in place individual/organization feedback mechanisms, and legally binding document exchange will become predominantly electronic. At the same time, the government authorities and organs of local self-government will have at their disposal efficient automation tools and interagency information exchange solutions.

In the period between 2019 and 2024, in the context of the National Project "Digital Economy" and the National Projects "Digital Government" and "National Security" as its integral parts, the following activities will be completed: design and launch of the National Information System "Federal Portal of Spatial Data"; development of national standards for big data processing; introduction into practice of federal and regional executive authorities of electronic interdepartmental document exchange with the use of digital signature; launch of a network of situational centers of supreme organs of state power; introduction of the electronic passport of a citizen of the Russian Federation, etc.

At the same time, in spite of a large number of e-government laws and regulations, the legal framework of electronic government is still incomplete and inconsistent. Many legal acts initially designed for a short period of time are still in effect while some of them are intended to serve as response measures filling the gaps caused by inefficiency, erroneousness, or inaccuracy of some other instruments. For this reason, some experts find it necessary to review all existing laws and regulations to elaborate a new strategy capable of meeting the global trends and the current domestic situation.

## Institutional Structure of Electronic Government and Super-Services

In the Russian Federation, the institutional structure of electronic government mirrors the country's multiple-tier system of government and local self-government and includes the federal tier, the regional tier, and the local tier. In charge of e-government development in Russia is the Ministry of Digital Development, Communications and Mass Media of the Russian Federation. Key focus areas of the Ministry are:

- Information-driven government, namely, introduction of information technology at the level of government authorities and at the level of Russian regions; implementation of digital transformation projects in healthcare, education and voting
- Electronic government, more specifically e-government infrastructure, e-services for individuals and businesses, super-services and digital transformation of public services, etc.
- Development of the IT sector, including putting in place a favorable environment for IT businesses; development of talent capacity, etc.
- Digital economy – e.g., talents for digital economy, information infrastructure, information security, digital technology, and digital government

The last focus area is about providing individuals and organizations with online access to most critical public services, creating a national data management system, developing electronic government infrastructure and introducing end-to-end platform solutions into public administration.

By 2024, it is planned to achieve the following:

- Proactive online delivery of public (municipal) services
- Automation of 90% of departmental and interdepartmental legally binding document exchange of government and municipal authorities and public sector organizations
- Providing 60% of citizens with digital IDs with a qualified electronic signature

In 2013, the *Government Commission for Digital Development and Improvement of the Quality of Life and Business Environment through the Use of Information Technology* was established in order to coordinate government authorities' activities related to the promotion of IT. Acting as a coordinating body, this Commission enables interaction between federal executive authorities and executive authorities of constituent entities of the Russian Federation engaged in the development of digital economy and promotion of information and communication technology as a means of shaping information society and electronic government.

This body comprises several subcommissions, namely, the Sub-Commission for

Public Services, which specializes in using information technology to deliver public and municipal services, and the Council for Regional Informatization.

As a working body of the Government Commission, *the Council for Regional Informatization* coordinates all activities related to e-government development at the regional level and provides organizational and methodological support to facilitate interaction between constituent entities of the Russian Federation and federal executive authorities in matters of ICT use and development by regional executive authorities and their subordinate institutions and organizations. Members of the Council are 93 regional deputy governors whose scope of responsibilities includes informatization, regional IT and communications ministers, and directors of specialist departments of the Ministry of Communications of Russia.

It is necessary to note that local self-governments vary in terms of information and communication technology adoption rate.

## Russia's Central Portal of Public and Municipal Services

An important part of Russia's electronic government endeavor is the automated information system *"Federal Register of Public and Municipal Services (Functions)."* On 16 December 2009, the Central Portal of Public and Municipal Services was launched. The main purpose of the Portal is to enable transition to electronic delivery of public services. Currently, the Portal helps achieve the following goals:

- Increasing the share of individuals using public and municipal services electronically
- Improving the quality of public and municipal services through enhancing the Portal interface and mobile applications
- Simplifying the procedure of signing up for and receiving public services
- Enhancing the functionality of user accounts
- Enhancing the online payment functionality for duty and fee collection

The organizational framework of the Central Portal of Public and Municipal Services is the network of multifunctional service centers established in 2007. Since then, a lot has been done to make these centers and electronic service delivery more efficient, and this work continues. According to Resolution of the Government of the Russian Federation №1467 of 18 November 2019 "On Amending Provisions on the Federal Government Information System 'Central Portal of Public Services (Functions),'" new Portal services were launched to enable:

- Creation of a "single digital window" to submit proposals, applications and complains to public authorities and local self-governments as well as their subordinate organizations
- Proactive delivery of public and municipal services by inviting all those registered in the unified identification and authentication system to apply for public and municipal services they are entitled to
- Completion of legally binding actions, including making deals, in an electronic format

The Ministry of Digital Development, Communications and Mass Media of the Russian Federation is also tasked with putting in place 25 proactive online super-services, which must be delivered without human intervention, including delivering government support to businesses, making electronic employment contracts, applying for university admissions, issuing digital academic credentials, registration of businesses, etc.

The number of users of the Central Portal of Public and Municipal Services increased from 65 M in 2017 to 86 M in 2018 and 103 M in 2019. In 2018, the traffic of the Portal grew by 30% + and reached 582 M visits. On average, 1.6 M users visited www.gosuslugi.ru on a daily basis. All in all, in 2018, Portal users filled out and submitted over 60 M electronic applications for public services, which is 55% more that in 2017. The most popular service proved to be the request for account information from the Pension Fund of Russia – users sent 16 M+ such requests. Second, in terms of popularity, was vehicle registration – this service was used 4.8 M times. There came

about 3 M passport and property registration applications. About 2.6 M users applied for driver's license renewal. In 2019, users ordered more than 152 M services of which the biggest share – almost 63 M applications – belonged to medical appointments.

According to Similarweb, the Russian Portal is the second most visited in the Law and Government category; in 2019 the "Gosuslugi" (Public Services) mobile app won the 6th annual Best m-Government Service Award in the "Accessible Government" nomination. A number of Russian regions also engaged in creating similar infrastructure, including regional public services portals, which are highly demanded by their residents.

Although, in the recent years, Russia achieved a significant progress in electronic government building, the utilization rate of many electronic services is still relatively low. Not always are achievements in technology underpinned by proper changes of the legal framework or administrative regulations. Interoperability solutions did improve the efficiency of interdepartmental interaction; however, they failed to make electronic services more user-friendly; internal administrative processes are still not digital enough (the World Bank 2016).

## Russia's International Ratings

The E-Government Development Index (EGDI) shows countries' preparedness for implementation and use of electronic government services. The EGDI is a composite index comprising three subindices: the Online Services Index (OSI), the Telecommunication Infrastructure Index (TII), and the Human Capital Index (HCI). All three have the same weight and cover a wide range of themes that are relevant for electronic government. In 2008, Russia demonstrated pretty poor results (60th place with a score of 0.512 points); then made a serious progress in 2012 (27th place with 0.7345 points); and then rated 35th in 2016. In 2018, the Russian Federation rated 32nd with a score of 0.7969 and joined the group of countries with a very high index value. (Sidorenko et al. 2019).

In 2018, Russia improved its E-Participation score and moved up – from the 34th to the 23rd place – in the rating of countries with the highest level of digital citizens engagement. This index is designed to rate countries based on their citizens' engagement in the process of policy making with the use of information and communication technology. Clearly, the abovementioned results are based on analysis of data from all regions. However, the level of digitalization in the capital cities – Moscow and St. Petersburg – and in other major cities of Russia is much higher. According to the same study, Moscow is not just one of the cities with a "very high level" of development of e-government services, but Number One: Moscow has 55 of the 60 well-developed e-government indicators, which is the world's highest score (Paris, Sidney and Amsterdam scored 51, 50, and 49, respectively).

In 2017, the Russian Federation ranked 45th of 176 countries and scored 7.07 in the ICT Development Index – a composite index combining three groups of indicators: ICT access, ICT use, and ICT Skills.

Another important characteristic of information society is information security. In 2018, Russia ranked 26th in the Global Cybersecurity Index with a score of 0.836. On the one hand, the country stepped ten lines down compared to its 2017 ranking (10th place with a score of 0.788), while, on the other hand, it managed to improve in many ways, namely, it received additional points for upgrading its cybersecurity legislation, improving its technology infrastructure and capacity building, professional training, and public awareness.

Indeed, Russia pays much attention to the use of information technology in public administration. It is deploying a new end-to-end architecture capable of reducing tension, eliminating the gap between government authorities and technology savvy businesses and individuals who are becoming increasingly demanding and sensitive to the quality of services.

## Conclusion

In the recent years, Russia laid a high-quality foundation for electronic government, and developed and launched key elements of its national infrastructure (Central Portal of Public and

Municipal Services; unified system of interdepartmental electronic interaction; national distributed data processing platform; a unified identification and authentication system enabling integration of information systems supporting delivery of electronic public and municipal services; and information system of the central certification authority).

Both government authorities and major expert fora, such as the St. Petersburg Economic Forum and the Gaidar Forum (2018, 2019, and 2020) confirm the need for engaging in full-fledged digitalization and moving to the next phase in transforming Russia's system of public administration and public services – i.e., the phase of electronic government building. This implies full digitalization of services, from application to delivery, as well as making sure that all administrative processes are predominantly data-driven rather than document based. In the digital era, the key objectives of the Russian Federation should include:

- Development of infrastructure, including competitive telecommunication provider's markets, access to telecommunication services in hard-to-reach areas, and transparency of the system of intellectual property rights
- Development of education (access to online education, financial assistance to schools and universities, and upgrading of curriculum standards)
- Development of fundamental studies, including R&D financing, investment in projects, participation in international research, and experience sharing
- Platform building, e.g., for centralized access to universal public services, agile and simple document exchange, and smart data processing (Pankratov et al. 2018.

According to experts, key focus areas of digital transformation of Russia's public administration system will be the following:

- Changing the system of public administration and public services, and reallocating the functions of government and municipal authorities
- Managing changes amid legal and regulatory risks created by the state itself
- Training digital transformation professionals
- Encouraging digital maturity of government authorities

An important aspect of information technology introduction into public administration is improving awareness of businesses and civil society institutions of available public and municipal services and respective administrative requirements.

## Cross-References

► New Public Management

## References

Burov VV, Petrov MV, Shklyaruk MS, Sharov AV (2018) Government-as-a-platform: implementation effects and deployment management. Public Administration, 2018, №4 (114), pp 17–26

Cruz-Rubio CN (2015) Qué es (y que no es) gobierno abierto? Una discusión conceptual // Eunomía. revista en cultura de la legalidad. Madrid, n 8, pp 37–53;

Dobroliubova EI, Yuzhakov VN, Efremov AA, Klochkova EN, Talapina EV, Startsev JY. (2019) Digital future of results-based governance. Delo Publishing House, RANEPA, 114 p

Dunleavy P, Margetts H (2013) The second wave of digital era governance: a quasiparadigm for government on the web. Phil Trans R Soc A 371(1987):1–17

Dunleavy P, Margetts H (2015) Design principles for essentially digital governance, conference paper. Paper at the 111th annual meeting of the American Political Science Association, San Francisco, 3–6 September 2015

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead: Long live digital era governance. J Public Adm Res Theory 16(3): 467–494

Janowski T (2015) Digital government evolution: from transformation to contextualization. Gov Inf Q 32: 221–236

OECD (2017) The digital transformation of the public sector: helping governments respond to the needs of networked societies. OECD working papers on Public Governance, OECD Publishing, Paris

Pankratov IY (2016) Digital technology for public administration. Civil Service. №3 (101), pp 72–76

Pankratov IY, Svertilova NV, Iide EN (2018) Digital government: new competence matrix for digital transformation. Public Administration. №1 (111), pp 38–43

Ponkin IV (2016) General theory of public administration: legal framework, goals, principles, tools, models and concepts of public administration: series of lectures. RANEPA. – M, Buki-Vedi, 252 p
Putin VV (2020) Address of the President of the Russian Federation to the Federal Assembly of the Russian Federation of 15 January 2020. http://kremlin.ru/events/president/news/62582
Sidorenko E, Bartsits I, Hisamova Z (2019) Efficiency of digital governance: Theoretical and applied aspects. Public Administration Issues, Moscow, no 2, pp. 93–114
World Bank Group; Institute of the Information Society (2016) Digital Government 2020: Prospects for Russia. World Bank, Washington, DC

# Public Administration in Russia, History of

Igor Bartsits
Institute of Public Administration and Civil Services, The Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation

## Synonyms

Evolution of public administration in Russia; System of public administration in Russia

## Definition

The history of public administration in Russia tracks the emergence, development, and changes of Russia's forms of government over various historical periods.

Depending on the chosen theoretical model of analysis, one can define the fundamental phases of the development of the public administration system either on the basis of chronological methods or by analyzing the forms of government (the system of government bodies, the principles of their inter-relationship, the separation of powers), and the state structure (administrative structure and regional management) and the political regime (Mukhaev 2019; Pikhoya 2009).

## Introduction

The following main phases are traditionally outlined in the history of public administration in Russia:

- Ancient Rus (ninth to fourteenth century) is characterized by the formation of a feudal state with a government system based on the vassal/suzerain relationship.
- The common Russian state (fourteenth to seventeenth century) when a centralized state is being formed by way of unification of apanage principalities under Moscow's leadership and structuring unified government bodies.
- The Russian Empire (beginning of the eighteenth century to 1917) where an administrative system is formed based on the Emperor's sovereign authority. The principles of government are expressed in a concentrated form in the theory of "official nationality" and unofficial slogan "Orthodoxy. Autocracy. Nationality."
- Soviet Russia (October 1917–December 1991) is characterized by the socialist (usually referred to as Communist) regime based on the principle of fully empowered Soviets (Councils of People's Deputies) and Communist ideology. From 1922 onwards the Russian statehood developed in the form of the Union of Soviet Socialist Republics.
- The present-day phase of public administration (from 1992 to the present time) representing the formation of a public administration system based on the principles of separation of powers, sovereign democracy, human rights, and civil liberties. The Russian statehood exists in the form of the Russian Federation.

## The Period of Ancient Rus (Ninth to Fourteenth Century)

The state of Ancient Rus, which emerged in the ninth century and ultimately formed at the turn of the tenth and eleventh centuries, was a typical early feudal monarchy. The state was headed by the Grand Prince, who originally combined the political (legislation, foreign policy, government

administration, judiciary, etc.), military and sacred power (beginning with the Christianization of Rus in 988 the religious authority belongs to the Church). The government administration at the time was not differentiated among branches and institutions.

Originally the prince carried out his various (predominantly managerial) duties together with his druzhina/retinue (ninth to tenth cc). Beginning with the second half of the eleventh century, feudal assemblies (Snem, Council of Princes) were held to take decisions on the most important issues of the state and its management. The princely council (druzhina members, boyars, elders) decided the issues of internal government administration, taxes, foreign policy. The Kiev Veche (assembly) and Veche-type conventions at the centers of local principalities continued to be influential for supreme authorities.

With the formation of the princely domain the previous, quasi-military system of governing by leaders of "tens," "hundreds," and "thousands" which was characteristic of tribal society, a new system of central government made of the court and patrimonies, was being formed. It was headed by the *tiun* "of the fireplace" who managed the princely court, the household, and the finances. A whole staff of *tiuns* (key-keepers, cup-bearers, horse-keepers, falconers, etc.) each in charge of a specific aspect of the estate management, reported to him.

*Posadniks* appointed by the Grand Prince of Kiev in the cities and *volostels* appointed in rural areas carried out local administration, tribute collection, and adjudication. They formed the system of *kormlenie* (i.e., "feeding," that is, keeping officials at the expense of those they governed) which functioned up to the sixteenth century.

A special system of government emerged in the north-western part of the ancient Russian state, where feudal republics of Novgorod and Pskov were formed in the eleventh and twelfth centuries. The supreme authority there was *veche*, i.e., the convention of the owners of the city properties which was assembled from time to time. Veche decided the main issues of the republic, including the election of the prince, and concluded a treaty with him.

When most of the Russian lands were taken over in the thirteenth century by the Mongol troops, also known as the Tatar-Mongols, Rus became a vassal and tributary of the Golden Horde. The ultimate liberation from the Tatar-Mongol yoke took place in 1480.

## The Period of the Centralized Russian State, or Muscovy (Fourteenth to Seventeenth Century)

At the end of the fifteenth century, the lengthy process of unification of the Russian lands under the authority of the Principality of Moscow was completed, and a united Moscow state emerged. From then on, a centralized government administration system started to take shape.

The supreme authority belonged to the Grand Prince of Moscow (since 1547 – Tsar). However, he shared the administration of the country with the Zemsky Sobor, or the Assembly of the Lands, and the Boyar Duma, or Council of the Boyars, which is characteristic of the estate-representative monarchy. For more than a century the Assemblies of the Lands (assemblies of the representatives of the boyars, clergy and other estates) took part in carrying out a series of important reforms (military, financial, administrative, and others) in the second half of the sixteenth and first half of the seventeenth century.

The Boyar Duma which had a diverse competency (law making, administration, and judicature) and consisted of former appanage princes, boyars, and Duma officials, carried out a series of powers in the field of administration, usually together with the Tsar. It coordinated the activities of the Prikaz (offices), levied taxes, resolved property disputes, organized the military, supervised local administrations, etc.

As an indicator of this centralization, the Prikaz offices formed in the first half of the sixteenth century as the central bodies. In the seventeenth century, their number grew to 80 and included the offices in charge of specific branches, such as the Ambassadorial and Post (Transport) Prikaz, the Prikaz in charge of military affairs (Artillery, Streltsy (Infantry), Munition, etc.),

territorial Prikaz (Siberian, for Little Russia, etc.), palace Prikaz (Grand Palace, Stables, Beds), and financial Prikaz (Big Treasury, Monetary Collection, Big almost entirely alienated from fulfilling Income, etc.)

A reform was carried out in the 1530s and 1540s. Thanks to this reform, instead of the kormlenie system, local government of the lands emerged. And in the first quarter of the seventeenth century, it came to *voivoda* administration system – that is, of regional governors.

## The Period of the Russian Empire and the First Republic (From End of the Seventeenth to the Beginning of the Twentieth Century)

Both central and local government systems at the beginning of the eighteenth century failed to discharge the vestiges of the political forms dating back to the previous stage of the state's development (estate monarchy) and did not quite satisfy the demands of the tsars as far as translation of their will into the behavior of their subjects was concerned.

For instance, the central general competence body, the Boyar Duma, continued to be formed on the bases of the estate principle and thus kept the relicts of the *mestnichestvo* system (in which government posts were filled according to the ancestry) and traditions of boyar separatism. The Boyar Duma did not have a clearly defined competence, its activity was practically unregulated. The cumbersome and nontransparent Prikaz system was also very difficult to manage. There was no consistent principle for Prikaz to function and how they were allotted competencies. A whole number of identical judicial, fiscal, and administrative Prikaz existed parallel to each other and created difficulties in delimiting their competencies and dividing those responsible for fulfilling the Tsar's orders. In addition to that, the territorial division of the country was too fractional, which, like in the Prikaz system, made it practically impossible to supervise local officials on a permanent basis.

The Tsar's government faced the necessity to transform the central and local government apparatus according to the new goals, first and foremost the goal of carrying out the absolute will of the monarch in all spheres of public life subject to the state's interference. The first decisive steps in this direction were undertaken in the beginning of the eighteenth century by Peter the Great (Seryogin and Larionov 2014).

In this regard, in 1699, the Blizhnaya (Intimate) Chancery was established, formally within the framework of the Boyar Duma, and aimed at controlling the debit and credit of all the Prikaz. However, very soon its powers were substantially expanded. It was in the offices of this Chancery that rare meetings of the Boyar Duma started to take place, with the participation of the Prikaz heads (since 1704), a new consultative body was formed – *Concilia* of ministers (1708), which was empowered to discuss the most important issues of government. Quite often the *Concilia* assumed the authority of the supreme government body (mainly during the Tsar's many trips). When the *Concilia* emerged, the Boyar Duma eventually stopped being convened at all. As a final phase of the *Concilia's* functioning one can see the establishment of a new general central government body of general competence – the Senate.

Another instrument of strengthening the monarch's power was the Cabinet of Peter the Great, which was established as his private chancery and mentioned for the first time in 1704. The Cabinet traveled with the Tsar during his military campaign and other trips and received military and financial documents. Orders and replies were also generated there. Eventually the Cabinet expanded its powers – it had to carry out an extensive correspondence with various state and public structures, such as the Russian envoys abroad, governors, vice-governors, having to do with mines and manufactures, such as issuing privileges, state-owned factories, their staff, etc. The majority of petitions, complains and denouncements were processed in the Cabinet. And only denouncements regarding treason, cases against the health of the Sovereign and against the state interest fell within the competence of the Preobrazhensky Prikaz and later – the Privy Chancery (Eroshkin, 1968).

The first reform of Peter the Great which outlived its initiator was the consolidation of the administrative structure of the country. The Decree on the establishment of *guberniyas* (large territorial units) and allocation of cities to them was issued on Dec. 18, 1708. Altogether 8 *guberniyas* were established. The system had no relation to the size of the territory of the population. As a result it was very difficult to establish a uniform government machinery that would fit the guberniya management. At the head of the apparatus stood the governor appointed by the Tsar and relying on the chanceries.

The reform of the administrative structure continued on May 28, 1719 by establishment of the new administrative territorial unit – *provinziya* (province). The provincial structure was somewhat more consolidated that those of the *uyezds*, but was essentially similar. At the head of the *provinziya* apparatus, like in an *uyezd*, stood a *voivoda*, whose post was later renamed into a *komendant*. A chancery reported to him.

The consolidation of the administrative structure together with the restructuring of other elements of the state apparatus undoubtedly improved the ties between the central government and the territories. However, a lack of uniformity and weakness of content of this structure led eventually to it requiring further reforms.

The Decree of Dec. 12, 1718 marks the beginning of the radical reforms in the field of central sectoral, or specialized, administration. The contradictory and chaotic system of Prikaz was replaced by a system of 9 *Collegia.* Later other specialized bodies with the powers similar to those of the *Collegia*, were created, such as the Religious Collegium (Holy Governing Synod) and the Main Magistrate. The *Collegia* system substantially simplified and unified the sectoral administration as well as introduced a new system of organization and principles of activities for central sectoral bodies.

Compared to the Prikaz system, it was a major leap forward: the structure and activity of a Collegium were standardized and thoroughly prescribed. However, the very course of collegial decision-making did not quite correspond to the hierarchy of government bodies and officials, which was taking root in the government apparatus.

For a long time the functioning of a central general competence body remained an unresolved issue in the hierarchical system of the government apparatus. The Decree of Feb. 22, 1711 to establish the Governing Senate should be considered the beginning of this process. The Senate, which existed for more than 200 years (it was abolished by the Soviet Decree on Courts No. 1 on Nov. 22, 1917) was reformed regularly, acquiring and losing various powers, and evolved from a collective head of state in the absence of Tsar Peter to the top judicial body of the Empire. Even during the rule of Peter the Great it changed its composition and competence several times, often combining them with the functions of a supreme oversight body. The Governing Senate acquired its fullest legal regulation on April 27th 1722, when the Decree "On the Office of the Senate" was issued.

The Senate found itself at the top of the hierarchy of state bodies, which were inferior to the Emperor, that's why its decisions could not be independent, not in connection with the will of the sovereign. Besides that, the Emperor retained the right to control the activities of the Senate. Such control was fulfilled through the strictest written record keeping and supervising officials.

The oversight functions in the Senate were historically carried out by two types of officials. To carry out covert oversight over the activities of the state bodies, Peter the Great established in 1711 the office of *Ober-Fiscal*. By Decree of March 17th, 1714 the *fiscal* system was promulgated throughout the territory of the country. On Jan. 12, 1722 the oversight system was strengthened by establishment of the Procurator's Office. This decree introduced the offices of Procurator General and Ober-Procurator in the Senate, as well as the offices of Procurators in each of the Collegia. By Decree of Jan. 18, 1722 the offices of Procurators were introduced in the first and second instance courts (Hofgericht), which expanded the system of procurators throughout the territory of the country. Finally, the activity of the Procurator's Office was regulated in the most detailed way by the Decree of April 27, 1722 "On the Office of Procurator General."

The duty of procurators at all levels was to monitor the exact implementation of the Tsar's will, expressed in the normative and individual legal acts issued by him, as well as in the acts of all lower government bodies according to their hierarchy. One can see Peter's assumption of the title of Emperor on Oct. 22, 1722 as a certain type of symbolic conclusion of his reform of our country's government apparatus, which emphasized his absolute superiority within the country as well as independence and equal status among all European monarchs as far as the external relations were concerned.

It is true that after Petrine reforms, Russia's government apparatus went through substantial changes and represented a relatively harmonious hierarchy of government bodies and officials headed by the Emperor. The government system was based on completely new principles of public service career and acted in a strict bureaucratic way. The activities of officials were prescribed by the Emperor in a detailed way with the help of two main normative acts: "The General Procedure" (Generalny Reglament) issued on Feb. 28, 1720, and the "Table of Ranks" confirmed on Jan. 24, 1722.

The new government apparatus was under strict control of the specialized bodies – fiscals and procurators – which was meant to rule out an arbitrary use of their powers by officials disregarding the will of the Tsar. In this way, the system of state authority organization was adjusted in order to implement the monarch's will in the behavior of the subjects.

In the following period of coups d'etat there appeared, often for a brief period of time, supreme state institutions which had, alongside the others, also management functions. Such were the Supreme Privy Council, the Cabinet of Ministers, the Conference (and then Council) of the Supreme Court, the Imperial Council.

In order to strengthen the ties between the central authority and local government bodies, as well as to strengthen control of her subjects, Catherine the Great carried out a whole series of administrative and estate reforms, which substantially changed the administrative structure of the country. The issuance on Nov. 7, 1755 of the Constitution for the Management of the Guberniyas of the All-Russian Empire (Uchrezhdeniye dlya upravlenia gubernii Vserossiiskoi imperii) became the first step in this direction. In order to organize local government bodies, the territory of the country was divided, according to the number of its population, into *guberniyas* or *namestnichestvos*, which, in turn, were divided into *uyezds* or *okrugs.*

The government apparatus of a guberniya or namestnichestvo had a dual structure. The lower level consisted of the Upper Court of Lands (Verkhnii zemskii sud), Upper Council (Verkhnaya Rasprava), the Guberniya Magistrate, and the Court of Conscience (Sovestny Sud). The upper level of a guberniya or namestnichestvo apparatus was the Board (Pravleniye) headed by the Governor or Namestnik.

The Board was in charge all financial, economic, social and police affairs of a guberniya (namestnichestvo). Please note that many offices of the uyezd and gubernia government apparatus were elected, although the election took place within a certain estate of the realm. They were elected by the respective estate for a fixed period of 3 years.

The reformed government apparatus of the empire after the administrative reform of 1775 better satisfied the demands of the central authority to control the population of the country. By far and large it ran in this shape and form up until the Great reforms of the 1860s and 1870s.

The administrative structure and composition of the estates of the Russian Empire the way it was ultimately formed during the reign of Catherine the Great allowed to project the unlimited power of the monarch to all the subjects. Their minority – nobility – served as the administrative and armed base of the regime, set against and controlling the absolute majority (urban population and peasantry), who created all the material wealth while being almost entirely alienated from fulfilling the state powers.

The administrative (1775) and police (1782) reforms cemented the territory of the country with a network of government bodies, whose activity required sectoral coordination and management. And while the sectoral dimension was

regulated by the Collegia which had been established long ago by Peter the Great, the coordination among the sectors was virtually non-existent.

The next wide-ranging reform of the central government apparatus began on Sept. 8, 1802, when the Manifesto on establishment of ministries was made public. Instead of the Collegia, Russia now had eight ministries as the central sectoral administration bodies. The ministerial reform continued in 1810–1811. The competence of each ministry and main directorate were defined in the Manifesto On the Division of the Affiars of the State Among the Ministries of Aug. 17, 1810. Finally, in the most detailed way the composition of the ministries, their competences as well as the process of setting up and activity of the ministries was fixed in the Manifesto On the General Establishment of Ministries of June 25, 1811. This phase of reform was initiated by Mikhail Speransky. He used not only the experience of 8 years of work of the Russian ministries, but also the tested organization of the ministries of Napoleon's France (Eroshkin, 1968). On March 20, 1812, right before departing for the army in the field, Alexander I established a separate government body – the Committee of Ministers, which completed the formation of the central general competence body.

The rule of Tsar Alexander I is also tied to the regulation of the government's legislative activity. On Jan. 1, 1810 the Emperor established a special quasi-legislative body – the State Council. Every department of the State Council was in charge of its own area or legislation, but the Article III of the Manifesto of Jan. 1, 1810 clearly said that no law or another normative act should proceed from the Council and have legal force without the Emperor's approval. However, a rule was established, according to which every law had to be necessarily discussed in the State Council before it was approved by the Emperor.

The reforms of the central government at the beginning of the nineteenth century by far and large shaped it in a more logical form characteristic of a hierarchical system. It became to look more at least slightly similar to a modern administrative top down command system. The sectoral management was based on the principle of undivided authority behind a central general competence body made up partially from the heads of sectoral bodies, which allowed it to play a coordination role.

While the system of separation of powers did not exist, the legislative activity was delineated within the central government apparatus, although it was not isolated and was in fact connected with sectoral management. The government apparatus was run by a supreme body which concentrated the full state power and controlled all the inferior bodies.

The ascent to the throne of Alexander's successor, Emperor Nicholas I was marred by the uprising on Dec. 14, 1825 and forced the Emperor to reinforce the political component of the government apparatus. Nicholas I managed to strengthen the state apparatus, complete the work to systematize the body of law – something that none of his predecessors from the eighteenth century onwards had managed to do. The latter gave a strong push to improving the work of the entire government machinery.

On July 3, 1826, the Emperor issued a Decree "On the Incorporation of the Special Chancery of the Ministry of Interior to His Majesty's Personal Chancery" which established the so-called Third Section. The Emperor's Chancery had been created by Peter the Great as an auxiliary body, which prepared cases for the Emperor's personal decision, and later completed the paperwork on them. This body got transformed, adjusting itself to the needs of any Emperor. However, during the rule of Nicholas I it acquired a special meaning as an institution that stood above the ministries.

Playing the role of a certain middleman between the Emperor and the ministries, the Personal Chancery often replaced the sectoral government bodies and inter-sectoral bodies and thus appeared to be a superfluous element in the government apparatus, which made a path from a study of a case to a decision only longer. However, the Third Section of the Chancery together with the Special Gendarme Corps, which de facto turned into a separate body of political police, became an effective instrument to fight radical political movements and provided a physical

backing to the reactionary policies of Nicholas I (Seryogin and Larionov, 2014).

The growing revolutionary situation in Russia when reforms began to be developed at the late 1850s required a transformation of the administrative part of the government apparatus. By that time the Committee of Ministers, which was overloaded with a mass of administrative cases, was de facto unable to coordinate the activities of various bodies and ministries. In order to fulfill this function, a new central body of general competence was created on Nov. 12, 1861: the Council of Ministers. It consisted of ministers, glavnouprav-layushchie, chairmen of the Committee of Ministers and State Council and a number of people close to the Emperor. The Emperor Himself was the chairman of the Council of Ministers and had the right to put all issues on the Council's agenda. Unlike the Committee of Ministers, whose competence continued to include current administrative affairs, the Council of ministers concentrated on considering and discussing the issues that were relevant and important for the entire country.

As the "Great Reforms" progressed and the administrative apparatus in Russia became stronger, the role of the Council of Ministers began to decrease. In 1870s, its sessions were convened very rarely, and since Dec. 11/|23 1882 stopped altogether (Eroshkin 2014, p. 201). As far as the Committee of Ministers is concerned, it continued its managerial activity as a coordinator of the ministers' activities.

## The Organization of the Public Administration in the Russian Empire in the Beginning of the Twentieth Century

The revolutionary events of 1905–1907 have led to changes in the form of government in the Russian Empire. On October 17, 1905, under serious pressure from Prime Minister Sergei Vitte, Emperor Nicholas II signed the Manifesto "On the Improvement of State Order," which marked the beginning of the constitutional era in Russia. Nicholas II understood this. In his letter to his mother, dowager Empress Maria Feodorovna, he clearly said that the document that he had signed was "essentially the constitution".

The Manifesto of October 17, 1905, became an important step in Russia's transition from an absolute to a constitutional monarchy. On the basis of this Manifesto on December 11, 1905, an imperial decree introduced changes to the statutes on the elections to the State Duma, which was meant to expand the number of voters. On February 20, 1906, another Manifesto introduced changes to the formation of the State Council and State Duma. Based on this Manifesto, the State Council, which had existed since 1810, became the upper chamber of Russian Parliament, while the newly created State Duma became the lower chamber of parliament.

On April 23, 1906 Nicholas II approved the Code of the Fundamental Laws of the Russian Empire. Essentially it was the first Russian constitution. Albeit with very limited powers, a two-chamber parliament was being formed in Russia, that had not only representative and advisory, but also real legislative, financial, and even controlling powers. It marked a turn to the elements of the doctrine of separation of powers. Having fixed that the executive power belongs to the Monarch "throughout the Russian state" (article 10), as well as his is the right to issue "decrees and orders with the goal of organization and enactment of various elements of government administration" (article 11); that the judicial power is exercised in the name of the Emperor (article 22), the Fundamental Laws determined that no new law could emerge "without the approval of the state Council and State Duma." The chambers of parliament received the right of legislative initiative – "to initiate proposals to cancel or change the existing laws or issue a new law, the initiative of reconsidering which belongs solely to the Emperor" (article 107).

The basic principles of the rule of law were solidified in the Chapter 9 "On the Laws." They read as follows: (a) the rule according to the law (Article 84 "the Russian Empire is ruled on the solid foundation of laws, issued in due order"); (b) equality before the law (article 85 "the force of law is equally compulsory for all Russian subjects and foreigners present in the Russian state without

exceptions"); (c) retroactive application of law is impermissible (article 89 "Every law is valid only in the future, besides the cases, when the law itself establishes that it is valid also in the preceding time or that it represents only a confirmation and explanation of the meaning of a previous law"); (d) obligation to publish law (article 91 "laws are published for general notice by the Governing Senate in due order and are not validated prior to publication"); (e) repeal of the law only through the law (article 94 "the law cannot be repealed other than only through the force of law. Hence, until a new law positively repeals an existing law, it retains its full force"); (f) guarantees of preserving special features of legal regulations in the regions of the country (article 88 "laws, especially those issued for some area or part of the population, are not repealed by a new general law, unless such repeal is established in it").

Despite all its peculiarities, the government structure of the Russian Empire on the basis of the new additions to the Fundamental Laws fell entirely under the main features of executive monarchies (especially similar to Germany after 1871). Their main feature was the government's responsibility before the monarch and not before parliament as it had been the case in the classical parliamentary monarchies.

The Emperor appointed 1/2 of the members of the State Council, including the chairman of the upper chamber and his deputy. He has the right to veto all the bills adopted by the chambers of parliament.

Upon the proposal of the Council of Ministers the monarch had the right to issue legislative degrees in the cases, when there was such a necessity, especially between the sessions of the State Duma and State Council.

After the opening of the legislative session such a degree had to be presented for approval of the Duma, otherwise it automatically became invalid. The State Duma was elected for 5 years. It was convened and discharged by imperial decree. The monarch also defined the length of annual sessions and the length of breaks for the Duma. Commissions of deputies were formed, such as executive, budgetary, for state defense etc. Duma's proceedings were run by Chairman who had two deputies and was reelected annually by the general assembly of the Duma. The State Duma was forbidden to discuss the issues which were "the responsibility of the Sovereign" – such as diplomatic, military, and economic relations with other countries, internal affairs of the court, financial issues.

The executive power in its entirety remained in the hands of the Emperor and the ministers, who comprised the Council of Ministers. The legal status of the central executive body of general competence, which was the Council of Ministers, was changed accordingly. The Decree "On the Measures to Strengthen the Conformity in the Activities of the Ministries in Main Directorates" of October 19, 1905 stipulated that the Council of Ministers was assigned with directing and consolidating the activities of the chiefs of government bodies on issues of both legislation and supreme state administration.

Since October 1905, the Council of Ministers becomes a permanent body. The Committee of Ministers was abolished in April, 1906. Ministers bore responsibility not before the parliament, but personally before the Emperor. The Council of Ministers was comprised of Ministers and *glavnoupravlyayushchie* (chief managers) of separate departments belonging to the general structure of ministries.

In such form, the administrative apparatus existed until the beginning of World War I. Evident foreign policy failures of Tsar Nicholas's government resulted in the country's participation in World War I, which became fateful for the Russian statehood. The administrative apparatus of the Empire required changes that were called upon to secure the functioning of the government administration and the country's economy in the state of war. On August 17, 1915, the law "On Establishing Special Councils to Discuss and Coordinate Measures to Defend the Country, Provide Fuel to the Ways of Communication, State in Public Offices and Enterprises Working for the Purpose of State Defense, on Food Supplies and Transportation of Fuel, Food and Military cargoes" (Law on Special Councils 1915). The law provided for the creation of government institutions, called upon to implement the necessary mobilization measures. Four Special Councils where created: Special

Counsel to discuss and coordinate the measures to defend the country; Special Council to discuss and coordinate the measures to supply fuel to railways, state and public offices and enterprises, working for the purpose of state defense; Special Council to discuss and coordinate the measures on food supplies; Special Counsel to discuss and coordinate the measures to transport fuel, food, and military supplies.

However all the abovementioned measures could not guarantee a steady functioning of the economy under the conditions of a global military conflict. Social tension in the country began to gradually increase, and eventually destabilized the political situation at the very beginning of 1917. It and led to the abdication of Emperor Nicolas II, when monarchy rule in Russia was over, Tsar's Council of Ministers stopped to function and a Provisional Government was formed.

The rest of the government apparatus, however, remained unchanged, which was confirmed by a resolution of March 4, 1917, which placed the duties of governors and *uyezdny ispravniks* (district heads) on chairman of *gubernia* and *uyezd* elected bodies (*zemskiye upravy*), while the local government apparatus remained in place. According to this resolution, governors and vice-governors were temporally removed from office, while the chairman of gubernia elected bodies received the title of Gubernia Commissars of the Provisional Government and carried out the duties of governors. The entire old administrative apparatus remained intact and was transferred to the new elected bodies.

However, the state of diarchy could not last forever. In a confrontation with the Soviet system, the provisional government was defeated and overthrown in the course of the revolutionary events in October 1917. The imperial government apparatus was destroyed.

## The Period of Soviet Russia (October 1917–December 1991)

The process of dismantling of the imperial state apparatus and creation of new Soviet government institutions began in the revolutionary year 1917.

Over the course of the Great October Socialist Revolution in 1917 the Provisional Government was abolished and its members lost their powers. The Government's Chancery, Ministries, all central bodies of government where abolished. The apparatus of the State Duma created by Nicholas II, was also subject to liquidation. The State Council was disbanded. The functions of the tsarist police were soon transferred to the militia created by the Bolsheviks. Judiciary and penitentiary bodies of the old regime also ceased to exist. The Second All-Russian Congress of Soviets which was in session on October 25th–27th, 1917 legally established and proclaimed the creation of a Soviet republic in Russia. The decisions of the congress mark the emergence of the supreme body of state power in the republic – the All-Russian Congress of Soviets. The powers of the executive were conferred on the All-Russian Central Executive Committee (VTsIK by its Russian abbreviation). Its activity as the supreme body of power was exercised in the period between the congresses of Soviets. The government of workers and peasants, called the Council of People's Commissars (SNK by its Russian abbreviation), became an executive and administrative body of power. The government was divided into People's Commissariats which became the central bodies governing the sectors of the state economy.

The Constitution of the Russian Soviet Federative Socialist Republic (RSFSR) was adopted at the Fifth All-Russian Congress of Soviets which took place on July 10, 1918. According to the Fundamental Law of the republic, the All-Russian Congress of Soviets of Workers', Soldiers' and Peasants' Deputies was stipulated as the supreme power body. The Congress elected the All-Russian Central Executive Committee (VTsIK) which reported to the Congress.

The presidium of VTsIK was a permanent operational body controlling the work of various committees and commissions (such as the Commission on the Review of Soviet Public Servants (1917–1918), the Constitutional Commission charged with drafting the constitution (1918), Central Commission on aiding those in hunger in 1921–1922, Commission on Turkestan affairs

(until 1925), etc). Some separate special organizations, such as the telegraph agency RosTA, Socialist Academy of Public Sciences; Committee on the North, etc. – reported directly to VTsIK.

According to the 1918 Constitution, the Executive Committee was proclaimed to be the supreme legislative, administrative, and controlling body. It was the committee that defined the "general direction of activity" for the Council of People's Commissars (SNK), and all other power bodies. It issued its own decrees, resolutions, as well as considered the legislative proposals of the government. All the decisions of the government were reported to VTsIK, which was empowered to suspend or repeal any decision of the "government of workers and peasants."

The All-Russian Central Executive Committee (VTsIK) formed the government of the RSFSR – the Council of People's Commissars (SNK), which consisted of Peoples Commissars, who stood at the head of the sectoral People's Commissariats (*narkomat*).

The so-called Maly Soviet, or small council, as well as the Council of Workers' and Peasants' Defense, established on November 30, 1918, were affiliated with the Council of People's Commissars. As an extraordinary body, which issued resolutions that were compulsory for all bodies, the council supervised the entire military mobilization to defend the country. The Council, that was chaired by V.I. Lenin, included the members of the Council per se, as well as representatives of trade unions and the military. When the Civil War ended in April 1920, the Council was transformed into the Council of Labor and Defense, which coordinated the activities of all the branches of the economy and offices charged with developing the country's defense and people's economy. Another permanent commission of the Council of People's Commissars – the so-called Small SNK – was supposed to discharge the government from having to work on petty issues.

The powers of the central bodies of authority where determined in the following way. The All-Russian Congress of Soviets and VTsIK approved the changes and amendments to the Constitution, adopted decisions to incorporate other republics into the RSFSR, handled the questions of war and peace, consolidated the leadership over foreign and internal policies. The wide-ranging powers of the Congress and VTsIK extended to the economic sphere. The central bodies of authority determined the national legislation, established national taxation, developed the basics of military organization, judicial structure and procedure, etc.

According to the 1918 Constitution, the working class had the leading position in the post-revolutionary society and head electoral privileges. In such a way, congress of Soviets of towns and cities sent to the All-Russian Congress of Soviets just one deputy from 25,000 voters, while at the same time gubernia (and thus rural) congresses of Soviets delegated to Moscow only one deputy from 125,000 voters (Korzhikhina, 1994 p 42).

At the local level, administrative powers were conferred on the local Soviets. Under the conditions of the transitional period, when a new chain of command was being built, the Soviets, which originally had neither a bureaucratic apparatus nor experts, for a while used the old institutions, such as city and town zemstvas, where they appointed their commissars.

The People's Commissariat for Internal Affairs (NKVD) in it capacity of SNK branch, published on January 6, 1918 an Address to the Soviets, which reflected the main principles of local self-government. From now on local authorities were represented by the regional, *gubernia, uyezd and volost* congresses of Soviets, while village and town Soviets were established in the urban and rural places respectively.

As the Soviet system got stronger and Soviet bodies turned into fully empowered local governmental bodies, the liquidation of zemstvo in the rural areas and Duma-established bodies in the cities were completely liquidated. Consequently, the positions and powers of the Soviets expanded and they consolidated, for now on, the entire local administration, whose main task was the solve the issues of the local economy.

The affairs of national economy also acquire in this period of time a centralized organizational structure. On December 14, 1917, VTsIK and SNK created a body in charge of the Socialist

organization of the national economy: the Supreme Council on People's Economy (VSNKh). The VSNKh coordinated the work of the economic departments of the Soviets of workers', soldiers', and peasants' deputies. The economy departments were seen as the local branches of the VSNKh, for whom all the resolutions of the VSNKh were compulsory. The statutes of district or regional local councils for people's economy were developed by the VSNKh and published on December 23, 1917. There were various types of bodies that existed as part of the VSNKh at various moments of history: separate, permanent and temporary, plenipotentiary and inter-departmental advisory bodies. The most important such bodies were: the Usage Commission (1918–1921) which defined the norms for supplying enterprises and the population with food products; the Price Committee (1918–1922) which determined prices and norms for natural exchange; Special Commission on Exploration of the Kursk Magnetic Anomaly (major Iron producing area) and some others.

The Second All-Russian Congress of Soviets decided to create the People's Commissariat for Internal Affairs (NKVD) of the RSFSR, which became the central authority for the preservation of public order, combating crime, as well as for the internal administration in the country. The wide-ranging powers of the NKVD of the RSFSR solved two most burning issues: organization of a Soviet administration system in the regions, towns, and villages, as well as the preservation of "revolutionary order" as they used to say. Besides that, NKVD at and its local branches managed the utilities and worked on arrangements for prisoners of war and refugees.

Workers' militia was established in March 1917 to carry out police functions and combat crime. Originally it was an armed popular body and as such a supernumerary organization. The main legal principles for the functioning of the new body were laid down in the NKVD resolution "On Workers' Militia" of October 28 (November 10) 1917. According to the resolution, the workers' militia was founded by the Soviets of workers' and soldiers' deputies, and all militia bodies found themselves under the exclusive jurisdiction of the Soviets. Militia's main tasks were the "preservation of revolutionary order," protection of rights and security of the working people. What was common for all organizational forms of militia structures was the personnel rule: only workers and peasants could be enlisted for militia service. The accumulated experience of the workers' militia was fixed in the VTsIK and SNK Decree in June 1920. According to the Decree, militia had subdivisions organized following the territorial and sectoral principles. In such a way, various types of militia emerged: urban, rural, industrial militia, militia for the railway, water transportation, the detective militia. The entire militia system was run by the NKVD Main Directorate for Militia. Since the All-Russian Extraordinary Commission, or VChK, was an extraordinary body dissolved in 1922, part of its functions and powers were allocated to the judicial bodies, while another part – to it Main political directorate, which was formed within the NKVD.

After the 10th Communist Party Congress in March 1922, a turn to the New Economic Policy, or NEP, was proclaimed. The realization of the already existing Soviet system has led to a clarification and changes in the functions of the majority of state bodies. Soviets and Communist Party congresses developed the general directives pertaining to the activities of various government administrative structures. The district structures were clarified, so were the competencies of local Soviets. The rights of central and local bodies on property and financial rights were clarified, while the struggle against bureaucratization of the Soviets continued.

Reelections in the local Soviets took place in 1924–1925. After the USSR was formed, the number of VTsIK members was substantially increased, as representatives of autonomous and constituent republics within the RSFSR and USSR joined the rank. At the same time, the functions of the presidium of the VTsIK have substantially increased. From now on the presidium approved the draft for the SNK Decrees.

The competencies of the SNK and the Council on Labor and Defense (STO) were delineated in the beginning of 1922. Many important economic

functions, such as management of certain branches of economy, confirmation of economic plans, and reports of economic people remained within the competency of the STO. The state planning committee, or Gosplan, emerged as a part of the STO in February 1921. At the core of Gosplan stood the electrification commission known as GOELRO, which had functioned since 1920.

Within the framework of drawing up planning for the branches of the economy in 1921, Gosplan drafted such plans. In 2 years, the first 5-year plan for the entire Russian economy was prepared. As the command economy took shape at the end of the 1920s, Gosplan moved to prepare prospective plans for the development of peoples' economy, as well as to develop 5-year plans.

With the transition to the NEP, the centers and main directorates of the VSNKh transformed into control and planning bodies. The *Glavks*, or Main Directorates, became parts of the Main Departments of the VSNKh, which were organized on the basis of functionality. The large portion of enterprises, which reported to the VSNKh, was transferred to the territorial councils of peoples economy (*sovnarkhoz*) which also remained in the jurisdiction of the in VSNKh.

By 1923, ll the main directorates for the branches of the economy were dissolved and instead of them, a Main Economic Directorate and the Central Directorate for State Industry emerged in the system of the VSNKh with industrial departments within them organized according to the branches. The Main Economic Department regulated industry as a whole, while the Central Directorate for State Industry ran the "trests" (trusts) within the branches of the economy.

In December 1922, the Congress of Soviets of the USSSR adopted the Declaration and Treaty to form the Union of Soviet Socialist Republics and united all the republics into one union state. Right after that, the all-union power bodies were created: the All-Union Congresses of Soviets and the Central Executive Committee (TsIK) of the USSR. Within the constituent and autonomous republics, the congresses of Soviets and TsIK of the respective republic continued to act as the supreme authority.

The supreme body of authority of the newly created socialist state was the Congress of Soviets of the USSR. The congress was elected from the representatives of city/town Soviets (one deputy for 25,000 voters), as well as by the gubernia congresses of Soviets (one deputy for 125,000 voters).

In the period between the congresses of USSR Soviets, the Central Executive Committee of the USSR represented the top authority. It consisted of the Soviet of the Union and Soviet of Nationalities. The first one was elected at the congress from among the representatives of the republics proportionally to their population, while the second, the Nationalities Soviet, comprised five deputies from each constituent or autonomous republic and one deputy from an autonomous region. TsIK worked from session to session, and the number of TsIK chairmen was the same as the number of constituent Soviet republics.

Between the sessions of the USSR TsIK its Presidium acted as the supreme legislative and executive body of the USSR. It was elected at the joint session of the chambers – the Soviet of the Union and Soviet of the Nationalities. The Presidium of the TsIK had the power to suspend the resolutions of the government – SNK of the USSR, as well as the resolutions of the People's Commissariats of the USSR, of TsIK and SNK of the constituent republics.

TsIK also formed the supreme executive and administrative body – the Council of People's Commissars, or SNK. It consisted of a chairman, deputy chairman, and ten people's commissars (narkoms) who led various branches of government administration. Five commissars – those of foreign affairs, military and navy affairs, foreign trade, means of communication (railways), and post and telegraph – were responsible for the entire union. Another five *narkomats* were combined: VSNKh, of Food Supplies, Labor, Finance, and Inspection.

The resolutions of the all-Union *narkomats* were implemented in the territory of the republics through their representatives, while the "combined" *narkomats* operated through respective bodies of the constituent republics.

Some *narkomats* operated at the level of the republics – that's how justice, interior,

agriculture, health, enlightenment, and social *narkomats* functioned.

Each constituent republic had its own executive and administrative body – the Council of People's Commissars, or TsIk of the republics, which consisted of the republican and combined commissariats, as well as the representatives of the all-Union commissars.

Each republic changed considerably in the process of the USSR formation. From now on each republic became a part of the federated union and reported to the union power bodies. Republic's bodies had jurisdiction over the spheres, which had not been touched upon by the federal power bodies (Isayev 2004, p. 717).

One year after the formation of the USSR, in July 1923, federal economic management bodies emerged. VSNKh of the USSR as well as the USSR *narkomats* dealing with the economy, the union-republican *narkomats* of the USSR, special commissions following functions and branches of the economy, directorates and main directorates of the USSR. Within the Soviet republics, the organization and management of the economy was conferred upon the SNKh of the republics, the union-republican and republican *narkomats* of the republics.

Public administration system was based on the narkomats of three types: the all-Union ones, union-republican ones, and republican ones. The first type of bodies were involved with direct management, they were uniform and centralized power bodies that ran the sphere of public management that was entrusted to them throughout the USSR through respective offices or immediately. The so-called union-republican *narkomats* had a decentralized structure: a USSR *narkomat* managed the respective branch through the respective *narkomat* of the republics. The *narkomats* of the republics exercised their management directly within the territory of a USSR republic.

Committees, main directorates, and commissions, affiliated in different ways with the narkomats, were based on both branch and functional principles.

On December 5, 1936, the 8th Extraordinary Congress of Soviets adopted the Constitution of the USSR. The new fundamental law fixed the Soviet system as the basis of the political system for the entire union state. According to the Constitution, the fullness of power in the country belonged to the Soviets of Working People's Deputies. Socialist property and socialist economy were declared to constitute the economic base of the USSR.

The state structure of the USSR was defined as a union (federative) unification of the republics. Instead of the all-Union, republican and regional congresses of Soviets, the new "Stalinite" Constitution proclaimed the emergence of district, city/town (urban) and republican Soviets.

The Supreme Soviet of the USSR, which replaced VTsIK, found itself at the top of the power hierarchy. The Supreme Soviet commanded legislative power and consisted of two chambers: the Council of the Union and the Council of Nationalities. The Council of the Union was elected in territorial districts, while the Council of Nationalities was elected in the constituent, autonomous republics as well as in the autonomous regions and national districts. The both chambers were considered to have equal rights and worked in sessions. If major disagreements occurred over the course of decision-making, the Presidium of the Supreme Soviet had the right to dissolve the Supreme Soviet and call new elections to the supreme board.

At the same time, the Presidium reported to the Supreme Soviet and had rights to issue decrees, conduct referenda, call new elections, and exercise supreme power in the country in the period between sessions of the Supreme Soviet.

The Council of People's Commissars of the USSR was elected at the joint session of the both chambers of the Supreme Council. The government issued resolutions and orders on the basis of existing laws, which had been adopted by the Supreme Soviet. The existing narkomats (defense, foreign affairs, foreign trade, railways, communication, waterways, heavy industry, defense industry), as well as the union-republican narkomats (food, light industry, forestry, agriculture, grain and animal Soviet farms, finance, internal trade, internal affairs, justice, health) were fixed in the Constitution. The government system in the republics was structured analogously.

The 1936 Constitution radically changed the electoral law. The fundamental law stipulated the general, equal and direct electoral right with secret ballot for all USSR citizens older than 18.

Within the framework of the new Constitution, the system of public administration substantially changed in the years before World War II. In July 1937 the TsIK of the USSR, which did not stop to function up until the election of the new Supreme Soviet, approved the Statutes of election to the Supreme Soviet and set the date of election.

At the first session of the Supreme Soviet the Presidium was elected, the government (SNK) formed, the Prosecutor of the USSR appointed, and permanent commissions of the both chambers were elected.

After the Nazi Germany attacked the Soviet Union and the Great Patriotic War (1941–1945) began, the public administration system switched to the war-era mode. The supreme and central power bodies continued to function, while at the same time extraordinary bodies emerged, such as the State Defense Committee (GKO), local defense committees, GKO commissioners, whose main goal was to mobilize all the existing resources.

The extremely centralized government apparatus became even more goal-oriented during the war period. The centralization strengthened in the field of the all-Union bodies funning the basic industries. Principles, according to which the government bodies functioned, also changed: undivided authority came to replace collective decision-making, cooptation replace elections, supervision took the shape of a tough control followed by sanctions (Korzhikhina 1994, p. 196).

The sectoral principle of managing the economy remained in place under the war-time conditions. A strengthened centralization could be seen in the process of allocating funds and supplying the economy with raw materials, fuel, and other resources; industrial facilities were relocated, while new industrial centers, mainly in the east of the country, emerged in the process. The defense industry as such, in which new institutions were created during the war, underwent major changes.

After the war was over, the constitutional principle in the administration was restored. Serious changes took place in 1946 in the upper echelons of power in the USSR, constituent and autonomous republics. In this way, Councils of Ministers were created to replace the former Council of People's Commissars of the USSR, constituent and autonomous republics. The narkomats were replaced with ministries.

There were special institutions within the government or affiliated with it, which differed in their functions and remained at the core of the central economic management. They were in charge of the ministries' and other institutions' activities in various economic sectors. There were several types of such bodies. The main directorates had operative tasks, were charged with management of enterprises, organizations, etc. Committees and commissions combined planning and control functions or wielded just one of them. They could be divided into two groups: the State Committees of the USSR Council of Ministers, which organized the work of ministries and other institutions on common issues (the State Committee on Foreign Economic Relations, Gosplan et al.) and State Committees organized to follow a narrow sector of production (the State Committee for Defense Technology, the State Committee for Chemical Industry, etc.)

Ministries are the bodies of both centralized and sectoral management, which run specific branches of economy and culture. The heads of ministries were Cabinet members. The principle of undivided one-man authority was in place, and ministers were empowered to issue orders and instructions. Ministries were also divided into the federal, republican, and federal-republican.

As far as the federal USSR ministries are concerned, they existed in the branches of economy, were it was necessary to message everything from one center. They ran a specific industry throughout the country. Republican ministries existed in the industries, where local and ethnic traditions played an important role. Essentially they were the sectoral management bodies of a republic, that worked under the leadership of the Council of Ministers of a specific constituent republic. The USSR central goodies run the

industries through republican ministries, while the most valuable enterprises reported directly to them.

In 1955–1956 measures were undertaken to expand the economic management rights of the constituent republics. A large number of enterprises were transferred from the federal to the republican domain. Every year the number of such enterprises grew. As a result several federal ministries were no longer relevant and were liquidated. In the republics, however, there was a reversed trend leading to the emergence of new government bodies.

A law was adopted in 1957 that established the territorial principle of managing the economy and construction. Economic administrative regions were formed that reported to the top bodies of authority in the respective republics. Such regions were formed on the basis of economic and administrative peculiarities of certain territories. Altogether about 140 ministries were closed down, leading to personnel cuts. The management of an industry moved closer to the production sites. Powers in the field of design, supplies, and finances were expanded.

The sovnarkhoz (SNKh), or People's Economy Councils, were radically different from the ministries through a collegiate management of several industries on one concrete territory. The SNKh managed some very important factories, industrial associations, and companies in a specific economic district.

The SNKh were mainly organized in one branch of the economy. In order to fulfill an especially important task in the country's economy, Technical and Economic Councils were formed in association with the SNKh. They consisted of scientists, researchers, technical experts, etc.

Originally, the SNKh reported directly to the Council of Ministries of a specific republic. But eventually republican SNKhs were organized, in order not to overload the central government. The SNKhs in a republic had to be responsible for the most important tasks in the field of material and technical supplies for the industries, as well as for the organization of SNKh in the republic.

In the early 1960s, the *sovnarkhozes* have been merged in order to reduce their number. 1962 saw the creation of the Council for National Economy of the USSR ("SNKh") as a pan-Union executive body charged with managing of the supply plans and the distribution of goods. This institution executed its authority though the Councils of Ministers (Governments), the *sovnarkhozes* and ministries of the individual Union Republics. Further on, the Council of National Economy was made a two-level "Union-Republican" body. Hereafter, the Soviet Government considered issues that went beyond the approved economic plan. In 1963, the Supreme Council for National Economy ("VSNKh") was introduced as the topmost all-Union body managing the state industry, construction, and operating all State Committees and institutions overseeing industry outlets subordinate to the "VSNKh."

A new economic reform organized in 1965 was initiated to repair the damage and shortcomings of the earlier management system. This proved the largest reform in the post-WWII years aimed at adjusting the state economic management to the challenges of the time.

The essence of this reform was in the changing of the industry management system – from territorial to branch-specific. To this end, the SNKh of the USSR, the VSNKh, and territorial *sovnarkhozes* had been eliminated and a new system of Republican ministries introduced.

In 1967, the USSR Council of Ministers issued a decree "General regulation on ministries of the USSR" which clearly outlined the definition of "Ministry," its functions, types, and authority. The authority of such pan-Union Ministries was enhanced with regard to similar republican Ministries. The jurisdiction of pan-Union Ministries covered all matters of a certain branch of industry plus the operations of any production overseen by a Republican Ministry. To this end, all resolutions and instructions of the pan-Union Ministries were mandatory for Republican Ministries. Plus, an ad hoc Collegium of an all-Union Ministry had the authority to hear any Republican Minister called to report.

The results of the reforms of the state structure were finalized in the 1977 Constitution of the USSR. Two sections of the Constitution regulated the state bureaucracy, both the central and local

administration. No special changes had been made to the Soviet system, with the introduction of new nomenclature. For instance, the Soviets of workers' deputies were now labeled Soviets of people's deputies. The tenure of a Soviet was extended.

The highest body of state authority was the Supreme Soviet of the USSR whose jurisdiction included all matters regarding the Soviet Union. The Supreme Soviet of the USSR was a two-chamber body comprised of the Council of the Union (upper chamber) and the Council of Nationalities (lower chamber), operation in sessions with the Presidium of the Supreme Soviet of the USSR as its standing body. The tenure of the Supreme Soviet of the USSR was now 5 years. Local Soviets were given a two and a half years' tenure. The age of candidacy had also been reviewed, changing to 21 years for the Supreme Soviet of the USSR and 18 years for the Supreme Soviets of the Soviet and Autonomous Republics. The total number of deputies elected to both chambers of the Supreme Soviet of the USSR was now established at 750 members.

The authority of the Soviets of people's deputies was enhanced to involve a wider scope of issues. Local Soviets had enough authority to oversee and intervene in the operations of any industrial facility in their jurisdiction which in fact meant every single within their territorial jurisdiction. The role of the Presidium of the Supreme Soviet of the USSR had been increased allowing it to actually directly govern all local Soviets ignoring the governing bodies of the Union Republics. This general trend for centralization was characteristic of that historical period in the evolution of the Soviet state.

The Council of Ministers – the Government of the USSR – was the country's highest executive and administrative body. Some new structures were added to the executive branch – for instance, a new Ministry for medical production was introduced. Also, the duplication of government ministries and other state institutions had been eliminated. The Council of Ministers was formed by the Supreme Soviet of the USSR in a joint session of the Council of the Union and the Council of Nationalities, with ballots on the Chairman of the Council of Ministers, First deputy Chairmen, Ministers and Chairmen of State Committees of the USSR. The Council of Ministers also comprised the Chairmen of the Councils of Ministers of the Union Republics. The Supreme Soviet of the USSR had the authority to include officials form other state agencies and members of other entities of the USSR into the Council of Ministers at the initiative of the Chairman of the Council of Ministers of the USSR.

The Council of Ministers of the USSR retained its functions in full until a new Supreme Soviet of the USSR was elected. The Council of Ministers of the USSR was empowered to resolve a vast number of matters of state administration Including measures to ensure state security, protection of citizens' rights and freedoms, providing relations with foreign states and other issues of supreme importance. The Council of Ministers of the USSR had the authority to suspend the execution of resolutions and ordinances of the Councils of Minister of Union Republics and to rescind acts of ministries and state committees of the USSR. All governing ordinances of the Council of Ministers of the USSR had mandatory power throughout the USSR.

The 1977 Constitution of the USSR legitimized the Committee of People's Control of the USSR, created as far back as 1965. Similar Committees had been installed at all administrative levels, and also within units of industry, at state farms (kolkhozes), Soviet Army units, etc. The state managing functions of the Communist Party had been enhanced and centralized. The role of state bodies of management had been modified while the role of the Soviets was diminished. Changes to this did occur until after the April 1985 Plenum of the Communist Party Central Committee, when novelties to the social-political structure were introduced along with the development of democratic institutions.

New legislature adopted between 1988 and 1990 established a new state bureaucracy system. A new institution was formed: the office of the President of the USSR. The President was to be the head of state elected through a vote for a 5-year term of office for no more than two terms.

Mikhail S. Gorbachev became the President of the USSR.

The President could be deposed only at the initiative of the Congress of Peoples' Deputies following a majority vote of two-thirds and after a ruling of the Committee of Constitutional Supervision of the USSR.

The President was charged with control over the bodies of state power and management and ensuring their interaction, reporting to the Congress of Peoples' Deputies on the state of the nation.

The Supreme Soviet of the USSR and the Congress of Peoples' Deputies, acting on a move by the President of the USSR, had the authority to approve and dismiss candidates for such positions as the Chairman of the Government of the USSR (Prime Minister), Chairman of the Supreme Court, Prosecutor-General, Chairman of the Supreme Court of Arbitration, and personally each member of the Committee of Constitutional Supervision of the USSR. Additionally, the President also held the position of the Supreme Commander-in-Chief of the Armed Forces of the USSR.

The President was charged with executing the national foreign policy. His authority included engaging in negotiations, signing international treaties, the approval and dismissal of diplomatic officials, etc. The President of the USSR had the power to declare a state of emergency and martial law within specific territories and with the approval of such action by the Presidium of the Supreme Soviet of a specific Union Republic. He also was empowered to declare a mobilization and introduce direct presidential rule. The President was also Head of the Security Council of the USSR in charge of the national defense and all matters of national security, including economic, ecological, etc.

The legislative power was entirely vested in the representative branch: the Congress of Peoples' Deputies of the USSR and the Supreme Soviet of the USSR.

Adopting and amending the Constitution of the USSR was the exclusive competence of the Congress of Peoples' Deputies, as was the resolution of issues of internal and national borders of the state, and the national-state structure. The general direction of domestic and foreign policy, the outline of state economic plans, elections to the Supreme Soviet of the USSR, electing the Chairman and the 1st Deputy Chairman of the Supreme Soviet of the USSR was also defined by this body.

The Supreme Soviet of the USSR is the highest legislative and administrative body in the power structure of the USSR. With a 5-year term, it has been elected by the Congress of Peoples' Deputies of the USSR and reported directly to the Congress. The Supreme Soviet of the USSR comprised two chambers: the Council of the Union and the Council of Nationalities. Alongside regular sessions of the Supreme Soviet, the Chairman of the Supreme Soviet of the USSR, the President of the USSR and the supreme body of power of a Union Republic had the authority to call for extraordinary sessions.

The Supreme Soviet of the USSR had authority to call for elections of peoples' deputies, to form and dismiss the Government and state agencies – at the initiative of the President of the USSR. The Supreme Soviet was empowered to approve the Prime Minister, elect the Supreme Court of the USSR, to appoint the Prosecutor-General of the USSR and the Chairman of the Control Chamber of the USSR and the members of the Supreme Court of Arbitration of the USSR. Formulating the basic principles of national legislature of the USSR and regulating taxation issues was also within the competence of the Supreme Soviet of the USSR. It was charged with ratification of international treaties, declaring national referendum, overriding the rulings of the Council of Ministers and supervising the Control Chamber of the USSR.

In 1991, the Cabinet of Ministers became the highest executive-administrative body and the Government of the USSR. This power body was empowered to resolve all matters of state administration insofar as they did not come within the competence of the Congress of Peoples' Deputies of the USSR, the Supreme Soviet of the USSR, or the Federation Council of the USSR. The Cabinet of Ministers reported directly to the President of the USSR, with only the Supreme Soviet of the USSR having the power to rescind any of its

decrees and ordinances. The Prime-Minister was nominated by the President of the USSR and approved by the Supreme Soviet of the USSR. The Cabinet of Ministers comprised the ministers, the Prime-Minister and his Deputies. Heads of the Governments of Union Republics could attend Cabinet meetings with a casting vote.

The principal functions of the Cabinet of Ministers of the USSR were the execution of a holistic national fiscal policy, planning and fulfilling the national budget, implementing nation-wide economic programs, managing the national fuel and energy industry and the national transportation.

The April 1985 Plenum of the Communist Party Central Committee outlined the plan for Perestroika and the shift from the administrative-command state management system to an economic, with a transfer to market-like economy. In 1990, the Union-Republican ministries and State Committees were dismantled and replaced with special collegiums within republican ministries comprised of republican national administrators. The State Planning Committee of the USSR (Gosplan) and the State Supplies Committee of the USSR (Gossnab) were discontinued.

On June 12, 1990, the 1st Congress of Peoples' Deputies of RSFSR adopted the Declaration of State Sovereignty of the RSFSR. This marked the start of a constitutional reform in Russia and helped speed up the process of regaining state sovereignty by other subjects of the Soviet Union. For the first time in the history of RSFSR, the Declaration included ideas of principal importance: the equality of political parties and public unions; the separation of the branches of power; supremacy of the Constitution and laws of the RSFSR throughout the entire territory of the Russian Soviet Federative Socialist Republic; the need for broader rights for Autonomous Republics and Autonomous Districts within RSFSR; and the need for a new Union Treaty. At the same time, the Congress voted to amend the RSFSR Constitution and the introduction of the office of the President of Russia. On June 12, 1991 Boris N. Yeltsin was elected as first President of Russia.

On December 8, 1991, leaders of Belorussia, the Russian Federation (RSFSR) and Ukraine met at Belovezhskaya Pushcha in Belarus to sign agreement between the Republic of Belarus, the Russian Federation (RSFSR), and Ukraine on the formation of the Commonwealth of Independent States (CIS). The meeting also denounced the 1922 Treaty on the Formation of the Union of Soviet Socialist Republics and declared that all state structures of the USSR were discontinued and ceasing to operate.

The history of the Soviet Union came to an end. On December 24, 1991, the USSR ceased to be a member of the United Nations, with the Russian Federation taking its seat. On December 25, 1991, the State Flag of the USSR flying over the Moscow Kremlin had been brought. On December 26, 1991, a session of the Council of Republics – a newly-formed upper chamber of the Supreme Soviet of the USSR – adopted a Declaration stating that the USSR ceased to exist as a state and as a subject of international law.

## The Contemporary Stage of Public Administration

The Declaration of State Sovereignty of Russia on June 12, 1990 with the consecutive dissolution if the Soviet Union in late 1991 laid the base for fundamental changes in the form of government, first and foremost the elimination of the system of the Soviets. The 1993, Constitution legitimized the system of state power in Russia in the context of the separation of the branches of power. It had defined the executive as an autonomous branch, introduced the concept of a "single system of executive power." The latter is formed by the federal bodies of executive power and such of the Subjects of the RF within the matters of exclusive competence of the Federation and those of joint competence.

The 1993 Constitution established that "the state power in the Russian Federation shall be exercised on the basis of its division into legislative, executive and judicial power. The bodies of legislative, executive and judicial power shall be independent" (Article 10). Article 11 lists the bodies of state power: the President of the Russian Federation, the Federal Assembly (the Council of the Federation and the State Duma),

the Government, and the courts of the Russian Federation. Together, these form the foundations of the constitutional system of the Russian state.

The President forms the Presidential Executive Office (Administration of the President), a state body providing support for the President's work and ensuring the execution of the President's power and the implementation of the President's decisions. The Administration of the President also provides organizational support of the State Council of the Russian Federation and other Presidential Councils and Commissions.

The legislative branch of the Russian Federation includes the Federal Assembly of the Russian Federation, is comprised of two chambers – the Federation Council of the Federal Assembly of the RF and the State Duma of the Federal Assembly of the RF – which differ in status, scope of power and method of assembly, and legislative bodies of the constituent entities of the Russian Federation.

The Constitution of the RF delimits the jurisdictions of each of the chambers of the Federal Assembly of the RF, clearly defining matters assigned to the Council of Federation and the State Duma.

The powers accorded by the art. 102 of the Constitution of the RF to the Federal Council of the RF are as follows: approval of changes in borders between the subjects of the Russian Federation; approval of a decree of the President of the Russian Federation on the introduction of martial law and of a state of emergency; deciding on the possibility of using the Armed Forces of the Russian Federation outside the territory of the Russian Federation; declaring of elections of the President of the Russian Federation; impeachment of the President of the Russian Federation; approving the president's nomination and removal of judges of the Constitutional Court of the Russian Federation, of the Supreme Court of the Russian Federation, of the Supreme Arbitration Court of the Russian Federal government; approving the president's nomination and removal of the Prosecutor General and the Deputies Prosecutor General of the Russian Federation; appointment and removal of Deputy Chairman and half of the auditors of the Accounting Chamber. The Federal Council adopts resolutions on the issues referred to its authority.

According to paragraph 3 art. 95 of the 1993 Constitution of the RF, the State Duma of the Federal Assembly of the Russian Federation consists of 450 deputies. The State Duma has deputies associations: fractions and groups.

The key focus area of the State Duma of the Russian Federation is adopting federal constitutional and federal laws (bills and decrees); laws of amendments to the Constitution of the RF. For these procedures, the State Duma establishes deputies committees (e.g., economic policy, agriculture, geopolitical issues, etc.), the credentials commission to count secret votes, verify data on events and officials' credentials, and other commissions for in-depth consideration of various issues; it also performs detailed review of bills within the scope of competence of its specialist units. The headcount of each committee is decided by the State Duma, but it cannot be less than 12 or more than 35 chamber deputies.

In addition to its key legislative function, the State Duma has the right to make decisions on other matters in its jurisdiction enumerated by the Constitution of the Russian Federation, including: appointing and dismissing of the Chairperson of the Central Bank of Russia; appointing and dismissing the Commissioner for Human Rights, appointing and dismissing the Chairperson and half of the auditors of the Accounts Chamber of the Russian Federation; giving consent to the appointment of the Chairperson of the Government of the Russian Federation by the President of the Russian Federation and deciding the issue of confidence in the Government of the Russian Federation; announcing amnesty; bringing charges against the President of the Russian Federation for his impeachment if convicted of a crime; etc.

Over the past few decades, the modern structure of the Executive branch of the Russian Federation has undergone major changes and transformations. A special role belongs to the President of the Russian Federation who, not being part of either branches, exercises significant authority in relation to all of them. Moreover, most of it is the authority over the executive branch.

Legal foundations for interaction between the President of the Russian Federation and the executive authorities are entrenched in Chapters 4 and 6 of the Constitution of the Russian Federation and in Federal Constitutional Law No. 4-FKZ "On the Government of the Russian Federation." According to Art. 110 of the Constitution of the RF, the executive power in Russia is exercised by the Government of the Russian Federation. The Government of the RF is a federal executive body with general competence covering areas such as economic development, social and cultural activities, administrative and political issues, and law enforcement. As a collective executive, the Government of the Russian Federation consists of the Chairperson of the Government of the Russian Federation, Deputy Chairperson of the Government of the Russian Federation and federal ministers (Par. 2, Art. 110 of the Constitution of the RF).

Decree of the President of the Russian Federation No. 314 of 2004 "On the System and Structure of Federal Bodies of Executive Power" was an important milestone in the development of the executive branch of Russia. This Decree clearly defined three types of executive organs: (1) federal ministries; (2) federal agencies; and (3) federal services.

Federal ministries develop state policies for their respective areas of responsibility and regulate these areas, coordinate and control their subordinate federal services and federal agencies, and coordinate public non-budgetary funds. Federal services control and oversee their respective areas of responsibility and perform special functions in the sphere of defense, national security, national border control, crime prevention, and public safety. Federal agencies provide public services, manage public property, and enforce the law.

The constitutional amendments of 4 July 2020 provide for a large-scale revision of approaches to the arrangement of executive authorities and formation of the Government of the Russian Federation. Thus, they grant the President of Russia the right to carry out general guidance of the Government, approve and modify the structure of the federal bodies of the executive power proposed by the Chairperson of the Government; in the structure of federal executive authorities, identify those reporting to the President of the Russian Federation, and those subordinate to the Government of the Russian Federation.

The constitutional amendments have significantly modified the Government of the Russian Federation formation procedure. From now on, the "security-wing" ministers will be appointed upon consultations with the Council of Federation, and the deputies of the Chairperson of the Government and the "socioeconomic-wing" ministers upon approval by the State Duma. The amended Constitution also provides a legal mechanism preventing any delays in the formation of the Government by setting timelines for approval by the State Duma of candidates for positions in the Government, as well as the allowed number of nomination rejections and the course of action in the event a significant number of nominations have been rejected.

The Russian Federation has authorities (institutions and agencies) that are not a part of any branch of power. These authorities include: the Office of the Prosecutor General of the RF, the Central Bank of the RF, the Accounts Chamber of the RF, the Central Elections Commission of the RF, the Human Rights Commissioner of Russia, etc.

For the system of public administration of the Russian Federation, the differentiation between federal and public authorities of the constituent entities of the Russian Federation is of great practical importance.

While the list of bodies exercising state power in the Russian Federation in part 1 Art. 11 of the Constitution of the RF is exhaustive, for the bodies of state power of the constituent entities, the part 2 of the same article establishes only a general principle: "State power in the constituent entities of the Russian Federation shall be exercised by the bodies of state authority created by them."

However, up until October 19, 1999, the regions had been forming such system based solely on the provisions established by their own constitutions and statutes. With the adoption of

the Federal Law of October 6, 1999, No. 184-FZ "On the general principles of organization of legislative (representative) and executive bodies of state power of the constituent entities of the Russian Federation" (hereinafter – FZ-184), the requirement of art. 72 of the Constitution of the Russian Federation, as well as the necessary conditions for creating and organizing activities of legislative and executive bodies in the regions, have been fulfilled.

According to art. 2 of the FZ-184 "the system of state power bodies of the constituent entity of the Russian Federation consists of: the legislative (representative) body of state power of the constituent entity of the Russian Federation; the supreme executive body of state power of a constituent entity of the Russian Federation; other government bodies of a constituent entity of the Russian Federation, formed according to the constitution (charter) of a constituent entity of the Russian Federation. The constitution (charter) of the constituent entity of the Russian Federation may establish the position of the highest official of the constituent entity of the Russian Federation."

The legislative (representative) body of the state power of the constituent entity of the Russian Federation is the only acting supreme body of legislative power of the constituent entity of the Russian Federation. Its name and structure are established by the constitution (charter) of the constituent entity of the Russian Federation, taking into account the historical, national, and other traditions of the constituent entity of the Russian Federation. The names of regional legislative bodies can vary, among them: legislative assemblies; regional dumas; state assemblies; state councils; khurals; and population assemblies.

In the constituent entity of the Russian Federation, a system of executive authorities is established with the dominant supreme executive body of state power of the constituent entity of the Russian Federation. The structure of the executive bodies of state power of the constituent entity of the Russian Federation is determined by the highest official of the constituent entity of the Russian Federation (the head of the highest executive body of state power of the constituent entity of the Russian Federation) following the constitution (charter) of the constituent entity of the Russian Federation.

According to clause 3 of art. 18 of FZ-184, the highest official of the constituent entity of the Russian Federation (the head of the highest executive body of state power of the constituent entity of the Russian Federation) is elected by the citizens of the Russian Federation residing on the territory of this constituent entity of the Russian Federation and having active suffrage, based on universal equal, and direct suffrage by secret ballot. However, on March 9, 2016, Federal Law No. 66-FZ amended the Federal Law FZ-184. This way, clause 3.2 of art. 18 also provides for the second way of electing the highest official of the constituent entity – by the deputies of the legislative (representative) body of state power of the constituent entity on the proposal of the President of the Russian Federation in accordance with the list of proposed candidates (party's lists of candidates must be allowed to distribute deputy mandates). Thus, the President of the Russian Federation submits to the legislative (representative) body of state power of the constituent entity of the Russian Federation a proposal on the candidacy of the highest official of the constituent entity of the Russian Federation from among the candidates presented by the political party, including those who are in the federal reserve of management personnel.

Local governance, so-called local self-governement, operates on various Russian Federation territories defined by law as "municipalities," such as: urban, rural settlements; municipal areas; municipal districts; urban districts; urban districts with intracity division; intracity areas; intracity territories of cities of federal importance.

Local self-government bodies and their officials play a significant role in resolving the issues of local importance. Local self-government is the representative body of the municipality, the head of the municipality, the local administration (executive and administrative body of the municipality), the control body of the municipality, other bodies and elected officials of local self-government provided for by the charter of the

municipality and having their own powers to resolve the issues of local importance.

The structure of local self-government bodies must necessarily include a representative body, the head of the municipality, and the local administration (executive and administrative body of the municipality); this does not apply to rural settlements, where the number of residents eligible to vote is less than 100 and the powers of a representative body are exercised by a gathering of citizens.

The procedure for the formation, powers, term of office, accountability, controllability of local self-government bodies, as well as other issues of the organization and activities of these bodies, are determined by the charter of the municipality. The names of the representative body of the municipal formation, the head of the municipal formation, the local administration (the executive and administrative body of the municipal formation) are established by the law of the constituent entity of the Russian Federation, taking into account historical and other local traditions.

## Conclusion

The history of Russian state administration has been a long and controversial evolution towards the creation of a state based on a constitution, a state regulated by the provisions of its main constitutional law. The most significant steps in this direction were taken in second half of the nineteenth and beginning of the twentieth century, although some attempts in establishing democratic states had been made before. Just like in many other countries, there have been periods when, what at the time was considered democratic power institutions were formed and significant legislative acts establishing legal boundaries for both, the society and the state.

It has been demonstrated by the law codes established at the times of Russkaya Pravda, Novgorod, Pskov, Vyatka Republics, then Zemsky Sobor – Ivan's the Terrible parliament of feudal states; the 1649 code Sobornoye Ulozheniye, the establishment of the tradition dynastic government; boyars council Boyar Duma, with its lawmaking power later transferred to Governing Senate by Peter the Great in the eighteenth century. Local political bodies "zemstvo" established under Alexander II, his Emancipation Reform of 1861; the code of state laws in the Russian Empire of Nicolas II.

The Soviet state model has turned out to be an unsuccessful sociopolitical experiment that ended with a collapse of the Soviet Union in 1991 ending that form of public administration.

With the 1993 establishment of the Constitution of the Russian Federation, a new model of the state governance emerges, separating legislative and executive branches within in a presidential system.

Substantial amendments to the Constitution of the Russian Federation introduced changes to the government model and public administration were approved on 1 July 2020 by a contested popular vote.

## Cross-References

► Russia, Administrative Reform

## References

Eroshkin N (1968) History of state government bodies in pre-revolutionary Russia. Istoriya gosudarstvennych uchrezhdeniy dorrevolucionnoy Rossii. M.: Vysshaja Shkola, pp 79–80. In Russian

Isayev I (2004) History of the state and the law in Russia: textbook, 3rd edn. M.: Jurist, p 717. In Russian

Korzhikhina T (1994) Soviet state and its government bodies: November 1917–December 1991: textbook for higher education with specialization in history, 2nd edn. RGGU, Moscow, p 418. In Russian

Mel'nikov V (2005) Public administration in Russia: historical experience. Textbook: RAGS, Moscow p.256

Mukhaev R (2019) History of public administration in Russia: textbook for bachelor programme, 2nd edn. Izdatel'stvo Uwrite, Moscow. ISBN: 978-5-9916-3254-6

Pikhoya R (2009) History of public administration in Russia: textbook edited by Pikhoya R, 4th edn. Izdatel'stvo RAGS, Moscow. In Russian. ISBN: 978-5-7729-0356-8

Seryogin A, Larionov A (2014) History of state and law in Russia from ancient times till collapse of monarchy in 1917. Nauka, Rostov on Don. p 318. In Russian

# Public Administration in the United Arab Emirates: Continuity and Changes

Alaa Aldin Abdul Rahim A. Al Athmay and Abu Elias Sarker
Department of Management, University of Sharjah, Sharjah, United Arab Emirates

## Synonyms

New public management reforms in the UAE; Public sector reforms in the UAE; Public sector, market, and society in the UAE

## Definitions

Public administration in the UAE refers to the dynamic coexistence of the state, market, and society with the executive arm of the state playing the most prominent role in the country's socioeconomic transformations.

Public administration in the UAE signifies a unique combination of tradition and modernity.

## Introduction

Public administration as a field of study and practice has attained considerable maturity over the years. With the risk of over simplification, public administration is considered as an action part of the government. But in reality, the presence of public administration is felt in every sphere of the state and society. The purpose of this chapter is to provide a comprehensive overview of the system of public administration in the United Arab Emirates (UAE). The UAE is one of the oil-rich Middle Eastern countries with a modern and dynamic public administration system. As an independent state, the UAE started its journey in 1971 when seven Emirates – Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah, and Ras Al Khaimah – opted to form a Federal state. Before that, all Emirates were known as the Trucial States in reference to the treaty relations established with the British in the nineteenth century. The British colonial power signed a series of agreements with these individual Emirates on different matters (Sarker and Al Athmay 2017).

The system of public administration in the UAE is a combination of tradition and modernity. Both features will be highlighted in this chapter. Special attention has been given to administrative reforms undertaken over the last two decades. First, it will provide a description of the system of public administration focusing on the three branches of government – executive, legislature, and the judiciary. Second, a governance perspective of modern public administration will be discussed focusing on the interactive relationships between the public sector, the private sector, and civil society. Third, special emphasis will be given to the structure of civil service and associated practices.

## Federal Government

The Constitution of the UAE provides a Federal government and seven local governments. As per the Constitution, the responsibilities are clearly divided between the Federal and local governments. The Federal government has five distinct institutions – the Supreme Council of Rulers, the President, the Federal National Council (FNC), the Council of Ministers, and the Federal Judiciary.

The Supreme Council of Rulers is the most powerful Federal government institution comprising seven Rulers of seven Emirates. It enjoys both legislative and executive powers. It has the authority to approve all legislations, decide all vital policy matters, and approve international treaties. It elects the President and the Vice President and appoints and dismisses the Prime Minister and the judges of the Supreme Court (Sarker and Al Athmay 2017).

The Council of Ministers is the executive branch of the Federation. It executes all internal and external affairs of the Federation as per the provisions of UAE Constitution and the Federal laws. It works under the supervision of the President and the Federal Supreme Council. Currently,

the Cabinet is headed by H.H. Sheikh Mohammed bin Rashid Al Maktoum. He is also the Vice President of the Federal government and the Ruler of Dubai. At present, there are 31 members of the Cabinet of whom 9 are women. The Federal government structure comprises 17 Ministries and 32 independent Federal authorities.

Significant developments have taken place over the years in the way the Cabinet functions in the UAE. The most significant reform was implemented in 2016 when there was a new reshuffle that introduced new ministry portfolios and made structural changes to existing ones. Six new Ministers were appointed, including three women. The new government was mandated to develop knowledge, support science and research, and involve youth in leadership of the nation toward 2071.

The UAE Federal Judicial System has three tiers – the Court of First Instance, the Court of Appeal, and the Court of Cassation. The Constitution has granted all the Emirates to have their own court system. Only Dubai and Ras Al Khaimah have separate judicial system. The Court of First Instance consists of three divisions – civil, criminal, and *Shariah.* Personal matters such as marriage, divorce, inheritance, and, more recently, drug offenses and offenses involving minors are within the domain of *Shariah* law. The Court of Cassation is the highest court and hears cases that have disputes based on matters of law. Dubai has a three-tier judicial system similar to the three Federal levels.

The Federal National Council (FNC) is a unicameral legislative branch of the government. It consists of 40 seats which are allocated among seven emirates – 8 for Abu Dhabi, 8 for Dubai, 6 for Sharjah, 6 for Ajman, 4 for Ras Al Khaimah, 4 for Fujairah and 4 for Umm Al Quwain. Out of 40, 20 members are appointed by the Rulers of the 7 constituent Emirates, and 20 are indirectly elected by an electoral college whose members are selected by each Emirate Ruler proportional to its FNC membership. Members serve a 4-year term. As per the Constitutional provisions, the FNC is basically a consultative body. All bills, policy matters, national budget, and international treaties are discussed in the FNC. Members can deliver on all these matters and recommend changes. The approving authority lies with the Supreme Council of Rulers (GoUAE 2011).

The national assembly has undergone some significant changes over the last one decade or so. At the political level, the government is following the gradualist approach. It intends to move toward empowering the national legislature gradually as per the Constitutional commitment. Indirect elections are in place since 2006 for half of the constituencies. While in the first election, only a limited number of voters were inducted into the electoral colleges, the latest elections opened up wider participation of unlimited numbers of voters in the electoral colleges. Considering the uniqueness of the political system, this gradualist approach appears to be appropriate (Sarker and Al Athmay 2017).

## Local Government

The Constitution has granted substantial autonomy to the seven Emirates. All the Emirates have their own administrative jurisdictions headed by the respective Rulers. Abu Dhabi, Dubai, Sharjah, and Ajman have their own Executive Councils. Abu Dhabi and Sharjah have their own National Consultative Councils with similar local duties and role as the Federal National Council. Both Councils are chaired by the Rulers. All Emirates have departments resembling the Federal Ministries. There are eight municipalities, one each for six Emirates except Abu Dhabi which has two municipalities for the western and the eastern regions.

Each Emirate of the UAE handles its authorities that are not assigned by the Constitution of the Federation. All member Emirates of the Federation strive to coordinate their decrees in all areas to achieve standardization (GoUAE 2011).

There is also a traditional institution known as *majlis*. It is meant for the Rulers to hold open discussion with the people. This is held periodically, administered by the Rulers and the senior members of their families.

## Public Administration as Governance

The plurality of state with interactive relationships between the government, the market, and civil society has become a common discourse in public administration literature. In this era of globalization, the UAE government has fathomed the significance of the coexistence of these three domains in the pursuit of its national agenda.

Historically, the public sector has always been the engine of economic and social development in the UAE. Like other developmental states, the UAE state has also come forward to help the private sector grow in the country. The UAE has an open and liberal economy. The oil boom in the 1970s helped the government to invest heavily in infrastructures and social sectors. The fiscal measures in fact established the linkage between the government and the private sector. Market-oriented liberalization opened the gate for foreign direct investment in and outside free zones. At the same time, the government's initiatives continue to promote local entrepreneurship through different kinds of incentives. Now both the government and the business community work in harmony in both the formal and informal ways (Hvidt 2009; Mansour 2017).

Unlike the Western system, essential public services provided to Emiratis and expatriates are not subject to market contestation. Most sectors except a few are subject to competitive markets. Different kinds of user fees have been introduced. Corporate management precepts have been introduced in both public service organizations and public enterprises in order to maximize efficiency of the public service delivery system (Sarker and Al Athmay 2017; Uddin et al. 2014). The government has imposed recently 5% value-added tax. Efficiency of the product market is also an indicator of marketization in the UAE.

Unlike developed and many developing countries, privatization has not been welcomed in full swing in the country. Full divestment of state enterprises is almost beyond imagination as the public sector is seen by most Emiratis as the ultimate employment avenue (Mansour 2017; Ryan 2016). Despite this, some other forms of privatization such as outsourcing, franchise, partial divestment, public-private partnership and the proliferation of government-linked companies have been in place for quite some time (Khalid et al. 2015; Uddin et al. 2014). Particularly, outsourcing and public-private partnerships (both local and international firms) are moving in rapid pace. The number of government-linked companies listed in the stock market has also increased, and their performance is very good. Probably, this is one of the reasons for continued involvement of the government in business (Mansour 2017; Uddin et al. 2014). Reforms have been implemented in the areas of financial market, labor market, corporate governance, competition, intellectual property rights, consumers' rights protection, and so forth (Khalid et al. 2015).

The UAE is one of the countries in the world which has demonstrated efficiency in streamlining the business regulatory system. Two global reports state the regulatory system in the UAE. The Global Competitiveness Index has ranked the UAE at 17 out of 140 countries in the world. According to the World Bank's Doing Business 2018, the UAE ranks 21 among 190 countries in terms of several parameters including starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.

Civil society as the phrase implies has never existed in the UAE largely because of the traditional structure of society. Nevertheless, over the last two decades or so, there has been some flexibility as civic groups can work under government surveillance. Private associations have to have license from local authorities. The first civil human rights society in the country was officially decreed on February 21, 2006. Most members are from the professional groups. Full membership is restricted to citizens; expatriates can have just affiliate membership.

Trade unions are not allowed to operate. The Federation of UAE Chambers of Commerce and Industry and the UAE Women's Federation are officially recognized who play an active role in

their spheres of operations. The UAE Women's Federation has been quite active in teaching local women to organize themselves, set up literacy campaigns, establish craft and vocational centers, and, thus, prepare women to play an active role in social development.

Although the Constitution provides for freedom of speech, the media avoids direct criticism of the government. All television and radio stations conform to government reporting guidelines. Satellite receiving dishes are widespread and provide access to international broadcasts without apparent censorship. The UAE has adopted an incremental approach in relation to civil society.

Philanthropy has always been active in this part of the world. Historically, the well-off section of the population has extended their helping hands for social causes. But since the legislation of 2008, NGOs have proliferated immensely in developmental and humanitarian activities. Under the law of 2008, all NGOs have to register with the Ministry of Labour and Social Affairs. The Federal government provides grants to well-performing NGOs to carry their activities. As per NGO registration rules, all voting organizational members, as well as boards of directors, must be Emiratis. Foreigners can only be associate members. Domestic NGOs registered with the ministry are mostly citizens' associations meant for social, religious, cultural, scientific, educational, professional, feminine, innovative, or an artistic activity or provision of humanitarian services. The society and its members are prohibited to interfere in politics or in the matters that impair the state security or to arouse sectarian, racial, or religious disputes (Sarker and Al Athmay 2017).

## Federal Civil Service

The current system of Federal civil service is run on the basis of the new Federal Law that was promulgated in 2008 which was further amended in 2011 (FAHR 2008). Immediately after independence, the Federal government enacted the law No. 1 of 1972 that laid the basis for civil administration. A new law was further enacted in 2001. But the law of 2008 reflects the modern ethos of civil service. The Federal government enacted this law in order to make the civil service system highly efficient, effective, and innovative. Civil servants work across 17 Ministries and 32 independent government authorities. The new law has ensured a decentralized system and introduced professionalism in civil service.

### Manpower in Civil Service

See Table 1.

### The Grading System for National Employees in the Ministries and Authorities

The Federal civil service system follows the grading system. Different grading systems are followed for different types of entities and nationalities. The civil service posts are classified into three groups, and each group is divided into grades, the total of which is 14.

Grades 1 and 2 belong to group I. *Senior-level positions* including Undersecretary, Assistant Undersecretary, Special A, and Special B. Group II includes the middle-level jobs which are divided into four grades (3–6). Group III contains t*he executive-level jobs (grades 7–14).*

For non-national employees in the Federal Ministries and authorities, there are four groups. Group I, the senior level, includes grades 1 and 2. Group II, the middle level, contains grades from 3 to 6. Group III, the executive level, covers grades from 7 to 10. Group IV comprises grades from 11 to 14 which fall with the supporting level.

There are separate grading systems for national educational staffs in the Ministry of Education. For national employees, group I, the teaching staff category, has four grades (1–4). Group II, the school administrator category, comprises four grades (1–4), the educational activities category (group III) four grades (1–4), and the educational

**Public Administration in the United Arab Emirates: Continuity and Changes, Table 1** Type of authority

| Entities | No. of employees |
|---|---|
| Ministries | 52,066 |
| Independent authorities | 31,668 |
| Total | 83,734 |

Source: Sarker and Al Athmay (2017)

development category (group IV) four grades (1–4).

For the medical profession for the nationals, there are three categories of jobs: medical doctors (grades 1–4), medical technicians with higher qualifications (grades 2–4), and medical technicians without higher qualifications (grades 2–12).

The judicial system has also a separate grading system for nationals and non-nationals. For nationals, there are seven brands including the top brand for the chairman of the Federal Supreme Court, Undersecretary of the Ministry of Justice, and Attorney General. There are six bands for non-national employees in the judicial service.

The Federal government of the UAE is committed toward Constitutional obligations for gender parity in the civil service system. Table 2 reveals participation of women in Federal government civil service.

### Gender

Though at this moment, gender balance is not up to the mark, the affirmative action plan embodied in the UAE National Strategy for Women Advancement (2002–2014) is expected to enhance women's participation. At present, women hold around 30% of the senior jobs related to the decision-making process and 10% of the jobs in the diplomatic corps.

In some traditional areas, women employees are clearly dominant in both the national and expatriate communities. For example, 100% of nursery schoolteachers, 55% of primary schoolteachers, and 65% of intermediate and secondary schoolteachers are women. UAE women comprise over 40% of all employees in education, at least 35% work in the health sector and approximately 20% in social affairs. One out of every three doctors, pharmacists, technicians, and administrators is a woman, as is over 80% of the nursing staff. The government is generous in granting the concerned employee a permanent job with a total salary of maternity leave for 2 months. There are also other benefits once the period of 2 months is over (Sarker and Al Athmay 2017).

**Public Administration in the United Arab Emirates: Continuity and Changes, Table 2** The number of employees in the federal government in the year 2013 second quarter

| Gender | No. of employees |
|---|---|
| Female | 32,138 |
| Male | 51,596 |
| Total | 83,734 |

Source: Sarker and Al Athmay (2017)

### Emiritization

The most contentious issue is emiritization since a large number of expatriates are employed in the Federal Ministries and independent authorities. In recent years, the government has been under pressure for more intake of local citizens as every year new graduates are coming to the job market. Historically, local citizens have always preferred government jobs to private sector jobs since the latter are no comparison to the former in terms of salary, benefits, working hours, facilities, and career prospects (Ryan 2016). Though the policy is not a new one, it received increased attention in the new millennium. One set of estimates suggests that by the end of 2010, in the Federal Ministries, the number of expatriate employees constituted 33% and national employees 67% (Sarker and Al Athmay 2017).

## Human Resource Management Practices in Federal Civil Service

### Central Personnel Agency

While major human resources functions have been assigned with the Ministries, the Federal Authority for Government Human Resources was established to act as a supervisory body and entrusted with the public competencies and liabilities related to the management of the human resources of Ministries and Federal organizations (FAHR 2008). It is entrusted with the following functions:

(a) To study and propose policies and legislations related to public human resources
(b) To assist Ministries to adequately execute human resource management-related policies and legislations

(c) To monitor whether the Ministries and independent authorities comply with the intents of human resource law
(d) To look into the objections against the decisions of Complaints Committee of the Ministries (FAHR 2008)

### Recruitment

The vacant positions in every ministry are filled in accordance with the following types of employment: full time, part time, temporary, and contractual. There are several conditions of public positions that have to be fulfilled. These include good reputation and conduct, at least 18 years of age, required academic and professional qualifications, successful passing of all examinations and interviews, medical fitness, no criminal records unless pardoned or rehabilitated, clean record of previous services, and no final judicial judgment in a crime.

The law provides elaborate provisions for part-time contract job. The Minister assumes the authority for such appointments. In most cases, special part-time contract jobholders receive a total lump sum monthly salary without any other benefits that are accrued to full-time positions. Such appointments are normally made for 3 months and can be regularized by following the proper procedures. The Minister has also the authority to appoint any distinguished expert required by the ministry for a stint of 2-year contract, renewable for another 2 years. The appointment to posts of Undersecretary and Director General in independent authorities is made by the Minister based on approval of the Cabinet.

All new appointments except the posts of Undersecretary and Director General of independent authorities must undergo for a probationary period of 3 months which can be extended for a similar period after which the evaluation of performance will be made by the immediate Superior in accordance with clear basis, and in the light of outcome of this assessment, his service is either permanent or terminated. Transfer is another means for filling up vacant positions within a ministry or to other Ministries.

### Promotion

There are two types of promotion in the Federal government civil service: work promotion and financial promotion. There are several methods of promotion – promotion to a vacant position, promotion to a new position created which has redistributed responsibilities and obligations purposes and requires a higher degree, and promotion to an employee considered suitable based on performance report. An employee is granted a financial promotion not exceeding 10% of the basic pay upon the approval of the Minister.

### Remuneration

As per the Federal government law No. 11 of 2008, all Ministries must have a unified scale of degrees and salaries. The following principles are following while determining compensation of the employees:

1. Each job has the degree prescribed and the determination of the degree is connected with the job.
2. The employee has the two tracks – the first known as "administrative track" and the second track is known as "professional of technical track," and each of them has special classification as per the type of job.
3. Approval of total salary.

However, the decision of the Cabinet determines the minimum total salary for UAE national employees provided that the same should be reviewed when deemed necessary. It is worth mentioning here that compensation and associated benefits vary substantially in accordance with the grade the employees belong to and the type of residency (national or non-nationals).

### Training

Training is an essential ingredient of Federal civil service. The government has emphasized on the trained qualified human resources, particularly UAE national employees, and developing their knowledge and job skills required for the current positions or the future positions they might be given.

Elaborate procedures are followed by the Ministries in developing and executing the annual training plans. It should be mentioned here that the intents of these training plans have to be compatible with the strategic priorities of the government. The Ministries undertake initiatives to analyze the training and development needs through such means as annual performance appraisals, managers' appraisal reports, and the employees' own assessments.

Apart from specialized job-related training offered by different government different training institutes, the Ministries also sponsor UAE National Higher Secondary Grade Graduates to study some technical and professional programs. Scholarships are also provided to deserving employees to pursue postgraduate programs.

## Performance Management

Performance management in the UAE Federal civil service is grounded on two levels: the employee performance management system (EPMS) and the government performance management system (GPMS).

First, the EPMS signifies a process for establishing a shared workforce understanding about what is to be achieved at an organization level. It is about aligning the organizational objectives with the employees' agreed measures, skills, competency requirements, development plans, and the delivery of results. The system is practiced in accordance with the UAE Federal Decree (FAHR 2008) of the UAE Federal Government Human Resources Law. The underlying importance of EPMS is putting in place a performance management system for the human resources of the UAE Federal government for benefiting both the government and its employees. The Federal Authority for Government Human Resources (FAHR) undertook the responsibility of creating an employee appraisal system that would become a basic reference for all Ministries and Federal entities enabling them to manage the performance of their employees. The approach essentially underscores the necessity of fostering a performance-oriented culture, participation of employees in the goal setting process, and establishing a clear connection between on-the-job performance and incentives (FAHR 2017).

Second, under the GPMS the unit of analysis is not measuring the employee performance; rather it is the establishment of global standards for improving the services provided by the public sector to the citizens. In 2009, H.H. Sheikh Mohammed bin Zayed Al Nahyan signed a decree requiring all Federal entities to apply best practices to raise overall performance to higher levels of excellence and ensuring national dignity and happiness and wellbeing for its citizens. His Highness (cited in MoCAF 2018) said that:

> Developing the performance of government departments, institutions and agencies is a strategic objective of the Government in order to position itself as a global leader in government performance in line with 2021 UAE vision concerning modernization and development to deal with the requirements of the overall development boom and its responsibilities in the new millennium.

The GPMS consists of four main pillars:

1. Managing the performance of national indicators for measurement of the extent to which UAE Vision 2021 is achieved
2. Evaluation of government efforts to achieve the national priorities
3. Managing the performance of government enabler indicators for customers and human resources and those related to smart government and e-government strategies
4. Managing government entities in terms of indicators of strategic objectives stated in their strategic plans

The GPMS requires from all departments to establish performance targets and performance indicators that can be used as standards for measuring actual progress of the departments' performance. To facilitate this process and to provide feedback on the actual performance, the departments are required to hand quarterly progress reports to the performance and evaluation division of the General Secretariat Executive Council. Providing feedback as interpreted by government higher officials is not meant to punish the public

Civil servants if they fail to meet their targets. Instead, they, say, they are about building the culture of performance-driven organizations (MoCAF 2018; FAHR 2017).

## Public Budgeting in Civil Service

The system of government plus the short time span of the budget facilitated the domination of incrementalism in the budgetary decision-making process until end of the twentieth century. The formal and informal structures which go hand in hand have made the system highly pluralistic and complex. The informal networks of patron-client relationships are integrated with the formal structure and pose considerable constraints on the Federal budget especially in the areas of services and employment. In addition, as Mansour (2010) observes, the short time span given to various Federal departments in the preparation of their estimated requests coupled with start of the fiscal year in January has contributed to the lateness of the endorsement of the budget on time (cited in Sarker and Al Athmay 2017).

The first serious attempt to reform the budgetary system, performance-based budgeting (PBB), came in 2001 with the technical assistance of the United Nations Development Programme (UNDP). It was more like program budget described in the literature. There was planning orientation focused on setting objectives, developing programs and subprograms with clear statements, developing performance indicators, and so forth. The approach is consistent with the precepts of the new public management (NPM) model that became very popular all over the world since the 1980s (Mansour 2017). In line with implementation of PBB, attempts were taken to integrate PBB with other managerial practices. As part of the quality management program, all Ministries were required to develop annual performance plans and annual budgets and were to be linked with strategic plans. The development of these plans and the strengthening of management practices are essential to the success of the wider public finance reforms.

In 2008, a medium-term (3-year) budget was implemented until the medium-term zero-based budget (ZBB) was adopted in 2011. It was adopted to ensure more transparency and provide flexibility in the implementation of various programs. The Ministry of Finance appointed the Boston Consulting Group (BCG) to help design the core concepts of ZBB. The Classification of the Functions of Government (COFOG) and an automated system have also been integrated with ZBB. The MoF has adopted a 5-year ZBB for the term 2017–2021.

The MoF (2018) has clearly stated that Federal budgeting must be prepared based on six major elements complying with international best practices. These six elements are:

- Alignment of the budget with government strategy through program budgeting and performance monitoring
- Seamless integration of annual budgets in 3-year budget cycles
- Definition of sectoral spending targets and ministry/autonomous agencies' budget caps by the Financial and Economic Committee
- Elimination of unjustified vacancies
- Integration of CAPEX and OPEX budgeting
- Application of zero-based budgeting

According to the MoF (2018), ZBB:

> Starts from a "zero base", analysing every function within an organisation regarding its needs and costs. Budgets – within the limits of budget caps – are then built around what is needed for the upcoming period, regardless of whether the budget is higher or lower than the previous one. It provides bottom-up costing for performed activities. The budget is based on the costing and prioritisation of activities, as well as the optimal use of resources.

There is lack of empirical research on the UAE Federal government budgetary system. In an earlier research, Mansour (2010) examined the style of decision-making and its impact on annual estimation of public expenditures. He found that the decision-makers in UAE Federal Ministries used an incremental style in estimating the annual expenditures in spite of the fact that PBB was in place (cited in Sarker and Al Athmay 2017).

However, some global indicators reflect effective and efficient use of public money in the UAE Federal government. For instance, the MoF (2018) has mentioned that the UAE secured the first place in Public Finance Policies Index in 2015. The country also achieved the first place in government efficiency and good management of public finances, according to the World Competitiveness Yearbook 2014.

## Strategic Management in Civil Service

At present, the UAE is viewed as one of the most innovative and outstanding government practices in the world. The UAE government is regarded as being one of the principal investing governments in the adoption and implementation of smart initiatives in its private and public sectors. As per the Federal government law No. 11 of 2008, the Federal system has been revamped. The initiative to practice strategic management in UAE has become regular and standard and can be considered the centerpiece of reform in UAE public sector organizations. According to Elbanna (2013), strategic management endeavors in both the Federal and local organizations have become a must practice and bring a lot of benefits to the UAE modernization efforts. In this competitive world, public sector efficiency cannot be enhanced with adopting strategic management practices. Empirical evidence gives positive results in terms of relatively successful implementation of strategic plans (Elbanna 2013) (Table 3).

## Public Service Delivery Through the Integrated System of Total Quality Management (TQM), Business Process Reengineering (BPR), and Information and Communication Technology

Public service delivery has been the cornerstone of the reform agenda of UAE public administration. The Federal Decree of 2008 (FAHR 2008) laid the foundation for the transformation of the administrative system that would bring in fundamental changes in the service delivery system. The subsequent national policies further reinforced the government's commitment toward citizen-centric public service delivery. The UAE Vision 2021 envisions that the Emiratis will have world-class public services. In order to realize the vision, some critical elements of the NPM model have been adopted and implemented. In the preceding sections, elaborate discussions on revamped human resource management practices and strategic management have been elaborated. This section reflects on the three critical innovations in public service which have immensely impacted the service delivery system (Mansour 2017).

**Public Administration in the United Arab Emirates: Continuity and Changes, Table 3** Strategic process capabilities (Hertie School of Governance 2014)

| Country | Rank | Total score | Long-term strategic visioning | Ensuring government coordination, integration, and coherence | Mobilizing public authorities and public and private stakeholders behind the long-term strategic vision | Evaluating strategic action policies and adapting | Government effectiveness estimates |
|---|---|---|---|---|---|---|---|
| Denmark | 1 | 6.56 | 1.32 | 1.71 | 1.64 | 1.89 | 2.1 |
| United Kingdom | 2 | 6.55 | 1.07 | 1.95 | 1.64 | 1.89 | 1.6 |
| Germany | 3 | 4.96 | 1.57 | 0.90 | 1.64 | 0.089 | 1.6 |
| Sweden | 4 | 4.76 | 1.07 | 1.14 | 0.66 | 1.89 | 2.0 |
| Singapore | 5 | 4.62 | 1.11 | 0.95 | 1.15 | 1.41 | 1.8 |
| UAE | 6 | 3.96 | 1.57 | 0.38 | 1.64 | 0.37 | 0.9 |

Source: Joyce and Al Rasheed (2016, p. 136)

Political leaders in the UAE have supported the introduction of TQM in government institutions. The Dubai government led the way in this endeavor. The UAE Government Strategy 2008–2010 unequivocally highlighted the importance of quality public services which was further reinforced in Highlights of the UAE Government Strategy 2011–2013, National Innovation Strategy (Rahman et al. 2016), and UAE's Fourth Industrial Revolution strategy. The efforts toward achieving quality public services are reinforced by the Sheikh Khalifa Government Excellence Program at the Federal level. Similar programs are also in place at the local government level (Ahrens 2013).

BPR is another managerial innovation widely practiced in the UAE public sector. BPR is a system that produces a given output or delivers a given service at stipulated time and affordable cost. It combines several processes. In fact, empirical evidence suggests that BPR has had considerable impact on improving the service delivery system to a great extent by replacing many unnecessary bureaucratic hurdles (Ahrens 2013; Rahman et al. 2016; Sarker and Al Athmay 2017).

ICT has enormously contributed to reap the benefits of TQM and BPR. The use of ICT in government, popularly known as e-Government, has radicalized the service delivery system in the UAE. E-Government was first launched in the UAE in 2001 with the aim of transforming all government services and making them available 24 h/7 days a week. The e-Government strategy consisted of three main categories: e-Services (the provision of high-quality electronic services through various channels to meet customer needs), e-Readiness (a focus on strengthening the capacity of Federal agencies in terms of technology, organization, and human resources), and the ICT environment (covering organizational factors such as infrastructure and regulatory policies) (Rahman et al. 2016).

The Global Information Technology Report 2010–2011 indicates that UAE leads the Middle East and North Africa (MENA) region in leveraging ICT for increased economic diversification and competitiveness (Al Athmay 2013). In addition, the latest United Nations report confirmed that the growing efforts of the UAE government to promote digital transformation and literacy have helped further enhancement of the country's ranking (Sarker and Al Athmay 2017).

In regard to the e-Government and the Online Service Indexes, the UAE ranked second behind Bahrain in the MENA region (Al Athmay 2013) (Table 4).

Application of the above-discussed critical tools in the public service delivery system has resulted in certain tangible benefits. According to the World Bank's Worldwide Governance Indicators, the performance of the UAE government is very impressive in certain areas. The Emirates Identity Authority is a case in point. Al Khouri (Al-Khouri 2013) reports that the combined efforts of strategic management, performance management, TQM, BPR, and ICT helped the authority to become one of success stories of innovation in the world in recent years. In terms of cost optimization, savings exceeded AED 500 million. In this regard, augmented capacity and application processing capabilities increased by 300%. In the case of process efficiency, there was cost reduction of 8 dollars per application. Five million applications were processed in 1 year. Most importantly, customers' experience improved significantly once process and workflow automation enabled the development of numerous self-service models.

## Ethics in Public Administration

The UAE government is committed toward the development of an ethical public administration system. The UAE government has deliberated extensively on ethical behavior of civil servants. The government in 2010 adopted a resolution of Ministerial Services No. 1118/g/9. In the front page of this resolution, the government outlined the civil servants' responsibility. It states: "civil service jobs shall be a national service entrusted to those who hold it. The public servant shall aim, in the execution of his duties, at the public interest alone." All Ministries and Federal entities are required to adopt this document and develop a detailed ethical standard in accordance with the

**Public Administration in the United Arab Emirates: Continuity and Changes, Table 4** World e-Government leaders with very high development index (EGDI)

| Country | Region | OSI | HCI | TII | EDGI | EDGI level | Rank | Ranking trend line (2003–2016) |
|---|---|---|---|---|---|---|---|---|
| United Kingdom | Europe | 1.0000 | 0.9402 | 0.8177 | 09193 | Very high | 1 | |
| Australia | Oceania | 0.9783 | 1.0000 | 0.7646 | 0.9143 | Very high | 2 | |
| Republic of Korea | Asia | 0.9420 | 0.8795 | 0.8530 | 0.8915 | Very high | 3 | |
| Singapore | Asia | 0.9710 | 0 8360 | 0.8414 | 0.8828 | Very high | 4 | |
| Finland | Europe | 0.9420 | 0.9440 | 0 7590 | 0.8817 | Very high | 5 | |
| Sweden | Europe | 0.8768 | 0.9210 | 0.8134 | 0.8704 | Very high | 6 | |
| Netherlands | Europe | 0.9275 | 0.9183 | 0.7517 | 0.8659 | Very high | 7 | |
| New Zealand | Oceania | 0.9420 | 0.9402 | 0.7136 | 0.8653 | Very high | 8 | |
| Denmark | Europe | 0.7754 | 0.9530 | 0.8247 | 0.8510 | Very high | 9 | |
| France | Europe | 0.9420 | 0.8445 | 0.7502 | 0.8456 | Very high | 10 | |
| Japan | Asia | 0.8768 | 0.8274 | 0.8277 | 0.8440 | Very high | 11 | |
| United States | Americas | 0.9275 | 0.8815 | 0.7170 | 0.8420 | Very high | 12 | |
| Estonia | Europe | 0.8913 | 0.8761 | 0.7329 | 0.8334 | Very high | 13 | |
| Canada | Americas | 0.9565 | 0.8572 | 0.6717 | 0.8285 | Very high | 14 | |
| Germany | Europe | 0.8406 | 0.8882 | 0.7342 | 0.8210 | Very high | 15 | |
| Austria | Europe | 0.9130 | 0.8396 | 0.7098 | 0.8208 | Very high | 16 | |
| Spain | Europe | 0.9130 | 08782 | 0.6493 | 0 8135 | Very high | 17 | |
| Norway | Europe | 0.8043 | 0.9031 | 0.7276 | 0 8117 | Very high | 18 | |
| Belgium | Europe | 0.7101 | 0.9712 | 0.6808 | 0.7874 | Very high | 19 | |
| Israel | Asia | 0.8623 | 0.8619 | 0.6175 | 0.7806 | Very high | 20 | |
| Slovenia | Europe | 0.8478 | 0.8952 | 0.5877 | 0.7769 | Very high | 21 | |
| Italy | Europe | 0.8696 | 0.8126 | 0.6469 | 0.7764 | Very high | 22 | |
| Lithuania | Europe | 0.8261 | 0.8717 | 0.6262 | 0.7747 | Very high | 23 | |
| Bahrain | Asia | 0.8261 | 0.7178 | 0.7762 | 0.7734 | Very high | 24 | |
| Luxembourg | Europe | 0.7174 | 0.7750 | 0.8190 | 0.7705 | Very high | 25 | |
| Ireland | Europe | 0.7246 | 0.9218 | 0.6602 | 0.7689 | Very high | 26 | |
| Iceland | Europe | 0.6232 | 0.8940 | 0.7814 | 0.7662 | Very high | 27 | |
| Switzerland | Europe | 0.6014 | 0.8579 | 0.7980 | 0.7525 | Very high | 28 | |
| United Arab Emirates | Asia | 0 8913 | 0.6752 | 06881 | 07515 | Very high | 29 | |

Source: Sarker and Al Athmay (2017)
EGDI is a composite index that measures countries' e-Readiness on three components (online service, human capital, and telecommunication infrastructure indexes)

nature of their work. The Ministerial resolution clearly observes:

> The Code of Ethics and Professional Conduct for Civil service is defined as public servants performing their duties faithfully, objectively and with integrity, and who work constantly to achieve the objectives of the entity they work for. It also means that they should perform their duties within the limits of the powers granted to them, and to do so in good faith, without any ill-intent, negligence, violation of any laws, or harming public interest to achieve any personal interests for themselves or others (FAHR 2010, p. 9).

The government strongly believes that certain core values enhance the performance of the government sector as a whole. Proper application of

these core values also brings for public servants the respect of their superiors, colleagues, and members of the community. These core values are excellence, diligence, integrity, honesty, objectivity, neutrality, alertness, efficiency, leadership, transparency, fairness, and equality. On the other hand, the Federal government is also committed to fulfill its obligations toward the employees and provide all support services and incentives to employees to ensure ethical and professional standards in public service. The rule of law is one among the most important ingredients of good governance in any country. Therefore, it will not surprise any individual when he/she reads a report ranking UAE among the high perming countries in the world (see Table 5).

One important measure of the presence of high ethical standards is the reduced level of corruption. The UAE government's commitment toward curbing corruption is further reflected in the latest Corruption Perceptions Index (CPI) of the Transparency International. The UAE ranks 21 in the world and the best among the Arab countries. The UAE has the anti-bribery legislation since the late 1980s. There is a plethora of laws, rules, and regulations in curbing corruption practices in the UAE.

Bribery is a criminal act in the UAE according to articles 234–239 of the UAE Penal Code, Federal Law No. 3 of 1987 (the Federal Penal Code). The Federal Penal Code applies to the UAE as a whole. The Emirate of Dubai also has its own penal code, namely, the Penal Code 1970 (Dubai Penal Code). There are two additional laws – Federal Decree Law No. 11 of 2008 (also known as the "Federal Human Resources Law") and Dubai Law No. 37 of 2009, which are directly related to bribery. More precisely, these are financial fraud laws on the procedures for the recovery of illegally obtained public and private funds (Laubach 2016). These laws are quite robust in scope, at the same time very specific. As such, any matters relating to conflicts of interest and gift-taking would be considered as illegal in the eyes of law.

UAE is one among 46 countries with Anti-Corruption Regulation. It ratified the United Nations Convention against Corruption and in pursuant to Federal Decree No. 8 of 2006 (Laubach 2016). Nevertheless, the experts from UN Convention against Corruption suggested that for the UAE to win the gains from Anti-Corruption of 2006 is to include ways of protecting informants and witnesses who report graft. Despite this, the UAE has achieved remarkable progress in fighting corruption. It has elaborated institutional frameworks and their enforcements. The government's vigilance over corruption practices manifests in unfolding high-profile cases related to bribery and conflicts of interests (Laubach 2016).

**Public Administration in the United Arab Emirates: Continuity and Changes, Table 5** Governance indicators of the UAE

| Indicator | Year | Governance score (−2.5 + 2.5) | %ile rank (0–100) |
|---|---|---|---|
| Government effectiveness | 2006 | 0.94 | 79.51 |
| | 2016 | 1.41 | 90.87 |
| Regulatory quality | 2006 | 0.63 | 70.10 |
| | 2016 | 0.97 | 80.29 |
| Rule of law | 2006 | 0.32 | 60.77 |
| | 2016 | 0.89 | 79.11 |
| Control of corruption | 2006 | 0.89 | 79.02 |
| | 2016 | 1.28 | 88.86 |

Source: World Bank (2017)

## Concluding Remarks

Public administration in the UAE started its journey in 1972 and has confronted stupendous challenges to reach the current state of a viable system. Like other developing countries, the foundation of the UAE administrative system was built upon the Weberian bureaucratic precepts. For almost three decades, the bureaucratic system maintained status quo. The accelerated pace of globalization, the volatile oil prices, and the financial crises in the period 2007–2010 tremendously influenced the UAE government in quest for an efficient and effective public administration. While most of the regional countries have wasted time debating on political discourses, the UAE government has focused on maximizing efficiency and

effectiveness of public administration. At the policy level, economic liberalization, deregulation, and massive economic diversification were undertaken. This chapter has clearly shown the firm determination of prudent political leadership reflected in numerous strategic documents including the UAE Vision 2021.

The UAE government took cognizance of the global developments in public administration. It took a cautious approach in selecting the elements of the good governance and the NPM models which could be implemented without radical disruption in administration and society. While the neoliberal market model pleaded for market-led governments, the UAE government has proven the efficacy of government-led market. The efficient performance of government-owned enterprises and government-linked companies has ascertained that governments can do business. On the other hand, it has provided business-friendly climate for local and international capital. Corporatization, outsourcing, strategic management, performance management, TQM, BPR, ZBB, and use of ICT have been implemented with relative success. The innovative application of all these selected tools has resulted in upgrading the competiveness of the UAE government and the efficiency of the public service delivery system.

This chapter provides some lessons for other developing countries. The critical enablers of the transformation of public administration include prudent political leadership and its critical policy choices and alliances with competent stakeholders, infusing strong and proactive organization culture and results-producing incentive structure.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ Ethics in Public Administration and Government
- ▶ Performance Management in Local Government


## References


Ahrens T (2013) Assembling the Dubai government excellence program: a motivational approach to improving public service governance in a monarchical context. Int J Public Sect Manage 26(7):576–592

Al Athmay AAAR (2013) E-governance in Arab countries: status and challenges. Global J Bus Res 9(5):79–90

Al-Khouri AM (2013) Critical thoughts from a government mindset. Emirates Identity Authority, Abu Dhabi

Elbanna S (2013) Processes and impacts of strategic management: evidence from the public sector in the United Arab Emirates. Int J Public Adm 36(6):426–439

FAHR (Federal Authority for Government Human Resources) (2010) Code of ethics and professional conduct. Retrieved from https://www.fahr.gov.ae/Portal/en/legislations-and-guides/systems/professional-conduct-document.aspx

FAHR (Federal Authority for Human Resources) (2008) Federal Law Decree # 11 for the Year 2008 Regarding human resources in Federal Government. Available online at: https://www.fahr.gov.ae/Portal/en/legislations-and-guides/the-law/human-resources-law.aspx

FAHR (Federal Authority for Human Resources) (2018) Annual Report 2017. FAHR, Government of the United Arab Emirates, Abu Dhabi

GoUAE (Government of the United Arab Emirates) (2011) United Arab Emirates: constitution. Federal National Council, Abu Dhabi

Hertie School of Governance (2014) The Governance Report 2014. Oxford University Press, Oxford

Hvidt M (2009) The Dubai model: an outline of key development-process elements in Dubai. Int J Middle East Stud 41(3):397–418

Joyce P, Al Rasheed TF (2016) Public governance and strategic management capabilities: public governance in the Gulf States. Taylor & Francis, New York

Khalid S, Tipu S, Sarker AE (2015) Impact of international strategic alliance capabilities and strategic entrepreneurship on the relationship between public goals and value creation: some reflections on the UAE. A paper presented at the 18th McGill international entrepreneurship conference, UAE University, 19 March

Laubach C (2016) United Arab Emirates. In: Moyer HE Jr (ed) Anti corruption regulation 2016. London Business Research, London, pp 200–206

Mansour AM (2010) The style of decision-making in the United Arab Emirates (UAE) federal budgetary process. Journal of Public Budgeting, Accounting and Financial Management, 22(3):284–292

Mansour AM (2017) Has the United Arab Emirates Federal Government succeeded to transform its federal bureaucracy into a new public management system? Int Public Manage Rev 18(1):116–134

MoCAF (Ministry of Cabinet Affairs and the Future) (2018) Government performance. Available online at: https://www.mocaf.gov.ae/en/area-of-focus/government-performance. Retrieved 27 Feb

MoF (Ministry of Finance) (2018) Frame and steps. Available online at: https://www.mof.gov.ae/En/budget/FedralBudgetPreparation/Pages/FrameAndSteps.aspx. Retrieved 20 Feb 2018

Rahman MH, Albaloshi SA, Sarker AE (2016) From E-Governance to Smart Governance: Policy Lessons for the UAE. In Farazmand, A. (2016), Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer International Publishing, https://doi.org/10.1007/978-3-319-31816-5_2482-1

Ryan JC (2016) Old knowledge for new impacts: equity theory and workforce nationalization. J Bus Res 69(5):1587–1592

Sarker AE, Al Athmay AAARA (2017) The changing facets of public administration in the United Arab Emirates. Int J Public Adm:1–13. https://doi.org/10.1080/01900692.2017.1387149

Uddin MH, Halbouni S, Raj M (2014) Performance of government-linked firms listed on two stock exchanges of the United Arab Emirates: an empirical study. Emerg Mark Finance Trade 50(Supp1):212–236

World Bank (2017) World governance indicators. Available online at: http://info.worldbank.org/governance/wgi/index.aspx#reports. Retrieved 19 Jan 2018

# Public Administration in Turkey

Yılmaz Üstüner and Nilay Yavuz
Department of Political Science and Public Administration, Middle East Technical University, Ankara, Turkey

## Synonyms

Turkish bureaucracy; Turkish governance

## Definitions

*Turkish Public Administration*: Administration of public sector, which is consisted of the central administration units, their extensions at the local level and local government units.

*Turkish Bureaucracy*: Administrative practices and the organization of approximately 2,430,000 public servants employed by the public sector in Turkey.

## Introduction

This entry is an introduction to current public administration structure and practices of Turkey. First, a background information is provided about the characterizing features of the nation and the society. This is followed by the description of structural elements of the current public administration system, which is highly dynamic, on the one hand, but also is an amalgam of many traditional and modern aspects, on the other. As the result, system has been displaying hybrid characteristics of being "autopoietic"; mainly because of the inheritance of an established administrative legacy inherited from almost 600 years of Ottoman rule and being modern, articulating to global neo-liberal currents by adapting universal (new) public management administrative practices. The last part is on the challenges of the existing system, which are classified as high politicization, need for better participation and governance, problems about human resource management in public sector, and a need for new perspectives and practices of administrative reform.

## Background

Located on two continents – Asia and Europe (Balkans) – Turkey has an area of 783.562 square kilometers including the surrounding seas, 97% of which is in Asia (Anatolia). Therefore, Turkey has long held a strategically important geographical position, being a gateway, crossroads, and passage from West to East and vice versa.

Modern Turkey is a democratic and secular Republic, proclaimed in 1923. This followed, first, the defeat of Ottoman Empire, which existed for approximately 600 years, and then its "war of independence" (1919–1923) against allies (including Greece, Armenia, France, UK, and Italy). Proclamation of the Republic was immediately followed by reforms based on Western ways of life, with structural models imported from many continental European countries. Turkey today is "a member of almost every Western European international organization"

(Kapucu and Palabıyık 2008, p. 47) and has a long history to become a member state of European Union, officially applied for in 1987. On the other hand, Turkey never totally abandoned the traditional sociocultural characteristics inherited from the Middle East and Ottoman Empire. This duality is visible in many areas of the society and the social life, the state and public administration are no exceptions.

Turkey has a population of 80.81 million as of 2017 (Turkish Statistical Institute 2018). This makes it the third populous country in Europe, following Russia and Germany. The annual population growth figure for 2017 is 12.4% and the projection made by Turkish Statistical Institute for the year 2025 is approximately 88 million people (Turkish Statistical Institute 2018). Distribution is not even 92.1% reside in provinces and subprovinces, whereas 7.9% live in towns and villages. Also, 18.59% live in Istanbul province, having a population of 15,029,231 (Turkish Statistical Institute 2018). Uneven geographical and settlement distribution of people beings forth certain difficulties in organizing the provision of public services especially in respect to material and human resources allocation.

The labor force in Turkey is 30,778,000 (June 2016), of whom 10.3% are unemployed (Turkish Statistical Institute 2018). Unemployment of the younger generation (15–24 years old) is even higher at 19.4%. This rises to 30%, if the many young people who are in education and training are omitted, which is the highest rate among OECD countries (OECD 2016). General unemployment issue and unemployment of the younger generation force them to look to the public sector for new jobs, despite the prevailing neoliberal public administration practices in the last approximately 25 years having the objective of downsizing the public sector. The relatively higher rate of unemployment is not consistent with the economic growth in Turkey. Turkish free-market economy has a GDP (in purchasing power parity) of $US 2.133 trillion, which makes it the 14th big economy in the world (CIA 2016). Since the 1980s, Turkey's growth has been either in par or exceeded its peer group (i.e., new member states) and accession candidates of EU, BRICKS, growth markets, and MENA countries (The World Bank 2015). Despite the economic wealth and growth, relatively uneven distribution of income constitutes one of the most important socioeconomic problems. The Gini coefficient by household disposable income figure is 0.397 (OECD 2016). As the result, the highest 20% income-level group in Turkey receives 46.5% of the total income in 2015, which rises to 68% when the highest 40% income group is considered. The lowest 20% income group receives only 6.1% of total income, and, as the result, 15.8% of the population remain below the poverty line between 2012 and 2015 (Turkish Statistical Institute 2018). The reducing of income inequality and the poverty, without threatening the pace of economic growth, is another challenge for the state and the public administration.

Turkey has a democratic parliamentary system and its fundamental political structure is in accord with its 1982 Constitution. This clearly states that "the Republic of Turkey is a democratic, secular and social state governed by rule of law" (Article 2) and that it is "an indivisible entity" (Article 3). Based on the principle of the separation of powers, the legislative power is vested in the Turkish Grand National Assembly; the executive power in the President of the Republic and the Council of Ministers; and the judicial power rest in independent courts. However, strong central administration tradition and supremacy of politics over bureaucracy pose some threats to the exercise of this principle. There is overlapping of powers, and the public bureaucracy is under very strict scrutiny and control of the political authority.

On April 16, 2017, a referendum was made for 18 constitutional amendments proposed by governing Justice and Development Party (AKP). "Yes" votes were counted as 51.41% against 48.59% "no" votes. Except one, all of the amendments will be put into effect by the end of 2019. The most important of these will be about the position of the President, transforming the political system into a "presidential system," where there will be no Prime Minister but much

more Presidential authority and powers. This would likely to increase the centralization of the state and public bureaucracy and supremacy of politics over these.

## Public Administration System

Currently in Turkey, central administration is consisted of both central administrative institutions, such as the Prime Ministry, Ministries, and other agencies located in Ankara (the capital city) and provincial administration (81 provinces and 919 subprovinces). These are formed according to the prevailing geographical situation, economic conditions, and the public services. Provincial administration is based on the principle of the de-centralization of powers, but, in a sense, it can be considered as the extension of central administration down to these localities. Local administration consists of municipal, village, and special provincial administration. Local administration units operate under administrative tutelage of the central government. Their electorate elects their senior administrators and council members every 5 years. Currently, 30 of 1397 municipalities are metropolitan and there are 18,332 villages. However, "the distribution of tasks between central, provincial and local administrations in terms of effectiveness, efficiency and democracy in services has not been successful to date. The result is a bulky structure and red tape bureaucracy" (Kapucu and Palabıyık 2008, p. 109).

Turkish public administration system has been subject to many reform initiatives since the proclamation of the Republic. Major reform campaigns took place in 1963, 1971, 1980, 1989, and 2000. Those campaigns were sporadic and aimed at specific aspects and levels of the system. Most were made with the objectives of increasing the effectiveness and efficiency and resulted in highly similar diagnosis and recipes about the problems of the system as a whole. These reforms have been basically limited with the structural elements of the system, especially on the reorganization of institutional-organizational aspects. Starting in the early 1980s – parallel to global currents – Turkish public administration system was subjected to new reform discourse based upon agendas aligned with neoliberal public sector reform and later, New Public Management practices. These included privatization, downsizing, de-regulation, and the adoption of business management practices. The traditional characteristics of public administration – such as centralism, political control, and interference, resistance to change – imposed many constraints on the full and fast implementation of administrative reform. Also, the direct application of reforms grounded in foreign practices, without adjusting them to local conditions, demands, and culture, is the source of many reform implementation problems.

From the mid-1990s – again following global trends – the Turkish state began to make structural rearrangements for the implementation of "regulatory state" phase of neoliberalism. Under the guidance of main tenets of the New Public Management and the neoliberal understanding of governance, a number of independent regulatory authorities or higher councils of regulation had been established. Most of these are operational today and are in charge of regulating many areas of market and social life (ranging from mass media to competition in the markets, energy sector, public procurements, and finance sector and banking). However, the prevailing culture of strong political control also negatively influences these institutions and hamper their alleged "technical" and "neutral" regulation functions.

The current 1982 Constitution of Turkey states that the fundamental and permanent functions required by the public services that the state and other public institutions are assigned will be carried out by public servants and other public employees who are obliged to carry out their duties with loyalty to the Constitution and laws (Articles 128 and 129). The Law of Public Servants (Law 657 of 1965) still regulates the fundamental provisions of public employment. It has some stipulations inherited from the Ottoman Empire and has been amended many times. Indeed, the currently fragmented and highly complex legal-structural system for civil service has emerged because different employment categories and methods involve different laws (including

many governmental decrees). Management of this complex system, consequently, is also a challenging task. Public employment affairs are regulated both at the central and local levels. Subordinated to Ministry of Labour and Social Security, the State Personnel Presidency is in charge of preparing personnel policies, determining overall personnel needs of the system and conducting research on the betterment of public personnel employment. However, the Ministry of Finance is also powerful in this respect. This duality necessitates close collaboration between these two agencies but, in practice, it is not perfect. Almost all the other public institutions, either central or local, have their own specific personnel departments. There is also an ongoing reorganization plan for these units to change their names from Personnel Departments to Human Resources Departments and assigning them roles and tasks in parallel with the New Public Management perspective. However, lack of legal-structural reform about the regulation of civil service centrally hinders this transformation.

Public employees in Turkey are divided into four broad categories, under the 1965 Law of Public Servants, according to their expert and/or service areas. These are administrative (civil servants), judiciary, academic, and military. Further, they are classified as civil servants who hold permanent positions in any public agencies. These are 2,430,101 in number as of March 2018 (Turkish State Personnel Presidency 2018). Judiciary, including judges and prosecutors working in different judicial agencies are 17,467 persons. Academic personnel includes 131,171 scholars who work in 114 public universities and other public higher-level education institutions. Military personnel, excluding soldiers undertaking compulsory military service are 241,560 persons (May, 2016 figure) (Turkish State Personnel Presidency 2018). Other than these, laws allow employment of contracted personnel, temporary (seasonal) personnel, and laborers hired on temporary or permanent basis. As of March 2018, 530,727 personnel are employed under these three categories. Total number of civil servants, excluding military, is currently 3,129,304 (Turkish State Personnel Presidency 2018).

In principle, recruitment of public employees is made through central entrance examinations, which were made mandatory 1999, augmented by local exams and interviews carried by specific institutions to which the candidates have applied. In general, public officials work under the principles of carrier, merit, equality, and impartiality (Kapucu and Palabıyık 2008, pp. 209–210). Although these are generally observed in practice, strong political control and centralization pose problem here as well. Political control is especially evident with respect to the appointments of senior officials. Although senior officials have the status of civil servants, their appointment and dismissals are political, not based on merit system following transparent competition. Such positions number approximately 7000 (OECD 2015, p. 49).

## Challenges Facing the System

There are mainly four broad categories of challenges facing the Turkish public administration system: politicization, governance, human resource management, and administrative reform.

The over-politicization of public administration: Control by the political party in power over the public administration system is one of the most important threats facing public administration in Turkey. Due to the requirements of the separation of power principle and of democracy, it is natural for government to want to eliminate potential resistance to political authority over the bureaucracy. However, elimination of such resistance should not mean the adoption of very strict hierarchical control over the bureaucracy by the party in power. Such direct control and intervention threatens the expertise of the bureaucracy and the survival of the merit system, which would compromise and hinder the quality, efficiency, and effectiveness of public services. This control and intervention are especially problematic with respect to appointments to higher-level positions, because it eliminates both the distinctions between political and administrative leadership and the competitive process for such appointments that makes them merit-based. Moreover, the politicization of the Turkish national bureaucracy

means the politicization of all levels of public administration. Currently, Turkey is debating a new Constitution and transformation into a presidency system. If this is realized, there is the probability that this issue would become even more problematic in the future.

Governance and the broadening of participation in public policy and administration: Participation, transparency, and accountability are three interrelated pillars of a good governance process. Turkey has done a lot to enhance its governance arrangements, especially in the last decade, as a consequence of pressures from outside (such as from EU and other international organizations) and/or demands from inside. These have always been matters of consideration with priority in government programs, plans, and strategies. Accordingly, many legal-procedural arrangements have been made to establish and sustain these principles as common practices of bureaucracy and more can be expected in the future. However, the key issue is their implementation. Turkey still has problems of participation in governance processes, both from outside (civil society) and inside (members of bureaucracy). The willingness of the public administration system to be open and to facilitate broader participation in policymaking and implementation processes is remarkable but not adequate. Stakeholders should also demand a greater governance role and, more importantly, should evidence their zeal and willingness to participate in governance processes. Despite high politicization being a traditional characteristic of Turkish society, there is a doubt about the willingness of stakeholders to participate in governance processes. In this respect, local governments are important means of participation, but the over-exercised administrative tutelage of the center and their strict monitoring and control from above is another problem and a challenge to be addressed.

Human resources and the neglected human element in public administration: Bureaucratic culture and cultural conflict is another challenge for Turkish bureaucracy. Clearly, Turkey has a strong statist bureaucratic culture, one inherited from Ottoman Empire and reinforced by the legacy of the political movement and personalities that were influential in the proclamation of Republic and the state-initiated reforms that followed, which affected almost every aspect of social life. The successful introduction of neoliberal market-based policies and practices to the public administration system is contingent on less state control and intervention and the fostering of a new managerialist bureaucratic culture. This gives rise to a clear conflict of traditional and modernity. In the past, the public administration system has been successful – up to a degree – in dissipating this conflict, but this is still a challenge to be addressed. In fact, this is not a problem unique to Turkey. The implementation of the universal and globalized character of neoliberal public sector reform agenda is likely to face difficulties especially in countries where traditions are important and where there is resistive social environment. Local adaptations and synthesis are necessary; otherwise, conflicts are inevitable, making the successful implementation of the neoliberal reform agenda highly problematic.

Administrative reform resistance: For Turkish public administration to be reformed requires both political and bureaucratic acceptance of the need for any reform and a clear understanding and consensus of what constitutes a desirable reform agenda, particularly if a proposed reform agenda has its origins in foreign experiences and alien values. Unlike the experience to date, systemic reform must be planned, coordinated, and implemented considering the system as a whole, not designed and implemented sporadically in "patches" or "fixes" applied to particular areas and issues. This is possible only if there is a political will, good institutionalization, and a politico-administrative consensus. There must be a very clear central reform vision and strategy and the necessary implementation plan. The reform process must be continuous, coordinated, and monitored by a central coordinating agency. Administrative reform should mean just making structural and organizational changes and should not be only be managerialist in scope. It should embrace all elements of the public administration system. Above all, it must change the behavior of public servants, best achieved by raising their consciousness – thereby embedding in their

professional self-identity – the importance of their obligation to be altruistically willingness to serve society and so refrain from seeking only personal gains from any forms of corruption. This is, perhaps, the supreme challenge to be addressed to achieve effective and lasting reform of public administration in Turkey.

## Conclusion

Turkey's public administration system, especially in the last three decades, has been dynamically adapting itself to requirements of a global neoliberal policies and associated practices of public service. However, this is not without problems and burdens. Whereas some of these issues stem directly from this ideology and its praxis, or mismatch between them and socioeconomic and cultural characteristics of the society, others are characteristic to a long-time cultural accumulation of a state centric administrative system with its very strong adherence to centralization and hierarchy and political control.

## References

Central Intelligence Agency (CIA) (2016) World Factbook. CIA, Washington, DC. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html

Kapucu N, Palabıyık H (2008) Turkish public administration: from tradition to the modern age. USAK Publications, Ankara

Organization for Economic Co-operation and Development (OECD) (2015) Sigma baseline measurement report: principles of public administration (Turkey). OECD, Paris. Retrieved from http://www.sigmaweb.org/publications/Baseline-Measurement-2015-Turkey.pdf

Organization for Economic Co-operation and Development (OECD) (2016) How does Turkey compare (Society at a Glance). OECD, Paris. Retrieved from https://www.oecd.org/turkey/sag2016-turkey.pdf

The World Bank (2015) World Bank documents and reports. The World Bank, Washington, DC. Retrieved from http://documents.worldbank.org/curated/en/507871468306558336/Main-report

Turkish State Personnel Presidency (2018) T.C. Devlet Personel Başkanlığı, İstatistikler. Retrieved from www.dpb.gov.tr/tr-tr/istatistikler/kamu-personeli-istatistikleri

Turkish Statistical Institute (2018) TUIK, Statistics. Retrieved from http://www.tuik.gov.tr/UstMenu.do?metod=temelist

# Public Administration Research in Mainland China

Min-Hyu Kim[1,2], Huafang Li[3], Marc Holzer[4] and Mengzhong Zhang[5]
[1]Arizona State University, Phoenix, AZ, USA
[2]Hainan University, Haikou, China
[3]Grand Valley State University, Grand Rapids, MI, USA
[4]Suffolk University, Boston, MA, USA
[5]Gannon University, Erie, PA, USA

## Synonyms

Chinese Public Administration

## Definition

Public administration research in mainland China refers to studies on Chinese public sector, such as using Chinese government data to conduct research on organizational theories, human resource management, public budgeting, intersector administration, intergovernmental administration, intellectual history of public administration, as well as many subfields of studies within the domain of public administration and even nonprofit organizations.

## Introduction

Public administration research in mainland China refers to the studies on Chinese public sector and even nonprofit organizations. As China is one of the world's fastest growing economies, many other countries are increasingly interested in the Chinese public administration system which, since the reforms of 1978, has facilitated economic and social development. Academics and practitioners are drawn to the study of Chinese public administration because of the global influence of the Chinese market. The ancient and the contemporary wisdom of Chinese public administration can be valuable to public administration

worldwide, both theoretically and practically (Holzer and Zhang 2002, 2009).

Largely missing from this important area of scholarly inquiry is empirical work that considers the patterns evident in the literature. Although several systematic reviews have examined Chinese public administration literature, none have conducted a word cloud and cluster analysis based on content analysis of the words in the abstracts. Accordingly, we performed a systematic content analysis of words used in the studies' abstracts to obtain a more objective sense of their substantive content, so that other researchers might learn useful lessons from a semantic analysis of the abstracts in studies of Chinese public administration.

This entry begins with a brief discussion of the development of Chinese public administration as an academic discipline, which is the historical root of such public administration research. Next, the topic of comparative studies of public administration is introduced, followed by a review of Chinese public administration research. This entry then provides the results of a systematic and objective content analysis of words in the studies' abstracts and lastly examines the potential for conducting research on Chinese public administration as a comparative approach to understand public administration in the global context.

## The Development of Chinese Public Administration as an Academic Discipline

The intellectual roots of public administration in China can be traced back at least perhaps thousand years, although public administration as an academic discipline is a comparatively recent phenomenon (Holzer and Zhang 2002). After Qin Shi Huang united China in 221 BC, successive dynasties established the first centralized Chinese bureaucratic system, one which enabled the emperor of China to control such a large territory. The essence of this civil service system was to recruit the "best and brightest" into the government according to their merits, demonstrated by their test scores rather than their blood linkage. The imperial examination system (ancient Chinese civil service system) in China continued for 1300 years (Roberts 1993). In the late nineteenth century, Kang Youwei imported the concepts and theories of contemporary public administration from Japan, where public administration was taught by German scholars (Harris 2002).

The origins of public administration as an academic discipline in China can be traced back to 1905, when it was first taught as a subfield of political science in the School of Law and Politics in Guangdong province (Wang 2006). However, in the early 1950s, Mao Zedong's administration believed public administration, as well as other social science disciplines, was irrelevant to the socialist model because the administration considered resolution of class struggles to be the Communist Party's main task. Thus, together with other disciplines, public administration as a field of study essentially disappeared in China for the three decades between 1952 and 1982.

It was not until the 1980s that public administration as an academic discipline was reintroduced in China (Yu et al. 2012). In 1985, the government held a meeting to discuss the development of public administration in China. Soon after the meeting, the State Council approved the launch of the Chinese Public Administration Society. From the latter half of the 1980s, China's public administration development was rapid (Zhang 1993). In the early 1990s, there were more than a thousand public administration books covering a variety of subjects. Academic journals and research organizations began to flourish. Between 1984 and 1992, more than two million state cadres received public administration training via several channels (Zhang 1993).

In 1994, the Chinese National School of Administration (CNSA) was established. In 2010, CNSA was changed to its present name, "Chinese Academy of Governance." Many state-owned provincial- and city-level public administration schools were established thereafter.

In 2002, public and nonprofit employees entered the first group of 24 MPA programs in the People's Republic of China (PRC), and by 2015 the Chinese government had authorized 228 universities to offer MPA programs (National

MPA Education Steering Committee 2015). In comparison, according to NASPAA (2018), there were 190 MPA-related programs accredited in the United States and perhaps as many more offered the MPA without NASPAA accreditation (but in colleges and universities accredited by regional higher education associations, as are virtually all higher education entities in the United States). The United States started its first MPA program in 1924 at Syracuse University's Maxwell School, almost a century ago. In contrast, within little more than 15 years, the PRC has now developed 228 MPA programs, reflecting an urgent demand for talented public employees to deal with increasingly complicated governance issues in a rapidly transitioning society.

## Comparative Studies of Public Administration

Comparative public administration is defined as the quest for patterns and regularities in administrative action and behavior (Riggs 1961). The field focuses largely on reform and capacity building and often seeks to identify universal patterns in organizational structures and processes that promote the most desirable policy outcomes. Governments differ greatly in their historical, social, and economic characteristics and exhibit a range of administrative arrangements. The variation in these administrative systems is due to a variety of factors, including social, cultural, political, and technological factors. Comparative public administration focuses primarily on national (and less so on subnational) administrative systems in the global contexts. It also explores the way in which the organizational structures and processes facilitate or inhibit policy implementation.

The field of public administration emphasizes the need for comparative studies to test the effectiveness of public administration theories (Fritzen 2010). However, to date, few efforts have been undertaken with respect to China. Most of the previous literature consists of comparisons of the public administration experience in different democracies (e.g., see Grimmelikhuijsen et al. 2013; Kim et al. 2013). Compared to the United States and Europe, less scholarly attention is given to authoritarian systems such as the PRC. Riggs (1961) criticized the failure of Americanized and Europeanized administrative theories to apply to different contexts and argued that it should be rectified through comparative administration research.

Comparative public administration is an inevitable dimension of research, given that globalization has transformed the roles of government (Holzer and Kasymova 2012). Globalization has changed the role of government from a welfare state to "hollow state" (Frederickson 2006), "contracting state" (Farazmand 1999; Smith and Lipsky 2009), or "corporate administrative state" (Farazmand 1997a, b, 1999). In that sense, Jreisat (2005) argues that both the national and international environments need to be considered when studying a particular administrative reform.

Kettl (2000) argues that comparative public administration is compelling, as the US government has become increasingly involved in world governance. In a similar vein, Riggs (1961) suggests that the processes of generating reliable knowledge and developing the principles of public administration are inherently comparative. Riggs (1961) also documents that scholars can no longer afford to base their theories on the "exceptional American experience" because it limits comparative public administration to the study of foreign governments. Heady (2001) demonstrates that the comparative method is essential to developing administrative theory and improving its application. Collier (1993) notes that comparison is central to a satisfactory analysis to the extent that the scientific method is unavoidably comparative. Studies in other fields show that most social scientists consider the comparative approach to be the methodological core of the humanistic and scientific method (Almond and Verba 2015). Aberbach and Rockman (1987) echo such sentiments, indicating that comparative study advances scholarship to the level of conceptual and methodological self-consciousness. Offering more nuance to this argument, Aberbach and Rockman (1987) note that it is very difficult to achieve a clear understanding with non-comparative

studies of public administration. Further, comparative public administration is a concern because of its broader social and political consequences; specifically, it helps practitioners to better understand their own institutions, the changing demographics of their communities, and "the different political contexts" they face (Khademian 1998, p. 273).

## Reviews of Chinese Public Administration Studies

Guided by the literature cited above, in recent years, discussions of Chinese public administration that use a comparative perspective have emerged (Gao 2013; Mingus and Jing 2016; Walker et al. 2014; Wu et al. 2013). For example, in the first issue of *Chinese Public Administration Review*, Holzer and Zhang (2002) emphasized "...the necessity of Chinese scholars to learn from international scholars in the field of public administration." In a similar vein, scholars and practitioners in the United States can learn about the challenges of effective public management and the reform of public organizations through comparative studies between the United States and China. Although previous studies examine recent trends in Chinese public administration research, no study has, as yet, conducted a systematic content analysis of words in the studies' abstracts to provide a different and more objective sense of the substantive content. This study began with the belief that conceptualizing the studies of Chinese public administration through a content analysis of the abstracts could help practitioners develop strategic policies to prepare effectively for the challenges of globalization and an information-oriented society. In that vein, we have conducted a word-based analysis of the relevant literature to illustrate the ways in which academics and practitioners can avoid cultural biases in building theories and implementing policies by understanding the limitations and new possibilities presented in the literature on Chinese public administration.

Mingus and Jing (2016) review Chinese language literature to discuss the relevance of Behn (1995)'s questions on micromanagement, motivation, and measurement in the Chinese context. They propose alternate wording for Behn's questions to make them meaningful in the Chinese cultural and institutional context, but they avoid suggestions as to replacing the basic Chinese political structure. Walker et al. (2014) review the English language literature on public administration between 1999 and 2009 regarding East and Southeast Asia as identified in the Web of Science. The authors identify four major characteristics: first, its comparative nature; second, its focus on system and regime change, as well as policies, as the major topics and units of analysis; third, its literature review is based primarily on normative argumentation, and when it is an empirical study, it relies typically on secondary data; and, lastly it is largely interdisciplinary, and while it draws from many disciplines and scholars from all around the globe, it is dominated by scholars who work in English-speaking countries.

Gao (2013) reviews the public administration research literature published in Hong Kong and Macau between 1999 and 2009. Gao examines the ways in which public administration developed in the two city-states in the post-handover period and the ways in which those developments affected the study of public administration in the two jurisdictions. The findings reveal differences between the two cities. In general, studies of Hong Kong engage in testing and building theories using rigorous methodologies and adopting a comparative outlook and receive far better funding than studies conducted in Macau. The focus of studies in Macau differs from those in Hong Kong because the public administration community in Macau sought to foster closer interactions between academics and practitioners.

Wu et al. (2013) provide an overview of public administration research in China based on a sample of 2,877 articles published in the top 6 Chinese language journals in mainland China and Taiwan between 1998 and 2008. Their analysis of these publications suggests that scholars in Taiwan have made great strides in a short period to improve

research quality and provide their colleagues across the Taiwan Strait with valuable insights into the future directions of the field.

Kim et al. (2018) systematically examined the existing studies on public management research in mainland China from 1996 to 2016. They carefully selected the previous research based on the PRISMA guidelines and systematically review the journal names, publication frequencies, authorships, research focus, topics, and methodologies. Their study can be evaluated as progress in that they carried out more in-depth analyses compared to the prior research.

While these studies provide insightful contributions to the literature and help us understand patterns in Chinese public administration research, two questions remain: "What are the most commonly used words in the abstracts of the previous literature on Chinese public administration?" and "How are these words related and tied together?" Our utilization of objective analysis using word cloud and cluster analysis in this study sharpens the validity of results.

## A Systematic Content Analysis of Words Used in the Abstracts

This study conducted a systematic literature review according to the PRISMA guidelines (Moher et al. 2009). First, data were collected by searching various databases including Web of Science, Scopus, EconLit, and EBSCO Academic Search Premier. Within these, this study searched journal articles published from 1996 through 2016 to identify those that included "China" and "public administration" in their titles, topics, abstracts, or keywords ($n$ = 4,403). Second, 1,462 manuscripts were selected after removing 2,941 duplicates. Third, this study evaluated the titles and abstracts and excluded 769 papers unrelated to Chinese public administration ($n$ = 693). Lastly, we examined the full texts of those and excluded 347 articles because they were not relevant to public administration and thus not suitable for inclusion. These decision rules resulted in 346 articles for this study.

After looking at the journal articles' descriptive analyses, a systematic content analysis of words used in the abstracts was performed to obtain a different and more objective sense of the substantive content of the studies in the review. Figure 1 shows the resulting word cloud, which represents the frequency of words that appeared in the abstracts. Figure 2 provides the results of the cluster analysis, which shows which of these words tended to appear together in the abstracts. Both analyses focused on the words used most frequently.

A systematic and more objective content analysis of words in the studies' abstracts also was performed. The content analysis, which used word clouds and clusters to identify important topics, is based on Li and Van Ryzin (2017). Figures 1 and 2 show the word clouds and clusters of words, respectively, used frequently in these abstracts.

The word cloud in Fig. 1 shows the words used most frequently across abstracts to show that the larger the font sizes, the higher the frequencies. The word cloud excluded the main topic words of "China," "Chinese," and "administration." "Public" and "policy," then, were the words used most frequently because of their relevance to the theme. The word cloud also illustrates that most of the studies focused on "government," "social," "reform," "local," "political," "economic," "performance," and "management." The word cloud alone, however, did not provide precise information about linkages between words. Thus, Fig. 2 shows a related cluster analysis that presents the way in which these words were linked in the abstracts. The cluster analysis shows distinct local governments, institutional governance, performance management, economic development, and administrative reform clusters and a large and rather mixed cluster composed of a variety of other words that appeared in the abstracts. These results complement our previous categorization of policy fields and suggest that local governments, institutional governance, performance management, economic development, and administrative reform are some of the most common themes to date in studies of Chinese public administration.

**Public Administration Research in Mainland China, Fig. 1** Word cloud of abstracts

## Conclusion

This study was designed to fill the gap in the literature on Chinese public administration by reviewing English language publications in the top 25 journals in the field. A comparative perspective indicates that global leadership requires global understanding, which evolves from appropriate education that uses suitable methods and content (Jreisat 2005). Previous systematic reviews rely largely on descriptive analyses of the literature. This study, however, uses word cloud and cluster analyses based on content analyses of abstracts in 301 articles published between 1996 and 2016 to obtain a different and more objective sense of the substantive content of the studies in the review.

In summary, this research concluded that the study of Chinese public administration is still very much an ongoing effort. Despite some limitations, our study demonstrated that word cloud and cluster analyses, used rarely in previous reviews, are powerful tools for examining meanings extracted from texts by visualizing the words used in abstracts and interpreting various perspectives provided in the literature over time. Finally, future studies could examine whether performance management results in more efficient and better public services in China.

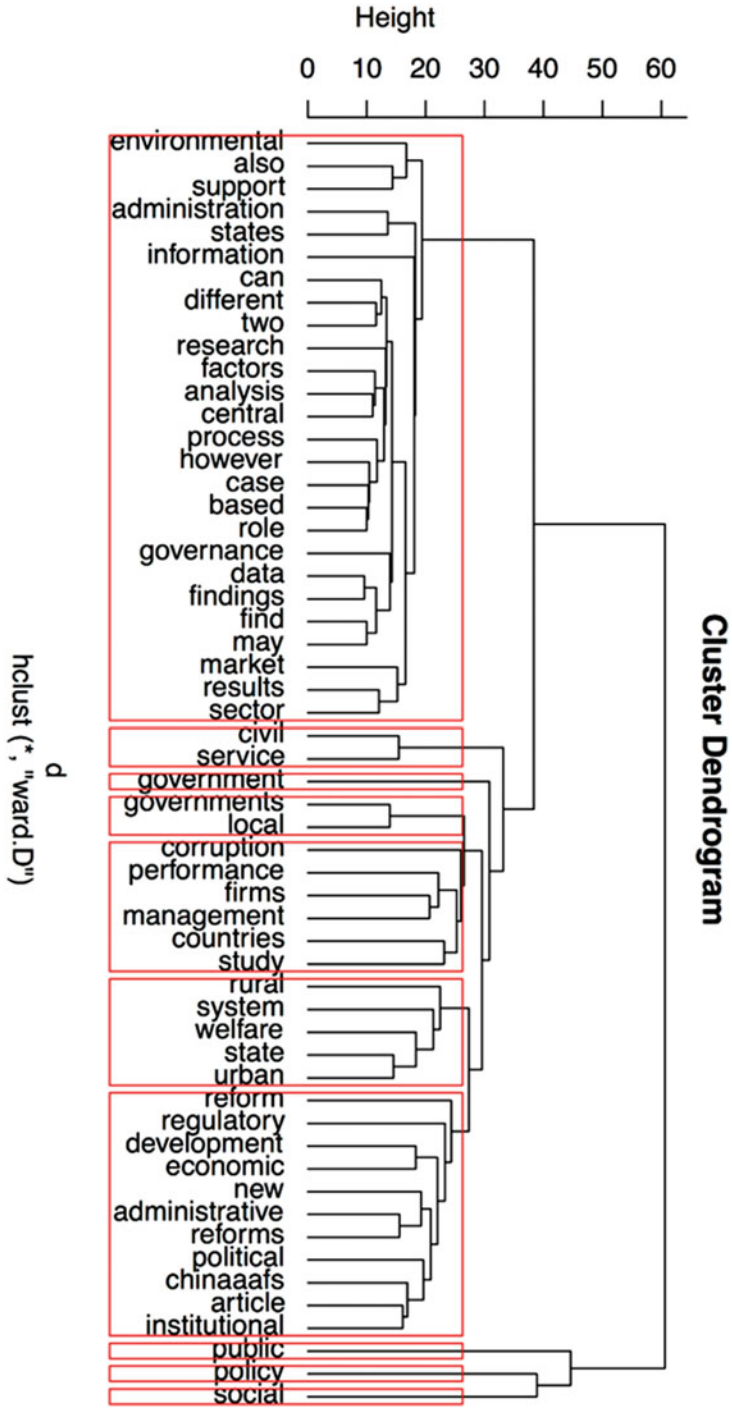


**Public Administration Research in Mainland China, Fig. 2** Clusters of words that appeared frequently in abstracts

## References


Aberbach JD, Rockman BA (1987) Comparative administration methods, muddles, and models. Adm Soc 18(4):473–506

Almond GA, Verba S (2015) The civic culture: political attitudes and democracy in five nations. Princeton University Press, Princeton

Behn RD (1995) The big questions of public management. Public Adm Rev 55(4):313–324

Bradsher K, Rappeport A (2018) U.S.-China trade truce gives both sides political breathing room. Retrived 7 Jan 2019, from https://www.nytimes.com/2018/12/02/business/trade-truce-china-us.html

Collier D (1993) The comparative method. In: Finifter AW (ed) Political science: the state of discipline II. American Political Science Association, Washington, DC

Farazmand A (1997a) From civil to non-civil administration: the biggest challenge to the state and public administration. Paper presented at the national conference of the American society for public administration, Philadelphia, July

Farazmand A (1997b) Institutionalization of the new administrative state/role. Paper presented at the annual conference of the American Political Science Association (APSA), Washington, DC, August

Farazmand A (1999) Globalization and public administration. Public Adm Rev 59(6):509–522

Frederickson DG (2006) Measuring the performance of the hollow state. Georgetown University Press, Washington, DC

Fritzen SA (2010) Envisioning public administration as a scholarly field in 2020: toward global and comparative administrative theorizing. Public Adm Rev 70(s1):300–301

Gao J (2013) Public administration research in Hong Kong and Macau: a review of journal articles published from 1999 to 2009. Am Rev Public Adm 44(2): 168–186

Grimmelikhuijsen S, Porumbescu G, Hong B, Im T (2013) The effect of transparency on trust in Government: A cross-national comparative experiment. Public Adm Rev 73(4):575–586. https://doi.org/10.1111/puar.2013.73.issue-4

Harris P (2002) The origins of modern citizenship in China. Asia Pac Viewp 43(2):181–203

Heady F (2001) Public administration, a comparative perspective. CRC Press, Philadelphia

Holzer M, Kasymova J (2012) Restating the relevance of comparative public administration. Public Adm Rev 72(1):162–164

Holzer M, Zhang M (2002) Chinese public administration review: an introduction. Chin Publ Adm Rev 1(1):5–8

Holzer M, Zhang M (2009) Introduction to the special issue on comparative Chinese/American public administration. Public Adm Rev 69:S5–S12

Jreisat JE (2005) Comparative public administration is back in, prudently. Public Adm Rev 65(2):231–242

Kettl DF (2000) The transformation of governance: globalization, devolution, and the role of government. Public Adm Rev 60(6):488–497

Khademian AM (1998) What do we want public managersto be? Comparing Reforms. Public Adm Rev 58(3):269–273

Kim S, Vandenabeele W, Wright BE, Andersen LB, Cerase FP, Christensen RK, Liu B (2013) Investigating the structure and meaning of public service motivation across populations: Developing an international instrument and addressing issues of measurement invariance. Journal of Public Administration Research and Theory 23(1):79–102. https://doi.org/10.1093/jopart/mus027

Kim M, Li H, Holzer M, Zhang M (2018) Public Administration Research in Mainland China: a systematic review of Chinese Public Administration in English Language Journals (1996–2016). Int J Public Adm 1–12. Advanced Online Publication. https://doi.org/10.1080/01900692.2018.1506936

Li H, Van Ryzin GG (2017) A systematic review of experimental studies in Public Management Journals. In: James O, Jilke S, Van Ryzin GG (eds) Experiments in public management research. Cambridge University Press, London, pp 20–36

Mingus MS, Jing Z (2016) The big questions of Chinese public management research. Adm Soc 49(6): 775–797

Moher D, Liberati A, Tetzlaff J, Altman DG (2009) Preferred reporting items for systematic reviews and meta-analyses: the PRISMA statement. PLoS Med 6(7): e1000097

NASPAA (2018) NASPAA annual accreditation data report 2017–2018. Available from https://accreditation.naspaa.org/resources/roster-of-accredited-programs/. Accessed 20 Apr 2018

National MPA Education Steering Committee (2015) Explanation to several issues about the guidelines of educational plans for MPA degree program. Retrieved July 19, 2018, from www.mpa.org.cn/displaynews1.asp?id=76

Riggs FW (1961) Ecology of public administration. Asia Publishing House, Cambridge, MA

Roberts JM (1993) A short history of the world. Oxford University Press, London

Smith SR, Lipsky M (2009) Nonprofits for hire: the welfare state in the age of contracting. Harvard University Press, Cambridge, MA

Walker RM, Brewer GA, Choi Y (2014) Public administration research in east and Southeast Asia a review of the English language evidence, 1999–2009. Am Rev Public Adm 44(2):131–150

Wang L (2006) A probe into China's public administration education and the construction of the subject of public administration. Chin Publ Adm Rev 1(1):31–36

Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

Wu X, He YL, Sun MTW (2013) Public administration research in mainland China and Taiwan: an assessment of journal publications, 1998–2008. Public Adm 91(2):261–280

Yu W, Rubin M, Wu W (2012) An executive MPA program for China: lessons from the field. J Publ Aff Educ 18(3):545–564
Zhang CF (1993) Public administration in China. In: Mills M, Nagel S (eds) Public administration in China. Greenwood Press, Westport, p 3

# Public Administration Risk Management

Stephanie Blättler and Stefan Hunziker
Institute of Financial Services Zug IFZ, Lucerne University ASA Switzerland, Zug, Switzerland

## Synonyms

COSO ERM; Dealing with risks; Enterprise risk management; Municipal risk management

## Definition

Public administration risk management serves a municipality to gain greater transparency about opportunities and risks to achieve goals better and more reliably. It aims to ensure that public funds are used appropriately and provides an overview of the risk situation.

## Introduction

In recent years, the topic of risk management has emerged to a new level of importance in the public sector (Domokos et al. 2015). Risk management describes a process to identify and prevent risks with a systematic identification, analysis, evaluation, monitoring, and active management of risks. A systematically implemented risk management helps the fulfilment of management responsibilities (Wengert 2013). Increasing the effectiveness of risk management activities, this development has also become of interest for the public administration.

The aftermath of scandals show that the public administration is not spared from such as mismanagement, fraud, and corruption. Financial mistakes, defaults on tax revenue, adverse developments in the financial markets, and a variety of other risks in municipalities may jeopardize the achievement of strategic objectives (RiskNET 2014). Consequently, public administration and its stakeholders demand greater oversight of key risks and initiatives to improve risk and internal control systems.

## Aim and Scope of Public Sector Risk Management

The aim of public administration risk management is to achieve municipal goals better in the long term. Whereas the private sector aims to minimize the deviation from the target profit, the goal of a municipality is to protect and use public funds appropriately and efficiently so that the will of the citizen can be fulfilled and the common good is secured. It becomes a challenge for the system of municipalities with often rotating executives in many countries, who set the municipal goal for their legislation period, to keep a stable public administration risk management that needs long term goals.

Risk management is described as organizational activities and a continuous process for managing risks, which includes the functions of the enterprise-wide identification, assessment, management, and monitoring of risks (International Organization for Standardization 2009). Traditional, silo-based risk management primarily considers the management of individual, independent risks without its interactions. In today's approach, risk management becomes more holistic, also referred to as Enterprise Risk Management (ERM). Risk management in the public sector forms a part of a broader governance framework and identifies risk management and internal control as defining principles of good governance (Woods 2009).

The scope of public administration risk management includes the identification of risks within the municipality itself. To also include public holdings within the risk management in the long run, it is important to achieve a holistic municipal

risk management including participation risks. However, while many countries have no legal risk management obligations for municipal administrations, their public holdings that belong to another form of organization, such as a stock corporation often are subject to statutory obligations concerning risk management.

## Risk Management Concepts and Process

The concepts COSO ERM and ISO 31000 are recognized worldwide and are also used in public administrations. COSO stands for "Committee of Sponsoring Organizations of the Treadway Commission." It is an organization established in the United States with the aim of improving effective internal controls and corporate governance. ISO 31000 "Risk Management Principles and Guidelines" provides principles and guidelines for the application of risk management in organizations. The series of standards "Risk management for organizations and systems, practical application of ISO 31000" by Austrian Standards ONR 49000 serves as an implementation aid for risk management according to ISO 31000 (Heynen and Wartenweiler 2014). The concepts can be used as an aid, but must be adapted to the size and the form of organizations (e.g., a private company or a municipality).

The risk management process according to ISO 31000 includes the clarification of general conditions, the identification, analysis, and assessment of risks. This is followed by risk management, monitoring, and communication. Risk management is understood as an ongoing, repetitive process (International Organization for Standardization 2009).

Risks can be identified using a structure similar to that used in the private sector. A categorization of risks must primarily meet the individual requirements of an organizational unit. In addition to traditional financial risks, operational and strategic risks, financial reporting risks and compliance risks are also taken into account in company-wide risk management, whereby non-quantifiable risks are also included (Strohmeier 2007).

Risks can also be categorized as follows:

- Financial and economic risks
- Legal and compliance risks
- Property, technical, and elementary risks
- Personal and organizational risks
- Technological and scientific risks
- Social and political risks.

In the context specific to municipalities, further risks such as investment risks and procurement risks that municipalities have to deal with become relevant. In addition, public procurement law risks are particularly relevant for municipalities, as public procurement processes are often attributable to municipalities. The complexity of public procurement law regulations, which are strongly permeated by jurisprudence, holds a high potential for error (Beck et al. 2013). Other risks specific to municipalities, also referred to as external risks, are socio-structural processes, general economic development, natural disasters, and political-administrative changes, which can only be influenced to a limited extent or not at all by the municipality. Nevertheless, it is important for a municipality to control and monitor such risks in order to be prepared in case they occur (Schwarting 2015).

## Risk Management Organization and Actors

The organizational integration of risk management depends on the size and complexity of the public administration, the political, national, and regional circumstances, and the organization of the administration. Small communities tend to have more transparent decision-making structures and opportunities for direct influence. The complexity of processes and structures is lower than in larger communities.

Larger public administrations have a higher degree of formalization and have longer communication channels and complex interests. Risk management has formal directives and controls, responsibility structures are more complex, and risk management is becoming the subject of

management processes. If necessary, additional resources are provided for risk management and risk management offices are created (Sartor and Bourauel 2013).

The political, national, and regional circumstances lead to different legal framework conditions of a municipality. The organization of administrations also differs nationally and regionally. Which other actors are involved in shaping risk management and in particular in the implementation process also depends to a large extent on the professional qualifications of the human resources of the executive and administration.

In essence, the following actors are involved in municipal risk management, whereby the equipment of a municipality must be taken into account:

The *Executive* bears overall responsibility for risk management throughout the municipality and decides on the strategic orientation of risk management (Bergmann 2009). Their task is to adopt the concept manual. The concept manual usually contains the definitions, guidelines, and objectives for risk management and serves as a guideline for implementation (Dietiker and Hunziker 2015). The executive also addresses risk policy, draws up a mission statement, and approves the risk management approach proposed by the risk management delegate. It has the competence to partially delegate these tasks. The aggregated risk catalogue and the measures are approved by the Executive. Their assistance and commitment to risk management play an important role towards the administration. Finally, the Executive critically scrutinizes and discusses the results and the process for continuous improvement. The Executive is accountable to other stakeholders such as the community's citizens (Hunziker et al. 2015).

A *risk management delegate* is appointed within the administration. This monitors risk management and bundles the information. It distributes the tasks for the implementation of risk management, monitors it, and reports periodically to the executive and supervisory authorities. The risk management delegate trains the employees and determines the risk-bearing capacity. He maintains the documentation and the tool. The central task of the risk management delegate is to ensure the flow of information between the executive and the administration (Sartor and Bourauel 2013).

The function of the *risk management committee* is particularly suitable for the implementation of risk management and for larger communities with higher coordination efforts. It is suitable for an interdisciplinary composition, whereby both the executive and the administration should be represented (Hunziker et al. 2015).

*Risk owners* are risk managers in the individual departments who are responsible for identifying, assessing, and passing on risks within their area of activity to the risk delegate. They implement control measures and report on new individual risks on an ongoing basis (Sartor and Bourauel 2013).

The *auditing authority* examines the management instrument and reports possible improvements and conspicuities to the responsible bodies, which differ depending on the organization of the municipality. Ultimately, very critical anomalies are reported to the executive and the population. There is the possibility of an internal as well as an external inspection instance.

## Factors Influencing the State of Risk Management Implementation

The progress of the municipal risk management implementation is mainly due to legal obligations. Anglo-Saxon countries contribute to a higher penetration of risk management in public administration. However, only in Australia, at state level, risk management finds legal precipitation and, in comparison to England and Canada, can be attributed to the biggest progress of risk management. Australia, Canada, and England developed generally accepted, nonobligatory standards for public organizations and, in addition with policy initiatives, have contributed to a spread of risk management (Offerhaus 2009).

Another key driver of advanced risk management is the presence of competencies in the municipality (Pfister 2009). Expertise and experience (COSO 2013), an understanding of the processes and the ability to think critically can avoid control failures (Zhao et al. 2015).

The awareness raising against fraud and the will to prevent fraud risks is a major motivation for risk management implementation. Fraud is one of the major risks and a component of operational risk that threatens municipalities' goals, their financial health, image, and reputation (Doody 2009). There are different definitions of fraud, though in general it includes activities such as theft, corruption, embezzlement, and others. The fraud triangle, first coined by Donald R. Cressey, shows the three factors incentive and opportunity to commit fraud as well as the rationalization of the fraudster for justifying fraudulent behavior (Albrecht et al. 1984). One example of a major fraud risk within municipalities is the risk of corruption and bribery in public procurement. Procurement regulations that include risk-retardant arrangements were implemented to prevent such fraud (Beck et al. 2013). Risk management is a management control system to identify and mitigate such risks. Moreover risk management is regarded as a key management control system to detect fraud (Parton et al. 2009).

An important aspect to consider when successfully implementing risk management is having executive support. Support from the top is essential and should begin with the Board of Directors (Marchetti 2012). The responsibility for risk management rests with the board of directors (Woods 2009). Literature (e.g., Sobel and Reding 2004) shows the dependency of an effective risk management on active participation by the board of directors.

To have an appropriate expertise of employees that are able to implement risk management is one more important aspect. To achieve this, investing into risk management training is important. Literature (e.g., Farrugia 2002) emphasizes the important staff training as a key element in risk management and one that needs continuous reappraisal and regular courses to refresh skills.

## Conclusion

While public administration risk management is based on the common pillars of risk identification, analysis, assessment, management, communication, and monitoring of standards such as COSO or ISO 31000, the special conditions of an administration must be taken into account in detail. In the design of risk management, attention must be paid to national and regional differences, but also the size and organizational form of the administration characterizes the development of risk management. The main actors involved into public administration risk management are the executive with the overall responsibility, the risk management delegate with operational responsibility, the risk management committee, the risk owner as administrative staff with individual risk responsibility, and the audit authority as a control body.

In order to achieve a community-wide, systematic, and documented risk management, support from the executive is necessary. While legal obligations serve as a motivator, political initiatives to build up risk knowledge and competencies as well as supporting IT instruments also contribute to implementation progress. Finally, fraud prevention serves as the main driver for risk management implementation. The ultimate target of risk management is to achieve the goals of administration better and more reliably.

## Cross-References


- ► Internal Control Models
- ► New Public Financial Management
- ► Principles of Good Governance, The
- ► Risk and Organizations


## References


Albrecht W, Howe K, Romney M (1984) Deterring fraud: the internal auditor's perspective. Institute of Internal Auditors Research Foundation, Altamonte Springs

Beck S, Benecke M, Felten M, Lipske U, Schuster F (2013) Risikomanagement in Kommunen. Public Governance Zeitschrift für öffentliches Management Summer. Institut für den öffentlichen Sektor, Berlin, pp 12–15

Bergmann A (2009) IKS in öffentlichen Verwaltungen. Ein traditionelles Instrument wird aufgefrischt. Der Schweizer Treuhänder 8:545–548

COSO (2013) Internal control – integrated framework. Framework and appendices. Committee of

Sponsoring Organizations of the Treadway Commission, Jersey City
Dietiker Y, Hunziker S (2015) Schritt für Schritt zum Risikomanagement. Kommunalmagazin 3:16–22
Domokos L, Nyeki M, Jakovac K, Nemeth E, Hatvani C (2015) Risk analysis and risk management in the public sector and in public auditing. Public Finan Q 1:7–28
Doody H (2009) Fraud risk management: a guide to good practice. CIMA, London
Farrugia S (2002) A dangerous occupation? Violence in public libraries. New Libr World 103(9):309–319
Heynen N, Wartenweiler A (2014) ONR 49000:2014 – Alter Wein in neuen Schläuchen? http://www.risknet.de/themen/risknews
Hunziker S, Dietiker Y, Schiltz K, Gwerder L (2015) Ganzheitliche Risikosteuerung in 10 Schritten. Haupt, Bern
International Organisation for Standardisation (2009) ISO 31000:2009. Risk management – principles and guidelines. https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-1:v1:en
Marchetti A (2012) Enterprise risk management best practices: from assessment to ongoing compliance. Wiley, Hoboken
Offerhaus J (2009) Risikomanagement der Öffentlichen Hand – Erfahrungen aus den angelsächsischen Ländern. In: Scholz F, Schuler S (eds) Risikomanagement der Öffentlichen Hand. Physica-Verlag, Heidelberg, pp 79–116
Parton T, Rajarao V, Skalak S (2009) The global economic crime survey. https://www.pwc.com/gx/en/economic-crime-survey/pdf/global-economic-crime-survey-2009.pdf
Pfister J (2009) Managing organizational culture for effective internal control: from practice to theory. Contributions to management science. Physica-Verlag, Berlin
RiskNET (2014) Fehlanzeige: Risikomanagement in Kommunen. https://www.risknet.de/themen/risknews/fehlanzeige-risikomanagement-in-kommunen/85f11f364fb448913174ccc7296eabf7/
Sartor F, Bourauel C (2013) Risikomanagement kompakt. In: 7 Schritten zum aggregierten Nettorisiko des Unternehmens. Oldenbourg, München
Schwarting G (2015) Risikomanagement in Kommunen. Schmidt, Berlin
Sobel P, Reding K (2004) Aligning corporate governance with enterprise risk management. Manag Account Q 5(2):29–37
Strohmeier G (2007) Ganzheitliches Risikomanagement in Industriebetrieben. Grundlagen, Gestaltungsmodell und praktische Anwendung. DUV, Wiesbaden
Wengert H (2013) Corporate risk management. Springer Gabler, Berlin
Woods M (2009) A contingency theory perspective on the risk management control system within Birmingham City Council. Manag Account Res 20(1):69–81
Zhao X, Hwang B, Low S (2015) Enterprise risk management in international construction firms: drivers and hindrances. Eng Constr Archit Manag 22(3):347–366

# Public Administration Theory

Tansu Demir
Department of Public Administration, University of Texas at San Antonio, College of Public Policy, San Antonio, TX, USA

## Synonyms

Intellectual history of public administration; Public administration and theory; Public administration research; Theoretical foundations of public administration

## Introduction

Although public administration has existed since the dawn of civilization, its study as a discipline is fairly recent. It is common in the literature to trace its modern foundations to the late nineteenth century. In his often-cited article, which is titled "The Study of Administration," Woodrow Wilson (1887) proposed public administration as a field of study separate from political science, focusing on the efficient implementation of legislative policies. This is known today as politics-administration dichotomy. According to this notion, politics covers all those processes that lead to legislative policymaking, embodied in public laws with clear goals and explicit value choices. Public administration, however, is more concerned with implementation of public policies by applying specialized knowledge and technical skills and aims at translating legislative goals into concrete accomplishments. As such, there is a clear line drawn between political and administrative spheres of government, "as if each function works best as an independent variable, capable of being improved in isolation, without endangering or interfering with the other side" (Martin 1988, p. 632). With further contributions from other scholars such as Goodnow and White, this dichotomy evolved into a normative theory of public administration drawing the boundaries of the field. Following WWII, however, this theory has

been questioned and ultimately discredited. Since then, the scope of the study of public administration has expanded, and today it is characterized by a stunning diversity, in terms of subject areas, foci of studies, and methodologies in use.

## What Is Public Administration? Some Definitions

Corollary to the diversity in the field, it is easy to find many different definitions of public administration (PA):

- PA can be defined as all processes, organizations, and individuals associated with carrying out laws and other rules adopted or issued by legislatures, executives, and courts.
- PA is concerned with the management of public programs.
- PA is the production of goods and services designed to serve the needs of citizens-consumers.
- PA is the accomplishing side of government.

## Public Administration as an Interdisciplinary Field

In the early developmental years of the field, a strong emphasis was placed on efficiency, and the study of public administration was driven by efforts to discover administrative principles that advance the goal of making public organizations more efficient in the fulfillment of their daily duties. The scope of public administration was limited to policy implementation. Early writings in the field focused on this aspect of public administration, mostly bringing to attention its technical, planning, analytical facets. Writers such as Frederick W. Taylor (1911) and Henry Fayol (1916, 1949) provided important tools to aid in obtaining the goal of efficiency. Gulick (1937), in the "Notes on the Theory of Organization," proposed POSDCORB as major functions of public administration, meaning planning, organizing, staffing, directing, coordinating, reporting, and budgeting. This approach to public administration was consistent with the fever of the times, namely, the progressive (good government) movement, an era of passionate search for government reforms that would make administration more efficient (Adams 1992).

Following World War II, however, this limited focus on efficiency and structure received substantial critiques from both scholars and practitioners for empirical and normative reasons. The sharp demarcation between politics and administration was quickly discredited. It was often noted that "a theory of public administration in our times means a theory of politics too." There was a shift from an emphasis on a science of administration to one of placing administration in its larger social setting (Gaus 1950). Principles-based approach to public administration has been discarded as being useless and inherently contradictory by Simon's (1946) well-received critique. Following the horrors of WWII, the issues of power, ethics, and politics received increasing attention and have been subjected to research in the field. Norton Long's (1949) article entitled "Power and Administration" is particularly important to note. Long (1949) made a strong case about why practitioners/students of public administration must study and understand power, given the political structure and culture in the nation. As he put it boldly: "power is the lifeblood of administration." In the early, developmental years of public administration, theoretical development of the field was more inductive, using single case studies and limited observations and focusing on various administrative problems to generate insights that would help practitioners of public administration. This method of inquiry has been viewed weak by some and insufficient to produce generalizable findings. Methodological rigor, as pointed out very often, was lacking. As a result of this need to propose and test more rigorous theories, researchers in the field began to use more quantitative methods and statistical procedures to test their theories.

Over the years, public administration has become a more interdisciplinary field, benefitting from the findings of many cognate disciplines. Today, public administration draws significantly from economics, political science, business, sociology, anthropology, psychology, social psychology, and philosophy, among others. Principle

agent theory, game theory, and network theories and their extensive use in public administration research are indicative of the expansion of interests both in theoretical scope and methodologies (Kettl 2000).

## Public Administration Theoretical Interests

As far as topical interests, it is hard to find a broad consensus in the field regarding what are or should be the central themes in the field. Several authors attempted in the past to identify such common themes, yet it is easy to find significant diversity in the research. Stillman (1991), for, example, states that contemporary public administration thought is an argument, a dialectic among competing models, ideas, and concepts that ultimately turns on the questions: What is the ideal state? The good society? The purpose of community? A review of scholarly journals in public administration will provide a stunning array of diversity on topics studied and methodologies utilized. Diversity characterizes research in public administration. There are possibly a few topics that can be identified as big questions of the field, yet conclusive answers are hard to come by for those big questions. Based on a systematic survey of published research, Perry and Kraemer (1986) put forward two areas of study as being particularly important in public administration: "The study of characteristics that distinguish public administration from other administration and political-administrative system interface" (cited in Box 1992, p. 66).

Scholars also note peculiar challenges of public administration in generating rigorous, widely applicable theories (not necessarily universally valid). For example, in one of the earliest accounts, Dahl (1947) noted some of these challenges. The difficulty to separate normative values from the study (unlike natural sciences), dealing with humans and their (difficult to predict) behaviors, and impossibility of isolating human (or administrative) behavior from the social setting within which behavior takes place make search for widely applicable theories particularly challenging.

## Usefulness of Public Administration Theory

How useful public administration theory is? Since public administration is an applied field, that is, there is a sector of society, identified as implementers of public policy, the field is particularly focused on generating usable knowledge to practitioners of public administration. This is a question posed very often in the literature and is of critical importance because it concerns relevance of public administration discipline. Critics note the disconnection between academe and practice, due, in large part, to the focus, purpose, and language used to code information by researchers (Box 1992). Cunningham and Weschler (2002), in their article titled "Theory and the Public Administration Student/Practitioner," question the usefulness of public administration theory and offer an alternative way to make the field more relevant to practitioners. The authors state that there are two groups of practitioners, line and staff, with each group having a different set of problems to face and solve. Line managers need theory and learning experiences to deal with unstable environments. Staff people, however, enjoy working with abstract systems, and they prefer learning the necessary technical information to incorporate into their reports from authoritative sources such as textbooks and teachers. Line managers prefer working with people where theories related to negotiation, leadership, and organizational behavior are taught most effectively by connecting principles to practice through role-play, simulations, and other experiential learning activities. They argue that public administration research primarily engages staff managers. Having identified the different needs of line and staff managers, Cunningham and Weschler (2002) propose a postmodernist approach to make public administration theory and teaching more relevant to practitioners. Recent studies and surveys also point out to the disconnection between academe and practice (known as two communities approach), showing that policy makers do not appear to use or value academic research in its fullest potential (Newman et al. 2016). As public administration scholar Gaus (1950) once noted, "it is precisely

the day-to-day, intimate activities of governments that can give us hints of those human needs, capacities, and practices from which we may be able to put together a tentative, working hypothesis of government to set alongside the older ones" (p. 168).

## Future of Public Administration Theory

If past gives us some hints about the future course, it should not be very difficult to make some humble predictions on the future of public administration theory. What happens in the field will continue to shape theoretical development of public administration. Privatization, devolution, and public-private (and nonprofit) collaboration will have a significant impact on theoretical developments. As traditional hierarchies are replaced with partnerships and networks, very often with blurred boundaries, new areas of research are emerging. What is the role of public administration in these networks? How can effectiveness be enhanced? How can conflicts be solved and productive work be maintained? Given the relative youth of public administration, as compared to other more established fields such as economics and political science, public administration will continue to draw from the research and methodological innovations of other social science disciplines. It is a necessity, as various historical, sociological, economic, and other conditioning factors have given public administration its peculiar character in each country (Dahl 1947).

Kettl (2000) posed three questions to focus in the years ahead. First, what should replace the field's reliance on hierarchy? As Kettl argues organization theories of networks and political theories of governance can provide much help in answering this question. Second, what should be the field's approach to the policy/administration dichotomy? It is likely that there will be a significant effort continuing in the years ahead to support alternative models (e.g., complementarity model). Third, how can public administration ensure the systematic testing of its theoretical propositions and advance the state of theory? Given the past critique about the lack of rigor in public administration research, this issue will likely remain important.

As political, social, economic, and cultural forces continue to change, public administration and its theoretical direction, including its scope and boundaries, will adapt. Globalization is such a change that adds another dimension to study of public administration, because the process of globalization affects administrative systems in a significant way. Welch and Wong (1998) list information technology, global institutions, and efficiency as three important pressures caused by globalization which will need more attention and research in the field.

## Cross-References

► Politics and Administration

## References

Adams GB (1992) Enthralled with modernity: the historical context of knowledge and theory development in public administration. Public Adm Rev 52(4):363–373

Box RC (1992) An examination of the debate over research in public administration. Public Adm Rev 52(1):62–69

Cunningham R, Weschler L (2002) Theory and the public administration student/practitioner. Public Adm Rev 62(1):104–111

Dahl RA (1947) The science of public administration: three problems. Public Adm Rev 7(1):1–11

Fayol H (1916, 1949) General and industrial management. Pitman Publishing, Ltd., London

Gaus JM (1950) Trends in the theory of public administration. Public Adm Rev 10(3):161–168

Gulick L (1937) Notes on the theory of organization. In: Gulick L, Urwick L (eds) Papers on the science of administration. Columbia University, New York

Kettl DF (2000) Public administration at the millennium: the state of the field. J Public Adm Res Theory 10(1): 7–34

Long N (1949) Power and administration. Public Adm Rev 9(4):257–264

Martin DW (1988) The fading legacy of Woodrow Wilson. Public Adm Rev 48(2):631–636

Newman J, Cherney A, Head BW (2016) Do policy makers use academic research? Reexamining the "two communities" theory of research utilization. Public Adm Rev 76(1):24–32

Perry JL, Kraemer KL (1986) Research methodology in the Public Administration Review, 1975–1984. Public Adm Rev 46:235–240

Simon H (1946) The proverbs of administration. Public Adm Rev 6(1):53–67
Stillman RJ (1991) Preface to public administration: a search for themes and directions. St. Martin's Press, New York
Taylor FW (1911) The principles of scientific management. Harper & Brother, New York
Welch E, Wong W (1998) Public administration in a global context: bridging the gaps of theory and practice between western and non-western nations. Public Adm Rev 58(1):40–49
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222

## Public Administration Theory Versus Practice in Ghana

Abdulai Kuyini Mohammed
Department of Political Science,
University of Ghana, Legon, Accra, Ghana

### Synonyms

Causes; Consequences; Gaps; Models; Philosophies; Public affairs; Public management; Reality

### Definition

Public administration plans, organizes, and executes tasks for the delivery of goods and services to citizens. It is concentrated in the executive branch of government. Models or theories of public administration prescribe how the bureaucratic tasks ought to be performed. So this chapter asks whether there is a gap between public administration theories and reality in Ghana.

### Introduction

Public administration provides numerous services to the public and serves their interests in many diverse ways. It ensures the security and protection of life and property of the members of society by maintaining proper law and order. The day to day function of government and the economic, cultural, and political development of society as well as national defense and the conduct of external affairs depend on the public administrative system. It is public administration that translates political intentions expressed in policies into public purposes (Robinson 2015). In other words, policies rely on public administration to be effective. Once choices are made, activity must be directed at achieving the intended objectives. This is the domain of administration, in which services are delivered, taxes collected, and laws enforced (Bridgman and Davis 2004: 15). A government stands or falls on its policy choices. Characteristically this implies depending on bureaucrats who work for government. The work of public servants is driven by the policy priorities of the government of the day (Bridgman and Davis 2004).

In order to achieve efficiency and effectiveness in public service provision, public administration should be underpinned by theories of the world, models of cause and effect. Theories and models are necessary and useful in guiding the work of public administration. Models and theories help clarify and direct our inquiry on the tasks of public administration. They facilitate communication and suggest possible explanations for bureaucratic actions (Bridgman and Davis 2004). To successfully carry out the mandate of public administration, we need some guidelines, some criteria of relevance to focus our efforts and to prevent aimless search through seemingly infinite volume of data. Public administration theories give direction to our inquiry.

The public administration systems in advanced industrialized countries have witnessed paradigm shifts. And because of the benefits of theories as a roadmap for the conduct of public business, each paradigm shift has been associated with one or more theoretical models about how the public sector should be organized and run to achieve efficiency and effectiveness. The most widely acknowledged paradigms are the traditional model of public administration; the new public management; and the new public governance. The most significant theoretical principle of the traditional model of administration is Weber's theory of bureaucracy. This theoretical model

of public administration is characterized by among others hierarchical organization of government agencies; permanency of staff; neutrality and anonymity of officials; and appointed officers serving any government party equally (Hughes 2003: 17). The new public management (NPM) paradigm which was ushered in on the heels of the criticisms of the public sector that was predicated on the Weberian model of administration is underpinned by profoundly different theoretical foundations of economics and private management. The tenets of NPM include: emphasis on results in terms of value for money, to be derived via management by objectives; the use of markets and market-like devices; competition and choice; and devolution to staff through improved alignment of authority; and responsibility and accountability (Haque 2007). The New Public Governance (NPG) is unlike the traditional model of public administration (TMPA) and the NPM. Its focus is neither on bureaucratic hierarchy and administrative interest of the TMPA nor the managerial discretion and contractual mechanisms associated with NPM. The NPG places citizens rather than government at the center of its frame of reference (Robinson 2015). It is much broader in that it is construed as the formulation and execution of collective action.

The public administration paradigms and theories that have been explicated here were a brain child of the developed countries. These industrialized countries developed them in response to the shifting circumstances pertaining to their contexts. Nevertheless, these paradigms and theories were imported into developing countries for application hook and sinker without modifications to suit their contexts. But the contexts of Third World countries are different and are expressed in such features as unstable social and political environments; poverty, inaccessibility to accurate and up to date information, ill health, illiteracy, low standards of living, low bureaucratic capacity, and unemployment are other common phenomena This raises the question of: whether symmetric outcomes can attend the application of the developed world's theories in developing countries' contexts. This question is asked because the unfavorable environmental conditions increase pessimism surrounding the efficacy or appropriateness of using the developed world's theories to guide the conduct of public administration in developing countries. Specifically, the study asks the following questions: (1) Are paradigm shifts in public administration discernible in Ghana? (2) Are the theoretical perspectives undergirding respective public administration paradigms discernible in Ghana? (3) Are the theories adequate or appropriate in guiding the conduct of public administration in Ghana? (4) What are the consequences of the junction or disjunction between the theories and the practice of public administration in Ghana? (5) How can the theories be modified to more appropriately align with the conduct of public administration in Ghana?

This chapter is organized such that after the introduction part two expounds on the paradigms of public administration and their associated theories. In part three, the evidence of the application of the public administration approaches to the conduct of public administration in Ghana is presented. In the fourth part, the implications of the junction or disjunction between the theories and conduct of public administration are distilled. The final part concludes with recommendations for creating a better alignment between the theory and practice of public administration in Ghana.

## Paradigms of Public Administration and Their Associated Theoretical Underpinnings

There are numerous studies of public administration and public sector reforms in the first world. Models of public administration in the Third World have generally drawn on experience in advanced countries and public sector reforms have often mirrored reform initiatives originating in OECD countries. Several frameworks have been developed to classify and analyze different approaches to public administration and public sector reforms in developed nations. Most of these are concentrated on the transition from the Old Public Administration to the New Public Management that occurred in the 1980s and 1990s. From 2000, there was a discernible trend

towards an emerging model variously termed the "new public service," the "new public governance," or the "post-New Public Management" (Osborne 2006). As mentioned earlier, each of these approaches to public administration is associated with a distinct philosophy and conceptual framework (Denhardt and Denhardt 2011). Many developing countries have followed a similar path of approaches and reforms to those in more advanced countries through broader governance agendas supported by development partners.

This article limits itself to the broader shift in approach set out by Osborne (2006) who outlines three modes of public administration and management and, by association, their principal characteristics as follows: Public Administration (PA-statist and bureaucratic), New Public Management (NPM- competitive and minimalist), and New Public Governance (NPG-plural and pluralist).

## The Old Public Administration

Informed by the thoughts of Max Weber, the dominant approach to public administration for much of the twentieth century drew on a model of bureaucracy based on the twin principles of hierarchy and meritocracy. It replaced the patrimonial systems of administration where patronage and favoritism dominated government decisions and public appointments. This approach had a number of distinctive features: it relied on centralized control; it set rules and guidelines, it separated policymaking from implementation, it employed a hierarchical organizational structure; it put accent on political neutrality; it stressed impersonality; and it provided standardized services to the public (Hughes 2003). The maxims were efficiency and effectiveness in the management of budgetary and human resources.

This command and control model of public administration was the basis for bureaucratic systems which spread across the globe under colonial rule and then after independence in most Commonwealth countries including Ghana (Robinson 2015). Other jurisdictions embraced variants of this model, chiefly basing on French and Japanese experience, where political factors influenced public appointments under a centralized bureaucratic model. This model was successful in a number of countries, particularly in Singapore where the post-independence political leadership established a high quality and efficient civil service along these lines. A similar approach was followed in China in the context of a one-party state. But many postcolonial states suffered deterioration in the quality of governance and the effectiveness of public administration in subsequent years as neo-patrimonial tendencies turned into reality and state resources and public appointments were subject to the personal influence of political leaders and their followers (McCourt 2013).

By the late 1970s and 1980s, the bureaucratic model was challenged. Some of the criticisms were that: hierarchical structures are not necessarily the most efficient of organizations if comparing outputs with inputs; bureaucracy may be ideal for control but not necessarily for management; the bureaucratic model engenders certainty but is usually slow in moving; and work may be standardized, but at the cost of innovation (Hughes 2003: 32).

## The New Public Management

The problems with the bureaucratic model led to the introduction of the New Public Management (NPM). The NPM refers to a series of novel approaches to public administration and management that emerged in a number of OECD countries in the 1980s. The NPM model emerged in response to the limitations of the old public administration in adjusting to the demands of a competitive market economy. While cost containment was a key impetus in embracing NPM approaches, infusing principles of competition and private sector management was at the core of the NPM approach (Robinson 2015).

The menu of NPM reform initiatives includes a list of measures which are a very difficult bundle to wrap together neatly. Some countries have experimented with one or two of these kinds of reforms while others have adopted all of

them: decentralization, privatization, incorporation, deregulation, and introduction of executive agencies, internal markets, or the use of the purchaser-provider split, as well as tendering or bidding schemes, just to mention a few. The most salient features of the NPM include: improved service delivery; responsiveness; transparency and accountability; merit recruitment; greater autonomy and flexibility for administrators and managers; contract appointments; performance management; new financial techniques; reduction in red-tapeism and rigidity; public private partnerships; and results-orientation (Hughes 2003; Pollitt and Bouckaert 2004).

Commentators questioned the appropriateness of NPM reforms in the context of weak capacity and political support especially in developing countries, emphasizing the existence of supportive institutional and political conditions as a condition for success, and of building core public sector capacity as the priority for public management reforms. The consequences of NPM were extensive, providing a long-lasting and steady agenda for reform, but with a mixed record of success and failure (Hood 2004; Pollitt and Bouckaert 2004).

## The New Public Governance

As a result of the conceptual and practical problems encountered with the old public administration and new public management approaches, the new public governance model was developed. The New Public Governance (NPG) approach as proposed by Osborne (2010) adopts a very different starting point from the two earlier public management paradigms. Unlike the stress on bureaucratic hierarchy and administrative interest as the defining features of the old public administration and the managerial discretion and contractual mechanisms associated with NPM, the NPG approach places citizens rather than government at the center of its frame of reference (Robinson 2015). It is much broader in that it is construed as the formulation and execution of collective action. Thus, among others, it encompasses the direct and indirect roles of formal institutions of government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision-making, and delivery of public services (Robinson 2015). The NPG approaches public management from the angle of democratic theory, premised on the notion of an active and involved citizenship.

## The Gaps in the Literature

In assessing the discrepancies between theory and practice of public administration, there is often exclusive focus on determining whether the principles that are being implemented are the tenets of the theories and what outcomes are produced in relation to the congruence, or otherwise, of theory with practice. Attention is hardly, if at all, paid to distinguish between the outcomes resulting from half-hearted implementation of the foreign models, simultaneous operation of different components of foreign models, and operation of a dualistic framework of foreign and local models. These three types of gaps which are usually ignored should also be counted in the assessment of the disjunction between public administration theory and practice. The traditional assessment approach is a misleading or a partial effort because the predicted outcomes should not be expected where the theories have been implemented half-heatedly. For example, the execution of the principle of meritocracy in appointment and promotion of civil servants in Ghana is a sham because few applicants are selected on the basis of merit while others are picked on account of "technical know-who," that is, who you know but not what your expertise and capabilities are – half-hearted implementation of the bureaucratic model. The politicization of the bureaucracy through allowing politicians to choose their agency heads under the NPM violates the Weberian model's principle of political neutrality of the civil service – co-action or conflict of different components of foreign models. In some other cases, the models are implemented to the

letter but the predicted outcomes are not achieved due to environmental factors which impose constraints on the attainment of objectives. In some other cases, the imported public administration models are applied in parallel with home grown ones to create a dual system. For example, in Ghana during the military governments especially under the Armed Forces Revolutionary Council (AFRC) and Provincial National Defense Council (PNDC) regimes, parallel institutions like military tribunals and citizen vetting committees were set up and operated alongside formal institutions like the courts and the auditor general's department (Mohammed 2018). Moreover, the indigenous mode of local administration based on ascriptive norms like heredity and kinship that existed in Ghana is still operating alongside the exogenously adopted modern system of administration particularly in rural communities. This makes it difficult to determine which model produces what outcomes. Instead of separating the different types of theory-practice disjunction and their associated outcomes, we bracket them and use the bracketed brush to evaluate the theories. Thus, our failure to distinguish between the different types of gap in our assessment of public administration theory and practice is misleading.

## Criteria for Evaluating Gap Between Theory and Practice of Public Administration

Evaluation of any policy cannot simply take account of the stated objectives for change (Chapman et al. 1997: 208). In this connection, the criteria that are used to evaluate the congruence of public administration theories with practice in Ghana derived from arguments that have advocated changes in public administration philosophies and paradigms in the literature.

In conducting the evaluation, the traditional assessment based on whether the theories have expression in practice and the outcomes that attend their implementation are counted. Also counted are other gaps that is, the half-hearted implementation of the foreign models; co-existence and co-action of components of different foreign models; and operation of a dualistic framework of foreign and domestic models. Each of these gaps produces its own outcomes in the conduct of public administration. This reality should be recognized in the evaluation of the foreign models but it is not.

## Adoption of Public Administration Models in Ghana

Ghana has adopted all the three models of public administration identified earlier to varying degrees. Ghana inherited the bureaucratic model from the British colonizers who applied it in the country. From the late 1980s to the 1990s, the country introduced the donor-inspired NPM reforms epitomized by the Economic Recovery Program and Structural Adjustment Program. From the 2000s onwards, the country embarked on the good governance program (Ohemeng and Ayee 2016).

## Adoption and Implementation of the Bureaucratic Model

The bureaucratic model of public administration emerged largely in Western capitalist nations. According to Max Weber, the model is characterized by prescribed rules and procedures, official documents, hierarchy of authority, selection based on merit, and separation of private or personal life from office (Hughes 2003). One of the distinct features of this model is the "rationalization" of collective action in order to achieve the "highest degree of efficiency" (UNDP 2004: 9). Since Western countries themselves had already applied this bureaucratic model in their own administrative affairs, it was quite natural that they deploy it as well in their former colonies in different parts of the world. Applying the bureaucratic model in the colonies, which stressed maximum hierarchical loyalty, the imperial powers surmised, offered an effective means for them to govern their colonies.

However, unlike the bureaucratic model that evolved endogenously in Western nations, the imitative version of this model imposed

exogenously on developing countries during colonial rule often diverged from their real-life administrative practices (Haque 2007). Thus, a distinction should be made between the bureaucratic model found in Western nations, and the colonial-bureaucratic model in developing countries – the latter usually held the "formal" principles of bureaucratic model but showed considerable deviations in "actual" practices.

In Ghana, this colonial-bureaucratic model came to provide the guiding principles for modernizing state administration. It largely replaced the indigenous mode of local administration based on ascriptive norms like heredity and kinship that existed in almost all African societies (Olk 2003). The adoption of the bureaucratic model in the colonies was inspired by its perceived strengths (e.g., rationality, efficiency, predictability, merit principle, and political neutrality) rather than its frequently criticized adverse outcomes or dysfunctions. Thus, in Ghana, the British colonial government gradually institutionalized the bureaucratic model of administration based on the assumption of political neutrality and hierarchical loyalty. The British model was predicated on a ministerial view of government structure. Under this structure, appointed career bureaucrats are found in almost all positions in the upper levels of the hierarchy (except as ministers) and therefore control most of the key positions in the decision-making process. This was maintained as the fundamental model of administrative organization. However, practice diverged greatly from the bureaucratic model of administration as practiced in Britain in at least three important respects.

First, the staff, particularly those posted to the Gold Coast (name of Ghana before independence), were not the most suited for effective public administration. This was because the personnel preferences of the Colonial Office in Britain, which was responsible for the colonies, largely reflected colonial objectives. Bureaucratic positions were filled not on the basis of merit but on patronage, and frequently, candidates were selected for reasons other than ability (Isichei 1977). This forced Casely Hayford to bemoan in his 1903 condemnation of the colonial system that "patronage rules the day at Downing Street. . .Consequently, there is a class of men who, as human nature goes, would be most obedient, humble, servants of the Colonial Office" (Isichei 1977). Administrative competence was not prioritized as a yardstick, instead political and personal connections were given prime of place. Isichei's (1977: 214) description of the bureaucratic officeholder is apt and joins Burn's (1949) portrayal of the caliber of the civil servant then. She lamented that, "some [of the personnel] were escaping from financial problems or personal unhappiness, some were demobilized soldiers after the World Wars, some saw it as the only choice during the depression years, some were attracted by the prospects of change, adventure and outdoor life." Kuklick (1979: 13) corroborates this description of the caliber of the colonial civil servant. She asserts that for some of the personnel, service in the colonies "seemed to represent only one in a series of attempts to find exotic adventure." She added that, "many were obviously escaping from an untenable situation at home," some saw it as "the only avenue open to them," and still "others made the choice as an act of desperation, undertaken only after past failures."

Second, in the application of the bureaucratic model in Ghana, the colonialists offended the political neutrality principle. This is because the "long grade" officers, the junior members of the colonial administrative service combined political and administrative roles in themselves. They ruled the indigenous population in the provinces and the districts, at the lowest levels of the colonial bureaucracy (Asante 2005). Originally, this category included only the assistant district commissioners, district commissioners, and provincial commissioners. But an even more junior rank, the cadet, was later added (Asante 2005). Despite the fact that these officers were the most junior in the establishment, they wielded considerable powers and decision-making autonomy because of the prevalent poor communication facilities between their stations and the administrative headquarters where the higher officers were located (Asante 2005).

The district officers carried out a wide range of duties. They were the immediate agents of

the Governor in their districts, and their responsibilities extended to all departments, which did not have special representatives at their stations. Thus, in addition to the main functions as magistrates and political officers (the officers responsible for the maintenance of satisfactory relationships between the natives and the central administration), they typically were in charge of detachments of police, the districts' financial account, prisons, road construction, waterway clearing, or any other public works. In addition, they had to be able to perform the role of veterinarian, healthcare dispenser, botanist, and forester (Asante 2005: 60).

Third, there was absence of comradeship; there was prevalence of sectionalism, and class-culture within which officials who were posted to the colonies were perceived to be inferior to those in the home office in Britain. The Colonial Office in Britain perceived officials in the colonies as "ignorant, untrustworthy, quarrelsome, and indiscreet" (Kuklick 1979: 85–86). On the other hand, officers who were in the colonies regarded their superiors in London as "uninformed meddlers who should refrain from exercising the unwarranted close control over the colonies" (Kuklick 1979: 86).

The above exposition indicates that members of the colonial service were not the most suited for the demanding tasks involved in decision making and administration of territories, some of which were larger than Britain itself. The impact of such a milieu of public administration on the functional efficiency of the Colonial Office and the bureaucracy in the colonies was perhaps predictable. There was no mutual trust and respect; neither was there an attitude of cooperation among individuals and agencies within the establishment. The Colonial Office and the civil service in the colonies were therefore not effective institutions for public administration.

Dr. Nkrumah led the country to independence in 1957 and became its first post-independence leader. Although he inherited the bureaucratic model from the colonizers, he was bent on reforming it. His frustration about the bureaucracy stemmed from the fact that it was considered too slow to act – a perceived attribute which was thought to be undermining the achievement of the political goal of rapid socioeconomic development (Gyimah-Boadi and Rothchild 1990). Accordingly, this fed the impetus for the extreme politicization of the bureaucracy, a move which was an affront to the Weberian model of political neutrality of the civil service. Occupants of the top echelons of the hierarchy were replaced as heads of institutions by party members. Dr. Nkrumah resolved that, "he would see to it that there were no civil masters as under colonial rule but civil servants carrying out the policy decided by the cabinet" (Gyimah-Boadi and Rothchild 1990: 233). Dr. Nkrumah warned that, "it is our intention to tighten up the regulations and to wipe out the disloyal elements of the civil service even if by so doing we suffer some temporary dislocation of the service. For disloyal civil servants are no better than saboteurs" (Nkrumah 1961: 173). And indeed, as Gyimah-Boadi and Rothchild (1990) notes because "senior officers were regarded with suspicion," Dr. Nkrumah ensured that the bureaucracy was firmly brought under the control of the political executive.

An effective strategy Dr. Nkrumah adopted to bring the bureaucracy firmly under political control was the establishment of several parallel bureaucratic apparatuses, to carry out national development. These parallel bureaucratic structures included state-owned enterprises, specialized secretariats like State Planning Commission, the Productivity Center, the Water Resources and Power Secretariat, and the Civil Service Commission. All these institutions were outside the regular public services and brought under the Office of the President, who exercised direct control over appointments (Ohemeng and Anebo 2012). This deteriorated the already frosty relationship between bureaucrats and the Nkrumah's government because it not only overpoliticized the public service but it also created coordination problems for it in national development efforts. The coordination problems arose from the fact that some of the organizations and sectors became silos which grossly undermined sociopolitical and economic growth (Ohemeng and Ayee 2016). Accordingly, an administrative confusion was created for the state, a labyrinth

aptly characterized as the politics of institutional dualism.

From the fall of the Nkrumah's regime in 1966 to 1981 when the Rawlings-led Provisional National Defense Council (PNDC) took over the reins of government, there was considerable turbulence in the application of the Weberian model of public administration. Government successions were frequent principally via military takeovers with the exception of the late 1969 to early 1972 and from September 1979 to December 1981, when civilian governments ruled. Like in the Nkrumah's time, public sector reforms were also undertaken in this period which adversely affected the sector's effective functioning and performance. The reforms affected the tenets of the bureaucratic model of public administration that was inherited from the British.

The National Liberation Council (NLC) was the first military regime in Ghana, which toppled the Nkrumah government in 1966. The measures it took that affected the Weberian model of public administration were several First, it attempted to politicize the civil service by substituting politically appointed regional and district commissioners with administrators who were civil servants (Gyimah-Boadi and Rothchild 1990). Second, it enticed the participation of the bureaucracy in conjunction with the business community in the NLC's National Economic Council (NEC), which exercised control over economic policies.

The membership of NEC included five senior civil servants and two financial professionals. The governing style of the NLC and NEC, according to Kosack (2012), was reminiscent of the approach of the British. That approach ensured that public administrators were at the center and administered at the local level via alliances with tribal chiefs and through centrally appointed bureaucrats. Third, it pressured the bureaucracy to operate on the basis of the command and control style as pertained to the military. The command and control style was justified by the junta on the basis that the rational bureaucratic model of public administration bred tardiness of the civil service and lacked a sense of urgency.

The way the bureaucratic model was applied to public administration during the Busia's regime (1969–1972) was similar to what obtained under the NLC rule. The period witnessed bureaucrats as cornerstones in sectoral policy making particularly economic policy. Similar to the NLC regime, these technocrats were drafted externally including those who had worked with the World Bank and the IMF. It was clear that the policy terrain was dominated by politicians and bureaucrats from international governmental organizations, which led to the loss of policy ownership by local decision makers. In other words, the bureaucracy was over politicized, which was contrary to the Weberian model of neutrality of the civil service. The politicization of the bureaucracy was made even sharper when the Busia government dismissed 568 civil servants for alleged inefficiency and incompetence. However, many observers believed that the dismissals were politically motivated. The political motivation thesis is supported by the fact that a disproportionately large fraction of the dismissed was sympathizers of the Nkrumah's regime (Frempong 2007). The court order to reinstate the dismissed public servants was ignored by the government. Moreover, the government's quest to enhance efficiency and productivity in the economy via austerity measures as well as cost imposed on the civil service further alienated the bureaucracy and exacerbated tension between the political and administrative worlds.

During the civilian elected People National Party (PNP) led by Dr. Limann (1979–1981), Ghana aimed among others at guaranteeing the autonomy of public administration and political non-interference through the creation of the Public Service Commission in 1979. The commission was created by amalgamating three institutions, which were, namely, the Establishment Secretariat, the Management Services Division (known previously as the Office of Government Machinery), and the Establishment Unit of the Office of the President (Ayee 2001). Among others, the commission was assigned the task of guaranteeing the merit principle especially through hiring and promotion, and administrative efficiency (Ayee 2001). Successive governments neither dismantled this architecture for delivering public administration nor expressly abandoned

its tenets. The question that arises is: Has the creation of the Public Service Commission delivered on the goal of achieving the autonomy of public administration and insulation from political interference?

The military government of the PNDC (1981–1992) which toppled the Limann's administration envisioned that for the civil service to be effective, it needed a transformation which would remove the bad nuts, reorient its culture, sharpen its skills, and enhance its responsiveness to public service customers. Accordingly, many civil servants were summarily dismissed, while others were accused of corruption and incompetence. Those who were accused of corruption were arraigned before the freshly constituted public tribunals and slapped with long prison sentences. This measure made civil servants who remained in the service to feel a sense of insecurity, intimidation, and political victimization, as well as political control and cooptation.

One of the structural changes that the PNDC introduced was the redesignation of the position of principal secretary (highest rank in the bureaucracy) to that of chief director. The chief director was appointed on the basis of both merit and partisanship. Ascension to the position was no longer to be based on only merit and career progression in the service, but outsider political sympathizers and supporters were also eligible for consideration for appointment (Barnes 2014). This precedent measure of the PNDC was copied by successive civilian elected governments in the fourth republic (1993 to date).

An important component of partisanship in Ghana is a culture of patronage, which has implications for public administrators. The recruitment process for public office is sometimes not based on the merit principle but rather on other factors such as political affiliation, family connection, and ethnic origin (Ayee 2011). This is an affront to the bureaucratic model's tenets of meritocracy in selection and political neutrality of bureaucratic officeholders. The implication of this is that there is an atmosphere of insecurity in the public service which is not conducive to long-term policy formulation and implementation. The turnover of personnel in the public service has also created an experience and expertise gap, which has tended to affect the capacity and capability of the public service to deliver its core mandate.

The politicization of the bureaucracy has been pronounced in the new democratic dispensation (1993 to date). A case in point was the nomination of Opoku-Manu and Oteng Adjei, Chief Directors (equivalence of principal secretary) of the Ministry of Finance and Economic Planning and Ministry of Energy, respectively, by the then ruling National Democratic Congress (NDC) to stand as parliamentary candidates for the Asante Akim North constituency and the Bosomtwe constituency, respectively. The nominations of these candidates were challenged by the then opposition New Patriotic Party (NPP) as not only in contravention of the constitution but also the Civil Service law. Both pieces of law debar civil servants from engaging in politics while still holding their bureaucratic positions. To the disappointment of the plaintiff, the court ruled on November 21, 2000 that the NDC's measure did not constitute an act but only a mere intention.

Per the ruling, the Supreme Court failed to clarify whether public administrators should participate in partisan politics or not. This ruling endorsed the policy preference of the then NDC government and not the plaintiff NPP, because the said individuals could continue to function in their bureaucratic capacities as Chief Director of the Ministry of Finance and Energy Ministry, respectively. Simultaneously, they could continue to campaign as parliamentary candidates for the said constituencies. This is despite the fact that the 1992 Constitution and other legal documents like the Civil Service Law, 1993 (PNDC Law 327) debar public administrators from engaging in partisan politics.

The impartiality of some public administrators has sometimes been questioned not because they acted against the wishes of politicians but because they colluded with them. In particular, there is concern that some public administrators not only advised politicians on ways to get around government guidelines but they also helped politicians to misinform the public. Some public

administrators lobby politicians and some award contracts without the knowledge of sector ministers (Wereko 2008). In addition, the blurring of the lines between government and party matters has not helped in resolving the dilemma of public administrators. Some public administrators have themselves begun to make public their disquiet at the increasing political pressure which they feel they are under. This pressure, they argue, makes it harder for them to be impartial. In part, this can be explained by the wide powers given to the President by the Constitution. Government matters and party matters have sometimes become blurred and there appears to be an increasing tendency for politicians to use public administrators for what used to be considered as party political matters, such as representing ministers or politicians at some ceremonies, acting as the political heads of the ministries in the absence of substantive ministers and deputy ministers or sending press notices which are fundamentally political. Public administrators have felt reluctant to refuse to help because they are worried that they might lose their jobs or their prospects of promotion (Ayee 2009).

A change of government entails an overhaul of the top echelons of the public administrative hierarchy to bring in new faces. The Head of the Civil Service and Chief Directors (the administrative heads of government ministries) had either lost their jobs or redeployed with a change in government since the return to democratic rule in 1993. For example, in 2009 under the then newly elected NDC government of President Atta Mills, there was a case of the transfer of the Northern Regional Police Commander to Accra for allegedly leaking sensitive information to the media. The police boss was subsequently ordered by the Regional Minister to leave a meeting of the Regional Security Committee. Similarly, when in the December 2016 elections the National Democratic Congress (NDC) government under ex-president Mahama lost power to the Nana Akuffo-led New Patriotic Party (NPP) administration, many top ranking bureaucrats either lost their jobs or were transferred to less glamorous positions or environments. The dismissals that have generated much heat and discourse in the media and other public forums are the firing of the Communication Director of Ghana Gas, Mr. Alfred Ogbamey, Controller and Accountant General, Mr. Seidu Kotomah, and the Medical Director of the Ridge Regional Hospital, Dr. Thomas Anaba (The Al-hajj 2017). The Medical Director of the Ridge Hospital filed a writ in court challenging his dismissal but nothing has been heard about it.

In total, 13,000 public sector workers most of whom were hired during the 8 year rule of the NDC have been dismissed in the first 5 months (January to June, 2017) after Nana Akuffo Addo assumed government (Al-hajj 2017). Some of the organizations that have been affected by the dismissals included the National Service Scheme (205 employees); COCOBOD (110 middle level employees); Ghana Police Service (265 recruits); National Security (525 personnel); National Health Insurance Authority (200 staff); Youth Employment Agency (216 employees); and Driver and Vehicle Licensing Authority (100 employees) (The Al-hajj 2017). This is akin to the dismissal of some 568 selected public servants by the NPP administration's forebear government of Prime Minister Busia (Asante 2005). At that time, Mr. Sallah, then a manager of the Ghana National Trading Corporation and one of the 568 dismissed public servants, challenged the legality of his sacking in the Supreme Court. The court ruled against the dismissal and ordered the government to re-instate the dismissed workers but the government refused to re-instate those (Asante 2005).

These dismissals are in contravention of the bureaucratic model's tenet which states that regardless of changes in government civil servants are expected to remain in office without any fear of being sacked or fired unless found guilty of any offence contrary to the ethics of the office (Hughes 2003). Among others, the essence of the permanency principle is that it ensures the continuity of government and its services to the people. It also provides the government with officers with adequate experiences and administrative sophistication.

## Adoption and Implementation of NPM

The NPM seeks to change the culture of the public service with the introduction of private sector ideas such as improved service delivery, responsiveness, transparency, accountability, merit recruitment, greater autonomy and flexibility for administrators and managers, contract appointments, performance management, new financial techniques, reduction in red tapeism and rigidity, privatization, public private partnerships, and results-orientation (Haque 2001). These features are aimed at depoliticizing the public service to ensure that managers or administrators take responsibility for the achievement of results, and a change in political-administrative relationship from master-servant relationship (Cameron 2010). The questions which need to be raised and addressed are: Has Ghana adopted the NPM? Does the NPM model match its practice in Ghana?

The PNDC which seized power in December 1981 took over an economy which was in shambles. The economy was in an advanced state of collapse as soaring prices and acute scarcities had made life desperate for many Ghanaians (Kraus 1991). The socioeconomic conditions were dire because: inflation rose to 116.5% in 1981; tax revenue fell from 17% of GDP in 1973 to only 5% of GDP in 1983; per capita GDP fell rapidly by 3.2% between 1970 and 1981; mineral production index fell by 32; cocoa production reduced from 285,000 mt in 1979 to 225,000 mt in 1982; infant mortality rose from 86 per 1000 to 107–120 per 1000 during 1980–1983 (helped by drought and near famine); real minimum wages plummeted from an index of 75 in 1975 to 15.4 in 1981, or 80% (Kraus 1991).

The above difficult and trying socioeconomic conditions in Ghana occurred at the time when the New Public Management (NPM) revolution was going round the world. This managerial revolution contained some measures with a promise to deal with Ghana's economic malaise. One of the measures was the structural Adjustment Program (SAP) of the Bretton Wood institutions. Because the SAP spoke the NPM language and held the hope of salvaging the Ghanaian economy, the PNDC government embraced it. After unsuccessfully experimenting with socialist programs for a year, the PNDC introduced the Structural Adjustment program (SAP) and the Economic Recovery Program (ERP) in response to high inflation, government deficits, declining productivity, and deteriorating social conditions. The program which has been implemented consistently since 1983 entailed free market policies. For the purpose of tackling fiscal deficits, the PNDC was compelled to remove subsidies on the prices of food and other necessities and reduce spending on education and social welfare programs. Other measures the government undertook under SAP included: devaluation of the national currency; removal of price controls on manufacturing products; privatization of government industries; retrenchment of public sector workforce with the attendant reduction in income particularly for low income classes (Ohemeng and Ayee 2016; Jeong 1998). For example, in the case of downsizing the civil service, the number of civil servants paid each month (including those in extra-ministerial departments) fell from 131,000 in August 1987 to 108,000 in March 1992, a decline of 17%. The NPM inspired Civil Service Reform Program (CSRP), therefore, succeeded in strengthening the mechanism for the control of the size of the civil service. In regard to privatization, a total of 78 public enterprises were listed for divesture in 1987 (Gyimah-Boadi 1997). With respect to contract appointment, the usual job security in the public service was replaced, and still being replaced, by short-term appointments based on contracts, and the tradition of guaranteed promotion is being undermined by the hiring of skilled private sector managers for top positions (Glover-Quartey 2007). Some ministers, for instance, have employed consultants for the same work which could be done by public administrators (Ayee 2013). This has reinforced political control over career activities of civil servants.

In 1994, the civilian NDC government (1993–2000) (which metamorphosed from the PNDC) enacted a new Civil Service Law and launched the Civil Service Performance

Improvement Program (CSPIP) aimed at tackling the service's structural and performance culture (Antwi et al. 2008). The CSPIP introduced a performance management system, with the objective of enabling the government to hold the service accountable for policy development and delivery (Ohemeng and Ayee 2016). Despite these strides, the performance of the bureaucracy did not improve significantly and this led the NPP government under President Kuffour (2001–2004 and 2005–2008) to prioritize public sector reforms on its policy agenda. The government prepared a comprehensive plan that embraced all the elements of civil service reform. This culminated in 2003 to the creation of the Ministry of Public Sector Reform (MPSR) as the core institutional hub for administrative reforms (Glover-Quartey 2007). From the MPSR, the government developed a Citizen Charter to further build capacity for actual service delivery, while at the same time ensuring accountability to public service customers. It also endeavored to enact a law to launch a new performance management. Notwithstanding these strides, by 2008 these efforts were either abortive (in respect to the new performance management regime) or, in regard to the Citizen Charter, execution was fraught with challenges (Ohemeng and Anebo 2012). The unsuccessful nature of all these reforms forced the Mills led-NDC government that was ushered into office in 2009 to introduce, in 2010, its "New Approach" to public sector reforms.

The New Approach was predicated on reconfiguring the public sector process in a fashion that would link public administration to broader national development based on the government's manifesto titled "A Better Ghana Agenda." The reforms unlike previous ones were sector-driven in that it gave ministers primary responsibility for, and made them proactive in, tapping resources for public sector reform for their sector programs (Ohemeng and Ayee 2016). The new approach required that sector ministers identify reform needed to support their sector programs and job creation proposals. The needs identified were then to be submitted to Cabinet for approval for implementation at the sector level (Ohemeng and Ayee 2016). The main thrust of the new approach was performance management. This entailed first government entering into performance contracts with ministers of state on the basis of mutually agreed targets and programs to enhance delivery and performance. This arrangement was borne out of the government's belief that its remit was to deliver public services to citizens and the private sector in a way that generated both opportunities for all and improved standards of living (Ohemeng and Ayee 2016). It envisioned that it could deliver on these goals through effective accountability which could be garnered through performance contracts between the president and the ministers, and between the ministers and their subordinates. However, these reforms were ineffective for a number of reasons. These included: the narrow focus on political commitment to reforms; exclusion of frontline bureaucrats from the process of reforms; limited capacity of the bureaucracy and politicians; and lack of synergy between the government, the private-for-profit and the non-governmental sectors (Ohemeng and Ayee 2016).

## Adoption and Implementation of the NPG

The authoritarian government style of the PNDC that shut the door to consultation and participation of civil society in public affairs changed with the changed political environment at the end of 1992. Ghana moved from authoritarian dictatorship to democratic governance in 1993 and has since stayed on the democratic track. This shift was made possible partly as result of the economic gains which were chalked from SAP from 1983 to 1990. Notwithstanding the gains of SAP, there were still lingering development challenges in Ghana. This raised concerns about the appropriateness of the donor-inspired policy framework of SAP (Stiglitz 2000). The World Bank in particular expressed disquiet about the private sector continued exclusion from the policy-making process (Hutchful 2000). However, such consultation and solicitation could only occur in a liberal political environment and not an atmosphere characterized by a culture of as under the PNDC regime.

This recognition of the importance of participation in development enticed the Breton Woods institutions and the donor community to declare the need for Ghana to liberalize its political environment and embark upon what it referred to as "good governance." The World Bank defined good governance as the "exercise of power in the management of a country's resources for development" (World Bank 1994: 3). There was overwhelming agreement that proper management of Ghana's resources could be achieved through new patterns of interaction between government and society, as well as various stakeholders and concerned groups (Mohammed 2013). Accordingly, good governance developed as a system that would permit societal groups to participate in the decision-making process of the state. These societal groups, in addition to state-sponsored institutions, were to oversee government activities to ensure public accountability. The question that needs to be investigated is: Has Ghana matched the rhetoric of good governance with practice?

Attempts at fostering state-society interaction and the institutionalization of inclusive politics have been made in the new democratic dispensation (1993 to date) with desirable outcomes in some instances. This represents a deviation from the elitist and exclusionary approach to public affairs in the one-party era of the Nkrumah's government (1957–1966) and military dictatorships of the NLC (1966–1969), NRC (1972–1979) and PNDC (1981–1992) regimes.

In Ghana over the past decade, a number of major national exercises were conducted, to promote public participation in policy-making. Between 1993 and 1994, the government held a series of regional and subregional forums to formulate a long-term plan for the social and economic development of the country. The result was a national document, *Ghana: Vision 2020,* which envisioned transforming the country to a middle-income economy by the year. In 1997, a National Economic Forum, based on nationwide public hearings, was held in Accra, the national capital, to review the general direction of the national economy and initiate policies to strengthen *Vision 2020*. In the same year, the Structural Adjustment Participatory Review Initiative was launched. And in 2001, a national economic dialogue was held within a similar participatory framework, culminating in the Ghana Poverty Reduction Strategy (GPRS) Paper. Participatory processes were also employed in the design and implementation of the Renewable Natural Resources Strategy as well as the Pension Reforms More recently, in 2010 an elaborate consultative process to review the 1992 Constitution was launched at the behest of late President Atta Mills (Mohammed 2013). Moreover, only 2 weeks ago, that is, February 8, 2019, a participatory forum was held by the Minister of Fisheries to agree on the timing and duration of a "Close Fishing Season," period when fishing in the sea and rivers will be banned to allow the fish breeding season to travel its full length (Citi News 2019). The fishers themselves suggested dates and were agreed to by the Fisheries Ministry. This made the fishers to own the process and commit to the dates and bans. Attempts to unilaterally imposed "The Closed Season" in 2018 by the Ministry of Fisheries failed because of lack of consultation with relevant stakeholders (Citi News 2019).

Despite these efforts at inclusive governance, there have been several instances of elitism and exclusion in the conduct of public affairs. In these instances the government neither consulted relevant stakeholders nor allowed public input into the development of public policies. These policies and the years they were made include: the Value Added Tax (1995); STX-Korea Housing Deal (2010); Cancelation of Teacher and Nurses Trainee Allowances (2016); Granting of Refuge Status to Two Guantanamo Bay Detainees (2016); National Health Insurance Scheme (2003); Mandatory Toll Levy (2017); and Ghana's New Spying Bill (2016) (Mohammed 2013).

## Dualistic Framework of Foreign and Domestic Models

As indicated earlier, home grown models may be established to operate along foreign models. For instance, the military government

of Flt Lt. Rawlings, the Provincial National Defense Council (PNDC) (1981–1992) established revolutionary organs like the People's Defense Committees (PDCs) and Workers Defense Committees (WDCs) in various cities, towns, villages, and workplaces, including the civil service. These institutions were part of a schema by the regime to incorporate new groups into the planning and implementation of state programs and thereby decentralize the government structures. This dual systems conflated lines of authority, confused organizational missions, and brought about diffused rather than a coordinated approach to the conducted of public business. Ohemeng and Ayee (2016) agree, arguing that the dual system was an administrative labyrinth for the state, which weakened the ability of the authorities to co-ordinate public development. This was because some "sectors became silos, causing loss of coordination, which significantly undermined sociopolitical and economic growth" (Ohemeng and Ayee 2016: 287). In this dualistic framework, attributing causality of success or failure to deliver on the mandate of public administration to one or the other of the models in the dual system became extremely difficult. This peculiarity in the implementation of the Western models in developing countries like Ghana should be taken cognizance of in the literature, but it is not.

In some remote parts of Ghana such as Tidan, Kubalim, Warbogu in the Zabzugu District and Adwafo, Pippie, and Nkaasi in the Bosomtwe District, the traditional governing system centered on the chief and his council of elders still operates alongside modern government (Mohammed 2016). Here, the village chief and his council of elders still vest themselves with combined executive, legislative, and judicial powers. Cases are still being tried at the chief's palace; maintenance of law and order is still the responsibility of the chief as there is no police presence; the chief's palace is still a fortress of refugee for the persecuted and the oppressed; taxes are still being collected on behalf of the modern state on the basis of non-meritocratic chief-nominated revenue collectors; community development programs are still being organized under the auspices of the traditional authorities; in the absence of qualified health personnel, herbalists and traditional birth attendants have filled the void playing a prominent role in the healthcare delivery system; and the provision of water and sanitation services are the responsibilities of villagers. Some of these rural communities are so inaccessible that hardly does the arm of modern government reach out to them. The only time they come in contact with modern government is when they are called upon to vote or when politicians navigate through thick and thin to go and canvass for their votes as in Nkaasi and Abaasi located on the banks of Lake Bosomtwe. Also in circumstances of extreme distress such as natural disaster, disease outbreaks of imaginable proportions, or civil conflict, the state intervenes by dropping relief items or airlifting disaster management or health staff to set up make-shift camps to attend to victims.

The traditional system of government and public administration sometimes conflicts with, and other times complements, the modern system. It complements the modern system when, for example, a traditional birth attendant makes a safe delivery in lieu of which service there would have been birth complications or maternal deaths. It is in conflict with the modern system when, for example, palace ruling fails to dispense justice – e.g., old women accused of witchcraft and banished to witches camps with hardly any necessities of life or young girls of school going age betrothed to fetish shrines and their priests to atone for alleged sins committed, or debts incurred, by their parents in a "Trikosi" system (Mohammed 2013). The traditional system lacks personnel with the requisite skills and professional expertise; it is also unable to raise funds to meet its obligations. Accordingly, it has created for itself an unpleasant image, in most cases, of ineptitude and incompetence. Nevertheless, it has become a necessary evil that complements the modern administrative system.

From this exposition, it can be surmised that the criticisms of inefficiency, irresponsiveness, and ineffectiveness sometimes leveled against the public administration system as arising from the inappropriateness or inefficacy of foreign public administration models in the Ghanaian context are misplaced. These criticisms should rather be

attributed to the malfunctioning of the dual system, with the home grown system being disproportionately responsible for the inefficiencies and ineffectiveness.

## Discussion

The analysis in this chapter indicates that of the different types of theory-practice gap of public administration enunciated earlier, four are discernible in the public administration milieu in Ghana. These include: half-hearted implementation of the foreign theories; application of the foreign theories without reaching the predicted outcomes; co-existence and co-action of tenets of different foreign models; and parallel operation of foreign and domestic models.

In respect to half-hearted implementation of the theories, although Ghana was under British colonial rule (with the colonizer well experienced in bureaucratic administration at home), in the Gold Coast (name of Ghana before independence), the British administrators themselves deviated from the Weberian model. One of the deviations was that the public administrators performed the dual roles of politics and administration. This dualism undercut the tenet of political neutrality and legal-rational attribute of the bureaucratic model. In addition, their selection of officeholders was based on patronage rather than merit. The deviation from the bureaucratic model was also blamed on the residual paternalistic and kinship-based rule that existed in Ghana during the precolonial period. District colonial officers were supposed to organize the natives into functional hierarchies along the traditional system of undemocratic rule which was inconsistent with the bureaucratic model. Yet, by supporting and protecting the chiefs, the officers earned the chief's obligation to follow instruction of the government. This in turn assisted in securing and exalting the officials' positions.

Upon gaining independence, Ghana adopted the Western parliamentary and presidential systems of politics and inherited the bureaucratic model of public administration. However, huge departures from the politico-administrative arrangement occurred for a variety of reasons. These included the one-party rule, military dictatorship, and corruption and clientelism. For example, the promulgation of the 1960 constitution converted Ghana into a one-party state and conferred life presidency on Dr. Nkrumah, as well as gave him veto power, and power to dismiss judges and decree laws. This turned him into a harsh constitutional dictator. Imposition of successive military governments for much of Ghana's life as an independent country led to highly centralized government processes and marked degree of social disintegration and economic stress. In such scenarios of authoritarian ideology, public administration merely administers commandments and decrees (Vyas-Doorgapersad 2011: 238) instead of objectively providing policy advice. Even in the current democratic dispensation, Ghanaian governments, like their counterparts in most African countries, are still characterized by executive dominance of governmental power. In such a climate, the bureaucracy defers to the executive and this makes bureaucrats either political or passive suppliers of policy advice.

Thus, despite the fact that the public administration system of independent Ghana formally professed the bureaucratic principles such as structural hierarchy, rational decision-making, political neutrality, just to mention a few, in practice, the system operated as a "bureaucratic polity," departing a great deal from the Weberian model of bureaucracy. The term "bureaucratic polity" originated from Fred W. Riggs who applied it in his work on Thailand. It means a system of government characterized by military rule, political cooptation of top civil service, and patronage and corruption (Haque 2007). These pervasive characteristics of the Ghanaian bureaucratic polity portrayed considerable departures from the aforementioned tenets of a rational bureaucracy.

With regard to the NPM, it has proved difficult for Ghana to drastically change the past state-centric structures (including the legacy of colonial bureaucracy, postcolonial one party rule and military dictatorship) and adopt a market-oriented administrative model like NPM. In particular, properly written contracts are tainted with

collusion and corrupt processes. For instance, the service contract that the Accra Metropolitan Assembly (AMA) awarded to Town and Village Waste Limited (TVWL) was kept secret, but when it leaked out to the public, serious questions on conflict of interest were raised. The chief executive (the mayor) of the AMA was a member of the board of directors of TVWL when the contract was awarded. Other members of the board of the company were known members of or sympathizers of the ruling political party without any experience or expertise in waste management. Given all this, the TVWL became an untouchable private agent of the AMA in a supposedly principal-agent relationship (Awortwi 2012). Furthermore, the performance contracts between the President and his ministers and between the ministers and their chief directors in the Mills-led NDC government were never signed. And implementation of the performance contract policy was ad hoc and ineffective (Ohemeng and Ayee 2016). Moreover, the politicization of the civil service has not ended and the administrative system remains vulnerable to vested interests.

In reference to the application of foreign theories without reaching the predicted outcomes, a number of factors are blamed for it. These include lack of capacity, lack of resources, political instability, and lack of contestability and competition. For example, in terms of contestability and competition, in Ghana the small size of the economy particularly in the rural areas does not allow for contestability and competition to emerge. Not only are there few qualified contractors but also those deemed qualified are lacking the required capitalization, expertise, human resource, and experience to mount successful bids (Awortwi 2012). The few qualified contractors also move from one local jurisdiction to another to compete for contracts. Thus, the receiving jurisdictions are neither able to grow their own local contractors nor necessarily select the most competent vendors to do the job. The deduction from this is that the foreign theories are presented as if countries around the world have the same or comparable levels of capacity, resources, large markets and stable political systems, and accountability apparatuses and culture to successfully implement the theories. This study draws attention to the inadequacies in the developing context for successfully prosecuting these public sector reforms agendas. So the predicted outcomes are frequently not achieved in the developing context not because the theories are inappropriate but for the fact that conditions needed for their successful implementation are absent.

Pertaining to the coexistence and coaction of tenets of different foreign models, elements of old public administration theories and paradigms may coexist and coact with those of current models. In doing so, they may work at cross purposes {with the elements of the stronger model(s) undoing those of the weaker one(s)} or they may concert in achieving the same objectives. For example, in Ghana some elements of the NPM work against some tenets of the bureaucratic model in one vein, while in another they are complementary. To illustrate, the NPM seeks to change the culture of the public service with the introduction of private sector ideas such as improved service delivery, responsiveness, transparency, accountability, and merit recruitment (Hughes 2003) – all of which are measures the bureaucratic model also espouses. These features are aimed at depoliticizing the public service to ensure that managers or administrators take responsibility for the achievement of results, a change in political-administrative relationship from master-servant relationship (Cameron 2010).

Nevertheless, some of the features of NPM also support politicization of the civil service which the bureaucratic model rejects. For example, the call for political leaders to choose their agency heads may require some sympathy with political goals or pursuits. This has the potential of undermining the neutrality and non-partisanship of the bureaucracy as required under the traditional model of public administration (Hughes 2003). Furthermore, the NPM is seen by political leaders as a reassertion of political control over the career bureaucracy. Thus, the coexistence and coaction of principles of the bureaucratic and NPM models toward the same ends or at cross purposes, as explicated above, make attributing which specific model compelled which specific

outcome or gap between the theory and practice of public administration very difficult.

Concerning the operation of the dualistic framework of foreign and domestic models, the indigenous model of public administration and government was, and still is, predicated on autocratic-paternalistic rule and kinship-based authority. This was disrupted, albeit not dismantled, by colonial rule and postcolonial government and administrative modernization. The traditional system operates on the basis of reciprocity rather than legality and it is still the foundation of the Ghanaian society today. Loyalty is to the visible existing person, not to an abstract principle as in modern government (Mohiddin 2008). Ethics about public property or services are such that misappropriation or executive or bureaucratic abuse are routinely tolerated, as long as the perpetrator is "one of us" and not "them." On the other hand, the modern system functions on the basis of legality, rationality, impartiality, and accountability, which are at loggerheads with many of the principles of the traditional system. Since the two systems work together, one may have preponderance over the other in some locations. This is precisely the case in the rural areas where the indigenous model holds sway and has eclipsed or virtually obliterated the modern models.

The implications of applying these exogenous public administration models in Ghana, as in other developing countries, are several. The implementation of the colonial bureaucratic model culminated in the conflation of politics and administration and led to the degradation of politics, expansion of bureaucratic power, erosion of civil society, and establishment of an over-developed bureaucracy vis-á-vis other realms of society in Ghana.

The introduction of NPM reforms has had negative consequences for Ghana. For example, the adoption of NPM features into public reforms in Ghana has diminished the "publicness" of public servants. The major causes and objectives of these public sector reforms have been, among others, to: overcome public sector inefficiencies; correct the inherent obstacles to the publicness of the public service, including its accumulation of excessive power, lack of accountability and representation, indifference towards public needs and demands, official secrecy and inaccessibility, and role in depoliticizing the public sphere (Haque 2001). However, the NPM business-like reforms in governance have been blamed for diminution of the publicness of the public service in regard to its institutional and normative identity, composition of recipients, pattern of socioeconomic roles, degree of accountability, and level of public trust (Ayee 2013). Put differently, the reforms have "resulted in negative trends—the erosion of public-private distinction, the narrow composition of service recipients, the weakening role of the public sector, the worsening problems of accountability, and the declining level of public trust" (Haque 2001: 67). Notwithstanding the justification of political decision makers that public sector reform or reinvention can reduce people's anti-government sentiment and revive their confidence in government, there is an increasing degree of public distrust or cynicism toward public governance, which implies its diminishing publicness.

Moreover, NPM via its streamlining of the public sector, reduction in government subsidies, and service delivery predicated on user-charges has affected low income families adversely. Government and donor partners responded by introducing the Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD). However, PAMSCAD did little to alleviate the high cost of living. Others blame NPM pro-market reforms for diminishing the state's financial and regulatory capacity and the increased vulnerability of Ghana's economy to external economic powers.

The disappointing outcomes of NPM-inspired public sector reforms provoked advocacy for a novel public service, which is predicated on democratic citizenship, community and civil society, and organizational humanism and discourse theory (Denhardt and Denhardt 2000). The initiatives in the new governance reforms in Ghana converted authoritarian rule to democratic government, guaranteed civil liberties like freedom of speech and assembly, and enticed citizen participation in public affairs. Nevertheless, citizen participation in representative democracies is intended to supplement, not replace,

representative governance (Woodford and Preston 2011). As such, citizens do not have authority over policy decisions and essentially perform an advisory role (with the exception of binding referenda, which are seldom applied in Ghana). As a democratic instrument, participation is therefore a contradictory process. On one hand, the state encourages citizens to get engaged. On the other, it leaves them dependent on government officials for access, information, and action (Woodford and Preston 2011). Meaningful participation occurs when the potential exists that citizen involvement will shape policy decisions, which requires that public administrators and policymakers be committed to genuinely considering citizen input in policy analysis and decision-making. These conditions are relatively absent in Ghana. Nonetheless, CSOs are now aware that they have unique opportunities to play an important role in the new democratic dispensation in, for example, acting as a countervailing center of power and empowering people.

## Conclusion

This study set out to investigate the congruence of public administration theories with practice in Ghana. The evidence showed that a considerable gap exists between prescription and reality largely because the models were imported from the developed world without tailoring them to suit the Ghanaian context. Thus, contextual factors constrained the attainment of the predicted outcomes of the foreign models. The other reasons for the gap are: the half-hearted implementation of the foreign models (which made attainment of the predicted outcomes of the models difficult); simultaneous operation of components of different foreign models (which in many instances worked at cross purposes and made attribution of success or failure to achieve outcomes to any one of them difficult); and the operation of a dual system of foreign and indigenous models (which established a dualistic decision-making framework which made initiatives or policies unreliable and often contradictory).

In the above Ghanaian milieu in which public administration was, and is still, being conducted, high-level decision makers ought to rethink their extant fashion of enunciating administrative principles and practices predicated on the theories that almost exclusively were imported from different developed countries. They ought to evaluate their own contextual circumstances, take cognizance of their people's aspirations and needs, and thereby fashion out a more pragmatic and indigenous problem-based administrative theories and frameworks that can overcome the theory-practice disjunctions and negative outcomes produced by such imported models of public administration. Nevertheless, the Western administrative models can still provide the heuristic for drawing appropriate best practices while eschewing inappropriate ones.

## Cross-References

► Public Policy and Governance: Theory and Practice

## References

Al-hajj (2017) Akufo Addo sack 13,000 public sector workers. https://www.ghanaweb.com. Retrieved 9 June 2017

Antwi KB, Analoui F, Nana-Agyekum D (2008) Public sector reform in Sub-Saharan Africa: what can be learnt from the civil service performance improvement program in Ghana. Public Adm Dev 28:253–264

Asante MS (2005) Deforestation in Ghana: explaining the chronic failures of forest preservation policies in a developing country. University Press of America, New York

Awortwi N (2012) Contracting-out local government services to private agents: an analysis of contract design and service delivery performance in Ghana. Int J Public Adm 35:886–900

Ayee JRA (2001) Civil service reform in Ghana: a case study of contemporary reform problems. Afr J Polit Sci 6(1):1–41

Ayee JR (2013) Public administrators under democratic governance in Ghana. Int J Public Adm 36(6):440–452

Bridgman P, Davis G (2004) The Australian policy handbook, 3rd edn. Allen and Unwin, Crow's Nest

Burns A (1949) Colonial civil servant. George Allen and Unwin, London

Cameron D (2010) Redefining political-administrative relationships in South Africa. Int Rev Adm Sci 76(4): 676–701

Chapman RM, Haward M, Ryaan B (eds) (1997) Local government restructuring in Australia. Center for Public Management and Policy, Hobart
Citi News (2019) News at 11.00 pm: Minister of Fisheries consults fishers on close fish season, February 8
Denhardt RB, Denhardt J (2000) The new public service: serving rather than steering. Public Adm Rev 60 (6):549–559
Denhardt JV, Denhardt R (2011) The new public service: serving not steering, 3rd edn. M. E. Sharpe, Armonk
Frempong KD (2007) Constitution-making and constitutional rule in Ghana. Paper presented at the Ghana Golden Jubilee Colloquium, University of Ghana, 1–2 March
Glover-Quartey A (2007) The Ghana civil service: Engine for development or impediment. Institute of Democratic Governance, Accra
Gyimah-Boadi E, Rothchild D (1990) Ghana. In: Subramaniam V (ed) Public administration in the Third World: an international handbook. Greenwood Press, New York
Gyimah-Boadi E (1997) Civil society in Africa: the good, the bad, the ugly, CIVNET 1(1)
Haque S (2001) The diminishing publicness of public service under the current mode of governance. Public Adm Rev 61(1):65–82
Haque S (2007) Theory and practice of public administration in South East Asia: traditions, directions, and impacts. Int J Public Adm 30(12–14):1297–1326
Hughes OE (2003) Public management and administration: an introduction. Macmillan, New York
Hutchful E (2000) Ghana's adjustment experience: the paradox of reform. James Currey, Oxford
Isichei E (1977) History of West Africa since 1800. Africana, New York
Jeong H (1998) Economic reform and democratic transition in Ghana. World Aff 160(4):218–230
Kosack S (2012) The education of nations: how the political organization of the poor, not democracy led governments to invest in mass education. Oxford University Press, Oxford
Kuklick H (1979) The imperial bureaucrat: the colonial administrative service in the Gold Coast, 1920–1939. Hoover Institution Press, Stanford
McCourt W (2013) Models of public service reform: a problem-solving approach. Policy Research Paper. Report Number WPS 6428
Mohammed AK (2013) Civic engagement in public policy making in Ghana: fad or reality? Polit Policy 41(1): 117–152
Mohammed AK (2016) Decentralization and participation: theory and Ghana's evidence. Japanese J Polit Sci 17 (2):232–255
Mohammed AK (2018) Politician-bureaucrat relation in Ghana, In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. https://doi.org/10.1007/978-3-319-31816-5_3518-1
Mohiddin A (2008) Unchecked executive powers: lessons in effective government design. Saiia occasional papers series no. 1. South African Institute of International Affairs, Johannesburg
Nkrumah K (1961) I speak for freedom: a statement of African ideology. Praeger, New York
Ohemeng FK, Anebo FK (2012) The politics of administrative reforms in Ghana: perspectives from path dependency and punctuated equilibrium theories. Int J Public Adm 35(3):161–176
Ohemeng FK, Ayee JRA (2016) The new approach to public sector reforms in Ghana: a case of politics as usual or a genuine attempt at reform? Dev Policy Rev 34(2):277–300
Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–388
Osborne S (2010) The new public governance: emerging perspectives on the theory and practice of public governance. Routledge, London
Pollitt C, Bouckaert G (2004) Public management reform: a comparative analysis, 2 edn. Oxford University Press, Oxford
Robinson M (2015) From old public administration to new public service: implications for public sector reform in developing countries. UNDP Global Center for Public Service Excellence, Singapore
Stiglitz J (2000) Economics of the public sector, 3rd ed. W. W. Norton Company
Vyas-Doorgapersad S (2011) Paradigm shift from new public administration to new public management: theory and practice. J Trans-discip
Woodford M, Preston S (2011) Strengthening citizen participation in public policy-making: a Canadian perspective. Parliam Aff 65(2):1–19
World Bank (1994) Public sector deficit and macroeconomic performance. World Bank, Washington, DC

P

# Public Administration, Governance, and Illegal Small-Scale Mining in Ghana

Alex Osei-Kojo[1] and Kwame Asamoah[2]
[1]School of Public Affairs,
University of Colorado Denver,
Denver, CO, USA
[2]Department of Public Administration and Health Services Management,
University of Ghana Business School,
Legon – Accra, Ghana

## Synonyms

Ghana; Governance; Natural resources management; Public administration; Public problems

## Definition

Illegal small-scale mining refers to mining where operators have not formally registered their sites with government (Andrews 2015).

## Introduction

The observation that public problems, such as climate change and poverty, are complex, cross-scalar, and multidimensional remains a staple of public administration scholarship. Describing the role of government in confronting such problems, Baumgartner and Jones (2015, p. 6) wrote that "governments not only face complex individual problems but also multiple problems, and these problems are not prioritized. This means that when they make progress, say on poverty, some actors might say that they are paying insufficient attention to, for example, the environment, health care, national defense, or the space race."

For scholars in public administration, the complexity of public problems explains why the field is multidisciplinary. According to Rosenbloom (2015), public administration encapsulates four broad components: politics, constitutional law, management, and administrative law. From an epistemological standpoint, public administration is a postnormal science, meaning that different values and traditions influence scientific inquiry in the field (Riccucci 2010). This implies that the methods of scientific inquiry into public problems are different from those of natural science. As a discipline, public administration is rooted in unique philosophical and theoretical premises shaping the phases of governance: problem definition, policy development, implementation, management, and evaluation.

This essay applies the philosophical and theoretical premises of public administration and the different phases of governance, to analyzing illegal small-scale mining in Ghana, known in local parlance as *galamsey.* Illegal mining in Ghana is an archetypical complex problem as it is cross-scalar, involving public, private, nonprofit sector actors interacting at the micro, mezzo, and macro levels of government. The relevant public agencies regulating the sector are the Ministry of Lands and Natural Resources, the Minerals Commission, and the Environmental Protection Agency (EPA), according to the Minerals and Mining Law of Ghana (Act 703, 2006). Private interests in the sector comprise individuals and collectives who are engaged in mining, and nonprofit organizations within the sector include the Third World Network and WACAM. Current scholarship suggests that there are multiple drivers of illegal mining, including poverty, inadequate access to mineralized land, unemployment, inefficiencies in license administration, and corruption. In short, these attributes make illegal mining a complex problem.

**Applying the Theoretical Bases of Public Administration and the Different Phases of Governance to Illegal Small-Scale Mining in Ghana.**

A core tenet of public administration is that societal values influence our understanding of public problems (Van der Wal 2008). Bozeman (2007, p. 17) writes that "a society's public values are those providing the normative consensus about: (1) the rights, benefits, and prerogatives to which citizens should (and should not) be entitled; (2) the obligations of citizens to society, the state, and one another; and (3) the principles on which governments and policies should be based." Similarly, van der Wal (2008, p. 11) defines values as "qualities and standards that have a certain weight in the choice of action." These definitions imply that while societal values define rights and obligations of citizens, they serve as principles for governmental action. Such principles are regarded as the pillars of public administration: efficiency, economy, effectiveness, and social equity.

Historically, the role of public values in public administration theorizing ignited the famous Waldo-Simon debates. The crux of this debate was whether public problems and solutions could be analyzed devoid of values. While Simon (1947) argued that values have little locus in studying public administration, Waldo (1984, p. 171) contended that ". . . administration is suffused with questions of value." In hindsight, however, both facts and values are important to understanding public problems (Riccucci 2010).

Drawing on the foregoing insights, illegal mining in Ghana has a *societal value* dimension. Based on one of Bozeman's (2007) three dimensions of societal values, which is the benefits that citizens should be entitled to (or not entitled to), the proliferation of illegal mining in Ghana could be that Ghanaians, particularly those living in mining communities, feel they have not benefited from mining wealth. The emphasis on mining communities is consequential because they are "typically located in deprived areas whose conditions have worsened because of chronic poor service deliveries" (Ayee et al. 2011, p. 11).

Locked up in abject poverty, individuals and groups engage in illegal mining as employment. Current available statistics indicate that illegal mining in Ghana is a poverty-driven activity, employing one million people directly and 4.5 million indirectly (McQuilken and Hilson 2016). Similarly, a study by Andrews (2015, p. 4) found that "the absence of socioeconomic safety nets in most mining communities has left many families, including children, into such a business." While it might be naïve to endorse illegal mining on grounds of poverty, given its environmental impacts, it is probably short-sighted for policymakers in Ghana to dismiss the values that drive the practice. The theoretical premise in public administration that public problems are value-laden implies that there is no "objective" means of defining public problems. Hence, it is necessary to incorporate societal values in defining public problems, in order provide a broad understanding to aid policy development.

As a logical step in the phases of governance following problem definition, policy development refers to the formulation of policy alternatives to solve public problems. There are several philosophical foundations of public administration that relate to policy development, but three are discussed in this essay: epistemology, the process of information gathering and application of theory. The understanding that public problems are complex raises the need for policy-relevant research. The premise is that research is useful for unpacking the complexity of public problems so as to improve understanding. But what is the *best way* to conduct policy-relevant research in public administration, given that it is a postnormal science? Insights from Riccucci's (2010) *Public Administration: Traditions of Inquiry and Philosophies of Knowledge a*re instructive. According to her, since there are different routes to knowledge the *best way* to conduct public administration research is contingent on the research question under investigation. This implies that there are different routes to studying public problems. And whichever route one takes, the research question(s) should dictate the method.

Baumgartner and Jones (2015, p. 25) argue that, confronted with complex problems, public organizations should be structured in a manner that allows them to gather information from different sources. Since public problems are complex, entropic search, which incorporates multiple perspectives of consideration into the process, is likely to lead to a solution rather than expert search, which censures differing viewpoints thereby blocking potential solutions. They conclude that ". . .if a problem is complex, or if the debate is about relative priorities among incommensurate problems, then establishing clarity may not be useful."

To maximize the utility of diverse research methods and information for policy development, it must be theory-driven. According to Frederickson et al. (2016, p. 7), such an approach enables ". . .the ordering of factual material so as to present evidence through definitions, concepts, and metaphors that promote understanding." By grounding policy development in theory, policymakers are better positioned to clearly parse the different causal drivers of public problems.

Refracting the problem of illegal mining in the prism of the foregoing arguments suggests the need for data that are collected through different methods. With qualitative inquiry dominating current analyses on illegal mining, there is an urgent need for quantitative analysis that, for instance, tests the relationship among illegal mining, poverty, and unemployment. Such analysis would help substantiate the popular claim in the current literature that poverty and unemployment are among the fundamental drivers of the practice.

At the same time, as Baumgartner and Jones (2015) have cogently argued, understanding

illegal mining in Ghana would benefit from entropic information search, which incorporates diverse information into policy development than expert information, which restricts information search. Currently, illegal miners, who constitute over 85% of small-scale miners, are not engaged in policy development dialogues and have been subject to *brutal* measures from successive Ghanaian governments such as shooting, arrests, and confiscation of assets (Hilson 2017). The policy implication cannot be missed: failure to engage illegal miners shuts opportunities to understand the nuances and dynamics of the problem. Additionally, grounding analysis of illegal mining in theory would improve understanding of the problem through systematic ordering of facts about the behavioral patterns and motivations for action that surrounds the practice.

Following policy development in the phases of governance is policy implementation and management. According to O'Toole (2000, p. 266), implementation is ". . .what develops between the establishment of an apparent intention on the part of government to do something, or to stop something, and the ultimate impact on the world of action." For Bozeman (1993), management carries the notion of applying contextual and experiential knowledge, in addition to strategy to deal with multi-organizational public problems. Policy implementation carries the idea of translating government intentions into reality, while management entails the strategy or action steps that support implementation of organizational goals. For successful policy implementation, government is required to take several steps including hiring new personnel, allocating funds, and creating new administrative structures. Understanding the factors that support or undermine implementation is therefore consequential.

The theoretical premises of public administration about implementation and management cover important themes briefly outlined here. First, while factors such as leadership commitment, availability of resources, operational adaptation, cooperation, and learning support implementation, weak organizational capacity, inadequate financial resources, and discrepancy between policy and implementation contexts undermine implementation (Goggin et al. 1990). Second, public administration scholars, in recent times, emphasize outcome of implementation as a performance measure, rather than outputs alone. The difference is that while outcome focuses on results, outputs emphasizes achievements. The call for outcome-based measurements has implications for the kind of data that can be used for analyzing program outcomes. Third, the nature of public problems demands a multi-organizational effort under a collaborative arrangement. For O'Leary (2015), collaboration across agencies and levels of government marks a radical departure from the era when Taylorism held considerable sway. She suggests three factors that explain the rise of collaboration among public agencies: (1) the scale and depth of public problems; (2) quest to improve performance of programs; (3) information sharing through technology; and (4) citizens' search for avenues of engagement.

Reflecting on the foregoing theoretical premises, the problem of illegal mining in Ghana requires a collaborative effort across agencies and different levels of government. Current collaborative efforts include the five-member interministerial committee established in 2013 by former President John Mahama "to crack down on Ghanaians and foreigners who engaged in small-scale mining." (This task force was established in May 2013 by the previous government led by John Dramani Mahama. See link for details: https://www.modernghana.com/news/719687/minister-gives-up-on-fighting-illegal-mining-wants-new-appr.html. Accessed on: September 21, 2018.) A related effort is the eight-member interministerial committee established in 2016 by the current President, Nana Akufo-Addo, to implement measures "to clamp down on the activities of illegal miners." (Further details can be found in the Daily Graphic, Wednesday, 5th April 2017, 24,41) Indeed, the current Minister of Information, Mr. Mustapha Abdul-Hamid mentioned, ". . .the preoccupation of the committee is to foster collaboration with other stakeholders, especially the media, to wage relentless war against all people who were engaged in the 'galamsey' business" (Boadu and Ngnenbe 2017, p. 24).

While these collaborative efforts are laudable, there are important observations worth highlighting. The establishment of two inter-ministerial committees on illegal mining in less than 5 years under different governments suggests a potential lack of policy continuity to solving the problem. Given that the practice is entrenched in Ghana, a long-term approach is likely to be more feasible than an adhoc, short-term approach. A long-term approach can learn from Lindblom's (1959) *Science of Muddling Through.* According to him, given that public problems are value-laden and often lack clear standards for decision-making, policies should be developed and executed incrementally. This means taking small policy steps towards broader policy goals and avoiding big policy leaps. Based on the wisdom from incrementalism, aspects of the current policy lexicon of the inter-ministerial committees such as, "to crack down," "to clamp down," and "to wage relentless war. . ." are suggestive of big policy leaps, and therefore likely to face implementation challenges.

At the same time, as has been argued previously, both committees took no steps to engage illegal miners, at least in the reports cited in this paper. The challenge with such an approach is that policy-makers miss opportunities to gain first-hand insights into the dynamics and nuances of the problem. If previous policy discussions that ignored illegal miners in policy development dialogues have not worked, then, on pragmatic grounds, it is high time policy makers actively engaged illegal miners in exploring solutions to the problem. Beyond these collaborative efforts, it is important for government to provide the needed resources to support policy implementation. A recent study by Osei-Kojo et al. (2016) found that government agencies lack the requisite resources, in terms of logistics and human capital, for effective implementation of small-scale mining laws in Ghana.

As the last phase of governance, evaluation is the basis for determining policy success or failure. According to Pressman and Wildavsky (1984, pp. 181–182), the theoretical premise of public administration regarding evaluation is that ". . .for evaluation to be effective in its expanding domain, it must be aimed at gathering data that can be used to improve the implementation process. Evaluation must allow future implementation processes to learn from errors." Clearly, the role of research and data collection for evaluation connects with several themes in Riccucci's (2010) work. To reiterate a previous point, the methods of data collection and analysis for evaluation should be guided by the research question that one intends to answer.

Applied to illegal mining in Ghana, there is the need for evaluation of both previous and present government policies in order to learn from past mistakes. Since data is central to any evaluation exercise, policy-makers in Ghana's small-scale mining sector need reliable data on questions such as: how many people are engaged in the practice and what are their motivations? Why does illegal mining continue to flourish despite several efforts to halt it? Answers to these questions – and others – would provide the needed data to support sound policy development in dealing with the problem of illegal mining in Ghana.

## Conclusion

This paper apllies the philosophical and theoretical foundations of public administration and the different phases of governance, to analyzing a public problem. Focusing on Ghana, the essay argues that illegal mining is an archetypical public problem, which is value-laden. Such values suggest that practice proliferates because people feel they do not benefit from the distribution of mining wealth, and therefore have to engage in illegal mining to survive. Further, understanding illegal mining in Ghana requires application of research methods based on questions under investigation, expansion of the process of information gathering to allow information diversity, and situation of analysis in theory. Additionally, government must endeavor to provide the needed resources to support implementation and effectively manage collaborative efforts in tackling the problem. Last, policies on illegal mining can only be judged as a success or failure based on rigorous evaluation.

The theoretical underpinnings of public administration are applicable to the different but related phases of governance, as shown here. Such an endeavor may have its limitations, as problems will continue to grow in complexity and solutions may not always be found. Yet, it remains useful to scholars and practitioners in better understanding and explaining the world of public administration.

## Cross-References


- ▶ Complexity and Governance
- ▶ Environmental Governance
- ▶ Stakeholder Analysis and Wicked Problems


## References


Andrews N (2015) Digging for survival and/or justice? The drivers of illegal mining activities in Western Ghana. Africa Today 62(2):2–24

Ayee JRA, Søreide T, Shukla GP, Le TM (2011) Political economy of the mining sector in Ghana. In: Policy Research Working Paper 5730. World Bank, Washington, DC

Baumgartner FR, Jones BD (2015) The politics of information. Chicago University Press, Chicago

Boadu KA, Ngnenbe T (2017) Government sets up interministerial committee on galamsey. Daily Graphic 5:2017

Bozeman B (ed) (1993) Public management: the state of the art. Jossey-Bass, San Francisco

Bozeman B (2007) Public values and public interest: counterbalancing economic individualism. Georgetown University Press, Washington, DC

Frederickson HG, Smith KB, Larimer CW, Licari MJ (2016) The Public Administration Theory Primer. Westview Press, Boulder

Goggin ML, Bowman AO'M, Lester JP, O'Toole L (1990) Implementation theory and practice: toward a third generation. Scott Foresman/Little Brown, Glenview

Hilson G (2017) Shootings and burning excavators: some rapid reflections in the government of Ghana handling of the informal galamsey mining 'Menace. Resources Policy 54:109–116

Lindblom CE (1959) The strength of muddling through. Public Adm Rev 19(2):79–88

McQuilken J, Hilson G (2016) Artisanal and small-scale gold mining in Ghana: evidence to inform and action dialogue. International Institute for Environment and Development (IIED), London

O'Leary R (2015) From silos to networks: hierarchy to heterarchy. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York, pp 84–100

O'Toole LJ (2000) Research on policy implementation: assessment and prospects. J Public Adm Res Theory 10(2):263–288

Osei-Kojo A, Asamoah K, Yeboah-Assiamah E (2016) Implementing small Scale mining laws in Ghana: insights from the prestea Huni Valley District. Administratio Publica 24(3):235–256

Pressman JL, Wildavsky A (1984) Implementation. University of California Press, Los Angeles

Riccucci NM (2010) Public administration: traditions of inquiry and philosophies of knowledge. Georgetown University Press, Washington, DC

Rosenbloom DH (2015) The public context. In: Guy ME, Rubin MM (eds) Public administration evolving: from foundations to the future. Routledge, New York, NY, pp 1–17

Simon H (1947) Administrative Behavior. Macmillan, New York

Van der Wal Z (2008) Value solidity: differences, similarities and conflicts between the organizational values of government and business. Doctoral Thesis, Vrije University, Amsterdam

Waldo D (1984) The administrative state: a state of the political theory of american public administration. Homes and Meier, New York


# Public Administration: A Bibliometric Research


Pedro Antonio Martín Cervantes, María del Carmen Valls Martínez and Salvador Cruz Rambaud

Economics and Business Department, University of Almería, Almería, Spain


## Synonyms

Bibliometrics; Comparative analysis; Lines of research; Public administration

## Definition

Employment of bibliometrics to detect the "stylized facts" of the Public Administration throughout the twentieth century, reviewing chronologically its evolution as well as, among other

aspects, the main topics, and lines of research considered by this discipline.

## Introduction

The frequent use of conceptual fallacies such as the *fallacy of virtue* or the *argumentum ad novitatem* usually obscures the focus of any scientific research both insofar as it is considered that a specific field of knowledge is preferable to another if it comes from a relatively modern idea or line of research and, equally, if it comes from a certain historical-sociological period. The study of the Public Administration faces the same problem: the pretentious starting point of presupposing that this Science starts from the "Western World" began throughout the nineteenth century at the dictate of the liberal-bourgeois revolutions derived from the thought of the Enlightenment, is completely wrong: the first rudiments of the Public Administration can and should be located in the "Fertile Crescent" of the Middle East several millennia ago (Farazmand 1998, 2011b). Sometime before Western scholars came to wonder whether the Public Administration is really more an art than a Science, the archaic civilizations of this area of the globe (Farazmand 1999a) were self-regulating according to a series of moral-ethical codes that should be taken into consideration and that should guide the researcher of this phenomenon to two clear conclusions: On the one hand, Public Administration begins at the exact moment in which the human being begins to socialize and, on the other hand, the problems of today that try to be solved by means of Public Administration are essentially the same ones that the first human civilizations already knew (Farazmand 2015). The only aspect that has changed over time, and in an increasingly dizzying way, is the context in which modern societies coexist, which is why the Public Administration has been specializing in various areas, as reflected in the specialized literature of the last century.

In fact, as L. von Stein, one of the fathers of this scientific discipline, anticipated, "Administration is all what I cannot name," that is, a wide range of sciences that encompasses and conditions an enormity of topics that are entirely dependent on each historical context. This entry of the encyclopedia aims to provide a global image of the main defining features of this research, in other words, its "stylized facts" characterizing it and systematizing them on the basis of bibliometrics. To this end, it is used the set of bibliometric procedures elaborated by Cuccurullo and Aria (2017) in order to highlight the most important topics in the field of Public Administration research between 1906 and 2020. The structure of the entry is as follows: firstly, the multifaceted character of this discipline is highlighted, taking as a reference point several key works by A. Farazmand, essential to contextualize the current literature. A brief bibliometric review is then presented, to finalize the conclusions to be derived from this contribution.

## The Changing Context in Which the Contemporary Public Administration Operates

How it has already stated, neither the human being nor the Science of Public Administration has changed, but the superstructure in which it is put into practice. At present, several elements affect this field of knowledge, such as the unquestionable repercussion of globalization (Farazmand 1999c, 2006, 2015), the efficiency of public administrations in the face of crisis and emergency contexts (Farazmand 2017) and natural or man-made disasters. A priori unforeseen events such as the COVID-19 pandemic, September 11th, the devastation produced by the Katrina Hurricane (Farazmand 2009, 2016, 2017), or the Fukushima Nuclear Disaster (Suzuki and Kaneko 2016) have put in question the capacity of public institutions to respond quickly and adequately to this type of extreme events.

The controversial relationship between bureaucracy and democracy continues to be one of the cornerstones of the research that has been updated according to the present context (Farazmand 2010a, b) in which the influence of the elites (Farazmand 1999b) as well as the

privatization of public entities (Farazmand 2002) clearly demonstrates how the ideology or the lobbies constitute two basic factors in the development of Public Administration, given that they represent the eternal dialectic between the interests of the community and those of the pressure groups.

## Bibliometric Summary of the Main Lines of Research Related to Public Administration Throughout the Twentieth Century

Previously, other works have pointed out the main bibliometric keys of the Public Administration (see, i.e., Cuccurullo et al. 2013, 2016) and other related fields such as Corporate Social Responsibility (Bakker et al. 2005). However, this encyclopedia entry has employed a considerably longer period of study, and all the papers published during the twentieth century indexed in the "Scopus" bibliographic database that expressly includes the term "Public Administration" in their title. As indicated in Table 1, the period studied covers from 1906 to 2020, compiling a total of 4044 works, from 903 sources, and 6488 different authors.

The annual scientific production of the period considered is shown in Fig. 1, which reflects how only between 2011 and 2020 (1904 papers) more papers have been published than in the whole twentieth century (1363 papers). Next, Fig. 2 shows the global scope of research related to the Public Administration, highlighting those countries with the greatest number of papers (by considering the "corresponding author").

For its part, Fig. 3 details the annual citations in chronological order as averages: it must be taken into account that the greatest peaks usually correspond to events of special relevance. For example, the beginning of the 1950s coincides with the establishment of the welfare state in European countries devastated by World War II, the beginning of the 1990s with the fall of the former Soviet bloc, 2001 with the attacks of September 11, 2005, with the devastation caused by Hurricane Katrina (see Farazmand 2017), etc.

Table 2 summarizes the "Who's Who" of Public Administration research, summarizing the 20 authors with the highest scientific productivity in this field. Similarly, Table 3 displays the 10 most cited manuscripts throughout the period. Obviously, it can be observed how the subject matter treated in each particular is very different,

**Public Administration: A Bibliometric Research, Table 1** Main information about data

| Timespan | 1906–2020 | **Document types** | |
|---|---|---|---|
| Sources (journals, books, etc.) | 903 | Article | 2960 |
| Documents | 4044 | Article in press | 1 |
| Average years from publication | 19.1 | Book | 99 |
| Average citations per docs | 7.634 | Book chapter | 380 |
| Average citations per year per doc. | 0.6087 | Conference paper | 83 |
| References | 142,371 | Editorial | 127 |
| **Authors** | | Erratum | 57 |
| Authors | 4577 | Letter | 7 |
| Author appearances | 6487 | Note | 57 |
| Authors of single-authored docs. | 1734 | Review | 272 |
| Authors of multi-authored docs. | 2843 | Short survey | 1 |
| **Authors collaboration** | | | |
| Single-authored documents | | | 2536 |
| Documents per author | | | 0.884 |
| Authors per document | | | 1.13 |
| Coauthors per documents | | | 1.6 |
| Collaboration index | | | 1.89 |

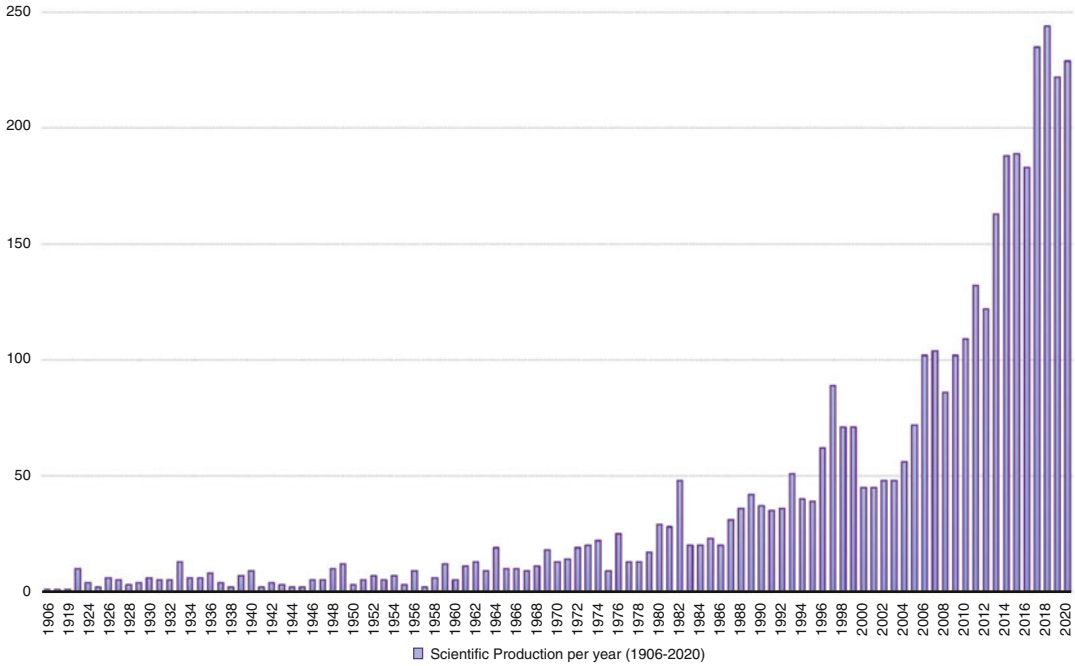


**Public Administration: A Bibliometric Research, Fig. 1** Evolution of the scientific production focused on the study of Public Administration

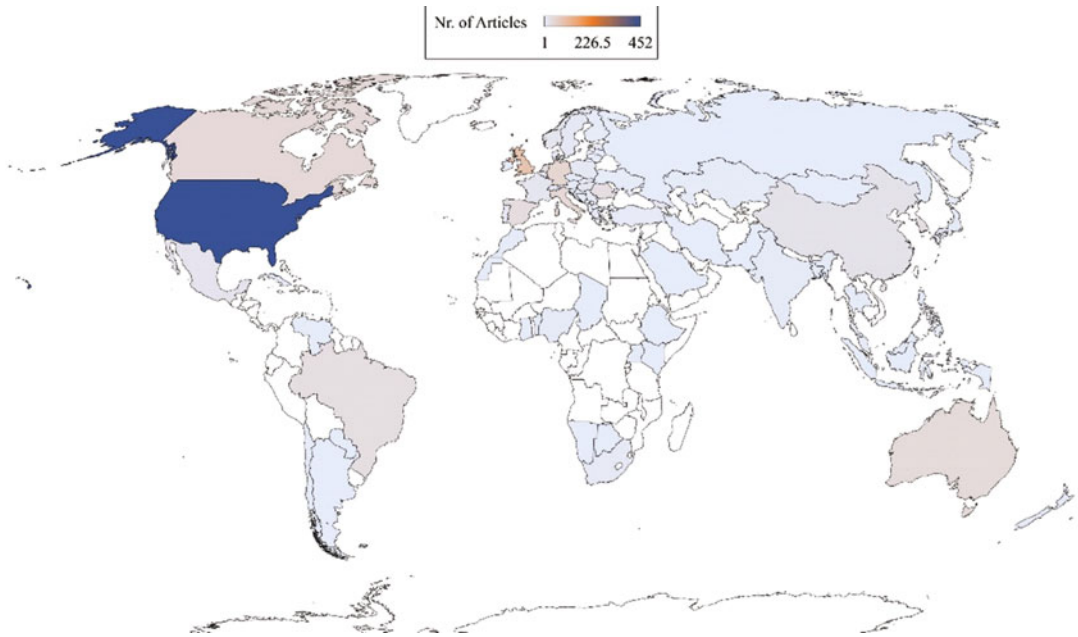


**Public Administration: A Bibliometric Research, Fig. 2** Worldwide distribution of the main works that have been focused on the Public Administration

P

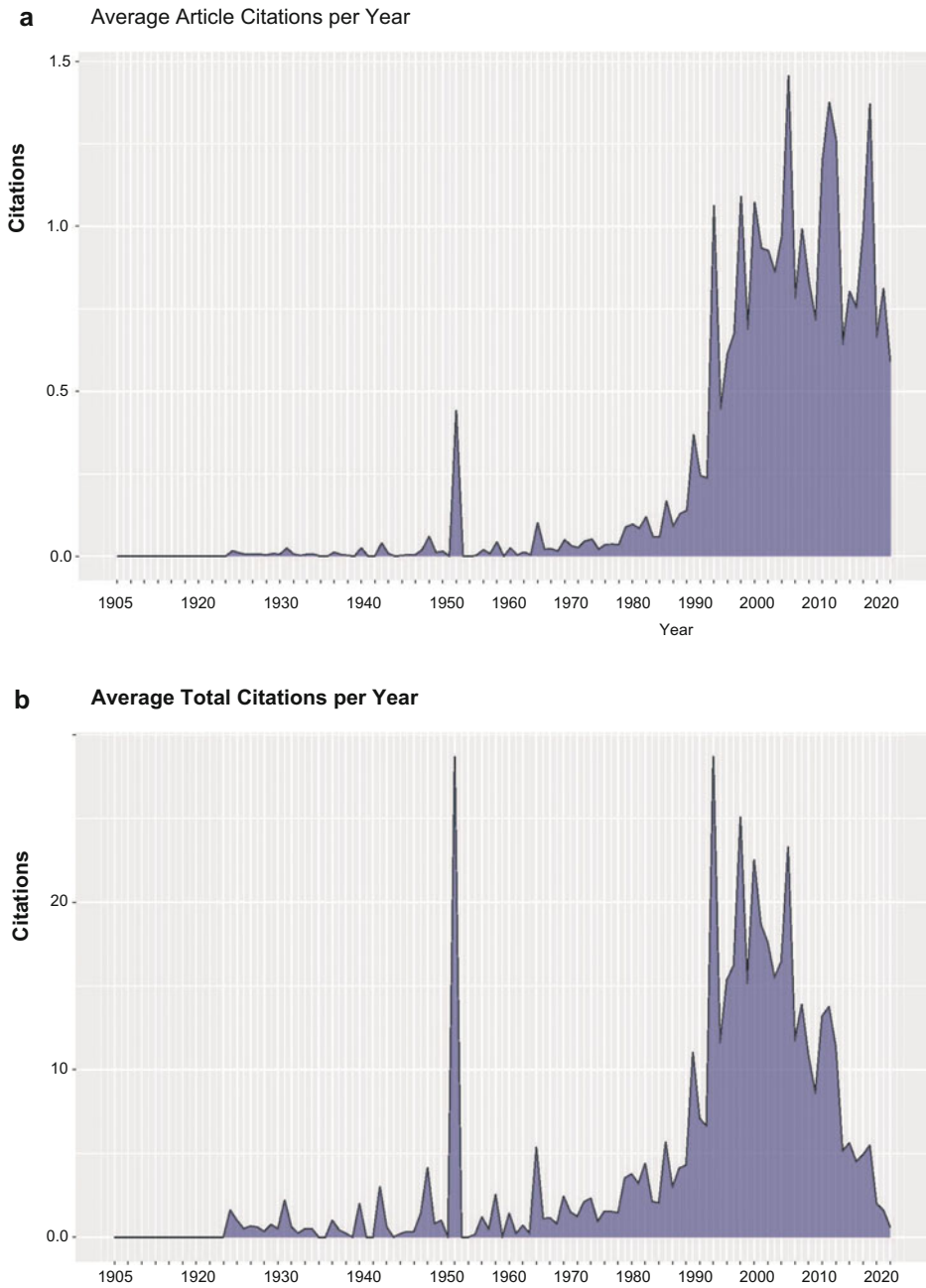


**Public Administration: A Bibliometric Research, Fig. 3** Performance of the average citations

evidencing the multidisciplinary approach on which the Public Administration is based.

In this sense, Table 4 lists those keywords that are most often repeated throughout the period. Clearly, the term "Public Administration" per se predominates with ease over the others, but perhaps the most important aspect to take into account is the gradual assignment to this field of other terms, such as e-government, gender, teaching, information technology, or diversity, which

**Public Administration: A Bibliometric Research, Table 2** Most productive authors

| Rank | Autor | Articles | Rank | Autor | Articles |
|---|---|---|---|---|---|
| 1 | Spicer, M. W. | 23 | 11 | Peters, B. G. | 12 |
| 2 | Rosenbloom, D. H. | 19 | 12 | Raphaeli, N. | 12 |
| 3 | Farazmand, A. | 15 | 13 | Drechsler, W. | 11 |
| 4 | Frederickson, H. G. | 15 | 14 | Holzer, M. | 11 |
| 5 | Gray, A. | 15 | 15 | Kernaghan, K. | 11 |
| 6 | Raadschelders, J. C. N. | 13 | 16 | Lee, M. | 11 |
| 7 | Rabin, J. | 13 | 17 | Pollitt, C. | 11 |
| 8 | Jenkins, B. | 12 | 18 | Van de Walle, S. | 11 |
| 9 | Meier, K. J. | 12 | 19 | Walker, R. M. | 11 |
| 10 | Newbold, S. P. | 12 | 20 | Perry, J. L. | 10 |

**Public Administration: A Bibliometric Research, Table 3** Top manuscripts per citations

| Rank | Paper | TC | TC/ year |
|---|---|---|---|
| 1 | O'Toole LJ Jr (1997) Treating networks seriously: practical and research-based agendas in public administration. *Public Adm Rev* 57(1):45–52 | 739 | 29.56 |
| 2 | Dunleavy P, Hood C (1994) From old public administration to new public management. *Public Money Manag* 14(3):9–16 | 655 | 23.39 |
| 3 | Peters BG, Pierre J (1998) Governance without government? Rethinking public administration. *J Public Adm Res Theory* 8(2):223–243 | 625 | 26.04 |
| 4 | King CS, Feltey KM, Susel BO (1998) The question of participation: toward authentic public participation in public administration. *Public Adm Rev* 58(4):317–326 | 465 | 19.38 |
| 5 | Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. *Public Adm Rev* 62(5):527–540 | 384 | 19.2 |
| 6 | Bryson JM, Crosby BC, Bloomberg L (2014) Public value governance: moving beyond traditional public administration and the new public management. *Public Adm Rev* 74(4): 445–456 | 346 | 43.25 |
| 7 | Kaufman H (1956) Emerging conflicts in the doctrines of public administration. *Am Polit Sci Rev* 50(4):1057–1073 | 243 | 3.68 |
| 8 | Box RC (1999) Running government like a business: implications for public administration theory and practice. *Am Rev Public Adm* 29(1):19–43 | 231 | 10.04 |
| 9 | Isett KR, Mergel IA, Leroux K, Mischen PA, Rethemeyer RK (2011) Networks in public administration scholarship: understanding where we are and where we need to go. *J Public Adm Res Theory* 21(Suppl 1):i157–i173 | 200 | 18.18 |
| 10 | Meyer RE, Hammerschmid G (2006) Changing institutional logics and executive identities: a managerial challenge to public administration in Austria. *Am Behav Sci* 49(7):1000–1014 | 190 | 11.88 |



underline the "modernization" of the discipline toward other areas that, in principle, should not be related under the perspective of classic Public Administration.

The diversification and the greater number of topics dealt with are illustrated in Fig. 4, in which a co-occurrence analysis is visualized employing a conceptual structure map to group the co-occurrence of topics (performed by a Multiple Correspondence Analysis). In this way, three large groups can be defined which are homogeneous among themselves and heterogeneous concerning to the rest: "green" mainly related to geographical location (Denmark, United Kingdom, Eurasia, etc.), "red" with the co-occurrence of keywords as policy, education, learning, training, etc. and "blue" with other terms like human, man, woman, adult, health, etc.

**Public Administration: A Bibliometric Research, Table 4** Most relevant keywords

| Rank | Keyword | % occur./doc | Rank | Keyword | % occur./doc |
|---|---|---|---|---|---|
| 1 | Public administration | 36.09 | 26 | State | 1.19 |
| 2 | Governance | 3.27 | 27 | Decentralization | 1.04 |
| 3 | E-government | 2.68 | 28 | Leadership | 1.04 |
| 4 | New public management | 2.68 | 29 | Public administration research | 1.04 |
| 5 | Public management | 2.53 | 30 | Curriculum | 0.97 |
| 6 | Public policy | 2.31 | 31 | Legitimacy | 0.97 |
| 7 | Administrative reform | 2.23 | 32 | Evaluation | 0.89 |
| 8 | Ethics | 1.93 | 33 | ICT | 0.89 |
| 9 | Bureaucracy | 1.79 | 34 | Performance | 0.89 |
| 10 | Public Administration reform | 1.79 | 35 | Politics | 0.89 |
| 11 | Education | 1.64 | 36 | Public service | 0.89 |
| 12 | Administration | 1.56 | 37 | Teaching | 0.89 |
| 13 | Higher education | 1.56 | 38 | Trust | 0.89 |
| 14 | Civil service | 1.41 | 39 | Civil society | 0.82 |
| 15 | Democracy | 1.41 | 40 | Content analysis | 0.82 |
| 16 | Gender | 1.41 | 41 | Efficiency | 0.82 |
| 17 | Public sector | 1.41 | 42 | Information technology | 0.82 |
| 18 | Transparency | 1.41 | 43 | Social equity | 0.82 |
| 19 | Accountability | 1.34 | 44 | Spain | 0.82 |
| 20 | Public administration education | 1.34 | 45 | Values | 0.82 |
| 21 | Reform | 1.34 | 46 | China | 0.74 |
| 22 | Corruption | 1.26 | 47 | Diversity | 0.74 |
| 23 | Government | 1.26 | 48 | Good governance | 0.74 |
| 24 | Local government | 1.19 | 49 | Pragmatism | 0.74 |
| 25 | Management | 1.19 | 50 | Public services | 0.74 |

## Conclusions

Since Pritchard (1969) demonstrated that bibliometrics is much more than "Statistical Bibliography," it has found a wide range of applications in many other specific areas of knowledge, and it is precisely in a conceptual field in constant evolution such as Public Administration where it can develop its functionality, by summarizing to the last expression the characteristic facts of this discipline. Through Bibliometrics, the innate curiosity of the public administration scholar can be satisfied by discovering unknown lines of research or by reviewing the main features of the majority literature in order to synthesize the past, present, and future of this field (see Farazmand 2011a), in the same way, that it concisely manifests the diversity of administrative models underlined by Farazmand (2015): "There is no single ideal model of governance for all seasons, applicable to all nations and communities worldwide."

The numerous topics revealed by this entry reveal that the objectives pursued by the Public Administration under the rule of Cyrus the Great or in the current USA remain essentially the same, hence this field is continuously reformulated and adapted to its socio-temporal context. Among these issues, there will always be present the mandatory reform of the administration in favor of the most disadvantaged social classes already contemplated by the Gracchus brothers or the creation of control elements that inhibit the corruption of public administrations, still taking into consideration the pertinent advice of P.C. Tacitus: "The more corrupt the state, the more numerous the laws."

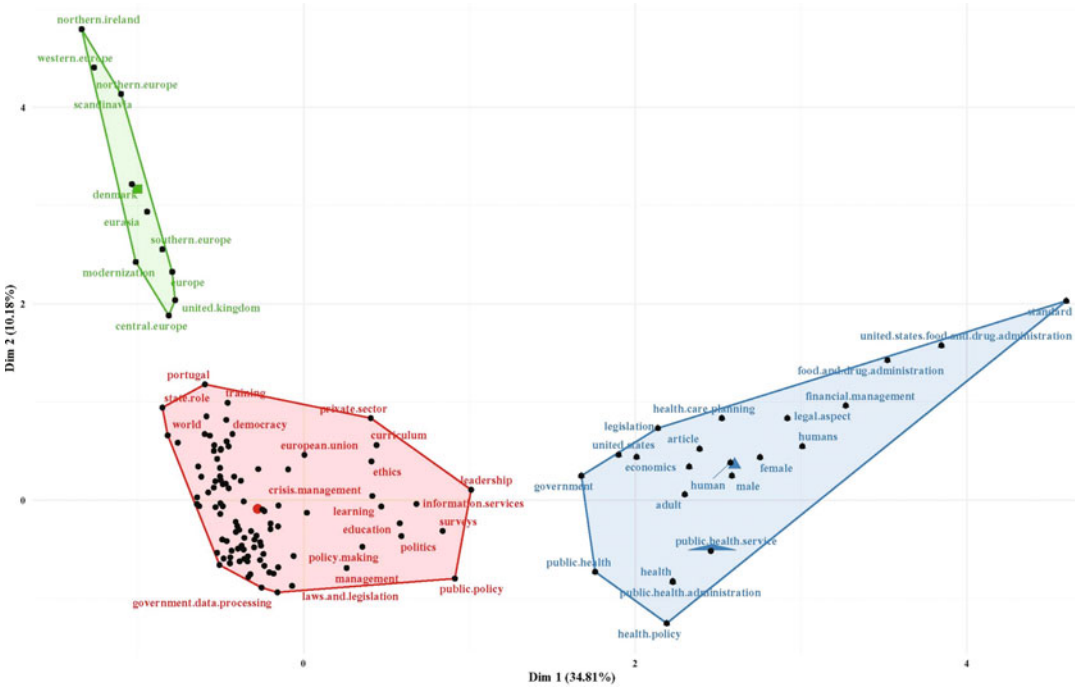


**Public Administration: A Bibliometric Research, Fig. 4** Co-word analysis

## Cross-References

- ▶ Bibliometrics in Public Administration
- ▶ Comparative Policy Implementation Research
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics in Public Service: A Historical Perspective
- ▶ Future of Public Administration and Law
- ▶ Link Between Administration, Politics, and Bureaucracy
- ▶ Scientific Research on the Efficiency of Public Expenditures

## References

Bakker FGAD, Groenewegen P, Hond FD (2005) A bibliometric analysis of 30 years of research and theory on corporate social responsibility and corporate social performance. Bus Soc 44(3):283–317

Cuccurullo C, Aria M (2017) Bibliometrix: an R-tool for comprehensive science mapping analysis. J Informet 11(4):959–975

Cuccurullo C, Aria M, Sarto F (2013) Twenty years of research on performance management in business and public administration domains. Acad Manag Proc 2013:14270

Cuccurullo C, Aria M, Sarto F (2016) Foundations and trends in performance management. A twenty-five years bibliometric analysis in business and public administration domains. Scientometrics 108:595–611

Farazmand A (1998) Administration of the Persian achaemenid world-state empire: implications for modern public administration. Int J Public Adm 21(1):25–86

Farazmand A (1999a) Bureaucracy and the alternatives in the Middle East. In: Henderson K, Dwivedi O, Shaw TM (eds) Bureaucracy and the alternatives in world perspective, International political economy series. Palgrave Macmillan, London, pp 244–268

Farazmand A (1999b) The elite question: toward a normative elite theory of organization. Adm Soc 31(3):321–360

Farazmand A (1999c) Globalization and public administrarion. Public Adm Rev 59(6):509–522

Farazmand A (2002) Privatization and globalization: a critical analysis with implications for public management education and training. Int Rev Adm Sci 68(3): 355–371

Farazmand A (2006) Chapter 18. Global administrative reforms and transformation of governance and public administration. In: Farazmand A, Pinkowski J (eds) Handbook of globalization, governance, and public administration, Public administration and public policy, vol 130. CRC Press, Boca Raton, pp 351–373

Farazmand A (2009) Hurricane Katrina, the crisis of leadership, and chaos management: time for trying the "surprise management theory in action". Public Organ Rev 9(4):399–412

P

Farazmand A (2010a) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258
Farazmand A (2010b) Bureaucracy, democracy, and public administration: editor's brief introduction to the symposium. Public Organ Rev 10(3):205–207
Farazmand A (2011a) Chapter 2. Comparative and development public administration: past, present, and future. In: Farazmand A (ed) Handbook of comparative and development public administration, Public administration and public policy, 2nd revised and expanded edn. Marcel Dekker, New York, pp 9–23
Farazmand A (2011b) Chapter 4. Learning from ancient Persia: administration of the Persian achaemenid world-state empire. In: Farazmand A (ed) Handbook of comparative and development public administration, Public administration and public policy, 2nd revised and expanded edn. Marcel Dekker, New York, pp 33–60
Farazmand A (2015) Chapter 2. Governance in the age of globalization: challenges and opportunities for South and Southeast Asia. In: Jamil I, Aminuzzaman S, Haque S (eds) Governance in South, Southeast, and East Asia: trends, issues and challenges, Public administration, governance and globalization, vol 15. Springer, Cham, pp 11–26
Farazmand A (2016) Chapter 2. Hurricane Katrina as a global case of grand failure: lessons for future crisis and emergency management. In: Farazmand A (ed) Global cases in best and worst practice in crisis and emergency management. CRC Press, Boca Raton, pp 17–32
Farazmand A (2017) Chapter 25. Learning from the Katrina crisis: a global and international perspective with implications for future crisis management. In: Farazmand A (ed) Crisis and emergency management: theory and practice, 2nd edn. CRC Press, Boca Raton, pp 461–476
Pritchard A (1969) Statistical bibliography or bibliometrics? J Doc 25(4):348–349
Suzuki I, Kaneko Y (2016) Chapter 3. Fukushima nuclear disaster and ensuring necessary government crisis and risk communication. In: Farazmand A (ed) Global cases in best and worst practice in crisis and emergency management. CRC Press, Boca Raton, pp 33–52

# Public Attitudes and Corruption

Eric Raile
Montana State University, Bozeman, MT, USA

## Synonyms

Malfeasance, Bribery; Public opinion, Perceptions

## Introduction

As much as any other, corruption (defined most simply as using public resources in inappropriate ways for private profit) is a phenomenon for which perception may be reality. The fascination of economists and political economists with corruption in the 1990s and very early 2000s waned as they decided they had thoroughly identified all the causes and consequences of corruption. Whether explicitly acknowledged or not, public opinion was often an important part of such research due to the frequent use of perception-based measures of corruption. After a lull of a few years, more conventional political scientists and public administration scholars began to advance the knowledge base about public attitudes and corruption. While interest never fully went away, the issue area is experiencing something of a rebirth in a different form. Researchers are not alone in producing new knowledge. Practitioners (particularly those working on anti-corruption initiatives in governments) and the many nongovernmental organizations working on corruption issues around the world have contributed in significant ways to understanding, as well. Practitioners and advocates even have their own global meeting – the biennial International Anticorruption Conference (IACC).

The latest wave of discovery has emphasized democracy and governance and their connections to corruption. The attitudes of citizens and government workers (attitudes are used synonymously with public opinion here despite being associated with affect in the psychological literature) assume central importance in much of this work. One important question involves the ways in which corruption (including campaign finance) and corruption perceptions interact with acts of political participation like turning out to vote and selecting candidates. Partisanship often assumes a place of importance in studies of citizen evaluations of corruption and government performance. Another noteworthy area in recent scholarship pertains to the influence of the general state of the economy and government on corruption perceptions. Yet another important set of questions deals with complex relationships between trust or

confidence in government and corruption. The impacts of corruption perceptions on public administration itself constitute a final pillar of recent interest. Also worth noting is that much of the recent research has looked at Latin America, the Iberian Peninsula, and Central and Eastern Europe.

The heading of "public attitudes and corruption" potentially intersects with various concepts and bodies of research. In what follows, the first section considers challenges with the definition and measurement of corruption. The next section looks at some of the sources of public opinion data on corruption. The two subsequent sections examine the causes and consequences of corruption, with the understanding that much of the measurement involves public opinion data. Yet another section considers trust and confidence in government. A final section concludes and ponders extensions.

## Definition and Measurement of Corruption

The definition and measurement of corruption are notoriously challenging activities. One source of difficulty is the concealed nature of most corrupt acts. Politicians and public servants typically (though not always) try to hide corruption from the prying eyes of the citizenry, political opponents, and observers abroad. Another source of difficulty is that defining certain types of activities as corrupt can depend on cultural norms and other contextual factors. Tolerance for corrupt acts can also hinge on such contextual factors. Corruption laws may contain common categories (e.g., bribery, nepotism, conflicts of interest) across jurisdictions, but these laws are often more specifically reflective of what people see as problematic in their own countries or communities. Definitional challenges have also emerged prominently in international negotiations for anti-corruption agreements, including negotiations for the United Nations *Convention against Corruption*. One potentially helpful distinction of a broad nature is that between "political" corruption (i.e., corrupt acts committed by elected politicians) and "public" or "administrative" corruption (i.e., corrupt acts committed by bureaucrats). Another useful but general distinction is between "petty" or smaller acts of corruption typically committed by street-level bureaucrats and "grand" or more significant acts of corruption at higher levels of government. In terms of research measurement, scholars must either define corruption directly or must allow for research participants to define corruption for themselves.

The measurement of corruption proceeds using either perception-based indicators or objective/proxy indicators (Sík 2002). Objective indicators include observable phenomena like the number of investigations, prosecutions, or convictions as they relate to corrupt acts. A significant problem with objective indicators is that they depend considerably on how much effort government representatives are making to ferret out and punish corruption. Governments with more aggressive investigators, prosecutors, and judges may seem more corrupt by such metrics. The quality of proxy indicators (i.e., assessment of corruption indirectly through the measurement of variables thought related to corruption) is typically unknown. As a result, researchers and practitioners often must resort to using perceptions of businesspersons, citizens, and/or government workers to measure corruption. Many other variables that are not corruption itself can influence these perceptions, a significant topic that this entry takes up later.

While individual-level corruption perception data are also available (see below), a number of prominent indicators provide summary scores at the country level. Transparency International's *Corruption Perceptions Index* is perhaps the best known aggregate indicator and is often cited and discussed in the mass media. Transparency International, a nongovernmental organization with offices throughout the world, also produces a *Global Corruption Barometer*. The *Corruption Perceptions Index* provides a score ranging from 0 (most corrupt) to 100 (most clean) to each country, along with assessments of uncertainty for each score. The score applies only to the public sector and incorporates a number of surveys and assessments collected by a variety of organizations.

People working in business and country experts are the sources of the perceptions. Changes in the methodology over time have limited the ability to evaluate trends in corruption perceptions. The *Global Corruption Barometer* examines the perceptions of tens of thousands of citizens across dozens of countries. Questions deal with topics like experience with bribe paying, perceptions of corruption in institutions, and willingness to address corruption problems. The data are reported collectively, however.

The World Bank's *Control of Corruption* indicator is an alternative that arises from the Worldwide Governance Indicators project. This indicator, which is highly correlated with the *Corruption Perceptions Index*, draws on dozens of different data sources and measures various forms of corruption and government capture. The World Bank Group also conducts *Enterprise Surveys* of tens of thousands of firms in dozens of countries, and these surveys ask questions about experiences with bribery and gift giving. Researchers have used Transparency International's *Corruption Perceptions Index* and the World Bank's *Control of Corruption* indicator extensively in cross-national work. The International Country Risk Guide, produced by a for-profit group, also includes an aggregate indicator that appears occasionally in academic corruption research.

These aggregate indicators generally show problems with corruption throughout much of the world, with countries in Africa, Asia, and Latin America having particularly high perceived levels of corruption. Western Europe, North America, Australia, Japan, and a few other countries have relatively low levels of perceived corruption. These geographic patterns suggest relatively straightforward relationships among democracy, wealth, and levels of perceived corruption, but more sophisticated research reveals a number of contingencies and complications in these relationships.

Researchers and practitioners have raised questions about the validity of perception-based measures even beyond the noncorruption sources of such perceptions. Some of the indicators depend on the views of successful business persons or other elites. These are people who are fundamentally different from everyday citizens in a variety of important and consequential ways. They are likely to see and define corruption differently and to have working relationships with one another. Another concern with perceptions is that people in different countries may use different scales or definitions for corruption, which makes cross-national comparison a difficult enterprise. Language translation issues only add to such concerns. Partisanship, too, can color individual corruption perceptions in ways that change corruption definitions across individuals. Worries over the more general perception-based measures have nudged scholars in new directions. Recent research has instead defined corruption more specifically through phenomena like campaign finance, informal cash payments for healthcare, and electoral manipulation.

## Public Opinion Data

Public opinion or survey data on corruption tend to take one of two forms: (1) perceptions of the frequency and/or severity of corruption in the local or national context or (2) information about an individual's direct experiences with corruption. The corruption perception items often ask whether corruption is "widespread" or "pervasive" in either government or business. Alternative questions ask how "big" or "severe" the problem of corruption is or how "concerned" the respondent is about corruption. Other items simply ask whether certain entities or institutions are "corrupt" or whether the respondent expects corruption in government to improve. Interestingly, questions about concern and about the problem of corruption are really tapping into two different evaluations. The first involves the severity of corruption (in the respondent's estimation) and the second whether the level of corruption is consequential or meaningful. Yet another type of item asks where anticorruption efforts should rank among government priorities. As for the other basic format, the items dealing with corruption experiences typically ask whether individuals have had direct experience with corruption.

Often such questions focus on being shaken down for bribes or gifts. Alternative questions ask about the frequency of respondent experiences with corruption or the conditions under which these experiences occur.

Gallup and the Pew Research Center (both domestically and through its Global Attitudes Project) are the polling entities that have delved most consistently into corruption questions in the US and on a global basis. The World Values Survey has also asked about corruption across dozens of countries in a few of its waves. In recent years, a number of regional survey efforts have incorporated corruption indicators into their instruments. Such regional efforts include the Eurobarometer, the Afrobarometer, the Latinobarómetro, and the Asian Barometer. The Eurobarometer even conducted a special survey on corruption.

In terms of US polling research, public opinion polls have revealed perceptions of widespread corruption despite a generally respectable standing on this issue globally. Majorities see the US Congress as corrupt, though Americans are a bit less likely to see their own representatives as corrupt. These negative perceptions have started to spread to more local levels of government. Americans have started to see the reduction of corruption as a more important priority for government, as well. Globally, corruption is viewed as widespread in government and business in the vast majority of countries polled, despite real efforts at beefing up transparency and anti-corruption programs in many countries. The importance of addressing corruption varies across countries but doing so is often a high priority. An increase in concern about corruption is evident particularly in developing countries in recent years. As with the other data sources (like Gallup and Pew), the various barometers have generally shown significant concern about government corruption in countries throughout the world.

## Causes of (Perceptions of) Corruption

Given the popularity of perception-based measurement, scholarship on the causes of corruption also doubles to some extent as an explanation of the sources or "causes" of perceptions of corruption. The scholarship does not always recognize this in an explicit way, however. The following paragraphs consider the ways in which press freedom, government and economic institutions, characteristics of the survey respondent, general conditions in the country, and other factors can influence corruption perceptions.

Importantly, many of the sources of perceived corruption may have no direct connection to the level or severity of corruption itself (see Miller 2006) – an observation that generates a good deal of complaint about perception-based measures. On the one hand, this means that perception-based measurement of corruption likely entails a lot of measurement error. On the other hand, the perceptions themselves might be even more important for political behavior and governance outcomes than actual corruption. An obvious place to start in thinking about other influences on corruption perceptions is media freedom and the extent of media coverage of corruption. A free press can promote both accuracy and inaccuracy in citizen corruption perceptions. While a free press can certainly expose real and severe corruption problems, the "priming" or frequent coverage of corruption scandals can also lead to overestimation of the extent and severity of corruption. Exposure to corruption reports from other places may add to these priming effects despite their general irrelevance to the local context. Priming effects help explain the particular tendency for populations in relatively clean countries to overestimate corruption. Fortunately, emerging research from developing countries suggests that citizens can sometimes distinguish between rumor mongering and substantive corruption claims, though state-run media achieve some success in reducing corruption perceptions.

Government transparency, sometimes considered a measure of corruption in itself, can similarly influence the accuracy of perceptions in both directions. Transparency mechanisms (e.g., financial disclosure, campaign finance laws, open meeting laws, publication of draft regulations) can reveal corruption in ways that lead to overestimation of the problem among citizens. Other

accountability mechanisms can have the same counterintuitive impact. For example, different political actors may pursue corruption charges against one another in a regime with many checks and balances. Additionally, well-run and independent systems for the investigation and prosecution of corrupt acts can inflate problem perceptions. Mechanisms for information revelation and the establishment of high standards contribute to the "expectations gap" (Dalton 2005) in relatively well-run states. The expectations gap is another way of characterizing the way good performance creates higher thresholds for acceptable future performance. Quite logically, improved perceptions of the effectiveness of a government's anticorruption programs also lower the level of perceived corruption.

Characteristics of the individual, too, can affect corruption perceptions. The flip side of media reporting is the attentiveness and knowledge of media consumers. "Political sophistication," which is typically the education, attentiveness to certain information sources, or level of knowledge of citizens, is highly important to corruption perceptions. The effects of political sophistication differ based on particular contexts, though some research adds to the argument that citizen knowledge about government anticorruption efforts can lower perceptions of corruption. An individual's level of political participation functions similarly to political sophistication as a measure of engagement. The views shared in other information networks (e.g., friends and family) and the spreading of anecdotal information could also influence corruption perceptions. Further, the personal moral character of the individual and of peers can affect corruption perceptions. More specifically, these factors can shape the individual's views of what types of activities are normatively acceptable (i.e., appropriate or noncorrupt). Finally, and quite in line with rational-choice predictions, those individuals who benefit from corruption in government tend to see such corruption as less problematic or as less of a concern.

One particular finding in corruption perception scholarship merits special attention given its recent emergence – the influence of more general well-being on individual corruption perceptions. Surprisingly, personal experiences with corruption (e.g., paying bribes) often do not directly predict concern about corruption or perceptions of the problem of corruption. These direct experiences with corruption might work indirectly on corruption perceptions through trust in government or other assessments of government, though. Instead, more general evaluations, particularly of the economy, serve as a contagion of sort for corruption perceptions and are much more predictive of individual corruption assessments.

Citizens often see corruption as less of a problem when the macroeconomy is doing well (either by objective or subjective indicators), a relationship that may be more acute in nondemocratic systems. The macro situation is consistently more important to corruption evaluations than are objective or subjective economic conditions for the individual doing the evaluating (e.g., personal income, unemployment, changes in financial status). What remains unknown at this point is whether this general contagion represents something real. Corruption negatively affects a range of economic outcomes (see below). Consequently, corruption perceptions might simply reflect the worsening of macroeconomic conditions caused by corruption itself. However, perception-based measurement of corruption introduces a circularity here. In many cases, negative perceptions of corruption "produce" bad macroeconomic performance, which in turn leads to negative perceptions of corruption. More accurate measures of actual corruption would be necessary to sort out the causality.

Generalized evaluations of government quality, government performance, and the level of democracy seem to work similarly. The theoretical connections here are more direct and logical than with macroeconomic conditions, however. Perceptions of corruption move along with individual evaluations of government quality and performance. In other words, an individual who perceives a high level of corruption probably does not think much about the government's features and activities as a whole. The case of democracy is more complex. Depending on the measurement of democracy, some research suggests a nonlinear relationship in which perceptions of corruption are highest in

countries with middling democratic qualities (e.g., Montinola and Jackman 2002). Authoritarian regimes, usually through controlled information flows, can hide or muddle views about corruption. Survey respondents living in authoritarian regimes might also fear giving accurate answers. Despite the expectations gap, more democratic countries may show a relatively low level of perceived corruption based on the general absence of corruption itself. This nonlinearity could be due to the length of exposure to democracy and/or the way the democratization process reveals information and enhances government transparency. Regimes in the middle of the democratization process are subject to some instability and often allow significant revelation of corruption for the first time.

A variety of other political and economic institutions (see Aidt 2003; Gerring and Thacker 2004) also affect government accountability and behavioral incentives for both government employees and citizens. These institutions, consequently, can influence both actual and perceived levels of corruption. Such political institutions include the basic regime characteristics in a democracy and the shape of the electoral system. Important to the former are the form of democratic government (e.g., parliamentary, presidential, hybrid) and the distribution of power in the regime (e.g., unitary versus federal). Whether citizens vote for parties or candidates and whether partisan representation in the legislature is proportional to vote share are important considerations for the electoral system. On the economic side, the structure of the economy seems to matter to actual and perceived corruption. Economic protectionism (i.e., sheltering of domestic firms from competition coming from abroad) and monopolistic or oligarchic behavior (i.e., dominance of certain sectors by a small number of firms) can both provide opportunities for corruption to thrive.

Finally, "cultural" hypotheses (e.g., religion, work ethic) about the sources of corruption have long been popular (see Treisman 2000). The observation that some regions have higher perceived corruption than other regions is not particularly helpful in itself and can lead to discriminatory claims with little basis. Where such hypotheses do seem to hold water is in their examination of history and social characteristics. Corruption does exhibit historical path dependence, meaning that levels tend to persist over time. Additionally, a lack of "social capital" (interactive ties among citizens), sources of social conflict like strong ethnic identification, and weak social norms about corruption can all boost corruption perceptions.

## Consequences of (Perceptions of) Corruption

As with corruption causes, the popularity of perception-based measurement means that much research about consequences of corruption is really about the effects of corruption perceptions. Dominant is the view that corruption has negative consequences for economies, societies, and political systems, though some economists believe markets are much more important to outcomes. Corruption can complicate governance in a variety of ways and can influence voting and other important behaviors.

The "revisionist" view of corruption (see discussion in Lancaster and Montinola 2001) has proposed that corruption improves economic efficiency by better allocating resources and by improving interactions between the public and private sectors. Willingness and ability to pay are key elements of free market economics, and bribes can provide similar signals for government activities according to this way of thinking. Corruption might also ease governance by increasing support for politicians. However, the preponderance of the evidence (see Rose-Ackerman 1999, 2002; Rothstein 2011) strongly suggests that corruption produces a variety of negative consequences. Some of the negative socioeconomic consequences of corruption show up at the macro level, with effects on poverty, inequality, and per capita incomes. Corruption is especially bad for poor people. The willingness of foreign capital to enter a country also depends to some extent on the degree of corruption in that country. Many investors are reluctant to provide capital when certain costs are illegal and can go up arbitrarily through bribery demands. Moving

downward, negative effects appear at the firm (i.e., individual company) level with incentives to monopolize and obstacles for entrepreneurs and small businesses that are less able to pay the costs of corruption.

Corruption (and corruption perceptions) can also make certain functions of governance more difficult, particularly in regimes with democratic characteristics or aspirations. Corruption is a marker of a nonprofessionalized bureaucracy, which is a drag on governing efficiently and effectively. The historical move to a competent, merit-based civil service was a major development for many governments around the world. As discussed earlier, perceptions of corruption among the general population also tend to worsen their evaluations of government performance and legitimacy. If a government does not provide what the people want, the citizenry can become angry or alienated and can give up on government. Further, corruption distorts the public policy process by reducing the influence of democratic demands, altering investment decisions, and changing the revenue base for social spending (though these are all effects of *actual* corruption). Finally, corruption also tends to violate important norms and values that are important to democracy, like inclusiveness and equity. Citizens often dislike such norm violations.

Answering the foregoing types of questions has served as a foundation for newer, relatively complex questions about the behavioral and attitudinal effects of corruption, corruption perceptions, and experiences with corruption. What has resulted from the significant attempts in many countries to spread the news about corruption and from people's own observations of its harms? In particular, people naturally wonder whether corruption affects the electoral process in democratic or relatively democratic regimes. The most popular questions of late concern the effects of corruption on voter turnout and vote choice. Not surprisingly, corruption often diminishes the likelihood that individuals will go to the polls. People believe that their vote is meaningless if the entire system is corrupt. The likelihood of voting may increase when people believe non-corrupt alternatives are available, however.

The effects of corruption perceptions on vote choice are contingent on a range of factors. Whether voters punish corrupt politicians and parties can depend on individual voter characteristics that include political sophistication and informedness, partisan identification, and ideological views. Other factors can also condition the linkage between corruption perceptions and vote choice, including the overall level of corruption in the country (i.e., whether corruption is standard business), media coverage of a scandal, the general state of the economy, and the provision of social benefits. The latter two factors indicate that some voters can be "bought." Though nonvoting questions have attracted less attention, the evidence also suggests that higher levels of perceived corruption produce support for campaign finance reform and reduce willingness to obey laws (like those that require the payment of taxes).

## Trust and Confidence in Government

Conceptually, trust and confidence in government have a great deal in common with evaluations of government corruption and performance. Disentangling these concepts can be difficult theoretically and in the public opinion data. In fact, survey respondents often appear to use these concepts as proxies for one another. Attempts at sorting out these relationships have expanded dramatically in the last few years, typically finding common-sense relationships among the variables. Low trust, low confidence in government, and low evaluations of government performance often go hand in hand with perceptions of high levels of corruption. The literature also finds complex interactions and contingencies, however. The expectations gap evident in corruption perceptions also materializes with confidence in government institutions. In other words, some countries with more democratic institutions suffer from lower citizen evaluations of the democratic nature or performance of those institutions.

Trust can take a number of different forms. While trust in government or in specific government institutions is not quite the same as

confidence in government, the two concepts sometimes are used interchangeably. Trust in government is not the same as social trust (i.e., trust in other people), however. Social trust further breaks down into particular trust, which is trusting other people in your in-group about whom you have information, and general trust, which is trusting people more generally (Newton and Zmerli 2011). Not surprisingly, trust and confidence in government can serve as capital for government action. For example, more trusting citizens may be more willing to pay taxes and make other sacrifices. Perceptions of corruption again seem to mean more than personal experiences with corruption in this web of relationships, though experiences also matter. Similarly, perceptions of process (i.e., how government works) seem more important than perceptions of government outcomes. In terms of specific institutions, the military tends to receive the greatest vote of confidence in polling across countries, while confidence in the judiciary varies widely. Many have claimed a near global drop in confidence in government in recent decades, though more careful analysis suggests more regional and temporal variation (see Norris 2011). However you slice the data, the single-digit approval ratings (under 10%) for institutions like the US Congress in recent years are not good news for democracy.

## Conclusion

Corruption is a topic that stretches back to the very advent of government, but the strong impulse to do something significant about corruption is more of a development of the last several decades in most of the world. Despite the late start, corruption is a relatively mature issue area with decades of intense interest from both academics and practitioners. Empirically, a few vexing areas remain. The first is the ability of many authoritarian regimes to act in corrupt ways with impunity even when the citizenry suffers as a result and dislikes the corrupt activities. The second is the willingness of some citizens to support corrupt politicians and government employees regardless of the regime type. The third involves the way democratization and greater transparency and accountability mechanisms can worsen citizen evaluations of government. These areas will likely continue to stoke interest in the topic of public attitudes and corruption. Given the tendency of corruption to benefit a small group of individuals at the expense of many others in a society, the recent upsurge in interest in social inequality should keep corruption in the spotlight, as well.

The inability to measure corruption directly always has been and continues to be problematic. However, as proposed earlier, perceptions of corruption might be even more important for political, economic, and social outcomes than are actual levels of corruption in a jurisdiction. These perceptions can drive behaviors, whether related to voting, support of government, or willingness to invest or make sacrifices. A great unanswered question is just how the variety of international anticorruption agreements and mass media coverage of corruption will affect public attitudes as they relate to corruption in the longer term. Citizens have unprecedented levels of information and resources to help them deal with corruption if they so desire.

## Cross-References

► Political Corruption
► Public Corruption

P

## References

Aidt TS (2003) Economic analysis of corruption: a survey. Econom J 113:F632–F652. https://doi.org/10.1046/j.0013-0133.2003.00171.x

Dalton RJ (2005) The social transformation of trust in government. Int Rev Sociol 15(1):133–154. https://doi.org/10.1080/03906700500038819

Gerring J, Thacker SC (2004) Political institutions and corruption: the role of unitarism and parliamentarism. Br J Polit Sci 34:295–330. https://doi.org/10.1017/S0007123404000067

Lancaster T, Montinola G (2001) Comparative political corruption: issues of operationalization and measurement. Stud Comp Int Develop 36(3):3–28. https://doi.org/10.1007/BF02686202

Miller WL (2006) Perceptions, experience and lies: what measures corruption and what do corruption measures

measure? In: Sampford C, Shacklock A, Connors C, Galtung F (eds) Measuring corruption. Ashgate Publishing Company, Burlington, pp 163–185
Montinola G, Jackman RW (2002) Sources of corruption: a cross-country study. Br J Polit Sci 32:147–170. https://doi.org/10.1017/S0007123402000066
Newton K, Zmerli S (2011) Three forms of trust and their association. Eur Polit Sci Rev 3(2):169–200. https://doi.org/10.1017/S1755773910000330
Norris P (2011) Democratic deficit: critical citizens revisited. Cambridge University Press, New York
Rose-Ackerman S (1999) Corruption and government: causes, consequences, and reform. Cambridge University Press, New York
Rose-Ackerman S (2002) When is corruption harmful? In: Heidenheimer AJ, Johnston M (eds) Political corruption: concepts and contexts. Transaction Publishers, New Brunswick, pp 353–371
Rothstein B (2011) The quality of government: corruption, social trust, and inequality in international perspective. University of Chicago Press, Chicago
Sík E (2002) The bad, the worse and the worst: guesstimating the level of corruption. In: Kotkin S, Sajó A (eds) Political corruption in transition: a skeptic's handbook. Central European University Press, Budapest, pp 91–115
Treisman D (2000) The causes of corruption: a cross-national study. J Public Econom 76:399–457

# Public Budgeting in Africa in the Post-Recovery Period

Emmanuel Botlhale
Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana

## Synonyms

Allocation; Financial plan; Fiscal estimate; Planned disbursement; Spending plan

## Definition

A budget is an estimate of revenues and expenditure by economic agents be they individuals, households, firms, or governments. Once approved by the legislature upon which reposes the power of the purse, the budget gives the executive arm of the government the authority to raise revenues (primarily, through taxation) and appropriate money from the *fiscus*.

## Introduction

Resource scarcity forces rational economic agents such as governments to prioritize resource allocation. One of the principal ways of prioritizing resource allocation is through the budget. In essence, the budget seeks to answer the all-important question: who gets what? Just like politics seeks to answer "who gets what? when? how?," the budget similarly answers these questions. Thus, by examining a public budget, one gets to understand the following: (i) who gets what? (ii) when? and (iii) how? An examination of the public budget gives one an indication about the government's priorities. For example, does it care for vulnerable subpopulations like children, women and the girl children, and poor? Since these questions are asked and answered in a political process and also given the fact that politicians (e.g, members of Congress) are invested with the power of the purse, public budgeting is a very political exercise. Due to the politics that attends to public budgeting, budget allocation, like all public decision-making processes, entails a lot of bargaining and horse trading. Thus, public budgeting is, quintessentially, a political rather than a technocratic exercise. Hence, it is not an entirely rational exercise as would be expected of rational and utility-maximizing economic agents such as governments. Besides the politics (e.g., see Wildavsky 1984), public budgeting happens in a given context: economic, social, and political. The economic environment has serious implications for public budgeting. The most recent and evident economic circumstance is the global economic crisis. Therefore, in the post-recovery period, there is a need to reconfigure the architecture of public budgeting. This is particularly true in Africa where public budgetary systems are evolving and budget reform is yet to take root.

## The Ecology of Public Budgeting

Public budgeting does not happen in a theoretical vacuum. It happens within a given context (or environment) that comprises the economic, social, and political. While all the three are all important, the former (economic) is the most important one. This is so because for the budget to take effect, it needs to be resourced. In fact, the relationship can be formulaically stated as:

$$\text{Budget} = f\ (\text{resources}).$$

The resources are the inputs, principally tax revenues, which are at the disposal of the government. In formulating the budget, the Treasury (or Finance Ministry) must estimate revenues that it realistically hopes to raise in the upcoming financial year. Revenue estimation is both science and art. The sciences in revenue estimation are tools which are both qualitative (e.g., Delphi approach, scenario writing, and subjective or interactive approaches) and quantitative (e.g., time series analysis and explanatory models [the foremost example being regression analysis]). The art, mainly, relates to assumptions that are built into revenue estimation models. Examples are general state of the global economy, geopolitics, inflation, volume of exports (e.g., diamonds in Botswana and oil in Nigeria), national productivity levels, etc. Both the science and art go into revenue estimation, and, in a majority of cases, revenue forecasts are wrong. Hence, when speaking about the uncertainty in revenue forecasting, the former Director of the Ohio Legislative Budget Office said, "the only thing we know for sure is that this forecast will be wrong. We don't know how much or in what direction, but it will be wrong" (quoted in Shkurti 2003). Despite expected errors, forecasts must very closely approximate reality for "an overly overoptimistic forecast may subsequently require budget cuts, or additional taxes or both" (Shkurti 2003, p. 79). Inversely, "a pessimistic forecast may trigger a political controversy over the size of the budget surplus, or may encourage additional spending that cannot be sustained in the future" (*ibid*).

Despite these challenges, Treasury officials must prepare revenue estimates to guide the preparation of budgets by paying attention to the external environment, particularly the economic one. To exemplify, when laying the 2015/2016 Budget Speech before parliament on 2 February 2015, then Botswana's Minister of Finance and Development Planning stated that the projected total revenues and grants for 2015/2016 amounted to 55.38 billion Botswana pula (Mathambo 2015) (At the time of writing this chapter, 31 January 2017, 1 Botswana Pula = 0.094 US Dollar. Therefore, 55.38 billion Botswana Pula = 5.19 billion US Dollars.). Mineral revenue accounted for 34.4%, Customs and Excise for 29.5%, while Non-mineral Income Tax accounted for 17.5%. Mineral revenues were projected to grow by 10.4% from P17.24 billion in 2014/2015 to P19.03 billion in 2015/2016 (*ibid*). Owing to events in both the local and external economies (mainly, subdued demand for diamonds and falling prices), the forecast was revised to P51.69 billion, a downward revision of 6.7% (Ministry of Finance and Development Planning 2015).

## Global Economic Crisis and Fiscal Stress

All economies experience substantial swings in economic activity due to business cycles (or economic cycles). The business cycle is the short-term fluctuation of total output around its trend path (Begg et al. 2011, p. 614). Business cycles are instanced by alternating periods of expansion and contraction. Business cycles have four distinct phases: (i) expansion (gross domestic product [GDP] is rapidly increasing), (ii) peak (the highest point on the GDP curve), (iii) contraction (GDP is rapidly decreasing), and (iv) trough (the lowest point on the GDP curve). While the term business cycle (or economic cycle) seems to suggest regularity in respect to the timing and duration of expansion (upswing) and contraction (downswing), this is not necessarily the case. It has been observed over time that there is irregularity in both the timing and duration of these

business cycles as sufficiently instanced by the recent global economic crisis which has seen slow recovery.

Within a year of the beginning of the global financial crisis that started in late 2007, it metamorphosed into a global economic crisis. The developing world, though not the author of the global financial crisis, disproportionately felt its effects. Mainly, most developing economies are reliant on primary products. Examples are crude oil (in this category, are countries such as Algeria, Angola, Egypt, Libya, and Nigeria) and base metals (e.g, diamonds in Botswana – it is the biggest diamond-producing country by carat value in the world). With the onset of the global economic crisis, primary products faced falling prices in the international commodity markets. To exemplify, the effects of the global economic crisis were visited on Botswana in living color in November 2008 when, for the first time since selling diamonds beginning in the early 1970s, it failed to sell a single diamond (Gaolathe 2009). This forced the government to stockpile diamonds with the hope that prices would bounce back to pre-2008 levels, if not better. The ultimate effect was a reduced revenue envelope, therefore, forcing the choice of budget deficits into the hands of the government beginning in the 2008/2009 financial year. Budget deficits continued until the 2012/2013 financial year when balances were restored with modest surpluses. However, the continued subdued demand for diamonds resulted in budget deficits in the 2015/2016 financial year, and this situation is forecast to obtain until the 2019/2020 financial year. Vital to note, the Botswana experience has been replicated in primary product-reliant economies in Africa, thus, occasioning fiscal stress as adequately instanced in budget deficits in the post-2008 period.

## Global Economic Crisis and Budget Reforms

Economic crises, although denoting a period rife with trials, provide an opportunity for the introduction of public financial management and budget reforms. One of the key public financial management and budget reforms that came about as a result of the global economic crisis was the Public Expenditure and Financial Accountability (PEFA) assessment. The PEFA assessment evaluates the status of public financial management in a country. It identifies 94 characteristics (dimensions) across 31 key components of public financial management (indicators) in seven broad areas of activity [pillars] (PEFA 2016). The assessment provides a full and evidence-based analysis of Public Finance Management performance at a specific point in time in a given country. The project is a multiagency partnership program that is sponsored by the following: the World Bank, International Monetary Fund, European Commission, United Kingdom's Department for International Development, French Ministry of Foreign Affairs, Royal Norwegian Ministry of Foreign Affairs, Swiss State Secretariat for Economic Affairs, and Strategic Partnership with Africa. PEFA assessments evaluate a country's Public Finance Management systems on the following: (i) credibility of the budget; (ii) comprehensiveness and transparency [of the budget]; (iii) policy-based budgeting; (iv) predictability and control in budget execution; (v) accounting, recording, and reporting; and (vi) external scrutiny and audit. Currently, 546 PEFA assessments have been carried out worldwide, and 31 are planned for the future. In terms of the usefulness of the exercise, government officials, for example, in Brazil (Santa Catarina State), Cambodia, Costa Rica, Liberia, Morocco, Nepal, Papua New Guinea, and Timor-Leste, have described how they used the results of PEFA assessments to inform financial management reform programs (*ibid*).

PEFA performance assessments lead to Public Finance Management Reform Programs. To illustrate, following the inaugural PEFA performance assessment in 2009, the government of Botswana introduced public finance reforms in the form of a Public Finance Management (PFM) Reform Programme for Botswana in 2010. The overarching goal of Botswana's PFM Reform Programme is to ensure optimal utilization of public resources for long-term sustainable development. The second PEFA performance assessment was conducted in

2013. Feedback from the two PEFA performance assessments is inputted into the Public Finance Management Reform Programme for Botswana. While it is not true that all African countries undertook PEFA performance assessments in the post-2007 period to inform Public Finance Management Reform Programs like Botswana did, some countries undertook such assessments as next illustrated. South Africa undertook the PEFA performance assessment in 2008. The same was undertaken in 2012 in some of the following countries: Kenya, Lesotho, and Liberia. While some, for instance, South Africa, had been implementing the Public Finance Management Reform Program prior to 2007 (2004 in this case), PEFA performance assessments post-2007 were particularly useful because they helped to shape policy debates around Public Finance Management Reform Programs.

## Public Budgeting in Africa in the Post-Recovery Period

It is notable that the last global economic crisis is, in many ways, different from other crises like the LatAm sovereign debt crisis (1982), savings and loans crisis (1980s), stock market crash (1987), junk bond crash (1989), Tequila crisis (1994), Asia crisis (1997–1998), and Dotcom bubble (1999–2000). This is so because while there was recovery from these crises, this is not entirely true of the past immediate global economic crisis. Eight years after the onset of the crisis, recovery is very illusive; it is either very slow or unsteady and uneven as sufficiently instanced by reports by the International Monetary Funds. In fact, some economists have argued that the global economic crisis necessitates a major rethink in terms of the economics of business cycles (or economic cycles). That is, they argue that the global economy will, in future, be in a state of permanent crisis, only punctuated by brief periods of modest recovery. In this regard, global economic outlooks by, among others, the International Monetary Fund are not inspiring (IMF 2016). For instance, global growth was projected to slow to 3.1% in 2016 before recovering to 3.4% in 2017 (*ibid*). This does not compare with pre-2007 forecasts. So, this gives impetus to the theory of permanent global economic crises as opposed to alternating periods of expansion and contraction.

Given the uncertainty of recovery post-2007, coupled with current budgetary pressures on the part of primary product-reliant African economies (e.g, Botswana is a diamond reliant), there is a need to rethink public budgeting. While some African countries have conducted PEFA performance assessments and inaugurated Public Finance Management Reform Programs, overall, the effect of these initiatives is yet to bear commendable fruit. Hence, budget reform is very critical in Africa. Reform is not an event; it is a process that is multilayered, multidimensional, and multi-stakeholder. Among others, reform is about engendering the 3Es of management: (i) effectiveness, (ii) efficiency, and (iii) economy. Beyond the 3Es of management, budget reform is about enhancing budget legitimacy (the budget process conforming to the law or to rules, particularly, the constitution and public financial management and budget laws) and accountability. Of particular note, accountability is key in the use of public resources by one party on behalf of the other. In this regard, in a principal-agent relationship with the citizens and the executive arm of the government being principal and agent, respectively, it is imperative that the agent accounts to the principal. This becomes more imperative in days characterized by New Public Management that, on the one hand, gives Public Managers a wide berth of discretion to run public agencies like a business and demands more accountability of them on the other. Hence, in the post-recovery period, there is a need to strive for the pursuit of the Holy Grail of the 3Es of management and cognate ideals such as budget legitimacy and accountability.

## The New Face of Public Budgeting in Africa

In view of chronic recovery challenges, budget reform is very imperative. In this regard, there are already waves of budget reform in the world.

For example, in the wake of the global financial crisis, budgeting techniques are undergoing major change in many Organisation for Economic Co-operation and Development countries (Robinson 2016). Therefore, a majority of pre-crisis budgeting techniques have to be revised, reformed, and reorientated in view of reduced fiscal envelopes. Given Africa's yet-to-be developed public budgetary systems, there is a need to found an architecture within which to ground future public budget reforms. The following are some policy options to consider in reforming the budgetary process in Africa.

*Expenditure re-prioritization*: the budget must truly represent the priorities of the nation as expressed through participatory budgeting. In a majority of African countries, the power of the purse, which James Madison in *Federalist Paper No. 58* published on 20 February 1788 described as "the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people. . .," is more honored in the breach than in the observance. In the main, this is due to the dominance of the executive arm of the government over the legislature. The executive dominates policy-making, critically and very ruinously, including budget formulation. In most instances, the executive budget proposal reflects the priorities of the executive, for instance, defense spending and executive pet projects (e.g, vote-buying populist projects such as antipoverty initiatives). In view of reduced fiscal circumstances, there is a need to re-prioritize public expenditure to ensure allocative efficiency. In a related vein, the power of the purse must be made a reality as affirmed in the US Congressional Budget and Impoundment Control Act of 1974 which effectively upheld the basic principle that Congress was inviolably vested with the power to direct federal spending, so, ending President Richard Nixon's abuse of impoundment powers.

*Fiscal discipline*: although the principle has been debated by preeminent public finance theorists such as James Buchanan and Richard Musgrave, and latterly John Mikesell, it found outmost expression in the Washington Consensus. John Williamson (2004), who coined the term "Washington Consensus", prescribed fiscal discipline in times of austerity. In essence, it means the government staying the course of smooth financial operation and long-term fiscal health. Thus, unless there is a necessity to run deficits, for example, to stimulate the economy, there must be fiscal discipline. Among others, this will ensure the 3Es of management.

*Accountability for budget performance*: in the era of New Public Management and New Public Governance where Managers are given a wide discretion to run public agencies like businesses, the increased need for accountability for performance, in terms of results and non-results, is imperative. In this regard, Heads of Departments, or Agency Heads, need to be held accountable for department/agency budget performance. In the event that Heads of Departments or Agency Heads fail to deliver on budget goals and targets without good reason, they must be held to account and be appropriately sanctioned (including dismissal).

*Performance-based budgeting*: this refers to the relationship between program funding levels and expected results and/or deliverables from the program. In essence, it adopts the logical framework that links four variables, being: (i) inputs (things that go into a program), (ii) outputs (deliverables; e.g., a road), (iii) outcomes (short- to medium-term changes), and (iv) impact (long-term changes). In most cases, existing budget practices focus on the first two: (i) inputs and (ii) outputs. While the same are easy and lower hanging fruit, the last two (outcomes and impacts) are not. Therefore, there is a need to ensure budget outcomes and impact through performance-based budgeting. Hence, rather than the Treasury simply requesting parliament to give it x amount of Dollars, it must think of all the four variables.

*Charter of Budget Honesty Act*: there is a need to take a leaf from the Australian government and promulgate Charter of Budget Honesty Acts. The Charter of Budget Honesty Act (1998) provides a framework for the conduct of Australian Government fiscal policy (Australian Government 2012). It aims to improve fiscal policy outcomes; thus, it provides that fiscal strategy be based on principles of sound fiscal management (*ibid*). In addition, the Act provides for the public scrutiny of fiscal policy and performance. It is evident from, among others, the Open Budget Surveys conducted by

the International Budget Partnership (the latest one in 2015) that a majority of African governments (including Botswana) are not doing very well in terms of open and honest budgets. So, the promulgation of an Australian-type Charter of Budget Honesty Act will go a long way in promoting honest budgets. Vitally, the Australian Charter need not be copied wholly; thus, it must be adapted to local conditions.

*Collaboration*: given the fact that some regions, for example, the Organisation for Economic Co-operation and Development (OECD) countries, have made tremendous strides in budget reforms, there is a need for more collaboration with them. Presently, there is cooperation between the Collaborative Africa Budget Reform Initiative (CABRI) and the OECD network of Senior Budget Officials (SBOs). The SBOs participate in CABRI seminars. Given the fact that one of CABRI's aims is to contribute to a common African resource base for African officials on public financial management, there is a need for more alliances with the OECD.

*Champion of Budget Reforms*: reform is very heavily freighted with challenges, the most pernicious one being resistance due to fear of the unknown. Therefore, it is very important to engender buy-in at the top. This involves the first office, for example, the Office of the President or the Office of the Prime Minister. If the President or Prime Minister is made the champion of reforms, this will ensure buy-in at the highest levels. In this regard, there is a precedent for this as exemplified by the National Performance Review in the USA. The National Performance Review was the initiative of the Clinton-Gore administration with the sole aim of reforming the way the federal government worked to make it "work better and costs less." The program was able to gain traction because it was driven from the Office of the Vice-President by then Vice-President, Al Gore. Similarly, in Botswana, the National Strategy Office is in the process of formulating a National Monitoring and Evaluation Framework for Botswana, and it requested the President to be its champion. Consequently, for budget reforms to succeed in Africa, and elsewhere in the developing world, they need to be championed from the first office. Doing so will ensure top-level buy-in and support and the deploying of requisite resources, particularly human and financial, to deliver the much-needed budget reforms in Africa.

## Conclusion

Budgeting is an important public resource allocation mechanism that, among others, decides the question: who eats? (and, alternatively, who does not eat?). The allocation of public resources to satisfy citizens' needs and wants is done in a given social, economic, and political environment. The economic environment is the most critical because money must be found to resource the budget. Therefore, in periods characterized by fiscal stress as it is noticeably happening in the post-2007 period, there is a need to do things very differently. Thus, pre-2007 budgeting practices cannot deal with issues posed by reduced fiscal circumstances. Fiscal stress is most acute in African countries whose economies are primary product reliant. Post-2007, there is subdued demand and falling prices for primary products. This, therefore, puts a big squeeze on African economies. The most obvious effect is reduced revenues that necessitate that there be cutback budgeting and insistence on the ethic of "the biggest bang for the buck." Therefore, budget reform is pertinent in Africa to cope with post-recovery revenue challenges. Very vital to note, budget reform is multi-level, multidimensional and multi-stakeholder. Therefore, the following are key to budget reform: expenditure re-prioritization, fiscal discipline, accountability for budget performance, performance-based budgeting, promulgation of Australian-type Charter of Budget Honesty Acts, and collaboration and the appointment of high-level champions of budget reforms. Adopting some of these initiatives will aid budget reform in Africa.

## Cross-References

► Budgetary Constraints
► Budgeting and Decision-Making
► Budgeting in the Public Sector

## References

Australian Government (2012) Charter of Budget Honesty Act 1998. Attorney-General's Department, Office of Legislative Drafting and Publishing, Canberra
Begg D, Vernasca G, Fischer S, Dornbush R (2011) Economics, 10th edn. McGraw-Hill Higher Education, London
Gaolathe B (2009) 2009/10 budget speech. Government Printing and Publishing Services, Gaborone
IMF (International Monetary Fund) (2016) World Economic Outlook (WEO); subdued demand: symptoms and remedies (October 2016). IMF, Washington, DC
Mathambo K (2015) 2015/16 budget speech. Government Printing and Publishing Services, Gaborone
Ministry of Finance and Development Planning (2015) 2016/17 budget strategy paper. Government Printing and Publishing Services, Gaborone
PEFA (2016) What is PEFA? https://pefa.org/what-pefa. Accessed 9 Jan 2017
Robinson M (2016) Budget reform before and after the global financial crisis. OECD J Budg 16(1):29–63
Shkurti WJ (2003) A user's guide to state revenue forecasting. Public Budg Financ 10(1):79–94
Wildavsky A (1984) The politics of the budgetary process, 4th edn. Little, Brown and Company, Boston
Williamson J (2004) A short history of the Washington consensus. https://piie.com/publications/papers/williamson0904-2.pdf. Accessed 7 Nov 2016

# Public Bureaucracy and Crisis Management

Neal Turpin
University of Louisville, Louisville, KY, USA

## Synonyms

Agencies; Government; Organizations; Public Administration

## Definition

A public bureaucracy is a governmental organization, staffed by professionals, which carries out administrative functions in a specific policy area.

## Introduction

The term bureaucracy often elicits images of paperwork, red tape, and glacially slow action. The thought of relying on these institutions to handle an urgent crisis can be worrying. No one wants to wait for a committee to convene or papers to be filed before a search and rescue operation gets underway.

Fortunately, these concerns are typically overblown, and public bureaucracies do their job well. Public administrators have the necessary skills, responsibility, and authority to step in when crises arise. They are the first lines of defense in both crisis prevention and crisis management. Bureaucratic missteps certainly happen. Disaster relief agencies sometimes respond slowly to hurricanes. Economic agencies can make incorrect predictions about job growth. These events are exceptions, though, not the rule. As a whole, public bureaucracies and agencies are effective and vital to how society functions.

## Bureaucracy and Crisis

Multiple organizations fall into the category of public bureaucracy, including local water departments, FEMA, the US Army, and the CDC. Public administrators include positions from line workers to Cabinet level offices. Public administrators in general are responsible for executing policy goals expressed by legislators or other elected officials. Many of the goals these agencies are tasked with carrying out have to do with either improving society or keeping it running smoothly. In this sense, managing crises that affect the public is a fundamental part of any bureaucracy's purpose.

What constitutes a crisis may vary greatly depending on what level of public bureaucracy is being examined. At the local level, a snow storm or a power outage may be considered a crisis. At the state level, floods, drought, or tornadoes are likely issues. At the national level, economic or military issues may be more of a concern. Of course, local governments can

experience economic crises just as easily as the federal government. A factory closing or a weaker municipal bond rating could be devastating for a local economy. Additionally, any crisis could potentially be too large for one level of government to handle on their own. A hurricane could be dealt with by just one state. However, a larger, more powerful storm may require federal administrators to lend assistance.

It may be the case that some crises are simply beyond the control of any public agency. There is only so much that can be done to prepare for or manage a volcano, for example. Geologists can predict the likelihood of an eruption and evacuation plans can be put in place, but trying to prevent an eruption is an effort in futility. Still, there are steps you can take to minimize the damage or impact.

## Planning for a Crisis

In preparing for and managing a crisis, public administrators must first have plans in place to handle whatever crisis may arise. The first step in this process is to decide what crises are likely or even possible to occur. This takes knowledge of what sorts of events have happened in the past, an understanding of current systems and what issues could arise from something going wrong and some level of creativity to imagine what sorts of crises may come about in the future.

After coming up with possible scenarios for crisis situations, administrators must plan for how to handle them. Formulating a plan of action beforehand can speed up the response time of a bureaucracy. Plans could include local officials having alternate routes for emergency vehicles during a blizzard, disaster relief teams having trailers well stocked with supplies and ready to go, or simply ensuring that someone is on call in the middle of the night. Even something as large and consequential as the Presidential order of succession is a crisis management plan for a public bureaucracy.

In making these plans, it is important to listen to those with experience and expertise in the field. It is likely that a public agency or organization will already have a fair number of people with experience on staff. In this case, an organization will probably have dealt with a similar crisis in the past, gaining valuable knowledge along the way. Administrators may know what has worked or not worked in the past. They can know what issues were present or what factors they did not consider. In this way, new plans can be made, building off of and improving upon old crisis management plans.

Once established, these plans need to be made widely known. This level of coordination can also prevent different parts of an agency from attempting to handle a crisis in different ways. In a hurricane, for example, if half of an agency tried to evacuate residents and the other half instructed residents to shelter in place, the results would be chaotic. Ensuring that everyone is on the same page can prevent mass confusion among crisis responders, which typically makes the problem worse. Crisis management plans also need to be practiced, so administrators and officials have the skills and training needed to enact them when a crisis does occur. Running emergency drills can be costly, time-consuming, and tedious, but the benefit of being prepared when something does go wrong is priceless.

Planning must also take place between different bureaucracies and agencies. When a crisis occurs, having multiple agencies ready to address the situation in unison can prevent confusion and improve response times and effectiveness. Again, different levels of government may respond to different parts of a crisis. Keeping lines of communication open and having good relationships with other officials will make the management of crises much easier.

In some situations, what separates a crisis from an everyday occurrence is simply a matter of scale. Plans for snow removal in a blizzard may not be fundamentally different than snow removal plans for a heavy dusting. The only real difference is how much snow is being removed. Shutting down a bridge for routine maintenance is not all that different than shutting it down for major structural repairs. The only difference is the

possible length of time transportation will be rerouted. In these situations, administrators and officials may have a larger problem on their hands, but they may not need to handle or prepare for it any differently than they would a run of the mill issue.

## Handling a Crisis

When a crisis does happen, public administrators must act quickly and effectively to either solve the crisis, limit its effects, or recover from it. If they don't, the public could lose trust in the agency or begin to panic. If contaminated food is being sold to the public, the FDA and USDA need to get it off the market as soon as possible, not only to stop the spread of foodborne illness but to reestablish trust in the nation's food supply. Quick action can keep a small crisis from expanding into an all-out emergency, and it is in these situations when administrators are glad they have coordinated, rehearsed responses ready to go.

In most crisis situations, a prepared plan will suffice. Again, similar crises are likely to have occurred in the past, and administrators and officials will more often than not have some experience in dealing with them. Even in the most mundane crises, however, new factors may come into play. A new housing development could change flood patterns. A leadership change in a foreign country can affect trade agreements. Despite maintenance, machinery can still break down at inconvenient times. Interest rate adjustments may not affect unemployment numbers quite as much as economists had predicted.

When unexpected factors work their way into a crisis situation, flexibility becomes a major virtue for public bureaucracy. Plans which include some level of adaptability are much more suited for success than contingency plans which are too rigid (Gilpin and Murphy 2008). Adaptability is important both when situations are slightly different than what administrators initially had in mind in the planning process and when something happens in the middle of dealing with a crisis. For many, adaptable plans are considered to be vital, as planning for every possible crisis scenario is impractical. In addition to dealing with unexpected situations, having flexibility built into crisis management plans can also open up the planning process to new ideas. When protocols and organizational structures are too rigid, people's willingness to question decisions may be limited. It is good to have workers in a bureaucracy that are focused, but not so narrowly focused that they don't see other options that are possible or other problems that may arise. This does not mean that agencies and organizations should just wing their way through a crisis, but as a general rule, crisis management plans should shift more toward adaptiveness and improvisation.

During a crisis, bureaucracies must also be willing and able to work with other organizations. The idea that individual departments or agencies are completely insular in handling a crisis is a myth. Due to the complexity of modern systems, one organization may not be able to limit the spread of a crisis, and trying to solve a problem without the support of other agencies may make the situation worse. A water main break will obviously require the local water company but will also likely require police to reroute traffic and health departments to issue boil water advisories. Administrative officials must also know how one agency's actions can affect another. Regulations put in place by state and federal Mine Safety and Health Administrations can make the job of the EPA easier or harder. The TSA and FAA affect each other's operations greatly. Open communication between agencies can help resolve a crisis faster and may even help prevent one in the first place. In doing this, however, the risk of competing agency heads becomes greater. A clear chain of command can help avoid confusion.

One of the worst things that agencies can do is panic or overreact. Bureaucracies have to be seen as doing enough to handle a situation, but must ensure that they are handling it in the right way. While it is likely the case that members of an agency have experience in dealing with crises already, a new or poorly understood situation can lead to administrators making poor decisions.

Media attention and public scrutiny can cause agencies to take large, bold actions that may not be necessary. If a police department wants to demonstrate control and establish a sense of order, it may send in entirely too many officers to quell a generally peaceful protest. Fears of terrorism can cause entire races or religions to be unfairly targeted for arrest or surveillance. Overreactions in policy choices can create crises even worse than the ones they were trying to solve. For example, overreaction in the quest to solve a crisis of drugs and violence resulted in an incredibly disproportionate level of minorities being incarcerated, which in turn has caused economic and criminal justice crises. Other policy decisions are likely to have had much more positive impacts with much fewer negative results.

And finally, public bureaucracies must be open and honest about what is going on. If information is not available, the public will speculate and start believing rumors. Agencies obviously shouldn't divulge information that could make a crisis worse, but they should be open and approachable, keeping the public informed and solidifying trust that the organization is sufficiently handling the situation.

## Crisis Monitoring

Bureaucracies typically spend a large amount of time and resources monitoring for potential crisis situation. Weather and economic forecasts are monitored closely to inform the planning process. Military intelligence can help assess risks around the world. In monitoring, however, some crises are much more difficult to spot. Immediate crises are easy enough to pinpoint. Officials can see a hurricane forming and follow its path closely. Emerging crises, on the other hand, are notoriously difficult to predict. These situations are like the proverbial frog that has been placed in a pot of slowly boiling water. Even if warning signs are noticed, the full impact may not be understood until after a crisis breaks out (Parsons 1996). Still, agencies must do their best to monitor situations, predict outcomes, and decide whether to act or wait.

## Public Trust in Bureaucracies

Bureaucracies must also concern themselves with public perception. Most agencies begin with some immediate goal in mind. Usually this goal is popular enough to have garnered enough support and funding in legislatures. Protecting the environment, educating children, and sending people to space have all been the goals of various government agencies, and most of these agencies were met with strong initial support. However, the further in the past an agency was founded, the more likely it is that people will have forgotten the support and excitement that once surrounded it.

Following a crisis, public perceptions often change. Sometimes this happens slowly, other times quickly. NASA, for example, was an organization that could do no wrong. The entire nation supported its goals and followed its progress. Over time, however, people became less excited about the organization's mission. Apollo 1 and Apollo 13 were early warning signs that things may not be perfect, and after the end of the lunar landing program, people became much less tolerant of mistakes. Two space shuttle disasters, lost probes, and expensive repairs to satellites and telescopes severely impacted public support for the administration. Other agencies can see support vanish much faster. FEMA was quickly and thoroughly ridiculed for its handling of Hurricane Katrina. Almost overnight an entire agency was vilified in the eyes of the public.

Administrators must constantly try and maintain a positive public image or at the very least avoid a negative one. A lack of public support for an agency or its mission could single that agency out for budget cuts by legislators looking to please constituents, or for reorganization by executives tasked with making that agency work more effectively or efficiently. Popular agencies on the other hand can receive a large amount of leeway in how they operate and not worry too much about funding. What makes this task difficult is that the public may not notice when things go well. People expect bridges not to collapse. They expect terrorist attacks to be prevented. But one mistake can counteract decades of success. While it is not fair

to hold public agencies to this standard of perfection, it is still the reality that many officials face.

## Administrative Budgets

While maintaining public support is vital for maintaining funding for a bureaucracy, there are other budgeting concerns that need to be considered. Budgets can be cut for a number of reasons. Lack of support is one. Another may be a simple lack of funding. Even programs that receive praise and success can still see their budget well dry up in lean economic times. Within an agency, it is important that funding be appropriated properly and effectively to ensure that valuable funds are not misspent. Being smart with funding can not only help within a budget cycle but can show legislators that appropriated funds will not be wasted.

When a crisis does occur, there will undoubtedly be funding concerns that come with it. Agencies involved directly with the crisis can see their funding increase or decrease depending on the nature of the problem. Most of the time, an administrator will attempt to work a crisis into a funding increase. Arguing that the issue arose due to a lack of staffing or outdated equipment can be effective. If the crisis was clearly the fault of an agency, it may put the agency's budget under public scrutiny. And finally, a crisis in one area can affect funding for a completely different agency. An increase in the funding level for one agency can mean a decrease in funding for another. Especially in jurisdictions with balanced budget laws, budgets can become a zero-sum game rather quickly.

## Administrative Ethics

Public bureaucracies must also deal with ethical considerations (Svedin 2011). One concern at the local level is for snow removal. Should preference be given to wealthier neighborhoods? What about areas with larger populations of elderly individuals who may be more likely to need medical care? For education planning, how is it decided which children are enrolled in better public schools? In health policy, can agencies force someone to vaccinate their children? What are the legal and ethical considerations for quarantining someone? How much surveillance can the government use to protect us before a line is crossed? These ethical decisions are made every day in bureaucracies and affect the lives of people everywhere.

Further complicating ethical considerations, public bureaucracies often set a value for human life. For instance, agencies such as the EPA, the FDA, and the Consumer Product Safety Commission have placed values on human life. If the cost of regulation exceeds those amounts for each life potentially saved, the regulation may not occur. These cost-benefit analyses can be unsettling and create serious ethical implications for government bureaucracies.

Citizens want to know that their government and its agencies have acted ethically and done the right thing. Success is great, but if that success crosses ethical boundaries, the public outcry can be fierce.

## Conclusions

No one wants a crisis to occur, but crises do present public agencies with enormous opportunities to learn and adapt. Fortunately, bureaucracies can learn from the mistakes or misfortunes of others. There have been enough crises that various agencies have had to manage that there are plenty of lessons to be learned. Riddell (2012) offers several such lessons. He states that agencies must be vigilant and prepared before a crisis hits and react quickly and openly when it does. He also suggests respecting local knowledge for handling a situation more effectively. While we can never prevent all crises, bureaucracies can learn enough to help limit their effects on communities.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Coordination between Municipalities in Crisis Management

▶ Disaster Response Management
▶ Governance in Crisis Management
▶ Organizational Structure and Crisis Management

## References

Gilpin DR, Murphy PJ (2008) Crisis management in a complex world. Oxford University Press, New York
Parsons W (1996) Crisis management. Career Dev Int 1(5): 26–28
Riddell P (2012) Crisis management. Polit Insight 3(1): 20–22
Svedin L (2011) Ethics and crisis management. Information Age Publishing, Charlotte

# Public Choice Theory of Organizations

Kevin W. Davis
The School of Graduate and Professional Studies, Delaware Valley University, Doylestown, PA, USA

## Synonyms

Choice theory; Neoliberalism; New public management

## Definition

Public choice theory is an economic theory that argues for public decision-making and the production and allocation of public goods and services to be based on citizens' preferences.

## Introduction

The theoretical concept of public choice theory (PCT) argues that government services are best organized by consumer-citizens' preferences. This perception of choice is characterized by Tiebout's (1956) consumer-voter theory that argues citizens shop around for communities that best fit their preferences and neoliberalism that argue governments are monopolies, which will inflate the cost of public goods and services. These two perspectives have shaped the PCT discourse that argues for market principles in the production and allocation of pubic goods and services. Public choice theory is a neoliberal theory which emphasizes the private sector in the deliverance of public goods and services and views citizen as consumers (consumer-citizens). PCT was introduced into the public sector lexicon in the mid-twentieth century (Buchanan 1984) and was predicted to provide insight into political decision-making (Mueller 1984) and policy recommendations (Quiggin 1987) and create a new perception of public administration (Ostrom and Ostrom 1971). The theory has become the antithesis of Keynesian theory and a challenge to the successful implementation of New Deal policies (Dearlove 1989). Keynesian theory argues for a strong government presence in the economy, especially during continued negative economic growth (recession).

PCT is defined as the attempt to understand decision-making in noncompetitive markets (Mueller 1984) and as the "economics of politics" (Dearlove 1989). The theory is derived from neoclassical economic theory where government was expected to take a "laissez-faire" approach to the economy (Buchanan 1984; Ostrom 1975; Quiggin 1987). Ostrom (1975) depicts PCT as a public/private consumption of goods dichotomy. The underlying issues of this dichotomy are non-subtractability, exclusion, and jointness of use (Ostrom 1975), which are the base determinates of public and private goods.

### Exclusion

This condition excludes other customers the use of a good or service (i.e., private vehicle). This condition establishes a private good.

### Non-subtractablility

This condition precludes that there is an inability to prevent someone from benefitting from a good or service while not paying for it (i.e., clean air); this condition establishes a public good.

### Jointness of Use

This condition allows multiple users at the same time as long as they are willing to pay for the good or service (i.e., toll roads). This condition is a hybrid between public and private consumption.

## PCT Discourse

According to Dearlove (1989), there are three main assumptions of PCT. First is the rejection of the idea of the social compact or contract; second is the belief that all individuals are maximizers (self-serving); and third, individuals' economic behavior is rational. The idea of the social compact is that individuals enter into mutual agreements that are the key to forming societies and the nexus of government. Individuals exchange some personal freedoms for mutual existence and protection (McLaughlin 1900). PCT argues that the social compact does not exist. It asserts that in private or public, the individual is a utility maximizer. What motives the individual is to gain the greatest benefit for him or herself irrespective of others. To be a utility maximizer requires the individual to have knowledge of all of the alternative choices. Ostrom and Ostrom (1971) contend in order to evaluate the alternatives, the individual must be able to analyze "certainty, risk, and uncertainty" in his or her decision-making (p. 205).

What makes PCT necessary for public organizations is the argument that political actors are also utility maximizers; that is to say that political decision-making is based on the theory that all public officials act in their own self-interest. PCT is not a new theory to explain political actors' behavior but rather overlays economic theory onto the public sector, arguing that the same motivating factors that affect "economic man" are the same factors affecting "political man" (Dearlove 1989).

Market theory emphasizes that in a prefect market, an individual's economic behavior can be predicted because of self-interest. Overlaying PCT onto the political structures identifies political decision-making as the same as economic decision-making. From the advantaged point of political maximizer, political failure is caused by self-interested political actors. PCT supporters maintain that the market is best suited through consumers' choice to provide a more efficient delivery of public goods and services, because it keeps in check the self-interest of the political actor. Organizing through consumer choice allows public agencies to provide goods and services that consumer-citizens want and are willing to pay for (through taxes).

The view that all political decision-making is based on utility maximization is considered an oversimplification of political action (Mueller 1976). Quiggin argues that the application of PCT by economists was developed to predict decision-making, but fails to consider other variables besides self-maximization that may affect political decision-making such as political actors' values, beliefs, and ideology. The utility maximizer principle makes the individual the unit of analysis for government decision-making (Ostrom 1975). This perspective gives no consideration to group action such as advocacy coalition that is instrumental in policy formation and implementation. PCT offers a jaded view of politics, government, and bureaucracies that reflects the self-interest of policy-makers. Not all advocates of PCT see the theory's self-interest premise as negative, but rather as an innate perspective or preference of the policy-maker (Ostrom and Ostrom 1971). Ostrom and Ostrom argued that self-interest should not be equated with selfishness.

The premise of PCT is based on the assumption of rationality and the ability to make prediction about behavior. Rationality allows for the ordering of known alternatives (Ostrom and Ostrom 1971). In order to make an informed decision, the decision-maker has to compare all of the options available and understand the consequences of his or her actions or inaction. Without this assumption, prediction would not be possible. The use of the predictive model is designed to equate PCT to the natural sciences (Dearlove 1989). Quiggin suggests that economist use PCT because it fits into the economic theory.

The understanding of choice and competition is central to neoliberal ideology of government

and advocacy for PCT. In theory, choice represents freedom and liberty, the curtailing state power over individuals' lives. The exercise of state powers is believed to infringe upon the rights of the individual. The power of the state is measured in its ability to levy tax and to regulate. In neoliberal discourse of freedom, freedom is defined in terms of economic freedom, the curtailing of state authority over individuals' choices.

PCT proposed that government is too big and privatization of governmental goods and services will shrink the size of government (Kettl 1993). The bigger the government the more taxes are required, which limits economic freedom. The argument for privatization is presented in public discourse as an issue of choice for the consumer-citizen. Public choice theorists argue that government is ineffective and unresponsive to the needs of its citizens. They contend that because government holds a monopoly on services, there is no incentive to become effective, efficient, or responsive. Government has no incentive to change because there is no mechanism (competition) to induce accountability and responsiveness.

Neoliberal thought as expressed in PCT has been made applicable to public sector management through privatization, contracting, and new public management. PCT is highly invested in free market theory especially as it relates to freedom and choice. The market is also argued to be rational, but the rationale for public goods is tantamount to social construct (Lauen 2007). Social constructs are not rational, but are based on values, norms, and beliefs. In essence, PCT is an attempt to apply rational theory to irrational behavior. In order to have choice, there must exist a selection of providers in which to choose. When government is the only provider then there is no choice and by default no freedom.

Public choice theorists propose that the inefficiencies that occur in government are akin to the inefficiencies in monopolies. Monopolies are formed when one dominant producer controls a significant amount of market shares within an industry limiting competition. In monopolies where there is little or no competition, the price of the goods or services will continue to increase (Sweetland 2002).

## PCT Application

Key to providing public goods and services is effectiveness and efficiency. Public administration (PA) theory argue that effectiveness and efficiency are two pillars of PA (Frederickson 1990; Rice 2004; Svara and Brunet 2004). In theory PCT is an attempt to address these two issues. A simplistic definition of effectiveness is defined as how well governmental agencies meet consumer-citizens' preferences. There are two essential concept used to make the argument for the necessity of public choice application within public organizations. First, consumer-citizens seek communities to satisfy their preferences (voting with your feet) and, second, the failure of government to meet the needs of consumer-citizens.

### Voting with Your Feet

Consumer-citizens choose to relocate to areas that meet their preferences (i.e., extensive public park system, good public schools, entertainment venues). The concept of voting with your feet was derived from Tiebout's theory of the preference of the consumer-voter. To ideally conceptualize this concept, one has to assume that the consumer-citizen has the ability to be mobile (Tiebout 1956). Within this concept there are no barriers which could hinder consumer-citizens from moving in and out of communities to satisfy their preferences. Additionally, one has to assume that consumer-citizens have the ability to rationalize their decision-making. That is to say, consumer-citizens understand the consequences of their choices.

### Government as Monopoly

In shaping the discourse to support PCT, a contrast was drawn between the public and private sectors. In this analogy, government is portrayed as the inefficient bureaucratic monopoly. Efficiency in economic terms is achieved in two ways: by maximizing each dollar spent and by producing goods and services at the lowest unit cost (Skogan 1976). Comparing government agencies to monopolies implies that efficiency cannot be achieved in the current government

organizational structure. Because political actors are acting in their own self-interest, they will not seek efficiency. It is by the introduction of market principles (competition) can efficiency be induced into public organizations.

### Organizing Government Services Through Public Choice

In order for PCT to work, government agencies need to develop ways to capture consumer-citizen preferences. This is accomplished through citizen surveys, focus groups, and performance measurements. Through citizen surveys and focus groups, government can measure consumer-citizen satisfaction with government services and assess how consumer-citizens believe agencies can improve and become more effective. Effectiveness is interrelated to consumer-citizen satisfaction. From the perspective of the consumer-citizen, how well does the agency meet the aggregate preferences? That is to say, does the agency provide what the consumer-citizen wants? Additionally, effectiveness also encompasses the level of effectiveness. For example, consumer-citizen X relocates to community Y because of its public parks, but the restriction of the use of the parks (time the parks are open) may have an effect on consumer-citizen X's level of satisfaction.

Tiebout's consumer-voter theory suggests that communities provide an array of differences, different levels of services, and selections. In essence communities are in competition to attract certain types of people to relocate. Ascertaining why individuals relocated allows the government to focus their resources to meet those needs. Because individuals have identified their aggregate preferences, government spending should reflect those preferences. Preferences identified by consumer-citizens will have community support and are more likely to support their preferences through taxes. This type of public organization of goods and services is more preferable because it directly organizes public goods and services to the preferences of consumer-citizens, showing government responsiveness to the needs of consumer-citizens, and increases the effectiveness of government. A drawback is that as individuals move in, others will be deciding to leave. The net gain or loss of population can have an adverse effect on governmental finances. Too many can move in, exceeding the optimal population, or too many may leave, shrinking the tax base.

Figuring out what consumer-citizens want and meeting those needs addresses the effectiveness of government, but not efficiency of government. To achieve efficiency, PCT argues for the separation of the provision of public goods and services from government. The inference of political man is that he is the same as economic man. This suggests that the production of public goods and services is the same as the production of private goods and services. Efficiency is only achievable in government when competition is allowed.

PCT argues that most public goods and services can be carried-out through the awarding of contract in a competitive bidding process. The competitive nature of the bidding process is designed to seek the true cost thereby reducing inefficiency.

## Conclusion

As there has been a continued push to implement PCT principles in public organizations that grant the private sector more access to provide public goods and services, the inroads of PCT have come at a price to public agencies. Critics argue that the application of PCT erodes the democratic process, ignores issues of social equity, and has a negative effect on public employees' morale.

PCT argues that public agencies are unresponsive to the needs of its citizens, suggesting that the policies and programs are an expression of bureaucrats' self-interest. And because there is no mechanism to induce competition, government agencies are said not only to be ineffective but inefficient as well. The ineffectiveness and inefficiency of public organizations are akin to private sector monopolies. PCT want to use competition to break up the monopolistic hold that public organizations have on the production and allocation of public goods and services. From the market perspective, PCT delivers what the

consumer-citizen wants. But this may create inequality and inequity in the delivery of government goods and services. Inequality and inequity is acceptable because market principles allow for exclusions. In a pure market, this is acceptable; the market does not just provide what the consumer wants, but what he or she is willing to pay for. In this instant, government cannot operate like the market. In a democratic society, government cannot normally exclude individuals from full participation in society. If government provides a good or service, it must establish equal access for all. Organizing public agencies through PCT can negate the government's responsibility to social equity. Public bureaucratic agencies organized through public choice seeking to meet the needs of the majority may not address the needs of the minority, especially in vulnerable populations. For example, if a public park charged a user fee for its community swimming pool, the fee may be restrictive and exclusive to some residents because of their inability to pay.

As PCT was argued to be a better way to meet citizens' needs, it often was accompanied with antigovernment agency rhetoric that has an adverse effect on government employee's morale and effectiveness. Aberbach and Rockman (2000) argued that the constant reframing of the ineffectiveness of government and its employees has an effect on employees' morale and increases the likelihood of ineffective service.

The use of privatization and contracting has the potential to cause other issues of governance that affect the democratic process and political control over public goods. The contractor is not an elected or appointed official of government and may not be subjected to political controls. The relationship between government and the contractor is governed by stipulations in the contract, which creates a principal agent relationship. Providing pubic goods and services through contracts is not new, but has always occurred in government. If it is assumed that the individuals are utility maximizers, then it should be assumed that the agent will work in his or her own self-interest instead of the principal's interest. Within this perspective, the government must maintain expertise within the organization in order to evaluate the contract and monitor the contractor's ability to meet the obligations of the contract.

## Cross-References

► Globalization and Organizations

## References

Aberbach JD, Rockman BA (2000) In the web of politics: three decades of the U.S. federal executive. Brookings Institution Press, Washington, DC

Buchanan JM (1984) Politics without romance: a sketch of positive public choice theory and its normative implications. In: Buchanan JM, Tollison RD (eds) The theory of public choice. The University of Michigan Press, Ann Arbor, pp 11–22

Dearlove J (1989) Neoclassical politics: public choice and political understanding. Rev Polit Econ 1(2):208

Frederickson HG (1990) Public administration and social equity. Public Adm Rev 50(2):228–237

Kettl DF (1993) Sharing power: public governance and private markets. The Brookings Institution, Washington, DC

Lauen DL (2007) Contextual explanations of school choice. Sociol Educ 80(3):179–209

McLaughlin AC (1900) Social compact and constitutional construction. Am Hist Rev 5(3):467–490

Mueller DC (1976) Public choice: a survey. J Econ Lit 14(2):395

Mueller DC (1984) Public choice: a survey. In: Buchanan JM, Tollison RD (eds) The theory of public choice. The University of Michigan Press, Ann Arbor, pp 23–67

Ostrom V (1975) Public choice theory: a new approach to institutional economics. Am J Agric Econ 57(5):844

Ostrom V, Ostrom E (1971) Public choice: a different approach to the study of public administration. Public Adm Rev 31(2):203–216

Quiggin J (1987) Egoistic rationality and public choice: a critical review of theory and evidence. Econ Rec 63(180):10

Rice MF (2004) Organizational culture, social equity, and diversity: teaching public administration education in the postmodern era. J Pub Aff Educ 10:143–154

Skogan WG (1976) Efficiency and effectiveness in big-city police departments. Public Adm Rev 36:278–286

Svara JH, Brunet JR (2004) Filling in the skeletal pillar: addressing social equity in introductory courses in public administration. J Pub Aff Educ 10:99–109

Sweetland SR (2002) Theory into practice: free markets and public schooling. Clear House 76(1):8–12

Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64:416–424

# Public Contracts

Geo Quinot
Stellenbosch University, Stellenbosch, South Africa

## Synonyms

Administrative contracts; Government contracts; Public law contracts; Public procurement; State contracts

## Definition

A contract is a legally enforceable voluntary agreement entered into by two parties with the intention of creating rights and duties, i.e., obligations. A public contract is a binding agreement concluded between an entity that forms part of the state and a private contractor in terms of which a public function is facilitated.

## Introduction

Public administration participates in the marketplace in ways that are very similar to other private commercial actors (e.g., consumers or companies). For example, administrations acquire and dispose of goods and services, enter into financial arrangements, and conclude partnerships. In all these transactions, the administration utilizes the primary legal mechanism to create commercial relationships, namely, the contract. However, although public administration may appear equivalent to any other (powerful) market participant when engaging in these transactions and their contracts seem to be equivalent to any other commercial contract, these arrangements involving public administration remain distinct from "normal" commercial transactions (Quinot 2008). Due to its unique status and position in any given society, public administration is never wholly equivalent to other (private) legal actors with the result that its legal relationships are also distinct. In recognition of this distinctiveness of the administration's commercial dealings, the notion of a public contract has developed in many legal systems.

The label "public contract" may simply be something that is given to any ordinary contract to which a public entity is a party. On the other end of the spectrum, a "public contract" may constitute a separate and distinct legal concept from the ordinary contract. Legal systems generally vary between these two extremes in their treatment of public contracts (Turpin 1999; Mitchell 1954). Nevertheless, the basic characteristic of the notion of a public contract is that it recognizes the broader public interest in the commercial arrangement created and governed by the contract. In this sense the notion of a public contract is thus as much an instrument of public administration as it is an instrument of commercial transaction.

## Identifying Public Contracts

Due to the vastly different ways in which different legal systems recognize and regulate contracts concluded by public administration, it is not feasible to define a public contract in any precise manner. It follows that it is not always easy to identify a public contract or to distinguish it from an ordinary commercial contract.

In some systems certain types of arrangements that public administration may enter into are simply defined as public contracts in legislation and conversely also those arrangements that are not recognized as public contracts, but that remain purely private or commercial contracts despite public administration's involvement. France provides the stereotypical example of such statutory division between a distinct concept of a public contract, the *contrat administratif*, and ordinary commercial contracts, *contrats de droit commun* or *contrats de droit privé*, both of which may be concluded by public administration (Turpin 1999; Maree 2013). In France, legislation simply dictates that contracts entered into by the public administrator for the sale of immovable state property, for example, are *contrats administratif*.

It is far more common, however, to find that public contracts can only be identified by means

of a range of criteria in a given context. These criteria typically serve to distinguish the public contract from the ordinary commercial contract. Criteria typically used for this purpose vary from very general ones such as public function or public interest to more specific ones such as the identity of the contracting parties, the power relationship between the contracting parties, the source of the power used to conclude the contract, the nature of the contractual clauses, or the source of the funds (or other resources) used under the contract. General criteria such as public function or public interest are notoriously difficult to define with any precision with the result that these criteria are highly malleable and thus open to vastly different interpretations and outcomes when applied in a given scenario.

On the one hand, one may argue that all activities of the public administrator, including all contracts concluded, must have a public-function basis and be in the public interest. In this view one could question whether any conduct by the public administrator that is not aimed at fulfilling a public function and serving the public interest would be legitimate. These two criteria may constitute the very justification for having public administration. If this approach is taken, all contracts concluded by the public administrator will necessarily have to be defined as public contracts. The true criterion in identifying the public contract is accordingly the identity of the contracting party, the public administrator, and not the public function or interest. However, public interest or public function can still play an important role where the party concluding the contract is nominally not part of public administration, but is in fact fulfilling a function on behalf of the public administrator or fulfilling a function that the public administrator would otherwise have had to fulfil had it not been for the private party's actions.

On the other hand, one may argue that some contracts concluded by the public administrator are so remote from any direct public function that they cannot be said to constitute public contracts. The argument in this approach would state that the contract itself does not constitute a public function and that the public interest in that contract is accordingly very low regardless of the fact that the public administrator may at some level be engaged in delivering a public function in which the public has an interest. These contracts should accordingly be recognized as normal commercial contracts despite the presence of the public administrator as a party.

The difference between these two approaches to identifying public contracts is one of degree rather than conceptual. It should be evident that one could always make the former argument, but that the link to an identifiable public function pursued via the contract by the public administration may become so tenuous that one may question whether the contract itself should be recognized as a public contract.

More specific criteria may avoid these difficulties experienced with general criteria, but they, in turn, may run the risk of being over- or under-inclusive as is the case with all specific rules. Focusing only on the identity of the contracting parties may be under-inclusive since it may exclude contracts concluded by private parties on behalf of the public administration. Focusing only on the use of public funds may again be over-inclusive as it may lead to contracts concluded by private parties using funding under a state grant or subsidy being recognized as public contracts.

In the absence of the clear identification in a legal prescript of a particular (type of) contract as a public contract, a combination of criteria will have to be used to consistently distinguish between those contracts of the public administrator that constitute public contracts and those that amount to ordinary commercial contracts.

A final factor to consider in identifying public contracts is that the parties to the arrangement must be separate legal persons, that is, entities that are recognized as having separate legal existence. For the most part, this would imply that one of the parties must be a private person (individual or firm). Arrangements where *both* parties are entities within public administration (e.g., different departments or agencies) cannot generally be considered public contracts. The reason for this factor is that a contract is understood as an agreement between *two* legal persons. Where the parties form part of the same legal entity (public administration), this element is absent. However, agreements between two public bodies that are clearly distinct legal entities may qualify as public

contracts. For example, in a federal state, it may be possible that arrangements between the central (federal) public administration and a local administration qualify as public contracts, because the two administrations have separate and distinct legal personality, i.e., they do not form a single public administration.

## Purpose of Public Contracts

While public contracts share many characteristics with ordinary commercial contracts, they are distinct for at least the reason that they *also* serve as instruments of public administration. It is the purpose of public contracts that sets them truly apart from other forms of contracts.

The purpose of public contracts can usefully be understood within the dichotomous categorization of the (legal) forms available to the public administrator to implement policy, namely, *imperium* and *dominium* (Davies 2008; Daintith 1979). *Imperium* refers to the state's use of its sovereign power to effect policy, typically through primary legislation passed by a legislature or subordinate legislation (regulations/rules) issued by administrations. *Dominium* on the other hand involves the use of state resources (wealth) to implement policy. In this second form, the public contract plays a leading role as the primary vehicle to achieve policy implementation.

The purpose of the public contract is thus always tied to the realization of policy in the public interest. This is an important feature of public contracts. It implies that while the contract may have a direct and basic exchange purpose between the particular parties to the agreement (goods/services in exchange for payment/consideration), the public contract *also* serves a broader public purpose by facilitating the public interest. It further follows that a much broader category of persons have an interest in the public contract compared to the notion of privity of contract that applies to ordinary commercial contracts and that holds that it is only the immediate parties to the relevant contract that have an interest in that contract to the exclusion of all others.

## Rationale for Using Public Contracts

There are a number of reasons why the public administrator would use a contract as the vehicle to achieve a public purpose as opposed to the more traditional *imperium* forms of administration.

Since the contract is inherently a consensual or at least highly participatory form of interaction, the use of public contracts may result in much higher levels of cooperation and buy-in from those subject to the relevant administrative scheme than in cases where the state uses its command-based techniques of public administration. With the use of a public contract, the private person becomes an active party to state administration rather than simply a subject.

Public administration may also turn to public contracts in an attempt to achieve the efficiency that is traditionally associated with the private market. A hallmark of a well-functioning market economy is that goods and services are exchanged in an efficient manner. The public administrator may want to either harness that market efficiency in the pursuit of its public functions or may want to emulate market efficiency in its administrative functions. By acquiring goods and services in the private market by means of public contracts rather than attempting to produce or provide itself, the administrator can tap into the existing efficiency of the market. In this manner public contracts utilize market power in furtherance of public functions. The public administrator may also want to reproduce market efficiency by couching a public function in a market-based form by means of a public contract. In terms of such a strategy, the administrative functions are framed in market form with the objective of generating efficiency in the administrative functions akin to that of the private market.

The turn to public contracts may simply be aimed at involving powerful or resource-rich private entities in public administration. Most (if not all) public administrators lack the necessary resources to fulfil all public functions or serve all public interests optimally at all times. It has accordingly become common for public administrations to collaborate with private entities in public programs. The public contract is the primary

vehicle in terms of which such collaboration is structured.

There are also some less positive reasons for the use of public contracts in public administration. One may be that contracting may involve less public oversight than other forms of public administration, especially the more traditional command-based techniques. The public administrator may thus have more freedom in utilizing public contracts compared to the use of regulations or pursuing a public function by means of legislation that needs to pass through the legislature. In many legal systems, the control of the courts over contractual actions of the public administrator is far less than the courts' control over action taken in terms of legislation. The sharp rise of public procurement regulation in recent years globally has, however, restricted the freedom of public administrators in the use of public contracts.

## Peculiar Rules

The involvement of the public administrator in public contracts and the distinct purpose served by public contracts result in a number of distinct and peculiar rules applied to this form of contract compared to ordinary commercial contracts. The precise rules and the extent to which these rules differ from ordinary contract law vary between legal systems. Rules governing public contracts are most distinct in systems where a distinct concept of a public contract is recognized, often also governed by courts other than those governing ordinary commercial contracts. However, even in legal systems that do not recognize a separate concept of a public contract, there are still rules applicable to public contracts that do not apply to ordinary commercial contracts.

Peculiar legal rules governing a distinctive public contract, typically found in legal systems influenced by French law, for example, explicitly recognize the inherent inequality of the parties to the contract, the broader public interest being served by the contract, and the responsibilities of the parties to the contract to stakeholders beyond themselves (Turpin 1999). One thus typically finds rules in these systems that allow for public administration to make unilateral adjustments to the contract in the public interest but also for the subsequent protection of the private party to the contract in maintaining the economic balance within the contract.

In systems where no distinct concept of a public contract is recognized, typically systems influenced by English law, the relationship under a public contract may still be subject to peculiar rules by means of the application of administrative-law rules on top of ordinary contract-law rules. A good example is the administrative-law rule against the fettering of administrative discretion that would equally apply to public contracts. This may mean that a particular term of a contract may become unenforceable under particular circumstances if such enforcement would result in the undue fettering of the public administrator's discretion to act in the public interest under those circumstances (Davies 2008; Mitchell 1954).

## Conclusion

Public administrators, especially (but not exclusively) in capitalist economies, make extensive use of contracts as a vehicle to fulfil public functions and to serve the public interest. Whether these contracts should be viewed as distinct from the contracts concluded by other market participants in the given country depends largely on the legal system of that country. In particular, it depends on whether a distinct concept of a public contract has developed within the relevant jurisdiction. However, even in those systems where no distinct legal concept of a public contract has emerged, it is clear that contracts concluded by the public administration are different from ordinary commercial contracts. This difference may simply flow from the fact that one party to the agreement is the public administrator that is subjected to different legal treatment and that pursues different purposes than private market players.

With the line between public and private functions and between public administration and private enterprises continuously shifting and seemingly blurring, it is to be expected that the

notion of the public contract will grow in significance as a tool of public administration.

## Cross-References


- ▶ Bureaucracy and Outsourcing
- ▶ Outsourcing Public Services
- ▶ Private Law and Public Administration
- ▶ Privatization in Central Government
- ▶ Privatization in Local Governments


## References


Daintith T (1979) Regulation by contract: the new prerogative? Curr Leg Probl 32:41–64

Davies ACL (2008) The public law of government contracts. Oxford University Press, Oxford

Maree PJH (2013) Investigating an alternative administrative-law system in South Africa. Stellenbosch University, Stellenbosch. http://hdl.handle.net/10019.1/85591. Accessed 24 Mar 2016

Mitchell JDB (1954) The contracts of public authorities: a comparative study. Bell, London

Quinot G (2008) State commercial activity: a legal framework. Juta, Cape Town

Turpin CC (1999) Public contracts. In: Von Mehren A (ed) International encyclopedia of comparative law: contracts in general. JCB Mohr (Paul Siebeck), Tubingen


# Public Control as a Mechanism of the Openness of Public Procurement: Case of Russia


Nadezhda Sirotkina and Svetlana Pavlovskaya
Public Administration Department, Faculty of Management, National Research University Higher School of Economics, Nizhny Novgorod, Russian Federation


## Synonyms

Government contracting out; Outsourcing; Outsourcing anti-fraud measures; Public control; Public procurement in Russia; Public procurement regulations in Russia; Transparency of public procurement

## Definition

Public procurement is the process by which public authorities, such as government departments or local authorities, purchase work, goods, and services from the private sector.

## Introduction

Public procurement is a source of high corruption risk due to the large amount of funds involved and specific procedures for using such funds. Wide powers of governmental and municipal authorities who are responsible for the contracting also contribute to corruption vulnerability of the public procurement system. The corruption damage in public procurement is very significant. As estimated by the Organization for Economic Cooperation and Development (OECD), the losses due to corruption range from 20 to 25 percent of the procurement budget, that is, around 2 billion USD annually. According to experts, the losses of the Russian budget resulting from corruption range from 5 to 7 billion dollars.

One of the high-profile cases related to unfair public procurement in Russia was the acquisition of CT and NMR scanners for regional healthcare facilities. The equipment was purchased at the price of 95 million roubles per unit, while the market price was in the range from 28 to 40 million roubles. The total of 64 scanners were purchased at elevated prices. The damage to the budget amounted to 700 million roubles.

Public procurement nourishes corruption due to the specificity and the large number of participants who are prone to corrupt activities. A large number of acts of corruption are possible in public procurement. Different forms of corruption have been observed in public procurement: bid rigging, bid orchestration, and distortion of quality ranking (Dimitri et al. 2006). Russian practice often draws a line between fraud and corruption. The term "corruption" refers to actions which involve contract performers and officials who make decisions on contract awarding. Corrupt practices include slanted specification, breach of confidentiality, lax contract administration, and conflict of interests.

The term "fraud" is used to describe the opportunistic behavior of the bidders, which manifests itself in the form of collusion, holding prices at a certain level, provision of false certificates, and over-invoicing, as well as other noncompetitive activities.

The variety of corruption opportunities depends on the complexity of the procurement as well as the stage of the procurement cycle. The types and incidence of corruption phenomena are determined by a number of other factors, such as national legislation regulating the complexity of tendering procedures, the extent of electronic filing format use, and rigidity of state control.

The variety of forms of corrupt practices requires the establishment of corruption elimination mechanisms, or at least reduction. In addition to the financial losses associated with the conclusion of contracts on conditions that are unfavorable for the state, fraud and corruption in public procurement contribute to the deterioration of the investment climate and lead to reduced confidence in the government.

In a situation where corruption manifestations are diverse and multifaceted, one of the most effective and versatile tools to combat corruption is public control.

Public control technologies are widely used in world practice. One of the OECD guidelines in the area of public procurement is the Principles for Integrity in Public Procurement, according to which "...governments should consider involving representatives from civil society organizations and the wider public in monitoring high-value or complex procurements that entail significant risks of mismanagement and corruption."

Individuals, trade associations, professional associations, and business firms need to be involved into public control activities. In the USA, Transparency International has developed Procurement Monitoring Guide as well as online Procurement Monitoring Tool for civil society organizations in order to monitor the public procurement. In Mexico, social control functions are performed by "Social Witness" civil society groups, which take part in the contracting process and work on the basis of an agreement between the state and the procurement agency (Transparency International 2014).

The fight against corruption is the driving force behind reforming the public procurement system in Russia. Therefore, much attention is given in the legislation to improving the transparency of procurement procedures. Such measures also include the organization of public control. Public control allows to detect violations of the law and report on such violations to the supervisory bodies. This very social control is called a "true Fourth Estate."

In this regard, it seems relevant to develop social control in Russia as one of the mechanisms for better public procurement transparency.

## Public Control in Public Procurement in Russia

Russia's transition from centralized and planned supplies and procurement of enterprises to their full independence in the 1990s was very sharp and extremely painful for the domestic economy. However, during this very period, preconditions for the functioning of the public procurement market started to appear. It is a characteristic that one of the first documents targeted at formation of a competitive public procurement market, adopted in 1997, contains anti-corruption rhetoric in its title. This document is the Presidential Decree "About urgent measures to eliminate corruption and budget cuts in the organization of the procurement of products for state needs" (Decree 305 dated April 8, 1997). It stipulates that the government affects state purchases on a competitive basis. Transparency in public procurement was facilitated by the adoption of Federal Law No. 94 "On State and Municipal Procurement of Goods, Works and Services" dated July 21, 2005. The law required customers to disclose information about procurement and tender procedure results in the Internet. This law created conditions for competitiveness improvement and fight against corruption. At the same time, the law only provided for limited state control, and it lacked public oversight system.

The fundamental reform of the public procurement system in Russia began in 2014 when Federal Law 44-FZ "About contract system in the procurement of goods, works and services for state and municipal needs" dated May 4, 2013 came into force (hereinafter Federal Law 44-FZ). The specific features that distinguish Federal Law 44-FZ from previous legislation are:

1. *Focus on entire procurement cycle regulation, including planning and monitoring of procurement procedures.*

The law provides for two types of procurement planning: for triennium (procurement plans) and for 1 year (procurement schedules). Public procurement based on planning allows customers to solve a range of issues: to increase procurement validity and timeliness and to organize subsequent control over budget funds. The procurement cycle is finalized by procurement monitoring, when procurement target achievement indicators, as well as procurement validity, are assessed. Starting from 2017, the legislation imposes specific procurement ID codes to be indicated in all documents related to the purchase. This code is "crosscutting," and it enables tracking of the whole procurement cycle from its planning to execution of the contract. Thus, it significantly increases the transparency of the procurement process.

2. *Establishing a unified information system.*

The unified information system is an open unified database which can be accessed at www.zakupki.gov.ru. The system provides access to a wide range of information, including procurement notices and information on procurement results, procurement plans and schedules, and information about signed and executed contracts. It also facilitates competitive procedures in real time. It is important to note that the information and the documents to be placed in the unified information system are in most cases verified for legislation compliance by the use of technology tools, thus preventing customers from placing false data. Starting from January 1, 2017, the unified information system will monitor a wider range of procurement data, including information on the amount of financial securities in plans and procurement schedules, information on procurement notices, supplier selection records, etc.

3. *Expansion of supervisory bodies system, as well as adoption of special regulations governing public control.*

Federal Law 44-FZ has considerably expanded the system of supervisory bodies. The control powers of the Federal Treasury, regional and municipal financial authorities, state budget fund management bodies, and internal state (or municipal) financial control bodies were set out. For the first time ever, public control mechanisms were enshrined for citizens, public organizations, and associations of legal entities.

The law contains a wide range of contract award methods. The following procurement procedures may be used according to the legislation:

1. Competitive procurement procedures:
   - Auction (e-auction, closed auction) – a procedure which is carried out at an electronic platform according to the lowest price criterion.
   - Request for quotations – a procedure assuming purchase by the lowest price criterion if the contract price does not exceed 500 thousand roubles. The total number of quotation requests in terms of value cannot exceed 10% of the customer procurement budget.
   - Request for proposals – a procedure involving multicriteria evaluation of proposals. It is held in a limited number of cases, for example, after contract termination or after a failed procurement procedure.
   - Tender (open tender, restricted tender, two-stage tender, closed tender, closed restricted tender, closed two-stage tender) – a procedure involving multicriteria evaluation of proposals. The tender is carried out in all cases where the law does not require other procurement procedures from the customer.

2. Single-source procurement – it is used in small volume contracting (up to 100 thousand roubles, while the total amount of purchases in terms of value cannot exceed 5% of the customer's purchasing budget/or 2 million roubles), in contracts with natural monopolies companies, in contracts where the supplier (contractor) is determined by the decisions of the president of Russia or the prime minister, etc.

Given the need to address anti-corruption tasks, the legislation is focused on the procurement procedures that eliminate customer's subjective decision-making. An electronic auction based on the lowest price criterion is the most competitive and transparent procedure under the Russian law. As a result, the electronic auction procedure has become dominant in the public procurement system in Russia. According to the results of 2015, auction notices amounted to 56.6% of the total notices on the official notification website (Report on Federal law 44-FZ application results monitoring). The distribution of procurement procedures by procurement methods is shown in Fig. 1.

In accordance with the legislation, Russian public control of public procurement can be affected by citizens, public organizations, and associations of legal entities.

The powers of public organizations and associations of legal entities comprise of:

- Preparation legislation improvement proposals regarding the contract system laws
- Requests to the customers regarding information on procurement and execution of contracts
- Independent monitoring of procurement and its efficiency assessment
- Appeal to the control authorities with an application for verification of customers' operations
- Appeal to the law enforcement agencies and the courts

Despite the fact that the citizens are referred to as persons exercising control in the legislation, the law does not stipulate the mechanisms for its implementation. The citizens can exercise their right of appeal to the state bodies and to obtain information on state bodies' activities, but the

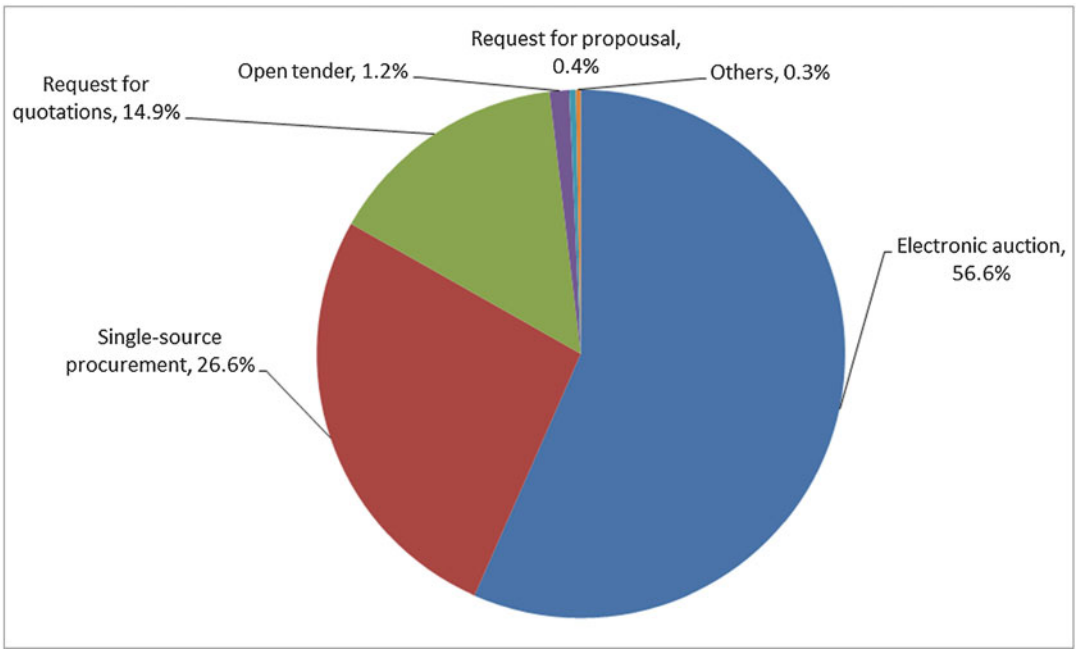


**Public Control as a Mechanism of the Openness of Public Procurement: Case of Russia, Fig. 1** Distribution of the procurement procedures by procurement methods in 2015

P

time limit for consideration of an appeal (within 30 days) limits promptness of violation prevention in procurement.

It needs to be mentioned that public organizations actively exercise their right to appeal. This is supported by the public register of complaints in the unified information system. A significant portion of complaints comes from representatives of public organizations, and it indicates the development of social control mechanisms.

The most frequent cause of complaints from public organizations is purchasing of goods with excessive consumer properties or luxury goods, as well as association of different kinds of goods and works in one lot, which adversely affects the level of competition and reduces the scope for small- and medium-sized businesses participating in bidding.

An example of procurement public control implementation is the project of All-Russian People's Front's public organization "for fair procurement." The project is based on zachestnyezakupki.onf.ru website, and it is a service that allows to find a purchase which contravenes the law or which is meaningless. The service enables complaint submission in order to bring to work lawyers and experts. The project has brought together more than 5000 activists involved in fight against corruption and inefficient use of budget funds in public procurement. As a result, procurement for the total of 227 billion was cancelled, or irregularities were rectified. One of the most high-profile cases of appeal against actions of procurement officials in the Nizhny Novgorod region was a complaint about the open competition for construction activities ("Reconstruction of Yuzhny Avenue to the Nizhny Novgorod airport") at the end of 2015. After an unscheduled inspection of the Federal Antimonopoly Service (FAS) of the Russian Federation, a number of customer's operations violations were revealed, and the competition was canceled.

Here the risk of control misuse needs to be mentioned. Public control activists may represent the interests of certain suppliers, and it negatively affects the control objectivity. The researchers estimate that 27% of public control members are affiliated (according to a questioning survey) (Dzhuzhoma and Pogorelko 2015). That is why the professional community discusses the creation of a public control council over public procurement. Such a council will be endowed with specific powers enabling bringing council members into the fold of customer's tendering commissions.

An important mechanism of public control is the procedure of mandatory procurement public discussion.

Mandatory public discussion is a procedure that allows the public to monitor the actions of state customers from the standpoint of public procurement legislation compliance. Mandatory public discussion of the procurement is carried out if the estimated contract price exceeds 1 billion roubles.

Mandatory public discussion is not carried out in the planning and procurement if:

- Closed methods of supplier choice are used.
- Weapons, military, and special equipment are procured in the framework of a state defense order.
- A single-source procurement is used.

The unified information system website has a dedicated section for mandatory procurement public discussion. This section can be accessed by anyone, and any registered user can post comments and suggestions. Any legal entities or individuals, entrepreneurs, state authorities, and local authorities may participate in the discussion on equal footing.

Mandatory public discussion procedure consists of two stages. At the first stage, the procurement is discussed on the unified information system website and in the framework of full-time public hearings at the stage of planning. The first stage begins after placement of the schedule in the unified information system, and it suggests two ways of interaction with stakeholders. At the beginning, public discussion participants submit their comments and suggestions to the customer within not less than 20 days from the date of posting in the unified information system. The customer is obliged to respond to such comments or suggestions. Then the customer is obliged to carry out full-time public hearings to discuss the purchase. Full-time public hearings are open, and the information regarding the date, place, and time of such hearings is posted in the

unified information system. In addition, this information is sent by e-mail to public discussion participants who took part in the procurement discussion.

According to the results of the first stage, one of the following decisions needs to be taken: cancellation of the purchase, continued preparations for the purchase disregarding the results of the mandatory public discussion, and continued preparations for the purchase taking into account the results of the mandatory public discussion (including amendment of procurement schedule). The first stage results of the mandatory public discussion are recorded in the minutes, which contain information on all submitted comments, suggestions, and answers, as well as the decision taken by the customer. The minutes are posted in the unified information system within 2 days after the full-time public hearings. In case of a delay, it is automatically recorded in the unified information system by program features.

At the second stage of the discussion, the information included in the procurement notice, as well as procurement documentation, are reviewed in the unified information system. The second stage begins when such information is submitted and posted. The result of the second stage may be a decision on the continuation of the purchase without amending the procurement notice and documentation, a decision to continue the procurement with notice and documentation modification, as well as cancellation of supplier definition.

After the end of the second stage, the customer posts the second stage public discussion protocol in the unified information system. These minutes contain all received comments, suggestions, and answers, as well as the customer's decision.

After posting in the unified information system, the minutes of both mandatory public discussion phases are automatically sent to the federal executive body exercising functions of finance and budget control and supervision.

The procedure for mandatory public discussion of procurement is presented in Table 1.

Starting from July 1, 2014, the unified information system implemented blocking control which does not allow a large purchase if the customer breaches the established mandatory public discussion order.

Breach of mandatory public discussion order and timelines or failure to carry out mandatory public discussion results in an administrative fine paid by the customer.

Constituent entities of the Russian Federation and local governments can adopt legal acts establishing additional cases of mandatory procurement public discussion, as well as a specific



**Public Control as a Mechanism of the Openness of Public Procurement: Case of Russia, Table 1** The procedure for mandatory public discussion of procurement in Russia

| Stages of mandatory public discussion | Procurement cycle stage | Content | Possible consequences |
|---|---|---|---|
| Stage 1 | Planning | Discussion on the website of the unified information system | Cancellation of purchase |
| | | Discussion during the full-time public hearings | Continuation of preparations for the purchase disregarding the results of the mandatory public discussion |
| | | | Continuation of preparations for the purchase taking into account the results of the mandatory public discussion |
| Stage 2 | Procurement (posting of procurement notice) | Discussion on the website of the unified information system | Cancellation of purchase |
| | | | Continuation of the purchase without amending the procurement notice and documentation |
| | | | Continuation of the purchase with amending the procurement notice and documentation |

procedure for related mandatory public discussion. To date, 18 constituent entities of the Russian Federation and a number of municipalities adopted such legal acts, including acts providing decrease of the contract price threshold. The most common minimum threshold is 100 million roubles. The minimum threshold of indicative contract price for public discussion purposes established at regional and local level is 15 million roubles (a municipality in the Chuvash Republic). Regional and local legislation development can be seen as a positive trend in the genesis of public control system.

It needs to be mentioned that according to the analysis of statistical data, the mechanisms of public control are not functioning in full. For instance, according to zakupki.gov.ru official website, 337 mandatory procurement public discussions were posted for the total amount exceeding 1 billion roubles in 2015. The objects of procurement to be discussed were mainly construction works. Nine purchases were canceled at the first stage of mandatory public discussions, and three were canceled at the second stage. In 22 cases, customers amended planning documents, and 12 purchases were canceled (Report on results of monitoring of application of Federal law 44-FZ 2015).

The main reason for such a low performance of public control is poor feedback. State customer is not obliged to take into account public opinion during public discussion of major procurement contracts, and the legislation allows procurement without taking into account the results of mandatory public discussions. Lack of feedback contributes to mistrust of civil society in Russian state institutions, and it leads to unstable functioning of public control institutions.

Another problem decreasing the efficiency of mandatory public discussions is low motivation of public organizations. Representatives of local communities are more interested in local level issues, and it raises the question of revising the criteria for mandatory public discussion.

Despite the existence of legally binding mechanisms of public control, its impact on the procurement procedures is negligible at present. The main obstacles to the implementation of public control are:

1. *Difficulty and complexity of the legislation*. F. Simone and Sh. Shah noted that "Procurement monitoring is a complex exercise and requires an understanding of procurement processes and various monitoring techniques, as well sector-specific knowledge" (Simone and Shah 2012). In Russia, the problem is compounded by the fact that the legislation changes in a very fast way. Although public interest in this topic is very high, the share of professionals who are able to understand the process in detail is extremely small in the civil society.
2. *Low activity of civil society.* Unfortunately, Russia has no strong traditions of public organization involvement in the sphere of public administration. Modern public organizations in Russia are largely dependent on regional and local authorities and cannot work without the loyalty and support from the authorities. This has a negative impact on their efficiency. In addition, the interests of public organizations, particularly at the regional level, are concentrated mainly on local issues, mostly related to problems of social significance.
3. *Limited scope of public control procedures implementation*.

Public control procedures apply only to the customers whose purchasing activities are regulated by Federal Law 44-FZ. A substantial part of procurement, including procurement at the expense of budget funds, is affected in accordance with Federal Law 223-FZ "On procurement of goods, works and services of certain kinds of legal entities" dated July 18, 2011, which does not stipulate public control. At the same time, the share of state needs purchases carried out in accordance with Federal Law 44-FZ was not more than 5.5 trillion roubles in 2015, whereas the purchases in the framework of Federal Law 223-FZ amounted to more than 23 trillion roubles. Thus, Rosneft petrol company alone spent more than 4.5 trillion roubles last year.

Federal Law 223-FZ is less stringent than Federal Law 44-FZ (223-FZ is much less restricted and regulated than 44-FZ). In fact, Federal Law 223-FZ stipulates only the basic procurement principles and requirements for placing

information in the unified information system. Federal Law No. 223-FZ applies to state-owned corporations (e.g., RosAtom, RosNano, etc.), companies with state participation (e.g., Russian Railways), natural monopolies, regulated activity companies (electricity, gas, heat supply, water supply, and so on), state unitary enterprises and municipal unitary enterprises, autonomous organizations, as well as business entities with more than 50% shares belonging to the Russian Federation, Russian Federation regions or municipalities. They do not have a status of state or municipal customer, and they conduct their procurement activities in accordance with own procurement provisions. Indeed, organizations engaged in procurement in accordance with Federal Law 223-FZ should have a greater degree of freedom as many of them are involved in market activities and one of their work objectives is profit gain. However, given the scale of purchases and often negative public reaction, it is advisable to introduce mandatory public control of companies having large amount purchases in accordance with Federal Law 223-FZ.

## Conclusion

Public control mechanisms are essential components of modern legislation on public procurement in Russia. Despite the issues associated with the intense pace of reforms in the field of public procurement, it is possible to talk about the current system of public control enabling public procurement transparency. However, the opportunities provided by the legislation in order to implement public control are not used in full. The impact of public on the authorities in the field of public procurement is insufficient, although given the unstable economic situation, an increase of public initiatives and the start of the public dialogue with government bodies regarding budget expenditures can be expected.

A logical continuation of the changes associated with state order transparency improvement will be the work to overcome the opinion about a high degree of competitive procedures predetermination which is prevailing among Russian entrepreneurs, as well as training and information support to the public procurement market participants.

## References

Curbing Corruption in public procurement (2014) A practical guide. Transparency International. Available from: http://www.transparency.org/whatwedo/publication/curbing_corruption_in_public_procurement_a_practical_guide. Accessed 1 Nov 2016

Dimitri N, Piga G, Spagnolo G (2006) Handbook of procurement. Cambridge University Press, Cambridge/New York

Dzhuzhoma V, Pogorelko M (2015) Efficiency of the public control in the sphere of purchases. Barriers and obstacles to participation of public controllers in observation of procedures of purchases. Public procurement: management, placement, providing № 42

Report on the results of monitoring of application of Federal law No. 44-FZ (2015) On the contract system in state and municipal procurement of goods, works and services. Available from: http://economy.gov.ru/minec/about/structure/depfks/44/20160217. Accessed 10 Nov 2016

Simone FD, Shah Sh (2012) Civil society procurement monitoring: challenges and opportunities. In: Transparencia Mexicana, A new role for citizens in public procurement. Available from: http://corruptionresearchnetwork.org/marketplace/resources/C-M%20SERIES%20-%20A%20new%20Role%20for%20Citizens%20in%20Public%20Procurement.pdf/view. Accessed 7 Nov 2016

# Public Corruption

Adam B. Masters
Transnational Research Institute on Corruption (TRIC), School of Sociology, College of Arts and Social Sciences, The Australian National University, Canberra, ACT, Australia

P

## Synonyms

Corruption; Integrity and Corruption; Political Corruption

## Introduction: The Nature of Public Corruption

*Public corruption* damages the institutions necessary for effective democratic governance. Corruption is not a new problem; long before democracy was in vogue, corruption of public authorities existed. The Bible tells us that priests bribed

Roman guards to lie to Pontius Pilate about the disposition of Christ's mortal remains (Matthew 28:11–15); the Islamic scholar Ibn Khaldun (CA1332-1406) argued luxurious living caused corruption among elites; and in *Federalist Paper* 22, Alexander Hamilton (CA1755-1804) recognized that "persons elevated from the mass of the community by the suffrages of their fellow-citizens to stations of great pre-eminence and power may find compensations for betraying their trust." These examples represent corruption as a process (bribes), with causal elements (e.g., the desire for luxurious living) and consequence (betrayal of public trust). When public corruption is rampant, citizens lose faith in how their elected representatives act. The citizens are alienated from the protections necessary under the rule of law; they question the efficacy of their voice within the political system and lose any surety they had that their tax dollars are well spent. This entry briefly explores the nature of public corruption and why it is an important topic for public administration.

Abuse of public office can take many forms. Bribes can involve benefits for officials ranging from a few dollars offered to low-level bureaucrats to many billions looted by heads of state. These transactions can be demanded by a public official or a private actor may offer a bribe. Officials demand or accept a bribe because of need or greed. Often, low-level officials are corrupted by need when their society cannot pay them a living wage. In contrast, elected officials, whose offices provide for their material needs, are corrupted by greed. There are context specific exceptions to this. Payments are often money but also include sexual favors, goods, services, or a share in contraband.

Other forms of corruption that are harmful to proper public administration are nepotism and cronyism. These types of corruption enable officials to benefit relatives, friends, and political allies through unfair appointments, advantageous policies, or through the award of lucrative state contracts. Anything of value to the state can be corrupted, including the democratic process itself. Individuals, political parties, and/or governments can corrupt elections by manipulating systems through gerrymander, disenfranchisement, ballot stuffing, vote buying, and/or bribery to hold onto power. The few examples above indicate the breadth of corrupt behavior, but it provides an incomplete picture of what public corruption is. The following frames public corruption within the three branches of government – the legislature, executive, and judiciary – and outlines some of the responses to prevent public corruption.

## Defining Public Corruption

Corruption, according to the United Nations (UN), "undermines democracy and the rule of law." Corruption has no single definition; however, Transparency International (TI), the international nongovernment organization defines corruption as "the misuse of entrusted power for private benefit" (Pope 2000, p. 1). Importantly, Pope explains that within the TI definition:

> . . . there are three elements (i) a misuse of power; (ii) a power that is entrusted (i.e. it can be in the private sector just as much as in the public); and (iii) a private benefit (i.e. not necessary personal to the person misusing the power, but including as well members of his or her immediate family and friends). (Pope 2000, p. 1)

These statements from the UN and TI help frame corruption as a threat to public authority that negates the ability of elected representatives, public officials, and the judiciary to deliver the public services expected (and paid for) by the majority populace. Furthermore, corruption can undermine the electoral process, thereby delivering illegitimate government. The definitions are also broad enough to capture private-sector corruption; however, for the interaction between corruption and democracy the element of "entrusted power" can be read as "public office." However, public offices vary greatly, providing different services to citizens, and the role of an office can shape the public corruption opportunities commensurate to its function.

## Discerning Corruption from *Public* Corruption

A simple taxonomy of public corruption illustrates some of the unique opportunities related to

various public offices. Corruption as a general concept sits at the peak. However, as Hindess (Hindess 2012) has argued, the term's true meaning and understanding rests contextually in the temporal, geographic, and political setting. Analytically, corruption requires a descriptor, and these descriptors shape our understanding of the corruption taxonomy. The second level is *public* corruption, which occurs to varying degrees in all the functions and agencies of the state. The triumvirate of state functions commonly found in democracies are the legislative, executive, and judicial branches of government, which in turn create, execute, and interpret the law within society through a variety of institutions and agencies.

## Corruption in the Legislature and Political Processes

Corruption within the legislature takes many forms. Legislators possess the same human fallibilities that belong to all public officials. Corrupt legislators demand and accept bribes; they appoint unqualified family and friends to public office while undertaking other varieties of misconduct involving the misuse of the power delegated to them by voters. This brief set of examples is worrisome; however, three types of corruption have greater negative influence on the legislature – grand corruption, state capture, and electoral corruption.

### Grand Corruption

*Grand* corruption refers to the pillaging of national resources by political leaders who have been either elected or seized power through other means. Since the end of World War II, a string of national leaders often supported by powerful states have taken advantage of their position to illicitly enrich themselves. Many examples exist. In Asia, former President Marcos of the Philippines (1965–1986), declared martial law in 1972, established a dictatorship, and surrounded himself with political cronies to enable his looting of billions of dollars from the treasury and World Bank funds (Chaikin 2001). In Africa, Liberian President Charles Taylor fuelled conflict in neighboring Sierra Leone by selling arms to rebels for blood diamonds and depleting his nation's timber resources (Global Witness 2012). In North Africa, the Libyan dictator Moammar Gadaffi spent decades diverting public funds to his overseas personal bank accounts. While these examples of public corruption appear biased against developing and less developed nations, it must be remembered the looting occurred with the complicity of banks in the most advanced countries. Furthermore, the following discussion on state capture shows how legislators in developed countries are also susceptible to corruption.

### State Capture

*State* capture occurs when private interests gain control of the state through legal means. Johnston (2005) describes this process as one of influence markets, through which various interests gain benefit by subverting governance processes. The (in)famous Teapot Dome scandal in the USA occurred in 1922, when Interior Secretary Albert G. Fall with the knowledge of Attorney General Harry Daugherty issued favorable leases for US Naval oil reserves at the Teapot Dome in Wyoming to Harry Sinclair of Sinclair Oil and leased the California reserves to Edward Doheny of Pan American Oil. Fall and Doheny were jailed for corruption after investigations found Fall had been paid more than half a million dollars – either directly or through front companies – to secure the leases.

Although the Teapot Dome is nearly a century old, similar activities continue to occur. In 2013, the New South Wales (NSW) Independent Commission Against Corruption (ICAC) investigated the activities of the NSW Minister for Energy, Ian MacDonald and the family of Edward (Eddie) Obeid senior, a former member of the NSW Parliament over the issue of coal exploration licenses. The ICAC found MacDonald, Obeid, and Obeid's son Moses established the Mount Penney tenement, provided favorable treatment to certain investors, and, along with others, worked to cover-up the involvement of the Obeid family to deceive other parties and the NSW authorities (ICAC 2013a). Furthermore, MacDonald had granted exploration licenses to John Maitland

expressly for Maitland's benefit. Maitland and MacDonald then made false statements to the Department of Primary Industries, again to deceive NSW authorities and substantially benefit from undervaluation of coal reserves (ICAC 2013b). This is only a partial account of the involvement of the Obeid family in corrupt practices in New South Wales.

### Electoral Corruption

*Electoral* corruption refers to the manipulation of democratic processes to attain and retain an elected office. Electoral corruption can transpire in all three functional areas of governance, dependent on the penetration of democratic norms. In some jurisdictions, judicial and executive officers are elected as well as the members of the legislature. Under the parliamentary Westminster system found in the United Kingdom, Canada, Australia, New Zealand, and other Commonwealth nations, the ministers of state who form the executive cabinet are drawn from the elected legislature. Occupants of these powerful positions attain their place through a combination of experience, seniority, negotiation, and politicking among representatives of the elected ruling party. In presidential systems, the heads of executive agencies can be appointed with or without the benefit of checks and balances. In the USA, presidential appointments are subject to Congressional approval, thus minimizing the opportunities for common forms of corruption like nepotism or cronyism to occur unchecked.

Electoral corruption has multiple forms. It can involve the manipulation of the electorate through vote buying. The machine politics of Tammany Hall in nineteenth century New York is a classic example of this. Tammany Hall secured its political powerbase by providing employment, welfare services, education, and other public goods to newly immigrant communities and the socially disadvantaged in exchange for their electoral support. This endorsement provided cover for other corrupt practices – principally fraudulent procurement and land speculation (Gill Hearn 2008). Ghost voters and ballot box stuffing are other well-recognized forms of electoral corruption. Where a roll of voters is required, ghost voters exist only on paper but effectively provide the numbers at election time to ensure a preferred candidate wins or maintains their office. Ballot stuffing occurs when voting is anonymous; additional ballots favoring the corrupt candidate are literally stuffed into the ballot box. Variations on the theme of ghost voting and ballot box stuffing can take a local flavor. The Australian Labor Party is regularly accused of branch stacking, whereby real people are signed up to branches of the party and their votes used to undermine supposedly democratic elections of candidates for local, state, and national election.

## Corruption of the Executive

### Corruption in Public Procurement

One of the most important roles of the executive involves the use of state funds to acquire goods and services on behalf of the broader society. According to the Organization for Economic Cooperation and Development (OECD 2011), procurement represents 12–15% of global gross domestic product; this translates into many billions of dollars. Procurement processes remain targets of corruption due to the amount of money involved, the opportunities created by the multiple processes expected in public expenditure (Ware et al. 2011). The World Bank and other development agencies are concerned about corruption in public procurement as it undermines the effectiveness of the development agenda. In a globalized world, concern at the scale of corruption in procurement processes, in particular the bribing of public officials by transnational corporations to secure contracts, resulted in the creation of the OECD's *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*. Since the convention's entry into force in 1999, there have been over 400 cases brought against companies; 57% of these cases involve public procurement (OECD 2014). The case against the German multinational Siemen represents the largest case of procurement corruption to date. Siemen's had systematically paid more than 4000 bribes valued at $1.4 billion to secure procurement contracts in the transport,

security, energy, and communication sectors in dozens of countries (*United States Security and Exchange Commission v. Siemens Aktiengesellschaft* 2008). The prosecution of Siemens in the USA and Germany resulted in over €1.8 billion in fines and sanctions against the company (OECD 2014). In the Siemen's case, it is likely the goods provided met purchaser requirements; the negative effect of this corruption was principally economic with taxpayers over-charged in an uncompetitive market.

Corrupted procurement processes also have a social impact. In the health sector, the purchase of counterfeit medical products facilitated by corrupt practices can lead to injury and death (TI 2006). Corruption has been shown to correlate with increased deaths due to infrastructure failure in times of disaster (Ambraseys and Bilham 2011). It is important these impacts are not lost in the regular discussion of corruption in economic terms.

## Police Corruption

To continue the discussion of the social impact of corruption by the executive arm of government, we now turn to *police* corruption. In thinking about police corruption, we need to understand that *public* corruption can occur without *private* benefit. Police corruption represents a form of public corruption where the absence of private benefit sometimes occurs. Weber (1947, pp. 146–147) tells us the state has a monopoly on the legitimate use of violence, and the state delegates the internal use of violence to police and other law enforcement authorities. Therefore, police corruption should be part of any discussion of public corruption.

More than four decades ago, Sherman illustrated the problem of defining police corruption:

> The term "police corruption" has been used to describe a multitude of sins. Brutality, fabrication of evidence, sleeping on duty, nepotism, racism, bribery, and theft have all been described as corrupt police behaviour. In order to narrow our definitions, we should begin with the assumption that a corrupt act by an officer serves a personal, and not an organizational, interest. Wiretapping, fabricating evidence, and even brutality are used to "fight crime" and not fatten policemen's wallets. (Sherman 1974, p. 5)

Eventually, he dodged this problem by taking "the easy way out and defin[ing] corruption simply as bribery…" (Sherman 1974, p. 5). Sherman's approach, while analytically useful falls short when confronted with the contemporary issues of public corruption. Other police researchers have developed many definitions of police corruption, yet all seem to fall short of the precision and elegance preferred by social scientists. Newburn (1999, pp. 4–13) presents a detailed discussion on the problems associated with neatly defining police corruption, yet he also opts out of presenting a definitive description. Newburn does, however, offer Kleinig's definition as perhaps the most inclusive in that "[p]olice officers act corruptly when, in exercising or failing to exercise their authority, they act with the primary intention of furthering private or departmental/divisional advantage" (Kleinig 1996, p. 166, cited in Newburn 1999, p. 7). Irrespective of the lack of a final definition, this remains one of the most concerning forms of public corruption due to the executive, and sometimes judicial, powers entrusted to police.

## Judicial Corruption

*Judicial* corruption, according to TI (Rodriguez and Ehrichs, 2007, p. xxi) "includes any inappropriate influence on the impartiality of the judicial process by any actor within the court system." Furthermore, they see the two main types of corruption affecting the judiciary are political interference by the executive or legislature and bribery. Corruption in the judiciary is problematic as the rule of law is essential in preventing public corruption.

Italy provides an example of the problems a nation faces when fighting corruption when the executive and legislature interfere with judicial processes. Della Porta (2001) described the post-war Italian judiciary intertwined in a deferential relationship with the politicians in power. This relationship lasted well into the 1990s, when a new generation of justices (*giudici ragazzini* – child-judges) "lacking any sense of deference towards political power, and conscious of the high levels of collusion between politicians and organized crime – began a series of

investigations into administrative and political misconduct" (p. 5).

> . . .while The Italian magistracy has demonstrated a singular ability to uncover the corruption of politicians, a significant number of Italian judges has nevertheless been accused of colluding in corrupt political practices. Italy seems therefore to have the most committed judges in the struggle against corruption, but also more than a few judges involved in impropriety. (Della Porta 2001, p. 1)

The behavior Della Porta describes reflects a society experiencing dysfunctionality across all the branches of state – a worst case scenario of public corruption. Yet, even when only a small number of judicial officers are corrupt, the damage they do to society is disproportionately high.

In the USA, two Pennsylvania judges were convicted for accepting $2.6 million in kickbacks over a 7 year period from the operators of two private prisons for juveniles. They arranged funding for two private detention centers to be built, they had the state-funded center closed down, then for a kickback, ensured the private prisons remained at full capacity (*United States of America v. Michael T. Conahan and Mark A. Ciavarella Jr.* 2009). The judges would remand juveniles in custody for minor infractions, often against the recommendations of probation officers. Examples included a juvenile jailed for creating a webpage mocking her vice-principal, another for trespassing, and one for a minor shoplifting offense. Sometimes, the juveniles remained in custody for many months before their cases were heard and then, more often than not, the matters were dismissed (Ecenbarger 2012). The demand for payment by these judges adversely affected hundreds of families and undermined public faith in the legal system.

## Dealing with Public Corruption

While corruption is unlikely to vanish completely from public life, the application of democratic values can help mitigate it. Many scholars hold that democratic values include the rule of law, equality, transparency, and accountability. These four values play a strong role in countering corruption in society.

### Rule of Law and Equality

Despite the disturbing cases of judicial corruption cited above, proper application of the rule of law remains a potent tool against corruption. When societies are perceptibly more equal in the eyes of the law and in terms of opportunity, they are less corrupt (Uslaner 2008). Political scientists have found that public perceptions societal corruption tracked very closely with how equally people were treated under the law. When they are aware of inequality and can see elites corruptly exploiting society, the average citizen is less inclined to contribute to their society – for example, through their own honest behavior or payment of taxes. Put simply, to be rid of corruption it cannot be one rule for the rich and another for the poor.

Internationally, action has been taken to criminalize the misuse of authority by the powerful. Two significant international instruments – the aforementioned OECD Bribery Convention (1999) and the UN Convention Against Corruption (UNCAC) (2003) – provide a standard for national and subnational legislative frameworks to deal with corruption. Signatory and ratifying countries have the institutional arrangement that outlaw specific corrupt behavior, such as bribing national and foreign public officials, misappropriation of public property, trading in influence, or illicit enrichment. While corruption still occurs in signatory countries, appropriate sanctions are available under the rule of law.

### Transparency

It is no accident that the civil society organization for combating corruption is called Transparency International. Corruption by its very nature is hidden because those involved have a vested interest in secrecy. The main victim of corruption is society at large. Therefore, if the affairs of state are transparent and open to public scrutiny, through means such as registers of pecuniary interest for officials and compulsory disclosure of gifts, there is less opportunity for corruption.

Khaldun's reference to "luxurious living" provides a window into when corruption occurs. One could ask how the former president of Equatorial Guinea and his family owned a fleet of Ferraris

and Maseratis, parked at their townhouse on the Champs-Élysées in Paris. These assets are generally not commensurate to a public salary – even for a head of state. When a society is transparent in both its own dealing and those of its officials, corruption becomes more difficult.

### Accountability

Democratic accountability requires elected and appointed public officials to be answerable for their decisions and actions to the majority. When Hamilton's elevated persons find their "compensations for betraying their trust" the mechanisms of democratic accountability, such as elections or impeachment, should soon find them out of office and possibly in jail.

## Conclusion

Public corruption is a many-headed beast. The examples provided above encompass both developed and developing nations, indicating a certain universality to the problem of corruption. While some commonality (e.g., bribery) can be found across all forms of public office, corruption follows the opportunity structures when the powerful wish to misuse their entrusted authority. Public corruption advantages the minority at the expense of the majority in both financial and social terms. The development of democratic social norms with a genuine commitment to rule of law, equality, transparency, and accountability provides a platform from which to counter corruption. Like all aspects of public administration and governance, anticorruption measures require the collective will of the majority to be effectively implemented and continued vigilance for them to be sustained.

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Accountability
- ▶ Corruption
- ▶ Ethics and Equality
- ▶ Integrity and Corruption
- ▶ Political Corruption


## References


Ambraseys N, Bilham R (2011) Corruption kills. Nature 469(7329):153–155

Chaikin DA (2001) Controlling corruption by heads of government and political elites. In: Larmour P, Wolanin N (eds) Corruption and anti-corruption. Asia Pacific Press, Canberra, pp 97–118

Della Porta D (2001) A judges' revolution? Political corruption and the judiciary in Italy. Eur J Polit Res 39(1): 1–21. https://doi.org/10.1023/a:1007134509892

Ecenbarger W (2012) Kids for cash: two judges, thousands of children and a $2.8 million kickback scheme. The New Press, New York

Gill Hearn R (2008) The New York integrity system. In: Huberts L, Anechiarico F, Six F (eds) Local integrity systems: world cities fighting corruption and safeguarding integrity. BJU Legal Publishers, The Hague, pp 55–77

Global Witness (2012) The Charles Taylor war crimes trial: a global witness briefing on a dictator, blood diamonds and timber, and two countries in recovery. Global Witness, London

Hindess B (2012) Introduction: how should we think about corruption? In: Barcham M, Hindess B, Larmour P (eds) Corruption: expanding the focus. ANU E-Press, Canberra

ICAC (2013a) Investigation into the conduct of Ian McDonald, Edward Obeid Senior, Moses Obeid and others *Operation Jasper*. Independent Commission Against Corruption, Sydney

ICAC (2013b) Investigation into the conduct of Ian McDonald, John Maitland and others *Operation acacia*. Independent Commission Against Corruption, Sydney

Johnston M (2005) Syndromes of corruption: wealth, power, and democracy. Cambridge University Press, New York

Kleinig J (1996) The ethics of policing. Cambridge University Press, Cambridge

Newburn T (1999) Understanding and preventing police corruption: lessons from the literature. In: Webb B (ed) Police research series, vol vol 110. Home Office, London

OECD (2011) Size of public procurement market government at a glance 2011. OECD Publishing, Paris, France

OECD (2014) OECD foreign bribery report: an analysis of the crime of bribery of foreign public officials. OECD Publishing, Paris

Pope J (2000) The transparency international source book. Transparency International, Berlin

Rodriguez D, Ehrichs L (eds) (2007) Transparency international global corruption report 2007: corruption in judicial systems. Cambridge University Press, Cambridge, UK

Sherman LW (ed) (1974) Police corruption: a sociological perspective. Anchor Books, Garden City

TI (2006) Transparency international global corruption report 2006: corruption and health. Transparency International, Berlin

United States of America v. Michael T. Conahan and Mark A. Ciavarella Jr., No. 3: – 09-CR-28, 2009 U.S. Dist. LEXIS 126148 (M.D. Pa. 2009)
United States Security and Exchange Commission v. Siemens Aktiengesellschaft, No. Casr 1:08-cv-102167 (United States District Court for the District of Columbia 2008)
Uslaner EM (2008) Corruption, inequality, and the rule of law: the bulging pocket makes the easy life. Cambridge University Press, Cambridge
Ware GT, Moss S, Campos JE, Noone GP (2011) Corruption in procurement. In: Graycar A, Smith RG (eds) Handbook of global research and practice in corruption. Edward Elgar, Cheltenham, pp 65–121
Weber M (1947) The theory of social and economic organization (trans: Henderson AR, Parsons T). William Hodge and Company, London

# Public Diplomacy

Temi O. Wright
Purdue University, West Lafayette, IN, USA

## Synonyms

Diplomacy; Global public relations; International relations; New public diplomacy; People's diplomacy

## Definition

This chapter provides a discussion of public diplomacy through the lens of conceptualizations of in public relations and diplomacy research.

## Introduction

Public diplomacy has been defined variously by scholars. There is a myriad of views, confusing perspectives, and counter views on what public diplomacy is. Much of this is owing to public relations and diplomacy scholars holding opposing views about public diplomacy. Public relations scholars have gone as far as conceptualizing public diplomacy as an "international public relations" function with national or governmental goals (Rasmussen and Merkelsen 2012). This view is vehemently opposed by diplomacy scholars who see the field as independent of public relations. Most align public diplomacy instead with business, marketing, branding, and sales where they are trying to sell the idea of their government to other nations.

Of the articles reviewed for this chapter, only a couple mention public relations as a skill for public diplomacy. Even when they mention public relations, it appears they mean publicity or marketing. The result of this is a dichotomy of views reflected in the literature and practice of public diplomacy.

This chapter comes from a place of this misunderstanding between the two fields owing to a lack of communication and integration between practitioners in the both fields. Thus, depending on the field from which young scholars first encounter public diplomacy, their understanding of the field and scholarship on it is skewed one way over the other. Could there, however, be a more encompassing way of seeing public diplomacy that takes into account the different strategies and advances in both fields?

This chapter takes a step away from the clutter and attempts to provide a comprehensive view of the field. To do this, I bring together and critique literature from diplomacy scholars and public relations scholars in an attempt to explore and understand what it all means. I address the following questions:

1. What is public diplomacy?
2. Who are the "publics" in public diplomacy?
3. What are the dimensions of public diplomacy?

Each question is discussed in detail as a synthesis, critique, and proposal of what a reconceptualized public diplomacy may look like. I conclude by providing three key findings from the study. First is that there is a need for a multifaceted approach to public diplomacy given the multiplicity of players, publics, and dimensions. To that I ask if perhaps there is a need to begin speaking of a publics' diplomacy which both accounts for and recognizes the myriad publics – unlike traditional conceptualization of

diplomacy – and, in that, gives the power of diplomacy back to the publics in the sense of what Hocking (2005) referred to as diplomacy *by* the publics. Lastly, I propose the need for more empirical research on what will serve as a diplomacy of unreached people. That is, the other half of the world that has no access to information technology.

I begin with an exploration of the most fundamental question: What is public diplomacy?

## What Is Public Diplomacy?

Despite differences, public relations and public diplomacy scholars seem to agree on a basic conceptualization of public diplomacy: that it is about a government's efforts to establish a relationship internationally. Tennessee professor of public relations and diplomacy, Candace White in her 2014 paper with Danijela Radic on "Comparative public diplomacy" provided a definition of public diplomacy that captures the idea of public diplomacy commonly found in the literature:

> Public diplomacy is a nation-state's attempt to favorably influence public opinion in other countries, which relies on and helps build national reputations. (p. 461)

White and Radic (2014) describe public diplomacy in terms of governments' activities to influence public opinion in other nations using their reputation as the tool and, through this act of influencing, further building national reputation. This more traditional view of public diplomacy is faulty on several grounds – particularly on the basis of several assumptions made.

First, there is the assumption that the government engaging in public diplomacy has a reputation to leverage on. This may not be the case. A government may have a poor reputation among people in another country. A 2005 to 2006 BBC survey conducted by global opinion polling firm, GlobeScan Incorporated in collaboration with the Program on International Policy Attitudes at University of Maryland found that not a single one of the 33 countries surveyed had a mostly positive view of Iran's role in the world (Global Poll: Iran Seen Playing Negative Role n. d.). This is probably attributable to Iran's nuclear project around the time. Nonetheless, it underscores the point here that a government may have mostly a poor reputation. Yet, it must engage in public diplomacy.

Second, they assume that public diplomacy is carried out by nation-states. This is somewhat faulty since stateless nations also engage in public diplomacy. In their study, Xifra and McKie (2012) demonstrated how Catalonia – a stateless nation off the coast of Spain – uses noopolitik and public diplomacy to stay globally relevant. They use their widely acclaimed football team named after the city, Barcelona, as ambassadors reaching publics beyond Spain and promoting a good image of Barcelona, thus building cordial relationships, tourism among other things. Catalonians also quickly form strong Catalan Communities Abroad which serve functions that may be likened to embassies in more traditional diplomacies.

Third, public diplomacy, while generally transnational in goals, may equally be aimed at domestic publics as seen in Servaes' (2012) study of the Chinese government's public diplomacy aimed equally at the Chinese people. According to City University of Hong Kong professor, Dr. Ni Chen's analysis, "solidifying its domestic legitimacy always seems to be an integral part of the Chinese government's strategy in pursuit of a favorable international image." The goal in hosting events such as the Beijing Olympics (2008), the Shanghai World Expo (2010), the 2010 Asian Games, as well as opening the Confucius Institutes was in part to bolster the administration's internal legitimacy. Similarly, internal publics may also be foreign nationals living within the nation or intermestic publics.

Finally, White and Radic (2014) present reputation as both the tool and perhaps the goal of public diplomacy since, after all, if other nations have a good opinion of a country, it boosts the country's reputation. Again, this is faulty in that while reputation may serve as a sort of lubricant in public diplomacy (van Ham 2005), it is neither "the" tool nor the outcome of effective public diplomacy (although one may see it as a sort of by-product of good public diplomacy). Perhaps a better definition or a more comprehensive

encapsulation of what public diplomacy is can be found in L'Etang (2009):

> Public diplomacy can be defined as an activity conducted by nations (stateless and otherwise), organizations, which operate globally (national sporting bodies, tourist bodies), global organizations (corporations such as Nike and non-governmental organizations [NGOs] such as the International Olympic Committee, World Health Organization, and the Catholic Church), and international political organizations advocating change (Greenpeace). Public diplomacy includes interpersonal debate and negotiation between professional diplomats ranging from international treaties, reparations, commercial and trade agreements, economic and development aid, and ecological practices to framework agreements for educational and cultural exchanges. All entail[ing] a range of promotional and persuasive strategies and techniques in addition to media relations. (L'Etang 2009, p. 610)

While this is good, there are two challenges with this encapsulation. First, public diplomacy is not the exclusive preserve of professional diplomats. (This will be discussed later in the chapter.) Also, missing in this definition are the goals (or outcomes) of public diplomacy. According to former US diplomat, Hans Tuch, the goal of public diplomacy is "to bring about understanding for its nation's ideas and ideals, its institutions and culture, as well as its national goals and current policies" (Tuch 1990, p. 3). Although Tuch also falls into the snare of seeing public diplomacy in terms of a government's actions alone, the goals of public diplomacy as he puts it are quite right. Public diplomacy seeks to bring about understanding.

In the words of Joseph Nye – political scientist and former head of the Harvard Kennedy School of Government who conceptualized "soft power" in his 1990 book called *Bound to Lead* – public diplomacy (and soft power) is often in the struggle for hearts and minds. It is about getting others to "want what you want."

Packed in those two views of the goals of public diplomacy is everything that a nation or organization may have as its goals in engaging in public diplomacy – from winning over allies, attempting to change feelings and attitudes toward one's nation by broadcasting positive images and flooding their media with favorable narratives, and sponsoring exchange programs for more personal and relational development to garnering internal support for war. If others have the same desires as you, then there should be no conflicts. In fact, it may even provide referent power and an extent of security – whether economic, political, or social.

To the extent that governments engage in public diplomacy because they want to add to the narrative about themselves, the view by former director of British Foreign Policy Centre, Mark Leonard, in his 2002 book, is very apt. Public diplomacy involves direct government information and building (long-term, cultural) relationships. Governments want to show target publics who they are and tell their own stories through culture sharing and diplomacy.

One common theme in the literature by scholars of diplomacy is that public diplomacy particularly differs from traditional diplomacy. The phrase often used is *new public diplomacy*. One obvious distinction between traditional diplomacy and the new public diplomacy is that while traditional diplomacy has been by one government to another government, public diplomacy is diplomacy geared primarily at (nongovernmental) individuals and organizations (Nye 2004). In consistency with being different from the old, state diplomacy (in the more traditional sense) may be backed by military force, but cultural diplomacy is long term and aimed at winning "hearts and minds."

Professor Jan Melissen, head of the Clingendael Diplomatic Studies Program at the Netherlands Institute of International Relations, provides us with three distinctions that set the new public diplomacy apart from traditional diplomacy. First is that the new public diplomacy is not hierarchical. While traditional diplomacy uses hierarchical systems, the new public diplomacy operates a network system. This means that the new public diplomacy practice acknowledges players other than the government and also that every player needs to learn from the others. Second is that information flow is two-way and not the one way of traditional diplomacy. This may be likened to the mixed-motive model in public relations. The new public diplomacy thus has to be

thought of like a conversation of influence or a dialogic relationship. It is about listening and identifying values shared with target publics.

Finally, Melissen (2005) described a third feature that distinguishes "public affairs (aimed at domestic audiences) from public diplomacy (dealing with overseas target groups)" (p. 13). However, as discussed earlier, this third perspective may not hold so true as even the "new public diplomacy" is in a continuous state of flux and may be directed at domestic audiences. This thus begs the question: who is the "public" in public diplomacy? which I turn to in the next section.

## Who Is the "Public" in Public Diplomacy?

Professor and director of the Centre for the Study of Foreign Policy and Diplomacy at Coventry University, Brian Hocking, in a 2005 article titled "Rethinking the 'New' Public Diplomacy" proposed what may serve in part as response to the question of whom public diplomacy should be concerned with. He identified four views of "publics." One view of publics sees the public as the target of influence, that is, "generating pressures on foreign governments through their own domestic constituencies, or even acting as an indirect tool in influencing opinion at home" (p. 32). This is perhaps the most common view of publics outside the domain of traditional diplomacy where the target audience is another government. This is also what is often referred to by many scholars when asserting that public diplomacy is about affecting or influencing public opinion. Here, activities of public diplomacy are directed at this public to influence their opinions and beliefs and inadvertently recruit them as agents of internal pressures to actualize the goals that the source of the diplomacy has.

An example is the effort by the United States to shape the way it is seen in the Middle East through media broadcast tools such as Alhurra – a public, Arabic satellite TV channel – and Radio Sawa all geared toward adding US voice to the narrative about the United States among Muslim and Arabic nations. Similarly, the United States uses the Fulbright and other cultural and academic scholarship programs to attract young people and key individuals from around the world to experience first-hand life in the United States. This method, according to Nye (2008), is the most effective at building long-term relationships. More than 700, 000 people have been part of US exchange programs including global leaders: Margaret Thatcher, Helmut Schmidt, and Anwar Sadat, among others.

The second view of publics sees the publics as "a mode of influence on foreign policy-makers generated by media manipulation of public opinion" (Hocking 2005, p. 32). In this view, the media and agenda setting goals are identified as shaping public views. However, rather than directing the public to put pressure on their own governments, the goal of the influence is to put pressure on a government other than that public's own government. This may be extended to mean that in the turn of things, these publics may place pressures on their own government with the goal of having their own government put pressure on a foreign government to act on an issue.

A good example is the Bring Back Our Girls campaign that started in Nigeria in 2014 following the kidnapping of over 200 girls from their school in Chibok in Northern Nigeria by the Boko Haram terrorist group. Protests in Nigeria were covered by foreign media which broadcasted the story of the missing girls and the inaction of the Nigerian government. This then resulted in a global protest. Most participants in these protests, including then First Lady of the United States, Michelle Obama, and Nelson Mandela's widow, Garça Machel who broke her mourning to send a message of solidarity to the girls and their parents, acted to pressure the government of Nigeria to take action on the kidnapping. These pressures eventually led the government of then president, Goodluck Jonathan, to launch efforts to go after the Boko Haram group in hopes of rescuing the girls. Pressures also meant that foreign governments sent military support in aid of the process.

Similarly, the third view sees public diplomacy as being "increasingly defined as diplomacy *by* rather than *of* publics" (Hocking 2005, p. 32; emphasis his). This emphasizes the roles of individuals and organizations as active participants in

shaping international policy development through communication and information technology tools – particularly the Internet and social media. "Individuals and groups, empowered by the resources provided by the CIT revolution . . . are direct participants in the shaping of international policy and, through an emergent global civil society, may operate through or independently of national governments" (p. 32).

Transnational organizations like the United Nations, European Union, African Union, or the Economic Community of West African States (ECOWAS) readily come to mind, but other non-governmental organizations like Greenpeace also exist to influence foreign policy without the backing of any governments. Perhaps not directed at foreign policy but certainly affecting the soft power, image, and strength of America's public diplomacy is the Black Lives Matter movement which cries against brutality directed at black people by government agents. An important distinction is that #BlackLivesMatter started as a hashtag movement on social media rather than an organization with a central unit directing its affairs. It has been effective in directing the narrative on the lives of black people and police brutality in the United States. Images, fueled and given life through the Internet, are broadcast across borders, thereby influencing the opinion other nations have on the issue of racism in the United States and thus, to some degree, weakening America's soft power.

The last of these views sees publics as "neither a target nor a generator of diplomatic activity but as a consumer of diplomacy, a reflection of global mobility and the twin forces of tourism and terrorism" (Hocking 2005, p. 32). As people continue to travel, migrate, tour, and sometimes face the unfortunate peril of terrorism, public diplomacy becomes even more complicated requiring greater attention to efforts. In this fourth view of publics, there are also other publics who, like bystanders, are also consumers of public diplomacy. When President George W. Bush delivered his 2002 State of the Union speech, he referred to Iran, Iraq, and North Korea jointly as the axis of evil. This message was prepared for and delivered to a local audience. However, foreign publics (referred to in this view) were also consumers of the message and did not react favorably to the phrase or the idea of lumping such disparage diplomatic situations together in that way.

In addition to this variant is the reality that domestic publics also travel, and in traveling, they often encounter diplomatic messaging by their governments. These may be messages directed at other publics but may also be messages directed at them. More so, how these domestic publics are treated by their consulates abroad affects the effectiveness of the nation's public diplomacy and soft power. This diaspora diplomacy refers to diplomacy directed at diaspora and transnational communities. There is much for governments and consulates around the world to learn from the actions of the Mexican government toward its citizens in the diaspora. Mexico enjoys continued identification with and diplomacy for Mexico by nationals living abroad who know their government cares for them and so want to give back by becoming representatives of their country around the world (Bravo 2016).

Furthermore, there are several other categories of publics that appear in the literature which may not fit into the strict frame of what Brian Hocking provides us with. For example, his framework does not cover other targeted publics such as domestic audiences living at home or international domestic publics – intermestic diplomacy. There is also "reverse diaspora diplomacy" where those living in the diaspora return home and begin to serve almost as emissaries of the host nation they were living in while abroad. There also exists niche diplomacy of specialization and "corporate diplomacy" – where traveling done by the "International business class complicates and to some degree dilutes processes of traditional international diplomacy." According to Nye (2008), Germany was the first to target political parties in establishing relationships with political parties of different nations as opposed to the governments as is practice. Also, to the extent of Russia's alleged involvement in the 2016 US presidential elections, it is clear that there is a continued expansion of the publics for whom public diplomacy efforts may be targeted.

In the next section, I continue this discussion by providing a synthesis of the literature on the dimensions of public diplomacy. So far, this chapter has attempted to answer the question, "what is public diplomacy?" From that discussion came the question on who the publics of public diplomacy are. In this final section, I complete this synthesis by turning to a discussion of the dimensions of public diplomacy. Perhaps these dimensions may be thought of as a discourse on the ways public diplomacy is practiced. To that extent, a little of this has already been mentioned, but a fuller discussion follows in this next and final section.

## What Are the Dimensions of Public Diplomacy?

There are three major dimensions to public diplomacy commonly identified in the literature. First is daily communication to inform and educate publics on the contexts for domestic and foreign policy decisions. Second is strategic communication and theme-based campaigns – centered around themes that advance particular governmental policies or goals – in a similar fashion as a political or advertising campaign. This is the dimension most thought of when speaking of public diplomacy. Most practitioners simply aim at pouring out information strategically with the hope that it will be sufficient in winning hearts and mind. However, strategic players know that this is never enough.

On the other side of the spectrum is the third and often less considered dimension of public diplomacy: the "relational public diplomacy" (Bravo 2016, p. 289) or cultural diplomacy (L'Etang 2009) which refers to the strategic development of long-lasting relationships with key members of foreign societies. This is arguably the most essential and most enduring of all dimensions. It is accomplished through educational exchanges such as the Japan Exchange and Teaching (JET) Programme which since inception in 1987 has brought over 68,000 people from 73 countries into grassroot cultural exchange with Japan. Participants serve as assistant language teachers (ALT), coordinators for international relations (CIR), or sports exchange advisors (SEA). In a similar vein, China has the Confucius Institutes setup around the world.

On this third dimension, US founding father and third president, Thomas Jefferson, in a 1785 letter to James Madison, said:

> You see I am an enthusiast on the subject of the arts. But it is an enthusiasm of which I am not ashamed, as its object is to improve the taste of my countrymen, to increase their reputation, to reconcile to them the respect of the world and procure them its praise. (p. 316)

Practitioners must balance these three dimensions in order to develop effective public diplomacy strategies. The argument toward effective public diplomacy however goes beyond simply mixing all three dimensions to recognizing that there may be other dimensions outside the domain of government efforts as already discussed. "Government communications are only a small fraction of the total communications among societies in an age that is awash in information" (Nye 2008, p. 104).

Businesses are relevant here as corporate diplomacy is a fourth dimension that must also be taken into account if a government hopes to achieve effective influence. German editor and Stanford courtesy professor, Josef Joffe, labels this the HHMMS which refers to a syndrome of Harvard, Hollywood, MacDonald's, and Microsoft. This is in light of the global influence these companies have had as US companies and the soft power they have generated for the United States. Joffe argued that this soft power has served the United States as an asset much larger than even its economic and military power(s) (Nye 2008, p. 96). Van Ham delineates this syndrome as "'Harvard' (which stands for intellectual power) . . . 'Hollywood' (superiority in popular culture) . . . 'McDonald's' (US dominance in popular food chains), and 'Microsoft' (technological supremacy)" (van Ham 2005, p. 55).

Because of its influence, Hollywood is granted access and assistance in the production of war-related films. The military has offices that help liaise these collaborations such as the Army's Office of the Chief of Public Affairs, Western

Region (OCPA-West), the US Coast Guard Motion Picture and Television Office, and the Air Force Entertainment Liaison Office. These offices provide support to make these movies historically accurate and authentic, thus making them more appealing and enabling to the military's soft power.

On the other end too, it can be argued that many products of American businesses enjoy a lot of patronage simply for the fact that they are "American." In Nigeria, for example, many people want to buy and use products that are American because they have associated symbolic meanings of good quality, exquisiteness, and class. As a result, it is okay for the same product or service to be more expensive because it is American.

Ironically, the corporate leadership image that these create for America also leads the HHMMS to be a love-hate syndrome where the relationship is in flux between these two emotions. Joffe sees it as a seduction which is worse than imposition. "It makes you feel weak, and so you hate the soft-pawed corrupter as well as yourself. . .rooted in feelings of powerlessness and humiliation. . ." (van Ham 2005, p. 55). He cites the Arab anti-Americanism as an instance of this syndrome.

Furthermore, a fifth dimension of the new public diplomacy is the role of social media and information and communication technology (ICT). This is what makes the new public diplomacy particularly unique. This is referred to as cyber-diplomacy in the literature (see Potter 2002), "linking the impact of innovations in communications and information technology (CIT) to foreign policy and diplomacy" (Hocking 2005 p. 30). This is in line with the view of publics as actors rather than simply consumers in the new public diplomacy discussed in the earlier section.

The Internet has been great in providing access and adding more players to diplomacy. This has also resulted in a proliferation of information or the *paradox of plenty* as Simon Herbert puts it. Joseph Nye (2008) established that "plenty of information leads to scarcity of attention" (p. 99), and this "places a premium on the capacity to sift valuable information from 'white noise'" (Hocking 2005, p. 40). Nye argued that when overwhelmed with so much information, it becomes hard for people to know what to focus on, thus making "attention rather than information" (2008, p. 99), the scarce resource. In other words, those who are able to pick out the salient and needed information out from the clutter become the most relevant.

The sixth dimension which is also closely tied to this is the news media or what has been referred to as the CNN effect – a metaphor for media and its role in agenda setting and disseminating more information directly to publics than was traditionally available. Livingston (2002) even suggests a post-CNN effect with the proliferation of users with the Internet, miniaturization of technological devices, and availability wireless communication granting access to millions of people and making the traditional confidentiality of diplomacy more and more eroded.

A major caveat to the last two dimensions of diplomacy however is that there exists a digital divide in the world (Livingston 2002). As can be seen from Table 1, only about half of the population of the world has access to the Internet with majority of these living in Asia and the highest penetration rates in North America, Europe, and Oceania/Australia. If public diplomacy is about winning hearts and minds, then there is a fundamental challenge to the emphasis on cyber-diplomacy and the CNN effect as the future for effective diplomacy. Seeing public diplomacy almost exclusively in terms of ICT and social media means that the digital divide is ignored and along with that is the remaining half of the world.

The argument here is not to forego the role of cyber-diplomacy. Rather, the goals should be a narrowcasting via the Internet. Recognizing that the Internet reaches only a small portion of the world, narrowcasting may be reconsidered as a way of not leaving out the Internet but using it to reinforce efforts made through face-to-face exchanges. This will allow for the targeting of particular groups (the elite) and provide "a way to transfer information to countries where the government blocks traditional media. . ." (Nye 2008, p. 104). The Internet can also be used to create and maintain an alumni body of exchange

**Public Diplomacy, Table 1** World Internet usage and population statistics

| World Internet usage and population statistics<br>March 2019: Update | | | | | | |
|---|---|---|---|---|---|---|
| World regions | Population (2019 est.) | Population % of world | Internet users Dec. 31, 2018 | Penetration Rate (% pop.) | Growth 2000–2019 | Internet users% |
| Africa | 1,320,038,716 | 17.0% | 464,923,169 | 35.2% | 10,199% | 10.8% |
| Asia | 4,241,972,790 | 54.7% | 2,160,607,318 | 50.9% | 1790% | 50.1% |
| Europe | 866,433,007 | 11.2% | 705,064,923 | 81.4% | 571% | 16.3% |
| Latin America/ Caribbean | 658,345,826 | 8.5% | 438,248,446 | 66.6% | 2325% | 10.2% |
| Middle East | 258,356,867 | 3.3% | 170,039,990 | 65.8% | 5076% | 3.9% |
| North America | 366,496,802 | 4.7% | 345,660,847 | 94.3% | 219% | 8.0% |
| Oceania/Australia | 41,839,201 | 0.5% | 28,437,577 | 68.0% | 273% | 0.7% |
| World Total | 7,753,483,209 | 100.0% | 4,312,982,270 | 55.6% | 1095% | 100.0% |

Notes. (1) Internet usage and world population statistics estimates on December 31, 2018. (2) *Click* on each world region name for detailed regional usage information. (3) Demographic (population) numbers are based on data from the United Nations Population Division. (4) Internet usage information comes from data published by Nielsen Online, by the International Telecommunications Union, by GfK, local ICT regulators, and other reliable sources. (5) For definitions, navigation help, and disclaimers, please refer to the Website Surfing Guide
Source: http://www.internetworldstats.com/stats.htm (Retrieved on March 20, 2019)

participants as Japan does with the JET exchange program. The Fulbright commission also does this as it has an alumni body to which every member of the Fulbright is registered. There are also incentives to keep members connected such as periodic competitions to share experiences on the Fulbright as well as attractive research grants that are exclusively available to Fulbright alumni.

Beyond narrowcasting and cyber-diplomacy, however, there is a need for more scholarship on how to reach groups that do not have access to the Internet or other forms of ICT. What is the public diplomacy of unreached groups? How would they get to participate in policy debates? What is the influence of small localities on nation branding and relationship building? An example can be borrowed from Nigeria which has a program known as the National Youth Service Corps. In this program, university graduates serve as educators or work in government offices for 1 year in a local community and ethnic group other than their own.

This program was designed as a way of overcoming the rift that had come from the civil war. It enables increased understanding between different cultural groups, thereby fostering an acceptance of cultural relativity among Nigerian graduates. Most importantly, it has brought about a penetration and transfer of skills to these hard-to-reach areas. The effectiveness of this, although not yet quantified by empirical evidence, is the voice it gives to members of these remote societies to participate in the conversations that will ultimately shape national policies as graduates complete their programs and return to the cities either to join the government or take on new jobs. Perhaps this may be a final dimension of public diplomacy – one that is designed to facilitate relationship building with communities hitherto unreached by Internet or traditional diplomacy.

## Discussion and Conclusion: Implications of a Publics' Diplomacy

Much of what has been written about public diplomacy has been about creating a national image. Zhang and Swartz (2009) argued that "traditional conceptualizations of public diplomacy stress three dimensions, namely image cultivation, advocacy of national interests, and promotion of mutual understanding" (p. 382). In their work, they expand this to include global public goods. That is, they considered as an additional goal of public diplomacy, concerns that unite the world

such as global warming, global health risks (like the Ebola outbreak or Zika virus), and natural disasters (like earthquakes and tsunamis in Southeast Asia) which threaten everyone. They argue that this has led to a re-rationalizing of the goals of foreign policy and public diplomacy and has led to the emergence and need for public diplomatic organizations like the World Health Organization.

In this chapter, I have gone beyond this delineation of public diplomacy to bring together the myriad perspectives in diplomacy and public relations literature and attempt to form together a more thorough conceptualization of public diplomacy taking together scholarship in both fields. I started with a description of public diplomacy which challenges definitions of diplomacy currently found in the literature and proposes a clearer denominator of the characteristics of public diplomacy. After this, I tackled the question of who the publics of public diplomacy are and what the dimensions are.

As can be seen from the discussion on the delineation of publics, there are many different groups that are targeted in public diplomacy. So much so that perhaps there may be a need to speak instead of a "Publics' Diplomacy" to represent the full spectrum of efforts being made in this battle over hearts and minds. It is, as Nye writes, ultimately about the story that wins. Nye (2008) shows that, sometimes, the dynamics of the "publics" goes beyond influencing targets we are interested to a situation of inoculating publics against oppositional influences. He cites the example of efforts made by the Roosevelt-led administration (primarily through broadcasts) in reaction to the growing influence of Germany in Latin America in the 1930s to the early 1940s (Nye 2008, p. 97–98). Similar to this were the efforts by the United States and the Soviet Union targeting European opinion ahead of the Cold War.

Ultimately, what is needed for effective public diplomacy is a multifaceted approach which recognizes the different facets of diplomacy, the many types of publics, and the dimensions and looks to create a relationship that is peculiar to the dynamics of that interaction. I suggest that perhaps a further area of research will look at the diplomacy of unreached areas. Latin America and Canada have made the lead on this with efforts that take diplomats into local communities to interact with the people as part of their training. More studies will have to be conducted to provide empirical data and direction on the effectiveness of this as well as the Nigerian national youth service program.

Lessons on taking a multifaceted approach can be learnt from the revolutionary states of Qaddafi's Libyan Jamahiriya, Iranian public diplomacy under Khomeini, and the Bolsheviks and the Berne mission. They were able to build and grow in influence by properly crafting multifaceted public diplomacies that took into consideration the different publics and used the power of attraction and persuasion to achieve their aims. Although these outlaw regimes ultimately failed due to their unconventional goals (to euphemize it), there is much to be learnt from them on building a multifaceted approach to public diplomacy.

Any diplomatic mission that hopes to be successful will therefore need to have a complete understanding of what the new public diplomacy is – as opposed to the traditional. This mission will also recognize that there are very many players or actors in this diplomacy – thus, a publics' diplomacy – and, finally, a recognition that the dimensions of approach are equally many. It is only with a full comprehension of this can any diplomatic mission in the twenty-first century be successful.

## Cross-References


- ▶ Effective Leadership of Intergovernmental Relations
- ▶ Global and International Politics
- ▶ Governance and International Development, China
- ▶ Governance of Global Public Policies and Science Diplomacy
- ▶ Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making
- ▶ Intergovernmental Relations in the European Union

▶ Internationalization of Higher Education in Hong Kong: Policies, Development, and Emerging Trends
▶ Nongovernmental Organizations and International Nongovernmental Organizations

## References

Bravo V (2016) The importance of diaspora communities as key publics for National Governments around the world. In: Golan GJ, Yang SU, Kinsey D (eds) International public relations and public diplomacy: communication and engagement. Peter Lang, New York, pp 279–295

Global Poll: Iran Seen Playing Negative Role. (n.d) Retrieved from http://www.globescan.com/news_archives/bbc06-3/index.html#media

Hocking B (2005) Rethinking the 'new' public diplomacy. In: Melissen J (ed) The new public diplomacy: soft power in international relations. Palgrave Macmillan, Hampshire, pp 28–43. Retrieved from http://culturaldiplomacy.org/academy/pdf/research/books/soft_power/The_New_Public_Diplomacy.pdf

Jefferson T (1785) To James Madison. In: Randolph TJ (ed) Memoirs, correspondence, and private papers of Thomas Jefferson: late president of the United States, 1829. Henry Colburn and Richard Bentley, London, pp 316–317

L'Etang J (2009) Public relations and diplomacy in a globalized world: an issue of public communication. Am Behav Sci 53(4):607–626. https://doi.org/10.1177/0002764209347633

Livingston S (2002) The new media and transparency: what are the consequences for diplomacy. In: Cyber-diplomacy: managing foreign policy in the twenty-first century, pp 110–127. Retrieved from https://ebookcentral.proquest.com/lib/purdue/reader.action?docID=3330670

Melissen J (2005) The new public diplomacy: between theory and practice. In: Melissen J (ed) The new public diplomacy: soft power in international relations. Palgrave Macmillan, Hampshire, pp 3–27. Retrieved from http://culturaldiplomacy.org/academy/pdf/research/books/soft_power/The_New_Public_Diplomacy.pdf

Nye JS (2004) Soft power: the means to success in world politics. Mediterr Q 16(2):125–131. https://doi.org/10.1215/10474552-16-2-125

Nye J (2008) Public diplomacy and soft power. Ann Am Acad Pol Soc Sci 616(1):94–109. https://doi.org/10.1177/0002716207311699

Potter EH (ed) (2002) Cyber-diplomacy: managing foreign policy in the twenty-first century. McGill-Queen's University Press, Montréal. Retrieved from https://ebookcentral.proquest.com

Rasmussen RK, Merkelsen H (2012) The new PR of states: how nation branding practices affect the security function of public diplomacy. Public Relat Rev 38(5):810–818

Servaes J (2012) Soft power and public diplomacy: the new frontier for public relations and international communication between the US and China. Public Relat Rev 38(5):643–651

Tuch HN (1990) Communicating with the world: U.S. public diplomacy overseas. St. Martin's Press, New York

van Ham P (2005) Power, public diplomacy, and the Pax Americana. In: Melissen J (ed) The new public diplomacy: soft power in international relations. Palgrave Macmillan, Hampshire, pp 47–66. Retrieved from http://culturaldiplomacy.org/academy/pdf/research/books/soft_power/The_New_Public_Diplomacy.pdf

White C, Radic D (2014) Comparative public diplomacy: message strategies of countries in transition. Public Relat Rev 40(3):459–465. https://doi.org/10.1016/j.pubrev.2014.01.012

Xifra J, McKie D (2012) From realpolitik to noopolitik: the public relations of (stateless) nations in an information age. Public Relat Rev 38(5):819–824. https://doi.org/10.1016/j.pubrev.2012.04.005

Zhang J, Swartz BC (2009) Public diplomacy to promote global public goods (GPG): conceptual expansion, ethical grounds, and rhetoric. Public Relat Rev 35(4):382–387

# Public Employees and Motivation

Yongbeom Hur
Department of Government and Justice Studies, Appalachian State University, Boone, NC, USA

P

## Synonyms

Committed to work; Job satisfied; Stimulated to do work

## Definition of Motivation

Motivation is known to be driven by internal and/or external factors. When employees are motivated, they show higher interest in what they do and stronger commitment to their work, compared to non-motivated employees, and more likely to make efforts to achieve their goals and objectives.

## Introduction

Scholars and practitioners have searched for better ways to improve governmental performance, based on the general idea that bureaucratic organizations like governments are likely to experience more bureaupathologies, which refer to maladies and sicknesses of bureaucracy such as inflexibility, mediocrity, and suboptimization (Wilson 1967). Public bureaucracies tend to be negatively regarded, and public employees are usually blamed for their low performance and insensitive response to citizens' diverse demands.

One of the suggested approaches to dealing with bureaupathologies is to focus on the motivational level among public employees, given that motivation plays a critical role in producing better performance at work. Although researchers identified motivational bases and related factors for public employees, and verified positive effects of public employees' motivation level on their job performance, the majority of motivational theories have been developed in the private sector with samples of employees working in the private sector.

## Intrinsic and Extrinsic Motivation

Intrinsic motivation can be defined as taking actions or showing behaviors because of satisfaction or pleasurable challenge found in those actions or behaviors themselves, whereas actions are taken or behaviors are shown to get some external outcomes in extrinsic motivation cases. While extrinsic rewards and working conditions such as pay, benefits, and job security have been focused to increase the motivation level among employees in much research, some scholars have paid attention to intrinsic motivation such as achievement, recognition, and responsibility in boosting employees' motivation level (Herzberg et al. 1959). According to their findings, employees would be better motivated and productivity could increase as a result, when they experience those feelings at work, compared to when they are provided with better working conditions such as high pay and job security.

Many studies have attempted to measure the different effects between intrinsic and extrinsic motivations. Only mixed results were found particularly when public and private sector employees were compared. Compared to private managers, some found that public managers were better motivated by intrinsic rewards such as recognition and self-development opportunity than by extrinsic rewards such as pay and benefits (e.g., Khojasteh 1993). Others found that public employees were less motivated by some intrinsic rewards such as responsibility and self-development opportunity (e.g., Buelens and Van den Broeck 2007). Others also found no difference in motivational factors between public and private sector employees (e.g., Crewson 1997). While it is meaningful to examine the difference between public and private sector employees and to identify better motivating factors, this comparative approach has limitations as identified motivators work only relatively better, compared to the counterparts. For example, even though a factor better motivates public employees than private employees, public employees may not be significantly motivated by that factor because actual the motivating effect of that factor is not guaranteed. Khojasteh (1993) and Zhang et al. (2011) are among a few studies that have tested the effects of both intrinsic and extrinsic motivators in the public administration literature. These studies were conducted, based on the idea that public employees would be differently motivated because public organizations are different from for-profit organizations in many aspects.

## Job Satisfaction and Herzberg's Theory of Motivation

Job satisfaction is one of the major factors that can increase work motivation. If employees are more satisfied at work, they would be better motivated and could show higher work performance, all other things being equal. The need-based perspective on motivation explains how employees' job satisfaction can lead to their motivation. Wright (2001) explained that employees' satisfaction with types of rewards or working conditions

they receive identifies "necessary conditions for their optimal employee motivation." Therefore, if employees experience need deficiencies, compared to what they expect from their organizations, they may work less to regress to a balance between their contributions to an organization (e.g., efforts, time, loyalty) and their organization's provided inducements (e.g., pay, job security, benefits, career development) in a psychological contract between employees and their organizations (Rousseau 1989).

Given the limitations in providing monetary rewards to employees as an incentive in the public sector, Herzberg's two-factor theory of motivation may bring a great deal of benefits to public organizations if public employees can be successfully motivated when they experience such feelings as achievement, recognition, and responsibility at work. However, it is not certain whether or not public employees would be similarly motivated by a set of identified intrinsic motivators. Although Herzberg's theory has been tested in diverse contexts, most studies have been conducted with samples of private sector employees (e.g, Ewen et al. 1966).

Herzberg proposed the two-factor theory of motivation, arguing that both satisfaction and dissatisfaction do not belong to the same dimension (Herzberg et al. 1959). Instead, Herzberg argued that the opposite of satisfaction is not dissatisfaction, but no satisfaction. In other words, satisfaction and no satisfaction are located at the opposite ends of the same continuum. Likewise, the opposite of dissatisfaction is not satisfaction, but no dissatisfaction, and dissatisfaction and no dissatisfaction are located at the opposite ends of the same continuum. According to this theory, a set of factors that are related to the feeling of satisfaction are called "motivators." Additionally, a sect of factors, called "hygiene factors," are related to the feeling of dissatisfaction. Herzberg explained that motivators are connected to work itself such as recognition, responsibility, achievement, and self-development opportunity, whereas hygiene factors are related to working conditions and environments such as salary, benefits, interpersonal relationships, and company policies. Overall, Herzberg's motivators are associated with higher-order needs, while hygiene factors are more like lower-order needs in Maslow's need hierarchy (1954). For example, when employees are given secure job status, employees would not become satisfied. Instead, they would be only less dissatisfied because job security is one of the hygiene factors according to Herzberg's theory of motivation.

Although Herzberg's theory of motivation has been widely tested and applied in various motivational studies (e.g., Zhang et al. 2011), this theory has not been without criticism due to a fixed distinction between motivators and hygiene factors, regardless of differences in employees' personalities or job categories (e.g., Judge et al. 2002).

## Conclusion

While a wide range of ideas have been tried to make employees motivated mainly in for-profit organizations, enough attention has not been paid to public employees' motivation. As a result, it is not certain if public employees are motivated enough to achieve their goals and objective, as well as whether or not public employees can be similarly motivated by the motivators that are found in studies using private sector employees. Since it is known that better performance cannot be achieved without having motivated employees at work regardless of sectors, more motivational studies should be conducted with public employee samples in diverse contexts. Performance in public organizations would be greatly improved when major motivational factors for public employees are identified and actually applied, all other things being equal.

## References

Buelens M, Van den Broeck H (2007) An analysis of differences in work motivation between public and private sector organizations. Public Adm Rev 67(1): 65–74. https://doi.org/10.1111/j.1540-6210.2006.00697.x

Crewson PE (1997) Public service motivation: building empirical evidence of incidence and effect. J Public Adm Res Theory 7:499–518

Ewen RB, Smith PC, Hulin CL (1966) An empirical test of the Herzberg two-factor theory. J Appl Psychol 50(6):544
Herzberg FA, Mausner B, Snyderman B (1959) The motivation to work. Wiley, New York
Judge TA, Heller D, Mount MK (2002) Five-factor model of personality and job satisfaction: a meta-analysis. J Appl Psychol 87(3):530–541. https://doi.org/10.1037/0021.9010.87.3.530
Khojasteh M (1993) Motivating the private vs. public sector managers. Public Pers Manag 22(3):391
Maslow AH (1954) Motivation and personality. Harper & Row, New York
Rousseau DM (1989) Psychological and implied contracts in organizations. Empl Responsib Rights J 2:121–139
Wilson JQ (1967) The bureaucracy problem. Public Interest 6:3
Wright BE (2001) Public-sector work motivation: a review of the current literature and a revised conceptual model. J Public Adm Res Theory 11(4):559–586. Retrieved from <Go to ISI>://WOS:000172135700006
Zhang Y, Yao X, Cheong JO (2011) City managers' job satisfaction and frustration: factors and implications. Am Rev Public Adm 41(6):670–685. https://doi.org/10.1177/0275074010392212

# Public Employees as a Strategic Resource

Linda J. Bilmes[1] and Jeffrey Neal[2]
[1]Harvard Kennedy School, Harvard University, Cambridge, MA, USA
[2]ICF, Fairfax, VA, USA

## Synonyms

Human capital; Human resources; People management

## Introduction

Throughout the world, public employees play a vital role in determining whether a city, region, or country is a good place to live, work, and raise a family. Quality of life – from ensuring pedestrian safety to national security – depends to a large extent on the skills and effectiveness of those who serve in the government workforce.

This entry argues that governments can strengthen performance by adopting forward-looking, "strategic human resources management" (SHRM). There is an extensive literature devoted to proving that SHRM is the key to success for many leading organizations. In the private sector, this work includes numerous studies demonstrating the link between investing in employees and achieving better financial outcomes. A small but growing body of evidence shows that public and nonprofit organizations can also achieve significant gains in performance by treating their employees as a strategic resource. However, to date, very few government institutions have adopted this approach.

## Employees as a Strategic Resource

There is a significant literature showing the link between investing in the strategic human resources capacity of the organization and organizational performance. This is hardly new. Michael Porter argued in his seminal work *Competitive Advantage* (1985) that managing human resources well is a critical ingredient in helping organizations achieve sustained competitive advantage. Jeffrey Pfeffer, in *Competitive Advantage Through People: Unleashing the Power of the Work Force* (1994) found that some of the most successful and creative companies had proactively adopted a strategy based on developing human capital.

"Strategic human resources management" (SHRM) has emerged as the design and implementation of "people" policies that foster long-term strategic benefits to the organization. Such practices may include recruitment and hiring, training, skills-mapping, compensation and benefits, promotion and retention plans, diversity and other programs, as well as enhancing the role of the HR function, altering organizational structure, and flattening hierarchies. More broadly, SHRM refers to creating an environment in which employees can help the organization to compete, innovate, and improve the bottom line – in short, to achieve long-term competitive advantage (Bilmes and Gould 2009; Delery and Shaw

2001; Ericksen and Dyer 2005; Huselid et al. 1997; Wetzker et al. 1998).

Over the past two decades, empirical studies have shown that organizations perform to the highest levels when they invest in their employees. Much of this work has sought to identify and measure the value of specific investments in human capital (Delery and Doty 1996). Mark Becker and Brian Huselid pioneered a series of efforts to quantify the extent to which human capital investments produce financial gains. Their research shows that a change of one standard deviation in an index of innovative human resources management practices increases a company's stock market value by $20,000 to $40,000 *per employee* (Becker and Huselid 1998). Huselid further showed that firms using SHRM reported increased sales per employee, increased market capitalization, and a decrease in employee turnover (Huselid 1995).

The global human resources consulting firm Watson Wyatt has been studying the relationship between financial performance and strategic human capital since 1999. The firm conducted a series of landmark studies of publicly traded companies demonstrating that better human resources practices lead to higher shareholder value. Across a database of some 750 companies in the United States, Canada, and Europe, Watson Wyatt found that the higher a company's "human capital index"(HCI) – a score based on the company's human resources practices, including pay, people development, communications, and staffing – the higher its shareholder value, regardless of economic and stock market conditions.

Watson Wyatt identified some 30 human resources practices that were associated with an increase in market value. Key practices included: increasing total rewards (e.g., health care, retirement, and benefit plans), linking pay to business strategy, giving employees a choice of benefits, creating a flexible workplace, strong recruiting and retention programs, open communications, effective use of HR technologies, promoting good employees, and retraining or terminating poor performers. Companies with the highest HCI scores averaged a 64 percent return to shareholders over 5 years, while those with medium HCI scores averaged a 39 percent return, and the lowest scoring firms averaged only a 20 percent return (Watson Wyatt 2001, 2005).

In *The People Factor: Strengthening America by Investing in Public Service*, Bilmes and Gould compared total shareholder returns over 8 years for hundreds of companies in Europe and the United States (Bilmes and Gould 2009). The authors ranked companies on a "people scorecard" according to the level of investment along two dimensions: employee compensation (including salary, benefits, transportation subsidies, vacation time); and "intrapreneurial" policies, which related to development of individual talent. The latter included training, development programs, opportunity for employees to participate in decision-making, and team and lateral placements within the firm. Across a wide range of industrial sectors, Bilmes and Gould found that the more "people-focused" companies achieved significantly better long-term financial returns than their peers. They also examined US government agencies that had adopted similar strategies and found that those organizations experienced similar improvement in performance.

The common thread across many studies is that organizations can successfully leverage SHRM to achieve better performance. While there is no single normative approach that fits in all cases, most SHRM efforts include at least four key elements:

1. Changing the organizational mind-set to regard employees as a strategic asset, rather than a cost.
2. Investing in the organization's labor force (training, education, personal development).
3. Empowering the HR function to play a strategic role (rather than simply a transactional role).
4. Linking and aligning the HR practices with the strategic goals of the organization.

Changing the organizational mind-set is a prerequisite to SHRM. Traditionally, organizations have regarded HR as an administrative support service that processes transactions. This limits

the role of "human resources" to a cost center, which is not directly linked to the bottom line. More profoundly, this view confuses the function of the HR *office* with the role of individuals in the organization. SHRM requires a philosophy in which employees are viewed as the most critical, valuable assets of the organization (Pfeffer 1998; Becker et al. 2001; Bilmes and Gould 2009). Using this mind-set, the organization needs to dedicate a great deal of time and effort to hiring the best people, motivating them to perform well, retaining and leveraging talent. This requires not just offering better benefits, but viewing the organization differently – as a place where the best assets walk out the door every night. Watson Wyatt noted that "The best performing companies did not simply have better-funded [human resources] programs; they had *entirely different programs* than the poorly performing companies" (Watson Wyatt 2001).

This philosophy dictates that an organization should invest in its human capital in ways that are linked to employee job satisfaction, loyalty, and performance. Many experts have found that such investment goes far beyond compensation and benefits, but includes more intangible factors such as providing employees with direct input into decisions that affect them, and creating opportunities for building skills, working in teams, and helping to solve problems (Bilmes and Gould 2009; Pfeffer 1994, 2010; Pfeffer and Sutton 2013).

The HR function needs to become a strategic partner. In a conventional organization where the HR office has played a purely transactional role, this may be challenging. HR culture must shift from an inflexible, risk averse culture to one that is more agile, innovative, and focused on the wider strategic goals of the organization. This requires a radical shift in the behavior, education, and mind-set of the HR team, as well as the rest of the organization (Becton and Schraeder 2009; Wetzker et al. 1998).

Finally, SHRM requires that the organization is aligned with rewarding and motivating its employees. An executive management Balanced Scorecard can be used as a tool to identify performance, goals, and targets and to link the reward and incentive structure for all personnel with the strategic goals of the organization (Pfeffer 2010).

## Strategic Human Resources in the Public Sector

The best-performing private sector companies embrace the philosophy that a satisfied, loyal workforce is a strategic asset and therefore investing in it makes good business sense. However, the majority of firms still do not put SHRM into practice. In their survey of 2000 workers at mid-size companies, Watson Wyatt's longitudinal studies show that many firms are adopting specific SHRM tools, rather than a full SHRM approach (Watson Wyatt 2001, 2005, 2011). Bilmes and Gould found that fewer than 20% of respondents were receiving the type of benefits and investment associated with SHRM (Bilmes and Gould 2009).

Despite evidence that SHRM can boost performance in government, the public sector lags significantly behind in the adoption of best practices (Berman et al. 2015). In certain countries, including Singapore, Canada, South Africa, India, and most of Western Europe, the civil service itself is highly esteemed and the process for entering is highly competitive. But even in those countries that focus on recruiting top applicants, few public sector organizations have taken steps to implement SHRM. Most public bureaucracies continue to be hierarchical and rule-driven and to perceive the HR function as a backwater. Elsewhere (including many emerging economies), efforts to improve the civil service have focused on professionalizing basic standards, rather than on introducing SHRM (Mutahaba 2010). In the United States, where the general public has a less favorable view of public employees overall, there have been dozens of efforts to reform and improve government performance. Yet here too, only a handful of government agencies have been able to implement SHRM.

Part of the challenge for implementing SHRM in government is that the culture of government agencies in the human resources areas is very different. Table 1 compares a "best practice"

**Public Employees as a Strategic Resource, Table 1** Comparison of SHRM company and traditional government agency

| SHRM best practice | Public sector organization |
|---|---|
| 1. Flexible culture | 1. Inflexible culture |
| 2. Generous HR benefits, highly flexible, wide range of benefits | 2. HR benefits inflexible; not competitive in some occupations |
| 3. Frequent training and skills development for all levels, especially managers; large departments and budgets dedicated to training | 3. Little training; sporadic; inconsistent across agencies, occupations and levels; low training budgets |
| 4. Pay linked to performance and benchmarked to competitors; often include stock options, bonuses linked to firm-wide performance | 4. Most pay fixed to classification system; limited experience with setting criteria for performance-based pay; no financial benefits if the agency performs well; bonuses often not related to performance |
| 5. Additional recognition for achievement; promotions and perks usually linked to achievement | 5. Few meaningful avenues of credit and recognition |
| 6. Innovation and risk taking rewarded; acceptance that sometimes a new idea will not work | 6. Innovation and risk taking discouraged; low tolerance for mistakes |
| 7. Flat organizational structure | 7. Hierarchical |
| 8. Detailed performance evaluation, with training for evaluators; long time-consuming process in which managers are required to do it properly | 8. Perfunctory performance evaluations in many agencies; little training of managers/ evaluators |
| 9. System accommodates individual needs and variety | 9. One size fits all; limited variety |
| 10. Philosophy that caring about employees makes good business sense | 10. Bureaucratic culture focused on mission, not employees |
| 11. Versatile workforce, some employees trained in multiple jobs | 11. Narrow job classification; stove piped workforce |
| 12. Career development aligned with long-term strategic planning; employees training linked to the long-term plans of the firm | 12. Little career development; decoupled from strategic plans; employees priorities often shift with change in elected government |

company using SHRM to a traditional public sector organization.

Despite these challenges, some government agencies have successfully implemented SHRM. The following case shows how the US Defense Logistics Agency, a public sector leader in this area, used SHRM to increase productivity, performance, and employee satisfaction. This example is helpful to understand the complexity of undertaking such change in a large public sector bureaucracy.

## Case Study: The US Defense Logistics Agency

The Defense Logistics Agency (DLA) is the US military's principal supply chain manager. Its 25,000, largely blue-collar employees in 48 US states and 27 countries provide the US armed forces with food, fuel, clothing, medical supplies, and spare parts. Although it is a government organization, DLA operates somewhat like a business, with a $35 billion annual budget derived primarily from sales of goods and services to the military. Over a period of 6 years, DLA implemented a full SHRM program to recruit, develop, and retain a world-class workforce. This included three main elements.

First, DLA elevated its Chief Human Resources Officer (HRO) to be one of five senior career civil service civilians in the DLA leadership team, with responsibility for all DLA HR strategy, operations and training. The agency consolidated all operations under the Chief HRO, who was empowered to devise and implement a comprehensive transformation of human capital practices.

One of his key innovations was to *separate* strategic HR planning and program development from operational HR. This change was driven by the recognition that day-to-day operations distracted HR professionals from focusing on longer-term objectives. The Chief HRO appointed a 12-person Strategic HR Program Development Team, which took the lead on redesigning the hiring process to support the mission. It set up a

new entry-level hiring program that grew from 40 participants in its first year to more than 900 five years later. The team also created a comprehensive multiyear leadership development program. It trained *every* new DLA supervisor, regardless of any training the new hire might have had in the past, and introduced survey and data analysis programs that included climate/culture, entry and exit surveys.

Second, the Chief HRO determined that an effective HR operation was the *sine qua non* of acceptance for HR as a strategic partner to agency leaders. He argued that if HR could not deliver on basic transactions and processes, it would lack credibility on the more complex HR issues. DLA reengineered many of its core HR processes to eliminate waste and strengthen its capacity to process traditional transactions. The result was a 28% reduction in costs and a 40% reduction in the length of time it took to fill job vacancies. Surveys showed significant increases in customer satisfaction and employee job satisfaction, with reduced absenteeism and job turnover (Bilmes and Gould 2009).

Third, the DLA's HR programs were refocused based on data, and on mission-driven needs. For example, when internal surveys showed that employees were dissatisfied with the leadership ability of managers, DLA instituted a rigorous training and credentialing program for all supervisors. It engaged the "customer" (other units of the US military) to provide input into DLA's strategic HR initiatives. This ensured that the resulting programs addressed customer needs rather than being inwardly focused.

The result was that DLA transformed its HR function from a generally disliked service provider into a key strategic partner in agency planning and operations. This meant, for example, that the HR office was asked to train 5000 employees as part of a $1 billion modernization program. Above all, the culture within the DLA was transformed into one where its workforce was viewed as a strategic asset.

The DLA example has several lessons for using SHRM in the public sector. First, DLA empowered an HR executive at the top of the organization to develop a different vision for human capital, which would harness the talents of its employees for the strategic benefit of the agency. DLA invested in a new hiring program and in widespread training supervisors and for the entire workforce. The agency also recognized that the key to enhancing the status and credibility of the HR function was to improve efficiency of core HR transactions. The combination of a strong HR leader, an efficient HR unit, the establishment of a dedicated strategic HR team, and the willingness of the agency to pursue a SHRM-based approach made it possible for the organization to transform its employees into a strategic resource. The HR function became a strategic advantage in hiring, developing, and retaining the talent the agency needs to thrive.

## Obstacles to Wider Use of SHRM in the Public Sector

More than one quarter of the global workforce is employed in the public sector (Hammouya 1999; Schumann 2014). This implies that the potential impact on global productivity from introducing SHRM is significant. Yet in practice, the DLA model has been difficult to replicate.

Any organization – public or private – faces challenges adopting SHRM. This include lack of commitment by senior management, shortage of relevant HR skills and know-how, and the absence of any widely accepted metric for measuring the bottom-line impact of SHRM (Pfeffer 1998; Phillips et al. 2001). The public sector presents an extra set of challenges.

The public service is embedded within a political system and subject to political influences. Decisions such as which government services to prioritize, privatize, downsize, or reorganize may be subject to influence by political actors. For example, Jarvalt (2012) showed that political economic and ideological factors played a major role in the development of the public service in CEE nations such as Poland, Slovakia, and Hungary.

Second, there is often a lack of institutional capacity. One of the prerequisites for introducing SHRM is that the mission of the government agencies is established within a legal framework and that there are basic norms and values such as fairness and accountability. In mature civil service

organizations (such as throughout the EU, United States, and Singapore), there is a long tradition of merit, impartiality, and stability. But in many emerging countries the process for hiring, promotion, job security, and payment of benefits does not meet these standards, with widespread problems of nepotism and corruption. The Africa Governance Forum which took place in Ouagadougou (Burkina Faso) in 2007 and the Roundtable Conference of the Africa Association for Public Administration and Management held in Ghana in 2008 focused on the need to strengthen the HR function in African countries in order to increase the institutional capacity of the states to meet their citizens' aspirations. The AAPAM conference called for competent, knowledgeable, well-motivated, and innovative human resources in the African public service. African human resource managers have established an African Public Sector Human Resource Managers' Network. However, to date these efforts remain in the early phases, and often underfunded (Mutahaba 2010).

Another factor that affects the public sector is the growing role of the private sector in delivering public services. Government at all levels is increasingly outsourcing to nonprofit and private sector providers and services are being delivered through "networks" of stakeholders (Goldsmith and Eggers 2004). In the United States, most levels of government, particularly the federal government, employ fewer people than it did 30 years ago, even though it provides services to a larger population. This complicates the HR challenge because control over HR policies and practices is indirect.

The challenge of measuring the overall impact of SHRM is especially pronounced in the public sector, where agencies have more diffuse goals than simply financial performance. In *The Human Resources Scorecard*, Jack Phillips, Ron Stone, and Patricia Phillips introduce a method for comparing return on investment in specific HR programs (e.g., reducing turnover rates) to the cost of the programs. Some of this work is directly relevant to the public sector. For example, Watson Wyatt found that organizations that fill positions quickly (in 2 weeks) outperformed those that take longer (around 7 weeks) by a large margin. This has implications for the US federal Government, where the average time to hire is 80 days. The DLA addressed this issue by developing its own proprietary metrics (based on its unique mission within the US military) and benchmarking itself against private sector firms that performed similar tasks.

Finally, government agencies must observe much higher levels of transparency than is typical in the private sector. More than 100 countries have "right-to-information" laws and other measures that enable legislators, media, and the public to have some access to decisions made by public sector employees. This environment fosters a risk-averse culture among government leaders, since they are always vulnerable to political leaders and the media shifting blame onto them for mistaken policies. Blaming public employees leads to poor morale in the workplace and undermines attempts to introduce SHRM by agency leaders.

## Conclusion

There is an enormous opportunity for Government agencies worldwide to benefit from investment in strategic human resources management. Both theory and practice demonstrate the large potential benefits in organizational efficiency and public service delivery from this approach. The quality of life of every citizen stands to benefit. Yet the obstacles to adoption in the public sector are significant. In order to overcome them, political leaders need to embrace SHRM as a key objective of public policy. The reward will be a more efficient and effective bureaucracy, greater accountability, and the ability of political leaders to implement their policies faster, more cheaply, and with a greater probability of success.

## References

Becker BE, Huselid MA (1998) High performance work systems and firm performance: a synthesis of research and managerial implications. In: Ferris GR (ed) Research in personnel and human resources management, vol 16. JAI Press, Greenwich, pp 53–101

Becker BE, Huselid Mark A, Dave U (2001) The HR scorecard: linking people, strategy and performance. Harvard Business School Press, Boston
Becton JB, Schraeder M (2009) Strategic human resources management: are we there yet? J Qual Particip 31(4):11
Berman EM, Bowman JS, West JP, Van Wart MR (2015) Human resource management in public service: paradoxes, processes, and problems. Sage, Los Angeles
Bilmes LJ, Gould WS (2009) The people factor: strengthening America by investing in public service. Brookings Institution Press, Washington, DC
Delery JE, Doty DH (1996) Modes of theorizing in strategic human resource management: tests of universalistic, contingency, and configurational performance predictions. Acad Manag J 39(4):802–835
Delery JE, Shaw J (2001) The strategic management of people in work organizations: review, synthesis and extension. In: Ferris G (ed) Research in personnel and human resources management, vol 20. Elsevier Science, Emerald Group Publishing Limited, Bingley, pp 165–197
Ericksen J, Dyer L (2005) Toward a strategic human resource management model of high reliability organization performance. Int J Hum Resour Manag 16(6): 907–928
Goldsmith S, Eggers WD (2004) Governing by network: the new shape of the public sector. Brookings Institution Press, Washington, DC
Hammouya M (1999) Statistics on public sector employment: methodology, structures and trends. Bureau of Statistics, International Labour Office, Geneva
Huselid MA (1995) The impact of human resource management practices on turnover, productivity, and corporate financial performance. Acad Manag J 38(3): 635–672
Huselid MA, Jackson SE, Schuler RS (1997) Technical and strategic human resource management effectiveness as determinants of firm performance. Acad Manag J 40(1):171–188
Jarvalt J (2012) Strategic human resource management in the public service: evidence from Estonia and other central and eastern european countries. Tallinn University of Technology Doctoral Theses Series I: Social Sciences, No. 18
Mutahaba G (ed) (2010) Human resource management in African public sector: current state and future direction. African Public Sector Human Resource Managers' Network (APS-HRMnet), United Nations Department of Economic and Social Affairs (UNDESA), New York
Pfeffer J (1994) Competitive advantage through people: unleashing the power of the work force. Harvard Business Press, Boston
Pfeffer J (1998) The human equation: building profits by putting people first. Harvard Business Press, Boston
Pfeffer J (2010) Building sustainable organizations: the human factor. Acad Manag Perspect 24(1):34–45
Pfeffer J, Sutton RI (2013) The knowing-doing gap: how smart companies turn knowledge into action. Harvard Business Press, Brighton
Phillips JJ, Stone RD, Phillips PP (2001) The human resources scorecard: measuring the return on investment. Butterworth-Heinemann, Boston
Porter M (1985) Competitive advantage: creating and sustaining superior performance. Free Press, New York
Schumann M (2014) Workforce resilience: an international comparison of the public and private sectors. Deloitte University Press, The Leadership Center, Westlake
Wetzker K, Strüven P, Bilmes LJ (1998) Gebt Uns Das Risiko Zurück Strategien Für Mehr Arbeit. Hanser, München
Watson Wyatt Human Capital Index (2001) Watson Wyatt, London
Watson Wyatt's (2005, 2011) "Human Capital Index," Human Capital as a Lead Indicator of Shareholder Value, 2001/2002 report

# Public Employees' Motivation to Learn and Develop in Greece

Evangelia Mylona and Dimitrios Mihail
Department of Business Administration, University of Macedonia, Thessaloniki, Greece

## Synonyms

Career development; Intrinsic motivation; Professional development; Training; Workforce development

## Definition

Motivation to learn and develop (MLD) refers not only to a specific desire of the trainee to learn the content of a training program but also how much employees participate in professional development.

## Introduction

In today's dynamic and turbulent environment, public sector reformers implement a set of private sector managerial tools, the so-called New Public Management (NPM). NPM emphasizes

on cost-savings, efficiency, and outcomes and hence adopts successful private sector personnel management systems so as to maximize the value of human resources and to create a highly motivated and properly skilled workforce, among others (Vermeeren 2017).

Motivational theories acknowledge the value of nonfinancial incentives, i.e., training, career development, coaching, and other employee-related policies. In financially distressed contexts where compensation per employee drops dramatically, managers inevitably shift their attention from monetary rewards to the intrinsic aspects of work. The present study focuses on one dimension of intrinsic motivation, namely, employees' motivation to learn and develop (MLD). MLD refers not only to a specific desire of the trainee to learn the content of a training program but also how much employees participate in professional development (Noe and Wilk 1993).

Since the financial downturn in the late 2000s in almost all OECD countries, the impact of budgetary constraints, restructuring programs, and the austerity measures has not been a subject of rigorous empirical scrutiny with regard to their effects on workplace behavior in public administration (Demmke 2017). In Greece, one of the first countries to experience budget cuts, the severity of the crisis forced public sector organizations to realize the significance of their workforce's development as a means of adapting to ongoing changes more effectively. Since government employees at all levels are continually asked to provide more effective and efficient services to meet new challenges, it is timely to examine employees' MLD in the Greek public sector which has been severely impacted by the debt crisis.

Although the Memorandum austerity measures imposed since May 2010 caused major structural reforms in the Greek public sector, it still remains the largest organization complex system, characterized as unique and problematic. Greek public servants face the challenge of managing and tolerating the augmented workload because of government downsizing. As cost-saving measures were higher in the state than in the private sector, maintaining or even improving the effectiveness and efficiency of public service to meet new public demands has become a critical issue. In order to maximize employee performance, training and development programs are the major tools that organizations use to enhance organizational human capital competences (Zahra et al. 2014).

Research on employee training and development, with regard to private sector business and industry, has put forward the significance of interactions between managers and employees by utilizing the theoretical framework of the social exchange theory. According to the social exchange theory (Blau 1964), employers and employees develop an exchange relationship. In general, one will try to recompense those that provided help and benefits. In line with this notion, previous scholars identified the significant role of perceived supervisor support (PSS) on MLD and employees' positive outcomes in the private sector. PSS is defined as employees' views concerning the degree to which their immediate line manager values their contributions and cares about their well-being (Kottke and Sharafinski 1988). As it has been empirically shown, when supervisors serve as enablers of employees' training and development opportunities, PSS has a positive effect on employees' MLD (Towler et al. 2014).

Surprisingly, the literature of human resource management (HRM) in the public sector has neglected to explore the importance of the aforementioned relationship between managers and employees and the explanatory power of the social exchange theory. In addition, since the reciprocity norm initiates when the organization provides a supportive and caring atmosphere for employees (Eisenberger et al. 2002), such that employees reciprocate by feeling attached and committed to the organization and by acting to achieve organizational goals, previous studies have neglected to explore the role of perceived organizational support (POS) and organizational commitment in the relationship between PSS and employees' MLD.

This study aims to fill these gaps by providing a comprehensive approach of employees' perceptions regarding supportive conditions.

For this reason, the current research posits that the relationship between PSS and MLD is subject to POS and organizational commitment. Employees are expected to respond differently to the support offered by the supervisor, depending on their perception of organizational support (Simosi 2012). For instance, low levels of POS may be considered by employees as an unwillingness or incapability on the part of the organization to support their efforts, despite the supportive intentions of the immediate supervisor. Hence, employees may become confused about the consequences of such an organizational orientation or view it with disdain. This study also shows that in a supportive working environment, personnel's MLD is prompted by employees' positive attitudes, i.e., affective and normative commitment. As employees perceive the provision of supervisors' support as recognition of their contribution, then this supportive stance triggers a social exchange process in which employees feel both committed and obligated to reciprocate to the organization (Bashir and Long 2015).

## Perceived Supervisor Support as an Antecedent of Employees' Motivation to Learn and Develop

The concept of PSS reflects the exchanges between supervisors and employees, and it is indicated that when supervisors act as sources of support, then employees are more likely to reciprocate with positive job attitudes and work behaviors. Specifically, regarding training and development, the role of supervisors often involves "encouraging and motivating employees to attend training programs, helping employees before, during and after training programs in terms of time, budgetary support and resources, getting employees to be actively involved in decision-making, and guiding trainees in applying the new competencies that they have acquired in their workplace" (Towler et al. 2014).

Supervisors can send clear signals regarding the role and value of training, development, and professional growth in the firm, which may, in turn, motivate employee behavior regarding development activities.

## The Role of POS in the Relationship Between PSS and MLD

Another form of social exchange relationship that captured researchers' attention is POS. Eisenberger et al. (1986) defined POS as the extent to which the organization values employees' contributions and cares about their well-being. Previous research on POS has demonstrated that employees interpret organizational actions such as supportive HRM practices as indicative of the personified organization's commitment to them.

Early studies indicated that POS and PSS are two distinct forms of social exchange. Accordingly, Simosi (2012) argued that given the unique exchange relationships employees hold with various organizational entities, it is possible for someone to experience a high level of support with one entity (e.g., organization) while at the same time to experience low level of support with another entity (e.g., supervisor).

When the immediate line manager is supportive, values employees' contribution, and cares about their well-being, then employees are more likely to participate in training and development programs. Nonetheless, past theoretical models have often overlooked how, why, and in which organizational contexts this relationship is established. Hence, this study claims that the strength of the relationship between PSS and MLD rests on employees' perceptions of organizational support. PSS is likely to become more influential when employees are within a supportive environment at an organizational level. Within this context, managers not only are willing to but also are able to fully apply beneficial HRM practices, such as employees' participation in work decisions and employees' participation in training and development programs. On the other hand, the supervisor's support is likely to become less influential when employees perceive that their work organization constitutes an unsupportive environment (Simosi 2012).

## The Role of Organizational Commitment in the Relationship Between Employees' Motivation to Learn and Develop and Supervisors' Support

Organizational commitment is considered one of the most important notions in the field of

organizational behavior and HRM. Meyer and Allen (1991) proposed that commitment is multidimensional and that a distinction should be made between the three components of commitment: affective, continuance, and normative. Affective and normative commitments have been investigated in this study, since both dimensions of commitment are developed through reciprocity norms and influenced by perceptions of mutual obligations.

### Affective Commitment

Affective commitment is defined as the relative strength of an individual's identification with, and involvement in, a particular organization. Employees with strong affective commitment remain in the organization because they want to (Meyer and Allen 1991). Pioneers of organizational commitment (Meyer and Allen 1991) identified employees' work experiences as the most influential antecedents of affective commitment and suggested that commitment develops as the result of experiences that satisfy employees' needs and/or are compatible with their values. In particular, it is showed that HRM practices which satisfy employees' need to feel comfortable in the organization and be competent in the work role are expected to positively and strongly affect employees' level of affective commitment.

Since the immediate line manager serves as the deliverer or implementer of the HRM practices that bring HR policies to life (Purcell and Hutchinson 2007), previous research has demonstrated the significant role of supervisors in the implementation of HRM practices. Hence, employees' level of PSS affects important organizational and individual outcomes such as performance, job satisfaction, turnover intentions, and organizational commitment, while antecedents of PSS include the provision of challenging tasks, feedback, and training. Specifically, focusing on organizational commitment, recent studies revealed that supervisor support has a significant positive influence on affective commitment.

Yet few organizational scholars have explored the relationship between affective commitment and employees' MLD. Findings confirmed a positive relationship between the examined variables.

Based on the above findings, it is suggested that when the immediate supervisors act as facilitators of support (increased PSS), then employees are more likely to develop strong affective commitment. Furthermore, in such a supportive environment, committed employees are anticipated to reciprocate by willingly participating in training and development programs.

### Normative Commitment

Normative commitment is the least studied component of organizational commitment and reflects a feeling of obligation to continue employment. Employees with strong normative commitment remain in the organization because they feel they ought to do so (Meyer and Allen 1991). Initially, antecedents of normative commitment were based on Wiener's (1982) study on socialization experiences. According to Wiener, socialization experiences create within the employee a sense of obligation to remain in the organization. These socialization experiences may be both prior to (familial/cultural socialization) and following (organizational/socialization) the entry into the organization. However, the revised measures of normative commitment allow the possibility the receipt of benefits (e.g., job training, compensation, and rewards) and the recognition of these investments to create a feeling of obligation to reciprocate.

The relationship between organizational support and normative commitment has attracted researchers' attention since there is a "possibility that reciprocation is based on employee's felt obligation to care about the organization's welfare" (Simosi 2012). It is suggested that the levels of normative commitment improved when organizations provided support for continuous learning and normative commitment was strongest for those who valued the continuous learning they received while managing their own careers.

Furthermore, there is no evidence on the relationship between normative commitment and motivation to learn. Previous literature neglected to explore whether employees with high normative commitment are also highly motivated to participate in training and development programs. In this study, it is argued that employees, who believe that they ought to continue employment,

are also anticipated to have a sense of moral obligation to reciprocate by participating in training and development activities. By doing so, not only do they intend to improve their performance and service delivery so as to repay supportive actions, but they also seek to feel confident in their work by acquiring new skills, knowledge, and abilities.

Building on the preceding discussion, it is suggested that when the immediate supervisors act as facilitators of support (increased PSS), then employees are more likely to reciprocate with normative commitment and hence are more willing to participate in training and development programs.

## Conclusion

NPM in the public administration seeks to react to current challenges, such as callsfor more efficient and cost-effective public services, through employee training and development policies. This study responds to the call for additional research concerning the effects of training and development on public sector employees' behavior in a context of budgetary constraints.

Findings validate previous research conducted in the private sector and demonstrate that the strong positive relationship between PSS and MLD is also applicable to the public sector. Nevertheless, prior studies, conducted in both the private and the public sector, have neglected to explore the factors that mediate/moderate this relationship. For this reason, this research further considered organizational-level factors, i.e., POS. This is in line with recent calls to overcome the prevailing and rather narrow conceptualization that managers are the sole influencers of employees' outcomes. It is found that the strength of the relationship between PSS and MLD rests on employees' perceptions of organizational support. In other words, supervisor support is likely to become less influential when employees perceive that their work organization constitutes an unsupportive environment as a result of prescribed and limited budgets as developed by the organization.

Next, this study explored the mechanisms that mediate the positive relationship between supervisors' support and employees' MLD. Since the concept of PSS reflects the exchanges between supervisors and subordinates due to the positive interactions built on commitment and trust, this research explored the mediating role of organizational commitment. It is found that employees who either want to (affective commitment) or ought to (normative commitment) continue employment are also anticipated to willingly participate in training and development activities. As employees perceive the provision of supervisors' support as recognition of their contribution, then this supportive stance triggers a social exchange process in which employees feel both committed and obligated to reciprocate to the organization.

Apart from the above theoretical contributions, the current study also provides important practical implications. Managers, as the first guarantors of the NPM procedures, play a vital role in the successful implementation of HR development practices. As line managers have the power within their organizations to approve or deny training, development organizations should be more selective when promoting or recruiting line manager positions and look for candidates with genuine interest in people rather than solely technical expertise (Kuvaas and Dysvik 2010).

Nevertheless, more importantly, findings suggest that public employees' development opportunities should be supported by both supervisors and the organization. Managers' words and promises, relating to training and development practices, should be congruent with the organizational policies and actions. Hence, the organization's strategic employee development plan should be effectively communicated and implemented by line managers. Accordingly, financially distressed public organizations should avoid cutting the training budgets as such an action not only would seem shortsighted but would also signal to employees the lack of organizational support, and this, in turn, would hinder managers' supportive actions.

Additionally, this study argues that in times of financial turbulence, and limited monetary

motivators, nonfinancial rewards are vital. Nevertheless, in order to enhance employees' motivation to learn and develop, public administration should acknowledge the important role of employees' organizational commitment. Enhancing employees' commitment through supportive actions (both organizational and managerial), such as recognition, communication, and fairness, triggers a social exchange mechanism. In such a supportive environment, despite the financially unfavorable conditions and limited monetary incentives, committed employees are anticipated to reciprocate by willingly participating in training and development programs.

## Cross-References


- ▶ Administrative Reform
- ▶ Employee Work Motivation
- ▶ Motivation and Governance
- ▶ Motivation-Based Theories of Organization
- ▶ New Public Management
- ▶ Public Employees and Motivation


## References


Bashir N, Long CS (2015) The relationship between training and organizational commitment among academicians in Malaysia. J Manag Dev 34(10):1227–1245

Blau P (1964) Power and exchange in social life. Wiley, New York, p 352

Demmke C (2017) Effects of budgetary constraints on HR reforms in central public administrations and the importance of institutional context. Int J Public Adm 40(13):1129–1142

Eisenberger R, Huntington R, Hutchison S, Sowa D (1986) Perceived organizational support. J Appl Psychol 71(3):500–507

Eisenberger R, Stinglhamber F, Vandenberghe C, Sucharski IL, Rhoades L (2002) Perceived supervisor support: contributions to perceived organizational support and employee retention. J Appl Psychol 87(3):565

Kottke JL, Sharafinski CE (1988) Measuring perceived supervisory and organizational support. Educ Psychol Meas 48(4):1075–1079

Kuvaas B, Dysvik A (2010) Exploring alternative relationships between perceived investment in employee development, perceived supervisor support and employee outcomes. Hum Resour Manag J 20(2): 138–156

Meyer JP, Allen JN (1991) A three-component conceptualization of organizational commitment. Hum Resour Manag Rev 1(1):61–89

Noe RA, Wilk SL (1993) Investigation of the factors that influence employees' participation in development activities. J Appl Psychol 78(2):291–302

Purcell J, Hutchinson S (2007) Front-line managers as agents in the HRM-performance causal chain: theory, analysis and evidence. Hum Resour Manag J 17(1):3–20

Simosi M (2012) Disentangling organizational support construct: the role of different sources of support to newcomers' training transfer and organizational commitment. Pers Rev 41(3):301–320

Towler A, Watson A, Surface EA (2014) Signaling the importance of training. J Manag Psychol 29(7):829–849

Vermeeren B (2017) Influencing public sector performance: studying the impact of ability-, motivation- and opportunity-enhancing human resources practices on various performance outcomes in the public sector. Int Rev Adm Sci 83(4):717–737

Wiener Y (1982) Commitment in organizations: a normative view. Acad Manag Rev 7(3):418–428

Zahra S, Iram A, Naeem H (2014) Employee training and its effect on employees' job motivation and commitment: developing and proposing a conceptual model. J Bus Manag 16(9):60–68


# Public Employment and Representative Bureaucracy


Kuan Heong Woo
School of Social Sciences, Universiti Sains Malaysia, Pulau Pinang, Malaysia


P

## Synonyms

Government jobs; Public sector careers; Public sector recruitment; Representative civil service; Representative government

## Definition

Public employment refers to employment by the state or government or the public sector;

Representative bureaucracy refers to a form of representation which reflects or captures almost

all aspects of the demographic compositions in the governing body of the state.

## Introduction

Public employment generally refers to employment by the state or government bodies at the federal, state, or local level and also by government statutory authorities. Employees being recruited into the public sector are paid directly by the government to perform public service and carry out activities of the government to achieve its goals. In a modern society, the functions of the public sector penetrate almost all aspects of social life. Considering the far-reaching implications that public employment holds for economic health and other aspects of daily life, it is understandable that the processes controlling entry and employment to these jobs are subject to widespread concern.

Representative bureaucracy is essential in a democracy. Traditionally, representative bureaucracy refers to the relationship between the demographic makeups of the public sector workforce in a society that the state is governing. To use Krislov's (2015) terms, representative bureaucracy is the notion that "broad social groups should have spokesman and officeholders in administrative as well as political positions" (p. 23) and this notion captures almost all and every aspect of population in a society that the bureaucracy supposed to serve.

The purpose of this entry is to provide an understanding of the importance of representative bureaucracy in modern democracies. This entry demonstrates the relationships between public employment and the representativeness of the bureaucracy, and representative bureaucracy and the performance of the civil service in the Malaysian context. It contains four sections. Next section discusses the theory of representative bureaucracy and its importance. The third section concerns the Malaysian civil service and its representativeness in terms of ethnicity. It also examines how (the lack of) representative bureaucracy in the Malaysian civil service impacts the performance of the government. The final section is a concluding discussion of the topics covered in this entry.

## Theoretical Perspectives: Representative Bureaucracy and Its Importance

Representative bureaucracy was first articulated by J. Donald Kingsley in 1944. The theory growth at a time when there was worry over unelected public officials or civil servants occupying significant and crucial government positions. These unelected public officials have considerable discretionary power in performing governmental policies and programs which passed on to them by elected representatives. Theories of bureaucratic politics suggest that bureaucracies and bureaucrats routinely engage in political behavior. Up to a certain degree, the discretionary power civil servants possess allowed them to control resources and determine its allocation – a process of deciding *who gets what, when, and how*, the standard definition of politics as proposed by Harold D. Lasswell. The politics of representative bureaucracy also underlines the procedural, political, and conflictual nature of representation in public agencies. With the emerging political and normative consideration following the discourse of political identity, focusing on bureaucracies as representative institutions is no longer only contingent on functional necessities or political opportunistic behavior but also as a manifestation of minority rights (Peters et al. 2015). Therefore, representation in bureaucracy is a major concern in the study and practice of public administration and administrative policy making in modern democracies.

In modern politics, it is argued that representation is necessary in relation between legitimacy and democracy. "In the course of communication and cooperation," Moscovici (2000) contends, "individual and groups create representation" (p. 27). Social representation concerns systems of values, ideas, customs, beliefs, and practices that shared between members in a society. The essentiality of legitimacy in a government made social representation an important and fundamental condition for every government, especially

government in plural society. These are issues of social equity and inclusiveness. In order to ensure responsiveness in a diverse society, sufficient social representations and hence a representative bureaucracy are important.

Bureaucrats are not directly accountable to the people in a democracy; however, they have huge amount of discretionary power within the broad policy parameters and this is exactly the part where the incongruity between democratic principles and implementation occurred. With the discretionary power, choices bureaucrats made would have great impact on governmental decisions. Due to the powerful role collectively played by civil servants and "the degree to which all democratic institutions are representative is a matter of prime significance" (Kingsley 1944, pp. 282–283), scholars and practitioners have actively advocated the essentiality of representative bureaucracy. It is argued that at the minimum, the government administrative and governing structure should recognize the diversity of its people. Representative bureaucracy theory is especially relevant in connection with the changing and increased roles and enhancement of power of professionalized bureaucrats in the policy process with the growth of the bureaucracy in terms of size and complexity over time.

Since Kingsley, the theory of representative bureaucracy has been significantly advanced by Mosher (2015) with differentiating between passive representation and active representation. Passive representation refers to mere presence of bureaucrats that reflects the demographic of the total society. It concerns the source of origin of individuals and may be statistically measured in terms of locality of origins, education, family income, race, gender, religion, and other social background. It is said that a passively representative bureaucracy has symbolic importance. According to Mosher (2015), "the leadership personnel of a public service, which is broadly representative of all categories of the population . . ., may be thought of as satisfying Lincoln's prescription of government 'by the people' in a limited sense" (p. 20). As for active representation, it refers to individuals press for the interests and desires of those whom she/he is presumed to represent. More specifically, active representation takes the assertion that bureaucrats in a bureaucracy will be acting in a way that increase substantive benefits for their social groups. However, Mosher (2015) warns that if "active representativeness run rampant within a bureaucracy would constitute a major threat to orderly democratic government" because "the summing up of the multitude of special interests seeking effective representation does not constitute the general interest" (p. 20).

Whether passive representation or active representation leads to substantial benefits for social groups is still a matter of discourse (Lim 2006). However, scholars agree that the linkage between passive and active representation is established, and active representation is exists within public administration. It is said that the norms and values of an individual (bureaucrat) would have impact on behavior and policy outcome; hence, the idea of representative bureaucracy is seen as a means of insuring administrative responsibility (Meier and Steward 1992; Saltzstein 1979).

In sum, representation in the bureaucracy not only has symbolic but also substantive effects for all communities in a society. The theory of representative bureaucracy suggests that the civil service deserves attention because civil servants played important roles in influencing the actual course and effects of government policy through their advice to elected representatives (ministers) and policy implementation. Therefore, having a representative bureaucracy is essential for securing equitable responsiveness to all social groups, ensuring the performance of the civil service, safeguarding power sharing among communal sections, and enhancing legitimacy of the government. The theory of representative bureaucracy also advances our understanding of the balance of power between the politics and administration of a state.

## The Malaysian Public Employment and Representative Bureaucracy

### The Malaysian Public Employment

The Malaysia Civil Service inherited its legacy from the British Public Service which is formerly

known as the Malayan Civil Service. The establishment of the civil service could be traced back to the late 1700s when the British East India Company acquired Penang. The Malaysian civil service has undergone significant fundamental changes over the last 60 years since independence. With the twin objectives of poverty eradication and economic restructuring, the introduction of the New Economic Policy (NEP) in 1970 after the race-based violence on 13 May 1969 marked a sharp increase in the restructuring role of the Malaysian government. The Malaysian civil service is the target and also the main instrument for implementing the NEP. The personnel in the public sector have greatly increased with the government's expanded role, and the Malaysian government is the major employer in the country since the implementation of NEP until today. With the start of NEP, the country witnessed the swift growth of the civil service in terms of size where the numbers of civil servant have accounted for over 10% of the country's labor force (employed persons) and for about 4% of the country's population since 1990. In January 2016, the number of civil servants stood at 1.6 million. The amount of critics on the bloated civil service has never been dwindled; however, Putrajaya, the federal administrative center of Malaysia, defended the big size criticism (Zahiid 2013).

Public employment in Malaysia is widely perceived as mainly to have attracted applicants from graduates of local public universities and some of foreign universities but apparently hardly any from graduates of private universities in the country. What worth noting is that since the implementation of NEP, the racial composition in public higher education institutions has become, and continuously until today to be, predominant by Malay/*bumiputra* and vice versa for private higher education institutions. However, studies on attractiveness of the Malaysian public employment demonstrate that the civil service faces no difficulty in attracting a sufficient number of applicants from all ethnic and gender groups to secure a capable and representative bureaucracy (Woo 2017); this hence raises the question: why the increasingly mono-ethnic civil service since it is able to attract enough applicants to secure a representative civil service?

## Representative Bureaucracy in the Malaysian Civil Service

Malaysia is a multiethnic country. The country's population was 30,751,602 in 2016, making it the 44th most populated country in the world. The multiethnic country consists of three major ethnic groups, namely Malay, Chinese, and Indian. As of July 2016, the population of Malaysia consists of 68.6% natives (mainly Malay), 23.4% Chinese, 7.0% Indian, and 1.0% others.

Representative bureaucracy was not a consideration of the British colonial government when the colonial government first introduced the civil service in Malaya. Nonetheless, today, representations in the bureaucracy have been an issue of concern in the country. Preference for Malays in recruitment and promotion is common knowledge in the public sector. According to a former Chief Secretary to the Government, the Malaysian public employment and public education are widely perceived as the "birthright" of Malays because "they are the indigenous and the ones with the only right over it" (Hassan 2010, pp. 40–41). Nonetheless, minorities in Malaysia today also identify themselves with the country of their birth. Like other indigenous, new generations of Chinese and Indian ethnicities who are born in Malaysia do not see China or India as their homeland, and they consider themselves equally indigenous as Malay and other natives.

Discrimination in public employment has long been the focus of concern among non-Malay groups in the country. The belief of equal treatments in terms of recruitment and promotion are not given to all regardless of racial groups is prevalent among non-Malay groups. Even though officially public personnel recruitment policy in Malaysia is color-blind, in practice, due to a lack of cross-ethnic understanding and empathy, many Malay public officials who have discretionary power in selecting and appointing tend to bias recruitment decisions in favor of their own ethnic group, and this is evidenced by recently released data of public service recruitment. Released data on public service recruitment show that the total

numbers of appointed civil servant of all ethnic groups have increased from 2011 to 2012. However, the percentage increases of appointed non-Malay civil servants were still lower than that of the appointed Malay civil servants. The lowest increase, of merely 11%, was for Chinese civil servants, while the percentage of Indian civil servants increased 49% compared to the increase of 59% Malay civil servants joining the civil service (The Appointment 2013). The NEP restructuring since 1970 has resulted in a Malay-dominated civil service and the abovementioned kind of recruitment practice exacerbated the unrepresentativeness of the civil service. As a result, at the end of 2014, the civil service only consists of 5.2% Chinese, 4.1% Indians, 0.7% others, and 11.2% other natives compared to 78.8% Malays (FMT Reporters 2015). These ethnic breakdowns in the civil service are far from reflecting the population breakdowns in terms of ethnic as discussed in earlier part.

Perception guides action. The belief of discrimination against minority groups in public employment would probably have chilling effect upon minority groups – an effect where it tends to keep people from seeking employment and advancement in an organization even in the absence of formal bars. This probably provides some explanation for the low application rates to the Malaysian public employment among non-Malay compared to Malay groups.

In short, while the Malaysian civil service expanded rapidly in terms of size since the start of NEP, recruitment into the public sector continued to be predominantly Malay and this has led to the increasingly mono-ethnic civil service.

### Performance of the Malaysian Civil Service

Due to the large size and scope of the civil service, it is understandable that its employment and performance is of major concern to citizens and other stakeholders. When studies show that public employment in Malaysia is attractive enough for all ethnic groups in the country, state employment continues to be along ethnic lines and political motivated. When defending itself against the large size criticism, the government made no pretense that it is providing employment opportunities to Malaysians (Zahiid 2013), indicating the government's plan to trim the number of civil services never really took off for political reasons. Thousands of graduates from local universities, many of who lacked basic skills, have been quietly absorbed into the civil service, and according to Chin (2011), the move was spearheaded by United Malays National Organization (UMNO) – Malaysia's largest political party and the core of the ruling parties – as almost these graduates were ethnic Malays, UMNO's core constituency. This directly raises the issue of the quality of public human resources and hence the performance of the civil service.

The quality of personnel has direct effects on performance. As early as 1972, Esman (1972) had pointed out that Malaysia paid a price in reduced administrative effectiveness because many talented non-Malay people were being denied to administrative careers. Many worry and believe that the Malaysian bureaucracy is filled with *second-raters* or worse and this worry has been echoed by many Malaysian leaders, including organizational/political party leaders, ministers, and (former and current) prime ministers of Malaysia.

The public often regards corruption and unsatisfactory service delivery as significant performance deficits of the civil service. Government corruption has long been seen as worrisome. According to both rank and score in Transparency International's Corruption Perception Index, little improvement has been made in political and bureaucratic corruption in Malaysia since 1995. The perception of government corruption is worsened in 2016 when the United States Department of Justice (DOJ) filed proceedings under the US Kleptocracy Assets Recovery Initiative 2010 (KARI) to recover assets associated with a fund owned by the Malaysian government that raised nearly $8 billion to benefit the Malaysian people which has been embezzled from the Malaysian people by high-ranking fund officials and their associates instead. According to the president of Transparency International Malaysia, Akhbar Satar, "A government practices cronyism and nepotism by awarding prime contracts and civil service posts to relatives or personal friends rather

than giving them to competent candidates; it creates projects at policy level with the main reason being to funnel money out of the treasury to itself or its cronies, with little viability or necessity of the projects" (FMT Reporter 2016). This probably partly explained the reason behind the high ranking of Malaysia on the index of crony capitalism ranking in 2016 – Malaysia ranked the second, just behind Russia (Comparing Crony Capitalism around the World 2016). The perceived high level of corruption carries negative implications for the integrity and accountability in public institutions. It is said that a high level of accountability "is still very much lacking" in Malaysia and that the lack of accountability in the government was the factor behind the political and regulatory environment's score in Malaysia falling from 59% in 2014 to 48% in 2016 as reported in the Asian Corporate Governance Association (ACGA) report (Toh 2017, p.5). The above situation and perception very likely would continue to adversely impact Malaysia.

In terms of service delivery, the civil service's flaws and errors could be easily found in the Malaysian auditor-general's (AG) reports. The AG reports have repeatedly revealed and highlighted civil servants' wasteful expenditure, unauthorized expenditure, nonrecovery of advances, irregular payments, unretired imprest, misapplication of funds, and others, which embarrassed the government annually. Financial mismanagement by civil servants has resulted in excessive financial leakages. Every year, the AG report has been highlighting a set of same noncompliance patterns in various government's ministries and departments, which continues to attract media and public attention. In general, weaknesses that were identified in AG reports revolve around delay in completion of projects, poor quality of construction works, monitoring and auditing not conducted comprehensively, discrepancy in payments collection, no standard operating procedures, and others. The troubling fact is even the lowest levels of government have been seeped with corruption, wastage, and negligence. However, contradictory to the public expectation to hold those involved accountable, thus far, no serious effort has been taken to address the noncompliance issues involving civil servants. More seriously, doubts have been raised about the knowledge and ability of senior civil servants and the top management of the government in handling unexpected incidents or crises. Also, in the Malaysian multiethnic context, equitable responsiveness to all ethnic groups is an important criterion of civil service performance. The perceived lack of responsiveness to underrepresented groups has raised concern over the shortage of non-Malays in the civil service (Woo 2017).

Racial preference compromises merit criteria and capacity and hence the performance of the civil service. And the compromise of merit in personnel practices continues to exact a nontrivial price in terms of effectiveness and efficiency of the civil service. Scholars contend that the poor capacity of the education system to foster well-equipped graduates contributed to *institutional decline*, which involve public sector institutions. Since employment in the public sector was along ethnic lines, based on quotas not meritocracy, this has contributed to the poor quality of the public delivery system (Gomez et al. 2013). There exists a vicious cycle: *declined institution* (poor capacity of education institutions) produces poor human resource, which is likely to be absorbed into various public institutions (for political reasons), and poor human resources in the public sector are likely to produce poor performance, which in turn leads to further institutional decline.

## Conclusion

Public employment involves working for any federal, state, and local agency and it is funded through taxpayer money. Unlike private sector employment where its impact normally will not go beyond a firm or an organization, public sector employment holds great impact not only for economic health, opportunity in policy participation, but also would affect power sharing among social groups, political stability, and hence the quality of democracy of a country. Therefore, it is intelligible that the processes controlling entry and

employment to public sector jobs are subject to widespread concern, in a plural society especially.

Representative bureaucracy is essential in modern democracies. Democracy is equated with equal opportunities to all social groups to participate within democratic processes. As suggested by Mosher (2015), while representative bureaucracy (passive representation) is no guarantor of democratic decision-making, it carries some independent and symbolic values that are significant for a democratic society. In line with this perspective, the theory of representative bureaucracy is a theory that focuses on finding a way to legitimate the bureaucracy's political power in the context of democratic value and provides insight into the balance of power within the politico-administrative axis.

The civil service is an institution entrusted with supporting the development and delivery of government programs in distributing precious resources to various social groups. In other words, civil servants, higher ranking public managers especially, have control over factors of production and distribution of benefits. To ensure all social groups have equal access and control over these resources, a sufficiently representative bureaucracy is important. The central tenet of the theory of representative bureaucracy is that a bureaucracy reflecting the diversity of the society it serves is more likely to respond to the interests of all social groups in decision and policy making.

Although democracy has become a truly universal value and pursuit, the widespread rhetorical commitment to the principles of social equality in public employment does not automatically translate into practice. As suggested by Krislov (2015), fundamental to the question are the modes of recruitment that employed by a government. In general, public sector recruitment seems close to necessary condition for representativeness of the civil service institution. As evidenced by the case of Malaysia, public sector recruitment practice employed played a major role in affecting the representativeness of its civil service institution. And it is also demonstrated in the case of Malaysia, a representative bureaucracy has great impact on the performance of the government.

## Cross-References

▶ Administrative Discretion
▶ Public Administration Theory

## References

Chin J (2011) History and context of public administration in Malaysia. In: Berman EM (ed) Public administration in Southeast Asia: Thailand, Philipines, Malaysia, Hong Kong, and Macao. CRC Press, Taylor & Francis Group, Boca Raton

Comparing crony capitalism around the world (2016) The Economist. Retrieved from http://www.economist.com/blogs/graphicdetail/2016/05/daily-chart-2

Esman MJ (1972) Administration and development in Malaysia. Cornell University Press, Ithaca

FMT Reporter (2015) Lack of non-bumis in civil service must be addressed. FMT. Retrieved from http://www.freemalaysiatoday.com/category/nation/2015/05/09/lack-of-non-bumi-in-civil-service-must-be-addressed/

Gomez ET, Saravanamuttu J, Maznah M (2013) Malaysia's new economic policy: resolving horizontal inequalities, creating inequities? In: Gomez ET, Saravamuttu J (eds) The new economic policy in Malaysia: affirmative action, ethnic inequalities and social justice. NUS Press, Singapore

Hassan S (2010) So who really was the star? The Star, pp 40–41

Kingsley JD (1944) Representative bureaucracy: an interpretation of the British Civil Service. The Antioch Press, Yellow Springs

Krislov S (2015) Representative bureaucracy. In: Dolan J, Rosenbloom DH (eds) Representative bureaucracy: classic readings and continuing controversies. Routledge, Taylor & Francis Group, London/New York

Lim HH (2006) Representative bureaucracy: rethinking substantive effects and active representation. Public Adm Rev 66(2):193–204

Meier KJ, Steward JJ (1992) The impact of representative bureaucracies: education systems and public policies. Am Rev Public Adm 22(3):157–171

Moscovici S (2000) Social representations: explorations in social psychology. Blackwell Publishers Ltd., Oxford, UK

Mosher FC (2015) Democracy and the public service. In: Dolan J, Rosenbloom DH (eds) Representative bureaucracy: classic readings and continuing controversies. Routledge, Taylor & Francis Group, London/New York

Peters BG, von Maravić P, Schröter E (eds) (2015) Politics of representative bureaucracy: power, Legitimacy and Performance. Edward Elgar, Northampton

Reporter FMT (2016) Learn the consequences of kleptocracy, says TI-M. FMT. Retrieved from http://www.freemalaysiatoday.com/category/nation/2016/07/23/learn-the-consequences-of-kleptocracy-says-ti-m/

Saltzstein SG (1979) Representative bureaucracy and administrative responsibility: problem and prospects. Adm Soc 10(4):465–474
The appointment of Chinese civil servants increased 11% (2013) Sin Chew Daily, p 4
Toh B (2017) Accountability still lacking in M'sia despite progress. The Edge Financial Daily, p 5
Woo KH (2017) Public employment: attractiveness, representativeness, and performance. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1292284
Zahiid SJ (2013) Putrajaya defends bloated civil service, says providing jobs. *malaymailonline*. Retrieved from http://www.themalaymailonline.com/malaysia/article/putrajaya-defends-bloated-civil-service-says-providing-jobs

# Public Employment During Budget Crises

Yu Shi
Department of Public Administration,
University of North Texas,
Denton, TX, USA

## Synonyms

Budget crises; Economic recession; Fiscal crises

## Definition

The US Census of Government defines public sector full-time employees as those persons whose work hours represent full-time employment with their employing government.

## Introduction

State fiscal stress and budget deficits have been recurring problems over the past 30 years. In December of 2008, the National Bureau of Economic Research officially declared that the United States was in an economic recession after a 6-year period of economic expansion that began in November of 2001. Unlike prior economic recessions, the Great Recession of 2008–2009 severely strained state budgets starting in fiscal year 2009 and is likely to influence state governments' short-term financial health and long-term economic outlook. Given the severity of the Great Recession of 2008 and the balanced budget requirements that nearly all states face, almost every state needed to pursue certain strategies to cover fiscal deficits, balance the budget, and reduce fiscal stress. These strategies could be responses from state and local governments in terms of revenue increase or expenditure/service reduction.

Because the majority of public spending is for personnel, it is not surprising that states employ some personnel-related strategies to reduce expenditure. Figure 1 shows that the total amount of public sector full-time equivalent employment at the state level fell in 2009 and continued to decline in the subsequent 3 years. State governments adjusted the levels of public sector employment when they encountered losses in revenues or faced reductions in financial aid or higher levels of long-term liabilities.

This entry chapter in the *Global Encyclopedia of Public Administration, Public Policy, and Governance* has three goals. First, it aims to introduce the background of state fiscal crises during and after the Great Recession of 2008–2009. Second, it discusses certain theoretical and empirical budget-balancing approaches used by state and local governments to deal with budget crises. Third, this essay has the purpose to show how public sector employment changes as a response to the most recent and severe economic recession of 2008–2009. By pursuing these goals, this essay aims to help practitioners who are interested in the choices of fiscal policies to understand the fiscal behaviors of state and local governments and to improve their policy-making and policy implementation over time. It also provides scholars some knowledge regarding the impact of budget crises on public personnel management.

## Background: State Fiscal Crises During and After the Great Recession of 2008–2009

The Great Recession of 2008–2009 was very severe and affected almost every state. Table 1

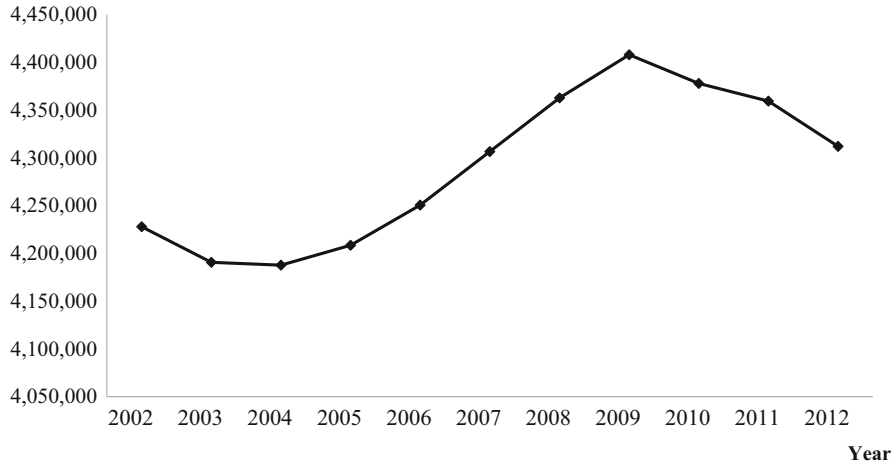


**Public Employment During Budget Crises, Fig. 1** Number of public sector full-time equivalent employees across states, 2002–2012. (Data source: Author's calculation by using the data from the Census of Government)

**Public Employment During Budget Crises, Table 1** State budget gap, fiscal years from 2009 to 2013 (current dollar amount in billions)

| Fiscal years | Number of states having to close budget gaps | Amount of budget gap that each state has to close on average | Total fiscal year budget gap |
|---|---|---|---|
| 2009 | 46 | 2.4 | 110 |
| 2010 | 49 | 3.9 | 191 |
| 2011 | 47 | 2.8 | 133 |
| 2012 | 43 | 2.6 | 108 |
| 2013 | 31 | 1.9 | 55 |

Data source: Oliff et al. (2012)

shows that most states were faced with the task of addressing large budget shortfalls that reached billions of US dollars. According to the data from the Center on Budget and Policy Priorities (Oliff et al. 2012), the average budget shortfall for each state reached a historical high of approximately $3.9 billion. The Great Recession of 2008–2009 generated a multi-year cumulative budget crisis for almost every state. States faced the major fiscal challenge of balancing their budgets, followed by a period of slow fiscal recovery after 2009.

By historical standards, the magnitude of financial collapse and the degree of state fiscal deterioration were disproportionately large compared to the severity of previous economic recessions. The largest previous budget shortfall resulting from the recession of 2002 totaled $80 billion in 2004. However, by 2010, the budget shortfall had reached $191 billion (Oliff et al. 2012).

On February 17, 2009, the US Congress approved the American Recovery and Reinvestment Act of 2009 to help the economy recover from the Great Recession of 2008–2009 by preserving and creating jobs and promoting economic recovery. Although the economy slowly recovered and the federal government provided additional assistance to state governments, most states faced continuing fiscal challenges and employed various strategies to alleviate their financial problems.

## State Responses to Their Fiscal Crises

Several major theoretical approaches have been written about the behavior of state and local governments in fiscal crises and the conflicting alleviation strategies they may pursue. Classic cutback management theories derived from the work of Levine (1978) explain how governments manage their budgets given

constrained organizational resources and how they respond to fiscal stress in a systematic way. In his seminal work of "organizational decline and cutback management," Levine (1978) argues that choices of cutback management strategies for government organizations in the fiscal retrenchment periods depend on the degree and persistence of resource declines. According to Levine's (1978) step-by-step approach, state and local governments will first pursue options that are easiest to implement, least visible to the public, and least intrusive to operation and financing (Levine 1978).

The second coping strategies approach is similar to Levine's (1978) but one that highlights a hierarchal set of responses to fiscal stress (Wolman 1980; Wolman and Davis 1980). Assuming that cutback responses to fiscal stress occur in a rational manner, Wolman (1980) suggests that state and local governments are rational problem-solving organizations seeking fiscal stability. In periods of resource decline, governments look for solutions that are both feasible and effective, so the fiscal policies used to address revenue losses are similar across different governments during economic recessions (Wolman 1980). For example, making use of "rainy day funds" is often the immediate "buying time" action taken by states, as it is easier to access these funds and less visible to the public (Shi 2016). As the severity of fiscal crises increases, governments will move from "buying time" tactics to revenue-increasing strategies or expenditure-reducing strategies (Wolman and Davis 1980). Dougherty and Klase's (2009) analysis of cutback management strategies in eight mid-Atlantic and eastern states confirms that the choices of fiscal policies follow this coping strategy approach.

In contrast to the aforementioned theoretical approaches suggesting a degree of predictability in the patterns of cutback responses, some scholars find great variability in strategies employed by state and local governments due to the unstructured and chaotic policy-making process as well as different levels of control over budgetary expenditure categories (Bartle 1996; Morgan and Pammer 1988). In other words, the third approach suggests that governments deal with fiscal stress in a random manner and emphasizes decision-makers' preferences. In the 1990–1991 recession, states enacted large increases in taxes in response to fiscal stress (Gold 1995), while states were far less reliant on tax increases during the economic recession of 2002 (Maag and Merriman 2003). After comparing budget-balancing strategies used in three different states (New York, Washington, and Texas), Shi (2016) finds that states responded to the Great Recession of 2008–2009 in a variety of ways. Thus, it is difficult to predict cutback responses among states in a systematic and consistent manner. Generally, states can make use of a wide variety of strategies to cope with fiscal stress.

## Public Employment Reduction as a Response to Budget Crisis

The US Census of Government defines public sector full-time employees as those persons whose work hours represent full-time employment with their employing government. Part-time employees are defined as those persons whose work hours are less than 30 h. Full-time equivalent employees represent full-time employees and part-time employees whose reported work hours are equivalent to full-time employees. Contracted employees of governments are not included in the Census definition of public sector employment.

The yearly percentage change in per capita total number of full-time equivalent public employees from 2008 to 2012 for all 50 states was shown in Table 2. Almost all states reduced their numbers of public employees during this recessionary period. Arizona, Georgia, and Maine experienced a 7% reduction of FTE in 2009. Both Hawaii and Idaho experienced an 8% and 7% of reduction of FTE in 2010, respectively. Although most states experienced personnel reductions in more than 1 fiscal year, a few states experienced reductions in just 1 year. Michigan experienced a 2% reduction only in 2008, while Colorado, Mississippi, Michigan,

**Public Employment During Budget Crises, Table 2** Yearly percentage change in total FTE employees per capita

| State | 2008 (%) | 2009 (%) | 2010 (%) | 2011 (%) | 2012 (%) |
|---|---|---|---|---|---|
| Alabama | 0 | −1 | −1 | 0 | −3 |
| Alaska | 1 | −2 | 1 | −6 | 3 |
| Arizona | 5 | −7 | 0 | 2 | 0 |
| Arkansas | 2 | −1 | 3 | −2 | 1 |
| California | 0 | 4 | −1 | −2 | −4 |
| Connecticut | 7 | 0 | −6 | −2 | −1 |
| Colorado | 0 | 3 | −2 | 0 | 0 |
| Delaware | 1 | −2 | −3 | 0 | 0 |
| Florida | 0 | −3 | −2 | −1 | −3 |
| Georgia | 1 | −7 | 3 | −2 | 3 |
| Hawaii | 4 | 0 | −8 | −1 | −3 |
| Idaho | 1 | 1 | −7 | −2 | −2 |
| Illinois | 2 | 6 | −3 | 0 | −1 |
| Indiana | 1 | 1 | −4 | 0 | −1 |
| Iowa | 1 | −4 | −3 | −2 | −5 |
| Kansas | 1 | −2 | −4 | −1 | 11 |
| Kentucky | 1 | −1 | −1 | 0 | 4 |
| Louisiana | 8 | −2 | −4 | −6 | −7 |
| Maine | 1 | −7 | −2 | 1 | −2 |
| Maryland | −1 | −1 | −3 | −3 | −1 |
| Massachusetts | 2 | −2 | −1 | −4 | 4 |
| Michigan | −2 | 2 | 3 | 0 | 1 |
| Minnesota | 1 | 1 | −1 | −1 | −1 |
| Mississippi | 2 | 0 | −2 | 1 | 1 |
| Missouri | 0 | 0 | −1 | −2 | −2 |
| Montana | −2 | 3 | −3 | 1 | −3 |
| Nebraska | −1 | 0 | −1 | −2 | −1 |
| Nevada | −1 | 2 | −6 | −2 | −7 |
| New Hampshire | 1 | −1 | 0 | −1 | −4 |
| New Jersey | 0 | −2 | −2 | −4 | −1 |
| New Mexico | −8 | −1 | −3 | −4 | −4 |
| New York | 0 | 1 | −2 | −3 | −1 |
| North Carolina | 0 | 0 | −3 | 4 | −4 |
| North Dakota | 0 | −3 | −1 | 1 | −1 |
| Ohio | 0 | 0 | −2 | −1 | −2 |
| Oklahoma | 2 | −1 | −4 | −4 | −5 |
| Oregon | 0 | 4 | 3 | −1 | 0 |
| Pennsylvania | 1 | 5 | −3 | 0 | −6 |
| Rhode Island | 0 | −4 | −5 | 1 | 0 |
| South Carolina | 1 | −3 | −2 | −1 | 0 |
| South Dakota | −4 | 4 | 2 | 0 | 2 |
| Tennessee | 1 | −3 | −3 | 3 | −3 |
| Texas | −2 | 2 | 4 | −2 | −4 |
| Utah | −3 | 0 | 0 | 2 | −2 |
| Vermont | 2 | −3 | −2 | 0 | 4 |
| Virginia | 2 | −3 | −2 | −1 | 0 |
| Washington | 1 | 1 | −3 | −3 | −9 |

(continued)

**Public Employment During Budget Crises, Table 2** (continued)

| State | 2008 (%) | 2009 (%) | 2010 (%) | 2011 (%) | 2012 (%) |
|---|---|---|---|---|---|
| West Virginia | 2 | 1 | −2 | 1 | 1 |
| Wisconsin | 0 | 2 | 2 | −3 | 0 |
| Wyoming | −1 | 3 | −4 | −2 | 0 |

Data source: Author's calculation by using the data from the Census of Government

and West Virginia experienced a 2% reduction only in 2010.

Table 2 also indicates that some states, such as Iowa, Louisiana, Maryland, New Mexico, Oklahoma, and Rhode Island, had to reduce their numbers of employees in more than 1 year (e.g., both 2009 and 2010). Some states like Louisiana, Nevada, and Washington experienced the greatest percentage change in 2012 even though they had already reduced their numbers of public employees in prior years. Louisiana experienced 2%, 4%, 6%, and 7% reductions in 2009, 2010, 2011, and 2012, respectively. This means that Louisiana consistently released additional public workers. This trend suggests that some states had to release more public workers to cope with the financial crisis. In contrast, certain states witnessed percentage increases of public employment in 2012 even though they released public workers in previous years. One example is Kansas, which had an increase of 11% in public employment in 2012 after having percentage reductions from 2009 to 2011. However, the majority of states continued to face percentage declines in public employment per capita in 2012. Evidence from Table 2 and Fig. 1 shows that, for most states, the numbers of public sector full-time equivalent employees per capita were in decline. This reduction was likely the result of budget deficits during the recessionary years.

## Conclusion

Public employment at the state and local level accounts for a large share of state and local public expenditures; therefore, public sector employment is another indicator of the historical trend toward revenue increase and more state and local service provision. Given the same level of public service output, more efficient states or local governments should be able to provide the services by using fewer resources, including fewer public employees and less spending per public employee. Otherwise, inefficiency will be manifested in overstaffed local governments with an excessive number of agencies and ministers, duplication of functions, and the existence of ghost workers (Rama 1997). For a long period of time, bloated bureaucracies and overstaffed public sector represent a potential burden for state and local governments. To achieve broad-based outcomes such as efficiency, it is necessary to maintain optimal number of public employees and enhance the efficient service delivery.

## References

Bartle JR (1996) Coping with cutbacks: City response to aid cuts in New York State. State and Local Government Review 28(1):38–48

Dougherty MJ, Klase KA (2009) Fiscal retrenchment in state budgeting: Revisting cutback management in a new era. Int J Public Adm 32(7):593–619

Gold SD (ed) (1995) The fiscal crisis of the states. Georgetown University Press, Washington, DC

Levine CH (1978) Organizational decline and cutback management. Public Adm Rev 38(4):316–325

Maag E, Merriman D (2003) Tax policy responses to revenue shortfalls. Urban Institute, Washington, DC

Morgan DR, Pammer WJ Jr (1988) Coping with fiscal stress: Predicting the use of financial management practices among US cities. Urban Aff Q 24(1):69–86

Oliff P, Mai C, Palacios V (2012) States continue to feel recession's impact. Center on Budget and Policy Priorities.

Rama M (1997) Efficient public sector downsizing. Policy Research Working Paper 1840. Washington, DC: World Bank Institution

Shi Y (2016) State budget shortfalls and budget balancing strategies during and after the great

recession of 2008. J Public Budg Account Financ Manag 28(1):26–47
Wolman H (1980) Local government strategies to cope with fiscal pressure. In: Levine CH, Rubin I (eds) Fiscal stress and public policy. Sage, Beverly Hills, pp 231–248
Wolman H, Davis B (1980) Local government strategies to cope with fiscal pressure. Urban Institute, Washington, DC

# Public Financial Management Reform in Less Developed Countries: An International Perspective

Hassan A. G. Ouda
Faculty of Management Technology, German University in Cairo (GUC), New Cairo, Egypt

## Synonyms

Budgeting reform; Public sector accounting reform; Public sector auditing reform; Public sector performance measurement reform

## Definition

Public sector accounting reform: The shifting from a less informative accounting system (cash-based accounting) into a more informative accounting system (accrual-based accounting).

Public sector budgeting reform: Means presenting the purpose and objectives for which funds are requested, the cost of programs proposed for achieving those objectives, and the quantitative data for measuring the accomplishment and work performed under each program, instead of only ensuring legislative control over the expenditure of public money.

Public sector auditing reform: Is the process of assessing objectives, programs, and their implementation coupled with economy, efficiency, and effectiveness, instead of only auditing the legality and regularity of the disbursement of public sector fund allocations.

## Introduction

Many governments of developed countries have reformed their public administration system in the last three decades. This administrative reform is characterized by managerial freedom, market-driven competition, businesslike service delivery, value for money, result-based performance, client orientation, and a pro-market culture. These aspects of the administrative reform have been described collectively as new public management (NPM) (Hood 1991). The NPM culture centered itself on increasing the individual responsibility, giving the managers extensive discretion in the use of resources, on output instead of input and on measuring the performance in terms of efficiency and effectiveness. The move toward the NPM has resulted in making parallel reforms in public financial management, as the NPM initiatives have had a substantial impact on public sector accounting and resulted in changing the accountability concept: from accountability in terms of procedural compliance to accountability in terms of efficiency and results (effectiveness and cost-effectiveness). Accountability for results depends on clear objectives stated in measurable terms and on budgets showing the minimum results to be achieved. This must be also based on expenditure limits and on accounting and auditing systems that measure and report on actual results. Of course, this raises the desirability of the public financial management reform (hereafter PFMR).

Basically, both the NPM and PFMR are forming the cornerstone of the public sector reform. There were many reasons underlying the public sector reform for both developed and less developed countries: the challenges arising from global economic integration are one of the essential reasons underlying these radical changes. Globalization is exerting great pressure on the governments to make fundamental changes to the administrative systems, accelerate enterprise reform, and open up the financial system to foreign competition (Fulin 2001). Globalization demands a public sector that is responsive to an increasing competitive environment. It also

demands that governments and public bodies harmonize their goals. Harmonization may ensure that economic development is not stifled and instead provides stimulus for the creation of improved standard living. Therefore, there is an increasing need for proper determination of how public resources are allocated and for monitoring the effective use of these resources. Yet one more reason is the pressure that is exerted by the international financial institutions, such as the International Monetary Fund (IMF) and World Bank (WB), on most countries to make the required economic reform, including the public sector reform. This pressure can be more observed in underdeveloped and transitional economies where international organizations require particular accounting innovations to be effected as a *sine qua non* of assistance being provided (Godfrey et al. 2001).

In addition, the experience of New Zealand can add one more reason which is that the public sector reform has been reinforced by global economic crisis. In New Zealand, the major public sector reforms that began in 1984 were integrally linked with the economic crisis and the conditions leading to it, as well as with political change – namely, the election of the labor government in 1984. Following the election in mid-1984, the incoming government faced an economy with an extended history of economic growth, high fiscal deficits, and high debt including substantial liabilities resulting from various guarantees given by previous governments (Scott et al. 1990; Scott 1996). Then, the sick economy was the impetus for the public sector reform. Finally, increasing the international experience with respect to the public sector reform will result in stimulation of other developed and less developed countries, which have not started yet with the public sector reform, to follow this trend. While the aforementioned reasons can be considered the main reasons behind the PFMR in both developed and less developed countries, the PFMR in less developed countries were mostly due to the pressure exerted by the international financial institutions (donors). In reality, the PFMR is a central element of governance reforms in many less developed countries and an important area of donors' interventions (Morgner 2013). The donors are following the same approaches in all less developed countries, but some donors pay more attention to the technical aspects of the PFMR, while others focus more on the governance aspects in planning, budgeting, performance measurement, and performance audit.

In short, PFMR that are initiated by developed countries in the last three decades are finding new buyers in less developed countries, not as a matter of choice, but as a matter of necessity to make them less greedy of scarce public resources, more efficient, more effective in using scarce public financial resources, and more customer-focused (Chittoo et al. 2009). Accordingly, the main objective of this entry is to discuss in detail PFMR in less developed countries. PFMR include budgeting reform, public sector accounting reform, and auditing system reform.

## Public Financial Management Reform (PFMR)

NPM has entailed a reassessment of public financial management. This has resulted in that effective, efficient, transparent, and accountable public financial management in less developed countries is considered as a prerequisite for long-term and effective use of scarce financial resources. Moreover, public financial management reform became a central element of governance reforms in many less developed countries and emerging economies, and this has demonstrated that revamping of public financial management components is inevitable. These components are:

- Budgeting system reform
- Public sector accounting system reform
- Auditing system reform

### Budgeting Reform

Budgeting system reform means shifting from traditional/line-item budgeting system to performance budgeting system and/or accrual budgeting system. Most of less developed countries are still using the traditional/line-item budgeting system which is designed to ensure legislative control

over the expenditure of public money. However, its format does not provide any indication of the relationship between the expenditure and results, and this prohibits the formulation and execution of an economically viable fiscal policy (Ouda 2013). Besides, it prevents proper choice from among competing objectives, the rational allocation of resources, and blunts the understanding of government fiscal policy, economic activity, and the results. It stresses inputs rather than outputs and controls only the inputs, which in turn, results in inhibiting the ability of the public sector executive managers to diligently manage resources to achieve the planned economic targets. In addition, the most hazardous shortcoming is that the line-item budget has traditionally operated on a "bottom-up" principle. In practice all the governmental agencies and ministries send requests for funding to the Ministry of Finance/Treasury (Schick 2008). It is widely known that these requests greatly exceed what they realistically believe they will receive approval for. In order to come to the real budget, the Ministry of Finance/Treasury negotiates with those concerned governmental agencies and ministries until some common ground for agreement is reached. This "bottom-up" approach has several disadvantages as follows (OECD 2002):

- It is very time consuming and is essentially considered a game; all participants know that the initial requests are not realistic.
- This approach has an inherent bias for overstating the expenditure-allocation requests. All new programs or additions/expansion of the scope of existing ongoing programs is funded on the basis of new requests. Generally, using funds for a purpose other than that originally approved is not permitted under the Treasury rules. There is no system for reallocation within and among ministries and their respective departments during mid-fiscal year, and there are no predetermined internal controls and safeguards against cost overruns.
- It is difficult to reflect political priorities in this approach as it is a driven "bottom-up" with the budgetary allocations "emerging" at the end of the process.

This budgeting approach is an annual [short-term] exercise that makes rational forward economic planning unnecessarily complicated. Furthermore, it encourages dysfunctional behavior, because the method of operating the annual budget stipulates [within the framework of traditional budgeting] all unused appropriations to lapse at the end of fiscal year (Robinson 2009), hence the irrational rush to utilize the total budgetary allocation before the end of fiscal year. In other words, this practice tends toward wasteful use of public funds.

Similar to the developed countries, many less developed countries have attempted to reform their budgeting system by moving from an input-based (line-item) budgeting toward an output-based budgeting (performance budgeting). Performance budgeting is defined as presenting the purpose and objectives for which funds are requested, the cost of programs proposed for achieving those objectives, and the quantitative data for measuring the accomplishment and work performed under each program. Performance budget aims to provide a systematic method of improving the allocation process, to incorporate in the planning activity the recognition of costs/benefits of alternative programs and resources available, and to provide a basis for choosing the most economically feasible [competing] program (Shah and Shen 2007). The adoption of performance budgeting aims at overcoming the deficiencies of the line-item budgeting by indicating the relationship between the inputs and the outputs and whether the resources have been effectively used and the target objectives have been achieved. In short, it focuses on the purposes of the expenditures and the end-results/outcomes of the expenditures and provides data, which can be used to evaluate those outcomes. The experience of developed countries has indicated that budgeting reform comprises the following common elements (OECD 2002):

- Focus on results
- The shift to a more multiyear focus [medium-term expenditure framework (MTEF)]
- Top-down budgeting techniques
- Relaxing central input controls

- Prudent economic assumptions
- Carryovers
- Capital charge

It is worth noting that less developed countries did not follow the developed countries comprehensive approach regarding the budgeting reform, but they have followed partial reform approaches. Some focused on medium-term expenditure framework (MTEF) such as Mozambique, Zambia, Yemen, Algeria, Iraq, Ecuador, Indonesia, Malaysia, and Peru. Some others focused on top-down approach in addition to MTEF, such as Sri Lanka, Jordan, and Morocco. For a proper understanding of the new budgeting reform in less developed countries, for purpose of illustration, two of the aforementioned elements are discussed below.

*Medium-term expenditure frameworks* (*MTEF*) are the basis for achieving fiscal consolidation. An important advantage of MTEF for less developed countries is that it assists in linking the capital and current budgets. Without the coordination that results from such a link, the usefulness of budget information is limited. Moreover, it provides a very clear statement of revenue and expenditure effects of maintaining government policies, and it is considered as a mechanism for controlling the introduction of new policies and tracking the budget implementation beyond a single year. MTEF is defined to be a comprehensive budget planning process and it includes the following stages (World Bank 2010): (1) the development of the macro-fiscal framework that determines the overall availability of resources, (2) overall budget policy and strategy analysis, (3) review of sectoral/ministry strategies and expenditure programs, (4) setting and approval of budget resource ceilings, (5) preparation of the detailed budget for the coming year and forward estimates (FEs) for the following 2 years, and (6) review and approval of the draft budget by the cabinet and the parliament.

In fact, the content of the MTEF can vary among the less developed countries, for instance, in Jordan, the focus of the MTEF reforms is on stages (1–4), which together constitute the strategic phase to budget development. The MTEF reforms in Jordan have emphasized a result-oriented budgeting (ROB) approach involving the introduction of performance indicators and the feedback of performance monitoring information into the subsequent rolling forward of the MTEF, whereas in Lebanon, a full MTEF is still lacking, and the application of MTEF only refers to an aggregate fiscal framework communicated in the budget circular. The overall expenditure level is communicated as a hard ceiling for the current year and as a general guideline for the two following years (World Bank 2010).

Also the time horizon of the application of the multiyear budget framework varies from one country to another, taking into account the particular local needs. For example, in Sweden the MTEF has a 3-year time horizon, i.e., the upcoming budget year and the next two consecutive years. In the Netherlands, it has 4-year time horizon, i.e., the upcoming budget year and the next 3 years. Similarly, the MTEF has different time horizon in most of the less developed countries, usually ranging from 3 to 5 years. It is yet worth noting that while the budget in many of less developed countries is technically prepared within a medium-term perspective, no forward estimates of macroeconomic or fiscal aggregates are presented in budget documents submitted to the parliament (Shah and Shen 2008). Moreover, the overall medium-term outlook has insufficient impact on the budget formulation process as the fiscal forecasts are not used to set expenditure ceilings in the budget circular; this can be more seen in Egypt and the West Bank and Gaza, Afghanistan, and Sierra Leone (Beschel and Ahern 2012). However, the experiences of some pioneer countries, such as the United Kingdom, Germany, and Australia, in implementing the MTEF in their public sector suggest that MTEF can better work in less developed countries if they take into account the following lessons and conclusions: (1) fiscal policy objectives and quantitative fiscal targets need to be articulated and defended at the highest level of government; (2) robust revenue forecasts are critical, and the target level of expenditure have to strongly be related to the macroeconomic prospects over the medium term; (3) budget and forward estimates

are better stated in nominal terms to ensure program managers respond to price changes; (4) the MTEF must be based on clearly defined and fully costed policy proposals; and (5) the MTEF should be accompanied by strengthened measures to review individual expenditure policies and their institutional delivery mechanisms (IMF 2000).

In addition to the MTEF, the *top-down budgeting approach* is used by some of the less developed countries such as Sri Lanka, Jordan, and Morocco. As earlier noted, the "bottom-up" approach has many shortcomings. Therefore, many less developed countries stopped to use the "bottom-up" approach and they have replaced it with a modern "top-down" approach to budget formulation. The "top-down" approach, in practice, has been found to be of great assistance in achieving fiscal consolidation (Ouda 2013, 2015):

- The starting point of the "top-down" approach is for the government, to make a decision as to the total level of expenditures and to divide that "pool" among individual spending ministries. The key point is that each ministry has a pre-set limit on how much it can spend. In other words, each ministry knows from the outset its ceiling of expenditure.
- Once this decision is taken by the government, the Ministry of Finance/Treasury largely withdraws (stops taking part in) from the details of budgetary allocations of each ministry. The Ministry of Finance/Treasury concerns itself only with the level of aggregate budgetary expenditure allocation for each ministry, not the internal allocations within each respective ministry. The internal allocation is attended to by the minister for each respective ministry.
- Each minister is deemed to be his/her own finance minister. Each ministry has a total amount and each minister can reallocate the budgetary provision among that ministry's various agencies and programs. This approach gives each minister greater control over his/her ministry's budget proposals. In this manner, each minister is in a position to identify and select the priority level of each budget program for appropriate funding accordingly.

However, many of the less developed countries have spent a long time to establish the "top-down" approach because the entrenched traditions of both spending ministries and ministries of finance work against it. This is due to the fact that there is no real trust between the Ministry of Finance (MOF) and spending ministries; instead, the MOF is usually very suspicious of the real motives of spending ministries and has a tendency to use its authority to influence on the detailed allocations with the spending ministries. Spending ministries, on the other hand, fear that any cuts in programs they make will be accepted by the MOF, but not the corresponding reallocations for new initiatives. Accordingly, trust should be built between the MOF and spending ministries, and it has been inferred that this trust has not been built in most of less developed countries (World Bank 2010; Ouda 2013).

### Public Sector Accounting Reform

Public sector accounting reform has meant, over the last decades, either in developed or developing countries shifting from a less informative accounting system (cash-based accounting) into a more informative accounting system (accrual-based accounting). Cash basis of accounting is a method of recording transactions by which revenues and expenditures are reflected in the accounts in the period in which the related cash receipts or disbursements occur. Accordingly, the financial statements are usually prepared to disclose information about cash receipts, cash disbursements, and cash balances. Then, the cash basis of accounting provides the user groups with information about the sources of cash raised during the period, the uses to which those funds were applied and the cash balances at the reporting date (IFAC 1991). However, cash-based governmental accounting system suffers from a lot of shortcomings, as it is not designed to provide information on the cost of services including accrued expenses due payable, earned revenues including amounts outstanding and due receivable, accounts receivable/payable, long-life assets, long-term liabilities, accrued interest on external debt, and property inventories. Therefore, periodic financial statements, to show the financial position as at a

given date and the results of operations [as well as the cash flow statement] for a given period up to that date, are not available under the cash-based accounting, which is currently practiced in the public sector of most of less developed countries (Ouda 2006).

Therefore, in an attempt to overcome the cash accounting deficiencies in public sector, many developed countries (e.g., New Zealand, United Kingdom, Australia, Canada, and France) have reformed their public sector accounting systems through moving from cash-based accounting into accrual-based accounting. Similarly, some of the less developed countries (e.g., Indonesia, Tajikistan, Tunisia, Malaysia, United Arab of Emirates, and Kuwait) have already followed this trend by adopting modified accrual accounting (where the physical assets are expensed at the time of purchase), and some others (e.g., Egypt, Saudi Arabia, Republic of Congo, etc.) are in their way to shift to accrual accounting either modified or full accrual basis.

Public sector accounting reform aims at disclosing financial information useful to evaluate the financial position of the country as a whole and also on the departmental level and its financial performance in a manner so as to facilitate the enhancement of the value of its usefulness for the purposes of supporting accountability and decision-making. The full accrual basis recognizes transactions and events when the transactions or events occur rather than when cash is paid or received. The financial statements under the accrual basis disclose the total assets (including current and physical assets), total liabilities (including short- and long-term liabilities), net worth, revenues, and expenses. Accordingly, the measurement focus under the full accrual accounting is on the total economic resources. The accrual basis provides users with information about such matters as the resources controlled by entity, the costs of providing services, and other information useful in assessing financial position and changes in it and in assessing whether the reporting entity is operating economically and efficiently (IFAC 1991). Thus, the full accrual basis provides complete, reliable, and meaningful information.

While the cash-based accounting focused only on cash transactions which include cash receipts and cash disbursement (cash receipts and cash disbursements represent cash inflows and cash outflows, respectively), the focus of accrual-based accounting is on all transactions that have a value consideration expressed usually in money terms and not just cash-based transactions per se. Although the focus of accrual accounting is on all assets, not just cash, accrual accounting records contain complete information on cash flows, and a statement of cash flows is an integral part of accrual financial statements. Accrual financial statements usually comprise (IFAC 2000):

- Statement of financial position (balance sheet), this includes details of all recognized assets and liabilities. The balance of assets less liabilities is referred to, in the public sector, a variety of terms including net assets, public equity, net financial position, or net worth.
- Statement of financial performance (statement of revenues and expenses or an income statement), this comprises details of all recognized revenues and expenses. It shows the surplus (or deficit) of revenue over expenses. This is a useful measure of whether a government has managed to meet current expenses from current revenues and whether its net resource position has increased or decreased. This measure is consistent with one element of golden rules, which states that the government should finance current expenditures from current revenues.
- Statement of cash flows, this encompasses a summary of cash receipts and cash payments during the year, classified under various subheadings (operating, investing, and financing) and reconciles opening and closing cash balances.

The main benefits of the adoption of accrual-based accounting in the public sector are to (Ouda 2015):

- Better manage [stewardship] the assets and liabilities.

- Present a full picture of the financial position of the whole public sector.
- Make more transparent the true cost of the public sector services and activities.
- Improve decision-making in the public sector by utilization of an improved and enhanced accounting information system.
- Improve performance measurement.
- Determine the net worth/state's worth.
- Evaluate economic outcomes relative to intergenerational equity status/situation.
- Provide reliable measures of the fiscal policy implementation.
- Improve transparency of the government's fiscal policy and the integrity of governance.

While accounting reform in the developed countries can be clearly described as modified accrual or full accrual accounting, most of less developed countries made some accounting changes which make the matter difficult to say that one country follows a certain accounting basis. So the situation of the public sector accounting reform in less developed countries can be described as follows (IFAC 1991). There is a spectrum of accounting bases that range from the cash basis of accounting, at one extreme, to the full accrual basis, at the other end of the spectrum. In between, there are many variations that are, in effect, modifications of either cash or full accrual bases. A great percentage of less developed countries lie in the area of many variations. For instance, in Egypt, the accounting system has a mix of cash and accrual concepts that complicates interpretation of the accounts. By virtue of the Government Accounting Act NR 27 of 1981, the cash basis is applied to the current budget with respect to expenditures and revenues, and the accrual basis is applied to the investment budget. The application of the accrual basis to the investment budget means that the operations associated with investment projects should be recorded on basis of what is actually achieved as soon as this achievement is fulfilled, regardless of whether or not it was accompanied by the payments. On the other hand, the government expenditure on purchases of fixed assets is treated as a current expenditure (fixed assets are considered as assets to be consumed in the current fiscal year). In addition, the cost of such assets is not depreciated or allocated as an expense over their useful life. This means that the accrual basis is only applied to the accrued and prepaid amounts in respect to the investment projects. So the capital expenditures and current expenditures are treated by the same way. Hence, the accrual basis is partly applied to the investment budget. However, Egypt has made significant reform for the accounting system through the introduction of a new chart of accounts based on GFS 2001. Since July 2008, the Egyptian MOF and part of the rest of the budgetary sector have started using the new chart of accounts, whose main new feature is the introduction of codes for assets and liabilities that were lacking in the previous chart of accounts (Ouda 2005).

On the other hand, the typical PFM reform intervention on the accounting side is the adoption of modern and internationally comparable accounting and financial reporting standards. This includes making government accounting compliant with International Public Sector Accounting Standards (IPSAS). This was the situation in Jordan, for example. This country appears to have made the most progress with accounting reforms. It is now about to adopt the IPSAS as part of the reform project that includes the implementation of a Government Financial Management Information System (GFMIS) (Beschel and Ahern 2012).

Unlike Egypt and Jordan, the situation was, to some extent, clearer in Indonesia. The Indonesian government has established the government accounting standards which lead to producing comprehensive annual financial statements. These government accounting standards also allow for a transition from cash-based accounting system into accrual-based accounting system, under which the government balance sheet is prepared on a modified accrual basis, whereas the budget and the budget realization reports continue to be on a cash basis. While the Indonesian government has committed itself to move to an accrual basis for accounting recognition of revenues and expenditures by 2008, the transition to

accrual accounting process has taken longer time to be achieved due to several capacity constraints. In addition, there are significant challenges in ensuring reliability of financial statements through consistent application of prescribed accounting standards and procedures (Bastian 2013).

Another trend of accounting reform is to comply with GFS (Government Finance Statistics, IMF 2001) accounts classification. This was the experience of some less developed countries such as Iraq and Egypt (World Bank 2010). The government of Iraq has made some progress in modernizing government accounting and reporting, but the work is far from complete. A new GFS-compliant economic classification system and complementary chart of accounts have been developed and introduced, but implementation remains a work in progress and requires a considerable amount of training and capacity development. While the development of the budgeting system in Iraq is based on the Government Finance Statistics Manual issued in 2001 (GFSM-2001), the GFSM 2001 itself cannot be considered as an accounting system for the following reasons. GFS derive from the United Nations System of National Accounts 1993 (UN-SNA 1993). SNA is designed to compile aggregate financial statistics for an entire economy; government and private activities are combined together. This is in addition to private households and the outside world. Consequently, GFS is a statistical classification system designed to provide statistics that enable policymakers and analysts to study developments in financial operations, financial positions, and liquidity situation of the general government sector in a consistent and systematic manner. The primary purpose of GFS is to provide a framework suitable for analyzing and evaluating fiscal policy, so that government financial information could be compared across economies, as it provides a mechanism to create uniformity in public sector finances across all countries' public sectors.

Although the GFS system is described in standard accounting terms, it is important to remember that it is a statistical reporting system that (might) differ in important ways from the underlying financial accounting system from which most of the GFS statistics will be derived.

So, it can be inferred that the experiences of the great part of less developed countries with the reform of accounting system have been mixed. While most of the less developed countries operate double entry systems, there has been limited success in reforming accounting methodologies toward a consistent use of cash or accruals, let alone applying international accounting standards (Beschel and Ahern 2012). Despite the presentation of only a few examples in this entry, it is worth noting that many of the African and Middle East and Asian countries have a similar situation like Egypt, Jordan, Iraq, and Indonesia (World Bank 2010; Bastian 2013).

### Auditing Reform

Contrary to reforms of the budgeting and accounting, the external audit reform receives less attention in the PFMR program in the less developed countries. Auditing reform means shifting from "traditional auditing system" to "performance auditing system." Traditional auditing system aims at controlling the public expenditures and the use of public resources according to the appropriations limits approved by the parliament. So the traditional task of this type of audit is to audit the legality and regularity of the disbursement of public sector fund allocations. While the traditional audit is more concerned with compliance with rules and instructions, it is not able to assist in assessing management and operational performance of governmental entities and to consider questions of economy, efficiency, and administrative effectiveness of the operations for which management is responsible. Currently, governmental entities are required to continue performing in the most economical, efficient, and effective manner. This implies the requirement for the audit of the governmental entities' activities to be consistent with the PFMR program and not be constrained by the traditional audit methodology (Summa and Waerness 1999). Accordingly, the PFMR program has entailed the shifting to performance audit to make the Supreme Audit Institution (SAI) able to execute and govern the auditing functions in terms of

efficiency and effectiveness. The SAI is considered as a key component in the accountability relationships between the parliament and the executive arm of government (Kiraka et al. 2007). The International Organization of Supreme Audit Institutions (INTOSAI) has given a common international definition for performance auditing: "Performance auditing is an independent examination of the efficiency and effectiveness of government undertakings, programs or organizations, with due regard to economy, and the aim of leading to improvements" (INTOSAI 2004, p. 11). Kahan (1994) states that various concepts of performance auditing at least agree on two basic premises: firstly, public sector managers are responsible for managing public resources according to generally accepted best management practices with due regard for economy, efficiency, and effectiveness, rather than focusing only on legal boundaries; and secondly, public sector policy makers and managers should be accountable for the expected results and outcomes from government activities.

Notwithstanding, most of less developed countries have not shifted yet to the performance auditing. A very few less developed countries only just have started with the adoption of performance auditing, namely, Sri Lanka, Bangladesh, India, and Pakistan.

However, the shifting to performance auditing is fundamental to (Ouda 2015):

- Achieve considerable savings in public money through improved administration.
- Assist the parliament in its role of holding the government of the day to account, through providing valuable information about the government operational performance.
- Assess the management and operational performance of governmental entities and consider questions of economy, efficiency, and administrative effectiveness of operations for which management is responsible.
- Provide parliament and the general public with critical evaluations of a wide range of public sector activity in all governmental organizations and not to be confined to financial statements audits.
- Add value to public sector management with constructive criticism and recommendations for improvement and not only report on performance.

## Conclusion

PFMR in less developed countries has not followed the comprehensive reform approach that has been followed by developed countries; rather, in those countries, a partial and fragmented reform approach has been followed. The PFMR approach that has been particularly successful in most of less developed countries falls into two types: efforts to improve budget transparency and classification and the reform of the accounting system. Ironically, these represent two very different reforms. Budgeting reforms are relatively straightforward and technocratic in nature. An existing body of accepted practice exists to reform economic classification, such as in the form of the IMF's 2001 Government Finance Statistics Manual (GFSM), and there are incentives to align accounts along standard international practice to facilitate the production of comparable fiscal and economic data. Accounting reforms are more difficult than budgeting reforms, as the adoption of accrual accounting is encountering many technical, administrative, and cultural changes. The long history of using the traditional government accounting system (cash-based) in the public sector had resulted in emanating of different accounting problems such as identification and valuation of fixed assets, lack of asset register, identification of government reporting entity and determination of its boundaries, and lack of opening balances. Furthermore, it has been observed that the PFMR has progressed fastest in countries with high levels of external support, whereas domestic revenue performance did not play a clear role. An important lesson from the experience of less developed countries is that launching a PFMR project needs clear government commitment and agreement on the objectives of reforms. Including a significant IT component may help to facilitate agreement on the project, but the project may, in turn, be seen as a primarily technical exercise

rather than one which seeks to change the way policy decisions on revenues and expenditures are made. In less developed countries, project implementation is unlikely to be successful if the project objectives are not appropriately defined.

## Cross-References

- ▶ Accountability
- ▶ Accounting Principles
- ▶ Accrual Accounting
- ▶ Auditing
- ▶ Cash Accounting
- ▶ Financial Reporting
- ▶ Performance Auditing

## References


Bastian I (2013) A strategy of an accrual implementation: a case of ministerial decree in Indonesia, Paper presented at the 14th Comparative International Governmental Accounting Research (CIGAR) Conference, September 2–3, 2013-Birmingham University, Birmingham

Beschel R, Ahern M (2012) Public financial management reform in the Middle East and North Africa: an overview of regional experience. World Bank, Washington, DC

Chittoo H, Ramphul N, Nowbutsing B (2009) Globalization and public sector reforms in a developing country. Cult Mandala Bull Center East West Cult Econ Stud 8(2):30–51

Fulin C (2001) Meeting the challenge of globalization in China, the news letter about reforming economics. World Bank, Washington, DC. http://www.worlbank.org/html/prdr/febmarch2001/prs11-12/htm

GFSM (2001) Government finance statistics manual, international monetary fund

Godfrey AD, Devlin PJ, Merrouche MC (2001) A diffusion-contingency model for government accounting innovations. In: Bac A (ed) International comparative issues in government accounting. Kluwer, Boston, pp 279–296

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

IFAC (1991) Financial reporting by National Governments. The International Federation of Accountants, Study 1, New York

IFAC (2000) Government financial reporting: accounting issues and practices. The International Federation of Accountants, Study 11, New York

IMF (2000) Medium term expenditure framework debate, PREM Week, held on November 21, at the university of maryland conference center

INTOSAI (2004) Implementation guidelines for performance auditing. Stockholm, pp 1–27. http://www.issai.org/media/13224/issai_3000_e.pdf

Kahan MA (1994) Elements of performance auditing, 3rd edn. Audit & Accounts Training Institute, Department of Auditor General of Pakistan, Lahore

Kiraka R, Clark C, Martinis MD (2007) Public sector auditing, accountability and independence: a study of Asian countries. Asian Rev Account 10(2):41–61

Morgner M (2013) Public financial management reforms in developing and post-conflict countries, U4 expert answer, transparency international. www.transparency.org

OECD (2002) Budget reform in OECD member countries: common trends. Meeting of budget Directors from the G-7 Countries, Berlin. 5–6 Sept

Ouda H (2005) Transition to accrual accounting in the public sector of developed and developing countries: problems and requirements, with special focus on the Netherlands and Egypt. Universal Press, Veenendaal, p 405

Ouda H (2006) Cash accounting and the backwardness of government accounting and related systems. Public Fund Dig 6(1). The International Consortium on Governmental Financial Management (ICGFM), Washington, DC

Ouda H (2013) Suggested framework for implementation of performance budgeting in the public sector of developing countries: with special focus on Egypt. Int J Gov Financ Manag XIII(1):50–67

Ouda H (2015) Results-based systems are the path towards results-oriented government. Int J Gov Financ Manag XV(1):46–69

Robinson M (2009) A basic model of performance-based budgeting, technical notes and manuals, international monetary fund

Schick A (2008) Getting performance budgeting to perform. World Bank. http://siteresources.worldbank.org/MEXICOEXTN/Resources/ConceptPaperAllenSchickFinal.pdf

Scott G (1996) Government reform in New Zealand. International Monetary Fund, Washington, DC

Scott G et al (1990) Reform of the public sector: New Zealand experience. Governance Int J Policy Admin 3(2):138–167

Shah A, Shen C (2007) A primer on performance budgeting. In: Shah A (ed) Budgeting and budgetary institutions. World Bank, Washington

Shah A, Shen C (2008) A primer on performance budgeting. World Bank, Washington, DC

Summa H, Waerness M (1999) Performance audit and public management in five countries and public management reform: a comparative analysis. Oxford University Press, Oxford, p 248

World Bank (2010) Public financial management reform in the Middle East and North Africa: an overview of regional experience. Part II- Individual country cases, report no 55061-MNA

# Public Financial Management: COVID-19 Challenge

Neale Slack[1], Anjani Mala[2], Karishma Mudaliar[3], Suman Narayan[3] and Shavneet Sharma[1]
[1]School of Business and Management, The University of the South Pacific, Suva, Fiji
[2]School of Economics and Finance, Fiji National University, Nasinu, Fiji
[3]School of Management, Fiji National University, Nasinu, Fiji

## Synonyms

Financial administration; Government budget management; Public finance

## Definition

| | |
|---|---|
| Challenges | Situations requiring great applied effort to address or overcome. |
| Public finance | Comprises government activities including: financing, spending, deficits, and taxation; recognizing when, how, and why the government should intervene in the current economy; public financial management; and, regulating the outcomes of making changes to the economy. |
| Public financial management | Concerns prudent management of the collection and expenditure of public funds through the use of efficient and effective financial management systems, processes and institutions of governments. |
| Public sector | Refers to governments and all government managed or publicly owned, funded and operated agencies, entities and enterprises that deliver public programs, goods, and services; however, do not seek to generate a profit. |
| COVID-19 | A highly contagious respiratory disease identified in 2019 that is caused by the SARS-CoV-2 virus, and thought to spread from person-to-person through droplets released when an infected person coughs, sneezes, or talks. COVID-19 has caused a pandemic of respiratory illness. COVID-19 symptoms may be mild (fever, cough, and trouble breathing) or severe (life-threatening pneumonia and organ failure) resulting in death. |

## Introduction

Public financial management (PFM) is a core focus and priority of every nation's government and public sector. Public financial management refers to the art of managing a nation's income, expenditure, and debt level to support civil society (International Monetary Fund 2013). In recent times, public sector financial management has captured the attention of governments, the public, and the media, as all countries across the globe face the severe impact of the Coronavirus (COVID-19) pandemic. This pandemic poses one of the greatest threats to public finances. The challenge of COVID-19 stands out from other crises previously faced by governments due to its enormity, and multifaceted and wide-ranging impact on the very survival of nations and their people. COVID-19 is viewed as a "one-of-a-kind" impactful factor, which governments in the recent past have not experienced nor planned for. Measures adopted by governments to mitigate the spread and impact of COVID-19, such as border closures and lockdowns, travel restrictions, social distancing, and public gathering restrictions, have adversely impacted many nations' revenue sources and also necessitated massive increases in government spending. The global economy is estimated to have contracted 4.3% in 2020 whilst the projected GDP in 2021 is assessed to be 5.3% lower than projections made before COVID-19 (Abdelmeguid et al. 2021). The need for drastic economic policy responses such as amended budgets containing higher spending related to healthcare and relief programs for employees

that have lost their jobs, social security support, business continuity, and the like to address the repercussions of COVID-19 has greatly challenged government financial management. The COVID-19 pandemic has also triggered an immense and ongoing hike in government debt levels across the globe. Furthermore, governments' pressing agenda items such as public health, education, and climate change have in some ways needed to be put on the "back-burner," and scarce available government funding (including acquired debt) has been reprioritized to stem the ongoing spread and impact of COVID-19. Even though there are vaccines available to protect against the COVID-19 virus, the wide-ranging human and fiscal impact of COVID-19 will be felt for many years to come. This chapter discusses the pre-COVID-19 government and public sector financial management norms, COVID-19 impact on financial management, and post-COVID-19 projected financial consequences.

## Pre-COVID-19

PFM has greatly evolved since the 1980s and now encapsulates the discipline of economics, politics, and public administration. The main aim of PFM is arguably for governments to effectively allocate resources and maintain a feasible budget position (that is, the budget is sufficient and appropriate to achieve public objectives). PFM also focuses on achieving macro-economic objectives without exploiting public finances, and ensuring that future adverse impacts on the economy are mitigated. Thus, governments apply specific rules and policies to administer PFM, with the national budget as the main "tool" of PFM. Prior to COVID-19, strict practices were typically applied and followed by governments to avoid budgetary failings and "blow-outs." For example, short, medium, and long-term budgetary frameworks were used to assess the impact of policy choices made now on future finances, with independent fiscal councils to guard budget allocations, performance budgeting, and management initiatives to monitor results, and proper accounting and reporting practices to track the real position of public finances (International Monetary Fund 2013). Prior crises such as the global financial crisis (2007/2008) taught governments many lessons and led to positive reforms in PFM practices. As a result, countries such as Australia, UK, and New Zealand have developed and maintained strong PFM practices in terms of relevant laws, rules, policies, and procedures for making prudent fiscal policy decisions (International Monetary Fund 2013).

The world economy pre-COVID-19 showed clear evidence of expansion. For instance, the world GDP expanded 2.3% in 2019, while advanced economies and emerging markets and developing countries had experienced the expansion of 1.6% and 3.6%, respectively (Abdelmeguid et al. 2021). Additionally, budget deficits were also present in many countries pre-COVID-19. Countries such as the USA and other developed and developing countries had huge budget deficits. "Prior to the COVID-19 pandemic, starting in 2010, a fourth wave of global debt accumulation was underway, with the largest, fastest, and most broad-based hit in global debt in five decades" (Abdelmeguid et al. 2021, p. 12). Global debt and government debt in 2019 were high at around 230% and 83% of GDP, respectively (Abdelmeguid et al. 2021). Also, tax revenue, the major source of government revenue, was on average reported to be more stable pre-COVID-19, and for OCED countries was approximately 33.8% of GDP in 2019. This 2019 figure showed a decrease of 0.1% compared to 2018 figures. However, reportedly the revenue percentage generally kept increasing for a decade before COVID-19 impacted those countries (OECD 2020b).

## COVID-19 Pandemic

The COVID-19 pandemic is a major concern to all governments and public sectors. The financial impact and human cost globally are widespread, with approximately 141 million people

across 219 countries infected (World Health Organization 2021). The COVID-19 pandemic is a global viral emergency with the virus continuing to spread quickly through person-to-person transmission, and affecting people differently – the effects are mild for some, while for others it is more severe leading to death. To control the spread of COVID-19, countries have adopted drastic measures, such as border closures and lockdowns, travel restrictions, social distancing, and public gathering restrictions, which have shown to be somewhat successful in slowing the transmission of COVID-19. However, national and state implementation of these drastic measures by governments across the globe have in combination led to a global lockdown of trade, with other associated economic activities greatly impacted (Kumar 2020). Even with the rollout of COVID-19 vaccination in some countries, it is suggested that the pandemic will continue to wreak havoc across the globe and into the foreseeable future.

## During COVID-19: Financial Management

At a stage where the world is suffering from the dire impact of COVID-19, concurrently the adverse effects on governments and their public sectors have been and continue to be substantial. The year 2020 highlighted the need and importance of public financial planning and management by governments, given the stress posed on public finances by COVID-19. The pandemic has resulted in a drastic decline in gross domestic product (GDP) for both developed and developing countries, and the world GDP contracted 4.3% in 2020 (Abdelmeguid et al. 2021). There has also been relentless direct and indirect impact of COVID-19 on public finances, which has challenged the effectiveness of PFM and the role of government policy makers. While most countries across the globe took immediate actions as COVID-19 struck, there was limited opportunity for long-term well-developed planning, as the COVID-19 danger was ever-present and growing in unperceivable, overall impact. For example, during COVID-19, many financially distressed countries saw rapid increases in expenditure arrears which pointed to failures in expenditure control mechanisms (Ball 2020). Budgets for countries were amended overnight, and on an ongoing basis, in an attempt to respond to and contain the spread and impact of COVID-19. Budgetary expenditures were reprioritized towards public health and social protection. However, the budgetary priority response of specific governments has depended heavily on their country-specific characteristics, resource availability, and the extent of COVID-19 impact. In the case of the OECD countries, the majority of budgetary resources were diverted and made accessible to the health sector (OECD 2020a). For instance, the USA noted an overall drop in national health care spending from early March 2020 when compared to previous years, which was the result of reprioritization from areas such as dental, nursing home, physician, and clinical services, to other more significant areas providing care to tackle COVID-19 (Rhyan et al. 2020). Government and public sector challenges associated with the COVID-19 pandemic have also been further exacerbated by immediate response budgets that were based on limited information. Also, it is argued that the damaging effect of COVID-19 in countries such as India, was not solely due to the direct impact of COVID-19, but the indirect effect resulting from an inappropriate governmental and public sector response to tackle the virus (Ghosh 2020). Hence, it is suggested that PFM must be a key focus of governments and the public sector in such times of crises, due to the massive strain on public finances. Furthermore, governments and the public sector continue to be faced with serious challenges in PFM during the COVID-19 pandemic, as public consultation and monitoring are difficult due to the virus containment measures in place.

As a result of the COVID-19 pandemic, countries have experienced a massive decline in revenues and increases in COVID-19 related expenditure, leading to fiscal deficits and higher public debt. This impact is evident in public sector

finances where the tax revenues and foreign exchange earnings have significantly declined, due to decreases in economic activity and closure of borders and businesses. Value added tax (and the country-specific equivalent) collections have also reduced due to decreases in consumption spending. Similarly, there has been a reduction in employee and business tax collections as many businesses have been forced to shut down and unemployment has spiked. To worsen the situation, government spending has needed to drastically increase to provide public health and social protection during the COVID-19 pandemic, therein further impacting national economies. Also, government spending across the globe continues to increase as the impact of COVID-19 persists. Further increases in government spending have resulted from the provision of unemployment benefits, social security, and grants and subsidies to businesses to keep them in business (World Bank Group 2020). For example, the UK government adopted measures to support civil society by increasing payouts under the Universal Credit Scheme and provided tax holidays and direct grants to affected businesses. Similar rescue plans and packages have been provided by the US government to families, communities, and businesses. In India, relief support has been provided through two major categories: firstly, government spending of about 3.2% of GDP targeted on social protection and healthcare; and secondly, business support and credit provision of about 5.2% of GDP. The Italian government has also adopted similar emergency packages to support the public and businesses. In addition to health care support, the Italian government took up measures to preserve jobs, provide income support to laid-off workers, and business support in terms of tax deferrals, utility payments, and credit provision (International Monetary Fund 2021). It is suggested that public health, unemployment benefits, and small business aid remain as the focus of most national relief plans, but all come at a massive cost to national economies. Hence, as a result of the COVID-19 pandemic, government and public sector systems and policies continue to be challenged to or beyond breaking point, because of the strain on public finances to simultaneously manage current health, economic, and social issues.

## Post-COVID-19 Financial Consequences

For the majority of governments and their public sectors, the COVID-19 pandemic has imposed a severe negative impact on their fiscal positions. Governments and their public sectors have faced financial challenges in delivering the necessary national public services and relief measures, and funding the expenses incurred in mitigating the impact of COVID-19. The persistent decline in income and ever-increasing government spending have shrunk fiscal balances, triggered massive increases in national debt levels, and challenged governments' financial management strategies. World government debt has increased to approximately 99% of GDP and is suggested to be the largest ever recorded increase (Abdelmeguid et al. 2021). While government debt was present pre-COVID-19 pandemic, the debt position of many countries across the globe has increased dramatically "just to get through COVID-19," and will be difficult to manage, and take many years to repay post-COVID-19. Increases in debt levels have typically been of a lesser concern to governments when those borrowed funds were deployed in productive areas. However, COVID-19 debt accumulation has been a necessary debt as opposed to a productive investment with positive returns for government. COVID-19 has forced almost every government across the globe to borrow and spend at unprecedented rates. The amount of debt and speed of debt accumulation is dangerously high for many national economies and could compromise the future recovery and development of many governments. It is suggested that COVID-19 will continue to create manifold, enormous, ongoing global and national PFM policy challenges for government's post-COVID-19. However, PFM challenges were evident in countries such as Latin America for decades pre-COVID-19, where long periods of poor debt management had harmed economic growth (Abdelmeguid et al. 2021). COVID-19 has greatly exacerbated the PFM challenges

already present in these countries. Furthermore, COVID-19 may present similar PFM problems for many other countries post-COVID-19, as the outlook for debt accumulation is highly uncertain and recovery is still unclear.

Almost all governments and their public sectors, whether representative of developed or emerging countries, or with well managed PFM or not, as a result of COVID-19 have needed to borrow at unprecedented levels to combat the impact of COVID-19. However, the existence of inequality in developed and emerging countries' credit ratings has made borrowing by developed countries typically easier. Developed countries' governments have been able to sustainably enter into fiscal expansion at time of such crises as the COVID-19 pandemic, as they could borrow at a lower cost, given their prior debt servicing history. Fortunately, the COVID-19 pandemic and other accumulative factors have resulted in some of the lowest recorded global interest rates being applied to public debt, therein lessening the future debt repayment burden on many countries (World Bank Group 2020). Additionally, many countries such as the USA, Australia, and India have dramatically adjusted their monetary policy decisions involved in setting the cash rate on unsecured overnight loans between banks. These expansionary monetary policies have enabled easier access to credit for government financing. Notwithstanding, debt servicing will remain a challenge for public financial management despite low-interest rates, as many nations struggle to repay debts incurred as a result of the COVID-19 pandemic. For instance, many emerging countries have accumulated larger debt as a result of the COVID-19 pandemic, and which when consolidated with their large debt accrued pre-COVID-19, will probably present a scenario post-COVID-19 whereby the debt financing costs are unsustainable (Buchheit and Gulati 2021). Also, the threat of future increases in interest rates remains bothersome to government policy makers, since countries could still be crippled by the COVID-19 pandemic, and the size of the debt retirement required post-COVID-19 could continue to increase. These ongoing issues have raised concerns among many citizens across the globe in terms of how governments will be able to generate sufficient revenue to fund the incurred and growing debt. The ongoing nature and wide-ranging global impact of the COVID-19 pandemic have prompted commentary that some governments may implement new, additional tax measures and/or review the current tax structures, in order to encourage recovery post-COVID (OECD 2020c). It is certain that all governments and public sectors will be challenged in limiting debt, negotiating appropriate interest rates on those debts, and determining the best workable macroeconomic policy to be able to repay accumulated debt, all while simultaneously not restricting national growth and development.

## Conclusion

The COVID-19 pandemic has tested all governments and their public sectors, and their PFM policies, systems, and controls, some even to breaking point. The COVID-19 pandemic, and its ongoing, wide-ranging, and multifaceted impact, have proven far more dire than previous crises faced by governments, policy makers, and public sectors in recent times. COVID-19 transmission prevention measures such as national lockdowns, movement restrictions, social and economic measures, and the like adopted by the majority of the governments, have restricted national revenue sources and drastically increased government spending, which in combination have triggered massive government debt levels across the globe. To recover from the COVID-19 pandemic, all governments will be faced with exploiting current, and identifying additional new sources of revenue and income streams to offset the massive debts accrued and continuing to be accrued. These burgeoning government debts will have a recurring impact on the future of most countries; a future which remains uncertain. Governments now recognize that financial management policies, practices, and procedures need to be far more adaptable and able to quickly respond to such crises. Hence, it is reasonable to suggest that some governments would be better prepared and able to manage future crises of the enormity of the COVID-19 pandemic, should they arise.

## Cross-References

▶ Budgetary Constraints
▶ Budgeting and Public Finance

## References

Abdelmeguid M, Birch C, King C, Delbruck F, Ferguson J, Haralambous D, Jakeman M, Homme AL, Walker P, Wood R (2021) Global outlook. In: Global economic prospects. World Bank Group, Washington, DC

Ball I (2020) Reflections on public financial management in the Covid-19 pandemic. J Account Organ Chang 16(4): 655–662. https://doi.org/10.1108/JAOC-10-2020-0160

Buchheit LC, Gulati M (2021) Avoiding a lost decade-sovereign debt workouts in the post-Covid era. Cap Mark Law J 16(1):45–55. https://doi.org/10.1093/cmlj/kmaa028

Ghosh J (2020) A critique of the Indian government's response to the COVID-19 pandemic. J Ind Bus Econ 47(3):519–530. https://doi.org/10.1007/s40812-020-00170-x

International Monetary Fund (2013) In: Cangiano M, Curristine T, Lazare M (eds) Public financial management and its emerging architecture. International Monetary Fund, Washington, DC

International Monetary Fund (2021) Policy responses to COVID-19. IMF live. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#I

Kumar S (2020) Economic impact of Covid-19 and challenges of recovery. In: Integrated risk of pandemic: Covid-19 impacts, resilience and recommendations. Springer, Berlin, pp 231–254

OECD (2020a) Initial budget and public management responses to the coronavirus (COVID-19) pandemic in OECD countries (Issue April). https://www.oecd.org/gov/budgeting/initial-budget-and-public-managementresponses-to-covid19-in-oecd-countries.pdf

OECD (2020b) Revenue statistics 2019: tax revenue trends in the OECD. In: Revenue statistics. OECD, Paris. www.oecd.org/tax/revenue-statistics-norway.pdf

OECD (2020c) Tax and fiscal policy in response to the coronavirus crisis: strengthening confidence and resilience. OECD, Paris. https://www.oecd.org/coronavirus/policy-responses/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience-60f640a8/%0D

Rhyan C, Turner A, Miller G (2020) Tracking the U.S. health sector: the impact of the COVID-19 pandemic. Bus Econ 55(4):267–278. https://doi.org/10.1057/s11369-020-00195-z

World Bank Group (2020) Government financial reporting in times of the COVID-19 pandemic. World Bank Group, Washington, DC. https://doi.org/10.1596/34792

World Health Organization (2021) WHO coronavirus (COVID-19) dashboard. World Health Organization. Website. https://covid19.who.int/table

# Public Health Legislation in the Caribbean

Kameel Mungrue
Public Health and Primary Care Unit, Department of Paraclinical Sciences, Faculty of Medical Sciences, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Introduction

Law is an important subdiscipline of public health (Gostin et al. 1999), because it is an effective intervention tool to achieve particular public health goals. Law is defined as a body of rules and regulations governing human behavior, which is enforced by the state through its courts of law. As the preservation of the public's health is among the most important goals of government, the enactment and enforcement of law is a mechanism to influence healthy behavior, health threats, and safety standards.

## Public Health Law in Trinidad

Trinidad and Tobago inherited a traditional common law legal system from the United Kingdom as colony until independence in 1962. It is based on statutes, enacted by the Trinidad and Tobago Parliament and the application of English common law principles. The doctrine of precedent applies and judgments of the Supreme Court of Judicature of Trinidad and Tobago and of the Judicial Committee of the Privy Council still the highest court in TTO are binding, while those of the United Kingdom and the Commonwealth are highly persuasive.

In a small island state such as Trinidad and Tobago (TTO), public health law has had a long history of contributing to the mission of public health, and it has played an important role in achieving development. The aim of this paper is to map the impact of public health law in the control and prevention of diseases of public health importance.

The Tuberculosis Control Act (Ch 28:51) was passed in 1965. The main features of the Act included the "the compulsory removal to hospitals of persons suffering from tuberculosis, and the detention and treatment therein of those persons" and "any person . . . fails to carry out an order or direction contained therein is liable on summary conviction to a fine of three hundred dollars and upon conviction he may be committed to a hospital." There are no studies to show that this Act contributed to the decline in tuberculosis as described by Mungrue (2012). As early as 1973, the Nursery Schools and Primary Schools Immunisation Act was enacted. Section 3 is probably the most important feature of the Act in which it is an offence to admit a child to a school or nursery "unless he produces to the Principal thereof a certificate of immunisation with respect to every communicable disease, save that where a person produces a certificate of a medical practitioner certifying that immunisation against any particular communicable disease or communicable diseases is not advisable on medical grounds." This Act has had a significant impact on vaccine preventable diseases in Trinidad. The Act is implemented through the school health program in which district health visitors check immunization records of recent admission to primary schools, and those children not fully immunized are brought to the required schedule for the appropriate age. The last vaccine preventable disease to occur in TTO was 13 cases of mumps in 2006; therefore, there were no cases of diphtheria, measles, mumps, pertussis, poliomyelitis, rubella, tetanus, or yellow fever in Trinidad and Tobago thereafter.

Traffic accidents are a major source of fatalities and serious injuries. In 2015 the majority of death were in males (88%), the highest proportion of deaths occurred in the age range 25–34, and both drivers and pedestrians represented 32% of the total deaths. One important policy tool that has been used to combat this problem is the passage of mandatory seat belt laws.

The Motor Vehicles and Road Traffic Act has been amended to introduce compulsory wearing of seatbelts, the use of breath analyzing instruments for detection of drinking under the influence of alcohol, and most recently (2014) the use of speed guns by police officers to apprehend drivers exceeding the speed limit. Data from 2006 to 2015 do represent a declining trend in road fatalities from 2008 (Fig. 1).

The most recent public health law introduced in TTO was the Tobacco Control Act, which was proclaimed in 2010. The Act was designed to protect individuals from exposure to tobacco smoke, particularly children and young people, babies, pregnant women, and the vulnerable. It also seeks to prevent smoking by young people especially children, restrict promotional activities by tobacco manufacturers, enhance public awareness of the hazards of tobacco use, ensure that consumers are provided with sufficient information to make more informed decisions on using tobacco products, and prevent illicit trade.

Occupational safety and health in Trinidad and Tobago has been governed since 1948 via the



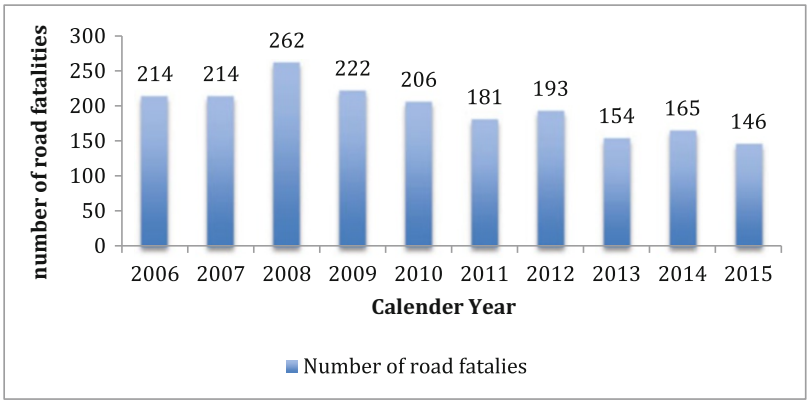


**Public Health Legislation in the Caribbean, Fig. 1** Number of road fatalities by calendar year 2006–2015

Factories Ordinance 1948 as amended in 1952. As early as 1973, Trinidad and Tobago examined a number of drafts to amend and review the health and safety law. In 2004, the Occupational Safety and Health Act was assented to, primarily because the existing legislation proved to be narrow in scope, outdated, and inappropriate to deal with the expanding industrial sector, and most occupations and workplaces fell far outside the ambit of the legal framework of the Factories Ordinance of 1948. The Occupational Safety and Health Act was proclaimed in February 2006. This Occupational Safety and Health Act 3, 2004, as amended in 2006 provides for the revision and extension of the law regarding the safety, health, and welfare of persons at work in order to keep pace with the country's rapid industrialization. It covers most workers with the exception of workers in private homes (domestic workers) and all aspects of work undertaken in an industrial establishment (defined as a factory, shop, office, place of work, or other premises excluding residential premises) that may have significant impacts on the health and safety of the employees. The objective of the amendment was to strengthen the system of law, which promotes voluntary compliance by facilitating stronger self-governance by the employer and the workers and a more regulatory role by the government. The amendment appears to benefit both employers and employees. It ensures that the promotion of high safety and health standards does not hinder business performance, productivity, and efficiency in addition to addressing employee rights and issues such as sufficient protection and avenues for redress in accordance with the law and good industrial relations practices.

Although not designed to address a particular heath condition, the Regional Health Authorities Act of 1994 was created by an Act of Parliament as part of government's efforts through the Health Sector Reform Program to decentralize the management and provision of health care in Trinidad and Tobago. Prior to 1994 the delivery of health as enshrined in the constitution of TTO was vested in the Ministry of Health (MoH). The increasing challenges related to the inefficiency in the delivery of health care in TTO, such as ambulance response times, accident and emergency waiting times, and lack of hospital beds, provided the catalyst to improve health-care delivery. The new policy objectives centered mainly on the decentralization of services, to five regional health authorities (RHA) whose roles are the providers of health care with the MoH as purchasers of their services. RHAs were established in England by the National Health Service Reorganisation Act 1973 as a replacement for regional hospital boards which were established in 1947 by the National Health Service Act 1946 to administer hospital and specialist services. In 1996 the fourteen RHAs were abolished by the Health Authorities Act 1995 and replaced by eight regional offices of the NHS Executive, which was also abolished by the Health and Social Care Act 2012. Historically from the UK's experience, RHAs have been unsuccessful; it appears anecdotally that complaints echoed by users of the RHAs in TTO have not improved or changed substantially.

## Conclusion

Mapping studies can show what has been done and thus what kind of action government can take. However, intervention studies can determine which legal approaches are most efficacious in improving health environments, behaviors, and outcomes and why laws have the effects they do and what mechanisms we can use to improve the effectiveness of legal interventions.

## References

Gostin LO, Burris S, Lazzarini Z (1999) The law and the public's health: a study of infectious disease law in the United States. Columbia Law Rev 99(1):59–128

Mungrue K (2012) The changing face of death in Trinidad and Tobago, before and after independence. West Indian Med J 61(4):453–459. (Serial on the Internet)

Trinidad and Tobago (TTO) (2016) WHO vaccine preventable disease: monitoring system. 2016 global system, 2016 global summary. Incidence time series for Trinidad and Tobago (TTO). apps.who.int/immunization_-monitoring/globalsummary/incidences?c. . .

WHO Vaccine-Preventable Diseases: Monitoring System (2016) Global summary – WHO. http://apps.who.int/immunization_monitoring/globalsummary/timeseries/tsincidencediphtheria.html

# Public Higher Education as Social Policy

Kenyatta Lovett
Public Administration, Tennessee State University, Nashville, TN, USA

## Synonyms

College, university; Post-secondary education; Public higher education

## Definition

Civic participation: The engagement of citizens in public and political activities designed to support social and public policy goals.
Higher education: A set of organizations and institutions designated to deliver post-secondary education to citizens within a sovereign jurisdiction.
Health outcomes: A set of qualitative and quantitative measurements to determine the aggregate quality of citizen health.
Modernity: **A public** – collective – view of social norms appropriate for current circumstances within a given society.
Multiple streams theory: A theory established by Kingdon to examine agenda setting norms for policy development, which are constructed through different streams of policy activity.
Poverty reduction: A public agenda established to lower the share of citizens or households below the stated poverty level, based on annual income.
Social policy theory: Paradigmatic frameworks used to examine policy strategies designed for general social welfare.

## Introduction

Strategies for social policy have been implemented through a variety of public programs, originating from different policy domains. Public higher education has long served as one means to implement and render desired social outcomes through policy and practice. Higher education, as distinguished from primary and secondary levels of education, has the capacity and mission to directly address social problems related to the individual, the economy, and the larger society. The alignment between major reforms in public higher education policy and modified social ideals regarding the individual, group norms, and the overall economy highlights the influence of modernity. Modernity, in the discussion of public higher education and social policy, can be examined through the vantage point where capitalism, industrialization, and democracy (Feher and Heller 1983) merge to accommodate action through public policy. The evolution of public higher education in the United States illustrates the role played by public colleges and universities in addressing changing and often urgent, public social needs.

## Higher Education as a Public Good

The national reforms established through the Morrill Acts of 1862 and 1890 and the President's Council on Higher Education in 1947 continue to influence the operation of public higher education across the nation to this day. Both policy events are marked within a period of major societal change for the nation. The first national initiative, the Morrill Acts of 1862 and 1890, serves as the nation's attempt to provide guidance and support across the country for the expansion of higher education. The Morrill Act of 1862 was created to increase access to higher education in every state by establishing land-grant institutions, primarily focusing on education in agriculture and the mechanical arts. The Morrill Act of 1890 expanded the national view on higher education to accommodate an expanded framework of citizenship created by the emancipation of slaves. Both acts collectively established public values for access to higher education across the citizen base, with the perspective of citizen also being modified to account for the emancipated and the disenfranchised. The implementation to address these social goals through the creation of colleges across the nation is also reflective of the segmented view of citizen interaction at the time,

which is evident in the outlay of institutions designed to serve citizens based on race and gender. The public value for access to higher education was a responsive social goal that benefited the individual but also benefited the needs of an economy entering the industrial age, which required more systematic and specific labor requirements than the previous agrarian economy.

Nearly a century later, the national framework for public higher education would expand to address similar adjustments in the collective view of modernity. The President's Council on Higher Education in 1947 addressed many concerns for a changing society and economy. The industrial revolution had advanced to now require varying degrees of specialization across employee classes. Furthermore, the cost of higher education created a new challenge to access, limiting the opportunities for most citizens to participate in post-secondary education. Finally, the nation was entering the beginning stages of a new wave of civil rights reforms, which challenged the equity of public service and access across lines of race, gender, and religious affiliation. To address public concerns of affordability, equity, and access to training and skill development opportunities, the Commission urged states to implement free or low-cost 2-year post-secondary education opportunities, through the expansion of community colleges and junior colleges.

A collective view of the Morrill Acts and the President's Commission on Higher Education further emphasizes the connection between changing social and economic circumstances and the need for national reform through policy and administrative action in public higher education. While the view of the individual and group norms is expressed differently in the two reforms, with one emphasizing a segmented view of society, both are reflective of public perceptions and norms at the time. When combined with changing needs and requirements of labor, a common theme is established that illustrates how labor capacity is addressed to support the economy in the context of current social norms. For this reason, Feher and Heller's (1983) view of modernity helps frame the unique connection between public higher education and social policy, in that capitalism, industrialization, and democracy collectively shape public perceptions of the ideal society.

While there are other national administrative strategies and policy reforms in public higher education that further explain the connection between social policy goals and the outcomes believed to be best produced through the nation's public colleges and universities, their purposes are reflective of, or driven by in many respects, the foundation established from the Morrill Acts and the President's Council on Higher Education. Within each implementation, the public perspective on the ideal circumstance of the individual and the larger economy contributed to the public's desire and efficacy for policy change. Education serves as one of many public goods vital to constructing the desired norms of a society, but higher education offers a more unique and direct avenue for driving change in social policy.

Higher education, as a public good, has distinct differences in comparison to the general view of public education and in some ways other sources of public goods. The primary distinction centers on public higher education's limited alignment with the core requirement of public goods being non-excludable and non-rivalrous. While the opportunity to participate in higher education is open to all citizens, access to this opportunity is restricted by the competency of the individual and the pay-per-use tuition model. This administrative and fiscal framework for public higher education offers policymakers the flexibility to distribute the cost burden of policy implementation to public funding sources, private resources, or to citizens enrolled in public institution. For this reason, participation in higher education for most citizens has limits and often presents clear barriers. Low participation rates in higher education do not, in and of themselves, directly correlate to the issue of public higher education's partial alignment with the non-excludable and non-rivalrous nature of public goods. This partial alignment is also related to far more complex matters of personal choice and other social norms. Labor demands continue to influence policymakers to address challenges with access and participation. As economies mature, the labor requirements rely on the larger

share of citizens to be served by higher education, in order to continue advancing social goals for the individual and the collective society. For this reason, policy approaches to supply adequate and equitable access can fluctuate based on changing economic demands when combined with scarce public resources.

Social policy is designed to address key outcomes for the individual and the overall framework of social norms. The strategies for social policy evolve over time as the context of the environment, economy, and other societal factors change. Higher education serves as one means to carry out social policy strategies in response to new social problems and modified views of modernity. The impact of higher education has been the focus for many areas of research in social outcomes and social policy. These studies have highlighted the connections that drive improvement in health outcomes, poverty reduction, and civic participation and are embedded in the general framework of the ultimate aim of social policy to improve the circumstance of the individual and in turn improve the circumstance of the larger society.

## Theories for Policy Development and Implementation

Several theories in policy and public administration highlight the connection between public social goals and the outcomes considered best produced through public higher education. The political process to establish policy is dynamic and can be explained from various theoretical perspectives. Public higher education can be distinguished from other public goods and services, given the noted barriers to access and participation. These circumstances for the provision of public higher education play a key role in how policy is developed and enacted in a democratic political setting. Individual policy strategies across states within the United States highlight the limited ability of many theories to explain the political processes that connect public higher education to public social goals, which are based on unique circumstances of scarce public resources and equitable access. For this reason, viewing the political process through the lens of notable concepts such as the advocacy coalition framework (Sabatier 1988) or diffusion models captures phenomena either too broad to explain the connection to general concerns for social policy or too detailed to conceptualize the various means by which public higher education renders service to public social goals. Multiple streams theory offers, arguably, the most appropriate perspective on the political process and the policy connection between public higher education and social policy.

The multiple streams theory captures the convergence of ideas, actions, and values required to establish public policy. The originating concept (Kingdon 1984) organizes these activities through three major activity flows – streams: problems, policy, and politics. These three streams, once established around a public problem, merge into one stream of policy action known as a policy window. Routines for agenda setting and political processes determine the outcome of the policy idea at the end of the stream. This refined perspective of Kingdon's (1984) model of the policy development process applies to policy implementation through public higher education for the purposes of social policy. Within the context of this discussion, the originating problem stream can accommodate transactions among policy actors focused on addressing different social problems related to health outcomes, poverty reduction, or civic engagement. The policy stream illustrates the choices available to these actors to make use of different channels of public service provision. The direct impact on addressing social concerns for capitalism, industrialization, and democracy can often favor public higher education as a solution to addressing these social policy concerns. Finally, the political process must establish the acceptance among actors to consider public higher education as a means to drive social change through policy. Public higher education's limited connection with the nonexclusive and non-rivalrous notion of public goods, in many ways, provides a more viable opportunity to the convergence of values and ideas to progress through policy windows and agenda-setting requirements. Also, producing outcomes that improve individual welfare economically further

improve the chances of political acceptance from different policy domains. State-level perspectives on social policy, through the lens of multiple streams theory, can be also explained through the diversity of implementations that not only factor concerns of equitable access and scarce public resources but also the economic circumstances necessary to successfully carry out desired public social goals.

Social policy theory, explained through Kingdon's (1984) view of the policymaking process, offers one explanation for the connection between higher education and social policy. As it relates to social goals to improve health outcomes, poverty reduction, and civic engagement, strategies through the provision of higher education can accommodate policy development from multiple perceptions on the specific social problem in need of remedy. Actors within the policy domain of one particular area of social policy concern may lack the support necessary for ideas to successfully develop into meaningful public instruments for social change. The advocacy coalition framework (Sabatier 1988) can explain the origination of many actors within the policymaking arena that bring forward values for some aspect of social policy implemented through public higher education, but the comprehensiveness of public higher education as a public good can accommodate many different coalitions that converge around one solution. Reforms in higher education carried out in similar fashion across multiple jurisdictions lend opportunities to be examined through notable theories such as institutionalism, diffusion, or network models. However, the diversity of implementations often reveal limited commonality in the details of the implementation, as shown in changes in performance funding for higher education over time. With respect to examining social policy designed to address public concerns for the welfare of the individual and the larger economy, the conceptual framework of multiple streams theory illustrates the convergence of diverse social goals made possible through an implementation source – higher education – suitable for public discourse and agreement, and historically known to render outcomes beneficial to different stakeholder groups.

## Social Policy Outcomes

Social policy implemented through the provision of public higher education has been reinforced over time by evidence produced from researchers in different disciplines. Early evidence of the contribution higher education can make toward social goals focused mainly on poverty reduction through economic and labor strategies. Later research provided additional evidence of outcomes beneficial to public social goals for individual welfare and societal norms. These outcomes were mainly driven by the influences experienced from engagement with higher education through various modes of interaction and skill development. An examination of specific social policy goals to improve health outcomes, lower rates of poverty, and increase civic participation highlights the reinforcing effect of public higher education's contribution to desired social goals and its utility to social policy.

One of the primary targets of social policy centers on improving health outcomes for the individual and the larger society. With improvements to health outcomes, public benefits can be realized through the reduction in public health costs, as well as through increases in economic productivity. Health outcomes as a component of social policy have advanced and transformed with the modernization of medicine, technology, and data use. As structures and systems in public health become more established to examine the factors that contribute to individual and societal health outcomes, a greater focus on the contribution of higher education, and education overall, has served as a means of informing social policy for many researchers (Hartog and Oosterbeek 1998; Winkleby et al. 1992). Some studies have explored the monetary impact associated with health outcomes and higher levels of education (Grossman 1972; Psacharopoulos 1994). The focus on this connection for many researchers has centered on understanding the relevant drivers of social policy that exist outside policy domains traditionally associated with directly impacting social change in health, such as healthcare and human services. Their research and study on this topic emphasize the benefits of better health outcomes, which can be influenced by participation

with higher education, in order to add value to economic productivity and reduce demand for other public goods (Bhargava et al. 2001; Bloom et al. 2001, 2004; Lofland et al. 2004; Wang et al. 2011). Quantitative studies revealing measurable benefits to lowering demand and public costs help to establish a global platform to advocate for improved and more equitable access to higher education.

National studies in the United States have further clarified the policy impact of the connecting health to education and noted the potential of "externalities beyond the individual affected to education and health" (Cutler and Lleras-Muney 2006, p. 22). The welfare of the individual is closely tied to the overall welfare of the household and thus reveals an opportunity to render scalable improvements to societal health outcomes, which can be influenced by education attainment levels. Other studies offer clues to understanding the reciprocal role between higher education and social policy in transforming public circumstances, which in turn trigger revisions in public perspectives of modernity (Baker et al. 2011). The long-term social benefits from larger participation in higher education have the potential to produce "virtuous development spirals" (Bloom 2007, p. 16) that help create the environment for these modifications in modernity to occur.

Poverty reduction, as a component of social policy, is designed to increase individual participation with marketplace transactions of private goods and services and in turn reduce demand for public goods and services. This component of social policy also requires the engagement of actors within the economic development and labor policy domains, which provide the means for individuals to establish successful paths out of circumstances of poverty. The primary platform between the individual and stakeholders within commerce and labor is constructed upon the services provided by post-secondary education. The studies on this connection are abundant and highlight the importance to local, national, and global social policy (Awan et al. 2011; Collins 2011; Ezebuilo 2014; Kiani 2011; Wedgwood 2007). While the determination on the status of good or bad health, and all things in between, may be challenging to assess from a research perspective on public higher education, the outcome of the educated versus non-educated is an outcome easier to connect to quantifiable variables related to personal and household incomes. This circumstance has produced a long-standing connection between the two and has driven much of the policy action to incorporate strategies for public higher education to improve public social goals by addressing issues of poverty. However, studies in counties like Tanzania have found the mere presence of higher education falls short of driving the desired outcomes of a polity to reduce poverty (Wedgwood 2007). Yet, the majority of studies find the outputs of graduates, research, and skill development in higher education produce meaningful and positive contributions to public goals to reduce poverty (Baker and Velez 1996; Kennedy et al. 1998; Muller 2002).

Economic policy and labor policy are closely connected with strategies to improve personal and household incomes. While free markets drive the marketplace activity for capitalistic countries, the rules for activity in commerce are of a public matter and can be seen in various forms of public policy designed to dictate how goods and services can be transacted. Recent economic challenges for countries, states, and local governments have emphasized the necessity of an abundant highly educated and skilled workforce (Michaels 2008). The concern for an adequate supply of human resources for commerce to function effectively has modified the conversation on public higher education, which can be witnessed in new strategies for accountability, funding, and investment. As economies become more globally competitive and labor supply tightens, the value for the provision of public higher education increases, and the opportunities to improve individual welfare become a product of the market's influence on policy.

An important, yet more intangible, component of social policy strategy centers on improving the participation of the citizen in the political process. The strategies to engage citizens are embedded along the public education value chain for all societies. However, public higher education, in

many ways, develops higher levels of engagement and participation experiences for the individual. Also, higher education can offer additional resources to better understand and implement civic engagement strategies through research and program development, which is not as abundantly available in other forms of public educational delivery. The purpose for civic participation is driven by a need to continually modify and improve the public social norms and attitudes. Through greater participation of the individual, the political processes have means to develop policy in a more equitable and effective manner. Low rates of participation, inversely, constrain the effects of well-intended policy and often produce externalities and negative outcomes avoidable through better engagement. Attached to the goal of improving participation rates in the political process is the difficulty of extending public goods targeted for underserved populations, such as the public higher education. Well-intended policies often experience failure or problems and can include free-rider effects due to poor engagement for target populations.

Many social policy studies on higher education focus on the impact of the college experience and how this impact supports public social goals to improve engagement of the individual (Egerton 2002; Hillygus 2005; Jacoby 2009; McIlrath and MacLabhrainn 2007). Positive outcomes related to participation in the political and policymaking process have been identified among college graduates, which also produces other social benefits such as the propensity to engage in public service or contribute to public causes (Hillygus 2005). Course and curriculum-specific connections have also been made between higher education and civic engagement through the use of service-learning programs at many institutions, which incorporate public service projects in standard course curricula (Hillygus 2005). The desired social outcomes believed possible through public higher education for civic engagement are often implicitly expressed through policy. However, evidence from research clarifies the connection between the desires of social policy in this particular area and the explicit contribution made by public higher education.

The evidence of improvements made in health outcomes, poverty reduction, and civic participation highlights the more salient approaches to connecting social policy to public higher education. While the positive impact realized through the outputs of higher education reveals promise of significantly achieving these social goals for a given polity, the administrative and fiscal realities define the challenges faced by public higher education to deliver outcomes in a larger scale. This reality also addresses an alternate perspective on social policy, which centers on the public view of government's role in effecting the outcomes of social change. The combination of the two perspectives illustrates the complex policy environment for public higher education, at all levels of government, that attempts to balance the need for social improvement with the value for government's role to carry out these changes. Nevertheless, the varying approaches to public higher education at the local, state, and national level share a common connection to social policy goals, with respect to driving desired change in health outcomes, poverty reduction, and civic participation.

## Conclusion

Viewing the provision of public higher education through the lens of social policy highlights the opportunity for policymakers to address multiple goals through one means of public service. The policymaking process examined through the lens of multiple streams theory (Kingdon 1984) illustrates the ability of public higher education as a social good to accommodate diverse perspectives to establish a means to enact social change through public policy. The collective catalyst driving action through policy centers on changing circumstances for the individual, group norms, and economy, which often trigger modified views of modernity. The convergence of social concerns for individual welfare and desired group norms within the setting of capitalism, industrialization, and democracy can be addressed within different policy domains. However, evidence of the social impact from participation in

higher education on health outcomes, poverty reduction, and civic engagement reinforces a long-standing value for carrying out desired goals through public colleges and universities. A broader conversation through research and scholarly examination is needed to illustrate the magnitude of the role public higher education plays in social policy as a whole, from the influences that drive policy reform to the outcomes that reinforce public institutions of higher education as an avenue for social change.

## References


Awan MS, Malik N, Sarwar H, Waqas M (2011) Impact of education on poverty reduction. Int J Acad Res 3(1): 659–664

Baker TL, Velez W (1996) Access to and opportunity in postsecondary education in the United States: a review. Sociol Educ 69:82–101

Baker DP, Leon J, Smith Greenaway EG, Collins J, Movit M (2011) The education effect on population health: a reassessment. Popul Dev Rev 37(2): 307–332. https://doi.org/10.1111/j.1728-4457.2011.00412.x

Bhargava A, Jamison DT, Lau LJ, Murray CJ (2001) Modeling the effects of health on economic growth. J Health Econ 20(3):423–440

Bloom DE (2007) Education, health, and development education, health, and development. American Academy of Arts and Sciences, Cambridge, MA

Bloom DE, Canning D, Sevilla J (2001) The effect of health on economic growth: theory and evidence (No. w8587). National Bureau of Economic Research, Cambridge, MA

Bloom DE, Canning D, Sevilla J (2004) The effect of health on economic growth: a production function approach. World Dev 32(1):1–13

Collins CS (2011) Higher education and global poverty: university partnerships and the World Bank in developing countries. Cambria Press, Amherst

Cutler DM, Lleras-Muney A (2006) Education and health: evaluating theories and evidence. Retrieved from

Egerton M (2002) Higher education and civic engagement*. Br J Sociol 53(4):603–620

Ezebuilo U (2014) Does higher education reduce poverty among youths in Nigeria? Asian Econ Fin Rev 4(1):1

Feher F, Heller A (1983) Class, democracy, modernity. Theory Soc 12(2):211–244

Grossman M (1972) On the concept of health capital and the demand for health. J Polit Econ 80(2):223–255

Hartog J, Oosterbeek H (1998) Health, wealth and happiness: why pursue a higher education? Econ Educ Rev 17(3):245–256

Hillygus DS (2005) The missing link: exploring the relationship between higher education and political engagement. Polit Behav 27(1):25–47

Jacoby B (2009) Civic engagement in higher education. Concepts and practices. Jossey-Bass, San Francisco

Kennedy BP, Kawachi I, Glass R, Prothrow-Stith D (1998) Income distribution, socioeconomic status, and self rated health in the United States: multilevel analysis. BMJ 317(7163):917–921

Kiani A (2011) Role of university education in poverty alleviation in Pakistan. Interdiscip J Res Bus 1(7):30–38

Kingdon J (1984) Agendas, alternatives, and public policies. Little Brown, Boston

Lofland JH, Pizzi L, Frick KD (2004) A review of health-related workplace productivity loss instruments. Pharmacoeconomics 22(3):165–184

McIlrath L, MacLabhrainn I (2007) Higher education and civic engagement: international perspectives. Ashgate, Surrey

Michaels G (2008) The effect of trade on the demand for skill: evidence from the interstate highway system. Rev Econ Stat 90(4):683–701

Muller A (2002) Education, income inequality, and mortality: a multiple regression analysis. BMJ 324(7328):23

Psacharopoulos G (1994) Returns to investment in education: a global update. World Dev 22(9): 1325–1343

Sabatier PA (1988) An advocacy coalition framework of policy change and the role of policy-oriented learning therein. Policy Sci 21(2–3):129–168

Wang YC, McPherson K, Marsh T, Gortmaker SL, Brown M (2011) Health and economic burden of the projected obesity trends in the USA and the UK. Lancet 378(9793):815–825

Wedgwood R (2007) Education and poverty reduction in Tanzania. Int J Educ Dev 27(4):383–396

Winkleby MA, Jatulis DE, Frank E, Fortmann SP (1992) Socioeconomic status and health: how education, income, and occupation contribute to risk factors for cardiovascular disease. Am J Public Health 82(6): 816–820




# Public Innovation: An Empty Discourse


Carolina Isaza
Universidad Externado de Colombia, Bogota, Colombia


## Synonyms

Innovation in public administration; Public sector innovation

## Definitions

The interpretive approach in public administration refers to an interest in the role of ideas and socially constructed meanings, and their effect on institutions, policies, or governance in general.

During the last decade, the word "innovation" has been appearing in the public administration discourse, used both by scholars and practitioners. A search of Google Ngrams shows books with the words "public innovation" appearing since 1967, with a sharper rise on use from 1997 on. In academic journals, the use of the word "innovation" in the context of public administration has increased since the 2000s. Some have criticized this as a fad, a buzzword, or a magic word. The actors using these discourses often contradict each other and PA scholars suggest that one of the first interesting avenues of research on this area is precisely the analysis of this currently fashionable word, so positively charged but on which there are so many different interpretations. This entry analyzes the meanings ascribed to this concept and whether or not it is just an empty discourse.

The concept of innovation traveled from the Renaissance to the twentieth century changing from a negative to a positive connotation (Godin 2015). It was adopted by public administration in the 1970s, following NPM's enthusiastic adoption of private sector language and practices, via international organizations, mainly the OECD. In the twenty-first century, the word gained momentum in the public administration literature and in government practices and was at the same time denounced as a fad or buzzword with no meaning. The studies on public innovation started to proliferate since 2000 and have doubled since 2010. Most of these studies come from the USA and the UK and are mainly qualitative works, and in particular case studies, but there are also quantitative works with survey data. During this last period, the concept of "innovation" in public administration was imported by developing countries and adopted by different epistemic communities.

So, what are the meanings of the concept of innovation in public administration? The idea that the public sector innovates can be interpreted in two different directions: on the one hand, the public sector can create innovations that have an external application, for society and for solving public problems. On the other hand, the public sector can innovate internally, for its own ends and needs, and this is the precise sense of the phrase "innovation in public administration." However, the meaning of this phrase is not clear and, apart from being a hype, it appears to have many possible interpretations, or even to be an empty concept. "Public innovation" can refer to either or both meanings.

One can observe that the key elements in most definitions used in academic literature are newness or novelty, adoption of ideas for the first time in an organization, and improvement (Gaglio et al. 2017). This last aspect is related to the strongly positive connotation of the word already mentioned. Some suggest that because of these positive implications, the successful changes or reforms in public administration are often presented as – called – innovations.

But despite the clear similarity of these formulations, some authors consider that there is no consensus on a definition of public sector innovation (De Vries et al. 2016). Some also indicate than when conducting interviews with public sector employees, there was a strong confusion over the difference between regular change and innovation per se. Thus, there is still a need to differentiate innovation from similar concepts.

Some authors make a recurrent distinction between innovation and invention, where the first is considered to be involved with the application or use of new ideas, not just their generation. Other concepts, such as change, learning, etc., have also been objects of confusion. For example, "Innovation requires change and the willingness to learn, but change is not always necessarily innovative, while a learning process does not always lead to new ideas [. . .] how radical the innovation is; what is the 'newness' of the change that has occurred and what is the nature of the learning process" (Bekkers et al., 2011: 28). The same authors go on to say that "what is essential is that innovations make a difference, in such a way that the actors involved perceive the innovations as discontinuity with the past" (Bekkers et al., 2011: 31).

However, change can be of different natures. Most authors coincide on the possibility of incremental, radical, systemic, or transformative innovations, as well as evolutionary or revolutionary changes. They vary with respect to the speed and the extent of the changes they entail. But some do not agree with this idea. Efforts to make those distinctions in the literature have been very ambiguous. So far, it seems that there is always an element of something new, but this newness can be relative, an element of change; although for some the change can be incremental and evolutionary, it needs to be perceived as a discontinuity with the past or as significant and enduring. This makes for a very slippery concept and illustrates the problems of its definition. There is a clear need to differentiate innovation from other kinds of change.

On the other hand, as was already indicated before, the public-sector scholarship has been subjected to other similar concepts before, such as *reform* and *modernization*. It is important to differentiate between these and innovation. Regarding the difference between innovation and modernization, according to one interpretation, innovation involves employee empowerment, whereas modernization is more of an institutional change from the top down. Ideas and knowledge management seem to be essential for innovation, while individuals (employees) are identified as the key actors. But as will be discussed later, some still see directive-level staff as the main source of public innovation.

Concerning reform and innovation, reform tries to correct something that is flawed. It could be said that the current use of "innovation" has a much more positive character, trying to identify solutions but not to correct or modify existing institutions. The public-sector reform is also seen as an institutional change of systemic proportions, usually involving legal and even constitutional reforms, implemented with a top-down approach and traditionally without consulting employees.

So there seems to be a difference at least with these well-known concepts of change in the public administration. It can be said, by inference, that innovation is more small-scale and problem-oriented, can be started by any individual or small group in the organization, and involves generating or imitating ideas that are new to the organization or context.

On another level, some attention has been given to how to measure public innovation. Again, starting from the Oslo model for measuring innovation in the private sector, since 2005, the focus of this research has shifted towards innovation surveys. However, survey design takes a long time of experimental research and theory development. Some authors do not try to measure but observe the public innovations via traditional interviews with public servants, while others study the award-winning initiatives, that is to say, they accept what the governments themselves are considering innovative.

An interesting perspective to analyze the process of innovation is the work of Borins, who applies a narratological approach to identify fables and narratives in some award-winning initiatives on public administration innovation. The author found that there is basically one fable across all the initiatives "concerning the origins and inceptions of public management innovations" (Borins, 2012: 11). This story is about long-standing problems in public administration that are approached using a new method. They start with an inciting situation, trying to respond to a policy problem (in most cases social policy issues). In most of the cases, there is interorganizational cooperation, a tendency that apparently is growing rapidly, at least in the USA where this award is given. The author found that initiators in these examples were of middle to high levels in the organization and sometimes actors outside of it. The support of a higher-level executive was, however, a common element of most narratives.

When it comes to the actual evidence of innovation in public administration, despite critiques, there are many documented examples of it and many authors and practitioners insist that it does exist. Most innovations in the public sector are related to New Public Management (NPM) and electronic government or digital services.

The first category, NPM, has been seen as a group of innovations or as a source of them. Most process – administrative innovations in public administration since the 1980s were motivated by

this approach. The second, e-government initiatives, is a case of technological innovation and constitute an area of study on themselves. But NPM is also a reflection of changes in technology (ICT and the Internet), so the two are not unrelated.

Both in the Schumpeterian tradition and in the new public innovation literature, there has been a predominance of the technological component of innovation, based on scientific and industrial development. The creation of the acronym ID+I and its widespread use is a clear example of the close association between these three concepts. Even if the literature recognizes the other types of public innovation (process, governance, etc.) when it turns to examples and evidence those are overwhelmingly technological, mainly ICT based. Most case studies are about e-government, digital government services and apps, and Internet-based platforms for public services.

Apart from e-government strategies and ICT programs, the new form of innovations in public administration are the design "labs," based on the kitchen or the science lab metaphor: a place where people experiment and come out with unexpected results. Decision-makers are presented as designers and innovation as a trial and error process, based on creativity. This "design thinking" has led to hiring actual (graphic) designers. The lab process has been characterized as a process of problem-solving for the development of ideas to create tailor-made solutions, then prototypes and then a definite product or program.

This helps identify the meanings and aspects of the concept of innovation in public administration as it is understood from an academic perspective. Concerning the contents of this discourse, it is still not entirely clear whether it is an empty concept that could be replaced with common words such as "new," "change," "reform," or "modernization." In some cases, it seems to be so, but useful distinctions between some of these concepts have emerged and the categorization into different kinds of innovations, as well as the examples, could be the way to find more concrete meanings and materializations of this idea.

On the other hand, the literature includes critics to the innovation concept in PA. Some critique the idea that public administration can be innovative. There are many perceived obstacles to innovation in the public sector, such as lack of competition or market incentives, bureaucratic culture, resistance to change and risk-aversion, the political nature of the public sector, with its inherent need to compromise and its short-term logic, the need to respond to many constituencies; unwillingness to collaborate with other organizations or obstacles to do so.

So far, there is a strong documentation regarding widespread beliefs on the unsuitability of the public sector for innovation. What has been proved is that there is innovation in public administrations all over the world, or at least, public servants and observers alike perceive that there is.

On the other hand, some critics claim that innovation in PA is "just a fad," meaning that it is an empty word, with no correlation to different PA practices. However, in this section it is shown that the global discourse has some content that is new to PA, and that even if using the word innovation is a hype or fad, it is not entirely an empty word, as it refers to some specific practices and activities identified mainly through the examples: the creation of labs, the use of design-thinking, and the intention to experiment nonproven solutions to problems.

Finally, the literature on public innovation is very different in Spanish (including Spain and Latin America). The most curious finding is in fact the small number of publications, compared to literature in English. The main difference between the two languages is tone; in Spanish, articles tend to have a normative tone, rather than an analytic one, and usually do not contribute original research to the global discussions, but mainly repeat common themes. Here is where the effects of the concept being a fad become more evident. The Spanish-speaking papers are more concerned with how to innovate in public administration than on the "why" and "what" and tend to include prescriptions for practitioners.

## Conclusions

As is the case in private management, fads and hypes are paramount in public administration discourse. Sometimes they can obscure the issues or hide agendas, as has been claimed about NPM's

neoliberal agenda. The word innovation, when applied to the public sector, has been characterized as a fad, a buzzword, or a magic word and has at least some characteristics of an empty discourse (a lack of a clear, concrete signifier).

In general, the language of innovation in PA is very ambiguous, and even more so in Spanish publications. This can be interpreted as people using the words without much attention to or interest in their precise meaning. But there is no consensus as to a definition of innovation or some of its characteristics. It is not clear if incremental innovation is still innovation, or how incremental does it need to be to stop being considered so. The word is also very entangled with close concepts.

Innovation is, in short, another word for change. The concept of innovation is used for public sector reform and other types of change, from incremental to radical, and also as synonyms to newness or novelty, adoption of ideas for the first time in an organization, and improvement. There is an extremely positive, enthusiastic, connotation of the word.

However, when it comes to examples and applications, there emerges a more restrictive use of the term and some concrete signifiers appear. The more specific uses refer to innovation "labs," to design thinking applied to public organizations, to technological innovation associated with disruptive technologies (such as AI) and in some cases to NPM-type reforms.

It can be claimed that innovation in PA is a fad that helps present reforms or changes as inherently positive and that has consequences for administrative structures, practices, and budgets. It is likely that this fad is being used in some countries as a means of legitimating both old and new practices in PA, and also many kinds of reforms and changes. A vague language and empty concepts can be used to dissimulate unpopular actions, giving them the legitimacy of the inherently positive associations of magic words.

## Cross-References


- ▶ Innovation Ecosystem
- ▶ Innovations in Administrative Reforms
- ▶ Models of Organizational Change
- ▶ Nonlinear Policy Change
- ▶ Open Innovation
- ▶ Organizational Innovation


## References


Bekkers V, Edelenbos J, Steijn B (2011) Innovation in the public sector. Palgrave Macmillan, Hampshire, UK

Borins SF (2012) Making narrative count: a Narratological approach to public management innovation. J Public Admin Res Theory J-PART 22:1. Retrieved from http://www.jstor.org/stable/41342614

De Vries H, Bekkers V, Tummers L (2016) Innovation in the public sector: a systematic review and future research agenda. Public Adm 94(1):146–166

Gaglio, G., Godin, B., & Pfotenhauer, S. (2017). X-innovation: re-inventing innovation again and again. Proyect on the intellectual history of innovation, Montreal

Godin B (2015) Innovation contested: the idea of innovation over the centuries. Routledge, New York


# Public Innovation: Concept, Praxis, and Consequence


Isak Vento
Faculty of Social Sciences, University of Helsinki, Helsinki, Finland


P

## Synonyms

Democratic innovation; Governance innovation; Learning; Public innovation; Renewal; Social innovation

## Definitions

Public innovation is a deliberate attempt at increasing public value by development of public service delivery and policy implementation, often through renewal of governance processes that involves collaboration and experimentation for learning. The desired effects are often hard to capture and may show only in the long run, while unintended consequences of public

innovation measures that are difficult to foresee may be as significant as the planned outcomes.

## Introduction

Few concepts have been harnessed with so much hopes for solving the public sector's problems as public innovation. Governments in Western welfare states have put forward innovation or renewal programs with the intention to de-bureaucratize and open up public service delivery and policy implementation and overcome the continuous funding pressure on public welfare service (Osborne and Brown 2013). Public innovation has also invoked hopes of advancing participation and inclusion to address claims of decreasing democratic legitimacy (Bevir and Bowman 2011). As one can assume with such a panacea to the problems of welfare states and liberal democracy, the results do not live up to expectations (Anttiroiko et al. 2011; Sveiby et al. 2012). Further, public innovation has been pursued by divergent strategies, leading to a mix of governance mechanisms with risk for unintended consequences. Fortunately, public administration and governance researchers have directed considerable interest to public innovation, untangling the concept from various perspectives. This article approaches public innovation conceptually, in terms of public governance, and potential consequences to offer a multidimensional analysis considering what is meant by public innovation, how it is pursued, and with what effects.

## The Concept of Public Innovation

Public innovation has become established as a standard measure in the policy toolbox of governments, which under financial and political pressure can be drawn to address various societal problems. The proliferation of public innovation has meant that it has been attached different meanings in public policy. To unravel these, the practical history of public innovation, the definitions, and its relation to public policy implementation are discussed.

### The Practical History of Innovation

The proliferation of innovation in the public sector has been traced to the world of business. In the market sphere, innovation means the constant need to improve, develop, and re-create the business for competing with rivals for market share and profits. Without innovation, private companies sooner or later fade away and ultimately face annihilation (Clegg et al. 2011). The innovation imperative can best be understood from the outset of Schumpeter's (1942) framing of the capitalist free market, where he famously identified the creative destruction inherent to capitalism and pointed to innovation as part of the mechanism.

The emphasis of innovation, however, sometimes leads to it becoming a self-evident objective or even obsession. In these cases, innovation is raised to a symbol of putative success, where it loses the position as a technique or tool for renewal and starts to generally connote renewal, development, and progress (Sveiby et al. 2012). The value of innovation is often strengthened by positing it to the opposite, or lack of innovation, and depicting it as stagnation, withering, and failure.

The discursive articulation of innovation as a symbol also assisted in translating it to new environments, which is one plausible reason it has caught on in the public sphere. As such, innovation was conveniently packed as a fix in the business toolbox that was adapted to the public sector to meet its putative malaises starting from the first large public sector reforms in the 1970s in the USA under President Reagan and in the UK under Prime Minister Thatcher, commonly known as the New Public Management (NPM) reforms (Anttiroiko et al. 2011).

### Definitions on Innovation

Innovation as a term is closely related to invention, which means the coming up of a new idea or a discovery, especially in the field of technique and engineering. Researchers have distinguished between these two by ascribing innovation the meaning of implementing a new concept, product, or system, whereas invention is reserved for the meaning of a more isolated novel idea or practice. In business, innovation is commonly thought of in

terms of a novel product, process, position, or paradigm – constituting the four Ps of innovation in business lingo (Rogers 2003). Innovation as product refers to a new output sold on the market, process to a new organizational feature improving the activity of the company, position to the redefining of an existing product or process to new better use, and paradigm to a novel breakthrough setting the framework of thinking in a field or the society as a whole. Although the four Ps are widely seen as an outdated typology of innovation, it offers an explanation for how innovation is seen and why it still may connote technical progress over, say, social, even in public sector. Increasingly, researchers and business executives talk of creating a culture of innovation in companies (Clegg et al. 2011). As culture, innovation refers to an endogenous capacity and will of renewal and progress. The cultural meaning is, however, easily confused with a creative culture and, moreover, hard to both promote and measure, increasing the risk of innovation becoming an empty symbol (Sveiby et al. 2012).

In the public sector, innovation has been denoted the prefix public to signify the implications for the concept contingent upon environment (Osborne and Brown 2013). More exactly than so, it has not, however, been defined, giving rise to different interpretations. It is, perhaps, easier to start by demarcating the meanings that often are left out from public innovation. Public innovation seldomly refers to a product, if we by product think of a novel organizational output that has been given a patent and by which one seeks competitive advantage. In the cases where it does, e.g., a new IT system of specialized public health care, it often serves an added public value rather than organizational value. Moreover, public innovation generally refers to a process or improved practice, interorganizational collaboration, or a new structure designed to improve public service (Torfing and Triantafillou 2016).

The public value is of course a problematic concept with the ever-increasing use of cross-sectorial partnerships and hybrid organizations, but roughly it translates to a value that is offered to citizens universally, or which have a value that is impossible or meaningless to calculate per head (e.g., street lights, basic education, and basic pension system) (Van Dooren et al. 2015). Public innovation sometimes goes under the name of social innovation, which connotes the social value of renewal, e.g., improved social conditions for the needy (Caiden and Puniha 2011). Other related concepts are governance innovation, which refers to systemic renewal of the processes of governing society, categorically implied to be democratic (Anttiroiko et al. 2011), and democratic innovation that focuses on the democratic value of systemic or procedural innovation, often having citizens' participation or inclusion as objective (Bevir and Bowman 2011).

## Practices for Public Innovation

Public innovation, as any innovation, is assumed to thrive on experimentation and learning. Moreover, the public sector has been considered too bureaucratic and hierarchical to innovate on its own. Putatively, the public sector should collaborate or involve private companies, universities, and other agents that ignite the processes of public innovation. To render these possible, autonomy from the hierarchical public administration has been thought to be a necessity. But how can autonomy, or freedom for an agent to act as he or she sees most fit, be provided while simultaneously maintaining accountability and public discretion? Public innovation, in other words, presents the state or government with a governance dilemma (Sørensen 2012).

Initially, the state was assumed to enhance innovation by withdrawal from the operative activity and let the non-state agents manage the street-level activity (Torfing and Triantafillou 2016). The state should, at most, govern from distance, or be hands-off, by providing incentives for innovation through system design or resource and agent facilitation (Sørensen 2012). The strategy of metagovernance, as it became to be called, ascribes a reserved role for the state, which, although recognized to have a part to play in public innovation, is primarily responsible for ensuring due process and use of funding (Peters 2010).

The role of the state has, however, been gradually reconsidered when acknowledging the unique resourcefulness of the state (Andersen 2016). Further, it is not only a question of funding, but many public officials working as middle-range or street-level bureaucrats have acquired substantial knowledge in their specified field of responsibility. This has resulted in practitioners and researchers asking whether the state and its public administration should, in fact, be let into the operative activity with non-state agents for innovation. The hands-on approach, or interactive governance strategy, has been prescribed the state to engage dynamically in the process of innovation on all levels and steps. The interactive governance strategy has especially emphasized the importance of taking the complexity of the environment into account and evaluating the contingent effect for innovation.

The two strategies are, however, diametrically opposed and present practitioners with a question of balancing the trade-offs. Having more of hands-off means giving away hands-on governance. Although some authors have suggested a combination of the approaches for an eclectic strategy (Sørensen 2012), others have warned for the plausible unintended consequences (Vento 2019). Importantly, it seems the strategy should match the environment so that in situations with a functioning market and competition, metagovernance is probably the right choice, while in cases of partial markets or no natural markets, interactive governance should be embraced.

## Recognized Consequences

Public innovation has been pursued for decades, but what can be said about the effects? If approached from the policy perspective as output, the most truthful but uninspiring answer is that we do not know. This has more to do with the nature of innovation than the attempts to evaluate it. For one thing, public innovation has presented evaluation with the thorny dilemma of how to capture and value the novelty of a process that often takes a long time to show an effect (Brulin and Svensson 2012). It is not unheard of that the experimentation and learning of today seems useless for a while before revealing their true value in the future, perhaps in a completely different setting or field. Moreover, public administration and governance researchers are at least as interested in the process by which innovation is pursued as in the output. The strive for innovation has, namely, given rise to new institutional arrangements and changes in policy design with potentially unintended consequences for traditional public administration functions (Vedung 2013), such as accountability (Christensen and Laegreid 2016).

Public policy and the process of making and implementing it can be devilishly hard to define without overlaps (Hill and Hupe 2014), as any student of public administration surely is aware of. In public policy, innovation is categorically a measure for achieving a desired outcome, be it the renewal of a sector for increased competition, a geographical region for well-being, or more narrowly a process for achieving improved welfare service. In practice, this usually implies collaboration between state and non-state agents (Montin 2007). In fact, most policies endorsing collaboration pursue innovation, either explicitly articulated or implicitly implied. These policies have been labelled "third-generation policies" to distinguish them from other types of policy that go more to the core of the traditional state's functions, such as security, law, and basic welfare service (Jacobsson et al. 2015). As such, public innovation can be said to have shaped the design of modern public policy.

These side effects of public innovation have first and foremost led to uncertainty for management and governance. In times of evidence-based policy-making and intelligent governing that rely on performance and information management, the problem for evaluation adds cumulatively up to problems of governance (Vento 2017).

## Conclusions

Governments have pursued innovation with gusto in the last decades in Western welfare states. The

hopes have been on public innovation to solve the funding pressure constantly overshadowing public services. The popularity of public innovation and the flurry of activity for innovation have, however, created a conceptual and a governance problem by watering down the meaning of public innovation and creating a mix of governing mechanisms for pursuing it.

This article has distinguished between innovation typologies and discussed their historical development. Public innovation has been defined as a novel process implemented in the public sector. Products and other types of innovations can be demarcated to the private sector based on the functional logic of the public sector putting public value first.

The role of the state is a classical dilemma in public innovation. Should the public sector abstain from operative activity and govern at distance to let non-state agents autonomously innovate, or should the state utilize its unique resources and authority and engage hands-on in the activity? Research suggests the strategy should be decided contingently based on whether there is a natural market in the environment or not.

Lastly, the effects of public innovation have been hard to establish. To a great deal, this is because innovation entails experimentation and learning, and the value of the process may become evident only after a long time. The side effects of innovation have been recognized in the process of public governance. The quest for innovation has shaped the institutional arrangements, the policy design, and the management procedures. Although often overlooked, this underside of innovation is at least as remarkable for democratic governing of society as are the desired innovations in public service and policy outputs.

## Cross-References


- ▶ Dynamics of Managerial Innovation
- ▶ Innovations in Administrative Reforms
- ▶ Organizational Innovation
- ▶ Social Innovation
- ▶ Urban Innovation


## References


Andersen LB (2016) Can command and incentive systems enhance motivation and public innovation? In: Torfing J, Triantafillou P (eds) Enhancing public innovation by transforming public governance. Cambridge University Press, Cambridge, MA

Anttiroiko A-V, Bailey SJ, Valkama P (2011) Innovations in public governance in the western world. In: Anttiroiko A-V, Bailey SJ, Valkama P (eds) Innovations in public governance. IOS Press, Amsterdam

Bevir M, Bowman Q (2011) Innovation in democratic governance. In: Anttiroiko A-V, Bailey SJ, Valkama P (eds) Innovations in public governance. IOS Press, Amsterdam

Brulin G, Svensson L (2012) Managing sustainable development programmes. Gower Publishing, Oxon

Caiden GE, Puniha PS (2011) Putting public governance innovation in perspective: from administrative reform to innovation discourse. In: Anttiroiko A-V, Bailey SJ, Valkama P (eds) Innovations in public governance. IOS Press, Bailey

Christensen T, Laegreid P (2016) Organizational innovations and multiple forms of accountability in the post-new public management era. In: Torfing J, Triantafillou P (eds) Enhancing public innovation by transforming public governance. Cambridge University Press, New York

Clegg S, Kronberger M, Pitsis T (2011) *Managing & organization. An introduction to theory and practice* (paperback). SAGE Publications Ltd, Beverly Hills

Hill MJ, Hupe PL (2014) Implementing public policy: an introduction to the study of operational governance, 3rd edn. SAGE Publications, London

Jacobsson B, Pierre J, Sundström G (2015) Governing the embedded state: the organizational dimension of governance. Oxford University Press, Oxford

Montin S (2007) Kommunerna och klimatpolitiken – ett exempel på tredje generationens politikområden. Stasvetenskaplig Tidskrift 109(1). https://doi.org/10.21037/jtd.2017.02.23

Osborne S, Brown L (2013) Introduction: innovation in public services. In: Osborne S, Brown L (eds) Handbook of innovation in public services. Edward Elgar Publishing Limited, Cheltenham

Peters BG (2010) Meta-governance and public management. In: Osborne S (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, London

Rogers EM (2003) Diffusion of innovations, 5th edn. Free Press, New York

Schumpeter J (1942) Capitalism, socialism and democracy. Harper & Brothers, New York/London

Sørensen E (2012) Governance and innovation in the public sector. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford

Sveiby K-E, Gripenberg P, Segercrantz B (2012) Challenging the innovation paradigm. Routledge, London

Torfing J, Triantafillou P (2016) Enhancing public innovation by transforming public governance? In: Torfing J, Triantafillou P (eds) Enhancing public innovation by transforming public governance. Cambridge University Press, Cambridge, MA
Van Dooren W, Bouckaert G, Halligan J (2015) Performance management in the public sector, 2nd edn. Routledge, London
Vedung E (2013) Side effects, perverse effects and other strange effects of public interventions. In: Svensson L, Brulin G, Jansson S, Sjöberg K (eds) Capturing effects of projects and programmes. Studentlitteratur, Lund
Vento I (2017) The evaluation of innovations: how to evaluate the transformative value of the cohesion policy for managing purposes research questions and limitations. Scand J Public Adm 21(2):3–22
Vento I (2019) Hands-off or hands-on governance for public innovation? A comparative case study in the implementation of the EU Cohesion Policy in Finland. Int J Public Adm, Early view. https://www.tandfonline.com/doi/full/10.1080/01900692.2019.1665065

# Public Interest in Government Institutions

Godwin Kwemarira[1], Kigozi J. C. Munene[2] and Joseph Mpeera Ntayi[2]
[1]Busitema University and Uganda Management Institute, Kampala, Uganda
[2]Makerere University Business School, Kampala, Uganda

## Synonyms

Common preferences; Community significance; Citizens' will; Public good

## Definitions

**Public interest**: It is the outcomes attained when government leaders discharge their obligations for long-run survival and well-being of the society particularly public institutions providing quality services to the citizenry.

**Government institutions**: Offices established by law and financed by tax payers' money to foster the benefit of the general public.

## Introduction

Serving the public is a fundamental mission of government institutions. This duty transforms a civic ideal into a responsibility for government managers. Globally, public officers occupy prominent and prestigious positions in their communities and society at large to offer citizenry benefit. However, individualism dominates today's public life at the expense of common benefit. Individuals prefer to work as government executives in order to gain opportunities to pursue personal needs instead of promoting what is good for an entire community (e.g., common preferences, citizens' will, and equality). According to Denhardt and Denhardt (2007), enlightened statesmen find it difficult to adjust these clashing interests and render them obedient to the good of the citizenry. The current debate rests on whether legislators, regulators, educationists, and courts exercise their tasks and duties in the execution of government obligations as they occupy outstanding positions to foster the wellbeing of the public.

There is no kingdom without subjects and no modern state without citizens. Thus, the ruler or modern administrator is not an independent being, but an interdependent integral part of his own-self in a relationship with the larger society within which he operates. The leader deals with citizens that are not contented with the government and they question whether their interests are put first. As public servants execute their tasks and duties, the way they discharge their obligations becomes an issue. Government officials are not responsive to the demands of their citizens. The involvement of government officials in policy-making may create a risk of decision-making getting captured by powerful and special interest individuals that are less representative of public opinion. Government administrators are duty-bound to make decisions and take actions for public benefit. This concept is associated with assumed citizenry needs; public managers are expected to serve the interests of their society. As public servants execute their tasks and duties, the way they discharge their obligations becomes an issue. Economic individualism and self-based values dominate today's public management at the expense of the

common good. The participation of public officers in policy-making may create a risk of decision-making getting captured by powerful and special interested individuals. As a result, policy-making venues may be overly crowded with interest groups that are less than representatives of public opinion, and particularistic policies may be adopted benefiting a few interests (Bozeman 2007).

## Public Interest

Public interest has multiple meanings and appears not to be specific. Authors explain it in terms of common interest, public significance, or common good or anything of interest to the public. The notion of public interest can be approached in two ways: formally, by emphasizing the process of defining the public interest, and substantively, by focusing on the content of public interest. The common interest entails aggregated individual interests equaling to the public interest. The public interest arises out of the "Will of All" conception, that is, individual interests are aggregated. It involves the outcomes best serving the long-run survival and well-being of a social collective construed as a public. It is what happens when citizens discharge their obligations and successfully claim their rights. It is achieved when citizens get the sense that public institutions provide them quality services. In order to achieve the common good, civil leaders and individuals alike must seek what is good for the whole society rather than what promotes individual or minority interests. Public interest is about the superior ideas and concerns for the good of society, rather than self-interests that motivate political action. It also brings with it a basic concern with social ends and goals. It is a society where the values of the whole would not differ from those of any specific individuals (Downs 1962). The "common good" – or the general welfare – is an important ideal for governments, as they must act in pursuance of public interest. It is the motivation of public officials in exercising their functions to achieve the common good of the collective, by improving democracy and social and economic welfare.

This "adding of interests" is complicated. Scholars argue that public interest is not equal to the sum of all individual interests. Critics of this construct argue that it is context-specific. Philosophers over time have been reluctant to define the public benefit. They argue that it is a combination of several habits of mind in making decisions and making policy. It attempts to deal with multiple ramifications of an issue rather than a select few, seeking to incorporate the long-range view into deliberations, to balance a natural tendency towards excessive concern with short-term results; considering competing demands and requirements of affected individuals and groups, not one position; recognizing that to say that the "public interest" is problematic is not to say it is meaningless.

Public interests are derived from preferences held by individuals (who may or may not hold public office) about the private or collective behavior or condition of others, including the behavior of the government toward the polity at large or toward some subset of it. These preferences are those that are being taken into account when we see behavior of the kind which Kalt and Zupan (1984) call "ideological." They differ from private preferences in that they are "other-regarding"; unlike purely private preferences, they exist only in a social context. Private interests are the standard stuff of which modern economic and political analyses are made. Private individuals, some of whom hold public positions, have private preferences. These preferences determine the private welfare of the individual holding them, and are separate from those of other human beings. Related to choices between states of the world, they define an individual's "private interest", which can be inferred for each individual from a mapping of her (his) private choices. Aggregated through a political mechanism, private preferences of individuals create either a general or a special interest (Denhardt and Denhardt 2000).

## Historical Evolution of Public Interest

Cyrus the Great of Persia, ruling some 2,600 years ago, is asserted by the ancient Greeks to have

believed that a ruler should "understand" how to govern people so they may have all the necessities of life in abundance and might all become what they ought to be. The implicit rationale for this was to achieve approval, and thereby stability, and make ruling an empire that much easier. After Cyrus died, his sons (immediately quarrelled), cities and nations revolted and chaos erupted because of the lacking common good that emerged. The phrase 'public interest' seems to have gained prominence during the seventeenth century. In 1609, a French satirist, Regnier, argued that public interest is something governments invoke to justify unjust or illegal action, though he actually used the phrase 'raison d'etat'." In England, the 1624 Statute of Monopolies, while considered to be discussing the public interest matter in concept, used the phrase (for patents not in the public interest) "generally inconvenient." Similar references of being "inconvenient to the Commonwealth" appear in patent letters at the same time. However, by around 1670, the Lord Chief Justice of the King's Bench of England was referring, in an essay on access to ports, to wharves being "affected with a public interest."

The historical perspectives in regard to protecting the interests of the greater society are seen when kings, emperors, and sultans reigned according to God's will which was to follow his command, the people's will was demonstrated. It was seen as a divine order which was represented by earthly reign among these leaders. The sovereign was perceived as a mediator between God and the people. Serving God implied obedience to the sovereign. During the seventh century, this obedience was getting weaker. The Glorious Revolution in England (1688) is a good example of how a sovereign (i.e., the king) was pressured to shed his absolute reign and to share power with parliament so as to foster the interests of the English people.

About 100 years later, the French revolution shows more or less the same development when the king and his wife were not following God's laws of promoting the interests of the French people. Modern States are inspired in the principles of the French Revolution that changed the Old Regime to a new social organization based on the values of liberty, equality, and fraternity. The State as a moral entity is – or should be – the guarantor of such values. The State has grown to become one of the most important institutions in many aspects of societies. Public servants pursue their own interest and regulations are brought in to balance the interests at stake (like Pareto or Kaldor-Hicks criteria). The law is more optimistic when using public interest to proceduralize collective interest. Even more, public interest serves as justification for government intervention in economic affairs; in the last decades, the promotion of integrity and prevention of corruption have tackled self-interest of government officials, leaving space for the public interest to be pursued by governments and public officials.

After a process of creating more distance between the sovereign and the people during the seventeenth and eighteenth centuries, eventually the people grabbed their interests. This is seen by the death of royal absolutism in the seventeenth and eighteenth centuries, and the rise of ideals of representation meant "power to the people," i.e., parliaments. According to Goodnow (1967), the expression of the "state's will" can be seen as the main function of parliaments as carriers of "politics." Administrations execute that will. Such insights started to influence the restructuring of politics, even in countries like the USA, whose pre-Weberian nineteenth century's spoils system was very strong. "The grand administration scandals, the efforts of civil service reformers, president Garfield's assassination by a disappointed office-seeker, and the huge Republican losses in the 1882 elections" are seen as causes of the abolition of the classical spoils system, which is marked by the passage of the Pendleton Act in 1883. This act had two important consequences. First, it prohibited mandatory campaign contribution; second, it implemented entrance examinations for would-be bureaucrats and therefore it is the start of the merit system in American public administration. Entrance examinations reflect a step forward in the intellectual professionalization of public functions. In ways like these, the "de-politicization" of bureaucracy took hold. Politics became the domain of ideology and

administration of expertise. Following the American Pendleton Act, a Civil Service Commission was set up to administer a system based on merit rather than political connections. Four years after the passage of the Act, 86,000 jobs were classified as unavailable for political appointments. Other countries, with less obvious hybrid systems, but comparable politicized administrative orders, went through different, but comparable transformations.

In Africa, the former ruler of Zaire, present day Congo, Mobutu Sese Seko, amassed wealth equivalent to US$5bn (equal to Zaire's entire external debt) prior to being ousted in 1997 (Warf 2017). Kenya's Daniel Arap Moi stowed away millions of dollars through false exports of gold and diamonds at the expense of Kenyans. These are not isolated cases as evidenced in the recent actions of the Arab Spring. Tunisia and Egypt were among the earliest and the most visible of these revolutions and lately Sudan. This is largely due to public officers being self-centered, and neglecting the needs of the general society. In Uganda, citizens are not satisfied with the services of government officers and keep questioning whether their interests are put first. For example, one of the main reasons for underdevelopment is the low-quality education especially at primary level. Education is considered to be the foundation for the support of economic growth and development. This East African country has a centralized educational system headed by Ministry of Education and Sports. While, schools are expected to be responsible for the provision of quality education to pupils, this has not been the case and remains an issue of public concern. It is estimated that 68% of children who enroll in primary school drop out before completing primary education. In this regard, at least 80% of the pupils in low primary level cannot work out a two-digit subtraction and 61% cannot comprehend a simple short sentence. Many pupils in public schools study under trees when they are hungry, and, in most cases, are taught by equally hungry teachers. The education offered in government schools cannot provide quality education needed to propel Uganda out of poverty and towards national development.

## Dimension of Public Interest

Kwemarira et al. (2019) have attempted to conceptualize public interest to include: common preferences, citizens' will, and egalitarianism. These scholars developed items to measure the three dimensions of this construct. The questions developed were anchored on a six-point Likert scale, ranging from 1-Strongly Disagree to 6-Strongly Agree. They argue that African respondents tend to tick or answer the not sure/middle point which is avoided here with the six-point Likert scale. The measurement items were subjected to both validity and reliability tests. Content validity was determined by giving the instruments to nine respondents who were experts and practitioners in the field of public interest. The researchers in that study went on to perform EFA by running principal component analysis as the extraction method using Varimax with Kaiser Normalization to explore factor structure of the study constructs. This helped to summarize variables from the constructs with multiple questions into more meaningful and interpretable factors. Besides, EFA also enabled those scholars to test for validity of the study items. After performing EFA on that data, CFA was carried out to construct the CFA models. Only those dimensions and respective items that were retained at EFA were used to carry out a CFA using Analysis of Moment Structures (AMOS). Based on that study, common preferences did not survive after conducting CFA; meaning that citizens' will and egalitarianism are the indicators of public interest in sub-Saharan Africa.

## Conclusion

This entry concludes that there is need to develop coherent critiques and policy proposals that further the cause for common good. The scholars deduce that it may be prudent for public officials to behave according to the scripts that are in accordance with communal benefits. Each government steward has different duties; hence a need for a universal code which equates public benefit that caters for all the citizens. This echoes the importance of guardianship: "Quis custodiet ipsos custodes?" (Juvenal

circa 55–127). Juvenal's celebrated phrase, "But who will guard the guardians?" is often used today to question the efficacy of guardianship of public leaders. While government workers are first-tier guardians of public affairs, sometimes, they are wrongdoers. A conclusion of public servants being responsible on their analytical, legal, consensual, and social aspects is opined. Government workers have responsibilities and considerable authority which should be used – albeit wisely. Analytically, they need to regularly and methodically appraise and analyze the various aspects in their public roles. Communal administrators have legal responsibilities and obligations; therefore, they ought to be mindful of fostering societal needs.

## Cross-References


- ▶ Accountability
- ▶ Ethical Leadership
- ▶ Good Governance
- ▶ New Public Management
- ▶ Public Value Dynamics


## References


Bozeman B (2007) Value for money and public interest: counterbalancing economic individualism. Georgetown University Press, Washington DC

Denhardt RB, Denhardt JV (2000) The new public service: Serving Rather than Steering. Arizona State University. Public Adm Rev. https://doi.org/10.1111/0033-3352.00117

Denhardt JV, Denhardt RB (2007) The new public service. Expanded edition serving, Not Steering

Downs A (1962) An Economic Theory of Democracy. Outlines how the economic theory of rational self-interest can be applied to political decision-making and used to explain how collective choices are made

Goodnow FJ (1967) Politics and Administration; A study in government. Macmillan, New York, NY

Kalt J, Zupan M (1984) Capture and ideology in the economic theory of politics. Am Econ Rev 74:279–300. (1990) The apparent ideological behavior of legislators: testing for principal-agent slack in political institutions. J Law Econ 33:103–131

Kwemarira G, Ntayi JM, Munene JC (2019) Accountability and public interest in government institutions. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1672187

Warf B (2017) Geographies of African corruption. PSU Res Rev 1(1):20–38. https://doi.org/10.1108/PRR-12-2016-0012


# Public Leadership Meta-skills


Petri Virtanen[1,2] and Marika Tammeaid[1]

[1]ITLA The Finnish Children's Foundation, Helsinki, Finland

[2]The University of Vaasa, School of Management, Vaasa, Finland


## Synonyms

Forms of collaboration; Joint sensemaking; Leadership metacognition; Shared leadership

## Definitions

As societal complexity deepens, public leadership meta-skills become ever more important. Leadership meta-skills refer to generic leadership competencies (and skills) which are by nature both individual and representative of the collective capital of those in public administration leadership positions. Meta-skills are the essence of developing today's public institution leaders since they constitute joint sensemaking, know-how, and competencies which cut across organizational boundaries within government, public institutions, and public organizations, ignoring the compartmentalized sectors and organizational silos within public administration.

## Introduction

Public institutions and organizations make their contribution to society through the democratic process, based on political goal setting, with the help of stakeholders and cooperating partners (and service providers), delivered by the performance of public administration personnel – and, via the subject of this entry, through leadership practices.

Virtanen P, Tammeaid M 2021. Public leadership meta-skills. In: Farazmand A. (ed.), *the Global Encyclopedia of Public Administration*, Public Policy and Governance. Springer.

The focus of this entry relates to leadership meta-skills which is a theoretical, conceptual, and empirical topic and a relative newcomer in public leadership studies. Despite the fact that the evolution of public sector leadership and management studies has been a lengthy one – both in terms of theory and practice – there is definitely a scarcity of research evidence about leadership meta-skills (on the genesis of public sector leadership; see e.g., Van Wart 2003, 2013, 2017). This entry explores what leadership meta-skills in the domain of public governance, policy, and administration are, why they are important, and from where do they evolve, as well as the practical implications of this from the development of leadership meta-skills in the context of public government, policies, and administration.

The motivation behind this entry is to further scrutinize the recent literature on public leadership meta-skills including our own work, for example, Tammeaid et al. (2021) and Virtanen and Tammeaid (2020). Public leadership meta-skills, we have argued, refer to generic leadership competencies (and skills) which are in nature both individual and representative of the collective capital of public administration leaders constituting joint sensemaking, know-how, and competencies cutting across organizational boundaries within government, public institutions, and public organizations, ignoring the compartmentalized sectors and organizational silos within public administration. From this perspective, public leadership meta-skills are not government branch-specific but rather overall skill requirements for all leaders in public administration. Learning to learn, taking the learned into practice, and critical thinking are among those meta-skills that are discussed in Virtanen and Tammeaid (ibid.), for example.

It should be noted however that the question of meta-skilling and meta-skills has been discussed to some extent in the leadership literature. A relevant example being Holten et al. (2015) who presented a model for an effective leadership training program that ingrates elements related to human biology, holistic learning processes, and the ingredients of transformational leadership elements within the context of change management. For these scholars, the notion of meta-skills refers to a set of skills which managers "can use and adapt to the changing demands and conditions of modern work life." Like Tammeaid et al. (2021) and Virtanen and Tammeaid (2020), Holten et al. (2015) underline the point that meta-skills are elementary in bringing the lessons learned from training back into practice into the "real life" of organizations and the enabling role these meta-skills bring about to the habitus of the public sector leader – that is, if public leaders do not possess this ability, the consequences can be seen in the performance, motivation, and enthusiasm of their organizations.

One key motivation for exploring public leadership meta-skills is the need to determine per se the new rationale for public leadership. This new rationale calls for more cooperation, bridge-building, and joint sensemaking across the bastions of government topped with the need to conceive resilience not only as a adaption mechanism to acute and severe societal crises (such as COVID-19, for instance) but also as a distinct and specific policy goal. When New Public Management (NPM) and New Public Governance (NPG) emerged as mainstream management paradigms in the 1990s, the global context for public institutions was radically different than it is now. Although it is perhaps somewhat controversial to say that the complexity of society has increased, today public institutions face complex societal problems (which are manifest on a global scale) and undergo more profound contesting from media, political actors, and populism than ever before. The operating environment of public institutions and public leaders is thus pretty much different than it was only a couple of decades ago. Today, public policy planning based on reductionism, narrow definitions of societal problems, and dividing critical societal issues into "governable pieces" is not only flawed, but it makes no sense from a wider societal perspective. The solution to wicked societal problems cannot be solved in a single policy domain but in collaboration with input from multiple policy sectors. Complexities in society as well as the volatility of change and the ambiguous role of societal shocks require cross-sectoral thinking and action, something which cannot be split to separate pieces. As such, this development calls for an understanding

of what public leadership meta-skills can provide – an understanding that the whole public administration from all levels of governance (transnational, national, regional, and local) forms a systemic network, where a readiness and capacity to interact with the society has to be developed as a whole not in parts.

Consequently, the aforementioned changes in the operating environment of public institutions have brought about new challenges for the delivery of public services. These are the art of developing and putting forward the diversity of co-creation mechanisms and models, introducing a new accountability logic addressing the role of service users as key players in judging the value and merit of public interventions, and building cooperation networks to maintain and innovate service-dominant logic practice throughout the structures of public administration. These drivers of change point to the necessity of thinking differently and thinking together at the upper levels of top civil service. What is needed is a new kind of cognitive diversity which results from cross-sectoral professional leadership training, multilevel dialogue, and cross-boundary collaboration between public institutions, business, and nongovernmental sector which pinpoint and underline the essence of leadership meta-skills as defined above.

Secondly this entry explores the theoretical and conceptual framework behind the leadership meta-skills distinctive to public institutions. Thirdly, the typology of leadership meta-skills is presented and discussed. These meta-skills constitute a comprehensive set of leadership skills that are interlinked and can be learned but only if there is the will to learn. Section "Practical Implications" discusses the practical implications of learning, nurturing, and scaling meta-skills in public institutions. These meta-skills contribute to systemic change in government and public institutions taking us through the mechanisms of the human-centered approach to leadership and the understanding of society as a complex entity. The fifth and final section "Conclusions: Synthesis and Further Research Agenda" sums up the findings of the entry and, in addition, sets out the research agenda necessary to learn more about public leadership meta-skills.

## Theoretical and Conceptual Lenses to Leadership Meta-skills

This section explores the theoretical and conceptual roots of leadership meta-skills. The section is divided into four subsections, the first section "Distributed Leadership, Meta-Governance, Metacognition, and Sensemaking" concerns the leadership phenomenon and organizational agency, the second section "Systems Thinking" systems thinking as an approach to conceptualize societal change, the third section "Positive Psychology and the Role of Positive Emotions" the role of positive psychology and positive emotions, and the fourth section "Solutions-Focused Philosophy and Building a Better Future" the role of solutions-focused and future-oriented thinking as the fundament of organizational agency.

### Distributed Leadership, Meta-governance, Metacognition, and Sensemaking

*(a) Distributed leadership* is about sharing leadership practice, tasks, and responsibilities. It is closely related to concepts such as "shared," "collective," "collaborative," "emergent," and "co-" and "democratic" leadership. According to Bolden (2011), the concept (and practice) of shared leadership proliferated rapidly among academic circles as well as professional practice (especially in the field of education) around 20 years ago. Common across all different variations of shared leadership practice is the idea that leadership is not the monopoly or responsibility of just one person or authority. Another common feature in the diversity of definitions of shared leadership is beginning from a collective and systemic framework in respect of organizations, thus conceiving leadership as a social process. An interesting question here is: how well distributed leadership as a practice fits with organizations undergoing change? According to Fitzgerald et al. (2013), for instance, good and solid pre-existing professional relationships underpin the capacity of distributed leadership to implement service improvements in service organizations implementing change. Conversely, poor professional relationships, insufficient team building, and conflicts erode the concerted capacity of

distributed change leadership. This finding suggests that the whole organization has to be geared toward leadership distribution in order to succeed in implementing organizational changes in a proper and successful manner. From the perspective of leadership meta-skills, the distribution of leadership is a relevant approach since it captures the idea of leading together with cross-sectoral leadership competencies.

According to Gjaltema et al. (2019), *(b) meta-governance* did not attract considerable attention in the public management literature until the last few years. Originally, meta-governance appeared in public management studies during the 1990s as an "organizational" or "thematic" solution to governance failures enhancing the accountability, transparency, and trustworthiness of governing networks and the proper use of public funds and resources. Moreover, one established the use of the concept referred to in rather general terms such as the "governance of governance or the organisation of self-organisation." Based on their recent systematic review and conceptual analysis on meta-governance practices, Gjaltema et al. (2019) conclude that meta-governance is "…a practice by (mainly) public authorities that entails the coordination of one or more governance modes by using different instruments, methods, and strategies to overcome governance failures." The essence of this definition is the different mechanisms and practices meta-governance adopts in coordinating and maintaining publicly delivered and/or funded activities in society. This requires cross-governmental approaches to leadership which, in turn, establishes a new type of relationship through meta-governance dynamics between government, governance, and the leadership of public institutions (e.g., La Cour and Andersen 2016).

To a certain extent, *(c) metacognition* is a conceptual parallel to distributed leadership. It conveys the idea of being conscious about what we think about how we and others think which is similar to the notion of distributed leadership ("being aware of what I think about leadership and what others think about that"). According to Metcalfe and Shimamura (1994), for instance, metacognition is "cognition about cognition" or "knowing about knowing" which comes from the root word meta in metacognition referring to as "go beyond." Albeit metacognition refers to the overall consciousness of individual and collective thought (i.e., knowledge about cognition); it also has a more specific dimension that relates to learning and problem solving (i.e., regulation mechanisms that govern the use of cognition). Both of these components of metacognition are relevant when problematizing the nature of leadership meta-skills. The practice of these regulation mechanisms has remained a consistently hot topic of academic debate over disagreements about the architecture of the mind, its epistemology, and the ethical aspects of reading one's mind (see also, Efklides and Misailidi 2010).

In simplified terms, *(d) sensemaking* refers to participating collectively through a process in "which active agents construct sensible events and structure the unknown" with the aim of achieving collectively more than people would do by themselves (Weick 1995, pp. 4–5). So, sensemaking is about bringing collective meaning to events that take place in an organizational setting. Making sense of collective terms – and following Weick (ibid.) – is about creating one's identity, handling issues and events together and retrospectively in a social process in an ongoing manner. Thinking in terms of public leadership and leadership meta-skills in particular the ability to make sense of the operating environment is central to strategic sensitivity. From the perspective of strategic management, strategic sensitivity and strategic imagination more or less replace traditional strategy formulation and bring strategic thinking into play as the everyday organizational collaboration practice of public leadership (see also Peng 2018).

## Systems Thinking

The strength and value of leadership come alive in interaction – in interaction between human beings and collective institutions. The underpinning logic here relates to conceiving public institutions as forming a systemic network. Systems approaches have a long history in organizational and public policy studies: understood and conceived from the perspective of systems, organizations, and public

policies have been conceptualized in their environments as "rational, natural and open systems" (e.g., Scott 1987; Maguire et al. 2006). Over the decades, for instance, general systems theory (GST) has affected greatly these domains of scholarly work. Scott (1987, pp. 85–86), for instance, has argued that this has been the case because a large and growing number of organizational scholars tended to look at GST as a source of learning in terms of designing organizations – e.g., their workflows, control systems, planning mechanisms, and efforts to improve organizational performance – and how best this could be set up in order to carry out their missions. Drawing heavily on GST, systems design gradually entered the field of public policy. According to Von Bertalanffy (1968, p. 32), there are models, principles, and laws that apply to generalized systems or their subclasses, irrespective of their particular nature, the nature of their component elements, and the relations or forces between them. It is however important to note here that looking from an organizational perspective, there are a variety of ways to approach organizations as systems.

Reed (2006, p. 26) argues that this conception of organizations as social systems entered the field of organization studies in the late 1940s and the early 1950s. This was followed by the evolution of GST, originally developed within the scholarly fields of biology and physics which, in turn, provided considerable conceptual inspiration for the subsequent development of what is now known as socio-technical systems theory and "soft system" methodology and which actually dominated the field of organizational studies until the late 1970s and the early 1980s. This development reflected a wider renaissance of utopian thinking which presumed that the functional analysis of organizations as social systems would pave the way for the new conceptual and theoretical foundations of a new science of society. Seeing organizations as systems can be categorized in multiple ways, but analytically these varieties fall into two main categories: closed and open systems. Closed and open systems share common features but differ from each other significantly. For instance, closed systems are responsive only to changes initiated by their own elements, whereas open systems receive inputs from its external environment. Open systems interconnect with other systems, thus laying the foundation for complex systems that are hard to predict because they are often very difficult to understand (e.g., Bardach 2008, pp. 338–339, 353–353).

In summary then, a complex system is an emergent and open system, and a comprehensive entity comprised of a large number of parts dynamically interacting with each other in a nonlinear way, with each part behaving according to some rule or force that relates it interactively to the other parts. Public institutions and organizations – and the sectors of public policy – are closed systems when we focus on organizations from the inside. Furthermore, public organizations operate also as open systems since they are – in real life – interlinked with institutions and forces that take place outside of public administration and connected with other institutions and environmental complexities that surround them from the outside. It is noteworthy to remember then that the transformative approach to public sector change considers change in a similar manner to that of open systems as they are open and adaptive to environmental pressures, utilizing different adaptation mechanisms to cope with change (e.g., deterministic, optional/negotiable, isomorphic, or pragmatic adaptation depending on the strength and nature of environmental pressure (see, e.g., Christensen and Laegraid 2016).

## Positive Psychology and the Role of Positive Emotions

Since Peterson's and Seligman's seminal book (2004), positive psychology has provided a new conceptual frame for better understanding how human beings, organizations, and work change by looking at the role of positive emotions, individual strength-based competencies, and individual and collective resilience processes and models (mental adaptability) (Green et al. 2017). Positive psychology has reversed the pathological approach to human well-being and capabilities to sustaining virtues, strengths, possibilities, and human growth. Positive organizational scholarship is still in its developmental phase, but interest

in actions that lead to positive processes and outcomes in organizations is as important for public sector organizations as it is for any other sector. As such, the strength-based approach generates promising answers to the deadlocks encountered by traditional competence management and transformative ability approaches.

Organizations building on strengths are characterized by their approach to utilizing the resources and enthusiasm of every employee, digging up unused potential for the use of the organization, basing the advancement and the evolution of tasks more on what the employee would like and could do than what he/she has done thus far, investing in facilitating good teamwork, making use of the diversity of people instead of standardized job descriptions, encouraging creativity and innovation, seeing problems more through the lens of mismatch than the lack of gifts, and encouraging employees to live a life suitable to oneself (Linley et al. 2007). All of these are also important features in orchestrating systems change in organizations and societies.

In her "broaden-and-build" theory, Fredrickson (2013) described what positive emotions mean to people's learning and the way they act. When overcome by negative emotions is like walking while wearing blinkers: observations and thinking are narrowed and the ability to learn from the situation is limited. On the other hand, feelings of positive curiosity accelerate the ability to learn and create new kinds of thinking and action even in challenging situations and with only fragmentary elements.

Broadening positive emotions and building on them is an important part in strengthening psychological, physical, and social resources and widening the flexibility of operations. The ability to engage in critical thinking is important in analyzing information and making reasoned judgment, while positive emotions help in observing any matter from multiple perspectives, taking different types of knowledge and experience into account, identifying and testing different alternatives, and considering their pros and cons. So, critical thinking should not be conflated with criticism, ruling out uncustomary observations and viewpoints and deteriorating relationships.

From the perspective of public leadership then, it is crucial to understand the importance of the positive emotions behind human activity and in developing a genuine interest in people, their ways of thinking, and their different realities. Systems thinking and the transformative approach to public sector change as well as leadership in public organizations can gain a lot from positive psychology in releasing positive human potential in societies and in public sector organizations.

## Solutions-Focused Philosophy and Building a Better Future

Solutions focus (or solution-focus) is a vivid global practice in all professions dealing with people, yet it is not often described from the point of view of theory building. The reasons for this lie in the people-centrism nature of the solutions-focused approach which takes people's experiences, worldviews, and values as the starting point for all interventions. Solutions focus highlights the priority of practice, since "practice is something no one can do away with. Humans can stop thinking and reflecting or even be fully unaware of their doings, but they cannot stop practice" (Theory of Solution-Focused Practice 2020).

Solutions focus builds on ideas of cybernetics, complexity, communication, feedback, social constructivism, and language philosophy, namely, the work of Ludwig Wittgenstein. Originally it was developed by therapeutic practices of Milton H. Erickson and the theoretical development, clinical practice, and empirical research of Insoo Kim Berg and Steve de Shazer (Theory of Solution-Focused Practice 2020). Over the last 30 years, it has been applied across many areas of society, like leadership, human resources, healthcare, school, work design, organizational development, training, and coaching.

As a social constructivist approach, solutions focus abandons the enlightenment-based assumption that there exists an unbiased mind and objective facts that are waiting to be discovered in human and social behavior (Barret 2015). Instead, it reminds us that interactions and perceptions are context-bound and subject to individual reflections. No problems, issues, or successes arise in

a vacuum; attention must always be paid to the context. And if we want to make a positive difference, to building a favorable context. What we perceive affects what we think and what we think is portrayed in how we act. Meaning is created through social interactions, and that goes also for words having no fixed sense. Language is always used in relation to different contexts and other persons, and knowledge is first and foremost an interactive social achievement, not a private accomplishment.

In addition to seeing people as "holistic systems in interaction with systems," solutions focus makes a fruitful basis for skills development, leadership, and systems change by seeing people as enactive, capable, and resourceful – especially when invited to interaction nourishing their best features and virtues. This is a remarkable paradigm shift to appreciating the knowledge, experience, and strengths in different people and basing further development on that instead of orientation toward filling people's supposed skills gaps.

Building on what is working in human existence and interaction, solutions focus puts into action the things that a latecomer, positive psychology, researches (Bannik and Jackson 2011). The solutions-focused approach stays away from offering explanations from power or expert positions and underlines the importance of creating and hosting an interactive space where the best human features are nourished. This is done by nurturing collaborative and dialogical relationships and practicing the so-called not-knowing position (Malinen 2004) by withholding judgment in terms of drawing consequences and staying actively curious of the way in which another person perceives the world.

The solutions-focused approach is cognizant of the fact that all interaction involves several contexts (personal, social, legal, political, cultural), stretching the human ability to engage in de- and recomposing, while framing and reframing from multiple viewpoints is at the heart of learning and development. In problematic situations the solutions-focused approach offers a "context of solutions" through open- and future-oriented questioning. Solutions-focused questions address, indirectly, the context that has created the problematic situation and explore possibilities for new understandings and new kinds of action to emerge (BTA-Practice Definition Group 2020). So, instead of imposing external views or learning on a person, the solutions focus aim is to widen the view of possibilities and rearrange the knowledge and learning residing in people and groups.

For deep learning and systems change, solutions focus practice offers conversational tools enabling people to become aware of their own possibilities, to strengthen people's agency, and to enable meaningful change. Solutions-focused philosophy and future orientation create a basis for addressing difficult issues and processing conflicting views in a manner that stimulates renewal.

## The Typology of Public Leadership Meta-skills

### Selection of Leadership Meta-skills

In a world of intertwined issues and interconnected societal problems, an important emerging question is how to raise and renew public leadership capabilities in order to face the various trans-contextual societal challenges on the one hand and, on the other, lead the transformation toward the needs of a changing world. These challenges call for the turn from the traditional leader-centered approach of change and capability building to systems thinking, networked leadership, and a more relational approach. Developing as a leader is a personal lifelong process which deserves constant attention and reflection, but an important part of leadership is also to enable others – personnel, colleagues, and cooperation partners – to develop, and to learn so that organizational practices are transformed to generate better administration for citizens and clients.

In every role in the public sector, it is important to reach out to other contexts and strive to understand how things look from the perspective of others. For civil servants previously accustomed to taking care of their own plot inside the legislative frame, coming to the edge of their own competence can be distressing and often raises concerns over desirability and permission. It is

an important mission for public sector leaders to clear space for transformation, variety, experimental tryouts, and new ways of working. Leaders' actions have a profound impact on organizational cultures as well as the public sector's ability to renew itself and achieve good results. Public sector leaders are in a position to redesign public administration structures and workflows in order to take advantage of, for example, more joint working platforms and cross-administrative approaches which respond better to the current needs of citizens and act as enabling catalysts in societal development.

Organizations learn through both individuals and collectives (Chiva and Habib 2015), and they learn in a timely fashion only if enough learning loops are embedded in everyday processes of organizations and networks. For leadership, this means shifting the focus to developing meta-skills both as personal skills and organizational practices, i.e., capabilities that are overarching and transferable from one sphere to another. Meta-skills are important in building the readiness to tackle varying issues regardless of the public sector branch.

Sometimes meta-skills are approached by publishing listings of "working life" and "future skills" and renewing them regularly (e.g., World Economic Forum). However, vital meta-skills are always dependent on the contexts in which people operate. Therefore, it is not fruitful to spend too much time discussing which skills are included on such lists and which are left out. It is more important to understand the nature and importance of meta-skills and their role in generating renewal and good results. Meta-skills that seem to be particularly important for public sector leaders in a fluctuating and complex world are dialogical positioning and an enabling mindset, learning to learn and harnessing thinking skills, taking a systems approach, and putting things into practice. All of these facilitate good trans-contextual interaction and promote integrative change and renewal.

### Learning to Learn

From a foresight and future perspective, there is one meta-skill that outranks all others: learning to learn (Virtanen and Tammeaid 2020; Senge and Sterman 1992). Learning cannot be portrayed as something that happens mainly at school or university and only during the earlier years of life. Good leadership is a constant process of learning. Changing the world and its operating environment requires a change in the way of thinking and acting. Everyday challenges can be seen as learning challenges for individuals, teams, organizations, and networks. They require reflection and the building of renewing learning loops individually and jointly as well as positively curious minds and persistence in overcoming obstacles and failures in building new knowledge. Critical questions in all leadership tasks include: How do I learn myself? Do I take time for it? Broadly enough? And how do I help my organizations and networks to learn from different sources of knowledge (cumulating experience, client interface, data, scientific research, tacit knowledge, foresight, creative approaches). In the context of systems change, learning to learn is the ability to view one's own activities as part of a larger context and finding new and constructive ways to be and act as part of the emerging entity. Organizations in transformation need third-loop learning (Romme and Witteloostuijn 1999), which is not memorizing but creating.

### Systemic Understanding

Acting intelligently in a complex world calls for understanding that no human community is a machine or other entity based on mechanistic cause-and-effect relationships. Instead, there are many parallel realities present all the time. Individuals and collectives have their own, multi-angled perspectives, and the whole is made up of individual and shared narratives (Cronen et al. 2009). Achieving change is always a process and requires a new kind of joint sensemaking, interaction, and feedback loops. In the systems approach, the illusion of ability to control human systems and societies is replaced by understanding that every part of a systemic entity affects the whole as in a game of dominoes. Action as part of the system can be enabling or opportunity-reducing. Instead of describing and mapping the properties of the system, it is more important to see each other as part of the system and ask what we want

to create together as part of the system. The fastest way to bring about change is to set in motion many small parallel processes that lead in the same direction (Termeer and Dewulf 2018).

### Harnessing Thinking Skills

Narrow conceptions of knowledge and a desire to solve complex issues with one mechanical approach or power are still common features in public administration. Harnessing thinking skills helps to overcome these rigid mental models. At the core of this transformation is the meta-skills of questioning your own and common beliefs and established practices in a constructive way. Thinking skills refer to metacognition, i.e., the ability to understand how one thinks and how other people construct their thinking, including how motives, beliefs, and emotions guide thinking, how decisions and choices are made, how they could be made better, how to test the reliability of the data and different scenarios, how to practice creative and intuitive thinking, and how to reinforce mental resilience.

The solutions-focused practice of framing and reframing (Mattila 2001; Sparrer 2007) is both a practical and deep-seated way to develop one's perceptional choices and mental flexibility. Framing chosen for dealing with different issues affects a great deal of possible viewpoints and outcomes. Testing with different framings can lead to useful reframing, accelerating change. When a solution is co-constructed in interaction with reflection and open questions, it has already cultivated the subcultural and habitual ground of behavioral change. It is also important to note that since language defines our thinking, the use of language is also an instrument of thinking skills (McKergow 2013). Human beings and organizations make constant choices over how they describe issues, incidents, and significant others. Choosing excluding and negative definitions reduces opportunities for good interaction and favorable outcomes, while choosing collaborative language and definitions creates cooperation.

### Dialogical Approach

To succeed in leading people and enabling them to realize their capabilities to their full potential presupposes abandoning hierarchical and autocratic relationships. People usually have different roles in organizations and networks, but any collective functions best when it is a place for human working with human, not positions or statuses colliding with each other. The dialogical approach itself does not strive to new actionable solutions but merely seeks to widened understanding of different experiences and contexts, building bridges between them. Isaacs (1999, 2007) defines dialogue as an art of thinking together and an actionable skill, which improves the conditions for any cooperation or change.

Joint sensemaking happens through dialogue, and therefore dialogue is both an approach or mindset and an everyday skill used to create a dialogical environment giving freedom of thinking and expression for everybody and consequently maintaining interaction on an equal basis. As an everyday skill, it contains reciprocity in terms of giving time and appreciation to relationships and interaction. Gergen et al. (2007) have, for instance, emphasized dialogue as having often unrealized levels of coordination and insight originating from relational responsibility, self-expression, affirmation, coordination, reflexivity, and the co-creation of new realities that help people to function in systems in a way that is fruitful for themselves and others.

### Enabling Mindset

An enabling mindset – rather than a problem and deficit focus – is the breeding ground for seeing and taking new opportunities, creating new ways of working and interaction, and, even more importantly, appreciating the natural transformative capacity human beings and communities have. Organizations should pay greater attention to *how* than *what*, when it comes to common procedures, and focus on cultivating the enabling mindset. Human beings and human collectives are complex by nature, and no living system can be completely controlled. This basic rule of thumb in relation to complex human systems is useful to bear in mind also in the daily life of organizations and leadership. Echoing Capra and Luisi (2014), living systems can, however, be disturbed, and therefore it is important to ensure that the

disturbance practiced (e.g., by leadership) has a positive effect.

Change begins with the assumptions people bring with them. Paying attention to the strengths and capabilities of the components of a systemic whole increases the functionality and developmental capacity of the human system. On the other hand, paying attention to the shortcomings and deficiencies of the components of the system reduces the functionality and development opportunities of the system. No systemic whole is irreversible in terms of reducing it to its parts, and, as such, it is the interaction of the parts that makes it unique. The ways of working and interacting in organizations are man-made and constantly evolving. The quality of the interaction determines the functionality of an organization.

Starting from what already works and learning from that, expanding successes and building on resources produces very different change results from those attained by avoiding failure or diagnosing problems. Planning by backcasting from the preferred future brings remarkably different results compared to looking at the past or focusing on describing why a problem exists. Although organizations and other human communities are not machines, there is a historic ballast of organizational scholarship to treat them like they were. Investing time and effort in good interaction and common platform building, opening up new viewpoints and possibilities, and building in intrinsic motivation require an enabling mindset and seeing human diversity as an asset. It also brings a different view on competence development taking it from filling competence gaps based on external assessment to setting goals together and supporting growth. An enabling mindset pays conscious attention to positive deviations and builds on them.

## Reaching Out to Praxis

Many people have good and even innovative ideas, but putting them into action is a meta-skill that deserves special attention and practice. The idea of separating, on the one hand, planning and implementation and on the other strategic and operational management does not work in a systemic and networked world. That is also the reason why most of these plans gather dust on shelves instead of changing much on the everyday level. The way decisions are made is of great importance. Likewise, the implementation process and the means chosen have a significant impact on success in reaching strategic goals, as well as on people's experience and behavior. No one can completely control a living system, so the only thing that can be influenced is our own actions in the system.

Promoting systems change is an organic process starting from inviting people to take part in the change, allowing for individual ways to participate, cultivating a process feeding the change in practice, staying curious and open to learning opportunities that appear along the way, and learning from the process while running. From a system's point of view, leadership can best be described as utilizing one's opportunity to influence in a particular situation or from a particular role within the system.

In principle, leaders' opportunities to show an example and enable change are greater than others. Two important ways of putting things into action in the systemic world are purposefulness and experimentation. The first meaning, primarily, explores the desired future in order to see in which direction the system wants to move and building a way forward instead of continuing with analyzing cause-and-effect relationships. The latter – experimentation – means taking an experimental attitude to discovering possible futures by action learning and experimentation.

There is a long tail of enlightenment supposing that thinking and reflection – "strategic planning" in governance terms – come before action. Social constructionism and enactive cognition have reminded that the process can also work in reverse (e.g., Barret 2015; McKergow 2021): knowledge and action are linked; cognition is embodied and includes also nonlinguistic meaning-making. Experiments and design thinking are therefore an important addition to public sector's ways of knowledge creation and sensemaking.

## Practical Implications

### Enabling Systems Change

Developing meta-skills increases public sector leaders' capabilities in leading their own organizations in a positive way and working as a trusted part of egalitarian cross-sectoral networks. As a whole, developing meta-skills increases the resilience of the public administration and its capacity to act as a catalyst for future societal change. Meta-skills carry within themselves the notion of not trying to make either structures better or develop the individuals but rather to affect the systemic whole via multiple interactional paths. Meta-skills bring in a remarkable amount of Aristotelian virtue *phronesis* to public sector organizations and their ways of functioning. According to Darnell et al. (2019), there are two particularly important functions that *phronesis* performs for its possessor: first the ability to examine the situation from multiple viewpoints and pursuit ethical deliberation toward finding the best possible way forward and, second, especially in dilemmatic situations, prioritizing solutions that integrate different components of the good life.

Meta-skills also derive from pragmatic philosophy the notion of seeing imagination, communication, and context as essential parts of decision-making and of putting thought into practice (Ansell and Geyer 2017). In these iterative processes, emotion is intertwined with cognition and forms an integral part of solution building and skills development (ibid. Ansell & Geyer). Perception, consciousness, and emotions are often forgotten, but are a strongly related part of organizational and systemic learning (Bateson 2016; Chiva and Habib 2015; Roeser and Pesch 2016). Developing meta-skills is also an ongoing and lifelong process running parallel with everyday life and work. Working in different organizations (i.e., top civil service rotation), spheres, and cultures nurtures the ability for meta-skills development by making tangible the systemic principle of the "fish being the last to notice the water." Governments that actively promote work rotation are better off in terms of developing leadership and civil servant skills related to understanding and using trans-contextual knowledge.

### A Shift Toward Human-Centered Leadership and Systems Views of Change

The human-centered governance paradigm is gaining in importance (UK Policy Lab 2018; Bason 2017), and meta-skills enhance the qualities that are needed in dealing with multi-contextual intertwined issues and reduce the tendency toward legalistic reductionism and managerial tunnel vision. Meta-skills also unpack the assumptions that lie behind traditional thinking of how change happens. Very often leadership and administrative actions reveal a belief in a causal logic of change based on commanding, using power positions, ordering, warning, restricting, threatening, or advising from an expert position. All of these are however generally ineffective ways of affecting human thinking and behavior in a sustainable and transformative way. They generate little or no change and promote external learning, negative emotions, and a loss of trust. Accelerating systems change and human-centered leadership mean looking at change as learning and co-creation.

The human-centered approach also challenges the customary ways of measuring and evaluating change by developing it in a more mission-driven and systems-based direction (Lähteenmäki-Smith and Virtanen 2020). Traditional research questions and approaches around result orientation and accountability echo dualistic thinking interested in whether a change has happened or not. This kind of examination, however, leaves out the characteristics and nature of societal and human change. It relies on a managerial change view, where the change can be predicted, planned, and verified. There are strong tendencies toward a top-down view, strong belief in mechanistic and hierarchal manageability, and repeatability in the organizational world, and these reductionistic tendencies seem to be strengthened in the spheres of measuring and evaluation although they fit poorly with today's complex world (e.g., Lowe 2013).

Systemic change involving multiple parties means different learning for all the different groups and individuals, since they participate in the transition out of different contexts, backgrounds, roles, and strengths. In social change there is no "push button" that would start the

desired progress everywhere and in any circumstances. Meanings are always co-created, and accelerating systemic change means taking a living systems approach, cultivating the dialogical conditions and nonlinear thinking, working with many aspects and different stakeholders simultaneously, and being interested in transformative change and openness for adaptation. It follows that looking at the effectiveness and outcomes of a developmental change of a system should be driven by the same assumptions (Virtanen and Tammeaid 2020). Using nonmeaningful measures in evaluation and performance assessment has also in itself had a discouraging effect on motivation and trust (Lowe and Wilson 2017).

It is important to evaluate transitions or systems change as dynamic learning processes where evaluation is an ongoing activity, guiding and redirecting the emerging change along the way. Enriching learning loops are a propellent of change and focusing on them enables transition. This is also an important step away from dualistic thinking and not taking into account that systemic interactions are reciprocal and nonlinear (Van Bavel et al. 2012) and affect the whole system both directly and indirectly. Systems thinking and systems change are hard for positivistic scientific thinking to internalize because of its adherence to the potential to define, describe, and master human self-organizing capabilities rather than appreciating and nourishing the human capacity to ride complexity and perpetually transform the patterns of system in a dynamic way. Echoes of this can be seen, for example, in the systems theory discussions raised by Burisch and Wohlgemuth (2016) and Cilliers (1998).

The discourse around the innovation capacity of organization has raised a distinction between incremental and disruptive change highlighting the importance of the latter. In a complex and ambiguous world, it is important to bear in mind that transitions with profound effects have a cross-sectoral effect and that the role of foresight, future thinking, and agile action is vital. From the perspective of systems change and meta-skills, there is though no conflict between incremental and disruptive change measures. Organizations and networks usually benefit from both. Creating and sustaining regular learning loops focusing on small changes, everyday innovations in working methods and learning cross-sectorally may not always produce disruptive innovations, but they do create and maintain the mindset of exploration and experimentation in the organization. They also lead to concrete small-scale changes which buttress the dynamic capabilities of the organization and can be crucial in archiving good results (Vermeer and Wenting 2018; Termeer and Dewulf 2018).

A further important addition in terms of positive psychology that the solutions-focused approach brings to accelerating systems change is its stress on positive deviations. Noticing strengths and positive development, modeling successes and expanding from them, and boosting positive feedback are all key competences for dynamic organizations and for successfully developing self-organizing human systems. Shifting the spotlight onto this positive core thus alters the prevailing view of change, and learning from being something hard, imposed, and external toward a natural way for a human being to be in the world and to be ready explores it. This is a difference that "makes a difference" in change making.

## Reshaping Leadership Training for a Complex World

The scholarly discussion around the appropriate and necessary forms of leadership development in the public sector has in recent times focused on behaviorally distinguishing effective managers from ineffective managers and on establishing holistic competency models (e.g., Hamlin and Whitford 2020; Skorková 2016; Larat 2016). It is well known that there are a number of policy issues that can no longer be addressed alone either by sector or nation-state, thus heightening the need for new kinds of dynamic and transformative capabilities able both to adapt and shape the environment (e.g., Kattel and Mazzucato 2018; Teece 2018; Bourgon 2017; Burischa and Wohlgemuth 2016; Meredith et al. 2016; Mau 2015). These findings indicate that a combination of coaching, classroom training, feedback, and experimental learning seems to have the best impact on leader

performance and organizational effectiveness (Seidle et al. 2016; Parry and Sinha 2007). Human-centered skills like empathy, ethics, participation, and design approaches are highlighted from the point of view of leadership interaction inside organizations and in achieving societal results (i.e., Quirk 2018; Van der Wal 2017; Bason 2017).

Delivering training that builds capabilities to enable action in a complex world calls for the giving up of the customary knowledge-gap approach from the trainer's side and looking past the notion of teaching as knowledge transfer from one person to another. Seeing training as co-construction between the participants shifts attention from teaching to learning and creates a positive learning spiral that has ripple effects, also on leadership culture in a broad sense and for interaction in real-life settings (Virtanen and Tammeaid 2020). The development of meta-skills via training can best be described as emergent learning meaning personal and collective empowerment, leading to new insights and greater action competence (Freisleben 2020, also Darling et al. 2016). Using innovative and mixed methods and supporting both individual and joint agency, competence, and resources help to overcome various meaningful challenges. It also means going over to learning design based on socially constructed mutual learning and building on peoples' experiences, ideas, intuition, and mutual sensemaking instead of relying on expert lectures to form the content. It is time to see that there is no science- or expertise-based solution to every problem and providing new knowledge by lecturing does not usually generate new kinds of actions.

Systems thinking has clearly been influenced by cognitive psychology which is portrayed as focusing on mental models needing change as a prerequisite for transformative change. That is one way to describe changes on the thinking and identity level. Enactivism and solutions-focused approaches remind us though that human learning and change are happening not only at the level of thinking but also at the experimental level (McKergow 2021), something which delivers an important message in terms of learning, training, and teaching. Solutions-focused training design constantly seeks links between large-scale endeavors and everyday behavior. With this combination it is a way to operate on several learning layers simultaneously and initiate learning, reframing-focused thinking, and action. It strengthens individual and joint meta-skills by broadening horizons, fostering dialogue, and joint sensemaking as well as learning by doing and putting ideas into action in real settings. This kind of training makes use of the previous skills and capacities of the participants, enhancing both individual and joint goal setting and building enabling mindsets. It is only when different kinds of knowledge are combined with skills and experiences in a manner deviating from how it has been done before that new solutions arise.

Training, the bringing together of multi-contextual groups, functions as an incubator of rearranging learning, discovering unpredicted new possibilities, and adapting learning and its outcomes to the individual needs of the participants derived from their personal backgrounds, situations, and aspirations (Jacobs 2017). A well-designed multi-contextual learning is not only about putting the cognitive pieces together but also about rearranging present and previous learning in such a way that it leads to new understandings and to new ways to be and act in the world.

An important part of learning is activities that take the learners to real service touch points: develop capabilities to develop competences to simply observe without an immediate need to categorize, judge, or decide anything; and gather multi-angled information to ponder and after that practice the new skills. Leadership training supporting the development of meta-skills is also designed as a process allowing time, space, and continuity for immersion, growth, and bewilderment which is also an important part of transformative learning. A well-designed learning process is far from linear and always an entity impossible to reduce to its individual parts either working or evaluated on their own. In a long learning process, a keynote or an intriguing viewpoint can look and feel very different when first heard and after some months of thinking and processing. Often, some at first glance irritating features prove to be the most

valuable ones in creating new kinds of thinking and action. Typically, a human being within a transformative change process is not really capable of evaluating their own learning in the middle of the process. When thinking expands to new levels however, the capability for assessment is increased (Virtanen and Tammeaid 2020).

## Conclusions: Synthesis and Further Research Agenda

The topic of this entry – public leadership meta-skills – is still a relative newcomer in both the academic and practice fields in respect of public leadership. Grounded in systems thinking and positive psychology, the solutions-focused approach, as well as distributed leadership theories, metacognition, meta-governance, and sensemaking, the meta-skills approach offers a fresh way to approach the ongoing challenges of public leadership.

Adopting a systems approach to change and the development of leadership meta-skills reduces the burden of leadership uniformity, i.e., finding one model, solution, or shared understanding of a situation. Instead, conceiving of society as a system introduces the need to agree on future goals in a way that different parts of the public policy system better relate to each other. Understanding complexities is a prerequisite for public leaders to work toward societal goals which make sense from their position and viewpoints. Instead of trying to funnel down a shared opinion or definition, the meta-skills approach underlines the variety of human perception and context and harnesses these layers of action to benefit a wider process of transition. Developing meta-skills contributes to the development of capabilities that can impact systems change by hosting, creating conditions, and interacting.

In order to increase the capacity of the decontextualized public administration to act in our complex world, three substantial shifts are required: from structure focus to human focus, from governance to collaboration (reaching out to new modes of meta-governance), and from knowledge transfer to co-creation. Developing meta-skills is a way for the public sector to learn new and fruitful ways to interact with the society and to transform its own ways of working. The problems and issues public leaders handle are often ambiguous, challenging, and evolving. This raises the questions of framing and interpretation which are decisive in addressing them. Moreover, from the point of view of nudging systemic and transformative change, meta-skills become central by enabling new ways of encountering, reframing, and understanding.

The emergence of meta-skills as academic and practical reasoning in the field of public leadership sets out a number of possibilities for future research. These for instance include a detailed empirical cultivation of the acquisition and deployment of meta-skills and coupling meta-skills as a mechanism for contributing, attaining, and achieving performance goals set for public organizations and institutions. Moreover, an interesting aspect that relates to leadership meta-skills development here concerns the supply and demand of meta-skilling – how these meta-skills development aspects are anchored in the curriculums of public leadership training and how public leaders feel about the demand to focus on them. In the long run, additional analysis will also be required in terms of identifying the structural and organizational ingredients that trigger the emergence of meta-skills deployment and, on the other, how government and administrative structures evolve in relation to the adoption and development of meta-skills as a key element in public policy and public administration leadership practice. Finally, further exploration of the specific meta-skills relevant in a variety of diverse organizational contexts merits thorough theoretical, conceptual, and empirical research.



## References

Ansell C, Geyer R (2017) Pragmatic complexity' a new foundation for moving beyond 'evidence-based policy making'? Policy Stud 38(2):149–167. https://doi.org/10.1080/01442872.2016.1219033

Bannik F, Jackson PZ (2011) Positive psychology and solution focus. Interact J Solution Focus Organ 3(1):8–20

Bardach E (2008) Policy dynamics. In: Moran M et al (eds) The Oxford handbook of public policy. Oxford University Press, Oxford, pp 367–388

Barret FJ (2015) Social constructionist challenge to representational knowledge: implications for understanding organization change. In: Bushe GR, Marshak RJ (eds) Dialogic organization development: the theory and practice of transformational change. Berrett-Koehler Publishers, Oakland, pp 59–76

Bason C (2017) Leading public design: discovering human-centred governance. Policy Press, Bristol

Bateson N (2016) Symmathesy – a word in progress. Proceedings of the 59th Annual Meeting of the ISSS – 2015, Berlin. Retrieved from https://journals.isss.org/index.php/proceedings59th/article/view/2720

Bolden R (2011) Distributed leadership in organizations: a review of theory and research. Int J Manag Rev 13(3):251–269. https://doi.org/10.1111/j.1468-2370.2011.00306.x

Bourgon J (2017) The new synthesis of public administration fieldbook. Dansk psykologisk forlag, Copenhagen

BTA-Practice Definition Group (2020) See: Theory of Solution-Focused Practice

Burisch R, Wohlgemuth V (2016) Blind spots of dynamic capabilities: a systems theoretic perspective. J Innov Knowl 1(2):109–116. https://doi.org/10.1016/j.jik.2016.01.015

Capra F, Luisi PL (2014) The systems view of life: a unifying vision. Cambridge University Press, Cambridge

Chiva R, Habib J (2015) A framework for organizational learning: zero, adaptive and generative learning. J Manag Organ 21(03):1–19. https://doi.org/10.1017/jmo.2014.88

Christensen T, Laegraid P (2016) A transformative perspective. In: Van de Walle S, Groeneweld S (eds) Theory and practice of public sector reforms. Routledge, London, pp 27–43

Cilliers P (1998) Complexity and postmodernism: understanding complex systems. Routledge, London

Cronen EC, Lang P, Lang S (2009) Circular questions and coordinated management of meaning theory. Human systems. J Therapy Consult Train 20(1):7–34

Darling M, Guber H, Smith J, Stiles J (2016) Emergent learning: a framework for whole-system strategy, learning, and adaptation. Foundation Rev 8(1):59–73. https://doi.org/10.9707/1944-5660.1284

Darnell C, Gulliford L, Kristjánsson K, Paris P (2019) Phronesis and the knowledge-action gap in moral psychology and moral education: a new synthesis? Hum Dev 62(3):101–129. https://doi.org/10.1159/000496136

Efklides A, Misailidi P (eds) (2010) Trends and prospects in metacognition research. Springer, Cham

Fitzgerald L, Ferlie E, McGivern G, Buchanan D (2013) Distributed leadership patterns and service improvement: evidence and argument from English healthcare. Leadersh Q 24(1):227–239. https://doi.org/10.1016/j.leaqua.2012.10.012

Fredrickson BL (2013) Positive emotions broaden and build. Adv Exp Soc Psychol 47:1–53. https://doi.org/10.1016/B978-0-12-407236-7.00001-2

Freisleben C (2020) Emergent learning. In: Biester U, Mehlmann M (eds) A transformative edge: knowledge, inspiration and experiences for educators of adults. Transformation Hosts International Publications, Berlin, pp 132–135

Gergen K J, McNamee S, Barrett F J (2007) Toward transformative dialogue. Int J Public Adm 24(7–8):679–707. https://doi.org/10.1081/PAD-100104770

Gjaltema J, Biesbroek R, Termeer K (2019) From government to governance . . . to metagovernance: a systemic literature review. Public Manag Rev. https://doi.org/10.1080/14719037.2019.1648697

Green S, Evans O, Williams B (2017) Positive psychology at work: research and practice. In: Proctor (ed) Positive psychology interventions in practice. Springer, Cham, pp 185–206

Hamlin RG, Whitford S (2020) Perceived managerial and leadership effectiveness within the Canadian public sector. Hum Resour Dev Q 31(2). https://doi.org/10.1002/hrdq.21406.

Holten A, Bollingtoft A, Wilms I (2015) Leadership in a changing world: developing managers through a teaching and learning programme. Manag Decis 53(5):1107–1124

Isaacs W (1999) Dialogue: the art of thinking together. Currency, New York

Isaacs WN (2007) Toward an action theory of dialogue. Int J Public Adm 24(7–8):709–748. https://doi.org/10.1081/PAD-100104771

Jacobs M (2017) One or many? How consulting in multi-sector transformational change differs from consulting within a single organization. OD Practitioner 49(1):20–27

Kattel R, Mazzucato M (2018) Mission-oriented innovation policy and dynamic capabilities in the public sector. Ind Corp Chang 27(5):787–801. https://doi.org/10.1093/icc/dty032

La Cour A, Andersen NA (2016) Metagovernance as strategic supervision. Public Perform Manag Rev 39(4):905–925. https://doi.org/10.1080/15309576.2016.1180305

Lähteenmäki-Smith K, Virtanen P (2020) Mission-oriented public policy and the new evaluation culture. In: Lehtimäki H et al (eds) Society as an interaction space: a systemic approach. Springer. https://doi.org/10.1007/978-981-15-0069-5_4. Translational Systems Sciences 22:69–87

Larat (2016) Developing an integrated and comprehensive training strategy for public sector leaders: the French experience. Teach Public Adm 35(1):88–101. https://doi.org/10.1177/0144739416655598

Linley P, Govindji R, West M (2007) Positive psychology approaches to public services leadership: an introduction to strengths-based leadership. Int J Leadersh Public Serv 3(4):44–55

Lowe T (2013) New development: the paradox of outcomes – the more we measure, the less we understand.

J Public Money Manag 33(3):213–216. https://doi.org/10.1080/09540962.2013.785707
Lowe T, Wilson R (2017) Playing the game of outcomes-based performance management. Is gamesmanship inevitable? Evidence from theory and practice. Soc Policy Adm 51(7):981–1001. https://doi.org/10.1111/spol.12205
Maguire S, McKelvey B, Mirabeau L, Öztas N (2006) Complexity science and organization studies. In: Clegg SR et al (eds) The SAGE handbook of organization studies. Sage, London, pp 165–214
Malinen T (2004) Interview: the wisdom of not knowing? A conversation with Harlene Anderson. J Syst Therapy 23(2):68–77. https://doi.org/10.1521/jsyt.23.2.68.36646
Mattila A (2001) "Seeing things in a new light" – Reframing in therapeutic conversation. Rehabilitation Foundation, Research Reports 67/2001, Helsinki
Mau TA (2015) Leadership competencies for a global public service. Int Rev Adm Sci. https://doi.org/10.1177/0020852315576706
McKergow M (2013) Fifty years of the interactional view – an interview with Janet Bavelas. InterAction – The Journal of Solution Focus in Organisations 5(2):92–116. Published by SFCT, Friedrichsdorf
McKergow M (2021) The next generation of solution focused practice. Routledge, London. (in press)
Meredith P, Rosell SA, Davis GR (2016) Catalytic governance: leading change in the information age. University of Toronto Press, Toronto
Metcalfe J, Shimamura AP (1994) Metacognition: knowing about knowing. MIT Press, Cambridge
Parry KW, Sinha PN (2007) Researching the trainability of transformational organizational leadership. Hum Resour Dev Int 8:165–183. https://doi.org/10.1080/13678860500100186. Published online 2007
Peng H (2018) Distributed imagining processes in organizational change sensemaking. J Organ Chang Manag 31(7):1368–1382. https://doi.org/10.1108/JOCM-09-2017-0349
Peterson C, Seligman M (2004) Character strengths and virtues: a handbook and classification. American Psychological Association, Washington, DC
Quirk B (2018) Empathy, ethics and efficiency: twenty first century capabilities for public managers. Springer. https://doi.org/10.1007/978-981-13-1480-3
Reed M (2006) Organizational theorizing: a historically contested terrain. In: Clegg SR et al (eds) The SAGE handbook of organization studies. Sage, London, pp 19–54
Roeser S, Pesch U (2016) An emotional deliberation approach to risk. Sci Technol Hum Values 41(2):274–297. https://doi.org/10.1177/0162243915596231
Romme AGL, Witteloostuijn A (1999) Circular organizing and triple loop learning. J Organ Chang Manag 12(5):439–453
Scott WR (1987) Organizations. Rational, natural, and open systems. Prentice-Hall, Englewood Cliffs
Seidle B, Fernandez S, Perry JL (2016) Do leadership training and development make a difference in the public sector? A panel study. Public Adm Rev 76(4). https://doi.org/10.1111/puar.12531
Senge PM, Sterman JD (1992) Systems thinking and organizational learning: acting locally and thinking globally in the organization of the future. Eur J Oper Res 59:137–150. https://doi.org/10.1016/0377-2217(92)90011-W
Skorková Z (2016) Competency models in public sector. Procedia Soc Behav Sci 230:226–234. https://doi.org/10.1016/j.sbspro.2016.09.029
Sparrer I (2007) Miracle, solution and system: solution-focused systemic structural constellations for therapy and organisational change. SolutionsBooks, Cheltenham
Tammeaid M, Virtanen P, Meyer J (2021) Leadership meta-skills in public institutions. In review at SN Business & Economics
Teece DJ (2018) Dynamic capabilities as (workable) management systems theory. J Manag Organ 24:359–368. https://doi.org/10.1017/jmo.2017.75
Termeer CJAM, Dewulf A (2018) A small wins framework to overcome the evaluation paradox of governing wicked problems. Polic Soc. https://doi.org/10.1080/14494035.2018.1497933
Theory of Solution-Focused Practice (2020) EBTA-Practice Definition Group (Sundman P, Schwab M, Wolf F, Wheeler J, Cabie M-C, van der Hoorn S, Pakrosnis R, Dierolf K, Hjerth M). BoD GmbH, Norderstedt. ISBN-13: 9783751976749
UK Policy Lab (2018) Styles of intervention for government policy-making. In slide-share. https://www.slideshare.net/Openpolicymaking/styles-of-intervention-for-government-policymaking
Van Bavel JJ, Xiao YJ, Cunningham WA (2012) Evaluation is a dynamic process: moving beyond dual system models. Soc Personal Psychol Compass 6(6):438–454. https://doi.org/10.1111/j.1751-9004.2012.00438.x
Van der Wal Z (2017) The 21st century public manager: challenges, people and strategies. Palgrave, London
Van Wart M (2003) Public sector leadership theory: an assessment. Public Adm Rev 63(2):214–228
Van Wart M (2013) Administrative leadership theory: a reassessment after 10 years. Public Adm 91(3):521–543
Van Wart M (2017) Leadership in public organizations. Routledge, New York
Vermeer A, Wenting B (2018) Self-management. How it does work. Reed Business Information, Amsterdam
Virtanen P, Tammeaid M (2020) Developing public sector leadership: new rationale, best practices and tools. Springer, Cham. https://doi.org/10.1007/978-3-030-42311-7
Von Bertalanffy L (1968) General systems theory: foundations, development, applications. George Braziller, New York
Weick KE (1995) Sensemaking in organization. Sage, Thousand Oaks

# Public Management Models, Latin America

Conrado Ramos and Alejandro Milanesi
Universidad de la República, Montevideo, Uruguay

## Synonyms

Administrative management; Bureaucracy; Public management

## Definition

The administrative, institutional, and bureaucratic characteristics that countries in the Latin American region have been building since its consolidation as modern states.

## Introduction

Talking about a model of public administration in Latin America entails a simplification effort in view of the variety of countries with different governance structures, administrative systems, historical legacies, and ways of addressing public sector reforms over time. Also, it is debatable to what extent a Latin American "model" of public administration can be defined, understood as a set of administrative principles, in the sense of Hood (1991) that beyond its connections with other international experiences, and reflects a domestic development of its own. However, it is possible to identify a set of structural dimensions that, although with different features and graduations, have constituted the ground on which the models of public management and their successive (and numerous) efforts of administrative reforms at the regional level were registered.

An extended feature among Latin American public administrations is the coexistence of bureaucratic-Weberian models with patrimonialism and large-scale patronage practices. Although at first sight public administrations can formally contain all or most of the typical characteristics of Weberian systems (career systems inspired by meritocratic principles, separation of private and public means of administration, systems of registration for administrative acts, etc.), these hide practices that are extraneous to this logic. Thus, it is very common to find systems of recruitment, promotion, and remuneration of officials outside the meritocratic principles, as well as informal administrative practices inspired by secrecy and subjectivity rather than the impartial application of the regulation. In general, this means that the presence of legal-formal characteristics is not a sufficient condition to evaluate the degrees of institutionalization of public administration models, and even less their performance (Nef 2003). This type of bureaucratic "facades" is, moreover, especially frequent at subnational levels of government where the presence of local "*caudillos*" and the weaker controls reinforce the patrimonialism.

However, this coexistence is not only expressed through the presence of two rooted management logics (one formal and one informal) but also in some cases reflects a heterogeneous landscape depending on the area in question. While a state may contain agencies or offices with Weberian characteristics only in form, other areas may represent real "islands" where meritocratic appointment (whether under a career system or not), transparency in management, evaluation, and focus on results are the norm.

State reform processes from the 1990s onwards have accentuated this institutional schizophrenia, insofar as areas of the state understood as strategic (i.e., ministries of economy, central banks, state procurement agencies, etc.) underwent reform processes inspired by meritocratic principles, which "shielded" them from the typical evils of Latin American bureaucracies.

Associated with the aforementioned, public administrations in Latin America can be identified with what Ziller (2003) calls the "European continental model" as opposed to the Anglo-American model. The continental model is based on the normative principles of the German *Rechtsstaat* and the French *principe de légalité*. This model not only places the state in a central place of society but also the implementation of

laws and procedures as a means of providing regulation to both the public sector and a good part of social relations. Under this legalistic model, the bureaucracies develop a strongly hierarchical administrative culture associated with the strict following of rules and procedures. In cases where this type has expanded negatively, examples of bureaucratic ritualism can be noted, i.e., the irrational application of rules and procedures over their validity or utility. In any case, these types of models may present difficulties to generate processes of reforms of public administrations, to the extent that the changes can only be made through the normative modification that regulates them. Likewise, regarding the passage to management models that privilege or incorporate components of performance evaluation over the classical management of procedures.

All this presents a panorama of historical construction or path dependence that has not been neutral in shaping the reform processes experienced by countries, particularly in the twentieth century.

## Historical Construction of the Latin American Public Administration Model

The characteristics mentioned above need to be understood under a historical perspective that places them and gives meaning. Nef (2003) points out that public administrations have undergone transformations since the very creation of Latin American States whose stages could be divided into four: centralized construction of the state apparatus (1810–1850), limited institutionalization (1870–1930), early bureaucratization (1930–1970), authoritarianism (1970–mid 1980). To these periods could be added, at a later time, a stage of boom of neoliberal policies and application of models of new public management type (half of 1980s–2000s). Finally, at the beginning of the new century, a recent stage associated with the emphasis on the management by results trend and other innovations, all of them placed in a broader context of reforms inspired by the principles of transparency and access to public information.

### First Configurations of the Public Administration Model

The colonial legacy was characterized by the transplantation of mechanisms and ways of organizing the typical public administration of the colonizing countries, especially Spain and Portugal. This formed a first moment of imitation and ritualistic adaptation of rules and administrative patterns as an image of modernization. Associated with this, patrimonialism and patronage logics are also originated in this period. State positions did not respond to a meritocratic or neutral logic of state apparatus construction, but were rather reserved for specific social groups or as bargaining for political loyalties and other compensations (Nef 2003). This created a civil service reserved for the elites, at least in the higher layers, and an entrance to the public administration strongly dependent on the existing power correlations at the time. Yet, all this lived together with strongly formalist and legalistic attitudes.

Thus, looking further ahead, it can be pointed out that the processes of administrative reform in Latin America largely followed a center-periphery pattern. This not only refers to those pointed out by Nef (2003) about the imitation of practices of the colonialist countries but also during the twentieth century regarding the import of reform packages or management practices from the central countries. Even the international cooperation (USAID, United Nations, ECLAC, Ford Foundation, etc.) played a key role in the mid-twentieth century as a support for the generation of research centers and public administration reform processes. This derived largely from external induced reforms based on the idea of "administrative modernization" and later the "Washington Consensus" (Pérez Salgado 1997; Ramírez 2009).

The 1960s saw in Latin America the rise of the *New Public Administration* models influenced by the trends of the American public administration (Oszlak 2013). This approach of "administrative reform" predates the "managerial reforms" of the 1980s and 1990s and, although shares some of the critique to the state functioning and performance, it is not based on the idea of imitating the private sector business operative within the state apparatus.

This era was characterized by ideas about the growing inefficiency of the public sector due to excessive administrative rigidity and the high number of procedures that slowed down the public administration. This type of paradigm led to management innovations that sought to simplify the processes and times to increase the efficiency and productivity. This is how the organizing and methods offices, planning offices, program budgeting, and other areas tending to incorporate "science" into the public management were originated. However, this was not always able to break with the rooted bureaucratic ritualism of Latin American administrations. At the same time, the strongly legalistic approach generated, in some cases, an additional step to the established procedures rather than their simplification (Pérez Salgado 1997).

However, the cultural inheritance in Latin America and the period of dictatorships that followed in several countries obstructed an adequate cultivation of these ideas, even though its premises of decentralization, de-bureaucratization, delegation, and democratization will be flags that will be displayed little by little and will form part, subsequently, of the paradigm of the new public service.

## Public Management Reforms from the 1980s

Since the late 1980s and throughout the 1990s, most countries around the world embarked on public administration reform programs with different degrees of ambition. The main feature was the reduction of the state apparatus through policies of deregulation, decentralization, privatization, outsourcing, and reduction of personnel endowments. These reforms were called by the World Bank as "first generation reforms," predicting that a "second generation" of reforms would focus on the pending task of improving the state apparatus and its institutional weaknesses (Oszlak 2001).

First-generation reforms were being carried out in Latin America at the same time as they were built in the developed countries of North America, Europe, Asia, and Oceania (Mascarenhas 1993). A management model for the public sector called New Public Management (NPM) soon became the dominant paradigm worldwide. In its harder version (especially during the 1980s in countries of Anglo-Saxon tradition), this new paradigm, inspired by the neoconservative critique to welfare bureaucracies, will promote the shrinking of the state through privatizations and outsourcing. At the same time, and based also on a visceral distrust of the public sector, it proposes to incorporate into the domain of the public, tools, and logics of management imported from the private sector. The core assumption was that they are rationally superior to those of the public sector.

First-generation reforms in Latin America followed this trend associated with the rise of neoliberal policies and the "Washington Consensus." Privatizations, as well as the policies of deregulation and demonopolization of areas under state control, were also inspired by the idea that the free to choose is the best remedy for the corporate capture suffered by Latin American States.

While these reforms had success in stabilizing some key economic variables such as inflation and the reduction of the fiscal deficit that plagued several countries in the region, the counter face was a lower economic growth than expected. On the other hand, the improvement of the living conditions of the population was very limited. On the contrary, there was an increase in the level of poverty and a greater inequality in the distribution of income (Talavera and Armijo 2007). Moreover, Talavera and Armijo (2007) cite a study carried out by Eduardo Lora (2003), in which through a series of indicators they verify a certain "fatigue of the reforms" due to the growing distrust of citizenship in these pro-market reforms that would lift people out of poverty.

In the mid-1990s, in a good part as a consequence of the impulse made by the World Bank (Mainly through its 1997 report "The State in a Changing World" and in Latin America the work of Burky and Perry (1998)), the second generation reforms began to take shape. This second impulse did not contain the same level of orthodoxy as its predecessor; however, its common denominator was in need of sophisticated public management, in the context of a continent characterized by a strong presence of political patronage. A cohesive

state action was advocated that would begun by strengthening the administrative capacities of the public sector because without an intense use of public agencies, the stability of market reforms would be at risk. Ramirez (2009) points out that, despite some ambiguity in the second set of reforms, it is possible to distinguish some fundamental characteristics: (a) legislative reforms; (b) restructuring of public administration, especially at the central level; (c) renewal of the judicial system; (d) updating of regulatory capacities; (e) second stage of privatizations; (f) restructuring of relations between local and national governments.

Thus, this second wave of reforms has a strong emphasis on the institutional capacities. It calls for a "reinventing" to the role of the public sector through the strengthening of its regulatory bodies, but also the parliament, courts of justice, anti-corruption institutions, among others (Santiso 2001).

The reform of the public apparatus is also considered at the light of the economic performance. The institutional strengthening was seen as a factor for maintaining macroeconomic stability and growth. Hence the emphasis was placed on the institutions regulating the domestic economy such as the central banks, collection agencies, and others of similar characteristics.

In terms of administrative reforms, a key milestone in the reform process of the 1990s is the document prepared by CLAD in 1998, entitled "A New Public Management for Latin America" (*Una Nueva Gestión Pública para América Latina*). This document, very influential in its time, emphasizes in the reconstruction of state capacities and in the application of a management reform. While it was recognized that the processes in Latin America could not be a copy of the experiences of the NPM made in developed countries, it is also pointed out that in the region there were not Weberian administrations but strong patrimonialism behaviors. Nevertheless, it did not agree with the stage vision, of first realizing reforms of Weberians type and then go towards the NPM. This is because it was considered that bureaucratic-Weberian administration, adapted to the new context of a globalized and dynamic world, would not be efficient but self-referred, without the necessary capacity to adapt to citizen demands. It is proposed, then, to develop a model of public management inspired by the NPM but adapted to the characteristics determined by the political and cultural particularities of the continent.

The proposal at that time was based on the need to retake the Weberian concept of a highly professional strategic core but incorporating a more flexible organizational paradigm, as well as contractual tools specific to the private sector, and move towards a results-based management. The CLAD proposal has a strong inspiration in the positions adopted by Osborne and Gaebler (1993) in their famous book "*Reinventing Government*," where they reject the proposal of a minimal state but promote a more entrepreneurial one, which would not only adopt tools and logics of the private sector but reduce the interventor character in the economy, privileging the steering functions over rowing.

In a more or less orthodox manner, the Latin American public management reforms of the last 25 years have been influenced by these ideas, although perhaps it was only Brazil that formulated a program of reforms that explicitly recognized itself as a borrower of this paradigm (Bresser Pereyra 1998).

The structures of the public sectors in Latin America have also been flexibilized following the guidelines of the NPM, although not under a single pattern, and without studies that account for the situation at the regional level. At the level of the strategic core of the central administrations, administrative deconcentration has been accentuated, in order to separate the functions of policy design from the provision of services, in a sort of "agencification." However, there is no concrete evidence that this has led to a process of strengthening policy-making at the central level and a corresponding improvement in the efficiency of public service delivery, as advocated by NPM supporters.

Although it is not a phenomenon directly linked to the premises of the NPM, something similar has happened with the processes of functional decentralization towards subnational levels

of government, which boomed since the 1990s. As Nuria Cunill Grau (1995, 1997) affirms, these processes did not necessarily promote a more active participation of citizens and strengthened democratic decision-making mechanisms. Often, this was due to the fact that the strategic center of government was not adequately reinforced to lead and adequately evaluate these processes nor was the resources allocated so that the subnational levels could face the new challenges of functional and political delegation of services.

The Ibero-American Charter for Public Service (signed by all Ibero-American Presidents) was written in 2003. There, the idea of a professional administrative career is developed but within a framework of some flexibility. It is recognized as the need to reduce the margins of political patronage (as did the reforms of the Anglo-Saxon civil service in the late nineteenth century), not to create a homogeneous and rigid career system but for incorporating elements that would make it digestible for the politicians of the executive and more sensitive to the needs of citizens. An example of this is the proposal for the creation of a High Public Management position (*Altos Directivos Públicos*), as a layer of officials placed immediately below of the political hierarchies and outside the traditional public function with responsibilities for directing the implementation of government policies and the provision of public services. These officials, in terms of Hood and Lodge (2006), are under the logic of a public service bargain of a management type, as they access their positions meritocratically, their competencies are associated with the capacity to achieve managerial objectives, and their permanence in the position depends on the evaluation of the fulfillment of those objectives.

The introduction of this body of managerial officials in Latin America, unlike most reforms of this type in developed countries, does not mean replacing them in exchange for Weberian career officials. Senior public managers in Latin America would come to displace officials who had traditionally been designated politically, where their permanence depended on political trust rather than evaluations based on efficiency criteria. This explains, in part, the greater difficulty that the region has had in advancing in the constitution of professionalized systems of the High Public Management positions.

The incorporation of management contractual forms has also been a process that accompanied the managerial reforms of the last decades in Latin America. The legal figures vary depending on whether they are more formal contracts, in the case of privatizations and outsourcing of services, or when contracts are concluded between public sector organizations, with the predominance of management commitments. Management commitments are, in the logic of the NPM, a way of replacing the old forms of control of the classic paradigm of public administration by less direct forms of control, of managers and public agencies with greater margins of autonomy.

The successful implementation of the second generation reforms faced a set of difficulties that differentiate it substantially from economic reforms. General changes need many years of implementation to bear fruit with the difficulty of maintaining clarity and consistency in the long run. Economic reforms, on the other hand, are clear with respect to the final objectives and, as has been shown in the framework of structural reforms, can only be achieved with the consensus of the executive and within a framework of low interdependence among the actors. Institutional reforms require important coordination of social actors. For significant legal changes and sustainable improvements to occur, they must be based on a strong political consensus, resulting from an open and inclusive decision-making process.

## Characteristics of Administrative Reform Processes

Beyond the results, it is possible to identify a series of features that characterize the political economy of reforms in Latin America. That is, the way that changes are sought to be processed and carried out.

A particular feature is that much of the reforms are consolidated under enclave modalities. Reforms are designed in more or less autonomous spaces of political and bureaucratic interference,

created specifically for the task. Associated with this, reforms are often carried out by a relatively small group of officials with high specialization and influence over the political system rather than permanent officials of the state apparatus. These spaces have been, in many cases, transient to the extent that they respond to the political loyalties of a president or a party. Therefore, this logic of construction of technocracy associated with the reforms usually reproduces a discourse often adapted by international organizations and consultancies that consolidate a reformist ethos sometimes separated from the organizations and officials who seek to reform.

Enclave logic is not only represented in the design but also in the implementation. That is to say, the implementation of reforms does not usually take place transversally throughout the state apparatus but is usually associated with spaces understood as strategic, particularly those in charge of economic management, taxes, or public enterprises. In other cases, through the generation of agencies with greater degrees of autonomy, consolidating a civil service and managerial management processes, similar to some developed countries.

This consolidates at least two types of public administration within the same state. On the one hand, public organizations with modern management characteristics, good human resources and technology, that operate as "islands" within the state apparatus. On the other hand, institutions that remain unchanged in their patterns of patrimonialism functioning and inefficient or whose changes are given too slowly. This is the case for some basic public services or some subnational governments, particularly those in the poorest regions.

Reforms such as the civil service, judicial, or parliaments face rooted customs in the behavior of these organizations, such as clientelism, corruption, and organizational culture adverse to changes, considered in the language of the institutions as "informal rules." Likewise, the possible losses of power implied by the reforms for the actors that dominate the game obliges to reinforce the political consensuses and the negotiation processes which are extremely difficult to put in place and often pace down or restrict changes. Finally, these reforms require mechanisms to communicate and legitimize the changes that are undertaken, in the first place, to make visible the results that are not observed so clearly, as with economic reforms, and, secondly, to address the scarce levels of citizens' trust in the ability of governments to improve conditions and achieve higher levels of well-being.

## Latest Trends in the Reform of Public Administrations

In spite of the difficulties to make progress in management reforms, the logic of *results-based management* has been popularized (although with different results) in Latin America. This greater focus on results-based management or performance management has been established in several countries of the region, as in other regions of the planet, as a response to the more acute problems of the New Public Management model associated to the excessive emphasis on efficiency – produce services at the lowest possible cost – over effectiveness – ensure that policies meet the expected results (Modell 2005).

This type of approach has been widely promoted in the region by international agencies as a mean to improve the quality of policies in developing countries (CLAD 2010; García López and García Moreno 2010; Kaufman et al. 2015). In the same sense, the incorporation of modern public management tools into internal organizations (strategic planning, management and procurement processes, monitoring and evaluation of policies, etc.) has also been disseminated, in the tradition of the management trends of the NPM.

However, unlike the first and second generation of reforms, these initiatives are no longer characterized by being presented together with an ambitious paradigm of state and public sector reform but are recognized as instruments to deal with quality problems in public policies.

This new conception goes hand in hand with the explosion of e-government as the new revolution in public administration, as it allows a greater and better approach to the citizen while breaking

with rites and bureaucratic spaces of power (Dunleavy et al. 2006; Ramírez-Alujas and Dassen 2016). They are also driven by the possibilities opened up by the new information systems, together with the need to coordinate an increasingly heterogeneous and complex public sector, a discussion that was revitalized as a result of the greater fragmentation produced by the new public management. In this context, the countries of the region have been developing a strong interest in the strengthening of central government agencies. The renewed interest in policy coordination from the center became a relevant topic in academia and in international cooperation organizations (Alessandro et al. 2013).

It remains to be seen whether these ongoing transformations may constitute a new management model, similar to what some have identified as "*intelligent public governance*" (Criado 2016). Some Latin American governments have made progress in the creation of policy laboratories based on social platforms that contribute to the formation of co-creation networks of policies with the citizens. These practices are closely associated with the agenda of the "*new public service"* (Denhart and Denhart 2007), as a democratic political theory that proposes the rescue of citizens in their role of users or clients and the strategic repositioning of the public sector and its management model.

## References


Alessandro M, Lafuente M, Santiso C (2013) El fortalecimiento del centro de gobierno en América Latina y el Caribe. IADB, Washington, DC

Bresser Pereira LC (1998) Reforma do Estado para a Cidadania: a Reforma Gerencial Brasileira na Perspectiva Internacional. Editora 34, São Paulo

Burky S, Perry G (1998) Más allá del Consenso de Washington: la hora de la reforma institucional. Banco Mundial, Washington, DC. [Beyond the Washington consensus: the hour of institutional reform. World Bank, Washington, DC]

CLAD (1998) Una Nueva Gestión Pública para América Latina. CLAD, Caracas

CLAD (2010) Gestión Pública Iberoamericana para el siglo XXI. CLAD, Caracas

Criado JI (2016) Gobernanza inteligente, innovación abierta y tecnologías sociales en unas administraciones públicas colaborativas. ¿Hacia un cambio de paradigma en la gestión pública? In: Criado JI (ed) Nuevas tendencias en la gestión pública. Innovación abierta, gobernanza inteligente y tecnologías sociales en unas administraciones públicas colaborativas. Instituto Nacional de Administración Pública, Madrid

Cunill N (1995) La Rearticulación de las Relaciones Estado-Sociedad: en Búsqueda de Nuevos Sentidos. y Reforma y Democracia 4:25–28

Cunill N (1997) Repensando lo público a través de la sociedad: Nuevas formas de gestión pública y representación social. CLAD-Nueva Sociedad, Caracas

Denhart J, Denhart R (2007) The new public service. Serving, not steering. M.E. Sharp, New York

Dunleavy P, Margetts H, Bastow S, Tinkler J (2006) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16: 467–494

García López R, García Moreno M (2010) La gestión para resultados en el desarrollo: avances y desafíos en América Latina y el Caribe. BID, Washington, DC

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

Hood C, Lodge M (2006) The politics of public service bargains. Reward, competency, loyalty – and blame. Oxford University Press, Oxford

Kaufmann J, Sanginés M, García Moreno M (2015) Construyendo gobiernos efectivos. Logros y retos de la gestión pública para resultados en América Latina y el Caribe. BID, Washington, DC

Lora E (2003) Fatiga de las reformas: síntomas, razones e implicaciones. IADB, New York

Mascarenhas R (1993) Building an enterprise culture in the public sector: reform of the public sector in Australia, Britain, and New Zealand. Public Adm Rev 53(4): 319–328

Modell S (2005) Performance management in the public sector: past experiencias, current practices and future challenges. Aust Account Rev 15(3):56–66

Nef J (2003) Public administration and public sector reform in Latin America. In: Peters G, Pierre J (eds) Handbook of public administration. SAGE, London

Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Plume, New York

Oszlak O (2001) El Servicio Civil en América Latina y el Caribe: situación y retos futuros *Diálogo Regional de Política*. IADB, Washington, DC

Oszlak O (2013) La gestión pública post-NGP en América Latina: balances y desafíos. Paper presented at the IX Conferencia de la INPAE: Enseñanza y Pedagogía de la Gestión de Políticas Públicas: Desafios y Actualidad para un Nuevo Servicio Público, Santiago de

Pérez Salgado I (1997) El papel de la cooperación técnica internacional en el proceso de modernización del Estado y de la gestión pública. Reforma y Democracia 8:247–270

Ramirez MF (2009) Las reformas del Estado y la administración pública en América Latina y los

intentos de aplicación del New Public Management. Estud Polít 34:115–141
Ramírez-Alujas A, Dassen N (2016) Vientos de cambio II. Avances y desafíos de las políticas de gobierno abierto en América Latina y el Caribe. IADB, Washington DC
Santiso C (2001) Gobernabilidad democrática y reformas económicas de segunda generación en América Latina. Rev Inst y Desarro 8–9:325–366
Talavera P, Armijo M (2007) Instituciones y desarrollo: reformas de segunda generación en América Latina. CENES XXVII(44):3–25
Ziller J (2003) The continental system of administrative legality. In: Peters G, Pierre J (eds) Handbook of public administration. SAGE, London

# Public Management Reform in Latin American and Caribbean Nations

Alvin H. Brown
University of Texas, Arlington, TX, USA

## Introduction: The Development of Public Sector Management Reform in Developing Countries

Public management is concerned with organizing public sector institutions to provide services effectively and efficiently. A continuing challenge for many developing countries during the last four decades has been an increasing demand for more services, reduction of poverty, and economic growth. These phenomena made the state responsible for redistributing wealth and providing social welfare programs. Underdeveloped infrastructures, competition for scarce resources, and a dysfunctional private sector moved developing countries to take on the responsibilities of providing much needed employment for the growing professional and middle classes. Consequently, government expenditures increased precipitously. For instance, between 1960 and 1979 public consumption as a percentage of gross domestic product rose from 7% to 20% in Jamaica, 6% to 12% in Mexico, and 9% to 15% in Trinidad and Tobago (World Bank 1981). The international debt crisis of the 1980s brought more attention to many of the developing countries' inability to service their debts as a result of their growing government size and the unclear role of their public institutions.

In many developing countries, governments were criticized for their inefficient and ineffective delivery of public services. These public management failures were the result of fiscal irresponsibility and a certain level of political unaccountability. This lack of accountability stemmed from their legacy of colonialism which was reflected in a centralized and authoritarian government (Burrows-Giles 2002; Haque 1997). The unsatisfactory performance, criticisms, and fiscal mismanagement of the public sector institutions served as the catalyst for public management reform in many developing countries. In numerous developing countries, the public sector usually serves as the example of organizational governance and politics. Accordingly, it is the driving force of reform even though its institutions are often the object of public management reform. Developing countries are faced with constantly changing global socioeconomic and political environments. As a result, it is incumbent on these countries to recognize their growing need for a more dynamic and malleable public sector focused on the continuous improvement of the public management and organization of their public sector enterprises.

## The Field of Public Management

The origins of the field of public management are quite elusive to identify. Lynn (2003) suggests that the founding of public management might start with any of the following statements:

1. The contemporary study of public management has its origins in America during the 1970s, in the curriculums and research of the new public policy schools and efficiency driven managerial reforms originating in Britain and New Zealand.
2. What is now termed the field of public management has its roots in the scientific study of the modern administrative state in America

beginning in the late nineteenth and early twentieth centuries.

3. The origins of the field of public management are found in a systematic study and practice of cameralism which began in the seventeenth- and eighteenth-century Germany and Austria.
4. The field of public management is rooted in bureaucratic government and administrative doctrines in ancient China and in medieval regimes in the Orient. The term public management refers to a major segment of public administration or public affairs, which encompasses organizational structures, managerial practices, and the institutional values of public managers that implement the will of the sovereign authority (Lynn 2003).

## Public Enterprise Management in Developing Countries

In the developing countries of Latin America and the Caribbean, public enterprises are the main drivers for economic and social transformation. The concept of a public enterprise system is that governments sell goods and services to the general public; such enterprises consist of private, public, and nonprofit management features. Many of the challenges facing public enterprises, such as maximizing efficiency (which is an element of the marketplace) while maintaining the ideals of equity and politics of the government sector, necessitate the interpretation of politics and the market. Gaining an understanding of the past and present issues surrounding public enterprises in Latin America and Caribbean Developing Nations (LACDNs) is useful when interpreting the public enterprise as an infrastructure of development in different environments. Thus, the social and economic environment in which public enterprises were established and operate today influence the efficient and effective performance of the enterprise (Farazmand 1991, 1996). The performance of many public enterprises can be directly associated with colonialism's influence on public enterprise management and service delivery.

## The Forgotten Factor: How Colonialism Influenced Public Management

To better understand public enterprise management and to reform it in Latin America and the Caribbean, it is essential to be aware of how colonialism influenced public enterprise management. Farazmand (1994, 1996) argues that colonialism was instrumental in the development of public enterprises around the world. European colonial powers, including Britain, France, Portugal, and Spain, have left a lasting imprint on the administrative systems of many African, Asian, Latin American, and Caribbean nations. The development of public enterprise management and economic systems in Latin America was a product of the mercantilist Spanish and Portuguese prevailing colonial rule in the region which persisted after independence (Farazmand 1996). Thus, many independent states of Latin America adopted the administration and economic patterns that they were exposed to during the colonial period.

The legacy of colonialism in developing nations is one of the prevailing features evident in the management of many government agencies. In other words, the end of colonial rule in many Latin American and Caribbean nations has not changed the colonial traditions regarding government bureaucratic structure, function, socialization, norms, and attitudes. Colonial domination in the region resulted in British business interests gaining power and wealth through the policy of mercantilism. The impact of mercantilism on the region was manifested in very specific policies, (1) preventing colonial people from establishing manufacturing industries making them non-manufacturing dependencies, (2) keeping colonial people technologically backward, (3) maintaining colonial people as producers of primary products, (4) keeping colonial people bound to the mother country through the policy of trade exclusivity, and (5) limiting horizontal linkages between the colonies except through the British government.

The obvious impact of mercantilism on the region was twofold. First, policies were designed to extract the surpluses from the region to help in the development of Britain; second, it distorted and impeded the development of the economies in

the region. In fact, the colonial legacy has not been totally dismantled. This is apparent in the Crown Colony Government representative system of the Grand Cayman Islands. The inherited pejorative features of bureaucracy, such as elitism, paternalism, despotism, distrust, centralization, secrecy, formalism, and urban bias, are alive and well in the Grand Cayman Islands.

There are three stages to the historical evolution of colonialism. First, the era of slavery lasting until 1834 in the Commonwealth Caribbean served to place a premium on freedom and the political culture of the Caribbean. The second stage was the old representative system until the 1865 Morant Bay uprising in Jamaica. Subsequently, the Crown Colony Government (CCG) form of government was introduced to devolve government oversight from the imperial British government to the colonies. Third, the era of constitutional decolonization began with the general rise after the First World War toward greater self-government and eventual independence (Burrows-Giles 2002; Lange 2004).

The development of colonialism was not a random event but was purposeful and conducted with extreme prejudice. At the national level of the British government, the privy council was the chief executive authority for the local service in the colonies. Other offices included the Treasury, the Office of the Secretary of State, the Admiralty, the War Office, and the Ordinance Board. As a result of complications with management and delays in long distance correspondence between Britain and the colonies, a colonial office was formed in 1854. The colonial office ensured the provision of a permanent supply of trained officials to manage and coordinate the duties of the colonies in the best interest of the Crown. Maintaining control of administration was important to the perpetuation of colonial rule because the colonial Administrative Secretariat did the bidding for the Crown and discharged its functions according to the standards set by the Crown. What is clear is that the Crown Colony ruled its colonial possessions by eliminating political competition and vesting government management and decision-making power in the supreme ruler (governor) of the Crown Colony Government.

The introduction of colonialism into the public management system of the Caribbean was based on value premises and structural designs transferred to colonial settings incrementally (Benn 2004). Colonial rule was easily adopted because no other choice was readily available. The adaptation of this type of rule by public-enterprise management at the local level was the result of colonial rule becoming institutionalized, not just based on acquiescence, selective recruitment, organizational socialization, value infusion, or conformity but also on control, coercion, and containment. Accordingly, the hegemonic dominant class of the Crown Colony became the driving force of consciousness, values, and customs throughout colonial societies (Lange 2004). Eventually, the inquiry of the Moyne Commission Report (1945) and other social movements brought about change in public management with increasing involvement and participation in public agencies by majority socio-ethic groups. Greater acceptance of and recognition for the instrumental value of public management became visible, especially, with the new responsibilities of public agencies to deliver services to the masses.

## Ascendancy of New Public Management

Over the past 25 years, traditional public administration has experienced a shift in values and norms. One such change has been the ascendancy of a concept which has been called the new public management (NPM). In discussing public management reform, one should consider the suitability of the new public management (NPM) movement across developing countries. Many Latin American and Caribbean countries adopted the style of NPM that involves the treatment of citizens as customers and a market-based approach to service delivery. Popularized by the analysis of Hood (1991) and Dunleavy and Hood (1994), new public management consists of seven essential traits: (1) active and discretionary professional management, (2) the focus on explicit standards of managerial performance, (3) greater emphasis on output controls, (4) shifting to disaggregating of units in the public sector,

(5) encourage greater competition in the public sector, (6) emphasis on private-sector methods of management, and (7) emphasis on greater discipline and parsimony in resource use. Hughes (1998) defines NPM as a program of public sector reform designed to supplant administration with management, operating bureaucracies like businesses and reducing the size of the public sector. Scholars argue that NPM constitutes a move away from the dominant paradigm – what they label Progressive Public Administration in two directions. First, it is lowering the concentration of rules limiting the freedom of public officials handling resources (money, staff, contracts, etc.), and second, it is removing the barrier between the public sector and the private sector in terms of personnel, structure, and business methods (Dunleavy and Hood 1994).

New public management is often used to respond to certain pressures encountered by government, including shrinking budgets and the effects of globalization. The common responses to these pressures include deregulation of line management, performance-based accountability, and contracting out. It can be debated that public management reform should focus on management activities, such as training, accountability, and performance measures within the public enterprise to improve performance, rather than just outcomes and results prescribed by new public management. A body of literature offers a counter argument related to the merits and suitability of new public management and argues that governments in Latin American and Caribbean developing countries may be ill equipped to take on unfamiliar approaches to declining services because the institutional conditions needed to implement new public management practices may not be present, particularly, in developing countries.

In his critical analysis of NPM, Lynn (1996) points out that many tenets of New Zealand and British reforms, including the emphasis on program outputs, have been widely tried and, to a certain extent, abandoned or absorbed into administrative practice in a less radical form in the United States. Drawing from the history of reform practice and ideas in the United States, Lynn (1996) is skeptical about claims of NPM proponents that NPM constitutes a new paradigm about the role and functions of the government. Some see NPM as a new paradigm because it constitutes a move toward a post-bureaucratic, commercial, contractual state rather than a technique and implementation-oriented subset of public administration. Others argue that it constitutes a new paradigm because two epistemic communities (traditional public administration and new public management) are engaged in a dialogue within but not among their respective communities. Lynn (1996) argues that if a community of practitioners and academics (if there is a community) does not have an accepted theoretical cannon and accepted methods of application, they can hardly claim to possess a paradigm, even if the arguments are couched in some general meta-language. Questions about the paradigmatic nature of NPM are raised by Aucoin (1990), who convincingly shows that NPM introduces contradiction with regard to three essential issues of public management: (1) different ways in which the bureaucracy problem is diagnosed and the remedies prescribed, (2) the different understandings attached to policy/administration dichotomy, and (3) different approaches taken to the representation/responsiveness problem.

Advocates and critics of new public management agree that it has universal appeal as a catch phrase; nevertheless, there is literature that indicates many LACDNs have adopted only a few elements of the new public management agenda. The real question is can the new public management reform be called a dominant paradigm of public service reform in the developing world. Polidano (1999) argues that one may agree that new public management is a dominant paradigm if all one does is to look for new public management style reforms. Hood (1991) reasons NPM emphasizes a certain set of values over another set of values. NPM, according to his analysis, emphasizes what he calls Sigma-type values (purposefulness, frugality, efficiency) while assuming Theta-type values (honesty, fairness) under certain structures, and almost ignoring Lambda-type values (resilience, robustness, survival, and safety). The problem is that no matter

how strong the political emphasis on certain values might be, the government cannot completely forgo democratic values. Traditional public administration has evolved, and a review of recent books on public administration and public management easily points to the distinction between them and reveals that public management is, in fact, a part of public administration. Essentially, the problem was misconstrued when the issue of competing values was seen as the demise of old administrative values. Actually, values can surface in different combinations and configurations, and the task of the student of public administration/management should be to examine how these alterations impact administrative behavior and outcomes. An analysis of selected volumes on public management and administration shows that differences are of degree and that the lines between the two are to some extent blurry. Given these circumstances, consideration should be given to innovative elements of the NPM reform model that would blend traditional- and market-based theories to provide a means to improve the financial and operational performance of public enterprises in developing countries.

After experiencing many decades of inefficient, ineffective, and poor performance of public enterprises, governments globally have seriously considered and even embraced privatization. Thousands of public enterprises (PEs) have been turned over to the private sector in Latin America, the Caribbean, Africa, Asia, and Eastern and Western Europe. This trend was spurred by the documented poor performance and failures of PEs and the efficiency improvements after privatization around the world.

## The Business of Airport Public Enterprises

Airports are essential to the societal and economic growth of Latin America and the Caribbean island nations. Most Latin American and Caribbean countries have one or more airports that serve tourist, business, and general air transportation needs. During the past two decades, many governments of Latin America and the Caribbean have experienced fiscal crises that stalled the necessary investment needed to improve and maintain their national infrastructures critical for participation in global markets. Interestingly, although airports are one of the main infrastructures promoting growth, these public enterprises receive little attention from government officials regarding maintenance and improvement (Doganis 2002).

Airports no longer fit the traditional model of past years because they have evolved into multifaceted operations. They have hotels, conference centers, shopping malls, as well as a range of facilities and services for airlines. Consequently, there are multimodal hubs that host a variety of economic activities. Furthermore, various types of public-private ownership and operations management exist. The characteristics of an airport under public ownership and operations include (1) public airport ownership and operations managed by a government department, for example, a ministry of transportation, and (2) public ownership and operations operated by an airport authority with no private management involvement in ownership and operations. The characteristics of an airport under private may consist of several combinations of ownership and operations. For instance, an airport may have public ownership with management and operations contracted out to the private sector. Another ownership structure not regularly utilized is private ownership and operations. This aspect of ownership means full divestiture of the airport assets that countries are unlikely to do.

Revenues derived by airports are classified into primary sources, such as aeronautical or airside and non-aeronautical or landside activities. Airside revenues result from airport traffic activities related to the operation and landing of aircraft, passengers, or freight. Landside revenues are obtained mainly from non-aircraft-related commercial activities in terminals (e.g., shopping, restaurants, car parking, and car rentals) and rents from airlines and concessionaires. Landside revenues also can include nontraditional activities, such as hotel operations, real estate development, and consulting services.

At several airports, specialized concessionaires who pay concession fees and rents to the airport authority operate commercial facilities. Commercial sources of revenue improve operational performance, increase resiliency to cyclical economic conditions, and minimize airline dominance. In the past, airport officials typically focused on operational functions, such as baggage handling, and paid little attention to passenger food and shopping needs. At most government-owned airports, the concentration of commercial revenues has been limited to a small selection of duty-free shops and restaurant facilities and has been reduced due to the deregulation of duty-free facilities (i.e., the advent of in-flight, on arrival, and in-city duty-free shopping). A number of airports are beginning to shift from traditional "public utility management" to a more commercial perspective in response to changing market conditions. Diversifying revenues is one of the major challenges facing airport managers as governments are increasingly unable to meet their airport financial obligations (Graham 2003; Kapur 2003). An example of this new philosophy can be found at Sangster and Cancun International Airport which has developed many different boutiques and culturally focused retail shops.

In the early 1980s, the idea that public airports could be privatized would have been considered out of step with the mainstream and uninformed about the subject. However, today, the privatization of airports is a means of survival for many developing countries. Airports have become an integral part of the air transport and infrastructure needs of developing countries. There are many reasons why governments make the decision to privatize their airports; they include efforts to curtail mismanagement and corruption in airport administration. However, the single most common reason is the inability to fund and obtain adequate financing for airport development and upgrades.

The concept of airport privatization centers on the infusion of capital by the private sectors to gain partial or total control over the public enterprise. Airport privatization was the first of many privatization reforms introduced by Margaret Thatcher when she privatized the British Airport Authority in 1987 by public offer of $2.5 billion. Since its privatization, BAA has not failed to post profits for its shareholders in its management of seven major airports in the UK. BAA is currently listed on the London Stock Exchange and has a market capitalization of $8 billion.

The traditional approach to airport privatization was the sale of the British Airport Authority (BAA) in 1987. In addition, deregulation and privatization policies in large measure have been driven by disenchantment with public sector performance, fiscal crises, and technology changes that have increased the scope for competition. Privatization has been achieved by changes in management, capital, or ownership structures of the entity. In the airport sector, the use of privatization techniques is limited with no single model emerging. To date, the range of approaches includes divesting an entire airport system, individual concessions, long-term leases, and joint ventures. Although not limited to developing countries, the most common technique for airport privatization involves some variation of a Built--Own-Transfer (BOT) and/or management contract. These schemes are site specific with long-term concessions and the transfer involvement of operational functions to a private sector operator.

## Conclusion

The 1980s ushered in the internalization of public sector management reform because the overall performance of the public management system in Latin America, and the Caribbean exhibited minimal improvement over the years. Moreover, public enterprises were the beneficiaries of this lack of management effectiveness. The need for public enterprises to improve their performance, public management capacity, development strategies, political inclusiveness, and political and economic stability is an indication of the increased importance developing countries have placed on improved public enterprises performance as a major part of their national development.

The need to create an environment of improved performance by public enterprises gave rise to public sector management reform in Latin

America and the Caribbean. Consequently, this opened the doors for a reform movement during the 1980s called new public management. NPM focused on government efficiency utilizing market-based strategies. Put another way, it employed an entrepreneurial approach to public administration. Unlike traditional public administration with a focus on rules governing the processes used by government agencies, NPM is result oriented. Accordingly, citizens are viewed as customers who have the right to decline government services if they are dissatisfied. Last but not least, NPM is characterized by contracting out and privatization of services while the public manager is given more discretion in deciding how policies will be implemented. In today's changing environment, airport business is going through unparalleled changes by way of privatization in an attempt to better serve the public interest (Haque 2000).

## References


Aucoin P (1990) Administrative reform in public management: paradigms, principles, paradoxes and pendulums. Governance 3(2):115–137

Benn D (2004) The Caribbean: an intellectual history, 1774–2003. Ian Randle Publishers, Kingston

Burrows-Giles C (2002) Introduction to Caribbean politics. Ian Randle Publishers, Kingston

Doganis R (2002) Airport business. Routledge, London

Dunleavy P, Hood C (1994) From old public administration to new public management. Public Money Manag 14(3):9–16

Farazmand A (1991) Problems of public policy implementation in developing countries. In: Handbook of comparative and development public administration. Marcel Dekker, New York, pp 435–444

Farazmand A (1994) The new world order and global public administration. In: Garcia-Zamor J-C, Khator R (eds) Public administration in the global village. Praeger, Westport, pp 61–82

Farazmand A (1996) Public enterprise management: international case studies. Greenwood Press, Westport Conn

Graham A (2003) Managing airports: an international perspective. Elsevier, Oxford, UK

Haque MS (1997) Incongruity between bureaucracy and society in developing nations: a critique. Peace & Change 22(4):432–462

Haque M (2000) Privatization or public enterprise reform? Greenwood Press, Westport

Hood C (1991) Public management for all seasons? Public Adm 69(2):3–19

Hughes OE (1998) New public management. In: Shafriz JM (ed) International encyclopedia of public administration. Westview Press, Boulder

Kapur A (2003) Airport infrastructure. The emerging role of the private sector

Lange M (2004) British colonial legacies and political development. World Dev 32(6):905–922

Lynn LE Jr (1996) The new public management as an international phenomenon: a skeptical view. Paper presented at the conference new public management in international perspective, University of St. Gallen, July 1996

Lynn LE Jr (2003) Public management: a brief history of the field. Online at bush.tamu.edu/content/research/working_papers/llynn/pubman-bhistory.pdf

Moyne C (1945) West Indian Royal Commission 1938–1939 Report, Cmnd 6697 London

Polidano C (1999) The new public management in developing countries. Institute for Development Policy and Management, University of Manchester, Manchester

World Bank (1981) World Bank annual report 1981. World Bank, Washington, DC


# Public Management Resources of the NHS


María del Carmen Valls Martínez, Pedro Antonio Martín Cervantes and Rafael Soriano Román
Economics and Business Department, University of Almería, Almería, Spain


P

## Synonyms

Healthcare service; National Health System; Social welfare system

## Introduction

The *social welfare* system is the set of actions carried out by the State to guarantee minimum services to the population through a system of social protection. The origin of the modern welfare state is located in Europe and is based on the principle of contribution, which obliges workers to finance the social welfare system. The four pillars of the welfare state are: health care, social security, education, and social services.

Health care is based on a free universal system or on the financing of services, to a greater or lesser extent, by citizens. Social security offers coverage to the population through contributory pensions for retirement, widowhood, orphanhood, or disability. Education is compulsory and universal to some extent and is subsidized at higher levels. The social services assist in situations not covered by the benefits of contributory aid, such as dependence.

The social assistance system plays an important role in protecting the health and socioeconomic well-being of citizens. Social inequalities imply inequalities in health. In this respect, the *expenditure approach* confirms that social and health expenditure reduces health inequalities (Álvarez-Gálvez and Jaime-Castillo 2018).

## European Models of Social Welfare Systems: Bismarck Versus Beveridge

With the Industrial Revolution of the eighteenth and nineteenth centuries, the worker found himself in absolute powerlessness in the face of social risks and contingencies. It was Otto von Bismarck who presented to the Reichstag in 1883 a project of compulsory accident and health insurance, for the protection of workers in the industry, on an obligatory basis, against the risk of illness and the contingency of maternity. As a result, the Sickness Insurance Act was promulgated in Germany in 1883, the Occupational Accidents Act in 1884, and the Disability and Old Age Insurance Act in 1889. Thus, German local governments set up sickness funds requiring workers to pay compulsory contributions to receive certain benefits in the event of illness.

By the beginning of the twentieth century, the evolution of primitive capitalism gave rise to the modern welfare state. Saving was no longer beneficial to the economy, as mass consumption became the root of development. If citizens did not need to save to secure their future, consumption would increase. Therefore, if the state insured citizens against the risks of illness, disability, unemployment, and old age, individual savings would no longer be necessary and the economic capacity of citizens would be used for direct consumption, revitalizing the economy. This social security system, with the State as benefactor, has been called the welfare state, and one of its main theorists was the economist J. M. Keynes.

In 1941, the British House of Commons ordered a Commission, chaired by Sir William Beveridge, to study a social security system for the reconstruction of the country after the war. The so-called Beveridge Plan established three provisions for successful protection (Ruiz Medina 2011):

- The state must provide subsidies or family allowances to persons who care for children until the age of 15. If the school-age is extended, to 16.
- Healthcare service must ensure all preventive and curative medical treatment to all citizens without distinction, without income limits, and economic barriers.
- The authorities must ensure the continuity of work, avoiding collective unemployment.

The real innovation of the Beveridge model was to coordinate the application of these three methods already known, but so far used separately. Besides, the Social Security Plan proposed by W. Beveridge combines three different approaches:

1. Social security: it carries with it the principle of solidarity and it is intended to cover the basic needs. It is of a contributive and obligatory nature, being imposed by the State, which guarantees that future generations will be in charge of covering the contributions that serve to cover the current insured, so it does not require the creation of public reserves.
2. Assistance at a national level: in exceptional cases of need, even if the contributions have not been paid in advance, the Treasury ensures free medical assistance to the entire population, both in terms of prevention and treatment.
3. Voluntary insurance: in this type of insurance the insurance premium is precisely adjusted to the risk; by paying contributions from an early age, reserves are accumulated to cope with the risks and adversities of future old age.

Therefore, the Beveridge report suggests a comprehensive social security system that covers all citizens, not just employees, for those needs that are common to all: retirement and medical treatment.

In Bismarck's Social Security Model (SIM), coverage depends on the individual's employment situation; it consists of multiple insurance plans, with the administration being a mere manager; and financing depends on contributions from the insured, the employer and sometimes the State. On the contrary, the Beveridge National Health System (NHS) tends to universalization, since protection is derived from the generic situation of need; there is a unified and public administrative management, with the State offering all services; and financing depends solely on the public budget.

In the SIM, citizens enjoy health care through private organizations, and to this purpose, both employers and employees pay fees that go directly to the companies that manage the medical services. The State is more of a regulator of services. However, the NHS is regulated by taxes and both services and benefits are controlled by the State.

Depending on several variables, such as the degree of social protection or the distribution of weight in the provision of services between the public and private sectors, we find in Europe four different models of the welfare state, which is shortly analyzed below.

*Nordic model* is applied in Denmark, Norway, Sweden, Iceland, and Finland. It is the model with the greatest social protection. Benefits are financed by contributions, and the State is the main provider of services, with high quality standards. It is based on the principle of citizenship, which implies widespread access to the population. The healthcare systems of the Nordic countries are also very similar. Health care is almost entirely public, financed by high taxes, and almost all hospitals are publicly owned and operated. The primary care sector is quite essential, and people need to see a general practitioner before they can see a specialist.

*Continental model* is applied in Germany, Austria, France, Belgium, Holland, and Luxembourg. It is based on the contributive principle, so that employees and companies are obliged to contribute to the creation of a plan for the prevention of social needs. It also offers noncontributory benefits and subsidies, some of which are not even subject to a commitment to reintegrate into the labor market. Compulsory public or private insurance funds finance health care in these countries. Sometimes, health care is partially financed from general taxes. In Belgium, for example, the state subsidy is high, while in Germany only 21% of the funds come from general taxes.

*Anglo-Saxon model* is applied in the United Kingdom and Ireland. Social protection, both at the level of contributory benefits and social assistance, is more limited. They cover basic needs and delegate to the responsibility of individuals the complete coverage of their needs. The criteria for granting aid and subsidies are stricter and subject to active employability actions. The health service is mainly financed by general taxes. The British NHS has grown to become the largest publicly funded health service in the world and is considered to be one of the most efficient, egalitarian, and comprehensive.

*Mediterranean model* is applied in Spain, Greece, Italy, Portugal, and Turkey. It is situated between the Anglo-Saxon model and the continental model in terms of aid and the role of the State in the provision of services. It is based on cultural peculiarities, such as the presence of the family in the life of individuals, attributing to it the coverage of needs that in other models are covered by the State, such as the care of children or the elderly. It is similar to the continental model, but the labor market is not very flexible due to labor protectionism. However, this model is not very efficient in reducing poverty. Welfare is mainly directed toward generous state pensions and early retirement as a means to improve working conditions. As a result, the level of social assistance is much lower than in other countries.

Regardless of the model applied, the countries of the European Union essentially offer universal coverage of health expenses, guaranteeing the rights of patients to secure high-quality health care in all countries.

Another great health model is that of the United States, but it is a totally private system.

## Patient Satisfaction as an Indicator of the NHS Quality

European health systems are based on the principles of universality, solidarity, and equity. The tight budget available to governments restricts spending on various public services, including health care, which can negatively affect citizens' satisfaction level regarding the healthcare system. The NHS has three main objectives: to improve the health of the patient, to optimize the patient's experience, and to carry out management by making the best use of resources. This poses a major challenge to managers, who have to cope with increasingly demanding demand, rising costs of technology, and resources that are not only limited and scarce but are often reduced by economic crises. The system is complex and there are many factors to be taken into account, making it difficult to manage.

Citizens are increasingly demanding better health care as a necessary condition for improving their living standards, so the primary concern of patients is to improve the quality of health care. Therefore, the quality of medical services is critical to patient satisfaction and, consequently, patient satisfaction is considered the best indicator to measure, evaluate, and improve the quality of health services (Chang et al. 2013). In this sense, in the European Model of Quality Management of the EFQM (European Foundation for Quality Management), the customer satisfaction (patient, in health) represents 20% of the total value, while the International Organization for Standardization (ISO) considers the opinion of the users fundamental in the evaluation of the quality of the health services.

In general, the opinion of the patient on her/his level of satisfaction is considered a solid indicator of the quality of the attention received and it has the advantage that it allows to evaluate the improvement of the quality resulting from the management decisions. Higher quality is identified with higher patient satisfaction (Aliman and Mohamad 2016). Health care is a sector where low quality has serious consequences, so the clients (patients) are more intolerant of low-quality service than in other sectors.

Patient satisfaction analyses should provide information to both health professionals and health system administrators. The surveys of satisfaction of health services provide useful information on the development of policies to be carried out, which should aim at the implementation of evaluation and quality improvement programs, aimed at maximizing patient satisfaction at the lowest possible cost (Vogus and McClelland 2016), and always thinking about patient-oriented structures (Agosta 2009).

Furthermore, several studies have found that resources explain a fundamental part of patient satisfaction. In particular, the number of hospital beds in operation has a decisive weight, while the number of posts in the day hospital has a negative influence. This fact implies that the citizens prefer their health problems to be solved as inpatients rather than outpatients. Other resources are significant, such as the number of hemodialysis equipment (which are indispensable for the survival of individual patients) or the number of computerized axial tomography equipment. However, the most highly assessed variable is the number of medical specialists, which implies that hiring more specialists should be the primary objective of health policies (Valls Martínez and Ramírez-Orellana 2019). Hospital safety is also a fundamental variable that must be approached by the health authorities. It is interesting to observe how higher spending on medicines increases satisfaction, but only in patients over 65 years of age (Pascoe 1983). In younger patients, the use of alternative therapies is more valued (Valls Martínez and Parra Oller 2019).

## Health Expenditure: A Quality Differentiator

Spain represents a unique case, since the public NHS and the private health system coexist side by side so that private health services are a complement to public health services. Thus, those who pay for private insurance do not cease to pay for public health, that is, they pay twice as much. Moreover, it is also unique because there is no single NHS. The Spanish national territory is

divided into 17 autonomous communities, and the competencies in health matters are transferred from the central government to the governments of the respective autonomous communities. Thus, there are 17 NHS, each with its own particular health policies.

The autonomous governments are led by political parties from a different wing, which translates into very different policies in terms of public spending, that is, the amount invested per inhabitant. There are significant differences within Spain. Therefore, the study of the Spanish case is significant and revealing of what would happen if we transfer it to the different policies and amount of expenditure between the different countries of the European Union.

A cluster analysis (Jutz 2020) has been carried out based on health expenditure per inhabitant and patient satisfaction in the different autonomous communities, considering the analysis period 2005–2018. In this way, it has been possible to evaluate the quality of the health system in terms of the expenditure invested. Figures 1 and 2 show the results obtained, which reveal two groups: those communities that spend more on their healthcare system and have better health care, and those that spend less and, consequently, offer lower levels of quality health care.

## Conclusions

Different European countries address the social and health needs of their citizens in very different ways, although the health coverage of the population, in general, is mainly provided by the State.

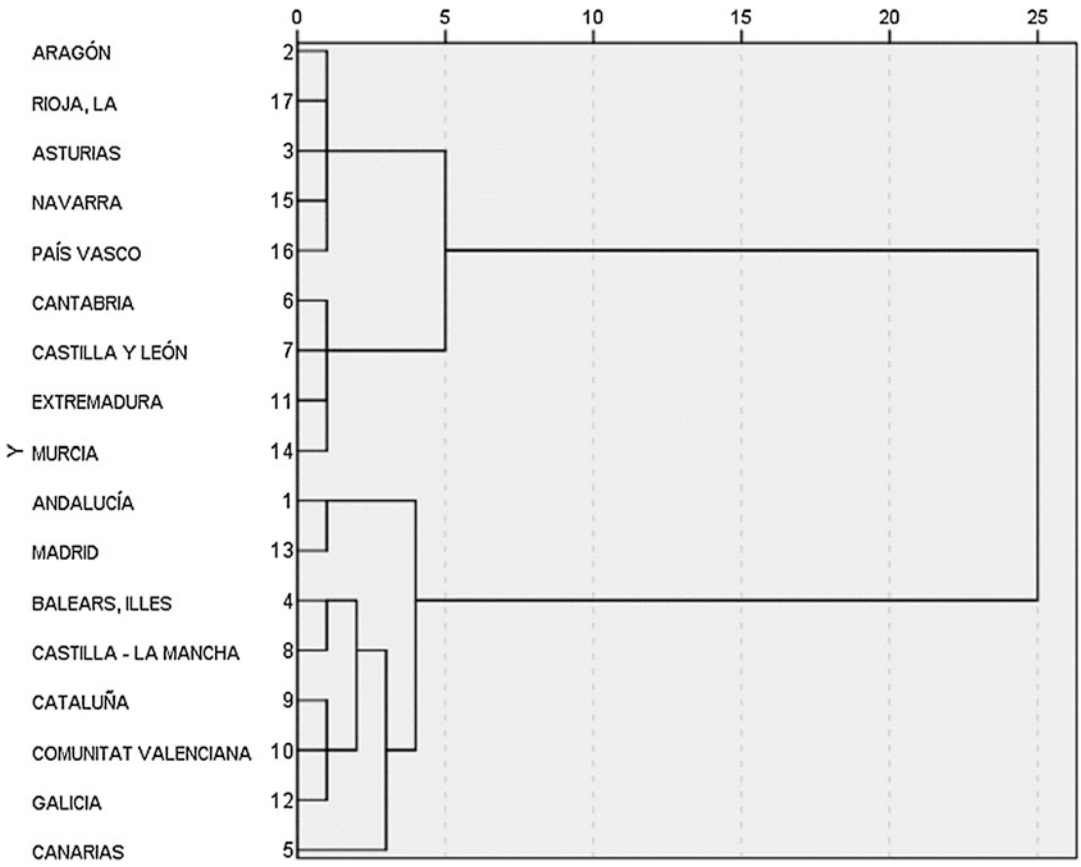


**Public Management Resources of the NHS, Fig. 1** Hierarchical cluster analysis: Dendrogram based on Ward's linkage

P

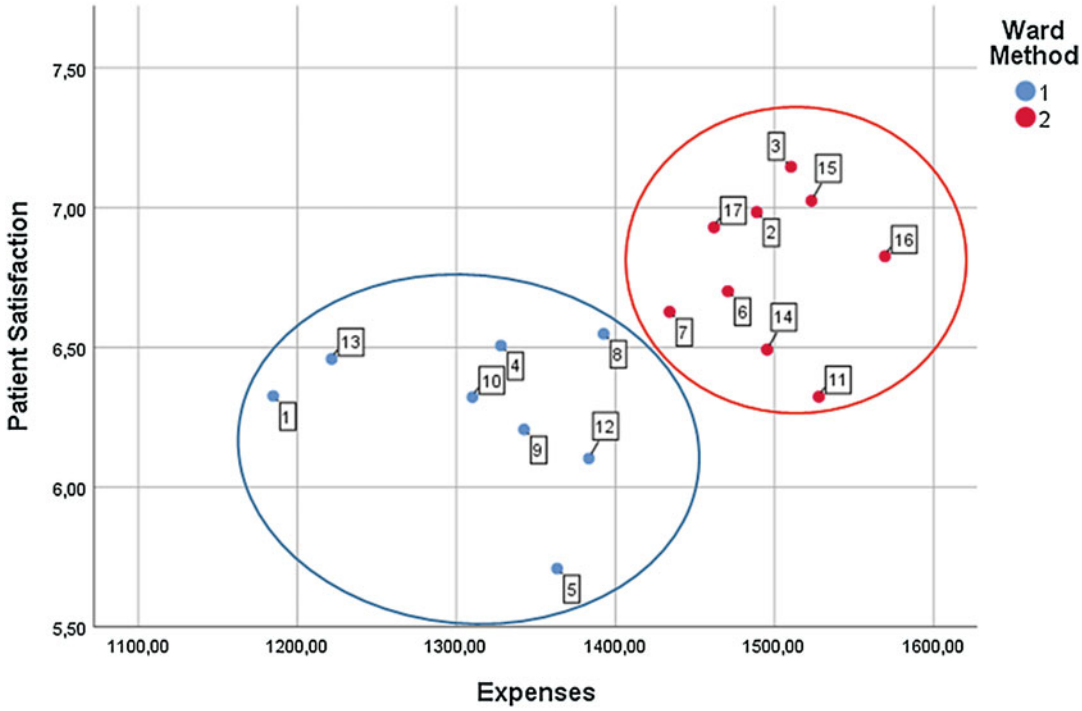


**Public Management Resources of the NHS, Fig. 2** Pooled scatter. Ward Method

The Nordic countries provide the best benefits and services to their citizens, while the Mediterranean countries offer the least coverage. Concerning the health system, as with any other service, citizen satisfaction is a reliable indicator of its quality. Studies have shown that the most valued part of the system is the human team, especially the specialist doctors, above the family doctors and nurses. Therefore, health managers should invest more in specialist doctors, as well as in facilities and health security. Finally, the cluster analysis centered in Spain finds that those regions that apply policies of greater health expenditure per inhabitant present health systems of greater quality, as it is perceived by citizens.

## Cross-References

- ▶ Comparative Healthcare Systems
- ▶ Health Policy
- ▶ Institutional Efficiency and Financial Health
- ▶ Multiperspective Public Healthcare Services Organization
- ▶ Multitheoretical Public Healthcare Organization
- ▶ Occupational Safety and Health in Organizational Strategy

## References

Agosta LJ (2009) Patient satisfaction with nurse practitioner-delivered primary healthcare services. J Am Assoc Nurse Pract 21(11):610–617. https://doi.org/10.1111/j.1745-7599.2009.00449.x

Aliman NK, Mohamad WN (2016) Linking service quality, patients' satisfaction and behavioral intentions: an investigation on private healthcare in Malaysia. Procedia Soc Behav Sci 224:141–148. https://doi.org/10.1016/j.sbspro.2016.05.419. August 2015

Álvarez-Gálvez J, Jaime-Castillo AM (2018) The impact of social expenditure on health inequalities in Europe. Soc Sci Med 200:9–18. https://doi.org/10.1016/j.socscimed.2018.01.006

Chang C, Tseng T, Woodside A (2013) Configural algorithms of patient satisfaction, participation in diagnostics, and treatment decisions' influences on hospital loyalty. J Serv Mark 27(2):91–103. https://doi.org/10.1108/08876041311309225

Jutz R (2020) Health inequalities in Eastern Europe. Does the role of the welfare regime differ from Western

Europe? Soc Sci Med:1133357. https://doi.org/10.1016/j.socscimed.2020.113357
Pascoe GC (1983) Patient satisfaction in primary health care: a literature review and analysis. Eval Program Plann 6(3–4):185–210. https://doi.org/10.1016/0149-7189(83)90002-2
Ruiz Medina M (2011) Políticas públicas en salud y su impacto en el seguro popular en Culiacán, Sinaloa, México. (Universidad Autónoma de Sinaloa). Retrieved from https://www.academia.edu/28410592/UNIVERSIDAD_AUTÓNOMA_DE_SINALOA_FACULTAD_DE_CONTADURÍA_Y_ADMINISTRACIÓN_DIVISION_DE_ESTUDIOS_DE_POSGRADO
Valls Martínez MC, Parra Oller IM (2019) Health investment management based on patient satisfaction with the primary care doctor in the Spanish national health service context. A gender perspective. MOJ Gerontol Geriatr 4(5):204–211. https://doi.org/10.15406/mojgg.2019.04.00208
Valls Martínez MC, Ramírez-Orellana A (2019) Patient satisfaction in the Spanish national health service: partial least squares structural equation modeling. Int J Environ Res Public Health 16(24):1–18. https://doi.org/10.3390/ijerph16244886
Vogus TJ, McClelland LE (2016) When the customer is the patient: lessons from healthcare research on patient satisfaction and service quality ratings. Hum Resour Manag Rev 26(1):37–49. https://doi.org/10.1016/j.hrmr.2015.09.005

# Public Organizations and Nonprofit Organizations

Jiahuan Lu
School of Public Affairs and Administration, Rutgers University-Newark, Newark, NJ, USA

## Synonyms

Government-nonprofit interactions; Government-nonprofit relations

## Definition

Nonprofit Organizations as Gap Fillers: Nonprofit organizations provide public goods and services that government fails to provide to citizens.

Nonprofit Organizations as Third-Party Partners: Nonprofit organizations collaborate with government and deliver publicly funded goods and services to citizens on behalf of the government.

Nonprofit Organizations as Policy Advocators: Nonprofit organizations engage with government agencies to influence public policy and government practice.

## Introduction

The nonprofit sector contributes to democratic governance in numerous ways. For example, nonprofit organizations deliver basic human services, engage in community building, organize for social changes, and provide spiritual fulfillment. While performing these critical functions, nonprofit organizations inevitably have to interact with government in various occasions. This entry attempts to delineate government-nonprofit relations in a democratic society. Indeed, the interactions between government and the nonprofit sector are far too complex to be summarized into one dimension. Rather, nonprofit-government relations are often considered as a multidimensional construct (Young 2000). This entry suggests that nonprofit organizations can interact with government, broadly speaking, in three ways: as gap fillers, as third-party partners, and as policy advocators. The focus of this entry is on charitable nonprofit organizations whose major function is service provision. The following sections elaborate on each strand of government-nonprofit relations and review relevant documented evidence.

## Nonprofit Organizations as Gap Fillers

The notion of nonprofit organizations as gap fillers suggests that nonprofit organizations come into being because they can provide public goods and services that government fails to provide to citizens, largely due to demand heterogeneity and majority voting (Weisbrod 1986). As a society grows more and more demographically diverse, diversified population would ask for diverse public goods and services, in terms of quality, style, and level. As such, citizens expect their

governments to be more responsive to the needs of diverse groups and ideally tailor public goods and services to these diverse demands. However, this creates a dilemma for the government. On one hand, the government could not respond to the preferences of all the constituent groups in local communities. Often, these diversified goods and services are only desired in accord with local preferences and consumed in local communities. These local collective demands might not be large enough to be addressed by government intervention as a public policy issue.

On the other hand, probably more fundamentally, public officials and political leaders in a democratic society, in order to maximize their chances of reelection, will ensure that public service provision is at the level that most voters prefer, leaving other service needs unsatisfied in the public policy process. In sum, whatever public goods and services government provides to its citizens, the government inevitably fails to meet the desire of some portions of citizens, resulting in government failure in the provision of public goods and services. In this way, nonprofit organizations can function as gap fillers, to meet the service needs that are ignored by government.

Indeed, nonprofit organizations' defining features make themselves better positioned to fill the gaps left by government provision of public goods and services. As grassroot community-based organizations, most nonprofit organizations are deeply embedded in local communities and thus have better understanding of local needs. Also, compared to government, nonprofit operations are subject to less bureaucratic control and political oversight and thus could be more flexible and efficient to respond to social and community issues. Indeed, in many social welfare service areas such as HIV/AIDS and domestic violence, nonprofit organizations historically took the initiative in addressing pressing problems and leading social changes, usually preceding government programs and policies. Again, in the United States, states with higher degrees of demographical heterogeneity tend to have more nonprofit organizations to deliver human services (Lu 2016a). In sum, nonprofit organizations are more readily to tailor goods and services to local situations, permitting a greater diversity of goods and service provision that government itself could never achieve. In this way, nonprofit organizations, supported by charitable donations and voluntary activities from private sources, could act as a supplement to government.

Following this line of reasoning, the size of the nonprofit sector in a given geographical region is determined by the heterogeneity of population demands in that region, often represented by the heterogeneity of the population. Thus, there exists a positive relationship between the number of nonprofit organizations in a jurisdiction and the degree of population heterogeneity in that jurisdiction. As Weisbrod (1986) wrote, "the larger the quantity of collective good demand that is undersatisfied at the tax price scheme used by government, the larger the expected size of the voluntary sector, ceteris paribus. Thus, for any given level of governmentally provided output, the larger the variance of demand, the greater the amount of voluntary-sector output that can be expected" (31). For example, in Western countries like the United Kingdom, France, Germany, Italy, and Sweden, there is a general positive association between a county's nonprofit sector size and the country's linguistic diversity (Salamon and Anheier 1998). Also, the United States, a country featuring a high degree of social heterogeneity and a vast array of nonprofit organizations, represents another living example to endorse nonprofit organizations' role as gap fillers (Kingma 2003).

## Nonprofit Organizations as Third-Party Partners

Instead of substituting government to serve citizens' unmet needs, nonprofit organizations may forge collaborative relationships with the government and become service delivery partners to provide publicly funded goods and services to citizens on behalf of the government. Indeed, recent decades have witnessed a sharp increase in government financing of nonprofit activities in policy implementation and service delivery. Driven by the institutional forces such as devolution and privatization, public agencies in many

Western societies prefer not to deliver public goods and services directly to citizens. Rather, they fund nonprofit organizations through financial tools like contracts and grants and rely on these community organizations to serve citizens. This kind of institutional arrangement is termed as the "third-party government" (Salamon 1987).

Under the "third-party government" arrangement, the scope and extent of government support of the nonprofit sector is extensive. Government funding can reach the nonprofit sector in a number of ways, including direct monetary support such as grants and contracts and indirect support such as tax-related benefits. For example, US Government Accountability Office (2009) estimated that in a given year among other federal supports, the nonprofit sector receives $135 billion in fee-for-service payments through Medicare, $25 billion in direct grants, $10 billion in direct contracts, and $50 billion in federal tax revenues forgone due to nonprofit-related tax expenditures. For most nonprofit organizations, as a result of their partnership with the government, government support constitutes a critical, if not the most important, funding source. According to the National Center for Charitable Statistics (NCCS), government direct support on average represents over one third of revenue for all public charities (McKeever 2015). Admittedly, there is a field variation in the amount of government funding obtained by nonprofit organizations. For example, in human service organizations, government funding represents a major revenue source, but in arts and culture organizations, the amount and the impact of government funding might be less significant. However, the overall importance of government support to the entire nonprofit sector is still irreplaceable in recent decades.

The rise of government-nonprofit partnership in policy implementation and service delivery can be analyzed from both government and nonprofit perspectives. On the government side, the rise of devolution and privatization in the policy environment, largely shaped by neoliberal ideologies, presents a new landscape for public service delivery. Devolution pushes many government programs from the national level to the local level, and privatization again pushes services delivery out to contractors. Public service contracting is generally featured by ambiguous performance and high provider discretion, which complicates government management and oversight. However, when government decides to contract out service provision, nonprofit organizations' defining features can give them an advantage over for-profit providers. Features such as the nondistribution constraint and public service orientation can bolster the perception by the public and government agencies that nonprofits are equipped to serve as trustworthy service contractors. In the United States, for example, nonprofit organizations are strictly prohibited from distributing revenue surpluses among organizational members and stakeholders, and thus this nondistribution constraint weakens nonprofit organizations' incentives to take advantage of the information asymmetries in service delivery. Further, nonprofit organizations' social mission alignment with government's public mission elevates the pursuit of social improvement over self-interest maximization. Furthermore, nonprofit organizations' roots in local communities also enable them to better understand local situations and respond to citizen needs. In sum, these features of the nonprofit sector are assumed to provide an assurance that public services, once contracted out to nonprofit providers, will be processed faithfully (Hansmann 1980).

On the nonprofit side, nonprofit organizations are voluntary organizations, largely relying on the voluntary actions of donors and volunteers. However, these voluntary actions are sometimes less organized and efficient, limiting nonprofit organizations' capacity to respond to social problems fully by themselves. Specifically, there are four major limitations that nonprofit organizations have to address: philanthropic insufficiency (lacking sufficient and reliable organizational resources), philanthropic particularism (focusing on particular groups of clients while ignoring others), philanthropic paternalism (serving donors' interests instead of wider social needs), and philanthropic amateurism (inefficiently managed and operated without professional workforce) (Salamon 1987). In these situations,

government might step in to help overcome the nonprofit weakness. As Salamon (1987) suggested, "government is in a position to generate a more reliable stream of resources, to set priorities on the basis of a democratic political process instead of the wishes of the wealthy, to offset part of the paternalism of the chartable system by making access to care a right instead of a privilege, and to improve the quality of care by instituting quality-control standards" (p. 42). As such, nonprofit organizations might partner with government and collectively deliver goods and services to address social problems. In sum, combining both government and nonprofit perspectives, there is the potential for a complementary relationship between government and nonprofit organizations.

## Nonprofit Organizations as Policy Advocators

In addition to working with public agencies as gap fillers or third-party partners, nonprofit organizations may also get connected to government through policy advocacy to influence public policy and government practice. Policy advocacy can be broadly understood as any attempt by nonprofit organizations to engage with government agencies to either directly or indirectly shape public policy (Pekkanen and Smith 2014). Specifically, nonprofit organizations may be involved in a variety of policy advocacy activities, such as offering testimonies before legislative committees, joining government task forces or advisory committees, providing legal services or funding for client litigation, and educating clients about proposed laws and regulations. Overall, by identifying social problems that are neglected by the public and bringing the voices of the underrepresented members of a society to the policy process, nonprofits help protect public interest and social justice. Indeed, the nonprofit sector has a long history of promoting democracy and civic actions. In this way, policy advocacy has long been considered as another defining feature of the nonprofit sector and a critical force in a democratic system (Jenkins 1987).

In recent decades, a variety of external forces such as growing competition for resources, increasing professionalization and commercialization, and greater emphasis on accountability and performance seem to discourage nonprofit organizations from fulfilling their critical advocacy role. However, given that policy advocacy is a relatively broad word and that existing empirical studies tend to measure it in different ways, we still do not have a complete understanding of the extent to which nonprofit organizations engage with government agencies for advocacy purposes. For example, a recent national survey of US public charities estimates that three out of four organizations engage in some type of policy activities such as direct lobbying and testifying before the legislative body (Bass et al. 2007). In contrast, in Indiana, only approximately 25% of nonprofit organizations are found to promote positions in policy issues (Child and Grønbjerg 2007). Again, another survey of over 3000 nonprofit public-benefit organizations other than hospitals and higher education institutions across the United States reports only 16% of the nonprofit organizations actually have advocacy expenditures (Salamon 2002). Despite the divergence in advocacy measurement and survey results, one thing is widely acknowledged by scholars and practitioners: through policy advocacy, nonprofit organizations participate in the public policy process and advance representation in democratic governance. In this way, nonprofit organizations act as social change agents to protect the well-being of their constituents and vulnerable populations at large and further promote social and economic justice.

In view of nonprofit organizations' participation in the policy process, the government would respond in two ways (Berry 2003). First, government could impose legal regulations on the extent to which nonprofit organizations can be involved in policy advocacy. In the United States, for example, public charities are legally strictly prohibited to engage in partisan activities such as endorsing or opposing candidates for office, but they can involve in nonpartisan election-related activities such as voter registration and education. Again, charitable organizations are permitted to perform

various nonelection-related policy activities such as public education and legislative lobbying, but their lobbying expenditures cannot constitute a substantial portion of their total expenditures. To some extent, the complex nature of the legal restrictions confuses nonprofit organizations and makes them hesitant about policy advocacy. Besides, the complexity in government regulations gives government more discretion in interpreting and enforcing the regulations and makes nonprofit organizations potentially more vulnerable to government actions.

Second, government may also become receptive to nonprofit organizations' certain policy activities. As mentioned above, nonprofits' roots in local communities and direct interactions with clients empower them to better understand community needs and the effect of government policies and programs, which gives them unique advantages to inform policy making and implementation. Again, increasing government funding of nonprofit activities would result in a close working relationship between government agencies and nonprofit organizations in the delivery of public funded goods and services. Under this working partnership, government agencies, especially at the local level, become heavily dependent on nonprofit operations in program design and development. In this way, governments may welcome nonprofit participation in the policy process to solicit feedback and recommendations on existing or proposed policy and practice. In sum, government presents both pressures and opportunities for nonprofit organizations to engage in policy activities (Lu 2016b). As a result, many nonprofit organizations, if they decide to participate in policy advocacy, become very careful with their advocacy efforts to ensure their policy activities would not directly confront policy makers and funding agencies, which would otherwise comprise their tax-exempt status and future funding prospect.

## Conclusion

In sum, the interaction between government and nonprofit organizations is a multidimensional construct. This entry describes that nonprofit organizations can interact with government, broadly speaking, in three ways: as gap fillers, as third-party partners, and as policy advocators. As gap fillers, nonprofit organizations provide services to meet citizens' diverse service needs that could not be addressed by government. As third-party partners, nonprofit organizations deliver publicly funded services and become partners of government. As policy advocators, nonprofit organizations engage with the government to shape public policy to promote social justice.

While considering government-nonprofit interactions, it is important to note that all the three strands of the interactions outlined above are not mutually exclusive, since each of the three fails to delineate the entire picture of government-nonprofit relations. These three types of interactions, collectively, define the dynamic and complex nature of government-nonprofit relations. In this way, it is more appropriate to take a holistic view of government-nonprofit relations, with each dimension of the relations in mind. It is also important to note that although this entry discusses each strand of government-nonprofit relations separately, nonprofit organizations in reality can interact with government in these three capacities simultaneously. Therefore, all the three strands of government-nonprofit interactions will not proceed in a parallel fashion, but intertwine with each other. For example, when government support becomes a critical funding source for nonprofit organizations as service delivery partners under the "third-party government" arrangement, government funding might undermine nonprofit autonomy and make nonprofit organizations less willing to participate in policy advocacy to challenge the government. In this way, it is more appropriate to take a dynamic view of government-nonprofit relations, considering the interactions among different strands of the relations.

## Cross-References

► Contracting with Government
► Government and Nonprofit Relationships

## References

Bass GD, Arons DF, Guinane K, Carter MF (2007) Seen but not heard: strengthening nonprofit advocacy. The Aspen Institute, Washington, DC

Berry JM (2003) A voice for nonprofits. Brookings Institution Press, Washington, DC

Child CD, Grønbjerg KA (2007) Nonprofit advocacy organizations: their characteristics and activities. Soc Sci Q 88(1):259–281

Hansmann HB (1980) The role of nonprofit enterprise. Yale Law J 89(5):835–901

Jenkins JC (1987) Nonprofit organizations and political advocacy. In: Powell WW (ed) The nonprofit sector: a research handbook. Yale University Press, New Haven, pp 296–318

Kingma BR (2003) Public good theories of the nonprofit sector: Weisbrod revisted. In: Anheier HK, Ben-Ner A (eds) The study of the nonprofit enterprise. Springer, New York, pp 53–65

Lu J (2016a) Governing diversity: the impact of social heterogeneity on human service delivery. Public Org Rev 16(2):153–166

Lu J (2016b) Fear the government? A meta-analysis of the impact of government funding on nonprofit advocacy engagement. Am Rev Public Admin. https://doi.org/10.1177/0275074016680024

McKeever BS (2015) The nonprofit sector in brief 2015. The Urban Institute, Washington, DC

Pekkanen RJ, Smith SR (2014) Introduction. In: Pekkanen RJ, Smith SR, Tsujinaka Y (eds) Nonprofits and advocacy: engaging community and government in an era of retrenchment. Johns Hopkins University Press, Baltimore, pp 1–17

Salamon LM (1987) Of market failure, voluntary failure, and third-party government: toward a theory of government-nonprofit relations in the modern welfare state. Nonprofit Volunt Sect Q 16(1–2):29–49

Salamon LM (2002) Explaining nonprofit advocacy: an exploratory analysis. Johns Hopkins University Center for Civil Society Studies Working Paper Series No. 21, Baltimore

Salamon LM, Anheier HK (1998) Social origins of civil society: explaining the nonprofit sector cross-nationally. Volunt Int J Volunt Nonprofit Org 9(3): 213–248

US Government Accountability Office (2009) Nonprofit sector: significant federal funds reach the sector through various mechanisms, but more complete and reliable funding data are needed. GAO-09-193

Weisbrod BA (1986) Toward a theory of the voluntary nonprofit sector in three sector economy. In: Rose-Ackerman S (ed) The economics of nonprofit institutions: studies in structure and policy. Oxford University Press, New York, pp 21–44

Young DR (2000) Alternative models of government-nonprofit sector relations: theoretical and international perspectives. Nonprofit Volunt Sect Q 29(1): 149–172

# Public Organizations and Regulations

Sara R. Jordan
Center for Public Administration and Policy, Virginia Polytechnic University and State Institute, Blacksburg, VA, USA

## Synonyms

Associations; Interest groups; Nonprofit organizations; Public participation; Rulemaking

## Definition

Public organizations, such as advocacy groups, nonprofit organizations, for-profit firms, and professional associations, are the authors and the subjects of government regulations. As individual citizen participation in the regulatory process is comparatively low, public organizations can be seen as the chief authors of the public's concerns in the process of drafting and amending the regulations that fulfill the implementation of law.

## Introduction

Regulations, and the interpretive guidance documents that supplement regulations, are the material directions guiding organizations and individual citizens through the labyrinth of national, state, and local laws. These outlines for the implementation of law are not made by individual citizens or their representatives. Instead, the regulatory process is infused with the language, interests, and arguments authored by various public organizations (Jalilian et al. 2007; Wolfram 1977).

There are multiple reasons for the disproportionate influence of organizations on the regulatory process, whether the intraoffice drafting of proposed rules, the question-begging for guidance in regulatory interpretation, or the formal participation in informal (notice and comment) and

formal (adjudication) rulemaking activities. These are the same reasons why organizations, such as firms and political action committees, dominate the electoral finance landscape: funds and expertise. Regardless of the type of organization (see below), individuals organized into firms, associations, leagues, companies, and corporations are able to marshal intellectual, legal, creative, and financial means to author questions and directives that meaningfully influence regulators. Further, organizations themselves are able to use their credibility and clout to motivate citizens to take individual actions on their behalf, such as mass mail campaigns to regulators during the notice and comment period of rulemaking (Jorgenson and Wilcoxen 1990).

In general, regulation is best viewed as a continual process of incremental, written, but formal (rules) and informal (guidance) modification to the implementation architecture of law. This process begins with demands from downstream clients (e.g., firms) or legislators (speaking on behalf of the customers of those firms) to regulatory agencies for modification of firm behavior to comport with a belief about the public good. The requests from lawmakers or firms to regulatory agencies may spur rulemaking activities or studies of feasibility of rulemaking activities. Depending on the gravity of the requests and the threat of the firm behavior to the public interest, establishment of an independent regulatory commission may arise. In either a typical (agency rulemaking) or atypical (commission direction of further rulemaking) case, the authorship of regulations promotes further rulemaking activity as firms and regulators negotiate with one another about the interpretation of regulatory language, reporting requirements, and timelines. The circular process of request for regulation, authorship of rules, negotiation of rule implementation, and rewriting and renegotiation of those rules is definitive of the regulatory process.

## Types of Public Organizations

Both governmental and nongovernmental organizations influence the regulatory process. Governmental organizations that participate in the authorship of regulations span the gamut of possibility. An examination of the participants in informal rulemaking activities in the US federal government shows that governmental organizations participating in the regulatory process include: the offices of state and local departments, governor's offices, mayoral offices, city managers, Congresspersons, heads of other agencies and agency divisions, and governmental officials from outside of the United States (e.g., Ministry of Health). These participants often inveigh upon the rulemaking agency to consider the needs of their jurisdiction and constituents, whether individuals or industries, when formulating or revising rules.

The nongovernmental organizations participating in authorship or negotiations for changes in regulations also represent the range of possibility. Reflecting on the US regulatory process specifically, an examination of participants in notice and comment rulemaking shows that global, international, national, state, and local advocacy groups register their views about regulatory language. Statutory nonprofit organizations, churches, professional associations, manufacturer associations, groups of interested firms, universities, hospitals, and, of course, citizen committees and communities also weigh-in on the content of regulations (Smismans 2004).

Participation in the process of rulemaking is but one small part of the regulatory process, however. The participation of particular types of public organizations at different stages of the process is more revealing of the true influence of public organizations on regulation.

## Public Organization Influences in the Regulatory Process

The notion that regulatory agencies act independently in the drafting of rules and guidance is a myth. Instead, firms and interest groups, such as manufacturing associations, may seek to buffer against shocks from regulators by themselves drafting regulatory language and submit this to agencies for consideration. During the multiple iterations of interactions between the regulators

and regulated firms, it may emerge that a new area of concern needs attention. From the perspective of firms, it may be that prospectively *asking* for regulation limits their liability for particular behaviors. Likewise, some firms at the cutting edge of a technology may ask regulators to examine the language they have authored to guide the construction or implementation of that technology, with the effect that these "first movers" are able to get regulators to authorize their processes as the defensible standard for all others.

Lawmakers may also influence the regulatory process. Chief among the mechanisms of regulatory influence is the requirement to hold formal rulemaking hearings or to allow the rulemaking process to proceed via informal notice and comment periods. Likewise, lawmakers might draft highly specific laws that redirect agency rulemaking into narrowly confined spaces or may leave large chasms open for regulatory interpretation, thus effectively shirking responsibility for implementation of knotty laws. In instances where a lawmaker is not a direct participant in the authorship of the law that leads to drafting of a body of regulation, for example, where a state-level lawmaker commenting on national level regulations, law- makers may participate in the same way that other public organizations or individuals might.

Two types of public organizations that have an effect on the regulatory process in its design and implementation phase are advocacy groups (otherwise referred to as interest groups) and professional associations. While advocacy organizations may be subsets of other types – nonprofit or for-profit – and may have a wide range of potential resources bases, from well-resourced "name brands" (e.g., Amnesty International) to small time local operations (e.g., the friends of a particular park or lake), they interact with the regulatory design and implementation process with the purpose of ensuring that the interests of their organization and constituents are actively taken into account. To ensure this, they may marshal a mass mail campaign, draft extensive reports to regulators, engage in ex parte contact (except in instances of adjudication) with regulators, and gather other, similar, groups to their cause. Similar moves may be made by professional organizations; however, professional organizations may lean upon the shared background of education, professional discipline, professional language, and research techniques of the regulatory agency to get their specific message across. In some cases where implementation of a regulation threatens the constituents or members of a profession, they may pursue legal action against the regulators to meet their needs.

That ministries from other nations weigh-in upon the regulatory activities of another nations' regulatory agencies strikes some observers as unusual. Regulatory diplomacy or the attempt of one nation to get another to consider the effect of its regulation on other nations' government agents, firms, and citizens is a more visible part of the regulatory process where notice and comment rulemaking is used. As there are no a priori restrictions on whose interests could be taken into consideration in the regulatory process, the new visibility of regulatory diplomacy could be considered a boon for transparency in the architecture of global governance.

## Regulatory Recipients

It is commonplace (in the English language at least) to refer to organizations as "subject to regulations." The choice of language is indicative of a perspective on the relationship of non-governmental organizations (for-profit and non-profit) to governments. To be subject to regulations suggests that the government has power, through the implementation of regulations, to coerce organizations to perform actions that they otherwise would not. Examples of this abound: restaurants subject to the regulations imposed by health inspections may prefer that there is a wider window of variation in allowable temperatures for walk-in freezers; electric power plants may prefer that they are not required to produce reports about particular pollutants that

their scrubbers have otherwise removed from exhaust; hospitals may prefer not to have to report readmission rates. In each of these cases, what regulations require of public organizations is that they respond to the attempts of lawmakers to define or clarify a public good.

Debates rage whether regulations help or hinder businesses or the economy at large. On one side, consumer advocates suggest that regulations protect customers from potentially harmful practices of for-profit firms. In this view, regulations put brakes on an otherwise unfettered capitalist program of acquisition. An oft-rehearsed example of this is the establishment of a national food and drugs safety program in the United States following the publicity of meat-packing conditions in Upton Sinclairs' *The Jungle*. On another side, business organizations, education institutions, and small firms decry the cost of compliance with regulatory mandates. In this view, regulations pose undue burdens of analysis and reporting that add to costs that viable, nonfraudulent, businesses would otherwise bear in the conduct of good business practice (Jalilian et al. 2007; Jorgenson and Wilcoxen 1990). Examples of this are more esoteric and restricted to the relevant business type, but can include requirements of ambulatory surgical centers to report to the US federal government the uptake of influenza vaccines by employees on a quarterly basis when most healthcare organizations strongly recommend their employees voluntarily take the annual vaccine. Another side of the regulatory debate is whether regulations compel, through the unforced force of markets, a leveling-up or leveling-down trend in business practice or even between regulatory regimes of particular countries. Arguments for a leveling-up effect – the "California Effect" or the "Brussels Effect" – suggests that firms seeking wide markets or nations seeking maximum market access for national goods will "level up" their regulations to comply with the maximum restrictive set. Arguments for a leveling-down effect, a "race to the bottom," suggests that shrewd firms will pursue relocation in the least restrictive regulatory zone in order to reduce operational costs of regulatory compliance (Smismans 2004).

Regardless of the proregulatory or anti-regulatory stance of organizations, it is certain that competent players in local, national, and global marketplaces are those that pay careful attention to regulations. Public organizations that are most politically shrewd will seek compliance as well as windows of opportunity to participate in the process of designing and redesigning those regulations.

## Conclusion

Public organizations of varying types and sizes all play a part in the process of designing, implementing, and changing the regulations that coordinate the public good. Governing organizations make and are subject to regulations that are also made and followed by nongovernmental, for-profit, and nonprofit firms. The routine dance of regulatory interaction drives change, growth and decay, in public organizations.

## Cross-References

► Nonprofit Organizations

P

## References

Jalilian H, Kirkpatrick C, Parker D (2007) The impact of regulation on economic growth in developing countries: a cross-country analysis. World Dev 35(1):87–103

Jorgenson DW, Wilcoxen PJ (1990) Environmental regulation and US economic growth. Rand J Econ 21(2): 314–340

Perkins R, Neumayer E (2012) Does the 'California effect' operate across borders? Trading-and investing-up in automobile emission standards. J Eur Public Policy 19(2):217–237

Smismans S (2004) Law, legitimacy and European governance: functional participation in social regulation. Oxford University Press, Oxford

Wolfram CW (1977) Barriers to effective public participation in regulation of the legal profession. Minn Law Rev 62:619

# Public Participation

Tsuey-Ping Lee[1] and Tung-Wen Milan Sun[2]
[1]Department of Political Science, National Chung Cheng University, Minxiong, Taiwan
[2]Department of Public Policy and Administration, National Chi Nan University, Nantou, Taiwan

## Synonyms

Citizen participation; Public engagement; Public involvement

## Definition

Public participation is about the involvement of those who may be affected by or interested in a decision through formal or informal channels. The purpose of public participation is to enable participants to take action and to be heard in decision-making processes and, as a result, to affect the final outcome. The foundation of public participation is the distribution of power, and therefore, it is viewed as an expression of democratic spirit. A policy that involves as many affected citizens as possible in its decision-making process is considered more legitimate than those arbitrarily decided by policymakers alone.

## Introduction

The concept of participation has appeared in different fields, such as social participation and community participation in the social sphere or political participation in the political sphere. This concept has been extended to a sense of public participation, citizen involvement, or citizen engagement. In the social sector, participation means that those who have been excluded from the government's decision-making process organize efforts to increase control over resources and institutions (Stiefel and Wolfe 1994). Community participation, therefore, refers to the involvement of community residents in the formulation and implementation of local programs that are designed to solve problems that the community is facing. All community residents are encouraged to take part in each step of the problem-solving process, including problem identification, solution development and selection, program implementation, and outcome evaluation. In the political sector, participation involves interactions between government agencies and individuals or organized groups in the policymaking processes, whereby citizens participate in legal activities aimed at influencing government decisions (Verba and Nie 1987: 2). It is noteworthy that the intended outcome of political participation is to allow the public to influence government decisions, particularly in a flow of influence upward from the masses, rather than to show support to the government decisions, which clearly differentiates political participation from political mobilization (Verba and Nie 1987: 3). The participatory method in the political sphere is associated with activities that take place in representative democracies, such as voting and campaigning, or organized group activities, such as protest, rather than direct participation in the governmental decision-making process.

Public participation, citizen involvement, citizen engagement, or citizen participation broadens the boundaries of social and political participation. Public participation recognizes participation as a human right, as well as a social and civic responsibility. Recognizing participation as a right means that citizens have the right of participation in making policy that directly or indirectly affects their lives. At the same time, a citizen is responsible for playing an active role in making decisions about their future. Citizen participation goes beyond traditional forms of indirect representation and emphasizes direct ways in which citizens exercise control in governance. Even if the political institution is one of indirect representation, citizen participation emphasizes that the citizens becomes more active and take the initiative to intervene in policy formulation and decision-making in the areas that affect their lives.

The appropriate role of the public in the policymaking process has led to much discussion, accompanied by advocacy in favor of citizen

engagement, and the suspicion that barriers to citizen engagement hinder meaningful participation. Given that meaningful participation consumes many resources such as time and manpower, the level of public participation should be determined on a case-by-case basis, taking the political circumstances and the nature of the concerned issues into consideration. Public participation is essential in pursuing justice, especially in the field of environmental governance. In making environmental policy that affects underserved communities, attention has been focused on improving public participation to ensure that communities have a voice in environmental decisions. However, meaningful public participation has never been easy. For it to be feasible, challenges to public participation have to be overcome, and steps to meaningful participation have to be taken to ensure that the process is authentic, rather than a mere public relations scheme.

## Perspectives on Public Participation

Arnstein (1969) argued that citizen participation means citizen power. By identifying eight levels of participation, Arnstein (1969) showed that participation can range from the empty ritual of participation to participation with real control over the outcome of policy processes. Citizen power exerts substantial influence on the outcome of decision-making processes only at levels 6, 7, and 8 of participation: partnership, delegated power, and citizen control, respectively. Partnership means that citizens and power holders agree to establish a collaborative mechanism to share decision-making responsibilities. Delegated power means that the citizen has dominant decision-making power, for example, by having the majority of seats in a committee delegated to make decisions on a particular plan or program. Citizen control means that the citizens have the guaranteed power to oversee a program or an institution. Other than these three levels of participation, levels 1 and 2, manipulation and therapy, respectively, are categorized as nonparticipation. Levels 3, 4, and 5 (informing, consultation, and placation, respectively) ensure that citizens do not have their voices heard and that power holders have the ultimate right to decide.

Public participation has many functions. The main function is to provide an opportunity for communication between the power holders (usually government agencies) and the public. By encouraging the public to have meaningful input into the decision-making process, the communication becomes a valuable channel for government agencies to learn about the public's concerns, resulting in policy that incorporates a range of interests (Wouters et al. 2011: 17). In line with the communicative function, public participation can enhance sustainable development that can be achieved only through the involvement of all stakeholders whose awareness could be raised through participation (Bass et al. 1995). Well-managed public involvement increases the legitimacy of decisions in the eyes of the affected, and the decisions are therefore more likely to be implemented effectively (Dietz and Stern 2008). Through meaningful public participation, a lasting and trusting relationship between stakeholders, especially the one between the government and citizens, can be built and will benefit sustainable collaborations (Dietz and Stern 2008). In the sphere of environmental policy, many decisions should be calibrated to local environmental circumstances that can be effectively learned from local residents' daily observation and life experience. Public participation helps decision-makers obtain a baseline of information from the citizens. Nowadays, the citizen science movement encourages public participation in environmental science research to expand the scale of the collected data and, through well-managed data collection processes, to increase the accuracy of the data (Dickinson and Bonny 2012: 1–15). This movement recognizes the value of citizen knowledge that is essential for policymaking. In addition, citizens learn the skills and knowledge related to contribution to public affairs through participation. When citizens become accustomed to and experienced in public participation, the quality of the policies made by the public improves.

While public participation is highly desirable due to the numerous advantages associated with

participating in decision-making processes, there are also inevitable disadvantages. Irvin and Stansbury (2004: 58–60) examined whether it is worth the effort to involve citizens in the decision-making process and listed the disadvantages of public participation to participants and the government. The disadvantages are as follows:

1. Costs: A decision-making process emphasizing public involvement is very time-consuming for both participants and government agencies. An expert on the relevant issues can make quick decisions that could otherwise take the public months to reach.
2. The difficulties of diffusing citizen goodwill: In the case of a large community with diversified perspectives on an issue being discussed, citizens who finally take participatory action do not necessarily have influence in the community. Unless participants are elected and are known to represent a constituency, decision made by participants may not be legitimate in the eyes of nonparticipants.
3. Complacency: In the instance in which the community is complacent or the public is likely to accept a decision made by a delegated agent, public participation is not necessary for two main reasons. One is for the sake of efficiency, and the other is due to the gap between intending to participate and taking real action.
4. Representation: Participants who have resources, such as time, to attend meetings may only represent specific social groups or socioeconomic levels. In many instances, participants may have a background in local politics and their preference may only reflect partisan interests.
5. Lack of authority: In the scenario in which the output of public participation is ignored, merely taken under advisement, or only for the purpose of endorsing or justifying a predetermined decision, public resentment will develop.
6. The power of wrong decisions: The decision made through a public participatory process may be inappropriate due to a lack of expertise, local politics, or an inaccurate representation of interests. In the era of emphasizing democratic spirit, it is found difficult to defy a decision made by the public even where it appears to be an incorrect decision.
7. Persistent selfishness: The presumption that a decision made through a public participatory process is altruistic should be reconsidered, as an individual may participate in the decision-making process solely for personal gain.

## Public Participation and Procedural Justice

Public participation is an important approach in pursuing procedural justice. Although the definition of justice can vary, procedural justice has a less controversial definition and refers to the fairness of the decision-making process. Advocacy of procedural justice builds a foundation on the presumption that the final decision made through a process that fairly and meaningfully involves affected stakeholders is just and legitimate (Tyler 1988). If the public perceives the decision-making process as fair and just, it tends to accept the final decision as legitimate. What characteristics lead to a decision-making procedure being recognized as just? Tyler (1988) found that the general public ranks consistency or similarity of treatment and outcome across time and between participants, as the most significant characteristics. In addition, the accuracy of results, bias suppression, and representation within the process are the second most significant characteristics of procedural justice for the public. These characteristics reveal that participants' subjective perception determines how they assess the fairness of a decision-making process. When participants perceive that they are treated equally, regardless of race, color, religion, national origin, or income, and that similar fact patterns will generate similar results, they start to believe that procedural justice can be achieved. In addition, bias suppression remains a challenge. People who have developed a bias against a specific perspective may not be aware that a bias exists. Therefore, when the bias of a group of people is suppressed during a decision-making process, it is unlikely that they would still consider the process just.

The conception that helps associate procedural justice with public participation is recognition. Recognition refers to an action or process of accepting someone or something that is important. It is to acknowledge the existence, validity, or legality of someone or something. When examining distributive injustice, Young (1990) found that the lack of recognition of social diversity is the main reason behind ubiquitous unjust distribution. The lack of recognition that is presented in different forms and exists in society, embedded in the social structure, culture value systems, and even political networks, results in individual or specific groups being excluded from the process of making decisions that will affect their lives. In the process of social interaction, recognition is a dynamic and ongoing process. Mutual recognition can be affected by culture and institutions. At the same time, it reciprocally shapes, reinforces, and maintains the extant culture and institutions. The social relationships between people is defined by social norms, rules, language, and symbols, in which we can see the difference between individuals, or between social groups, as disrespected or even ignored (Fraser 1997). Given that the lack of recognition is deeply embedded in society, "recognition as justice" becomes another approach to examining justice. In pursuing procedural justice, mutual recognition is transformed into a form of welcoming the public into the decision-making process. Participants cultivate a sense of ownership in the final decision when they feel that they are being heard, that their concerns are being responded to, and that their interests were reflected in the final decision. Participants also cultivate a sense of being bound by the political system during the participation process and therefore recognize the political system as a legitimate source of obligations (Tully 2000).

In the case of underserved communities, recognition from the government is particularly important. Underserved communities have long been ignored by society or the government. They may have internalized society's negative perception of themselves and hold a pessimistic attitude on participating in public affairs. They may have lost their identity of being a part of society and feel incapable of representing themselves in a public debate and making judgments about issues under discussion (Honneth 1992). Under such circumstances, recognition from the government provides an opportunity for affirming dignity and reviving self-confidence (Schlosberg 2007). Recognition from the government should start from recognizing stakeholders as rightful participants (Young 2000) and presenting a regularized public participation mechanism. In other words, to make the public feel that their right to participate in decisions that affect them is being recognized, the importance of public participation should be regulated and enforced by law.

Does procedural justice guarantee the best outcome for participants? From the discussion above, we know that a just decision is one that balances multiple interests or compromises among conflicting interests, so that different voices representing various interests are heard. The outcome resulting from a just decision is not guaranteed to fit the best interests of each stakeholder, and it could even be far from the ideal outcome from a professional viewpoint. However, a decision made through meaningful participation of the affected stakeholders is recognized as valuable in embracing diverse views and concerns. Stakeholders should have the right to determine what they want and should be recognized even if their decision is viewed with disapproval. Therefore, to achieve procedural justice and, at the same time, ensure that the decision being made by the affected public does not violate the public interest, the public should be empowered by providing them with transparent and comprehensive information and training programs.

In promoting procedural justice, the role of the government is that of the facilitator rather than the arbitrary decision-maker. Although the government still has the ultimate authority for policymaking and implementation, citizens should be placed at the center of policy consideration rather than as merely a policy target. To develop policies and design services that respond to citizens' needs and match their circumstances, meaningful citizen participation is the only tool to obtain useful information. One of the most important foundations for democracy is the belief in individual freedom, self-identity, and

self-determination. Therefore, the government does not need to decide what the best or most appropriate policy is for the public. Rather, the government should create a fair dialogue forum for affected stakeholders and ensure that they are well-informed of participatory opportunities and are provided with essential information for making informed decisions. Only when affected stakeholders' right of participation is recognized, and they are well-equipped for meaningful participation, can procedural justice be accomplished.

## Meaningful Public Participation

Public participation can be an empty ritual without making a difference in final decisions. A meaningless public participation process is a waste of time for both government agencies and the public. However, achieving meaningful public participation is challenging because of various barriers to participation. The goal of meaningful public participation cannot be reached without identifying and overcoming these obstacles to participation.

### Reasons for Nonparticipation

There are many reasons that prevent citizens from being able to participate effectively in public decision-making. The main concern is that the public does not have any real, practical power to influence decisions. Typically, the public is composed of diversified interests and perspectives. To make participation meaningful for different groups, the decision-making process needs to involve individuals representing multiple views (Beierle 1999; Beierle and Konisky 2000; Julian et al. 1997). To make different interests and perspectives heard, participants should reflect the demographics of the public, and, if participants are elected by the public, they should be trusted by and speak on behalf of the group represented. This is called the institution of representative democracy. However, practically speaking, the public cannot know with certainty whether elected representatives are working to stand for the interests of ordinary citizens, because information is not available in a completely transparent manner. This leaves room for representatives to work based on their private interests rather than the public interest. Therefore, ordinary citizens do not have real control over elected representatives and do not hold real power to affect decisions. Even if citizens have some degree of control over representatives, it might not make a difference in practice. In fact, when conflicting interests compete with each other, the interest with more political power wins the race, regardless of opponent citizens' opinions or the appropriateness of the final decision. Accordingly, the entire decision-making process is unlikely to be under citizens' control.

The public does not have real power to making policy decisions partially because of the lack of accessibility of relevant information and the lack of expertise that can help the public make the right judgment (Kweit and Kweit 1981). In the era of the Internet, information becomes more accessible if the government is willing to make it transparent. However, even if the information is available to the public, not everybody enjoys the same accessibility because of the lack of hardware. Low-income families may not be able to afford to have a computer and Internet access. Computers may be provided in public libraries or community centers, but a lack of education and knowledge may hinder the use of computers and search engines. In addition, it takes time and knowledge of what to look for when sifting through highly technical information. Even if information is completely transparent, ordinary citizens will be overwhelmed by the huge amount of data if they lack expertise.

Due to the aforementioned barriers, stakeholders may make judgments based on rumors, hearsay, or expert opinions. A judgment based on rumors and hearsay may lead to a decision that does not fit stakeholders' best interest. However, a judgment based on expert opinion may lead to a decision that has been mobilized by certain interest groups or skewed by specific political interests. For example, in the case of brownfield revitalization, contamination cleanup is a highly technical task that ordinary residents living near pollution sites may not be capable of understanding. Without relevant knowledge about various cleanup approaches and their costs and benefits,

residents will be unable to make the right choice. In a highly technical field, experts' opinions, compared to ordinary citizens' opinions, carry more weight. However, experts are not necessarily neutral on political matters. At the same time, jargon and complicated technical issues often discourage ordinary citizens from participating. In this case, residents' participation becomes merely symbolic. In addition, citizens without relevant knowledge are not capable of distinguishing short-term benefit from long-term benefit. As a result, the final decision may not benefit citizens for the long term and appears to be made based on the citizens' choice. For example, a cash indemnity seems more attractive to pollution victims than a brownfield community revitalization plan. Without knowing the real long-term benefit that may result from the revitalization plan, citizens may prefer a cash indemnity that can increase short-term income.

Meaningful participation should be based on participatory incentives, which could easily fade away when citizens realize that their voices do not make a difference in the final decision. Consequently, citizens become less inclined to attend discussion forums or meetings that are open to the public. Public meetings held by government officials therefore serve as a public relations scheme and an instrument to legitimize the final decision. This scenario is most often present in underserved communities because this type of community has a long history of being ignored by authority. Residents in such communities are unlikely to trust the government and believe that their voices will be heard and will make a difference in the policymaking process. Participatory incentives may be affected by some other factors that are sometimes used by the government for minimizing the voices of citizens. For example, the public meetings are scheduled at a time that conflicts with citizens' work time, or the meeting place is located where citizens do not have easy access. In these cases, no matter how many public meetings are held, they are not useful for those involved, and the conclusions and decisions made at the meetings can be opposite to the interests of citizens affected by the decision (King et al. 1998).

Failure to recognize participation as a right hinders meaningful participation. The right to public participation means that the citizens affected by a decision have the right to access accurate and comprehensive information regarding this decision and the right to be involved in the decision-making process. The recognition of the right to participation of those involved has two functions. The first function is for the government to create a formal mechanism to honor this principle, such as putting this right into law so that the public is guaranteed the right to participation. The second function is for citizens to recognize participation as a fundamental right to which a person is inherently entitled simply because she or he is a human being (Cornwall 2008). Once the sense of right to participation is established, citizens would be more alert about the possibility of a rights violation. In addition, when participation is considered as a human right, citizens feel that they are also obligated to prevent other people's rights from being violated.

## Prerequisites for Meaningful Public Participation

Public participation can serve as an instrument to manipulate the public or as a meaningful method to promote democracy (Arnstein 1969; Barber 1984; Drysek 1990). Manipulating the public can allow quick decision-making without seeking after the opinions of the public; however, such a decision is likely to encounter at least two difficulties. One is that the government spends resources on something that does not reflect the true needs of citizens, and the other is that the implementation of the chosen programs is unsuccessful because of the lack of public consensus. In contrast, promoting and conducting meaningful participation is often a very time-consuming and lengthy process, but a decision reached by such a process can involve a range of perspectives from the public, resulting in a policy outcome that approaches public expectation. Although meaningful public participation can help generate a policy that integrates the diverse expectations of the public, the time-consuming process often discourages the government from investing resources in it (Fainstein and Fainstein 1993).

To differentiate public participation from empty rituals of participation, the focus should be shifted away from efficiency of the decision-making process to the promotion of meaningful public participation. The foundation of meaningful participation is that "there must be citizens who are willing to participate" (Solitare 2005: 921).

Five prerequisites for meaningful participation described by Solitare (2005) are presented here as follows. First, stakeholders must commit to citizen participation. In most cases, this means that the government is willing to share decision-making authority with the public and commit to empowering the public by, for instance, sponsoring education programs or technical assistance about the issues concerned. The main point is that the public should sense or feel the government's sincerity of listening to citizens, and the citizens should know that their voices will be heard, considered, and incorporated in the final decision.

Second, citizens must be aware of the opportunities to participate. This prerequisite is twofold. In a community-based direct democracy, every citizen should be informed of the actual opportunities to get involved. This means that they know where to attend the discussion forum, if there is any, or how to express their opinions through the relevant channels. In the situation of representative democracy, although the party responsible for participating in meetings is representative, citizens should be aware of the most up-to-date information and of the ways to ensure their interests are truly represented.

Third, citizens must have time to commit to the process. As noted above, meaningful participation is a lengthy process. This process is not only time-consuming in terms of attending a series of meetings but also time-demanding in terms of, but not limited to, acquiring relevant information, analyzing data, getting educated about relevant expertise, and discussing the issues concerned with other interested citizens. Available time could be a luxury for people who have to spend most of their time fighting for subsistence. Therefore, attention should be paid to meaningful participation of the most disadvantaged, whose voices are rarely heard and whose time and capacity for participation are extremely limited.

Fourth, citizens must trust that other stakeholders are fair and honest. Public participation is particularly important when trying to incorporate conflicting interests, in which the lack of trust is the main obstacle for participants to open up to different perspectives. In a case such as brownfield revitalization, trust is unlikely to be easily established because it typically involves three types of actors whose interests are difficult to reconcile: those of pollution victims, polluters, and different levels of government agencies. Residents who live in a community that has long been negatively affected by pollution often distrust government agencies as well as other outsiders (Slovic 1993; Beierle and Konisky 2000). In the worst scenario, pollution victims could suspect that the government is inclined to polluters' interests and not being fair to the victims. They may not trust the information released from the government and polluters. The suspicion that stakeholders are being dishonest may discourage citizens to dedicate resources (e.g., time, money, network, energy) into participation because they believe that doing so would be futile.

Fifth, the issue under consideration must be one that citizens perceive to be problematic. To get citizens to participate in time-demanding decision processes, they must view the issue being discussed as a problem that matters to them (Irvin and Stansbury 2004; Yoder 1999; Lowndes et al. 2001). Typically, participatory incentive increases when potential participants perceive that the decision to be made could affect their immediate interests, such as posing a threat to the quality of life or resulting in damage to their health or wealth. The threat can be further classified into two categories: visible and invisible threats. People tend to respond to visible threats, while invisible threats are more easily ignored (Greenberg and Schneider 1996; Slovic 1987).

In addition to the aforementioned five prerequisites, other factors affecting participatory incentives also deserve attention. Accessibility to information is linked to participatory incentives. Before a participatory motivation can be generated, a citizen should have adequate access to full

documentation regarding the issues being discussed. This means that the documentation can be easily accessed and its presentation should be easy for ordinary people to understand. The government should not intend to provide needless information to overwhelm the public. Additionally, in many hearings in the past, participants have been outraged about not being heard and have complained that the hearing is for the government to inform the public about their final decision rather than to gather information from the public. Participating in a meaningful way requires potential participants to be confident about their voice being heard and their participation making a difference in the final decision. For the public to have such confidence, public participation is better conducted in the earlier stages of the policymaking process, such as at the stages of problem identification and policy formulation. Problem identification involves the identification of stakeholders, their standpoints, and how they perceive the problem. In this stage, the most dominant voice should not be permitted to become the most influential in the final decision. Those stakeholders without strong voices should not be ignored. The early stage of policy formulation involves a series of actions to transform stakeholders' needs, visions for the future, and expectations into specific projects and programs. Involving the public as early as possible in the decision-making process can raise their confidence about their opinions being respected, in which a strong motivation of participation can be cultivated.

## Practice of Meaningful Public Participation

Meaningful public participation is easier said than done. The process takes time and can sometimes be very expensive, considering all the resources that the process consumes. Weeks (2000: 371) noted that, based upon an assessment of practical feasibility through the implementation of four large-scale public participation models, the application of public participation "is limited to instances where the issue is critical, the political process is deadlocked, and there remains sufficient time to complete a yearlong process." This emphasizes the importance of situation assessment before any public participation program is applied.

In the Public Participation Guide (The Public Participation Guide is provided by the US EPA for public participation and public outreach in environmental decision-making. Retrieved from https://www.epa.gov/international-cooperation/public-participation-guide-introduction-guide) developed by the US Environmental Protection Agency (US EPA), situation assessment is designed to determine the public participation program and techniques that are most feasible and appropriate under the circumstances. Situation assessment includes two phases: the first one is the internal assessment process of identifying problems being faced and the agency's available resources and expectations, while the second one is the external assessment of identifying stakeholders and exploring their standpoints. Based on the results of the situation assessment, an appropriate level of public participation can be recommended.

The level of public participation is based on the Spectrum of Public Participation developed by International Association for Public Participation (IAP2) (The Spectrum of Public Participation describes five levels of public participation by identifying public participation goals, promises to the public, and example techniques. Retrieved from http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/Foundations_Course/IAP2_P2_Spectrum.pdf. The five levels of public participation are (1) inform, meaning no opportunity for public participation is provided; (2) consult, meaning minimal opportunity for public participation is provided by asking the public for their opinions; (3) involve, meaning a level of participation, in which the public is invited to the decision process while the agency is still the decision-maker, is provided; (4) collaborate, meaning seeking of public involvement in decision-making and a consensus is attempted while the agency is still the ultimate decision-maker; and (5) empower, meaning a full opportunity for public participation is provided and the government agency commits to implementing what the public decides.

After the appropriate level of public participation is selected, a decision-making process should be designed to integrate the selected participatory level. Designing a decision-making process involves determining the key steps and timing in the process, the way the public input is being obtained and used, the tool used to keep the public informed, the way the decision criteria are being established, and the alternative being developed, as well as who the final decision-maker is. It is essential that all stakeholders fully understand the process and have the same expectation regarding the outcome of the process before the process is applied.

## Public Participation in Taiwan

Public participation in Taiwan has prospered greatly since the lifting of martial law in 1987. Kuomintang (KMT), the ruling political party in Taiwan since 1949 when its military lost in Chinese Civil War and evacuated to Taiwan, imposed martial law at the year of evacuation and dominated Taiwan's political system for more than 38 years. Under martial law, a significant amount of tight restrictions on freedom of assembly and association, speech and the press, and political rights were imposed. Those who really or suspiciously opposed to KMT were executed or imprisoned during the White Terror, which broadly refers to the period from 1949 to 1987.

The lifting of martial law allowed opposition political parties to be formed legally. Given more freedom of speech and press, the public can express their anger against the dictatorship of KMT legally through social movement participation. Starting from late 1980s, expansion of public participation could be witnessed in many antipollution protests, which intended to fight for a better quality of life and against KMT's GDP-oriented policies. A good example of KMT's policies emphasizing economic growth is the Ten Major Construction Projects, which formulated and implemented when KMT sought to build its legitimacy upon economic growth after giving up the policy of retaking mainland China. These projects, including the construction of nuclear power plants and the development of the petrochemical industry, accompanied with the lack of decent environmental laws, have resulted in the deterioration of living environment for Taiwanese people. After the termination of martial law, annual count of environmental protest events increased drastically and reached historical high in 1991 with 215 cases, compared to a count of 17.9 in average when the law was still activated (Ho 2011: 288–289).

Along with the political democratization of Taiwan, the passion for public participation has been developed to address various kinds of economic, social, and political problems. For example, the Wild Lily student movement in 1990 was a student demonstration for democracy. In the past decade, the most famous and sizable protest is Red Shirt anticorruption movement in 2006, originally called "one-million people down Bian movement." Bian, standing for Chen Shui-bian, was then the president of Taiwan since Democratic Progressive Party, the major opposition political party to KMT, won the presidential campaign in 2000 and terminated KMT's ruling for five decades. The Red Shirt anticorruption movement emerged because of a series of accusations of corruption against President Chen and members of the first family.

Advancing community development through public participation has been promoted and financially supported by Taiwan's central government. The idea of community development was formally promoted in the enactment of Community Development Work Outline (CDWO) by the Ministry of Interior in 1968. This work outline was not meaningfully put in practice until it was revised in 1991. The CDWO encourages community members to establish community development association, through which the community residents cooperate to solve local problems. The concept of community empowerment was advocated by the Council for Cultural Affairs in 1994, which is considered as "a real working basis for constructing local identity and civil society in Taiwan" (Peng et al. 2010: 138).

In recent years, some local governments in Taiwan have started to practice participatory budgeting. Combining the spirit of participatory

democracy and the operating mechanism of deliberative democracy, participatory budgeting was implemented for the purpose of solving community problems through the cooperation between the local government and the civil society. Taichung city government started to practice participatory budgeting in 2015. The budgeting process is as follows (The process of participatory budgeting of Taichung City. Retrieved from https://pb.taichung.gov.tw/process):

1. Workshops and seminars should be held by the end of August each year to empower citizens for active engagement in participatory budgeting process.
2. Citizens should propose ideas through residential meetings and relevant experts, including scholars and public officials, and provide comments on the proposed ideas by the end of September.
3. After all proposals are posted on the participatory budgeting official website, a two-stage voting activity should be held through i-voting, an online voting mechanism. By the end of November, six proposals that receive the highest votes get the budget approval for project implementation.

The participatory budgeting in Taichung City is still in its infancy stage. The number of votes received, compared to the population of the city, is disproportionately low. The project proposed by the citizen tended to be small sized. For example, the budgets of the six selected proposals in 2015 ranged from NTD $100,000 to $1,200,000 (about USD $3000 to $37,500) (The selection results of 2015 participatory budgeting proposals in Taichung City. Retrieved from http://2015taichungivoting.weebly.com/31080369843208026524.html).

## Conclusion

Although public participation lies at the heart of democracy and procedural justice, let us not ignore the fact that meaningful citizen engagement is resource consuming and difficult to achieve. Authentic public participation provides a communicative opportunity between stakeholders and helps them make a decision that incorporates different interests and therefore becomes more legitimate in the eyes of the affected. Participants are empowered through engaging in the decision-making process and are likely to establish trust through meaningful interaction, which contributes to sustainable collaboration. Meaningful public participation, however, can be challenging and costly. A decision-making process emphasizing citizen involvement is time-consuming and always involves challenges of representation and a lack of participatory incentives. In addition, the public may make a poor decision because of the lack of access to information, the lack of expertise, and persistent selfishness. Due to these challenges, the necessity and level of public participation should be evaluated and determined before it is conducted in the decision-making process. Meaningful public participation is particularly important for underserved communities in allowing them to shape policies that affect them. The price of meaningful public participation in underserved communities may be high, but it is worth the cost when the purpose is to pursue justice and the sustainable development of the community.

## Cross-References


- ► Citizen Participation in Public Management
- ► Civil Society Organizations
- ► Participatory Budgeting
- ► Public-Private Partnership and Governance


## References


Arnstein SR (1969) A ladder of citizen participation. J Am Plan Assoc 35(4):216–224

Barber BR (1984) Strong democracy. University of California Press, Berkeley

Bass S, Dalal-Clayton B, Pretty J (1995) Participation in strategies for development. Environmental Planning Group, International Institute for Environment and Development, London. Retrieved from http://pubs.iied.org/pdfs/7754IIED.pdf

Beierle TC (1999) Using social goals to evaluate public participation in environmental decisions. Policy Stud Rev 16(3–4):75–103

Beierle TC, Konisky DM (2000) Values, conflict, and trust in participatory environmental planning. J Policy Anal Manage 19(4):587–602
Cornwall A (2008) Democratising engagement: what the UK can learn from international experience. Demos, London. Retrieved from https://assets.publishing.service.gov.uk/media/57a08bc0e5274a27b2000d29/Democratising_Engagement-Cornwall.pdf
Dickinson JL, Bonny R (2012) Introduction: why citizen science? In: Dickinson JL, Bonny R (eds) Citizen science: public participation in environmental research. Cornell University Press, Ithaca, pp 1–15
Dietz T, Stern PC (eds) (2008) Public participation in environmental assessment and decision making. The National Academies Press, Washington, DC
Drysek J (1990) Discursive democracy: politics, policy, and political science. Cambridge University Press, Cambridge
Fainstein N, Fainstein SS (1993) Participation in New York and London: community and market under capitalism. In: Fisher R, Kling J (eds) Mobilizing the community: local politics in the era of the global city. Sage, Thousand Oaks, pp 52–74
Fraser N (1997) Justice interruptus: critical reflections on the "Postsocialist" condition. Routledge, New York
Greenberg M, Schneider D (1996) Environmentally devastated neighborhoods. Rutgers University Press, New Brunswick
Ho M-S (2011) Environmental movement in democratizing Taiwan (1980–2004): a political opportunity structure perspective. In: Broadbent J, Brockman V (eds) East Asian social movements: power, protest, and change in a dynamic region. Springer, New York, pp 283–314
Honneth A (1992) Integrity and disrespect: principles of a conception of morality based on the theory of recognition. Political Theory 20(2):187–201
Irvin RA, Stansbury J (2004) Citizen participation in decision making: is it worth the effort? Public Adm Rev 64(1):55–65
Julian DA, Reischl TM, Carrick RV, Katrenich C (1997) Citizen participation – lessons from a local united way planning process. J Am Plan Assoc 63(3):345–355
King CS, Feltey KM, Susel BO'N (1998) The question of participation: toward authentic public participation in public administration. Public Adm Rev 58(4):317–326
Kweit MG, Kweit RW (1981) Implementing citizen participation in a bureaucratic society: a contingency approach. Praeger, New York
Lowndes V, Pratchett L, Stoker G (2001) Trends in public participation: part 2 – citizens' perspectives. Public Adm 29(2):445–455
Peng K-H, Kuo Y-C, Lin C-Y (2010) Community planning. In: Bristow R (ed) Planning in Taiwan: spatial planning in twenty-first century. Routledge, New York, pp 137–163
Schlosberg D (2007) Defining environmental justice: theories, movements, and nature. Oxford University Press, Oxford
Slovic P (1987) Perception of risk. Science 236(4799): 280–285
Slovic P (1993) Perceived risk, trust, and democracy. Risk Anal 13(6):675–682
Solitare L (2005) Prerequisite conditions for meaningful participation in brownfields redevelopment. J Environ Plan Manag 48(6):917–935
Stiefel M, Wolfe M (1994) A voice for the excluded: popular participation in development: utopia or neccessity? Zed Books, London
Tully J (2000) Struggles over recognition and distribution. Constellations 7(4):469–482
Tyler TR (1988) What is procedural justice? Criteria used by citizens to assess the fairness of legal procedures. Law Soc Rev 22(1):103–136
Verba S, Nie NH (1987) Participation in America: political democracy and social equality. University of Chicago Press, Chicago
Weeks EC (2000) The practice of deliberative democracy: results from four large-scale trials. Public Adm Rev 60(4):360–372
Wouters M, Hardie-Boys N, Wilson C (2011) Evaluating public input in national park management plan reviews: facilitators and barriers to meaningful participation in statutory processes. Publishing Team Department of Conservation, Wellington
Yoder DE (1999) A contingency framework for environmental decision-making: linking decisions, problems and processes. Policy Stud Rev 16(3/4):11–35
Young IM (1990) Justice and the politics of difference. Princeton University Press, Princeton
Young IM (2000) Inclusion and democracy. Oxford University Press, Oxford, UK

# Public Participation in Procurement

Amy Beck Harris
Daniel J Evans School of Public Policy and Governance, University of Washington, Seattle, WA, USA

## Synonyms

Citizen engagement and contracting; Contracting-out public participation

## Introduction

Public participation, or the engagement of citizens in policy decision-making, is an increasingly important and studied phenomenon in public

policy literature. This citizen engagement may occur to various extents, at different levels of governance, and at several points in the policy process. While this volume covers many of the research pathways within public participation in other entries, this section focuses on how contracting-out public participation to third-party actors influences the occurrence and nature of public participation.

The majority of public participation studies focus on participation designed and implemented directly by elected government actors or those working within public administration. However, studies of new public management describe a governance system in which third-party actors and indirect implementation of policy have become commonplace. For example, in 2018, the United States Government hired contractors to implement activities and procure goods and services worth over $587 billion or just over 14% of total federal government spending (Federal Procurement Data System n.d.; USA Spending n.d.). Further, those familiar with policy implementation can think of numerous examples of participatory activities being implemented by third-party actors. These trends have given rise to a new area of focus: public participation through government contracting. To date, there are only a few studies on the topic available, with quite a range of research remaining to be done. This section outlines how contracting changes participation and when participation may be implemented in the contracting process.

## How Contracting Changes Participation

Contractors are often hired to implement public participation activities as one of a variety of tasks or goals in the implementation of a broader project. They sometimes seek citizen feedback on project quality or citizen input on the potential impacts of public projects they've been hired to implement. Alternatively, contractors are hired to implement one stand-alone participation activity, such as a charrette to generate and evaluate policy options, or surveys and interviews with target citizens to evaluate a policy's performance. Existing literature on the intersection of participation and contracting highlights the first case, where we see variation in the extent to which participation is actually included in the contract. Current studies demonstrate the presence of participation in contractor activities when sufficiently incentivized, the importance of explicit contract specifications for implementation of participation, and a decrease in the scope of influence for citizens when participation is contracted out.

Contracting does not seem to decrease the occurrence of participation so long as it is effectively incentivized in the contract (LeRoux 2009; Mosely 2012; Amirkhanyan and Lambright 2018). In order to incentivize participation, a contract can tie payment for contract services to completion of participation activities, include participation as an expectation in the contract – but not explicitly require it for payment to be rendered, or encourage it outside of the contract document itself. If a contract is to include participation, it is typically found within the required tasks for payment, deliverables, expectations, and priorities or within the background or summary sections to explain the context and broad "flavor" of the contract's work. LeRoux (2009), Mosely (2012), and Amirkhanyan and Lambright (2018) find that government contracts with explicit contract specifications for participatory activities do provide sufficient incentive for ensuring contractors implement participation activities. Alternatively, in cases where participation is a priority but not a contractual requirement, contract implementers are found to take different actions, in particular when they face multiple competing demands. In these cases, they will prioritize their contractual obligations, sacrificing any non-required priorities – including public participation (Amirkhanyan and Lambright 2018; Nishishiba et al. 2012; Nowland-Foreman 1998). This finding is reflected broadly in contracting research: when a particular task is included as either a formal requirement for successful completion or attached to payment, it is more likely to be prioritized and accomplished (Brown et al. 2003; Salamon 1993). Ensuring successful monitoring of requirements associated with payment is

a further incentive to ensure that contractors fulfill their requirements (Brown et al. 2006).

There are a variety of ways that contracting-out participatory activities or activities with a participation component influence the nature of the participation – in particular, the degree of separation between participating citizens and their government, the degree of influence citizens have over policy decisions, and the incentives the implementer has for participation activities. Obviously if a contractor is carrying out participatory activities, then the actors involved change from government actors to third-party actors, creating an extra layer of separation between citizens and their elected decision-makers. This may result in decision-makers being disconnected from the public in future policy decision-making. Further, this disconnect will make citizens feel less heard by their governments, resulting in less public buy-in and potentially public opposition.

Amirkhanyan and Lambright (2018) find that government contracting decreases the substantive contributions that citizens are able to make during policy planning and design. They offer the most in-depth study to date, conducting almost 100 interviews of government contract managers and for- and nonprofit government contractors in the health and human services sector about their experiences with citizen participation via contracts. They find that while participatory practices are commonly implemented by contractors, the participation tools used are more limited than those used by government. Most stuck to a few select participation tools with established protocols such as client surveys, advisory boards, or public hearings. Using these tools, contractors gather citizen perspectives and experiences to inform their own decision-making process in a one-way flow of information. Contractor use of interactive decision-making activities or two-way flows of information (such as co-production or more meaningful delegation of decision-making power) is uncommon. Further, direct-government participation activities tend to include a broader range of citizens (Amirkhanyan and Lambright 2018).

When making changes as a result of citizen engagement, contractors have the option to adjust their pre-existing activities in ways that do not require contract manager approval, adjust activities in ways that require manager approval, or seek larger-scale change that requires a formal contract modification (and many approvals). The greater the degree of change, the larger the number of transaction costs required to achieve it. Contractors will likely seek a balance between addressing citizen input with the least amount of transaction costs. In fact, Amirkhanyan and Lambright (2018)'s work shows us that the larger the change to the activity or contract, the less likely it is to occur. Amirkhanyan and Lambright (2018) identified that participation outcomes influence contractor activities via incremental modifications to activities (most common), the addition of new services (occasional), or formal contract modifications (uncommon). This means that contractors are striving to make adjustments within the confines of their pre-existing contract, limiting the degree of influence citizens can have over activities.

The incentives facing the individuals designing and implementing the participatory activities are also different based on whether they are government or third-party actors. Government actors may choose to engage in participatory activities to increase their legitimacy or credibility, demonstrate their dedication to democratic processes, generate public consensus and support for divisive policy decisions, generate new ideas, improve the effectiveness of their selected policies and projects at the local level, among other factors (Nabatchi and Leighninger 2015; Creighton 2005). On the other hand, contractors' primary incentives are successfully completing their contract obligations. The contract governing the relationship between the two parties typically includes goals to accomplish (with varying degrees of specificity regarding the particular tasks to accomplish that goal), deliverables, expectations and priority areas, conditions for payment, and government regulations that must be adhered to. Contractors will prioritize contract tasks associated with successful completion and payment of the contract and compliance with regulations (to ensure successful contract completion) (Brown and Potoski 2003;

Salamon 1993). Structuring contracts to effectively incentivize participation, therefore, becomes particularly important – as echoed in the existing work in this subfield (LeRoux 2009; Mosely 2012; Amirkhanyan and Lambright 2018).

Including explicit incentives for participation in the contract will increase the likelihood of its implementation significantly. Contract designers may also want to consider including expectations for how contractors incorporate citizen input or how decisions about incorporating input should be made. Government contract managers may want reports on citizen input gathered; they may want to be involved in decisions about how the input should be used; or they may only want to be involved with large, substantive changes. Considering these points in advance will allow for more intentionality in public participation when using contracts.

## Participation and the Contracting Process

So far, we have primarily considered participation activities carried out during contract implementation. However, we can identify additional participation activities that take place during other phases of the government contracting process (see Table 1). In addition to outlining the phases, Table 1 also identifies the goals of participation activities carried out within each phase. Participation tools are selected to achieve particular participation goals.

As discussed above, the intersection of participation and contracting engages additional actors in the policy and participation processes. The goals outlined in Table 1 are furthered by three different types of participants:

- Type one: Third parties engaged by the government (these actors may include target citizens of the policy itself or other relevant third parties such as policy or topical experts).
- Type two: The contractor.
- Type three: Target citizens of the policy engaged by the contractor.

**Public Participation in Procurement, Table 1** Participation goals by contracting phase

| Contracting phases | Goals of participation |
|---|---|
| 1. Contract goals established | Identify goals of the contract based on either public problems and needs or government needs, generate buy-in for the contract goals among impacted groups |
| 2. Contract solicitation designed | Source ideas for specific approaches to tangibly achieving the established contract goals, generate buy-in for the contract goals and activities among impacted groups |
| 3. Contract proposals developed and submitted | Source ideas for specific approaches to tangibly achieving the established contract goals, generate buy-in for contract goals and activities among impacted groups |
| 4. Proposals evaluated and contractor selected | Select a contractor and set of activities to achieve contract goals that reflects the preferences of impacted groups, generate buy-in for the contracting process and contractor selected |
| 5. Contract implemented | Source ideas for *further* specification of contract activities to tangibly achieve contract goals in ways compatible with impacted groups, obtain feedback on how to improve your planned activities given the local context, generate buy-in for the selected activities as you implement them |
| 6. Contract work monitored | Ensure real-time contract completion and quality |
| 7. Contract evaluated (at/after its completion) | Obtain feedback on policy or contractor performance, obtain recommendations for improvement on future contracts |

The government may choose to engage third-party actors directly in participation (type one) surrounding a contract activity. These actors are engaged in two types of activities: determining project goals, priorities, and activities or selecting and overseeing the contractor.

In contract phases 1 (contract goals established) and 2 (contract solicitation designed), the government may solicit input in defining the goals and scope of the contract. Alternatively, they may have broad goals but seek input in the fleshing out more of the specifics of the activity. Third-party actors may be sought out to participate in these activities for two reasons. First, members of the target group may be engaged to define their needs or priorities, which in turn influence the goals of the contract. They may also be engaged to identify locally generated solutions to predetermined problems, which influences the specifics of the contract solicitation. Second, experts of either the target group or the policy area may be engaged during these two phases to leverage existing knowledge and research in defining contract goals and solicitations. Experts may range from academics to recognized leaders in the field, to members of local organizations doing similar work.

Type one participants may also be involved in phases 4 (proposals evaluated and contractor selected), 6 (contract work monitored), and 7 (contract evaluated). In these phases, the participants serve in an evaluative and/or oversight capacity. They may help select the contractor to be hired: target group members ensure selection maximizes local appropriateness and effectiveness, while experts maximize the likelihood of the selected approach succeeding from a technical perspective. They may also monitor implementation to ensure successful completion and high-quality work. In particular, target group members may be engaged to assess day-to-day satisfaction. Experts may be hired to follow along and report back. Finally, after a contract is completed, type one participants may be engaged to evaluate the overall contract work. Target group members may be interviewed or surveyed to help determine overall effectiveness of or satisfaction with the work. Experts may conduct a more formal investigation.

Type two participants may participate in phase 3 (contract proposals developed and submitted). In this phase, a number of prospective contractors (offerors) develop and submit a proposal to win a contract. Contract solicitations vary in the degree to which the offerors must design activities and/or detailed activity tasks. Some contract solicitations require the offeror to fully design the contract activity, while others fully specify activities and tasks. Offerors may therefore have the opportunity to participate in activity design. This activity becomes particularly interesting for participation researchers when offerors are representative of the target group.

Type three participants are engaged during phase 5 (contract implemented). This is the type of participant considered most commonly in the literature and the type discussed in the above sections. The contractor directly engages target group members to help develop activities and details that operationalize the contract's scope of work. This engagement helps tailor contract work to the local level, making it more locally appropriate and effective.

## Conclusion: A Wide Potential for Future Research

Contracted-out public participation is a fascinating, yet under-researched, real-world consequence of new public management and the outsourcing of government work. A limited number of studies highlight that contracts can indeed be used to incentivize participation and that explicitly incentivizing participation activities in the contract is critical to completion of the activities. Contracting participation activities does seem to limit the extent to which citizens can contribute substantively to decision-making. Further, there are additional opportunities for public participation in the government contracting process that tap additional actors in roles not typically considered.

Additional research can also highlight the nature of contracted-out participation. For example, across all government sectors and within each sector, which participation goals are most commonly pursued using contracts and employing which tools? How often does participation occur at each stage of contracting? What is the extent to which contracting-out participation limits the impact of citizen engagement on policy implementation? To what extent are the goals

of participation at each stage in the policy cycle altered by using contracts? Does contracting have different impacts on participation at different levels of government? What sort of impacts of contracting on participation have we not yet identified? Future research along these and similar lines will not only further our academic understanding but will provide contract managers with critical insight to improve their design and oversight of participation activities under contracts.

## Cross-References


- ▶ Citizen Participation in Public Management
- ▶ Comparative Policy Implementation Research
- ▶ Contract Design
- ▶ Gaps and Transparency Challenges in Contract Outsourcing
- ▶ Outsourcing Public Services
- ▶ Public Participation


## References


Amirkhanyan AA, Lambright KT (2018) Citizen participation in the age of contracting: when service delivery trumps democracy. Routledge, New York

Brown TL, Potoski M (2003) Managing contract performance: a transaction costs approach. J Policy Anal Manage 22:275–297

Brown TL, Potoski M, Van Slyke DM (2006) Managing public service contracts: aligning values, institutions, and markets. Public Adm Rev *66*:323–331

Brown TL, Potoski M, Van Slyke DM (2003) Complex contracting: management challenges and solutions. Public Adm Rev *78*(5):739–747

Creighton JL (2005) The public participation handbook: making better decisions through citizen involvement. Jossey-Bass, San Francisco

Federal Procurement Data System (n.d.) Retrieved from https://www.fpds.gov

LeRoux K (2009) Paternalistic or participatory governance? Examining opportunities for client participation in nonprofit social service organizations. Public Adm Rev 69:504–517

Mosely JE (2012) Keeping the lights on: how government funding concerns drive the advocacy agendas of nonprofit homeless service providers. J Public Adm Res Theory 22:814–886

Nabatchi T, Leighninger M (2015) Public Participation for 21st century democracy. Jossey-Bass, Hoboken

Nishishiba M, Banyan M, Morgan DF (2012) Looking back on the founding: civic engagement traditions in the United States. In: Schachter HL, Yang K (eds) The state of citizen participation in America. Information Age Publishing, Charlotte, pp 21–52

Nowland-Foreman G (1998) Purchase-of-service contracting, voluntary organizations, and civil society dissecting the goose that lays the golden eggs? Am Behav Sci 42:108–123

Salamon LM (1993) The marketization of welfare: changing nonprofit and for-profit roles in the American welfare state. Soc Serv Rev *67*:16–39

USA Spending (n.d.) Retrieved from https://www.USAspending.gov


# Public Pension Administration in Nigeria: Serving Retirees' Interest


Benard Alkali Soepding[1], Chrisostom Munene[2] and Laura Orobia[2]

[1]Department of Accounting, Faculty of Management Sciences, University of Jos, Jos, Nigeria

[2]Makerere University Business School, Kampala, Uganda


## Synonyms

Happy aging; Income security; Pension administration; Public concern

## Definitions

| | |
|---|---|
| Administration | It refers to determined action taken in pursuit of a conscious purpose. It is the systematic ordering of affairs and the calculated use of resources in the interest of the governed. |
| Public pension | It is a monthly sum paid by government to a retired public servant after working for a specific period of time, or when he or she is considered too old or ill to work, or having reached the statutory age of retirement. The payment of pension continues until the retiree dies. |

P

| | |
|---|---|
| Retiree | A person who stops working in public service after reaching the statutory age of retirement. |
| Well-being | This is the retiree's ability to meet basic needs and feel a sense of security or satisfaction with their condition of existence. |

## Introduction

The establishment of stable sources of income security throughout old age is critical, and in several countries, the public pension systems are bases on which the minimum basic income security is built. Therefore, the need for the development of well-organized pension schemes and other social security systems is necessary. Retirees in Nigeria suffer a large financial care gap because of the lack of an all-inclusive and suitable social security system. There is substantial evidence that pensions are effective in reducing poverty among retirees and their families. Pensions can also create other positive well-being outcomes, including better health status. Public pensions are important tools for safeguarding retirees' financial security, and besides access to quality health services, this is necessary for their self-worth and well-being. There is a need for the country to develop a well-structured pension system that can guarantee adequate and steady pension payments and provide income security for the retirees.

A pension is an earning payable at a regular interval to someone who retires from a pensionable employment. It is a periodic payment made by government to its retired employee until the death of the employee in consideration of past services rendered to the establishment. Pension is classified as: First, Retiring Pension which is usually granted to a public servant who is permitted to retire after completing a fixed period of quality service usually 30–35 years or on attaining the age of 60–65 years for the public service in Nigeria and 70 years of age for professors and judges; whichever of the two comes first. The second is the Compensatory Pension which is granted to a public servant whose permanent post is abolished and government is unable to provide him with suitable alternative employment. The third is the Superannuating Pension; this type of pension plan is given to a public servant who retires at the prescribed age limit as stated in the condition of service. Lastly, the Compassionate Allowance occurs when a pension scheme is not allowed on account of a public servant's removal from service for misconduct, insolvency or incompetence or inefficiency.

The Primary goal of pension system should be to provide adequate, affordable, sustainable, and robust retirement income while seeking to implement a welfare improving scheme in a manner appropriate to the individual country. An adequate system is one that provides benefit sufficient to prevent old age poverty in addition to providing a reliable means to good life time consumption for retirees. An affordable system is one that is within the financing capacity of individuals and the society and does not unduly displace other social or economic imperatives. A sustainable system is one that is financially sound and can be maintained overtime, that has the capacity to withstand major shocks, including those coming from economic, demographic, and political instability.

## Serving Retirees Interest

The fundamental task of government and its institutions is also to serve the interest of retired public servants (retirees) (Organization for Economic Cooperation and Development [OECD] 2014). This duty transforms a civic ideal into a responsibility for government leaders (Denhardt and Denhardt 2007). Retirees interest has various connotations and seems not to be precise. Authors clarify it in terms of retirement income or anything of interest to the public retirees. It involves the outcomes best serving the long-run survival and well-being of retirees. It is what happens when public servants have retired after discharging their obligations and successfully claim their rights in form of pension. This is achieved when retirees understand that public institutions provide them with quality services of paying their pension as and when due.

Retirement income and well-being of retirees usually receive distinct considerations in the

literature; however, collectively, they have received only a little consideration in developing countries. In many developing countries, the coverage of formal social security pensions is limited and benefits paid are inadequate. The argument in this entry is that social security pensions constitute the main financial source of livelihood for most retired public sector workers. Therefore, securing a decent financial experience in retirement is either constrained or enhanced depending on how much the retirement incomes they receive are. However, their effect on the well-being of retirees has not been adequately explored, particularly in relation to developing countries. Even though there is generally a good body of literature on well-being of populations globally, not much is seen in relation to the relationship between retirement incomes and well-being of retirees in the context of developing countries. Thus, there is need to explore this aspect of development discourse in order to fill that gap in literature. The structure of Nigeria's population is witnessing increases in the population of retirees. As such, there is an urgent need for research that will inform policy and planning for the retirees, particularly in relation to their pension. In view of the fact that the only statutory arrangement for ensuring well-being in retirement in Nigeria is social security pensions, this study will provide a resource for assessing the adequacy of the social security pension scheme in Nigeria and also provide mechanisms for enhancing the well-being of retired public servants. In a developing country like Nigeria where efforts to bring about qualitative change in the lives of the retirees through several pension schemes are faced with numerous challenges, an entry of this nature will be a basis for policy initiatives and provide new knowledge that will initiate further debates on the relationship of pension and well-being.

## History of Pension Administration in Nigeria

The pension system was introduced in Nigeria by the Colonial Administration. The first legislative document on pension in Nigeria was the 1951 Pension Ordinance which has retroactive effect from January 1, 1946. The Ordinance provided public servants with both pension and gratuity (Ahmed 2006). The National Provident Fund (NPF) scheme established in 1961 was the first legislation to address pension matters of private organizations in Nigeria. This was the first social protection scheme for the nonpensionable private sector employees in Nigeria. It was mainly a saving scheme where both employee and employer contributed the sum of N4 each on monthly basis. The scheme provided for only one-off lump sum benefit (Admad 2006). The NPF was followed by Armed Forces Pension Acts No. 103 of 1972 and by the Pension Acts No. 102 of 1979. The Pension Acts No. 102 of 1976 which commenced on April 1, 1974, repealed existing 113 pension laws hitherto in force. Other Pension Acts included: Pension Rights of Judges Act No. 5 of 1985, the Police and other Government Agencies Pension Scheme enacted under Pension Acts No. 75 of 1987, and the Local Government Pension edict which culminated in the creation of the Local Government Staff Pension Board of 1987. In 1993, the National Social Insurance Trust Fund (NSITF) scheme was instituted by Decree No. 73 of 1993 to replace the defunct NPF scheme with effect from 1st July 1994 to cater for employees in private sector of the economy against laws of employing men in old age, invalidity, or death (Balogun 2006). In 1997, parastatals were allowed to have individual pension arrangements for their staff and appoint Boards of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deed and Rules prepared by the Office of Head of Service of the Federation. Each BOT was free to decide whether to mention an insured scheme or self-administered arrangement. Therefore, the different schemes by government were aimed at serving the interests of retirees.

However, Pension administration has faced a lot of problems in Nigeria over the years. The old Pension Schemes have been unfunded and grossly mismanaged, consequently bringing untold hardship and suffering on retirees. Sadly, retirees went through tough times and rigorous processes before they were eventually paid their pensions

and other retirement benefits. Sometimes, the money was not available for payment; while at other times, the Pension Fund Administrators were not there to meet the retirees' needs. As at June 2004, when the Pension Reform Act (PRA) 2004 was signed into law, outstanding pension liabilities were estimated at ₦2.3 Trillion. Besides the aforementioned, other problems were funding of outstanding pensions and gratuities, merging of service for the purpose of computing retirement benefits, wrong investment decisions, wrong assessment of pension liabilities, arbitrary increases in pension without corresponding funding arrangements, and nonpreservation of benefits; some were mere saving schemes and not pension schemes.

These problems, coupled with administrative bottlenecks, bureaucracies, corrupt practices, inefficiencies of the civil service, have resulted in nonpayment of terminal benefits as and when due. This scenario resulted in accumulation of huge retirement benefits owed to retirees. The overall consequence is that many retired workers died of frustration and lack of funds to maintain their lives, especially in old age when they could no longer engage in any meaningful jobs. Many existing pension administrators could no longer live up to expectation; the hope of many retirees was dashed. There was no adequate safeguard of the funds to guarantee prompt pension and other benefits payments to retirees. In order to address this problem, the Federal Government in 2004, passed a bill to reform the entire system of pension administration in Nigeria.

## Law Governing Pension in Nigeria

The law governing pension administration in Nigeria is the Pension Reform Act (PRA) 2004, as amended in 2014, which created National Pension Commission to provide the ethical framework and regulatory mechanism for pension administration in the country. The PRA, signed into law in June 2004, introduced reforms in the structure of pension administration in Nigeria. The law makes it mandatory for all employees of the Federal Government and workers in the private sector, where the total number of employees is five (5) or more, to join the Contributory Pension Scheme (CPS). The Act required that only licensed Pension Fund Administrators (PFAs) manage Pension Funds, while the Pension Fund assets can only be held by licensed Pension Fund Custodians (PFCs). The PRA of 2004 came into being with a view to reducing the difficulties encountered by retirees in Nigeria under the old pension scheme. It is believed that the new scheme will guarantee prompt payment of pensions to retirees, avoid aged pensioners queuing for hours or days in the sun to collect their pensions, and also increase their standard of living.

Therefore, objectives of the Scheme according to Section 2, Part 1 of the PRA of 2004 include ensuring that every person who worked in either the public service of the federation; Federal Capital Territory or private sector receives his retirement benefits as and when due; assist imprudent individuals by ensuring that they save in order to cater for their livelihood during old age; establish a uniform set of rules, regulations, and standards for the administration; and payment of retirement benefits for the public service of the federation, federal capital territory; stem the growth of outstanding pension liabilities; and secure compliance and promote wider coverage. It is envisaged that the various reform measures put in place, which are clearly spelt out in the objectives of the new PRA of 2004, would be able to remedy the situation by adequately tackling the difficulties in the old scheme by being adequate, affordable, sustainable, and robust (Balogun 2006).

In an attempt to provide a more secure future for millions of Nigerian workers, the Federal Government signed into law the amended Pensions Act. The Act was designed to bring more certainty to the future by ensuring that Nigerian workers have more financial security in retirement. As such, the Pension Reform Act 2014 made provisions to improve efficiency and accountability in pension administration in the polity by placing further emphasis on protecting pension contributions. The Act will see stiffer

penalties intended to serve as deterrent against mismanagement or diversion of pension funds' assets under any guise. Under the new law, operators who mismanage pension funds will be liable, upon conviction, to not less than 10 years' imprisonment or fine of an amount equal to three times the amount so misappropriated, or diverted, or both imprisonment and fine.

Furthermore, there are currently more sophisticated modes of diversion of pension assets, such as diversion and or nondisclosure of interests and commissions accruable to pension fund assets under any guise. The 2014 Act also empowers National Pension Commission to institute criminal proceedings against employers who persistently fail to deduct and/or remit pension contributions of their employees within the stipulated time. This was not provided for by the 2004 Act. Similarly, the new Act creates another condition in which a retiree may be allowed to withdraw from his retirement savings account. An employee who disengages from employment or is disengaged before the age of 50 and is unable to secure employment within 4 months of disengagement is allowed to make withdrawals from the account not exceeding 25% of the total amount credited to the retirement savings account. Also, a Pension Protection Fund has been created under the new Act to include annual subvention of 1% of the total monthly wage bill payable to employees in the public sector, an annual pension protection levy (the percentage of which is to be determined by National Pension Commission) and income from investments of the Pension Protection Fund. The objective of the Fund is to guarantee a minimum benefit to retirees in the event of any shortfalls in the investment of pension funds.

## Conclusion

This entry concludes that the retirement in the Nigerian public sector has little expectation concerning financial benefits as the norm concerning payment of pension entails delays in the payment of pension. These bring about a significant drop in the standard of living of retirees who may not have alternatives plans and do not have reliable families to support them financially, even though the administration of pension in Nigeria has no doubt been enhanced with the passage of the Pension Reform Act 2014. The Act has provided a platform for a more effective, efficient, and transparent administration of pensions in the Public Service, yet the pension paid to retirees is meager and hardly meets their needs at retirement. If Nigeria is able to provide adequately for retired public servants through its pension system, it will not only benefit the individual retirees, but also their families and other dependents.

Therefore, retirees should not be solely dependent on pension after retirement. No matter how effective the strategy adopted in the administration of pension fund is, alternate plans should be made from day one of start of one's working years capable of improving one's finances at retirement. This could include setting aside a ratio of one's salary and investing in long term securities in anticipation of retirement. In addition, government should have the political will to enforce the sanctions/penalties in the 2014 PRA on defaulting employers to enforce compliance with the regulations. Punishments should also be meted out to those who steal pension funds so as to prevent others who may have the intention. Finally, the institutions that are charged with pension administration, such as National Pension Commission, should be strengthened by quality legislation to stream line the documentations, eliminate unnecessary bottlenecks in processing pensioners' entitlements, engage pension funds in viable investments to ensure prompt and regular payments to the retirees so as to guarantee their well-being, while stiffer penalty is meted on any institution of government that fails to comply with the provisions of the Act.

## Cross-References

► Good Governance
► Public Policy and Politics
► Public Sector Accounting

## References

Admad MK (2006) The contributory pension scheme: institutional and legal frameworks. CBN Bullion 30(2):1–6

Ahmed MK (2006) The new pension scheme in Nigeria. J Manag Sci 30(270)

Balogun A (2006) Understanding the New Pension Reform Act (RRA, 2004). *CBN Bullion* Vol. No 30, No. 2.

Denhardt JV, Denhardt RB (2007) The new public service: serving, not steering. Expanded edition

Organization for Economic Cooperation and Development (OECD) (2014) Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in Public Service

# Public Personnel Administration in Local Government, Japan

Motomichi Otani
Department of Policy Studies, Faculty of Law, Dokkyo University, Saitama, Japan

## Synonyms

Human resource management; Local public service personnel system; Personnel administration; Personnel management practices

## Definition

Overview of Japan's local public service personnel system and personnel management practices at local governments.

## Introduction

There are about 2.7 million local-government employees in Japan (figure as of April 1, 2017). These people, who mainly work for prefectures, cities, towns, and villages, are subject to the Local Public Service Act, the basic law that establishes the fundamental standards regarding their personnel matters, rights, and obligations (In addition to the Local Public Service Act, which serves as the basic law, there are also special laws, such as the Act on the Organization and Operation of Local Educational Administration, the Special Act for Education Personnel, the Police Act, the Fire and Disaster Management Organization Act, the Local Public Enterprise Act, and the Local Public Enterprise Labor Relationships Act. These laws together comprise the nation's local public service personnel system.).

This law regulates basic issues, creating an overall framework for the nation's local public service personnel system. The specific terms and conditions for their employment such as salaries and work hours are, for the most part, determined by each local government. Even so, the way in which employees' roles and responsibilities are defined is similar across local governments, as well as between local governments and the central government. For this reason, work conditions at most local governments are extremely similar. There are also many similarities between work conditions at local governments and those at the central government.

Take, for instance, the compensation structure. The law stipulates only the fundamental principles (the principle of job-linked salaries and the principle of salary regulations) and the types of allowances. The system is structured in such a way that each local government is free to determine its own salaries, within certain boundaries. In practice, however, all local governments have similar salary structures and pay scales.

Personnel practices at local governments are characterized, for instance, by the hiring of regular, permanent employees. They hire workers fresh out of school and promote them based on seniority. Local governments seldom recruit particular employees for specific career paths, preferring instead to rotate them on a regular basis to nurture generalists. Employees usually stay until retirement. However, efforts are now being made to introduce a personnel system linked with employees' ability and performance and to allow for diverse work arrangements.

## Overview of Japan's Local Public Service Personnel System

The concept of local-government workers did not exist prior to World War II. The National Public Service Act was established in 1947, soon after the war. The Local Public Service Act was created in 1950 to keep in step with the National Public Service Act. The Local Public Service Act is aimed at contributing to the realization of the principle of local autonomy, by guaranteeing the democratic and efficient operation of local governments through the establishment of a modern local public service personnel system. Such a personnel system has five requirements: employees must serve all; employees must be diligent; employees' ability and performance must be reflected in their job evaluations; employees must maintain political neutrality; and employees must be efficient in the execution of their public duties. The Local Public Service Act mainly seeks to establish two fundamental principles, or pillars. One principle relates to personnel organizations within local governments, while the other, personnel administration of local-government workers.

With regard to the first pillar, personnel organizations of local governments have "appointing authorities" who have the authority to appoint individual employees to certain positions. There are also "personnel commissions" and "equity commissions," which are independent committees overseeing the appointments made by appointing authorities.

Appointing authorities have the authority to appoint persons to certain positions with regard to employees' job status, remove them from their current positions, change their employment status, and issue reprimands. Those who serve as appointing authorities are governors, mayors, heads of education boards, police chiefs, fire chiefs, and administrators of public enterprises. This authority is given to several people to ensure that the power is not concentrated in the hands of any particular individual.

The personnel commissions and equity commissions are administrative committees that provide advice or assessments so that appointing authorities will be able to exercise their authority properly. They have similar functions as those of the National Personnel Authority of the central government. These committees, independent of the governors and mayors, operate under a collegial system and guarantee democratic and efficient personnel administration. Prefectures and designated cities are required to have personnel commissions. Cities and Tokyo's 23 special wards with a population of at least 150,000 people are required to have either personnel commissions or equity commissions. Cities, towns, and villages with a population of less than 150,000 must have equity commissions. As of March 2018, the nation's 47 prefectures and 20 designated cities had personnel commissions as required by law. The other entities that had personnel commissions were only Wakayama City and Tokyo's 23 wards.

Among the privileges reserved exclusively for personnel commissions is included the power to make recommendations regarding work conditions. This system of issuing recommendations has been established as a compensatory measure in light of certain restrictions imposed on local-government workers' basic labor rights (For example, general administrative employees do not have the right to strike. In addition, they do not have the right to conclude a collective agreement, even though they are allowed to engage in collective bargaining. Employees of police and fire departments do not have the right to organize, the right to engage in collective bargaining, or the right to strike.). Personnel commissions can make recommendations to governors or mayors and local assemblies to make local-government employees' salaries and work conditions better reflect the overall social and economic conditions or situations in particular geographical areas. Personnel commissions every year examine local-government salaries and private-sector salaries as part of a basic policy of matching the two. The commissions make recommendations regarding salary revisions by considering National Personnel Authority's annual salary recommendations, the situation in other prefectures or cities, cost of living for particular districts, and other issues.

Administrative tasks related to recruitment exams, in principle, fall under the authority of personnel commissions alone. However, equity commissions will be able to handle administrative duties related to recruitment exams if allowed by local bylaws. This provision exists because very few local governments have personnel commissions. In fact, the power regarding personnel matters tends to be concentrated in the hands of mayors in many local governments that do not have personnel commissions, raising concerns about the ability of local governments to ensure neutrality in hiring and to select candidates with appropriate expertise. For this reason, a decision was made to allow equity commissions to handle administrative duties related to recruitment exams in the absence of personnel commissions. The other pillar, personnel administration of local-government employees, relates to hiring, performance evaluations, salaries, hours of work and other work conditions, leave of absence, dismissals and reprimands, work duties, retirement, training, protection of employee benefits, and employee organizations. An overview of these issues will be provided in the next section along with a discussion of actual personnel-administration practices, beginning with employees' recruitment and concluding with their retirement.

## Personnel Management Practices at Local Governments

Local-government employees are basically full-time, permanent workers. Fixed-term workers and those who put in shorter work hours do exist, but they are an exception.

Employees are chosen through competitive exams administered variously in accordance with the candidates' education, such as college or high school, and the type of work, such as administrative or civil engineering. The personnel commission, if it exists within a particular local government, creates a list of job candidates and records the names and test scores of the successful candidates. The appointing authority will then decide whom to hire from among these persons.

There is no job classification system, nor are there any job-description documents (The Local Public Service Act had a rule providing for a job classification system in the past. However, the rule was abolished without being implemented.). Instead, required job skills are broadly defined for each position, such as staff member, section chief, division manager, and department director. Japanese local governments do not hire someone every time there is a vacancy. Instead, they hire a certain number of recruits every April (many of them fresh graduates) and rotate them among jobs every few years to give them a wide variety of experience. The central government's ministries and agencies, which are vertically administered, hire employees on their own. However, local governments seek to nurture generalists, because they are the comprehensive administrative organization in their own districts, and they need employees with a broad range of knowledge and experience.

Although there are some variations among local governments, employees usually experience various jobs with different sections during the first 10 years as part of their training. Their rotations will eventually be narrowed down to several fields, where they will be promoted to positions that are more senior. However, there are only a limited number of positions available at the management level. Thus, employees are occasionally assigned to sections where they have little experience. The characteristics of personnel management at local governments include a seniority-based promotion system and a slow selection process for senior positions. Employees hired in the same year are promoted in lockstep with one another, and it takes many years before they begin to hold positions of differing levels. Career bureaucrats at the central government will face a fierce game of musical chairs when this differentiation begins. "Losers" are often forced out and assigned to positions in affiliated organizations. However, local governments do not have such an "up or out" system, and losers will stay in the same organization until retirement. Consequently, one can frequently observe cases in which employees with more seniority end up holding

lower positions than those with less seniority, a situation rarely seen in the central government. Some local governments administer exams when selecting candidates for advancement. The process of career selection usually begins early at such workplaces.

Compensation comprises salaries, which are base payments, and various allowances. Three principles are applied in determining employee compensation: the principle of job-linked salaries, the principle of salary regulations, and the principle of equilibrium. The principle of job-linked salaries states that salaries must be based on employees' duties and responsibilities. The principle of salary regulations means that salaries must be based on laws or bylaws. Under the principle of equilibrium, salaries must be determined by taking into consideration living expenses, salaries paid by the central government and other local governments, and private-sector salaries. The principle of equilibrium calls for a payment structure modeled after the central government and payment levels that reflect private-sector salaries in the geographical location in question. The governors and mayors implement salary revisions in response to recommendations made by the aforementioned personnel commissions. Those local governments that do not have personnel commissions determine their salaries in light of the decisions made by the central government and prefectural governments.

There are salary tables (pay schedules) for each type of work. Each salary table specifies several "grades" based on the complexity, difficulty, and responsibilities of different positions. Each grade also has different "steps" that indicate the levels of employees' skills. Thus, the total salary is determined by the grade and the step of each worker.

Salary tables must be created by each local government through compensation bylaws, but many local governments use tables similar to those used by the central government. While they could create their own salary tables, it requires much time and effort to come up with an appropriate payment structure. Therefore, they usually use salary tables of the central government, whose validity is generally not questioned, with any necessary adjustments.

Salary tables for local governments use the Laspeyres index to set the pay levels in the central government at 100 for corresponding positions that require similar educational background and experience. As a rule, local governments do not pay salaries that exceed this base value of 100. When the amount exceeds 100, the Ministry of Internal Affairs and Communications, which oversees the local public service personnel system, may ask the local government to provide an explanation. This prevents local-government finances from deteriorating as a result of an inordinate increase in labor costs. It also ensures that the payment structure is appropriately maintained and that payments are made in accordance with workers' duties.

In 2016, a personnel evaluation system, based on capability assessments and performance assessments, was introduced as a result of a revision in the Local Public Service Act. Capability assessments usually involve competency evaluations, whereas performance assessments use a management by objectives method. The evaluation results are reflected in promotion, wage increases, and bonus payments. They are also used for the purpose of employee training.

The Local Public Service Act also stipulates regulations regarding work duties of local-government employees. One such stipulation relates to obligations with respect to employees' specific duties, namely, obligations to follow laws and work-related orders and obligations to devote themselves to their duties. Another stipulation relates to obligations associated with employees' positions. Local-government employees must maintain credibility as a civil servant and keep information learned in the course of duties confidential. There are also restrictions imposed on employees' involvement in political activities and their employment with for-profit companies. They are also prohibited from engaging in labor disputes.

Appointing authorities may issue reprimands to those who are in violation of these work

regulations or who otherwise deserve such reprimands. In other words, local-government employees will not be subject to any adverse disposition unless they are in clear violation of regulations. This way, local-government employees can fully devote themselves to their duties without worrying about any arbitrary punitive measures.

The retirement age is set by each local government in accordance with that prescribed for central-government employees, which is currently set at 60. In fact, all local governments in Japan set their retirement age at 60 to keep in step with the central government. After retirement, workers are eligible for re-employment until 65, when they start receiving pension payments. However, discussions are now underway to extend the retirement age itself to 65. In the past, there were cases in which senior local-government officials found employment in affiliated organizations after retirement. In recent years, however, the number of such cases has significantly declined as local-government employees' involvement in affiliated organizations undergoes reviews and as the oversight of retiring employees becomes more stringent.

## Conclusion

The local public service personnel system has been broadly regulated by the Local Public Service Act. Each local government determines many of the specific work conditions within this broader framework. In practice, however, such work conditions very closely resemble those of the central government and those of other local governments, since the emphasis is placed on equal treatment of workers.

There are several advantages to this mechanism. For example, it costs less for a local government to use a system similar to that of the central government and other local governments than to implement an entirely different system on its own. As far as the central government is concerned, the Ministry of Internal Affairs and Communications can more easily provide guidance and advice with regard to appropriate personnel administration if all local governments have similar systems. There is also an added benefit in that exchange of personnel between the central government and local governments becomes easier if they have similar personnel management systems.

The central government and local governments frequently exchange employees with each other. Local governments, in many cases, dispatch younger employees for the purpose of training, while the central government, for the most part, sends senior officials to local governments. There are criticisms that this system allows the central government to control local governments by imposing its own employees. However, an argument could also be made that local governments are actively asking the central government to send officials because such a practice will confer various benefits.

Local governments are also exchanging employees among themselves. In recent years, local governments have sent many of their workers to the areas affected by the Great East Japan Earthquake. Personnel exchanges among local governments, if also carried out during normal times as need arises, could make the operations of local governments more efficient at a time when they are being forced to reduce the number of employees to the limit as administrative reform progresses. The fact that they have similar personnel management platforms means that they will easily be able to share human resources with one another.

## Cross-References

► Human Resource Management Problems and Public Sector Management

## References

Hashimoto I (2016) Shin-ban Chikujou Chihou-Koumuinhou 4ji-Kaitei-ban (Annotation to the Local Public Service Act, 4th edn.). Gakuyo Shobo, Tokyo

Inatsugu H (2000) Jinji Kyuuyo to Chihoujichi (Personnel management, pay systems, and local autonomy). Toyo Keizai, Inc., Tokyo

# Public Personnel Data in Public Organizations

Nicolas A. Valcik[1] and Meghna Sabharwal[2]
[1]Institutional Effectiveness, Ellensburg, WA, USA
[2]Public and Nonprofit Management, School of Economic, Political and Policy Sciences, The University of Texas at Dallas, Richardson, TX, USA

## Synonyms

Accurate personnel data; Data management; Employee personnel data; Human resources data

## Introduction

Information is the lifeblood of any organization; it constitutes the basis for decision-making at all levels. Inaccurate or poor data can lead to inefficiencies whether in public or private sectors. Despite its importance to an organization, access to accurate data is often not given sufficient attention in the literature. There is a dearth of studies examining the reasons for poor data in public organizations.

Several studies agree that poor and inaccurate data can cost a significant amount to an organization both in terms of monetary and nonmonetary losses. Some estimates in the business world indicate the losses due to poor quality data can amount to $10 million a year. Despite these costs, Kim and Choi (2003, p. 70) suggest, "There have been limited efforts to systematically understand the effects of low quality data." Most efforts are directed at investigating and correcting errors in sophisticated computer and linear models. The impact of low-quality data usually depends of the nature and usage of the data (by citizens or end users).

Why is having and maintaining accurate personnel data (personnel Data refers to identifying data of an employee that is collected and stored by an organization. In the context of public higher education institutions, personnel data refers to information related to an individual's gender, race/ethnicity, faculty rank, department, full time/part-time status, academic appointment, etc.) so difficult for public organizations to achieve? Unfortunately, obtaining and maintaining accurate personnel information is not as easy as it would seem to a person outside a public organization. If the public organization has a large number of employees, the issue of obtaining accurate personnel information becomes more complex not only due to the quantity of information that needs to be captured but also due to the complexity of the organization and legal reporting requirements (Ashbaugh and Miranda 2002).

Is there a method for inputting the information in an official information system of record? Are there rules and legal guidelines that prevent such information from being obtained? Do public organizations need leadership and structure in place to ensure the collection of such information? Does the organizational culture support good quality data? In short, all of these questions are pivotal in obtaining accurate personnel information, most of which can be overcome by the organizational actions and business processes that are implemented. However, there will always be unresolvable difficulties in obtaining some personnel information due to legal statutes that prevent employers from requiring disclosure of certain information, ethnicity for example, from employees.

## Need for Good Quality Personnel Data in the Public Sector

Data quality is defined in the literature as "a set of characteristics that data should own (p.1)" (Scannapieco and Catarci 2002). These characteristics include accuracy, timeliness, completeness and consistency, meaningfulness, unambiguousness, and accessibility. The most detailed classification is provided by Wang et al. (1995), in which 25 different dimensions are used to classify data quality, of which accuracy tops their list. Given the importance of accuracy as a

measure of data quality, this study will focus on the causes for inaccurate data in the public sector with a special attention on institutions of higher education.

Studies often discuss the challenges of poor data (reduced efficiency, lower performance, lower morale, and turnover) in organizations (Kahn et al. 2002), but are not complete since they do not discuss what goes on from the time the data are input to receiving an output. If inaccurate data are produced, one is quick to point to the bad quality data. Garbage into a system leads to garbage out. Poor data quality is not the only reason; there are several other factors potentially leading to erroneous and inaccurate data. However, much of it remains as a "black box," a mystery. Through this study, the authors unpack the various reasons for inaccurate personnel data from input to output.

Personnel data are critical for many public organizations for workforce planning, analysis, operational reporting, as well as compliance requirements to local, state, and federal entities. Human Resources data, for the additional reasons of compliance purposes, must be reliable and accurate. However, public organizations often must overcome several obstacles to realize analysis and reporting useful enough for upper level administrators to make policy decisions and accurate enough to comply with governmental agencies. Furthermore, since public organizations are funded by taxpayers, employees' salaries, titles, and departments can be disclosed as public information. Due to this level of transparency, it is imperative that salary data be as accurate as possible to avoid public backlash because salaries are perceived to be too high or too low. If inaccuracies are publicly revealed, this could trigger an audit and can result in poor public relations as well.

Public organizations are no different from their private or nonprofit organization counterparts where employee hiring, retention, and turnover are concerned. With a decrease in funding always being a possibility, public organizations need to be more flexible and adaptable in their employee recruitment and retention strategies. Operational data can be used to determine budgets for each department, salary raises for employees, hiring for diversity goals, turnover due to retirement, shortfalls in personnel requirements, and loss of personnel through attrition from reasons other than retirement. During tough financial times or when the organization needs to re-staff with new or updated skill sets, personnel data can be used to determine if certain early retirement programs are feasible for the organization to utilize. Throughout this research, the authors will discuss the obstacles and possible solutions for an organization to obtain and effectively use Human Resources data toward these ends.

## Barriers to Good Quality Personnel Data

There are several barriers resulting in poor quality personnel data. We classify these into internal and external. Internal barriers are further classified into: (a) information systems, (b) human resources culture, (c) organizational culture, (d) data ownership, and (e) reporting. External barriers comprise of (a) legal mandates, (b) stakeholders, and (c) business processes. Figure 1 depicts the various barriers to good quality data.

## Internal Factors

### Information Systems

With any type of large public organization, there will be a substantial enterprise information system for human resources. An Enterprise Resource Planning (ERP) system is defined as "configurable information systems packages that integrate information and information-based processes within and across functional areas in an organization" (Kumar and van Hillegersberg 2000, p. 23). While having their origins in the business world, ERP systems have gained popularity in university settings worldwide. Most popular ERP systems used in universities are Oracle, SCT Banner, PeopleSoft, and SAP. These systems make data accessibility and controls easier. Thus, the primary function of an ERP is to enhance efficiency and performance of an organization by streamlining the decision-making process.

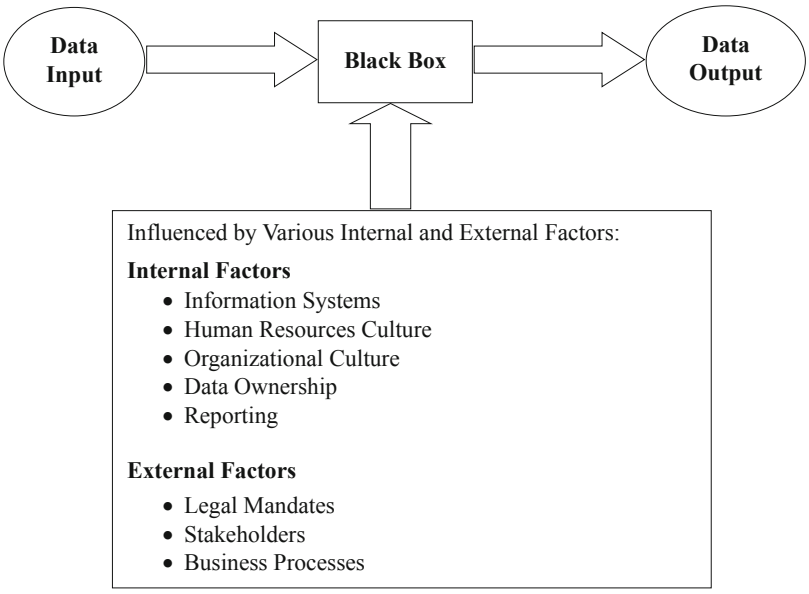


**Public Personnel Data in Public Organizations, Fig. 1** Barriers to good quality data

Organizations are thus choosing ERP systems over Human Resources Information System (HRIS) as they fully integrate all operations into one package. According to Ashbaugh and Miranda (2002, p. 10), "the value of ERP was to bring financials and HRMS under a single vendor and common technology standards" thus making HRIS a subset of the ERP software. HRIS is defined as a "technology based system that is used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information regarding an organizations human resources" (Tannenbaum 1990, p. 27). HRIS in the public sector is used mainly for information gathering and record keeping instead of transformational activities such as re-engineering of HR or strategic activities within the organization (Kovach and Cathcart 1999; Reddick 2009). However, there are several challenges involved with ERP systems, the biggest being cost.

Prior to Y2K, many of these information systems were not integrated with other systems such as finance, budget, facilities, and, in the case of universities, student information systems. Since these systems were stand-alone and isolated, the cultures within which these systems were "siloed" in functionality. Each silo specialized in only their area of functional concern or expertise. Human Resources, for example, entered personnel information into the human resource information system unconcerned or unaware of what other employee data was being entered into the finance, budget, facilities, or student information systems. Additionally, internal business processes during this timeframe still utilized paper forms with little or no electronic input from lower level employees who interfaced with the information system.

To keep information systems operational before Y2K, many organizations hired programmers that had already retired from the private sector to modify enterprise information systems so that their system would not collapse during the date change from 1999 to 2000. Programmers who supported these types of mainframe information systems tended to be an older generation of programmers that were accustomed and trained in programming languages that had become obsolete (i.e., COBOL, NATURAL). Unfortunately, when large public organizations hired programmers to "patch" the older systems to remain operational, they inadvertently promoted the silo organizational culture. The personnel in functional areas such as human resources were not forced to change their business processes to work in an integrated fashion and thus entrenching the silos. Eventually, even these large public organizations were forced to transition to an integrated system when older mainframe systems became

unsupported by the vendors. Unfortunately, this does not mean functional areas did not attempt to restructure the new integrated information system to match their older style of business processes. For many public organizations, this led to turmoil because the new system was not compatible with older business processes.

In many cases, public organizations pass through a series of transitions, which would involve retraining or replacing key personnel. With these types of transitions, an organization loses institutional memory, which can lead to gaps in organizational information and capability when older systems data are migrated to the newer integrated information system (Mnjama and Wamukoya 2007). Additionally, vendors who sell an enterprise system do not customize an information system for a particular client without a great deal of expense. When the customer chooses an information system, they should choose one that will carry out the functionality of what the organization requires. Otherwise, the organization will need to restructure and embrace their business processes to fit the information system.

With the new advent of integrated information systems, the potential problems with data entry issues have increased. The first and foremost problem with data entry issues comes from employees who have the ability to self-report their own data. While there are many areas that can be audited by human resources and IT in the component (or module) of an integrated information system, other variables such as date of birth, gender, ethnicity, and, to a lesser extent, contact information (i.e., telephone number, physical address, etc.) can become problematic. When data becomes an unreliable source of information for reporting, using the data for operational decision-making becomes untenable.

In addition, public organizations will usually have different software packages for various business processes (e.g., payroll). These software packages will typically require additional modifications to the host information system to operate successfully. Since there is no federal mandate for public organizations to buy or use the same information systems and software packages, the combinations used by public organizations can be overwhelming, rendering standardization among public organizations, particularly higher education institutions that are part of a larger system, nearly impossible. The type of information system chosen by an organization is often dictated by the following parameters:

1. Cost of the information system (what can the organization afford)
2. The capability of the employees of the public organization (can they support the information system?)
3. Business processes (how willing is an organization to change business processes to fit an information system)
4. Organizational culture (what politically can be supported in the organization)

These four factors will vary greatly among public organizations, resulting in a large number of combinations of information systems and software packages used for human resources data. Even with organizations that use similar information systems, the manner in which those systems are used can vary widely from one organization to another.

### Human Resources Culture

The role of human resource administrators and employees is to conduct the following functions: hiring/recruitment, job analysis, employee planning and appraisal, training, compensation and benefits, and succession planning, among others. Contending with data issues is another matter entirely. There is always a shortage of HR personnel who have information technology skills. Working with data requires human resources personnel to be more analytical when entering in data into an information system as well as ensuring the data is accurately updated when hiring an applicant or when an employee is promoted or changes job assignments (Ban 2005; Mahapa and Chirasha 2012).

There is also the issue of how human resources are perceived by the organization itself. If the perception is not positive, this can lead to low morale within the human resources department,

which can potentially lead to a high degree of incomplete or incorrect data being entered into the system. Departments that perceive (either correctly or incorrectly) that human resources are incompetent will begin to question the credibility of those responsible for the data. An example would be a state auditor who declares that a university has no full-time faculty because they do not understand that universities consider faculty on nine-month contracts as full-time faculty. The auditor has lost credibility from university employees by not understanding the business processes they were sent to audit. The loss of political power can have several consequences not the least of which can result in departmental administrators finding themselves under increased scrutiny. Data produced by the department will be questioned because the organization has lost faith in the credibility of the department's data entry capability and the effectiveness of its business processes.

Often, human resources departments are dependent upon employees external to their department for technical support or analytical reporting requirements. Employees themselves are often responsible for inputting their own information into a human resources database. Variables that can frequently complicate information accuracy are ethnicity, address, and educational background. In the modern age, obtaining an accurate address is becoming more problematic since employees (and universities' students) can conduct all of their business transactions online. Transactions that use to require a physical mailing address, such as maintaining benefits or issuing checks, are now conducted electronically. Thus, when an organization needs to use address information for operational analysis (e.g., GIS), the analysis can have gaps in the data, which results in incomplete results.

Another approach is to outsource data entry or entire human resource functions to outside vendors. Contracting human resources to outside vendors can pose several challenges as shown by Coggburn (2007) in the case study of Texas Health and Human Services outsourcing their HR functions to Convergys, a private firm. The different values and interests between public and private sector gave rise to several unanticipated problems. For example, 80 employees received warrants instead of paychecks and others received inaccurate payments. In another case in the mid-1990s, Nortel Networks contracted to a third party, which led to a host of data entry errors within the Human Resource system Resumix. These data entry errors necessitated the creation of an application built in Filemaker Pro designed to audit and clean the data and to produce profiles of new college graduate applicants who would receive multiple job offers from different departments. After the data was cleaned, the profiles generated were accurate over 67% of the time, which proved valuable for recruiters who could then pursue new graduates that fit the profiles provided by the hiring managers (Valcik 2015).

Other examples of problematic information can range from employee health insurance to faculty rank and tenure attributes maintained by a department other than human resources. While this may in theory make life easier for human resources departments, this also makes them vulnerable to political forces that would isolate human resources departments and limit their involvement in policy decisions. Without the ability to extract and analyze the data accurately, the human resources department is operating blindly, which can severely limit their effectiveness and decision-making capacity on the organization (Kovach and Cathcart 1999).

As Daft (1995) would indicate, organizational life cycle will also factor into data integrity. With expanding public organizations, data integrity becomes a greater concern as more data entry is necessary to keep pace with new hiring, promotions, etc., all of which is dependent upon departmental input into the information system. Without participation by the departments, the gap between what is needed and what is occurring with data entry will widen and shrinking this gap will take more effort and more money.

### Organizational Culture

"Because we have always done it this way." The quote identifies stagnation in a public organization. Stagnation or inertia can be a major obstacle if business processes are never re-evaluated or are deemed "good enough" by the public

organization. This culture or mindset can be detrimental to any successful information system implementation (Kovach et al. 2002). Existing personnel and business processes will be difficult to alter with a new personnel information system. Instead of using the capabilities of the new information system, an organization is likely to use the new system like an electronic filing cabinet, which will not address current organizational inefficiencies.

Organizational culture can act as a barrier to the successful assimilation and integration of new technology. Without motivation to input information correctly, the organization will see a drift in how data should ideally be recorded compared to how the data are actually being input into the information system. Data entry will remain a lower priority for the departments that do not understand why the data are important for organizational operations. While some departments require data to be accurate (which is their agenda), other departments view data cleansing or accuracy as a lower priority since they have different priorities. This decoupling "pushes" the organization out of alignment, which results in organizational drift.

With public organizations, there will always be some increase in organizational drift when new technologies appear for two reasons. First, existing employees will need to acquire new skills, which necessitates a learning curve that can be quite substantial for some employees. Second, new technology may require an organization to hire new employees. The hiring process can be time consuming. The new employees will then need to acclimate to their new organization, which takes additional time.

Employees who cannot, or will not, learn new technologies or adapt to a new organizational culture may be candidates for an early buyout or phased retirement program, which would benefit both the employee and the organization long term. However, to determine the true status of employee retention and hiring, accurate data are required. All of the issues identified operationally impact a public organization's financial well-being as well as their operational efficiency and effectiveness.

### Data Ownership

In the organization, there must be a champion that will ensure the data being entered are correct and verifiable. The issue of data integrity comes down to data ownership and accountability (Vosburg and Kumar 2001). In larger public organizations, there is sometimes confusion over what department should own certain data entry aspects. For example, should the data be entered by Payroll, Human Resources or, in the case of higher education institutions' faculty, the Provost's office? The question of data responsibility is an issue of organizational command and control issues with business processes. Additionally, the organization will need to ascertain which department in the organization will have responsibility to audit human resources data. In most public organizations, there is a department usually tasked with reporting responsibilities separate from the internal audit unit. Auditing human resources data can be conducted by either one of these units or by both working together.

Ownership of personnel data and determining who is responsible for keeping data current in the enterprise information system can be daunting. In many cases, an information system is seen as an electronic filing cabinet as opposed to being used as a tool to collect data and operationalize for the decision-making process. However, with the new ERP systems, data ownership is seen as the responsibility of everyone who has access to HR data. In the past, the IT department was solely responsible for maintaining the integrity of the data – this is certainly changing with evolution of integrated systems. According to Vosburg and Kumar (2001, p. 28), "Ensuring that all stakeholders of an ERP system understand their responsibilities with respect to maintaining data integrity will lead to a better quality system. Data that is a part of an ERP system belongs to an organization and not to any individual department or user." Despite the broad ownership that ERP systems offer, there are turf battles for data ownership and the politics of it can impact the quality of data. Specifically, there are three types of power struggles and organizational control struggles: entities who want to have ownership and responsibilities, entities who are attempting to shirk

ownership and responsibilities, and entities who are ordered to take ownership and responsibility for personnel data. Ultimately, whoever is assigned to update such information will need to audit the data entry process to ensure data integrity. Without data integrity, the data will become unusable for accurate analysis, which in turn can lead to erroneous decision-making.

### Reporting

Reporting and performing analysis of data has many potential pitfalls that analysts and administrators should be aware of when producing files or reports. Variables submitted according to certain criteria to a federal or state agency to achieve one policy objective might be translated and utilized in a completely different manner than for what it was originally intended. While federal or state agencies provide guidelines for the data they require, the definitions of those requirements may be open to interpretation. Certain variables, if not clearly defined by the state or federal agency, could be reported in many various ways depending on how different public entities initially captured the information. This will lead to data that are inconsistent if state or federal agencies attempt to compare organizations based on these types of data (Akbulut-Bailey 2011). For example, a state agency may require a public entity to report contracted salary rates for employees. However, a public entity may instead report actual salaries paid, including part-time salary rates, because of the limitations of their enterprise information system. Thus, the state agency is assuming (incorrectly) that the amount being reported for salary is the contracted amount and may draw the erroneous conclusion that some individuals are grossly underpaid. The differences in reported and expected reported value allow drift to occur from the ideal to what is actually occurring. A public entity should assess what definitions are being used as well as how the information is being populated in the enterprise information system. This will allow for the information to be consistently stored and accurately extracted for reporting purposes.

Another challenge to data integrity is when employees add, delete, or update their own information. It is virtually impossible to ensure the employee enters all data according to proper business procedure. Some data elements, particularly ethnicity, will be unverifiable due to how the employee categorizes themselves and because of federal and state statutes, which prevent the organization from requiring disclosure of certain information. Furthermore, if the data are not integrated across departments, it can lead to erroneous reporting with different departments producing different results for the same query (Guan et al. 2002).

## External Factors

### Legal Mandates

Legal mandates can pose an obstacle to an organization for obtaining accurate human resources data (Ashbaugh and Miranda 2002). For example, federal law prohibits a public organization from requiring employees to disclose their ethnicity or gender. Additionally, information of this type is impossible to independently verify, and collecting data that does not have direct relevance to one's job can pose challenges. Thus, a conundrum exists where public organizations are mandated to become more diverse but are not allowed to require employees to disclose the information necessary to determine if diversity efforts are working. According to EEOC (n.d.) "Employers need to provide employees the opportunity to self-identify their own ethnicity. If an employee then refuses to do so, employment records or visual observation must be used" (http://www.eeoc.gov/employers/eeo1survey/faq.cfm). This can further complicate reporting and data accuracy as HR is now left to guess the race or ethnicity of employees that choose to withhold their racial identity. Other information required by public organizations to verify legal dependents for benefits (e.g., marriage certificates) could possibly prove to be a point of litigation because marriage certificates frequently have religious affiliations printed on them, another protected category of personal information. As stated by the United States Equal Employment Opportunity Commission:

> Pre-Employment Inquiries and Religious Affiliation or Beliefs
>
> Questions about an applicant's religious affiliation or beliefs (unless the religion is a bona fide occupational qualification (BFOQ)), are generally viewed as non-job-related and problematic under federal law.
>
> Religious corporations, associations, educational institutions, or societies are exempt from the federal laws that EEOC enforces when it comes to the employment of individuals based on their particular religion. In other words, an employer whose purpose and character is primarily religious is permitted to lean towards hiring persons of the same religion. This exception relieves religious organizations only from the ban on employment discrimination based on religion. It does not exempt such organizations from employing individuals due to their race, gender, national origin, disability, color, and/or age. Other employers should avoid questions about an applicant's religious affiliation, such as place of worship, days of worship, and religious holidays and should not ask for references from religious leaders, e.g., minister, rabbi, priest, imam, or pastor. (EEOC 2015)

A public organization should be aware of the United States Equal Employment Opportunity Commission guidelines and ensure those guidelines are followed to avoid potential legal action from applicants and employees. Additionally, there are new initiatives regarding diversity and affirmative action in the workplace that require reports to comply with state and federal mandates. For public universities, the Integrated Postsecondary Education Data System (IPEDS), managed by the National Center for Education Statistics (NCES), requires colleges and universities to report salary, faculty/staff status by Standard Occupation Code (SOC), ethnicity and gender on a regular basis. These reports are made public through NCES and can be accessed by the public (NCES 2015; Renn and Lunceford 2004). Other state initiatives, such as West Virginia H.B. 439 (2015), use data reported by state agencies to determine comparative salaries for certain types of positions (West Virginia Legislature 2015). Through the new state personnel database system (OASIS) and existing personnel reports, data are used by state agencies to determine how personnel at various levels should be compensated.

## Stakeholders

In a public institution, there are several internal and external stakeholders a human resources department works with when collecting and reporting data. Internal stakeholders are usually employees in other departments who may see personnel data as simply a business process. The personnel that typically input information into an information system are secretaries and administrative assistants who are frequently tasked with inputting various departmental transactions and completing other accounting duties. These types of employees are mostly concerned with getting the information complete enough to satisfy the human resources department so empty positions can be filled or existing employees can be promoted. Other internal stakeholders at a public university are administrators, students, faculty, and alumni. However, personnel data can be of importance to external stakeholders as well. External stakeholders include citizens, parents, board members, legislators, funding agencies, community leaders, and employers.

Guan et al. (2002) argue that higher education is an ever-changing environment requiring leaders to make decisions that require sound data, which can then be presented to stakeholders who impact institutional direction and policies. However, studies indicate the poor utilization of data by upper administration. In an exploratory study of human resources systems in a large public university by Beadles et al. (2005), the authors found that over three-fourth (80%) of the HR directors agreed that the information produced was underutilized by the upper administration and only 40% agreed that the information system increased collaboration and coordination across departments and administrators.

## Business Processes

Business processes can form an external barrier for human resources organizations if another government agency's processes will not integrate with the existing human resources information system. There may be an obstacle if a government agency requests information that is unobtainable due to the limitations of the current information system

(Mahapa and Chirasha 2012). Business processes can also form an external barrier if one business process from a state agency conflicts with a federal reporting mandate. The information system may only be able to capture the information to comply with federal mandates, which causes an obvious conflict with the business process of the requesting state agency.

Salary is a good example of how information systems can be a barrier to providing accurate data. For example, a government oversight agency requires a state university to report salary of faculty on a contracted basis. However, the university captures only what is paid to the faculty member due to the limitations of the information system. Additionally, the oversight agency wants the information reported in 12-month time spans when the university contracts faculty on a 9-month basis. Two conflicting business processes from different agencies have thus caused an external barrier for both agencies.

## Organizational Interventions

The obstacles discussed can skew the quality of data, which will invalidate results from producing meaningful and actionable information. If the obstacles are not overcome by the organization, the data could be unreliable for the operational decision-making process. The positive benefit to having clean data are an organization can use the data to make informed decisions as well as use the data for strategic and operational planning. What can an organization do if their personnel data has issues in their information system? Several factors will determine whether an organization is able to correct the issues found in an information system: auditing, leadership, streamlining, and data entry controls.

### Auditing

An organization can intervene by having regular audits in place to check for data integrity in the enterprise information system. An organization can also replace personnel with those who have the analytical abilities to develop a series of edit checks on the data, which can be sent to the functional areas to correct. If the organization is required to produce federal and state reports, it would be ideal to build in pre- and post-implementation audits to ensure data quality and accuracy. This will allow the information to be corrected in the system before it is sent to federal or state officials for certification.

A public organization should assess its business practices at regular intervals to determine how human resources data are being collected and reported (Bargerstock 2000; Nutley 2000). Areas of operation that are vulnerable to, or have experienced, data entry issues should be reviewed as soon as possible so that data entry controls can be implemented to limit data entry errors. The data entry controls can include modifications to the user interface that will either validate when a user attempts to save a record or an application that checks for the validity of data that has been entered (i.e., address information). Many enterprise information systems now have the capacity to control free-formed data entry fields to limit data entry errors. That being stated, there is still a need to have business processes documented and evaluated to ensure the quality of the data.

The organization will need to evaluate its employees' knowledge, skills, and abilities (KSA) versus the organization's KSA requirements per job position for operational purposes. It is important for the organization to understand the requirements of each job position and the performance level of each position in the organization. A thorough assessment will produce a gap analysis documenting present KSAs per employee (reality) versus organizational KSA requirements (theory). Inevitably, there will be organizational drift between ideal KSA levels and actual employee KSA levels. An organization can attempt to close the gap between reality and theory, but, due to hiring laws, existing personnel, and available job candidates, there may be a limit on how much this gap can be reduced.

### Leadership

Does the organization value the accuracy of personnel data? A better question might be which

parts of the organization value accurate personnel data? Large, complex organizations often hold different values on personnel data within their own organization. Some departments may covet the information highly while other departments do not understand why the information is important or how the information impacts their areas of operation. Unless the organization's top leadership provides guidance as well as directive that such information is critical to organizational operations, the motivation to input, maintain, and update personnel information will be minimal among the various departments.

Support from the top leadership is documented as the most important factor for success in HRIS (Kovach and Cathcart 1999; Ngai and Wat 2006). Without proper leadership in the appropriate areas of the organization, human resources data will most likely experience data integrity issues throughout the information system. Without organizational leadership to develop and implement mechanisms to insure data integrity, data standards and controls will be nonexistent if the area responsible for data entry is not held accountable when or if data entry issues occur. A leader empowered to make organizational decisions in a positive manner is critical for accomplishing accurate human resources data. In contrast, a leader who refused to make organizational decisions in regard to human resources data or makes poor organizational decisions will be a liability to the organization.

If no one in an organization is assuming responsibility for or control of data entry and maintenance, leadership may be an issue. A good leader can reorganize their department or area and add additional resources to insure that data entry and maintenance are valued. An effective leader can recognize the need to hire someone in the human resources department with technical abilities to analyze the data on a regular basis as well as perform audit checks and produce reports (McCullough and Sims 2012). A human resource employee with technical skillsets can interface more easily with personnel inside the human resources department, information technology, and in other departments reliant upon personnel information.

An ineffectual leader will not acknowledge or address data entry problems. If the organization discovers it has an ineffectual leader, the organization has two choices. First, the organization can issue a directive to the current leader in an attempt to improve the situation. Good directives can make a difference if a leader is willing to change in a positive manner. Secondly, the organization can replace a leader if it is unlikely that new directives will make a positive impact on data entry or maintenance of data. An ineffectual leader may need to be replaced if they lack the knowledge, skills, or abilities to restructure or address current shortfalls with data entry or maintenance of personnel data.

### Streamlining Business Processes

When re-evaluating existing business processes, new methods or technologies can be utilized to increase efficiency or effectiveness of data entry processes in information systems. Often an organization will retain a certain business process because, at one point, this old process was logical or conformed to a pre-existing enterprise information system but now is no longer an effective or efficient method on the new enterprise information system. One common way to improve effectiveness and efficiency is to automate certain processes. Another common business process is converting paper forms to an online form, thus improving accuracy and the timeliness of the approval process (McCullough and Sims, 2012).

If data entry and data maintenance issues consistently occur within a particular department, an organization can transfer duties and data ownership to one or more areas of operation to reduce errors. Another solution could be recombining previously segmented ownership and duties into a single entity if the situation warrants an organizational change. Finally, the enterprise information system, like ERP itself could be modified to use drop down boxes and validation tables for data entry personnel. If a data entry employee is presented with a small menu of viable options, invalid responses can be eliminated and data entry errors can be reduced. This approach also allows for a thorough audit to be

conducted since the only answers that can exist are those on the validation table.

## Conclusion

The key purpose of this descriptive study is to examine the need for accurate personnel data, identify barriers, and provide solutions to supply good quality data that can be used for sound decision-making. Good quality data are the backbone of any organization and impacts institutional decision-making capacity, which in-turn impacts policies at all levels of an organization (Strong et al. 1997). The framework presented in this study has not been explored in the public sector. Hence, we suggest future researchers to use empirical data to test the internal and external barriers to good personnel quality data presented in this study.

Thus, the importance of accurate human resources data cannot be underestimated. The data can be used for operational and compliance purposes since public entities are responsible for reporting employee data to the federal and state agencies. Any sizable public organization will need to have an information system to manage human resources information. However, there are several challenges in getting good quality data as indicated by this research. HRIS in the public sector is often used for data collection and storage more than for strategic decision-making. According to Guan et al. (2002, p. 174), "what is needed in developing effective information support for institutional decision making is a 'paradigm shift' that reconceptualizes information systems as critical to decision making."

There is very limited research in the public sector that examines the issue of data accuracy within the human resources function. Public sector organizations across local, state, and federal levels are increasingly relying on personnel departments for data related to workforce planning and analysis, recruitment, professional development, performance evaluation, payroll, retention, and attrition. To meet these demands in an efficient and cost-effective manner, public sector organizations are looking to information systems to automate existing processes. HRIS is most commonly used in public organizations, but due to its limitation of fully integrating all operations into one package, larger organizations (e.g., public universities) are switching to ERP systems. Despite the move to more powerful systems, there continue to be challenges faced by human resources departments, which this study highlights. Furthermore, having access to good quality data can improve the competitiveness of public sector organizations as they continue to vie with the private sector for talent.

Unfortunately, there are only a limited number of information systems commercially available to public organizations. All information systems will have limitations and almost all will need to have modifications made to be compliant with state, local and possibly federal reporting guidelines. There will never be a generic information system that functions as a one-stop information system workable for every public organization. Every public organization is responsible for reporting to state and federal agencies with other public organizations needing to report information to county governments or municipalities. When state or federal agencies compare data files from public organizations, the variables may be very different from one organization to another since the definitions and manner in how the information system is configured can be different. Having consistent definitions and data entry protocols are important to ensure data accuracy across public organizations. Furthermore, having leadership that is knowledgeable and committed to promoting a culture of maintaining data accuracy and accessibility is key to improving organizational performance and decision-making.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ Data-Driven Management
- ▶ Human Resource Information Systems

## References


Akbulut-Bailey AY (2011) Information sharing between local and state governments. J Comput Inf Syst 51(4):53

Ashbaugh S, Miranda R (2002) Technology for human resources management: seven questions and answers. Public Pers Manage 31(1):7–20

Ban C (2005) The changing role of the human resource office. In: Condrey S (ed) Handbook of human resource management in government. Jossey-Bass, San Francisco, pp 17–36

Bargerstock AS (2000) The HRM effectiveness audit: a tool for managing accountability in HRM. Public Pers Manage 29(4):517–527

Beadles II, Aston N, Lowery CM, Johns K (2005) The impact of human resource information systems: an exploratory study in the public sector. Commun IIMA 5(4):39–46

Coggburn JD (2007) Outsourcing human resources: the case of the Texas Health and Human Services Commission. Rev Public Pers Adm 27(4):315–335

EEOC (n.d). Retrieved on June 17, 2016. http://www.eeoc.gov/employers/eeo1survey/faq.cfm

Guan J, Nunez W, Welsh JF (2002) Institutional strategy and information support: the role of data warehousing in higher education. Campus-Wide Inf Syst 19(5):168–174

Kahn BK, Strong DM, Wang RY (2002) Information quality benchmarks: product and service performance. Commun ACM 45(4):184–192

Kim W, Choi B (2003) Towards quantifying data quality costs. J Object Technol 2(4):69–76

Kovach KA, Cathcart CE (1999) Human resource information systems (HRIS): providing business with rapid data access, information exchange and strategic advantage. Public Pers Manage 28(2):275–282

Kovach KA, Hughes AA, Fagan P, Maggitti PG (2002) Administrative and strategic advantages of HRIS. Employ Relat Today 29(2):43–48

Kumar K, Van Hillegersberg J (2000) ERP experiences and evolution. Communications of the ACM 43(4): 22–26

Mahapa M, Chirasha V (2012) An assessment on the uptake level of a fully integrated Human Resource Information System (HRIS): a case study of Midlands State University. Public Adm Res 1(1):p121

McCullough R, Sims RR (2012) Implementation of an HRIMS at the personnel board of Jefferson county, Alabama: A case study in process reengineering. Public Personnel Management 41(4):685–703

Mnjama N, Wamukoya J (2007) E-government and records management: an assessment tool for e-records readiness in government. Electron Libr 25(3):274–284

NCES (2015) Institutes of Education Sciences – Annual Reports. Retrieved on July 28, 2015. https://nces.ed.gov/annuals/

Ngai EWT, Wat FKT (2006) Human resource information systems: a review and empirical analysis. Pers Rev 35(3):297–314

Nutley S (2000) Beyond systems: HRM audits in the public sector. Hum Resour Manag J 10(2):21–38

Reddick CG (2009) Human resources information Systems in Texas City Governments: scope and perception of its effectiveness. Public Pers Manage 38(4):19–34

Renn KA, Lunceford CJ (2004) Because the numbers matter: transforming postsecondary education data on student race and ethnicity to meet the challenges of a changing nation. Educ Policy 18(5):752–783

Scannapieco M, Catarci T (2002) Data quality under a computer science perspective. Arch Comp 2:1–15

Strong DM, Lee YW, Wang RY (1997) Data quality in context. Commun ACM 40(5):103–110

Tannenbaum SI (1990) Human resource information systems: user group implications. J Syst Manag 41(1):27

United States Equal Employment Opportunity Commission, 2015. Pre-Employment Inquiries and Religious Affiliation or Beliefs. Retrieved on June 10, 2015. http://www.eeoc.gov/laws/practices/inquiries_religious.cfm

Valcik NA (2015) Recruiting Analyst for NORTEL Networks 1996–1997

Vosburg J, Kumar A (2001) Managing dirty data in organizations using ERP: lessons from a case study. Ind Manag Data Syst 101(1):21–31

Wang RY, Storey VC, Firth CP (1995) A framework for analysis of data quality research. IEEE Trans. Knowl Data Eng 7(4):623–640

West Virginia Legislature (2015) West Virginia H.B. 439


# Public Policy and Bureaucracy


Maryam Omolara Quadri
Department of Political Science, University of Lagos, Lagos, Nigeria


## Synonyms

Policy and administration; Specialized institutions of the state and policy implementation

## Definition

Public policy and bureaucracy refer to the interaction between public bureaucracy and public policy in a modern society and how both shape and influence each other in the political process.

## Introduction

Public policy denotes the activities of government directed to achieve the stated objectives of government in many policy areas. Implementation is a crucial aspect of the policy process and so makes the bureaucracy very critical. Effective bureaucracies are supposed to ensure that goals of governmental policies are implemented. Bureaucracy for Max Weber was the most advanced form of human organization that society had devised and the most rational means for the performance of collective tasks, especially those requiring large-scale organization. Because of the complexity of modern public administration, the role of the bureaucracies (otherwise known as public administrators) has transcended mere implementation of policies to participating in policy formulation. This discourse focuses on the nature of bureaucracy and its intersection in policy formation. It analyzes how bureaucratic influence shapes public policy.

## Bureaucracies and the Policy Process

The appointed officials dealing with public policy and administration are often collectively referred to as the "bureaucracy." Their function is to assist the executive in the performance of its tasks, as is suggested by the terms "civil servants" and "public servants" (Howlett et al. 2009). Max Weber (1947), a German sociologist regarded bureaucracy as a universal social phenomenon, and the means of carrying "community action" over into rationally ordered "societal action." Weber thought of bureaucracy as a body of appointed officials, a definite and distinct group whose work and influence could be seen in all kinds of organizations. Weber identifies bureaucracy as the dominant organizational form in a legal and rational society.

As analyzed by Wren and Bedeian (2009, p. 230) Weber's ideal bureaucracy is based on:

> Legal authority as contrasted with that which rests on either tradition (custom) or charisma ("the gift of grace"). As developed by Weber, legal authority stems from rules and other controls that govern an undertaking in the pursuit of specific goals. Managers are given the authority to interpret and enforce these rules and other controls by virtue of their position. Obedience is not owed to a person but to the impersonal authority of an office. Thus, authority adheres to specific positions rather than to individuals. This is necessary if authority is to outlast the tenure of individual officeholders.

To Poocharoen (2013), the word bureaucracy can be referred to in two ways. First, bureaucracy as a form of organization, where there are structures, rules, resources, and goals. The organization can be in any sector: public, private, nonprofit, or a combination of them. Second, bureaucracy as administrative machinery that is part of the government. Its primary function is to execute the will of the state or in other words to implement public policies. Its major criticisms (red-tapism and delay administration) notwithstanding, Max Weber is of the view that bureaucratic forms of organization are more efficient than other systems of administration. The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization, precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction, and of material and personal costs – these are raised to the optimum point in the strictly bureaucratic administration, and especially in its monocratic form. So, in many political systems, power of bureaucratic organizations looms very large and impact much on their policy processes.

Bureaucracy as implementers of public policy (objectives of the state) occupies a critical position in the political decision-making of governments. The reason why Peters (2015) notes that the majority of the policy work of government is done through the organizations that constitute the public bureaucracy. As Fry and Raadschelders (2014) observe, the history of public administration in United States and other countries illustrates that, increasingly, there are bureaucratic influences not only on the implementation of public policy but also on the formulation of public policy. Reasons for this are not far-fetched; the complexity of public policy continues to increase, and the expertise and sheer numbers of

bureaucrats outpace that of elected officials. Peters and Pierre (2007) while acknowledging that the principal activity of public administration is implementing laws also observe that there are also a range of other important activities carried on in these public organizations. The laws passed by legislatures are often general and require elaboration by administrators. Bureaucracy comes in very important as the secondary legislation prepared by the bureaucracy not only makes the meaning of the laws clearer, but it permits the application of the expertise of the career administrators to policy. Nicholson-Crotty and Miler (cited in Fry and Raadschelders 2014, p. 54) analyzed state legislator's perceptions of bureaucratic influence on legislative outcome to demonstrate that the effectiveness of bureaucratic influence is greater when (1) legislator's terms are limited, (2) legislators and the executive are not divided by political party, and (3) bureaucratic agencies are politically independent from the executive. Hence, bureaucracy is able to influence the path of policy formation.

What then constitute a public policy? What is the process of its enactment? It is apposite to examine the concept of public policy and the process through which it emerges in order to understand the interplay between public policy and public bureaucracy.

Anderson (2011) defines public policy as a relatively stable, purposive course of action or inaction followed by an actor or set of actors in dealing with a problem or matter of concern. According to Anderson, there are several implications of this concept of public policy as defined above. First, the definition links policy to purposive or goal-oriented action rather than to random behavior or chance occurrences. Public policies in modern political systems do not, by and large, just happen. They are instead designed to accomplish specified goals or produce definite results, although these are not always achieved. Proposed policies may be usefully thought of as hypotheses suggesting that specific actions be taken to achieve particular goals. Second, policies consist of courses or patterns of action taken over time by governmental officials rather than their separate, discrete decisions. Third, public policies emerge in response to *policy demands*, or those claims for action or inaction on some public issue made by other actors – private citizens, group representatives, or legislators and other public officials – upon government officials and agencies. Fourth, policy involves what governments actually do, not just what they intend to do or what officials say they are going to do. Fifth, a public policy may be either positive or negative. Some form of overt governmental action may deal with a problem on which action is demanded (positive), or governmental officials may decide to do nothing on some matter on which government involvement was sought (negative). Finally, public policy, at least in its positive form, is based on law and is authoritative. Thus, public policy has an authoritative, legally coercive quality that the policies of private organizations do not have (Anderson 2011, pp. 7–9). Howlett et al. (2009) observe that a government's *capacity* to implement its decision is a significant component of public policy and a major consideration affecting the types of action that government will consider.

Cairney (2012) expresses the view that the policy cycle (stages model) is the best known way to organize the study of policy-making. It divides the policy process into a series of stages, from a notional starting point at which policymakers begin to think about a policy problem to a notional end point at which a policy has been implemented and policy-makers think about how successful it has been before deciding what to do next (Cairney 2012, p. 32). So, the policy-making process begins with awareness of a problem. It involves the process of identifying, defining, and specifying policy problem. This is followed by agenda setting which refers to the process by which problems come to the attention of governments and deciding on which issues deserve the most attention and defining the nature of the problem. Policy formulation denotes how policy options are formulated within government. Anderson (2011) refers to it as developing pertinent and acceptable proposed course of action for dealing with public problems. It involves identifying the technical and political constraints on state action (Howlett et al. 2009). At the policy formulation stage of the policy cycle, problems,

proposals, and demands are transformed into government policies and programs. The policy decision that emerges from the formulation and adoption stages sets off a long and complex chain – which is refers to as the implementation process (Theodoulou 1995).

Policy implementation involves establishing or employing an organization to take responsibility for implementation, ensuring that the organization has the resources (such as staffing, money, and legal authority) to do so, and also making sure that policy decisions are carried out as planned. At the minimum, implementation includes (1) adequate personnel and the financial resources to implement the policy, (2) the administrative capacity to achieve the desired policy goals, and (3) political and judicial support (from the legislative, executive, and judicial wings of the government) for the successful implementation of policy (Sapru 2012).

So, implementation relates to how government put policies into effect; in other words, it is the application of policies to problems. It is important to know that the nature of policy determines the types of projects and programs and structure the implementation process (organizational arrangement and procedures).

Policy evaluation refers broadly to the stage of the policy process where an assessment is made of how a public policy has actually performed. Evaluation becomes an objective assessment of a policy being implemented (Howlett et al. 2009; Anderson 2011; Cairney 2012).

Policies are continuously transformed by implementing actions that simultaneously alter resources and objectives (Majone and Wildavsky 1979). It is important to stress that the stage of policy implementation is very critical in the policy process. This is basically because without application, policy will have no effect. The effectiveness of modern government is measured by the impact of its developmental policies. It becomes difficult to measure the effectiveness of governments if policies are not implemented; in other words, failure of implementation of critical policies to affect or/and transform the lives of the citizens can have serious implications for any government.

Howlett et al. (2009) note that the bureaucracy's power and influence are based on its command of a wide range of important policy resources. As they must engage with policy process, bureaucracy brings with them a number of resources (Peters 2015). One significant resource that bureaucratic agencies possess is their *expertise*, and for policy-making, the expertise may be of two sorts: the actual technical knowledge of the policy domain within which they work and their knowledge of their clients and conditions in the policy domain that they serve. That bureaucracy is a repository of a wide range of skills and expertise is what makes it a premier organization in society. Rourke (1969) notes that within its own ranks, public bureaucracy numbers a wide variety of highly organized and technically trained personnel whose knowledge and skills powerfully influence the shape of official decisions. A second major resource for bureaucracies in the policy-making is that they are the masters of the *process*. *Stability* is the third resource for bureaucracies. The argument is that public organizations persist and have some collective memory that can guide their actions and also inform other actors in the process. The permanence of the bureaucracy and the long tenure of its members often give it an edge over its nominal superiors, the elected executive. The fourth resource for organizations in the public bureaucracies is their own *political resources* (Peters 2015; Howlett et al. 2009). Rourke (1969, p. 3) notes that there are many issues especially in foreign policy, where decisions are made by high public and "private" officials in virtually public opinion and interest-group opinion vacuum. In such areas, bureaucrats are in a commanding position to influence the shape of public policy since they possess not only the professional skills necessary to devise rational courses of action but also the ability to structure the public attitude and preferences to which their policy decisions are in theory supposed to respond. In such situation, executive agencies may come close to exercising monopoly power over the development of public policy. In a similar fashion, many policy issues in contemporary societies will require much of the expertise and professional skills of administrators in specialized

policy areas. The resources at the disposal of bureaucracies provide unrivalled opportunities for them to perform some powerful functions in the policy process and thus placed bureaucracy in advantageous position in the modern society.

## Bureaucrats and Policy Implementation

A clean or clear-cut separation between policy formulation and implementation is not conceivable as policies can be reformulated at the stage of implementation. In Anderson words "policy is being made as it is being administered and administered as it is being made." According to Parsons (1995), policy-making does not come to an end once a policy is set out or approved. Policies are continuously transformed by implementing actions that simultaneously alter resources and objectives (Pressman and Wildavsky 1984). Perhaps, this is made possible when implementers are confronted with ambiguous, vague, and broad objectives that inevitably leave them with no option other than reinterpreting policy idea. Anderson gives credence to this when he expresses the view that administrative agencies often are provided with broad and ambiguous statutory mandates that leave them with much room for choice in deciding what should or should not be done on some matter (Anderson 2011). Even under ideal circumstances, implementation as viewed by Smith and Larimer (2017, p. 165) is not easy; a law that is fairly unambiguous about what should be done is invariably light on the specifics of how to do it. Agencies formally fill in these details through the process of formulating rules. This explains why he advances that the study of policy implementation is concerned with the agencies and officials involved, the procedures they follow, the techniques (or tools) they employ, and the political support and opposition that they encounter (Anderson 2011, p. 209). There is also the belief that policy shapes implementation. Policy content shapes implementation by defining the arena in which the process takes place, the identity and role of the principal actors, the range of permissible tools for action, and of course by supplying resources (Majone and Wildavsky 1979). In essence, the nature of policy determines the intensity of politics involved including the decision to allocate resources for a successful implementation. Does the age-old dichotomy between politics and administration still hold in contemporary society? Can politics and administration be considered separate or distinct from each other? It is well-known that a classic feature of the traditional literature of public administration was the notion that politics and administration were separate and distinct spheres of activity. The *Wilsonian (1887)* tradition focused and devoted energy into arguing for the separation of politics and administration. It focuses more attention on different functions of the administrator and the politician. According to Wilson, ". . .administration lies outside the proper sphere of *politics*. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices. Following in its stead was *Frank Goodnow (1900)* who posited that the function of politics consists in the "expression of the will of the state" – (making value judgments, and with determining what government should or should not do), and administration the "execution of the state will" – (implementing what has been decided upon, that is, carrying into effect the decisions of the political branches). The task of policy-making then becomes the responsibilities of the politicians, while the bureaucrats handle the implementation of policies.

Holzer and Schwester (2011) rightly observe that in contrast to the notions of nineteenth-century reformers like Wilson and Goodnow, twentieth-century analysts acknowledged the reality that appointed administrative officials often take the lead in making policy, while lower-level public officials often interpret policies. ". . .in a pluralistic political system in which many diverse groups have a voice, public administrators with considerable knowledge play key roles. Legislation, for instance, is written by public administrators as much as by legislators. The public bureaucracy is as capable of engendering support for its interests as any other participant in the political process, and public administrators are as likely as any to be part of

a policymaking partnership" (Holzer and Schwester 2011, p. 177). The complexity of public policy-making which is so reflected in many actors and interests is indicative of conflicts and determination of "who gets what, when and how," in the policy process. The political nature of determining and arriving at a solution to address an identified policy problem which sometimes left inconclusive gives the latitude for bureaucracy to influence the direction of policy. The argument is that those who participate in the legislative process are unable or unwilling to arrive at precise settlements among conflicting interests on many issues. Only by leaving some matters nebulous and unsettled can agreement on legislation be reached. Lack of time, interest, information, and expertise as well as the need for flexibility in implementation may also help explain the delegation of broad authority to agencies (Anderson 2011, p. 217). The arena of resolving conflicts is eventually shifted to bureaucracy who deploys resources (information, expertise, knowledge among others) to ensure a balance amongst the contending forces.

Anderson's (2011) analysis of how agency can develop policy spotlights on the interplay and the relationship of bureaucracy and policy. Administrative agencies engage in a wide range of activities and make multitudes of decisions as they administer the laws within their jurisdiction. They can make policy when they apply existing laws or rules to particular situations by case-to-case decision-making. In so doing, they act in much the same manner as courts, just as they act in legislative fashion when engaged in rule-making. Agencies may also mold policy through their various law enforcement actions. A statute may be enforced vigorously or even rigidly, in a lax manner; or not all; it may be applied in some situations and not in others, or to some persons or companies and not to others. Many agencies administer loan, grant, benefit, insurance, and service policies and programs or engage in the management of public properties such as parks, forests, etc. how such programs are implemented helps determine policy both directly and indirectly (Anderson 2011, pp. 232–239). It is possible to think that the ability of bureaucracy to exercise power in the policy process is as a result of the rise of the administrative state with its increasing complexity. Policy-making role of the bureaucracy not only become apparent in policy implementation but also in the process of formulating policy.

## Conclusion

This discourse is centered on how bureaucracy interact with public policy, that is, how bureaucracy influences policy implementation and how policy in turn shapes implementation. The analysis submits that the implementation stage of the policy process is very important as it determines whether policies become tangible or concrete.

It is very clear that because administrative agencies are repositories of specialized skills and as such tend to influence policy decisions in many areas. Certain resources form the stimulus from which bureaucracy derives its influence for exerting influence on policy process.

Analysis has shown that bureaucracies as actors in the policy process reside in a rather difficult position within the middle of increasingly complex policy processes (Howlett and Wellstead 2011). On one hand, bureaucrats are working upward to their nominal political masters, providing policy advice and at times also thinly disguised political advice. On the other hand, they are also working downward, with implementation being a means through which they not only make policy have real effects in society but also make policy as they exercise delegated powers (Peters 2015). Investigating the role of bureaucracy in the policy process will continue and remain dynamic as long as the modern state continues to be the arena of policymaking and implementation.

## Cross-References


- ▶ Bureaucracy and Politicians Relations
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucratic Influence in Policy Formulation
- ▶ Politics and Bureaucracy

## References


Anderson JE (2011) Public policymaking: an introduction, 7th edn. WADSWORTH CENGAGE Learning, London

Cairney P (2012) Understanding public policy- theories and issues. Palgrave Macmillan, Basingstoke

Fry BR, Raadschelders JCN (2014) Mastering public administration from Max Weber to Dwight Waldo, 3rd edn. SAGE CQPress, Los Angeles

Holzer M, Schwester RW (2011) Public administration; an introduction. M.E. Sharpe, New Delhi

Howlett M, Wellstead A (2011) Policy anaysts in the bureaucracy: the nature of professional policy work in contemporary government. Policy Polit 39:613–633

Howlett M, Ramesh M, Perl A (2009) Studying public policy: policy cycles & policy subsystems. Oxford University Press, Oxford

Majone G, Wildavsky A (1979) Implementation as evolution. In: Pressman JL, Wildavsky A (eds) Implementation how great expectations in Washington are dashed in Oakland; or, why it's amazing that federal programs work at all' (3rd edn, expanded). University of California Press, Berkeley

Parsons W (1995) Public policy: an introduction to the theory and practice of policy analysis. Edward Elgar, Cheltenham

Pressman JL, Wildavsky A (1984) Implementation. How great expectations in Washington are dashed in Oakland; or, why it's amazing that federal programs work at all' (3rd edn, expanded). University of California Press, Berkeley

Peters BG (2015) Policy capacity in public administration. Polic Soc 34(3–4):219–228

Peters BG, Pierre J (2007) Introduction: the role of public administration in governing. In: Peters BG, Pierre J (eds) The handbook of public administration. SAGE Publications, Los Angeles

Poocharoen O (2013) Bureaucracy and public policy process. In: Eduardo SF, Howlett M, Ramesh M, Wu X (eds) Routledge handbook of public policy. Routledge, London, pp 331–346

Rourke F (1969) Bureaucracy, politics and public policy. Little, Brown and Company, Boston

Sapru RK (2012) Public policy formulation, implementation and evaluation. Sterling Publishers Pvt Ltd, New Delhi

Smith KB, Larimer CW (2017) The public policy theory primer, 3rd edn. Westview Press, Boulder

Theodoulou SZ (1995) How public policy is made. In: Theodoulou SZ, Cahn MA (eds) Public policy: the essential readings. Prentice Hall, Englewood Cliffs, pp 86–95

Weber (1947) The theory of social and economic organizations. In: Henderson AM, Parsons T (trans). Oxford University Press, New York

Wren DA, Bedeian AG (2009) The evolution of management thought, 6th edn. Wiley, Hoboken


# Public Policy and Governance: Theory and Practice


Muhamad Azahar Abas
Faculty of Earth Science, Universiti Malaysia Kelantan, Jeli, Malaysia


## Synonyms

Good governance; Governance; Policy governance; Public policy

## Definition

Public policy is a long-standing decision made by governments or public authorities to address the public concerns or initiate ideas or solutions to public problems. Governance is the process of governing a city, an organization, or system where the decision-making process is involved by which the decisions are implemented or not implemented.

## Introduction

In the last few decades, public policy has become more crucial, and the governments keep trying to improve the existing public policy to suit current situation. For example, does the current public education policy give an impact to every level of society? Is the current development and welfare program good or poor or does not give an impact toward poverty eradication? Are the existing environmental initiatives sufficient or too much on environmental protection? These questions are always being discussed to address the public policy issues in every level of authority.

The society nowadays is more mobile because of the development in transportation and communication. In fact, the current society is more aggressive on the public issues and knowledgeable because they have good accessibility on the

information. Every ethnic groups and political parties are trying to arise the public issues so that can benefit to their group. Accordingly, most of the public policy is often fluctuating as reflected in the current situation. Hussin (2008) has discussed that every ethnics and groups has an endeavor to fight for their public right which results in movements that contravene the doctrine of cultural diversity.

The discussion above shows that public policy becomes very crucial nowadays in the context of scientific perspective and practical perspective. In-depth understanding on the causes and effects of public policy to society is very important for strategic improvement in the context of scientific perspective. In the context of practical perspective, participation of society in the process of public policy which is formulation and implementation is imperative. Therefore, the process of public policy needs cooperation and involvement of multiple stakeholders that require a good governance.

The concept of governance is not new and it was used since the Persian Empire which is more than 2000 years ago. However, the modern perspective on governance is becoming more complex because of rapid change in the role of government and the process of governance which accelerates the phenomena of globalization (Farazmand 2004). Hence, it is very crucial to explore and study the current characteristics, values, and utilities of governance concept in the context of public policy administration.

In the following pages, the approach of public policy implementation and good governance theory are discussed to comprehend the relationship between both concepts. A general overview of good governance practices and poor governance has also been reviewed below. At the last section, the explanation of good governance practice for effective public policy implementation is given with the situational analysis of solid waste management (SWM) policy.

## Public Policy Implementation: Top-Down and Bottom-Up Approach

According to Matland (1995), public policy implementation is assumed to occur at two levels which are at macro implementation where the centrally located actors devise a government program and micro implementation where local level actors react to these plans and develop their own plans and implement them.

The top-down approach assumed that implementation begins with public policy objectives and implementation will follow in a linear fashion as product of a rational public administration model and which assumes distinct public policy formulation and implementation. The top-down approach lays emphasis on the actors who design the public policy and the factors which can be manipulated from the top or federal government (Schofield 2001). However, top-down approach emphasizes on the rational design of the public policy which can give benefit to all.

The top-down models see the starting point of implementation as identifies the central actors as most influential in producing the desired effects of the decision (Orquin et al. 2013). The characteristics of top-down approach of public policy have a minimum number of actors involved and limit the extent of change in content and implementation done through agencies which is responsible for public policy goals. The weakness of top-down approach of public policy is it fails to consider the significance of past actions in the same policy area. Besides that, it treats implementation as an administrative process and ignores the expertise of local implementers but sees them as impediments to implementation.

Bottom-up models developed from the main criticism of top-down models which ignored the behavioral aspect of implementation and the key role of local implementers (Schofield 2001). It is focusing on the motives and actions of actors involved in public policy implementation. Moreover, it assumes that formulation and implementation are an integrated process (Matland 1995). The bottom-up approach is emphasizing the target groups and service deliverers (Cerna 2013). Bottom-up public policy models are more practical as compared to the top-down public policy models because it's considered public policy from the eye of target groups and service deliverers.

The criticism of the bottom-up public policy models is that it lays too much emphasis on the autonomy of local implementers, whereas public policy control needs to be done by actors whose power to formulate policies is derived by virtue of them being elected representatives. Further it is possible to influence the goals and strategies of the local actors by determining their institutional structure, resources made available to them, and their access to the actual implementation arena (Schofield 2001).

A combination of the top-down and bottom-up approaches occur when interest groups and stakeholders are build an unit of analysis like advocacy coalitions group who share the same set of beliefs and goals (Paudel 2009). To achieve a meaningful public policy formulation and implementation, it is appropriate that a specific public policy is used as the unit of analysis instead of a broad public policy area. Both top-down and bottom-up approaches can be used to prepare the implementation plan for public policy. However, it is dependent on the context and scope of public policy itself because the implementation plan developed should fit with the main objective of public policy.

## Good Governance Theory

The analysis revolves on the theory of good governance, and it will first and foremost be defined here to create a basic knowledge of the concept. The theories of development have been changing from dealing with economic growth to concerning poverty reduction and human welfare. This is because political and social aspects were not taken into consideration together with the economic aspects. In modernization theory, development is concerned about the process of transforming traditional societies into rich and modern societies. Therefore, the theories and approaches emphasized on democracy, equality, redistribution, gender, participation, and empowerment have emerged (Degnbol-Martinussen 2004).

The World Bank first introduced the term "good governance" in 1989 and throughout the 1990. After that, it is becoming a much-used term in the development aid agenda. In fact, this good governance concept has been promoted by many international agencies like the United Nations (UN), International Monetary Fund (IMF), United Nations Development Programme (UNDP), and most Western government. The poor governance was claimed to be the reason for the poor development, which opened for the promotion of political development and the good governance agenda.

In the last decades, good governance becomes one of the most pressing requirements for the underdeveloped and developing countries in Asia, Africa, and Latin America as a condition for international assistance and funding (Farazmand 2004). Therefore, the concept of good governance has been criticized by a number of leaders from underdeveloped and developing countries. They believe that the notion of good governance is an imperialistic and modern colonizing concept that shrinks the size of public administration and expands the private business sector through privatization. They also feel that this good governance concept paving the way of globalization capitalist corporation in searching high profit by dominating the business in developing and underdeveloped countries.

However, governance can be defined in various ways and secondly good is rather subjective. In fact, everyone wants good governance, but what is meant by the concept requires further elaboration. The implementation of good governance first and foremost depends on how governance is defined because it determines the area of operation. The understanding of governance changes from being a matter relating only to government to including something additional within politics, being public policies, institutions, a system of economic relationships, or nongovernmental bodies (Smith 2007).

Governance perceived as government focuses on the management of the public sector and the legal and administrative capacity, whereas governance including politics focuses on:

> The way power and authority are exercised; the management of a country's affairs; the relationships between rulers and ruled; how conflict is resolved; how interests are articulated and rights exercised; and so on. (Smith 2007)

The Danish International Development Agency (DANIDA) operates with the broad approach to governance in its strategy for good governance, thus including elements within politics. The main focus is placed on the public sector in ensuring good governance, but DANIDA recognizes the importance of civil society groups and other non-state actors in holding the public sector accountable and in advocating needs and priorities (DANIDA 2007). Hence, DANIDA has defined governance as government plus non-governmental bodies. The exact definition of good governance employed is the following:

> The transparent and accountable management of human, natural, economic and financial resources for the purpose of equitable and sustainable development, in the context of a political and institutional environment that upholds human rights, democratic principles and the rule of law. (DANIDA 2007)

Moreover, good governance theory is reflecting the interest of the social science community in a shifting pattern in styles of governing (Stoker 1998). Since 1980, the theory of governance has been used to describe the change in political process of Western society (Toikka 2011). In fact, governance was traditionally defined as government. Government is referring to the formal institutions of the states and their monopoly of legitimate coercive power. Government is characterized by its ability to make decision and its capacity to enforce them. In particular government is understood referring to the formal and institutional processes which operate at the level of the nation state to maintain public order and facilitate collective action (Stoker 1998).

The contemporary theories on governance make a fundamental distinction between governance and government. However, the concept of governance has covered more broad issues when compared with the government concept. The different concepts of both theories have grab the attention of plenty scholars to study the reason of the shift of governing styles. In fact, governments have the formal authority to act which have powers to enforce compliance with their activities, rules, and policies. Therefore, stakeholders do not have the accessibility to interfere with the policy developed. In contrast, the governance concept has emphasized the partnership with all stakeholders in order to empower them and give them equal access to development and decision processes. Hence, the power of decision-making and development is not limited to formal authorities and institutions.

What is meant by good is thus that governance is transparent, accountable, ensuring equity and sustainable development and respecting human rights, and democratic principles. This illustrates the complexity of good governance concept in policy implementation. However, the main objective of good governance is to enhance public policy administration in wide perspectives.

## Good Governance Practice

Good governance theory is frequently used to understand the good governance practices. Rose and Miller (1992) have highlighted that good governance practice is one of the techniques to deploy or translate the good governance theory. According to the United Nations Development Programme (UNDP), there are five main principles to practice good governance which includes legitimacy and voices, direction, performance, accountability, and fairness (Table 1). However, these good governance practices suggested by UNDP are a guideline to enhance the organization performance in the context of management and services. The good governance practices have been discussed broadly in improving the organization performance. Good governance practices are significant to explore to address the issue of poor governance in public policy implementation.

## Poor Governance

The contrast for good governance is poor or bad governance. According to Coker and George (2014), poor governance is inability of organization to manage the resources effectively and solve the conflict among staffs or stakeholders in decision-making. In the context of government, poor governance becomes more pronounced when a state or government fails to meet the

**Public Policy and Governance: Theory and Practice, Table 1** Good governance practices based on principles (Graham et al. 2003)

| Main principles | Good governance practices |
|---|---|
| Legitimacy and voices | **Participation**: All gender should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively **Consensus oriented**: It mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures |
| Direction | **Strategic vision**: Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural, and social complexities in which that perspective is grounded |
| Performance | **Responsiveness**: Institutions and processes try to serve all stakeholders **Effectiveness and efficiency**: Processes and institutions produce results that meet needs while making the best use of resources |
| Accountability | **Accountability**: Decision-makers in government, the private sector, and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organizations and whether the decision is internal or external **Transparency**: Built on the free flow of information. Processes, institutions, and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them |
| Fairness | **Equity**: All gender has opportunities **Rule of law**: Legal frameworks should be fair and enforced impartially, particularly the laws on human rights |

needs of the society even though it makes use of the best of all the resources at their disposal. Moreover, Owoye and Bissessar (2012) discussed poor governance as a contagious symptom of institutional and leadership failures. In summary, poor governance can be described as a flaw of organization to manage its resources in solving conflict and make a good decision. In fact, poor governance is something opposite to the practices of good governance.

Previous studies have discussed the main factor of poor governance is unaccountability (George 2013). Specifically, unaccountability indicates no strategic plan or no evidence that existing strategic plan has any impact to the organization. This example shows objectives and goals of organization are vague which would lead toward failure. Moreover, unaccountability also describes no evidence of proper monitoring in financial control and no planning to provide financial sustainability and reputational gain. This example exhibits unstable financial which would disturb operation work of organization.

Besides that, previous studies also highlighted that lack of openness and transparency is also one of the causes of poor governance (Adesola 2012). Lack of openness and transparency shows no annual report on organization performance. Besides that, all the information and decisions made by the governing body are not available to the staffs and relevant stakeholders. So, it is difficult for the staffs and stakeholders to access the information. In fact, decision made by the governing body should be disseminated effectively to the staffs and stakeholders who are responsible in operation work, so that what has been decided by the governing body is understandable by the staffs and stakeholder.

## Good Governance Practice for Effective Public Policy Implementation: A Situational Analysis of Solid Waste Management Policy

Public policy is a tool used to control the activities of civilian to attain its ultimate goal which is public good. In the context of solid waste management, the policy was developed to reduce the impact of unsustainable waste management to human as well as to environment. In fact, to achieve effective solid waste management, policy implementation is not an easy task, but it is not

impossible to be attained. In the context of developing countries, politics inevitably play a large role in solid waste management systems. The structure, functioning, and governance of solid waste management systems are affected by the relationship between central and local governments. The role of citizens in policy-making processes and policy implementation is less concerned. The effective policy implementation should involve the citizens. Hence, it is crucial to strike the right balance within the institutional and citizen perspective for effective solid waste management policy implementation.

Good governance practice is requiring the participation and collaboration of all relevant parties, including government, nongovernmental organizations (NGOs), community groups, and the private sector. Good governance allows low-income groups to influence policy and resource allocation, and therefore it is essential for equitable, effective, and efficient solid waste management policy implementation. Indeed, the efficiency, along with the effectiveness of SWM is one of the requirements in assessing good governance index. Low-income countries tend to lack appropriate governance institutions and structures typically found in high-income countries, such as public policy research institutions, freedom of information laws, judicial autonomy, auditor general, and police academies (Bhuiyan 2010). This lack of democratic structures and competent, representative local government creates barriers to proper solid waste management policy implementation.

Moreover, effective solid waste management policy implementation requires firmly established institutions to avoid controversies, ineffectiveness, and inaction, making solid waste management systems politically unstable. Even when regulatory and legislative frameworks exist, governments with weak institutional structures are easily overwhelmed by increasing demands for solid waste management as urban populations explode.

Institutional aspects also include the current and future legislation and the extent to which it is enforced. A straightforward, transparent, unambiguous legal and regulatory framework, including functioning inspection and enforcement procedures at the national, provincial, and local levels, is essential to the proper functioning of a solid waste management policy. According to Wilson (2007), there seems to be general consensus that weak institutions are a major issue in emerging and developing countries such as in Asia, Africa, Latin America, and Russia. Institutional strengthening and capacity building are one of the major drivers in good governance practices. Hence, good governance practice in public policy implementation is very significant in developing countries.

## Conclusion

The process of public policy which consists of policy formulation and implementation significantly requires good governance practice intervention. This level of governance action entails the guiding formulation with decision-making on public tasks. Besides that, public policy implementation refers to that part of governance that involves activities in relation to public tasks implied by the directional decisions of those tasks. However, the practice of governance in public policy implementation is depending upon policy delivery activity at stake. Given the multiple characters of the contexts in which practitioner of public administration is acting, we have acknowledged that the application of the governance practice will vary from situation to situation. Therefore, the study of public policy and governance is very significant nowadays. In fact, we need to appreciate the opportunities that are available in public policy process because there are a lot of opportunities for improvement.

## Cross-References

▶ Principles of Good Governance, The
▶ Public Participation
▶ Public Policy and Politics

## References

Adesola SA (2012) Entrenching democracy and good governance: the role of ICT. In: Book of proceedings

international congress on social & cultural studies, 4–8 September 2012. Port Harcourt, Nigeria, pp 423–430
Bhuiyan SH (2010) A crisis in governance: urban solid waste management in Bangladesh. Habitat Int 34(1): 125–133
Cerna L (2013) The nature of policy change and implementation: a review of different theoretical approaches. ILE, OECD
Coker MA, George GME (2014) Bad governance: the bane of peace, security and sustainable development of Nigeria. Int J Dev Sustain 3(5):1121–1146
DANIDA, Danish International Development Agency (2007) Effective and accountable public-sector management – strategic priorities for Danish support for good governance, Copenhagen. Ministry of Foreign Affairs of Denmark, Copenhagen
Degnbol-Martinussen J (2004) Society, state & market: a guide to competing theories of development, 4th edn. Mellemfolkeligt Samvirke, København
Farazmand A (2004) Sound governance: policy and administrative innovations. Greenwood Publishing Group, New York
George GME (2013) Good governance: antidote for peace and security in Nigeria. Eur J Bus Soc Sci 2(2):56–65
Graham J, Plumptre TW, Amos B (2003) Principles for good governance in the 21st century. Institute on governance, Ottawa
Hussin AA (2008) Pembentukan Polisi Awam, 1st edn. Utusan Publications and Distributors, Kuala Lumpur
Matland RE (1995) Synthesizing the implementation literature: the ambiguity-conflict model of policy implementation. J Public Adm Res Theory 5(2): 145–174
Orquin JL, Bagger MP, Loose SM (2013) Learning affects top down and bottom up modulation of eye movements in decision making. Judgm Decis Mak 8(6):700–716
Owoye O, Bissessar N (2012) Bad governance and corruption in Africa: symptoms of leadership and institutional failure. In: First global conference on public policy & administration in the middle east, Al Akhawayn University, Ifrane
Paudel NR (2009) A critical account of policy implementation theories: status and consideration. Nepalese J Public Policy Gov 15(2):36–54
Rose N, Miller P (1992) Political power beyond the state: problematics of government. Br J Sociol 43(2): 173–205
Schofield J (2001) Time for a revival? Public policy implementation: a review of the literature and an agenda for future research. Int J Manage Rev 3(3):245–263
Smith BC (2007) Good governance and development. Palgrave Macmillan, Hampshire
Stoker G (1998) Governance as theory: five propositions. Blackwell Publishers, Malden
Toikka A (2011) Governance theory as a framework for empirical research: a case study on local environmental policy-Making in Helsinki, Finland. Unigrafia Bookstore, Helsinki
Wilson DC (2007) Development drivers for waste management. Waste Manag Res 25(3):198–207

# Public Policy and Instrumentalism

Christopher L. Atkinson
Department of Administration & Law, University of West Florida, Pensacola, FL, USA

## Synonyms

Instrumental reasoning; Instrumental-technical rationality; Pragmatism

## Definition

Instrumentalism in public policy invokes a means-ends course of action, often based in administrative process and technique, which deliberately defines public problems and their solutions with a mind toward achieving a favored societal goal (Rochefort and Cobb 1994). This emphasizes "the connection of (scientific) rationality to the conduct of life itself. . .the methodological attainment of a definitely given and practical end by the use of increasingly precise calculation of. . .means" (Adorno, quoted in Held 1980, p. 65).

## Introduction

This work explores public policy and instrumentalism, with a focus on implications for public administration. First, the notion of instrumentalism in the public policy context is discussed. Next, instrumental reasoning is reviewed as a basis for language games, and obscuring of the purpose and intent of policy; ramifications for public service and its obligations are contemplated. Finally, a brief consideration of work on instrumentalism in public policy is offered in conclusion.

## Public Policy and Instrumentalism

Instrumentalism may be thought of in its initial conception, following John Dewey's branch of

pragmatism, as the valuing of ideas based upon their usefulness; there is no absolute way to know for certain that an idea is best, so rightness or fit with a vision of reality is less important. From this original model, instrumentalism has grown to include applications in a variety of fields, including public policy. In policy circles, a belief in policy instruments and techniques as useful or ideal in addressing public problems is a hallmark of instrumentalism and technical rationality. In this thinking, policies will be more useful when they are implemented fully; the difference between truth in a grand sense and rightness or usefulness of a theory in a particular instance is, in an instrumentalist view, negligible. What matters more is the connection of scientific and technical knowledge to problem-solving, and the imposition of a solution based upon interaction and coping with a problem; this requires the involvement of policy agent with environment. Policy in the instrumentalist tradition is a demonstration of collective intelligence brought to bear on public problems (Quirk 2000). Instrumental reasoning is one of three modes of reasoning outlined by Habermas, along with practical and critical reasoning (Farazmand 2002).

Inherent in the idea of instrumentalism is that public policy aims are realized through laws and programs (van der Meulen 2013). Instrumentalism places the value of government in its ability to intervene: "Governments (or their advisers) are said to recognize problems, identify ways of responding to them, evaluate consequences of these options, and arrive at decisions – a technology of government as episodic instrumentalism" (Colebatch 2014). This approach favors a means-ends orientation; from a citizen's perspective, the governmental apparatus might appear cold and distant, processing citizens like objects to be optimized, limiting the legitimacy of the enterprise that comes from collaboration and direct interaction with the public (Kelly 2004). From a legal perspective, instrumentalism speaks to the value a particular rule has in a given case (Van Detta 2004); programs should be understood from the perspective of what they were intended to accomplish. A good law, procedure, or program accomplishes desired ends, and governmental tools that result in lackluster outcomes fall short of the ideal, even though this calculation might ultimately betray the complexity of government, its actors, and processes.

This has serious implications for public administration, which has been at a crossroads of serving as an agent for the goals and whims of a principal, or providing the venue for collaboration with and service to the public itself. Instrumental approaches tend toward "the automatizing of society and human behavior" (Horkheimer 1974, pp. ix–x), producing "a degree of organization and manipulation that leaves the individual only enough spontaneity to launch himself onto the path prescribed for him" (1974, p. 4). The rational answer is proffered in reaction to the irrationality of the present day, as if a top-down constraint of reason would be an acceptable response; citizens become customers, and ask fewer penetrating questions, because doing so would be futile (Horkheimer 1974). The past and context are progressively purged from consideration; while people have created a machine of programs and prospects for client communities, instrumental reasoning forces administrators to resemble the machine they have built. "Instrumental reasoning leads to social domination and control because of its inflexible use of technique," and such reasoning legitimizes bureaucracy and capitalism, depending in some part on the lack of engagement of the public (Farazmand 2002, p. 45).

Public administration has been traditionally and historically defined by its tendencies toward instrumental-technical rationality. In the Weberian sense, organizational actions may be directed toward an ideal of efficiency. Differentiation of roles and specialization of knowledge and skill are prime components of this deliberation. However, in the need for larger organizations, especially, to manage their functional responsibilities and spans of control, the potential exists for administration to embrace too much the tools of the profession, as supposedly rational and leading to optimal outcomes, when organizations themselves are inefficient and far from rational (Jun 2006). Instead of looking to the public and adapting to the changing nature of program, population served, and operating context, inclination may exist to simply

engage in the activities of the program, believing it will solve the problem, even in changing, complex circumstances. This reduces the potential for communicative rationality, which might allow individuals autonomy and means of freely and openly reaffirming their place in community (Morris 2009).

The role of technician is revered in public administration; it is a strongly instrumental position that depends on at least a perception of objectivity and expertise, and that answers resulting from policy processes were, in view of authors like Comte, like other phenomena and subject to common natural laws. Public administrators, working on the boundary between the political sphere and the public, play a role in implementing policy that imposes a science-based approach to public programs, mostly without engaging in the creation of scientific understanding. The activity of administrators, then, utilizes scientific approaches as a rationale for action and intervention (Stehr and Ruser 2017). There is a strong strain of instrumentalism in American society, in particular, and critique of instrumental approaches has as a result not been warmly welcomed, even if the critique remains valid (Schlembach 2015). From the 1950s, improving the instrumental rationality of applied policy became a greater focus. Even with a rising critique in the 1980s, movements like New Public Management (NPM) in the 1990s returned the focus to improving outcomes from policy absent larger discussions of context or the intractability of some policy issues. Even today, governments regularly refer to a need to have fuller knowledge of policy matters before making decisions, even in situations where administration cannot keep up with the information already flowing through it; practical understanding is eschewed in favor of an unattainable gold standard of pure, objective knowledge (Parsons 2004).

## Public Policy, Language Games, and Obligation

Public policy language is heavily informed by language that is at least initially, and perhaps primarily, normative. This language is saturated in belief; public programs that are born of this environment presume their worth on a host of bases, not purely whether the program results in the outcomes intended initially. The profession of public administration is confronted with a potentially critical impasse – the difference between actually accomplishing goals of client service, potentially separate from an enacted and politically preferred public policy program, and maintenance of programs, institutional structures, and relationships that may not serve client needs but serve the cause of stability, not to mention long careers. A key factor of legitimation is encouraging belief in the population that programs serve their supposed ends. This drive can result in the playing of language games. Programs may make reference to served groups and services provided but fail to achieve useful outcomes outside the domain of the immediate, within the administrative. Where the public might look to government for proof of concepts, and of the value of programs, if not truth, what might be offered instead is soothing language, hopefulness, and the possibilities of future success. How citizens perceive their existence is bound up in the policy language, definitions of clients, eligibility for programs, and processes of the administrative state. This language is not only work product for the administrative state; it also creates meaning for the public (Wellmer 1974).

A larger problem for the legitimacy of public administration is that attention to maintenance of existing systems and instrumental tools, for stability or otherwise, may breed inattention to the active service of public needs. A policy or program seeks to be a mirror for the experience of a public, its challenges, and a way forward to improve prospects, but is ultimately ineffective because it is limited in scope and detail. The existence of a shorthand or sketch of a program and how it assists through implementation lends a level of appropriateness to avoidance of obligation and the difficult work of public engagement and service. Instead of inquiring about the problem as experienced by a client, the institution shifts attention to the policy instrument and its care and maintenance. This shift stands in for

effectiveness, through an increased emphasis on program characteristics and qualities, instead of performance in serving affected communities.

The prospect of clear and useful public administration, and the validity of efforts taken in consideration of public needs, rests in outcomes. However, instrumental reasoning narrows the focus of problem definition to a restricted field of variables, and thus the definition may fail to account for complexity and context, as well as the lived experience of client communities. Further, instrumentality is predisposed to routinization – this suggests to administrators that there is little need to consider other potential solutions and alternative definitions of problems and competing interpretations of what needs to be addressed through policy (Capano and Lippi 2017).

As Peters observed, New Public Management (NPM) was rooted in the thought that "if programs were better delivered then the problems would indeed be solved. That was never the case" (2011, p. 6). The policy tools themselves delivered as programs are no more neutral than the choices made in defining the problems they are ostensibly enacted to solve (Peters 2011). How problems are aligned and how programs are constructed and function may not actually align at all to accomplish any change in reality for the target population of a public policy program. Too much emphasis on the program as an instrument, and the belief in the ability of the instrument itself to solve the problem as defined, leads often to underwhelming outcomes, if not serious concerns for client communities, in that the problem as it actually exists may not be addressed at all well by the program as enacted.

## Importance of Critique of Instrumentalism

Instrumental rationality supports the importance of rules, procedures, and programs; a strong instrumental belief indicates a core tenet that problems can be defined and resolved effectively with the imposition of policies and programs. On the face of it, instrumental thought makes sense. Questions like whether the private sector should provide prison services might depend purely on which sector provides the best services (Brennan 2017). However, one might suggest that "best services" is indicative of different things to different people, and so is contested territory. The imposition of one regime or the other, absent public involvement, is a reliance on instrumental thought and technical expertise over the potential valid contributions of local/community knowledge and expressions of public wants and needs.

A critique of instrumental reasoning was closely associated with the Frankfurt School beginning in the 1930s. It was suggested that science, evidencing itself through policy tools and programs in administrative action, had extended beyond its instrumental role and had begun to undermine and interfere with the proper function of the social sphere – discussions about norms gave way increasingly to overreliance on supposedly pure reason in technical responses. (O'Neill and Uebel 2004).

The presence of a program can lead to a belief that the public has control over the choices that it makes, even if the array of choices is severely limited, favoring certain preferred problem definitions and methods of resolution. Choosing from among a series of options, even if the options are limited, can still lead to a sense of empowerment and even freedom; it is a misperception and fantasy, but it is comfortable and leads to outcomes desired by those enacting the programs. The problem with this sort of policy-led comfort is that real decision-making skill and capacity to adapt may atrophy in non-use. The sense of self can become thin (Fotaki 2010); this problem is not exacerbated by the imposition of thin policy as much as created by it.

## Conclusion

Within a wider discussion of the proper and most worthwhile roles for government, the rationality of the pursuits and ends of government intervention has been a consistent touchstone. The perspective that administration acts best if it remains within narrowly drawn characterizations of implementation, working to achieve ever-greater levels

of efficiency, has been countered in the literature with a critique of instrumental rationality and belief in the place of policy tools to resolve complex societal obstacles. This is also a debate between the place of technical skill and expertise in an instrumental orientation and the right place of morality in public service; achievement may be had with imposition of policies and programs, without as much thought to context and lived experience of the public served. Instrumental reasoning in government depends on an acceptance that preferred ways of responding to problems are right, or at least more right, and that programs, created by wise people, will resolve society's most pressing dilemmas; if the public believes that it is still the source of rule, then so much the better (Korstanje 2011). This reduces the public's ability to involve itself in and to influence the public sphere – to play a meaningful role in the lifeworld (as posed by Habermas), in opposition to the system of programs and policy tools (Kiisel 2013). This could be portrayed as a noble lie, but it is a lie, regardless, and it reduces the humanity of all concerned.

An over-reliance on instrumental reasoning is treacherous. Even when some element of the human spirit may overcome the web of processes and definitions of the administrative state, acting as a stabilizing and constraining factor for both individuals and society as a whole, the majority of the public will often choose the stability of the state, with its techniques and instrumental solutions, and the idea of a government with all the answers to problems caused by people. This is a false security and portends a hollowing out of the lived experience of humanity – eventually lowering the ability of humankind to solve its problems. The need then is for a return to engagement, to tolerant discussions amongst people of diverse opinion and engagement in public debate and even disagreement – even when techniques and instruments of administration seem to provide an easy way out.

## Cross-References


- ▶ Critical Theory of Organizations
- ▶ Evaluation of Public Participation
- ▶ Legitimacy in Public Administration
- ▶ Public Policy and Governance: Theory and Practice


## References


Brennan J (2017) Consequences matter more: in defense of instrumentalism on private versus public prisons. Crim Law Philos 11:801–815

Capano G, Lippi A (2017) How policy instruments are chosen: patterns of decision makers' choices. Policy Sci 50:269–293

Colebatch JK (2014) Making sense of governance. Polic Soc 33(4):307–316

Farazmand A (2002) Organization theory: from pre-classical to contemporary and critical theories – an overview and appraisal. In: Farazmand A (ed) Modern organizations: theory and practice, 2nd edn. Praeger, Westport, pp 19–62

Fotaki M (2010) Why do public policies fail so often? Exploring health policy-making as an imaginary and symbolic construction. Organization 17(6): 703–720

Held D (1980) Introduction to critical theory: Horkheimer to Habermas. University of California Press, Berkeley

Horkheimer M (1974) Critique of instrumental reasoning. Seabury Press, New York

Jun JS (2006) The social construction of public administration: Interpretive and critical perspectives. State University of New York Press, Albany

Kelly T (2004) Unlocking the iron cage: public administration in the deliberative democratic theory of Jürgen Habermas. Adm Soc 36(1):38–61

Kiisel M (2013) Local community participation in the planning process: a case of bounded communicative rationality. Eur Plan Stud 21(2):232–250

Korstanje ME (2011) Breaking the symbolic alienation: the new role and chalenges of critical philosophy in the next millennium. Cultura Int J Philos Cult Axiology 8(2):105–126

Morris M (2009) Social justice and communication: mill, Marx, and Habermas. Soc Just Res 22:134–155

O'Neill J, Uebel T (2004) Horkheimer and Neurath: restarting a disrupted debate. Eur J Philos 12(1): 75–105

Parsons W (2004) Not just steering but weaving: relevant knowledge and the craft of building policy capacity and coherence. Aust J Public Adm 63(1):43–57

Peters BG (2011) Steering, rowing, drifting, or sinking? Changing patterns of governance. Urban Res Pract 4(1):5–12

Quirk MJ (2000) Dewey's version of pragmatism. Retrieved from http://www.sophia-project.org/uploads/1/3/9/5/13955288/quirk_dewey1.pdf

Rochefort DA, Cobb RW (1994) Problem definition: an emerging perspective. In: Rochefort DA, Cobb RW (eds) The politics of problem definition: shaping the

policy agenda. University Press of Kansas, Lawrence, pp 1–31
Schlembach R (2015) Negation, refusal and co-optation: the Frankfurt school and social movement theory. Sociol Compass 9(11):987–999
Stehr N, Ruser A (2017) Social scientists as technicians, advisors and meaning producers. Innovation 30(1): 24–35
van der Meulen DH (2013) The use of impact assessments and the quality of legislation. The Theory and Practice of Legislation 1(2):305–325
Van Detta JA (2004) The irony of instrumentalism: Using Dworkin's principle-rule distinction to reconceptualize metaphorically a substance-procedure dissonance exemplified by forum non conveniens dismissals in international product injury cases. Marquette Law Review 87(3):425–523
Wellmer A (1974) Critical theory of society. Seabury Press, New York

# Public Policy and Political Parties

Olga V. Mikhaylova
School of Public Administration, Lomonosov Moscow State University, Moscow, Russia

## Synonyms

Collective interests; Dominant parties; Hegemonic parties; Legislative parties; Majority-preferred policy; Party government; Party policy; Political polarization; Political representation

## Definition

Public policy: A set of interrelated decisions adopted and implemented by the state and other political and non-governmental actors concerning the long-term goal setting and means of achieving them in particular environment and circumstances.

Political party: An organization which is created by individuals who share common political ideas, which takes part in elections and able to hold its representatives at key positions in executive and legislative branches.

## Introduction

Among the great variety of public policy actors, political parties play a central role in the decision-making process. They mediate and integrate the goals and desires of citizens with public policy agenda and nominate candidates for key public offices, thus securing a unique position for themselves: on the one hand, they are agents of civic society and systematically represent social groups in government, and, on the other hand, they are an integral part of executive and legislative institutions responsible for public policy. Political parties' ability to influence public policy is defined by such institutional constraints as types of executive-legislative branches relations, party system, and type of political regime. Such constraints are interrelated in various combinations and determine the status and place of political parties in a particular political system.

## The Consequences of Institutional Differences for Political Parties

The institutional structure of a modern state is based on the principle of separation of powers. The pattern of interaction between executive and legislative branches is critical for public policy. In a parliamentary system executive and legislative branches are linked through the party holding most seats. In the UK, for example, a parliamentary system is based on a single majority party. On the one hand, it ensures hierarchical accountability of the cabinet to the parliament; on the other hand, it guarantees seamless passage of governmental initiatives and bills through the parliament requiring no approvals. The governing political party holds central place in the political system and implements public policy using its representatives in executive and legislative authorities. The ability of the opposition party to influence decision-making by initiating legislation is reduced to a minimum, but it acts as a restraint through participating in debates, registering the governing party's faults, and encouraging public support of their initiatives using mass media and political actions.

In the absence of a majority party in the parliamentary system, the executive branch relies on a coalition resulting from numerous transactions, agreements, and exchanges between political parties. When implementing public policy, the executive arm tends to depend more on political parties since both the head of the government and the priorities for political development are determined by a coalition of parties that can change significantly over one parliamentary term. Coalition governments exist in all European parliamentary systems.

In the presidential system, executive and legislative branches are independent of one another. They can be both controlled by the same political party, but sometimes the executive branch is occupied be one party and the legislative – by another, opposed party, thus strengthing the political position of a party holding the majority of parliamentary seats. It can successfully negotiate with the party in control of the executive power to include own priorities and goals in the public policy agenda. The USA makes a classic example where such set up occurs quite often forcing the president to pursue a more moderate public policy. However, if both the executive and the legislature are in the hands of one party, it strengthens the position of the head of the state and makes it possible to implement public policy aligned with one party priorities.

The type of the *party system* determines the ability of existing parties to influence the decision-making process. In competitive party systems, several strong political parties routinely alternate in power with none of them monopolizing it. It creates favorable conditions for the development and implementation of a consensus-based public policy, integration of various parties' priorities in a single political course, enhancing the legitimacy of power.

In noncompetitive party systems, representatives of one major party may retain power in the executive and legislative arms for an extended period of time. Other parties stay on the periphery and cannot produce a strong competitor to such a hegemon. Thus, public policy, totally dependent on political goals of one party, is not challenged by other political forces and suggests tough methods of implementation, frequently relying on force.

## The Status and Role of Political Parties in Post-authoritarian Systems: Case of Russia

In political systems that have attempted democratic modernization, the status and role of political parties in public policy are different from the western political parties. They do not perform their key function of representing collective interests in power. The main reason for this is the different logic of party formation. In the European countries, political parties have been becoming democratic institute gradually. This process was supported by the demand for institutions of representation of political interests from active civic society, by the extension of universal suffrage, and by establishing other democratic institutes.

In many post-authoritarian countries, with Russia not being exception, democratization process was impetuous new democratic institutes that were established in just 1 day. In economic and political reforms, social changes were complicated and have been proceeding simultaneously. So, is was the demand deficit for institutions of political representation in Russian society in the 1990s; the main goal of Russian citizens was to adjust to the new difficult social and economic realities.

But still myriad political parties have been established in the first 10 post-soviet years. Only some of them had a goal to get seats in State Duma and influence public policy, most of them have been represented political interests of single ambiguous public figures who were aimed at getting a seat and exploit it. It is not surprising that such political associations were unstable and changeable; they could not become organizational bases for public figures to penetrate in legislative authorities. On the contrary, public figures, between whom doors of public policy had opened, were becoming a springboard for their parties to enter political power. The primacy of the leader in the party, secondary nature of its

ideology and organizational structure, allows the first Russian parties to be characterized as autocratic parties virtually excluded from public policy-making process as key participants. Until today only two such parties are continuing their political career: "Liberal Democratic Party of Russia" by Vladimir Zhirinovsky and "Yabloko" by Grigory Yavlinsky. The first one constantly wins seats in State Duma; the second one has changed its leader, but lost seats in the parliament, and was largely marginalized.

Not only sociological factors prevented the convergence of parties and social groups' interests and limited their role in policy-making process in Russia. After new post-soviet institutional design was established and secured in the Constitution and main laws, participation of the head of state and all government members in the party system has been limited. Such an approach is unusual for the western public policy, but it was needed that period in order to prevent communist revenge and strengthen political positions of new democratic ruling elite. Access of political parties to the policy-making process threatened mobilization of communist electoral support. In comparison with all new parties, Communist Party of Russian Federation is still popular among more than 20% of Russian citizens.

Thus, access to executive power for parties was closed, establishing their peripheral position in public policy-making. Being excluded from the executive branch, political parties did not receive influential positions in legislative branch too, because ruling elite did not need their support to develop and implement public policy. In such institutional design, the executive is not a continuation of majority party or coalition of parties (like in parliamentary system) and is not the partner or competitor (like in presidential system) but is totally autonomous and has also ways to control parties' political position. In fact Russian ruling executive elite needs parties as an essential element of democratic façade and not as an important actor of public policy.

As a result when people have no demand for representation institutions, and these institutions are removed from the policy-making process, they stop being communication channels between society and power, but they are still required to legitimize democratic character of policy-making.

## Changing Role of Political Parties in Public Policy in Modern Russia

Outsized Russian party system of the 1990s was gradually transformed due to the activity of ruling elite. Among the feathers of party system, there is one more very important element – the political parties governing law. This law regulates conditions of political parties' formation and gives ruling elite an opportunity to manipulate with them to get desirable party space configuration. So due to the changes in the law which restricted requirements (such as the minimum number of party members, regional offices, etc.), the number of political parties decreased dramatically. These modifications have not changed radically the role of parties in public policy, but have weakened political opposition in Russia, and limited the opportunity for new political parties to influence political process.

Due to this law ruling elite began to use political parties to promote and legitimize its policy in the public domain and create parties to secure its monopoly. This desire contributed to the monopolization of party space, and an emerging characteristic trend is the materialization of a "party of power" that does not make public policy but implements the public policy of the ruling elite, totally depends on the governmental resource support, and, yet, is positioned as the voice of collective interests.

However, it does not mean that party system has changed greatly. In fact, the nature of Russian political parties has stayed the same – they are continuing to be autocratic and constrained by the political will of the leader. In case of "party of power," they are not free from the political will of the head of the state. Gradually the country has acquired a political system with a strong power center represented by the head of state who needs the mobilization of popular support to strengthen his political position and a credible parliamentary partisan support to legitimize his current public policy. This structure requires complete

independence of the executive from the political party in implementing public policy and total dependence of the party from its "patron's" status as its condition. It makes it possible to transform the party, replace it with another one, materially change its composition, and adjust its goals and priorities without any consequences. People however will not notice these changes because there is no association with the party in their mind or political practice but rather an association with the figure of the political leader.

During the period of Boris Yeltsin's presidency, there were several attempts to establish the "party of power" around the figure of prime ministers. The most successful one was the party "Nash Dom Rossia" ("Our House is Russia") by Victor Chernomyrdin (1995–1999). Since 2003 until present time, party "Edinaya Rossia" ("Uniformed Russia") is holding a standalone majority of seats in State Duma. In the current parliament, the party controls constitutional majority of seats (343 seats out of 450). The official party leader is Dmitry Medvedev who in this case is a member of the party, but at the same time, the party officially supports the political course of the head of the state, Vladimir Putin, who is not a member of this party. What is more unusual is that party is controlled by the head of the state, but not by its official leader. He could manipulate the party, but the party could not do the same, and it follows leaders' policy and must guarantee its legitimacy and implementation through the legislative activity. Public funds, administrative support at all governance levels, and political leader's charisma ensure party's electoral success.

Speaking about the "party of power" and its role in public policy, it is necessary to underline that it differs a lot from regular parties. Besides the fact that it is established by the ruling elite to guarantee its monopoly in political space and as a result has little links with the society, the party is totally defendant on the career of political leader. Party's authority increases with the rising president's authority, but when the leader resigns or his/her popularity decreases, the "party of power" threatens to decay. In other words the "party of power" could not be in opposition, because its mission is to provide not its own political course but the course of ruling elite; it does not have its own resources to compete with other political parties, and it has not got its own political agenda to present to the public.

In such a system, other political parties may continue and act as very moderate opposition having no ambition to occupy positions of power. They are needed to create the appearance of a competitive political space but have no influence on public policy whatsoever. Rigid legal constraints create insurmountable barriers to forming independent political parties "from below" – by the initiative of public groups which is reinforced by people's negative perception of this political institution.

Another important aspect is that opposition parties in Russia are not as consolidated as the dominant party is. The opposition party space is highly fragmentized; party leaders are very ambitious and do not tend to merge in one strong political actor which could resist the dominance of "Edinaya Rossia." Besides, the activities of opposition parties are not visible for citizens; they know a little about their candidates due to the monopolization of informational channels and high level of political apathy. Without state support or big business funds to support them, opposition parties are being marginalized and lacking ability to influence public policy.

Of course, it must be said that in Russia there are political parties which are not truly in opposition but play the role of opposition parties. They officially compete with the dominant party in election campaigns and in political debates on specific topics. Owning to this, multiparty system does exits, but their criticism of the ruling party is very limited. Party leaders could criticize the dominant party activity, but they support and follow the head of the state policy. As a result opposing parties in the State Duma vote in the same accord as the president's party does. Such voting practice devaluates parliament opposition parties and exclude them from policy-making process.

## Conclusion

Modern political science views the relationship between public policy and political parties through the concept of interaction between

institutions and actors. The complex nature of political parties determines their role as the integrating element of the political system. Modern political practice displays various configurations of relationships between political parties and public policy, yet in all cases political parties are an essential structural element.

In case of Russia, the role of political parties in public policy are influenced by the logic of post-soviet modernization process and is continuing to be limited. The main trend in political party evolution is an attraction to the system with hegemonic party and weak opposition. This trend is strengthened by political apathy of Russian citizens and lacking in political motivation, typical for democracies.

## References

Aldrich JH (2008) Political parties in and out legislatures. In: Raw R, Binger SA, Rockman BA (eds) The Oxford handbook of political institutions. Oxford University Press, Oxford, UK

Brader R, Tucker JA (2001) The emergence of mass partisanship in Russia, 1993–1996. Am J Polit Sci 45:69–83

Hagopian F (2007) Parties and voters in emerging democracies. In: Boix C, Stokes SC (eds) The Oxford handbook of comparative politics. Oxford University Press, Oxford, UK

Reuter OJ, Turovsky R (2012) Dominant party rule and legislative leadership in authoritarian regime. Party Polit 20:1–20

Robinson N (2012) Institutional factors and Russian political parties: the changing needs of regime consolidation in a neo-patrimonial system. East Eur Polit 28(3): 298–309

Sakwa R (2010) The dual state in Russia. Post Sov Aff 26(3):185–206

# Public Policy and Politics

Maryam Omolara Quadri
Department of Political Science, University of Lagos, Lagos, Nigeria

## Synonyms

Act of governing; Diplomacy; Public affairs; Statecraft

## Definitions

| | |
|---|---|
| Public Policies | Public policies are decisions of government. They come as a result of the activities of government directed at achieving certain objectives. |
| Politics | refers to how decisions are allocated authoritatively in the society. |
| Policy cycle | refers to a framework which suggests that the policymaking process develops through stages of activities involving decision-makers, and through which a policy proposal is developed and implemented. |

## Introduction

Governments across the globe want to achieve specified objectives in education, health, agriculture, transportation, housing, environment, and other sectors of the economy to affect people's lives positively. Citizens of a particular country may desire many things and government being the representative of the people is obliged to do those things through the instrumentalities of public policies. Inherent in the concept of public policy is the notion and belief that it should serve the public good by having a utilitarian value for the greatest number of citizens. "In the course of their daily lives people are affected directly and indirectly, obviously and subtly, by an extensive arrays of public policies" (Anderson 2003, p 7). Whatever the level of government, proponents of policy actions seek a multitude of goals that also affect all members of society (Kraft and Furlong 2015). This article examines the relationship between public policy and politics. It discusses how public policies emerge and spots the place of politics in the policy process, that is, it focuses on how politics interface with the process of policymaking.

## Public Policy and Politics

As much as there is a consensus that public policy does not have a single definition, then a good starting point will be to consider some of the many conceptualization by policy scholars.

Hogwood and Gunn (1984, pp 13–19) identify different ways in which policy can be understood: as a label for a field of activity (e.g., education/health/housing/economic policy); an expression of intent (e.g., "we will improve healthcare"); specific proposals (e.g., a manifesto or white paper); decisions of government and the formal authorization of decisions (e.g., legislation); a program or package of legislation, staffing, and funding; intermediate and ultimate outputs (e.g., more doctors, better medical care); outcome or what is actually achieved (better health); and a process, not an event, or a series of decisions, not a single decision. Flowing from their descriptions is an indication that policy could mean many things to many people if not properly conceptualized. To Jenkins (1978), public policy is a set of interrelated decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should in principle, be within the power of those actors to achieve. In their observation, Howlett et al. (2009, p 6) consider this definition to be helpful in specifying the *content* of a policy as being composed of the "selection of goals and means," presenting policymaking as a *dynamic process* and explicitly acknowledges that public policy is usually the result of "a set of interrelated decisions" that cumulatively contribute to an outcome. In other words, policy is not a single decision, but consists of several decisions on one policy issue. Using Howlett, Ramesh and Perl's example of health policy for illustration, a health policy will consist of a series of decisions on building health facilities, certifying personnel and treatment, and financing health-care provision among other related items. These various interrelated decisions are often made by different individuals and agencies within government. Further in their analysis is the observation that a government's *capacity* to implement its decision is also a significant component of public policy and a major consideration affecting the types of action that government will consider. The analysis also recognizes that the limitations on a government's ability to act can constrain the range of options considered, in particular, decision-making circumstances or can contribute to the success or lack of success of policymaking efforts. Public policy is therefore concerned with how problems and issues are identified, defined, and constructed; how they are placed on political and policy agenda; how policy options emerge; how and why government act or do not act and the effects or consequences of government policy on various stakeholders or actors.

Parsons (1995, p 2) notes that the idea of public policy presupposes that there is a sphere or domain of life which is not private or purely individual, but held in common. The public comprises that dimension of human activity which is regarded as requiring governmental or social regulation or intervention, or at least common action. The public element in public policy connotes the centrality of the role of government in policymaking. Thus public policies are governmental policies which comprise government legislations or laws, regulations, court decisions, and local ordinances that emerge through a process of enactment. It involves actors and interests in any policy area or a matter of concern. This is an indication that there are multiple actors and interests in the policy process. These policy actors as analyzed by Pinteric (2014) can be divided into two main categories: governmental and non-governmental. Among governmental policy actors, there are institutions of political representation (parliaments), institutions of executive branch (government, ministries, public agencies, etc.), public administration at different levels, and political representation on subnational level. Non-governmental actors are representatives of different interests (business and civil society groups), political parties/nonparliamentary parts of them), expert public (which usually plays role of competent knowledge that supports certain interests or suggests solutions), and mass media. Individual is also seen as policy actor, since there are individuals who are able, due to their social capital and other resources, to get involved into policy arenas as independent actors. Often they play role of moral and expert authority, which has certain level of influence over other actors or public (Pinteric 2014, p 41). Multiple actors and their interests are likely to conflict especially in a

situation where resources are scarce and barely enough to take care of all interests. There is emphasis on the need for knowledge and understanding of how these actors' interests, values, beliefs, and ideas can inform strategies to build support for and or reduce opposition to a policy proposal. So policies represent which of many different values are given the highest priority in any given decision (Kraft and Furlong 2015). This in part forms the reason why Harold Laswell's (1958) definition of politics as "*who gets what, when and how*" becomes apposite for analyzing the nature of policymaking. All the more, if policymaking is perceived as stages of controversy, enactment, and implementation, then a process of negotiation, bargaining, compromise, and consensus building among varying actors are all parts of determining how government policies come into effect. Imbue with all these features, policymaking can be said to be political. Lindblom's (1968, p 4) perception of "policy making as an extremely complex analytical and political process to which there is no beginning or end, and the boundaries of which are most uncertain" lends credence to this assertion. The policymaking process provides a contextual lens with which one can view how public policy emerges, and its interplay with politics.

## The Policy Process as a Political Process

Policy process (also known as Policy cycle) is a framework that breaks down the policy process into stages. The policy process model posits a logical sequence of activities affecting the development of public policies. It is a set of interrelated stages through which policy issues and deliberations flow in a more or less sequential fashion from "inputs" (problems) to "outputs" (policies) (Howlett et al. 2009). It depicts the policymaking process and the broad relationships among policy actors within each stage of it (Kraft and Furlong 2015, p 84). The concept of policy process brings the idea that public policies are shaped at all stages by different types of actors and institutions, actors can establish relationships (whether formalized networks or not) according to their beliefs/interests in the defense of an idea, their actions being affected by the context in which they operate and influenced by external events (Almeida and Gomes 2018). Although there are many frameworks and models serving as analytical tools for examining how policies are enacted, Parsons (1995) emphasizes the importance of the stages model of being able to reduce the complexity of public policymaking to a manageable form.

The idea of stages model was first put forward by Lasswell – "*The Decision Process*" – in 1956. He identified seven categories which are intelligence, recommendation, prescription, invocation, application, appraisal, and termination. Based on the growth of the field of policy studies during the 1960s and 1970s, the stages model served the basic need to organize and systemize a growing body of literature and research thereafter. The seven categories of the decision process soon became one of the more commonly referenced descriptions of the policy process. Subsequently, different stages and typologies have been put forward, usually offering further differentiations of (sub) stages (Jann and Wegrich 2007). Prominent among these models are:

Dye's, *Understanding Public Policy,* (1972): identifying problems, formulating policy proposals, legitimating policies, implementing policies, and evaluating policies

Rose's, *Comparing Public Policy,* (1973): public recognition of the need for policy to exist, how issues are placed on the agenda of public controversy, how demands are advance, the form of government involved in policymaking, resources and constraints, policy decisions, what determines governmental choice, choice in its context, implementation, outputs, policy evaluation, and feedback

Anderson's *Public Policy-Making,* (1974): problem identification and agenda formation, formulation, adoption, implementation, and evaluation

Jenkins's, *Policy Analysis: A Political and Organisational Perspective,* (1978): initiation, information, consideration, decision, implementation, evaluation, and termination

May and Wildavsky's *The Policy Cycle,* (1978): agenda setting, issue analysis, implementation, evaluation, and termination

Jones's, *An Introduction to the Study of Public Policy,* (1970): perception, definition, aggregation/organization, representation, formulation, legitimation, application/ administration, reaction, evaluation/appraisal, and resolution or termination

Brewer and deLeon's, *The Foundation of Policy Analysis,* (1983): initiation, estimation, selection, implementation, evaluation, and termination

Hogwood and Gunn's, *Policy Analysis for the Real World,* (1984): deciding to decide (issue search or agenda setting), deciding how to decide (issue filtration), issue definition, forecasting, setting objectives and priorities, options analysis, policy implementation, monitoring and control, evaluation and review, policy maintenance, succession, and termination

The variations and different terminologies notwithstanding, the models describe the identification of policy makers' objectives/aims, the formulation of policies to achieve the identified aims, the legitimation of policy proposals, and implementation and evaluation of such policy. It is a broad conceptualization of public policy. In other words, it helps in understanding where an issue emanated from, how policy proposal was formulated, how the policy was implemented, and the implemented policy subject to evaluation. In spite of the criticisms levied against the stages model one of which is its simplistic nature and its inability to prescribe outcomes, it still offers a useful advantage of simplifying the policy process for easy comprehension even for a nonspecialist in policy area. The simple but sequential nature of the stages helps to capture and comprehend the flow of action in the policy process (Anderson 2011). To Howlett et al. (2009, p 3), the policy cycle allows the highlighting of the operative factors and forces at each distinct stage of the cycle, from *agenda-setting, formulation, decision-making, and implementation to evaluation* and then back through the same process once again in successive iterations of the cycle in an effort to improve upon policy outcomes. Kraft and Furlong (2009, p 84) stress the cyclical and continuous nature of the process, rather than a onetime set of actions. "Instead of a top-down listing of each stage, it could be presented as a series of stages linked in a circle, because no policy decision or solution is ever final. Changing conditions, new information, formal evaluations, and shifting opinions often stimulate reconsideration and revision of established policies." The model can also be helpful to understand the flow of events and decisions in different cultures and institutional settings.

Each policy cycle begins with the identification of a problem and its placement on the policy agenda. According to Easton (1965), problems are demands that feed into the political system or structure of decision-making which are processed to become policy output. Policies, therefore, are responses to problems in the society. Defining a problem and determining its causes are not always simple tasks, and the search for answers usually reflects a number of different perspectives (Kraft and Furlong 2015, p 87). Thus, Anderson (2011) notes that the definition of problems is often a political process whose outcome will help determine appropriate solutions. A clear and unambiguous definition of problems is critical for policy formulation (deciding on choices) and implementation of a policy decided upon. Jones (1970) observes there are many conditioning variables that determine the route of a problem to government. Some broad categories of variables – the consequences of an activity itself, the organization of those affected, the access to government or the agencies of those affected, and the nature of the policy process all determine whether a problem will receive government or its agencies consideration. Kraft and Furlong (2015) are concerned with the question of how problems generate interest in the first instance. Or put in another word, why do people pay attention to them, or why are they considered important enough to solve? Why do some problems command so much attention at times while others tend to be ignored? These questions they observed are at the center of the problem definition and agenda-setting stage of the policy process.

Agenda-setting results in a selection between diverse problems and issues. It is the stage where decisions are taken on the issues that are worthy of attracting attention of government. Agenda

setting is a process of structuring the policy issues regarding potential strategies and instruments that shape the development of a policy in the subsequent stages of policy cycle (Jann and Wegrich 2007). As observed by Howlett et al. (2009), what happens at this early stage of the policy process has a decisive impact on the entire subsequent policy cycle and its outcomes. But not many problems or issues make it to the agenda stage, at any given moment many issues are competing for social and political attention. Some issues or problems make it to the agenda stage, while some do not. According to Pinteric (2014, p 30) on daily basis, different policy issues are competing to get enough attention to be included in the agenda of decision-makers (government, parliament, ministries, sometimes even political parties). Basic interest of any issue is to get the highest rank on agenda as possible. By doing so, the issue secures itself higher priority in finding appropriate solution. Policies of higher importance are usually structural policies (economic policy, defense policy, fiscal policy) while other policies are given lower priority (e.g., wild life management policy). Development and definition of decision-makers' agenda defines also priorities of the whole society, based on value system of the society as well as on political power relations among participating actors. In the same manner, Parsons' (1995, pp 125–134) shows in his analysis of the discussion of R. W. Cobb, and C. D. Elder, *Participation in American Politics, 1972* and E. E. Schattschneider, *The Semi Sovereign People, 1965* that issues and their definitions are dimensions of the policy process which require close attention. An issue will come to be placed in a context or policy setting, and the kind of context defines its place in the arena of political conflict and the strategy of those involved in managing the scope of conflict.

Policy formulation involves developing pertinent and acceptable proposed course of action for dealing with public problems (Anderson 2003). It involves identifying the technical and political constraints on state action. It involves recognizing limitations, which uncovers what is infeasible and what is not (Howlett et al. 2009). At the policy formulation stage of the policy cycle, problems and demands are transformed into government policies and programs considering options available to the policymakers. Policy formulation is a stage where decision-makers decide on the appropriate solution to address the identified problem (s). Cost and estimation of the effect of solutions are also considered and analyzed at this stage.

Implementation commences after the decision to adopt a particular course of action (policy formulation) is made. As defined by Jones (1984, p 166), implementation is the set of activities directed toward putting a policy and program into effect. It involves three activities – organization, interpretation, and application. Organization is the establishment of resources, offices, and methods for administering a program. Interpretation means translating the program's language – the plans, directives, and regulatory requirements into language that those affected can understand. Application is the "routine provision of services, payments, or other agreed upon program objectives or instruments." These are to ensure that policy decisions are carried out as planned and to have desired impacts. This explains the reason why Anderson states that the study of policy implementation is concerned with the agencies and officials involved, the procedures they follow, the techniques (or tools) they employ, and the political support and opposition that they encounter (Anderson 2011, p 209).

Policy evaluation refers broadly to the stage of the policy process where an assessment is made of how a public policy has actually performed (Howlett et al. 2009), or whether policies and programs are working well (Kraft and Furlong 2015). Evaluation is an objective assessment of a policy being implemented. This may be done using different criteria depending on the nature of the policy being evaluated. Adolino and Blake (2001, pp 26–27) are of the opinion that the potential criteria for evaluation are diverse. Sometimes evaluations focus primarily on the nature of policy outputs – that is, the resources government uses to address a problem. Other focus on policy outcomes, that is, examining whether government action has produced desired objectives. Evaluation can also focus on policy efficiency, asking whether current policies constitute money well spent. The essence of doing evaluation is to assess the extent to which a public policy is successful in

terms of achieving identified objectives. In essence, policymaking can be described as a complex multilevel activity. It is a complex ongoing process that stretches over long period of time and involves many interests and participants, which may vary along the course of time (Parag 2006). The comprehensiveness of policymaking is borne out of the activities that take place at the various stages of the process. In any process, there are tools and techniques of rational decision-making that can assist policy-makers in performing their tasks. At the same time, there exist many environmental factors that influence the emergence of public policy.

Public policy has its environments (social, economic, cultural, political etc.). These variables shape the outcome of policy process and determine what is feasible. In Anderson's (2011) view, policymaking cannot adequately be studied apart from the environment or context in which it occurs. And as rightly observed by Kraft and Furlong (2015, p 12), public policy is affected by social and economic conditions, prevailing political values and the public mood at any given time, the structure of government, and national and local cultural norms, among other variables. They determine which problems rise to prominence, which policy alternatives receive serious considerations, and which actions are viewed as economically and politically feasible.

## Understanding the Political Context of Policymaking

Public policy emerges in response to policy demands, or those claims for action or inaction on some public issue made by other actors – private citizens, group representatives, or legislators, and other public officials – upon government officials and agencies (Anderson 2003). This is reiterating the fact that several actors partake in policymaking and therefore suggesting multiple interests which may conflict in the process. According to Kraft and Furlong (2015), conflict arises when policy actors have differing views about the substance of public policies or whether government intervention is justifiable at all. That is, government has to make a choice over competing objectives all of which are desirable and pointing to addressing public policy problems.

It may be impossible to understand public policy without considering politics, which affects public policy choices at every step of the process of policymaking, from the selection of policymakers in elections to shaping how conflicts among different groups are resolved (Kraft and Furlong 2015). On one hand, policymaking involves deciding on choices to make among conflicting values represented by varying actors in the process. It is important to know that policy makers try to be as rational as possible in the process, analyzing the cost-benefits, and consequences of options, engaging in risk assessment analysis, among others, to arrive at what can be referred to as optimal decisions. On the other hand, which value(s) gets preference is determined not so much by rational consideration by the policymakers at all times. What counts as important is political expediency which incremental decision-making approximate. To Anderson (2011), it is easier to reach agreement when the matters in dispute among various groups are only limited modifications of existing programs rather than policy issues of great magnitude or of an "all-or-nothing" character. The political feasibility of a particular policy weighs in the determination of feasible policy options or alternatives from which policymakers can choose from. This is more so as decisions and policies are the product of give and take and mutual consent among numerous participants ("partisans") in the decision process (Lindblom cited in Anderson 2011, p 129). Kraft and Furlong (2015, p 475) thus emphasize that "political conflict is endemic to policymaking, almost all policies represent a compromise on the goals being sought as well as the policy tools proposed to achieve them. Compromise means that the policies are likely to be only partially effective and that the debate over further changes will continue." In other words, policymaking can never be finished as implementation of policy/program may generate other problems which will ultimately be requiring further government's intervention. Opposition to government policies may arise from interests that feel adequate and appropriate solution(s) to a problem(s) was not sufficiently canvassed. Some other groups may exert

pressure in opposite direction away from formulated policy and ultimately demand for policy review or modification – the reason why Smith and Larimer (2017) note that policy outcomes are not the final say in the policymaking process. Rather, multiple actors within and outside of government are constantly seeking to influence the government agenda, resulting in a highly dynamic and highly complex process. Most especially, policy actors in policymaking often are likely to negotiate, "give and take," and compromise to reach a mutually acceptable position or engage in convincing others of the merits or soundness of their positions, or the benefits that will accrue to them or their constituents if they accept it, or some combination of the two (Anderson 2011, p 147). It suffice to say that the process of policymaking is political, and to cite Laswell again involves "*who gets what, when and how.*" Policy is ubiquitous in the policy process (from agenda setting through implementation and evaluation) shaping and determining the policy outcome just as the nature of policy also determines the intensity of politics therein. Mead (2013, p 390) expresses it succinctly that policy and politics each provides a critical perspective on the other. "Political leaders constantly struggle to reconcile policy and politics. That is, they must somehow square what they want to do with what the political system will allow them to do. What they think is desirable 'on the merits' must be reconciled with what they can get accepted by other politicians and them implemented by administrators." Analysis in terms of what constitutes the problem of a policy issue, what options are available to solve the problem, what resources (personnel and organization) are readily available for implementation may also include political decisions (Mead 2013). Ultimately, decision in the policy process is determined by the interactions of many variables including the political.

## Conclusion

The core of the exposition in this entry is on public policy and politics. The discourse focuses on the intersection of politics and public policy. It is possible as already espoused to say that policymaking can be seen and understood in a political context. Policy like politics involves taking decisions among competing interests and allocating resources which often may be limited. Public policy cannot operate in a world of pure rationality, but will rather accommodate bargaining, negotiation, consensus building, and compromises among policy actors in a bid to solve societal problems.

## References


Adolino JR, Blake CH (2001) Comparing public policies: issues and choices in six industrialised countries. CQ Press, Washington, DC

Almeida L, Gomes RC (2018) The process of public policy: literature review, theoretical reflections and suggestions for future research. Cad EBAPE BR 16(3):444–455

Anderson JE (2003) Public policymaking: an introduction. Houghton Mifflin Company, Boston, pp1–34

Anderson JE (2011) Public policymaking: an introduction, 7th edn. Wadsworth Cengage Learning, UK, Boston, MA

Easton D (1965) A system analysis of political life. John Willey and Sons, New York

Hogwood BW, Gunn LA (1984) Policy analysis for the real world. Oxford University Press, Oxford

Howlett M, Ramesh M, Perl A (2009) Studying public policy: policy cycles & policy subsystems. Oxford University Press, Ontario, Don Mills

Jann W, Wegrich K (2007) Theories of the policy cycle. In: Fischer F, Miller GJ, Sidney MS (eds) Handbook of public policy analysis: theory, politics and methods. CRC Press, New York

Jenkins WI (1978) Policy analysis: a political and organisational perspective. Martin Robertson, London

Jones C (1970) An introduction to the study of public policy. Wadsworth Publishing Company, California

Jones C (1984) An introduction to the study of public policy. Third Edition Michigan. Brooks/Cole Publishing Company

Kraft ME, Furlong SR (2009) Public policy: politics, analysis and alternatives. 3rd. edition. Washington CQ. Press

Kraft ME, Furlong SR (2015) Public policy:politics, analysis and alternatives, 5th edn. Sage CQPress, Los Angeles

Lindblom CE (1968) The policy making process. Prentice-Hall Inc, Englewood Cliffs

Mead LM (2013) Teaching public policy: linking policy and politics. J Public Aff Educ 19(3):389–403

Parag Y (2006) A system perspective for policy analysis and understanding: the policy process network. Online source: www.eci.ox.ac.uk

Parsons W (1995) Public policy: an introduction to the theory and practice of policy analysis. Edward Elgar, Cheltenham

Pinteric U (2014) Rethinking public policies. Novo Mestos. Faculty of Organisation Studies. www.fos.unm.si

Smith KB, Larimer CW (2017) The public policy theory primer, 3rd edn. Westview Press, Boulder

# Public Policy and the Life Sciences

Robert Hunt Sprinkle
University of Maryland School of Public Policy, College Park, MD, USA

## Introduction

The physical sciences—physics, chemistry, geology, astronomy, and, as an applied science, engineering—have interested governments seriously for centuries. The life sciences have interested governments seriously only for decades. Today for public policy purposes, the life sciences are avidly encouraged, scrutinized, studied, and regulated, but they are also underappreciated, their past influence enigmatic, and their present abilities too hard to explain and too easy to fear.

## Main Text

### Political Philosophy

Public policy itself, in a Western world meaning, owes far more to the life sciences than ordinarily recognized. Political liberalism—in a fundamental civil liberties sense, not a party-label sense—was a product of the scientific revolution of the seventeenth century and found its clearest, most forceful, and most enduring expression in the work of the English physician John Locke, a leading coconspirator in that revolution. Not all philosophical contributions from the life sciences have been of similar quality. Aristotle, the father of biology, contributed a tragic rhetorical tautology, the theory of natural slavery. Rudolph Virchow, master pathologist, progenitor of social medicine and "social science," debunker of racism, pioneering anthropologist and archeologist, cofounder and leader of the German Progressive Party, and member of the Reichstag, innocently offered a metaphor, *der Zellenstaat*, "the cell state," which ultimately, in others' hands, helped put the life sciences in service to genocide. Ernst Haeckel, marine biologist and founder of ecology, organized an all-German nature religion that grew to be a protofascist cult. Social Darwinists left a dark and persistent stain on evolutionary theory, and eugenicists, who ruined lives through forced sterilization, institutionalization, and euthanasia, cast a broad shadow over reproductive technologies yet to be invented. The non-liberal paths followed by certain life sciences factions were eagerly abetted by the public policy practitioners of the day and led to grievous errors. Propitiously, though, and despite paroxysms of nativist objection, the path cleared almost four centuries ago by Locke remains "modern" in progressive countries (Sprinkle 1994a, 2017).

### Transnational Politics

Entry of the life sciences into transnational politics is usually traced to 1859 with Henry Dunant's efforts to save thousands of wounded French and Austrian soldiers left to die after the Battle of Solferino. The International Committee of the Red Cross was the eventual product of Dunant's motivation. A parallel provenance might cite the African missionary movement, personified by Drs. David Livingstone and Albert Schweitzer. *Médecins Sans Frontières* (Doctors without Borders) now merges and exemplifies these traditions and has given fuller meaning to "the responsibility to protect" than the global political community has. Along an orthogonal line, the life sciences have shown how weapons could be biological, and major powers have examined the possibilities, always to condemn their pursuit but sometimes also to pursue them (Sprinkle 1994a, 2003). Possibilities, of course, are always expanding, as startling gain-of-function experiments and disquieting "gene drive" projections remind national security advisors in ambitious life sciences states.

### Human Origins and Variation

Another life sciences field whose effect on public policy is likely to be overlooked is the study of human origins, migrations, settlements, and appearances. Insights from this field constantly push against any temptation to credit racist or social Darwinistic claims, however softly voiced. For example, variation in skin pigmentation is

now known to be a complex and highly sensitive function involving two fractions of ultraviolet radiation, the activation of one vitamin, the dietary availability and photo-protection of and metabolic competition for a second vitamin, the latitude and altitude and angle of ultraviolet exposure, the clarity of air and sky, the reflectance of terrestrial surface, and the efficiency of tanning (Jablonski and Chaplin 2010). Similarly, variation in facial conformation from one people to the next is now known to be less plausibly the product of adaptive evolution than the product of genetic drift; such variation is just family resemblance on a grand scale (Ackermann and Cheverud 2004). As human variation, along many spectra, becomes a more familiar topic, then public policies that accommodate mobility—across borders and from one social stratum to the next—become more comfortable to propose and implement.

### Human Behavior

*Personal* Much is now known about how people behave and even why they behave in particular ways, even peculiar ways. Supposedly "irrational" behaviors are often turning out to satisfy, even to optimize, psychic needs unrelated to investigators' predictions (Oaksford and Hall 2016). Public policies would surely benefit from a surer grasp of these matters. Why do crowds stampede? Why do vandals vandalize? Why do firefighters underestimate risks? Why do motorists drive too fast in some settings and too slowly in others?

*Political* Civic behavior is being studied in new ways, as a topic in clinical psychology, neuroscience, and behavioral primatology. Methodology has often been problematic (Charney and English 2012), but some insights have been forthcoming. The most interesting have also been the most troubling, as they have shown not only how to understand but also how to change, to mold, political behavior.

*Criminal* Psychopathy and sociopathy are giving up their secrets, some genetic, some toxicological or in other ways environmental. While progress on these fronts must be taken as it comes, policy challenges will arise. Criminal offenders are disproportionally apt to acquire a psychiatric or behavioral diagnosis and, in an age of functional neurological imaging and genomic sequencing and receptor and regulatory chemistry, are apt to claim exculpation. With guilt being a state-of-mind determination, and with mind *per se* becoming a more nuanced concept, criminality will become harder to define and "corrections" far harder to design (Markowitsch 2008).

### Human Health

*Public Health* The public's health is assessed assuming a normal distribution of susceptibilities within identified groups: gender, race, age, occupation, and so forth. But susceptibilities are coming into tighter focus, even into single-patient focus, and risks are coming into correlation with susceptibilities at a molecular level. Currently, a single-person or small-cluster disease occurrence is usually seen as random and may seem unattributable to any specific cause, such as a chemical or radiant-energy exposure, because too few people have shown the same effect following the same exposure. Soon, this old "frequentist" understanding will be remembered with embarrassment and, unavoidably, regret. Susceptibilities within identified groups will be seen as genetic, even "genomic" in that vast expanses of our genomes are not genes coding for proteins but sequences coding for other products, many of which have recently been associated with regulatory functions. This picture will become ever more shaded as risks more often are acknowledged to come in mixtures and in series. Thus may increases in life expectancy—suggesting better habits and better care—finally be reconciled with increases in the incidences of particular diseases.

*Clinical Medicine* In every competent state, clinical medicine is an object of diligent regulation, but the manner and utility of regulation varies. Needing attention in most countries are nine modern problems:

1. *Depreciation of professionalism*. Professional decisions should be functions of professional judgments only. They have, regrettably, never been so, as every clinician knows. Temptation to betray professional obligation has always

been strong, as suggested by the history of ethics codes, but that temptation should not knowingly be increased, either in the interest of profit or systemic "reform." When clinicians acquire corporate obligations, whether by contract or acculturation, or when physicians and nurses and other clinicians are persuaded to call themselves and each other "providers" just as their employer or hospital or an insurance company may call itself a "provider," they are likely to find their service to patients altered in many ways, some superficial, others substantive. That service may be improved, as accountable care organization (ACO) enthusiasts in the United States say it has been or promise it will be, but in some circumstances corporate obligation—whether to an economic corporation or to a government—cannot believably be said to have improved professional service to patients. Clinician "gagging" is a clear example, and its two American forms should prove cautionary. One form has been a contractual pledge never to explain, or even to agree, that clinical services delivered by one's employing entity have been in any way inadequate. Another form has been a state-level law altering clinical communication, such as by requiring that no pregnant woman be told where she might seek pregnancy termination or by requiring that no parent be asked if any firearm kept at home is stored securely out of the reach of a young child or a potentially suicidal adolescent or adult. Professional standards since Hammurabi and Hippocrates and international legal standards since the Nuremberg Code prohibit physician action contrary to a patient's interest, and this prohibition is not negated by "orders," but local conditions may be sufficiently intimidating to make this point hard to assert individually (Sprinkle 2011).

2. *Inducement of excess demand*. This problem takes many forms. The "greedy physician" is one. The disingenuous pro-profit health insurer is another. Direct-to-patient drug-or-device advertising makes a third. Prolongation of dying is a fourth. Public policy solutions have been easier to apply in some countries than in others.
3. *Overt refusal of non-excess demand*. No one, professional or nonprofessional, individual or corporation, should induce demand for health-care goods or services beyond the point of zero net benefit to an individual patient or to an aggregate of patients, but neither should anyone refuse non-excess demand. In countries with comprehensive national health systems, "non-excess demand" may be defined flexibly within a sensible range. In the United States, with its mixed public-and-private system wherein financial competition among private insurers has been used—unsuccessfully, on the whole—as a "market solution" to a perennial cost-escalation problem, benefit standards vary in a socially regressive way.
4. *Covert refusal of non-excess demand*. Physicians and nurses are obligated by profession—in the original sense of that word—to encourage patients, directly or through their surrogates, to comply with sound preventative, diagnostic, and therapeutic advice; to invite decisions to forego minimally promising interventions, such as terminal care heroics; and to clear away administrative obstructions to honoring those decisions. This obligation to encourage creates an obligation to inform, fully and honestly, even if decisions to refuse non-excess demand have already been made legally by an insurer or politically by a public policy-making body. Professions do not serve policy; they push it. If that ideal is not being met, then professional judgment—a civil safeguard of the first order—is failing.
5. *Intensification of demand reluctance*. Many analysts have been impressed by the argument that systemic costs can be decreased significantly if individual costs are increased modestly, such as by copayments, deductible charges, and point-of-service penalties. Contrary arguments are several. First, the evidence that intensification of demand reluctance is clinically benign is indeterminate and likely to remain so. Second, intensification of demand reluctance, safe or not, is hard to accept bioethically in the present era of ascendent self-determination. Third, intensification of demand reluctance displaces clinical

judgment from physician to patient—indeed, from a physician to a sick, distressed, or worried patient. Though widely assumed to enhance "efficiency," this displacement must, ironically, offend any construction of the theory of comparative advantage.

6. *Erosion of trust*. Behavioral streams from many sources have combined to erode trust in health care, with misbehavior, malpractice, misrepresentation, and malfeasance common enough to affect expectations. In the United States, almost peculiarly, corporatism has been a cause, too, and it was especially causal during the "managed care" era. A frequent focus of suspicion, following numerous scandals and criminal convictions, has been the pharmaceutical industry, despite its many signal contributions to human well-being. Public policy has shared the blame here, sometimes by overplaying its role but other times—notably in the pharmaceutical case—by underplaying it. Professional responsibility among clinicians has been hard to boost, given the complexity of incentives deployed actively to undermine it over the last three decades. Professional responsibility, often hard to distinguish from professional arrogance, must sometimes, sad to say, be bypassed as a remedy.
7. *Misdirection of research-and-development effort*. Health care progresses when lower net-benefit goods and services are replaced with higher net-benefit goods and services at lower cost or at affordable incremental cost. Research-and-development policy is optimized when available resources are deployed to increase net benefit solely within the limit of patient acceptance—before a patient's "point of last demand"—rather than also beyond that limit, where technological change is of no practical importance and research-and-development efforts are, therefore, wasted. This latter criterion is met only by real improvements in goods and services.
8. *Defection from research support*. Free economies require the pursuit of profit, and this pursuit must often enough and bountifully enough and quickly enough be successful to entice new entrants and, in turn, their backers. But the life sciences research economy is only partly "free." Success is too important, its prospect too slim, and its pay-off too tenuous and distant to remove "the public" from the backers' front rank. Public policy, then, must both lead and follow, all the while guaranteeing that efforts designed to cut costs in clinical care do not promote free-riding on research-and-development efforts. When academic medical centers and academically inclined practices compete commercially with *nonacademic* medical centers and academically *disinclined* practices, several effects follow. The academic come increasingly to resemble the nonacademic. Innovative goods and services find fewer buyers, fewer "early adopters," and purchasers become reluctant to accept recently experimental care as currently standard care. Less research and fewer clinical researchers, fellows, and residents are subsidized informally, with centers and practices demanding full compensation for time, trouble, and opportunity costs. Less basic investigation occurs, with commercial funders being pressed to study only those hypotheses with near-term market potential and public and not-for-profit funders being pressed to emphasize the development of "cost-reducing" technologies. Not all research makes sense, not all research budgets are sensible, not all training programs are needed, and not all new technologies will prove their worth. Public policy officers schooled reflexively to fear "industrial policy" should avoid assignment to the health sciences.
9. *Overexpansion of the health-care economy*. This ninth problem would seem most amenable to public policy remedy but often proves intractable politically. The United States, even following implementation of its "Affordable Care Act," has not found the will to control its spending, which is, though, spending on itself, in its own interest, almost entirely in its own economy, and generating considerable export earnings. Why such prejudice against this particular economy? Because too many people make too much money taking care of too many people who make too little money

and are, necessarily, supported in their care by still other people who make too little money to afford their own care plus others' care. The United States, itself the single greatest purchaser of health care in its supposedly private system, has denied to itself the option not to pay high prices. No clearer sign of political corruption can be found in a law-abiding country (Sprinkle 1994b, 2001).

### Human Reproduction

Public policy's engagement with human reproduction, and therefore with all subjects sexual, has differed drastically from one country to the next, from one era to the next, from one issue to the next. While once nearly unmentionable even in private, human reproduction is now among the most public of topics and among all those topics regularly force-marched into the public square among the most vociferously and violently contested. Even purely as a technical matter, human reproduction has topped the list of fields transforming societies rich and poor, with little about the last half century making much sense absent the reliable control of fertility. The topic range here is extreme: prenatal screening for genetic defects or for sex selection; abortion as eugenics; abortion as birth control; abortion as a crime committed simultaneously by a woman and her physician (Hitt 2006); abortion as a right; maternal mortality for want of midwifery; vaginal fistulas chronically unrepaired; female genital mutilation; rape, gang rape, date rape, and rape as a weapon of war; honor killing; gender identity, gender preference, and gender reassignment; decline in sperm count and quality as explained by toxic chemical exposure *in utero* (Mocarelli et al. 2011); gendered play correlated with toxic exposure *in utero*; premature labor as a consequence of sexually transmitted disease; intensive care for extremely premature babies; infertility treatments resulting in the storage or destruction of excess human embryos (Gurmankin et al. 2004); animal and potentially human cloning; and the portentous prospect of attempting to correct germ-cell defects through gene editing—which, for somatic-cell defects, is an extremely promising technology (Kaminski et al. 2015).

### Agriculture

Food's production and agriculture's nutritional, toxicological, environmental, economic, microbial, and—most food animals being raised in miserable conditions—moral effects are core topics for public policy review and regulation. High-input agriculture has long since become "conventional" and, as such, presents demonstrable risks on and near, if not off, the farm; selection and dissemination of antibiotic-resistant bacteria is one such risk. Genetically modified organisms (GMOs), mostly crops modified to survive exposure to weed killers, have increased in prevalence and controversy, especially since the weed killers involved appear to be more dangerous than originally thought, especially in their commercial formulations (Defarge et al. 2016). GMOs' status as patentable and the methods used to market GMOs and to protect their patents have been resented in many societies, in part because modifying genes may "flow" to downwind fields where horticulturally bred genomes or related native varieties may themselves be permanently changed.

### Environmental Risks

All environmental policies are biological policies, whether they address living things directly or indirectly. Many of these policies, be they popular or unpopular, are quite well known and need no elaboration. Other issues for policy-making consideration deserve compensatory mention, however brief. First, chemicals in surprisingly small amounts, and especially in mixtures, no longer seem dismissible as too dilute to be harmful. Second, the toxicity of chemicals tested individually cannot be equated to the toxicity of untested commercial preparations containing those chemicals. Third, routine whole-population epidemiology cannot resolve *in utero* risks associated with specific developmental stages. Fourth, the fate of chemicals in the environment cannot be understood in ignorance of microbial ecology; witness the oil-metabolizing "service" performed in 2010 by Gulf of Mexico microorganisms—bacteria and archaea—previously unknown to science, and then consider the danger posed to such organisms by the use of oil dispersants, which chemically are detergents.

## Conclusion

How should governments approach the life sciences? By intent? By method? By effect? As benefactor? As beneficiary? As regulator? Yes to all these questions. And yes especially to another and more critical question, one asked first at Nuremberg—explicitly then about medicine of the 1930s and 1940s but implicitly also about the life sciences of the future. Should governments insist that the life sciences be morally independent so that they can be held morally responsible? The answer then was yes, and it must be yes still.

## Cross-References


- ▶ Environmental Governance
- ▶ Environmental Nonprofit Organizations
- ▶ Ethics and Philosophy
- ▶ Globalization and Public Health
- ▶ Globalization of Health and Human Rights
- ▶ Healthcare and Cultural Disparities
- ▶ Healthcare Ethics
- ▶ Health Policy: Innovative
- ▶ Health Services at the Primary Care Level
- ▶ Motivating Ethical Behavior
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Politics and the Environment


## References


Ackermann RR, Cheverud JM (2004) Detecting genetic drift versus selection in human evolution. Proc Natl Acad Sci 101(52):17946–17951

Charney E, English W (2012) Candidate genes and political behavior. Am Polit Sci Rev 106(1):1–34

Defarge N, Takács E, Lozano VL et al (2016) Co-formulants in glyphosate-based herbicides disrupt aromatase activity in human cells below toxic levels. Int J Environ Res Public Health 113(264):1–17

Gurmankin AD, Sisti D, Caplan AL (2004) Embryo disposal practices in IVF clinics in the United States. Politics Life Sci 22(2):4–8

Hitt J (2006, April 9) Pro-life nation, New York Times Magazine

Jablonski NG, Chaplin G (2010) Human skin pigmentation as an adaptation to UV radiation. Proc Natl Acad Sci 107(Suppl. 2):8962–8968

Kaminski R, Chen Y, Fischer T et al (2015) Elimination of HIV-1 genomes from human T-lymphoid Cells by CRISPR/Cas9 Gene Editing. Sci Rep 6:22555; www.nature.com/scientificreports/. https://doi.org/10.1038/srep22555

Markowitsch HJ (2008) Neuroscience and crime. Neurocase 14(1):1–6

Mocarelli P, Gerthoux PM, Needham LL et al (2011) Perinatal exposure to low doses of dioxin can permanently impair human semen quality. Environ Health Perspect 119(5):713–718

Oaksford M, Hall S (2016) On the source of human irrationality. Trends Cogn Sci 20(5):336–344

Sprinkle RH (1994a) Profession of conscience: the making and meaning of life-sciences liberalism. Princeton University Press, Princeton

Sprinkle RH (1994b) Remodeling health care. J Health Polit Policy Law 19(1):45–68

Sprinkle RH (2001) A moral economy of American medicine in the managed-care era. Theor Med Bioeth 22(3): 247–268

Sprinkle RH (2003) The biosecurity trust. Bioscience 53(3):270–277

Sprinkle RH (2011) Bioethics without analogy. In: Zaner M, Wiggins OP, Allen AC (eds) Clinical ethics and the necessity of stories: Essays in Honor of Richard. Kluwer Academic Publishers, Dordrecht, pp 71–85

Sprinkle RH (2017) The organizational structure of biology in politics. In: Peterson SA, Somit A (eds) Handbook of biology and politics. Edward Elgar Publishing, Cheltenham


P

# Public Policy Development in Iran, Theory of


Hassan Danaeefard
Faculty of Management, Tarbiat Modares University, Tehran, Iran


## Synonyms

Implication research; Implication study

## Definition

This is a study in which a public administration and public policy researcher study a problem that requires analysis of the implications of a philosophy, theory, model, or idea for his or her

field, field of study, or topic of interest; relies on the text of a philosophy, theory, model, or idea as a source of knowledge production; and asks specific as well as broad questions. The resulting data is mostly extracted in the form of words (or propositions) from the texts; analyzes texts to enumerate contributions and implications from the origin of implications (a philosophy, theory, model, or idea); and conducts a study in a subjective and reflexive manner.

## Introduction

This article introduces a new label, "Implication eliciting methodology," and grounds it within the debates on unobtrusive methodologies. Generally, "implication refers to the conclusion that can be drawn from something although it is not explicitly stated." There are various methodologies for conducting many kinds of research: for example, to examine the impact of on-the-job training on the productivity of human resources in public organizations that require an experimental research methodology; to investigate the correlation between policy research and quality of public policy call for correlation studies; and to understand the culture of a group, an organization, or a society, we use ethnographic research. We can also construct a theory of employees' indifference in a public organization by a grounded theory design. To understand the essence of the experiences of citizens, we use a phenomenology strategy. The question is, *which methodology will you adopt to research the "consequences of," "influences of," "applications of, "or "implications of "a philosophy, a framework, a theory, a model, or an idea for public administration and public policy?* If you ask what your methodology is to study the "implications of critical realism philosophy" for *public administration and public policy*, what would your answer be? There is a shortfall of methodology to answer the question. The author has coined such studies "implication eliciting studies" and marked their methodology as "implication eliciting methodology." Given the interdisciplinary nature of *public administration and public policy*, this methodology can play an essential role in producing knowledge underlying those areas. This paper aims to introduce the methodology and discuss its significance, necessity, steps of conducting it in practice, and its evaluation quality.

## Theoretical Foundations of "Implication Studies"

The scientific community's objective of public administration and public policy fields is to articulate, improve, and expand public sector knowledge. The produced knowledge can generally be categorized into two general categories, positive and normative sciences, although there are some narrower categories. In general, a positive theory attempts to explain how the public administration and public policy work in a value-free way, while a normative theory provides a value-based view about what the public and public policy ought to be like or how it ought to work; positive theories express *what is*, while normative theories describe *what ought to be* (Velasquez 2018, p. 2500). The first category refers to the produced knowledge about *what is*. The outcomes of such scholarships are articulating, understanding, exploring, and explaining the function of an experimental phenomenon. Scholars in all paradigms (positivism, interpretivism, realism, pragmatism, complexity, and chaos) study "what is." Instead, the second category (for instance, critical theory) point to the knowledge produced about "what should be."

Although all paradigms are based on their methods to build positive and normative knowledge about their phenomenon of interest, there are different ways to produce disciplinary and interdisciplinary knowledge. Therefore, scientific communities deploy various strategies to create such knowledge. The academic disciplines, including public administration and public policy that have their domain (Becher 1994) and different cultures (Lee 2007), study different subjects (Grieb 1974). Still, there are several ways for disciplines to interact with each other (Davis 2007) and gain insights from each other. So far, focusing on interdisciplinary knowledge (Pyenson 1997) has been the best way for

disciplines to interact. Still, implication studies enable public administration and public policy to use insights into the knowledge of far and near disciplines to acquire their discipline knowledge. Therefore the popular strategy is to borrow and derive from a study field to articulate, improve, or expand another study field. Borrowing is a general theory of practice among academic disciplines (Fellows and Liu 2020). Therefore, the knowledge exchange is mostly seen in inhomogeneous fields and sometimes heterogeneous ones. For instance, public and public policy comprise different disciplines (politics, economics, management, sociology, history, etc.). The homogenous disciplines of social sciences or natural sciences use the ideas of family fields. Heterogeneous fields of natural sciences and social sciences use each other as well. In this way, different disciplines can play a role in public and public policy growth.

Given that, all fields, including public administration, borrow concepts and theories from other areas in a way or so. Similarly, the public administration and public policy use ideas from fundamental fields such as psychology and sociology, on the one hand, and fundamental philosophies such as positivism, interpretivism, critical theory, postmodernism, chaos, complexity, and critical realism. In some fields, such borrowings are so popular that they balance their theoretical shortfalls by fundamental areas (like different philosophies). Such practice sometimes needs "horizontal borrowing," in which the scholars of public and public policy use concepts developed for studying other phenomena (Whetten et al. 2009).

The important question is how to borrow insights from other areas with a vertical or horizontal position relative to ours? The source of such uses may be written or verbal works of the scholars of a field. They are the schools, philosophies, paradigms, theories, models, techniques, and scattered ideas that may be adopted. Although some disciplines are the main feeders of others, philosophical ideas or philosophical traditions are vast sources of impact on all disciplines (either social, natural, or art). Still, family fields may also learn from each other. The worth of any scientific work (philosophy, theory, model, idea) is in its hidden philosophical element (Agamben 2009). The philosophical element points to the inner potential of work, making it potent for expansion and development.

## Types of Implication Eliciting Studies in Public Administration and Public Policy

We can distinguish two dominant designs of implication eliciting studies: the systematic procedure and the emerging design.

### Systematic Implication Eliciting Research Design

In this research design, the researcher first devises a conceptual framework of a topic and seeks implications for each component from a discipline, philosophy, framework, theory, model, or ideas. For instance, the researcher places the policy-making cycle (e.g., Dye 1998) comprising from (1) Identification of problem, (2) agenda setting, (3) policy formulation, (4) policy implementation, (5) policy evaluation, (6) policy change, (7) policy terminations as a basis for his or her implications study of complexity science for policy-making study. In this case, there must be a correspondence between contributions (critical points of complexity science) of complexity theory and implications of each contribution for each component of the policy-making cycle. Most implications studies focus on this approach, but there is an emerging approach in some cases.

### Emerging Implication Eliciting Research Design

In this research project, the researcher raises a general question to determine what ideas a particular philosophy, theory, or model has for its field of study. For example, what guidelines or implications does critical realism have for general policy-making? After studying, it becomes clear that critical realism has implications for the process of policy-making, analysis of public policies, and evaluation of public policies.

### The Steps of Implication Eliciting Study Methodology

The methodology is the process of conducting research (Creswell 2015), and the method is the tools used for different steps of methodology. In other words, the method is simply a research instrument. The methodology is the justification for using a particular research method. The term "methodology" is used for implication studies as different methods may be used for different phases of such studies. The methodology of implications research can justify using specific methods in the stages as a theoretical framework. Although it is essential to follow some research steps, the process is not carried out in the non-linear irreversible form in practice. Still, there are backward and forward movements between steps to accomplish a more reliable and valid outcome. Implication eliciting studies pass through phases, but those steps are not linear in general, and there is a frequent tradeoff.

1. **Determine the Suitability of Implication Eliciting Study**
   "Implication research methodology" is suitable for studies where you decide to elicit primary guidelines for your research area or field of study from contributions of a general or sometimes specific field, a school, a philosophy, a framework, a theory, a model, or an idea. Therefore, this methodology does not seek experimental research (exploring, explanation, and understanding) because its objective is eliciting implications. It, therefore, seems suitable where the researcher is looking for borrowed knowledge. The "implications eliciting methodology" is applicable for researchers capable of cognitive organizing and eliciting ideas from other fields to use in their specialty. These people have a good mastery of the origin field (philosophy, framework, theory, or model) because eliciting critical ideas from other areas to be adapted is too difficult for novice researchers. To achieve success in this methodology, the researcher should master qualitative research methodology in particular quantitative research.
2. **Determining the Source of Eliciting Implications**
   Generally, there is an exporting and an importing source of ideas in "implications eliciting research." For instance, public administration and public policy are an importer of sociological concepts to its research domain. The public administration and public policy-making (importer) seek guidance from critical realism (exporter) to boost its knowledge.
3. **Defining a Process for Extracting Implications**
   As the purpose of "implication eliciting research" is to devise the implications of key ideas from philosophy, a framework, a theory, or a model for the applicant's field, it is necessary to identify and determine an ad hoc primary process for "implication research." The process may change during the research, but the researcher needs a procedural outlook. The process must originate naturally from the research problem and questions to validate the implications.
4. **Determining a Conceptual Framework for the Destination of Application of Implications**
   The first question that arises for the implication researcher is what topics the implications are focused on. In other words, what do you mean when it is said that the researcher wants to draw the implications of critical realism for the public administration and public policy?

   In such a case, the researcher has two choices to choose from:

   1. **Systematic approach**: The researcher articulates a conceptual framework for borrowing ideas from the lender and elicits appropriate implications for each of the conceptual research components. Going back to the example of critical realism's implications, the researcher selects the policy-making cycle (identification of a problem, agenda-setting, policy formulation, policy implementation, policy evaluation, and policy change and policy termination) and asks critical realism

about implications for each of the components.

2. **Emerging approach**: The approach allows the lender to shape the implications of a discussion topic without a predefined conceptual framework. In other words, the implications address the subject and its components on an emerging basis. Therefore, different implicative propositions may be elicited, not necessarily based on the predefined conceptual framework.

5. **Choosing a Theoretical Sampling of the Source of Taking Implications**
The critical point in collecting data for "implication eliciting methodology" is focusing on data enabling you to shape quested implications. Although "implication eliciting researchers" and theorists may use different types of data (interview, text analysis, etc.), many researchers rely on written texts in the best possible manner to elicit implications. A characteristic of "implication eliciting research" is that the researcher embarks on collecting data more than once because he returns to his/her data source to collect richer and more data. Therefore, the process does not have a precise timeline, and the researcher continues to collect data until the implications are sufficiently comprehensive. The sampling of texts is theoretical. Therefore, he/she selects a text or interview to help theorize the intended implications. Thus, theoretical sampling is, knowingly or unknowingly, used in "implication eliciting researches."

6. **Eliciting the Contribution of the Source of Taking Implications**
The key question in "implication eliciting research" is the implications of this philosophy, framework, theory, model, or old or novel ideal for public administration and public policy? In this line, the researcher may study firsthand resources and ultimately elicit a conceptual framework from critical realism ideas. The final point is that the elicited contributions may be uttered through propositions or expressions. The researcher must define the primary or secondary source of such contributions in one or several paragraphs to elicit his intended implication in its light.

7. **Validating the Contributions of the Source of Implication**
The validity of contributions is linked to the scholar's scientific credibility, and the scientific community will judge the contribution over time. Undoubtedly, the number of citations made to the contribution in different works confirms the contribution's validity. A scholar's contribution indicates his/her credibility, and its essential credibility relies on the reasons behind that contribution. A practitioner or a researcher wishing to select a systematic approach for selecting contributions may follow another path.

8. **Fitting Contributions of the Source of Taking Implications and Conceptual Framework of the Destination of Application of an Implication**
Now that the elicitations' contributions are clear, if the researcher has determined a conceptual framework from receiving source, correspondence should be made between them. The researcher may draw a table and illustrate the connections.

In this style, the systematic approach is suitable. And the framework of contributions is compared to the conceptual framework. Sometimes, an emerging approach is adopted. There is no predefined conceptual framework here. The researchers allow data to show their emerging implications. There may be a predefined conceptual framework in this case, but the elicited implications may not cover the overall conceptual framework.

9. **Eliciting Intended Implications**
The researcher writes down the implications at this stage. The implications may be elicited in two states. The first time original implications and the previous implications expanded by the researcher. The former indicates an implications research, which is conducted for the first time on a given topic. All elicited implications are innovative, but there may have been rare cases of implications research on a topic. Having said all this, the core of "implications eliciting research" is embedded

in this phase because previous steps provide the ground for this step.

10. **Validation of Elicited Implications**
The validity of elicited implications for essays sent to academic journals will be determined by peer review. On the one hand, the logic of implications and their citation power may be decisive in determining their validity. Therefore, the researcher can evaluate the level of agreement or disagreement of the experts in the field of study by compiling a questionnaire consisting of the contributions (critical points) and their elicited implications and the reasons for their opposition. The researcher can report the experts' contributions and explanations in the form of a table or narrative propositions and ask them to express their general opinion. Meanwhile, any researcher criticizes the implications based on his assumption based on Weick's (1989) tradition and tries to present plausible and justifiable implications.
11. **Reporting the Research Report**
Research chapters of implication study can be listed in this manner:
    1. Chapter I: Introduction
        - Introduction
        - Problem statement
        - Primary research methodology
    2. Chapter II: Literature Review
        - Descriptive review of research literature
    3. Chapter III: Research Methodology
        - The process of conducting research
    4. Chapter IV: Analysis of Research Data
        - Contributions
        - Implications
    5. Chapter V: Discussion and Conclusion
        - General findings of the research
        - Explanation of findings
        - Limitations
        - Future researches

## Conclusion

We claim that many public administration and public policy studies gain insights from the philosophies, theories, models, and ideas of other disciplines and fields. These insights can be the source of expanding knowledge in various areas of public administration and public policy. Many of these insights have become rich books in the field of public administration (e.g., Ongaro 2020) and public policy (e.g., Morcol 2012). Although the methodology of obtaining implications by the authors of these works is not transparent, all of them have implication research characteristics. On the other hand, implication studies are the beginning of research on new topics (philosophies, theories, and ideas) that scholars and researchers seek to bring into management. Accordingly, works whose essence is implication research are the basis of empirical research in public administration and public policy.

## References

Agamben G (2009) What is a paradigm. Filozofski Vestnik 30(1):107–125

Becher T (1994) The significance of disciplinary differences. Stud High Educ 19(2):151–161

Creswell JW (2015) Educational research: Planning, conducting, and evaluating quantitative and qualitative research (4th Edition) [Kindle Edition]. Pearson HE, Inc

Davis L (2007) A grand unified theory of interdisciplinarity. Chronicle Rev 53(40):B9

Dye, TR (1998) Understanding public policy. New Jersey: Publisher: Upper Saddle River, N.J.: Prentice Hall

Fellows R, Liu AMM (2020) Borrowing theories: contextual and empirical considerations. Constr Manag Econ 38(1):1–8

Grieb KT (1974) Area studies and traditional disciplines. Hist Teach 7(2):228–238

Lee JJ (2007) The shaping of the departmental culture: measuring the relative influences of the institution and discipline. J High Educ Policy Manag 29(1): 41–55

Morcol G (2012) A complexity theory for public policy. Routledge, London

Ongaro E (2020) Philosophy and public administration: an introduction. Edward Elgar, Cheltenham/Northampton

Pyenson L (1997) Disciplines and interdisciplinarity in the new century. Center for Louisiana Studies, University of Southwestern Louisiana, Lafayette

Velasquez M (2018) Normative theory versus positive theory. In: Kolb RW (ed) Encyclopedia of business ethics and society. SAGE, Thousand Oaks, pp 2500–2501

Weick KE (1989) Theory construction as a disciplined imagination. Acad Manag Rev 14(4):516–531
Whetten DA, Felin T, King BG (2009) The practice of theory borrowing in organizational studies: current issues and future directions. J Manag 35(3):537–563

# Public Policy Entrepreneurship

Leonardo Queiroz Leite
Getulio Vargas Foundation, Sao Paulo School of Business Administration FGV/EAESP, Sao Paulo, Brazil

## Synonyms

Entrepreneur; Innovation agent; Public entrepreneur; Public entrepreneurship

## Definition

Public policy entrepreneurship is the process through which a central actor, the entrepreneur, promotes change, diffuses innovations, and exercises transformative leadership in the field of public policies.

## Introduction

In recent decades, research carried out in public administration field has highlighted the essential role that public policy entrepreneurship processes play in the production of wide-ranging policies. Even though entrepreneurs are understood differently in these studies, its performance is considered essential for the emergence of a public policy, its continuity or change. Thus, this entry essay analyzes the concept of public policy entrepreneurship. In the literature, it has become evident that entrepreneurial process in public policies is fundamental to explain why innovations and change occur. In this sense, it is also crucial to understand the profile, typical actions/strategies and motivations of the actors that lead the process of public policy entrepreneurship: the policy entrepreneurs. Therefore, this text shows the importance of this concept as an explanatory mechanism of the policy entrepreneurship for innovation and change within public administration.

In the past few years, debates around the role that specific actors play in the public policy construction process increased in the research agenda of the scientific field of Public Policy and Administration. Instead of focusing in the prescription of techniques and methods to transform individuals and organizations in entrepreneurs, these studies establish a narrow focus on the analysis of the individual action of these agents in technical and political processes (Leite 2014; Leite and Capella 2015).

In this sense, it is crucial to highlight the importance of individuals who play a key role in the emergence and dissemination of innovation in the field of public policy. In this approach, entrepreneurs have been identified as key players in the entrepreneurial process. Therefore, the focus on the entrepreneur's action shows that individual action is an important dimension of policies production. His/her skills in the defense of ideas, negotiating with different groups in the search of institutional bases of support for their proposals are essential to understand the changes. (Capella 2012).

The entrepreneurs are individuals whose main characteristic consists of the pleading of an idea. Such entrepreneurs may be positioned anywhere in a policy community, either inside or outside the government, and apply their resources (time, energy, reputation, funds) in defense of certain proposals. Three characteristics are highlighted by Kingdon (1984) regarding the qualities of an entrepreneur. First, *they are individuals who show credibility to the audience*, i.e., who hold legitimacy possibly due to factors such as their specialty in the subject matter (*expertise*), their communication skill, or their formal position in the decision-making process. The second characteristic of an entrepreneur is related to his/her *political connections and negotiation skills*. At last, the *persistence* is appointed by the author as

the third vital characteristic for the entrepreneur's activity, entailing the investment availability of big amounts of personal resources.

Beyond the important remarks about Kingdon's understanding of the entrepreneur's role, we finally underline the traditional function attributed by Schumpeter (1942) to the entrepreneur: the innovation, i. e., the "introduction to the new." Innovation may derive both from the introduction of nonexisting production factors and the recombination of existing factors, resulting in a new arrangement. Innovation related to production factors in Schumpeterian thinking gives place, in the studies on public policies, to innovations associated to the world of ideas.

## The Concept of Policy/Public/Political Entrepreneur

Policy entrepreneurship (PE) can be considered as analytical lens interrogating the actions taken by political actors aimed at bringing about change in public policy. As a result, here we have the concern with the development of clear and accurate concepts, considering that PE has suffered from conceptual imprecision because the term "entrepreneur" has traveled across disciplines, because it has been used with many "modifiers" (policy, public, political, institutional etc.) and also because PE is as much about the individual actor (entrepreneur) as it is for the process (entrepreneurship). (Petridou 2014; Roberts and King 1991).

In this sense, concerning the conceptual interpretation of entrepreneurship in the public sector, we face a major challenge: the literature also defines public entrepreneurs in many different ways, for example: as policy entrepreneurs, political entrepreneurs, program entrepreneurs, bureaucratic entrepreneurs, administrative and executive entrepreneurs, issue entrepreneurs, ideational entrepreneurs etc. Therefore, the concept of *entrepreneurship* has diffused into scholarly discourse that deals with public policy and management and since the 1980's, many studies have used this idea to clarify diverse case studies and policy results.

Concepts such as *political entrepreneur*, *institutional entrepreneurship*, *public entrepreneurs*, *policy entrepreneurs*, *evolutionary policy maker*, and *executive entrepreneur* (Roberts and King 1991) are being used by many scholars as a new perspective for understanding different phenomena related to the worlds of politics and administration. However, it seems that the literature often uses the same concepts to explain various phenomena, making it difficult to clearly define and understand policy entrepreneurs (Cohen 2012, p. 2).

Indeed, seldom are these terms precisely defined, much less distinguished from one another. Therefore, interpretation becomes particularly difficult when researchers use the terms interchangeably without clarifying either meanings or if and how the terms can be distinguished from one another (Roberts and King 1991). In this way, considering the lack of unanimity in the literature, here in this paper we try to clarify this debate by discussing briefly what advances on some recent studies were made in that direction. Thus, first, it is relevant to consider here an important attempt to deal with the lack of conceptual clarity that makes distinctions between public entrepreneurs and other actors involved in the policy process problematic:

> A "public entrepreneur" not only must have an innovative idea (which tends to be the domain of the policy intellectual), but also must design and translate that idea into a more formal, explicit statement. Working with those who have the formal power and resource control (typically referred to as policy champions), the public entrepreneur seeks acceptance of the innovative idea in law or executive fiat, and the eventual implementation of the innovative idea into practice. This distinguishes public entrepreneurs from others in the policy process because the former are involved in three phases of the policy process-creation, design, and implementation – as they promote their innovations. (Roberts and King 1991, p. 151)

Hence, we can affirm that the "entrepreneur" is that actor who runs and leads the process of change by introducing innovation, what approximates this approach from Schumpeter's (1942) classical definition of the entrepreneur as the essential agent of change that produces the so-called creative destruction as a way to establish the new.

In this sense, according to Roberts and King (1991, p. 148), some of the *key features* that generally defines "public entrepreneurs" are: (a) advocate new ideas and develop proposals; (b) define and reframe problems; (c) specify policy alternatives; (d) broker the ideas among the many policy actors; (e) mobilize public opinion; (f) help set the decision making agenda.

Moreover, in a systematic theoretical effort to define same "types" of entrepreneurs, especially in terms of their behavioral patterns, Roberts and King (1991, p. 152) suggests to divide public entrepreneurs into four different types, what could help to distinguish then between some key features:

(a) *Political* entrepreneurs, who hold elected leadership positions in government.
(b) *Executive* entrepreneurs, who hold appointed leadership positions in government.
(c) *Bureaucratic* entrepreneurs, who hold formal positions in government, although not leadership positions.
(d) *Policy* entrepreneurs, who work from outside the formal governmental system to introduce, translate, and implement innovative ideas into public sector practice.

Regarding this specific point, it is worth to deep the distinction between the "political entrepreneur" and the "policy entrepreneur." The term "political" entrepreneur, as an explicit concept, was developed by Dahl (1961, *cited by* Hogan and Feeney 2012) that states that the political entrepreneur is *the* crucial agent of change and "is not so much the agent of others as others are his agents." To put it in another words, the political entrepreneur rules the changing policy process and interact directly with other actors, by leading and controlling then somehow: the political entrepreneur picks and chooses from policy ideas put forward by policy entrepreneurs at times of crisis and shapes the terms of political debate by influencing agendas and constructing cultural frames. They "exploit moments of instability" created by exogenous shocks and "invest resources in the creation of a new policy, or new forms of collective action," having "transformative effects on politics, policies, and institutions" (Hogan and Feeney 2012, p. 2).

When it comes to understand the behavior and conduct of the various "types of entrepreneurs," we must note some important clarifications concerning the action of these actors. Mintrom (1997) used the term "*policy entrepreneur"* and suggested a wider definition that does not require the direction and flow of politics to change. According to him, entrepreneurs are simply "political actors who promote policy ideas" and "people who seek to initiate dynamic policy change." (1997, p. 738–739).

In this vein, based on a number of important contributions about policy entrepreneurship, Mintrom and Norman (2009, p. 651) define *four key elements that characterize policy entrepreneurs action*: displaying social acuity, building teams, defining problems, and leading by example. The first two are strongly related to network approaches as policy entrepreneurs make good use of social networks – both inside and outside the jurisdictions where they seek to promote policy change, endorsing Kingdon's (1984) definition of the policy entrepreneur that highlights the PE insertion in networks.

And last, in order to clarify the idea of policy entrepreneurship, some authors suggest that this phenomena had to be studied in a manner that paid attention simultaneously to contextual factors, to individual actions within those contexts, and to how context shaped such actions (Mintrom 2000, 1997; Mintrom and Vergari 1998) In sum, Capella explains and complement the understanding about the role of advocacy that characterizes the PE:

> In order to play the role of an idea advocate, the entrepreneur gets involved with some identifiable activities, such as: the search for an strategic definition of problems; the arrangement of the discussion about a policy, offering alternatives for its conducting; the pursuit for establishing contacts with different groups, which makes it circulate inside a community of policies and beyond its limits; and, at last, the search for supportive institutional basis for their ideas. (Capella and Claudia 2012, p. 12)

Therefore, we realize that policy entrepreneurship is directly related to policy changes (Mintrom and Norman 2009) and to the diffusion of

innovation. Mintrom (1997) defends the relevance of policy entrepreneurs as actors aiming to promote a policy change by attempting to win support for ideas for policy innovation and to introduce them into the government's agenda. Entrepreneurs perform three specific functions according to Mintrom and Vergari (1996). First, entrepreneurs find "unmet needs" and suggest ways to meet them, and for such activity they need to be *aware of opportunities*. The second function *involves risks* (concerning their personal reputation, financial and even emotional resources) in which the entrepreneur gets involved in the search for actions that engender uncertain consequences. Moreover, at last, entrepreneurs *coordinate networks* involving groups of people and organizations, which are required to ensure the changes. This being so, entrepreneurs are not atomized individuals – on the contrary, they are (and need to be) inserted in social networks.

Last, the clearest standards to evaluate success and failure are still the ones used by Schumpeter (1942) and endorsed by Roberts and King (1991) that sustains that to an entrepreneur be successful, *he/she must sustain an idea that survives all the innovation process and is implemented in the end*. For sure, more research efforts should be made to upgrade these criteria using empirical data. In addition, the motivations behind the actions of political entrepreneurs remain opaque: they are thought to be more opportunistic than say, brokers, but research into motives remains scarce.

When it comes to analyzing the roles and specific features that defines the policy entrepreneurs and entrepreneurship, some important conclusions must be stressed: they are not "titanic individuals." We must bear in mind that the change in a policy takes place due to reasons that are out of the reach of the individual (like contextual factors, institutional determinants, political facts etc.) but it is him/her who "takes advantage of the opportunities."

## Conclusion

Thus, the emphasis on the role of the entrepreneur may be a way to contribute to the deepening of the understanding about the relations between the individual action and the institutional structure in the process of public policy formulation. In this way, the literature in general showed some relevant contributions in the empirical studies by analyzing teamwork and PE networking, highlighting that the policy entrepreneurs should not be understood as "lonely heroes." Therefore, policy entrepreneurs are central actors in the policy process usually characterized as skilled stakeholders aiming to make or prevail a particular vision of policy change by activating specific strategies that allow them to benefit from political opportunities or to overcome obstacles. In our study, we discussed some theoretical foundations of policy entrepreneurship, in order to allow us for a better understanding of this phenomenon and the specific role of this actor.

## Cross-References

► Policy Innovation Labs
► Public Leadership Meta-skills

## References

Capella, Ana Claudia N (2012) The policy Entrepreuneur and the public policy process. In: Paper presented – XXII world congress of political science IPSA/international political science association. Madri

Cohen N (2012) Policy entrepreneurs and the design of public policy: the case of the National Health Insurance Law in Israel. J Soc Res Policy 3(1):5

Hogan J, Feeney S (2012) Crisis and policy change: the role of the political entrepreneur. Risk Hazards Crisis Public Policy 3(2):1

Kingdon J (1984/2003) Agendas, alternatives, and public policies, 3a edn. Harper Collins, New York

Leite LQ (2014) A policy entrepreneur in action: Bresser Pereira and the Brazilian Managerial Reform in the 1990's. Master thesis presented at the Political Science Department. Sao Carlos Federal University (UFSCar)

Leite LQ, Capella ACN (2015) A policy entrepreneur in action: Bresser Pereira and the case of the Brazilian managerial reform in the 1990's. In: Paper presented at 2nd international conference on public policy (ICPP), Milan

Mintrom M (1997) Policy entrepreneurs and the diffusion of innovation. Am J Polit Sci 41(3):738–770

Mintrom M, Norman P (2009) Policy entrepreneurship and policy change. Policy Stud J 37(4):649–667

Mintrom M, Vergari S (1996) Advocacy coalitions, policy entrepreneurs and policy change. Policy Stud J 24(3):420–434
Petridou E (2014) Theories of the policy process: contemporary scholarship and future directions. Policy Stud J 42:S1
Roberts NC, King PJ (1991) Policy entrepreneurs: their activity, structure and functions in the policy process. J Public Adm Res Theory 1(2):147–175
Schumpeter J (1942) Capitalism, socialism, and democracy. Harper and Row, New York

# Public Policy in Algeria

Farid Makhlouf[1] and Youssef Errami[2]
[1]Finance, Pau Business School, Pau, France
[2]Pau Business School, Management, Pau, France

## Synonyms

National development plans; Public action; Public decision; Regulation; State intervention

## Introduction: Issues of Public Policy in Algeria

Immediately after independence, the priorities of Algerian policy-makers were focused on a centralized planning process, piloted on a one-way, center-periphery model. Indeed, in a political system that quickly gave a key role to central administration, the political and economic systems were entirely run by central government, organized as a state bureaucracy. The aim was to consolidate economic independence by implementing a socialist model of development (Teulon and Bonet 2016) in which the public sector market would dominate the entire economy. This public approach was reflected in a socioeconomic program and national development plans which were a conventional means of agrarian reform and a policy of "industrializing industries," applied without exception throughout the country. It also involved almost total responsibility for costs related to education and health. However, public policy in Algeria has undergone major changes since independence. During the first phase (1962–1979), public policy focused on a planned and controlled economy that was designed as an instrument that could provide a quasi-definitive answer to the economic and social difficulties.

The second phase (1980–1989) was devoted to "self-adjustment" of the economy. It corresponded to the launch of action plans in all economic and social areas but concluded with major macroeconomic imbalances due in particular to two factors: a sharp drop in oil prices in 1986 and a situation where other sectors of the economy were unable to cope with being heavily subsidized.

The third phase (1990–1998) targeted the development of the Algerian economy and its integration into a free-market economy. The intention was not only to liberalize the economy but also to reduce government subsidies substantially (this impacted on prices and on free health-care services). This phase of adjustment corresponded to a public policy devoted to constructing a market economy. It was applied during the 1990s, when Algeria was facing social and economic difficulties and was obliged to adjust its policy and its government strategies to face global economic realities that could not be ignored and were essential for future development.

Finally, the fourth phase began in 1999 and is ongoing with the reestablishment of a "rentier economy" market resulting from increasing oil revenues. Public action has restored the fundamental economic balances, and most social indicators have returned to green, but with the continuing fear that the same causes could produce the same effects.

The purpose of this chapter is to analyze the four phases of Algeria's public policy development from independence in 1962.

## First Phase (1962–1979): National Development Plans and Central Administration

From 1962 to the mid-1980s public policy was aimed at building an administered economy

and egalitarian society. To this end, the central administration acquired a monopoly on virtually all economic and commercial activities. This economic planning process resulted in three plans:

(i) The first three-year plan (1967–1969) was an indicative program.
(ii) The first four-year plan (1970–1973) was a public policy backed by a theoretical model in order to diversify Algerian industry.
(iii) The second four-year plan (1974–1977) was launched after the nationalization of the oil industry in 1972; this coincided with the first oil crisis and the increase in hydrocarbon revenues, thereby strengthening the capacities of state action.

During this period public policy was mainly focused on activity control. Thus, in agriculture, it instigated the creation of the agrarian revolution and the nationalization policy for farms. Indeed, in 1971 Algeria strengthened the notion of the agrarian revolution by nationalizing properties that were not being exploited. In this way the state hoped to revamp the agricultural sector in order to boost production.

In the health sector, free medical care was established in 1973 by the central administration. Health-related costs were borne by the state budget and also by a social security system dedicated mainly to severe cases and intensive care (Kara Terki 2010, p. 47).

The controls applying to international trade relations resulted in fixing, in advance, the quantity of goods to be traded. This policy essentially aimed at protecting nascent domestic production "infant industry." The central administration therefore made it very difficult for domestic companies to import and completely banned access to foreign trade for private businesses. In its interventionist logic, Algerian public policy incorporated international trade into development policies.

In terms of investment, the policies sought to establish "industrializing industries" in order to speed development and reduce the investment gap between other industrialized countries. With the investment situation at this time being generally static, companies were entirely public.

## Second Phase (1980–1989): "Self-Adjustment" Policies and Public Action

Since 1980, the admission that public policy in favor of "industrializing industries" had failed led to replacing it by a move to industry support based on economic needs criteria. In the first half of the decade, the sharp rise in oil prices helped to initiate a state policy determined to reduce the national debt while still strengthening the educational, health, and social ambitions of public policy. Thus, in the areas of health, the Health Card was introduced in 1982 to provide a more equitable and harmonious distribution of health resources. It was marked by the development of specialized care in public hospitals: despite the great expense, this continued to be supported by the state budget and social security. Unfortunately this very positive trend would not last. Indeed, like many developing countries, the Algerian economy had, since the mid-1980s, suffered difficulties and major macroeconomic imbalances. These imbalances, the consequence of the dramatic decline in oil revenues in 1986, as well as the absence of expected results from agriculture and industry, pushed the government to undertake structural reforms and to change the direction of its policy radically. Reforms in this phase were also political in nature since they introduced a multiparty system and gave more prominence to individual liberties and freedom of the press. They were part of a policy of establishing mechanisms of a market economy and boosting integration of the Algerian economy into the world economy. This desire to change public policy was characterized by demonopolization and progressive liberalization of trade which resulted in a sharp rise in prices. This period marks the turning point in public policy as seen by the new interaction between Algeria and the Bretton Woods institutions and the establishment, in 1987, of a Structural Adjustment Program (SAP) imposed by the International Monetary Fund (IMF) in exchange

for its support (1989–1998). Thus, the beginning of the transition to a market economy was far from easy.

## Third Phase (1990–1998): Sustaining Public Action

In this phase, the main objective was to introduce amendments to the economic and social policies, unpopular in a "rentier economy." These were applied equally to public and private sectors, encouraging investment in non-hydrocarbon sectors, but with significant decreases in subsidization for the economy and social services. Hospitals and schools, like all social sectors, had to face a brutal "squeeze," characterized by ever higher demands on the population but with increasingly scarce resources. The consequences on their performance were dramatic, leaving a heavy legacy for Algerian society.

Economically, Algeria simultaneously adopted multilateral trade and bilateral strategies (Bouët 2006). A reform of its banking sector strategy was committed to strengthen market mechanisms and to reduce state intervention (Rajhi and Hatem 2011). The privatization policy of public companies, initiated by the 1988 law, was officially launched at this time, informing the Algerian population of the transition to a market economy. The new legal status of companies was codified officially between 1995 and 2002. The commitment of public policy was to increase the share of private companies in the fabric of the Algerian economy (Labaronne 2013).

## Fourth Phase from 1999 and Beyond

Algeria has lived, and is still living through, a radical transformation of its public policy since the late 1980s. The country's commitment to the path toward a market economy ostensibly frees entrepreneurial vocation (Ait Atmane 2015) but masks a serious deindustrialization (Nadji 2014). In fact, a crucial role in the functioning of the economy has been accorded to small and medium businesses (SMBs) thanks to the effective engagement of financial and tax incentives. The number of SMBs has quadrupled from around 250,000 in 2001 to nearly one million in 2011. However, these companies are mainly active in the areas of distribution of imported products and contribute little to economic development. As for the pace of privatization of public companies, the evolution is slow. This can be explained by the numerous contradictory strategies of those actors supposedly responsible for progress (Tahar 2010). It should be noted that during the first 15 years of this phase, oil revenues represented ratios of about 35–40% of GDP, from 65% to 70% of tax revenues of the state and around 98% of export earnings (Nadji 2014). In the agricultural sector, the country still has very low food security and remains a significant importer of agricultural products.

As for social policies, they are "basking" in a new golden age. The "rentier economy" has recovered the means of subsidizing the economy and society. Energy is focused toward balancing the public offer in both quantity and quality, throughout the entire territory. There are still, however, many obstacles to face, many of which seem extremely difficult to overcome. Indeed, pertinent reforms under the current "New Public Management" have been employed to streamline the use of resources and especially to introduce a results-oriented policy into government achievement objectives. They are up against the values embedded in the previous phase of public officialdom. Similarly, the system of formulating engaged public policy remains too centralized, a legacy of a bureaucratic culture of state planning. Decentralized action levels are rarely consulted, and decisions taken do not adequately reflect or measure local specificities: a situation very similar to observations in other "hybrid regimes" (Diamond 2002), combining democratic rules with a functional logic characteristic of authoritarian regimes (Bezes 2007). Furthermore, other problems, deficits, or malfunctions have been identified, relating in particular to the demands of accountability, respect for the ethical dimension in business affairs (Nadji 2014), and to the skills gap. The outcomes of the different social policies implemented remain somewhat below

expectations, especially in view of the resources dedicated to this program. This brings us to Oliver Williamson's premise that governance structures and institutions are interdependent (Williamson 1996). It is difficult to focus on a country's policies and their effectiveness without questioning the institutions which formulate those policies.

## Conclusion

Since gaining independence in July 1962, Algeria has been under an obligation to come up with public policies aimed at solving development issues inherited from colonization. With this in mind, central administration played and still plays an important role in the construction and direction of the national economy as a whole. Public policies have focused on all areas related to public welfare such as health, education, industry, agriculture, price controls, or international relations; the reality is that these policies have often brought only temporary and/or partial solutions for the economic and social difficulties targeted. If, indeed, the goal of any public policy is to create a system that strengthens social cohesion, that of Algeria has experienced some success but also many failures. This is the result of the government's inability to extricate itself from the dynamics of revenues directly linked to hydrocarbons.

The legacy of the 1990s during which the state, the public, the economy, and society as a whole experienced multiple shocks (economic, political, and social crises) was not resolved in the years that followed, despite all the efforts for reform. From a command or administered economy, the country has evolved painfully toward a market economy but has failed to wean itself off resources related to hydrocarbons. The recent fall in oil prices raises fears of reliving, yet again, the same difficulties as in the past because so far, no major public policy has achieved the goal of reducing the country's vulnerability and securing it against external shocks.

## References

Ait Atmane F (2015) Le système algérien d'innovation: signes de décollage ou ratage incontournable ? International conference on the levers of durable performance in the Middle East and North Africa (MENA), Groupe ESC PAU, 4 et 5 Mai

Bezes P (2007) Construire des bureaucraties wébériennes à l'ère du New Public Management. Presse de Sciences Po\Critique Internationale 2(35):9–29

Bouët A (2006) Defining a trade strategy for southern Mediterranean countries. MTID Discussion Paper No. 97. International Food Policy Research Institute (IFPRI)

Diamond LJ (2002) Thinking about hybrid regimes. J Democr 13(2):21–35

Kara Terki A (2010) La régulation de l'offre dans le nouveau système de soin public. Thèse de doctorat en sciences économique, option gestion, Université de Tlemcen

Labaronne D (2013) Performances des firmes publiques algériennes: une question de privatisation ou de gouvernance des firmes? Manag Avenir 5(63):33–53

Nadji S (2014) Algérie 2015: enjeux rentiers, dérives autoritaires et perspectives. Maghreb Machrek 3(221): 77–89

Rajhi T, Hatem S (2011) Concurrence et compétitivité bancaire en Algérie: économétrie de panels sur la période 2000–2007. Afr Dev Rev 23(1):16–29

Tahar Hamamda M (2010) Privatisation des entreprises publiques en Algérie. Géoéconomie. Hiver 2010/2011(56):133–157. 25 p

Teulon F, Bonet Fernandez D (2016) Industrialization and economic policy in Algeria: a synthesis over half a century. Working Papers 2014–287, Department of Research, Ipag Business School

Williamson OE (1996) The mechanisms of governance. Oxford University Press, Oxford

# Public Policy in Turkey: Success and Failure in Education Reform Policies

Hamza Ates
İstanbul Medeniyet University, Istanbul, Turkey

## Introduction

A major issue persisted in public policy analysis is policy failure and its reasons, as governments throughout the world seem to suffer periodic

policy failures (Bolaji et al. 2015; Coelho et al. 2015; Mantino 2013; UNESCO 2010; Fotaki 2010). This article explores this issue, taking Turkish education sector reform policy as the case study. It provides a way forward in advancing our understanding what is and what causes policy failure. However, defining failure seems bedeviled by a number of methodological problems including differing interpretations, gray areas, and politically driven explanations of policy success/policy failure. Having studied education policy processes of a large number of countries, Haddad and Demsky (1995) come to the conclusion that policy has multiple dimensions, often succeeding in some respects but not in others.

The article begins with a review of existing literature on policy evaluation and improvement and policy failure and success in order to identify what can be built on and gaps that need to be filled. Then, it moves on to evaluate education reform policies in Turkey undertaken by various governments. An interesting point which should be articulated here is that recent history of Turkey, from the Tanzimat period of the Ottoman State, can be understood as a history of education reform initiatives. A variety of reforms have been implemented then (Çelik and Gür 2013; Aksit 2007; Buyruk 2015; Simsek and Yildirim 2004). However, some the reforms were and have still been contradictory to each other. Therefore, a perception of policy failure in this field has been prevalent in Turkey. Although the pace of reform initiatives has been widened since 2002, when AK Parti came to power in Turkey (Aksit 2007; Çelik and Gür 2013), some of these, which are concerned with curricular and structural changes, have encountered serious difficulties. This article evaluates existing data on the results of these initiatives such as school demographics and the country's performance in some international education benchmarking studies.

## Policy Failure and Policy Success: A Conceptual and Theoretical Framework

The issue of policy failure is quite hard to define and reach a consensus among different stakeholders of a policy on what causes such failures. Perhaps, this is why disputes over whether a policy has actually "failed" are commonplace, particularly in Turkey. Exact definition of policy success and policy failure is hard to achieve, because policy success is in the eye of the beholder, depending on factors such as a protagonist's values, political stand, beliefs and extent to which they are affected by the policy, and assumptions of what constitutes success take many forms. For instance, foundationalist/scientific/rationalist tradition perceives policy success as a fact amenable to positive identification (Mc Connell 2010), while constructivist/discursive tradition emphasizes the importance of meaning and interpretation.

In countries like Turkey, social strata are quite divided, in a sense torn apart, and thus politics is frequently partisan. Therefore, policies are perceived as successful by some political actors while almost automatically rejected by members of the opposite political camp claiming that they are totally failed. Not only in Turkey, governments in many countries frequently encounter accusations of periodic policy failure. Some of most apparent policies which have faced the curse of suffering policy failure include Guantanamo Bay detention camp (USA), Watergate (USA), Poll Tax and Child Support Agency (UK), agriculture support policy (France), response to the global financial crisis (Iceland), and response to refugee crisis (European Union).

On the other hand, in government affairs the ideal of complete success is rarely met because of a wide range of externalities. Some shortcomings would infuse almost all policies. Further, relatively greater policies do frequently have multiple goals. Failing in some respects would not necessitate complete failure in all fronts; some aspects of a policy could be success stories, while the policy could fail in other respects (Mayhew 2015; Teodorovic 2008). "Furthermore, designing policies is not an exact science and involves some degree of judgment on level of resources needed, feasibility and clarity of goals, most appropriate measures needed for implementation and more. Misjudgments at the policy design stage can

create risks of future policy failures... Also, policies are designed without precise foreknowledge of how a policy will perform when subject to the multiple and interacting forces (economic, political, social, media, technological, demographic and climatic) that will shape its implementation" (McConnell 2014).

Having reviewed a large number of literatures on policy success and failure, Mc Connell (2010) arrives a definition of policy success: "A policy is successful if it achieves the goals that proponents set out to achieve and attracts no criticism of any significance and/or support is virtually universal." This definition recognizes the fact that government can attain the goals it seeks in each of its three realms of policy, process, programs, and politics (Table 1), in that what is needed for considering a policy is successful is different in terms of process, program, and politics points of view.

McConnell (2014) further identifies several methodological problems in defining policy failure, including differing benchmarks, gray areas, differing perceptions between pros and cons of certain policies, and variance over time. Identifying the causes of failure is also problematic because of a number of methodological problems, including the myth of the single causal factor, the varying degrees of causality, the bias of hindsight, and the role of judgment (Table 2).

## Education Policies and Policy Reform in Turkey

As an institutional and geographical continuum of the Ottoman Empire, the Turkish Republic was established in 1923, under the leadership of Mustafa Kemal Atatürk. The Turkish government of the time enacted a series of reforms which prioritized education as a way to leverage the nation's traditional social structure in a more western direction and to build national identity among varied ethnic subgroups. In 1924, education system was centralized under the Ministry of Education, religious schools were closed, and new secular schools were opened. In the Republic's early years, Turkey's literacy rate was less than 10%, while by 2010, Turkish adult literacy rate had increased to 89% (96% among men and 81% among women) (UNESCO 2010).

Currently, primary and secondary education is compulsory and free (Talim Terbiye Kurulu 2005). Education governance and funding in Turkey remain highly centralized. The Ministry of National Education (MoNE) is responsible for providing education not only for pupils but also for all its citizens who are willing to take further education. It appoints teachers and administrators and selects textbooks and curriculum subjects (Fig. 1 and Table 3).

In recent years Turkish education has experienced many changes. Although "the reforms are

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 1** Three forms of policy failure

| Process failure | Program failure | Political failure |
|---|---|---|
| Government unable to produce its desired policy goals and instruments | Not implemented in line with objectives | Damages electoral prospects or reputation of governments and leaders, with no redeeming political benefit |
| Policy process illegitimate | Desired outcomes not achieved | Policy failings so high on the agenda that they are damaging government's capacity to govern |
| No building of a sustainable coalition | No benefit for target group | Unequivocally damages the broad values and direction of government |
| Opposition to process is virtually universal and/or support is virtually nonexistent | Inability to meet criteria highly valued in that policy domain | Opposition to any political benefits for government is virtually universal and/or support is virtually nonexistent |
| | Opposition to program aims, values, and means of achieving them is virtually universal, and/or support is virtually nonexistent | |

Source: McConnell (2014: 19)

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 2** A framework for understanding different approaches to the causes of failure

| | Actor centered | | Institution/policy process centered | | Societal centered | |
|---|---|---|---|---|---|---|
| | Intentional cause | Unintentional cause | Intentional cause | Unintentional cause | Intentional cause | Unintentional cause |
| *Typical causal narrative* | Deliberate cultivation of failure, reckless self-interest | Bad luck, negligence, incompetence, poor judgment | Institution or process (e.g., department or policy-making process) was deliberately set up in such a way that failure was cultivated or allowed to happen in order to achieve other institutional/process goals | Institution or process (e.g., department or policy-making process) was inappropriately geared for decision making and hence produced failure through, e.g., institutional complacency, blind spots, inadequate process | Ruling ideas/ governing ideas/ powerful interests create failure in order to thrive – particularly to the detriment of those less powerful | Ruling ideas/ governing ideas/ powerful interests do produce failures but are small in comparison to greater benefits |
| *Foreseeability of failure* | High. Individuals knew what they were doing | Medium/high except which more capable individuals should have recognized, or low in the case of bad luck | High. Failures are foreseeable, but the institution or process was set up in such a way that some failures are accepted or even cultivated | High. Failures are foreseeable, but the institution or process was designed properly, limiting its capacity to foresee | High. Failure is built into, necessary and cultivated for the ongoing survival of ruling ideas/ governing ideas/ powerful interests | High. We know that failures happen as an unfortunate by-product of the way society works |

(continued)

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 2** (continued)

| | Actor centered | | Institution/policy process centered | | Societal centered | |
|---|---|---|---|---|---|---|
| | Intentional cause | Unintentional cause | Intentional cause | Unintentional cause | Intentional cause | Unintentional cause |
| *Capacity to prevent* | High. Failure could easily have been avoided | Medium/high, if more capable individuals had been place a position of responsibility or low except in the case of bad luck | Medium. Better institution or design of policy process could have prevented failure | High. Better institution or policy process design of policy process has prevented failure | Low. Failures are symptomatic of deeper ideologies and systems of power | Low. Failures are deeply embedded in the ideas and interests which govern society, but such ideas and interests bring greater benefits |
| *Deeper assumptions about the connections between failure and society as whole* | Optimistic. The problem is "bad" individuals, and we can be confident that their removal from office (or making them subject to stringent controls) can help avoid policy failure | Realistic-optimistic. Either bad luck or individuals "not up to the job" are the problem. We can't do much about bad luck, but we can help avoid policy failure by removing them from office/provide them more training or subject them to greater regulation | Realistic/ pessimistic. Reform may be very difficult because aspects of failure are almost a necessary part of institutional and policy design processes | Realistic/ optimistic. Reform might be difficult but is possible and failure can be avoided | Pessimistic. The causes of failure are deeply embedded in dysfunctional systems of power | Realistic/ optimistic. While causes of failure are deeply embedded in the nature of society, the failures are outweighed by the broader successes they bring |

Source: McConnell (2014: 22)

presented as a means of improving education and securing better social life conditions, in reality they have led to a redefinition of the meaning and goal of education and an increase in educational inequalities" (Buyruk 2015). However, as Akşit (2007) rightly suggests, "Educational reform efforts in Turkey have been somewhat piecemeal, and have not generally touched core educational practices. Although various superficial modifications have been made in the past, most have not had the substantial effect hoped for. Fragmented changes were made, usually to gain political advantage, but the basic systems to a large extent stayed the same."

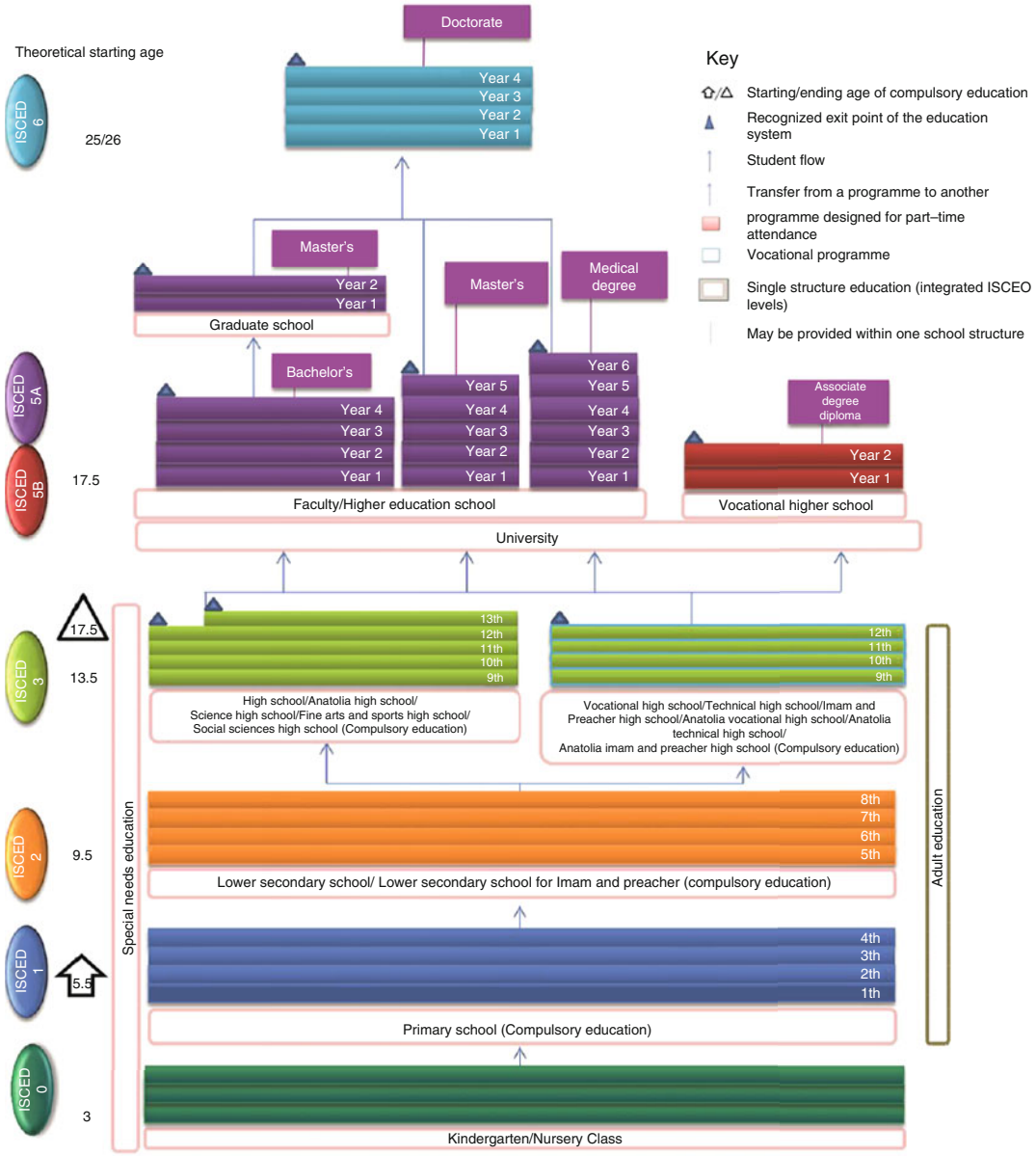


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 1** Structure of Turkey's education system (Source: OECD 2013)

P

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 3** Six dimensions of Turkish education system

| Dimensions | Turkish case |
|---|---|
| Equity and quality | Targeting participation in education |
| Preparing students for the future | A highly selective system |
| School improvement | Challenging learning environments with a centralized placement system for school leaders and teachers |
| Evaluation and assessment to improve student outcomes | Using assessment tools for compliance |
| Governance | A centralized system with little school autonomy |
| Funding | Low public funding but policies designed to increase sources of funding |

Source: OECD (2013)

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 4** Recent education reforms in Turkey

| |
|---|
| **A. Neo-liberalization of education** |
| 1. Privatization – increase the share of private schools in the primary education sector |
| 2. Increasing parental contributions to schools – MoNEtization/commercialization |
| 3. Creation of school-family unions |
| 4. Encouragement of entrepreneurial spirit (the emphasis in education has shifted from educating conscious citizens with humanist values to providing the basic competencies required by the market economy) |
| **B. Increasing religiosity** |
| 1. Developing a pious generation – preacher (İmam Hatip) schools |
| 2. Qur'an, life of the prophet and basics of the religion courses in general high schools |
| 3. Unlifting headscarf ban |
| **C. Democratization of the education system** |
| 1. Special courses for Alawis and religious minorities |
| 2. Increasing the number of elective courses |
| **D. Increasing the quality of education** |
| 1. 4 + 4 + 4 years pre-higher education time |
| 2. Harnessing information technology through such projects as Fatih |
| 3. Decreasing number of students per class |
| 4. Curriculum reform which intends to change considerably the focus and content of the whole national curriculum in three phases |

Source: Adapted from Altinyelken et al. (2015)

In 1997, Turkey extended compulsory basic education from 5 to 8 years (Basic Education Law, No. 4306), and coeducation became the norm (Koca 2009). With the impetus of increasing hopes for European Union membership in 2005, a large number of social and economic reforms were conducted, including some steps in education field. In order to increase education level of the citizens, Turkish government extended compulsory education to 12 years in 2012, by Law No. 6287.

Education reforms undertaken since 2002 have been summarized in titles in Table 4.

Education "reforms" have focused on two principal areas.

- The first of these is to focus on the reproduction of labor power linked to developments in the Turkish and global economy. The purpose and functions of education have been restructured on the axis of reproduction of competitive, flexible labor power equipped with the necessary qualifications to meet the needs of global capital.
- Defining education as a new valorization area for capital accumulation is the second focus. Thus, while on the one hand attempts to prevent the decrease in the total surplus value have been attempted by public funding cuts in areas such as education and health, on the other hand, education has become a new field for private sector investment. The teachers, who are the most basic actors of the education field, are expected to keep pace with this change process and even to be active agents of it.

Major dimensions of education policy implementation can be seen in Fig. 2, and some dynamics in the education policy implementation process can be seen in Fig. 3.

## Has Education Policy Failed? An Evaluation of the Reasons of Policy Success and Policy Failure

Increasing its children's access to education has been a Turkish success story (UNESCO 2010; Çelik and Gür 2013).

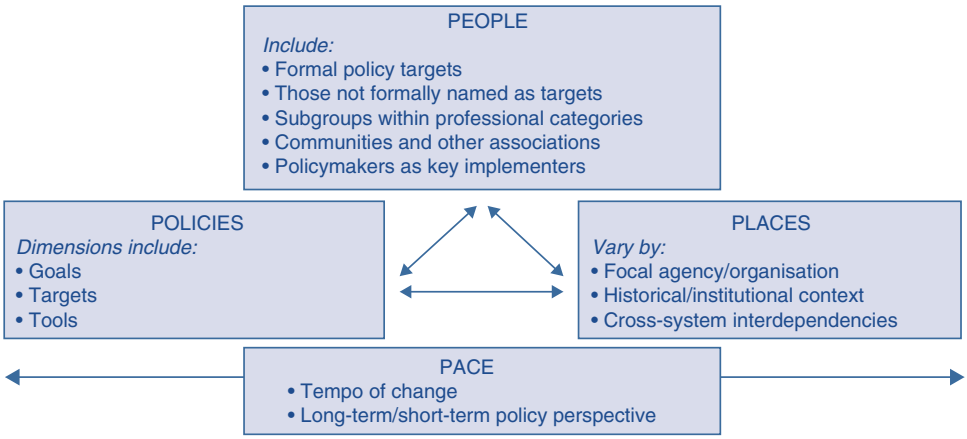


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 2** Dimensions of education policy implementation (Source: ETF 2007: 15)

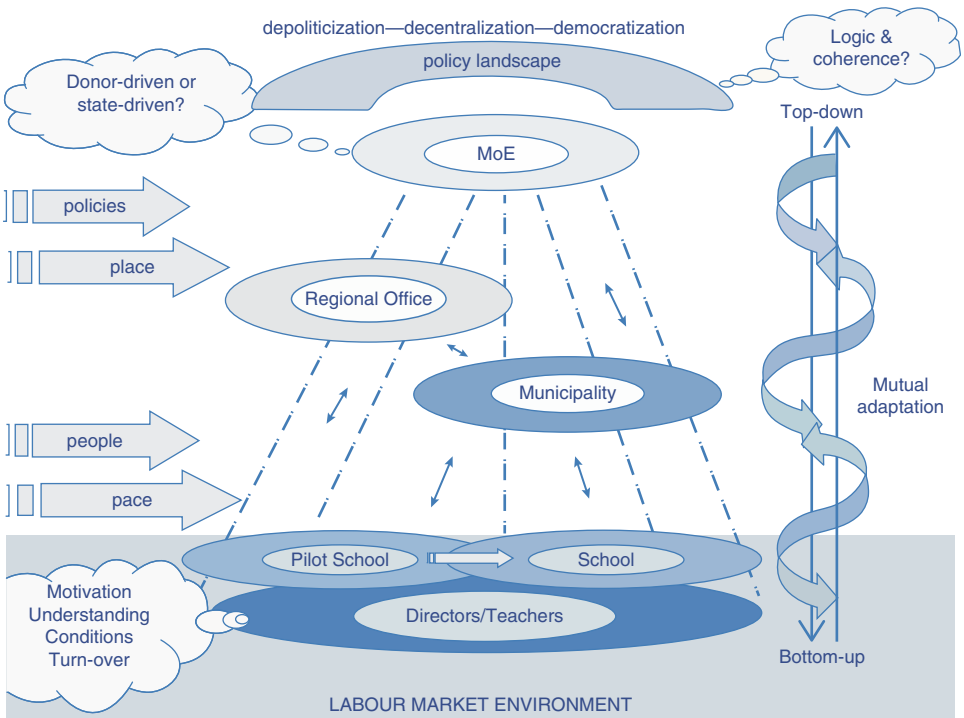


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 3** Some dynamics in the education policy implementation process (Source: ETF 2007: 18)

- Preprimary education enrollments doubled from 1999 to 2007.
- Primary and secondary school enrollments increased from 1.3 million in 1971 to 6.7 million students in 2008, largely because of expanded compulsory education from 5 to 8 years.
- Seventy-four percent of Turkey's adolescents were enrolled in secondary education in 2010.
- In 2009, tertiary enrollments in Turkey were 46% of total population in 5-year age group following graduation from secondary school, up from 38% in 2007.

- The Turkish government, with collaboration of UNICEF in 2004, managed to decrease gender disparity in some provinces where enrollment level of girls is relatively low.

However, there is a major common belief among many quarters that education reform initiatives of Turkish governments as well as traditional education policies have failed in some respects, including equity and quality issues. For instance, while some primary and secondary schools are rated as among the finest education institutions of the world, academic knowledge level of the majority of the country's students is below average level of OECD, as PISA assessment reports suggest. For students of lower economic and social level, the disparity is even much higher (Figs. 4 and 5).

The figures above show that Turkey needs further improvement in both quality and equity of the education system. Although the country has made an apparent improvement in PISA assessments in mathematics (from 2003 to 2009) and science (from 2006 to 2009), it remains one of the lowest performers among OECD countries in reading, mathematics, and science, and the proportion of 15-year-olds who underperformed on the PISA 2009 reading assessment is above the OECD average. In addition, the impact of students' socioeconomic status on performance and the difference in

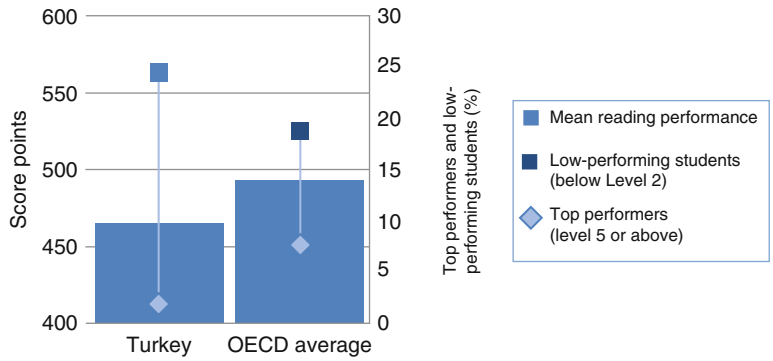


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 4** Mean score in reading performance and percentage of low and top performers, for 15-year-olds, PISA 2009 (Source: OECD 2013: 7)

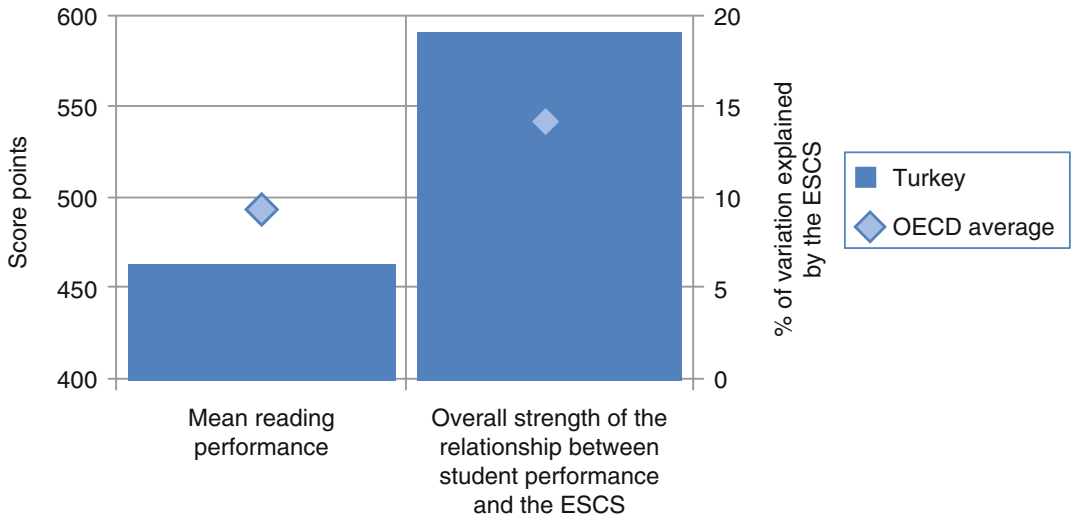


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 5** Student performance in reading and relationship between student performance and economic, social, and cultural status (ESCS), for 15-year-olds, PISA 2009 (Source: OECD 2013: 5)

academic performance between boys and girls are both higher than the OECD average.

It would be useful to list some major factors of policy success and failure, in order to better evaluate policy success and failure in Turkish education system.

## Main Drivers of Failure in Turkish Education Policy

When accepted some deficiencies in Turkish education system and education policy, one needs to identify main drivers of failure. Although it would be possible to extend the list, at least four drivers are worth mentioning. These drivers are listed below, coupling with the related figures.

1. Overcentralization (Fig. 6)
2. Inadequate evaluation of student success (Fig. 7)
3. Inconvenient learning environment (Fig. 8)
4. Inadequate educational attainment (Fig. 9)

Alongside these mega factors, it would be possible to identify other factors of failure and success in Turkish education policy. There is such a (incomplete, worth developing) list (adapted mainly from ETF 2007) of this kind.

## Factors of Failure

- Highly centralized and regulated education system in terms of financial mechanisms but also when it comes to other aspects of the system, including curricula
- Overcentralization (schools have little autonomy and limited capacity to respond to their needs)
- Inadequate public funding (although overall funding has increased in the past decade, data

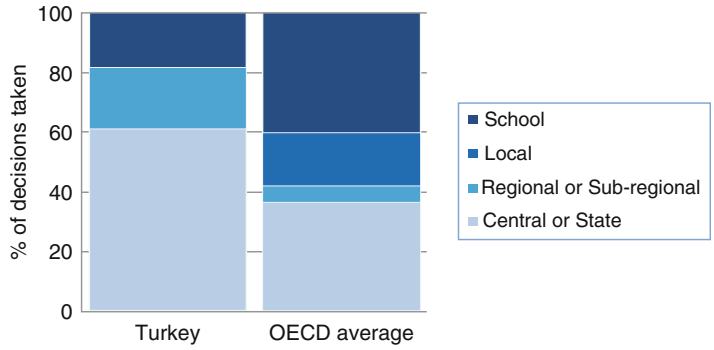


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 6** Percentage of decisions taken in public lower secondary schools at each level of government, 2011 (Source: OECD 2013: 16)

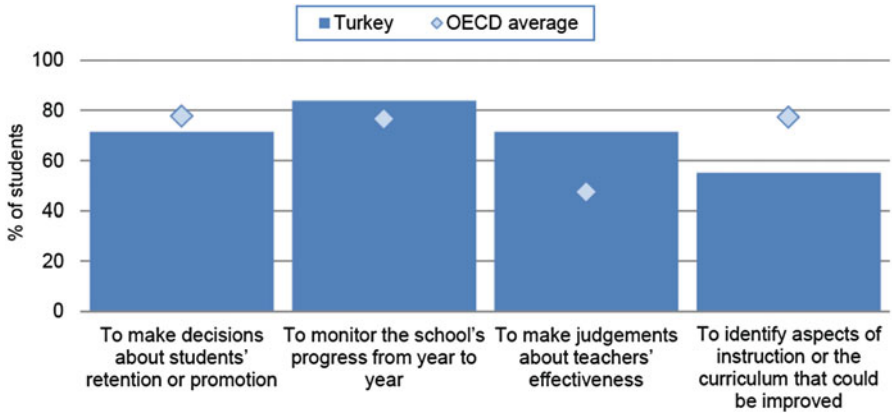


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 7** Percentage of students in schools where the principal reported assessments of students in national modal grade for 15-year-olds, PISA 2009 (Source: OECD 2013: 14)

P

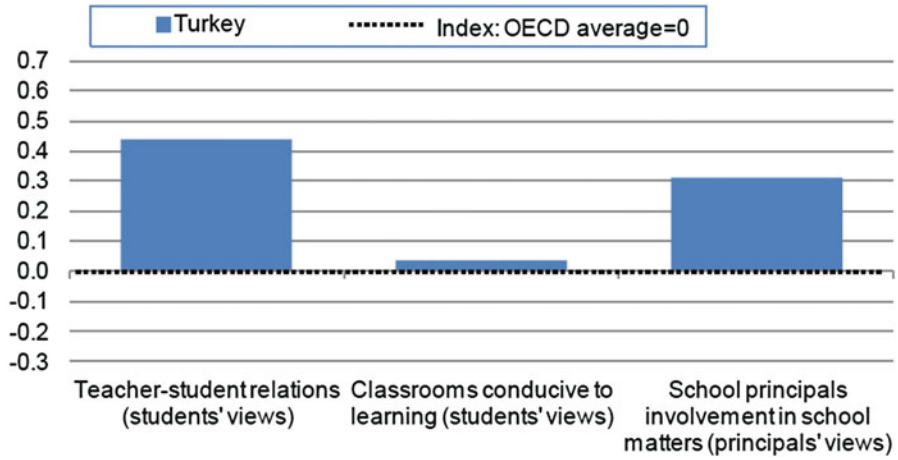


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 8** The learning environment, PISA 2009 (Source: OECD 2013: 12)

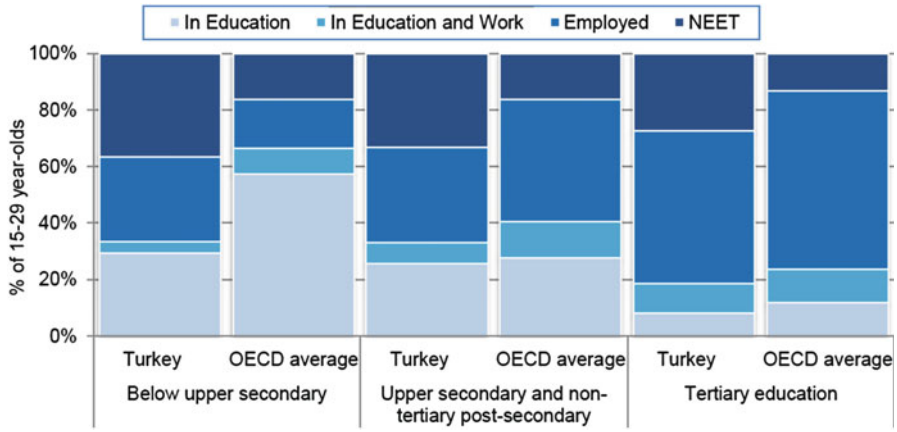


**Public Policy in Turkey: Success and Failure in Education Reform Policies, Fig. 9** Percentage of 15–29-year-olds in education and not in education, by educational attainment and work status, 2011 (Source: OECD 2013: 10)

suggests that primary and secondary education are underfunded compared to other OECD countries)

- Weak intra- and inter-sectoral communication, with policy signals and decisions failing to reach lower echelons or to reach them in a timely manner
- Limited responsiveness to labor market dynamics and needs
- A need to improve capacities for policy analysis and to address the disparities between declaration of intentions, actual implementation, and appropriate institutional settings and capacities
- Difficulties in building vertical and horizontal partnerships with stakeholders, with weak social partner funding and co-funding of education initiatives
- A lack of reliable and up-to-date information about the skills needed by the country, including society and economy
- Much donor–/government-driven innovation within pilot schools, raising questions of sustainability, ability to go to scale, and emergent inequalities between pilot and non-pilot schools
- A tendency for school principals, especially in non-pilot schools, to reproduce the top-down,

authoritarian, bureaucratic nature of the national system, with few schools having strong, tightly knit organizational cultures based on collaboration and with few principals specifically trained as educational leaders
- A need for heavy investment in educational infrastructure, school buildings, workshops, learning and teaching equipment, and teacher salaries
- Low salaries for staff, leading them to invest spare capacities in after-school employment
- A need for further modernization of curricula, textbooks, and teaching methodologies plus related teacher training and assessment of learning outcomes
- Limited professional development opportunities for staff, which jeopardizes the implementation of pedagogical reforms
- The tendency of the Ministry of National Education to change secondary regulations governing schools and student management too frequently, in that students and teachers face a number of uncertainties in their school life (the ministry needs to provide a more stable education environment which enables students and teachers to make plans about their career)
- Still continuing dependency to parents for funding (although majority of schools are publicly funded, schools tend to receive contributions from parents through their school-parent associations)
- Fast social changes (schools and their learning environments face many challenges, including a population influx from rural to urban areas and new Y/Z generation of students)
- Limited capacity of school leaders and teachers to respond to school needs because of weak initial education and training and teachers' lack of experience, as well as the lack of flexibility accorded to schools within the governance structure

### Factors of Success

- Increasing interest in deconcentration of power to provincial levels and in the devolution of an increasing number of responsibilities to the school level
- Increasing efforts to minimize the presence of an extensive and unregulated informal labor market (private tutoring institutions) that employs workers without formal skill certification, thus weakening education reform efforts
- Efforts to decrease inequity in education system through upgrading the school levels (recently, private tutoring institutions were closed down and many of these schools were transformed into private schools)
- Initiatives to make most of information technology in class through such projects as FATIH
- Increasing investments in educational infrastructure, including construction of new buildings, classes, and other education facilities

## Conclusions

Education has always been one of the most vital public policies in Turkey. The proportion of the population in school age is one of the highest among OECD countries. Turkish policy-makers need to keep in mind the fact that it is very important to ensure that these young people complete their education and are well prepared for the labor force and further learning, in order to persist relatively higher growth rates and socioeconomic development. Although some improvements have been made in some aspects of the field of education, both quality and equity still remain a challenge. "Turkey has various priorities to address, including improving equity between regions and urban and rural areas; addressing the needs of disadvantaged students; preparing quality teachers and school leaders; improving access to and completion of upper secondary education, vocational education and training, and higher education; strengthening links to the labor market; and adequately funding the education system" (OECD 2013).

In other words, "Turkish education is a work in progress. During the past 15 years, Turkey has made sizable and noteworthy advances in increasing educational access, but more remains to be done. Turkey must accept the challenge of creating a high-quality education system which

generates more graduates with higher skills – regardless of their family backgrounds – to succeed in an increasingly complex, competitive, and global labor market. Its teachers must be as effective as those in other OECD countries in raising every student's learning even those from disadvantaged circumstances" (Owings et al. 2012).

Some other conclusions are as follows:

- Traditional education policies have been failed in Turkey, and ongoing education reforms need time to deliver its fruits.
- Although Turkey has an enormous success in sustaining a higher growth rate, improving health sector, building new highways and railroads, supporting R&D activities of scientific institutions, and transforming the urban areas, it could not offer a similar performance in the field of education.
- As education is among the most vital issues the country has to encounter, policy-makers need to develop innovative policies and measures.
- Highly centralized education system and school governance are a major factor for the policy failure in Turkey.

## Appendices: Some Figures About Turkish Education

See Table 5.

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 5** Six dimensions of Turkish education system

| # | List of key indicators | Turkey | Average or total | Min | Max |
|---|---|---|---|---|---|
| **Background information** | | | | | |
| *Political context* | | | | | |
| 1 | Public expenditure on education as a percentage of GDP, 2010 (EAG 2013) | m | 5.8% | 3.8% | 8.8% |
| *Economy* | | | | | |
| 2 | GDP per capita, 2010, in equivalent USD converted using PPPs (EAG 2013) | 15,775 | | 15,195 | 84,672 |
| 3 | GDP growth 2011 (OECD National Accounts) | 8.5% | 1.8% | −7.1% | 8.5% |
| *Society* | | | | | |
| 4 | Population density, inhab/km$^2$, 2010 (OECD Statistics) | 94.3 | 138 | 2.9 | 492 |
| 5 | Young people, aged less than 15, 2010 (OECD Statistics) | 25.8% | 17.3% | 13% | 28.1% |
| 6 | Foreign-born population, 2009 (OECD Statistics) | m | 14.1% | 0.8% | 36.9% |
| **Education outcomes** | | | | | |
| 7 | Mean reading performance (PISA 2009) | 464 | 493 | 425 | 539 |
| 8 | Change in mean reading performance, 2000–2009 (PISA 2009) | m | 1 | −31 | 40 |
| 9 | Change in mean mathematics performance, 2003–2009 (PISA 2009) | 22 | 0 | −24 | 33 |
| 10 | Change in mean science performance, 2006–2009 (PISA 2009) | 30 | 3 | −12 | 30 |
| 11 | Enrollment rates in early childhood education and primary education, ages 3 and 4, 2011 (EAG 2013) | 11.6% | 74.4% | 11.6% | 98% |
| 12 | Population that has attained below upper secondary education, 25–64 year-olds, 2011 (EAG 2013) | 68% | 25% | 7% | 68% |
| 13 | Population that has attained at least upper secondary education, 25–34 year-olds, 2011 (EAG 2013) | 43% | 82% | 43% | 98% |
| 14 | Population that has attained tertiary education, 25–34 year-olds (EAG 2013) | 19% | 39% | 19% | 64% |
| 15 | Population whose highest level of education is vocational upper secondary or post-secondary non-tertiary, 2011 (EAG 2013) | 8.4% | 33.5% | 8.4% | 73.9% |

(continued)

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 5** (continued)

| # | List of key indicators | Turkey | Average or total | Min | Max |
|---|---|---|---|---|---|
| | ***Unemployment rates, 25–64 year-olds, 2011 (EAG 2013)*** | | | | |
| 16 | Below upper secondary | 8.4% | 12.6% | 2.7% | 39.3% |
| | Upper secondary and post-secondary non-tertiary | 8.9% | 7.3% | 2.2% | 19.2% |
| | Tertiary education | 7.6% | 4.8% | 1.5% | 12.8% |
| **Students: raising outcomes** | | | | | |
| *Policy lever 1: equity and quality* | | | | | |
| 17 | First age of selection in the education system (PISA 2009) | 11 | 14 | 10 | 16 |
| 18 | Proficiency levels on the reading scale (PISA 2009) | | | | |
| | Students below level 2 | 24.5% | 18.8% | 5.8% | 40.1% |
| | Students at level 5 or above | 1.9% | 7.6% | 0.4% | 15.7% |
| | ***Between- and within-school variance in reading performance (PISA 2009)*** | | | | |
| 19 | Between schools | 6,536 | 3,616 | 665 | 6,695 |
| | Within schools | 3,245 | 5,591 | 2,795 | 8,290 |
| 20 | Students reporting that they have repeated at least a grade in primary, lower secondary, or upper secondary schools (PISA 2009) | 13% | 13% | 0% | 36.9% |
| 21 | Variance in student performance explained by student socioeconomic status (PISA 2009) | 19% | 14% | 6% | 26% |
| 22 | Difference in reading performance between native students and students with an immigrant background, after accounting for socioeconomic status (PISA 2009) | m | 27 | −17.0 | 85.0 |
| 23 | Gender differences in student performance on the reading scale (PISA 2009) | −43 | −39 | −55 | −22 |
| *Policy lever 2: preparing students for the future* | | | | | |
| 24 | ***Upper secondary graduation rates, 2011 (EAG 2013)*** | | | | |
| | General programs | 31% | 50% | 18% | 82% |
| | Prevocational/vocational programs | 25% | 47% | 4% | 99% |
| 25 | Change in upper secondary graduation rates (average annual growth rate 1995–2011) (EAG 2013) | 2.6% | 0.6% | −1% | 3.6% |
| 26 | ***Graduation rates, first-time graduates, 2011 {EAG 2013)*** | | | | |
| | Tertiary-type 5A | 23% | 40% | 21% | 60% |
| | Tertiary-type 5B | 17% | 11% | 0% | 29% |
| | Tertiary-type SAi average annual growth rate 1995–2011) | 8.2% | 4% | −1% | 11% |
| | Tertiary-type 5B (average annual growth rate 1995–2011) | 12.7% | 0% | −20% | 14% |
| 27 | Youth population not in education, employment, or training 15–29-year-olds, 2011 (EAG 2013) | 34.6% | 15.8% | 6.9% | 34.6° |
| **Institutions: improving schools** | | | | | |
| *Policy lever 3: school improvement* | | | | | |
| 28 | Index of teacher-student relations based on students' reports (PISA 2009) | 0.44 | 0 | −0.42 | 0.44 |
| 29 | Index of disciplinary climate based on students' reports (PISA 2009) | 0.03 | 0 | −0.40 | 0.75 |
| 30 | ***Teachers younger than 40 years old, 2011 (EAG 2013)*** | | | | |
| | Primary education | m | 41% | 15% | 60% |
| | Lower secondary education | m | 39% | 11% | 56% |
| | Upper secondary education | m | 34% | 7% | 47% |
| 31 | ***Number of teaching hours per year in public institutions, 2011 (EAG 2013)*** | | | | |
| | Primary education | 639 | 790 | 589 | 1,120 |
| | Lower secondary education | a | 709 | 415 | 1,120 |
| | Upper secondary education | 567 | 664 | 369 | 1,120 |

(continued)

P

**Public Policy in Turkey: Success and Failure in Education Reform Policies, Table 5** (continued)

| # | List of key indicators | Turkey | Average or total | Min | Max |
|---|---|---|---|---|---|
| 32 | ***Ratio of teachers' salaries to earnings for full-time, full-year adult workers with tertiary education, 2011 (EAG 2013)*** | | | | |
| | Primary education | m | 0.82 | 0.44 | 1.34 |
| | Lower secondary education | m | 0.85 | 0.44 | 1.34 |
| | Upper secondary education | m | 0.89 | 0.44 | 1.40 |
| 33 | Change in teachers' salaries between 2000 and 2011 in lower secondary education (2000 = 100) (EAG 2013) | 8.16% | 16% | −9% | 103% |
| 34 | Impact of teacher appraisal and feedback upon teaching, 2007–2008 (TALIS 2008) | 33.3% | 33.9% | 10.9% | 69.1% |
| 35 | Teachers who wanted to participate in more development than they did in the previous 18 months, 2007–2008 (TALIS 2008) | 48.2% | 55% | 31% | 85% |
| 36 | School principals' views of their involvement in school matters, mean index (PISA 2009) | 0.31 | −0.02 | −1.29 | 1.03 |
| *Policy lever 4: evaluation and assessment to improve student outcomes* | | | | | |
| 37 | ***Assessment purposes (PISA 2009)*** | | | | |
| | To make decisions about students' retention or promotion | 71.4% | 78% | 1% | 100% |
| | To monitor the school progress from year to year | 33.9% | 77% | 35% | 98% |
| | To make judgements about teachers' effectiveness | 71.4% | 47% | 8% | 85% |
| | To identify aspects of instruction or the curriculum that could be improved | 55% | 77% | 47% | 98% |
| 38 | ***Frequency and source of teacher appraisal and feedback, 2007–2008 (TALIS 2008)*** | | | | |
| | Once every 2 years or less | 29.9% | 35.8% | 13.8% | 65.6% |
| | At least once per year | 57.8% | 52.2% | 27.6% | 68.6% |
| | Monthly or more than once per month | 12.4% | 12% | 3.3% | 29.8% |
| **Systems: organizing the system** | | | | | |
| *Policy lever 5: governance* | | | | | |
| 39 | ***Decisions taken at each level of government in public lower secondary education, 2011 (EAG 2012)*** | | | | |
| | Central or state government | 61% | 36% | 0% | 87% |
| | Regional or subregional government | 20% | 6% | 0% | 36% |
| | Local government | m | 17% | 4% | 100% |
| | School government | 19% | 41% | 5% | 86% |
| *Policy lever 6: funding* | | | | | |
| 40 | ***Annual expenditure per student by educational institutions, for all services, in equivalent USD converted using PPPs for GDP, 2010 (EAG 2013)*** | | | | |
| | Preprimary education | 2,490 | 6,762 | 2,280 | 20,958 |
| | Primary education | 1,860 | 7,974 | 1,860 | 21,240 |
| | Secondary education | 2,470 | 9,014 | 2,470 | 17,633 |
| | Tertiary education | m | 13,528 | 6,501 | 25,576 |
| 41 | ***Relative proportions of public and private expenditure on educational institutions, 2010 (EAG 2013)*** | | | | |
| | Public sources | m | 83.6% | 57.9% | 97.6% |
| | All private sources | m | 16.4% | 2.4% | 42.1% |
| | Public sources, index of change in expenditure on educational institutions (2000–2010) | m | 136 | 101 | 195 |
| | All private sources, index of change in expenditure on educational institutions (2000–2010) | m | 211 | 104 | 790 |

Source: OECD (2013: 20–22)

## References


Aksit N (2007) Educational reform in Turkey. Int J Educ Dev 27:129–137

Altinyelken HK, Çayır K, Agirdag O (2015) Turkey at a crossroads: critical debates and issues in education. Comp Educ 51(4):473–483

Bolaji SD, Gray JR, Campbell-Evans G (2015) Why do policies fail in Nigeria? J Educ Soc Policy 2(5): 57–66

Buyruk H (2015) Current developments in school education in Turkey: education 'Reforms' and teacher trade union responses. Forum 57(2):147–165, www.wwwords.co.uk/FORUM

Çelik Z, Gür BS (2013) Turkey's education policy during the AK party era (2002–2013). Insights Turk 15(4/2):151–176

Coelho M, Ratnoo V, Dellepiane S (2015) Political economy of policy failure and institutional reform: a review of the academic literature. Institute for Government, London

ETF (European Training Foundation) (2007) The challenge of policy implementation: a comparative analysis of vocational school reforms in Albania, Kosovo and Turkey. Luxembourg, Peer Learning

Fotaki M (2010) Why do public policies fail so often? Exploring health policy-making as an imaginary and symbolic construction. Organization 17(6):703–720

Haddad WD, Demsky Y (1995) Education policy-planning process: an applied framework. UNESCO, Paris

Koca C (2009) Gender interaction in coed physical education: a study in Turkey, Adolescence. Spring 44(173): 165–185

Mantino F (2013) Why policies fail? An institutional model explaining success and failure factors of rural development policies in Europe. XXVth ESRS Congress, 29 July – 1 August 2013 in Florence

Mayhew R (2015) Three reasons why policy implementation might fail. http://work.chron.com/three-reasons-policy-implementation-might-fail-23754.html

Mc Connell A (2010) Policy success, policy failure and grey areas in-between. Inl Publ Pol 30(3):345–362

McConnell A (2014) Why do policies fail? A starting point for exploration. Paper presented at Political Studies Association 64th annual international conference, 14–16, April, Manchester

OECD (2013) Education policy outlook: Turkey. OECD, Paris

Owings WA, Kaplan LS, Pirim Z (2012) Education as an investment in Turkey's human capital: a work in progress. Eurasian J Bus Econ 5(10):45–70

Simsek H, Yildirim A (2004) Turkey: innovation and tradition. In: Rotberg I (ed) Global education reform: balancing change and tradition, Chapter 7. Rowman & Littlefield, Lanham, pp 153–186

Talim Terbiye Kurulu (2005) İlköğretim 1–5. Sınıf Programları Tanıtım El Kitabı. MEB, Ankara

Teodorovic J (2008) Why education policies fail: multiple streams model of policymaking. Zbornik Inst Pedagoska Istrazivanja 40(1):22–36

UNESCO (2010) Depravation and Marginalization in Education (DME). UNESCO, Paris, http://www.unesco.org/en/efareport/dme. 25 June 2012


# Public Policy-Making in Iran: A Shia Perspective


Mohammad Reza Atarodi
Imam Sadiq University, Tehran, Iran


## Synonyms

Religious policy-making

## Definition

| | |
|---|---|
| Public Policy: | "Anything a government chooses to do or not to do" (Dye 1992: 2). |
| **Public Policy-Making Process:** | The process of identifying one or more specific problems, finding alternatives to solve those problems, and then trying to select and implement one of those alternatives, and finally, assessing whether the implementation of that Policy has solved the problem or not (Lindblom 1968: 4). |

## Introduction

The political process and policy-making of Iran after the 1979 revolution has undergone fundamental changes. The revolution that came to power with the Islamic Republic slogan has been able to overcome the dictatorship of tyrannical kings and involve the people in decision-making and implementation. From the leadership level to members of the town and village councils, all Iranian officials are elected by direct or indirect

P

voting. This entry tries to examine the institutional framework of public policy-making in Iran and answer how fitness between public policy and the Shia rules occurs in the government of the Islamic Republic of Iran?

## Public Policy Actors

Public policy actors in Iran classify into legal and informal sections. Legal actors play a direct role in public policy-making, and their decisions shape public policies. Among the many actors, the leadership, the President, the Parliament, the supreme councils, the Guardian Council of the Constitution, and the Expediency Discernment Council have the most influence on the public policy-making process. Nevertheless, alongside these actors, informal actors, the most important of whom are the clergy, political leaders, and academic elites, influence policies.

## Supreme Leader

The leader is at the top of Iran's power structure. After the 1997 revolution, Iran's political system changed from a dictatorship to an Islamic theocracy. In the new model, the leader plays a crucial role in maintaining the rules of Islamic governance. The Constitution defines attributes for the leader, and the Assembly of Experts selects the leader based on those attributes. The Supreme Leader must try to ensure that the government does not deviate from its primary Islamic duties (Iranian Constitution, Introduction).

## President

The President is the second most powerful person in Iran after the leadership. He has many powers and, in addition to chairing the Cabinet, is also responsible for enforcing the Constitution. The President is elected by direct popular vote for a 4-year term. His consecutive election is possible only once.

## Cabinet

The Cabinet is formed under the chairmanship of the President. This Cabinet is the highest executive decision-making body in the country. At least 33 people, including 18 ministers, 12 vice presidents, the Cabinet secretary, the head of the Radio and Television, and the governor of the central bank, are the Cabinet members. Still, only the President and ministers have the right to vote and approve cabinet decisions.

## Parliament

The Iranian Parliament has excellent power in legislating and overseeing the government and the President. Members of Parliament are elected every 4 years by direct popular vote. Guardian Council of the Constitution must approve Candidates. The Parliament has 290 representatives. Deputies can legislate in all areas. If the Parliamentary approvals have no contradictions with the Shari'a, the Constitution's principles, and the leadership's macro-policies, they become law (Constitution of the Islamic Republic of Iran, Articles 62–65). The Parliament has a research center to provide expert opinions to representatives, commissions, and the board.

### Guardian Council of the Constitution

As Hans (1970) states, the most important guarantor of the Constitution's survival is creating an institutional mechanism to review the approvals of legislative authorities and confirm their compliance with the Constitution (Gorji and Ali 2019: 158). The Guardian Council of the Constitution has this responsibility in Iran. This council is modeled on the French Constitutional Council but differs significantly in membership, powers, and procedures. (Ibid: 154) Besides, the Constitution has defined other essential functions for this council (Karami 2015: 2): Interpretation of the Constitution (Nikonhad et al. 2017: 24), monitoring the presidential election And Parliament (Hashemi 2004: 180) and the compliance of parliamentary approvals with Shari'a and the principles of the Constitution (Karami 2015: 3).

### Expediency Discernment Council

As Hans (1970) states, the most important guarantor of the Constitution's survival is creating an institutional mechanism to review the approvals of legislative authorities and confirm their compliance with the Constitution (Gorji and Ali 2019: 158). The Expediency Council is an advisory body for leadership, especially in setting macro-policies (Faghihi 2015: 107). Another critical mission is to resolve the conflict between the Parliament and the Guardian Council (Article 112 of the Constitution). When the Guardian Council does not confirm the Parliament's approvals, the Parliament must resolve the Guardian Council's objections. If the Parliament is unwilling to amend its resolution, the final decision on that approval is with the Expediency Council (Rahmani 2012: 171).

## Political Parties

In Iran, political parties have not been able to function well. These parties do not have much influence in the policy-making process. Simultaneously, their leaders, who are usually agents and political officials, have influenced the decision-making process due to their power and personal connections.

## Public Policy Formation in Iran

Issues are on policy-makers' agenda whose priority is emphasized by the people, the media, the research results, or agents' insistence. In some cases, the tasks and requirements of previous policies or the results of the implementation of other policies cause the feeling of need for a new policy to be considered. Ordering in Parliament can be received in three ways:

1. **Legal bill**: It is sent to the Parliament for approval by the executive branch.
2. **Judicial bill**: The judiciary prepares this bill intending to approve the law on judicial affairs. Judicial bills must also be submitted to Parliament for approval after being approved by the Cabinet (Najafi and Mohseni 2005: 179–180).
3. **Proposal**: If at least 15 members of Parliament submit a proposal to the Presidium for approval in Parliament, that proposal will consider in the same way as the bills in the public policy-making process.

All bills and proposals will be sent to specialized parliamentary commissions for review. If the members receive a favorable vote in the specialized commission, they will be presented in the central court of the Parliament.

Parliamentary resolutions are sent to the Guardian Council to comply with the Constitution and Shari'a. If the Parliament's approval does not abide by the Constitution or the Shari'a, it will return to the Parliament for amendment. Members of Parliament can amend the approval based on the Guardian Council's opinion and then send it to the Guardian Council for reconsideration. However, if the Parliament members do not accept the Guardian Council's amendments, the members of the Expediency Discernment Council's final opinion will be considered law.

## Public Policy in Iran: How Are Policies Aligned with Shia Perspective?

The history of the adaptation of national policies to the Shari'a dates back to the Constitutional Revolution (1906). Article 2 of the constitutional amendment states that at least five jurists must be parliament members to reject a resolution that is against the Shari'a. However, this Constitution's article was never implemented in practice (Kia and Mohammad 2010: 188). After the 1979 revolution, two mechanisms were envisaged in the Constitution to bring policies in line with Shari'a. In the first mechanism, to keep the government's orientations in Sharia's same direction, the leadership institution was predicted at the top of the pyramid of power. The characteristics set by the Constitution for the leader are such that a person familiar with Shari'a's principles oversees all stages of policy-making. Since determining the macro-policies and

supervising the proper implementation of that policies is one of the leadership duties (Constitution, Article 110), the leadership must accept all approvals of the country's Supreme Councils.

The election of the leader is the responsibility of the Assembly of Experts. These experts are elected by direct popular vote for a term of 8 years. The second mechanism was the establishment of the Guardian Council of the Constitution. According to the Constitution, the Guardian Council must confirm that parliamentary resolutions comply with the Constitution and Shari'a (Solati 2013: 40–65).

## Conclusion

After the 1979 revolution, the Iranians decided to adapt their policy-making process to the rules of Shari'a. Iran's Constitution is based on Shia jurisprudence, but the revolutionaries devised mechanisms to ensure that the policy process was in line with Islamic law content. The two main mechanisms for achieving this goal are establishing an institution of religious leadership within a modern government framework and establishing the Council of Guardians of the Constitution. According to the Constitution, the supreme leader has to formulate macro-policies to present Sharia's national governance spirit. The Guardian Council of the Constitution also has to prevent the development of policies contrary to Shia rules.

## References

Dye TR (1992) Understanding public policy. Prentice-Hall, Englewood Cliffs

Faghihi F (2015) Principles of decision-making in the policy-making and legislative whit emphasizing the Islamic Republic of Iran's governance. Islamic Revol Res 3(10):95–124

Gorji A, Ali A (2019) The Guardian Council as protector of the constitution. Quart J Legal Res 82:153–180

Hans K (1970) Pure theory of law (trans: Max Knight). University of California Press

Hashemi M (2004) The Guardian Council's supervision is disciplinary, neither approving nor exploitative. Human Sci Modares 31:179–190

Karami R (2015) Analysis of the process of religious supervision of the Guardian Council on parliamentary approvals. Public Law Knowl Quart 90:1–26

Kia D, Mohammad H (2010) A study of the implementation of the second principle of the constitutional amendment. Stud Islamic Revol 5(16):179–210

Lindblom CE (1968) The policy-making process. Prentice-Hall, Englewood Cliffs

Najafi M, Mohseni F (2005) Constitutional law of the Islamic Republic of Iran. Al-Huda International Publications, Tehran

Nikonhad H, Asghari MR, Ayneh Negini H (2017) The Guardian Council's interpretive approach to the constitution in the first period of activity. Legal Knowl Quart 14:23–46

Rahmani M (2012) Jurisprudential principles of the Expediency Discernment Council. Islamic Govern 12(1): 169–190

Solati I (2013) A comparative study of the functioning of the Guardian Council and the US Federal Supreme Court from the perspective of conformity of ordinary laws with the Constitution, Shiraz University Master's Thesis

# Public Procurement

Saeed Siyal and Chunlin Xin
School of Economics and Management, Beijing University of Chemical Technology,
Beijing, PR China

## Synonyms

Government; Procurement; Purchases

## Definitions

**Public procurement** refers to the process of purchasing of goods, services and works by the governments as well as the enterprises which are owned by the state.

## Introduction: What Is Public Procurement?

The term public procurement is self-explanatory by itself, as it is clear from its meaning wherein the

public means government and procurement means buying or purchasing. Hence, public procurement maybe referred as a process or system by which the public organizations procure or purchase products in the form of goods, services, or sometimes the combination of goods and services (Thai 2001). Besides, it accounts and interprets the required goods and services proportion as per the overall demand. Scholars also define it as an activity to assess, buy, and receive products, works, and services. This activity is called public when performed by public organizations or in the name of public organizations or funded by them (Adotévi 2004). The supply function within the private firms is concerned with managing the timely delivery of the products and services via a specific supply chain process which is cost-effective and feasible.

Government and the enterprises owned by state procure a wide series of the goods and services as well as get their work from the private sectors which range from the basic equipments of the computers to the construction of buildings and roads. Public procurement is one of the crucial economic activities of the government which characterize a substantial part of its GDP, thereby resulting in the massive financial drifts, which estimates about 10–15% of the GDP across the globe (OECD 2005). It is acknowledged by OECD (2007) as one of the public activities which is most prone to corruption. Being a major interface among the government and private organizations, it gives to both the actors several prospects of distracting the funds of the government for their personal matters (Beth 2007).

About 40–50% of the several economies of the world are represented by their expenditure to provide services and purchases form the private firms. The states like Singapore spend its 18% of economy, whereas the other emerging economies are likely to spend up to 80% of their economies. Although the public procurement is very important, so far it is one of the ignored and underresearched topics up till now (Walker and Brammer 2009), as compared to the procurement of the private firms despite having the same meaning and concepts in the context of scientific phenomenon. Although both the types have similar rules and regulations in terms of function as they have to procure the products and services, in fact they differ from each other (Knight et al. 2012). The main difference among the public and private procurement is identified as the link between both of them (Thai 2008). In addition, the public procurement performs the task to accomplish the social, ecological, and supplementary benefits in their procurement in order to fulfill the duties of government toward the society (Walker and Brammer 2009).

Though public procurement is believed to be an apparently key role of the government, the huge attention has also been given by the public bodies, policy makers, and professionals of public procurement in order to develop and bring reforms in it. Despite all this, it is less studied area in academic and research perspective. Hence, not a single school from the members of the "National Association of Schools of Public Affairs and Administration" is offering the degree programs in public procurement, although more than 103 institutions including universities and colleges have certificate programs in public procurement besides they also offer courses of public procurement in their bachelor, master, and doctoral programs in business administration and related majors of management sciences (Anonymous 2000).

The domain of public procurement owes a long history which is somewhat written on a table made of red clay found in Syria. It shows the pioneer procurement activities dated between 2400 and 2800 B.C. The details of the procurement illustrate "50 jars of the fragranced oil having weight about 600 in grains" (Coe 1989, p. 87). Additionally, some other historical evidences from 800 B.C. have also been found related to procurement which include the silk trade among China and Greek. Evidences from the USA represent the predated procurement of municipal government than that of the state or central government (Page 1980). To cope with the colonies and disbursements, printing had been one of the services of the state. The governments of that time had no any professional officials of procurement; instead they used to get the required products and

services from the commissioners by paying them the commission for their services and delivery. Later in 1810, Oklahoma became the pioneer state to take the initiative of creating a board committee for procurement required by all of its departments and agencies.

## Main Principles of Public Procurement

There are five main principles which underpin the process of procurement; each one of them is discussed below. Refer to Fig. 1 for better understanding of all the five principles.

### Value for Money (VFM)

It is the most imperative principle of procurement which involves the contemplation of public organizations to contribute for development of their policies, rules, and priorities during the time when they are getting the best payback and results against the expenditure (Bauld and McGuinness 2006). At certain times, the states are at their liberty in order to consider some other measures rather than the lowest cost, for instance, the technical skills, educational qualification of the strategic employees, and prior records of performance in conferring contracts to the suppliers (Qiao and Cummings 2003). These things may cost the governments more but will also give more benefits and improved performance. There are some barriers which cause hindrances in attaining the VFM; these include weak central organizations, politics, customs, norms and traditions, and dearth of programs related to education and training (Palmer and Butt 1985). Overcoming these challenges will be useful in achieving the VFM.

### Ethics

Ethics is also one of the significant principles of public procurement, due to the reason that the professionals of procurement are expected to follow the ethical conduct to a greater extent as compared to other professionals (Atkinson 2003). Some of the professionals are still unaware of this, which may cause serious issues such as breaches in the related code of conduct. Atkinson (2003) mentions that 500,000 professionals of procurement exist in the markets of the USA, but only 10% of them are the members of professional association which conducts trainings in ethics of procurement. The rest of the 90% are unaware of the ethics in procurement and the legal standards which are involved in the process of procurement.

Recently, the developments in developed states like the USA, UK, and others have declared that contributing financially for the funds of party and parliament members has been established and become prevalent practices in the developed as

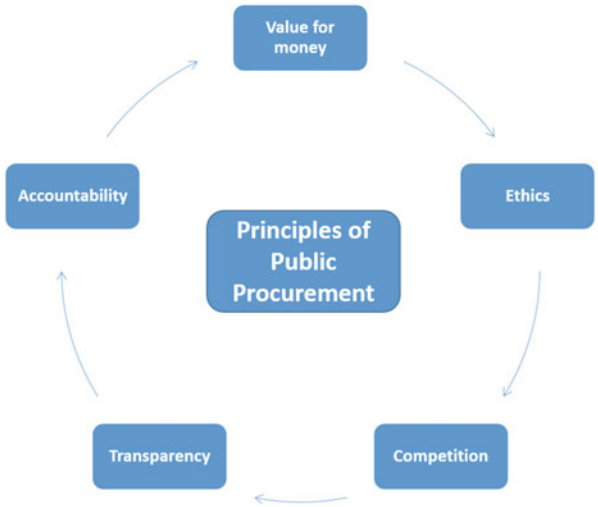


**Public Procurement, Fig. 1** Principles of public procurement

well as developing states (Rege 2001). Yet, the issue of corruption related to procurement has been more serious for the developing states as compared to the developed ones, as they have taken and are still taking certain measures to control it. A report by World Bank shows that every year the corruption reaches over $ 1 million which accounts nearly 12% of the GDP of countries like Nigeria, Kenya, Venezuela, Bangladesh, India, and Sri Lanka. This huge corruption is caused due to the high poverty rate, and rule of law is enforced so poorly in these countries which makes the public procurement more prone to corruption (Nwabuzor 2005). There is a great need to take serious measure to have control over corruption and minimize it to the lowest. However, some states like Sweden, Switzerland, Austria, Netherlands, and Australia seem to have a very good control over corruption and unlike involvement in it, while Bangladesh is reported as the most corrupt country of the world as compared to others (Tandoor 2004). An effective and efficient benchmark needs to be developed as global solution for the ethical dilemma for international code of ethics in the international market.

### Competition

Majority of the products and services are purchased by means of this competitive tendering. For instance, if the ports authority is in need of procurement of gantry cranes, at first it will advertise with all the technical requirements and give a call for bids from the relevant suppliers. After that they start receiving bids which are handed over to the tender board for evaluating the bids if they fulfill their requirements or not. There is a great competition in all this procedure. The credibility of the suppliers and cost seem to be very important for winning the tenders; after evaluation of all the bids, the tender is awarded to the most competitive and credible supplier. This process of competitive tendering reduces the chances of favoritism, corruption, and fraud. In addition, it encourages and enhances the participation of more suppliers, and that high competition leads to the reduction in cost and improvement in the quality of the products and services (Erridge et al. 1999).

### Transparency

Transparency refers to openness of the system which makes it very important for the process of procurement. It is also an essential aspect to ensure accountability and minimize corruption. Transparency, being the core value of governance, has increased eminence in the OECD states and close association in rising the agenda of the government (Deighton-Smith 2004). Public procurement is an area which is surrounded by the widespread corruption in both the developed and developing states. The corruption not only involves the procurement professionals who make the decisions, but the ministers and political parties are also involved in that. To minimize all these activities, transparency plays an important role and adheres the governments to raise their standards of conduct and rule of law and ensures its openness to scrutiny (Deighton-Smith 2004). It also assures both the domestic and international investors for the fair award of tenders and contracts. Dearth of transparency in all markets and missing of the info about rule of law, principles, and practices act as the barriers and cause hindrances in trade, and foreign suppliers get more affected as compared to the local suppliers (Arrowsmith 2003).

### Accountability

The accountability isn't only applicable to the public sector organizations (Barrett 2000), but it also applies on the private organizations and keeps them accountable to their respective stakeholders for all the financial transactions (Hughes 2003). Employees in public organizations usually face political influence in performing their responsibilities and implementing them, whereas the private sector has to pay attention to mechanism of markets they are working with (Stewart 1999). Both the sectors differ in the context of influence, but the principle of accountability applies to both of them equally. The accountability, being an imperative principle of public procurement, is followed at both the levels (i.e., national as well as international). Internationally, the governments often have involvement in the activities of trading, purchase of products and services, aid matters which include both give and get, and play the

diplomatic roles in other states (Department of Foreign Affairs and Trade 2006). This conduct leads to financial risk and also creates the issues in accountability. While the scenario for the national level is quite different from that of the international, here the managers in public sector organizations have to face the situations which are more competitive than before. They also have to deal with the public which always demands accountability and better services and products (Gunasekaran 2005).

## Policies of Public Procurement: Why Do They Matter?

This part mainly outlines and builds the framework of relevance and application of public procurement in the context of economic, social, and environmental perspective; besides it also discusses the ways of integration of issues regarding the sustainability and innovation into public procurement. This will increase the understanding of the policies of public procurement and their relevance to the sustainability and innovation.

## Impact of Public Procurement: A Broader View Ahead

Generally, public procurement is observed to spend for works, products, and services required. Government has the responsibility to regulate and control the execution of public procurement in accordance with its rule of law and principles. By these, they might also need certain goals and objectives as the secondary ones and account them in the public procurement likewise the European Union. These rules of law and principles are applicable on a broader level as compared to the direct government spending unaccompanied.

The expenditure of the government is huge and noteworthy. The estimated expenditure on public procurement in Europe is about €2 trillion every year (European Commission 2011; Procurement of Innovation Platform 2014). In general, it is about 15–20% of GDP, whereas 40–90% of budget of the public is consumed on the purchase of products, services, and other works (European Commission 2016). Consequently, these absolute budgets enable governments to use the power of their markets to get the economic, social, as well as environmental results and upshots directly; besides it also arouses the marketplace to yield and consume in a sustainable and innovative manner (ICLEI and Clement 2007).

Thus, the policies of public procurement which boost up the governments to get involved in stability and innovation are becoming more crucial in addressing technical advancements and challenges in socioeconomic perspective (Lember et al. 2013; Rolfstam 2013). The primary goal of the public procurement is to accomplish value for money in the perspective of cost and quality, while the impact to supplementary goals of the policies is recognized as the secondary goal of the public procurement policies.

## Sustainable and Innovative Public Procurement Policies

These polices have been in practice national and local levels; besides numerous organizations are also executing these policies to engage themselves toward attaining sustainability and innovation. This operationalization probably brings in benefits and paybacks to the national governments in several ways around. At first, it brings in the financial paybacks. A report by the UK's Office of Government Commerce (2011) confirmed that in execution of these policies in public procurement, the value of money can easily achieved by the optimal combination of prices of life cycle and quality so as to cope with the needs of the public. Additionally, the effectiveness of cost can also be brought in by implementing the sustainable policies, specifically when the cost of whole life is being accounted for (United Nations and Kjöllerström 2008; European Commission 2011).

Furthermore, execution of the sustainable and innovative policies has also been contributing in terms of accomplishment of the environmental as well as social goals and objectives (Sustainable

Procurement Task Force 2006; European Parliament et al. 2010). The governments get huge support in attaining their goals and objectives in terms of transnational agreements, for instance, the Paris Agreement in 2015, and refining their image in the eyes of public or common people (Procurement of Innovation Platform 2014). Overall, these paybacks and contributions of the sustainable and innovative policies of public procurement help to trigger and initiate the governments to govern as specimen and example for other states to follow.

## Barriers to Implement the Sustainable and Innovative Policies of Public Procurement

There are some barriers which restrict the policies of public procurement to be implemented effectively; first, aversion of risk, dearth of skills and competence, as well as inadequate resources (UNEP 2013). Secondly, there occurs hindrance in implementation of the public procurement policies due to the reason that they are usually reflected as a responsibility related to economic and administrative side. Therefore, these policies are not aligned with a broader functioning to accomplish the desired goals and objectives (Procurement of Innovation Platform 2014). In addition, the national governments perceive the implementation of these policies to be expensive for them (European Commission 2015). Thirdly, deficiency of the political obligation and assurance along with the technical capability of the governments to effective application of such policies may also act as a barrier (United Nations and Kjöllerström 2008).

## Implementing Public Procurement Policies

Regardless of these barriers which cause hindrances in the implementation of these policies, the governments are actively taking part for the proper and effective application of such policies by several means varying from the legal chucks to soft recommendations for practice so as to implement effectively and efficiently. For instance, it has been very important to consider other perspectives along with the price in contract awarding criteria in European Union, which make the purchasing agencies to identify other measures including quality used (European Directives 2014). Additionally, some legal procedures may also sometimes be useful to maintain sustainability at certain level. It is clearer and understandable to assume that enactment of policy objectives and goals in different perspectives via public procurement in different ways in order to define the policy goals have variations in the outcomes, as the situations may also vary depending upon the countries (Knight et al. 2004). Hence, the countries learn from the implementing styles of other countries and their consequences, which may be a lesson for them.

## Forms of Public Procurement

Public procurement that assumes innovation as its strategy in the policies of innovation is probable to appear in diverse forms which can be differentiated in a comparative mode. There are three main forms of public procurement in this perspective which are discussed as follows.

### General Versus Strategic Procurement

Procurement within the states can be distinguished in two main levels. The first level is usually structured in such a form to make the innovation as basic criterion in each of their tender call and evaluation of its documents at a later stage. Currently, it is often practiced in the UK and rarely in other states. This makes the central offices solely responsible for procurement and its consequences. These are under the control of ministry of interior and finance rather than the ministry dealing with innovation policies. The second level is the strategic procurement which takes place in the situations when the need of technology, goods, and services rises so as to boost up the market. Being related to sectorial policy, it's not interfered or in coordination with the ministry dealing with the innovation.

The systematic application of both these forms of public procurement requires actions and

functionalities in coordination among the several ministries and establishments dealing with public procurement along with their set targets, goals, and the structure of incentives offered in return.

### State Procurement in Connection with Private Users

Some strategies in procurement process don't only exist to meet the needs and accomplish the operationalization of the countries, they are also meant to provide support and livelihood to the private sellers and contractors (Rothwell 1984). This process leads to the occurrence of cooperative procurement in which both agencies, government and private buyers, procure and use the innovations jointly. Hence, they take the joint benefit from the innovations procured from either side, which saves the money of both agencies, and cause a mutual benefit for government agencies as well as private purchasers. In addition, it increases the availability of recent innovations which are useful for both of them.

### Commercial Versus Pre-commercial Procurement

The yearning and aspiration to practice procurement to bring innovation has always led the states to take new and innovative initiative to cope with this modern era of globalization, particularly in European countries, who have been leading in more differentiating the approaches of public procurement. The main idea behind this form of public procurement points out the innovative goods and services which require further research and development (R&D). Hence, the high-tech risk which may occur in R&D is mutually shared by the buyers and suppliers. Theoretically, it gives the idea about the current position of potential manufacturers endeavoring to go ahead of the pre-commercial phase, which means that the goods and services being provided are not available in stock but they are produced on demand base. But practically, the word procurement refers to the R&D amenity agreement that is made with the future suppliers in a process of multiple phases, ranging from assessment and viability to R&D, tests of the first consignments in the field leading to their commercialization.

## Concept and Goals of Public Procurement

Public procurement has been acknowledged as the central and fundamental mechanism to assure the public resources management as proficient and free of corruption. To do so, recently the concerned officials have intensely changed and played a significant part to meet the demands of the current times. The earlier governments of law and order and public security along with the major projects in civil, employers, buyers, and sometimes the suppliers also procure the products and services and have stated the public procurement as an ideal system (UNOPS 2011). According to Lloyd and McCue (2004), all of the deals of the government comprise of the purchasing of products and services from the commencement of the process and pinpoint the needs of implication of the contract. Narrowly speaking, public procurement is all about awarding the contract to an appropriate and potential supplier who can accomplish it efficiently and effectively, while in a broader sense, it consists of all the administrative practices ranging from decision of awarding and terminating of the contracts (Arrowsmith 2005). Arrowsmith et al. (2010) have categorized eight main objectives of the public procurement differing in significance on the basis of the system:

- Efficiency – effectiveness in getting necessary goods, works, and services
- Integrity – away from corruption and clashes
- Effectively executing the objectives related to industries, social, as well as environment in the perspective of procurement
- Internationalization of the public markets
- Making the process of public procurement more efficient and effective
- Providing equal opportunities
- Fair dealing for the suppliers
- Rational conduct of providers

## Conclusion

Public procurement is a means to accomplish the policy goals of the government and procure good, services, and works in an efficient and

cost-effective way. Despite some barriers, there are certain principles of the public procurement which make it easier to follow without any hindrance and bias. The policies of public procurement are being well implemented in developed states, while the developing states are still endeavoring to implement properly.

## References


Adotévi S (2004) Public procurement performance. International Public Procurement conference proceedings, 2004, vol 3

Anonymous (2000, June 24) A survey of government and the Internet. The Economists, 1–34

Arrowsmith S (2003) Transparency in government procurement: the objectives of regulation and the boundaries of the World Trade Organization. J World Trade 37(2):283–303

Arrowsmith S (2005) The law of public and utilities procurement, vol 2. Sweet & Maxwell, London

Arrowsmith S, Faustino PB, Heuninckx B, Treumer S (2010) EU public procurement law: an introduction. University of Nottingham

Atkinson W (2003) New buying tools present different ethical challenges. Purchasing 132(4):27–30

Barrett P (2000) Balancing accountability and efficiency in a more competitive public sector environment. Australian Journal of Public Administration 59(3): 58–71

Bauld S, McGuinness K (2006) Value for money. Summit 9(1):20–21

Beth E (2007) Integrity in public procurement: good practice from A to Z. Organization for Economic Co-operation and Development (OECD)

Coe CK (1989) Public financial management. Prentice Hall, Englewood Cliff

Deighton-Smith R (2004) Regulatory transparency in OECD countries: overview, trends and challenges. Aust J Public Adm 63(1):66–73

Department of Foreign Affairs and Trade (2006). www.dfat.gov.au. Accessed 30 May 2019

Erridge A, Fee R, McIlroy J (1999) An assessment of competitive tendering using transaction cost analysis. Public Money Manag 19(3):37–42

European Commission (2011) Buying green: a handbook on green public procurement. European Union, Brussels

European Commission (2015). Barriers to the Take-up of GPP. [Online]. Available at http://ec.europa.eu/environment/gpp/barriers_en.htm

European Commission (2016) International public procurement. [Online]. http://ec.europa.eu/growth/singlemarket/public-procurement/international/index_en.htm

European Directives (2014) Directive 2014/24/EU. Official Journal of the European Union, L 94/65-242

European Parliament, Rösenkotter A, Wuersig T (2010) The impact of the Lisbon treaty in the field of public procurement. Brussels, Belgium

Gunasekaran A (2005) Benchmarking in public sector organizations. Benchmark Int J 12(4):289–292

Hughes J (2003) Accountability rules. Supply Manag 8(4):17–17

ICLEI, Clement S (2007) The Procura+ Manual – a guide to cost-effective sustainable public procurement. Freiburg. ICLEI – Local Governments for Sustainability, European Secretariat Gino Van Begin (responsible).

Knight L, Caldwell N, Harland C, Telgen J (2004) Government reform and public procurement: academic report of the first workshop. Centre for Research in Strategic Purchasing and Supply, University of Bath School of Management, Bath

Knight L, Harland C, Telgen J, Thai KV, Callender G, McKen K (2012) Public procurement: international cases and commentary. Routledge

Lember V, Kattel R, Kalvet T (2013) Public procurement, innovation and policy: international perspectives. Springer

Lloyd RE, McCue CP (2004) What is public procurement? Definitional problems and implications. Paper presented at the international public procurement conference proceedings

Nwabuzor A (2005) Corruption and development: new initiatives in economic openness and strengthened rule of law. J Bus Ethics 59(1–2):121–138

OECD (2005) Public sector integrity: a framework for assessment. OECD Publishing, Paris

OECD (2007) Integrity in public procurement. Good practice A-Z. Organization for Economic Cooperation and Development

Page HR (1980) Public purchasing and materials management. D. C. Heath and Company, Lexington

Palmer RD, Butt AH (1985) Value for money in the public sector, the decision makers guide. Basil Blackwell, Oxford

Procurement of Innovation Platform (2014) Guidance for public authorities on public procurement of innovation. Freiburg, ICLEI – Local Governments for Sustainability (Project coordinator)

Qiao Y, Cummings G (2003) The use of qualifications-based selection in public procurement: a survey research. J Public Procurement 3(2):215–249

Rege V (2001) Transparency in government procurement issues of concern and interest to developing countries. J World Trade 35(4):489–515

Rolfstam M (2013) Public procurement and innovation. Edward Elgar

Rothwell R (1984) Technology-based small firms and regional innovation potential: the role of public procurement. J Public Policy 4(4):307–332

Stewart J (1999) Research note: purchaser-provider–are the purchasers ready for it? Aust J Public Adm 58(4):105–109

Sustainable Procurement Task Force (2006) Procuring the future – sustainable procurement national action plan.

Department for Environment, Food and Rural Affairs, London
Tandoor RK (2004) Construction and corruption in developing regions. AACE Int Trans, IN71, 68–71
Thai KV (2001) Public procurement re-examined. J Public Procurement 1(1):9–50
Thai KV (2008) International handbook of public procurement. CRC Press
UNEP (2013) Sustainable public procurement: a global view. United Nations Environment Programme, Paris
United Nations, Kjöllerström M (2008) Public procurement as a tool for promoting more sustainable consumption and production patterns. United Nations Department of Economic and Social Affairs, New York
UNOPS (2011) Transparency and public procurement, Supplement to the Annual Statistical Report on United Nations Procurement. https://www.undp.org/content/dam/undp/library/corporate/Executive%20Board/2012/second-regular-session/English/2011_supplement_transparency.pdf. Accessed July, 2012
Walker H, Brammer S (2009) Sustainable procurement in the United Kingdom public sector. Supply Chain Manag 14(2):128–137

# Public Procurement and Accountability

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

## Synonyms

Legitimacy of public procurement projects; Transparency

## Definition

An accountable public procurement function "encompasses the idea of conducting public procurement in a manner that can be traced and defended, is transparent and consistent, satisfies and manages stakeholders' expectations, is fair and equitable, and follows ethical norms set within organizational and societal contexts in order to maximize the benefit obtained from spending public funds" (Diggs and Roman 2012, p. 298).

## Introduction

As a matter of legitimacy in the public sector enterprise (Atkinson 2017b), the accountability and transparency of administrative processes has been essential. This is especially apparent in the case of public procurement, which features aspects that are essentially business-like and market-based, while at the same time requiring consistency and fairness, competitiveness, and attention to socioeconomic programs, as well as checks on power and authority, in a manner that is more representative of government priorities. As public procurement is asked to serve more purposes beyond acquiring products and services at best cost, the role of public procurement becomes pronounced and prominent, moving well beyond a simple back-office government support function.

The public procurement function exists as an especially public interface with interests beyond the walls of government. Because government procurement outlays in contracts and purchases are great expenditures of taxpayer resources, public procurement is often seen as a locus of fraud and corruption (Rustiarini et al. 2019). Whether this fraud is real or perceived, the existence of instances of corruption in public expenditure are ongoing examples of critical failure and abuse of the public trust. The function is precariously placed as a power center, a protector of the public interest – even acting in a proxy role of the taxpayer in demanding the best possible deal, and an indispensable resource for the function of government agencies.

In times when the legitimacy of the public sector is regularly challenged, the role of public procurement in both instrumental and symbolic terms may tend to take on heightened importance. An accountable public purchasing function may be emblematic of government deserving of public trust. However, the complexity of public procurement processes, systems, and authorities may challenge and confuse the public, in ways that undermine the attainability of a popular sense of public procurement as accountable, even if the system works as intended most of the time.

This entry provides an overview of accountability in public procurement. Accountability is seen as a multifaceted matter given a variety of stakeholders and interests, and considerable differences in what makes a public procurement function successful. A discussion of the challenges facing accountability in public-sector purchasing concludes the entry.

## Accountability in Public Procurement

Diggs and Roman (2012) suggest that for "public procurement specialists, accountability encompasses the idea of conducting public procurement in a manner that can be traced and defended, is transparent and consistent, satisfies and manages stakeholders' expectations, is fair and equitable, and follows ethical norms set within organizational and societal contexts in order to maximize the benefit obtained from spending public funds" (p. 298).

Bappaditya Mukhopadhyay wrote that "good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but should be 'seen' to be fair" (2011, pp. 49–50). Transparency is closely associated with accountability. Circumvention of rules, arbitrary implementation, manipulation of processes, lack of penalty for misconduct, and inconsistent enforcement, individually and collectively illustrating abuse of power, make accountability less likely (Broms et al. 2019).

Sumanjeet wrote that "Institutional transparency is the basis of good economic governance and the first step in improving accountability and fighting corruption" (2015, p. 189). Mabillard and Zumofen instead suggested that accountability is bidirectional with transparency, with accountability shining a light on injustice and calling penalty for abuses; both concepts are intrinsically valued and praised by governments (2020). Regardless, the regulatory apparatus of government provides for enforcement of rules and consequences for violations, thus allowing for connection of public processes like procurement to larger considerations and ideals, such as equality of opportunity (Wright and Conley 2018). Both transparency and accountability are watch-words of government and frequent refrains, especially in times of trouble.

## Stakeholders and Interests

Public procurement professionals must be transparent and accountable, answerable to the public through processes, checks and balances, and the inquiries of elected officials (Roman 2017), administrative superiors, and the courts, while also acting in a business function that requires understanding of market processes and ability to negotiate shrewdly to make the best deal possible for the public dollar. Balancing the two hemispheres of thinking on the responsibility of procurement is important and yet, perhaps seldom fully attained. Agency clients and stakeholders want projects done as quickly as possible, but procurement professionals know that short timelines and other deviations to prescribed processes can interfere with competitive processes and possibly even invite corruption (Rustiarini et al. 2019).

The symbolic achievement of accountability may be presented to the public as specific reforms to administrative processes, intended to adjust both immediate and long-term outcomes. Procurement has been seen as an answer for addressing needs for societal change, including sustainability; however, prioritization of sustainability in practice may be more associated with larger projects (Vluggen et al. 2019), rather than day-to-day activities for smaller projects, which have considerable cumulative impact. Public procurement has also been called upon to address extremely complicated problems like disparity in award of public contracts (Atkinson 2017a), or economic growth through awards made to small businesses (Loader 2018). However, despite the passage of laws and initiatives, it may be difficult to discern their success or failure given performance measurement concerns and lack of meaningful targets (Loader 2018).

## Challenges for Accountability in Public Procurement

The cause of fair and accountable public procurement may be weakened by inconsistency in processes between agencies (Erridge 2000); standards can assist with a baseline of assurance for approachability in process and fairness in evaluation, but without consistent implementation, the potential for success is reduced. While there is great potential in legislation that adjusts expectations to consider larger issues, there may be a lack of enforcement of these provisions; this can undermine achievement of performance expectations (Vluggen et al. 2019). Centralization may be a way forward for consistency, but this may challenge accountability at the level of local government (Gori et al. 2017).

Accountability is further threatened by "ad hoc modifications of public procurement laws" (Ayhan and Ustuner 2015, p. 640). When procurement processes are reformed, the seeds of the failure of reforms are carried in the exceptions allowed for within processes, and a lack of political will to support and maintain positive changes. Procurement accountability is important and a priority, but perhaps not the greatest priority in practice. Still, attention paid to accountability is critical, if procurement is to be open to the broadest possible range of vendors, to assure the best deal for the government client. This rings true even if the task is trying (Ayhan and Ustuner 2015).

Even as public procurement is widely seen as a professional, skilled area, with a need for position incumbents to be trained and experienced (see for example Zhuang 2020, in context of participatory social accountability in China), the talent and proficiency of procurement professionals has been called into question (Erridge 2000); the call for increased professionalism in the procurement function continues mantra-like, even though the complex problems of public procurement and how it moves forward into the future likely demand more complex, nuanced answers. Officials who work in procurement are often subjected to great, even unfair, scrutiny, as the vast opportunities associated with government contract awards bring out more competitive, and base, market instincts. The processes of government are portrayed as slow and wasteful, even though those same processes were instituted with the notion of providing for accountability, transparency, and increased opportunity (Baldus and Hatton 2020).

Procurement is a challenging function for prospects of accountability because some governments do not provide for a market-based, competitive, open, and transparent process; without transparency, accountability is difficult to attain. Benchmarking and compliance processes may help improve prospects for fairness (Kajimbwa 2018). It is at least possible that improved, transparent systems can better disseminate information on procurement processes and outcomes, but it has been suggested that the evidence for this is not abundant (Knack et al. 2019). However, technocratic, instrumental approaches to solving problems of human nature are often insufficient, though they may satisfy short-term political needs.

## Conclusion

Public procurement is a critical aspect of public sector function. The potential for wider failure beyond the function emphasizes the importance of transparency and how deviations from process may reduce positive outcomes that may otherwise have been achieved. The literature suggests value in prioritization of accountability in public procurement, but also finds considerable concern with how accountability is defined and achieved in practical terms.

## Cross-References

► Legitimacy in Public Administration
► Public Procurement and Public Trust

## References

Atkinson CL (2017a) Disparity in government procurement. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Atkinson CL (2017b) Legitimacy in public administration. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Ayhan B, Ustuner Y (2015) Governance in public procurement: the reform of Turkey's public procurement system. Int Rev Adm Sci 81(3):640–662
Baldus BJ, Hatton L (2020) U. S. chief procurement officers' perspectives on public procurement. J Purch Supply Manag 26:100538
Broms R, Dahlström C, Fazekas M (2019) Political competition and public procurement outcomes. Comp Pol Stud 52(9):1259–1292
Diggs SN, Roman AV (2012) Understanding and tracing accountability in the public procurement process. Public Perform Manag Rev 36(2):290–315
Erridge A (2000) Editorial: public procurement. Public Policy Adm 15(4):14–24
Gori GF, Lattarulo P, Mariani M (2017) Understanding the procurement performance of local governments: a duration analysis of public works. Environ Plann C 35(5):809–827
Kajimbwa MGA (2018) Benchmarking accountability of local government authorities in public procurement in Tanzania. BIJ 25(6):1829–1843
Knack S, Biletska N, Kacker K (2019) Deterring kickbacks and encouraging entry in public procurement markets: evidence from firm surveys in 90 developing countries. World Bank Econ Rev 33(2):287–309
Loader K (2018) Small- and medium-sized enterprises and public procurement: a review of the UK coalition government's policies and their impact. Environ Plann C 36(1):47–66
Mabillard V, Zumofen R (2020) Transparency and accountability – the case of public procurement practices in Switzerland. Public Works Manag Policy, ahead of print. https://doi.org/10.1177/1087724X19898699
Mukhopadhyay B (2011) Evaluating public procurement. Rev Mark Integr 3(1):21–68
Roman AV (2017) The determinants of public administrators' participation in policy formulation. Am Rev Public Adm 47(1):102–129
Rustiarini NW, Sutrisno T, Nurkholis N, Andayani W (2019) Why people commit public procurement fraud? The fraud diamond view. J Public Procure 19(4):345–362
Sumanjeet (2015) Institutions, transparency, and economic growth. Emerg Econ Stud 1(2):188–210
Vluggen R, Gelderman CJ, Semeijn J, van Pelt M (2019) Sustainable public procurement – external forces and accountability. Sustainability 11:5696
Wright T, Conley H (2018) Advancing gender equality in the construction sector through public procurement: making effective use of responsive regulation. Econ Ind Democr, ahead of print. https://doi.org/10.1177/0143831X17745979
Zhuang M (2020) Social accountability under authoritarianism: public supervision of local governments in China. China Inf 34(1):3–23

# Public Procurement and Knowledge Sharing

Cluny Mendez
The University of West Florida, Pensacola, USA

## Synonyms

Information sharing; Public tender; Green purchasing

## Definition

Public procurement and knowledge sharing refers to activities centered around the exchange of information and ideas between individuals concerning public organizations' purchasing of goods and services through formal and informal devices.

## Introduction

Advancing the efficiency of public procurement can be achieved through knowledge sharing. The diversity of public procurement methods means that knowledge sharing between stakeholders can significantly increase the stakeholders' understanding of the different methods as well as the benefits and disadvantages of each. As a result, stakeholders can make more informed decisions when choosing the appropriate channels to purchase goods and services that address the needs of society.

This entry first explores public procurement and knowledge sharing as separate entities and then provides details of how knowledge sharing can help advance the understanding of public procurement. The fast-paced, ever-changing nature of public procurement practices requires all stakeholders to engage in continuous learning of cutting-edge practices diligently. Knowledge sharing, both formally and informally, can be one of the most effective and efficient ways for this to occur.

## Public Procurement

Public procurement (PP) is a public authority's purchase of services and goods that benefit the society the authority is tasked with overseeing (Sparrevik et al. 2018). Public procurement often cycles through the three phases of pre-tender, tender, and post tender (Holma et al. 2019). The process of the procurement of these services and goods is dictated by formal regulations that monitor the relationship between the buyer and the seller (Sparrevik et al. 2018). The legislation associated with public procurement is deliberate to thwart corruption, waste, and local protectionism (Sparrevik et al. 2018). Furthermore, it helps to institute a free market grounded in the theory of competitive advantage (Preda 2019). Public procurement uniquely addresses the needs and demands of society.

A public organization or government has a duty to purchase goods and services through a fair process that is fiscally responsible (Adil et al. 2014). Public procurement practices vary significantly between simple and complex as well as between formal and informal. However, regardless of the complexity or formality of the practice, public organizations must follow a set of guidelines designed to help organizations maintain the integrity of their purchasing practices (Sparrevik et al. 2018). These guidelines may be anywhere between very similar and vastly different, but, ultimately, they must meet the fiscal and ethical demands of the public organization. Public organizations and governments differ greatly in size and responsibility, as well, although this may not dictate the similarities or differences in public procurement practices. For example, a very small local government may use similar guidelines as a very large public organization. As long as the guidelines meet the demands of the individual organization, they are deemed appropriate.

## Knowledge Sharing

"Knowledge sharing is an activity through which knowledge, namely, information, skills, or expertise, is exchanged between people, friends, families, communities or organizations" (Charband and Navimipour 2016, p. 1131). Knowledge sharing promotes growth and understanding of a topic for both the person or people sharing the knowledge and the recipients. The people who are sharing knowledge are allowed to articulate what they know, which is a vital educational tool for ensuring understanding. When a person can effectively communicate the nuances of any topic with precision, it means that he or she truly understands that topic. On the other hand, the recipients of the knowledge sharing may be learning of the information for the first time or may have very little knowledge of the topic. By receiving the information through operational knowledge sharing activities, they can gain a better understanding of the topic and consider how they can apply their new knowledge to their particular situation (Al-Kurdi et al. 2020). If both the person sharing and the recipient understand the topic, then they can engage in mutual knowledge sharing activities. In these activities, both sides exchange knowledge where they continuously change roles between being the person sharing and the recipient. In these situations, both sides gain new insights and emerge from the activities with a broader understanding of the topic.

Knowledge sharing can empower organizations by creating a collaborative environment that promotes the transference of knowledge (Charband and Navimipour 2016). Establishing that the stakeholders of an organization are credible knowledge holders is vital to the success of knowledge sharing (Al-Kurdi et al. 2020; Charband and Navimipour 2016). At the onset of any knowledge sharing endeavors, stakeholders should seek to convey their credibility, which will then serve as a basis upon which to build a relationship grounded in respect and transparency. As stakeholders share knowledge via positive and active channels, organizations can expect to see an increase in the creativity and productivity of their stakeholders (Charband and Navimipour 2016). Furthermore, they may experience their stakeholders engaging in higher-quality communication that uses more diversified techniques (Charband and Navimipour 2016). Stakeholders should understand their roles in

knowledge sharing and experience self-efficacy and a sense of satisfaction in themselves, which will serve as motivation to continue to engage in knowledge sharing (Charband and Navimipour 2016). Organizations and stakeholders alike should be cautious not to create a competitive atmosphere as this may significantly stunt the development of the positive outcomes associated with knowledge sharing (Charband and Navimipour 2016).

Knowledge sharing is a form of education. Therefore, individuals participating in knowledge sharing may consider using basic pedagogical practices. One pedagogical practice that individuals may consider is to embark on the activities with enthusiasm to help create a positive learning environment. Additionally, the positive attitudes of the individuals help create an energy where all stakeholders can embrace a positive attitude, which significantly improves the learning process. The foundations of pedagogy are tethered to discussions, reflections, and feedback, all of which are vital to successful knowledge sharing. By consciously activating each of these pedagogical pillars with meaningful activities, stakeholders can increase the quality of knowledge sharing, resulting in stakeholders understanding the topics of interest with more depth and breadth.

## Knowledge Sharing and Public Procurement

Meeting the societal demands at any level of public administration and government is more demanding than ever (Wesseling and Edquist 2018). Therefore, public organizations and officials should engage in activities that promote their understanding of the most effective and efficient ways to meet the demands. When it comes to public policies, which include public procurement, the collaboration between all stakeholders can be key factors in formulating and executing effective and efficient policies (Cravero 2019). Knowledge sharing offers a unique platform for operative collaboration. Under conditions of transparency, respect, and trustworthiness, pubic administrators and other officials can share their knowledge of public procurement. Open dialog between all stakeholders can advance each stakeholder's understanding of best practices. The understanding of best practices can then function as a springboard as each stakeholder considers how his or her new knowledge fits with the old knowledge. After this, a more in-depth analysis of public procurement practices is possible. Consideration of how current practices may be revised based on the new knowledge and findings of the analysis could result in more effective and efficient practices concerning public procurement practices. Ultimately, society's demands and needs are met with greater practicality.

While knowledge sharing in public procurement can significantly advance stakeholders' understanding in this area, it is important to consider the challenges associated with the activity as well. Stakeholders at all levels of public organizations and governments must do all they can to overcome these challenges and not allow any adverse effects of the process discount the positive ones. One challenge stakeholders must look to overcome is that certain forms of collaboration and knowledge sharing may not fit within the formal regulations of a particular public procurement entity (Holma et al. 2019). Before the onset of any knowledge sharing activity, stakeholders must ensure that the activity will not infringe on the boundaries set forth by the regulations and guidelines. If such a boundary is crossed, stakeholders must immediately suspend the collaboration or knowledge sharing activity and seek alternate avenues for collaboration. Another challenge that stakeholders must be aware of is that co-developing and collaborating are activities that can spark competition within the group as different individuals may have different perspectives and beliefs. The sometimes-subjective nature of public procurement can fuel debates concerning competing perspectives and beliefs, which can create a negative environment and adversely affect the goals of knowledge sharing (Popović et al. 2015). To mitigate conflicts that may arise, stakeholders must come to knowledge sharing activities with open minds and a willingness to consider beliefs different from their own. Additionally, organizations and governments can help

overcome this challenge by creating a culture that embraces a diversity of ideas and celebrates different views rather than discouraging them.

Public organizations and governments may be putting themselves in severely compromising positions by not participating in knowledge sharing activities. A lack of internal knowledge sharing activities and a lack of knowledge sharing with outside parties can lead to organizations and governments using antiquated public procurement models. Furthermore, a lack of participation in knowledge sharing may lead to stagnancy in the growth process, which is virtually always detrimental to an organization. Therefore, public organizations and governments should actively seek various avenues for organizational growth, including knowledge sharing.

Stakeholders should look to be creative and open-minded when approaching knowledge sharing in public procurement. As long as the collaboration fit within the guidelines, stakeholders should explore whatever avenues of knowledge sharing feel most comfortable and most appropriate for their organization or government. Although there may be times of discomfort, stakeholders should remain committed to the process and persevere through it. Open lines of communication and transparency can help organizations and governments create cultures that nurture and cultivate collaboration and knowledge sharing so that continual growth and improvements are present.

## Recommendation for Future Research

While this entry provides a broad view of public procurement and knowledge sharing, future research may look to explore specific knowledge sharing activities. Furthermore, an exploration into which knowledge sharing activities stakeholders find most useful could be valuable contributions to literature. One such knowledge sharing platform for stakeholders in the public procurement arena that may be further considered is that of online knowledge sharing. Online knowledge sharing may be the best platform for stakeholders because it may harness the disorganization and informality of many public procurement knowledge sharing endeavors. Furthermore, it may allow for more collaboration as this platform can reach anyone around the globe. These are just two avenues of potential research concerning online knowledge sharing in public procurement, although there is certainly a multitude of other avenues available.

If a more general arena for future research is desired, the author recommends exploring different models of public procurement and how those different models may affect knowledge sharing practices. In addition to details of the different models, researchers may want to consider how the different models may be applied across different types of organizations. Further research may consider the similarities and differences in applying one model to different organizations. In either case, the researcher may want to consider what knowledge sharing may look like in the different organizations and under the different models.

Whether specific or general, the author of this entry hopes that the information here stimulates thoughts and questions in the readers that lead them to embark on future research and further study of public procurement and knowledge sharing.

## Conclusion

The implications associated with public procurement have significant impacts on society fiscally, culturally, and environmentally. Locally and globally, public procurement practices vary considerably with various levels of success. Stakeholders must use the demands placed on their governments or organizations to make decisions about public procurement so that their needs are best met. What works for one organization may or may not work for another organization, even if it is very similar. However, all governments and organizations can learn from each other. Knowledge sharing can provide a platform for this learning to occur. Whether formal or informal, knowledge sharing of successful and unsuccessful practices can give rise to new ideas and public procurement undertakings that a government or

organization may implement. In other cases, it may provide additional dimensions to a public procurement practice that the government or organization already has in place. The additional dimensions may stimulate just a minor change to the practices already implemented but may result in a considerable improvement to the outcomes of the government or organization's public procurement practices.

Public procurement practices can grow and change at a fast pace. Therefore, governments and organizations must be diligent in staying informed with trending practices. Additionally, governments and organizations must engage in constant reflections and internal assessments to ensure their public procurement practices are meeting their needs most effectively and efficiently. Knowledge sharing provides a strong framework for governments and organizations to stay informed as well as self-reflect as it requires discussion and collaboration, both of which promote the growth of understanding. With a commitment to constant improvement, governments and organizations can use the platform of knowledge sharing to grow and advance their public procurement practices to meet the needs of society with persistent proficiency.

## Cross-References


- ▶ Contract Administration Problems
- ▶ Differences in States' Procurement Practices
- ▶ Public Participation in Procurement
- ▶ Public Procurement and Public Trust


## References


Adil M, Nunes MB, Peng GC (2014) Identifying operational requirements to select suitable decision models for a public sector e-procurement decision support system. J Inf Syst Technol Manag 11(2): 211–228

Al-Kurdi OF, El-Haddadeh R, Eldabi T (2020) The role of organizational climate in managing knowledge sharing among academics in higher education. Int J Inf Manag 50:217–227

Charband Y, Navimipour NJ (2016) Online knowledge sharing mechanisms: a systematic review of the state of the art literature and recommendations for future research. Inf Syst Front 18(6):1131–1151

Cravero C (2019) Rethinking the role of civil society in public procurement. Eur Procure Public Private Partnersh Law Rev 14(1):30–42

Holma AM, Vesalainen J, Södernabm A, Sammalmaa J (2019) Service specification in pre-tender phase of public procurement- a triadic model of meaningful involvement. J Purch Supply Manage. https://doi.org/10.1016/j.pursup.2019.100580. (Advanced online publication)

Popović Z, Stanković J, Veselinović I (2015) Influence of subjective preferences on the decision-making process in a multi-criteria model of public procurement. TEME 39(2):307–326

Preda I (2019) Comparative analysis of the characteristics of public procurement systems in Germany, France, and Romania. Rev Int Coop Manage 20(1):63–77

Sparrevik M, Wangen HF, Fet AM, De Boer L (2018) GPP-a case study of an innovative building project in Norway. J Clean Prod 188:879–887

Wesseling JH, Edquist C (2018) Public procurement for innovation to help meet societal challenges: a review and case study. Sci Public Policy 45(4):493–502


# Public Procurement and Performance


Monsiapile Agapto Kajimbwa
Dar es salaam, Tanzania


P

## Introduction

Accountability in public procurement has remained one of the most challenging issues, especially in the developing countries. The capacity of government institutions of accountability in oversight function for managing public resources is weak as most of the countries do not have a public procurement system based on open competition, transparency, and market principles (Hunja 2001). Although the public sector has made substantive procurement reforms in their governments in its public procurement system, public procurement regulatory authorities are still faced with the challenge of monitoring compliance of procuring entities. It seems the regulatory authorities have limited scope and methodological approaches for strengthening procuring entities such as local government authorities'

capacity to measure, compare, learn, and improve performance in public procurement practices. In fact, the authoritative culture is a typical character of most government agencies as they are bureaucratic in nature and extremely reluctant to change their current habit and practice (Raymond 2008).

## The Notion of Public Procurement

The notion of public accountability is one of the concepts that need to be looked at in this case study as from public procurement point of view, it appears to be the beacon for achieving economic, environmental, technological, and social goals of any country. Recently, efforts to strengthen public accountability with expectation will prevent or reveal misuse of nation's financial resources. But what does the term public accountability mean? Public accountability may be viewed from two schools of thoughts. First, according to Bovens (2003, p. 3), the term "public" may refer to "openness i.e. accessible to citizens." The second school of thought may refer to "the public sector, [mainly focusing] on public managers, on officials spending public money, exercising public authority, or managing a corporate body under public law" (Bovens 2003, p. 3). The AGO (2011, p. 5) of Singapore applauds the second notion of public accountability as defined in Bovens and argues that "when a person is given the responsibility to hold, use or dispose off resources not belonging to him, he must be held fully answerable to the owner of the resources for what he does with them. This is the principle of accountability." In this context, the citizens are the owners of the country's financial resources and must comprehend and work in favor of the processes and mechanisms that safeguard public accountability. Public procurement uses nation's financial resources, and it is important that it is accounted for. In what follows is an account of what does public procurement look like before embarking on the magnitude of public procurement.

### What Does Public Procurement Look Like?

Different scholars and organizations have provided more closely related definitions to public procurement. In general, they all agree and concede to the definition advanced by the Environmental Protection Agency (EPA) of the Government of Ireland. The EPA (2017) defines public procurement as "the acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects." The OECD further confirms the EPA's definition of public procurement that it indeed refers to "the purchase by governments and state-owned enterprises of goods, services and works." Therefore, the definition of public procurement implies for the public authorities, including Local Government Authorities to ensuring the application of fair, competitive, transparent, nondiscriminatory, and value for money procurement standards and practices – set standards for the public procurement systems (URT 2011; Musanzikwa 2013). It also means that the public procurement and regulatory authorities need to monitor and enforce compliance, build procurement capacity of governments procuring entities in collaboration with other professional bodies. But what is the track record of applying benchmarking accountability as an instrument for measuring, comparing, and learning to improve performance in public procurement practices?

#### Learning Based on Performance: Benchmarking Accountability

Despite the efforts taken by countries to reform the way in which public procurement regulatory authorizes in their respective countries, the authorities are still faced with the challenge of monitoring compliance of procuring entities. Seemingly, one of the key challenges is limited scope and methodological approaches for strengthening procuring entities capacity to measure, compare, learn, and improve performance in public procurement practices. Many of the authorities are currently using procurement audit, under the System of Checking and Monitoring Procurement (SCMP), which has not been helpful. According to Mlinga (2016), most of the assessments conducted using the SCMP audit model revealed the poor performance of the procuring

entities in complying with the public procurement Act and the Regulations. The methodological approach of monitoring procuring entities, using the SCMP audit model, is authoritative, instructional, and does not encourage procuring entities, learn based on the performance of peers (ibid.). In fact, "this approach of SCMP is appropriate for identifying clear areas of non-compliance, but it is not a model that provides for collegial performance improvement either for PPRA or the procuring entities" (Stoop et al. 2012). The authoritative culture is a typical character of most government agencies as they are bureaucratic in nature and extremely reluctant to change their current habit and practice (Raymond 2008). Luckily, proponents of public procurement performance have subscribed to the application Benchmarking Accountability as an approach that is likely to enhance performance, compliance, and accountability of procuring entities.

The concept of benchmarking in public procurement is broadly discussed in the literature and provides substantive knowledge on learning based on the performance of peers. For example, Triantaffilau in Raymond (2008) argues that as a practice in the public sector, benchmarking implies a systematic measurement and comparison of the activities of individuals and (peer) organizations with a view to improve their performance. In fact, Jurevicius (2014) points out that this type of benchmarking is referred to as process benchmarking. This type of benchmarking requires to look at other peer organizations that engage in similar activities and to identify the best practices that can be applied to your own processes in order to improve them. Process benchmarking is a separate type of benchmarking, but it usually derives from performance benchmarking. Benchmarking is a strategy tool used to compare the performance of the business processes and products with the best performances of other companies inside and outside the industry (Jurevicius 2014). On the whole, the author concedes to the Business Dictionary definition of benchmarking as an instrument for learning based on performance of procuring entities. The Business Dictionary defines benchmarking as a "measurement of the quality of organization's policies, products, programs, strategies, [procurement practices], etc., and their comparison with standard measurements, or similar measurement of peers." The definition of benchmarking that the has presented is very much endorsed in VNG (2010) International and Raymond (2008), and all agree that the Benchmarking model is the comparison in performance indicators of similar organizations. According to VNG (2010) International, the model consists of four stages. They include: collect, compare, learn, and improve. In the "collect" stage information is collected about the performance of participating local governments on a certain topic based on performance indicators. The "compare" stage identifies the differences between the organizations. In the "learn" stage district councils learn about the practices of district councils that perform well. In the "improve" stage district councils implement the learned practices and improve their performance. Seemingly, the methodological approach of monitoring procuring entities, using benchmarking, is likely to provide public procurement regulatory authorities staff and local government authorities a collegial, participative and self-discovering on what constitutes compliance. Looking at the size of expenditure in public procurement relative to national budget and gross domestic product (GDP) or the scale of government purchases, monitoring compliance may greatly benefit from methodological approaches of benchmarking.

Literature review clearly shows that the track record of benchmarking accountability is of recent development in the public sector and not widely applied in the developing countries, especially in the public procurement subsector. In fact, the World Bank Group (2017, p. 13) admits that "to date, no attempt has been made to collect comparable statistics on the size of public procurement in economies around the world. While data are publicly available for High-income economies, for the rest of the world, data and studies are scarce." Additionally, the OECD (2010) mentions that for the first time in 2004 a Johannesburg Declaration was launched in South Africa to formalize benchmarking in public procurement. The launching constituted a Procurement Round Table Initiative, coined under the sponsorship of

World Bank and OECD Development Assistance Committee (DAC). The Procurement Round Table Initiative was charged with "advancing the development and methodology for application of the baseline indicators and associated compliance and performance indicators" (OECD 2010, p. 2). Arguably, the initiative may be considered as a good starting point for scaling up the model of benchmarking toward accountability through "identify[ing] the strengths and weaknesses of the [public procurement] systems assessed and increase the ability to track progress of reform initiatives" (OECD 2010, p. 2).

It is a foundation for enabling public procurement and regulatory authorities in developing countries to start figuring out the applicability of the model as part of reforming the current approaches of monitoring compliance. Recent development with benchmarking is noted with the World Bank in assessing public procurement regulatory systems. Recognizing the value of benchmarking the World Bank launched benchmarking public procurement in 2013, focusing on legal and regulatory environments that affect the ability of the private sector to do business with government.

To operationalize the model, the World Bank conducted benchmarking public procurement in 2015 and covers ten economies, including two African countries, Ghana and Uganda. In 2016, the World Bank released a report on benchmarking which was conducted in 77 economies, aimed at supporting "evidence-based decision making on procurement policies and reforms by providing comparable data on regulatory environment that affect the ability of private companies to do business with government". The initiative was further expanded in 2017 and covered 180 countries of which 45 economies from Sub-Saharan Africa, including Tanzania (World Bank Group 2017). The objective of the World Bank initiative was to fill in the gap in the absence of comparable data that "enhance global understanding of laws and regulations that affect private suppliers' participation in the public procurement market" (World Bank Group 2017, p. 5). Sadly, despite the good intention of the OECD and the World Bank initiatives, there is no clear evidence as to the application of benchmarking accountability of local government authorities in public procurement where, to a greater extent, the size of expenditure in public procurement is exorbitant. In fact, the World Bank Group (2017, p. 26) informs that in the event benchmarking is conducted in the public procurement sector, "data are mainly collected at the national or federal level. Therefore, the data do not reflect the laws and practice at the local level in other parts of the economy." Implicitly, the tools and methodological approach for benchmark assessment of local level compliance in public procurement practices are not in place. Space for procuring entities to learn based on the performance of peers is constricted. However, the two initiatives open the opportunity for more discussions and research as well as policy arrangement on the applicability of the benchmarking model and decentralize it to the lower level government structures such as local government authorities.

There are challenges associated with the efforts of introducing and scaling up the benchmarking model and its related tools and methods for assessing public procurement. To explore on the challenges of benchmarking in public procurement in the developing countries, Raymond (2008) investigated the technique of benchmarking to improve the quality of the public procurement process, using the case from Sri Lanka, a country with economy in transition. Although the investigation was limited to one country only, it still provides bullet points of challenges. One such key challenge that Raymond reveals is that "more control is placed in the hands of the bureaucracy with often politicians misuse this power, bringing about disastrous consequences for the country" (Raymond 2008, p. 788). Implicitly, public procurement reforms and application of process benchmarking are needed in the transitioning economies, if compliance, transparence, accountability, and value for money public procurement are to be achieved.

Overall, the track record of benchmarking in public procurement is scanty, particularly in developing countries, with only recent developments that end up at national level or federal level. Deliberate efforts are needed to strengthen the capacity of developing countries to put in place

policies and reforms that pave the way for process benchmarking public procurement.

## Magnitude of Public Procurement

Public procurement is one of the key functions of government, and public authorities are the principal buyers in many sectors such as energy, transport, waste management, social protection, and the provision of health or education services. The magnitude of public procurement outlays is surmountable, and it is expected to provide greater impact on the economy, if well managed. According to Musanzikwa (2013), the magnitude of financial transactions that involve public procurement managers worldwide is exorbitant and is observed to revolve around 10–30% of GNP. The International Budget Partnership estimates that developing countries spend $820bn a year on procurement-related transactions (Musanzikwa 2013). In Sub-Saharan Africa, the procurement market place is projected to stand between $30 and $43bn (Wittig 1999, p. 8). In Ghana, for example, public procurement, which covers the purchase of goods, works, and services, constitutes 14% of the country's GDP and 24% of total imports (Abbey 2009). In Tanzania, public procurement of goods, services, and works is the second largest expenditure after personnel emoluments. In 2011, the Controller and Auditor General's Report indicated that the total value of central government procurement expenditure stood at 41% for the financial year 2010/2011 (URT 2012). Unfortunately, procurement is one of the government functions most prone to corruption.

Transparency International reports that up to a fifth of the value of government contracts may be lost to corruption. For example, in 2009, the Public Procurement Authority of Ghana disclosed that "over 80 percent of state funds go into procurement after personal emoluments" (Abbey 2009). In their study on Public Procurement Reform, the Uganda Experience, Agaba and Shipman (2017) report that "many central government ministries and agencies are not following prescribed practices. The procurement audits carried out by the Public Procurement and Disposal of Assets (PPDA) have revealed that out of 322 contracts audited as at end 2005, only 7 (2%) were assessed as being clean, i.e., carried out in accordance with the law and with internal structures observed." On the same note, Zimbabwe is said to be the first African country to possess procurement Act but is still experiencing noncompliance challenges. Equally, South Africa is reported to experience several challenges including a "tendency not to utilize a competitive process for both quotations and bids, and incorrect utilization of the preference points system" (Ambe and Badenhorst-Weiss 2012, pp. 63–117).

Similarly, in Kenya, Tukamuhabwa (2012) and Gachio report that although Kenya has grown from a rudimental system without regulations to a systematic controlled and structured procurement system, still succumbs to noncompliance. According to Gachio (2014), all the procurement processes in Kenya were either marred by huge variations between the price announced at the opening of the tender and the price at which the tender was awarded or failure to ensure due diligence in the tendering process. Tanzania is also struggling with corruption in public procurement. According to Cho (2013), citing a 2011 PPRA audit of 315 procurement offices reports a widespread lack of compliance throughout the country, including 18 (procuring) entities with less than 50% compliance. About 10–25% of contract value is lost through corruption in Tanzania (Cho 2013). Thus, a well-managed and well-functioning public procurement system is needed, and this is particularly correct for developing countries where procurement normally accounts for a high proportion of total expenditure. Implicitly, the issue of procurement compliance is not something to do with purchasing professionalism, rather the professional approach in the procurement process. Benchmarking model would therefore provide both public procurement and regulatory authorities and public procuring entities with a professional approach to public procurement.

In sum, the public procurement regulatory authorities and procurement entities may not shy away in learning from the application of best

fit models that utilize performance results as benchmarking. Arguably, the importance of benchmarking is seen from the perspectives of improving performance and achieving accountability and compliance in public procurement practices.

## References


Abbey EE (2009) Public procurement claims 80% state funds. Daily Guide in Business Finance, Public Procurement Reform in Developing Countries. Available at: www.modernghana.com/news/251728/procurement-claims-80-state-funds.html

Agaba E, Shipman N (2017) Public procurement reform in developing countries: the Uganda experience. Available at: www.ippa.org/IPPC2/BOOK/Chapter_16.pdf

AGO (2011) What is public accountability? Auditor General Office of Singapore. Available at: www.ago.gov.sg/docs/default-source/publication/68b41542-49ed-4117-92d6-563f53d12b38.pdf

Ambe IM, Badenhorst-Weiss JA (2012) Procurement challenges in the south African public sector. J Transp Supply Chain Manag 6(1):a63. Department of Business Management, University of South Africa (Unisa). Available at: www.jtscm.co.za/index.php/jtscm/article/download/63/59

Bovens M (2003) Public accountability: paper for the EGPA annual conference, Oeiras, 3–6 September. Presented in workshop 8 (Ethics and integrity of Governance) Utrecht School of Governance, Utrecht University. Available at: www.usg.uu.nl/organisatie/medewerkers/m.bovens

Cho G (2013) Tanzania continues to struggle with corruption in public procurement. Procurement Bulletin. Available at: www.procurementbulletin.com/tanzania-continues-to-struggle-withcorruption-in-public-procurement/

Environmental Protection Agency (2017) Public procurement. Available at: www.epa.ie/about/procurement/

Gachio D (2014) Public procurement in Kenya. Cash Cow for the corrupt or enabler for public service delivery? Transparency International of Kenya. Adili, no. 145, June. Available at: https://tikenya.org/wp-content/uploads/2017/06/adili-145

Hunja R (2001) Obstacles to public procurement reform in developing countries. Procurement policy and services group, WB94726. The World Bank, Washington, DC. Available at: http://masterpublicprocurement.itcilo.org/private-area/library/documents/obstacles-to-public-procurementreform-in-developing-countries/atdownload/AttachmentFile

Jurevicius O (2014) Benchmarking. Strategic Management Insight. Available at: www.strategicmanagementinsight.com/tools/benchmarking.html

Mlinga R (2016) Procurement monitoring in the Tanzanian public sector. Unpublished. Available at: www.unpcdc.org/media/2982/procurement%20monitoring%20tanzania.pdf

Musanzikwa M (2013) Public procurement system challenges in developing countries': the case of Zimbabwe. Int J Econ Financ Manag Sci 1(2):119–127. https://doi.org/10.11648/j.ijefm.20130102.18

OECD (2010) Methodology for assessing procurement systems (MAPS). Available at: www.oecd.org/gov/ethics/public-procurement.htm

Raymond J (2008) Benchmarking in public procurement. BIJ 15(6):782–793

Stoop P, Raijmakers F, Swai M (2012) Enhancing Procurement Capacity of Local Government Authorities Project (EPC-LGAP) – Tanzania organisational assessment of the implementation partners and governance advice for the start-up and implementation of EPC-LGAP. Unpublished report, Belgian Technical Cooperation, 9 Dec 2012

Tukamuhabwa RB (2012) Antecedents and consequences of public procurement non-compliance behavior. J Econ Behav Stud 4(1):34–46

URT (2011) The public procurement act 2011. The United Republic of Tanzania, Dar es salaam

URT (2012) The national public procurement policy. The United Republic of Tanzania, Dar es salaam

VNG (2010) VNG international benchmarking: measure, compare and learn to improve performance, A brochure. Available at: www.vng-international.nl

Wittig W (1999) Building value through public procurement: a focus on Africa. International Trade Centre UNCTAD/WTO (ITC), Geneva

World Bank Group (2017) Benchmarking public procurement: assessing public procurement systems in 77 economies. International Bank for Reconstruction and Development/The World Bank, Washington, DC. Available at: www.worldbank.org


# Public Procurement and Public Trust


L. Maria Ingram
Center for Public Administration and Policy, Virginia Polytechnic Institute and State University, Blacksburg, VA, USA


## Synonyms

Faith; Procurement: acquisition; Contracting; Purchasing; Safeguard; Trust: certainty; Confidence; Credence; Expectation

## Definitions

Governments use public purchasing systems to obtain the resources necessary to perform tasks required to serve the public interest (Prier and McCue 2009). The relationship between public procurement and public trust refers to the confidence a government's citizens have in the effectiveness and incorruptibility of its purchasing system and in the competence and integrity of the officials who transact business within that system. Public trust also refers to the requirement that a government's employees safeguard its citizens' faith in the beneficial operation of the overall system, because trust itself is a public asset that, once lost, is difficult to recover.

## Introduction

Public procurement activities performed at all levels of governments and governance systems – local, national, and international – intimately impact the daily lives of people across the globe. Unfortunately, public trust in public procurement is not as widespread as the influence of those purchases. Scandal in public procurement settings can seem ubiquitous, whether a notorious transaction involves old-fashioned fraud, bribery, favoritism, and grift, or if the purchase appears exorbitantly unreasonable (as in the case of $400 hammers and $600 toilet seats), features potential administrative evils in the form of outsourced security forces and detention facilities, or if it requires cooperation and direct market interventions necessary to acquire lifesaving medical equipment to safeguard workers in a worldwide pandemic.

Officials who practice public procurement are often confronted by two persistent questions. First, why doesn't the government operate more like a business when buying goods and services? Second, how do we protect the government contracting process from corruption? With both questions, the essential public value at risk is trust in government. Confidence in the technical expertise and business judgment of public contracting personnel hinges on the first question (Kelman 1990). Faith in the integrity and ethical fitness of those officials, and in the procurement system they represent, informs the second question (Cooper 2002).

## Background

Although certainly salient, challenges to the public trust in public procurement are not new. In fact, the word "shoddy" stems from supplies obtained through a notorious government contract awarded during the American Civil War, and the term "merchants of death" refers to the bankers and armament contractors who reaped huge profits from the brutality of World War I (Nagle 1999). This also points to a key complication faced by both procurement officials and the contractors with whom they partner: conflation of the motivations and actions of a private entity that answers to its own shareholders with the intentions and integrity of the public partner.

It is possible that attention to the procurement tool itself as a governance function in public administration scholarship has been hindered by the perception that buying things is "boring" (Mashaw 1991, 511). A recent study shows that procurement scholarship is represented in only 1% of work published in the top international public administration journals between 1972 and 2017 (Trammell et al. 2019). Even in those studies, the specific focus on procurement as a discipline has been limited. In western contexts, discussions about "contracting" have been mostly related to the "hollowing out" of government rather than the performance of the procurements themselves from a disciplinary standpoint (Milward and Provan 2000; Light 2004, 2017).

Similarly, public values such as integrity, fairness, and transparency are common themes in governance scholarship in general (Van Ryzin 2011; Thomas 1998; Dobel 1990), but not necessarily in the scholarship on public procurement, which has tended to focus on the commercial and economic nature of the transactions involved with limited efforts to understand how public values impact the relational dynamics involved (Cooper 2002). This lack of focus, however, is changing,

particularly as procurement studies expand in the international context and explore both the cultural differences involved in those settings as well as the overarching ethical imperatives shared by all who work in public service contexts and must cultivate the public's trust.

## Trust as a Public Value

Trust is an essential element in the successful pursuit of goals achieved through the contractual mechanism across all sectors. Although comparisons to commercial practice are inevitable, various laws legislate public values such as integrity, fairness, and transparency in the conduct of a government's business relationships. Many commonplace business strategies used by individuals to influence buyers, while considered "marketing strategies" in the private world, would constitute corrupt behavior if accepted by a public servant. For example, in the US federal government, career employees with fiduciary responsibilities must adhere to codified standards of ethical conduct. These standards often require the annual filing of documents to ensure that officials are not influenced by personal interests that conflict with their professional responsibilities. Moreover, it is not only actual corrupt behavior at issue; procurement officials are required to guard against actions that *look* suspicious to a potentially hostile audience consisting of the contractor community and the taxpayer. Corruption in appearance can be as pernicious as corruption in reality because of its malicious impact on public trust (Cooper 2012).

However, it can be difficult for observers and researchers to assess the appropriateness of individual decisions, even when clear to professional insiders (Cooper 2002). Confidence in procurement officials' business judgment, their integrity, and in the broader procurement system itself may be inevitable casualties of this complexity (Brown et al. 2013). In some of the scandals previously noted, the controversies were augmented by either an unawareness or an inability to appreciate the differences between public and private behavior that are expected in the conduct of government procurement.

The actual legal propriety of many contracts that land in newspaper headlines can hinge on obscure details related to bureaucratic practice of little interest to anyone except professional procurement personnel. Yet the stench of suspected corruption taints attitudes towards the public procurement process long after the headlines disappear from websites and front pages. Though it may be easy to assess integrity in paper clip purchases or public openings where a contract is awarded to the lowest bid, the guidelines various contracting officials – to varying degrees – must know and the steps they must follow to conduct fair transactions can be both tortuous and highly constrained (Cooper 1980, 2002). This complexity reflects the interplay of vague or conflicting laws and legislation, esoteric common law decisions, and the regulations, direction, and guidance generated by various government entities at multiple levels, in multiple settings, and communicated through voluminous texts (McCue et al. 2015; Cooper 2002).

## Trust in the Contracting Relationship

Understanding the interpersonal and organizational relationships involved when a contract is used in governance is important to understanding how the contracting mechanism functions as a business tool and as a legal instrument. The public's trust is not the only consideration a public procurement official must weigh. As business managers, they must also appreciate the trust required for the successful completion of the contracting relationship. Trust in the integrity and competence of one's business partner is always an important element required for the successful completion of the contractual relationship, both in private and public management environments. However, the conflict between transparency in the public relationship and in the confidentiality commonly expected in mutually beneficial business relationships (particularly when innovative strategic alliances are involved) complicates the interpersonal and interorganizational dynamic involved and as well as the economic effectiveness of the contracting tool in the public setting.

Although technically a written contract exists to protect the individual property interests of those involved, most parties to a commercial contract rely upon legal enforcement of its terms only as a last resort – or when the social essence of the contract, or the relationship between the parties and their ability to negotiate with each other – has failed (Macaulay 1963; Macneil 1978). Often, the potential for future lucrative business arrangements between the parties leads to compromise and "best-customer" treatment in the operation of the interpersonal relationships involved. As such, there is considerable social capital involved in the microlevel transactions that occur in most commercial contracts that translates into real monetary value. However, widespread competition mandates, contract term limits, and the necessity of "arm's length" dealing between government officials and commercial contractors prior to awards of both new and recurring requirements makes this aspect of the relational contracting one of the especially "grey areas" of economic exchange where public procurement is concerned (Brown et al. 2013).

## Privity and Completeness in Contract

Another important element of trust in the business relationship that is complicated by the public context is the principle of "privity," or the idea that the parties to a contract have a special duty to each other to perform that excludes the interests of third parties (*Black's Law Dictionary,* Black et al. 1999). This is also represented by the ancient maxim *pacta sunt servanda,* or "promises must be kept" (Keyes 1996). In the public setting, however, this expectation of privity is complicated by the principal-agent relationship of the government buyer to their ultimate customer and stakeholder – those who inhabit the state and who are impacted by the effects of the procurement activity.

In the complexity of the public administration context, administrators must view their relationship to the public in three ways: as citizens, as customers, and as partners (Thomas 2013). Often, contracts made by government officials for one agency become key components of relationships not just with individual citizens, or with a commercial contracting community, but with other public partners, both at different government levels and with different public charters (such as nonprofit organizations). Trust is essential for the proper functioning for these cross-sector collaborations (Getha-Taylor 2012) – which complicates the concept of privity in public contracts.

As a result, trust also plays an important role in the degree to which a contract must be "complete," or the totality with which the written document captures the specific intents of the parties (Brown et al. 2007). Completeness, while it clearly apportions risk in the relationship, also has tendency to reduce the flexibility available to the parties during the actual conditions of performance. The greater the trust between the contracting parties, the less complete the specifications of a contract need to be – and as a result, the less expensive a service or product becomes as a consequence as a result of clear risk apportionment. In the public contract, however, there is always a third party – that is, the citizen – that has a vested interest in the outcome of the contracting relationship. This adds pressure on public procurement officials to make contracts as complete as possible, even if flexibility and economy are compromised in comparison to the expectations experienced by their commercial counterparts.

This is especially key because in public contracts, the reality is that failure is never an acceptable option, even when a contracting technique is especially innovative (Brown et al. 2013). The actions (or inactions) that a government takes in response to a perception by the public that a contractor has failed to perform a contract obligation (even when such performance is not specifically required in an actual contract) can contribute to the belief that a contract has been ineffective or that contractor's performance has been unsatisfactory and is not being enforced. This perception can remain even if a contract would have been completely adequate under normal circumstances, or if a contractor's performance has fulfilled all its legal promises. Therefore, a potential pitfall for public officials when using contracting as a governance tool happens when a procurement's costs

are reduced by omitting specifications for the sake of economy and flexibility, and something unexpected – or judged to be unlikely, occurs.

## Trust in Comparative Procurement

Trust is an element in the commercial transactions of every culture, though it may reflect different customs and norms. The recent boom in public procurement studies has been significantly boosted by work on an international scale, with important work being done in the European Union, across Asia and Africa, and particularly in the global South. The broad-ranging topical scope of the *Journal of Public Procurement,* entering its third decade in print, and collaborations such as recent anthology *Public Procurement: International Cases and Commentaries* (Knight et al. 2012), has increased the profile of public procurement scholarship in general and reflects the importance of procurement case studies that illuminate the specific contexts that face public administrators worldwide. Sources such as these help remind scholars that while public trust in public procurement is to some degree dependent on circumstances in addition to the specificity of legal and economic contexts, public trust is a universal concern wherever governments enter the marketplace intending to serve the public interest.

## Conclusion

All governments function poorly when they are not trusted by those they serve. One key indicator that a public entity deserves a bestowal of trust is that it manages the public tender with competence and with integrity. Public procurement, although it presents some challenges in terms of technical complexity and legal understanding, provides an important opportunity for citizens to evaluate how much trust their government has earned in terms of its incorruptibility, fairness, and transparency. Although scholarly attention to this important governance tool has been somewhat subdued historically, indications are that this is changing, and will hopefully continue to change, especially as public administration welcomes diverse voices from across the globe to contribute to studies about what makes public service valuable, ethical, and effective.

## Cross-References


- ▶ Administrative Ethics
- ▶ Bureaucracy and Public Trust
- ▶ Contracting with Government
- ▶ Costs of Ethics
- ▶ Differences in States' Procurement Practices
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Trust
- ▶ Governance and Trust
- ▶ Procurement Integrity
- ▶ Professional Ethics
- ▶ Public Procurement and Accountability


## References


Black HC, Garner BA, McDaniel BR, Schultz DW, West Publishing Company (1999) Black's law dictionary, vol 196. West Group, St. Paul

Brown TL, Potoski M, Van Slyke DM (2007) Trust and contract completeness in the public sector. Local Gov Stud 33(4):607–623

Brown TL, Potoski M, Van Slyke DM (2013) Complex contracting. Cambridge University Press, Cambridge

Cooper PJ (1980) Government contracts in public administration: the role and environment of the contracting officer. Public Adm Rev 40(5):459–468

Cooper PJ (2002) Governing by contract: challenges and opportunities for public managers. CQ Press, Washington, DC

Cooper TL (2012) The responsible administrator: an approach to ethics for the administrative role. Wiley, Hoboken

Dobel JP (1990) Integrity in the public service. Public Adm Rev 50(3):354–366

Getha-Taylor H (2012) Cross-sector understanding and trust. Public Perform Manag Rev 36(2):216–229

Kelman S (1990) Procurement and public management. AEI Press, Washington, DC

Keyes WN (1996) Government contracts under the Federal Acquisition Regulation. West Publishing, Eagen

Knight L, Harland C, Telgen J, Thai KV, Callender G, McKen K (eds) (2012) Public procurement: international cases and commentary. Routledge, London

Light PC (2004) Outsourcing and the true size of government. Public Contract Law J 33(2):311–320

Light PC (2017) The true size of government: tracking Washington's blended workforce, 1984–2015. The Volcker Alliance, New York
Macaulay S (1963) Non-contractual relations in business: a preliminary study. Am Sociol Rev 28(1):55–67
Macneil IR (1978) Adjustment of long-term economic relations under classical, neoclassical, and relational contract law. Northwest Univ Law Rev 72(6):854–905
Mashaw JL (1991) The fear of discretion in government procurement. Yale J Regul 8:511–519
McCue CP, Prier E, Swanson D (2015) Five dilemmas in public procurement. J Public Procurement 15(2):177–207
Milward HB, Provan KG (2000) Governing the hollow state. J Public Adm Res Theory 10(2):359–380
Nagle JF (1999) A history of government contracting. George Washington University Law School, Government Contracts Program, Washington, DC
Prier E, McCue CP (2009) The implications of a muddled definition of public procurement. J Public Procurement 9(3–4):326–370
Thomas CW (1998) Maintaining and restoring public trust in government agencies and their employees. Adm Soc 30(2):166–193
Thomas JC (2013) Citizen, customer, partner: rethinking the place of the public in public management. Public Adm Rev 73(6):786–796
Trammell E, Abutabenjeh S, Dimand AM (2019) A review of public administration research: where does public procurement fit in? Int J Public Adm:1–13. https://doi.org/10.1080/01900692.2019.1644654. (published online 22 July 2019)
Van Ryzin GG (2011) Outcomes, process, and trust of civil servants. J Public Adm Res Theory 21(4):745–760

# Public Procurement and Social Justice

Rachel Henriques and Emily Harwood
University of West Florida, Pensacola, FL, USA

## Synonyms

Contracts; Egalitarianism; Environmentalism; Equality; Equity; Fairness; Governance; Prison; Public Procurement; Social Enterprise; Social Justice

## Definitions

Social justice in public procurement is the acquisition of works, goods, and services on behalf of a public authority in support of a fair and equitable society in which all individuals have equal access to rights, wealth, opportunities, and treatment.

## Introduction

Public Procurement accounts for 13% to 20% of Global GDP, making it a powerful instrument for social justice advancement (The World Bank 2020). The early impacts of social justice in public procurement can be seen through the enactment of labor laws in the eighteenth and early nineteenth centuries (Bureau of Labor Statistics 2015). Despite initial efforts to protect workers from abuse, discrimination, and hazardous working conditions, long-fought battles rarely afforded protection to the most vulnerable populations. As communities fought for stronger protections, expectations for socially responsible public procurement began to rise. Public agencies are expected to be good stewards of public funds and to act in the public interest. This dictates that consideration be given to how expenditures impact the quality of life of individuals within communities represented. Whether through implementation of policy, community investment, or the purchasing of goods and services, public agencies have an opportunity to impact poverty, discrimination, and environmental concerns; how and whether those opportunities are taken reflect the extent to which individuals in power act in the best interest of the people they represent.

This entry covers topics related to social justice in public procurement, including its roots in the environmental justice movement, advancement of social enterprises, and the utilization of private prisons and incarcerated labor.

## Environmental Justice

The civil rights movement in the United States helped to expose the myriad of disparities facing minority communities. As the United States Federal government took steps to provide equitable opportunities for minorities through anti-discrimination legislation, affirmative action, and

government contract set-asides, impacts of public procurement decisions rooted in classism and racism were harder to ignore (McCrudden 2004). Historically, minority and low-income communities have been overlooked and have suffered the consequences of a lack of meaningful investment. In stark contrast to business investments that benefit local communities, the construction of factories and landfills resulted in a reduced quality of life for millions of people due to water, air, and noise pollution. Where environmental impact and social justice converged, a new movement in the pursuit of environmental justice was born. The movement began in 1982, in response to plans by the State of North Carolina to place a hazardous waste landfill in Warren County, a small, predominantly Black community (U.S. Department of Energy n.d.). Following outcry from citizens who felt they were being marginalized due to their race and socioeconomic status, the United States Government Accounting Office (GAO) conducted a study to assess the placement of hazardous waste landfills in the southeast United States (U.S. Government Accounting Office 1983).

The need for public landfills and waste services and the placement of those facilities provides a critical point of understanding social justice and public procurement. According to the 1983 GAO study, three out of four landfills, located in Sumter County, Alabama; Chester County, South Carolina; and Warren County, North Carolina, were in predominantly Black communities. All four landfills, including Sumter County, South Carolina, were located in communities where 26% of residents had income below the poverty level – over 90% of which were Black residents (U.S. Government Accounting Office 1983). The study also points out a preliminary injunction against the placement of the Warren County waste landfill was dismissed by the Federal district court, and citing race was not a motivating factor in the placement of the landfill (U.S. Government Accounting Office 1983). Although the study supported concerns that low-income and minority communities were disproportionately affected by hazardous waste landfills in the southeast United States, it did little to show whether the landfill placement was born out of discrimination or simply the pursuit of lowest price/best value from the government perspective. While the government has a responsibility to seek best value, they must also consider with superior importance, the rights of citizens who live in areas that make them particularly vulnerable to undesirable investment. The GAO study seems quick to dismiss any discriminatory intent, but a lack of intent does not negate the government of responsibility for negative outcomes suffered by impacted communities.

Despite individual communities often feeling powerless to address local issues, collective efforts were able to draw more attention to a widespread issue. In response to rising concerns, the United States Environmental Protection Agency (EPA) formed the Environmental Equity Workgroup to assess the environmental risk burden that low-income and minority communities faced and what actions could be taken to mitigate those risks. Increasing support culminated in the First National People of Color Environmental Justice Summit in 1991 which brought together leaders of the movement from around the world. During the summit, leaders developed the Principles of Environmental Justice, which laid the groundwork for Executive Order (EO) 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, issued by United States President William Clinton in 1994, which required federal government agencies to focus on environmental justice as part of their overall mission.

In 2011, fifteen Federal agencies signed the Memorandum of Understanding on Environmental Justice and EO 12989. The renewed effort, spearheaded by the Interagency Working Group on Environmental Justice (EJ IWG), worked to create collaborative and innovative solutions to environmental justice issues. As part of the EJ IWG, the United States General Services Administration (GSA) has been positioned to impact social justice change within public procurement. In an effort to increase sustainable workplaces, GSA partnered with the EPA to develop the Smart Location Calculator. The calculator allows agencies to explore how building locations affect

worker commute and can reduce the impacts of pollution and cost burdens on local infrastructure (U.S. Environmental Protection Agency n.d.). Similar mapping efforts are being used in Europe to track noise pollution, which has been identified as a major environmental health problem. Under the Environmental Noise Directive, Member States are required to use noise mapping data to develop action plans for reducing and preventing noise pollution where exposure could have harmful health impacts (Directive 2002/49 2002).

Public investment in technologies like data mapping has allowed for innovative approaches to affordable housing, neighborhood revitalization, and sustainable development; however, not all development efforts benefit the community as a whole. Despite intentions to uplift underprivileged communities through revitalization efforts, public agencies run the risk of accelerating the process of gentrification (Maantay and Maroko 2018). In a new phenomenon known as "green gentrification," seemingly beneficial "green" community improvements, such as parks and community gardens, are giving rise to "improved property values, enhanced neighborhood aesthetics and reduced crime rates sufficiently to interest developers in investing in the neighborhood, whereby the community rightfully feels as though their hard work has sown the seeds of their own destruction" (Maantay and Maroko 2018; Maantay 2013, p. 40). The United States Department of Housing and Urban Development (HUD) issued a report in 2016, with four recommendations to create inclusive and equitable neighborhood change. They recommend public agencies, "preserve existing affordable housing; encourage greater housing development including, but not limited to, affordable housing; engage existing community residents; and take a broader look [at] using regional, rather than localized, strategies" (U.S. Department of Housing and Urban Development 2016, p. 2). Although gentrification is a concerning issue for underprivileged communities, HUD's report encourages public agencies to attack the larger issue of widespread poverty through attempting to harness the benefits of gentrification while minimizing the risks to low-income residents (U.S. Department of Housing and Development 2016). As global efforts to track the impacts of public procurement continue to advance, increased information sharing will allow for more informed decision making as agencies better understand how to balance government and community needs.

## Social Enterprise

The concept of trade for social purposes is not new, but it has evolved from its origins to meet the needs of diverse workforces around the world. Following World War II, Europe began integrating sheltered workshops to address the growing number of unemployed disabled veterans (University of Iowa and Hospital Clinics n.d.). The workshops gained popularity globally and expanded from employing persons with military service related disabilities, to adults with intellectual and nonservice related physical disabilities. As countries aimed to create a more inclusive workforce, the term social enterprise was adopted to reflect a more individualized and community based approach.

In 1971, the United States passed the Javits-Wagner O'Day (JWOD) Act, which requires all Federal agencies to purchase certain supplies and services from nonprofits employing blind and severely disabled persons. AbilityOne, the Federal agency responsible for administering the JWOD Act, provides employment opportunities for over 45,000 blind or severely disabled persons (AbilityOne n.d.). Canada, also a leading country in social enterprise, recently passed the Investing in Canada initiative, a long-term infrastructure plan that includes a requirement to help indigenous and marginalized communities by contracting with smaller social enterprises and providing funding for things like affordable housing and early childhood education (Government of Canada 2020). Another world leader in social enterprise, the United Kingdom, passed the Public Services (Social Value) Act of 2012, requiring that the government consider the social, economic, and environmental impact for public contracts and that the procurement must act to implement those considerations to better the local community

it will affect (UK Public General Acts 2012). In 2018, the Public Services Act was extended to explicitly mandate the evaluation of social value in procurement planning. By minimizing barriers such as project size and employing the use of industry and community input in procurement development, the government hopes to maximize service delivery through social enterprise.

Social enterprise has advanced well beyond its roots to become a substantial contributor to gross domestic product. In search of innovation, sustainability, and investment, public agencies have created incentives for social entrepreneurs to engage in public-private partnerships (PPP). The PPP creates a working relationship between the public and private sector to provide goods and services to the community. Financial vehicles such as grants, public venture capital funds, and social impact bonds are being used to draw investment from the private sector, providing much needed capital for social, environmental, and economic improvements (Sanchez 2018). Some private sector goals deviate from the standard public interest and transparency expected of public institutions; however, the shared responsibility offered through PPP provides a unique and mutually beneficial relationship that when managed correctly, allows for better public outcomes.

## Private Prisons and Incarcerated Labor

Public procurement and inmate labor within the prison system is a nuanced business. Although many countries use prisoners for work and labor, the United States has by far the largest prison population in the world both in number and by population. The USA maintains approximately 20% of the world's prison population yet makes up only 4.3% of the total global population; El Salvador, a few small Eastern countries, and several smaller islands rank next in prison population rate – the number of prisoners per 100,000 of the population (Walmsley 2018; United Nations Population Fund 2020). It is worth noting several of those smaller islands that rank high on the list are also US territories.

One benefit to the USA of the large prison population is the ability to contract business, increase revenue, and provide cheap labor. UNICOR, also known as Federal Prison Industries (FPI), is a wholly-owned US federal corporation that specializes in work programs for inmates. The corporation was founded in 1934 by the US Congress. The pay is low – averaging less than one US dollar an hour. The services are provided to the Bureau of Prisons (oversees care of imprisoned individuals) and are also available to the public for purchase (Federal Bureau of Prisons 2020). UNICOR is also able to bid on contracts with the federal government to provide services. The work done by incarcerated individuals has a wide range; they provide data services, call center work, dairy, farm supplies, mattresses, furniture, along with numerous other options.

In the 1980s, the federal government further expanded the business of incarceration by allowing the procurement of prison contracts with private corporations to manage prisons, rather than the government. The first corporation to acquire a private contract with the government was CCA, "Corrections Corporation of America," also known as CoreCivic. Currently, CCA and another private contractor, The GEO Group, accounts for over half of the total private prison contracts, with a combined multibillion dollar revenue. Many of these contracts involve a "minimum occupancy clause" between the government (whether federal or state) and the private contractor, requiring a certain number of prisoners to be retained in the beds at any given time, in order to guarantee a revenue profit for the contractor (In the Public Interest 2013). These private contract companies also utilize prison labor as a method of both offsetting the cost of inmates, as well as acquiring revenue – they function like a regular business corporation, even having publicly traded stock. Some prison contractors, such as GEO Group, have expanded to international locations for prison contracting, as well as into immigration facilities.

Prison labor can be used for either the government or the private contractor to directly produce goods to sell to the public, or they can be further contracted out to the free market for additional

labor at a lower cost to public businesses. Corporations and small businesses contract with prisons for various services at a bottom-level cost, without having to additionally pay for things like healthcare or other benefits. These companies can contract for labor resources, such as package assembly, electric work, building and construction, sewing, and agricultural farming – everything from growing cotton to raising fish farms. Many US state and local governments also utilize prisoners for services like custodial maintenance and kitchen work in government buildings and government houses, as well as for civic growth: prisoners have been used to build sidewalks, roads, water fountains, pipelines, buildings, and new police stations (Arizona Department of Corrections 2020; O'Donoghue 2017).

Common promotions of inmate labor include teaching labor skills to prepare for gainful employment upon release, reduced recidivism, restitution for victims, child support, and savings a prisoner can use while in prison to purchase goods, or to send to family to provide additional support. Another factor that may be the most important from a social justice perspective is the argument that work provides meaningfulness and contributive purpose in society for any individual.

Criticism of inmate labor typically revolves around a few elements: one being the wage for work, another being the element of labor while incarcerated itself, and lastly, whether the labor, and even incarceration itself, is economically beneficial to the public. Prisoners are paid far less than the federal minimum wage for the work they do. This is explained as an offset to room and board, transportation, and food costs, in addition to any victim restitution or child support owed. However, the low wage also contributes to problems with labor competition for lower-wage free workers, as the bottom line is exponentially cheaper for corporations and businesses to employ inmates for services or goods, rather than free people. Another dissent is with the morality of the unpaid or low-paid prison labor of human beings, which has often been compared to enslaved labor, particularly based on some of the US prisons being built on prior black slave plantations, and noting that the black incarceration rate is significantly higher than that of other races or ethnicities (Carson 2020). The competition of cheap labor against the free market has led to protests against the labor, arguing that it takes jobs from the working class. Several studies have been done on the economic and cost benefit to society, with findings that incarceration fails at a cost-benefit analysis to the public and that taxpayers actually end up paying billions every year for incarceration, with added negative impacts to individual communities and family units (Prison Policy 2016). Additionally, a more recent concern has been that of the exponential growth in recent years of immigration detention centers, both federally and under private contract, as they contract, operate, and profit in a similar manner to prisons (Haberman 2018).

Two practical ways to improve social justice issues with inmate labor would be to pay prisoners a higher wage and to reduce the number of incarcerated individuals (Prison Policy 2016). In paying a fairer wage for work, the prisoners could still achieve the benefits of learning a new trade or skill, as well as continue the personal growth work of providing meaningful contributions to society. Paying a fairer wage to prisoners may also naturally lead to a reduction in the high US incarceration rates, as any remaining incentives to acquire prisoners for cheap labor or business contracts would be challenged by having to pay higher rates – this would also help deter further morality issues (Gotsch and Bosti 2018; Prison Policy 2016). While a reduction in imprisonment for "lesser crimes" could lead to less revenue for the governments and corporations whose business contract revenues are based on high incarceration rates and inmate availability, it may ultimately lead to a more productive, free market society where families remain intact and free workers no longer have to compete for jobs with low-cost inmate labor (Moritz-Rabson 2018).

## Conclusion

Public procurement is an influential factor in a country's economy, sustainability, and welfare. It impacts business growth as well as individuals

within a community; thus, it is important for advancements in public procurement to reflect the needs and values of the community it serves. Just as labor protests, the civil rights movement, and environmental concerns shaped modern day public procurement, current efforts to address ongoing systems of oppression have the ability to influence future procurement policy. The more governments utilize procurement with attentiveness to the social implications, in addition to the benefits of public wealth and global economic growth, the more salubrious the whole of society will be.

## Cross-References


- ▶ Affirmative Action as Social Policy
- ▶ Disparity in Government Procurement
- ▶ Prisons as Social Policy, United States
- ▶ Public Sector Collaboration and Social Policy
- ▶ Rehabilitation and Recidivism
- ▶ Sustainable Procurement


## References


AbilityOne Program (n.d.) Overview: fact sheets. Retrieved 8 Aug 2020 from https://www.abilityone.gov/livinghistory/about/factsheets/index.html

Arizona Department of Corrections (2020) Inmate labor. https://corrections.az.gov/inmate-labor

Bureau of Labor Statistics (2015) Labor law highlights, 1915–2015. https://www.bls.gov/opub/mlr/2015/article/pdf/labor-law-highlights-1915-2015.pdf

Carson E (2020) Bureau of justice statistics: prisoners in 2018 (Publication NCJ 253516). U.S. Department of Justice. https://www.bjs.gov/content/pub/pdf/p18.pdf

Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise (2002) Off J Eur Commission L189:0012–0026. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32002L0049

Federal Bureau of Prisons (2020) UNICOR: program details. U.S. Government, Federal Bureau of Prisons. https://www.bop.gov/inmates/custody_and_care/unicor_about.jsp

Gotsch K, Bosti V (2018) Capitalizing on mass incarceration: U.S. growth in private prisons. The sentencing project. https://www.sentencingproject.org/publications/capitalizing-on-mass-incarceration-u-s-growth-in-private-prisons/#III.%20Challenges%20of%20Private%20Prisons

Government of Canada (2020) Investing in Canada plan – building a better Canada. Government of Canada, Infrastructure Canada. https://www.infrastructure.gc.ca/plan/about-invest-apropos-eng.html

Haberman C (2018) For private prisons, detaining immigrants is big business. The New York Times. https://www.nytimes.com/2018/10/01/us/prisons-immigration-detention.html

In the Public Interest (2013) How lockup quotas and "Low-Crime Taxes" guarantee profits for private prison corporations. https://nicic.gov/criminal-how-lockup-quotas-and-low-crime-taxes-guarantee-profits-private-prison-corporations

Maantay J (2013) The collapse of place: derelict land, deprivation, and health inequality in Glasgow, Scotland. Cities and the Environment (CATE) 6(1). https://digitalcommons.lmu.edu/cgi/viewcontent.cgi?article=1130&context=cate

Maantay J, Maroko A (2018) Brownfields to greenfields: environmental justice versus environmental gentrification. Int J Environ Res Public Health 15(10). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6210586/

McCrudden C (2004) Using public procurement to achieve social outcomes. Nat Resour Forum 28:257–267. https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/pdfs/2004-mccrudden-public_procurement.pdf

Moritz-Rabson D (2018) 'Prison Slavery': inmates are paid cents while manufacturing products sold to government. Newsweek. https://www.newsweek.com/prison-slavery-who-benefits-cheap-inmate-labor-1093729

O'Donoghue J (2017) Which Louisiana prisoners get to work in the Capitol, Governor's Manson? The Times – Picayune. https://www.nola.com/news/politics/article_5e65f21b-6c01-5216-a622-ca1663561b3b.hml

Prison Policy (2016) Economic perspectives on incarceration and the criminal justice system. https://www.prisonpolicy.org/scans/20160423_cea_incarceration_criminal_justice.pdf

Sanchez B (2018) 10 policy tools that governments are implementing to spur social enterprise. Inclusive business. https://www.inclusivebusiness.net/ib-voices/10-policy-tools-governments-are-implementing-spur-social-enterprise

The University of Iowa Hospitals and Clinics (n.d.) The great debate: the shift from sheltered workshops to competitive integrated employment. https://uihc.org/ucedd/sites/uihc.org.ucedd/files/the_great_debate.pdf

The World Bank (2020) Global public procurement database: share, compare, improve. https://www.worldbank.org/en/news/feature/2020/03/23/global-public-procurement-database-share-compare-improve

U.S. Department of Energy (n.d.) Environmental justice history. https://www.energy.gov/lm/services/environmental-justice/environmental-justice-history

U.S. Department of Housing and Urban Development (2016) Insights into housing and community development policy. https://www.huduser.gov/portal/sites/default/files/pdf/Insights-Ensuring-Equitable-Growth.pdf

U.S. Environmental Protection Agency (n.d.) Smart location mapping. Retrieved 8 Aug 2020 from https://www.epa.gov/smartgrowth/smart-location-mapping
U.S. General Accounting Office (1983) Siting of hazardous waste landfills and their correlation with racial and economic status of surrounding communities, B-211461. https://www.gao.gov/assets/150/140159.pdf
United Kingdom Public Services (Social Value) Act 2012, Chapter 3 (2012). https://www.legislation.gov.uk/ukpga/2012/3/enacted
United Nations Population Fund (2020) World population dashboard. https://www.unfpa.org/data/world-population-dashboard
Walmsley R (2018) World prison population list (twelfth edition). Institute for Criminal Policy Research, World prison brief. https://www.prisonstudies.org/sites/default/files/resources/downloads/wppl_12.pdf

# Public Procurement for Public Financial Management in Africa: Agency Theory Lenses

Justice Nyigmah Bawole and Peter Adjei-Bamfo
Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

## Synonyms

Africa; Central African Republic; Comparative analysis; Ethiopia; Ghana; Principal-agency theory; Public financial management; Public procurement

## Definitions

*Public procurement* is the process through which public sector agencies acquire goods and services from third parties to deliver public goods and services.

*Pubic financial management* involves a chain of activities from budget planning (by the executive) and authorization (by the legislative branch) to appropriation, apportionment, incurring liabilities through procurement and contracting operations, verification of prospective payments, cash management, and discharge of payment obligations, accounting, reporting, control, audit, and evaluation (Guess and Ma 2015).

## Introduction

Effective public financial management (PFM) system is one of the most significant concerns of government as it enhances economic stability, reduces cost on society, and optimizes the use of national resources necessary for developmental programs. Considering these benefits, significant amount of resources are being invested into strengthening existing PFM systems to address challenges that confront it. Donors and development partners such as members of the International Development Association (IDA) also demand PFM reforms as aid conditionality, particularly in sub-Saharan Africa, to ensure value for money (VfM), improved national revenue mobilization efforts, economic efficiency, and financial control (Hadley and Miller 2016; PEFA 2010). Hence, the Public Expenditure and Financial Accountability (PEFA) framework have become key assessment tools for PFM in several administrative systems (Leruth and Paul 2006). However, prior studies (Peterson 2010; Betley et al. 2012; PEFA 2016) suggest that desired outcomes of these reforms are barely realized with instabilities in the few that experienced some improvements. Attempts to explain these instabilities have been contested and inconclusive (Betley et al. 2012; Leruth and Paul 2006). In this chapter, the limitation is addressed from the public expenditure side of PFM reforms.

Public procurement, the larger component of public expenditure after salaries, accounts for about 15% to 20% of public expenditure globally, and up to 70% in developing countries (see Thai 2001; World Bank 2012). Public procurement is an essential tool for government considering its link with the pillars of effective governance: improved public service delivery, VfM, and an enabling environment for private sector-led growth. The World Bank (2012: 6) report argues "...public procurement reform can contribute directly to improving a country's business,

investment, and social environments." How do public procurement practices influence effective PFM in Africa? This chapter presents a comparative analysis of public procurement and PFM practices of three African countries: Ethiopia, Ghana, and Central African Republic. Drawing on the principal-agency literature, the chapter argues that certain idiosyncrasies inherent in their respective public procurement environment pose agency problems or serve as an agency cost in PFM.

The rest of the chapter is structured as follows. A conceptual overview of PFM and public procurement are presented in the next section. This chapter further discusses the principal-agency literature. Details of the research methodology follow. Key findings are then presented and discussed. The chapter finally concludes and outlines the study's implications for public procurement practice and research toward effective PFM in Africa.

## Conceptual Overview

### Public Financial Management

PFM encompass a "chain of activities from budget planning by the executive and authorization by the legislative branch to appropriation, apportionment, incurring liabilities through procurement and contracting operations, verification of prospective payments, cash management, and discharge of payment obligations, accounting, reporting, control, audit, and evaluation" (Guess and Ma 2015: 129). Each of these activities has been scrutinized separately by scholars and development agencies with the aim of enhancing PFM globally (Betley et al. 2012; World Bank 2012). Particularly, the PEFA framework was introduced in 2005, to harmonize donors' effort: (i) to understand the reform agenda of beneficiary country, (ii) to coordinate support programs, and (iii) for a shared information pool on PFM (Hadley and Miller 2016). The PEFA framework is currently the most effective tool used by development agencies for assessing related fiduciary risks in PFM systems (PEFA 2010; Betley et al. 2012). With seven main pillars, the framework aims to promote inter alia budget reliability, transparency of public finances, policy-based fiscal strategy and budget, predictability and control in budget, and external scrutiny and audit.

This chapter focuses on how public procurement environment in Africa influences effective PFM. Out of the 31 indicators of the PEFA framework, indicator P1–24 defines public procurement (PEFA 2016). Indicator P1–24 emphasizes transparency, monitoring, competitiveness, and the availability of complaint systems in the procurement process. The public procurement literature is replete with studies examining these areas (Kauppi and Van Raaij 2014; Parker and Hartley 1997; Thai 2001).

### Public Procurement

Public procurement is the procedure through which public sector agencies acquire goods and services from third parties. This includes buying, renting, leasing or acquiring supplies, and construction services. Public procurement is considered a major economic activity of government as it accounts for greater proportions of national expenditure (Thai 2001; World Bank 2012). Most governments use public procurement to advance a wide variety of outcomes such as promoting social and environmental outcomes (Adjei-Bamfo and Malorah-Nyamekye 2019) and reducing public sector corruption. Parker and Hartley (1997), however, contend that such broad outcomes make the public procurement practice vulnerable to vagueness and unnecessary use of discretion.

A number of principles (also consistent with P1–24 of PEFA) guide the public procurement practice (PEFA 2016). These include accountability, transparency, competition, VfM, and complaint systems. These general principles are mostly enforced through the provisions enshrined in respective national procurement laws meant to promote the tenets of good governance and citizens' welfare. Notwithstanding its significance, the procurement function in Africa is marred with delays, excessive corruption (Ameyaw et al. 2012), lack of transparency, accountability, and competition among others. For example, public procurement corruption in sub-Saharan Africa is

estimated at US$148 billion which is explained by 20% to 30% price rise in about 70% of all public contracts (Ameyaw et al. 2012). This may thwart national development by depressing external investment, weaken public institutions, and erode public trust. Hence, the numerous reforms in the public procurement practice in Africa. Yet, all efforts to improve PFM through public procurement reforms appear to have failed to yield sustainable outcomes. This chapter explains this phenomenon from the lenses of the agency theory.

## Principal-Agency Theory

The principal-agency theory describes the relationship between an individual actor (the principal) who has contracted another (the agent) either explicitly or implied, to undertake a responsibility on his/her behalf. The theory assumes a divergent interest between the principal and the agent (Jensen and Meckling 1976). Thus, the agent, in the performance of his assigned task, may pursue his/her personal interests – causing an agency problem. Jensen and Meckling (1976) recommend monitoring and incentive tools (agency cost) for addressing this problem.

Recent literature suggests that the agency theory has grown significantly over the last two decades. Particularly in public administration, the application of the agency theory is considered as a political institutional theory – making its more complex and fuzzy (Farazmand 2002; Adjei-Bamfo and Maloreh-Nyamekye 2019). Despite the theory's promise in analyzing public contracting, it is criticized on grounds that it fails to emphasize the cooperative and coercive element of social contracts as a result of unequal power distribution in bureaucracies (see Farazmand 2002: 41). Although the theory appeals to powerful elites, it is mostly difficult to hold them accountable to their actions. In this chapter, however, the strand of the agency theory is extended in the context of public procurement to explain the instabilities in PFM outcomes in Africa.

## Methodology

A comparative case study design was employed. Three cases were sampled from Africa based on three main criteria. First, the study identified countries that have either benefited or are currently under the HIPC initiative. This was to ensure that selected cases had experience with international PFM standards through interventions from the IDA. Researchers then selected three countries: Ghana, Ethiopia, and the Central African Republic from the Western, Eastern, and Central African subregions out of the 30 African countries identified with HIPC experience (World Bank 2016). Finally, the three countries were selected based on available data from the comprehensive dataset used.

The analysis was supported with descriptive data from the Global Integrity Index (GII) of the Transparency International and the World Bank's Country Policy and Institutional Assessments (CPIA) to extend the evidence base of the analysis. Three relevant indicators of PFM based on Guess and Ma (2015) were extracted from the CPIA data source: "quality of budget and financial management," "efficiency of revenue mobilization," and "transparency, accountability, and corruption in public sector." The World Bank mostly uses these indicators for the allocation of concessionary loans to client countries. These indicators serve as agency cost for advancing the canons of effective PFM (see Fig. 1). From the GII, however, "citizens' access to procurement results and contract documents," "competitive bidding," and "ban of bad suppliers" were also extracted. These are consistent with the procurement indicators (P1–24) of the PEFA framework. They help to explain how potential agency problems in public procurement are controlled.

## Discussion of Findings

This section foremost discusses the agency theory-related issues in public procurement environment and explains the instabilities in PFM outcomes in Africa. Based on Fig. 1, this chapter

delineates the agency problems and agency costs with the nature of governance, certain economic variables, and cultural values underlying the public procurement environment in Africa.

## Agency Issues in Public Procurement and PFM

### Information Asymmetries

Public procurement in Africa is characterized by information gaps (see Figs. 2 and 3). Partly from vagueness in specifying the terms of procurement contracts and deliberate actions by leadership, inadequate procurement information stimulates opportunism resulting from the divergent goals of procurement stakeholders (see Kauppi and Van Raaij 2014). In view of the information gaps and the widespread perception of procurement corruption, Ethiopia reformed its procurement regime with the enactment of Procurement and Property Administration Proclamation No.649/2009 to harmonize the procurement practice. Chekol and Tehulu (2014) observed that this introduced transparency, awareness, and clarity into Ethiopia's public procurement regime. Meanwhile, the IMF reports that transparency outcomes at CAR are still low despite support from the IDA.

In Ghana's case, the Ghana Integrated Financial Management Information System (GIFMIS) was launched in 2009 at the cost of US$ 120.52 million to minimize information gaps. Among other things, GIFMIS was meant to promote efficiency, transparency, and accountability in PFM through rationalization and modernization of budgeting and public expenditure management. Figures 2 and 3 show that transparency features of GIFMIS have largely enhanced access to procurement-related information and increased competitive bidding in Ghana.

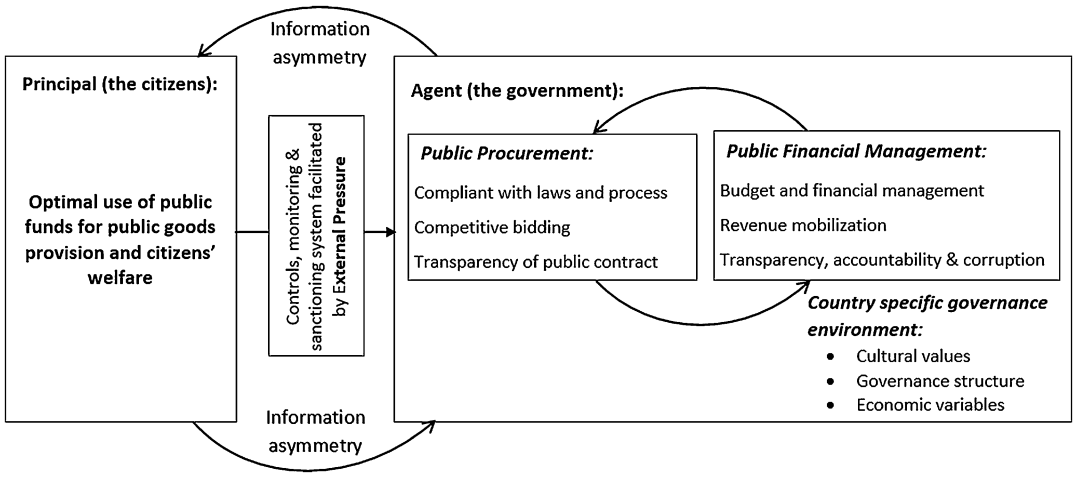


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 1** An agency framework for comparative public procurement and PFM in Africa

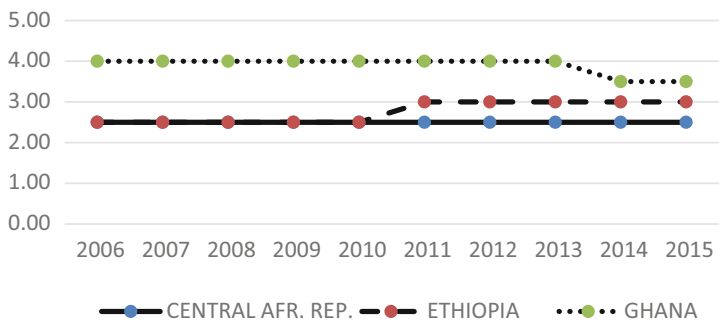


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 2** Transparency, accountability, and corruption in the public sector (World Bank CPIA, 2006–2015)

### Guidance and Monitoring

Guidance and monitoring systems in public procurement are also critical for effective PFM. Indicator P1–24 of the PEFA framework maintains that there must be accurate and complete data on types of items procured, their value, and contract with awardees for all methods used (see PEFA 2016). Figure 2 indicates that only Ghana lies above average in transparency and accountability. Thai (2001) notes in his framework on public procurement system that accountability in the practice provides the relevant feedback element for measuring specific performance goals that may be necessary for improving existing systems.

However, the pressure to comply could be limited in instances where "agents of accountability have at best a weak appreciation of the issues" (Schapper et al. 2006: 3). Hence, Kauppi and Van Raaij (2014) argue for the training of public procurement managers to familiarize themselves with procurement regulations. Consistent with the data, Chekol and Tehulu (2014) and Peterson (2010) emphasize the benefits of appreciation for Ethiopia's public procurement laws. Effective guiding and monitoring systems may address the problem of "honest incompetence" (Kauppi and Van Raaij 2014). These systems constantly update stakeholders and maintain reliable data for the feedback element of the public procurement system toward improved PFM outcomes.

### Control and Sanctioning Regimes for Compliance

Controls involve both internal and external systems like authorization, appropriation, rewards, and other sanctioning measures. Internal organizational mechanisms may provide incentives to control agency parties (principal and agent) from opportunism (see Eisenhardt 1989). For example, Fig. 4 provides evidence of the ban (disqualification of bad suppliers from tender selection process) as a sanction in public procurement. Figure 4 revealed that CAR is not committed to banning bad suppliers from participating in future bids compared to Ghana and Ethiopia.

While Ghana maintains an average position, Ethiopia had a perfect (100%) performance in 2014 but relapsed. This demonstrates a general weakness in control and complaint systems as such bans are usually the outcomes of effective monitoring systems both in the selection process and in the cause of delivering the contract terms. Sanctions stimulate compliance with contractual

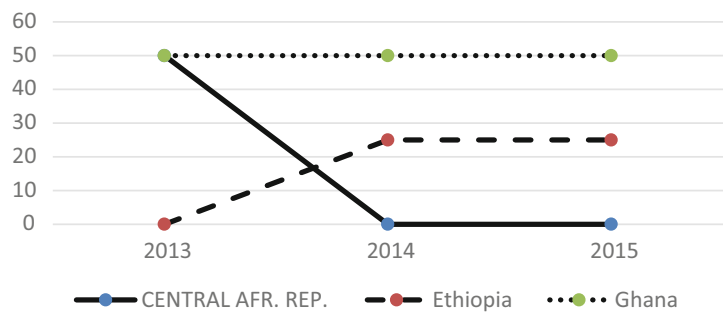


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 3** Citizens accessibility to results and documents related to procurement contracts (Transparency International GII, 2013–2015)

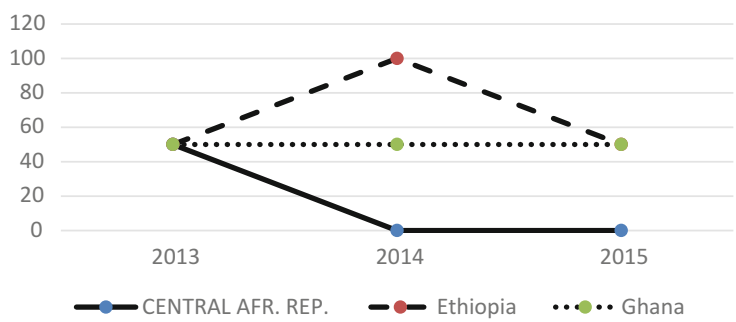


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 4** Ban on bad suppliers from future bid participation (Transparency International GII, 2013–2015)

terms. To administer this in a fair and just manner, most central procurement agencies in line with the third dimension of P1–24 indicator of the updated PEFA framework have instituted special authorities responsible for addressing procurement grievances otherwise associated with such sanctions (PEFA 2016).

## Public Procurement Environment in Africa

Three key variables underlying the public procurement environment in Africa explain the dynamics and influences of the unstable PFM reform outcomes. Based on Fig. 1, these are discussed from the lenses of the agency theory.

### Government Structure

As a federal parliamentary republic, Ethiopia seems to enjoy a high level of transparency in public procurement than Ghana. However, Ghana's system of governance has comparatively improved its public finances through relatively stronger political systems and vibrant third sector (external pressure). Unlike the parliamentary system where the executive is more accountable to the legislature, accountability in the presidential system is partly facilitated by external pressure from civil society organizations. Their endorsements serve as incentives for inducing political commitment – a catalyst for successful PFM reforms (Betley et al. 2012).

In Ghana's case, for example, Betley et al. (2012) argue that political executives usually have strong incentives for committing to public procurement and PFM system in early parts of the administration, but this gradually wanes over as other political priorities come to play. Figure 5 corroborates this (see election years 2008 and 2012 for Ghana; 2011 for CAR; 2010 for Ethiopia). It is therefore plausible to conclude that parliamentary governance systems with higher democratic status are more capable to formulate and to sustain enforcement of PFM systems than presidential systems of governance that have a fixed tenure. This is because the oversight role of parliamentary systems of governance serves as the agency cost for citizens and provides the required incentive for political executives to comply with procurement laws in PFM (see Betley et al. 2012; Jensen and Meckling 1976; Eisenhardt 1989).

### Economic Variables

Economic variables also impact PFM in Africa. Over the last 50 years, Africa has experienced a fast rate of population growth along with urban poverty, insecurity, and high levels of inequality, which pose threats to economic stability (Abdulai and Hickey 2016). Compounded with high debt levels and mismanagement of public funds, this has resulted in several African countries seeking interventions from the IDA under the HIPC initiative. For instance, the debt reliefs and improved budget systems resulted in a $515 million GDP growth in CAR's economy between 2007 and 2011 (World Bank 2016) but declined subsequently (see Figs. 5 and 6). With the support of the IDA, Ghana and Ethiopia also received other assistance including the GIFMIS system. However, performance outcomes from the PFM and public procurement indicators do not commensurate expectations of the reforms.

Explaining this phenomenon, Betley et al. (2012) view that political leadership and will to

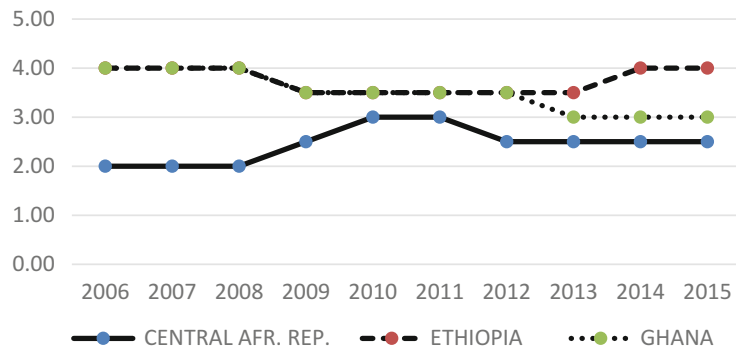


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 5** Quality of budget and financial management (World Bank CPIA, 2006–2015)

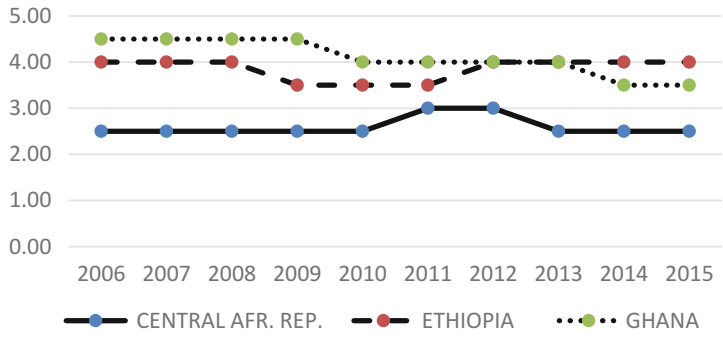


**Public Procurement for Public Financial Management in Africa: Agency Theory Lenses, Fig. 6** Efficiency of revenue mobilization (World Bank CPIA, 2006–2015)

enforce PFM regulations are often minimized in their quest to sustain their political tenure. The burgeoning political settlement literature also suggests that members of the ruling government allocate resources legally and illegally through the award of public contracts to "patron-client networks," who in turn sponsor their campaign. Such adverse selection continues to widen development inequalities and inform instabilities in PFM outcomes in Africa.

### Cultural Value

Cultural values also inform public procurement practice in Africa. The culture of a society has some implications for compliance with rules and regulations such as public procurement and PFM. Yeboah-Assiamah et al. (2016) contend that Africa is a highly collectivist society and blames its high public sector corruption on its collectivist culture. Thus, collectivist culture disapproves of whistleblowing as it disrupts its unity. Hence, these societies are most likely to contain unethical behavior rather than reporting them. Particularly, gifts – which are culturally acceptable in administrative environment in Africa – have a tendency of compromising procurement officials in favor of gift givers. Such societies also fail to demand accountability from public officials (perceived as corrupt) due to unlimited socioeconomic demands from the extended family system. These values often create conflict of interest situations for public/procurement officials.

Consequently, compliance with public procurement and PFM rules in Africa are undermined by such unfavorable cultural practices as control mechanisms (agency cost) and incentives meant to elicit compliance with PFM practices (Eisenhardt 1989; Leruth and Paul 2006) are weakened. It is, hence, plausible to suggest that these collectivist countries are often challenged by weak enforcement mechanisms, which explain their inability to sustain PFM efforts amid numerous reforms.

## Conclusion

This study extends and enriches the strand of the principal-agency literature in public procurement management for PFM. This comparative study explains how factors characterizing the public procurement environment in the African context affect PFM outcomes with cases from Ethiopia, Central African Republic, and Ghana. The chapter concludes that the instabilities in PFM reform outcomes in Africa are largely due to three main country-specific variables underlying the public procurement environment: governance structure, economic variables, and cultural values. From the agency theory lenses, these factors affect the agency cost in public administrative systems necessary for addressing the agency problems in public procurement management toward desired PFM outcomes. Significant implications for research, the public procurement practice, and PFM in Africa are highlighted.

## Cross-References

▶ Comparative and Development Public Administration and Policy
▶ Public Procurement

P

## References

Abdulai AG, Hickey S (2016) The politics of development under competitive clientelism: insights from Ghana's education sector. Afr Aff 115(458):44–72

Adjei-Bamfo P, Maloreh-Nyamekye T (2019) The 'baby steps' in mainstreaming sustainable public procurement in Ghana: a double-agency perspective. J Public Affairs 19:e1902

Ameyaw C, Mensah S, Osei-Tutu E (2012) Public procurement in Ghana: the implementation challenges to the public procurement law 2003 (Act 663). Int J Construction Supply Chain Manag 2:55–65

Betley M, Bird A, Ghartey A (2012) Evaluation of public financial management reform in Ghana, 2001–2010: final country case study report. Swedish International Development Agency (Sida), Stockholm: Sweden

Chekol GA, Tehulu TA (2014) Public procurement reform in Ethiopia: factors leading to effective public procurement implementation: the case of Amhara region. Eu J Bus Manag 6(23):153–158

Eisenhardt KM (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):57–74

Farazmand A (ed) (2002) Modern organizations: theory and practice. Greenwood Publishing Group, Westport, CT: USA

Guess GM, Ma J (2015) The risks of Chinese subnational debt for public financial management. Public Adm Dev 35:128–139

Hadley S, Miller M (2016) PEFA: what is it good for? The role of PEFA assessments in public financial management reform. Overseas Development Institute, London

Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3:305–360

Kauppi K, Van Raaij EM (2014) Opportunism and honest incompetence – seeking explanations for non-compliance in public procurement. J Public Adm Res Theory 25(3):953–979

Leruth L, Paul E (2006) A principal-agent theory approach to public expenditure management systems in developing countries. IMF working paper no. 06/204: 1–45. International Monetary Fund, Washington, DC. Accessed on: 21 Jan 2017, from: https://ssrn.com/abstract=934463

Parker D, Hartley K (1997) The economics of partnership sourcing versus adversarial competition: a critique. Eu J Purch Supply Manag 3(2):115–125

Peterson S (2010) Reforming public financial management in Africa. HKS faculty research working paper series RWP10-048, John F. Kennedy School of Government, Harvard University

Public Expenditure and Financial Accountability (PEFA) Secretariat (2010) Survey of PEFA partners' use of PEFA assessments for internal processes. Public Expenditure and Financial Accountability Secretariat, Washington, DC

Public Expenditure and Financial Accountability (PEFA) Secretariat (2016) Framework for assessing public financial management. PEFA Secretariat, Washington, DC

Schapper PR, Veiga Malta JN, Gilbert DL (2006) An analytical framework for the management and reform of public procurement. J Public Procure 6(1/2):1–26

Thai KV (2001) Public Procurement Re-Examined. J Public Procure 1(1):9–50

World Bank (2012) Why reform public procurement? World Bank, Washington, DC

World Bank (2016) Heavily Indebted Poor Country (HIPC) initiative. Accessed on: 14 Dec 2017. From: http://www.worldbank.org/en/topic/debt/brief/hipc

Yeboah-Assiamah E, Asamoah K, Bawole JN, Musah-Surugu IJ (2016) A socio-cultural approach to public sector corruption in Africa: key pointers for reflection. J Public Aff 16(3):279–293

# Public Procurement in Russia

Konstantin Igorevich Golovshinsky
National Research University Higher School of Economics (HSE), Moscow, Russia

## Synonyms

Contracting out; Outsourcing; Products supply for state needs; Public tendering

## Definition

Russian public procurement system, its features and shortcomings; the specifics of the procurement process in Russia, its weaknesses, and ways to solve the problems.

## Introduction

In 2016, notices were placed in the unified information system (UIS) for public purchases totaling about 6.5 trillion rubles (108 billion US$). The total value of concluded contracts was about 5.3 trillion rubles. Economic gain as a result of public procurement has reached 420 billion rubles annually. The average reduction in prices after competitive purchases is 8.2%. The average number of participants in purchases is about 2.7. The prevailing method of defining the supplier is

electronic auction, which makes up 58.3% of the total number of notices placed in the UIS. More than 610.9 billion rubles of public procurement money are directed to small businesses.

A total of 674,400 contracts, with a value of 241.3 billion rubles, were concluded with application of antidumping measures (20.1% of the total quantity and 4.6% of the value of all contracts concluded in 2016).

## Concept of the Contract System

On 1 January 2014, the Federal Law of 5 April 2013, No. 44-FZ "About the contract system in the sphere of purchases of goods, works, and services for ensuring the state and municipal needs" came into force.

Earlier attempts to create a contract system were made in the 1990s. The decree of the Russian President on 7 August 1992, No. 826 "About measures for formation of federal contract system" provided the measures for creation of the mechanism of government procurement in market conditions (except for goods with state-regulated prices).

In essence, the competitive mechanism for selection of applicants for the conclusion of state and municipal contracts was fully created in 2005 when the first law on public procurement was adopted in modern Russia (the Federal Law of 21 July 2005, No. 94-FZ "On Placing Orders for Provision of Goods, Works, and Services for State and Municipal Needs").

The shortcomings of this law, which went through numerous changes, soon became evident. There was an awareness that the law was in need of improvement, not only regarding rules on the selection of suppliers (contractors, performers), but also regarding other stages of government and municipal procurement. The main shortcoming of this law was that it focused on bidding, without sufficient attention to the planning, implementation, and audit phases of public procurement.

The Russian contract system is a set of legal, organizational, and economic measures aimed at fulfilling state and municipal needs for goods, works, and services by means of the following interconnected stages:

- Forecasting and planning
- Bidding
- Implementation of contracts
- Control and audit

A systems approach to the regulation of public procurement is shown in expansion of the law at the stages of planning, performance of contracts, monitoring, audit, and control. Such an approach is not widely known and, to some extent, is equivalent to Russian "know-how."

Another unique feature of the Russian procurement system is the UIS. The UIS contains data on purchases by public educational and legal entities with state involvement, and organizations carrying out various types of activity. The system facilitates access to information by potential suppliers (contractors, performers). Furthermore, the system allows competitive selection of suppliers and leads to increased efficiency of purchasing activities.

### Planning in the Russian National Contract System

Planning is carried out by means of the following documents:

- Plans of purchases (three-year planning horizon)
- Scheduled plans of purchases (one-year planning horizon)

Plans of purchases are documents that contain the list of items to be provided in the next year and the planning periods for ensuring federal needs, the needs of territorial subjects of the Russian Federation, municipal needs according to state programs of the Russian Federation, target programs, plans and development programs for the territorial subjects of the Russian Federation and municipalities, and other documents related to program and target planning approved in accordance with the established procedure.

Purchase plans are developed and approved by the main managers of the relevant budget for a

term of not less than 3 years, including the next year and planning period.

The formation, approval, and maintaining of procurement plans are approved by the Government of the Russian Federation.

Plans of purchase must include the following:

1. The names of purchases according to the documents of program and target planning, with assignment of a unique identification code
2. General, objective, and functional description of the subjects of purchases necessary to ensure that needs are met
3. Budgetary funds needed for purchase of each subject of purchase, within budgetary appropriations according to the law (decision) on the budget for the next financial year (the next financial year and planning period)
4. Terms (frequency) of implementation of the planned purchases
5. The expected result of implementation of purchases, including indicators of satisfaction of state and municipal needs
6. Other data determined by the Government of the Russian Federation

Any needs that are not provided by the documents of program and target planning can be included into the purchase plans approved for the period up to 1 January 2013.

The unique identification code for each purchase consists of the budgetary classification code; code of the All-Russian Classification of Economic Activities (OKVED); code of the All-Russian Classification of Economic Activities, Production, and Services (OKDP); and an individual number.

Scheduled plans for purchases of goods, works, and services for state and municipal needs are documents that contain a list of purchases and customers for the next year and the basis for their implementation.

Scheduled plans are formed by customers according to plans of purchases within the limits of budgetary appropriations for customers in the next financial year, the budget of territorial subjects of the Russian Federation, the local budget, and budgets of the state (territorial) off-budget funds.

Scheduled plans include the following data:

1. Unique identification code of purchase
2. Terms of the contract, including the names of items to purchase; minimum necessary requirements for the subject of purchase; the quantity (volume) and the planned terms (frequency) of purchase of goods, works, and services; the initial (maximum) price of the contract, including the size of advance payment (if appropriate), with a breakdown of payment stages (if purchase, including performance of the contract, is provided step by step)
3. Additional requirements for participants of procurement procedures (if existing)
4. Method of purchase
5. Schedule of implementation of procurement procedures according to the specified method of purchase
6. Surname, name, middle name (if available), position, and contact information of the authorized official acting on behalf of the customer (contract service of the customer)

In addition, justification of implementation of purchases, which is an integral part, is included in the scheduled plan.

The rule is that purchases cannot be made if they are not accompanied by scheduled plans.

### Initial (Maximum) Price of the Contract

The initial (maximum) price of the contract at the announcement of purchases is provided in the Russian system of public procurement.

Customers must be guided by the following methods for determining the price:

1. *Standard method*: This is understood as calculation of the price of the contract on the basis of standards. This method is applied in cases where legal acts have established standards concerning goods, works, and services (including their ceiling price, quantity (volume), and quality).
2. *Method of one price*: According to this method, the price of the contract is determined by the price established by the organization

that is the only producer (supplier) of goods (works, services) or has the exclusive right to goods, works, or services. The method is applied in cases where the goods (works, services) are made or delivered by one organization or for which one organization has the exclusive rights.

3. *Tariff method*: The price of the contract is defined according to the established tariff (price) of goods (work, service).
4. *Indexation method*: The price of the contract is calculated according to the price of similar goods (works, services), in comparable conditions, that were purchased by the customer in the previous (current) year. The price indexation is fixed according to the rate of inflation (proved by the customer or using another coefficient). This method is applied in cases where the purchase of goods, works, or services is similar to the purchase made by the customer in the previous (current) year.
5. *Request method*: This method is used in addition to the indexation method, and in other cases when there is a competitive market of suppliers (performers, contractors) for necessary goods (works, services). In this case, the cost of goods, works, or services is defined by studying price offers, including the structure of the price, of not less than five organizations that can deliver such goods, works, or services.
6. *Other methods*: These are provided by the customer in cases where it is impossible to use the methods listed above.

The following are sources of information about the prices of goods, works, and services that can be used to determine the initial (maximum) contract price:

1. Data from state statistical reports
2. Data contained in the UIS
3. Register of contracts
4. Information about the prices of producers
5. Public results of market studies
6. Market research conducted at the initiative of the customer
7. Other reliable sources of information

The Government of the Russian Federation establishes the exhaustive list of sources of information that can be used for determination of the initial (maximum) price of the contract.

## Bidding Process

In the Russian contract system, customers have the right to use the following bidding methods:

1. *Open competition*: Open competition information on purchase is given by the customer to an unlimited circle of people by placing a notice in the UIS. The winner is the company that offers the best terms of performance of the contract (price as well as quality).
2. *Competition with limited participation*: Under a competition with limited participation, information on purchase is given by the customer to an unlimited circle of people. Then, the competition with limited participation is held. Limitation is based on a prequalification procedure. The winner of a competition with limited participation is the provider that has gone through the prequalification selection and offers the best terms of performance of the contract.

   Such competition is held in cases of high-difficulty or specialized services and works. Only a limited number of suppliers (performers, contractors) are capable of offering such goods or executing such services.
3. *Two-stage competition*: A two-stage competition is where the winner is the provider who participates in two stages of bidding and offers the best terms of performance of the contract according to the results of compliance with the tender documentation.

   The customer has the right to apply the procedure of this type of competition in the following cases:
   - The customer has concluded that specification of the characteristics of a subject to purchase needs to be discussed with suppliers (contractors, performers).
   - A competition is held for a contract for carrying out scientific research, project work, experiments, research, or development (except in cases where such a contract provides production of goods in quantities

sufficient to ensure their commercial profitability or reimbursement for research and development), for creation of literary works or art, for performance or execution (as result of intellectual activity), and for financing the hire or display of a national movie.

4. *Electronic auction*: The customer is obliged to apply the procedure of an electronic auction for procurement of goods, works, or services included in the list established by the Government of the Russian Federation.
5. *Request for quotation*: This method of bidding involves reporting information on the needs of customers for goods, works, or services to an unlimited circle of people. The winner is the provider offering the lowest price for the contract.
6. *Request for proposals*: Requests for proposals are carried out by the contract service of the customer, who has the right to carry out purchases by means of a request for proposals in the following cases:
   - There is an urgent requirement (e.g., because of an extraordinary event).
   - The procedure of purchase previously carried out by the customer is recognized as cancelled and the customer has come to the valid conclusion that repeated holding of procedures of purchase, taking into account urgency of purchases, is inexpedient.
7. *Closed ways of purchasing goods, works, and services*: Under closed procurement procedures, information on purchase is given to a limited circle of providers, who meet the requirements and are capable of delivering goods, performing works, or rendering services that are the subjects of competition and who have access to data that are state secrets. Such purchases are carried out only in the following cases:
   - Purchase of goods, works, services, or data that are state secrets, provided that such data are contained in documentation on the implementation of purchase or in the draft contract.
   - The conclusion of contracts for rendering services in insurance, transportation, and protection of values of the state fund of precious metals and gemstones of the Russian Federation, or for rendering services in insurance, transportation, and protection of museum objects and museum collections, rare and valuable editions, manuscripts, and archival documents (including their copies) having historical, artistic, or other cultural value and transferred by customers for temporary possession and use or for temporary use to natural and legal entities, including in connection with holding exhibitions in the territory of the Russian Federation and (or) territories of foreign states.
8. *From the only source*: Exceptional cases of single source procurement include 25 situations, including the following examples:
   - The contract of power supply or purchase and sale of electric energy with the guaranteeing supplier of electric energy.
   - Services in water supply, water disposal, sewerage, heat supply, gas supply (except for services involving liquefied gas), connection (accession) to utility networks at the prices (tariffs) regulated according to the legislation of the Russian Federation.
   - Goods made, works performed, and services rendered by institutions and penal correction systems according to the inventory, works, and services approved by the Government of the Russian Federation.
   - The contract for the visit of a zoo, theater, movie theater, concert, circus, museum, exhibition, or sporting event.
   - The contract (contract) for rendering teaching services by individuals.

## Joint Procedures of Purchase

The possibility of holding joint procedures of purchase is provided in the Russian contract system. Such purchases are possible if two or more customers need the same goods, works, or services.

In this case, one of customers acts as the organizer of purchases. The other customer transfers, on the basis of the agreement, part of the functions of the organization and holding of joint

procedures of purchase. The specified agreement has to contain the following:

1. Data about the parties of the agreement
2. Data on types and estimated volumes of purchases for which joint procedures of purchases are carried out
3. Rights, duties, and responsibility of the parties of the agreement
4. Information about the organizer of joint procedures of purchases, including the list of functions transferred to him by the parties of the agreement
5. Order and terms of formation of the contest (auction) committee on implementation of purchases, and also regulations of work of such commission
6. Order and terms of development and approval of tender (auction) documentation
7. Approximate terms of holding joint procedures of purchases
8. Procedure for payment of the expenses connected with the organization and holding of joint procedures of purchases
9. Period of validity of the agreement
10. Order of consideration of disputes and appeals
11. Other information defining the relationship of the parties of the agreement during the holding of joint procedures of purchases

The rights, duties, and responsibility of customers during the holding of joint procedures of purchase and an order of holding such procedures are defined by the agreement of the parties according to the Civil Code of the Russian Federation and the bill. The contract with the winner or winners of joint procedures of purchase is with each customer. Such contracts are subject to execution by the parties according to the Civil Code of the Russian Federation and other federal laws taking into account the provisions of the bill.

The parties of the agreement incur expenses on holding joint procedures of purchase in proportion to the share of the initial price of the contract of each customer in the total amount of the initial prices of contracts.

### Centralized Purchases

According to Russian purchasing law, centralization of purchases can be created by federal executive authority, executive authority of the region of the Russian Federation, and local government authorized for holding procedures of purchases for customers. Public procurement is highly centralized only at the regional level – a federal procurement agency is not established.

### Contract Service of the Customer

Another feature of the Russian contract system is the creation of a contract service for customers. The contract service organizes planning and implementation of purchases by public agencies.

The contract service is an independent structural division of the customer (department, head department, management department) and is headed by the head (chief).

The contract service carries out the following functions and powers:

1. Participates in preparation of the purchase plan.
2. Develops the scheduled plan of purchases, makes any changes or revisions, and places the plan in the UIS.
3. Prepares drafts of documentation relevant to placement of state orders.
4. Conducts procurement, including conclusion of the contract. During conclusion of the contract, the customer designates the official responsible for performance of this contract (the contract officer) from among the staff of the contract service. The contract officer can be responsible for performance of several contracts.
5. Prepares and places documentary reports in the UIS.
6. Provides performance of the contract and accepts results of the contract.
7. Ensures completeness and satisfaction of the needs of the state and municipalities regarding the supplied goods, works, or services by monitoring the performance of contracts, market research, and monitoring prices, with the aim of increasing purchase efficiency, including at the stage of performance of the contract.

8. Participates in cases appealing against the results of the held auction, and conducts claims activities
9. Consults with suppliers (contractors, performers), in case of need, at the planning stage to define a condition of the competitive environment on the corresponding market of goods (works, services), and to define the best technologies and make other decisions for ensuring that needs are met.
10. Carries out other powers provided by the bill.

The contract service interacts with other structural divisions of the customer, the federal executive authority (which carries out law-enforcement functions to ensure performance of the federal budget), the control body, and the public authority authorized to carry out audits in the federal contract system.

Employees of the contract service need special knowledge and skills in the sphere of purchases, a higher education, and experience in the sphere of purchases. The contract manager should have completed not less than 3 years of service in the sphere of purchases. All specified persons bear personal responsibility for performance of their functions and powers.

Assignment of the contract service to functions that are not provided by the bill is not allowed.

## Contract Audit and Control in the Contract System

A contract audit is the systematic and documented process of verification, by the customer, of objectively obtained and estimated data in order to assess the efficiency of planning and implementation of purchases.

A contract audit is booked by the public authority authorized to carry out audits in the federal contract system. There are two types of audit:

1. *Complex audits*: These are carried out by verification of the constituent, registration, planning, reporting, accounting, and other documents relating to purchases (carried out not more than once a year).
2. *Thematic checks*: The activity of the customer is checked in a single control action or research on a certain site of activity of the customer. Checks are carried out on the basis of the motivated addresses and statements from natural and legal entities, public associations on control, public authorities, and local governments, and also on the basis of information contained in the UIS. Such inspections of customer activity are obligatory for contracts with only one source, and for other contracts as determined by the decision of the Government of the Russian Federation.

Control in the federal contract system represents the activities of authorized government bodies directed to the prevention, identification, and suppression of violations by public authorities, local governments with powers in the federal contract system, and legal entities that carry out activities in federal contract system, their heads and other officials of the requirements established by the bill or other acts of the Russian Federation. Control is by means of the organization and conducting of checks, by acceptance of the measures for suppression and (or) elimination of the consequences of the revealed violations as provided by the legislation of the Russian Federation, and by other activities of the specified authorized government bodies for control in the federal contract system relating to the execution of requirements of the legislation of the Russian Federation.

Control is carried out in the form of planned and unscheduled inspections.

Unscheduled inspections are carried out at the address of the participant in the procedures of purchases in the cases of complaint regarding actions (or inaction) of the customer or receipt of information about a violation of the law of the Russian Federation. The complaint is considered in a 10-day period.

## Public Control

In Russia, citizens and organizations are granted the right to exercise public control over observance of the requirements of the legislation in a purchase order and on the conditions established. Public authorities and local governments are obliged to provide the possibility of such

participation in the order and form established by the bill and other regulations of the Russian Federation.

For this purpose, citizens have the right to unite on a voluntary basis in public associations whose primary authorized activity is implementation of public control according to provisions of the bill. The specified associations have the right to carry out the following activities:

1. Prepare suggestions for improvement of the legislation of the Russian Federation in the sphere of the federal contract system.
2. Request customers to provide information about implementation of purchases and the progress of execution of contracts.
3. Carry out independent public monitoring and assessment of the course of implementation of purchases, including evaluation of procurement procedures and the results of contract performance regarding their compliance with the requirements of the bill.
4. Address and direct materials related to monitoring the results of the activity to the public authorities authorized for control of customer activity, with offers to conduct checks on customers, and acceptance of the appropriate measures.
5. Hold events (public hearings, discussions) concerning the activity.
6. Carry out other activities according to federal law and other regulations of the Russian Federation.

## Current Achievements, Problems, and Solutions

The following features of the public procurement system in the Russian Federation are common:

1. *Unified information system*: The UIS is used for placement of information about orders. Over the last 10 years, the system of government procurement in the Russian Federation has been significantly updated and modernized. This centralized resource (which has no analogs in other countries), the official website of the Russian Federation for placement of information about purchases of goods, works, and services, was created on 1 January 2016. In 2016, nearly 3,300,000 notices for a total amount of 6.5 trillion rubles were placed on the portal of the UIS for the contract system in the Russian Federation. The website is the fully fledged instrument of the market in all territories of the country and allows all participants, irrespective of location, to take part in the competition for a state or municipal contract.
2. *Electronic platforms*: Development of the state ordering system since 2005 has been implemented using the model of a private partnership between the state and a supplier. Operators of electronic platforms organize methods such as electronic auctions, which allow participation in the auction without uniform paper documents. All infrastructure is created by the platform operators, without investment from the state. This has allowed savings of 8–10 billion rubles, which has been spent on the transition to electronic procurement.
3. *Procedural control*: Over the last 10 years, a system of procedural control for the state ordering system has been created that has no analogs regarding speed and working capacity. Any applicant can appeal against violations of the competition at all stages in the cycle of procurement. The number of such complaints is estimated to be tens of thousands a year (53,000 in 2013 and 62,000 in 2015). Furthermore, many hundreds of purchases are cancelled because correct documentation is not provided by the supplier or the commission illegally rejected a more competitive application (in 2015, 13,000 complaints were satisfied). The conveyor of complaints is available and quick – the established period of 10 days for analysis of the complaint is usually achieved.

This ambitious service model of the state ordering system has been in place since 2014. Before that, regulation of the sphere of government procurement was carried out according to the Federal Law of 21 July 2005, No. 94-FZ "About placing orders for delivery of goods, performance of work, rendering services for the state and municipal needs". By 2013, it had become obvious that the

potential of Federal Law No. 94-FZ was exhausted. With its acceptance in 2006, the basis of the system of government and municipal procurement was created; however, after years of corruption and fraud in purchases, the problem had spread to the stage of order placement, where there were no standard regulations for planning of purchases and performance of contracts.

Within the approved ideology, the state ordering system is perceived as one of the services providing implementation of state programs. The service ideology emphasizes regulation of the full procurement cycle to ensure that state needs are filled – from planning of purchases to the final result, through monitoring and control of the results of performance of contracts, including public control.

### Problems of the State Ordering System in Russia

There are three main problems associated with the Russian procurement system – credibility, corruption, and cost. These are discussed next in more detail.

There is a low level of credibility in the state procurement market, resulting in low indicators of activity. The low level of credibility in the state procurement market creates a self-fulfilling prophecy – low trust leads to a small number of participants in an auction and a low level of competition. This, in turn, convinces players of the poor quality of the market and the hopelessness of participation in the auction. Confirmation of the mistrust of the market for state and municipal orders is given by the extremely low average number of participants in an auction. For decades, there have been 2–2.5 participants per auction. It should be noted that sometimes participants submit two applications at once because if there is only one application, it is necessary to undergo additional coordination in FACE (Federal Antimonopoly committee). Therefore, the real number of participants is even less.

Corruption levels in the state procurement system remain high. The electronic auctions cannot transform the state ordering system into a mechanism whereby the winning offer is the most favorable for the state. Purchases continue to be corrupted by officials for whom purchase orders are a source of enrichment and not a means of achieving the tasks of state programs. More than 40% of interviewed businessmen considered the state procurement system to be very corrupt. Defeat by the corruption of the state system also means that it is impossible to raise the level of quality of delivered goods, works, and services. Therefore, roads continue to be constructed during bad weather (during rain or snow), and school students continue to be fed rotten fruit and vegetables.

Customer expenses have grown significantly. Research at the Higher School of Economics showed that most (84.2%) responding customers specified that implementation of purchases according to the new rules of 2014 demands large expenses. Most respondents noted noticeable (twofold and more) growth in labor costs. These expenses were primarily connected with the need to prepare a larger volume of documents at the planning stage and to justify prices. Additional costs also arose from interaction with regulators (for example, for coordination of purchases as the only software supplier) and from cancelled competitive procedures.

## Directions of Reform

### Debureaucratization

Credible business providers for the public procurement market are discouraged by bureaucratic systems such as a 200-page document of rules for ensuring performance of purchase contracts, the rigid terms of the documents (preparation of the application usually takes three attempts), and the impossibility of making changes to a submitted application. Moreover, the system deprives the conscientious customer of the opportunity to select the best proposal from a reliable supplier.

The quantity of paperwork that must be collected for participation in the bidding is constantly rising. It is necessary to simplify significantly the paperwork needed for small and medium businesses to participate in the bidding procedures, to limit the possibility of corrupt customers imposing overestimated requirements on participants, and to create the opportunity to provide

necessary confirmation not at the stage of application submission, but at the signing stage or even during performance of the contract.

### Electronic Shop

In quantitative expression, small purchases dominate the state ordering system. Instead of a simple purchase, customers are forced to carry out difficult procedures that can take weeks to complete. For simple purchases of standard goods (according to a separate list), the electronic shop can be used. This procedure involves placement of a notice on the electronic platform regarding an order, with instructions on the category of goods (work, services), volume indicators, initial (maximum) price, and required delivery time (rendering, performance). To make small purchases of up to 10,000–20,000 rubles, contract managing directors have the opportunity to use debit cards from widespread payment service providers.

### Personalization of Responsibility

Long-term reform in the state in Russia has been based on a paradigm of detailed regulation of processes. The culture of bribery was proposed "to be taken in pincers" by controlling both the supply and demand sides: on the one hand, by locking the official effectiveness indicators and, on the other hand, by regulating an official's work. Administrative regulations on rendering of services and current legislation on the contract system are obvious evidence of the fiasco of this ideology.

The first step in improving the procurement system has been taken by including the contract service and the contract managing director. However, the potential of contract managing directors in a government procurement system is underused. People who every day have the opportunity to influence decision-making at the price of several billion rubles have to work in a system of restrictions and encouragement. Restrictions and encouragement need to be more rigid and more powerful. In exchange for stricter requirements regarding conflicts of interest, the use of polygraphs, and disclosure of data on income and expenses, contract managing directors need encouragement. This is normal corporate practice. Such an approach can allow the state to enter the market for highly skilled specialists, involve chief purchasing officers with wide corporate experience, and, above all, avoid employing those with slippery or negative stories in their track record. For large customers, a non-departmental council should be engaged in the selection of contract officers.

Reputation mechanisms are not only useful for the personnel structure of contract services, but also for departments in general. Following the results of periodic assessment of indicators of work for departmental contract systems (competition level, economy, effectiveness of purchases), the worst departments lose the right to use difficult and, therefore, corruptogenic methods of auction, or must completely pass their purchasing function to the centralized service purchasing agency (for reference, see the experience of the UK Crown Commercial Service).

Control is required, not only of procedures, but also of results. Russia already has experience of creating an effective system of procedural control in the sphere of purchases. A similar system has to be created for control of the results of purchases. Such functions are now fixed and bodies of financial control exist, but control is not carried out by anybody. Any citizen, as user of the result of performance of a state or municipal contract, has to acquire the right to make a complaint about low quality service (a poor quality road, badly repaired playground, etc.), and the authorized body needs the power to quickly consider the complaint and make a decision, including following the results of a Double check.

## Conclusions

The main issues in public procurement are the low level of credibility (and, as a result, low participation) and the high level of corruption. As reform measures, it is proposed to focus on measures to reduce bureaucracy. It is necessary to simplify significantly the process for small and medium businesses to participate in bidding for a procurement contract. Introduction of the electronic shop will also greatly simplify the procurement process. A further important measure is personalization of responsibility, meaning that restrictions

and encouragement for public procurement staff must be more rigid and more powerful. Control of both procedures and results (i.e., delivery of goods and services) is also an essential step on the way to reform of the Russian public procurement system.

## Cross-References


- ▶ Assessing Procurement Reforms in Russia
- ▶ Government Budget Laws in Russia
- ▶ History of Procurement in Public Sector in Russia


# Public Procurement in Uganda

Pius Gumisiriza
School of Public Policy and Governance, Management Institute, Kampala, Uganda

## Synonyms

Decentralization; Public procurement; Service delivery

## Definition

Public procurement is the means by which governments acquire goods, services, and contracting of construction works using public resources.

## Introduction

Public procurement is a strategically and politically influential activity that governments can use to stimulate economic activities, protect national industries from foreign competition, develop local content, improve the competitiveness of certain industrial sectors, reduce inequality and poverty, and promote efficiency, effectiveness, fairness, and value for money (Thai 2009; Uyarra and Flanagan 2009; Arrowsmith 2011). In Uganda, public procurement is equally an important and influential activity because it accounts for over 70% of public spending and the National Development Plan 2015–2020 envisages that the amount of money to be spent on transport, energy, housing, and essential supplies is expected to increase tremendously to over US$ 30 billion by 2040 as the country tries to achieve its vision of prosperity (NDP II 2015).

## International Public Procurement Regulation Instruments

Many international and regional bodies have emphasized the need for establishment of a proper, accountable, transparent, and non-discriminatory and a corruption-free public procurement system among member states. For instance, Article 9 of the United Nations Convention against Corruption calls upon member states to take the necessary steps to establish appropriate systems of procurement based on transparency, competition, and objective criteria in decision-making that are effective in preventing corruption. The convention articulates specific issues which the public procurement system should address including public distribution of information relating to procurement procedures and contracts/tenders, giving tenderers enough time to respond to the bid invitations; establishment of appropriate procedures and conditions for participation, using objective and predetermined criteria for public procurement decisions to facilitate the subsequent verification of the correct application of the rules or procedures; establishment of an effective mechanism of domestic review; and regulation of personnel responsible for procurement so that they pursue ethical, fair, and impartial procurement procedures in application of legislation, tendering rules during procurement. This is alluded to by the African Union Convention on Preventing and Combating Corruption, Article 11(2), that calls for parties to establish mechanisms to encourage participation by the private sector in the fight against unfair competition and

respect of the tender procedures and property rights, while Article 11(3) calls for state parties to adopt measures to prevent companies from paying bribes to win tenders. Furthermore, the United Nations Commission on International Trade Law established the Model Law on Public Procurement that aimed at achieving value for money and avoiding abuses in the procurement and has been used by various governments to shape national public procurement legislation (UNODC 2013).

## Public Procurement Regulation Instruments in Uganda

Before the promulgation of the 1995 Uganda Constitution, the 1977 Public Finance Regulations under the Public Finance Act of 1964 governed public procurement in the country. Following the new Constitution in 1995 and the implementation of structural adjustment programs, the NRM government with the support from development partners initiated reforms and established laws governing the public procurement and disposal sector in a way that takes into consideration the value for money, transparency, and accountability (Karyeija 2012; Basheka and Bisangabasaija 2010). These laws include the Public Procurement and Disposal of Public Assets Act of 2003; the Public Procurement and Disposal of Public Assets Regulations of 2003; the local Governments Public Procurement and Disposal Regulations of 2006; the Local Governments Act of 1997 as amended; the Local Governments Financial and Accounting Regulations of 1998; the local government (Public Procurement and Disposal of Public Assets) guidelines of 2008; and international procurement laws, e.g., World Bank Guidelines (World Bank 2004). The Ministry of Finance, Planning and Economic Development sets the procurement policy and oversees the procurement process across the government. The Public Procurement and Disposal of Public Assets Authority (PPDA) sets standards and regulates procurement and disposal activities of PDEs, which are government ministries, districts and municipal local government authorities, and other public bodies engaged in the procurement and disposal activities. The procuring and disposing entities (PDEs) implement the PPDA Act. Each PDE includes an accounting officer (AO), a contracts committee (CC), a procurement disposal unit (PDU), user departments (US), and an evaluation committee (EC). The accounting officer in the municipalities is the town clerk, while the DLGs' chief administrative officer (CAO) is appointed by the Public Service Commission. The AO ensures that the DLG establishes an appropriately staffed procurement and disposal unit charged with managing of all public procurements and disposal activities except adjudication and the award of contracts. The AO also nominates members of the contracts committee who are approved by the Secretary to the Treasury. The user department is any department, division, branch, or section of the procuring and disposing entity, including any project unit working under the authority of the procuring and disposing entity. The main areas of responsibility are preparing annual procurement plans, initiating procurement and disposal requirements, and defining needs; providing technical inputs to the procurement and disposal process; undertaking delegated micro procurements; and managing contracts once placed. The contracts committee is a team of individuals appointed by the authorized officer to oversee the procurement and disposal of assets on behalf of the procuring agency. The contracts committee sends a representative to attend pre-bid meetings and witness bid closure and opening. However, their main responsibility is to approve or reject contract award decisions or recommendations from the procurement and disposal unit throughout the procurement or disposal process and ensure that procurement and disposal activities are conducted in compliance with the PPDA Act and Regulations. The evaluation committee (EC) whose membership is recommended by the procurement disposal unit and approved by the contracts committee evaluates the bids submitted after which it forwards recommendations to the AO for decision-making. Providers, suppliers, contractors, and consultants participate in public procurement and disposal proceedings. Procurement disposal units manage procurement

and disposal activities working in conjunction with user departments and seeking approval of contracts committee where appropriate (PPDA 2015).

## Stages in Public Procurement in Uganda

Public procurement in Uganda both at the center and local government level is guided and regulated by the Public Procurement and Disposal of Asset Act, 2003. The process of public procurement in Uganda is very complex with over 15 stages involved as explained hereafter.

### Stage 1: Planning and Budgeting

Procurement planning allows procurement and disposal entities (PDEs) to aggregate requirements into larger contracts, gain economies of scale, avoid emergency procurements, and spread the procurement workload according to available resources. The annual procurement plan embedded in the output-based budgeting tool is submitted to the Permanent Secretary/Secretary to the Treasury, and it is mandatory that the plan is displayed on the notice board and PPDA website as provided by Part IV, Section 58 of the Act, PPDA Regulations 2014, Regulations 3–7 (PPDA 2015: 17).

### Stages 2: Initiating Procurement Requirements

It is essential that for any procurement process to commence, there should be a signed authorization and approval from the authorized official that funds will be available for the purchase of items provided in the procurement plan. Procurement requirements must be initiated using Form 5, which requires signature to confirm the availability of funds and give approval for the procurement to proceed as provided for in Part IV, Section 59 of the Act, PPDA Regulations 2014, Regulation 3–4 (PPDA 2015: 7).

### Stage 3: Preparation of Specifications

It is at this stage that PDEs are required to specify in details what is supposed to be procured, for instance, specifications for supplies, schedule of works, and terms of reference for consultancy (PPDA 2015: 7).

### Stages 4: Selecting a Procurement Method

Several methods of public procurement and the different conditions of use are provided here depending on the nature and value of works, services, and supplies to be provided as indicated in Section VI, Section 79 of the Act, PPDA and Regulation 2014, Regulation 6(4). The methods include open domestic bidding, which is open to all bidders following public advertising and involves maximum competition; open international bidding, which is similar to open domestic bidding, except that a special effort is made to attract foreign bidders; and restricted domestic bidding, which is similar to open domestic bidding, except that there is no advertising, so bidders are invited from short lists. It may be used where only a limited number of providers exist, in emergency situations and for procurement under a certain value threshold; restricted international bidding is the same as restricted domestic bidding, except that short list includes foreign bidders. Quotations and proposals procurement is a simplified method, with quicker and simpler procedures and documentation, intended primarily for low value procurement, which is under a certain value threshold. It may also be used in emergency situations: micro-procurement – quick and simple method for very low value procurement – which allows items to be purchased directly from a single provider, without competition and with minimal documentation, where the value is under a certain threshold. Direct procurement is a method, which allows items to be purchased directly from a single provider without competition, regardless of their value, in exceptional circumstances only. These circumstances include emergency situations, the items only being available from a single provider and contract extensions within certain limits. Force account mechanism is undertaking the works of a procuring and disposing entity using the personnel and equipment of the entity or another entity. The procuring and disposing entity determines that the direct, indirect, and overhead costs to be incurred are less than would be incurred if a

contractor executed the assignment. However, this condition does not apply where there is an emergency situation or where no contractor is willing to execute the assignment (PPDA 2015: 7).

### Stage 5: Drafting Solicitation Documents

All solicitation documents must be drafted using one of the standard solicitation documents issued by the authority. The standard documents include documents for high value or complex requirements and request for quotations and purchase order documents for simple, low-value requirements. Different documents are provided for works, services, and non-consultancy services. The standard solicitation documents are listed on the authority website. It is important to select the most appropriate document before drafting begins. Before issue, the contracts committee authorizes the solicitation documents. The standard bidding document has sections which must be used without changes, e.g., the instruction to bidders, which may only be modified through special conditions of contract. Solicitation documents must contain a statement of requirements, which clearly defines what is to be purchased by means of specifications, terms of reference, bills of quantities, drawings, etc. Statements of requirements must include common specification standards issued by the international recognized trade associations and professional bodies in the appropriate fields (PPDA 2015: 9).

### Stage 6: Invitation for Bids

The method for selecting bidders varies according to the procurement method used (*Part V, Section 51, 64, 70 and 71, Part VI, Section 80–86 of the Act; PPDA Regulations 2014, Regulations 12–17).* For open bidding, bidders are selected either by publication of a bid notice to offer the opportunity to all interested bidders or through a prequalification where a short list of prequalified bidders is provided. For direct procurement, this allows items to be purchased directly from a single provider without competition, regardless of their value, in exceptional circumstances only. These circumstances include emergency situations, the items only being available from a single provider, and contract extensions within the limits with a maximum of 25%. For micro procurement, the item is purchased directly from a single provider, and no written bid is required. A minimum of three quotations must be sourced, and details on how to invite bids and the minimum bidding periods for various methods of procurement are provided (PPDA 2015: 9).

### Stage 7: Submission and Receipt of Bids

The procuring and disposing entity may invite bids to be submitted (*Part V, Section 67 of the Act; PPDA Regulations 2014, Regulation 56*). The appropriate method will depend on the type of procurement and the evaluation methodology used. Correct management of the receipt of bids is essential to a transparent procurement process, as it ensures that no late bids are accepted. There are two methods of receiving bids, and the choice is at the discretion of the procuring and disposing entity: bids can be received in person by the staff of the procuring and disposing entity, with the staff issuing receipts for bids, marked with the date and time of the receipt. Bids must be kept in a secure place until the time for the public bid opening; bids can be received in a bid box; bidders are responsible for placing their bid in the box, and staff seals the box at the date and time of the deadline. A procuring and disposing entity may choose to register bids and issue receipts before they are placed in the bid box (PPDA 2015: 11).

### Stage 8: Public Bid Opening

All methods of procurement under open bidding and restricted bidding methods must have a public bid opening (*Part V, Section 69 of the Act; PPDA, Regulations 2014, Regulations 62–65*). The procuring and disposing entity must inform all bidders of the date, time, and location of the opening to enable them to attend. At least a member of the contracts committee or a person nominated by the user department is required to witness the public bid opening. It is important that all staff involved in the bid agree on their respective responsibilities prior to the opening, to ensure that it proceeds smoothly. For micro procurement and request for proposals/quotations, closed bid opening is

allowed. The bidders are not invited to attend. The information to be read out at the public opening must also be agreed on in advance and must be in accordance with the solicitation document (PPDA 2015: 12).

### Stage 9: Evaluation

Evaluation is the process by which the best evaluated bidder is selected for award of contract from among all the bids received. The evaluation process has to be concluded within 20 working days for supplies and non-consultancy services and 40 working days for works from the date of opening bids. A team of at least three members of staff, who are approved by the contracts committee, conducts evaluations (*Part V, Section 71 of the Act; PPDA Regulations 2014, Regulation 5*). The evaluation consists of three stages: preliminary examination which is a brief assessment of whether each bidder is eligible as per the requirements of the solicitation document; detailed evaluation that determines whether bids are substantially responsive to the commercial and technical requirements of the solicitation document, assessing its technical quality, either by comparison to the specifications in the solicitation document or by awarding merit points; and financial comparison that determines the evaluated price of each bid, following the correction of any errors or inclusion of any necessary adjustments and determines the best evaluated bid, which may be the lowest price, highest quality, or best point score, depending on the evaluation methodology. Depending on circumstances, an appropriate evaluation methodology should be used, and the methodologies may include quality- and cost-based selection which considers both the technical quality and the cost of each bid, with the relative weighting of technical and cost elements decided in advance. Quality-based selection focuses on the quality only, using merit points to determine the best quality technical bid. The best quality bid is the best evaluated bid, regardless of price, and only the financial bid of the best technical scoring bidder is considered. Fixed budget selection is used to obtain the highest-quality bid which is within the procuring and disposing entity's budget. The procuring and disposing entity uses the least cost selection to obtain the lowest-priced bid which meets the technical standard required. Technical compliance selection is also used to obtain the lowest-priced bid which meets the technical standard required by the procuring and disposing entity (PPDA 2015: 12).

### Stage 10: Award Decision

This involves a review of the evaluation committee report and results of any post qualification or negotiations to form a basis for award of the contract. However, any decision by the contracts committee to authorize the award of a contract does not constitute a binding contract as indicated in Part V, Section 76 (1) of the Act, PPDA (Contracts) Regulations 2014, Regulation 11 (PPDA 2015: 14).

### Stage 11: Notice of Best Evaluated Bidder

This follows the award decision; the PDE displays a notice of best evaluated bidder to PDE entity notice board and PPDA website for a certain period of time depending on the procurement method. The notice must also be sent to all bidder's writing. Under open restricted bidding, the notice must be published for a minimum of 10 working days, while for quotations and proposal procurement or direct procurement, it must be published for a minimum of 5 working days as indicated in Part V Section 76(2) a & 76 (4) of the Act, PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2014, Regulation 16(1) (PPDA 2015: 14).

### Stage 12: Awarding a Contract

This follows a decision by the contracts committee to award the contract after the AO confirmation that the contract price is not higher than the market price and the PP is not subject to any administrative review. In instances of big procurements, this is done when relevant agencies like solicitor general have made the necessary approvals (PPDA 2015: 14).

### Stage 13: Contract Signing

The laws provide for the signing of the contract of the contract by the AO on the behalf of the PDE.

The contract should spell out clearly the supervisor, the roles, as well as a complete procurement plan (PPDA 2015: 14).

### Stage 14: Contracts Management Phase

It involves ensuring that the contractor or supplier performs in accordance to the terms and conditions of the contract, while the PDE meets its obligation spelt in the contract. Primarily the user department does this though the external supervisor may be appointed especially for bigger projects (PPDA 2015: 14).

### Stage 15: Performance Review

This establishes whether public procurement was compliant to the quantity, quality, and delivery period provided for in the contract (PPDA 2015: 14). In order to encourage transparency, accountability, competition, professionalism, good business ethics, and nondiscrimination among suppliers and other procurement stakeholders, the PPDA Act 2003 was amended to expand the definition of accounting officers beyond those appointed by the Secretary to the Treasury to include heads of statutory bodies or government enterprises; members of PDEs are prohibited from entering into contracts with their entities and are required to disclose any conflict of interest at key stages. The amended law now provides for the Ministry of Defense and national security organs to appoint contracts committees approved by the Secretary to the Treasury to handle procurement and disposal of classified items by the respective accounting officers. There is also a provision for the establishment of a procurement tribunal intended to strengthen the administrative review process and guarantee public confidence in the procurement process among other amendments (see Uganda Debt Network 2013).

## Public Procurement Challenges in Uganda

Despite of the government's efforts in instituting an enabling legal and institutional framework governing public procurement, the entire process and practices still face massive challenges including procurement corruption which is estimated over US$ 300 million per year, non-adherence to prescribed procurement practices, influence peddling and political interference in the procurement processes both at the central and local government levels in small and huge contacts, failure or delays in delivering of executed contracts, poor documentation and record keeping, limited awareness of procurement laws and procedures by key stakeholders, limited citizen participation, and involvement in procurement processes including planning, award, implementation, and closure. Shoddy work from incompetent contractors who get contracts through corruption, influence peddling, poor supervision, and monitoring by mandated officials is also a huge public procurement challenge in Uganda. Poor consultation, inadequate planning, and failure to put serious attention on the needs and priorities of beneficiaries who are the key target of procured goods, services, and works have resulted in the lack of trust, ownership of the provided goods and services by the beneficiaries, and consequent wastage of public resources (see UDN 2013; Bukenya and Muhumuza 2017).

## Recommendations

Because of the complex, intertwined, and ever-changing challenges facing public procurement, this entry recommends that immediate, robust, and systematic measures should be taken including establishing an effective agency that can handle all complex government procurements especially those involving tens of millions of dollars, blacklisting and possibly banning companies that flout procurement laws; the government should strengthen procurement laws especially to target and punish public officials who engage in collusive public procurement corruption, for instance, government officials implicated in procurement-related malpractices should be barred from holding public office in the public interest, allowing for the recovery of procurement money lost in corruption through confiscation of properties or assets of proven culprits; the

government through the directorate of public prosecution and inspectorate of government should prosecute and punish all or any individual implicated in corrupt dealings without fear or favor and endeavor to end the current selective prosecution that allows people in top positions of the government to engage in corruption scot-free. President Museveni must walk the talk on corruption and desist from continuous interfering in the procurement projects especially megaprojects because it has been proven time and again that his interference has in most cases resulted in the loss of public money (Bukenya and Muhumuza 2017). Proceedings during contract awarding should be made public so as to promote openness and greater transparency during pubic procurement. The government should establish a database of service providers detailing their capacity, current workload, past records concerning delivery of work, involvement in corruption, work delays, and non-execution of works. Government ministries, departments, agencies, and accounting officers should enforce a rigorous monitoring and evaluation system including spot monitoring checks to counter poor supervising by responsible officials (Uganda Debt Network 2013).

## Conclusion

In conclusion, given the complexity of each of these procurement processes, huge amounts of money involved, the different actors, and the rampant corruption in Uganda, the government should in addition to the measure already in place enhance the use of private consultancy firms to carry out bidding and tendering process and encourage the use of open and free bidding process; roll out the use of e-procurement and other platforms to improve procurement outcomes; strengthen the use of suspended providers list; promote local industry participation in government tenders; strengthen contract management and performance; enhance the capacity of all actors involved in public procurement; and promote dissemination of data and information on public procurement.

## Cross-References

▶ Anti-corruption Agencies
▶ Public Procurement

## References

Arrowsmith S (2011) Public procurement regulation: an introduction. EU Asia Inter- University Network, Brussels. Retrieved from https://www.nottingham.ac.uk/.../publications/.../eu-public-procurement-law-an-introduction.aspx. On 27 Sept 2018

Basheka BC, Bisangabasaija E (2010) Determinants of unethical public procurement. www.Scholar.google.com

Bukenya B, Muhumuza W (2017) The politics of core public sector reform in Uganda: behind the façade. Working paper no. 85. Effective States and Inclusive Development Research Centre (ESID), University of Manchester, United Kingdom. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954595. On 15 Aug 2018

Karyeija GK (2012) Public sector reforms in Africa: what lessons have we learnt? Forum Dev Stud 39(1): 105–124. Retrieved from https://www.tandfonline.com/doi/abs/10.1080/08039410.2011.635378. On 5 Oct 2018

NDPII (2015) Second National Development Plan 2015/16 – 2019/20. Retrieved from www.npa.ug/wp-content/uploads/NDPII-Final.pdf

PPDA (2015) User guide to the public procurement and disposal of public assets (PPDA) act 2003 and regulations, 2014. Retrieved from www.gpp.ppda.go.ug/uploads/.../addenda_14483525512910J.pdf. On 29 Sept 2018

Thai K (2009) International public procurement: concepts and practices. In: Thai KV (ed) International handbook of public procurement. CRC Press, London, pp 2–24. Retrieved from https://www.crcpress.com/International-Handbook-of-Public Procurement/Thai/.../978. On 23 Sept 2018

Uganda Debt Network (2013) Civil society position on key issues in procurement: advocating for public accountability and service delivery in Uganda. Retrieved from https://www.udn.or.ug/resources/udn...key-issues-in procurement...uganda/file.html. On 20 Sept 2018

UNODC (2013) Guidebook on anti-corruption in public procurement and the management of public finances. Good practices in ensuring compliance with article 9 of the United Nations Convention against Corruption. Retrieved from https://www.unodc.org/.../corruption/Publications/2013/Guidebook_on_anti-corruptio. On 22 Sept 2018

Uyarra E, Flanagan K (2009) Understanding the innovation impacts of public procurement. Manchester Business working paper, no. 574. Retrieved from

https://www.econstor.eu/bitstream/10419/50706/1/631914269.pdf. On 25 Sept 2018
World Bank (2004) Guidelines: procurement of goods and services by World Bank. Retrieved from www.siteresources.worldbank.org/INTPROCUREMENT/.../Procurement-May-2004.pdf. On 3 Oct 2018

# Public Procurement Trends in Public Administration Research: 1972–2017

Evelyn Trammell[1], Sawsan Abutabenjeh[2] and Ana-Maria Dimand[1]
[1]Florida International University, Miami, FL, USA
[2]Mississippi State University, Starkville, MS, USA

## Synonyms

Contracting; Procurement; Purchasing

## Definitions

Public procurement: activities involved in the management of government expenditures for goods and services related to day to day operations.

## Introduction

The purpose of this entry is to provide an overview of public procurement history, practices, and trends. History and practices are outlined in the context of the United States while procurement trends are presented incorporating the global view. The first section explains the nexus between public procurement and public management. The second section outlines how public procurement manifests in public administration research, and the final section details the trends in procurement research from 1972 to 2017.

## What Is Public Procurement?

Public procurement, which is an essential function at all levels of government, entails various activities to obtain quality goods and services at the lowest cost conducted in support of policy objectives and other activities (Prier and McCue 2009). Governments use several tools for acquisitions such as Request for Proposals, Invitation to Bid, Request for Quotes, Request for Qualifications, and Request for Information. Although there is discretion in how procurement is carried out, there are legal, professional, and ethical codes that guide procurement operations (e.g., Federal Acquisition Regulation, American Bar Association, NIGP: The Institute for Public Procurement, National Association of State Procurement Officials).

## Public Procurement and Public Management

Public procurement is one of the most important functions of public management. In the United States, procurement has been used to address government inefficiencies for decades. This includes, for example, cost reduction by outsourcing for the provision of goods and services and mandating fair treatment through contract stipulations. Contracting out became an important emphasis during the Reagan administration and the New Public Management movement in the United States. Procurement reforms focused on reducing government expenditures, increasing competition, and improving efficiency.

Following the prime years of the New Public Management movement, the focus in procurement shifted toward governance and included network management, collaboration, and cooperation between various stakeholders (i.e., businesses, nonprofit agencies, government organizations). An example of this relationship is evident in public-private partnerships which are multiyear contracts for a public service operated by a private entity. Reasons for public-private partnerships include risk sharing, overcoming budget constraints, project effectiveness, and innovation. An

important element of public management with these arrangements is contract administration and oversight.

Most recently, public procurement practices have shifted from a model that focuses on lowest cost purchasing to one with a focus on sustainability. While lowest cost remains important in this model, sustainable procurement promotes government spending in a socially, economically, and environmentally responsible manner. Sustainable procurement includes practices such as buying and building with environmentally friendly products, mandating living wages to be paid to parties of government contracts, and contracting with traditionally disadvantaged groups such as women-owned businesses, minority owned businesses, local owned business (Abutabenjeh et al. 2018).

Technology plays an important role in government contracting and it has impacted how public procurement is conducted globally. E-procurement, digitalization, and innovation are important tools to decrease waste, streamline operations, reduce corruption, and minimize administrative burdens.

Public procurement has broadened its scope and reach from aiming for lowest cost to governance, collaboration, sustainability, and digitalization. This has implications for how governments deliver public services and protect the public interest. These developments demonstrate the importance of public procurement for public management.

## Public Procurement and Public Administration Scholarship

Research within the procurement field spans several areas. Thai (2001) conducted a content analysis of book chapters related to procurement. Results indicate that older literature centers on the procurement process, while more recently the focus has turned to legal constraints, regulations, and social equity within the procurement environment. In a review of procurement research in *Journal of Purchasing & Supply Management*, from 1994 to 2009, Wynstra (2010) examines the content of 351 articles to determine the most prevalent topics in the field. This analysis finds that organizational structure, ethics and socio-economic issues, strategic procurement, supply chain management, supplier relations relating to communication, trust and supplier development, and sourcing strategies are the most researched procurement topics. Furthermore, the majority of these topics utilize qualitative methods and the samples used are highly interdisciplinary. Building on Wynstra's (2010) study, Lange et al. (2014) examined 378 articles published in top ten peer-reviewed journals to identify predominant study characteristics. Findings reveal an increased interest in public procurement research across various disciplines. They found that the most researched topics in their sample of articles from 1997 to 2012 include public-private partnerships, contracting out, and selection. The majority of their sample was in the context of the United States and United Kingdom. The local level of government is the most researched level. The trend in methodology reflects that quantitative analysis was used more in early studies, but quantitative and qualitative analyses are both prevalent in recent studies. Similar to Wynstra (2010) and Lange et al. (2014), Flynn and Davis (2014) reviewed procurement research from 2001 to 2013 in the *Journal of Public Procurement.* Their primary interest was to identify the theories most utilized in procurement research. Their final sample consisted of 172 articles. Flynn and Davis (2014) found that only 29% of the articles in their sample use a consolidated theory. Economic theories are the most prevalent. Other theories used include principal-agent, transaction costs, systems, institutional and organizational behavior theories. This research is conducted mainly in the context of the United States and Europe with a focus on organizational level versus individual level behavior.

## Public Procurement Trends in Public Administration Research

Most recently, Trammell et al. (2019) conducted a systematic review of procurement topics in public administration research. A systematic review, which is appropriate for synthesizing large amounts of content, and helps to identify themes, gaps in literature, and similarities and differences

among scholarship included (Bishu and Alkadry 2017). The steps in the systematic review are as follows: (1) search and identify the journals using SCImago Journal & Country Rank and Web of Science journal databases; (2) identify and collect articles from the 15 top ranked journals identified through these databases; (3) apply inclusion and exclusion criteria to determine the final sample of articles which include 263 articles from the following journals: *Journal of Public Administration Research and Theory*, *Journal of European Public Policy, Public Administration Review*, *International Public Management Journal*, *Public Administration*, *Governance*, *Journal of Policy Analysis and Management, Policy Studies Journal, Regulation and Governance, American Review of Public Administration, Journal of Social Policy, Policy and Politics, Review of Public Personnel Administration, Journal of Public Policy, Social Policy and Administration*; (4) describe the content of articles, cross code, synthesize findings, and provide conclusions of the systematic review.

The importance of public procurement as a subfield of study in public administration is established by identifying relevant scholarship and its main contributions to the broader field of public administration. Towards this end, they provide an overview of topics over time, theories used, countries studied, methodologies employed, level of government, and the trend of procurement research from 1972 to 2017 is provided. The framework utilized to group main findings is built from previous scholarship on the topic (Thai 2001; Ya Ni and Bretschneider 2007; Flynn and Davis 2014).

The main themes identified by the systematic review include individual characteristics and motivations toward contracting, procurement as an organizational level phenomenon, legal issues, ethics and social/economic and environmental issues, determinants of contracting out. Subthemes within the individual characteristics and motivations towards contracting category includes public buyers' attitudes towards contracting, motivations of public sector buyers, and the public's attitude towards contracting. Subthemes within procurement as an organizational level phenomenon group includes technology procurement interface, contract administration, risk management, performance management, suppliers, contracting out/outsourcing, organization/management of procurement function, costing and pricing models, procurement competition design, tender evaluation systems, sector specific procurement strategies, logistics (the process), collaboration design, and role of procurement in the organizational structure as a function. The legal issues theme includes regulations/policies. The ethics, social/economic, and environmental issues group includes articles focused on social, economic, environmental issues, contracting and public values, ethics and accountability, and sustainability. Lastly, the determinants of the contracting out group includes individual, organizational, and environment factors.

Trends demonstrate that procurement research has been increasing over time with the most research being conducted from 2007 to 2017 and that the majority of articles reviewed do not inform their studies with any theoretical foundation. Of those studies using a theoretical basis for their research, the most prevalent theories are economic theories, transaction cost theory, principal agent theory, public choice theory, and New Public Management. Theories utilized less frequently include representative bureaucracy, agency theory, and institutional theory. Fifty-four percent of studies used qualitative methodology. Thirty-eight percent of studies in this sample utilized quantitative methodology. Only 7% used mixed methodology in their research design (Trammell et al. 2019).

The authors compiled a list of keywords relevant to procurement studies and practice. They searched articles using these keywords to establish the most common terms in procurement research. The authors find that the most common keywords in procurement scholarship are: contracting, privatization, contracting out, procurement, public-private partnership, and contract management. The keywords utilized less are: outsourcing, purchasing, acquisition, sourcing, and supply chain.

In consensus with previous literature, the main focus of procurement research in public

administration is on the organizational level of procurement (51% of articles in the sample). Performance management, collaboration design, organization/management of the procurement function, and procurement competition design are the prevalent subthemes within this group. Determinants of contracting out comprised 17% of articles in the sample.

Finally, the United States and European context are most popular in procurement research. This is consistent with previous studies (e.g., Flynn and Davis 2014). Furthermore, the local level is found to be the most prevalent level of government studied in procurement research found in public administration journals. This is similar to the findings of Lange et al. (2014).

## Conclusion

This entry depicts the concept of public procurement by presenting the history, practices, and trends in public administration. Public procurement research has been increasing in popularity and importance, particularly as a subfield of public administration. However, the topic is at the center of only 1% of the studies in Trammell et al.'s (2019) sample. In order to inform practitioners and advance theory, researchers should expand their queries beyond analyzing procurement decision making processes and issues related to performance management. More attention could be directed towards procurement processes and polices as they relate to contract administration, supplier selection, technology, strategy, price models, sustainability, collaboration as well as on the individuals involved in this activity.

This entry outlines pathways to expand current public procurement scholarship. Articles employing a mixed-method design lag behind papers that utilize either a quantitative or a qualitative approach to conducting research. Therefore, this approach could be instrumental in developing a deeper understanding of public procurement practices and the behavior of the parties involved in the process. In addition, the field could benefit from exploring other theories beyond the traditional economic frameworks that have been at the center of public procurement research to date.

## Cross-References


- ▶ Contracting with Government
- ▶ E-Government Procurement (e-GP)
- ▶ Differences in States' Procurement Practices
- ▶ Public Procurement
- ▶ Public Procurement and Public Trust


## References


Abutabenjeh S, Gordon S, Mengistu B (2018) The impacts of in-state procurement preference policies on the South Carolina economy. J Public Procurement 18(3):240–256

Bishu SG, Alkadry MG (2017) A systematic review of the gender pay gap and factors that predict it. Adm Soc 49(1):65–104

Flynn A, Davis P (2014) Theory in public procurement research. J Public Procurement 14(2):139–180

Lange S, Telgen J, Schotanus F (2014) Systematic review of 15 years of scientific literature on public procurement. In: Proceedings of the 2014 international public procurement conference

Prier E, McCue CP (2009) The implications of a muddled definition of public procurement. J Public Procurement 9(3/4):326–370

Thai KV (2001) Public procurement re-examined. J Public Procurement 1(1):9–50

Trammell E, Abutabenjeh S, Dimand AM (2019) A review of public administration research: where does public procurement fit in? Int J Public Adm 1–13

Wynstra F (2010) What did we do, who did it and did it matter? A review of fifteen volumes of the (European) Journal of Purchasing and Supply Management. J Purch Supply Manag 16(4):279–292

Ya Ni A, Bretschneider S (2007) Th e decision to contract out: a study of contracting for e-government services in state governments. Public Adm Rev 67(3):531–544


# Public Procurement, Brazil


Caio César de Medeiros-Costa
University of Brasilia, Brasília, Brazil


## Synonyms

Government procurement; Public bidding

## Introduction

Public procurement is one of the most important government economic activities (Thai 2001), considering the values involved in this activity. In 2015, Organisation for Economic Co-operation and Development (or OECD) member countries purchased an average of 13.8% of their gross domestic product.

However, the importance of public procurement is not limited to the amount of resources involved in public contracting, nor to the number of procurement processes performed. Public procurement has fulfilled different roles, from the operationalization of the supply of goods and services to state activities, to the implementation of strategic objectives of governments, which go beyond the economic objectives (value for money) by including social objectives and (public value).

In this way, a multiplicity of arrangements is created in public purchases, with a view to making more efficient purchases. The search for such efficiency is an arduous task, given the challenges the system faces related to the structure of the market and the political and legal environments in which buyers and sellers are involved (Thai 2004; Carpineti et al. 2006).

Broadening the objectives pursued by public procurement systems increases the complexity of the management of these systems since the success of their activities is seen in a multidimensional way. Thus, the decisions involved in this whole system do not rest on the "make it or buy it" debate, which Brown and Potoski (2003) argue focuses on the production or transaction costs involved in the different stages of the system.

## Framework

The main concern of a public procurement system is to achieve the best possible result. However, considering the multiple objectives to be pursued by governments with government procurement, there are several ways of analyzing the performance of public procurement systems.

The public procurement framework involves several stages and actors that are affected by internal and external factors of the contracting organization. The analysis of public procurement, in general, acknowledges the existence of several tensions involving stakeholders. Analyses of public procurement generally recognize the existence of various tensions involving stakeholders. Tension between public expectations for transparency and accountability on the one hand and the search for effectiveness and efficiency of the system on the other hand is one example (Schapper et al. 2006).

One of the most commonly used ways for government to balance these tensions is a so-called reverse auction: a market institution with pricing rules based on the participants' proposals (McAfee and McMillan 1987). These auctions have several benefits, and competition is the most important (Tadelis and Bajari 2006). In this environment, competitors approach their prices from actual production costs to achieve bidding. Increased competition can contribute to reducing corruption, as it increases the costs of coordinating potential collusion between suppliers (Lamothe 2015).

These auctions do not guarantee by itself that the public purchase will generate the best result, since, among other factors, the result can be affected by the costs incurred to plan, adapt, monitor, and complete the task. These costs may make the process unattractive from an economic point of view (Tadelis and Bajari 2006). However, the use of information and communication technology tools has contributed to the considerable reduction of these costs.

These costs occur because of the need to minimize opportunistic behavior, specifically of the agents, so the contractor must incur transaction costs and specify performance measures, seeking to write more detailed contracts to allow the monitoring of suppliers (Brown et al. 2006) avoiding so-called agency problems.

This need to create mechanisms and specify contracts arises from a further tension involving the distinct interests between the principal (contracting) and agent (supplier). As both seek to maximize their utility and the rationality of

both is limited, such problems may arise and compromise the achievement of the objectives of the principal.

Ignoring the above-mentioned tensions and the prevalence of the presented problems can compromise the strategies presented by the governments to extend value creation, (Erridge and Mcllroy 2002; Reis 2016).

However, the objectives of public procurement are not restricted to obtaining value for money and in some situations seek to obtain public value (Erridge 2007), demonstrating the strategic potential of public procurement to meet state objectives, as well as the supply of goods and services for state action.

Briefly, the analyses that involve public procurement should consider the possibility of multiple objectives, acting as a strategic instrument that contributes to the achievement of the State's objectives. Thus, systems are not designed for the exclusive purpose of extending the value for Money, seeking in many cases to generate public value. Thus, the debate about the purchases as well as the analysis of it performance cannot be summed up only the economy measures.

## The Brazilian Public Procurement System

The Brazilian public procurement system is not immune to the tensions presented in the previous section, despite the strategies of the federal government and subnational governments (26 states, 1 federal district, and more than 5,000 municipalities). The procurement laws are common to all the actors; however, the reality is different. The large number of actors involved and the lack of links between them makes it difficult to present a faithful picture of the Brazilian reality in relation to the three levels of government.

For this reason, most of the analysis presented in the literature refers to the federal executive power. A sample of this difficulty is the lack of consensus regarding the volume of resources spent by the Brazilian state on purchases. Estimates published by OECD (2014) for 2011 showed that public procurement accounted for 26.1% of total government spending in the country. As far as the federal government is concerned, the World Bank has estimated that between 2012 and 2014, this amount was 5% of national expenditures.

Unlike other countries, Brazil sought through laws and decrees to predict almost everything that governs the process of public acquisition. However, in some respects the forecast is still flawed. Thus, the Brazilian system is characterized by excessive free rider problem (see price agreement) and disproportionate formalism that hampered the manager works (Fiuza 2009).

From these characteristics, the actors involved in the purchase process pay more attention to the fulfillment of these formalities than the results of the procurement. In this sense, Motta (2010) argues that unlike the American context where the focus is the result of hiring, in Brazil the focus of the system rests on the fight against corruption. It can then be said that the most common objective among the actors involved in the public procurement system in Brazil is procedural, that is, to faithfully comply with the steps required in the legislation. The tension reported in the previous paragraph in the sense of seeking to guarantee transparency and accountability is generally exercised by the media, and by organs such as the public prosecutors, court of Auditors, and organization of civil society that exercise external control. The internal control, in particular the general controller of the Union, is other source of tension in the search for meeting the system's standards.

An important monitoring point for these agencies is the control of no-bidding contracts. Although the rule stated in the legal order is the execution of the bidding procedure, the law provides for non-enforceability when there is no possibility of competition and when competition is possible, but the execution of the bidding does not serve the public interest, the possibility of exemption is allowed. Data from the federal government procurement panel show that in 2017, 98,674 procurement processes were performed, out of this total 77,356 was no-bidding contracts. These values indicate that in practice when analyzing the purchases made by the federal government, the nonconducting of the bidding is the most common.

Thus, the public procurement system in Brazil has as its characteristics, the search to minimize the waste of resources, in particular, active waste in particular corruption. In this way, the system is designed to increase the efficiency of acquisition, mainly through the reduction of acquisition cost, considering its traditional orientation as being directed toward the value for money (Reis 2016).

This approach may lead to some distortions, leading, for example, to higher acquisition prices (Costa 2016) and the supply of substandard goods so that the supplier can increase its profit margin and recover potential losses at the bidding stage (Reis 2016). In Brazil, expressions such as coffee from bidding are common, to denote the coffee of low price, but of poor quality. Other modes of opportunistic behavior of suppliers are often recorded, such as ghost bidders and stunts, further distorting the purpose of bidding.

In addition to the problems already described, this approach has led to the realization of notoriously inefficient bids. To prove this, the Office of the Comptroller General conducted a study in 2018 analyzing data from electronic auctions from federal government. The study shows that some of the processes performed have a higher cost than the discount obtained: The average cost of conducting an electronic trading session by federal government agencies is U $ 5,315.00 (Brasil 2018) (Exchange rate 12/17/2018 available www.bc.gov.br).

Because of this inefficiency, efforts have been made to increase the efficiency of public procurement, mainly through the reduction of process costs, for example, using a system of fully digital supplier registration.

Added to these reported efforts is a paradigm shift, leading to new practices being adopted to generate public value in different dimensions. This search is evidenced in Law 8666/1993, the main legal system on the subject, which emphasizes that biddings must look beyond obtaining the most advantageous proposal for public administration to promote sustainable national development.

To ensure compliance with these objectives, the public purchasing system in Brazil has used state purchasing power to induce development in its different nuances. Public procurement can then enable the state to act sustainably, through sustainable procurement. Supporting companies and sectors considered strategic, with emphasis on micro enterprises and small business enterprises, family agriculture, and the development of research and new technologies, giving advantages to companies that apply resources in research and technological development in the country. More recently, mechanisms for the rehabilitation of inmates have also been inserted to allow public purchases to be used as a policy instrument.

This modification adds to several others perceived both in the planning phase of the purchase, as in the performance of supplier selection, and in contract management. Since the enactment of Law 8666/1993, the creation of the ComprasNet portal associated with the institution of the auction modality and the creation of mechanisms of governance such as the national register of the inapt and suspended companies demonstrate that the public procurement system in Brazil has undergone change. More recently, in order to allow greater flexibility against the excessively formalist culture, the differentiated contracting regime was created.

Other initiatives, such as the Procurement and Contracting Center and the price panel created by the federal government, are intended to modify a scenario, where excessive formalism, rigid norms, and lack of harmonization in certain procedures compromise the efficiency of purchases and consequently the achievement of its objectives. In addition, despite the excessive focus on fighting corruption, the need for formal mechanisms to manage reputation is still evident. There is also a need to improve procurement planning, as well as to improve governance mechanisms such as the use of incentives, in order to solve the problems arising from the drive of suppliers to maximize their interests by using corrupt practices.

These attempts to improve the legislation and procurement system are expressed by Fiuza and Medeiros (2013) which presented that until the year of publication of the study (2013), The Law No. 866/1993, the main regulation of public

procurement in the country, had already undergone 80 changes and was changed on average 4 times a year. This issue illustrates the need to modify the Brazilian public procurement system to address all previous issues, and particularly red tape problems. Currently, a new legal framework for public procurement in Brazil is underway in the legislature. The device consolidates several standards and instructions dispersed in several documents, and it aims to rationalize and modernize the current legislation, which dates from 1993. Its premises address questions such as the professionalization of purchasing agents, the need to improve contracting governance, stimulation of procurement planning, and incentive to adopt technology resources to facilitate the bidding process and contracts, as well as to ensure transparency of processes and the need to strengthen control in order to avoid future problems.

## Cross-References

► Accountability Systems, Brazil
► E-Government Procurement (e-GP)
► Public Procurement

## References

Brasil, Ministério da Transparência e Controladoria-Geral da União (2018) Nota Técnica N° 1081/2017/CGPLAG/DG/SFC. Brasília

Brown TL, Potoski M (2003) Managing contract performance: a transaction costs approach. J Policy Anal Manage 22(2):275–297

Brown TL, Potoski M, Van Slyke DM (2006) Managing public service contracts: Aligning values, institutions, and markets. Public Adm Rev 66(3):323–331

Carpineti L, Piga G, Zanza M (2006) The variety of procurement practice: evidence from public procurement. In: Dimitri N, Piga G, Spagnolo G (eds) Handbook of procurement. Cambridge U.P, Cambridge

Costa CCDM (2016) O dinheiro público pelo ralo: ensaios em gestão e corrupção. Doctoral thesis. Escola de Administração de Empresas de São Paulo, São Paulo

Erridge A (2007) Public procurement, public value and the Northern Ireland unemployment pilot project. Public Adm 85(4):1023–1043

Erridge A, Mcllroy J (2002) Public procurement and supply management strategies. Public Policy Adm 17(1):52–71

Fiuza EPS (2009) Licitações e contratos no Brasil: a visão dos economistas. In: Salgado LH, Fiuza EPS (eds) Marcos regulatórios no Brasil: é tempo de rever regras? Ipea, Rio de Janeiro

Fiuza EPS, de Medeiros BA (2013) A reforma da Lei no 8.666/1993 e do arcabouço legal de compras públicas no Brasil: contribuições do Ipea à consulta pública do Senado. Ipea, Brasília, (Nota Técnica, n. 8)

Lamothe S (2015) How competitive is "competitive" procurement in the social services? Am Rev Public Adm 45(5):584–606

McAfee RP, McMillan J (1987) Auctions and bidding. J Econ Lit 25(2):699–738

Motta AR (2010) O combate ao desperdício no gasto público: uma reflexão baseada na comparação entre os sistemas de compra privado, público federal norte-americano e brasileiro. Master dissertation. Universidade Estadual de Campinas, Instituto de Economia. Campinas

OECD, Organisation for Economic Co-operation and Development (2014) Government at a Glance Latin America and the Caribbean 2014. Paris

Reis PRC (2016) Desempenho nos contratos de compras públicas: evidências empíricas das mudanças institucionais no Brasil. Doctoral thesis. Federal University of Bahia, Salvador

Schapper PR, Veiga Malta JN, Gilbert DL (2006) An analytical framework for the management and reform of public procurement. J Public Procurement 6(1/2):1–26. https://doi.org/10.1108/jopp-06-01-02-2006-b001

Tadelis S, Bajari P (2006) Incentives and award procedures: competitive tendering vs. negotiations in procurement. Handbook of procurement 121–139

Thai KV (2001) Public procurement re-examined. J Public Procurement 1(1):9–50

Thai KV (2004) Challenges in public procurement. In: Thai K et al (eds) Challenges in public procurement: an international perspective. PrAcademics Press

# Public Purchasing and Agency Theory

Agnieszka Chrisidu-Budnik
Institute of Administrative Studies, Faculty of Law, Administration and Economics, University of Wroclaw, Wroclaw, Poland

## Synonyms

Asymmetry of information; Contracting authority; Contractor; Public contracts

## Definition

Public procurement and, within this, public purchasing constitutes paid contracts concluded by and between the contracting authority's institution and the contractor's institution for services, supplies, or works. Public purchasing is accompanied by an asymmetry of information which assumes the form of an agency relationship.

## Introduction

An asymmetry of information applies to transactional connections when one of the parties has greater knowledge on the subject matter of the transaction than the other, which results in a disturbance in the balance of power of the participants of the transaction and can lead to the dysfunction of the public procurement market. Information asymmetry involves having unequal information resources and, in itself, generates an imbalance of information that puts one of the parties to the transaction in a privileged position over the other, which is forced to rely on limited information resources and therefore to act under conditions of insufficient information for correct decision-making. The source of information asymmetry on the public procurement market may be (1) errors in the methods of distributing information; (2) the intentions of the parties to the transaction, i.e., the contracting authority and the contractor; and (3) a breach of the procedures related to the transparency of making public purchases. In public purchasing, asymmetry of information takes the form of agency relations, namely, transactions in which a public entity (principal, contracting authority), places an order on a private entity or several entities (agent – contractor) to perform a service, thereby delegating some part of its powers and decision-making resources to it (Jensen and Meckling 1976; Fama 1980).

## Essence of the Agency Theory

The agency theory is based on at least three assumptions: (1) the principal's and agent's objectives are conflicting, and therefore, the behavior of the parties to the contract may be dominated by opportunistic attitudes; (2) the agent has a greater amount of information than the principal; and (3) the verification of the agent's activities related to the reduction of uncertainty as to the performance of the contract is capital-intensive for the principal and generates the so-called agency costs (Eisenhardt 1989).

## Change in Public Procurement and Agency Costs

Public contracts are a legal and economic category of a dynamic nature in the sense that they pass through three successive stages: preparation, conclusion, and performance of the contract. The implementation of each stage requires that the agency bears costs related to the existence of the agency relationship between the contracting authority and the contractor, which are divided into three groups:

1. Ex ante agency costs at the stage of preparing the contract (costs of looking for a partner for the cooperation, negotiating, establishing mutual information, searching, reviewing, and assessing available proposals).
2. *In tractu* agency costs arising at the contract performance stage, which are a consequence of contracting limitations (costs of monitoring the contractor's activities, costs of renegotiating the provisions of the contract).
3. Ex post agency costs that may become apparent upon completion of the contract (costs of enforcing the provisions of the contract, eliminating the defective consequences of the contract performance).

## Two Levels of Agency Theory Analysis in Public Purchasing

Agency theory is used in two contexts of analysis on the public purchasing market. The first context applies to the citizen – public authority relationship, while the second applies to the contracting

authority – contractor relationship. The first context of analysis is the public interest category. Public procurement and the purchases made within it primarily serve the purpose of satisfying the needs of a specific contracting authority, although the contracting authority's needs are also public needs, and the contracting authority acts in this respect as a representative of the public interest. In terms of the agency theory, the public authority is an agent acting in the public interest, namely, in the interest of the general public (the principal). Public purchases involve spending public funds which are not the property of the contracting authority but the property of the citizens – taxpayers – who finance the existence and functioning of the whole of the public sector (Yukins 2010). The employees of the contracting authority are engaged by the taxpayers to optimally spend public funds on their behalf and in their interest. Citizens – taxpayers, acting as principals, are entitled to expect the contracting authority, acting as their agent, to spend public funds, guided not only by its own particular interest but also by the public interest. The asymmetry of information in the relationship between the citizens (principal) and contracting authorities (agents) applies to the possibility of conflict of interest appearing, namely, the situation in which the contracting authority, or rather specific people acting for those institutions which are obliged to pursue the public interest in their professional activity, simultaneously have their own particular interests (financial, professional, etc.) which adversely affect the professional activities of the people who organize, implement, or supervise the performance of a specific public contract.

The second analysis context constitutes the category of a contract concluded by and between the authorities contracting for services, supplies or works, and their contractors. In this context, the analysis of the agency relationship arises from the contracting authority's institution entrusting specific tasks for implementation and from some of the contractor's ownership rights. The contracting authority (principal) and the contractor (agent) have conflicting objectives that may generate opportunistic behavior, because the contracting authority aims to perform the contract with the lowest possible transfers of public funds to the contractor, whose objective is to obtain the largest possible transfers for fulfilling a particular service. It is accepted in the classical agency theory that the agent acting on behalf of the principal has an information advantage, while a characteristic feature of the public procurement system and purchases made in it is the possibility of the appearance of mutual asymmetry of information (Chrisidu-Budnik and Przedańska 2017). Although the information advantage usually appears on the part of the contractor, it is also important to recognize such situations when the contracting authority is the better informed party in the agency relationship. Therefore, legal regulations emphasize the significance of the principles underlying a procedurally fair procedure for awarding a public contract, among which the principle of transparency is important. The principle of transparency is manifested in the obligation of the contracting authority to provide sufficient information on the activities currently being taken up or which are being planned that may be of relevance to individual contractors, including potential contractors, especially if information on certain facts is a sine qua non condition for contractors to be able to make rational choices related to a specific public contract. Such legal regulations eliminate the effect of the negative selection that is typical of the stage of preparing and concluding the contract, manifested in the fact that, when aiming to conclude the contract, the contracting authority redistributes information in such a way that it creates the ability to eliminate certain contracting authorities from participating in the public procurement procedure or hinders them in making rational decisions.

In the classical agency theory, it is assumed that the principal is a passive entity, i.e., it is largely obliged to rely on the agent's actions. In public purchasing, of key importance is that the contractor (agent) is forced to rely on the contracting authority's (principal's) activities, his diligence, and qualifications. In contrast with private contracts in public purchasing, which is one type of public contract, the preparation stage of

the public procurement is dominated by the contracting authority's activity. Even at the very beginning of the process of awarding the public contract, the decisions made by the contracting authority determine the behavior of the contractors and ultimately prejudge the quality of the effect of the contract implementation by eliminating the negative effects of concluding transactions and reducing agency *in tractu* and ex post costs. The removal of the asymmetry of information, which results here in the possibility of the contracting authority developing erroneous parameters (economic, technological, financial, etc.), requires relatively high ex ante agency costs to be incurred, which are related to the possibility of activating the negotiation procedures envisaged by law, which may include a technical dialogue and a competitive dialogue. The implementation of public purchasing is based on various types of contracts that can be classified, among others on the basis of the criterion of frequency of their conclusion and the specificity of the resources to which the purchase applies. Rare contracts for specialized resources (e.g., the transfer of know how) require the correct redistribution of information between the contracting authority and the contractor. The activation of negotiation procedures corresponds to the nature and specificity of the implementation of highly specialized projects that are frequently implemented in the public-private partnership formula. Furthermore, in the case of a low level of recurrence of transactions and a high level of specificity of resources (e.g., works), trends of an increase in the contractor's opportunistic attitude can be observed, especially at the stage of contract implementation, when the temptation to commit fraud can arise. The effect of the temptation to commit fraud appears at the stage of performance of the contract and applies to situations in which the contracting authority is unable to fully monitor the activities taken up by the contractor. Difficulties related to checking the contractor's activities are directly proportional to the level of complexity of the public contract, which, in turn, generates high agency costs *in tractu* related to the need to monitor the contractor's activities and ex post agency costs related to the need to eliminate the defective effects of the implementation of the contract.

## References

Chrisidu-Budnik A, Przedańska J (2017) The agency theory approach to the public procurement system. Wroclaw Rev Law Adm Econ 7(1):154–165

Eisenhardt KM (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):5–74

Fama E (1980) Agency problems and the theory of the firm. J Polit Econ 88(20):288–307

Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and capital structure. J Financ Econ 3(4):305–360

Yukins CR (2010) A versatile prism: assessing procurement law through the principal-agent model. Public Contract Law J 40(1):64–86

# Public Reorganization in the Philippines

Alex B. Brillantes[1] and Maria Pilar Lorenzo[2]
[1]National College of Public Administration and Governance, University of the Philippines, Quezon City, Philippines
[2]Faculty of Political and Social Sciences, Ghent University, Ghent, Belgium

P

## Synonyms

Administrative reforms; Public restructuring; Rationalization; Reengineering; Rightsizing

## Definition

Public reorganization refers to the rearrangement or restructuring of administrative structures within a government. It involves abolishing, merging, or creating governmental bodies and removing duplicate and overlapping functions. It is a bureaucratic response to the confluence of managerial goals set by an administration vis-à-vis the political currents and reforms impacting the government. The term has been

associated with concepts like rationalization, reengineering, and rightsizing.

## Introduction

Efforts to reorganize government structures have been a common practice (Peters 1992). The way administrative structures are organized exerts influence on the ability of a government to live up to its public mandate. Restructuring efforts do not operate in a vacuum. They can be located within the dominant managerial currents and political climate impacting government administration. Effectuating structural changes is thus both theoretical and applied and normative and scientific at the same time (Hawkins 1978).

In the Philippine politico-administrative setting, public reorganization has been present since the establishment of the Philippine Republic in 1899 and has been high on the agenda of various Philippine presidents since at least 1946 (Brillantes et al. 2018). Adopting reorganization has been closely aligned with the administrative orthodox of efficiency, economy, and effectiveness or what is categorically termed as the 3Es. Through the passage of time, other government principles have proven to be more pressing and fitting given the Philippine context (Brillantes and Lorenzo 2021; Brillantes et al. 2019).

## Overview of Public Reorganization

Government reorganization has been a constant topic of interest to political philosophers. Plato and Aristotle, for instance, believed that organizational structures could bring about significant differences in public functions (Hawkins 1978). Petronius held the view that reorganizational reforms serve as a springboard in making meaningful activities in the government. It is argued that governments from at least the era of the Romans have tried to remain viable by reorganizing their structures although it is not always the case that these attempts turned out positively (Peters 2001).

In more recent times, the practice of establishing a commission for public reorganization has emerged. This phenomenon can be traced back to the Progressive Era in the United States when a number of reforms were institutionalized to "modernize" the government in pursuit of an effective and efficient government. Proponents of government reorganization regard the restructuring efforts as an administrative strategy that could be employed to better pursue public goals. This call for reforms had resulted in landmark reforms including the abolishment of the spoils system, introduction of the merit system, and creation of the referendum. Former President Theodore Roosevelt, who was seen as the bearer of progressivism, set in motion some ambitious efforts to restructure the bureaucracy. All these reorganizational reforms constitute the early attempts to restructure the modern form of government (White 2002).

Some shift in purpose and perspective can be observed in public reorganization in post-World War II. A different historical milieu marked by industrialization, urbanization, and the ravages of war influenced the reorganization during this period (Dye and Gray 1980). The principles of economy and effectiveness were no longer the dominant deciding criteria for government policies. As demonstrated by the first systematic study on government reorganizations by Garnett (1980), all restructuring efforts were subsumed to the larger ambit of political interests of actors. Public reorganization then shifted to being understood first as a political issue and only subsequently as a managerial one (Hawkins 1978). As articulated by Hawkins (1978, p.133), "reorganization should be recognized *first* as a problem of politics and policy and only then as a matter of management."

As to the case of the Philippines, public reorganization has been a constant undertaking since the late nineteenth century. Since then on, public organization has taken on various labels such as rationalization, reengineering, and rightsizing. Taking off significantly from the American style and philosophy of government, Philippine reforms on public reorganization have been influenced by the political currents and reforms

from American Public Administration: from the traditional public administration – with its emphasis on economy, efficiency, and effectiveness – to modern public administration – with the inclusion of other government principles like equity, ethics, and accountability or the 5Es and an A framework in Philippine context (Brillantes and Lorenzo 2021). The following paragraphs explicate the different public reorganizational efforts instituted in Philippine bureaucracy since the founding of the First Philippine Republic.

### Pre-Government Survey Reorganizational Commission: 1898–1953

Not long after the proclamation of the First Philippine Republic, the Americans annexed the Philippines and set up their own colonial government. During this period, only the Philippine Commission, the sole body in charge of all legislative, executive, and administrative powers, was authorized to carry out reorganization moves. Public reorganization efforts during this period protected American interests, which were secured, for instance, through the appointment of American commissioners who acted as the heads of various executive departments and who furnished administrative recommendations (Viloria 1961). This kind of setup changed later on starting with the establishment of an all-Filipino Lower House that worked adjacently with the American-dominated Upper House (Gonzales and Deapera 1987).

The Revised Administrative Code of the Philippine Islands of 1917 imparted the earliest forms of guidelines for public reorganization that included concepts of continuous organization, institutional organization, and methods work (Viloria 1961). Throughout the Commonwealth Period, Philippine President Manuel L. Quezon was granted a blanket authority for a limited period to conduct urgent reorganization reforms through the issuance of executive orders vested by the Commonwealth Act No. 5 (1935). The Government Survey Board (GSB) came up with a factual survey of all existing departments and provided restructuring recommendations including the classification of positions and their corresponding qualifications, standardization of salaries, and plans for housing of offices and the needed equipment. During this period, there was only a single avenue whereby structuring recommendations could be approved, and that was through the exercise of presidential authority through the issuance of executive orders (Viloria 1961).

After World War II, President Manuel Roxas received the same blanket authority as granted to his predecessor to effectuate reorganization reforms. However, contrary to the time of President Quezon in which reforms could only be approved through executive orders, the Reorganizational Committee of 1947 could recourse through two ways, namely, through a separate executive order signed by the President and proposal of bills through the legislative assembly (Gonzales and Deapera 1987).

President Elpidio Quirino expanded the scope of administrative reforms. The Reorganization Commission of 1950 conducted a comprehensive study focusing on government-controlled corporations (GOCCs) (Gonzales and Deapera 1987). He signed the Republic Act No. 422, authorizing the reorganization of various executive departments, bureaus, offices, agencies, and other government instrumentalities including the GOCCs within one year. This law also specifically stipulated promoting principles of simplicity, economy, and efficiency for the improvement of public services (RA 422 1950; AO 109 1950).

### Government Survey Reorganizational Commission: 1954–1956

The first comprehensive attempt to reorganize the Philippine government was through the establishment of the Government Survey Reorganizational Commission (GSRC) established on June 9, 1954, by President Ramon Magsaysay through Republic Act No. 997 or An Act Creating the Government Survey and Reorganization Commission and Appropriating Funds Therefor (RA 997 1954). Section 2 specifies the law's objectives, pinpointing better execution of laws, building of a robust economy, and maximizing the fullest extend possible in the creation of an effective and efficient government. The Congress granted the GSRC with powers to restructure, and the law

had a provision that the GSRC could include members who did not form part of the government. Reorganization committees were set up across various government agencies that eventually resulted in the creation of 29 task forces assigned to provide reorganization plans to the GSRC. Each task force was made up of Filipino members supervised by an American consultant. President Magsaysay endorsed 53 plans out of the total of 61 plans submitted to the Congress. The Lower House of Congress rejected 20 plans while the Upper House rejected four. A report explaining the reasons for failure of implementation of reorganization plans involved opposition by the operating agencies, lack of understanding and clarity of the provisions of the plans, presidential inaction, and compliance only at the formal level (Abueva 1969; Gonzales and Deapera 1987; Viloria 1961).

### Presidential Commission on Reorganization: 1969–1986

The reorganization plan espoused by President Ferdinand Marcos took on a development-oriented approach through the Integrated Reorganization Plan (IRP) (Salas 1969). In all reorganization efforts, principles of simplicity, economy, and efficiency were upheld with a considerable emphasis on expanding social and economic development. This was also the first attempt to have a purely Filipino group heading the restructuring efforts. That is, no foreign consultants, advisers, and management firms were tapped. It also ushered in larger participation from the private sector and capitalized on a wider range of experts culled from various fields (Fabella 1978). The participation of actors coming from a range of sectors is argued to have contributed to the creation of a more comprehensive reorganization plan.

Republic Act No. 5435 was signed on September 9, 1968, to mandate a joint executive-legislative body assigned to supervise a study about the needed IRP for the executive branch. The body comprised different technical panels that covered every major functional government area (Abueva 1969). The Executive Order No. 281, passed on December 29, 1970, created the Presidential Commission, which was tasked to review the IRP submitted by the Commission on Reorganization. The legal reach of the Presidential Commission spanned the reorganization of executive government including the GOCCs while the judicial and legislative branches of the government, General Auditing Office, Commission on Elections, and local government agencies were exempted (RA 5435 1968). Consultations with the Cabinet and the Congress were subsequently held to elicit initial feedback about the reorganization plan. After some delays, the IRP was signed into law on September 24, 1972 through Presidential Decree No. 1 or the Reorganizing the Executive Branch of the National Government (Fabella 1978; PD No. 1, s. 1972).

### Presidential Commission on Government Reorganization: 1986–1992

The main challenges confronting public reorganization during the administration of President Corazon Aquino were entwined with the problems mainly inherited from the previous dictatorial regime of Ferdinand Marcos. As argued by Monsod (as cited by Gonzales and Deapera 1987), the Philippine government was beleaguered with a hefty external debt amounting to $26.3 billion, a high poverty rate of 80%, a bloated bureaucracy, and a high number of GOCCs facing financial dilemmas. For Genato-Rebullida (1988), the major bureaucratic problems were the centralization of authority, interventionist structures, policies and programs, and also bureaucratic gigantism.

The Presidential Commission on Reorganization from the previous administration was transformed into the Presidential Commission on Government Reorganization (PCGR) through Executive Order No. 5, s. 1986. The PCGR was tasked to standardize, collate, and compile all gathered recommendations through various public consultations. The PCGR was composed of two groups, a policy group, and a special studies group. The government efforts of PCGR were concentrated on two overarching goals, that of economic rationality and social justice. The Aquino administration took a private sector-oriented approach, which meant relying heavily

on market mechanisms (Gonzales and Deapera 1987) and continuously highlighting principles of simplicity, economy, and efficiency. The PCGR was also accused of being private-led, having a 78–22 ratio of consultants of which 78% were private-sector consultants (Gonzales and Deapera 1987).

### Presidential Commission on Streamlining the Bureaucracy: 1992–1998

Similar to the global managerial trend happening during this period, President Fidel Ramos opted for reengineering the Philippine government. The reengineering approach adopts the steering principle in which the role of government is geared toward steering rather than rowing – that is, intervening in the market only when necessary. This government philosophy was propounded by Osborne and Gaebler (1993) through their concept of Reinventing Government. The Ramos administration set up the Presidential Commission on Streamlining the Bureaucracy (PCSB) with the goal of reengineering the bureaucracy to accelerate economic growth. His administration was marked by economic liberalization as practiced in deregulating major industries and privatizing public enterprises. He signed the Executive Order No. 149 on December 28, 1993 to streamline the bureaucracy through some dispositive actions such as the transfer or integration of agencies and/or GOCCs to the appropriate departments and the abolition of functions, programs, or agencies.

### Presidential Committee on Effective Governance: 1998–2001

President Joseph Estrada continued the Ramos administration's reengineering program. In addition, he issued the Executive Order No. 165 on October 19, 1999 that created the Presidential Committee on Effective Governance (PCEG), which was tasked to supervise the institutional reforms. Concretely, it sought to strengthen and streamline the executive branch of government. It outlined some possible restructuring moves like the delineation of sectoral activities across different actors (government, business, and civil society), enhanced distribution of functions for every level of the government, elimination of unnecessary duplication, financial and manpower support, improvement of service delivery systems, and enhancement of standard organic support services. In addition, the Public Sector Institutional Strengthening and Streamlining Agenda was created to detail the necessary framework for streamlining processes (EO 165 1999).

### Rationalization Program: 2001–2010

President Gloria Macapagal Arroyo implemented government structuring through the rationalization program, the latest overhaul in the Philippine national government (Estocado-Dulpina 2020). The president signed the Executive Order No. 72, s. 2002 on February 11, 2002 to rationalize the agencies affiliated with the Office of the President. In order to concretize the rationalization program, another Executive Order, EO No. 145, s. 2002, was signed on November 2, 2002. It fully abolished eight agencies and removed another eight agencies but which functions were transferred to other agencies. An important executive order is the EO No. 366, s. 2004, which mandated a strategic review of all operations and organizations under the executive branch including options and incentives to the government employees that would be affected by the rationalization program. Another important executive order was signed on July 5, 2005, the EO No. 444, s. 2005, which provided authority to the Department of the Interior and Local Government to make a study regarding the best way of decentralizing and devolving activities of all departments, agencies, and bureaus.

### Rationalizing the Office of the President: 2010–2016

President Benigno Aquino III continued the rationalization program of the Arroyo administration. In 2010, he signed the Executive Order No. 18, s. 2010 that sought to rationalize the organization and supervision of some agencies attached or under the Office of the President. Similar to previous administrations, this move sought to remove redundant or overlapping agencies, abolish nonoperational or dormant agencies, and transfer functions and activities to local

government units or private-sector companies that can absorb these.

### National Government Rightsizing Program: 2016–Present

In his second State of the Nation Address delivered on July 24, 2017, President Rodrigo Duterte expressed government rightsizing as one of his priority bills through his National Government Rightsizing Program. He requested the Congress to provide the necessary authority to the executive branch to effectuate streamlining operations in the national government through a republic act (Department of Budget and Management 2016). He emphasized to all government agencies his directive on streamlining their functions and services and on making these efficient and people-friendly. The Duterte administration emphasized that the rightsizing program is not directly tantamount to downsizing measures but to come up with the appropriate structure and size of the bureaucracy that can provide quality services to the public without the bureaucratic red tape. In this regard, the Legislative-Executive Development Advisory Council categorized in 2017 the Rightsizing the National Government Act as urgent (Valencia 2017). The Committees on Government Reorganization and Appropriations of Congress passed on 24 May 2017 the House Bill No. 5707, Rightsizing the National Government Act, while the Bill was approved on July 26, 2017. A counterpart bill was also filed on May 15, 2017, in the Senate, the Senate Bill No. 1395 or An Act Rightsizing the National Government to Improve Public Service Delivery and for Other Purposes. A Committee on Rightsizing the Executive Branch was also constituted. It is tasked to spearhead the studies on rightsizing program. However, as of March 24, 2021, the rightsizing measures are reported to be thrown out due to a lack of support from the lawmakers (Magtulis 2021).

## Conclusion

Reorganization as applied in the government has implied rearranging public structural agencies and their respective functions and resources. It has involved the creation, abolishment, or merging of agencies and the removal of redundant and overlapping functions. In the Philippine context, prescriptions relating to organizational objectives and fiscal and personnel administration together with political considerations and consequences have been a constant feature of bureaucratic reforms on reorganization. The continuing interest in and reality of public reorganization in Philippine bureaucracy can be seen as a testament to the persistent difficulties underlying governance of public structures, specifically on how to meet the demands of the public given the political climate that is operating in every government term. With all these said, public sector reforms in the form of reorganization continue to form part of the Philippine government's attempts to bring about the *public* in public administration.

## Cross-References


- ▶ Administrative Reform
- ▶ Bureaucratic Red Tape in the Philippines
- ▶ Bureaucratic Reform
- ▶ Reforms and Governance


## References


Abueva J (1969) Issues of reorganization strategy: the government survey and reorganization commission (1954–1956) and the Commission of Reorganization (1969-). In: Abueva J (ed) Perspectives in government reorganization. UP College of Public Administration, Manila

Administrative Order No. 109 (1950) http://www.officialgazette.gov.ph/1950/02/28/administrative-order-no-109-s-1950/

Brillantes A, Lorenzo MP (2021) Philippine public administration: 5 Es and an A. In: Farrazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Brillantes A, Lopos BE, Perante-Calina LE (2018) Knowledge-based public sector reform: the Philippine experience. In: Nishihara AH, Matsunaga M, Nonaka I, Yokomichi K (eds) Knowledge creation in public administrations: innovative government in Southeast Asia and Japan. Palgrave Macmillan, Cham

Brillantes A, Raquiza MV, Lorenzo MP (2019) Social equity in the Philippines: a continuing but elusive promise. In: Morgen J (ed) Social equity in the Asia-Pacific region: conceptualizations and realities. Palgrave Macmillan, Cham, pp 187–213
Commonwealth Act No. 5. 1935, s.1 (1935) http://www.officialgazette.gov.ph/1935/12/31/commonwealth-act-no-5/
Department of Budget and Management (2016) The President's Budget Message: Fiscal Year 2017. Retrieved on 15 April 2021 from https://www.dbm.gov.ph/images/pdffiles/PBM_FINAL2017.pdf
Dye TR, Gray V (1980) The determinants of public policy: cities, states, nations. Lexington Books, Lexington
Estocado-Dulpina N (2020) When size matters: A study on the Rightsizing Act of the Duterte administration (Working Paper 2020–02). University of the Philippines National College of Public Administration and Governance, Quezon City
Executive Order No. 145 (2002) http://www.officialgazette.gov.ph/2002/11/02/executive-order-no-145-s-2002/
Executive Order No. 149 (1993) https://www.lawphil.net/executive/execord/eo1993/eo_149_1993.html
Executive Order No. 165 (1999) http://www.officialgazette.gov.ph/1999/10/19/executive-order-no-165-s-1999/
Executive Order No. 18 (2010) http://www.officialgazette.gov.ph/2010/12/22/executive-order-no-18-s-2010/
Executive Order No. 281 (1970) http://www.officialgazette.gov.ph/1970/12/29/executive-order-no-281-s-1970/
Executive Order No. 366 (2004) http://www.officialgazette.gov.ph/2004/10/04/executive-order-no-366-s-2004/
Executive Order No. 444 (2005) http://www.officialgazette.gov.ph/2005/07/05/executive-order-no-444-s-2005/
Executive Order No. 5 (1986) http://www.officialgazette.gov.ph/1986/03/12/executive-order-no-5-s-1986/
Executive Order No. 72 (2002) http://www.officialgazette.gov.ph/2002/02/11/executive-order-no-72-s-2002/
Fabella A (1978) Organizing for development: a presentation prepared for the interim Batasang Pambansa (or interim National Assembly). Philippine J Public Adm 21(1):383–409
Garnett JL (1980) Reorganizing state government: the executive branch. Westview, Boulder
Genato-Rebullida ML (1988) Reorganizing the executive branch of government for political development: the Philippine experience. Philippine J Public Adm 22(1–2):105–134
Gonzales JL, Deapera LR (1987) A review of Philippine reorganization. Philippine J Public Adm 31(3): 257–278
Hawkins RB (1978) Federal principles for government reorganization. Publius 8(2):133–140
Magtulis P (2021) Duterte out to bloat gov't with undermanned, underfunded agencies. Retrieved on 15 April 2021 from https://www.philstar.com/business/2021/03/24/2086658/duterte-out-bloat-govt-undermanned-underfunded-agencies
Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Plume, New York, N.Y
Peters BG (1992) Government reorganization: a theoretical analysis. Int Polit Sci Rev 13(2):199–217
Peters BG (2001) Government reform and reorganization in an era of retrenchment and conviction politics. In: Farazmand A (ed) Handbook of comparative and development public administration. Marcel Dekker, Inc., New York, pp 669–689
Presidential Decree No. 1 (1972) http://www.officialgazette.gov.ph/1972/09/24/presidential-decree-no-1-s-1972/
Republic Act No. 422 (1950) https://www.lawphil.net/statutes/repacts/ra1950/ra_422_1950.html
Republic Act No. 5435 (1968) http://www.thecorpusjuris.com/legislative/republic-acts/ra-no-5435.php
Republic Act No. 997 (1954) http://www.chanrobles.com/republicacts/republicactno997.html#.Wwo-rVOFPeR
Salas R (1969) Orientation for government reorganization. In: Abueva J (ed) Perspectives in government reorganization. UP College of Public Administration, Manila
Valencia C (2017) Government rightsizing program priority of Duterte. Retrieved on 27 May 2018 from https://www.philstar.com/business/2017/08/20/1731005/government-rightsizing-programa-priority-duterte
Viloria A (1961) Reorganization in the Philippine National Government Prior to 1954. Philippine J Public Adm 5(1):33
White RD (2002) Executive reorganization, Theodore Roosevelt and the keep commission. Adm Theory & Praxis 24(3):507–518

P

## Public Reports of Nursing Home Quality

Jennifer Gaudet Hefele, Pamela Nadash and Edward Alan Miller
Department of Gerontology, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

### Synonyms

Consumer decision-making; Market-based incentives; Regulation; Report cards; Quality improvement

## Introduction

Nursing homes provide short-term postacute skilled nursing facility and rehabilitative care after hospital discharge. They also provide care to those in need of long-term services and support as a result of frailty, disability, functional decline, and cognitive deficit. Ensuring quality care in nursing homes poses a particular problem for policymakers. People served by nursing homes are by definition vulnerable and poorly positioned to advocate for themselves; more than half are cognitively impaired. While family members can act as advocates for some, many families are overwhelmed by their caregiving responsibilities, and a few take advocacy beyond the personal level to the political. Consequently, pressure on policymakers to improve nursing home quality has been inconsistent. Nonetheless, nursing homes attract policy attention because they comprise a large and growing part of the healthcare sector that consumes an increasing proportion of public spending. Approximately 16,000 facilities operated nearly 1.7 million beds in 2014 (Centers for Medicare and Medicaid Services [CMS] 2015). In 2015, 5.1% of national healthcare expenditures went toward nursing homes and continuing care retirement communities; in 2016, the median annual cost of nursing home care was $82,125 and $92,300, respectively, for a semiprivate and private room (CMS 2016; Genworth Financial 2016). Theoretically, government should have substantial leverage over nursing homes, given that 71% of funding for nursing home services comes from government sources (with Medicaid – the public health insurance program for low-income Americans – reimbursing 57% of nursing home spending, and Medicare – the public health insurance program for elderly and permanently disabled Americans, reimbursing 14%) (American Health Care Association [AHCA] n.d.). However, quality has remained a problem: government's attempts to address it have mirrored overall trends in public policy and public administration, with a clear shift from regulatory to market-based approaches – most notably, public reporting.

## Rising of Public Reporting

Nursing home quality has been a perennial concern. Serious efforts to address it took off in the late-1980s, when the Institute of Medicine (1986) and the U.S. General Accounting Office (1986) found it "shockingly deficient." Reports such as these and other negative publicity resulted in the Nursing Home Reform Act (under Subtitle C of the Omnibus Budget Reconciliation Act of 1987). The law built on pre-existing regulations that set standards and imposed certification requirements, as well as introduced a survey process to monitor quality. This process involved inspections of nursing homes participating in Medicare or Medicaid for "deficiencies" in various aspects of care, rated according to the scope and severity of the deficiency. In addition, the law mandated new, higher standards of care, including minimum staffing requirements and quality-of-care monitoring that emphasized resident outcomes and quality of life, and strengthened the enforcement system. A critical development was requiring that nursing homes assess residents on a regular basis using a standardized Resident Assessment Instrument, which yielded reliable data on nursing home residents and allowed regulators to monitor nursing home performance. These changes went into effect in 1995, though requirements evolved over time as the certification process changed and measurement techniques and data availability improved.

Although these were important steps, they are widely viewed as insufficient in ensuring quality; in particular, the survey process has been the target of much critique (U.S. Government Accountability Office [GAO] 2008; Harrington et al. 2004; Miller and Mor 2008). Surveys of nursing homes are conducted by state inspectors on a periodic basis, using a federally stipulated survey protocol; however, survey results are considered weak indicators of underlying quality due to clear variations in surveyors' propensity to find deficiencies. For example, higher rates of deficiencies during the late 1990s were likely due to the increased emphasis placed on regulatory enforcement under the Clinton administration,

while drops during the Bush administration are ascribed to shifts in the intensity of regulatory oversight. Other reports have found considerable interstate inconsistencies in how surveys are conducted as well as understatement of serious quality problems in certain states (Kelly et al. 2008). Thus, the integrity of the survey process is an ongoing issue.

Consequently, the focus has shifted toward market-based policy tools; most notably, providing information that enables consumers to make informed choices among facilities, and creating financial incentives to spur providers to improve quality (i.e., "pay-for-performance") (Konetzka and Werner 2010). Both strategies depend on reliable and robust data on quality. Because these quality indicators play such a critical role in market-based approaches, they are the subject of intense study and debate. Naturally, researchers want to ensure that the indicators are solid from a technical perspective – that they measure what they are supposed to measure, and they do so reliably. They also aim to select indicators that avoid "teaching to the test" – that is, when an entity that knows it is being assessed on specific measures seeks to improve scores on those measures only, rather than improve overall performance. Providers are also concerned that measures are accurate; in addition, they seek to limit the burden of data collection, while policymakers seek to minimize overall costs and to produce data that is meaningful and useful to the public. Moreover, because many data elements are derived from the Resident Assessment Instrument mentioned previously, the accuracy of public reports depends on the careful collection and reporting of data by providers themselves – an inherent difficulty with such an approach. Concerns include variation in facility performance due to systematic coding differences in the assessment items from which the quality measures derive. Such differences may be unintentional, say, resulting from regional differences in how facility staff are trained to fill out those items. They may also reflect "gaming" whereby facilities purposefully increase or decrease the scores on the assessment items to make themselves look better on the resulting quality measures than would have otherwise been the case.

## Nursing Home Compare

This informed choice strategy to spurring quality improvement has resulted in the creation of state and federal report cards. In 2002, the Centers for Medicare and Medicaid Services (CMS) – the federal agency responsible for regulating nursing homes – released the first round of publicly accessible quality report cards on all US certified nursing homes through its new Nursing Home Compare website. This was the first time that consumers were given access to information on facility quality, enabling them and providers to see how facilities compared to each other. Similar efforts followed in other areas of healthcare: for example, the Hospital Compare website, launched in 2005, provided people information on the hospitals in their area, while the Home Health Compare website, launched in 2005 as well, provided people with information on home health agencies. Even now, new provider types, such as long-term care hospitals, are joining the game.

The Nursing Home Compare site provides general information on facilities (e.g., address, ownership status, number of beds), as well as information on staffing, state survey results, and quality measures based on aggregated data from the individual resident assessments noted earlier. The data reported on the site is updated every 3 months and published with a 6-month lag. The content and format of the information presented has evolved over time to better reflect the complexity of the nursing home experience. When it launched, 10 quality indicators were presented on Nursing Home Compare: four that addressed components of care related to short-stay residents (100 days or less, typically following a hospital admission) and six items that addressed components of care related to long-stay residents (101 days or more). More indicators were added over time – most recently, in 2016, the number of measures was increased to 25, divided among measures specific to both short and long stays.

Examples of the quality indicators reported include the proportion of long-stay residents with pressure sores, reporting moderate-to-severe pain, or receiving antipsychotic medications. The site also reports additional information that consumers can use to assess the overall quality of the nursing home, including nurse staffing levels, state inspection results, and any history of penalties.

One challenge reporting quality indicators is the issue of attributing responsibility for the quality of care to the provider, to the exclusion of anything that may be a result of patient differences or other factors out of provider control. To address this, results are risk-adjusted to account for the medical complexity and frailty of each facility's resident population. Risk-adjustment seeks to ensure that nursing homes are not penalized for serving a more complex mix of residents than their competitors by receiving lower scores. It also seeks to ensure that nursing homes do not "cherry pick" – that is, discriminate against more complex cases on admission, with the goal of ensuring better ratings.

Interpreting separate quality indicators can be challenging. Thus, one of the most important modifications to Nursing Home Compare was the introduction of a 5-star rating system in late 2008, with the aim of collapsing the many individual parameters reported in the report card into one easy-to-use metric. Nursing homes are assigned an overall quality rating of 1–5 stars (with a 1 being the lowest rating and a 5 being the highest) based on the three domains of staffing, survey deficiencies, and performance on a subset of the quality measures deriving from the aggregated resident assessment data. Additionally, each of the three individual domains receives a 5 star rating.

Developing fair ratings is complicated. Combining domains into a meaningful overall rating requires that specific parameters be weighted to reflect their overall importance; the survey rating, which takes the number, scope, and severity of deficiencies into account, is the most heavily weighted in the overall score. The relative importance of the individual components is, of course, subjective. Other changes have been made, as well. Most recently (in 2014) it became evident that facilities on the government's watch list of poorly performing nursing homes (known as Special Focus Facilities) frequently achieved four and five stars in the domains that rely on self-report (staffing and quality measures). This spurred changes that reduced reliance on self-report in determining the overall quality rating and made it harder for facilities to achieve four and five star ratings in both the overall and domain-specific scores.

## State Report Cards

In addition to the federal Nursing Home Compare site, some states report information on nursing homes on their own websites. A review of these sites (Castle et al. 2011) found 25 states that offered 29 report cards, with wide variations in user-friendliness and in the scope of data reported. At 34, Maryland's report card had the greatest number of indicators, reflecting domains such as survey deficiencies, pressure ulcers, restraint use, pain, depression, catheter use, antipsychotic use, factures, and falls. By contrast, many states – Alabama, Florida, Iowa, Kansas, Michigan, Missouri, North Carolina, New Jersey, Vermont, Washington, and Wisconsin – reported only one quality indicator – in most cases, survey deficiencies, which can be difficult for users to interpret, given that there are 185 areas where deficiencies can be cited, with each rated at 12 levels of scope and severity. Other states, such as Colorado, Indiana, New York, Ohio, and California, fell in between these two extremes with 5, 12, 19, 15, and 19 indicators, respectively.

Nursing Home Compare and most state public reporting programs have sought, in part, to minimize the administrative burdens and costs associated with data collection by populating report cards with information drawn from existing data sources. The result, however, has been a focus on clinical quality measures to the exclusion of factors which may be more relevant to individuals and families when selecting a nursing home. Some states, however, go above and beyond these parameters in what they report: additional

indicators often reflect other aspects of the consumer experience as reflected in user complaints, quality of life measures, and resident and family satisfaction scores. Indeed, several states (for example, Maryland, Minnesota, Rhode Island) mandate collection of user satisfaction data to support consumer decision-making – and, in the case of some, to incentive nursing homes under pay-for-performance programs. As yet, there is no federal mandate to collect or report user satisfaction, although many nursing homes do so voluntarily as part of their internal quality improvement or marketing programs. Interest in such a requirement is growing in light of recognition that the assessments of nursing home performance reflected in Nursing Home Compare's star rating system correspond poorly with consumer satisfaction (Williams et al. 2016; Miller et al. 2013).

## How Effective Is Public Reporting?

The big question is, of course, whether public reporting of nursing home quality has achieved the goal of improving quality. Although improving transparency by increasing consumer access to information is often seen as a worthwhile policy goal in-and-of-itself, the primary aim of public reporting is to enable consumers – prospective nursing home residents and their families – to use data to make better choices among facilities, and by doing so, create incentives for nursing homes to improve quality. Public reporting also provides nursing homes the opportunity to benchmark their own performance. Thus, another way in which public reporting can improve quality works directly through nursing homes themselves: under this mechanism, it is the nursing homes that are responsive to the quality reporting, using results to monitor their own performance – over time and against competitors or peers, thereby incentivizing improvements.

Overall, the research finds that Nursing Home Compare has had a positive effect on quality (Mukamel et al. 2008, 2014). Some assessments of whether public reporting works focus on consumers – if and how they use the information reported – while other research of whether public reporting works focus on providers – whether and how they have changed their behavior in response to the information posted. In general, evidence indicates that public reporting is more likely to have an impact on health care providers than it is on the selection of higher quality facilities by patients or families.

The research on consumer impact generally shows little awareness and use of Nursing Home Compare and quality report cards in general. This is reflected in a 2006 survey of families of nursing home residents, which found that just 12% recalled having used Nursing Home Compare to inform their choice (Castle 2009). Moreover, when accessed, consumers tend to use public reports to create a list of potential nursing home options instead of comparing those options against each other on the basis of the quality data reported. Impediments to using Nursing Home Compare and other public report cards include challenges navigating the websites and interpreting the data reported (Gerteis et al. 2007). They also include the absence of information important to consumers; for example, on quality of life and user satisfaction. Concerns about the sources and accuracy of the data reported serve to stymie use as well.

Societal shifts toward accessing and using online information may help overcome barriers to using public report cards. So too might education and marketing campaigns directed at increasing consumer awareness about specific public report cards such as Nursing Home Compare. The inclusion of additional desired information, integration of more user-friendly design features, and opportunities to personalize the data and its presentation would also help facilitate use. The potential to increase consumer responsiveness in light of modifications such as these is reflected in the adoption of the star rating system in Nursing Home Compare, which was associated with increased market share for the highest performing nursing homes and decreased market share for the lowest performing nursing homes (Werner et al. 2016). It is also reflected in greater patient confidence and satisfaction and higher probability of discharge to higher quality nursing homes among patients that were given an application that

enabled them to identify particular measures and their relative performance in developing composite scores from the data reported in Nursing Home Compare (Mukamel et al. 2016).

In contrast to consumers, studies on the provider impact of Nursing Home Compare confirm that public reports are on nursing home administrators' radars and that they take actions in response to the data reported. Further, a number of studies provide evidence that nursing homes have improved their performance on both long- and short-stay measures in response to Nursing Home Compare. Despite these overall improvements, there is still considerable variation in response: some studies suggest that performance improvement is not universal and that variation may be systematic, perhaps varying by nursing home characteristics, such as the racial and ethnic makeup of a nursing home's clientele and the proportion of clients paid for by Medicaid (Casalino and Elster 2007; Chien et al. 2007; Chin et al. 2007). Indeed, evidence suggests that public reporting may unintentionally exacerbate disparities with, for example, a widening gap in quality in nursing homes chosen by Medicare-only consumers and consumers eligible for both Medicaid and Medicare, possibly due to the limited supply of high quality providers in less affluent communities (Konetzka et al. 2015).

## Conclusion

Like any quality improvement mechanism, public reporting is only one part of an overall strategy for ensuring that nursing homes are safe, caring, and pleasant environments for their extremely vulnerable residents. A successful public reporting system will minimize data reporting burdens on the nursing homes themselves, while ensuring that the data elements collected are accurate, meaningful, fair, and hard to game. In addition, data must be presented in ways that maximize the likelihood that it will be used by its intended audience: in the case of nursing homes, this includes both consumers and providers. Evidence to date regarding the impact of the Nursing Home Compare site shows that it has only partially achieved these goals, and there is room for improvement. Most importantly, policymakers need to focus on identifying ways to make consumers more likely to use the site when making placement decisions (often a stressful and difficult time), and to ensure that the data presented are meaningful and meet the information preferences and needs of consumers.

## Cross-References


- ▶ Accountability
- ▶ Accountability Mechanisms
- ▶ Comparative Healthcare Systems
- ▶ E-Government and Corruption
- ▶ E-Government, Accountability, and Performance
- ▶ Health Policy
- ▶ Knowledge Utilization in Organizations
- ▶ Performance Evaluation and Reporting
- ▶ Transparency


## References


American Health Care Association (n.d.) Trends and statistics: fast facts. American Health Care Association, Washington, DC. Retrieved from https://www.ahcancal.org/research_data/trends_statistics/Pages/Fast-Facts.aspx

Casalino LP, Elster A (2007) Will pay-for-performance and quality reporting affect health care disparities? Health Aff 26(3):W405–W414

Castle NG (2009) The nursing home compare report card: consumers' use and understanding. J Aging Soc Policy 21(2):187–208

Castle N, Diesel J, Ferguson-Rome JC (2011) The evolution of nursing home report cards. J Appl Gerontol 30(6):744–778

Centers for Medicare and Medicaid Services (2015) Nursing home data compendium 2015th edition. US Department of Health and Human Services, Centers for Medicare and Medicaid Services, Baltimore. Retrieved from https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/Downloads/nursinghomedatacompendium_508-2015.pdf

Centers for Medicare and Medicaid Services (2016) Historical national health expenditure data zip file. US Department of Health and Human Services, Centers for Medicare and Medicaid Services, Baltimore. Retrieved from https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-a

ndreports/nationalhealthexpenddata/nationalhealthaccountshistorical.html
Chien AT, Chin MH, Davis AM, Casalino LP (2007) Pay for performance, public reporting, and racial disparities in health care: how are programs being designed? Med Care Res Rev 64(S5):S283–S304
Chin MH, Walters AE, Cook SC, Huang ES (2007) Interventions to reduce racial and ethnic disparities in health care. Med Care Res Rev 64(S5):S7–S28
Genworth Financial (2016) Compare long-term care costs across the United States. Genworth Financial, Richmond. Retrieved from https://www.genworth.com/about-us/industry-expertise/cost-of-care.html
Gerteis M, Gerteis JS, Newman D, Koepke C (2007) Testing consumers' comprehension of quality measures using alternative reporting formats. Health Care Financ Rev 28(3):31–45
Harrington C, Mullan J, Carrillo H (2004) State nursing home enforcement systems. J Health Polit Policy Law 29(1):43–73
Institute of Medicine (1986) Improving the quality of care in nursing homes. The National Academies Press, Washington, DC. Retrieved from https://doi.org/10.17226/646
Kelly CM, Liebig PS, Edwards LJ (2008) Nursing home deficiencies: an exploratory study of interstate variations in regulatory activity. J Aging Soc Policy 20(4):398–413
Konetzka RT, Werner RM (2010) Applying market-based reforms to long-term care. Health Aff 29(1):74–80
Konetzka RT, Grabowski DC, Perraillon MC, Werner RM (2015) Nursing home 5-star rating system exacerbates disparities in quality, by payer source. Health Aff 34(5):819–827
Miller EA, Mor V (2008) Balancing regulatory controls and incentives: toward smarter and more transparent oversight in long-term care. J Health Polit Policy Law 33(2):249–279
Miller EA, Doherty J, Nadash P (2013) Pay-for-performance in five states: lessons for the nursing home sector. Public Adm Rev 73(S1):S153–S163
Mukamel DB, Weimer DL, Spector WD, Ladd H, Zinn JS (2008) Publication of quality report cards and trends in reported quality measures in nursing homes. Health Serv Res 43(4):1244–1262
Mukamel DB, Haeder SF, Weimer DL (2014) Top-down and bottom-up approaches to health care quality: the impacts of regulation and report cards. Annu Rev Public Health 35:477–497
Mukamel DB, Amin A, Weimer DL, Ladd H, Sharit J, Schwarzkopf R, Sorkin DH (2016) Personalizing nursing home compare and the discharge from hospitals to nursing homes. Health Serv Res 51(6):2076–2094
U.S. General Accounting Office (1986) Statement of Michael Zimmerman senior associate director, human services division for the record before the special committee on aging United States senate on nursing home standards enforcement. U.S. General Accounting Office, Washington, DC. Retrieved from http://www.gao.gov/assets/110/101379.pdf
U.S. Government Accountability Office (2008) Nursing homes: federal monitoring surveys demonstrate continued understatement of serious care problems and CMS oversight weaknesses. U.S. Government Accountability Office, Washington, DC. Retrieved from http://www.gao.gov/assets/280/275154.pdf
Werner RM, Konetzka RT, Polsky D (2016) Changes in consumer demand following public reporting of summary quality ratings: an evaluation in nursing homes. Health Serv Res 51(S2):1291–1309
Williams A, Straker JK, Applebaum R (2016) The nursing home five star rating: how does it compare to resident and family views of care? The Gerontologist 56(2):234–242

# Public Scrutiny of Reforms in Fiji

Subhash Appanna[1], Malcolm Abbott[2] and Shavneet Sharma[1]
[1]The University of the South Pacific, Suva, Fiji
[2]Swinburne University of Technology, Melbourne, Vic, Australia

## Synonyms

Ethics – values; Public scrutiny – transparency; Resource allocation – wealth distribution

## Definition

Public scrutiny refers to the involvement of the public in decisions that affect them as this helps enhance transparency and accountability in public decision-making.

Public sector reforms involve changes that have been made to the public sector since the 1980s in order to improve performance.

Resource allocation is considered here within the framework of New Public Management-informed reforms in Fiji.

## Introduction

The need for reforms in the public sector in order to improve its performance has been part of the

P

public agenda for a long time. It acquired prominence in the 1960s (Arrow 1963), gained momentum in the 1970s (Niskanen 1971), and became a public policy imperative since the 1980s (Hood 1991). Hood (1991) referred to the emergent New Public Management (NPM) framework as a "model for all seasons." On the one hand, NPM's popularity is closely linked to ideological shifts in political philosophy on the role of government vis-à-vis the private sector in national economic development (Friedman 2002). On the other hand, NPM attempts to address deficiencies found in traditional public administration and assumes that the market is preferable to government as an intermediary for resource allocation, utilization, and public service delivery. NPM's promise thus has two points of focus: removal of the constraints of bureaucracy and freedom to make decisions in a more enterprising manner with the focus on efficiency, effectiveness, and economy.

With the New Public Management framework emphasizing market and psychological (ethics) controls while diminishing traditional bureaucratic sources of control in the public sector, decision-making in public entities has moved away from the public domain to boardrooms and closed-door settings. This critical change acquires particular significance when viewed in light of the fact that with a shift to "small government," the private sector is expected to shoulder much of the responsibility for generating economic activity to drive national economic growth (Friedman 2002). Key decisions regarding national wealth, resources, and business opportunities are made away from the public eye and driven by the market even though many of the assumptions behind the centralization of market control have been found wanting in studies on public sector reforms (Frederickson 2007). Thus the prescriptive removal of government controls, through "deregulation" at the macro level and the freeing of managerial decision-making space at the micro level, raise a control conundrum that has hounded the reform process over the past three decades with complaints that NPM is "long on promises and short on delivery." A close scrutiny of these experiences shows that at the centre of this process lies a crucial dilemma-ridden and often underemphasized requirement – the need for public scrutiny.

This entry critically examines three cases of decision-making, in the process of and after public sector reforms in Fiji, and argues that given the significance of the public sector in island economies like Fiji, the resource constraints faced, the peculiarities of the market, the power political structure, and the inevitable danger of "capture" of the delivery process at various levels, public scrutiny is absolutely necessary in decision-making in any publicly-funded entity.

## Theoretical Underpinnings of NPM

NPM's theoretical roots can be traced to the Chicago (Friedman 2002) and Austrian (Hayek 1978) schools of political economy, with their links to the New Right, in conjunction with the new institutional economics of Arrow (1963) and Niskanen (1971). NPM is based on the tenets of freedom to choose and freedom to manage. Freedom to choose arises from the new administrative reform doctrines built on ideas of contestability, user choice, transparency, and incentive structures. These come from the new institutional economics movement, which has its basis in Public Choice Theory, Agency Theory, Transaction Cost Theory, and Theories of Bureaucracy. On the other hand, freedom to manage entails business-type managerialism in the public sector in line with the international scientific management movement (Pollitt 1993). Administrative reform doctrines arising from this movement include the portability of professional management expertise, the paramountcy of professional over technical expertise, the need for high discretionary powers (free to manage) in management, and its centrality and indispensability for better organizational performance through the development of better organizational cultures, as well as active measurement and adjustment of organizational output. Thus changes brought about through NPM have been informed by what is widely referred to as the "New Right" in recognition of its paradoxical attempts to incorporate normative concerns in

what essentially remains the business philosophy of maximizing returns. This new ideology can also be referred to as the "Enlightened Left" in recognition of the fact that it has been embraced by traditionally left-leaning governments in their attempts to amalgamate the imperatives of both business and society. Whether the new reform package is seen as the "New Right" or the "Enlightened Left," it is clear that both attempt to construct an approach, now widely referred to as New Public Management (NPM) that will lead to greater efficiency, effectiveness, and economy in management in the public sector, as well as a redefinition of the links and roles of politics and administration in the delivery of public service.

On the other hand, in a marked departure from public administration, NPM centralizes the market as being preferable to government as an intermediary for resource allocation, utilization, and public service delivery "since it involves transactions that are voluntary, lateral and decentralised, in contrast to the compulsory, hierarchical and centralized activities of government" (Beetham 1987, p. 33). From this perspective, NPM attempts to remove the constraints of bureaucracy and free-up decision-making space at both the macro (government policy) and micro (management) levels. The central aim is to encourage the entrepreneurial spirit, while replacing institutional/government controls with organization-designed systems, complemented with an appropriate values system – it is here that the "hand of management" finds its niche within the overall control system. OECD describes NPM as a set of attempts to combine modern private sector type management practices with the logic of economics, while still retaining the core public service values. This raises the question of compatibility between public service values and private sector management practices as the values/ethics at play appear to differ. Moe (1984) considers the NPM values framework as being clearly different from that of traditional public administration with risks and insurmountable difficulties involved in attempting to amalgamate the two. Indeed, the ensuing confusions open up space for exploitative redirections through management initiatives that tend to show that the market has major shortcomings when elevated to the status of primary regulator. Beetham (1987, p. 27) says that, "a necessary condition for the market to operate . . . is a framework of legal compulsion, to guarantee the security of person and property, the integrity of contracts and the soundness of the monetary system." Thus with centralization of market control, there need to be provisos to ensure that it operates effectively. The challenge is to determine to what extent macro controls can be relaxed/removed without compromising quality and standards in the delivery of public services (Appana and Goundar 2011, p. 56). Arellano-Gault (2000, p. 400) elaborates this further by saying that "in the absence of robust institutions for administrative control and oversight (the) use of NPM (as a top-down reform strategy) faces two basic dangers: (a) over relying on techniques over substantive reform and (b) underestimating the difficulty of changing the existing bureaucratic culture." This could lead to symbolic rather than actual change. Appana (2011) contended that active attempts were made in Fiji to perpetuate symbolic change while portraying publicly that the reform process was a serious exercise that had to be undertaken with urgency at different points in time depending on the imperatives of governments.



## Background to Reforms in Fiji

In Fiji, noticeable reforms began with the hugely unpopular wage freeze imposed by the Alliance government in 1985. This not only triggered the birth of the Fiji Labour Party but was one of the factors that led to the unexpected electoral demise of the Alliance Party and the subsequent Rabuka coup of May 1987. The political uncertainty that followed created a regulatory void in the upper echelons of the civil service that presented an unprecedented opportunity for "capture" of the decision-making processes of the public bureaucracy. A number of factors converged to facilitate this change that essentially amounted to unseen and unannounced reforms in the public service. One, the Rabuka government

was constantly threatened with rebellion from within, thus it depended on a group of key bureaucrats to keep the civil service functioning while he grappled with the various conflicting interests that comprised his government. This allowed the bureaucrats to consolidate their power positions and enhance their influence within the civil service. Two, the political ideology of "Fijian self-determination" and ethnonationalism that followed the build-up to and aftermath of Rabuka's coup made any initiative undertaken in the name of ethnic Fijians, beyond question. This is where programs to assist Fijians into the business sector became part of national priority. Three, NPM provided a ready-made rationale for these reform initiatives. It also fortuitously helped move decision-making away from the public eye; this allowed a group of connected bureaucrats, politicians, and other officials to ensure that they controlled opportunities arising from the many "Fijian assistance" schemes that followed the Rabuka coup. These demands would continue to increase over time, and with it, the opportunities for capitalizing on reform initiatives for personal gain (Appana 2011).

Towards the end of Rabuka's reign, a number of public enterprises were restructured in haste. There was a clear link between these restructures, the impending 1999 elections and the fact that the prime movers of reforms were bent on ensuring that the most should be accomplished while that government was still in power as much was to change even if Rabuka's SVT Party were to return to power. Unfortunately, a totally unexpected change in government happened with the electoral success of Chaudhry and the subsequent formation of the People's Coalition Government. This led to the 2000 coup, which suddenly opened up opportunities for senior bureaucrats like Laisenia Qarase to enter politics. Thus some of the cabal that had formed during Rabuka's reign now moved into politics and became key decision makers. This served to strengthen this group further as their links remained – their influence now extended into parliament. Moreover, the reform model that guided public decision-making and further reforms in Fiji now served to rationalize boardroom-type decision-making away from public scrutiny. Only outcomes were announced for public reporting to an uncritical, accepting, and largely lackadaisical media that appeared to be compromised at times (Singh 2010). It is within this environment that reforms proceeded in Fiji after 2001. A critical analysis of the 2001 and 2006 elections shows that the ballot box might have been compromised and that despite Fiji having a democratic framework for governance and elections, the people, policies, and performance focus of the electorate in choosing government was not operating as expected – the link between government performance and public popularity at the polls appeared to depend on factors other than those expected in a functioning democracy. Government had to ensure that Fijian-assistance schemes remained on the public agenda while Fijian business assistance was prioritized. This ensured that public sector reforms proceeded in the personal interests of the cabal mentioned earlier as opportunities arising were accessed very differently from that envisaged by NPM – the rationale of Fijian business assistance was used to enrich a small group of connected individuals. The next section analyses three cases where decisions were made away from the public eye in the interests of connected individuals.

## Kadavu House

Kadavu House in Suva is owned by the Kadavu Development Company of which the Kadavu Provincial Council (and hence the people of Kadavu) are substantial owners. The multistoried building was financed by provincial fundraising and a $14 million "affirmative action" loan from the Fiji National Provident Fund (FNPF). The loan was supported by the Qarase Government which also guaranteed it would tenant the building, and Government paid $880,000 in advance rents for a building they would never tenant. In 2007, Commodore Bainimarama questioned the unreasonably high rents. Further enquiry revealed that Kadavu Development Company was not registered, had not held an AGM for 20 years, and

that several SDL parliamentarians were on the board of the company. This was a typical arrangement in the business model that had sprung up through the public sector reform program during SDL reign. Bainimarama immediately questioned whether the ordinary people of Kadavu would ever benefit.

A closer scrutiny shows that there is a further complication in the model as Kadavu Holdings Limited is a fully owned subsidiary of Kadavu Development Company Limited which is the business arm of Kadavu Provincial Council. It is Kadavu Holdings Ltd. that owns Kadavu House according to Kadavu Holdings Limited Chairman, Sakeasi Waqanivavalagi (FS 19/5/10). Thus the ownership of Kadavu House has been removed from the people of Kadavu through a sophisticated business model that is usually used to minimize, complicate, and frustrate tracing ownership and liability within the private sector management model that has been used in the public sector in pseudo-public organizations like provincial councils. An inquiry conducted by chartered accounting firm, Ernst & Young showed that "a total of 71.94 per cent of Kadavu Development Company Limited shares belong communally to the people of Kadavu generally and their chiefs together with certain individual tikina." "The balance of the shares in Kadavu Development Company Limited, are owned by individuals from the vanua of Kadavu who had purchased shares during share drives organized by the company between 1972 and about 1986," explained Waqanivavalagi (FS 19/5/10). The late Kadavu chief, Ratu Josateki Nawalowalo was reported to have added, "As a member of the provincial council for the last eight years and as a former chairman I am privy to council and register of company information that the Kadavu Provincial Council owns around 80 per cent shareholdings. This is through injection of funds totaling around $140,000 and around $39,000 individual shareholdings by the people of Kadavu" (FS 19/5/10). When the ownership dispute arose in May 2010, the company denied these shareholdings and never proved their claim that the provincial council had set up Kadavu Holdings Limited through injection of shares.

It is clear from this case that Kadavu Provincial Council is being frustrated in its efforts to exert control over Kadavu Holdings Ltd. through Kadavu Development Corporation Limited. The architects of the set-up had forced a complicated process of clarification that was likely to involve staggering legal costs. Thus in this case, the removal of public scrutiny through reforms that encouraged boardroom-type "private" decision-making had led to provincial frustration on the issue of ownership and accountability of a company that was established as the business arm of a publicly funded provincial council. Incidentally, the main "mover" of Fijian business initiatives since 1987 was a son of Kadavu and the same happened in other provincial councils who were advised by the same cadre of officials.

## Ba Provincial Council and Telecommunications

Fiji's public was forced to pay unacceptable rates for, and accept subquality telecommunications services for, an extended period of time because Telecom Fiji, as the main incumbent, had a monopoly contract to provide ICT services. At one stage, its Chairman, Lionel Yee, presented government with a tongue-in-cheek multi-million-dollar figure to buy off the contract if it wanted to introduce competition. It was the same with Vodafone (jointly owned by Telecom Fiji), the first provider of mobile network in Fiji. When Vodafone arrived in 1996, it was allowed total freedom to set prices as well as service standards. Its prohibitive tariffs that were whittled down as it expanded its market base have been seen as a major feat of management in some circles when in fact it was simply a case of success within a monopolistic framework. The fact that super-normal profits were in the offing in the telecom sector did not miss the eyes of competitors. Digicel was the first to mount a challenge through partnership with Ba Holdings Ltd. In a US$185m deal struck in 2005, Digicel (51%) and Ba Holdings Ltd. (49%) were set to establish operations when Ballu Khan's Pacific Connex entered the scene and declared its interest in the sector.

Subsequently, at a closed Ba Holdings Ltd. meeting, Board members were mysteriously changed and the Digicel agreement was rescinded without much comment. Sivaniolo Naulago, Pacific Connex's sales and marketing manager, was a board member of Ba Holdings Ltd. at the time. When the full implications of these decisions became known in Ba Province, a group of 30 youths stormed the Ba Provincial Council building accusing Ballu Khan of interference in Ba Holdings Ltd. matters (FT 26/2/10).

Here again, decision-making had been moved behind closed doors in typical private-sector style as per the prescriptions of NPM. This allowed a connected group of individuals to capture and influence the decision-making processes out of the public eye for narrow, as opposed to public gain, in another pseudo-public organization that was created by a provincial council funded by public monies through the Fijian Affairs Board. This tendency, to make decisions outside the ambit of public scrutiny, for personal gains was not limited to provincial councils and their business arms; it extended to major decisions by government in its reform agenda. The next case scrutinizes a landmark reform in the civil service.

## Permanent Secretaries to CEOs

A major visible reform implemented in the civil service during Qarase's reign was the restructure of the former Permanent Secretary posts to CEO positions, in line with the NPM prescription for top-class professional management in the public sector. International consultancy firm, Mercer Human Resource Consulting, was hired through an obscure, nonpublic process at an unconfirmed cost of $5m to search for appropriate personnel to fill the newly created CEO posts. After a worldwide search, they found all the CEOs in Fiji; 23 were hired immediately on 31 December 2003 (*Islands Business*, 9/6/04). This was later increased to 27. Salaries and perks for these CEOs was more than double that paid to the former Permanent Secretaries. Moreover, contrary to theoretical prescriptions, the CEO contracts were set at 5 years (not 3 as was the norm). In addition, in what appeared like a knee-jerk attempt to quell whatever public concerns might have arisen, only two CEOs were Indo-Fijians. Very interestingly, in mid-2004, PM Qarase stressed that "traditional civil service ( ) must become more aware and responsive to the needs of the business people. There is a gap that must be closed between the business community and the Civil Service" (Koyamaibole and Roberts 2006). This was followed by a series of private-public engagement forums on "regulatory reforms."

It is clear from this declaration by Qarase that the CEOs had been hired to primarily function as liaisons between government and the private sector where contracts were being brokered in line with the reform model. Qarase's relationship with his CEOs was particularly interesting because he had himself been a senior civil servant in 1987 when the Rabuka coup was executed. In the administrative vacuum that the political upheaval created, the troubled Rabuka regime relied heavily on senior civil servants to keep the government apparatus functioning. Qarase was part of a cadre of civil servants who played a key role at that juncture. Later when he was appointed General Manager of the Fiji Development Bank (1991–1998), he played a key role, as a director of Fijian Holdings Limited and advisor to both the Fijian Affairs Board and the Great Council of Chiefs, in opening up privileged shares to private Fijian investors. Earlier in 1989, the precariously propped Rabuka government loaned $20m to Fijian Holdings Limited through the Fijian Affairs Board to fund Fijian provincial shareholding in the company and make way for a re-classing of company shares as A and B. The privileged A-shares were to be made available to non-provincial Fijian buyers, while the ordinary B-shares were available for collective provincial purchases. Many of the individuals who bought shares in Fijian Holdings Limited at the time were prominent public servants who obtained loans mainly from the Qarase-managed Fiji Development Bank. Qarase thus had established a unique relationship with a cadre of senior civil servants and politicians through his simultaneous involvement with Fijian Holdings Limited and the Fiji

Development Bank. This relationship was highlighted when he made an unexplained attempt to redeploy a number of CEOs in 2006. Very interestingly, 10 opposed the directive and 6 sought rare legal redress from the courts of law. This type of defiance by senior civil servants was rare in Fiji and could easily be interpreted to mean that government's position was compromised, through its boardroom-type decision-making, and many of the CEOs were privy to this – much more appeared to be happening in government than what met the public eye.

## Discussion

NPM-driven reforms necessitate reliance on the market for control of conduct because by definition, deregulation creates a regulatory "void" that is expected to be filled by the market mechanism to ensure proper conduct among the different stakeholders and participants. There are various assumptions behind this expectation that have been found wanting in studies on public sector reforms (Frederickson 2007). This realization led to a centralization of the "hand of management" in the reform process as ethical conduct among managers and leaders is expected to compensate for the shortcomings of the market. In the process, two significant developments occurred: one, a greater reliance was placed on managers/leaders; and two, decision-making moved away from the public eye and into boardrooms and closed door offices. Public scrutiny thus became incidental in the process of public sector reforms.

In the three cases outlined above, this movement of decision-making away from the public eye led to "capture" of the decision processes involved by a group of connected individuals driven by greed. Weber (1947) makes a clear distinction between greed-driven endeavor and that driven by a realization that work is a duty for the individual. This helps distinguish between the expectations of the self-interest assumption that helps rationalize the bases of NPM and the types of behavior that has led to exploitation of the openings and opportunities that arise from deregulation. In fact, in the first two cases, reforms were used to centralize and influence decision-making within a small coterie of people; this was done by using personal positions of influence with what appeared to be open defiance of wider provincial interests – public scrutiny was not part of the process.

This is particularly problematic because even though exponents of democracy differ on its institutional requirements, Fiji has been bequeathed with a Westminster system of democratic government. One of the crucial requirements for this to work is for the electorate to have ultimate control on the conduct of government through the ballot box. Within this framework, the conduct of government is evaluated via its people (politicians/managers/leaders), policies, and performance. Government is therefore held responsible and accountable for the conduct of its public service via public scrutiny. The effectiveness of this scrutiny is affected negatively by moving decision-making away from the public eye. This is where the news media plays an absolutely indispensable role in collecting and disseminating information in a questioning, alert, and nonpartisan manner.

On the other hand, government also needs to improve public access to its decision-making processes. This has a number of advantages: public scrutiny of government conduct inevitably leads to public involvement; this enhances and improves public understanding of reforms. At the next stage, through a dynamic process, the probability of acceptance of changes is greatly improved. It is this acceptance that eases the way to meaningful participation that ensures the success as well as persistence of change. After all, public sector reforms are ultimately aimed at bringing about transformative change.

This was also an avowed aim of the Bainimarama regime through its *People's Charter for Change, Peace and Prosperity* and the resultant reforms that were being undertaken in Fiji. This, however, took a turn when the constitution-making process was abruptly changed in 2013. Later, after the FijiFirst government changed the structure and composition of the Public Accounts Committee in 2016, a new model of decision-making appeared to have emerged with "public scrutiny" being modified to mean "government

scrutiny." It would help the process greatly if nonpartisan public scrutiny were to be centralized unequivocally as an integral part of the change process.

## Cross-References

► Governance
► Managerial Power

## References

Appana S (2011) Public sector reforms in Fiji: NPM and opportunities for abuse. Fijian Stud J Contemp Fiji 7(1):1–22
Appana S, Goundar S (2011) Deregulation and control in international education: what happens in private training establishments in NZ? Int J Educ Integrity 7(2):53–62
Arellano-Gault D (2000) Challenges for the new public management: organizational culture and the administrative modernization program in Mexico City (1995–1997). Am Rev Public Adm 30(4):400–413
Arrow KJ (1963) Social choice and individual values. Wiley, New York
Beetham D (1987) Bureaucracy. Open University Press, Milton Keynes
Fiji Sun, FS 19/5/10
Fiji Times, FT 26/2/10
Fiji Village (2006) Sacked CEO to Appear in Special Court Sitting", 5 August. Available at: http://stuckinfijimud.blogspot.com/2006/08/stich-in-time.html (Accessed: 10 December 2019)
Frederickson HG (2007) Public management and the visible hand. Management Insights, 10th October. http://www.governing.com/columns/mgmt-insights/Public-Management-and-the.html
Friedman M (2002) Capitalism and freedom. University of Chicago Press, Chicago
Hood C (1991) A public management for all seasons. Public Adm 69(1):3–19
Islands Business, 9/6/04
Koyamaibole I, Roberts K (2006) International workshop on public-private dialogue, 1–2 February. www.publicprivatedialogue.org
Moe TM (1984) The new economics of organization. Political Sci 28(4):739–777
Niskanen WA Jr (1971) Bureaucracy and representative government. Aldine Publishing Co, Chicago
Pollitt C (1993) Managerialism and the public services. Blackwell Publishers, Cambridge, MA
Sera J (2010) Kadavu House Ownership Dispute Heats Up, Fiji Sun, 18 May. Available at: https://fijisun.com.fj/2010/05/18/kadavu-house-ownership-dispute-heats-up/ (Accessed: 12 December 2019)
Singh R (2010) The 2000 Speight Coup in Fiji: the role of *The Fiji Times* leading to political instability. MA thesis, AUT, Auckland, NZ
von Hayek FA (1978) New studies in philosophy, politics, economics and the history of ideas. Routledge and K. Paul, London
Weber M (1947) The theory of social and economic organization. Translated by A.R. Henderson and Talcott Parsons. London: William Hodge & Co. Ltd

# Public Sector Accounting

Francesca Manes Rossi
University of Salerno, Salerno, Italy

## Synonyms

Bookkeeping; Financial disclosure; Financial information system; Financial reporting; Financial statement

## Definition

Accounting is the most basic tool for recording operations occurred between an entity and other operators, which provides the information useful for decision making and accountability. The accounting system in a public entity represents the basis to correctly manage financial resources and to evaluate the government performance and the achievement of political goals. Government accounting can support the socioeconomic development of a community by providing to public managers and politicians the necessary information to support decision making and making them accountable to citizens. As any other tool, accounting does not have values of its own, and does not decide the allocation of resources, but provides decision makers with the appropriate set of information to allocate resources coherently with the pursued objectives. Accounting is also a communication tool, being considered as the "language of the business" and assumes a relevant role in the process of accountability.

## Introduction

Accounting has been always considered as a key function of any organization, playing the fundamental role of collecting and recording data related to any economic transaction occurred for the entity. Grounding on data and information collected, the accounting system provides the entities with different kind of reports, analysis, and information that can usefully support the decision making as well as the accountability towards a large plethora of stakeholders. Accounting can consider basically transaction occurred with other entities (*financial* accounting) or can focus on internal transactions and operations (*internal* or *cost* or *management* accounting).

The former is intended primarily as a tool to inform stakeholders (both internal and external) about the financial position and the financial performance of the entity. Financial accounting is generally oriented to represent the past (*historical perspective*), recording any event already happened and summarizing in the financial reporting the financial situation of the entity and the results of the management at the end of the financial year. It is generally required by law, and the preparation of financial reporting is mandatory for any kind of entity. However, accounting records can also be prepared to support the planning and programming in the entity, resulting in the preparation of the budget.

Management accounting represents an undisputable support for managers in the decision making as well as in planning and programming activities and, further, in evaluating performance. It is prepared voluntary, as a tool to support managers and can have both a future and/or an historical orientation. Management accounting is fundamental in the preparation of the budget, because it provides information to be used in planning and controlling operations.

Table 1 summarizes the main features of financial and management accounting side by side.

Of course the two accounting systems are strictly related, as information from financial accounting constitutes the starting point for management accounting as well as the management accounting systems can support the preparation of financial reporting providing appropriate information (e.g., data for assessing inventories). This entry is devoted to discuss the constituents of financial accounting.

While basic accounting function can be handled by bookkeepers, advanced accounting and the preparation of reports to be published for a large variety of stakeholders requires the

**Public Sector Accounting, Table 1** Financial accounting vs managerial accounting

| | Financial accounting | Management accounting |
|---|---|---|
| **Users** | Information is mainly prepared for external users (other entities, lenders, citizens, etc.) | Information is mainly prepared to support managers and employees in the management of the entity and in the decision making |
| **Objectives** | To disclose at the end of the financial year the financial position and the economic performance of the entity | To support managers by providing information useful to plan, set the goals, and evaluate the performance |
| **Object** | It concerns the whole entity, even if some figures may be organized considering functions or organizational units inside the entity | It considers organizational units/functions/ processes, depending on the choice done in any single entity |
| **Law requirements** | Legally required to prepare financial reporting in accordance with the law | No legal requirements |
| **Format** | Financial reporting is prepared following specific format required by law (and it can change in accordance with national legislation) | As it accomplishes internal information need, no specific formats are required |
| **Rules** | Prepared following national (or international) laws, standards, and regulations | No rules requirements. In some countries and for some sectors, guidelines can be provided |
| **Time** | Defined by law. Financial reporting should be prepared at least once a year (or even semiannual, quarterly, etc.) | As needed, even with different frequency for different reports in the same entity |

competence of highly qualified accountants. To this end, each country has its own rules and laws to regulate what training and education accountants have to do in order to gain a recognized qualification, such as certified public accountant (CPA) in the USA or chartered accountant in Canada and in most European countries.

## Aim and Scope of Public Sector Accounting

Being accounting instrumental to organization, it differs in relation to the object and to the users' needs that it tries to accomplish. Traditionally, differences have been recognized between public sector accounting (PSA) and accounting for private entities (Lapsley 1988).

Historically, private sector accounting has been considered basically as a tool to support the decision about the best allocation of capital and to evaluate the performance of the enterprise and its financial position. The financial reporting – which is the fundamental output of financial accounting in private entities – is drawn to meet the information needs of investors and lenders, thus satisfying also the information needs of other users, for instance, governments, employees, customers, and suppliers. Of course the use of accounting information is affected by the context and by the evolution of the management functions.

Public sector accounting refers to the set of rules, procedures, and tools developed to support the financial management in the public sector entities. In this regards, the public sector comprises a wide variety of entities, including regional and local governments (municipalities, provinces, regions, etc.), central or federal governments, public enterprises (generally involved in the production of electricity, waste, gas, etc.), and public institutional systems (universities, hospitals, schools, etc.). However, public enterprises generally follow accounting rules and procedures provided for private entities, due to their high involvement with market's roles.

In the public sector, the attention has been traditionally focused on the budget, seen as political act which provides the path for the allocation of financial and nonfinancial resources among different political programs and purposes (Wildavsky 1964). Managers are responsible for the execution of the budget and for spending the resources in accordance with political plans. The financial reporting is generally compared with the budget in order to recognize to what extent the management has employed resources in accordance with the original programs.

The role of accounting in the public sector realm has evolved during the time, in accordance with the information needs of stakeholders and decision makers and has been almost considered as a core function for government's financial control but also evolves in relation to the development of democracy (Broadbent and Guthrie 1992). In the most developed countries, the function of accountability has been largely recognized, and the role of accounting in supporting the audit function has been claimed by international organizations (World Bank, OECD, International Monetary Fund, etc.) as a tool to reduce corruption and promote transparency and democratic participation.

Furthermore, the New Public Management philosophy has moved the attention from the correct use of resources to outputs and then to outcomes, introducing private-like and managerial logic and tools, diverting the traditional focus of accounting from spending power and incremental budget allocation to costs and revenues, assets and liabilities, and the efficient use of resources (Hood 1995). This approach has provoked a shift towards accrual accounting based systems, as explained in the following sections.

The purposes of public sector accounting can be summarized as follow:

- To support the managers in governing the entity in a timely, reliable, and efficient manner allowing to follow all transactions regularly undertaken by the entity (e.g., to make payments, to collect taxes, to buy assets and other inputs for the production activities, etc.)
- To properly recognize how public money have been spent, making it possible the necessary financial control

- To keep systematic records of transactions occurred in order to allow aggregation and analysis of operations in accordance with different information needs
- To support the preparation of periodical financial reporting both to accomplish stewardship and accountability needs, as well as for decision making

Bearing in mind these basic purposes, the following section deals with the theories that have been developed in PSA, in turn influencing the development of financial reporting.

## Accounting Theories and Users' Information Need

Three fundamental features distinguish public by private entities with regard to the accounting system:

- Public sector entities manage financial resources, but they do not expect any profit neither any kind of distribution of gain can be provided.
- Financial resources can be obtained by leaving taxes or by transfers from other public entities or even by financial transactions on the market, even if in most of the cases the prices applied do not consider any gain and sometimes neither cover the costs of production.
- Most of their goals are societal in nature, and the related outputs cannot be always recognized and measured in monetary terms.

The purpose of any accounting system is to provide relevant, reliable, and useful information for the main users. In this sense, it is important to understand who are the users of accounting information provided by public entities (as already defined). But before this, following Jones and Pendlebury (2000), two basic concepts of financial accounting should be defined before discussing about users of financial information and their needs, which represents the "two ends of a spectrum of reporting possibilities": *stewardship* and *accountability.*

Financial reporting has traditionally been connected to the stewardship function. The stewardship responsibility can concern those managing someone else's assets who have to demonstrate that those assets have not been misappropriated. In this view, the financial statement should represent how the assets and liabilities have been managed, while the profit and loss account shows the increase or decrease of wealth within the year.

The accountability refers to the responsibility of actions towards someone else. In the public sector domain, the concept of accountability is extremely wide, as it can concern electoral promises, actions undertaken by politicians in general and government representatives in particular, public inquiries, and so on. In relation to financial accountability, it can be defined as the responsibility for the performance of financial and non-financial resources managed by the entity. In this sense, a great attention should be paid on the performance of the entity. Accountability is the cornerstone of financial reporting in the public sector domain, and the superiority of an accountability framework over a decision usefulness has been claimed because of the social nature of the relationship that characterized the actors (Pallot 1992). Consequently, the need for sound financial reporting arises, able to inform any kind of stakeholder not only about resources spent in comparison with what have been planned in the budget but even about the quantity and the quality of the services provided. Assuming this approach, a proper identification of the different categories of stakeholders is worth to be done.

Broadly speaking, everyone can be interested in the accounting system of a public organization, but to understand the kind of information needed that should be satisfied through the financial reporting in the public domain, it is necessary to consider a more specific group of "primary users."

Without any claim to be exhaustive, we can consider the following categories of users:

- Governing bodies
- Oversights bodies and regulators
- Managers and civil servants

- Citizens, including media, pressure groups, taxpayers, voters
- Resource providers, including customers of public services
- Present and potential lenders and other creditors
- Present and potential funders

Each of the above categories is characterized by a different possibility to access complementary information and for some of them the costs to obtain additional data would be too high in comparison with benefits. For this reason, a wide and complete financial reporting should be available for all, in order to satisfy the fundamental information needs.

According to the literature and to the documents and frameworks issued by standard setters internationally (Jones and Pendlebury 2000; GASB 1987; IPSASB 2013), the information needs of the different kind of stakeholders can be brought back to four main categories:

1. *To verify if public funds have been used consistently with the law and contractual requirements*. This aspect includes the consideration of fiscal compliance, as well as compliance with finance-related rules, regulations, and laws. Moreover, information should be released to allow users in determining whether fees have been determined in accordance with laws, regulations, and contractual requirements.
2. *To verify if public funds have been used consistently with plans (or political authorizations)*. This aspect requires to compare financial results with the budget approved by governmental bodies as well as with any variations occurred during the financial year to the original budget. The impact of the acquisition and the allocation of resources should be assessed in relation to the achievement of operational objectives.
3. *To verify if public funds have been used in an efficient and effective manner*. In this regard, some performance measures should be provided, complementing information released by the financial statement and the income statement. Information about the cost of services provided as well as the disclosure of performance indicators directly aimed at assessing efficiency and effectiveness have been considered progressively as a part of the financial reporting for global purposes. This information should also allow users in evaluating the managerial and organizational performance.
4. *To verify the financial position of the public entity and its financial sustainability for the future*. This aspect includes the evaluation of the financial equilibrium in the short term and the ability of the entity to meet financial obligations as they come due, as well as the financial viability of the entity and the evaluation of financial risk. In time of crisis, the adoption of specific tools attuned to prevent financial distress has been greatly emphasized.

Notably, several standard setters worldwide have developed conceptual frameworks aimed at identifying who are the users and which are the user's need in regards to the financial reporting for public sector entities (Canadian Institute of Chartered Accountants, the Federal Accounting Standards Advisory Board in US, Australian Accounting Standard Board, the International Public Sector Accounting Standard Board, etc.), providing further support for the preparation of sound financial information.

Financial reporting of public sector entities is subject to external audit, which ensures the complete and correct presentation of financial information in accordance with law's requirements. In the same way, the audit function is stronger than in the private sector, due to the public nature of the entity, which made the respect of rules an undeniable imperative.

The production of information does not ensure a proper use by the different categories of stakeholders: A large literature on transparency and accountability has discussed the use and misuse of information provided by public entities (Grimmelikhuijsen 2011). However, public entities have to be transparent and accountable because they manage public resources and have to guarantee accountability to enhance trust in

governments. In this sense, information and communication technology and the use of Internet can support the availability and use of financial information by all categories of users.

## Accounting Systems in Public Sector

The accounting system in use in public sector organizations varies across organizations, countries, and over time and consequently does the form of financial reporting. The accounting base depends on when the transactions to be recorded are recognized and on the metrics adopted for the measurement and evaluation processes.

Broadly speaking, two accounting trends can be recognized: a traditional one, based on cash accounting and a modern one, based on accrual accounting. In the middle, at least two variations can be considered: the modified cash based system and the modified accrual accounting system. However, several nuances of those systems can be identified by looking deeply in the public sector accounting system adopted in single countries. In this vein, in the US state and local government accounting – where financial resources are called "funds" – the term "fund accounting" is sometimes adopted to indicate state and local government accounting. In some continental European countries, the cameralistic approach has largely established itself until recently, being now progressively superseded by the most sponsored system, accrual accounting. The following subsections, far from being exhaustive, are intended to depict the main features of the different systems. It is worth to underline that the following accounting systems are not mutually exclusive and that in some countries the coexistence of two different approaches has been required.

### Fund Accounting

Fund accounting has been the basis for the governmental accounting model since the beginning of the twentieth century (Ingram 1986). It can be defined as a method of segregating resources into categories – the so-called "funds" – in the aim of identifying clearly both the sources and the use done and of providing a strict monitoring of these resources, often in compliance with specific administrative requirements. This kind of system emphasizes the accountability function in relation to specific resources. It can be adopted both under cash basis as well as accrual basis, even if the former is the most largely adopted. However, it has been blamed because it fails to describe the operating results of the entity as a whole, it is not easy to understand for external stakeholders, reducing the possibility for taxpayers to verify the need of taxes, and is more keen to manipulation by managers. On the other hand, fund accounting has been seen as a device to reduce information costs associated with controlling bureaucrats' behavior (Ingram 1986).

The fund accounting is still in use in schools, colleges, and universities, in particular in the USA, because it is considered the most suitable to respond to a stewardship obligation and to demonstrate that all resources were recorded and used in accordance with the directives of the outside sources providers. (The Governmental Accounting Standards Board (GASB) provides the Statement 35, actually under reexamination within the larger program related to the Financial reporting model – see www.gasb.org.) Resources are classified as *unrestricted* or *restricted* where the former includes all funds received by an institution with no specific purposes, while the latter is limited by donors or other external agencies to specific purposes or programs. Separate accounting for each fund is intended to control and demonstrate the expenditures following the restrictions received.

### Cash Accounting

The cash accounting system is considered as the traditional accounting system in the public sector because it is mainly intended in controlling the flow of financial resources, rather than to calculate income. Actually, the possibility to know how public resources are collected and spent has been considered for long time as the fundamental information for public entities.

Following the cash accounting system, revenues are counted when cash (or cash equivalent) is actually received as well as expenses are recorded only when paid. This base of accounting presents

several advantages which have determined the large adoption, especially in budget accounting: it is easy to do and to understand, even for not accounting-educated users, it is objective, and can reduce manipulations, allowing a better control in the use of public resources. However, it is simple only if the entity is simple. Moreover, as already underlined by scholars (Jones and Pendlebury 2010), the cash-basis system does not allow to evaluate the financial sustainability, nor the economic balance of the entity, neither the cost of services, thus reducing the resource management. Traditionally governments adopt the cash basis to prepare their budgets, or modified cash basis in order to properly record at least credits and debits after the yearâ€™s end. Limited attention is paid to the accountability function.

### Commitment and Cameralistic Accounting

In many governments, the cash basis is combined with the *commitment basis* for budgetary control purposes. The expected expenditures are entered in the budget as commitments (or obligations) being authorized by political representatives in relation to functions or programs. When the cash payment occurs, the obligation is extinguished. Similarly, the expected revenues (including taxes, fees and charges, grants and transfers, investment earnings, and other revenues, mostly related to public services) represent the right to collect money.

The commitment basis is sometimes combined with the *cameralistic approach*. Under this accounting basis, followed by many European countries, financial resources are devoted to a precise objective during the budgeting process. It has been also named as "budgetary accounting" or "governmental budgetary accounting" (Christiaens and Rommel 2008). This approach tends to connect the organizational structure to the accounting systems: in fact, generally speaking the structure of funds usually corresponds to the organizational structure (Bergmann 2009). The main purpose of this approach is to emphasize the role of the budget in the planning process, where the budget plays a pivotal role in managing and controlling resources collected. The cameralistic approach has the undisputable advantage to clearly identify the responsibility in managing resources. However, it creates limitation for the organization and does not facilitate the control on the whole entity

### Modified Cash Accounting and Modified Accrual Accounting

Not a common definition has been identified for "modified cash accounting" or "modified accrual accounting," these bases incorporating all the possible nuances between cash and accrual. Under the *modified cash-basis system*, transactions are recognized on cash basis during the year while at year's end the setup of unpaid accounts and/or receivables are calculated. The basic need that this system tries to accomplish is to keep control on accounts receivable and accounts payable. This allows having a clearer picture of the financial situation of the entity in comparison with the one offered by the pure cash accounting system. However, even under this basis of accounting is not possible to assess the performance of the entity.

In the modified accrual-basis system, expenditures are entered in the accounting records when resources are received and revenues when they are measurable and available within the accounting period or shortly afterward. Certain classes of assets or liabilities (e.g., heritage assets, infrastructures, pension funds, etc.) are not recognized as in the accrual basis. Sometimes, modified accrual has been considered as a milestone in the process of introducing full accrual accounting. This is also the proposal done by the International Public Sector Accounting Standards Board which has issued a standard devoted to cash accounting (Cash Basis IPSAS) and promote the progressive adoption of accrual systems, especially for developing countries.

### Accrual Accounting

The large call for accrual accounting reforms most directly reflects the establishment of the New Public Management (NPM) movement (Guthrie et al. 1999). Under this wave, accrual accounting has been considered as a guarantee for high accountability, transparency, and as a tool to promote public financial management.

Under accrual accounting, the stage of "authorization of expenditure" which characterizes cameralistic, fund and commitment basis of account, is taken for granted, as a part of the budgeting process (which can be prepared following one of the systems already described). Thus, the purchasing cycle starts recording transaction affecting assets, liabilities, or profit and loss, considering the date in which the invoice is received, rather than the payment. At the end of the year, "end of period adjustments" should be recorded in order to comply with the accounting principle of realization. In the revenue cycle, the differences are less relevant – broadly speaking – because generally revenues are recognized when they occur and the needs of adjustments are reduced to those events in which the matching principle between costs and revenues does not occur.

Under accrual accounting, public sector entities can measure and disclose their assets and liabilities and can keep under control their financial position. Of course the adoption of this basis of accounting requires professional knowledge by both prepares and users of accounting information (Bergmann 2009).

Pros and cons of accrual accounting are still under discussion among scholars (Christensen 2007; Christiaens and Rommel 2008; Cohen et al. 2013). Those promoting the adoption of accrual basis have emphasized the following benefits:

- Accrual accounting can make financial reporting of public entities comparable with entities in the private sector. The need of calculating full cost for public services derives from the need of comparing the data with prices proposed by services' suppliers.
- The progressive changes towards a model of network of producers in the public domain requires the possibility to compare and consolidate financial reporting, urging the adoption of similar accounting systems.
- Accrual basis would avoid most of the problems related to the cash basis, like ignorance of noncash costs, misuses of assets, and not appropriate management of liabilities. By adopting accrual accounting, full and accurate costs can be calculated, paving the way for improving efficiency in the public sector.
- Accrual accounting will improve external accountability, preventing manipulation of public finance by politicians. In this sense, it will also improve intergenerational equity and reduce the risk of corruption.
- Assuming that governments play the role of agents in proving public services, even if they are not concerned with profit measures, financial reporting should be based on accruals figures, measuring the financial performance and the financial position of the entity. This will ensure the ability to demonstrate to all stakeholders – and basically to citizens – that the government operates consistently with the political mandate received.

Some concerns have been raised, however, about difficulties in the implementation of accrual accounting, some related to the conceptual suitability of accrual basis to the public domain, others more related to the concrete applicability of accrual features. The most discussed concerns can be summarized as follows:

- Accrual accounting is connected to other public sector reforms and the benefits deriving from the accounting system cannot be taken for granted.
- The concept of costs and revenues has different meaning in governments, being some inputs and most of the outputs difficult to measure in monetary terms.
- Governmental accrual accounting is characterized by the so-called nonexchange transactions, like taxes, subsidies, donation, grants, etc. In most of the cases, there is no possibility of matching the costs related to public services provided on a collective basis with resources collected.
- Accrual accounting information is more difficult and more costly to produce, requiring the appropriate education both by prepares and by users. Additionally, an adequate support by information and communication technologies must be assured, increasing further the cost of this accounting system.

- The definition of assets is sometimes problematic in a public sector context and some specific assets and liabilities are difficult to estimate (e.g., heritage assets).

Other issues that would deserve a deeper and empirical investigation are related to the different approaches followed in implementing accrual accounting (Pina et al. 2009); in different countries the adoption of accrual accounting has assumed different nuances, which makes in any case really difficult to compare financial reporting produced by the same kind of public entities operating in different countries.

Among the other possibilities, the coexistence of cameralistic and accrual accounting has been seen as a suitable compromise, especially assuming that the ability to control the spending of the authorized budget cannot be guaranteed just by accrual accounting (Christiaens and Rommel 2008).

The doubts still persisting towards the application of accrual accounting have been clearly expressed by scholars: "It is accepted that there is value in the use of accrual accounting in the public sector, but the manner and form in which accrual accounting has been introduced and developed results in the presentation of accounting data as if it may validly be compared with business sector accounting information" (Ellwood and Newberry 2007: 567).

However, the adoption of accrual accounting systems is nowadays seen as an unarrestable process and – as Lapsley et al. (2009) notice – the adoption of accrual based principle is basically a political rather than a technical question, related with the progressive commercialization of the public sector.

## The Adoption of Different Accounting Systems Worldwide

Taking into account that the boundaries between the four different basic accounting systems adopted by public sector entities can be blurred and that different applications of each accounting basis can be followed (Pina et al. 2009), the following picture gives a quite clear idea of the situation worldwide, in accordance with the study done by Pricewaterhousecoopers (PwC) in 2015 in regards to central government (Fig. 1).

The picture clearly shows that English-speaking countries have already adopted accrual systems and that most of the European countries are progressively moving in the same direction. However, modified accrual and modified cash basis still persist around the world and several underdeveloped countries have still to adopt a clear system.

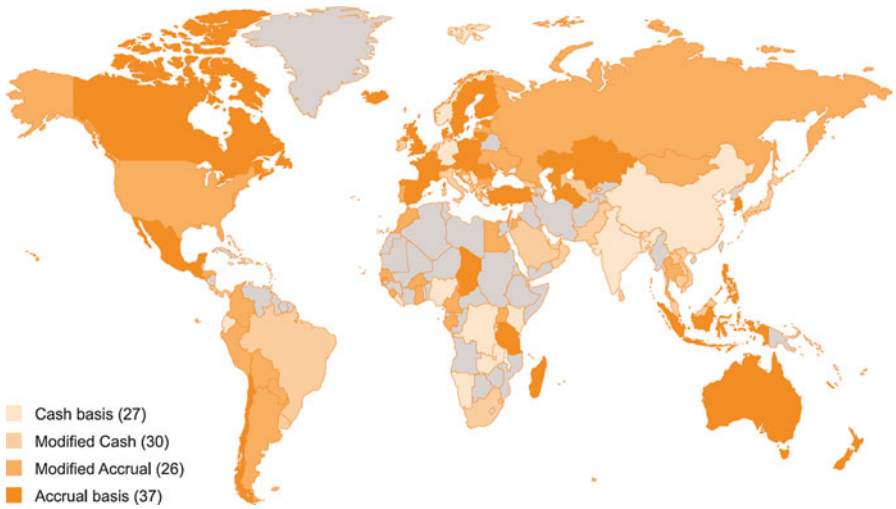


**Public Sector Accounting, Fig. 1** The government accounting landscape worldwide (Source: PwC 2015)

The confirmation that the trend toward the adoption of accrual accounting systems is progressively expanding itself is shown by the Fig. 2. Anglo-Saxon countries lead the bounce, having being the earlier adopters of accrual accounting in the public sector. However, it is very interesting to notice that the less developed countries that are now developing an accounting system for public entities are directly converging toward the accrual accounting, sometimes using for few years the cash accounting system, but with the clear idea since the beginning to quickly move towards accrual.

The implementation process of a complete accounting system needs to be supported by appropriate guidelines aimed at ensuring faithfulness and completeness of the financial reporting.

To this end, national and international bodies have developed sets of accounting standards to support the preparation of financial reporting by public entities. A brief discussion about the role of accounting standards both at national and international level will conclude the discussion.

## The Role of Accounting Standards at National and International Level

The implementation of a certain kind of accounting system is generally chosen under a set of accounting principles and standards. Once a country has issued a group of accounting standards for the whole public sector – or even for specific group of entities (e.g., a specific set for local governments, for health care units, etc.) – one should expect that the financial reporting is prepared under this set of rules in order to present a true and fair view of the financial situation of the entity. The main aim is to enhance the quality of financial reporting prepared under common rules and to favor the comparability of financial reporting prepared by the same group of entities. Moreover, the adoption of a set of accounting principles will support the preparation of consolidated accounts.

Broadly speaking, in many countries worldwide – at least in the English-speaking world – sets of accounting standards have been prepared, based on accrual accounting and using business accounting as a point of departure. This can be considered again as a consequence of the establishment of the New Public Management philosophy and of the strong belief that bringing the public sector to work according to the market's rules and mechanisms would improve efficiency and effectiveness of public entities. However, accounting standards have not been always prepared considering the features of the public sector, rather extending existing set of principles prepared for private companies to the governmental entities. This approach has revealed very soon its weakness and progressively the accounting standards have been adapted to the information needs of the public sector. While preparing accounting standards, in fact, some features of public sector entities should be considered, as they affect the

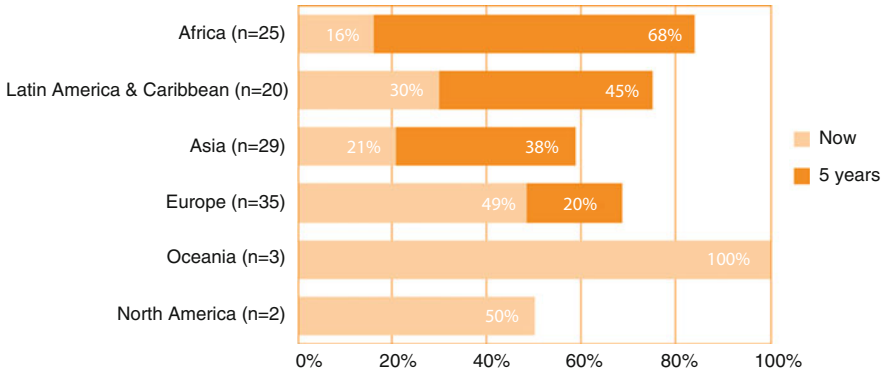


**Public Sector Accounting, Fig. 2** Expected trend toward accrual accounting by continent (Source: PwC 2015, p. 14)

approach to follow in the recognition, measurement, and disclosure of the items in the financial reporting.

Following Barton (2005), some of these features are summarized hereafter.

First of all, governments are funded collectively by citizens through taxes (and not through the sale of goods and services). Governments are agents of citizens; consequently, they are supposed to act in the interest of the public, putting in action programs and plans to improve the economic and social wellbeing of the whole community. Public goods are provided by government to all citizens and they do not generate a profit. Additionally, government provides social services and welfare support, especially to disadvantaged citizens. As the financial information provided through the annual report is addressed to satisfy the information needs of the main users, a proper set of accounting standards should be built considering these features. This means that valuation and assessment rules would be different from those applied in the private sector, despite the adoption of the same accrual accounting systems.

Assuming that the need of comparison and consolidation can overcome the national border, in 1986 the International Federation of Accountants (IFAC) established the Public Sector Committee (PSC) with the broad mandate to develop programs for the improvement of public sector financial management and accountability. After a period in which the PSC established itself, preparing large studies specialized in public sector accounting, in 2004 the International Public Sector Accounting Standards Board (IPSASB) was created having as a core mission the preparation of a credible set of standards to be adopted worldwide. A new agreement in 2006 made the IPSASB leading a project to develop a public sector conceptual framework applicable to the preparation and the presentation of general purpose financial reports of public sector entities, including but not limited to financial statement and notes. The project has accelerated its place of implementation in 2010 and in 2014 the first phase was concluded. The framework is devoted to clarify accounting policies, techniques, and evaluation rules, while it pays less attention to the definition of users and users' needs.

The Board aims to enhance the quality and transparency of public sector financial reporting by establishing high quality standards (International Public Sector Accounting Standards – IPSASs) for the use by public sector entities and guidance on issues and experiences in financial reporting for national, regional, and local governments; related governmental agencies; and the constituencies they serve. The IPSASB has developed a large set of accounting standards accrual based (the full list and the project related to standards under development can be found at http://www.ipsasb.org/) plus one cash-basis standard for countries moving toward accrual accounting. In fact, the Board considers the cash basis as not sufficient to properly report and manage public financial resources and considers accrual accounting as the most suitable accounting basis for providing a comprehensive and accurate view of government's financial position.

Even if the IPSASB has not any legislative power and single countries have to implement in their own laws and regulations in the adoption of IPSASs, at the moment more than one hundred countries worldwide have adopted or are in the process of adopting IPSASs and several international organization (including the United Nations and the European Commission) have embraced IPSASs for the preparation of financial reporting.

It must be noted that IPSASs have been blamed at the beginning because of their similarity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) for entities operating in the private sector, which prevent IPSASs to properly consider specific problems of public sector entities. Stronger criticisms were raised for not considering properly who are the users and the users' need. These criticalities have been in part superseded with the issue of the conceptual framework, which clearly identifies citizens as primary users of the financial reporting, in their quality of services recipients and resources providers.

However, the path for the implementation of a common set of accounting standards on accrual basis is all but easy: as recent studies demonstrated (Christiaens et al. 2015; Brusca et al. 2015) there are several reasons that can impede

or delay the adoption of the IPSAS, the first being the existence of dominating local or country-wise business accounting rules. Also the high costs of implementation related to education of civil servants and appropriate support from information and communication technology coupled with problems connected with the accounting maturity of single countries can prevent the adoption of IPSASs (Manes Rossi et al. 2016).

It is worth to notice that the European Commission has launched a project aimed at developing a set of European Public Sector Accounting Standards (EPSAS) to be followed by all countries members of the European Union. The Commission recognizes that the IPSAS are not immediately applicable in all European countries, even if they represent an indisputable reference and that a set of accounting standards shaped on the features of European countries is a necessary tool for further fiscal and budgetary integration in the EU. However, even in this case several impediments should be faced, and the road towards the application of international standards is in any case complicated.

## Conclusions

Nowadays the accounting systems in the public domain tend to the accrual basis and a wide movement for the adoption of harmonized accounting principles and financial reporting can be observed worldwide. The new systems shift towards a model similar to those adopted in the private sector, while retaining the specific features of public sector entities. However, the process is neither easy nor obvious because several difficulties and impediments obstacle the changes. Accounting is not a neutral technology because it determines what citizens can know about public entities, it is a tool to encourage or discourage political changes. As Jones (2007) and Ellwood and Newberry (2007) suggest, there is a potential normative aspect related to the path undertaken by the large adoption of accrual accounting, while a deeper consideration of accounting tradition, political model of public service delivery, and democracy in each country should be considered while choosing accounting system and financial reporting model. But this discussion goes well beyond the limit of this contribute.

## Cross-References


- ▶ Accountability
- ▶ Cash Accounting
- ▶ Financial Reporting
- ▶ Financial Statements
- ▶ International Public Sector Accounting Standards (IPSAS)
- ▶ New Public Financial Management


## References


Barton A (2005) Professional accounting standards and the public sector – a mismatch. Abacus 41(2):138–158

Bergmann A (2009) Public sector financial management. Pearson Education, Harlow

Broadbent J, Guthrie J (1992) Changes in the public sector: a review of recent "alternative" accounting research. Account Audit Account J 5(2):3–31

Brusca I, Caperchione E, Cohen S, Manes Rossi F (2015) Public sector accounting and auditing in Europe: the challenge of harmonization. Palgrave Macmillan, Basingstoke/Hampshire

Christensen M (2007) What we might know (but aren't sure) about public-sector accrual accounting. Aust Account Rev 17(41):51–65

Christiaens J, Rommel J (2008) Accrual accounting reforms: only for businesslike (parts of) governments. Financ Account Manage 24:59–75

Christiaens J, Vanhee C, Manes-Rossi F, Aversano N, Van Cauwenberge P (2015) The effect of IPSAS on reforming governmental financial reporting: an international comparison. Int Rev Adm Sci 81(1):158–177

Cohen S, Kaimenakis N, Venieris G (2013) Reaping the benefits of two worlds: an explanatory study of the cash and the accrual accounting information roles in local governments. J Appl Account Res 14(2):165–179

Ellwood S, Newberry S (2007) Public sector accrual accounting: institutionalising neo-liberal principles? Account Audit Account J 20(4):549–573

GASB – Governmental Accounting Standards Board (1987) Conceptual statement n.1 – objective of financial reporting. Available at http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160039864&acceptedDisclaimer=true

Grimmelikhuijsen S (2011) Being transparent or spinning the message? An experiment into the effects of varying message content on trust in government. Inf Polity 16(1):35–50

Guthrie J, Olson O, Humphrey C (1999) Debating developments in new public financial management: the limits of global theorising and some new ways forward. Financ Account Manage 15(3–4):209–228

Hood C (1995) The new public management in the 1980s: variations on a theme. Acc Organ Soc 20(2/3):93–109
Ingram RW (1986) Tests of the fund accounting model for local governments. Contemp Account Res 3:200–221. https://doi.org/10.1111/j.1911-3846.1986.tb00634.x
IPSASB – International Public Sector Accounting Standards Board (2013) The conceptual framework for general purpose financial reporting by public sector entities. Available at http://www.ifac.org/publications-resources/conceptual-framework-general-purpose-financial-reporting-public-sector-enti-6
Jones R (2007) The functions of governmental accounting in Europe. Tékhne-Revista de Estudos Politécnicos 7: 89–110
Jones R, Pendlebury M (2000) Public sector accounting. Pearson Education, England
Jones R, Pendlebury M (2010) Public sector accounting, 6/E. Cardiff University, Cardiff
Lapsley I (1988) Research in public sector accounting: an appraisal. Account Audit Account J 1(1):21–33
Lapsley I, Mussari R, Paulsson G (2009) On adoption of accrual accounting in the public sector: a self-evident and problematic reform. Eur Account Rev 18(4): 719–723
Manes Rossi F, Cohen S, Caperchione E, Brusca I (2016) Harmonizing public sector accounting in Europe: thinking out of the box. Public Money Manage 36(3): 189–196
Pallot J (1992) Elements of a theoretical framework for public sector accounting. Account Audit Account J 5(1):38–59
Pina V, Torres L, Yetano A (2009) Accrual accounting in EU local governments: one method, several approaches. Eur Account Rev 18(4):765–807
Pricewaterhousecoopers (2015) Towards a new era in government accounting and reporting. PwC Global survey on accounting and reporting by central governments, 2nd edn. Available at http://www.pwc.com/en_GX/gx/psrc/publications/assets/second-edition-global-survey-government.pdf
Wildavsky A (1964) The politics of the budgetary process. Little Brown, Boston

# Public Sector Collaboration and Social Policy

Martin Mayer and Robert Kenter
Old Dominion University, Norfolk, VA, USA

## Synonyms

Coalitions; Multi-Organizational Arrangements; Shared resources

## Definition

Collaboration is the process of multiple stakeholders sharing resources and working together toward the achievement of a common goal.

Local government refers to the administration of a town, county, or other municipal jurisdiction by public officials.

## Introduction

Public administration literature within the last few decades has seen an emergence of collaboration scholarship as a distinctive field of study (McKinney and Field 2008; Thomson et al. 2009). As this discipline developed, it has diverged in several unrelated directions leaving many gaps concerning the fundamental aspects of collaboration literature and theory. One of the most prominent fissures is the lack of a universally accepted definition of collaboration. Although this lack of consensus is not endemic to collaboration literature, it certainly poses difficulties for those attempting to grasp the core elements of this theory. Prior to developing a practical theory of collaboration, there must be a general understanding of the elements of the concept of collaboration (Wood and Gray 1991).

As can be expected from any multidisciplinary concept, the collaboration literature has become muddled from being examined through the lenses of different disciplines. While this undoubtedly adds to the field's depth and broad applicability, it also makes it difficult to compare results and to know whether or not what is being discussed is actually collaboration and not a form of coordination or even cooperation. Collaboration is a theoretical model with a large gap between theory and praxis; despite its general utility, the multiple conceptualizations may be the barrier in applying this very important concept to practice in a more effective manner. The remainder of this entry will overview the need for collaboration, the definitional issues that have plagued the fields development, prominent models and frameworks of collaboration, and a brief discussion of collaborative

structure and the general elements of public sector collaboration before offering a conclusion highlighting and summarizing the development of the literature and field. The principles espoused within this entry may be universally applied, but the scope and context is American local government.

## Public Sector Collaboration

### Wicked Problems

The early collaboration literature grew out of a discussion over wicked problems; the types of problems, that are multilayered, have no clear solution and require significant time and resources to address, if they can be addressed at all. Wicked policy issues know no boundary, often impacting multiple segments of society all with different stakes, levels of involvement, goals, and even desired outcomes. The great challenge presented by these types of intractable problems can also be turned into an opportunity: an opportunity to involve diverse stakeholders, spread risk, and maximize available resources in an attempt at addressing the problem. Collaboration acts as the conduit for different segments of stakeholders to focus their efforts and resources on a particular issue that would be significantly more difficult to address alone.

Wicked problems do not respect jurisdiction or affiliation; however, it is important within collaboration that stakeholders hold a common view of the problem. The stakeholders must understand the policy issue as a wicked problem that must be addressed for the betterment of all involved. Motivations may differ, but agreement on the problem is crucial. When stakeholders share a common view of the problem, there is an existing bond and certain level of social capital that is critical to early collaborative success. This convening bond or social capital between stakeholders helps to facilitate a sense of group ownership over an issue and impacts the development and capability of the collaborative in moving the group forward to address the wicked problem (Ansell and Gash 2007).

### The Definitional Issue

While few would argue against collaboration as an effective problem-solving mechanism, defining exactly what collaboration is and what it is not has been an ongoing issue plaguing the development of the literature and field for decades.

Gray (1985) posits a three-phase model of collaboration: problem setting, direction setting, and structuring. She argues the phases are progressive, and a collaborative effort will naturally move along this continuum. In problem setting, the stakeholders are identified within a domain. Gray argues a successful collaboration is born at this phase. The problem is identified and the stakeholder's place becomes legitimized. The next phase the process moves through is direction setting. It is here the collaboration begins to develop a "sense of common purpose" (p. 917), in the form of shared goals and values. The ultimate or end goal of the collaboration is established at this stage. However, without a strong set of stakeholders and clear goal congruence, the collaboration will likely fail. The final phase is structuring, and it is here that the domain begins to self-regulate itself. Stakeholders need to "create long-term structures to support and sustain their collective appreciation and problem-solving activities" (p. 917). At this phase a division of labor occurs, and short- and long-term goals are set.

In perhaps the seminal work on collaboration theory, Gray's (1989) *Collaborating*: *Finding Common Ground For Multi Party Problems*, the author emphasizes that collaboration should not be considered a panacea, but rather a process to facilitate a "mutually determined solution" (p. xviii). Gray articulates the value of collective wisdom when addressing a messy or wicked policy issue. In defining collaboration, Gray highlights several key elements including a shared view of the problem, shared vision of the solution, flat organizational structure, interdependency among stakeholders, conflict that is managed and embraced, mutual ownership of decisions, and collective responsibility for direction of the effort.

As popular as Gray's work has become, it merely started the definitional discussion. Others have attempted to build on the premises outlined,

and at the same time, other authors have taken their conceptions of collaboration in more divergent directions. Frey et al. (2006) define collaboration as the means to achieve a shared goal among stakeholders. Often collaboration emerges "as organizations interact with one another to create new organizational and social structures" resulting from devolution, changing technology, scarce resources, and increasing organizational interdependence (Thomson et al. 2009, p. 23). Although a true collaboration allows stakeholders to achieve shared goals while addressing complex and often wicked problems, the overuse of the term "collaboration" is pervasive and has become a blanket phrase to imply a wide range of partnerships adding yet another barrier to implementation for practitioners (Gajda 2004).

The multidisciplined nature of the field and divergent accounts for what comprise collaboration has affected the development of an agreed upon definition of what collaboration is and how it works. This has further hamstrung efforts to build on and grow existing literature, further impacting the ability to properly evaluate the impacts of collaboration. The resulting ambiguity has led to a substantial amount of time and effort devoted to the discussion of what collaboration is not, rather than what it is (Wachhaus 2012).

So what is collaboration? The literature is filled with differing opinions and definitions, definitions that have some utility, but lack the ability to be stand-alone sufficient. Wood and Gray (1991) first point out this phenomenon when reviewing collaborative research articles under the assumption that a generalized definition of collaboration existed. What the authors found was unexpected, a great divergence among authors with definitions of varying usefulness and contribution. With the benefit of more than 20 years of additional development, Mayer and Kenter (2015) repeated the exercise to surprisingly similar results.

## Models and Frameworks of Collaboration

A number of scholars have attempted to differentiate and define collaboration. This is often done through the presentation of models and frameworks to represent what is and what is not collaboration as well as to simplify the interactions between stakeholders. This section highlights some of the more prominent models and frameworks of collaboration in an attempt to elucidate the differences between concepts and how they define collaboration.

Thomson et al. (2009) argue that there are five dimensions of collaboration: governance, administration, organizational autonomy, mutuality, and norms. They define governance as the rules of the structure that direct the work being done within the effort. Administration focuses on implementation, and how the ideas generated within the effort will be converted to actions. Organizational autonomy addresses the issue of role identity of the stakeholders and the balance they must maintain between their identity within their parent organization and their identity within the collaboration. The authors then describe mutuality as "beneficial interdependencies based either on differing interests or shared interest" (p. 27). Finally, they argue the norms of reciprocity and trust are necessary for the collaboration to function.

Similar frameworks are presented by Horwath and Morrison (2007), Cigler (1999), Gajda (2004), Frey et al. (2006), and McNamara (2012), with these authors presenting models of partnering defined along a continuum. Horwath and Morrison (2007) suggest a five-stage scale of collaboration: communication (least complex), cooperation, coordination, coalition, and integration (most complex) (see Fig. 1). They argue stakeholders in all five stages are collaborating, but at different levels of complexity. This approach is unique since it refers to the whole scale as collaboration, as opposed to collaboration being a single point on the continuum.

**Public Sector Collaboration and Social Policy, Fig. 1** The Expanding Continuum of Collaboration Processes

Other researchers include the term collaboration within the continuum. Cigler (1999), Gajda (2004), Frey et al. (2006), and McNamara (2012) all describe continuums that include the terms cooperation, coordination, and collaboration as points along the continuum. Cigler (1999) offers a four-stage model in which she places networking prior to cooperating. Frey et al. (2006) expand the continuum by adding coexisting and communicating prior to cooperating and unification following collaboration. Gajda (2004) adds networking to the left of cooperation and unifying to the right of collaboration. McNamara (2012) proposes a broader approach with a three-point model beginning with cooperation before moving to coordination and finally collaboration.

These examples suggest that the main components of the frameworks are cooperation, coordination, and collaboration. At the far left end of the continuum are cooperative arrangements. They tend to be informal and short in duration and require little or no loss of organizational autonomy. Often street-level workers from independent organizations share the same clients. In an effort to increase their limited capacity, they exchange information to make the delivery of services more efficient. Cooperation occurs at lower levels of organizations and often without the approval or even the knowledge of management. The midpoint of the continuum is coordination. Coordination is a process through which organizations work together formally and is initiated from mid to upper level management. The effort requires a commitment of intellectual as well as physical resources toward the achievement of an agreed upon and well-defined goal. When a coordinated response is initiated, there may be little or no loss of autonomy, and participants retain membership in their parent organization when they come to the table. Coordinated efforts are longer in duration and hierarchical in nature.

The final point on the continuum is collaboration. This is characterized by open and frequent communication among stakeholders, a common vision, and shared resources to address a wicked policy issue (McNamara 2012). The degree of shared power and the closeness of stakeholder relationships have a tendency to blur traditional organizational boundaries further differentiating collaboration from cooperation and coordination (Keast et al. 2007).

These examples of existing frameworks of collaboration have a number of things in common. All start on one point of a continuum, generally at a level more characteristic of cooperation than collaboration and incrementally progress across the continuum to increasingly integrated partnerships, before eventually reaching collaboration and in some cases unification or coexistence. The labels and number of the stages differ, but the models and frameworks have many similarities, including the elements of each stage and many of the same characteristics. Yet with significant overlap and so much in common, there has been little effort to synthesize models and frameworks of collaboration going back once again to the common discussion over what it not collaboration as opposed to what is.

## Collaborative Structure

Collaboration should be structured in a fashion that dissipates authority among stakeholders. The effort does not have to be voluntary or emergent; collaborations convened by government authorities are often times created through legislative action. Regardless of who convenes the effort, when voluntary interactions transform into a cohesive working unit, one will find true collaboration. In order to ensure that everyone is on equal ground, including less prominent stakeholder organizations, every effort should be made by convening stakeholders to promote a professional-to-professional relationship environment rather than subordinate to superior.

As organizations continue to struggle with economic austerity, pooling or sharing resources becomes an attractive option that may not have been considered previously. Pooled resources refer to more than just money; technical expertise and non-tangible aspects, such as shared legitimacy, are among the many items that can be viewed as a shared resource. The inclusion of which should ultimately make the collaborative stronger than any one single organization would be in addressing wicked problems.

## Elements of Public Sector Collaboration

While the definitional issue is ongoing, there has been general agreement on the elements that constitute collaboration. These elements include the following:

### Communication

Strong communication is a cornerstone of collaborative behavior; hearing others and knowing you are heard can be the first step in breaking down walls and effectively solving problems. Most collaborative efforts involve stakeholders from diverse backgrounds and corporate cultures that often do not share a common lexicon. Nurturing a well-planned communication strategy will most certainly result in increased formal and informal idea sharing and consensus decision-making which will lead to increased efficacy of the effort.

### Consensus Decision-Making

Decisions are made jointly and collectively through a participative process. An atmosphere of consensus and compromise spans differences among individual organizations and promotes transparency and equality among participants. In consensus decision-making, the process is more important than the results. Stakeholders will feel more involved if they feel they are granted a voice in the process regardless of the outcome.

### Diverse Stakeholders

Diverse stakeholders bring a variety of resources and perceptions to the table, which allow for a true collective, collaborative process in which organizational capacity is increased. Additionally, this diverse lateral thinking allows ideas and processes from across disciplines to be applied within the collaborative effort. The presence of well-rounded diverse stakeholders allows for more robust and nuanced strategies to address the issue at hand.

### Goals

Clear, concise, collectively forged, reasonable goals are a cornerstone of the foundation of any collaboration. Clear and reasonable goals and assessment of those goals allow members to bring a deliverable objective to management at their home organization to track the efficacy of the effort. While forging collective goals is an important part of the process, there must be a balance between individual goals of the stakeholders' organization and the collective goals of the collaborative effort.

### Leadership

In collaboration, leadership is most likely to be a hybrid of formal and informal styles. Successful leadership often involves the role of a convener or champion, an individual or group of individuals who has taken the initiative in convening the effort. The convener often takes on a leadership role early on in the process to identify stakeholders, setting initial goals and facilitating the process in the early fragile stages of the effort. A successful leader will need to manage the inevitable conflict and refocus stakeholders' energy on the collective goals of the collaboration.

### Shared Resources

One of the greatest strengths in bringing together a diverse set of stakeholders is the resources each brings to the table. By combining assorted individual perceptions of the problem and perceptions of the solution, the whole becomes more valuable than the sum of its parts. It is important to note shared resources refer to more than just pecuniary resources, non-tangible resources such as social capital, legitimacy, and institutional knowledge are also important resources stakeholders bring to the table. The sense of reciprocity associated with a high level of social capital promotes an atmosphere in that stakeholders will be willing to pledge a substantial amount of resources.

### Shared Vision

A shared vision of the problem and the potential solutions is essential to the efficacy of the collaborative. Dedication to the goals and scope of the effort often include a certain amount of adjustment to individual stakeholder's goals. Shared vision is one of the most vital elements in a collaboration. The vision must be broad enough to provide incentives for individual stakeholders while being within the scope of the collaborative effort. Once again strong leadership and high

social capital fuel the ability to create a broadly accepted shared vision among a diverse set of stakeholders.

### Social Capital

Entering into a collaborative effort with stakeholders you have already established social capital with can greatly reduce the initial stages, most collaborations must endure and allow the members of the effort to start addressing the primary issue at hand. In a collaborative effort lacking social capital in the implementation stage, it can take a great deal of time and effort to build effective working relationships.

In addition to social capital being a vital element to the implementation of a collaborative, newly formed social capital can also be viewed as an output of that effort. Increased social capital often results in the stakeholder widening their existing professional network and can lead to increased critical thinking and organizational problem-solving capacity as an added benefit of participating in a collaboration (Mayer and Kenter 2015; Morris et al. 2013).

### Trust

Trust is often thought of as the most vital element of collaboration. Without the presence of trust, stakeholders will be reluctant to taking any amount of risk in the name of the effort. Social capital and trust usually work in unison; relationships with high amounts of social capital are often found to have a great deal of trust. Building and maintaining trust is vital to a collaboration in all stages of the effort (Mayer and Kenter 2015; Morris et al. 2013).

## Conclusion

The multidisciplinary attributes of collaboration have led to lateral thinking in which ideas from many disciplines have been harvested and applied to wicked social problems. While this approach has added to the richness and complexity of ideas, it also has led to a great deal of ambiguity in crafting an agreed upon conceptual definition of collaboration.

The absence of a clear-cut definition of collaboration makes it difficult to identify and assess the success of collaboration. Defining collaboration has become a "Gordian knot" of sorts, easier to critique than truly disentangle. The multidisciplinary nature of the literature, while adding context and depth, further fragments general agreement on what collaboration is and what it is not. This entry highlights these challenges while presenting key models, frameworks, and the primary components of collaboration as identified through the vast multidisciplinary literature.

## References

Ansell C, Gash A (2007) Collaborative governance in theory and practice. J Public Admin Res Theory 18(4):543–571

Cigler BA (1999) Preconditions for the emergence of multicommunity collaborative organizations. Policy Stud Rev 16(1):86–102

Frey B, Lohmeier J, Lee S, Tollefson N (2006) Measuring collaboration among grant partners. Am J Eval 27(383):383–393

Gajda R (2004) Utilizing collaboration theory to evaluate strategic alliances. Am J Eval 25(1):65–77

Gray B (1985) Conditions facilitating interorganizational collaboration. Human Relat 38(10):911–936

Gray B (1989) Collaborating: finding common ground for multiparty problems. Jossey-Bass, San Francisco

Horwath J, Morrison T (2007) Collaboration, integration, and change in children's services: critical issues and key ingredients. Child Abuse Negl 31(1):55–69

Keast R, Brown K, Mandell M (2007) Getting the right mix: unpacking integration meanings and strategies. Int Public Manag J 10(1):9–33

Mayer M, Kenter RC (2015) The prevailing elements of public sector collaboration. In: Morris JC, Miller-Stevens K (eds) Advancing collaboration theory: models, typologies, and evidence. Routledge Publishers, New York

McKinney M, Field P (2008) Insights and applications: evaluating community based collaboration on federal lands and resources. Soc Nat Res 21(5): 419–429

McNamara M (2012) Starting to untangle the web of cooperation, coordination, and collaboration: a framework for public managers. Int J Public Adm 35(6): 389–401

Morris JC, Gibson WA, Leavitt WM, Jones SC (2013) The case for grassroots collaboration: social capital and ecosystem restoration at the local level. Lexington Books, Lanham

Thomson AM, Perry J, Miller T (2009) Conceptualizing and measuring collaboration. J Public Adm Res Theory 19(1):23–56
Wachhaus TA (2012) Anarchy as a model for network governance. Public Adm Rev 72(1):33–42
Wood D, Gray B (1991) Towards a comprehensive theory of collaboration. J Appl Beh Sci 27(2):139–162

## Public Sector Employment and International Labor Rights: The International Labor Organization on Public Sector Workers

Susan Kang
John Jay College of Criminal Justice, CUNY, New York, NY, USA

Recent events have drawn attention to the tennous status of public sector unions. These include the 2011 protests in Madison Wisconsin and the 2016 *Freidrichs v. Calfornia Teachers' Association* case at the US Supreme Court. Because the only federal laws on public sector employees union and collective bargaining rights cover federal employees, public sector workers' union rights vary radically depending on their location. By union organizing rights, I refer to three basic collective rights for workers: the right to union and form trade unions, the right to engage in collective bargaining, and the right to engage in collective actions, including strikes, to protect their interests. In states such as Virginia, North Carolina, South Carolina, Tennessee, Texas, Alabama, and Mississippi, whole categories of public sector employees at the state and local employees are either explicitly forbidden or lack any laws regarding their collective bargaining rights. The right to strike is far more curtailed, as only a handful of states allow public sector workers the right to strike (and even only some public sector workers). For example, Alaska, California, Colorado, Hawaii, Illinois, Louisiana, Minnesota, Montana, Ohio, Oregon, Pennsylvania, and Vermont are the only states that allow teachers the right to strike, even though almost all other states recognized teachers' rights to collective bargaining (Sanes and Schmitt 2014).

It appears most public sector workers in the United States do not have strong protections of their union organizing rights. Even if state and local employees are granted some statutory protections around union membership and collective bargaining, many lack the right to strike or engage in any kind of workplace action (such as New York state employees under the Taylor Law). However, from an international perspective, these states are likely in violation of international human rights law. Although most Americans do not consider labor rights within the purview of international human rights, there is a comprehensive collective of international treaties and jurisprudence on the subject of public sector union rights. Most of these protections are associated with the International Labor Organization (ILO), a specialized agency of the United Nations that focuses on workers. According to these laws and norms, public sector employees, regardless of what state they are located in, deserve the three basic union rights (with some very qualified exceptions). In recent years, American trade unions in the US South have begun to use the ILO as a strategy to promote union rights for public sector workers lacking such statutory protections.

This entry discusses US public sector employees in an international human rights context. It will focus primarily on the International Labor Organization promotes the rights of public sector workers through their conventions, resolutions, and various governance bodies. This entry will also focus on the decisions of the Committee on Freedom of Association, which has made many relevant recommendations on the collective bargaining rights of public sector workers in a number of challenging contexts, including during times of austerity and state budget pressures, an issue that has led to the curtailing and limiting of collective bargaining scope in various US states.

### The USA and the International Labor Organization

The International Labor Organization is a specialized agency of the United Nations focusing on the promoting decent work and social justice. It is

unique in its tripartite structure, as it includes representatives from governments, employers, and workers' organization. Unlike most other UN specialized agencies, the ILO precedes the UN. It was created in 1919 as part of the Treaty of Versailles, and its mission reflects the "functionalist" logic of the times. In other words, the ILO was seen as a body that would help promote peace by promoting social justice within countries, making future conflict and war less likely. After the end of World War II, the ILO was incorporate into the UN system. Over 95 years, the ILO has assembled a body of international hard and soft law on workers and work-related topics. This includes both public and private sector workers and issues such as migrant labor and irregular work.

The ILO's relationship with the United States has been a tenuous one, reflecting the United States' generally contentious relationship with the United Nations. While the United States has been a member since the ILO's inception, and American trade unionists such as Samuel Gompers were prominent members at its creation, the United States has not ratified many conventions. In addition, the United States actually left the ILO in 1977, under the leadership of the Jimmy Carter presidency. The exact reasons for the departure are related to various political concerns, particularly Cold War and related security conflicts (Beigbeder 1979, 227). However, the United States did return to the ILO in 1980 after negotiations with ILO leadership (Linsenmayer 1980). The United States regularly contributes a significant amount to the ILO's operating budget (about $89 million in 2014 or 22% of the ILO's regular budget biennium), as well as being the "single-largest donor of ILO extra budgetary technical cooperation projects" with $34 million in funds provided in 2013. The United States is also a member of the governing body and maintains a presence at the ILO through the Department of Labor' Bureau of International Labor Affairs, participating in the ILO Governing Body meetings and the annual International Labor Conference (International Labor Organization 2016a; USA Department of Labor, Bureau of International Labor Affairs, 2016). Yet despite its financial contributions and active participation, international relations scholars generally agree that the US status as a global superpower has rendered it relatively unbothered by the ILO's decisions and activities that may counter US interests.

In fact, the United States has long had a contentious relationship toward human rights treaties in general. Following the creation of the Universal Declaration of Human Rights in San Francisco in 1948 (of which Eleanor Roosevelt played a pivotal role), the USA' security concerns of the early Cold War frustrated most attempts at ratifying key international human rights treaties. The debate surrounding the political appropriateness of US ratification of these treaties led to the "Bricker Amendment," suggested constitutional amendments that would curtail the effects of international human rights treaties and other executive agreements. The Bricker Amendment was a series of suggested amendments created in the 1950s, and while none of these proposals were adopted, the discussions over them halted Senate approval of the key international human rights treaties, including relevant international labor convention ratifications. Section 2 of the 1953 version of the Bricker Amendment read:

> No treaty shall authorize or permit any foreign power or any international organization to supervise, control, or adjudicate rights of citizens of the United States within the United States enumerated in this constitution or any other matter essentially within the domestic jurisdiction of the USA. (Kaufman and Whiteman 1988, 315)

As a result of the anti-international sentiment in the early Cold War period, the United States remains reluctant to ratify key human rights documents, although it often signs such treaties and its representatives make significant contributions to treaties in the negotiation stage. Currently, the United States has ratified only a few international labor conventions, the labor rights treaties negotiated under the authority of the International Labor Organization. Of the ILO's eight "fundamental conventions" (which cover the following rights: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation), the USA has only ratified

two: abolition of slavery (Convention 105) in 1957 and Worst Forms of Child Labour Convention (Convention 182) in 1999 (International Labor Organization 2016b, 2016c). The key international labor convention on public sector employees is Convention 151, the Labour Relations (Public Service) convention, created in 1978. This convention expanded union rights to public sector workers, in light of the expanding size of public services in many countries.

## The US Obligations to ILO Conventions on Collective Bargaining

Notably, the USA has not ratified the key union rights international labor conventions, conventions 87 and 98. These conventions, Convention 87 Freedom of Association and Protection of the Right to Organize Convention and Convention 98 Right to Organise and Collective Bargaining Convention (hereby referred to as C87 and C98), protect the right of workers to join organizations and the right for those organizations to engage collective bargaining and other collective actions to promote their interests, respectively (International Labor Organization 2016d). As these are the fundamental "enabling" rights for workers, meaning that they are the rights that help workers to build their own power and influence vis-à-vis employers, the ILO decided in 1951 to create a very open committee to reviewing complaints from workers (or employers) organizations about violations of these rights, regardless of the country's ratification status. This is justified because the ILO argues that all member states are obligated to respect, promote, and realize principles of Freedom of Association (found in the relevant conventions) by virtue of their membership. The Committee on Freedom of Association (hereafter referred to as "the Committee") is housed under the ILO's governing body and has an independent chairperson and three representatives from governments, employer organizations, and worker organizations. The Committee reviews complaints, requests information from the relevant state government, establishes the relevant facts, and determines whether the case constitutes a violation of freedom of association principles (the union rights discussed above). If the Committee determines that a violation has occurred, then the Committee makes recommendations to government with remedies and requests information about implementation of these recommendations (International Labor Organization 2016d).

The Committee has no power to force states to adopt their recommendations, but it is arguably an institution with some influence and legitimacy. Since its history, it has received and evaluated over 3000 cases from countries on every region. The Committee claims that over 60 countries in 5 continents have followed its recommendations and shared information about relevant progress on union organizing rights in the past 35 years (International Labor Organization 2016d). Research demonstrates that the Committee has had some positive effect in improving union rights in a number of high profile cases (Gravel et al. 2001, 24).

While the measurable effects of the Committee on FOA are debatable, the Committee is widely understood to be the global authority on workers' union rights. Therefore, 60 plus years of decisions and recommendations serve as a useful guide on developing international standards on workers' human rights. Many of the cases brought to the Committee have involved disputes over public sector workers' collective bargaining rights. The Committee relies on its established principles, past decisions, and other ILO conventions to guide its evaluation of complaints. Therefore, the ILO Committee's decisions provide a better guide into international norms on public sector union rights than ILO Convention 151, which is very general and recaps many of the principles of Convention 98.

We can find the Committee's established principles regarding public sector workers in its "Digest of Cases," last published in 2006. In this publication, the principles regarding all aspects of union rights are carefully elucidated. In regard to public sector workers, the Committee has created the following standards. All public sector workers, "without distinction whatsoever," have the right to create and join trade unions (not just

substitute association), without prior authorization, to protect their interests. The only possible exception is the police and armed forces, which would fall under relevant national laws. The Committee has specifically recognized the rights of the following occupations: civilian staff in the armed forces (including Army Bank), local public service employees, firefighters, prison staff, customs officials, teachers, and embassy personnel. The Committee has also recognized that the broad range of public sector workers, including white-collar workers, have the right to collective bargaining, other than those "engaged in the administration of the state" which the Committee defines as public servants employed in government ministries and similar bodies (International Labour Office, and Freedom of Association Committee 2006, 886, 887). (The Committee has been more conservative in its interpretation of strike rights for many public service workers, arguing that the right to strike may be reasonably curtailed in various public and essential services, but should be done in a way that respects basic freedom of association principles.) (Gravel et al. 2001).

The collected decisions on various labor organizing rights disputes are not legally binding and lack the force of law of a human rights treaty. However, the Committee's recommendations can be considered soft international law – similar to UN General Assembly resolutions or other types of less institutionalized international agreements (Abbott and Snidal 2000). As a result, the Committee is a leading international authority on workers union organization rights, but its decisions are merely a tool for advocates who seek to promote greater respect for public sector union organizing rights. Various political factors can make the Committee's recommendations more or less influential on a country's labor practices (Caraway 2006; Kang 2012). In general, international human rights organizations often do not have much influence over the USA because of its superpower status. However, US unions and other organizations use the ILO and other international actors as part of broader political campaigns to challenge existing laws. One case of possible success was case 2292 (2003), in which the American Federation of Government Employees complained to the ILO Committee about the lack of collective bargaining rights for newly created TSA (Transportation Security Administration) workers. Under President Obama, TSA workers were granted collective bargaining rights. It remains unclear whether ILO consultation and recommendations mattered more than partisanship of the executive branch.

## Applying International Standards to the USA

As mentioned earlier, the US government generally does not feel vulnerable to critical decisions by international human rights organizations, including the ILO Committee on Freedom of Association. Yet the US failure to adequately protect union organizing rights for many of its public sector employees has been brought to the ILO Committee's attention in recent years. The ILO Committee evaluated two cases, Case 2741, which involved the prohibitions against any public sector work actions as written within the Taylor Law in New York State, and Case 2460, which dealt with the lack of collective bargaining rights for public employees in North Carolina. In both of these cases, the Committee found the practices in question to violate international union organizing rights. However, in both cases, the legal provisions have not yet changed.

## Case 2460

Case 2460 dealt with the lack of collective bargaining and union recognition rights for public sector workers in North Carolina, where the independent union electrical workers (UE) had been organizing and mobilizing public sector workers for years, especially in North Carolina, which has no statutory provisions for public sector collective bargaining. UE Local 150, a constituent unit, represented a variety of public sector workers in North Carolina, including "janitors, refuse-disposal workers, housekeepers, groundskeepers, medical technicians, bus drivers and other vital municipal and state employees," most of whom were women and people of color. Under North Carolina's General Statute (NCGS) §95–98, no public sector employees had a right to engage in collective bargaining, of any kind of negotiation,

with the state of North Carolina, and Case 2460 argued that this law violated the US obligations to international standards on union organizing rights. The complaint further included information about failed legislative and legal attempts to challenge North Carolina's laws (International Labor Organization 2007).

As a result of the prohibitions, the UE argued that public sector workers in North Carolina suffered from many problems. These included such issues such as "miserable working conditions," health and safety violations, poor wages, and a lack of grievance and appeals for workers. Most notably, the complaint argued that there was widespread racial and sexual discrimination within the workplace, which resulted in wage differentials that were confirmed by the state's own reports. This resulted in a clear lack of women and African–Americans within management and professional positions. Thus, the UE urged the Committee to recommend that the United States uphold its international obligations to protect collective bargaining rights, even though the USA had not ratified Conventions 87, 98, and 151 (International Labor Organization 2007).

The US government responded in a way that both confirmed the importance of labor organizing rights but also shielding itself from responsibility. In its communication in November 2006, the government stated that "the United States respects, promotes and realizes the fundamental principles and rights at work that are embodied in the ILO's Constitution, and is in full compliance with any obligations it may have by virtue of membership in the ILO." Since all North Carolina public employees could form associations, and had various rights such as nondiscrimination and other federal protections, the US obligations were fulfilled. But at the same, the United States claimed that since it had not ratified relevant conventions, it had no obligation to follow the standards in Conventions 87, 98, and 151. Citing recent court decisions, the USA argued that the ability to form associations was the extent of North Carolina public sector employees' rights, as the Constitution does not create any obligation for any parties to create contracts with each other, but rather left it up to the democratically elected representatives of every state to decide. Workplace concerns could also be informally addressed through the citizen–legislator relationship. The US government also argued that the UE had done an effective job advocating for public sectors in the state, including a recent pay raise, demonstrating that a legal collective bargaining right was unnecessary. Thus, the US government attempted to both affirm ILO principles and deny any domestic obligations, stating:

> While the people of North Carolina, through their elected representatives, have decided that their state and local governments may not enter into collective bargaining agreements, North Carolina's public employees and their unions retain the right of freedom of association and the right to participate in democratic processes at the local, state and federal levels by engaging their governments in free and open discussions about public sector work–life issues and about collective bargaining itself. Thus, there is no ground upon which to question the Government's commitment to the fundamental principles upon which ILO membership is based. (International Labor Organization 2007)

The ILO Committee on Freedom of Association responded to the information provided in favor of the complainants, finding this case to constitute a violation of key principles of Freedom of Association. The Committee noted the information provided by the government, including the protection of worker's basic freedom of association within the constitution, as well as the US commitments to ILO principles. However, the Committee found that the existing provisions, including the democratic right for public sector workers to discuss their job related concerns with public authorities and legislators, were insufficient. To merely provide a right to join unions would be meaningless, according to the ILO, since the main reason workers join unions is to engage in collective bargaining. Thus, the Committee argued that the lack of any legal provision for North Carolina violated international labor standards. The Committee stated that: "it is imperative that the legislation contain specific provisions clearly and explicitly recognizing the right of organizations of public employees and officials who are not acting in the capacity of agents of the state administration to conclude collective agreements" (International Labor Organization 2007; Compa 2012).

As a result of this decision, UE Local 150 and the national UE heavily publicized the ILO's favorable decision. This became a major rallying point for the union, included in many of its political arguments to challenge the legitimacy of North Carolina law NCGS § 95–98 (UE 150 2016). While the ILO Committee's condemnation of North Carolina's law did not create any automatic changes nor penalties for the United States, the United States continued to respond to requests for further information. In a 2009 communication, the government reported that the North Carolina General Assembly was considering several bills regarding the appeal of NCGS § 95–98: Public Safety Employer–Employee Cooperation (House Bill 1651), Restore Contract Rights to State/Local (House Bill 750 and Senate Bill 427), and Repeal Ban GS 95–98 (Senate Bill). The EU had helped to introduce these bills (International Labor Organization 2010). However, those bills did not progress from committees, and in 2014 the case was considered closed (International Labor Organization 2014). While the legal changes remain elusive, UE 150 continues to organize, mobilize, and engage in political work, including "meet and confer" with public authorities about members' working conditions in North Carolina.

### Case 2742

Case 2742 was filed by Local 100 of the Transportation Workers Union, the union that represents the workers of the New York City transit workers. In December 20–22, 2005, the 38,000 members of the TWU went on strike in response to poor faith negotiations over a new contract. The major points of contention included pensions schemes for new members and health-care benefits. The TWU went on strike with the full knowledge that they lacked the legal right to strike, as the Public Employees' Fair Employment Act of 1967 (Article 14 of the New York Civil Service Law), or the "Taylor Law" does not allow for any concerted work activity (from a "sick-in" to a slow down strike, or work stoppage) and mandates arbitration in the cases of a bargaining impasse. In addition, the Taylor imposes strong punishments on unions and union leadership for participation in concerted work stoppage. While the strike ended within three days, the New York courts found the union to be in criminal contempt. In April 2006, the court fined the TWU $2.5 million and fined each striker two days' wages for each day of the strike. Furthermore, Local 100 lost its right to automatically deduct dues from member's paychecks ("check off"). The president of Local 100 was sent to prison for 10 days for his violation of the Taylor Law. Thus, the TWU and Local 100 requested that the ILO recommend that the United States change the Taylor Law to conform with international standards (ILO 2011).

As governments also respond to ILO complaints, the US federal government responded the TWU complaints. The United States responded to the ILO's request for information that as a federal system, states had the right to determine their own laws, stating that "labour laws in each state reflect the balance of employer and employee rights that has been struck by each state's governing bodies." Furthermore, New York state employees already had generous public sector collective bargaining rights and currently enjoyed one of the highest unionization rates in the country, of 24.2%. Even though New York state employees could not strike, the government's response pointed out the PERB (Public Employment Relations Board), a state agency that provided a means for dispute resolution and fact-finding for unions and public authorities. It did not deny or contest whether the Taylor law violated ILO norms, but instead discussed the importance of the federal democratic system and that federal level employees had certain collective bargaining rights protected.

In response to this case, the ILO Committee argued that the Taylor Law violated the principles of "freedom of association." While recognizing the United States had a federal system, the ILO Committee "nevertheless requests the Government to take steps aimed at bringing the law into conformity with freedom of association principles" which could include creating a standard of minimum services in the case of a future work stoppage. In an October 2012 response, the US government stated that it had contacted the New York State attorney general to "explore potential avenues for response to the Committee's

decision" (International Labor Organization 2011). In 2014, the government sent a communication to the ILO Committee regarding a bill at the New York State Legislature that would amend the Taylor Law's punishments for striking workers, Assembly Bill A3922 (International Labor Organization 2014). The case was considered closed after this, although as of 2016, there have been no such amendments to the Taylor law.

## Conclusion

As mentioned earlier, ILO Committee recommendations do not automatically lead to changes in laws and practices. However, even in powerful and less vulnerable countries like the United States, the complaint system has had some effect in public sector union organizing rights. First, participation in the complaint process is elective, and while the ILO Committee requests information from member states, governments do so voluntarily. Second, while there have not been successful legislative reforms in either New York or North Carolina, there was legislation introduced in both states in response to the complaints (Givan et al. 2010). While the bills did not progress in either state, international law had a demonstrated effect on domestic political practices and helped to legitimize the union's positions to their members and allies.

International law on union organizing rights often seems distant from the everyday experience of public sector workers in the United States, especially for those in states with strong limits or outright prohibitions on these rights. However, given the political importance of human rights within this period of anti-union sentiment, American public sector unions have used international human rights tools with varying levels of success. International standards remains peripheral, but with the increasing public attention to other aspect of the United States' exceptionalism on many other policy issues (such as universal health care, parental leave, paid holidays), it is possible that international and comparative standards may become more relevant to public employment labor relations in the future.

## References


Abbott KW, Snidal D (2000) Hard and soft law in international governance. Int Organ 54(3):421–456

Beigbeder Y (1979) The United States' withdrawal from the international labor organization. Ind Relat 34(2):223–240

Caraway TL (2006) Freedom of association: battering ram or Trojan horse? Rev Int Polit Econ 13(2):210–232. https://doi.org/10.1080/09692290600625462

Compa L (2012) Do International freedom of association standards apply to public sector labor relations in the United States? Hum Rights Rev 13(3):373–378. https://doi.org/10.1007/s12142-012-0235-1

Givan RK, Roberts KM, Soule SA (2010) The diffusion of social movements: actors, mechanisms, and political effects. Cambridge University Press, New York

Gravel E, Duplessis I, Gernigon B, International Labour Office. Freedom of Association Committee (2001) The committee on freedom of Association : its impact over 50 years. International Labour Office, Geneva

International Labor Organization (2007) Report in which the committee requests to be kept informed of development – Report no 344, Mar 2007, case no 2640 (United States). Accessed online at http://www.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:2909835

International Labor Organization (2010) Effect given to the recommendations of the committee and the Governing body – Report no 356, Mar 2010, Case no. 2640 (United States). Accessed online at http://www.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:2909844

International Labor Organization (2011) Report in which the committee requests to be kept informed of development - Report no 362, Nov 2011 case no 2741 (United States). Accessed online at http://www.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:2912150

International Labor Organization (2014) Report in which the committee requests to be kept informed of development – Report no 344, Oct 2014, case no 2640 (United States). Accessed online at http://www.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:3189151

International Labor Organization (2016a) The US: a leading role in the ILO. Accessed online at http://www.ilo.org/washington/ilo-and-the-united-states/the-usa-leading-role-in-the-ilo/lang%2D%2Den/index.htm

International Labor Organization (2016b) Conventions and Recommendations" accessed online at http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang%2D%2Den/index.htm

International Labor Organization (2016c) Normlex: ratifications for United States. Accessed online at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102871

International Labor Organization (2016d) Committee on Freedom of Association. Accessed online at

http://www.ilo.org/global/standards/applying-and-promoting-international-labour-standards/committee-on-freedom-of-association/lang%2D%2Den/index.htm
International Labour Office, Freedom of Association Committee (2006) Freedom of association: digest of decisions and principles of the freedom of Association Committee of the Governing Body of the ILO. International Labour Office, Geneva
Kang SL (2012) Human rights and labor solidarity: trade unions in the global economy. University of Pennsylvania Press, Philadelphia
Kaufman NH, Whiteman D (1988) Opposition to human rights treaties in the United States Senate: the legacy of the Bricker Amendment. Hum Rights Q 10(3):309–337
Linsenmayer T (1980) U.S. rejoins ILO: the agenda for 1980's stresses human rights. Mon Labor Rev 103(5): 50–51
Sanes M, Schmitt J (2014) Regulation of public sector collective bargaining in the States. Center for Economic and Policy Research. http://cepr.net/documents/state-public-cb-2014-03.pdf
UE 150 (2016) Collective bargaining. http://www.ue150.org/collective-bargaining/. Accessed 10 Oct 2016
United States Department of Labor, Bureau of International Labor Affairs (2016) International Labor Organization. https://www.dol.gov/agencies/ilab/our-work/diplomacy/ilo. Accessed 1 Oct 2016

# Public Sector Entrepreneurship

Mehmet Akif Demircioglu[1],
Farzana Chowdhury[2] and Roberto Vivona[1]
[1]Lee Kuan Yew School of Public Policy, The National University of Singapore, Singapore, Singapore
[2]Department of Management and Marketing, Durham University Business School, Durham, UK

## Synonyms

Innovativeness; Pro-activeness; Resources; Risk-taking

## Definitions

Creation or extraction of public value; the activity of managing a public organization with taking initiatives or risks to improve or solve government or public problems; seeking an opportunity and extra-role behavior to serve society and government; running or managing an organization with an initiative and risk-taking; recognizing and exploiting the opportunity to provide services to publics; combining organizational capability and resources to exploit an opportunity to provide new or improved services to citizens.

## Introduction

Entrepreneurship has become a buzzword in our society. Many organizations and individuals consider their organizations or themselves as entrepreneurs. Entrepreneurship is seen as a positive phenomenon and is a popular topic. Many academics, policymakers, and practitioners are interested in entrepreneurship. For example, a simple Google Scholar search yields over 2,000,000 studies on entrepreneurship (As of June 1st, 2020). However, there are only 1,640 results when we search "public sector entrepreneurship (As of June 1st, 2020)." These findings demonstrate that entrepreneurial activities mostly focus on the private sector, or the firm rather than the public sector, or the government. However, public sector entrepreneurship (PSE) has gained the attraction of scholars and has become a hot topic in recent years. There is a growing interest to understand PSE indicated by the 609 research output (out of 1,640) since 2016 (As of June 1st, 2020). In other words, 37% of studies on PSE are published in the last 4.5 years.

Despite the growing interest in the PSE, PSE still lags behind private sector entrepreneurship research. The important reasons behind this scarcity of research on PSE are that entrepreneurship is considered a profit-maximizing activity, while public organizations do not have this mission. In addition, as public organizations are typically funded by tax payers' funds, it may not be logical to risk or "waste" the budget to a product or service that may fail. Moreover, funding constraints, organizational structure as public bureaucracy are typically hierarchical, risk-aversive, complex, subject to a red tape due to

accountability and scrutiny mechanisms, and has less market exposure, so there are claims that entrepreneurial activity in public organizations and among the public sector employees are low compared to the private sector (Bozeman and Kingsley 1998; Morris and Jones 1999; Özcan and Reichstein 2009; Swann 2017). Therefore, it is important to differentiate PSE from private entrepreneurship because "there are significant differences in organizational realities, suggesting that the goals, objectives, constraints, approaches, and outcomes associated with successful entrepreneurs are unique in public sector organizations" (Kearney et al. 2009, p. 28).

The rest of the chapter is organized as follows. In the next section, we will look at the history of PSE; then in the following section, we present various definitions currently proposed by the scholars, and examine how PSE differs from private entrepreneurship. Then we present various successful PSEs. Our chapter ends with a conclusion.

## Brief History of PSE

PSE gained the interest of the governments in the 1980s, the beginning of New Public Management (NPM) in the United Kingdom, Australia, and New Zealand than in the United States in the 1990s during the reinventing government movement (Clinton and Al Gore administration's National Performance Review movement). All of these reforms were geared toward encouraging public organizations and public sector employees to be entrepreneurial (Bernier and Hafsi 2007; Hayter et al. 2018; Osborne and Gaebler 1992; Osborne and Plastrik 1997; Windrum and Koch 2008). The objective of NPM was to empower managers. The motto of NPM "let the managers' manage" is associated with PSE by allowing managers to manage, and by doing so, they can help governments' to behave entrepreneurially (Bernier and Hafsi 2007). Swann (2017, p. 544) summarizes these developments cleverly:

> Traditional public administration indeed had little room for entrepreneurship with rigid rules, strict hierarchy, and narrow focus on internal procedures. But the advent of NPM, the reinventing government movement, and Moore's (1995) PVM ushered in a new era in which public managers were expected to not only act more like private managers and autonomously "manage for results" but also, and more broadly, think "imaginatively" and behave entrepreneurially to create public value in an increasingly networked governance world.

## What is PSE?

As the name suggests, the term public sector entrepreneurship (PSE) has two concepts: "public sector" and "entrepreneurship." PSE aims to combine these two concepts. The public sector refers that an organization that is funded, owned, and controlled by governments (Bozeman 2004; Rainey 2009). Employees working in the public sector are typically called civil servants or public servants. Researchers typically exclude employees working in public hospitals and public schools from the classification and include employees working in the departments/ministries or state or local governments are considered public sector employees (Arundel et al. 2019; Vivona et al. 2020). For the second concept, Howard Stevenson defines entrepreneurship as "the pursuit of opportunity beyond resources controlled" (Eisenmann 2013, no page number). Entrepreneurship refers to exploration and exploitation of the environment (Klein et al. 2010; Shane and Venkataraman 2000).

Therefore, PSE – a combination of the public sector and entrepreneurship – can be defined as the pursuit of opportunity, exploration, and exploitation activities in the public sector. More specifically, there are several definitions offered by different studies. The earliest definitions of PSE were offered by Wagner (1966) and Ostrom (1964). Wagner (1966) viewed PSEs as operators providing services or collective benefit for political gain. Ostrom (1964, 2005, p. 1) viewed PSEs who changed market environment to influence the behavior of the private sector entrepreneurs, "...form of leadership focused primarily on problem-solving and putting

heterogeneous processes together in complementary and effective ways." Most recently, Hayter et al. (2018, p. 689) defined PSE as "actions that are innovative, that transform a status quo economic environment, and that are characterized by uncertainty." Demircioglu and Chowdhury (2020, p. 3) defined public sector entrepreneur as follows: "to achieve an organization's objective, an employee works beyond what is required in his/her job, goes the extra mile, and suggests ideas or policies that improve how the organization and its members work." According to Swann (2017, p. 544), public sector entrepreneurs are the visionary individuals or organizations that operate within an environment of uncertainty and identify and take opportunities to innovate and create value with the intent of attaining some reward, praise, recognition, and/or self-fulfillment." The following section will explore some important studies on PSE.

## Research on PSE

Studies on entrepreneurship, including the private sector (the most studied), the public sector, and the nonprofit sector, focus on three views: organization, such as type and age of the organization; behavior, such as individuals' and organizations' tendency to search and explore opportunities, their innovativeness, risk-taking, and pro-activeness; and performance such as whether entrepreneurship activities (entrepreneurship behavior) increase the tendency to survive to prosper and perform well (Audretsch and Link 2018, 2019; Audretsch et al. 2020; Leyden and Link 2015). Similar to private and corporate entrepreneurship, PSE occurs in all levels of an organization – individual level, organizational level, and interorganizational level. According to Audretsch et al. (2020), the second view (behavior) is most relevant to entrepreneurship scholarship from a management and business perspective since both, individuals' and organizations', behavior, influences capability building of an organization and vice versa.

Like the private sector or corporate entrepreneurship, PSE includes risk-taking, innovativeness, and pro-activeness (Kearney et al. 2009; Kim 2010; Moon 1999). Business research considers these three characteristics as entrepreneurship orientation (EO) of firms (Covin and Miller 2014; Covin and Slevin 1989). In addition to innovativeness, risk-taking, and pro-activeness, both the private entrepreneurship and PSE also entail opportunity recognition, flexibility, vision, rewards (financial or nonfinancial) (Luke et al. 2010), and access to resources (Barney 1991).

While entrepreneurship in the private sector typically focuses on maximizing profit, increase stakeholder shares, and extend the firms' product and services, PSEs have broader social goal including regional or national economic development, solving social problems, and dealing with grand challenges such as poverty, migration, along with the sustainability of the organization and its resources (Itami and Roehl 1987; Klein et al. 2013). Therefore, PSE can help governments reduce market failures with innovative and creative solutions (Audretsch et al. 2020). Political leaders are interested in promoting PSE because doing so can increase governments' performance (Moon 1999).

According to Bernier and Hafsi (2007), PSE evolves from individual entrepreneurship (e.g., Roberto Moses) to systemic entrepreneurship because society, organizations, and the external environment are changing, and organizations are institutionalized (e.g., a large number of individuals have become entrepreneurs as creativity is acknowledged and encouraged and individuals can make some decisions). Therefore, instead of certain individuals, organizations, and a large number of people are expected to behave entrepreneurially. As Bernier and Hafsi (2007, p. 499) state

> systemic entrepreneurship "seems to come about more easily when organizational creativity is legitimized and contributions to this creativity are acknowledged. In such cases, entrepreneurs are people who know how to breathe new life into organizations haunted by selfdoubt. Innovators can take advantage of the opportunities they are offered to make positive contributions to developing the organization and the larger decision space that thereby becomes available.

## Successful PSE Examples

This section illustrates three recent and emblematic cases that present germane theoretical interest to the evolution of individual PSE into organizational and systemic change. A first paradigmatic example is the *de-managerialization* of local authorities in the Netherlands, i.e., the transition from traditional and hierarchical bureaucracy to employees' empowerment and self-management (https://oecd-opsi.org/innovations/self-managing-teams-in-nijkerk-municipality/). This practice proved beneficial in the private sector (see Kirkman and Rosen 1999; Shipper and Manz 1992), as promoting employees entrepreneurship allows organizations to be more productive and flexible to the changing environment; nonetheless, it has only recently been applied to public sector organizations. This PSE case originated in Nijkerk municipality, where employees proposed to implement a "bulletin board" to match unoccupied public servants with unresolved or complicated tasks, to optimize response timeliness through improved time management. Employees strongly committed to the initiative, to the point that both the municipal council and executives decided to support the new working method and embed the change into the organization, resulting in the formation of 28 self-managing teams, each with its plan and managerial responsibilities. This is an example of bottom-up PSE, where employees' innovativeness drives systemic change in the organization, consistent with Bernier and Hafsi's (2007) claim that PSE can be systemic and many employees can be entrepreneurs.

Another case, which provides an exemplary top-down PSE, is the initiative promoted and championed by the Mayor of San Francisco in 2016, which aimed at creating public value by enhancing living standards through improved service delivery (https://oecd-opsi.org/innovations/the-mayors-fix-it-team/). In order to address citizen needs, the mayor formed a "fix-it team," which operated in five phases: (i) gathering data through community surveys and analyses of police data; (ii) mapping of "fix-it zones," i.e., areas concerned with poor quality of life; (iii) validation of the zones, by physically walking the areas with relevant stakeholders (e.g., citizens, agencies); (iv) creation and implementation of an action plan for each zone; and (v) sharing feedbacks with residents. The fix-it team played a major role in creating transparency, learning, and multilevel and multiagency partnerships, which are relevant to address social issues. This allowed San Francisco municipality to change the way citizens are listened to and secure rapid and effective delivery of public services in troubled zones.

Moving from municipalities to higher levels of government, a promising PSE case is represented by the Global Innovation Policy Accelerator (GIPA) (https://oecd-opsi.org/innovations/global-innovation-policy-accelerator/; https://www.nesta.org.uk/project/global-innovation-policy-accelerator/), a cross-national partnership program between several developing countries (such as Chile, Colombia, Mexico, Peru, Brazil, India, and others) and a consortium of UK innovation experts, including public agencies (e.g., Nesta, Innovate UK) as well as universities (e.g., Oxford, Manchester). The aim of the program is the creation of an international network of policy entrepreneurs to share and adopt best practices and to promote systemic change. Piloted in 2017, the program built on shared expertise to undertake a pioneering project of bringing in various Latin American countries' innovation policy into diplomatic agenda, in order to further enhance cross-national collaboration. Deemed by participating partners as a successful experience, GIPA institutionalized its function toward building and developing innovation capacity in government organizations, that is, it aims at empowering government in developing countries in pursuing public sector innovation. This change has been embedded into a revised version of the program which is now under evaluation. This example demonstrates that innovation and entrepreneurship are highly related, and innovation can occur through entrepreneurial action and behavior (Audretsch and Link 2019; Hayter et al. 2018; Leyden and Link 2015; Leyden 2016).

## Conclusion

What we know about PSE is growing thanks to increasing studies focus on the public sector. Despite diverse conceptualizations, we defined PSE as the pursuit of opportunity, exploration, and exploitation activities in the public sector. Research on PSE assessed the evolution from individual entrepreneurship to systemic. The presented successful cases show that PSE usually originates as individual entrepreneurship (of a single person – a Mayor, a single group of employees, or a single organization), and its success can be evaluated to the extent individual efforts are recognized and embedded in systemic change. The cases also exemplify cardinal characteristics of PSE presented in previous sections of the essay, such as the importance of innovativeness, risk-taking, and proactiveness, opportunity recognition and exploitation, flexibility, vision, rewards, and access to resources. Overall, PSE is worthy of research thanks to the broader public interest from citizens and politicians and making public organizations perform better, serve the citizens more efficiently and effectively, and create public value (Bernier and Hafsi 2007; Luke et al. 2010; Moore 1995).

## Cross-References


- ▶ Dynamics of Managerial Innovation
- ▶ Entrepreneurial Bureaucracy
- ▶ Entrepreneurial Bureaucrat, The
- ▶ i-Labs and Public Administration: Public Innovation and the Future of Public Sector
- ▶ From E-Governance to Smart Governance: Policy Lessons for the UAE
- ▶ Innovation Ecosystem
- ▶ Leaders and Innovations in Public Organizations
- ▶ Open Innovation
- ▶ Organizational innovation
- ▶ Public Administration Risk Management
- ▶ Public Innovation: Concept, Praxis, and Consequence
- ▶ Public Policy Entrepreneurship
- ▶ Risk and Organizations
- ▶ Risk and Performance in Public Sector


## References


Arundel A, Bloch C, Ferguson B (2019) Advancing innovation in the public sector: aligning innovation measurement with policy goals. Res Policy 48(3): 789–798

Audretsch DB, Link AN (2018) Entrepreneurship and knowledge spillovers from the public sector. Int Entrep Manag J 15:1–14

Audretsch DB, Link AN (2019) Sources of knowledge and entrepreneurial behavior. University of Toronto Press, Toronto

Audretsch DB, Siegel DS, Terjesen S (2020) Entrepreneurship in the public and nonprofit sectors. Public Adm Rev 80(3):468–472

Barney J (1991) Firm resources and sustained competitive advantage. J Manag 17:99–120

Bernier L, Hafsi T (2007) The changing nature of public entrepreneurship. Public Adm Rev 67(3):488–503

Bozeman B (2004) All organizations are public: comparing public and private organizations. Beard Books, Washington, DC

Bozeman B, Kingsley G (1998) Risk culture in public and private organizations. Public Adm Rev 58(2):109–118

Covin JG, Miller D (2014) International entrepreneurial orientation: conceptual considerations, research themes, measurement issues, and future research directions. Entrepreneurship Theory and Practice 38(1):11–44

Covin JG, Slevin DP (1989) Strategic management of small firms in hostile and benign environments. Strateg Manag J 10(1):75–87

Demircioglu MA, Chowdhury F (2020) Entrepreneurship in public organizations: the role of leadership behavior. Small Bus Econ 1–17. https://doi.org/10.1007/s11187-020-00328-w

Eisenmann TR (2013) Entrepreneurship: a working definition. Harv Bus Rev 10

Hayter CS, Link AN, Scott JT (2018) Public-sector entrepreneurship. Oxf Rev Econ Policy 34(4):676–694

Itami H, Roehl TW (1987) Mobilizing invisible assets. Harvard University Press, Cambridge

Kearney C, Hisrich RD, Roche F (2009) Public and private sector entrepreneurship: similarities, differences or a combination? J Small Bus Enterp Dev 16(1):26–46

Kim Y (2010) Stimulating entrepreneurial practices in the public sector: the roles of organizational characteristics. Adm Soc 42(7):780–814

Kirkman BL, Rosen B (1999) Beyond self-management: antecedents and consequences of team empowerment. Acad Manag J 42(1):58–74

Klein PG, Mahoney JT, McGahan AM, Pitelis CN (2010) Toward a theory of public entrepreneurship. Eur Manag Rev 7(1):1–15

Klein PG, Mahoney JT, McGahan AM, Pitelis CN (2013) Capabilities and strategic entrepreneurship in public organizations. Strategic Entrepreneurship J 7(1):70–91

Leyden DP (2016) Public-sector entrepreneurship and the creation of a sustainable innovative economy. Small Bus Econ 46(4):553–564
Leyden DP, Link AN (2015) Public sector entrepreneurship: US technology and innovation policy. Oxford University Press, New York
Luke B, Verreynne M-L, Kearins K (2010) Innovative and entrepreneurial activity in the public sector: the changing face of public sector institutions. Innov Manag Policy Pract 12(2):138–153
Moon MJ (1999) The pursuit of managerial entrepreneurship: does organization matter? Public Adm Rev 59:31–43
Moore MH (1995) Creating public value: strategic management in government. Harvard university press
Morris MH, Jones FF (1999) Entrepreneurship in established organizations: the case of the public sector. Enterp Theory Pract 24(1):71–91
Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming government. Adison Wesley Public Comp, Reading
Osborne D, Peter P (1997) Banishing bureaucracy: the five strategies for reinventing government. Plume, New York, NY
Ostrom E (1964) Public entrepreneurship: a case study in ground water basin management. Unpublished PhD dissertation, University of California, Los Angeles
Ostrom E (2005) Unlocking public entrepreneurship and public economies, Working paper DP2005/01, World Institute for Development Economic Research (UNUWIDER)
Özcan S, Reichstein T (2009) Transition to entrepreneurship from the public sector: predispositional and contextual effects. Manag Sci 55(4):604–618
Rainey HG (2009) Understanding and managing public organizations. Wiley, San Francisco
Shane S, Venkataraman S (2000) The promise of entrepreneurship as a field of research. Acad Manage Rev 25 (1):217–226
Shipper F, Manz CC (1992) Employee self-management without formally designated teams: an alternative road to empowerment. Organ Dyn 20(3):48–61
Swann WL (2017) Modelling the relationship between entrepreneurial orientation, organizational integration, and programme performance in local sustainability. Public Manag Rev 19(4):542–565
Vivona R, Mehmet AD, Aarthi R (2020) Innovation and innovativeness for the public servant of the future: what, why, how, where, and when. In: The Palgrave Handbook of the Public Servant. edited by Helen Sullivan and Helen Dickinson. Springer, Switzerland
Wagner RE (1966) Pressure groups and political entrepreneurs: a review article. Public Choice 1:161–170
Windrum P, Koch PM (2008) Innovation in public sector services: entrepreneurship. In: Creativity and management. Edward Elgar Publishing, Northampton

# Public Sector Expatriation

Marie-France Waxin[1] and Chris Brewster[2,3]
[1]American University of Sharjah, Sharjah, United Arab Emirates
[2]International Human Resource Management, University of Vaasa, Vaasa, Finland
[3]Henley Business School, University of Reading, Reading, UK

## Synonyms

Expatriation; International assignments

## Definition

A public sector expatriate is an employee who is sent abroad by their organization, for an organizational mission, for a precise period of time, and expected to return to their home organization, in their home country, after that time. When the assignment abroad lasts less than 1 year, we usually speak about short-term international assignment.

## Public Sector Expatriation

Public sector organizations have a long tradition of sending personnel to other countries for a variety of purposes, such as diplomatic and military service (Groeneveld 2008). Indeed, they have been doing this as long as countries as such have existed – even before then rulers were sending their armies into other rulers' territories. Nowadays, the number of public servants working as **expatriates** (i.e., living and working outside their own countries for a time-determined period) seems to be continually increasing (Midura 2008).

Despite this long history, research attention to issues of expatriation and the problems of managing expatriates has been almost entirely conducted in the private sector among multinational companies (MNCs). Research on public sector

expatriates and their unique working conditions is scarce (Fenner and Selmer 2008; Fisher et al. 2015; Green 2012; Groeneveld 2008; Selmer and Fenner 2009). The situation of expatriates in the public and private sector has both similarities and differences. There is a need for more attention to be paid to the situation in the public sector.

In this section of the encyclopedia, we:

- Outline the different elements of the public sector that have expatriates.
- Discuss the main differences between expatriation in the private and public sectors.
- Outline some of the key issues in public sector expatriation.
- Draw some conclusions.

## Different Parts of the Public Sector Using Expatriates

Public servants who may get posted to other countries can be summarized under three main headings:

(i) **Government expatriates: armed services**. Nearly all governments around the world have armed services pledged to defend the country against foreign enemies. This often involves active service in another country or spending time in another country as part of liaison with allies (Fisher et al. 2015). For the military, foreign postings are an integral part of their military career; they join expecting them to happen (DoA 2010). During a time of war, military personnel are generally unaccompanied by spouse/family when deployed and are rotated out of a combat setting every 12–18 months and returned home due to the psychological and physical demands of serving in an area under "hostile fire or imminent danger" (Fisher et al. 2015).

(ii) **Government expatriates: diplomatic services**. More common are the nonmilitary expatriates that the public sector sends to represent them in other countries or even to other organizations. These are generally referred to as the diplomatic service, although increasingly these include civil servants responsible for business, for science, or for public relations issues. For most, but not all, of these people too, service in another country is part of a normal career path and is expected.

(iii) **Intergovernmental organizations**. The third group of public sector expatriates are those who work for the intergovernmental organizations (IGOs) such as the United Nations, the European Union, or a wide variety of scientific and trade bodies run by numbers of countries jointly (Toomey and Brewster 2008). Some of these employees are seconded from their national governments' armed or civil service. Most are "self-initiated" expatriates (Suutari and Brewster 2000) who have applied to join one of these organizations from their own country and then started work at the Headquarters of an IGO or in one of its regional or national offices.

## Main Differences Between Expatriation in the Private and Public Sectors

From this brief outline, it should be clear that there are a number of similarities and differences between public and private sector expatriates.

The similarities include the fact that all expatriates, from whatever sector, are spending time away from their base and their home country and living temporarily in another country. Both would normally take their nuclear family with them. Both tend to live in major cities where expatriates are common or in camps surrounded by other expatriates (Lauring and Selmer 2009). Common to both the private and public sector expatriate are the careful selection, the importance of preparation, the stress of moving, the need to adjust and perform in a foreign context, the uncertainty about the subsequent job, the challenging situation of partner and children (where families are involved), and the existence of rewards.

There are also key differences between public sector servant expatriates and private sector expatriates. For the private sector employees in MNCs, expatriation is sometimes a typical part of their work, if they are technical specialists, but is more often a one-off event and a significant factor marking them out as key "talents" with serious possibilities of moving up the career ladder (Cerdin and Brewster 2014). They will be generously rewarded for this unusual event. For relevant public sector expatriates, moving to another country is built into their contract and their pay and rewards are "international." Although they will receive significant emoluments for their time abroad, these are much lower than those available for private sector expatriates. Furthermore, these public sector expatriates are not moving from "home" to abroad – many of them (especially in the IGOs) are not based in their home country anyway. Many of the governmental expatriates are on regular rotations that means they may be at "home" for only brief periods in between assignments.

The rest of this section explores the issues that are peculiar to public sector expatriates, because of the nature of public sector work and employment. We follow the "expatriate cycle" (Waxin 2007) and consider recruitment and selection, the role of partners and families, location, preparation, adjustment, performance, rewards, and repatriation.

## Key Issues in Public Sector Expatriation

### Recruitment and Selection

Whereas in the private sector expatriates are usually selected from within the existing workforce, in the public sector expatriates are people who have signed up to a career that they know may involve international transfer. In all three parts of the public sector, employees are selected after careful screening and their contracts include an international mobility clause. Foreign assignments in the military are often of a multiple short-term character (Crowley-Henry and Heaslip 2014). In the diplomatic service, they are typically assignments of 3 or 4 years' duration. The different contractual arrangements between private and public sector expatriates mean that levels of commitment and motivation may differ (Fenner and Selmer 2008; Fisher et al. 2015; Selmer and Fenner 2009) in that public sector expatriates in effect select themselves for foreign postings in the course of applying for the job.

### Partners

The frequent and regular moves involved in a foreign service career can be difficult for employees and particularly for their families (Fisher et al. 2015). As a result, some diplomatic services now include partners in the assignment decision (Green 2012; Groeneveld 2008). Moving to new postings is taxing for expatriates in many ways, including physiologically (Anderzen and Arnetz 1999), but is particularly challenging for partners, who do not have the continuity of a position to anchor them and who are often expected to handle the practical matters of life in a new and different culture, such as grocery shopping and making appointments (Family Liaison Office Department of State 2008). They are usually prevented from working in the new country as they find it hard to get work permits (Groeneveld 2008). In the case of military short-term international assignments, partners staying at home may be under serious stress (Crowley-Henry and Heaslip 2014), so more organizational support is needed.

### Location

The extreme locational case is of course military expatriates who accept that their chosen career implies the possibility of relocation to dangerous and even life-threatening situations. Some members of the IGOs in the peacekeeping, refugee, food, and aid areas also find themselves in extremely risky situations; loss of life is all too frequent. For most of the diplomatic and IGO staff, dealing with local governments, their assignments are in more familiar big cities with related amenities. The culture of embassies, for example, may deliberately reflect the home

country rather than the host country, offering a supportive environment for the expatriates (Johnson et al. 2002, 2003). In many postings, expatriates may to an extent be isolated from the "foreignness" of the country through housing, separate utilities, and the provision of home equipment (Family Liaison Office U.S. Department of State 2008; Green 2012). As a result, they may in some cases have little interaction with locals other than the country's educated, and often westernized, élite.

Military families know that they may get sent abroad again, but where will depend on the exigencies of national defense. The general rule in the diplomatic services is that service in an attractive location (e.g., a European capital) is followed by duty back home and then in a less attractive city or one in crisis (maybe in Africa) and then back home, followed by a move to a more attractive location. There are few such rules among the IGOs, most of which are based in very pleasant, safe cities, and some people manage to stay in pleasant locations their whole careers. However, there are many people in such organizations working "in the field," and those IGOs that work in difficult and dangerous situations attempt to rotate people between such locations and headquarters. There is a widespread demand from governments for these organizations to base more of their employees in a wider range of countries.

### Preparation

The public sector is often better than the private sector in providing preparation for expatriates. Employees are often given additional training specific to the region to which they will be sent, including language training, cultural familiarity training, or political area studies (Honley 2005). The US Department of State, for example, offers several publications and classes to families with the aim of mitigating culture shock and maximizing successful adjustment (Green 2012). The US Department of Defense provides more extensive programs, although even here expatriates want more (Fenner and Selmer 2008).

### Adjustment

Expatriates' adjustment to their new role and environment is of great significance, both to the organization and to the managers themselves (Waxin 2004, 2006). There is a lot of research on expatriate adjustment in the private sector even if much of it is limited in explanatory power (Haslberger et al. 2013). However, there is much less work on the adjustment of public sector expatriates (Green 2012). Expatriates never fully adjust: it depends on the nature and location of their assignment how far they will, but in all cases, they know that they will be leaving that country soon and while they may become competent and able to operate well in the environment, they are unlikely to change their general view of the world. In general, diplomatic and IGO expatriates seem to suffer from less stress than private sector expatriates. The isolation of some public sector expatriates noted above means that they may have less motivation and less need to adjust to the local environment. Nevertheless, they will have to adjust their behavior to some extent to be consistent with the local cultural values in order to avoid offending locals and to be able to operate effectively in the country (Shin et al. 2007).

### Performance

Expatriate performance is less of an issue per se for public sector organizations than for private sector ones because as the transfer abroad is part of "normal" employment, there is little difference from everyday performance management. With little choice but to have such people (a diplomatic service or an intergovernmental aid organization could not act without expatriates), or with people operating in extreme conditions, and invariably with multiple and complex objectives, assessing performance is not easy. Mistakes, however, become very obvious and can have major consequences. "A higher weighting is assigned to the performance report of overseas service than to service at home" (Defense Force HRM report 2011).

### Rewards

Expatriates from the public sector get a significantly enhanced salary for working abroad, though the enhancements are often noticeably less than those in the private sector. For example, expatriates from the US public sector have quarters allowances, post or hardship differentials, and danger pay. The "quarters allowances" cover housing costs at the foreign location when no government-provided quarters are available (U.S. Department of State 2015). "Post or hardship differentials" are additions to pay commensurate with the hardship of the post to which the employee is assigned: more sophisticated and westernized cities may have no such extras, whereas in dangerous or difficult countries, it may amount to anything up to a third or more of basic pay (U.S. Department of State 2006a, para. 512). Some positions, where "civil insurrection, terrorism, or war conditions threaten physical harm or imminent danger," may also attract "danger pay" (U.S. Department of State 2006b, para. 652). In such cases, families would generally be expected to stay at home or in a nearby safe country.

### Repatriation

Returning home may be a big problem in the private sector, but it is one that public sector employees do not face. For example, there is "a definite position in the organization for all military personnel, therefore alleviating any concerns that jobs in the home country may not be available in the organization on return from an assignment" (Crowley-Henry and Heaslip 2014).

## Conclusion

Clearly there is a dearth of research into public sector expatriates. We need more information on the different types of international assignments in the public sector and more on how both short-term and long-term assignments are managed. There are millions of people working as public sector expatriates around the world. It seems that generally the management of expatriates in the public sector creates fewer problems than it does in the private sector, perhaps because expatriation is usually built into their contracts. Nevertheless, the difficulties that may arise as an expatriate and the difficulties in managing them are important and deserve greater attention.

## References

Anderzen I, Arnetz BB (1999) Psycho physiological reactions to international adjustment. Psychother Psychosom 68(2):67–75

Cerdin J-L, Brewster C (2014) Talent management and expatriation: bridging two streams of research and practice. J World Bus 49(2):245–252

Crowley-Henry M, Heaslip G (2014) Short-term international assignments. Military perspectives and implications for international human resource management. Eur Manag J 32:752–760

Defence Forces HRM Report (2011) Human resource management in the Irish defence forces 2011. The Department of Defence (Ireland)

DoA (Department of the Army) (2010) Assignments, details, and transfers: overseas service. Office of the Deputy Chief of Staff, Washington, DC. Retrieved from http://www.apd.army.mil/pdffiles/r61430.pdf

Family Liaison Office, Department of State (2008) Spouse and partner guide to the foreign service. Retrieved from http://www.state.gOv/documents/organization/l01170.pdf

Fenner CR, Selmer J (2008) Public sector expatriate managers: psychological adjustment, personal characteristics and job factors. Int J Hum Resour Manag 19(7): 1237–1252

Fisher K, Hutchings K, Pinto LH (2015) The lived acculturation experiences of US female military expatriates. Int J Intercult Relat 49:265–277

Green JM (2012) The relationship between adjustment and personal and work variables among American government employees and their spouses stationed abroad. Dissertation, Northcentral University, Graduate Faculty of the School of Behavioral and Health Sciences in Partial Doctor of Philosophy in Psychology, Prescott Valley

Groeneveld S (2008) Dual careers and diplomacy, the willingness of dual-career couples to accept an international assignment within the Dutch foreign service. Rev Public Pers Adm 28(1):20–43

Haslberger A, Brewster C, Hippler T (2013) The dimensions of expatriate adjustment. Hum Resour Manag 52(3):333–352

Honley SA (2005) Focus on FSI/FS training: FSI settles into Arlington Hall. Foreign Serv J:17–31
Johnson EC, Kristof-Brown AL, Van Vianen AEM, De Pater IE, Rigsby MM (2002) Expatriate social ties: the impact of relationships with comparable others and host country nationals. Academy of Management Proceedings and Membership Directory 08:pH1
Johnson EC, Kristof-Brown AL, Van Vianen AEM, De Pater IE, Klein MR (2003) Expatriate social ties: personality antecedents and consequences for adjustment. Int J Sel Assess 11(4):277–288
Lauring J, Selmer J (2009) Expatriate compound living: an ethnographic field study. Int J Hum Resour Manag 20(7):1451–1467
Midura KB (2008) Going it alone: family life in the "new" foreign service. Foreign Serv J 85(6):30–35
Selmer J, Fenner CR (2009) Job factors and work outcomes of public sector expatriates. Hum Resour Manag J 19(1):75–90
Shin SJ, Morgeson FP, Campion MA (2007) What you do depends on where you are: understanding how domestic and expatriate work requirements depend upon the cultural context. J Int Bus Stud 38(1): 64–83
Suutari V, Brewster C (2000) Making their own way: international experience through self-initiated foreign assignments. J World Bus 35(4):417–436
Toomey E, Brewster C (2008) International HRM in international organisations. In: Brewster C, Sparrow P, Dickmann M (eds) International human resource management: contemporary issues in Europe, 2nd edn. Routledge, London, pp 289–306
U.S. Department of State (2006a) Department of state standardized regulation 512. Retrieved from http://aoprals.state.gov/content.asp?content_id=260&menu_id=81
U.S. Department of State (2006b) Department of state standardized regulation 652(g). Retrieved from http://aoprals.state.gov/content.asp?content_id=271&menu_id=81
U.S. Department of State (2015) Quarterly report indexes of living costs abroad, quarters allowances, and hardship differentials, Oct 2015. Visited on 25 Nov 2015. https://aoprals.state.gov/content.asp?content_id=186&menu_id=81
Waxin M-F (2004) Expatriates' interaction adjustment: the direct and moderator effects of culture of origin. Int J Intercult Relat 28(1):61–79
Waxin M-F (2006) The effect of culture of origin on the adjustment process. In: Morley MJ, Heraty N, Collings DG (eds) New directions in expatriate research. Palgrave Macmillan, New York, pp 120–141
Waxin M-F (2007) Strategic HRM management of international assignments, Chapter 12. In: Katsioloudes M, Hadjidakis S (eds) International business. Elsevier, London, pp 387–438

## Public Sector Governance and Ethical Compliance Indices

Chinyere Ndukwe[1], Ikechukwu Ogeze Ukeje[2], Johnpaul Chukwujindu Onele[3], Chisom Esther Ogbonnaya[4], Harrison Onuwa Iwuala[2], Clementina Kanu[5], Victoria Ugochi Obasi[2], Ernest N. Ejem[2] and Chijioke Jeol Nweke[6]
[1]Department of Public Administration, Ebonyi State University, Abakaliki, Nigeria
[2]Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[3]Department of Political Science, Ebonyi State University, Abakaliki, Nigeria
[4]Department of Psychology, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria
[5]Department of Accountancy/Business Administration and Banking/Finance, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[6]Department of Mathematics and Statistics, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria

### Synonyms

Citizen engagement; Code of Conduct Bureau; Corruption; EFCC; Ethical compliance; Ethics and values; Fiscal Responsibility Act; Good governance; ICPC; Integrity; Misconduct; New Public Governance; New public management; Public Complaint Commission; Public Procurement Act; Regulatory agencies; Responsibility vs. responsiveness; Service delivery; Social accountability; Sound administrative governance; Transparency

### Definitions

Governance – Good governance is not only about the further development of the rule of law and

democracy, but it also includes the elements of accountability and efficiency of the government (Addink 2019, p. 3–4).

Accountability – The most concise description of accountability would be "the obligation to explain and justify conduct" (Addink 2019, p. 159).

Responsiveness – Responsiveness is a procedural requirement for good government (Sharma et al. 2012, p. 954).

EFCC – It is an acronym of Economic and Financial Crimes Commission (EFCC)

ICPC – It means Independent Corrupt Practices and Other Related Offences Commission

## Introduction

The issues of governance, ethics, public service delivery, and outcomes for communities and countries are very central and critical to the study and practice of public sector administration and management in Nigeria especially in an era of heightened corruption and mismanagement. Public service ethical compliance (PSEC) measures and practices remain key to improving public trusts, values, transparency, accountability, responsibility, and responsiveness of the public officer (Thaler and Helmig 2015; Kumasey et al. 2016; Aitalieva 2018; Ijewereme 2018; Asamoah and Yeboah-Assiamah 2018; Okpata and Ukeje 2017; Beshi and Kaur 2019; Akosa et al. 2019) in engendering efficiency, effectiveness, and sound administrative governance and for the realization of sustainable development goals (Dansabo 2017; Ijewereme 2018; Ojo 2019; Ukeje et al. 2020a, b; Ndukwe et al. 2020) in Nigeria and other developing countries.

No doubt, for all democratic nations, a certain degree of distrust is inevitable (Kettl 2018). This is because diverse societies face a greater challenge in attempting to enhance public trust (Houston et al. 2016). However, any bureaucratic reform policies that increase citizens' trust developed in one country are equally suitable for other countries (Houston et al. 2016). However, the way government addresses citizen distrust is of great consequence (Kettl 2018). Given that the citizens are no longer tolerant of abuses of public trust and of the malfeasance of the past, they expect accountability and transparency (Brinkerhoff 2000; p. 239). The purpose of this chapter is to provide an additional insight on the relationships among public service ethics (PSEs), citizen-centered service delivery (CCSD), and ethical compliance levels (ECLs) in the Nigeria public sector by investigating the variables and challenges associated with public service ethics (PSEs) and how citizen-centered PSEC measures would help to engender sound governance and sustainability of policy reforms in developing countries. The PSEC case of Nigeria would be a very interesting one to look at in-depth – since there is very limited knowledge not just on Nigeria, but from across the African continent, on a range of important ethical administration and governance-related issues in public administration.

In recent times, scholarly research on ethics, citizen-centered service delivery, and public trust has gained prominence among public administration researchers for decades (Houston et al. 2016; Yeboah-Assiamah et al. 2016; Kumasey et al. 2016; Beshi and Kaur 2019; Camoes and Mendes, 2019; Ukeje et al. 2020b). However, prior to this upsurge of interest, little attention was paid to administrative ethics. Previous studies attributed the issues of bureaucratic inefficiency, red-tapeism, weak accountability, policy failures, low professional standards, corruption, low productivity, and lack of control in Nigeria public service to lack of good democratic practices, weak bureaucratic governance, and unclear definition and legitimization of the powers of the implementing agency (Ikeanyibe 2015; Okpata and Ukeje 2017; Ukeje et al. 2019). Thus, in the words of Henry (2002, as cited in Ezeani 2006, p. 373):

> Prior to the abandonment of politics/administration dichotomy and the principles of administration, the public administrator, needed morality no more than a hotel clerk carrying out his or her daily duties. After all, of what use was morality to a person who did no more than execute the will of the state according to certain scientific principles? Provided that public administrators accomplished their given tasks effectively and economically, they were by definition, moral in the sense that they were responsible.

Scholarly literature in Nigeria public sector governance and accountability has paid very little academic attention on the nature of public sector governance within the framework of ethics and citizen engagements that addresses issues related to the development of public sector policy reforms in sub-Saharan African country such as Nigeria. The few studies that have examined the ethical condition of Nigerian public sectors have relied exclusively on historical, descriptive, and documentary analytical reports of published corrupt practices and the level of embezzlements in various sectors of the economy under different regimes (e.g., Gundu 2011; Ezeani 2006; Ighodalo 2018; Ojo 2019). Specifically, Ojo (2019) argued that the Nigeria's public service system and its corruption idiosyncrasies cut across all sectors in both the private and public arena. In his words:

> The Nigerian corruption is so complex to the extent that no one can actually provide conventional understanding on how corruption is legalized in the public domain.....the citizens often pay extra money for the basic social services that have been provided for free by the government. Other services that public officials receive illegal payment include issuance of license, university admission, employment, contract, passport, and birth certificate. The money is usually paid by the citizens in the form of bribe and gratuity so that they can bypass the procedural rules governing the scheme of things as well as getting the preferential treatment. (Ojo 2019a, p. 6)

This presents a fundamental social/administrative challenges emanating from social contexts within which business of public administration is being carried on. It further raises the question as to the role of public sector imposed restraints and rigors in moderating idiosyncrasies of public officers. There is no prior study on the ecological and/or environmental aspects of PSEC measures applied to the Nigerian context in general and Ebonyi state public service (EBSPS) system in particular.

This shortfall represents a significant gap in the literature, since results from previous studies suggest that Nigeria's public sector governance is bedeviled with lots of ethical issues (Osawe 2015; Ijewereme 2015, 2018) resulting to poor citizen-centered service delivery and constant policy failures. This is so much so at a time Nigeria is attempting to engender service rebirth through anti-corruption measures in the public service. However, according to Ojo (2019a, p. 16), the anti-corruption agencies assigned with the responsibility of combating corruption have been moribund with the dearth of prosecutorial proficiency which remains a big obstruction of legalism. Not only that, there is also the other issues of political control of these agencies which has passed them off as mere "political tools against opposition forces." Such practices grossly undermine the integrity of public bureaucracies of Africa in general and Nigeria in particular because of the overwhelming criticisms over the years on the nature of their public sector governance (Yeboah-Assiamah et al. 2016) and its impact on the citizens (Idike et al. 2020) in spite of various administrative reforms (Ukeje et al. 2019) due to its accountability questions (Ukeje et al. 2020b).

Thus, institutionalizing public service ethical compliance (PSEC) measures will help to solve the service failures of previous policy reforms and to enshrine the adoption of stronger regulation (Ukeje et al. 2019) and mechanisms since the Nigerian service-compact policy geared toward citizen-centric service delivery has failed to transform the processes of public service delivery (Offu et al. 2018) in the course of achieving a kind of state-citizen interactions that has implication not only for scaling-up the governance ratings of the government but also for the overall reforms that improve the conditions under which the street-level bureaucrats do their jobs in social services provisioning (Ukeje et al. 2021).

This chapter is obviously important in public administration to reveal insights not only in specific laws geared toward administrative reforms but also to the impact laws have on good governance as opposed to internal ethos of government workers. Based on established public service ethical concepts and relationships, a conceptual framework linking PSEC measures, citizen-centered service delivery, and public trust in Ebonyi state public service is introduced. Thus, the establishment of a citizen-centered Ethical Compliance Service Charter (ECSC) that will be focused on strengthening social accountability

mechanisms and individual-level moral/ethical character of public servants in driving the sustainability of PSEC measures in the Nigerian bureaucracies becomes imperative. The Ebonyi state public service (EBSPS) system with its distinctive nature presents an excellent opportunity for research to further highlight the actual factors underlying unethical practices, bureaucratic corruption, and policy failures as it affects PSEC measures, despite the institutional mechanisms instituted to correct the ills in the system.

## Understanding the Nature of Public Sector Governance in Ebonyi State

Obviously, many countries are faced with varied challenges in their public sector that requires urgent solutions that are transformational in nature (Oyeyinka 2006); perhaps this explains why new public management (NPM) swept across most developed countries of the world such as New Zealand, Australia, Great Britain, and the United States. NPM's capacity for achieving the triple aim of public administration (i.e., efficient, equitable, and resilient service delivery) and its ability to address the *wicked problems* of society (Marshall and Abresch 2016) is yet to be determined in developing countries like Nigeria. For example, recent studies on the state of public service delivery in Nigeria (Ndukwe et al. 2015; Ndukwe et al. 2016; Okechukwu et al. 2016; Ukeje et al. 2019) assert that Nigeria public service is bedeviled by lack of proactive reforms to drive the vision of the NPM in an ethical and transparent manner. This has contributed to bureaucratic policy failures since the internal ethos (behaviors) of the civil servants frustrates and negates the ideas and ideals of service delivery and brings to question the effectiveness and usability of New Public Service paradigm. The constraining internal ethos is a dimension of the so-called wicked problems of public policy (Simon 2017; Carey et al. 2017). These *isomorphic pressures* often hamper behavioral modifications to respond to demands of public sector bureaucracy despite several reforms. Thus, a recent study on public sector reforms in Ghana has found "the fruitlessness of anti-corruption agencies" since political appointments have been observed to contribute significantly to corruption risks in public administration and political appointees to various administrative positions in most cases have the potential to collude with politicians in their corrupt practices instead of having the audacity to expose such nefarious and corrupt practices perpetuated by such officials (Asamoah and Ofosu-Mensah 2018, pg. 7). For example, in Nigeria, there is this phenomenon called "table manner," an informal rule governing principal agent action in the public place that breeds factors such as age falsification, attendance/time book manipulation, bribe taking, and kickbacks, among others, that influence prevailing code of ethics/rules of engagement in Nigeria public service. The idea is that "one who is eating, has his mouth stuffed with foods does not talk." That is, those who benefit from proceeds of corruption do not tell on their benefactors. This further puts a question mark on the whistleblowing policy of the Nigerian government. The argument is that unless something beyond structural changes in the formal sector is done, from *compliance-based* approach to something of new institutionalist *capacity-building* approach, a collective *problem-solving approach* that incorporates exchanges between informal and formal norms and values, public service reforms will continue to be countered by value inconsistencies.

This by implication opposes to Friedrich and Finer debates in enhancing a citizen-centric service delivery and the overall performance of public service (Friedrich 1940). The New Public Service standpoint, deep-seated in democratic government theory, highlights the accountability of officials to citizens, whereby officials serve and respond to citizens rather than steering society. It assumes that representative officials will be inspired in servicing public interest in a committed and dedicated manner, thereby responding to citizens' expectations of a healthy and responsive public service (Osborne 2006; Denhardt and Denhardt 2011). Importantly, while the Old Public Administration (OPA) witnessed limited discretion, the NPM enjoyed greater discipline. All through the era of NPM, emphasis was on

decentralization and horizontal specialization in public agencies. The second paradigmatic transition saw the emergence of the New Public Governance (NPG), simply referred to as the post-NPM. It shares enormous characteristics with the NPM. The closed system associated with the OPA had phased out, ushering in initiatives such as coproduction, partnership, and collaboration. It is characterized by the concepts of coordination, centralization, governance, networks, and partnership (Christensen 2012).

In the era of NPG, emphasis is on transferring some responsibility of public service delivering, in collaboration with the bureaucracy, to the citizens who are now considered as active partners (Levine and Fisher 1984; Puolokainen and Jaansoo 2018; Farazmand et al. 2019), a bilateral partnership necessitated by globalization (Farazmand 2017). This is an initiative that calls for strong regulations to boost ECLs. Experience with both bureaucracy and bureaucrats represents one of negative reflection, a major reason for shifting service delivery to citizen partnership. Bureaucracy is better evaluated at service-user level where citizen-bureaucrat interface is relatively embodied. Sound governance, as critically conceptualized by Farazmand, has as its constituent elements comprehensiveness, autochthonous governance regimes, competence, societal cultural base, inclusivity, and internationally acceptable values (Farazmand 2012, 2017).

Importantly, sound governance is proposed in response to the fundamental flaws of "good governance," a concept Farazmand borrowed from the ancient Persian Emperor Darius the Great (521–480 BC) who's comprehensive administrative reforms were considered essential for a "sound economy and administration" of the world's first and largest empire – the One World State of the Achaemenid Persian Empire (Farazmand 2004, 2009, 2012). Sound governance is consistent with the New Public Governance (NPG) approach in public service delivery and performance. How does this core tenet relate to the broad issues of public sector's ethical governance in Nigeria? How does the paradigm correlate with the multicultural nature of Nigerian public service and the recurrent calls for a pragmatic and result-oriented reform in the system?

## Research Design

This study adopted a mixed method research design (Johnson et al. 2007), due to the nature of the subject of study. Specifically, we adopted concurrent mixed method design which seeks to "converge quantitative and qualitative data to provide a comprehensive analysis" (Creswell 2003). This method has been found to be a useful tool in determining complex phenomenon that may defy a single method design (Creswell 2013). The semi-structured interviews were guided by the phenomenology research which helped to identify participant's experiences of the phenomenon (public trust, transparency, accountability, service delivery, integrity, responsiveness, conflict of interest, bureaucratic corruption, personal networking, and ethical compliance measures) being discussed. The survey was undertaken in English language since it is the lingua franca for Nigeria. Experiences of ethical quality were determined during the survey, which covered the dimensions identified in Fig. 1. We designed a survey instrument which contained 33 items on 3 research hypotheses (13 on relationship between PSEC measures and public trust (PT), transparency, and responsiveness; 6 on link between IC, cultures, values, orientation, ethnicity, and the nature of PSEC measures; and 14 on effect of PSEC measures on service delivery and accountability). Every dimension has adequate number of questions covering relevant aspects of existing ethical compliance measures. The questions were designed in a five-point Likert scale (5, strongly agree; 4, agree; 3, neutral; 2, disagree; 1, strongly disagree). The survey was carried out in EBSPS in Nigeria, and a total of 200 were distributed directly to the respondents in 2017 through the help of three research assistants; out of which, 186, representing 93% response rate, were returned. Furthermore, using purposive sampling technique to select relevant strata (local public stakeholders) of the population that have experience on public decision-making processes

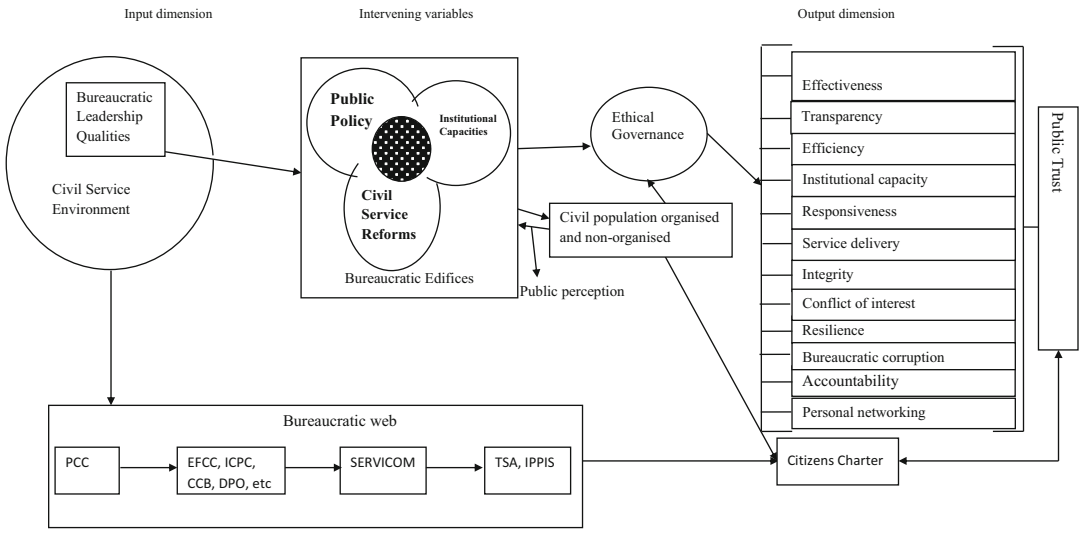


**Public Sector Governance and Ethical Compliance Indices, Fig. 1** Conceptual framework model

in Nigeria, one of the research assistants conducted a semi-structured interviews from November to December 2019 based on certain themes in the hypothesis. The responses were recorded using electronic device and later were transcribed to paper. To protect the identities of respondents, researchers have decided not to include names and official addresses of respondents in the final drafts of the report.

## Linking PSEC Measures, Citizen-Centered Service Delivery (CCSD), and Public Trust (PT) in EBSPS

According to Ezeani (2006), because public organizations are established by Acts of Parliament or orders of the executive arm of government, supported by taxpayer's money and expected to meet the needs and aspirations of the citizens, their managers are made accountable to public. Thus, the ordinary citizens have the right to probe into the activities of public officials, in order to ensure that the public purpose is served and that public funds and resources are not mismanaged or misappropriated (Ezeani 2006, p. 13). Good governance is not only about the further development of the rule of law and democracy, but it also includes the elements of accountability and efficiency of the government (Addink 2019, p. 3–4). The six core principles of good governance are properness, transparency, participation, effectiveness, accountability, and human rights (Addink 2019, pg. 19). Accountability is an obligation to provide an account to someone with a legitimate interest. It involves a counting of possessions and the classifying of information on the basis of norms and conventions (Ferry and Murphy 2018, p. 619).

Thus, we intend here to highlight the relationships among CCSD and PT. Although public administration plays a strategic role in the economic and social development policy arena, the Nigerian public bureaucracy and governance is weak, largely dysfunctional and in need of improvement (Offu et al. 2018) especially in this era of Sustainable Development Goals. This is because there are so many challenges relating to the implementation of the strategies and action plans required to achieve the goals (Fleming et al. 2017). Studies in EBSPS since creation in 1996 have revealed that the system witnessed a lot of turbulent experiences, arising from persistent unethical behavior and general administrative inefficiencies from flawed reforms which shun compliance with modern theories of public administration. This gave birth to the *Attitudinal Change Policy* of the immediate past government of Chief Martin Elechi. The scope of the policy was designed to permeate the entire fabrics of the

society where changes are expected on entrenched behavioral patterns. It was a matter of policy then that people, irrespective of class, could no longer attend public functions behind schedule, shun nepotism, be accountable in both public and private life, etc. and acting otherwise attracted swift consequences. It was also reinforced with aggressive pubic campaigns and rewards, a carrot and stick approach on the platform of *Ochudo Time* mantra.

It was expected that the general public buy-in of the agenda would trickle down to the public institutions and change the ways things are done in the State for the good of all. However, though the civil service handbook is quite exhaustive, dealing with all salient features of the service, the role of the civil servant in government and the manner in which government business should be conducted in order to have an efficient and effective administrative system capable of winning public confidence, it had failed to limit the behavior of bureaucrats in the state within acceptable norms in public institutions. So concerned was the government that it invited Dr. Myles Munroe for capacity building of public servants in the administrative cadre. But soon after that exercise, the service situation and ethical climate quickly relapsed to the status quo ante as if nothing was taking away from the program, thus supporting the position of Thaler and Helmig (2015) that ethical leadership does not necessarily "align formal written codes and informal prevailing values. . .(pg19).

Therefore, institutionalizing ethics in governance and PSD practices and/or policy reform initiatives through a proactive and result-oriented ethical strategy has centered on enhancing a platform for effective and efficient institutional role-taking, in order to achieve equity, transparency, participation, responsiveness, accountability, and the rule of law in a global perspective. This should, all other things being equal, lead to PT, sound ethical administrative governance, institutional capacity (IC), and the eradication of unethical behaviors since ineffective institutions usually result in the greatest harm to the poor citizens and vulnerable in the society/the users of public services.

It is pertinent to note that the strengthening of PSEC measures and sound administrative governance determines the way in which the effectiveness of public policies and strategies is attained, especially in public service delivery (PSD). This has great implications for sustainable development in EBSPS. Thus, improving the democratic quality of political engagement and enhancing participation of the poor and marginalized citizens in PSD are a function of sound administrative governance built on the platform of public service ethics and accountability. The idea is to drive the sustainability of PSEC measures for the transformation of PSEC reform in emerging bureaucracies grappling with challenges of institutional capture (Ukeje et al. 2020a, b; Ndukwe et al. 2020).

## Conceptual Framework Model

According to Carey et al. (2017), there has been search for new institutionalism which seeks to establish a new reality about how organizations and their environment are perceived and responded to. Indeed, the observed reality that in responding to these pressures, "organizations are forced to a homogeneous state" implies attempts by extra-organizational variables to blur the lines between public formal organizations and the "informal" institutional norms and values that surround them. We have referred to the *table manner* phenomenon, an institutionalized quid pro quo relationship in the bureaucratic system. Public service environment constitutes the entire spaces within which the business of bureaucracy is carried on. It ranges from the physical/structural to the ideological/normative dimensions. While the former should include all the material aspects of bureaucratic activity, the latter encompasses nonmaterial/values aspect of bureaucracy. Both aspects of course have received considerable attention from researchers and practitioners in a bid to democratizing the former and strengthening the latter.

The fundamental question is how to reinforce formal organizations to respond to contemporary informal demands without necessarily making it

disoriented and powerless or insensitive and rigid and, in the process, jeopardize the opportunities and efforts toward a wider response to organizational challenges in the postmodern era of public administration. It is important at this point to note the need for widening of scope of public sector reforms beyond the formal organizations to incorporate the citizens element in exploring options for improving sensitiveness to *public value* which is not merely what is produced as services (outputs) by government but also how what is produced is received by citizens (outcomes); what has meaning for people rather than what a public sector decision-maker might presume is best for them (Alford and O'Flynn 2009, p. 176), and recognizing "a mixed approach that benefits from the advantages of professionalism as codes to guide public servants and an active conscience to help them" (Al-Habil 2011). As Carey et al. (2017) asserted, "informal institutional practices can circumvent problems with formal structures – making them highly productive for achieving policy goals (pg.6); because the human conscience could be a useful tool for behavioral control when constrained by piercing public scrutiny as Omotoye (2018) argued, corruption does not thrive where information on processes, procedures, and issues of national interest are freely open to the public. The *table manner* phenomenon, for example, is not seen as corruption but as informal mechanism of reallocation of equity among competing interests by Nigerian public servants and so is hardly reported. This lays credence to the argument that "...kinship and patronage relationship promotes clientelism in the socio-political arena. The clients are provided with basic welfare access or needs while the patrons enjoy the political legitimacy and authority. The recognition of informal network by the clients serves as a source of economic and social fulfillment..." (Ojo et al. 2019b, p.2). Thus, ECSC should reposition the citizens as active agents in the entire ethics governance process (see Fig. 1).

Results from interviews with some officials of Nigeria public service and citizens support this finding that though certain elements of sound governance may exist in a public service, its modus operandi could be a serious problem and alter its expectations as is the case with Nigeria where they exist in forms of informal structures exploiting public good rather than create it. For instance, an opinion offered that state public service apparatus have been emasculated by few powerful and rich individuals and are used to target and oppress the poor and perceived enemies:

Respondent 05:

> "There is little real mechanism for redress in Nigeria public service. Look at
>
> a situation where an MD will have a private clinic, when patients come to hospital he is serving at with a case, instead of him to attend to them in the public facility, he mishandles the case so that it will deteriorate and make the patients seek alternative. Then he cleverly offers them referral to his private clinic or others in which he has interest for treatment at a very exorbitant charge. And if you see the way these patients are taken care of in the private clinic, you'd wonder whether the doctor is still the same person that attended to them in the public facility. And there is usually no consequence for negligence of duty because virtually all top MDs are in the game (Patient).
>
> The Judiciary is in the hands of few privileged. If you don't have.
>
> Somebody you cannot be vindicated, that is, one to help in resources.
>
> and other things to help you pursue the case. The poor are the victims.
>
> of misrule and injustice" (Environmental Health Officer).

Respondent 04:

> I think the fundamental problem is not the absence of ethics codes
>
> or even lack of structures. I really think the problem is lack of necessary
>
> incentives to function acceptably. Public officers act the way they do
>
> because they are free to do so. And you know the problem of esprit de corps
>
> which compels mutual protection among colleagues especially when there is
>
> mutual culpability (Senior Lawyer).

On the charter being proposed he said:

> It is very sacrosanct. Because then, the citizens will provide the

> necessary incentive I mentioned earlier that is lacking for
>
> public officers to function. I can refer you to a case, you recall the
>
> case of Wadume, that popular kidnapper? Recall that his case was
>
> almost buried away until there were public outcry all over Nigeria
>
> for him to be trialed. Government had to yield.

Furthermore, we also found evidence for trust deficiency in the course of the interview.

Respondent 15:

> The whistle-blowing policy will do very little because, for example, moneys recovered through the process are not even accounted for... if there is a system that is stern and strict that can impose change on the people because the people do not even trust in themselves so they cannot trust others. There is a need for an all-encompassing system that constrains the substructure to live in some kind of prescribed mannerism (Sociologist).

But if the "all-encompassing system" is not cooperative in nature, it might fall in the same trap as previous reforms, because the implementation prospects would still rest on those who have captured the state apparatus. This agrees with the position of Nwogwugwu (2018) as cited in Ojo (2019b, et al. p.9) that "one fundamental issue observed across Africa, is that, the big men have monopolized all the political offices, and the youths who they allow to occupy public office are their children and puppets who are being groomed to take over the legacies of the political big men, thereby entrenching a form of circulation of elites."

## Hypothesis

This study was aimed at getting better insight of the relationships between PSEC measures, public service delivery (PSD), institutional capacity (IC), and public trust (PT) in EBSPS. Thus, the following hypotheses were tested:

**H1:**

There is no correlation between the overall effects of inefficient PSEC measures, public service delivery, and accountability.

**H2:**

There is statistical relationship between PSEC in EBSPS and public trust, transparency, and responsiveness.

**H3:**

The PSEC measure is independent of institutional capacity, culture, values, orientation, and ethnicity.

While we note that the exploration of the relationships among the variables indicated in the hypotheses is not a novel endeavor itself, the relevance of this study is that it has not been previously tested in the context of this study. Hence, guided by the conceptual model depicted in Fig. 1, the nature of PSEC measures in EBSCS was examined in terms of PT, transparency, and responsiveness; PSEC resilience was tested from the points of IC, culture, values, orientation, and ethnicity, whereas the overall effects of PSEC measures were determined from the prisms of PSD and accountability (see Tables 1 and 2).

## Results Analysis and Discussion

The results support the conceptual model linking public service ethical compliance measures, citizen-centered service delivery, and public trust. In particular, this study shows how factors such as age falsification, attendance/time book manipulation, bribe taking, and kickbacks, among others, influence prevailing code of ethics/rules of engagement in Nigeria public service. This study has practical implications as it adds to the body of knowledge relating to public service ethical reforms and management. This is hoped to promote PSEC measures for enhanced public trust, accountability, transparency, responsiveness, and value reorientation in public service institutions.

Accordingly, the result in table above is the result of regression model (multinomial generalized linear model) of the level of relationships between ethical compliance and PSD (Table 1). For the categorical variables (level of ethical compliance and PSD), the last category is used as reference category. In addition to the ethical

**Public Sector Governance and Ethical Compliance Indices, Table 1** Analysis of the relationships between ethical compliance and public service delivery using generalized linear model

| Parameter | | B(95% CI) | p-value | OR |
|---|---|---|---|---|
| Threshold | [Public Trust=1] | 28.632(21.36, 35.91) | 0.000 | 2.7E+11 |
| | [Transparency=2] | 35.186 (27.22 , 43.15) | 0.000 | 1.9E+15 |
| | [Responsiveness=3] | 41.153 (32.41 , 49.90) | 0.000 | 7.5E+17 |
| | [Accountability=4] | 49.258 (39.02 , 59.50) | 0.000 | 2.5E21 |
| [Ethical compliance=1.00] | | 25.862 (18.90 , 32.83) | 0.000 | 1.7E+10 |
| [Institutional capacity=2.00] | | 18.774 (12.49 , 25.06) | 0.000 | 1.4E+7 |
| [Values=3.00] | | 10.788 (5.16 , 16.42) | 0.000 | 4.8E+3 |
| [Cultural belief=4.00] | | 3.207 (-2.202 , 6.62) | 0.245 | 24.695 |
| Ethics*service delivery | | 3.191 (2.64, 3.74) | 0.000 | 24.311 |
| ***Test for model effect*** | | | | |
| ***Source*** | | ***Wald statistic*** | ***d.f*** | ***p-value*** |
| Ethical compliance | | 27.770 | 4 | 0.000 |
| Ethics*service delivery | | 62.231 | 1 | 0.000 |

*OR* odd ratio, *CI* confidence interval, ($p < 0.05$) indicates significance

**Public Sector Governance and Ethical Compliance Indices, Table 2** Analysis of the relationships between public service ethical compliance, institutional capacity, and public trust using generalized linear model

| **Parameter** | | **B** | **p-value** | **OR** |
|---|---|---|---|---|
| Threshold | [Bureaucraticcorruption=1] | 53.139 (39.32 , 66.96) | 0.000 | 1.2E+23 |
| | [Orientation=2] | 68.307 (50.14 , 86.47) | 0.000 | 4.6E+28 |
| | [Integrity=3] | 77.916 (58.48 , 97.36) | 0.000 | 6.8E+32 |
| | [Ethnicity=4] | 96.098 (71.67 , 120.53) | 0.000 | 5.4E+42 |
| [Ethical Compliance=1.00] | | 55.769 (40.78 , 70.76) | 0.000 | 1.6E+23 |
| [Service delivery=2.00] | | 40.983 ( 29.89 , 52.08) | 0.000 | 6.2E+16 |
| [Efficiency=3.00] | | 26.480 (19.186 , 33.77) | 0.000 | 3.2E+10 |
| [Effectiveness=4.00] | | 12.721 (8.746 , 16.70) | 0.000 | 3.3E+04 |
| Ethics*service delivery | | 5.242 (3.924, 6.560) | 0.000 | 189.085 |
| ***Test for model effect*** | | | | |
| ***Source*** | | ***Wald statistic*** | ***d.f*** | ***p-value*** |
| Ethical compliance | | 23.773 | 4 | 0.000 |
| Ethics*service delivery | | 60.779 | 1 | 0.000 |

*OR* odd ratio, *CI* confidence interval, ($p < 0.05$) indicates significance

compliance as a dependent variable, we have an interaction of the institutional capacity and service delivery as independent variables which measure the extent or magnitude of the relationship or effect of poor ECLs on the performance of civil service delivery. From Table 1, the p-values for the effect sources of the model are all greater than the established confidence level ($p < 0.05$) indicating that both inefficient ethical compliance measures and its interaction with level of service delivery are significant. Thus, H1 is accepted. The same are also true for the other dimensions interrogating relationships between sound ethical compliance measures and levels of PT and the interplay of PSEs and exogenous elements of values, cultures, and norms of society formally extraneous to traditional public service ethos, leading us to reject both H2 and H3. The implication is that while PSEs are seen as necessary desirables in organizational management in EBSCS, their operations actually remain minimal as a currency for optimizing PT through improvements in

service delivery; instead, recourse is frequently taken to forces beyond the boundaries of formal bureaucratic limitations. These observations seem to agree with that of Farazmand (2016, p.1) that:

all government organizations must perform with efficiency but,
efficiency is not their main purpose; it is only a means,
to an end. . . Achieving end goals using legitimate means is,
essential to government organizations; ignoring or bypassing,
required processes and legitimate means presents significant,
problems of potential violation of laws and accountability in,
assuring democratic administration.

The reason this is so, as already noted, is simply that the spheres of formal/informal values interaction are expanding rapidly in the postmodern era of public administration where public value has taken on increasingly new meanings. What has happened is not a fundamental redefinition of PSEs but rather the expansion of it to accommodate previous *blind spots*, previously considered either irrelevant or insignificant in the public process necessitating the *sound governance movement* seeking collaborative engagement of citizens (Farazmand 2012) in enacting desired changes in producing public value capable of improving public trust ratings (Idike et al. 2019). As it seems right now, the "public" are beginning to redefine *their process* to accommodate "more traditional citizen-oriented complaints handling appeals mechanisms, which though do contain inherent inefficiencies, are equally important in reinforcing good governance (this time, sound governance) norms and values such as citizen voice" (Brewer 2007, p.6). This agrees with the position of Jilke and Walle (2012) that citizen-complaint behavior is flexible and reflects economic and expectation push factors within subgroups, even jurisdictions; the fulfillment of this expectations is linked to PT. When citizens perceive the bureaucracy as insensitive feel that it promotes the interests of powerful individuals or group based on political considerations, public attitudes toward democracy may become more cynical (Vigoda-Gadot 2007, p.290).

## Conclusion

Globally, public sector managers and researchers are becoming increasingly aware of the significant benefits derivable from functioning ethics in public processes especially in the postmodern public administration era where the traditional boundaries of bureaucratic ethos are being strongly exerted and rapidly too. Results of this exploratory study further affirm known relationships among PSEC measures, service quality, and PT: that citizens' trust is escalating the effect of sound governance (Mishra and Momin 2020). The study highlights the necessity of paradigmatic shift to a social accountability framework that harnesses informal ethos for a wider and more resilient PSEC measures in public processes. The results also emphasize the roles ECSC could play in promoting sound ethical climate in public institutions. Thus, for the attainment of sound administrative governance and sustainable development in EBSPS, citizen-centered ethical body should be instituted at all levels of government: federal, state, and local levels of administrative offices, establishments, and parastatals to engender ethical code consciousness and reinforce compliance measures in a prevailing state of "table manner phenomenon," a typology of mimetic and normative dimensions of isomorphism, especially as availability of Code of Conduct Bureau, Public Complaint Commission, EFCC, ICPC, and other regulatory agencies has shown pathological deficiencies in confronting violations of PSEs in the state. In Ebonyi state, PSEs can be managed through implementing a sound ethical code, by synergizing with top management teams and the commitment and support of an ethics officer, trained and empowered to report unethical behavior and the auditing of ethical performance. The aim is to establish greater ethical clarity and climate and to specify acceptable and unacceptable behavior in the system. Findings reveal that lack of the presence of an ethic officer in the human

resource department of EBSPS is a major challenge in institutionalizing public service reform in the system. More so, there is lack of ethical orientation and synergy between the ethical bodies/institutions, the public servants, and the citizens for enhanced performance and service delivery. Findings further revealed that employees are constrained by harsh socioeconomic conditions and poor reward/remuneration system and high incidence of extended family dependency burden/ratio. The effects culminate into high ethical dislocation and loss of national consciousness that are potential triggers for public sector corruption. Thus, following the decline in the political, economic, and administrative condition of Nigeria, public institutions face problems of high cultural consciousness and ethnicity, which results in loss of patriotism and public confidence, and the legitimacy of public service in Nigeria and elsewhere is found in a critical condition.

This chapter therefore argues that new PSEC policy options that reduce ethnic and cultural as well as other anti-ethics attachments on public institutions and employees be instituted as a way of enhancing employees' institutional compliance. This measure remains a sine qua non in attaining quality of service delivery and sustaining sound institutional and ethical climate and integrity. This creates a reformative and transformative service culture that recognizes the citizen as active partners of government deserving accountability, integrity, and honest service and the institutionalization of a sound ethical climate in the process of discharging public services. Importantly, active citizenship participation, demands, and access to these institutions compel political will. Additionally, the idea is that focus should not be only on improving service delivery through reforms but establishing an ECSC that will be focused on strengthening the individual level of moral/ethical character of the citizens to drive the sustainability of PSEC measures in the Nigerian bureaucracies that will help to achieve the tenets of sound governance as proposed by Farazmand, especially when we consider that a public officer could "at least in theory obey all the aspects of the letter of the code but still behave unethically" (Atkinson 2016, p. 3). It will serve as a natural extension of the progress made toward realizing the vision of the NPM down to the NPG paradigm, and also it will help in addressing society's *wicked problems*. This no doubt will drive the whistle-blowing act of the Nigerian government. Importantly, legislation on, and implementation of, whistle-blowing act enhances transparency, accountability, responsiveness, and PT. Establishment of the ECSC will not only facilitate the attainment of PSEC reforms but will reduce the level of cultural and ethnic tendencies in the Nigerian public service as evidenced in the conceptual model (see Fig. 1). In this context, the ECSC forms part of the much bigger NPM agenda as a citizen-centric charter aimed at enhancing and/or improving the quality of PSD and PT by establishing strong relationship/partnership between the citizens and the outside world. This no doubt, from the standpoint of institutional theory of administrative reform, will help to modify collective values, culture, and structure to make the organization adaptive and dynamic (Farazmand 2004). In this vein, the institutionalization of ECSC in the study area supports the argument of Cinquini et al. (2017) on coproduction and governance particularly as it concerns PSD and citizen participation. It also benefits from some theoretical insights on the practicability of a place-based "systems leadership" initiatives and development that have the potential to generate public value in cross-sector partnerships for increased accountability and in addressing "wicked" challenges (Bolden et al. 2019).

Public administration practitioners will find wisdom in the findings of this work for managing their personal choices to buoy their confidence in keeping to institutional ethics especially in a recessed economy and in the future. This paper has implications in the overall management of future HRM practitioners both in developed and developing countries. This paper, however, agrees with Yeboah-Assiamah et al. (2016), who explains that what occurs in the social or

traditional setting easily transcends into the offices of African public sector, since not many employees who observed ethical violations actually report them (Taylor 2018). Thus, instituting the virtues of citizen-centered ECSC will help to develop a citizen-centric ethical governance that will restore trust, transparency, accountability, and a value-based virtue in our public and private lives. These are recipe for sound administrative governance and the attainment of sustainable development in Nigeria's public sector organizations. This no doubt will help to restore the legitimacy of public service in Nigeria and other developing countries in general, build strategic capacity, and thereby develop more sustainable practices in the pattern, manner, and development of PSEC measures and adoption in EBSPS system. This is because citizen expectation/confidence is bound to diminish toward public officials if cases of unethical behaviors persist in government institutions. This by implication will help to realize the targets set in the goal 16 of the SDGs especially in Nigeria and other developing countries.

Our findings on the nature and practice of PSEs in EBSPS did not support the earlier findings of Kumasey et al. (2016) that codes of ethics developed by organizations will significantly and positively predict and shape employee commitment without some incentives. This is as a result of the prevailing nature of state capture accentuated by the table manner phenomenon. The results support the conceptual model linking public service ethical compliance measures, citizen-centered service delivery, and public trust. In particular, this study shows how factors such as age falsification, attendance/time book manipulation, bribe taking, and kickbacks, among others, influence prevailing code of ethics/rules of engagement in Nigeria public service. This chapter has practical implications as it adds to the body of knowledge relating to public service ethical reforms and management. This is hoped to promote PSEC measures for enhanced public trust, accountability, transparency, responsiveness, and value reorientation in public service institutions. Generally, the policy implication is that this paper fuels ongoing concerns about the impact of public service ethos, citizens' trust, policy reforms, and social accountability.

## Cross-References


- ▶ Bureaucratization and Service Delivery in Nigeria
- ▶ Good Governance
- ▶ Public Service Ethics and Accountability


## References


Aitalieva NR (2018) Bureaucracy and public trust. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance, Springer. https://meteor.springer.com/project/dashboard.jsf?id=273

Akosa F, Yeboah-Assiamah E, Asare BE, Asamoah K, Essah-Koli AP, Ahmad P (2019) Operationalization of Ghana's civil service code of conduct. Public money & management. http://ugspace.ug.edu.gh/bitstream/handle/123456789/30655/Operationalization%20of%20Ghana%E2%80%99s%20civil%20service%20code%20of%20conduct.pdf?sequence=1&isAllowed=y

Alford J, O'Flynn J (2009) Making sense of public value: concepts, critiques and emergent meanings. Int J Public Adm. 32:171–191

Al-Habil WI (2011) The administrative ethics between professionalism and individual conscience. Business and management review 1(10):43–45

Addink H (2019) Good governance: concept and context. Oxford University Press, Oxford

Asamoah K, Ofosu-Mensah EA (2018) Fruitlessness of anti-corruption agencies: lessons from the commission on human rights and administrative justice in Ghana. J Asian Afr Stud:1–15. https://journals.sagepub.com/doi/abs/10.1215824401558118 8/0021909618762575

Atkinson CL (2016) Compliance versus ethical capacity. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing Switzerland

Beshi TD, Kaur R (2019) Public Trust in Local Government: explaining the role of good governance practices. Public Organ Rev. https://doi.org/10.1007/s11115-019-00444-6

Bolden R, Gulati A, Edwards G (2019) Mobilising change in public services: insights from a system leadership development intervention. Int J Public Adm:1–11.


P

https://www.tandfonline.com/doi/abs/10.1080/01900692.2019.1604748
Brewer B (2007) Citizen or customer? Complaints handling in the public sector. Int Rev Adm Sci 73(4): 549–556
Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20:239–252
Carey G, Buick F, Malbon E (2017) Institutions and wicked problems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer
Christensen T (2012) Post-NPM and changing public governance. Meiji J Political Sci Econ 1:1–11
Cinquini L, Campanale C, Grossi G, Mauro SG, Sancino A (2017) Co-production and governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Creswell JW (2003) Research design: qualitative, quantitative and mix methods approaches. Library of Congress Cataloging in publication data, New York
Creswell JW (2013) Research design: qualitative, quantitative and mixed methods approaches. Sage Publications, London
Dansabo MT (2017) Prospects of sustainable development goals in Nigeria. Global scientific journals 5(9):84–98
Denhardt JV, Denhardt RB (2011) The New Public Service: Serving, Not Steering. 3rd Edition. Armonk, NY: M. E. Sharpe
Ezeani EO (2006) Fundamentals of public administration. Snaap Press Ltd.
Farazmand A (2004) Sound Governance: policy and administrative innovations. Westport, CT: Praeger
Farazmand A (2009) Bureaucracy and the administrative systems of the ancient world-sate Persian empire: implications for modern public administration. In A. Farazmand (Ed.), Bureaucracy and administration (pp.19–52). Boca Raton, FL: CRC/Taylor and Francis
Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public organization review 12:223–241
Farazmand A (2016) Accountability and democratic administration. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer
Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17:595–617
Farazmand A, Danaeefard H, Mostafazadeh M, Sadeghi MR (2019) Trends in public administration research: a content analysis of iranian journal articles (2004–2017). Int Journal Public Adm. https://www.tandfonline.com/doi/full/10.1080/01900692.2019.1598689
Ferry L, Murphy P (2018) What about financial sustainability of local government! – a critical review of accountability, transparency, and public assurance arrangements in England during austerity. Int J Public Adm 41(8):619–629
Fleming A, Wise RM, Hansen H, Sams L (2017) The sustainable development goals: a case study. Mar Policy 86:94–103
Friedrich CJ (1940) Public policy and the nature of administrative responsibility. In: Friedrich CJ (ed) Public policy. Harvard University Press, Cambridge
Gundu GA (2011) Nigerian's Experience in Dealing with Public Service Ethical Dilemmas. African Journal of Political Science and International Relations 5(3):146–151
Head BW, Alford J (2015) Wicked problems: implications for public policy and management. Adm Soc 47(6): 711–739
Houston DJ, Aitalieva NR, Morelock AL, Shults CA (2016) Citizen trust in civil servants: a cross-national examination. Int J Public Adm 39(14):1203–1214
Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the Federal Character Principle experience. Cogent Soc Sci. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545
Idike AN, Ukeje IO, Ogbulu U, Aloh JN, Obasi VU, Nwachukwu K, Osuebi K, Ejem EN (2020) The practice of human capital development process and poverty reduction: consequences for sustainable development goals in Ebonyi state, Nigeria. Public Organ Rev, Springer. https://doi.org/10.1007/s11115-020-00482-5
Ighodalo A (2018) Public administration and sustainable national development in Nigeria's fourth republic. Advances in social sciences research journal 5(3): 466–478
Ijewereme OB (2015) Anatomy of corruption in the Nigerian public sector: Theoretical perspectives and some empirical explanations. SAGE Open, 1–16. https://doi.org/10.12158244015581188/2158244015581188
Ijewereme OB (2018) Civil service reforms and governancechallenges in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3535-1
Ikeanyibe OM (2015) New public management and administrative reforms in Nigeria. International journal of public administration, 1–14
Jilke, Sebastine & Van de Walle, Steven (2012). Two track public services? Citizens' voice behaviour towards liberalized services in the EU15. Public management review
Johnson, R. Burke, Onwuebguzie, Anthony J, and Turner, Lisa A (2007) Toward a definition of mixed methods research. Journal of mixed methods research 112–133
Kettl DF (2018) A slow and steady approach to building trust in government. J Public Adm Res Theory: 440–455
Kumasey AS, Bawole JN, Hossain F (2016) Organisational commitment of public service employees. In Ghana: do

codes of ethics matter? International Review of Administrative Sciences 1–19
Levine C, Fisher G (1984) Citizenship and service delivery: the promise of co-production. Public Adm Rev 44:178–189
Marshall GS, Abresch C (2016) New Public Management. In: Ali Farazmand (Ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance, Springer. https://link.springer.com/referenceworkentry/10.1007/978-3-319-31816-5_1867-1, https://meteor.springer.com/project/dashboard.jsf?id=273
Mishra SS, Momin MM (2020) Is citizens' trust escalating the effect of sound governance on citizens' satisfaction in Ethiopia? Int J Public Adm 43(1):84–93
Ndukwe C, Elom C, Ukeje IO, Anigbata DO (2016) Repositioning Human Resource Practitioners for Effective Change Management in Times of Severe Austerity: A Policy Framework for Service Delivery in Nigeria Public Sector. Journal of Resources Development and Management. 22:40–49. http://iiste.org/Journals/index.php/JRDM/article/view/31748
Ndukwe C, Idike AN, Ukeje IO, Onele JP, Clementina K, Obasi VU, Ogbonnaya EC, Anigbata OD (2020) Recruitment practices and sustainable development. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4034-1
Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_3499-1
Ojo JS (2019a) Anti-corruption war and the ambivalence of legalism in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://meteor.springer.com/project/dashboard.jsf?id=273
Ojo JS, Lamidi KO, Odewale AD, Shiyanbade, B, Ihemeje G (2019b) Enemy within the State: The pathology of Boko Haram Insurgency, military corruption, and fallacy of arms procurement in Nigeria. International journal of public administration
Okechukwu GP, Ukeje IO, Ekwunife RA (2016) The Melting Point between SERVICOM and Service Failure: A Labyrinth for Efficient Service Delivery in Nigeria. IOSR Journal of Humanities and Social Science (IOSR-JHSS) 21(5):01–10. http://www.google.com/url?q=http%3A%2F%2Fwww.iosrjournals.org%2Fiosr-jhss%2Fpages%2F21%285%29Version-2.html&sa=D&sntz=1&usg=AFQjCNHMxsVyGuLZouhOMvE1CONx1C6HtA http://www.iosrjournals.org/iosr-jhss/pages/21(5)Version-2.html
Okpata FO, Ukeje IO (2017) Justice and human dignity in the development of Nigerian federalism and public service system: the problem of good governance. International Multidisciplinary Academic Research Journal 1(1):44–69. Available online: http://optimaledujournals.com/wp-content/uploads/2018/05/SEPTMBER-2-12-37.pdf
Osawe CO (2015) Nigerian public service performance in a dysfunctional ecology: issues, challenges and the way forward. Review of public administration and management 3(7):45–57
Osborne SP (2006) The New Public Governance? Public Management Rev
Oyeyinka RNI (2006) Governance and Bureaucracy: Leadership in Nigeria's Public Service. The Case of the Lagos State Civil service (1967–2005), Maastricht University, Netherlands. pp 217
Puolokainen T, Jaansoo A (2018) Bureaucracy and service delivery. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Cham, pp 1–6. https://doi.org/10.1007/978-3-319-31816-5_3280-1
Simon JW (2017) Stakeholder analysis and wicked problems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance, Springer. https://meteor.springer.com/project/dashboard.jsf?id=273
Sharma MP, Sadana BL, Kaur H (2012) Public administration in theory and practice. 48th edition. Kitab Mahal, 22-A, Sarojini Naidu Marg, Allahabad
Taylor J (2018) Internal whistle-slowing in the public service: a matter of trust. Public Adm Rev 78(5):717–26
Thaler J, Helmig B (2015) Do codes of conduct and ethical leadership influence public employees' attitudes and behaviours?: an experimental analysis. Public Manag Rev 18(9):1365–1399
Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer
Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020a) Public service recruitment practices and implications for sustainable development in Ebonyi state. Nigeria Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394
Ukeje IO, Onele JC, Okezie BN, Ekwunife AR, Ogbonnaya CE, Nwangbo SO (2020b) Public service ethics and accountability. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. https://doi.org/10.1007/978-3-319-31816-5_4173-1Springer
Ukeje IO, Nwangbo SO, Onele JP (2021) Politics of patrimonialism, influence of principal/agent relationships on discretionary powers of street-level bureaucrats in Nigeria. In: Farazmand A (ed) global encyclopedia of public administration, public policy, and governance. Springer
Vigoda-Gadot E (2007) Citizens' perceptions of politics and ethics in public administration: a five-year national study of their relationship to satisfaction with services, trust in governance, and voice orientations. JPART 17: 285–305
Yeboah-Assiamah E, Asamoah K, Bawole JN, Musah-Surugu IJ (2016) A socio-cultural approach to public sector corruption in Africa: key pointers for reflection. J Public Aff 16(3):279–293

# Public Sector Innovation in Korea

Dong Chul Shim[1] and Hyun Hee Park[2]
[1]Department of Public Administration, Korea University, Seoul, South Korea
[2]Department of Public Administration, Kookmin University, Seoul, South Korea

## Synonyms

Administrative reform; Governance innovation; Employees' innovative behaviors; Organizational change; Public sector reform; Public service innovation; Technological innovation

## Definitions

Public sector innovation can be defined as new approaches that public sector organizations such as government organizations and public corporations adopt and implement to improve the quality of public services.

## Introduction

The Korean governments have performed reforms over the last half-century and, accordingly, there has been a substantial body of literature that has examined the government's such efforts and various issues related to the results of the reform. However, no study has not attempted to review these studies conducted in the Korean context systematically, and it is surprising considering the significance of the literature done in this field. Thus, the purpose of this entry is to review previous studies and provide implications for future studies. In particular, the current entry aims to identify the main themes of existing studies on innovation in the Korean public sector and summarize the primary findings of those studies.

## Methods

### Data

For the analysis, 188 articles published between January 2002 and June 2018 (The current study used 2002 as a starting point considering the emergence of innovation studies in Korea. While a few studies about innovation was found before 2002, the number was sporadic. Because the term of innovation started to be used actively after 2003, year of 2002 was used to compare the increase of innovation studies) were selected and reviewed. The very first two empirical studies on this subject were published in 2002, and the number of innovation studies increased dramatically since 2002, which mainly resulted from the former President Roh's (2003–2008) great interest in the innovation and reform in the government. In 2008, 27 articles were published in 1 year. After his term ended, the number of articles on this subject decreased immediately. However, the word, *innovation*, has been widely used in various policies since then, and it often grants new administrations legitimacy. For that reason, we so extended our search until June 2018. We initially reviewed several articles and extracted the most common keywords related to innovation in the public sector, such as *public sector reform, government reform, public sector innovation,* and *government innovation.* Those keywords were used for iterative searches at the DBpia, the largest and the most comprehensive academic research database in Korea. The ten public administration journals listed in Table 1 were selected.

For the data analysis, we conducted a series of analyses as follows. First, using the keywords the author(s) of each article registered for the database, the word frequency of those keywords article was calculated, and the word cloud was generated based on the frequency; this analysis could give the reader the holistic view of primary themes of the studies on innovation in the public sector in Korea. Second, a text network analysis was conducted to capture how these main topics were related to one another (For further information about text network analysis and text analysis,

**Public Sector Innovation in Korea, Table 1** Information on data used for this study

| | |
|---|---|
| Source | 188 articles published in the peer-reviewed journals provided by the DBpia |
| Period | January 2002–June 2018 |
| Keywords | Public sector reform, government reform, public sector innovation, government innovation, administrative innovation |
| Journals | Korean Public Administration Review<br>Korean Public Administration Quarterly<br>Korean Society and Public Administration<br>The Korean Journal of Local Government Studies<br>Korean Policy Sciences Review<br>Korean Public Management Review<br>Journal of Korean Association for Regional Information Society<br>Korean Review of Organizational Studies<br>Journal of Local Government Studies<br>Korean Public Administration and Policy Review |

please see Salton and McGill (1983) and Blei et al. (2003)). Third, a content analysis was conducted to explore further and categorize the previous studies.

## Innovation in Korean Public Sector

### Innovation in the Public Sector

*Innovation* is probably one of the most underdefined yet overused concepts in the Korean government. Innovation can be defined differently depending on the given context, so it is not uncommon to find it difficult to define innovation in a universal way (Damanpour and Schneider 2006). That is, the term *innovation* has never been clearly defined from neither practitioners' nor researchers' perspectives, but it has been widely used to refer to virtually all new public services, policies, and organizational practices ever since (e.g., innovative programs, innovative growth, innovative cities).

The former President Daejung Kim (tenure: 1998–2003) is also well-known as the president who brought several innovative policies including his economic policy that facilitated knowledge- and IT-based venture industries. However, it is President Roh who received the most scholarly attention, not only appreciation but also criticism, and this originated from his strong will to pursue "the small government" and to improve the efficiency of the government. Roh administration restructured the government organizations and adopted new practices that may improve the efficiency of the government (e.g., performance management). After Roh administration ended, the former Presidents Lee (tenure: 2008–2013) and Park (tenure: 2013–2017) also pursued their innovative policies such as "Green Growth" and "Creative Economy," but they did not focus much on administrative innovation, except that Lee administration made tremendous efforts to make the government agency similar to a business-like organization. The on-going changes from the Roh administration to the Park administration imply that there were significant paradigm shifts on the government role and its organizations whenever there was a regime change.

According to Hwang (2013), the Rho administration eventually aimed to increase democracy and, accordingly, it emphasized citizen participation in the policy-making process and also pursued the on-going cultural change of the government to embrace citizens' voices into its decision-making system. On the other hand, the Lee administration idealized the business-like organization so that it valued the managerial efficiency in the government and cost-effectiveness of public services.

In summary, innovation is a very broad concept, while it involves something "new" whether it refers to organizational practices, policies, or services. As we will discuss further below, innovation in the public sector, in particular in Korea, is largely constrained by the political regime and its fundamental philosophy on the relationship between the government and the citizen.

### Theoretical Background

The underlying theoretical background of the previous literature in this area is New Public Management (NPM). Based on NPM, most studies

praised that government organizations should also improve their efficiency and service quality to provide citizens (as customers) with better public services (e.g., Kang 2002; So and Hong 2004). Performance management became a fashion as a result of the new paradigm and has been considered a solution to improve the efficiency and the effectiveness of the public sector.

However, at the same time, many scholars also criticized NPM and raised fundamental questions about whether NPM is appropriate as the philosophical foundation of the government's practices. For instance, Kwon and Kong (2015) questioned that it might not be the best approach to view the work of the government from neoliberalism and positivism as well as NPM, since such perspectives may dismantle the government's fundamental identity – value-laden publicness. Kim (2009) also suggests that the public sector innovation may often be superficial and decoupled from its original intention since the government is mainly interested in gaining political legitimacy rather than making an actual change in the organization. That is, innovation may be path-dependent (De Vries et al. 2016) so that an organization is more likely to benchmark the seemingly successful practices of other organizations. Thus, the government agency may believe that adopting a new method grants it political legitimacy, whether it believes that the new practice will make a difference or not.

## Dominant Themes of Previous Studies

To find dominant themes of Korean public sector innovation, the current study adopted a word cloud and text network map. First, we selected 5–6 keywords which were most referenced (i.e., high score of tf-idf) from word cloud, and then we used text network to interpret the context of how the words were used.

Figure 1 illustrates a word cloud that contains the most frequently used registered keywords of the 188 studies selected for this analysis. The bigger the words are, the more frequently they were used as keywords. Since we searched the database for the keywords listed in Table 1, the most commonly used keywords include *government, innovation, reform, administration, administrative*, and the combinations of those words. This may also suggest that the previous studies on public sector innovation primarily focused on the organizational and managerial issues, which indicates that *innovation* in that context means efficiency. At the same time, however, the keywords also include *management, governance, organizational, personnel, budget, eGovernment, policy, system, evaluation, citizen participation, decentralization, democracy, bureaucracy*, and so on. This implies that the Korean government also has considered various directions for innovation from technological innovation (e.g., e-Government) to decentralized and democratic forms of government structure.

The text network map (see Fig. 2) further illustrates that three primary domains have been studied in the field of innovation in the Korean public sector. The first domain is a *radical experiment.* The radical experiment describes a government attempt to pursue unprecedented and radical innovation, it is linked to various spectrums such as paradigm, citizen participation, decentralization, budgetary reform, personnel system, and democracy. During the Roh administration, there had been extensive discussion on the government's role and its relationship with citizens and society as well as radical changes of governmental systems such as personnel and budgetary system. At the time, there was also a theoretical discussion about whether New Public Management (NPM) can fit the Korean context. However, scholars also discussed the limitations of NPM and philosophical alternatives to NPM which make better sense in Korean cultural and historical contexts.

Second, studies on *administrative innovation* involve topics such as bureaucracy, innovative work behavior, performance management, and publicness. Usually, studies of administrative innovation focused on managerial changes or efforts of street-level bureaucrats to make differences in delivering public services. These studies were also conducted throughout all periods since 2002, and most of these studies primarily focused on the issues of bureaucratic characteristics of the government organization and benefits

**Public Sector Innovation in Korea, Fig. 1** The word cloud of keywords of the studies on innovation

of implementing performance management to increase the efficiency of the public organization and, accordingly, its accountability. However, some studies also warned that performance management hampers the publicness of the government or civic organizations. Also, a few studies suggest that the original intention of the administrative innovation can only be achieved when the reform is supported by other organizational practices and culture to foster public employees' creativity and their innovative work behavior, rather than simply strengthening the control over the employees' performance and organizational behavior. Compared to the first domain, this domain is relatively well-defined.

Third, a line of studies examined *government reform* related to topics such as citizen participation, citizen satisfaction, e-government, and governance. Usually, those studies focused on reform efforts of political appointees and tend to focus on a change of governance structure including citizen participation with a help of information communication technology (ICT). This refers to studies on e-government and governance which may involve technological innovation. An interesting observation from these studies is that these new practices did not remain within the technical aspect. Instead, it challenged the fundamental ideas of democracy and aimed to bring more citizens to the political arena. Thus, as a result, they emphasized the increased level of citizen participation and satisfaction.

## Primary Findings of the Studies on Innovation in the Korean Public Sector

Table 2 summarizes the significant findings of previous studies by the unit of analysis (i.e., micro-, meso-, and macro-level) and by category of studies (i.e., adoption/implementation and performance and outcomes). A substantial

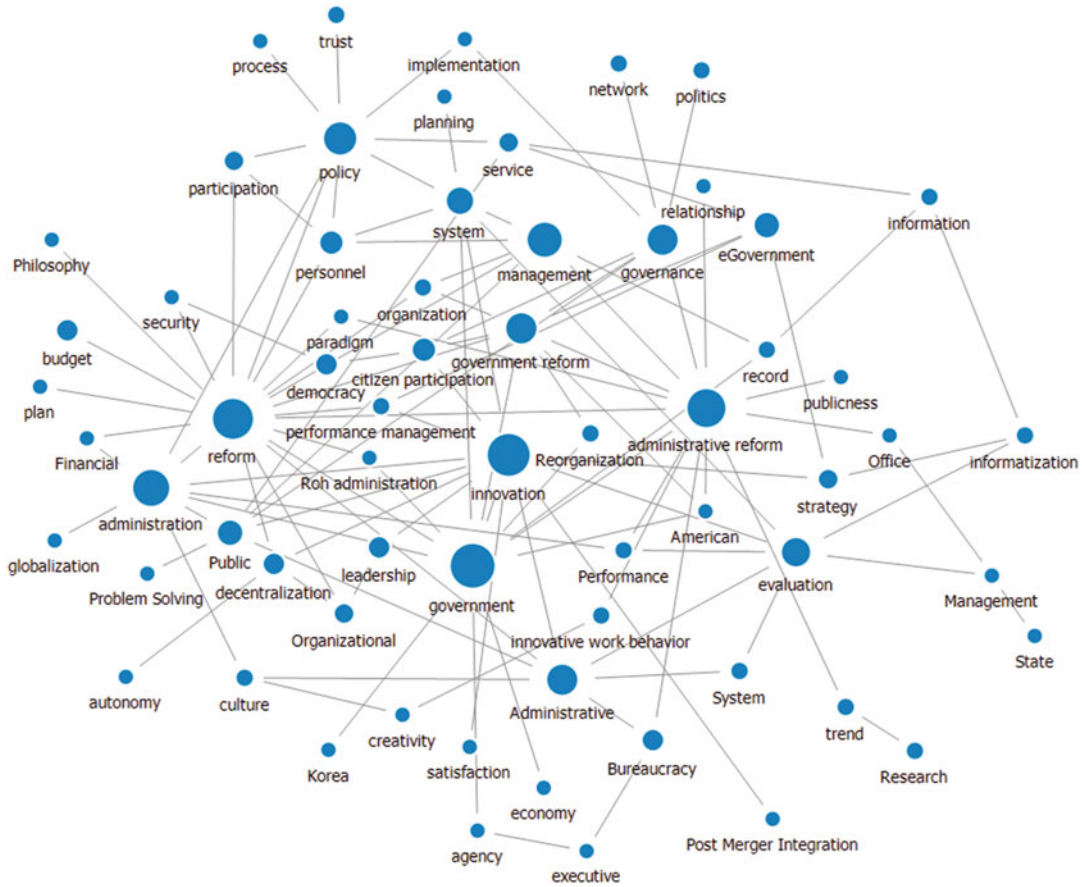


**Public Sector Innovation in Korea, Fig. 2** The text network of keywords of the studies on innovation

**Public Sector Innovation in Korea, Table 2** Main findings of previous studies on innovation in the Korean public sector

| Level of analysis | Adoption/implementation | Performance and outcomes |
|---|---|---|
| Micro-level | Employees' readiness<br>Employees' resistance<br>Leadership | |
| Meso-level | Innovation diffusion<br>Financial slack<br>Performance management<br>Communication<br>Feasibility of innovation | Efficiency<br>Organizational effectiveness<br>Service quality<br>Transparency |
| Macro-level | Economy<br>Political uncertainties<br>Institutional environment<br>Public support | Citizen satisfaction<br>Citizen participation<br>Changed governance structure |

proportion of the previous studies has been conducted at the micro-level (i.e., individual-level) (26%) and the meso-level (i.e., organizational level) (28%). Twenty-one percent of studies were conducted at the macro-level (14% of studies were performed at the national level, while 7% were at the regional level) (25% of the studies were not categorized in terms of levels because

they were normative studies or did not specify their levels of analysis with the clarity). These studies also focused on different aspects of innovation. That is, a line of studies focused on the adoption and implementation process, while another range of studies examined the performance and outcomes of innovation. Below, we discuss each line of studies further in detail.

### Micro-level Studies

A large proportion of the previous studies on innovation examined the success factors of organizational innovation at the individual level (26%). For instance, 16% of studies investigated public employees' readiness for innovation as one of the critical factors for successful implementation of innovation. These studies consistently suggest that it is essential for an organization to reach an agreement with its employees concerning the direction and the scope of innovation. These studies identify employees' attitudes and perceptions as determinants of successful implementation of organizational innovation.

While there are a variety of studies that examined factors affecting on adoption and implementation of innovation, the scope of the previous studies concerning the outcomes of innovation focused on the change in individual organizational members' attitude toward innovation (26% of studies), other than that, little studies have investigated the performance and outcomes of innovation at the individual level.

In that regard, the previous studies also identified managerial attitudes or administrative leadership as the critical factor to induce such readiness (e.g., Lee 2006). That is, it is the leader of the organization who can explain the purpose of new practices to the public employees so that they can be motivated to adopt the practices. Organizational members often resist organizational change, especially when their interest is at stake. Leadership also plays a vital role in managing such resistance of organizational members. Similarly, Jeong and Cho (2016) found that leadership of the central government could induce the employees of the local government to participate in the Gov3.0 initiative, which suggests that the leadership has certainly an apparent influence on the successful implementation of innovation.

### Meso-level Studies

A characteristic of meso-level studies is that these studies texted a wide range of variables at the organizational level. The variables include the adoption of innovation, innovation diffusion, performance management, the feasibility of innovation, efficiency, and so on. Concerning success factors during the adoption and implementation process, the most common topic of the studies on innovation is performance management. There are also a couple of studies that examined the adoption of innovation at the organizational level (3%). However, there was virtually no study that investigated the adoption process of innovation itself. This is probably because of the difficulties to follow through the process of innovation at an organization and to obtain an organization's agreement to participate in a longitudinal study.

Regarding the performance and outcome of innovation, the most popular topic includes the efficiency and the effectiveness of innovation (51%), since NPM is the primary theoretical foundation of these studies. These studies appear to assume that the high level of employees' innovative behaviors may result in effective implementation of new organizational practices. At the same time, such innovative behaviors could ultimately satisfy citizens (as customers). Based on the notion, also 8% of studies examined that innovation improved transparency of the government by communicating with citizens and leading them to participate in the policy-making process.

Thirteen percent of the literature identified organizational slack as a success factor for innovation, but the empirical results may be controversial. Some studies found no evidence on the causal relationship between organizational slack and success of innovation (e.g., Hyun and Youn 2005; Wang and Kim 2009), while some studies found a clear association between the financial resources and the adoption of innovation (e.g., Ryu 2005). The results may be originated from the context of the particular studies; the central government's financial support for the local government is more likely to send the local

government a signal of the political leader's strong will for the pursuit of innovation, and in that context, financial slack may be a crucial factor of the success of innovation.

### Macro-level Studies

In this entry, macro-level studies refer to the studies conducted at the national, regional level, since these studies primarily attempted to address the fundamental drives or constraints of innovation given within the political environment. Since government agencies – whether central or local – are primarily embedded within a political system, which may put a tremendous amount of pressure on the government's decision-making including the restructuring of its hierarchy or even its existence. A good example is the massive restructuring performed immediately after the unprecedented national economic crisis in 1997. Choe (2008) explains that the international monetary fund (IMF) criticized the inefficiency of the Korean government and, because of the unique situation, President Kim Daejung did not have many choices but to reform the government and gained legitimacy. Also, public employees could not resist changes.

For a reason, it is not surprising that 36% of the previous studies identified political, economic, legal, and historical context as constraints of the innovation regarding innovation in terms of methods or the scope. For example, Eom (2016) found that innovation in the public sector often did not achieve the intended purpose but, instead, the innovation was used politically to manage social pressure by showing that the government was trying to change the bureaucratic system and meeting the citizens' new needs. Another line of studies also recognized that the political stance of the regime determines the direction of innovation. As Hwang (2013) found in her research, clearly the will of the President at the time provides the public organizations with the guideline and the direction of innovation. This is particularly true in the Korean political system, a still highly centralized and top-down like system. Interestingly, studies done in Western countries pointed out environmental uncertainties as an essential factor for innovation (e.g., Damanpour 1991), only a few studies found the results consistent with Western studies (e.g., Wang and Kim 2009), which may strongly confirm the dominant influence of political regime as the motivation of innovation.

For the performance and outcomes at the environmental level, 6% of the studies examined factors to facilitate citizen participation as the result of innovation, and 4% of the studies investigated whether innovative practices improved the government's relationship with citizens or clients.

## Conclusion

This entry summarizes the previous studies on innovation in the public sector and provides a holistic picture of them. Throughout the review, we could categorize the previous literature into three themes: *experimental innovation* including various new practices to improve the government's efficiency and effectiveness; *administrative reform* highlighting the improvement of organizational efficiency; and *government reform* primarily focusing on citizen participation and democracy. We also organized the previous literature based on the level of analysis – micro-, meso-, and macro-level – and their focus on the process of innovation – adoption/implementation and performance/outcomes. According to these studies, here we present suggestions for future studies.

First, future studies should explore the fundamental changes brought by the innovation in the Korean public sector. Although the number of studies is divided almost evenly for adoption/implementation and performance/ outcomes, these studies primarily put their emphasis on the success factors or conditions rather than the results of innovation. Over the decades, the previous studies posited that NPM and the adoption of new practices might resolve the chronic problems of bureaucracy, but now many scholars believe that the premise is not always true. Thus, future studies should investigate further what we learned and what we should improve in the future.

Second, aligned with the first suggestion, the current President Moon and his administration underscore the importance of public value and

recovery of publicness of the government and, accordingly, the current regime sheds light on social innovation that enables the government to restore its exclusive function as intended. Such change also suggests the importance of political leadership. Across the level, leadership appears to be the critical factor for the successful adoption and implementation of innovation. In a hierarchical system, the role of leadership is even more influential than a more flexible system observed in the private sector. Thus, in the future, scholars should pay attention to the examination of the new direction of the Korean public sector reform.

Third, comparative studies should be examined further across nations. The Korean government's experience could be introduced to other countries. Lessons from the Korean government compared to those of other countries may provide valuable implications for other countries and Korea as well.

## References


Blei DM, Ng AY, Jordan MI (2003) Latent dirichlet allocation. J Mach Learn Res 3:993–1022

Choe (2008) The limited success, administrative reform: a case analysis of neo-institutional isomorphic perspectives. Korean Soc Public Admin 19(3):1–23

Damanpour F (1991) Organizational innovation: a meta-analysis of effects of determinants and moderators. Acad Manag J 34(3):555–590

Damanpour F, Schneider M (2006) Phases of the adoption of innovation in organizations: effects of the environment, organization, and top managers 1. Br J Manag 17(3):215–236

De Vries H, Bekkers V, Tummers L (2016) Innovation in the public sector: a systematic review and future research agenda. Public Adm 94(1):146–166

Eom (2016) Administrative capacity in Korea: path-dependency and institutional drift of administrative reform. Korean Public Admin Rev 50(4):91–137

Hwang (2013) Comparative analysis of organizational reforms: focusing on rho moo Hyun government and lee Myung Bak government. J Soc Sci 24(3):333–360

Hyun S, Youn D (2005) Local government decision-maker's administrative ideology and innovation support analysis. Korean Public Manag Rev 19(2): 109–134

Jeong & Cho (2016) An empirical study on the impact of the thrust of central government administration reform on local public participation: focusing on the process of Gov.3.0 Policy Enforcement. Korean Public Manag Rev 30(2):1–27

Kang JS (2002) Discussion of governance and implications for administration: focusing on administrative reform. Korean Policy Sci Rev 6(2):55–75

Kim (2009) Institutional environment, decoupling, and organizational hypocrisy: focused on the evaluation of innovation in public agencies. Korean Public Admin Rev 43(4):155–178

Kwon & Kong (2015) Public administration as a public philosophy. Korean Public Admin Rev 49(2):25–60

Lee (2006) The conceptual issues regarding the regional innovation system (RIS). Korean Gov Rev 12(1): 923–217

Ryu (2005) An analysis on the 'SMART Pusan 21' plan, 1997 of Pusan metropolitan government as an application case of strategic management. J Local Gov Stud 17(4):89–115

Salton G, McGill MJ (1983) Introduction to modern information retrieval. McGraw-Hill, Auckland

So SC, Hong JL (2004) A review and evaluation of the administrative reform and new public management (NPM) in Korea and Japan. J Local Gov Stud 16(1): 319–342

Wang & Kim (2009) Multi-dimensionality of organizational innovation and its determinants: speed, scope, and frequency. Korean Public Admin Rev 43(3):73–99


# Public Sector Leadership and Governance


Raffaella Saporito and Alex Turrini
Government, Health and Not For Profit Division, SDA Bocconi School of Management, Milan, Italy


P

## Public Sector Leadership: Definition

Since the publication of Weber's *Wirtschaft und Gesellschaft* (1922), the issue of how an individual might influence the behavior of others has been a major topic of research in the administrative and political sciences. However, the topic has experienced a discontinuous level of attention. Excepting a few eminent works – in particular, Selznick's (1957) classic *Leadership in Administration* – the "*publicness*" of leadership has usually been referred to as political leadership, which is mainly performed by elected representatives in democratic regimes or authoritarian rulers in dictatorships. The consolidated belief that

administrative leadership (i.e., public sector leadership) is not relevant was related to the assumption that public executives were overwhelmed and tied by external "forces" (i.e., political power and regulatory procedures) shaping public administration and its operation, leaving no discretional power or opportunity to change the status quo. Therefore, this lack of interest in public sector executives' leadership styles was consistent with a traditional paradigm of public administration according to which elected representatives should decide and bureaucrats should execute: Any discretional power of public officials was framed more as a pathology than as an undeniable feature of public managers' jobs.

According to Van Wart (2003), interest in leadership within an administration only resurged in the 1980s, in parallel to the transactional/transformational leadership debate. It reached its apex in the 1990s when public management studies had become a specific and autonomous field of research detached from the traditional public administration paradigm and business management studies. This new focus on leadership behaviors within administrations was also related to the widespread proliferation of public management reforms in Europe and the USA and to a general shift from managerialism to "leaderism." Senior public officials started accruing greater responsibility and autonomy, increasing their decision-making power and potential to exercise their leadership in different ways and different settings. Only in this renewed context did public management theories welcome public sector leadership as a phenomenon worthy of study, and on these grounds, we define and investigate public sector leadership as the set of distinctive skills and behaviors public executives/senior officials adopt to change and reform public administration by achieving superior results and performances (Turrini and Valotti 2016).

## Public Sector Leadership: Distinctive Skills and Behaviors

Despite the claim of New Public Management scholars that public administration should be similar to that of private companies, empirical studies continue to highlight the differences between the public and the private sector when analyzing concrete practices and the behavior of administrative leaders. The main differences are tied to several features of the public administration environment, such as the diverse goals public sector organizations must pursue, the complexity and ambiguity that public sector executives face when they solve "wicked" problems hand-in-hand with politicians, and the greater transparency, accountability, and level of formalization that executives must maintain when working within the public sector (Van Slyke and Alexander 2006).

These distinctive features of public sector organizations eventually impact the skills and behaviors public sector executives use to lead their employees (Perry et al. 2010). As a summary of the different portraits of public sector leaders that emerge from the literature, we could say that public sectors leaders must combine traditional intersectoral leadership skills with a set of skills specifically related to the publicness of their organizations. On one side, the main business-like leadership skills are consistent with the transformational leadership model; administrative leaders must build and communicate a clear vision to their teams, engage in planning and monitoring results and act as change agents supporting innovation. Above all, public managers foster motivation and ward off conflicts within teams by forming unique and personal relationships with each member of their staff, giving attention to staff needs and engendering a spirit of collaboration within the organization. In addition, their communication skills and ability to negotiate are excellent. These skills have been found to be positively and significantly related to employees' job performance.

As previously stated, public sector leaders favor skills related to so-called transformative leadership over transactional ones (Trottier et al. 2008). In fact, administrative leaders have been labeled and portrayed as visionary, charismatic, inspirational, and authentic. Ethical leadership, a set of behaviors inspired by the values of integrity, neutrality, loyalty, and pursuit of the public interest, is the most peculiar type of leadership performed by public executives. For example, Downe et al. (2016) propose a series

of case studies on nine local administrative districts in the United Kingdom. In each case, they underline the importance of demonstrating personal moral values rather than behaving according to formalized ethics codes, particularly when public officials must intervene to solve tangled public problems. Consistent with this portrait, Hassan (2015) distinguishes three fundamental attributes of effective leadership in the public domain: the ability to be a model for subordinates, the ability to treat people with equity, and the ability to actively manage ethical issues and clearly communicate high ethical standards.

Another important aspect of public sector leadership is "responsibility sharing." Miao et al. (2013) highlight the importance of the public leader promoting employee empowerment, showing support to their staff, and encouraging them to take personal initiative and share the leader's responsibility. This participatory leadership style impacts the affective and normative commitment of employees to the organization and enhances the emotional trust ("affective trust") employees feel towards their leader.

## Public Sector Leadership as Distributed Leadership

More recently, the debate concerning public sector leadership has focused on distributed leadership. In contrast to the image of a heroic and solitary leader, distributed leadership refers to a set of skills and behaviors collaboratively performed by more than one member of a group according to the needs of the context. Distributed leadership is the main emerging paradigm in fields like emergency and disaster response, public private partnership, and interorganizational management (Orazi et al. 2013). This leadership paradigm is emerging in public administration and governance studies and under different labels: public leadership, integrative leadership, collaborative leadership, and public network leadership (Turrini et al. 2010). In all these cases, leadership is framed as a driver and a condition of collaborative practice or as a collaborative practice itself.

The distributive leadership approach is consistent with a new public governance paradigm that calls for the development of new methods of portraying public administration efforts (Osborne 2006). The plurality of actors involved in the production of public value, the increasing fragmentation of administrative and economic power among different level of government (local, regional, central, federal, and international), the frequent involvement of private organizations in public service delivery, and the proliferation of private-public partnerships have reframed the notion of leadership, giving birth to a new form of public sector leadership emerging across organizational borders.

In all these cases, leadership skills are associated with integrated leadership capacities or to relational leadership skills. Effective leadership is mostly related to the ability to manage diversity within and across public sector organizations in terms of managing different educational backgrounds and professional experiences. Sun and Anderson (2011) complement this attitude with what they call "civic capacity," which they define as the desire to be involved in social issues and the ability to seize social opportunities by becoming "social entrepreneurs." In their framework, it seems that "civic connections" (i.e., the social capital that characterizes the internal and external relations of the leader) and "civic pragmatism" (i.e., the ability to translate social opportunities into reality using mechanisms of collaboration, governance, and accountability) result in higher levels of motivation and commitment within the workforce, favoring "personal empowerment and arousing a feeling of personal ownership" of the processes.

## Public Sector Leadership: Impacts

Despite the growing attention to public leadership as an intersector and interorganizational phenomenon, the majority of studies addressing public leadership as an independent variable focus their attention more on the internal impacts of leaders' work than the external ones. Among the most widespread impacts are variables related to staff, such as increased intrinsic or public service motivation, increased job satisfaction (defined as the

"sense of pride and personal fulfillment that emerges from carrying out a specific job," increased organizational commitment (affective, normative, and continuous), and an improved "speak up" attitude of employees, who feel able to express their opinions.

A growing body of literature is, however, addressing organizational impacts, such as the ability of the organization to achieve the objectives defined by its statute, overall staff participation in achieving company objectives, efficiency (i.e., the ability of the organization to efficiently accomplish tasks), and effectiveness (i.e., the ability to achieve formally set target performances). Other studies look at the organizational impacts of leadership by applying to the public context certain mediated constructs, such as innovation success (which concerns not just the process of generating new ideas or knowledge but also how they are applied to a specific public context), performance information use (i.e., the degree of the use of data on the efficiency, quality, and effectiveness of public services), organizational agility (the ability to perform activities in the shortest possible time), flexibility (the ability to adapt to change), organizational competence (the ability to achieve a set of organizational objectives), and, finally, reactivity (the ability to identify changes and exploit emerging opportunities).

When the independent variable, the construct of public leadership, explicitly refers to an integrative and collaborative process involving multiple stakeholders, the dependent variables are more outside-driven. Fitzgerald et al. (2012) demonstrate how distributed leadership among managerial and professional actors positively impacts the quality of public services in networks. The items used by the two authors to measure this variable are linked to the ability of the network to achieve the goals. These items include the presence within the network of elements like trust, collaboration, frequency of relationships, and mutual support among network members. Finally, the ability of the leader to influence the decision-making process within the group is used as a proxy of the adopted governance model.

## Public Sector Leadership: Implications for the Practice

Whether leadership is a matter of nature or nurture is an unresolved question, but it is being investigated not only in scholarly research but also in executive education and practice. If public leaders are not born as such, what can be done to develop public leadership skills? A widespread answer to this question has been the burgeoning of so-called leadership frameworks conceived either as a set of idiosyncratic skills and behaviors necessary for executives working in public agencies or general frameworks outlined at the national level for central and local governmental bodies. For example, comparative studies on European senior civil service systems showed not only the wide diffusion of government leadership frameworks but also a convergent set of competencies. These competencies can be grouped into the following categories: inspiring, motivating, and managing the staff within the typical boundaries of civil service management (i.e., bureaucracy, red tape, low effective pay for performance, etc.), creating public value, delivering effective and measurable results, supporting and driving strategic decision-making to inform the policy process, leveraging the contributions of stakeholders, and co-producing opportunities. Leadership frameworks serve as referents for recruitment and selection processes and guide and inspire development and training policies for public managers.

At the same time, sector-specific features of leadership frameworks have relevant implications for the development of training programs by schools and universities. Research in this field highlights that when leadership programs are designed and imposed from the top down, the effect on leadership development is narrow. Once public executives are permitted to autonomously co-produce the programs, they develop leadership skills that could make them better managers and better at seizing and widening their career opportunities. However, the most effective way to build leadership skills in public sector managers and develop effective public sector leaders is still a neglected question and, thus, constitutes a promising field of research.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Collaborative Public Management (CPM)
- ▶ New Public Management
- ▶ Public Administration Theory
- ▶ Theories of Leadership


## References


Downe J, Cowell R, Morgan K (2016) What determines ethical behavior in public organizations: is it rules or leadership? Public Adm Rev 76:898–909

Fitzgerald L, Ferlie E, McGivern G, Buchanan D (2012) Distributed leadership patterns and service improvement: evidence and argument from English healthcare. Leadersh Q 24(1):227–239

Hassan S (2015) The importance of ethical leadership and personal control in promoting improvement-centered voice among government employees. J Public Adm Res Theory 25(3):697–719

Miao Q, Newman A, Schwarz G, Xu L (2013) Participative leadership and the organizational commitment of civil servants in China: the mediating effects of trust in supervisor. Br J Manag 24:S76–S92

Orazi DC, Turrini A, Valotti G (2013) Public sector leadership: new perspectives for research and practice. Int Rev Adm Sci 79(3):486–504

Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–387

Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70:681–690

Selznick P (1957) Leadership in administration. Row, Peterson, and Company, New York

Sun PYT, Anderson MH (2011) Civic capacity: building on transformational leadership to explain successful integrative public leadership. Leadersh Q 23(3):309–323

Trottier T, Van Wart M, Wang XH (2008) Examining the nature and significance of leadership in government organization. Public Adm Rev 68(2):319–333

Turrini A, Valotti G (2016) Public management reforms in Italy: a renaissance revival? Public Adm 76:393–393

Turrini A, Cristofoli D, Frosini F, Nasi G (2010) Networking literature about determinants of network effectiveness. Public Adm 88(2):528–555

Van Slyke DM, Alexander RW (2006) Public service leadership: opportunities for clarity and coherence. Am Rev Public Adm 36(4):362–374

Van Wart M (2003) Public-sector leadership theory: an assessment. Public Adm Rev 63(2):214–228

Weber M (1922) Wirtschaft und Gesellschaft: Grundriß der Verstehenden Soziologie. Tübingen 1922


# Public Sector Reforms in Central Asia


Colin Knox
Graduate School of Public Policy, Nazarbayev University, Astana, Kazakhstan
Ulster University, Belfast, UK


## Synonyms

Government effectiveness; Voice and accountability; Corruption; Democracy

## The Context

Central Asia is located at the heart of the Eurasian continent and has a population of some 73 m people. It comprises five republics which gained their independence following the collapse of the Soviet Union in 1991: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Central Asia is landlocked between Russia in the North, China to its East, and Iran and Afghanistan in the South, although Kazakhstan and Turkmenistan border the Caspian Sea, which is not an open sea. Its large energy reserves and location in Eurasia has made Central Asia an important geopolitical player. Russian interests in the region are exemplified through the Eurasian Economic Union (modeled on the European Economic Community; EU, 2016) which was formed in 2000 to promote economic integration between Belarus, Kazakhstan, Russia, Kyrgyzstan, Tajikistan, and subsequently Uzbekistan (in 2006). China's interests in the region link to the Belt and Road Initiative, a series of overland (belt) corridors and maritime (road) of shipping lanes following the ancient Silk Road that will connect China to Central and Southeast Asia en route to Europe. See Table 1 for an overview of the five countries which make up Central Asia.

The five republics have been on different trajectories since gaining independence from Russia, although all depend on presidents/heads of state

**Public Sector Reforms in Central Asia, Table 1** Central Asia data

| Country | Land area ($km^2$) | Population (millions) | Population density ($p/km^2$) | GDP per capita (2011 PPP$) | HDI (out of 1.0) | HDI rank (out of 189 countries | Capital city | Official language |
|---|---|---|---|---|---|---|---|---|
| Kazakhstan | 2,699,700 | 18.6 | 7 | 24,056 | 0.8 | 58 | Astana | Kazakh Russian |
| Kyrgyzstan | 191,800 | 6.2 | 32 | 3393 | 0.672 | 122 | Bishkek | Kyrgyz Russian |
| Tajikistan | 139,960 | 9.3 | 6.6 | 2897 | 0.65 | 127 | Dushanbe | Tajik Russian |
| Turkmenistan | 469,930 | 5.9 | 13 | 16,389 | 0.706 | 108 | Ashgabat | Turkmen |
| Uzbekistan | 425,400 | 32.8 | 77 | 6253 | 0.71 | 105 | Tashkent | Uzbek |

Sources: UNDP Human Development Report (2018)
World Bank Country Reports (2018)

who assume prominent leadership roles, ostensibly to protect and maintain internal stability but in practice to preserve power and control in the hands of elite leaders (Kazakhstan, Nursultan Nazarbayev; Uzbekistan, Shavkat Mirziyoyev; Tajikistan, Emomali Rahmon; Turkmenistan, Kurbanguly Berdymukhamedov; and Kyrgyzstan Sooronbai Jeenbekov).

Kazakhstan, which is rich in oil, minerals, and arable land, sees itself as the region's economic leader attracting relative success in trade and investment. It has also created legal conditions which promote easy access by foreign investors and is making efforts to diversify its economy. Turkmenistan has among the top gas reserves in the world (estimated by the World Bank to be the fourth largest, representing about 10% of global reserves) but, at the same time, is "one of the world's most isolated and oppressively governed countries" (Human Rights Watch 2019). Uzbekistan is also rich in natural resources, the most populous in the region, and under a new political leader since 2016 has moved from a position of self-isolation to one which welcomes collaboration with regional partners and is pushing ahead with economic modernization. The latter involves ambitious plans to liberalize the economy by reducing the role of the state and facilitating private sector growth. Kyrgyzstan and Tajikistan are the smaller and least developed states in Central Asia, both of which received significant international aid funding. Tajikistan became embattled in a 5-year civil war immediately after independence and has struggled to maintain instability since. Its economy is largely based on agriculture, cotton-growing in particular, but it also has rich mineral resources. Although it has achieved some success in poverty reduction, it has low-quality public services such as electricity, water, heating, and roads. Kyrgyzstan has also experienced political turmoil and instability following independence. Social unrest largely over corruption and nepotism during 2005–2010 resulted in Kyrgyzstan developing a parliamentary constitution (2010) which created checks and balances aimed at avoiding supreme presidential power. As a result, Kyrgyzstan is the only Central Asian state where the president can run for one 6-year term of office in a parliamentary-presidential system of government. In a review of Central Asia, 25 years after independence (2016), Batsaikhan and Dabrowski (2017: 318) concluded:

> All Central Asian countries… face the same challenges of oppressive and predatory post-Soviet states. These are deeply rooted causes of corruption, rent-seeking, state capture, administrative harassment of business and more broadly, a high degree of business uncertainty and insecurity over property rights. The situation looks particularly bad in all areas where economic management interacts with authoritarian political systems and legal institutions, especially those related to the judiciary, law enforcement agencies and public administration.

## Existing Research

In a symposium edition of the *International Journal of Public Administration* published in 2011 entitled *Public Sector Reform in Central Asia*, Dixon and Common argued that although there was evidence of market reforms in all five republics such as deregulation, marketization, contracting out, public-private partnerships, and privatization initiatives, these have not always resulted in improved market outcomes. Concomitant administrative reforms proved even more challenging. Dixon and Common suggested that limited public sector reform in Central Asia could be explained by the lack of political consensus on reforms where bureaucracy was used to copper-fasten elite political power and the need to change the politico-administrative culture. They concluded:

> That state administrative failure—dysfunctional public institutions—and poor governance go hand-in-hand is uncontroversial but is good governance conditional upon having strong state administration? Certainly, a set of strong state institutions can deliver public policy outcomes and public services beneficial to a society, but it can also be oppressive, leading to a diminution in the quality of societal governance (Dixon and Common 2011: 554).

Researchers from each of the Central Asia countries offered an overview of public sector reforms during the period 1991–2000 which provides a useful baseline exercise.

Baimyrzaeva (2011) offered a comprehensive overview of public sector reforms in Kyrgyzstan and describes the period as one where the

administrative system experienced many formal institutional changes but practice did not improve. These changes, she argued, "had been unsystematic and mostly cosmetic" focusing largely on legal, technical, and organizational changes. In practical terms "there was a fair amount of counting outputs of reforms, such as the number of laws passed, the number of ministries that underwent functional reviews, and the number of computers allocated to government ministries. . .accounts of the actual outcomes were rare" Baimyrzaeva (2011: 559). This account is typical of public sector reforms in Central Asia where process trumps product. There is a preoccupation with, and abundance of, laws, strategies, directives, and speeches from the president/head of state with poor implementation capacity and limited or no attention to policy evaluation. In a case study of the agricultural sector Rural Advisory Service in Kyrgyzstan, Ritz and Voegtli (2011: 595) described the introduction of a results-based payment system. The system created targets and incentives for the advisory service to support farmers and boost their income and more generally to "initiate a shift from an input-oriented budget system to the results-oriented mandate system" – a key component of public management reforms.

Amagoh (2011) examined the same period (1991–2000) in Kazakhstan through the lens of a case study in healthcare reforms outlined in the National Program of Health Care Reform and Development (2005–2010). He used the framework of public management (decentralization, competition, efficiency and quality, civil society, and partnerships) as the benchmark to track the progress of healthcare reforms under the program. Amagoh (2011:576) concluded that Kazakhstan offered evidence of meeting international standards in health care and was "addressing the various shortcomings inherited from the Soviet era. Kazakhstan has followed the global trends of public management reform and introduced a number of changes in the health sector." While he concluded it was too early to realize the full benefits of these reforms, he was sanguine about the early results.

Bhuiyan (2011: 613) examined the early implementation of e-government and its impact on public services in Kazakhstan and argued that although it was not fully satisfactory, "e-government is being increasingly used to improve transparency and accountability and to curb corruption. As a result, the Government of Kazakhstan has been successful in delivering a number of public services to its citizens through electronic means. Thus, it has demonstrated the benefit of e-governance."

Janenova and Suk Kim (2016) researched the introduction of one-stop shops in Kazakhstan as a means for integrating public service provision and offering greater accessibility for citizens. While they are generally positive about this development, there were limitations associated with the institutional framework and embedded culture of the Kazakhstani bureaucracy which exhibited resistance to change. Janenova and Suk Kim (2016: 332) concluded that there were lessons for other transitional countries from their work in that they needed to engage in critical thinking and in-depth analysis of their own public sector cultures "before Western managerial reforms can be implemented. Otherwise, the government risks falling into the trap of "fashionable approaches", while overestimating the positive outcomes of the new ideas and underestimating the negative drawbacks."

Kassen (2018) provided an update on e-government in Kazakhstan with a very comprehensive overview of its history and evolution. He argued that e-government has been "the number one priority in advancing all administrative projects" culminating in an e-government ecosystem for many interactive and transactional public services, including open government platforms which will "change completely the nature of government-citizens interactions." He concludes that Kazakhstan is now being considered as "one of the first of the pioneers in introducing digital government technologies in the developing world" and e-government offers the prospect of transparent government in a society rarely exposed to the core principles of public administration.

Aminova and Jegers (2011: 580) examined the progress of public sector reforms in Uzbekistan during the same period, arguing that importing market-based recipes from Western societies

proved inappropriate. Instead they highlighted the presence of informal structures, sociocultural mechanisms, and cultural artifacts which "filled the emerging vacuum in the areas where formal mechanisms were weakened, non-existent, or only emerging." These informal mechanisms and social processes were, and continue to be, important in Uzbekistan because people lack trust in government. As a result, formal and informal institutions overlap, with the latter having a significant impact on public policies. Aminova and Jegers (2011) concluded that this impact can be both constructive and destructive: they expedite decisions and are inclusive of those impacted by them; and they could result in the growth or entrenchment of vested interests which are vulnerable to corruption and lobbying, respectively.

Knox (2019) provides the most recent overview of public sector reform in Central Asia and the Caucasus. He compares the reforms in three countries, Kazakhstan, Azerbaijan, and Georgia, using research evidence which suggests that the New Public Management model has had limited success in developing countries. Instead Knox proposes moving to a combination of outcomes-based accountability for public services and peer-to-peer learning as the basis for raising the quality of people's lives through better public services.

## Contemporary Issues

There are four themes which run through the research on public sector reform in Central Asia: government effectiveness, voice and accountability, corruption, and democracy, none of which indicate much signs of improving (materials below draw on Bertelsmann Stiftung country reports and World Bank metrics).

### Government Effectiveness

Kazakhstan shows most progress in terms of government effectiveness partly associated with the reduction in the size of the state apparatus, but it has also an ongoing program of civil service reforms. It has overhauled its recruitment and selection process, but these continue to be influenced by political involvement and nepotism. There is a plethora of strategies, presidential speeches and directives, but poor evidence of implementation. Often in Central Asia, reforms are structural, reshuffling ministries, functional reviews, and mergers. These give the appearance of reform activity but rarely result in better quality public services. Kyrgyzstan is an example writ large of constant restructuring, including the replacement of the prime minister and a number of cabinet ministers resulting in a policy implementation deficit. Over a 10-year period, Kyrgyzstan has shifted little on the metrics of government effectiveness (see Fig. 1). It has a large public administration system, but officials are poorly paid and lack competence and motivation. Tajikistan receives funding from foreign donors to assist in public policy reforms through study visits abroad and a reliance on their advice to improve government effectiveness. This appears to have limited impact (see Fig. 1) not least because the governance system is highly centralized and appointments are politically motivated. Turkmenistan is a closed country which eschews liberal democratic values and is repressive in many aspects of life. It ranks lowest in terms of government effectiveness in the five Central Asian countries. This is partly due to the fact that capacity levels are low in the civil service and decision-making vested almost entirely in the hands of the president. This results in poor coordination of public policies which are at the whim of the president and a reluctance on the part of officials to take decisions for fear of retribution. Uzbekistan has witnessed a significant improvement in government effectiveness, in part as a result of the election of President Mirziyoyev in 2017. He appears to support greater engagement with the public to improve administrative reforms in decentralization and modernization of state management. Whether these processes result in a long-term trend in improving government effectiveness remains to be seen.

### Voice and Accountability

Voice and accountability, not surprisingly, in authoritarian states is limited. Kazakhstan is working extensively with the OECD to improve this facet of governance, but, to date, changes are largely tokenistic and part of a wider agenda for Kazakhstan to become one of the top 30 developed

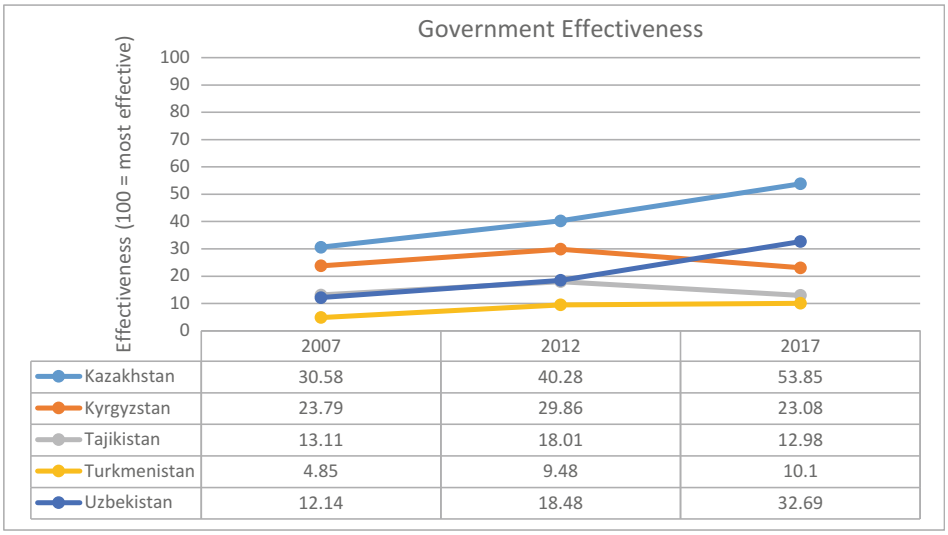


| | 2007 | 2012 | 2017 |
|---|---|---|---|
| Kazakhstan | 30.58 | 40.28 | 53.85 |
| Kyrgyzstan | 23.79 | 29.86 | 23.08 |
| Tajikistan | 13.11 | 18.01 | 12.98 |
| Turkmenistan | 4.85 | 9.48 | 10.1 |
| Uzbekistan | 12.14 | 18.48 | 32.69 |

**Public Sector Reforms in Central Asia, Fig. 1** Government effectiveness in Central Asia. (Source: calculated from Worldwide Governance Indicators 2018 Kaufmann et al)

countries by 2050. Its chairmanship of the OSCE in 2009 could have acted as a mechanism for improving voice and accountability, but the mass media remains largely in the purview of the state, and social media can be restricted or closed down for periods of time. Kyrgyzstan, because of the experience of two "color revolutions," might suggest a greater role for voice and accountability, but there is a certain amount of confrontational fatigue among its citizens and a realization that conflict has not served the country well. So, although Kyrgyzstan appears to be more outward facing, this has not always translated into open government and tends to be personality dependent among heads of government who change repeatedly. There is therefore no consistency in this approach even though Kyrgyzstan has the highest ranking for voice and accountability in the Central Asian states by a significant margin. Tajikistan has a weak civil society offering no alternative voice to government, and those groups which receive foreign support are distrusted as having a Western agenda. Journalists face libel and defamation charges should they report on corruption cases involving officials. Turkmenistan has a loyal and patriotic population with an underdeveloped civil society but one which is tribalized and where the president exercises repressive powers in the face of any dissent or an alternative voice. Trophy projects at the behest of the president such as a large national tourism zone in Avaza and an Olympic Village to host the Fifth Asian Games meet with limited protest from the public. Turkmenistan ranks the lowest on the metric of voice and accountability by a long way in Central Asia (see Fig. 2). Uzbekistan under the new president appears as to be making some efforts to engage with the public. In 2017, for example, President Mirziyoyev declared 2017 the Year of Dialogue with People and Human Interests where he attempted to bridge the gap between state officials and the public. The extent to which this will make a difference remains to be seen, but there has been a small increase in the metric for voice and accountability in Uzbekistan.

## Corruption

Once again Kazakhstan is doing better in terms of tackling corruption than other Central Asia states, although still relatively modest. In 10 years it has improved its performance from 17.48 (out of 100) to 19.71. This is hardly a significant achievement but the best in Central Asia. Kazakhstan has adopted several anti-corruption strategies, but still high-profile scandals dominate in projects like Expo 2017 and pensions reform. The Agency on

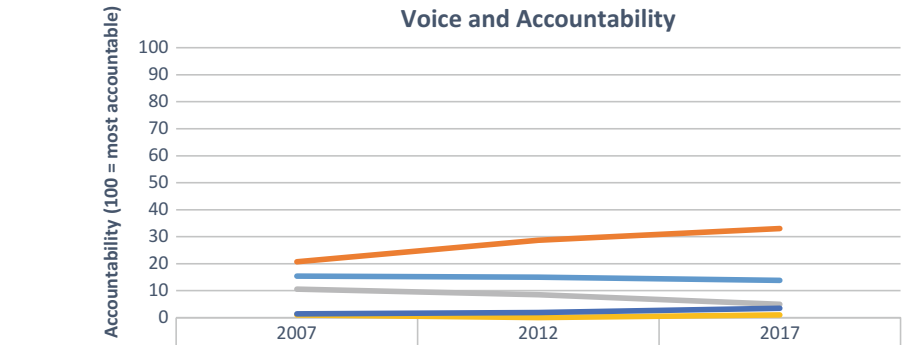


| | 2007 | 2012 | 2017 |
|---|---|---|---|
| Kazakhstan | 15.38 | 15.02 | 13.79 |
| Kyrgyzstan | 20.67 | 28.64 | 33 |
| Tajikistan | 10.58 | 8.45 | 4.93 |
| Turkmenistan | 0.96 | 0 | 0.99 |
| Uzbekistan | 1.44 | 1.88 | 3.45 |

**Public Sector Reforms in Central Asia, Fig. 2** Voice and accountability in Central Asia. (Source: calculated from Worldwide Governance Indicators 2018 Kaufmann et al)

Fighting Economic and Corruption Crimes also known as the Financial Police have shown few results, although they publicize their successes widely. Kyrgyzstan is dogged by public sector corruption. The current president claimed tackling corruption to be one of his top priorities but with limited impact on the problem. Those anti-corruption measures put in place have not been implemented and/or have limited substance. The public procurement process involves government-run tender auctions that are prone to political influence and manipulation. This is an area which is particularly vulnerable to corruption. Tajikistan appears to be getting worse in terms of corruption and has no anti-corruption strategies in place to tackle the problem. The task of addressing corruption is vested in several government ministries and agencies and hence lacks coordination and can be scapegoated. Turkmenistan, once again, has the inglorious reputation of being the worst state in Central Asia for corrupt practices by a significant margin (see Fig. 3). Although it adopted the first anti-corruption law in 2014, the problem is rife in the state sector, in particular the judiciary, security, education, and health sectors. There was a public purge of high-ranking officials on corruption charges between 2014 and 2016, but little has changed, and the media do not have access to information on cases of corruption. Uzbekistan adopted a Law on Combatting Corruption in 2016, the first law the new president signed on coming to power. The metrics show that there has been an improvement in performance in tackling corruption in Uzbekistan, but it is too early to judge if this represents a consistent trend.

## Democracy

Are there any signs of Central Asia moving from authoritarianism to democracy through public sector reforms? Kyrgyzstan offers the best prospect given its willingness to be open to dialogue between people and the state and attempting to embrace the principles of open government. President Nazarbayev of Kazakhstan retains a firm grip on power and the organs of the state. In Tajikistan the president extended family controls over many of the high-profile appointments. Turkmenistan is essentially anti-democratic in character with no signs whatsoever of a commitment to liberal democracy. Again Turkmenistan scores lowest in Central Asia on the democracy index, and Uzbekistan is only marginally better. Plotting governance scores from the Bertelsmann Transformation Index against democracy for Central Asia countries over a 12-year period (2006–2018) show a strong correlation between democracy and good

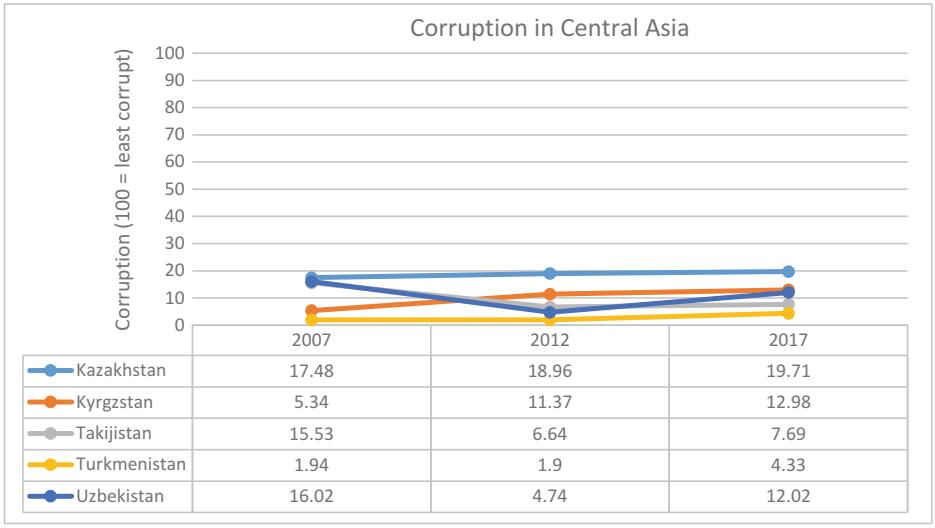


| | 2007 | 2012 | 2017 |
|---|---|---|---|
| Kazakhstan | 17.48 | 18.96 | 19.71 |
| Kyrgzstan | 5.34 | 11.37 | 12.98 |
| Takijistan | 15.53 | 6.64 | 7.69 |
| Turkmenistan | 1.94 | 1.9 | 4.33 |
| Uzbekistan | 16.02 | 4.74 | 12.02 |

**Public Sector Reforms in Central Asia, Fig. 3** Corruption in Central Asia. (Source: calculated from Worldwide Governance Indicators 2018 Kaufmann et al)

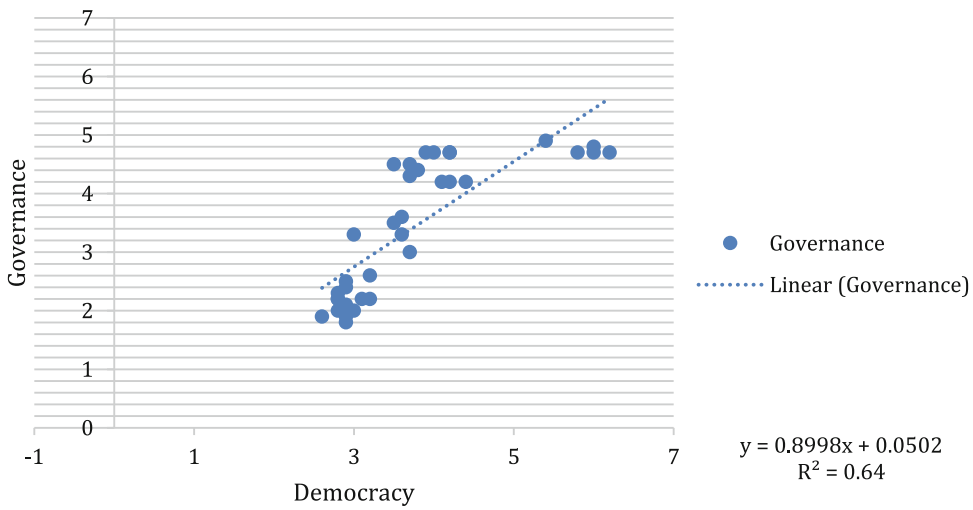


**Public Sector Reforms in Central Asia, Fig. 4** Governance in Central Asia: 2006–2018. (Source: calculated from Bertelsmann Stiftung Transformation data 2018)

governance ($R^2 = 0.64$, see Fig. 4). It is doubtful if this evidence would feature in the minds of authoritarian leaders.

## Conclusion

Central Asia is a mixed bag of public sector reforms with Kazakhstan as the regional leader and Turkmenistan the worse in a number of areas. The former is more open to innovation around digital government but reluctant to countenance digital democracy and open government. The latter is repressive and essentially anti-democratic. Kyrgyzstan, on the back of colored revolutions, sees a role for actively working with the public and has benefitted from collaborating with external funding organizations. Tajikistan shows significant fluctuations in government effectiveness, marginally better than Turkmenistan. Uzbekistan is a work in

progress, and the new regime has yet to make significant medium-term gains. Where there has been some evidence of Western influence, it has been in the area of public management, specifically decentralization and optimization of public services; privatization, outsourcing, and public-private partnerships; limited anti-corruption measures; and greater transparency through one-stop shops and electronic government. The situation remains however that Central Asia, comprising five authoritarian states with monopoly powers in the hands of the president and elite groupings, is likely to continue, in part as a legacy of the Soviet Union. There is little evidence that this will change in the short term and, as a result, the potential for significant public sector reforms drawing on Western models remains limited.

## Cross-References


- ▶ Corruption in Post-Soviet Uzbekistan
- ▶ Government Reforms and Public Administration Quality
- ▶ Public Administration in Kyrgyzstan
- ▶ Reforms and Governance


## References


Amagoh F (2011) New public management and health reform in Kazakhstan. Int J Public Adm 34(9):567–578

Aminova M, Jegers M (2011) Informal structures and governance processes in transition economies: the case of Uzbekistan. Int J Public Adm 34(9):579–590

Baimyrzaeva M (2011) Kyrgyzstan's public sector reforms: 1991–2010. Int J Public Adm 34(9):555–566

Batsaikhan U, Dabrowski M (2017) Central Asia: twenty-five years after the breakup of the USSR. Russ J Econ 3:296–320

Bertelsmann Stiftung Transformation Reports (2018). https://www.bti-project.org/en/reports/country-reports/

Bhuiyan SH (2011) Trajectories of E-government implementation for public sector service delivery in Kazakhstan. Int J Public Adm 34(9):604–615

Dixon J, Common R (2011) Symposium edition: public sector reform in Central Asia. Int J Public Adm 34(9):553–554

European Union Directorate-General For External Policies, Policy Department (2016) The EU in Central Asia: the regional context. European Parliament, Brussels

Human Rights Watch (2019) Turkmenistan: events of 2018. Accessible at: https://www.hrw.org/world-report/2019/country-chapters/turkmenistan

Janenova S, Suk Kim P (2016) Innovating public service delivery in transitional countries: the case of one-stop shops in Kazakhstan. Int J Public Adm 39(4): 323–333

Kassen M (2018) Building digital state: understanding two decades of evolution in Kazakh e-government project. Online Inf Rev. https://doi.org/10.1108/OIR-03-2018-0100

Kaufmann D, Kraay A, Mastruzzi M. Worldwide Governance Indicators. http://info.worldbank.org/governance/wgi/#reports

Knox C (2019) Public sector reform in Central Asia and the Caucasus. Int J Public Adm 42(2):168–178

Ritz A, Voegtli F (2011) Public-sector reform initiatives in development cooperation: a case study of the Kyrgyz rural advisory service. Int J Public Adm 34(9):591–603


# Public Sector Reforms with Social Inclusion: The Cases of Bolivia and Haiti


Carmen R. Apaza
Universidad de San Martin de Porres, Chiclayo, Peru


P

## Synonyms

Equality; Public administration reforms; Social inclusion

## Definition

Public Sector Reform with Social Inclusion is a government reform that includes three main pillars: (1) Growth that creates adequate productive employment – especially for the purpose of poverty reduction; (2) a comprehensive set of decentralized social policies and services especially in education and health services provided universally across the population as a right and funded by the growth dividend; and (3) capacity of the state machinery and political feasibility to implement growth with redistribution.

## Introduction: Social Inclusion and Public Policies

Social equity provides the underpinning for a just society. It influences behavior in organizations and it serves as the practical and legal basis for distributing public goods and services (Frederickson 1990; Harmon 1974; Rawls 1971). The pursuit of social equity was embraced by the New Public Administration (NPA) trend originated in the late sixties at the Minnowbrook Conference. The NPA emphasized the impact of public policies on the population and a more normative orientation to public problems (Kumar 1987). This aspect parallels efforts among public administration scientists to analyze and evaluate policy outcomes, especially assessing the impact of public policies implementation. In this vein, a number of scholars have conducted research on public policies addressing social inequalities.

Researchers found that sound social policy can contribute to economic growth as well as welfare (UNRISD 2010, p. 15). But economic growth does not necessarily mean the diminishing of social and health inequalities. In fact, some scholars found that during economic expansion, health can worsen rather than improve (Granados 2005; Ruhm 2005; Catalano 2005). Likewise, economic growth is not necessarily required for improvements in health, even in developing countries. For instance, in Haiti some progress has been made to improve health and education, while economic growth is still a challenge.

## Public Sector Reforms with Social Inclusion

Recent public sector reforms in Bolivia and Haiti tackle social inequalities on the three main pillars aforementioned. One, growth that creates adequate productive employment – especially for the purpose of poverty reduction. Creating productive employment is a challenge for most governments in developing economies. In fact, in some economies, government is perceived as a source of jobs and/or is expected to create jobs. The task may become a problem especially in low-income countries with severe economic and social crises. For instance, in Haiti, after the 2010 earthquake, the government with the aid of the donor community implemented many reconstruction projects, which served as a source of jobs for the affected population.

Two, a comprehensive set of decentralized social policies and services especially in education and health services provided universally across the population as a right and funded by the growth dividend. In many developing economies, decentralization has turned into a key strategy especially in education and health services. For instance, major government programs in Bolivia and Haiti addressing education inequalities have been successful at the national and local levels. An important factor in keeping up is the continuous training of public education staff and improving school facilities at the regional and local levels.

Three, capacity of the state machinery and political feasibility to implement growth with redistribution. Recent studies on ways to address health inequalities show that income redistribution along with other societal policies and programs, such as primary health care, public education, and social security, will help reduce or eliminate health inequities (Starfield and Birn 2007). However, health inequalities may persist even in countries with relatively low-income inequality. Other possible solutions to health inequalities include paying greater attention to the ways in which the inequality agenda is embedded within local monitoring and decision-making processes. This is a trend in Bolivia. Traditionally, local government has played a key role in public health through its work on sewers and sanitation, food hygiene, and environmental health.

But effective implementation of decentralized policies requires an adequately trained and motivated public officials cadre. Motivation initiatives may include monetary and nonmonetary incentives such as professional development, family-friendly policies, opportunities for advancement, and workplace diversity policies.

Public sector reforms with social inclusion are better understood by briefly referring to reforms efforts in two Latin American countries: Bolivia

and Haiti. These two countries are decidedly different on some dimensions, but similar in their failed efforts to tackled widespread poverty, in part due to weak institutional capacity and unskilled government officials. Some contextual information is in order.

Bolivia is a resource-rich country with a growing economy. Nevertheless, the country remains one of South America's poorest countries and one of the world's most unequal societies. Bolivia's Income Gini coefficient for 2013 is 56.3, the highest value in South America (UNDP – Human Development Reports 2013). Likewise, on the Global Hunger Index, Bolivia's measurement is the highest across South America and third-highest in the Latin America-Caribbean region, after Haiti and Guatemala (FAO –The State of Food Insecurity in the World 2015). Geographically, Bolivia is a landlocked country characterized by extreme geographical disparities and is frequently hit by natural disasters (e.g., El Niño phenomenon).

Evo Morales has been the President since 2006. Before the Morales administration, the nation suffered a series of political crises characterized by massive social protests. To stabilize the socio-economic situation of Bolivia, Morales led a decisive political change that resulted in the draft of a new Constitution, which was adopted in a referendum in 2009. In general, the 2009 constitution establishes a series of social rights. For instance, the right to water and food, the right to universal and intercultural education and the right to health without any exclusion or discrimination. It also prohibits the privatization of public social services related to the supply of water/sewage, public health, and social security (Bolivia's (Plurinational State of) Constitution of 2009, Articles 16–20).

Bolivia's economy has continuously improved since 2006 primarily due to a substantial increase in revenues from the export of hydrocarbons, minerals, and agricultural goods. Gas accounts for roughly 50% of Bolivia's total exports (CIA 2016). According to World Bank data, GDP per capita has increased from $4438.7 (2006) to $6953.8 PPP dollars (2015). Likewise, Bolivia's Human Development Index (HDI) score has increased from 0.600 in 2000 to 0.662 in 2015, giving the country a rank of 119th out of 187 countries (UNDP – Human Development Reports 2015).

The Morales administration has significantly increased the role of the state in the economy. For instance, international gas companies were forced into new contractual relationships and so taxes on gas companies were increased. The revenues from them have been used to sustain welfare programs (mainly conditional cash transfer programs) such as the "Bono Juancito Pinto" (2006) that is awarded once a year to children in return for continuing their education through the sixth grade of primary school. It annually provides approximately US$29 from over 2 million beneficiaries. The "Renta Dignidad" (2008) is the new universal state pension. It provides grants of US$344–US$$434 for those aged 60 years and above. And the "Bono Juana Azurduy" (2009) supports pregnant women and young mothers if they seek medical care during and after pregnancy. Nevertheless, serious inequalities persist, which in particular affects indigenous peoples, rural areas, and women.

In recent years, a number of reform programs addressing inequalities were implemented in Bolivia. They focused on three dimensions:

1. **Growth that creates adequate productive employment**. For instance, the Canadian International Development Agency – CIDA Bolivian Program 2005–2010. Its principal outcomes were: increased capacity of local/regional governments to plan and manage sustainable development projects and to execute their responsibilities to provide for the betterment of their citizens; improved collaboration and dialogue among extractive sector stakeholders; increased access to markets, property, credit, and technology for up to 35,000 women; improved women's role in decision-making positions in public, private, and civil society sector organizations, reaching 20,000 women; improved access to training for technical and vocational skills for marginalized and young persons; and improved access to jobs in local markets for marginalized and young

persons (Government of Canada, Foreign Affairs, Trade and Development Canada 2014, pp. 11–12).

2. **Decentralized Social Policies and Services Especially in Education and Health Services**. For instance, the Country Strategy 2011–2015 with the support of the IDB. Its principal outcomes include an increase in the number of children below the age of two vaccinated (from 50% to 70%); a 10% increase in services delivered by skilled workers in three departments; and the skills of over 50% of the health personnel updated or upgraded. In Oruro Department, almost 80% of facilities were updated to be user friendly and culturally sensitive. Chronic malnutrition diminished by 28% during the 5-year period of the Zero Malnutrition Program; anemia reduced 80% to 40% in children under 2; maternal and child coverage increased and processes were put in place to guarantee access to quality health services benefiting 228,000 mothers and 125,00 children in isolated areas of Beni and Pando (Government of Canada, Foreign Affairs, Trade and Development Canada 2014, p. 22).
3. **Capacity of the state machinery.** For instance, the CIDA Bolivian Program 2005–2010 and the World Bank Bolivia Institutional Reform 1999–2007. The CIDA's program outcomes were: increased accuracy, transparency, security, preservation, and efficiency of civil registry through a verification process and digitization (digitized over 14,400 civil registry books in 2009 to improve web accessibility); increased transparency and credibility of the electoral process, increased citizen awareness of the importance of registration and voting (e.g., training in democratic/electoral values to 14,600 secondary school student in 2009); increased citizen participation in elections (e.g., higher rate of voter registration and 95% turnout for the 2009 elections); and increased access to government services (e.g., providing over 51,000 birth certificates to undocumented citizens in 2008–2009, and corrected another 46,000) (Government of Canada, Foreign Affairs, Trade and Development Canada 2014, p. 24).

The World Bank's program outcomes were; three pilot agencies under the project receiving intensive support for comprehensive reforms (Internal Revenue, Customs, and Roads) improved their performance, measured in terms of revenue collections (Internal Revenue and Customs) and road construction and maintenance vis a vis preproject baseline indicators, with some adjustment (in the case of revenue collections) (World Bank 2008, pp. 4–5).

Regarding Haiti, the most populous Caribbean country a public policy to transform the country is still in process. Haiti is also the poorest country in the Americas having the lowest Gross National Income per capita of US$ 666 in 2011 (UN n.d. Human Development Index). Over half of its population of 10 million lives on less than US $1 per day (World Bank n.d., *Haiti Overview*). Haiti's 2015 Human Development Index value of 0.483 is also below the average of 0.505 for countries in the low human development group (UNDP 2015, p. 211). The unemployment rate is about 40%. It is high among young people, who represent more than 50% of the entire population (Index Mundi, n.d. *Haiti Age Structure*). This makes unemployment one of the country's main social problems. The country is also one of the world's most unequal societies. Haiti's Income Gini coefficient value for 2013 is 59.2, the highest rate in the Americas and the Caribbean (UNDP – Human Development Reports 2013).

The political system is based on the national Constitution issued in 1987. It opted for decentralization as the strategic path for development. However, for more than 2 decades, now the country is still at initial levels with regard to decentralization. During its political life, Haiti experienced regular political violence that accounted for about 32 coups. For instance, in 2004 a coup d'état forced the resignation of President Jean-Bertrand Aristide. A provisional government led the nation with security provided by the United Nations Stabilization Mission in Haiti. In November 2016, Jovenel Moise, a prosperous banana exporter, was elected President.

Besides socio-political issues, Haiti also suffers from natural disasters. For instance, in 2004 tropical storm Jeanne devastated the north coast of

Haiti leaving a toll of more than 3,000 people dead. In 2008 other tropical storms (tropical storm Fay, Hurricane Gustav, Hurricane Hanna, and Hurricane Ike) caused serious problems to the country. On January 12, 2010, a magnitude 7.0 earthquake struck Haiti deepening existing challenges and caused the death of thousands of people.

To overcome the challenges, Haiti has embarked in reform programs addressing inequalities since 2007 at the nation and local levels. They also focused on three dimensions:

1. **Growth that creates adequate productive employment.** For instance, the National Strategy for Reconstruction and Development (PARDH) (2010), the UN Stabilization Mission in Haiti (MINUSTAH) (2011), and the Growth and Poverty Reduction Strategy (GPRS) (2007). In this sense, since 2010 hundreds of temporary work projects were implemented, including on average 40% women (United Nations 2011, p. 44). These initiatives allowed thousands of families to increase access to income and opportunities to receive specialized training in areas such as debris management, recycling, earthquake-resistant construction, riverbank protection, and watershed rehabilitation (UNDP 2011, p. 6). In 2011 the UN Stabilization Mission in Haiti (MINUSTAH) in collaboration with local officials facilitated the opening of Haiti's first two Youth Counseling and Employment offices. MINUSTAH helped marginalized community members to create economic and social opportunities allowing them to get away from violence and the influence of gangs. In general, the postearthquake era generated thousands of jobs in the reconstruction and infrastructure sector, particularly in the Port-au-Prince area (United Nations Economic and Social Council 2013, p. 3).
2. **Decentralized social policies and services especially in education and health services.** For instance in education, the 2010–2015 Operational Plan for Education, the National Strategy for Reconstruction and Development (PARDH) (2010) and the Haiti-Education for All Program in Support of the Second Phase of the Education for All Program (2011) In terms of health issues, efforts to tackle health inequalities include: The Integrated Social Services Project (2013) and the Rural Water and Sanitation Project (2012). They resulted in an increase of the access to and use of water supply and sanitation services in participating rural communities.
3. **Capacity of the state machinery.** For instance, the National Growth and Poverty Reduction Strategy (200). Trough this program they: (a) published an order on the Organization and Operation of the High Council of the Administration and Civil Service; (b) published an order on the organization and operation of the Office of Human Resources Management; (c) set up the Central Database of Civil Servants; and (d) set up a file for the National School of Administration and Public Policies (IMF 2012, p. 79). However, a sense of who exactly is in the civil service, and what they are doing (i.e., job description) is still unclear.

## Conclusion

Public Sector Reforms programs with social inclusion have been implemented in Bolivia and Haiti aiming to tackle poverty. However, widespread poverty is still a big challenge. Likewise, lack of or weak institutional capacity and an unskilled cadre remain major challenges in those countries.

Both countries opted for decentralization as a means to tackle more effectively economic and social inequalities. But they differ in the level of implementation. While Bolivia has made a significant progress toward decentralization implementation, Haiti is still at incipient level.

Institutional capacity strategies should be intensified in both countries. An institutional framework for a modern public sector and a skilled and competent civil service system need to be developed. But the task requires a strong political will and leadership to bring about the transformation process of the civil service system.

## Cross-References

▶ Global Poverty and Inequality
▶ Trust in Government and Income Inequality

## References

Bolivia (Plurinational State of)'s Constitution of 2009. Retrieved 31 Jan 2016 from https://www.oas.org/dil/esp/Constitucion_Bolivia.pdf
Catalano R (2005) Commentary: if economic expansion threatens public health, should epidemiologists recommend recession? Int J Epidemial 34:1212–1213
Central Intelligence Agency (CIA) (2016) The World Factbook, *Economy-Overview-Bolivia* Retrieved on 27 Dec 2016 from https://www.cia.gov/library/publications/the-world-factbook/fields/print_2116.html
FAO-Food and Agriculture Organization of the United Nations, 2015. The State of Food Insecurity in the World 2015. Retrieved on 29 Dec 2016 from http://www.fao.org/hunger/en/
Frederickson H (1990) Public administration and social equity. Public Adm Rev 50(2):230–237
Government of Canada, Foreign Affairs, Trade and Development Canada (2014) Bolivia country program evaluation – 2005–2010- synthesis report. Retrieved 28 Dec 2016 from http://www.international.gc.ca/gac-amc/publications/evaluation/2014/bcpe-eppb-2005-2010.aspx?lang=eng
Granados T (2005) Increasing mortality during the expansions of the US economy, 900–1996. Int J Epidemial 34:1194–1202
Harmon M (1974) Social Equity and Organizational Man. *Public Administration Review* 34(1):11–18
International Monetary Fund (IMF) (2012) Haiti: poverty reduction strategy paper –progress report
Kumar P (1987) Public administration: old issues and new challenges. Indian J Polit Sci 48(1):42–59
Rawls J (1971) A Theory of Justice. Cambridge, MA: Belknap Press.
Ruhm CJ (2005) Commentary: mortality increases during economic upturns. Int J Epidemial 34:1206–1211
Starfield B, Birn A-E (2007) Evidenced-based public health policy and practice: income redistribution is not enough: income inequality, social welfare programs, and achieving equity in health. J Epidemiol Community Health 61(12):1038–1041
United Nations (2011) Report of the United Nations in Haiti 2011. Retrieved 3 Dec 2013 from http://onu-haiti.org/Report2011/UNHaiti_AR2011_Eng_Web1.pdf
United Nations (n.d.) UN human development index. Retrieved 26 Oct 2013 from http://hdrstats.undp.org/en/countries/profiles/HTI.html
United Nations Development Program (UNDP) (2011) Haiti Rebuilds. Retrieved 4 Dec 2013 from http://www.undp.org/content/dam/undp/library/crisis%20prevention/disaster/latin_america/UNDP-HAT-CPR-2yearsafter.pdf
United Nations Development Program (UNDP) (2013) Human development report 2013
United Nations Development Program (UNDP) (2015) Human development report 2015
United Nations Economic and Social Council (2013) Report of the Ad Hoc Advisory Group on Haiti. Retrieved 31 Jan 2014 from http://www.onu-haiti.org/wp-content/uploads/2013/07/E-2013-90-E-Haiti.pdf
United Nations Research Institute for Social Development (UNRISD) (2010) Flagship report combating poverty and inequality: structural change, social policy and politics. UNRISD, Geneva
World Bank (2008) Bolivia – institutional reform (English). Retrieved 29 Dec 2016 from http://documents.worldbank.org/curated/en/469961475092820807/Bolivia-Institutional-reform
World Bank (n.d.) Haiti overview. Retrieved 26 Oct 2013 from http://www.worldbank.org/en/country/haiti/overview

# Public Sector Strategic Planning Facilitation: Developing Country Perspective

Neale Slack[1], Jashwini Narayan[2], Gurmeet Singh[3] and Shavneet Sharma[4]
[1]Private Consutant Higher Education and Former Assistant Professor School of Management, Fiji National University, Nasinu, Fiji
[2]School of Management & Public Administration, Faculty of Business and Economics, The University of the South Pacific (USP), Suva, Fiji
[3]Graduate School of Business, The University of the South Pacific, Suva, Fiji
[4]Unversity of the South Pacific, Suva, Fiji

## Synonyms

Public sector consultancy; Strategic planning

## Definitions

| | |
|---|---|
| Consultants | Individuals who conduct specialized studies and recommend specific action plans |

| | |
|---|---|
| Strategy | A plan that includes goals and actions to achieve these goals based on available resources |

This article explores consultancies in the public sector and consultants' role in strategic planning. Consultancies in the public sector pose different challenges when compared to the private sector. Radnor and O'Mahoney (2013, p. 1556) confirm that such differences between the two sectors have been documented, but "material detailing the impact of public sector engagements on the consultancies" has received less attention, and "there is relatively little literature that specifically focuses on the consultancy experience...."

Some organizations engage consultants for the preparation of strategic plans, while others do so "in-house." However, whether strategic planning is an "in-house" effort or prepared by external consultants, involving stakeholders throughout the entire process is imperative (Aldejwi 2014) "in determining eventual ownership of the process" (Bevan 2000, p. 303). "... it is likely that someone inside the company already knows the 'right answer' and unlikely that even the best consultants in the world can come up with a dazzling surprise in six weeks" (Jackson 2010, p. 57). "Management consultants [may] steal your watch and then tell you the time... stories of consulting assignments gone astray [are not unusual, thus you must]... make sure that your consultants earn their keep" (Jackson 2010, p. 56).

Gaps in public sector consultancy (Radnor and O'Mahoney 2013) are evident in extant literature. In addition, George (2017) questions whether strategic planning "works" under public sector conditions. Also, "there are few studies. . .which examine the impact of public sector engagement on the products that consultancies develop" (Radnor and O'Mahoney 2013, p. 1555). Thus, there is still much to learn "about the efficacy or 'success' of such consultancies" (Bevan 2000, p. 289).

## Maritime Safety Authority of Fiji (MSAF)

MSAF was established as a Commercial Statutory Authority (CSA) in 2011 (MSAF 2012). For 2012 and 2013, the MSAF Board decided that external strategic planning facilitators be engaged to facilitate MSAF's inaugural and second strategic planning process and documentation of MSAF's strategic documents. In 2014, the MSAF Board opted to utilize an internal facilitator.

### 2012 – Facilitator #1

An external consultant was engaged who carried out extensive strategic planning training of both the management and staff. He also carried out SWOT analysis as well as conducted four workshops over 8 days (supporting management in compiling critical data and developing draft MSAF strategic documents) and a 2-day strategic planning workshop (including government and maritime industry representatives, MSAF Board members and, management and staff). Draft strategic documents were finalized by the external consultant and vetted by the CEO in quarter 1, 2012 with approval granted by the Ministry of Public Enterprises in 2013. Nevertheless, these strategic documents only come into effect when approved. MSAF management was left with no other choice but to implement the draft strategic documents in 2012, as though documents were approved.

### 2013 – Facilitator #2

Another external consultant was engaged to facilitate the strategic planning process and the documentation of MSAF's strategic documents. This consultant carried out data collection, conducted a 1-day strategic planning workshop (including the same key stakeholders as consultant 1), and developed draft MSAF strategic documents. The consultant opted for limited interface with MSAF management and staff throughout the consultancy. Draft strategic documents were finalized by the consultant in quarter 2, 2013, with approval granted by the Ministry of Public Enterprises in 2014. MSAF management opted not to implement the draft 2013 strategic documents which left MSAF somewhat directionless in 2013.

### 2014 – Facilitator #3

The MSAF Board decided that "in-house" facilitation of MSAF's strategic planning process

and strategic document preparation be undertaken by MSAF's CEO. The facilitator requested heads of departments (commencing September 2013) to source, analyze, and compile data (and undertake a SWOT analysis) and to draft their departmental sections' strategic documents for presentation, discussion, and in-principle approval by the MSAF Board in a 2-day strategic planning workshop. Cross-functional meetings were facilitated with department heads to ensure departmental analyses are consolidated into meaningful strategic presentations and documents. A 2-day strategic planning workshop in November 2013 (including the same key stakeholders as consultant 1) netted MSAF Boards' in-principle approval of the draft strategic documents. Draft strategic documents were finalized by this facilitator in quarter 2, 2014. However, this was not formally approved by the MSAF Board due to the imminent expiration (in September 2014) of the CEO's employment contract and the desire of the Board to allow an incoming CEO to prepare strategic documents. The MSAF 2014 strategic documents were never approved. MSAF management was thus left with no choice but to implement the draft strategic documents in 2014, as though the documents were approved.

MSAF's former chairman directed that no strategic planning documents be prepared until recruitment of a replacement CEO. Up until recently, only an acting CEO had been appointed. Additionally, MSAF has been without a Board since May 2015; however, a new Board has been appointed in 2018. No strategic documents have been published by MSAF since 2013.

## Strategic Planning Process

The strategic planning model and methods adopted by the three strategic planning facilitators were confirmed by the facilitators as being based on modified versions of Bryson's (1995) linear, ten-step strategic planning process (Fig. 1).

Each facilitator tailored process steps based on their preferred approach and peculiarities of the enterprise and environmental conditions at that time.

### Step 1: Initial Agreement

Facilitator 1 confirmed through meetings the line Ministry, Board, and CEO's commitment to the strategic planning process; however, management and staff were initially not in agreement or

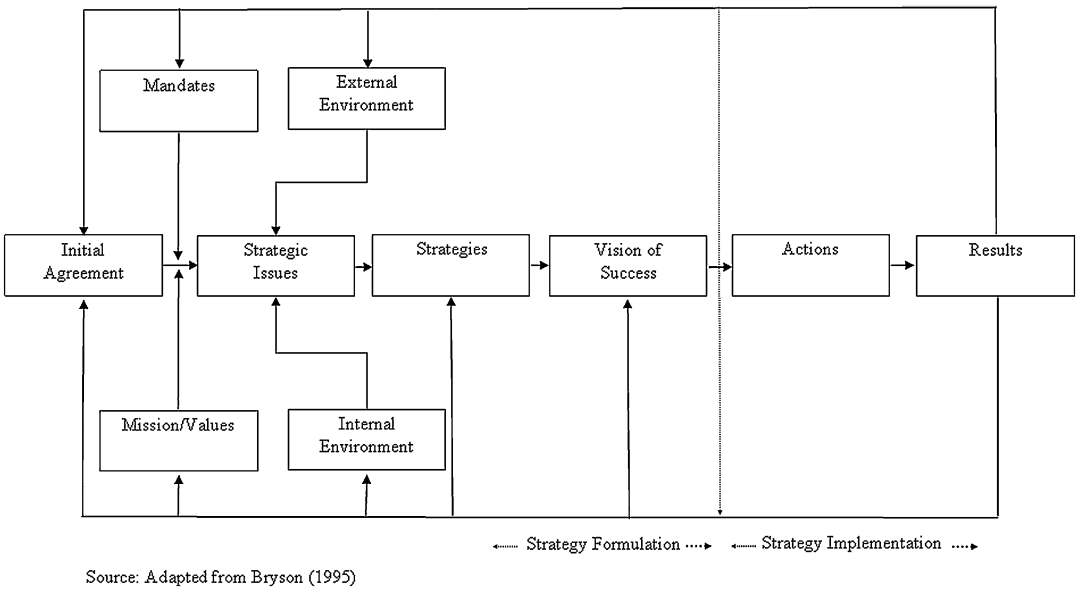


**Public Sector Strategic Planning Facilitation: Developing Country Perspective, Fig. 1** Strategic planning process

committed as they lacked foundational understanding of strategic planning and the need for such. Facilitator 2 also confirmed the Ministry, Board, and CEO's commitment to the strategic planning process. However, only one introductory meeting was arranged with the management. Management was informed that they would be required to participate in the strategic planning process by provision of requested information. The facilitator adopted a directive, top-down approach and presumed the right decision-makers were represented in the management, who clearly understood the process and willingly participated in the process. No planning group was established, no training was provided, and no agreement, commitment, or support for the process by the management was achieved. To the contrary, MSAF management expressed offense at the approach adopted by the facilitator. Facilitator 3 (the CEO) was aware of the Ministry and MSAF Board's commitment to the strategic planning process and was equally committed. This commitment was also evident and confirmed by the management and key staff. The CEO agreed to the strategic planning process suggested by management and the proposed strategic planning group, and an inclusive and delegated approach was adopted.

### Step 2: Organizational Mandates

MSAF was bound to comply with domestic legislation [Public Enterprise Act (1996), MSAF Decree (2009), and the Marine Act (1986)] that spell out the governance structure, purposes, functions, and particulars relating to MSAF as a CSA and also to international maritime safety conventions of the International Maritime Organization (IMO). These mandates were understood by the CEO, MSAF management, and key staff; however, these needed to be explained to Facilitators 1 and 2.

### Steps 3 and 4: Vision (3), Mission, and Shared Values (4)

Each strategic planning facilitator developed the vision statement early in the strategic planning process (at step 3) and contrary to Bryson's ten-step strategic planning process where the vision statement is developed at step 8. Facilitator 1 established MSAF's inaugural mission statement (with input from the planning group and stakeholders). This mission statement remained unchanged by Facilitators 2 and 3. Facilitator 1 also established MSAF's core values (with input from the planning group and stakeholders). Ironically, Facilitator 2 maintained the inaugural mission statement that referenced the core values of MSAF yet did not stipulate any core values in the strategic plan. Facilitator 3 retained the inaugural core values which were documented in the strategic plan.

### Step 5: SWOT

Facilitator 1 carried out a SWOT analysis involving participants (management, staff, and external stakeholders). Facilitator 2 did not carry out a SWOT analysis, rather opted to undertake a stakeholder analysis to identify potential parties impacted by the strategic plan, what was relevant to those parties, and their current and future expectations of MSAF. Facilitator 3 carried out the same analysis as Facilitator 1.

### Step 6: Strategic Issues

Facilitators 1 and 3 identified a series of "challenges" that would impact MSAF's service provision and strategies adopted, covering the timeframe of the strategic plan. Facilitator 2 opted not to identify any strategic issues and relied solely on stakeholder analysis.

### Step 7: Strategies to Meet Objectives

Facilitators 1 and 3 (by consensus with the management group) listed strategic actions planned to be taken to address the issues identified and to enable goals and objectives to be met, whereas Facilitator 2 opted not to identify impediments and associated activities to address those impediments.

### Step 8: Simple, Practical Implementation Plan

Facilitators 1 and 3 (by consensus with the management group) documented logical and workable implementation plans to bring about strategic ends. Facilitator 2 compiled organization-wide metrics and ratios for each

functional area, covering a 3-year period and a Corporate Performance Framework for 2013. Accountability for attainment of metrics and ratios was not specified. Considering Facilitator 2's limited involvement of management in this process step and limited explanation provided (regarding the metrics and ratios), management and staff did not understand the projections and, hence, did not commit to attain such.

### Step 9: Re-evaluation, Approval, and Implementation

Facilitators 1 and 2 followed this step, ultimately resulting in approved strategic plans for implementation; however, both facilitators were not engaged in implementing the strategic plans. In spite of the delay in drafting and approval of the inaugural strategic plan, the unapproved strategic plan was implemented by management and staff. Management and staff were not committed to implementing the strategic plan developed by Facilitator 2. The plan was thus not implemented, leaving the enterprise directionless in 2013. The strategic plan developed by Facilitator 3 was not formally approved by the MSAF Board due to the pending expiration of the CEO's contract of employment. MSAF management, therefore, opted to implement the unapproved strategic plan, rather than leave the enterprise directionless in 2014.

### Step 10: Reassess Plan and Process

MSAF management reviewed progress and made adjustments (where necessary) toward attainment of the strategic plans implemented and reported on a biannual basis to the Board and line ministry and annually to the Minister for Public Enterprises.

### Findings

The three strategic planning facilitators espoused to MSAF management and staff the criticality of planning and formulation of strategy to strategic planning. Only Facilitators 1 and 3 established inclusive, empowered, cross-functional management and staff planning groups that were actively engaged in planning and formulating the process and allowed for buy-in, collaboration, and ultimately commitment by those group members, resulting in simple, implementable strategic plans. While the inaugural strategic plan was implemented, the strategic plan facilitated by Facilitator 3 was not implemented due to a Board decision relating to recruitment of a CEO. Facilitator 2 merely set aside 1 day to meet the MSAF management individually and adopted a mechanical, top-down approach which alienated and offended management and staff. Hence, poor commitment of management and staff to the strategic planning process resulted in the non-implementation of the strategic plan.

Due to promotion of a high degree of vertical and horizontal communication, Facilitator 1 was able to establish a high degree of employee strategic planning perception congruence which supported strategic planning and implementation. Facilitator 2 failed to communicate and develop congruence; hence strategic planning was "painful" as indicated by employees, and management were disinterested in and unwilling to implement the strategic plan. Facilitator 3 was only able to establish congruence at the Board and planning group levels; hence, strategic plan implementation would have been challenging. Management were congruent with Facilitators 1 and 3 and with the unified direction provided to employees by Facilitator 1. Facilitator 3 failed to gain unification of direction with employees as the strategic plan was never approved. However, because management did not agree with the facilitation approach adopted by Facilitator 2, management was not congruent with Facilitator 2, and this disunity was evident to employees.

Facilitators 1 and 3 supported the planning groups through provision of extensive planning training, communication, encouragement, and motivation and encouraged communication among departments and sharing of goals. These facilitators ensured that planning group members were removed from their day-to-day roles (for planning group meetings and activities) for the absolute minimum time, so as to mitigate the impact on their workloads. These facilitators educated planning group members sufficiently to help them realize and accept that organizational

direction and interests take precedence over personal and functional interests. In contrast, Facilitator 2 spent such minimal time with management that their responsibilities were only marginally increased. Under these circumstances, personal and functional interests did take precedence over organizational direction and interests as management was not committed to the organizational planning process.

Facilitators 1 and 3 established planning groups with member selection as agreed by senior management. Training and coordination of the planning groups by those facilitators allowed the opportunity for experimentation and creativity by planning group members. Facilitator 2 opted not to establish planning groups, rather merely met with management individually over 1 day to source information and provided no training or coordination. This resulted in management disengaging from the strategic planning process, the "know-how" of management neither being harnessed nor developed, and produced a strategic plan "they [management and staff] did not own."

Facilitators 1 and 3 realized MSAF was a highly institutionalized, bureaucratic organization and worked hard at encouraging the planning group to be creative to "own" the planning, monitoring, and control of the strategic plan and extensively communicated with employees so that they understood and agreed with the new strategic direction. Facilitator 1 was reasonably successful in achieving these objectives as the strategic plan implementation was "owned" and driven by the management and staff and implemented rapidly. While Facilitator 3 was able to secure commitment of the planning group and management toward the "new" strategy, because approval of the strategic plan was not secured, employees lacked commitment for the implementation of strategic plan. Facilitator 2 chose to unilaterally control the whole strategic planning process.

Facilitator 1 frequently communicated organization-wide to develop strategic consensus by management and staff for strategy development and implementation. While Facilitator 3 frequently communicated with the Board and planning group, little vertical communication to staff was possible as the strategic plan was never approved. In contrast, Facilitator 2 adopted a strict top-down facilitation and communication approach with minimal vertical communication, creating a barrier to communication with management and staff and inhibiting strategy development and implementation. Counterproductive dialogue by management and staff ensued.

Facilitator 1, through extensive strategic planning training and support provided to the planning group and key staff, and with ongoing involvement and communication, was able to develop management and employee commitment to the planning process with congruency of self-interests to organizational interests. Facilitator 2, on the other hand, failed to involve management and employees and, hence, failed to gain their commitment to the planning process, resulting in employee self-interest prevailing and implementation failure. Facilitator 3 established trust and commitment of management to the planning process but not in all employees due to the inability in obtaining approval for the strategic plan.

The MSAF Board and CEO were consistently supportive of the strategic planning process throughout this study. However, three successive strategic planning facilitators were utilized. Facilitator 1 was charismatic with a high degree of interpersonal skills which allowed the facilitator to develop buy-in of the planning team and helped develop a clear strategy that was communicated consistently organization-wide. This approach allayed concerns and aligned employees to the new strategy. Facilitator 2 gained no buy-in of management to the strategic planning process, which was evidenced by inconsistency between management and the facilitator and the inconsistent messages being sent to employees, which destabilized the organization. Facilitator 2 while being technically skilled lacked charisma, interpersonal skills, and empathy for management and employees. Facilitator 3 was charismatic, established rapport with management and staff, and was able to convince the Board and management to commit to and support the new strategy. Since the strategic plan was not approved, inconsistent messages were sent to the management and employees, resulting in their lack of commitment to the implementation of the strategic plan.

MSAF exhibited an institutionalized, bureaucratic, governmental culture which if not managed appropriately could hinder strategic facilitation and implementation. Notwithstanding, Facilitator 1 was unfamiliar with the culture of MSAF, however quickly grasped the nuances of the organization, and was able to work successfully within and with the organization. Facilitator 2 also was unfamiliar with (and made no attempt to understand) the culture of the organization, was viewed as an "outsider," and faced many obstacles and resistance when facilitating the strategic planning process. Facilitator 3 was intimately familiar with the culture of the organization (as CEO, he was part of the culture), and the culture under his guidance encouraged strategy facilitation.

## Conclusion and Research Implications

This study offers a unique perspective on the use of "in-house" and "external" strategic planning facilitators in the public sector and the approaches adopted. Unlike some studies, we argue that management should focus on ensuring that the process results in a simple and implementable strategic plan to drive organizational performance, as opposed to getting lost in the "in-house" versus "external" facilitator debate.

In spite of the best of intentions, applied efforts, strategic planning facilitation, and incurred expense of public enterprises, public enterprises often operate with no strategy, an unapproved strategy or a strategy doomed to fail.

## Cross-References

► Accountability
► Accountability and Governance in Fiji

## References

Aldejwi SF (2014) Theory and practice: compliance with best practices in Saudi Arabian public universities' strategic planning, PhD thesis. University of La Verne, La Verne

Bevan R (2000) Australian residential estate agency practice: profitability report 1998/1999. Robert Bevan and Associates, Sydney

Bryson JM (1995) Strategic planning for public and nonprofit organizations, revised edn. Jossey-Bass, San Francisco

George B (2017) Does strategic planning work in public organisations? Insights from Flemish municipalities. Public Money Manag 37(7):527–530

Government of Fiji (1996) Public Enterprise Act 1996. Government Printing, Suva

Jackson SE (2010) Reaching for value: making consultants earn their keep. J Bus Strateg 31(3):56–58. https://doi.org/10.1108/02756661011036718

MSAF (2012) MSAF strategic plan 2012–2014. Fiji, Suva

MSAF (2013) MSAF strategic plan 2013–2015. Fiji, Suva

Radnor Z, O'Mahoney J (2013) The role of management consultancy in implementing operations management in the public sector. Int J Oper Prod Manag 33(11/12):1555–1578. https://doi.org/10.1108/IJOPM-07-2010-0202

# Public Service and Service Delivery

Afeez Kolawole Shittu
Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria
Department of Political Science, Federal College of Education (Special), Oyo, Nigeria

## Synonyms

Civil service; Performance; Public policy; Public sector; Public service delivery

## Definition

| | |
|---|---|
| **Public Service** | Public service means the activities and services done in any government capacity in the interest of the public domain and for the benefit of the general public. Such services include policing, defense, healthcare, education, etc. |
| **Public Sector** | This is a sector owned or at least controlled by the government to provide services to the public. |

**Service Delivery** This refers to the extent to which the services provided by the listed sectors meet or exceed the expectation of the beneficiaries (general public).

## Introduction

The public service in any country of the world represents the machinery of government through which public policies are formulated and implemented. Public service achieves this function by converting government policies and programs into tangible goods and services for the consumption of the citizenry. It is important to note in this entry that there exists an interlocking relationship between public service and service delivery. In other words, the existence of a public policy is desirable, and public service exists to serve the purpose of service delivery. That is to say that the service(s) provided must meet the needs and expectations of the general public. Also worthy of note is the existence of modern government across the globe which has demarcated the operation of government into three main organs irrespective of the government system in operation. The first is the legislature that is saddled with law-making function, the second is the executive with policy formulation and implementation function, and the third is the judiciary that is in charge of law interpretation and enforcement. The overall outcome of the activities of these government machineries is to deliver public goods and services to the welfare and security of the citizens through the instrumentality of public services.

For proper analysis of this entry, it shall be divided into six chapters. Apart from the introductory chapter, the second chapter shall provide a concise overview of the meaning of public service as against civil service as both words were sometimes used interchangeably. The third chapter shall discuss notable characteristics of public service as against private service in addition to the functions of public service. Public service delivery and the model of relationship were discussed in the fourth chapter. The fifth chapter looks at the public service reforms in the context of effective service delivery. The sixth chapter summarizes the synopsis of the whole sub-chapters and makes meaningful conclusions.

## Public Service and Civil Service Defined

The use of the term civil service is not within the jurisdiction of this entry, but I will implore to keep in view as the distinction becomes imperative to clear the interchangeable usage of the concepts as if both are the same. In public administration literature, the term public service has become a contested concept which can best be understood in the way the word is used and practiced in the constitution of the various countries of the world. Despite this, the function and purpose as well as the expectation of public service in terms of service delivery remain the same all over the countries. Drawing from international research evidence, public service varies in terms of management, function, and uses. Spicker (2009) argues that the best way to understand any term is the way it is used and practiced. For instance, the publication of the UK Cabinet Office (2008: 5) did not provide a definition of public service but described public service as services such as education, health, policing, and defense. Public services from a holistic view are those services funded by the money accrued through taxation from the general public and for the benefits of the public. These are organized services responsible for managing and controlling the resources of the state on behalf of the general public who are actually the owners of the resources. These services are run and controlled by either the elected or appointed government offices. The management of these services could be federal, state, or local government depending on the country. At the same time, some services such as health and education which are regarded as public service may sometimes be overtaken by either public, private, or voluntary sectors depending on the country concerned and type of services provided. An example of a voluntary service that is considered public service is the independently provided libraries (such as Carnegie Library) that have been serving the community well for generations in the United States (Southern Education Library Board

2006). In line with the above, government funded projects are sometimes contacted to the private firms for execution and the delivery of such projects still remains in the domain of public service. The delivery of such services still remains a public service criterion. Canadian banks are a notable example of this arrangement (Canadian Parliament 1998).

In relation to the difference that exists between public and civil service, public service is broader in scope and encompasses the service of civil service, while civil service is a subset of public service. Gboyega (2004: 3) describes public service as service in any government capacity such as elected or appointed members of the legislature, executive, judiciary, ministries, boards and statutory corporation, and members of the armed forces at all levels of government. All these ministries, corporations, and parastatals that government controls are regarded as public sectors, and staff and employees working for the provision of services to the citizens are called public servants. Faseluka (2010) buttresses the understanding of public service as the totality of the services directed to the management of human, material, and financial resources of the state for the provision of welfare services to the general public. Further evidence can be drawn from the 1999 Constitution of the Federal Republic of Nigeria (as amended). Specifically, Section 169 of the Constitution makes provision for the existence of the civil service of the federation which states that "There shall be a Civil Service of the Federation." The provision further recognizes the civil service as the administrative machinery for implementing government policies and programs with a view of advancing the welfare and well-being of the citizenry. Civil service according to manual handbook in the Nigerian context also connotes an administrative machinery of the executive arms of the government that are responsible for policy implementations and execution for the service of the citizens. A civil servant in this regard represents an employee working and employed by civil service commission based on his expertise and professionalism.

From the above, a clear distinction can be made from the above description of public and civil service that the latter is the subset of the former being smaller in composition. One of the unique attributes of civil service is its permanence nature as it remains despite the change in government. This is why Warren Fisher in his report of the Royal Commission of the Civil Service (1929) stated as follows:

> Ministers functions as policy determinant, and the moment policy is determined, civil servant has unquestionable responsibility of carrying out the policy in good faith without any fear or favour irrespective of whether he/she agrees with policy or not.

The above submission therefore presupposes the basic functions of the civil service all over the world to include the provision of necessary that could aid the government in the formulation of policy as well as implementing the approved policies of the government to the latter without fear and favor. The civil servant as an employee of the civil service commission is expected to perform these duties without fear or favor and in accordance with the laid down rules and regulations.

## Characteristics of Public Service

Having established the basic understanding of public service from the foregoing chapter, it is also important to look at its basic characteristics in order to clarify its functions from that of the private service. It must be established at this juncture that the rise of capitalism and its emergent concepts such as economic liberalization, privatization, and commercialization of public sector by some private firms appears as if these private organizations are performing the function of public service; notwithstanding, public service has its own distinctive characteristics which are very important in several ways in contrast to private service. On this note, Spicker (2009) identified four distinctive characteristics of public service – reason of public policy, provision of services to the public, function as an agent of redistribution, and operating as a trust.

**Determination of Public Policy:** The government exists to make provisions for the welfare and security of citizens. The government does this

function through policy formulation and implantation. Public policy in this regard represents the action and inaction of the government towards the needs of citizens. It is the totality of government programs and strategies towards responding to the needs of citizens. The provision of security function, welfare services, education, healthcare, roads, water, and sanitations were initially formulated in form of policies and later implemented through government bureaucracy and its agencies. Public policy therefore represents one of the unique attributes of public service through which public policies are implemented in form of service delivery to the members of the general public.

**Provision of Services:** Public service exists to provide the necessary service to the public at low or no cost at all. These services are essential for the survival of the general public such as water, electricity, healthcare service, and general protection of lives and properties. One important factor in this level is the value of service provided for the citizens. This is why value in private service is quite different from that of the public service. The relationship between the service provider and the recipient of the service is very direct in private services. The client has direct access to making private service accountable for the value of service received. The moment clients discover that the value is the service provided does not commensurate to the amount spent, clients stop the patronage. Such accountability in a public service is not possible. Clients do not directly pay for the services provided by the government. Since most of such services are subsidized or sometimes free (education, healthcare, water, voters' identity card, etc.). The service may be free to citizens but not to the government. In fact, the costs of production and delivery of services are costlier to the government. This is why the government is most likely to go into partnership with private service in order to reduce the cost of delivery. Since clients do not pay directly, it is difficult to judge whether the services being provided are worth the money being incurred by the government (out of the tax paid by citizens).

**Consumer Preference:** Public services are not designed to meet the desire and preference of the client but to further the desire of policy makers and whatever they consider as desirable for the general public. Policy makers in this regard may include not only the government but voluntary organizations and philanthropists, among others. In the case of private service, it is the preference of the consumer that determines the production of goods and services (Boyne 2002:98).

**Redistribution:** This is one of the key features of public service. The fact that is not for commercial purpose makes public service perform a redistributive function. Spicker (2009) notes that people that paid might not be the recipient of the services. For instance, a company that sells soup to the public is not providing a public service, but an agency that champions the distributions of such service to the homeless actually does. Redistribution is an inevitable function of public service because the government actually allocates resources to balance the inequality in resource distribution with a view to protecting the poor of the poorest in the society. Public service does this function with the intention of engendering even development in the country between the haves and the haves not. This is a way of providing socio-economic justice to the public. Redistributing function can also be performed by private and charity organizations as well.

**Public Service as Trust:** The needs of the citizens are entrusted in the government that must be provided through public service. It is assumed that people may lack the capacity to make an informed or rational decision themselves, and hence the government must make a decision that is considered good on behalf of its citizens. Some scholars called this a paternalistic role. It is paternalistic because governments make provisions for citizens without prior consent. This is done in order to prevent the consequence and risk that could arise from the freedom of individuals to make irrational choices or decisions.

## Functions of Public Service

In any country of the world, public service performs certain functions that are unique and distinct. The following are some of the functions of public service.

**Provision of Social Services:** Provision of the essential services needed for the survival and sustenance of the general public is one of the basic responsibilities of public service. There are several categories of social services that public sectors provided for. Prominent among these include communication, healthcare services, education services, housing services, transportation services, and many others. All these were made available for public consumption and use.

**Formulation and Implementation of Policies:** For service to be rendered to the public, it must be formulated in policy. Policy is the totality of government plans and strategies towards the citizens. Public service becomes an essential instrumental that translates government programs into reality for the benefit of the citizens. They are also instrumental in providing necessary data and information to the government that could help in policy formulation. Without the instrumentality of public service, government policy remains utopian that cannot be realized.

**Government Continuity:** For democratically elected government, there exist inbuilt mechanisms within the constitution to change the government through the process of election. When this occurs, it is the public servant that ensures the continuity of government in order to bridge the vacuum in government and to prevent the state of anarchy. The sector has the capacity to even sustain the period of military interregnum and revolution against the civil government (Naidu 2005). The overall outcome of the functions of public service as highlighted is to deliver social services to the citizenry.

## Public Service Delivery

Since the formation of civil society where men entered into an agreement on the basis of social contract with the government, the question of service delivery has become so pivotal. The social contract arrangement is the consequences of the envisioned state of nature by Thomas Hobbes in his state of nature without government and opines that the lives of men were brutish, nasty, and short. Hobbes (1994) thus suggests a social contract where men surrendered their rights under the sovereign authority with the ultimate goal of preserving their lives against violent death. As a result, the government is charged with the responsibility of preserving the lives and properties of the citizens against physical or imagined threats. The government therefore shoulders with enormous responsibilities that must be discharged effectively and efficiently. To actualize this enormous task, public service emerged as the main machinery of government. Public service has therefore represented the building bridge for (government) to respond to the needs of the general public (citizens). In other words, public service carries the responsibility of formulating and executing policies and programs with the ultimate goal of delivering important welfare services that are capable of enhancing the standard living of the general public. Since the term "public" according to Jones (1970) refers to the citizens of a particular geography at a particular time, public service evokes the thought of government involvement in service delivery that is devoid of profit motives. Ogunna (2004: 2) reiterates that the desire to satisfy the public through the implementation of public policies, enforcement of laws, and realization of public welfare culminates the effective public service delivery. Public service delivery becomes so paramount because it represents the fundamental structure of nation-building, it serves a tangible link between government and citizens to the government, and it also promotes the values of nations to the citizens and finally serves as a bond between the state and citizens (Walle and Scott 2009). Since effective service delivery remains the overall outcome of public services, measuring the performance to keep them in line of duty is very essential. On this note, Al-Ghazali (2008: 5) identified the following checklist for measuring the capabilities of public service for effective service delivery:

- Public service should be able to demonstrate effective delivery of goods and services at a low cost and timely manner.
- Public service should be able to demonstrate equitable distribution of the services to the people in a fairer and transparent manner.

- Citizens should have the convictions that state institutions and public service respect the fundamental rights of the citizens and themselves demonstrate respect for the laws of the land.
- Public service should be wary of physical force and coercion and the effective use of legitimate power to command submission.
- The environment should secure citizens to carry out their daily routines without fear or hindrance.
- Finally, equal treatment and dispensation of justice for all citizens without any bias.

To this end, the extent to which public service performs to meet the expectation of effective service delivery to citizens varies from country to country. This is why virtually all countries of the world continue to constantly reform their public services with a view to ensuring that the delivery of goods and social services is done in an effective and efficient manner.

## Model of Relationship in Public Service Delivery

The delivery of public services to the general public is a function of the distribution of duties and responsibilities to various bureaucratic organizations. The ability and capacity of bureaucracy to effectively carry out the assigned task depend on the relationship and motivation put in place. There are several models that can be applied to ensuring the proper performance of bureaucracy for effective service delivery. This entry adopts the model in the World Bank report on public service (2018). This model identified five main features for effective service delivery, and these include financing, delegation, performance, information about performance, and enforceability. It therefore identifies four different actors with their distinctive roles in the direction of service delivery. These include citizens or clients, politicians or policy makers, organizational providers, and frontline professionals. Citizens/clients represent the service recipient such as patients, students, traders, pensioners, and many others. With respect to politicians/policy makers, these are the categories of political executives such has ministers, commissioners, and elected public officials that cut across various levels of governments. While organizational providers represent civil servants at the top echelon and possess the power and authority to command on the frontline service providers, the frontline professionals constitute the set of people that perform the actual function of service delivery to the general public such as police officer, medical practitioners, teachers, etc. All these aforementioned actors perform their roles based on the laid down process and procedure of relationships. The whole gamut of relationship cantered on the reciprocal relationship between two actors – one being the principal actor and the other his agent. They were all related in respect of five features of the abovementioned tasks or services. This is demonstrated in Fig. 1.



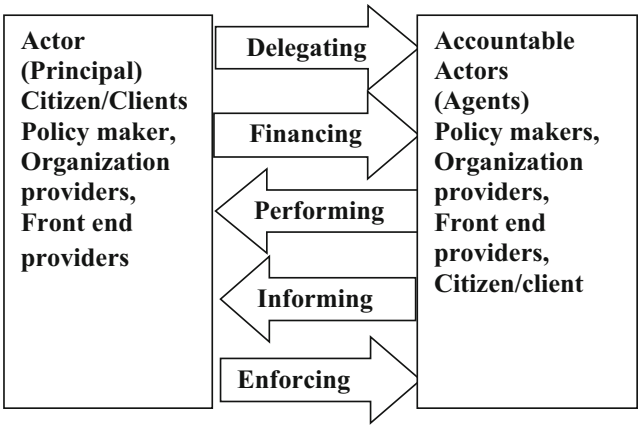


**Public Service and Service Delivery, Fig. 1** Model of relationship

The illustration of the relationship is as follows: The policy makers make provision to the citizen through its established organization for service providers known as bureaucracy. The policy maker tasked its agencies through the delegation of duties to be performed by the frontline providers with the provision of necessary resources such as infrastructure, fund, training, etc. The service providers carried out the function of performing and reporting information about the task with a view to get an approval by the principal actor to determine whether the task has been carried out effectively. Where cases of improper conduct exist, the principal actor instructed the service providers in form of enforcement to take necessary corrective measures so as to satisfy the service norms. On the other hand, the citizen has the reciprocal relationship of becoming the principal actor having democratically elected their leaders with the mandate in form of delegating to perform the function of the service provider and proving them with resources through tax payment (financing). The executives either elected or appointed serve as machinery for performing the governance function and meet up with the expectations of the citizens. In case of failure in their performance, the citizen has the mandate to express their dissatisfaction by voting them out of power in another election. The interlocking relationship explained in the model is a way of making the political executives accountable and responsive to the needs of the citizens through the delivery of quality services.

## Public Service Reform

As established from the foregoing, the overall goal of public service is the effective service delivery that meets the needs and expectations of the general public in a particular polity. The idea of reform came into public service with the motive of improving the public service delivery for the benefit of the public. For the past few decades, many industrialized nations of the world have rigorously engaged in public service reforms. The ultimate goal of this reform is to ensure that public service has the right people and operates efficiently and effectively for the delivery of the right services and policies to the general public. In other words, improving service delivery remains the pivotal goal of any reform in the public sector. The historical development of reform in public service is exemplified in the threefold framework of Burns et al. (1994) where service providers see clients in the past time as a dependency on the period of recognizing their greater involvement and empowerment as citizens (Fig. 2).

Max Weber's classical model of public service was the order of the day at the beginning of public service across the globe. In this Weberian era, adherence to formal rules, regulations, and bureaucratic rigidity and procedure dominate the delivery of public service. According to Burns et al. (1994), the service delivery at this time was fair and impartial and was often characterized by rigidity and top-down approach to public service. This classical model was influenced by the upsurge of industrial revolutions in the latter part of the nineteenth century in Europe. It therefore emphasizes proper control in the chain of command and embraces meritorious and qualified public servants. At this period, the government was regarded as an instrument of socioeconomic

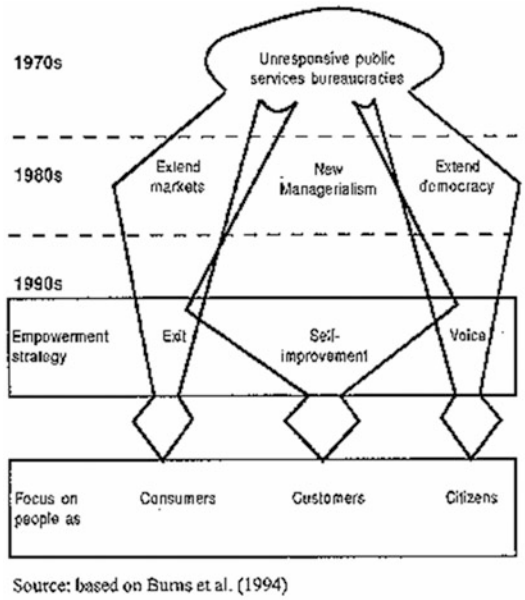


**Public Service and Service Delivery, Fig. 2** Burns' model of reforms. (Source: Based on Burns et al. 1994)

development and nation-building. However, consequent upon the development of society and emergent complexity in governance with the rise of education, expansion as well as liberal democratic views challenged the status quo of the classical model of public service. This brought about the question of accountability, cost-effectiveness, and the value of money. This gave rise to a new public management approach (Pollitt 1995) that was largely dominated by the capitalist economy that promotes profit-oriented private companies. The attitude of this new management school includes cutting down to size, reduction bureaucracy, privatization and commercialization of public enterprises, deregulation, lower taxes, and public-private partnerships (Faseluka 2010). All these were strengthened by demands for democratic consolidation, transparency, accountability, and performance from the public sector. While some author (Yayale 2007: 5–6) argues against the excessive privatization of government-owned sectors, the reality of the twenty-first century attested to the need for a professional, committed, knowledgeable, and well-remunerated public service in order to deliver goods and services to the generality of the people. The initiation of reform in the public sector could be emanated at any level of government such as federal, state, or local government depending on the country's focus. To this end various reforms have been instituted on structure and personnel management at various country levels aimed at ensuring effective and efficient service delivery to her citizens.

## Conclusion

This entry did a holistic view of public service and service delivery. The quintessential features and functions that separate public service from that of private services were highlighted. The entry established the nexus between public service and service delivery using the model of relationship. Reforms in public service were also discussed in order to bring out efficiency and effective service delivery to the general public. There is no doubt that public service has come to represent an inevitable instrument for the delivery of social services to the general public across the globe irrespective of the system of government in operation. Consequent to the above, this entry concludes that there is a need for regular review of public service performance in order to improve efficient and effective service delivery to the general public.

## Cross-References

▶ Public Sector Accounting

## References

Al-Ghazali A (2008) The transformation of the Nigeria public service. Abjuja SKY-Leks

Boyne G (2002) Public and Private Management: What's the difference? J Manage Stud 39(1):97–122

Burns D, Hambleton R, Hoggett P (1994) The politics of decentralisation: revitalising local democracy. Macmillan, London

Cabinet Office (UK) (2008) Excellence and fairness: achieving word-class public services. http://www.cabinetoffice.gov.uk/media/cabinetoffice/strategy/assets/publications/world_class_public_services.pdf

Canadian Parliament, Standing Committee on Finance (1998) http://cmte.parl.gc.ca/Content/HOC/committee/361/fina/evidence/ev1039024/finaev150-e.htm. Accessed 3 Nov 1998

Faseluka G (2010) Civil service administration and effective service delivery for development. In: Omotosho F, Agagu AA, Abegunde O (eds) Governance, politics and policies in Nigeria: an essay in honour of Prof. Dipo Kolawole. Editions SONOU d'Afrique (ESAF), Porto Novo, pp 424–428

Flynn N (1990) Public sector management. Harvester/Wheatsheaf, London

Gboyega B (2004) First class public servant: the myths, characteristics, dos and donts. Ajomo Press, Ado Ekiti

Hobbes T (1994) Leviathan, Edwin Curley. Hackett Publishing, Indianapolis/Cambridge

Jones CO (1970) An introduction to the study of public policy. Duxbury Press, Pacific Grove

Naidu SP (2005) Public administration: concepts and theories. New Age International, New Delhi

Ogunna AEC (2004) Fundamental principles of public administration. Versatile Publishers, Owerri

Pollitt C (1995) Justification by works or by faith? Evaluating the new public management. Evaluation 1(2):133–154

Royal Commission on the Civil Service (1929–31) Report (Great Britain Cmd.39009). H.M. Stationery Office, London, pp viii–252

Southern Education Library Board (2006) http://www.selb.org/news/news2006/survey/survey.htm

Spicker P (2009) The nature of a public service. Int J Public Adm 32(11):970–991. http://openair.rgu.ac.uk

Walle SGJ, Scott Z (2009) The role of public services in state and nation building: exploring lesson from European history for fragile states. Retrieved from http://hdl.handle.net/1765/17084

World Bank (2018) World development report 2004: Making services work for poor people. A publication of the World Bank and Oxford University Press, In APDIP E-Note 11, Pro-Poor Public Service Delivery With ICTs. Making local e-governance work towards achieving the millennium development goals. Retrieved September 2nd, 2020, from http://www.apdip.net/apdipenote/11.pdf

Yayale A (2007) Extending the frontiers of the civil service reforms. Paper presented at the 37th annual conference of Civil Service Commission in Nigeria heal at Uyo

# Public Service Commission Capacity and Performance Management in Ghana

Bernard Gumah[1] and Edward Brenya[2]
[1]School of Management and Economics, University of Electronic Science and technology of China, Chengdu, China
[2]Department of Political Studies, KNUST, Kumasi, Ghana

## Synonyms

Competence; Efficiency; Effectiveness; Personnel management; Public personnel management; Public personnel managers; Public organizations; Resources

## Definitions

Organizational Capacity is the human and non-human resources required to effectively identify problems, develop programs, and evaluate such programs for it to succeed.

Performance Management is the deliberate action taken by organizations to bring about efficiency and effectiveness in the delivery of services for the public good.

## Introduction

Public sector Performance Management Systems (PM(S)) are designed deliberately by governments to improve the conduct of government business through the effective and efficient delivery of services. In Ghana, this is the function of the Public Services Commission (PSC), the human resource division of government responsible for providing the framework for the institutionalization of the PMS in the public services. The development of PMS for Public Sector Organizations (PSO) in Ghana begun in the 1980s. However, no plan has been sustainable due to the numerous challenges that confront the implementation stage. The Civil Service Performance Improvement Programme and the Performance Evaluation System are among the recent attempts to institutionalize PM in PSOs.

In principle, the use of "corporate parent" in large organizations can enhance the performance of subsidiary organizations through economies of scale and the ability to augment the level of expertise. Performance can be enhanced by corporate parents through three main ways, ensuring that legal requirements are observed, appointing persons to managerial positions and acquiring the necessary resources to run the organization. Secondly, providing services that support front-line functions, such as HR, purchasing, IT, and finance. Lastly, corporate parents stimulate and enrich unit performance by checking targets, reviewing plans, allocating resources, and monitoring performance (Goold and Campbell 2002).

Limited studies are attempting to study the role of organizations that design policy and how such organization play a role in the implementation of policies they design. The scenario is not different in Ghana. This entry aims to assess the capacity and the effectiveness of central government agencies in implementing PM. It also examines factors such as leadership commitment and how it influences the implementation of policies. The entry is motivated by the literature on organizational capacity which posits that capacity is vital in the execution of policies and programs. Policies are noted to be dysfunctional in low-capacity organizations.

## Organizational Capacity

Theories of public management assert that capacity is a critical determinant of service quality and a critical component for achieving improved service delivery. The availability of nonhuman resources in the absence of human resources is meaningless. Often, organizational capacity encompasses leadership, collaborative ability, and technological capabilities which are used to manage systemic challenges. The availability of resources, infrastructure, and technology has no consequences without an efficient, effective, and knowledgeable workforce. This is particularly so in PSOs where the provision of public goods and services takes place within an environment of scarce resources and competing demands. It is the expectation that in implementing public policy, these factors should be considered to ensure implementation is not affected by one or more of such factors.

There is a direct relation between the level of management capacity and performance. Governments and organizations with high-capacity most often manage resources well and have active policies and programs, which allows them to be adaptable, effective, and efficient, while those with low capacity struggle to develop, innovate, implement and will be deficient in their desire for self-improvement. Proponents of integrative leadership argue that the exhibition of effective leadership through actions that build and improve organizational abilities and management systems is the mode by which leaders of organizations create and direct their organizational capacity (Moynihan and Ingraham 2004).

## Public Policy Implementation

Public policy is a deliberate action taken by governmental bodies and officials' in dealing with a public problem and is dependent on local capacity and will to succeed (Giacchino and Kakabadse 2003). The striking character about the definitions of public policy is its purposiveness and its relationship to problems of society. Agenda setting, policy formulation and legitimation, implementation and evaluation are stages in the policy process (Sabatier 2007) and that "policy is made as it is being administered and administered as it is being made" (p. 79).

Implementation is the operationalization of a policy or program. Stewart et al. (2007) state that implementation is the process in which actors, institutions, procedures, and techniques work together in the pursuit of policy goals or programs. It is important for the definition of implementation to include the effects of internal and external factors of the implementing institution. In the implementation process, the following are usually present information dissemination, policy adoption, initial implementation, and sustainability. An understanding of these aspects of implementation is necessary because each stage necessitates different approaches from actors.

Although variations exist in the components of implementation, there are common themes. First, only new programs are implemented. Secondly, there is information-sharing between knowledgeable actors and those who know little about it. Furthermore, the context within which the implementation process occurs is taken into account, and finally, there is an organization or individual actively involved in initiating a program, known as a change agent (Forman et al. 2013). For a Performance Management Policy (PMP) to succeed most of these components should exist. The PMP is a new program used to manage the performance of PSOs, through the PSC, to solve the problem of inefficiency and productivity. The role of the PSC in allocating roles to stakeholders as well as ensuring the success of the implementation process is critical. It is required to share information with other public sector organizations while being conscious of the dynamics of implementers.

The following are found to be critical in implementation: communication, resources, dispositions or attitudes, and bureaucratic structure. Implementation can also be affected by personal implementer factors (skills, attitudes, and beliefs), organizational context (organizational procedures and policies), and the external environment of implementers (Fixsen et al. 2005). Durlak

and DuPre (2008) add contextual fit and organizational capacity. Three approaches to implementation are identified; top-down, bottom-up, and the mixed or hybrid theories of policy implementation (DeLeon and DeLeon 2002). The implementation of PM follows a mixed approach. The mixed or hybrid theory blends several components of other theories in addition to the top-down and the bottom-up perspective. The approach of this theory is a combination of central steering and local autonomy.

## The Case of Ghana

In designing the PMP, consideration was given to factors that derailed previous efforts. Since stakeholder participation answers the subtle question of program ownership, it is also supposed to whip up stakeholder interest. Program ownership allays fears by public servants and the general public of an externally imposed policy, while a government-wide approach solves the problem of policy implementation fragmentation (Ohemeng 2011). According to the PSC, the following were the main actors in the formulation and design of the PMP: civil society groups, government representatives, labor experts, labor groups, and public sector organizations. Civil society groups which comprise the media, community-based organizations, and pressure groups were instrumental in bringing to the attention of government the inefficiencies of PSOs.

The policy design began in 2007 but truncated due to a change of government in 2008 and finally implemented in 2015. This is indicative of the adverse effects of the politicization of public policies. The technocratic competence of the staff of the PSC and their ability to mobilize stakeholders played an essential role in the formulation of the PMP. Mostly, policy lapses are only noticed during implementation, and the successful management of these policy deficiencies will determine whether the policy is implementable or not. The abandonment of policies in the past was due to fundamental errors that were not immediately identifiable during the formulation stage, a reason why piloting is essential. When a hybrid approach is adopted, the policy cannot be evaluated only at the formulation stage.

The design of an implementation strategy should be specific to an objective. Therefore a one-size fits all approach is not recommended (Pulakos 2009). A PMS that seeks to achieve several objectives are likely to whither for its lack of focus and weight. The expectation is that the PM strategy for decision-making should differ from the strategy for individual and organizational development. Therefore, the use of a single strategy to achieve several results is likely to be riddled with challenges. It is, therefore, not a surprise that it has become impossible to link promotion and pay with performance.

The study is concerned with the individual levels of PM. This level involves every public servant. Ministers and Board of Governors (BoG) set targets for each organization and they sign performance contracts with Chief Executive Officers (CEO). Managerial level staff in turn sign performance contracts with the CEO or Chief Director (CD), while line managers and heads of departments carry out performance appraisals with the rest of the staff. Signing performance contracts do not guarantee the success of PM in any organization. Staffs of public organizations participate in PM through appraisals which comprise planning performance, reviewing, and evaluating performance targets. Promotions are said to be dependent upon a 3 year continuous performance appraisal of each staff. Staff members are required to insist on appraisals if they are not being carried out in the organization.

As stated by Durlak and DuPre (2008), implementation passes through stages, one of which is an initial implementation. Piloting is an essential stage that provides implementers and change agents with the opportunity for initial evaluation of the strengths and weaknesses of a policy before roll out. It is the legislative process that gives legal backing to every policy, making it acceptable and within the confirms of the legal system of the country. Getting budgetary support for a policy is vital especially in Ghana where PSOs are not adequately funded to carry out their responsibilities. It becomes exceptionally challenging if not impossible to measure performance when

there are no resources to carry out objectives. The expectation is that the PSC would follow these requirements to implement an effective program.

From the perspective of the PSC, they have the required capacity to implement PM in the public services. They believe they have the required legal backing, human resource, policy acceptance, and committed leadership which are all necessary for effective implementation. Other agencies have a similar mandate, but the PSC has a superior mandate through the Constitution and the PSC Act 486, 1994. Ting (2011) notes that organizational capacity provides agencies with a technological advantage over the principal, such as a legislature or executive. The ability to make such investments may arise through purchasing or hiring or explicit delegation. The implementing agency determines the kinds of expertise, personnel, and data that can be brought to bear on specific policies. A government that cares about implementation would take these issues into account in future policy choices. Even though the PSC states that they have the required capacity to implement PM, this is doubtful.

The legislation that sets up the PSC provides that Parliament appropriate, such monies it finds necessary for the expenditure of the commission. There is the political backing of governments in principle. Government support includes ensuring the provision of finances to enable it to execute its functions. One of the considerations in the formulation and design of policy is funding, which is necessary for a successful implementation. The financial capacity of the PSC to engage additional personnel, external support, and to develop innovative solutions, especially in technology, is critical for a smooth implementation. Sadly, the 2015 PSC annual report laments of late and inadequate budgetary allocation which is a significant hindrance to performance, which affects the implementation of their programs and impacts on monitoring and enforcement.

If the PSC cannot monitor and enforce compliance but relays on organizations' internal mechanisms, implementation will not be successful especially if the head of that organization is not committed. The principle of performance governance and performance leadership within organizations is vital for implementation. The PSC is required to periodically conduct an audit of organizational performance management practices to ascertain compliance by the PSOs (Parliament of Ghana 2010). Monitoring and enforcement require adequate workforce, but the insufficient and skeletal staff at the PSC cannot support monitoring activities as indicated in the PSC's 2015 annual report. Even though it is said that the PSC is not directly involved with implementation, it still needs an adequate workforce for the various duties the commission and its secretariat are supposed to carry out. In the 2015 annual report, the observation was that only 50 out of about 130 PSOs had implemented PM. The report is nonetheless silent on sanctions for heads of organizations who have not implemented the system. The commission received 16 requests for training in 2015, only 11 organizations received training from 15 training sessions (The Public Services Commission 2016). In such situations, technology will be useful as well as utilizing consultants and experts from nongovernmental organizations as well as training institutions like the Ghana Institute of Public Administration and the University of Ghana.

In verifying the implementation of the PM within PSOs as indicated by the PSC, out of 71 public sector workers surveyed, 11.3% disagreed that they have participated in appraisals, in their organizations. In the appraisal of staff, 28.2% have not participated in planning their performance, 32.4% have not taken part in performance reviews, and 34.0% have not taken part in evaluating their performance with their immediate supervisors. This finding cannot support the PSC's assertion that the PMS is participatory. Inadequate training of PSOs in addition to a lack of monitoring of the implementation process explains this trend. Based on this, the implementation of PM in PSO cannot be said to be successful pointing to the need for the PSC to reassess its strategies.

Just like previous PMS, the PSC still identifies similar challenges with the implementation of the policy. Some of these challenges are recurring because they are too grounded in the

sociopolitical system of the country hence doubtful they can be avoided. It is evident that competence and the size of an agency's staff, the degree of hierarchical control of subunit decisions, and processes within the implementing agencies are problems that may affect the capacity of an organization to implement. Resource deficiency, especially in third world countries, has been a reason for the failure of several policies (Grindle 2017). Lack of appropriate enforcement mechanisms and monitoring activities also affect implementation.

It is clear that subunits have a greater responsibility in implementation than the central government agencies. With determined leadership, the poorly formulated policy can be redesigned and tailored to suit the condition of each PSO; also committed heads of PSOs will provide the feedback necessary to amend poorly formulated policies. This supports one of Andrews and Boyne (2010) conclusion that the impact of capacity is enhanced through leadership. Leadership is significant in policy development and policy implementation and particularly vital to the subunits rather than to the central agency at the implementation stage.

## Conclusion

The entry described the implementation of PM through an evaluation of the capacity of the Public Services Commission. After providing background and theoretical underpinning of the paper, the entry shows that a central government agency such as the PSC has a role to play in the implementation of policies and that the level of capacity plays an influential role in the success or otherwise of a policy. Also, leadership enhances organizational capacity and works as a catalyst in implementation. The two factors are not mutually exclusive. It is, therefore, appropriate to conclude that the PSC has a limited role to play in the implementation of PM because of its limited human and financial capacity. For this reason, a reevaluation of the capacity needs of not only the PSC but all PSOs will enhance policy implementation.

## Cross-References

▶ Performance Management
▶ Public Policy and Politics
▶ Social Media and Organizational Capacity

## References

Andrews R, Boyne GA (2010) Capacity, leadership, and organizational performance: testing the black box model of public management. Public Adm Rev 70(3):443–454

DeLeon P, DeLeon L (2002) What ever happened to policy implementation? An alternative approach. J Public Adm Res Theory 12(4):467–492

Durlak JA, DuPre EP (2008) Implementation matters: a review of research on the influence of implementation on program outcomes and the factors affecting implementation. Am J Community Psychol 41(3–4): 327–350

Fixsen DL, Naoom SF, Blase KA, Friedman RM, Wallace F (2005) Implementation research: a synthesis of the literature. National Implementation Research Network, Tampa

Forman SG, Shapiro ES, Codding RS, Gonzales JE, Reddy LA, Rosenfield SA et al (2013) Implementation science and school psychology. Sch Psychol Q 28:77

Giacchino S, Kakabadse A (2003) Successful policy implementation: the route to building self-confident government. Int Rev Adm Sci 69:139

Goold M, Campbell A (2002) Parenting in complex structures. Long Range Plan 35:219

Grindle MS (2017) Politics and policy implementation in the Third World. Princeton University Press, Princeton

Moynihan DP, Ingraham PW (2004) Integrative leadership in the public sector: a model of performance-information use. Adm Soc 36:427

Ohemeng FLK (2011) Institutionalizing the performance management system in public organizations in Ghana. Public Perform Manag Rev 34(4):467–488

Parliament of Ghana (2010) Performance management policy for the public services of Ghana. Accra. https://www.psc.gov.gh/

Pulakos ED (2009) Performance management: a new approach for driving business results. Wiley, West Sussex

Sabatier PA (ed) (2007) Theories of the policy process. Westview Press, Cambridge, MA

Stewart J Jr, Hedge D, Lester JP (2007) Public policy: an evolutionary approach. Nelson Education, 3rd edn. Thomson Higher Education, Boston

The Public Services Commission (2016) 2015 annual report. Accra. https://www.psc.gov.gh/

Ting MM (2011) Organizational capacity. J Law Econ Org 27(2):245–271

# Public Service Ethics and Accountability

Ikechukwu Ogeze Ukeje[1], Johnpaul Chukwujindu Onele[2], Benedette Nneka Okezie[3], Raphael Abumchukwu Ekwunife[4], Chisom Esther Ogbonnaya[5] and Sunday Odo Nwangbo[1]
[1]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Nigeria
[2]Department of Political Science, Ebonyi State University, Abakaliki, Nigeria
[3]Department of Accountancy/Banking & Finance, Alex Ekwueme Federal University, Ndufu-Alike, Nigeria
[4]Department of Mass Communication, Evangel University, Akaeze, Nigeria
[5]Department of Psychology, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

## Synonyms

Bureaucratic responsiveness; Ethical compliance; Ethical environment; Institutional reforms; Institutionalizing ethics in public administration; Public service; Social accountability

## Definitions

**Public service**: entails the provision of essential public services via implementation of government programs and policies through the principles of professionalism, ethics, accountability, transparency, and responsibility.

**Ethics**: is a form of self-accountability, an "inner check" on the conduct, behavior, or action of public administrators and other officials of public service (Farazmand 2002, p. 138).

**Accountability**: therefore means that the administration has to be accountable for the exercise of authority which it possesses (Sharma et al. 2012, p. 954).

## Introduction

In recent times, the issue of ethics and accountability has been of great interest to scholars, human resources (HRs) practitioners, and the governments especially in this era of globalization and sustainability. This is because, citizens are no longer tolerant of abuses of public trust and of the malfeasance of the past; they expect accountability and transparency (Brinkerhoff 2000, p. 239). Accountability presents challenges of its own including measurement, compliance, and enforcement (Corbett 2017, p. 2). As Farazmand (2002) points out, "ethics and accountability transcend virtually all human and institutional boundaries at local, national, and international levels" (p. 127). Lack of accountability, unethical behavior, and corrupt practices have become so pervasive, and even institutionalized norms of behavior in Africa to the extent that one may conveniently speak of a crisis of ethics in African public services (Rashed 1995, p. 1). Notably, since public service has always been valued as a major feature of human civilization, restoration of public service image is an imperative that needs to be recognized by all citizens, policy actors, governing political elites, and administrative elites across the globe (Farazmand 2002, p. 127). Importantly, due to "the centrality of administration in politics and the power structure, ethically sound professional public administrators can be viewed as effective 'guardians of public trust' and broadly based public interest around the world" (Farazmand 2002, p. 139). This no doubt has implications for the promotion of sound ethical climate and accountability structure in Nigeria public sector organizations and the attainment of sustainable development goals (SDGs 16) targets namely: To significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime (16.4) targets; to substantially

reduce corruption and bribery in all their forms (16.5) targets; and to develop effective, accountable and transparent institutions at all levels (16.6) targets; especially in Nigeria and other developing countries by 2030 (see: UN General Assembly 2015, p. 25).

Thus, the Nigerian public service expects a sound political and administrative system that is driven by virtues of discipline, integrity, dignity of labor, social justice, impartiality, transparency, accountability, and equity where extant rules and established regulations guide official conduct (Ukeje et al. 2019). It is presupposed that the acquisition of these virtues will improve our ethical practices and standards. Sensitivity to the public interest is the most fundamental ethical obligation of the public official (Stahl 2009). According to Idike et al. (2019, p. 7), "The Nigerian bureaucracy had been conservative, neglecting the most critical elements of citizen-government collaboration and cooperation, and people-driven governance; regional representation in the public service is without citizen participation in the policy choice and, under such conditions, the general interest becomes the last resort." No doubt, public services in Nigeria over the years have received the highest level of negative societal criticisms in spite of varied ethical codes and reforms in the bureaucracy (Ukeje et al. 2019). This agrees with the position of Atkinson (2016), that public employees are themselves driven by personal values that speak to duty and obligation to service. However, these ethical codes notwithstanding many ills still continue to plaque Nigerian society. Cases of unethical practices still persists (Obicci 2016; Ojo 2019). Thus, in a bid to have an ethically upright and accountable public service system, some efforts made by both past and present Nigerian governments to enforce ethical behavior in Nigerian public administration include: the establishment of Economic and Financial Crimes Commission (EFCC), the Code of Conduct Tribunal, the Public Complaints Commission, the Independent Corrupt Practices and other Related Offences Commission (ICPC), and the Budget Monitoring and Price Intelligence Unit (Due Process Office). Similarly, in his New Year message to Nigerians, President Muhammadu Buhari reemphasized his government's commitment to fighting corruption stating thus:

> Our policies are working and the results will continue to show themselves more clearly by the day. . .investors can be certain of our unshakeable commitment to tackle corruption. . .it is important to call out those who find the rule of law an inconvenience or independent regulation an irritation.

While the above merely emphasizes government's goodwill to combating corruption, but none of these will happen without a robust governance structure (Momen and Begum 2020, p. 1). According to Farazmand (2016, p. 7) "Democratic administration demands multiple institutionalised mechanisms to achieve accountability, however imperfect they may be." However, "a sound public administration can guard the public trust against political abuses, corruption and destabilizing political crises and upheavals" (Farazmand 2002, p. 138). From the bureau-pathology of public service ethics reforms in Nigeria, we see the progression of reforms on public service accountability mechanisms in Nigeria public service from the establishment of Public Complaints Commission (PCC), Code of Conduct Bureau (CCB), EFCC, ICPC, to Service Compact (SERVICOM); the present Treasury Single Account (TSA) and the Integrated Personnel and Payroll Information System (IPPIS), all of which have been trapped in the web of bureau-pathology of service reforms in Nigeria.

It is interesting that in spite of all these control measures put in place to ensure a sound ethical climate in Nigeria bureaucracy, the public service ethics (PSEs) has been abandoned and acts of corruption have become the rule rather than the exception. For example, the IPPIS, which was established in 2006 to provide a reliable and comprehensive database for the public service to facilitate manpower planning, eliminate record and payroll fraud, facilitate easy storage, update and retrieve personnel records for administrative purposes, and facilitate convenient staff pension payments with minimal waste and leakages. However, several labor unions in Nigeria have been in conflict with the federal government over its implementation. For example, ASSU recently criticized IPPIS as inefficient in attaining its averred objective to eliminate record and

payroll fraud and establish a reliable and comprehensive database for the Public Service in all the MDAs. Their contention was later justified by several reports from Leadership Newspaper and Office of Auditor General of Nigeria to the effect that IPPIS has been messed up without the government realizing it thereby raising questions of public sector accountability by public officials and the weakness of institutional measures in handling unethical practices in Nigeria governance. The future of public administration rests on these mechanisms if legitimacy is to be achieved, through collaborative efforts between the citizens and administrators (Henson 2016). For instance, so far, no account has been rendered to Nigerians on how the recovered proceeds of corruption are being managed. In fact, there are allegations that the money recovered has been re-looted. This is more so when Transparency International (TI) has ranked Nigeria among world's most corrupt countries moving four places from 148 out of 180 in 2017 to 144 out of 180 in 2018 (Olokor, *The Punch*, 2019). The ranking also reveals that Nigeria has moved 12 places, from 136 in 2015 to the present status. Ojo (2016, p. 13) listed 18 cases of alleged corruption which were never prosecuted. Additionally, there have been cases of corruption involving high profile officers under Buhari's government presently being ignored by anti-graft agencies. Even now, some Nigerians are beginning to express reservations about the government's sincerity in the fight against corruption with many describing it as "good, but not working." Of interest too is that Meyers and Clark (2018) have identified problems relating to enforcement failures due to institutionalized corruption in Sub-Saharan Africa. This led credence to an earlier study in Ukeje et al. (2020a) on their concept of "bio-politics" and "geo-politics" determinants of who should be engaged in public service delivery following "kinship" (communal) and "geographical" political affiliations and their attendant negative effects and consequences in public service delivery. As a point of departure, this entry argues for the institutionalization of a citizen-centered Ethical Compliance Service Charter (ECSC), as part of the much bigger NPM agenda aimed at enhancing the quality of public service delivery and the attainment of social accountability framework in the entire governance framework. To expand on this thought, the entry, attempted to highlight the relationships among the four important dimensions in the debate on bureaucratic ethics which have been understudied in Nigeria:

1. Environment of PS – informal structure (culture, norms, social and spiritual values, citizenship demands and idiosyncrasies, politics and stability, etc.)
2. Bureaucratic leadership – vision, degree of authority for autonomous action, motivation/incentives, capabilities, etc.
3. Bureaucratic edifices – structures, functions, interaction, etc.
4. Output dimension – service delivery (efficiency, effectiveness, accountability, transparency, responsiveness, etc. and public trust)

## Public Service Environment and Levels of Ethical Compliance

According to Ukeje et al. (2019), public service environment constitutes the entire spaces within which the business of bureaucracy is carried on especially in policy implementation. It ranges from the physical/structural to the ideological/normative dimensions. While the former should include all the material aspects of bureaucratic activity, the latter encompasses nonmaterial/values aspect of bureaucracy. Both aspects of course have received considerable attention from researchers and practitioners in a bid to democratizing the former and strengthening the latter. In Nigeria, however, there seems to be a persistence of vertical integration characteristic of most Westminster systems in developing countries. It remains arguable, however, that such vertical integration effort is critical in aligning work and government's priorities in the workplace. For example, an opinion has argued that increased controls: laws, order, and exercise of authority, may not necessarily align organizational/government and individual priorities, especially when isomorphic pressures are factored into causalities

for wicked organizational problems emanating from the notion of legitimacy which appeals as a matter of necessity to external institutionalized practices operating at the symbolic and ceremonial levels (Carey et al. 2017). It is contestable, how resiliently a public servant could retain his sense of calling when faced with unabated isomorphic pressures and equally insensitive organizational policy unsympathetic to his challenges like poor remuneration and unfair reward system; hence, the focal shift to New Institutionalism paradigm (Carey et al. 2017).

Recently, President Buhari directed office of the Accountant-General of Nigeria to open up platform for daily reporting of government financial transactions to the public. However, just like most other similar transparency initiatives, it remains a paper tiger. PSEC enhancement measures therefore may need to go beyond formal organizational strictures to establishing robust state/citizens contact. This agrees with the position of Galera (2016, p. 9) that service charter is an important tool in improving the quality of public service. He further stressed the importance of sustainability and culture-compatibility by outlining ten useful guidelines for designing such citizens-government functional interface so as to avoid the implementation challenges observed in the cases of South Africa and India, where the policy failed due to "lack of customization" to suit context.

## Legitimizing Informal Behavior in Ebonyi State Public Service (EBSPS) System

As mentioned above, certain practices that suffocate ethical climate in public organizations have been interpreted as *table manner*, a "hush up" way of keeping people from speaking up against observed misconducts among public office holders by [figuratively] "stuffing their mouths with 'benefits': bribes, kickbacks, etc.," thereby making them complicit in the error and so become unwilling to expose observed misconducts. It has as corollary the phenomenon called *Son of the soil* syndrome, a sort of autochthonous behavior among bureaucrats. Although the phenomenon is not a novel discovery in Nigeria public administration, the gab it has taken, indeed, its redefinition is new; which indicates a prospect for legitimization of what before now has been seen as unethical behavior in the conduct of public life. In a recent study on the state of Nigeria public service, Ukeje et al. (2019, p. 2) assert that "the Nigeria public service till date, has not been isolated from pervasive bureaucratic quagmire, public disservice, overriding political impunity, rentierism, cronyism, and incongruent poor gross domestic products inherent in government businesses."

> Sadly, corruption in Nigerian democratic system is not just the preserve of politicians and the high and mighty; rather it has become part of the country's constitution not written down. . ..In Nigeria, corruption has taught people that it is dangerous to be honest. If you claimed to be good/honest as a public officer, there is possibility of becoming an endangered public officer (Adetiba 2018, p.4).

This necessitates the introduction of "multi-stakeholder accountability framework that will serve as a platform for future network governance" (Simon 2017) as bulwarks against such legitimization. It remains how public administrators in Ebonyi State can move beyond the present closed system to a more open and adroit system which factors in the citizens sector as important stakeholders in the process of entrenching service quality (Agus et al. 2007). It also benefits from some theoretical insights on the practicability of a place-based "systems leadership" initiatives and development that have the potential to generate public value in cross-sector partnerships for increased accountability and in addressing "wicked" challenges (Bolden et al. 2019). Previous study on leadership effectiveness in Nigeria public sector governance and institutional management in Ukeje (2011) carried out in Ebonyi State University identified and implicated inadequate manpower development as a major challenge to the provision of quality services, capacity building, research, and community development services in the institution. On the other hand, basic factors influencing leadership and institutional performance were identified to include, "external politics, nepotism and political cleavages" (Ndukwe et al. 2015). The study

further argued that institutional leadership outcome is a function of participatory engagements, skill and experience. The motivation for this line of argument questions the place of the policy drivers who are the major implementers of policy intervention programs since effectiveness of citizens-centered leadership approach in solving societal problems is predicated on tribe (ethnic consciousness), religion, sex, and interest sharing in the bureaucracy (Ukeje et al. 2015). This gives an insight into the findings of Okpata and Ukeje (2011) on bureaucratic communication and organizational management that poor HRs planning is a major cause of policy insecurity in administrative performance. The study further discovered that the young graduates and new entrants (employees) in public service find routine tasks of practical administration new on assumption of office despite their areas of specialization and argued that those who carry out public policy or its implementation need to be thoroughly educated on administrative communication procedures and principles that make for effective organizational management. However, bureaucratic-deployment of policy drivers (employees) outside their place of origin strains their ability and capacity to influence policy performance and outcomes effectively (Ukeje et al. 2020b).

Still on poor HRs management, Okechukwu et al. (2016) in another study on the performance of SERVICOM policy in Nigerian democratic governance, identified the practice of "...who sent you syndrome; complimentary card paradox or deification madness," as the reasons for bureaucratic policy failures and poor performance of public services in the public bureaucracy. This explains the reason for the failure of various political and administrative reforms in Nigerian governance (Offu et al. 2018; Ukeje et al. 2020a).

## Structural Innovation in Continuous Role-Playing in PS

As societies evolve, it is necessary for alterations to be made on the administrative structures to reflect the constant game-changing flux in which societies find themselves. According to Ukeje et al. (2019), the extent to which service delivery conforms to ethical standards depends on the environment within which bureaucratic functions are carried out. This position implies partly that unless public service system becomes sensitive to the constant changes and demands from the informal realm of society and reinvents itself to respond to the challenges, it may find itself fighting the same people it is created to serve in the first place. Similarly, it has been argued that attitudinal change would result from better work environment which is able to overcome *demands of diversity* to entrench best practices (Ukeje et al. 2020a, p. 5) and as is also shown in the work above, unethical behaviors among politicians and top-level bureaucrats are somewhat persuaded in the search for equity and legitimacy. This clearly orchestrates dilemmas and institutional weaknesses that just are difficult to resolve and also strengthens motivation for state capture as strategic logic and tool for survival, thus extending the logic for organizational efficiency beyond the stressed importance of organizational structure, job experience, and educational background (Egeberg and Stigen 2018). However, to the best of our knowledge, no research has shown how the product-attitudinal change could reinforce ethical codes as instruments for behavior moderation in public organizations, hence, a citizen-centered ECSC, in a broader sense, extending the scope of ethical reforms beyond the formal bureaucratic institutions through a force of law that establishes citizen-state relations.

## Outputs, Perceptions, and Public Trust: Quest for New Legitimate Action

Here, we expand on the table manner phenomenon which encompasses the variables listed as notable characteristics of the Nigerian bureaucracy (age falsification, attendance/time book manipulation, bribe taking, kick-backs, etc.). Moreso, the introduction of federal character principle (FCP), has complicated the situation, though in Nigerian public sector organizations. According to Azelama and Agbebaku,

"administration of Gowon was enmeshed in corruption, nepotism, favoritism, and insecurity and gradually becoming ineffective. . .." (as cited in Ijewereme 2018, p. 5). In 1975, the same year FCP was introduced, "about 11, 000 bureaucrats were summarily dismissed on grounds of corruption, divided loyalty, declining productivity, without the benefit of defending themselves... the purge led to the dismissal of the good civil servants with the bad" (Ijewereme 2018). Since public bureaucracy is very vital for the development of any society of this modern era, policies that have the tendency of affecting it should be made with much consultation with bureaucrats. Our findings show a unique relationship that exists between informal and formal value structures in Nigeria and further demonstrates the process of formalizing the informal as rules-determining forces (Powell and DiMaggio 1991; Carey et al. 2017). As Carey et al. (2017) argue, "practices emerge from cultural expectations driven by inter- and intra-organizational factors." Thus, it is important to identify those elements that breed wicked problems and novel ways of responding to them.

For example, how best may public sector managers respond to the table manner phenomenon in Nigerian public service? Is it by greater bureaucratization and professionalization couched on greater oversight and consequentialism? Or by evolving a new approach to professionalization based more on individual self-transformation structures buoyed by broader collectivism ranging beyond public organizations boundaries but not outside of it jurisdiction. For example, the Nigerian bureaucracy shows non-responsiveness to contemporary public service paradigms; for literature on reforms in it so far indicate heavy emphasis on vertical integration in response to contemporary organizational challenges, insisting on the Westminster character which primarily imposes new controls as mitigations to unethical behaviors among public officers. Take the IPPIS and the Treasury Single Account (TSA) Reforms for example. Despite the laudable achievements of these twin financial accountability reforms in Nigeria, the spate of financial corruption among politicians and among the top brass of lucrative sectors have continued to make nonsense of those reforms. Because if they are as effective as commonly believed, how do huge amounts of public money manage to leave the public coffers to only require "whistle-blowing" to recover?

Thus, the conceptualization of ethics encompasses the entire terrain of human endeavor; formal as well as informal and in the leadership and followership realms of society (Farazmand 2002). What is very remarkable is that "humans are not angels"; hence the need for moral suasion especially in cooperative interactions in society. Ethics as "a set of norms drawn from values and used to address moral questions" (Bibus III and Carlsen 2016). It has also been defined as "a form of self-discipline, an inner check on the conduct of public servants, and it must be internalized to appear in ethical behavior" (Farazmand 2009, p. 310). As Farazmand (2009) further contended, there are external mechanisms of ethical control of administration – ethics code, institutional reports and requirements, etc. – that if observed can work effectively against unethical conducts. Even though the boundaries of ethics have continued to expand from the early primitive phase of state evolution, the extent of its strengths in moderating cooperative behavior has continued to be a subject of intense debate among scholars and practitioners (see, for example, Lawton and Doig 2006). According to Belle and Cantarelli (2017), unethical behavior is caused by social influences, greed, and egocentrism. In Nigeria, however, unethical behavior is attributed to: self-interest, self-protection, self-deception, self-righteousness, nepotism, indiscipline, and prejudices (Gundu 2011). The general notion, however, is that unethical behavior, be it in the corporate or individual level, emanate from certain discretional dispositions which forces one to act against established rules for arriving at a specified end. The source of this disposition generally called inertia has included the realm beyond formal organizations.

## Mitigating Unethical Behavior/Building Trust

Providing insight into possible solutions for unethical behaviors in the workplace is not an easy task. However, notable suggestions include

monitoring, institution of moral reminders, sensitization programs, *ethical leadership*, administrative accountability, and enforcement of laws (Belle and Cantarelli 2017; Gundu 2011); since ethics is strongly linked to accountability, Farazmand (2016) and employee engagement connected to leader/employee trust relationships built on both "formal and informal norms; a multi-facetted approach that will enhance employee performance" (Ohemeng et al. 2019, p.). What is obviously lacking in the above suggested solutions is the role of the citizens in promoting ethical soundness in public organizations. As Carey et al. (2017) suggested, "Informal institutional practices can circumvent problems with formal structures – making them highly productive for achieving policy goal." Though this is true, how to interface such informal structures with formal processes is not sufficiently demonstrated. So, we provide a supplementary thought based on significant citizens contribution to ethical sound governance; whereas introducing soundness in ethical governance system in EBSPS in particular and Nigeria in general should imply significant increase in the stakes and influence of the informal sector in administering PSEs under the model being proposed; a sort New Collectivism for greater accountability by opening up the "siloed" systems of Old Public Administration (OPA) for a broad-ranging interaction which reflects current trust-building theoretical paradigms in contemporary public administration. As Kettl (2018) noted, trust is a complex phenomenon without a single global trend and which takes time to build. He contended that distrust is not necessarily bad since it restrains governments from abusing state power. Caution is, however, given in ensuring that a healthy distrust does not metastasize into crippling distrust that breeds dysfunction (pg. 440). To rebuild declining public trust therefore, managers of public organizations need to go beyond claims of accountability to engendering transparency by strengthening and utilizing social accountability resources as instrument for (a) increasing the effectiveness of service delivery, (b) improving the quality of governance and democracy, and (c) increasing citizens empowerment (Brinkerhoff and Wetterberg 2015), since citizens play a very important role (Ricci 2016, p. 2).

## State Capture and PSEs in Developing Countries: The Ebonyi State Experience

The desirability of establishing an ethical service charter in the study area is accentuated by the phenomenon of state capture first highlighted by Hellman et al. (2000) to represent domineering influence of political elites on governance systems. In the 2019 special issue of International Journal of Public Administration, Bhuiyan and Farazmand in their study of Middle East and North Africa bureaucracies found that the public policy-making process in the region are biased in favor of the elites (Bhuiyan and Farazmand 2019). Studies on state capture in contemporary public administration, however, show that their discovery is not an isolated regional case since traces of this "octopus" could be found in the public policy processes of other regions (see Ukeje et al. 2019; Idike et al. 2019 for information on Nigeria's case). Other recent case is the "Gupta Affair" in South Africa under former President, Jacob Zuma. Indeed, as Abbo and Kura (2018) and Ukeje et al. (2019) rightly observed, the performances of public organizations in Nigeria defies theoretical association with either homegrown or externally borrowed reform strategies. The PSR processes neither overtly reflect the philosophies of New Public Management (NPM) nor that of New Public Service (NPS), preferring instead a contingency problem-solving approach to PSD, arguably as a result of politicization of public policies by political forces in the endless jostle for political relevance. At the slightest opportunity at policy-making authority, the opposing forces begin, for simple reason of political correctness, a program of undoing what it considers "evils" of the past administration. In most cases in Nigeria, such endeavor fails objective test of relevance. This naturally predisposes public sector organizations to procedural and philosophical (including ethical) crises arising from the over-politicized public policy process which is pointer to state capture (Manning 2001). Establishing a citizen-centered ECSC therefore could provide a fundamental rule process for bypassing entrenched "captures" to an intra- and inter-structural mix-function mechanism for promoting ethical compliance in public

sector organizations; since as further observed, from other scholarly works, "important segments of the society, paradoxically instigated by politicians, have lost belief in the agency of the state as initiator and conductor of change for the better." The reason is not farfetched. Due to long history of misrule by politicians, citizens no longer trust the state as an "objective force on the side of the people" and so clamor for participation in governance. It becomes sacrosanct then to coproduce because in the current state of things, politicians can no longer be entrusted with the responsibility of creating the *public value* needs not be overemphasized. However, it is as much dangerous to begin a journey into *statelessness,* a complete departure from bureaucracy, which is unthinkable anyway, but rather to build on or augment bureaucracy (Yeboah-Assiamah et al. 2015). Citizens' engagement with their government has been seen to improve overall performances of the state structure in modern time in the areas of accountability, transparency, and responsiveness. Thus, application of effective accountability mechanisms, administrative procedures, data collection and reporting, and field monitoring must be emphasized (Ukeje et al. 2020c, p. 5) in the state-citizens interaction. In a sense, it has potential, provided it is properly applied, to enhance compliance to governance ethics as performance optimization recipe. Thus, a citizen-centered ECSC should reposition the citizens as active agents in the entire public service ethical governance process. According to Farazmand (2016, p. 7), "political leaders and professional public administration need and can design and implement formal and informal institutional channels and systems to achieve democratic accountability in modern governance."

## The Political Economy of ECSC: Going Beyond Whistle-Blowing

It has been sufficiently demonstrated that sound public process requires robust governance structures (Farazmand 2012, 2017; Momen and Begum 2020). These structures should reflect six core principles of sound governance which are: properness, transparency, participation, effectiveness, accountability, and human rights (Addink 2019, p. 19). We emphasize the *participation* aspect of sound governance because despite the modest achievements of the recent whistle-blower public service reform in Nigeria that led to the recovery of proceeds of corruption to the tune of #603.78bn in less than 2 years after the policy was made, there remains a serious constrain relating to resilience and applicability. This is because although employee reporting of ethical violations is recognized as an important measure for maintaining a healthy society (Schuh 2016), not many employees who have observed ethical violations actually report them, perhaps for fear of reprisals from the authorities involved (Taylor 2018; Ayamba 2019). As Chacko (2017) posits, bureaucrats and businesses take advantage of the limited oversight established by the agencies, bringing about wide-scale cheating, overbilling, thieving, and defrauding taxpayers/stakeholders and jeopardizing the well-being of the organization and no longer take decisions based on the public interest, but instead favor a specific group (Omotoye 2018). Bureaucrats decide how public resources and authority are used and affect the manner in which services are delivered to citizens (Zacka 2018). Therefore, managing the integrity of public service in Ebonyi State and indeed in Nigeria will require more than reliance on *volitional whistle-blower* mechanism by public servants and *insiders* who may be incapacitated; or on *Public Complaints Commission* and *SERVICOM* which have been swallowed up by bureaucracy; or, for that matter, on EFCC and ICPC plagued by lack of autonomy and resources, to a more resilient design, ECSC, which should serve as center for collective action rather than the present reckless *trapped* system of public service ethics management in Nigeria. The idea being proposed here goes beyond current PS reforms in Nigeria because public accountability and anti-graft agencies like Public Complaints Commission, Code of Conduct Bureau, ICPC, and EFCC all lack the citizens-centered elements/participation, and are not even autonomous in the barest sense, thus jeopardizing sustainability and

resilience of many reform policies. Perhaps one striking character of the postmodern thought in public administration is that people buy into what appeals to them even if they "defy reason" or "do not fit neatly into any ethical ethos of public administration" (Santis and Zavattaro 2019). People seem tired of being told what is right to do by their government because they feel that the state apparatus can no longer be trusted to stand on their side; they instead want to tell the government what is right to do, through anyone, whosoever that may be, that offers them opportunity to make that happen. After all, government is said to be "of the people, for the people and by the people" (Abraham Lincoln 1863). Indeed, the present movement towards New Institutionalism is symptomatic of escalating trust crises or deficiency arising against the backdrop that even at the presence of certain sound governance principles in public service, individual and group citizens no longer feel confident that public servants can be honest and not take undue advantage of them due to its *modus operandi* (Mishra and Momin 2020). Results from interviews with some officials of Nigeria public service and citizens supports this finding that though certain elements of sound governance may exist in a public service, its *modus operandi* could be a serious problematic and alter its expectations as is the case with Nigeria where they exist in forms of informal structures exploiting public goods rather than creating it.

## Conclusion

No doubt, "in this age of rapid globalization, bureaucracies everywhere are now forced to learn to adapt and change, open up secret and monopolistic information, share it with citizens and other organisations, and perform with transparency and ethical standards" (Farazmand 2009, p. 14). This entry represents one of the first attempts in providing some interesting insights into the negative impact of ethical noncompliance measures and poor accountability framework of Nigerian public bureaucracy and its associated effect within the context of governance and social accountability. It complements to the bureaucratization studies and the effects of the Nigerian power-sharing dynamics (see: Idike et al. 2019; Ukeje et al. 2019) in promoting the theory and practice of "bio-politics" and "geo-politics" in Nigerian public administration scholarship (Ukeje et al. 2020a) and governance. Interestingly, in this era of New Public Governance (NPG) and co-production, this entry argues for the institutionalization of a citizen-centered ECSC, as part of the much bigger NPM agenda aimed at enhancing and or improving the quality of public service delivery, restoring trust and accountability by establishing strong relationship/partnership between the citizens and the government. This is because the NPG paradigm advocates for governance characterized by partnerships, collaboration, and networks. Sound governance, according to Farazmand, promotes democratic values by increasing citizen participation at all levels of government. So, whether or not sound governance underlines the administration of the country's affairs provides the background of the national political, economic, bureaucratic, and social conditions. Thus, "creating mechanisms and processes that would infuse a sense of partnership in the system will result in a far-reaching contribution of the employee" (Ndukwe et al. 2020, p. 3). This no doubt will serve as a recipe for sound-administrative governance and the attainment of sustainable development in Nigeria's public sector organizations. It will also help to restore the legitimacy of public service in Nigeria and other developing countries in general, and also, help to significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime as contained in the UN SDGs (16.4) targets; substantially reduce corruption and bribery in all their forms (16.5) targets; and develop effective, accountable and transparent institutions at all levels (16.6) targets by 2030.

## Cross-References

► Accountability
► Accountability and Democratic Administration

- ▶ Bureaucratization and Service Delivery in Nigeria
- ▶ Code of Ethics
- ▶ Comparative Administrative Reforms
- ▶ Compliance Versus Ethical Capacity
- ▶ Service Charters
- ▶ Service: The Matrix of Good Governance in Nigeria-Africa

## References


Abbo U, Kura KM (2018) Comparative administrative reforms; Nigeria, Malaysia, Philippines and Brazil. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG

Abraham Lincoln (1863) Abraham Lincoln, "Gettysburg Address". Voices of democracy, the U.S. oratory project

Addink H (2019) Good governance: concept and context. Oxford University Press, Oxford, UK

Adetiba TC (2018) Institutionalizing democracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG

Agus A, Barker S, Kandampully J (2007) An exploratory study of service quality in the Malaysian public sector. Int J Qual Reliab Manag 24(2):2158244015581188–190

Atkinson CL (2016) Compliance versus ethical capacity. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing Switzerland

Ayamba IA (2019) Whistleblowing in a depraved Nigerian economy: challenges and prospects. Int J Soc Sci Stud 7(2):1–11

Belle N, Cantarelli P (2017) What causes unethical behaviour? A meta-analysis to set an agenda for public administration research. Public administration review 77(3):327–339. https://doi.org/10.1111/puar.12714

Bhuiyan S, Farazmand A (2019) Society and public policy in the Middle East and North Africa. International journal of public administration. https://doi.org/10.1080/01900692.2019.1707353

Bibus A III, Carlsen MS (2016) Ethics and social policy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing Switzerland

Bolden R, Gulati A, Edwards G (2019) Mobilising change in public services: insights from a system leadership development intervention. International journal of public administration, 1–11. https://www.tandfonline.com/doi/abs/10.1080/01900692.2019.1604748

Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20:239–252

Brinkerhoff DW, Wetterberg A (2015) Gauging the effects of social accountability on services, governance, and citizen empowerment. Public Adm Rev 76(2):274–286

Carey G, Buick F, Malbon E (2017) Institutions and wicked problems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Chacko A (2017) Whistleblowing. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Corbett C (2017) Accountability and ethics. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Egeberg M, Stigen IM (2018) Explaining government bureaucrats' behavior: on the relative importance of organizational position, demographic background, and political attitudes. Public policy and administration (0)0:1–16

Farazmand A (2002) Administrative ethics and professional competence: accountability and performance under globalisation. Int Rev Adm Sci 68:127–143

Farazmand A (2009) Bureaucracy and the administrative systems of the ancient world-sate Persian empire: implications for modern public administration. In: Farazmand A (ed) Bureaucracy and administration. CRC/Taylor and Francis, Boca Raton, pp 19–52

Farazmand A (2012) Sound governance: engaging citizens through collaborative organizations. Public Organ Rev 12:223–241

Farazmand A (2016) Accountability and democratic administration. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Farazmand A (2017) Governance reforms: the good, the bad, and the ugly; and the sound: examining the past and exploring the future of public organizations. Public Organ Rev 17:595–617

Galera AN (2016) Service charters. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing Switzerland

Gundu GA (2011) Nigerian's experience in dealing with public service ethical dilemmas. Afr J Polit Sci Int Rel 5(3):146–151

Hellman JS, Jones G, Kaufmann D, (2000) Seize the state, seize the day: State capture, corruption and influence in transition, Policy Research Working Paper Working Paper No. 2444, pp. 1–11, The World Bank, World Bank Institute: Governance, Regulation and Finance Division, Europe and Central Asia Region Public Sector Group and European Bank of Reconstruction and Development, Office of the Chief Economist

Henson CR (2016) Ethics and good governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of

inclusive representation in Nigeria bureaucracy: the Federal Character Principle experience. Cogent Soc Sci 5(1):1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

Ijewereme OB (2018) Civil service reforms and governance challenges in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3535-1

Kettl DF (2018) A slow and steady approach to building trust in government. J Public Adm Res Theory, (book review):440–455

Lawton A, Doig A (2006) Researching ethics for public service organisations: the view from Europe. Public Integrity 8(1):11–33

Manning N (2001) The legacy of the new public management in developing countries. Int Rev Adm Sci 67:297–312. https://doi.org/10.1177/0020852301672009

Meyers GE, Clark CA (2018) Comparative civil service reforms in sub-Saharan Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG

Mishra SS, Momin MM (2020) Is citizens' trust escalating the effect of sound governance on citizens' satisfaction in Ethiopia? Int J Public Adm 43(1):84–93

Momen MN, Begum MM (2020) Sustainability and governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG

Ndukwe C, Ukeje IO, Onele JC (2015) Leadership styles and the politics of institutional Management of State-owned Universities in Nigeria: empirical evidence from EBSU, south-eastern geo-political zone, Nigeria. Int J Hum Soc Sci (IJHSS) 4(6):91–102. http://www.iaset.us/view_archives.php?year=2015&id=72&jtype=2&page=5

Ndukwe C, Idike AN, Ukeje IO, Onele JP, Clementina K, Obasi VU, Ogbonnaya EC, Anigbata OD (2020) Recruitment practices and sustainable development. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4034-1

Obicci PA (2016) Ethics, corruption and performance in developing economies' public service. Int J Res Manag Sci Technol 4(2):85–92

Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_3499-1

Ohemeng FLK, Darko TO, Amoako-Asiedu E (2019) Bureaucratic leadership, trust building, and employee engagement in the public sector in Ghana. International journal of public leadership 16(1):17–40.

Ojo JS (2016) Looting the looters: the paradox of anti-corruption crusades in Nigerian fourth republic. Can Soc Sci 12(9):1–20

Ojo JS (2019) Anti-corruption war and the ambivalence of legalism in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature Switzerland AG

Okechukwu GP, Ukeje IO, Ekwunife RA (2016) The melting point between SERVICOM and service failure: a labyrinth for efficient service delivery in Nigeria. IOSR J Hum Soc Sci (IOSR-JHSS) 21(5):01–10. http://www.iosrjournals.org/iosr-jhss/pages/21(5)Version-2.html

Okpata FO, Ukeje IO (2011) Bureaucratic communication in organizational management: the challenge of new employees in public service organization. Niger J Bus (NJB), EBSU 5(1):234–240

Olokor F (2019, January 30) Nigeria still among world's most corrupt countries, says TI. The Punch. Accessed 9.01.2020. https://punchng.com/nigeria-still-among-worlds-most-corrupt-countries-says-ti/

Omotoye AMT (2018) Preventing policy capture and promoting the public interest in policy making: lessons for Botswana. A paper delivered at the BCPI Integrity week in Gaborone, Botswana, 12–14 September

Powell W, DiMaggio P (1991) The new institutionalism in organisational analysis. University of Chicago Press, Chicago

Rashed S (1995) Ethics and accountability in the African civil service. DPMN Bulletin 3(1)

Ricci P (2016) Accountability. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Santis EL, Zavattaro SM (2019) Performative ethics in the trump era: a postmodern examination. Public Integrity 0:1–9

Schuh AM (2016) Whistleblowers in organisations. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Sharma MP, Sadana BL, Kaur H (2012) Public administration in theory and practice. 48th edition. Kitab Mahal, 22-A, Sarojini Naidu Marg, Allahabad

Simon JW (2017) Stakeholder analysis and wicked problems. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG

Stahl OG (2009) Ethical foundations. In: Farazmand A (ed) Bureaucracy and administration. CRC/Taylor and Francis, Boca Raton

Taylor J (2018) Internal whistle-blowing in the public service: a matter of trust. Public Adm Rev 78(5):717–726

Ukeje IO (2011) An Assessment of the impact of Leadership Styles on the Management of State-owned Universities in Nigeria: A case study of Ebonyi State University, 2000–2007. Unpublished MSc dissertation, EBSU

Ukeje IO, Abraham EA, Ndukwe C (2015) Effects of leadership influence on labour management relations: case study of Ebonyi state university, southeastern Nigeria. Int J Adv Res Technol (IJOART) 4(7):44–50. http://www.ijoart.org/research-paper-publishing_july-2015.shtml

Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. http://springer.iq-technikum.de/referenceworkentry/10.1007/978-3-319-31816-5_3824-1

Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020a) Public service recruitment practices and implications for sustainable development in Ebonyi State, Nigeria. International journal of public administration, 43(4):361–372. https://www.tandfonline.com/doi/full/10.1080/01900692.2019.1636394

Ukeje IO, Ogbulu U, Amaefula VC (2020b) Human capital intervention and poverty reduction. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_3876-1

Ukeje IO, Ogbulu U, Idike AN, Ndukwe Iwuala H, Clementina K (2020c) Policy-making for sustainable empowerment and poverty reduction scheme in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_3922-1

United Nations General Assembly (2015) Resolution adopted by the general assembly on 25 September 2015, ref. A/RES/70/1. Annual Report, New York

Yeboah-Assiamah E, Asamoah K, Kyeremeh TA (2015) Therefore, is bureaucracy dead? Making a case for complimentarity of paradigms in public administrative thinking and discourse. Int J Public Adm

Zacka B (2018) Exploring ethical agency in public service. J Public Adm Res Theory:1–4. (Book review)

# Public Service Ethics, South Korea

Pan Suk Kim
College of Government and Business, Yonsei University, Wonju, Gangwon, South Korea

## Synonyms

Ethics; Public service; South Korea

## Definitions

Public service ethics deal with a wide range of the ethical issues of the public service.

## Introduction

The South Korean government has made various efforts over the years to strengthen its public service ethics. At the core of such efforts was the enactment of several laws including the Public Service Ethics Act of 1981, the Anti-Corruption Act of 2001, and the Improper Solicitation and Graft Act of 2015. Of the three acts, the Public Service Ethics Act is the most important in any discussion on the ethics of government officers, as it is the most comprehensive act (Kim 2009, 2010, 2011; Kim and Yun 2017). In other words, the most important law for improving public service ethics is the Public Service Ethics Act of 1981; subsequently, this chapter's discussion will be based on this Act. Public service ethics are intended to ensure fairness. Such vocational ethics should be applied by public servants in providing conditions that prevent conflict between public and private interests (e.g., preventing public servants from illegally gaining property and ensuring that the public is not forced to adhere to private interests) (OECD 2003, 2005). The public service ethics system can be divided into the main components of property registration, the disclosure of personal assets and review system, the blind trust stock system, the gift reporting system, and the post-employment and activity restriction system for retired public officials. The Ministry of Personnel Management (MPM) is the South Korean government's central personnel authority. The MPM directs the overall personnel system, while a Public Service Ethics Committee is installed at each public agency to review property registrations, verify post-employment restrictions and approvals, and resolve measures violating the Public Service Ethics Act (MPM 2018). Accordingly, this chapter will explain the public service ethics system in addition to providing detailed explanations of property registration, the disclosure and review system, the blind trust stock system, the gift reporting system, the public employment and action restriction system for retired public officials, and the public ethics information system.

## Public Service Ethics System

The South Korean government enacted the Public Service Ethics Act on December 31, 1981, and it became fully effective on January 1, 1983. The Act's contents were limited to the public servant property registration system, the gift reporting system, and the post-employment restriction system for retired public officials. It was established to install a Public Service Ethics Committee in the National Assembly, Supreme Court, and both the central and local governments.

After many years of authoritarian regimes under presidents who were military generals, a new South Korean civilian government became active in 1993. Thus, the Public Service Ethics Act was substantially amended on June 11 of that year. This was instigated to prepare for a clean public service environment and to implement administrative reform, which was motivated by the voluntary disclosure of property by Kim Young-Sam, who served as the president of South Korea from 1993 to 1998. While property registration had already expanded to include Grade 4 public officials and local council members, the amendment required public officials of Grade 1 or higher (including political appointees) to disclose their personal property (the South Korean government contains nine grades. Grade 1 is the highest level among career civil servants, while Grade 9 is the lowest). Together with the property registration content review and the reinforcement of disciplinary actions and sanctions for false registrations, this granted the Public Service Ethics Committee the right to review the property of officials and allowed persons who were not dependents of the public official to reject the notice of property registration.

The Public Service Ethics Act was again amended on December 31, 1994, to grant the Public Service Ethics Committee the right to demand data from financial institutions. This also allowed the committee to administer warnings and perform corrective action in cases where property subject to registration was omitted or if the registration contained miswritten data through gross negligence.

An amendment on January 26, 2001 required that the person subject to property disclosure submits a stock transaction report when reporting property changes and reinforced post-employment restrictions for public officials. Previous amendments required public officials to refrain from taking employment with private companies that were related to their public service jobs within 2 years of retirement. However, the new amendment strengthened these requirements by extending this period to 3 years (2 years for organizations or foundations founded by the same company).

An amendment on May 18, 2005 introduced the blind trust system for persons subject to personal property disclosure and prevented persons of Grade 4 or higher who were in charge of finance from illegally increasing property by trading stock or influencing stock prices using information obtained as a result of their high-ranking position.

An amendment on December 28, 2006 limited the notice rejection system to cases in which prior authorization had been obtained. This prevented the possibility of reducing or concealing property by abusing the system. If it is necessary to review matters related to property registration, the amendment also allowed the committee to demand an explanation of how wealth was accumulated from persons subject to property disclosure.

An amendment on February 3, 2009 adjusted the range of relatives the person subject to property registration could allow to register property to direct ascendants and descendants of the principal. It also established a provision to postpone or exempt the reporting obligation if individuals had difficulty reporting property because of imprisonment.

The Act was amended on to July 29, 2011, to extend the number of civilian Public Service Ethics Committee members from five persons to seven. Regarding post-employment restrictions for retired public officials, the job relation criterion was increased from 3 years within retirement to 5 years. The system was further reinforced by expanding the institutions subject to employment review from private commercial enterprises to

those involved in law, accounting, and tax service firms of certain sizes. In addition, the amendment introduced a job restriction system in which retired public officials were prohibited from engaging in jobs that they were directly engaged in during their public service tenure and restricted activity involving illegal solicitation or arrangements provided to the institutions for which the retired public official had worked.

An amendment on December 30, 2014 focused on reinforcing post-employment restrictions for retired public officials to eliminate public-private-linked corruption while further promoting public service fairness. It expanded the post-employment restriction period from 1–3 years and added restrictions to market-type public enterprises and public service-related organizations operating in the areas of safety supervision, permits, safety authorization, and procurement. Provisions were also added to expand the range of jobs from businesses of the department to businesses of the institution for which individuals were required to disclose both post-employment review results and the job approval review conducted by the Public Service Ethics Committee which was amended to include public officials of Grade 2 and above.

An amendment on December 29, 2015 required that financial and real estate information be provided to improve the efficiency and convenience of the property registration process during occasional property reporting. It also allowed the public official subject to blind trust requirements to change positions related to stock or selling of stock where conflict became apparent. In cases where the public official was unable to sell stock, the amendment prohibited them from becoming involved in related duties. In addition, the ex officio reexamination system was introduced to improve the appropriateness and reliability of decisions made by the Public Service Ethics Committee and the Blind Trust Stock Review Committee.

## Property Registration and the Disclosure and Review System

The property registration and disclosure and review systems require public officials of Grade 4 and higher to register properties held by themselves in addition to those owned by their spouses and direct ascendants and descendants. Grade 1 and higher-ranking officials must disclose their registered properties for the Public Service Ethics Committee to review the property registration and wealth accumulation processes.

### Property Registration System

Public officials subject to property registration are defined in Article 3 of the Public Service Ethics Act. This includes public officials involved in state political services, including the president, prime minister, cabinet members, members of the National Assembly, and public officials working in both central and local government agencies of Grade 4 and above (e.g., superintendents of education, judges and prosecutors, officers with the ranking of colonel or higher, and executives of public service-related organizations).

Considering the characteristics of duty in areas with a high vulnerability to conflict of interest, "the Enforcement Ordinance of the Public Service Ethics Act" system also subjects an additional number of public officials to the property registration requirement. Such officials include those of Grade 7 and higher in the areas of police work, firefighting, auditing, tax services, accounting, and high-ranking managers and executives in the Financial Supervisory Service and public organizations such as the Bank of Korea, the Korea Deposit Insurance Corporation, and the Nuclear Power Generation.

Properties subject to registration include all those possessed by the subjects themselves, their spouses, and direct descendants and ascendants (e.g., real estate such as land, buildings, superficies, and leasehold rights and moveable assets such as cash and deposits, securities, certain precious metals, and memberships). Individuals who are descendants and ascendants of the public official subject to property registration but who do not receive their support may reject the notice that requires them to report their properties. However, this is only allowed when prior authorization has been obtained from the Public Service Ethics Committee, thus preventing the intentional reduction or concealment of property. The case is then subject to reexamination every 3 years.

The institution requiring property registration is that to which the subject belongs. For example, public officials of the ministry and office of the government must report to those institutions. Subjects of the local government must report to the local institution, while members of the National Assembly must report to the secretariat, and judges must report to the Court Administration Office.

Following a 2-month period from the day the obligation was generated, the registration deadline is the last day of the month. In cases reporting regular changes, registration should be completed by the end of February of the following year. Property registrations are completed using an official form submitted to the Public Ethics Information System. Reports include personal details, the status of relatives, and properties possessed as of the online reference date.

### Property Disclosure System

Public officials subject to property disclosure include the president, minister, and vice minister, all public officials of Grade 1 and above, National Assembly members, heads of local government, local council members, and superintendents of education. It also includes judges of High Court chief judge grade and above, prosecutors of the Supreme Prosecutor's Office of prosecutor grade and above, heads of public service-related organizations, and the heads and permanent auditors of public enterprises and agencies.

In addition to the above, individuals who wish to become candidates for president, the National Assembly, or local council must disclose property information when announcing their candidate registrations. Public officials requiring the consent of the National Assembly (e.g., the Chief Justice of the Supreme Court, head of the Constitutional Court, and prime minister) should also disclose matters related to property registration. Public officials elected by the National Assembly (e.g., judges of the Constitutional Court) should disclose matters related to property registration when submitting motions regarding their appointments.

The main agency overseeing matters of property disclosure is the Public Service Ethics Committee. The committee must publish matters regarding the properties of the principal, their spouse, and direct ascendants and descents in addition to changes in the official gazette or public bulletin within 1 month after the reporting period.

### Property Review System

The Public Service Ethics Committee reviews matters related to property registration of public officials in its jurisdiction. The reviewed content is matters related to faithful registrations. According to Clause 10, Article 8 of the Public Service Ethics Act, the public official subject to property disclosure (including all subjects) should pass the review within 3 months of the disclosure. If necessary, the review period can be extended by an additional 3 months by resolution of the Public Service Ethics Committee. There is no explicit regulation of public officials not subject to disclosure. However, because it is difficult to review all personnel, reviews are made according to selective criteria defined by the Public Service Ethics Committee.

If necessary, the Public Service Ethics Committee may order additional property registration documents from the subject of review. The committee may demand that the subject submit the required data in addition to answers to written questions and fulfill an investigation to verify certain facts. It may also demand reports or data submitted to the related institution or organization. Notwithstanding other laws, the head of that institution or organization shall not reject the request for such reports or data submissions. The committee may demand both the attendance of the subject person and persons related to the property registration process.

In the meantime, persons who are suspected of committing false property registrations or have acquired benefits using secrets obtained during their public service tenure may be subject to an investigation by the Minister of Justice or the Minister of Defense (in cases of serviceman or civilian workers in the military) as requested by the Public Service Ethics Committee. In such a procedure, the review report is prepared and submitted to the Public Service Ethics Committee as an agenda according to the disposition after resolution. The subject and related institutions (e.g., institutions to which the subject belongs and the court) are then notified of the results. The review

results depend on the level to which the Public Service Ethics Act was violated (e.g., the amount of misreported data). The subject is then punished with a warning, corrective action, a fine of 20 million won or less, public announcement of the violation in the daily newspaper, or dismissal.

The probability of illegal property accumulation can be reduced by requiring property registration from public officials involved in areas of high conflict between public and private interests. This also has the effect of improving the transparency of public officials' properties and ensures fairness in the policy-making process by enabling the press and other entities to monitor them.

## Blind Trust Stock System

A blind trust is a type of trust fund that is designed to mask the assets therein from the person designated to receive the proceeds. In the event that a high-ranking public official or interested parties possess stocks, public and private interests are likely to conflict through the public service process. Thus, the blind trust stock system requires public officials to dispose of stocks related to their duties but allows them to retain unrelated stocks. Public officials subject to this system are those also subject to property disclosure in addition to those of Grade 4 and higher in the department in charge of financial affairs in the Ministry of Strategy and Finance and the Financial Services Commission.

Relevant stocks are those owned by the subject and interested parties (i.e., spouses and direct ascendants and descendants) when the total amount exceeds 30 million won. The reference date at which obligation to the blind trust stock system occurs is that when either the stocks possessed exceed 30 million won (including when the total amount of stocks exceed 30 million as prices are raised), the principal becomes the subject of disclosure, the public official subject to disclosure changes jobs (e.g., to a permanent committee position), or a decision is made regarding the stock's relation to the job.

Public officers subject to the blind trust stock system should report to the property registration institution after selling the stocks, placing them into a blind trust or requesting a job relation review from the Blind Trust Stock Review Committee installed in the Ministry of Personnel Management. A public official may request a job relation review after changing positions if they suspect that the position is related to stocks possessed. If they receive notification that the stocks are related, the stocks should be sold or placed into a blind trust within 1 month of receipt.

Although individuals may avoid conflict of interest by placing stocks into a blind trust, the job recusal system was introduced. This is because there are many cases in which ownership is returned to the trustor because disposal is difficult once the public official is relieved from duty by retirement or term expiration. If an official is not able to dispose of stocks placed into a blind trust, the job relation review may not be completed after requesting a change of position. Involvement in a job related to possessed stock is prohibited. If job recusal is impossible because of related laws or other factors, the recusal system provides that the public official should later report their involvement to the Public Service Ethics Committee, which then discloses relevant reports through the official gazette or public bulletin.

There may be cases in which public officials do not report violations involving stock sales or a blind trust, are involved in jobs related to possessed stock although they have been recused, and do not report that they were involved in the job or there is termination of the trust contract due to violations caused by blind trust contract. These cases shall be cause for dismissal or demands for disciplinary resolution. If the public official does not sell or place stocks into a blind trust, thus violating the blind trust obligation without justifiable reason, they shall be subject to imprisonment of less than 1 year or a penalty of less than ten million won.

## Gift Reporting System

Public officials cannot receive rewards or gifts related to their duties but may find it difficult to refuse gifts from foreign countries, as is

diplomatic and international custom. In such cases, public officials are allowed to receive these gifts and report them later. Public officials subject to the gift reporting system include local council members and executives of public service-related organizations. If a public official receives a gift worth 100,000 won or more from a foreign government or other entity (including foreign organizations), they should report this to the organization to which they belong. If the price is unknown but is less than 100,000 won, the official is not required to report it.

The relevant organization should report gifts to the head of the registration institution (the head of the Ministry of Personnel Management in the case of the central administrative agency and the public service-related organization supervised by the central administrative agency) on a quarterly basis. Gifts should be transferred to the registration institution semiannually. The head of the registration institution should transfer gifts having cultural or artistic value to the National Archives of Korea. Gifts that require management by other relevant institutions are transferred accordingly, while gifts that do not require management become national property through the Public Procurement Service, which will then dispense with them. Public officials that do not report or transfer gifts worth 100,000 won or more that they have received from relevant foreign entities shall be subject to dismissal or disciplinary resolution. This promotes the ethical behavior of public officials by requiring them to report gifts that they will inevitably receive through diplomatic and international customs, which should be systematically managed by the national treasury.

## Retired Public Official Employment and Activity Restriction System

Retired public officials are restricted from accepting employment from organizations that were related to services performed during their public duties. They are also restricted from direct involvement in businesses they managed as a public service or businesses that the institution they belonged to managed. They are also restricted from actions of solicitation to the institution they belonged to before their retirement or arrangements of employment provided by that organization. Public officials and executives of public service-related organizations, from which they retired as persons subject to property registrations, are restricted from accepting employment at institutions having close relations with the business of that department for 5 years before and 3 years after their retirement date. However, they may accept employment after obtaining approval from the Public Service Ethics Committee.

Restricted employment organizations are announced by the Minister of Personnel Management. These may include commercial enterprises larger than a certain size, law firms, accounting firms, tax firms, market-type public enterprises, public service-related organizations performing safety supervisions, permits and authorizations, regulation and procurement businesses, private colleges and their educational foundations, general hospitals and their foundations, and social welfare foundations larger than a certain size. The range of restricted organizations was greatly expanded by lowering the size conditions for private enterprises on June 25, 2014. Nonprofit organizations were also designated as restricted on March 31, 2015.

The post-employment review is divided into two parts (i.e., the post-employment restriction verification review and post-employment approval review). The post-employment restriction verification review verifies whether the public official can be employed or is restricted through the judgment of having close relations to the business of the department or institution to which they belonged within 5 years of retirement. The post-employment approval review verifies whether there is any special reason to allow employment despite such concerns.

Business restrictions can be classified into two types: those managed by the subject and those based on institutional business. Those managed by the subject are targeted at all public officials and executives of public service-related organizations. Except cases in which other laws provide dispensation, these individuals cannot become

involved in jobs related to those provided in Clause 2, Article 17 of the Public Service Ethics Act (i.e., financial assistance, permits and authorizations, inspections and audits, taxation, contracts, supervision, direction, and investigations) that were directly managed by the subject during public service. There is no limit to the subject's organization or period of service. For cases in which the Public Service Ethics Committee suspects that a retired public official has violated such restrictions, it can request the related dates of employment from the institution to which the official belonged when retired (e.g., the National Pension Service) for verification.

Subjects must not handle business listed in Clause 2, Article 17 of the Public Service Ethics Act if such business had been handled by the institution to which the subject had belonged 2 years before retirement. For retired public officials subject to employment reviews based on the businesses of the institution, those who were employed by the restricted employment organization should prepare and submit their job details (including business activity details) to the Public Service Ethics Committee after obtaining approval from the head of the restricted employment organization to which they belong. In the event that a retired public official needs to handle relevant business for reasons of national security or the public interest and it is recognized that handling such business does not affect fair treatment, they are allowed to continue working after obtaining approval from the Public Service Ethics Committee.

All retired public officials and executives of public service-related organizations are prohibited from soliciting or arranging deals with the employees or executives of the institution to which they had belonged before retirement if it affects fair service performance or results in benefits to themselves or a third party. Public officials and executives of public service-related organizations that are asked to do so by a retired public official should report it to the head of the institution to which they belong. The identity of the reporting individual cannot be disclosed without their consent, and the reporting may not result in any disadvantage to their position, nor should they receive discrimination from their institution (e.g., disciplinary measures). Public officials that are subject to employment review should not solicit employment from a restricted organization related to the businesses prescribed in Clause 2, Article 17 of the Public Service Ethics Act if such businesses had been managed by the official 5 years before retirement. In addition, heads of national institutions, local governments, or public service-related organizations should not arrange employment for such officials in any of the restricted employment organizations listed in Clause 2, Article 17 of the Public Service Ethics Act if such business was managed by the official 5 years prior to retirement.

The post-employment and activity restriction system prevents the formation of close relationships through which a public official may grant preference to a specific organization for the purpose of obtaining employment after retirement. It also prevents such officials from exercising illegal influence on the institution to which they belonged after retirement. This system was designed to secure the fair execution of public duty by eliminating privileges obtained through former public office or by private-public adhesion. Such measures enhance the trust of the people in their public officials.

## Public Ethics Information System

The Public Ethics Information System was constructed in 1999, as a public ethics business portal used to process electronically the business related to the public service ethics system. This includes property registrations, disclosures by public officials, and property reviews. The Ministry of Personnel Management manages most public human resource management including system planning and the operation of the Public Ethics Information System. The Public Ethics Information System is commonly used not only by the central government but also by the National Assembly, local governments, the Constitutional Court, and 265 Public Service Ethics Committees across the country. The Public Ethics System creates a separate operation of the property

registration and business review systems in the DOS environment. The web-based property registration system was built in December 2005. This enabled property reporting from any location anytime through Internet access.

Public officials subject to property registration can also use a series of related functions (e.g., they can register personal information, submit information provisions and consent forms, report up to 16 property items, and submit explanatory data). Persons in charge of business ethics can use the system to perform business related to property registrations and reviews (e.g., they can manage public officials subject to property registrations, verify information provision consent forms, authorize notifications of rejection, and perform property reviews).

In the meantime, institutions can use the system to provide information to the property registration institution, related to the real estate holdings and the finances (e.g., deposits and debts) of public officials subject to property registrations. A system administrator may use the system to conduct user registrations, code management, and bulletin board and data room operations. In addition, individuals without direct relation to property registrations or similar functions can use the system to increase their understanding of the Public Service Ethics Act and public service ethics system.

The Public Ethics Information System is used by approximately 230,000 subjects of property registrations, around 600 property registration personnel, and about 240 information provision institutions related to finance, real estate, and membership. Public officials subject to property registrations can report properties online at anytime and anywhere an Internet connection is available. Since the financial and real estate information of the principal and their relatives can be provided in this manner, accurate and convenient reporting is possible. A link to the Realty Price System also provides real-time realty prices.

For persons in charge of public service business ethics, the systematic management of public officials subject to property registrations facilitates the entire process. This includes the management of personnel affairs, rejection notices, individuals who agreed to the information provision, and submission reports. In addition, reporting histories can be systematically managed by providing the flow of property by year, property size, and item within the registered property database. Property transparency reviews can be obtained through the online business treatment process (for instance, this includes both explanation requests and submissions of explanation for misreported items, while excessive or omitted property information can be identified through a total comparison of the data reported by the subject and the review data).

## Concluding Remarks

The Public Service Ethics Act originally enacted in 1981 covers a variety of ethical issues. However, the essential provisions thereof concern registering the property of government officers, restricting employment after resignation or retirement, and a blind trust for stocks (Kim 2010; Kim and Yun 2017; MPM 2018). The Public Service Ethics Act was amended several times over the years. One meaningful amendment to the Public Service Ethics Act was the introduction of a blind trust stock system in 2005. Higher-level government officials in sensitive positions often place their personal assets into blind trusts in order to avoid public scrutiny and accusations of conflict of interest. The Public Service Ethics Act also prescribed that government officers would be subject to post-employment review and that officers and employees of state-owned entities would be prohibited from being employed by a for-profit private company of a certain size whose business is closely related to the job the applicable government officer carried out for 5 years before his or her date of resignation or retirement. This would apply until 3 years past the date of resignation or retirement unless such employment was approved by the Public Service Ethics Committee (Kim and Yun 2017).

As mentioned earlier, in order to strengthen public service ethics, the Korean government has made various efforts over the years, including the enactment of major acts including the Public

Service Ethics Act. The government and the National Assembly played an important role in these processes, but they were not the only key players. In fact, a number of Korean civil society nongovernmental organizations (NGOs) promoted ethical issues publicly and helped them materialize as public policies and laws. In the Korean context, how discussions related to public service ethics and anti-corruption were initiated is closely related to political democratization and the growth of civil society. In the late 1980s and thereafter, Korean society witnessed a great deal of political and social democratization, as well as the steady growth of many reformist civil groups, both of which caused various reformative issues and agendas to be proposed. With the active and steadfast efforts by reformist NGOs and the election of democratic presidents with progressive ideas, such as Kim Dae-Jung (presidential term from 1998 to 2003) and Roh Moo-Hyun (presidential term from 2003 to 2008), a statutory foundation for applicable laws and systems was established. Of course, such laws and systems cannot yet be deemed to have fully achieved their expected goals. They still need to be improved to mend their many deficiencies. The improvement of civic awareness and culture and the establishment of appropriate systems will have to be carried out simultaneously.

## References

Kim PS (ed) (2009) Public administration and public governance in ASEAN member countries and Korea. Daeyoung Moonhwasa, Seoul

Kim PS (ed) (2010) Civil service system and civil service reform in ASEAN member countries and Korea. Daeyoung Moonhwasa, Seoul

Kim PS (ed) (2011) Public sector reform in ASEAN member countries and Korea. Daeyoung Moonhwasa, Seoul

Kim PS, Yun T (2017) Strengthening public service ethics in government: the South Korean experience. Public Integr 6:607–623

Ministry of Personnel Management (MPM) (2018) Public HRM at a Glance 2018. Ministry of Personnel Management, Sejong

Organization for Economic Cooperation and Development (OECD) (2003) Managing conflict of interest in the public service. Organization for Economic Cooperation and Development, Paris

Organization for Economic Cooperation and Development (OECD) (2005) Managing conflict of interest in the public sector: a toolkit. Organization for Economic Cooperation and Development, Paris

# Public Service in Russia

Kamil Ramazanov
Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

## Synonyms

Civil service; Public authorities' employees; State service

## Legal Basis of the Public Service in the Russian Federation

There are two types of public service in Russia: State service and municipal service. It is caused by the fact that, according to the Constitution of the - Russian Federation, the local government is the independent form of power and is not a part of the system of State authorities. Therefore, the local government personnel are municipal servants, and the personnel of State authorities are State servants. The Federal Law "On the municipal service in the Russian Federation" of March 2, 2007, № 25-FZ determines only the basic terms of the organization of municipal service.

Legal regulation of public service in the Russian Federation owing to the federal structure of the State is performed on two levels:

- National (federal) legislation
- Legislation of the territorial entities of the Russian Federation (the subjects of the RF)

The legislation on public service is based on the Constitution of the Russian Federation which

establishes such principles as the unity of the system of the State power system (Art. 5) and equal access for citizens to public service (the p. 4 of Art. 32) (The Constitution of the Russian Federation 1993).

In general, public service in the Russian Federation at the federal level is regulated by the specialized legislation, which is a set of federal laws, Decrees of the Russian President, Decisions of the Government of the Russian Federation, and other regulations. In aggregate, these regulations set up all key procedures of the organization of public service. The general labor law does not regulate the activity of State servants. However, the municipal service (i.e., service in local government) is regulated by both the specialized legislation and the Labor Code of the Russian Federation.

The contemporary system of the public service in Russia was formed as a result of the comprehensive reform, which began in the 2000s. The reform was aimed at the qualitative transformation of the public service institutions, improving the performance of public servants, the implementation of effective public service staffing, information, education, anti-corruption, and human resources management techniques.

## Legal Regulation of State Service in the Russian Federation

The Federal Law "On the System of the State Service of the Russian Federation" was adopted on May 27, 2003. The Law contains general terms and conditions of the State service and establishes the State service management system in the Russian Federation.

This Law establishes that the State service of the Russian Federation is the professional service activity of citizens of the Russian Federation on ensuring the exercise of powers of:

- Russian Federation and federal State authorities
- Subjects of the Russian Federation and public authorities of subjects of the Russian Federation
- Persons holding public positions of the Russian Federation and the subjects of the Russian Federation, which are designed for direct execution of powers of State authorities (e.g., elected officials, ministers)

Based on this definition, State servants in Russia are only those employed by public authorities. Unlike some other states, in Russia employees of educational and healthcare institutions are not considered as State servants.

The basic principles of the organization and functioning of the State service system are:

- Federalism, ensuring unity of the State service system and the delimitation of competence and powers between the federal public authorities and public authorities of subjects of the Russian Federation
- The rule of law
- Priority for human and civil rights and freedoms, their direct effect, obligation of their recognition, observance, and protection
- Equal access of citizens to the State service
- The unity of the legal and institutional framework of public service, which implies the unified approach to the organization of certain kinds of State service
- The interrelation of State service and municipal service
- The openness of the State service and its availability to public control, objective informing of the society about the activities of State servants
- Professionalism and competency of State servants
- Protection of State servants from undue interference in into their professional activity

The Federal Law "On the System of the State Service of the Russian Federation" establishes the general conditions for personnel selection to the State service, its passage, and termination. For example, he defines basic requirements for candidates for State service positions, establishes the types of service contracts, etc.

In accordance with the federal laws on the types of State service, the citizens passing the federal State service are assigned to the

appropriate class ranks, diplomatic ranks, and military and special ranks.

## The System of the State Service in Russia

The system of the State service of the Russian Federation is a combination of several kinds of State service:

- State civil service
- Military service
- State service of other types

The last group includes mostly different types of law enforcement service, responsible for security, law, and order, crime prevention, and protecting the rights and freedoms of man and citizen (e.g., the police, the Prosecutor's Office, the Federal Penitentiary Service, etc.)

The military service is also a specific type of State service in the Russian Armed Forces and the relevant government authorities responsible for the defense and security of the State.

The State civil service ensures an implementation of the common administrative and sectoral functions of public administration providing the work of all State authorities not related to the Russian Armed Forces and the law enforcement system. However, in the military and law enforcement government agencies, along with specialized, there are also positions of the State civil service. Thus, the State civil service provides the implementation of the functions and powers of all State authorities in the Russian Federation.

## The State Civil Service of the Russian Federation: Legal Regulation

According to the Federal Law "On the System of the State Service of the Russian Federation," the State civil service is a professional office activity of citizens of the Russian Federation at the civil service positions on ensuring the exercise of powers of the Russian Federation and federal public authorities, subjects of the Russian Federation and public authorities of subjects of the Russian Federation, persons holding public positions of the Russian Federation, and the subjects of the Russian Federation, which are designed for direct execution of powers of public authorities.

The State civil service of the Russian Federation is subdivided into the federal civil service and the civil service of the subjects of the Russian Federation. The federal structure of Russia causes this.

Legal regulation of the State civil service of subjects of the Russian Federation is the joint jurisdiction of the Russian Federation and subjects of the Russian Federation – and its organization – in the jurisdiction of the subject of the Russian Federation. Accordingly, the State civil service of subjects of the Russian Federation is regulated not only by the federal legislation but also with regional laws and regulations.

The basic for the State civil service is the Federal Law "On the State Civil Service of the Russian Federation" dated July 27, 2004. It regulates in detail the legal, organizational, and financial basis of the Russian civil service.

At the same time, the provisions of the federal law are supplemented with the significant number of the Decrees of the President of the Russian Federation detailing certain aspects of the civil service career. For example, Decrees of the Russian President establish the general ethical principles of civil servants behavior, the procedure of the certification of civil servants, and the order of providing by civil servants the asset declarations, verifying their content and many other issues.

## The Classification of Positions of the State Civil Service of the Russian Federation

Positions of the State civil service are divided into four categories:

- Heads
- Assistants (counsellors)
- Specialists
- Providing specialists

The first category includes positions of both actual heads of the State bodies and their deputies and heads of territorial structural divisions and offices of federal government bodies.

Positions of assistants or counsellors are established to assist the heads of State bodies in the exercise of their powers. Their activities are limited to the term of the heads. Positions of assistants or counsellors, for example, include the assistant (counsellor) Deputy Prime Minister of the Russian Government, the assistant deputy of the State Duma, and counsellor to the Minister of the Russian Federation.

Positions of specialists are established for direct implementation of tasks and functions of State bodies. Specialists generally perform the work for which a State authority has been established. According to the Federal Law "On the State Civil Service of the Russian Federation," the positions of specialists established for professional ensuring accomplishment by State bodies of certain tasks and functions.

Persons holding positions of the providing specialists do not implement directly the functions of State bodies. Rather, they provide a stable functioning of the State authority. These positions established for organizational, information, documentation, financial, and economic support of State bodies' activities.

Along with categories, all positions of the State civil service of the Russian Federation are subdivided also into five groups of positions:

1. The highest positions of civil service
2. Main positions of civil service
3. Leading positions of civil service
4. Senior positions of civil service
5. Junior positions of civil service

In addition, each category of positions is subdivided into a certain number of groups. Positions of categories "heads" and "assistants (counsellors)" are divided only into the highest, the main, and the leading groups of positions of civil service; positions of category "specialists" – into the highest, main, leading, and senior groups of positions; and positions of category "providing specialists" – into the main, leading, senior, and junior groups of positions of civil service (see Table 1).

## Distinctive Features of the Legal Status of Civil Servants: Restrictions and Prohibitions on the State Civil Service

Establishment of the restrictions and prohibitions relating to the civil service career is one of the most important and widespread in the world tools of fighting corruption and the prevention of conflicts of interests in public officials' activities.

In the Russian legislation on the State civil service, the term "restrictions" is used to refer to conditions that prevent hiring of a citizen on the civil service or further being of a civil servant on service. That restrictions work both at revenues to civil service and when passing civil service. In these cases, the employee will be dismissed, and the candidate for the civil service post will be denied appointment.

**Public Service in Russia, Table 1** Ratio of categories and groups of State civil service positions

| | | Groups | | | | |
|---|---|---|---|---|---|---|
| | | The highest positions | Main positions | Leading positions | Senior positions | Junior positions |
| Categories | Heads | ✓ | ✓ | ✓ | | |
| | Assistants (advisers) | ✓ | ✓ | ✓ | | |
| | Specialists | ✓ | ✓ | ✓ | ✓ | |
| | Providing specialists | | ✓ | ✓ | ✓ | ✓ |

These restrictions, for example, include:

1. Recognition of citizen as lacking dispositive capacity by a court decision
2. Condemnation of citizen to punishment under the verdict of the Court, as well as having a criminal record which is not expunged or not extinguished
3. A disease preventing entry into the civil entry into the civil service or its passing confirmed with the conclusion of a medical organization
4. Close relationship by blood or in-law (parents, marriage partners, children, brothers, sisters, and brothers, sisters, parents, children of the marriage partner and marriage partners of children) with civil servants, if civil service position is associated with direct subordination or the control of one of them to another
5. Renunciation of citizenship of the Russian Federation or acquisition of another citizenship
6. Submission of false documents or false data upon admission to the civil service
7. Failure to provide information or submission of false information about income, assets, and obligations of property
8. Loss of confidence in the civil servant in cases of non-compliance with the restrictions and prohibitions, requirements on the prevention of conflicts of interest, and other requirements established by anti-corruption law.

The Federal Law "On the State Civil Service of the Russian Federation" sets the prohibitions on the civil service. The term "prohibitions" combines those activities or actions that civil servants are forbidden to perform during service and, in some cases, after the retiring from service.

For example, civil servants are prohibited from:

- Combining of a civil service position with elected public posts.
- Engaging in business activity personally or through authorized representatives.
- Receiving any kinds of rewards from persons and organizations in connection with the performance of official duties (gifts, money, loans, services, payment of entertainments, rest, transportation expenses, and other remunerations). Russian civil servants can only receive official gifts during the protocol meetings and official events.
- Disclosing or using for purposes not related to the civil service, confidential information, or proprietary information, which became known in connection with the performance of official duties.
- Making any public statements, judgements, and estimates, including those in the mass media, in respect of the activities of public authorities, their officials, if this is not included in his official duties.
- Using of official powers for the benefit of political parties, other public associations, religious associations, and other organizations.
- Shutting down the performance of official duties in order to resolve a service dispute.

Some of the prohibitions are imposed on citizens who had resigned from the civil service.

For instance, a citizen after his resign from the civil service shall not have the right to disclose or use, for the benefit of organizations or individuals, confidential information or official information that has become known to him in connection with the performance of his official duties.

Also a citizen who left a civil service post of a certain group shall not have the right to find employment in an organization, in respect of which he or she performed public administration functions, without the permission of the relevant commission on the managing conflicts of interest.

Non-compliance with restrictions and violation of the prohibitions related to the civil service are the basis for dismissal of a citizen from civil service.

## Entry into the State Civil Service: Personnel Assessment

The State civil service is a professional activity that requires the creation of high-quality staff selection system and effective evaluation of effectiveness of the employees and their professional and personal qualities.

The civil service is entitled to enter the citizens of the Russian Federation who have reached the age of 18 years, know the state language of the Russian Federation, and conform to the relevant qualification requirements.

Among the qualification requirements are:

- Requirements for the level of professional education, to a degree, field of study
- Requirements for the civil service experience or the experience of work, field of study
- Requirements for knowledge and skills, which are necessary for the performance of official duties

Junior and senior groups of the civil service positions do not require any experience.

By the general rule, appointment to positions of the State civil service is performed on the competitive basis. The law on the State civil service establishes the exhaustive list of exceptions of this rule.

For example, the competition is not held at the conclusion of a fixed-term service contract. The competition does not provide for the positions of category "heads" which appointment is made by the President of the Russian Federation and the Government of the Russian Federation. Appointments to the civil service positions from the personnel reserve are also held without competition. The competition is not held in the provision of civil servant another post if for health reasons he is unable to perform duties on the displaced post.

Competitive selection procedure is to evaluate the candidates entitled to participate in the competition in accordance with the Federal Law "On the State Civil Service of the Russian Federation." For this purpose in every public authority, the competitive Commissions are created, which along with the State body representatives composed of independent experts.

The competitive Commission evaluates candidates based on several methods of the evaluation of professional and personal qualities of the candidates, including individual interviews, questionnaires, group discussions, and testing on issues related to the performance of official duties on vacant civil service position.

The main technology of further evaluation of the personnel in the civil service is the certification of civil servants. The procedure of regular certification is designed to maintain a high professional level of civil servants. The results of the certification define in what measure the civil servant corresponds to the position. Certification is carried out, usually once every 3 years.

Certification may be grounds for demotion or promotion on service, direction of a civil servant for additional professional training, and, in some cases, dismissal from the service.

## Conclusions

Since the early 2000s, the Institute of the Russian public service is developing dynamically. To date, a sufficiently detailed legal framework for the organization and functioning of the public service in Russia has been formed. There have been positive changes in certain staffing techniques, designed to enhance the efficiency of public servants' activities. However, the process of reforming and development of the public service has not yet been completed.

In particular, on August 11, 2016, Presidential Decree No. 403 "On the Main Directions for the Development of the State Civil Service of the Russian Federation for 2016–2018" was signed, according to which the current priorities for the development of the civil service are:

(a) Improving the management of the personnel of the State civil service of the Russian Federation and improving the quality of its formation
(b) Improving the system of professional development of State civil servants and increasing their professionalism and competency
(c) Enhancing the prestige of the civil service
(d) Improving the anti-corruption mechanisms within the civil service system

Thus, the need to take systematic measures to continue the process of reforming and developing

the institution of the public service in Russia is realized today at the political level. In the coming years, it is important to complete the qualitative transformation of the public service institution, optimize its functioning, and apply the effective modern personnel, information, educational, anti-corruption, and management techniques in the public service.

## References

Decree of the President of the Russian Federation "On the Main Directions for the Development of the State Civil Service of the Russian Federation for 2016–2018" of August 11, 2016 No. 403

The Constitution of the Russian Federation (1993) http://www.constitution.ru/en/10003000-01.htm

The Federal Law "On the System of the State Service of the Russian Federation" of May 27, 2003 №58-FZ

The Federal Law "On the State Civil Service of the Russian Federation" of July 27, 2004 №79-FZ

The Federal Law "On the municipal service in the Russian Federation" of March 2, 2007 № 25-FZ

# Public Service Leaders in a Democracy: Stewards Versus Entrepreneurs

Imane Hijal-Moghrabi
Public Administration and Leadership Program, The University of Texas – Permian Basin, Odessa, TX, USA

## Synonyms

Leadership in public organizations; Public sector leadership

## Definition

Public service leadership is the leading role assumed by managers and administrators in public sector organizations.

## Introduction

The past few decades have witnessed two paradigmatic shifts in the way public organizations are being run. The first occurred with the advent of the New Public Management (NPM) movement in the 1990s, while the second occurred, simultaneously, with the shift from bureaucratic hierarchies to the New Governance – also referred to as governing across sectors, collaborative governance, or network governance. Under the banner of reform and reinventing government (Gore 1993; Osborne and Gaebler 1992), private-sector values, techniques, and practices have been introduced into the public sector. Likewise, with the new governance, government is no longer solely responsible for the provision of public services and for policy implementation as it used to be in the past. Most of government programs and services have been ever since provided by "a host of nongovernmental third party surrogates or proxies that provide programs under the agencies loans, loan guarantees, grants, contracts, and other tools of public administration" (Salamon 2002, pp. 1–2). Scholars find in the shifts to NPM and to the New Governance a blatant departure from the democratic ethos and a threat to the traditional image of constitutional democracy, where public servants and leaders are accountable to the people in whose name they govern.

One of the most debated aspects of NPM is its call for public-sector entrepreneurship, defined by Osborne and Gaebler (1992) as the use of resources in new and innovative ways to maximize productivity and effectiveness. This model of leadership has been seriously criticized by advocates of the stewardship paradigm, who question the compatibility of this model with constitutional governance (Terry 1990, 1993, 1998). Hence, it is the purpose of this chapter to assess whether these two models of public-sector leadership can be reconciled, or if one model is necessarily better suited to a constitutional democracy than the other. To this end, the chapter is subdivided into two sections and a conclusion. The first section provides a brief description of these two models, while the second section assesses the

relevance of these two models to a constitutional democracy and the possibility of reconciling them.

## The Stewardship Versus the Entrepreneurial Model of Public-Sector Leadership

Public service leadership can be defined as the leading role assumed by managers and administrators in public sector organizations. This chapter distinguishes between two competing and, even, contradictory paradigms or models of public service leadership – the stewardship model and the entrepreneurial model.

The stewardship model depicts public leaders as trustworthy, ethical agents, who are bound by an obligation to serve the public of their jurisdictions by acting as stewards of public resources, guardians of public institutions, and conservators of constitutional values (Terry 1990, 1993, 1998). These leaders are accountable toward their stakeholders (citizens, elected officials, and superiors) and are bound to abide by laws and regulations. These leaders acknowledge that the positions they hold and the resources they are in charge of do not belong to them. For government, as expressed by King and Stiver (1998), is owned by its citizens. These leaders serve rather than steer (Denhardt and Denhardt 2000), they govern by example, putting the public service first, and are willing to sacrifice their private interest for the sake of a common good (Cooper 2006).

Alternatively, the entrepreneurial model has its ramifications in liberal economies and public choice theories. As Hood (1991) points out, this market governance model involves viewing public agencies as "corporations" run by business managers, and seeks to create greater flexibility, reduced planning, and less regulation. Under this model, consumers' choice would determine whether programs would receive continued public support. This model depicts public entrepreneurs as *homo economicus* – rational economic actors, striving to maximize their utility and to promote their private interests, which are often different from their stakeholders'. These leaders steer rather than row (Denhardt and Denhardt 2000), are market driven, profit oriented, view citizens as customers (Gore 1993; Osborne and Gaebler 1992), and seek change and exploit it as opportunity (Drucker 1985). They are agents of change, innovative, visionary, and proactive – in short, they are transformational. Having defined and explored the two models of public-sector leadership, we turn now to discuss which of these two models is better suited to a constitutional democracy.

## A Better-Fit to a Constitutional Democracy or a Reconciliation?

Based on the above discussion, the stewardship model seems to be more compatible with a constitutional democracy than its entrepreneurial counterpart. One argument in support of this observation can be found in Appleby's *Government is Different*. Appleby (1959) notes that government differs from the private sector by virtue of its public nature, "the way in which it is subject to public scrutiny and public outcry. . .Government is different because it must take account of all the desires, needs, actions, thoughts, and sentiments of all Americans" (pp.122–123). This is often the case, John Rohr (1989) argues, because public administrators have taken an oath to uphold the Constitution. Thus, they have an ethical obligation to respond to the constitutional or the regime values of the people in whose name they govern – that is, "the values of the political entity that was brought into being by the ratification of the Constitution" (Rohr 1989, p. 59); responsiveness, justice, fairness, due process, equity, transparency, and accountability are some examples.

On the other hand, opponents of both NPM and the New Governance saw in the transition to these two forms of governance a threat to the public service ethos and a sacrifice of the democratic norms of equity and justice. In this sense, critics of the entrepreneurial model assert that by dissociating themselves from core administrative

values and by virtue of being self-interested, opportunistic, and risk-takers, public entrepreneurs are more prone to get engaged in unethical behavior (including fraud, theft, gift taking, conflict of interests, abuse of information, discrimination, harassment, waste and abuse, and misconduct and leisure) and rule-breaking, which constitute a moral hazard as well as a threat to democratic governance (Klothoff et al. 2006; Terry 1993, 1998). That is truly the case because the public sector is not value free (van Wart 1996, 2004) and, ultimately, cannot be run like a business (Appleby 1959). The productivity values that these leaders uphold, defined in terms of efficiency and effectiveness, often contradict with the set of values governing the public sector. For instance, the profitability value that these leaders aspire to achieve might result in goods and services that are too costly to consume, thus preventing the disadvantaged segments of society from their right to access these services, especially the basic services such as healthcare, education, and transportation – in other words, depriving citizens from their full citizenship, as Cooper (2006) argues.

Thus, it is quite clear that stewardship seems to be better suited to a constitutional democracy than entrepreneurship. However, the question remains: Is it sustainable? Indeed, today's public leaders at all levels of government, especially in localities, where leaders are in direct touch with their constituents, are called upon, more than ever before, to face the challenges of the day and to adopt innovations and new practices to help them survive the economic tough times. This implies that today's public leaders are called forth to make hard choices, to do more with less, to collaborate across sectors, and to find new means to create new resources without overburdening the citizenry. The stewardship model, despite its compatibility with democratic governance, can be rigid and, often, resistant to change; lacking the flexibility and the dispatch the entrepreneurial model enjoys in meeting the ever-changing and growing demands of society. This flexibility is equally needed to serve and to preserve democracy. Therefore, a new model of public-sector leadership is needed that seeks to reconcile stewardship and entrepreneurship by capitalizing on the strengths of both models to serve society.

Bellone and Goerl (1992) attempted to reconcile these two models by making the entrepreneurial model more civic-regarding, emphasizing the importance of citizens' participation in understanding and accepting the decisions affecting their lives, including a risk-taking behavior. In the network and collaborative governance literature, we find support to this thesis. In this sense, Denhardt and Denhardt (2000) advanced the concept of the "New Public Service" as "a set of ideas about the role of public administration in the governance system that places citizens, citizenship, and the public interest at the forefront" (p. 550). Under the New Public Service, Denhardt and Denhardt (2000) argued, public servants should be "attentive to more than the market; they should also attend to statutory and constitutional law, community values, political norms, professional standards, and citizen interests" (p. 557). Ultimately, the responsibility of government should be to promote citizenship, public discourse, and the public interest. Denhardt and Denhardt (2000) note:

> A democratic society, a concern for democratic values should be in the way we think about systems of governance. Values such as efficiency and productivity should not be lost, but should be placed in the larger context of democracy, community, and public interest . . . The New Public service provides a rallying point around which we might envision a public service based on and fully integrated with citizen discourse and the public interest. (p. 557)

More recently, there has been increased interest in emphasizing the democratic dimension of governance networks. Although the shift from bureaucratic hierarchies to network governance may challenge the traditional image of constitutional democracy, several scholars have assumed that governance networks may contribute to democratic anchorage and legitimacy, suggesting the reformulation and reconceptualization of the basic notions of democracy to make it fit the new reality (Bingham et al. 2005; O'Toole 1997). This would, actually, entail a shift in the meaning of democracy from democratic state (election) to democratic society (citizen engagement), in which citizens are viewed not as voters, volunteer, or

consumers but as problem solvers and co-creators of public goods (Bingham et al. 2005; King and Stivers 1998). Emerson et al. (2012) referred to this reconceptualized form of democracy as "deliberative democracy" which is sought to provide citizens the opportunities to exercise voice and a more responsive, citizen-centered management by embedding "governance systems and institutions with greater levels of transparency, accountability, and legitimacy" (Emerson et al. 2012, p. 6).

In addition to civic engagement, we believe that some elements of the entrepreneurial model, if well-defined and properly implemented, can serve a constitutional democracy. The new paradigm suggests that leaders should be able to strike a balance between stewarding their stakeholders, while being able to act proactively, to think critically, as well as to manage risk and competing values. However, moving toward this new paradigm necessitates the continuous efforts of public administration schools, not only to fortify students of public administration with public ethics and regime values while preparing them for leadership positions in the public service, but also to provide them with the skills needed "to blend high ideals with pragmatic realities" (van Wart (1996).

## Conclusion

To sum up, neither stewardship nor entrepreneurship can be, by itself, a better-fit to a constitutional democracy. A new paradigm of public service leadership was envisioned in this essay, which attempts to reconcile the two models of stewardship and entrepreneurship, suggesting that some elements of both models are needed. Public service leaders, under this paradigm, are not the kind of philosopher kings that Plato imagined could benevolently govern the public good, nor are they expected to act, in all ways, as if they were enlightened philosophers. They are, rather, the kind of leaders that necessity calls forth – leaders who are accountable toward the public in whose name they govern, while capable of adapting, adjusting, and coping with the ever-changing reality.

## Cross-References

▶ Bureaucracy and System Maintenance

## References

Appleby P (1959) Government is different. In: Shafritz JM, Hyde AC (eds) Classics of public administration, 6th edn. Cengage Learning, Wadsworth, pp 119–123

Bellone CJ, Goerl GF (1992) Reconciling public entrepreneurship and democracy. Public Adm Rev 52(2):130–134

Bingham LB, Nabatchi T, O'Leary R (2005) The new governance: practices and processes for stakeholder and citizen participation in the work of government. Public Adm Rev 65(5):547–558

Cooper T (2006) The responsible administrator: an approach to ethics for the administrative role, 5th edn. Wiley, Hoboken

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60(6):549–559

Drucker P (1985) Innovation and entrepreneurship: practice and principles. Harper & Row, New York

Emerson K, Nabatchi T, Balogh S (2012) An integrative framework for collaborative governance. J Public Adm Res Theory 22(1):1–29

Gore A (1993) From red tape to results: creating a government that works better and costs less. Report of the national performance review. U.S. Government Printing Office, Washington, DC

Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19

King C, Stivers C (1998) Government is us: public administration in an anti-government era. Sage, Thousand Oaks

Klothoff E, Hubert L, van den Heuvel H (2006) The ethics of the new public management? Is integrity is at stake? Public Adm Q 30(3/4):399–439

O'Toole LJ (1997) Treating networks seriously: practical and research-based agendas in public administration. Public Adm Rev 57:45–52

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Rohr J (1989) Ethics for bureaucrats: an essay on law and values, 2nd edn. Marcel Derker, New York

Salamon LM (2002) The tools of government: a guide to the new governance. Oxford University Press, Oxford

Terry L (1990) Leadership in the administrative state: the concept of administrative conservatorship. Adm Soc 21(4):395–412

Terry L (1993) Why we should abandon the misconceived quest to reconcile public entrepreneurship with democracy; a response to Bellone and Goerl's reconciling public entrepreneurship and democracy. Public Adm Rev 53(4):393–395

Terry L (1998) Administrative leadership, neo-manageralism, and the public management movement. Public Adm Rev 58(3):194–200
van Wart M (1996) Reinventing in the public sector: the critical role of value restructuring. Public Adm Q 19(4):456–478
van Wart M (2004) Public sector values and productivity. In: Holzer M, Lee S-H (eds) Public productivity handbook. Marcel Dekker, New York, pp 65–81

## Public Service Motivation

Bram Steijn
Department of Public Administration and Sociology, Erasmus University Rotterdam, Rotterdam, The Netherlands

### Synonyms

Altruism; Ethic of human caring; Prosocial motivation; PSM; Public service ethic (By the way, these concepts are closely related, but to what extent they are synonyms is debated within the literature)

### Definition

There are several definitions in the field, but the most widely used is the classic definition of Perry and Wise (1990: 368): "*motives grounded primarily or uniquely in public institutions and organizations*." Another classic definition (although actually of the related concept of public service ethic) is by Brewer and Selden (1998: 417): "*the motivational force that induces individuals to perform meaningful public service*." However, probably the most widely used definition has been developed by Vandenabeele (2007: 547): "*belief, values and attitudes that go beyond self-interest and organizational interest, that concern the interest of a larger political entity*"

### Introduction

Public Service Motivation or PSM has in recent decades become a very popular concept within public administration. Although similar concepts (such as for instance public service ethos) have been used earlier in the literature, the article of Perry and Wise (1990) can be seen as the starting point of the contemporary popularity of the concept. This popularity is illustrated in a 2016 review by Ritz et al. (2016) which identified within the 1990–2014 period 323 academic articles in the English language. Of these only 29 were published between 1990 and 2005, whereas no less than 76 were published in 2014. Moreover, on almost every Public Administration conference special sessions attracting many researchers are devoted to the subject.

This popularity partly explains why precise definitions and understandings of the concept differ as authors sometimes have slightly different views on the concept. However, most authors will see PSM as a motivational construct, e.g., a force that energizes, directs, and sustains behavior: people do something because they are motivated to do so. This is true for sport (you have to train to become better), education (you have to study to pass the exam), and work (you have to do something at the workplace to perform). In this respect understanding of the drivers of human behavior will differ. Some will argue that people will primarily act based on self-interest, which is a basic assumption within economics. However, others point out that people will (also?) go in their actions beyond their self-interest and for instance want to help other people or want to contribute to society.

The concept of PSM is related to the latter belief. The assumption is that this is especially true for people working in the public sphere. Public sector workers (civil servants, but also teachers, nurses, child welfare workers) go beyond their own self-interest, because they want to contribute to society and do "something good." Put simply, you cannot be a teacher if you hate children. You want to learn them something. If this is not the case, you will most probably leave the teaching profession.

This does not imply that PSM only exists within the public sector. Certainly, also private sector workers can be motivated to do something for others. However, research shows that PSM levels are higher among public sector workers

compared to private sector workers. Moreover, private sector workers with higher PSM are more inclined to look for a public sector job than those with a lower PSM.

It must be further noted that PSM certainly is not the only driver of the behavior of public sector workers. In the first place, levels of PSM of these workers differ: some have a high PSM, others have a low PSM. In the second place, PSM is not the only thing motivating them. More classic motivators – like money, career chances, job security, having a challenging job or a good work-life balance – are certainly also important. In fact, the question how important PSM is as a driver of employee behavior compared to those other drivers is a very relevant question.

The literature on PSM has become so huge that this introduction to the theme will be by definition not give full justice. However, several main themes will be discussed. In the first place several dimensions of the concept and their measurement, next the antecedents of PSM followed by its possible effects. This overview ends with some final remarks.

## PSM Dimensions and Measurement

An important topic within the literature is to what extend the PSM concept consists of various dimensions (or "aspects") with a distinct meaning. In a classic article, Perry (1996) discerned four separate dimensions of PSM: (1) attraction to public policy making; (2) commitment to the public interest; (3) compassion; and (4) self-sacrifice. It must be noted that these four dimensions are based on the idea expressed by Perry and Wise (1990) that human (or employee) behavior is based on three common motives (affective, normative, and rational) which could be realized in public service. Thus, public service motivation is not only driven by affective feelings but also by normative feelings ("duty") and rational considerations ("I can influence public policy in a direction I want").

The meaning of the first two dimensions of Perry is probably straightforward. The third one (compassion) refers to the idea that public sector workers feel emotionally attached to civilians or clients which should be protected (Perry uses the concept of "patriotism of benevolence" here). Self-sacrifice is defined by Perry (1996) as "the willingness to substitute service to others for tangible personal rewards." He refers in this respect to former US president Kennedy's statement "Ask not what your country can do for you; ask what you can do for your country" as a classic example of what self-sacrifice is about.

These four dimensions are often used in research and an important question is whether or not the effect of each of these dimensions on various possible outcomes (such as job satisfaction or performance – see below) is similar. Mostly this is not the case, and each dimension could have distinct and varying effects on these outcomes. However, sometimes the existence of these four dimensions is questioned, and several authors have suggested other dimensions or changed or omitted one of the original ones. One of the arguments is that in some contexts, a certain dimension does not make much sense. For instance, Kim (2009) argued that the "attraction to public policy making" is less valid in the Korean context. One can also wonder whether this same dimension is valid within all institutional contexts. Public policy making is very relevant for civil servants (because that is what they do), but much less for teachers and nurses who want to teach children or cure patients. Usually, they do not want to contribute to public policy. For them compassion and self-sacrifice seem therefore more relevant dimensions of PSM.

PSM is often used in quantitative research and in this respect precise measurement is important. Perry (1996) developed an often-used 24-item scale to measure it. Although this measurement is often used, others have tried to improve it. The revised measurement scale of Kim (2009) for instance consists of 12 items and there is also a revised measurement scale by Kim et al. (2013) of 16 items.

However, one of the problems a researcher can encounter is that his or her survey simply does not have room for 12, 16, or 24 items. Therefore researchers also use shortened or global measures. Although less nuanced, this has for instance the advantage that one could include a quick

measurement of PSM in a questionnaire that also includes a lot of other topics. Wright et al. (2013) found in this respect that a five item measurement of PSM (the so called MSPB scale) gives in essence the same results as more extended (but also more limited) measurement scales. The next table provides the five items they used. The answer categories should be Likert scales (thus measuring the extend of (dis)agreement).

### Global Measure of PSM (MPSB Scale) as Used by Wright et al. (2013)

| |
|---|
| Meaningful public service is very important to me. |
| I am often reminded by daily events about how dependent we are on one another. |
| Making a difference in society means more to me than personal achievements. |
| I am prepared to make enormous sacrifices for the good of society. |
| I am not afraid to go to bat for the rights of others even if it means I will be ridiculed. |

## Antecedents of PSM

An important research question is whether or not one can influence the degree of PSM. Perry (1997) discussed in a classic article five possible antecedents (parental socialization, religious socialization, professional identification, political ideology, and individual demographic characteristics). Although he showed that many of these possible antecedents are indeed related to PSM, they are less relevant from a practical viewpoint as they cannot be influenced by the organization. In a later reformulation of his theory, Perry (2000) has stressed the importance of institutions (for instance school or the organization one works for) for the development of PSM.

The idea that PSM is embedded in an institutional context has become a very important one. In this respect, employees work in an organizational environment (with its mission, values, but also organizational incentives and in general the work environment) and this will affect their PSM. However, also the international context is very relevant. Has PSM the same meaning in each country, or are there for instance differences in meaning between the USA, European, and Asian countries? Is the level of PSM similar across countries, or are there in this respect differences between countries? Of course, one can ask the same questions with respect to the various PSM dimensions.

Moynihan and Pandey (2007) were probably one of the first to investigate the effect of organizational antecedents of PSM. This is an important topic because if PSM has positive effects (see next paragraph), organizations will want to affect it to increase these positive effects. In other words, if respondents with higher PSM perform better, an organization wants to increase their PSM. The study of organizational antecedents of PSM therefore has become an important one within the literature, and in more recent studies especially the relation with Human Resource Management or HRM (which human resource practices – like recruitment, training, or rewards – can enhance PSM?) and leadership (which type of leadership style enhances PSM?) has been stressed.

How is PSM linked to the institutional or organizational context? Within the literature an important relation is made between the PSM concept and the so-called person-environment fit literature (Leisink and Steijn 2008). According to this literature, the rather classic concept of person-environment fit can be defined as "the compatibility between an individual and work environment that occurs when their characteristics are well matched" (Kristof-Brown et al. (2005: 281)). This fit can relate to the organization (person-organization fit), the job (person-job fit), the group (person-group fit), or the supervisor (person-supervisor fit). Using the distinction between attraction-selection-attrition, one can explain why levels of PSM of public sector workers are higher compared to private sector workers. People are *attracted* to public sector organizations because they like the mission and values of those organizations ("serving the public"), they are *selected* during the HR process because the selectors feel that the applicants "fit" the organization. However, people will *leave* the organization when they perceive a misfit between

their values and the values of the organization. This could be the result of disappointment between ideal and reality, but also because the organization (or the employee) has changed.

Many studies have in recent years used the person-environment fit framework in relation to PSM as it can explain how organizational value congruence (Perry and Vandenabeele 2008) between the values of the organization and the employee can happen. The framework can thus be used to explain the mechanism linking organization and employee but can also explain how PSM affects various outcome variables.

## Effects of PSM

In the preceding paragraph we have treated PSM as a dependent variable, thus we have discussed some variables (such as HRM or leadership) that can affect the level of PSM. However, within research PSM is more often treated as an independent variable. For instance, researchers study the effect of PSM on employee outcomes like job satisfaction, commitment, turnover intentions, or organizational citizenship behavior (which implies that one goes beyond the formal job description and for instance help colleagues). Typical hypotheses (which are often confirmed) are that a higher PSM is related to a higher job satisfaction, a greater commitment, lower turnover intentions, and higher organizational citizenship behavior. There is also similar research linking PSM to the support of citizenship participation or charitable giving. Also, above we have already shown that PSM is linked to organizational attractiveness: people with higher PSM are more attracted to public organizations.

As described above, the person-environment fit can be used to explain the mechanism linking PSM with employee outcomes. For instance, people with higher PSM feel higher value congruence with the (public) organization they work for and therefore have a higher job satisfaction or a lower turnover intention. This mechanism is rather straightforward and confirmed in several studies (for instance Wright and Pandey 2008).

However, an important caveat has to be made. Steijn (2008) suggested that not so much PSM in itself as well as the PSM-fit is an important predictor of employee outcomes. PSM-fit implies that employees "have to be able to use" their PSM. If their PSM is high, but they are restrained in their possibilities to use it – for instance when their compassion is high but they feel they cannot help citizens or clients – their attitudes like their job satisfaction will be negatively affected.

A similar idea is found within literature suggesting that PSM can have a "dark side." At first sight, one is inclined to think that PSM is a "positive" concept as people with PSM want to do good for society. However, several studies have suggested that this has another side (called "the dark side"). The study of Steijn mentioned above suggests this by pointing out that people with higher PSM can become frustrated because they cannot use this PSM in their work. Similarly, other studies have suggested that PSM can for instance lead to burn-out because PSM motivated people work too hard or overreach themselves in responding to clients (Van Loon et al. 2015). Thus, PSM could also have negative effects on employee outcomes.

In this respect especially studies linking red tape and PSM should be mentioned. There is a huge amount of public administration literature on red tape – or the existence of burdensome rules and regulations, especially in public organizations – and several studies have addressed the relationship between red tape and PSM. Quratulain and Khan (2015) have nicely summarized the discussion about this relationship by pointing out that there are in essence two viewpoints. On one hand, PSM can be seen as a job resource that can help employees to overcome the negative consequences of burdensome rules and regulations. In that case, they can overcome those rules as a consequence of their high PSM. On the other hand, red tape can also be seen as an extra hindrance which prevents employees from achieving the results they want. In that case PSM will have negative effects on employee outcomes as those with higher PSM will feel more frustration. Future studies will tell which of both possible mechanisms is most plausible. Although

probably they both will be true – in some case PSM will be a resource, in other cases (or contexts) it will be a hindrance.

## PSM and Performance

Special attention should be given to the (possible) link of PSM and performance. Already in the seminal publication of Perry and Wise (1990) it was hypothesized that PSM is positively related to performance. In other words, employees with higher PSM are expected to perform better. Again, this relationship could be explained by the person-environment fit perspective as done in the previous paragraph. Many studies have addressed this hypothesis but unfortunately results are mixed. Some studies found support for the expected positive relationship, others do not. Brewer (2008) suggests that this has to do with the fact that measuring performance – especially in the public sector – is a daunting task. What exactly is performance in the public sector (probably not "profit," but what else?)? And how do we measure it? Is a civil servants who writes a lot of policy papers a "good performing" or a "bad performing" civil servant? And what about a teacher who devotes a lot of time to a certain child in his class? How does that affect the other children in his/her class? Van Loon (2015) argues in her dissertation that the relationship between PSM and performance is context dependent. To analyze this relationship one has to realize that (public) performance means different things in various contexts. Therefore one has to include various dimensions of performance in research and one should understand that their relationship with PSM could depend on the sector. For instance, pass rates on exams could be related to PSM on secondary school but not on universities (where research output is more relevant as performance indicator). According to Van Loon (2015) it can also be expected that not all performance indicators will be related to PSM but especially those that are related to the safeguarding of public values (such as equal treatment, impact on society and transparency).

## Conclusion

Public service motivation has become an important subject within the public administration literature, and the number of publications devoted to it is increasing each year. This entry is by definition limited as so many research questions can be asked. The popularity of the concept probably has to do with its positive meaning "of doing good for society." PSM has become a concept that appears to be central to the public administration field. At the same time it must be noted that similar concepts have been used in other fields – for instance "prosocial motivation" within organizational and management studies and "ethic of human caring" within nursing.

Notwithstanding the huge amount of literature, there still remain many questions that have to be answered. These for instance relate to the context (how exactly does context affect PSM?), the positive and/or dark side of PSM, the exact nature of the relationship between PSM and performance, and the relative importance of PSM compared to other drivers of (employee) motivation. For instance, Is PSM more important as a driver of employee behavior than money? Or probably more exactly, under what conditions is PSM more important? Thus, research on PSM is blossoming but still many avenues for further research could be taken (see also Perry et al. 2010).

## Cross-References

► Leadership in Organizations
► Motivation and Leadership
► Organizational Citizenship Behavior

## References

Brewer GA (2008) Employee and organizational performance. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 101–117

Brewer GA, Selden SC (1998) Whistle blowers in the federal civil service: new evidence of the public service ethic. J Public Adm Res Theor 8(3):413–440

Kim S (2009) Revising Perry's measurement scale of public service motivation. Am Rev Public Adm 39(2): 149–163

Kim S, Vandenabeele W, Wright BE, Andersen LB, Cerase FP, Christensen RK . . . Palidauskaite J (2013) Investigating the structure and meaning of public service motivation across populations: developing an international instrument and addressing issues of measurement invariance. J Public Adm Res Theory 23(1): 79–102

Kristof-Brown AL, Zimmerman RD, Johnson EC (2005) Consequences of individuals' fit at work: a meta-analysis of person-job, person-organization, person-group, and person-supervisor fit. Pers Psychol 58(2):281–320

Leisink P, Steijn B (2008) Public service motivation, recruitment and selection. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 118–135

Moynihan DP, Pandey SK (2007) The role of organizations in fostering public service motivation. Public Adm Rev 67(1):40–53

Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22

Perry JL (1997) Antecedents of public service motivation. J Public Adm Res Theory 7(2):181–197

Perry JL, Vandenabeele W (2008) Behavioral dynamics: institutions, identities, and self-regulation. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 56–79

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690

Quratulain S, Khan AK (2015) How does employees' public service motivation get affected? A conditional process analysis of the effects of person–job fit and work pressure. Public Pers Manage 44(2): 266–289

Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426

Steijn B (2008) Person-environment fit and public service motivation. Int Public Manage J 11(1): 13–27

Van Loon NM (2015) Public service motivation and performance. Examining potential and perils through an institutional approach. Dissertation, Utrecht University Repository, Utrecht

Van Loon NM, Vandenabeele W, Leisink P (2015) On the bright and dark side of public service motivation: the relationship between PSM and employee wellbeing. Public Money Manag 35(5):349–356

Vandenabeele W (2007) Toward a public administration theory of public service motivation: an institutional approach. Public Manage Rev 9(4):545–556

Wright BE, Christensen RK, Pandey SK (2013) Measuring public service motivation: exploring the equivalence of existing global measures. Int Public Manage J 16(2): 197–223

Wright BE, Pandey SK (2008) Public service motivation and the assumption of person – organization fit testing the mediating effect of value congruence. Adm Soc 40(5):502–521

# Public Service Motivation and Employee Engagement in Bureaucratic Organizations

Juanita M. Woods[1], Donna Cooke[2] and Katarina K. Brant[2]
[1]Mike Cottrell College of Business, University of North Georgia, Oakwood, GA, USA
[2]College of Business, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Bureaucracy; Engagement; Human resource management; Job challenges; Job demands; Job demands-resources framework; Job hindrances; Job resources; Motivation; Public administration; Public service; Red tape

## Definition

Public service motivation is a predisposition to behave altruistically when performing job duties. It has been studied in the private and public sectors. Employee engagement, a motivational concept, is a combination of attitudes and behaviors where employees demonstrate dedication and absorption in their work. Red tape is the perception that organizational policies and practices are hindrances to one's job and interfere with one's work. Red tape can reduce a public sector employee's engagement in their job, unless they also have high levels of public service motivation.

## Introduction

Public sector organizations typify bureaucracy by having specialized work roles, a detailed system of rules, a hierarchy of authority, and impersonal decision-making. Policies and procedures, protocols, and impartiality in processes regarding employment and procurement are viewed as necessary to avoid corruption and to engender trust in public institutions. However, a bureaucracy's ultimate goal is efficiency (Blau 1956). Enacted rules and procedures may create unnecessary hindrances such as red tape for employees and can undermine the goal of efficiency. Red tape is distinct from formalization (Brewer et al. 2012). Whereas formalization can serve a useful purpose, red tape is by its nature an unwanted stressor, hampers goal achievement, and leads to failure (Bozeman 2012). In essence, no good comes from red tape. Therefore, when employees perceive red tape, this may dampen their enthusiasm for their work and suppress positive work behaviors (Blau 1956).

Public sector managers are confronted directly by red tape in their administrative roles, such as when they must navigate human resource and procurement requirements. These managers are also indirectly obstructed whenever they manage or interact with others who perceive red tape. Organizational red tape is defined as the organization's (unnecessary) burden to comply with the rules, and stakeholder red tape is that perceived burden from the point of view of the stakeholder (Bozeman 2012; Altunok 2018). The stakeholder could be internal to the organization or external, such as a contractor or client.

Scholars have been trying to understand better the nature and consequences of red tape and to provide managerial insights regarding how those who are unable to avoid red tape handle those negative consequences. A review of empirical studies reveals that the approaches to operationalizing perceived red tape have changed over time. Pandey and Scott (2002) developed an organizational red tape measure with functional foci: human resources, procurement, budgetary, information systems, and communication. They found information systems red tape significantly affected organizational performance, human resources less so despite emerging as a key complaint in interviews, and the others demonstrated no effect. Pandey and Scott (2002) conjectured that the informant's involvement in various duties might have heightened the salience of certain red tape types. This explanation is suggestive of stakeholder red tape. Others have developed measures of the stakeholder approach to red tape (Brewer and Walker 2009; Feeney and Bozeman 2009). Although studies have been conducted using measures of organizational red tape and stakeholder red tape, ones on the former are more common. Then in 2012, Bozeman advanced a new construct – multidimensional red tape – which accounts for the costs of compliance versus the benefits of the requirements to the stakeholders' goals. This approach combines aspects of organizational and stakeholder red tape. Pandey and Marlowe (2015) and Van Loon et al. (2016) developed different methodologies for measuring multidimensional red tape. Pandey and Marlowe (2015) employed vignettes which varied in level of red tape as judged by experts. Respondents rated the red tape they perceived in the vignettes and completed the red tape survey regarding their organizations. Their responses to the survey were adjusted based on how the respondents perceived the red tape in the vignettes vis-à-vis the experts. Van Loon et al.'s (2016) approach was to have respondents rate the compliance burden and the functionality of rules for different processes. Those rules with high burden and low functionality are red tape. Both of these novel approaches to measuring multidimensional red tape seek to bring the focus to only those rules which do not yield the intended outcomes while creating additional encumbrances. Unfortunately, both methods are likely to reduce response rates due to the demands they place on respondents. As of now, other studies have not employed either approach.

One theoretical framework that is compatible with the costs and benefits concept for red tape is the job demands-resources model (JD-R). Job demands are the physical and psychological aspects of the job which employees must exert effort in order to meet. Demands are further

distinguished as challenges or hindrances (Crawford et al. 2010). Employees perceive challenges as circumstances to overcome, while they see hindrances as frustrating and exhausting. Job resources are personal and job-related means (e.g., competence, effective job design, and supportive leadership) that can be utilized to meet demands. Both job demands and job resources influence employee attitudes and behaviors.

## Employee Engagement

An important employee attitude that may be influenced by red tape is work engagement. Work engagement, a multifaceted construct, occurs when employees demonstrate a positive work attitude by becoming engrossed in their job and feeling proud about the work that they do (Schaufeli 2012). Employees who are engaged in their work demonstrate positive attitudes about their job and their workplace and put forth additional effort toward working effectively and within the organizational guidelines. Research on work engagement has shown positive relationships with many important and desirable employee attitudes and behaviors, such as organizational commitment, extra-role behaviors, improved job performance, initiative, and a learning orientation (Schaufeli 2012; Steijn 2018). Because of its mediating role between work conditions and resources (e.g., task, personal, role, environmental) and well-researched attitudes and behaviors, work engagement has emerged as an important construct in the organizational literature. Interest in work engagement is worldwide, evidenced by numerous studies particularly in Europe, the United States, and Asia.

Research on work engagement also uses the JD-R model as the theoretical basis (Bailey et al. 2017). In the model, job resources (e.g., job security, a supportive social environment, participation in decision-making, autonomy) contribute to work engagement by providing conditions that motivate employees to do their job well. Challenges stimulate motivation and have been shown to be positively related to work engagement. When faced with a challenge, an employee is energized to overcome it. Hindrances, on the other hand, are demotivating and have an opposite effect on work engagement. They cause employees to feel frustrated and discouraged. Research on antecedents of work engagement confirms positive relationships with job-related resources and personal characteristics (e.g., supervisor support, feedback, self-efficacy, psychological empowerment, situational motivation) and job challenges and negative relationships with hindering job demands and dysfunctional work environments (Bailey et al. 2017; Crawford et al. 2010).

## Public Service Motivation

An important job-related resource in the public sector is public service motivation. Public service motivation is the "individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (Perry and Wise 1990, p. 368). Public service motivation is a motive to serve or to act altruistically to help others (Anderfuhren-Biget et al. 2010). Public service requires a certain mindset of individuals to allow them to work within the often bureaucratic work systems found in public administration organizations. Outcomes of public service motivation are varied and widely studied and include job satisfaction, organizational and job commitment, and employee performance (Ritz et al. 2016). Public service motivation has also demonstrated relationships with work engagement in the public sector.

A recent article considers how public service motivation may interact with perceptions of red tape to reduce the negative effects of red tape perceptions on work engagement in the public sector (Cooke et al. 2018). Cooke et al. (2018) were the first to investigate the joint effects of public service motivation, demands, and a challenge on employee work engagement in a test of the JD-R model. In previous research, resources, challenges, and demands were not studied simultaneously concerning their effects on work engagement. In this study, Cooke et al. (2018) developed and tested two competing sets of hypotheses. In the first set of hypotheses, public

service motivation was conceptualized as an antecedent to work engagement. The model included one challenging job demand which was perceived job influence or discretion. Perceived job influence is a challenge and not a hindrance because it leads to greater competence. The two hindrances in the model were perceived procurement red tape and perceived human resource red tape. Thus, Cooke et al. (2018) hypothesized that public service motivation and perceived job influence would positively relate to work engagement and perceptions of human resource red tape and purchasing red tape would be negatively related to employee engagement.

In the rival set of hypotheses, public service motivation was conceptualized as a moderator and proposed to have a buffering effect on the hindrances as they relate to employee work engagement. Cooke et al. (2018) extended Bakker's (2015) proposals from daily work engagement to employee work engagement by proposing that when employees perceive red tape, those with higher public service motivation will remain more engaged than those with lower public service motivation. In other words, public service motivation would negatively moderate the negative relationship between perceived human resource and procurement red tape and work engagement. The logic here is that employees with higher public service motivation are more interested in behaving altruistically. Employee encounters with red tape would be viewed as relatively minor in the context of the greater meaning of their work. Because perceived job influence is a challenge, it is expected to have a positive effect on employee work engagement, and public service motivation would not have a buffering effect on this relationship. Therefore, Cooke et al. (2018) proposed that public service motivation would not moderate the relationship between perceived job influence and work engagement.

Using structural equation modeling (SEM) to test a sample of 388 managers from a large public sector organization in the southeastern United States, Cooke et al. (2018) found empirical support for the first set of hypotheses with public service motivation as an antecedent. Cooke et al. (2018) found that public service motivation helped to offset the negative effect of perceived procurement red tape (but not human resource red tape) on employee work engagement. In other words, public service motivation as a resource leads to higher levels of employee engagement and reduces the demands of procurement red tape on employee engagement. There was not as much support for the second model with public service motivation acting to moderate the effects of perceived red tape on work engagement.

## Implications for Practice

Although bureaucratic organizations utilize procurement rules and procedures to avoid corruption, waste, and to achieve efficiencies, when those processes create unwanted red tape, this can undermine employees' work engagement. However, managers in the public sector who are otherwise powerless to eliminate red tape can take steps to foster public service motivation and mitigate the potentially negative effects of bureaucratic structure and red tape on employee engagement. Practices around recruitment and selection, motivation and development, and promotion and retention can be enacted to build employee motivation to work in the public sector even with perceived challenges to their job.

In the area of recruitment and selection, public sector managers can screen for and hire individuals who are predisposed to public service motivation. By bringing employees with a mindset that supports work in the public service, managers can build a workforce that may be less likely to see bureaucratic policies and procedures as burdensome and a hindrance to their job. Organizational HR practices around recruiting and selecting employees with high levels of public service motivation may include promoting the mission of the organization as one focused on the public good or screening candidates with internal motivations that may conflict with the motivation to serve in the public interest (Christensen et al. 2017).

Another area that managers can focus on is to build a positive work climate that supports work

engagement. Public sector managers can make it a priority to cultivate work environments that sustain high levels of public service motivation by keeping their mission to help the public at the forefront of all that they do, frequently reminding their employees of the greater good that they are doing, and reminding employees to keep their individual motives at bay. Moreover, when managers lead by example by putting the public first and hire others who do the same, this motivation can be contagious throughout their team, department, and organization.

In addition to fostering a strong culture of public service motivation, public sector managers can lessen the detrimental effects of red tape on employee work engagement by rewarding and retaining employees who demonstrate high levels of public service motivation. Managers can build a sense of autonomy and purpose in the daily work of public service employees. Another approach might be to implement mentoring opportunities for senior members to support protégé development of a public service mindset or providing strategies for handling work stressors that may reduce the motivation to serve in the public sector (Christensen et al. 2017).

## Conclusion

Work in the public sector is commonly characterized as policy and procedure-driven work with a focus on efficiency and impersonal treatment of constituents. The focus on efficiency through bureaucracy may dampen employee morale and performance by fostering a perception of red tape that inhibits work engagement. While managers in the public sector cannot eliminate the policies and procedures that contribute to reduced employee morale, they can create a work environment where employees are motivated to perform and contribute at a high level regardless of the perceptions of such job hindrances. Developing a strong sense of public service motivation through HR policies and practices around recruitment, selection, and development, managers may reduce the potential negative effects of perceptions of red tape on employee work engagement.

## Cross-References

▶ Bureaucratic Red Tape
▶ Public Service Motivation

## References

Altunok H (2018) Bureaucratic red tape. In: Farazmand A. (eds) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Switzerland

Anderfuhren-Biget S, Varone F, Giauque D, Ritz A (2010) Motivating employees of the public sector: does public service motivation matter? Int Public Manag J 13(3):213–246. https://doi.org/10.1080/10967494.2010.503783

Bailey C, Madden A, Alfes K, Fletcher L (2017) The meaning, antecedents and outcomes of employee engagement: a narrative synthesis. Int J Manag Rev 19(1):31–53. https://doi.org/10.1111/ijmr.12077

Bakker AB (2015) A job demands–resources approach to public service motivation. Public Adm Rev 75(5):723–732. https://doi.org/10.1111/puar.12388

Blau PM (1956) Bureaucracy in modern society. Random House, New York

Bozeman B (2012) Multidimensional red tape: a theory coda. Int Public Manag J 15(3):245–265. https://doi.org/10.1080/10967494.2012.725283

Brewer GA, Walker RM (2009) The impact of red tape on governmental performance: an empirical analysis. J Public Adm Res Theory 20(1):233–257

Brewer GA, Walker RM, Bozeman B, Avellaneda CN, Brewer GA Jr (2012) External control and red tape: the mediating effects of client and organizational feedback. Int Public Manag J 15(3):288–314

Christensen RK, Paarlberg L, Perry JL (2017) Public service motivation research: lessons for practice. Public Adm Rev 77(4):529–542. https://doi.org/10.1111/puar.12796

Cooke D, Brant K, Woods JM (2018) The role of public service motivation in employee work engagement: a test of the job demands-resources model. Int J Public Adm. https://doi.org/10.1080/01900692.2018.1517265

Crawford ER, LePine JA, Rich BL (2010) Linking job demands and resources to employee engagement and burnout: a theoretical extension and meta-analytic test. J Appl Psychol 95(5):834–848. https://doi.org/10.1037/a0019364

Feeney MK, Bozeman B (2009) Stakeholder red tape: comparing perceptions of public managers and their private consultants. Public Adm Rev 69(4):710–726

Pandey SK, Marlowe J (2015) Assessing survey-based measurement of personnel red tape with anchoring vignettes. Rev Public Pers Adm 35(3):215–237

Pandey SK, Scott PG (2002) Red tape: a review and assessment of concepts and measures. J Public Adm Res Theory 12(4):553–580

P

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev:367–373. https://doi.org/10.2307/976618

Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426. https://doi.org/10.1111/puar.12505

Schaufeli WB (2012) Work engagement. What do we know and where do we go? Rom J Appl Psychol 14(1):3–10

Steijn B (2018) Public service motivation. In: Farazmand A (eds) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, Switzerland

Van Loon NM, Leisink PL, Knies E, Brewer GA (2016) Red tape: developing and validating a new job-centered measure. Public Adm Rev 76(4):662–673

## Public Service Motivation and Nonprofit Organizations

Palina Prysmakova
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

### Synonyms

Attraction to meaningful public service; Prosocial motivation

### Definition

Public Service Motivation is a multidimensional motivational concept that appears in the public service human resources vocabulary. It is briefly defined as one's inclination to serve towards public benefit and wellbeing of others.

Public Service Motivation (PSM) is a homegrown concept of the public administration literature. When it first emerged in the 1990s, it was believed that this individual motivation to work towards public benefit was an exceptional attribute of the public sector employees (Perry 1996). However, as the time has passed, and more studies took place in various administrative and managerial environments, it became clear that PSM is a more comprehensive and more inclusive concept. This individual inclination to do one's best to serve the public interest is equally important for private nonprofit organizations. Like public sector organizations, the nonprofit ones are interested to hire and maintain employees who deliver services while keeping the wellbeing of others in their minds. The public service rather than the public sector became the stem that holds the various definitions of PSM together.

So far, what we know about one's PSM is rather subjective because this knowledge is based on what we heard. The importance, which a person assigns to the provision of meaningful public service, often has been assessed as a self-declaration. Employees have been asked to report on their levels of compassion, self-sacrifice, attraction to public service and policy making, and commitment to public values (Perry 1996). Those self-reported values were afterwards associated with various organizational and individual characteristics and outcomes.

This entry covers three areas where an individual PSM connects to the world of the nonprofit organizations. The first section develops this introduction further as it reviews what we know about the levels of PSM of nonprofit sector employees. It describes an individual profile of a nonprofit employee using PSM as one of the motivational characteristics. The second section of this entry explains how imperative this concept is for such newly emerging organizational forms as social enterprises. The third section investigates which sociopolitical organizations become of interest to the people with high PSM and why, regardless of the sector of their employment. This section answers the question why any public service motivated individual would get involved in often unpaid sociopolitical activities, from signing a petition to attending a mass in a church. Most of such activities are either run by formal nonprofit organizations or by some grassroots groups. Thus, this section is interested in the manifestations of PSM in the nonprofit environments, other than those related to one's formal place of employment.

## PSM and Employment in Nonprofit Organizations

The institutional theory is a useful instrument to explain why PSM levels vary across different sectors of economy. It suggests that individuals, their attitudes, motivations, and behaviors are mostly shaped by their normative surroundings, like the accepted rules, customs, and patterns of conduct. You can think of them as the rules of the game in a society. From the perspectives of this theory, PSM adapts to the institutional situations, read to the set of rules, of a given organizational form whether it is a county property appraisal office, a soup kitchen down the street, or an international environmentalist group.

So, what would be the rules and the values of nonprofit organizations that can resonate with individual PSM of their employees? Like public organizations, and in contrast to private businesses, the nonprofits aim to satisfy public needs, rather than to maximize their financial capitals (Word and Park 2015). The decades of cross-sectoral comparative research confirmed that indeed public and nonprofit employees have different motivations and rewards expectations than their private sector counterparts, because of their obligation to work for the public interest (Ritz et al. 2016).

Meanwhile, more evidence was occurring that further suggested that the intrinsic motivation of nonprofit employees also differs from that of the public sector workers. A closer look at PSM as a form of intrinsic motivation, showed that this individual motivational characteristic follows these general observations.

Scholars often refer to the logic of appropriateness to explain the sectoral differences of PSM. They pose that public and nonprofit employees are bounded by the different sets of rules that are rightful and expected to be followed in their organizations. For example, the employees of public organizations are pushed to prioritize the choice of the majority, while the nonprofits respond primarily to the needs of their focus groups. In their turn, public employees are prone to stress and burn-out because they are overwhelmed by the responsibility to address all social issues simultaneously. Clearly defined priorities of the nonprofit organizations narrow the professional experience required from nonprofit job candidates, making nonprofit employees more specialized than the public sector employees.

Another example of the organizational differences that may affect employees' PSM levels is the extent of oversight and the detalization of imposed procedures in the public sector. Public employees abide to the complex government regulations, which in addition to the expectations of outcome, also regulate their pay, promotion, personal development, and discipline. Thus, another good reason for different levels of PSM is a better flexibility of nonprofit structures, where employees have more freedom to devote their time and attention to provide service instead of wasting some, if not all, of their valuable time on the resistance to administrative pressures and coping with bureaucratic red tape. The list of other factors that can cause the differences in individual PSM include the perceived images of the sectors by general public, fund-dependency of the nonprofit sector on donors, and better social protection of public sector employees (e.g., benefits or job security).

The differences of the work environments between the sectors suggest that despite some challenges, the nonprofit motivational climate should be more favorable for public service motivated individuals than that of the public sector (Word and Park 2015). The research on PSM that tests this proposition remains rather sparse, so that we cannot state with a strong assurance that that is indeed the case. Also, a separate attention should be paid to the fact that nonprofit organizational forms and structures are more diverse than the public ones, meaning that not all types of nonprofits will attract similarly motivated individuals.

## PSM and New Not-for-profit Organizational Forms

A social enterprise became a new form of handling business with a strong societal dimension in

its operations. These new organizations continuously show their ability to make a positive change in society without or with minimal reliance on external donations and grants. Thus, while being public service oriented, such organizations often contribute to public treasuries by paying taxes on their goods and services, instead of asking for the monetary support from these public depositories. Is PSM an equally important motivational characteristic of social enterprise employees as it is for the classic nonprofit workforce? Isn't it that the financial proficiency is at the core of a social enterprise success instead?

The question remains whether a public-service- or business-oriented portfolio of a venture creator is the best suited to guarantee the successful launch and survival of these new organizational forms. In addition, it would be useful to know how external actors that are interested to support the growth of social enterprises can assure that more of these particular organizational forms have been opening around. For instance, is it possible to educate a person into being more entrepreneurial and business oriented, while preserving or cultivating their public service motivation and their respect for a mission that addresses a societal need?

Social enterprises are known for their tensions between these conflicting logics. Because any social enterprise has a mission at the core of its operations, it seems logical to expect that those who want to launch such a business will possess at least some PSM virtues. Many studies confirmed that personal motivations are often the main reason when people think about opening a social enterprise. Contrary, a private business always emphasizes a multiplication of the assets of its investors.

These personal motivations often depend on individual identities of new venture creators. The personalities of entrepreneurs define the trajectories of the venture process and its further organizational development. The founding conditions always have enduring consequences for social enterprise ventures. Depending on the personality of a founder, the organization will incline either towards commercial or towards social logic. Thus, if a person is deeply public service motivated, we can expect that her social enterprise start-up will lean towards putting its social mission first. If the founder is more like a numbers guy, with only some public service motives at hand, it would be easier for him to build his start-up around a sound budget plan.

In some rare and unique cases, a founder engages in an energy-consuming creative process to balance and merge the two conflicting logics. Such social enterprises usually become world-known and often serve as best practice examples. However, most of the time the founders do not have necessary time and monetary resources to experiment, and when faced with the challenges to combine a social mission with the profit maximization either attempt to change the overall institutional climate by lobbying and advocating about the cause, or simply abandon an opportunity and, thus, liquidate the start-up (Wry and York 2017).

Unarguably, PSM is a desired motivational quality for social enterprise leaders. Yet, can we improve one's PSM level so that we can foster the success of a new social enterprise start-up? Social enterprise scholars say that opportunity development training can stimulate one's motivation if and when the feedback received during such training corresponds to the entrepreneurs' identities. If the feedback repeats what an entrepreneur already thinks, the training reassures the selected course of action, and helps the project to take off. For example, if a person is originally pro-socially oriented and wants to open a social enterprise to make a change, further learning about PSM and how it enhances social enterprise operations will encourage this person to work further on her start-up. In case when feedback clashes with the identity, it results in a cognitive dissonance. For instance, it happens when a public-service-motivated person gets feedback that her project is a dream that is disconnected from the financial realities, or when a business-oriented person is charged for forgetting to put the interest of her clients before the profits. The created cognitive dissonance leads to either putting the start-up on hold for the search of better solutions (this is a desirable but rarer outcome), or to the abandonment of the venture creation at all. The latter unfortunately happens more often (Wry and

York 2017). Thus, we can conclude that while any professional training aims to be beneficial for its constituency, we need to be careful in matching individual personalities with whether PSM knowledge may be used as the main inspirational line that will indeed encourage social enterprise venture creators rather than discourage them.

## PSM and Socio-Political Activism

The increasing popularity of civil society ideas caused a growth in studies about the relationship between different forms of civic participation and PSM. Scholars have linked PSM to various activities valued by society including volunteering and donating, and political and social activism. Indeed, public service providing organizations and sociopolitical organizations can share values that encourage some behaviors and feelings like self-sacrifice, compassion, attraction to public service, and commitment to public interest (Perry 1996).

Scholars have been looking for some common lines between PSM and sociopolitical activism, suggesting that public service providing organizations and, therefore, their employees, should constitute an organizational field that has some stable associations with other socio-political institutions. In the early 1980s, famous American educators and professors Paul DiMaggio and Walter W. Powell defined an organizational field as one gathered around a common service or product, which for PSM studies often would be public service and public service provision. While, indeed, we observed some similarities in some cases, largely, the efforts to find a common pattern between public service motivated individuals and their involvement in sociopolitical organizations led to ambiguous results. Seemingly similar organizations that provide same services to the same populations would often be in the situations where they praise and cultivate different public values. Thus, the scholars did not offer a clear answer on whether a highly public service motivated individual exhibits a predictable pattern of volunteering, church-going, or activism in political parties, labor unions and professional organizations (Ritz et al. 2016).

While there is often a precedent of value sharing at the organizational level, the profile of public service motivated individuals barely has a universal sequence of associated sociopolitical activities, that would equally fit any person around the globe. In other words, a similarly public service motivated person may be a keen blood donor or an active environmentalist or a frequent church-goer, or never develop any of such interests. Why so? Isn't it that those who share similar drive to help others through the means of public service should have similar values and interests? Apparently, the answer is no.

The main reason behind is that seemingly similar organizations, e.g., volunteering groups across the different countries, will emphasize the different sets of values, depending on which country, read institutional environment, these organizations are located in (Vandenabeele and Van de Walle 2008). The overall institutional contexts create unique situations when even different sociopolitical organizations may have similar socializing effects: for instance, to go to church in one context may correspond to the same values as to be a member of a political party in another. From value perspective, in one context, political parties and nonprofit organizations might have even more public serving values in common, than public and nonprofit organizations that provide similar services to the same population. In other contexts, public serving organizations would share institutional values with labor unions or spiritual groups (Prysmakova 2019). These propositions, also known as organizational field postulates, illuminate the importance of historical context when institutional and cultural peculiarities determine the level of public service motivation.

Let's illustrate the theoretical propositions described above with some real-life examples of PSM relationships with sociopolitical activities. Note, that none of them are universal. Thus, while being present in one group of societies, they can be nonexistent or even reverse in others.

*Political Participation*. Some Australian studies showed that public service motivated employees often indirectly participate in politics like signing petitions or approaching politicians

(Taylor 2010). Yet, we cannot say that all highly public service motivated individuals are willing to be the members of a political party of some sort. We should keep in mind that belonging to a political party by voluntary choice is different from ad-hoc political activism, because a party membership assumes internalization of at least some of its institutional identities and beliefs. Often, public service motivation connects to the values of the left-oriented parties. At the same time, even within the same country but across different departments of similar agencies, the associations of PSM with political activism can differ: one study of Swiss municipalities showed reduced commitment to public interest with hours spent on party activities, while another demonstrated its increase with more frequent participation in political actions (Prysmakova 2019).

*Religious and Spiritual Practices.* Studying religious practices is one of the good ways to learn about acceptable behaviors in each society. For that reason, the researchers of PSM have been paying a particular attention to the spiritual activities looking into how they can shape one's system of values affecting their desires to self-sacrifice, to be compassionate, attracted to public service or committed to public values. Their main argument was that religion often fosters public service values. Indeed, some examples showed higher levels of self-sacrifice for Christian Catholics and Protestants, because such a behavior is promoted by their faiths (Vandenabeele and Van de Walle 2008). In other words, these churches advocate that self-sacrifice is the most appropriate behavior. Meanwhile, the connection between the religion and other PSM dimensions is not that obvious. For many reasons, the attraction to public service or commitment to public values is often lower for those more frequent churchgoers.

*Volunteering*. Volunteering is an action of selfless contribution towards the benefit of others. Thus, its definition resembles a lot the one of PSM. The question remains what comes first: is being more public service motivated pushes people to donate their time and effort more frequently, or it is the volunteering process that opens one's mind to the meaningfulness of public service? There has been no straightforward answer. While most of the time, volunteering and PSM are indeed strongly and positively connected to each other, in the cases of some societies, especially post-soviet ones, higher levels of PSM can mean reduction in volunteering strives. In those cases, volunteering continuously reminds of some compulsory activities as required by an employer or an educator. Forced volunteering as any other forced activity can have a negative effect on one's desire to contribute to the wellbeing of society (Prysmakova 2019).

*Professional Organizations.* Professional organizations are indispensable articulators of the diverse values of different professions. They are very helpful for its members to understand and internalize the norms and values of their vocations. In other words, professional organizations are great socialization places. Yet, even though we often think of professionalism as a virtue that assumes some degrees of ethics, it does not have to be always the case. Also, each profession can have its own definition of what constitutes an ethical behavior. For instance, not all professions and, therefore, not all professional groups will equally praise compassion, or protection of the wellbeing of others at one's own cost. In some professions, high levels of compassion can be even seen as harmful as they can block a person from taking a necessary immediate decision or action. To sum up, while we see more evidence that membership in professional organizations connects to public service motivation, different professional organizations would either emphasize or diminish the role of some PSM elements.

*Labor Unions.* While labor unions often operate with such vocabulary as public service and wellbeing of others, it is widely known that unionism is also a manifestation of self-interested and self-protection behavior. Even though they are the public sector employees who are more likely than employees of other sectors to be unionized, the unionization options become more and more available for the employees of private businesses and private nonprofit corporations. What it means

for a public service motivated person to join a union, and whether those who join are stronger public service motivated remains a great question to discover.

Remember, that the associations of PSM with the sociopolitical activism as discussed above can be true for one society and will never happen in another. In other words, in one part of the world, public service motivated individuals eagerly unite in political parties as they see them the means to conduct meaningful public service, while in the other part of the world, political parties attract only corrupted and selfish individuals. Why would attributes of meaning differ between organizations that have been originally created as those aiming to help society and create a better world? Because of differences in ideologies and in the values emphasized by these ideologies, that are considered legitimate in a particular institutional context. Institutional theorists say that legitimacy is crucial for the ruling norms, habits, and traditions to emerge and to survive. What an organization does or can do is tied to the ideologies of the society which give this organization its legitimacy. As ideology can change, so will the legitimacy of organizational actions, norms, or values, because a change in ideology always means a change in existing institutions.

Let's consider an example. In one country, an ideology of a church is legitimized by a public authority. In other words, in that society the government officially supports this church and its values as the ones that lead to the betterment of society. In this case, we will find a lot of similarities between the values that are promoted by that church and within the public sector, e.g., higher levels of self-sacrifice. We observe a value convergence, because the church and public organizations share similar norms, values, and guiding principles. And now consider an opposite case where the public authorities promote the secularity of society and, therefore, legitimize the secular way of life and behavior. While the church continues to promote self-sacrificing and compassionate attitudes and behaviors, the public service organizations may instead emphasize such virtues as individualism, autonomy, and empowerment, and promote emotional labor practices to mitigate a public display of emotional compassion. While in both cases, public sector employees will be public service motivated, their levels of PSM will be high because of the different reasons. In the first case, it would be due to the internalized desire to self-sacrifice, for example, working long hours to guarantee that all citizens that made it to the office that day were served. In the second case, we will talk about one's strong attraction to public service that can manifest in one's keen interest to launch a new social program or to contribute to the activities of a local community.

## Conclusion

This encyclopedia entry was devoted to Public Service Motivation (PSM) as one of the fast-spreading motivational concepts in the nonprofit human resources vocabulary. PSM was briefly defined as one's inclination to serve towards the public benefit and the wellbeing of others. We learned that PSM includes various subdimensions like self-sacrifice, compassion, attraction to public service and commitment to public values.

This entry further provided a summary of the three main instances, when the theme of PSM occurs in the nonprofit management world. First, we talked about PSM as a desirable characteristic of the employees and volunteers of a nonprofit organization. Second, the entry referred to the role of PSM in the new not-for-profit organizational forms that become popular around the world today. Namely, we discussed the relevance of this concept to the conflicting logic of social enterprises, which are combining social mission orientation with earned income strategies. This section concluded that PSM as a founder's virtue can be good for social enterprises, while it also questioned whether it can be obtained by the means of professional training. The third instance when people refer to PSM in the nonprofit context is when they discuss sociopolitical activism. The

relationships between such activities and PSM are complex, because seemingly similar actions for instance, volunteering, can promote different values in different societies. Whether or not these sociopolitical activities align with individual PSM, and if yes, along which dimensions of PSM, depends on the ideology that currently dominates in each society.

## Cross-References

- ▶ Accountability and Ethics
- ▶ Earned Income Strategies
- ▶ Emotional Labor
- ▶ Founder's Syndrome in Nonprofit Organizations
- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Mission, Vision, and Organizational Values
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Religion and Nonprofit Organizations
- ▶ Social Entrepreneurship
- ▶ Staff and Volunteers
- ▶ Volunteer Motivations and Nonprofit Organizations

## References

Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22

Prysmakova P (2019) Understanding relationships between public service motivation and involvement in socio-political organizations: perspectives of organizational field theory. Public Adm 97(2):429–450

Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426

Taylor J (2010) Public service motivation, civic attitudes and actions of public, nonprofit and private sector employees. Public Adm 88(4):1083–1098

Vandenabeele W, Van de Walle S (2008) International differences in public service motivation: comparing regions across the world. In: Motivation in public management: the call of public service. Oxford University Press, Oxford, pp 223–244

Word J, Park SM (2015) The new public service? Empirical research on job choice motivation in the nonprofit sector. Personnel Review 44(1):91–118

Wry T, York JG (2017) An identity-based approach to social enterprise. Acad Manag Rev 42(3):437–460

# Public Service Motivation and Psychological Ownership in Taiwan

Kuo-Tai Cheng
Department of Environmental and Cultural Resources, National Tsing Hua University, Hsin-Chu, Taiwan

## Synonyms

Human resource; Motivation

Public service motivation (PSM) is necessary for public employees in government-owned enterprises (GOEs) to be successful in serving the public and eventually help with their jobs or careers. Relatively little research has been carried out with regard to the role of PSM in the GOEs. Poor human management, at the government and enterprise levels, continues to present a significant problem to many firms, even after changing ownership and introducing competition. Some studies address this issue from a corporate governance perspective, but here the management of GOE seems to require a broader dimension other than that covered by corporate governance. In the face of such a rapidly changing economic reform situation, which is often unique and different from other countries, researchers have had difficulty staying up to date with the pace of transformation of Taiwan's economy, including the transformation of GOEs. However, previous ownership studies have focused primarily on physical objects such as public ownership of GOEs, whereas almost no research has been conducted on the psychological ownership (PO) toward public entities. This research will also provide insights into the complicated nature of the interactions between GOEs' transformation and human resource management.

## Introduction

It is often asserted that, besides structural reforms and physical ownership, a blend of public service

motivation (PSM) is necessary for public employees in government-owned enterprises (GOEs) to be successful in serving the public and eventually help with their jobs or careers. Recent research has demonstrated that PSM is composed of multiple dimensions (Kim et al. 2013; Wright 2008) and is expected to improve the performance in public organizations (Brewer and Selden 1998; Perry and Wise 1990; Walker et al. 2010). As Perry and Wise (1990) argued in 1990, PSM is positively related to individual performance. They stated that public tasks would be intrinsically motivating for employees with high PSM because they would embrace work with attributes such as high task significance (Perry and Wise 1990, p. 371).

In the last two decades, a significant change has taken place in many previously GOEs, as they have moved toward more market orientation. Consequently, the transformation of GOEs from government to market, primarily through privatization, has seen this trend culminating in a worldwide change (Cook and Kirkpatick 2000; Shirley 1999). In particular, the global debate over the mechanisms for transforming GOEs to private enterprises remains open on the question of ownership change, the introduction of competition, and management reform. Some advocates for transition in ownership change through privatization (Shirley 1999; Shirley and Walsh 2000). Some emphasize the creation of competition (Cook and Kirkpatick 2000; Yarrow 1986). Some stress management reform, including the perfection of market-supporting institutions (Kolodko 1999; Stiglitz 2000). The debates have produced no clear conclusions, although it is widely acknowledged that ownership, competition, and management all matter.

GOEs' service is rooted in prosocial behavior (Rainey 1982) which is an umbrella term used to describe acts undertaken to protect or enhance the welfare of the government and the people (Schwartz and Bilsky 1990). Specifically, the concept of the PSM is very similar to the Chinese traditional virtue (Cheng 2015). Without massive privatization, as experienced by the GOEs in many other economies, Taiwan employed its own methods of transformation toward a market economy. The underlying notion is that, if the GOEs are transformed into market-oriented economic entities, they will have improved efficiency and performance. However, GOEs that effectively motivate their employees would more efficiently and completely achieve policy objectives. Understanding PSM not only helps increase the productivity and performance of GOEs but could also guide employment efforts to identify quality human resources. GOEs with talented employees are more successful, and talented prospective employees are generally attracted to GOEs that fulfill their employees' needs and wants. In all, it is of significance to investigate the transformation of GOEs like Taiwan so that further insights can be produced for the clarification of the role of PSM, psychological ownership (PO), and employee management. In so doing, it is also likely to shed light on the implications for public administration. More importantly, GOEs' service and PSM can be linked to a desire to help individuals and to contribute to society through GOEs' employment. For all these reasons, GOEs are a noteworthy and interesting part of the public sector.

Moreover, efforts to develop a longer international scale of PSM run into a greater potential for cultural differences to improve the understanding of the basic concept (Kim et al. 2013; Moynihan et al. 2013; Vandenabeele et al. 2014). Since the introduction and general acceptance of PSM in 1996, research examining the relationship between the dimensions of PSM and organizational behaviors has intensified. Dimensions of PSM have been replicated in an impressive series of studies across countries and cultures and remain fairly stable over time (Camilleri 2007; Cerase and Farinella 2009; Giauque et al. 2011; Kim 2009b; Kim et al. 2013; Leisink and Steijn 2009; Liu et al. 2011; Ritz et al. 2016; Ritz and Waldner 2011; Taylor 2007; Vandenabeele 2008). These studies show that different PSM dimensions predict performance. Moreover, there have been some studies that examine how PSM dimensions relate to work environments and outcomes, including gender, job selection (Christensen and Wright 2011; Kjeldsen and Jacobsen 2013), job satisfaction (Liu et al. 2013), personality (Jang

2012), external incentives (Chen and Hsieh 2014), love of money (Liu et al. 2014b), and organizational commitment (E. Camilleri and Van Der Heijden 2007). In particular, we explore how to apply PSM to different types of jobs (Sun and Gu 2017; Vandenabeele et al. 2014) or to serve others in ways connected to private sector jobs (Christensen and Wright 2011). These findings are important, as they emphasize that individual attitudes concerning public service can be affected by the organization; furthermore, identifying employees' attitude is crucial to improving organizational performance.

Relatively little research has been carried out with regard to the role of PSM in the GOEs. Poor human management, at the government and enterprise levels, continues to present a significant problem to many firms, even after changing ownership and introducing competition (Wade 1990). Some studies address this issue from a corporate governance perspective (Shirley and Walsh 2000; Stiglitz 2003; Williamson 1975), but here the management of GOE seems to require a broader dimension other than that covered by corporate governance. In the face of such a rapidly changing economic reform situation, which is often unique and different from other countries, researchers have had difficulty staying up to date with the pace of transformation of Taiwan's economy, including the transformation of GOEs. This research will also provide insights into the complicated nature of the interactions between GOEs' transformation and human resource management.

Ownership is a fundamental human concern (Isaacs 1933). It has been explored by various disciplines and within a variety of contexts. However, previous ownership studies have focused primarily on physical objects such as public ownership of GOEs, whereas almost no research has been conducted on the PO toward public entities. Although very little direct evidence on this issue is currently forthcoming, it is possible to contribute further insights to the comprehensive understanding of how an affect such as PSM influences the PO in the context of Taiwanese GOEs. Thus, contributing to the problem is the lack of understanding of PSM theory and PO by public personnel management. The objective of this study was to investigate which of dimensions of PSM predict PO of public employees in Taiwanese GOEs.

## Public Service Motivation and Psychological Ownership

Recent research suggests the existence of PSM (Crewson 1997; Kelman 1990; Perry and Hondeghem 2008; Walker et al. 2010). The theory of PSM focuses on the internal motivations of those in the public sector (Perry and Wise 1990). Perry and Wise (1990) formulated three propositions: (a) the greater an individual's PSM, the more likely it is that the individual will seek membership in a public organization; (b) in public organizations, public sector motivation is positively related to performance; and (c) public organizations that attract members with high levels of public motivation are likely to be less dependent on utilitarian incentives to manage individual performance effectively (Kim 2009a, p. 151).

Although the items of PSM could vary according to the national context (Kim et al. 2013), substantial research has found support for Perry's initial dimensions (Bright 2008; Coursey and Pandey 2007; Liu et al. 2008; Ritz 2009; Vandenabeele 2008). The scale was chosen for the current study due to its originality and its comparability with research results for comparative contexts. The PSM dimensions are commitment to the public interest (CPI), compassion (COM), attraction to public policy making (APP), and self-sacrifice (SS). Commitment to the public interest (CPI) generally refers to one's desire to fulfill a societal obligation or standard, particularly the desire to serve the public interest and the loyalty to duty and the government as a whole (Perry 1997). Compassion (COM) is characterized by the concept of patriotism of benevolence (Frederickson and Hart 1985), which represents an extensive love of all people within our political boundaries (Perry 1996). Attraction to public policy making (APP) refers to the degree to which an individual participates in the policy process or is committed to a particular public program because he or she personally identifies with and advocates for a special or private

interest (Perry and Wise 1990). Self-sacrifice (SS) represents the basic prosocial origins of PSM and refers to a willingness to deliver service without tangible personal rewards (Perry 1996).

Contemporary PO research started most notably with Locke, who argued that a property belongs to the person who caused it to be appropriated from the common store of nature (Locke 1952). In this study, PO is defined as "that state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is theirs" (Pierce et al. 2001, p. 299). In other words, PO can be defined as a cognitive and affective experience of connection between the self and various targets of possessions, such as ideas, relationships with others, and physical entities (Pierce and Jussila 2012; Pierce et al. 2001). Pierce et al. (2001) described PO as an attitude with both affective and cognitive elements. They illustrated this with the following commonly used phrases that denote feelings of ownership or possession: "She is *my* daughter" and "That is *our* house!" include both affective and cognitive information based on affective judgments and more abstract beliefs. The concept of PO has been associated with employee well-being and organizational citizenship behavior, among other positive outcomes (Avey et al. 2009; Dyne and Pierce 2004). Moreover, the effects of PO are not static and are likely to change as GOEs' employees pass through different structural reform stages.

Thus, PO can be seen as a series of mutual expectations and needs arising from an organization–individual relationship (Pierce et al. 2009) or as the sum of mutual expectations between the organization and the employee (Pierce et al. 1991). PO may appear in different forms and have an apparent influence on employees' behavior and performance in the organization (Pierce and Jussila 2012). Actually, a number of empirical studies have discovered that PO may contribute to organizational dynamics and altruistic behavior (Pierce et al. 2004). Just as PSM research has attracted increasing attention in public administration and organizational studies literature, research on PO has also become a zeitgeist topic among public management and human resource management scholars. It is impossible to conduct research on PSM without considering empirical studies attempting to link the PSM theory to this important human resource issue (e.g., PO). The linkages represent the practical application and operation of PSM theory for GOEs' managers and human resource professionals.

CPI generally refers to one's desire to fulfill a societal obligation or standard, particularly the desire to serve the public interest and the loyalty to duty and the government as a whole (Perry 1997). According to Taylor's (2007, p. 940) hypothesis, "normative motives (e.g., CPI) will have a greater influence on job satisfaction than self-sacrifice." The results are consistent with those of previous studies, including Hondeghem and Perry (2009, p. 6), Taylor (2008, pp. 71–72), and Pedersen (2014). Moreover, GOEs' service is rooted in prosocial behavior (Rainey 1982) – an umbrella term used to describe acts undertaken to protect or enhance the welfare of the state and the people (Schwartz and Bilsky 1990). More importantly, GOEs' service and PSM can be linked to a desire to help individuals and to contribute to society through GOEs' employment. Past public organizational research (Cook 1999; Cook and Kirkpatick 2000; Ernst 1994; Graham 2000; OECD 2001) has documented the need for public interest within GOEs. Within this context, there are several different public services and organizational processes through which employees are afforded the opportunity to exercise public interest over a number of potential targets of PO. Thus, we hypothesize that:

### Hypothesis 1: There Is a Positive and Causal Relationship between CPI and PO

APP refers to the degree to which an individual participates in the policy process or is committed to a particular public program because he or she personally identifies with and advocates for a special or private interest (Perry and Wise 1990). APP appears to be positively related to PO. This is consistent with early studies that have found that public employees are motivated differently than their private sector counterparts (Crewson 1997; Liu et al. 2008, 2013; Perry 1997; Perry and Wise 1990; Rita 2011). Thus, the evidence suggests the

value of recruiting public employees with APP as they make positive contributions to public services. APP is an important component of PSM. Therefore, Pierce et al. (2009) argued that complicated jobs possess the characteristics that can arouse and satisfy the needs for PO and the structure features that promote the emergence of ownership feelings. As such, the statement aids our thinking about how the APP produces PO.

### Hypothesis 2: There Is a Positive and Causal Relationship between APP and PO

SS represents the basic prosocial origins of PSM and refers to a willingness to deliver service without tangible personal rewards (Perry 1996). PSM is an orientation toward organizational citizen behavior (OCB) as well as altruistic and prosocial behavior (Brewer and Selden 1998; Perry and Hondeghem 2008; Walker et al. 2010). Frey (1997) also found that many public sector employees work for lower salaries than they could expect in the private sector, which may reflect a higher level of intrinsic motivation. Thus, they perceive that their work efforts contribute value to the public. Therefore, in a collectivistic culture, employees in GOEs typically subordinate their personal interests to the goals of their collective, and their fulfillment and self-respect result from knowing and accepting their place in GOEs (Lodge 1987; Wagner and Moch 1986). Thus, we hypothesize that:

### Hypothesis 3: There Is a Positive and Causal Relationship between SS and PO

COM is characterized by the concept of patriotism of benevolence (Frederickson and Hart 1985), which represents an extensive love of all people within our political boundaries (Perry 1996). Anderfuhren-Biget et al. (2014) found that employees in charge of welfare state policies are inclined to have high levels of COM. Moreover, Giauque et al. (2012) revealed an undesirable finding that the COM and SS components of PSM increase the civil servants' job stress and resignation (psychological outcomes). Evidence from a number of studies is consistent with this assertion (Chang and Lu 2007; Liu et al. 2014a). Within the context of GOEs, there are a variety of opportunities for employees to involve themselves in different aspects of GOEs' services. This involvement of employees may come in many forms, such as the investment of their time, skills, decisions, and physical and psychological energies, resulting in PO. Thus, we hypothesize that:

### Hypothesis 4: There Is a Positive and Causal Relationship between COM and PO

In this research, we argue that PSM has an influence on PO, and we examine four dimensions of PSM influence via a well-established relationship between PSM and PO. In this paper, we develop a specific relationship to further analyze the effect of dimensions of PSM. An explanation of how our research contributes to PSM and PO knowledge and the implications for public personnel management are provided.

## Method

People who work for GOEs in Taiwan have recently become a target for public scorn (Cheng 2013). Due to globalization and privatization, GOEs are facing vivid and intense structural changes (Beesley and Cave 1998; Graham 2000; Sherman 1989). Because of these dynamics, GOEs' performance is becoming dependent on employees' responsive and reflective actions in terms of their PO. Employee turnover after a privatization program is a fundamental issue for government leaders and public management researchers. Therefore, understanding the concept and antecedents of PO is becoming imperative for GOEs to survive in a challenging and dynamic economic world.

### Samples

GOEs touch the majority of people in advanced and developing countries on a daily basis. GOEs shore up our lives, and, therefore, knowledge about human resource strategies to improve their performance is of importance to the common good of society. The present study adopted a cross-sectional approach using a large-scale questionnaire survey in Taiwan ($N$ = 1,087).

Participants from four GOEs in an infrastructure-relevant ministry, the Ministry of Economic Affairs (MOEA), and heterogeneous sectors were recruited, including representatives of the Taiwan Power Company (TPC); CPC Corporation, Taiwan (CPC); Taiwan Sugar Corporation (TSC); and Taiwan Water Supply Corporation (TWSC). They are all GOEs performing a public service and subject to special governmental regulation.

Adhering to the commonly used standard of 3% sampling error and 95% confidence level (O'Sulivan and Rassel 1989), this study's sample consisted of 1,087 GOE employees from MOEA, and the response rate was about 68% (1087/1600), which included 497 males and 590 females from 4 GOEs as follows: TSC ($n = 267$), TWSC ($n = 203$), TPC ($n = 312$), and CPC ($n = 305$). Among the participants, 54.2% were female, the average age was 39.67 years (SD = 6.20), and the average job tenure was 12.03 years (SD = 5.38). Data were obtained during a concurrent test validation project. Prior to testing, all participants were given a letter containing a brief explanation of the study's purpose (i.e., test validation) and a research statement ensuring the confidentiality of their individual test results.

## Measures

A random sampling procedure was used to select the sample. Using this sample procedure is an excellent opportunity to obtain information from different GOEs. The study adopted a cross-sectional approach to measure all variables simultaneously. An anti-common method variance (CMV) strategy was also embedded in the measurement. To ameliorate the effects of CMV resulting from the utilization of self-rated measures, the author collected the data in two stages. CMV emerges when self-rated measures are simultaneously used, as in some cases the observed relationships between variables are inflated, jeopardizing the reliability of data analysis (Podsakoff et al. 2003). We adopted Harmon's single factor test to examine the potential CMV (Podsakoff et al. 2003). All the research variables were first merged into one factor, and the results showed poor fit, suggesting that one single factor of merging all variables was inappropriate for data analysis ($x^2(272) = 3546.64$, $p < 0.001$, RMSA = 0.088, NFI = 0.46, CFI = 0.46, IFI = 0.47, SRMR = 0.17). We then adopted an unmeasured latent construct method to measure the potential influence of CMV as recommended by Podsakoff et al. (2003). The chi-square difference test was not statistically significant ($\Delta x^2(1) = 3.59$, *ns*). The results were consistent with the findings of Harmon's single factor test. To simplify, the influence of CMV was very slim; hence, the research dataset should be accepted for further data analysis. Results showed that coefficients (α) ranged from 0.18 to 0.61 and that no coefficient was close to (or higher than) 0.70. These statistical figures jointly indicated that CMV bias was unlikely to have occurred in the present research. A series of standardized scales was used, as discussed in the following subsections.

### PSM

Perry (1996) developed a measurement scale for PSM. The outcome of Perry's study was the development of 24 items measuring the 4 empirical dimensions of the PSM construct. Sample items included: "Meaningful public service is very important to me," "I am often reminded by daily events about how dependent we are on one another," "Making a difference in society means more to me than personal achievements," "I am prepared to make enormous sacrifices for the good of society," and "I am not afraid to go to bat for the rights of others even if it means I will be ridiculed." Participants' responses were recorded using a 7-point Likert scale (1 = *completely disagree*, 7 = *completely agree*). Higher scores meant higher levels of PSM, indicating that participants demonstrate more PSM for PO. Cronbach's alpha was 0.87.

### Psychological Ownership

For psychological ownership variables, the 7-point Likert scale with seven questions developed by Pierce et al. (1992) and later tested by Van Dyne and Pierce (2004) was originally used as 5-point Likert scale with five questions. The internal consistency of the sub-variables

mentioned was measured as (Cronbach alpha) 0.905. The outcome of Pierce et al.'s (1992) original PO scale was the development of seven items. Sample items included: "This is *my* organization," "I sense that this organization is *our* company," "I feel a very high degree of personal ownership for this organization," "I sense that this is *my* company," "This is *our* company," "Most of the people that work for this organization feel as though they own the company," and "It is hard for me to think about this organization as *mine* (reversed)." Participants' responses were recorded using a 7-point Likert scale (1 = *completely disagree*, 7 = *completely agree*). Higher scores meant higher levels of PO, indicating that participants demonstrated more PO. Cronbach's alpha was 0.86.

## Results

Confirmatory factor analysis (CFA) was conducted to assess the reliability and validity of the multi-item measures for the research constructs. Several indices were used to assess the fit of the measurement model. The overall model fit was excellent, with the goodness-of-fit index (GFI), the adjusted goodness-of-fit index (AGFI), and the normed fit index (NFI) all exceeding 0.90 as well as the root mean square residual (RMSR) being below 0.05. These items loaded as expected, with all the $\lambda$'s significant at $p \leq 0.001$. The overall model fit was good, with GFI and NFI over 0.90 and AGFI being 0.87, although the RMSR was 0.07 (Bentler and Bonett 1980; Byrne 2006; Hair et al. 2010). The reliability of the multi-item scale for each construct was measured using Cronbach's alpha and composite reliability measures. Both measures of reliability were above the recommended minimum standard of 0.60 (Bagozzi and Yi 1988). The reliability indicated by Cronbach's alpha was consistently above 0.70 for constructs. Convergent validity was verified using the *t*-statistics for the path coefficients from the latent constructs to the corresponding items. All the *t*-values considerably exceeded the standard of 2.00 (Anderson and Gerbing 1988), indicating a satisfactory convergent validity of each construct. Divergent validity is supported if an unconstrained model (in which the correlation between the two constructs is freely estimated) demonstrates a significantly better fit than a constrained model (in which the correlation between the two constructs is constrained to 1) (Anderson and Gerbing 1988). In each case, the chi-square of the unconstrained model, compared with that of the constrained model, was significantly decreased, indicating that divergent validity was achieved. Furthermore, the amount of variance extracted by each construct was greater than the squared correlation between the two constructs, suggesting that divergent validity was achieved (Byrne 2006; Fornell and Larcker 1981; Hair et al. 2006).

Tables 1, 2, 3, 4, 5 and 6 describe the relationships among the PSM dimensions and PO in each GOE. The results in each GOE indicated that, for

**Public Service Motivation and Psychological Ownership in Taiwan, Table 1** Intercorrelations among PSM and PO in the MOEA ($n = 1087$)

| Variable | M | SD | COM | SS | APP | CPI | PO |
|---|---|---|---|---|---|---|---|
| COM | 17.34 | 6.51 | (0.84) | | | | |
| SS | 26.84 | 5.33 | −0.35** | (0.72) | | | |
| APP | 26.14 | 4.54 | −0.15* | 0.19** | (0.72) | | |
| CPI | 31.45 | 5.34 | −0.28** | 0.32** | 0.23** | (0.83) | |
| PO | 31.45 | 5.77 | −0.31** | 0.31** | 0.24** | 0.37** | (0.93) |

Notes: Reliabilities of scales were in parentheses along diagonals
*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice, *PO* psychological ownership
$*p < 0.05$; $**p < 0.01$

**Public Service Motivation and Psychological Ownership in Taiwan, Table 2** Intercorrelations among PSM and PO in the Taiwan Sugar Corporation ($n = 267$)

| Variable | M | SD | COM | SS | APP | CPI | PO |
|---|---|---|---|---|---|---|---|
| COM | 19.26 | 6.36 | (0.81) | | | | |
| SS | 25.66 | 5.33 | −0.32** | (0.71) | | | |
| APP | 26.13 | 4.78 | −0.12* | 0.17** | (0.61) | | |
| CPI | 31.93 | 5.33 | −0.23** | 0.33** | 0.21** | (0.76) | |
| PO | 32.16 | 5.44 | −0.26** | 0.26** | 0.23** | 0.36** | (0.90) |

Notes: Reliabilities of scales were in parentheses along diagonals
*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice, *PO* psychological ownership
$*p < 0.05$; $**p < 0.01$

**Public Service Motivation and Psychological Ownership in Taiwan, Table 3** Intercorrelations among PSM and PO in the Taiwan Water Supply Corporation ($n = 203$)

| Variable | M | SD | COM | SS | APP | CPI | PO |
|---|---|---|---|---|---|---|---|
| COM | 20.52 | 7.21 | (0.77) | | | | |
| SS | 26.63 | 4.35 | −0.19** | (0.52) | | | |
| APP | 25.60 | 4.15 | −0.16** | 0.17** | (0.43) | | |
| CPI | 33.07 | 5.55 | −0.43** | 0.37** | 0.31** | (0.76) | |
| PO | 31.70 | 3.73 | −0.26** | 0.16** | 0.17** | 0.46** | (0.81) |

Notes: Reliabilities of scales were in parentheses along diagonals
*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice, *PO* psychological ownership
$*p < 0.05$; $**p < 0.01$

**Public Service Motivation and Psychological Ownership in Taiwan, Table 4** Intercorrelations among PSM and PO in the Taiwan Power Company ($n = 312$)

| Variable | M | SD | COM | SS | APP | CPI | PO |
|---|---|---|---|---|---|---|---|
| COM | 16.61 | 7.34 | (0.87) | | | | |
| SS | 26.87 | 5.31 | −0.45** | (0.72) | | | |
| APP | 26.13 | 4.45 | −0.01 | 0.16* | (0.52) | | |
| CPI | 33.14 | 4.63 | −0.33** | 0.41** | 0.21** | (0.76) | |
| PO | 26.05 | 3.63 | −0.43** | 0.42** | 0.11 | 45** | (0.82) |

Notes: Reliabilities of scales were in parentheses along diagonals
*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice, *PO* psychological ownership
$*p < 0.05$; $**p < 0.01$



the MOEA, compassion (COM) was significantly negatively correlated with PO, while commitment to the public interest (CPI) and self-sacrifice (SS) were significantly positively correlated with PO.

Multiple regression analyses were conducted to investigate the predictive power of each dimension of PSM on PO. The self-sacrifice (SS), compassion (COM), attraction to public policy making (APP), and commitment to the public interest (CPI) were integrated into the models. Table 6 indicated that CPI was the one construct that significantly and consistently predicted PO across four GOEs. Standardized $\beta$ for TSC, TWSC, TPC, and CPC was 0.28, 0.26, 0.42, and 0.32, respectively (all $p < 0.01$). Self-sacrifice

**Public Service Motivation and Psychological Ownership in Taiwan, Table 5** Intercorrelations among PSM and PO in the CPC Corporation, Taiwan ($n = 305$)

| Variable | M | SD | COM | SS | APP | CPI | PO |
|---|---|---|---|---|---|---|---|
| COM | 23.63 | 6.33 | (0.75) | | | | |
| SS | 25.74 | 4.34 | −0.23** | (0.51) | | | |
| APP | 29.29 | 4.22 | −0.12* | 0.18** | (0.43) | | |
| CPI | 31.41 | 4.63 | −0.32** | 0.36** | 0.26** | (0.70) | |
| PO | 31.53 | 4.32 | −0.21** | 0.21** | 0.15** | 0.33** | (0.87) |

Notes: Reliabilities of scales were in parentheses along diagonals
*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice, *PO* psychological ownership
$*p < 0.05$; $**p < 0.01$

**Public Service Motivation and Psychological Ownership in Taiwan, Table 6** Results of multiple regression analysis for all GOEs with PO as dependent variable and the PSM as predictors

| | Standardized $\beta$ | | | |
|---|---|---|---|---|
| Dimension | TSC (n = 267) | TWSC (n = 203) | TPC (n = 312) | CPC (n = 305) |
| COM | −0.18** | −0.16** | −0.12* | −0.22** |
| SS | 0.17* | 0.08* | 0.18* | 0.17* |
| APP | 0.16** | 0.07* | 0.01 | 0.00 |
| CPI | 0.28** | 0.26** | 0.42** | 0.32** |
| $R$ | 0.42 | 0.34 | 0.53 | 0.56 |
| $R^2$ | 0.22 | 0.14 | 0.28 | 0.32 |
| *Adjusted* $R^2$ | 0.19 | 0.13 | 0.28 | 0.31 |

*APP* attraction to public policy making, *COM* compassion, *CPI* commitment to the public interest, *SS* self-sacrifice
Notes: $*p < 0.05$; $**p < 0.01$

(SS) was a significant predictor in four GOEs: TSC ($\beta = 0.17$; $p < 0.05$), TWSC ($\beta = 0.08$; $p < 0.05$), TPC ($\beta = 0.18$; $p < 0.05$), and CPC ($\beta = 0.17$; $p < 0.05$). However, COM was the only construct that negatively predicted PO across four GOEs: TSC ($\beta = -0.18$; $p < 0.01$), TWSC ($\beta = -0.16$; $p < 0.01$), TPC ($\beta = -0.12$; $p < 0.05$), and CPC ($\beta = -0.22$; $p < 0.01$).

According to previous studies (cf. Pandey and Stazyk 2008), demographic variables (e.g., gender, age, and tenure) might predict PSM while having effects on PO. In Step 1, we entered age, gender, and tenure as three control variables to examine how much variance in the dependent variables was accounted for by the control variables and then added the four dimensions of PSM into the regression equations to jointly analyze the effects of the independent variables and control variables on the dependent variable (i.e., PO). Table 7 displays the regression results. The results indicate that age has a significant association with PO, implying that older GOE employees have more PO than younger ones.

The data in Table 7 also demonstrate the separate effects of the dimensions of PSM on PO. Two of the four dimensions of PSM (CPI and SS) were found to be significantly associated with PO. As Table 7 shows, when the dimensions of PSM were added to the regression model, the increases in the model multiple correlation square were significant ($p < 0.01$), although the absolute magnitude was not large ($\triangle R^2 = 0.16$). Specifically, CPI had a marginally significant and positive effect on GOE employees' PO (Beta = 0.38; $p < 0.01$). SS also had a marginally significant and positive effect on GOE employees' PO (Beta = 0.18; $p = 0.09$). APP was not found to have a significant effect on the respondents' PO (Beta = −0.14; $p = 0.56$), while no significant effect was found between COM and PO (Beta = −0.01; $p = 0.86$).

**Public Service Motivation and Psychological Ownership in Taiwan, Table 7** Results of hierarchical regression analysis with PO as dependent variable (n = 1087)

| Variable | Model-tested Beta | |
|---|---|---|
| *Step 1: control variables* | | |
| Gender (1 = male, 0 = female) | 0.12 | 0.08 |
| Age | 0.18** | 0.18* |
| Tenure | 0.14 | 0.13 |
| *Step 2: Independent variables* | | |
| Commitment to public interest (CPI) | | 0.38** |
| Self-sacrifice (SS) | | 0.18* |
| Attraction to public policy making (APP) | | −0.14 |
| Compassion (COM) | | - 0.01 |
| $R^2$ | 0.07*** | 0.19*** |
| $\triangle R^2$ | | 0.16*** |
| *F* test | 3.75*** | 5.86*** |

Notes: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; Beta = standardized regression coefficients

## Discussion

The results indicated that CPI was the one dimension of PSM that significantly and consistently predicted PO of employees across four GOEs via multiple and hierarchical regression analysis (see Tables 6 and 7). Consistent with Hypothesis 1, a positive and causal relationship existed between CPI and PO. This is also consistent with early studies (e.g., Crewson 1997; Hondeghem and Perry 2009, p. 6; Kelman 1990; Kim and Vandenabeele 2010; Rainey 1982; Taylor 2008, pp. 71–72). For example, March and Olsen asserted that public sectors (e.g., GOEs) are "based on a shared history and valued way of life, a shared definition of the common good" (March and Olsen 1989, p. 161). Moreover, Pierce et al. (2001) pointed out that the more information and the better the knowledge an individual has about an object, the deeper the relationship between the self and the object and, hence, the stronger the feelings of ownership toward it. Such employees in GOEs are likely motivated by commitment to the public interest and by fulfilling obligations. Employees in GOEs come to find themselves psychologically tied to GOEs as a result of their active participation in or association with those sectors. It is not surprising that CPI was a dimension of PSM that could predict PO of GOEs' employees from various service sectors. Indeed, employees with PSM tend to be more considerate toward their fellow employees and more likely to help their fellow employees with job tasks. Thus, it can be argued that PSM leads to behaviors associated with positive organizational citizenship behaviors, consistent with Kim's (2005) results. It is not surprising that CPI was the only PSM dimension that consistently predicted PO of employees from various GOEs. In part, because CPI is central to the employee–GOE relationship, this increased sense of ownership for CPI over time is likely to spill over and give rise to similar ownership feelings for GOEs (Peng and Pierce 2011). As previously acknowledged, the CPI dimension of the PSM provides GOEs' context where there are significant opportunities for PO to take root within employees of an identifiable collective. Thus, we are inclined to believe that public interest is central to the employee's relationship with the GOE.

The results also indicated that SS appears to be positively related to PO via multiple and hierarchical regression analyses (see Tables 6 and 7). This supports Hypothesis 3, as there was a positive and causal relationship between SS and PO. Thus, the present study was consistent with previous studies, such as Liu et al. (2014b), Perry (1997), and Coursey et al. (2008). Those with a higher level of PSM have chosen careers in public service (Brewer 2003; Houston 2006) associated

with higher PO. Moreover, public human resource managers in GOEs can align incentives with intrinsic motivations by designing compensation systems that emphasize long-term attractiveness to GOEs' employees and avoid pay for performance that might crowd out intrinsic motivation (Anderfuhren-Bigeta et al. 2010; Perry and Hondeghem 2008). Rainey (1982, p. 243) characterized public sector employees as placing "a high value on work that helps others and benefits society as a whole, involves self-sacrifice, and provides a sense of responsibility and integrity." Furthermore, Perry (1997) found many significant relationships, such as a negative relationship between professional identifications and public policy making, but a positive relationship between professional identification and civic duty and self-sacrifice. Coursey and his colleagues (2008) also found strong support for Perry's original exploratory research. Most notably, their results showed an improvement on the SS dimension from the original model because SS employees experience a stronger propensity toward civic duty than their carefree counterparts (Liu et al. 2014b) and tend to work toward goals in an industrious and disciplined fashion. Pierce et al. (2003) also concluded that responsibility for a target leads to feelings of ownership – that is, as an employee is held or feels responsible for a GOE, he/she begins to invest himself/herself into that GOE through the energy, care, and concern expended. SS provides us with whatever job security that we have and plays a key role in making us candidates for career advancements. Finally, SS consumes the majority of our time and energy while at our place of employment and plays a key role in shaping the image that we form of ourselves.

PSM, as observed in the West, also exists in Taiwan (Chen and Hsieh 2014; Cheng 2015; Jang 2012), but the generalizability of the construct is limited: two of the four dimensions of the original PSM (CPI and SS) were significantly positively correlated with PO, but COM was significantly negatively correlated with PO via hierarchical regression analysis (see Table 7). However, Giauque et al. (2012) revealed an undesirable finding that COM and SS components of PSM increase the civil servants' job stress and resignation. In addition, the present study was also inconsistent with Anderfuhren-Biget, Varon, and Giauque's (2014) study, which found that employees in charge of welfare state policies are inclined to have high levels of COM. It is important to recognize that researchers who have thought about COM and PO have called our attention to the negative effects: counterproductive working behavior, stress, refusal to share, etc. Thus, PSM could be conceptualized as an altruistic service-related value, such as the desire to help others, benefit the public, or engage in meaningful public service (Crewson 1997). PSM varies across GOEs in Taiwan. This does not mean that the Taiwanese GOE is devoid of COM, and it is very possible that COM has merely been suppressed in traditional public administration. With every new government there always appears to be a new political commitment to marketization for GOEs, but there is too much rhetoric and paperwork rather than actual action in the context of Taiwan. As a result, the current findings indicate that it may be inappropriate to put PSM into practice and neglect PO, particularly in a market-orientation service. GOEs seeking to increase PO may want to consider techniques that increase SS as well as the CPI dimension of PSM.

Trying to find reliable answers is also challenging due to the potential for the social desirability effect; the implication is that researchers should unpack the PSM and PO concepts and strategically explore subdimensional relationships, but these results offer new insights into the influence of such subdimensions on the link between PSM and PO. Nevertheless, from a practical perspective, the present study has opened a new avenue for public HR practitioners to tackle PSM. Specifically, the findings here have revealed that CPI was the only dimension of PSM that very significantly predicted employees' PO across four GOEs. The findings also indicated that SS appears to be positively related to PO in the context of GOEs. PSM in GOEs has the great potential to enhance PO through high levels of CPI and SS. Furthermore, GOEs' management staff should acknowledge the value of PSM for PO

and, if applicable, praise it with substantial rewards. Following this advice may be initially costly to GOEs; however, the consequences should bring foreseeable benefits to both GOEs and employees in the long run. This indicates that GOEs can use and maximize the possible and positive effects of PSM by HR practice. Future research should be sensitive enough to explain the difference among service sectors and countries.

## Conclusion

Public personnel managers may discover that the findings have utility for the determination of future support mechanisms and the institution of new policies among employees in GOEs but should be viewed in light of some limitations. First, we tested our theory using a limited sample of public employees from Taiwan's GOEs. The cross-sectional design does not offer a clear cause-and-effect relationship as examined in the current study. Data collected only from GOEs in a Taiwanese sample may cause concerns for the generalizability of the present findings to other settings. PSM, due to its self-reported nature, involves the possibility of CMV (Podsakoff et al. 2014). However, the methods applied to avoid CMV may not alleviate the problem (Jakobsen and Jensen 2015; Meier and O'Toole 2013). To overcome this potential problem, future researchers may use a longitudinal design and measure variables (with other dimensions of PSM) (see Giauque et al. 2011; Kim et al. 2013; Vandenabeele 2008) at different intervals, providing enhanced conditions for the comparison and analysis of causal relationships.

Second, the current empirical findings are based on Taiwan's GOEs. Therefore, our observations should be interpreted with caution, because GOEs per se and their employees in general may have different backgrounds and dimensions of PSM from those in private sectors or public enterprises in other countries. It should be acknowledged that PSM represents psychological factors that could be influenced by multiple individual and organizational factors. It would prove useful to replicate the study using data from other settings to see if the results hold in different kinds of public enterprises and countries (Perry and Hondeghem 2008). A broader sample of employees would make the empirical results more generalizable beyond our country-specific findings.

Finally, the results of the current study indicate that the four dimensions of PSM display appreciable correlations with PO and that the four-dimension model is a fruitful basis for examining the dispositional source of PO. Whether other variables can contribute uniquely to the explanation of PO beyond the effects of PSM remains a question for future research. There is a need to use multi-method designs combining qualitative methods with longitudinal designs to better explore the dimensions of PSM. Future studies should attempt to model the organizational processes that may explain the relationships of PSM with PO.

## Cross-References


- ▶ Diversity in Public Personnel
- ▶ Ethics in Public Service
- ▶ Public Service Motivation


P

## References


Anderfuhren-Biget S, Varone F, Giauque D (2014) Policy environment and public service motivation. Public Adm 92(4):807–825. https://doi.org/10.1111/padm.12026

Anderfuhren-Bigeta S, Varonea F, Giauqueb D, Ritzc A (2010) Motivating employees of the public sector: does public service motivation matter? Int Public Manag J 13(3):213–246

Anderson JC, Gerbing DW (1988) Structural equation modeling in practice: a review and recommended two-step approach. Psychol Bull 103(3):411–423

Avey JB, Avolio BJ, Crossley CD, Luthans F (2009) Psychological ownership: theoretical extensions, measurement and relation to work outcomes. J Organ Behav 30(2):173–191. https://doi.org/10.1002/Job.583

Bagozzi RP, Yi Y (1988) On the evaluation of structural equation models. J Acad Mark Sci 16:74–94

Beesley M, Cave M (1998) Regulating utilities: understanding the issues. Institute of Economic Affairs in association with the London Business School, London

Bentler PM, Bonett DG (1980) Significance tests and goodness of fit in the analysis of covariance-structures. Psychol Bull 88(3):588–606. https://doi.org/10.1037//0033-2909.88.3.588

Brewer GA (2003) Building social capital: civic attitudes and behavior of public servants. J Public Adm Res Theory 13(1):5–25

Brewer GA, Selden SC (1998) Whistle blowers in the Federal Civil Service: new evidence of the public service ethic. J Public Adm Res Theory 8(3):413–439

Bright L (2008) Does public service motivation really make a difference on the job satisfaction and turnover intentions of public employees? Am Rev Public Adm 38(2):149–166

Byrne BM (2006) Structural equation modeling with EQS: basic concepts, applications, and programming, 2nd edn. Lawrence Erlbaum Associates, Mahwah

Camilleri E (2007) Antecedents affecting public service motivation. Pers Rev 36(3):356–377

Camilleri E, Van Der Heijden B (2007) Organizational commitment, public service motivation, and performance within the public sector. Public Perform Manag Rev 31(2):241–274

Cerase FP, Farinella D (2009) Public service motivation: how does it relate to management reforms and changes in the working situation of public organisations: a case study of the Italian revenue agency. Public Policy and Administration 24(3):281–308

Chang K, Lu L (2007) Characteristics of organizational culture, stressors and well-being – the case of Taiwanese organizations. J Manag Psychol 22(6):549–568

Chen C-A, Hsieh C-W (2014) Does pursuing external incentives compromise public service motivation? Comparing the effects of job security and high pay. Public Manag Rev 17(8):1190–1213. https://doi.org/10.1080/14719037.2014.895032

Cheng KT (2013) Governance mechanisms and regulation in the utilities: an investigation in a Taiwan sample. Util Policy 26(3):17–22. https://doi.org/10.1016/j.jup.2013.04.003

Cheng KT (2015) Public service motivation and job performance in public utilities: an investigation in a Taiwan sample. Int J Public Sect Manag 28(4/5):352–370

Christensen RK, Wright BE (2011) The effects of public service motivation on job choice decisions: disentangling the contributions of person-organization fit and person-job fit. J Public Adm Res Theory 21(4):723–743. https://doi.org/10.1093/jopart/muq085

Cook P (1999) Privatisation and utility regulation in developing countries: the lessons so far. Ann Public Coop Econ 70(4):549–587

Cook P, Kirkpatick C (2000) Privatisation in the developing countries I, II. Edward Elgar, Cheltenham

Coursey DH, Pandey SK (2007) Public service motivation measurement – testing an abridged version of Perry's proposed scale. Adm Soc 39(5):547–568. https://doi.org/10.1177/0095399707303634

Coursey DH, Perry JL, Brudney JL, Littlepage L (2008) Psychometric verification of Perry's public service motivation instrument results for volunteer exemplars. Rev Public Pers Adm 28(1):79–90. https://doi.org/10.1177/0734371x07309523

Crewson PE (1997) Public-service motivation: building empirical evidence of incidence and effect. J Public Adm Res Theory 7(4):499–518

Dyne LV, Pierce JL (2004) Psychological ownership and feelings of possession: three field studies predicting employee attitudes and organizational citizenship behavior. J Organ Behav 25:439–459

Ernst J (1994) Whose utility?: the social impact of public utility privatization and regulation in Britain. Open University Press, Buckingham/Philadelphia

Fornell C, Larcker DF (1981) Evaluating structural equation models with unobservable variables and measurement error. J Mark Res 18(1):39–50. https://doi.org/10.2307/3151312

Frederickson HG, Hart D (1985) The public service and the patriotism of benevolence. Public Adm Rev 45(3):547–553

Giauque D, Ritz A, Varone F, Anderfuhren-Biget S, Waldner C (2011) Putting public service motivation into context: a balance between universalism and particularism. Int Rev Adm Sci 77(2):227–253. https://doi.org/10.1177/0020852311399232

Giauque D, Ritz A, Varone F, Anderfuhren-Biget S (2012) Resigned but satisfied: the negative impact of public service motivation and red tape on work satisfaction. Public Adm 90(1):175–193. https://doi.org/10.1111/j.1467-9299.2011.01953.x

Graham C (2000) Regulating public utilities. A constitutional approach. Hart, Oxford

Hair JF, Black B, Babin B, Anderson RE, Tatham RL (2006) Multivariate data analysis, 6th edn. Pearson Prentice Hall, Saddle River

Hair JF, Black B, Babin B, Anderson RE, Tatham RL (2010) Multivariate data analysis, 7th edn. Prentice Hall, Upper Saddle River

Hondeghem A, Perry JL (2009) EGPA symposium on public service motivation and performance: introduction. Int Rev Adm Sci 75(1):5–9. https://doi.org/10.1177/0020852308099502

Houston DJ (2006) "Walking the walk" of public service motivation: public employees and charitable gifts of time, blood, and money. J Public Adm Res Theory 16(1):67–86. https://doi.org/10.1093/jopart/mui028

Isaacs S (1933) Social development in young children. Routledge & Kegan Paul, London

Jakobsen M, Jensen R (2015) Common method Bias in public management studies. Int Public Manag J 18(1):3–30. https://doi.org/10.1080/10967494.2014.997906

Jang C-L (2012) The effect of personality traits and public service motivation: evidence from Taiwan. Soc Behav Pers 40(5):725–734

Kelman S (1990) "Public choice" and public Spirit. In: Baker S, Elliott C (eds) Readings in public sector economics. D.C. Heath and Company, Lexington, pp 430–450

Kim S (2005) Individual-level factors and organizational performance in government organizations. J Public Adm Res Theory 15(2):245–261

Kim S (2009a) Revising Perry's measurement scale of public service motivation. Am Rev Public Adm 39(2):149–163. https://doi.org/10.1177/0275074008317681

Kim S (2009b) Testing the structure of public service motivation in Korea: a research note. J Public Adm Res Theory 19(4):839–851. https://doi.org/10.1093/jopart/mup019

Kim S, Vandenabeele W (2010) A strategy for building public service motivation research internationally. Public Adm Rev 70(5):701–709

Kim S, Vandenabeele W, Wright BE, Andersen LB, Cerase FP, Christensen RK, . . . De Vivo P (2013) Investigating the structure and meaning of public service motivation across populations: developing an international instrument and addressing issues of measurement invariance. J Public Adm Res Theory 23(1):79–102. https://doi.org/10.1093/jopart/mus027

Kjeldsen AM, Jacobsen CB (2013) Public service motivation and employment sector: attraction or socialization? J Public Adm Res Theory 23(4):899–926. https://doi.org/10.1093/jopart/mus039

Kolodko GW (1999) Ten years of Postsocialist transition: lessons for policy reform. World Bank, Washington, DC

Leisink P, Steijn B (2009) Public service motivation and job performance of public sector employees in the Netherlands. Int Rev Adm Sci 75(1):35–52. https://doi.org/10.1177/0020852308099505

Liu BC, Tang NY, Zhu XM (2008) Public service motivation and job satisfaction in China an investigation of generalisability and instrumentality. Int J Manpow 29(8):684–699. https://doi.org/10.1108/01437720810919297

Liu BC, Hui C, Hu J, Yang W, Yu X (2011) How well can public service motivation connect with occupational intention? Int Rev Adm Sci 77(1):191–211. https://doi.org/10.1177/0020852310390287

Liu BC, Tang TL-P, Yang K (2013) When does public service motivation fuel the job satisfaction fire? The joint moderation of person–organization fit and needs–supplies fit. Public Manag Rev 17(6):876–900. https://doi.org/10.1080/14719037.2013.867068

Liu BC, Yang K, Yu W (2014a) Work-related stressors and health-related outcomes in public service: examining the role of public service motivation. Am Rev Public Adm. https://doi.org/10.1177/0275074014524298

Liu BC, Zhang X, Du L, Hu Q (2014b) Validating the construct of public service motivation in for-profit organizations: a preliminary study. Public Manag Rev 17(2):262–287. https://doi.org/10.1080/14719037.2013.798023

Locke J (1952) The second treatise of government. Bobbs-Merrill, New York

Lodge GG (1987) Introduction: ideology and country analysis. In: Lodge GG, Vogel EF (eds) Ideology and National Competitiveness: an analysis of Nice countries. Harvard Business School Press, Boston

March JG, Olsen JP (1989) Rediscovering institutions. Free Press, New York

Meier KJ, O'Toole LJ (2013) Subjective organizational performance and measurement error: common source Bias and spurious relationships. J Public Adm Res Theory 23(2):429–456. https://doi.org/10.1093/jopart/mus057

Moynihan DP, Vandenabeele W, Blom-Hansen J (2013) Debate: advancing public service motivation research. Public Money Manage 33(4):288–289. https://doi.org/10.1080/09540962.2013.799835

O'Sulivan E, Rassel G (1989) Research methods for public administrators. Longman, London

OECD (2001) Restructuring public utilities for competition. Organisation for Economic Co-operation and Development c2001, Paris

Pandey SK, Stazyk EC (2008) Antecedents and correlates of public service motivation. In: Perry J, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, New York, pp 101–117

Pedersen LH (2014) Committed to the public interest? Motivation and behavioural outcomes among local councillors. Public Adm 92(4):779–789

Peng H, Pierce, JL (2011) Job- and organization-based psychological ownership: relationship and outcomes. Working paper. Fudan University, Shanghai

Perry J (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22

Perry J (1997) Antecedents of public service motivation. J Public Adm Res Theory 7(2):181–197

Perry J, Hondeghem A (2008) Motivation in public management: the call for public service. Oxford University, Oxford

Perry J, Wise L (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Pierce JL, Jussila I (2012) Psychological ownership and the organizational context: theory, research evidence and application. Edward Elgar, Cheltenham

Pierce JL, Rubenfeld SA, Morgan S (1991) Employee ownership – a conceptual-model of process and effects. Acad Manag Rev 16(1):121–144. https://doi.org/10.2307/258609

Pierce JL, Van Dyne L, Cummings LL (1992) Psychological ownership: a conceptual and operational examination. In: Southern management association proceedings, New Orleans, pp 203–211

Pierce JL, Kostova T, Dirks KT (2001) Toward a theory of psychological ownership in organizations. Acad Manag Rev 26(2):298–310. https://doi.org/10.2307/259124

Pierce JL, Kostova T, Dirks KT (2003) The state of psychological ownership: integrating and extending a century of research. Rev Gen Psychol 7(1):84–107. https://doi.org/10.1037/1089-2680.7.1.84

Pierce JL, O'Driscoll MP, Coghlan AM (2004) Work environment structure and psychological

ownership: the mediating effects of control. J Soc Psychol 144(5):507–534. https://doi.org/10.3200/SOCP.144.5.507-534
Pierce JL, Jussila I, Cummings A (2009) Psychological ownership within the job design context: revision of the job characteristics model. J Organ Behav 30(4):477–496. https://doi.org/10.1002/job.550
Podsakoff PM, MacKenzie SB, Lee JY, Podsakoff NP (2003) Common method biases in behavioral research: a critical review of the literature and recommended remedies. J Appl Psychol 88(5):879–903. https://doi.org/10.1037/0021-9010.88.5.879
Podsakoff NP, Podsakoff PM, MacKenzie SB, Maynes TD, Spoelma TM (2014) Consequences of unit-level organizational citizenship behaviors: a review and recommendations for future research. J Organ Behav 35(S1): S87–S119. https://doi.org/10.1002/job.1911
Rainey HG (1982) Reward preferences among public and private managers: in search of the service ethic. Am Rev Public Adm 16(4):288–302
Rita A (2011) Attraction to public policy-making: a qualitative inquiry into improvements in PSM measurement. Public Adm 89(3):1128–1147
Ritz A (2009) Public service motivation and organizational performance in Swiss Federal Government. Int Rev Adm Sci 75(1):53–78
Ritz A, Waldner C (2011) Competing for future leaders: a study of attractiveness of public sector organizations to potential job applicants. Rev Public Per Adm 31(3):291–316. https://doi.org/10.1177/0734371x11408703
Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426
Schwartz SH, Bilsky W (1990) Toward a theory of the universal content and structure of values – extensions and cross-cultural replications. J Pers Soc Psychol 58(5):878–891. https://doi.org/10.1037//0022-3514.58.5.878
Sherman R (1989) The regulation of monopoly. Cambridge University Press, Cambridge
Shirley M (1999) Bureaucrats in business: the role of privatisation versus Corporation in State-Owned Enterprise Reform. World Dev 27(1):115–136
Shirley M, Walsh P (2000) Public versus private ownership: the current state of the debate. World Bank, Washington, DC
Stiglitz JE (2000) Economics of public sector, 3rd edn. W.W. Norton & Company, London
Stiglitz JE (2003) Democratizing the international monetary fund and the World Bank: governance and accountability. Gov Int J Policy Adm 16(1):111–139. https://doi.org/10.1111/1468-0491.00207
Sun JY, Gu Q (2017) For public causes or personal interests? Examining public service motives in the Chinese context. Asia Pac J Hum Resour 55:476–497
Taylor J (2007) The impact of public service motives on work outcomes in Australia: a comparative multidimensional analysis. Public Adm 85(4):931–959. https://doi.org/10.1111/j.1467-9299.2007.00686.x
Taylor J (2008) Organizational influences, public service motivation and work outcomes: an Australian study. Int Public Manag J 11(1):67–88. https://doi.org/10.1080/10967490801887921
Van Dyne L, Pierce JL (2004) Psychological ownership and feelings of possession: three field studies predicting employee attitude and organizational citizenship behavior. J Organ Behav 25:439–459
Vandenabeele W (2008) Development of a public service motivation measurement scale: corroborating and extending Perry's measurement instrument. Int Public Manag J 11(1):143–167. https://doi.org/10.1080/10967490801887970
Vandenabeele W, Brewer GA, Ritz A (2014) Past, present, and future of public service motivation research. Public Adm 92(4):779–789. https://doi.org/10.1111/padm.12136
Wade R (1990) Governing the market. Princeton University Press, Princeton
Wagner JA, Moch MK (1986) Individualism-collectivism – concept and measure. Group Organ Stud 11(3):280–304. https://doi.org/10.1177/105960118601100309
Walker R, Boyne GA, Brewer GA (2010) Public management and performance. Cambridge University, Cambridge
Williamson O (1975) Markets and hierarchies: analysis and antitrust implications. Collier Macmillan, London
Wright BE (2008) Methodological challenges associated with public service motivation research. In: Perry J, Hondeghem A (eds) Motivation in public management. Oxford University Press, Oxford, pp 80–98
Yarrow G (1986) Regulation and competition in the electricity supply industry. In: Kay JA, Mayer CP, Thompson D (eds) Privatisation and regulation: the UK experience. Clarendon, Oxford

## Public Service Motivation Research in Africa

James Kwame Mensah[1] and George Babington Amegavi[2]
[1]Department of Business Administration, University of Professional Studies, Accra, Ghana
[2]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana

## Synonyms

African countries; Literature review; Public administration; Public management; Public service motivation

## Definition

Public service motivation is defined as "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (Perry and Wise 1990: 368). Similarly, Brewer and Selden (1998: 417) defined PSM as "the motivational force that induces individuals to perform meaningful public service," while Rainey and Steinbauer (1999: 23) maintained that PSM is a "general, altruistic motivation to serve the interests of a community of people, a state, a nation or humankind." One of the most widely used definitions was given by Vandenabeele (2007: 547) as "beliefs, values and attitudes that go beyond self-interest and organisational interest, that concern the interest of a larger political entity."

## Introduction

The emergence of the concept of PSM is accredited to a discussion on public service ethics in the 1970s aimed at providing a counterview to cynical perceptions of self-interested, extrinsically motivated bureaucrats depicted by public choice theorists. Drawing insights from the work of Rainey (1982) which showed that public sector employees have stronger interest in pursuing ideological or altruistic goals than their private sector counterparts, Perry and Wise (1990) developed the idea of PSM. Over the last two decades, studies on PSM have reached new heights. For instance, 147 articles were published on PSM between a period of 14 years – 1998 to 2012. This however increased significantly to the extent that a total of 136 articles were published on PSM between 2013 and 2014 (Ritz et al. 2016). It is not surprising given the popularity and so much interest that PSM research has generated including efforts to advance measurement and operationalization of the concept as well as suggestions for methodological advancement (Kim 2017).

Though, several literature reviews have been published on PSM (e.g., Ritz et al. 2016; Van de Wal 2015; Perry and Vandenabeele 2015; Vandenabeele et al. 2014), none of them concentrated exclusively on Africa, leaving the body of literature somewhat unstructured and possibly hampering future research. Meanwhile, a systematic literature review is a natural step forward to consolidate and advance research (Ritz et al. 2016). The chapter fills this void by providing a systematic literature review of PSM scholarship in Africa from 2005 to 2017 in order to build an agenda for future research. The chapter addresses the following questions: What are the publication outlets, number of authors, and publications of African PSM scholarship? What research designs and methods are used in African PSM scholarship? What are the theories and content of studies of African PSM scholarship? What are the antecedents and consequences of PSM research in Africa? And what are the potential avenues for further PSM research in Africa?

## Methodological Approach

This systematic review focuses on publications discussing PSM in Africa from 2005 to 2017 and presents the state of knowledge in the field. The search started from 2005 because previous research has revealed that PSM research in non-Western settings started after 2005 (Van de Wal 2015). The keywords used for the search were "public service and motivation" and "PSM and Public Service," "public service and altruism," "public service and prosocial," "public work and motivation," and "public employee and motivation." Studies that were included in the present study were identified as follows:

First, a systematic search of seven major online databases – JSTOR, Public Administration Abstracts, Political Science Complete, ScienceDirect, ISI Web of Knowledge, African Journals Online, and Africa Bibliography.

Second, a search of 12 leading public administration journals.

Third, the concept of PSM as described by Perry and Wise (1990) had to be used in the article.

Fourth, the focus of the article must be on PSM conducted in Africa or with a sample from Africa.

Finally, the article must be published in English.

Articles not meeting these criteria were excluded, and this strategy made it possible to focus solely on PSM articles in Africa. One book chapter and one conference paper were included just to make sure that all articles on PSM in Africa were captured. Applying these criteria resulted in a set of ten research articles (marked with asterisk in the references).

## Findings

### Number of Publications, Authors, and Publication Outlets

Whereas African scholarship on PSM was almost nonexistent before 2005, it has grown in number steadily since 2013. A sum of ten PSM articles were published during the period of this study with slightly less than half published in 2016 (four articles, 40%). The 10 articles used for the review had samples from 18 African countries – Egypt 4, South Africa 3, Ghana 2, and Nigeria 2. The remaining countries have 1 each, Botswana, Burkina Faso, Ethiopia, Mali, Morocco, Rwanda, and Zambia. This illustrates a gradual interest in PSM research in Africa and even though relatively small but covered a number of countries in Africa.

Similarly, the number of authors of PSM research in Africa has increased over the past few years. A total of 23 different authors contributed to the 10 articles of this review as shown in Fig. 1. From only 2 authors in 2008, there have been a substantial increase in the number of new authors from 2013 to 2017 (20 authors), The highest number of authors – 13 – was recorded in 2016. Out of the 10 articles, 6 (60%) were co-authored, and out of this, 1 featured a partnership between authors from African institution and Western institution. The remaining articles featured a partnership between authors from non-Western institutions (1 article) and Western institutions (4 articles). The author affiliations showed the following: Ghana (7 authors, 31.82%), Nigeria (3 authors, 13.64%), the United Kingdom (3 authors, 13.64%), and the Netherlands (3 authors, 13.64%). Egypt, Botswana, Canada, the United States, Belgium, and South Korea had 1 (4.54%) affiliation each.

In terms of publication outlets, six (60%) of the articles were published in public administration/management journals, namely: *Public Administration Review*, *International Journal of Public Administration*, *Journal of Public Administration Research and Theory,* and *International Review of Administrative Sciences* – an indication of African PSM scholarship having established outlets for publishing its research. However, two journals were outside the discipline of public administration – *Personnel Review* and *Social and Management Research Journal* – implying that PSM is being studied in other disciplines and spreading across the social sciences but not an exclusive concept to the discipline of public administration.

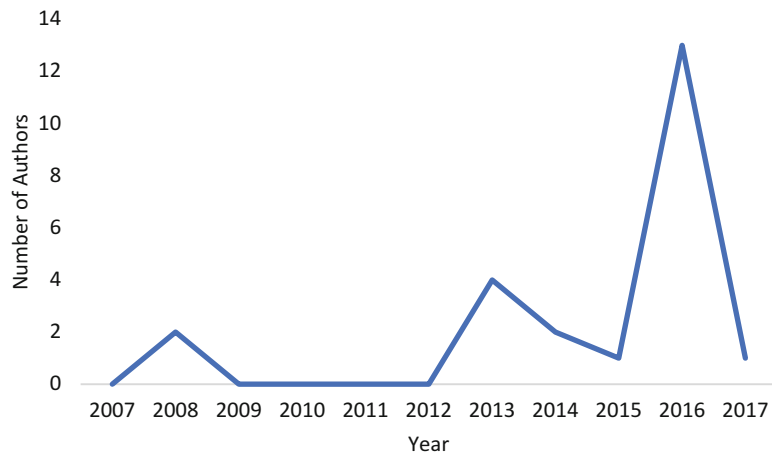


**Public Service Motivation Research in Africa, Fig. 1** Number of authors per year (2007–2017)

### Research Designs and Methods

Almost all the studies in Africa used primary data collection methods mainly interviews and questionnaires. The data collection method predominantly used was survey questionnaires that are administered to respondents (5 articles, 50%), whereas three articles (30%) used secondary survey data from International and National surveys such as the World Values Survey, International Social Survey Programme (ISSP), and Egypt Labor Market Panel Survey. Only two articles (20%) employed a mixed method approach. A substantial share of the study participants were from the public sector, occupying managerial, non-managerial, or supervisory positions. Other participants included students in a Master of Public Administration (MPA) program and private sector workers. The sample size for the articles range from 60 to 12,085 respondents, with the study of Barsoum (2016) having the most extensive sample size – 49,211, consisting of 49,186 survey data and 25 interviews.

Research designs were categorized as either quantitative or mixed method. In other words, there was no pure qualitative design used in the articles analyzed. This resulted in 80% and 20% of the articles having used quantitative and mixed design, respectively. Similarly, Table 1 reports the various analytical techniques used in the articles that were reviewed. Inventory of the scales used to measure PSM in Africa reveals Perry's (1996) PSM scale as the main instrument. Half of the articles (50%) reviewed used all four dimensions of Perry's (1996) PSM scale. Some of the studies modified Perry's scale by using some of the dimensions in the scale but kept the changes in line with Perry's original scale.

**Public Service Motivation Research in Africa, Table 1** Distribution of analytical methods used[a]

| Analytical methods | Frequency | % |
|---|---|---|
| Univariate/descriptive statistics | 2 | 16.67 |
| Bivariate/multivariate: measures of association or tests of differences | 3 | 25.00 |
| | | 25.00 |
| Multivariate: structural equation modeling (SEM) | 3 | 8.33 |
| Multivariate: logistic regression | 1 | 8.33 |
| Multivariate: factor analysis | 1 | 16.67 |
| Qualitative analytical technique | 2 | |
| Total | 12 | 100.00 |

[a]Multiple classifications per study were possible

### Content of Study and Theoretical Approaches

The review categorized the various research goals into eight broad areas in accordance with the classifications employed by Ritz et al. (2016). Each study was coded according to this scheme, making it possible for multiple coding as illustrated in Table 2. The review of the scope and content of the various studies indicate that there is more room for further research in the field of PSM in Africa. Essentially, the review showed that there was no study that constituted a review or a research review on PSM in Africa. This may be partially attributed to the limited number and the "infant" development of empirical studies on the continent. However, this is unfortunate in that a systematic literature review serves as a natural step forward to consolidate and advance research in a particular field (Ritz et al. 2016).

Theoretical frameworks and approaches that were used in the articles were grouped in line with 11 major theoretical lines used by Ritz et al.

**Public Service Motivation Research in Africa, Table 2** Distribution of scope and content of study[a]

| Lines of study | Frequency | % |
|---|---|---|
| Correlating PSM with outcome variables | 10 | 26.32 |
| Implications for HRM/managerial practice | 6 | 15.79 |
| Correlating antecedents with PSM | 7 | 18.42 |
| Theory conceptualization, motives and dimensions, integration with other theories | 2 | 5.26 |
| Comparison (African country with countries outside Africa) | 3 | 7.89 |
| Further development of measurement instruments | 4 | 10.53 |
| Comparing PSM across sectors (public/private/nonprofit) | 6 | 15.79 |
| Review study/research overview | 0 | 0.00 |
| Total | 38 | 100.00 |

[a]Multiple classifications per study were possible

(2016) in their systematic review of PSM, even though only six were used in Africa PSM scholarship. The findings showed that theoretical frameworks used to explain the concept of PSM in Africa were adopted from available Western scholarship, such as rational choice theory, culture, job choice theory, and motivation as presented in Table 3. Even though there is evidence that the concept of PSM exists in many countries (Kim et al. 2013), the use of Western theories in African PSM scholarship is problematic in that there are cultural differences between the two contexts and this has a potential to influence both the antecedents and consequences of PSM.

### Antecedents and Consequences of PSM in Africa

The review showed that the most common researched antecedents were age, gender, personal values, and education (Barsoum 2016; Brenya et al. 2016). Other frequently studied variables include job attributes and behaviors, job security, academic specialization, training and development, and job stress (Gould-Williams et al. 2013; Ng et al. 2016; Oyewobi 2013). These findings are similar to other studies found in Western countries (e.g., Perry et al. 2008). Given the relatively small number of studies in this review, caution is required in generalizing the conclusions on the antecedents of PSM in Africa.

With reference to the empirically tested dimensions of PSM, findings of Brenya et al. (2016) in Ghana and Oyewobi (2013) in Nigeria reveal that a positive relationship exists among the dimensions of PSM and the desire of people to work in the public service and promote the interest of citizens. Similarly, findings from Ghana by Brenya et al. (2016) reveal a strong relationship between the desire of people to work in the public service and self-sacrifice. However, findings from Botswana shows that self-sacrifice and altruism have weak and no relationship respectively with people's desire to work in the public service (Ng et al. 2016). Again, findings also show that attraction to policy making has no effect on the decision of people to serve in the public sector (Brenya et al. 2016; Oyewobi 2013).

The review revealed that the most commonly researched consequences of PSM are job performance, person-organization fit (P-O fit), organizational citizenship behavior (OCB), job commitment, job satisfaction, job stress, and quit intentions (Barsoum 2016; Brenya et al. 2016; Gould-Williams et al. 2013; Kura 2016; Mostafa et al. 2015; Oyewobi 2013). These results are consistent with previous studies in North America, Europe, Asia, and South America that there is a strong relationship between PSM and other factors such as P-O fit, desire to influence public policy, work performance, and organizational commitment (e.g., Dur and Zoutenbier 2014).

**Public Service Motivation Research in Africa, Table 3** Distribution of underlying theories[a]

| Underlying theory | Frequency | Percentage (%) |
|---|---|---|
| Public administration | 10 | 47.62 |
| General theories of motivation | 4 | 19.05 |
| Job choice theories | 3 | 14.29 |
| Rational choice theories | 2 | 9.52 |
| Ethic, values, religion, and culture | 1 | 4.76 |
| Organizational culture | 1 | 4.76 |
| Total | 21 | 100.00 |

[a]Multiple classifications per study were possible

## Discussion of the Findings

This chapter adopted a rigorous review of the Africa literature on PSM with the purpose of providing a clear and comprehensive picture of the research done from 2005 to 2017. First, the number of authors in African PSM is consistently increasing. From 2 authors in 2008, who were both from Europe, it sharply increased to 23 authors by 2017 with African scholars (55.46%) dominating – a sign of African authors gaining grounds in PSM scholarships in their own "backyard." Excitingly, most of the articles (60%) were co-authored bringing a blend of different cultural backgrounds to PSM scholarship. Even though there are calls for context-specific theories on PSM, this collaborative research could also help in building universal theories of PSM as

called by recent studies. This also shows that African PSM research is not only of interest to Africans but Western scholars as well. Second, despite the "infant" nature of PSM scholarship in Africa, the publications are in highly ranked peer-reviewed journals. This demonstrates commitment to higher-quality research on PSM from African scholars and increased legitimacy of such research in the eyes of editors and reviewers.

Third, the findings showed that the antecedents of PSM in Africa include age, gender, personal values, occupation, education, job attributes and behaviors, roles, job security, and training and development. Similarly, the consequences of PSM in Africa among others are P-O fit, OCB, job commitment, job satisfaction, job stress, job performance, and quit intention. Thus, in general, findings of PSM research in Africa are similar to Western context. Perhaps, this is probably due to the use of similar theory, research methods, and instruments for measuring PSM. Despite these similarities there are few differences such as job security and cultural values. Indeed, the findings also showed that organizational factors such as values and culture, human resource practices, working conditions, and mission alignment strongly influence PSM in Africa.

In addition, the analysis of PSM scholarship in Africa brings to bear a number of methodological issues. First, the use of cross-sectional survey data (50%) raises concerns about the causality of the results, and perhaps, at the moment scholars should refrain from making causal interpretations of the result, but instead make associational inferences. Second, whereas most of the respondents are public sector-related employees, the samples were taken from respondents occupying managerial, non-managerial, or supervisory positions, MPA and MBA students, and unemployed youth. This shows that the respondents of PSM studies in Africa are skewed toward a "managerist" perspective and students raising concerns about the generalizability of the findings. Third, even though a different context, Western theories were used to explain PSM in Africa. Indeed, findings from Egypt (Barsoum 2016; Gould-Williams et al. 2013) show that Islamic culture influences the preference for public sector jobs.

## Avenues for Further Research

Even though efforts are being made to study PSM in Africa, there is the need for more PSM studies. First is testing or developing PSM instrument in Africa. Whereas there are differences between the West and Africa, most Africa PSM studies have used Perry's (1996) scale for measuring PSM. Similarly, little effort has been made to test Perry's (1996) PSM scale in Africa. To bridge this gap, it is suggested that Africa scholars take the field of PSM further by not only testing and validating Perry's (1996) scale or debunking Western PSM findings but also developing PSM instrument that fits the African context. Second, there is the need to examine how cultural differences affect the supply and motivation of workers in African public service. This includes research that disentangles the unique contributions of PSM vis-à-vis collectivism, which appears to have synergistic effects on PSM in Africa. Cultural theories especially Hofstede's (1983) cultural dimension framework could be useful in this direction.

In addition, it is crucial for further studies not to only compare Western and Africa countries but also compare several African countries in order to highlight possible differences and similarities in PSM findings given the different sociocultural practices across the African continent. Finally, the use of robust methodologies will help strengthen the existing results of Africa PSM scholarship. Thus, robust methodologies would increase both internal validity and contextual realism in PSM research in Africa. Among such robust methodologies may include policy-capturing and longitudinal research designs, field experiments, and quasi-experiments.

## Concluding Remarks

This chapter aimed at taking stock of PSM research in Africa from 2005 to 2017 in order to build an agenda for future research. Even though the review shows a paucity of PSM research in Africa, it is gradually gaining prominence especially since 2013 as the publications increased from 2 in 2008 to 23 by 2017 with most of the

articles published in highly ranked public administration/management journals. Quantitative research designs dominated with most of the data collected by survey instruments while theoretical frameworks developed in Western context and Perry's (1996) measurement scale widely used in African PSM research. Age, gender, personal values, education, job attributes and behaviors, job security, and training and development are the most widely studied antecedents of PSM in Africa while P-O fit, OCB, job commitment, job satisfaction, job stress, and quit intentions were the dominant studied consequences of PSM in Africa.

In terms of agenda for further research, it is imperative to not only test for the reliability and validity of Perry's (1996) measurement scale but also develop PSM scales that fit the African context. Comparative studies either within African countries or between Africa and Western countries are significant in understanding the nuances of PSM. Because the African culture is different from the Western context, future research needs to disentangle the unique contributions of collectivism which appears to be dominant in Africa and may have synergistic effects on PSM. Experimental and longitudinal studies are highly welcome as they would help increase internal validity as well as establish causalities in African PSM research findings.

## Cross-References

► Motivation and Leadership
► Public Service Motivation

## References

Barsoum G (2016) The Public Sector as the Employer of Choice among Youth in Egypt : The Relevance of Public Service Motivation Theory. Int J Publ Adm 39:205–215

Brenya E, Adu-gyamfi S, Kyei EY, Tariah FP, Nmerukini A, Boateng EK, Yomle R (2016) Public Service Motivation in Ghanaian Civil Service : A Case Study of Ejisu-Juabeng Municipality. Int J Publ Adm 40:164–175

Brewer GA, Selden SC (1998) Whistle blowers in the federal civil service: New evidence of the public service ethic. J Public Adm Res Theory 8:413–440

Dur R, Zoutenbier R (2014) Working for a Good Cause. Public Adm Rev 74:144–155

Gould-Williams JS, Mostafa AMS, Bottomley P (2013) Public Service Motivation and Employee Outcomes in the Egyptian Pubsslic Sector : Testing the Mediating Effect of Person-Organization Fit. J Public Adm Res Theory 25:597–622

Hofstede G (1983) National cultures in four dimensions: A research-based theory of cultural differences among nations. Int Stud Manag Organ 13:46–74

Kim S, Vandenabeele W, Wright BE, Andersen LB, Cerase FP, Christensen RK, et al. (2013) Investigating the Structure and Meaning of Public Service Motivation Across Populations: Developing an International Instrument and Addressing Issues of Measurement Invariance. J Public Adm Res Theory 23:79–102.

Kim S (2017) National culture and public service motivation: investigating the relationship using Hofstede's five cultural dimensions. Int Rev Adm Sci 83:23–40

Kura KM (2016) Employees' Workplace Eco-Initiatives: The Role of Public Service Motivation. In Proceedings of The International Social Sciences and Tourism Research Conference (pp. 787–803)

Mostafa AMS, Gould-Williams JS, Bottomley P (2015) High-Performance Human Resource Practices and Employee Outcomes: The Mediating Role of Public Service Motivation. Public Adm Rev 75:747–757

Ng ESW, Gossett CW, Chinyoka S, Obasi I (2016) Public vs private sector employment An exploratory study of career choice among. Pers Rev 45:1367–1385

Oyewobi LO (2013) Influence of public service motivation on job satisfaction and Organisational commitment of quantity surveyors in Nigerian public service. Soc Manag Res J 10:41–76

Perry JL (1996) Measuring public service motivation: An assessment of construct reliability and validity. J Public Adm Res Theory 6:5–22

Perry JL, Vandenabeele W (2015) Public service motivation research: achievements, challenges, and future directions. Public Adm Rev 75:692–699

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50:367–373

Perry JL, Brudney JL, Coursey D, Littlepage L (2008) What Drives Morally Committed Citizens? A Study of the Antecedents of Public Service Motivation. Public Adm Rev 68:445–458

Rainey HG (1982) Reward preferences among public and private managers: in search of the service ethic. Am Rev Publ Adm 16:288–302

Rainey HG, Steinbauer P (1999) Galloping elephants: Developing elements of a theory of effective government organizations. J Public Adm Res Theory 9:1–32

Ritz A, Brewer GA, Neumann O (2016) Public service motivation: A systematic literature review and outlook. Public Adm Rev 76:414–426

Vandenabeele W (2007) Toward a public administration theory of public service motivation: an institutional approach. Publ Manag Rev 9:545–556
Vandenabeele W, Brewer GA, Ritz A (2014) Past, Present, and Future of Public Service Motivation Research. Public Adm 92:779–789
Van de Wal Z (2015) All quiet on the non-Western front? A review of public service motivation scholarship in non-Western contexts. Asia Pac J Public Adm 37:69–86.

# Public Trust in Government, Japan

Masao Kikuchi
Meiji University, Tokyo, Japan

## Synonyms

Accountability; Appropriateness; Capacity; Collaborative governance; Confidence; Equity; Government reform; Performance; Public support; Transparency

## Definition

Trust in government can be understood as positive perceptions of citizens about the state of government. It is grounded either in actual experiences or by the subjective assessment. Trust in government is both a driver of government effectiveness and an outcome of government actions and reforms.

## Introduction

The decline of public trust in government has developed to be a universal phenomenon. Many governments and international organizations have tried to identify the reason for the decline and, at the same time, to rebuild trust in government with reform measures (OECD 2013). Decline of trust in government may affect the efficacy of government policies. The declining support of government may contribute to the growing difficulty of recruiting the best and brightest for the civil service. The government distrust tends also to increase tax evaders. While government is losing its exclusive position in holding public sphere, well-informed critical citizens increasingly expect high quality services, streamlined administrative procedures, and to have their view and knowledge take into account in public decision making. Trust in government is a critical factor whether government and the society could achieve the consensus to have a more open and more collaborative governance structure (Pollitt and Bouckaert 2011).

There is a rash of incidents that made citizens cast their critical eyes on civil service in Japan in late 1990s and early 2000s; continuing media exposure of public officials' scandals implicated in sex, money, and even drunken driving. To take the National Pension Program for example, the government could not adopt environmental change such as declining working population and even misuse of deposit money with corrupted manner. Given the declining citizens' support, the government decided to dismantle the Social Insurance Agency in 2008. As this case indicates, both central and local governments in Japan now take the decline of citizen's support as a serious problem.

Against these backgrounds, this chapter discusses trust in government and the government efforts to (re)build trust in Japan. The chapter is basically divided into three parts. The first part checks into the level of trust in government in Japan with historical and comparative perspectives. By doing so, it tries to capture common and peculiar characteristics. It is followed by the critical assessment of Japanese government efforts to (re)build trust in government. The concluding part argues the challenges of government as to how government can identify the declining trust and how to respond it in the age of governance reform.

## Public Trust in Government in Japan

There are certain complexity and limitations to elaborate the trust in government in Japan due

to insufficient data (Pharr and Putnam 2000). Nonetheless, with its limited data, trust in government in Japan shows some different perspectives. Figure 1 illustrates the longest time series data on political satisfaction indicator monitored by the Cabinet Office. This indicates the steady decline of public trust in politics and government. Mostly less than 30% of the respondents are satisfied with the government. Downturn from the mid-1990s would be the reflection to the citizen's low evaluation toward the central government. Its trend corresponds with the policy failures and corruption outbreaks in the 1990s. As Pharr and Putnam (2000) pointed out, misconduct reports in media may offer an important key to the understanding declining citizens' confidence in government.

Another credible study endorses these negative views of Japanese citizens about their governments. A 2017 report by the Central Research Service "Trust in Social and Public Institutions" revealed that of ten Japanese social institutions, bureaucrats were the second least trusted institution (average trust level was 2.6 on a five-point scale). Nine of its surveys (2000, 2001, 2004, 2007, 2008, 2009, 2012, 2015, and 2017) showed that the national civil service was the least trusted of the ten institutions in five times (The Central Research Service 2018). All the other institutions' (with the exception of Members of Parliament) trust levels were higher than national civil service in 2017 survey: Self Defense Force (3.7), Medical Institutions (3.6), Commercial Banks (3.5), Judicial Court (3.5), Police Officers (3.4), School Teachers (3.3), Big Businesses (3.1), Media (2.6), Civil Service (2.6), and Parliament Members (2.5).

Low level of trust in its national government by Japanese people seems to fit a global trend of declining public trust in national governments; however, when local government is included, the results are somewhat different. Most research on trust in government has been focusing on trust in government at national level, but evidence suggests that trust in government is somewhat higher at the local level (Hetherington 2006). These differences are probably attributable to the fact that citizens have more contact with their local government officials and generally identify more with smaller governments. Compared to trust in national government, trust in local government level has remained more stable over time.

Public trust in local government in Japan is higher and more stable than in national government level as well (Kikuchi 2013). Although recent and reliable data are unavailable to compare the trust level between central and local level,

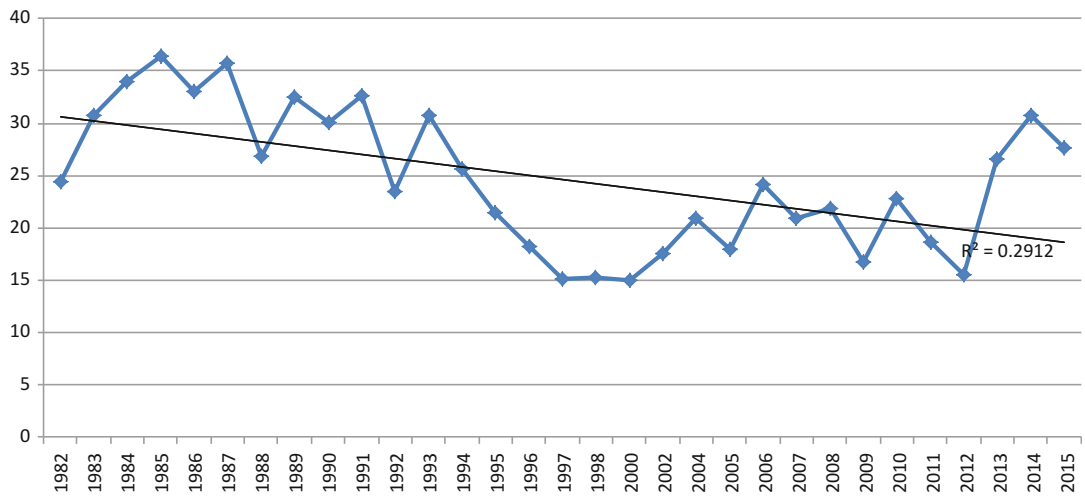


**Public Trust in Government, Japan, Fig. 1** Evolution of Trust in government in Japan. (Source: Prime Minister's Office, *Public Opinion Survey on Society and State* [each year; data on 1999, 2001, and 2003 are not available]). Note: Response ratio of "well" and "to some extent" for the question "Does national policy reflect the will of people?"

citizens may trust more in local government than central government. Moreover, this implies that alleged declining trust in government is more entrenched in central government level. It has been argued that the reasons for continuing trust in local government lie in the role and function of local government. They have been providing the extensive variety of social services much more so than any other countries. The conventional way to analyze the importance of local governments in a national system of government is to measure its expenditure size. The size of local public expenditure and the number of local civil service in Japan are about three times larger than that of national level. Local governments are central actors in various social services, including school education, welfare and public health, police and fire services, and the construction of sewerage systems. These wide roles and functions of local governments involve a close relationship with the daily life of citizen (Jennings 1998). Contrary to the declining role of national bureaucrats and hardly seen their activities, citizens seem to have much a big stake in their local governments. Local governments in Japan have succeeded in developing a sufficiently broad-based constituency for themselves.

This claim is partially supported by the fact that for most citizens, "the civil service" connotes the local civil service, not the national civil service. The National Personnel Authority (2005) surveyed, by questionnaire, the public perception of civil servant to the registered citizen policy monitor in the government. The survey asked "Which level of service do you call in your mind a 'Civil Servant'?" 35.5% chose Local Civil Servant, while 14% chose National Civil Servant; and the remaining 50% chose both.

For ordinary citizens, the image of the civil service is confined to the *local civil service*; for the national civil service, the most frequently contacted civil servant is a mailman (National Personnel Authority 2005). For citizens, the image of bureaucrats (literally *Kanryo* in Japanese) is that of an influential elite (Class 1) of public officials employed by the central government (Nakamura and Kikuchi 2011). Japanese citizens may believe that the root cause of problems lies not with the mailmen, but with the elite national civil servants who are never seen in daily public life. This view may persist because bureaucrats had extensive power to exercise. But once their image has deteriorated, it could be easy that their positive image turns into negative. Indeed, it is natural for citizens to have more trust in a local civil servant who daily serves public life than in a national bureaucrat who they have never encountered.

## Government Reform and Trust

In most nations, the government reformers quite explicitly pledged to improve their citizen's trust in government (OECD 2013). Re-building trust in government becomes one of the government reform agenda. This is quite salient among aggressive (former) New Public Management reformed courtiers (Pollitt and Bouckaert 2011; Suleiman 2005). In those countries, NPM reforms turned out to entail unexpected consequences, eroding public confidence in government. Theoretically, very fragmented and complex networks create the government hollowing out and they undermine the government capacities to deal with public problems. Also, many marketization and devolution processes to both front levels and private suppliers cause concerns about new emerging corruption problems. Moreover, fragmented and complex network of service delivery would result in government insensible and less visible. On the other hand, the government position for promoting any reform tends to raise citizen's expectations.

In New Zealand, one of the most aggressive NPM reformers trust in civil service significantly dropped to around 10% after a series of NPM led reform (State Service Commission 2000). In the UK, many initiatives to restore trust in government were taken under labor party administration in the 2000s. The main objective of "Government Modernisation" in the UK reform was to restore government capacity, which was regarded as once destroyed by the NPM inspired reforms, and the ultimate goal of the reforms was to restore public trust in government.

Reform and trust in government is an old and new issue in Japan. Its concept has been found for many years. As early as in the 1960s, the government recognized the significance of trust in government. The first Provisional Commission on Administrative Reform (called *Rincho* 1 in Japanese) was set up by law in 1961 and submitted its final recommendation in 1964. The commission modeled the Hoover Commission in the US federal government in its authority and structure. The commission member recognized the importance of citizen's support to accomplish its duty in its early session. The commission's activity was expected to encounter severe resistance from the old guard, both from the elected parliament members and the bureaucrats. The commission was afraid of that the bureaucrats did not accept the recommendations and parliament members watered down the reform bill in a legislative process. The commission had to request citizen to support their activity as a final constituency and a reform driving power. The commission utilized public trust in government as a strategic tool to promote reforms. By the same token, the Second Provisional Commission on Administrative Reform (called *Rincho* 2 in Japanese) employed the trust in government for a strategic tool to promote privatizations. With the media campaign, they provided many cases on how the Japan National Railway had misused resources in an inappropriate and inefficient manner.

However, the way the government exercise the public trust seems to change after the late 1980s. The collapse of the real estate and stock markets from the speculative bubble economy of the late 1980s left banks with huge portfolios of nonperforming loans. It triggered a series of bank crash result in a low growth era referred as "lost decades." For a long time, bureaucrats have been seen as more trustful social agents than the political party members in the government. However, prolonged economic stagnation with these events causes Japanese start to doubt the bureaucrats' capacity to deal with cumulative issues. Japanese commercial banking system was well controlled by the Ministry of Finance with the convoy system and its activity was bounded by strict regulations. Trillions of taxpayer's money was put into banking sector to offset the huge mountain of accumulated bad debts. It turned out how incompetent the government was to adopt the fierce global competition. In addition, high-ranking officials involved in scandals hit the headlines on TV and it accelerated public doubts. Two retired administrative vice ministers, once they sit in the highest position in the civil service carrier, had been arrested for alleged corruption in the late 1990s. Japanese citizens witnessed the dramatic fall of bureaucrats' prestige and clout in the 1990s.

To respond to this severe situation, the government had started to capture the decline of citizen's trust as a serious problem. For the government, trust in government was no longer for supporters to promote reforms. The government had to consider how to restore public trust in government. In 1999, National Public Service Ethics Law (Law No. 129 of 1999) was enacted with the parliament member's initiative and the article one of the law stipulated as follows. It was the first legislation which public trust in government was written into the law.

> The objective of this law is to ensure people's trust for public service, deterring activities that create suspect or distrust against the fairness of performance of duties by introducing necessary measures to contribute to retaining ethics related to the duties of national public service officials, acknowledging that national public service officials are servants of the whole people and their duties are to fulfill public service entrusted by the public.

In both at central and local levels, there have been many government reform programs both in late 1990s and 2000s in Japan. Although not every reform measures aimed to ensure trust in government in more explicit way, there are still other indirect measures to ensure public trust in government: improving efficiency, strengthening accountability, and ensuring citizen's participation. The issue is to clarify how each the individual reform content influences the components of trust in government although each kind of trust is interrelated to some degree.

At the central level, performance information from the comprehensive performance measurement and evaluation system starting from 2001

and the agencification of the government organizations may give a positive impact on trust, since the citizens and service recipients can evaluate the services with solid base. In contrast, privatization and streamlining of government services may create government less competent. Government's responsibility of service delivery became blurred with privatizations. Deregulation causes troublesome cases. For instance, there has been a big policy debate on the privatization of building inspection authority. Numbers of condominiums were turned out to be built and authorized with the poor earthquake proof. Other reform measures such as public information disclosure system, public comments system, and administrative procedure law, all these measures have some positive impacts. However, lots of poor performance and management cases were revealed with the information disclosure. This may have a negative impact on trust at the same time.

In comparison with the central level, there seems to be more positive impact on trust in government at the local level. Performance information provided by the performance management system furnishes citizens with the solid base information on service. The citizen's satisfaction survey is a part of the efforts to ensure performance trust. However, fiscal decentralization may have a negative impact for small and weak municipalities without enough tax bases. Public information disclosure system, public comments system, and administrative procedure ordinances have a positive impact on relational trust in the same way as at the central level. Furthermore, PPP or collaboration with NPOs and citizens has a significant impact on trust. This measure may induce the citizens' participation to reflect their view in decision making and service delivery. Although it is not quite certain these efforts for more participatory, responsive, and partnership local governance become successful, awareness of citizen's participation among local officials has been greatly improved.

In a nutshell, impacts of reforms at the central level seem to be rather limited and unsuccessful (Kikuchi 2007). These limited and even negative impacts correspond with the side effects of NPM (Dunleavy et al. 2005; Suleiman 2005). There are positive impacts on trust with the information disclosure efforts toward transparent government. However, these measures seem only confined to be utilized for the exposure of scandals in government. At the local level, there seems to have more positive impacts on trust in government. Local governments in Japan are indigenously close to the real public life with extensive list of functions and services. Nonetheless, local governments are currently encountering financial difficulties; the citizens would be disenchanted with the fraud of the reform, if the efforts of PPP or collaboration are just resulted in the off-loading of local governments' responsibilities to their citizens.

## Discussions and Conclusions

This chapter so far discussed public trust in government in Japan. It first checked into the state of public trust in government in Japan and assessing impacts of government reforms on trust. This final part tried to argue critical issues in discussing public trust in government for better understanding of the state and nature of public trust in government and for better understanding on how to improve public trust in the age of governance reform.

Many government reform policies presupposed that trust was decreasing or simply stated that trust was in crisis without solid empirical evidences. Incorrect diagnosis may lead incorrect treatments, and it is even harmful to existing trust. Trust is said to be declining; however, there is no conclusive evidence of general pattern of declining public trust in a global way (Van de Walle et al. 2008). It is mainly because due to lack of reliable long term data on public trust in government. Some countries seem to enjoy stable level of trust, and EU countries even gained trust after the global financial crisis. On the other hand, some country may suffer long erosion of trust in government, and the others may simply fluctuate based on business cycle of one's economy. Trust in government research flourished after widely believed that trust is declining among

policymakers. In other words, events that affect trust in government such as political scandals or government maladministration brought trust as widely discussed public agenda, and then polls followed. The result of the polls after the event may not reflect the general trend.

Or rather, policymakers and government officials now recognize that they need to rely on the citizens' moral support and voluntary compliance than ever, to make government work in more efficient and effective manner. So the attention on trust in these days would be the reflections of ever increasing dependence of government to the citizens, and impatience of the people in the government for the rush supports from the citizens.

It is generally believed that trust is in the other extreme side of distrust. However, low trust does not necessarily mean high distrust, and trust and distrust is not one dimensional and thus has different dimension. In other words, trust in government and distrust in government can coexist. NPM is based on both trust and distrust. It gives more autonomy with the expectations that managers use resources effectively. At the same time, strict audit of the performance with indicators is imposed based on the assumption that government officials seek public interests, unless otherwise controlled. More broadly, democratic institution exists based on public trust in government, and at the same time, it functions based on public distrust in government, as demonstrated in institutionalized check and balance mechanism. In discussing how to enhance or rebuild trust in government, one cannot put aside the existence and functions of distrust.

This dual approach from both trust and distrust leads us the question how much do we need to restore trust, or is there adequate or optimal level of trust? The same as too low trust, too much high trust would be dysfunctional. This question reminds us the concept of "good enough governance" coined by Grindle (2004). Among the multitude of governance reform that "must be done," there is no common understanding as to what is critical and what is not, what should be prioritized and what should follow, and what can be achieved in the short period and what can only be achieved in a long run (Grindle 2004). "Rebuilding public trust" is a catchall poplar slogan among reformers. However, often time they do not provide us "where" to go and "how" to achieve it. As too much high trust tends to become blind trust to the authority and thus even harmful, there should be much more attention on the high enough trust or necessary minimum level of trust for better understanding of the reform and trust issues, and priorities and feasibility of reform measures.

Relationship between trust and reform is not static, it is rather a dynamic process. Trust can be the cause, objective, driver, and leverage of the reform (Bouckaert 2012). Also, ostensibly lowering trust can be an outcome indicators of the reform to enhance transparency or anticorruption campaign, as most of hidden incidences under the table revealed with the reform. So there is a certain difficulty to identify the causal relations. Nevertheless, trust is still key concept in the reform agenda. That means one needs to carefully and explicitly conceptualize the trust in the reform. Public trust is now topical and a "buzz word" in the reform campaign and agenda. It seems to be even trust is overloaded in the reform process. Trust is an ambiguous concept, yet it is not the easy catchall concept for the reformers. This further research agenda noted above should be done for better understanding. More empirical and comparative study is necessary. Although there is certain difficulty, it is clear that further steps are necessary for better understanding of public trust in government. It is a considerably significant and necessary prerequisite in the pursuit of sound governance (Braithwaite and Levi 1998; Farazmand 2004). In that sense, trust in government is imperative for the future role and shape of public administration.

## Cross-References


- ▶ Accountability and Democratic Administration
- ▶ Collaborative Governance
- ▶ Government Reforms and Public Administration Quality
- ▶ Transparency

## References


Bouckaert G (2012) Trust and public administration. Administration, Oxford, 60(1):91–115

Braithwaite V, Levi M (eds) (1998) Trust and governance. Russell Sage Foundation series on trust, vol 1. Russell Sage, New York

Dunleavy P, Margetts H, Bastow S, Tinkler J (2005) New public management is dead – long live digital-era governance. J Public Adm Res Theory 16:467. Advance Access published on September 8, 2005

Farazmand A (2004) Sound governance: policy and administrative innovations. Praeger, Westport

Grindle M (2004) Good enough governance: poverty reduction and reform in developing countries. Governance 17(4):525–548

Hetherington M (2006) Why trust matters: declining political trust and the demise of American liberalism. Princeton University Press, Princeton

Jennings K (1998) Political trust and the roots of devolution. In: Braithwaite V, Levi M (eds) Trust and governance. Russell Sage Foundation series on trust, vol 1. Russell Sage, New York

Kikuchi M (2007) Assessing government efforts to re-build trust in government: challenges and lessons learned from Japanese experiences. Int Public Manage Rev 8(2):183–202

Kikuchi M (2013) Public trust in local government in Japan: continuity and change after the Great East Japan Earthquake in 2011. Asian Rev Public Adm 24(1/2):76–87

Nakamura A, Kikuchi M (2011) Japanese public administration at the crossroads: declining trust in government and civil service reform in the age of fiscal retrenchment. In: Massey A (ed) International handbook on civil service systems. Edward Elgar, Cheltenham, pp 282–304

National Personnel Authority (2005) The third National Personnel Authority policy monitor survey. [In Japanese]

OECD (2013) Government at a glance 2013. OECD, Paris

Pharr SJ, Putnam RD (eds) (2000) Disaffected democracies: what's troubling the trilateral countries? Princeton University Press, Princeton

Pollitt C, Bouckaert G (2011) Public management reform. Oxford University Press, Oxford

State Service Commission (2000) Declining government performance? Why citizens don't trust government. Working paper No. 9 (Authors: Cheryl Barnes & Derek Gill)

Suleiman E (2005) Dismantling democratic state. Princeton University Press, Princeton

The Central Research Service (2018) Research report on trust in social and public institutions. [In Japanese]

Van de Walle S, Van Roosbroek S, Bouckaert G (2008) Trust in the public sector: is there any evidence for a long-term decline? Int Rev Adm Sci 74(1):47–64


# Public Use Files: Keys for Successful Dissemination


Sergio I. Prada
Centro PROESA, Universidad Icesi, Cali, Colombia


## Synonyms

Anonymized data; De-identified data; Microdata; Open data; Open government; Public data; Public information

## Definition

A public use file is a data file published by any public or private organization that is free to download from the internet or free to access by other means.

## Introduction

Many government organizations are currently sharing data either online or by other means at no cost to users. These are called public use files (PUFs). Public release of data is part of an open data trend that benefits both governments and citizens in several ways. First, it enhances transparency and informs citizens about what kinds of data governments are collecting, which translates into more civic engagement and actions to hold governments accountable (Janssen 2011). Second, it generates mechanisms to improve government performance, leading to better provision of services and outcomes (Virnig and McBean 2001). Third, it is also very valuable for creating innovative products and services that help businesses and citizens alike. Fourth, it reinforces the right of freedom of information that has been constitutionalized in western countries (Huijboom and Van den Broek 2011).

However, the implementation of open data initiatives comes with several technical challenges. Before data becomes available to the public, there

P

are at least three phases that need to be sorted out: (i) data generation, (ii) collection, aggregation, and processing; and (iii) de-identification and privacy protection (Ubaldi 2013). There is a growing interest in releasing administrative data to the public; this entry summarizes valuable information about several dimensions of the process of doing so and lessons learned from successful initiatives (Prada and Martínez 2017).

## Keys for Successful Dissemination

All initiatives must start with a comprehensive background document; it must clearly specify what data is to be released and why that data is important to the public. It should have a discussion on the quality of the data and the frequency in which it will be published.

The next step is creating (and de-identifying) the file, this is a lengthy process that is better performed following a detailed and standardized procedure. De-identifying is a technical term that refers to the need to protect the privacy and confidentiality of the individual records in the file by deleting or transforming all information that could allow an intruder to identify the person, the household, or the unit of observation. For example, the inclusion of vehicle make, model, and year in conjunction with specific geographic identifiers is unacceptable because these items can be matched to automobile registration lists that contain name and address.

The US Government Confidentiality and Data Access Committee's (CDAC) "Checklist on Disclosure Potential of Proposed Data Releases" is widely used as the tool to assess disclosure risk of proposed data. This tool holds key questions to help practitioners to go through the many ways in which releasing certain information can compromise the file. Also important as a guideline is the Statistical Policy Working Paper 22 issued by the US Federal Committee on Statistical Methodology in which there is a complete discussion on statistical disclosure limitation methodologies and data confidentiality practices and procedures.

The result of this process is a checklist memo to be submitted to a Disclosure Review Board (DRB) or other similar panel for review. Government agencies must establish such DRB, and it must be staffed by experts on several disciplines including mathematicians, data scientists, and subject field experts such as physicians, demographers, economists, sociologist, etc.

One of the most critical information that needs to be removed from PUFs is geographic information. While few respondents could likely be identified within a single regions with millions of habitants, those respondents with rare and visible reported characteristics could be identified easily within a small geographic area. Removing geographic information could affect severely the analytic utility of the file, for that reason a compromise can be achieved releasing geographic indicators for populations after a certain threshold. For example, "all geographic areas that are identified must have a minimum of 100,000 persons in the sampled area."

Along the same lines, another key issue is whether to release statistical weights. The statistical final weight is the number of people in the population that the sampled person represents. PUFs whose data is collected through surveys only release final weights. They do not release the components that make up the final weight, because these may be indicative of geographic areas. They usually do not release the actual PSU and strata identifiers because that can be risky as well. Instead, they provide pseudo-strata and pseudo-PSU variables containing less information than the replicates.

Initiatives that would like to release data must be aware that the level of expertise necessary to create PUFs is high as well as interdisciplinary and scarce. Several senior statisticians and mathematicians must be involved in the PUF creation process. Additional experts are also involved, including DRB members and other senior staff who review the files before release and data analysis experts such as economists and epidemiologists (depending on the data collected). As far as internal personnel procedures, there must be also strict procedures. For example, some agencies require each new employee or contractor to watch a confidentiality video, sign a non-disclosure affidavit (which spells out the

particulars of the laws covering their conduct while under contract), and review documents and material dealing with their responsibilities with respect to confidential information while working at or for the agency. On departure from employment, the individual is also required to undergo an equally well-defined exit process.

In order to identify risk, the main criterion used to identify potentially identifiable records in PUF initiatives is whether a record is unique with respect to a combination of key variables. This method is called *k-anonymity* in the statistical disclosure control (SDC) literature (Skinner and Elliot 2002). Typically, demographic indicators such as gender, age, race, education, marital status, number of children, and geographical location are used to define combinations. Which variables and the exact nature of the combination(s) used must be defined by each agency or initiative.

Among the many SDC methods, currently there is no preference among SDC experts. Agencies use various techniques including coarsening, suppression, top and bottom coding, rounding, random rounding, and data swapping. The decision on which method to use is typically case specific and even variable specific. For instance, to protect people of very high age, usually age is top coding at "80 or older." It also depends on internal deliberation. Similarly, each initiative must develop its own algorithm for disclosure avoidance and refrain from using disclosure avoidance software. The reason for not using software is the possibility of reverse engineering.

Privacy and confidentiality can also be compromised if agencies do not take into consideration other files available to the public both online and off-line when evaluating the risk of disclosure. This is true for both external datasets and previously released data (e.g., reports, tables) from the same source. These comparative activities should be conducted both by in-house and outside contractors (particularly data security firms). The degree and level of sophistication of these activities vary but need to be accounted for.

As mentioned, instead of suppressing data all together from the file, data can be transformed; however, the risk in doing so is to alter the fundamental relationships among variables, which may result in utility loss. Thus, data utility analyses must be done before release and should concentrate on comparisons of means and distribution tests before and after disclosure treatment to determine their effect on pretreatment statistical characteristics of the data. In-house and consultant statisticians also should do multivariate tests to study effects on relationships among multiple variables. Data utility analyses are very important, and, in particular, the coordination of such analyses between statisticians and program directors (topic experts) is key to avoid unnecessary distortions in the data to be released.

Regarding access to the data, there are several alternatives, being the most common online query systems and online downloadable PUFs. Which method must be chosen in response to user demand. The degree to which access to detailed information is allowed (of the type that is not available in PUFs) depends on both the pertinence of the research question and the degree by which an individual (or individuals) can be held accountable for the use of the data.

Another issue in releasing data is the degree to which an initiative must warn users-to-be on confidentiality issues (such as to explicitly avoid actions aimed at re-identifying individuals).This is important and must be tailored to the importance of the release, ranging from short statements on the webpage where the data are located to the acknowledgment of online data use agreements (DUA) before download.

Similarly, documentation is a key success factor. Descriptions of data fields are provided in data dictionaries. Descriptions cover the content of each field, method of presentation, and disclosure avoidance steps taken to provide confidentiality. However, initiatives must be cautious of not revealing unnecessary information, and therefore the language used must be rather generic.

Lastly, there must be a clear communication strategy, both to promote and make sure the data is used and to listen to users. There are three main channels of two-way communication between initiatives and its users that are frequently used: email, phone numbers, and personal communication at conferences. Regarding diffusion of data releases, the main channels are via listserv and

notifications on agency's website. As for user feedback, when errors are discovered, either by staff or by users, corrections are made and the PUFs are re-released.

## Conclusion

Citizens, governments, researchers, and businesses are the likely beneficiaries of the open data government movement. Open data initiatives seek to make administrative data publicly available in a way that access and use is guaranteed without having to make a request or pay a fee for access to the government. This is done by publishing datasets directly on the governmental agency's website or on "open data portals" such as Data.gov in the USA or Data.gov.uk in the UK. Key to the sustainability and credibility of these initiatives is to preserve the confidentiality and privacy of personally identifiable information. However, it is now clear that success in this endeavor involves not only issues of privacy but also utility, that is, reaching out to the public to solicit input and to encourage use of the datasets for the public good.

While publishing datasets directly on websites is not new for statistical agencies or other producers of data, other public agencies are joining a movement that is now global, with at least 41 countries starting to make administrative data public.

To maximize the likelihood of success, PUF initiatives should allow enough time for development, begin with limited scope, gain experience, keep in focus the objective that motivated the project when facing challenges and obstacles, surround themselves by highly skilled SDC experts and program content analysts, allow enough time for rigorous and constant risk analysis, produce comprehensive documentation, provide users with more than raw data to spark and keep the interest in the files, have enough two-way channel communications, and design a tiered system of access to better respond to users' requirements.

Challenges associated with the creation of PUFs may be different depending on the source of data, be it from a survey or from administrative records. Several characteristics make survey data different and more suitable for release as PUFs: first, consent to include information in PUFs (provided confidentiality is protected) is usually explicitly asked and granted by respondents; second, survey data is usually comprised of small samples, where each individual represents hundreds if not thousands of people; third, while both are subject to reporting error, it is easier to track and compare administrative data than oral responses to a survey (e.g., income reported as $25,000 versus payroll records showing $25,550 as income).

Although there are successful initiatives to learn from, all face important challenges ahead. The first challenge is a lack of human capital. The re-identification threat is another major problem for PUFs given the increasing pace at which personal information is being collected, stored, and sold or shared in today's society. While it is true that the risk of re-identification is low, because it takes someone highly skilled in SDC methods and computer programming with the time, intention, and money to disclose the identity of a few records, what data producers fear the most is public embarrassment and a possible lack of trust by the public.

## Cross-References

► Open Government

## References

Huijboom N, Van den Broek T (2011) Open data: an international comparison of strategies. Eur J ePractice 12(1):4–16

Janssen K (2011) The influence of the PSI directive on open government data: an overview of recent developments. Gov Inf Q 28(4):446–456

Prada S, Martínez L (2017) Disseminating public data as public use files: what makes a successful initiative? Int J Public Adm. Published ahead of print. https://doi.org/10.1080/01900692.2016.1274907

Skinner CJ, Elliot MJ (2002) A measure of disclosure risk for microdata. J R Stat Soc Ser B 64:855–867

Ubaldi B (2013) Open government data: towards empirical analysis of open government data initiatives. OECD

Working Papers on Public Governance, No. 22, OECD Publishing
Virnig B, McBean M (2001) Administrative data for public health surveillance and planning. Annu Rev Public Health 22(1):213–230

# Public Value Account: Establishment and Application

Shijun Li
College of Public Administration at Huazhong University of Science and Technology, Wuhan, China

## Synonyms

Public value accounting; Public value chain; Public value scorecard

## Definitions

Public value accounts include the use of collectively owned assets and associated costs, financial costs, unintended negative consequences, social costs of using state authority, achievement of collectively valued social outcomes, mission achievement, unintended positive consequences, client satisfaction, justice and fairness, etc. Public value account, like financial statements, has two columns. The left column is cost, and the right column is outcome, and each row represents the gain or loss of a specific value in a certain dimension. It is applied to specific public affairs and reflects an input-output relationship.

## Introduction

Public value theory is the fourth public management research paradigm after the traditional public administration, public policy, and new public management theory. In the context of market failure, public administrators should look for public values focused by a wider range of stakeholders and a stronger foundation of legitimacy.

The notion of public value has been increasingly important along with neoliberalism and new public management-oriented reforms. It arouses a rethinking of value-based norms of public sectors. The public administration transforming from governance and controlling to service and protection marks a fundamental change in the value paradigm. Nowadays, the creation of public values is critical to counteract reduction in credibility on account of fiscal restraint and departmental reduction in place, especially in the post-economic crisis.

As a concept rooted in the category of philosophy, public value has been introduced into the field of public administration since the 1990s, but the academic community has always lacked a clear and consensus definition of it. Generally speaking, there are three arguments for the analysis of public value: (1) public value based on citizens' expectations of the government (Moore 1995); (2) public value based on the collective preference of citizens (Stoker 2006); and (3) public value of consensus based on rights, obligations, and norms (Beck Jørgensen and Bozeman 2007).

In general, the core research issues of public value revolve around the definition, nature, characteristics, composition, classification, and quantification of public value, which can be summarized into four aspects:

1. Identifications of public value: the theories and methods of multiple public value identification; public value identification mechanism of public organizations; and public value mining based on big data.
2. Conflicts of public value: the source and mechanism of public value conflicts; the framework and path of public value conflict management; and the communication and negotiation mechanism of public values.
3. Creations of public value: research on the subject of public value creation; coordination and cooperation mechanism between public sections; and framework and path to realize public value.

4. Evaluations of public value: the evaluation framework of public value; methods and techniques of public value evaluation; and public sector performance evaluation.

Ambiguous definitions limit the fields and methods of application of public value theory, and the abstraction of value brings about controversies about measures and standards. Hence, the final problematic area is measurement. In order to make the value "visible," more and more attempts emerge. One of the main methods is "public value accounting" proposed by Moore (2014), which originated in accounting and then became popular in the public domain. This method aims to provide a reference framework for public administrators to identify and grasp important public values in practice while ensuring that government agencies have a clearer understanding of input-output situations. This comparison of benefits and costs is based on multidimensional assessments such as economic value (efficiency, productivity, and overall financial performance level), social value (fairness, transparency, and satisfaction), intangible value (humanity, structure, relationship, sympathy, and development), etc., whose dimensions change with changes in principles and perspectives. Another influential method is a public value-centric model, similar to the market failure model, proposed by Beck Jørgensen and Bozeman (2007). This model judges the degree to which the government department satisfies the public value standards based on "public values inventory."

## Towards a Public Value Account Measurement

Since Mark Moore puts forward the paradigm of public values based on public expectations, PVA has been proposed as a potential approach for articulating common goals that are valued by the stakeholders. Based upon the strategic triangle model (value, legitimacy and support, operational capability), PVA operates in an authorized environment. Moore argues that public sectors are responsible for the value of outcomes by PVA. So it calculates social and financial costs in the process of creating public value. As a result, its contribution is greater than the bottom line of the pure economy and customer satisfaction.

Public value accounts include the use of collectively owned assets and associated costs, financial costs, unintended negative consequences, social costs of using state authority, achievement of collectively valued social outcomes, mission achievement, unintended positive consequences, client satisfaction, justice and fairness, etc. (Moore 2013). With the different performance objectives of the government, the contents of the table change slightly, and the branches increase with complexity (Table 1). The division of levels naturally forms the hierarchy of public values.

PVA, like the financial statements, has two columns. The left column is cost, and the right column is outcome, and each row represents the gain or loss of a specific value in a certain dimension. It is applied to specific public affairs and reflects an input-output relationship. First, at the philosophical level, it identifies the important values that the public sector should create. And it is a response to the concerns of authorized environment at the political level. Then, it takes appropriate steps to populate the categories at the technical level. Last, at the management level, it motivates offices or staffs to focus on creating

**Public Value Account: Establishment and Application, Table 1** Moore's public value account

| Public value account | |
|---|---|
| Use of collectively owned assets and associated costs | Achievement of collectively valued social outcomes |
| Financial costs | Mission achievement |
| Unintended negative consequences | Unintended positive consequences |
| | Client satisfaction |
| | Service recipients |
| | Obligatees |
| Social costs of using state authority | Justice and fairness |
| | At individual level in operations |
| | At aggregate level in results |

valuable results and help them learn how to maximize the creation of public value.

## The Application of Public Value Accounting

Public value accounting is a systematic measurement method. When measuring government performance, three steps are followed. First, collect performance information through the "public value chain," and then use the "public value account" to guide public organizations to increase value creation, and finally use the public value scorecard to digitize the collected effective information, so as to complete the public value performance measurement of government.

### Public Value Chain

When evaluating the process and results of public value, the public value chain is the beginning of government public value identification. The value chain is evaluated along a process of five stages:

1. Input (capital control): evaluate and control costs (improve efficiency, performance, and allocation efficiency).
2. Organizational output process: record and monitor operations and conduct compliance audits (prevent fraud, waste and abuse, improve efficiency and effectiveness, and ensure consistency and fairness).
3. Output: assess the quantity and quality of the output results (create responsibility and learning).
4. Customer satisfaction: estimate citizen and customer satisfaction.
5. Social output: assess the desired social output.

Throughout this entire public value chain, a balance has been achieved between process evaluation and result evaluation of public value creation.

### Public Value Account

Public value account needs to be applied hierarchically. First, it identifies theoretically the important values that the public sector should create. These value groups are a response to the enabling environment. Second, it populates the input-output set in the public value account. Finally, it motivates staff to focus on creating valuable results and helps them learn how to maximize public value creation. It provides an important standard and framework for public administrators to establish public value.

According to the public value account model, a rough evaluation index system can be established. First, the public value account is a utilitarian way to raise the government's awareness of cost efficiency, that is, direct comparison of government fiscal expenditure and public satisfaction (left-right). Second, due to the difficulty in quantifying authority, the public value account measures the public authority used by the government in its actions by enforcing authority and absolutely obeying the financial expenditure required or by compensating citizens for infringement. Third, public value account lists and measures intangible values such as fairness and justice.

The starting point of public value assessment is mainly to help public institutions achieve the expectations of citizens. In addition to completing the tasks assigned by citizens, administrators must also meet citizens' requirements for reducing the cost of producing public value. The evaluation system, which is based on customer satisfaction, can represent the attitude and evaluation of the public on the public value production of public institutions. This requires that the government must produce more corresponding public value in order to protect citizens' rights while increasing customer satisfaction. At the same time, without justice, public policy has lost its foundation. For a public project, its audience is all citizens. The power and legality of the public sector is granted by citizens, and public resources serve the needs of citizens, and then the feedback effectiveness of citizens' acceptance of policies should be as fair as possible. Fiscal costs, institutional tasks, customer satisfaction, and fairness are complementary elements in the realization of public value, and they together constitute an essential element of public value evaluation.

### Public Value Scorecard

Based on the definition, analysis, and identification of inputs and outputs of public value, the public value scorecard translates the abstract view of creating public value into a series of specific performance evaluations. The public value scorecard is composed of a simple three-dimensional framework that contains value circle, legitimacy and support, and operational capability. In fact, the public value scorecard is to separate specific value goals step by step, so that the abstract value can be described by events that can be quantitatively described (Table 2).

Due to the complexity and potential conflicts of public sector policy evaluation, public sector administrators must refine and rank the complexity and importance of organizational goals under the value circle. At the same time, it is necessary to establish a multifaceted dialogue and consultation mechanism at a strategic level with the general public and participants in evaluation activities. In the end, the evaluation is based on the judgment of the organization's own capabilities, combining the public value account with the public value scorecard, so that the entire public value evaluation process is unified under the value circle and authorization environment.

## Conclusion

Under the public value theory centered on the creation of public value, the traditional model for measuring and evaluating policy choices and the quality of public services of government has become increasingly inappropriate. These policy tools can only capture certain aspects of public values such as service output and transaction costs that are easily quantified. Related values such as public value preferences, fairness, public satisfaction, and trust in government are not quantifiable. The public value accounting system is actually a set of processes suitable for measuring the value creation of the public sector in the framework of the analysis of the strategic triangle model.

**Public Value Account: Establishment and Application, Table 2** The three-dimensional of public value scorecard

| | The value circle | The legitimacy and support | The operational capability |
|---|---|---|---|
| Strategic objectives | Focus on the composition of the final value produced by the organization | Create an enabling environment | Improve the effectiveness and impact of organizational programs |
| Overall missions | Social goals of the public sector, such as:<br>1. Change the general situation of society<br>2. Reduce crime<br>3. Reduce early pregnancy in adolescents<br>4. Infant health<br>5. Reduce world population mortality | 1. Upstream customers and third-party payers<br>2. Establish a win-win relationship with funders<br>3. Follow other government charitable organizations, tax bureaus, and auditing agencies | 1. Organization output<br>2. Integrity of funds<br>3. Human resources<br>4. Partner capabilities<br>5. Learning and innovation ability |
| Secondary goals | 1. Human happiness index<br>2. Number of children who have been provided with immune protection<br>3. Routine physical examination of babies<br>4. Ensure a certain level of measles vaccination in Africa | 1. Monitor the utilization of physical and financial resources<br>2. Record who provided material financial resources<br>3. Improve the satisfaction of upstream customers and ensure their purchasing power | Compared with organizations that help the organization in terms of shared goals or ability:<br>1. Operating costs<br>2. Using methods to measure ideal output and ideal results<br>3. Estimated financial resources related to abuse, fraud, and waste in management, to increase output in standard activities |

In the process of identifying the specific public value preferences of a certain sector, public value chain lists the multiple values included, which are public, hierarchical, conflicting, and symbiotic. This process gives priority to the generation of public value. Then, in order to ensure the balance between public value creation and sacrifice, the public value account came into being. Through the form of left-right correspondence, the public value account intuitively shows the possible costs and benefits to avoid the sacrifice of value in order to obtain a higher total value or net value. Finally, the utilitarian approach, the commercialist approach, and the public value approach are combined through a public value scorecard. The arbiter of public value has expanded from a public administrator to all citizens, that is, representatives selected through democratic procedures will be committed to consider the wishes of all citizens, which also essentially change the facts of what needs to be truly evaluated. Although values such as fairness and justice cannot be easily measured, they can be objectively recorded and scored.

The ambiguity of value always affects the accuracy of measurement. First, in the process of consultation between citizens and government organizations, the imbalance of political resources may make it difficult to reach a value chain benchmark that meets citizens' value preferences. Second, with the diversification of stakeholder composition, the conflicting roles of administrators make the authorization environment more complex. Finally, subjective assessments of intangible factors such as democracy, trust, and fairness are susceptible to many factors such as the culture of public organizations, social changes, the level of civic service, and leadership behaviors of public organizations. Therefore, in the face of different public sectors with complex environments, conflicting goals, and different customers, it is difficult for public value accounting to form a fixed paradigm, which makes public value account doomed to be an open value account with changing subject.

## Cross-References

▶ Public Value Dynamics
▶ Public Values in Public Organizations
▶ Value Measurement

## References

Beck Jørgensen T, Bozeman B (2007) Public values: an inventory. Adm Soc 39(3):354–381
Moore MH (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA
Moore MH (2013) Recognizing public value. Harvard University Press, Cambridge, MA
Moore MH (2014) Public value accounting: establishing the philosophical basis. Public Adm Rev 74(4):465–477
Stoker G (2006) Public value management: a new narrative for networked governance. Am Rev Public Adm 36(1):41–57

# Public Value and Bureaucratic Rhetoric

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

P

## Synonyms

Bureaucratic initiative; Civic discovery; Criticisms of public value; Managerial realpolitik; Rhetoric

## Definition

Bureaucratic Rhetoric, or "public value as rhetoric," is a criticism of public value theory which asserts that public managers (bureaucrats) can employ the notion of "public value" as a rhetorical device in justifying their work, increasing their relative power, and allowing them greater intrusion into political affairs.

## Introduction

Public value theory is an area of inquiry in public administration that has gained many adherents over the past two decades, in part because it attempts to recontextualize the work of public administrators as a process that is driven by the co-creation of value by politicians, public managers, and citizens (Moore 1994; Moore and Khagram 2004). This notion of synergy among various elements of society, and their co-creation of value, has strongly resonated among practitioners (the bureaucrats and public managers themselves). However, there has been some skepticism among academics, and for a variety of reasons (see Alford and O'Flynn 2009), as to whether public value theory really does advance a better understanding of the role of the public manager.

In this regard, one of the most strident and enduring critiques is commonly referred to as **Public Value as Rhetoric**. Critics of public value raise an accusation that for all the talk of public managers about "creating public value," what is really at work is merely a rhetorical ploy (Oakley et al. 2006; Alford and O'Flynn 2009), which uses the unobtrusive and mild language of "creating value for the public" in order to justify more selfish agendas. These cloaked agendas may include justification for mandates and projects, the usurpation of political power, and the means of intrusion into more politicized domains.

An early articulation of this critique defined the rhetoric of public value as "the idea that managers may legitimize the exercise of discretion by showing it to be consistent with a mandate that is produced through a fair process of deliberation," (Roberts 1995, p. 291). In other words, public value as rhetoric is the accusation that public managers (bureaucrats) use the ostensibly friendly language of "value creation" to advance more surreptitious goals, which means that public value as a whole is akin to a "public relations exercise" that puts a good spin on the work of public managers and helps them to justify their budgets, their powers, and their mandates in a seemingly neutral and unalarming manner (Oakley et al. 2006).

The spectre of rhetorical strategems is deeply ingrained in public value theory, and even its founder, Mark Moore, recognized early on that public value does have a rhetorical aspect, but would need to move beyond that in order to prove truly relevant to public administration thought (Moore 1994). Forceful critiques of public value as rhetoric were put forth in the very early days of the theory's dissemination within the public administration literature. As early as 1995, critics cautioned that public managers could use public value as a form of defense for increased involvement in political decision making, after "allaying public concern about bureaucratic power" (Roberts 1995, p. 293). They further warned that public value as a rhetorical strategy "may overestimate the ability to build mandates, the ability to build deliberative processes that are manifestly fair, and the willingness of dissentient citizens to defer to such mandates" (1995, p. 291).

Since then, there has been an intermittent to-and-fro between the proponents and opponents of public value theory on just how important the rhetorical element really is in public value. The strongest opponents of public value have asserted that much of the theory is premised on and driven by rhetoric (Roberts 1995; Oakley et al. 2006), while the strongest proponents have argued that, even as rhetoric may well have some presence in the process, this does not detract materially from the essence and purpose of public value theory (Moore 1994; Alford and O'Flynn 2009; Chohan and Jacobs 2016, 2017).

The debate on public value as rhetoric is far from settled (see discussion in Chohan and Jacobs 2017). However, as it stands today, the accusation of rhetoric does contain certain implications about public administration and the role of bureaucrats that warrant a more careful examination.

## The Implications of Public Value as Rhetoric

Whether or not the accusation of public value as rhetoric is true or meaningful, there are several implications about public managers that arise from asserting thus. These implications are

examined below from the perspectives of public value theory's proponents and opponents (See also Table 1).

First, the criticism of public value as a rhetorical device implies that the theory lacks substance, because public value is then an innocuous catch-all term for the work of bureaucrats, but which fails to add precision to the normative understandings of what bureaucrats should do. By acting as a broad *portmanteau* for bureaucrats, public value generalizes the work of bureaucrats in a positive tone, without tackling the more nuanced aspects of bureaucratic engagement with the public and with other agents such as politicians. However, the generality of public value theory can be seen as both a strength and a weakness. On one hand, the broad nature of the public value discourse allows scholars to engage with multiple aspects of the public manager's role and work in a way that other theories would not allow. On the other hand, the lack of precision also generates ambiguities in the understandings of bureaucratic engagement that may be couched in rhetoric that can advance the interests of certain groups including bureaucrats. The growing literature on public value would seem to suggest that the theory does not lack substance, as scholars continue to develop its subfields in a variety of contexts.

Second, the accusation of public value as bureaucratic rhetoric implies that advocates of public value theory may encourage deception with a view to politicized ends. If public managers are using the rhetoric of public value towards self-serving agendas, then this implies that proponents of public value theory are abetting the use of bureaucrats' rhetorical stratagems towards those self-serving purposes. Opponents of public value theory would therefore make the accusation that public value's rhetoric essentially facilitates "managerial *realpolitik*" (Roberts 1995). Proponents of public value theory have responded in three different ways to this insinuation. In the first instance, they have noted that given that the value of government is inherently difficult to monetize and that the critics are mired in "private sector nostrums," which lead them to "misconstrue the notion of public value," it is in fact the critics who are employing rhetoric rather than the targets (Alford and O'Flynn 2009, p. 182). Yet this is not a particularly powerful defense. In the second instance, they have noted that insofar as there is a rhetorical element in public value theory, it is not

**Public Value and Bureaucratic Rhetoric, Table 1** Implications of public value as rhetoric

| Implication | Explanation | Counter-arguments |
|---|---|---|
| Lack of substance | Public value is a rhetorical catch-all term that lacks any real substance. | 1. Broad nature of the public value discourse allows scholars to engage with multiple aspects of the public manager's role and work<br>2. Growing literature suggests that public value is useful in a variety of contexts |
| Encourages deception | Proponents of public value theory are abetting the use of rhetorical stratagems by bureaucrats towards self-serving purposes | 1. Bureaucrats and politicians *both* employ rhetoric.<br>2. Bureaucrats and politicians must reconcile the contradictory values articulated by the public, thereby diverting resources to address some values, and rhetoric to address others.<br>3. Critics misconstrue the notion of public value through the misapplication of a private sector orientation, so the critics are themselves employing rhetoric. |
| Anti-democratic | Public managers are antidemocratic and use public value rhetoric to circumvent accountability | 1. Public value theory is not antidemocratic insofar as public managers can move beyond rhetoric and reconcile the supposed trade-off between "efficiency" and "democracy" by simultaneously fulfilling the objectives of professionalism (efficiency) and accountability (democracy) |

just public managers who can employ rhetoric, but *politicians* as well (see Chohan and Jacobs 2017). As such, the application of rhetorical ploys is not an aspect of public value relegated to the bureaucrats, but is employable by other agents as well, and should therefore not be a singular criticism of the public manager. In the third instance, they note that the use of rhetoric emerges from the need to dedicate a finite set of resources towards satiating the desires of the public, which means that bureaucrats and politicians alike need to prioritize between the values (and the needs) articulated by the public. If the public articulates competing (or contradictory) values, then the bureaucrats and politicians are forced into a position where they divert resources to some values and rhetoric to others (see Chohan and Jacobs 2016, 2017).

Third, the accusation of public value as bureaucratic rhetoric implies that public value theory possesses a staunch antidemocratic element and that public managers are antidemocratic in their orientation, since they employ the ruse of public value to circumvent accountability from politicians and from the public at large (see Rhodes and Wanna 2007). After all, bureaucrats are not "elected" into their offices by the public and are therefore not beholden to the democratic process as politicians are, since politicians can be removed as part of the regular process of an electoral system. While the notion that public value is antidemocratic is powerful and was for a long time perhaps the most potent criticism of public value theory (Rhodes and Wanna 2007; Alford and O'Flynn 2009), more recent examinations of "public value in politics" (see Chohan and Jacobs 2016) have come to disagree with the general denunciation of public value as antidemocratic. Using *Legislative Budget Offices* (LBOs), as an example, Chohan and Jacobs show how public managers can reconcile the supposed trade-off in public value between "efficiency" and "democracy." They do so by showing that LBOs can simultaneously advance both (1) efficiency, by producing superior analytical and professional work, and (2) democracy, by making politicians and other bureaucrats more transparent and accountable within the larger process. With respect to the accusation of public value as rhetoric, however, the logic behind the antidemocratic accusation continues to resound, for if the public manager aims to mitigate external scrutiny from the public and politicians, it is logical for her to deploy rhetoric as a means for obfuscating her real agenda.

## Addressing Rhetoric in Public Value

The accusation that public value can serve as a rhetorical ploy for public managers, helping them to justify their agendas and present an innocuous language for encroaching into political ambits, continues to persist in the public administration literature. Critics of public value have forcefully argued that public managers, not having been elected by the public, can use the seemingly harmless nature of public value discourse to cloak their ambitions for greater political and decision-making power, and engage in "managerial *realpolitik*" (Roberts 1995). Meanwhile, even the founder of public value, Mark Moore, had recognized that public value has a rhetorical aspect and would need to move beyond that in order to prove relevant to public administration thought (Moore 1994). This means that the accusation of public value as a rhetorical device is one that is unlikely to subside.

However, instead of seeing the issue as to-and-fro between public value theory's proponents and opponents on the fairness of this accusation, what is perhaps more enriching for the public administration literature going forward is the elaboration of more nuanced perspectives on the *manifestations* and *consequences* of rhetorical aspects in public value theory. One such elaboration has been that, contrary to the usual debate, the use of "public value as rhetoric" is not just relegated to public managers, but also extends to *politicians*, who can employ the rhetoric of public value to engage the public without undertaking actual and meaningful reform (see detailed discussion in Chohan and Jacobs 2017). Another such elaboration is that public managers have to strike a balance between the execution of mandates and the risk of recrimination from politicians and political

agents, and the rhetoric of public value can help to defuse that strain of contention (see example of Legislative Budget Offices in Chohan and Jacobs 2016).

A yet further elaboration is that politicians and public managers alike must prioritize between the different, and sometimes conflicting, values that are articulated by the public. This means that with respect to the values that are deemed of higher priority, politicians and public managers may divert resources, but with respect to other values of a lower priority, they may instead divert rhetoric (see Chohan and Jacobs 2017). The way in which politicians and public managers prioritize between values that are articulated by the public is itself an avenue of inquiry that warrants further investigation. These are but some examples of the nuances that require greater attention from scholars of public value theory, if the debate on its rhetorical aspects is to move forward.

Public value has been an area of keen interest within the broader public administration literature, but it is not without vociferous critics. The notion that it can serve as but a rhetorical device is one of the most enduring criticisms of the theory, and one that has not been singularly or conclusively repudiated. The fact that bureaucrats and other practitioners have so avidly welcomed public value theory may in itself be an indication of its rhetorical allure. As such, it is important going forward to focus on the finer and more nuanced elements of public value as a rhetorical device.

## Cross-References

► Public Value Dynamics
► Public Values in Public Organizations

## References

Alford J, O'Flynn J (2009) Making sense of public value: concepts, critiques and emergent meanings. Int J Public Adm 32(3–4):171–191
Chohan UW, Jacobs K (2016) Public value and politics: a legislative budget office approach. Int J Public Adm 40:1063
Chohan UW, Jacobs K (2017) Public value as rhetoric: a budgeting approach. Int J Public Adm 41:1217
Moore M (1994) Public value as the focus of strategy. Aust J Public Adm 53(3):296–303
Moore M, Khagram S (2004) On creating public value: what business might learn from government about strategic management. Retrieved from Cambridge
Oakley K, Naylor R, Lee D (2006) Giving them what they want: constructing the 'Public' in public value. BOP Consulting, London
Rhodes R, Wanna J (2007) The limits to public value, or rescuing responsible government from the platonic gardens. Aust J Public Adm 66(4):406–421
Roberts A (1995) "Civic discovery" as a rhetorical strategy. J Public Policy Anal Manag 14(2):291–307

# Public Value Dynamics

Toon Kerkhoff
Faculty of Governance and Global Affairs, Institute of Public Administration, Leiden University, Leiden, The Netherlands

## Synonyms

Changing ethics; Moral development

## Definition

Public value dynamics is the change and stability in the occurrence of and meaning attributed to public values over time.

## Introduction

Administrative and political behavior that is considered good or appropriate in one context can easily be considered bad or inappropriate in another. Take, for instance, the sale of public office. While largely accepted in much of early modern Europe, this is mostly outlawed today. Another example is the practice of gift giving to public officials. It depends very much on context whether this is an acceptable form of payment, a gesture of trust, an obligatory ritual, or an act of bribery. In short, moral judgment (what is right or wrong behavior) largely depends on context of

time and place. This in turn raises the important question when and why moral judgment – and with it public morality as such – actually changes. When and why, for example, did a public office cease to be considered personal property one can buy and sell for personal gain? What actually makes a gift an act of bribery rather than a gesture of trust?

Answers to such questions can partly be found through the study of public value dynamics, defined here as the change and stability in the occurrence of and meaning attributed to public values over time. In a nutshell, since public values make up public morality, understanding when and why public values change helps in understanding the changing public morality and conceptions of "good governance" as a whole. Various scholars – in particular from the disciplines of political science, public administration, and public policy – continuously stress the importance of a well-functioning public sector; both in a managerial and a normative sense. As such they often assess the specific ethical challenges and changes in public morality that stem from changes in political-administrative decision-making, public policy, and public management. Research has, for example, focused on challenges and changes such as *New Public Management*, multilevel governance, or increased globalization and their impact on administrative ethics, public values, and integrity (cf. Lawton et al. 2016). Are public values compromised by New Public Management's business techniques of targets and performance management and one-sided attention for "the bottom line"? Does multilevel governance – in which multiple public and private actors cooperate in public service delivery – necessitate the emergence of new skills, capabilities, and values for public officials? Does globalization require new national and international approaches to values and "good governance," corruption, and anti-corruption?

In this entry the concept and study of public value dynamics will be discussed. The entry offers an overview of how scholars – mainly in the disciplines of political science, public administration, and public policy – frame their study on such topics as (changing) public morality, "good governance," and integrity in terms of public values and public value dynamics. To this end, the following first offers definitions of key concepts. Next, main theories and approaches to conceptualize and measure public value dynamics are discussed as are main empirical findings. Finally, the entry concludes with a brief assessment of the theoretical and practical relevance of continued (interdisciplinary) study of public value dynamics.

## Public Values, Public Value Systems, and Public Morality

In order to understand public value dynamics, key concepts should first be defined. A first of these is the concept of public values. While public values have been studied extensively in public policy and management research (cf. Van der Wal et al. 2015), a definition remains contested. This is mostly due to variance in the interpretation of both "values" and "public." A useful, although slightly complex, definition of values is provided by Oyserman, who sees them as "priorities, internal compasses or springboards for action – moral imperatives" [. . .] "implicit or explicit guidelines for action, general scripts framing what is sought after and what is to be avoided [. . .], social agreements about what is right, good to be cherished" (Oyserman 2001: 16148, 16150–16151). Next, Bozeman offers a useful and widely acknowledged definition of *public* – as opposed to private – values. He defines public values as "those providing normative consensus about (a) the rights, benefits and prerogatives to which citizens should (and should not) be entitled; (b) the obligations of citizens to society, the state and one another; and (c) the principles on which governments and policies should be based" (Bozeman 2007: 17).

In addition, the concepts of public value systems and public morality need to be defined, since public values are best understood as parts of larger public value systems and public morality as a whole. Firstly, a public value system consists of both values and norms. Norms are the concrete written or unwritten rules commanding or regulating social conduct, derived from the more

general values. For example, wearing a helmet while on a building site is a norm derived from the value of safety. The notion of public value dynamics (discussed below in more detail) is crucial to a public value system because a change in the meaning or occurrence of one value is likely to be affected by change in or occurrence of another value. For example, one's understanding of *justice* is likely to have an impact on one's understanding of *legitimacy* and vice versa. Public value systems are systems of criteria (values and norms) in society by which public behavior is judged, and sanctions are applied. Of course, different systems can coexist simultaneously, adding to the difficulty of assessing changing meaning in or occurrence of public values. For instance, parts of society might defend public values and value systems which others fiercely oppose. The latter, finally, points to the important and related concept of public morality. This can be defined as the totality of – potentially opposing or separated – values and/or value systems held by individuals or groups in a society. Public morality is therefore about the totality of views (and values) on right or wrong in society, how life should be lived, and what people in the public sphere should and should not do. As such, it is subject to change and variation as well.

## Public Value Dynamics

With aforementioned definitions in mind, the concept of (public value) *dynamics* still remains to be discussed. Public value dynamics has been defined earlier as the change and stability in the occurrence of and meaning attributed to public values over time. For a proper understanding, this definition needs to be broken up in parts. These parts are, first, change and stability in the occurrence of public values and, second, the attribution of meaning to public values over time.

### Change and Stability in the Occurrence of Public Values

The notion of change and stability in the occurrence of public values points to the possibility that public values can be common in one time, but nonexistent or hidden in another. Values might simply be around for long periods while not being used or emphasized in equal fashion during this time. Public value dynamics considers, for instance, whether values are dormant at one stage, reappear in another, or disappear entirely. An example is the value of "honor." While nearly omnipresent in ancient, medieval, and Renaissance "mirrors for princes" (in which rulers were instructed on proper behavior and good rule), one would be hard-pressed to find this value in today's equivalent of codes of conduct. Such "coming and going" of values over time is a core part of public value dynamics (see below). Closely related is the notion that public value dynamics is also about a change in relations between public values. Essentially this revolves around the question how a stronger emphasis on or introduction of value X might affect values Y and Z, which also has a bearing on both the occurrence and the meaning (see below) of public values. For example, a strong emphasis on the value of "innovation" in public policy might lead to a stronger adherence to other values such as "participation" by and "equality" of employees in the design of this policy.

### The Attribution of Meaning to Public Values Over Time

It has previously been suggested that the meaning or interpretation of a term (or, in this case, a value) can differ per person, group, and context of time and place. A brief look at a specific strand in the philosophy of language is important to grasp how meaning might be assigned to values and, therefore, how meaning tends to change. Following the work of Ferdinand de Saussure (1857–1913) – and his differentiation of terms in *signifiant* and *signifié*, known more widely as denotation and connotation – one can distinguish the concrete shape or word that refers to some object in reality (*signifiant* or denotation) from the mental concept which that *signifiant* refers to (the *signifié* or connotation). Importantly, the connotation is determined by time, language user, and context. As such, values might have been around as a *signifiant* for centuries but might also have acquired a different *signifié* over time. Take, for

instance, the value of accountability. This might have meant something different to a twentieth century Englishman or a twentieth century Bulgarian, considering the fact that the Bulgarian was raised and educated in communism and the Englishman in a liberal democracy. After all, in the first system, a civil servant might, for instance, have been accountable first and foremost to the communist party and in the second to the minister and/or parliament. To who or what public servants are to be accountable matters for the meaning of the term. In one system political actors are held accountable for their actions to the electorate. In another, the electorate might be replaced by a politicians' political party or his or her family relations. In short, values are likely to have different connotations in different systems. A different context can easily lead to a different meaning and interpretation of the same value.

Like de Saussure's, other scholars in the philosophy of language are important to help one understand the aspect of attributing meaning to public values in public value dynamics. The early Wittgenstein (1889–1951) or Peter Winch (1926–1997) has, most notably, emphasized how the meaning of a term is enclosed in its use. Related to this is the work by Quentin Skinner (1940–1979) on the idea of "speech acts." Skinner emphasized that all text has to be understood in its linguistic and ideological context. It is only the conventions of a specific time and place which determine the *pointe*, or "intended significance" (cf. de Saussure's *signifié* or connotation) of a term. To return to previous examples, the understanding of "honor" or "being honorable" therefore depends on when you ask someone and who you ask. Stepping down by a politician because of mistakes made can either be seen as the "honorable" thing to do or as an "easy way out" to avoid public debate (and accountability). Likewise, a politician staying on under the pretense of claiming that s(he) wants to rectify mistakes made can either be applauded as a true leader or as a schemer, simply trying to stay in power. To conclude, while being the same words, some values can come to mean quite different things and related norms and value judgments on right or wrong behavior then differ accordingly. A gift to a public official might, for instance, not be considered an act of corruption precisely because of a different meaning attributed to accountability. Naturally, the aforementioned also applies to other public values, such as "representation," "integrity," "justice," or "efficiency," to name but a few.

## Conceptualizing and Measuring Public Value Dynamics: Theories and Results

As already became apparent from the previous, whatever is considered "good" administrative behavior is constantly reevaluated, reinterpreted, and redefined in a complicated and potentially volatile social and political setting. Because of the complexities of the public sphere, of administrative behavior, and of attributing meaning to behavior and values, it is imperative that scholars of politics, public administration, and public policy use insights from other disciplines to study public value dynamics. Useful insights have come from philosophers of language who look at language and meaning, from historians who pay attention to the historical development of ideas and political institutions, from sociologists and anthropologists who examine socially acceptable behavior, and from political economists who look at decision-making or, quite literally, the valuing of one thing over another in a context of scarce resources and opposing political agendas. While much could still be done to improve the interdisciplinary nature of research on public value dynamics, the topic can only be approached in such a way. For these reasons, the following section presents an overview of the main theories and approaches that can be used to conceptualize and measure public value dynamics and that can or should be a part of such an interdisciplinary effort. Main empirical findings and conclusions so far are discussed in the process.

### Historical Approaches

Studying public value dynamics can be considered inherently historical since it deals specifically with time, context, and change and continuity. Examples of explicit use of history and historical

methods to investigate public value dynamics are relatively scarce but out there (cf. Kerkhoff and Wagenaar 2016). One outlet is to be found in explicit historical approaches offered by public administration and political science scholars who focus on public debates on corruption to assess public value dynamics. With a historical comparative perspective, some scholars have attempted to lay bare large-scale and lengthy but slow-moving processes of changing public values. A key conclusion from such work concerns the importance of path dependence, which stresses that present public value systems are largely defined and shaped by the past course of events and past decisions. This is useful for policy analysis, for instance, since knowledge of the long-term historical development of a particular policy helps one better understand and weigh current problems as well as appropriate solutions. Furthermore, historical work on public value dynamics shows one cannot change matters all that easily or quickly. Instead, public values and public morality change as a result of decades if not centuries of historical institutional development. Ramifications of this are many. For example, one should not expect very quick results when advocating or implementing moral reform (such as through codes of conduct) and one-size-fits-all anti-corruption policy which is too often focused on the present alone. Likewise, historically inspired work on so-called administrative traditions has been instrumental in explaining how present-day national public value systems underlying politics and administration have been created in long and peculiar histories of institutional development.

Historical approaches to public value dynamics have also been useful to understand the complicated interplay between incrementalism and critical junctures in processes of public value dynamics. From this perspective, public value systems are gradually and incrementally built up over relatively long periods of time, in small steps of constant readjustment. However, sometimes – as some historians and public policy scholars contend – these gradual motions are interrupted by certain "fast" or "sudden" periods, events, or crises in history that are supposedly crucial in changing social and political processes, including public value dynamics. One such scholar, famously, was Reinhart Koselleck who noted the importance of a so-called European *Sattelzeit* between 1750 and 1850 as a key period of change in which political concepts (and public values) acquired radical new meaning. Similarly, one can see how long-running and seemingly dead-end conversations about public morality are likely to be pushed forward by extreme events such as a major crisis of war or sharp economic decline.

Yet more historical approaches have been useful to come to terms with the difficulty of establishing causality in public value dynamics. For instance, one important realization from historically inspired research in political science has been that a direct link between changing institutions (for instance, the emergence of a parliament and elected representatives) and changing or emerging public values (for instance, popular sovereignty and representation) is difficult if not impossible to establish. Historical research shows that causal chains (including those suggested in various theories on public value dynamics, see below) are often not straightforward, in a direct line from X to Y. Rather, it is the case that X triggers sequence a, b, and/or c which yields Y. Because of the strong emphasis on context and time, this offers a more realistic – if also more complex – image of causality in public value dynamics. Historical approaches are useful to also point to unintentional events, emotions, and sheer luck in political-administrative development rather than reason and intention. This counterweights scholars who, for instance, ask what kind of organizational structure is likely to safeguard value X and thereby clearly adopt the idea of intentional value change. To be sure the problem (impossibility?) of determining the direction and nature of causation should not lead one to ignore the question of public value dynamics altogether. While it remains an important realization, it should not preclude a search for processes and mechanisms of change of public values nonetheless.

### Axiological Approaches

A second approach that is of interest to understand public value dynamics is connected to axiology: the (philosophical) study of values. Values are interconnected elements of wider public value systems (see above), which often conflict in

political-administrative decision-making. Consider, for instance, "liberty" versus "equality," "mercy" versus "justice," or "love" versus "impartiality." Given the usual absence of common ground on which to base a choice for one value over the other and given the lack of consensus on the importance of specific values, discussions among public administration, political science, and public policy, scholars also focus on useful categorizations (by means of ordering, arranging, ranking) of public values (cf. Rutgers 2008). One such categorization is by Montgomery Van Wart, between personal, professional, organizational, legal, and "public" values. Another example is Christopher Hood's distinction between lambda, theta, and sigma values.

Categorizations of values are usually based on empirical research of values found in literature on the topic (by way of literature study) or in the practice of administration (by way of surveys or questionnaires). A key article by Beck Jørgensen and Bozeman (2007) was distinguished between 72 values in public administration literature which they categorized in sets. The values "accountability" and "responsiveness" were, for instance, part of a value set in the category called "relationships between public administrators and politicians." Many other attempts at categorization of values can be found. Naturally, this is related to public value dynamics since values are constantly categorized in a different way and "move around" in public value systems. Work that attempts to understand the "coming and going" of values in value systems therefore assesses how important certain public values are. Other work explores acts of balancing different and potentially conflicting values and so-called public value trade-offs. While many such overviews do not themselves provide more than snapshots of public values and value conflicts at certain moments or periods in time, taken together they offer a basis for more research on and knowledge of public value dynamics over longer periods of time.

## Public Organization Theory and Public Management Approaches

A third and final approach (or rather, cluster of approaches and theories) which is useful to conceptualize and measure public value dynamics is to be found in scholarship on public organization theory and public management. Some studies have asked how contextual change challenges existing values and how a quest for new values or changed value profiles can be dealt with by different types of change mechanisms. Different so-called change mechanisms have been suggested in a key article by Beck Jørgensen and Vrangbæk (2011). One mechanism is *teleological* or intentional value change. Here, research has shown how people in organizations opt to emphasize a certain value for strategic purposes in codes of conduct, mission statements, and other official documents relating to the organization. Another mechanism is focused on *conflict* which arises when different values collide. In such a view, the opposition of and clashes between values and their carriers (individuals or institutions) partly determine value dynamics. For example, a difference of opinion about what is important between management and workforce results in clashes and conflict which can trigger organizational responses to go for value X rather than value Y. A final change mechanism is *value internal*. Here values may change in and of themselves or develop in life cycles or as fashion trends as elaborated upon below.

Organization and public management scholarship have also assessed how the type and scope of value changes can be conceptualized. This offers an insight into how lasting value change is, how deep value change has penetrated in a public organization, and how many public organizations or sectors have been affected by value change. Different hypotheses and interesting initial empirical results can be found. One is the crowding out hypothesis, where "old" values are supposedly replaced or pushed out by "new" values. For example, a more businesslike approach to public management might lead one to favor the value of "efficiency" at the expense of another (opposing or contradicting) value such as "due process." Instead of crowding out, research has shown that different values simply appear in different phases of public policy (see above). Also, the supposed threat of private values pushing public values out seems as yet mostly a theoretical idea rather than an empirically proven fact. This matter arguably deserves more attention. While some scholars have presented the idea that different systems

(such as market and law) follow separate and possibly opposing or conflicting dynamic patterns of value change, others remain skeptical.

Other hypotheses are equally interesting. One of these concerns the notion of value sedimentation which posits that long-living organizations and societies may consist of several layers of values. Old values are, for instance, no longer emphasized but may still be around under the surface. Likewise, some values might be very much "alive" in some parts of an organization while being "dead" in others. Management and employees might hold very different values. The same could be said for the public relations and finance departments of a public organization. Research has noted different levels of public value change where public values change at a different pace on each level. Sometimes it is suggested there is a distinction between a fluid "play of the game" level on the one hand and a level of more "embeddedness" on the other, where informal institutions, customs, traditions, norms, and religion influence evolving, changing values and value systems. Similarly, one can imagine a core-periphery movement, in which value systems are visualized as onions: a deep core of basic and long-lasting beliefs, a policy core of sector/policy-specific values shared by members of a certain coalition, and a third layer of less deeply rooted beliefs pertaining to specific policy instruments or operational arrangements.

Such work closely deals with visibility which may be linked to dominant values overriding non-dominant values in unequal sociopolitical settings and/or the possibility of a different pace of change. Some values (at the periphery of an organization) might be more visible and less dominant and might therefore change faster. Others (at the heart of an organization) may be less visible and more dominant and then change occurs at a slower pace. Visibility, dominance, and pace of change are crucial elements in the study of public value dynamics. Useful examples are offered by scholars of organizational culture (after all, consisting in large part of values) such as Edgar Schein, who conceptualized organizational culture as consisting of artifacts (such as a logo or a uniform), basic values (such as hierarchy), and internalized assumptions (lower echelons are not expected to partake in deliberations on policy), respectively, moving from more to less visible and from more to less changeable. These and other studies offer the important realization that not every value is as easily changed and that the level of institutionalization or "embeddedness" matters for the establishment and penetration of values into the core of an organization or society. Related as well is the hypothesis that suggests a potential "division of labor" between values. Here, certain public values might arrive together with new (organizational or public) tasks and move to the background once that task has been completed. When considering phases of organization or project development, it becomes apparent from research that some values are more emphasized in the beginning, middle, or end of a process. In the process of public-private partnership projects – for instance, where a private contractor is hired by the government to build a road – the values of "sustainability" and "economic development" seem most important in the beginning of the process. As the project develops, however, other values (such as efficiency, transparency, and democracy) become more important, for instance, to gain trust from various stakeholders.

Similar to the idea of "division of labor" is the thought that public values move in "life cycles" with "time lags" or "pendulum shifts." Values might appear and disappear every few years, decades, or centuries, in accordance with certain institutional arrangements or social processes. Earlier, the example of "honor" was mentioned. Likewise, values such as "frugality," "equality," or "temperance" might reappear or be more emphasized in times of (perceived) economic decline. This also has to do with the idea that some values simply become "fashionable," for instance, by looking at other contexts and copying what happens elsewhere. Processes of isomorphism are sometimes at play here where organizations (and their values) gradually become similar. Life cycles also form an important element in work reminiscent of organization and population ecology on the rise and fall or birth, aging, and death in and of organizations. Here it is also argued that different values become important in different phases of organizational development. Classic work by Anthony Downs in the late 1960s already showed how bureaucracies tend to

emphasize different values as the organization grows older and bigger. Related is work that explains public value dynamics by looking at different parts or phases of the political-administrative decision-making process.

## Conclusion

In this entry, definitions of core concepts surrounding and including public value dynamics have been offered and explained. Furthermore, various approaches have been discussed that are common to the study of public value dynamics. From the overview it has become apparent that many different scholars are working on public value dynamics and changing public morality – although they do not always call it as such. The overview has also underlined that work on public value dynamics is and/or should be an inherently interdisciplinary affair. Since public values and their dynamics are such complex social phenomena, it seems imperative to use insights from a wide range of disciplines and to move back and forth between useful theoretical debates and practical guidance.

While work on public value dynamics has therefore undoubtedly already yielded interesting results that link theory and practice in a meaningful way, the study of public value dynamics in politics, public administration, and public policy studies as yet remains an emerging area of scholarship. As the field is constantly in motion, some major questions will remain on the agenda in times to come. Four questions seem especially relevant. First, it seems imperative to continue to question the practical validity of the various theories and approaches mentioned in this entry. What is needed is more empirical testing – which might of course lead to yet more theorizing as well. Second, the question remains whether change in morality is a linear (or even teleological) or a cyclical process. Is public value dynamics a straightforward process from one stage to the next "without looking back" or is it a cyclical, incremental, and constantly repeating process? More can and should be done to investigate this issue.

A third key question is whether – and if so how – public values can actually influence behavior, since the latter can of course be influenced by many factors other than values. A fourth and final key question is whether one can establish the causal direction of public value change and whether it makes sense to look for causality at all. Are institutional arrangements (such as rules and new organizations), for instance, necessary and/or sufficient causes for changes in public values and public value systems, does it work the other way around or is it a mixture of both?

Discussions of these questions have a tendency to derail into "chicken-and-egg" squabbling. Rather than going in circles, it seems better not to look for "hard" causality or direct linear influences. Instead, one can adopt a more pragmatic and realistic perspective, as well as offer better conceptual understandings, to solve practical issues in light of increasing value pluralism and value conflict. Issues of causality notwithstanding, more in-depth knowledge on the complicated workings of public value dynamics remains important for the systematic clarification of public values and change therein. Further study of public value dynamics should serve to explain how one might institutionalize changes in public morality in new governance settings. It can show how changing public values can be related to socialization, organizational behavior, administrative culture, public service motivation, and ethical leadership. To be sure, in the quest to find ethical bearings in society and its administration, it is important to keep looking for meaningful relations between changing public values and a changing environment to elucidate current problems faced by public managers and politicians alike. Essentially, knowledge of changing public morality and public value dynamics helps trace the origins of key normative ideas in many societies concerning good government. It is therefore of continuous importance to understand the most basic foundations of social, political, and administrative interaction in different contexts in the past and present.

## Cross-References

► Administrative Ethics
► Corruption

▶ Ethical Values and Personal Integrity
▶ Public Attitudes and Corruption
▶ Public Values in Public Organizations

## References

Beck Jørgensen T, Bozeman B (2007) Public values an inventory. Adm Soc 39(3):354–381
Beck Jørgensen T, Vrangbæk K (2011) Value dynamics: towards a framework for analyzing public value changes. Int J Public Adm 34:486–496
Bozeman B (2007) Public values and public interest. Counterbalancing economic individualism. Georgetown University Press, Washington, DC
Kerkhoff ADN, Wagenaar FP (2016) History, public ethics and the anti-corruption industry. In: Lawton A, Van der Wal Z, Huberts LW (eds) Ethics in public policy and management. A global research companion. Routledge, London/New York, pp 69–86
Lawton A, Van der Wal Z, Huberts LW (2016) The scope and scale of ethics in public policy and management. In: Lawton A, Van der Wal Z, Huberts LW (eds) Ethics in public policy and management. A global research companion. Routledge, London/New York, pp 3–13
Oyserman D (2001) Values: psychological perspectives. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social & behavioral sciences. Elsevier, Amsterdam, pp 16148–16153
Rutgers MR (2008) Sorting out public values? On the contingency of value classification in public administration. Adm Theory Praxis 30(1):92–113
Van der Wal Z, Nabatchi T, De Graaf G (2015) From galaxies to universe: a cross-disciplinary review and analysis of public values publications from 1969–2012. Am Rev Public Adm 45(1):13–28

# Public Value: Bureaucrats Versus Politicians

Usman W. Chohan
UNSW Canberra, Business School, University of New South Wales, Canberra, ACT, Australia

## Synonyms

Bureaucratic initiative; Civic discovery; Criticisms of public value; Politics-administration dichotomy

## Definition

"Public value in politics" refers to the question of the degree to which bureaucrats, in an effort to create value for the public, assume mandates that might otherwise be deferred to politicians and then examines the tensions, consequences, and solutions to the tussle between bureaucrats and politicians in that value creation effort.

## Bureaucrats Versus Politicians in Public Value

The theory of public value is premised on the co-creation of value by three social elements: politicians, public managers (bureaucrats), and citizens (Moore 1994; Moore and Khagram 2004). The theory draws on a normative approach to assert that (1) the process by which value is created by and for society depends on the mutual interaction between these elements, and (2) there are synergies to be realized by such interaction.

However, the sense of co-creation between these elements raises a simmering question that is the subject of considerable controversy and debate and represents one of the core criticisms of public value theory among scholars. It pertains to the relationship between two of the aforementioned elements, the public managers and the politicians, and can be phrased as follows: as both politicians and public managers work toward co-creating value, where does the mandate of one end and the other begin? Or to put it more precisely, what is the degree to which public managers should be involved in mandates that can be deferred to politicians?

This is a question about the nature of bureaucracy in democratic societies, and one that is not just relegated to public value theory, in the sense that all thinkers of bureaucracy have had to grapple with questions of bureaucratic power. However, public value theory faces a particularly strident bent of criticism on this point of "bureaucrats versus politicians," given that (1) the theory has been touted as "the next big thing in public management" (Talbot 2009, p. 167) and because (2) it is a theory of public administration that has

emerged in a post-Cold War world where liberal democracy is heralded as the best arrangement of society, leading the "politics-administration dichotomy" (Chohan 2017), which is to say the tension between democratically elected politicians versus the bureaucratic experts, to come into heightened focus. In fact, "public value in politics" has been described as the "most contentious iteration of the public value debate" (Chohan and Jacobs 2016).

The emergence and persistence of this criticism are explained by two fundamental aspects about the legitimacy of bureaucracies. On one hand, bureaucrats derive legitimacy from the fact that they are the experts in their respective fields, with an intimate knowledge of the subject matter far surpassing that of politicians, and this becomes all the more true for complex affairs such as inter alia the budget process (see Chohan and Jacobs 2016; Chohan 2017), national security, urban planning, healthcare, agriculture, financial market regulation, pensions, and social security. On the other hand, bureaucrats are not elected into office, and so are not beholden to the public in the sense that politicians are, with their accountability processes being more distant and remote, sometimes excessively so. They may indeed pursue agendas that are internally driven, including the maximization of their budgets and mandates for reasons including remuneration, power, and prestige. As such, the advantage of public managers as the "experts" is partially counteracted by the need for holding them accountable.

This problem is mirrored in two aspects of the legitimacy of politicians. On one hand, they are directly beholden to the public (or at least nominally so), and are held to account repeatedly and frequently, for they can be and sometimes indeed are removed from office. On the other hand, politicians do not necessarily possess the subject matter expertise to deal with their portfolios and mandates to the degree that public managers do. As such, politicians wield a public mandate entrusted through an electoral process, but require the cooperation of public managers for expert-led advice, and a more comprehensive knowledge of their areas of focus, not to mention for the actual execution of policy programs.

In sum, there are complementary considerations that can impel bureaucrats and politicians to work together, but there is also a simmering tension between the two in the need for power over actual decision-making and policy implementation. This is a quandary that public value theory, as with all other streams of public administration thought, must address.

## Reconciling "Efficiency" and "Democracy"

Public value theory's original response to this quandary was to place public managers in a position subservient to politicians. The founder of public value, Mark Moore, described politicians as the "final arbiters" of public value (1995, p. 38), giving them the primacy in public value creation. However, this statement was made with the qualification that "political decision-making is vulnerable to many kinds of corruption" and that "these well-known difficulties can and do affect the moral claims of political decision-making on the conduct of government in the eyes of both citizens and managers" (1995, pp. 54–55).

As the appeal of public value theory grew, particularly among practitioners (public managers), the question of political involvement by public managers was sidestepped and not directly engaged for many years (see also Table 1). However, scholars began to return to the question more proactively as views among them regarding public value's salience and comprehensiveness began to significantly diverge. The balancing act between allocating greater powers to public managers or politicians was thus described as a fundamental trade-off between "efficiency" and "democracy" (Stoker 2006, p. 43). Since then, however, harsher criticisms of public value theory have emerged, with some academics describing public value as an inherently "nondemocratic notion" (see Rhodes and Wanna 2007, p. 408), because greater

**Public Value: Bureaucrats Versus Politicians, Table 1** Brief timeline of discourse on "public value in politics"

| Time | Research | Author(s) |
|---|---|---|
| 1990s | Public value theory is proposed | Moore (1994, 1995) |
| | Politicians are recognized as the "final arbiters" in public value | |
| 2006 | Balancing act between "efficiency" and "democracy" noted | Stoker (2006) |
| 2007 | Public value explicitly denounced as "nondemocratic" | Rhodes and Wanna (2007) |
| 2009 | Politicians v. public managers identified as one of the most pressing and salient criticisms of public value | Alford and O'Flynn (2009), Talbot (2009) |
| | Public value lauded as "next big thing in public management" | |
| 2016 | Public managers shown to enhance "efficiency" and "democracy" simultaneously through example of Legislative Budget Offices | Chohan and Jacobs (2016) |
| 2017 | "Politics-administration dichotomy" revisited and addressed through example of Legislative Budget Offices | Chohan (2017) |

powers for public managers represented, for these scholars, an outright usurpation of power and thus a trend toward suppressing democratic processes.

However, more recent examinations of "public value in politics" have taken much more nuanced perspectives and have even demonstrated that, in some instances, public managers can enhance *both* the level of efficiency and democracy. For example, Chohan and Jacobs (2016) use the lens of the Legislative Budget Office (LBO), to show that public managers can (1) increase efficiency, by providing more accurate and rigorous budgetary analysis that is transparent and nonpartisan, and (2) increase democracy, by improving the level of transparency and accountability in the budget process, through the simplification and open dissemination of budget analysis. Such recent works help to mitigate the impulse toward outright and total denunciations of public value as a "nondemocratic notion," but further research is required to elaborate on the ways through, and instances in, which public managers succeed in enhancing both "efficiency" and "democracy."

## The Post-Truth Era: Implications for Bureaucrats Versus Politicians

As mentioned earlier, public value is criticized particularly harshly with respect to the "politics-administration dichotomy," given that it is a product of post-Cold War era beliefs, when liberal democracies were being heralded as the best practicable social arrangement. However, the very recent events of Brexit in the United Kingdom (2016–), the ascent of the Far Right in Eastern and Central Europe (2013–), and, above all, the election of Donald Trump in the United States (2016–) are collectively casting a new, seething, and derisory light on the assumption that the primacy of liberal democracies is either (Alford and O'Flynn 2009) sustainable, given the disruptions from radical parties and ideologies within the West, or even (Chohan and Jacobs 2016) desirable, as expressed in terms of growing numbers of votes cast for these parties and ideologies.

These events are generally subsumed within the term "post-Truth era," which alludes to the fact that impartial expertise, and "experts" in general, do not wield the same currency or legitimacy that they once did (Chohan 2017). This creates serious problems, not just for politicians who promote socially inclusive agendas, but even more so for public managers, as (Alford and O'Flynn 2009) more and more of the public adopts a derisory attitude toward the experts, and (Chohan and Jacobs 2016) politicians can reap electoral dividends by demonstrating condemnatory attitudes toward these experts.

While this may allude to the demise of the "expert" and an ostensible conclusion to the

"politics-administration dichotomy" in favor of the anti-bureaucratic and anti-intellectual demagogue, it may also portend the revitalization of the public manager's role. Future research by scholars of public administration may find this avenue ripe for inquiry. In a post-Truth era, there may be room for the public manager to reassert her expertise and her commitment to impartial analysis. But beyond this, it may also create room for the ambitious public manager to co-opt more of the policy initiative, very likely in surreptitious ways, while the politicians thrive on feeding rhetoric to the public. Future research may engage with such situations, where the public manager may drive more practical and implementation-based strategies toward gaining her foothold in politics in a less overtly obtrusive manner, while politicians continue to resort to rhetorical ploys to engage the public.

With such sociopolitical transformations underway, future public administration research on public value may consider the relevance of public managers to fields as diverse as inter alia environmental protection, defense and national security, financial market regulation, international relations, police powers, anti-narcotic policy, and public finance (budgeting). Chohan (2017) uses the example of Legislative Budget Offices (LBOs) to illustrate the case for expertise, or more specifically for "public value in politics," in a post-Truth era. This work cites the example of the Congressional Budget Office (CBO) in the United States as an example of public managers (economists) who are playing an ever more important public role as the Trump administration resorts to a mix of rhetorical gambits and populist ploys, while engaging in the destruction of public value through policies such as the attempt to repeal and replace the *Affordable Health Care Act* ("Obamacare"). The CBO's nonpartisan analysis has shown that repealing and replacing Obamacare would leave tens of millions of Americans without adequate healthcare coverage, and their analysis has formed the basis for an active resistance not just from the public, but from politicians on both sides of the aisle. As such, the CBO's example shows that public managers have not just an important role in politics in a post-Truth era, but in fact may find themselves thrust into that public value creating role more than ever (Chohan 2017).

## Conclusion

The simmering tension between public administrators and politicians is a long-standing one, and one that all theories of public management must address to some degree. In public value theory, the original primacy was accorded to the politicians (Moore 1995), but with the recognition that politicians face numerous drawbacks and shortcomings as well. As noted earlier in this chapter, there is a mirror image reflected in the deficiencies of bureaucrats and politicians: for while public managers wield expertise but limited accountability, politicians are democratically entrusted to make decisions for which they lack expertise.

While this creates room for mutual cooperation, the bureaucrat may find herself encroaching upon the politician's mandate, and vice versa, which creates a seemingly interminable power tussle. This was characterized as a trade-off in public value theory between "efficiency" and "democracy" (Stoker 2006) and was even pushed to descriptions of public value as a categorically "nondemocratic notion" (Rhodes and Wanna 2007). However, more recent examinations of the question have shown that, in some instances, public managers may enhance both "efficiency" and "democracy" (Chohan and Jacobs 2016) which reiterates the need for future research on the ways and means by which public managers can do so.

Public value theory has been constructed with a view to situating public managers in a context that is Western and founded on the precepts of liberal democracies. As mentioned earlier, there are transformations within the politics of Western countries that are themselves questioning the legitimacy of this order and the assumptions that underpin it. Beyond this, however, given that public value theory is focused on Western countries, future research must examine the normative roles of public managers, particularly vis-à-vis politicians, in non-Western contexts. This is to

say that, in research on other societies, including post-Communist, post-Colonial, "Third World," etc., there is a glaring gap in the literature on public value, specifically with respect to the power relationships, and processes of negotiation and interaction between bureaucrats and politicians, that must be addressed by scholars in the years to come.

"Public value in politics" has been described as the "most contentious iteration of the public value debate" (Chohan and Jacobs 2016). In fact, for public administration more broadly, the tension between politicians and bureaucrats lies "at the very heart of the discipline" (Chohan 2017), which is why it is unlikely that the debate, even as it becomes more nuanced and precise, is ever to subside.

## Cross-References


- ▶ Public Value and Bureaucratic Rhetoric
- ▶ Public Value Dynamics
- ▶ Public Values in Public Organizations


## References


Alford J, O'Flynn J (2009) Making sense of public value: concepts, critiques and emergent meanings. Int J Public Adm 32(3–4):171–191

Chohan UW (2017) Independent budget offices and the politics-administration dichotomy. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1317801

Chohan UW, Jacobs K (2016) Public value and politics: a legislative budget office approach. Int J Public Adm. https://doi.org/10.1080/01900692.2016.1242612

Moore M (1994) Public value as the focus of strategy. Aust J Publ Adm 53(3):296–303

Moore M (1995) Creating public value: strategic management in government. Harvard University Press, Cambridge, MA

Moore M, Khagram S (2004) On creating public value: what business might learn from government about strategic management. Retrieved from Cambridge

Rhodes R, Wanna J (2007) The limits to public value, or rescuing responsible government from the platonic gardens. Aust J Publ Adm 66(4):406–421

Stoker G (2006) Public value management: a new narrative for networked governance? Am Rev Public Adm 36(1): 41–57. https://doi.org/10.1177/0275074005282583

Talbot C (2009) Public value – the next "big thing" in public management? Int J Public Adm 32(3–4):167–170


# Public Values in Public Organizations


Pamela Gallahue
Naperville City Clerk's Office, Naperville, IL, USA


## Synonyms

Beliefs; Core values; Philosophy; Principles

## Definition

The philosophical foundation of an organization that reinforces behavior, decision-making, and overall culture

## Introduction

General principles which can be used to describe a person, profession, or organization may be referred to as core values. Values provide a philosophical guide to a code of conduct and help organizations determine what is right from what is fast, fun, or easy. They are designed to be such a part of the fabric, or makeup, of the company that they remain steadfast through the years. Broadly applied, they reinforce an organization's culture, shape the vision for the future, and guide decision-making. Applied at the micro level, they serve to underpin how work is performed, how employees interact with each other, and how they serve their customers.

Research has shown that the attention given to public service values is increasing (Kernaghan 2003; Molina and McKeown 2012). Scholars hold that public and private organizations benefit both internally and externally when they prescribe to a set of core values (Peterson 2013; Ott 1989; Kernaghan 2003). While literature does not identify a consistent list of values that should be applied, a set of value *types* has gained support over the years (Molina and McKeown 2012). This chapter will discuss the importance that has been

placed on values in professional public administration degree programs, how core values can influence public organizations, and which values have been promoted as the standard for public service.

## Design of Public Administration

With the election of President Jackson in 1828, the spoils system, political corruption, and patronage became the norm. However, when the government expanded into new and diverse service areas after the Civil War, the American people called for more accountable and professional representation. Citizens no longer accepted poor congressional oversight, lack of citizen involvement, and the hiring of unqualified personnel. In 1883, Congress passed the Pendleton Act which established a Civil Service Commission. This new Commission was charged with creating a more professional, qualified, and nonpartisan civil service through merit-based hiring and promotion regulations.

As the government took steps to reform itself, a new field of study began to emerge that also supported the professionalization of public service and a civil service free of political manipulation. Lead by Professor Woodrow Wilson of Bryn Mawr College, the science of administration argued for a clear delineation of politics from day-to-day administrative duties. Wilson explained that the "field of administration is the field of business, it is removed from the hurry and strife of politics, and that administration lies outside the proper sphere of politics" (Wilson 1887, p. 18 and 210). This separation is known as the politics-administration dichotomy, and the extent to which the two can, and should, interact has been argued since its inception. One conundrum the dichotomy debate presents here is how the presence and influence of values effect public positions which need to maintain political and policy neutrality.

## Evolution of Values in the Public Administration Field of Study

In an ironic twist, possibly due to the proliferation of public administration programs in colleges, administrators are now armed with a vast amount of technical knowledge and have evolved into roles of trusted political advisors. It is not uncommon for city managers, and even those at the department director level, to work closely with mayors and council members to lobby for new policies and policy changes. This is contrary to Wilson's design and is the root cause for the need to reinforce appropriate behavior (Goss 1996; Frederickson 1993). In an effort to stem this administrative role creep, the Ethics in Government Act was passed in 1978, and the US Office of Government Ethics was created. Among its responsibilities were to issue rules and regulations about ethical conduct, monitor organizational policies, and provide training (5 USCS 101). As was done nearly 100 years prior, practice was also promoted in theory. Universities introduced ethics courses in public administration curriculums across the country to better arm future civil servants with the tools to rise above political pressures.

The term "values" also began to gain recognition during this time due to the influence of private sector business models on public sector organizations. While some interchange the terms "values" and "ethics," they do not mean the same thing. Values have been defined "enduring beliefs that influence the choices we make among available means or ends" (Rokeach 1973, p. 5). He also stated that "once a value is internalized it becomes, consciously or unconsciously, a standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situations" (Rokeach 1968, p. 16).

An organization's success is linked to its culture, and values are the very fabric of culture. As such, lofty documents like mission statements, strategic plans, and vision policies proclaim an organization's values and provide a philosophical direction for action and decision-making which builds the culture. Ethics, by comparison, deals with what is right and wrong, what is good and bad, and what is virtuous and non-virtuous. Ethics are focused more at the micro level and guide actions via regulations such as standard operating procedures, employee policies, ordinances, and laws.

Recognizing this difference and emphasizing the growing importance of values in the public

administration field, the National Association of Schools of Public Affairs and Administration (NASPAA) adopted new accreditation standards in 2009 which prominently feature the instruction of public service values in college curriculums. Specifically, "NASPAA expects an accredited program to be explicit about the public service values to which it gives priority; to clarify the ways in which it embeds these values in its internal governance; and to demonstrate that its students learn the tools and competencies to apply and take these values into consideration in their professional activities" (Molina and McKeown 2012, pp. 375–376).

## Value Categories Identified

While a definitive set of public sector values has yet to be determined, a field of four broad categories has been established in the industry. These categories, and the eight specific values contained therein, are consistent with NASPAA direction to emphasize values in higher education classrooms. Although each value may not resonate universally, the categories provide standards by which values can be developed and similarities can be seen across in public sector organizations in the country.

Through a series of interviews and in-depth examinations of value statements, Kernaghan sorted public service values into ethical, democratic, professional, and people categories (Kernaghan 1994). The supporting values for each category are listed below.

### Ethical

Integrity, fairness, accountability, loyalty, excellence, respect, honesty, and probity

### Democratic

Rule of law, neutrality, accountability, loyalty, openness, responsiveness, representativeness, and legality

### Professional

Effectiveness, efficiency, service, leadership, excellence, innovation, quality, and creativity

### People

Caring, fairness, tolerance, decency, compassion, courage, benevolence, and humanity

The groups reflect a combination of conventional public sector values with principles generally attributed to private sector companies (Kernaghan 2003). The history of public administration and public service can also be seen in the specific values that have been identified. From these categories, one can glean the strife and types of challenges that were prevalent in all levels of the public sector, the areas of importance that have been emphasized over the years, and the intended direction for the future of this profession.

Just a simple Internet search reveals that the types of values espoused by public sector organizations across the country are in line with what Kernaghan has identified and what is supported by NASPAA. For example, the City of Pasadena lists its values as responsiveness, innovation, diversity, and inclusiveness (http://cityofpasadena.net). The Olathe, Kansas Police Department, values integrity, accountability, service, and respect (http://www.olatheks.org/Police). And the City of Naperville boasts a group of core values made up of people, respect, pride, and trust (www.naperville.il.us).

An organization can create its set of values through a number of methods, including, but not limited to, a series of formal workshops with the governing board, leadership mandate, and employee surveys. Values can also develop organically through leadership and employee behavior. Regardless of how values come to be, they are designed to be steadfast and reliable over time. However, they are not immutable. Values that guided an organization decades ago may not be the same ones that provide direction today. Just like in the private sector, legislative priorities change, and new leadership comes and brings with it new goals and new ideas. Public sector organizations must evolve, respond to societal changes, and provide services that the customers want in the manner that is most convenient.

One obvious change in public sector values is the emphasis on innovation. The days of standing in line for permits, calling city hall for information, or even addressing your city councilman are becoming numbered. Citizens are busy,

commutes are long, and people value their time. They are increasingly mobile and have become skilled multitaskers. Public sector organizations must be nimble to meet the demands of its customers. As such, municipalities and other public sector groups are availing themselves to technology solutions that allow businesses, residents, and students to conduct business on their time. A motto that is gaining popularity among municipal organizations which reflects this shift to be creative in the way services are delivered is "online, not in line."

## Benefits of Values in the Public Sector Organization

Values are at the heart of an organization's culture and can be recognized in artifacts, language, behavior, procedures, and legislation. Because they are prevalent and far-reaching, it is imperative that they accurately reflect the beliefs and philosophy of the organization. When values and behavior are incongruent, the mission of the organization may be placed in jeopardy. However, when they align, internal and external benefits can be realized.

This is most notably seen by observing those in power. The success of an organization is inextricably linked to the values exhibited by those in leadership roles. Employee performance is high when behavior is in sync with values. Staff is more engaged, trusting, and loyal when leaders strive to adhere to the values that have been established. When values are not reflected by the leadership, it is time for the leadership to change.

When an organization publically announces its core values, residents, businesses, and employees can hold it accountable for its behaviors. Some public sector organizations choose to combine mission and values, but there is a subtle distinction. An organization's mission statement clearly and succinctly states the purpose of an organization. An organization's values identify how it will fulfill its mission. For example, the mission statement of the City of Naperville is "to provide services that ensure a high quality of life for our residents and a dynamic environment for our business community through collaboration, innovation and sound fiscal management" (www.naperville.il.us). Here, it can be seen that the City of Naperville is emphasizing a blend of traditional (fiscal management or accountability) and new values (innovation).

Values also help to clarify the organization's brand to current and potential residents, developers, and retailers. For example, municipalities that encourage innovation and creativity may attract more tech companies and start-up businesses. In areas that value community spirit, volunteerism, and service, one may see a prevalence of social programs aimed at adolescents, seniors, and improvements to accessibility. Likewise, more special events such as festivals, parades, and races may be popular.

Decision-making is also easier when core values are established. They provide the tool against which decisions can be measured. Solutions to financial, personnel, legislative, and even technology challenges can be more thoughtfully considered and evaluated against the organization's values.

Values play a key organizational role as a recruiting and retention tool. Job applicants can be drawn to companies that espouse a set of values that they believe to be important. But recognizing qualifications is the first criteria to meet potential candidates highlight their experience, education, and technical knowledge on resumes. While they may hint at some generally accepted characteristics such as highly motivated, self-starter, and professional, it is not until the applicant is interviewed, or hired, that their true values begin to emerge. For this reason, it is critical that the interview panel draws out as much of candidate's value system as possible and evaluates fit within the team and the overall organization. During this time, "employers should trade 90 percent talent for just 10 percent character" (www.forbes.com). Once hired, employees who embrace and display the core values will be better suited for leadership roles and promotional opportunities. Finding the person whose values are on par with the culture the first time can result in high performance, quality service delivery, and an engaged and

committed employee pool. Value alignment can also reduce conflicts with other members of the organization, turnover, and related training expenses.

## Conclusion

The creation of public sector values is not a new concept, and over time a common set of value types has been supported. What is relatively current is the *value* that has been placed on values. Mandating instruction as part of an accredited curriculum is a step that pledges that tomorrow's public sector leaders will appreciate the magnitude and benefit of establishing, and adhering to, a set of guiding values. Developing values is essentially branding an organization, and those values will manifest in the type of community that is created and the employee population that serves that community for many years.

## References

City of Naperville. Retrieved 1 Nov 2016 from http://www.naperville.il.us
City of Olathe. Retrieved 1 Nov 2016 from http://www.olatheks.org/Police/
City of Pasadena. Retrieved 1 Nov 2016 from http://cityofpasadena.net/
Ethics in Government Act (1978) 5 USCS 101 355
Frederickson HG (1993) Ethics and public administration. Taylor and Francis Group, New York
Goss RP (1996) A distinct public administration ethics? J Public Adm Res Theory 6(4):573–597
Kernaghan K (1994) The emerging public service culture: values, ethics and reforms. Inst Public Adm Can 37(4): 537–689
Kernaghan K (2003) Integrating values into public service: the values statement as centerpiece. Public Adm Rev 63(6):711–719
Molina AD, McKeown CL (2012) The heart of the profession: understanding public service values. J Public Aff Educ 18(2):375–396
Ott JS (1989) The organizational culture perspective. Dorsey Press, Chicago
Peterson G (14 August 2013). Retrieved 28 Oct 2016 from http://www.forbes.com
Rokeach M (1968) A theory of organization and change within value attitude systems. J Soc Issues 24(1):13–33
Rokeach M (1973) The human side of values. Free Press, New York
Wilson W (1887) The study of public administration. Polit Sci Q 2(2):197–222

# Public Versus Private Sector

Anurag Kumar Srivastava
Department of Public Administration, School of Liberal Studies, Pandit Deendayal Petroleum University, Gandhinagar, Gujarat, India

## Synonyms

Corporate Sector; Government administration in opposition to Private enterprise; Government agency contrary to business sector organisation; Public owned vis a vis for-profit business; Public-private sector analysis; Service motive and profit orientation; State led administration

## Definition

Private Sector: The private sector is the part of a country's economic system that is managed and operated by individuals and companies, rather than the by government. Profit making is the foremost objective of private sector organizations.

Public Sector: The public sector consists of all publicly controlled or publicly funded agencies, enterprises, institutions, and other entities that are engaged in delivering public services, goods, policies, programs, and schemes.

## Introduction

Public administration can be broadly distinguished from private administration on the basis of the nature of the institutional arrangements. Public administration is governmental administration concerned with achieving the objectives of the state as enshrined in constitutional values and public policies for development of all along with service motive. Private administration, on the other hand, is concerned with administration of private business organizations having policies to cater the interest of business entities/individuals along with profit motive.

It is essential to draw and define the boundaries of public sector in order to avoid ambiguity. Therefore,

it is necessary to identify specific criteria for defining the boundaries. The concept of public sector is broader than merely that of government and might overlap with the not-for-profit organizations or private sector entities. The public sector consists of an expanding sphere of organizations, with government lying at the center, followed by commissions, institutions, and public enterprises. In the region of this sphere there exists a zone consisting publicly funded, privately executed projects through Public Private Partnership (PPP) and government services contracted out to private players.

The last two decades have witnessed an upsurge of economic reforms intended to curtail the role of the public sector and expand the role of the market (Cook and Kirkpatrick 1988).

Privatization, therefore, has its roots deeply embedded in the ideological foundations of the neo-liberal ideology right that recognizes market as consistent and benevolent (Martin 1993), and considers the private sector superior to the public sector.

Two schools of thought signify the public versus private sector debate. The public sector school believes that society has some common concerns, problems, and developmental needs which can be addressed by the state. The state has political, legal, and moral mandate to identify common concerns along with the competency to tackle them.

The private sector school, on the other hand, believes in economic rationality of man who is capable of maximizing his interest without being dependent upon the public sector. This school believes in providing choices to the people. Plane (1997) observed that today's uncertain enthusiasm for the private sector is similar to the one policy makers once had for public sector-led development in the 1970s.

## Differences Between Public and Private Sector

### Political Direction

Public sector administration is political, while private administration is a political, public administration operates in political settings, however private sector remains free from political context and considerations.

### Broad Base and Democratic Decision Making

Public sector is characterized by broad base decision making in which various segments of the society are given an opportunity to reflect their concerns. The decision making is also democratic in the sense that it allows possibly all the stakeholders to be part of decision making.

### Devoid of Profit Motive

Public sector is largely devoid of profit motive, whereas the private administration gives imminence to profit motive. The major objective of government is to provide services to the people and promote welfare of all.

### Social Prestige

Public administrators enjoy high status and social prestige in comparison to their counterparts in private enterprises especially in developing countries.

### Public Scrutiny and Public Accountability

All the actions of public administration are exposed to wide public scrutiny and gaze because the public closely observes the conduct and working of the public institutions and bureaucracy. Public accountability is the hallmark of Public administration especially in regard to democratic system. The responsibility and accountability of public administration lies to the public, not directly but indirectly through political executive, legislature, and judiciary. On the other hand private administration does not operate under such kind of public glare and largely remain free from public accountability.

### Service and Cost

Most governments spend more money than their revenues. This results in having a deficit budget wherein expenditure exceeds revenue. However, private sector earnings often exceed expenditure.

### Legal Framework

Public sector operates within a constitutional and legal framework. It is bound by laws, policies, and rules. The responsibilities of public administrators are determined by a set of constitutional-legal

practices, code of conduct, and regulations. Government officials are mandated to act within their legal powers and purview of law.

### Consistency of Treatment

A public official is required by law to maintain a high level of dedication, uniformity, and accountability in his dealings with the public. Officials are required to observe the principle of equality of treatment in serving the people and not discriminate against any person; however, the private sector prioritize differential and preferential treatment of people in order to further its profits motives.

### Comprehensive

Public sector administration is comprehensive administration. It is believed that almost everything under the sun is directly or indirectly under the domain of public administration. It is by all means larger than any big private entity in regard to size, scale, complexity, and diversity.

### Monopolistic and Indispensable Services

In public administration, there are various sectors wherein monopoly of the government exists and private parties are not allowed to compete with it. For instance, defence, national security, foreign affairs, law and order, mint and currency, etc., as these are the exclusive fields of the government and thoroughly important for the community and polity of the country.

### Anonymity

In public administration, even the most senior officials carry out administration in an anonymous manner and political executive takes the credit or blame for the administrative actions; however, in private administration the anonymity is not recognized and credit or blame for their acts lies on the individuals.

### Lower Level of Efficiency

By and large public organizations rank poorly in terms of efficiency with their private counterparts. However, due to diverse responsibilities, involvement of a various hierarchical levels, complex maze of rules and regulations, job security and strict adherence to policies has resulted in lower level of efficiency in public organizations. Efficiency is not considered as the hallmark of most public sector organizations. With profit as the major motive and flexibility in operations the level of efficiency in private organizations is higher than public sector organizations.

## Similarities Between Public and Private Sector

The public and private sectors are gradually becoming interdependent. There has been an extensive collaboration between public and private sector. Public services in the domain of health, education, social welfare, etc., are contracted out to private sector. **Henry Fayol**, **Mary P. Follet**, and **L. Urwick** as quoted in (Sharma and Sardana 1988) do not consider that distinction exists between public and private administration. The classical writers believed the view that public and private administrations are the undifferentiated members of the genus administration. **Henri Foyal**, for instance, says that there is only one administrative science, which can be applied equally well to public and private sectors. The following similarities have been observed in public and private administration.

### Common Skill Sets

Both public and business administration depend upon common skill sets, techniques, and procedures.

### Profit Motive

In context of globalization and neo-liberal policies times the principle of profit motive is not limited to private sector only, because profit motive and revenue generation is considered as a virtue even for public sector.

### Common Personnel Practices

In personnel management, the public and private organizations have been mutually influenced by each other and best practices have been adopted in both the sectors.

### Adhering to Legal Framework and Policy

The private sector entities are also subjected to many legal restraints. Government exercises wider control over private sector through regulatory legislation such as trade, taxation, monetary and licensing policies, for checking monopoly, unfair competitive practices, market monopolization, etc. Consequently, private sector is not as free as it once used to be.

### Hierarchical Organizations

There is also a system of hierarchy and management in private sector organizations. Both have almost similar organizational structure, superior–subordinate relationships, and authority of command and direction.

### Close Contact with People

Public and private administration both have to maintain close contact with people and to remain informed about their services and also to get feedback about services and product. Therefore public relations have been recognized as an important tool to gauge the perception of the people for improving their service delivery. Public and private administration is constantly engaged in carrying out efforts to improve their working, management practices, for effective and efficient delivery of services to people or customers.

The foregoing discussion shows that differentiation between public and private administration is not absolute. In fact, they are becoming more and more identical and complementary to each other in various prospects. However, it does not suggest that there are no significant differences existing between these two types of administration.

## Public Versus Private Debate

Both public and private administrations have to operate and compete in the same area for catering the needs of the people. New public management puts emphasis on managerial techniques, efficiency, free market; profit-oriented government, etc. which are to be adopted by public sector administration for the efficient delivery of public services. This reflects the belief that public sector should espouse practices prevailing in private sector. Expansion of public–private partnership, disinvestment of public sector undertakings, and privatization of various core sectors of economy reveals that private sector has emerged as a dominant player in the domain of manufacturing, defense, security, communication, aviation, transportation, education, and health. It is also quite obvious that around 40–50% of the governmental work is being contracted out to the private sector which reflect the close integration and engagement of public and private sectors in delivering services to the people.

Private sector will work best when the private interest is aligned with public interest. For this to take place, the government must define and characterize the public interest in such a way that private sector can easily comprehend it and work for it. In order to promote this alignment between the private sector and the public interest is through promoting fair competition between public and private entities.

Vickers and Yarrow (1991) used economic theory to demonstrate that there are imperfections in both private and public ownership. Public interest suffers when public sector pursues activities that are not in the interests of the citizens or private sector performs actions which are inconsistent with the public interest. For instance, superior efficiency of private sector is emphasized as an argument for promoting privatization; however, too much emphasis on efficiency of private sector efficiency has its own implications specially in regard to developing economies and democratic countries. Democratic political sphere is different from market. Democratic polity provides for unequivocal articulation, information, debate, accountability, social justice, criticism, advocacy, and protest as its key elements. Privatization creates restraint on this public sphere. These are the vital elements of democracy whose significance cannot be reduced to efficiency.

## Conclusion

Under the aegis of neoliberal ideology and with the emergence of liberalization, privatization, and

globalization, advocacy for wide-ranging economic liberalization and policies that extend the rights and abilities of the private sector over the public sector is quite noticeable. Promotion of massive privatization and reduced governmental intervention in the economic life of nation is an accepted tenet of neoliberal philosophy.

However, amid repeated market failure, growing debate on deglobalization, it is high time to revisit and reconsider the unbridled faith in competency, efficiency, and effectiveness of private sector. The role of state in considering people as citizen is paramount; customer-centric approach of private sector towards people serves limited purpose and hence cannot be a substitute for state-led holistic approach towards welfare and development of the people.

There are pertinent questions such as how public sector should work in order to achieve greater efficiency? Should the government be run like business? Can the government be run like business? Can state absolve its responsibility of being the protector of public interest? Will private sector be able to fill the space vacated by public sector in core domains of socio-economic development? These questions require serious deliberation and substantiation through empirical evidences from global and national perspectives before arriving on the conclusive opinion for advocating the retreat of state in the sphere of socio-economic welfare. In fact, the global experience of privatization has brought mixed outcomes in developed and developing nations due to variations in the market, competitive advantages and disadvantages, regulatory framework, policy orientation, and socio-economic realities, henceforth, it is equally challenging to draw generalization for advocating or rejecting privatization.

State is under constitutional and moral obligation to perform its sovereign duty of protecting the rights and interest of citizens. Therefore, the state should be an active player in the pursuit of ensuring development of all. It is also significant to ensure that neoliberal ideologies and free market system do not compromise the civil liberties and interest of the people. Sound regulatory, legal, and oversight framework is essential for ensuring that private sector operates in fair and transparent manner. In this regard, the role of public sector becomes crucial in realizing the objectives of development by assimilating the virtues of private sector within public sphere without compromising the cherished goals of democratic polity.

The governmental administration is affected by virtually everything that exists in the life of a nation. It includes policies and activities of enormous complexities for transforming the life of people. Public sector conduct necessitates the wisdom, intelligence and interplay of legislators, bureaucracy, and political actors within socio-economic-cultural and legal milieu in advancing the public interests and achieving welfare for all.

## Cross-References


- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Outsourcing
- ▶ Bureaucracy and Service Delivery


## References


Cook P, Kirkpatrick C (1988) Privatisation in less developed countries: an overview. In: Cook P, Kirkpatrick C (eds) Privatisation in less developing countries. Harvester Wheatsheaf, Hemel Hempstead

Martin B (1993) In the public interest: privatisation and public sector reform. Zed Books, London

Plane P (1997) Privatisation and economic growth: an empirical investigation from a sample of developing market economies. Appl Econ 29:161–178

Sharma MP, Sardana BL (1988) Public administration in theory and practice, 37th edn. Kitab Mahal, Allahabad

Vickers J, Yarrow G (1991) Economic perspectives on privatization. J Econ Perspect 5(2):111–132


P

# Public-Private Partnership and Bureaucracy


Meena Subedi
Florida Atlantic University, Boca Raton, FL, USA


## Synonyms

Administration; Alliance; Industry; Infrastructure

## Definition

The partnership involves cooperation – i.e., "to work or act together." A partnership can be defined as a collaboration between people or organizations in public or private sector for mutual benefit. Public-private partnership (PPP), according to Harding, (1990) is "any action which relies on the agreement of actors in the public and private sectors and which also contributes in some way to improving the urban economy and the quality of life" (p. 110). In the United States, PPP plays a vital role to restore local and urban communities (Osborne 2000)

## Introduction

Public-private partnerships between state and local governments are often advocated as a "best-of-both-worlds" substitute to public provision and privatization. The government decides for a public-private partnership with an assumption that collaboration offers a better way to finance infrastructure without adding burden to the public debt (Wang 2015). PPP works as a method of utilizing private financing and expertise for the effective implementation of investments in infrastructures such as airports, railways, highway construction, toll roads, and so on. Therefore, PPP can be understood as a method of collaboration involving public authority and a private legal corporation to provide goods or services to the public (Koppenjan 2005; Yang et al. 2013). With the use of a contract (granted by public authority to the private sector partner), the responsibility of PPP is to build infrastructure, design equipment, and finance the project for public service (Wang 2015).

PPP denotes a division of labor between government and the private sector across the policy domain. The use of PPP is evident in various policy fields, such as education, health care, energy policy, criminal justice, transportation, environmental policy, technology policy, and many more (Rosenau 2000). PPP has demonstrated its cost-effective services by "combining the strengths of the public sector and their financial stability, willingness to invest, and the innovative management techniques of the private sector" (Bult-Spiering and Dewulf 2008, p. 10).

## Public-Private Partnership on Toll Roads

The private sector was mostly responsible for the construction and management of the roads and highway in the eighteenth century (Edwards and Roth 2017). Klein (1994) reports that in the eighteenth and nineteenth centuries more than 2,000 companies built private toll roads in the United States. With the advancement of the nineteenth century, the private road companies were gradually put out of business by the railroads (Edwards and Roth 2017). However robust automobiles industries in the twentieth century put a strain on the railroad companies, which demanded the increment and advancement in the roads. Also, the economic growth in the twentieth century also created excess demand for roads. The governments (both state and federal level) in the twentieth century responded to these needs of the new roads by getting involved in the construction of modern highways financed by federal funds, tolls, and tax-exempt revenue bonds (Wang and Zhao 2014).

The use of PPPs in the last two decades has grown almost five-fold around the world (PWC 2010). The increasing admiration of PPPs is evident in many developed, developing, and emerging economies (Roehrich et al. 2014). PPP has been one of the most effective governance structures for public infrastructure projects (Geddes 2011). The concept of partnership gained a worldwide popularity in the 1980s although it is not a new concept. During the 1950s and 1960s, private sector started to get involved in the public service delivery while the government was beginning to increase the investment to promote regional privatization to reduce their responsibilities and tasks (Bult-Spiering and Dewulf 2008). The main idea behind partnership in toll road project is to bring together the strengths of both public and private sectors to provide services in cost-effective manner with the highest quality (Warner and Hebdon 2001; Zhao 2002). However, the decision to use

partnership for US highway development is believed to be significantly affected by the socio-economic factors, political conditions, and other external influences.

"In principle, PPPs involve clarity in specification and requirement, clear and enforceable contracts with proper cost efficiency incentives, and transparency in the bidding process. The intention is that government sets either the general objectives or specific outputs and leaves the private sector to design and manage the project, including the input mix" (Parker and Hartley 2002, p. 98).

## Theoretical Benefits/Problems Associated with PPP for Toll Roads

Three major public finance theories – principal-agent theory (P-A theory), transaction cost economics theory (TCE), and resource-based theory – can be used to discuss the public-private partnership for toll roads.

### Principal-Agent Theory (or Agency Theory)

Numerous public finance literatures rely on agency theory to explore the nature of public-private partnerships. Laffont and Tirole (1993) and De Palma et al. (2012) use the approach of incentives and principal-agent (P-A) to explain PPPs. In an agency relationship, one party, called the principal, delegates a portion of his/her power to another party, agent. Thus, the agent makes decisions and acts on behalf of the principal. This theory applies to the case of a public and private partnership for toll road construction and management in that public sector acts as the principal and private sector as the agent. As the theory suggests, for the partnership of toll roads, government mandates the private sector to perform a specific task on its behalf. If the public sector (i.e., the principal) succeeds in aligning its primary objective (i.e., to construct the roads most efficiently and effectively) to the private sector (i.e., the agent), the principal-agent relationships serve very well for PPPs.

However, the principal-agent problem arises when the principal cannot accurately monitor the productivity of the agent. "The result of opportunistic behavior may be adverse selection, the ex-ante choice of an inferior option, or moral hazard, increasing the ex- post risk that one party will exploit the terms of the contract to the disadvantage of the other party" (Parker and Hartley 2002, pp. 99–100).

*Adverse Selection*: An inefficient private firm succeeding to get government contract by lobbying is an example of adverse selection problem as the public sector (i.e., the principal) delegates the road construction responsibilities to the private sector (i.e., the agent) without having complete information about its technology. In economics and finance literature, the most commonly given example of adverse selection problem for insurance companies is that an insurance company provides insurance to agents who privately know how good a driver they are. In our former example the private sectors secretly know how good they are in road constructions; hence, in the lack of proper information, public sectors always face the risk of contracting inefficient private contractors.

*Moral Hazard*: Our daily life is replete with examples of moral hazard problems. A driver after purchasing full liability insurance becomes careless and performs reckless driving is an example of a moral hazard problem. A salesperson getting paid net salary, not on sales numbers, tends to shirk as she/he gets paid salary regardless of a number of sales. In these scenarios, both the driver and the salesperson are acting in bad faith by underperforming the job. In the case of public-private partnership of toll roads, there is always a risk of moral hazard issues on the part of the agent. The private contractor, for example, using low quality/quantity materials in road constructions without the knowledge of the public sector.

Prior literature such as De Palma et al. (2012), Dewatripont and Legros (2005), and Williamson (2002) recommend the following remedy to address the adverse selection and moral hazard problems in PPPs:

- A fully specified, enforceable contract between the government and the firm
- Stable terms of contract over time

- Measurable output indicators, and service delivery that can be monitored
- Credible punishment in case cheating is proven. For example, the public sector can perform ex-ante, and ex-post audits to detect any contract violations

## Transaction Cost Economics Theory (TCE)

Transaction economics, the dominant theory, has been used to describe PPP (Roumboutsos and Chiara 2009). Much of the prior literature (Ping Ho et al. 2015; Roumboutsos and Chiara 2009) view TPPs through the lens of transaction cost economics (TCE). TCE theory posits that "the three major opportunism problems embedded in infrastructure PPPs are possible to cause substantial transaction costs and render PPPs a costly governance structure" (Ping Ho et al. 2015, p. 1). The three main opportunism problems are the firm's holdup problem, government-led holdup problem, and opportunistic bidding problem due to unbalanced profit pool (Ping Ho et al. 2015). A high transactions cost may render PPPs an inferior choice.

### Private Contracting Firm Holdup and Transaction Costs

Ping Ho et al. (2015) argue that "when PPP projects are in distress, governments are often willing or compelled to renegotiate and provide various aids, such as helping the concession firms to acquire more loans or to be relieved of some financial obligations, granting direct or indirect subsidies, and extending the concession duration" (p. 5). Their study suggests that governments in PPPs are more prone to open the door for renegotiation. Thus, renegotiations will often be expected ex ante by the private contractors in PPPs. Since renegotiation is expected later, the private contracting bidders will bid aggressively just to win the project in anticipation of future negotiation. This practice results in increased transactions costs.

The private sector firm holdup problems are common in projects where investment from the government is high, the project is politically and economically important, the project scale is too large, the project complexity is high, the projected uncertainty of revenue/demands is too high, and the capital market is immature. Identification of these project characteristics before the agreement to collaborate with a private contracting party may help the government to avoid future transaction costs by enforcing stable contracts with clear objectives and output indicators, and punishment in case of violations or unnecessary future renegotiations.

### Government Led Holdup and Transaction Costs

The government can also act opportunistically and initiate renegotiation once the private concessionaire builds the roads and starts the operations. The government may ask to reduce the tolls paid to the private party or increase taxes paid to the governments (Guasch et al. 2007). The prior literature argues that many government-led renegotiations are opportunistic, with politicians trying to please their constituencies. From the TCE perspective, government's opportunism through government-led renegotiation also causes substantial transaction costs regarding ex-ante and ex-post inefficiencies (Erkan 2011).

The government-led holdup is ordinary in institutional environments where the legal climate is immature, government income is low, and the political and policy stability is low. Identifying these institutional characteristics ahead may help to prepare better-specified contract backed up by penalties for unnecessary future renegotiations and contract violations.

### Opportunistic Bidding Problem Due to Unbalanced Profit Pool and Transaction Costs

Government roads projects with short-term profits provide an incentive for private contractors to win the contract and earn the short-term construction returns. This incentive is profound if the equity investors (i.e., shareholders) of the private contracting firm can invest in the project at the expense of debt investors (i.e., bondholders). Since shareholders are the primary decision-makers, they are tempted to bid on the road project using money that they raised from debt financing. This may lead to opportunism problem due to unbalanced profit pool in PPPs. The inefficiency due to opportunistic bidding and investment is

profound (Ping Ho et al. 2015, p. 4). Opportunistic bidding drives out honest and efficient bidders and awards the projects to the opportunistic bidders, thereby rendering the projects to face early failures and need government bailouts.

This opportunism problem may lead to increased transactions costs between the public and private contracting parties. The literature provides evidence that the high transaction costs could make PPPs a flawed governance choice for transport infrastructure (Ping Ho et al. 2015). Thus, it is imperative to reduce transaction costs in PPPs. The above-mentioned opportunistic bidding problem is typical in a project where the profit is attractive for initial constructors, not to future operators. This problem can be addressed by asking a contractor to share both constructions and operation responsibilities. Similarly, the institutional characteristics for the above referenced opportunistic bidding problem are inexperienced government and immature capital markets (i.e., a small capital market with low financing capacity and lack of professionals in finance). Identification of these institutional characteristics before the agreement to collaborate with the private contracting party may help the government to avoid future transaction costs by enforcing stable contracts with clear objectives and output indicators and punishment in case of violations or unnecessary future renegotiations.

### Resource-Based View (RBV) Theory

Ho and Tsui (2009) and Roumboutsos and Chiara (2009) argue that although TCE is the dominant theory and has also been used to describe PPPs, resource-based theory helps better explain the rationale for and success of alliances. As argued by Das and Teng (2000) the value-creation potential of resources can be obtained when the funds are appropriately pooled together. According to the resource-based theory, there could be two potential motives for the local governments to have used public-private partnerships to design, build, finance, and operate public toll roads:

1. The local government aims at accessing additional funds and managerial expertise in the private sectors, thereby gaining access to the valuable and/or additional resources possessed by the private sectors.
2. The private sector in the PPP may wish to retain its personnel. Thus, local government partnership with the private sector helps the private industry work together with the public sector without losing its valuable human capital.

Thus, the resource-based view of the PPP to design, build, finance, and operate public toll roads as a valuable strategic alliance where the alliance is based on the expectation that pooled resources will produce an outcome more effectively and efficiently than each party could provide independently. From the resource-based view, the value creation advantage stems from each party sharing their capabilities and financial risk and compensating for each other weakness, thereby creating synergy.

According to Robmustus and Charia's (2009) resource-based view of a public-private alliance, the alliance will tend to perform when:

1. Goals are aligned with clear advantages for all parties
2. The alliance partnership contractual agreement builds on the assets of potential partners
3. Capacity is enhanced by compensating for each party's weaknesses

The proper incentive mechanisms must be in place to assess (1) above. To assess (2) and (3) above, the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is performed for the principal parties (e.g., the government and the private sector) involved in the designing, building, financing, and operating of the public toll roads. Similarly, the PEST (Political, Economic, Social, and Technological) analysis is performed at a county, state, or federal level to assess the overall longevity of the endeavor.

## Conclusion

In the past, the use of PPP was relatively rare. At present, some "governments are keen to shift

more welfare provision into private hands to keep public spending under control and to avoid having to raise taxes or cut benefits" (Rosenau 2000, p. 2). And this venture between public and private business currently celebrates remarkable approval in both official and scholarly circles.

The alliance between public and private sector requires actors from each sector to embrace each other's characteristics and points of view. Public sector actors would need to think and behave like entrepreneurs, and private sector actors would need to carefully consider the public interest and expect greater public accountability (Linder 1999).

## Cross-References


- ▶ Public-Private Partnerships
- ▶ Sustainable Energy Policy for State and Local Governments


## References


Bult-Spiering M, Dewulf G (2008) Strategic issues in public-private partnerships: An international perspective. John Wiley & Sons

Das TK, Teng BS (2000) A resource-based theory of strategic alliances. J Manag 26(1):31–61

De Palma A, Leruth L, Prunier G (2012) Towards a principal-agent based typology of risks in public-private partnerships. Reflets et perspectives de la vie économique 51(2):57–73

Dewatripont M, Legros P (2005) Public-private partnerships: contract design and risk transfer. EIB Pap 10(1): 120–145

Edwards C, Roth G (2017) Downsizing the federal government: your guide to cutting federal spending (Publication). https://doi.org/www.downsizinggovernment.org/transportation/federal-highway-policies

Erkan M (2011) International energy investment law: stability through contractual clauses, vol 15. Kluwer Law International

Geddes R (2011) The road to renewal: private investment in the US transportation infrastructure. AEI Press, Washington, DC

Guasch JL, Laffont JJ, Straub S (2007) Concessions of infrastructure in Latin America: government-led renegotiation. J Appl Econ 22(7):1267–1294

Harding A (1990) The rise of urban growth coalitions, UK-style? Environ Plann C Gov Policy 9(3):295–317

Ho SP, Tsui CW (2009) The transaction costs of public-private partnerships: implications on PPP governance design. In: Lead 2009 specialty conference: global governance in project organizations, South Lake Tahoe, pp 5–7

Klein DB (1994) Private highways in America 1792–1916. Ideas on Liberty

Koppenjan JJF (2005) The formation of public-private partnerships: lessons from nine transport infrastructure projects in the Netherlands. Public Adm 83(1):135–157

Laffont JJ, Tirole J (1993) A theory of incentives in procurement and regulation. MIT press

Linder SH (1999) Coming to terms with the public-private partnership: a grammar of multiple meanings. Am Behav Sci 43(1):35–51

Osborne SP (2000) Public-private partnerships: theory and practice in international perspective. Routledge, London

Parker D, Hartley K (2002) Transaction costs, relational contracting and public private partnerships: a case study of UK defence. J Purch Supply Manag 9(3):97–108

Ping Ho S, Levitt R, Tsui CW, Hsu Y (2015) Opportunism-focused transaction cost analysis of public-private partnerships. J Manag Eng 31(6):04015007

PWC (2010) Delivering the PPP promise* A review of PPP issues and activity. Retrieved From https://www.pwc.com/gx/en/government-infrastructure/pdf/promisereport.pdf

Roehrich JK, Lewis MA, George G (2014) Are public–private partnerships a healthy option? A systematic literature review. Soc Sci Med 113:110–119

Rosenau PV (ed) (2000) Public-private policy partnerships. MIT Press

Roumboutsos A, Chiara N (2009) Public private partnerships: a strategic partnering approach. In: CIB TG 72 HK workshop, vol 28

Wang Y (2015) Evolution of public–private partnership models in American toll road development: learning based on public institutions' risk management. Int J Proj Manag 33(3):684–696

Wang Y, Zhao ZJ (2014) Motivations, obstacles, and resources. Public Perform Manag Rev 37(4):679–704

Warner M, Hebdon R (2001) Local government restructuring: privatization and its alternatives. J Policy Anal Manage 20(2):315–336

Williamson O (2002) The theory of the firm as governance structure: from choice to contract. J Econ Perspect 16(3):171–195

Yang Y, Hou Y, Wang Y (2013) On the development of public–private partnerships in transitional economies: an explanatory framework. Public Adm Rev 73:301–310

Zhao Z (2011) Advancing public interest in public-private partnership of state highway development. Humphrey Institute of public affairs report no MN/RC 2011–09. Minnesota Department of Transportation, Minneapolis

# Public-Private Partnership and Governance

Fardaus Ara and Md Mostafizur Rahman Khan
Department of Public Administration,
University of Rajshahi, Rajshahi, Bangladesh

## Introduction

Public-Private Partnerships, also known as PPP, are contracts amid government agencies and private organizations that involve the government agency paying, reimbursing, or transferring a public asset to the private sector in return for goods or services over a set period. Public-Private Partnership in the delivery of public services is considered a balanced approach as it tries to mingle the best of both worlds: the private sector with its resources, management skills, and technology and the public sector with its regulatory actions and protection of the public interest (UN 2007). Their key characteristics include long-term service provisions, transfer of risk to the private sector, and various forms of long-lasting contracts between legal entities and public authorities (Nwangwu 2013). In recent days, PPP have gained wide interest around the globe.

## Defining Public-Private Partnerships

Partnership is a contractual arrangement between two sectors where the public sector assigns certain missions to a private operator with some specified objectives to attain. The public sector partner retains regulatory control and owner-ship of the infrastructure while private sector playing the role of implementing agency (www.suez.com/metiers/english/environnement/lexique.php, retrieved on 12 Oct 2007). Government of India (GOI) and Asian Development Bank define PPP as arrangement between a government or statutory body or government owned entity on one side and a private sector unit on the other, for the provision of public assets and/or related services for the advantage of public, through investments being made by and/or management undertaken by the private sector entity for a specific time period, where there is a substantial risk sharing with the private sector and the private sector receives performance linked payments that conform or are benchmarked to specified, pre-determined, and measurable performance standards (Nwangwu 2013).

Despite the fact, that there is no single definition of PPP, the primary aim of this cooperation broadly refers to long-term, contractual partnerships between the public and the private sector agencies explicitly targeted toward financing, designing, implementing, and operating infrastructure facilities and services that were customarily provided by the public sector. Asian Development Bank (ADB) asserts that effective PPP requires certain advantages on both the public and private sides in performing specific tasks. The government's contribution to a PPP may take the form of capital for investment available through tax revenue, a transfer of assets, or other commitments or in-kind contributions that support the partnership. The government also provides social responsibility, local knowledge, environmental awareness, and the capacity to mobilize political support. The private sector's responsibility in the partnership is to make use of its knowledge and proficiency in commerce, management, operations, and innovation in order to run the business more competently and efficiently. In addition, the private partner may contribute investment capital based on the form of contract (Nwangwu 2013).

## Emergence of Public-Private Partnerships (PPP)

The story of private provision in the public spheres points to the fact that there has always been some amount of public and private sector collaboration in various aspects. The tales of private contracting in the public sphere are many: Mathew, the private tax collector from the Bible, the private cleaning of public street lamps in

eighteenth century England, private railways of the nineteenth century, or conquering of the Spanish Armada in 1588 where 82% of the 197 vessels in Drake's fleet were private contractors to the Admiralty, all were examples of contracting. The first ship sailed to America was a joint effort between public and private actors, an example of cooperation (Greve and Hodge 2005). The turnpike era in England beginning in the 1650s and in the United States beginning in the 1790s, both lasting until the second half of the nineteenth century, illustrate many forms of PPP. In England, roads were organized as trusts, quasi-public corporations, chartered by parliament, but with the aim of earning a profit. There was significant oversight; the right to operate turnpikes was not in perpetuity but had to be renewed by parliament. When turnpike organizations went bankrupt (often due to the rise of railroads), they were taken over by local government. Toll farming, the selling of the right to collect tolls, was another aspect of private involvement, reducing public sector risk (in principle) by exchanging a lump sum payment for the right to collect tolls which were subject to the vagaries of demand and required entrepreneurship and incentive for enforcement (Levinson et al. 2006). From history, it is seen that mixing of public and private spheres has taken place over many centuries in various forms like cooperation, cooptation, contracting, etc. So PPP cannot be said a recent reform agenda, rather discovering new modes of partnerships to find out what useful refinements and adaptations are must for a people oriented competent government has come into sight in current days (Wettenhall 2005).

By the early 1980s, a number of diverse factors caused changes in the widespread perceptions of governance and of the proper function of the state. Rising intercontinental trade and investment; increasing economic, social, and political interface across national borders; rapidly emerging technological innovations; and the spread of knowledge and information globally made the change faster one. The notion of governance extended its scope to embrace not only the government but also other societal institutions, including private sector and civil associations. Discussions and debates shifted from the proper distribution of responsibilities inside government to how robustly the state should mediate in economic activities. To make public service delivery more proficient governments started decentralizing their functions. Globalization forced some governments to restructure their composition. A change in the development theories and strategies in international aid agencies and participatory development also led to increasing decentralization. By the mid-1980s, with the continued weakening of centrally planned economies, the waning of the Cold War, economic, and political forces restructured the conventional impression of governance and decentralization. The fall of authoritarian regimes in Latin America during the 1980s and in Central and Eastern Europe during the early 1990s; the rapid spread of market economies; more democratic principles in East Asia; trends of privatizing state enterprises; downsizing large central government bureaucracies; and pressures from the International Monetary Fund, the World Bank, and other international development organizations all led to new interest in decentralization and a new concept of governance. Pressures by various political, ethnic, religious, and cultural groups seeking greater autonomy in decision-making and stronger control over national resources, also pushed governments to decentralize its functions that ultimately has encouraged forming partnerships among different sectors. Moreover, it was found that in some sectors performance of private sectors are much more efficient than government (Cheema and Rondenelli 2007).

In addition, new public management and entrepreneurial government in industrialized countries shaped the way international development organizations and many reforms-oriented public officials in developing countries began to think about what governments should do and how they should perform (Cheema and Rondenelli 2007). Moreover, it was perceived that in the period of globalization and global economy, partnerships can be useful to expand resources effectively, and improve infrastructure and citizen services, while reducing financial and other burdens on government. Partnerships can leverage resources and

funds. So gradually partnership in various forms has started its journey all over the world both in the developed and in the developing (Paoletto 2000). Specially in 1992 by the staging of the Rio Earth Summit, where major transnational corporations and political leaders emphasized on "cooperation" and "dialogue" rather than "confrontation" with each other, interactions among governments, private enterprise, and civil society organizations have increased and all three of these entities have come to be seen as institutions of governance, whose participation is crucial to delivering services to the people (Rizvi and Bertucci 2007).

## Typology and Theory of Public-Private Partnerships

The applications of PPP vary from country to country. There are various types of PPP, established for diverse reasons, across a wide variety of market segments, reflecting the different needs of governments. However, the following terms are commonly used to describe typical partnership agreements:

- Buy-Build-Operate (BBO): Transfer of a public asset to a private or quasi-public body usually under contract that the assets are to be upgraded and operated for a specific period of time. Public control is exercised through the contract at the time of transfer.
- Build-Own-Operate (BOO): The private sector finances, builds, owns, and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through on-going regulatory authority.
- Build-Own-Operate-Transfer (BOOT): A private entity receives a franchise to finance, design, build, and operate a facility (and to charge user fees) for a specified period, after which ownership is transferred back to the public sector.
- Build-Operate-Transfer (BOT): The private sector designs, finances, and constructs a new facility under a long-term concession contract and operates the facility during the term of the concession after which ownership is transferred back to the public sector if not already transferred upon completion of the facility. In fact, such a form covers BOOT and BLOT with the sole difference being the ownership of the facility.
- Build-Lease-Operate-Transfer (BLOT): A private entity receives a franchise to finance, design, build, and operate a leased facility (and to charge user fees) for the lease period against payment of a rent.
- Design-Build-Finance-Operate (DBFO): The private sector designs, finances, and constructs a new facility under a long-term lease and operates the facility during the term of the lease. The private partner transfers the new facility to the public sector at the end of the lease term.
- Finance Only: A private entity, usually a financial services company, funds a project directly or uses various mechanisms such as a long-term lease or bond issue.
- Operation and Maintenance Contract (O&M): A private operator, under contract, operates a publicly owned asset for a specified term. Ownership of the asset remains with the public entity. However, many do not consider O&M's to be within the spectrum of PPPs and consider such contracts as service contracts.
- Design-Build (DB): The private sector designs and builds infrastructure to meet public sector performance specifications, often for a fixed price, turnkey basis, so the risk of cost overruns is transferred to the private sector. Many do not consider DB's to be within the spectrum of PPPs and consider such contracts as public works contracts.
- Operation License: A private operator receives a license or rights to operate a public service, usually for a specified term. This is often used in IT projects (UNECE 2008).

The options available for delivery of public services range from direct provision by a ministry or government department to outright privatization, where the government transfers all responsibilities, risks, and rewards for service delivery to the private sector. Within this spectrum, public-

private partnerships can be categorized based on the extent of public and private sector involvement and the degree of risk allocation. However, the private sector is motivated by profits and so may give insufficient weight to quality or safety for the general public. Before the partnership is initialized, two things must be examined: whether the partnership add efficiency in use of limited resources and will the public be better served by the partnership (NCPPP 2002)? Both partners have risk associated with the partnership: the private businesses have to risk their own time and money and need to disclose financial conditions to the public; the public sector risks overcharging by the private partners, being forced into a poor negotiating position, and the potential for declining benefits over time (Levinson et al. 2006).

Chris Heymans (2002) identifies a number of fundamental principles underlie the feasibility and sustainability of partnerships. It is particularly important that they are transparent, that the participants are appropriately accountable, that key stakeholder considers them legitimate, and that the procurement is fair and competitive. At the same time, private sector participation in service delivery must be adaptable and flexible. According to him the fundamental principles of partnership are:

- Transparency: Clear rules, fairness, and transparency can ensure an attractive environment for private investors and other potential partners to work with local government in service delivery. Transparency is about the inclusive process that ensures that all stakeholders have proper information about potential impacts, policies, partnership objectives, and procurement criteria and processes. This is concerned with awareness building.
- Accountability: Private sector participation raises accountability questions because partnerships place certain responsibilities, normally carried by the public sector, in the ambit of private operators. Accountability is closely linked to creating incentives for the different parties. Elected councils have the incentive of meeting voter demands. Municipal officials may be encouraged through performance measurement that is linked directly to successful delivery through the partnership. The private partner has the incentives of maintaining a sustainable business and winning future contracts. Such incentives should be carefully considered during the negotiation of a partnership contract. Often, accountability is reinforced through penalty clauses applied if contractors fail to meet the expectations set out in the contract. Mechanisms that allow rapid response to customer needs also facilitate accountability. Customer complaint handling systems is one important element, and the introduction of the necessary support systems should enable service providers to function with sufficient accountability. Such systems enable end-users to make known what they require from the service industry and help service providers to respond to those requirements. Throughout, it remains important for a local council to make the best use of its links to the community that elected it, as a primary channel to gather information and to continuously convey customer views on the quality of services.
- Legitimacy and legality: To be credible, partnerships with the international and large-scale private sector need support from key stakeholders and a firm legal basis. This creates a safe environment for investors and a sound basis upon which the delivery of services can take place. If the legal basis of a partnership is in question, the accountability of the parties will be tenuous, compromising certainty that the contract obligation will be met. The key to addressing these challenges lies in effective process management and the due legal process. Stakeholder participation is essential, as it enables different parties to air their views, raise their concerns, and feel that they are part of the process. Special arrangements may be necessary to ensure that poor communities are well informed, and are able to influence decisions about various aspects of the partnership, such as service levels or tariff levels. The government should be clear about what it wants to achieve through private sector participation as this would enable it to engage with

stakeholders, either to convince them or at least to ensure a working arrangement that would avoid any stakeholders fundamentally opposing the partnership in ways that make it unworkable. Policy frameworks should be clearly articulated, information made accessible to all, and procedures for procurement should be open, fair, and credible. The legal basis of the contract must be beyond doubt. The statutory framework must provide the rights and obligations of the participating partners, and any regulators must be clear, and the legal basis must provide certainty for the partnership.

- Participation: Stakeholder participation is vital in enhancing ownership and sustainability. This would enhance the overall legitimacy of the project and also help to ensure that the service providers act accountably and with sensitivity to the needs of consumers. Participatory decision-making ensures a better fit between public investment decisions and community realities and preferences.
- Organizational culture: In the absence of legal and institutional structures for implementing decentralization, enforcing public accountability, and promoting participatory approach and partnership in development, the extent these features are reflected in social services depends on to a large degree on attitudes, values, and preferences of individual functionaries occupying influential positions. The functionaries at the top in governance hierarchy appear to be comfortable with the ascendant position for them. There is a lack of great enthusiasm and energy on the part of the political and government leaders for building a national partnership in health to achieve national objectives (Sobhan 1998).
- Trust: Trust is considered as one of the most crucial elements in forming a partnership. Fountain and Atkinson (1998) expressed that trust lowers the costs of coordination and cooperation and thereby increases collective productivity. Low trust led either to complete failure or to poorly performing non-collaborative networks. According to them, trust develops over time as individuals gain confidence in the reliability of others through a series of interactions.

Brewer and Hayllar (2005) opined that strong partnerships are built and sustained by norms of reliability consistent with the high levels of systemic trust. High levels of trust facilitate interactions within societies and organizations. When the government provides a strong legal system and tackles problems of injustice and inequality, social trust increases. Yet despite the improvements promised by recent public sector reforms, current levels of citizen distrust in government, both in developing and developed countries, pose a serious threat to the capacities of governments to govern effectively. PPP in the delivery of public services have become a popular phenomenon which is spreading all over the world and generating greater interest. In the words of Mc Quaid (2000), the underlying basis of the partnership may be a high level of trust, as in the view of partnership as a marriage which develops over time but is underpinned by trust and a mutual belief in the positive gains for both partners. So it is evident that forming effective partnership depends on mutual trust between partners.

Measuring the successful implementation of a PPP can be a controversial issue. PPP evaluation process has to take into account parameters including:

- The support for the PPP project by the public, government, politicians, and private firms.
- The satisfaction of stated objectives (costs, demand, timetable).
- The extension of the project or undertaking of new projects with similar parties.
- The project improves the efficiency of the system, the equity of the system, the environment, and the experience of neighbors to, and users of, the project.

## The Case: The Urban Primary Health Care Project (UPHCP)

This section examines in detail a project of PPP in the health sector in Bangladesh to establish the

criteria that lead to success or failure of PPP. The Urban Primary Health Care Project was designed and prepared by the Ministry of Local Government, Rural Development and Cooperatives (MOLGRD&CO); the Local Government Division (LGD) of the MOLGRD&CO was the formal executing agency of the project. The primary objective of the project was to improve the health of the urban poor and reduce preventable mortality and morbidity, especially among women and children and ensuring good quality preventive, promotive, and curative services. Another important objective of the project was to strengthen the managerial, financial, planning, evaluation, and coordination capacities of local government and thus make the Primary Health Care sustainable (ADB 1997).

The UPHCP went into operation, officially, on 30th March 1998. The first phase of the project ended on 30th June 2003 and then got extension in two slots, first up to 31st December 2004 and then again extended up to 30th June 2005. Since 1st July 2005 the project was renamed as UPHCP-II and started another 5-year journey (ADB 2005). The project covered more than 10 million urban population of Bangladesh and had a Primary Health Care (PHC) network of 25 Comprehensive Reproductive Health Care centers, 112 PHC centers, and 224 satellite clinics at community level. The project financed 24 partnership agreements, each covering 200,000–300,000 people. Each partnership agreement area consisted of one CRHC center, at least one PHC center per 30,000–50,000 people, and at least one satellite or mini-clinic per 10,000 people.

PHC centers provided a full range of essential services, including basic emergency obstetric care. The CRHC centers provided comprehensive emergency obstetric care, newborn care, and specialized essential services package. The partnership area was mapped and divided into areas containing approximately 5000 people or about 1000 households (ADB 2005). Mitra and Associates, Bangladesh, in collaboration with John Hopkins University, the USA, in 2005 found that there had been an increasing trend since the baseline period in most of the services. A high level of satisfaction among beneficiaries had been observed by their evaluation study. The report further opined that clients were satisfied with the quality of services and the goal of targeting the very poor was achieved by most Partner Organizations (POs) under UPHCP. They commented that UPHCP was efficient in reaching the poor and urban population in general, though there were some logistic problems with the POs (Mitra and Associates 2005). It was further explored that at the service providing levels, especially among the POs, there was dissatisfaction regarding overall management of PPP. POs were suffering from timely allocation and supply of medical equipment and some essential drugs which had a negative impact on service delivery. Additionally, the POs had no autonomy to procure medical logistics and family planning items directly from the market. The level of trust among and between different actors in the project was at low ebb. They did not trust each other and there was a lack of mutual respect mainly on the part of public sector towards Partner Organizations. Lack of mutual respect and misunderstanding was prevailing on both sides. Overall, the partnership under UPHCP was successful in satisfying beneficiary. However, there were a number of severe issues that hampered the overall governance of the project. Lack of adequate human, financial, and material resources; the absence of beneficiary participation; low level of accountability; and rigid and nonflexible organizational culture in the public sector all hindered management performance of the project thus challenging the success of partnership. The mechanism of accountability in the project was designed in such way that there was no room for the beneficiary by which they could hold the policy makers and service providers accountable. Only upward accountability mechanism was practiced in the project management. Furthermore, the public sector organizational culture was dominated by traditional centralized practices inherited from the British and Pakistani rules that created obstacles. Lack of trust and mutual respect between POs and public side, fear towards public sector by POs, superiority complexity and the tendency of underestimating, and lack of

coordination in program management all hampered the governance of the project (Ara 2011).

## Conclusion

Partnerships have come with both merits and demerits. It has been asserted that Public-Private Partnerships work best if the roles and responsibilities of each partner are defined. The government is responsible for defining the details of the objectives and that the standards are met and enforced to ensure the public's benefit and safety. The private sectors operating proficiently to be profitable take risks in new approaches and designs that the government is not always able to achieve. Partnerships to a great extent depend on how well the private sector manages the risk transferred to it and on the public sector's capability to manage the contracts for a long time. Care should be taken so that the best of both sides are efficiently utilized. Evaluations of the partnerships need to be carried on a continuous basis and any discrepancy must be reported immediately to avoid any unexpected situation.

## References


Ara F (2011) Public private partnership: success and potential challenges. LAP – LAMBERT Academic Publishing GmbH & Co, Saarbrücken

Asian Development Bank (2005) Report and recommendation of the president to the board of directors on a proposed loan and Asian development fund grant to the People's Republic of Bangladesh for the second urban primary health care project. RRP: BAN 36296. ADB

Brewer B, Hayllar MR (2005) CAPAM symposium on networked government: building public trust through public–private partnerships. Int Rev Adm Sci 71(3): 475–492. http://ras.sagepub.com/content/71/3/475.full.pdf+html

Cheema GS, Rondenelli DA (2007) From government decentralization to decentralized governance. In: Cheema GS, Rondinelli DA (eds) Decentralizing governance: emerging concepts and practices. Brookings Institution Press, Washington, DC, pp 1–20

Fountain JE, Atkinson RD (1998) Innovation, social capital, and the new economy. Progressive Policy Institute, Harvard University, Cambridge, MA

Greve C, Hodge G (2005) Introduction. In: Hodge G et al (eds) The challenge of public-private partnerships: learning from international experience. Edward Elgar, Cheltenham/Northampton, pp 1–21

Heymans C (2002) Establishing sound partnership principles. In: Plummer J (ed) Focusing partnerships: a sourcebook for municipal capacity building in public–private partnerships. Earthscan, London, pp 213–230

Levinson D, Garcia R, Carlson K (2006) A framework for assessing public private partnerships. In: Rietveld P, Stough R (eds) Institutions and regulatory reform in transportation. Edward Elgar, Cheltenham/Northampton, pp 284–304. http://nexus.umn.edu/papers/PPP.pdf

McQuaid RW (2000) The theory of partnership: why have partnership? In: Osborne SP (ed) Public-private partnerships: theory & practice in international perspective. Routledge, London, pp 9–36

Mittra and Associates (2005) UPHCP-ISI monitoring report. Johns Hopkins University, Baltimore

National Council for Public Private Partnerships (NCPPP) (2002) For the good of the people: using public private partnerships to meet America's essential needs, Washington, DC. http://ncppp.org/presskit/ncpppwhitepaper.pdf

Nwangwu GA (2013) A risk based approach to enhancing public-private partnership (PPP) projects in Nigeria. A thesis submitted for the degree of PhD, The University of Hull. https://hydra.hull.ac.uk/assets/hull:8600a/content

Osborne D, Geabler T (1992) Reinventing government. Addison-Wesley, Reading

Paoletto G (2000) Public-private sector partnerships: an overview of cause and effect. In: Wang Y (ed) Public-private partnerships in the social sector: issues and country experiences in Asia and the Pacific. Asian Development Bank Institute, Tokyo, pp 30–47

Raman AV, Bjorkman JW (2006) Public/private partnerships in the delivery of health care to the poor. Draft research report on Indo-Dutch Programme on Alternatives in Development (IDPAD) financed case-studies in India, Mar 2006

Rizvi G, Bertucci G (2007) Foreword. In: Shabbir Cheema G, Rondinelli DA (eds) Decentralizing governance: emerging concepts and practices. Brookings Institution Press, Washington, DC, pp ix–x

Sobhan R (1998) The governance of poverty alleviation: the Bangladesh experience. Centre for Policy Dialogue, Dhaka

UNECE (2008) Guidebook on promoting good governance in public-private partnerships. United Nations, Geneva. http://www.unece.org/fileadmin/DAM/ceci/publications/ppp.pdf

United Nations (2007) Guidebook on promoting good governance in public-private partnerships. United Nations Economic Commission for Europe, Geneva. http://www.unece.org/fileadmin/DAM/ceci/publications/ppp.pdf

Wettenhall R (2005) The public-private interface: surveying the history. In: Hodge G, Greve C (eds) The challenge of public-private partnerships: learning from experience. Edward Elgar, Cheltenham/Northampton, pp 22–43

# Public-Private Partnership Coordination: Lessons from Tanzanian Water Sector

Ethelbert Chinedu Nwokorie
School of Management, Public Management, University of Vaasa, Vaasa, Finland

## Synonyms

Coordination agency; Public-private partnership units; Success factors; Tanzania; Water sector

## Definition

Through public-private partnerships (PPPs), government agencies collaborate with private sectors to provide quality infrastructures and services to the people. Coordination agencies provide project support and guidelines and promote PPPs by coordinating and building trust among partners.

## Introduction

Public-private partnerships (PPPs) are avenues for private sector participation in provision of public infrastructures, goods, and services. It is a form of management where government agency/agencies collaborate with the private sector to provide quality infrastructures and services to the people (Nwokorie 2016: 1; Mahalingam et al. 2011: 341–372). PPPs utilize the strengths of both public and private sectors to bring affordable quality infrastructure and social services to the people. This chapter contributes to the literature on the role of coordination agencies (CAs) in the success of PPPs. CAs provide project support and guidelines and promote PPPs by coordinating and building trust among partners. This entry agrees with the conclusions of Van Den Hurk et al.'s (2016: 17) and Mahalingam et al.'s (2011: 341) studies that emphasize the need to involve CAs in PPPs in order to bring expertise in project development and structuring; bid process management, coordination, project risks, and mitigation; and attract political support to PPP programs. Lessons from the failed Dar es Salaam Water and Sewerage Authority (DAWASA) of Tanzania and City Water Services (CWS) PPP highlights the role of experienced CAs in PPP success.

This chapter argues that the DAWASA/CWS PPP failed due to the absence of an experienced CA. The failure illustrates the effects of poor coordination of the PPP process. The project marked the first time the government of Tanzania (GoT) was using PPP in water sector. CWS was to rehabilitate and expand water supply facilities and sewerage system services in Dar es Salaam and its surrounding towns (Triche 2012: 2; Qizilbash 2011; WaterWorld 2013). The project was to build a road map for further utilities and infrastructural development in Tanzania through PPPs. However, the Tanzanian Ministry of Water and Livestock Development (MWLD) canceled the PPP because of disagreements between DAWASA and CWS shortly after commencement. GoT created DAWASA in 1997 to provide piped water and sewerage services to Dar es Salaam and its surrounding towns. The infrastructure in Tanzanian water sector lacked maintenance for years, and DAWASA inherited infrastructure that was in a state of disrepair. As a result, DAWASA lost most of the produced water and could not provide the required services in this sector. In 2002, GoT adopted a National Water Policy (NWP) that introduced PPP in water sector to deliver affordable and sustainable water and sewerage services to the people. The NWP authorized DAWASA to appoint a private operator and endorsed the establishment of an independent CA to coordinate activities of the parties during the PPP process. This led to the creation of Energy and Water Utilities Regulatory Authority (EWURA) in 2002 (WaterWorld 2013).

The PPP process started in 1997, when Biwater International submitted a proposal to GoT for a joint venture with DAWASA. GoT invited three other companies (Saur International, Vivendi Environment, and Northumbrian Water Group PLC). Three of the firms opted for lease contract, but when GoT accepted and requested for bids, only Saur and Vivendi submitted bids. In May

2000, the bids were canceled, and a prequalification process was organized for the bidding companies. Saur and Vivendi met the prequalification criteria, while Biwater Gauff Tanzania (BGT) failed; yet it was prequalified. Nevertheless, Saur and Vivendi requested some amendments to reduce high operator's risks, but DAWASA rejected their requests; they withdrew from the process, and BGT emerged sole bidder and winner. The World Bank and the transaction advisor expressed doubts on financial soundness of BGT's proposal and its ability to meet performance expectations, but DAWASA ignored their concerns (WaterWorld 2013). Later, BGT merged with a Tanzanian firm Superdoll Trailer Manufacturing (STM) and formed City Water Service (CWS). In 2003, CWS and DAWASA signed the lease contract, and CWS began operation later in the year (WaterWorld 2013).

## Review of Related Literature

Proper coordination reduces possibilities for conflicts that might affect PPP success, strengthens interdependence of partners, builds trust, and helps PPPs succeed. Coordination aims to make every part of an organization function without difficulties and achieve its purpose with less friction and maximum collaboration. It produces harmony and equilibrium and aligns organizational functions, structures, and resources together for the achievement of common organizational goals (Nwokorie 2016: 2). Coordination refers to managing interactions between and among organizations involved in partnership. It strengthens interdependence and fosters harmonious coexistence among different entities working toward common goals. This study defines coordination in PPP as the process through which differences among partners are harmonized in order to achieve the goals of PPPs. The purpose and aim of coordination make it an important instrument for successful management of PPPs from the beginning to its completion.

To ensure proper coordination and success of PPPs, many governments establish and staff CAs with specialists to supplement government capacity in awarding and monitoring PPP contracts. They coordinate the processes and activities of PPPs at every stage (Mahalingam et al. 2011; Nwokorie 2016). CAs perform other functions such as quality control, policy formulation and coordination, technical advice, standardization, and promotion of PPPs. The World Bank (2007: 20–21) define CA as any organization created to promote and improve PPPs, with mandate to manage quality of PPP projects, attract more PPPs, and ensure that PPP projects meet the defined criteria like quality, affordability, value for money, and risk transfer. CAs are important in designing PPP frameworks and implementing them. It is important for CAs to have expertise in project management; contract financial, technical, and legal management; monitoring quality of service; contract compliance; project evaluation; performance monitoring; and partnership management (Nwokorie 2016: 2). CAs fill the gap in lack of capability by government agencies in implementation of PPPs because requirements of PPP projects are large (Mahalingam et al. 2011: 345).

As specialized government organs, CAs oversee activities of parties in PPPs to ensure that they follow the terms and conditions of the contract and achieve success. Good knowledge of PPP project preparation, procurement, and management prepare CAs to engage private sectors where and when necessary. It also helps to protect private sector interests and shield them from direct or indirect expropriation (Nwokorie 2016: 2). They provide information linkage and balance the interests of the parties, stakeholders, and the public where necessary in the partnership (Mahalingam et al. 2011: 360). They collaborate with the awarding government agency and private sector to resolve any disagreement that could lead to PPP failure (World Bank 2007). Sanghi et al. (2007: 2) explained that governments establish CAs to manage PPPs effectively and avoid failures. They promote and improve PPPs where governments' procurement policy, strategy, and incentives are weak and address the challenges that are capable of truncating project realization.

Coordination in PPPs begins from assessing the best achievable type of PPP for a project,

assessing the chances of meeting the objectives of the parties, to clearly defining the project implementation structure. This helps partners to recognize the needs and interests of each other and prepares the ground for effective coordination from the beginning (Nwokorie 2016: 3). By making PPP design competitive to attract more bidders, experienced CAs bring transparency in the process and make negotiation easy and less time consuming. Despite the huge market in Tanzania, lack of interest in Tanzanian water PPP by companies across the world was an indication of a poorly designed contract, which made the bidding unattractive and uncompetitive. Low bidder turnout in PPPs is the result of poorly designed contracts that are unable to attract bidders. Since only three companies participated in the bidding and two withdrew midway, the present case is arguably an example of unattractive and uncompetitive contract design (Nwokorie 2016: 3).

Managing PPPs successfully requires the capacity to identify, develop, and weigh preferable financing options, optimal risk transfer, contract negotiation, and management. For PPPs to give real benefits to stakeholders, involvement of CAs with expertise in PPP coordination, administration, project structuring, and bid process management and understanding of PPP risks from the beginning to the end of PPPs are essential or increase the capacity of government agencies in this respect to effectively monitor PPPs (Mahalingam et al. 2011: 341). Specialized CAs act on behalf of government agencies to secure optimal deals with private sector organizations, carry out feasibility studies, prepare detailed project reports, manage the bidding process, and monitor performance and progress of PPP projects (Nwokorie 2016). They promote PPPs in response to failures by government agencies and ensure that projects fulfill quality criteria (World Bank 2007). Due to the roles CAs play in PPPs, many governments use CAs to deliver PPP projects.

In a comparative study of success and failure factors of three PPPs in the United Arab Emirates (UAE), Dulaimi et al. (2010: 397–401) discovered that two of the PPPs failed due to inappropriate risk allocation and lack of political support due to the absence of specialized CA to equitably allocate risks and attract political support to the partnership. They were of the view that for PPPs to succeed, there is need for a well-organized and committed agency to coordinate it. Similarly, PPP clients should improve their knowledge of PPP projects. In a comparative study of the performance of three CAs in water sector PPP in India, Mahalingam et al. (2011: 341) argued that involvement of agencies that lack PPP and specialized knowledge affects the success of PPPs. In a study of PPP challenges in Malaysia, where Unit Kerjasama Awam Swasta (UKAS) was a CA, Ismail and Harris (2014: 8) found that UKAS's inexperience and lack of knowledge of PPPs manifested in poor coordination led to the failure of the PPP. The Batu Pahat Municipal Council (BPMC) PPP in Malaysia failed because of UKAS's poor supervisory frameworks and insufficient guidelines for the PPP. UKAS, which is a government department, lacked the experience and knowledge to coordinate PPPs.

Furthermore, the failed London underground PPP displayed the effect of poor coordination. Transport for London and London Underground Limited could not successfully coordinate the PPP with Metronet due to lack of technical knowledge. That led to the failure of the PPP (Nwokorie 2016: 3). The 2002 Farum local government PPP with FIH institute in Denmark could not achieve the construction of the indoor sports arena and soccer stadium due to similar reasons (Nwokorie 2016: 3). In a case study by Abd Karim (2011: 10), the Batu Pahat Bus Station PPP between BPMC in Malaysia and a confidential private developer failed due to long delay in negotiation and poor negotiation and management skill by the BPMC personnel who were inexperienced in handling PPP projects. In India, it was difficult for urban local bodies to conceptualize, procure, and manage PPP projects due to weak competences. The central and state governments addressed the weak competencies of PPPs by urban local bodies in India by creating specialized CAs. The specialized CAs help the urban local bodies to identify PPP opportunities, conduct initial feasibility studies to develop PPP projects, obtain approvals, and

coordinate the stakeholders involved the project (Devkar et al. 2013: 126).

In a comparative study of success and failure factors of water PPPs in Mozambique and Tanzania, Qizilbash (2011: 49) observed that the Government of Mozambique that introduced PPP in its water sector in 1998 recorded incremental success, unlike the DAWASA/CWS PPP. After 5 years of the PPP in Mozambique, investment started nearing breakeven and financial performance in four provincial capitals steadily improved. Water became available 24 h a day in three districts, 22 h a day in one district, and 14 h a day in another district. One important factor for the success of the PPP was that the government created Water Supply Regulatory Council (WSRC), a CA, and empowered it from the beginning to balance conflicting objectives among partners, ensure that financial goals of government were met, and secure fair pricing for customers (Qizilbash 2011: 45). However, in the case of Tanzania, though GoT created EWURA as a CA, it failed to empower it to start functioning immediately until the PPP failed. The Tanzanian case failed mainly due to EWURA's inability to function, while Mozambique succeeded because WSRC functioned from the beginning. All these explain how the absence of specialized CAs, unofficial expert body, or experienced government agency affects coordination and success of PPPs.

In India in 1996, Alandur Municipality lacked the capacity to coordinate the building of a state-of-the-art sewerage system PPP; it approached INFRACREATE, an agency that coordinates PPPs in water sector in the State of Tamil Nadu, for assistance. INFRACREATE designed and structured the project; prepared project memoranda; negotiated lending rates; developed the financial structure and conflict resolution mechanisms; prepared the bid documents, evaluation procedures, and a concession agreement that featured equitable risk sharing; and solicited for bids. Several companies submitted bids. The project was awarded through a transparent bidding process. Nevertheless, INFRECREATE's involvement was terminated at this stage. Having laid the foundation for a good start, the project took off on a good note. As the implementation progressed, INFRECREATE's exit began to affect the project. It started with delay in approvals and inspections to changes in project plan. This was followed by the absence of communication, which led to a conflict that subjected the PPP to litigation. This highlights the role an experienced CA plays in PPP structuring, coordination, and implementation from the beginning to the end (Nwokorie 2016: 4; Mahalingam et al. 2011: 341–372).

The PPPs in the Spanish transport sectors succeeded without CAs because at the Spanish national level, there are well-experienced sector and focused bodies such as Sociedad Estatal de Infraestructuras Del Transporte Terrestre (SEITT) that are deeply involved in the delivery of PPP projects in the transport sector. Although SEITT was not a designated CA, it performed the roles CAs perform in PPPs. SEITT functions include development of the business case for PPPs, analysis of tariff structures, definition of policies for the development of PPPs, preparation of the terms and conditions for procurement, viability assessment, and financial structuring of PPPs. To illustrate the importance of effective coordination to successful implementation of PPPs, governments of some countries have empowered unofficial expert bodies to assist CAs in PPP coordination and implementation in their countries. In Italy, the government empowered unofficial PPP expert body to assist the Italian Unita Tecnicà Finanza di Progetto (UTFP) to coordinate PPPs. In Slovenia, the Slovenian Division for Public Property Management benefited from the experience of unofficial PPP expert body in successful coordination and implementation of PPPs. Similarly in Portugal, the Portuguese management holding company has enjoyed the same benefits, as well as Cyprus, where unofficial expert bodies have been involved in PPP coordination with official CAs (Van Den Hurk et al. 2016: 13).

The positive roles of CAs notwithstanding, in some countries with weak government effectiveness like the Philippines, government institutions perform poorly. CAs cannot be an island of excellence in such poor performing government. In the 1990s, CA was directly involved in power sector

PPP in the Philippines. However, weak government and institutions constrained the CA's capacity to perform necessary coordination functions in the PPP, and the PPP was not a complete success (Sanghi et al. 2007: 2–3, 5). In some countries, organizational structure of CAs limits their authority and capacity to significantly influence and implement PPPs. In such countries, CAs' involvement in PPPs has been minimal, while the government uses other bodies to coordinate and implement PPPs (Van Den Hurk et al. 2016: 13). In such countries, organizations other than official CAs coordinate, drive, and shape PPP processes. In Belgium (Flanders), a government investment company (PMV) has been more active in coordinating and shaping PPPs than the official PPP unit. The PMV is very knowledgeable and experienced and regularly participates in coordination of large PPPs. The official PPP unit has played limited roles with only six staff. In Finland, there is no CA or PPP unit. In Estonia, there is a government-owned company (State Real Estate Ltd), a sophisticated, active, and expert player that coordinates PPP processes in real estate. Finland has well-trained government-constituted body of professional experts that provide a rigorous standardized cost-benefit analysis. They make PPP procurement and implementation successful. This body of field actors has been reliable and successful in coordinating PPP processes in Finland (Van Den Hurk et al. 2016: 8, 12). Bangladeshi CA has been less involved in PPPs. The National Investment Bank of Jamaica (NIBJ) performs coordination roles in PPPs than official CA; and in Portugal, the Parpública has become the new driver of PPPs (Van Den Hurk et al. 2016: 13; Sanghi et al. 2007: 3). Involvement of unofficial experts or experienced government bodies in PPP coordination in these countries emphasizes the importance of coordination in the success of PPPs.

However, in some countries, CAs are equipped with organizational, structural, and legal capacities to deliver successful PPPs without external help. The South African CA is central to successful development and implementation of PPPs. In the UK and the state of Victoria in Australia, CAs are major drivers of PPPs. The Korean CA plays a central role in PPP processes, and since its creation in 1999, PPP has become an increasing means of infrastructure and service delivery in the country (Sanghi et al. 2007: 3). On the contrary, the absence of specialized CAs, unofficial bodies, or government agencies to coordinate PPPs in some countries has affected successful implementation of PPPs. In the Czech Republic, when PPP became the best method for creating infrastructures, the government established a successful CA staffed by professionals. At some point, the government slowly lost interest in PPP programs. The CA became nonfunctional and eventually dismantled. However, since after dismantling the CA, the Czech government has made several unsuccessful attempts to implement PPPs without a CA, unofficial body, or experienced government agency in place to coordinate the process (Van Den Hurk et al. 2016: 12). This highlights the importance of coordination in PPPs by specialized CAs, unofficial expert, or experienced government agencies. Table 1 summarizes some studies on CAs and the results of PPPs that involved experienced CAs/PPP units, unofficial expert, or experienced government bodies and those implemented without CAs or expert bodies.

## Methodology

This chapter applies qualitative methodology to review secondary data on the failed DAWASA/CWS PPP. It extensively reviewed scholarly literatures and empirical studies relating to the failed PPP. Some PPPs implemented without CA were reviewed to find out why they succeeded and why others failed in the absence of a CA. The arguments and conclusions presented in this chapter are based on the reviewed secondary data. Information from the reviewed data were used to analyze the effects of poor coordination on successful implementation of the PPPs due to the absence of a specialized CA. Documents like those found from the World Bank, United Nations, and OECD and other reports on the DAWASA/CWS PPP were reviewed. In addition, this study analyzed the implications of EWURA's inactive role on the failed PPP and compared it with the success it

**Public-Private Partnership Coordination: Lessons from Tanzanian Water Sector, Table 1** The result of studies some PPPs implemented with and without CAs in different countries

| Country and year | PPP partners | Presence of a specialized CA, unofficial PPP expert, or govt. body | PPP project area | Level of coordination by a specialized CA, unofficial PPP expert, or govt. body | Outcome of PPP |
|---|---|---|---|---|---|
| Denmark 2002 | Farum LGA/FIH institute | None | Indoor sports arena and soccer stadium | No CA or PPP expert body, it was coordinated by inexperienced Farum LGA officials | Unsuccessful |
| UK 2002/ 2003 | Transport for London, London underground/ Metronet | None | Underground railway | No CA or PPP expert body, it was coordinated by inexperienced transport for London and London underground | Unsuccessful |
| Malaysia 1993 | Batu Pahat Municipal Council (BPMC)/ confidential private developer | None | Ultramodern bus station | No CA or PPP expert body, it was coordinated by inexperienced BPMC officials | Unsuccessful |
| Spain | Spanish govt./ some private companies | Yes, SEITT | Transport sector | Yes, actively coordinated by SEITT | Successful |
| Mozambique 1998 | Govt. of Mozambique/ private company | Yes, Water Supply Regulatory Council (CRA) | Water sector | Yes, actively coordinated by WSRC | Successful |
| Tanzania 2003 | DAWASA/ CWS | Yes (EWURA) but had no authority to function as a CA | Water and sewerage | No CA or PPP expert body, it was coordinated by inexperienced MWLD | Unsuccessful |
| Tanzania 2001 | GoT/TICTS | Yes (SUMATRA) | Maritime sector | Yes, actively coordinated by SUMATRA | Successful |
| Tanzania 2006 | GoT/ TENESCO | Yes (EWURA) | Electricity sector | Yes, actively coordinated by EWURA | Successful |
| Tanzania | GoT/private developers | Yes (local government authorities) | Land development, planning, and surveys | Yes, actively coordinated by local govt. authority personnel trained on PPP procurement and implementation | Successful |
| Tanzania 2009 | GoT/FBOs | Yes (TUC) | Higher education | Yes, actively coordinated by TUC | Successful |
| Tanzania 2007 | GoT/RITES of India | Yes GoT, MOID, and RAHCO | Railway sector | Coordinated by three inexperienced govt. agencies | Unsuccessful |
| Tanzania 1992 | NHA/private developers | No | Housing sector | Not clear | Unsuccessful |
| Tanzania | GoT/private sector | No clear information | Aviation sector | Not clear | Unsuccessful |
| Tanzania 2009 | GoT/FBOs | Yes (PPP office in MOHSW) | Health sector | Yes, actively coordinated by PPP office | Successful |

made as an active CA in other PPPs in Tanzania after the DAWASA/CWS PPP. This helped to find out why MWLD and DAWASA did not succeed in coordinating the PPP. This chapter also evaluated the roles of CAs in some successful PPPs across the world and related it to how absence of a specialized CA or agency with experience and knowledge of PPP procurement and management affected the DAWASA/CWS PPP. It compared the results of some PPPs that involved specialized CAs/unofficial experts or experienced government bodies and some that used inexperienced government agencies or personnel as coordinators after the DAWASA/CWS PPP. The result of the comparison helped to discover how specialized CAs, unofficial PPP experts, or experienced government agencies contribute to the success of PPPs. In some studies and countries, CAs are known as coordination units/agencies, PPP units, regulatory agencies, PPP office, etc. However, in this entry, they are referred to as coordination agencies.

## Implementation of PPP Success Factors in DAWASA/CWS PPP

This chapter analyzed how poor coordination in structuring and implementation of success factors affected the outcome of the DAWASA/CWS PPP. PPP success factors are considered important to the successful implementation of PPP projects. However, some success factors were not present in the DAWASA/CWS PPP framework. Those that were included were poorly structured and poorly implemented and could not have achieved the expected result. The failure highlights the need to involve capable CA from the early stages of PPPs. The success factors that influenced the outcome of the DAWASA/CWS partnership are discussed below.

## Sound Legal and Regulatory Framework

Evidence shows that the legal and regulatory framework of DAWASA/CWS PPP lacked any mechanism for monitoring and accountability to hold the government or private sector responsible and accountable for the project breach and failure. The contract had no implementable mechanism to stop illegal connections and prevent customers from refusing to pay water bills. It did not provide a window for dialogue with stakeholders on relevant issues capable of attracting opposition, for example, public resistance to private sector involvement, dilapidated state of DAWASA's infrastructure, and other unforeseen issues. Furthermore, the contract failed to put down a clear and transparent rule for dispute resolution (Triche 2012). There was no contract signed between DAWASA and BGT for the construction of delegated capital work (DCW) of $40.4 m. The contract had no mechanism of guaranteeing the quality of water CWS will provide. It was an airtight contract that lacked flexibility. Despite the flaws in the structuring, DAWASA held the contract rigidly and refused to bend rules when necessary (Qizilbash 2011). In PPPs, clarity in expectations for coordination and flexibility to collaborate by parties is important and should be clearly specified in the contract (Forrer et al. 2010: 481).

However, when EWURA started functioning as a CA in 2006, it organized programs to inform and educate customers on the need for private sector involvement in water sector. It also established Customer Consultative Council through which it resolved customer complaints. This helped to reduce public resistance to private sector involvement and significantly reduced water pipe destructions which CWS suffered when it was operating the lease (Triche 2012: 40). These two factors were disregarded in the DAWASA/CWS PPP, and they played significant roles in its failure. There was no CA to regulate activities of private and public sectors in the PPP. CAs create public vision for PPPs by establishing short- and long-term public interest in the project, describe the strategy for project actualization, and ensure public acceptance and cooperation toward the PPP (Corrigan et al. 2005: 2). Less than 2 years of operation, the minister announced the contract termination in May 2005. This shows lack of separation between coordination, policymaking, and politics in the PPP because

GoT through the PPP wanted to secure external loans and IMF debt cancelation to make a political point, as election was around the corner (WaterAid 2008: 13). A specialized CA would have ensured that the contract implementation followed established legal framework. The contract terms specifically stated that both DAWASA and any operator appointed by it be subject to EWURA's regulation. However, EWURA then had no legal powers to perform its statutory functions (Triche 2012: 6).

## Appropriate Risk Allocation

Every PPP aims to achieve value for money. This could be possible if risks are evenly distributed among partners. To achieve this, government is expected to accept those risks she can properly manage. Risks can be properly shared when parties have knowledge of possible uncertainties that might arise during project implementation. Such knowledge helps parties to devise best practicable method of risk allocation. In view of this, risk identification and classification is very important for PPPs to succeed (Nwokorie 2016: 5). However, in DAWASA/CWS PPP, concern for appropriate risk allocation was raised when the lease contract preferred by World Bank and other International Financial Institutions (IFIs) was opposed by GoT based on its high operator's risk. GoT was reluctant to accept the World Bank's lease model in place of management contract it opted for. Nevertheless, GoT yielded to the pressure to accept the lease model because it needed the US$143.5 million project fund and the subsequent US$3 billion debt relief from the World Bank and other IFIs (WaterAid 2008).

During the bidding process, Saur and Vivendi expressed concerns about high operator's risk. Their request to minimize operator's risks was turned down by DAWASA. This made them to withdraw from the process (WaterAid 2008; Triche 2012). The influence of financing institutions and aid agencies on the choice of the DAWASA/CWS PPP model contradicts procurement due process, which demands that projects must be subjected to procurement option pretest. Pretest procurement option guides government to select procurement model that will give most value for money. At this stage of the process, the role of a specialized CA becomes very important to ensure that risks are appropriately allocated according to individual partner's capacity and capability, to assess public and private sectors' institutional capacities to partner, and to assess the most efficient and effective model of PPP (Corrigan et al. 2005: 2). However, there was no agency to perform these roles in the DAWASA/CWS partnership.

Coordination agencies are legally empowered with commensurate authority matching what they are expected to achieve. If a CA is to provide quality control, it is given the legal authority to stop or alter a poorly designed PPP (Sanghi et al. 2007). If there was a CA in Tanzania at the time of DAWASA/CWS partnership, there is much evidence that it would have strongly resisted the lease model. It would not have allowed CWS to emerge as lone bidder and winner of the lease contract, considering that BGT did not pass the prequalification assessment. The high operator's risk raised by other experienced and qualified bidders, the fears expressed by World Bank and the transaction advisor on BGT's capacity to meet performance expectations, and the unreliable financial soundness of BGT's proposal would have provided good reasons for a specialized CA to stop DAWASA from signing the contract with CWS.

## Project Feasibility Study

Feasibility study is an important process in PPPs. It appraises the practical reality of a PPP project and explains its practicability or otherwise. It provides information on the institutional capacity and capability of stakeholders, as well as project value assessment, economic rationale, risk identification and allocation, stakeholder consultations, project affordability, financial model, project constraints, and conflict mitigation plans (Nwokorie 2016: 5). However, there was much proof of failure of due diligence during procurement stage by both DAWASA and BGT. BGT's acceptance to inherit DAWASA's dilapidated assets and poor

review of its staffing needs before inheriting the entire 1400 DAWASA staff showed poor feasibility by BGT. Without confirmation, it relied wholesomely on information from GoT, DAWASA, and World Bank on some critical aspects of the project during the contract bid. This could explain why BGT never saw the high operator's risk concern raised by Saur and Vivendi. This subsequently affected the capacity of CWS to execute the project.

CWS sought for review of technical and revenue terms of the contract, having discovered that information on DAWASA's revenue status was inaccurate, and DAWASA's equipment were in total state of disrepair. There was no way BGT could have made progress in such situation. However, DAWASA did not grant its request (WaterAid 2008; Qizilbash 2011). Similarly, DAWASA lacked sufficient knowledge of BGT's financial and technical capacity. At the procurement stage, a specialized CA weighs bidders' technical, financial, and business capacity during evaluation, before selecting a preferred bidder (Nwokorie 2016: 5). The uncompetitive procurement process landed BGT the lease contract, a company whose financial and technical capacity to deliver the project were in doubt (WaterWorld 2013; WaterAid 2008; Triche 2012: 14). An experienced CA would have investigated these and scrutinize other issues like BGT's poor experience in water PPPs, its poor technical and financial capacity, its appeal for risk mitigation by other bidders, its high valuation of DAWASA's decayed infrastructure, and BGT's suspicious cheap proposal. All these set the stage for the conflict and failure of DAWASA/CWS PPP.

## Competitive Bidding Process

Transparent and competitive procurement processes make PPP negotiation easier and provide conditions for successful project implementation. If the markets are large enough to attract more bidders like in Tanzania, low turnout of bidders could possibly arise from unattractive contract design (Nwokorie 2016: 3). The procurement process of DAWASA/CWS partnership lasted for 6 years, yet it was uncompetitive. Though the bidding was done three times, only three firms submitted bids. Interestingly, two withdrew midway. The process was not competitive in some respects. The second selection process became contentious and BGT withdrew, alleging that the contract favored Sour and Vivendi. During the third bidding process, BGT did not meet the prequalification criteria, yet it was prequalified. The financial advisor and World Bank recommended that BGT should provide a performance guarantee from its parent company, a condition other bidders fulfilled; but DAWASA ignored this recommendation. Some problems in the contract design made Sour and Vivendi to withdraw midway in the selection process (WaterWorld 2013). This led to the emergence of BGT as the sole bidder and winner, even though she did not meet the prequalification criteria.

The contract design and selection process of the DAWASA/CWS PPP were uncompetitive and unattractive. This marked the beginning of the conflict that characterized the implementation of the project until its cancelation. Uncompetitive bidding process and unclear and unattractive contract designs create conditions for failure of PPPs. Part of the traditional roles of CAs in PPPs is providing expert advice and technical support from procurement to conclusion and approving or rejecting PPPs at any stage, in-line with coordination functions. The professionalism, skill, expertise, and adherence to contract terms EWURA brought into DAWASA/Dar es Salaam Water and Sewerage Corporation (DAWASCO) PPP were clear indications that the faulty procurement process that characterized the DAWASA/CWS PPP would not have happened if EWURA had been functional. It would have resolved the conflict of interest that arose 6 months into the contract, when CWS requested for review of financial terms of the contract.

## Trust

Involvement of diverse actors, stakeholders, and parties in PPPs increases possibilities for

unexpected behaviors. To enhance continuity and successful implementation of PPPs, trust is important from the beginning. Building trust in PPPs requires regular commitment, interactions, and communication (Forrer et al. 2010: 481). Establishing trust in PPPs helps to minimize conflicts, stabilize partnerships, and enhance continuity of PPPs. From the procurement stage of DAWASA/CWS partnership to its termination, there was no sense of willingness by the parties to build trust. The bidding process was characterized by intrigues, distrust, and loss of confidence. Earlier in the bidding process, BGT alleged that the process and the contract were designed to favor Saur and Vivendi. Northumbrian, another company that signified interest in the bid, withdrew early in the process, followed by Saur and Vivendi. Having won the contract, BGT, which later became CWS, failed to create conditions for trust by failing to meet many of its obligations. Just 6 months into the partnership, it was already calling for a review of revenue and technical terms of the contract (Triche 2012). This situation created doubt in the minds of DAWASA and GoT. The earlier ignored concerns raised by the World Bank and transaction advisor on financial soundness of BGT's proposal and its capacity to meet performance expectations manifested early in the implementation stage.

A specialized CA would not have ignored the important concerns raised by the experienced stakeholders, which became the cause of the conflicts that killed DAWASA/CWS PPP. Due to lack of knowledge and experience, DAWASA and MWLD ignored important concerns raised by the World Bank and transaction advisor. These bodies were justified when CWS started asking for review of revenue and technical terms of the contract. When a PPP is not well structured, bidders may present incomparable or low bids, as a strategy to win the contract with a view to later resolve uncertainties through negotiation process. BGT's actions could be an indication that its low bid was a technical strategy to win the contract and use it as a starting point for further negotiations.

## Political Support

In developing countries, the importance of political support to the success of PPPs cannot be underestimated. Political support is one of the main drivers of an effective CA. They mitigate political or government-related risks in PPPs and make the interpretation of political information easier for private sectors, when analyzing political risks associated with PPPs (Nwokorie 2016: 6). As the government makes best use of CA specialist input into PPP policies, CAs bring continuous political support to PPPs. This makes them work effectively with government and private sector institutions. GoT was preparing for election when DAWASA/CWS partnership entered the second year. The success of the PPP to the Tanzanian politicians then was not important as winning the election. Despite CWS's poor performance and the poor water and sanitation situation in Dar es Salaam, no political parties in Tanzania mentioned water and sanitation as their priority policy objective. Only few candidates included water and sanitation in their campaign program. Even the ruling party did not see the success of the PPP as priority issue. Hence, the indifference of GoT to the tension CWS poor performance generated. In addition, the controversy between DAWASA and CWS over poor performance never caught the desired attention of Tanzanian Parliament. It was only featured twice at committee levels between 2003 and 2005. Interestingly, the minister who was coordinating the PPP unilaterally canceled it, instead of bringing political support and finding peaceful settlement to the conflict (WaterAid 2008; Qizilbash 2011). This is a clear indication that the partnership never enjoyed support from Tanzanian political institutions.

The minister's direct involvement in coordination of the PPP did not provide opportunity for objective and independent specialist assessment of events in the PPP. Events in the PPP were evaluated from the minister's perspective, and his interventions were for political gains, as he was unable to separate politics from coordination roles in the PPP (Triche 2012: 28; WaterAid 2008:

13). Due to the absence of a CA, there was no opportunity for an objective and independent assessment of events and peaceful conflict resolution by the parties in the PPP. A specialized CA would have acted as a bridge between the government and the private sector and bring the attention of GoT and other political institutions to the importance of the PPP project.

## Educating Community Stakeholders

In order to gain the support of local community stakeholders and minimize risk exposure, enhance success, and optimize return on investment in PPPs, educating community stakeholders on PPP projects in their localities is very important. Given the challenges associated with PPPs in water and sanitation, it was expected that before or after signing the contract, DAWASA and MWLD as government agencies and coordinator would consult and educate the people on private sector involvement in Dar es Salaam water and sanitation management. However, there was very little evidence of consultation with the public who had not been paying for water before the privatization (WaterAid 2008). This situation set the stage for the stiff opposition CWS encountered from customers within the period it operated the lease contract. CWS's efforts to restore piped water systems were resisted in parts of the city by citizens who were not familiar with paying for water. Sensing that improved water supply will cost them their means of livelihood, water vendors joined to undermine restoration of piped water supply and construction of water kiosks in most parts of the city. Efforts to reduce water leakages and disconnect illegal connections did not succeed because citizens vandalized the already dilapidated water pipes for "free water" (WaterAid 2008). This made it impossible for CWS to make any progress.

Due to lack of experience, none of the parties tried to address the concerns and fears of the people concerning private sector involvement in Dar es Salaam water and sanitation. Interaction with the people could have produced an agreement on water bill payment option(s) and method (s). This would have increased CWS's revenue and reduced water theft and water pipe damages by those stealing water from the pipes. However, when EWURA began to function as a CA, it put in place a process to inform and educate the public about the PPP in the water sector. This greatly reduced public confrontation against DAWASCO and helped DAWASCO to reasonably control water leakages and water pipe vandalism. It also led to increased revenue collection and reduction of water loss for DAWASCO (Triche 2012). By educating and involving community stakeholders in private sector participation, EWURA reached a consensus with the people, diffused their fear of exploitation, and gained their support and cooperation. This largely contributed to DAWASCO's success.

## Communication and Compromise

Regular communication and ability to compromise by parties in PPPs are necessary for success. Open communication among partners in PPPs provides a platform for problem identification and conflict resolution. Communication among partners helps to build trust, increase their commitment to joint interest, and enhance effective and efficient decision-making and implementation. It also creates willingness to compromise and collaborate to avoid unnecessary conflicts (Nwokorie 2016: 6; Forrer et al. 2010: 481; Corrigan et al. 2005: 25). Evidence of lack of communication and unwillingness to compromise by DAWASA and CWS manifested when CWS withheld payment of rental fee and lessor tariff to DAWASA as a means to get DAWASA's attention for a dialogue. The situation created financial crisis for DAWASA and increased communication gap between them. In retaliation, DAWASA imposed a penalty on CWS for withholding the fee. CWS refused to pay the penalty, thus worsening their poor communication.

The cancelation of the contract by MWLD was the final evidence of unwillingness to compromise by the parties (Triche 2012: 25). This shows poor relationship management, poor communication, and unwillingness to compromise by both parties.

At that point, in DAWASA/CWS PPP, the role of experienced CA was vital, since it has the authority to coordinate the activities of the two parties according to terms of the contract and draw their attention to, or possibly sanction, any of the parties whose activities are not in-line with the terms of the contract. Although EWURA existed at that time, it had no legal powers to function as a CA.

## Results and Findings

This chapter concludes that GoT's inability to make EWURA functional during the PPP created a coordination vacuum that made MWLD to assume coordination role in the complex PPP that he lacked the experience and knowledge to do. EWURA was established in 2002, to perform the following functions: licensing, tariff review and approval, performance monitoring, educating and liaising with customers to resolve customer-related issues, and ensuring quality, affordable, and sustainable energy and water services. However, EWURA was helpless during DAWASA/CWS dispute because it had no legal powers to function at that time (WaterAid 2008). However, in a similar PPP project in Mozambique, the Government of Mozambique created the Water Supply Regulatory Council (WSRC) from the beginning of the PPP and structurally and legally empowered it to coordinate in the entire PPP process. As a result, the same type of PPP project in Mozambique succeeded, while that of Tanzania failed.

Having learnt from the DAWASA/CWS experience, some PPPs in Tanzania have succeeded since after the DAWASA/CWS failure. The success of the Tanzania International Container Terminal (TICTS) PPP and the PPP for the management of the Tanzania Electricity Supply Company (TANESCO) shows the importance of coordination by an experienced body right from the early stages of PPP (Triche 2012). TANESCO was a huge success because while GoT continued financial investment into the electricity sector, EWURA ensured that both parties follow terms of the contract. Under the supervision of the Surface and Marine Transport Regulatory Authority (SUMATRA) as a CA, container operations in Tanzania's main shipping port (Dar es Salaam) were revitalized following 10 years of PPP with TICTS. In 2003, just 2 years after the contract, the number of ships visiting the port increased from 30 to 50 per month, containers handled increased from 100,000 to 165,000 per year, and time spent in container clearing significantly reduced to 22 containers per hour (Dickinson 2003). In addition, PPPs in land development, planning, surveys, as well as opening of roads within towns and villages in Tanzania's major cities have all recorded huge success because local government authorities have been trained to perform coordination functions in the PPPs.

PPPs in the Tanzanian health and education sectors have also been successful following the creation of PPP policy in 2009 that led to the establishment of PPP units. Due to the creation of specialized PPP office in the Ministry of Health and Social Welfare (MOHSW), comprising experts from public and private sectors, PPPs with faith-based organizations (FBOs) in the health sector since 2009 have been success stories (Mujinja and Kida 2014: 8). Likewise, PPPs with FBOs in higher education have been successful in increasing the number of students' enrolment into higher education in Tanzania and bridging the wide gap between male and female enrolments into higher education in the country, due to the active role of the Tanzania Commission for Universities (TUC) as CA coordinating the PPPs. Even though the increase in number of students enrolling into higher education in the country does not mean increase in the quality of higher education provided by the private sector, the PPP is however counted among successful PPPs in Tanzania (Mgaiwa and Poncian 2016: 7–15).

DAWASCO was created in 2005, following the termination of DAWASA/CWS contract. It took over operation from CWS the same year. Within 2 years of operation, DAWASCO's performance improved steadily and exceeded CWS's performance in 2 years as it operated the lease (Triche 2012: 35). In 2009, EWURA was already coordinating 20 regional water and sewerage authorities, 101 districts, small town sewerage

authorities, and other water suppliers. By 2010, EWURA started participating actively in regulating water retail prices. In order to ensure compliance, monitor performance standards and quality, and make water affordable, in 2008 EWURA refused DAWASA's request to increase water tariff because DAWASCO had not met the annual performance standard for tariff increase. Preparing for 2009/2010 tariff increase, DAWASA and DAWASCO followed EWURA's guidelines in addressing operator's annual performance standard. This led to a remarkable increase in number of metered connections, distribution of customers' codes of practice, development of plan to reduce unaccounted water, and proactive customer outreach programs. Hence, EWURA approved the 2009/2010 tariff increase (Triche 2012: 40). EWURA's action improved the performance of DAWASA and DAWASCO. DAWASCO increased connections and reliability of water supply and devised means for poor customers to have access to water at an affordable price (Triche 2012). Though more need to be done in Tanzanian water sector, these improvements were recorded because EWURA a coordination agency began to coordinate the PPP. This makes coordination by specialized CAs, PPP expert, or experienced government bodies very important in PPP (Table 2).

The result of the PPP between GoT and RITES of India in 2007 explains the implication of non-involvement of a specialized CA, PPP expert, or experienced government body in coordination of PPPs. SUMATRA, which coordinates PPPs in Tanzanian transport sector, played no active role in the railway PPP from the beginning, whereas GoT, Minister of Infrastructure and Development (MOID), the bureaucrats in the minister's office, and Reli Assets Holding Company (RAHCO) coordinated the PPP process despite their inexperience. Just 5 months into the PPP, exactly the same condition that leads to the failure of the DAWASA/CWS PPP was repeated. RITES began to ask for contract renegotiation. This led to the protracted conflict of interest that ended the PPP in 2011 (Shlyk 2009: 33–43).

**Public-Private Partnership Coordination: Lessons from Tanzanian Water Sector, Table 2** Summary of result of some PPPs implemented in Tanzania with and without CAs, PPP expert, or experienced government bodies as coordinators after the DAWASA/CWS PPP

| Country | Presence of official CA, unofficial PPP expert, or experienced govt. body | Type of PPP | Level of coordination by official CA, unofficial PPP expert, or experienced govt. body | Degree of success |
|---|---|---|---|---|
| Tanzania | Yes (EWURA) but had no powers to function as a CA | Water and sewerage | Absence of a PPP expert body, coordinated by inexperienced MWLD | Unsuccessful |
| Tanzania | Yes (SUMATRA) | Management of container terminal | Actively coordinated by SUMATRA | Successful |
| Tanzania | Yes (EWURA) | Electricity sector | Actively coordinated by EWURA | Successful |
| Tanzania | Yes (trained personnel of local government authorities) | Land development, planning, and surveys | Actively coordinated by trained govt. authority personnel | Successful |
| Tanzania | Yes (TUC) | Higher education | Actively coordinated by TUC | Successful |
| Tanzania | Yes GoT, MOID, and RAHCO | Railway rehabilitation and reconstruction | Coordinated by 3 inexperienced govt. agencies | Unsuccessful |
| Tanzania | No | Housing | Not clear | Unsuccessful |
| Tanzania | No clear information | Aviation | Not clear | Unsuccessful |
| Tanzania | Yes (PPP office in MOHSW) | Health | Actively coordinated by PPP office | Successful |

The PPP in Tanzanian housing sector since the early 1990s has not helped in solving Tanzania's housing problems. Instead, more high-cost houses are built through PPPs. Since the introduction of PPP in the housing sector, no specialized CA or unit has been created to coordinate the PPPs. Due to poor legal frameworks and contract structuring, policy loopholes, poor risk allocation, uncompetitive biddings, poor project valuation, implementation, etc., which a specialized CA, PPP expert, or experienced government body can bring, the PPPs never achieved any positive result. In 2011, the GoT approved the establishment of a PPP coordination unit. Despite the establishment of the specialized PPP unit, none of the housing PPPs passed through the PPP unit. For example, the Dege Eco Village that was scheduled for completion in the end of 2016, 2017, and 2018 never involved the PPP unit. Although this project was said to be an ongoing initiative to provide decent and affordable housing in Tanzania, the income group it is intended for is however unknown. Like the previous PPPs, the price of the cheapest unit in this housing project is already above the reach of both medium- and low-income earners and cannot be counted as a successful PPP (Kavishe and An 2016: 980–981). Also, Kilimanjaro International Airport (KIA) PPP project was taken back by the GoT due to poor coordination because there was no CA to coordinate the process.

CAs have shown to bring expertise into contract preparation, financial and technical management, quality and performance monitoring, project evaluation, and partnership management in PPPs. Realizing the need for a specialized CA in PPPs, in 2011 GoT established a coordination unit to deal with promotion and coordination of all matters relating to PPPs in mainland Tanzania (Kavishe and An 2016: 980–981). In Spain PPPs succeeded without a CA because SEITT, a government institution, performed the duties of a CA. Nwokorie (2016), Mahalingam et al. (2011), Qizilbash (2011), and Sanghi et al. (2007) all pointed out the special roles of CAs in making PPPs succeed. In recognition of this, local authorities in the UK have been empowered to create PPP CAs to coordinate PPP projects. CAs in Leeds provide guidance, support, and advice on the appropriateness or otherwise of PPPs, financial, legal, management, and technical aspects of PPPs in the area. They guarantee consistency of approach across PPPs and ensure that PPPs follow the best practice and give advice on realizable timetable and budgets. They advise and inform appropriate decision-making bodies in the government on PPP progress. In South Africa, the South African treasury depends on the CA to determine if provinces can carry the costs of PPPs based on their future budgets. The role of South African CA in the development of PPPs in South Africa is central. The South African CA's involvement starts from completion of feasibility study to the signing of the contract. It continues by inspecting the quality, affordability and expected fiscal cost of PPPs and guides the PPP process by ensuring that the contract it developed is followed (Sanghi et al. 2007; Nwokorie 2016).

## Conclusion

Though there might be other hidden factors, DAWASA/CWS PPP failed mainly due to poor coordination as a result of the absence of a specialized CA, PPP expert body, or experienced government personnel to properly structure the contract and coordinate its implementation from the beginning. Poor coordination of the PPP manifested in poor management, conflicting interests, loss of trust, and suspicious behaviors by the partners from the procurement period to the cancelation of the partnership. The failure exposed DAWASA and MWLD's lack of knowledge and experience in PPP management. The success recorded by EWURA and SUMATRA in various PPPs in Tanzania as CAs, the success of the South African PPP CA, the roles SEITT played in the successful implementation of PPPs in Spain, and the responsibility assigned to local authorities in the UK to create PPP CAs show that CAs are important in PPPs' success.

## References

ABD Karim NA (2011) Risk allocation in public-private partnership (PPP) project: a review on risk factors. Int J Sustain Constr Eng Technol 2(2):8–16

Corrigan MB, Hambene J, Hudnut W III, Levitt RL, Stainback J, Ward R, Wienstien N (2005) Ten principles for successful public-private partnerships. Urban Land Institute, Washington, DC
Devkar GA, Mahalingham A, Kalidindi SN (2013) Competences and urban public private partnership projects in India: a case study analysis. Polic Soc 32(2):125–142
Dickinson D (2003) Tanzanian port has big aspirations. In: In BBC news online. http://news.bbc.co.uk/2/hi/business/2894623.st. Accessed 20 Apr 2015
Dulaimi MF, Alhashemi M, Ling FYY, Kumaraswamy M (2010) The execution of public–private partnership projects in the UAE. Constr Manag Econ 28:393–402. https://doi.org/10.1080/01446191003702492
Forrer J, Kee JE, Newcomer KE, Boyer E (2010) Public private partnerships and accountability question. Public Adm Rev 70(3):475–484
Ismail S, Harris FA (2014) Challenges in implementing public private partnership (PPP) in Malaysia. Procedia Soc Behav Sci 164:5–10. https://doi.org/10.1016/j.sbspro
Kavishe N, An M (2016) Challenges for implementing public private partnerships in housing projects in Dar Es Salaam City, Tanzania. In: Proceedings of the 32nd annual ARCOM conference, vol 2, Manchester, pp 979–988
Mahalingam A, Devkar AG, Kalidindi NS (2011) A comparative analysis of public-private partnership coordination agencies in India: what works and what doesn't. Public Work Manag Policy 16(4):341–372
Mgaiwa S, Poncian J (2016) Public private partnership in higher education provision in Tanzania: implications for access to and quality of education. Bandung J Glob South 3(6):2–21
Mujinja PGM, Kida TM (2014) Implications of health sector reforms in Tanzania: policies, indicators and accessibility to health services. THDR 2014: Background Paper No. 8, ESRF Discussion Paper 62, 1–38
Nwokorie EC (2016) Independent regulatory agencies in coordination of public private partnerships and other economic institutions. In: Farazmand A. (eds) Global encyclopedia of public adinistration, public policy and govermance. Springer, Cham, pp 1–9. https://doi.org/10.1007/978-3-319-31816-5_2616-1
Qizilbash A (2011) Public-private partnerships and the value of the process: the case of Sub-Sahara Africa. Int Public Manag Rev (IPMR) 12(2)
Sanghi A, Sundakov A, Hankinson D (2007) Designing and using public-private partnership units in infrastructure: lessons from case studies around the world, Gridlines, vol 27. World Bank, Washington, DC
Shlyk A (2009) Performance of the contractual arrangements of public-private partnerships: case of railway concession in Tanzania. Lund University, Lund
Triche T (2012) A case study of public-private and public-public partnerships in water supply and sewerage services in Dar es Salaam. AFTUW African Region The World Bank http://water.worldbank.org/sites/water.worldbank.org/files/publication/Water-The-Case-of Public-and-Private-Provision-in-Dar-es-Salaam.pdf. Accessed 30 Aug 2012
Van Den Hurk M, Brogaard L, Lember V, Petersen OH, Witz P (2016) National varieties of public-private partnerships (PPPs): a comparative analysis of PPP-supporting units in 19 European countries. J Comp Policy Anal: Res Pract 18(1):1–20
Wateraid (2008) Why did city water fail? The rise and fall of private sector participation in Dar Es Salaam's water supply. http://www.wateraid.org/~/media/Publications/dar-es salaam-tanzania-city-water-failure.pdf. Accessed 26 Aug 2013
Waterworld (2013) Tanzanian tales: why PPP failed to scale a mountain of water problems. Past issues, vol 28(1). http://www.waterworld.com/articles/wwi/print/volume 28/issue-1/editorial-focus/public-private-partnerships/tanzanian-tales-why-ppp-failed-to scale.html. Accessed 15 Aug 2013
World Bank (2007) Public private partnership units: lessons for their designs and use in infrastructure. World Bank, Washington, DC

# Public-Private Partnership in Ghana

Robert Osei-Kyei[1], Albert P. C. Chan[1] and Ayirebi Dansoh[2]
[1]Department of Building and Real Estate, The Hong Kong Polytechnic University, Hong Kong, China
[2]Department of Building Technology, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

## Synonyms

Private investments; Privatization; Public administration; Public policy; Public private infrastructure; Public procurement

## Introduction

During the last couple of decades, the public-private partnership (PPP) concept has gained grounds globally, and this is mostly realized in developing countries (Osei-Kyei and Chan 2017a). Many governments are now very enthusiastic about the concept, and different governments have varying motivations for adopting the policy. Nonetheless, developing countries have

huge infrastructure deficit coupled with rapid urbanization growth; therefore, the PPP concept is seen to offer huge relief. However, it should be mentioned that despite the commitment shown by many governments in developing countries, more projects are yet to be fully implemented. Developing countries are currently facing numerous challenges including corruption, lack of transparency and competition, risk misallocation, poor value for money, public agitations, and political opposition (Osei-Kyei and Chan 2015).

Like many other developing countries, the Government of Ghana (GoG) has also demonstrated great interest in the PPP concept (MOFEP 2011). Basically, PPP is defined within the Ghanaian context as "a contractual arrangement between a public entity and a private sector party with clear agreement on shared objectives for the provision of public infrastructure and services traditionally provided by the public sector" (MOFEP 2011). Considering this definition, Osei-Kyei et al. (2014) pointed out three key features of Ghana's PPP. First, it is a contractual arrangement between a contracting authority (public entity) and private consortium. The contracting authorities are mostly the metropolitan, municipal, and district assemblies (MMDAs), and ministries, departments, and agencies (MDAs). The private partner could be a developer or a multi-stakeholder consortium not run by the government (Pallister and Law 2006). It is worth noting that the private partner could also be either a nonprofit or profit-oriented consortium as well. Second, the arrangement involves the sharing of responsibilities and risks. This feature implies that there should be mutual agreement of objectives and responsibilities among parties. Hence, no partner should have authority over the other, and each partner should bargain on its own behalf (Akintoye et al. 2003). Lastly, PPP transaction involves a project which is conventionally provided by the public sector. Traditionally, there are specific public infrastructure projects which are provided by the government such as transportation projects (railway, highways, etc.), public hospitals, prisons, public recreational centers, housing, etc. These physical public infrastructures when adequately financed, constructed, and operated by the private sector could only be termed as PPP in Ghana.

In Ghana, the PPP ideology is not very new; this is because since the early 1990s, the private sector has been actively involved with public service delivery. However, the private sector's participation has mainly been the management of public service in the waste, energy, telecommunication, and sanitation sectors (Osei-Kyei and Chan 2016). Importantly, with respect to physical public infrastructure such as roads, railways, harbors and ports, airports, bridges, and public hospitals, private investors' participation have been relatively low. The government has been the sole provider for these physical public projects using the national budget and international donor funds (World Bank 2011). It has therefore become necessary in recent times for the government to engage the private sector to assist in the delivery of more physical public infrastructures, following the global financial crisis which has limited the flow of donor funds. PPP actually became a national policy in 2004, with a launch of a national policy guideline (MOFEP 2011). However, due to the lack of understanding and skills of local practitioners, the policy failed to become practicable (Osei-Kyei and Chan 2016). In addition, more institutional structures were not in place to allow the full-scale implementation of the policy particularly for physical infrastructure projects. In 2011, the policy was revitalized with a new national policy guideline. Further, a PPP unit (i.e., Public Investment Division) was established under the Ministry of Finance and Economic Planning (MOFEP) to spearhead the implementation of the policy. In March 2012, the World Bank agreed to support the PPP initiative by providing funds for the feasibility studies of some selected projects. In addition, the World Bank was committed to the enactment of a PPP law; however, since 2012, the PPP bill has not yet been passed.

Apparently, ever since the PPP concept officially became operationalized in 2011, only one PPP project, the US$115 m Seawater Desalination Plant Project at Nungua, is in operation. There are many physical public projects which are currently at the preparation stages and are yet to go through the full procurement stage (Osei-Kyei and Chan 2016). As a matter of fact, the pace of PPP

implementation in Ghana has been considerably slow, and more efforts from key stakeholders including the government, private investors, civil society groups, and academics are required. Therefore, this chapter examines critical issues in Ghana's PPP (i.e. motivations, obstacles, risks) and provides measures that will ensure the successful adoption of PPP in Ghana. Following this introduction is the key motivation/reason for PPP implementation in Ghana. The next section explores the major obstacles faced with PPP adoption in Ghana. The subsequent section discusses the risk factors and risk allocation mechanism for PPP projects in Ghana. Finally, the last section provides the best practices for PPP implementation in Ghana.

## Motivations for Adopting PPP in Ghana

Generally, governments globally have different reasons for adopting the PPP concept for infrastructure development, and the variations in reasons mostly occur between developing and developed countries (Cheung et al. 2009; Osei-Kyei et al. 2014). It is always important for practitioners to understand the motivations behind PPP adoption in a host country as this will aid them to develop performance objectives which meet the needs of the society and national policy. Essentially, the Ghanaian government has its own key reasons for adopting the PPP concept. The major basic reasons for PPP in Ghana are that PPP promotes the quick delivery of public infrastructure projects; it reduces government financial burden; and lastly, it allows for shared risks (Osei-Kyei et al. 2014).

***Promotes the quick delivery of public infrastructure***: In Ghana, public projects procured through the traditional bid-build method are often delayed due to several reasons including the lack of public funds, improper planning, and design variations. In this regard, the PPP ideology is seen as the alternative to offer the timely delivery of public projects. Because PPP contract bundles the design and construction of projects, there are little variations during construction compared to the traditional method. Further, private investors also need to recoup their revenue quickly; thus, they make sure that the public facility is constructed within the stipulated period or even earlier. Scoring political points is also another motive for using the PPP concept to ensure the quick delivery of public facilities. Always, incumbent governments aim to develop infrastructure in the quickest possible time to gain political advantage over their opponent in the next general election. As a result of this, the PPP is often used as the tool to achieve this ambition. A typical example was seen on the Ghana National Housing Project (GNHP) which was initiated in 2009. This project was a deal between STX Engineering and Construction Ghana Ltd. and the GoG for the construction of 200,000 housing units across the ten regions in Ghana. Though the project was unsuccessful as it was not implemented, the government attempted to use the PPP approach to fulfill its promise to solve the housing deficit within the shortest possible time. Essentially, the completion of the project would have given a huge political credit to the government in the subsequent election.

***Reduces government financial burden***: The World Bank has estimated that around USD 1.5 billion is required every year to bridge the infrastructure funding gap in the next decade in Ghana; thus, it has become important for the government to seek additional funding for public projects. The PPP concept is therefore seen as the innovative approach to make use of private finance in public infrastructure delivery. Aside from the huge funding gap, the Ghana Road Fund, Ghana Education Trust Fund, and other infrastructure funds are in serious deficit, and as a result, many local contractors are often not paid on time under the traditional bid-build method. This has ended up with many abandoned public projects particularly roads and public schools. More importantly, many local contractors are in bankruptcy and even some have been liquidated. Considering these, the PPP is the ideal option for the government to deliver the needed infrastructure in Ghana particularly in urban areas.

***Allows for shared risk***: Generally, risk sharing is a critical component of PPP arrangements and as the general rule of thumb goes "risks must be

allocated to the party with better mitigation techniques" (Ke et al. 2010). Unlike, the traditional bid-build system, where majority of project risks are retained by the public client, in PPP, the private partner rather retains large component of project risks. This therefore reduces the public sector's administrative costs incurred in procuring public facilities. The GoG has actually made it explicit that public departments/agencies should not engage in any PPP transaction which does not transfer significant amount of risks including financial risks to the private partner (MOFEP 2011). This is understandable because over the past years, contracting authorities in Ghana have failed to properly manage risks including financial risks allocated to them in traditionally procured projects. As a result, many public facilities are in deplorable states or are abandoned.

## Potential Obstacles in PPP Implementation in Ghana

PPP implementation in Ghana faces many obstacles as seen in many other developing countries. Essentially, the obstacles stem from many aspects which range from sociopolitical to organizational environments of PPP implementation. Nonetheless, the key challenges in Ghana's PPP practice include the lack of experience and appropriate skills in PPP delivery, misallocation and incomplete transfer of risks, and highly use of unsolicited proposals (Osei-Kyei and Chan 2017b).

***Lack of experience and appropriate skills***: Because of the complexities and large-scale nature of PPP projects, they require highly experienced personnel to handle and manage. As a matter of fact, most local practitioners both public officials and private investors in Ghana have very little experience in managing PPP transactions. The majority of public officers and civil servants are more familiar with the traditional approach compared to PPP arrangements, and this has contributed largely to the slow pace of PPP development in Ghana (World Bank 2009). Essentially, the lack of experience of local practitioners has been seen in some past projects including the GNHP. In that project, the conditions of contracts were not clear, and most of the contract agreements were more to the advantage of the private investor rather than the government. As a result, the contract was withdrawn from the parliament on several occasions. Also in another PPP project, the Nungua Seawater Desalination Plant, the public department (Ghana Water Company Limited) entered into a bad negotiation agreement in which many key risks including the demand and tariff risks were retained by the local authority instead of these risks been shared or completely transferred to the investor. This has therefore caused huge bankruptcy to the local government authority. Moreover, the private investor has threatened many times to close the facility down due to the nonpayment of debts by the local authority.

***Misallocation and incomplete transfer of risks***: Risk sharing is one of the critical features of PPP arrangements, in this regard; when risks are not properly allocated and completely transferred, it results to litigations and poor performance. Essentially, past projects' experiences in Ghana have demonstrated that risks are often poorly managed; in most cases, contracting authorities end up retaining excessive risks which is not supposed to be so for Ghana's PPP arrangement. In addition, risks are not often properly identified; emerging risks are not properly taken into consideration. A typical example is seen in the GNHP; in that project, the financial risk was actually shared between the government and the investor. Moreover, the demand risk was also retained by the government. This form of allocations put the government in a bad position to achieve value for money. In actual fact, it reduces the benefit of adopting the PPP concept for infrastructure development.

***Highly use of unsolicited proposals***: Globally, using unsolicited proposals for PPP implementation has been highly criticized for being a device which facilitates corruption. Unsolicited proposal is when a private investor submits a project idea/concept to a public department with the aim of developing the project through direct negotiation (Hodges 2003). Though many countries have introduced laws and regulations which guide the management of unsolicited PPP proposals, Ghana

does not have any adequate measures for such approach of implementing PPPs. However, this method of implementing PPP has been the preferred approach by the government and other local departments. The use of unsolicited PPP proposals undermines transparency and affordability. In actual fact, unsolicited PPP projects have conditions which favor investors rather the public authority and general public. A typical example was the GNHP which failed. It was directly negotiated with the proponent without any competitive and transparent tendering process. In this regard, the estimated price of a house was very high, and certainly, it would have been difficult for an ordinary person to purchase.

## Key Risk Factors and Risk Allocation Mechanism for PPP Projects in Ghana

Given the poor environmental and sociopolitical conditions of PPP in Ghana, there are many risks which affect the concept's success. Moreover, it is also essential for practitioners to understand the possible allocations and sharing mechanism for some key risks of PPP projects in Ghana. Osei-Kyei and Chan (2017c) explored the critical risk factors of PPP projects in Ghana, and their findings indicated that, generally, country-risk factors are more critical in Ghana than project-specific risks. Essentially, country-risk factors are risks, which relate to the political, legal, and economic conditions of PPP (Ameyaw and Chan 2015). The key critical country-risk factors which need attention in Ghana include corruption, political/public opposition, exchange and interest rate fluctuations, poor public decision making, political interference, and project approvals and permit delays. On the other hand, some project-specific risks which are critical and also need consideration include construction cost overruns, delay in project completion, change in market demand, delay in land acquisition, high financing cost, construction changes, poor quality of workmanship, tariff change, environmental risk, and inexperienced private partner.

Apparently, these risks are critical and therefore need to be allocated to the partner with better abilities to manage. It should be emphasized that not every country risk should be allocated to the public department as it is seen, and also not every project risk should be allocated to the private investor. In addition, contracting authorities should avoid transferring too many risks to investors because this will impede their performance. Therefore, as a general guide, risks such as exchange and interest rate fluctuations, poor public decision-making, political interference, project approvals and permit delays, political/public opposition, and delay in land acquisition should be allocated to the public sector because the local authorities are in a better position to manage these risks. Also, risks such as change in market demand, high financing cost, construction changes, poor quality of workmanship, construction cost overruns, and delay in project completion should be retained by the investor. Similarly, the private sector is in better position to mitigate these risks. For risks such as environmental risk, inexperienced private partner, corruption, and tariff change, they should be shared among the public and private partners. However, it should be emphasized that conflicts are likely to occur, if a project party deliberately ignores risks which are critical or attempt to transfer risks which they have the capacity to manage.

## Strategizing PPP Projects in Ghana: The Best Practices

Strategizing and procuring PPP in the appropriate way are necessary to ensure the policy development. Moreover, it expands the investment environment of the host country and also offers more social benefits. There are critical elements and tasks that need to the done in Ghana in order to promote the PPP concept and ensure value for money. Some of the critical best practices include transparency and competition, favorable legal framework, right project identification, capacity building, extensive stakeholder engagement, and appropriate risk allocation.

***Transparency and competition***: Transparency and competition are critical to enhance the general public's confidence in public officials and, more

importantly, in PPP arrangements. Contracting authorities have to make contract information publicly available. In actual fact, authorities can do this without disclosing key contract details to the general public. In addition, competition is very essential to ensure value for money. Proposed projects have to be advertised and allow investors to bid under a competitive environment. Essentially, when there is competition, contracting authorities are always in a better negotiation position. Moreover, there will be alternatives to choose from. In situations, where unsolicited approach is adopted, the proposed project has to still go through a competitive tendering process without violating the intellectual property rights of the investor. Importantly, different competitive procedures could be adopted, and these include bonus point system, Swiss challenge, and best and final offer. Under no circumstance should unsolicited proposals be directly negotiated because past experiences show that they are not of value.

***Favorable legal framework***: PPP laws and policy frameworks are important to govern the implementation process. Currently, there is inadequate legal framework for PPP practice in Ghana. Ghana has only a national policy guide; however, the guide does not give many details as to how the implementation process is. More essentially, the guide does not clearly stipulate the procedures for managing unsolicited proposals, which are the widely adopted approach for PPP implementation by the government. The government needs to step up its efforts toward PPP by passing a PPP law. Moreover, there should be more guidelines which further explain the implementation design of PPP in Ghana. In addition, more policy guides should be introduced to provide the process and approach of implementing PPP at the local and central government levels. This is because PPP implementation at these levels is quite different; thus, the approaches and management at these levels will be different.

***Right project identification***: The right public facility has to be identified and procured using the PPP concept. Right project identification simply implies the selection of public facilities with strong technical, social, and economic rationale for PPP. In fact, most of past PPP projects implemented in Ghana have been on the basis of "campaign promises" but not from a well-structured infrastructure plan. Although Ghana has infrastructure and development plans, PPP projects are often not identified from these, and this does not allow the concept to grow effectively. Incumbent governments usually identify and implement projects based on their promises made during electoral campaigns; therefore, in situation where they are unable to complete the transaction, the project is abandoned by the next government or become distress. Notwithstanding, because PPP projects are not identified from a structured plan, they end up not meeting the core needs of the society in the long term. It is therefore important that a comprehensive national infrastructure plan which incorporates the ideas of all political parties and stakeholders will be developed so that the projects with acceptable needs will be identified and procured through PPP. It should also be emphasized that the plan has to be strictly followed irrespective of the political party in administration.

***Capacity building***: Enhancing the skills of local practitioners (both public officials and local investors) is important toward the growth of PPP in Ghana. Many local practitioners particularly public servants have very little idea and knowledge on the management of PPP projects. More importantly, engaging in competitive negotiation is sometimes a challenge. In this regard, seminars and short courses on PPP negotiations and general implementation approach should be regularly organized for practitioners. In addition, PPP should be made part of the university curriculum so that upcoming practitioners or graduates would be equipped before entering the job market. International exposure is also important; thus, international tours and exchange programs should be organized to expose local practitioners to the international best practices of PPP.

***Extensive stakeholder engagement***: External stakeholders play crucial role in the successful implementation of PPP projects. Essentially, stakeholders such as civil society groups, local commuters, and trade unions should be engaged

right from the beginning of the project. Local practitioners should actually desist from engaging external stakeholders at the later stage of the project development because it irritates the general public and fuels the negative public perception on PPP transactions. Different projects may have different approaches of engaging external stakeholders, but generally "community meetings" should be used at PPP projects initiated at the local government level. At the central government level, press conference is the ideal approach to engage the general public. This is because both print and online media are powerful means to communicate issues to the general public. It should be emphasized that at the local government level, engaging local chiefs is an ideal way of getting the local commuters on board. This is because traditional chiefs are very well respected and therefore they can play crucial role in engaging the locals.

***Appropriate risk allocation***: Proper risk identification and allocation cannot be undermined when practitioners want to achieve success (Osei-Kyei and Chan 2017c). Risks have to be properly identified and allocated to the best party. Essentially, contracting authorities should neither retain excessive risks nor transfer too many risks to investors. In fact risk sharing has to be balanced. It should not be seen as a way of favoring one party since this can result to conflict at a later stage. Past project experiences can be used to derive a comprehensive risk register. Also, contracting authorities should ensure that the risk register is often updated for specific sectors.

## Conclusion

PPP is an approach that the Ghanaian government has adopted to foster infrastructure development and meet the rapid urbanization growth in the country. However, there are many obstacles to the successful delivery of PPP projects. These actually stem from different sources. Notwithstanding, PPP is indeed feasible within the Ghanaian context despite the prevailing challenges; however, the concept needs proper restructuring before it can be successfully implemented. The key issues that practitioners need to look at carefully in order to succeed include transparency and competition, favorable legal framework, right project identification, capacity building, extensive stakeholder engagement, and appropriate risk allocation.

**Acknowledgment** The content of this article is based on the findings of a PhD research project entitled "A best practice framework for PPP implementation for infrastructure development in Ghana." The project described is fully supported by the Hong Kong PhD Fellowship Scheme from the Hong Kong Polytechnic University and the Research Grants Council, Hong Kong.

## References

Akintoye A, Hardcastle C, Beck M, Chinyio E, Asenova D (2003) Achieving best value in private finance initiative project procurement. Constr Manag Econ 21(5): 461–470

Ameyaw EE, Chan AP (2015) Evaluation and ranking of risk factors in public–private partnership water supply projects in developing countries using fuzzy synthetic evaluation approach. Expert Syst Appl 42(12): 5102–5116

Cheung E, Chan AP, Kajewski S (2009) Reasons for implementing public private partnership projects: perspectives from Hong Kong, Australian and British practitioners. J Prop Invest Financ 27(1):81–95

Hodge J (2003) Unsolicited proposals: the issues of private infrastructure projects. World Bank publications. Accessed from: http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1303327122200/257Hodge-031103.pdf

Ke Y, Wang S, Chan AP, Lam PT (2010) Preferred risk allocation in China's public–private partnership (PPP) projects. Int J Proj Manag 28(5):482–492

Ministry of Finance and Economic Planning (2011) National policy on public – private partnerships, Ghana

Osei-Kyei R, Chan APC (2015) Developing transport infrastructure in Sub-Saharan Africa through public–private partnerships: policy practice and implications. Transp Rev 36(2):170–186. https://doi.org/10.1080/01441647.2015.1077288

Osei-Kyei R, Chan APC (2016) Implementing public–private partnership (PPP) policy for public construction projects in Ghana: critical success factors and policy implications. Int J Constr Manag. https://doi.org/10.1080/15623599.2016.1207865

Osei-Kyei R, Chan APC (2017a) Factors attracting private sector investments in public–private partnerships in developing countries: a survey of international experts. J Financ Manag Prop Constr 22(1):92–111. https://doi.org/10.1108/JFMPC-06-2016-0026

Osei-Kyei R, Chan APC (2017b) Implementation constraints in public-private partnership: empirical comparison between developing and developed countries. J Facil Manag 15(1). https://doi.org/10.1108/JFM-07-2016-0032

Osei-Kyei R, Chan APC (2017c) Risk assessment in public-private partnership infrastructure projects: empirical comparison between Ghana and Hong Kong. Constr Innov Inf Process Manag 17(2). https://doi.org/10.1108/CI-08-2016-0043

Osei-Kyei R, Dansoh A, Ofori-Kuragu JK (2014) Reasons for adopting public–private partnership (PPP) for construction projects in Ghana. Int J Constr Manag 14(4): 227–238. https://doi.org/10.1080/15623599.2014.967925

Pallister J, Law J (2006) A dictionary of business and management. Oxford University Press, Oxford

World Bank (2009) Attracting investors to African public private partnerships: a project preparation guide. World Bank Publications, Washington, DC

World Bank (2011) PPIAF assistance in Ghana. Public-private infrastructure advisory facility (PPIAF). The World Bank, Washington, DC

# Public-Private Partnership, Brazil

Sandro Cabral
Insper Institute of Education and Research, São Paulo, Brazil

## Definition

Public-private partnerships (PPP) are organizational arrangements involving private actors in the delivery of public services. PPP situates between full privatization and direct government provision.

## Public-Private Partnerships in Brazil: Past and Present

Like other developed and developing countries around the globe, in the past few decades, Brazilian authorities have been sponsoring increased participation of private actors in several economic and social activities. This movement started in the second half of the years 1980s with the first wave of divestitures of state-owned enterprises in pulp, mining, and metal industries and continued in the years 1990s in petrochemical, air space, defense, and civil aviation industries. Brazil was not also immune to the so-called New Public Management (NPM) principles. During the 1990s multilateral agencies such as the World Bank and the International Monetary Fund – in conjunction with Brazilian local authorities more sympathetic to a less prominent role of the state in economic activities – helped to shape alternative modes of public service provision in the country. In a large extent, the use of market mechanisms in the organization of collective issues reconfigured the relationship between public authorities, citizens, and service providers. Along these lines, the recourse to private firms and nonprofit organizations in the delivery of public services formerly provided by governments gained traction.

In 1995, Brazil passed a new legislation to foster private participation in infrastructure via regular concessions (Concessions Law 8987/1995). This legislation allowed public authorities to delegate to private actors the possibility of building, refurbishing, upgrading, managing, and maintaining new and existing infrastructure in myriad of sectors such as roads, rail, gas distribution, and parks. Under this type of public-private interaction, revenues to private partners in charge of the service provision do not come from public authorities. Instead, tariffs and contributions from service users along with ancillary revenues (e.g., advertising and commercial activities) are the main sources of income of private actors. Actually, public authorities can even receive upfront fixed payments in exchange of allowing private actors to exploit public services. For instance, the São Paulo state government in Brazil was particularly successful in expanding and improving the quality of its highway system through regular concessions. Lump-sum fees paid by winning bidders of the main state highways were employed to leverage the quality of local roads, which remained under the state responsibility. This arrangement helped to improve the overall road network in the state.

Despite these advances, the Concessions Law was not able to attract private funds to several public services, especially those in which the revenues from users and complementary sources were not enough to assure compatible return on investment rates. In some cases, public-private ventures require financial support from public authorities, at least partially. Prisons are good examples of services in which user fees and ancillary revenues are not possible and demand public funds to support not only facilities construction but also operation and maintenance activities. To circumvent this problem and to boost private provision in public services, the Brazilian federal government issued the Law 11.079/2004, the Public-Private Partnerships (PPP) Law. The PPP law allows the combination of public funds along with revenues from users to assure the financial sustainability of public-private ventures. It also permits governments being the sole responsible for payments to private actors during the contract, which may vary from 5 to 35 years. PPP contracts cannot be inferior to R$ 10 million (around US$ 2.7 million as of December 2018). Government commitments with PPP cannot exceed 5% of the public authorities' net revenues. An important innovation in the Brazilian PPP legislation is the PPP Guarantee Fund crafted to assure the payments of the government financial obligations. Considering the past records of default by a non-negligible portion of the Brazilian public authorities, such fund is crucial to reduce the costs of raising resources to PPP projects and to increase the attractiveness of private actors. The law also posits that PPP projects must be run by Special-Purpose Vehicles (SPV), which are organizations designed to deploy the several activities necessary to deliver public services. SPV normally involves organizations with different expertise domains and cannot have public organizations with the majority of the voting capital.

These two major legal advances boosted the number of concessions and PPP projects in the country. According to the World Bank, from 1995 to 2016, Brazil has recorded 1913 contracts involving public-private initiatives. The vast majority of partnerships were concessions in the electricity sector (around 50%). Transport (roads, rails, ports, and airports) and water and sewerage account for 20% and 8% of the contracts, respectively (see the Private Participation in Infrastructure database in https://ppi.worldbank.org/). In the subset of contracts signed under the 2004 PPP legislation, as of 2018, Brazilian public authorities signed 104 contracts in several areas. Waste treatment, water, and sewerage accounted for 40% of the deals. Street lightening (11.5%) and health (10.5%) are also representative sectors for PPP. The remaining contracts are spread out in sectors such as urban transportation, service centers, football stadiums, housing, education, and prison services, among others (for further information on PPP contracts in Brazil, refer to www.radarppp.com). These numbers can be even higher if one considers other forms of public-private collaboration such as partial outsourcing, management contracts, and partnerships with private and nonprofit organizations.

State governments and municipalities of all Brazilian regions have been developing PPP projects, and these practices are not limited to center- or right-wing governments. Center-left and left-wing governments such as Bahia, Pernambuco, and Ceará are among the most active actors in the promotion of public-private initiatives. The increased legitimacy and the existing budgetary constraints faced by public authorities suggest that PPP are valid alternatives to improve public service standards and address citizens' needs. Nevertheless, despite the immense room for an even bigger number of public-private arrangements in Brazil, some factors may challenge an enhanced private scope in public services. In this vein, two critical factors arise: institutions and capabilities.

## Challenges to PPP in Brazil: Institutions and Capabilities

PPP are hybrid arrangements placed between privatization and in-house government provision in which public and private actors share decision

and property rights (Menard 2013). By combining resources and capabilities from different contracting parties such as private contractors from different sectors, public authorities in distinct levels, financial actors, and multilateral agencies, public-private arrangements are likely to improve public service performance and generate positive externalities (Cabral et al. 2013). Some factors are necessary to assure public value creation through PPP and concessions. First, contracts should be well crafted to infuse market incentives (rewards and sanctions) in the agents involved in the provision (Hefetz et al. 2014). Second, accountability structures are essential to not only impede collusion, patronage, and favoritism and foster ex ante competition but also to assure effective monitoring of the behavior of public and private actors during the contractual execution phase (Pierce and Toffel 2013). Third, the very existence of capable actors in the public and in the private sides working in an interdependent fashion are key factors to reduce contractual hazards and increase the legitimacy of these novel hybrid arrangements (Cabral et al. 2013).

Recent advances in the literature recognize that an enlarged private participation in public-private arrangements relies on improved institutions and capabilities (Quelin et al. forthcoming). In this vein, despite the increasing number of PPP and concessions observed in Brazil in the past few decades, some actions to improve the business environment and to ameliorate the institutional safeguards are necessary. A major concern of private actors involved in PPP and concessions projects relates to government opportunism (Spiller 2010). Actually, rent-seek behavior, ideological beliefs, or even the mere absence of cost-benefit analysis can stimulate public authorities to capture the rents created through efforts of PPP contractors or impede the SPV to meet the required contractual standards, thus jeopardizing the expected profits and the public value creation. In Brazil, private actors include the potential hazards of expropriation in their balance sheets, which leads to projects that are more expensive or to initiatives that are not viable from the economic point of view. The existence of preferential treatment to selected and well-connected groups in the Brazilian public procurement context may also contribute to a less competitive business environment and make some private actors refrain to invest in the country (Inoue et al. 2013). Brazil also needs to reinforce the existing regulatory, watchdog, and law enforcement agencies to foster a more predictable environment that stimulate private parties to invest in long-range projects. The emersion of unforeseen regulations, claims for tariff waivers, and additional constrains that threat both construction deadlines and financial equilibrium of the PPP contracts suggests that the quality of the Brazilian institutions is low. Under this scenario, private investors will tend to allocate their funds in more stable settings, in which the likelihood to obtain the expected returns is higher (Quelin et al. forthcoming). In other words, a more predictable institutional environment is necessary to more concessions and PPP initiatives in the country.

Additional investments in public-private initiatives are dependent on how capable are the involved stakeholders. On the public side, capable officers might be able to design adequate PPP proposals, conciliate business and citizen needs, navigate in the complex web of bureaucratic procedures, make necessary efforts to attract private funds to public-private ventures, and ensure that the contractual obligations of private partners will be accomplished. The creation of specialized pockets of efficiency in the public bureaucracy, the so-called PPP units, is crucial to more effective public-private initiatives (OECD 2010). These bodies play a leading role in the coordination and the incentive alignment of the different public bodies involved in public-private initiatives. Brazil has some examples of successful PPP units at both state level and local levels that were able to overcome the fragilities of the institutional environment in order to deliver interesting solutions, such the PPP units in the states of São Paulo (roads, housing, mass transportation) and Bahia (health, mass transportation, waste treatment). Nevertheless, the absence of stable structures with insulated officers to manage

relationships with private actors and other public agencies signals precaution because the positive effects of enhanced capabilities through PPP units are stronger exactly in contexts of low institutional quality (Quelin et al. forthcoming). Having said that, the existence of capable PPP units is crucial to expand private engagement in PPP projects in the country. On the other hand, the absence of these bodies is likely to challenge additional public-private initiatives in Brazil.

On the private side, contractors must possess the necessary capabilities to execute their tasks in order to address both the public interest and their own private objectives. Private partners with more experience in dealing with governments in public-private relationships tend to present superior partnering capabilities, experience superior performance, and capture more value from PPP and concession arrangements (Arino and Reuer 2004; Kivleniece and Quelin 2012). These enhanced abilities can also help firms to anticipate contractual hazards that may threat the accomplishment of contractual obligations in public-private relationships (Fabrizio 2012). In the aftermath of the Car Wash Operation – a massive anti-corruption started in Brazil in 2014 that banned several deviating firms from public-private contracts and incarcerated politicians and bureaucrats – the existence of capable suppliers who have improved operational and partnering capabilities in the public-private realm is an essential aspect for further development of successful initiatives in Brazil. Efforts to assure a competitive environment can attract service providers with accumulated knowledge to PPP bids in Brazil and help these firms to deploy their improved abilities in the pursuit of the public interest.

## Conclusion

In the past few decades, Brazil has been promoting private participation in services normally provided by public authorities through several organizational arrangements involving joint action of public and private actors. These include concessions and public-private partnerships (PPP). This entry addressed the history, the drivers, the existing numbers, the challenges, and what needs to be done in order to leverage PPP in Brazil. In this sense, building an improved institutional environment and reinforcing the existing capabilities in the public side to design, negotiate, and monitor PPP and on the private side to execute PPP in an adequate fashion are critical factors.

## Cross-References

► Public-Private Partnerships

## References

Arino A, Reuer JJ (2004) Designing and renegotiating strategic alliance contracts. Acad Manag Exec 18(3):37–48

Cabral S, Lazzarini SG, Azevedo PF (2013) Private entrepreneurs in public services: a longitudinal examination of outsourcing and statization of prisons. Strateg Entrep J 7(1):6–25

Fabrizio KR (2012) Institutions, capabilities, and contracts: make or buy in the electric utility industry. Organ Sci 23(5):1264–1281

Hefetz A, Warner M, Vigoda-Gadot E (2014) Concurrent sourcing in the public sector: a strategy to manage contracting risk. Int Public Manag J 17(3):365–386

Inoue CFKV, Lazzarini SG, Musacchio A (2013) Leviathan as a minority shareholder: firm-level implications of state equity purchases. Acad Manag J 56(6):1775–1801

Kivleniece I, Quelin BV (2012) Creating and capturing value in public-private ties: a private actor's perspective. Acad Manag Rev 37(2):272–299

Menard C (2013) Hybrid modes of organization. Alliances, joint ventures, networks, and other 'strange' animals. In: Gibbons R, Roberts J (eds) The handbook of organizational economics. Princeton University Press, Princeton, pp 1066–1108

OECD (2010) Dedicated public-private partnership units: a survey of institutional and governance structures. OECD Publishing, Paris

Pierce L, Toffel MW (2013) The role of organizational scope and governance in strengthening private monitoring. Organ Sci 24(5):1558–1584

Quelin BV, Cabral S, Kivleniece I, Lazzarini SG (forthcoming) The private scope in public-private collaborations: an institutional and capability-based perspective. Organ Sci

Spiller PT (2010) Regulation: a transaction cost perspective. Calif Manag Rev 52(2):147–158

# Public-Private Partnerships

Sandra Isabel Rasteiro Firmino
Centre for Public Administration and Public Policies, Institute of Social and Political Sciences – Universidade de Lisboa, Lisbon, Portugal

## Synonyms

3P; P3; PPP; Public private alliances; Public private cooperation; Public private sector partnerships

## Definition

Public-private partnerships are collaborative arrangements between public and private actors, comprising several models with different characteristics.

## Introduction

Public private partnerships (PPPs) emerged as a widely used governance arrangement in the past couple of decades (Wang et al. 2018). Understood, broadly, as a form of collaboration between public and private actors, PPPs have become a recent source of economic pressure and political concern for many governments. Despite their potential gains ascribed by the literature, the empirical evidence concerning PPPs good performance is fuzzy at best (Hodge and Greve 2017).

They also comprise several models and characteristics, stressing the need to notice in each research the attributes of the PPPs under study and to take careful action when comparing national and international cases. Academy still debates what should be the use of the concept and if some of the current schemes of PPPs should be using this label at all.

The purpose of this contribution is to help clarifying what PPPs are and are their main models, to explain the theoretical background that allows the understanding of how they act and to list the main critical factors to their performance.

This contribution structures as the following: the next section is dedicated to defining PPPs. Two major types of PPPs are distinguished – contractual and co-organizational PPPs – with their main attributes being discussed in the text. The following section brings some theoretical insights. Against a New Institutionalism approach, Transaction Cost Economics (TCE) and Principal-Agent Theory (PAT) are used to explain how partners act and in what topics critical pressures and pitfalls can emerge. Before the concluding lines, critical success factors ascribed by the literature are listed and discussed considering contractual and co-organizational PPPs features.

## Defining Public-Private Partnerships

Public-private partnerships are governance arrangements broadly defined as forms of collaboration between at least a public and a private actor. At the international level, they comprise a variety of models and schemes, such as concessions and other contractual arrangements (e.g., Private Finance Initiative – PFI), joint venture (e.g., mixed enterprises), and other co-organizational forms of cooperation. Noticing this heterogeneity, authors refer to the concept as an "umbrella" concept (Renda and Schrefler 2006), whose terms are defined by what each national jurisdiction determines (Hayllar and Wettenhall 2010). Academy still debates the precise meaning of the concept, its historical roots, and if they are indeed a newly governance arrangement to the provision of public infrastructures and/or public delivery (Hodge et al. 2010).

Hodge and Greve (2007, p. 547) assert the most consensual definitions of PPPs are those who see them as: (a) institutional cooperation for co-production and risk sharing; (b) long-term contracts for public infrastructure; (c) public policy networks; (d) civil society and community development; and (c) urban renewal and development.

The European Union distinguishes between "purely contractual" and "institutionalized" PPPs. The former are long-term contracts, while the later result in a third entity, a joint venture of public and private capital (Commission of the European Communities 2004).

Despite the different classifications of PPP types, authors tend to converge to the distinction of two major types of PPPs: contractual PPPs and organizational cooperation forms or alliances. Contractual PPPs can be defined as principal-agent relations where formal agreements clearly identify all risks, responsibilities, resources, and revenues of each partner. Interaction between partners is more limited and restricted to the initial phase of the partnership (i.e., contract negotiation) and generally objectives or the terms of the public provision are previously defined by the public partner (Klijn et al. 2007).

In this context, public and private partners tend to be dominated by different interests: the public partner aims the public provision with effectiveness, efficiency, and economy of resources; the private partner is stimulated by an attractive return on investment (Klijn and Teisman 2005). As such, one can question partners' ability to find common and converging higher goals and whether if it is possible of overcoming any divergence or even conflict of interest emerging between both.

According to this concept of PPPs, they comprise the following characteristics (Yescombe 2007):

- Underlie on the existence of a contract between a public entity and, at least, one private actor
- Constitute long-term relations, generally lasting periods of 25–30 years
- Mean to fulfill public needs, by designing, building, maintaining, and operating an infrastructure or a service provision
- Transfer risks to private partners
- Depend, at least in part, on private financing
- Use a payment method based on results (quantity and/or quality of the provided asset) that can consist of direct fees from the users and/or transfers of the public budget
- Aim to obtain value for money to the public entity and profit to the private partner

On the contrary, co-organizational PPPs have greater interactivity and informality in the relationship between the actors. They tend to develop some fundamental rules for regulating the relationship between the partners in a formalized agreement, but they are more flexible and sustained by a strong sharing of resources, decisions, risks, and benefits (Kouwenhover 1994).

The strong interaction between partners demands for the development of mutual trust and the adjustment of the coordination mechanisms to fulfill the partnership needs. The involvement of private partners tends to emerge earlier than in contractual PPPs, even when the objectives are not clearly outlined. These PPPs have greater negotiation between actors, reflected in what may be a greater alignment of interests.

In summary, based on the above, we can identify as the main elements that characterize these PPPs:

- A lower level of formalization of the relationship between the public and private partners
- Greater frequency and flexibility in interactions between partners
- Propensity for the long term of the established relationship
- Co-production of public goods or services
- Sharing of decision-making, resources, responsibilities, and risks by partners
- Convergence of objectives and benefit sharing in the partnership

Having in mind the multiplicity of understandings associated with PPP, one can ask if the label should apply to all of them. Are all public-private mixes and hybrids included in the PPP concept? Alternatively, should the concept of PPP apply only to a specific type of public-private arrangement?

Noticing the absence of an extensive collaboration in some PPP arrangements, some authors question if they should be considered "partnerships" at all (Hayllar and Wettenhall 2010). Because of their traits, contractual PPPs resemble a form of "contracting out" (Teisman and Klijn 2002). They have a competitive nature (Wettenhall 2007). Institutional and

co-organizational forms of PPP fulfill better the conditions of "genuine partnerships."

In order to be called "genuine" partnerships, PPPs must bring together the following attributes (Wettenhall 2007, p. 395):

- Collaborative nature
- Horizontal relationship between actors
- Shared and consensual decision-making
- Absence of an entity vested with "higher" powers, specifically to invoke the termination of the relationship
- Existence of a shared management structure such as a partnership forum or board of directors
- Ability to achieve synergies between partners
- Respect and trust as ways to promote social capital

Following this line of reasoning, the main feature that distinguishes co-organizational partnerships from contractual arrangements is their collaborative or competitive essence. According to Milward and Provan (2003), competition and collaboration constitute opposing strategies to increase performance in the provision of goods and services by public entities. While networks of multiple actors place the emphasis on collaboration, in an attempt to achieve an integrated and effective approach to public policies, competition models of interaction demand the alignment of actors' incentives, requiring its correct formulation in established contracts.

The ambiguity of the concept produces misleading conceptions in the public as well. The concept gained political significance and could have been used to conceal the intents of privatization (Linder 1999). In politics, more important than a precise use of the concepts is the image they convey and that one intends to communicate. Concepts are "brands" made to evoke meanings and emotions that can attract supporters (Klijn 2010).

There were historical circumstances that led to the appropriation of PPPs in favor of political discourse. In the United Kingdom of the 1990s, an increasingly suspicious and unfavorable public opinion to the privatization discourse was gaining expression. The word "partnership" was evocative of more favorable feelings and emotions of citizens, which could be associated with the ideas of collaboration and sharing between public and private entities. So, when the Tony Blair's Third Way Government took power in 1997, it gave the initiative of PFI a new designation: public-private partnerships.

PFI started with the conservative Government of John Major, consisting of an instrument to guarantee private investment for the provision of large public infrastructures, without burdening public accounts. The private sector designs, builds, finances, and operates an infrastructure (DBFO model), whose ownership is transfer to the public partner at the end of the contract, lasting usually 20–30 years. Unlike concessions, in the PFI model, private sector remuneration consists of regular payments by the public partner, during the term of the contract (Corner 2005).

It was during Blair's Government that PFIs went from a poorly implemented policy to an instrument with exponential growth in the context of the British administrative reform. However, its conservative origin was somewhat embarrassing (Coghill and Woodward 2005, p. 81), and the labor party wanted to depart the initiative from privatization. The solution found was to put a new label to the initiative. It was with this new name that PPPs were projected and internationally disseminated (Hellowell 2010). The possibility of providing citizens with new infrastructures, without burdening public debt, made PPPs very attractive to governments of many countries, regardless of their political orientation.

For this reason, authors mention a "language game" (Linder 1999) when referring to PPPs. They can be a euphemistic way of designating privatization, seeking to cover up the governments' intents and to unclear public understanding.

## Using Contractual Approaches for the Understanding of PPP

Comprising several models and schemes, PPPs obey to different institutional arrangements. Contractual approaches, such as Principal-Agent and

Transaction-Cost Economics theories, become particularly useful to understand interaction dynamics in PPPs. According with these theories, most of PPP's hazards result from their long term associated with uncertain and unpredictable events. Contract's incompleteness creates high transaction costs and the existence of asymmetrical information can originate opportunistic behavior by private partners.

PPPs rely on formalized agreements to a greater or lesser extension. Contracts can be defined as agreements between a seller and a buyer that state the terms of the delivery (quantity, quality, price, delivery time, and so on) of a product or a service. Classical and relational contracts are opposite because the first require the settlement of all the necessary specifications to bind the parties (Greve 2008). Relational contracts, on the contrary, have implicit terms and usually confine written agreements to the main interaction rules (Mulgan 1997). A third, intermediate category – neoclassic contracts – derives from the impossibility of specifying all relevant terms in some contracts due to unforeseen events.

PPPs tend to be long-term contracts of great complexity. Due to uncertain situations making impossible to anticipate all possible future events, PPPs become necessarily incomplete contracts (Hart 2003), omitting or being vague in several relevant matters (Tirole 1999). Partners generally incur in transaction-costs due to volatile circumstances and the presence of specific assets (Zheng et al. 2008).

In TCE, Williamson (1985) sought to define the most efficient governance structures based on the costs occurred during transactions. According to the author, PPPs are hybrid forms situated between market and the firm, relying in the establishment of credible commitments – the ability of the parties to develop a conduct based on honesty and collaboration – to avoid increased transaction-costs (Williamson 1999). As such, implicit elements of relational contracts would be an important complement to agreed formalized clauses (Coelho 2007).

According with PAT, enhancing private partners' performance will be largely a matter of having the right incentives. In these relationships, agents should act in the interest of the principal (public procurer), in exchange for an agreed payment (Gormley and Balla 2008). Due to information asymmetry and against its own needs and desires, the question is whether the agent (private consortium) will have adequate incentives to meet public partner's expectations (Shapiro 2005). The principal faces the risks of adverse selection (i.e., selecting its agent without the knowledge to evaluate the full extension of risks he represents) and moral hazard (opportunistic behavior accordingly with agent's interest and aiming to maximize its benefit/utility) (Eisenhardt 1989). Consequently, PPP contracts tend to be armed with clauses to deter agent's noncompliance, imposing means for principal monitoring and sanction. On the other hand, they create positive incentives (rewards) for good performance (Gomez-Mejia and Wiseman 2007). These mechanisms can be understood as enforcement strategies of deterrence and persuasion (Reynaers and Parrado 2016). The use of these two strategies may vary accordingly with the degree of dependence of the public procurer, trust between partners and the existence of clear performance standards.

Despite the above, in many PPP contracts, partners seek to define the most they can the necessary specifications of the relation. These will be the case of what was previously defined as contractual PPPs. Due to their long-term duration that makes impossible to predict all likely events that may occur in the future, these PPPs assume the form of a neoclassic contract. Co-organizational PPP, such as institutionalized PPP or what previously defined as "genuine" partnerships, should rely on relational contracts.

Relational elements of contracts aim at a more flexible interaction. Flexibility gives a certain freedom of action so that partners can handle new circumstances and to adapt (Cruz and Marques 2013b). Due to long duration of contracts, it will be almost inevitable that, at some time, renegotiation events will occur (Domingues and Zlatkovic 2015). The rigidity associated to contractual PPPs makes these events (formal

renegotiation and/or court litigation) extremely costly because the high transaction costs generated.

Relational contracts, on the other hand, require increased confidence and sense of commitment to prevent opportunism. Trust encompasses actors' expectations (perception of trustworthiness), attitudes (benevolence), and behaviors (honesty, integrity) (Oomsels and Bouckaert 2014, p. 582). Trusting is taking a "leap of faith"; it brings vulnerability and risk to actors willing to do so (Edelenbos and Klijn 2007, p. 29). That is why trust is so hard to achieve. To protect themselves against these risks, most of times, partners seek to shelter contracts with safeguards. They "overwrite" contracts (Cruz and Marques 2013a), aiming "for completeness in order to decrease the number of unexpected and undesired situations" (Van Den Hurk and Verhoest 2016, p. 283). Consequently, though PPP contracts should be relational in theory, they tend to present "a neoclassical twist" (Greve 2008, p. 172).

In contractual PPPs, relational elements should complement formal clauses and act as an important signal of trust or distrust and commitment or noncommitment. That is, formal mechanisms are "crucial but not sufficient 'qualifier' for effective exchange and (...) need to act in combination with pro-active relational governance" (Zheng et al. 2008, p. 52). Amirkhanyan et al. (2012) reach a similar conclusion, supporting the existence of a complementary role rather than a negative association between relational and formal elements of PPPs. Their findings support the evidence that developing trust does not require less formalized agreements. Contrarily, thicken contract specifications may strengthen collaborative relationships by reducing actors concern with potential opportunism of their partner and by producing greater understanding of shared values and goals (those reflected in procedures).

On the other hand, Reeves (2008) concluded more transactional relations (prevalent in contractual PPP) were not an impeditive to good collaboration. Public actors entering a partnership showed preference for relying on more formalized terms regarding initial planning, rights and duties specification, the binding nature of the contract, and formal communication. However, because of the long term of the contract, complementary relational interaction was considered essential to successful collaboration.

## Critical Success Factors to PPPs

The literature ascribed several potential gains to PPPs when comparing to more traditional and alternative means of service delivery. PPPs allow private investment to carry out large-scale projects, leaving aside substantial State investment that can be redirect to other valuable missions of public interest in society (Cruz and Marques 2012). It is argued that PPPs provide better value for money (VFM), in view of risks transfer to the private sector (OECD 2008). Also, the private sector is seen as more efficient than the public sector when operating from a market perspective and with the objective of profit, being more prone to innovation and concentrating greater technical resources and specialized experience in the specific areas of the projects (Hofmeister and Borchert 2004).

However, empirical evidence concerning the performance of contractual PPPs is fuzzy at best (Hodge and Greve 2017). Considering the potential risks and "pitfalls" that arise and threaten PPPs good performance, several studies have been dedicated to identifying the critical factors for their success. Upstream and downstream factors that affect PPPs performance include political and institutional conditions, as well as the context to private initiative action. Table 1 summarizes critical factors for PPPs success.

Although they mean closer collaboration and can better match the objectives of both parties, co-organizational PPPs are also prone to failure. Its functioning is complex, given the involvement and frequent interaction of the actors, who more than sharing resources, responsibilities, and benefits, discuss problems and decide solutions. The preference for contractual modalities can then arise from the difficulty of implementing these partnerships, since they allow the public partner more control over public policy and the project to be developed in the PPP (Teisman and Klijn

**Public-Private Partnerships, Table 1** Critical performance factors for PPPs

| Critical factors | | Dimensions |
|---|---|---|
| *Political factors* | *Appropriateness of the PPP model for this project* | Favorable cost-benefit analysis in terms of the realization of the project<br>Correct estimate of the VFM for the PPP option (PSC)<br>Affordability of the expenses; technical viability |
| | *Political commitment* | Stable political situation (political regime and system)<br>Relative political and social consensus in terms of the projects that the PPP will perform<br>Sound PPP policy (clarity in terms of governmental positions and objectives). |
| | *Transparency and accountability* | Publication of the main information regarding the PPP<br>Transparent partner bidding procedures. |
| *Institutional factors* | *Legal and regulatory landscape* | Overall legal framework of the PPP<br>Sectoral and public bidding legislation<br>Contract regulation:<br>Definition of the contractual terms regarding: Payment mechanisms and the distribution of benefits; appropriate risk distribution matrix; safeguards and partner guarantees; performance indicators; renegotiation, exit from and termination of the contract<br>Standardization of contract bidding procedures |
| | *Institutional expertise* | Existence of a PPP unit that is well-equipped in terms of resources<br>Experience and technical expertise in PPP (not dependent on outside consultants)<br>Good public governance (organization and coordination of the responsible PPP entities). |
| | *Selection of the private partner* | Competitive environment in the public bidding phase<br>Well-defined bidding procedures and specifications, with indications of the technical requirements, performance indicators, and evaluation criteria for the private partners |
| *Context of private initiative* | *Economic and financial environment* | Stable economic situation<br>Sound economic policy<br>Dynamic financial market open to investment |
| | *Private partner commitment* | Private partner has solid technical and financial expertise<br>Attractiveness of the project: executable project that is reasonable from a technical point of view; appropriate remuneration; guarantees by the State; access to the capital markets |

Source: Firmino (2018, p. 1273)

2002). To protect themselves against risk and vulnerability to the partner, many times actors choose to take individual strategies of distrust, missing out the opportunities to achieve collaborative advantages (Vangen and Huxham 2010).

Collaborative action should help surpassing each partner contribution by attaining realizations one could not accomplish (Huxham 2003). Good internal coordination and the management of the collaborative relationship of the partners become key aspects in the good performance of co-organizational PPPs. In addition, trust enables cooperation that is more successful in such arrangements.

However, several forces drive the appearance of inertia at the level of collaboration. In fact, many times the outputs of collaborative schemes take too long to be noticed or are insignificant, frustrating the actors and putting in evidence the tendency towards collaborative inertia. Achieving collaborative advantages requires building expectations over actors' reputation or formalized agreements. Expectancies about results should be modest and realistic at the beginning of the relationship, because only the development of trust will set the terms for a more ambitious collaboration in the future. To overcome inertia, partners must seek converging objectives, reconcile their organizational identity and culture, improve

the communication process, be highly committed, promote the distribution of resources and power, consolidate mutual trust, invest in a leadership of quality, and in promoting accountability, among others (Vangen and Huxham 2010).

## Conclusions

Defined as means of collaboration in its simplest form, PPP arrangements are endowed with great heterogeneity, comprising several models and acting in several areas of activity. This diversity of schemes gains prominence when observing the different national and international contexts.

PPPs were strongly associated with the idea of long-term contracts, but a broader understanding of the concept, and more in line with scientific literature, led to the inclusion, in its definition, of other forms of interorganizacional cooperation between public and private entities. In this contribution, these two main types of PPPs (contractual and co-organizational) were considered and defined, identifying their main traits referred by the literature.

PPPs were advertised as something positive when considering the value for money for the public sector. However, with the empirical evidence not being sufficiently conclusive, the idea of the existence of these benefits is more as a matter of faith than certainty.

The success of the collaboration depends to a great extension on the attributes of the PPP arrangements, where the level of formalization (the main attribute that distinguishes contractual and co-organizational PPPs) is an essential feature. When comparing contractual and co-organizational PPPs, one can observe that the former usually acquire a transactional (buyer-seller) and noncollaborative nature. Relying on relational governance structures above formal rules, co-organizational PPPs should show potential to overcome the dilemmas of contractual PPPs, concretely contract incompleteness. However, co-organizational PPP tend to develop collaborative inertia, since the establishment of common goals, trust, and commitment that support successful relationships take time and are hard to achieve between partners.

So, the literature has showed that contractual PPP cannot rely exclusively on formalized agreements, nor can co-organizational PPPs leave aside a contractual basis. Relational attributes are an important complement to formal clauses in contractual PPPs, improving partners' collaboration, through trust and commitment. On the other hand, formalized rules act as safeguards that reduce partners concern with the potential opportunism of their partners.

Aside theoretical contributions explaining how the contract's attributes interfere in PPP's performance, studies also have dedicated to identifying critical success factors of PPPs. These include features such as the appropriateness of the PPP model for the project (cost-benefit analysis, affordability, VFM), political commitment, transparency and accountability, a good regulatory framework, PPP units and the existence of technical expertise in the public partner, a competitive environment in the public bidding phase, and an appropriate economic context with support for private investment.

No matter the extension of the formalization in the PPP, partners should seek to take the most of collaborative advantages that might emerge from partnership relations. For that, they must aim at developing common goals and objectives, sharing resources, responsibilities and decisions, promoting mutual respect (identity, culture, reputation), having good leadership, and being committed and trustful of the other.

## Cross-References


- ▶ Co-production
- ▶ Collaborative Governance
- ▶ Privatization
- ▶ Public Contracts
- ▶ Public-Private Partnership and Bureaucracy
- ▶ Public-Private Partnership and Governance


## References


Amirkhanyan A, Kim H, Lambright K (2012) Closer than "arms length": understanding the factors associated with collaborative contracting. Am Rev Public Adm 42(3):341–366


P

Coelho C (2007) Modes of governance and public service efficiency. PhD Thesis, University of Birmingham, Birmingham

Coghill K, Woodward D (2005) Political issues of public-private partnerships. In: Hodge G, Greve C (eds) The challenge of public-private partnerships: learning from international experience. Edward Elgar, Cheltenham, pp 81–94

Commission of the European Communities (2004) Livro verde sobre as parcerias público-privadas e o direito comunitário em matéria de contratos públicos e concessões [Green paper on public-private partnerships and community law on public contracts and concessions]. COM (2004) 327 final. Comissão Europeia, Bruxelas. Retrieved from http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2004:0327:FIN:PT:PDF

Corner D (2005) The United Kingdom private finance initiative: the challenge of allocating risk. In: Hodge G, Greve C (eds) The challenge of public-private partnerships: learning from international experience. Edward Elgar, Cheltenham, pp 44–61

Cruz CO, Marques RC (2012) O Estado e as Parcerias Público-Privadas. Edições Sílabo, Lisboa

Cruz CO, Marques RC (2013a) Flexible contracts to cope with uncertainty in public-private partnerships. Int J Proj Manag 31:473–483

Cruz CO, Marques RC (2013b) Infrastructure public-private partnership: decision, management and development. Springer, Heidelberg

Domingues S, Zlatkovic D (2015) Renegotiating PPP contracts: reinforcing the 'P' in partnership. Transp Rev 35(2):204–225

Edelenbos J, Klijn EH (2007) Trust in complex decision-making networks: a theoretical and empirical exploration. Adm Soc 39(1):25–50

Eisenhardt K (1989) Agency theory: an assessment and review. Acad Manag Rev 14(1):57–74

Firmino S (2018) Critical success factors of public-private partnerships: political and institutional aspects. Revista de Administração Pública 52(6):1270–1281

Gomez-Mejia L, Wiseman R (2007) Does agency theory have universal relevance? A reply to Lubatkin, lane, Collin and Very. J Organ Behav 28(1):81–88

Gormley W Jr, Balla S (2008) Bureaucracy and democracy: accountability and performance, 2nd edn. CQ Press, Washington, DC

Greve C (2008) Contracting for public services. Routledge, Abingdon

Hart O (2003) Incomplete contracts and public ownership: remarks and an application to public-private partnerships. Econ J 113(March):C69–C76

Hayllar M, Wettenhall R (2010) Public-private partnerships: promises, politics and pitfalls. Aust J Public Adm 69(S1):S1–S7

Hellowell M (2010) The UK's private finance initiative: history, evaluation, prospects. In: Hodge G, Greve C, Boardman A (eds) International handbook on public-private partnerships. Edward Elgar, Cheltenham, pp 307–332

Hodge G, Greve C (2007) Public-private partnerships: an international performance review. Public Adm Rev 67(3):545–558

Hodge G, Greve C (2017) On public-private partnership performance: a contemporary review. Public Works Manag Policy 22(1):55–78

Hodge G, Greve C, Boardman A (2010) Introduction: the PPP phenomenon and its evolution. In: Hodge G, Greve C, Boardman A (eds) International handbook on public-private partnerships. Edward Elgar, Cheltenham, pp 3–17

Hofmeister A, Borchert H (2004) Public-private partnerships in Switzerland: crossing the bridge with the aid of a new governance approach. Int Rev Adm Sci 70(2):217–232

Huxham C (2003) Theorizing collaboration practice. Public Manag Rev 5(3):401–423

Klijn EH (2010) Public-private partnerships: deciphering meaning, message and phenomenon. In: Hodge G, Greve C, Boardman A (eds) International handbook on public-private partnerships. Edward Elgar, Cheltenham, pp 68–80

Klijn EH, Teisman G (2005) Public-private partnerships as the management of co-production: strategic and institutional obstacles in a difficult marriage. In: Hodge G, Greve C (eds) The challenge of public-private partnerships: learning from international experience. Edward Elgar, Cheltenham, pp 95–116

Klijn EH, Edelenbos J, Hughes M (2007) Public-private partnership: a two-headed reform. A comparison of PPP in England and the Netherlands. In: Pollitt C, Van Thiel S, Homburg V (eds) New public management in Europe. Adaptation and alternatives. Palgrave Macmillan, Houndmills, pp 71–89

Kouwenhover V (1994) The rise of the public private partnership: a model for the management of public-private cooperation. In: Kooiman J (ed) Modern governance: new government-society interactions. SAGE, London, pp 119–130

Linder S (1999) Coming to terms with the public-private partnership: a grammar of multiple meanings. Am Behav Sci 43(1):35–51

Milward HB, Provan KG (2003) Managing the hollow state: collaboration and contracting. Public Manag Rev 5(1):1–18

Mulgan R (1997) Contracting out and accountability. Aust J Public Adm 56(4):106–116

Oomsels P, Bouckaert G (2014) Studying interorganisational trust in public administration: a conceptual and analytical framework for "administrational trust". Public Perform Manag Rev 37(4):577–604

Organization for Economic Co-operation and Development (2008) Public-private partnerships – in pursuit of risk sharing and value for money. Organization for Economic Co-operation and Development, Paris

Reeves E (2008) The practice of contracting in public private partnerships: transaction costs and relational contracting in the Irish schools sector. Public Adm 86(4):969–986

Renda A, Schrefler L (2006) Public-private partnerships. National experiences in the European Union. European Parliament, Brussels
Reynaers AM, Parrado S (2016) Responsive regulation in public-private partnerships: Between deterrence and persuasion. Regulation & Governance. https://doi.org/10.1111/rego.12121
Shapiro S (2005) Agency theory. Annu Rev Sociol 31:263–284
Teisman G, Klijn EH (2002) Partnership arrangements: governmental rhetoric of governance scheme? Public Adm Rev 62(2):197–205
Tirole J (1999) Incomplete contracts: where do we stand. Econometrica 67(4):741–781
Van Den Hurk M, Verhoest K (2016) The challenge of using standard contracts in public private partnerships. Public Manag Rev 18(2):278–299
Vangen S, Huxham C (2010) Introducing the theory of collaborative advantage. In: Osborne S (ed) The new public governance? Emerging perspectives on the theory and practice of public governance. Routledge, Abington, pp 163–184
Wang H, Xiong W, Wu G, Zhu D (2018) Public-private partnership in public administration discipline: a literature review. Public Manag Rev 20(2):293–316
Wettenhall R (2007) ActewAGL: a genuine public-private partnership? Int J Public Sect Manag 20(5):392–414
Williamson O (1985) The economic institutions of capitalism: firms, markets, relational contracting. Free Press, New York
Williamson O (1999) Public and private bureaucracies: a transaction cost economics perspective. J Law Econ Organ 15(1):306–342
Yescombe E (2007) Public-private partnerships: principles of policy and finance. Elsevier, Amsterdam
Zheng J, Roehrich J, Lewis M (2008) The dynamics of contractual and relational governance: evidence from long-term public-private procurement arrangements. J Purch Supply Manag 14:43–54

# Public-Private Partnerships as Alternative Public Procurement Instruments

Emmanuel Botlhale
Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana

## Synonyms

Alliance; Collaboration; Consociation; Cooperation; Sharing; Togetherness

## Definition

There are various definitions of PPP; hence, a working definition is needed. PPP is "any arrangement between the government and the private sector in which partially or traditionally public activities are performed by the private sector" (Savas 2000: 4). PPPs have different synonyms such as P3s, Private Sector Participation (PSP) and Private Participation in Infrastructure (PPI). However, in common parlance and as it is in this chapter, the acronym PPP is used. PPP arrangements take many different forms, for example, DBFOM (Design, Build, Finance, Operate, and Maintain), DBFM (Design, Build, Finance, and Maintain), DCMF (Design, Construction, Maintain, and Finance), and DBFO (Design, Build Finance, and Operate). Others are PFI (Private Finance Initiative, mainly used in the UK), concession, leasing of public works, joint ventures, and public service contracts. PPPs are mainly used to procure economic infrastructure such as railways, roads, airports, and ports and key services such as health, education, water, and electricity. This development equally happens in both the global north and south as there is a move to leverage on private capital.

## Introduction

PPPs have an ages-old history, for example, they were used during the Roman Empire (27 BC-AD 4760. Even though PPP-style models of public investments have a long history, the acronym PPP gained currency in both academic and nonacademic circles in the 1970s, and, consequently, many books were being written on PPPs in the 1980s. However, the use of PPPs as an alternative to public-only investment saw phenomenal growth in the early 1990s with the advent of public sector reforms such as New Public Management. Following the launch of the Private Finance Initiative by the John Major-led government which involved the financing and construction of capital investment projects by a private company and the leasing back of the projects to the public sector over a predetermined period (usually, 25–30 years), the use of PPPs has gained

worldwide use. Today, PPPs are increasingly becoming popular tools to deliver infrastructure and public services around the world. Throughout the industrialized and developing world, there has been a renewed move to liberalization and privatization of infrastructure activities from the 1980s and increasing dramatically into the 1990s (PPIAF 2009: 35). The global financial crisis of 2007–2009 provided an impetus for the renewed interest in PPPs in both developed and developing countries, particularly, the latter. It is notable that developing countries, particularly in sub-Saharan Africa (SSA), disproportionately suffered the effects of the global financial crisis largely due to their monocultural economies (i.e., economies that are disproportionately reliant on one primary export commodity – e.g., Botswana is heavily dependent on diamonds). When the crisis hit, demand for primary export commodities such as base metals (e.g., diamonds) fell, leading to constrained fiscal envelopes. This fiscal reality forced primary products-reliant economies to look elsewhere for extra-public balance sheet financing of developmental and social infrastructure. Besides the foregoing, there is a general dissatisfaction with traditional public-only investment in the sense that there are deficits of Value for Money (VfM) (as measured in efficiency, effectiveness, and economy). Thus, it is contended that public-only investment, owing to, among others, bureaucratization (bureaucratic rigidity, hence, little flexibility in decision-making) and poor public project implementation, results in little VfM.

Given the incontestable fact that PPPs have been adopted as an alternative to public-only investment, what are the drivers for the increased uptake of PPPs? There are many works be they textbooks, research reports, journal articles, conference papers and Internet articles that discuss these drivers. Some examples are Chan et al. (2009) and World Bank (2016). According to Chan et al. (2009), drivers for PPPs can be grouped under five categories: (i) equitable risk-sharing (i.e., achieving substantial risk transfer), (ii) cost savings and Value for Money (i.e., cost savings, VfM, and cost certainty), (iii) enhanced asset quality and service levels (i.e., time savings, time certainty, innovations in public services, and better maintenance of assets), (iv) reduced public financing (i.e., reduced public funding), and (v) catalyst for the economy (i.e., encouraging cooperation and enhancing social development and business opportunities. In a similar vein, World Bank (2016), among others, lists the following drivers: (i) exploring PPPs as a way of introducing private sector technology and innovation in providing better public services through improved operational efficiency; and (ii) incentivizing the private sector to deliver projects on time and within budget.

The foregoing does not suggest that PPPs. are risk-free; they are heavily freighted with many risks (Zhang 2005). In this regard, Charles (2006: 693) counsels that "for PPP to be successfully initiated and implemented, the presence of a conducive and enabling legal and regulatory framework is a critical prerequisite." In a related vein, PPIAF (2009: 83–84) argues that the enabling environment for the successful implementation of PPPs is composed of four components. These enablers are (i) public sector commitment, (ii) effective risk management, (iii) legal and regulatory framework, and (iv) capable public and private sectors. Therefore, it can be argued a priori that in the absence of an enabling environment as argued by, for example, PPIAF (2009), PPPs cannot measure up to the task, that is, deliver as per expectation. In this regard, to ensure successful PPP enterprises, there is a need to grow an enabling environment *à la* PPIAF (2009) and avoid PPP potential risks as enumerated by, among others, Ika (2012), World Bank (2016), and Zhang (2005). Despite potential risks as manifest in Ika (2012), World Bank (2016) and Zhang (2005), there is a big push for PPPs in public procurement instead of traditional procurement (see Burger and Hawkesworth 2011).

## Comparing Traditional Public Procurement and PPP

When it comes to public procurement, the choice is often, at a broad level, between PPP and traditional public procurement (i.e., procurement that is solely publicly financed, mostly, using taxpayers money). Whether the government goes the route of PPP or traditional public procurement,

there are decisional guides. Although there are many decisional guides to public procurement, the most overriding one is Value for Money (Burger and Hawkesworth 2011). Therefore, any project, whether it is a PPP or a traditionally procured project, should be undertaken only if it creates Value for Money (Burger and Hawkesworth 2011: 1). What is Value for Money (VfM)? Good Value for Money is the optimal use of resources to achieve the intended outcomes (UK National Audit Office 2020). VfM consists of three constituent components: (i) efficiency, (ii) effectiveness, and (iii) economy. They are defined as:

*Efficiency*: the relationship between the output from goods or services and the resources to produce them – spending well

*Effectiveness*: the relationship between the intended and actual results of public spending (outcomes) – spending wisely

*Economy*: minimizing the cost of resources used or required (inputs) – spending less (UK National Audit Office 2020)

Besides the 3 Es, a fourth E, equity, is often added. *Equity* is the extent to which services are available to and reach all people that they are intended to – spending fairly (UK National Audit Office 2020). Given resource scarcity, particularly given post-2007 fiscal strictures that are largely attributable to the 2007–2009 global financial crisis, the worst crisis after the 1929 Great Depression, VfM issues are imperatively critical in public procurement. On a balance of probabilities and given the right enabling environment (see Charles 2006; PPIAF 2009), PPP procurement may confer more VfM as compared with traditional public procurement. Broadly speaking, a PPP may provide Value for Money compared to traditional procurement models if the advantages of risk transfer combined with private sector incentives, experience, and innovation – in improved service delivery or efficiencies over the project life-time – outweigh the increased costs of contracting and financing (World Bank 2013: 8–9). Therefore, a VfM analysis is critical for it helps governments to choose how to implement projects; PPP or traditional forms of public procurement? However, it is notable that the VFM analysis is only a part of the PPP project appraisal process that includes, among others, commercial, technical, and economic viability and affordability or fiscal responsibility (World Bank 2013). VfM analysis is not a perfect science for it is still evolving, but it is widely used in some regions; an example is the Organization for Economic Co-operation and Development region. Anecdotal evidence suggests that, overall, and given an enabling environment, VfM analysis demonstrates that PPPs are superior to traditional public procurement. Due to this superiority, and all things being equal, PPP procurement is favored over traditional public procurement. Hence, "governments increasingly use public-private partnerships (PPPs) to pursue value for money" (Burger and Hawkesworth 2011: 1).

It is notable that to maximize Returns on Investment, it is not enough to only consider VfM in public procurement. Hence, some works, for example, Dimitri (2013), talk about Best Value for Money (BVM). BVM is a multi-criteria approach that considers factors such as price/cost, quality, and sustainability to meet customers' requirements when deciding on procurement techniques: PPP or traditional public procurement? Therefore, BVM does not mean the lowest monetary cost but the best Return on Investment. BVM leads to Best Value Procurement (BVP), the antithesis of lowest-bid procurement. Thus, using VfM at a minimum, or BVM at a maximum, the weight of the evidence would recommend that public projects be delivered via the PPP vehicle. Given chronic resource scarcity in the developing world, particularly in sub-Saharan Africa (SSA), coupled with post-2007 fiscal strictures, the case for public procurement via PPPs in SSA is readily saleable as next demonstrated.

## The Case for PPP Procurement in the Developing World

The developing world is too broad a region to cover under one chapter; therefore, the focus will be on Africa, particularly sub-Saharan Africa

(SSA). The case for the adoption of PPPs in SSA is founded on many factors, but for brevity, this chapter will focus on three: (i) public project management maturity, (ii) post-2007 fiscal strictures, and (iii) COVID-19 pandemic.

It is trite that successful traditional public procurement is contingent upon many factors, the most important being public project management maturity. Public project management maturity refers to methodologies and processes that are used to implement public projects to ensure repeated successes as measured by VfM and BVM. These methodologies and processes are encapsulated in tools such as Governmental Project Implementation System (GPIS) and Governmental Project Management (GPM). While there are different experiences with public project management maturity owing to the diversity of the SSA subregion, the general picture is that of poor public project management maturity. As a result, a majority of public projects are not delivered as per the Project Management Triangle (called also the Triple Constraint, Iron Triangle and Project Triangle) of cost/budget, scope, or quality and time. Therefore, in a majority of cases in the SSA subregion, public projects, be they roads, dams, etc., are not delivered per cost/budget, scope/quality, or in time.

This foregoing issue was intensely highlighted through a concept note of the Pan-African Project Management Conference (PMC) that was organized in Yaoundé, Cameroun, in November 2016. The overarching objective of the first edition of the Pan-African PMC was to underscore the centrality of project management in transforming African economies. The concept note argued that a technological gap in project management in Africa existed. It further argued that the project management gap was apparent in four areas: (i) the participation of African countries in International Organization for Standardization (ISO) committees; (ii) the number of Project Management Institute (PMI) chapters in Africa; (iii) the number of International Project Management Association (IPMA) member associations in Africa; and (iv) number of universities and higher institutes whose project management training programs were accredited. In a related note, Ika (2012) is instructive. Focusing on International Development Projects, Ika argues that project management problems are due to the one-size-fits-all technical trap, the accountability for results trap, the lack of project management-capacity trap, and the cultural trap. Notably, project management capacity trap is one of the key causative factors of project failure. Hence, given these project management failures in SSA countries, PPPs are another solution in addition to reforming GPIS and GPM.

The global financial crisis (GFC) refers to the period of extreme financial stress in both global financial markets and banking systems between mid-2007 and early 2009. Some economists contend that the GFC was the most serious financial crisis since the Great Depression of the 1930s. As for origins, a downturn in the US housing market was a trigger for a financial crisis that spread from the USA to the rest of the world due to interconnectedness of financial systems as a result of economic globalization. Due to the nature of African economies, the majority of which are monocultural (i.e., relying on one major export – e.g., Botswana is overwhelmingly reliant on diamonds), they disproportionately suffered the effects of the GFC. The most significant effects were, still are, a decline in export prices and volumes. As a result, they are faced with reduced export earnings, hence, a reduced fiscal envelope. Reduced fiscal envelopes have ineluctably led to prolonged budget deficits. As an example, before 2008, Botswana enjoyed uninterrupted budget surpluses for over 20 years (see various budget reports). Post-2008, budget deficits are chronic. For example, as per the 2020/2021 Budget Strategy Paper, budget deficits will be Botswana Pula (1 Botswana Pula (BWP) = 0.084 USD.) (BWP) -1, 9819 million; BWP -6, 345 million, BWP -7, 7875 million; BWP -6, 9415 million; and BWP -4, 4066 million in financial years 2017/2018, 2018/2019, 2019/2020, 2020/2021, and 2021/2022, respectively. The situation in Botswana is replicated in almost all SSA countries. For example, as per the 2020/2021 South African budget speech, revenue is projected to be 1.58 trillion rands (1 South African Rand = 0.057 USD), or 29.2% of the gross domestic product (GDP), and expenditure is projected at R1.95 trillion or 36% of

GDP. This, therefore, translates into a massive budget deficit of R370.5 billion or 6.8% of GDP in 2020/2021.

The question is how do SSA economies plug budget deficits? Although there are many options, the most potent one is the usage of private capital. That is, the governments must tap into private capital to finance economic growth and development and also finance infrastructure. This will entail the financing of growth and infrastructure through PPPs. For instance, when delivering the 2020 Nation of the State Address on 13 February 2020, South African President, Cyril Ramaphosa, proposed that pension funds, including those in the private sector, should be used to finance parastatals such as Eskom (a state power utility company). In a related vein, the government of Botswana has decided that most capital projects during the 11th National Development Plan period, 2017/18-2022//23, will be delivered as PPPs. So, PPPs will allow SSA economies to finance projects off the public balance sheet.

Latterly, the world is faced with the coronavirus disease (COVID-19), an infectious disease caused by a newly discovered coronavirus. COVID-19 is an evolving situation, but there are signs that it will wreak havoc on the global economy. In this regard, the International Monetary Fund (IMF) forecasts a global recession in 2020, and that the effects of COVID-19 will be as deleterious as those of the last global economic crisis. As of writing this chapter (27 March 2020), nearly 80 countries have asked the IMF for emergency finance. Like it happened during the last global economic crisis, countries are cobbling up economic stimulus packages. For example, in early March 2020, the US Congress approved one trillion Dollars as a coronavirus relief package. The same is being witnessed in the developing world as next illustrated. On 24 March 2020, African Ministers of Finance announced the need for African counties to adopt an immediate emergency economic stimulus to the tune of $100 billion because of COVID-19-related economic disruptions. This call was contained in a press release issued after a virtual conference organized by the Economic Commission for Africa from its headquarters in Addis Ababa. The call also underscored the need to support the private sector and protect at-risk over 30 million jobs, particularly in the tourism and airline sectors across the continent, the two being major drivers of the economy beyond primary products. The foregoing augments individual country initiatives as next exemplified. On 2 March 2020, South African President, Cyril Ramaphosa, announced the establishment of a Solidarity Fund into which South African businesses, organizations, and individuals and members of the international community can contribute to fighting the spread of COVID-19. This is in addition to the government-financed stimulus package. In Botswana, in mid-March 2020, President Mokgweetsi Masisi announced that BWP 22 million had been set aside to fight COVID-19 and also stimulate the economy. It is within the realm of believability that other SSA countries, besides Botswana and South Africa, are cobbling up various economic stimulus packages to fight COVID-19 and also stimulate their economies.

Economic stimulus packages (ESPs) are usually huge projects (involving billions of US Dollars); therefore, the government cannot deliver ESP programs alone, largely, due to public project management maturity issues. The foregoing point was demonstrated during the ESP program that Botswana embarked upon in 2015–2018. The goals of ESP were to stimulate the economy; diversify the economy through Economic Diversification Drive (EDD) and Special Economic Zones (SEZs), and accelerate job creation. The government roped in the private sector to implement ESP projects. Hence, SSA countries must invite the private sector to help them implement COVID-related ESP projects via the PPPs vehicle.

## Way Forward in PPP Procurement

It is important to reiterate that PPPs are not silver bullets. Therefore, they are fraught with considerable risks that may make them less desirable than traditional public procurement projects. In this regard, first things must happen first to ensure the successful implementation of PPP procurement. For the sake of brevity, a few "firsts" (or fundamentals) are discussed.

*Enabling environment:* in terms of implementing any project, nothing is as important as an enabling environment. An enabling environment consists of two key components: (i) robust policy framework and (ii) governance institutions. Regarding a robust policy framework, this relates both to the regulatory and institutional architecture that spells out the rules of the game, for example, through PPP legislation (statutory acts) and regulations (these give effect to the act for the former is crafted in board strokes). In this regard, some jurisdictions have specific PPP laws, accompanied by attendant regulations. Some examples are Afghanistan (Public-Private Partnership Law 2016), Albania (Law on Public Procurement 2006), Angola (*Lei Sobre as Parcerias Público Privadas* [Law on public-private partnerships] 2011), and Benin (Benin Public Private Partnership Law [in French]). Likewise, PPP legislation must be guided by international guidelines such as UNCITRAL Guidance on Public-Private Partnership/Concession Laws (2000), EBRD Core Principles for a Modern Concession Law, and OECD Principles for Public Governance of Public-Private Partnerships. The United Nations Commission on International Trade Law (UNCITRAL) published a Legislative Guide on Privately Funded Infrastructure Projects in 2000. The purpose of the Guide is to assist member countries to establish a legal framework that guides private investment in public infrastructure. Concerning the EBRD Core Principles for a Modern Concession Law, the European Bank for Reconstruction and Development (EBRD) proposes a set of core principles as guidance for concession law. Lastly, the OECD Principles for Public Governance of Public-Private Partnerships provide concrete guidance to policymakers on how to make sure that Public-Private Partnerships (PPP) represent Value for Money for the public sector. Hence, PPP legislation must draw on the foregoing guidelines.

Regarding governance institutions, governments must establish departments (or units) that are solely responsible for PPP matters. In Botswana, for instance, a PPPs unit was established in 2016 in the Ministry of Finance and Economic Development to coordinate and oversee the implementation of the PPP Policy. Therefore, such PPP units must be established, given very clear mandates, and they must be properly resourced. Thus, they must be supported by adequate budgets and officered by staff trained in PPP management, not generalists.

In a related vein, PPIAF (2009: 83–84) counsels that the enabling environment for the successful implementation of PPPs is composed of four enabler components. These enablers are (i) public sector commitment, (ii) effective risk management, (iii) legal and regulatory framework, and (iv) capable public and private sectors. Therefore, there is a need to address these four when founding the enabling environment. Particularly, public sector commitment is key as one of the constituent parts of an enabling environment because, at times, governments say one thing but mean a totally different thing. Thus, the PPP enterprise must enjoy support from the first office as happened during the PFI initiative during the Major and Blair governments in the UK. Regarding risk management, it is trite that every endeavor, including PPPs, entails risk; therefore, effective risk management is key. A risk management framework for PPPs must entail some of the following tasks: identifying risks; analyzing risks; prioritizing risks (e.g., mapping out the top five risks); dealing with risks (deploying risk management strategies); and monitoring risks. Regarding the rules of engagement, a legal and regulatory framework is key. Lastly, the success of PPPs is largely contingent upon capable public and private sectors. In the main, they must be equal to the task of delivering PPPs.

Once the enabling environment has been founded, other things can be done. In this regard, the Governmental Project Implementation System (GPIS) and Governmental Project Management (GPM) need to be reformed because they are primary conduits for delivering public projects. Due to poorly functioning GPIS and GPM in a majority of SSA countries, public projects are rarely delivered as per the Project Management Triangle (called also the Triple Constraint, Iron Triangle and Project Triangle) of cost/budget, scope or quality, and time. PPPs demand high project management maturity as instanced by functioning GPIS and GPM; therefore, there is a need to make improvements in these project delivery tools.

Lastly, public project management reforms are imperative. From anecdotal data, it is adducible that, overall, public project management does not lead to Value for Money (VfM), at a minimum, and BVM (Best Value for Money), at a maximum. Hence, there is a need to improve public project management by, among others, introducing innovations such as Blockchain technology to deliver PPPs. Blockchain technology, based on peer-to-peer (P2P) networking, is a ledger system that allows data to be stored in many servers all over the world. This, therefore, allows anyone connected into the P2P network to see others' inputs in real-time. Among others, it is associated with decentralization, hence, improved operational efficiency. Although to date project management software is used, Blockchain technology is proving superior to the former, hence, suitable for use in PPP projects in SSA countries.

## Conclusion

Resource scarcity, particularly in an era characterized by post-2007 fiscal strictures, ineluctably forces to the fore the question: *how should public projects be procured*? The answer is often that the choice must result in Value for Money (VfM), at a minimum, or BVM (Best Value for Money), at a maximum. At a broad level, the decision envelope contains (i) traditional public procurement and (ii) PPP. Under the right circumstances, PPP is superior to traditional public procurement for it delivers superior VfM, or BVM. Sub-Saharan Africa (SSA) presents project management maturity challenges as amply instanced by poor Governmental Project Implementation System (GPIS) and Governmental Project Management (GPM), so, public procurement is the least efficient tool. In addition, post-2007 fiscal structures are commonplace in SSA. Post-2007, many monocultural economies in SSA are facing a decline in export prices and volumes. Therefore, there are acute financing challenges. Latterly, the COVID-19 pandemic necessitates economic stimulus packages that demand the participation of the private sector in public infrastructural projects. Thus, three factors, being project management maturity challenges, post-2007 fiscal strictures, and COVID-19 pandemic, provide a compelling case for the adoption of PPPs in SSA. However, a warning must be sounded that PPPs are not silver bullets for they are inherently risky. Therefore, although PPPs provide superior VfM or BVM compared to traditional public procurement, a few fundamentals, chiefly an enabling environment, are key. Once the fundamentals are in place, coupled with improvements in GPIS and GPM and adoption of Blockchain technology, PPPs will *potentially* lead to project success as per the Project Management Triangle. Should this happen, PPPs will deliver growth and development.

## Cross-References

► New Public Financial Management

## References

Burger P, Hawkesworth I (2011) How to attain value for money: comparing PPP and traditional infrastructure public procurement. OECD J Budget 1:1–56

Chan APC, Lam PTI, Chan DWM, Cheung E, Ke Y (2009) Drivers for adopting public private partnerships – empirical comparison between China and Hong Kong special administrative region. J Constr Eng Manag 135(11):1115–1124

Charles N (2006) Public private partnerships as modes of procuring public infrastructure and service delivery in developing countries: lessons from Uganda. International public procurement conference proceedings, 21–23 September, Rome. http://ippa.org/images/PROCEEDINGS/IPPC2/Article_26_Charles.pdf. Accessed 4 Apr 2019

Dimitri N (2013) Best value for money in procurement. J Public Procurement 13(2):149–175

Ika LA (2012) Project Management for development in Africa: why projects are failing and what can be done about it. Proj Manag J Spec Issue Manag Proj Afr 43(4):27–41

Public–Private Infrastructure Advisory Facility (PPIAF) (2009) Tool kit for Public-Private Partnerships in roads and highways. https://ppiaf.org/sites/ppiaf.org/files/documents/toolkits/highwaystoolkit/6/pdf-version/1-21.pdf. Accessed 10 Feb 2019

Savas ES (2000) Privatization and public–private partnerships. Chatham House, New York

UK National Audit Office (2020) Assessing value for money https://www.nao.org.uk/successful-commissioning/ge

P

neral-principles/value-for-money/assessing-value-for-money/. Accessed 27 Mar 2020
World Bank (2013) Value-for-money analysis – practices and challenges: how governments choose when to use PPP to deliver public infrastructure and services. World Bank, Washington, DC
World Bank (2016) Government objectives: benefits and risks of PPPs. https://ppp.worldbank.org/public-private-partnership/overview/ppp-objectives. Accessed 30 Nov 2019
Zhang X (2005) Paving the way for public–private partnerships in infrastructure development. J Constr Eng Manag 131(1):71–80

# Public-Private Partnerships in Kenya's Water Sector Management

Joseph Okeyo Obosi
Department of Political Science and Public Administration, University of Nairobi, Nairobi, Kenya

## Synonyms

Water governance; Water management; Water reforms

## Definition

Public-private partnerships is a form of management in which the government teams up with a private sector to deliver public goods and services. The partnerships may be in terms of shared responsibility, outsourced, joint-venture, leases, or even shared contributions as either jointly agreed or as per the terms of contract.

## Introduction

The provision of clean and safe water is both a human right and means to reducing poverty. Access to clean and safe water was one of the eight Millennium Development Goals (MDG) intended to facilitate reduction of poverty by 2015. The World Bank (Botting et al. 2010) observed that poor access to water supply often resulted from poor policies and management practices. As a means to enhancing access to safe water, Kenya introduced various management reforms in the water sector. Public-private partnership (PPP) became one of the outcomes of the reforms in the management of water sector.

Globally, different governments have adopted public-private partnerships strategies to attract private sector complementarity in designing, financing, building, maintenance of infrastructure, and even to provide operational services (Barlow et al. 2013). They exist in different types and sizes, and the boundaries between public and private are sometimes blurred, which makes them difficult to classify and to clearly define (Bakker 2003). Some scholars regard PPPs as a language game designed to "cloud" other strategies and purposes to the extent that a number of governments avoid using terms like "privatization" and "contracting out" in favor of partnerships (Hodge and Greve 2007). The approach to water management in Kenya appeared to, at least in design, have been influenced by the World Bank and UN Habitat support for integration of small-scale water service provision approach into the state support system. More focus was on facilitation of PPP to support communities and individuals in provision of water through vending and establishing alternative water supply sources (Mcgranahan and Kjellén 2006); expansion of services to help improve the services to the poor and those in the peri-urban settlement; legal recognition of the informal providers, development of cooperation of utilities, informal providers and government authorities, regulatory measures for pricing and quality, encouragement of the formation of vendor associations and partnering of local community-based organizations operations with international NGOs which facilitate technical and financial resources; and consideration of microfinance initiatives to facilitate their investments (Dagdeviren 2008).

The Kenya Water Act 2002 opened up to participation of the private sector, civil society, and communities in the management and

development of water resources. A variety of water projects in both public and private sectors were therefore initiated and operated in various forms of partnerships with no proper guidelines. Arising from the ambiguity of the policy, different types of private initiatives emerged in the water sector: Water Service Providers (WSPs), water service regulators, and water service provision financiers (Obosi 2011). There was no defined order and extent of interactions but a multiplicity of choices in each of the water projects, whether public limited companies which involved private competence or community-based water projects which at times involved government capital to expand the quality and production of public goods and services. The study therefore sought to investigate how public-private partnerships influence the management of water sector in Kenya. To what extent do PPPs permeate the water sector and with what results?

## Theoretical Framework

The study argues that a regulatory policy of the government influences the spheres of operation of public and private enterprises by determining their nature and scope depending on the latitude of interactions among the stakeholders in Kenya. Appropriate PPP therefore leads to better water service management by opening up to appropriate involvement of relevant stakeholders. Each Water Service Provider (WSP) is therefore free to partner with public or private entity for financial, developmental, or regulatory purposes as a way of enhancing its capacity for provision of public goods. The framework allows those not satisfied with the services of one service provider to seek better alternatives elsewhere. In Kenya, WSPs can be formed and operated by a community, a public, or private company whose operations are regulated by WASREB. The success of each WSP is dependent on the number of partners it successfully engages either as co-water providers or water provision financiers. Equally, water service financiers, like development partners, will only invest in the provision of water business if it guarantees good returns. The cost of water is likely to be cheaper at a WSP which has engaged more partners than that which has fewer partners. The consumers will then make their choices appropriately.

The argument is based on Public Choice theory as founded on choice of public goods as advanced by Buchanan (Bernholz 1980; Buchanan 2003; Crew and Rowley 1988; Mueller 2008; Ostrom and Ostrom 1971, 1977). A public good is anything that is at least partly rival and/or non-excludable in the sense that addition of new beneficiaries neither increases nor reduces the value of the good to the original beneficiaries. Public goods may be naturally available, produced by the government, produced by private individuals and firms, produced by non-state collective action, or they may not be produced at all. It is further hinged on an assumption that everyone in a community would like to make a right decision based on choices available (Mueller 2008). The need for public provision becomes necessary because of the difficulty in identifying the extent of need by an individual and how much should be shared. The study focuses on whose responsibility it is to provide water, who provides for whom, and at whose cost with what effects and what organizational forms (Kjellén 2006). Once privatized, water and sanitation are deemed to be economic or private goods, while at the same time considered social goods to which everyone should have a right of access.

The government of Kenya has subsidized production of water to increase access to a larger number of its citizen who could otherwise not have afforded its actual cost. It has equally attempted to regulate either the standards of production or service delivery of the public good as per policy as guided by either WASREB or Water Regulation and Management Authority (WARMA). Due to the high cost of investment in water infrastructure, the government has involved various development partners with different interests. It is incumbent upon each Water Service Provider (WSP) to pay regulatory charges to government agencies, seek financial support from governmental agencies including Water Service Trust Fund (WSTF), Constituency Development Fund (CDF), NGOs, and individuals to boost either infrastructural development or

maintenance. The consumers therefore opt for services from the most reliable, affordable, and easily accessible WSP.

## Methodology

A survey of seven Water service Providers (WSPs) of different categories under Lake Victoria South Water Board (LVSWB) was carried out in Kenya using both longitudinal and cross-sectional survey designs. Longitudinally, it was designed to assess the trend that has been observed between 2002 when water sector reforms were implemented in Kenya and 2012. The study looked at interactions among stakeholders on two fronts: first, between public limited companies and community water projects and secondly, Water Service Providers in different areas within the Water Service Board. The basis of the survey was the Impact Report numbers 3 and 4 published by the Water Services Regulatory Board (WASREB) in Kenya on water access and management in Kenya. The performances were ranked by WSB and WSPs nationally for 2007/2008 and 2008/2009 financial year, respectively.

The study used stratified random sampling method to select Chemosit and KIWASCO from the large stratum, SNWSCO from medium stratum, MIKUTRA from small PLCs stratum, and Nyasare, Boya, and Mogombet from the community water projects category. Care was taken to ensure that the community water projects were selected from each area covered by a sampled PLC for comparison of purposes.

A total of 7 FGDs comprising 8 members (water vendors/retailers, consumers, officials of a WSP, community leaders) and 33 key informant interviews 3 from each WSP were conducted. The interviewees were each asked to explain the governance structure and the operations of the WSPs through an interview guide with focus on the stakeholder interactions. The data collected from key informants and focus group discussions were transcribed and analyzed. Areas of convergence were then established using axial coding method and a report produced showing extent of interactions and involvements over time and space.

## Results and Discussion

The study established that public-private partnerships permeated water management in Kenya and determined the quality of water service provision. The involvement of PPP is evident in the interactions among the actors: service providers, financiers, and regulators which in turn shapes its nature and scope.

### The Nature of Public-Private Partnerships Management

Public-Private Partnerships occurs at various levels of management depending on the flexibility and innovativeness of key actors in water distribution. The nature of interactions was both at institutional and governance levels with more at lower levels among WSPs. The absence of defined policy guiding the partnerships has influenced the formation of partnerships on either mutual or contractual basis for different purposes.

However, government institutions like WASREB and WSB lack the capacity to ensure sufficient water supply. They therefore tolerate partnerships with the private sector initiatives from nongovernmental organizations, community-based organizations, churches, and individuals. Figure 1 shows the institutional arrangements in the water service delivery process.

Figure 1 shows that WASREB is in charge of water service provision in Kenya. Through Service Provision Agreements (SPA), individual WSPs deliver water to the consumers on behalf of WSBs. A private WSPs could be an individual enterprise, community project, or a people's organization. The nature of public-private partnerships therefore revolves around the institutions of service providers and water regulation and development partners with the WSPs being central to the interactions with a lot of flexibility among the stakeholders. The public-private partnerships have been more on asset development than ownership even where government agencies like CDF and WSTF partnered with community water projects like the Mogombet WSP and NGOs like HORIZON 3000 and the Church (Catholic Diocese of Nakuru). The flexibility further

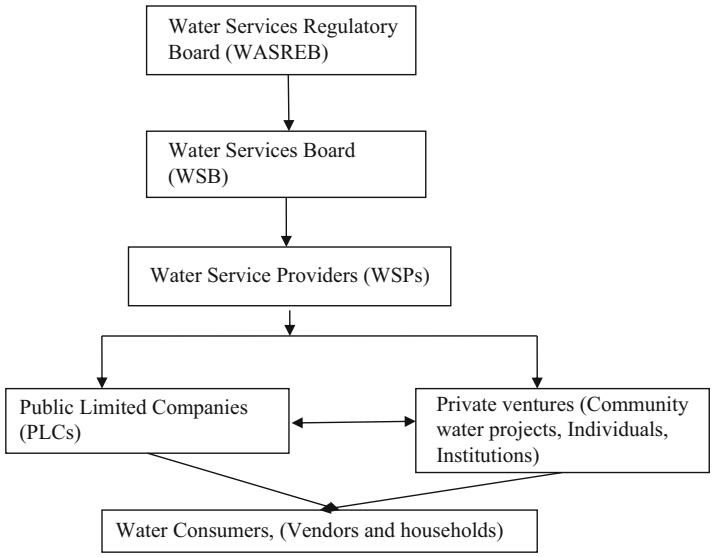


**Public-Private Partnerships in Kenya's Water Sector Management, Fig. 1** The nature of institutional arrangements of water service delivery in Kenya

enabled the privately managed public water companies like KIWASCO to partner with landlords in informal settlements to provide water through delegated management of water line and bulk meter management. This succeeded in enhanced revenue generation and reduced nonrevenue water in Kisumu city due to close supervision (Obosi 2017). The approach exhibited by Kenyan WSPs contrasted the Uganda case where the National Water and Sewerage Company (NWSC) used its own bureaucracy to sign performance contract with positive results through emphasized efficiency, competition, performance management, and entrepreneurialism (Mbuvi and Schwartz 2013).

Community water projects were more flexible in engaging public-private partnerships in extension of water provision services for neighborhoods' self-interest. It was therefore more likely to find reduced distance to water points in community water projects than in management contracts (Obosi 2014). This was contrary to other parts of Africa and Latin America, where for example, in Cochabamba, Bolivia, wealthy consumers and businesses received municipally subsidized water through a network for resale to the poor who relied on water delivered by tanker trucks, private wells, or small-scale, community-run water systems (Bakker 2008).

## Scope of Public-Private Partnerships

The scope of public-private partnerships among the stakeholders depended on the nature of each WSP and the extent of interactions among the partners as either interventionists or facilitators. A schematic presentation of the areas of interactions within the water service provision is as shown in Fig. 2.

Figure 2 shows that public-private partnerships occurred in water service regulators, Water Service Providers (WSPs), and water service financiers laterally and within each entities even in the cases where several actors converged at one WSP. Several public-private partnerships were identified and summarized as shown in Table 1.

Table 1 shows that partnerships within water service provision were both governmental and private and existed in ownership, licensing, service provision agreements, subsidies, and distributions in not only the community water projects but also in the public limited water companies. The extent of interaction by WSP were identified and summarized as shown in Table 2.

Table 2 shows that whereas all the WSPs interacted with WARMA and WSBs, Boya, KIWASCO, and SNWSCO did not interact with WRUAs. This was a further indication of flexibility in terms of establishment of partnerships notwithstanding the regulatory requirements.

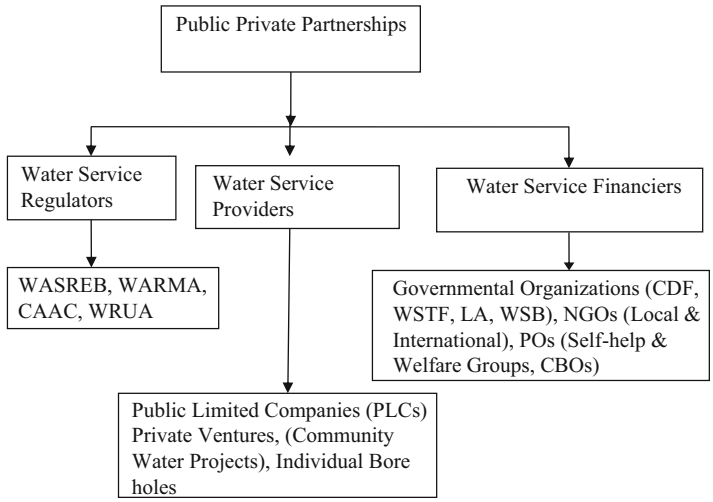


**Public-Private Partnerships in Kenya's Water Sector Management, Fig. 2** The scope of PPP in water service delivery in Kenya

**Public-Private Partnerships in Kenya's Water Sector Management, Table 1** The scope of partnerships in Water Service Providers.

| WSPS | Form | Partners | Scope of PPP |
|---|---|---|---|
| Kiwasco | Management contract | Government, private managers, community water point owners | Water kiosks, subsidy to informal settlements, revenue collection, government ownership, WARMA, service provision agreement |
| Chemosit | Management contract | Government, private managers, community | Water schemes, WARMA, government ownership, service provision agreement |
| Boya | Private venture | Government, community, NGOs, church | NGOs, CDF, WARMA, community ownership, service provision agreement |
| SNWSCO | Management contract | Government, private managers, community water point owners | Water kiosks, subsidy to informal settlements, revenue collection, water schemes, government ownership, service provision agreement |
| Nyasare | Private venture | Government, community, NGOs | NGO, community participation, community ownership, water kiosks, service provision agreement |
| Mikutra | Management contract | Government, private managers, community water point owners | Water kiosks, subsidy to informal settlements, revenue collection, water schemes, government ownership, service provision agreement |
| Mogombet | Private venture | Government, community, NGOs, church | NGOs, CDF, Catholic Church, community participation, community ownership, service provision agreement |

However, some partnerships were imposed on the WSPs and were less active than the voluntarily established partnerships.

The government through WSTF also supported WSPs through WSBs, irrespective of whether they were community water projects or corporatized water utilities, hence making some partnerships independent of others even when dealing with same entity. Public-private partnerships for water financiers are shown in Table 3.

Table 3 shows that whereas peoples organizations are the most dominant partners in community water projects, development partners are more dominant in management contracts through Water Service Boards courtesy of international financial institutions offered development assistance through state undertakings or bilateral state negotiations for loans/grants. Others were non-governmental organizations and governmental organizations like CDF, WSTF, and local

**Public-Private Partnerships in Kenya's Water Sector Management, Table 2** The nature and scope of PPP in water service regulation per WSP

| WSPS | Form | Nature | Partners | Scope of PPP |
|---|---|---|---|---|
| Kiwasco | Management contract | Public limited company | WARMA | Abstraction fee collection |
| | | | Local authorities | Company owner |
| | | | WSB | Asset owner, licensing |
| | | | WASREB | Price regulation, performance monitoring |
| Chemosit | Management contract | Public limited company | WARMA | Abstraction fee collection |
| | | | WRUA | Protecting water source |
| | | | Local authorities | Sanitation |
| | | | WSB | Asset owner |
| | | | WASREB | Asset owner |
| Boya | Private | Community water project | WARMA | Issue water abstraction permits |
| | | | WSB | Licensing |
| | | | WASREB | Price regulation |
| SNWSCO | Management contract | Public limited company | WARMA | Abstraction fee collection |
| | | | Local authorities | Company owner, sanitation |
| | | | WSB | Asset ownership, licensing |
| | | | WASREB | Price regulation |
| Nyasare | Private | Community water project | WARMA | Abstraction fee collection staff training |
| | | | WRUA | Water source protection |
| | | | WSB | Licensing |
| | | | WASREB | Price regulation |
| Mikutra | Management contract | Public limited company | WARMA | Abstraction fee collection |
| | | | WRUA | Water source protection |
| | | | WSB | Licensing, asset ownership |
| | | | WASREB | Performance monitoring, price regulation |
| | | | WRUA | Protection of water source |
| Mogombet | Private | Community water project | WARMA | Abstraction fee collection |
| | | | WRUA | Protection of water source |
| | | | WSB | Licensing |
| | | | WASREB | Price regulation |

*WARMA* Water Resources Management Authority, *WRUA* Water Resource Users Association, *CAAC* Catchment Area Advisory Committee, *WASREB* Water Service Regulatory Board, *WSB* Water Service Board.

authorities to help in boosting storage and network distribution, respectively.

## Conclusion

The paper has concluded that in Kenya, PPP has occurred in the management of the provision of water services in two ways: first, the government inviting private participation in water management through commercialization of government water utilities and secondly, the private water entities in the form of community water projects inviting public finance through government support agencies to enhance their enterprises for the good of the public. In both cases, the success of the PPPs are determined by the operations of existing government regulatory agencies to the

**Public-Private Partnerships in Kenya's Water Sector Management, Table 3** The nature of partners and scope of PPP for water financiers per WSP

| WSPS | Form | Partners | Scope of PPP |
|---|---|---|---|
| Kiwasco | Management contract | WSB | Asset ownership |
| | | Local authority | Company ownership |
| | | CDF | Water storage, water supply |
| | | Peoples organizations | Members contributions |
| | | Development partners | Rehabilitation of distribution network |
| Chemosit | Management contract | Local authority | Asset ownership |
| | | WSB | Asset ownership |
| | | Development partners | Rehabilitation of distribution network, capacity building |
| Boya | Private | WSB | Loan guarantor |
| | | CDF | Water storage |
| | | NGOs | Provision of financial loan |
| | | Peoples organizations | Members contributions |
| SNWSCO | Management contract | CDF | Water supply, line rehabilitation, power line, infrastructure development |
| | | Peoples organizations | Members contributions |
| | | Local authority | Asset ownership |
| | | WSTF | Water storage |
| | | NGOs | Water kiosk |
| | | Development partners | Rehabilitation of distribution network |
| Nyasare | Private | NGOs | Infrastructure development |
| | | Development partners | Rehabilitation of distribution network |
| | | Peoples organizations | Contributions |
| Mikutra | Management contract | WSB | Asset ownership |
| | | Local authority | Company ownership |
| | | Development partners | Rehabilitation of distribution network |
| Mogombet | Private | Peoples organizations | Members contributions |
| | | CDF | Water storage |
| | | NGOs | Water storage |

*WSB* Water Services Board, *WSTF* Water Services Trust Fund, *CDF* Constituency Development Fund, *NGOs* Non-governmental organizations.

extent that the more rigid the regulations are, the fewer the public-private partnerships.

Again, most public-private partnerships in the water sector management in Kenya are in the form of associations as orchestrated through community water management approach not necessarily sanctioned by formal government apparatus. More private actors were therefore invited to participate in public enterprises. Sometimes, the private enterprises invite public participation in the form of funding and regulation from the government therefore reversing the role in provision of water as a public good. This is unlike the joint ventures, concession and leases

which features prominently in Anglophone countries and affermage systems in Francophone countries.

Since the community water management approach through the establishment of PPP have proven successful in provision of water in Kenya, the government should therefore focus on the provision of water through the community water projects by reinforcing community water management systems and enhanced funding for the projects. Unlike the government-identified community water points in Ethiopia, Uganda, and Malawi, the approach will imply government supporting the community to enhance the management of existing and operating choices.

## References


Bakker K (2008) The ambiguity of community: debating alternatives to private-sector provision of urban water supply. Water Altern 1(2):236–252

Bakker KJ (2003) A political ecology of water privatization. Stud Polit Econ 70:35–58

Barlow J, Roehrich J, Wright S (2013) Europe sees mixed results from public-private partnerships for building and managing health care facilities and services. Health Aff 32(1):146–154

Bernholz P (1980) Public choice. Public Choice 35(1): 121–121

Botting MJ et al (2010) Water and sanitation infrastructure for health: the impact of foreign aid. Glob Health 6:12

Buchanan JM (2003) Public choice: politics without romance. Policy 19(3):13–18

Crew MA, Rowley CK (1988) Toward a public choice theory of monopoly regulation. Public Choice 57(1): 49–67

Dagdeviren H (2008) Waiting for miracles: the commercialization of urban water services in Zambia. Dev Chang 39:101–121

Hodge GA, Greve C (2007) Public-private partnerships: an international performance review. Public Adm Rev 67(3):545–558

Kjellén M (2006) From public pipes to private hands: water access and distribution in Dar Es Salaam, Tanzania, 1st edn. DocuSys AB, Stockholm

Mbuvi D, Schwartz K (2013) The politics of utility reform: a case study of the Ugandan water sector. Pub Money Manag 33(5):377–382. http://www.tandfonline.com/doi/abs/10.1080/09540962.2013.817130

Mcgranahan G, Kjellén M (2006) Informal water vendors and the urban poor. Hum Settlem Discus Pap 3:1–24

Mueller DC (2008) Public choice: an introduction. In: Fredrich R, Charles S (ed) Readings in public choice and constitutional political economy. Springer Science + Business Media, p 31–46

Obosi JO (2014) The impact of water sector reforms on women's access to water services in Lake Victoria Basin. Pub Policy Adm Rev 2(3):65–82. http://pparnet.com/vol-2-no-3-september-2014-abstract-4-ppar

Obosi JO (2017) Impact of public-private partnership on water service delivery in Kenya. J Polit Sci 7(2): 211–228

Obosi OJ (2011) Public private partnerships in the privatization of water service delivery in Kenya. In: Uhlig U (ed) Current issues of water management. In-Tech, 207–28, Rijeka. www.intechopen.com

Ostrom V, Ostrom E (1971) Public choice: a different approach to the study of public administration. Public Adm Rev 31(2):203–216

Ostrom V, Ostrom E (1977) Public goods and public choices. In: Savas ES (ed) Alternatives for delivering public services: toward improved performance. Westview Press, Boulder, pp 7–49


# Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe


Mark Matsa, Arthur Alick, Tatenda Musasa and Rameck Defe
Department of Geography and Environmental Studies, Midlands State University, Gweru, Zimbabwe


P

## Synonyms

Mvurwi; Public–private partnerships; Sanitation; Service; Water

## Definitions

| | |
|---|---|
| Public–Private Partnerships (PPPs) | These are partnerships between the public sector and the private sector for purposes of designing, planning, financing, and operating projects, which would be regarded traditionally as falling within the responsibility of the public sector. |

| | |
|---|---|
| Sustainable Development Goals | These are the blueprint to achieve a better and more sustainable future for all. |
| Sanitation | It refers to public health conditions related to clean drinking water and adequate treatment and disposal of human excreta and sewage. |

## Entry Chapter

The study examined the role of public–private partnerships in solving water and sanitation issues affecting Mvurwi town. A total of 144 questionnaires were administered to respondents across Suwoguru, Rusununguko Phase 2, and Pembi View. Purposive sampling was employed to select key participants such as the Town Secretary, and Community Services Clerk. The Statistical Package for Social Sciences Version 20.0 software was used to analzse data. Findings indicate that 66% of the respondents are directly affected by water and sanitation issues. Fifty percent of the respondents agree that public–private partnerships are essential in rehabilitating the water and sanitation sector in Mvurwi.

## Introduction

Public–Private Partnerships (PPPs) are partnerships between the public sector and the private sector for purposes of designing, planning, financing, and operating projects, which would be regarded traditionally as falling within the responsibility of the public sector (Farlam 2005; INWRDAM 2010; Hall 2012). According to Chiromo (2014), almost 50% of the developing world's population, that is 3.6 billion people, lack improved sanitation facilities, and almost 1 billion people still use unsafe drinking water sources, and even those with access often receive unsafe and inadequate service. Sustainable Development Goal (SDG) 6 emphasizes on universal Clean Water and Sanitation by 2030. This therefore, means that PPPs are vital for this goal to be attainable.

Water, Sanitation, and Hygiene sector, (WASH) requires a substantial investment in infrastructure as to improve access and quality of service in order to meet the SDGs. In this context, Public–Private Partnerships (PPPs) can be regarded as one of the tools among others available to governments for improving the performance and financial sustainability of the Water, Sanitation, and Hygiene sector (WASH). However, the trend toward the development of PPPs have been more successful in developed countries particularly in Europe and United Sates of America, with Africa and the Middle East being the most challenging regions (Martin 2000; Hall 2012).

Hall (2012), posits that PPPs emerged as a result of failure by governments and local authorities to meet capital expenditure, acquire expertise, and handle associated risks that private utilities would manage. In 1987, private firms were engaged by the public sector to build water supply and sanitation facilities using public money and to avoid breaching constraints on government borrowing (Farlam 2005). For over 30 years, the private firms have operated water supply and sanitation facilities in agreement with the government. In 2010 about 2000 water and wastewater facilities were operated in USA under Public–Private Partnerships arrangements, which were cooperation between the private utilities and the local municipalities (Hall 2012). According to the European Commission (2004), European Member States have reached consensus that embracing PPPs paves access to private sector efficiencies, which leads to increased quality and efficiency of public services.

Comparatively the developing world water and sanitation sector is severely under-funded. It is against this background that governments are considering public–private partnerships (PPPs) as a means to improve infrastructure networks in their countries and boost service delivery to their people (Farlam 2005). Hall 2012 observed that between 1991 and 2000, the population administered by private operators in developing and transition countries grew steadily from 6 million to 94 million. In Sub-Saharan Africa, a challenging

region, where almost 300 million people have no access to safe water, there are 38 water and sanitation PPPs, which have reached financial close since 1991 (Berthelemy and Kauffman 2004; Zinyama and Nhema 2015). In African countries, namely, Côte d'Ivoire, Ghana, and Gabon, private companies provide water services to the entire urban population.

Zimbabwe's water and sanitation sector developments are typical of Africa's pace of development, collapsing within a decade (Dube and Chigumira 2011; Zinyama and Nhema 2015). In 1997, Gweru was one of the municipalities in Zimbabwe that engaged the private sector in order to deliver water and sanitation services to its residents in light of a growing population. The 1998 PPP policy and the 2004 PPP policy have been drafted, but have faced various setbacks such as uncertain political environment and prevailing unstable macroeconomic environment (Dube and Chigumira 2011; Chiromo 2014). The Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET), identifies Public–Private Partnerships as one of the financing mechanisms of the water and sanitation sector (Zinyama and Nhema 2015).

Zimbabwe's economic meltdown decade of 2000–2009 virtually paralyzed all socioeconomic sectors including services delivery in urban areas. Economic sanctions imposed on the country, coupled with climate change have exacerbated the urban services delivery nightmare, especially the water delivery system (Matsa and Tapfuma 2015). Sewerage systems have experienced large-scale blockages, water treatment plants are dysfunctional and lack chemicals, and many distribution systems have fallen into disrepair (African Development Bank 2011). In Mvurwi, the infrastructure was planned for a very small community around the late 1960s mainly consisting of the African domestic workers. There was an unforeseen growth of the then Mvurwi Service Centre into a Town Centre leading to a parallel population growth. Upon the proclamation of town status toward end of 2010, Mvurwi town continued to use the same old infrastructure consisting of small old sewer pipes feeding into small dilapidated unlined sewer ponds. Government grants and financial support have not been consistently forthcoming due to economic decline and stagnation over the past decade. The situation is further worsened by defaulting taxpayers, making it difficult for the local authority to improve water delivery and to be able to revamp sanitary facilities that are in a dilapidated state. Therefore, understanding water and sanitation issues affecting Mvurwi will assist toward the attainment of SDG 6, which emphasizes on universal Clean Water and Sanitation.

The Small towns' water and sanitation program (STWP) implemented by UNICEF in partnership with the government of Zimbabwe and other partners since 2009 will help close the gap in the currently underfunded urban WASH sector. By zeroing down on small towns, the program will complement other related initiatives, which have in the past been biased toward medium and large towns. It is in light of this gap that the present study focuses on water and sanitation issues facing Mvurwi town. Therefore, the specific objectives of the study are to: (1) assess the current water and sanitation issues affecting Mvurwi town; (2) evaluate the capacity of authorities responsible for delivering water and sanitation facilities in Mvurwi; and (3) examine the potential role of PPPs in solving water and sanitation issues affecting the small town.



## Literature Review

### The Concept of Public –Private Partnerships

From a narrow legal perspective, public–private partnerships (PPP's) are formal commercial contracts between government institutions and private companies, where the private partner assumes substantial financial, technical, and operational risk in the design, financing, building, and operation of a project in return for specified benefits. There are two legally defined types of PPP, the first being where a private company performs a government function and the second where a private partner is given rights to use state property for commercial purposes, under certain condition

(Farlam 2005; Hall 2012). This study adopts the definition by INWRDAM (2010) where PPPs are partnerships between the public sector and the private sector for the purposes of designing, planning, financing, constructing, and/or operating projects, which would be regarded traditionally as falling within the remit of the public sector. Basically, there are different types of PPP, which can be adopted depending on place and financing (Table 1).

## The Need for PPPs in Zimbabwe Water and Sanitation Sector

The need for funding in the water and sewer reticulation in Zimbabwe became glaring during the 2008–2009 periods, when the advent of a cholera epidemic claimed thousands of lives (Dube and Chigumira 2011). The pandemic was attributed to the poor state of the water and sewer reticulation infrastructure under the control of local authorities, which saw the public resorting to the use of unsafe water sources. Even at times when the major dams, which are the sources of water for domestic use are reasonably full, water supply in urban areas has remained not only erratic but also of a quality leaving a lot to be desired (Chiromo 2014). This has been attributed to a host of problems, which include limited capacity to replace and repair water pumps to source enough chemicals to purify water as well as the inability to replace the dilapidated water supply network, which has seen a significant amount of the little available water being lost through leakages. For example, Harare is

**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Table 1** The different forms of PPP model and their definitions

| PPP model | Definition |
|---|---|
| Build, operate and transfer (BOT) | A contractual arrangement where the project company undertakes the construction, including financing, of a given infrastructure facility, and the operation and maintenance thereof. The project company operates the facility over a fixed term during which it is allowed to charge facility users (customers) appropriate tariffs, fees, or tolls to enable the company to recover its investment, and operating and maintenance expenses in the project. At the end of the fixed term, the project company transfers the facility to the government agency or local government unit concerned |
| Build and transfer (BT) | A contractual agreement whereby the project company undertakes the financing and construction of a given infrastructure or development facility and upon completion turns it over to the government agency or local government concerned, which shall pay the company on an agreed schedule its total investments expended on the project, plus a reasonable rate of return thereon |
| Build, own, and operate (BOO) | A contractual arrangement whereby a project company is authorized to finance, construct, own, operate, and maintain an infrastructure or development facility from which it is allowed to recover its total investment, operating, and maintenance costs plus a reasonable return thereon by collecting tolls, fees, rentals, or other charges from facility users |
| Build, lease, and transfer (BLT) | A contractual arrangement whereby a project company is authorized to finance and construct an infrastructure or development facility and upon its completion turns it over to the government agency or local government unit concerned on a lease arrangement for a fixed period after which ownership of the facility is automatically transferred to the government agency or local government unit concerned |
| Build, transfer, and operate (BTO) | A contractual arrangement whereby the public sector contracts out the building of an infrastructure facility to a private entity such that the contractor builds the facility on a turn-key basis, assuming cost overrun, delay, and specified performance risks. Once the facility is commissioned satisfactorily, title is transferred to the implementing agency. The private entity, however, operates the facility on behalf of the implementing agency under an agreement |
| Rehabilitate, operate, and transfer (ROP) | A contractual arrangement whereby an existing facility is turned over to the private sector to refurbish, operate, and maintain for a franchise period, at the expiry of which the legal title to the facility is turned over to the government |

Adapted from PPIAF: 2009

estimated to be losing 40% of treated water through leakages (Mutandwa and Zinyama 2015).Thus although increasing the availability of water through construction of more dams, which is also envisaged to be done under PPP, would improve water availability, the prime objective should be to ensure that the current systems allow the efficient use of the water; hence the primary challenge is to improve the water and sewer reticulation. In terms of infrastructure and water purification, PPP can also succeed if heavy industrial water users, such as chemical manufacturing firms, are identified and arrangements are made so that they finance water reticulation in exchange for uninterrupted supplies of water and payment holidays until they have recovered their costs. It was pointed out that companies such as hotels and other tourist resort areas of Victoria Falls, for example, have expressed willingness to pay higher rates for water if that is to ensure that it is reliably available. Thus, for specific arrangements with users, a ROT or BOT model could work (Dube and Chigumira 2011).

## Study Area

Mvurwi town lies about 100 km due north-west of Harare along Harare-Muzarabani/Harare-Guruve Roads within Zimbabwe's Mashonaland Central Province. Mvurwi is the only urban Council within Mazowe District while it is the province's second urban council after the provincial capital, Bindura Municipality. It has an elevation of 1484 m above sea level. The climate is classified as humid subtropical (dry winter, hot summer), with a subtropical dry forest biozone. It is found in agroecological zone 2A receiving an average rainfall of 882 mm per year. In terms of temperatures, there are cyclic variations with maximum temperatures reaching 27.9 °C in October and dropping to 6.2 °C at night (Fig. 1).

**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 1** Location of Mvurwi town

P

The town is composed of sandy soils and patches of loam soils. These white sand soils are very hygienic compared to red or clay soils, which are muddy during the rainy season. The landscape is mostly covered with closed to open grassland. These sandy soils promote growth of tall yellow thatching grass (*Hyparrhenia bracteat).* The common tree species in the area are *Brachystegia spiciformis, Brachystegia boehmii,* and *Julbernardia globiflora.* The town is surrounded by large water bodies, which include Pembi, Hyde, and Gulliver dams. It has the Musengezi River, which is a perennial influent into the Gulliver dam.

Mvurwi town has been experiencing rapid population growth. According to Zimbabwe National Statistics Agency (2015), Mvurwi has a total population of 10,492 people with the majority being females. In Mvurwi, the infrastructure was planned for a very small community around the late 1960s mainly consisting of the African domestic workers. There was an unforeseen growth of the then Mvurwi Service Centre into a Town Centre leading to a parallel population growth. Upon the proclamation of town status toward end of 2010, Mvurwi town continued to use the same old infrastructure consisting of small old sewer pipes feeding into small dilapidated unlined sewer ponds. Therefore, there has been a mismatch between population growth and service delivery (sewer pipes, water) as the capacity has been exceeded. Relatively small urban settlements like Mvurwi are numerous in Zimbabwe, yet very rarely studied. Residents hardly have any voice on issues affecting them, with most audience given to the politically important hotspots like larger cities. This therefore motivates this study to assess the water and sanitation issues affecting Mvurwi town so as to proffer suggestions that can contribute to the attainment of SDG 6.

In terms of accessibility and location to other places, Mvurwi is gateway into neighboring Zambia and Mozambique through Kanyemba border post. The town has a trafficable local road network, which includes tarred roads in most sections of the low density, the Central Business District, and industrial areas. Most of the roads within the town's high-density areas comprise of gravel roads, which are periodically repaired. According to the town's Local Environmental Action Plan (L.E.A.P) report of 2015, Mvurwi has one referral hospital, two private surgeries, and a clinic.

Livelihood strategies encompass agriculture where cash crops such as tobacco are grown and mining of minerals such as gold. The town offers job opportunities to its citizens although many residents are self-employed in the informal sector, that is, cross border trading that involves buying and selling of cheap imported goods. Mvurwi has potential to contribute to the growth of the economy as it is a center where much of the cash crop, chiefly tobacco, is sold at Mashonaland Tobacco Company by farmers under A1 and A2 models in resettlement areas such as Holland and Forester estates. This, has however been compromised by the poor economic performance that Zimbabwe has experienced over the past decades. A very small number of property owners within the town hold Title Deeds while a good number have Lease Agreements in respect of their respective allocated residential, commercial, and institutional stands. Poverty levels have reached alarming proportions in Zimbabwe (Zimbabwe National Statistics Agency 2015). The average poverty prevalence level in Mvurwi ranges between 60% and 76%, a situation that will result in poor vulnerable residents failing to meet the tax payments for adequate service delivery in the towns (Zimbabwe National Statistics Agency 2015). In light of the economic malaise that has also gripped Zimbabwe, urban service delivery has been a major concern. This therefore means that there is need for Public–Private Partnerships (PPPs), which assist in designing, planning, financing, and operating projects, which would be regarded traditionally as falling within the responsibility of the public sector a factor that also forms the motivation of this study. This research aims to highlight the potential role that public–private partnerships can play in solving the water and sanitation problems in Zimbabwe's small towns where there is scanty research that has gone in highlighting the water and sanitation problems in small towns as focus was on established cities in Zimbabwe.

## Methods

The study employed a mixed methods approach that used both quantitative (positivist) and qualitative methods (phenomenological or interpretivist). The mixed approach entails the exploitation of varying methodologies to develop analysis with greater detail. Triangulation of qualitative and quantitative paradigms was adopted in order to affirm the validity and reliability of results. Chikova (2011), states that positivism assumes the role of an objective analyst who makes independent interpretations on data that has been collected in a personal opinion free manner. Interpretivism enables probing of data from a human perspective by answering the question how and when. Therefore, in this study the qualitative design depended on open-ended questions, semi-structured interviews, and observations. The quantitative paradigm depended on closed-ended questions.

The target population comprised of Mvurwi town Council Clerk; Mvurwi Town Engineer; households from Suwoguru, Rusununguko, and Pembi View; ActionAid representative, Zimbabwe National Water Authority Superintendent, and WASH community club chairpersons. In this research, a sample size of 10% was employed to represent the whole population (Table 2). A sample size around 10% is applicable to a population exceeding 100 (Mugo 2002). This also took into consideration the issue of time and resources for data collection available to the researchers. Thus, the effective sample size for this study was 144 households, from a total of 1440 households (Table 2).

Field data in Suwoguru, Rusununguko Phase 2, and the Low density (Old Low Density and Pembi View), were collected from 15 August 2018 to 30 September 2019. A total of 144 questionnaires were distributed to the selected household members in Mvurwi town during the survey using the random sampling technique. Since face to face questionnaire administration was adopted, the researchers had to collect all the completed questionnaires on completion of the exercise for analysis. Face to face administration ensured that the data collection instrument reached the target respondent, which improved the quality of results. The questionnaire had a segment that gathered information on the current water and sanitation issues affecting Mvurwi town. The questionnaire also included questions like the following: What are the main sources of water available to residents? What is the quantity of water required by residents per day? What is the role of PPPs in solving water and sanitation issues affecting Mvurwi town? The other segment of the questionnaire probed information on Zimbabwe National Water Authority capacity to provide adequate water in Mvurwi town.

Key participants purposively selected included Mvurwi Town secretary, Finance director, and the Housing and Community services clerk, ZINWA Mvurwi Town superintendent, and WASH community club chairpersons. These groups were targeted because they had vital information pertaining to the contribution of PPPs in addressing water and sanitation issues in Mvurwi town. The outline of the interview guides was constructed in a manner that tests the institutional capacities of the authorities' ability to provide adequate water and sanitary facilities. Semi-structured interviews also probed data on the challenges and opportunities faced in ensuring adoption of PPPs in easing the water and sanitation issues affecting the small town. Field observations were guided by an observation checklist so as to identify the sanitary facilities in the area and the



**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Table 2** Sample size determination in relation to household size

| Suburb/location | Total households | Ratio percentage | Sample size |
|---|---|---|---|
| Suwoguru | 840 | 61% | 87 |
| Rusununguko Phase 2 | 266 | 19% | 28 |
| Pembi View Park | 338 | 20% | 29 |
| Total | 1440 | 100 | 144 |

water supply infrastructure in the town. Photographs were captured to show the sanitary infrastructure in the town such as manholes. The significance of using field observations as a primary research method is that it goes past individual translation of phenomena, which interviews have a tendency to depend on. Hence field observations give a clear clarification of what truly exists on the ground.

The results gathered from this research were presented in pie charts, bar graphs, and tables using Microsoft excel to draw conclusions, which answer the problem under research. Since the scope of the study extended beyond data presentation, statistical tests were conducted to test the hypothesis. This was essential in determining the nature of association between public–private partnerships and water and sanitation management using chi-square. This involved the cross tabulation of aspects such as the presence of PPPs and water and sanitation management in Mvurwi town. Prior to this research, ethical clearance was sought and granted by the Department of Geography and Environmental Studies. Informed consent enabled the participants to choose whether or not to participate since the results were purely for academic purposes.

## Results and Discussion

### Current Water and Sanitation Issues Affecting Mvurwi Town

In Mvurwi town, water and sanitation issues identified were varied among the respondents. These were attributed to factors such as household size, multi-families on limited facilities, and state of infrastructure in studied locations of Mvurwi, namely, Suwoguru, Rusununguko Phase 2, and Pembi View. Findings indicate that 66% of the respondents are directly affected by water and sanitation issues.

#### Main Source of Drinking Water

From the survey, 52.78% of the respondents received piped water into their dwellings, which is something the town boasts of compared to other towns in Zimbabwe while 32.64% were using boreholes (Fig. 2). According to the WASH community club chairpersons, two-thirds of these boreholes were constructed during the Small Towns Wash Program (STWP). This gesture brought much relief to the acute water shortages that had been experienced in the town as it could not catch up with the ever-increasing population. However, 14.58% were still using protected dug wells as their source of drinking water particularly in Rusununguko Phase 2 (Fig. 2). This was attributed to lack of adequate resources for better service delivery in the town. This explains why the Mvurwi Town secretary pleaded for assistance in form of PPPs to ease the town's service delivery problems. He lamented:

> Regardless of the size and or kind of donation, the town council would appreciate support rendered to them to improve service delivery. Population growth has created pressure on the few available resources which has resulted in incapacitation hence sanitation problems manifest.

#### Quantity of Water Required Per Day

Survey data revealed that 43.06% require 50–80 liters of water per day (Table 3). According to UNICEF/WHO guidelines (2004), the recommended minimum daily water requirement is between 60–80 liters per capita and this implies that in Mvurwi town they have made strides in improving the provision of the required mega liters.

According to the Zimbabwe National Water Authority Superintendent;

> The STWP program capacitated ZINWA in Mvurwi to improve its pumping capacity and refurbishing of old pipes as to curb leakages and in turn improve service delivery.

This points out that although the town is experiencing challenges with water provision, there were commendable efforts form stakeholders such as the aforementioned. Questionnaire survey results also show that about 36.81% use 30–50 liters per day, which falls below the recommended daily requirement by WHO.

### Zimbabwe National Water Authority Capacity to Provide Adequate Water in Mvurwi Town

During the survey, about 43.06% rated the capacity of ZINWA to provide water as poor (Fig. 3).

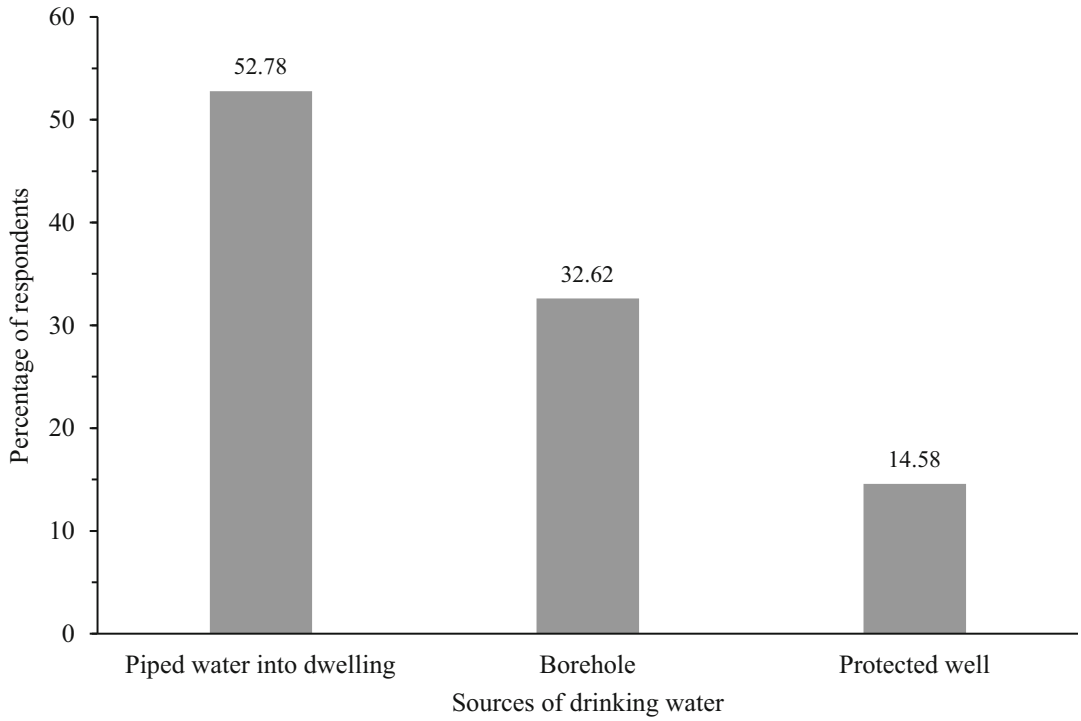


**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 2** Main sources of drinking water. (Source: Field Data)

**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Table 3** Quantity of water required per day

| Quantity of water in liters | Percentage of respondents (%) |
|---|---|
| 10–30 | 20.14 |
| 30–50 | 43.06 |
| 50–80 | 36.81 |

To support this the residents highlighted that there is an interrupted water supply hindering them to carry out activities such as washing, cooking, drinking, and for toilet flushing. The majority of the respondents (98%) revealed that the major reason for poor performance by local authorities such as ZINWA is attributed to breakdowns and the time taken by the authority to address the complaints. This finding concurs with Mutandwa and Zinyama (2015), who also observed the same situation in Harare, Zimbabwe.

Some respondents (27.78%) rated ZINWA's effectiveness as average (Fig. 3). This group of the target population proved to be aware of the challenges faced by the local authority. They highlighted that the authority water supply has slightly improved as there is now improved access to water after refurbishment of old rusted pipes in Suwoguru. A section of the respondents, which constituted 16.67%, pointed out that water provision by ZINWA was good, as they received an uninterrupted water supply. Some respondents (12.5%) mentioned that water provision by ZINWA has drastically improved since engaging GEC private company during the STWP program, hence clean, adequate, and continuous water supply by ZINWA is now guaranteed.

## Provision of Adequate Sanitation Facilities by Mvurwi Town Council

Mvurwi Town Council ability and capacity to offer adequate sanitary facilities was another major issue that required attention during the survey. The results in Fig. 4 show that service provision by MTC has fairly improved. About 44% of

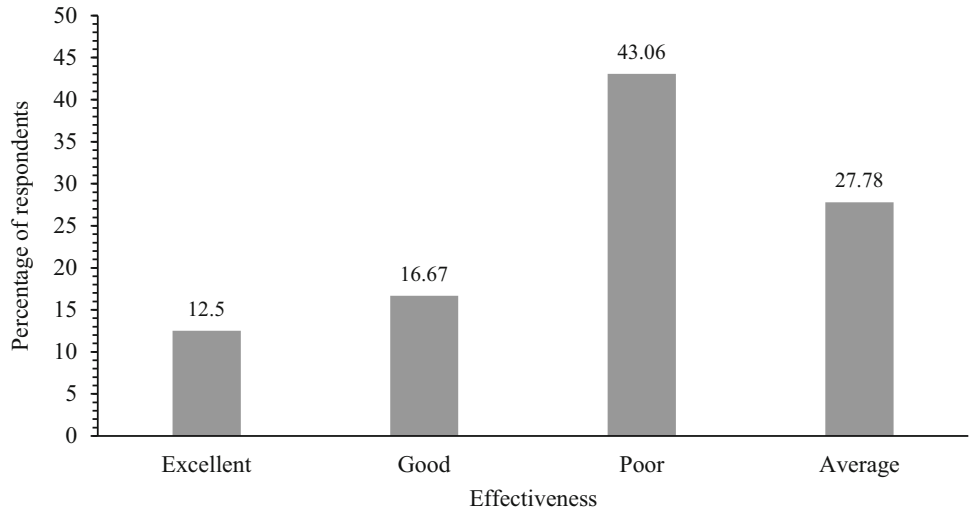


**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 3** ZINWA's capacity to provide adequate water in Mvurwi town. (Source: Field Data)

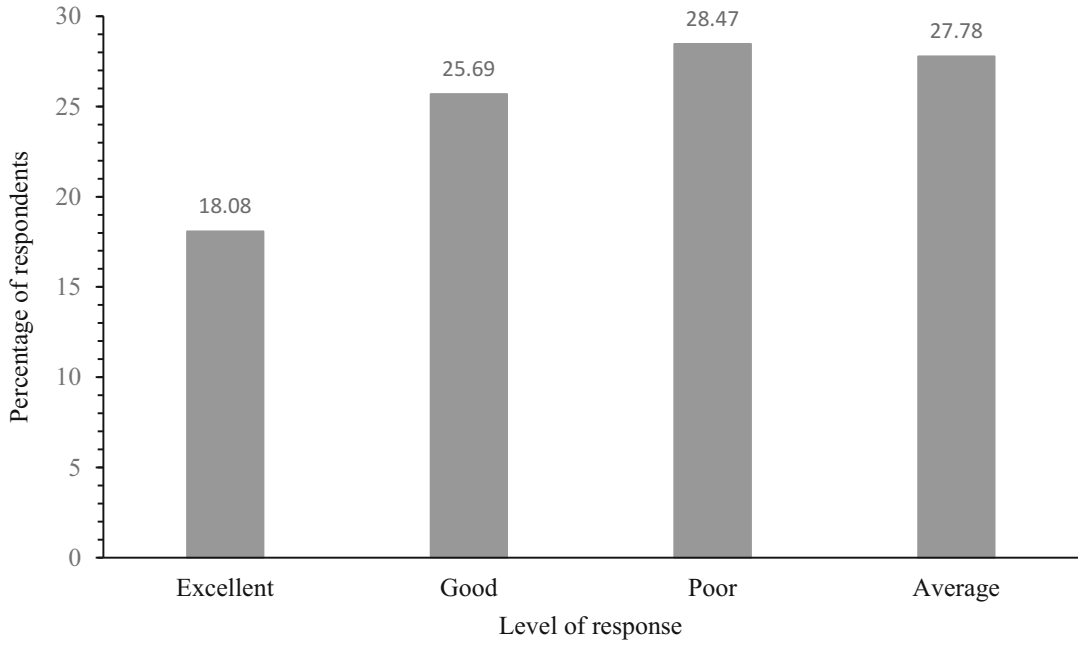


**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 4** Rating of MTC in terms of sanitary facilities provision. (Source: Field Data)

the respondents pointed out that, sanitary facilities had increased since inception of the WASH program. Mvurwi town council was rated average in terms of service delivery, which clearly points out that there is need for improvement. Furthermore, some residents in Mvurwi town constituting 28% consider council's service delivery poor, especially in terms of sewer outburst they were still experiencing despite some attempted improvements. This finding concurs with Chiromo

(2014), who observed that often town councils lack the capacity to provide sanitation facilities due to tiny operational budgets.

### Challenges Faced in the Implementation of PPPs in Mvurwi Town

Implementation of PPPs in Mvurwi town faces some limitations as observed during the household survey. The legal environment in Zimbabwe impedes the successful implementation of PPPs (Mutandwa and Zinyama 2015). Chiromo (2014) indicates that the macroenvironment in Zimbabwe is not conducive for private companies to fully engage the public in effective PPP arrangements.

Mvurwi Town Council Clerk indicated that the Council lacks technical expertise to deal with sanitation issues affecting the town. The skilled labor is unavailable to deal with issues of sewer treatment. The town clerk indicated that as an organization they regard PPPs to be instrumental in playing an assisting role in service delivery. Town council, as an organization, has implemented Local Donor Conferencing. Local Donor Conferencing was an arrangement where the town council engages local business owners in Mvurwi to assist in service delivery and in return the private organization is exempted from taxes equivalent to the services rendered to the town council. The legal procedures followed were guided by the signing of a Memorandum of Understanding (MoU) between the parties.

The town finance director indicated that the Council lacks enough funding to deal with the sanitary facilities in the town. Community members reiterated that PPPs are the route to take in easing water and sanitation issues. Over 90% of the population in Mvurwi relies on vending hence they are failing to pay for the services provided by Zinwa and Mvurwi Town Council. Failure to pay council and ZINWA incapacitates the authorities to carry out their mandate of providing high standards of service. ZINWA Superintendent emphasized that they shared the same sentiment with the town council since they do not have adequate financial resources to offer adequate water resources to the town.

### Role of PPPs in Solving Water and Sanitation Issues Affecting Mvurwi Town

Mvurwi town regards PPPs as an effective means to solve water and sanitation issues affecting the town. The WASH program engaged GEC and Ten craft under a Non-Governmental Organization called Action Aid to rehabilitate water and sewer infrastructure in the town (Table 4).

The majority of the respondents (53%) indicated that PPPs would assist in the rehabilitation of water and sewer infrastructure that has been compromised by population pressure. The Town Secretary highlighted that:

> Most of the infrastructural developments had become obsolete since they were constructed about four decades ago, when the areas had not yet fully developed. There has since been a mismatch as population growth has far exceeded the capacity of the old dilapidated infrastructure. This has resulted in small old sewer pipes feeding into small dilapidated unlined sewer ponds; hence bursts are frequency thus exposing the residents to health challenges.

About 15% of the respondents indicated that improved water use would be attained as a result of the PPPs. They welcomed Public–Private Programs as an initiative that would ease their water and sanitation woes, as it improves access to water and sanitation infrastructure and some may be employed in the process, which would help to sustain their livelihoods. Mvurwi Town was facing challenges in offering adequate sanitary facilities to the town. About 12% of the respondents highlighted that significant improvements were attained in waste water management as new

**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Table 4** Role of PPPs in solving water and sanitation issues affecting the small town

| Opportunities associated with implementation of PPPs | Percentage of respondents (%) |
|---|---|
| Rehabilitation of water and sewer infrastructure in the town | 53 |
| Adequate sanitary facilities to the town | 20 |
| Improved water use | 15 |
| Improved waste water management | 12 |

manholes were provided. Access to water has also improved as some areas are receiving uninterrupted supply of clean water. Figure 5 illustrates a manhole constructed by Ten craft to ease water service provision.

### Responsibility for Solving Water and Sanitation Issues

Most of the residents in Mvurwi town (50%) indicated that PPPs should be adopted to solve water and sanitation issues affecting the town. ZINWA and the Town council were identified to be not fully capacitated to offer high standards of services in the town (Fig. 6) This was evidenced by 20% of the questionnaire respondents. However, the partnering of the Government and Non-Governmental organizations can be successful in resolving water and sanitation as shown by 30% of the respondents. Respondents highlighted that since they have been experiencing acute water shortages in the town PPPs would present an untapped opportunity toward the challenges they have been experiencing.

Those who mentioned ZINWA and the Town council indicated that the two authorities are not fully capacitated to offer high standards of service delivery in the town. Therefore, a large proportion indicated that PPPs are capacitated to solve water and sanitation issues affecting the town. Chi square test results ($p = 0.02$) show that there is an association between PPPs and water and sanitation management. This means that where PPPs arrangements are in place there are better chances of improved service delivery due to pooling together of resources as compared to inadequately resourced institutions and/or collaborations. Therefore, PPPs should be spread across in small towns in Zimbabwe such as Mvurwi and should not be limited to large cities.

**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 5** New manholes constructed by Ten craft. (Source: Field Data)

## Conclusion and Recommendations

The study examined the role of public–private partnerships in solving water and sanitation issues affecting Mvurwi town. The research findings show that PPPs are an effective means to solve water and sanitation issues affecting the town. Local people and various stakeholders such as ZINWA and community health clubs noted that PPPs are the route to take in offering adequate water and sanitation facilities in the town. However, the study emphasizes that the capacity of PPPs to bring plausible results is compromised by a number of challenges. These include lack of financial resources and skills sharing in providing adequate water and sanitary facilities. Residents were directly affected by the state of affairs in terms of water provision and sanitation issues with women being mostly affected. This therefore complicated the potential of PPPs to contribute toward the attainment of SDG 6 as set under the obligations of the United Nations Agenda for Sustainable Development. A huge proportion of the residents faced challenges in paying their bills

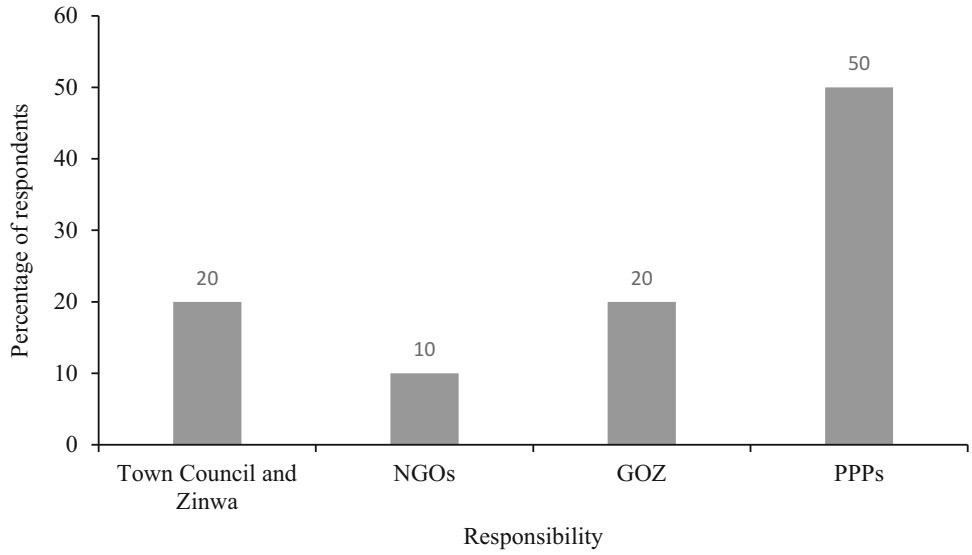


**Public-Private Partnerships on Water and Sanitation Issues in Small Towns: Case of Mvurwi, Zimbabwe, Fig. 6** Responsibility for Solving Water and Sanitation Issues

to the local authority to ensure continuity of service delivery. They welcomed Public–Private Programs as an initiative that would ease their water and sanitation woes, as it improves access to water and sanitation infrastructure and some may be employed in the process, which would help to sustain their livelihoods. Mvurwi Town was facing challenges in offering adequate sanitary facilities to the town. The research findings indicate that funding from government has not been forthcoming in assisting the Council to develop and rehabilitate sanitary facilities in the town. The general populace was failing to pay for the services rendered to them. This scenario has undermined the Council's institutional capacity to carry out its mandate of offering adequate sanitary facilities to its residents. Therefore, there is need for more fiscal support from the Government targeting the local town council so that they carry out their mandates in service delivery smoothly.

The study also emphasizes that Mvurwi Town Council should strive to legalize its engagement with the private sector particularly local business operators in Mvurwi. They should go a step further beyond the signing of Memorandum of Understanding as to ensure transparency in operations and sharing resources and benefits between them and the public sector. In case of PPP arrangement, the residents in Mvurwi town should be cooperative in paying their bills for services rendered to them. This makes the local authorities (ZINWA and Mvurwi town council) capacitated to offer standardized services to them. The government should create a conducive legal environment that capacitate institutional framework of ZINWA and Mvurwi Town Council needed for effective implementation of PPPs. In addition to this, the Town Council can also fund research projects targeting the role of PPPs and their successful implementation so that lessons can also be drawn, which can also be qualified to other urban areas in the continent and world at large.

## Cross-References


- ▶ Administrative Reform
- ▶ Public Participation
- ▶ Reforms and Governance

## References

African Development Bank (2011) Infrastructure and growth in Zimbabwe: an action plan for sustained string economic growth

Berthelemy JC, Kauffman C (eds) (2004) Privatisation in sub-Saharan Africa: where do we stand. Organisation of Economic Development Centre (OECD), Paris

Chikova HH (2011) Perceptions of enterprise risks and their impact on social security Administration. The case of the National Social Security Authority. Dissertation submitted to the Graduate School of Management, University of Zimbabwe

Chiromo AT (2014) Public-private partnerships in water infrastructure projects in Zimbabwe: the case of the Kunzvi water development project. Thesis, Master's in Development Finance at Stellenbosch University

Dube C, Chigumira G (2011) The scope for public-private partnerships for infrastructure development in Zimbabwe. Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU)

European Commission (2004) Guidelines for successful public-private partnerships resource book on PPP case studies. EC, Brussels

Farlam P (2005) Working together: assessing public–private partnerships in Africa. The South African Institute of International Affairs Nepad Policy Focus Series

Hall D (2012) Public Services International Research Unit (PSIRU) University of Greenwich, UK

INWRDAM (2010) Public private partnership in water and sanitation sector

Martin M (2000) The Sanitary City, urban infrastructure in America from colonial times to present. John Hopkins University Press, Baltimore

Matsa M, Tapfuma T (2015) The domestic water supply puzzle in Zimbabwean cities: challenges and opportunities for Mtapa Residential Suburb, Gweru, Zimbabwe. Int J Human Soc Sci 5(1):123. Midlands State University, Zimbabwe

Mugo FW (2002) Sampling in research. Indiana University, Bloomington

Mutandwa H, Zinyama T (2015) An analysis of the potential use of public-private partnerships in water infrastructural development in Zimbabwe: the case of Harare City Council. J Public Adm Gov 5(1):110. University of Zimbabwe, Harare

Public Private Infrastructure Advisory Facility (PPIAF) (2009) Attracting investors to African public-private partnerships: a preparation guide. World Bank, Washington, DC

Zimbabwe National Statistical Agency (2015) Zimbabwe population census, Zimbabwe Main report. ZIMSTAT, Harare

Zinyama T, Nhema AG (2015) Public-private partnerships: critical review and lessons for Zimbabwe. Public Policy Adm Res 5(6), University of Zimbabwe

# Public-Private Sector Readiness and Sustainability of Privatization and Strategic Partnership

Hamad Al Ameri[1] and Bakhit Al Ameri[2]
[1]Business Solutions & Pathways to Success, Abu Dhabi, United Arab Emirates
[2]Al Ain Municipality, Al Ain, Abu Dhabi, United Arab Emirates

## Synonyms

Joint ventures; Public-private partnership

## Definition

| | |
|---|---|
| Privatization | The act of transferring ownership of specified property or business operations from a government organization to a privately owned entity. |
| Readiness | The state of being fully prepared to engage in privatization and strategic partnerships |
| Strategic partnership | A relationship between two entities based on a long-term agreement for the mutual sharing of resources to achieve defined common objectives |
| Sustainability | The ability of both the public sector to maintain its relationship with the public sector and vice versa |

## Introduction

The foundation of the economic dynamics in the United Arab Emirates (UAE) is based on oil production and its vast oil resources. As a matter of its long strategic plan and economic sustainability, the UAE had adopted a policy that is shifting the focus away from its dependency on oil to one of a diversified economy. In effect, the different

emirates, as well as the federal governments, had set goals that are finely tuned to the realization of the goals of economic diversification (Seznec 2011). The pursuit of economic diversification and commitment to innovation are central to the UAE policy of fulfilling the core values of domestic and international trade.

As a corollary, the leaders of the UAE saw the need for organizations to improve quality and customer service to become competitive. In effect, a number of strategic and far-reaching macro-level quality and excellence initiatives were launched for all sectors of the economy, namely, the government departments and the public and private sectors. At this point in time, Dubai was the first mover and key driver of quality excellence in the UAE, and organizations started adopting best practices, international standards on quality, and business excellence frameworks and investing in people development. Abu Dhabi and the other emirates later followed and created their own programs improving efficiency, effectiveness, customer service, and overall competitiveness of industry and nation. For Abu Dhabi specifically, the Sheikh Khalifa Excellence Award (SKEA) and Abu Dhabi Award for Excellence in Government Performance were established. The SKEA was established in 2001 by the Abu Dhabi Chamber for the private and public sector. SKEA uses a framework similar to EFQM. The Award for Excellence in Government Performance was established in 2008 for Abu Dhabi government entities/departments (Thawani 2014).

The ASQ (American Standard for Quality) noted that the quality journey of the UAE opened a number of opportunities for improvement in quality management such as creating a culture of sharing data/benchmarks; the use of advanced quality tool; measuring the impact and benefit of TQM on corporate performance; exploiting synergies in quality, risk, corporate social responsibility, and corporate governance; and quality in design.

Abu Dhabi Vision 2030 embodies the foregoing initiatives to transform the emirate into a world-class economy by diversifying into various sectors, integrating with the global economy, optimizing government resources, and investing in social and physical infrastructure. Accordingly, the government of Abu Dhabi had identified nine areas defining the social, economic, and political future of the emirate: large, empowered private sector; knowledge-based economy; transparent and optimal regulatory environment; premium healthcare, education, and infrastructure assets; optimization of resources; complete domestic and international security; continuation of strong and diverse international relations; maintenance of traditions, heritage, and cultural assets; and strong contribution to the Federation of UAE (ADCED 2008). Empowering the private sector included the provision regarding the partnership with the government which ranged from large-scale privatization and PPPs to smaller-scale strategic partnerships.

Privatization was also adopted as an economic strategy by the Abu Dhabi government. Strategic alliances with foreign companies and governments will allow the expansion of the public sector services to develop the social welfare provisions. Some of the most important privatization partnerships the Abu Dhabi government is undertaking include business ventures into healthcare, education, utilities, and alternative energies. The UAE government also believes that privatization can improve the country's chances of future sustainable development by allowing for leadership positions in alternative energy research sectors that will eventually replace oil as global power providers (Government of Abu Dhabi 2008). Likewise, privatization will help the UAE small and medium enterprises (SMEs) develop their job skills training and expertise to specialize in various services and production that will open up the economy for more capitalist ventures in the future. This will provide more jobs in the private sector for Emiratis who are mainly employed in the public sector due to their need for job skills and work experience (Al Hashimi 2005). In this regard, the experiences relative to large-scale privatization, public-private partnerships, and strategic partnerships connoted in Abu Dhabi 2030 were looked into in terms of readiness and sustainability as mediated by quality the initiatives are undertaken.

The economic priorities of Abu Dhabi Vision 2030 include achieving economic development and sharing of economic benefits to every section of the society. In this regard, one of the four key priority agenda of Abu Dhabi Economic Vision 2030 is the optimization of government operations. The policy agenda set out guidelines for optimizing the government's own role in the future of the Emirate, by improving the efficiency and accountability of government departments. The government has already embarked on an extensive review of its processes and structures. Many services are being delivered electronically through e-government initiatives, and departments are being streamlined and noncore services outsourced to the private sector. These initiatives will be continued and enhanced. At the same time, the government continues to review and enhance the legislative framework and the law-making processes themselves to ensure maximum efficiency (ADCED 2008).

## Readiness to Engage in Strategic Partnerships

In the UAE, total quality management (TQM) highly contributed to enhancing the readiness of organizations to participate in strategic partnerships. Practitioners from the services sector affirmed the effectiveness of applied TQM and quality assurance in ensuring their readiness to contribute to the government initiative in upgrading the quality of schools and hospitals and the utilities system in providing world-class services to the communities of Abu Dhabi. Similarly, the manufacturing sector demonstrated that applied TQM was instrumental in preparing their organizations for the strategic partnership with the government by strengthening the general aspects of the management system and their functional areas of specializations.

For SMEs, their focus was more on business planning as this was a core requirement for partnership. Hence quality tools and quality practices in relation to enhancing their readiness appeared not to have resonated with these organizations.

There appeared to be a convergence among the government sectors on the significance of quality practices in preparing their entities to partner with the private sector. There was a consensus of views that quality practices ensured the integrity of their management systems which they need to keep strong as more partnerships are forged with the local private sector. The government sector adhered to global quality standards to keep up with the various developments in the field of their partners. More so, the performance of their organizations was monitored and that they needed to apply quality principles in order to be competitive. The government sector kept up with the indicators set by government affirming that applied TQM was not only necessary and essential in their performance but also a vital component in the selection of private partners and in sustaining their partnership with the private sector.

## Sustainability of Strategic Partnerships

Applied TQM contributed very much in sustaining strategic partnerships between the government and private sectors. Both sectors used a menu of tools that were consistent with the nature of their businesses or services which also implied the application of principles and practices of TQM. Foremost among these principles was customer satisfaction, employee involvement, leadership, training of the personnel, and continuous improvement. For the smaller companies that did not focus on quality certifications prior to entering into partnerships with the government sector, they have caught up with the practice as this was not only a means by which they continuously improved and enhanced organizational health but was also a means of keeping up with the high standards set by their government partners.

On the whole, applied TQM was not only an essential requirement in preparing organizations for partnership with the government sector but was also a vital factor that sustained for their partnership. The experiences of various companies led to the development of a framework that highlights the potential significance of applied

TQM in preparing private organizations for strategic partnerships with the government. The framework hypothetically covers the significant touch points identified by the companies and identifies the key considerations for the application of TQM. Each of the touch points has its own detailed processes which were organization-specific. Based on the framework:

1. The government agency develops project proposals for potential partnership with the private sector and calls for proposals by way of public invitation.
2. The private sector companies with significant partnership ideas develop the corresponding project feasibility studies and submit these to the hosting government agency.
3. The proposals are thoroughly evaluated and screened using the appropriate criteria after which approved proposals are selected. This is followed by the announcement of the qualifying companies.
4. The bidding, tendering, and prequalification process follows which selects the best company for partnership. A contract between this company and the government is later entered into which becomes the foundation of the partnership.
5. The private company implements the project.
6. The performance and outcomes are duly evaluated by the government partner.

All of the processes are presumed to be within the ambit of a robust and enabling legal framework (Fig. 1).

Within the processes described, there are certain key considerations where applied TQM can significantly contribute to:

- Quality certifications of the private sector companies can support their credibility in quality assurance and in providing service quality.
- The balanced scorecard can be useful in planning for potential projects on the part of the government and in the preparation of feasibility studies on the part of the private sector.
- Benchmarking is an essential consideration in ensuring that private companies bring in the global best practices in the industry.

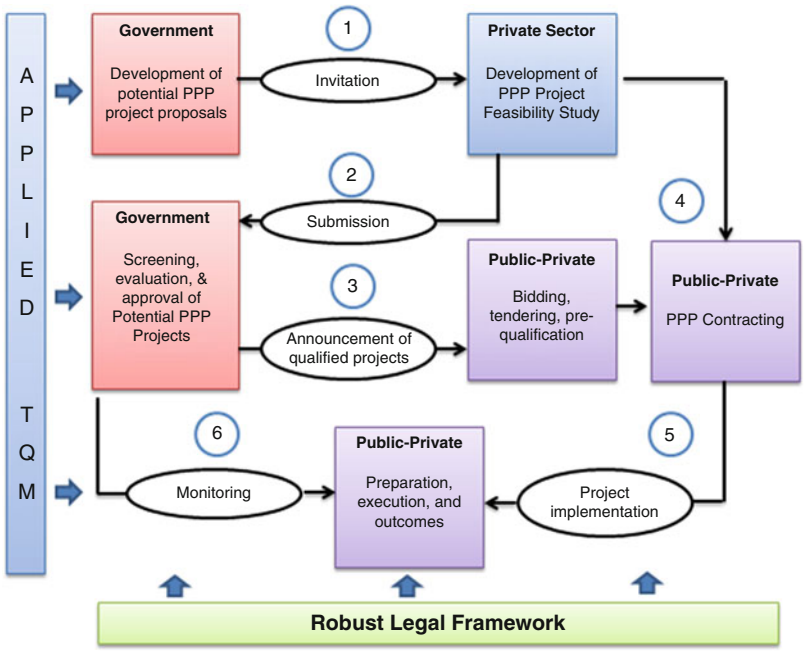


**Public-Private Sector Readiness and Sustainability of Privatization and Strategic Partnership, Fig. 1** Framework for applied TQM in strategic partnerships between the public and private sectors

- Business process management helps ensure administrative efficiency on the part of the government and sustains making an organization's workflow more effective, more efficient, and more capable of adapting to an ever-changing environment.
- Customer complaints management framework ensures that there are optimum customer services and stakeholder satisfaction based on project implementation and outcomes.
- Customer loyalty/satisfaction measurement ensures that the views of end users are factored into the operation of the project.
- Employee loyalty/engagement measurement ensures the commitment of employees to the project and high morale which that boost their performance.
- Enterprise risk management ensures that risk is properly managed in order to promote project sustainability.
- Kaizen is a philosophy of continuous improvement which should be embraced in the implementation of every project.
- Lean Six Sigma ensures that variances are identified and minimized in order to control the quality of products and services.
- Performance management dashboard ensures easy access to information that is essential in determining performance levels, as well as in planning and decision-making.
- The application of quality principles would also significantly contribute to the sustainability of partnerships.
- Leadership commitment is a necessity in all of the aspects of partnership from the beginning to the end to ensure support and success of the projects.
- Communication is the binding element vital to the partnership. An integrated communication system using the state-of-the art IT technology ensures transparency, the smooth flow of information, information security, and access to vital information critical to planning and decision-making.
- Quality planning should be the central consideration in planning project proposals and feasibility studies as well as in preparing operational plans for project execution.
- Customer satisfaction should be one of the central rationales for the partnership of the government with the private sector.
- Continuous improvement is the key consideration for administrative efficiency, project sustainability, and organizational health of the projects.
- Employee engagement and satisfaction should be a central consideration to boost employee performance that contributes to organizational efficiency and effectiveness.
- Quality culture defines the norms and way of life in the company that reflects embracing quality principles by all levels of the organization.
- Teamwork breaks down barriers in project planning and implementation that promoted optimum involvement, engagement, and commitment.
- Training promotes knowledge and technology transfer that contributes to the attainment of the goals of Emiratization and the development of local talents.
- Rewards and recognition promote ownership and acknowledge best performance and practices which can significantly boost the morale of the workforce.

The effectiveness of applied TQM can be discriminated on the basis of whether these were used to enhance readiness or to promote sustainability. Hence the effectiveness of TQM principles and practices is dependent on its utility.

## Conclusions and Recommendations

Applied TQM works and its influence in enhancing the readiness of the public and private sectors to enter into partnerships cannot be discounted. As a corollary, applied TQM is essential in promoting the sustainability of partnerships between the public and private sectors. By way of implication, the UAE government can attain greater sustainability through privatization and other strategic partnerships as part of its economic diversification strategy as it continues to improve its quality practices. With the UAE government's

experience with the global recession and financial crisis, leaders were compelled to develop new strategies for future sustainable development of the UAE economy which saw the importance of applied TQM in pursuing these strategies.

The following are recommended to leverage the widespread practice of TQM by the government and private sectors in enhancing their readiness for privatization, private-public partnerships, and strategic alliances:

1. There is a need for the enactment of a law that will shape the development of a robust legal framework governing privatization and other public-private partnerships in Abu Dhabi.
2. A central committee for privatization needs to be established as part of the government structure in Abu Dhabi that will be responsible for setting the standards for privatization and other strategic partnerships.
3. A framework for privatization and other strategic partnerships needs to be developed that is backstopped by general guidelines, procedures, and requirements contained in a manual in order that potential investors can be properly informed.
4. The government needs to set up a robust and integrated IT system needed to support privatization and other strategic partnerships.
5. This government needs to pursue collaboration of the strategic alliances formed between the universities, the multinational corporations, the UAE Ministry of Education, and the UAE government for Emiratization to be successful in the long term. The collaboration can help create a continuous global network of knowledge exchange and technology transfer.
6. The government needs to ensure that privatization and other strategic partnerships bring in change management strategies which will help streamline the workplace and upgrade productivity in all divisions of UAE government.
7. There is a need to document best practices by establishing a global network of permanent archival data that can be used for accounting, filing, memos, feedback, and employee records and as an online communications center for all employees. This will also promote the coordination of all departments to be linked through databases to upgrade overall communication and efficiency.

On the whole, the Abu Dhabi government should continue implementing privatization and other strategic partnerships because it will allow for more competition and better service provision within the public sector for necessities like water, electricity, healthcare, banking, education, and telecommunications. Some of the practical recommendations for privatization and sustainable development that the Abu Dhabi government can implement include:

1. Diversify the public sector by adding as many global partnerships as possible.
2. Reduce the overall financial burden on the government by expanding the capabilities of the public sector with global alliances.
3. Upgrade the political relationships between the Western world and Arab world by establishing Abu Dhabi as a major business hub.
4. Develop a global reputation as an easy-to-do business location that will attract international investors and FDI and foreign partnerships to the public and private sectors.
5. Establish Abu Dhabi as a center for major innovation and new technology research and development hub.
6. Continue to launch new sustainable development strategies and educational awareness programs throughout the UAE to upgrade the society's knowledge about sustainability.
7. Integrate appropriate change management strategies into the government public sector during privatization development to increase adaptation to change for all employees.
8. Launch new talent management and continuous learning training programs to enforce Emiratization throughout the public and private sectors.
9. Integrate global corporate training programs with Abu Dhabi programs to ensure Emiratis are properly trained, qualified, and skilled for privatization partnership business ventures to ensure future job security.

10. Focus on the development of leadership in the government manager role.
11. Integrate government manager leadership into the innovation process.
12. Recognize the significance of privatization in government management.
13. Coordinate privatization strategies to allow government managers to streamline overhead costs and upgrade the daily routine throughout the entire organization.
14. Ensure privatization implementation will upgrade the flow of information and communications throughout the value-added global privatization.
15. Develop the organizational culture by improving the overall sharing of information and communication throughout the organization.
16. Encourage the generation of innovative ideas by all employees through continuous learning programs to adapt to efficient methods and processes.
17. Adopt successful innovation methods from multinational corporations.
18. Adopt new governmental regulations to adapt to the global workplace environment.
19. Upgrade government policies to include employee continuous learning and training programs.

## Cross-References

► Privatization

## References

ADCED (2008) Abu Dhabi vision 2030. Abu Dhabi Council for Economic Development, Abu Dhabi

Al Hashimi A (2005) Privatization in the UAE. Khaleej Times. 7 Sept 2005

Government of Abu Dhabi (2008) Abu Dhabi economic vision 2030. Government of Abu Dhabi, Abu Dhabi

Seznec J (2011) The sovereign wealth funds of the Gulf. In the political economy of the Gulf, working group summary report. Center for International and Regional Studies, Georgetown University School of Foreign Service, Doha

Thawani S (2014) 20 years of quality milestones mark the UAE's journey to excellence. ASQ MENA, Dubai

# Puerto Rico's Default on Municipal and Commonwealth Debt: Implications to Financial Management and Policy

Clifford Blumberg
Department of Public Affairs, College of Architecture, Planning and Public Affairs, University of Texas at Arlington, Arlington, TX, USA

## Synonyms

Financial crisis; Financial obligation; Local government budget crisis; Local government finance; Municipal debt; Municipal finance; Public dept crisis

## Introduction

The municipal bond crisis currently unfolding in Puerto Rico can be seen as an outcome of nearly a century of economic policy manipulation by the United States. Many of the issues Puerto Rico faces are inflicted through the core nature and structure of their island's Commonwealth status. US policymakers have used this designation to influence and dictate economic policy to the island, rather than by the citizens or its elected officials. Although Puerto Rico closely resembles a US state in the judicial sense, it does not resemble one in the eyes of modern investors. Investors have focused on the 1917 Jones Act and later the implementation of Section 936 in the US Tax Code in 1976. Together, these actions exempted all Puerto Rico bonds from federal, state, and local taxes, regardless of where the bondholder resided. Following decades of foreign investment, Puerto Rico is experiencing historic divestment in both people and resources. In order to fully understand the complexity of the dramatically worsening economic and social conditions in Puerto Rico, focus should be paid to the island's financial and budgetary governance models and how these models interact with the modern bond market.

## Destiny, Protection, and Expansion

The United States began acquiring Caribbean territories during the late 1800s largely motivated by two factors, Manifest Destiny (the United States had a moral claim to any territory within reach) and the 1823 Monroe Doctrine (European nations should not concern themselves with Western Hemisphere activities). Control of economic resources such as tobacco and sugar also fueled some policymakers' ambitions for Caribbean territories during the antebellum era (May 1991). Following the Civil War, many large American businesses sought new markets, and by the 1880s, the US government was looking to influence regions beyond North America. During the 1896 and 1900 presidential elections, William McKinley featured territorial expansion as a key platform issue. McKinley specifically wanted to focus on southward expansion toward a still under construction, American-owned canal connecting the Pacific and Atlantic oceans.

As a part of an American strategy to capture Spanish holdings in the Caribbean, the United States invaded Puerto Rico on July 25, 1898. With light resistance from the Spanish Army, hostilities ended weeks later on August 12, 1898. Less than 4 months after invasion, on October 18, 1898, the United States installed a military government, and within 6 months, Spain ceded the Philippines, Guam, and Puerto Rico to the United States with the signing of the Treaty of Paris on December 10, 1898. The United States' victory in the Spanish–American War pushed Puerto Rico further away from self-rule. Whereas Spain promised political autonomy for the island, the United States installed 2 years of military rule under three presidentially appointed governors.

## The Foraker Act of 1900

The first law to define Puerto Rico's territorial status initially began as a bill intended to apply US customs and internal revenue laws on the island. The Senate bill introduced by Joseph Foraker of Ohio also included a temporary civil government for Puerto Rico. The bill recommended the election of a delegate to the US House of Representatives, who shall be allowed a seat but not a vote in that body. President McKinley signed the Foraker Act on April 12, 1900. The law designated the island as an unorganized territory and established a colonial regime administered by the US president and the Congress. Puerto Ricans were not granted citizenship, but rather, those that swore loyalty to the United States would receive its protection. The law also allowed the US president to appoint the island's governor and an 11-member executive council who directed the six principal administrative bureaus. In addition, the law created a 35-member popularly elected house of delegates but the presidentially appointed 11-member executive council had unchecked veto power over any outcome.

As questions about American citizenship for Puerto Ricans were raised, the US Supreme Court delineated entitlements between incorporated and nonincorporated territories. Nonincorporated territories would receive fundamental constitutional protections including freedom of expression, due process of law, equal protection under the law, and protection against illegal searches, but not the full range of protections afforded to US citizens. The court was strongly divided over the 5–4 decision in Downes v. Bidwell. Five different opinions were written reflecting the variety of views and with the island territory neither fully part of the United States nor an independent country, the decision which was intended to clarify, ended up reinforcing Congress's absolute authority.

## The Jones Act of 1917

Following the rejection of large parts of its legislative agenda by the presidentially appointed executive council in 1909, the Puerto Rican House of Delegates submitted petitions to the US Congress and President Taft protesting the Foraker Act. The delegate threatened to use what little power they held and adjourn without passing vital budget and appropriation bills. Congress reacted to the threats by amending the Foraker

Act to enable Congress to pass the budget bills if the House of Delegates failed to act.

During the campaign of 1912, Woodrow Wilson included a promise to ensure US citizenship and home rule for Puerto Ricans, and between 1912 and 1914, bills were introduced on six occasions but never gained support in Congress. In 1914, US officials began to find great strategic value in Puerto Rico's location. With the completion of the Panama Canal and the start of World War I, US officials feared the Caribbean region would be a battleground.

When the Jones Act was introduced, much of the colonial structure remained in place. The new legislation would increase the territorial house from 35 representatives to 39; it also created a new popularly elected 19-member senate. However, it reserved the US Congress' right to amend or annul bills. The bill also stated that directors of four of the six major government departments would be appointed by the US president but with the advice and consent of the territorial senate. Still, the president would appoint the other two directors without advice and consent of the territorial senate.

Also within the Jones Act were strict economic and trade requirements. The law included requirements that were focused on directly benefitting the U.S. manufacturing and shipping industries. One of these requirements is still in place nearly one hundred years later and continues to constrain the Puerto Rican economy. A mandate that requires all goods purchased on the island arrive via American made ships staffed by American crews.

## Puerto Rican Municipal Bonds

The Jones Act also benefited the investment and banking industry. Specifically, all bonds issued by the US government would be tax exempt at all levels of government. For nearly 100 years, this "triple tax exempt" status has been both costly to the island as well as attractive to investors.

This is in contrast to other typical municipal bonds that are issued by states and municipalities with interest payments exempt from federal tax but generally not exempt from state and local income taxation unless bondholders reside within the municipality.

Municipal bonds can be split into two categories, general obligation and revenue bonds. General obligation bonds are backed by the full faith and credit of the issuer and are a first lien on taxes raised. Revenue bonds are backed by the income generated from the project for which the funds were raised, such as electricity sale revenues from an electric utility. Municipal debt is rated by one or more of the three major rating agencies with Aaa to Baa3 "for investment grade" for Moody's and AAA to BBB- for "investment grade" for Standard & Poors' and Fitch.

In addition to the distinct tax advantage for holders of Puerto Rican municipal bonds, the Puerto Rican Constitution (Article VI, Section 8) already mandated interest and amortization on public debts be given first priority. For investors, this is an attractive but a high-risk gamble because if the interest payments on debt are constitutionally protected, the likelihood of sovereign default increases during a time of limited economic resources. These required interest payments might crowd out investment in infrastructure and general development, thus decreasing the likelihood of Puerto Rico achieving economic growth. This condition has helped fuel the island's death spiral of falling revenues and increasing debt burdens.

## Section 936

The Puerto Rico economy has also been adversely affected by a number of changes in US tax policy; one of the most significant was the expiration of Section 936. Section 936 was a tax incentive for US companies to manufacture in Puerto Rico. The law allowed for repatriation of corporate profits to the US mainland without paying federal tax. In an attempt to simplify the tax code, President Clinton repealed Section 936 in 1996 with a 10-year phase-out plan.

The pharmaceutical industry was the largest beneficiary of this tax break and as such was also a major driver of employment on the island. In fact, in 2002, the sector was responsible for

56% of total manufacturing jobs and 20% of total industrial jobs on the island. Although the pharmaceutical industry was able to largely maintain its tax advantages as an existing industry on the island, the expiration of the exemption was a significant disincentive for new industries to move to Puerto Rico. In 2006, Section 936 fully expired and helped to thrust the island economy into its long recession.

## Falling Revenues, Increased Debt Burden, and Poverty

In 2012, the island's poverty rate was 44.9% with 38% of the population receiving food stamps; US rates were 15.9% and 13.6%, respectively. Puerto Rico's real GDP per capita was $21,143, which placed it below Mississippi ($28,944), the poorest US state. In comparison, real GDP per capita of the mainland United States was $42,784.

When faulty forecasting and budgeting drive economic policy, we often find annual deficits. Therefore it is no surprise that the Commonwealth has not balanced its budget in 16 years. This is the point at which repercussions of poor public policy meets the bond market. Unlike healthy municipalities, the Commonwealth relies on issuing debt to meet payroll and other operational obligations. The Commonwealth also has to finance its annual deficits, and this has caused the island's debt-to-GDP ratio to rise continually and rapidly. In fiscal years 2011 and 2012, Puerto Rico's debt load grew while the economy contracted, and the island's debt-to-GDP has currently risen above 100%, compared to 57% in 2001.

## Public Budgeting in Puerto Rico

Puerto Rico is unique in its extensive use of public corporations to deliver public services. It directly and indirectly manages 48 public benefit corporations. The island's most important public corporation is the Government Development Bank (GDB). The GDB is the fiscal agent, paying agent, financial advisor, and primary lender to the Commonwealth, its political subdivisions, and its public corporations. However, this wide-reaching, powerful public corporation is weakly monitored and is unregulated by the Federal Reserve or Federal Deposit Insurance Corporation. Instead, the Commissioner of Financial Institutions of Puerto Rico performs audit examinations of the bank every 18 months. This governance structure has limited transparency and fiscal accountability within the public sector.

The GDB has become increasingly overstressed financially and highly politicized. Roughly 35% of the GDB's assets are comprised of loans to the Commonwealth and its public entities, and most of these loans are paid late. The GDB has attempted to enter into fiscal oversight agreements with several of the island's large public corporations (Highways and Transportation Authority, the Puerto Rico Aqueduct and Sewer Authority (PRASA), the Electric Power Authority, the Ports Authority, the Puerto Rico Medical Services Administration, the Puerto Rico Health Insurance Administration, and the University of Puerto Rico). These agreements require the public corporations to implement expense reductions and rate hikes or submit to increased oversight to ensure the GDB is repaid. The bank's intervention into areas traditionally reserved for policymakers increases politicization and has already led to opaque intergovernmental borrowing.

Intergovernmental capital flows represent a significant portion of the island's financial activities, and they have had an impact on the island's larger issuers. For example, in 2012, almost 28% of Puerto Rico Electric Power Authority's unpaid bills were owed by delinquent public sector organizations. Puerto Rico consistently adopts aggressive economic and financial forecasts. The GDB has missed economic growth forecasts for 5 consecutive years. This means there is little potential to free up cash by extending maturities through refinancing. And, because it borrows frequently to fund operations, the Commonwealth must retain market access to avoid a bond default. But, Puerto Rico's bond ratings of Baa1/BBB are barely investment grade. Any further downgrade could force some selling of bonds and significantly limit future demand. This scenario is unlikely insofar as

rating agencies generally give struggling issuers time to implement planned reforms, but Puerto Rico's reforms have stalled.

## Conclusion

The paternal relationship between the US Congress and the Puerto Rican government led to the current crisis facing the island. Evolving from military to political to economic control, the United States has manipulated public policy in Puerto Rico for nearly 100 years. One of the sticking points in the rescue legislation has been how to handle the highest-priority debt. The Treasury Department has argued that Puerto Rico's restructuring will not be successful if all debts are not on the table. But some lawmakers are concerned about overriding Puerto Rico's Constitution or setting a precedent that deeply indebted states might 1 day try to follow.

However, as mentioned above, many of the lawmakers are coming from states that are large buyers of Puerto Rico bonds, and when interest rates begin to rise, these funds may enter a prolonged period of redemptions, and their capacity to keep buying Puerto Rico bonds may disappear. If those redemptions coincide with further deterioration in Puerto Rico's credit quality, mutual funds could become sellers rather than buyers.

Some members of Congress believe the latest default (May 1, 2016) showed urgent need in establishing federal oversight and restructuring powers for all of Puerto Rico. However, Congress is up against the clock, as Treasury Secretary Jacob J. Lew voiced a call to act swiftly, "this is not just a matter of financial liabilities and litigation," that without a legal framework for a debt restructuring, Puerto Rico is in danger of getting caught in "a series of cascading defaults" that could lead to a taxpayer bailout (Walsh 2016, B3).

## Cross-References


- ▶ Donor Withdrawal and the Implications for Public Governance in Latin America
- ▶ Economic Cooperation as a Precursor to Political Alignment: Prospects for Latin America
- ▶ Educating for Effective Governance in Latin America
- ▶ Participatory Decentralization Reform, Peru
- ▶ Public Management Reform in Latin American and Caribbean Nations


## References


May RE (1991) The Southern dream of a Caribbean empire: 1854–1861. University of Georgia Press

Walsh MW (2016) As Puerto Rico defaults, eyes turn to Washington. New York Times, 2 May, p B3


# Purchase Card Programs


Mahendra Gupta and Richard Palmer
Olin School of Business, Washington University in St. Louis, St. Louis, MO, USA


## Synonyms

Acquisition cards; p-cards; Procurement cards; Purchasing cards; Virtual cards

## Definition

The purchase (or Purchasing) cards is a bank-provided commercial card technology product designed to increase the efficiency of the low-dollar procure-to-pay process by enabling employee-cardholders to charge purchases, which the organization agrees to pay in full each billing cycle. Cardholders are assigned a monthly credit limit and typically provided with a plastic card. Unlike personal credit cards, the government agency is obligated to pay *one* bill that summarizes monthly purchases made by *all* agency cardholders.

A derivative of the purchase card is the "virtual card." Virtual cards (also known as electronic accounts payable) are nonplastic card accounts

used to pay for goods and services after an invoice has been received. The essence of the virtual card is a dynamically-adjustable account, meaning the available credit on the account is adjusted to match a specific transaction to be charged to the card number. Hence, after the transaction is completed, the available line of credit on the card is of little or no value. Virtual cards have a "push" and "pull" model. The "pull" model is so named because suppliers are required to input transaction data in order to pull the transaction through to its conclusion. Within the pull model, there are three major variations, differing on whether or not the card number is constant or if the card number (and its associated credit line) is created specifically for a single transaction and then retired (e.g., a "single-use" account). Within the variations in which the card number is constant, a further distinction can be made regarding the identity of the party (buyer or seller) that maintains possession of the card number. The "push" model of virtual card use is referred to as "straight-through" or "buyer-initiated" payments (BIP), which entails a card account that the buying organization charges on behalf of the vendor, resulting in funds being deposited (pushed) directly into the vendor's bank account. Given the additional level of control over payment, the virtual card is often associated with transactions of higher dollar amounts than reported on plastic purchase cards.

## Introduction

Innovation is of paramount importance to organizational development and competitiveness. While traditionally seen as a domain of private sector companies, innovation has increasingly become a critical capability for public sector organizations (Mack et al. 2008; Damanpour and Schneider 2009). Citizens across the globe increasingly expect government agencies to innovate and improve their performance. One particular example of such innovation involves the purchase of and payment for goods and services, for which purchase card technology is well suited.

Government use of purchase card technology began in the 1980s motivated by a goal to simplify and reduce the cost of the acquisition process, particularly for high volume transactions of lesser value. Purchase cards increase the efficiency of the procure-to-payment cycle by the delegation of certain types of purchase decisions to employee-cardholders. The agency supports this decentralized purchasing activity by assigning each cardholder a (revolving) monthly credit line. This process reduces or eliminates many activities and paperwork previously required to process these purchases, including approvals, requisitions, purchase orders, invoices, and payment while increasing days that payables are outstanding by extending the time to payment (Federal Reserve Bank of Philadelphia 2011; McHugh 2011).

## Benefits of Purchase Cards

Estimates of government agency cost savings by use of purchase cards have ranged from $54 to $92 (Cohen 1998; U.S. GAO 1996). The General Services Administration (GSA) of the United States estimates that, on average, government agencies save about $70 per transaction in administrative cost savings each time a purchase card is used (instead of a paper procedure) (US GSA 2019a). Survey research has found that organizations adopting purchase cards report transaction cost savings, process simplification, increased working capital, cycle time improvement, increased spending transparency, rebates (cash back incentives from card issuers), and other benefits often idiosyncratic to their agency activities (RPMG Research Corporation 2017). Specifically, RPMG reported purchase card benefits of: (a) a 78% reduction in the administrative cost of procuring and paying for a good or service (from $89.99 per transaction via the traditional paper-based purchase order process to $20.14 per transaction via purchase cards), (b) a 39% reduction in approval requirements, where the traditional purchase order method requires 2.3 approvals prior to a $2000 payment for goods while a purchase card-enabled process requires only 1.4 approvals, (c) 29 additional days of "float" (time between charging the card and payment to the issuer), leading to working capital savings associated

with card purchases that equate to a 0.4% discount on the price of goods and services bought, (d) a 71% reduction in the average procurement cycle time (from need identification to receipt of goods), going from 9.9 days via the traditional purchase order-based process to 2.9 days via purchase cards, and (e) rebates from the card issuer, with the vast majority (82%) of card-using organizations reporting receipt of a rebate for purchase card spending in the past year. Additionally, 86% of respondents recognize a reduced reliance on checks as a moderate to extremely valuable aspect of purchase cards, 62% report reductions in the manpower required to conduct Purchase and Accounts Payable department activities, and among organizations that use purchase card spending data in discount negotiations, 56% report obtaining a higher discount, with an absolute improvement in the discount, on average, of 1.9%. Indeed, card issuers promote the concept of transforming the traditional government Accounts Payable cost center into a revenue generating component of the agency, principally by improving liquidity, reducing manpower needs, and obtaining incentive spending rebates.

## Governmental Use of Purchase Cards

The early history and development of purchase card use in government between 1982 and 2000 has been reported by Gupta and Palmer (2008). Since 2000, the transformation of the procurement process by purchase cards has grown steadily across the globe and now represents a new normal in the procurement process of governmental entities in many advanced economies, including the United States, Canada, the United Kingdom, France, and Australia. The most transparent example of governmental purchase card use is found in the United States, as other countries' program spend data is not consistently reported. For example, the Canadian "acquisition" card accounted for $600 million of spending in 2005 (OAGC 2007) and in fiscal year 2010–2011, the United Kingdom reported government procurement card spending of £322 million (Morse 2012).

Purchase card use by the US Government, an early adopter and the most prolific example of card potential, has grown from $56 million in 1990 to almost $22 billion per year in 2019. Specifically, over 450,000 US Government cardholders combined to spend $21.9 billion on purchase cards in the conduct of 21.3 million transactions in 2019 (US GSA 2019b), generating administrative cost savings of $1.5 billion per year at a government-recognized process cost savings per transaction of $70 (US GSA 2019a), in addition to a card issuer rebate of $277 million (US GSA 2019b). It should be noted that the total refund of $420 million reported by the GSA also includes that based on travel and fleet card spending; a more appropriate estimate of rebates due solely to purchase card spending would be $277 million.

## Ongoing Evolution of Purchase Card Technology

Card issuers recognize the important role they now play in government procurement transactions and have continuously upgraded their products in response to changing requirements of the governmental sector. When the US government first visualized the use of bank charge cards as a transformative technology, it envisioned the distribution of plastic cards across the employee base culminating in one invoice to satisfy payment for thousands of small transactions. Today, card payment technologies (and complementary software) have evolved, in particular to meet the ever-increasing demand for compliance and control over the procurement process. A new payment channel, "virtual cards," now enables a government agency to customize a card-based line of credit to support a single transaction in payment of an invoice. Likewise, card numbers to transact a single purchase can be sent to mobile devices, which then can be used to capture and store a digital representation of the purchase documentation. Electronic controls enable an agency to limit the amount spent on a per-transaction and/or monthly basis and limit the types of suppliers from which purchases can be made. Bank card data can now be transferred seamlessly into the agency's accounting information system (with each card account tied to a specific budget line).

Data mining software enables an agency to probe buying behavior at a detailed level (e.g., was a purchase made on the weekend, late night, or from a vendor whose owner lives at the same address as an employee).

Given the changes in card technology, government agencies are seeing the use of card accounts for purchases of increasingly higher transaction amounts. For example, the US government reported that 54% of its purchase card-type spending was for transactions in excess of $3500 in 2018 (US GSA 2018). The Department of Veterans Affairs, the US government agency with the highest annual spending, reported that almost 70% of its spending was for transactions exceeding $3500, accounting for 38% of all spending by the US government.

In 2017, GSA contracted with two banks (US Bank and Citibank) to provide purchase, travel, fleet, and integrated payment solutions. Collectively these contracts are known as the GSA SmartPay 3 Master Contract. The current contract, which began in December 2018, is estimated to be worth $700 billion dollars, encompasses numerous card payment tools and support technology, and can potentially run through 2031 (US GSA 2017).

## Implementation Challenges

Notwithstanding the widespread use of purchase cards, improvements in card technology, and the potential benefits of an Accounts Payable profit center, significant ongoing implementation challenges persist. Consistent with research reporting a 50% failure rate associated with the implementations of major technological and administrative changes (Aiman-Smith and Green 2002; Baer and Frese 2003), most purchase card-using organizations achieve only a fraction of the benefit expected with the adoption of purchase cards. In fact, based on market survey data, RPMG Research (2017) estimated that 81% of all purchase card spending was conducted by 20% of survey respondents. Most notably, the 20% of respondents accountable for a high proportion of market spending engage in a variety of unique and specific "best-in-class" activities (e.g., levels of card distribution, program policies) that, if migrated to other agencies, could help government achieve the maximum value promised with card use. Most of the challenges that hold back the 80% of respondents that account for a mere 19% of spending relate to routine "change management" issues, but some relate to card misuse by employees. For example, the Government Accountability Office reported on a variety of card misuse incidents among military agencies in the 2000–2004 time period, causing those agencies to cut card distribution by half, resulting in dramatically reduced spending that still exists to this day, notwithstanding many subsequent improvements in technology to control cardholder activity (Palmer et al. 2010, 2015). Most organizations, however, do not experience material amounts of card misuse and find that the benefits significantly outweigh occasional events of misuse (which can be controlled through proper policies, procedures, and technology). In 2017, for example, the losses associated with purchase card fraud and employee misrepresentation accounted for only 0.009% of purchase card spending, or 0.9 "basis points," which is the equivalent of $90 of fraud and misrepresentation loss to the organization for every $1 million of purchase card spending (RPMG Research Corporation 2017). Likewise, the aggregate loss associated with policy violations remains relatively small and materially insignificant, accounting for 0.007% of purchase card spending (or $70 of policy violations for every $1 million of purchase card spending).

## Conclusion

Citizens across the globe increasingly expect their government to innovate and enhance performance. One particular area where this innovation is occurring is in the routine business processes surrounding the purchase of and payment for goods and services, for which purchase card technology is well suited. While the United States has taken a clear lead in the use of purchase card technology, other governments have adopted this option. While the benefits of card technology are self-evident, government agencies have unique

implementation challenges. In particular, there is a high sensitivity to any misuse of public funds and the public trust. Therefore, governmental agencies have cautiously expanded their use of card technology since 1990 as card technology has evolved to address compliance and control concerns.

## Cross-References

► E-Government and Public Administration

## References

Aiman-Smith L, Green SG (2002) Implementing new manufacturing technology: the related effects of technology characteristics and user learning activities. Academy of Management Journal J 45(2):421–430

Baer M, Frese M (2003) Innovation is not enough: climates for initiative and psychological safety, process innovations, and firm performance. Journal of Organizational Behavior 24(1):45–68

Cohen WS (1998) Annual report to the president and the congress 1998. U.S. Government Printing Office, Washington, DC

Damanpour F, Schneider M (2009) Characteristics of innovation and innovation adoption in public organizations: assessing the role of managers. Journal of Public Administration Research and Theory 19(3):495–522

Federal Reserve Bank of Philadelphia (2011) Government use of the payment card system: issuance, acceptance, and regulation. Payment Cards Center Conference Summary [PDF Document]. Retrieved from https://www.philadelphiafed.org/consumer-finance-institute/publications/conference-summaries

Gupta M, Palmer RJ (2008) A brief history and review of purchasing card use by the U.S. government: 1990–2005. Journal of Public Procurement 8(2):174–199

Mack WR, Green D, Vedlitz A (2008) Innovation and implementation in the public sector: an examination of public entrepreneurship. Review of Policy Research 25(3):233–252

McHugh N (2011) What is driving commercial purchasing card growth? Journal of Corporate Treasury Management 4(3):259–271

Morse A (2012) The government procurement card: report by the comptroller and auditor general. National Audit Office, London, UK

Office of the Auditor General of Canada (2007) Use of acquisition and travel cards. In: 2007 may report of the auditor general of Canada to the house of commons. Minister of Public Works and Government Services Canada, Ottawa, ON

Palmer RJ, Gupta M, Dawson R (2010) U.S. government use of commercial card technology: a case for change in military card distribution policy. Defense Acquisition Review Journal 17(3):313–336

Palmer R, Gupta M, Palmer N (2015) The impact of changing patterns of commercial card use by the U.-S. government on governmental efficiency and cost savings. In: Thai KV (ed) International public procurement: innovation and knowledge sharing. Springer, New York, pp 57–88

RPMG Research Corporation (2017) 2017 purchasing card benchmark survey results: market trends and best practices. RPMG Research Corporation, Marion, IL

U.S. General Accounting Office (1996) Acquisition reform: purchase card use cuts procurement costs, improves efficiency (GAO/NSIAD-96-138). U.-S. Government Printing Office, Washington, DC

U.S. General Services Administration (2017) GSA announces awards for GSA SmartPay 3 master contracts. Retrieved from https://www.gsa.gov/about-us/newsroom/news-releases/gsa-announces-awards-for-gsa-smartpay-3-master-contracts

U.S. General Services Administration (2018) GSA SmartPay purchase card statistics reports for FPDS. Retrieved December 20, 2019, from https://smartpay.gsa.gov/content/about-gsa-smartpay#sa832

U.S. General Services Administration (2019a) Purchase program overview. Retrieved December 20, 2019, from https://training.smartpay.gsa.gov/section-1-purchase-charge-card-program-overview

U.S. General Services Administration (2019b) GSA SmartPay program statistics. Retrieved January 20, 2020, from https://smartpay.gsa.gov/content/about-gsa-smartpay#sa23

# Putting Public Values in Public Procurement Agenda

Achmad Nurmandi[1] and Hazel Jovita[2]
[1]Government Affairs and Administration Department, Jusuf Kalla School of Government, Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia
[2]Universitas Muhammadiyah Yogyakarta and MSU-Iligan Institute of Technology, Iligan, Lanao del Norte, Philippines

## Synonyms

Collaborative public procurement governance; Procurement process; Public procurement; Public values

## Definition

Collaborative public procurement governance is an innovation in the procurement system which puts public values at its core. With public value as the focus, certain values such as public environmental values, social values and sustainable development values which refer to "green procurement", "social procurement" and "sustainable procurement" are promoted among the public procurement processes.

## Introduction

The essential function of any state is to provide public services to its citizens in order to realize, preserve, and enhance public values; these include social welfare, social justice, and citizens' happiness. A successful state that which succeeds in providing good public services, while a failed state is one that has failed to provide such services. However, every state needs an optimal budget for public service spending. The "optimal budget" means that the state is able to disburse its budget efficiently, effectively, and accountably; in other words, a big budget does not guarantee enhancing a good output or good public services. In some countries, greater public budget spending has encouraged the smaller budget due to corruption. In this sense, the greater public budget needs better management of public spending, and the management needs the best public procurement. However, most public procurement practices are only concerned with value for money rather than for public values. In other words, public procurement should go beyond the efficiency and effectiveness value to the public value, to promoting equality on the basis of ethnicity from Malaysia and the USA, for example. It rests on a fuller and rounder vision of humanity than do either traditional public administration or new public management (Stoker 2006).

## Procurement Governance Environment

How do we measure the quality of government for public value? There are four approaches for measuring it: procedural, capacity, output, and bureaucratic autonomy (Bryson et al. 2006; Fukuyama 2016; Stoker 2006). The procurement process can be a government process based on the rule-bound institution that is mechanically tasked with carrying out the functions set by the principal capacity (procedural approach) to carry them out, to ensure the quality of output in order to achieve the highest quality of public service (Fukuyama, 2016). However, the government's capacity for implementing the procurement process is not only affected by one government institution, but also by the collaboration of many government, community, and private sector institutions. In fact, since a government's budget is distributed to many institutions, the procurement institution should have the capacity to enhance the collaboration among the others. In this sense, the leading institution in procurement could be the pivotal point to address.

From a scientific point of view, a procurement research focused in one organization is inadequate in expounding the empirical situation, therefore requires to focus more on a network of organizations. Secondly, the principal-agent theory can be the dominant approach in the procurement research but it is not sufficient to explain profoundly the issues related to the procurement process such as corruption. Hence, the role of a community organization in this process is challenging to address and explore. Many of the best practices of a good procurement process show the important role of community institutions in this process. There should not be a great separation between the client and contractor; both should see each other as partners looking to sustain a relationship over the long run and should not be narrowly focused on any contract (Stoker 2006) and look beyond choosing the "best supplier," and instead examine how to manage suppliers within a portfolio of market relationships (Caldwell et al. 2005).

## Procurement Process

As a first step of public services, public procurement is a system and not just an organization or

even cross-organizations or network procurement. Procurement governance should be collaborative as a process of establishing or forging agreement, steering, or building leadership and legitimacy, facilitating or building trust, and operating and monitoring cross-sectoral organization arrangements to address public policy problems that cannot easily be addressed by a single organization in the public sector alone (Ansell and Gash 2008; Bryson et al. 2009). Thus, the capacity of the cross-sectoral partnerships to establish, steer, facilitate, operate, and monitor the procurement process to provide public goods and services is undeniably necessary. The main point of forging cross-sectoral procurement arrangement is to build trust and share common intentions among partners. Each government agency has to agree on the procurement norms, missions and visions. The procurement function principle is accomplished by the independent body without political intervention, and is based on fairness, competition, efficiency, and effectiveness; a conflicting vision and goal among implementing agencies and auditing agencies will lead to failure of procurement.

Steering or building leadership is an important function of procurement agencies. How do they guide one or more government agencies, private organizations, and the public to an acceptable procurement process? Steering needs institutional leadership power, and in some countries, the procurement agency has great power to execute and steer other government organizations. Veto power is an example of power for a procurement agency that refers to the authority of the procurement agency to supervise the procurement process. In so doing, the procurement agencies have

- A vision and mission;
- A procurement plan;
- Procurement process standards;
- Procurement monitoring;
- Procurement auditing; and
- Public participation.

Procurement vision, mission, and plan (PVMP) is guiding the "what-who-where-when-why and how" (5 W and 1 H) to the use of a public budget. What are the public values beyond efficiency, effectiveness, fairness, competition, and accountability that have to be achieved through public procurement? PVMP should inherently look for the public values. The number of hospitals, for example, that have to be built not only to accommodate the number of patients who can be treated, but also the life expectancy that could be achieved within the context of their involvement in networks and partnerships – that is, their relationships with others formed within the context of mutual respect and shared learning between the provider and the citizen as users – are all taken into account (Stoker 2006). The delivered goods and services to citizens aim to satisfy the citizen's needs and at the same time a way of shaping public values. In a traditional public procurement system, the relationships between government and the private sector as providers is considered to be a short-term contractual relationship perspective. However, in collaborative public procurement, such a relationship is based on long-term relations or on the trust, learning, and social process of each for the public interest.

## Procurement Governance Structure

This plan is transferred from an annual budget plan. In the diverse or decentralized procurement agencies, the procurement plan is fragmented and divided into various plans; otherwise, the centralized procurement system has a unified procurement plan. Hence, the procurement plan, as discussed before, needs one authority to be established. How does the procurement system in the diverse procurement system or decentralized procurement system work? It is important to note that although many government agencies have independent procurement authority, there is a need to consolidate the procurement process among many agencies. If this step fails, it fails to obtain public goods. The question that have to be answered are "Does public service advances valued social and economic outcomes?" and "Does public service deliver public value?" A judgment can only be made within the context of debate and deliberation (Stoker 2006).

However, a fragmented procurement process will lead to poor-quality public services; otherwise, the structure and process of public procurement is organized in cross-sectoral procurement as the best way to spend government budgeting for public services, or the best way to obtain more benefits. Hence, this paper suggests that a collaborative public procurement should be realized and appreciated beyond the centralized or decentralized nature of public procurement system. In other words, a better cross-sectoral procurement is directly related to better public service, and it then has an impact on better public values. Using "information communication technology," e.g., the e-procurement system under an e-procurement plan, is one way to coordinate and consolidate the procurement plan. Are there networks of deliberation and delivery in pursuit of public value in the public e-procurement process?

Steering and facilitating is the most difficult task for many agencies involved in public procurement. How do so many agencies work on one vision and mission? In this process, strong leadership is pivotal for steering the complex public procurement process that goes beyond traditional values, but for public values? Why do we need public procurement? The head of the government or the person in-charged with the public procurement system must arrange public procurement in a practical way. In doing so, policies, protocols, and public procurement systems should be put in place as they is where public service and public goods will be carried out. The role of the head of public procurement has expanded to ensure that the practices and norms applied to deliver public service are appropriate in order to promote public justice. The advancement of public justice implies embracing new ways of governance that are adapted from the current practices in public procurement. The collaborative governance on procurement show that the agencies involved and the procurement process have been integrated into one single procurement network bound by a common vision and goals as well as committed to providing better public services and goods.

Co-production in public services is a good example of public procurement in which community, as a target of the procured goods and services, is involved in procurement planning, implementing, and evaluation. However, achieving public justice through collaborative governance in procurement may be ideal, but it is hardly a panacea. Within these integrated agencies lie dynamic interests and power imbalances that affect the processes, structure, and governance of the network on public procurement (Fig. 1). On the other hand, the collaboration between these agencies in the pursuit of public justice may be challenging, but the benefits definitely outweigh the costs. Hence, the head of public procurement system must be equipped with the indispensable skills to hold the network together and succeed. But how can a leader possibly succeed in navigating the groups of agencies/organizations towards public procurement that ensure the promotion of public values and justice? Is it even possible?

The guiding principle behind monitoring public procurement systems is "value for money. Establishing the monitoring of public procurement mechanisms is crucial for all government agencies, as it comprises the organized scrutiny of public procurement systems directed towards a logical way of measuring how the system works and if such a system functions according to the targets and purposes when it was established. Current thrusts are focused on effective, efficient, and transparent procurement systems towards better public service. Will collaborative governance in monitoring procurement systems work? Inter-organizational partnerships are necessary but not sufficient for providing the best possible services as the latter are born out of the interaction of public service systems that are beyond the governance of networks among public service organizations (Osborne et al. 2015). Hence, the complexity of monitoring public procurement systems has urged international organizations to come up with mechanisms and tools for monitoring. Nowadays, the tools and mechanisms for monitoring are evolving, where others use ICT (information communication technology) because it promotes transparency and collaboration in government. The essence of monitoring public procurement systems is guaranteeing that there are no violations of the procurement rules.

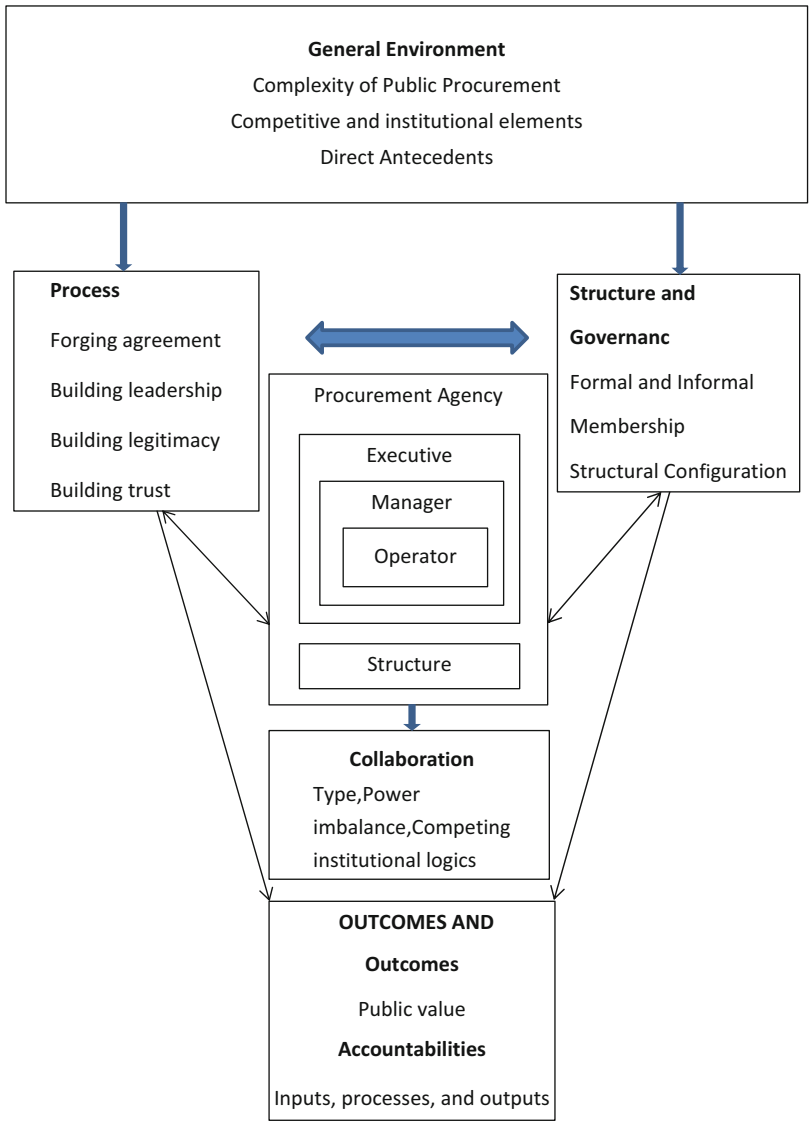


**Putting Public Values in Public Procurement Agenda, Fig. 1** A framework for understanding cross-sector collaborations (Adapted from Bryson et al. (2006))

However, is monitoring a public procurement system enough to promote better public services and goods?

To further ensure the value of the peoples' money, a public procurement system is not only monitored, but is also subjected to audit. Procurement auditing standards strengthen and evaluate the effectiveness of an agency's internal control mechanisms and ensure compliance with existing laws and regulations. Sustaining an effective system of internal controls prevents fraud and the misappropriation of funds. The significance and quality of an auditing system relies on the reputation of the auditor; hence, there is a need for agencies to come up with alternative mechanisms for enhancing the credibility of the audit. The sustainability of an appropriate and dependable audit procurement system reflects the quality of governance, and it takes exceptional leadership with strong political determination and commitment to the greater good of the public to implement such a structure. Despite the virtue of providing better services for the public, the road is not yet paved. Collaborative governance,

together with strong public participation, reinforces the goals of auditing procurement systems.

Access to relevant information boosts the oversight capacity of the citizens into the affairs of the government institutions, particularly in the procurement processes. With their functions as "watchdogs," citizens – through Civil Society Organizations (CSOs) – can possible detect, prevent, and reduce corruption by being involved in every stage of the process. Part of being involved is the assurance that the procurement is responsive to the needs of the people themselves and that they can therefore make suggestions for improvement, or objections in the process if necessary. In this way, transparency and legitimacy of the entire process is enhanced. The increasing demand for transparency and the access to official and relevant information that augments the integrity of procurement has resulted in the publication of the desired data in platforms that restrict the use of such information. Hence, citizen participation is limited in most countries around the world, the substantial data that proves the worth of public participation in public procurement transactions of governments notwithstanding.

This is where public service and public value as measurements of public service effectiveness become very interesting and very important. Public value shifts the focus of reforming public services away from internal efficiency alone and instead places it within the context of adding value to the lives of citizens and service users – while also acknowledging that such "value" is negotiated within the democratic polity (Stoker 2009).

The most important objective of goods and services procurement is achieving public values. The outcome of hospital building procurement is to improve the life expectancy of the community in its service area. Consequently, the successful measurement of public procurement can be defined clearly and declared in the procurement process. Auditors should assess the outcome projection of the delivered goods and services that go beyond the conventional auditing system. Accountability in a public procurement system is not only for meeting financial standards, but also for achieving public values. The auditors should look at the outcome of goods and services or third-order value, such as new collaborations; more co-evolution and less destructive conflict among partners; results on the ground, such as the adaptation of services, resources, cities, and regions; new institutions; new norms and social heuristics for addressing public problems; and new modes of discourse (Bryson et al. 2006).

## Conclusions

Public procurement is at the heart of the public services that should go beyond the technical matters; it guides the field in public administration for public preferences, promoting the common good, and preventing public value failure. However, it also creates dilemmas – between efficiency, effectiveness, and output on the one hand, and justice, social welfare, and happiness on the other. Collaborative public procurement is an essential approach to advance public values in the delivery of public goods and services. Value – laden concepts such as "green procurement", "social procurement" and "sustainable procurement" practically reflects effective governance and good public service delivery through collaborative public procurement.



## References

Ansell C, Gash A (2008) Collaborative governance in theory and practice. J Public Adm Res Theory 18(4):543–571

Bryson JM et al (2006) The design and implementation of cross-sector collaborations: propositions from the literature. Public Adm Rev 66(s1):44–55

Caldwell N, Walker H, Harland C, Knight L, Zheng J, Wakeley T (2005) Promoting competitive markets: the role of public procurement. J Purch Supply Manag 11(5–6):242–251

Fukuyama F (2016) Governance: what do we know, and how do we know it? Annu Rev Polit Sci 19:89–105

Osborne SP, Radnor Z, Kinder T, Vidal I (2015) The SERVICE framework: a public-service-dominant approach to sustainable public services. Br J Manag 26(3):424–438

Stoker G (2009) Public value management: a new narrative for networked governance? Am Rev Public Adm 36(1):41–57

# Q

## Quality Management in Al Ain Municipality, Abu Dhabi, UAE

Bakhit Al Ameri[1] and Hamad Al Ameri[2]
[1]Al Ain Municipality, Al Ain, Abu Dhabi, United Arab Emirates
[2]Business Solutions & Pathways to Success, Abu Dhabi, United Arab Emirates

### Synonyms

Quality management; Service quality management; Total quality

### Definitions

**Bedouin:** Nomadic Arab tribes and their descendants who are widespread all over the Arabian Peninsula.

**TQM:** A philosophy behind the practice of continuously improving the quality of goods and services delivered through the participation of 'all' levels and functions of the organization.

**Internal stakeholders:** Refer to the executives, managers, and employees in an organization.

**TQM thinking orientation:** The mindset towards quality and familiarity with TQM.

### Introduction

The great optimism and passion for quality improvement in the UAE had created the imperative for all government entities to deliver quality services to the community. At the frontline of this endeavor are the municipalities which serve as important channels of the federal government in ensuring that this mandate is attained. With the increasing momentum of globalization, municipalities are faced with the challenge of developing the right approaches that will enhance their performance. One of the approaches that seem to provide the solution to problems faced by the public sector is the management philosophy of total quality management or TQM (Masejane 2012).

The total quality concept was transferred from the private to the public sector services in the late 1980s where customer satisfaction became the measure of the degree of quality services provided to the public (Masejane 2012). As a result, government units from the federal to the local levels sought TQM as a panacea for the problems they faced. It had been observed that although local governments such as municipalities are making good progress and are working on innovative solutions to address the most pressing problems of their citizens, the functioning of some municipalities as administrative systems make them still retain many of the bureaucratic characteristics where services are characteristically delivered in an administrative and legalistic manner (Ayton

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

2013). Other barriers can also include the hierarchical structure of municipalities: low levels of training; poor work culture; resistance to change on the part of employees; and lack of consensus on how to implement the process (Bvuma and Russel (2001).

From the service consumer side, citizens have become increasingly discerning and discriminating in the services that are provided to them, and they continue to seek options that are more in tune with their needs, demands, and expectations. This calls for decision makers in municipalities to look at the totality of service quality that they continually provide to the end-users. Hence TQM also became an appealing option to address the issues and concerns of the citizens in order to provide services that are of the quality defined by the consumers and end-users. This largely requires the implementation of the necessary structural, procedural, cultural, and leadership changes in municipalities.

## Quality in the UAE

The UAE is currently one of the countries that recognize the vital role of continuous improvement, productivity, quality, customer experience, and competitiveness to nation-building. Delivering quality services by government entities in the UAE is not only expected but an imperative and mandate as well. This makes TQM is a state-sponsored initiative in the country. In the UAE, the metaphor adopted to highlight its quality initiatives is a "journey," which symbolizes the move forward in achieving its quality goals. The American Society for Quality gave credit to the emirate of Dubai as the forerunner in the quality journey of the UAE when it launched the Dubai Quality Award in 1994 (Thawani 2014). This award was patterned after the Malcolm Baldrige Award, an award given in the United States to organizations that have demonstrated quality and performance excellence (ASQ 2015). Although the Malcolm Baldrige Award has a government category, the Dubai Quality Award was largely intended only for private sector organizations in the UAE. The corollary to this was the establishment of the Dubai Quality Group which made positive contributions in raising the voice of quality in the emirate.

Through the years, nine prestigious awards had been created and given annually in recognition of the initiatives of the private and public sectors in improving quality. Of all the awards given, the Emirates Government Excellence Award is considered the most prestigious. Launched in 2009, the award covers all federal government entities and their roles in better serving communities. The award consists of 22 categories designed to cover all facets of work. The categories include individual awards, work teams, best practice, constituent parts of government entities, and distinguished federal entities (Ministry of Cabinet Affairs 2014). In Abu Dhabi, in particular, the principles of excellence and quality are enshrined in Abu Dhabi Economic Vision 2030 which was launched in 2007. The vision and its underlying policies and strategies serve as a roadmap for the emirate in negotiating its economic future. It lays out a 22-year strategy for the government which started in 2008 to ensure a safe and secure society and a dynamic open economy (The Government of Abu Dhabi 2008). One of the policies of the vision that has a bearing on quality and excellence is the optimization of government operations. The policy's agenda focuses on improving the efficiency and accountability of government departments. In municipalities, activities are ongoing that will enhance maximum efficiency.

## Al Ain Municipality

The quality movement in the UAE has a direct bearing on the implementation of TQM in Al Ain Municipality. Al Ain holds many of the emirate's greatest cultural assets relating to the national population's Bedouin roots and culture. It covers an area of 1,270,000 hectares and is characterized by the diverse landscapes of sweeping dunes and alluvial planes, along with agricultural activity and animal husbandry. As such, Al Ain is rich in areas of archaeological and environmental importance. Al Ain is also an important economic and social hub and is home to more than 400,000 residents (Department of Municipal Affairs

2014). Al Ain City Municipality stands at the forefront of development in the area through the role it plays and the programs and services it provides for improving the quality of life to the highest possible standards. The municipality offers a range of services to citizens to achieve its vision of being recognized as an efficient world-class municipality. The main customers of the municipality are the citizens of Al Ain who are the end users of the services such as public sanitation, roads and infrastructure, procurement, and urban planning. Increasing emphasis on better governance and performance in service delivery has resulted in complex internal business processes at the Al Ain Municipality which require the effective implementation of TQM. The success of implementation would largely depend on the thinking orientation of the executives and staff and the extent to which they perceived and addressed the challenges in the field.

## TQM Thinking Orientation

The directors, department heads, and employees of Al Ain Municipality appeared to have the consensus that quality means working in teams to achieve goals that translate to both the satisfaction of external and internal customers. Unfortunately, less than a quarter of the employees was not familiar with TQM and claimed that they just heard of the term or that they were totally unaware of it. Greater familiarity with TQM was seen among the directors and department heads as well as the older and more experienced members of the staff.

In terms of critical success factors, the directors, department heads, and staff held similar views regarding the importance of culture, leadership, communication, commitment, stakeholder-focus, continuous improvement, rewards, involvement and empowerment, training and education, and tools and techniques, in the implementation of TQM in Al Ain Municipality. This highlights the importance of strategic, structural, human resource, contextual, and procedural factors in implementing TQM. This includes the hard and soft elements of TQM as well as the importance of the tools, values, and methodologies essential to TQM implementation.

## The Need for a Robust Strategy

The extent of understanding the quality concept and familiarity with TQM are concrete indicators of the municipal government's response to the quality initiatives undertaken in the government sector in the UAE. The lack of familiarity of less than a quarter of the staff in Al Ain Municipality needs to be taken seriously and is a wake-up call for the municipal government to address. The failure to attain the total attribute of TQM despite its adoption in the municipality is a constraint to its implementation. Being familiar with the concept is a pre-requisite to understanding one's role in implementing the process; hence the municipal government needs to exert more effort in improving the quality thinking and employee orientation towards the total understanding of the quality concept to attain consistency between thought and action in the delivery of TQM-based services.

The directors, department heads, and employees also perceived that the adoption and implementation of TQM in Al Ain Municipality can be potentially derailed by a number of perceived barriers that cut across the organization. This need to be addressed to optimize the potentials of TQM in providing quality services in the municipality which requires the adoption of proactive approaches in addressing these barriers through continuous improvement because simply navigating through these rough roads would not suffice to break down the barriers. The challenges perceived using the typology of Mosadeghrad (2014) were a mix of strategic, structural, human resources, contextual, or procedural barriers. Accordingly, strategic barriers were related mainly to the management and leadership of the organization. Human resource barriers were related to human factors in the organization. Structural barriers were related to the structure, systems, and physical resources required for implementing TQM. Contextual barriers pertained to the underdevelopment of the context and culture to optimize the potential of TQM

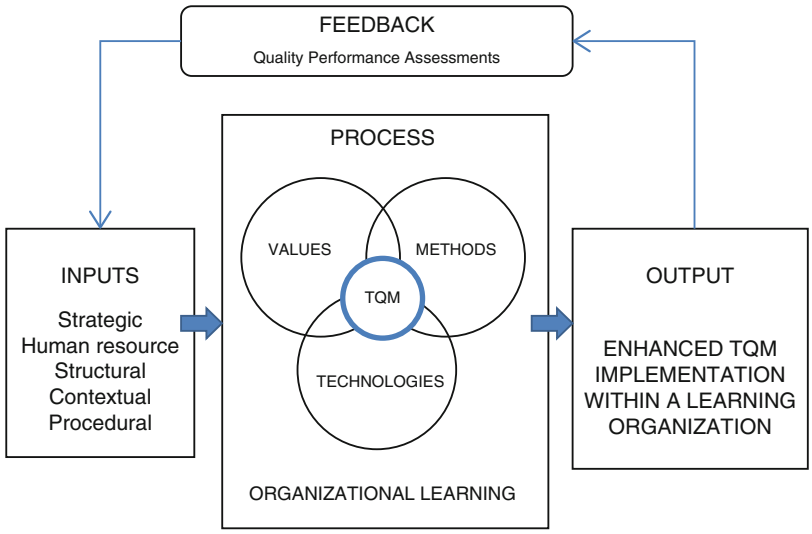


**Quality Management in Al Ain Municipality, Abu Dhabi, UAE,**
**Fig. 1** Framework for the development of functional TQM strategies

implementation. Procedural barriers referred to the obstacles encountered during the implementation of TQM in the municipality.

The critical success factors perceived by the directors, department heads, and employees were combinations of soft and hard elements of TQM with greater importance given to process management, training and education, and quality culture. The hard and soft elements of TQM were viewed with an equal significance which embodied the tools, values, and methodologies essential to TQM implementation. This signals the expectations of the internal stakeholders on how TQM should be implemented in the municipality and serves as a relevant piece of information to the decision-makers, the quality department, and the training departments of the municipality.

Despite the diversity of their attributes, the directors, department heads, and employees had a homogeneous perception on the low extent of TQM implementation in Al Ain Municipality because of the persistence of perceived barriers. Hence addressing the challenges faced by the municipality would likely improve the implementation of TQM. Likewise, enhancing the views of the employees on TQM would likely improve implementation as they become more responsive in responding to the serious barriers operating that can hinder effective TQM implementation.

These generally signals (a) the need for strategies to address the challenges which are already endemic in the municipality and (b) the need for organizational interventions to enhance and sustain TQM thinking orientation and TQM execution. These became the basis of the building blocks of edifying the TQM framework shown in Fig. 1.

The inputs consist of strategic, human resource, structural, contextual, and procedural factors essential in building, supporting, and enhancing the TQM strategy. TQM values, methods, and technologies are embedded in the organizational learning process to create the necessary environment for the confluence of people, process, policies, and technology in implementing TQM. The output expected is an enhanced implementation of the TQM strategy which will be subject to periodic quality performance monitoring and evaluation. This model is addressed primarily to the (1) decision-makers of the municipality on whose shoulders fall the development of organizational strategy; (2) the quality department to support the development of the strategy; and (3) the human resource department for the system-wide implementation of the necessary learning and development programs for the success of the strategy.

On the whole, novel and bold strategies have to be developed to enhance the structural,

strategic, human resource, contextual, and procedural dimensions of TQM implementation (inputs). These have to be sustained in an environment of continuous learning characteristic of a learning organization which will create an atmosphere where the values, methods, and technologies of TQM would be continuously enhanced (process) to bring about improved service delivery to the community (output). All efforts to improved quality need to be monitored and documented to have a feedback of TQM execution and a basis for continuous quality improvement.

The framework has to be enhanced by enabling elements to fulfill its requirements. As a corollary, the following are required to support the framework:

1. Create an information-rich environment backstopped by multimedia communication and deliberately designed contents that would initiate conversation on TQM along all levels of the organization.
2. Expand the function of the quality department beyond its current functions that are external-stakeholder focused to one that gives due attention to internal stakeholders of the organization.
3. Make learning and development a norm in the organizational culture by creating a strategic space where the TQM philosophy becomes embedded in the lived experiences of the executives and employees.
4. Expand the function of training and development to include enhancing of the values of TQM; developing the capabilities in implementing the methods of TQM and employing the latest technologies of TQM.
5. Adopt the appropriate state-of-the-art technologies to support the delivery of quality services in the municipality. This entails a thorough assessment of the technologies that are compatible with the values and methods of TQM that promotes efficiency, effectiveness, and excellence in service delivery.
6. Engage employee participation in setting quality objectives and goals at all levels in order to foster greater ownership, involvement, commitment, and corporate citizenship.
7. Document best practices and success stories that will not only inspire and motivate the internal stakeholders' commitment to quality but will also serve as benchmarks in the quest of continuously improving the ways of doing work.
8. Develop a strategic TQM plan that would promote key TQM practices for the organization and create a dynamic quality-oriented environment for implementation.
9. Transform all work teams to decentralized quality improvement teams that are empowered with the capability to solve quality-related issues in quick time without delay and to communicate all the relevant activities, progress, and result to the team members and management.
10. Sustain the processes by developing internal monitoring mechanisms and control processes that would allow managers and employees to respond to feedback in real time. There should be a component of the process that would frequently review and improve the quality plans and measure performance.

## Conclusion

The very essence of TQM lies in its attribute of totality. This means, all must embrace the philosophy. This has to start with developing a strong familiarity with TQM among the executives and employees to internalize TQM as a philosophy behind the practice of continuously improving the quality of goods and services delivered through the participation of "all" levels and functions of the organizations using proper tools, technology, and training to meet customer's expectations on a continuous basis, which is still a potential area for improvement in the municipality.

The successful implementation of TQM in the municipality can be potentially driven by the right environment for the adoption, internalization, and

institutionalization of quality principles and sustaining the promotion, development, and enhancement of the values, technologies, and methodologies of TQM. This highlights the role of enablers in the institutionalization of quality values, establishment of quality processes, and implementation of the right quality results.

An essential consideration in the implementation of TQM in the municipality is to pay heed to the views and perceptions of the human elements. These can serve as critical feedbacks for the continuous improvement initiatives and these can also be leveraged to engage internal stakeholders to obtain the potential optimal benefits of TQM. This relates to the ultimate realization, that organizations mean people.

## Cross-References

► Administrative Discretion

## References

ASQ (2015) The certified manager of quality/organizational excellence handbook. Retrieved from https://asq.org/quality-press/display-item?item=H1447

Ayton S (2013) A sense of place. Tasmania: Exploring the role of local government: discussion paper

Bvuma D, Russel E (2001) Alternative service delivery and public service transformation in South Africa. Int J Public Sect Manage 14(3):241–265

Department of Municipal affairs (2014) Abu Dhabi city municipality. [Online] Available at http://www.adm.gov.ae/en/home/index.aspx#

Masejane, T. (2012) TQM and organisational performance in maluti-A-phofung municipality in the free state province, s.l. The University of South Africa

Ministry of Cabinet Affairs (2014) Excellence awards. [Online] Available at http://www.moca.gov.ae/?page_id=1415&lang=en

Mosadeghrad A (2014) Why TQM programmes fail? A pathological approach. TQM J 36(2):160–187

Thawani S (2014) 20 years of quality milestones mark the UAE's journey to excellence. ASQ MENA, Dubai

The Government of Abu Dhabi (2008) Abu Dhabi economic vision 2030. [Online] Available at https://gsec.abudhabi.ae/Sites/GSEC/Content/EN/PDF/Publications/economicvision-2030-full-version,property%3Dpdf.pdf

# Quantitative Methods

Juwel Rana[1,2,3], Patricia Luna Gutierrez[4] and John C. Oldroyd[5]

[1]Department of Public Health, School of Health and Life Sciences, North South University, Dhaka, Bangladesh

[2]Department of Biostatistics and Epidemiology, School of Health and Health Sciences, University of Massachusetts Amherst, MA, USA

[3]Department of Research and Innovation, South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh

[4]Independent Researcher, Masatepe, Nicaragua

[5]School of Behavioral and Health Sciences, Australian Catholic University, Fitzroy, VIC, Australia

## Synonyms

Quantitative analysis; Quantitative research methods; Study design

## Definition

Quantitative method is the collection and analysis of numerical data to answer scientific research questions. Quantitative method is used to summarize, average, find patterns, make predictions, and test causal associations as well as generalizing results to wider populations. It allows us to quantify effect sizes, determine the strength of associations, rank priorities, and weigh the strength of evidence of effectiveness.

## Introduction

This entry aims to introduce the most common ways to use numbers and statistics to describe variables, establish relationships among variables, and build numerical understanding of a topic. In general, the quantitative research process uses a deductive approach (Neuman

2014; Leavy 2017), extrapolating from a particular case to the general situation (Babones 2016).

In practical ways, quantitative methods are an approach to studying a research topic. In research, the investigator needs to choose specific techniques to collect, analyze, and interpret data according to the problem's nature or the research question under study. For example, a researcher may want to know the top ten leading causes of diseases affecting a country. The most appropriate way of addressing this is by using data from a national survey, one of the most common instruments for primary data collection and secondary analysis in quantitative research. In this case, a national health survey provides quantitative data on the scope and distribution of illnesses at a national level by studying a representative sample of the whole population. However, it will be hard to understand people's challenges with visual impairment when trying to access public services with a quantitative survey. In this case, applying a qualitative method for data collection and analysis can provide a better understanding of their experiences and challenges.

Some examples of research questions that can be answered using quantitative methods are:

- What proportion of people were born outside of a country?
- How much rainfall was there in a region in 2020?
- Does a strict lockdown prevent new cases of COVID-19?
- Is drug A more effective than drug B in preventing liver cancer from hepatitis C?

In order to answer these questions, the researcher must choose an appropriate method of enquiry.

## Methods of Inquiry

Methods in quantitative research can broadly be classified as observational or experimental.

## Observational Research Method: Quantitative Survey

The survey is a common technique in quantitative observational research (Creswell 2014); it provides a numeric description of sample characteristics or the whole population under study (Balnaves and Caputi 2001). It is widely used in a variety of fields to generate information. When working with data from a representative sample, the results can be generalized to the entire population. Surveys usually consist of standardized questions analyzed using descriptive and inferential statistical tools. When working with surveys, it is necessary to take into consideration the following:

**Aim**: Have a clear purpose for the survey.

**Characteristics of the population**: Knowing the whole population's size is critical to determine representative sample size. This aspect is also essential if the study requires specific characteristics to be present in the sample, such as having the same number of male and female participants.

**Data collection**: There are many ways in which survey data can be collected: Internet, telephone, using regular mail, or face to face (Treiman 2009). The method chosen will depend on the time and resources available.

**Response rate**: Survey response rates are often low. A sampling protocol needs to establish ways to direct the survey to the right respondents (the target group) to gain a greater response and generate more accurate data.

**Sampling technique**: The sampling protocol should also specify a sampling technique: *simple random* (every individual has the same probability of being selected to take part in the study), *systematic* (participants are selected in defined criteria), *cluster* (instead of just looking at individuals, the population is divided into groups (e.g., schools, local government areas) which represent a unit of study that latter can be randomly selected to be included in the study), and *stratified* (participants are divided into groups with similar characteristics) (Brenner 2020).

**Survey design**: There are two survey designs: cross-sectional and longitudinal (Neuman 2014). The first one collects information at one point in time, and the latter collects information at multiple points in time. There are three types of longitudinal studies: cohort (follows the same population across time, usually starting at birth), trend (like a cross-sectional survey, but repeated multiple times to different people), and panel (ask the same people, the same questions over time).

**Survey instrument**: Depending on the nature of the topic and the resources available, the researcher can choose to use an existing instrument, a modified instrument, or design a new instrument. In all the cases, the instrument should be tested for validity (instrument measures what it is supposed to measure) and reliability (instrument is consistent between measurements) (Creswell 2014).

## Experimental Research Method

Experimental research is the oldest form of quantitative research (Creswell 2014). It aims to identify relationships between variables by measuring direct observations. Therefore, it requires observation and testing of the cause-effect relationship between two or more variables (dependent and independent). In a laboratory setting, the independent variable is often called the "exposure." It can be a new drug or a vaccine. The dependent variable is an outcome that "depends" on the exposure. It can be the infection rate, cell proliferation, or enzyme activity. Outside of a laboratory setting, the exposure can be the habit of smoking cigarettes or performing a specific job type. Exposure is a characteristic that is being manipulated or assigned for the study.

The dependent variable is the outcome variables influenced by the independent/exposure variable and confounders. The outcome variable is observed and measured but is not manipulated. It is usual in experimental design to have a second or third arm, where a different type of intervention or no intervention/placebo is being applied. However, this is an oversimplification of the reality when conducting experiments. When doing experimental research, it is necessary to take into consideration a wide variety of aspects:

**Hypothesis**: We should keep in mind that experimental research's main objective is hypothesis testing. However, to generate a well-sounded hypothesis, it is important to understand previous literature and theories. Based on that knowledge, a new hypothesis can be formulated and tested.

**Experimental design**: There are two broad ways of conducting experimental study: randomized controlled trial and quasi-experimental study. The first one is also known as the gold standard experimental design, where the participants are randomly allocated to the experimental treatment or intervention or a control/placebo arm where there is no intervention. Randomized controlled trial is viewed as strong causal study design. The second one is also known as causal comparative, where the researcher cannot allocate participants randomly, usually due to ethical reasons.

**Confounders**: Confounder is the common cause of exposure and outcome. In other words, confounders are additional variables that influence both independent and dependent variables. Confounders need to be taken into consideration. Otherwise, they may mask true effects. For example, in examining the association between smoking and lung cancer, researchers need to be aware that alcohol consumption is a confounder. This is because people who smoke are more likely to drink alcohol, and alcohol may also influence lung cancer. Without considering the confounding effect of alcohol, we may be misled into concluding that alcohol consumption causes lung cancer, not smoking. Here we say alcohol consumption "confounds" the (true) association between smoking and lung cancer. Researchers need to account for confounding variables to infer accurate conclusions.

**Control group or placebo**: A control group is a group with the same characteristics as the intervention groups at the start of the study but

receives placebo/no intervention. This allows the researcher to contrast the outcome between those who do and those who do not receive the intervention/treatment.

## Data Analysis Techniques

Data analysis depends on the study design and objectives of the study. There are two broad ways to approach data analysis: descriptive and inferential statistics.

## Descriptive Statistics

Descriptive statistics summarize information and provide a numerical description of the data. There are three ways in which data can be described: frequency, measures of central tendency, and using measures of dispersion.

## Frequency

Frequency provides the number of observations under a category. Usually, it is presented as a percentage. For example, we may describe boys' and girls' frequency who play soccer in school.

## Measures of Central Tendency

These types of measures have the characteristic of summing information. There are three measures to describe central tendency: mode, median, and mean. When all of these measures of central tendencies match, the data set is considered to follow a normal distribution.

**Mode**: Mode represents the most common observation. For example, ten people are weighted: four of them weight 75 kgs, and the rest of the participants weight 72, 66, 73, 76, 100, and 71 kgs. In this case, the mode is 75 kgs.

**Median**: The value in the middle of a set of numbers is organized from lowest to highest. Median is also defined as the middle point because 50% of the data is above this point and the other 50% is below.

**Mean**: Mean represents the average of the observations. To calculate the mean, all the observations are added up and then divided by the number of observations. It is important to keep in mind that the mean is affected by extreme values.

## Measures of Dispersion

These measures provide information on the variability within the data, which is not obtained using the measures for central tendency. There are four common ways to measure dispersion: range, interquartile range (IQR), standard deviation (SD), and Z-score

**Range**: The range is the difference between the extreme values: the minimum and maximum value. The calculation is simple; the lowest value of the observations is subtracted from the highest value.

**IQR:** Following the idea on the range, IQR is the difference between the 75th quartile and the 25th quartile.

**SD**: SD is the most common way to measure dispersion. It measures how far the data spread from the mean. If the SD is small, the data is close to the mean. On the contrary, if the SD is large, the data is spread away from the mean. SD is widely used in hypothesis testing.

**Z-score**: Z-score is a combined measure constructed using an SD and the mean, allowing comparisons among groups and distributions.

## Inferential Statistics

Inferential statistics go beyond description by aiming to estimate the strength and direction of relationships between variables and make inferences about a larger group using data from a representative sample of that group (Babones 2016). However, researchers need to be confident about these associations' strength since there is always chance of error. One of the main pillars of inferential statistics is hypothesis testing.

## Developing Hypothesis for Testing

Hypothesis testing can be confusing because the researcher must assume no difference or relationship between variables until proven to the contrary. This process involves creating two hypotheses: a null hypothesis and an alternative hypothesis. The null hypothesis ($H_o$) always states that there is no difference between one group (A) and another (B). The notation is $H_o$: $A = B$. The alternative hypothesis ($H_a$) states the opposite that there is a difference between one group (A) and another (B) ($H_a$: $A \neq B$). The idea is to prove the null hypothesis wrong or rejecting the null hypotheses. Some factors need to be considered to make a decision, such as the significance level, p-values, and types of errors (Type I and Type II).

## Significance Level (Alpha)

Alpha (α) refers to the probability of rejecting the null hypotheses when it is true. You say there is a difference between groups when there is no difference. The usual cutoff point for level of significance is set at 0.05. It can be interpreted as the probability (5%) of inappropriately rejecting the null hypothesis, which is known as a Type I error.

## Statistical Significance (P-value)

Statistical significance is used to ensure that the differences observed between two sample groups (experimental and control) are not due to chance alone; therefore, the difference observed is a real difference between the two groups. It is called P-value, and it can take any number between zero and one. Putting it in words, the P-value is the likelihood that the observed difference between groups is a finding by chance. The smaller the P-value, the greater our confidence that this is not a finding by chance and correct to reject the null hypothesis. By convention, if the P-value is less than 0.05, the null hypothesis can be rejected. It can be interpreted as having 95% probability that the results are not due to chance alone.

## Errors: Type I and Type II

The cutoff points established for the Alpha (α) and P-value are low; however, there is always a 5% chance of making an error. In hypothesis testing, we can have two types of errors: Type I and Type II (Neuman 2014). A Type I error is when a true null hypothesis is rejected (also defined as a false positive), which is a more problematic type of error. A Type II error is when the researcher accepts a false null hypothesis. This type of error is influenced by sample size and variability. It is less problematic than Type I error.

## Tests in Inferential Statistics

There are several tests in inferential statistics. Choosing the most appropriate test will depend on the nature of the data and the study objective (Mertens et al. 2018). Some of the most common tests are mention below:

- **Chi-square**: Chi-square test examines the association between two categorical variables.
- **Spearman correlation**: Spearman correlation tests the association of two ordinal variables.
- **Pearson correlation**: Pearson correlation measures the association between two continuous variables.
- **Paired t-test**: Paired t-test examines the difference between two variables in the same individuals of a population (e.g., test scores before and after an intervention).
- **Independent t-test**: Independent t-test examines the difference between two variables from different groups. For example, when analyzing a characteristic to see if it is different between boys and girls.
- **Analysis of variance (ANOVA):** ANOVA is used to compare the difference of two or more means from different groups.
- **Simple regression**: Simple regression estimates how much dependent variable changes

when independent variable change (e.g., how much blood pressure changes when body mass index changes).

- **Multiple regression**: Multiple regression estimates the changes in dependent variable based on multiple explanatory variablesor independent and confounding variables.

## Interpretation

To wrap up, data interpretation requires going back to the beginning and looking at the initial research question, observing new insights from, and drawing conclusions. Usually, these conclusions will have substantial policy implications or impacts on decision making.

## Conclusion

Simply, quantitative research methods are systematic ways of gathering and analyzing numerical data with the general purpose of understanding reality. Quantitative methods are mostly used to generalize results to a wider population, make predictions, infer causality, and prove hypotheses.

## References

Babones S (2016) Interpretive quantitative methods for the social sciences. Sociology. https://doi.org/10.1177/0038038515583637

Balnaves M, Caputi P (2001) Introduction to quantitative research methods: an investigative approach. Sage, London

Brenner PS (2020) Understanding survey methodology: sociological theory and applications. Springer, Boston

Creswell JW (2014) Research design: qualitative, quantitative, and mixed methods approaches. Sage, London

Leavy P (2017) Research design. The Gilford Press, New York

Mertens W, Pugliese A, Recker J (2018) Quantitative data analysis, research methods: information, systems, and contexts: second edition. https://doi.org/10.1016/B978-0-08-102220-7.00018-2

Neuman LW (2014) Social research methods: qualitative and quantitative approaches. Pearson Education Limited, Edinburgh

Treiman DJ (2009) Quantitative data analysis: doing social research to test ideas. Jossey-Bass, San Francisco

# R

## Race, Arrest, and Sentencing as Social Policy

Carmela F. Staten
Jackson State University, Jackson, MS, USA
Mississippi Valley State University, Itta Bena, MS, USA

### Definition

Social policy, a subset of public policy, is "a course of government action or inaction" regarding social issues via "formally approved goals and means, as well as the regulations and practices of agencies that implement programs" (Kraft and Furlong 2013).

Not to be confused with public policy, social policy is limited to policy influencing the course of human lives, improving a citizen's well-being and action on issues affecting their welfare.

Public policy moves beyond solving social issues and as Thomas Dye explains is what government chooses to do or not. This choice is made on issues that may or may not affect a person directly. Those issues include but are not limited to tax, environmental, or international policy. Though they eventually affect a person's welfare, tax or environmental policy is not directly connected to it. Thus, all social policy is public policy, but not all public policy is social policy.

Social policy is focused on policy formulation and administration of social services and the promotion of the welfare of persons and family. This includes services for health, housing, income security, education, social work, poverty, disability, and family, among others.

### Introduction

Intended to improve the quality of life for citizens in a locale, social policy ranges from taxes to health care and surprisingly criminal justice. Born of the anxiety, concerns, perceptions of community members, politicians, lobbyist, and NGOs and policy makers at the federal, state, and local level create the criminal justice system by enacting policies that define or monitor prohibited behavior.

In adherence to the rule of law, these policies should be race, class, and socioeconomically neutral. However, because many of these laws have a disproportionate impact on minority communities, it leads objective observers to believe that minorities are committing more crime or that policies are not value-neutral or fairly applied.

In the examination of criminal justice polices involving arrest and sentencing, quantitative and qualitative data show that race influences every stage of the criminal justice system. Not always intentional or done with malice, the data infer definite racial bias. Communities of color are often unfairly overrepresented as perpetrators of crime in the media – which leads to policy development aimed at them; they appear to be targeted

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

or more harshly treated in encounters with police and receive unjust treatment, stiffer charges, and longer sentences via the court system. Race intersects with policy on arrest and sentencing at every level.

## Crime as Social Policy

Social policy merges into crime policy in two instances:

1. When citizens, because of increased crime in the community, feel unsafe and social policy is engaged to reduce crime.
2. As a result of over policing, arrest and harsh sentencing that negatively affects a family finances, family stability, children's health, education, or the general quality of life.

Social policies can be employed to curb crime or reverse/mitigate the effects of incarceration or reduce arrests of citizens. In this vein, we see that social policy can alleviate social problems or cause them. It can improve the quality of life and also serve to contain, control, and suppress people.

### Arrest and Sentencing Policy

Policy makers at the federal, state, and local level create the criminal justice system by enacting policies and laws and creating agencies that define or monitor prohibited behavior, the penalties for violating those laws, and the processes by which cases are to be disposed and sentences are to be determined. These policies are born of the anxiety, concerns, perceptions of communities, politicians, lobbyist, and NGOs on crime and its impact on community member's well-being and safety.

On its face, policy that governs arrest, prosecution, and confinement are race, class, and socioeconomically neutral. However, many of these laws have a disproportionate impact on minority communities. This impact is the result of the practice or implementation of the policy by the agency – leading a conscience observer to believe one of two things – minorities commit more crime or the policy is not neutral or fairly applied.

### Value Neutrality and the Rule of Law

> . . .the very definition of a republic is an empire of laws, and not of men. – John Adams (1851, p. 194)

Be they moral, ethical, legal, or emotional, some set of rules or principles guide our actions. Those rules also outline the reward or consequence we receive when we perform or neglect those actions. As it relates to government and legal rules, many of the world's governments have agreed to function under the principle of rule of law. Rule of law, contrasted with the rule of man, is a system by which persons are governed by law and not arbitrary decisions of individual government officials (Peacock 2010).

Historically, the rule of law became important when countries or groups of people sought to be free of absolute rule of men. Seeking a system where law was king (Peacock 2010), countries were founded and governments changed. John Adams in the 1780 Massachusetts Constitution put this principle into practice and declared that they would be "a government of laws and not of men" (Massachusetts Constitution 1780).

In 2015, derived from internationally accepted standards, the World Justice Project's definition of the rule of law is a system in which the government, individuals, and private entities are accountable under the law. Laws must be clear, publicized, stable, and just, are applied to all cases alike, and protect fundamental rights, including the security of persons and property and certain core human rights. The process by which the laws are enacted, administered, and enforced is accessible, fair, and efficient. Justice is delivered timely by competent, ethical, and independent representatives and neutrals who are of sufficient number, have adequate resources, and reflect the makeup of the communities they serve (Project 2015).

It requires that men be bound to a fair administration of the law, without regard to political philosophy or moral creed. The rule of men uses political and personal biases and beliefs and influences in the distribution of justice. Laws, its application, and even preferred case outcomes are all dependent on the ruling class. According to Smith

(2011, p. 59, 68), unlike the rule of men, the rule of law is to be value-neutral.

Value neutrality is a principle that asks the researcher, policy maker, or program administrator to reign in or keep emotions and biases in check in the performance of official duty. Max Weber, in his description of ethical research, asserts that it is vital that researchers identify and acknowledge their own values and personal biases when conducting research or analyzing a policy. Biases should be taken into consideration and consciously dismissed. Weber recommends value-neutral sociology in which a researcher may use their values as an object of analysis but must refrain from promoting or spreading them (Judge 2012, p. 150). Though initially limited to research, it is certainly applicable and consistent with the goal of the rule of law.

Bias on the part of the policy maker or administrator can hinder the fair application of law; thus, value neutrality can and should be applied to criminal justice policy development. Granted not all policy can be value-neutral, some problems to be solved may benefit from the value-laden principle – however, arrest and sentencing policy should be fixed, stable, equally applied, and fair. Neutrality is paramount.

In the examination of the role of race in criminal justice social policy, research suggests an absence of neutrality. Data imply that this is a result of value-laden policy development and administration. Intentional or not, there are significant racial disparities in arrest and sentencing. The overrepresentation of certain races in the criminal justice system is the result of dissimilar treatment of situationally alike people based on race. In some instances, this may involve overt racial bias, while in others it may reflect the influence of factors indirectly associated with race.

## Race, Arrest, and Sentencing

### Intersection of Race

As of 2014, the United States has nearly 2.4 million people incarcerated. Home to the world's highest incarceration rate, the United States, has over 6,500 detention facilities and is building more each year. This ever-growing number includes prisons, federal prisons, juvenile correctional facilities, local jails, Indian country jails as well as military prisons, immigration detention facilities, civil commitment centers, and prisons in the US territories (Justice 2016). In addition, there are nearly seven million people under some form of criminal justice supervision (probation, house arrest, etc.), and a disproportionate number of these are people of color (Kaeble et al. 2015, p. 2).

Factors contributing to disparate arrest and sentencing rates are complex. Causal factors that may lead to the disproportionate representation of people of color in the criminal justice system are (1) racial differences in offending, (2) bias or discrimination, (3) legislative decisions, and (4) the disparate impact of "race-neutral" policies in law enforcement and case processing (Nellis et al. 2012, p. 5).

Of those, the one factor that infiltrates all and saves actual racial differences in offending is racial bias. The National Institute of Corrections compiled and analyzed 20 years of data on crime and punishment. In a report released in 2014, they concluded that key contributor to disparate rates is racial perceptions of crime (Ghandnoosh and Lewis 2014). Perceptions or biases held by media, researchers, policy makers, and practitioners lead to harsh and biased criminal justice policies, racial differences in crime rates, distinctly different arrest rates and sentences for similar crimes among racial groups, and the infusion of racial bias in all phases and aspects of the criminal process (Frase 2013).

This bias is not explicit. On its face, policy is value-neutral and executed without regard for race or socioeconomic status. Federal and state constitutional law sets forth the rule of law governing the procedures by which authorities investigate, prosecute, and adjudicate crimes. Specific provisions of the Constitution limit police power, guard against unlawful search and seizure and self-incrimination, guarantee due process, and even supply legal representation for those who cannot afford (United States Constitution (n.d.), p. amend. IV, amend. VI).

These protections alone give society the impression that the criminal justice system is fair and inoculated against bias. This perception helps to foster unchecked bias. Formal fairness disguises systemic racism, bias, and unjust rule of law application.

## Data

Racial disparity permeates every stage of the criminal justice system, from arrest to trial to sentencing, and results in overrepresentation of minorities in the system. Though not more likely to commit crime, racial minorities are more likely than whites to be arrested and convicted and are subject to harsher penalties. African-American males are almost six times more likely to be incarcerated than white males and 2.5 times more likely than Hispanic males (Carson 2015, p. 15). When arrested for similar crimes, minorities often face harsher penalties than nonminority defendants (The Sentencing Project 2013).

## Racial Perceptions of Crime

The overwhelming majority of Americans, policy makers, criminal justice practitioners, and the media are white. Studies show that whites overestimate the level of crime participation by minorities and believe in harsher penalties for certain crimes with which they are associated. Thus, it follows that if those who overwhelmingly represent actors with power to influence, develop, and implement criminal justice policy believe that a particular group is more violent and criminal, that group will be unconsciously targeted and punished at disproportionate rates (Nellis et al. 2012).

This overestimation and resulting harsh policies are based on the following:

- Belief in harsher punishments.
- Overestimation of the amount of crime committed by minorities.
- Crimes most often linked with minorities receive greater penalties.
- Arrests and sentencing are subjective and vary based on administrator and perpetrator.
- Media frames crime coverage that often associates crimes with minorities.

### Overestimation/Harsh Penalties

White Americans overestimate the proportion of crime committed by minorities and believe them to be inherently criminal. In a 2010 survey, whites overestimated percentages of crime committed by African-Americans by 20–30%. In addition, implicit bias research shows deep-seated tendencies among them to associate minorities with criminal behavior (Pickett et al. 2012).

While blacks and Hispanics are far more likely than whites to be victims of violent and property crimes, they are less likely to support harsh penalties. White Americans who associate crime with minorities are more likely to support punitive policies than whites with weaker racial associations of crime. Support for the death penalty and laws like three strikes you are out are overwhelmingly supported by white Americans.

### Biased Framing

Racial distortions are persistent in media coverage of crime. The framing of a portrait or painting can affect how the viewer interprets and reacts to the work itself. As a result, artists often take great care in how they present their work, choosing a frame that they hope will help consumers see or react to their work in the way intended. Similarly motivated, media outlets often present or frame a story in order to control the narrative or present facts that help the consumer to digest the issue through the preferred filter.

Biased framing – that does not mesh with actual data – reinforces the public's mistaken beliefs about crime by presenting minorities differently than whites. Racial minorities are often overrepresented as crime suspects, while whites are almost always the victims.

A study in Los Angeles found that although African-Americans made up only 21% of arrests, 37% of the suspects portrayed on the news were black. Only 13% of actual victims of crime, whites, were overrepresented and reported as victims of crimes as high as 43% of the time. Ten percent of victims in police reports were whites who had been victimized by blacks; however, these crimes made up 42% of reported cases. Cases involving a black suspect and white victim were overreported and gave the perception that

whites were perpetual victims of crime at the hands of African-Americans (Dixon and Linz 2000, p. 143).

Media representations of crime shape public opinion. If media overrepresents minorities as perpetrators and whites as victims, this becomes public opinion. This opinion can lead to criminal justice polices tailored to the offending population (e.g., harsher penalties for crimes believed to be committed mostly by the offending population) or in the case of neutral polices may lead to different and often harsher treatment by street-level bureaucrats (police, judges, lawyers, etc.)

Views of the nature of the crime problem and who is responsible for the problem may be shaped by the degree to which specific groups are over- or underrepresented as perpetrators or victims in crime news relative to other groups or their share of criminal involvement or victimization. If media sources overrepresent certain groups as perpetrators, this bolsters racial or gender stereotypes toward those groups. Similarly, overrepresentation of victims of crime to certain groups may promote misleading views of what populations are the most vulnerable to crime or who should fear crime (Bjornstrom and Kaufman 2010, p. 2).

A 2010 study by the National Institutes of Health on racial-ethnic portrayals in television crime news found that African-Americans were overrepresented as perpetrators, while white females were overrepresented as victims. Using a stratified random sample of news reports drawn from local television stations across the United States as well as from broadcasts of news on national networks ABC, CBS, CNN, and NBC study logged and analyzed the range of violent crime news stories and the racial and ethnic compositions.

They found, if a news story is about a crime that fall under the FBI's uniform crime index (murder, robbery, etc.), the odds of mentioning a black perpetrator over a white increased. If the story concerns a white female victim, the likelihood of mentioning the race of the perpetrator lowered, reflecting the reality the whites more often than other groups violate or harm whites (Bjornstrom and Kaufman 2010).

A 2014 Huffington Post article cataloged instances in which black victims of crime were described disparagingly, while white perpetrators of crime were, before discussing the crime, showered with positive accolades (Wing 2014).

This constant drumbeat of portraying blacks as inherently violent, even when they are victims, helps to craft public opinion, which again leads to official or street-level public policy.

Problem identification is vital in agenda setting. Policy makers often rely on think tanks, interest groups, citizens, and the like to identify problems. Media plays a vital role in identifying problems in the community via the stories they report its framing. If it is never reported – framed neutrally or given significant coverage – it may not rise to the problem level with the general public.

Whether acting on their own implicit biases or political pressure, policy makers have used race in the development of policy. Harsh sentencing laws impact all Americans but disproportionately people of color. Through public statements, many have heightened the public's concern about crime and exaggerated associations of crime with racial minorities.

Practitioners also operate with and reinforce racial perceptions of crime. Disparities in police stops, charges levied, defense at trial, and sentencing upon conviction reveal that implicit racial bias has penetrated all corners of the criminal justice system. Policies that are race-neutral on their surface – such as stop-and-frisk and broken window policing – have targeted low-income people of color for increased surveillance and punishment.

Racial perceptions of crime have distorted the criminal justice system.

## Arrest

### Racial Disparity in Police Activity

In 2010 and 2011, African-Americans, 12% of the population made up one-third of all arrests in the United States. Thirty percent of those arrested for property offense, 38% for violent crime, and one-third of drug arrests were African-American (The Sentencing Project 2013, p. 3). Studies

attribute these numbers to two things, socioeconomic conditions in which the majority reside and racial bias.

Without regard to race, in the United States, poorer neighborhoods often experience higher rates of crime than those more affluent. African-Americans constitute a disproportionate share of those living in these poor neighborhoods and thus may commit more crime. Crime is committed, not because they are naturally violent but because of socioeconomic factors (Brown et al. 2005, pp. 153–159). Accounting for the socioeconomic causation, a significant portion of arrest disparity may be attributed to implicit racial bias.

A majority of Americans, regardless of race, associate black Americans with violence, crime, and danger. Law enforcement, a part of that society, must make real-time assessments about the danger of a suspect or observed activity. By subconsciously associating a group of persons based simply on their race as dangerous, criminal, or violent, the way officers perform their jobs is naturally affected.

The effects of racial bias are omnipresent in the areas of initial police interaction, traffic stops, and drug law enforcement.

### Initial Police Interaction

The tendency to view minority as inherently violent affects the way police interact with those citizens. Even when there is no perceived crime in action, the reaction or overreaction to blacks and Hispanics is often noticeably different than their white counterparts.

In a study published in the Journal of Personality and Social Psychology, researchers found that on average young black boys were less likely to be viewed as innocent and were actually deemed over 4 years older than their actual age. The study showed that the perception of the nature of a child is affected by race, and black boys who are not afforded assumed childhood innocence. This presumption may cause an officer or a judge to view the deeds of a nonminority as childish pranks while at the same time, for a similar offense, arresting and charging the menacing black child. The perception of coming danger may cause the practitioner, for the safety of society, to thrust the black child in the criminal justice system while not desiring to ruin a young nonminority's life by giving them a record (Goff 2014).

The year 2014 gave striking examples of the disparity in action or reaction by law enforcement as it relates to the audience in question.

**Bundy vs. Brown: The Tale of Two Protests** In August 2014, an initially nonviolent protest in response to the killing of unarmed teen Michael Brown by Ferguson – MO police – was met with a military-style response. Peaceful protesters were met with officers in tanks and full body armor and armed with tear gas. In the same year, earlier in April, a group of antigovernment ranchers, in support of Cliven Bundy who wanted to protect his right to allow his cattle to graze on federal land that he did not own, aimed assault rifles at federal law enforcement officers. The rancher's supporters in Nevada were met with officers in uniforms who eventually left the area in order to de-escalate the situation. Citizens – the majority of whom were black, exercising their right to peaceful protest – were met with military force. Adult white men, breaking the law, pointed assault rifles at authorities and were not accosted. The responses, though in different states, are a microcosm of the disparate responses communities regularly experience. The responses are common and vary greatly based on race and ethnicity of the participants.

**Excused Behavior** Studies and social media trends show that if you are white, you may be able to open carry a weapon, shoplift, drive drunk, possess drugs, or challenge a police officer – and not suffer the same consequences a black person might.

In December of 2014, #CrimingWhileWhite became Twitter's highest trending topic in the United States and a trending topic worldwide. In response to a New York grand jury declining to indict a white police officer accused of being responsible for the death of Eric Garner, a black man was suspected of illegally selling cigarettes on the sidewalk. The trending topic did not follow the usual deluge of posts detailing racial profiling

and police brutality, but included thousands of tweets by seemingly white users outlining white privilege in interactions with police officers while or after committing a crime. Officers told teenagers in the cars to be safe going home, through a cloud of marijuana smoke. Vandalism was ignored, suspended licenses were excused, and probation for convictions for theft was dismissed because it interfered with drama club events (Dickersin 2014).

### Drug Enforcement

Between 1980 and 2000, the rate of drug arrest for African-Americans rose from 6.5 to 29.1 per capita, while the arrests for white drug offenders increased from 3.5 to 4.6 per capita. The rate of increase did not correspond to an increase in drug activity by either party. On the contrary, in 2012 the National Institute on Drug Abuse published a study surveying drug usage among secondary school students in the United States from 1975 to 2011. The study found that white students were slightly more likely to have abused an illegal substance within the past month than black students. Yet from 1980 to 2010, black youth were arrested for drug crimes at rates more than double those of white youth (The Sentencing Project 2013, p. 4).

In Seattle in 2002, African-Americans constituted 16% of observed drug dealers for the five most dangerous drugs, but 64% of drug dealing arrests for those drugs. The remaining 84% of drug dealers (nonblack) were only arrested 36% of the time (Beckett et al. 2006, pp. 105–106). Similarly in 2005, whites were observed dealing illegal drugs in downtown Seattle 49.5% of the time but constituted 9.3% of the arrests. In the same area, blacks were observed 33.3% of the time and made of 85.3% of those arrested (Beckett 2008, p. 68). The difference can only be equated with practitioners targeting or being more prone to targeting or believing that the darker face is the source of the problem. That darker face gets more attention in the form of surveillance, stops, and arrests.

On January 1, 2014, recreational marijuana sales became legal in Colorado. Though still illegal for those under 21 to possess, adults can legally purchase the drug and do so in large numbers. This legalization did little and seems to have exasperated racial disparity in drug arrests. After its legalization, arrest rates for young blacks and Latinos rose dramatically. Data show that those who overwhelmingly purchase the drug are white, while those targeted for search and arrest continue to be minority.

A Colorado Health Department survey found there was not a huge racial difference in those who smoke the drug. But the marijuana arrest rate for white 10–17-year-olds fell by nearly 10% from 2012 to 2014, while arrest rates for Latino and black youths, respectively, rose more than 20–50% (Reed 2016, pp. 55–71).

### Traffic Stops

Data on traffic stops also demonstrate the influence of racial bias on law enforcement practices and arrest rates. Published in 2011, the US Department of Justice's report on *Contacts between Police and Public* illustrated the difference in how citizens were treated during traffic stops with respect to race. They found that while white, black, and Hispanic drivers were stopped at similar rates nationwide, black drivers were three times as likely to be searched during a stop as white drivers and twice as likely as Hispanic drivers. Additionally, black drivers were twice as likely to be threatened with force for noncompliance as both with white and Hispanic drivers. This data is consistent with research indicating common racial association of black Americans with dangerous or aggressive behavior (Eith and Durose 2011).

Looking inward, in one New Jersey study, racial minorities – with violation of traffic laws identical to whites – made up 15% of drivers on the New Jersey Turnpike, constituted 42% of the stops, and 73% of arrests made by police. Other data showed that whites were less likely to be viewed as suspicious by police – even though they were twice as likely to be carrying illegal drugs as stopped blacks.

The most widely publicized example of racial profiling in recent times is the "stop-and-frisk" tactic employed by the New York Police Department (NYPD). African-Americans and Hispanics

constitute 25% and 29% of New York City's population, respectively. Between 2010 and 2012, 52% of those stopped by the NYPD during "stop and frisk" were black and 32% were Hispanic. Though stopped and frisked at higher rates than whites, blacks and Hispanics were less likely than whites to be caught with weapons or drugs (The Sentencing Project 2013, p. 5).

When questioned on the disparity, the NYPD cited the need for the tactic in "high crime areas." The areas targeted where almost always majority-minority. Interestingly enough data compiled by Dr. Jeffrey Fagan show that even neighborhoods with the lowest crime rates were classified as "high crime areas" when the majority of the population was nonwhite (The Sentencing Project 2013).

This further shows how the racial perceptions of who commits most crime affect who is stopped and searched, searches that may lead to arrests. If all communities were searched at similar rates, the rates of arrest would be dramatically different.

### Racial Disparities in Trials

Arrests are the first step in the criminal justice system. Bias can follow a defendant through the charging, trial, and sentencing phases.

Racial disparities in sentencing begin with prosecutors' decisions on charging. There are many offenses that can be dismissed, charged as misdemeanors or felonies. The exact same offense, depending on the decision of the arresting officer and prosecutor, can result in a trip home with a warning or a felony change. One study found that minority defendants face significantly more severe charges than whites.

Not absolute and applicable to all actors, data simply suggest that implicit racial bias may influence defense counsel, prosecutors, judges, and juries.

### Power of the Prosecutor

The office of the prosecutor is most powerful. Deciding which cases to investigate, suspects to charge, charges to bring, and penalties to pursue is all under the prosecutor's purview.

Several studies of prosecutorial decisions suggest that implicit racial bias does in fact influence prosecutors' decision-making. Since 1976, prosecutors are more likely to get an indictment and request the death penalty for black Americans when the crime is homicide and the victim is white. Furthermore, prosecutors were significantly more likely to upgrade cases to felony murder status in cases in which defendants were black rather than white. This is occurring when statistically blacks and whites are victimized at the same rates. The rates of prosecution are not evenly matched (Ghandnoosh and Lewis 2014, p. 23; The Sentencing Project 2013, p. 9).

Similarly, a study conducted in 1993 in Los Angeles found that 95% of the crack cocaine defendants prosecuted in California state court were black and 100% of the 42 crack cocaine defendants prosecuted in federal court were either black or other racial minorities. Even when the rate of drug use and distribution were not similarly matched (The Sentencing Project 2013, p. 9).

Teenagers when black were six times as likely to be charged as adults, denied bail, or received upgraded charges.

## Racial Disparity in Sentencing

Once minority defendants are convicted, they are likely to be sentenced more harshly than white defendants convicted for similar crimes.

In his 2001 analysis of 77,236 federal cases from 1991 to 1994, for instance, Professor David Mustard found that even when cases were controlled for the severity of the offense, the defendant's prior criminal history, and the specific district court's sentencing tendencies, blacks received sentences 5.5 months longer than whites, and Hispanics received sentences 4.5 months longer (Mustard 2001).

Black and Latino offenders sentenced in state and federal courts face significantly greater odds of incarceration than like white offenders and often receive longer sentences than their white counterparts. The level of disproportionate representation of blacks among prisoners who are

serving life sentences without the possibility of parole is higher than that among parole-eligible prisoners serving life sentences. Of those with life sentences, 28.3% are lack, 56.4% of those have life without parole, and 65.4% of those are for nonviolent offenses (American Civil Liberties Union 2014, p. 2).

### Capital Punishment

Racial disparity is obvious in cases involving the most severe penalty imposed by the US criminal justice system: the death penalty. The United States has executed 1,335 individuals since 1976. In 2013, of the more than 3,000 prisoners awaiting execution, 42% were black (American Civil Liberties Union 2014, p. 5).

Studies have shown that variables affecting the assignment of capital punishment are simple: the race of the perpetrator and the race of the victim. Defendants convicted of the homicide in which the victim is white have a statistically higher chance of being sentenced to death. Half of the murder victims in the United States are white, but 77% of those on death row for murder are there for the murder of that 50%. This implies that the murder of someone white results in the death penalty 77% of the time.

Comparatively, black people also constitute half of murder victims, but only 13% of persons executed since 1976 were convicted of killing black victims. A 1990 Government Accountability Office survey of 28 separate studies found that in 82% of the studies, the race of the victim was shown to influence the likelihood of a defendant receiving the death penalty (U.S. Government Accountability Office 1990). In other words, those convicted of murdering white victims are more likely to be sentenced to death than those convicted of murdering black victims even when the cases were similar.

### The "War on Drugs"

A 2007 report, "A 25-Year Quagmire: The War on Drugs and Its Impact on American Society" assessed the impact of the "war" on the criminal justice system and American communities. Beginning in 1982, the onset of the "war," the number of Americans incarcerated for drug offenses grew from around 40, 000 to 500,000. In addition, sentencing laws changed and mandatory minimum sentencing was introduced. This kept drug offenders in prison for longer periods of time. Sentences that once averaged 2 years grew to a mandatory minimum of 5–40 years (Mauer and King 2007).

Data demonstrate that the War on Drugs has been waged in racially disparate ways, and in turn, generations of African-American families were devastated. From 1999 to 2005, African-American constituted roughly 13% of drug users on average but 36% of those arrested and 46% of those convicted for drug offenses (U.S. Sentencing Commission 2012).

While the War on Drugs creates racial disparity at every phase of the criminal justice process, the most glaring disparity came in the form of sentencing laws. Not value-neutral, the development of the sentencing policy was clearly racially biased.

The laws to combat drug use were centered on the crack cocaine and other drugs most often found in black communities. The same focus was not put on drugs equally as harmful and more readily available and used by whites. For more than two decades, the ratio of the amount of powder cocaine needed to trigger the same sentence as an amount of crack cocaine was 100:1 – even though crack and powder cocaine are chemically identical. Black Americans sold and used crack at higher rates, while whites were found to be the primary users and distributors of powder cocaine (American Civil Liberties Union 2014, p. 5).

African-Americans constituted 80% of those sentenced under federal drug laws each year and received impossibly long sentences. Minor offenses were now subject to long prison terms. Bystanders of a nearby drug deal were often arrested and sentenced to 5 or 20 years in federal prison for being in the vicinity of a drug deal. Possession of small amounts of drugs triggered 40-year mandatory sentencing not subject to prosecution or judicial discretion. On the contrary, many whites were sentenced to rehabilitation or

given lower sentences. Even when the violation was the same, disparity in sentencing laws lead to harsher sentences for black defendants than those of their white or Latino counterparts convicted (American Civil Liberties Union 2014, p. 5).

Ushered in to thwart drug crime, the laws were disproportionately applied to those in the black community, without respect to increased instance of perpetration.

The War on Drugs is a perfect illustration of the way the effects of racial bias become amplified as defendants move through the criminal justice system: bias causes law enforcement officers to stop, search, and arrest racial minorities at higher rates; minority defendants are charged more harshly or are represented by ineffective defense counsel; they are more likely to be convicted by juries and trial judges on similar evidence; and they are likely to receive harsher penalties for similar crimes. Each step in the process adds to the racial gap in the criminal justice system.

## Conclusion

The data are clear, and bias influences social policy on arrest and sentencing. Racial misperceptions of crime, socioeconomic conditions, and inherent bias affect how persons of color are treated in the criminal justice system. From initial interactions, possible arrests through charging and sentencing minorities are treated more harshly and ultimately overrepresented in the criminal justice system.

Two decades of research establishes that skewed racial perceptions of crime – particularly, white Americans' strong associations of crime with racial minorities – have bolstered harsh and biased criminal justice policies. The policies, which do not target criminals fairly, can in the end undermine public safety.

Although blacks and Latinos together comprise just 30% of the general population, they account for 58% of the prison population. Though they are not predisposed or more likely to commit crime, they are stopped, searched, arrested, or treated harshly by practitioners at rates significantly higher than nonminorities. The bias that leads to arrest permeates through the charging and sentencing phases of the criminal justice system.

For similar crimes, they usually face harsher charges. With similar evidence, minorities are convicted more often and given stiffer sentences than their white counterparts.

Race is a key ingredient in the development and administration of policies that govern arrest and sentencing. The rule of law, which should be value-neutral, in this case is laden with racial bias.

## Cross-References

► Criminal Networks

## References

Adams J (1851) The plan. In: Adams J, Adams CF (eds) The works of John Adams, second President of the United States: V. 4, vol IV. Little, Brown, Boston, p 194

American Civil Liberties Union (2014) Racial disparities in sentencing: hearing on report of racism in the justice system of the United States. Inter-American Commission on Human Rights https://www.aclu.org/sites/default/files/assets/141027_iachr_racial_disparities_aclu_submission_0.pdf

Beckett K (2008) Race and drug law enforcement in Seattle. American Civil Liberties Union. Retrieved from https://www.aclu.org/files/assets/race20and20drug20law20enforcement20in20seattle_20081.pdf

Beckett K, Nyrop K, Pfingst L (2006) Race, drugs, and policing: understanding disparities in drug delivery arrests. Criminology 44(1):105–138

Bjornstrom EES, Kaufman R (2010) Race and ethnic representation of lawbreakers and victims in crime news: a national study of television coverage. Soc Probl 57(2): 269–293

Brown MK, Carnoy M, Currie E, Duster T, Oppenheimer D, Shultz M, Wellman D (2005) Whitewashing race: the myth of a color-blind society. University of California Press, Berkeley

Carson EA (2015) Prisoners in 2014. Bureau of Justice Statistics. U.S. Department of Justice, Washington, DC

Dickersin J (2014) #CrimingWhileWhite explodes on Twitter Following Eric Garner decision. Huffington Post. Retrieved from http://www.huffingtonpost.com/2014/12/03/criming-while-white-hashtag_n_6265480.html

Dixon T, Linz D (2000) Overrepresentation and underrepresentation of African Americans and Latinos as lawbreakers on television. J Commun 50(2):131–154

Eith C, Durose M (2011) Contacts between police and the public, 2008. U.S. Department of Justice/Bureau of Justice Statistics, Washington, DC
Frase RS (2013) Research on race and sentencing: goals, methods, and topics. Justice Q 30(2):262–269
Ghandnoosh N, Lewis C (2014) Race and punishment: racial perceptions of crime and support for punitive policies. The Sentencing Project, Washington, DC. Retrieved from http://www.sentencingproject.org/wp-content/uploads/2015/11/Race-and-Punishment.pdf
Goff PJ (2014) The essence of innocence: consequences of dehumanizing Black children. J Pers Soc Psychol 106(4):526–545. https://doi.org/10.1037/a0035663
Judge P (2012) Foundations of classical sociological theory: functionalism, conflict and action. Pearson, India
Kaeble D, Glaze L, Tsoutis A, Minton T (2015) Correctional populations in the United States, 2014. United States Department of Justice/Bureau of Justice Statistics. Retrieved from http://www.bjs.gov/content/pub/pdf/cpus14.pdf
Kraft ME, Furlong SR (2013) Public policy: politics, analysis, and alternatives (Vol. 4th Edition). Sage, Thousand Oaks
Massachusetts Constitution (1780) Part The First, art. XXX
Mauer M, King R (2007) A 25-year quagmire: the war on drugs and its impact on American society. The Sentencing Project, Washington, DC
Mustard D (2001) Racial, ethnic, and gender disparities in sentencing: evidence from the federal courts. J Law Econ XLIV:285–314
Nellis A, Greene J, Mauer M (2012) Reducing racial disparity in the criminal justice system. The Sentencing Project, Washington, DC
Peacock A (ed) (2010) Freedom and the rule of law. Lexington Books, Lanham
Pickett J, Chiricos T, Golden K, Gertz M (2012) Reconsidering the relationship between perceived neighborhood racial composition and Whites' perceptions of victimization risk: do racial sterotypes matter? Criminology 50(1):145–186
Porter ND (2015) The state of sentencing 2015: developments in policy and practice. The Sentencing Project, Avocacy. The Sentencing Project, Washington, DC
Project WJ (2015) World justice project. Retrieved Feb 2016, from http://worldjusticeproject.org/what-rule-law
Reed J (2016) Marijuana legalization in Colorado: early findings. Colorado Department of Public Safety, Denver
Smith T (2011) Neutrality isn't neutral: on the value-neutrality of the rule of law. Wash Univ Jurisprud Rev 4(1):49–95
The Sentencing Project (2013) Report of the sentencing project to the United Nations Human Rights Committee regarding racial disparities in the United States criminal justice system. The Sentencing Project, Washington, DC
U. S. Sentencing Commission (2012) U. S. Sentencing Commission's 2012 sourcebook of federal sentencing statistics. Retrieved from http://www.ussc.gov/research/2015-sourcebook/archive/sourcebook-2012
U.S. Government Accountability Office (1990) Death penalty sentencing: research indicates pattern of racial disparities. Government Accountability Office, Washington, DC. doi:GGD-90-57
United States Constitution. amend. VI
US Department of Justice (2016) Corrections. Retrieved May 2016, from Bureau of Justice Statistics. http://www.bjs.gov/index.cfm?ty=tp&tid=1
Wing N (2014) When the media treats white suspects and killers better than black victims. The Huffington Post. Retrieved from http://www.huffingtonpost.com/2014/08/14/media-black-victims_n_5673291.html

# Railway Labor Act

Steven E. Abraham
State University of New York at Oswego, Oswego, NY, USA

## Synonyms

Railway Labor Legislation; Railway Labor Law; RLA

## Citation

45 USC §151 et seq.

## Definition

The Law governing private sector labor (union management) relations in the US railway and airline industries.

## Introduction

The Railway Labor Act (the RLA or the Act) is the law governing union management relations in the railway and airline industries. Its five purposes are stated in Section 151a:

R

To avoid any interruption to commerce
To ensure an unhindered right of employees to join a labor union (added as part of the 1934 amendments)
To provide complete independence of organization by both parties to carry out the purposes of the RLA
To assist in the prompt and orderly settlement of disputes covering rates of pay, work rules, or working conditions
To assist in the prompt and orderly settlement of disputes growing out of grievances or out of the interpretation or application of existing contracts covering the rates of pay, work rules, or working conditions

While the primary purpose of the National Labor Relations Act is to assist employees in their rights to join labor unions, be protected by labor unions, and engage in "concerted activities for purposes of mutual aid and protection," the primary purpose of the Railway Labor Act is to prevent labor disputes from interfering with the smooth operation of the railway and airline industries.

This entry will discuss labor law in the United States in the railway industry prior to the passage of the RLA and the passage of the RLA itself. This will be followed by a discussion of the Act's coverage, representation of a firm's employees under Act, negotiation of new collective bargaining agreements under the RLA ("major disputes"), the resolution of existing disputes under the Act ("minor disputes"), and concerted activity under the RLA.

## Labor Law in the Railway Industry Prior to the RLA

The railway industry always has been unique when it comes to the regulation of labor relations. Undoubtedly, this is due to the history of unionism and labor unrest within the industry. The Brotherhood of Locomotive Engineers was formed back in 1863 in Detroit, and a number of other unions representing railway workers were formed before the turn of the nineteenth century. The year 1877 saw the "Great strike of 1877," 1886 saw the Great Southwest Railroad Strike of 1886, and in 1894, the Pullman strike was waged by the American Railway Union, an amalgamated union of railway workers in different crafts founded by Eugene V. Debs. Each of these strikes resulted in a great many casualties and federal troops had to intervention.

As a result of the labor relations strife in the indsutry, the Arbitration Act was passed in 1888 with the intent of providing for the peaceful settlement of disputes between railways and railway unions. Further, several states had passed laws dealing with labor relations even prior to that. The Arbitration Act proved not to be effective, however, and as a result, Congress passed the Erdman Act in 1898, the Newlands Act in 1913, and the Transportation Act in 1920. Interestingly, none of these laws guaranteed employees the right to unionize and/or provided protections for unions; rather, their goal was maintenance of labor peace in the railway industry. They all provided for some type of mediation and/or arbitration to deal with labor disputes in the railway industry.

## Passage of the Railway Labor Act

The four laws just mentioned all proved to be unsuccessful at maintaining peace in the railway industry and as a result, both of the major political parties in the United States called for new legislation dealing with labor relations in the railway industry to be enacted in the period leading up to the 1924 elections. In fact, several bills were introduced into Congress in 1924. While none of these bills was passed, much that was contained in them wound up in the bill that would become the RLA in 1926. Then, in 1925, a committee of railway executives and union representatives met to draft a bill that eventually would become the Railway Labor Act. As a result of the meetings held by this committee, bills were introduced in both houses on January 8, 1926. In the Senate, hearings were held on S. 2306 in the Committee on Interstate Commerce and a favorable report was

issued at the end of February. In the House, H.R. 7180 was introduced and referred to the Committee on Interstate and Foreign Commerce. Hearings were held in January and February but the bill was never reported. Instead, H.R. 9643 was introduced into the House on February 17 and reported favorably 2 days later. That bill passed the House on March 1 and was referred to the Senate. The Senate debated H.R. 9643 starting on April 22 and into the beginning of May and it passed the Senate on May 11. The Railway Labor Act was signed by President Coolidge on May 20, 1926.

It is important to note that even though the Act as it read in 1926 provided for "complete independence of organization by both parties," nothing else in the Act was devoted to the organizing rights of employees or penalties that would be imposed on employers for interfering with those rights. Rather, the rest of the Act dealt solely with disputes concerning the negotiation of new contracts ("major disputes") and disputes concerning the interpretation of existing contracts ("minor disputes").

As it turned out, unions were not happy with the Railway Labor Act as originally passed. And when Franklin D. Roosevelt was elected in 1932, union leaders were sanguine about the possibility that legislation would be passed to strengthen the organizing rights of independent unions and employees. So in late 1932, railway union leaders met to draw up new labor legislation designed to strengthen protections for unions. In fact, they even met with Transportation Coordinator Joseph B. Eastman in the hopes that they would be able to convince the president to support legislation designed to strengthen the organizing/collective bargaining rights of unions and employees. Then, in 1934, bills were introduced in both houses. In the House, the bill H.R. 7650 was introduced in early February and debated throughout February and March. In the Senate, S. 3266 was introduced on March 28, debate was held through April in the Senate Committee on Interstate Commerce and and the bill was passed in May of that year. In the House, H.R. 9861 was introduced on June 4 and passed on June 18. Subsequently, H.R. 9861 was substituted for S. 3226, that Bill was passed by both houses at the end of June and it was signed by the president on June 21, 1934.

The 1934 amendments to the Act had a very different focus from the law that was passed in 1926. While there were some changes in the procedures for settling disputes that had been enacted in 1926, most of the changes in the 1934 amendments focused on organizing rights of employees. For example, an additional sentence in Section 2 stated "representatives of employees for the purposes of this Act need not be persons in the employ of the carrier...." This addition was designed to make it clear that employees could choose to be represented by independent labor organizations rather than by company unions. Another new section of the Act made it clear that employees had the right to organize and bargain collectively through representatives of their own choosing and further stated that no employer had any right to deny its employees' right to "join, organize or assist" the labor organization of their choice. Further, the 1934 amendments prohibited employers from engaging in a number of acts that would constitute "interference, influence or coercion" of employees and affirmatively required employers to "treat" with the employees' chosen representatives. This was enhanced by providing penalties that would be imposed on employers for violation of employees' organizing rights. And finally, the 1934 amendments enumerated an election procedure that would be used if there was any dispute about which labor organization represented the employees employed by a carrier. This included establishing the National Mediation Board (NMB) as an independent agency to oversee representation elections under the Act.

The Railway Labor Act was amended for the final time in 1936, as airlines were added to the Act's jurisdiction. There have been no major amendments since.

## The Act Itself

### Coverage

As indicated above, the Railway Labor Act applies to employers in the railway and airline

industries. An organization cannot be subject to both the RLA and the NLRA and generally, the NLRB defers to the NMB when it comes to questions of jurisdiction; if the NMB determines that an entity falls within the RLA's coverage, the NLRB will not assert jurisdiction.

While for the most part, the issue of which employers fall under the Act's jurisdiction has not been overly controversial, a fairly interesting dispute has arisen between United Parcel Service and FedEx. Under current interpretations (as of 2017), FedEx has been determined to be covered by the RLA while UPS is covered by the NLRA. Since organizing employees generally tends to be easier under the NLRA than the RLA, UPS's employees are unionized whereas most of FedEx's are not and UPS executives object to this situation. In fact, in 2009, a clause was introduced into FAA legislation that would have brought FedEx under the jurisdiction of the NLRA and this one particular clause lead Tennessee's two senators to vote against the bill. But after much lobbying, this clause was removed from the bill, so FedEx's ground employees remain covered under the RLA.

### Representation of a Firm's Employees

As stated above, one of the five general purposes of the RLA is "to forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise, of the right of employees to join a labor organization." Again, this purpose was added to the law as part of the 1934 amendments. Section 152 ninth of the Act provides that the National Mediation Board ("NMB") is responsible for determining whether the employees of a railway or airline shall be represented by a labor organization.

Under the RLA, representation of employees is determined on a "system-wide" (company-wide) basis. In other words, in order for a labor union to be certified as the representative of a particular railway's or airline's employees, the union must receive the support of the majority of employees in a particular craft or class among the entire organization. Under the National Labor Relations Act, union organizing is usually done on a more localized basis, and a given union may consist of more than one craft or class (i.e., occupation). For example, the employees of one particular Walmart store would vote on whether or not they wish to be represented by a labor union under the NLRA, but the employees in a particular craft of class of JetBlue throughout the nation would vote to determine whether they wished to be represented by a given union under the RLA. The system-wide organizing under the RLA makes it much more difficult for a union to organize a group of employees.

Once a "substantial number" of employees in a particular craft or class show their support for being represented by a particular labor organization, the NMB will conduct an election. Effective 2012, the RLA was amended to provide that at least 50% of the employees in a given craft or class must demonstrate their interest in being represented by a particular labor organization, or else the NMB is prohibited from conducting an election. Under the NLRA on the other hand, only 30% of the employees in a "bargaining unit" need demonstrate interest in being represented by a union in order for the NLRB to hold an election.

Beginning in 2002, the NMB instituted several changes in the way elections are conducted under the RLA. In 2002, telephone voting was instituted and in 2007, Internet voting was instituted. But the most important change occurred in 2010. Starting then, the NMB would certify a union as representative of a bargaining unit if a majority of those voting supported representation. Under the rule prior to 2010, a union was required to acquire a majority of all employees in a bargaining unit – whether or not they voted – in order to be certified. In other words, nonvoters automatically had counted as "no votes" prior to 2010. After 2010, nonvoters would have no impact on the outcome. This makes it much more likely that unions will win elections.

One thing worthy of note regarding elections under the RLA is that while the NMB oversees the election process, it does not have the authority to remedy any violations of the Act. While the NLRB has the authority to find that a party has violated the NLRA and order either party to remedy such violations, the NMB does not have the

same jurisdiction. If either party feels that the other has violated the RLA's election procedures, that party must resort to the courts for a remedy.

Finally, the RLA does not have specific procedures for decertifying a union. To remove a union's authority, a majority of the workers must sign cards that authorize a fellow employee to act as their "representative." The employee then files a form claiming a "representational dispute" that calls for an election to decide how the employees should be represented (including the option of no representation). A union will be decertified when less than 50% of voting employees cast ballots for the incumbent union. In sum, it is probably more difficult for a union to organize employees under the RLA than under the NLRA, but it is also probably more difficult for employees to remove a union's representation rights under the RLA.

### Negotiation of Collective Bargaining Agreements: "Major Disputes"

The negotiation of collective bargaining agreements under the RLA are referred to as "major disputes" according to the Act's terminology. The RLA has a detailed procedure for how such disputes are resolved. Section 2, First of the Act requires the employer and the representative of the employees to "exert every reasonable effort to make and maintain agreements" concerning "rates of pay, rules and working conditions." Interestingly, there has been relatively little litigation over what subjects are in encompassed by that term. An interesting thing about collective bargaining agreements under the RLA is that they generally do not expire. Rather, the terms and conditions of a collective bargaining agreement negotiated by parties under the Act continue indefinitely until the party wishing to modify the agreement serves what is known as a "Section 6 notice" on the other party. Once the Section 6 notice has been served, neither party can change the status quo until all of the Act's procedures have been exhausted.

Once either party serves a timely notice to negotiate an initial collective bargaining agreement or reopen an existing agreement, the RLA requires a very structured process. While bargaining is taking place, either party can apply to the NMB for mediation services at any time during the bargaining process. While it is rare that the party not requesting mediation will object, the courts actually have jurisdiction to order mediation if a party does not agree. Then, once mediation begins, the parties bargain in the presence of a mediator. Further, the parties must continue bargaining until the mediator releases them; neither party can unilaterally withdraw from bargaining once the mediation process has begun.

If the NMB determines that further mediation efforts will not be successful, it will offer binding interest arbitration to the parties. If either side objects the offer of arbitration (one side usually objects), the NMB will send a notice to each party terminating its services. This notice triggers another 30 day "cooling off period," during which the parties must continue to maintain the status quo. Only after all of these steps have taken place may the parties resort to self-help (strikes and lockouts). Under Section 10 of the RLA, however, if the NMB determines that the dispute presents a substantial threat to interstate commerce, it may recommend that the president create an Emergency Board. Emergency Boards have not occurred frequently in the recent past, however.

### Disputes Involving Existing Bargaining Agreements: "Minor Disputes"

Disputes concerning the meaning or interpretation of a term included in an existing collective bargaining agreement are known as "minor disputes." Such disputes are settled by mandatory arbitration under the Act, but the procedure for settling these disputes is slightly different in the railway and labor industries. In the railway industry, the Act created an agency known as the National Railroad Adjustment Board (NRAB). The NRAB is a federally funded arbitration service for the railway industry. The NRAB often is very far behind in resolving cases due to budgetary constraints, etc. But the Act authorizes the parties to create alternative arbitration mechanisms; these alternative boards are known as "Public Law Boards." When the RLA was amended to include airlines, however, no arbitration board similar to the NRAB was created.

While Congress stated that such a board might be created in the future, one has never been established. Instead, air carriers and the unions representing their employees create their own private arbitration mechanisms known as "System Boards of Adjustment."

### Strikes and Other Concerted Activity

Unlike the NLRA, the RLA does not specifically authorize employees to engage in "concerted activity." Therefore, employees subject to the RLA's jurisdiction may be disciplined by an employer for conduct that arguably would be protected by the NLRA as "concerted activity for mutual aid and protection."

As far as strikes are concerned, there is a difference between major and minor disputes discussed above. As indicated, in a major dispute, neither party may resort to self-help (e.g., strikes, boycotts, lockouts) of any form prior to the expiration of the status quo. Thus, a carrier may obtain an injunction to stop a union from striking before the expiration of the status quo. Once the status quo has been reached, however, there are virtually no limits on the form of self-help that a union may utilize. Thus, such things as slowdowns, "quickie strikes," etc., are not prohibited by the RLA. Further, unlike the NLRA, the RLA contains no prohibition against a union from engaging in a secondary boycott. In a secondary boycott, a union utilizes concerted activity (e.g., a boycott) against a neutral employer with whom it does not have a dispute as a way to put indirect pressure on a primary employer, with whom the union does have a dispute.

In the case of minor disputes, however, strikes and other forms of self-help are totally prohibited. Therefore, if a union goes on strike to protest an employer's actions in the case of a minor dispute, that strike can be enjoined.

## Conclusion

As stated above, the Railway Labor Act is the law governing labor relations in the railway and labor industries. The major goal of the law is to ensure that those industries are not disrupted by labor relations strife. In fact, when the Act was originally passed in 1926, there was virtually nothing on employees' right to unionize under the Act. And while the Act's amendments in 1934 provided more substance to employees' rights to unionize, the Act's main focus remains the maintenance of labors relations peace in those two industries.

## Cross-References

► Labor Unions and Public Law
► National Labor Relations Act

# Rape as Social Policy

Lisa Sharlach
Department of Government and Public Administration, University of Alabama, Birmingham, AL, USA

## Synonyms

Sexual violence as social policy

## Definition

Governmental actions, laws, and policies encouraging or overlooking rape have a direct and deleterious impact on the well-being of citizens, especially those of less powerful social groups.

## Introduction

No government today boasts of rape as official policy; in fact, all states criminalize it.

However, rape has been and continues to be a tactic of social policy during conflicts ranging from genocide and civil war to counterinsurgency operations against ideological or identity-based resistance movements. During armed conflict,

state agents and their affiliates, not just rebels, are likely to be among rape's perpetrators. Moreover, rape has served as a political weapon not only in war but also in the absence of armed conflict. Even civilian-perpetrated rape in peacetime can be social policy when there is evidence that state institutions demonstrate a consistent bias in favor of the rapist. In a just polity, the state, acting on behalf of the victim, will try to punish the perpetrator of a sexual offense. In societies in which the legal system reflects social group biases, including against the female sex, a victim who tries to win legal redress for sexual violence may instead find herself trivialized, ignored, or, under some codes, prosecuted. Such encounters with a prejudicial justice system are what survivors may dub "the second rape."

## Definitions of Rape

What constitutes rape varies widely among legal codes. In some, the term "rape" pertains exclusively to forced penile-vaginal penetration and is legally impossible within a marriage. International law, however, tends to include under the rubric of rape a wider range of nonconsensual sexual acts, including homosexual or heterosexual sodomy, object rape, or sexual relations with someone incapable of giving consent. To encompass these important but sometimes overlooked sexual violations, most scholars refer to "sexual violence," even when the specific act they are documenting is rape. It should be noted that males, females, and transgenders are found among both rapists and raped, although this article features masculine pronouns for the perpetrators and feminine ones for the victims because heterosexual rape by a man is the most common form of the crime. "State rape" is a term used in this entry to refer to situations in which rapists are agents of a government (or quasi-government) and are acting in their official capacity. A soldier, police officer, or other government agent who rapes is most probably seeking self-gratification; this does not, however, mean that his crime is entirely opportunistic. Any act of violence may have multiple motivations.

## State Rape Warfare

Although rape has been an instrument of foreign policy since antiquity, the discussion here is limited to domestic, rather than international, politics. Genocide is a social policy, albeit an extreme one, and rape has been a persistent element of it. In the twentieth century, the annihilation attempts against the Herero and Nama of German South-West Africa, the Armenians, the European Jews, and the Tutsi in Rwanda were all incontrovertibly genocides in which, to varying degrees, sexualized violence was one tactic. Rape was also a strategy of what was likely genocide in Bangladesh, Guatemala, Bosnia-Herzegovina, Iraq, and Sudan (although experts disagree as to whether the violence in these case studies meets the stringent legal conditions necessary to be deemed genocidal). Soldiers and militia raped before executing their victims; they attempted to dilute an ethnic community's bloodline by forcibly impregnating its women; and they intended for the mass rapes to traumatize surviving members of the community. Rape was not only a consequence but a key component of these episodes of genocide and mass slaughter.

Genocide is rare, but state rape in civil war is not. Security forces may hold an unofficial norm of raping to intimidate or silence opponents or their family members; rape and attacks on genitals or women's breasts during interrogation of suspected rebels are common. Additionally, political actors – especially police, soldiers, intelligence officers, and pro-government militia – may sporadically rape women of disadvantaged social groups as a form of political terror or acts of political violence intended to hurt civilians indiscriminately. The victims and their families may not themselves be subversives; they may fall target simply because of their ethno-national, religious, class, or caste identities. The political function of these rapes is to display state power and to maintain the subordination of women of the disadvantaged group.

State rape warfare has plagued many ethnic conflicts. Examples from the last three decades include, but are not limited to, the former Yugoslavia, Indonesia, Sri Lanka, Liberia and Sierra

Leone, Sudan, Burundi, and the Democratic Republic of the Congo. In 2010, Margot Wallström, the UN special representative on Sexual Violence in Conflict, referred to the Democratic Republic of the Congo as the world's "rape capital." She blamed both rebels and the army. The most current example of large-scale state rape warfare in an ethnic conflict is South Sudan. Factions of the Sudan People's Liberation Army are attempting to overthrow President Salva Kiir for reasons that include his overly centralized and authoritarian style of governance. Nonetheless, the conflict also has roots in long-standing ethnic rivalries between the Dinka and Nuer. A 2016 report from the United Nations High Commissioner for Human Rights blamed "all parties," but especially the state and affiliated youth militia, for sexual violence, which it concluded that "widespread or systematic, committed with impunity and perpetrated to instil [sic] terror within civilian communities perceived to support an opposing side" (United Nations Human Rights Office 2016, p. 38).

When national troops patrol or occupy a zone in which there is ethnic rebellion, state rape warfare may become a danger. For example, the Women's League of Burma has repeatedly reported over the last 15 years that military personnel patrolling the ethnic minority regions, such as Kachin State and Northern Shan State, rape with impunity: "Sexual violence is used as a tool by the Burmese military to demoralize and destroy ethnic communities. Army officers are not only passively complicit in these sexual crimes but often perpetrators themselves" (Women's League of Burma 2014, p. 1). A similar pattern of rape warfare has occurred in Nigeria's Niger Delta. A large police and military presence is in place to protect the infrastructure of the oil industry, to thwart possible kidnapping of oil workers, and to combat secessionist militia. However, girls and women in restive locations in the Niger Delta, such as Ogoniland, testify that federal agents have raped them in retaliation for their communities' demands for environmental protection and access to oil resources (Lenning and Brightman 2008). Human rights monitors noted a decade ago that federal security forces in the Niger Delta "have used rape to humiliate and dehumanize women and their communities; to coerce them into divulging information about the whereabouts of certain individuals; to intimidate the community into submission; or as a collective punishment" (Amnesty International 2006).

Religious differences may underlie rape warfare, despite the fact that no major world religion condones rape. Timor-Leste (East Timor), for example, is ethnically heterogeneous but overwhelmingly Catholic. Indonesia, which occupied East Timor for the last quarter of the twentieth century, is predominantly Muslim. The Timor-Leste Commission for Reception, Truth, and Reconciliation noted in its final report that it had collected testimony of over 800 instances of sexual violence perpetrated by Indonesian soldiers and the affiliated militia. Some of the victims were raped during torture or interrogation because they were or were associated with members of the Resistance; some were forced into sexual slavery in the barracks; some were violated (and some later killed) during military operations against their communities; some were raped in 1999 during mass deportation to camps in West Timor. The Commission concluded, "The practice of capturing, raping and torturing women was conducted openly, without fear of any form of sanction by senior military officers and other military personnel, civilian officials, police officers, teachers and members of the auxiliary groups…" (Commission for Reception Truth and Reconciliation Timor-Leste (CAVR) 2005, p. 120).

Even in this century, sexual violence in religiously motivated unrest has been tacitly permitted, covered up, or even perpetrated by state security personnel. Rape has been a central component of communal (ethno-religious) strife in India, such as during the clashes between Hindus and Muslims in 2002 in the state of Gujarat and in 2013 in the Muzaffarnagar district of the state of Uttar Pradesh. Likewise, in the Central African Republic in 2013, a Muslim coalition, the Seleka, seized power and perpetrated much destruction

and violence, including rape, particularly against Christians. Later, in retaliation, Christians and animists, known as anti-balaka, attacked not only the Seleka but also Muslim civilians in general. Rape of Muslims, and also those Christians who associated with them, ensued. Finally, in 2014 in Northern Iraq, so-called Islamic State fighters captured women and girls among the Yazidi, a Kurdish religious minority, for rape and sexual slavery. Some kidnappers have given theologically dubious religious justification for raping non-Muslims. The extreme forms of violence, including sexual, against religious minorities serve the purpose of purging all non-Sunni Muslims from the zones claimed by Islamic State.

Rape may be a weapon of terror in conflicts based on socioeconomic class divides as well. In Democratic Kampuchea, the official name of Cambodia during rule by the Khmer Rouge in the mid-1970s, rape was a serious crime for which the government would and did inflict the death penalty. Nonetheless, at the start of the revolution, some Khmer Rouge cadres raped and sexually mutilated women from what had been the elite classes before killing them. As the revolution progressed, almost anyone could become a victim of torture, murder, or rape at any time.

Finally, rape may be a social policy in a conflict based on ideology. Haiti, Zimbabwe, and Guinea provide only a handful of examples of rape as a strategy of partisan warfare by a dominant political group. In Haiti in 1991, the military junta's backlash against ousted President Jean-Bertrand Aristide's followers included rape. After Zimbabwe's 2008 election, war veterans, Central Intelligence Organization agents, and pro-Mugabe militia gang-raped female supporters of the opposition Movement for Democratic Change (MDC). In the following year, state security forces in Guinea raped dozens of women (and killed at least four of these) when they raided an opposition rally in the capital, Conakry. In both Zimbabwe and Guinea, ethnic identities mattered, but party affiliation was the most salient factor in the violence.

## Rape as Social Control

Perpetrating rape as social policy needs not be limited only to those on a government's payroll. In the United States as well as most other countries, a civilian rapist's target is more often than not someone of his own ethnic group. Rapists tend to prey on those who are nearby, and these are usually one's own kind. However, a smaller subset of criminal rape is interethnic. The social group identity of the victim may affect the treatment of the case; rape survivors from marginalized social or political groups may have unequal access to justice.

Laws and policies on rape that are overtly discriminatory toward the female sex are found around the world. In Peru until 1997, a convicted rapist could be exonerated if he married his victim. Until 2002, although a convicted rapist in a South African prison would receive free HIV/AIDS treatment if required, the South African government refused to provide lifesaving postexposure prophylaxis against HIV for rape survivors. Until recently in South Africa and Zimbabwe, the "cautionary rule" held that women crying rape belong within a special category of witnesses whose testimonies tend to be fraudulent.

Pakistan is an example of state with laws and policies that are so gender discriminatory that it is difficult to convict anyone of rape. In Pakistan, there is complicated legal system with parallel layers. Rape cases can go to the local village council, on which only men sit (one all-female council formed a few years ago in Pakistan's Swat Valley, but it has only advisory powers). The all-male councils not only tend to favor their own sex in rape cases but also may order forced marriage and even rape of girls and women to settle scores among the community's men. The gender insensitivity of these councils shot to international attention in 2002 when one in the Punjab province ordered the gang rape by up to 14 men of Mukhtaran Bibi (now known as Mai). The gang rape of the 30-year-old divorcee was the council's official sentence for an alleged offense by her

younger brother. What was unusual about the case was less the terms of the sentence than that the victim, a tribal woman, contested it. The legal proceedings in Mai's rape case took 9 years to wind through various levels and branches of Pakistan's parallel legal systems. The outcome was that one of the accused got a life sentence and all others won acquittals.

Pursuing justice for rape in the formal legal system is likewise daunting for women. The *Hudood Ordinance*, promulgated during the "Islamicization" of Pakistan in 1979, holds that for a man to be convicted of rape, the court must hear the testimony of four honorable Muslim male witnesses to the act of penetration. A less draconian civil law on rape also now exists, but the choice of which legal code to use in a rape case is a matter of judicial discretion. In Pakistan's official legal system, only in the cities of Hyderabad and Karachi do female medical-legal examiners themselves present the evidence from the physical examination of a rape victim to the court. All other jurisdictions require men to present evidence from the gynecological exam at trial, even if collected by their female colleagues. According to legislator Syeda Sughra Imam's 2014 testimony to the Senate Standing Committee on Law and Justice, the conviction rate for the Ministry of the Interior's registered cases of rape in all of Pakistan over the previous 5 years had been close to zero (Ebrahim 2014).

Even when and where the law and policy are nondiscriminatory, the way they are implemented by the agents of the state – law enforcement, the justice system, and official medical personnel – may remain prejudicial toward women. Adherence to commonly held rape myths – such as that wearing a short skirt, being out alone at night, or having previous sexual experience meant the victim was "asking for it" – may taint how government personnel approach the parties involved in a complaint of rape. Even in Scandinavia, one of the most favorable regions of the world for women's legal and political rights, police "close" most of the cases of women who complain to them of rape. Police and prosecutors who adhere to rape myths may disbelieve a woman's cry of rape. They point to provocative attire, or willingness to go on a date with a man, as implied consent to sex with him. Once closed, prosecution, much less conviction, of a rape case cannot happen.

State agents, in addition to having gender biases, may hold ethno-racial prejudices which result in conviction and sentencing disparities. Pakistan again serves as an example. Every year, Muslim men abduct some 1000 girls from religious minority backgrounds, convert them to Islam, and force them to marry. Approximately two-thirds of the girls are from Christian families and the remainder mostly from Hindu ones. When the girl's parents go to the police to file charges of abduction or rape, some find that police are unwilling to even register their complaint, especially if it is against someone powerful. The abductor, who may have married the girl himself or may have wed her to someone else, then files charges against the girl's parents. He claims that they are willfully harassing their daughter simply because they oppose her voluntary religious conversion and her choice of husband. Court personnel of both low and high rank tend to demonstrate a bias on behalf of the majority religious community; they may register the girl's statements while she remains captive "without further inquiry into the attendant circumstances, such as whether the victim is acting under duress by her abductors" (Ansari 2014, p. 24).

Laws themselves neither stop nor cause rape. Blatant and widespread lack of enforcement of rape laws, however, especially when the rapist is of a higher-status social group than the victim, is problematic because it creates a culture of impunity for sexual violence. In such a climate, anyone who feels like raping someone from a social outgroup faces little disincentive. One group in particular that suffers from much sexual violence is lower-caste women in India ("Dalits" or, officially, "scheduled castes"). Moreover, Dalit women are subjected to especially degrading forms of sexual violence, such as prostitution, branding, unclothed parading, dismemberment, and scatological acts. Discrimination on the basis of caste is banned by India's constitution, and special laws protect the scheduled castes from "atrocities." Despite these legal protections,

however, the reality is that rapists of Dalit women have much better chances of getting away with their crime than those who rape higher-status women. In India, the overall conviction rate for rape of a woman is 25%, but for Dalit women, that rate drops to less than 2% (Babar 2016, p. 82). Women's groups documented the mass rape that took place during caste riots in India from 1978 to 1988, but the government convicted no one. Even today, it is not uncommon for Dalit women who demand political rights to encounter often lethal violence, sexual, and otherwise. In fact, national statistics indicates that such attacks are increasing. Many Dalit women dare not to file a complaint after violation:

> The brahminical patriarchal discourse of 'honour' and fear of further dominant caste reprisals, moreover, influences Dalit women, their families and their communities, not to seek justice where violence takes place. Impunity for violence, therefore, is an intrinsic factor in the maintenance of the caste system and caste-and-gender based norms circumscribing Dalit women's fundamental rights and freedoms. (Kumari 2016, p. 211)

Even if a Dalit chooses to press charges for rape, criminal justice personnel or the local village councils may be unwilling to prosecute an alleged perpetrator who is of a higher caste than his victim.

## Conclusion

Although different polities define rape in somewhat different ways, it may be found in all social sectors across all societies. It is most common in war, where even in modern times it has been a tactic of genocide, torture, and terror. Rape has surfaced in recent armed conflicts based on ethnicity, religion, caste, social class, and political affiliation. Rape may also be a method of maintaining control over lower-status groups, even in times of peace. A polity's level of state rape depends on the extent to which a state is a gendered and racialized entity, rather than a neutral arena for intergroup negotiation. Where masculine and/or ethno-religious biases are deeply entrenched in law, perpetrators of sexual offenses who belong to society's dominant groups may be able to rape with impunity. Not only rape but also rape law and policy can serve as weapons of repression of targeted social categories, such as women, Dalits, ethno-religious out-groups, or political opposition members. Although the purported social contract between the state and citizen has its central premise protection from violence such as rape, the examples provided herein from around the globe demonstrate that the state, rather than being a citizen's protector, may well be one's sexual predator.

## Cross-References


- ▶ Changing Nature of Global Armed Conflict
- ▶ Globalization and Violence
- ▶ Institutional Racism and the Public Sector
- ▶ Public Administration and Gender Issues
- ▶ Race, Arrest, and Sentencing as Social Policy


## References


Amnesty International (2006) Nigeria: rape – the silent weapon. Retrieved from New York: https://www.amnesty.org/en/documents/AFR44/020/2006/en/

Ansari E (2014) Forced marriages & forced conversions in the Christian community of Pakistan. Retrieved from Karachi: http://www.msp-pk.org/zeeshan/forced_marriages_forced_conversions_in_the_christian_community_of_pakistan_msp_reports

Babar MAV (2016) Rape as a continuing weapon of psychological warfare, suppression & subjugation. Int J Indian Psychol 3(2):82

Commission for Reception Truth and Reconciliation Timor-Leste (CAVR) (2005) Chega! The report of the commission for reception, truth, and reconciliation timor-Leste Executive Summary. Retrieved from Dili: http://www.etan.org/news/2006/cavr.htm

Ebrahim Z (2014) State of neglect: closed eyes to sexual assault. Dawn. Retrieved from http://www.dawn.com/news/1140065

Kumari RS (2016) Dalit women in India – a case study of their violence and existence. Imp J Interdiscip Res 2(6): 209–214

Lenning E, Brightman S (2008) Oil, rape and state crime in Nigeria. Crit Criminol 17(1):35–48. https://doi.org/10.1007/s10612-008-9068-2

United Nations Human Rights Office (2016) Assessment mission by the office of the United Nations high commissioner for human rights to improve human rights,

accountability, reconciliation and capacity in South Sudan: detailed findings. Retrieved from Geneva: http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=17207&LangID=E

Women's League of Burma (2014) Same impunity, same patterns. Retrieved from Thailand: http://womenofburma.org/same-impunity-same-pattern-report-of-systematic-sexual-violence-in-burmas-ethnic-areas/

# Rational Model of Decision-Making

Francis C. Uzonwanne
College of Management and Social Science, Department of Psychology, Redeemer's University, Ede, Osun State, Nigeria

## Synonyms

Decision-making models; Leadership decision making; Rational decisions; Rational planning model

## Definition

Being the opposite of intuitive decision making, rational model of decision making is a model where individuals use facts and information, analysis, and a step-by-step procedure to come to a decision. The rational model of decision making is a more advanced type of decision-making model.

## Introduction

Decision making is what hominids do everyday. From the moment humans open their eyes in the morning, they start making decisions about whether to snooze the alarm or just go ahead and get up. All through the day, decisions are made continuously until the decision is made to close their eyes again. Decision making therefore is what makes the human element alive and functional while deciding the world around them and ultimately individual personal fates. Decision making almost always involves choices. In a world full of choices, the individual personality is constantly arraigned with options which can be as basic as what to wear out for the day or what to have for dinner to decisions about what policies would have the best intended outcome toward national economic progress. The business dictionary defines decision making as "the thought process of selecting a logical choice from the available options." (Decision Making n.d.). styles are therefore the learned, habitual response pattern exhibited by an individual, when confronted by a decision situation (Scott and Bruce 1995). Scott and Bruce (1995) proposed four different types of decision-making models: (a) rational decision-making style, which is characterized by a thorough research for and logical evaluation of alternatives; (b) intuitive decision-making style, which is characterized by a reliance on hunches; (c) dependent decision-making style, which is characterized by a search for advice and direction from others; and (d) avoidant decision-making style, which is characterized by attempts to avoid making decisions altogether (Scott and Bruce 1995). Rational decision making is defined and discussed along with characteristic components like intuitive decision making. A model of rational decision making is provided, and some suppositions about rational decision making are also discussed.

## What Is Rational Decision Making?

While decision-making models like the intuitive and dependent or even the avoidant decision-making style may be seen as basic and primary in the sense that these are used more often on a daily basis and rely mostly on predisposition, the rational model of decision making is a more advanced type of decision-making model. Scott and Bruce (1995) lay particular emphasis on the characteristics of thorough research and logical evaluation as it concerns rational decision making. Most people will not go into thorough research concerning what route to take to work

on a busy day in a crowded city or on what choice to make out of the several options on a dinner menu; intuition would probably take care of that. Intuition, most often, does not require reasoning or logic. Instincts are the basic driving factor for the use of intuition in this model. Logical evaluation involves the process of gathering facts and utilizing logic to organize and analyze these facts in such a way that they aid accurate or near accurate decision making. According to Oliveira (2007), rationality has been defined as the "compatibility between choice and value." Rational behavior therefore seeks to heighten the significance of the consequences focusing on the process of choosing rather than emphasizing the selected alternative (Oliveira 2007). Rational decision making is therefore the model of decision making that is most likely to apply to higher-level decision making of a more serious nature. These are the sort of decisions that managers and higher-level leaders are faced with in their leadership roles. Rational decision making as defined in a business dictionary is "a method for systematically selecting among possible choices that is based on reason and facts. In a rational decision making process, a business manager will often employ a series of analytical steps to review relevant facts, observations and possible outcomes before choosing a particular course of action." In rational decision-making models, decision makers evaluate a number of possible substitutions from different possible situations before selecting a choice (Oliveira 2007). These possible situations or scenarios are weighed by probabilities, and decision makers can determine the expected end result for each choice (Oliveira 2007). The final choice that the decision maker chooses would be the one offering the best-predictable consequence and with the highest prospects of consequence (Oliveira 2007).

## Rational Choice Theory

Rational choice theory is a context for understanding and properly modeling social and economic behavior (Blume and Easly 2008). The basic idea of rational choice theory is that cumulative social behavior results from the behavior of individual actors, each of whom is making their individual decisions (Blume and Easly 2008; Sen 2008). The theory therefore focuses on the determinants of the individual choices (Blume and Easly 2008; Sen 2008). Rational choice theory then supposes that an individual has preferences among the available choice alternatives that allow them to state which possibility they prefer (Blume and Easly 2008; Sen 2008). These preferences are also supposed to be complete (the person can always say which of two alternatives they consider preferable or that neither is preferred to the other) and transitive (if option A is preferred over option B and option B is preferred over option C, then A is preferred over C) (Blume and Easly 2008; Sen 2008). The rational agent is assumed to take account of available information, probabilities of events, and potential costs and benefits in determining preferences and to act consistently in choosing the self-determined best choice of action (Blume and Easly 2008; Sen 2008).

## Rational Decision Making and Intuitive Decision Making

The rational style according to Russ et al. (1996) is "deliberate, analytical and logical; rational decision makers assess the long-term effects of their decisions and have a strong fact based task orientation to decision making" (p. 5). Rotter (1966) opined that the rational style seems related to initiation of a structure and an internal control orientation. Kholi (1989) has posited that both initiation of a structure and a higher internal control orientation may be linked to higher performance. A most directly opposing decision-making model will be the intuitive decision-making model. Employing the intuitive style for making decisions on the other hand involves feeling orientation and is based on an internal ordering of the information leading to hunches (Russ et al. 1996). These intuitive decisions are made relatively quickly and with limited information and often changed if the intuition was in error (Russ et al. 1996). Russ et al. suggest, "Intuitive decision makers are likely to be more error-prone and inconsistent, which may lead to uncertainty and loss of confidence in the manager by superiors and subordinates" (p. 5). In a high-stake environment, this type of decision making may be quite

risky. If the decision turns out to be error-prone, for instance, in an environment where financial stakes are high, the consequences may be rather costly. Rational decision making is therefore predominant where investor stakes and life stakes in general are high. Intuitive decisions are also made when there is a dearth of facts and information, when there is need to come up with an immediate solution to a problem, and also when the decisions to be made are challenging. Rational decision making on the other hand is often characterized by a precision-based process. This process involves gathering adequate material in terms of availability of information, value of the information, precision of the information, and reliability of the information. There is usually a need to ensure that the solution reached is fail proof. This is because a properly analyzed fact-based decision will typically result in a positive and effective solution. There are setbacks to this process however; this materializes in terms of human inability to gather adequate materials of information. It is not unusual for the decision maker to back down or settle for the amount of material information at their disposal.

## Rational Decision Making and Demographic Variables, Age and Gender

Rational decision making has been studied in terms of demographic variables. Two of the most commonly studied demographic variables are age and gender. According to Uzonwanne (2016), "through multiple comparisons examining differences in decision making by age and gender, analysis showed that almost the same number of males and females used the rational decision-making models." Though the mean scores were generally high, comparisons show that executives who were 60 years and older used the rational decision-making model more than any other age group; age may therefore be a factor for the use of rational decision-making model (Uzonwanne 2016). Löckenhoff (2011), in a review of the behavioral literature, reveals that older adults are often more willing to wait over short-time delays for a larger amount of money compared to a smaller amount of money available immediately. Neuroscience research suggests that the accumulation of experience with delayed rewards over the life span may serve to tune activity in regions like the ventral striatum (Samanez-Larkin 2013). In two recent datasets, reported by Samanez-Larkin (2013), the strong sensitivity to immediately available rewards in the striatum in young adulthood is reduced in older age as older adults show similar activity for rewards available now or later (Eppinger et al. 2012; Samanez-Larkin et al. 2011). One interpretation is that it is as if the older folks know that $20 is going to be just as good in 2 weeks as it is today and those in their twenties just haven't had the opportunity to realize interest rates over decades and appreciate the long-term rewards of waiting (Samanez-Larkin 2013). This may be a situation where attempts should be made to try and get those impatient young people to make decisions more like the older folks (Samanez-Larkin 2013).

## Suppositions of Rational Decision Making

Suppositions of rational decision making assume that people naturally want to make the best choices everytime there is an investment involved or something of value is at stake. For instance, people shop for a product of their desire, and when such a product is found, the individual will mostly carry out some sort of information gathering, so as to ensure that they are actually getting their investment's worth. This is known as rational choice (Scott 2000). According to Scott (2000), it has been assumed that people are motivated by money and by the possibility of making a profit, and this has allowed it to construct formal, and often predictive, models of human behavior. One of these models of human behavior is the rational choice theory. The rational choice theory was built around the idea that all action is fundamentally "rational" in character and that people calculate the likely costs and benefits of any action before deciding what to do (Scott 2000). Another related supposition is that an individual is cognitively capable of searching for and gathering useful facts that aid their final choice. Such information and facts are based on success criteria pertinent to the situation or the individual. The individual is able to create the time and also the resources

required for rational decision making in order to achieve an effective and functional solution.

## A Model of Rational Decision Making

Rational decision making may involve several different processes. Regardless of the various steps in each process, rational decision processes have similarities that mostly result in effective solutions. A model of rational decision making is presented in the following steps:

1. Identifying the problem that requires a solution
2. Identifying the solution scenario
3. Carrying out a gap analysis
4. Gathering facts, options, and alternatives
5. Analyzing option outcomes
6. Selecting best possible options
7. Implementing decision for solution and evaluate final outcome

### Identifying the Problem that Requires a Solution

It is important in any problematic situation to properly clarify what the problem is that requires a distinct decision-making process for a solution. If the problem is not properly understood, the decision maker may engage in doing too much or too little to solve the problem. As a president-elect, the Obama-Biden team created an elaborate document on "change.gov" (The Obama-Biden Plan) highlighting a detailed description of the problems America faced at the time. It was not enough to say that America was in a recession; the beginning of a rational solution was to understand what aspects of the American economy defined the recession. A manager of a restaurant in financial distress must be able to accurately define the nature and source of the problem. If the nature and source of the problem are not accurately defined or identified, the manager stands a risk of throwing solution options at a situation that is working well or doing little to resolve the actual problem.

### Identifying the Solution Scenario

Equally important in the rational decision-making process is defining what a solution scenario will look like at the end of the process. What characteristics will determine that a solution has been found? In other words, what will success look like? What are the identifiers that will be observed to characterize success? For instance, if XYZ are in place, will that mean success? For some managers, if the organization's financial returns are enough to pay the bills, remunerate the employees, and also have enough profit to service investor portfolios, then that is a picture of success. For some other managers, that is a problem that requires rational decision making for solution. Indices and marginal qualifiers are some determinants of success for many. If the numbers fall beyond the preset indices or qualifiers, then a problem is identified. Success will simply mean that the profit levels have exceeded the preset indices and qualifiers by a preset minimum ratio. Understanding what success will look like is inevitable for accurate gap analysis.

### Carrying Out a Gap Analysis

A gap analysis is simply defining and understanding the gap between the problem and the solution. What is it going to take, for instance, for the organization to go from the identified problem to the identified solution? The business dictionary defines gap analysis as "a technique that businesses use to determine what steps need to be taken in order to move from its current state to its desired, future state." In other words, now that the problem has been accurately defined and an accurate picture of success has been determined, the next step will be to determine what it takes to go from problem to solution. Again, the Obama-Biden team was able to clearly document the steps that they were going to take to bring America back to where they had identified as success for the nation. This is an aspect of rational decision making that should involve other people as think tanks. In this regard, all the possible steps involved with the gap analysis will be mostly identified. If the solution will require project management for solution, the steps identified in the gap analysis will become the specific goals and specific success criteria that will be achieved toward success. During think tank sessions, the

manager or management is able to accurately analyze where the organization is and where they want to be but, most particularly, how to get there.

### Gathering Facts, Options, and Alternatives

The next phase in this rational decision-making model is to gather facts and options surrounding the steps that have been identified in the gap analysis. To be properly informed is at the center of effective rational decision making. With the information gathered, considerations will be made on how the steps that will be taken will affect the stakeholders involved, positively or negatively. Somebody somewhere may have researched the steps to be taken or may have even taken similar steps. The facts from the outcomes may prove very useful in the eventual decisions made at that point.

### Analyzing Option Outcomes

With the facts in hand, the consequences or outcomes of the various options identified should be analyzed to determine the most effective and functional option. Adequate time should be allotted for studying and identifying the possible outcomes of each of the options to be studied. An integral aspect of the study will be to weigh in on how the different outcomes will impact stakeholders involved. There may be outcomes that do not favor some stakeholders while the same outcomes favor others. Situations like these can be challenging to resolve. This is where a think tank team may be useful again. The goal is to accurately predict the outcome of each of the options selected, and from these predictions, a final option is selected.

### Implementing Decision for Solution and Evaluating Final Outcome

After the best option has been selected, the decision has to be implemented accurately as decided for effective and functional solution. This phase of the model may sound redundant, but it is an imperative aspect of rational decision making. Securing a hitch-free implementation of the decision made provides a successful closure to the process. After the decision or option has been implemented, it is also important to evaluate the final outcome based on the solution scenario that was created in the second step. Has success being achieved? If it is not looking like success, then there is a need to go back to the gap analysis phase and reevaluate the steps decided for the solution process.

## Conclusion

Rational decision making has been defined as a more advanced type of decision-making model, laying emphasis on the characteristics of thorough research and logical evaluation, selecting among possible choices based on reason and facts. The basic idea of rational choice theory which is premised on the assumption that cumulative social behavior results from the behavior of individual actors, each of whom is making their individual decisions, is highlighted. Studies have shown that older adults typically tend to lean toward rational decision making more than younger ones. There were no apparent gender-based differences however. Despite the time and resources involved, comparisons show that rational decision making offers more effective and functional solutions than intuitive decision making. Intuitive decision making is identified as a most directly opposing decision-making model in comparison to rational decision making. Decision-making models in general should be an integral aspect of training focus for all executives, leaders, and managers in the governmental and in the entrepreneurial worlds. Rational decision making should be extensively included in leadership training, seminars, and conferences, specifically those that border around management and sustainable development within organizations and governments. Younger managers and leaders should be particularly identified as recipients of rational decision making based on findings. Suppositions and assumptions of the rational making model are identified, while a decision-making model process is elaborated. Rational decision making is positioned as the most promising, effective, and functional decision-making process for leaders, managers, and individuals, especially when

stakeholders, investments, and high stakes are involved.

## Cross-References


- ▶ Ethics and Social Policy
- ▶ Governance and Leadership
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Psychology of Leadership


## References


Blume LE, Easly D (2008) The new Palgrave dictionary of economics, 2nd edn. Palgrave, Macmillan. Retrieved from http://www.dictionaryofeconomics.com/article

Decision Making (n.d.). Retrieved from www.businessdictionary.com

Eppinger B, Nystrom LE, Cohen JD (2012) Reduced sensitivity to immediate reward during decision-making in older than younger adults. PubMed 7(5). In Samanez-Larkin GR (2013) Financial decision-making and the aging brain. Assoc J Psychol Sci Observer 26(5):30–33

Kholi A (1989) Determinants of influence in organizational buying: a contingency approach. J Mark 7(1):50–65

Löckenhoff CE (2011) Age, time, and decision making: from processing speed to global time horizons. Ann N Y Acad Sci 1235:44–56. In Samanez-Larkin GR (2013) Financial decision-making and the aging brain. Assoc Psychol Sci Observer 26(5):30–33

Oliveira A (2007) A discussion of rational and psychological decision making theories and models: the search for a cultural ethical decision making model. Electron J Bus Electron J Bus Ethics Org Stud 12(2):12–17

Rotter JB (1966) Generalized expectancies for internal versus external control of reinforcements. Psychol Monogr 80(1):1–28, Whole No. 609

Russ FA, McNeilly KM, Comer JM (1996) Leadership, decision-making and performance of sales managers: a multi-level approach. J Pers Sell Sales Manag XVI(3): 1–15

Samanez-Larkin GR, Mata R, Radu PT, Ballard IC, Carstensen LL, McClure SM (2011) Age differences in striatal delay sensitivity during inter-temporal choice in healthy adults. Front Neurosci 5:126

Scott J (2000) Understanding contemporary society: theories of the present. Sage Publications, London

Scott SG, Bruce RA (1995) Decision making style: the development and assessment of a new measure. Educ Psychol Manag 55:818–831

Sen A (2008) The discipline of economics. Economic 75(300):617–628

Uzonwanne FC (2016) Influence of age and gender on decision-making models and leadership styles of non-profit executives in Texas, USA. Int J Organ Analysis 24(2):186–203. Emerald Insight


# Reality Shock and Public Service Motivation


Carina Schott
Utrecht School of Governance, Utrecht University, Utrecht, The Netherlands


## Synonyms

Other-oriented motivation; Praxis shock; Shattered dreams; Transition shock

## Definitions

Public service motivation is a multidimensional, other-oriented type of motivation. Specifically, it is the willingness and desire to contribute to the public interest and society at large. The term reality shock refers to jarring experiences resulting from a discrepancy or mismatch between what was/is expected by individuals entering a new job on the basis of their professional training and what the real working situation turns out to be.

## Introduction

The concept of public service motivation has received a lot of attention from both public administration scholars and practitioners over the last 30 years. To this day, there is vast body of literature on the antecedents and outcomes of public service motivation (Ritz et al. 2016). Frequently studied outcomes of public service motivation are organizational and individual performance, job satisfaction, and organizational commitment. Transformational leadership, specific human resource practices, and higher levels of education have been found to stimulate public service motivation. However, "only limited progress (e.g., Perry and Vandenabeele 2008) has been made in providing an adequate set of explanations or hypotheses about how PSM develops and why" (Bozeman and Su 2014: 6). Put differently, the dynamics of public service motivation have been

investigated in only a small number of longitudinal studies, which – moreover – found mixed results. Some studies found the concept of public service motivation to increase over time; some found it to remain stable, and there are also studies in which the level of public service motivation was found to drop.

Increases in public service motivation can be explained by Schneider's (1987) frequently studied attraction-selection-attrition (ASA) model and, related to this, the mechanism of organizational socialization (Kjeldsen and Jacobsen 2013). Stable levels of public service motivation have been explained by public service motivation being a trait-like concept or stable predisposition (Bakker 2015). A theoretical explanation frequently cited for the often-found decrease in public service motivation is the so-called reality shock (e.g., Brænder and Andersen 2013; Kjeldsen and Jacobsen 2013). This explanations, even though being a promising one, has only been tested by one small-scale empirical study to this date (Schott et al. 2018).

## Types of Reality Shock

The term "reality shock" goes way back to the work of Hughes (1958) and knows many synonyms such as "praxis shock" (Veenman 1984), "transition shock" (Corcoran 1981), and even "shattered dreams" (Friedman 2006). Initially, the term has been used to describe the discrepancy between how nursing graduates understand their professional role on the basis of their training and the daily working reality they are confronted with when starting to work in healthcare services. This means, "reality shock" is associated with feeling of disillusionment and unsuccessful socialization and fits with institutional theory. In the literature, different types of reality shock can be differentiated. If the understanding nurses develop of their profession through trainings and education does not prepare them for the daily work – if ideals and expectations collapse – they experience a *newcomer's reality shock.* Next to this type of reality shock, employees can also experience a reality shock when switching from one job and employer to another (*new job-related reality shock*), or even during an individual's career within the very same organization. For example, individuals may experience a reality shock if an internal promotion does not bring the expected improvements, such as more responsibilities, autonomy, and task variety (*promotion-related reality shock*).

## Professions Affected by Reality Shock

Even though frequently studied among nurses, the phenomenon of reality shock is not restricted to this particular profession but has also been observed among other public servants such as social workers (Blau 1960), police recruits (Van Maanen 1975), veterinary inspectors (Schott et al. 2018), and teachers (De Cooman et al. 2009). This observation suggests that classic street-level-bureaucrats – individuals who have wide discretion in their work and who are in direct contact with members of the general public (Hupe and Hill 2007) – are often affected by the experiences of a reality shock.

## Public Service Motivation and Reality Shock

Why is the phenomenon of reality shock useful to explain decreasing levels of PSM? A key assumption in the public service motivation literature is that public-service motivated individuals are driven to benefit society and that they want to contribute to the public interest through their work (Schott 2015). However, in his seminal work, Lipsky (2010) argues that the very nature of public sector work prevents individuals from even coming close to the ideal conceptions of their jobs. Because of increasingly scarce resources and constantly high workload, combined with high levels of red tape and often unpredictable as well as ungrateful clients, public-service motivated civil servants experience inconsistencies between their daily organizational life, on the one hand, and their own preferences and commitments to doing something socially useful, on the other. This discrepancy can be further intensified by

new public management reforms, aimed at increasing performance and organizational objectives, such as efficiency leaving public servants less space to maneuver. As feelings of discrepancy are associated with negative outcomes such as rule ambiguity, internal conflicts, frustration, and dissatisfaction (Duchscher 2009), individuals try to reduce this discrepancy. As a result, newly employed teachers, for instance, have been found to resign from their first job as teacher and look for alterative work that is more in line with their education-bred expectations (Stokking et al. 2003). An alternative and less drastic way to go forward and to reduce these inconsistencies is to alter one's desire to contribute to the public interest and society at large. Put differently, the mismatch between what public-service motivated people *want* to do in their work and what they actually *can* do – also called "reality shock" – provides a valid theoretical explanation for the often-found drop in public service motivation across time (e.g., Brænder and Andersen 2013; Kjeldsen and Jacobsen 2013). This leads to the question of how experiences of a reality shock can be mitigated in order to maintain highly public-service motivated work forces.

## Ways to Reduce a Reality Shock

Several routes how to reduce a reality shock can be identified. This section focuses on three different key routes, which take place in different phases of people's life: (1) during their professional education, (2) before they start a new job, and (3) while they are working.

First, opportunities to reduce the experiences of a reality shock arise even before employees are in contact with their future employer. Universities and other educational institutions need to be aware of the constantly changing work environment caused by, for instance, technological, societal, and institutional developments and to integrate these changes in their curriculum. This means *close cooperation between training institutes and employers* is a useful way to ensure that training institutes are well-informed about external developments. Only if institutes have this knowledge, they can constantly adjust training programs in order to provide the type of education students need to master their future working life successfully and to develop a realistic picture of how this life will look like.

Second, the findings by a recent study by Schott et al. (2018) suggest that human resource managers can be advised to ensure that newcomers in organizations and individuals who take on a new position within an organization are provided with a realistic and detailed picture of their future tasks as well as potential difficulties and challenges they might encounter at work. Put differently, *clear expectation management* in introductory interviews but also when jobs are advertised and framed can help to reach this aim. If employees are well prepared, they can develop active coping strategies, i.e., strategies that are directed at removing or circumventing stressors (Carver et al. 1989). By applying these strategies, individuals are better able to reduce the inconsistency between what they *want* to do in their job and what they actually *can* do and, as a result, are more likely to maintain their initial levels of public service motivation.

Third, good *mentoring and supervision* when already working seem to matter as well. Newcomers can learn from experienced colleagues how to better deal with unexpected daily work situation in a way that the desire to do something socially useful can be fulfilled and does not need to be readjusted.

## Concluding Thoughts

Combining research on public service motivation with insights from reality shock in order to explain decreasing levels of public service motivation across time is not new, but empirical evidence supporting this relationship is limited. One exception is the recent study by Schott (2018) who conducted small-scaled qualitative research among Dutch veterinary inspectors. This implies additional research is needed using more robust, longitudinal research designs and collecting data among different professionals and in different cultural contexts so that stronger conclusions can be drawn. This type of research would make it possible to more systematically rule out alternative explanations for a

drop in public service motivation such as shifts in personal preferences caused by a major life event. For example, becoming a parent or a serious case of illness within the family or other close persons may present such an event. An additional explanation for decreasing levels of public service motivation may be a change in one's supervisor. Transformational leadership has been found to be a solid predictor for public service motivation (e.g., Wright et al. 2012). A replacement of a supervisor with transformational leadership skills may therefore also be associated with a loss of public service motivation across time.

## Cross-References

► Organizational Socialization

## References

Bakker AB (2015) A job demands–resources approach to public service motivation. Public Adm Rev 75(5):723–732

Blau PM (1960) Orientation toward clients in a public welfare agency. Adm Sci Q 5(3):341–361

Bozeman B, Su X (2014) Public service motivation concepts and theory: a critique. Public Adm Rev 75(5):700–710

Brænder M, Andersen LB (2013) Does deployment to war affect public service motivation? A panel study of soldiers before and after their service in Afghanistan. Public Adm Rev 73(3):466–477

Carver CS, Scheier MF, Weintraub JK (1989) Assessing coping strategies: a theoretically based approach. J Pers Soc Psychol 56(2):267

Corcoran E (1981) Transition shock: the beginning teacher's paradox. J Teach Educ 32(3):19–23

De Cooman R, De Gieter S, Pepermans R, Hermans S, Du Bois C, Caers R, Jegers M (2009) Person-organization fit: testing socialization and attraction-selection- attrition hypotheses. J Vocat Behav 74(1):102–107

Duchscher JEB (2009) Transition shock: the initial stage of role adaptation for newly graduated registered nurses. J Adv Nurs 65(5):1103–1113

Friedman (2006) Classroom management and teacher stress and burnout. In: Evertson CM, Weinstein CS (eds) Handbook of classroom management: research, practice, and contemporary issues. Lawrence Erlbaum Associates, Mahwah, pp 925–944

Hughes EC (ed) (1958) Men and their work. Free Press, Glencoe

Hupe P, Hill M (2007) Street-level bureaucracy and public accountability. Public Adm 85(2):279–299

Kjeldsen AM, Jacobsen CB (2013) Public service motivation and employment sector: attraction or socialization? J Public Adm Res Theory 3(4):899–924

Lipsky M (2010) *Street-level bureaucracy, 30th ann. Ed.: dilemmas of the individual in public service*. Russell Sage Foundation

Perry JL, Vandenabeele W (2008) Behavioural dynamics: institutions, identities and self-regulation. In: Perry JL, Hondeghem A (eds) Motivation in public management: the call of public service. Oxford University Press, Oxford, UK, pp 55–79

Ritz A, Brewer GA, Neumann O (2016) Public service motivation: a systematic literature review and outlook. Public Adm Rev 76(3):414–426

Schneider B (1987) The people make the place. Pers Psychol 40(3):437–453

Schott C (2015) Playing a role-but which one? How public service motivation and professionalism affect decision-making in dilemma situations. Doctoral dissertation, Leiden University, The Hague

Schott C, Steen T, Van Kleef DD (2018) Reality shock and public service motivation: a longitudinal, qualitative study among Dutch veterinary inspectors. Int J Public Adm 1–14. https://doi.org/10.1080/01900692.2018.1485044

Stokking K, Leenders F, De Jong J, Van Tartwijk J (2003) From student to teacher: reducing practice shock and early dropout in the teaching profession. Eur J Teach Educ 26(3):329–350

Van Maanen J (1975) Police socialization: a longitudinal examination of job attitudes in an urban police department. Adm Sci Q 20(2):207–228

Veenman S (1984) Perceived problems of beginning teachers. Rev Educ Res 54:143–178

Wright BE, Moynihan DP, Pandey SK (2012) Pulling the levers: transformational leadership, public service motivation, and mission valence. Public Adm Rev 72(2):206–215

# Recent Developments in Public Sector Reforms, China and Hong Kong

Wei Li
Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

## Synonyms

Administrative reforms; Governance reforms; Government reforms

## Definition

"Public sector reforms" refer to government efforts to change the rules, processes, and values of public sector organizations with the purpose to enhance the efficient, effective, and responsive delivery of public administration and public policy.

## Introduction

This section compares the rationale and impacts of China and Hong Kong Special Administrative Region (SAR)'s major public sector reform initiatives adopted since 1980. Different sociopolitical and institutional contexts in two cases account for the varied reform initiatives and impacts (Cheung 2005).

China's rationale to reform its public sector has been largely driven by its economic development goal and efforts to integrate into the global market. Despite a short period of stagnation in the late 1980s, the general trend is that the function of China's public sector has been transiting from running a planning economy to supporting a market economy (Wong 2009). From the 1980s to the 2010s, public sector reforms have achieved mixed results. On one hand, China's economy has grown fast, and the Communist Party's authoritarian rule has been largely stable. On the other hand, there have been social unrest related to problems ranging from food safety to environmental pollution (Xu 2011).

However, by the time when president Xi Jinping came to power, the corruption problems in the public sector had become so rampant and serious that many new policy initiatives are resisted by powerful vested interests (Saich 2015). With a declining economic growth rate, an aging population, growing wealth gaps, and a social cleavage, Chinese government has taken efforts to reform the public sector institutions so that major policy changes can be implemented (Lam 2015). The aims of current public sector reforms in China are to upgrade the economic structure, facilitate private initiatives, and strengthen the regulatory and service capacities of the government. This entry will review major reform initiatives since 2012 in China. Our discussions of their rationale and impacts are grounded in China's historical and socioeconomic contexts since the 1980s.

Similar to China, Hong Kong's public sector reforms were also initiated in the 1980s. However, the political and economic contexts were very different in Hong Kong. An efficiency unit was established within the government to coordinate the implementation of service-oriented public management reforms. Because British Hong Kong government held policy beliefs of "small government, big market" for a long time, reform measures to enhance efficiency, encourage public-private collaboration, transparency, decentralization, performance pledge, etc., were quickly adopted (Lee and Haque 2006).

After 1997, when the sovereignty was returned to China, Hong Kong encountered severe economic recession and budget deficits. Like many developed areas, facing fiscal constraints, Hong Kong SAR government embraced reform measures to balance its public finance and improve government performance (Painter 2005). The civil service is downsized, expenditure for the statutory bodies is reduced, outsourcing is widely used by the government to deliver services, and citizens' feedback is sought to monitor service quality (Scott 2010; Vyas 2016). With limited public support for its Chief Executive in most of time after 1997, Hong Kong SAR government has sought to reform its own structure to strengthen the governing capacities. This entry will review the major reform initiatives by Hong Kong SAR government after 1997. The discussions of the reform rationale and impacts are related to the historical and socioeconomic contexts since the 1980s.

## Recent Public Sector Reforms in China

### Civil Service Selection

Despite China's efforts to downsize state-owned enterprises and to control government growth since 1980, Chinese civil service strength has been growing. At the end of 2015, China has

over 7.1 million civil servants, compared to 6.6 million in 2008. They include permanent employees working in government agencies, legislative agencies, courts, procuratorates, Chinese Communist Party (CCP) agencies, and people and mass social organizations. By 2009, public finance also support near 5.4 million non-civil service employees working in the aforementioned organizations and other public service organizations such as hospitals, schools, publishing houses, etc. (China Human Resources and Social Security Ministry 2015).

Unlike western democratic countries, there is no institutional arrangement to set the boundary between political executives and civil servants. In other words, the CCP leaders working in the government are also counted as civil servants and managed in accordance with the civil service regulations. The value of political neutrality is regarded as being irrelevant. According to the Civil Service Law, civil servants shall uphold the principle of "Party managing cadres" (dang guan gan bu). The selection and appointment of cadres are still controlled by the Party committees and managed by the Party organization department at a higher level (Burns and Wang 2010). Civil service reforms in China have not yet changed the old nomenclature system but increased the political concentration of power in the Party (Chan 2016).

China has sought to strengthen meritocracy and competition in selection of civil servants since 1980. Starting from Deng Xiaoping, the political leader who opened up China's economy, proposed to select more loyal, younger, intelligent, and professional cadres in the late 1970s (Manion 1993). Since 1989, civil service exams have been held every year to recruit civil servants. In 2015, Chinese government recruited 194,000 civil servants through examination. Since 2013, higher level governments have started to formally use examination to openly select incumbent civil servants from lower level of governments. In 2015, the central government openly selected 232 civil servants, and the provincial governments openly recruited 1726 civil servants. Recruitment by exams have raised educational level and professional qualifications of Chinese civil servants (Burns and Wang 2010).

### Civil Service Reward

Pay level of Chinese civil servants are composed of two parts: salary and allowance. Prior to 2015, on average salary comprises 20–30% of a civil servant' pay, whereas allowance may take 70–80% of a civil servant's income. For the part of salary, there are two components: rank salary and position salary. The level of salary is determined by the national government and implemented universally across the country. The level of allowance varies significantly in accordance with the specific government agencies' affordability. This results in pay differences across districts or community level governments within the same city (Chan and Ma 2011). In addition, there was no regular pay review. The chance to increase pay through promotion is also very little, which demotivate lower-level civil servants. In 2015, the State Council issued the order to adjust the structure of civil service pay, raising the level of salary and increasing its percentage of the total pay to 40%. The salary of civil servants will also take into account the actual tasks civil servant take despite that they may not have high ranks. The order also decided that the civil service pay will be annually or biannually adjusted according to the pay level in enterprises, the inflation rate, and economic situations (State Council 2015a).

Raising civil service pay also smoothens the reform of civil service retirement system. Prior to the reform, civil servants do not need to contribute to a retirement fund. Their pay after the retirement depends upon the level of pay prior to the retirement and will be raised regularly. This resulted in much higher retirement pay for civil servants compared to people working in state-owned enterprises or private sector (Wu 2013). In 2015, the civil service retirement system was reformed to be more similar to those in the private sector. Civil servants' pension will depend on how long they have worked for the government and how much they have contributed to the pension fund rather than the salary level before the retirement. Civil servants who enter the government after the

reform will receive lower level of retirement income (State Council 2015b).

### Performance Management Reform

Chinese government introduced performance management to motivate civil servants, enhance efficiency, and strengthen policy implementation since the early 1990s. For more than three decades, the most important performance targets are economic development and social stability because the promotion and rewards of cadres have largely depended upon these two indicators. There have been a long list of "one vote to veto" targets. If a government agency fails to reach the targets of any one item in the list, its overall performance will be negatively evaluated. The major items of "one vote to veto" targets mandated by the central governments include birth control targets, environmental protection, and production safety (Gao 2010).

Since 2004, a cadre accountability system has been gradually introduced by the Party and the government. According to the system, cadres will be sanctioned if they are responsible for major performance failures. These sanctions include removal from the leadership positions, administrative ranks being lowered, records demerits, etc. (CCP Central Committee 2014). Some senior rank cadres at national and provincial level governments are held accountable due to crisis such as poisonous milk powder incident in 2008, express train clashes in Wenzhou in 2011, and explosion and fire in Tianjin in 2015 (Zhao 2010). However, many of them are found to be promoted to higher rank positions a few years after receiving the sanctions. Frequent turnover of cadres and accountability mechanisms also encourage cadres to choose easy and low-quality approaches to complex policy problems (Eaton and Kostka 2014).

### Transparent Public Budgeting

More transparent public budgeting can contain government corruption and waste. The Budget Law of People's Republic of China was introduced in 1994. It stipulates that governments shall be answerable to the People's Congress, the audit agencies, and the higher level of governments. However, without detailed information about public financial accounts, the public and the People' Congress are unable to hold the government accountable. The Government Information Access Regulation was issued by the State Council in 2007, listing that the government budgets shall be open to the public. However, the published budget items often lack consistency, and the details are not disclosed due to reasons of confidentialities. The interpretation of "confidentiality" by local governments varies. Local governments have been particularly reluctant to release budget items relating to government debts. Much government revenue and expenditure is not included in the budget, which provides opportunities for corruption. Many corruption cases also occur in the process of outsourcing government project. The amended Budget Law was implemented in 2015. It stipulates that government and departmental budgets shall be disclosed to the public after approval. The government shall also explain the implementation of the transfer payment and the government debt. The government purchase shall also be disclosed to the public (Wong 2016).

### Administrative Structural Reforms

Since the 1980s, the State Council ministries have been reorganized about every 5–6 years. Major purposes include efficient coordination among government agencies, reducing civil service establishment, and efficient policy implementation by decentralizing administrative decision-making power. However, the recurring of structural reforms reflects that previous reforms often bring about new problems (Burns and Zhou 2010). For example, in 2012, in Shenzhen municipality, the super-ministry reforms reduced the number of bureau chiefs and deputy chiefs by 25%. The reforms adjusted or cancelled the administrative approval items by 31%. In 2013, the State Council initiated a new round of administrative structural reforms. The reforms are less about reducing the size of the government. As the reform in 2008, State Council reorganizations reflect the CCP's response to policy and governance problems (Dong et al. 2010). Major changes include separating the management of

the state-owned railways from the central government, merging the Population and Family Planning Commission with the Health Ministry, and reorganizing the China Food and Drug Administration. One new emphasis is to reform the social organization management system. Measures include separating the management of social organizations from the government, encouraging competition among the guilds or chambers of commerce, and easing the registration of newly established social organizations in areas of guilds and chambers of commerce, science and technology, charities, and community services (Shieh 2016).

### Collaborative Governance

Since the late 1980s, Chinese government has adopted public-private partnership (PPP) to build and manage infrastructure projects such as airports, sewage systems, bridges, etc. The PPP has enabled the government to share long-term risks with the private sectors in developing economy and urbanizing rural areas in the past three decades. However, the challenges for local governments to attract investors in PPPs include lacking of risk assessment and project evaluation capacity, uncertain legal protection for private operators, and uncertain returns for investors. The government was reported to have often violated contract terms against the interests of private investors (Burns and Zhou 2010).

Since 2013, the central government has adopted PPPs as a major policy tool to accelerate urbanization and boost domestic economy. In 2015, the National Development and Reform Commission publicly recommended 2531 PPP projects in two batches, aiming to invest a total of 3200 billion CNY. By July 2016, 24.4% of the first batch of 1043 projects announced ceased to adopt the PPP mode. In total, only 619 PPP projects (or less than 25%) had successfully signed service agreement with the private investors (China News 2016).

Chinese government had restricted the private association and private sector self-regulation in fear of the threats posed by uncontrolled social movement and alliance. At the same time, complex social problems, such as poverty, labor conflicts, domestic violence, education and health care for disadvantaged groups, etc., are increasingly beyond the capacity of the government to deal with on its own (Teets 2013). Since 2013, the CCP for the first time replaced the "social management" approach with the "social governance" approach to solve social problems. "Social governance" refers to a mode of governance in which the Party state provides the leadership; non-governmental partners and individual residents are encouraged to participate. Local governments are encouraged to contract out social services to social organizations (Ministry of Finance and Ministry of Civil Affairs 2016).

By 2014, China has over 600,000 registered social organizations, employing over 6,800,000 people. Since 2012, Chinese central government allocates grants for local social organizations to apply for. In 2016, the total grants amount to 200 million CNY. Local governments also allocate grants from its budgetary and non-budgetary revenue to purchase social organizations' service programs (Lin 2016). Although social organizations are still persuaded to establish Party cells, major government control over them is more of a managerial type. Through program evaluation, organizational evaluation, and auditing, the government hold social organizations accountable (Jing and Savas 2009).

## Recent Public Sector Reforms in Hong Kong

### Civil Service Reforms

Hong Kong's civil service system is similar to many Westminster governments. Most civil servants are selected through exams at the junior ranks. The promotion is based on performance and seniority. Most civil servants are employed on permanent terms. Compared to their counterparts in mainland China, civil servants in Hong Kong are very well paid (Cheung 2013). Their salaries are annually adjusted according to economic situation such as inflation. When financial crisis hit Hong Kong in 1997, there were 190,000

civil servants. To reduce public expenditure, the government downsized the civil service to 159,400 in 2007. More staff were employed on non-civil service contract terms (Scott 2010). Since 2007, with economic recovery and increasing demand for public services, civil service establishment had grown steadily to 175,889 in 2016 (Civil Service Bureau 2016a). This size is still smaller than in 1997. Many public services and projects are now outsourced to private providers to deliver. In 2015, due to the aging of civil servants, the retirement age for new recruits was extended from 60 to 65 for civilian civil servants and from 55 to 60 for disciplinary civil servants (Civil Service Bureau 2016b).

### Performance Management

Hong Kong civil service adopted performance management reforms in 1999. The major goal of the reform is to translate departmental strategies and objectives into practical and realistic performance goals down to individual staff. One major measure is the adoption of the performance appraisal to record, review, and monitor civil servants' performance; to identify their training and development needs; to facilitate the selection of officers for posting, promotion, and succession planning; and to provide a reference for rewarding civil servants. The major problems in implementing the reforms include generous performance rating, perceived inconsistency of appraising criteria, lack of due process and transparency in performance appraising, delayed performance management cycle and delayed feedback to appraisees, etc. Since civil servants' pay is still largely determined by their rank and the performance rating is only one of the factors for considerations by promotion boards, performance management reforms have moderate impact on changing civil servants' behavior in Hong Kong (Burns 2004). The Public Service Commission (PSC) regularly monitors the implementation of performance management system. The civil service bureau issued a performance management guideline in 2009 and updated the guideline in 2013 to address the issues raised by the PSC (Government Secretariat 2013).

### Political Accountability Reforms

Many Hong Kong citizens have demanded to elect Legislative Councilors and Chief Executive (the mayor) directly since the 1980s. However, due to the gaps between the central government's preferences and some local citizens, Hong Kong's mayor is currently still elected by a relatively small electoral college. He or she is not allowed to affiliate with political parties, and only half of lawmakers are directly elected by ordinary citizens. The widening wealth gaps and unpopular policies in Hong Kong during the two decades after returning to Hong Kong have resulted in more societal and political conflicts (Lo 2015). Facing enormous governance challenges, the government replaced the civil servants with political appointees to be policy secretaries in 2002 and introduced two layers of political advisors in 2008. The reform was intended to improve the political accountability of the government. After the reforms, political appointees have taken over from senior civil servants the role of assisting the Chief Executive to implement the policy agenda and steer the political process of policymaking. Senior civil servants continue to play a hybrid political-administrative role in providing advice for formulating policy options, monitoring policy implementation, and facilitating negotiations with stakeholders (Burns et al. 2013). However, the lack of coalition-building mechanism among political executives, legislators, and societal interests has constrained the government's ability to form societal consensus (Ma 2007). In addition, despite that the political accountability reform has enabled political executives exerted more control over the civil service, continuity of civil service values has limited the political executives' responsiveness to policy problems (Burns and Li 2015).

### Administrative Structural Reform

After the establishment of the Hong Kong Special Administrative Region, the government structure was reorganized in 1999, 2000, 2002, 2007, and 2015. The structural separation of policy bureaus and departments enables the government secretariat to reallocate the policy responsibilities among

departments relatively frequently. The major purpose of the reorganizations is to ensure that the Chief Executive can implement policy agenda effectively. For example, in 1999, the Broadcasting, Culture and Sport Bureau was restructured to be the Information, Technology and Broadcasting Bureau, taking over the development of information technology applications and telecommunications from other bureaus. However, the 2007 government organization put the portfolio under the Commerce and Economic Development Bureau. Only in 2015, the government established the Innovation and Technology Bureau, taking over the department of Innovation and Technology Commission and the Office of the Government Chief Information Officer. Three reorganizations took place under the administrations led by three different Chief Executives, reflecting the varied degree of importance they attached to the innovation and technology policy (Legislative Council Secretariat 2012; Government Press Release 2015).

### Collaborative Governance

To maintain a low tax rate, attract overseas investors, and sustain its public finance, Hong Kong civil servants and economic elites have been rather conservative in social welfare expenditure and long-term policy commitment in education, health care, housing, retirement protection, poverty reduction, etc. In some service sectors such as residential care for the elderly, preprimary education, etc., private profit- and nonprofit-making organizations are the major service providers. In recent years, the government is pressured to provide more services to handle the challenges of population aging and declining labor force. The government leverages private service providers' capacity by subsidizing their services (Lee 2005). For example, facing rising costs and demands for residential care, the government purchases community-based elderly care services from nonprofit service agencies by distributing vouchers to the elderly citizens since 2013 (Kwok et al. 2014). The level of subsidies varies according to the elderly's income. The government used similar approaches to subsidize the preprimary education from 2007 to 2016. Parents were encouraged to choose kindergartens, while kindergartens were allowed to recruit students according to their own policy (Wong and Rao 2015).

Involving citizens as co-implementer, codesigner, and co-initiators in program development and delivery is another case of collaborative governance to solve public problems. This approach seeks to incorporate nonmaterialistic and noneconomic interests and values into urban development. One example is the establishment of Harbor-front Enhancement Committee which involves nongovernmental actors in developing the harbor-front and seek to balance the economic development and environmental protection for public interests (Cheung 2011). Government's role is to provide financial and nonfinancial (such as good reputation) rewards to facilitate and motivate private actors to jointly deliver public goods and services.

In collaborative projects that involve mainly profit-making agencies as deliverers, the public demands more regulations and even reversal to government control due to problems of inflated costs, delay, low quality, conflictual labor relations, and even corruption (Haque 2005). In a recent case, drinking water in some public housing estates was found to be related to 163 children and pregnant women's high level of lead in blood. The government investigations concluded that the implementing departments should have established an effective regulatory system to monitor the building contractors' compliance with legal and contractual requirements to ensure high water quality (Commission of Inquiry into Excess Lead Found in Drinking Water 2016).

## Conclusion

Public sector reforms in mainland China and Hong Kong share more similarities in recent years. First, they both emphasize values of efficiency and encourage public-private partnership. Second, they both have to address social problems arising from widening wealth gap and aging population. Third, they are both integrated in the world economic system and face competition from other cities in the region.

However, despite the similar reform ideas, the reform impact in various areas differs due to structural and normative legacies in mainland China and Hong Kong. For example, collaborative governance in China had not encouraged the growth and regulation of private NGOs until very recently. By contrast, collaborative governance in Hong Kong was more quickly embraced by the government due to the importance of resourceful, competent, and vocal societal actors in policy processes (Lam and Perry 2000). The gaps between the intended reform goals and the actual reform impact are also wider in mainland China due to the concentration of Party's power within the public sector. Many of China institutional reforms seek to solve social and economic problems by proactively reducing poverty, serving the elderly population, and investing in technology. On this aspect, Hong Kong public sector reforms seem to converge with China, and its "laissez-faire" governing approach is being replaced by a more proactive attitude towards social and economic developments (Cheung 2013).

## Cross-References


- ▶ Administrative Reform
- ▶ Budgeting in the Public Sector
- ▶ Civil Service Law and Public Personnel Management
- ▶ Performance Management
- ▶ Politics and Bureaucracy
- ▶ Public Sector Collaboration and Social Policy
- ▶ Public-Private Partnership and Governance
- ▶ Reforms and Governance


## References


Burns JP (2004) The government capacity and the Hong Kong civil service. Oxford University Press, New York

Burns JP, Li W (2015) The impact of external change on civil service values in post-colonial Hong Kong. China Q 222:522–546

Burns JP, Wang XQ (2010) Civil service reform in China: impacts on civil servants' behavior. China Q 201:58–78

Burns JP, Zhou ZR (2010) Performance management in the government of People's republic of China: accountability and control in the implementation of public policy. OCED J Budget 2:7–34

Burns JP, Li W, Peters BG (2013) Changing governance structures and the evolution of public service bargains in Hong Kong. Int Rev Adm Sci 79(1):131–148

CCP Central Committee (2014) Selection of party and government leading cadres ordinance (in Chinese)

Chan HS (2016) The making of Chinese civil service law: ideals, technicalities, and realities. Am Rev Public Adm 46(4):379–398

Chan HS, Ma J (2011) How are they paid? A study of civil service pay in China. Int Rev Adm Sci 77(2): 294–321

Cheung ABL (2005) The politics of administrative reforms in Asia: paradigms and legacies, paths and diversities. Govern Int J Policy Adm Instit 18(2):257–282

Cheung PTY (2011) Civic engagement in the policy process in Hong Kong: change and continuity. Public Adm Dev 31:113–121

Cheung ABL (2013) Public governance reform in Hong Kong: rebuilding trust and governability. Int J Public Sect Manag 26(5):421–436

China Human Resources and Social Security Ministry (2015) Statistical report of China human resources and social security development

China News (2016) Development and reform commission has signed 619 PPP programs, worthy of 100million CNY (in Chinese). Available at http://www.chinanews.com/cj/2016/08-23/7981503.shtml

Civil Service Bureau (2016a) Establishment and strength. Available at http://www.csb.gov.hk/english/stat/quarterly/540.html

Civil Service Bureau (2016b) Retirement. Available at http://www.csb.gov.hk/english/admin/retirement/183.html

Commission of Inquiry into Excess Lead Found in Drinking Water (2016) Report. Available at http://www.coi-drinkingwater.gov.hk/eng/pdf/COI%20Drinking%20Water_Report.pdf

Dong LS, Christensen T, Painter M (2010) A case study of China's administrative reform-the importation of the super-department. Am Rev Public Adm 40(2): 170–188

Eaton S, Kostka G (2014) Authoritarian environmentalism undermined? Local leaders' time horizons and environmental policy implementation in China. China Q 218: 359–380

Gao J (2010) Hitting the target but missing the point: the rise of non-mission-based targets in performance measurement of Chinese local government. Adm Soc 42(IS):56S–76S

Government Press Release (2015) Innovation and technology bureau established. Available at http://www.info.gov.hk/gia/general/201511/20/P201511200739.htm

Government Secretariat (2013) Civil service bureau circular no 6. Available at http://www.agtso.org/update/download/c201306e.pdf

Haque AS (2005) Contracting out and trust in the public sector: cases of management from Hong Kong. Public Org Rev Global J 5:69–84

Jing YJ, Savas ES (2009) Managing collaborative service delivery: comparing China and the United States. Public Adm Rev 69:101–107
Kwok TD, Chan HG, Ip I, Wong B, Ho F (2014) Evaluation of day care services for demented clients in Hong Kong. Asian J Gerontol Geriatr 9(1):5–9
Lam WWL (2015) Chinese politics in the era of xi Jinping: renaissance, reform, or regression? Routledge, New York
Lam WF, Perry JL (2000) The role of the nonprofit sector in Hong Kong's development. Volunt Int J Volunt Nonprofit Org 11(4):355–373
Lee EWY (2005) Nonprofit development in Hong Kong: the case of a statist-corporatist regime. Volunt Int J Volunt Nonprofit Org 16(1):51–68
Lee EWY, Haque MS (2006) The new public management reform and governance in Asian NICs: a comparison of Hong Kong and Singapore. Govern Int J Policy Adm Inst 19(4):605–626
Legislative Council Secretariat (2012) Information note: re-organization of the government secretariat. Available at http://www.legco.gov.hk/yr11-12/english/sec/library/1112in25-e.pdf
Lin WY (2016) Community service contracting for older people in urban China: a case study in Guangdong province. Aust J Prim Health 22(1):55–62
Lo S (2015) Hong Kong's indigenous democracy: origins, evolution and contentions. Palgrave Macmillan, Houndmills/New York
Ma N (2007) Political development in Hong Kong: state, political society and civil society. Hong Kong University Press, Hong Kong
Manion M (1993) Retirement of revolutionaries in China: public policies, social norms, private interests. Princeton University Press, Princeton
Ministry of Finance and Ministry of Civil Affairs (2016) Instructions concerning developing social organizations through government purchasing social organizations' services (in Chinese)
Painter M (2005) Transforming the administrative state: reform in Hong Kong and the future of the developmental state. Public Adm Rev 65(3): 335–346
Saich T (2015) Governance and politics of China. Palgrave Macmillan, London/New York
Scott I (2010) The public sector in Hong Kong. Hong Kong University Press, Hong Kong
Shieh S (2016) Mapping the dynamics of civil society in China. In: Reza H, Hsu JYL (eds) NGO governance and management in China. Routledge, Abingdon, pp 45–68
State Council (2015a) Implementing measures with regard to adjusting government officials' basic salary standards (in Chinese). Document No.3
State Council (2015b) Decision to reform the pension system of government and public service organizations' employees (in Chinese). Document No.2
Teets JC (2013) Let many civil societies bloom: the rise of consultative authoritarianism in China. China Q 213(March):19–38
Vyas L (2016) Human resource management (HRM) outsourcing in the Asian public sector – a probe into the achievability and consequences in Hong Kong, Malaysia, and Thailand. J Asian Public Policy 9(3): 308–345
Wong C (2009) Rebuilding government for the 21st century: can China incrementally reform the public sector? China Q 200:929–952
Wong C (2016) Budget reform in China: progress and prospects in the xi Jinping era. OECD J Budg 3:1–10
Wong JMS, Rao N (2015) The evolution of early childhood education policy in Hong Kong. Int J Child Care Educ Policy 9(3):1–16
Wu L (2013) Inequality of pension arrangements among different segments of the labor force in China. J Aging Soc Policy 25(2):181–196
Xu CG (2011) The fundamental institutions of China's reforms and development. J Econ Lit 49(4):1076–1151
Zhao SS (2010) The China model: can it replace the western model of modernization? J Contemp China 19: 419–436

# Recruitment and Selection into Ghana's Local Governments: Theory and Practice

Peter Adjei-Bamfo[1], Emmanuel Yeboah-Assiamah[2] and Justice Nyigmah Bawole[1]
[1]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana
[2]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa

## Synonyms

Central-local government relations; Decentralization; Intergovernmental relations; Public personnel administration; Public sector human resources management; Subsidiarity

## Definitions

***Decentralization*** is the transfer of responsibility and authority for planning, management, resources mobilization and allocation from the central government and its agencies to

field or sub-national units of government (Rondinelli 1981).

***Recruitment*** is the process of generating a pool of qualified candidates for a particular job, whilst ***Selection*** on the other hand is the process of making a 'hire' or 'no hire' decision with respect to each applicant for a job (Armstrong 2009; Gomez-Mejia et al. 2012). This involves a determination of the required characteristics for effective job performance, based on job analysis.

## Introduction

Decentralization is considered a paradigm shift in centralized government style and has become a major feature of governance reforms. Decentralization and local governance have been adopted by countries the world over to enhance service delivery and autonomy to people. The literature on decentralization is replete with a number of studies, which argue on the theoretical benefits including inter alia, improved quality of service delivery, public accountability, and effective maintenance of law and order (Naidoo 2005). The off-loading of central government of so many burdens, development of local political and administrative competence, renewed methods for community participation, strengthened autonomy, and decision-making power of many views are benefits produced by decentralization (Rondinelli 1981; Ahwoi 2010). Others claim it is a means of enhancing local government capacity by delivering public sector modernization, promoting citizen participation in the development process and bringing the policy-making process closer to citizens (Grindle 2007).

While some empirical literature confirms the proposed benefits, diverse studies are poles apart in their respective conclusions (Olowu 2003; Yeboah-Assiamah 2014). For example, while Olowu (2003) argue that government becomes more responsive through decentralization, Yeboah-Assiamah (2014) thinks otherwise. Hence, a deficit between the benefits proposed in theory and that experienced in practice. It is, therefore, relevant to embark on specific contextual studies to assess the nexus between the theoretical assumptions underpinning decentralization and practical experiences.

In Ghana, decentralization and local governance was properly established in 1988 and has been strengthened by various legislations, ostensibly towards enhancing its effectiveness and autonomy. This was made possible through the transfer of authority, power and functions, competence, and other forms of resources to the sub-national levels such that service delivery and decisions will be made closer to, if not exactly at the point of delivery. Although mixed in nature, the framers of Ghana's 1992 Republican Constitution inserted clauses that sought to make local governments more assertive. For instance, the Constitution directs Parliament to pass relevant legislations to facilitate power transfer as well as the transfer of responsibilities and other resources from the center to local government entities in a coordinated means (Article 240 (2a)). The local government system was envisaged to be given the necessary capacity and autonomy to initiate plans and coordinate and execute policies on matters bothering the people within their territorial boundaries towards the ultimate localization of those activities (Article 240 (2b)).

After close to 15 years of decentralization practice [since 1988], the Local Government Service Act 2003 (Act 656) paradoxically was charged to mark the beginning of a functioning decentralized departments at the Metropolitan, Municipal and District Assemblies (MMDAs) level, with the "...transfer of functions to the relevant decentralized departments, transfer of staff from the Civil Service to the Local Government Service, and establish a performance-based management system for both human resource and service delivery." This Act has therefore transferred the human resource management (HRM) responsibility including the recruitment of local government personnel from the Civil Services Commission to the Local Government Service Secretariat (LGSS). One could argue that Act 656 theoretically sets a tone for decentralized human resource management system in Ghana's local governance structure. The so-called commencement of proper human resource decentralization could not provide any appreciable improvement in personnel issues even

after a decade and the signs appeared glaring which greeted the then Head of the Local Government Service (Dr. Callistus Mahama), who assured to establish human resource (HR) units in all the Assemblies to facilitate recruitment and selection of their needed manpower.

Recruitment and selection of the desired human resource [the most valued asset, see Mathis and Jackson, 2011] is regarded as a crucial process [bedrock] towards the ultimate realization of organizational mandate and action plans. Consequently, there have been strenuous efforts to constantly improve this all-important HR function across sectors. Surprisingly, these efforts seem to be inadequate in local government discourse as HR practice at the local governments has not been given adequate empirical scholarship in the literature resulting in the paucity of empirical literature on the impact of decentralization on local government staffing issues [recruitment and selection]. The main object of this chapter is to examine the impact of decentralization on human resource management, with a special focus on recruitment and selection of personnel to the local government of Ghana. The study is underpinned by the following key research questions: (i) how has decentralization institutional reforms impacted recruitment and selection to MMDAs? (ii) how do the MMDAs feature in the recruitment and selection process? (iii) what has been the interplay of roles between the local and central government bodies in the recruitment process? and (iv) how has decentralization institutional reforms impacted human resource practices at the local level? The rest of the chapter is organized into four main sections: a discussion of relevant literature and theoretical overview of decentralization, autonomy, and recruitment processes; the methods and approaches employed in carrying out this study; a discussion of the study findings; and finally, useful conclusions and relevant policy suggestions.

## Conceptual Overview

### The Concept of Decentralization

Although the term decentralization defies a harmonized definition, it has rich conceptual and empirical connotations, which signifies static and dynamic processes. It also refers to pure ideal type, which moderates incremental change in a governmental system. The concept can be defined both in functional and territorial terms.

Territorial decentralization is defined by Rondinelli (1981:137) as "the transfer of responsibility for planning, management and the raising of and allocation of resources from the central government and its agencies to field units of central government ministries or agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide, regional or functional authorities or non-governmental private or voluntary organization." Based on this definition, decentralization is about the transfer of authority on a geographical basis whether by deconcentration of administrative authority to field units of the same department or level of government or by the political devolution of authority to the local government units or special statutory bodies. Functionally, decentralization is the transfer of authority from central to peripheral organizations of the same level, for example, from a government department to a parastatal agency. In sum, the concept involves the transfer of power, resources, and responsibilities to subnational units of government.

### Forms of Decentralization

Three major forms of decentralization have been established in the literature: devolution, deconcentration, and delegation. However, other literatures consider privatization as well. Firstly, deconcentration is a situation where financial management responsibilities and decision-making authority are redistributed among other levels of central government. Rondinelli (1981) argues that deconcentration takes place as long as the central government disperses certain responsibilities of services to the regional and local governments. On the other hand, delegation is a more extensive form of decentralization that involves a transfer of decision-making responsibility and administration of public functions from central government to semi-autonomous organizations, which are not fully controlled, but ultimately accountable to central government. Ayee (2000) explained further that services and responsibilities

are mostly transferred to specialized organizations with some degree of operating autonomy. With devolution, central government transfers responsibilities for services to municipalities that elect their own mayors and councils and raise their own revenues, with independent authority to make investment decisions (Nsarkoh 1964). Hence, it is normally referred to as political or true decentralization, while deconcentration is also referred as administrative or fiscal decentralization.

## Human Resource Management and Decentralization

Local governments worldwide, including that of Ghana, has faced numerous challenges since its inception. Notably among these are inadequate funding (Sakyi 2008), political interference, and limited skilled human resource (Wood 2000). From this background, past and present leaders have made substantial effort in building local level human resource capacity. In this light, Dr. Callistus Mahama, former Head of the Local Government Service, declared after a familiarization tour of some Assemblies in Ghana that the body is determined to establish HR units in all the Assemblies in order to improve their manpower base. The HR units, according to him, would among other things be mandated to promote the capacity building of local government staff, facilitate recruitment and selection of the needed manpower for the assemblies, and commit itself to the improvement of the general welfare of staff.

Human resources management in local government institution often involves a set of highly structured and complex procedures in most developing economies, of which Ghana is no exception. The link between decentralization and human resource management can be found in the numerous HR management systems usually applied in local government. These includes separated, integrated, and unified models (Olowu 2003). The *integrated model* often involves the deployment of central government staff to local governments. Regarding the *separated model*, local governments have autonomy to hire and fire their own staff, as opposed to the *unified model* which is characterized by common civil service across local governments with state control only at the appointment stage. Olowu (2003) posits that the unified model is gaining popularity as it allows local governments to take the responsibility of managing their own human resources with minimum dependence on central government. Both unified and integrated systems are found in situations where there is no trust from the center for local governments to hire strategically but as patronage.

## Recruitment and Selection

The process for engaging the services of employees by public organization is considered as staff appointment. Several activities are involved. Significant among them is recruitment and selection. Eddy (1981: 56) contends that "without the meanings that are provided by the human mind, organizations are only piles of stone and metal and blobs of ink on pieces of papers." Employees are therefore the most valuable asset of every organization.

Gomez-Mejia et al. (2012) define recruitment as the process of generating a pool of qualified candidates for a particular job. In recruitment, it is significant to have a large pool of the right people with the right skills at the right place and time. Selection, on the other hand, is making a "hire" or "no hire" decision with respect to each applicant for a job (Armstrong 2009; Gomez-Mejia et al. 2012). The process involves determining the required characteristics for effective job performance, based on a job analysis and then measuring them against that of applicants (see Fig. 1).

According to Le and Kleiner (2000), negligent hiring is a legal risk, which can cause an organization to fail. Negligent hiring occurs when an organization fails to do adequate background investigation about candidates' competence. The former Chairman and CEO of Citicorp Walter Wriston argues, "I believe the only game in town is the personnel game. My theory is that, if you have the right person in the right place, you don't have to do anything else. If you have the wrong person in the job, there's not a management system known to man that can save you." Therefore, it is important that the right people are selected, trained, and rewarded so that they perform their jobs properly or handle other functions within their areas of responsibility. Public sector recruitment could be from either internal or external

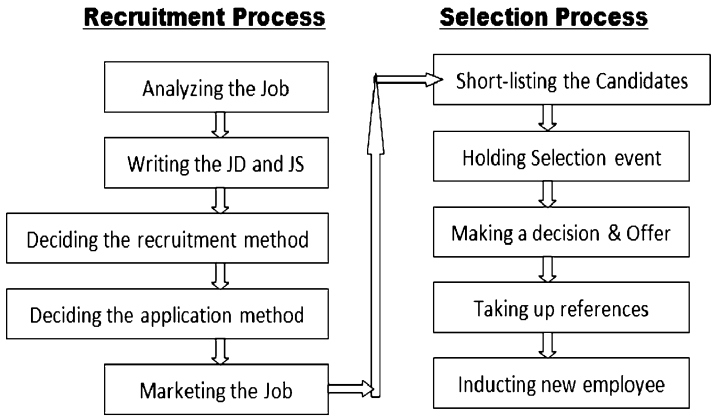


**Recruitment and Selection into Ghana's Local Governments: Theory and Practice, Fig. 1** Recruitment and selection processes

sources; the latter includes referrals from either current or former employees or customers, radio, print, internet advertisement, career websites, and social media. On the other hand, internal recruitment involves promoting or recruiting qualified personnel from within the organization to occupy vacant position. While the internal source offers people with organizational knowledge, the external source promotes innovation and creativity in the organization (ibid).

## Autonomy of Local Government

In decentralization, human resource functions in areas of recruitment and selection should be done autonomously to ensure effective service delivery. However, a few countries have given to their decentralized units a high degree of autonomy to perform these functions. Clark (1984) conceptualizes autonomy, which draws on the immunity and initiative principles of power derived by Jeremy Bentham. According to Clark, immunity signifies the power of local authorities to freely act without supervision from central government or its agencies while initiative is the power of local authorities to make laws and regulate the behavior of its residents (Clark 1984). In his attempt to distinguish between initiative and immunity to enable him compare different local authorities, he developed these principles further into fourfold typologies [type 1: initiative and immunity; type 2: initiative and no immunity; type 3: no initiative and immunity; and type 4: no initiative and no immunity]. The form of autonomy a local authority will have is conditioned on existing constitutional and financial controls. For instance, Sakyi (2008) observed that transfer of decision-making and planning authority was rarely operational at local level with control over personnel and financial decisions remaining centralized.

Similarly, Naidoo (2005) and Ishii et al. (2013) both realized that central governments withheld some degree of power thereby limiting the extent of decentralization. Particularly, Ishii et al. (2013) found in Thailand and Philippines that even though responsibility for HRM of local government personnel had been devolved to the local chief executives, the local government still resort to the procedures laid down by the central government regarding recruitment and selection.

## Sequential Theory of Decentralization (STD)

Although earlier scholars of decentralization claim that the policy always increases the autonomy of local authorities irrespective of their outcomes, Falleti (2005) disagrees by arguing that the magnitude of such autonomy may be either substantial, insignificant, or decreased depending on a sequence of decentralization reforms: fiscal (F), administrative (A), and political (P). His attempt to explain this variance in power transfer, he proposed the Sequential Theory of Decentralization with three core characteristics: territorial interests of bargaining actors, decentralization as a process, and policy feedback effects in bargaining (Falleti 2005).

The theory posits that the initial type of decentralization that is pursued is dictated by territorial interests. This first move could be either by the

subnational government (Governors/Mayors) or by the central government (Presidents). The initial type then triggers some policy feedback effects, which leads to further reforms. For instance, Falleti (2005) illustrates that when the policy is initially moved by the central government, administrative decentralization is often the first and later results in a policy feedback effect known as power reproduction mechanism. This effect is due to limited financial resources accompanying such transferred responsibilities. At this stage, central government dictates the terms of financial autonomy transferred to subnational units known as the fiscal decentralization. This limited autonomy to resources is followed by demands for political decentralization.

On the other hand, however, if the subnational initially moves for decentralization, political decentralization is most likely to occur first, which then leads to a policy ratchet effect. This effect refers to continued demands for further decentralization by a group of supporters. Political decentralization equips the capacities of actors at the subnational level to struggle for a share in the greater political autonomy enjoyed by central government. Fiscal decentralization is subsequently demanded, with terms influenced by local actors. Administrative decentralization follows as the last type of reform. Table 1 illustrates these processes. From Table 1, while the former sequence of reforms (A → F → P) follows the interests of the national executives and may yield little or no change in power redistribution to the subnational actors, the latter sequence (P → F → A) most likely may lead to a greater degree of autonomy for sub-national units of government. STD recognizes a complete cycle of decentralization reform when political, fiscal, and administrative decentralization have taken place.

## Method and Data Collection

Using Ga-West Municipal Assembly (GWMA) of Ghana as a case, a qualitative approach was adopted to explore answers to the aforementioned research questions. The Assembly forms part of 16 Metropolis, Municipalities, and Districts Assemblies in the Greater Accra Region and one of 216 local government administrations in Ghana. Both primary and secondary data were used. The secondary data involved policy documents, reports, and bulletins from the Local Government Service of Ghana relevant to recruitment and selection, as well as journal articles from credible databases including Sage, Emeraldinsight, and ScienceDirect. Data obtained from these sources were scrutinized for suitability and relevance by firstly scanning through their abstracts followed by a thorough analysis of the selected articles.

On the other hand, primary data were mainly audio recordings from in-depth face-to-face interviews with seven personnel of management capacities who were purposively sampled: Assistant Director, Human Resource Manager, Internal Auditor, and Budget Officer, all from GWMA; the Human Resource Manager and the Director of Research, Statistics and Management Information Systems from Local Government Service Secretariat (LGSS); and the Dean of Institute of Local



**Recruitment and Selection into Ghana's Local Governments: Theory and Practice, Table 1** Two sequences of decentralization and effects on the intergovernmental balance of power (Adapted from Falleti 2005)

| Prevailing interest in first move | 1st type of decentralization reform | Feedback mechanisms | 2nd type of decentralization reform | 3rd type of decentralization reform | Degree of change in inter-governmental balance of power |
|---|---|---|---|---|---|
| Central Government | → **Administrative** | Self-reinforcing *(policy reproduction)*→ | **Fiscal** → | **Political** | **Low** |
| Subnational | → **Political** | Self-reinforcing *(policy ratchet)* *9* | **Fiscal** → | **Administrative** | **High** |

Government Studies (ILGS) all in the Greater Accra Region of Ghana.

The interviews were transcribed from audio to word format and sorted out in themes. The similarities and variations in the responses were reconciled against each other to ascertain emerging themes and patterns, which have been used in the analysis. These themes have been discussed adequately, and in most cases, narratives from respondents are used to support the discussion and arguments.

## Results and Discussion

### Legal Basis for Decentralization in Ghana

Taking into account the significant role of decentralization in national development, framers of Ghana's 1992 Constitution provided for it, a legal justification in Chapter 20. Article 240 (1) provides that "Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized." The local government of Ghana according to this article shall be provided with all requisite attention towards attaining the highest level of decentralization. Clause 2 (a) of article 240 adds that Parliament shall through the enactment of appropriate laws ensure that "...functions, power, responsibilities and resources are ... transferred from the central government to local government units in a coordinated manner." These laws, according to clause 2 (b), are needed to "... enhance the capacity of local government authorities to plan, initiate, co-ordinate, manage and execute policies in respect of all matters affecting the people within their areas." Currently, the District Assembly comprises a person from each electoral area of the district elected by universal adult suffrage, Member(s) of Parliament (MP(s)) whose constituency falls within the area, Municipal/District Chief Executive (M/DCE) who is the political head of the District, and not more than 30% of members appointed by the President, with the endorsement of majority (not less than two-thirds) of members of the Assembly in a vote in the case of M/DCEs, and in consultation with the traditional authorities and other relevant interest groups in the district in the case of other 30% members (article 242 and 243).

Aside the 1992 Constitution of Ghana, Local Government Act, 1993 (Act 462) [(repealed by Local Government Act, 2016 (Act 936)]; District Assembly Common Fund Act, 1993 (Act 455); Local Government Service (LGS) Act, 2003 (Act 656); The National Development Planning Systems Act, 1994 (Act 480) are some other appropriate laws enacted by Parliament in fulfilment of Article 240 (2). For instance, while Local Government Act, 1993 (Act 462) and District Assembly Common Fund Act, 1993 (Act 455), respectively provide for the structures and administration of central government financial transfers to local government units, the Local Government Service Act, 2003 (Act 656) seeks "to secure effective administration and management of local government in the country." This Act has therefore transferred the human resource management responsibility including the recruitment of local government staff from the Civil Services Commission to Local Government Service Secretariat (LGSS).

Regarding recruitment of staff into Ghana's local government, article 35 (5) and (6b) of the 1992 Constitution of Ghana prescribes that the state shall promote national integration and diversity through reasonable regional and gender balance and prohibit any form of discrimination and prejudice in recruitment and appointment into all public offices. Therefore, the Public Services Commission in article 196 of the same Constitution is mandated to exercise supervisory, regulatory, and consultative functions in accordance with law, including entrance and promotion examinations, recruitment, and appointment into or promotions within the public services. These procedures are explicitly outlined in the Local Government Service Human Resource Operational Manual (LGSS 2013). Part 1, section 2.6.1 of the LGS-Human Resource Operational Manual (2013) clearly provides that "appointing authority, in filling any vacancy within the Service, must first take into consideration the following: the organizational Human Resource Plan, the existence of vacancy, the approved scheme of service, existing establishment schedule vs. actual staff

strength, exit of the existing employees/replacement, new positions on account of service expansion, identified talent gaps, job descriptions for positions, manpower/financial clearance by Head of Service/Ministry of Finance and Economic Planning as well as consultation with the Public Services Commission and Sector Ministries as appropriate" (LGS 2013:11).

## Recruitment and Selection Process in Ghana's Local Government

### Determination of HR Needs

The first objective was to assess the recruitment and selection process in Ghana's local government. Staff needs are foremost determined. The LGSS and District Assemblies do this together. The HR Department of LGSS annually sends a circular to all unit heads of MMDAs requiring their needed staff strength and the gap thereof, the knowledge, skill, and qualification required to effectively perform assigned duties. This information is later collated into a comprehensive HR Plan. For instance, a top management official of GWMA explained that:

> Needs assessment forms from the HR department are distributed to all units within the municipal assembly… a capacity building plan is developed out of the information presented by the assessment forms

An HR officer of an Assembly confirmed this.

> Staff needs are determined by Heads of the various units through the information they provide on their need assessment form to the HR department

Meanwhile, at the Local Government Service Secretariat (LGSS), the HR unit undertakes staff situation analysis by considering the capacity building or HR plans of all Assemblies to identify HR gaps based on which professionals are recruited. For instance, this gap according to the 2012 LGS Annual Progress Report stood at 15,000, which was used for a 5-year recruitment plan.

### Two Categories of Staff in Local Governments

It was observed that the recruitment process depends on whether the prospective staff is a "mechanized" or local staff. The criterion for classification is discussed below.

**Mechanized Staff:** These staff are recruited and posted by LGSS and paid from the national coffers. To be recruited into the Assemblies as a mechanized staff, one must have to apply through the LGSS upon filling the "A2 form" and attaching the necessary documents. These staff mostly comprise personnel occupying top and middle level management positions such as the Coordinating Director who is responsible for General Administration; heads of the various departments and technicians: Engineers, Auditors, and Planners among others. For instance, an HR officer at LGSS unequivocally stated

> We comb through our numerous applications received previously to select the best suitable for the job considering their specifications and background. We receive a lot of unsolicited applications

It was revealed that the process at LGSS has been same since after the general recruitment in 2012. Respondents from the Assembly and ILGS opined that recruitment into local government was formerly the responsibility of the Civil Services Commission (CSC) before the passing of Local Government Service Act 2003 (Act 656) which transferred the function to Local Government Service Secretariat (LGSS).

**Local Staff:** The local staff on the other hand are recruited by the MMDAs and paid from the Internally Generated Funds (IGF). This group of staff comprises drivers, cleaners, revenue collectors, and messengers amongst the likes. HR officers upon receiving authorization from the LGSS proceed to recruit by screening unsolicited applications received from which local candidates who meet the basic requirements are invited for job interviews.

> We only recruit local staff for the Assembly. Due to the fact that we receive lots of applications, we shortlist applicants when there is the need to replace a staff

It was also discovered that major political actors in the Assembly such as the M/DCEs, Regional Ministers, MPs, and Presiding Members

often patronize authorities responsible for staff selection during this process. Views from all the respondents confirmed this finding.

> The MCE, Regional Minister and other politicians take advantage of . . . the process and recommend their cronies for the job in exchange for political support

This finding corroborates an observation elsewhere in Uganda where decentralization of recruitment and selection roles to local bodies resulted in negative externalities or unintended consequences, where other non meritocratic considerations largely became the key determining factor of ones success in securing a local government job (Galiwango 2008).

### General Selection Activities and Processes

Theoretically, bothering on general selection processes of staff into MMDAs, short listing/screening, competitive entry examination, interviews, medical examination, final appointment, acceptance, and job placement were undertaken. Both HR Managers from the Municipal Assembly and LGSS were of similar view. From the ILGS and LGSS, however, it was identified that the last general recruitment in 2012 which witnessed the selection and posting of 2601 qualified persons to the various MMDAs across the nation to help boost local government human resource capacity experienced both "group to panel" and "individual to panel" interviews.

### Staff Progression

Personnel being promoted and recommended for replacement were not examined. The principal officer explained the underpinning rationale.

> they are not examined because of their previous experience and organizational knowledge

Although some studies have recommended several types of assessment tools such as personality test [to assess the personality trait] and ability test [to assess cognitive ability of prospective candidates to perform in their (new) job] (Gomez-Mejia et al. 2012), their absence does not invalidate a particular recruitment process depending on the context. For instance, candidates for promotion including both mechanized and local staff (to be recommended for replacement) are considered to have previous knowledge of the organization and its operations as well as their competencies already known through performance appraisals. Concerning career progression, the HR unit of the Assemblies only scrutinizes these candidates at a formally organized interview prior to their recommendation. The finding is in accordance with part 1, section 2.6.1 of the LGS-HR Operational Manual (LGS 2013, 11).

### No Recruitment But Selection?

Notwithstanding, no advertisement is done with respect to vacant positions due to a current embargo on public employment. The ban, referred to by some politicians as "net freeze," is a public sector recruitment reform, since 2010. It was meant to control the increasing wage bill on government, although appointments are made at the various local governments. The LGSS and GWMA only screen the unsolicited application received for replacement when there is a vacant position.

The absence of examination and advertisement may be grounds for political influences (Ishii et al. 2013) and negligent hiring (Le and Kleiner 2000) as the authorities may fail to thoroughly assess the competency of applicants. In addition, the process is deprived of the benefits associated with selecting from a large pool (Gomez-Mejia et al. 2012); diversity, innovation, and high quality personnel among others even if selection is claimed to be made on merit.

Evidence from the field suggests that from the last general recruitment in 2012 to June 2016, LGSS had authorized about 150 replacements, transfers, and postings of mechanized staff to GWMA, with the Assembly appointing only about 50 local staff with recourse to no proper recruitment procedures. This number does not represent the current staff strength of the Assembly because some of these personnel might have, perhaps, left or been transferred to other Assemblies or even been promoted as mechanized staff within this 4-year period.

## Responsibility for Local Government Recruitment and Selection

In an attempt to identify the authority responsible for appointment, respondents were asked questions such as: "who is in charge of the selection activities?" and "who authorizes the final appointment?" These were meant to find out which body; whether the Assembly or Secretariat is responsible for the appointment of staff at the MMDA. Also it sought to assess the level of autonomy transferred as decentralization requires.

### HRM and District Coordinating Units

The HRM unit at GWMA was found to be responsible for the appointment of local staff, while LGSS appoints and posts mechanized staff to the MMDAs. Also it was identified that the MMDAs have the authority to recommend local staff with same qualification, knowledge, skill, and experiences for replacement with old mechanized staff who are deceased, resigned, retired, or whose appointment are terminated. A principal officer who was at the time of the interview processing a replacement of a mechanized deceased staff with a local staff informed:

> the LGSS shortlists, appoints and post mechanized staff to us here. However, we may recommend a local staff to the LGSS for replacement into the mechanize system.

### Local Government Service

The Head of Local Government Service (LGS) who is also the Secretary to the Local Government Service Council signs the appointment letters of mechanized staff and also approves the recommendation of local staff to be replaced with old mechanized staff, while the Coordinating Director (CD), who is the administrative head of GWMA or the HRM on the CDs behalf, signs that of the local staff. This was explained by a key respondent at the GWMA:

> . . .our HR unit is in charge of all the selection activities of local staff

In sum, the LGSS upon receiving a notice of vacant position (either mechanized or local staff) from the Assemblies may choose to appoint and post or transfer personnel to the Assembly or request the Assembly to recommend competent persons either a local staff or promotion of a mechanized staff for their approval for replacement purposes (in the case of mechanized staff). In the case of local staff, the Assembly merely informs LGSS with details of the replacement made.

### A Unified Model?

This finding suggests that the model system practiced currently is the unified models where both the central agency and local government unit participate in the recruitment and selection process. For instance, the HR manager of GWMA [local government] conducts interviews to process replacements of mechanized deceased staff with local staff for subsequent endorsement/approval by the LGSS [centre]. However, the new Local Government Act, 2016 (Act 936) seems to introduce a separated model. With the separated model, Assemblies have the authority to hire and fire their own local staff, while with the unified model, the state through the LGSS maintains their control by way of appointing mechanize staff and approving recommended local staff for replacement with mechanized ones (Olowu 2003).

### Upper Arm of the Center?

It can be deduced from the above finding that the LGSS representing the central level still holds sway with respect to the final appointment of Assembly staff as the Secretariat issues final approval for the appointment, replacement, and payment of staff (of both middle and higher level management capacities) who take major decisions in the Assembly's administration.

This phenomenon tends to suggest that Ghana's decentralization trajectory appears to be taking the sequence: A → F → P [administrative, through fiscal to political] with a very slow rate of change in intergovernmental balance of power very slow (see Falleti 2005). The central government of Ghana, after independence from the British colonial rule, was divided into 10 administrative regions mainly to extend public services to all part of the country. This

responsibility for service delivery was transferred to both central government departments and agencies as well as local councils (Awortwi 2011). Therefore, Administrative decentralization was initiated as central government was the initial territorial interest [national level] by making the first move towards the policy, leading to the demands for further reform [power reproduction feedback mechanism] from central government because of fiscal resource constraint.

Subsequently, the Local Government Act 462 and District Assembly Common Fund Act 455 were both passed in 1993 among other legal instruments to facilitate Ghana's next round of decentralization reforms – fiscal and political decentralization. This reform has granted local authorities some level of autonomy to mobilize resources to implement local programs. However, these resources do not seem to be adequate to engage and pay highly skilled staff on their own. Hence, the reliance on the central government for this class of staff. With respect to political authority at the subnational levels, the political head of the Metropolitan, Municipal, and District Chief Executive (MMDCE) are appointed by the central government [President] which makes the former more vulnerable and subservient to the centre (see Yeboah-Assiamah 2014). The sequential analysis of Ghana decentralization reform is depicted by Fig. 2.

Figure 2 suggests that the autonomy of local governments in Ghana connotes a type 2, which according to Clark (1984) involves initiative without immunity. Thus, even though they are empowered by laws to regulate the behavior of their residents, they lack the power to freely act without approval or close supervision from central government and its agencies (see also Yeboah-Assiamah 2014). This argument also affirms previous studies on decentralization (Naidoo 2005; Ishii et al. 2013; Sakyi 2008) that central governments withhold some degree of power thereby limiting the extent of decentralization. For instance, Ishii et al. (2013) found in the Philippines that responsibility for Human Resource Management at the local government had been devolved to the local chief executive. However, when it comes to recruitment and selection, the local government has to resort to the process laid down by the central government. Sakyi (2008) also observed in Ghana that transfer of management decision-making and planning authority was rarely operational at the district level with control over personnel and financial decisions remaining centralized.

## Impact of the Current Recruitment and Selection Process

### Good Side

Responses on impact of the present decentralization on recruitment and selection revealed some prospects. The current process is effective which has therefore enhanced performance. It has also eased the burden of CSC.

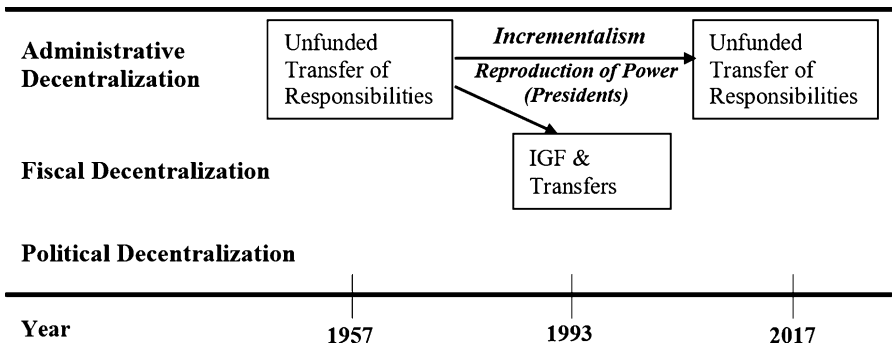


**Recruitment and Selection into Ghana's Local Governments: Theory and Practice, Fig. 2** Sequence of decentralization reforms in Ghana from 1957 to 2017

It was also established that the decentralized process allows Assemblies to recommend competent applicants with local knowledge to be appointed towards effective and enhanced service delivery and performance. This also is in line with Grindle (2007) that the decentralized process enhances the capacity of local Assemblies by delivering a form of public sector modernization. A principal officer at GWMA underscored:

> The current appointment process is effective because it gives us the opportunity to choose the people by ourselves factoring their competency, experience and qualification for approval

Also, the current process has been effective and increased performance of the Assembly due to the fact that personnel are not just posted to the Assembly but based on gap analysis, they actually contributes their expertise towards effectiveness of the MMDA in it service delivery. This finding is consistent with that identified by Ahwoi (2010) in advancing quality and effective service delivery.

### Hurdles to Cross

Even though all the respondents were of a positive view, some had reservations. It was indicated that the process is challenged by delays in salary processing for newly appointed staff, inadequate HR capacity, organizational conflict, absence of advertisements for vacant positions, as well as staff refusal of postings or transfers to rural areas. It was also identified that the process is sometimes influenced by nepotism, favoritism and political interferences.

> payment of salary is the decision of Head Quarters. And it takes a very long time for people to be paid. It is inconvenient for people to borrow money to go to work whiles waiting to be paid for as long as 12 months

Delays in paying salaries make it very difficult for new personnel to fully integrate and contribute their expected efforts as they lack the motivation and commitment to do the job, hence, affecting the Assembly's performance. This has always been a challenge even under the current structures.

The absence of advertisement of vacant position was also noted as a challenge to the process. From the Assembly, some respondents opined that vacant positions are usually realized after new staff are appointed to fill them. This practice disregards the pool recommended by Gomez-Mejia et al. (2012) limiting the selection and appointment process to local and mechanized staff who seek promotion to higher positions.

On staff refusal of postings or transfers to rural areas, a principal officer explained:

> I have observed that the selection and appointment is often skewed towards places in Accra and other cities due to refusal of posting to rural areas. The staff strength of Assemblies in the cities is higher than that in the rural areas

Most personnel refuse posting or transfers as they lack confidence in the posting process, authority and/or the location of transfer. This impedes efforts to improve capacity of Assemblies in rural areas. This constraint according to Wood (2000) is the most predominant capacity constraints at local levels. The finding again validates Sakyi (2008) that lack of commitment is a factor obstructing the implementation of management decentralization in the districts.

Nepotism, favoritism and political influences were also noted as challenges affecting the current decentralized structure. This was evidenced when a key informant at GWMA disclosed:

> the MCE, Regional Minister and other politicians take advantage of the absence of advertisements in the process and recommend their cronies for the job in exchange for political support

The respondent, however, appeared to be charitable in the submission by sharply adding:

> . . .these candidates are only selected upon satisfying basic requirements of the job as well as passing mandatory interviews

Earlier findings indicate that these local institutions are often denied the pool of highly qualified candidates as they fail to advertise job openings on a wider platform accessible to the general public such as newspapers, internet, and notice boards. Rather, they resort to unsolicited applications that were received earlier. However, regarding the argument above, information on job specification seems to be mostly leaked to

politicians who in turn recommend their supporters who might meet the job requirements. This finding buttresses an observation by Ishii et al. (2013) that recruitment and selection in local government are influenced by politics. This revelation on decentralization and neo-patrimonialism corroborates similar observations elsewhere (Galiwango 2008; Ishii et al. 2013). Devolving recruitment and selection to local bodies ended up in undue favoritism, nepotism, and neglect of meritocratic principles for ascriptive considerations in personnel selection (Galiwango 2008). In Uganda for instance, Galiwango (2008) observes that it is largely impossible for an individual to get recruited and selected into the DSC [District Service Council] "unless one was a campaign agent of the ruling [district] chairperson. It has become one way of appeasement and entrenchment for incumbents" (p. 206). It is this same DSC which will be in charge [4-year term] of recruiting and selecting individuals as personnel in the local government. Arguing on partisanship, nepotism, and favoritism attitude of DSC, the author further added, "it is difficult to secure a [local government] job in the district unless the councilors have talked to the chairperson . . . the DSC is just a rubber stamp" (p. 209).

## Conclusion and Policy Implications

This chapter examined how local government staff in Ghana are recruited and selected within the framework of decentralization and local governance. It was established that staff needs are foremost determined by the use of Needs Assessment forms which are distributed to all units of the MMDAs. Information from this document is then compiled comprehensively into an HR Plan based on which professionals are recruited and appointed for the various MMDAs. At the Assembly level, unsolicited applicants are shortlisted and invited for interviews. Successful candidates are made to submit medical reports, and then the final appointment is given to local staff for their acceptance. New staff are finally given assumption of duty. The LGSS appoints and approves the recommendation of mechanized staff, while HR unit of respective local governments [such as GWMA] also engage and pay local staff and when necessary, recommend them for replacement with mechanized staff that leaves.

Meanwhile, the Head of Local Government signs the appointment letters of mechanized staff and also approves recommended local staff for replacement, while the Coordinating Director (CD) at the GWMA or HRM on the CD's behalf signs that of the local staff. This means that the central government through the LGSS still holds sway. This is because the Secretariat still gives final approval for the appointment of staff in the middle and higher level management capacity as well as approving recommended local staff for replacement with mechanized staff. This suggests that Ghana's decentralization reform takes the administrative → financial → political decentralization path which explains the current level of central government control.

Lastly, it was discovered that the current decentralization structure on recruitment and selection of local government staff has chalked some successes in terms of linking job analysis to selection as well as easing up the burden on Civil Services Commission (CSC). Notwithstanding these positive gains, challenges of delays in salary processing for newly appointed staff, the absence of advertisements for vacant positions, as well as staff refusal of postings or transfers to rural areas were noted. It was also identified that the process is inherently influenced by nepotism, favoritism, and politics especially when official advertisement and recruitment has not been done for a longer period of time yet selection goes on. The chapter argues that without advertisement to create a pool of more qualified job seekers, the selection process is more likely to be shrouded with nepotism, favoritism, and political patronage, which may be a recipe for compromising meritocratic public personnel functions at the local level.

From the above observations, it is plausible to conclude that there has been an institutional

incremental change in the recruitment and selection processes with the enactment of Local Government Service Act 2003 (Act 656) shifting the responsibility from CSC to LGSS. The central government in the decentralization policy has over the past decade controlled personnel decisions of MMDAs as it grants final appointment, pay, and approve of all middle and top management personnel and still does under the new dispensation, especially for the core local government staff. The current recruitment and selection process while exhibiting some benefits is still confronted with significant challenges, which require the attention of policymakers.

To improve recruitment and selection processes of the needed human resources under the decentralized structure, policy makers and practitioners should consider intensifying a liaison between LGSS and MMDAs concerning job situation analysis and staff posting to the Assembly; develop structures and procedures to speed up appointments, approvals, and salary processing for staff; emphasize competence and eliminate undue political and social consideration from appointment; and introduce an online system to receive, process, and track job applications to ensure speed, credibility, and fairness as well as save office space in the recruitment and selection process.

## Cross-References


- ▶ Human Resource Management Problems and Public Sector Management
- ▶ Power and Politics: Basic Concepts


## References


Ahwoi K (2010) Local government and decentralization in Ghana. Unimax Macmillan Ltd., Accra

Armstrong M (2009) Armstrong's handbook of human resource management practice, 11th edn. Kogan Page, London

Awortwi N (2011) An unbreakable path? A comparative study of decentralization and local government development trajectories in Ghana and Uganda. Int Rev Adm Sci 77(2):347–377

Ayee JRA (2000) Decentralization and good governance in Ghana, unpublished paper on May 2000 prepared for the Canadian High Commission, Accra

Clark GL (1984) A theory of local autonomy. Ann Assoc Am Geogr 74:195–208

Eddy W (1981) Public organizational behavior and development. Winthrop Publishers, Cambridge, MA

Falleti TG (2005) A sequential theory of decentralization: Latin American cases in comparative perspective. Am Polit Sci Rev 99(3):327–346

Galiwango WH (2008) Decentralization and development: the contradictions of local governance in Uganda with specific reference to Masindi and Sembabule districts. Doctoral dissertation, Nelson Mandela Metropolitan University

Gomez-Mejia LR, Balkin DB, Cardy RL (2012) Managing human resources, student value edition, 7th edn. Prentice Hall, Upper Saddle River

Grindle MS (2007) Going local: decentralization, democratization and the promise of good governance. Princeton University Press, Woodstock

Ishii R, Rohitarachoon P, Hossain F (2013) HRM reform in decentralized local government: empirical perspectives on recruitment and selection in the Philippines and Thailand. Asian J Polit Sci 21(3):249–267

Le MN, Kleiner BH (2000) Understanding and preventing negligent hiring. Manag Res News 23(7/8):53–55

Local Government Service Secretariat (LGSS) (2013) Human resource operational manual for metropolitan, municipal and district assemblies. Government press, Accra

Naidoo J (2005) Education decentralization in Africa: great expectations and unfulfilled promises. Int Perspect Educ Soc 6:99–124

Nsarkoh JK (1964) Local government in Ghana. The Camelot Press Ltd., London

Olowu D (2003) Local institutional and political structures and processes: recent experiences in Africa. J Public Adm Dev 23(1):41–52

Rondinelli DA (1981) Government decentralization in comparative perspective: theory and practice. Int Rev Adm Sci 67(2):133–145

Sakyi EK (2008) Implementing decentralized management in Ghana: the experience of the Sekyere West District health administration. Leadersh Health Serv 21(4):307–319

Wood SN (ed) (2000) 'Building the human resources capacity of district assemblies, in Ministry of Local Government and Rural Development', selected speeches and papers: proceedings of the seventh annual conference of district chief executives (30 July–4 August 2000), Koforidua, Eastern Region

Yeboah-Assiamah E (2014) Power to the people! How far has the power gone to the people? A qualitative assessment of decentralization practice in Ghana. J Asian Afr Stud 51(6):683–699

# Recruitment Practices and Sustainable Development

Chinyere Ndukwe[1], Adeline Nnenna Idike[2], Ikechukwu Ogeze Ukeje[2], Johnpaul Chukwujindu Onele[3], Clementina Kanu[4], Victoria Ugochi Obasi[2], Chisom Esther Ogbonnaya[5] and Davidson Oliver Anigbata[1]
[1]Public Administration Department, Ebonyi State University, Abakaliki, Nigeria
[2]Department of Political Science, Alex Ekwueme Federal University, Abakaliki, Ebonyi State, Nigeria
[3]Department of Political Science, Ebonyi State University, Abakaliki, Nigeria
[4]Department of Accountancy/Business Administration and Banking/Finance, Alex Ekwueme Federal University, Abakaliki, Ebonyi State, Nigeria
[5]Department of Psychology, Alex Ekwueme Federal University, Abakaliki, Ebonyi State, Nigeria

## Synonyms

Bureaucracy; Meritocracy; Public service; Recruitment; Sustainable development

## Definitions

*Recruitment* refers to the process seeking, evaluating, selecting, and placing of right candidates with requisite skills and dispositions needed for the successful attainment of the goals of an organization in a sustainable manner.

*Recruitment practices* entail the peculiar activities that often tend to characterize the game of workforce engagement such as interest sharing (*biopolitics* and *geopolitics*) in Nigeria bureaucratic processes (Ukeje et al. 2020, p. 370).

*Sustainable development* is defined, according to the World Commission on Environment and Development (WCED), as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 47).

## Introduction

There is a desperate need for public service recruitment process reform in Nigeria if the country is to achieve the 169 targets set in the Sustainable Development Goals (SDGs). Public service recruitment practices play pivotal roles in orchestrating effective and efficient organizational performances for the attainment of SDGs. Especially, managing personnel engagement in a multicultural setting where demands of diversity and government response to such demands have exerted increasing stress on formal processes and procedures poses great challenge to policy-makers and implementers who are often cut in the web of seeking to satisfy informal demands that provide basis for legitimization of government but which often breed organizational dysfunction. According to Saleh (2018), civil service is the backbone of government. It formulates and implements core national policies and should be modernized to cope with modern-day challenges; and meritocratic recruitment can be one way of promoting effectiveness of the service. Thus, public service recruitment (PSR) practices remain an indispensable tool for attainment of SDGs policy success and sustainability. However, PSR practices refer to the trends peculiar to a bureaucracy's workforce engagement processes. In Nigeria's instance, it entails wrong recruitment and personnel selection practices such as using ethnicity, religion, politics, social networking, secret auctioning, etc. as parameters for filling employee needs of public organizations.

This entry (a complete version of this topic was published in *International Journal of Public Administration* as follows: Ukeje et al. (2020).) sets a new agenda for development agencies and

governments interested in seeing public sector reforms objectives in developing nations realized, highlighting what will, if not properly managed, endanger the attainment of the SDGs target in Nigeria by 2030. Although Nigeria plays a crucial role in Africa's economic relations, the continued underdevelopment and devaluation of Nigeria's public service is a huge concern (Offu et al. 2018) as public sector governance has remained ineffective, unpopular, and counterproductive in many respects (Ijewereme 2018) due to heavy reliance on politics of ethnicity, religion, partisanship, etc. as basis for overall human resource management (Ijewereme 2015; Ukeje et al. 2020).

However, there are prerequisites for achieving the sustainable development goals in public administration (Kauzya 2015). Literature in this area has highlighted importance of strategic recruitment practices by human resource practitioners in sustaining global best practices and citizen-centered service delivery (Ukeje et al. 2020). A key aspect of PSR that has attracted considerable empirical and theoretical attention is the concept of "administration of the applicants" in practical terms, with emphasis on who gets what, when, and how. This is evidenced in the theoretical debates on the dichotomy of politics administration against the internal ethos of the bureaucrats that are in constant battle (interest sharing) with their "ministerial political heads" in matters of PSR doings despite various administrative reforms. PSR is one of the fundamental practices of management strategy (a merit-based system) that engages the right kind of workforce for high performance indices, which will engender SDGs attainments. Thus, a strategic approach to PSR has become more important due to the increased pressures on quality service delivery globally (Randall and Senior 1994) and urgency of enacting transformative changes that give impetus to the SDGs realization drive.

The importance of effective bureaucratization in PSR practices for complex organizations has become crucial in the context of ethical administration, culture, and the New Public Service as opined by the New Public Management approach (Denhardt and Denhardt 2006). Bureaucracy without bureaucratization can provide an explanation for the underlying problems of inefficiency and ineffectiveness (Ukeje et al. 2019). Understanding the concept of PSR practices is tangential to the idea of administrative behavior and "influences" in administrative processes that have motivated greater scientific research and systematic theorization (Sharma and Sadana 1989) in recent times. This entry observes that administration of the operations of bureaucracy in social multicultural organizations in Nigeria as characterized by rules, procedures, impersonal relations, and an elaborate and fairly rigid hierarchy of authority-responsibility relationships (Maheshwari 1992) which is yet to reduce the effects of obsessive interest-sharing practice in spite of bureaucratic reforms. The above highlighted administrative experience is in sharp contrast to the position of Friedrich (1940) and Finer (1941) on administrative responsibility.

Although the New Public Service approach as proposed by Denhardt and Denhardt (2000) focuses on citizen-centered service delivery, it has failed to control the process of its applicability, institutionalization, adaptability, acceptability, and the politics of "interest sharing" arising from the internal ethos of the policy drivers or human resources (HRs) in determining the extent of service delivery mechanisms in developing nations (Bourgon 2007). Accordingly, Ijewereme (2015) has identified correlation between corruption and societal pressure, greed and nepotism, and failed and incapacitated Nigerian public service as well as impede individual worker performance and organizational development. A public service reform emanating from such pressure is the federal character principle (FCP); see Constitution of the Federal Republic of Nigeria, 1999, Section 14(3); FCC (2006). Sadly, scholarly research and investigations by government regulatory agencies in Nigeria public administration have shown that the FCP has not achieved equitable sharing and distribution of employment opportunities in government public bureaucracies (Ijewereme 2018; Idike et al. 2019) but has exacerbated ethic rivalry, cronyism, corruption, and

system dysfunction in the recruitment process (Ukeje et al. 2020).

## The Political and Economic Environment of HRM Practices

One major issue more than anything else that bothers public administration practitioners is maximizing performance of the employee amidst the actual economic and political environment. The political and economic environment was used as mediating factors between PSR practices and organizational performance. Indeed institutions impact on the activities of managers (Boon et al. 2009; Najeeb 2014). But successful implementation of HRM practices in developing countries will result in maximizing employees' contribution to organizational performance (Tessema and Soeters 2006; Delery and Gupta 2016).

Thus, this entry examined five HR practices in Nigeria, which include recruitment, work condition, job security, remuneration, training and development, and appraisal, and compares them to those of other systems. It argues that variations across systems account for differential impact of PSR practices and inform the behavior of public administrators. Unlike the advanced countries of Europe and America, for example, Australia adopted competitive principle for its federal service just a year after becoming a federation. Similarly, Canada took a major step in this direction in 1908, though coverage did not become quite as extensive as in Australia (Laz 1982). Nigeria's unstable and volatile political and deteriorating economic environment, on the contrary, has significant negative impact on behavior of human resource practitioners, leading to low employees' contribution to organizational goals (Offu et al. 2018). It equally recognizes the impact of institutional leadership style on HR practices implementation (see Vermeeren et al. 2014). In whatever context, we argue that creating mechanisms and processes that would infuse a sense of partnership in the system will result in a far-reaching contribution of the employee.

## PSR Practices and Sustainable Development in Nigeria

As Forrester (1994, p. 249) as cited in Haque and Mudacumura (2006, p. 9) remarked, most corporate, social, and governmental systems mismanage opportunities for policy gains as a result of their "dependence on erroneous intuitive solutions to complex behavior, and failing to capture information about the structure and behavior of the system in which development decisions are being made." Also:

> . . .the complex interrelationships surrounding sustainable development issues make obsolete the traditional management approaches structured on rigid, deterministic control, which assume a high degree of knowledge about what needs to be done and of certainty in a world in which the correct solutions are not always clear, and the only certainty is a high degree of uncertainty. (Rondinelli 1982), cited in (Haque and Mudacumura 2006, p. 9)

No doubt, the 17 SDGs, all directly or indirectly, need an effective public service for successful implementation. This is because, the entire 17 SDGs, 169 targets and 231 indicators require the provision of public goods or the implementation of a public sector policy and, therefore, depend on public service to coordinate, mediate, or directly provide. But the environment in which PSR and management take place is constantly in a state of flux (Ndukwe et al. 2016). This is particularly true in developing countries like Nigeria (Onah 2008). Changes are occurring rapidly across a wide range of issues. The conception of the "environment" used includes everything "outside of" a particular organization: ranging from political, social, the climate and geographical conditions, other organizations, the state of the economy, and the stage of development of the nation (Onah 2008). This implies that formal organizations and, indeed, other bureaucracies are conditioned by their environments and the conditioning is naturally mutual.

### Linking Best Practices, Job Satisfaction, and Attitudinal Change

For there to be optimum productivity in Ebonyi State public sector organizations, practices have

to adhere to international best practices both in the process of recruitment and the entire gamut of organizational performance. The conceptual model linking best practices, job satisfaction, and attitudinal change (See Ukeje et al. 2020) connects orientation exercise, workers training, motivation, political and personal interest, work environment, ethical standards, etc. to the outcomes from Ebonyi State public sector organizations. Ideally, when these factors are not managed properly and are allowed to be influenced by the demands of diversity, service failure becomes inevitable. Realistically speaking, politicians cannot ignore the dynamics of the political environment as it has a lot of influence in determining "who gets what" politically. This is why oftentimes there is the temptation to compromise ideal standards to service political machinery so as to consolidate opportunities of ascendancy to power. Ebonyi is made up of three senatorial zones, North, Central, and South. The North is comprised of predominant Izzi and Izzamgbo people as well as migrant minorities of Ezza and Effium. The Central has Ezzas and Ikwos as dominant clans, while the Oshiri, Ntezi, Agba, and Ezilo people form the minorities. In the South, the Ehugbo, Okposi, and Uburu people are the majorities with their own minority appendages. This sets up a contentious supremacy struggle, often with significant political effects among the Zones on one hand and among the intra-clan minorities and majorities on the other. The people of each of these zones have their cultural specificities which make their demands different from the rest of the others. This struggle is carried into bureaucratic arena. For instance, the South, being the minority but more educated, often engages the rest of the zones in the bout for opportunities for self-expression and preservation. They have majority of employees in state and federal bureaucratic institutions, either within the state or at Abuja where they represent the state. Thus, any politician wishing to gain the support of these various cultural groupings must recognize their demands which often tend to compromise best practices. The outcome is that as political heads struggle to balance alleged injustices from competing groups, Ebonyians have continually been short-changed in the provision of essential services that satisfy their needs due to bureaucratic ham-fistedness. How then can this be solved since politicians must protect their interest and still aspire to provide essential services to the people they rule? This is the dilemma of service providers (HRs managers) in Ebonyi State public sector.

## Theoretical Anchorage

The study adopts the system theory as its foundation. The theory was propounded by Von Bertalanffy in 1960. It opines that organization is a system which comprises various components, unit and subunits. The entire part of the system is affected by the activities of each unit which in turn transmits to the supra-system. This presupposes that any activities weather good or bad that enters or detracts a part in the system will automatically affect the entire system as a whole. It also opines that whatever is put into the system is what will be given back. The quality of the input determines the quality of the output. The quantity of the input also will tell what the output will be like (Duru and Anigbata 2015). Applying this theory therefore, the practice of pre-selecting human resource elements for public sector organizations in Ebonyi State using political influence as a major determinant is responsible for the overall system failure. The argument is that men are required to manage policies that produce outcomes and when men who do not possess the requisite skill for bringing about policy success are for whatever reasons given chance to manage public sector organizations, policy objectives is jeopardized. Therefore, managers of public sector organizations in Ebonyi State, particularly politicians, must resist the temptation to sacrifice best practices for primordial ends (See Ukeje et al. 2020).

## Conceptual Discourse

In Ebonyi State, public sector organizations' productivity and output of services were observed

during study to be at lowest ebb due to the fact that some employees in the workforce were either wrongly engaged or wrongly positioned, poorly skilled, or inadequately incentivized or poorly empowered. A number of factors must have led to that. From the first republic to the present, ethnic consciousness among Nigerians has implanted ethnic politics which manifest in party formation in the 1940s. Employees entering into Nigerian public service lack the legacies of honesty, patriotism, professionalism, and doggedness due to this. The consequence became affectionism, emphasis on "state of origin," patronage, and favoritism in the process of recruitment, where meritocracy has been sacrificed for mediocrity, thus breading inefficiency and ineffectiveness in the process of public policy formulation and implementation. HR recruitment must be thoroughly screened and should not be politically motivated; emphasis must be on skills, knowledge, experience or past records, and a reduction in ethnic consciousness of leadership and recruitment process if Nigeria hopes to develop a functional bureaucracy that support development (Omeje and Ndukwe 2009; Ukeje et al. 2020.

### Political Influence

Political influence is the major problem that bedevils recruitment in Ebonyi State. Politicians influence every recruitment exercises in the States bureaucracy. They tend to highjack almost the vacant positions whether their candidate or applicants are qualified for the position or not. In the words of Onah (2008) "political influence and interference in recruitment practices have created problems of succession to offices and the engagement of mediocres in organizations." A situation whereby millions of qualified graduates and professionals alike are rejected in the place of unqualified applicants puts question marks in the nature and value of productivity that the faultily recruited workforce will yield, especially when, if we borrow from Nwizu (2002), faultily recruited workforce is a liability to the employer. Information in Table 2 Number of respondents, total count and relative percentage count on the variables across the ministries (See Ukeje et al. 2020).

### Personal Interest

Personal interest is another cancer that has eaten the very fabrics of recruitment exercises in the State's civil service system. It contributes to low productivity and output that characterize various organizations in the State. For example, if a chief executive of an organization is parochially minded, he will resort to engaging only the people that he knows or that are of the same ethic nationality with him. Training opportunities and job placement exercise are also influenced by personal interest. Those who get posted to certain areas are not based on competence but on predetermined considerations of the "godfathers." This brings about nonperformance of public sector organizations in the State. This practice is influenced by ideological congruence, religious affiliations, tribal/ethnic cleavages, etc. They disregard the fact that organizational strength depends on workforce diversity and viability since every worker has unique potentials which are needed to be tapped if proper considerations were made the benchmark for recruitment.

### Work Environment

Work environment is very essential for human resource managers to fully understand and attune themselves to the peculiarities of the environments of their area (Onah 2008). Both external and internal or controllable and uncontrollable variables should be giving due cognizance as such. A manager who does not understand the peculiarities and intricacies of his work environment is bound to hit a rock. Such managers must be able to manage these intervening variables to create a proper and conducive work environment which encourages optimum productivity. For instance, 99.48% of respondents in Table 2 (See Ukeje et al. 2020 agree that good work environment will improve service delivery a great deal. Unfortunately, this is not the case in the selected ministries. Study discovered that workers find it difficult to hold

those in political circle accountable so as to provide for contending needs of the institutions surveyed.

### Training and Development

Training and development is the organized procedure by which new manipulative skills, technical knowledge, and problem-solving ability are acquired relevant for all employees especially the lower- and middle-level managers. Development on the other hand is a course of action designed to enable the individual realize his potentials for growth and to assure strategic positions of importance in organization. This is usually designed for executives of line managers in other to expose them to acquire more techniques and knowledge to enable them performs additional duties. Unfortunately, these organizational necessities are not considered in various organizations as exemplified in the tested ministries. 98.50%, 76%, and 93.44% respondents in Table 2 (See Ukeje et al. 2020) for Ministries of Agriculture, Women, and Social Development and Education, respectively, agreed that if exposed to proper training, they could perform more. Workers who possess minimum ability and skill are left untapped due to lack of exposure to training and development. Proper training and development improves skill no doubt which is why Armstrong (2009) submits thus:

> The employee development policy could express the organisation's commitment to the continuous development of the skill and abilities of employees in order to maximise their contributions and to give them the opportunity to enhance their skills, realize potentials, advance their careers and increase their employ ability both within and outside the organisation.

A well trained employee or a fully developed manager is a great asset to his organization. There are situations that dictate the need for training and development in any typical organization. They include:

(a) When newly engaged
(b) To reduce industrial Accident
(c) For attitude formation
(d) For reduced suspension and widen span of control
(e) When new technologies are acquired
(f) Shortage of required manpower
(g) Operational problems or inefficiency
(h) Employ morale booster
(i) Management succession
(j) Strategic planning, etc.

### Motivation

Motivational issues remain one of the sacrosanct responsibilities of the strategic human resource manager to design for implementation an effective/efficient wage and salary structure for the entire organization. Motivation does not only end in payment of salaries or wages. It requires other extra-compensatory measures in order to sustain the interest of the workforce, for example, formation of psychological relationship, gift presentations, praises for well-doing, proper communication to induce policy ownership, housing and transport subsidy, etc. The issue here is that some organizations have lost their quality staff to competitors due to lack of maintenance. They think that statutory pay alone will adequately motivate their staff. Knowledge of psychological contracts and its application is a sound organizational management strategy for implementation of motivational packages. Gone were the days when payment of salaries alone motivates workers. They (workers) are now knowledgeable of their rights, needs, and contributions and as such do demand that adequate compensatory and motivational packages are dished out to them as morale booster and sustenance of interests. Unfortunately, this is not so in Ebonyi State public sector organizations.

### Institutional Capacity

Institutional capacity/capability is another area that needed to be touched in Ebonyi State public service. The capacity of any organization determines the employment or hiring ratio of that organization. In some cases, many organizations are undermanned, while some are overstaffed. Again,

the capacity of any organization to training its staff and workforce will be largely dependent on the capacity and production responsibilities of such organization. Institutional capacity equally helps organization in managing diversity. It is this organizational/institutional capability that:

(a) Acknowledges cultural and individual differences in the workplaces
(b) States the organization values; that is, the different qualities that different people bring to their jobs
(c) Emphasizes the need to eliminate bias in such areas of selection, promotion, performance assessment, pay, and learning opportunity
(d) Focuses attention on individual differences rather than group differences

Most important is the equal opportunity in the policy which should be spelled out in the organization's determination to give equal opportunities to all irrespective of sex, race, creed, disability, age, or marital status (Armstrong 2009). This institutional capacity also enables organization to apply a work-life balance to policies which is quintessential to occupational mobility and flexibility. He aptly argued that:

> Work-life-balance policy defines how the organization intends to allow employees greater flexibility in their working patterns so that they can balance what they do at work with the responsibilities and interests they have outside work. The policy will indicate how flexible work practices can be developed and implemented.

### Professionalism

If there is anything that needs to be addressed in various organizations in Ebonyi State public service, it is professionalism and technocracy. The situation where an animal scientist becomes the Head of Department in Accounting department or a Zoologist heading a HR (personnel) department needs to be corrected. This is clearly seen during recruitment and placement exercises in various government ministries and agencies in the State public service system where job placement is not based on area of specialty but primordial considerations such as "man-know-man." This manifests itself in selection and appointment of personnel leading to poor service delivery. Professionalism demands that a well-qualified Accountant should head Accounts section, a seasoned HR expert piloting the affairs of personnel section, etc.

## The Quandary of Faulty Recruitment on Effective Service Delivery and Productivity

There is no doubt that Ebonyi State public service has made costly mistakes in recruitment of its staff. Ukeje et al. (2020) observed that the socio-cultural diversity of Nigeria as characterized by culture, language, religion, gender, etc. has influenced the practices of HRs for determining who gets employed. The problem of this recruitment malpractice is overwhelming. This is why Onah (2000) succinctly advocated thus:

> The importance of having efficient and effective procedures for recruitment can hardly be exaggerated if organizations are able to find and employ staff who consistently fulfil their roles and are capable of taking on increased responsibility, they are immeasurably better placed to deal with the opportunities and threats arising from their operating environment than competitors who are always struggling to build and maintain their work force.

Thus, the injury inflicted on organization by a wrongly recruited workforce hardly heals easily as its scars last and linger on. Hence, before organizations can embark on any recruitment exercise, care should be taken to adequately forecast the manpower need, where and when as well as taking cognizance of the HRs capacity and financial muscle of the organization. When unqualified employees are engaged in organization, their services and output dampen the image of that organization. This is because the quality of the output will not give optimum satisfaction to the citizens, thereby affecting the credibility and solvency of that institution. Ebonyi State public service has lost considerable citizens' goodwill and trust arising from service failure due to wrong or faulty recruitment of bunch of

mediocre into the system. Some organizations in a bid to correct the mistakes do embark on mass retrenchment and disengagement of their workforce. This situation has worsened the matter as the amount of losses incurred and the number of legal battles faced by the organization often lead to deepening of legitimacy crisis. Essentially, HR potency and solvency fail among others due to:

1. Lack of understanding/orientation
2. Personal/interpersonal conflict of interest
3. Lack of institutional training and development initiatives for all employees
4. Lack of good leadership influence and capacity
5. Biopolitics and geopolitics
6. multi-cultural beliefs and practices

## Findings and Implications

Research findings from selected ministries in Ebonyi State Civil Service (EBSCS) show that practices have not adhered to international best practices both in the process of recruitment and the entire gamut of organizational performance. A recent study in Ebonyi State public service (see Ukeje et al. 2020) connects orientation exercise, workers training, employee motivation, political and personal interest, work environment, ethical standards, etc. to the outcomes of public sector organizations. When these factors are not managed properly and are allowed to be mediated by the demands of diversity, service failure becomes inevitable. Realistically speaking, most politicians in developing countries cannot ignore the dynamics of the political environment as it wields enormous influence in determining a system of resource allocation (including positions, offices, etc.) politically. This is why oftentimes there is the temptation to compromise ideal standards to service political machinery, consolidate opportunities to power, and massage personal aggrandizement. Ebonyi is made up of three senatorial zones: North, Central, and South. The North comprises Izzi and Ezzamgbo, as well as migrant minorities of Ezza and Effium clans. The Central has the Ezzas and the Ikwos as dominant clans, while the Oshiri, Ntezi, Agba, and Ezilo people form the minorities. In the South, the Ehugbo, Okposi, and Uburu people are the majorities with their own minority appendages. These peculiar configurations of the people and their ethnographic distinctions and characteristics breed grounds for continuous supremacy struggle, often with significant political effects among the zones on one hand and among the intra-clan minorities and majorities on the other. The people of each of these zones have their cultural specificities, which make their demands different from the rest of the others. For example, the South is by far in advanced stage of cultural development, being exposed early enough to formal education. Hence, they easily dominate the public sector. However, they are the minority in the state. While they rely on their knowledge and exposure, the rest of the people rely on their overwhelming population to attempt to influence public policies in their favor. This unhealthy struggle has permeated through the bureaucratic arena. Al-Gazali (2011) posits that public bureaucracies should be administered by knowledgeable, core-competent people and professionals/technocrats for effective and efficient service delivery. Thus, effective service delivery and quality is influenced not only by the service outcome but also the service process (Sibanda 2012). Accordingly, some have argued for "contractualism" (see Hughes 2003; Chalmers and Davis 2001) contending that public policies are best implemented through contractual arrangements where emphasis will be on outcome. The Friedrich and Finer's debate centers on who are best positioned to implementing public decisions. Observations in the study area show none of these theories is workable. We examined the ideals of Friedrich against the backdrop of institutional processes in the state and found that neither internal checks, professional standards, nor technical knowledge was able to bring about bureaucratic efficiency or improved service delivery. These have influenced the theories which focused on eliminating the interferences of private interests in public institutions and de-bureaucratization. However, the reasons for these institutional value infractions have not been considered sufficiently. For example, the

public sector debate has not been broad enough to include sufficiently issues relating to poverty, dependency, and lack of opportunities, that is, how they contribute to subversion of institutional rules. The government sector in many developing nations provides employment opportunities for a large proportion of their population. This brings pressure on public institutions and often stands in opposition to bureaucracy reforms. Political influence is the major problem that bedevils recruitment in developing nations' public policy processes. Omeje and Ndukwe (2009) posit that politicization of HRs recruitment remains the avant-garde practice(s) of engaging political interest by those in the public offices to fill existing and nonexisting vacancies in the public service deprived of due process. 91.73% of respondents interviewed believe that there is high political influence in the process of recruitment and that this undermines service delivery (See Ukeje et al. 2020).

## Conclusion

The essence of government everywhere is to enact quality, desirable improvements in the standard of living of the people over which it presides by promoting all-round growth and development. Indeed, PSR practices when carefully managed through a merit-based system of personnel administration exorcised of breach of process and procedure, which does not at the same time overlook necessary demands of diversity, insisting on selecting the best HRs available within a group instead of recruiting poorly skilled individuals who do not possess the requisite training and qualification needed for performance optimization in public organizations simply because the bear the endorsement of highly placed politician and bureaucrat, could provide reasonable incentive for sustainable development across various frontiers. The dynamic relationships in PSR practices and SD in a heterogeneous environment where "biopolitics" and "geopolitics" are prevalent should raise sufficient interest among practitioners and the academia in this era of SDGs. While the concept of "biopolitics" informs us of dominance of kinship determinism for PSR, "geopolitics" is used here to denote geographical characteristics for PSR. These concepts underlie the EBSCS. In practice, directives are received from the highest echelon to employ certain people for certain position in certain places without recourse to the laid down rules. The effect in EBSCS is that those employed cannot run the machinery of government effectively and efficiently. The result is a number of workers who are less committed to duties with no one to check their laxities because they came in through "big shots" in government. There is no discipline in such situation where the new employee only pays loyalty to his or her godfather in the corridors of power. Those who are better qualified but are placed far below the new employee are discouraged and will no longer give their best in achieving maximum productivity.

## Cross-References

► Sustainable Development Administration

## References

Al-Gazali A (2011) Re-positioning the Nigeria Civil Service for Service Delivery. Being a Paper presented at the Federal Civil Service Commission Workshop in Abuja between 7–8 June, pp 1–40

Armstrong M (2009) Armstrong's hand book of human resource management practice. 11th edition. Replica Press Pvt Ltd., London and Philadelphia

Boon C, Paauwe J, Boselie P, Den Hartog D (2009) Institutional pressures and HRM: developing institutional fit. Pers Rev 38(5):492–508

Bourgon J (2007) Responsive, responsible and respected government: towards a new public administration theory. Int Rev Adm Sci 73(1):7–26

Chalmers J, Davis G (2001) Rediscovering implementation: public sector contracting and human services. Aust J Public Adm 60(2):74–85

Delery JE, Gupta N (2016) Human resource management practices and organizational effectiveness: internal fit matters. J Organ Eff People Perform 3:139–163

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60:549–559

Denhardt RB, Denhardt JV (2006) Public administration: an action orientation, 5th edn. Thomson Wadsworth, Belmont

Duru EJ, Anigbata D (2015) Public administration: A conceptual clarification approach. Felico Publishers ltd., Abakaliki

FCC (2006) The presidency: federal character commission handbook. Retrieved from https://www.fccnigeria.org

Finer H (1941) Administrative responsibility in democratic government. Public Adm Rev 1:335–350

Forrester JW (1994) Systems dynamics, systems thinking, and soft OR. Syst Dyn Rev 10:245–256

Friedrich CJ (1940) Public policy and the nature of administrative responsibility. In: Friedrich CJ (ed) Public policy. Harvard University Press, Cambridge

Haque MS, Mudacumura GM (2006) Rethinking sustainable development policy and administration. In M. Shamsul Haque, Desta Mebratu and Gedeon M. Mudacumura (Ed.), Sustainable Development Policy and Administration. Published by CRC Press Taylor & Francis Group, Boca Raton

Hughes OE (2003) Public management and administration: an introduction, 3rd edn. Palgrave, New York

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu, U. (2019) The practice of inclusive representation in Nigeria Bureaucracy: The federal character principle experience. Cogent Social Ssciences, 5(1):1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

Ijewereme OB (2015) Anatomy of corruption in the Nigerian public sector: theoretical perspectives and some empirical explanations. SAGE Open 5:1–16

Ijewereme OB (2018) Civil service reforms and governance challenges in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3535-1

Kauzya JM (2015) From implementation of MDGs to 2030 sustainable development agenda: what will it take from government and public administration to achieve sustainable development goals (SDGs). Paper presented during the 20th CLAD congress Lima Peru, November 2015

Laz C (1982) Class presentation on comparative public administration: (quoted in Laz, Chukwu 2002) the civil service system. Computer Edge Publishers, Enugu, p 240

Maheshwari SR (1992) Bureaucracy. New Delhi: Weekly Employment News XVII(29), 17–23 October

Najeeb A (2014) Institutional theory and human resource management. In: Hasan H (ed) Being practical with theory: A window into business research. THEORI, Wollongong, pp 25–30. Retrieved from http://eurekaconnection.files.wordpress.com/2014/02/p-25-30-institutional-theory-theori-ebook_finaljan2014-v3.pdf

Ndukwe C, Elom C, Ukeje IO, Anigbata DO (2016) Re-positioning human resource practitioners for effective change Management in Times of severe austerity: A policy framework for service delivery in Nigeria public sector. J Resour Dev Manag 22:40–49. http://iiste.org/Journals/index.php/JRDM/article/view/31748

Nwizu G (2002) Studies in modern public administration. NGIB Publishers, Enugu

Offu PO, Ukeje IO, Offu OF (2018) Service: the matrix of good governance in Nigeria-Africa. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer, Cham. https://doi.org/10.1007/978-3-319-31816-5_3499-1

Omeje NP, Ndukwe C (2009) Politicization of personnel management and Nigeria public service efficiency: an overview. J Niger Public Adm Rev 1(2):186–198

Onah F (2000) Strategic manpower planning and Development. (ed.) Nsukka: Great ltd.

Onah FO (2008) Human resource management, 2nd edn. John Jacob's Classic Publishers, Enugu

Randall L, Senior M (1994) A model for achieving quality in hospital hotel services. Int J Contemp Hosp Manag 6:68–74. https://doi.org/10.1108/09596119410052161

Rondinelli DA (1982) The dilemma of development administration: complexity and uncertainty in control-oriented bureaucracies. World Polit 35(1):43–71

Saleh N (2018) Revisiting quota system in civil service of Pakistan. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing AG. https://doi.org/10.1007/978-3-319-31816-5_3487-1

Sharma MP, Sadana BL (1989) Public administration in theory and practice. Kitab Mahal, Allahabad, p 607

Sibanda MM (2012) Monitoring customer-focused quality service delivery in local government: conceptual issues and perspectives for consideration. Afr Public Serv Deliv Perform Rev 1(1):9–28

Tessema TM, Soeters J (2006) Challenges and prospects of HRM in developing countries. Int J Hum Resour Manag 17(1):86–105

Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm 43(4):361–372. https://doi.org/10.1080/01900692.2019.1636394

Vermeeren B, Kuipers B, Steijn B (2014) Does leadership style make a difference? Linking HRM, job satisfaction, and organizational performance. Rev Public Pers Adm 34(2):174–195

WCED (1987) Our common future. Oxford University Press, Oxford

# Recruitment, Equal Opportunity, and Law

Lorenzo Williams
Virginia Polytechnic University, Virginia Tech, Blacksburg, VA, USA

## Synonyms

Enlistment; Equality; Level playing field; Signing on

## Definition

Discrimination: Judging someone based on physical characteristics and using those judgments to decide that those persons are not adequate or suited for your interests.
Employability: Having the necessary knowledge, skills, and/or education to be considered a qualified candidate for a job of interest.
Equal Opportunity: Access to equal or comparable opportunities in employment.
Ethnicity: Common traits, whether physical or internal, that identify people with certain groups; this can be social, cultural, or even language practices.
Gender: Male or female identity.
Race: Physical characteristics that are used as identifiers for racial groups such as skin color, eye color, etc.
Recruitment: The process that companies engage in to hire qualified applicants to their organization for employment.

## Introduction

Securing employment means that a person has access to an opportunity that is financially empowering for themselves, their family, and the economy. Generally, throughout adolescent, individuals are inoculated with various types of knowledge that will allow them to be successful on the job. This preparation breeds hope and expectations for an opportunity to secure their dream job or simply a job that will allow them to live in a desirable manner. There are copious amounts of literature regarding the educational methods of public and private secondary and post-secondary institutions that prepare citizens for employment. Also, there is literature that speaks on the social, environmental, psychological, and structural forces that aid or hinder educational attainment and employability. While developing the skills and knowledge for employability in the job market is vital to securing employment, having the opportunity to demonstrate acquired skills is paramount during the recruitment process. The focus here is on equal opportunity in recruitment that has been enforced by administrative law to ensure equality for all American citizens in employment. Recruitment can be defined as specific processes used by an organization to identify and attract qualified candidates for employment (Holm 2012). Recruitment and equal opportunity within administrative law has facilitated diversity in the private and public sector employment in the United States. Administrative laws relating to increased employment opportunities for people can vary based on race, ethnicity, gender, culture, religion, class, age, sexual preference, and disability.

This review of administrative laws that have administered equal opportunity in recruitment is not to examine the immoral discrimination and the underlying motivational forces by white males that prohibited women and minorities and from fair hiring practices. The focus here is to consider the context, in order to refresh the minds of public administrators, of the importance of equal opportunities for all citizens and its direct correlation with increased quality of life standards. Through administrative law reform, limitations on inequities has been dismantled and eroded as rules have been adopted both formally and informally, thus seemingly normalized. A closer look at the challenges to recruitment and the positive outcomes will serve as reminders for public administrators to think critically about their hiring practices and responsibilities. Equal opportunity in recruitment is critical to life fulfillment on an individual microeconomic level, but also it is

critical to overall economic production. First, there will be an explanation on the historical context of administrative laws that served to remove barriers of discrimination. Second, an explanation of the executive orders that birthed impactful administrative laws and agencies to enforce equal opportunity in employment. Then a synopsis of the challenges of enforcing equal opportunity law and the benefits resulting from these laws are described.

## Historical Context of Equal Opportunity

This section briefly covers some contextual information relevant to the twentieth century as several administrative laws were passed through federal legislation to enforce equal opportunity in recruitment. The nation's constitution was founded on promise to ensure freedom, equality, liberty, and justice for all. However, justice for all was not inclusive of all people on American soil because many groups of people were marginalized and prohibited from full participation in American citizenship. There are many examples of discriminatory behavior from the government and private sector which barred several groups from entrance into equitable access to housing, education, and employment.

The Supreme Court's ruling of the Civil Right Cases of 1883 ruled that a host of discriminatory behaviors by organizations and citizens were legal and the equal rights afforded to African Americans in the 1875 Civil Rights Act were unconstitutional. At the beginning of the twentieth century, the federal government faced rigid southern segregation codes and laws, both formal and informal, which perpetuated discrimination against minorities and women in employment. As the United States promoted equity and democracy worldwide, leaders from other nations began to point out the hypocrisy of American democracy: their lack of equal treatment for all citizens (Skrentny 1994).

In essence, the nation needed to live up to its democratic foundation and ensure inalienable rights for all; this was able to happen through increased access to education and employment. Equal opportunity in recruitment included a host of groups, but the disparate treatment between white and black applicants was most visible to the nation. Gender discrimination was also apparent as women were informally and formally prevented from the same opportunities as men. Executive orders from presidents that created laws and agencies served as remedies for the aforementioned disparities.

## Executive Orders and Administrative Laws

As equal opportunity labor laws were deliberated throughout the twentieth century, several agencies and organizations were instituted to enforce the laws throughout the nation. It takes time for laws to become internalized by citizens who have behaved in opposition to them throughout their lives. In 1941, President Roosevelt extended Executive Order 8802 to prohibit discriminatory practices by federal defense contractors (Skrentny 1994).

Roosevelt's order was intentionally ignored. A lack of enforcement by the government contributed to minimal adoptions of the law (Hill 1977). In 1953, President Eisenhower proposed Executive Order 10479, which attempted to enforce equal opportunity for qualified candidates for federal contracting positions. This executive order still needed more enforcement because changes in recruitment were slow to be adapted because of racial differences and tensions toward including minorities and women in the workplace.

In 1961, President Kennedy's Executive Order 10295 proved to be a hallmark statement of governmental support of equal opportunity in employment. Furthermore, during President Kennedy's tenure, he developed the President's Committee on Equal Employment Opportunity to force government contractors to adhere to non-discriminatory behavior in the hiring and treatment of their employees (Skrentny 1994). Kennedy hoped that this legal enforcement would "end job discrimination once and for all" (MacLaury 2010). With this order, he demanded that contractors "take *affirmative action* to ensure

that applicants are employed without regard to their race, creed, color, or national origin" (MacLaury 2010). President Johnson furthered the committee by creating two groups after the passage of the Civil Rights Act of 1964 which were the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance Programs.

The Civil Rights Act of 1964 was monumental; it reaffirmed the nation's democratic commitment to equality in the United States by the federal government. It served to prohibit discrimination in a broad array of private conduct, including public accommodations, governmental services, and education. One section of the Act, referred to as Title VII, prohibits employment discrimination based on race, sex, color, religion, and national origin (Hill 1977). This applied to private employers, labor unions, and employment agencies to prohibit discrimination in recruitment, hiring, wages, assignment, promotions, benefits, discipline, discharge, layoffs, and almost every aspect of employment (Hill 1977).

## The Equal Employment Opportunity Commission

Title VII of the Civil Rights Act of 1964 also created the US Equal Employment Opportunity Commission (EEOC), a new government agency in charge of enforcing equal opportunity in employment by investigating charges of unlawful employment practices (Skrentny 1994). The agency faced an insurmountable task of preventing employment discrimination in the Jim Crow South and nationwide. During the first year of operation, the EEOC experienced fiscal and operational challenges as over 8,800 complaints were received (Skrentny 1994).

President Johnson's perspective exemplified the growing consensus on the importance of equal employment opportunities and the relationship to civil protections offered by the government and on a person's quality of life. In 1965, President Johnson signed Executive Order 11246, which prohibited federal contractors and federally assisted construction contractors and subcontractors from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity, or national origin (EEOC n.d.). Government contractors showed contempt to federal law by continuing discriminatory practices in employment as they felt that their private company status should exempt them from such regulations (EEOC n.d.).

The Equal Employment Opportunity Act of 1972 granted the EEOC more control as the promises of equal job opportunities were unrealized and the EEOC they lacked the capacity to apply investigative findings to enforce federal laws. This amendment to Title VII gave the EEOC more litigation authority, and it expanded to hold all levels of government and educational institutions accountable. It was important that the EEOC's authority was increased as hostility toward plaintiffs on the job rose; plaintiffs were harassed or unlawfully fired (Sacks 1986). The inequities in hiring, promotions, and pay continued subtly through informal practices. As time passed, the social environment became more accepting of minorities and women in the workplace, but informal practices persisted to keep women and minorities away from certain opportunities.

Although not conclusive, the following prominent administrative laws have served as amendments to Title VII: The Pregnancy Discrimination Act of 1978, which made discrimination against pregnant women unlawful; The Rehabilitation Act of 1973 was the foundation for the Americans with Disability Act of 1990, which made discrimination against qualified applicants with disabilities unlawful; The Civil Rights Act of 1991 allowed for better support for plaintiffs in employment discrimination suits, which primarily permitted compensatory awards and/or reimbursements of litigators fees (EEOC n.d.). This was critical because victims of discrimination were commonly in financially poor positions and could not seek legal redress because of their lack of knowledge of the legal system and/or financial incapacity (Sacks 1986).

Navigation of equal employment administrative laws and court rulings show that laws and regulations continued to evolve to protect more

citizens. Moreover, these attempts originated in the government contracting relationships and expanded to private sector, educational institutions, and all levels of government. Federal mandates to remove employment barriers have considerably impacted how organizations carry out their human resources functions. The cultural opposition to these mandates has ranged from resentment to claims of unjustified preferential treatment, especially in response to affirmative action (Hill 1977). The wide-ranging views and controversial nature of this topic illuminates the deeply rooted issues that have historically divided our nation and has made removing employment discrimination so challenging. The following federal agencies including the EEOC all play a role in facilitating equal employment hiring practices: the Department of Justice (DOJ), the Office of Personnel Management (OPM), and the Office of Civil Rights (OCR).

## Challenges to Equal Opportunity

After an overview of American politics and administrative law in the twentieth century, the challenges of creating equality in general are apparent. These challenges become more magnified in the recruitment process. Negative connotations of cultures or identities that seem outside of the cultural norm become harsh stereotypes. These misguided stereotypes identify people through their language, appearance and values, which serve as discriminatory bases for hiring managers. Even without those contextual considerations, one can imagine how challenging it is to hire someone without any bias, as there are diverse qualities that may represent hiring managers' self-interests that they favor over others.

Challenges arise in various areas before applicants are considered qualified. Firstly, it lies in the level and type of education they have received. This is often the result of their family dynamics, social environment, and a host of other variables, which cannot be controlled by employers directly. Equal opportunity enforcement through data collection and reporting is another challenge, because it is difficult to assess the equitable representation of underrepresented groups in employer personnel.

Embracing diversity is another challenge, diversity of ideas, cultures, languages, and a host of other differences. Another challenge for companies is changing their culture, to embrace diversity. Policies and laws are in place, but they do change informal and formal practices and procedures when it comes to discrimination in employment. A great question persists for hiring managers, which is how to change company cultures to embrace diversity. In the 1980s, it was common for people to believe that time, education, and persuasion as opposed to enforcement of law were better means of ensuring participation in anti-discriminatory actions (Sacks 1986).

Technology and social media have impacted the recruitment process in the twenty-first century. Now, hiring managers can search the Internet to find their applicants online with several types of profiles that have identifiable information, as well as pictures. Managers can virtually assess someone without even looking at their resume, which could lead to discriminatory practices. Finally, hiring without any bias is a challenge, and it will always be a challenge, regardless of demographic considerations because hiring managers tend to favor employees who they think will fit in. Fitting in may simply mean that an applicant who looks, feels, thinks, and/or believes like them will work best in their organization. According to research by Lauren Rivera, the most common trait desired in the job interview process was similarity and finding a cultural fit, in essence, someone who will "fit in" (Rivera 2012).

While challenges exist, the positive outcomes from changes in legislation are plentiful and should be appreciated. Some of the positive outcomes include acceptance of diversity as necessary by governments and private sector employers, allowing them to be responsive to the people they serve (Volkner Davis 2003). Administrative laws are now normalized and followed and upward mobility of protected groups is visible. The fact that diversity is not only required but celebrated is a huge win for equal opportunity efforts over the last 50 years. There is a multitude of administrative laws that enforce, investigate,

and examine hiring practices in public and private organizations to hold them accountable. Accountability is critical when adopting new laws, and laws become normalized when organizations embrace them informally and formally. Socially, the upward mobility of minorities, women, foreigners, and disabled individuals is visible, and they have succeeded because of law changes and cultural shifts (Tien 2000).

## Conclusion

In conclusion, this entry examined the history of administrative laws that have served to reverse harsh discriminatory behaviors in recruitment. The rise of agencies to adapt to challenges in equal opportunity and enforce laws has served as strong cornerstones to the evolution of equal opportunity employment. Diversity in higher education has aided the efforts of equal opportunity administrative laws as diverse applicant pool are more common (Tien 2000). Diversity is celebrated more now than ever. According to the Pew Research Center, the demographics of the United States will shift dramatically by 2060; the forecasted percentages are as follows: Caucasian 46%, Hispanics 24%, Asian 14%, African Americans 13%, and all other 3% (Cohn and Caumont 2016). The future cannot be fully embraced without the concept of diversity. It may seem elusive but a pursuit of equality is better than a blatant disregard for it. In President Lyndon Johnson's remarks at the Howard University's Commencement Ceremony on June 4, 1965, he affirmed the importance of equal opportunities for minorities and women when he stated, "Thus it is not enough just to open the gates of opportunity, all of our citizens must have the ability to walk through those gates" (Johnson 1965). After a full speech of how discrimination and broad injustices deflate hopes of living the American dream, President Johnson described the challenges of enforcing equality standards. He elaborated on how difficult it has been for administrators and the failure of the American government, but he offered a solution, "Jobs are part of the answer, they bring the income which permits a man to provide for his family" (Johnson 1965). Jobs are still the answer today; administrative law reform is inevitable as our nation continues to evolve. Equal opportunity in recruitment through administrative laws has served to allow more people of historically and contemporarily denied groups to provide for themselves and their families.

## Cross-References

▶ Equity Theory of Organizations
▶ Performance Management and Culture

## References

Cohn D, Caumont A (2016) 10 Demographic trends that are shaping the U.S. and the World. Pew Research Center. Retrieved on 10 Mar 2016. http://www.pewresearch.org/fact-tank/2016/03/31/10-demographic-trends-that-are-shaping-the-u-s-and-the-world/

EEOC History (n.d.) Retrieved 30 Mar 2016. http://www.eeoc.gov/eeoc/history/index.cfm

EEOC History (n.d.) Retrieved 30 Mar 2016. http://www.eeoc.gov/eeoc/history/50th/milestones.cfm

Hill H (1977) The equal opportunity acts of 1964 and 1972: a critical analysis of the legislative history and administration of the law. Ind Relat Law J 2(1):1–96. Retrieved 10 Mar 2016. http://www.jstor.org/stable/pdf/24049487.pdf

Holm A (2012) E-recruitment: towards a ubiquitous recruitment process and candidate relationship management. Zeitschrift fur Personalforschung. Ger J Res Hum Resour Manage 26(3):241–259. Electronic Human Resource Management: Transformation of HRM?

Johnson LB (1965, June 4) Remarks at the Howard University Commencement: Lyndon Johnson transcript. Retrieved 31 Mar 2016. http://millercenter.org/president/speeches/speech-3387

MacLaury J (2010) President Kennedy's E.O. 10925: seedbed of affirmative action. Federal History 2010. Retrieved 8 Feb 2016. http://shfg.org/shfg/wp-content/uploads/2011/01/4-MacLaury-design4-new_Layout-1.pdf

Rivera L (2012) Hiring as cultural matching: the case of elite professional service firms. Am Sociol Rev 77(6): 1000–1021. Retrieved 8 Feb 2016. http://www.asanet.org/journals/ASR/Dec12ASRFeature.pdf

Sacks V (1986) The equal opportunities commission, ten years on. Mod Law Rev 49(5):560–592. Retrieved 2 Feb 2016. http://www.jstor.org/stable/pdf/1096160.pdf?_=1459219485933

Skrentny J (1994) Pragmatism, institutionalism, and the construction of employment discrimination. Sociol Forum 9(3):343–369. Retrieved 22 Mar 2016. http://www.jstor.org/stable/pdf/684707.pdf

Tien C-L (2000) Affirmative action promotes diversity. In: Grapes BJ (ed) Affirmative action. At issue series. Greenhaven Press, San Diego

Volkner Davis T (2003) From reorganization to recruitment: bringing the federal government into the 21st century: hearing before the committee on government reform. House of Representatives, One Hundred Eighth Congress, first session, March 6, 2003. Retrieved 2 Feb 2016. http://www.heinonline.org.ezproxy.lib.vt.edu/HOL/Page?handle=hein.cbhear/cbhearings80096&div=2&start_page=i&collection=congrec&set_as_cursor=2&men_tab=srchresults

# Red Tape and Bureaucracy

Dyah Mutiarin[1], Achmad Nurmandi[1] and Yasmira Moner[2]

[1]Government Affairs and Administration Department, Jusuf Kalla School of Government, Universitas Muhammadiyah Yogyakarta, Bantul, Yogyakarta, Indonesia

[2]Universitas Muhammadiyah Yogyakarta and MSU-Iligan Institute of Technology, Iligan, Lanao del Norte, Philippines

## Synonyms

Dependency power; Fragmented bureaucracy; High costs; Leveling bureaucratic inertia; Resistance to change; Uncertainty

## Definition

Leveling bureaucratic inertia occurs at the individual, group, organization, and inter-organizational level. In this leveling bureaucratic inertia, organizations perpetuate the establishment of the path dependence rules and procedures, regardless of whether they are counterproductive or potentially specifically inverse built-up hierarchical objectives. In all these levels, bureaucratic inertia occurs when bureaucracy resistance to change, wherein individuals have no willingness to learn and the ability to make any organizational improvement. History, culture, and tradition are among the factors, which influenced bureaucratic inertia not only at the individual level, but also at the level of organizational networks. Bureaucratic inertia causes high costs, dependency in power, and uncertainty, which ultimately leads to a fragmented bureaucracy.

## Introduction

The terms "inertia" and "resist to change" – used sometimes interchangeably – are used primarily to refer to the physical phenomenon first described by Kepler, Galileo, and Newton, the tendency for a body to persist in a state of motion or rest unless there are forces acting upon it which have three kinds of inertia: inertia in individuals, inertia in social and political structures, and inertia in the development of knowledge and concepts (Zantvoort 2015). Individuals do not want to change because they have "safe zone." At the level of organization, members of organization try to delay from innovation in order to protect their interest borne out of their habits and old rules.

Bureaucratic inertia is an older and larger bureau and becomes subject to inertia because of "sunk cost" represented by its established rules, habits, procedures, and interpersonal network of communication and authority (Downs 1967). Due to established rules and procedures, bureaucracy resist to change from what is originally mandated by the policy and/or only partially absorb change at one bureau level and may be completely absorbed by the other (Congleton 1982). Those old ideas on bureaucratic inertia clearly affect how the current institutionalism scholars define it. North (1984, 1990, 1991) and Williamson (2000), stated that bureaucratic inertia is mainly affected by the outcome of a complex process of playing the economic game according to formal and informal rules that provide incentive structures and channel innovative activities in a certain direction. It means that stakeholders can be successful in using and managing their resources if they can meet their institutions with its contexts

(Ostrom 2008), in which the different contexts and cultures can create different institutions because the same rule cannot be executed in different social contexts (Agrawal 2001).

## Bureaucrats

Therefore, the development of effective local institutions should rely on the local contexts and cultures. A specific institution with a defined context is the best way to deal with resources and environmental issues. Colloquially speaking, bureaucracy means red tape, overcontrolling bosses, and apathetic employees (Adler 1999). What is the bureaucracy profile? To understand how local officials as units perform their tasks, the analysis takes a system views of local agency, by controlling multiple internal and external circumstances known to be associated with organizational performance (Gazley 2014). Bureaucracy agencies are the government's means of carrying out public policy, and their capacity for effective performance is clearly central to how any rational politician, interest group, or citizen would go about in understanding them or assessing their value (Moe 2012). Internally, Wilson (1989) divides officials in bureaucracy into operators, managers, and executives. Operators placed at the front line have different behaviors in facing field problems.

In other words, the performance of their (frontline workers) task depends on circumstances, beliefs, interests, and culture. The frontline workers define the organizational task to vary depending on whether they are supervised and the imperatives of the situation they confront daily (Wilson 1989). The imperatives of the situation, more than the attitude of the front workers, shape the way tasks are performed (Wilson 1989). What is the real task of the frontline worker? Their tasks depend how the frontline workers define the task based on their prior experiences, professional norms, and bureaucratic personality.

Operator tasks are shaped by the pressure of external interests and vary depending on which of the four political environments surround the agency: the extent to which the legislature wants and expectations has an impact, the degree of discretionary authority, the array of interest in the agency's environment, and the relationship between desired behavior and client incentives (Wilson 1989). The last important factor affecting the frontline worker is organizational culture. Culture is the central task of human relationships within an organization (Wilson 1989).

Manager or the middle-range worker in bureaucracy is shaped not by the tasks the operators are performing or the goals the agency is serving but by the constraints placed on that agency by its political environment (Wilson 1989). The constraints of government agency (1) cannot lawfully retain and devote to the private benefit of their members the earnings of the organization, (2) cannot allocate the factors of production in accordance with the preferences of the organization's administrators, and (3) must serve goals not of the organization's own choosing. Managers in craft agency have core activities as a compliance officer who has an investigative function. Their service relies on the ethos and sense of duty of its operators to control behavior (Wilson 1989). At the higher level of government agencies is the place of executives. The main tasks of executives are to maintain their agency autonomy (Wilson 1989). Maintenance means assuring the necessary flow of resources to the organization through political support and high budget (Wilson 1989).

### Leveling Bureaucratic Inertia

Bureaucratic inertia has five main mechanisms: (1) cost, (2) uncertainty, (3) path dependence, (4) power, and (5) legitimacy. Costs can be divided within the literature into two main subgroups: costs of "free-ridership" and "transaction costs." Rules, norms, routines, cognitive scripts, and standards for behavior existing institutional structures support incumbent actors; in subordinate groups are hindered to exert pressure.

Organization culture emphatically impacts the part of conduct. This impact can separate one organization from others. It likewise can

make association personality and part character, association duty above individual responsibility, and the soundness of social framework solidarity. It likewise works significantly in creating instrument of conduct controlling images of individual relations in achieving organizational goals and satisfaction.

Organization culture is an arrangement of framework containing image, esteem introduction, conviction, learning, and beneficial experience embedded at the individual's mind. Hence, it contained: Artifacts, which refers to obvious and unmistakable conduct example such: language, oral discourse, composed discourse, bureaucracy plan, bureaucratic structures, dress and custom; (b) conviction and esteem as seen from the individual's communication style. Noticeable conduct of individual behavior and governmental support to the public at large, is also shown as one of the forms of organizational culture. Great dialect, neighborly and justifiable, is an immediate correspondence between the authority and society. Embraced an incentive in a general public is an arrangement of shared standards that ought to be actualized by all gatherings. Organizational strategies are made by the organization to maximize the benefits. Whereas, it should be obeyed by all staff in directing their works. Along this line, the organization keeps the conduct of staff in leading predominant control.

On the other hand, bureaucracy issues are influenced by universal standards, guidelines, and administrations that direct residential administration in different territories of economy, governmental issues, society, culture, and organization. Numerous issues are currently ending up all-around concerned issues which request aggregate innovation and aptitudes, for instance, urban administration conveyance, crisis and security issues, destitution and lodging issues, air and water contamination, and wrongdoing and different issues.

Bureaucracy inertia is the resistance of any adjustment in its condition of movement; this incorporates changes to its speed, bearing, or condition of rest. It is the inclination of items to continue moving in a straight line at consistent speed. Bureaucratic inertia portrays the propensity of managerial organizations to confuse their operations to the detriment of achieving their unique objectives. The more complex procedural systems in an organization, the additional time it will take to arrange those techniques, which implies that it will be more troublesome for the staff to accomplish the task or assignment intended to be completed. In doing so, bureaucratic development is hindered.

Furthermore, the tendency of bureaucratic organizations to perpetuate themselves is inevitable. The perpetuation of bureaucratic organizations is done through procedures and modes, even if they are counterproductive and/or diametrically opposed to established organizational goals. Organizational practices are constructed around the belief that bureaucrats know best how to translate broad legislative mandates into specific regulatory decisions for the public interest. In governance, the preferred institution is best entrusted to a bureaucracy operating the procedures and system to implement governmental mandate and services. Hence, bureaucracy must be on one hand, remained neutral against the pressure of electoral politics and the caprices of the public-at-large on another.

Bureaucratic inertia mechanisms occur starting from the individual level due to the unwillingness and the ability to learn. In the organization, there are individuals who are categorized as free riders who benefit from the organization but do not contribute to the organization. These individuals have no willingness to learn and the ability to make any organizational improvement. In turn, the greater the number of free rider individuals, the more troublesome the team or working group in the organization to make changes since they tend to oppose improvement. Their cultures, habits, and norms are preventing individuals from learning. Organizational structure's objective is mainly to make more efficient transaction cost. However, under this condition, the costs of governing will increase such as information costs, bargaining costs, and cost of enforcing transactional agreement uncertainty and frequency, and the persons involved in the transactions, such as

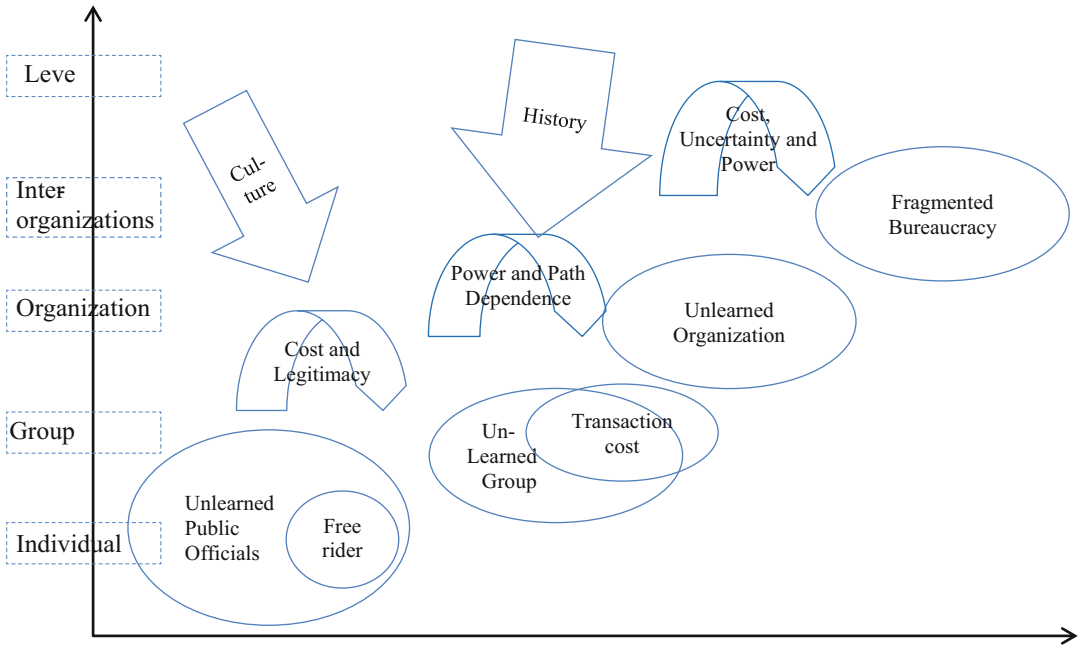


being bounded rationality and potentially opportunistic (Williamson 1989).

At interorganizational level, unorganized and fragmented bureaucracies will increase the transaction cost, because these mechanisms involve a collective decision process encompassing multiple policies and actors and delegated authority (Feiock 2013). Multiple government units consequently create multiple policies, and preferences for cooperation are not homogeneous in which they vary according to a country's history, culture, and traditions in which they are embedded (Tavares and Feiock 2014). History, culture, and tradition will certainly affect not only to individual level or team but also the model of organizational network. Untrustworthy individual relationship will extend untrustworthy group relationship also. In other words, social embeddedness helps to mitigate opportunism because long-term interaction builds reputation among potential partners and prevents untrustworthy behavior.

Inertia bureaucracy point out that bureaucracy resistance to change will cause the uncertainty. Without bureaucracy capability to accommodating the change and uncertainty to where it is needed most, any goals and policies they are implementing will not impose significant impact on society. In a bureaucratic organization, external factors such as changes in technology applications, regulatory inventive administration, and more innovative service demands are challenges that require rapid bureaucratic response. But this rapid response should frequently not be done by the bureaucracy on the grounds that the position of inertia of organizational units prompts to uncertainty situations occurring within the work unit level.

Since individuals in organizational units frequently decline to react to changes that require the ability to learn ceaselessly, what happens is vulnerability in the organization. For instance, when society demands a public service innovation to enhance the advantages of services, at that point what happens is organizational units sit tight with each other to make advancement to create innovation in public service, resulting in a situation of high uncertainty.

Bureaucratic inertia is also seen as the tendency of bureaucratic organizations to perpetuate the established path dependence rules and procedures, regardless of whether they are counterproductive or potentially specifically inverse built-up

hierarchical objectives. As a matter of first importance, this is identified with the development which if unchecked proceeds with the organization success or failure. Furthermore, after experiencing such uncertainty, organizations encounter what is referred to as process dependency and performance of each other or path dependency. Bureaucratic inertia usually leads to low performance due to the high process dependency and interunit performance. When a unit in a bureaucratic organization is not able to complete its target objectives in an auspicious manner, at that point what happens is delaying the process on the other unit or postponing the procedure on the other unit. In this case, examples of cases of electronic single identity number administrations, integrated licensing administrations, tax collection administrations, and health insurance services are cases of high path dependence among hierarchical organizational units within each service provider. Notwithstanding a process that needs to depend on one unit with another, it will likewise have implications for organizational performance. Ultimately, in this path dependence, it can be seen that the process in a single unit of the organization that goes well will create good performance for the bureaucratic organization overall.

At the organizational level, bureaucratic inertia is caused by the power possessed by powerful officials. In the bureaucratic structure, the hierarchy determines the authority of officials according to the position held. Officials who are at lower levels are not conceivable to carry out operational exercises of the organization without direction and orders from authorities above. For this situation, the number of layers of hierarchy prompts a long bureaucratic structure and permits the execution of projects and exercises to be longer, because lower authorities are waiting directions and orders from upper authorities. The length of the bureaucratic chain and the level of oversight are likewise the motivation behind why bureaucratic inertia happens. The moderate instance of open government, for example, school operational aid, rice distribution for the poor, and the development of low-rise apartments indicate bureaucratic inertia occurring because of the moderate decision-making. Furthermore, it shows the process bearing the mandates and directions from higher authorities to lower authorIties in the bureaucracy. In the case of overcoming the bureaucratic inertia caused by the abuse of authority of some officials, the discretionary mechanisms in developing countries are less well undertaken. The discretionary power frequently creates inter-organizational conflict. The discretionary power of governmental officials are also with certain limitations. The power dynamics and limitations of governmental authority in terms of their discretionary powers are among the bottlenecks in the implementation of public programs, projects and activities, thus manifesting bureaucratic inertia.

Bureaucratic inertia will cause crisis of legitimacy. This is because the impact of bureaucratic inertia drives individuals to end up trust in bureaucracy and causing weak legitimation because public trust is declining sharply. The case of land titling, building rights certificates, and import-export management sometimes fall into a corruption where clients want the process to be faster. In these cases, the probability of bribery opportunities is considered to happen. As a result, public trust in the bureaucracy is decreasing, and the legitimacy of the bureaucracy fall into a low legitimate public servant.



## References

Adler PS (1999) Building better bureaucracies. Academy of Management Executive 13(4):36–49

Agrawal A (2001) Common property institutions and sustainable governance of resources. World Dev 29 (10):1649–1672

Congleton R (1982) A model of asymmetric bureaucratic inertia and bias. Public Choice 39(3):421–425

Downs A (1967) Inside bureaucracy. Little, Brown and Company, 292 pp

Feiock RC (2013) The institutional collective action framework. Policy Stud J 41(3):397–425

Gazley B (2014) Intersectoral collaboration and the motivation to collaborate. In: Big ideas in collaborative public management. Routledge, pp 46–64

Moe TM (2012) Delegation, control and the study of public bureaucracy. The Forum 10(2):1–47

North DC (1984) Transaction costs, institutions, and economic history. J Inst Theor Econ 140:7–17
North DC (1990) Institutions, institutional change, and economic performance. Cambridge University Press, Cambridge
North DC (1991) Institutions. J Econ Perspect 5(1):97–112
Ostrom E (2008) Developing a method for analyzing institutional change. In Sandra SB, Nicholas M (eds) In alternative institutional structures: evolution and impact. Routledge, New York, pp 48–76
Tavares AF, Feiock RC (2014) Intermunicipal cooperation and regional governance in Europe: an institutional collective action framework. European Consortium for Political Research in Glasgow, Scotland
Williamson OE (2000) The new institutional economics: taking stock, looking ahead. J Econ Lit 38(3):595–613. http://www.jstor.org/stable/2565421. Accessed 11 Apr 2018
Wilson JQ (1989) Bureaucracy: what government agencies do and why they do it. Basic Books, New York
Zantvoort B (2015) On inertia: resistance to change in individuals, institutions and the development of knowledge. Cosmos Hist: J Nat Soc Philos 11(1):342–361

# Redesigning Organizations for Maximum Resiliency in Dynamic Environments

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida,
Pensacola, FL, USA

## Synonyms

Corporate social responsibility; Organizational resilience; Quadruple bottom line; Sustainability

## Definition

Modern organizations design their systems using effective sustainability strategies to withstand external and internal pressures for maximum resiliency in dynamic environments, as defined by the threats of climate change, global warming, and growing existential economic, environmental, governance, and societal pressures.

## Introduction: Resilience and Sustainability Defined

In the contemporary world, both the public sector and the private sector organizations face immense internal and external pressures. Internal pressures include a broad range of challenges from demands from stakeholders exemplified through elected officials in the public sector and the politicization of the service delivery, requests for more efficient service delivery, and requirements from the diversified and skilled workforce. External forces creating challenges for organizations consist of societal demands for equitable and environmentally friendly service provision and product delivery, financial needs, cyclical nature of the economy, fast spread of news, and the negative brand impact.

Facing ongoing threat and challenges, organizations must discard their traditional strategic planning approaches and adopt an adaptable, livable sustainability and resilience planning process to redesign systems for maximum resilience. Sustainable and resilience planning concepts are most often viewed as developmental efforts allowing humankind to meet its needs in the present without depriving future generations of the ability to satisfy their needs and requirements. As for sustainability planning, it can be broadly defined as planning aimed at long-term improvement of both human and ecological welfare. In other words, it is a set of activities aimed at preserving environmental and social capital. The necessity to apply sustainability and resilience planning arises from increasing acuteness of a range of social and environmental problems including climate change, inefficient land use, pollution, inefficient use of resources, poverty, and inequality. Visionary experts emphasize the importance of the creation of more sustainable and equitable communities while noting entrance into the new era of sustainability planning (Wheeler 2013).

Resilience is the ability of an organization or system to respond and adapt quickly to societal demands, transformation, internal and external shocks, and governing and economic, environmental, cultural, and social changes. Sustainability is an integral part of resilience, and resilience

adds an in-depth dimension to the sustainability planning, taking into account among many other threats, the challenges stemming from climate change and extreme weather events. A sustainable and resilient organization is one that is not only designed to be sustainable and resilient economically, environmentally, socially but also one that can evolve and adapt to remain sustainable and resilient through time and able to withstand the variations in governing structure.

## Quadruple Bottom Line (QBL)

The four pillars of sustainable organizations that include economic, environmental, social, and governance best explain these pressures through the Quadruple Bottom Line. In a never-ending process, combining sustainability, strategic planning, and leadership with other management processes, organizations are challenged to produce more with less, to be more productive, and to deliver more services, to be more efficient service providers. As noted in Alibašić (2017) sustainability "may be defined as a set of effective and efficient actions taken by an organization, through good governance" to ensure the fiscal endurance in producing the societal outcomes with the least negative social and environmental consequence (p. 37). Through sustainability planning, organizations must take into consideration all four pillars of sustainability and integrate them effectively into their long-term goals and objectives. It is imperative for an organizational leadership team to use strategic management and sustainability planning in response to the rapid changes occurring under present conditions.

## The Environmental Challenges

The challenges of geopolitical, financial, interdependent international, sociodemographic trends; the evolving nature of technology; and a fundamental shift in values are creating challenges and opportunities for organizations.

A slew of recent news reports stemming from the results of extreme weather events, further exacerbated by climate change including an active hurricane season impacting communities along the US islands and the mainland, have brought resiliency planning into the forefront. Cities are experiencing large scale, localized impacts of climate change and weather events, with more hospital stays, increased insurance costs, affected human resources, and stretched resources. Industries and production are impacted by long-term power outages and lack of access to fuel. Production is affected, resulting in immense insurance costs. Extreme heat events often result in hospital stays, emergency room visits, and deaths. Massive rain events often cause flooding and damage to infrastructure and pose a threat to residents and businesses. All of these issues combined cause additional cost considerations for local governments and necessitated a more adaptability to the new threats.

Contemporary organizations incorporate sustainability and resilience planning into their implementation strategies in operations to remove existential threats, uncertainties and reduce risks and dangers to their existence (Coyle 2011; Slavin 2011). Slavin (2011) argued one of the critical elements of sustainable cities included the design and management and emphasized the importance of humanity living in a way that does not alter the ecological balance. Moreover, Coyle (2011) highlighted the relevance of a low-carbon built environment (RLC) in a resilient and sustainable community and the vital role that organizations play in delivering of sustainability platforms and promises. Elements of organizations using sustainability planning include a compact and bounded development pattern, as having a supporting system that provides for economic, energy, water, natural environment, transportation, food production/agriculture, and robust waste systems that are renewable resource-based, flexible, efficient, adaptable, virtuous, and durable.

Enhancement of innovations to the existing service delivery advances future positive environmental and societal impacts. Organizations strengthening their positions in a system-based approach can experiment (Ismail et al. 2014), adapt, and proactively address ongoing threats

and for maximum performance outcomes (Poister, 2000). The importance of addressing climate change threat is amplified as the word and threats of climate change get politicized as evidenced in the case of the State of Florida and the state administrators' attempt to forbid employees from using the phrase "climate change" (Korten 2015). The resilience planning allows the process of de-politicization and rational approach to strategic planning.

## Resilient Systems

Sustainability and resilience planning became a norm for many organizations, both in public and private sectors, looking into the long-term plan from an environmental, social, economic, and governance perspective, in a systematic and purposefully defined, interconnected realm of issues and responsibilities. Sustainability and resilience planning is a relatively new development, with so many facets of the preparation that emanates from strategic management practices. The concept of Quadruple Bottom Line (QBL) is incorporated into a broad concept of sustainability and resilience planning. In a real sense of best practices, similar to strategic management, sustainability and resilience ideas can be replicated from one sector to another. Sustainability is a set of strategic management initiatives, in a relatively well-defined space and time, with long-term goals, visions, and mission using a set of interconnected areas of concerns for the organizations, including but not limited to governance, economic growth and development, social impacts, and environmental concerns (Alibašić 2017). The term of Triple Bottom Line relates to the fact that organizations are interested not only in the issues of economic, social, and environmental significance but also are involved in the best and most efficient governance of the agency (Alibašić 2017). However, an expanded definition of the bottom line includes governance; Alibašić (2017) posited and defined the QBL to include economic, social, environmental, and governance aspects of pillars of sustainability, focusing on governance as the organizational ability to address fiscal responsibility, stakeholder engagement, transparency, and accountability in order to provide for resilient, adaptable organization that can thrive and quickly recover from shocks.

Sustainability and resilience planning is the ability of organizations to create a state of an efficient and flexible system where all factors of its functions and operations can be sustained. For instance, energy consumption is a driving factor in the features and processes of an organization. Energy from fossil fuels is inherently inefficient and inflexible because it is nonrenewable, while solar, water, wind, and geothermal sources of energy are renewable and naturally more resilient. Eventually, all functions and operations of an organization or a system must use renewable energy for sustainability and resilience goals to be attained.

In cities, another essential aspect of sustainability and resilience planning includes a pedestrian-centric, rather than automobile-centric, transportation system, including accessible, affordable, convenient, and efficient public transportation as well as complete streets. Water is a visible resource that must be conserved and protected. Sustainable water systems treat water as an irreparable resource that can be conserved through water conservation and efficient stormwater collection. The rising costs of water, sewer, and energy service delivery necessitate new and more strategic, long-term view of those services, with an eye toward environmental impact reduction and social benefits.

## From Plans to Action

Organizations across the various spectrums of sectors have already started planning for resiliency to address environmental changes, climate change threats from more frequent and severe heat waves, excessive rain events, changes in temperature, and precipitation patterns. Counteracting the negative impacts of Greenhouse Gas Emissions (GHG) on social systems, environment, and the economy is done through various efforts:

energy conservation; reusing, repurposing, and recycling of materials; sustainable transportation; planting trees; building resilient infrastructure and green buildings; renewable energy; and good governance of resources.

It is evident that cities involved in sustainability are concerned about the long-term impact of climate change and that they plan for unforeseen circumstances. By using a dynamic approach to resiliency planning, cities can continually adjust and adapt to flux of economic, environmental, and social conditions as a result of new realities. Emergency preparedness and climate resiliency are linked, as the impact of the climate-related events on the environment, and public and private property, cause cities to adopt preventive measures.

Given rising attention of communities to social and environmental problems, sustainable and resilience goals attainment become increasingly relevant. Today, sustainability planning in public sector is most often implemented as sustainability targets integrated into strategic plans. Strategic planning and sustainability planning become more interwoven since sustainable goals become a part of the mission and long-term vision of public sector organizations responding to the community needs. Sustainable goals are promoted through a range of initiatives. For instance, they may include waste management planning, enhancing public transportation quality, energy saving initiatives, and redevelopment of vacant lands to promote green economy (Rosan 2012). Sustainability and resilience planning gives rise to the prominence of long-term thinking using the maximum resilience design approach.

## Conclusion

Due to growing number of challenges, complexities, and uncertainties in the environmental and societal spheres, planning for maximum resilience in public service and private sector organizations is critical. Challenging environment of operation requires an appropriate response from public service organizations in the form of strategic planning. Maximum resilience planning is beneficial to implement in public sector since it is associated with improved strategic thinking, enhanced decision making, better resilience and flexibility, and higher legitimacy through improved value creation. Strategic planning can efficiently support the diversification of service portfolio, improvement of operations efficiency, and formation of strategic partnerships to achieve synergy effects. In response to evolving community needs, strategic planning becomes increasingly interwoven with sustainability planning, and sustainable goals become a part of the mission and long-term vision of public sector organizations.

When compared to other strategic management tools, sustainability and resilience planning hold the most significant promise.

## Cross-References


- ▶ Asset Management
- ▶ Ethics of Sustainability
- ▶ Organizations and Environment


## References


Alibašić H (2017) Measuring the sustainability impact in local governments using the quadruple bottom line. Int J Sustain Policy and Practice 13(3):37–45

Coyle SJ (ed) (2011) Sustainable and resilient communities: a comprehensive action plan for towns, cities, and regions. Wiley, Hoboken

Ismail S, Malone MS, Geest YV (2014) Exponential organizations. Why new organizations are ten times better, faster, and cheaper than yours (and what to do about it). Diversion Books, New York

Koteen, J. (1997). Strategic management in public and nonprofit organizations: managing public concerns in an era of limits (2nd ed.). Westport: Praeger

Korten T (2015) In: Florida, officials ban term "climate change." Florida Center for Investigative Reporting. Retrieved on 22 Sep 2017, from http://www.miamiherald.com/news/state/florida/article12983720.html

Poister T (2010) The future of strategic planning in the public sector: linking strategic management and performance. Public Adm Rev 70:s246–s254. https://doi.org/10.1111/j.15406210.2010.02284.x

Rosan C (2012) Can PlaNYC make new york city "greener and greater" for everyone? Sustainability planning and the promise of environmental justice. Local Environ 17(9):959976. https://doi.org/10.1080/13549839.2011.627322
Slavin MI (ed) (2011) Sustainability in America's cities: creating the green metropolis. Island Press, Washington, DC
Wheeler S (2013) Planning for sustainability. Routledge, New York

# Reforms and Governance

Muhammad Azizuddin
University of Tampere, Tampere, Finland

## Synonyms

Administrative change; Administrative reform; Administrative reorganization; Changed management; Governance reform; Organizational restructuring; Public administration reform; Public governance reform; Public management reform; Reorganization; Reorganization and change; Reorganization and change in government; Reorganization and change in public policy; Reorganization and government

## Definition

Reforms and governance are the arts and the science of administration and politics which correspond to administrative reform, functionally, deal with reorganization and change in the affairs of institutionally arranged governmental apparatus of a nation state for "crisis management," and ultimately achieve overall "national development."

## Introduction

Reforms and governance are the words and the sciences and widely used concepts in politics and administration relating to society, state, and government. Reform is a reorganization and change in the institutional structure and functions. Governance is a blend of administrative and managerial institutional arrangements and processes. These are typically understood in terms of relationship between state, government, and administration and closely connected to administrative reform. Reforms are enacted to strengthen governance practice, and governance is improved through reform activities. They have emerged from multiplicity of theoretical perspectives of organization and management on the political, administrative, and managerial aspects of public administration. They are otherwise known as governance reform with an overarching goal to cater the development needs of a given society, by empowering units of government both organizationally and institutionally.

## Understanding Reform and Governance

Reforms are the tools which enable governments to meet organizational challenges, creating opportunities for government to make the process of governance suitable for changing environment. Reforms are the means, and governance is the subject of reform to reorganize and change the structure and actions of government, specifically the executive branch of a government in countries.

*Reform*: Reform is a reorganization and change in the institutional structure and functions. It is the means to bring about changes in governance with time and space relations and affects the process of policy formulation and implementation in institutions, both public and private. It signifies changes in the structures and processes of government and is closely related to administrative reform, which is understood in terms of organizational and human dimensions of structural and behavioral emphasis in the realm of administrative science and organization theory (Dunsire 1976). "Structure" refers to the anatomy of an organization, while "behavior" concerns with the human dimension within organizations. This is "institutional" and regarded as a "special public policy" (Ciprian et al. 2010: 37) of a government to

reorganize organizational process of governance, dealing with "crisis management," and ultimately to achieve overall "national development."

Administrative reform is concerned with improving the efficiency of governance, organizational effectiveness in public administration, and institutional capacity building for public service delivery (Jooste 2008). The ultimate goal is to serve the development needs of a given society, by empowering units of government to deliver services effectively. It is an "artificial inducement of administrative transformation against resistance" (Caiden 1969: 1), and functionally, it is oriented toward "differentiation" (Cohen 1976). It is enacted due to "historical [factors], revolution, [changes] in circumstances, intolerable conditions, [a] desire for change, precipitating events, crises, failed states, market failures, and others" (Fuller 2010: 1) and an investment of government with the twin objectives of crisis management and national development, requiring "substantial resources of time, energy, creativity, and finance" (Caiden 1979: 143). Reorganization and change in structures and processes is, as described by Gow, "a conscious, well-considered change that is carried out in a public sector organization or system for the purpose of improving its structure, operation or the quality of its workforce" (Gow 2012: 1). It usually appears when there is a need to strengthen social, political, and economic institutions of government.

*Governance*: Traditionally, governance refers to modes of managing public institutions in terms of "effectiveness" and "legitimacy." The essence of both may be judged based on participation, the rule of law, transparency, and accountability (Hossain 2005: 05). Very simply, it can be understood by describing two "thin" and "thick" conceptions of governance. The "thin" conception understands governance as merely the set of rules by which the citizens are ruled. In this conception, governance is a synonym for government. Accordingly, the "thick" perspective is more than just the government or the set of rules of how to govern.

There is no universally agreed upon definition of the concept of governance as it is related to "government" and "state," and many traditions of these two exist in the world. In the USA and Britain, the "government" means "state." Earlier in the UK the "Crown" denotes as "state." The Anglo-Saxon idea of "state" has not been accepted in the same meaning as in the rest of Europe (Vartola 2009: 16; Dyson 1980). In academic literature the term usually refers to the development of governing styles denoting how societies are organized and power and resources are allocated. In this regard governance refers to a system of values, policies, and institutions that regulates its social, political, and economic affairs. The state, civil society, and public sector all together take part in governance encompassing the totality of institutions and systems through which decisions concerning common affairs are made.

Instead, governance is understood as a wide array of decision-making policies across many levels of society. According to this perspective, governance addresses the fundamental question of how to solve problems and meet challenges by strengthening government and other economic and social institutions, entailing government-market, government-society, and interdepartmental relationships in government.

## Scholarships and Perspectives of Reform and Governance

Reforms and governance have been studied in numerous ways across and within different countries, with schools of thought emerging in both the USA and Europe. Woodrow Wilson's classic work, *The Study of Public Administration* (1887) "began a long academic train of thought that led to [the] 21st century consciousness regarding public administration" (Crate 2003: 1). However, academic exercises began in the 1960s as the logical extension of the comparative public administration movement initiated by the Comparative Administration Group (CAG) and are considered essential in the Development Administration (DA) school of thought (Ahmad and Azizuddin 1995). The emergence of New Public Administration (NPA) originates from the Minnowbrook Conference (1968) and is a

theoretical approach to public administration that emerged in the mid-twentieth century in response to the ever-changing needs of the public and how institutions and administrations go about solving them (Kaul 1997; Nigro 2014).

During this period, reforms and governance transformed from a Weberian bureaucratic model to the NPA and Public Management approach following the New Public Management (NPM) philosophy. NPM "grew from neo-liberalism, particularly market values to the right [of] the political spectrum" (Fuller 2010: 1) and reflects "the ideas of Woodrow Wilson [1856–1924], F. W. Taylor [1856–1915] and even cameralist and mandarinate writers" (Ocampo 1998: 250). Usually, NPM reforms are part of the multi-sector socioeconomic reforms that aim at shrinking the public sector and increasing private sector participation in providing public services and economic liberalization generally (Ilkeanyibe 2016: 563). However, it "is different from the New Public Administration [NPA] that sought also to depart from progressive-era doctrines but flowered only briefly during the late 1960s and early 1970s" (Hood 1996: 268; cf. Kaul 1997, as cited in Ocampo 1998: 250) and implies a much broader notion of administrative "governance" than encountered in the early twenty-first century (Peters and Pierre 1998: 224).

Systems of government and public administration, regardless of the theoretical origins and their welfare models, face similar problems of poverty, unemployment, and unemployability. The capacity of governments to deal with these challenges relates to the nature of the state, its political will, and administrative support. Governance reform entails the transformation of administration of government from "traditional" bureaucratic models to being "developmentally" and "managerially" and "service"-oriented administration with an emphasis on "good" governance and service delivery. Traditional bureaucratic model refers to the Weberian ideal type, "development" is the development administration, and "managerial" is the NPM style of administration. Service-oriented administration is based on open-system thinking, where services are constantly developing through human resource management interactions and reforms aiming at integrating professional dealings (Stenvall et al. 2014). Reforms and governance concerned with the process of improving the structural and behavioral dimensions of an organization parallel to administrative needs and practices. "[D]ecolonization after World War II and the adoption of modernization as primary motive necessitated administrative reform" (Rahman et al. 2013: 299). Policymakers "have [been influenced by] Max Weber [1864–1920], Herbert Simon [1916–2001], the Washington Consensus [1989], *homo economicus*, New Public Management [1980s], World Bank indicators, the rule of law, [and] many other [ideas]" with the intention of bringing about changes in policies, structure, and the functions of the institutions of public administration (Fuller 2010: 1).

## Approaches to Reforms and Governance

There is a multiplicity of alternative approaches to the study of reforms and governance in varying nomenclatures and degrees within the dominions of administrative and political sciences. A list of administrative fashions has developed over the years in the area of reforms and governance. They are, namely, Scientific Management; Management by Objectives (MBO); Planning, Programming, and Budgeting Systems (PPBS); Zero-based Budgeting (ZBB); Performance Pay; Managing for Results; Benchmarking; Reengineering; Reinvention; Citizen-focused Management; Horizontal Management (Cheung 1997; Thomas 1996); New Public Administration (NPA); Reinventing Government (RG); Business Process Reengineering (BPR); Public Management; and New Public Management (NPM), including the potential trend of New Public Governance (NPG) (de Viras and Nemec 2012; Gow 2012).

Scientific Management is an early twentieth-century school of management thought concerned primarily with the physical efficiency of an individual worker, based on the work of F. W. Taylor (1911), derived from experiments in methods of work and production, especially from time-and-motion studies. Management by Objectives

(MBO) indicates a management model, outlined by Drucker (1954), and emphasizes goal setting, action plans to ensure better participation and commitment among employees, and alignment of objectives across the organization to improve organizational performance by clearly defining objectives agreed to by both management and employees. Planning, Programming, and Budgeting Systems (PPBS) is an integrated management system, developed in the 1960s, to provide a better analytical basis for decision-making and for putting such decisions into operation (DonVito 1969: 1). Reinventing Government (RG) is "a radically new way of doing business in the public sector" (Osborne and Gaebler 1993: xviii) and a "(r)evolutionary change process" that had happened before in the Progressive and New Deal eras in the USA and has been occurring again in local governments and elsewhere (Ocampo 1998: 248). Business Process Reengineering (BPR) "is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed" (Hammer and Champy 1993: 32). It represents "an effort to turn back the Industrial Revolution and reassemble the tasks and functions taken apart by the 19th century principles of the division of labor" (Fowler 1997: 36–37).

## Conclusion

Reforms and governance are an intertwined phenomena relating to state, government, and administration. Reforms serve as the tools which enable governments to meet organizational challenges, creating opportunities for government to make the process of governance suitable for changing environment. They have emerged from multiplicity of theoretical perspectives on the political, administrative, and managerial aspects of public administration. Administrative reform and reorganization is the functional tenet of the phenomena along with public administration reform and public governance reform. Since the approaching of Millennium 2000, administrative science has primarily been concerned with the question of how to achieve maximum efficiency and organizational effectiveness and improve institutional capacity (Raul 1985). Inspired by administrative practice, RG or NPM became a core topic of reforms and governance in the theoretical debates in the late twentieth century, and the countries worldwide initiated a series of reforms, which has been "an influential catchword for modernisation in governance" (Siffin 1991: 531). With the substantial increase of reform efforts with time and space relations, more work is needed to determine the accuracy with greater attention to organizational efficiency and institutional sustainability. More academic and professional exercises in the phenomenon complement bridging up the emerging gaps with ever-changing demands of society, state, government, and administration.

## Cross-References

▶ Administrative Reform
▶ Governance Theories and Models

## References

Ahmad F, Azizuddin M (1995) Administrative reform reconceptualised from systems perspective. J Adm Dipl 1 & 2:51–70

Caiden GE (1969) Administrative reform. The Penguin Press, London

Caiden GE (1979) Implementations- the Achilles heels of administrative reform. In: Leemans AF (ed) The management of change in government. Martinus Nijhoff, The Hague, pp 142–164

Cheung ABL (1997) Understanding public-sector reforms: global trends and diverse agendas. Int Rev Adm Sci 63(4):435–457

Ciprian U, Gabriela N, Dimbu D (2010) Administrative reform enhancing people's participation in local affairs. J Law Psychol 1(1):37–42

Cohen RA (1976) The human dimensions of administrative reform: towards more differentiated strategies for change. In: Leemans AF (ed) The management of change in government. Martinus Nijhoff, The Hague, pp 165–181

Crate SC (2003) Three paradigms of public administration. http://www.oocities.org/scrate/three_paradigms.html. Accessed 7 May 2014

de Viras MS, Nemec J (2012) The focus of the book. In: de Viras MS, Nemec J (eds) Global trends in public sector reform. Bruylant and IASIA, Brussels, pp 9–16

DonVito PA (1969) The essentials of planning programming and budgeting system. The RAND Corporation, Santa Monica
Drucker P (1954) The practice of management: a study of the most important function in American society. Harper Business, New York
Dunsire A (1976) Structural and behavioural obstacles to administrative reform, administrative reform in the central governmental apparatus. EGPA Conference Paper, Tampere
Dyson K (1980) The state tradition in western Europe. A study of an idea and institution. Martin Robertson, Oxford
Fowler A (1997) Gurus for government: lessons from management gurus for local government managers. ICSA, Hemel Hempstead
Fuller DE (2010) Public administration reform theory in transition countries. The 18th NISPAcee annual conference. www.nispa.org. Accessed 5 June 2014
Gow JI (2012) Administrative reform. In: Côté L, Savard J-F (eds) Encyclopedic dictionary of public administration. Dictionarie. www.dictionnaire.enap.ca. Accessed 6 Mar 2016
Hammer M, Champy J (1993) Reengineering the corporation: a manifesto for business revolution. Harper Business, New York
Hood C (1996) Exploring variations in public reform of the 1980s. In: Bekke HAGM, Perry JL, Toonen TAJ (eds) Civil service systems in comparative perspective. Indiana University Press, Bloomington, pp 268–287
Hossain F (2005) E-governance initiatives in developing countries: helping the rich? or creating opportunities for the poor? Asian Aff 27(4):5–23
Ilkeanyibe OM (2016) New public management and administrative reform in Nigeria. Int J Public Adm 39(7):563–576
Jooste SF (2008) A new public sector in developing countries. Working paper #36, Collaboratory for research on global projects. http://crgp.stanford.edu/publications/working_papers/S_Jooste. Accessed 12 Feb 2016
Kaul M (1997) The new public administration: management innovations in government. Public Adm Dev 17(1):13–26
Nigro L (2014) New public personnel administration. Cengage Learning, Boston
Ocampo RB (1998) Models of public administration reform: new public management. Asian Rev Public Adm X(1–2):248–255
Osborne D, Gaebler T (1993) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Penguin, New York
Peters G, Pierre J (1998) Governance without government? Rethinking public administration. J Public Adm Res Theory 8(2):223–243
Rahman M, Liberman LS, Giedraitis VR, Akhter T (eds) (2013) The paradigm from traditional public administration to new public management system in Bangladesh: what do reform initiatives stand for? Adv Econ Bus 1(3):297–303
Raul I (1985) Administrative reform revisited. Indian J Public Adm 31(3):210–227
Siffin WJ (1991) The problem of development administration. In: Farazmand A (ed) Handbook of comparative and development public administration. Marcel Dekker, New York, pp 531–549
Stenvall J, Laitinen I, Af Ursin K, Virtanen P, Kaivo-Oja J (2014) Constructing public services – European approach. Eur Integr Stud 8:22–27
Taylor FW (1911) The principles of scientific management. Harper Bros, New York
Thomas P (1996) Beyond the Buzzwords: coping with change in the public sector. Int Rev Adm Sci 62(1): 5–29
Vartola J (2009) Byrokratia mdernin hallinnan muotona (Bureaucracy as a form of Modernd Governance). In: Karppi I, Sinervo L-M (eds) Governance Uuden hallintavan jäsentyminen. Tampere University Press, Tampere, pp 13–43

# Regime Changes and Public Administration in Ghana

Isaac Kofi Mensah
School of Economics and Management, Jiangxi University of Science and Technology, Ganzhou, China

## Synonyms

Democracy; Public sector; Regime change; Regimes

## Definitions

Regime: A system of government in place within a country at a particular point in time

Regime Change: The replacement of one system of government with another one

Ghana: A developing country located in West Africa

Public Administration: The implementation of government policy and programs

## Introduction

Regime change is a phenomenon which has occurred or occurs in almost every country in the world. Regime change is considered as the

replacement of one system of government or administration by another system. A regime change can either be democratic or nondemocratic such as a military takeover/unconstitutional seizure of power. The democratic change could be termed electoral regime, while the nondemocratic change may also relate to military regimes. These two types of regime changes have a significant effect on a country's system of leadership, administrative systems, governance, or bureaucracy. The military regimes are situations in which military officers are the main or predominant political personalities due to their use of force (Hadenius and Teorell 2006). The military personnel may exercise his or her political power either directly or indirectly (Hadenius and Teorell 2006). The extent of these regime changes (either democratic or undemocratic) has the potential to affect the sustainability of public administration systems to deliver good governance and social and economic development. Various regime changes both military (undemocratic) and civilian (democratic) have occurred in Ghana, and it is no doubt that these changes have had and continue to have a huge impact on the public administration systems in Ghana. The following sections are as follows: the literature on regime change theory, a brief history of Ghana and its regime changes, public administration in Ghana, discussion, and conclusion.

## Regime Change Theory

Political regimes and regime changes are the main research in the field of Political Theory and Comparative Politics (Skaaning 2006). Political regime is defined as the formal and informal organization of the center of political power and its relations with the broader society, and it determines who has access to political power and how persons who have political power interact with those who do not (Lawson 1993). It is also considered as the rules and basic political resource allocation in which the political players exercise authority and power by imposing and enforcing the cooperative decisions on or within a particular geographical constituency (Kitschelt 1992). Political regimes, therefore, play important role in the determination and allocation of legitimate power and administration of power in a particular country (Zanger 2000). A political regime was also defined as the alliance of dominant ideological, economic, and military power players/actors influenced by the governors of the country (Mann 1993). A regime change, on the other hand, has been defined as a change or abandonment in the principles and norms governing the nature of a regime and has to do with the change in the institutional structure of the political regime of a country (Lawson 1993; Zanger 2000). According to Zanger (2000), the direction and focus of regime changes have to do with the changes made to the rules of the political game but not on changes in the leadership within a particular governing elite. He elaborated further that, for instance, if a new leader takes charge of a new government of a particular country without the corresponding effect of changing the rules of the political system, it cannot be seen as a regime change (Zanger 2000).

A major distinction of a political regime change has to do with the change in the governing structure of the country which decides who has access or control over power and how such powers are utilized to handle those who do not have political power (Zanger 2000). Who has access to political power can drastically amend the extent to which citizen's interests are treated, how they are governed, and how the larger interests of the populace are taken care off (Lawson 1993; Zanger 2000). Other principles defining political regime are the character of governors, access to power, vertical power limitation, and horizontal power limitation (Skaaning 2006). Political regime change is dependent on three causes such as the extent of economic development and performance, type of regime, and globalization which has a corresponding effect on the stability of a particular regime (Randahl and Vildö 2014). Detailed analysis of the causes of regime change showed and demonstrated that negative economic growth increases the risk of regime change in the ensuing year and also a higher level of GDP per capita has a constraining impact on the risk of regime change in countries (Randahl and Vildö 2014). According to Randahl and Vildö (2014), countries or states that have fairly young regimes/democracies are more prone to have a regime

change as compared to countries with long years or tradition of democratic governance system that experience no risk of regime change.

### Economic Performance/Development and Regime Change

The nature of economic development within a country has an impact on the democratic or regime performance, and studies have demonstrated the link between economic development and performance on the regimes that exist in countries (Acemoglu and Robinson 2005; Bernhard et al. 2001; Diamond 2008; Przeworski et al. 2000). Countries that are developed economically tend to be more democratic due to two underlying reasons. The first is that when countries are more economically developed, the complexity of the social structures in such countries surges deepening the interaction between political institutions and labor which makes it hard for it to be controlled under an authoritarian regime (Przeworski et al. 2000; Randahl and Vildö 2014). Secondly, the survival of democratic regimes can be sustained for long periods in an environment which is highly developed economically (Przeworski et al. 2000; Randahl and Vildö 2014).

### Kinds of Regimes and Regime Change

Regime change can also be influenced by the kind of regime, the institutions, and how long such regimes have been placed (Randahl and Vildö 2014). Monarchy, military, no-party, one-party, and limited multiparty regimes are identified as some of the main kinds of authoritarian regimes (Hadenius and Teorell 2007). Monarchies are considered regimes in which a person of royal descent inherits the position of Head of State in accordance with accepted practices or by the constitution of in place at the time (Hadenius and Teorell 2007). On the other hand, military regimes are in states in which military officers are the main political actors through their perceived or actual force, and the military leadership exercises political power either directly or indirectly through civilian leadership such as civil service and other government institutions (Hadenius and Teorell 2007). This should be distinguished from situations where people with a military background are elected at the polls in open elections to lead organized by nonmilitary institutions which cannot be termed as military regimes (Hadenius and Teorell 2007). Under the one-party regime, only one political party is legally recognized, and all other parties are not permitted to contest or hold themselves in readiness of any elections. Two typical examples of such regimes are the People's Republic of China and the Democratic Republic of North Korea. Lastly, the limited multiparty regimes tend to conduct parliamentary or presidential elections, and some political parties or leaders are made to take part.

### Globalization and Regime Change

Globalization is considered as the expansion of economic transactions and the organization of economic activities across political boundaries countries (Nayyar 2015). It also has to do with a country's deliberate attempts to open up its economy, foster economic interdependence, and cultivate deeper economic integration in the world/international community (Nayyar 2015). Globalization has also brought about the rapid spreading of political democracy around the globe particularly in developing countries and economics in transition (Nayyar 2015). Globalization has emerged as one of the major causes of regime change depending on the extent to which countries are exposed to the outside world. Factors such as international trade, financial integration, and political integration have been identified as the forms of globalization which has the potential to affect the sustainability and stability of regimes (Acemoglu and Robinson 2005). International trade has the ability to influence regime stability particularly in poorer and emerging democracies, and this influence can be in the form of increased wages of the poor in order to decrease the income gap between the poor and rich (Randahl and Vildö 2014). Closing the gap between the poor and rich will positively result in reduced conflict between these income groups there be creating increased political stability (Acemoglu and Robinson 2005).

In addition, the increased financial integration as a result of globalization can bring about capital

**Regime Changes and Public Administration in Ghana, Fig. 1** Map of Ghana

inflows which also close the gap between the haves and have not. Globalization also creates and opens brighter opportunities for the wider population in terms of job creation, etc. (Randahl and Vildö 2014). The political integration which occurs as a result of countries engagement in the international community can provide stability for democratic regimes because countries can suffer tougher sanctions when a legitimate democratic regime is toppled and hence this fear of tougher sanctions can reduce the risk of regime change (Acemoglu and Robinson 2005; Randahl and Vildö 2014).

## About the Republic of Ghana

Ghana is the first country in Africa South of the Sahara to have obtained independence on 6 March 1957 from the Colonial masters. Ghana is located on the West Africa Gulf of Guinea and is bordered on the North by Burkina Faso, on the West by Cote d'Ivoire, and on the East by Togo. It has a land area size of 238,538 sq. km. Accra is the capital city of Ghana. As of 2016, the Ghana Statistical Service projected that the population of Ghana is about 28 million (Service 2016). The map of Ghana is illustrated in Fig. 1.

Some of the major indicators about Ghana are displayed in Table 1.

**Regime Changes and Public Administration in Ghana, Table 1** Development indicators of Ghana

| Indicator | Value | Year/source |
|---|---|---|
| Population | 24,658,823 | 2010 (census) |
| Population under 18 | 11,026,524 | 2010 (census) |
| Youth unemployment | 12.86% | 2010 (census) |
| Life expectancy | 62 years | 2015 (UNICEF) |
| Adult literacy rate | 71% | 2015 (UNICEF) |

## Types of Regime Changes in Ghana

Ghana has undergone a number of regime changes from the time of pre-independence and post-independence eras. The pre-independence was under the British Government who ruled the then Gold Coast through a system known as the indirect rule. It is a system of governance where the people are ruled through local chiefs.

A constitution was promulgated in 1951 to make way for an enlarged legislature comprised of members elected by popular vote either directly or indirectly. Later on 29 April 1954, a new constitution was formulated which established a cabinet that made up of African ministers from an all-African legislature by direct election. This then gave way for elections to be conducted and the Convention People's Party (CPP) which had Kwame Nkrumah as its leader, won the majority of the seats in the new Legislative Assembly. In May 1956, the Prime Minister, Kwame Nkrumah, issued a white paper which proposed independence for Gold Coast. The British Government indicated that it will agree to the proposal for independence only after general elections were held and a reasonable majority was obtained. The elections held in 1956 saw the CPP returned to power winning 71 of the 104 seats in the Legislative Assembly. Ghana then became an independent country on March 6 after the United Kingdom renounced its control over the colony of the Gold Coast and Ashanti, the Northern Territories Protectorate, and the British Togoland.

## Postindependence Regimes

The postindependence of Ghana was characteristic of both democratic/civilian and military rule. These events are chronologically explained in the following paragraphs.

Dr. Kwame Nkrumah who served as the Prime Minister of Ghana from 1957 to 1960 became the First President of Ghana in 1960 after the country became a Republic in July 1960. Ghana experienced the first coup in 24 February 1966, after the government of Dr. Nkrumah was overthrown by Major General Joseph Arthur Ankrah. The new military government regime led by General Ankrah was known as the National Liberation Council (NLC). The military regime declared that the aim of the coup was to end endemic corruption and change the constitution to get Ghana back to a democratic rule. The NLC was a provisional government, and in 1969 elections were organized, and a new civilian government was formed. Brigadier Akwasi Afrifa became the Head of State. He later organized elections and handed over power to Kofi Abrefa Busia. Edward Akufo-Addo became a ceremonial President of the Second Republic from August 1970 to January 1972 until he was overthrown in a coup d'etat.

Colonel Ignatius Kutu Acheampong was the Chairman of the National Redemption Council who took over from 1972 to October 1975 and from 1975 to July 1979. Colonel Ignatius Kutu Acheampong was overthrown by his second-in-command Lt. Gen. Fred Akuffo who was the Chairman of the Supreme Military Council from July 1978 to 1979. Fred Akuffo was later overthrown in a coup d'etat by Flight Lieutenant Jerry Rawlings on 4 June 1979. He initiated measures to bring back constitutional rule, and he supervised general elections which was won by Dr. Hilla Limann in September 1979. Jerry Rawlings then handed over power to the Dr. Hilla Limann government.

Dr. Hilla Limann was elected as the President of Ghana (Third Republic) in September 1979. His regime was short-lived as he was deposed in another coup by the Chairman of the Provisional National Defense Council (PNDC), Lt Jerry John Rawlings, in December 1981. This brought the Third Republic to an end. Lt. Jerry John Rawlings then established the Provisional National Defense Council (PNDC) of which he was the Chairman and the Head of State of Ghana. He later initiated processes to bring back the country to constitutional rule due to mounting pressure from civil society within and outside the country. Rawlings transformed the PNDC into the National Democratic Congress (NDC) which later contested for the 1992 general elections and won by a large margin. He then became the First President of the Fourth Republic. He was reelected again in 1996. He could not contest the 2000 elections due to the constitutional restrictions for a two-term limit. His then Vice President, late John Evans Fiifi Atta Mills, stood on the tickets of the NDC but lost to the opposition candidate John Agyekum Kufuor of the New Patriotic Party (NPP).

John Agyekum Kufuor became the Second President of the Fourth Republic in Ghana after he won the second round of the general elections in 2000 against Prof. Mills of the NDC. President Kufuor's regime lasted for years (two terms). He was not constitutionally permitted to stand for reelection, so Nana Addo Dankwa Akufo-Addo was elected as the NPP's candidate but lost to the opposition leader of the NDC, Prof. Mills, who took over as President on 7 January 2009. After the 8-year tenure of the President Kufuor, Prof. John Evans Atta Mills became the Third President of the Fourth Republic when he won the general elections and was sworn into office on 7 January 2009. Prof. Mills, however, could not complete his full second term in office due to his unfortunate demise which occurred on 24 July 2012. His death paved for the then Vice President John Dramani Mahama to be sworn in as President to finish the second term of Prof. Mills. John Dramani Mahama was then elected by his party the NDC to contest the 2012 general elections of which he won against the opposition candidate Nana Addo. He then became the Fourth President under the Fourth Republic. He later went on to seek a second term but lost to the opposition candidate Nana Addo in the 2016 general elections. This ushered in Nana Addo who became the Fifth President of the Fourth Republican Constitution of Ghana. He was sworn into office on 7 January 2017, as the President of Ghana. His term will expire in 2020 but is legible for another 4-year term as stipulated in the Constitution of Ghana. The postindependence regimes elaborated above are displayed in Table 2.

## Public Administration in Ghana

The nature of public administration in terms of its legal framework in Ghana has its origin in the 1992 Constitution under the Fourth Republic of Ghana. Specifically, Article 11 of the 1992 Constitution outlines the structure and sources of laws that regulate public administration in Ghana. This includes any enactments made by or under the authority of parliament and any order rules and regulations made by any person or authority under a power conferred by this Constitution. It also includes subsidiary legislation such as constitutional instruments, legislative instruments, executive instruments, instruments of a judicial character, bylaws, notices and statues, existing law, and common law.

Article 190(1) of 1992 of the Constitution stipulates the kinds of public services in Ghana. This structure serves as a system through which the government of Ghana's public administration provides public services and good to meet the aspirations of the citizens and the general public. These include:

I. The Civil Service
II. The Judicial Service
III. The Audit Service
IV. The Education Service
V. The Parliamentary Service
VI. The Health Service
VII. The Statistical Service
VIII. The National Fire Service
IX. The Customs, Excise, and Preventive service
X. The Internal Revenue Service
XI. The Police Service
XII. The Immigration Service
XIII. The Legal Service
XIV. Public Corporations
XV. Public Services established by the Constitution and Parliament

The public administration system defined by the 1992 Constitution stipulates that a President is elected for a maximum of two terms in office (4 years per term) and a national parliament/legislature which also has a 4-year term. It also outlines a functioning local government system in which assembly members are elected in all the 10 years of Ghana and ten Regional Coordination Councils to represent the interest of the central government in the respective regions. It also guarantees an independent judiciary, a professional and impartial civil service, the media commission which ensures the freedom of the press is not

**Regime Changes and Public Administration in Ghana, Table 2** Postindependence regimes in Ghana

| Leader | Title | Party | Date |
|---|---|---|---|
| Dr. Kwame Nkrumah | Prime Minister | Convention People's Party (CPP) | 6 March 1957 |
| First Republic | | | |
| Dr. Kwame Nkrumah | President | Convention People's Party (CPP) | July 1960 |
| 24 February 1996 coup d'état | | | |
| Lt. Gen. Joseph Ankrah | Head of State | National Liberation Council | 24 February 1966 to 3 April 1969 The first military coup in Ghana |
| Second Republic | | | |
| Dr. Kofi Busia | Prime Minister | Progress Party | 1 October 1969 |
| 13 January 1972 coup | | | |
| Gen. I.K Acheampong | Head of State | National Redemption Council/Supreme Military Council | 13 January 1972 to 9 October 1975 |
| Lt. Gen. Fred WK Akuffo | Head of State | Supreme Military Council | 5 July 1978 |
| 4 June 1979 coup | | | |
| Flt. Lt. Jerry Rawlings | Head of State | Armed Forces Revolutionary Council | 4 June 1979 |
| Third Republic | | | |
| Dr. Hilla Limann | President | People's National Party | 24 September 1979 |
| 31 December 1981 coup | | | |
| Flt. Lt. Jerry Rawlings | Head of State | Provisional National Defense Council (PNDC) | 31 December 1981 |
| Four Republic | | | |
| Jerry John Rawlings | President | National Democratic Congress (NDC) | 7 January 1993 |
| John Agyekum Kufuor | President | New Patriotic Party (NPP) | 7 January 2001 |
| John Atta Mills | President | National Democratic Congress (NDC) | 7 January 2009 |
| John Dramani Mahama | President | National Democratic Congress (NDC) | 24 July 2012 |
| Nana Addo Dankwa Akufo-Addo | President | New Patriotic Party (NPP) | 7 January 2017 |

infringed upon, and a Commission on Human Rights and Administrative Justice which has the responsibility to protect citizens from injustices or abuse.

## The President

The President is the Head of the Executive branch of Government. The Executive branch of Government is responsible for ensuring the functioning of the public administration systems/services in Ghana. Its ultimate responsibility is to implement the laws passed by the Parliament of Ghana. The members of the executive are largely drawn from parliament (the majority party in parliament). The President is also constitutionally mandated to be the Head of State and Head of Government and the Commander in Chief of the Ghana Armed Forces. The President is mandated to appoint persons to key public officers such as the Chief Justice, the Inspector–General of Police, and the Auditor General. The President makes these appointments in consultation with the Council of State and subsequent approval by parliament. The next person in the hierarchy at the Presidency is the Vice President who is performing presidential functions on behalf of the President if the

President is out of the country, dies, or removed from office as stipulated in the Constitution of Ghana. In the absence of the Vice President and the President, the speaker of parliament is required to assume office.

The Constitution also mandates the President to work with the cabinet. The cabinet is the body which is responsible for assisting the President in the implementation of public policy and government programs. The cabinet is made up of the President, the Vice President, and about 19 ministers of state. The ministers of state are appointed by the President with the approval of parliament to be in charge of a particular ministry such as health, defense, local government, education, etc. In addition to the sector ministers, the President also appoints the Regional Ministers with the approval of parliament. The Regional Ministers are mandated to represent the President in the respective regions, and they are in charged to coordinate and direct the administration and implementation of government policy in the regions. The Regional Minister also chairs the Regional Coordinating Council which is made up of the Regional Minister, his deputies, the President members and the District Chief Executives from districts in the region, two chiefs from the regional house of chiefs, and the regional heads of the ministries.

## Parliament (Legislature)

As stipulated in the 1992 Constitution of Ghana, parliament is the legislative organ of Ghana which is reasonable for passing laws. Law-making is the ultimate function of parliament which is done through debates, passing bills which are assented to by the President before it becomes a law. Parliament is headed by the speaker who is in charge of all the proceedings of parliament by making sure that parliamentary protocol and procedure are duly followed.

The members of parliament conduct their businesses through the chamber of parliament and several committees with the responsibility to scrutinize different bills, policy, and important public interest issues. In parliament, there are three main committees. These are the standing committees, select committees, and ad hoc committees. The standing committees handle issues that are very important to the house. Select committees have the responsibility to scrutinize the expenditure, the management, and policies of ministries, government departments, and other public agencies. The select committees are mandated by the standing orders of parliament to oversee particular ministries and government agencies such as the Ministry of Health, Ministry of Local Government, Ministry of Foreign Affairs, Ministry of Education, etc. Ad hoc committees are meant to investigate issues of high public interest or matters that do not come under any of the select committees.

## Judiciary

The judiciary is the organ of state which is mandated under the 1992 Constitution of Ghana to interpret the laws of Ghana. The judiciary is considered impartial and expected to be independent and subject *only* to the Constitution of Ghana. The judiciary is headed by the Chief Justice who is responsible for its administration and supervision. The Chief Justice is appointed by the President of the Republic in consultation with the Council of State and subsequent approval by Parliament of Ghana. The Chief Justice chairs the Judicial Council. The Judiciary Council is responsible for the administration of justice as stipulated under the 1992 Constitution of Ghana. The Council is expected to work independently in the interpretation of the constitution. Its functions include proposing of government judicial reforms to improve the level of administration of justice and efficiency in the delivery of justice. It also appoints and removes judges as well as other persons of the Judicial Service. The judiciary has two categories of courts: the Superior Court and the Lower Courts. The Superior Courts are made up of the Supreme Court, the Appeal Court, the High Court, and the Regional Tribunals. The Supreme Court is the highest court in Ghana. It has exclusive

jurisdiction over constitutional matters and has supervisory jurisdiction over all the courts in Ghana.

## Conclusion

Regime changes are obvious as a result of discontent with the state of affairs existing within a particular regime which may be underpinned by political, economic, and globalization factors. The effect of regime change does not only affect the regime that existed at the time but importantly the public administration systems of the entire country. Regime change whether democratic/legitimate or undemocratic or illegitimate curtails the smooth administration of public state institutions meant to provide sustainable public administration system for effective public governance. Ghana as a democratic state has gone through several phases of regime change both military and democratic regimes. These regimes (military and democratic) were all instrumental in shaping the public administration systems in Ghana positively and negatively. In addition, regime change affects the implementation of public policy programs of governments, and so, for instance, in Ghana, political parties will choose to implement short-term programs or policies which will earn them votes in the short term instead of focusing durable and sustainable policies which will have a long-term effect. One other aspect of regime change effect on the public administration system is that heads of civil and local government agencies have unsecured tenure of office, and so when the regime changes, then their job goes with the regime as well. This practice has negative effects in identifying and sustaining well-performing heads or manager of the public sector that can implement and deliver good public policy in areas like the education, health, job creation, agriculture, economy, etc. This insecure tenure of office as result of regime change through democratic elections in Ghana is one of the major factors hampering the smooth operation of public administration in Ghana to effectively deliver good public policies which have a long-term impact on the general population.

## References


Acemoglu D, Robinson JA (2005) Economic origins of dictatorship and democracy. Cambridge University Press, Cambridge/New York

Bernhard M, Nordstrom T, Reenock C (2001) Economic performance, institutional intermediation, and democratic survival. J Polit 63(3):775–803

Diamond L (2008) The democratic rollback-the resurgence of the predatory state. Foreign Aff 87:36

Giancotti F, Renault A (2018) Military Governance and Trends. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Hadenius A, Teorell J (2006) Authoritarian regimes: stability, change, and pathways to democracy, 1972–2003: Kellogg Institute Working Paper Series. Working Paper #331 – November 2006. Retrieved 1 April 2018 from https://kellogg.nd.edu/sites/default/files/old_files/documents/331_0.pdf

Hadenius A, Teorell J (2007) Pathways from authoritarianism. J Democr 18(1):143–157

Kitschelt H (1992) Political regime change: structure and process-driven explanations? Am Polit Sci Rev 86(4):1028–1034

Lawson S (1993) Conceptual issues in the comparative study of regime change and democratization. Comp Polit 25:183–205

Mann M (1993) The sources of social power, vol. 2: the rise of classes and nation-states, 1760–1914, Cambridge y Nueva York. Cambridge University Press, Cambridge/New York

Nayyar D (2015) Globalization and democracy. Braz J Polit Econ 35(3):388–402

Przeworski A, Alvarez ME, Cheibub JA, Limongi F (2000) Democracy and development: political institutions and Well-being in the world, 1950–1990, vol 3. Cambridge University Press, Cambridge/New York

Randahl D, Vildö L (2014) Change is Coming : A Survival Analysis of the Causes of Regime Change (Dissertation). Retrieved 1 April 2018 from http://urn.kb.se/resolve?urn=urn:nbn:se:uu:diva-226106

Service G. S (2016) 2010 population projection by sex, 2010–2016. Retrieved 1 Apr 2018, from http://www.statsghana.gov.gh/docfiles/2010phc/Projected%20population%20by%20sex%202010%20-%202016.pdf

Skaaning SE (2006) Political regimes and their changes: A conceptual framework. Center on Democracy, Development, and the Rule of Law, 2006. Retrieved from https://fsi-live.s3.us-west-1.amazonaws.com/s3fs-public/Skaaning_no_55.pdf

Swartzendruber A (2016) Tenure and Public Administration. In: Farazmand A. (eds) Global Encyclopedia of Public Administration, Public Policy, and Governance. Springer, Cham

Zanger SC (2000) A global analysis of the effect of political regime changes on life integrity violations, 1977–93. J Peace Res 37(2):213–233

# Regional Climate Governance

Michelle Scobie
Institute of International Relations and Sir Arthur Lewis Institute for Social and Economic Studies, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms/Related Terms

Climate governance; Regional governance; SIDS

## Definition

Regional climate governance is the purposeful steering of human activity by states and non-state actors within a geographically delimited area to reduce carbon emissions (mitigation) and to manage the impacts of climate change (adaptation).

## Introduction

Environmental governance is the purposeful steering of human activity by states and/or non-state actors in ways that positively or negatively, immediately or progressively, impact upon the natural and built environments at global, regional, or local scales. Regional environmental governance regimes are formal or unstructured governance arrangements that emerge when adjoining or neighboring states and/or non-state actors within these states coordinate political action and policy making on environmental targets and outcomes over shared or contiguous geographic spaces. In terms of providence, most arise from a concern for natural resources or the environment: need to manage, protect, or preserve a shared resource. Other emerge from regional economic integration movements that include environmental policy or climate change in their remit because of the relationship between the production of goods and services and emissions, climate change, and thus adaptation and mitigation. Geographically these regimes generally develop around a particular transboundary geographical structure such as a regional sea, river basin, mountain range, or forest. Thematically, regional governance may focus on specific natural resources common to the region (migratory species), on common problems (e.g., climate change), and on common socioeconomic objectives (e.g., tourism promotion and pollution control).

Climate change governance is perhaps one of the most complex areas of environmental governance, and new global and regional targets, actors (Blaxekjaer and Nielsen 2015), mechanisms, and institutions contribute to fragmentation (Biermann and Pattberg 2008) across issue areas and spatial and jurisdictional divides. Climate governance is crucial for Small Island Developing States (SIDS) – they are among the most vulnerable to climate change impacts and have least resources for risk management and adaptation measures (Lashley and Warner 2015). SIDS suffer the force of regular and extreme climatic events such as hurricanes and cyclones that are exacerbated by climate change. Climate impacts heavily upon their economies (Strobl 2012) especially since their main economic sectors (tourism, fisheries, and agriculture) depend on good climatic conditions (Hassanali 2013; McConney et al. 2015). The IPCC Fifth Assessment Report (Field et al. 2014) and several regional studies document climate change impacts on coasts, marine biophysical systems (Forster et al. 2014), terrestrial systems, water resources (Boger et al. 2014), human settlements, tourism, agriculture, health, sea levels (which affects ground water quality), coastal fisheries, shoreline erosion, and the destruction of coastal properties and infrastructure (Reguero et al. 2015). Climate change is tied to ocean acidification, coral bleaching and drought (which negatively affects biodiversity) (Oxenford and Valles 2016; Buglass et al. 2016; Gomar 2014), and an increase in vector climate-induced diseases such as Zika and dengue (Field et al. 2014). In recent times, climate change has been attributed to extreme drought in Jamaica, flooding in Guyana and Belize in 2010 (most of Guyana's built areas are below sea level), and an increase in

the incidence of dengue and Zika in Trinidad and Tobago.

SIDS' climate policy is mainly focused adaptation. SIDS contribute to less than 1% of global emissions, and mitigation is less of a priority. Adaptation to climate change increases the already complex development challenge facing these states that now have to include adaptation and mitigation into an already long list of under-resourced regional, national, and local government programs and projects (Scobie 2016). Adaptation for SIDS means policies for improved irrigation, water infrastructure, protection of coastal areas and infrastructure from storm surges and sea level rise (Weis et al. 2016), the development of early warning systems, climate resilient housing (Karlsson et al. 2015), health infrastructure, the development of marine parks and marine protected areas, and mangrove and coral restoration (Godoy and de Lacerda 2015) to reduce the negative impacts of climate change and desalination plants for water security especially in heavily tourist-dependent states (Agrawala et al. 2010). In agriculture sector adaptation policy means finding ways to weather intense climate events, to develop pest resistant crops, and to strengthen resilience. For most Caribbean states that are not oil producers, adaptation also means finding low-energy alternatives to costly fossil fuels and reduces the competitiveness of Caribbean exports (Shah et al. 2014; Niles and Lloyd 2014; Scobie 2013).

## Caribbean SIDS Regional Climate Governance

Climate change governance falls within the UN 2016–2030 Sustainable Development Agenda (SDG), in particular Goal 13: **Take urgent action to combat climate change and its impacts** that includes a target to, "Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities." The challenge with the organizations and departments at the level of each SIDS is how to use the limited resources for environmental policy and governance to manage climate change impacts.

## Regional Climate Governance: Thematic Division

Thematically, climate governance falls within the remit of several regional agencies that work with national level state departments and NGOs on projects and programs.

### Disaster Risk Reduction and Adaptation to Climate Change

Caribbean states engage in disaster risk management with support from the Caribbean Development Bank, the Caribbean Disaster Emergency Management Agency, the Caribbean Community Climate Change Centre, the Caribbean Hurricane Network, the Caribbean Institute of Meteorology and Hydrology, the Caribbean Policy Development Centre (a hub of NGOs), the regional offices of the International Federation of the Red Cross and Red Crescent Societies (IFRCS), and the Association of Caribbean States.

### Marine Governance, Fisheries, and Coastal Zone Management

The Caribbean Environmental Program, on behalf of 33 mainland and island member states and territories, coordinates a network of treaties related to marine governance: The Convention for the Protection and Development of the Marine Environment in the Wider Caribbean Region (WCR) or Cartagena Convention and its protocols for Oil Spills, Land-Based Sources of Pollution (LBS), and Specially Protected Areas and Wildlife for the Wider Caribbean (SPAW Protocol). Caribbean states under Article 4 of SPAW Protocol agree to create protected areas (including marine protected areas) to preserve natural habitats, resources, and ecosystems in the Caribbean region, especially coral reefs that have begun to show signs of bleaching due to climate change.

The Caribbean Regional Fisheries Mechanism established by Caribbean states includes climate change adaptation in its mandate to protect and promote fish and aquatic resources. It partners

with regional and international agencies including the Caribbean Network of Fisherfolk Organizations, the Food and Agriculture Organization of the United Nations, the Fisheries and Aquaculture Organisation of Central America, and the International Commission for the Conservation of Atlantic Tunas.

### Health and Food Security

The Caribbean Public Health Agency coordinates regional efforts related to environmental health, epidemiology, food and nutrition, health research, and laboratory drug testing. Some of its most recent climate change-sustainable development projects have been the promotion of water security (by helping develop safe rainwater harvesting systems), vector control (especially for the recent outbreaks of Zika, dengue, and chikungunya), and environmental audits and the development of adaptation policy for natural resource management in the agriculture, forestry water, and wastewater sectors. Climate change efforts in agriculture are centered on adaptation, with some mitigation projects (developing greenhouse gas inventories especially in Jamaica). Caribbean Community (CARICOM) member states established the Caribbean Agricultural Research and Development Institute (CARDI) that manages the region's agricultural policy. CARDI collaborates on agriculture and climate change initiatives with the Caribbean Community (CARICOM) Secretariat and with other regional and international agencies and NGOs including the Association of the Caribbean States, the Caribbean Agribusiness Association (CABA), the Caribbean Agro-Economic Society (CAES), the Caribbean Development Bank (CDB), the Caribbean Disaster Emergency Response Agency (CDERA), the Caribbean Food Crops Society (CFCS), the Caribbean Food and Nutrition Institute (CFNI), the Caribbean Poultry Association, the Caribbean Research Industrial Institute (CARIRI), the Organisation of Eastern Caribbean States (OECS), the Pan American Health Organization (PAHO), the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), the United Nations Development Programme (UNDP), and others. In addition to CARDI, the FAO Regional Office for Latin America and the Caribbean, Latin American, and Caribbean Forestry Commission (LACFC), the Commission on Livestock Development for Latin America and the Caribbean (CODEGALAC), the Commission on Inland Fisheries and Aquaculture for Latin America and the Caribbean (COPESCAALC), the Western Central Atlantic Fishery Commission (WECAFC), and the Caribbean Food Crops Society are all active in the regional climate change-agriculture governance.

### Energy Governance and Tourism

The Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE), established in 2015, is the hub for sustainable energy projects and partners with the CCCCC, the Small Island Developing States Sustainable Energy and Climate Resilience Initiative of SIDSDOCK (a SIDS initiative to pool efforts to connect the energy sectors of the islands to the global market for finance, renewable technologies, and carbon emission trading), the Energy Unit of the Caribbean Community (CARICOM) Secretariat, and the United Nations Industrial Development Organization (UNIDO). The Caribbean Tourism Organization is the region's tourism development agency. In recent times the focus has been on capacity building for energy efficiency in hotels and in disaster risk management. The Association of Caribbean States also has a tourism mandate through the Convention establishing the Sustainable Tourism Zone of the Caribbean (STZC).

### Environment and Biodiversity

Caribbean islands are biodiversity hot spots. There are over 11,000 plant species on the islands, 72% of which are endemic. Climate change, land degradation, urban tourism, overexploitation of resources, predation by invasive alien species, and pollution threaten sustainability. Member states address biodiversity individually often with the help of funding from external agencies including the EU and the Global Environmental Facility and as a region in partnership with CEP/UNEP (http://www.car-spaw-rac.org/?Partners-and-stakeholders-in-the,77) through

activities under the SPAW Protocol. Caribbean SIDS collaborate with the International Union for Conservation of Nature and its World Commission on Protected Areas, the Nature Conservancy (NGO), the Wider Caribbean Sea Turtle Conservation Network, and science-based institutions such as the University of the West Indies, the Centre for Agriculture and Biosciences International, and the Caribbean Invasive Alien Species Network. In coordination with the Convention on Biological Diversity, Caribbean states are involved in the Caribbean Challenge Initiative for the conservation and management of at least 20% of marine and coastal environments.

### Caribbean Community Climate Change Centre

Between 1997 and 2007, CARICOM managed three fixed-duration and donor-funded climate change projects (Caribbean Planning for Adaptation to Climate Change, Adapting to Climate Change in the Caribbean, Mainstreaming Adaptation to Climate Change) that culminated in the establishment of the Caribbean Community Climate Change Centre (CCCCC) in 2004. CCCCC supports regional states by providing climate change data and policy advice. It is the Caribbean focal point for the UNFCCC, UNEP, and other international agencies. The CCCCC helps to source funding for climate change projects and is a Green Climate Fund regional implementing agency.

The regional climate policy is found in four main documents: the *Liliendaal Declaration* (2009) reaffirmed the region's commitment to mitigation and adaptation, the need for financial and technical support to implement climate policy, and the importance of the CCCCC in implementing Caribbean Climate policy; CARICOM's *2015–2019 Strategic Plan for the Caribbean Community: Repositioning CARICOM* (2014), the overarching regional development agenda, proposed a management framework to reform existing governance mechanisms (CARICOM 2014); the *Implementation Plan: Delivering Transformational Change 2011–2021* (CCCCC 2011) follows the targets of the *Regional Framework for Achieving Development Resilient to Climate Change* approved for 2009–2015. The Regional Framework's five priorities for climate change resilience were mainstreaming adaptation strategies into development agendas, using specific measures to address vulnerabilities, promoting the switch to renewables and clean energy to reduce emissions, reducing impacts and vulnerabilities in human and natural systems, and promoting forest management.

## Geopolitical Regional Climate Governance: CARICOM, ACS, and OECS

The Caribbean is served by three overarching regional institutions for functional cooperation and/or economic integration: CARICOM, the ACS, and the OECS that have overlapping members and climate change mandates.

The Association of Caribbean States is the forum that unites the English-speaking Caribbean Islands with neighboring Central and South American states. It comprises member states, associate members, founding observer organizations, observer states, observer organizations, and social partners that support multiple regional climate change initiatives.

CARICOM is one of the oldest economic regional integration institutions and had its genesis in the 1958 British West Indies Federation. The Caribbean Community and Common Market (CARICOM) has since 1973 been the main organ of regional economic integration, functional, technical, and foreign policy cooperation among its 15 member states.

The Organisation of Eastern Caribbean States (OECS) is a subregional economic integration and functional cooperation initiative of the Eastern Caribbean countries (seven member states and three associate members) created in 1981 by the Treaty of Basseterre.

## Assessing Caribbean Climate Governance: Policy Coherence in Caribbean Climate Change Governance

It is surprising that small island states can be expected to engage in such a wide range of regional climate change initiatives. In addition to

the specific climate change vulnerabilities mentioned above, Caribbean states have small populations, large and urgent social and economic development needs, substantial debt in many cases, and limited financial, technical, and human resources. The environment state agencies and departments are generally small (some issue-specific units may have just one or two persons) and lack the human, technical, and financial resources to consistently and effectively engage the fragmented multilayered, multi-scaled, and multi-sectored regional and international climate architecture. To date there is no regional forum that has been successful in coordinating regional and national initiatives to reduce duplication of resources at country level and consolidate efforts. In most cases, good governance is not institutionalized into policy making and implementation, generally because no resources are dedicated toward policy coherence.

Policy integration or coherence applies to three main processes: setting and prioritizing policy goals, coordinating and implementing climate-related policies, and monitoring and reporting on policy action and impacts. Policy coherence requires political will (Chayes and Chayes 2009), builds good governance into climate policy processes (Jordan and Lenschow 2010), and can help Caribbean government departments manage the coordination challenges caused by climate governance fragmentation (Scobie 2016). The main challenges in the region are the difficult task of dividing limited resources between short-term socioeconomic priorities and long-term climate adaptation and mitigation goals, the lack of continuity and sustainability in funding and financing models, and the frequent modifications to national climate programs caused by changing political administrations and political interference in policy making, data deficits, and missing accountability/transparency institutional governance frameworks (Scobie 2016).

## Conclusion

This overview raises four points:

The importance of climate change for many of the sensitive development issues – especially in the areas of marine governance, disaster risk reduction, tourism, and health.

The complexity of the regional climate change governance arrangements.

That regional states are proactive in seeking functional solutions by creating institutions of functional cooperation to address these issues.

Finally that the fragmentation and complexity of institutional arrangements demand substantial resources – human, technical, and financial – to fulfil their mandates.

The model of donor project funding tends to promote pilot programs which hardly provide sustainable solutions – the initiatives do not support continued development of national implementation, economies of scale, nor the best use of resources across the region. Projects that provide frameworks for cross-sectorial collaboration; that build accountability, transparency, and effective involvement of stakeholders into policy making and implementation; and that provide resources for monitoring and analysis for continual development of climate policy are needed to make donor-funded climate change projects more sustainable in the medium to long term (Scobie 2016).

## References

Agrawala S, Bosello F, Carraro C, de Bruin K, de Cian E, Dellink R, Lanzi E (2010) Plan or react? Analysis of adaptation costs and benefits using integrated assessment models. OECD Environ Work Pap 2(23):2

Biermann F, Pattberg P (2008) Global environmental governance: taking stock, moving forward. Annu Rev Environ Resour 33:277–294

Blaxekjaer LO, Nielsen TD (2015) Mapping the narrative positions of new political groups under the UNFCCC. Clim Pol 15(6):751–766. https://doi.org/10.1080/14693062.2014.965656

Boger R, Perdikaris S, Potter AE, Mussington J, Murphy R, Thomas L, Gore C, Finch D (2014) Water resources and the historic wells of Barbuda: tradition, heritage and hope for a sustainable future. Island Stud J 9(2):327–342

Buglass S, Donner SD, Alemu JI (2016) A study on the recovery of Tobago's coral reefs following the 2010 mass bleaching event. Mar Pollut Bull 104(1–2):198–206. https://doi.org/10.1016/j.marpolbul.2016.01.038

Chayes A, Chayes AH (2009) On compliance. Int Organ 47(2):175

Field CB, Barros VR, Dokken DJ, Mach KJ, Mastrandrea MD, Bilir TE, Chatterjee M, Ebi KL, Estrada YO, Genova RC, Girma B, Kissel ES, Levy AN, MacCracken S, Mastrandrea PR, White LL (2014) Summary for policymakers. In: Climate change 2014: impacts, adaptation, and vulnerability. Part A: global and sectoral aspects. Contribution of working group II to the fifth assessment report of the Intergovernmental Panel on Climate Change. Intergovernmental Panel on Climate Change, Cambridge, UK/New York, pp 1–32

Forster J, Lake IR, Watkinson AR, Gill JA (2014) Marine dependent livelihoods and resilience to environmental change: a case study of Anguilla. Mar Policy 45: 204–212. https://doi.org/10.1016/j.marpol.2013.10.017

Godoy MDP, de Lacerda LD (2015) Mangroves response to climate change: a review of recent findings on mangrove extension and distribution. An Acad Bras Cienc 87(2):651–667. https://doi.org/10.1590/0001-3765201520150055

Gomar JOV (2014) International targets and environmental policy integration: the 2010 biodiversity target and its impact on international policy and national implementation in Latin America and the Caribbean. Glob Environ Chang 29:202–212. https://doi.org/10.1016/j.gloenvcha.2014.10.002

Hassanali K (2013) Towards sustainable tourism: the need to integrate conservation and development using the Buccoo Reef Marine Park, Tobago, West Indies. Nat Res Forum 37(2):90–102

Jordan A, Lenschow A (2010) Environmental policy integration: a state of the art review. Environ Policy Gov 20:147–158. https://doi.org/10.1002/eet.539

Karlsson M, van Oort B, Romstad B (2015) What we have lost and cannot become: societal outcomes of coastal erosion in southern Belize. Ecol Soc 20(1):14. https://doi.org/10.5751/es-07050-200104

Lashley JG, Warner K (2015) Evidence of demand for microinsurance for coping and adaptation to weather extremes in the Caribbean. Clim Chang 133(1): 101–112. https://doi.org/10.1007/s10584-013-0922-1

McConney P, Cox SA, Parsram K (2015) Building food security and resilience into fisheries governance in the Eastern Caribbean. Reg Environ Chang 15(7): 1355–1365. https://doi.org/10.1007/s10113-014-0703-z

Niles K, Lloyd B (2014) Using power sector reform as an opportunity to increase the uptake of renewable energy in the power sector: responding to peak oil and climate change in Caribbean and Pacific small island developing states, between 1970–2010. Nat Res Forum 38(1): 14–26. https://doi.org/10.1111/1477-8947.12031

Oxenford HA, Valles H (2016) Transient turbid water mass reduces temperature-induced coral bleaching and mortality in Barbados. PeerJ 4:22. https://doi.org/10.7717/peerj.2118

Reguero BG, Losada IJ, Diaz-Simal P, Mendez FJ, Beck MW (2015) Effects of climate change on exposure to coastal flooding in Latin America and the Caribbean. PLoS One 10(7):19. https://doi.org/10.1371/journal.pone.0133409

Scobie M (2013) Climate regulation: implications for trade competitiveness in Caribbean states. In: Walter LF, Mannke F, Mohee R, Schulte V, Surroop D (eds) Climate-smart technologies integrating renewable energy and energy efficiency in mitigation and adaptation responses. Springer, Berlin/Heidelberg, pp 33–49

Scobie M (2016) Policy coherence in climate governance in Caribbean Small Island Developing States. Environ Sci Pol 58:16–28. https://doi.org/10.1016/j.envsci.2015.12.008

Shah KU, Philippidis G, Dulal HB, Brodnig G (2014) Developing biofuels industry in small economies: policy experiences and lessons from the Caribbean Basin Initiative. Mitig Adapt Strateg Glob Chang 19(2): 229–253. https://doi.org/10.1007/s11027-012-9437-8

Strobl E (2012) The economic growth impact of natural disasters in developing countries: evidence from hurricane strikes in the Central American and Caribbean regions. J Dev Econ 97(1):130–141. https://doi.org/10.1016/j.jdeveco.2010.12.002

Weis SWM, Agostini VN, Roth LM, Gilmer B, Schill SR, Knowles JE, Blyther R (2016) Assessing vulnerability: an integrated approach for mapping adaptive capacity, sensitivity, and exposure. Clim Chang 136(3–4):615–629. https://doi.org/10.1007/s10584-016-1642-0

## Regional Economic Development Policies of Korean Central Governments

Gil H. Park
College of Public Affairs, Daegu University, Gyeongsan, South Korea

Until the early 1960s, per capita GDP level of the Republic of Korea (hereafter to be referred to as "Korea" or "South Korea") was extremely low. Its per capita GDP ranked almost the lowest among all the countries that were surveyed by the United Nations (UN) then. As of the year 2017, however, its economy is the 11th largest in the world with a nominal GDP of 1.53 trillion United States

This study addresses past and recent South Korean regional economic development policies, based on author's doctoral dissertation.

(US) dollars, while its population has just doubled, e.g., from about 25 million to 50 million.

This fact of realized economic development from the extreme poverty state would still have significant implications for many developing countries. In particular, it would be very important to examine how Korea has developed the national economy, whose regional economies have been developed with their own original "growth centers" to have recently grown as high-density metropolises in the glocalized era. This chapter introduces how Korea has implemented regional economic development policies with an emphasis of the national comprehensive (territorial) plans in conjunction with the OIG (outward-, industry-, and growth-oriented (Song 1992)) strategies centering on top-down export-led economic development and growth center projects rather than endogenous economic growth developing local indigenous resources. Then it discusses the limitations of those policies outlined with the "growth center" and "unbalanced growth" strategies, reviews the causes of such limitations from the viewpoint of political economy, and concludes with theoretical and policy implications for the present Korean government and other countries.

## Toward Growth: The Growth Center and Unbalanced Growth Strategies

In modern history, during President Park Chung-hee's military regime (1963–1979: coup d'état in 1961), the growth center strategy and the unbalanced growth strategy were adopted and implemented complementarily to each other, after the promise of preparing the Five-Year Economic Development Plans (EDPs), whose second plan explicitly documented the phrase "export first," on the date of coup d'état. It had soon constructed essential industrial infrastructures in the 1960s according to the first (1962–1966: 7.1% as the target GNP growth rate [7.8% actually attained]) and second (1967–1971: 7.0% targeted [9.0% attained]) EDPs, when annually 43.7% (for the first EDP) and 35.2% (for the second EDP) increases in export were recorded and the percent share of export in GNP increased from about 1% to 12%. Then it officially announced eight (e.g., Seoul, Busan, Daegu, Gwangju, Daejeon, Cheongju, and Chuncheon) regional growth centers in the year 1972. Based on such top-down but effective accomplishment and designation, it actively and more systematically implemented the decadal regional development policies named the "national comprehensive (territorial) plans" (NCP). The NCP was implemented in conjunction with its macroeconomic plan for attaining economic growth, EDP, which centered on the industrial strategy called the "Heavy-Chemical Industry" (HCI) drive since 1964, when the regime realized the ineffectiveness of the import substitution strategy to focus on light industries (Oh 2009).

In theory as well in practice, this industrial drive was in accordance with the growth center strategy of the NCP, as the drive itself was based on Hirschman's (1958) unbalanced growth strategy. The unbalanced growth strategy emphasized the spillovers or externalities, called "backward linkage effects" (or "spreads" in terms of Myrdal (1957)). Those effects are typically from HCIs. As for the NCP, which was a spatial planning policy option for national development rather than regional development, it was based on the growth center strategy. Originally, this spatial strategy showed a great commensurability with the Hirschman's (1958) industrial strategy since it also emphasized spillovers or externalities from "the propulsive pole" (or the dominant region) to "the propelled" (or the dominated region) in economic space (also through political space abstractly) (Perroux 1950) or in principal cities system (Bouderville 1966).

In legislation, the detailed plans and strategies for the above growth centers were based on the "Act on Comprehensive Plans for Construction in the National Territory" (ACPCNT) in the year 1963. Until the 1960s, pursuing the comprehensive development policy, the central government enacted it and prepared such essential infrastructures for development as the nation's first expressway (Gyeongbu Highway as Highway Number 1) and harbors or international airports. In addition, Koreans' overall strong aspiration for education as a means of elevating social status by attending

prestigious high schools and universities, which is known indirectly from Coleman (1988), has naturally led to (at least nominal) increases in human capital and social capital (measurable by educational attainment as a proxy) as effective resources for economic growth, too (Park 2009).

With respect to political legitimacy from the beginning of the coup d'état, the 32 military people's Supreme Council for National Reconstruction introduced national development planning, which began to be widely adopted across nations in the Cold War. In the postwar period, Rosenstein-Rodan (1943), Nurkse (1953), Myrdal (1957), and Hirschman (1958) emphasized the government's role in economic development actively made especially in defeated countries and the Third World. In light of the leads and lags in the schedule of enactment or implementation and some contents, it could have seemed similar to postwar Japan's Comprehensive National Development Plan (CNDP), which was implemented in 1962. In fact, this plan, which was revised in 1969 as the New CNDP (NCNDP), was about 10 years ahead of Korea's. However, there was some critical misunderstanding or at least intentional revision of the original growth center strategy and the unbalanced growth strategy in Korea. Consequently, it has led to a quite different, "growth-oriented" road of development taken by Korea.

## The Growth Orient of the Unified Strategies

In postwar Japan, both plans, CNDP (1962) and NCNDP (1969), were commonly based on the Comprehensive National Land Development Act, which is enacted in 1950. About 10 years later, Korea also enacted and implemented seemingly similar but its own tailored version, NCP. The two countries' strategies could have seemed similar at first glance.

However, Korea's NCP was different to Japan's (N)CNDP or France's original growth center strategy to overcome many problems represented by J.-F. Gravier's critical text, "Paris and the French Desert." It is especially because the growth center strategy in Korea tended to be adopted as a spatial planning policy of infrastructure construction to attain targeted economic growth levels (e.g., exports of 1,000,000 dollars until 1980) rather than to facilitate the "balanced regional development" (BRD) of each growth center. Actually, the NCP was implemented by the Ministry of Construction to assist the goal-achieving process for economic growth together with EDPs.

Meanwhile, the original growth center strategy had been formulated for reducing the interregional disparities or imbalance between Paris and the French Desert. Eight "compensatory metropolises" were designated as growth centers across the three "homogenous regions" (Paris, East, and West) in French spatial planning. As emphasized in the expression, "compensatory," Bouderville's (1966) original goal of the spatial application of Perroux's (1950) growth pole theory stressed the "balance and compensation" between regions, which might be discussible with the regional economic interpretation of the Hicks-Kaldor compensation principle (for the primate region benefited from the acceleration of agglomeration economies as politically facilitated "externalities" to compensate other local regions). In Japan, CNDP and NCNDP also aimed at balancing regional development across the country, especially between Tokyo and others.

In Korea, the explicitly documented main goals of the first NCP (1972–1981), e.g., the "efficient use and management of land, "construction of social overhead capital (SOC)," "exploiting resources and natural conservation," and "making livable environments," implied that the economic reasons to rationalize and realize macroeconomic growth were prioritized in order to tackle with (extreme) poverty. Efficient allocation and infrastructure construction were intended to be incorporated with natural conservation and livable environments, but these two aims were intrinsically hard to be realized at the same time, especially when the HCI drive was made.

In fact, thus, NCP's detailed strategies and programs could not help but be growth-oriented for the Park Chung-hee administration, which lacked sufficient political legitimacy and tried to

compensate it by poverty elimination and economic growth. In such trial, they were formulated, enacted, and implemented "geographically," in accordance with the "growth-oriented" economic development planning, which was represented by the Economic Planning Board (EDP). The EDP was formulated and implemented in 1962 by the EPB, which had already been established in July 1961, whose top-down policy orientation had changed from import substitution to export-led industrialization since 1964, after it realized that essential infrastructures and capital were too limited and insufficient until 1963. In policy making, such economists as Deokwoo Nam, Seung-Yun Lee, and Manje Kim (at Sogang University) and bureaucrats or technocrats including Chung-Hoon Park, Hak-Ryul Kim, Yong-Hwan Kim, Woncheol Oh, In-Young Ham, Hyung-Seob Choi, and Ki-Hyung Kim agreed with the HCI drive around the early 1970s, when economic growth based on "labor-intensive and export-led" industries had already succeeded in the "developmental state" (Kim 1997) since 1964.

In terms of political science, it can be understood that, under the slogan, "Growth First, Its Distribution Later," the Park Chung-hee military regime tried to find the political legitimacy by eliminating the nation's poverty and enhancing its military power especially against neighborhood communist countries during the Cold War. The US bureaucrat and scholar having worked in and researched Korea since 1945, MacDonald (1996: 54) remembered, "Despite the unconstitutionality of the action, people accepted it – not with enthusiasm, but something like relief. . . . Despite initial mistakes, the military administration moved to revitalize the economy. They co-opted trained civilian economists and administrators and placed military officers in civil government positions both to improve operations and to reward supporters. Reluctantly at first, but then on a businesslike basis, the US authorities worked with the military government to stabilize the economy and then to help finance the First Five-Year Plan for development (1962–1966)."

In terms of resource allocation, resources for those two growth-oriented strategies, which commonly emphasized spillovers from strategically chosen industries or regions, were practically concentrated into two primate growth centers, the Seoul-Incheon and Busan-Southeast (SBS) coastal conurbations before the mid-1970s. All the other cities (to have grown as metropolises later) then were also the "loci," where the light industry (in the 1960s) and HCI (from the 1970s through 1990s) drives were implemented geographically, but their economic growth rates overall lagged behind the two primate conurbations. For building the necessary infrastructures and large facilities or factories suitable for each locality's geographic and market characteristics, other "local" locations were strategically chosen as the sphere or space where industrial externalities were strategically concentrated and then spilt over, as well.

However, a lot of those spillovers still tended to be concentrated into the two primate conurbations until the mid-1970s through many initial development projects in the SBS conurbations (as summarized from Tables 4, 5, 6, and 7). Despite lots of projects for this apparent large-scale investment and infrastructure construction were strategically made in the SBS conurbations, the Korean central government even began to actively implement growth management policies like urban containment measures and soon expanded to the smaller cities (Kim et al. 2003). Their implementation was also made even without considering the difference in the growth rate and phase of the growth centers as agglomeration economies.

If the central government then had carefully considered the macroeconomic and urban growth processes, where the SBS coastal conurbations and others had experienced different rates of economic growth, the greenbelts might have been implemented more intensively in SBS conurbations. These primate conurbations had already grown calling for restrained urban sprawl and pollution. Their growth had still been much ahead of the other growth centers with the lower rates of economic growth as well as urban sprawl and pollution. Through the "top-down" approach to the implementation of the greenbelt, however, a smaller part of the greenbelts around the growth centers was also designated in 1971 for the first

time in the SBS coastal conurbations and soon expanded to all the growth centers (e.g., reaching the size of 5,397 $m^2$ as 5.4% of the national land) and even to smaller local cities year by year until 1977.

Despite the intended goal of "managing urban sprawl and conserving environments," the greenbelted areas in Korea experienced some side effects, which also worked toward the direction of enhancing the growth of SBS conurbations. In particular, the "efficient" land use within the contained areas designated during the modern world's fastest national macroeconomic growth period (e.g., a decade of 10% economic growth rates) naturally led to soared land and house prices and more populous growth especially in the Seoul metropolitan area (SMA). Meanwhile, the original purpose in the early twentieth century and nominal purpose in Korea was primarily to conserve open and suburban agricultural spaces rather than restraining or managing urban growth (Bengston and Youn 2006). Accordingly, due to the "top-down and undifferentiated" implementation of the greenbelt, disposable income (after housing costs) in the primate (SBS) coastal conurbations decreased but were still much higher than in other local areas despite the limited land use and soared house prices that were still too insufficient to restrain further migration from outside the two primate conurbations.

This implies that, without such full-scale and undifferentiated nationwide implementation of the greenbelts, which were designated and regulated across the country according to the top-down policy prescription to control urban sprawl and conserve environments rather than an objective analysis of different urban economic growth and rural-to-urban migration rates with respect to real wages or disposable income during the rapid economic growth period, more BRD could have been possible. Remember that BRD was the original goal of the growth center strategy itself. Agglomeration economies are often essential for rapid economic growth, but larger (groups of) factories and people do not necessarily mean "sustained" higher rates of economic growth, although environmental values are socially very important as well. The problem lied in the top-down criterion and nationwide designation of the large-scale greenbelts without objective analysis or evaluation to prioritize in consideration of economic growth and (balanced) regional development as well as the sufficient consensus of local governments and native residents. In discerning the policy priorities between economic growth and BRD, the phases of backwash and spread had to be considered through the objective analysis of income, population, employment, and tax base growth.

Figure 1a shows each representative region's (or province's) percent share of GRDP from 1968 to 2010. Until 1976, when exports of one million dollar were achieved by the export-led industrial policy, the SBS conurbations had increased or sustained its share. The SMA had recorded the largest increase in GRDP, while SEA had sustained its share. The SEA, meanwhile, recorded the largest decrease in GRDP (in terms of the growth rate) from 1968 to 1995, before the reestablishment of local autonomous government. After this reestablishment, Korea soon became an Organisation for Economic Co-operation and Development (OECD) country, and its annual growth rate was stabilized between 2 and 3%. After the year 2000, both population and GRDP percent shares in the SMA and others also have almost come closer and have recently become 50–50, which suggests an economic equilibrium (of labor) between regions. However, it is still questionable if this kind of stabilization is desirable for the strategically developed economies agglomerated within the 11.8% of the total national land and for others.

Meanwhile, the regional distribution of per capita income tax as the indicator of living and local finance standards suggests the enlarged gap between the SMA and others presently (and between the SBS and others in the past). Figure 1b shows per capita income tax by region in Korea from 1996 to 2007, e.g., from the beginning of local autonomous government (interrupted in the coup d'état in 1961) through the end of the Rho Moo-hyun administration (2003–2007), whose top policy agenda was

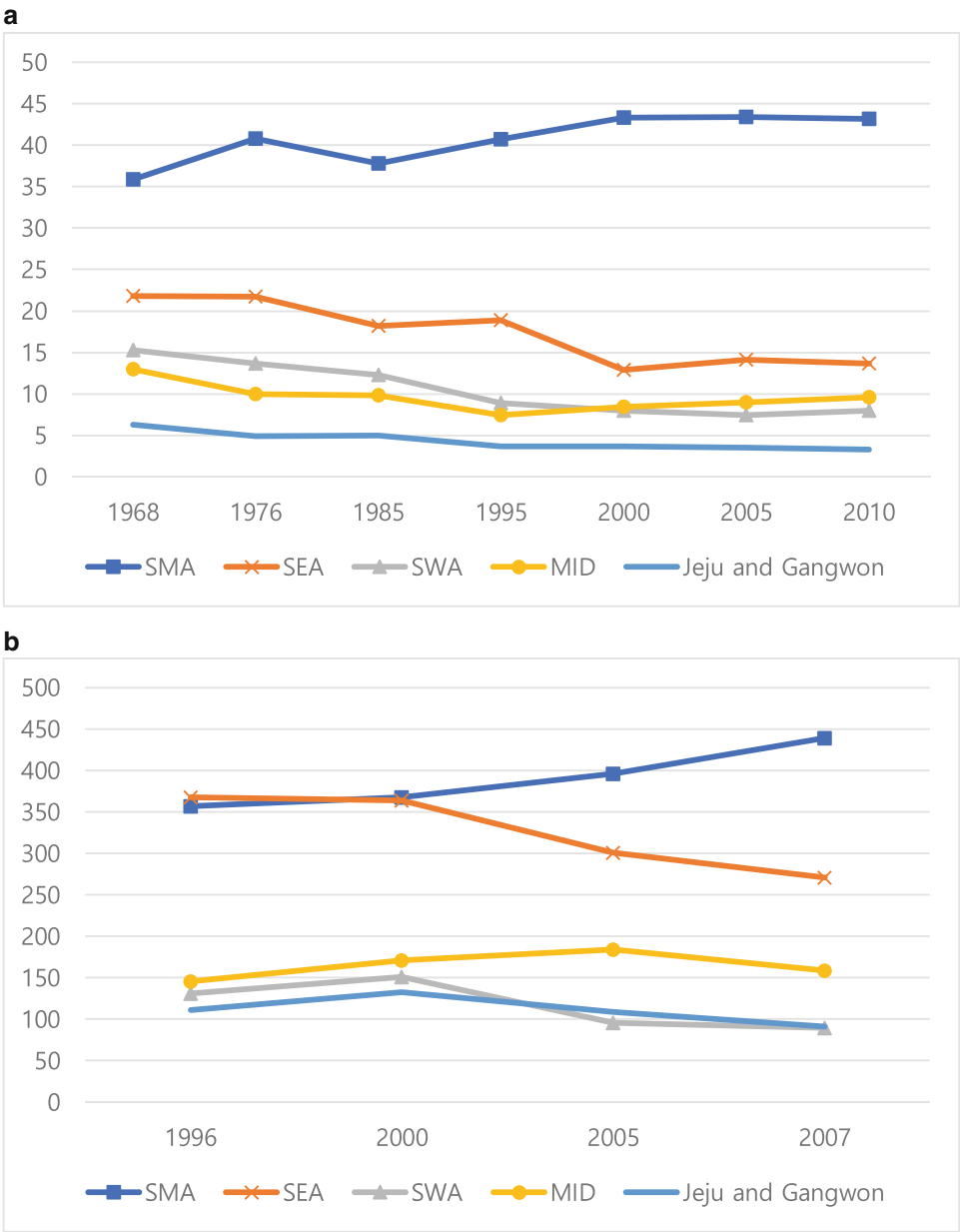


**Regional Economic Development Policies of Korean Central Governments, Fig. 1** GRDP Share (%) and Regional Per Capita Income Tax (Metro. Mean = 100). (**a**) The Percent Share of GRDP from the Year of 1968 to the Year of 2010. (Source: Kim 2012). (**b**) Relative Per Capita Income Tax from the Year of 1996 to the Year of 2007. Note: The national mean of the metropolitan-level data for each year was normalized as 100 and then 16 metropolitan areas' respective values were summed into the above five representative regions (or provinces) for each year. By summing 16 metropolitan-level data (whose mean is 100 for every year) into each representative region, it is indictable how much (representative) provincial-level per capita income tax is aggregated, so that provinces' relative amount of per capita income tax may be compared. SMA (Seoul Metropolitan Area as Seoul, Incheon, Gyeonggi), SEA (Southeast Area as Busan, Daegu, Ulsan, Gyeongnam, and Gyeongbuk), SWA (Southwest Area as Gwangju, Jeonnam, and Jeonbuk), MID (Mid-Nation Area as Daejeon, Chungnam, and Chungbuk). The income tax is attributed to the residential address of the worker. (Source: Kim et al. 2003; National Tax Statistics 2019)

"balanced national development," i.e., national-level implementation of BRD. Keeping the election promise, the Rho administration tried to make the New Administrative Capital around the mid-region in South Korea and realized Sejong City as the (multifunctional) administrative city after continued national debate and consensus. Together with it, the Rho administration enacted and implemented "Special Act on Balanced National Development" (2003) in order to facilitate balanced regional development across the nation and began to construct Innovation Cities and Enterprise Cities in every local metropolitan area.

However, despite the Rho administration's implementation of nationwide BRD as the top priority, the regional distribution of per capita income tax as a realistic indicator of living and local finance standards in Fig.1b shows per capita income, and its taxes have increasingly or sustainably been "attributed" to SBS, until the year 2000, and to the SMA only, after the new millennium. The mid-nation area seems to have experienced an increase possibly because of its location as an outer hinterland region to the SMA and of the continued announcement and real start to implement the construction of Sejong City. Meanwhile, other local areas, even including the SEA, experienced a continual decrease after 2000.

## Top-Down Development Projects for Economic Growth

Theoretically, national development planning targeted boosting the national economy through "complementary investments" between industries (Nurkse 1953) in the case of the "balanced growth strategy" and through "strategic investments" in propulsive industries with greater backward effects (Hirschman 1958) in the case of the "unbalanced growth strategy." Despite the difference in strategic efforts to enlarge the national economy, these two theories shared a view that, by government intervention, an inter-industry demand could be effectively expanded with the further expansion of the market. This strategy needs not to be confused with that which Hirschman (1958) advocated through his perspective on "unbalanced growth." On the contrary Hirschman emphasized that regional disparities should be abridged although "unbalanced growth strategy" needs to be employed temporarily. Alonso (1968) and Hansen (1981) also supported Hirschman's (1958) anti-disparity policy orientation through unbalanced growth strategy. Hirschman (1958) stressed the role of government in minimizing disparities if the concentrated development outcomes are not decentralized in the later stage of disequilibrium development.

In practice, however, strategic investments were made in favor of HCIs, which called for large-scale capital formation or natural monopoly to lead to the concentration of localization (at the initial stage) and urbanization economies (at later stages) in SBS areas, as expounded in Tables 1, 2, 3, 4, 5, 6, and 7. As a result, those agglomeration economies accelerated further labor and capital inflow especially into the growth center region, where such strategic investments were intended for maximizing the unbalanced growth of the HCI industries and their strategic locations. However, the designation of growth centers and the strategic industrial investment were made in favor of SBS especially along the Gyeongbu Expressway (National Highway Number 1). Literally, Gyeongbu means Seoul and Busan. Considering logistics, the development of metropolises with strategic industries along the Gyeongbu Expressway might have been inevitable.

At the same time, however, considering the original distribution of population, industries, and (the volume of shipments through) harbors, which had originally been larger than in total, it is still questionable to economically rationalize opportunity costs for non-Gyeongbu Expressway areas if strategic investment along the Gyeongbu Expressway (from the northwest to southeast of South Korea in the Korean Peninsula) was against neighborhood communist countries during the Cold War in the following development contexts (Table 1). Even if it was a military strategy, which might be urgently implemented without public consensus regardless of the free market at times, the government might have needed to compensate it or make people understand for past resource

**Regional Economic Development Policies of Korean Central Governments, Table 1** A chronology of Korean economic and regional development contexts

| Year | Development contexts |
|---|---|
| –1910 | Society based on Confucius feudalism with limited direct doors to western modernity; the rule of the late Chosun Dynasty called "the Hermit Kingdom" (1636–1876), being confronted with increasing Western and modernized Japan's pressure to open diplomatic and economic doors, let alone doors to China |
| 1910–1945 | Japanese occupation period; the piecemeal introduction and acceptance of western culture, philosophy, technology, and ideology |
| 1945 | Liberation from Japanese occupation and totalitarianism |
| 1945–1950 | Hyperinflation and political turmoil of ideology |
| 1950–1953 | The Korean War |
| –1961 | National poverty (GNP per capita less than US$ 100 before 1963); the implementation of land-to-the-tiller agrarian reform by Rhee Syngman's administration; 4•19 Democratic Revolution (1961) |
| 1961–1979 | Park Chung-hee's coup d'état (1961) and implementation of **Five-Year Economic Development Plans** (1962–) and **National Comprehensive Territorial Plans** (1972–) under Cold War ideology<br>The rise of Chaebol regimes with governmentally fostered export-oriented industries, labor-intensive industries, capital-intensive industries, and heavy and chemical industries<br>Construction of the Gyeongbu (Seoul-Busan) Expressway (1968–1973)<br>Dispatching the Korean army and marine corps to the Vietnam War (1965–1975)<br>The assassination of Park Chung-hee (1979)<br>Persistent unbalanced regional growth<br>Inexperience in local autonomous government and political immaturity |
| 1979–1987 | Chun Doo-hwan's coup d'état (1979) and the attainment of highest annual economic growth rates next to ones in Park Chung-hee's administration; 5•18 Gwangju Democratic Revolution (1980) |
| 1988 | Seoul Olympics |
| 1993 | Reestablishing the reign of the civil government |
| 1995 | Beginning of the local autonomous government |
| 1997 | The Asian financial crisis and aid from the International Monetary Fund |
| 2002 | The Korea-Japan World Cup |
| 2007 | The attainment of GNI per capita over US$ 20,000 (population: about 4.8 million) |

**Regional Economic Development Policies of Korean Central Governments, Table 2** The policy orientation of national comprehensive (territorial) plans by period

| Plan | Period | Main orientation | Efficiency | Equity |
|---|---|---|---|---|
| 1st | 1972–1981 | Expanding the base from the SMA to southeast;<br>Developing 6 centers with 2 growth-pole regions | ○ | |
| 2nd | 1982–1991 | 15 growth centers; managing 2 pole region growth<br>Expanding 5 agglomerations and 15 local centers | ○ | ○ |
| 3rd | 1992–1996 | Expanding balanced polycentric development | ○ | ○ |
| 3rd (Amended) | 1997–2000 | Fostering local self-sufficiency and welfare rise | ○ | ○ |
| 4th | 2001–2020 | Building open, competitive, livable nation with efficient logistics-ICT balanced nat. development | ○ | ○ |

Source: Author's summarization based on Suh (1993), KRIHS (1996), and Kim et al. (2003)
Notes: For the 10-year NCP, an open circle denotes the emphasis on either efficiency or equity

reallocation after the goal attainment of such a strategic policy. From the perspective of the market, it is still explicitly a critical government intervention, so that there should be a scientific evidence that the strategic agglomeration economies in the primate growth centers have engendered more national product than the case without such strategic investment and policy leading to the

concentration of agglomeration economies. Even if Korea's economic growth was much higher than the world average, the growth itself could not have been simply rationalized in terms of the Pareto efficiency, which implies present national product surpasses the past one after resource reallocation. When including the opportunity cost of the resource reallocation in the Cold War, people should have been considered to have sufficient rationality to calculate such a cost if the free market logic applied, or at least the government should have sufficient "economic and military" evidences to make people understand at least ex post for such strategic investment that had been rationalized for economic and military perspectives.

Interregional disparities have been rarely abridged in South Korea although national development planning (e.g., NCP and EDP), which considered equity at least ostensibly, was implemented. In particular the disparities between two primate growth-pole regions (e.g., Seoul and Busan) and others or the disparities in the southeast (Gyeongnam and Gyeongbuk) and southwest (Jeongnam and Jeonbuk) continued to be problematic since the Park Chung-hee military regime (1963–1979) implemented growth-pole and unbalanced growth strategies in the early 1970s. The two other leaders of the next military regimes (1981–1987 and 1988–1992) were also from the southeast, and more than 40% of the elites serving in public positions were from the southeast. Although the policy orientation of the NCP was interregional equity as well as efficiency (Table 2), the development outcomes were concentrated in two primate growth-pole regions, and especially in the SMA. Table 2 below summarizes the policy orientation of the NCP by period.

Table 3 summarizes the policy orientation of the EDPs from 1962 to 1996. The 5-year national economic development planning was terminated at 1996 because South Korea achieved a high level of growth and its development plans became more diversified and geared toward the needs of segmented industrial or business sectors in the knowledge economy. The institutions such as the EPB and the Korea Development Institute (KDI) continued to make, propose, and evaluate the Korean economic development policies with the economic ministries. (Economic ministries' name has been changed when the administration changed.)

Tables 4, 5, 6, and 7 summarize major development projects in the 1960s, 1970s, 1980s, and 1990s, respectively. It is consistent with the literature's evaluation that the development projects were focused on laying the groundwork for two primate (growth-pole) regions at the initial state of development (especially in the 1960s) although efforts to balance regional development have been gradually increased (Park 2009; Choi et al. 2007). Considering the fact that the major development

**Regional Economic Development Policies of Korean Central Governments, Table 3** The policy orientation of economic development plans by period

| Plan | Period | Main orientation | Efficiency | Equity |
|---|---|---|---|---|
| 1st | 1962–1966 | Toward being out of the vicious circle of poverty<br>Building the economic base for self-sufficiency | ○ | |
| 2nd | 1967–1971 | Export-led Industrialization (SMA-southeast)<br>Modernizing the industrial base and structure | ○ | |
| 3rd | 1972–1976 | (Heavy and chemical) industrialization | ○ | |
| 4th | 1977–1981 | Capital- and labor-intensive industrialization | ○ | |
| 5th | 1982–1986 | Technology-intensive industrialization | ○ | ○ |
| 6th | 1987–1991 | Balance between businesses and regional economies | ○ | ○ |
| 7th | 1992–1996 | R&D internationalization and competitiveness-oriented economic development | ○ | ○ |

Source: Author's summarization based on Suh (1993), KRIHS (1996), and Kim et al. (2003)
Notes: For the 5-year EDP, an open circle denotes the emphasis on either efficiency or equity

**Regional Economic Development Policies of Korean Central Governments, Table 4** Major development projects in the 1960s

| Year | Major development projects | SBS | Others |
|---|---|---|---|
| 1963 | Seoul and Incheon were designated as special zones | ○ | |
| 1966 | Ulsan was designated as a special zone | ○ | |
| 1967 | The Tabaek Mountain was designated as a special zone | | ○ |
| | The Yeongsan River was designated as a special zone | | ○ |
| | Asan-Seosan was designated as a special zone | | ○ |
| | The Seoul-Incheon Expressway began to be constructed | ○ | |
| 1968 | The multipurpose dam in the Soyang River began to be constructed | | ○ |
| | The Seoul-Busan Expressway began to be constructed (completion: 1973) | ○ | |
| 1969–1970 | Pohang Steel Industries (presently POSCO) began to be constructed | ○ | |
| | Ulsan Petroleum Chemicals began to be constructed | ○ | |
| 1969 | The Unyang-Ulsan Expressway began to be constructed | ○ | |

Source: Author's summarization based on KRIHS (1996), and Kim et al. (2003). Tables 5, 6, and 7 are also based on the same sources

*Note*: SBS denotes SMA (수도권) and Busan-Southeast (남동임해) coastal conurbations. An open circle denotes whether implemented policies were related to the SBS. The SBS areas are comprised of two provinces. There are five representative provinces or regions (Gyeonggi, Yeongnam, Honam, Chungchung, and Gangwon/Jeju) in Korea

**Regional Economic Development Policies of Korean Central Governments, Table 5** Major development projects in the 1970s

| Year | Major development projects | SBS | Others |
|---|---|---|---|
| 1970 | The Honam Expressway began to be constructed | | ○ |
| 1971 | The Youngdong Expressway began to be constructed | ○ | ○ |
| 1972 | The Namhae Expressway began to be constructed | ○ | |
| 1974 | The Donghae Expressway began to be constructed | | ○ |
| 1975 | The Busan Harbor began to be comprehensively developed | ○ | |
| | The complexes in Ulsan, Mipo, Pohang, Gumi, Changwon, Onsan, Okpo, and Yeocheon were designated as propulsive industrial districts | ○ | |
| 1976 | The multipurpose dam in Andong began to be constructed | ○ | ○ |
| 1977 | Banwol new town began to be constructed | ○ | |
| 1978 | The multipurpose dam in Daecheong began to be constructed | | ○ |
| 1979 | The Daedeok research complex was designated and developed in Daejeon | ○ | |
| | The multipurpose in Cheongju began to be constructed | | ○ |

projects in the 1960s created the backbone for further development, it was natural that the strategic blueprint of regional development in South Korea was made by southeast regional elites in government. Their share of high-rank officials in the central government was more than 40% from 1982 to 1997. During the Park military regime (1963–1979), the percent share of southeast elites was lower than the period above since elites who were born in North Korean regions shared 18.3% in high-rank officials. It was also natural that these elites were concerned with their home regions first "in response to" the need of regions.

## Reviewing Recent Approaches to BRD from the Viewpoint of Political Economy

Perroux (1950) theorized the well-defined concepts of two abstract spaces, "economic space" and "political space," emphasizing their interplay in determining the economic interaction and

**Regional Economic Development Policies of Korean Central Governments, Table 6** Major development projects in the 1980s

| Year | Major development projects | SBS | Others |
|---|---|---|---|
| 1980 | Gwacheon new town began to be constructed | ○ | |
| | The Guma (presently Joongboo) Expressway began to be constructed | ○ | ○ |
| 1981 | The Gwangju-Daegu Expressway began to be constructed | ○ | ○ |
| | Gwangyang was designated as the locus of the second steel industrial complex | | ○ |
| 1983 | The multipurpose dam in Hapcheon began to be constructed | ○ | |
| 1985 | The Joongboo Expressway began to be constructed (by expanding Guma) | ○ | ○ |
| | The multipurpose dam in Jooam began to be constructed | | ○ |
| 1987 | The multipurpose in Daecheong began to be constructed | | ○ |
| 1987 | The Siehwa industrial district began to be constructed | ○ | |
| 1988 | The Daebool industrial district began to be constructed | | ○ |
| 1989 | The 2-million housing began to be constructed in five new towns in the SMA | ○ | |

**Regional Economic Development Policies of Korean Central Governments, Table 7** Major development projects in the early 1990s

| Year | Major development projects | SBS | Others |
|---|---|---|---|
| 1990–1994 | Science-industrial districts began to be constructed in Busan and Daegu | ○ | |
| | Science-industrial districts began to be constructed in Daejeon | ○ | |
| 1990 | The Unification Park began to be constructed | ○ | |
| | The Goonjang industrial district began to be constructed | | ○ |
| | The Myungjie-Noksan industrial district began to be constructed | ○ | |
| 1990 | Seoul-Busan express railway began to be constructed | ○ | |
| | The (Seoul) Incheon International Airport was to be projected (and opened in 2001) | ○ | |
| 1991 | The Saemangeun reclamation project was implemented | | ○ |
| 1993 | The Baekje historical area project was implemented | | ○ |
| 1994 | Metropolitan wide development projects began to be formulated/implemented | ○ | ○ |

activity in practice. Abstract space is the hypothetical space of abstract relations which define an object and economic (or political) space is a kind of abstract space that is defined by economic (or political) relations where economic (or political) factors exist. This concept within the original growth-pole theory in the tradition of political economy will be useful to better understand the development of the growth-pole regions or growth centers in modern Korea especially when we understand such economic and political relations as economic networks and social networks through which economic and political resources can be channeled, planned, and (homogeneously) aggregated in the "field of forces" (Perroux 1950).

Table 8 compares the different orientations of two recent governments toward balancing regional development. The Park Geun-hye (the daughter of Park Chung-hee) administration, whose presidency (February 2013–December 2017) was interrupted by the impeachment in March 2017 and succeeded by the Moon Jae-in administration in May 2017 after the snap election, has overall sustained the regional development plans in the Lee administration, except that the efficiency-emphasized terminology of "Economic Regions" (ER) was substituted with "Happy Living Zones," relatively emphasizing their education, culture, and welfare enhancement that were pursued without detailed action plans in still the same zones or belts.

The Rho administration (2003–2007), where the present president Moon Jae-in played the influential role in policy making and implementation as House Chief of Staff, tried to implement

**Regional Economic Development Policies of Korean Central Governments, Table 8** Recent governments' approaches to balancing regional development

| Rho administration (2003–2007) | Lee administration (2008–(2012)) |
|---|---|
| - Ideological and **innovative**<br>- **Regional innovation systems (RIS)**<br>- Equity emphasized in the long run<br>- To diffuse **innovation** among regions<br>• Innovation-oriented development<br>• To foster local regions' self-sufficiency<br>• To pursue the SMA's qualitative change<br>• To develop networked national spatial structure<br>• The win-win strategy between the SMA and other local regions | - Practical and **strategic**<br>- **Economic regions (ER)**<br>- Efficiency emphasized (equity-considered)<br>- To foster **competitiveness** (in **glocalization**)<br>• Competitiveness-oriented development<br>• To maximize growth potential in the ERs<br>• To specialize regional growth engines<br>• To facilitate decentralization and local regions' self-sufficiency in the ERs<br>• Win-win strategies through cooperation and integration between the SMA and others |

Notes: The ER is a spatially reformulated economic zone to cope with "globalization" and "localization" at the same time. Five zones and two special zones, namely, "5 + 2 ERs," were designated. Five zones are (1) The SMA (northwest), (2) Chungchung (mid-nation), (3) Honam (southwest), (4) Daegu and Gyeongbuk (n. southeast), and (5) Busan, Ulsan, and Gyeongnam (s. southeast) zones. Two special zones are Jeju and Gangwon zones

nationwide BRD, which aimed to balance the growth between the SMA and other local regions, by constructing regional innovation systems (RIS) in local regions. The Lee administration (2008–) continued to partly implement balanced regional development policies following the Rho administration, but the overall project scale and plans were reduced, and relevant policies were considered not to be very consistent (Table 8). The Lee administration showed a rather different view to the former Rho administration's approach to regional development. By introducing national and regional innovation systems (and heavier tax plans), the Rho administration tried to remedy interregional and personal disparities, which could increase socioeconomic instability. In contrast, the Lee administration has focused on increasing the efficiency of the market economy, but the global economic recession and socioeconomic instability associated with the inconsistency of economic policy and income polarization continued to frustrate its efforts.

Considering the position of Seoul (SMA) as one of the largest metropolitan areas (population: over 25,000,000) in the world economy, in the short run, the Lee administration did not have to try balancing any legacies of the past disequilibrium development made over the long run. Accordingly, its development project or economic zone designation was made on the zero base without considering such balance and policy priorities were set from the viewpoint of efficient allocation of resources for economic development. In the Lee administration, the official committees and regional policy title of "balanced national development" as the nationwide BRD changed just to "BRD." Together with these changes, in policy making, the personnel from the SMA also comprised the largest proportion of the policy agent for the first time in modern Korea. As shown in Figure 2, high-rank elites in the central government are still much from the SMA and the southeast.

In particular, the share of SMA elites increased most from 19.4% to 33% (Fig. 2). Such a trend is also natural because many local elites – regardless of the southeast or southwest – spent their prime age in the SMA (especially in Seoul) and foster their children in the 1960s. Many newly selected elites were elites born in the 1950s and spent their adolescent years in the SMA in the 1960s.

Recently, regional conflicts associated with disparities have evolved into the antipathy between the SMA and others (Hong 2005), as the SMA experience a positive cumulative causation (at least in terms of its quantitative growth and sustained population). The problem recognition made many previous studies (Kim 1989; Kim et al. 1991; Suh 1993; Hong 2005; Kim 2006; Choi et al. 2007) deal with regional disparities or imbalance. Among these studies, only Kim (2006) and Choi et al. (2007) pointed to the role of

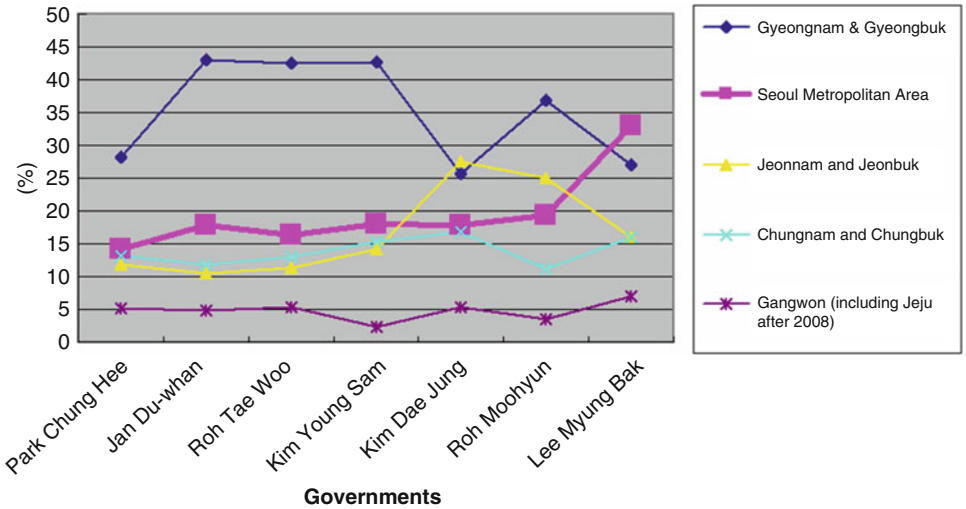


**Regional Economic Development Policies of Korean Central Governments, Fig. 2** Regional high-rank elites (Y: %) in governments. Notes: Literally, Gyeongnam + Gyeongbuk = southeast province (영남); Jeonbuk + Jeonnam = southwest province (호남). Recently SMA (수도권) elites have sharply increased. The remaining percent of power elites reflects the shares of some elderly elites born in North Korea, Japan, or China, which are not included in this study. For selection criteria, refer to Appendix A. (Source: Author's compilations based on Chosun Ilbo (2009), Lee et al. (2006), and JoongAng Ilbo (2005))

elites or their social networks in regional development. Kim (2006) developed inequality indices of elites residing in a specific region by complementarily using the GINI inequality index and location quotients for the period 1994–2005. However, Kim (2006) discussed regional imbalance without a detailed method to compare the patterns of elite distribution and economic distribution. Together with the shift-share analysis of regional employment change between 1997 and 2005, Choi et al. (2007) conducted a network analysis of population change between South Korean regions for the period between 2000 and 2005. Their shift-share analysis and network analysis results supported that regional disparities have increased, but their network analysis was about interregional migration (population concentration), not regional economic outcomes or concentrations.

This study has reviewed and discussed whether the concentration of economic activity and projects – which reinforce economic relations in economic space – occurred in primate growth-pole regions and whether a polarized pattern of economic concentrations was sustained since the Park Chung-hee regime. The previous shift-share analysis (Choi et al. 2007; Park 2009) results also support the observation of a substantial and persistent concentration of industrial employment in primate growth-pole regions, Seoul and its metropolitan region (Gyeonggi and Incheon) and the Busan-Southeast growth-pole region. The gap between primate growth-pole regions (especially Gyeonggi and Incheon as Seoul's hinterland) and other lagging regions began to increase again 1 year later after the 1997 IMF crisis. Moreover, many industries' regional share effects in primate growth-pole regions did not greatly decrease even between 1997 and 1998.

In order to illustrate the need for a different set of policies or plans if new or more preferred patterns of economic activity are to emerge, this study has also reviewed the efforts made by the national (Rho) government to develop the nation's gradually diffusing economic activity and their consequences. The review and evaluations of all the former governments since 1962 may lead to the conclusion that their regional development policies were not very successful in "trickling down" economic outcomes away from the

growth-pole regions. It is evident that the primate growth-pole regions as national magnets of labor and capital (not to mention as regional magnets entitled growth centers, namely, Seoul for the SMA) have been sustained despite policy efforts to decentralize economic activity (Kim et al. 2003; Choi et al. 2007; Park 2009). The importance of examining social networks and their influence on the distribution of economic activities was highlighted by the review of two recent administrations' approaches to balancing regional development from the viewpoint of political economy, especially considering the interplay between "economic space" and "political space" (Perroux 1950).

In terms of regional development, these phenomena also provide the rationale for investigating whether "macroconsequence" (significant unintended consequences for a large group: Schelling 1978), which can be caused by "micromotive" (individuals' intentional human action), occurred in South Korea's economic space and political space. Previous studies (Hwang 1996; Cho 1975) also discussed the role of (elites') social networks in the policy process of economic development. These efforts, however, did not address the intersection of economic networks and social networks or the intersection of economic space and political space, lacking detailed discussion on the economic development policy process and the role of elites.

Despite the literature's limited attention to the intersection of economic networks and social networks, the role of elites and their social networks in formulating and implementing regional development policies is apparent because they themselves are decision-makers of those policies and strategies. Elite studies (Mills 1956; Domhoff 1990) and growth coalition or urban regime theory also support the rationale for researching such an intersection where the unification of (local) economic and political elite groups occurred, because their coalitions can impact a concentration of (local) economic activity. Thus, in light of the examination of "economic" growth poles, and a review of regional development policies and projects so far, a methodology for subsequent studies to incorporate social networks (analysis) and econometrics would help theoretically and scientifically understand those relationships between economic and social networks, so that the conclusions and policy recommendations supported by a more scientific data analysis can be provided.

## Conclusion

The present Moon administration may need to consider the above less highlighted "macroconsequence of micromotive," whose agents tend to rather naturally be inclined to familiar people, e.g., from hometown, alumni, or family relations, among 50 million people who have lived interactively for decades in almost the highest national population density in the world. Although development projects had tended to be relatively more concentrated in certain "strategic," special regions and influenced by social networks in the past policy making and implementation, the present and next administration should consider how to reflect inevitably or inherently political economic (or more broadly, socioeconomic) relations in policy making and implementation processes. Out of the conventional practice of policy making dominated by the personnel selected by spoils or patronage systems, the channels where, with their own ingenious and real-life ideas made from everyday or long-lived "local" experiences, people can participate "fairly" in the policy making for regional development may also need to be prepared systemically. This will be one of the possible routes for people to make endogenously balance and develop their regional economies. In the past, development was top-down, but this bottom-up approach to developing local regions endogenously can effectively work through a system like a digitally signed online suggestion of development projects by any interested and cooperative people since ordinary adults or any group of legal persons have their own digital signature already. The transparency of policy idea and project suggestion reception might need to be opened, and, in the benefit-cost analysis, there should be a way for such interested participants to hear about its basic

principles and methods (by assistance of experts' kind and easier explanation if needed) and participate in it.

Of course, representative democracy and local autonomy have developed in the civilian governments since the mid-1990s in Korea. However, lots of politicians or political public servants tend to act selfishly and counted votes for the sake of their reelection, as explained by the public choice theory, which calls for the above more direct democratic system assisted by the digital government channels through sharing and protecting individual ideas and detailed suggestions under individual or cooperative digital signatures. This kind of system would help establish more desirable channels through which people interact to form economic space and political space across their own interests and their physical regions.

For developing countries in the other parts of the world, similar phenomena can happen and could have already occurred. Toward the future, hence, people should look back on whether economic growth is too emphasized in order to compensate any insufficient political legitimacy. However, at the same time, it should be noted that such retrospective view of past top-down regional development is just to derive lessons for the way toward bottom-up and endogenous regional development from now on.

The central government need to help local people find and inform or share their indigenous resources to develop their regions through diversified bottom-up strategies, which may also help the growth of national economies when such strategies can work in accordance with the central government's resource allocation plans and intended projects. Education and sharing of regional histories and cultures may also help make synergies between regions. Much of such sharing was made without government consideration, but any government, even regardless of developed and developing countries' assistance for it, will also be important to better understand our region, their region, and national region more effectively in a homogeneous field of forces and to expand it outside the national boundary in this age of glocalization.

## References


Alonso W (1968) Urban and regional imbalances in economic development. Econ Dev Cult Chang 17(1):1–14

Bengston D, Youn Y-C (2006) Urban containment policies and the protection of natural areas. Ecol Soc 11(1):3

Boudeville J (1966) Problems of regional economic planning. Edinburgh University Press, Edinburgh

Cho S (1975) The bureaucracy. In: Wright E (ed) Korean politics in transition. University of Washington Press, Seattle, pp 71–84

Choi Y, Yang D, Choi Y (2007) Analysing major issues regarding disparity. J Korean Urban Manage Assoc 20(2):3–27

Coleman J (1988) Social capital in the creation of human capital. Am J Sociol 94(S):S95–S120

Domhoff W (1990) The power elite and the state: how policy is made in America. Walter de Gruyter, New York

Hansen N (1981) Development from above: the center-down development paradigm. In: Stohr W, Taylor D (eds) Development from above or below? The dialectics of regional planning in developing countries. Wiley, New York, pp 15–38

Hirschman A (1958) The strategy of economic development. Yale University Press, New Haven

Hong J (2005) Decentralization and disparities between capital and non-capital regions and between Youngnam and Honam regions. Public Policy Rev 19(1):165–195

Hwang K (1996) South Korea's bureaucracy and the informal politics of economic development. Asian Surv 36(3):306–319

Ilbo J (2005–29) Special report: an anatomy of power elite in Korean society. Retrieved from the JoongAng Ilbo website

Ilbo C (2009) Power elite shift. Retrieved from the Chosun Ilbo website

Kim T (1989) Application of the shift-share model to the analysis of regional economy. J Korean Reg Dev Assoc 1(1):173–195

Kim E (1997) Big business, strong state. The SUNY Press, New York

Kim C (2006) Diagnosis of the imbalance of Korea in terms of population and power elite distribution. J Korea Plan Assoc 41(7):7–20

Kim Y (2012) Imbalanced regional development of new industries and path dependencies, 1990–2010. The Presidential Committee on Social Cohesion

Kim S, Jung C, Rho K (1991) Regional economic gap in Korea. Korean Econ Rev 39(2):363–389

Kim Y, Cha M, Kang H (2003) Regional development. Hanul, Paju

KRIHS (Korea Research Institute for Human Settlements) (1996) National land 50 years. Nanam, Seoul

Lee G, Chang D, Kim K, Ilbo JA (2006) Korean power elite. Golden Compass, Seoul

MacDonald D (1996) The Koreans: contemporary politics and society, 3rd edn. WestviewPress, Boulder

Mills C (1956) Power elite. Oxford University Press, New York
Myrdal G (1957) Economic theory and underdeveloped regions. Harper and Row, New York
National Tax Statistics (2019) Income tax by region. Accessed 15 April 2019 at: https://stats.nts.go.kr/national/major.asp
Nurkse R (1953) Problems of capital formation in underdeveloped countries. Basil Blackwell, Oxford
Oh W (2009) Engineers to have broader viewpoints. Eng Educ 16(4):5–7
Park G (2009) Economic and social networks: Impacts on regional economic outcomes and concentrations. Unpublished PhD dissertation at Cleveland State University
Perroux F (1950) Economic space: theory and applications. Q J Econ 64(1):89–104
Rosenstein-Rodan P (1943) Problems of industrialization of eastern and South-Eastern Europe. Econ J 53(210–211):202–211
Schelling T (1978) Micromotives and macrobehavior. Norton, New York
Song B-N (1992) The rise of the Korean economy. Oxford University Press, Hong Kong
Suh C (1993) A study on the national physical development model and impact on spatial inequality. Korea Spat Plan Rev 20:27–43

# Regional Executives, Russia

Ivan Leksin
School of Public Administration, Lomonosov Moscow State University, Moscow, Russian Federation

## Synonyms

Executive bodies of constituent units of the Russian Federation; Executives of constituent units (constituent entities) of the Russian Federation; Regional governments and administrations

## Definition

Each of the 85 regions (constituent units) of the Russian Federation forms its executive system, which includes the chief executive, the higher executive body, and subordinate institutions.

The chief executive is officially titled governor in the most regions (krays, oblasts, cities of federal significance, autonomous oblast, and autonomous okrugs), except the city of Moscow headed by a mayor. The republics' chief officials until recently were, as a rule, styled presidents, on the analogy of the federal president. Currently they are mostly designated as heads of the republics, as the active federal legislation bans the usage of the words, composing the title of the head of the Russian state, in the titles of the regional leaders. The Republic of Tatarstan is the only constituent unit of Russia that retains the presidential title for its chief executive, despite the mentioned ban.

The higher executive body of the constituent unit of the Russian Federation is formed by the chief executive and is usually titled government (in official Russian language, this term refers to an executive body that exercises general jurisdiction). As a rule, regional governments are collegial bodies. In a few republics such bodies are officially called cabinets of ministers, and, finally, in about one fifth of the regions, administrations are formed.

Subordinate to these bodies are numerous institutions of different types that are named ministries, departments, boards, committees, commissions, inspections, inspectorates, agencies, services, etc. Some of these institutions are comprised of a single central office, and the others include several offices dispersed over the territory of the region.



## Introduction: Autonomy Versus Hierarchy

Being a federal country, Russia is supposed to have a two-tier governmental structure. The federation and the regions are constitutionally declared to have separate governments. Both the federation and its constituent units form their own legislatures, executives, and courts. However, Russia is not a regular federation (see ▶ Constitutional Federalism and Public Administration, Russia) with politically and administratively self-standing orders of government, but a state of

an ambiguous kind in which institutional decentralization sides with functional centralization and where federal and regional executives constitute quite a sophisticated and twisted network.

The constituent units' executives have a considerable list of powers, according to the Federal Law No. 184-FZ dd. 6 October 1999, "On the General Principles of Organization of the Legislative (Representative) and Executive Bodies of Constituent Entities of the Russian Federation" (thereinafter the federal law on the general principles). No formal subordination between federal and regional executives is provided for. However, the latter are exposed to indirect and informal influence of the federal government:

- Most constituent units of the Russian Federation are financially dependent on the federal transfers.
- A regional leader can be removed from office by the federal president in case of dereliction of duty, corruption, etc.
- Most regional leaders belong to the dominant political party and have to maintain party discipline.
- The federal council of ministers (officially titled the Government of the Russian Federation) enacts administrative decisions that are legally binding for both federal and regional ministries and other executive bodies.
- Both federal and regional ministries and other executive bodies are responsible for public administration in various spheres (health care, education, social service, etc.), which makes the regional executives subordinate to the standards set by the federal ministries.
- Regional governments regularly report directly to the presidential administration on various matters (economic growth, social welfare services, etc.).
- In every constituent entity of the Russian Federation, dozens of agencies of federal ministries and other bodies exist that either operate in parallel with their regional counterparts or monitor activities of the latter and influence them.

## Constitutional and Legislative Framework

The current Constitution of the Russian Federation does not contain detailed provisions devoted to regional executives. It stipulates only:

- For the observation of the separation of powers on both federal and regional levels of government (Art. 10 of the Constitution)
- For the regions' discretion in formation of their governments (Art. 11 and Art. 77, para. 1 of the Constitution)
- For the conformity of the said formation with the "general principles" to be set by a federal law (Art. 72, para. 1, and Art. 77, para. 1 of the Constitution)
- For the "unity" of the system of federal and regional executives, referring to exercising federal powers (Art. 77, para. 2 of the Constitution)

These scarce provisions had never been changed. However, since the adoption of the Constitution of the Russian Federation in December 1993, formation procedures of the regional executives and their construction and powers had altered dramatically following the growth of the federal legislator's political weight. Currently there are two federal laws that contain quite detailed provisions on the mentioned issues leaving few matters at the regional discretion. These are the mentioned Federal Law on the general principles and the Federal Law No. 67-FZ dd. 12 June 2002, "On the Basic Guarantees of the Russian Citizens' Electoral Rights and the Right to Participate in Referenda."

In conformity with the federal laws, the constituent units of the Russian Federation enact their own laws and bylaws. Provisions regarding institutional structure of the regional executives, their formation, and division of powers between them are usually dispersed between the constitution (in republics) or the statute (in other regions), ordinary laws, chief executive's decrees, and regulations of the region's government or administration (Kryazhkov 2002).

Regardless of this dispersion, the issues related to the regional executives had been gradually assimilated by the federal legislator during the last two decades, thus leaving less space for the regional regulation.

## Composition and Structure

Up until the abovementioned Federal Law on the general principles had come into force, the constituent units of the Russian Federation enjoyed much freedom in designing their executive systems, as well as in determining position of the executive bodies toward the other regional institutions. Sometimes it led to dominance of the legislature over the executive (see ▶ Constitutional Law and Public Administration, Russia), but, usually, to actual monopolization of the regional authority by the latter.

Diversity of the regional political systems had not vanished, but it decreased dramatically. At present, this diversity refers only to the composition of bodies within branches of government and, in some cases, to selection between few formation modes offered by the federal legislator (Leksin 2016). As far as the construction of the regional executive is concerned, the following patterns are typical at present.

In most constituent units of the Russian Federation, higher executive bodies are councils of ministers or of similar officials that take decisions collectively. Such councils generally include up to two or three dozen officials, generally political ones. As mentioned above, these bodies are usually titled "governments," by analogy with the federal one. In few constituent units of Russia, their higher executive bodies are called administrations. Most of these function under personal leadership of the regional governor, head of the republic, etc. Unlike the governments, administrations are usually staffed by hundreds of officials, the latter being civil servants predominately. Regardless of the type of the higher executive body, it is being considered as a subordinate one to the chief executive of the region (head of the republic, governor, etc.).

As the executive body titled "government" is just a collection of a few officials, dozens of specialized bodies headed by these officials (as well as by the ones not included in the government) inevitably exist under the government. These bodies are styled at the region's discretion (see above). In other constituent units of the Russian Federation, the institutions that perform functions similar to the ones subordinate to the "governments" can either be styled as departments of the "administrations" or exist as separate legal entities. However that may be, in practice, a deal of specialized executive bodies operate in every constituent entity of the Russian Federation.

Besides, in every constituent entity of the Russian Federation, nongoverning bodies exist within the system of the regional executive. These bodies provide support for the chief executive and the "government" and are called apparatuses, as a rule (there can be separate apparatuses or a single apparatus for both).

## Allocation of Functions

According to the Federal Law on the general principles, the functions should be distributed within the regional executive in the following way. The chief executive of the constituent unit of the Russian Federation represents the latter in relations with other governments, signs regional acts and agreements, issues acts sui juris, and signs and promulgates regional laws. This official (either personally or conjointly with the regional legislature) forms the higher executive body and takes a decision on its resignation. He or she also coordinates activities of the regional executive bodies and ensures interaction between the latter and the federal and local governments.

The higher executive body in its turn is primarily responsible for:

- Implementing measures aimed at realization, safeguarding, and protecting the rights and freedoms of man and citizen, at protecting property and public order, at countering terrorism and extremism, and at crime control

- Drafting the budget of the constituent unit of the Russian Federation, as well as the programs of regional economic development, ensuring budget performance and reporting on it to the regional legislature
- Managing and disposing of the regional property
- Forming subordinate executive bodies

The latter (ministries, departments, boards, committees, etc.) perform regulatory, supervisory, and other administrative functions and provide services to the citizen and juridical entities within the fields of their specialization.

## Chief Executives: Status Development

Initially, federal and regional electoral legislations are developed separately, and the federal parliament did not infringe upon constituent entities' rights to regulate regional governments' formation, as electoral law was not placed by the federal constitution directly under federal, regional, or joint jurisdiction.

However, by December 1993, only a quarter of the 89 then-current constituent entities of the Russian Federation elected their chief executives by popular vote. Most of these 20-some constituent entities had a constitutional status of republics (these being the original constituent entities of the Russian Soviet Federative Socialist Republic).

The other Russian regions (krays, oblasts, cities of federal significance, autonomous oblast, and autonomous okrugs) gained political autonomy by signing the Federative Treaty on 31 March 1992 and were called equal to the republics by the Constitution of 1993, but most of them had not adopted electoral laws until the mid-1990s. Therefore, most regions at the earliest stage of their existence as constituent entities of Russia were being headed by chief executives (governors) either appointed by the President of the Russian Federation or nominated by the latter for appointment by the legislatures (soviets) of the respective regions.

In December 1995 the status of the higher regional officials changed dramatically. The Federal Law No. 192-FZ dd. 5 December 1995 "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation" provided that the regional chief executives became ex officio the members of the Council of the Federation (the upper chamber of the federal parliament). Besides, the said Federal Law ordered to accomplish elections of the chief executives of constituent entities of the Russian Federation by December 1996. This new design was a result of an informal concord between President Yeltsin, who expected the ex officio senators to become more persuadable as compared with the popularly elected ones, and the State Duma (the lower chamber) of the Federal Assembly, which apprehended the risk of filling the upper chamber with presidential assignees and thus wished to put an end to appointment of governors by the federal president.

By having achieved this new status, regional governors and presidents received not only legislative powers but also immense opportunities to influence federal policy. Under the provisions of the Art. 98 of the Constitution of the Russian Federation, they got parliamentary immunity through the term of their service as members of the federal parliament.

The next stage in the development of the regional chief executives' status had begun with enactment of the abovementioned Federal Law on the general principles. This law turned out to be one of the most controversial ones in the modern Russian history. Having been provided by the articles 72 and 77 of the Constitution of the Russian Federation and seeming to be quite inoffensive by its title, it eventually became a powerful weapon of recentralization. At the origin its provisions did not violate regional autonomy much. Nevertheless, its passage through the parliamentary procedures was doubtful, as it became the first noticeable attempt to set federal restrictions for the regional officials. Particularly, it disallowed chief executives of constituent entities of the Russian Federation to stay in office for more than two consecutive terms and provided for their removal from office upon the vote of nonconfidence passed by the regional legislative.

Ultimately, this disputable law received approval, and its latent force revealed itself before long. On 29 July 2000, the first amendment (No. 106-FZ) to this law was sanctioned, and within the next 16 years 140 amendments followed. The mentioned amendment dd. 29 July 2000 was a significant victory of the centralists. It authorized the President of the Russian Federation to dismiss chief executives of constituent entities of the Russian Federation under certain circumstances. As a prerequisite to the said dismissal, a presidential warning was determined. The President of the Russian Federation could make such a warning on two occasions. The first occasion was a 2-month dereliction of the regional higher official to the court decision, establishing a conflict between federal law and a decree of the regional governor or president. The second occasion was a 2-month dereliction of this official to the Decree of the President of the Russian Federation suspending a regional bylaw (the latter having been issued either by the higher official himself or by the cabinet or administration of the constituent entity of the Russian Federation). According to the Law, dismissal of the regional chief executive became possible once the latter ignored the presidential warning for a month since it had been issued.

On 5 August 2000, a new Federal Law "On the Procedure for the Formation of the Council of the Federation of the Federal Assembly of the Russian Federation" was enacted, that put an end to membership of the regional higher officials in the Council of the Federation and therefore to their immunity from prosecution. Despite the strong opposition of many senators, the bill was finally approved by the upper house.

The Federal Law on the general principles continued being subjected to modifications as well. On 11 December 2004, the most disputable amendment to the latter was sanctioned. Enactment of this amendment was prompted by the terrorist attack on a school in the constituent Republic of North Ossetia-Alania. This occasion raises popular indignation and was regarded as a proof of inoperability, inertness, corruption, and lack of responsibility of the regional governments. Given the high level of public confidence in the federal president, putting the higher officials of the regions under federal control had been considered as a due remedy.

By provisions of the mentioned Federal Law, popular elections of the chief executives of constituent entities of the Russian Federation were replaced with an ambiguous procedure of "vesting of a citizen of the Russian Federation with the authority of a chief executive of a constituent entity of the Russian Federation," This "vesting" was a hybrid of presidential appointment and parliamentary election: the President of the Russian Federation nominated a candidate, and the regional legislature was to decide upon it.

Participation of the federal official in regional governments formation caused a discussion in academic circles, but conformity of the new provisions with the Constitution of the Russian Federation did not become a subject of inquiry at the Constitutional Court of the Russian Federation, although participation of a regional legislative body in formation of the executive of a constituent entity of the Russian Federation was litigated in the federal Constitutional Court in 2005 in view of possible violation of the constitutional principle of the separation of powers, with no success, however (for further information, see Leksin 2012).

Besides, the mentioned amendment dd. 11 December 2004 enhanced the power of the President of the Russian Federation to dismiss regional chief executives. The President of Russia was entitled to remove governors and presidents of constituent entities of the Russian Federation from their offices in case they lost his confidence or executed their duties improperly. For such reasons to dismiss a regional governor or president, no warnings or court decisions were provided as prerequisites. Besides, the vote of nonconfidence passed by the regional legislative was turned into the ground for discretional removal of the regional chief executive from his or her office by the President of the Russian Federation.

The actual political context allowed experts to assert that "vesting of a citizen of the Russian Federation with the authority of a chief executive of a constituent entity of the Russian Federation"

came practically to appointment by the President of the Russian Federation. On this ground many scholars argued that the said Federal Law deprived the regions of the remains of their autonomy, thus having reverted the Russian Federation to a unitary state (Avakyan 2007).

Additionally, 5 years later, the President of the Russian Federation received a right to appoint an acting chief executive of a constituent entity of the Russian Federation at his own discretion, with no approval by the regional legislature. The amendment No. 319-FZ dd. 17 December 2009 to the said Federal Law regarded poor health or other circumstances temporarily impeding the regional chief executive to exercise his duties as due reasons for appointment of an acting regional leader. The Law substantiated this new instrument of federal intrusion into regional affairs by the purposes of protecting the rights and legitimate interests of citizens of the Russian Federation. According to the amendment, the President of the Russian Federation was entitled to appoint the acting chief executive for the period while the cited circumstances persisted.

The described legal framework existed with minor changes till 2012 when popular elections of the regional leaders were reestablished following the rise of the public complaints against the construction of the political system.

The amending Federal Law No. 244-FZ dd. 2 May 2012 to the Federal Law on the general principles stipulates that the chief executive of a constituent entity of the Russian Federation shall be elected by the citizens of the Russian Federation residing in the given constituent entity. The elected chief executive shall serve a term specified in the regional constitution (in case the constituent entity enjoys a status of a republic) or in the regional statute (in other cases). This term cannot exceed 5 years (the same restriction had an effect upon presidential nominees), and no one can stay in office of the chief executive of a certain region for more than two consecutive terms.

This office can be occupied by a citizen of the Russian Federation, who has neither a citizenship of a foreign state nor the right to permanently reside in a foreign state. A candidate must be at least 30 years old. Under the provisions of the Federal Law, candidates shall be nominated by political parties that are entitled to nominate either their members or nonparty persons.

The Federal Law on the general principles does not provide for self-nomination for the chief executive of a constituent entity of the Russian Federation, but it allows the constituent entities of the Russian Federation to set such provisions in regional laws. However, self-nomination does not release a candidate from the partisan influence. The nomination of a candidate either by a political party or by himself requires support by a certain number (to be established by a regional law) of municipal deputies and/or of higher officials of municipalities within a region. A candidate has to enlist such support in at least three fourths of municipal districts and urban circuits of the constituent entity he intends to head. Many of these municipal deputies and executives are party members, and this naturally means that a fairly independent nominee for the regional chief executive has fewer chances to gather the required support for his candidacy.

All self-nominees have, apart from obtaining the support of municipal deputies and higher officials of municipalities, to collect a certain number (to be established by a regional law) of voters' signatures. Partisan nominees are exempted from this obligation.

The President of the Russian Federation reserves the right to hold consultations with the political parties nominating for the chief executive of a constituent entity of the Russian Federation (as well as with the self-nominated candidates). No punishment is provided by law for evasion from such consultations, but still they can be regarded as an instrument of federal influence on political context in the constituent entities of the Russian Federation. At the same time, it is quite doubtful that any party or a self-nominee would miss the opportunity to benefit from such a media event like a meeting with the federal president during their election campaign.

Besides, the President of the Russian Federation retains several more effective powers

providing for keeping chief executives of constituent units of the Russian Federation under control.

Firstly, the federal president still has the right to dismiss regional leaders under the procedure set by the mentioned amendment dd. 29 July 2000 to the Federal Law on the general principles.

Secondly, the said Federal Law still provides for removal of a regional leader from office due to his having lost the confidence of the President of the Russian Federation or due to improper execution of his duties. The only difference is that now the Law specifies the grounds for loss of presidential confidence. Until the amendment dd. 2 May 2012 was enacted, these grounds were a matter of presidential discretion. The said amendment names only detection of the facts of corruption and failure to settle a conflict of interests as due grounds.

Thirdly, the said amendment dd. 17 December 2009 to the Federal Law on the general principles, allowing the President of the Russian Federation to appoint an acting chief executive of a constituent entity of the Russian Federation, remains in force.

Moreover, the amendment dd. 2 May 2012 established four new legal instruments destined to compensate for the risk that popularly elected regional officials will contract out of the federal influence.

First, the amendment provided for a new ground for removal of a regional leader from his office. The President of the Russian Federation is now entitled to dismiss a chief executive of the constituent entity of the Russian Federation in case of his monthly failure to fulfill the decision of the Constitutional Court of the Russian Federation, regarding a decree issued by this regional leader.

Second, in order to assume the office, the elected candidate shall take an oath of fealty not only to the constitution (statute) of the certain constituent entity of the Russian Federation but also to the Constitution of the Russian Federation.

Third, the said amendment provided for a recall of the elected higher official of a constituent unit of the Russian Federation by the voters (the detailed procedure to be established by a regional law). Such recall shall be possible on the ground of breaching of the federal or regional legislation by the regional chief executive or his failure to fulfill his duties repeatedly without a sound reason (such breaching or failure to be established by the court). Voting for the recall of the chief executive of a constituent entity of the Russian Federation shall be called by the regional legislature. To recall the regional leader, a majority of registered electors should vote for it. Following the said recall, an acting chief executive of the region should be appointed by the President of the Russian Federation.

Fourthly, according to the Law, no person removed from the office of the chief executive of any constituent entity of the Russian Federation by the President of the Russian Federation cannot be nominated for this office at regional elections in any constituent entity of the Russian Federation within 2 years after the removal.

Since the described reform of 2012, dozens of amendments were made to the Federal Law on the general principles. Several of them are quite notable. The Federal Law No. 30-FZ dd. 2 April 2013 had suggested an alternative to the regional chief executive's popular election. According to this scheme, it can be provided by the constitution (or the statute) of the constituent unit of the Russian Federation that every political party represented in the regional legislature could submit up to three nominees for this office to the President of the Russian Federation. The latter shall then select three candidates among the said nominees and introduce them to the regional legislature. The latter in its turn shall elect the regional chief executive by secret ballot. Up to date, six republics and one city of federal significance prefer this scheme.

By the Federal Law No. 6-FZ dd. 3 February 2015, a similar but a more complex procedure had been provided for the indirect election of governors of the autonomous okrugs being parts of oblasts (on the issue of the phenomenon of a constituent unit of the Russian Federation being part of the other constituent unit, see ▶ Constitutional Federalism and Public Administration, Russia). The difference is that the regional

departments of political parties represented in the okrug's legislature submit the nominees for this office to the respective oblast governor, who preliminarily selects at least five nominees to be submitted to the President of the Russian Federation. All the three autonomous okrugs that are currently parts of the oblasts had decided to use this procedure. Thus at present in 75 regions, their chief executives are elected directly and, in ten, by the legislatures of the respective constituent units.

The last important novation to the Federal Law on the general principles was introduced by the amending Federal Law No. 298-FZ dd. 3 July 2016. This amendment had enhanced the controlling functions of the general government over the regional governments and officials.

## Answerability and Accountability

The regional executives are involved in a complex system of answerability. As mentioned above, the chief executive of every constituent entity of the Russian Federation is politically and legally responsible to the President of the Russian Federation, to the regional legislature, and to the voters.

Besides, as an administrator, every regional leader is since 2007 accountable to the federal government. Under the Federal Law on the general principles, he is obligated to submit reports on the regional advances to the President of the Russian Federation. The current list of indicators used to assess regional development had been approved by the Decree of the President of the Russian Federation No. 1199 dd. 21 August 2012, and the procedure of this assessment is set in the Decision of the Government of the Russian Federation No. 1142 dd. 3 November 2012.

The higher executive body (the "government" or the "administration") of the region is in its turn answerable to the chief executive of the latter, while the members of this body that had been appointed with the consent of the regional legislature (or with parliamentary participation of other kind) can be removed from their offices upon the vote of nonconfidence passed by this legislature.

The activities of the regional executives are being monitored by the various federal executive bodies according to their functional specialization and assessed by the Government of the Russian Federation. Moreover, since 2016, regional governments, including executive bodies, are subject to regular inspections conducted by the public prosecutors (which are federal officials) and by the supervisory executive bodies belonging to the federal level of government.

## Conclusion: Between Federal and Local Levels of Government

The current state of executive bodies of constituent units of the Russian Federation is a product of multiple and multidirectional factors. The Constitution of the Russian Federation proclaims autonomy of the regions in the issues regarding formation of their executives. However, the federal legislator proceeds from a quite broad interpretation of its right to set the principles of organization of executive bodies of constituent entities of the Russian Federation. Being supported by the Constitutional Court of the Russian Federation (see ► "Constitutional Law and Public Administration, Russia"), the federation had established detailed rules for formation of regional executives, as well as for their composition and functions.

Thus, being a detached order of government, the regional governments operate in close interrelationship with the general government and with the municipal ones. Among the regional bodies the executives are the ones that are linked with the other levels of government most tightly. They are to a considerable extent dependent on the federal financing, while the regional chief executives are in their turn answerable to the President of the Russian Federation and thus politically dependent on him. Besides, the regional executive is not the only set of executive bodies within the certain constituent unit of the Russian Federation. Regional executives have to work side by side with numerous agencies of federal ministries and other executive bodies and as a rule are outnumbered by territorial departments of federal executive bodies. Moreover, in many regions, the staff of such departments exceeds the total number

of civil servants of the certain constituent unit of the Russian Federation (see ▶ "Constitutional Federalism and Public Administration, Russia").

Apart from the formal rules and adjudications, informal political and administrative practices develop, leading to increased involvement of the governments of constituent entities of the Russian Federation into the common nationwide system of decision-making and implementation and to great interdependence of the federal and regional executives. As a result, today the latter perform an explicitly dual role, functioning both as executors of the regional laws and as the agents of the federal government, providing support for the federal policies concerning economical activity, sustainable development, financing, land management, disaster management, social maintenance, health care, education, cultural development, etc. Being such agents, the regional executives are accountable and, in many cases, turn to be actually subordinate to the federal ones.

A similar scheme is reproduced in relations between the regional and local governments.

## Cross-References

▶ Constitutional Federalism and Public Administration, Russia
▶ Constitutional Law and Public Administration, Russia

## References

Avakyan S (2007) Gaps and defects in constitutional law and the ways of their neutralization. Const Munic Law 8:3–12. (in Russian)

Kryazhkov V (ed) (2002) Constitutional law of constituent units of the Russian Federation. Gorodets-izdat, Moscow, pp 442–462. in Russian

Leksin I (2012) Legal issues of Russian federalism: prerequisites and implications of recent legislative reforms. Glob Leg Issues (Korea Legis Res Inst) I:459–504

Leksin I (2016) Executives' setup in constituent entities of the Russian Federation: challenges and perspectives. In: Public Administration in XXI century: 13th international conference papers. Section 9, Contemporary Practices of Legal Regulation. KDU, University Book, Moscow, pp 32–36. (in Russian)

# Regional Finance in Russia

Viktoria Svischeva
Department of Finance, Credit and Taxation, Volga Region Institute of Administration named after P.A. Stolypin (Russian Presidential Academy of National Economy and Public Administration), Saratov, Russia

## Synonyms

Budget deficit; Budget expenses; National debt; Regional and federal taxes; Regional management; Reserve fund; Subsidy

## Definition

Regional finances determine the development of Russia.

## Introduction

Condition and development of regional finances is the most important factor, defining the system of public administration in Russia at the regional level, its effectiveness. Practically all the managerial decisions, being made by the bodies of state power of the subject of the Russian Federation, demand financial provision. Full and timely financing of consumed powers of local authorities defines the level of socioeconomic development, quality, and level of life of Russian citizens in this region.

## Regional Finance in Russia

The compound sections of the system of regional finances are

– The budget of the subject of the Russian Federation (regional budget)
– The credit and the national debt of the subject of the Russian Federation

R

- The budget of the territorial state non-budget fund (the territorial fund of obligatory medical insurance)
- Finances of unitary enterprises and state institutes of the subject of the Russian Federation (official, autonomous, and budget institutes)

The volume of regional finances in Russia constitutes about 12% of the gross domestic product of Russia (approximately 160 billion American dollars at the end of 2015), and share in the consolidated budget of the Russian Federation is about 36%.

Regional finances are built on the basis of the principles of the budget system, established in Article 28 of the budget code of the Russian Federation, namely:

- Unity of the budget system of the Russian Federation
- Delimitation of the income, expenses, and sources of financing of the budget deficit among the budgets of the budget system of the Russian Federation
- Independence of budgets
- Equality of the budget rights of the subjects of the Russian Federation and municipal formations
- Fullness of reflection of the income, expenses, and sources of financing of the budget deficit
- Balance of the budget
- Effectiveness and efficiency of budgetary funds usage
- Common (total) defrayment of expenses of budgets
- Transparency (openness)
- Reliability of the budget
- Addressness and target character of budgetary funds
- Jurisdiction of budget expenses
- Unity of treasurer's office

Governmental authorities of the subject of the Russian Federation provide the balance of the regional budget and fulfilling the requirements, established by the federal laws and the Russian President and Russian Government's regulatory legal acts, of regulating budget legal relationships, implementation of the budget process, dimensions of the budgets deficit, the size and structure of the national debt of the subject of the Russian Federation, budget implementation, and execution of the debt instruments of the subject of the Russian Federation.

Budget formation, approval, implementation of the subject of the Russian Federation and controlling its execution are realized by governmental authorities of the subject of the Russian Federation independently carrying out all the requirements, established by the budget code of the Russian Federation and federal law dated 6 October 1999 № 184-FL "About the general principals of organizing legislative (representative) and executive bodies of state power of the subjects of the Russian Federation" and also adopted, according to them, regional laws.

The regional draft budget, the law about the regional budget, the annual report about implementation of the regional budget, and also information about the number of the state civil servants of the subject of the Russian Federation and the employees of the governmental institutes of the subject of the Russian Federation with referring to actual costs for their keeping are to be officially published.

Public hearings are conducted according to the regional draft budget and the draft of annual report about implementation of the regional budget.

Expenses of the regional budget are carried out in the forms, stipulated by the budget code of the Russian Federation. The bodies of the state power of the subject of the Russian Federation keep the registries of expense commitments of the region in accordance with the requirements of the budget code of the Russian Federation and, in order, established by the legal regional acts.

Governmental authorities of the subject of the Russian Federation define the amount and conditions of salary of their employees, the employees of state institutes of the subject of the Russian Federation, and they also determine the regional financial standards and other norms of the regional budget expenses for financial ensuring of their fixed powers.

Besides, the subject of the Russian Federation defines independently the conditions and the order of provision with interbudget transfers from the budget of the subject of the Russian Federation to the local budgets.

Since 2014 regional budgets in Russia have been made and approved for a period of 3 years. The regional budget has the form of the regional law.

The draft regional budget must be based on the budget projection. This is a document, which contains the prediction of the main budget characteristics, activities of the financial provision of the regional state programs, and the main approaches to the formation of the budget politics for a long-term period.

The budget projection of the region for a long-term period is worked out every 6 years for 12 years or more on the basis of the forecast of the socioeconomic development of the region for a corresponding period.

The financial body of the subject of the Russian Federation carries out the draft regional budgeting.

Consideration and approving of the draft regional budget are exercised by the legislative (representative) body of the public administration of the subject of the Russian Federation. Administration of the regional budget is implemented by the financial body of the subject of the Russian Federation together with the Federal Board of Treasury. As a total amount of the financial year, the report about the administration of the regional budget is made, considered, and approved in the form of the regional law.

Partial independence of the subjects of the Russian Federation supposes the opportunity to pursue their own regional financial policy with a glance of peculiarities of socioeconomic development of the concrete territory.

Regional financial policy includes the following areas:

1. The budget policy of the region
2. The policy of managing of the regional budget deficit and debt
3. The investment policy of the region
4. The policy of the financial control of the region
5. The policy of interbudget relations of the region
6. The policy of state purchases and contracts of the region
7. The regional taxation policy

Being carried out Russian reforms in the sphere of public administration establish new requirements for the governmental authorities of the subject of the Russian Federation.

Financing of the socioeconomic development of the subject of the Russian Federation must regularly go in the following main directions:

1. Timely and full execution of the current liabilities to nonprofit organizations and institutes with the aim of ensuring their activity
2. Maintenance of budget supporting of the enterprises in different branches of economics with the purpose of stimulation of the regional economic growth
3. Meeting social regional commitments in order to support the appropriate level of life in the subject of the Russian Federation

Execution of the Russian President's Decree dated 7 May 2012 № 597 "About the measures of realizing the state social policy" concerning the raising of employees' wages from the budget sphere (teachers, doctors, social workers) has a great importance in the modern regional budget policy.

Revenue of the regional budgets is determined by the budget code of the Russian Federation (RF).

Regions collect the revenue *in corpore* from the following regional taxes:

1. Organization property levy
2. Gambling business tax
3. Transport tax

As for regional taxes, regions have certain rights of tax administration and can establish the tax rate, give additional tax benefits, and set the terms of payment.

Apart from the regional taxes, the federal taxes are included completely or partially into the regional budgets:

1. The profit tax of the organizations
2. The individual's income tax
3. The spirit excise tax and products containing spirit excise tax
4. The car petrol excise tax, diesel fuel excise tax, and motor fuel excise tax
5. The alcohol excise tax
6. The beer excise tax
7. The state due
8. The tax collection after the usage of the objects of water recourses and animal world
9. The tax according to the simplified system of taxation

Concerning the federal taxes, the rights of tax administration for the regions are restricted.

Nontax budget revenue of the subjects of the Russian Federation contains:

- Revenue from the usage and selling of the belongings, being in the state property of the subjects of the Russian Federation
- Revenue from paid services, being facilitated by the regional state institutes
- Part of the revenue of the regional state enterprises

A considerable share in the overall revenue of the regional budgets is occupied by the financial help from the federal budget: dotations, subsidies, and subventions.

Dotations are intended for equalization of the budget guarantee and general balance of the regional budgets. Subsidies are given with the aim of joint financing of the particularly important powers of the regional authorities. Subventions are sent to the financing of delegated federal responsibilities in order to implement them on the regional level.

Expenses of the regional budgets provide the financing of the powers of authority of the subjects of the Russian Federation and costs, connected with the running of the regional state property. Expenses are formed on the basis of the list of expenditure commitments.

The foundation of forming the expenditure of the regional budgets is presented in Article 26.3 of the federal law dated from 6 October 1999 № 184-FL "About the general principles of organizing the legislative (representative) executive bodies of state power of the subjects of the Russian Federation."

Nowadays the bodies of the state power of the subject of the Russian Federation are responsible for quite extensive circle of the questions, connected with the ensuring the conditions of the citizens' life, support of economic development, realization of the social, and infrastructure projects on the territory of the region of the public administration. The amount of their own powers of the subjects of the RF has grown from 55 in 2005 to 105 in 2015. The amount of "delegated federal" responsibilities also has increased from 11 in 2005 to 117 in 2015.

The main finance-cost for the Russian regions are:

- Financing of getting publicly available and free-of-charge publicly preschool, general elementary, general basic, and general secondary education on the regional territory
- Financing the salary of the workers of the budget sphere on the level of the average salary in economics in this region
- Building and repairing the roads of regional importance (regional road fund)
- Building and repairing the objects of the social infrastructure (schools, kindergartens, hospitals, social institutes)
- Social support and social servicing of the elderly citizens and disabled people, citizens in the difficult life situation, orphan children, large families, and low-income citizens
- Supplying the local budgets with the financial help

The expenses of the regional budgets can also be referred to as:

- Keeping the regional theaters, museums, and libraries
- Environmental protection
- Support to farming and small and middle business
- Construction, agrarian, housing, veterinarian, water, and ecological inspectorate
- Supervising heating, gas, and water supply in the region
- Provision of population employment
- Prevention from emergency situations
- And others

Special non-budget territorial fund of the obligatory medical insurance finances renders medical assistance to the citizens in accordance with the regional program of obligatory medical insurance.

Expenses of the regional budgets in the sphere of health care provide rendering high-technology medical help, specialized emergency, and palliative medical help, carrying out the medical examinations and medical surveys.

Since 2013 in Russia, the program-target approach in the system of the public administration and local self-government has been introduced. Russian regions are moving to the so-called program budget, when the great share of expenses is formed within the framework of realization of the regional state programs.

The effectiveness of the regional budget expenses is estimated as implementing some given program characteristics.

Russian regions have an opportunity to use the budget deficit and attract borrowed funds for its financing. The maximum extent of the budget deficit of the regional budget composes 15% from the sum of the tax and nontax revenue of the regional budget.

The sources of financing of the budget deficit are:

- The budget credit of the federal budget.
- The credits of the commercial banks.
- The issue of the regional state bonds.
- The sale of shares belonged to the regional authorities as the shareholders.

Balancing of the regional budget is exercised at the stage of the budget planning in the following directions:

- Defining the budget deficit dimension and the sources of its financing
- Reallocation of the expenses by means of restricting the ones and increasing the others in accordance with the priorities of the regional budget policy
- Finding out some additional financial reserves of the region
- Attracting additional financial assistance of the federal budget
- Finding out the means of saving and rational usage of the budgetary funds

National debt of the subject of the Russian Federation – the whole set of all the debt instruments of the region. Its maximum size is established to a degree of 100% sum of the tax and nontax revenue of the regional budget.

If the national debt of the region overdraws the level of 50%, then this situation is estimated as a risky level and is liable to additional attention on the part of the bodies of the executive power of the subjects of the Russian Federation and Board of Treasury of Russia.

Debt instruments of the subjects of the Russian Federation may be short term (less than 1 year), medium term (from 1 to 5 years), and long term (from 5 to 30 years included).

Attracting the borrowed funds is carried out according to the program of national loans of the subject of the RF, which is a supplement to the regional budget.

The volume of expenditures for maintenance of the national debt of the subject of the Russian Federation must not exceed 15% of the volume of budget expenditures for execution of the region's powers.

Formation of the special reserve fund of the Russian Federation can be stipulated by the regional law. This reserve fund is intended for the conservation of expenses of the regional budget under drop in the budget revenue because of deterioration of the economic situation in the region.

Regional authorities exert great influence on the organizing and carrying out the local self-government in the region. Municipal policy is determined by joint decisions of the regional and municipal administrative bodies. That is why regional authorities use the consolidated budget of the subject of the RF, connecting the regional budget and the budgets of the municipal formations, as a managerial tool.

Many activities for estimating the effectiveness of work of the executive bodies of the subjects of the Russian Federation are calculated on the basis of the consolidated budget data of the subject of the Russian Federation.

The main unsettled questions of development of the regional finances in Russia are in the sphere of interbudget relationships. The problem of horizontal and vertical misbalances is very sharp in the budget system of Russia. Objective reasons of differentiation of Russian regions are revealed historically in the conditions of allocating of the taxable basis and also in political, economic-geographical, and nature-climatic factors.

According to the criterion of having regional budget dotations for the level equalization of the budget provision, the regions are divided into two groups:

- Donors – regions, which have the budget provision higher than the mean value that is why they do not get dotations
- Recipients – regions, which possess the budget provision lower than the mean value that is why they are given dotations

The aim of the dotation distribution among the regions is the realization of the conditions of the citizens' getting social and medical assistance, education, and other public and municipal services independently of the place of living, and these conditions are guaranteed by the Constitution of the Russian Federation.

In spite of significant positive changes of the finance-budget legislation, financial independence of the subjects of the RF stays relative so far. A greater part of Russian regions are related to the subsidized ones; in 2016 there are 71 from 85 regions.

The least provided regions are Republic of Tuva, Ingush Republic, Republic of Altay, Chechen Republic, Republic of Dagestan, Kamchatskiy Kray, Republic of the Crimea, Karachayevo-Cherkesskaya Republic, Chukchi Autonomous Okrug, and Republic of Kalmykia.

The most provided regions are Moscow, Tyumenskaya Oblast', Yamal-Nenets Autonomous Okrug, Saint Petersburg, Khanty-Mansi Autonomous Okrug, Sakhalinskaya Oblast', Leningradskaya Oblast', Moskovskaya Oblast', Tatarstan Republic, and Samarskaya Oblast'.

Financial support to the subjects of the Russian Federation is also maintained in the way of subsidies for the development of prior lines of the public policy, for example, agriculture, education, health care, mass sport, and infrastructure. Subsidies allow meeting the nationwide challenges on the regional level and are given to those subjects of the Russian Federation, which are ready to invest their budget funds in the development of their own economic potential.

Federal government realizes the state program of the Russian Federation "Development of the federative relations and creation conditions for effective and responsible financial regional and municipal management." The aim of this program is assistance to the steady regional budget implementation and improvement of quality of the financial regional management. The program must solve the following problems:

- The growth of financial independence
- Stimulation of regions to development of their own budget base
- A cut in budget deficit and national debt of the regional budgets
- Strengthening of the financial discipline and responsibility for effectiveness of budget expenditure of the regional budgets
- Ensuring transparency and openness of the regional budgets
- Conduct of rating of the regions according to the quality level of managing the regional finances

In order to increase the openness, regions must prepare and allocate "the budget for citizens" for

the general access in the Internet. This is a budget in a simple and clear form for usual citizens, which assist in raising the trust to the regional power.

## Conclusion

In conclusion, it is necessary to mention that regional finances in Russia define the quality and level of citizens' life, as the largest part of social commitment of the state relate to expense powers of the regions, which are implemented by them independently for account of regional budgetary funds. In connection with it, federal bodies of state power are highly interested in the effectiveness of regional management in the finance-budget sphere. Such interest is explained by the direct relation of efficiency of all the system of public administration from conditions created by the regional authorities. It is the regional development that defines the development of Russia as a whole.

## References

Federal law dated 06.10.1999 № 184-FL "About the general principals of organizing legislative (representative) and executive bodies of state power of the subjects of the Russian Federation"

# Regional Governance

Irina Ilina[1,2] and Evgenij Pliseckij[1,2]
[1]Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia
[2]Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher School of Economics, Moscow, Russia

## Synonyms

Regional authorities; Regional policy

## Definition

Organizing and regulating influence of public authorities on the activity of the population of the region, in order to streamline and reproduce, based on their power force.

## Introduction

*Region* is a defined area with distinct qualifying features to differ from other areas, comprising integrated and interrelated natural and social components. The Russian Federation (RF) interprets a concept of a region in a narrower, more "legalistic" fashion, as referenced in the *Key Provisions of the Regional Policies in the Russian Federation* in 1996, where it is treated as "…a part of the Russian Federation territory with common natural, socioeconomic, ethnic, cultural and other conditions." The concept was simplified in 2016: "a region is a part of the Russian Federation territory within the boundaries of a Russian Federation *constituent*" (On Approval of Public Policy of Regional Development in the Russian Federation until 2025, approved by the RF President's Decree #13 of January 16, 2017.). The region may coincide with the boundaries of a Russian Federation constituent or unite several constituents. When a region is a subject of law, it is understood solely as a Russian Federation constituent (Key Provisions of the Regional Policy in the Russian Federation, approved by the RF President's Decree #803 of June 3, 1996).

Every region has an area and a geographic position. The scale and geography make every region unique. This uniqueness is a function of physical geography and natural conditions, location of the region, its economy, social and political status, the pattern of its development, population, and many other factors.

### Zoning of the Territory of Russia

There are eight federal okrugs (clusters of regions) in Russia that may be considered *macroregions*. The key regions in the Russian map are the Russian Federation constituents, 85 of those as of 2014.

*Microregion* is a part of a region. It is normally an area (subregional administrative unit) within a Russian Federation constituent. For example, Rostov Oblast (a Russian Federation constituent territory) includes six subregions (economic districts) within the Oblast: Northern, Western (Donbass), South-Western (Azov area), Southern, Eastern, and South-Eastern.

Specific types of regions are referred to as *districts* (*raions*). The regional economy and economic geography operate with such concepts as economic districts, administrative districts, and intra-urban districts.

Comprehensive regional socioeconomic analysis forms the basis for regional development governance. The "regional governance" may be viewed as a combination of theory and practice of managing the socioeconomic processes in the region. The regional academia develops methods and mechanisms for the most effective and efficient achievement of goals and objectives in the regional development.

The main policy goal of the regional governance is the improvement of well-being of the people as part of *sustainable development*. The science behind the Russian regional governance is still at the shaping stage caused by the historic transition from the planned market economy at the end of the twentieth century.

The regional governance pursues the following objectives in the market economy:

- To review, forecast, and program a comprehensive regional development
- To develop conditions for strengthening the economic framework of the region
- To develop and implement the investment, research, and technological policy in the region
- To develop market infrastructure
- To support environmental safety

The regional governance formally deals directly with enterprises and entities owned by the federal constituents primarily. The regional governance makes a direct impact on these entities and an indirect impact on other entities in its territory.

Planning has been used for practical purposes since 1920s, and that time predetermined its sector-based approach rather than territorial approach, making it different from the Western countries' experiences. Focus on regional planning is a response to an obvious inefficiency of a sector-based planning approach to the national development governance.

Traditional administrative definition results in the recognition of some diversity: there are regions with cities playing a key role. Examples in the Russian Federation include Moscow, a city region, a stand-alone constituent of the Russian Federation. Such regions are atypical. Ultimately, Moscow is the only region out of 85 whose share of credit institutions and foreign investments exceeds 50%. Therefore, a good balance and equity promotion fiscal policy shall take into account in this diversity, and it is not a trivial task. Moreover, such a city would often dominate in all other sectors. The share of Moscow as a region in the gross regional product (GRP) and population of the country is almost 25% and 8%, respectively. This makes this region very inconvenient for the analysis. Dynamic comparison of different regions requires a functional understanding of the reasons and trends in the regional growth.

Authorities' performance are judged upon by the following indicators: regional income levels, population numbers, life expectancy, mortality rate, prevention of social orphanage, and unemployment rate. One of the very important criteria is the public opinion, the level of user satisfaction with the local officials' activities (Ministry of Regional Development of the Russian Federation. Department for Development, Comprehensive Assessment of the Activities of the Constituents of the Russian Federation and the Local Authorities. On Evaluation of Performance of the Executive Authorities of Constituents of the Russian Federation Based on the Outcomes of 2012. M., December 2013).

Decree #1199 of the President of the Russian Federation of August 21, 2012 *On Evaluation of Efficiency of Activities of the Executive Authorities of the RF Constituents* and Resolution #1142 of the Government of the Russian Federation of

November 3, 2012 (as revised by Resolution #957 of the RF Government of October 25, 2013) established a methodology for assessment of performance indicators for the activities pursued by the executive authorities and the rankings of the Russian Federation constituents based on the indicator data.

Rankings are based on the following indicators (Ministry of Regional Development of the Russian Federation. Department for Development, Comprehensive Assessment of the Activities of the Constituents of the Russian Federation and the Local Authorities. On Evaluation of Performance of the Executive Authorities of Constituents of the Russian Federation Based on the Outcomes of 2012. M., December 2013):

- Investments in the fixed assets (excluding budget allocations)
- Level of tax and nontax revenues of the consolidated budget of a constituent of the Russian Federation
- Small businesses' products (services) turnover
- Actual household disposable income
- Area of new housing to the total area of all housing stock
- Average annual unemployment rate
- Expected life expectancy at birth
- Graduates of public (municipal) general education institutions who failed at the Unified State Examinations to the total number of graduates
- Mortality rate (excluding mortality caused by external factors)
- Share of children deprived of parental care including those transferred under the care of unrelated people (foster care, adoption, custody (guardianship), family care homes, and foster families), and placed in the public (municipal) institutions of all types
- Public evaluation of performance of the executive authorities of constituents of the Russian Federation

Table 1 below shows the resulting rankings based on performance of executive authorities of some constituents of the Russian Federation.

The assessment of regional governance quality for 3 years resulted in the identification of 20 lead regions in 2016: Voronezh Oblast, Chechen Republic, Republic of Tatarstan, Lipetsk Oblast, Saint Petersburg, Sakhalin Oblast, Tyumen

**Regional Governance, Table 1** Performance evaluation rankings of the executive authorities of ten leading constituents of the Russian Federation

| Ranking | Region | Ratings | Grant allocated in 2013 (,000 Rub)[a] |
|---|---|---|---|
| 1 | Republic of Tatarstan | 64,408 | 325 925,3 |
| 2 | Belgorod Oblast | 62,864 | 318 112,1 |
| 3 | Voronezh Oblast | 60,872 | 308 032,0 |
| 4 | Krasnodar Krai | 53,908 | 272 791,9 |
| 5 | Kaluga Oblast | 52,184 | 264 067,9 |
| 6 | Tyumen Oblast | 52,036 | 263 318,9 |
| 7 | Chechen Republic | 52,000 | 263 136,8 |
| 8 | Yamalo-Nenets Autonomous Okrug | 51,536 | 260 788,8 |
| 9 | Kursk Oblast | 51,264 | 259 412,4 |
| 10 | Nenets Autonomous Okrug | 51,096 | 258 562,2 |

Source: Ministry of Regional Development of the Russian Federation. Department for Development, Comprehensive Assessment of the Activities of the Constituents of the Russian Federation and the Local Authorities. On Evaluation of Performance of the Executive Authorities of Constituents of the Russian Federation Based on the Outcomes of 2012. M., December 2013

[a]The RF public program Regional Policy and Federative Relations. Approved by Instruction #435-r of the RF Government on March 26, 2013, it provides for consolidation of grants and donations to promote the tax capacity building (targeted support for well-balanced regional budgets). The program was funded with the allocation of 5,278,300 million Roubles. In 2013, the grant amounts vary from 240 to 330 million Roubles

Oblast, Tambov Oblast, Nenets Autonomous District, Moscow Oblast, Republic of Ingushetia, Republic of Mordovia, Chukotka Autonomous District, Tula Oblast, Kursk Oblast, Republic of Sakha (Yakutia), Rostov Oblast, Yamalo-Nenets Autonomous District, Khanty-Mansi Yamalo-Nenets Autonomous District-Yugra, and Belgorod Oblast.

Governors' performance rankings (Governors performance ratings for 2014.) are developed on the basis of the data from the Public Opinion Fund, Federal Service of Public Statistics of the Russian Federation, National Monitoring Service, and social status indicators of the Russian regions and assessment of the federal and regional experts. Top officials from Yamalo-Nenets Autonomous District, Kaluga Oblast, Republic of Tatarstan, Belgorod Oblast, City of Moscow, Kemerovo Oblast, and others got into the first category of officials "with a very high ranking" (above 75 score), according to the third release of rankings (2014 version).

This rating methodology incorporates five modules. The first (core) module is based on the results of the Public Opinion Fund, Georating, and evaluation of the head of the relevant constituent of the Russian Federation, taking into account a regional situation in the RF constituents.

The second module is about the household cash revenues and expenditures ratio in the region under review.

The third module is about the position of a relevant region in the rating of social status of the Russian regions.

The fourth module concerns assessment of the constituent's economy by its population.

The fifth module is the ratio of positive and negative information about activities of the regional head in the media.

The National Research University Higher School of Economics issued the second release of Innovative Development Rankings of the RF constituents in 2014 (the first release of rankings was published in 2012).

The rankings take into account an extensive list of indicators (36 in total) broken down into four thematic blocks (with 13 subblocks):

- Socioeconomic environment of innovative activities
- Research and technical capacity
- Innovative activities
- Quality of innovation promotion policy

The resulting rankings of the Russian Regional Innovative Index (RRII) include four groups of regions (Rankings of the Russian Federation constituents by the Regional Innovative Index values.) (see Table 2).

Concept Policy on Social and Economic Development of the Regions of the Russian Federation (Ministry of Regional Development of the Russian Federation, January 22, 2007 (typology developed on the basis of Conceptual Strategy of the Socioeconomic Development of the Regions of the Russian Federation) – http://www.minregion.ru.) proposed a new typology of the RF regions aimed at governance strengthening (2007). The typology took into account various degrees of regional involvement in the globalization, urbanization, and neo-industrialization processes. In view of long-term prospects, the RF Ministry of Economic Development has focused on specific features of every regional type, as

**Regional Governance, Table 2** Rankings of the Russian Federation constituents by the Regional Innovative Index values

| Region | RRII group | RRII ranking | RRII value |
|---|---|---|---|
| Moscow City | I | 1 | 0,5850 |
| Republic of Tatarstan | I | 2 | 0,5606 |
| Saint Petersburg City | I | 3 | 0,5382 |
| Nizhny Novgorod Oblast | I | 4 | 0,5006 |
| Kaluga Oblast | I | 5 | 0,4934 |
| Chuvash Republic | I | 6 | 0,4926 |
| Sverdlovskaya Oblast | I | 7 | 0,47547 |
| Tomsk Oblast | I | 8 | 0,47545 |
| Moscow Oblast | I | 9 | 0,4751 |
| Ulyanovsk Oblast | I | 10 | 0,4661 |
| Perm Krai | I | 11 | 0,4594 |
| Novosibirsk Oblast | I | 12 | 0,4584 |

identified through a comprehensive review of social and economic indicators and experts' assessments. The types vary from regions – locomotives of growth (global cities and cities of federal importance) to backbone regions (whose economy is driven by natural resources and old manufacturing facilities) to depressed regions (background and crisis-hit) (N. Yermakova and A. Kaloeva. Typologies of Regions for the Purposes of Regional Policy: Training manual. – SPb.: SPbGUEF Publishers, 2011).

There are many papers discussing definition and research of "depressed regions" and related typologies (M. Lyashevskaya, L. Smirnyagin, and G. Bylov; L. Ivanchenko, S. Khursevich et al.); some researchers emphasize ambiguity and ambivalence of the term itself (S. Khursevich).

The budget structure is always in line with the public governance system, resulting in a three-tiered budget.

Every budget tier is independent, meaning that it has its own revenues and spending mandates without any responsibility for the budgets of other tiers.

Consolidated budgets are an analytical tool to be developed for the analytical purposes only.

The formulation of budgets is in line with the legislation approved by the RF constituents for the next year or two of their planning process.

The main goal of budgeting is the establishment of the environment for balanced development of the fiscal system as a whole. Budgeting seeks to promote dynamic development of the society and economy and to meet the social commitments of the government before the citizens. This statement is true of any budget level, not just the federal one.

*Both the RF constituent's budget* (or regional budget) and a budget of a *territorial state extra-budgetary fund* are expected to meet the spending commitments of the RF constituent. The region's budget and a combination of municipal budgets within the region form a consolidated budget of the RF constituent.

*Budgets of municipalities* within a region are not included in the regional budget.

Consolidated budgets are used for statistics and for the analysis of the regional budget system.

Regional budgets are expected to meet the spending obligations of two types:

- Resources allocated for meeting the spending mandates of the RF constituents emerging from authorities of the regional bodies within the competencies of the RF constituents under Article 73 of the RF constitution in the implementation of the tasks owned by the RF constituents;
- Authorities associated with the tasks jointly owned by the federal and regional powers to meet the commitments of the RF constituents funded through the subventions from the federal budget.

In accordance with Article 72 of the RF constitution, they include:

1. Ensure the compliance of constitutions, laws, articles of association, and other regulations of RF constituents (krais, oblasts, cities of federal significance, autonomous regions) with the RF constitution and federal laws.
2. Protect the rights and freedoms of an individual and citizen; protect the rights of ethnic minorities; ensure compliance with law, public order, and public security; and implement the border zones regime.
3. Issues related to ownership and the use and management of land, subsoil, water, and other natural resources.
4. Delineation of state property rights.
5. The use of natural resources, environmental protection, and safety; specially protected natural areas; and protection of historic and cultural legacy.
6. General issues of education, research, culture, fitness, and sports.
7. Coordination of health issues; protection of family, motherhood, fatherhood, and childhood; and social protection, including social welfare.
8. Implementation of measures to control accidents, natural disasters, epidemics, and elimination of their consequences.
9. Establishment of general taxation principles in the Russian Federation.

10. Administrative, procedural, labor, family, housing, land, water, forestry, subsoil, and environmental legislation.
11. Judicial, law enforcement, lawyer, and notary staff.
12. Protection of native habitats and traditional way of life of small ethnic communities.
13. Establishment of general organizational principles for state authorities and local governments.
14. Coordination of international and external trade relations of the RF constituents and implementation of international agreements of the Russian Federation.

The Article provisions apply equally to the republics, krais, oblasts, cities of federal importance, autonomous oblast, and autonomous districts.

The Constitution defines a framework of obligations with further details specified in Federal Law #184 *On General Principles of Organization of Legislative* (*Representative*) *and Executive Bodies of State Power of the Constituents of the Russian Federation*.

## Regional Sources of Revenues and Expenditures

*Budget revenues* are money transferred to the budget except for the money to finance budget deficit.

Regional budgets' own revenues, as well as those of budgets at other levels are divided into tax, nontax, and gratuitous transfers (Article 47 of the Budget Code). Figure 1 below provides a more detailed structure of the regional budgets' revenues.

Tax revenues include two groups of taxes: regional taxes and federal ones.

Regional taxes are as follows:

1. Corporate property tax
2. Tax on gambling business
3. Vehicle owners' tax

Federal taxes and fees, including the ones paid under special tax regimes:

1. Tax on profit of organizations at the rate set forth for crediting the above tax to the budget of a constituent of the Russian Federation

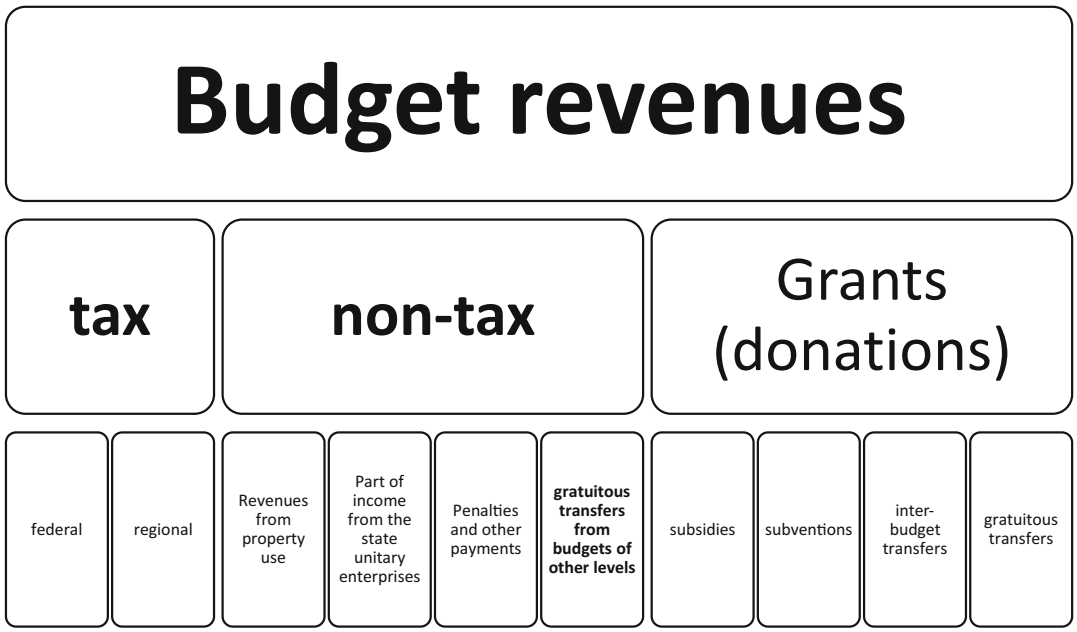


**Regional Governance, Fig. 1** Types of revenues of the regional budgets

2. Tax on profit of organizations under the production of sharing agreements signed before the effectiveness of the Federal Law *On Production Sharing Agreements*, when they do not foresee special tax rates for crediting the above tax to the federal budget and the budget of a constituent of the Russian Federation
3. Personal income tax
4. Personal income tax to be paid by foreign citizens as a fixed advance payment when they work in the territory of the Russian Federation on a patent (prepaid license) basis
5. Excise on ethyl alcohol produced from edible raw material
6. Excise on alcohol-containing products
7. Excise on gasoline
8. Excise on various alcohol-based products at the rates associated with relevant products
9. Tax on extraction of commonly occurring mineral resources
10. Tax on extraction of mineral resources (except for the hydrocarbons, natural diamonds, and commonly occurring mineral resources)
11. Tax on extraction of mineral resources in the form of natural diamonds
12. Regular payments for the extraction of mineral resources (royalty) under the production of sharing agreements in the form of hydrocarbon raw materials (except for combustible natural gas)
13. Fee for using water biological resources (except for the internal water bodies)
14. Fee for using water biological resources (applies to the internal water bodies)
15. Fee for using wildlife resources
16. Tax collected in relation to the use of a simplified taxation system
17. Minimal tax collected in relation to the use of a simplified taxation system
18. Various types of official duties (subject for crediting at the location of official registration, or execution of legal acts, or issue of documents)

The revenue base may differ in the cities of federal importance, like Moscow and Saint Petersburg, or in regions (krais and oblasts) which include autonomous districts.

Regional governance bodies may:

- Introduce regional taxes
- Establish tax rates
- Establish additional standards for the contribution of personal income tax to the local budgets, at the rate of at least 15% of the tax revenues of the constituent's consolidated budget
- Provide tax breaks on the regional taxes

Special tax regimes may be associated with:

- Flat tax sharing rate for all settlements
- Flat tax sharing rate for all municipalities
- Flat tax sharing rate for all urban districts

The above rates and standards shall remain valid throughout the entire period of the budget effectiveness (1 or 3 years), as established by an RF constituent for its municipalities. The personal income tax may serve as an example of a regulating role of a regional budget.

RF constituents may raise nontax revenues for their budgets through:

1. Revenues from the operation of state assets owned by the RF constituents, except for the assets of budget and autonomous entities of the RF constituents and the assets of state unitary enterprises of RF constituents, including public establishments
2. Revenues from sale of assets (excluding shares and other forms of capital participation), in state ownership of RF constituents, except for movable assets of budget and autonomous entities of the RF constituents and the assets of state unitary enterprises of RF constituents, including public establishments
3. Revenues from fee-based services provided by pubic establishments of the RF constituents
4. Partial revenues of unitary enterprises established by the RF constituents, after

payment of all taxes and other mandatory fees to the budget at the levels under the procedure described in the laws of RF constituents
5. Fees for a negative impact on the environment
6. Fees for use of forests
7. Declaration fees
8. Revenues from sale of land parcels
9. Revenues from sale of immovable properties simultaneously with the land parcels occupied by such properties
10. Fees for the use of water resources owned by the RF constituents
11. Once-only payments for subsoil use if specific events occur as agreed upon in the licenses (bonus payments), for the parts of subsoil resources containing diamond deposits

Revenues to the budgets of RF constituents – cities of federal significance (Moscow and Saint Petersburg) – differ from other constituents due to the functions they deliver.

Gratuitous transfers:

1. Transfers (donations) from other budgets of the RF budget system
2. Subsidies from other budgets of the RF budget system (inter-budget subsidies)
3. Subventions from the RF federal budget
4. Inter-budget transfers from other budgets of the RF budget system
5. Gratuitous transfers from individuals and legal entities, international organizations, and foreign governments, including voluntary donations

*Budget expenditures* are money paid from the budget except for the resources to cover the budget deficit.

Expenditure obligations of the RF constituent result from the legislation and other regulations of the constituent and signature of contracts (agreements) by the public institutions of the RF constituent on behalf of the Russian Federation.

Regulation of subvention-associated federal budget spending by regions is indirect. No direct quantitative restrictions are imposed; nevertheless, if an RF constituent exceeds standards used for the calculation of relevant subventions, then it would have to mobilize its own revenues and deficit-funding sources to finance extra expenditures needed to execute the RF constituent's expenditure obligations in full.

The same approach works in the establishment of a regional budget deficit threshold. The RF Budget Code does not allow an RF constituent's budget deficit go above 15% of its approved annual budget revenues without consideration of approved amount of gratuitous transfers.

## Regional Inequality and Globalization

Alberto Posso
International Development and Trade Research Group, Royal Melbourne Institute of Technology, Melbourne, VIC, Australia

Does globalization, specifically trade, cause or reduce inequality in the developing world? In world governed by backlashes against globalization, this is a pressing question. Most economists argue that globalization is conducive to higher growth rates. However, it has become clear in recent times that not everyone benefits from trade liberalization. This debate has perhaps gained prominence in the international media following Brexit in the United Kingdom and the election of Donald Trump in the United States. However, this issue has been widely debated in developing nations for almost two decades. For example, since the late 1990s, Latin American politics has seen a decisive shift toward inward-oriented political leaders. Furthermore, in developing South East Asia, the traditional champion of globalization, there has been a growing rise in antitrade sentiments among some political groups,

particularly following the rise in income inequality in fast-growing economies, such as Vietnam and China. Therefore, understanding if globalization is associated with more or less inequality in the developing world will be important to help us determine the longevity of trade-oriented policies in the global south. This is, in turn, important given the large amount of empirical evidence from the economics literature that shows that globalisation, mainly international trade, is associated with higher rates of GDP per capita and GDP growth (Rodrik 2008).

The notion that trade or globalization can address development problems has been pushed forward by international development organizations, such as the World Bank and the International Monetary Fund for a number of years now. The proponents of the Washington Consensus (Williamson 1990) maintain that outward orientation is the most adequate approach to address pressing problems of development – poverty, unemployment, and inequality – in poorer nations.

Theoretically, this postulate is justified with the use of the application of the Heckscher-Ohlin-Stolper-Samuelson theorem to the experience of developing countries. The model suggests that developing nations have a relative abundance of unskilled workers, while the opposite is true in developed nations. The relative abundance of a labor-type, in turn, determines comparative advantage. That is, countries with many unskilled workers will be good at making products that require more unskilled than skilled labor. Therefore, in the aftermath of trade liberalization, developing nations will specialize in unskilled-labor intensive production.

In these nations, demand for unskilled workers will increase relative to demand for skilled labor. As a result, unskilled wages will rise, relative to their skilled counterpart. Given that unskilled wages are expected to be below skilled workers (because of a positive premium on education), trade liberalization in developing nations is likely to result in a decline in inequality. Importantly, the opposite forces are driving a wedge between skilled and unskilled wages in developed countries, which have a comparative advantage in skilled-labor intensive production. Overall, the theory dictates that globalization will decrease inequality in poor countries and increase inequality in rich ones. *This is the standard prediction of the Heckscher-Ohlin-Stolper-Samuelson Theorem*.

Within the developing world, the experiences of East Asian nations conform to this paradigm (Manning and Posso 2010). Economies such as South Korea, Taiwan, Singapore, Hong Kong, and Malaysia underwent significant improvements in wage inequality following trade liberalization policies.

Import-substitution-industrialization, a policy prescription borne out of the United Nation's Economic Commission for Latin America and the Caribbean, advised developing countries to cut themselves off to trade in order to manufacture high-value products generally imported from rich nations. Protectionism, however, resulted in a number of well-documented economic problems. First, closed economies were more likely to foment rent-seeking behavior by government officials, which decreases economic efficiency, added to the welfare loss of import restrictions, and fueled income inequality (Krueger 1978). Second, overvalued exchange rates and tariff restrictions discouraged exports and thus hurt employment prospects in developing countries (Little et al. 1970; Balassa and Associates 1971; Balassa 1998). Given that exports from developing nations are, by and large, unskilled labor intensive, protectionism became associated with lower employment opportunities of the unskilled, and rising inequality. Third, government intervention through subsidies to support domestic production resulted in insufficient incentives for innovation and widening budget deficits (Bruton 1998). Fiscal pressures limited the ability of states to invest in policies aiming at reducing inequities, such as education, health, and infrastructure. Overall, economies embracing protectionist policies, therefore, were found to be experiencing rising inequality.

In the late 1950s and early 1960s, Taiwan and Korea became aware of the constraints of maintaining small closed economies. Policymakers, therefore, started to gear their economies towards export-oriented growth, in order to expand demand for domestically produced goods, which were predominantly unskilled-labor intensive (Posso 2016). The experiences of these two economies, coupled with the already successful experiences of Hong Kong and Singapore, were seen as evidence that export-oriented growth was significantly more conducive to equitable growth than any other policy, including import substitution (Posso 2016). These economies experienced very high growth and declining inequality, pulling millions of people out of poverty in one generation. In fact, it is their success sparked a series of analytical reviews that both admired and tried to explain the "East Asian Miracle," perhaps heroically many of these reviews also started refereeing to these nations as the "East Asian Tigers" (World Bank 1993). Overall, the World Bank's review confirmed that the experiences of export-oriented developing economies adhere to the Heckscher-Ohlin-Stolper-Samuelson theorem – globalization resulted in high growth and lower inequality.

A number of authors built on this work by showing that these policies are only conducive to equitable growth when they are coupled with other initiatives. In particular, the supporting role of macroeconomic stability through conservative fiscal and monetary policies became widely acknowledged as a pillar of the reform agenda (Posso 2016). The broad consensus that emerged emphasized the importance of stabilization in the early stages of the process, with fiscal restraint and currency devaluation taking the leading role. As the macroeconomic environment became stabilized, the emphasis was to shift to structural adjustment, encompassing various microeconomic and institutional reforms (including trade reform) to remove inefficiencies and ensure adequate growth rates (Rodrik 1990). Indeed, some analysis argue that other nations were unable to replicate East Asian successes because macroeconomic reforms were not in place (Posso 2016).

Edwards (1993, 1995), for example, discusses the Chilean experience to underline the importance of complementary macroeconomic policies for the successful adoption of export-oriented growth. Chile was the first nation in Latin America to emulate the East Asian policy initiative and embark upon a process of export-oriented industrialization (Posso 2016). Following the military coup of 1973, the government of Chile began to liberalize domestic commodity markets and the financial market. By 1979 all items, but automobiles, had a nominal import tariff rate of 10%. As in East Asia, these changes resulted in an increase in total trade over GDP and real wages. However, unlike East Asia, the Chilean experiment occurred at a time of macroeconomic instability. In particular, Chile at the time suffered from hyperinflation and a large fiscal deficit (Corbo 2000).

Hyperinflation pressured the government to make the exchange rate the main anti-inflationary anchor, which resulted in a significant real appreciation. The latter, in turn, caused a major balance of payments crisis in 1982. In the period, the economy ran out of foreign reserves, it implemented a major devaluation, and various firms and banks went bankrupt (Posso 2016). Facing this budgetary crisis, the government backtracked on reform and raised the uniform tariff rate from 10% to 35%, leading to a fall of trade over GDP by 10% points between 1981 and 1982.

Other studies from around the world confirm that export-oriented success requires a good macroeconomic environment. In a World Bank study on liberalization episodes in nineteen countries, Michaely et al. (1991) conclude that "the fate of liberalisation policies appears to be clearly related to the conduct of macroeconomic policies" (p. 276). They highlight that expansionary fiscal policies were strongly associated with the abortion of outward-oriented policies, especially during the earlier stages of liberalization. Similarly, Rodrik (1995) argues that tariff and nontariff barriers to trade determine the openness of an economy, while the success of trade reform is determined by macroeconomic factors.

Therefore, for globalization to lower inequality, economies must also adopt macroeconomic

stabilization policies. There is a significant amount of empirical evidence showing that macroeconomic imprudence derailed much of the trade reform process, which in turn resulted in a significant backflip in a growing subsection of countries. It is in these nations, that the economic outcomes predicted by the Heckscher-Ohlin-Stolper-Samuelson model have not materialized.

Economic theory can explain this relationship. The net effect of expansionary fiscal policy coupled with trade liberalization will be a real exchange rate appreciation (Hatzipanayotou and Michael 1997). If the real exchange rate appreciates, export goods will become less competitive in the international economy. Therefore, a real exchange rate appreciation will decrease demand for unskilled labor within the export-oriented industry, thus lowering wages and employment in this sector. As alluded to above, this leads rising inequality in developing nations, which are moving away from the sector in which they have a comparative advantage in export markets.

This effect is magnified if fiscal expansion attract relatively more skilled labor, which is likely. Indeed, large bureaucracies can discriminate against unskilled labor in favor of more educated workers, which can reinforce inequality problems. Overall, these forces mitigate the Heckscher-Ohlin-Stolper-Samuelson effects within export-oriented industries in developing nations.

The complex nature of these relationships has perhaps muted the debate on the nexus between trade liberalization, fiscal expansion, and inequality in developing countries. Indeed, the process described above is often ignored in the media. Instead, fiscal prudence is often associated with austerity programs, which can curtail expenditure on social goods, such as education and health. However, economists, by and large, agree that expenditures on health and education are key to equitable economic growth (Ranis et al. 2000). Therefore, if equitable-growth driven by trade liberalization requires fiscal prudence, and if health and education reinforce equity within economies, the question ought to be not whether governments should spend more or less, but rather what sources of expenditure need to be curtailed in order to ensure the success and sustainability of liberalization policies.

Much of the theoretical and empirical literature in economics shows that trade liberalization, coupled with macroeconomic prudence, has the ability to lower wage inequality in the developing world. Ensuring the sustainability of these policies is paramount to the development process. Governments must continue to liberalize trade, while cutting expenditure on areas with lower social value.

## References


Balassa B (1998) The lessons of east Asian development: an overview. Econ Dev Cult Chang 36(3):273–290

Balassa B, Associates (1971) The structure of protection in developing countries. Johns Hopkins Press, Baltimore/London

Bruton H (1998) A reconsideration of import substitution. J Econ Lit 36(2):903–936

Corbo V (2000) Economic policy reform in Latin America. In: Krueger AO (ed) Economic policy reform. The University of Chicago Press, Chicago, pp 61–98

Edwards S (1993) Openness, trade liberalization, and growth in developing countries. J Econ Lit 31(3): 1358–1393

Edwards S (1995) Crisis and reform in Latin America: from despair to hope. Oxford University Press, Washington, DC

Hatzipanayotou P, Michael M (1997) Real exchange rate effects of fiscal expansion under trade restrictions. Can J Econ 30(1):42–56

Krueger AO (1978) Foreign trade regimes and economic development: liberalization attempts and consequences. Ballinger Publishing, Cambridge, MA

Little I, Scitovsky T, Scott M (1970) Industry and trade in some developing countries: a comparative study. Oxford University Press, New York/Toronto

Manning C, Posso A (2010) Trade and labour market outcomes: why have the east Asian cubs lagged behind the tigers? In: Athukorala P (ed) The rise of Asia: trade and investment in global perspective. Routledge/Taylor & Francis Group, London/New York, pp 292–308

Michaely M, Papageorgiou D, Choksi A (1991) Liberalizing foreign trade: lessons of experience in the developing world, vol 7. Basil Blackwell, Cambridge, MA

Posso A (2016) La Pesadilla neoliberal: why East Asia did not experience a neoliberal nightmare, while Latin America did. In: Hill H, Menon J (eds) Managin globalisation in the Asian century. ISEAS, Singapore

Ranis G, Stewart F, Ramirez A (2000) Economic growth and human development. World Dev 28(2):197–219

Rodrik D (1990) How should structural adjustment programs be designed? World Dev 18(7):933–947

Rodrik D (1995) Trade and industrial policy reform, chapter 45. In: Chenery H, Srinivasan TN (eds) Handbook of development economics, vol 3, 1st edn. Elsevier, Holland, pp 2925–2982
Rodrik D (2008) One economics, many recipes: globalization, institutions, and economic growth. Princeton University Press, Princeton/Oxford
Williamson J (1990) What Washington means by policy reform. In: Latin American adjustment: how much has happened, vol 7. Peterson Institute for International Economics, Washington, D.C., pp 7–20
World Bank (1993) The east Asian miracle: economic growth and public policy. Oxford University Press, New York

# Regional Social Budgets, Russia

Elena Gorina
Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Social spending; Social expenditure; Regional finance; Public spending; Regional social policy; Social public services

## Definition

Social budget is considered as public expenditure on education, health, culture, and social protection.

Regional budget (in Russia) is a subnational government consolidated budget consisting of constituent entity's budget and local (municipal) budgets. Budgets of constituent entities of the Russian Federation and local budgets are parts of the general government budget also composed of the federal budget and federal extrabudgetary funds (the pension fund, the social security fund, and the health insurance fund together with its regional divisions).

As a federal state, Russia has legislation separating competencies and powers within the hierarchy of public authorities of different levels. In the early and mid-2000s, Russia adopted federal framework laws which, firstly, streamlined the distribution of powers, obligations, and funds among the federal center and the authorities of the more than 80 constituent entities (regions) of the Russian Federation (RF) and secondly, defined local matters falling within the competence of municipal authorities (they are not part of the state power). The legislators introduced the concept of subsidiarity in the form of the "best level" principle meaning that responsibility for the provision of a public service rests with the authorities at the lowest level of the authority's hierarchy capable of duly performing this duty. The legislators also set the mechanism of assuming obligations whereby only those authorities that directly set budget obligations can and must fund them using revenues at their disposal.

Generally, subnational government spending, including social one, is the sum of expenditures to fund the region's obligations, expenditures (via fund transfers) to fund obligations delegated from the federal level, and expenditures on local public goods at the municipal level.

## The Composition of Regional Social Spending

In the existing system of distribution of powers, both regional and local authorities are responsible for a wide range of social services and programs. This is in keeping with the practices of many developed nations, especially federal states.

The federal laws 184/1999 and 131/2003 as amended assign to subnational governments a set of expenditure responsibilities in the social sector. These are:

- Providing early childhood care, preschool, primary, secondary, and afterschool education
- Providing vocational education and training
- Organizing recreation for children in summer camps
- Projects in the field of youth
- Running orphanages, providing adoption and fostering

- Providing welfare services to senior citizens and persons with disabilities
- Paying allowances to families with children, low-income households (for example, for housing and utilities)
- Maintaining regional and municipal public libraries, museums, and theatres
- Protecting and maintaining objects of cultural and historical heritage
- Organizing emergency and primary medical care, providing health care in specialized hospitals
- Providing medical insurance for the unemployed, children, and senior citizens

The items of regional social spending include the following:

- Routine maintenance of institutions (kindergartens, schools, nursing homes, libraries, and so on) to ensure their smooth functioning and, accordingly, to guarantee access for the public to services they provide, to such an extent and according to such standards as set forth in laws and regulations
- Payment of salaries to employees
- Rehabilitation of buildings and infrastructure, construction of new buildings and infrastructure
- Payment of welfare benefits and subsidies to different categories of people
- Organization of social initiatives, cultural, and sports events
- Fund transfers to local budgets for current expenses and social projects (in case regional authorities delegate some of their powers to local authorities)

So, the competencies of regional and local authorities in Russia cover a variety of essential issues related to the formation and development of human capital.

## The Role of Regional Budgets in Public Social Spending in Russia

Nearly one-third of overall public social expenditures (including transfers to fund federal obligations) are channeled via regional budgets.

Regional budgets are responsible for the bulk of financing in education and culture (Fig. 1).

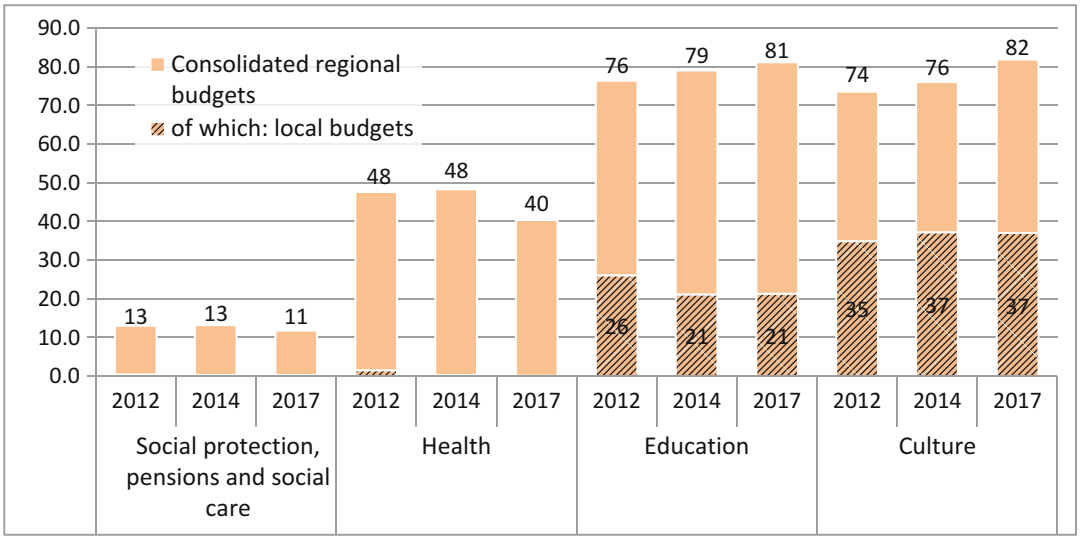


**Regional Social Budgets, Russia, Fig. 1** Subnational governments account for about 11–82% of general government budget social expenditures (at the cost of regional revenues only, excluding special purpose federal transfers)

Over the last 5 years, the center of gravity has shifted even further: the share of subnational funds in education grew from 76% to 81%, and in culture, from 74% to 82%. This shift was in large measure promoted by the federal authorities' decision to significantly increase public employees' salaries (more about this later). Local budgets, too, play an important role in the funding of these spheres: thus, in many regions, cultural and educational institutions are in the responsibility of municipal and not regional authorities.

The regional health care funding has a fairly complicated structure. All medical services guaranteed to the population under the "free" public health care program are financed from the mandatory health insurance funds (the single-source financing scheme). The regional budgets in their turn are responsible for providing health care in specialized hospitals (for tuberculosis, cancer, psychiatric conditions, and so on). They also finance those health care projects that are either unrelated to the medical service provision per se (for instance, blood donation or food safety and disease control and prevention) or related to the development of health care sector (upgrading, building and equipping medical facilities, introduction of innovative methods in medicine, human resources, etc.).

With the introduction of the single-source scheme, public funds account for only about one-half of Russia's health care expenditures, and most of these funds are regional too. Regions spend on health thrice as much as the federal center, whose contribution to the funding of this sector is declining in absolute terms.

The system of social protection, which includes a pay-as-you-go pension system, is financed mostly from the state insurance funds (the pension fund and the social security fund) and the federal budget. The gross spending of these funds and the federal budget (which includes pensions, benefits for the disabled and veterans, maternal and parental leave allowances, sick and temporarily disability and unemployment allowances, etc.) has been growing faster than the regional expenditures on welfare benefits. For this reason, by 2017, the regional budgets' contribution went down to 11%, although it is precisely regional authorities who are responsible for all welfare assistance to low-income households, social care for elderly and the disabled, as well as for many kinds of assistance for families with children and senior citizens.

## Social Burden of Regional Budgets

In Russia, public social spending accounts for about 20% of the GDP. Comparing only the sum of those budget items that are considered in the statistics of the Organisation for Economic Co-operation and Development (OECD) (that is minus expenditures on culture and all levels of education save early childhood education and care), this share is even lower – 16.9% of the GDP. In the OECD member states, the share of social spending in GDP (about 21%) was reached the historical maximum in 2016.

Social expenditures account for 57–59% of the regions' overall expenditures. Education accounts for the largest segment (25% on the average), health and social protection account for 13–15%, and culture, for less than 4%.

But these average values do not reflect variations among the regions. Thus, every third region spends on education more than 30% of its budget, and about one-third of the regions spend more than 15% of their budgets on health. There are also large variations in social protection expenditures: in 6 constituent entities, their share is less than 10% and in 16 – more than 18% (Fig. 2).

In general, the regions with a lower than average share of social expenditures are either regions with the highest revenues (Moscow and oil producing regions) or the Far North regions, with their higher-than-average spending on the maintenance of public utilities. And most of the economically weak regions, in contrast, carry the greatest burden of social spending. On the one hand, they do not have enough funds for other budget items, and on the other, they usually have a higher-than-average share of dependent population groups, such as elderly and children, which increases demand for social services and assistance.

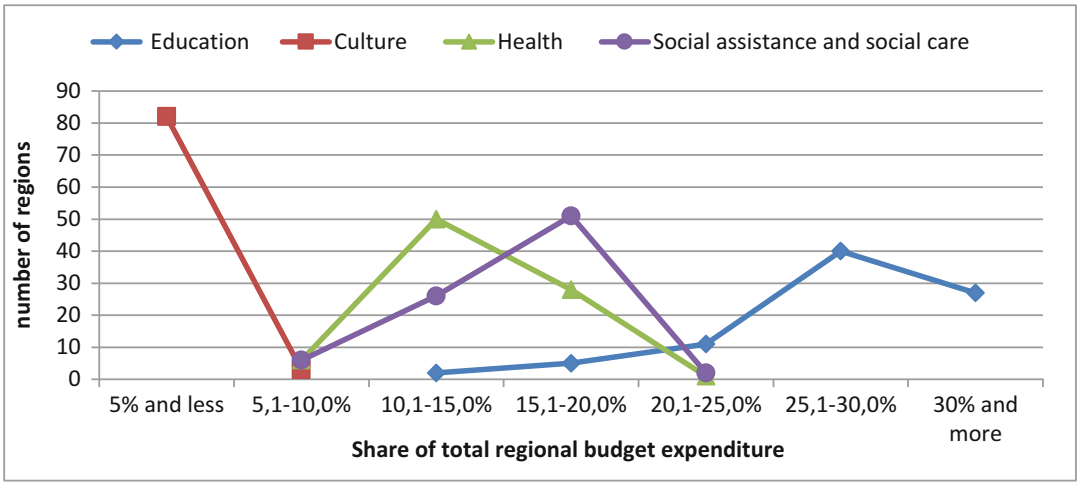


**Regional Social Budgets, Russia, Fig. 2** Russia's regions differ considerably on the share of social spending in total regional budget expenditures, 2017

## Some Problems of Regional Social Spending in Russia

In order to better understand the Russian specifics of public social spending at regional level, several thorny issues need to be addressed.

Firstly, the characteristics of regional social spending are affected by the way how fiscal capacity and expenditure obligations are distributed among the different levels of public authorities. One of the problems is related to the fact that in the Russian system of budgetary federalism, the last 10–15 years have witnessed a growing discrepancy between the centralization of fiscal powers and the decentralization of public spending.

Some decisions made by the federal authorities at that period significantly affected the volume of social obligations borne by the regions. For instance, the reform of intergovernmental finance in the mid-2000s delegated to regional authorities significant social spending obligations without a matching increase in fiscal capacity. One of the critical decisions was adopted in 2012: President in his decrees set the goal to considerably increase salaries for doctors, teachers, social workers, scholars, and other public employees in the course of 2–6 years. Almost the entire financial burden of fulfilling "the salary decrees" has been borne by the subnational government since between 85% and 99% of public employees work in organizations owned by the regions or municipalities. However, contrary to the provisions of Russia's Budget Code, the new budget obligations were not accompanied with new sources of revenue for their financing. The federal transfers compensated the regions only for a small part of the expenses necessary to fulfill the decrees. Considering that the period under discussion saw the increase in budget constraints, many regions have been compelled to channel some of the funds previously earmarked for other budget items into the new priority items and to borrow actively (World Bank 2016).

Seriously affected by these developments, in 2012–2017, the dynamics of regional social spending became saltatory. So, having ensured a salary hike for teachers within 2 years, later the regions have been holding in check the growth of educational expenditures and many regions even reduced them in nominal terms. The same happened to cultural expenditures. The peak of the policy of cuts fell on 2015–2016, followed by a gradual return to the normalcy.

The situation with social protection and health care looks better. As for expenditures on cash and in-kind benefits, regional authorities on most occasions have been treading more softly: the

issue is both socially sensitive and important from the electoral perspective. Yet, some regions were reducing social protection expenditures, mostly by force of circumstances, because of large budget deficits and debt loads. In 2017, the number of regions facing these challenges grew. But it does not appear as if this tendency is going to stay. Considering that halving the poverty rate is a proclaimed national goal of the social policy until 2024, it is very likely that regional authorities will have to correct their restrictive policies in the area of social assistance and seek additional funds for the development of targeted programs to support low-income groups.

Another important issue is a territorial aspect of social justice. It is of great relevance in Russia as a country with a high degree of socioeconomic heterogeneity. Although two-thirds of Russia's regions are more or less similar to each other in terms of economic development and fiscal sustainability, regions in the remaining one-third differ greatly with respect to their GDP, fiscal capacity, population's incomes, etc. (World Bank 2017).

The federal center's equalization policy reduces social disparities among the regions: the center redistributes among them a large portion of the revenues (about 2% of GDP), and in the most economically weak regions, federal transfers account for 70–80% of subnational revenues. However, significant disparities among regions in terms of social spending persist, and this provokes inequality in terms of availability and quality of social services.

A good case in point is variations among the regions with regard to the levels of per capita public spending on secondary school students. The gap between the average values of this indicator in the top 10 and the bottom 10 regions is as high as 2.5. This attests to the fact that children from economically disadvantaged regions have far poorer chances to receive high-quality secondary education.

In terms of decision-making freedom accorded to regional authorities, social protection is perhaps the best among all social spheres. This circumstance gives rise diversity of approaches to the social assistance provision (kinds and amounts of benefits, conditions of their provision), and, as a consequence, variations not only in the percentages of public spending but also in the results of social programs (for instance, with regard to poverty).

The issue of effectiveness of social spending deserves consideration as well. Presently, in Russia, evaluation of effectiveness of public expenditures is an element of result-based management: it is carried out as a part of the evaluation of public programs performance, including at regional level. Ongoing monitoring is the competency of the same authorities that are responsible for planning and carrying out these programs, so the evaluation of effectiveness often amounts to nothing more than a mere formality.

It is usually only academic researchers (e.g., Akhremenko 2013; Nazarov and Pošarac 2017) who evaluate social expenditures efficiency and effectiveness comparing resources, outputs, and outcomes. Certain areas of regional social spending were subject to such evaluation. Thus, DEA-based comparative evaluation of effectiveness of social protection spending (Tumaniants and Sesina 2017) showed that the social policies of Russia's regions are mostly extensive, and regions differ strongly from one another in terms of effectiveness. The lowest effectiveness ratings (in terms of "input-output") in the sphere of social assistance were given to the least economically developed and the most economically developed regions. The former do not have enough public funds available and can finance only a minimum of obligations which have but a small effect on the poverty rates. The latter, meanwhile, perhaps do not have enough incentives to increase the cost-to-benefit ratio of public expenditures. The most efficient social protection expenditures were found in regions with the average level of socioeconomic development: they have both the motivation and the capacity for ensuring a more optimal system of social assistance.

## Cross-References


- ▶ Budgeting in the Public Sector
- ▶ Constitutional Federalism and Public Administration, Russia
- ▶ Control of Social Spending, Russia

▶ Government Budget Laws in Russia
▶ Regional Finance in Russia

## References

Akhremenko A (2013) Public sector efficiency in Russian regions: 2008 – 2011. National Research University "Higher School of Economics" working paper WP14/2013/07/ (in Russian)
Nazarov V, Pošarac A (eds) (2017) Towards an effective social assistance in Russia: targeting, means testing, universality. Financial Research Institute, Moscow
Tumaniants K, Sesina J (2017) Social expenditures of Russian regions in terms of "input-output". Ekonomicheskaya Politika 12(5):128–149. (in Russian)
World Bank Group (2016) Russia: subnational governments' fiscal response to the economic downturn. World Bank, Washington, DC
World Bank Group (2017) Convergence without equity: a closer look at spatial disparities in Russia. World Bank, Washington, DC

# Regression Analysis

Farid Makhlouf
Finance, Pau Business School, Pau, France

## Synonyms

Cross-sectional data regression; Linear regression; Multiple regression; Panel data regression; Simple regression; Time series regression

## Definition

Regression analysis refers to methods, techniques, and processes for studying the relationship between a dependent variable and the explanatory variables.

## Introduction: What Is Regression Analysis?

Financial, managerial, marketing, and economic decisions are usually established based on the relationship between two or more variables. Regression analysis can be used to show how these variables relate to each other. Regression analysis can also be used to improve understanding the phenomenon, test theories in social sciences, and investigate hypotheses. Regression analysis is an essential research tool in social sciences. It can be classified into two fields: micro-econometric and macro-econometric. Micro-econometric is applied to individual data, whereas macro-econometric is applied to aggregate data. The variable being predicted or studied has many synonyms: the dependent, explained, endogenous, regress and, predict and, outcome, response, and controlled variable. It is often denoted by ($y$). The variables used to explain the dependent variable are called the repressors, independent, explanatory, predictors, regressors, covariates, and stimulus variables. They are often denoted by ($X$).

The function that describes how the dependent variable is related to a number of possible explanatory variables and an error term is referred to as the regression model. Two main models widely used in regression analysis are simple and multiple linear regression models. The simple regression analysis takes into account only two variables (dependent and independent). In other words the dependent variable is explained by only one variable and other unobservable factors which are represented by error term. However, the multiple regression analysis considers more than one independent variable.

When the dependent variable assumes two discrete values, the ordinary multiple regression is no longer valid; logistic regression is more appropriate. Logistic regression requires a dependent variable and (k) independent variables. Regardless of the nature of the dependent variable, the regression model can be written as follows:

$$y = f(X_1, \ldots, X_k, \varepsilon) \quad (1)$$

where

$y$: dependent variable. $y$ represents the response variable.

$X_1, \ldots, X_k$: are $k$ independent variables with $k \in \mathbb{N}*$. Independent variables assumed to be non-stochastic and independent of each other. These variables are supposed to explain y. The relationship between dependent

R

variables and covariates can be motivated and driven from theory or hypothesis.

$\mathcal{E}$: The error term $\mathcal{E}$ is assumed to be independent and identically distributed. The error term is also assumed to be random having normal distribution with a mean equal to zero and constant variance ($\sigma^2$).

$f$: is the function defining and expressing the relationship between explanatory variables and the dependent variable. In other words, $f$ explains how the independent variables are related to the dependent variable. It can be parametric or nonparametric, linear or nonlinear.

Regression analysis also uses data to test and study the nature of relationships between variables. The main objectives of regression analysis intend to:

1. Test theories in economics and management which provide information and evidence on the process that determines the evolution of phenomena; regression analysis provides empirical verification and/or validation.
2. Evaluate the effectiveness of public actions and social programs.
3. Forecast and predict the evolution of economic and financial variables such as public spending, financial indices, exchange and interest rates, inflation, etc.
4. Assess selected company policies.

In regression analysis the researcher or the modeler should take into account:

1. The function to be used that connects the explanatory variables to the dependent variable (which is usually linear) such as

$$y = \beta_1 + \beta_1 \times X_1 + \beta_2 X_2 + \ldots \beta_k \times X_k + \mathcal{E} \quad (2)$$

2. The method used in estimation of the parameters associated with the model
3. Statistical tests for the quality of the coefficients and residuals
4. Indicators of the quality of the model

The rest of this chapter is organized as follows:

Section "Building Model" describes econometric models and steps required to build those models.

Section "Data Structure and Regression Analysis" treats the relationship between data structure and regression analysis.

Section "Hypotheses in Regression Analysis" discusses hypotheses in regression analysis.

Section "Estimation in Regression Analysis" discusses estimation and interpretation of results in regression analysis by taking two examples, the first in simple regression and the second in multiple regression.

Section "Conclusion" concludes this chapter.

## Building Model

### Definition

The model can be defined as partial presentation of the reality. In econometrics this representation of the reality can often be carried out simply, by equations. The main objective of the model to understand the behavior of variables and to make informed predictions. To construct a model in econometrics, the following steps are required: theoretical reference, formalization of relationships between variables, measurement of variables, and estimations. As stated in the introduction, regression analysis aims to estimate the nature of the relationship between economic and social variables, etc. The first step is particularly important to specify the model to be estimated. The model can be derived from a theory or a hypothesis concerning the existence of a relationship between two or more variables. Supposing a government asks for an assessment of the impact of an education policy on student performance, in other words the effectiveness of education policies; in this case the appropriate model can be written as follows:

$$y = f(X_1, X_2, X_3, ..X_k) \quad (3)$$

$y$ the student performance can be measured by the final result at the end of year and $X_1, X_2, X_3, \ldots X_k$ are the potential determinants of performance such as public spending in education, income and education level of parents, teacher quality, geographical location, etc. It is true that other unobservable variables can also influence student success such as academic ability, illness, or any other unpredicted events (represented in the regression equation as $\varepsilon$). Assuming that the relation is linear in parameters, the model can be written as follows:

$$y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \ldots + \alpha_k X_k + \varepsilon \quad (4)$$

In Model 4 there are $k$ explanatory variables of student performance and ε contains unobservable variables. The parameters ($\alpha_0$, $\alpha_1$, $\alpha_2$, …, $\alpha_k$) are unknown, identified as the regression coefficients. $\varepsilon$ is the error term and can also represent the unobservable random variable. The main question in the regression analysis is how to estimate the parameters ($\alpha_0$, $\alpha_1$, $\alpha_2$, …, $\alpha_k$). To answer this some assumptions must be stated (see section "Hypotheses in Regression Analysis").

The error term arises because the relationship between y and the explanatory variables is a simplification of reality. In regression analysis it is essential to distinguish between the error term and the residual. The residual is the estimation of the error term noted $\widehat{\varepsilon}$ (see section "Estimation in Regression Analysis").

The main idea proposed in the regression analysis is to minimize the sum squared error ($\varepsilon^2$). The parameters ($\widehat{\alpha}_0, \widehat{\alpha}_1, \widehat{\alpha}_2 \ldots, \widehat{\alpha}_k$) are estimators of the parameters of Model 4. The estimated model can be written as follows:

$$\widehat{y} = \widehat{\alpha}_0 + \widehat{\alpha}_1 X_1 + \widehat{\alpha}_1 X_2 + \ldots + \widehat{\alpha}_1 X_k \quad (5)$$

The difference between the observed and the estimated performance is the residuals noted $\widehat{\varepsilon}$. The most known and used technique is OLS.

## Steps to Building Model

1. Theoretical references and investigations: in this first step, the theory or hypotheses are established.
2. Regression model (specification): the mathematical model of the theory is stated and the relationship between variables is established.
3. Measurement of variables (data collection): the specific data collected will be used in the regression analysis and are referred to as the data set.
4. Estimation (estimated regression equation): once data has been collected, the equation parameters can be estimated.
5. Results analysis: is the model statistically correct?

   Yes: if the fitted model is good (approximation to the reality), the final step can begin. This is the interpretation of the model and its applications.

   No: new specifications or new data as required.

## Notations in Regression Analysis

Regression model: $y = \alpha_0 + \alpha_1 X_1 + \ldots + \alpha_k X_k + \varepsilon$.

Regression equation: $E(y \backslash X_1, \ldots, X_k) = \alpha_0 + \alpha_1 X_1 + \ldots + \alpha_k X_k$ with $E(y)$ is the expected value of y given the explanatory variables.

Estimated regression equation: $y = \widehat{\alpha}_0 + \widehat{\alpha}_1 x_1 + \ldots + \widehat{\alpha}_k x_k$.

$\varepsilon$ errors: can be caused and amplified by misspecification, poor measurements of variables, or omission of pertinent variables.

$\widehat{\varepsilon}$: residual.

## Linear Function vs Nonlinear Function

In the theoretical model, the nature of the relationship may or may not be linear. In the regression model, transformation of variables can often be performed in order to use a linear framework. In most cases the logarithmic transformation of independent and dependent variables is used in a regression model to linearize the relationship between dependent variable and explanatory variables, for example, estimating the Cobb-Douglas production function: $y = f(A, K, l) = AK^{\alpha}L^{\beta}$ where A is the technology and $K$ and $L$ are production factors, namely, capital and labor, respectively. The regression model can be written as $\log(y) = \log(A) + \alpha \log(K) + \beta \log(L) + \varepsilon$. The parameters $\alpha$ *and* $\beta$ are considered as elasticity of the production

with respect to capital and labor, respectively. Table 1 gives logarithmic transformation and interpretations of the regression parameters.

### Single-Equation Model Versus Multi-equation Model

In the single-equation model, the dependent variable is explained by one function. However, in the multi-equation model, at least two functions must be applied at the same time despite the number of variables, for example, in the case of two endogenous variables ($y$ and $x$):

$$\begin{cases} y = f(x,\ Z) \\ x = g(y,\ Z) \end{cases}$$

where $f$ and $g$ are functions and $Z$ is the exogenous variable.

### Interaction Between Variables

In regression analysis the join effect of two variables on the dependent variable can be studied. For example, the effect of $X$ an $Z$ on $y$ can be modeled as the following:

$$y = \alpha_0 + \alpha_1 X + \alpha_2 X + \alpha_3 (XZ) + \varepsilon.$$

$\alpha_3$ can account for the potential effect of $X$ and $Z$ acting together on $y$.

### How Many Explanatory Variables Should Be Used in Regression Analysis?

Without any theoretical reference, the regression analysis can investigate the relationship between variables. To test whether the addition or deletion of a new variable to a model is pertinent or not in regression analysis, a $F$ test is used (for more details, see Greene 2000). This test is based on the variation of the error resulting from adding or deleting variables. The test will validate the addition or deletion of variables. In the regression analysis, there are techniques that enable the selection of explanatory variables such as forward regression and stepwise regression.

### Data Structure and Regression Analysis

The main objective of this section is to summarize the link between data structure and regression analysis. The regression that is appropriate depends on whether the data for the dependent variable are categorical or quantitative (for more details, see Anderson et al. 2014). Figure 1 summarizes the nature of dependent variables.

The nature of the dependent variable (qualitative or quantitative) will condition the technique to be used in the regression analysis. In other words, it is important to know the structure of the data to be used in the regression in order to propose the appropriate technique. There

**Regression Analysis, Table 1** Variable transformations

| Model ($\log(1) = 0$; $\log(X^A) = A \times \log(X)$; $\log(X \times Z) = \log(X) + \log(Z)$; $\log(X \div Z) = \log(X) - \log(Z)$; $\log(e) = 1$; $e = 2.718282$) | y = f(X) | | Interpretation |
|---|---|---|---|
| Log–log | Log (y) | Log (X) | Percentage change in $Y$ *affected* by percentage change in $X$ (Elasticity $= \frac{\frac{\Delta y}{y}}{\frac{\Delta x}{x}}$) |
| Log–linear | Log (y) | X | Percentage change in $Y$ when $X$ increases by one unit |
| Linear–log | y | Log (X) | Change in $Y$ as $X$ increases by % |
| Linear | y | X | Change in $Y$ when $X$ increases by one unit |

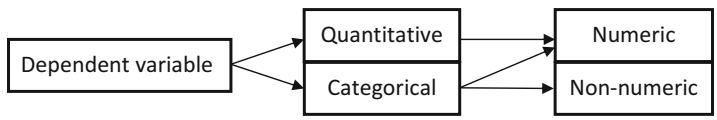


**Regression Analysis, Fig. 1** Dependent variable

are three types of data: time series data, cross-sectional data, and panel data (longitudinal data).

### Time Series Data

Data collected over a time interval are known as time series data such as stock price, sales, inflation, etc. Data are generally noted with a time index ($X_t$) where "t" is time; it can be years, semesters, months, days, hours, etc. In this case regression analysis refers to time series regression. The model with "k" explanatory variables can be written as follows:

$$y_t = f\left(X_t^1, \ldots, X_t^k, \varepsilon_t\right) \tag{6}$$

where
t: time.
$y_t$: dependent variable taking values over a specific time period
$X_t^1, \ldots, X_t^k$: explanatory variables
$\varepsilon_t$: errors

Regression analysis can explain and predict the behavior of the dependent variable over time. Regression analysis is commonly applied for modeling and forecasting of economic, financial indicators. In some cases, when the dependent variable is explained only by its past, the appropriate model is autoregressive as follows:

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \alpha_2 y_{t-2} + \ldots + \alpha_2 y_{t-h} + \varepsilon_t \tag{7}$$

with $h \in \mathbb{N}*$ and $h < t$. The number of observations is equal to $T$.

### Cross-Sectional Data

Cross-sectional data are collected from a sample of individuals such as firms, household, states, countries, etc. at the same moment in time. Cross-sectional data are usually noted as ($X_i$) $i = 1, 2, \ldots, N$ with $N$ equal to sample size. In this case, regression analysis refers to cross-sectional data regressions. The model can be written as follows:

$$y_i = f\left(X_i^1, \ldots, X_i^k, \varepsilon_i\right) \tag{8}$$

where
i = {1, 2, . . ., N}: individuals
$y_i$: dependent variable that takes its values over individuals
$X_i^1, \ldots, X_i^k$,: explanatory variables
$\varepsilon_i$: errors
The number of observations is equal to $N$.

### Panel Data

Data which have both time series and cross-sectional features are called panel data. For example, ten company surveys were carried out from 2010 to 2017. The advantage of panel data is that they take into account the individual and the temporal effect. This also makes it possible to consider the heterogeneity of individuals.

Two main models can be studied under panel data: random effects model and fixed effect model. Two types of panel data exist: balanced panel, in which case each individual has the same number of observations, or unbalanced panel in which case the number of observations varies between individuals. Panel data are presented with two indices as follows: $X_{it}$. The number of observations= N × T. The model with k explanatory variables can be written as follows:

$$y_{it} = f\left(x_{it}^1, \ldots, x_{it}^k, \varepsilon_{it}\right) \tag{9}$$

where
$i$: individuals
$t$: time
$k$: the number of explanatory variables
$y_{it}$: dependent variable that takes its values over individuals and time
$x_{it}^1, \ldots, x_{it}^k$: explanatory variables
$\varepsilon_{it}$: errors that can be split into two component errors, from time and individuals

## Hypotheses in Regression Analysis

In regression analysis some assumptions are required in order to better fit the dependent variable. Suppose the following model in Eq. 10 needs to be estimated:

$$y_i = f\left(X_i^1, \ldots, X_i^k, \varepsilon_i\right) \tag{10}$$

The model presented in Eq. 10 means that k explanatory variables can explain or determine $y$, either by hypothesis or by theory. To find how these explanatory variables influence y, the following assumptions are essential:

1. The relationship between dependent variable and explanatory variables is linear. This assumption enables Model (10) to be written as follows:

$$y_i = \alpha_0 + \alpha_1 X_i^1 + \ldots + \alpha_k X_i^k + \varepsilon \tag{11}$$

2. Explanatory variables are not stochastic (random).
3. $E(\varepsilon \setminus x_1, \ldots, x_k) = 0$: Explanatory variables are exogenous; in other terms the expected value of errors given explanatory variables is equal to zero.
4. Homoscedasticity: $variance(\varepsilon = \sigma^2)$ the variance of errors is constant.
5. $E(\varepsilon) = 0$: The expected value of the error term is equal to zero.
6. $covariance\left(\varepsilon, \overset{\cdot}{\varepsilon}\right) = 0 \; for \; all \; \varepsilon \neq \overset{\cdot}{\varepsilon}$ . Errors are independent.
7. Normality: $\varepsilon \sim \mathcal{N}(0, \sigma^2 \mathrm{I})$. Errors are normally distributed. Figure 2 gives the normal distribution.

The least-squares parameters vary according to the sample taken. Thus parameter equation $(\widehat{\alpha}_0, \ldots, \widehat{\alpha}_k)$ can be considered as a random variable. Through assumptions Eqs. 1–7, the parameters $(\widehat{\alpha}_0, \ldots, \widehat{\alpha}_k)$ are BLUE (best linear unbiased estimators) which means that:

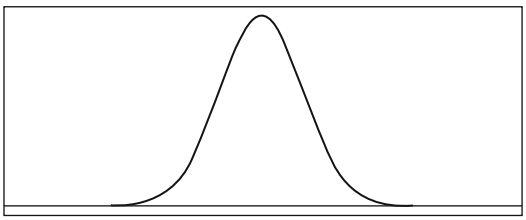

**Regression Analysis, Fig. 2** Normal curve

**Best**: the estimators are efficient because they have a minimal variance compared with other unbiased estimators.

**Linear**: the estimator is linear since the estimators can be written as a weighted mean of the dependent variable.

**Unbiased**: means that expectation of the estimated parameters is equal to the true parameter. For example, in average $\widehat{\alpha}_0 = \alpha_0$; in other terms $E\left(\widehat{\Theta}\right) = \Theta$ with $\widehat{\Theta} = \{\widehat{\alpha}_0, \ldots, \widehat{\alpha}_k\}$and $\Theta = \{\alpha_0, \ldots, \alpha_k\}$.

## Estimation in Regression Analysis

An estimator is a method that allows the estimation of unknown parameters. The estimation is a numerical value provided by an estimator. There are several estimation techniques used in regression analysis, namely, ordinary least square (OLS), generalized method of moments (GMM), maximum likelihood (ML), quasi-maximum likelihood (QML), nonparametric (NP), etc. This subsection describes two main estimations in analysis regression, i.e., simple regression and multiple regression using the OLS estimation. The linear regression with OLS estimation is the most and widely used technique in regression analysis.

### Simple Regression

In simple regression one explanatory variable is used to explain and/or predict the dependent variable projected by a straight line. Taking an example of two variables ($X$ and $y$) $X = \{1; 2; 3; 4; 5\}$ and $y = \{4; 3; 7; 8; 11\}$, the set of observations $(X, y)$ is called the sample. The relationship between $X$ and $y$ is assumed to be linear so the model can be written as follows:

$$y = \alpha_0 + \alpha_1 X + \varepsilon. \tag{12}$$

The variable $\varepsilon$ can reflect the unobservable factors that influence $y$. Figure 3 shows the scatter plot between the dependent variable $y$ which is explained by one explanatory variable $X$. The estimated regression can be expressed:

$$\widehat{y} = \widehat{\alpha}_0 + \widehat{\alpha}_1 x. \tag{13}$$

The main idea is to explain the variation of $y$ by $X$. Geometrically, Eq. 13 is a line; see Fig. 3. Applying the OLS technique provides the best line and the least-squares estimators $(\widehat{\alpha}_0, \widehat{\alpha}_1)$ which minimize the sum of the squared residuals. This idea can be translated mathematically by this criterion:

$$\text{Minimize} \sum (y - \widehat{y})^2. \tag{14}$$

$\widehat{y}$ is called the predicted or fitted value and $y$ is called the observed value. Condition 14 can be written as follows by replacing $\widehat{y}$

$$\text{Minimize} \sum (y - \widehat{\alpha}_0 + \widehat{\alpha}_1 x)^2 \tag{15}$$

The aim is to find $\widehat{\alpha}_0, \widehat{\alpha}_1$ which minimize the expression (15). Several software packages (R, STATA, SAS, Eviews, SPSS, Gmulti, Gretl, Excel, etc.) can directly calculate the parameters that satisfy the expression (15). Analytically (for more details, see Wooldridge 2009) $\widehat{\alpha}_0, \widehat{\alpha}_1$ can be calculated by using these formulae: $\widehat{\alpha}_1 = \frac{\text{cov}(X, y)}{\text{var}(x)}$ ; $\widehat{\alpha}_0 = \text{mean}(y) - \widehat{\alpha}_1 \times \text{mean}(x)$ . The result of the equation above is given in Fig. 3 and Table 2.

Table 2 shows the relationship between the observed dependent variable and the fitted or predicted dependent variable. Table 2 clearly shows that the observed value is equal to fitted value plus the residual value.

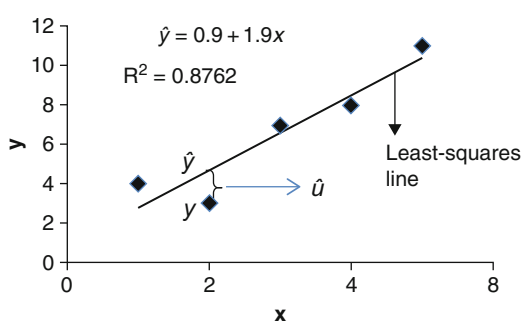


**Regression Analysis, Fig. 3** y: Dependent variable; x: Explanatory variable

## Multiple Regression

Multiple regression analysis involves more than one explanatory variable in addition to the constant term or intercept. Now, suppose that the dependent variable $y$ studied in simple regression is influenced not only by $X$ but also by a new variable $Z = \{2; 4; 3; 6; 5\}$. In this case the model investigating the impact of $X$ and $Z$ on $y$ requires a multiple regression framework. The model can be written as the following:

$$y = \alpha_0 + \alpha_1 X + \alpha_2 Z + \varepsilon. \tag{16}$$

In the multiple regression, $k$ variables can be added under the following condition: the number of explanatory variables must be less than the number of observations. In Eq. 16, $\alpha_0$ is the intercept, and $\alpha_1$, $\alpha_2$ are the partial effects for each variable, $X$ and $Z$, respectively. Under the same assumptions as for the simple regression using the same criterion (minimizing squared errors) $\alpha_0$, $\alpha_1$, $\alpha_2$ can be estimated by using OLS technique. The estimated model can be written as the following:

$$Y = \widehat{\alpha}_0 + \widehat{\alpha}_1 X + \widehat{\alpha}_2 Z \tag{17}$$

by using the matrix form, the Eq. 17 can be written as the following:

$$y = M\widehat{\theta} \tag{18}$$

where $M = \begin{bmatrix} CXZ \\ 112 \\ 1\ 2\ 4 \\ 1\ \ 3\ \ 3 \\ 1\ \ 4\ \ 6 \\ 1\ \ 5\ \ 5 \end{bmatrix}$ is a matrix of explanatory variables. $C$ is a constant included in the first column, and $\widehat{\theta} = \begin{bmatrix} \widehat{\alpha}_0 \\ \widehat{\alpha}_1 \\ \widehat{\alpha}_2 \end{bmatrix}$ are the parameters of the Eq. 18. The equation parameters can be obtained by the following formula (for demonstration, see Wooldridge):

**Regression Analysis, Table 2** Fitted value and observed value

| X explanatory variable | Y (observed value ) dependent variable | $\widehat{y} = \widehat{\alpha}_0 + \widehat{\alpha}_1 x$ Fitted value (estimated value) | $\widehat{u} = y - \widehat{y}$ Residual |
|---|---|---|---|
| 1 | 4 | $2.8 = \mathbf{0.9} + \mathbf{1.9} \times 1$ | $1.2 = 4–2.8$ |
| 2 | 3 | $4.7 = \mathbf{0.9} + \mathbf{1.9} \times 2$ | $-1.7 = 3–4.7$ |
| 3 | 7 | $6.6 = \mathbf{0.9} + \mathbf{1.9} \times 3$ | $0.4 = 7–6.6$ |
| 4 | 8 | $8.5 = \mathbf{0.9} + \mathbf{1.9} \times 4$ | $-0.5 = 8–8.5$ |
| 5 | 11 | $10.4 = \mathbf{0.9} + \mathbf{1.9} \times 5$ | $0.6 = 11–10.4$ |
| Mean($X$) = 3 | Mean($y$) = 6.6 | | mean($\widehat{u}$) = 0 |
| Variance($X$) = 2 | Covaraince(X, y) = 3.8 | | |
| $\widehat{\alpha}_1 = \frac{\text{cov}(X,\ y)}{\text{var}(x)}; \widehat{\alpha}_0 = \text{mean}(y) - \widehat{\alpha}_1 \times \text{mean}(x)$ | | | |

**Regression Analysis, Table 3** Regression output (results obtained by using data in Table 4 are given in appendix and function "lm" in **R** software. Code is given in appendix)

```
Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept)   2.3222     1.4292   1.625    0.246
X             2.6111     0.5597   4.665    0.043 *
Z            -0.8889     0.5597  -1.588    0.253
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1.062 on 2 degrees of freedom
Multiple R-squared:  0.9453,    Adjusted R-squared:  0.8905
F-statistic: 17.27 on 2 and 2 DF,  p-value: 0.05475
```

First column: the parameters (constant or intercept and the values of $\widehat{\alpha}_1$ and the $\widehat{\alpha}_2$)
Second column: the standard errors for each parameter
Third column: the value of T test
Fourth column: the p-value (probability value) which indicates if the variable is significant or not. The p-value provides information for the relevant decision to be taken relative to the test of hypothesis: $\begin{cases} H_0 : \text{X is not significant and equal to zero} \\ H_a : \text{X is different from zero} \end{cases}$

$$\widehat{\theta} = (X^t X)^{-1} X^t y. \tag{19}$$

The results of the model (Eq. 17) are given in Table 3.

## Regression Diagnostic

In general if the P-value associated to a given explanatory variable is lower than 5%, the explanatory variable significantly impacts the dependent variable. The value of 5% is chosen by the searcher; it can be more or less. Sometimes the p-value can be 10%. Certain statistical software accord stars (*) if the result is significant which provide additional support (see Table 3 signif. codes).

**Regression Analysis, Table 4** Data used in regression

| x | z | y |
|---|---|---|
| 1 | 2 | 4 |
| 2 | 4 | 3 |
| 3 | 3 | 7 |
| 4 | 6 | 8 |
| 5 | 5 | 11 |

To understand the p-value better, the following interpretations will clarify the procedure:

The $p$-value associated to variable (X) is equal to 4.3%, i.e., less than 5%. In this case the variable (X) has a positive and significant impact on the dependent variable (y). However, the p-value associated with variable (z) is equal to 25.3%. In this case the variable does not explain the dependent variable (y). In other words it has no significant impact on y.

### Goodness of Fit in Regression Analysis

In regression analysis residuals measure the difference between fitted values and the observed values of dependent variable $(y - \hat{y})$. A good quality of adjustment in regression analysis means that a large proportion of the variance of the dependent variable is explained by the model or by the explanatory variables. Otherwise, the proportion of the dependent variable that is not explained must be small. In other words the residuals variance should be close to zero.

In the linear regression, the main indicator used is the R-squared $R^2$ or the adjusted R-squared $(\overline{R}^2)$. The R-squared is equal to regression sum of squares divided by total sum of squares (for more details, see Wooldridge 2009). The $R^2$ can be calculated as follows: variance $(\hat{y})/\text{variance}(y)$. The R-squared ranges in value between 0 and 1. When R-squared closes to 0, it means that the quality of the regression is bad; in other terms the model used cannot explain the variation of the dependent variable. Conversely, R-squared closes to 1 may reflect a good quality of adjustment of the model. In Table 3 the adjusted R-squared is equal to 89%, which means the roughly 90% of the variations on y is explained by the model used.

### Issues in Regression Analysis

In regression analysis, the researcher must pay attention to certain problems that can occur and compromise the quality of the regression leading to inappropriate conclusions. In other words, a violation of one or more of assumptions presented in section "Hypotheses in Regression Analysis" leads to the false conclusion. Problems that can lead to false conclusions are the following:

Misspecification due to an omission of one or more relevant explanatory variables in the regression model.

Nonlinear relations: If the real relationship is not linear, the results of the regression can be far from the reality.

Outliers: The presence of outliers in data used in regression changes significantly the regression coefficients.

Multicollinearity: Two or more explanatory variable are highly correlated.

The variance of residual is not constant.

Residual values are autocorrelated.

Residues do not follow normal curve.

## Conclusion

The main objective of this chapter is to provide a general framework of the regression analysis using simple definitions and examples. It summarizes the essential of the regression analysis which highlights how to build a model and how the parameters of the regression are obtained and how the results are interpreted. This chapter is based on a very simple example to better explain regression analysis and provides a general framework for specifying, estimating, and understanding econometric model.

Regression analysis is used to test theories, estimate the causal relationships between variables, predict complex phenomena, and investigate hypotheses.

Most of the data used in the data analysis is the time series (usually financial variables) of cross-sectional data for surveys and panel data. The main technique presented in this chapter is the OLS which is widely used in social sciences.

## Appendix

Code used in "R" for the multiple regression in section "Estimation in Regression Analysis"

```
***Generating data***
X<-1:5
Z<-c(2,4,3,6,5)
y<-c(4,3,7,8,11)
```

***Estimation the model y = alpha0 + alpha1 X + alpha2 Z***

Regression<−lm(y ~ X + Z)

Summary (Regression)

## References

Anderson DR, Sweeney DJ, Williams TA (2014) Essentials of statistics for business and economics, 6th edn. ISBN 13: 978-0-538-75458-3; ISBN 10: 0-538-75458-3

Greene W (2000) Econometric analysis, 4th edn Pearson Education. ISBN: 0-13-013297-7

Wooldridge JM (2009) Introductory econometrics. A modern approach, International student edition, 4th edn ISBN-10:0-324-78890-8; ISBN-13/978-0-324-78890-7

# Regulation on Political Parties

Genesis Quintana
Florida Atlantic University, Boca Raton, FL, USA

## Introduction: The Regulatory Agency

Political parties in Ecuador, South America, are regulated by Ecuador's National Electoral Council (Consejo Nacional Electoral, CNE). The CNE is an independent entity that requires for aspiring political organizations to meet a number of prerequisites in order to qualify as recognized political groups or movements. The CNE's main purpose is to guarantee the exercise of political rights expressed though suffrage. Moreover, its goals are driven by standard of ethics to overview, direct, and guide the organization. In which, the CNE's website explains that its frameworks were created to promote respect, create impartiality, honesty, loyalty, and transparency to the electoral process. Therefore, it is vital to consider the role of the CNE, the regulatory entity that oversees the political parties in Ecuador.

## Regulation Expectations

Regulations are administered decrees. The CNE is an independent entity that guarantees the impartiality and execution of a party formation and electoral process. As of now, the board of directors and its staff do not measure through standardize methods the success of the entity. This lack of standardized testing to measure the performance of the success of the entity that regulates the political parties in Ecuador might hinder the growth and performance of the country's electoral process.

Adding regulation standards to measure the performance standardization works well for the private-public agencies. Regulatory standards should be added to entities that regulate political parties in Ecuador as well. Although, it could be counter argued that a standardization test does not measure improvements of success. Standardized testing the performance of an entity can demonstrate general parameters to demonstrating the entity's current functioning. The pressure to performing well can drive entities to increase its performance. Yet, in order for an entity to have the opportunity to showcase healthy progress, regulatory entities in charge of overseeing political parties should have a realistic framework of goals in place. The *Rule of Nobody* (2014) by Philip K. Howard states, "No act of government is morally valid unless it can be justified as being in the common interest" (p. 89). The purpose of government and political parties is to serve their citizens. The distrust in government increases when its citizens are participant of such service. Nonetheless, the political parties regulated in Ecuador lack professional responsibilities, values, communication, and solving problem skills. Therefore, they should keep a decree of regulations and measure the performance of the regulatory entities. For it is important for entities that regulate political parties to improve their performance and keeping its citizen involve and aware of each milestone they reach. As, this could eliminate the fear of electoral fraud by providing citizens transparency of not only the regulations used, but also its results.

When an entity that regulates political parties refuses to be transparent because of protocols Philip k. Howard (2014) describes this sort of action as, "A plague of legal bullies has descended

like locusts upon the land, using law to advance selfish goals" (p. 81). To a certain decree laws should not dictate the paradigms of a regulatory entity. Instead, if the laws prevent the entity from helping then the entity needs to change its law for more practical solutions.

Political parties' interests should never prevail over the needs of preserving the transparency of its regulatory entities. A regulatory entity should aim to improve its performance while simultaneously avoid setting up unrealistic goals. In which, policies should be reviewed to avoid ethical dilemmas. The cause to this problem can also be influenced by poor leadership skills. For if the board of directors have poor ethics, then it is most likely that the behavior will get carried out through the organization. In which, a change does not have to begin from the outside. Change can begin from the inside by challenging the Board of Director's values and making them accountable for any infraction created by their staff. Change can be originated from the inside out by also educating staff members of conflict and problem-solving skills.

## Regulation Problems

The CNE's regulatory framework to oversee political parties suffers from structural problems that hinder the entity to strive as such. Political parties in Ecuador must have the freedom and equal opportunity to participate. Yet, the CNE's lack of regulatory structures that guide and oversee political parties in Ecuador has created problems. The CNE has collaborated in the past with the National Democratic Institute (NDI) to establish openness and accountability in government. However, how much work has the NDI accomplished or if a progress has been reached with the CNE is currently unknown. In which it has led citizens to speculate the reasons for such meetings and suspicious of the NDI intentions to work with the CNE.

Moreover, the CNE regulates political parties in Ecuador by also executing sanctions to political parties for not following their entity's regulations. In order to decrease complains and lawsuits between political parties, the CNE should construct programs to establish ethical instructions that reflect the policies set forth. These instructions should include how to maintain confidentiality, equal treatment, disclosing apparent or actual conflicts of interest, and objective reinforcement. The representative which will be responsible for negotiating, reviewing, selecting contractors, etc., will partake in zero-tolerance gift and gratuity policies by not accepting anything. It is important to include whistleblower protection, compliance monitoring, and reporting requirements to make agency ethical standards more effective.

In addition, Whistleblower protection program should be set forth in the organization. In which, rewards may be given to staff who observe ethical behavior deficiencies. Reporting requirements help effectiveness of an agency's ethical standards such as the reporting of other forms of revenue other than normal agency compensation (Curry, 158). These programs could drastically impact the management of the political parties and increase its compliance monitoring against activities that inappropriately enrich officials and employees for any actions that are carried selfishly.

## Solutions to Regulatory Problems

It is evident that many countries struggle with many sorts of corruption among political parties, but it seems that enhancing professionalism can prevent risks in regulatory entities. In order to have a healthy organization, project managers need to know how to communicate with the public and conquer the ropes to digital communication techniques for planning, scheduling, and controlling political parties in Ecuador. New technology developments have allowed project managers develop more effective communication systems form part in their organization success. The history of project management forms of communications and leadership have radically changed since the 1950s. Burke and Barron (2014) explain that "without an effective system the information overload will lead to chaos" (p. 5). Therefore, it is crucial for entities that regulate political parties

to keep up with the new technologies that form part of the era so that they can continuously inform citizens of how each complain, litigation, and sanction is currently been handled. As, project managers leading regulatory entities that oversee political parties need to get educated, analyze, use, and develop the best communication tools that may fit them, their organization, and their stakeholders.

Regulations for political parties in Ecuador do not tend to plan for risk. How they achieve their objectives is peculiar as there are some risk identification methods that do help prevent failures but seem to be very primitive. In order to avoid regulatory disappointments, it is important for managers and administrators to know advanced key elements that can help identify the risks in their delivery. Regulatory entities setback and failures can be overcome in which case, Cooper and Broadleaf Capital (2005) suggest managers to develop Risk identification techniques that "May include: brainstorming; checklists; questionnaires circulated to a range of personnel; examination of previous similar projects; and specialist techniques" (p. 32). Risk identification tools can help entities regulate not only their agency, but also the success of the political parties in Ecuador. As, each political party would know what to expect from the agency and at the same time hold the leaders of the entity accountable for its functionality.

## Manager's Expectations for Regulatory Agencies

It is crucial that the regulatory agencies are under the direction of competent leaders. Leadership roles are constantly affected by fraud and lack of integrity among managers around the world. Frauds or attempts to fraud should not be ignored. It is a fact that project managers have different management styles, but regardless of this expectations and differences, project managers should use their organization's communication tools and generate their own organization's fraud risk matrix to promote regulations of political parties' integrity and transparencies standards.

Furthermore, Political parties' managers need to be aware that managing is different from leading. As, unlike managing, leadership is not given but earned. All disagreements should not be treated as bad, The Harvard Business Review (1992) remarks that "I am constantly surprised at the frequency with which chief executives fell threatened by open challenges to their ideas, as though the source of their authority, rather than their specific ideas, was at issue" (p. 83). Problems and ideas that rise from regulating political parties in Ecuador should not all be looked down or frown upon. Chief Executives or Board of Directors should not be threatened by open challenges to their ideas because differences can actually turn a negative situation into positive outcomes. Political regulatory entities need to be able to tolerate different and contradictory ideas from their staff.

Instead, managers should execute their project with strategic perspectives that are open to listen to other ideas. Project managers should not worry or get intimidates by their coworkers' ideas because they do not impact their leadership roles. Müller and Turner (2007) state that "Project managers need to focus on the task to achieve the targets for the project, and leave strategic thinking to other project roles, such as the sponsor" (p. 31). In Ecuador, the different management styles for project organization vary. Managers are held accountable for their roles; however, operative boards do not hinder managers from using their own leading styles. Instead, managers are encouraged to use advantage of their leadership uniqueness in order to deliver their projects. In Ecuador political parties do not follow a strict set of regulations. Most of the regulations are set to encourage competition between political parties.

However, entities that work with political parties have been encouraged to operate within transparency standards. It is crucial that managers understand the difference between managing an organization as a structure and managing people. Managers are held accountable and responsible for their organization's success. Therefore, the managers' expectations to lead a regulatory entity should be viewed as a role that is ever changing.

## Initiatives for Improving Work Environment

Regulatory entities that overseeing political parties become more active during electoral season. In an effort to promote a healthier workplace, regulatory entities should encourage their employees to participate in practical ways to improve individual's lifestyle and health. Regulatory entities and employees become public figures and are under more scrutiny. These employees should be taken care of so that their physical and mental health does not weaver. Regulatory entities that oversee political parties could implement rewards, benefits, free healthy snacks, and monthly lunch sessions where they have a chance to teach. Moreover, deficiencies of the program include a lack of resources and capacity to increase the number of participants in wellness initiative programs. A wellness initiative program can help improve the work environment of such entities whom operate under major stress.

A Wellness Program could enhance the compensation and benefits that employees receive providing a competitive benefits package that increases employee's satisfactions, and increments retention, and productivity. A value-based Wellness Program can highly motivate employees to increase performance productivity, thus improving organizational efficiency. Incentives are an important piece of wellness programs, as they drive participations and behavior change (Mackenzie and Shinogle 2012, p. 862). In an effort to improve the efficiency of performance, regulatory entities could use incentives, both monetary and nonmonetary incentives to motivate their employees. For instance, monetary-based incentives include gift cards awarded to employees winning a fitness challenges that could ranging from 25 to 45 dollars. In addition, implementing memberships for similar programs such as weight-loss at-work could offer employees a great incentive to participate.

Some other suggestions for Wellness Initiatives are providing healthy snacks every Thursdays, in which healthy snacks are delivered to participants once a month. For instance, apples, pears, carrots, and bananas can become available for all employees who participate in such Wellness Program. Dress down initiatives can be beneficial as well. As, the first of every month employees who dress down can participate in a physical activity during their lunch hour. Initiatives such as to memberships to programs similar to Weight Watchers at-work could be offered to the first 30 employees that enroll.

Some more cost-effective initiatives could be provided as well. As, regulatory entities near the electoral season could strive for 5 wellness challenges in which for 5 days in each month they engage in healthy eating habits and exercising. A Tobacco cessation program with several resources available to employees who join the program could help improve the work environment as well. Lunch and learn events could be initiated to provide participants with valuable information about health concerns and how to properly address them. In which, proper dental care, breast cancer awareness, and tobacco cessation program, just to mention a few could be topics discussed. These sort of initiatives and events could be held once a month.

Moreover, it could give employees the opportunity to assess their health with professionals that can advise them properly. Lastly, a healthy lunch could be provided to employees while attending conference meetings or the staff could participate in a 5 K run/walk marathon events for a chance to win prizes and cash rewards. These suggestions might not be considered prevalent in Ecuador but should be considered because "preventive medicine is safer and cheaper to practice than curative medicine" (Nykaly-Ekpemina 1989, p. 5). As, when an entity invests and provides its employees more health awareness, this promotes healthier employees and an improved workable community.

## Analysis and Conclusion

The CNE is the regulatory entity that oversees political parties in Ecuador. In addition, the CNE plays a vital role in regulating the involvement and impact of the electoral college. The citizens of

Ecuador have a stake in the program's success as this entity regulates its citizen's voting rights and oversees the transparency of the country's electoral process. A lack of regulatory structures that guide and supervise the political parties in Ecuador can led citizens to speculate the accuracy and transparency of the CNE's success as a regulatory entity.

In order to improve the CNE credibility and its reputation, a Whistleblower protection program should be set forth in the organization. In which, rewards may be given to staff who observe ethical behavior deficiencies. These programs could drastically impact the management of the political parties and increase its compliance monitoring against activities that inappropriately enrich officials and employees for any actions that are carried selfishly.

Moreover, in order to decrease complains and lawsuits between political parties, the CNE should construct programs to establish instructions that could help political parties attend arbitration before filing for a lawsuit. These instructions should include how to maintain confidentiality, equal treatment, disclosing apparent or actual conflicts of interest, and objective reinforcement. The goal of apolitical party regulatory entity should be to avoid as much conflict between the entity and the parties and among parties as well.

Therefore, the CNE should have a representative which will be responsible for negotiating, reviewing, selecting compliance standards, etc., that will partake in zero-tolerance gift and gratuity policies by not accepting anything. The CNE should establish whistleblower protection and should guarantee its staff and Ecuadorean citizens the compliance monitoring and reporting requirements to make the entity ethical standards more effective.

Lastly, a political regulatory entity that operates under large amount of scrutiny such as the CNE should invest in the well-being and health of their workers. Therefore, a Wellness Program could enhance the compensation and benefits that employees receive providing a competitive benefits package that increases employee's satisfactions, and increments retention, and productivity. For, a value-based Wellness Program can highly motivate employees to increase performance productivity, thus improving organizational efficiency. These employees should be taken care of so that their physical and mental health does not weaver. Regulatory entities that oversee political parties could implement rewards, benefits, free healthy snacks, and monthly lunch sessions where they have a chance to teach. These set of suggestions should be considered because when an entity invests and provides its employees more health awareness, this promotes healthier employees and an improved workable community.

## References


Burke R, Barron S (2014) Project management leadership: building creative teams. Wiley, Somerset

Cooper DF, Broadleaf Capital I (2005) Project risk management guidelines: managing risk in large projects and complex procurements. Wiley, West Sussex

Crawford LH, Helm J (2009) Government and governance: the value of project management in the public sector. Proj Manag J 40:73–87

Howard P (2014) The rule of nobody: saving America from dead laws and Broken government. W.W. Norton, New York

http://cne.gob.ec/es/. 2020. 2020

https://web.archive.org/web/20180630134240/http://cne.gob.ec/es/institucion/organizaciones-politicas/informacion/listado-de-organizaciones-politicas-aprobadas-por-el-pleno-del-cne. 2018. 2020

Lewis JP (2007) Managing the project team. In: Fundamentals of project management. American Management Association, Manhattan

McKevitt D, Davis P, Woldring R, Smith K, Flynn A, McEvoy E (2012) An exploration of management competencies in public sector procurement. J Public Procure 12(3):333–355

Müller J, Turner R (2007) Project management concepts. Int J Proj Manag 25(1):21–32

Organization for Economic Co-operation and Development (2007) Integrity in public procurement: good practice from A to Z. OECD, Paris

Pollack J (2007) The changing paradigms of project management. Int J Proj Manag 25(3):266–274

Snider KF (2006) Procurement leadership: from means to ends. J Public Procure 6(3):274–294

Venter AC (2007) A procurement fraud risk management model. Meditari Account Res 15(2):77–93

Yeow J, Edler J (2012) Innovation procurement as project. J Public Procure 12(4):472–504

Zaleznik A (1992) Managers and leaders: are they different? Harv Bus Rev 70:126

# Regulatory Enforcement in Japan

Masatsugu Ito
Graduate School of Law and Politics, Tokyo Metropolitan University, Tokyo, Japan

## Synonyms

Discretion of local government; Law enforcement and ordinance; National style of regulation; Regulation by private entities; Administrative guidance; Regulatory enforcement

## Definition

Features of Japan's regulatory enforcement clarified based on roles of local governments and private entities, and style of regulatory means.

## Introduction

Regulatory enforcement carried out by administrative agencies and local governments covers various areas such as road traffic, environment, product safety, consumer protection, and so on. Regulatory enforcement, along with public service provision, constitutes the main elements of the administrative and policy implementation process. Therefore, there is no doubt that it is important for public administration research.

However, public administration studies in Japan have not paid enough attention to regulatory enforcement activities, and thus the amount of accumulated empirical regulatory enforcement studies is not adequate. In Japan, empirical studies on law enforcement processes are accumulated in the areas of Public Law and Sociology of Law, mainly in the field of environmental regulation. Given the results of legal research on such regulatory enforcement processes, the features of Japanese regulatory enforcement activities are discussed in the following.

## Major Role of Local Governments

The first characteristic of regulatory enforcement activities in Japan is that local governments, such as prefectures and municipalities, play a major role. In Anglo-American countries, the national or federal government enforces regulations through the field offices of the national ministry and/or executive agency. However, Japan is affected by the continental law, and since the Meiji era, regulations on national affairs have been delegated to the head of the local government as an agency of minister. This is called the Agency-Delegated Function System. As a result of the decentralization reform promoted since the latter half of the 1990s, the Agency-Delegated Function System was abolished, but it is once again widely practiced by local governments to enforce regulations in accordance with the standards stipulated by national laws.

For example, the Food Sanitation Law aims to regulate food safety from the viewpoint of national public health, but it is officials of the public health centers in prefectures and cities specified by the cabinet order who actually enforce food sanitation regulations. The Minister of Health, Labor and Welfare and the Prime Minister under the jurisdiction of the Food Sanitation Law have formulated guidelines for the guidance and monitoring of food hygiene. According to these guidelines, prefectures and cities are obliged to prepare guidance monitoring plans according to local circumstances. Based on this plan, food sanitation inspectors located in health centers in prefectures and cities conduct on-site inspections of restaurants and food plants. However, enforcement of food hygiene regulations is left to the staff of local governments.

In addition, the Water Pollution Control Act imposes regulations on water drainage actions and penetration of the underground by factories and facilities specified by the cabinet order to prevent the pollution of public water areas (rivers, seas, lakes, etc.). The wastewater standard is stipulated by the order of the Ministry of the Environment, and it imposes penalties, temporary suspension orders, and improvement orders against violation,

but the actual regulation is made by the prefectural governors and city mayors, as specified by the cabinet order. Prefectures and cities can establish stricter criteria than the national regulatory standards by ordinance. Also, according to the ordinance, it is possible to increase the target items of regulation and types of target sites. Prefectures and cities conduct on-site inspections to confirm the violation of such laws, cabinet or ministry orders, and ordinances, and issue various orders if there is a violation, but at the specific time of regulatory enforcement. The method and mode are left to the discretion of the prefecture and city.

In some cases, local government regulations precede national legislation. In order to preserve the favorable environment and landscape of the area, local governments in various regions have established landscape regulations since the end of the 1960s and have carried out voluntary landscape regulations. However, these regulations are not enforceable because they are not based on national laws and orders. Therefore, the Landscape Law was enacted in 2004: local governments specified ordinance that received the delegation of the law, created a landscape plan as a landscape administrative organization, and provided regulations by notification and recommendation to the buildings in the planned area. Along with this, it was now possible to issue a change order concerning the form, color, design, etc. of a building when necessary. The Landscape Law acts as a type of framework law for allowing landscape regulation by local government initiatives rather than for directly controlling the landscape.

Thus, in Japan, local governments have great authority and discretion regarding regulatory enforcement. The regulations directly enforced by the national government through the field offices of ministries are restricted to some regulations such as the following: labor standard supervision and labor health and safety regulations carried out by the Labor Standards Inspection Office of the Ministry of Health, Labor and Welfare; imposition and collection of national tax by the tax office of the National Tax Agency; and financial inspection conducted by the Regional Finance Bureau of the Ministry of Finance.

On the other hand, local governments are not developing their own regulatory enforcement activities in a completely isolated environment. As the regulatory standards stipulated by law are often abstract, local administrative officials can make various interpretations. For this reason, regulators in local governments communicate with officials in other local governments with similar population sizes and industrial structures and conduct regulatory enforcement activities while referring to examples and experiences of other local governments. Thus, regulatory enforcement activities are being carried out in Japan through such cross-referencing and interoffice interaction between local governments (Hirata 2016).

## Regulatory Enforcement by Private Entities

The second characteristic of Japanese regulatory enforcement activities is that the quasigovernmental organization and private sector play a major role. The Law on Total Number of Officials in a Government Organization enacted in 1969 was reduced to limit the total number of national civil servants. As a result, the increase in government organizations and personnel has been suppressed, and the Japanese public sector is relatively small among countries in the Organisation for Economic Co-operation and Development. To complement the activities of this small government, a number of quasigovernmental organizations called special corporations and public interest corporations belonging to the private sector were established. Among these, the corporation that received the designation, certification, and registration of the minister based on the laws and orders implements the specific affairs prescribed by such laws and orders; it also plays a part in regulatory enforcement activities on behalf of the government.

For example, the Light Motor Vehicle Inspection Organization, established under the revision of the Road Transport Law in 1972, has been made the designated corporation (special private corporation) for activities such as inspection of

light motor vehicles and confirmation of payment of light motor vehicle tax. In addition, the Consumer Product Safety Association established based on the Consumer Products Safety Act in 1973 plays the role of giving safe goods or SG marks to certify product safety.

Furthermore, in the field of building confirmation, private regulatory enforcement activities are being opened. Building confirmation is the act of judging whether the plan of a building conforms to the laws before construction starts. In the past, only the architectural manager installed in the local government was able to conduct building confirmation, but after the revision of the Building Standard Law in 1999, the designated inspection confirmation agency can also confirm the building. This is part of the regulatory reform carried out to expedite building confirmation and enhance administrative responses to violating buildings.

The designated inspection confirmation agency is a private corporation designated by the Minister of Land, Infrastructure, Transport and Tourism and the prefectural governor. As of December 2017, there are 27 corporations operating throughout Japan under the designation of the Minister of Land, Infrastructure, Transport and Tourism, 38 corporations operating in multiple prefectures under the designation of each Regional Developing Bureau, and 67 corporations operating within each prefecture receiving the designation of the prefectural governor.

Regulatory enforcement by private entities also extends to the field of monitoring traffic violations. To strengthen the crackdown on illegal parking, the operation of checking for abandoned vehicles was opened to private corporations by the revision of the Road Traffic Law in 2006. A corporation, such as a security company, registered as an abandoned vehicle checking agency by the police chief to the prefectural public safety commission can be entrusted with the business of checking an abandoned vehicle. A parking guard who works for an abandoned vehicle checking agency does not have authority on criminal control but confirms the abandoned vehicle, installs the confirmation mark, and reports the situation of the abandoned vehicle to the police chief.

Thus, in Japan, standard certification and confirmation inspection are widely performed by private corporations.

## "Informal Measure-Oriented" Style of Regulation

The third characteristic of Japanese regulatory enforcement activities is that it tends to use informal measures when regulators enforce regulations (Kitamura 2000).

Researchers of the regulatory process reveal that there are differences in the regulatory styles of each country (Vogel 1986). According to a study comparing the occupational safety and health regulations of Japan and the United States in the case of the automobile industry, for example, the Occupational Safety and Health Administration in the United State adopts "a much more punitive approach, relying far more heavily on the threat of detection and the imposition of penalties to coerce compliance," whereas Japan's Labor Standards Inspection Office tends to rely "much more on the willingness of employers to follow regulations voluntarily and to correct hazards once they are pointed out" (Wokutch 1992, 93).

A typical example of informal regulatory measures is administrative guidance. An administrative agency in Japan has heavily used the measure of guidance by asking private entities to conduct actions to achieve the objectives of regulation before, or instead of, official disposition, occasionally through oral guidance. Although such administrative guidance is not enforceable, it is likely that business activities will be hindered if their relationship with administrative agencies deteriorates, and so, in most cases, private entities voluntarily obey the administrative guidance.

Such administrative guidance has resulted in criticism that it gives rise to uncertain obedience relationships between government agencies and private entities, which could lead to entry regulations that hamper the entry of start-up companies. Even in the Japan-U.S. Structural Impediments Initiative, which began in 1989, the uncertainty of administrative guidance in public regulation in Japan was discussed. As a result, the

Administrative Procedure Law was enacted in 1993, and rules concerning administrative guidance were improved.

Administrative guidance means "guidance, recommendations, advice, or other acts by which an administrative organ may seek, within the scope of its duties or affairs under its jurisdiction, certain action or inaction on the part of specified persons in order to realize administrative aims, where such acts are not dispositions" (The Administrative Procedure Act, Article 2 (6)). The Administrative Procedure Law stipulates that the decision to comply with administrative guidance or not is voluntary by the opponent, and that disadvantageous treatment is forbidden if the opponent chooses not to comply with administrative guidance. Also, the law stipulates that a person who has the responsibility for administrative guidance must specify it content, and that a document must be delivered if requested by the other party.

In this way, administrative guidance was legalized, ensuring fairness and transparency of administrative procedures in regulatory enforcement. However, despite implementation of the Administrative Procedure Law, informal regulatory measures including guidance, recommendations, and advice tend to be heavily used at the sites of regulatory enforcement in Japan.

For example, looking at the enforcement status of the Water Pollution Control Law in FY 2015, only five improvement orders were made by the prefectures and cities to the facilities, while administrative guidance totaled 8243 cases. On the other hand, the facilities to which penalties were applied were limited to three cases that violated the wastewater standards (The Ministry of the Environment, Water and Atmospheric Environment Bureau, Water Environment Division, *Survey on Enforcement of the Water Pollution Control Act in FY 2015*, January, 2017). Likewise, according to the survey of the enforcement situation of the Air Pollution Control Law, prefectures and municipal officials conducted administrative guidance at 7221 facilities in FY 2016. On the other hand, the number of facilities administratively disposed by prefectures and municipalities in FY 2016 was eight, and the number of accusations of violations of emission standards and amendment ordinance was zero (The Ministry of the Environment, Water and Atmospheric Environment Bureau, Atmospheric Environment Division, *Survey on Enforcement of Air Pollution Control Law in FY 2016*, March 2017).

Why is such an informal measure-oriented style dominant in Japan? The reasons for this include various factors such as the impact of the Japanese legal and judicial systems and scarcity of administrative resources of regulatory agencies. However, researchers do not have a consensus on which factors contributed the most. Particularly noteworthy is that, in Japan, regulatory authorities have limited administrative resources, so that regulatory enforcement must be carried out efficiently and effectively. Therefore, the regulatory agency in Japan does not strictly dispose of regulated entities immediately, but takes a consultative and educational attitude to them. Regulatory agencies in Japan aim to achieve regulatory objectives through communication with regulated entities.

## Issues and Changes of Regulatory Enforcement in Japan

So far, three characteristics of Japanese regulatory enforcement have been clarified. However, these characteristics have various problems, and some changes have been seen since the 2000s.

First, with the progress of the decentralization reform, the local government's discretion in the formulation of regulatory standards and regulatory enforcement measures has expanded, and private enterprises have asked for unification of different regulatory standards for each region. Since 2014, decentralization reforms are under way to delegate to the local governments and review national regulations based on the proposals of local governments. On the other hand, in regulatory reforms undertaken at the same time, private enterprises are strongly criticizing because administrative procedures concerning business licenses and employee labor management differ among local governments. Thus, unification of administrative procedures and

regulatory enforcement between local governments is needed. Between the decentralization reform and regulatory reform, an appropriate way to conduct regulatory enforcement by local governments is pursued.

Second, regarding regulatory enforcement by private entities, compliance and capacity of regulatory entities are still issues. In the field of architectural confirmation, a structural statement fraud case occurred in 2005. In this case, it became clear that the regulatory agency and designated inspection confirmation agency did not find out that the structural calculation document was tampered with by the first-class architect. Although the regulatory agency did not see the camouflage, at that time, criticism was raised as to whether private opening of building confirmation was appropriate. Even now, regulatory enforcement by private entities is being carried out in various fields, but identifying ways to confirm the competence, fairness, and transparency of private regulatory entities is still an issue to be considered.

Third, although regulatory styles by informal-oriented means are still dominant, in some areas, more legalistic approaches are being used. During the financial crisis at the end of the 1990s, the Financial Services Agency conducted financial inspections that ensured strict asset assessment of financial institutions. The Ministry of Health, Labor and Welfare carries the stance of strict enforcement of the Labor Standards Law, as suicide from overwork has become a social problem since the 2010s. Thus, the Labor Standards Inspection Office is actively disposing and criminally prosecuting violating companies.

## Conclusion

In this chapter, Japanese regulatory enforcement is analyzed based on its three characteristics: large role of local government, regulatory enforcement by private subjects, and informal measure-oriented style of regulation. Japan's regulatory enforcement, featuring these characteristics, can be evaluated as an efficient and flexible mechanism that promotes voluntary obedience of regulated entities. On the other hand, harmful effects of creating regulations between regulatory agencies and regulated entities are also pointed out. Regulatory enforcement in Japan has been changing since the 2000s. Because of these changes, revealing the characteristics of Japanese regulatory enforcement based on international comparison is a challenge for public administration research in Japan.

## Cross-References

► Administrative Discretion

## References

Hirata A (2016) Regulatory ambiguity: how inter-office interaction defines Japanese Environmental Law Ph.D. Dissertation, University of California, Berkeley. https://escholarship.org/content/qt9jr1w1ns/qt9jr1w1ns.pdf

Kitamura Y (2000) Regulatory enforcement in local government in Japan. Law & Policy 22(3/4):305–319

Vogel D (1986) National Styles of regulation: environmental policy in great Britain and the United States. Cornell University Press, Ithaca

Wokutch RE (1992) Worker protection, Japanese style: occupational safety and health in the auto industry. Cornell University Press, Ithaca

# Regulatory Policy

May Chu
Department of Government and Public Administration, The Chinese University of Hong Kong, Hong Kong, China

## Synonyms

Regulation

*Regulatory policy* is formulated by governments to impose controls and restrictions on certain specific activities or behavior. Regulation is not only about rules of governing but also a concept in

governance. In the discussion of the rise of "regulatory states" and "regulatory governance" in recent decades, the role of governments has shifted significantly from its positive functions in society to the growing use of regulation and monitoring to direct the state. Both state and non-state actors have been engaged in the control of social and economic practices. Concerns about regulation can sometimes be contradictory. On the one hand, regulation has been regarded as barriers to and constraints on a competitive market and business environment. On the other hand, there is a genuine need to regulate risks in a "risk society" and situations of market failure. Therefore, the issues of how the concept of regulation evolves and how it transforms the roles and functions of the state in recent decades are important for discussion.

Why is there regulation? What is good regulation and how do regulators enforce it? How has regulation evolved around the world and what is the outcome? Does China fit into the framework of a typical regulatory state? This chapter attempts to answer these questions to allow readers to understand the essence of regulation and how the academic debate has evolved.

## Regulatory Rationales

When explaining the emergence, evolution, and decline of regulation, most theories can be seen as variants of interest theory (Baldwin and Cave 1999; Lodge and Wegrich 2012). The following introduces two main theories under this branch.

### Public Interest Theories

Public interest theories are based on the notion that the development of regulation is in the quest for public interests (Baldwin and Cave 1999), and thus the purpose of regulation is to achieve certain publicly desired goals that the market fails to realize. From this perspective, regulators are assumed to be impartial in that they address problems derived from market failure without considering their self-interest. Hence, the trustworthiness and disinterestedness of regulators are of paramount importance as public confidence is a necessary condition for accomplishing efficient and effective regulation as well as pursuing regulators' faith of public spiritedness (Landis 1938).

However, the public interest view has been challenged for some reasons. First, there can hardly be an agreement on what public interest means. Regulation generally leads to the emergence of conflicting interests, which public interest theories fail to take into account (Landis 1938). Another doubt rests on the presumptive impartiality and competence of regulators. While corrupt regulators may formulate regulations biased for their own personal interests (Mitnick 1980), incompetence of regulators may undermine public interest with their poor policy designs. Lastly, the public interest perspective underestimates the economic and political influences on regulations. For example, some capture theorists argue that regulation serves the interests of particular parties or sectors rather than the public as a whole (Redford 1952). In this sense, the public interest account should be considered as goals that a regulation program should ideally accomplish rather than an empirical account of regulation in the actual political setting.

### Private Interest Theories

Different from the public interest perspective, the interest group perspective regards regulation as a result of competition for power among different interest groups instead of a tool to serve universal public interests. This approach is also referred to as the interest group theory or capture theory.

Bernstein (1955) bridged the public interest and group interest theories by suggesting that the role of regulators is to carry out missions that legislators have negotiated among different stakeholders but are masked as the attempt to protect public interests. The "life-cycle theory" explains how internal and external forces account for the decline in regulations (Bernstein 1955; Huntington 1952). Four periods are identified in the cycle: *gestation*, *youth*, *maturity*, and *old age*. Regulation begins when a policy is established to protect the public from undesirable activities. In the *gestation* period, there is rising

distress in which different groups are concerned about the problems that would result from the creation of the regulatory body. It is followed by *youth*, in which the inexperienced regulatory body operates in zeal. *Maturity* follows, in which regulation becomes more mature and pays increasing attention to the needs of the industry. Lastly, at the *old age*, there is a decline of regulation when the regulatory commission gives priority to group or private interests rather than public interests.

Stigler (1971) and Peltzman (1976) differed from Bernstein (1955) in the sense that they view regulation as an inevitable product of capture by interest groups rather than a cycle of decline. They regard regulatory actions as a struggle among private interest groups who use their power to shape regulatory regimes which can maximize their utility, or in Stigler's (1971) words, "as a rule, regulation is acquired by the industry and is designed and operated primarily for its benefit" (p. 3). The underlying premise of interest group theory lies in Olson's (1965) "logic of collective action," which suggests that small interest groups have advantages over large and diffuse groups in their effectiveness in mobilization. Therefore, small groups enjoy a privilege over large groups of lobbying the state and regulators. Following this logic, regulation is "captured" by the industry, which is a small group compared to the general public, and incumbent businesses could use regulation to protect their vested interests in markets by excluding potential new entrants.

However, this perspective fails to explain all regulatory behaviors. For instance, why would the privileged factory businesses be willing to concede their advantage by agreeing to be regulated by environmental regulation that is explicitly against their interests (Williams 1976; Wilson 1984)? Are firms and regulatory commissions necessarily amoral calculators who do not bear any social responsibility, moral obligation, and consciousness? The private interest theory may not be able to explain various outcomes across different domains. Thus, it might be useful to look at the strategies regulators actually employ for a better understanding.

## Regulatory Regimes and Strategies

Despite the disputes over regulatory rationales, it is generally agreed that a comprehensive regulatory system or regime is composed of elements of standard setting and enforcement.

### Standard Setting

A well-set standard gives us clues on what goals we want to achieve, what kinds of behavior we desire, and what actions to take when the current situation deviates from the ideal one. While setting standard may seem simple, setting precise and comprehensible standards can actually be challenging. Referring to Hood (1986), there are a few preconditions for standards to be precise and effective, including being knowable and stable, being acceptable and visible, being consistent, being verifiable, and providing robustly defined categories.

Being *knowable and stable*, *or in other words*, *precision and clarity*, is the first criterion of standard setting. Precise wordings of the standard can avoid misunderstanding or ill-information and therefore fend off any unnecessary dispute. However, precise, clearly written-down rules may not be applicable in all situations. Informal understanding sometimes can be more desirable with its flexibility (McBarnet and Whelan 1991). In addition, precisely written standards may lead to problems like opportunistic behavior where the regulated parties exploit loopholes or linguistic ambiguity of the standard (Lodge and Wegrich 2012).

Second, being *acceptable and visible* means the standard has to be regarded as appropriate and as common sense. Again, this criterion may be problematic because any standard defining wrongful behavior needs to elucidate different kinds of situations where the acceptability of various involved parties may vary.

*Consistency* is the third criterion. Consistency implies that the standard should not be contradictory to other rules. Standards may become conflicting when catering for different demands and behavior, so regulators are left with considerable discretion when facing a variety of objectives.

Lastly, the standard should be open for *validation*. Standards can only be enforced when the parties know whether the rule is violated or not. Thus, the question is whether the standard should prohibit a specific behavior completely (even when there is no harm produced) or punish the behavior only when a certain level of harm is caused. For instance, we could sanction a food producer for not fulfilling the food safety regulation even though there is no actual undesirable consequence inflicted on consumers. But should we prohibit dangerous dog owning even if the dog has not created any harms?

In real-life applications, standards can broadly be categorized into rule-based or principle-based ones. Rule-based standards are specific prescriptions, while principle-based standards offer broad guidance which is relatively vague. Although rule-based standards are relatively inflexible, especially under a complex and rapidly changing regulatory environment, broad principles need rules to translate them into concrete actions. In other words, both categories of standards should supplement with each other.

## Enforcement and Compliance

Regulation aims to influence behavior; and standards are developed to clarify what practices or goals we desire or aim to achieve. Enforcement, therefore, is vital to the success of regulation as effective enforcement could direct the regulatees to avoid some undesirable behavior, and hence the regulatory goals can be accomplished. Otherwise, ineffective enforcement could jeopardize the intended results of regulation. Some core questions concerning enforcement are the following:

First, will the regulated parties that are in their self-interests voluntarily comply with rules? Some believe that compliance with standards will only be possible if the cost of noncompliance is higher than the prospective benefits of rule breaking (Stigler 1970). This perspective suggests that individual values self-interests more than other moral obligations.

Second, who should be the inspector? Even though relying on public agency can minimize the chance of business influences on regulation compared with industry self-regulation, the problem of "revolving door," where the regulator chooses an interchangeable career path between the regulatory body and the regulated industry, may appear (Makkai and Braithwaite 1992). On the contrary, some in favor of industry self-regulation argue that those within the sectors are most well informed and can lead to coziness in enforcement. In other words, self-regulation ensures effective enforcement.

Third, what kind of and how many resources are needed in the enforcement process? It is important to note that enforcement is not cost-free, so a core question to ask is to what extent noncompliance can be tolerated as it is impossible to achieve perfect compliance. In addition, resources allocated for enforcement are affected by the wider political setting and environment. Regulatory incapacity is an organization challenge facing the inspector.

As for what inspector should do for enforcing regulation, Hood (1986) suggested that regulators can respond in the following ways when facing noncompliance:

1. To persuade and advise the regulated parties so as to make them understand their reasons for compliance, which rests on the premise that noncompliance is a result of lack of information.
2. To punish the regulated parties who refuse to comply. If the regulated party chooses not to comply after their own cost-benefit calculation, regulators can encourage compliance by increasing the cost of breaking the rules.

Two major approaches are identified above: the first one is persuasion based and the second is deterrence based. The persuasion-based approach rests on the notion that it is better to prevent harm from appearing in the first place than to punish wrongdoings with harm already done (Hawkins 1984). Mediation and negotiation are seen as the primary strategies while punishment the last resort. Advocates of the persuasion-based approach argue that sanctions and punishments

will only lead to antagonistic relationships between inspectors and the regulated party (Kelman 1981). Persuasion and education, on the contrary, promote good work relationship and trust building which are beneficial to compliance. However, the drawback is that one-off inspections cannot solve ingrained problems within the organization; instead, persistent mediation is necessary for behavior modification but this could be very costly.

Differing from the persuasion-based approach, the deterrence-based approach assumes that individuals are "amoral calculators," who calculate the utility of rule breaking by weighing the costs of compliance against noncompliance (Kagan and Scholz 1984). They will only comply when it is highly probable that noncompliance is discovered and the sanction is severe. If detection is not likely, the deterrent effect will diminish. Subsequently, tough sanctions usually succeed in motivating firms to comply with the rules.

Overall, the deterrence-based approach is more suitable when the regulatees are unwilling to comply, while the persuasion-based approach is more promising when the regulatees are willing to comply but ill-informed or have shown some moral consciousness (Haines 1997). Information about and the nature of the organization, thus, affect which strategy is to be used in enforcement.

In empirical cases, regulators always apply mixed rather than single enforcement strategies. As discussed above, different conditions of regulatees may warrant the use of different enforcement strategies; therefore, Ayres and Braithwaite (1992) initiated the concept of *responsive regulation*. This approach combines both persuasion and deterrence and views the enforcement process as an "iterative interaction" between regulators and regulatees. In other words, enforcement should be responsive to the observed behavior of the regulated parties. In this approach, regulatory enforcement is a game of tit for tat: regulators will use persuasion or warning tools if the regulatees display a cooperative attitude and modify the noncompliance practices at the first place, but if the regulatees respond with noncooperative actions, regulators will escalate their actions by imposing further punishments and sanctions as deterrence.

## Self-Regulation

With respect to the question about who carries out regulatory activities, apart from state regulators as discussed above, self-regulatory organizations are another option. Self-regulation can be understood as the control a group of firms or individual experts have over their own memberships (Black 1996; Ogus 1995; Ayres and Braithwaite 1992). There are different forms of self-regulation. First, an association can self-regulate its members, and at the same time, its regulatory activity is constrained by the government. For example, the association may be limited by statutory rules, being oversight by a governmental agency or mechanism of accountability. Second, self-regulators can be fully involved in standard setting, monitoring, and enforcement. Their roles can also be restricted to only drafting the rules while enforcement is carried out by the public agency or vice versa. Third, self-regulation can be totally informal and voluntary. For example, a trade association can self-regulate their members and impose some professional, ethical, or safety standards on them, while firms are free to decide whether they should join or leave the membership.

There are a number of arguments in favor of industry self-regulation. First, self-regulatory bodies usually have a higher level of relevant expertise on the regulated industry than civil servants do. Experts within the sector are assumed to have more up-to-date information as they have close bonding with the profession compared with regulators fully independent of the business. Second, self-regulation can lead to a higher level of voluntary compliance. Since self-regulatory organizations have specific knowledge on the profession, they can set reasonable rules for the regulated (Streeck and Schmitter 1985). Third, industry self-regulation is more cost-effective than regulation by external bodies. Self-regulators have easier access to information about the status quo and recent trends of change within the industry. Fourth, the cost of enforcement is lower for self-regulators who enjoy more trust from the

regulated firms, and the regulatory cost is usually borne by those engaged in the regulation activity rather than taxpayers.

Self-regulators can still be subject to non-member controls (Baldwin and Cave 1999). For instance, they are constrained by rules that are drafted and approved by external bodies, being oversighted by external agencies or complaints and grievance-handling mechanisms. Therefore, the key factor determining whether accountability poses a menace to regulatory activities is whether it is privately or publicly controlled.

Despite these identified advantages, self-regulation is also criticized for being inefficient and insecure. Most self-regulations are voluntary in nature, so not all members within the sector are willing to make themselves subject to self-regulatory mechanisms. Thus, the public may not be protected, and empirical cases have shown that the main source of consumers' problems is unregulated firms not under self-regulatory mechanisms (Baldwin and McCrudden 1987).

Another problem of self-regulation focuses on the lack of democratic legitimacy of self-regulatory organizations. It is therefore hard to argue that public interests are served or to justify the actions of a not legitimate association. Non-members may have poor access to the regulatory process and could be excluded from goal formulation and standard setting in the first place. In addition, self-regulators are free from general legal duties to consult nonmembers before devising policies. They are also not required to justify their actions taken or decisions made. In reality, self-regulators have been accused of performing poorly in protecting public interests. For example, numerous studies have found that self-regulatory bodies tend to limit competition in order to advance their members' interests rather than those of the public (Ogus 1995).

Despite the discussed features differentiating self-regulation from state regulation, self-regulation has been incorporated into formal regulation in many cases in order to serve state purposes, such as regulating or directing economic activities in the market. In a similar vein, to secure strategic advantages in the global market, governments sometimes use regulation as a tool to compete with each other in terms of the abovementioned elements in a regulatory regime: standard setting and the enforcement system. This is where the concept of "regulatory competition" emerges.

## Regulatory Competition

Similar to typical players in a competitive market, in a globalized economy, states compete among each other in attracting investments and other favorable returns. Regulation and law making is one of the competitive domains, and this relates to the concept of "regulatory competition." The concept refers to rivalries among governments in adjustment of rules and enforcement systems to attract investors to operate in their jurisdiction or to promote a certain industry by offering a favorable business environment (Romano 1985).

Consequences of regulatory competition, however, are mixed. Empirically, regulatory competition can lead to divergent results: "race to the bottom" or "race to the top" (Vogel 1997). Regarding "race to the bottom," regulators usually apply less rigorous requirements to attract and impress producers to invest in their own jurisdiction. Less stringent standards, looser enforcement practices, and a more flexible governing environment are provided by governments as a leverage to favor the producers. As a result, governments are motivated to race to the bottom (Drezner 2001). When discussing this phenomenon, in addition to environmental regulation (Vogel 1997), empirical studies have also suggested a trend of compromise in labor rights and reduction in social welfare in developing countries engaging in regulatory competition to attract foreign investments (Rodrik 1998).

In contrast, "race to the top" suggests that in the long term regulatory competition will force regulators to establish regulatory regimes with more rigorous rules and enforcement. In particular, in the international economy, countries which want to attract more foreign investments and trade would deliberately improve national regulatory standards to stand out from markets with similar

competitiveness. This intends to show commitments and obligations to improve the production conditions in their jurisdiction with high regulatory standards. Meanwhile, to standardize their production and hence reduce the production cost, multinational corporations would also lobby governments in their production regions to adopt internationally recognized standards. For example, the term "California effect" was coined to describe the diffusing effect of transfers of environmental regulation from developed economies to less developed ones (Vogel 1995). As a result, the pull and push forces of regulatory competition have brought about stricter regulations around the world.

This kind of regulatory competition corresponds to a new development of the rise of regulatory states, which changes the nature and functions of a state. Below discusses its features with China as an example.

## The Rise of Regulatory States

The concept of "regulatory state" has become increasingly important in the discussion of public administration and regulation in recent decades. Shifting itself from a positive state to a regulatory state, its role is no longer about command and control or direct intervention in the markets, but a new type of regulatory role through the establishment of independent regulatory agencies to control social and economic activities (Ayres and Braithwaite 1992; Majone 1997; Hood et al. 2001; Braithwaite 2000; Mattli 2015).

The rise of regulatory states has two implicated shifts on public policy (Lodge and Wegrich 2012). First, the goals of public policy and administration have transformed from maximizing fairness through means such as redistribution to achieving outcomes with least resource input. This is because in a regulatory state, the tools of public policy have been the use of legal means instead of financial and organizational devices such as tax stimulus and state-owned production. Second, the roles of actors in public administration have also been modified. There is an increasing reliance on private actors to provide public services, which are overseen by new independent regulatory agencies. These agencies usually enjoy autonomy from the government and hence political force. A regulatory state also has a growing reliance on more formalized relationships among different actors within the regulated domains. As Levi-Faur (2005) summarized, "governance is no longer about the delegation of authority to elected representatives but a form of second-level indirect representative democracy – citizens elect representatives who control and supervise 'experts' who formulate and administer policies in an autonomous fashion from their regulatory bastions" (p. 13).

### The Context of China

China, as an industrializing economy, has witnessed some important transformations in the economic, social, and administrative domains over the past decades. In general, with the deepening economic reforms, the Chinese central government has transformed China from a "state-planned" to a "state-managed" economy, having more new regulations developed (Cheung 2005; Pearson 2005; Büthe and Mattli 2011).

In the government restructuring in the 1990s, the Chinese government initiated a series of reforms to strengthen the power and capacity of regulatory agencies. For instance, regulatory agencies responsible for environment, intellectual property rights, and quality standards were expanded and upgraded to vice-ministry level in terms of their administrative ranking. Moreover, a system of vertical administration directly monitored by the central or provincial government was introduced to various regulatory agencies; hence, the higher level of government was empowered to directly supervise the offices below. This ensures that all local regulatory agencies in the related areas come under direct supervision and control by the higher government. Such organizational reforms have strengthened the power of regulatory agencies, on the one hand, and ensured consistent regulatory policy implementation and enforcement at local levels, on the other hand. Yang (2002) commented that the series of government reforms since 1998 "brought China to the final stage for transforming a government

designed for central planning and bureaucratic command to a regulatory state catering to a market economy" (p. 196).

In addition, some scholars have suggested that China's commitment to international trade has driven the state to emerge as a regulatory one (Bach et al. 2006). For instance, China's entry into the World Trade Organization (WTO) has triggered regulatory reforms aiming to fulfill its requirements to promote free trade and enhance regulatory transparency. Standard harmonization – reducing discrepancies between national and international standards – is one of the key reform areas aimed to facilitate trade. To this end, China has established the Standards Administration of China (SAC) to undertake unified management, supervision, and overall coordination of standardization work. The SAC also represents China in the International Organization for Standardization (ISO) and other international and regional standardization organizations.

Despite various administrative and economic reforms, several features suggest that China has not emerged as a typical regulatory state as the Western counterparts. Instead, the control of the Chinese Communist Party over the economy has been reinforced rather than weakened after regulatory reforms (Pearson 2005; Hsueh 2011). For example, empirical studies have found that state intervention and control have been strengthened in some selected strategic industries. Compared with nonstrategic sectors like textile and food industries, the Chinese central government has created new regulatory rules to ensure state ownership and the control over strategic sectors such as telecommunications, energy, and financial services (Hsueh 2011). Institutional contexts also constrain the emergence of truly independent regulators in China (Pearson 2005). For instance, in the 2008 government restructuring reform, commissions like the National Development and Reform Commission (formerly the State Development Planning Commission) have expanded their roles in directing the economy and controlling strategic assets. It makes fundamental decisions about price control, licensing, and industry development priority. Therefore, these commissions still possess significant control over the economy and have direct influence on regulatory bodies (Pearson 2005).

In summary, instead of being a regulatory state like other well-developed democratic countries, China is inclined to become an "authoritarian regulatory state" lacking regulatory independence (Liu 2010). Empirical studies suggest that although the regulatory process in China previously occupied by administrative agencies has now been pluralized by Chinese citizens, judges, and prosecutors over the last decade, regulatory pluralism in China remains an authoritarian logic (van Rooij et al. 2016). Without the retreat of party-state control, the regulatory body still heavily relies on administrative tools to enforce regulatory policies, and too much administrative interference also jeopardizes the market and impedes the Chinese regulatory state-building (Liu 2010).

## Conclusion

Regulation is in the quest for protecting public interests that markets fail to realize. Regulatory bodies, however, may witness a decline in their regulatory functions following the life cycle of a regulatory organization. On the one hand, regulators carry out a number of functions that may not always be compatible, and sometimes even contradictory. On the other hand, they can also become captured by the regulated industries and thus serve the business interests rather than public interests. In general, regulation needs to balance different interests and values held by different actors, ranging from consumers to producers and from existing players in the market to new entrants.

Regulatory regimes and strategies are hence developed to accommodate different regulatory environments and conditions of the regulated parties. These include the setting of standards and the creation of enforcement strategies that are persuasion based or deterrence based. In deciding which strategy to be used or who serves as the regulator, one has to consider the particular situation of the regulated industry.

Self-regulation, for instance, could also serve the goals and functions of state regulation well.

In the context of globalization, consequences of regulatory competition can vary widely. "Race to the bottom" and "race to the top" are the two identified empirical phenomena in which regulatory competition results. Finally, the debate over the rise of regulatory states indicates the evolving roles of a state from direct intervention and control to regulation by independent regulatory agencies. While there is no consensus on whether China has become a typical regulatory state after decades of market and administrative reforms, some authoritarian features and logic in its regulation have remained.

## Cross-References


- ▶ Firing Regulation and Public Administration
- ▶ Hiring Regulation and Public Administration
- ▶ Legislative Study on Government Regulation
- ▶ Public Organizations and Regulations


## References


Ayres I, Braithwaite J (1992) Responsive regulation: transcending the deregulation debate. Oxford University Press, Oxford

Bach D, Newman AL, Weber S (2006) The international implications of China's fledgling regulatory state: from product maker to rule maker. New Polit Econ 11(4): 499–518

Baldwin R, Cave M (1999) Understanding regulation: theory, strategy, and practice. Oxford University Press, Oxford

Baldwin R, McCrudden C (1987) Regulation and public law. Weidenfeld and Nicolson, London

Bernstein MH (1955) Regulating business by independent commission. Princeton University Press, Princeton

Black J (1996) Constitutionalising self-regulation. Mod. Law Rev 59(1):24–55

Braithwaite J (2000) The new regulatory state and the transformation of criminology. Br J Criminol 40(2): 222–238

Büthe T, Mattli W (2011) The new global rulers: the privatization of regulation in the world economy. Princeton University Press, Princeton

Cheung ABL (2005) The politics of administrative reforms in Asia: paradigms and legacies, paths and diversities. Governance 18(2):257–282

Drezner DW (2001) Globalization and policy convergence. Int Stud Rev 3(1):53–78

Haines F (1997) Corporate regulation: beyond 'punish or persuade'. Clarendon, Oxford

Hawkins K (1984) Environment and enforcement: regulation and the social definition of pollution. Clarendon, Oxford

Hood C (1986) Administrative analysis: an introduction to rules, enforcement, and organizations. Wheatsheaf Books, Brighton

Hood C, Rothstein H, Baldwin R (2001) The government of risk: understanding risk regulation regimes. Oxford University Press, New York

Hsueh R (2011) China's regulatory state: a new strategy for globalization. Cornell University Press, Ithaca

Huntington SP (1952) The marasmus of the ICC: the commission, the railroads, and the public interest. Yale Law J 61(4):467–509

Kagan R, Scholz J (1984) The 'criminology of the corporation' and regulatory enforcement strategies. In: Hawkins K, Thomas JM (eds) Enforcing regulation. Kluwer-Nijhoff, Boston, pp 67–95

Kelman S (1981) Regulating America, regulating Sweden: a comparative study of occupational safety and health policy. MIT Press, Cambridge, MA

Landis JM (1938) The administrative process. Yale University Press, New Haven

Levi-Faur D (2005) The global diffusion of regulatory capitalism. Ann Am Acad Pol Soc Sci 598(1):12–32

Liu P (2010) From decentralized developmental state towards authoritarian regulatory state: a case study on drug safety regulation in china. Chin Int J 8(1):110–138

Lodge M, Wegrich K (2012) Managing regulation: regulatory analysis, politics and policy. Palgrave Macmillan, Basingstoke

Majone G (1997) From the positive to the regulatory state: causes and consequences of changes in the mode of governance. J Pub Policy 17(2):139–167

Makkai T, Braithwaite J (1992) In and out of the revolving door: making sense of regulatory capture. J Pub Policy 12(1):61–78

Mattli W (2015) Beyond the state: are transnational regulatory institutions replacing the state? In: Leibfried S, Huber E, Lange M, Levy JD, Stephens JD (eds) The Oxford handbook of transformations of the state. Oxford University Press, New York, pp 286–301

McBarnet D, Whelan C (1991) The elusive spirit of the law: formalism and the struggle for legal control. Mod Law Rev 54(6):848–873

Mitnick BM (1980) The political economy of regulation: creating, designing, and removing regulatory forms. Columbia University Press, New York

Ogus AI (1995) Rethinking self- regulation. Oxf J Leg Stud 15(1):97–108

Olson M (1965) The logic of collective action: public goods and the theory of group. Harvard University Press, Cambridge

Pearson MM (2005) The business of governing business in China: institutions and norms of the emerging regulatory state. World Polit 57(2):296–322

Peltzman S (1976) Toward a more general theory of regulation. J Law Econ 19:211–240

Redford ES (1952) Administration of national economic control. Macmillan, New York
Rodrik D (1998) Has globalization gone too far? Challenge 41(2):81–94
Romano E (1985) Law as product: some pieces of the incorporation puzzle. J Law Econ Organ 1(2):225
Stigler GJ (1970) The optimum enforcement of laws. J Polit Econ 78(3):526–536
Stigler GJ (1971) The theory of economic regulation. Bell J Econ Manag Sci 2(1):3–21
Streeck W, Schmitter PC (1985) Private interest government: beyond market and state. Sage, London
van Rooij B, Stern RE, Fürst K (2016) The authoritarian logic of regulatory pluralism: understanding China's new environmental actors. Regul Gov 10(1):3–31
Vogel D (1995) Trading up: consumer and environmental regulation in a global economy. Harvard University Press, Cambridge, MA
Vogel D (1997) Trading up and governing across: transnational governance and environmental protection. J Eur Pub Policy 4(4):556–571
Williams RJ (1976) Politics and the ecology of regulation. Public Admin 54(3):319–331
Wilson GK (1984) Social regulation and explanations of regulatory failure. Polit Stud 32(2):203–225
Yang DM (2002) Can the Chinese state meet its WTO obligations? Am Asian Rev 20(2):191–221

# Rehabilitation and Recidivism

Samantha Bonsack
Regent University, Virginia Beach, VA, USA

## Synonyms

Amplify: Deepen, Intensify, Magnify; Conjunction: Partnership, Affiliation, Alliance; Connotation: Meaning, Significance; Detriment: Damage, Disability; Efficacy: Competence, Effectiveness; Endeavored: Aspire, Strive, Undertake; Rationale: Explanation, Hypothesis, Motivation; Recidivism: Relapse, Decline; Solidify: Cement, Strengthen

## Definition

Recidivism: to repeat or relapse in criminal behavior.
Criminogenic needs (traits): patterns, trends, and/or relationships that result in criminal behavior.
Non-criminogenic needs (traits): patterns, trends, and/or relationships that contribute to a person's attitudes, self-worth, and self-esteem.
Antebellum Era: a period in American history that occurred during the eighteenth century.
Rationalism: the idea that reason is logical and supreme in philosophy.
European Enlightenment: when reason and logic were prominent philosophical views that spread across Europe in the late seventeenth century.
Anthropologist: a person who studies human beings.
Unitarianism: a Christian theology that God is one and not three beings as others of the Christian faith believe.
Corporal punishment: physical punishment.
"What works": an expression often used by criminal justice experts and scholars in the discussion of criminal rehabilitation.
Good Lives Model (GLM): a rehabilitative model that focuses on non-criminogenic needs.
Risk-Need-Responsivity (RNR): a rehabilitative model that focuses on criminogenic needs.
High-risk offenders: offenders who have committed serious crimes such as rape and murder.
Low-risk offenders: offenders who have committed less serious crimes such as theft and minor drug offenses.
"Three strikes": a law that increases prison sentences upon three convictions of a violent and/or serious crime.

## Introduction

The USA has the highest incarceration rate among free nations (Petersilia 2011). The number of offenders in US prisons reflects a problem with recidivism that has plagued the criminal justice system for decades. Numerous scholars and reformists since the early nineteenth century have endeavored to find solutions to rehabilitate criminals with the common goal of reducing recidivism. In the 1970s, it was thought that all programs meant for treatment or rehabilitation for

prisoners were not working and that "nothing worked" to end criminal behavior. However, many forms of treatment and rehabilitation have developed with some of the treatment programs showing effectiveness in reducing criminal recidivism. The American people may have an overall negative opinion on prison rehabilitation and treatment programs, but it is essential to demonstrate how rehabilitation has reduced recidivism and how it will continue to decline with more research and studies. The purpose of this article is to review the need for rehabilitation treatment programs in the US prison system. This article hopes to act as a starting point for scholars who are beginning their studies and research in criminal rehabilitation and its effects on recidivism. The goal is to summarize a brief history of prison rehabilitation and to review the more mainstream and well-known programs and models of rehabilitation. This article advocates for treatment program models that address criminogenic traits followed by non-criminogenic traits. Finally, proposed solution that begins to address how recidivism rates can be reduced through rehabilitative treatment programs will be given. It is crucial that a model for criminal rehabilitation be applied to the entire prison system in the USA. The statistics presented by scholars and federal agencies solidify that it is time for the US Justice System to implement serious programs that will reduce criminal recidivism. It is time for prisons to not just act as punishment, but to act as institutions that reform criminals into functioning and productive members of society.

## The Great Awakening of Criminal Rehabilitation

Since the early nineteenth century, many in the field and study of criminal justice have strived to find solutions to the prison system in the USA. Dorothea Dix can be considered one of the first American social reformers who advocated for reform and rehabilitation in American prisons. Dix was an active member during the Antebellum Era of the USA when rationalism of European Enlightenment reached the shores of America (Maslin 2015). Optimism of prisoner rehabilitation was alive, and many anthropologists linked the criminal acts and behaviors of inmates to their personal lives that related to their families and social surroundings (Maslin 2015). "Most believed that rehabilitation was both possible for these criminals and beneficial for American society, and that a properly designed prison could achieve such aims" (Maslin 2015, p. 140). The Puritan idea of hard work and striving for personal excellence was popular in regard to how a criminal could become reformed. Two trends that became adapted in the prison system were the idea of solitary confinement and work by day – alone by night. These two systems of confinement were viewed as ways to reduce the likelihood of offenders reoffending (Maslin 2015). The American prison system was a hot button issue that had prominent figures such as Alexis de Tocqueville and Charles Dickens weighing in on the two trends of prison discipline.

Dorothea Dix gravitated toward the idea of solitary confinement and held the idea of Unitarianism. The principles of her prison reform view were solitary confinement, fresh air, and clean water. Dix believes that a prisoner could find a moral way of life, but in order to achieve that they must be provided with fresh air and clean water and be held in solitude so that they would not be infected with criminal behavior that was believed to be airborne and infectious (Maslin 2015). While Dix's approach to prison reform was unconventional by today's standards, her principles were based on the idea that prisoners could become morally good people of society and that corporal punishment ought to be used in severe cases (Maslin 2015). Overall she was in favor of saving souls and not punishing them. Her core beliefs of rehabilitation laid the foundation to many treatment programs that are established today.

The 1970s set the stage for some in the USA to believe that there were no rehabilitative treatment programs that resulted in reducing recidivism. In 1974, Robert Martinson conducted a survey on "What Works" in the prison system in regard to rehabilitative treatment programs reducing recidivism. In Martinson's research, he analyzed over 200 studies that ranged from education and

vocational training, individual counseling, group counseling, institutional environment, medical treatment, and the effects of rehabilitation in outside institutions (1974). Because Martinson could not conclude that specific treatment programs did work, many scholars have understood that Martinson's survey concluded that nothing worked in reducing recidivism. However, it is incorrect to interpret Martinson's study as concluding that "nothing works" but rather to realize that Martinson had concluded that, based on the research used in his survey, it was inconclusive of what rehabilitative treatment programs were effective in reducing recidivism. Martin states:

> I am bound to say that these data, involving over two hundred studies and hundreds of thousands of individuals as they do, are the best available and give very little reason to hope that we have in fact found a sure way of reducing recidivism through rehabilitation. This is not to say that we found no instances of success or partial success; it is only to say that these instances have been isolated, producing no clear pattern to indicate the efficacy of any particular method of treatment. (Martinson 1974, p. 49)

Martinson stated that there were numerous flaws in the studies he used for his survey and that because of his recognition of inconsistencies, he did *not* conclude that nothing worked. Martinson did not mean that all the treatment programs were unsuccessful but that no one model or program revealed to be a complete solution in reducing recidivism (1974). The fact that some of the treatment programs did show success in one aspect or another can lead one to think that perhaps those programs were on to something. If the variables were all accounted for and the research Martinson used in his survey was better executed, wouldn't it be accurate to state that the likelihood of those programs succeeding are just as high as the thought of them failing? Martinson did not discount the successes that were found in the research he used; therefore, hope remains that prison rehabilitation can reduce recidivism.

Some people may argue that rehabilitation does not reduce recidivism and that implementing programs in the prison system would be a waste of money. In 2011 over $50 million was poured into the US prison systems with a national average of $23,000 per inmate (Petersilia 2011). The incorporation of rehabilitation programs would add more to the national average of annual cost per inmate. However, if rehabilitation is implemented and shows to reduce recidivism, the cost per inmate is likely to decline – the less inmates per year, the less annual expenditures. It is important to consider what causes people to commit crimes. If, for example, someone has anger management problems when they are driving and cause an accident, that person may not serve time in jail or prison but they may be court mandated to attend a behavioral program that focuses on how to manage anger, find what actions or situations triggers anger, and how to avoid and manage such triggers. If it is believed that people who commit small acts of crime can be corrected by paying a fine or attending behavior therapy class or motor vehicle classes, why isn't this rationale applied to offenders who are incarcerated?

Criminal behavior is linked to the psychology of human behaviors and needs. There is a reason for every action carried out, and sometimes those actions are deviant in nature. But why commit deviant actions that result in disrupting society? Criminal behavior is psychological (criminogenic and non-criminogenic needs), and it is reasonable to believe that rehabilitation that analyzes the "why" of behavior is necessary in rehabilitating offenders into productive members of society (Andrews et al. 2011; Andrews and Dowden 2007; Fortune et al. 2012; Siegert et al. 2007). "Thus understanding *how* rehabilitation interventions or programmes work, in addition to knowing *how well* they work, should contribute to a more effective, precise and safe science or rehabilitation" (Siegert et al. 2007, p. 1604).

## Rehabilitative Models

Criminogenic needs, such as things related to social and antisocial behaviors, can trigger criminal behavior (Andrews et al. 2011). Non-criminogenic needs are areas that relate to a person's self-worth and self-esteem (Looman and Abracen 2013). It is theorized that non-criminogenic needs can also trigger criminal

behavior if not addressed. There are two prominent rehabilitation models that are known throughout the criminal justice community – the Good Lives Model (GLM) and the Risk-Need-Responsivity model (RNR). The Good Lives Model (GLM) sets its principles on a person's well-being and self-esteem and how they view their purpose in life. GLM also focuses on building positive social behaviors that lead people to live fulfilling lives with a strong sense of self-worth (Ward and Durrant 2011; Siegert et al. 2007). The Risk-Need-Responsivity (RNR) model leads with focusing on criminogenic needs but also recognizes the importance of non-criminogenic needs (Looman and Abracen 2013; Andrews et al. 2011; Andrews and Dowden 2007). Both of these models have great insight into the human psychology that causes people to commit criminal offenses.

### The Good Lives Model (GLM)

GLM was developed by Tony Ward and his colleagues and focuses on non-criminogenic needs. The GLM principles focus on needs that relate to a person's view of themselves and their social interactions. Because it is theorized that non-criminogenic needs have a direct effect on criminal behavior, the GLM looks to positively nourish those needs in order to prevent criminal behavior and live a fulfilling life (Siegert et al. 2007). The GLM is rooted in the idea that social interaction and relationships are essential and are one of the basic needs of human nature (Siegert et al. 2007). GLM has a belief that mankind is good (not in the ethical sense) (Siegert et al. 2007, p. 1609) and therefore makes it a positive model appealing to those who believe a person's self-worth and self-esteem (self-awareness) are key in reducing recidivism (Andrews et al. 2011). It focuses on the person and how that person views themselves and their place in society. If, for example, a person lacks a good family structure and a network of friends and has no prospect of a successful career due to lack of education, there may be an increased likelihood to turn to drug abuse, heavy drinking, or other deviant behaviors. Once that person has a negative self-image of themselves and an absence of self-esteem, they may continue down a path that continues to erode their self-identity and amplify the need to commit criminal behavior.

The GLM centers on the belief that all people are equal, deserve dignity, and are entitled to human rights (Fortune et al. 2012). The goal of GLM is to assist offenders in realizing their self-worth and to set goals of milestones they wish to achieve (desire for an education, family, significant other, career, etc.). Some major GLM statements that support the focus of non-criminogenic needs are (1) offenders are just like everyone else, and like everyone else they have dreams, goals, and aspirations they hope to achieve; (2) offenders are led to criminal behavior due to their lack of social acceptance; (3) no one formula of rehabilitation fits all offenders – each offender has different humanistic wants and needs; and (4) reduction of non-criminogenic needs results in the reduction of criminogenic needs (Andrews et al. 2011).

Educational programs and vocational training relate to the principles of the GLM. Lori L. Hall contends that previous research has shown that education within the prison system has resulted in reduction of recidivism. In addition to amplifying offender's confidence and self-esteem, education has benefited offenders in finding employment once they are released from prison (2015). The benefits of educational programs within the prison system are not only beneficial for released offenders but have shown they are cost-effective and benefit society because of reduced recidivism (Hall 2015). A study completed in Scotland showed that in conjunction with educational programs, the introduction of literacy and a study of the arts has had significant positive effects on offenders (Tett et al. 2012). Art-based education found that it improved offender's awareness of self, self-esteem, and confidence and allowed them to become inspired to strive for a better way of life. With an education and the receiving of a diploma, degree, or certificate, an offender will feel empowered and motivated to live a fulfilling life upon release. Educational programs improve offender's morale and self-worth, things that cultivate a positive prison environment (Harding 2014).

Prison environments have been theorized to promote criminogenic needs believed to result from how prisoners treat and interact with one another, the level of security, and the attitudes of prison staff. The interaction of offenders and security are obvious factors that have negative effects on a prison environment, but the attitudes and the level of happiness of prison staff also greatly affect the climate of prisons (Harding 2014). To think of prisons as civic communities rather than just an institution for punishment can change the perspective of how prison environments can have great impact on criminogenic needs. It is without doubt that within the prison system, offenders and prison staff have categorized prisons in regard to what is considered a good prison and what is a bad prison. The categorization of prisons as either a good one or a bad one is based on what others have experienced at those prisons. If offenders are found to be treated badly as a result of unhappy prison staff (who may have negative connotation of their work environment), that prison would earn the reputation of being a bad prison that no one would want to be detained at or work at. "The crucial point is that the prison social climate is now reliably measurable" (Harding 2014, p. 166) and should be considered when researching its effects on criminogenic needs.

The GLM has a great principled foundation focused on natural human nature needs which is why it has been adopted in clinical studies (see Siegert et al. 2007). It is imperative not to discredit the fact that non-criminogenic needs are important and crucial in the rehabilitation of offenders. However, some things do lack within GLM. The principles of GLM are relevant, but there is little evidence to show that GLM is effective (Andrews et al. 2011). When GLM is compared to a much more successful rehabilitative model, such as the Risk-Need-Responsivity (RNR) model, it does not stand a chance in comparing effectiveness in the reducing recidivism (Andrews et al. 2011, p. 737). GLM lacks long-term evaluation studies (Looman and Abracen 2013). While GLM honorably concerns itself with the well-being of the whole person, it appears to lack a focus on criminogenic needs, thus leaving an offender potentially unable to understand and know how to handle those needs should they arise. "GLM underestimates the serious possibility of criminogenic effects when the pursuit of well-being does not address an individualized understanding of the major causes of crime" (Andrews et al. 2011, p. 750). Perhaps if the GLM were to incorporate more value on criminogenic needs, like the RNR model does, it would be found to be effective in reducing recidivism.

### Risk-Need-Responsivity (RNR)

The Risk-Need-Responsivity (RNR) model is a rehabilitative model that has been a utilized in Canada, the UK, Australia, and New Zealand. RNR was initially born from research of empirical literature conducted by Donald Andrews, James Bonta, and Paul Gendreau. RNR is principled around risk management and focuses first on criminogenic needs while also addressing non-criminogenic needs. RNR is based on three principles: risk, need, and responsivity. Risk is focused on the risk level of the offender (Andrews et al. 2011). Need is in reference of criminogenic needs and identifies eight factors (the "Big Eight") (Looman and Abracen 2013). Lastly, responsivity is creating intervention specifically for each offender's learning style (Andrews et al. 2011).

RNR model focuses on high-risk offender's versus those of low risk who need minimal treatment (Campbell et al. 2015; Andrews et al. 2011). Similar to GLM in regard to social relationships and behaviors, RNR recognizes that crime can result from social relationships (friends and family) and antisocial behavior. However, where RNR differs from GLM is that the approach RNR uses is a cognitive-behavioral psychology model, whereas GLM uses a humanistic psychology model (Looman and Abracen 2013). RNR is modeled on the belief that there are behaviors (criminogenic needs) that can be used to predict recidivism. RNR looks to target those behaviors and needs, assist the offender in removing those needs, and do so by creating a plan specific to each offender based on their assessed risk and their learning ability.

One of the main criticisms of the RNR model is that it doesn't focus enough on the

non-criminogenic needs such as self-esteem, self-worth, and personal distress and emphasizes avoidant goals (Fortune et al. 2012). Other criticisms include that RNR "downplays the importance of social relationships and community involvement" (Ward and Durrant 2011). Ward and Stewart have criticized RNR for focusing too much on criminogenic needs and disregarding humanistic aspects of human nature that include friendships, loving relationships, self-esteem, and creativity (Andrews et al. 2011, p. 736). Interestingly enough, if the principles and goals of both the RNR and GLM were to be compared, it would be found that they are very similar. Further, it is evident when comparing the two models, RNR is a more complete and encompassing model because it focuses on criminogenic needs and non-criminogenic needs (see Andrews et al. 2011; Andrews and Dowden 2007; Looman and Abracen 2013). Andrews and Dowden detailed many important factors of proper implementation of a rehabilitative model by recognizing the importance of self-control (handling temptation) and how antisocial and personal relationships with loved ones can affect that self-control of resisting criminal behavior (2007). Some of the most dominant targets of the RNR focus on self-management, problem-solving, learning how to handle pro-criminal desires, and enhance "rewards and satisfactions for prosocial pursuits in the context of peers, family, school/work, and leisure/recreation" (Andrews et al. 2011, p. 743). RNR may not primarily focus on non-criminogenic needs, but they are recognized and incorporated into its model.

It is also very important to note that while the GLM lacks in significant and relevant studies to demonstrate its effectiveness, RNR has studies that have shown success. RNR has a proven record of reducing recidivism and has contributed greatly to the study and research of rehabilitation (Fortune et al. 2012; Wexler et al. 1999). RNR has also been used in mental health-related studies in regard to predicting recidivism and effectively reducing recidivism (Skeem et al. 2013; Campbell et al. 2015). RNR has been advocated by The National Institute of Corrections, the International Community Corrections Association, and "clinical psychologist who call for increased attention to the personal fulfillment of offenders" (Andrews and Dowden 2007, p. 440).

## Conclusion

The US prison system is far from solving the issue of recidivism. Since the 1970s pessimistic views of criminal rehabilitation have been prominent. In recent decades the study and research of the effects of rehabilitation on recidivism has reversed the "nothing works" attitude and has created an optimistic view that something can and does work. Reviewing the history of rehabilitation and a brief overview of the prominent rehabilitation models, recommendations can be made to work toward the goal of reducing criminal recidivism. First, of all of the rehabilitation models that are known of and have been tested, the RNR model offers the best option of a successful model at reducing recidivism. RNR has been supported and vouched for due to its success in reducing recidivism.

It is recommended that the US federal government seriously consider implementing RNR in prisons that have a majority of high-risk offenders. For prisons with lower-risk offenders, it would be beneficial to implement a program that is considered minimal and ensures that criminogenic needs are still a focus in order to reduce recidivism. An alternative proposal would be, at the very least, for the federal government to launch a national study at high-risk prisons implementing the RNR model. Studies have varied in length of measuring recidivism ranging from 1 to 3 years after offender's release. Those lengths of measurement have been found successful; however, it may be beneficial to implement a study that measures at least 8 years post offenders release in order to further test the length of time the RNR model is effective at reducing recidivism.

A second recommendation would be to expand prison work programs and ensure educational and vocational programs are available to inmates. Again, when analyzing criminogenic needs, the lack of education and work contributes to an offender's antisocial behaviors that lead to criminal behavior. To this end, the GLM's principles of

self-worth and self-esteem are relevant in regard to education and employment. The principle of achieving a fulfilling life is found in the RNR; therefore, education, vocational programs, and work programs can lead to an offender becoming motivated and confident in their ability to live a fulfilling life post release. In conjunction to ensuring these programs are available to offenders, a positive prison climate should be strived for. A positive prison environment not only benefits offenders but also benefits prison staff. The implementation of RNR, education, vocational programs, and work programs will begin to cultivate a positive prison environment.

The final recommendation would be for criminal justice legislation to remove the "hard on crime" approach. The implementation of "three strikes", minimum, and maximum sentences haven't led to significant reduction of recidivism nor has it contributed to positive prison reform. It has been found that harsher punishments, especially without rehabilitative programs, do not reduce crime. On the contrary, it can actually increase the likelihood of recidivism (Andrews and Dowden 2007; Petersilia 2011). The offense with the highest number of incarcerations in the USA is drug related. The penalties for certain drug offenses that include possession, distribution, and paraphernalia are dependent on the drug. Regardless, these penalties and punishment haven't seemed to fix the problem of the "drug war" but appear to have only amplified it. Perhaps a more appropriate way to handle substance abusers is to ensure they are enrolled in a rehabilitative treatment program based on the RNR model while serving for first, second, and third offenses. By focusing drug abusers on methods and behaviors to rid them of their criminogenic need for drug abuse, it may, more than likely, have a direct positive effect on the recidivism rate of drug offenses.

A huge detriment for implementing such programs is the cost. The prison system accounts for a good portion of the US budget; however, if offenders can be rehabilitated and therefore not recommit crime, the overall cost of the prison system will likely decrease even after the cost of implementing rehabilitation programs. A study that conducted a cost analysis of the Amity Prison Therapeutic Community (TC) treatment program in California found that the rehabilitation program potentially reduces the cost of incarceration if effective programs were implemented (see McCollister et al. 2003). Of course, the study wasn't without potential variables that may prove opposite of what the study found. However, the study can be considered a great point to start at when analyzing cost-effectiveness of rehabilitation.

In conclusion it is worth noting that the recommendations presented in this article are not without unaccounted variables or factors. Unfortunately, not every offender can be rehabilitated. Some offenders are best kept away from society in order to preserve safety, peace, and stability. However, it cannot be ignored that a great number of offenders have been abandoned and not given the opportunity to receive treatment or assistance for something such as first offense of theft or drug possession. The intent of this article was to offer recommendations and act as a freshman approach to an issue that is in desperate need of improvements and solutions. It is admirable what so many scholars and researchers have found and accomplished in the area of criminal justice. By no means is there a simple solution to this very complex problem, but perhaps there is hope on the horizon for the US criminal justice and correctional system.

In October of 2015, Senator Chuck Grassley (R) of Iowa introduced a bipartisan Sentencing Reform and Corrections Act of 2015. The bill addresses the issue of over incarceration rates plaguing the US prison system and models itself after successful rehabilitation programs out of Texas. The bill aims to reduce recidivism and reduce cost. It is very encouraging that this complex issue is being discussed in the halls of Congress and hopefully will be the beginning of successfully riding the "nothing works" attitude and actually proving that there are solutions that do work.

## References

Andrews DA, Dowden C (2007) The risk-need-responsivity model of assessment and human service

in prevention and corrections: crime prevention jurisprudence. Can J Criminol Crim Justice 49:439–464. https://doi.org/10.3138/cjccj.49.4.439
Andrews DA, Bonta J, Wormith SJ (2011) The Risk-Need-Responsivity (RNR) model: does adding the good lives model contribute to effective crime prevention? Crim Justice Behav 38(7):735–755. https://doi.org/10.1177/0093854811406356
Campbell MA, Canales DD, Wei R, Totten AE, Macaulay WAC, Wershler JL (2015) Multidimensional evaluation of a mental health court: adherence to the risk-need-responsivity mode. Law Hum Behav 39(5): 489–502
Fortune CA, Ward T, Willis GM (2012) The rehabilitation of offenders: reducing risk and promoting better lives. Psychiatry Psychol Law 19(5):646–661. https://doi.org/10.1080/13218719.2011.615809
Hall LL (2015) Correctional education and recidivism: toward a tool for reduction. J Correct Educ 66(2):4–29
Harding R (2014) Rehabilitation and prison social climate: do 'What Works' rehabilitation programs work better in prisons that have a positive social climate? Aust N Z J Criminol 47(2):163–175. https://doi.org/10.1177/0004865813518543
Looman J, Abracen J (2013) The risk need responsivity model of offender rehabilitation: is there really a need for a paradigm shift? Int J Behav Consult Ther 8(3–4):30–36
Martinson R (1974) What works? Questions and answers about prison reform. Public Interest 35:22–54
Maslin MJ (2015) A rhetoric of rehabilitation: Dorothea Dix's prison reform arguments. Argumentation Advocacy 51(3):138–152
McCollister KE, French MT, Prendergast M, Wexler H, Sacks S, Hall E (2003) Is in-prison treatment enough? A cost-effectiveness analysis of prison-based treatment and aftercare services for substance-abusing offenders. Law Policy 25(1):63–82
Petersilia J (2011) Beyond the prison bubble. Natl Inst Justice J 268. Retrieved from http://www.nij.gov/journals/268/pages/prison-bubble.aspx
Siegert RJ, Ward T, Levack WMM, McPherson KM (2007) A good lives model of clinical and community rehabilitation. Disabil Rehabil 29(20–21): 1604–1615. https://doi.org/10.1080/09638280701618794
Skeem JL, Winter E, Kennealy PJ, Eno Loudon J, Tater JR ll (2013) Offenders with mental illness have criminogenic needs, too: toward recidivism reduction. Law Hum Behav https://doi.org/10.1037/lhb0000054., Advance online publication
Tett L, Anderson K, McNeill F, Overy K, Sparks R (2012) Learning, rehabilitation and the arts in prisons: a Scottish case study. Stud Educ Adult 44(2):171–185
United States. Cong. Senate. Judiciary Committee (2015) Sentencing reform and corrections Act of 114th Cong. 1st sess. 2015. Retrieved from https://www.congress.gov/bill/114th-congress/senate-bill/2123/text
Ward T, Durrant R (2011) Evolutionary psychology and the rehabilitation of offenders: constraints and consequence. Aggress Violent Behav 16:444–452
Wexler HK, De Leon G, Thomas G, Kressel D, Peters J (1999) The amity prison TC evaluation: reincarceration outcomes. Crim Justice Behav 26(2): 147–167

# Rehabilitation Programs and Prison Inmates: An African Context

Oluwaseyi Isaiah Alamu[1] and Wasiu Abiodun Makinde[2]
[1]Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria
[2]Department of Public Administration, The Federal Polytechnic Ilaro, Ilaro, Nigeria

## Synonyms

Convict; Correctional institution; Crime; Criminals; Incarceration; Offense; Restoration process; Yard bird

## Definition

| | |
|---|---|
| Rehabilitation | It is an act of formally restoring people from ill mental state to better socially acceptable and stable state. It is done to transform lives of offenders who have been convicted for crimes or undergoing trials in the law court by engaging them through educational or vocational skills and utter employment. It makes offenders responsible by becoming law-abiders and no longer law-breakers. |
| Rehabilitation Programs | It entails all efforts made especially by government to transform and better the lives of prison inmates. The purpose is |

R

to reinstate the accused/ offenders back into the society.

Prison Inmates These are persons confined in a locality having been convicted or held in custody pending their prosecution in court of law. The duration of confinement is dependent on the sentence by a judge.

## Introduction

Prisons are established to restrict those legally incarcerated or awaiting trial in various courts of law for safekeeping as well as curbing of menace in the society. However, except for those that received capital punishment through the pronouncement of execution sentence on them by competent courts of law, prisons are expected to reform as well as rehabilitate those incarcerated toward their reintegration back into the society on completion of their prison sentences (UNRISD 2018). To achieve these goals of administration, reformation, and rehabilitation, it will be expedient to train and retrain prison inmates during their period in captivity. This requires exposing them to adequate and timely education and vocational trainings as well as welfare and information programs which will eventually change their orientation and belief about making a living.

Debate of what to do with offenders has always supported changing them to law-sustainers, that is, rehabilitate and reform the offenders. Berman (2004) asserts that reasoning and rehabilitation were originated in the Republic of Canada, particularly for criminal justice settings. Reasoning and rehabilitation program derived its basis from model of social learning which assumes that law-breakers have failed to gain fundamental understanding and social skill essential to decide on life situation challenges using anti-social methods. The program therefore teaches partakers challenge-tackling methods and social methods, including dialogue, bargaining, controlling effusive tendencies, and intellectual thinking, all according to a detailed manual. The program is presently implemented in penal institutions and correctional facilities in Canada, the United Kingdom, many regions of the United States, Sweden, Finland, Norway, Spain, and Holland, among others.

The rehabilitation of inmates begins from the first minute in prison to the last minute of immurement. This is to actualize the utilization of those skills acquired from rehabilitation programs in order to live a crime-free and legally productive life in the larger community. There are various programs or ways that can be put in place to change law-breakers to law-abiders, by ensuring that crime remains unattractive to them, through moral training, vocational training, art/craft learning, religious teaching, and educational programs. Despite this prodigious idea, much effort is yet to be channeled toward rehabilitation and reformation in Nigerian prison. Ekpenyong and Undutimi (2016) stated that reports have frequently shown that a period in Nigeria's penal institution does not really have impact in rehabilitating prisoners and most of them return to criminal activities upon release. Some argue that most inmates do learn new methods and better ways of committing crime and escape while in prison with more hardened criminals. Also, they connect with inmates and others who they can also make connections with and become more deeply involved in the criminal world.

The foregoing has resulted into high rate at which recidivism is occurring in Nigerian prisons, causing security challenges in the country and resulting into prevailing congestion in our prison system. Ayodele cited in Uche et al. (2015) asserted that the rate of recidivism in Nigeria is a cause of concern. Rehabilitation of prison inmates has not really had an effect on them, as yearly, convicts who became more hardened and dangerous are reintegrated to the society as against rehabilitated individuals expected from the prison. These necessitate assessing the effects of rehabilitation programs for prison inmates in Nigeria with focus on prison facilities across Southwestern Nigeria. This will reveal to the prison administrators, policymakers, and the society how to improve rehabilitation of prison inmates to solve the problem of congestion and other societal consequences.

## Scientific Investigation to Inmates' Rehabilitation in Nigeria

The investigation is descriptive. It involved the administration of questionnaire and the conduct of personal in-depth interview with the various stakeholders. It covered prison inmates in Nigerian prison facilities in Southwestern Nigeria. Since population of prison inmate changes almost every minute and every day, the total number of inmates in Ogun, Osun, Oyo, Ekiti, Lagos, and Ondo States as of 30 December, 2017, which is 5,116 inmates, was taken as the study population. These were divided into convicted and awaiting trial categories. The categorization assisted in the sampling only of those convicted and awaiting trial in the selected prisons. The analysis adopted a multi-stage sampling procedure. In total, 256 copies of questionnaire were administered to inmates in selected prisons which represented 5% of population proportionately allocated to each stratum.

The two Heads of the Departments (Health Unit and Social Welfare Unit) in each sampled prison were selected for in-depth interview. In addition, 12 recidivist prison inmates were also randomly selected, 2 each from categories of inmate population for interview to elicit information on the adequacy of rehabilitation programs and its effects and challenges in Nigerian prisons. Two representatives of a non-governmental organization (Health and Prison Welfare Initiatives) and two representatives of Redeemed Christian Church of God and NASFAT Islamic Foundation were also selected for interview to elicit information on their support toward rehabilitation programs in the selected prisons. Data collected were analyzed using descriptive and inferential statistics.

## Quantitative Description of the Effect of Rehabilitation Programs on Prison Inmates in Southwestern Nigeria

This chapter presented the quantitative and qualitative data analysis as well as interpretation of the view of respondents on the effect of rehabilitation programs for prison inmates in Southwestern Nigeria. Table 1 shows the quantitative analysis on frequency distribution and percentage of sampled respondents on each of the variables stated to

**Rehabilitation Programs and Prison Inmates: An African Context, Table 1** Analysis of rehabilitation programs on inmates in Nigeria

| | | HE | ME | FE | PE | NE | Total |
|---|---|---|---|---|---|---|---|
| S/N | Variables | F (%) | F (%) | F (%) | F (%) | F (%) | F (%) |
| 1 | Cognitive behavioral therapy program has improved understanding on how to make a living | 101 (41.9) | 111 (46.1) | 5 (2.1) | 6 (2.5) | 18 (7.5) | **241 (100.0)** |
| 2 | Counselling programs have changed orientation and belief about life | 89 (36.9) | 100 (41.5) | 3 (1.2) | 42 (17.4) | 7 (2.9) | **241 (100.0)** |
| 3 | Educational programs have prepared inmate for better future after release | 109 (45.2) | 120 (49.8) | 12 (15.0) | – | – | **241 (100.0)** |
| 4 | Religious activities and programs have improved understanding of godly way of life | 164 (68.0) | 66 (27.4) | 8 (3.3) | 3 (1.2) | – | **241 (100.0)** |
| 5 | Information and communication technology facilities improved knowledge of inmates and enhanced skills | 39 (16.2) | 45 (18.7) | 52 (21.6) | 48 (19.9) | 57 (23.7) | **241 (100.0)** |
| 6 | Vocational programs will enhance self-sustenance after release from prison | 74 (30.7) | 151 (62.7) | 11 (4.6) | 5 (2.1) | – | **241 (100.0)** |
| 7 | Healthcare programs enhance mental and physical readiness to learn during rehabilitation programs | 44 (18.3) | 122 (50.6) | 65 (27.0) | 8 (3.3) | 2 (0.8) | **241 (100.0)** |
| 8 | Recreational programs enhance inmates' preparedness for life after imprisonment | 76 (31.5) | 144 (59.8) | 12 (5.0) | 9 (3.7) | – | **241 (100.0)** |

Source: Field Survey 2018

test the effect of rehabilitation programs for prison inmates in Southwestern Nigeria. In addition, qualitative data obtained from interviews were used to complement the quantitative data obtained so as to ensure detailed discussion on the adequacy of rehabilitation programs for prison inmates in Southwestern Nigeria.

As shown in Table 1, the first variable was on the effect of cognitive behavioral therapy programs on prison inmates to test the effect of rehabilitation programs for prison inmates in Southwestern Nigeria. The respondents were asked to react on the effect of cognitive behavioral therapy programs in improving inmates' understanding on how to make a living in Southwestern Nigeria. The result showed that 41.9% of the total sampled respondents rated cognitive behavioral therapy programs as highly effective on inmates as a rehabilitation program to improve inmate understanding on how to make a living, 46.1% of the total sampled respondents rated cognitive behavioral therapy programs as moderately effective as a rehabilitation program, 2.1% of the total sampled respondents rated cognitive behavioral therapy programs as fairly effective, 2.5% of the total sampled respondents rated cognitive behavioral therapy programs as poorly effective, while 7.5% of the total sampled respondents rated cognitive behavioral therapy programs as a rehabilitation program for prison inmates in Southwestern Nigeria.

On the effect of counselling program on the prison inmates in Southwestern Nigeria, the respondents were asked to react to counselling program's ability to change inmates' orientation and belief about life as being part of the rehabilitation program. The result showed that 36.9% of the total sampled respondents rated counselling program being part of rehabilitation program as highly effective in changing inmate orientation and belief about life, 41.5% of the total sampled respondents rated counselling program as moderately effective, 1.2% of the total sampled respondents rated counselling program as fairly effective, 17.4% of the total sampled respondents rated counselling program as poorly effective, and 2.9% of the sampled respondents rated counselling program as not effective in changing orientation and belief about making a living.

On the third variable, educational programs have effect on the rehabilitation of prison inmates, the respondents were asked to react to educational programs' ability to prepare inmates in Southwestern Nigeria for better future after incarceration. The result showed that 45.2% of the total sampled respondents rated educational programs as highly effective in preparing inmates for better future after release, 49.8% of the total sampled respondents rated educational programs as moderately effective in rehabilitation of prison inmates, and 15.0% of the total sampled respondents rated educational programs as fairly effective as rehabilitation program for preparing inmates for better future after release.

On the fourth variable, religious activities and programs have effect on inmate rehabilitation in Southwestern Nigeria, the respondents were asked to react to religious programs' ability to improve understanding of Godly way of life as an effort toward rehabilitation of prison inmates in Southwestern Nigeria. Table 1 showed that 68.0% of the total sampled respondents rated religious programs as highly effective in rehabilitation program toward making inmate understand Godly way of life, 27.4% of the total sampled respondents rated religious programs as moderately effective, 3.3% of the total sampled respondents rated religious programs as fairly effective, and 1.2% of the total sampled respondents rated religious programs as poorly effective in rehabilitation of inmate to understand Godly way of life.

As regards the fifth variable, information and communication technology has effect on inmate rehabilitation in Southwestern Nigeria, the respondents were asked to react to the effect of information and communication technology as part of rehabilitation program for prison inmates in Southwestern Nigeria. The result showed that 16.2% of the total sampled respondents rated information and communication technology program as highly effective in rehabilitation of prison inmates by improving their knowledge and enhanced skills, 18.7% of the total sampled respondents rated information and communication technology program as moderately effective in rehabilitation of prison inmates, 21.6% of the total sampled respondents rated information and

communication technology program as fairly effective, 19.9% of the total sampled respondents rated information and communication technology program as poorly effective, and 23.7% of the total sampled respondents rated information and communication technology program as not effective in rehabilitation of prison inmates in improving their knowledge and skill.

The sixth variable on Table 1 was on vocational programs being a basis of self-sustenance for inmates after imprisonment. The respondents were asked to react to the effect of vocational programs as a rehabilitation program for self-sustenance of prison inmates in Southwestern Nigeria after the period of imprisonment. The result showed that 30.7% of the total sampled respondents rated vocational programs as highly effective as a rehabilitation program assisting self-sustenance of prison inmates after imprisonment in Southwestern Nigeria, 62.7% of the total sampled respondents rated vocational programs as moderately effective for self-sustenance of prison inmates after incarceration, 4.6% of the total sampled respondents rated vocational programs as fairly effective in enhancing self-sustenance of inmates after imprisonment, and 2.1% of the total sampled respondents rated vocational programs as poorly effective in enhancing self-sustenance of prison inmates after the period of imprisonment.

As regards the seventh variable, healthcare programs enhance mental and physical readiness to learn during rehabilitation, the respondents were asked to rate the effect of healthcare programs on enhancing inmate mental and physical readiness to learn during rehabilitation within prison facilities in Southwestern Nigeria. The result indicated that 18.3% of the total sampled respondents rated healthcare programs as highly effective, 50.6% of the total sampled respondents opined healthcare programs are moderately effective, 27.0% of the total sampled respondents opined that healthcare programs are fairly effective, 3.3% of the total sampled respondents opined that healthcare programs are poorly effective, and 0.8% of the total sampled respondents opined that healthcare programs are not effective in the rehabilitation program for prison inmates in Southwestern Nigeria.

The eighth variable in Table 1, recreational programs enhance inmates' preparedness for life after confinement, the respondents were asked to react to the efficacy of recreational programs' ability to enhance inmates' preparedness for life after confinement as rehabilitation program for prison inmates in Southwestern Nigeria. The result showed that 31.5% of the total sampled respondents opined that recreational programs are highly effective in enhancing inmates' preparedness for life after imprisonment, 59.8% of the total sampled respondent opined that recreational programs are moderately effective, 5.0% of the total sampled respondents opined that recreational programs are fairly effective, and 3.7% of the total sampled respondents opined that recreational programs are poorly effective.

## Qualitative Description of the Effect of Rehabilitation Programs on Prison Inmates in Southwestern Nigeria

A cross-section of interviewees noted that the vocational program was a very effective rehabilitation program for prison inmates in Nigeria. Prison inmates were able to learn one or two skills during their period of imprisonment such as carpentry, barbing, hairdressing, shoemaking, and bag making, among others. There was a designated work shop within the prison for all the trainings. The heads of Social Welfare Unit in the sampled prisons explained that government effort in this aspect of rehabilitation is excellent, as there were provisions of facilities for various entrepreneurial skills for the inmates so that they can be useful for themselves after their stay in confinement. Also, adequate support from various non-governmental organizations complements that of the government, assisting with materials and tutors and even preparing graduation ceremony to certified inmates that have been through with their training. The certificate was the same you can get outside in the larger society, so the question of their training being inferior will not arise at all. Sometimes, those NGOs provide aftercare services such as provision of technical equipment for inmates, either on the graduation day or

during their release, to assist them in setting up the learned skill. There are reports of some inmates doing fine with the skills acquired during their stay in prison.

Interview revealed that counselling and cognitive therapy programs were effective rehabilitation programs. The Heads of the Social Welfare Units in the selected prisons revealed that there is counselling unit with a professional, who identifies the reason for anti-social behavior of the inmates that led to imprisonment and understands how to assist the inmates to overcome such drive for unlawful attitude. These also assist in engaging inmates in vocational programs and religious activities that will help them to overcome such bad tendency for anti-social behavior. It was revealed that the prisons achieved tremendous result in this aspect of prison service, with inmates able to live a better life even during their period of imprisonment as well as outside of the confinement area. This submission negates the conclusion of Oroleye (2018) about the suitability of the environment in the rehabilitation of inmates.

Most prison officials believed that education is essential for lawful behavior in the society. Despite this, the revelation from interview on educational program discovered that there is a wide disparity in the provision of this educational program among the selected prison facilities. The question of effectiveness of this educational program cannot be deduced to be the same across prison facilities. The Heads of Social Welfare Unit in Ilesha Maximum Security Prison and Olokuta Medium Security Prison revealed that only adult literacy program is available, adequately and effectively carried out in the prison with recorded success in inmates' ability to read and write, for those that were unable to do so before imprisonment. It was also revealed that effort is being made to ensure remedial program (for SSCE makeup) and National Open University of Nigeria (NOUN) program for various degree programs.

The head of Social Welfare Unit at Ibarra Medium Security Prison revealed that adult literacy, remedial program, and degree programs are all available, adequate, and effective. He disclosed that adult literacy is the combined effort of the government, NGOs, and religious bodies, while remedial program, for those who enroll for NOUN programs but have deficiency in their SSCE, is carried out by NGOs. Therefore, inmates only enroll for NECO exam not WAEC, to make up O-level requirement for NOUN program of their choice under full scholarship of the NOUN management. He also revealed that NOUN program just started here about 3 years ago, when he was transferred from Kirikiri Prison in Lagos, where it is being carried out effectively when compared with his place of primary assignment. However, it is yielding result today as many inmates are already enrolled and are going on with their programs, with regular supply of materials and NGOs' support in providing tutors for their computer-based examination here within the prison.

It was revealed that religious program was very effective in selected prison facilities. Various religious groups and associations organized prayers, counselling, and religious study for inmate on their selected faith. There are churches such as Redeemed Christian Church of God, Winners Chapel, Deeper Life Christian Church, and Pentecostal Fellowship Christian Church, among others, having regular visit to the prison, teaching bible lessons, and organizing prayers for the inmates. They also work with the counselling unit to assist in the rehabilitation of the inmates and have been successful to a large extent. There are Islamic groups also, like NASFAT Islamic Foundation and Ansar-Ud-Deen Islamic Foundation among others, carrying out similar activities to that of their Christian counterparts. The question on traditional religion activities revealed that inmates are either Christian or Muslim, with no provision for traditional religion, even though the constitution of Nigeria provides for the three religions.

Interview revealed that ICT program was not effective in all selected prison facilities. The Head of the Social Welfare Unit of Olokuta Medium Security Prison stated that effort is put in place for the supply of required equipment necessary for ICT program, meaning there is no training of ICT in the prison at the time of this analysis. In Ilesha Maximum Security Prison, the head of the Social Welfare unit revealed that despite the presence of some computer system, it cannot be said to be

adequate, let alone effective, as the State Command is making all effort to improve this present condition. It was discovered that computer systems are not being used as there is no assigned officer for tutoring inmates. The result is not the same in Ibarra Medium Security Prison, where NOUN degree examination is majorly computer-based. This enhances ICT training for inmates, as the basis for enrolling into a degree program. ICT is said to be effective and improve the knowledge of inmates. However, it is regulated with strict rules for inmate, to avoid breach of security and other misuse of the facilities.

Interview with the officials revealed that healthcare program is effective for all the inmates. On regular basis, a medical doctor is posted to the prison from the Ministry of Health, to ensure preventive healthcare of the inmates and attend to minor sickness and in which serious cases are referred to government hospital on his order and written instruction. Prisons ensure clean environment, which is the first health measure, and regular sanitation. There is constant supply of drug from the Ministry of Health, and NGOs are also supportive in that area too. Recreational programs were revealed to be effective in ensuring mental and physical balance of inmates. Regular football matches are organized for the inmates, as well as table tennis and all other forms of games, for both male and female. We do have inter-prison and intra-prison competition on a regular basis, with the support of NGOs, business organizations, philanthropists, private individuals, and religious bodies.

It was revealed that case work is also an effective rehabilitation program in prison facilities through legal aid from volunteer legal practitioners. There are inmates who cannot afford legal fees and are having minor cases such as fighting, assault among others, which just require little legal effort for their bail. Prison officials in conjunction with those legal practitioners assist those prison inmates through their cases in courts. NGOs also support in this rehabilitation programs which have recorded successful feat in the administration of prison in Nigeria. In addition to quantitative data, responses from interviews show that inmates are learning on how to contribute to the society and live a crime-free life upon release from prison. Also, non-governmental organization has been able to record successful trained inmates on various vocational programs with occasional graduation ceremony organized for certification. A recidivist inmate interviewed asserts that rehabilitation programs are now successful stories compared to his initial imprisonment. He started that he has been able to acquire knowledge on carpentry work, which he believed will serve as a means of living upon release from imprisonment, different from when he was firstly imprisoned when nothing was in place, except to pray and wait for judgment or number of days.

This analysis was in congruent with the study of Gideon and Sung (2011) that cognitive prison programs are effective in that inmates are taught to cultivate positive thinking as means to correct criminal behavior. Jonathan (2011) also reported through his investigation that many inmates are succeeding in the classroom and that educational programs are having a significant impact upon the rate of re-incarceration. He went further that those inmates who participated in correctional educational program tend to be model citizens while in prison, as they generally make better decisions in prison and less likely to just follow the crowd.

On the effect of rehabilitation programs for prison inmates in Southwestern Nigeria, it was reported that 36.9% of the total sampled respondents rated the counselling program being part of rehabilitation program as highly effective in changing inmate orientation and belief about life and 41.5% of the total sampled respondents rated counselling program as moderately effective. Also 45.2% of the total sampled respondents rated educational program as highly effective in preparing inmates for better future after release, and 49.8% of the total sampled respondents rated educational program as moderately effective in rehabilitation of prison inmate. In the same report, 68.0% of the total sampled respondents rated religious program as highly effective in rehabilitation program toward making inmate understand Godly way of life, and 27.4% of the total sampled respondents rated religious program as moderately effective being part of rehabilitation program. Meanwhile, Ugwuoke and Ameh (2014)

based on evidence from Kogi Prison observed the relationship between participation in rehabilitation programs and absence of recidivist in the sampled prison with 85.5% agreement of opinions.

Quantitative analysis was also supported by Gigeon and Sung (2011) who reported that cognitive prison programs are effective because inmates are taught to cultivate positive thinking process as means to correct criminal behavior. Interviewed officials stated that rehabilitation programs have been yielding positive result in Nigeria, with reduction in the rate of recidivist over the past few years. Prison administrators are aware of the reduction in recidivism since NGOs, religious bodies, and private individuals among others are supporting prison rehabilitation programs.

## Conclusion

Rehabilitation programs for prison inmates were at the core of the administration of prisons in Nigeria, Africa, and most parts of the world. Prisons are not expected to act as containment in custody alone but to identify reason for anti-social behavior, reform, rehabilitate, and reintegrate offenders back into society to become law-abiders. This core function is aimed at reducing re-incarceration, suppressing security challenges, and reducing congestion in Nigeria's prison facilities. The reorganization of Inmate Training and Productivity, a Directorate in Nigeria Prison Service, saddled with the responsibility of implementing rehabilitation programs, with the idea of private partnership with institutions such as National Open University of Nigeria and other non-governmental organizations since 2012, has resulted into improved adequacy and effect of rehabilitation programs on prison inmates in Southwestern Nigeria. The resultant effect has led to inmates completing degree programs while in jail and some becoming professionals in various skills such as carpentry, hairdressing, shoemaking, soap making, barbing, etc. during the incarceration period. With these qualifications and skills, inmates become useful for themselves and the society at large upon release from prison.

## References

Berman AH (2004) The reasoning and rehabilitation program: assessing short- and long-term outcomes among male Swedish prisoners. J Offender Rehabil 40(2):85–103

Ekpenyong NS, Undutimi JD (2016) Prisons rehabilitation programmes in Nigeria: a study of inmates perception in Okaka Prison, Bayelsa State. Stud Sociol Sci 7(6):1–12

Gideon L, Sung HE (2011) Rethinking corrections: rehabilitation, reentry, and reintegration. SAGE Publications, Inc, Thousand Oaks

Jonathan EM (2011) The historical practice of correctional education in the United States: a review of the literature. Int J Humanit Soc Sci 1(17):91–100

Oroleye A (2018) Challenges of welfare administration of inmates in Nigeria Prisons System in Southwestern, Nigeria. Int J Polit Good Gover IX, No. 9.2 Quarter II 2018, 1–20

Uche IB, Uche OA, Ezumah NN, Ebue MO, Okafor AE, Ezegbe BN (2015) Effectiveness of rehabilitation programmes in the Nigerian Prisons: a study of perception of inmates in Enugu Prison. Mediterr J Soc Sci 6(4):164–170

Ugwuoke CU, Ameh SO (2014) Rehabilitation of convicts in Nigerian Prisons: a study of federal prisons in Kogi state. Res Humanit Soc Sci 4:26

United Nations Research Institute for Social Development (2018) Experiences with welfare, rehabilitation and reintegration of prisoners. Lessons learned? United Nations Working

# Reinventing Government

Federico Butera
University of Milano Bicocca and Fondazione Irso, Milan, Italy

## Synonyms

Change management; Governance; Public Management; Reform; Reorganization of public administrations; Service design; Service professions; Sociotechnical design

## Definition

Governance and organization design are political, legal, organizational, and cultural processes

aimed at creating a better and cheaper administration and at regaining people's trust in the administration: in most cases, they may lead to a substantial reinventing government together or also without large legal reforms.

## Introduction

The New Public Management (NPM) approach at the beginning of the eighties became popular mainly because of its promise to reduce public administrations costs. NPM suggested to apply to the public sector styles and methodologies typical of private corporations by giving public managers more autonomy and accountability, developing indicators and control procedures for performance management, and fostering competition with the private sector (Hood 1991).

The transformation of "bureaucrats" into "public manager" however in the European countries was slow and uneven. Farnham et al. (1996) charges to the administrative law the different pace of such a transformation: rather successful in UK, Finland, and The Netherlands based on common law, medium-low successful in France, Belgium, and Italy, very low in Germany and Spain where public organizations are fully ruled by administrative law.

The idea of *governance without government* (Rhodes 1997) was proposed in Europe as a wider approach based upon the idea of networks among public and private actors which cooperate to attain common goals and develop social capital. Kickert and Klijn (1997) proposed the governance approach as an alternative to government based upon the authoritarian and centralistic model of policy making.

In all European countries in fact NPM soon had to face three main challenges. The first challenge was to free the Administration from "red tape" by eliminating useless rules, regulations, procedures, and ineffective processes: making public administrations simpler, less bureaucratic, and more citizen friendly. The second challenge was to jointly improve services, organization, and technology and to mobilize employees' energy, thus obtaining a paradigm shift from an administration that merely regulates and authorizes to a one that provides, directly or by outsourcing, optimal services to citizens with minimal costs. The third challenge was to build a positive identity, increase prestige, and abolish corruption in central and local public administrations.

The abovementioned challenges of course can benefit of professional new managerial behaviors and of a new governance model, but they also require structural changes in service design, organization, technology, jobs, what is named as an integrated *sociotechnical system* based upon non-bureaucratic paradigms and oriented toward the joint optimization of efficiency, quality of service, and quality of working life (Trist and Murray 1993): this is what may lead to really reinvent government. In the next paragraph, we are going to explore who, how, and when develop at the same time a new Public Management, a new governance, and the design of new sociotechnical public systems.

## Strategy and Organization Choices for Facing Challenges

Political movements, legislators, administrators, and scientists still argue about the main alternative strategies for meeting the three abovementioned challenges.

The debate has been often polarized among multiple choices, often seen as alternatives: (a) legislation enforcing legal rights versus design of services; (b) legislative reforms of formal structures and procedures versus change management of processes, organization, and behavior done by public management; (c) work defined by bureaucratic rules versus professional work. In fact they are not alternatives but rather dilemmas, because both polarities may be jointly optimized.

1. *Legislation enforcing legal rights versus design of services.* Many western constitutions establish the priority and sacredness of the rights that all public affairs should protect. The protection of the citizen rights from the public administration includes, among others, jurisdiction, health care, social assistance,

education, work, and many more: they are dictated by national constitutional charters and by the ordinary legislation. Law sets regulations and provides resources to give access to services related to infrastructures, public utilities, education, welfare, registry activities, and others, but also to preserve and protect collective goods (e.g., justice, tax administration, police, licensing). But promising legal protection of these rights is not equivalent to actually meeting the needs with appropriate services: just think of the right to work constitutionally established in some western countries denied by the high level of unemployment.

In fact, citizens' needs are satisfied not by compliance with a law or an administrative procedure, but only through the design and delivery of appropriate services. Service design means to provide and optimally integrate all the three main components of services: (i) the "concept" of socially and economically desirable services; (ii) the engineering of service processes and the joint design of technology, organization, and people roles and skills; and (iii) the appropriate delivery oriented to end user satisfaction.

Citizens' legal rights to receive services therefore are brought into reality by an appropriate design and management of the organization, technology, professional systems really capable to deliver services at a reasonable cost and quality. Optimal combination of legal rights and service design is the first step for reinventing government.

2. *Legislative reforms of formal structures and procedures versus change management of processes.* The usual great difficulties in implementing changes dictated by a new law are sometimes charged to insufficient political will, to bureaucratic rigidity, and to lack of public employees' skills. The truth is that legislative reforms in most cases do not include the processes of organizational and professional implementation.

   On the other hand, the redesign and implementation of organization, technology, and professional systems is a very complex process. In private companies, this is the responsibility of management, within the stakes of shareholders strategies. Also public managers have a considerable room of maneuver within the stakes of the law and of the superimposed institutional power: but this is often avoided or hindered, by a literal compliance to law or a bureaucratic behavior.

   So, the second step for reinventing government is to combine good legislation with good use of the room of maneuver of public management.

3. *Work defined by bureaucratic rules versus professional work*. Impartial behavior by civil servants requires well-defined duties and responsibilities: the foundation of a good bureaucracy, as Max Weber (1978) stated, is based upon law and regulations. On this base all regular activities within a bureaucracy can be regarded as official duties; management has the authority to impose rules, and rules may easily be respected on the basis of established procedures. In addition to this, public employment in many European countries is largely regulated by law.

   On the other hand, good services require professional roles and skills based upon specialist knowledge, processes are designed for taking care of external and internal customer needs, and work is performed in teams. All that respecting but going largely beyond any formally defined rule (Crozier 1963): customer satisfaction is first. In synthesis in most cases the public employee is required to act not only as a civil servant but also as a professional, who is characterized by a distinctive (or even exclusive) knowledge, professional ethics, and ideal for service.

   Public jobs in the NPM approach are in essence *Service Professions*, which means "operating units within the organization that provide the most qualified part of the service and are entrusted to people with the right skills, resources and rules" (Butera 2016). The public administration already includes professional work model because it employs certified professions such as lawyers, doctors, engineers, and architects. There are, however, much more cases of qualified roles and professions that are

not included in any professional orders: e.g., computer analysts, social security consultants, and social service specialists. But also "normal jobs" as public officers and front office employees in many European Public Administrations are evolving towards *service professions,* because are constituted by open roles featured by responsibility on results, management of relationships with citizens and colleagues, and technical and behavioral skills.

This is the third step of Reinventing Government: reconciling the public nature of the civil servant work with the professional behaviors and statute of Service Professions.

## Three Patterns of Structural Change

In the Western world, there are three major patterns of public administration structural change processes: legal reform, osmotic change, and planned change process.

(a) The model of change as *legislative reform* starts from the assumption that a system changes when a law is introduced that modifies the formal rules. This is the preferred model in continental Europe: Germany, Spain, France, and Italy. In this model, politics set the strategies giving rise to a political arena during the controversial preparation and approval of the reform, which often arrives late, incomplete, and ineffective. The bureaucratic execution is often closer to compliance rather than to results (Crozier and Friedberg). The bureaucrats then should deal with the implementation, as General De Gaulle said "l'intendance suivrà."

The preference for the legal-normative approach is rooted in strong cultural and structural traditions: cultural because of the dominance of administrative law and the centralistic models of government and structural because the legislative reform "in se" deals with raising consensus, hiring, managing real estate, and affecting power structures. Public administration in fact in most countries has a high share of stable employment representing a large quota of electoral base (Cassese e Franchini 1994). Besides, the public administration controls huge symbolic and material resources (Crozier and Friedberg 1977). The legal rigidity is often protection of status quo: when positive projects for the redefinition of public services and processes have been proposed (Borgonovi 1966), angry voices have often arisen about the alleged "corporatization" of public administrations.

(b) The "*osmotic change"* model derives from the concept of "osmosis" and implies a flow of gradual change consisting in the continuous adaptation of processes and organization to the changing context and to the culture of people involved. This is, for example, the case for the continuous change in public school systems: teaching styles, practices, and methodologies slowly adhere to the changes in the student population, in the multiethnic structures of society, in the societal change of culture and values, and much more.

(c) The "*planned change process"* model is close to the Anglo-Saxon tradition and consists of planned programs promoting a variety of actions intended to produce a change: these programs try to activate all kind of available innovation processes and to foster people "energization" or "mobilization" (Mayntz 1985; March and Olsen 1989; Thoenig and Dupuy 1983). This model defines a medium to long-term plan to promote a range of localized changes at central and local government. Changes are related to the structure and functioning of public administration.

The *planned change process* model can be implemented both at national and individual organization level:

(a) A *national framework program* including both some top-down/longitudinal projects and the promotion of reorganization projects in various single administrations. The framework program may imply:
- Leadership by the Head of Government
- Program management assured by the Ministry of Public Administration (or similar)

with the support of other Ministries and Regions
- Purposeful synergies between state, regions, and local authorities
- Well-designed partnerships between public administration and private companies
- Convergence between research agencies (university and nonuniversity) and public administration
- Agreements with unions and intermediate bodies

In this kind of programs, the main stakeholders define and agree upon a series of values, parameters, interinstitutional cooperation, and new paradigms of system design. These programs may actually bring to life the *Governance Model* indicated by Rhodes.

(b) *A structural change management,* that is a reorganization project in a single large administration that includes:
- A plan for the partial or total redesign of a public administration like a ministry, an agency, a region, a municipality, and namely of the service system, the organizational and technical system (objectives, organization, technologies, people management system), the social and cultural system (professional system, training, etc.)
- A series of pilot projects focused upon problems
- A continuous and planned implementation and improvement activity

This approach overcomes the rational and linear approach of first planning, then developing projects and then experimenting and implementing: project or continuous improvement may come first and the institution-wide change plan may be decided afterwards. In such a way a recursive spiral of changes in the socio-technical system and of learning processes may be developed, reinforcing each other.

Within this approach, a New Public Management engages public managers not only in taking responsibilities within the *business as usual,* but also in participating in change and innovation of structural and cultural dimensions.

A national framework program may promote various structural change management processes in single administrations, as in the US case presented in the next paragraph. But structural change management may be performed also without any national framework program.

## A Case of Nationwide Planned Change Process of the Entire Public Administration. The US Reinventing Government Program

The most famous case of *planned change process* at a nationwide level is the Clinton and Gore US *National Partnership for Reinventing Government* (NPR) (1992–1997). Very influential in the conception of the program was the work of Osborne and Gaebler (1992). The purpose stated by Al Gore was to "create a better and cheaper administration and to regain the American people's trust in the administration" (Gore 1993). It had two main guidelines:

- An *Analysis, Improvement and Reorganization Program for Federal Agencies*, coordinated by the "Office of Personnel Management (OPM)": a large number of projects with a strong involvement in each administration of the management, personnel and a share of the users. Two types of projects were performed: a great number of *demonstration projects* (Demo) where service, organization, and personnel management were redesigned, also in derogation of the applicable laws; a great number of *reinventing laboratories* (Labs) devoted to process reengineering and introduction of new technologies. The projects were proposed, studied, and implemented by the same executives and personnel of the concerned administrations and were supported by central structures of the National Performance Review, largely involving universities, ICT, consulting, and training companies.
- An *Electronic Governance Development Program* provided by two federal bodies: the "Government Information Technology Service Board (GITS)," which developed strategies

and implementation of longitudinal projects of information technology through various Federal Administrations, and the "Office of Management and Budget (OMB)" which coordinated the interdepartmental teams engaged in the optimal use of ICTs.

The results of both programs in those years were remarkable (Osborne and Hutchinson 2004): over 800 implemented actions; 137 billion dollars of cost reduction achieved; 348,000 employees relocated to more productive functions; abolished 640,000 pages of internal regulations; and 16,000 pages of federal rules, all that with the highest degree of consensus between Government and Trade Unions.The President and the Vice President of the United States assigned a primary political and strategic importance to the Program for three reasons: tangible results on the federal budget; participation of citizens, public employees, and trade unions, with a resulting improved trust in the Administration; and shift of federal budget and industrial policy from military to public administration. Al Gore's political gain was so great that he got the highest number of individual votes in the presidential campaign against George Bush.

Buntin (2016) reviewed the US program stating that it "has made a mark on governments everywhere."

## Summary and Conclusion

Multistakeholders Governance and public socio-technical redesign are the main road for effectively reinventing government.

Reorganization of public administration may be achieved through legal reform, osmotic change, and planned change. They may be developed jointly.

A framework program at a national level as in the US case is desirable, but it is possible also to launch framework programs limited to a nationwide single large complex administration, like judicial, sanitary, school systems.

In single administrations, a Structural Change Management methodology may be applied, adopting a recursive set of plan, pilot projects, and continuous improvement. In any case the management of single administrations may use their "margin of maneuver," and employees may participate giving value to their knowledge and experience. Participative design may make New Public Management approaches effective.

## Cross-References

▶ Public Policy and Politics
▶ Public Service and Service Delivery

## References

Borgonovi E (1966) Principi e sistemi aziendali per le amministrazioni. Egea, Milano
Buntin J (2016) 25 years later, What happened to 'reinventing government'?. In: Governing.com, Online Journal, September 2016 http://www.governing.com/topics/mgmt/gov-reinventing-government-book.html
Butera F (2016) Il change management strutturale. In Studi Organizzativi, 1,2015, Milano and in Rebora G. (editor) Il Change Management, Este, Milano
Cassese S, Franchini C (1994) L'amministrazione Pubblica italiana. il Mulino, Bologna
Crozier M (1963) Le phénoméne bureaucratique. Editions du Seuil, Paris
Crozier M, Friedberg E (1977) L'acteur et le système. Editions du Seuil, Paris
Farnham D, Horton S, Barlow J, Handeghem A (1996) New public managers in Europe. Public servants in transition. Macmillan, London
Gore A (1993) The Gore 's report on reinventing government. Three River Press, New York
Hood C (1991) A public management for all seasons. Public Adm 69(1):3–19
Kickert WJM, Klijn EH (1997) Managing complex networks. Strategies for the public sector. Sage, London
March JG, Olsen JP (1989) Rediscovering institutions. The basis of politics. The Free Press, New York
Mayntz R (1985) Soziologie der öffentlichen Verwaltung. Müller Juristischer Verlag, Heidelberg
Osborne T, Gaebler T (1992) Reinventing government. Addison Wesley, Reading
Osborne T, Hutchinson P (2004) The price of government: getting the results we need in an age of permanent fiscal crisis. Basic Books, New York
Rhodes RAW (1997) Understanding governance. Policy networks. Governance, reflexivity and accountability. Open University Press, Buckingam
Thoenig JC, Dupuy F (1983) Sociologie de l'administration française. A. Colin, Paris

Trist E, Murray H (1993) The social engagement of social science, vol II. University of Pennsylvania Press, Philadelphia
Weber M (1978). Economy and society: an outline of interpretive sociology. University of California Press (original 1922)

# "Re-invention" of the Public Sector Training, The

Lina Vyas
The Education University of Hong Kong, Hong Kong Institute of Education, Hong Kong, China

## Synonyms

Civil servant training; Civil service training; Government training; Public servant training

## Definition

Public sector training refers to an instructor-led, content-based intervention, leading to desired changes in civil servants' behavior.

## Introduction

The significance of intellectual research into human resource management (HRM) in the public sector has long been disregarded or given only cursory recognition despite the distinctive context of the public sector (Brown 2004; Burke et al. 2013). Being a crucial part of HRM, training in the public sector has been unreasonably neglected. Central training agencies in many parts of the world have traditionally played an important role in formulating training policies and providing support to departments in training and development matters. When the New Public Management (NPM) reforms emerged, institutions' focus in providing training was altered. The NPM is a movement toward a greater stress in the use of government tools in the delivery of services (Sanchez 2003, p. 8). The reform has been aimed then to deregulate the activities of public officers, giving them more freedom to manage and to make the public sector less distinctive as separate social realm from the private sector (Sanchez 2003). Owing to the tide of reform, the original focus of training agencies in providing training has been enhanced, while departmental training or purchasing services from private providers. Such terms as "customer oriented" and "result oriented" are highlighted in the NPM vocabulary. Though not all countries and institutions threw themselves into the reforms, many picked something from the NPM menu (Pollitt and Bouckaert 2011).

## Civil Service Training: From Traditional to "Customer-Oriented" Approach, From Centralization to Decentralization

During most of the twentieth century, training management in the public sector was mainly concerned with imposing standardized routines (Sanchez 2003, p. 10). The traditional language of training emphasizes teaching in line with the law. Training interventions were restricted to sporadic programs oriented to demonstrate the newest management tools available and update individuals' technological skills (Sanchez 2003, p. 10). As Schmidt (1991) argues, the traditional training model seems inadequate to fulfill the tasks contemporary public administration is required to perform. Rather, it seems to be too "generic, slow and tenuous" (Sanchez 2003). However, influenced by the ideas of NPM, public officials attending training programs are viewed as "customers" or "clients." "Customer focus" has become a burgeoning theme in public management. The prescriptions of being "close to" and "responsive" to customers originate from theoretical applications of economics as well as from the broad transfer of business practices to public management (Paarlberg 2007, p. 201). Increasingly, government training agencies are required to focus on customer satisfaction (Huque and Vyas 2008).

On the other hand, effectiveness rather than process has been emphasized to achieve result-oriented management. Training effectiveness is assessed by considering results or evaluation, trainees' performance, and their ability to transfer techniques to their jobs (Huque and Vyas 2008). The concept of customer orientation has been introduced and developed modeled on market orientation, which emphasizes responsiveness to customers' needs, competitiveness, and capacity to disseminate information (Narver and Slater 1990). Customer orientation, also known as customization, is "an employee's tendency or predisposition to meet customer needs in an on-the-job context" (Brown et al. 2002) and can be divided into three characteristics: prioritization of customer interests, use of customer information, and organizational measures to satisfy the customer (Paarlberg 2007).

The training aspect in the public sector has also turned to decentralization. Decentralization is defined as the transfer of authority or responsibility for decision-making, planning, management, or resource allocation from any level of government to its field units, district administrative units, other levels of government, regional or functional authorities, semiautonomous public authorities, parastatal organizations, private entities, and nongovernmental private or voluntary organizations (Hope and Chikulo 2000, p. 28). There can be horizontal decentralization which disperses power among institutions at the same level of vertical decentralization which allows some of the powers of a government to be delegated downward to lower tiers of authority (Hope and Chikulo 2000). The primary objectives of decentralization include, but are not limited to, overcoming the indifference of government bureaucrats to satisfying the needs of the public; improving the responsiveness of government to public concerns; and increasing the quality of service provided (Hope and Chikulo 2000, p. 29). It has the advantages of creating greater diversity of practices, better recruitment and training, and increased responsibility.

## Civil Service Training in Hong Kong

In the early year, training and development of civil service was part of the localization policy of the colonial government to include local ethnic Chinese as far as possible (Burns 1988). Training programs were designed as induction courses of government departments and vocational training of administrative procedure within the government, which was mainly for newly recruited local staff. The Establish Branch (former Civil Service Bureau, CSB) formed the central training unit to coordinate all training and development issues, and the unit later restructured as the Government Training Division in 1967. The division was not just responsible for localization purpose but also efficiency improvement purpose (Burns 1988, p. 20). The training division later became two separated parts, including the Civil Service Training Centre (CSTC) offering general training in vocational, language, and management training to civil service and the Senior Staff Course Centre (SSCC) providing executive development at higher level.

Following the Sino-British Agreement in 1984, the localization of the Hong Kong civil service escalated. In response to calls to dismiss senior-level expatriates, the government launched an HRM consultation (Scott 2005) and decided against extending the contracts of civil servants employed on agreement terms, including expatriates (Cheek-Milby 1989), while new recruits would be employed on "new permanent and pensionable terms" (Civil Service Branch 1993). Consequently, the Civil Service Training Centre and Senior Staff Course Centre were combined in 1996 and renamed the **Civil Service Training and Development Institute (CSTDI)**. It was intended to coordinate all civil service training activities and provide courses on national studies and Putonghua to help public servants understand the latest developments in Mainland China (Civil Service Branch 1994). Civil service training during the pre-handover period served not just localization but also the convergence of differences of administrative practice with China (Huque and Vyas 2008). After the handover in 1997,

interaction and cooperation with China became more important in civil service training in the jurisdiction.

After the handover of sovereignty in 1997, chief executive Tung Chee-hwa launched consultation on human resource reform, which directly affected the structure of training. The consultation document, *Civil service reform: Civil Service into the 21st Century*, suggested that radical changes of civil service recruitment were necessary to ensure potential talents would not flow to the private sector and recommended that the permanent, pensionable terms appointment should change to contract agreement in recruitment (Civil Service Bureau 1999). The initial impacts of these measures are limited because of the government's decision of freezing recruitment of civil service, and all newly recruited civil servants were required to serve on an initial probationary contract years for 3 years to judge their performance for 3 years further contract before accede to permanent and pensionable terms (Scott 2005). Table 1 showed the key changes of structure in 2004 when CSTDI merged into Civil Service Bureau (CSB).

**"Re-invention" of the Public Sector Training, The, Table 1** Key changes of restructuring CSTDI

| |
|---|
| 1. Reducing 30% of staff and streamlining divisions in the central training institute |
| 2. Increasing emphasis on e-learning as distinct from classroom mode of provision |
| 3. Adopting an "account manager" approach to deal with departmental clients |
| 4. Promoting a "managerialized" and "customerized" role of CSTDI to address clients' needs |
| 5. Shifting direct control of training provision to advisory and consultative service |

Source: Vyas and Luk (2010)

However, the civil service training function in this period became more decentralized, focusing on departmental needs and preparing for increasing demands on performance (Huque and Vyas 2008). Figure 1 shows that the number of consultancy programs conducted by the CSTDI steadily increased between 2004 and 2010, revealing that the increasing trend of engaging advisory and consultancy services had become a major factor in training.

In Hong Kong SAR, the CSTDI is a designated agency with training of public servants as one of its main missions. In accordance with the Civil Service Bureau (2015b) and Legislative Council Panel on Public Service (2015), while policy bureaux and departments provide vocational

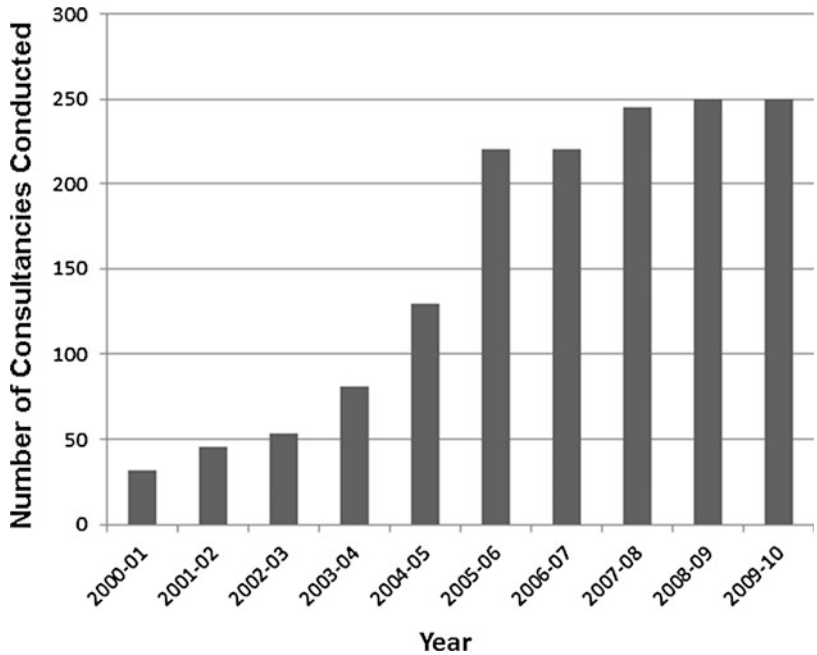


**"Re-invention" of the Public Sector Training, The, Fig. 1** Number of consultancies conducted by the Civil Service Training and Development Institute for Departments, 2000–2010 (Source: Financial Secretary of Hong Kong SAR. (2000–2010) Budget Speech for the year 2000–2001 to 2009–2010, Expenditure Analysis by Head, Head 143 – Government Secretariat: Civil Service Bureau. Retrieved from http://www.budget.gov.hk/2014/eng/previous.html)

training to meet job-specific needs of public servants, CSTDI focuses on training programs and activities (such as thematic workshops and seminars) that "are best provided by a central training agency," such as leadership and management, language and communication, etc., covering four core service areas, namely, senior executive development; national studies programs on the Basic Law and policies and developments of the Mainland on political, economic, social, and cultural aspects; HRM consultancy service; and promotion of a continuous learning culture. Such training programs are mainly tailor-made for senior civil servants, who are core employees in the government. Lepak and Snell (1999) described core employees as high-value, high--uniqueness employees whose skills and knowledge are a source of competitive value to organizations. Their value and uniqueness may be based on tacit knowledge that would be valuable to competitors, and these skills and knowledge are related to core processes developed internally and built up overtime. Senior civil servants as core employees play a critical role in the formulation and execution of the government's policies and strategies, and they serve as the linking pin between top managers and the operating core. They possess skills of high value and high uniqueness and contribute to the government's strategic objectives and help establish competitive advantages. Since their skill sets are not widely available in the external labor market, the training programs for senior civil servants tend to be centralized, which is suggestive of an internal development system. As for the junior civil servants, their skills are of lower value and uniqueness. The government therefore tends to engage in contractual relationships through outsourcing or the hiring of temporary trainers and manage their performance through compliance to ensure that clearly established standards are met. Under the compliance system, employees will receive the minimum training required to conform to organizational rules and to keep the labor costs low in order to match fluctuations in demand for goods and services. Hence, unlike senior civil servants, junior civil servants are exposed to less career development opportunities.

As for the content of the training provided by CSTDI, it is general in nature. Unlike job-specific training, general civil service training covers issues with high priority for the public service as a whole and requires uniform understanding, know-how, and principles of action to be adopted and implemented in different organizations in common areas (Metsma 2014). However, delivery of civil service training programs often engages private providers. According to the Civil Service Bureau, the leadership programs and management workshops conducted in 2012 and 2013, which targeted at senior civil servants, were led or delivered by local or distinguished scholars, prominent speakers, subject experts, and guest speakers from relevant fields, who were engaged to share their personal experiences and insights on topical subjects, such as executive health, social media, and global economic issues (Civil Service Bureau 2013). Job-specific training courses and experience sharing sessions, in contrast, are organized in-house by training units at policy bureaux and departments. For instance, the Staff Development Section at the Rating and Valuation Department of the HKSAR tailor-makes training programs for its civil servants on the Department's computer systems, valuation practices, and work procedures (Rating and Valuation Department 2010). In other words, training programs involving technical expertise, seminars, experience sharing sessions, and brainstorming sessions are outsourced to private service providers such as local universities and management consultants (Efficiency Unit 2008; Hong Kong Correctional Services 2013), considering that bureaux and departments may not have all the necessary skills and expertise required to manage the whole or part of the procurement process. Outsourcing sophisticated and complex outsourcing projects may be more effective and efficient to bring in specialist consultants with relevant knowledge and experience to assist them (Efficiency Unit 2007). Since 2001, the Efficiency Unit has established a dedicated team to assist government bureaux and departments to enhance the use of the private sector in the delivery of public services. In addition, a Training Sponsorship Scheme is offered to civil servants, encouraging them to pursue learning through

external courses. Under the Scheme, civil servants remunerated on or below HK$28,140 or equivalent may apply for reimbursement of course fees for self-arranged studies. The sponsorship ceiling is HK$6,000 per applicant per year for a maximum of three courses, all to be pursued outside office hours (Civil Service Bureau 2015a).

## Conclusion

Training can lead to the process of re-shaping organizational operation routine to increase productivity and efficiency. Decentralization of decision-making in training seems a solution to develop government employee competencies. Training in the Hong Kong public sector has become more demand driven rather than supply driven. Confronted with the issue of civil service training, the Hong Kong government initially chose the most hierarchical method of provision: centralization. As time passed, she could no longer rely only on centralized provision. Decentralization and outsourcing were introduced strategically in order to meet multiple demands. During the evolution of civil service training, it is obvious that centralization, decentralization, and contracting out are blended in the provision of training; nonetheless, governments may achieve the expected results with diverse means according to their own needs.

## References

Brown TJ, Mowen JC, Donavan DT et al (2002) The customer orientation of service workers: personality trait effects on self-and supervisor performance ratings. J Mark Res 39(1):110–119

Burke RJ, Allisey AF, Noblet AJ (2013) The importance of HRM in the public sector, future challenges and the relevance of the current collection. In: Burke RJ, Noblet AJ, Cooper CL (eds) HRM in the public sector. Edward Elgar, Cheltenham, pp 1–15

Burns JP (1988) The Chinese civil service system. In: Scott I, Burns JB (eds) The Hong Kong civil service and its future. Oxford University Press, Hong Kong, pp 204–226

Cheek-Milby K (1989) The changing political role of the Hong Kong civil servant. Pac Aff 62(2): 219–234

Civil Service Branch (1993) Civil service consultation document on civil service terms of appointment and conditions of service. Government Printer, Hong Kong

Civil Service Branch (1994) Human resource management: training in the civil service. Government Printer, Hong Kong

Civil Service Bureau (1999) Civil service reform: civil service into the 21st century. Printing Department, Hong Kong

Civil Service Bureau (2013) Policy of granting paid study leave to civil servants purpose. LC Paper No. CB(4) 870/12–13(02)

Civil Service Bureau (2015a) Hong Kong: the facts – civil service. Information Services Department, Hong Kong

Civil Service Bureau (2015b) Legislative council panel on public service – an overview of training and development for civil servants. Accessible online at http://www.csb.gov.hk/english/admin/training/files/TDpaperA_21122015_e.pdf

Efficiency Unit (2007) Serving the community by using the private sector – a user guide to contract management. Accessible online at http://www.eu.gov.hk/en/reference/publications/cm2007.pdf

Efficiency Unit (2008) Serving the community by using the private sector – a general guide to outsourcing. Accessible online at http://www.eu.gov.hk/en/reference/publications/guide_to_outsourcing_200803.pdf

Hong Kong Correctional Services (2013) Hong Kong correctional services annual review 2013 – human resources management. Accessible online at http://www.csd.gov.hk/annualreview/2013/text/htm_en/04_human.html

Hope KR, Chikulo BC (2000) Decentralization, the new public management, and the changing role of the public sector in Africa. Public Manag 2(1):25–42

Huque AS, Vyas L (2008) Expectations and performance: assessment of public service training in Hong Kong. Int J Hum Resour Manag 19(1):188–204

Legislative Council Panel on Public Service (2015) An overview of training and development for civil servants. Accessible online at http://www.csb.gov.hk/english/admin/training/files/TDpaperA_16022015_e.pdf

Lepak DP, Snell SA (1999) The human resource architecture: toward a theory of human capital allocation and development. Acad Manag Rev 24:31–48

Metsma M (2014) The impact of cutback management on civil-service training: the case of Estonia. Admin Cult 15(1):58–79

Narver JC, Slater SF (1990) The effect of a market orientation on business profitability. J Mark 54(4):20–35

Paarlberg LE (2007) The impact of customer orientation on government employee performance. Inst Public Manag J 10(2):120–130

Pollitt C, Bouckaert G (2011) Public management reform: a comparative analysis: new public management, governance, and the neo-Weberian state, 3rd edn. Oxford University Press, Oxford/New York

Rating and Valuation Department (2010) Annual summary 2009–2010. Accessible online at http://www.rvd.gov.hk/doc/tc/AS_fullbook/AS_2009-10_fullbook.pdf
Sanchez EV (2003) Training senior civil servants: lessons from Poland and the UK. Master, Birmingham University, UK
Schmidt GD (1991) Linking action training to bureaucratic reorientation and institutional reform. Public Adm Dev 11(2):39–55
Scott I (2005) Public administration in Hong Kong: regime change and its impact on the public sector. Marshall Cavendish International, Singapore
Vyas L, Luk S (2010) Decentralization and "consumerization" of the training function: the "reinvention" of the central training institute of Hong Kong. Int J Public Adm 33(12):710–727

# Relational Leadership Theory

Chrysavgi Sklaveniti
Institute of Organizational Psychology,
University of St Gallen, St Gallen, Switzerland

## Synonyms

Post-heroic leadership; Socially constructed leadership

## Definition

Constructed in relationships, under plural possibilities ranging from inter-individual (entitative) or mutual (processual) constructions.

## Introduction

Since the early 1990s, the field of leadership has been experiencing the *relational turn* and has been moving towards understanding leadership from the perspective of relationships. Relational leadership theory has developed in acknowledgment that individual-centric theorizing does not fully tap into the complexities of leadership work. Rather than focusing on the impact of the individual, relational leadership theory focuses on togetherness and draws attention to the variances between agency and participation, as well as individual and collective. In doing so, many deeply held assumptions about the nature of leadership are challenged. Notions, such as control and independence, are interpreted differently through a relational lens to explain relationships between leadership participants. Slowly gaining momentum, relational leadership theory has recently gained popularity in the field of leadership with amplification and diversification of scholarship investigating this theoretical perspective. This proliferation of work suggests that relational leadership is more than a trend in the field; it represents novel, cutting-edge thinking aiming to enliven the study of leadership with its social parameters. However, the proliferation of work on relational leadership is also coupled with increased ambiguity. The understanding of the "relational" differs significantly across various approaches: while all start from the founding assumption that leadership does not reside solely in the leader, there are profound philosophical differences in the way the relational is conceptualized. The remainder of this entry will present the strand of theoretical perspectives comprising relational leadership theory, outlining their different philosophical orientations, and will then bring to the fore the significance of relationships in leadership work.

## Defining the Relational

Relational leadership theories shift attention to what transpires between individuals and center relationship as the locus of leadership. While academics and practitioners participate in the relational turn, they develop different philosophical understandings about the study of relationships of leadership. The meeting place of all these different understandings is the awareness that leadership is not a lone, secluded action. Instead, leadership lies in the collective action of interconnected individuals, an outlook that challenges deep-held assumptions about leadership, such as individualism, agency, and independence. Responding to these challenges requires first to distinguish between the different philosophical understandings

around relational leadership to then move on to a discussion about what these offer to the conception of leadership. Views about relationality in today's leadership arena fall into the following two broad philosophical domains: entitative and processual stances. Each one follows distinct explanatory modes to frame, discuss, and conceptualize the relational in leadership (for an extended discussion see Uhl-Bien and Ospina 2012).

On the one side, an entitative perspective on relational leadership views leadership as starting from individuals and extending into collaboration between one or more sides (Bolden et al. 2011 offer a comprehensive overview). Leadership is produced by *interacting individuals* that are in relationships, with the production of leadership available from others than the appointed leader. Individual agency is still a key parameter determining leadership action; the distinction from traditional individual-centric theorizing lies in the ownership of leadership, which can now be located in multiple individuals. The underlying premise is that one individual cannot embody all the capacity needed to deal with organizational reality; therefore, there is the need to shift attention from individual to diffused forms of leadership. This diffusion brings about an arrangement or network of interacting individuals that come to form relationship. The entitative philosophical domain on relational leadership is primarily concerned with examining the conditions of diffusing leadership to achieve organizational goals, under the assumption that interacting individuals are separated from each other before coming to form relationships. On these grounds, an entitative lens describes relational leadership as a multidirectional relationship of influence, through which interacting individuals align their actions towards the common goal to ensure organizational performance. Leadership concerns more than the appointed leader: it spreads outside formal hierarchical structures, which means that it be expressed by followers as well, and it can also shift overtime. Studies of relational leadership in the entitative domain apply their logics of inquiry towards the exploration of the characteristics, behaviors, and actions of interacting individuals as they constitute relationships to influence each other. Noteworthy contributions include theories such as vertical dyad linkage –later extended to leader member exchange, team, self-leadership, shared, integrative, co-leadership, distributed, and even draw from complexity theory. These theories share a common focus on interacting individuals as they engage in relationships of leadership but vary significantly in their evaluation of the quality and engagement in these relationships.

On the other side, a processual perspective on relational leadership conceptually demotions the role of the individual (Hosking 2011). This ontological position contests the hegemony of the bounded individual as well as the separation between leader and followers. Leadership is not an outcome of action that can be traced back to individuals or networks of individuals; it is a *process*. This implies that relationships are not independent of the individuals making them; they go on among individuals, and the only characterization that would then be possible about individuals is that they are temporary expressions of these relationships (Gergen 2009). Such a processual understanding questions individual agency as the source of leadership and redefines participants engaged in leadership beyond rational and self-contained entities. Rather than the producers of leadership, individuals are relational participants in the process of leading. Instead of separating between leaders and followers, leadership becomes a process of negotiating social order, where the labels "leaders" or "followers" do not exist in advance. Labels do not come before relational processes; they become in the process. The processual philosophical domain on relational leadership is primarily concerned with studying leadership in action. Starting from the premise that leadership does not precede relational interaction, the focus is on studying how relating to one another brings about orientation and organizational achievements – leadership direction. On these grounds, a processual lens describes leadership as a mutual process of relating to one another in pursuit of direction. The core for studying leadership becomes reciprocal

relationships, which are difficult to measure with standardized formulas. With attention on *how* leadership is expressed, rather than *who* expresses it, processual approaches study leadership as it unfolds in everyday settings and attend to its performance. Still at a nascent developmental stage, contributions to the philosophical domain of processuality include perspectives termed as strongly processual, co-active, post-modern, or as adopting a soft differentiation between self and other. These contributions create a thinking space around which leadership is no longer an elusive concept but a living quality characterizing how people work together in organizations.

To conclude, the field of relational leadership encompasses a variety of philosophical stances which can be broadly categorized between the two different perspectives of entitative and processual lenses. Starting from dissimilar philosophical understandings and following distinctive aims, these two domains place relationships as the denominator of leadership. Entitative approaches study relationships as the outcome of interacting individuals, sharing the diffusion of leadership. Processual approaches study the dynamics of leadership, where relationships are made together with the individuals constituting them. The diversity of the topics explored under these two philosophical domains indicates the urgency to study relationships and their implications about leadership as well as the rich discussions through which relationality gains legitimacy in the field of leadership studies.

## Why Relational Leadership?

Bringing relationality to the forefront means engaging with the powerful idea that the concept of leadership is a collective achievement in a nexus of relationships. The conception of relational leadership has thus emerged to convey the ways of taking up relationality to explore the connections that bring together participants in leadership work. The potential of relationality resonates with the world of practice, which is striving to meet the modern organizational challenges of post-industrialism, technology-driven structures, and social media-oriented societies. These conditions render the organizational environment highly social and point to the need to understand the relational nature of social processes, such as leadership. To demonstrate the potential of relationality, below are three key implications about the nature of social processes stemming from relational theories, offering new insight into the field and practice of leadership.

The first insight offered by relationality about the practice of leadership is that it is constructed together with others. This implicates a dynamic view of leadership that is co-created in the interface of multiple participants. It also implicates that leadership is not a static or a given achievement; rather, it is developing and changing alongside participants' relationships. The involvement and inclusion of sociality place emphasis on collective action, while diminishing the dependence on leaders. Leaders and their followers are not necessarily the sole agents of leadership; leadership work may be achieved without having predefined specific hierarchies or roles among individuals. This is the case for example in project work or creative industries. Juxtaposing this realization against organizational reality, there emerges the acknowledgment that single individuals are not the sole bearers of success or failure. Organizational outcomes can thus be attributed relationally to multiple participants, giving rise to renewed appraisal and performance evaluation systems. Such happenings are a significant departure from individual-centric perspectives that see leadership as involving behaviors of specific individuals labelled as leader and followers.

The second insight of relationality has to do with the nature of leadership. Relational leadership is a pervasive social phenomenon, and as such it occurs in a context that needs to be acknowledged. To explore and explain the dynamic of leadership, a relational description is needed; one that goes beyond individuals and investigates the space between them. Relational leadership does not occur in a social vacuum, where universal truths can be applied. To understand the space in-between participants in

relational leadership, it is important to zoom into their lived experiences. This produces leadership discourse and narratives that may not necessarily converge around the same conclusions or viewpoints. Different participants may offer diverse experiences from their involvement in leadership work. Centering sociality in the study of relational leadership goes beyond producing context-specific descriptions. The value and promise of sociality lies in the reciprocal effects of relationality, rendering the pursuit of organizational goals a map of multiple possibilities. Therefore, there is no optimal route to achieving relational leadership; rather, there are various paths participants can take to reach desired destinations. The selection and pertinence of the route that comes to be the way for relational leadership critically depends on participants' relationships.

The third insight of relationality indicates that relational leadership can be developed; it is not a natural gift or a birth right. Typically, leadership development training involves the selection of those individuals labelled as leaders, who are tasked with cultivating characteristics such as charisma, perseverance, or authenticity. Considering that relational leadership develops in a social context, it is important to explore how participants working together can develop a collective competence, leading to the attainment of desired goals. From this outlook, relational leadership development is about working on modes of engagement and commitment against the background of collective action. This can be achieved by including various participants from across the organization and focusing on developing those characteristics underscoring togetherness, such as responsiveness to one another, reciprocal understandings, or acknowledgment of the other's position. Such types of leadership development could also place the training within specific organizations and within specific networks of participants, thus building collective competence that is directly linked to a specific social context. In doing so, relational leadership opens up to radical types of leadership development that are no longer about individual performance but rather thrive on plural participation.

## Conclusion

Presented in diverse philosophical approaches, relational leadership theory centers sociality and conceptualizes leadership as emerging from relationships. In doing so, it brings fresh insight into the leadership arena. It goes beyond concepts of dependency on single individuals to concepts based on notions of interdependent collectives, recognizing that leadership may occur outside formal authority. Relational leadership theory allows to explore the emergent nature of leadership, created by participation, interconnection, and embeddedness in social contexts. This shifts attention to the practice of leadership: rather than assuming that leadership is a priori and de facto produced by formal authority (appointed leaders), relational leadership theory examines relational interactions signifying the process of leading.

By centering sociality, relational leadership theory also unsettles the notion of followers. Followers are too participants in leadership, not just mere subordinates to leaders. Rather than framing fellowship as a hierarchical arrangement, relational leadership theory changes focus to participation that constructs leadership in such ways that leaders are created when fellowship occurs. Therefore, there is a movement from accepting the impact of the leader to focusing on the relational interactions among participants doing leadership work. From this outlook, relational leadership theory is concerned with the ways relationships are developed to achieve desired organizational pursuits. Finally, the emphasis on sociality offers a novel way to approach leadership development. Following the tenets of relational leadership theory, training involves more than single individuals labelled as leaders; instead, leadership development seeks to build social capital that has the potential to support togetherness in pursuit of collective achievements.

## Cross-References

► Collective Dimensions of Leadership
► Leadership in Organizations

▶ Power and Leadership
▶ Romance of Leadership

## References

Bolden R, Hawkins B, Gosling J, Taylor S (2011) Exploring leadership: individual, organizational & societal perspectives. Oxford University Press, Oxford
Gergen KJ (2009) Relational being: beyond self and community. Oxford University Press, Oxford
Hosking DM (2011) Moving relationality: meditations on relational approach to leadership. In: Bryman A, Collinson D, Grint K, Jackson B, Uhl-Bien M (eds) The SAGE handbook of leadership. Sage, London, pp 455–467
Uhl-Bien M, Ospina SM (2012) Advancing relational leadership research: a dialogue among perspectives. Information Age Publishing, Charlotte

# Relations Between Institutionalized Public-Private Partnerships and Their Public Clients

Christian Lohmann[1] and Alexander Ströbele[2]
[1]Managerial Accounting and Control, Schumpeter School of Business and Economics, University of Wuppertal, Wuppertal, Germany
[2]Institute of Management Accounting and Control, Ulm University, Ulm, Germany

## Synonyms

Contract renegotiation; Objective system; Public clients; Public procurement; Public shareholders

## Introduction

Institutionalized public–private partnerships (PPPs) are joint venture companies whose shareholders are the public institution and the private investors involved. Institutionalized PPPs are often responsible for the development and production of specific public goods and services. The decisions that determine these processes are made jointly by the public institution and private investors, who form a partnership to achieve their financial and social objectives (Klijn and Teisman 2001). Institutionalized PPPs can be regarded as an extension of contractual PPPs, because their aim is not only to operate efficiently but also to achieve high investments by taking advantage of both the capital of the private investor and the typically lower cost of the capital of the public institution (Hart 2003; Marra 2007).

Besides organizational aspects, the discussion on PPPs has to consider the people or institutions that use a PPP's products and services (the users), as well as those that pay for these products and services (the payers). A PPP can provide products and services directly to third parties, such as citizens or companies, or to the public institution that is part of the partnership and makes these products and services available to the end users. Similarly, either the end users or the public institution that is part of the PPP pay for those products and services. In the latter case, third parties (i.e., the end users) pay either a subsidized price or use the PPP's products and services for free.

When the public institution acts not only as a partner in the institutionalized PPP but also as a public client of the PPP, it can negotiate and renegotiate the agreement with the PPP as a whole or with the private investors of the institutionalized PPP. In contrast, third-party users or payers cannot negotiate with the PPP; they can, however, react to the price at which the PPP offers its products or services by increasing or reducing demand. As a result, renegotiations tend to favor the PPP as a whole and the private partners in particular, but at the expense of users and payers, who have to shoulder a reduction in product or service quality or a price increase (e.g., Bajari et al. 2014; Shleifer 1998). One exception to this pattern is the case where the public institution that establishes an institutionalized PPP is both the user and the payer of the PPP's products and services at the same time. In such cases, the public institution may have the bargaining power to achieve its own objectives. Prominent examples are institutionalized PPPs in the military service sector where the public institution has a dual role as a main shareholder and, at the same time, a major customer.

## PPP's Set of Objectives

A private partner to which public tasks have been contracted out tends to behave opportunistically because of the conflict of interests between the public's objective of welfare maximization and the private partner's objective of profit maximization. Public welfare is maximized if goods and services are produced at minimum cost and provided to the public institution for prices that reimburse the private partner. In contrast, the profit of the private partner is maximized when goods and services are produced at minimum cost and provided to the public institution for prices that exceed the cost. Profit maximization tends to ensure or increase efficiency in the production of goods and services; however, at the same time high prices lead to a reduction in public welfare. From the public institution's point of view, the PPP's objectives need to be met in a way that aims at cost minimization, instead of profit maximization. To adjust the PPP's objectives in this manner, it is necessary to set up an institutionalized PPP whose public principal is simultaneously a main shareholder.

Choosing institutionalized PPPs over the alternative of delegating the implementation of public tasks wholly to the private sector allows the public institution to retain direct control over the institutionalized PPP. As the main shareholder, the public institution involved is in a position to influence each PPP's objectives and frame them in line with its own objectives. Wherever the public institution determines to a significant extent a PPP's objectives, it can also determine which objectives have priority. In such cases, the institutionalized PPP delivers the public tasks and services in accordance with the requirements of the public institution. In their theoretical model of the provision of public services, Bennett and Iossa (2006) assume that the representatives of the public institution influence the relative importance of the institutionalized PPP's profit objectives and social welfare objectives.

As participants in the institutionalized PPP, the private investors are able to enforce their objectives to a smaller degree than they would in conventional private business partnerships. Because of the public institution's influence, cost minimization is defined as the common objective of both categories of shareholders, which the PPP should strive to meet. On the contrary, profit maximization is not expected to be an important objective for the PPP, because it cannot be pursued as long as the public institution, apart from being a main shareholder, simultaneously acts as a major customer of that PPP (Lohmann and Rötzel 2014). The setting of institutionalized PPPs in which the public institution plays a dual role as a major customer and shareholder also implies conclusion on renegotiations between institutionalized PPPs and their public clients. A high degree of congruence between the objectives of the public shareholder and the institutionalized PPP should decrease the PPP's opportunistic behavior with respect to the execution of public procurement contracts.

## Renegotiations Between Institutionalized PPPs and Their Public Clients

The PPP's set of objectives determines its behavior in renegotiations. If the objectives of the public shareholders and of the institutionalized PPP as a whole are congruent to some extent, this is expected to limit the PPP's opportunistic behavior toward the public principal. If the PPP does show opportunistic behavior, however, this is expected to occur after the decision on public procurement has been made. While the public institution is still considering public tenders, the potential supplier aims to make a bid quoting a low price in order to increase the probability of winning the bidding process. After the decision has been made, the PPP may take advantage of renegotiations – which may arise, for example, from changes in the government's procurement policies or in the demand for goods or services – to act opportunistically by charging an inappropriately high rate that will result in higher profit. If, however, the objectives of the public institution involved and the private partners are aligned, potential renegotiations should not increase profitability for the institutionalized PPP.

The empirical findings of Lohmann and Rötzel (2014) substantiates that institutionalized PPPs do not benefit from renegotiations, because the congruence between the public and the private partner's monetary objectives with respect to profit maximization and cost minimization prevents them from acting opportunistically. When the PPP's bargaining power and the profitability of the contract are taken into consideration, the public institution can forestall the PPP from acting opportunistically with regard to what it charges for goods and services, because it is able to influence the PPP's monetary objectives.

Renegotiations are necessary if there are changes in the demand for the ordered goods and services or problems with their supply, or if there are changes in the customer's requirements. Overall, the reasons for renegotiations can be differentiated with respect to the party that initiates them. The analysis of Lohmann and Rötzel (2017) verifies that if the public institution initiates the process of renegotiating its agreement with an institutionalized PPP, it can influence the outcome decisively and enforce its objectives, which include reducing the PPP's remuneration. In contrast, the PPP's private shareholders will be in a weaker position and any surplus the PPP might achieve is unlikely to be transformed into profit they can benefit from. However, if it is the institutionalized PPP that initiates renegotiations, probably at the request of its private shareholders, the latter can influence the outcome to their advantage. Thereby, the effect that the initiator has on the outcome of renegotiating the remuneration is moderated by the degree of contract specificity and the existence of a decrease in demand as the main reason for initiating renegotiations. When contract specificity is low and/or a decrease in demand prompts the public institution to initiate renegotiations, this party is able to achieve a greater reduction in the PPP's remuneration than it would be otherwise. When the same conditions prompt the PPP to start renegotiations, however, this party is able to secure higher remuneration. As a result, Lohmann and Rötzel (2017) provide empirical evidence that when the public institution initiates renegotiations, it is likely to conclude them successfully, reducing the remuneration of the institutionalized PPP and thus the profit of the private investor. This finding indicates that awarding public contracts to institutionalized PPPs rather than to private companies is more beneficial to a public institution.

## Conclusion

Institutionalized PPPs are increasingly popular ventures that enable public institutions to fulfill public tasks or subtasks with the aid of private partners. Research on institutionalized PPPs has established that using capital, competences, and know-how that come from the private sector increases efficiency in the production of goods and services that are demanded by the public or the public institution. Nevertheless, the questions of how the surplus of institutionalized PPPs is distributed and which of the partners involved benefit most from participating in an institutionalized PPP remain under-researched. To answer these questions, it is necessary to look closely at the roles of three parties, namely, the public shareholders, the private shareholders, and the customers or clients of the institutionalized PPP. While the public shareholder aims to achieve a desired level of public welfare funded by restricted public spending, the private shareholders aim to maximize their economic success, which is commonly measured in terms of profit. This conflict between the partners' interests affects the PPP's set of objectives, the initial negotiation and, to a greater extent, subsequent renegotiations, in which each party tries to enforce its objectives.

Differences in objectives between the institutionalized PPP and the public institution are a necessary condition for opportunistic behavior to occur. If there is congruence between an institutionalized PPP and the public institution with regard to objectives, both will act in the same way. In the reverse case, one party will pursue its objectives at the expense of the other party. The conflict of interests between public welfare and profit maximization, which can endanger the government's objectives, manifests itself in opportunistic behavior exhibited by the private suppliers that fulfil public or governmental tasks. However,

when the public institution is the main shareholder of an institutionalized PPP, it is able to shape that PPP's objectives. More specifically, the public institution can minimize the importance of monetary success targets like profit maximization and increase that of monetary efficiency targets like cost minimization. By establishing cost minimization as the PPP's top objective with respect to the production of goods and services that the public institution demands, it is possible to reduce this conflict of interest and to prevent disproportionately high charges for the supplied goods and services.

The outcome of renegotiations depends largely on whether the PPP's customers are a third party (e.g., citizens) or the public institution itself. In the first case, the private partners can often exploit the PPP's monopoly over the goods or services it provides and the third party's dependence on the PPP. This enables them to use renegotiations with the public shareholder to achieve more favorable conditions, at the expense of the third-party customers, who will have to pay more or cope with reductions in the services or goods the PPP provides. It is important to point out that if the public institution simultaneously acts as the PPP's major shareholder and as the major or even sole customer, this will affect both the bargaining power of the parties involved and the outcome of renegotiations. In such cases the public institution plays a dominant role in renegotiations and is able to decrease the PPP's remuneration to save funds. This, however, will reduce the PPP's and, as a consequence, the private investors' profit.

Studies on institutionalized PPPs and their public clients provide evidence that delegating public or governmental tasks to institutionalized PPPs, rather than solely to private business partners, enables the public sector to use the capital, competences, and economic efficiency of private partners without running the risk of having to cope with unfavorable charge structures. This is especially the case when the public institution that acts also as a major client of the PPP initiates or at least controls the renegotiation process. From the perspective of private investors, joining an institutionalized PPP in which the public institution is also the major customer does not seem particularly profitable, because their bargaining position is likely to remain weak during the PPP's lifetime. To safeguard their financial objectives, the private shareholders need to influence actively the PPP's decision-making processes and to avoid entering renegotiations that the public partner has initiated in response to lower demand for the PPP's products or services. Nevertheless, in the case of institutionalized PPPs the public institution can exert a degree of control over their behavior through the demand for goods and services, through regulatory requirements, and through having a share in the institutionalized PPP. In this context, institutionalized PPPs prove to be more beneficial than private companies to the public institution, because the latter, as a major shareholder, has the opportunity to influence the behavior of such PPPs and control their objectives, decisions, and activities, which is much harder to do in the case of private companies.

## References

Bajari P, Houghton S, Tadelis S (2014) Bidding for incomplete contracts: an empirical analysis of adaptation costs. Am Econ Rev 104:1288–1319

Bennett J, Iossa E (2006) Delegation of contracting in the private provision of public services. Rev Ind Organ 29: 75–92

Hart OD (2003) Incomplete contracts and public ownership: remarks, and an application to public–private partnerships. Econ J 113:C69–C76

Klijn E-H, Teisman G (2001) Governing public–private partnerships: Analyzing and managing the process and institutional characteristics of public–private partnerships. In: Osborne SP (ed) Public–private partnerships: theory and practice in international perspective. Routledge, New York, pp 84–102

Lohmann C, Rötzel PG (2014) Opportunistic behaviour in renegotiations between public–private partnerships and government institutions: data on public-private partnerships of the German armed forces. Int Public Manag J 17:387–410

Lohmann C, Rötzel PG (2017) The outcome of renegotiations between institutionalized public–private partnerships and their public clients. Data on public–private partnerships of the German Federal Armed Forces. Int J Public Adm (forthcoming)

Marra A (2007) Internal regulation by mixed enterprises: the case of the Italian water sector. Ann Public Cooperat Econ 78:245–275

Shleifer A (1998) State versus private ownership. J Econ Perspect 12:133–150

# Relationship Building Among Stakeholders in Public Private Partnership Projects

Rogers Mwesigwa and Isaac Magoola Wanzige
Department of Business Administration, Makerere University Business School, Kampala, Uganda

## Synonyms

Collaboration; Cooperation; Partnership creation; Relationship development; Relationship management

## Definitions

Relationship building refers to the process of developing social connections among the project stakeholders.

Stakeholder engagement refers to the practice of stakeholders being involved in different project activities.

Stakeholder trust refers to as the stakeholders' belief that another stakeholder will perform actions that will result in positive actions to the project, as well as not take unexpected actions that would result in negative outcomes for the project.

Stakeholder communication refers to the practice of stakeholders exchanging information with others for mutual benefit.

Stakeholder commitment refers to the state or quality of stakeholders being dedicated to the project. It is the practice of stakeholders being emotionally attached to the project.

## Introduction

Building relationships with their stakeholders is vital in public private partnership (PPP) projects. The significance of project stakeholder relationships has and continues to be of interest in the project studies literature (Mwesigwa et al. 2020). Relationship building has become a key component in the practice of projects' public relations. This is because successful relationships between the project and its stakeholders are vital for successful delivery of projects and meeting stakeholder expectations. Building strong relationships with stakeholders is vital for the successful delivery of PPP projects. Karlsen et al. (2008) earlier noted that building stakeholder relationships is an important key to project success. Mwesigwa et al. (2018) note that projects that engage stakeholders and communicate with them regularly build better relationships than those that do not. By building positive relationships with stakeholders, they become happier, more fulfilled, and feel more supported, and connected. Building stakeholder relationships is also inevitable due to the uncertainty caused by the increasing scale and complexity of PPP projects. Thus, failure to develop strong relationships among stakeholders may result into mistrust, tension, conflicts, and dramatically increase the complexity of the situation as well as making the possibilities for future successful relations much more difficult. According to EL-Gohary et al. (2006), in order to minimize stakeholder opposition, it is important for projects to build strong relationships among stakeholders.

## Relationship Building Practices

Relationship building practices such as stakeholder engagement, trust, commitment, and communication have have been taken into consideration as explained below.

## Stakeholder Engagement

Mwesigwa et al. (2018) conceptualized stakeholder engagement as process by which a PPP project engages stakeholders who may be affected by the decisions it makes or can influence the implementation of its decisions. When stakeholders are involved at the project planning, design, and implementation, their ideas and concerns are incorporated and addressed. Magoola et al. (2021) stated that involving stakeholders in

planning, designing, and implementation processes helps in setting of clear project priorities, reducing conflicts, and minimizing disagreements among stakeholders. Stakeholder involvement thus provides opportunities to align project practices with societal needs and expectations, helping to drive long-term sustainability and shareholder value. It also builds stakeholders commitment and a feeling of ownership and belonging to the project. Magoola et al. (2021) noted that stakeholder engagement enhances mutual understanding with other stakeholder groups, thus reducing potential conflicts and promoting effective cooperation. Involving stakeholders develops an environment of trust which is key for relationship building. Stakeholder participation in project activities results into building consensus through bringing together a diverse range of stakeholders to share needs, information, ideas, and knowledge and harmonize the objectives of individual groups to reach common societal goals.

Involving stakeholders on an extended level in project activities is necessary within a management for stakeholders approach. Otherwise it would not be possible to really get to know their requirements, needs, wishes, and concerns. Ayuso et al. (2011) had earlier considered stakeholder engagement as an organizational capability which allows the firm to build strategic relevant relationships with their stakeholders. They further noted that firms which engage in proactive relationships with their stakeholders will also be able to integrate the gained stakeholder insights into their process of organizational innovation from a sustainable development viewpoint. Involvement of stakeholders enables organizations to identify and incorporate their material concerns, issues, perceptions, needs, and expectations. Quality stakeholder engagement in the sustainability reporting and accounting process generates creative solutions to address stakeholders' concerns, increasing responsiveness, transparency, and accountability (Brown and Hicks 2013).

Whereas Brown and Hicks (2013) noted that stakeholder engagement enhances mutual understanding and encourages relationship building, Kaur and Lodhia (2018) noted that it is regarded as an essential component of the accounting and reporting process which assists in collecting information about the community's needs and expectations and incorporating them in the sustainability initiatives. Organizations can no longer choose if they want to engage with stakeholders or not; the only decision they need to take is when and how successfully to engage. In today's society, if stakeholders are not actively sought out, sooner or later they may demand to be consulted which will lead to a significant and long-lasting loss of reputation and damaging of trust.

## Stakeholder Trust

When building good relations with different project stakeholders, trust is an important ingredient (Karlsen et al. (2008). Stakeholders trust is generally believed to be important for the success of stakeholder relationships. Trust is important in relationship building because it is the basis through which all stakeholder relationships revolve. It is the glue that holds stakeholder relationships together (Jeffries and Reed 2000). It is vital to build good relations with the stakeholders who are identified as trustworthy. Firms that create and sustain stakeholder relationships based on mutual trust have a competitive advantage over other firms that do not act in that way. Trust is seen as an essential for stable relationships, vital for the maintenance of cooperation, fundamental for any exchange, and necessary for even the most routine of everyday interactions. When stakeholders are perceived to be reliable, execute their tasks on time, mutual understanding is built. Mwesigwa et al. (2020) note that when stakeholders trust each other, they can easily interact, share information, and in the long run it leads to building of strong relationships. For instance, when the project believes that stakeholder actions are free from doubt and honest, it will endeavor to build relationships with them. Collaboration and consultation becomes possible whenever stakeholders are perceived to be reliable. Magoola et al. (2021) observed that when stakeholders are perceived to be dependable, the project will always endeavor to reward them by meeting all their interests and

expectations. Under conditions of trust, stakeholders may be more willing and comfortable to reveal private or sensitive information to the project because they believe that the information provided will not be used against their best interests. Yin-Hsi Lo (2013) noted that trust plays an integral part to managing stakeholders, recognizing their needs and expectations, and maintaining and developing a close relationship with them.

In public private partnership projects, presence of trust can reduce the specification and monitoring of contracts, provide material incentives for cooperation, and reduce uncertainty. Trust reduces the uncertainty of the actions of other parties because parties already know what they can expect from each other (Edelenbos and Klijn 2007). Trust established among stakeholders is one of the fundamental resources that projects can make use of in order to control complexity. According to Moorman et al. (1993), trust is the willingness to rely on an exchange partner in whom one has confidence. Trust has a notion of belief, a sentiment or an expectation about an exchange partner that results from a partner's expertise, reliability, and intentionality. Morgan and Hunt (1994) find that trust is central to strengthening relationship with stakeholders. If the trust between the parties is believed to be strong, the cooperation between the parties tends to be long term. If the trust is high between the parties, conflicts that arise between the parties could be more of a functional kind. The uncertainty seems to decrease as a consequence of high trust between the parties.

## Stakeholder Commitment

Morgan and Hunt (1994) conceptualized commitment as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely." Mwesigwa et al. (2020) opined that when stakeholders are devoted to the project, the project can easily create a conflict-resolution channel and through this, any issues arising from stakeholders can be handled. Stakeholders who are committed to the project truly believe that it is important, and they show up, follow through, and stick with it. This forces the PPP project to try not to disappoint them by meeting their interests and expectations. When stakeholders are dedicated to the project, working together to achieve a common goal becomes possible. Stakeholders dedicating their time and energy to what they believed in increases relationship building and project success.

Yin-Hsi Lo (2013) noted that stakeholder commitment plays an integral part to managing and recognizing their needs and expectations. Meyer and Allen (1997) had noted that when stakeholders are emotionally attached to the project, recognize the benefits of continued association with the project compared to the perceived cost of leaving the project, and have the feeling of obligation to remain in the project, they are always rewarded for their actions and commitment.

Mwesigwa et al. (2020) further provide that when stakeholders are devoted to the project, their interests and expectations are always met by the project. This suggests issues and concerns of committed project stakeholders are always satisfied because they more often do not have intentions to quit, which saves the project the costs of recruiting and orienting new stakeholders in terms of both time and money. Costs of supervision are mitigated if the project stakeholders are committed to their project activities.

## Stakeholder Communication

It is crucial to establish good communication channels with stakeholders, both internal and external by setting clear communication goals and ensuring that there is an effective flow of information to and from the stakeholders (Manowong and Ogunlana 2010). The stakeholders may feel satisfied if only they have access to substantial project information. Mwesigwa et al. (2018) found that communication is vitally important to building relationships among stakeholders. When stakeholders are kept informed of project decisions and expectations on time,

relationship building is enhanced. Free flow of communication among stakeholders quickens feedback and there is an understanding of what is being communicated and in the end monitoring of stakeholder activities became possible. Effective communication creates, shapes, maintains stakeholder relationships, and endorses mutual understanding between the project and its stakeholders. Stakeholders need to continuously get information from the project because they are the people and organizations whose attitudes and actions have an impact on the success of the project.

Osei-Kyei et al. (2018) further noted that it is important for project parties to establish an effective and efficient communication mechanism for PPPs if they are to achieve the intended objectives. Communicating with stakeholders regularly and establishing long-term stakeholder relationships are considered as critical for successful management. Communication between the stakeholders can help in facilitating the exchange of ideas, visions, and overcoming difficulties. From the above, it is noted that effective communication is a vital component in the process of building and maintaining relationships, and is essential for maintaining support, commitment, and interests of all stakeholders.

## Indicators of Relationship Building

Mwesigwa et al. (2018) attempted to operationalize relationship building to mean the ability to build and maintain relationships with the stakeholders. When relationships are built among stakeholders, their interests and expectations can be easily identified and addressed. Relationship building can be understood using four dimensions that is stakeholder communication, stakeholder engagement, stakeholder trust, and stakeholder commitment. These scholars developed items to measure the four indicators of relationship building. The questions developed were anchored on a six-point Likert scale, ranging from 1 – strongly disagree to 6 – strongly agree. They argue that African respondents tend to tick or answer the not sure/middle point which is avoided here with the six-point Likert scale. The measurement items were subjected to both validity and reliability tests. The Cronbach alpha coefficient results for the constructs were: stakeholder communication = 0.837, stakeholder engagement = 0.870, stakeholder trust = 0.856, and stakeholder commitment = 0.791, respectively. All exceeded the minimum acceptance value of 0.70. Content validity was determined by giving the instruments to six respondents who were experts and practitioners in the field of relationship building in public private partnership projects. The researchers in that study went on to perform EFA by running principal component analysis as the extraction method using Varimax with Kaiser Normalization to explore factor structure of the study constructs. This helped to summarize variables from the constructs with multiple questions into more meaningful and interpretable factors. Besides, EFA also enabled those scholars to test for validity of the study items. After performing EFA on that data, CFA was carried out to construct the CFA models. Only those dimensions and respective items that were retained at EFA were used to carry out a CFA using analysis of moment structures (AMOS). Based on that study, all the dimensions are the indicators of relationship building in public private partnership projects in Uganda.

## Conclusion

All the four dimensions are key indicators of relationship building in PPP projects. PPP projects need to engage, have trust, and communicate with the committed stakeholders if they are to build strong relationships and succeed in a developing country's perspective. This study implies that once there is effective communication among stakeholders, relationship building becomes possible. Also, as long as stakeholders trust each other and there is high level of commitment, relationship building in PPP projects is enhanced. Lastly, when stakeholders are engaged in project activities, relationship building becomes easy. This is because constant interactions among stakeholders lead

to collaboration, cooperation and relationship development.

## References

Ayuso S, Rodríguez MA, García-Castro R, Ariño MA (2011) Does stakeholder engagement promote sustainable innovation orientation? Ind Manag Data Syst 111(9):1399–1417

Brown L, Hicks E (2013) Stakeholder engagement in the design of social accounting and reporting tools. In: Mook L (ed) Accounting for social value. University of Toronto Press, Toronto, pp 85–116

Edelenbos J, Klijn EH (2007) Trust in complex decision-making networks: a theoretical and empirical exploration. Adm Soc 39(1):25–50

El-Gohary NM, Osman H, El-Diraby TE (2006) Stakeholder management for public private partnerships. Int J Proj Manag 24(7):595–604

Jeffries FL, Reed R (2000) Trust and adaptation in relational contracting. Acad Manag Rev 25(4):873–882

Karlsen JT, Græe K, Massaoud MJ (2008) Building trust in project-stakeholder relationships. Balt J Manag 3(1): 7–22

Kaur A, Lodhia S (2018) Stakeholder engagement in sustainability accounting and reporting. Account Audit Account J 31(1):338–368

Lo Y-H (2013) Stakeholder management in the Chinese hotel industry: the antecedents and impacts. Int J Contemp Hosp Manag 25(4):470–490

Magoola IW, Mwesigwa R, Nabwami R (2021) Community and public-private partnership projects in Uganda: community engagement, trust and performance. J Enterp Communities. https://doi.org/10.1108/JEC-01-2021-0013

Manowong E, Ogunlana S (2010) Strategies and tactics for managing construction stakeholders. Constr Archit Manag:121–137

Meyer JP, Allen NJ (1997) Commitment in the workplace: theory, research, and application. Advanced topics in organizational behavior. Sage, Thousand Oaks, CA

Moorman C, Deshpande R, Zaltman G (1993) Factors affecting trust in market research relationships. J Mark 57(1):81–101

Morgan RM, Hunt SD (1994) The commitment-trust theory of relationship marketing. J Mark:20–38

Mwesigwa R, Bagire V, Ntayi J, Munene J (2020) Contract completeness as a foundation to relationship building among stakeholders in public private partnership projects. Int J Public Adm 43(10):890–899

Mwesigwa R, Ntayi J, Bagire V, Munene J (2018) Stakeholder behavior, relationship building practices and stakeholder management in public private partnership projects in Uganda. Makerere Bus J 14(1/2):1–21

Osei-Kyei R, Chan AP (2018) Stakeholders' perspectives on the success criteria for public-private partnership projects. International Journal of Strategic Property Management 22(2):131–142

# Religion and Nonprofit Organizations

Johny T. Garner
Bob Schieffer College of Communication, Texas Christian University, Fort Worth, TX, USA

## Synonyms

Church; Mosque; Religion; Religiosity; Spiritual; Spirituality; Synagogue; Temple

## Definition

Church: An organization that exists for the purpose of promoting its faith and maintaining or growing religious values in its members with the goal of attaining salvation.

Faith-Based Nonprofit Organization: A nonprofit organization that includes explicitly religious values as part of its mission or practice and attributes those values to a religion.

## Introduction

Until recently, nearly all organizational research focused on businesses. The nonprofit section in this encyclopedia demonstrates that nonprofit organizations are increasingly included in organizational scholarship. One type of nonprofit organizations that has received only limited attention is churches (a term that is used here to describe Christian churches along with temples, synagogues, mosques, and other places of worship). Along with faith-based nonprofit organizations, these entities are distinct in that religious values play an explicit role in the mission and/or practices of the organization. This entry overviews some of the potential organizational dynamics that contribute to the uniqueness of these organizations, first by reviewing churches and then by considering faith-based nonprofit organizations other than churches.

## Churches

Churches are organizations that exist for the purpose of promoting their faith and maintaining or growing religious values in members. The ultimate goal of those pursuing those values is to attain salvation. Whereas businesses exist to increase profit and other nonprofit organizations strive to meet a variety of needs defined by their mission, churches, regardless of their faith tradition, exist to expand their membership while maintaining current members' beliefs. As such, churches differ from other organizations in at least two important ways: membership and authority. The next sections explore these distinctions in more depth.

The most obvious way in which churches are distinct from other types of organizations is their mission. Churches exist to extend their values to new populations and to maintain those values in current members. The mission of churches shapes practices in a variety of ways. For example, Sturgill (2004) studied church websites and found that some focused more on outreach (extending values to new populations), some focused more on organizational development (maintaining values in current members), while still others tried to strike a balance between the two goals. Churches' missions will shape worship practices and educational programs as well.

That mission also defines what it means to be a member, which is a second area in which churches differ greatly from many other types of organizations. Businesses use employment as the basis for membership, such that one's membership in a business organization typically begins when one begins employment at the business and ends when that employment ends. Membership in churches might more closely relate to volunteering in a nonprofit organization, except that new members in churches are generally expected to make a more definitive commitment of faith to the religious tradition of the church. Church members, more than employees in businesses, are expected to internalize prescribed values. One might also expect many of their friend and family ties to overlap with church membership. Indeed, as individuals join a church, one of their primary expectations is for relationships (Taylor et al. 2015).

Such entanglements can make exiting a church particularly complicated. Whereas employees experience a moment of detachment where they are no longer part of an organization, church members may or may not have such a moment. Instead, church members may leave through a "slow fade," as they begin to de-identify with a particular church, stop attending services and events, and transition to a life apart from that particular church. Such a process could happen quickly or it could take months or even years. This gradual exit process may seem tranquil or passive from an external perspective, but it could be filled with tremendous internal conflict for a member who is exiting. Primary within that internal conflict could be a calculus of the reasons for staying versus the reasons for leaving. For example, a member's social and familial ties may lie within the church (Hinderaker 2015). Exiting the church could sever those ties. Beyond that, there is a certain inertia that keeps members in churches even as they contemplate leaving. Church participation can be a significant part of one's life, and the thought of replacing that activity could inhibit exit. At the same time, the member may feel staying in the church is untenable due to conflict with an authority figure or disbelief in the church's doctrine. As a result of this internal conflict, exiting members may second guess themselves, and the exit process itself could be drawn out and include one or more "attempts" at exit before the member finally leaves. Such attempts could involve ceasing attendance and even attending other churches but ultimately returning. This process is certainly different from what one would expect in an employment setting.

A third area in which churches differ from other types of organization is leadership, specifically the authority of church leaders. Campbell (2007) identified four sources of authority in churches: hierarchy, structure, ideology, and text. Hierarchical authority includes leadership associated with a particular role. Structure includes the practices of church organizations. Ideology includes a church's religious beliefs and values,

while the text refers to the authority of the Bible or other religious writings. While structure is common to all organizations, the specific examples of structure to which Campbell refers (e.g., worship practices) are unique to churches. Similarly, while all organizations espouse ideologies, the ideologies of churches center on uniquely religious values. However, the other two sources of authority particularly distinguish churches from other organizations. Other organizations may have manuals or handbooks but rarely do they invest the kind of authority that churches bestow upon scriptures.

In terms of hierarchical role authority, Foucault (1978) explained that, because pastors' authority came from their interpretation of Scriptures, their power was particularly potent. Foucault argued that metaphors such as shepherd and sheep tend to reinforce unquestioned allegiance to pastors. While members have the ability to join or leave at will due to their voluntary membership, pastors' use of Scripture provides a lens through which church leaders can shape how members see the world around them (Armfield et al. 2006). For example, Armfield et al. suggested that pastors' discourses regarding appropriate Internet usage would shape the ways church members engaged technology. That might be particularly true when crises develop. Dixon (2004) described how the Catholic Church (specifically the American dioceses) was more interested in reaffirming its authority than in repairing its public image after the sex scandal in the early 2000s. Dixon's analysis focused on public statements by church leaders which, while focused on reconciling with victims of the crisis, were equally concerned with reestablishing that leaders are the arbiters of truth in the face of dissenting voices. Hall (2007) found that church members typically had a view of church leaders that emphasized spiritual discernment but was naïve of church politics and authority (although church leaders were particularly aware of political alignments in their churches).

At the same time, church leaders' authority is not monolithic because of voluntary membership. McNamee (2011) studied the ways in which churches make decisions. She found that, while it was true that spiritual reasoning and pastoral authority formed the basis for some decisions, many decisions were based on secular reasoning and fiscal concerns. These decision making premises move authority from solely under the pastor's role to members more broadly as lay members may have as much expertise in secular reasoning and finances as clergy. Other research has noted that church members share stories of leadership to equalize decision making (Hoffman 2002). Brenton (1993) presented a case study of leadership in an American Protestant church. When leaders' authority was unobtrusive, that is, when members did not think about how leaders lead, their control was strong. However, Brenton recounted a conflict where leaders exercised overt power. As their control became obvious and as members realized that they had little voice in decision making, many members left the church to attend elsewhere.

Particularly in contemporary society, church members expect a voice in decision making, which results in a contrast between divine authority and democratic processes. Garner (2016) noted that these were not necessarily opposed as members may see divine guidance as manifested through members' voices. Garner conducted focus group interviews and collected surveys from members in a variety of denominations. He found that members expected their voice to be heard since they saw themselves as "bosses" by virtue of their voluntary membership. At the same time, they trusted theological decisions to be made by church leaders and assumed that church leaders were inspired by God.

## Faith-Based Nonprofit Organizations

As previously mentioned, churches differ from other organizations although many nonprofit organizations include religious values. The inclusion of explicitly religious values in a nonprofit organization's mission or practice and the attribution of those values as grounded in religion separate faith-based nonprofit organizations from secular nonprofit organizations. Faith-based nonprofit organizations include religiously affiliated universities as well as nonprofit organizations

dedicated to meeting a variety of needs such as shelter for the homeless, food/clothing for disadvantaged populations, free or reduced price health clinics, and after school services. While a few of these need-fulfillment organizations are larger (e.g., Catholic Charities and Salvation Army), most are local, grassroots organizations. Both religiously affiliated universities and need-oriented nonprofits can vary in terms of the degree to which their religious values shape day-to-day practices.

As one might imagine, faith-based nonprofits can bear striking similarities to churches. Indeed, some nonprofits are even started by churches. For example, a church might decide to organize its benevolence ministry as a separate nonprofit organization. The church as a whole and potentially some members provide money and guidance, but a separate staff directs the functions of the organization. However, despite similarities, recall that churches exist only to spread and deepen religious values to attain salvation, while faith-based nonprofit organizations meet a variety of needs. Churches may fulfill those needs as part of their religious values (i.e., a church pantry for disadvantaged populations) but that fulfillment is secondary to the church promoting/maintaining its religious value. Likewise, a faith-based nonprofit organization may include a devotional in periodic staff meetings, but such a devotional is secondary to meeting the needs of its target population. A religious university may require students to attend a chapel service, but such services are offered as only part of the educational process for which students are attending the university. These contrasting purposes are often manifested in different organizational practices: church practices are dominated by worship services and educational programs, while faith-based nonprofit organizations are more focused on the day-to-day operations of their mission.

That being said, faith-based nonprofit organizations also differ from secular nonprofits. The most prominent way in which faith-based and secular nonprofits differ is the inclusion of faith statements in mission statements. Faith-based nonprofits may have explicit mention of their religious values in a mission statement, a vision, or in the discourses of the organization while such language would almost certainly be absent from secular organizations' missions, visions, and discourses.

A second way in which faith-based and secular nonprofit organizations differ may be in the expectations for relationships. Everyone expects to build relationships with their coworkers. However, because of the inclusion of religious values in organizational discourses and because many times religious values encourage love and kindness, members in faith-based nonprofit organizations enter the organization expecting loving relationships. These members may be surprised by examples of office politics and fiscal realities that are part of almost any organization. For example, employees of a faith-based nonprofit organization might be particularly surprised by squabbling between departments since the entire organization would be united by religious sentiments. Likewise, it would be difficult to reconcile firing an employee (even for inferior performance) if the organization's values emphasize mercy and grace.

Finally, faith-based nonprofit organizations differ from secular organizations in their use of spiritual rationalities to make decisions. As previously mentioned, churches use both secular and sacred bases for decisions, and faith-based nonprofit organizations can be similar in that regard. Garner (2015) recounted a nonprofit executive director describing how God had directed him to explain the organization's vision to their board. Such a revelation might be inappropriate in a secular nonprofit organization but was accepted within this faith-based organization. Members in these organizations are able to make use of spiritual reasoning for decision making.

## Heuristic Directions

Those spiritual rationalities represent one important heuristic direction for research on religion and nonprofit organizations. Previous research has explored instrumental rationalities (i.e., decisions

based on logical reasoning; Harter et al. 2008) or emotional rationalities (i.e., decisions based on feelings or emotions; Mumby and Putnam 1992). By contrast, organizational members in churches and faith-based nonprofit organizations, while also relying on those decision premises, base decisions on spiritual principles and what they believe to be divine guidance. McNamee (2011) found as much in churches as she noted sacred and secular justifications for decisions. It would be particularly interesting to explore spiritual rationalities in faith-based nonprofit organizations, essentially seeking to understand the "faith" in faith-based nonprofit. These organizations interface with donors, partners, and clients who may not share their religious values, creating the potential for some to discount spiritual rationalities. Along this line, some faith-based nonprofit organizations place more emphasis on religious values in their mission than do others. Some faith-based nonprofit organizations are tied to specific churches or denominations while others are not. These interorganizational ties likely affect the organization in deep ways. Future research might explore the ways in which the religious values of the organization shape decision making.

Another avenue for research is exploring the influence of denominational structure on the practices of the local congregation. In the Roman Catholic Church, many non-Christian religions, and a number of Protestant churches, the local congregation has some control over its day-to-day functions, but it reports to a regional, national, or international authority for doctrine and potentially even hiring decisions. Some research has explored national structures (e.g., Dixon 2004), while other research examined the local congregation (e.g., Garner 2016), but little research has studied the intersection of the two. Such scholarship could unpack the ways in which the national structure shapes the local but also how the local resists or reconstitutes the national or international authority.

Perhaps the most prominent way in which church members have a voice in decision making is through committees. While group and organizational researchers have studied workgroups in businesses, few have examined the group dynamics of churches. These committees are comprised of voluntary members. In some cases, this could lead to increased commitment to the group, since members are self-selecting on to these committees. In other cases, committee members might be less committed than one would expect since they are fulfilling this role in addition to work and family responsibilities. Members' differences in religiosity and any subtle differences in theology would also affect the group.

Finally, future research might continue to explore what it means to be a member of these organizations. As previously mentioned, while employment organizations have cleaner lines of who is and who is not a member, churches (and to some extent, nonprofit organizations more broadly that rely on volunteers) have much more fluid lines of membership. Scholarship is needed exploring the boundaries of membership, answering questions such as who is a member, when does membership begin, and when does membership end.

## Global Context

Unfortunately, most of the research on churches and faith-based nonprofit organizations has been conducted in the United States. While nonprofit organizations (often called nongovernmental organizations or NGOs outside of the United States) are active around the world, little research has been published in English-speaking outlets exploring churches and faith-based nonprofit organizations in global contexts. One would expect some characteristics such the inclusion of religious beliefs in mission statements to remain constant. On the other hand, leadership and relationship expectations might vary significantly from one culture to another. Similarly, even as defining characteristics of religious organizations remain constant, the look and feel of those organizations would differ dramatically based on the predominant religion of the area. Much more research is needed to explore churches and faith-based nonprofit organizations in non-US contexts.

## Conclusion

This entry defined churches as organizations that exist for the purpose of promoting their faith and maintaining or growing religious values in members where the goal of membership is to attain salvation. There are three primary differences between churches and other types of organizations: mission, membership, and leadership. The entry also discussed faith-based nonprofit organizations, which include explicitly religious values in mission or practice and then attribute those values as religious belief. Such organizations include religiously affiliated universities and need-fulfillment nonprofit organizations. Faith-based nonprofit organizations differ from secular nonprofit organizations in that they include faith in their mission, members often have higher expectations for loving relationships, and people in the organization often use spiritual rationalities to make decisions.

## Cross-References

► Communication Within the Nonprofit
► Nonprofit Leadership

## References

Armfield GG, Dixon MA, Dougherty DS (2006) Organizational power and religious individuals' media use. J Commun Relig 29:421–444

Brenton AL (1993) Demystifying the magic of language: critical linguistic case analysis of legitimation of authority. J Appl Commun Res 21:227–244. https://doi.org/10.1080/00909889309365369

Campbell HA (2007) Who's got the power? Religious authority and the Internet. J Comput-Mediat Commun 12:1043–1062. https://doi.org/10.1111/j.1083-6101.2007.00362.x

Dixon MA (2004) Silencing the lambs: the Catholic Church's response to the 2002 sexual scandal. J Commun Relig 27:63–86

Foucault M (1978) The history of sexuality, vol 1. Random House, New York

Garner JT (2015) Different ways to disagree: a study of organizational dissent to explore connections between mixed methods research and engaged scholarship. J Mixed Methods Res 9:178–195

Garner JT (2016) Sunday democracies: a mixed methods analysis of members' perceptions of church authority and organizational dissent. J Appl Commun Res 44:415–433

Hall ML (2007) Communicating subjectivity: leadership as situated construction. Atl J Commun 15:194–213. https://doi.org/10.1080/15456870701316202

Harter LM, Leeman M, Norander S, Young SL, Rawlins WK (2008) The intermingling of aesthetic sensibilities and instrumental rationalities in a collaborative arts studio. Manag Commun Q 21:423–453. https://doi.org/10.1177/0893318907313711

Hinderaker A (2015) Severing primary ties: exit from totalistic organizations. West J Commun 79:92–115. https://doi.org/10.1080/10570314.2014.943422

Hoffman MF (2002) "Do all things with counsel": benedictine women and organizational democracy. Commun Stud 53:203–218. https://doi.org/10.1080/10510970209388586

McNamee LG (2011) Faith-based organizational communication and its implications for member identity. J Appl Commun Res 39:422–440. https://doi.org/10.1080/00909882.2011.608697

Mumby DK, Putnam LL (1992) The politics of emotion: a feminist reading of bounded rationality. Acad Manag Rev 17:465–486. https://doi.org/10.5465/amr.1992.4281983

Sturgill A (2004) Scope and purposes of church websites. J Media Relig 3:165–176. https://doi.org/10.1207/s15328415jmr0303_3

Taylor SH, Young J, Summers S, Garner JT, Hinderaker A (2015) Entering the fold: exploring the encounter stage in the socialization process within the church of jesus christ of latter-day saints. J Commun Relig 38:67–88

# Religious Organizations

Julia Berger
Department of Religious Studies, University of Kent, Canterbury, Kent, UK

## Synonyms

Faith-based organizations; Faith-inspired organizations; Religious nongovernmental organizations (RNGOs)

## Definition

Religious organizations are organizations whose identity and mission are derived from a religious

or spiritual tradition and which operate as registered or unregistered, nonprofit, voluntary entities.

## Introduction

Religious organizations are among the oldest associations: Sufi and Catholic orders, and Buddhist Sanghas, carried the teachings and practices of their respective faiths across diverse regions long before the notion of "religion" came to signify a separate domain within human life. Today, despite predictions that modernity would push religion to the margins, religious communities continue to grow and to exert a major influence on society. The Pew Forum on Religion, in its 2012 study of global religious demographics, reported 2.2 billion Christians, 1.6 billion Muslims, one billion Hindus, nearly 500 million Buddhists (7%), and 14 million Jews around the world as of 2010 (The Pew Forum on Religion and Public Life 2012). (Over 400 million people practice folk or traditional religions, 58 million belong to other religions, and 1.1 billion do not identify with a particular faith, although they may hold religious or spiritual beliefs.)

It is impossible to say how many religious organizations are in existence, in part because of the challenge of defining what constitutes a "religious" organization and, in part, because many organizations are not formally registered. For the purposes of this article, "religious organizations" are defined as organizations whose identity and mission are derived from a religious or spiritual tradition and which operate as registered or unregistered, nonprofit, voluntary entities. According to some estimates, there are millions of religious organizations active all over the world – ranging from the smallest, local unregistered groups to professional organizations with billion-dollar budgets and a transnational infrastructure.

In this complex organizational universe, it is possible to distinguish among different types of organizations, such as: (a) authoritative and representative organizations (e.g., Vatican), (b) charitable and development organizations (e.g., Salvation Army), (c) sociopolitical organizations and movements (e.g., Organization for Islamic Cooperation), (d) missionary organizations, and (e) illegal and/or violent organizations. (Clarke et al. 2008). While religious organizations have generally been associated with the provision of social services and humanitarian relief, in the past several decades, they have increasingly injected their voices into the domains of advocacy, policy, and decision-making at the highest levels. Issues of particular concern have included: the rights of women, social and sustainable development, conflict resolution and peace, migration inequality, and freedom of religion, to name a few. The blurring of the divide between religion and politics has challenged long-held assumptions about the place of religion in the public sphere and raised awareness of the varieties of "church-state" arrangements that give rise to different roles of religious organizations throughout the world.

## The Changing Role of Religion in the Modern World

The study of religious entities in contemporary society has been largely shaped by the "secularization theory," which predicted that as societies modernize, religion will lose its ability to influence thought and behavior and will be limited to the private sphere. Yet, rather than retreating into irrelevance, religious organizations, institutions, and movements have asserted their presence at all levels of society. In the domain of politics, movements such as the Iran Revolution of 1979, the Catholic Church's support of the Polish "Solidarity" movement, the rise of the Christian Right in the USA, and the September 11, 2001, attacks on the World Trade Center have challenged commonly held notions of the role of religion and its influence in the modern world. The theory of secularization, now considered a poor guide to contemporary affairs, has also been contextualized in terms of its European and Christian roots. There is greater recognition that different historical trajectories, such as those in Hindu, Confucian, or Muslim societies, have produced diverse concepts of "religion" and "modernity." These, in

turn, have given rise to different varieties of religious organizations, institutions, and movements.

Today, the salience of religion and religious organizations in the public sphere is plainly evident. This includes their reach and influence in domestic and international affairs, in development and humanitarian aid, and the provision of social services. It also includes the rising tide of extremism, radicalism, and violence committed in the name of religion. A number of facilitating factors have supported the proliferation of religious organizations. The decline of communism and the end of the Cold War revitalized civil society and gave rise to the emergence of new kinds of identities and modalities for collective action; in the USA, the Christian Right gained strength in the 1970s and became increasingly influential in shaping domestic and foreign policy; the United Nations global conferences of the 1990s galvanized religious actors and organizations (as well as secular ones) and set the stage for the emergence of transnational civil society; mounting moral outrage at the growing levels of inequality and poverty worldwide spurred religious organizations to action; and, in the face of weak and corrupt administrations, religious organizations scaled up their long-standing tradition of providing humanitarian aid and social services. In addition, globalization and communication technology have greatly facilitated coordination and advocacy efforts and made it easier for both peaceful as well as violent groups to organize. Today, eight out of ten people identify with a religious or spiritual tradition. Increasing membership in organized religious groups has also led to a growing number of resources being channeled to religious organizations.

Changes within religious communities themselves have also shaped the nature of religions' engagement with society. The Second Vatican Council, from 1962 to 1965 ("Vatican II"), which addressed relations between the Roman Catholic Church and the modern world is one such example. It was a central factor in the development of Liberation Theology in Latin American and spurred the Church to engage more actively in public debates on war, peace, human rights, and other social justice issues. *Gaudium et Spes* ("The Church in the Modern World"), a seminal document produced by the Council, gave specific recommendations regarding the nature of the Church's engagement in the life of society. Vatican II also prompted the creation of new Catholic organizations that would take up the call to realize the mission of the Church in the modern world.

## Defining Religious Organizations

The task of defining a "religious" organization is an elusive one; there is no single agreed-upon definition of "religion." For the purposes of this entry, religious organizations are defined as organizations whose identity and mission are derived from a religious or spiritual tradition and which operate as registered or unregistered, nonprofit, voluntary organizations (Berger 2003). Millions of organizations around the world could be included in this category, including: the Vatican, a local chapter of the Salvation Army, a Muslim school, a Hindu political party, a Jewish advocacy organization, and the like. Included in this category are also organizations that prefer the designation "spiritual" and/or "movement" rather than "religious," such as the Brahma Kumaris World Spiritual Movement (a female-led movement, founded in India). As there are no universally accepted objective parameters for defining a religious organization, the self-identity of the organization serves as a useful guide.

The decision as to whether an organization is "religious" can have significant practical and legal implications for fundraising efforts, tax status, and public perception. The difficulty and consequences of designating an organization as "religious" are illustrated by the protracted conflict between the Church of Scientology and the United States Internal Revenue Service (IRS). For decades, the IRS sought to determine whether the Church of Scientology and its affiliates constituted a "church" and satisfied the criteria for tax exemption as a "religious" organization. IRS criteria included: existence of a religious doctrine, religious literature and history, ordination of ministers, and a religious community. In 1993, the IRS finally granted tax-exempt status to the organization and its 150 affiliated churches, missions,

and social welfare organizations. Attention must also be given to the entity formulating the definition (e.g., government body, academia, development agency, religious institution) and what purpose such a definition serves (e.g., qualification for tax exemption, legitimacy, etc.).

Commonly used terms used to describe religious organizations of various kinds include: faith-based organizations, faith-inspired organizations, and religious nongovernmental organizations (NGOs). The term "faith-based organization" is commonly used as it is considered more inclusive entities that do not affiliate with a particular religion (e.g., World Peace Prayer Society). The term is also more inclusive of humanitarian and relief-focused organizations while the "NGO" designation tends to imply more direct engagement with advocacy and policy processes. Terminology also varies in different contexts; for example, "religious NGO" is the used term by the United Nations, while "faith-based organization" is typically used by national governments and development agencies.

From a global perspective, it is also important to consider that the term "religious" organization comes out of a particular philosophical stance, which draws a dividing line between the religious and secular dimensions of human life. As this is not a universal philosophy or way of understanding and organizing society, it may be that an organization which appears to be "religious" from the perspective of one observer may not be labeled as such by its members.

## Typologies of Religious Organizations

Given the tremendous diversity of religious organizations – in terms of religion, resources, membership, mission, geographic spread, etc. – it is helpful to organize these according to a typology. The following typology draws on categories proposed by various authors e.g., Clarke et al. (2008); Marshall (2013):

(a) *Authoritative and representative organizations*
Organizations in this category have an authoritative status within their respected religious community. They rule on doctrinal matters and represent religions in their engagement with the state other representative actors. Examples include: the Vatican, the Buddhist Sangha, the Anglican Communion, the Imamate of the Ismaili community, and the Universal House of the Justice of the Bahá'í community. Many of these structures extend from the local to the global and tend to be hierarchically organized. However, many religious traditions are decentralized with no single body authorized to speak on its behalf (e.g., Muslim, Hindu communities). These organizations may also include global interreligious or ecumenical bodies such as Religions for Peace, Parliament of the World's Religions, and the World Council of Churches.

(b) *Charitable and development organizations*
These include funding or managing programs that engage in what can be broadly called "development" and social justice. These organizations provide social services, such as education, health care, nutrition, humanitarian relief, etc. – particularly in the absence of functioning domestic entities. Examples include: American Friends Service Committee, Salvation Army, Care International, Caritas International, Christian Aid, Church World Service, Islamic Relief, Lutheran World Federation, Musawah, and World Vision International. They range from international structures to informal, unregistered organizations at the community level.

(c) *Sociopolitical organizations and movements*
This is a highly diverse group, which includes political parties, social movements, and cultural organizations. Organizations in this category include: religious organizations ("NGOs") active at the United Nations, the European Union, and the World Bank; political parties (e.g., Hindutva, a Hindu nationalist party in India; Shas, an ultra-orthodox Jewish party in Israel), and the Organization for Islamic Cooperation. Social movements in this category include the Community of Sant'Egidio, Opus Dei, and Ahmadiyya, among others.

(d) *Missionary organizations*
These organizations actively promote the teachings and worldview of their respective religion and may also engage in charitable work. Examples include: Campus Crusade for Christ and Youth with a Mission.

(e) *Radical, illegal, or violent organizations*
Groups in this category generally promote and/or engage in militant and violent acts justified on religious grounds. While such groups exist within most if not all religious communities, in the past several decades, many have used the teachings of the Qur'an to justify their actions (e.g., Al Qaeda, Hamas, ISIS (or "Daesh"), Jemaah Islamiyah, Muslim Brotherhood).

Other religious organizations not captured in this typology include unregistered community and congregation-level groups such as women's and youth groups, which may be among the most widespread religious organizations. Religiously linked academic institutions, such as Union Theological Seminary, Hebrew Union College, and Al-Azhar University, that train future religious leaders and scholars, are also a type of religious organization. The above categories need not be seen as discrete as some religious organizations may straddle more than one category.

Given the tremendous diversity of religious organizations, this entry focuses primarily on types (b) and (c): charitable and development organizations and sociopolitical organizations and movements.

## Religious Organizations in the Field of International Development and Advocacy

Until recently, religious organizations in the field of development were largely ignored in academic and public policy circles. The notion of development was closely associated with concepts of "modernity" and "secularization" and, as such, deemed religion as irrelevant and harmful at best. In addition, most development agencies worked predominantly with governments as it was expected that governments would play a primary role. Yet long before the concept of "development" assumed such prominent status in the international community, missionary ventures and religiously inspired initiatives were at the forefront of providing essential social services to underprivileged and marginalized populations in many parts of the world. In 1947, the Nobel Peace Prize was jointly awarded to two Quaker organizations – the Friends Service Committee in London and the American Friends Service Committee in Philadelphia – for humanitarian service and dedication to peace. Since the 1980s, the combined impact of globalization and the failure of many secular development approaches (e.g., structural adjustment programs, market deregulation, "trickle down" economics) to improve social and economic well-being have spurred the search for more holistic approaches to development – those that take into account the cultural, social, psychological, and spiritual dimensions of individuals and communities. And it is often to religious organizations that attention has turned.

Today, religious development organizations command major financial and human resources. World Vision International, for example, reported operating revenue of one billion dollars in 2015; Catholic Relief Services had revenues of over $721 million (2012); London-based Islamic Relief had $116 million (£82.8 million) in 2013; and Lutheran World Relief had $47,296,491 in 2014. An increasing number of (secular) international development agencies and Western governments have entered into formal partnerships with religious organizations recognizing their particular strengths – such as resources, the trust of local communities, and extensive geographic reach. Since the 1990s, religious organizations have become increasingly visible on the global stage: the Millennium World Peace Summit of Religious and Spiritual Leaders, which took place in the United Nations General Assembly Hall in 2000, signaled (if only symbolically) an evolving relationship between religious communities and the nations of the world.

While it is impossible to account for all of the contributions made by faith-based and religious organizations, the following estimates provide a

sense of the scope of their engagement. The World Health Organization, for example, estimates that 30–70% of the healthcare infrastructure across the African continent is owned or run by FBOs, with percentages varying within this range in different countries. (The first census in Africa on the not-for-profit healthcare sector conducted by Uganda in 2001, for example, showed that 70% of all private not-for-profit health facilities in Uganda are owned by autonomous diocese and parishes.) Further, a 2007 study found that over 50% of health and education programs in sub-Saharan Africa were implemented by FBOs. Between 2001 and 2005, over $1.5 billion was channeled through faith-based organizations by the US International Development Agency. In the USA, the Catholic Church is the largest nonpublic provider of human services to families living in poverty.

Recognizing this critical role, a growing number of partnerships are being established between intergovernmental and domestic governments and religious organizations, signaling a "new normal" in terms of government-religion relations. These include: formal partnerships between religious/faith-based organizations and UN agencies (e.g., United Nations Population Fund, UNICEF, UNAIDS), the World Bank (e.g., "The Moral and Spiritual Imperative to End Extreme Poverty" initiative), multi-stakeholder partnerships (e.g., International Partnership on Religion and Sustainable Development), and national governments (e.g., United States Agency for International Development, United Kingdom Agency for International Development, Swedish International Development Cooperation Agency, Norwegian Agency for Development Cooperation, etc.).

It is not only in the field of social services and humanitarian relief that religious organizations are playing a major role, they are also adding their voices to policy debates at national and international levels. Organizations such as the US Conference of Catholic Bishops, the American Jewish Committee, the Muslim Canadian Congress, and the Asian Muslim Action Network are among organizations whose mission involves a strong advocacy component.

A major example of this kind of advocacy can be seen among the religious organizations active at the United Nations. Religious organizations have engaged with the UN since the founding of the organization. The relationship is guided by Article 71 of the UN Charter which states that the UN's Economic and Social Council "may make suitable arrangements for consultation with on-governmental organizations, which are concerned with matters within its competence" and that such arrangements may be made with international organizations and, where appropriate, with national entities. Today over 4,000 non-governmental organizations (NGOs) are formally accredited to the UN through the Economic and Social Council. Of these, approximately 400 are religious organizations, as reported by the organizations themselves. The "consultative status" with the UN grants organizations access to UN deliberations (though not all) and UN conferences, allowing them to make oral and written interventions and, in some cases, to make recommendations for items to be included on the UN's agenda. The concerted, and at times disruptive, lobbying efforts of religious organizations at major UN conferences, such as the 1994 International Conference on Population and Development (Cairo) and the 1995 International Conference on Women (Beijing) brought to light a much more visible and active role that NGOs would play in shaping international policy and human rights.

In 2000, the UN launched a global research strategy, called the "Millennium Development Goals" (MDGs), which attracted the support of many religious organizations throughout the world. The nations of the world had committed to eradicating poverty by 2015 and to achieving eight goals centered on the eradication of poverty, achievement of universal primary education, promotion of gender equality, maternal health, reduction of child mortality, combating major diseases, environmental sustainability, and international development cooperation. Religions for Peace (formerly, "World Conference of Religions for Peace"), a global interfaith NGO in consultative status with the UN, produced a report titled "Faith in Action: Working Towards the Millennium Development Goals" to provide religious organizations and leaders with the tools to carry out

advocacy campaigns to support the achievement of the MDGs (Religions for Peace 2007). Many UN-affiliated international religious organizations as well as countless national and local religious organizations supported efforts to achieve the goals, in particular goals related to education and health. In 2015, the UN launched "Agenda 2030" – an international development agenda to succeed the MDGs and one more ambitious and universal in its scope. The UN and the World Bank have made explicit the key role that religious organizations play and will need to play in order to meet the goals of equity, prosperity, sustainability, and peace by 2030. To review lessons learned from the FBO-UN partnership, the UN has since created an Inter-Agency Task Force on Engaging with Faith Based organizations for Sustainable Development to exchange and build knowledge about outreach and collaboration with religious entities.

## Religious, Organizational, and Strategic Dimensions of Religious Organizations

Figure 1 provides a table outlining the religious, organizational, and strategic dimensions of religious organizations. Rather than looking at religious organizations as monolithic entities, this framework permits a closer look at the various dimensions of an organization's operation. While it can be adapted to most religious organizations, it is most relevant for charitable, development, and sociopolitical organizations.

Religious, organizational, and strategic dimensions of religious organizations

| ***Religious dimensions*** | | ***Organizational dimensions*** | ***Strategic dimensions*** |
|---|---|---|---|
| *Self-identity* | *Mission* | *Structure* | *Approach/ methods* |
| Baha'i | Framing | Unitary Corporate | Advocacy/ lobbying |
| Buddhist | Focus | Federated | Awareness raising |
| Christian | Humanitarian relief | Confederated | Capacity building |
| Hindu | Legal reform | Autonomous | Coalition building |
| Muslim | Social service | | Coercion/ violence |
| Spiritual | Propagation of religion | *Representation* | Dialogue |
| Interfaith | Social transformation | Religious | Knowledge building |
| Other | Other | Denominational | Monitoring |
| | Beneficiaries | Ecumenical | Modeling |
| *Pervasiveness* | | Spiritual | Moral suasion |
| Organizational identity | | Interfaith | Protest |
| Decision-making | | Geographic | Prayer/ spiritual guidance |
| Membership | | Political | |
| Resources | | | |
| | | *Resources* | |
| *Relationship to religious leadership* | | Membership dues | |
| | | Tithing | |
| Subordinate | | Donations | |
| Cooperative | | Grants | |
| Independent | | Public funding | |
| Oppositional | | | |
| | | *Geographic Range* | |
| | | Community | |
| | | Sub-national | |
| | | National | |
| | | Regional | |
| | | Transnational | |
| | | | |

**Religious Organizations, Fig. 1** Religious, organizational, and strategic dimensions of religious organizations (Adapted from Berger 2003)

## Religious Dimensions

Prior to the recognition of "religious organizations" as a distinct field of organizations, in the early 2000s, organizations were predominantly classified according to their mission or strategic focus. Categories included: environmental, human rights, women's rights, development, and humanitarian relief organizations, among others. While this is one way to map a complex universe of organizations, it doesn't capture the distinct qualities of organizations, whose identity and mission are shaped by religious or spiritual convictions. The framework examines this dimension by looking at four variables: self-identity, pervasiveness (of religious influence), relationship to religious leadership, and mission.

The **religious self-identity** of an organization confers a number of distinct advantages to the organization, which can be thought of "religious" resources that assist the organization to carry out its mission. These include the spiritual and moral values that guide the work of the organization, such as the Jewish principle of *tikkun olam*, the Muslim principles of *zakat* and *waqf*, the principles of "engaged Buddhism," the Bahá'í principle of building capacity to contribute to the betterment of the world, the Christian principles of charity, etc.). The long history of religious communities throughout the world also translates into greater demographic and geographic of religious organizations as compared to their secular counterparts. Where religious communities are fully integrated into the life of a particular population, or have provided essential social, spiritual, and cultural resources for a long period of time, relationships of trust have formed. These are seen as among the most valuable assets that religious organizations bring to the table as potential partners in international development efforts – religious organizations provide "access" to populations through their long-standing physical and cultural presence in communities and their ability to appeal to the depths of human motivation. When addressing cultural practices such as child marriage, female genital cutting, or the education of girls, development agencies have found that they must work first at the level of community beliefs and attitudes in order for projects to be meaningful and sustained.

Other "religious" resources include the ability to mobilize adherents on the basis of moral imperatives, access to national and international organizational networks of religious institutions and believers, access to financial resources of the respective religious institution and its adherents, as well as tax-exempt status. Religious organizations and communities, by virtue of their traditions of tithing and sharing of one's wealth, are able to generate financial resources that often rival, and exceed, those of international development organizations.

A further religious dimension is an organization's **relationship with the authoritative religious institution/body** of the respective religious tradition. We can distinguish between four different types of relationships: subordinate, cooperative, independent, or oppositional. Roman Catholic religious orders, for example, are arranged in congregations, but are not necessarily under the direct authority of the Catholic Church. As such, we might think of them in terms of having a "cooperative" or "independent" relationship with religious authority. The US Conference of Catholic Bishops falls under the authority of the Vatican and as such can be considered as having a "subordinate" relationship to its religious leadership. The Muslim advocacy organization, Musawah, whose work challenges many authoritative interpretations of Islamic scripture, would fall under the category of "independent" or "oppositional." Many Jewish, Hindu, and Buddhist organizations – associated with decentralized traditions – could be categorized as "independent."

While religious and secular organizations often work toward the same ends, e.g., humanitarian relief, social justice, etc., their **motivation** is articulated in different terms. Religious and faith-based organizations are animated by a worldview, which is rooted in a belief in the transcendent. For some, this worldview is rooted in a belief in "God"; for nontheistic organizations (such as Buddhist or Hindu organizations), this may be described as "dharma" or in reference to "Brahman." A worldview oriented toward the

transcendent gives rise to a particular way of seeing the world, of understanding one's role in the world (in particular in the face of oppression and injustice), and of carrying out that role in the world. Such a worldview often imposes a sense of personal "duty" and responsibility on adherents vis-à-vis their fellow man. It is this sense of duty that is expressed in the work and mission of many religious organizations. The language of the sacred writings of various religious and spiritual traditions has for thousands of years been interpreted and used by believers as a source of motivation, as a call to sacrifice one's comfort and wealth for a higher cause, a call to work for justice, and to endeavor to realize the vision conveyed in the scriptures. (It is important to acknowledge that the philosophical/ideological roots of much of transnational social movement activism are, in fact, religious. They are rooted in early missionary work, and motivated by the religious convictions of the founders of respective movements.)

The **pervasiveness** of the religious dimension refers to the extent to which religious affiliation defines the organization's identity, decision-making, membership, and resource base. This category sheds light on the idea that there are no purely "secular" or "religious" organizations and that religious identity and religious resources are articulated and deployed differently depending on the organization.

The fourth religious dimension is the organization's **mission**. It concerns not only the tangible outputs of the organization but also the meaning attached to that "output" by the members of the organization. The mission might encompass: humanitarian (or emergency) relief, social services (e.g., health care, education), mobilization of opinion, education/awareness raising, or missionary work, among others. Yet looking only at the observable behavior or "output" of a religious organization, one is likely to miss the religious dimension (with the exception of missionary work). What renders the work "religious" (or spiritual) is the particular worldview, which inspires, informs, and shapes the work as a whole. While some religious organizations focus on the propagation of their religious beliefs, most give expression to these beliefs through the tangible work performed in the name of a social good.

Below are excerpts from mission and vision statements from major development and social justice organizations, as conveyed on their respective websites. (See Fig. 2.)

Yet another dimension concerns **beneficiaries**, as differentiated between members (or adherents of the religious organization) and external target groups.

It is important to note that the variables in the "religious dimensions" category of the framework may not be discernible in the visible actions of the organization. The relief and humanitarian work done by religious and secular organizations often looks the same. In fact, in recent years, it has been acknowledged that the divide between religious and secular organizations is becoming increasingly blurred. What remains significant however is that without an understanding of this internal dimension of religious organizations, it is not possible to fully understand the rationale and significance of their engagement in society.

## Organizational Dimensions

The organizational dimensions of religious organizations – structure, representation, resources, and geographic range – in many ways, resemble those of their secular counterparts. Structure refers to the degree of centralization of authority among RNGO offices; representation refers to the constituents on whose behalf the organization claims to speak; resources refer to the source of financing; and geographic range assesses the physical spread of the organization's affiliates (as measured by an official presence in a given locality). Together, these dimensions begin to reveal the complexity and diversity of the ways in which religious entities organize themselves for action.

**Representation** is a particularly salient issue for advocacy-focused organizations as a large membership base coupled with the support of an authoritative religious institution confers much needed legitimacy and moral authority to the mission and work of the organization. Given that religious and spiritual teachings lend themselves to different interpretations – often leading to

Excerpts from mission statements of selected religious organizations

*Bahá'í International Community*
"All human beings "have been created to carry forward an ever-advancing civilization," according to the sacred scriptures of the Baha'i Faith. The notion that every nation, community, and person has a part to play in building a peaceful and prosperous global society is central to the work of the Baha'i International Community's offices."

*Brahma Kumaris*
"A worldwide family of individuals from all walks of life, we are committed to spiritual growth and personal transformation, believing them essential in creating a peaceful and just world. Acknowledging the challenges of rapid global change, we nurture the well-being of the entire human family by promoting spiritual understanding, leadership with integrity and elevated actions towards a better world."

*Islamic Relief Services*
"Islamic Relief USA provides relief and development in a dignified manner regardless of gender, race, or religion, and works to empower individuals in their communities and give them a voice in the world. We remain guided by the timeless values and teachings provided by the revelations contained within the Qur'an and prophetic example."

*Religions for Peace*
Through *Religions for Peace*, diverse religious communities discern "deeply held and widely shared" moral concerns, such as transforming violent conflict, promoting just and harmonious societies, advancing human development and protecting the earth. *Religions for Peace* translates these shared moral concerns into concrete multi-religious action.

*Religious Action Center of Reform Judaism*
"Inspired by the words of the prophets in our sacred texts and profound commitment to *tikkun olam*, the Religious Action Center aims to bring a uniquely Jewish progressive voice to the national conversations shaping social justice and public policy in America."

*Soka Gakkai International*
"We, the constituent organizations and members of the Soka Gakkai International embrace the fundamental aim and mission of contributing to peace, culture and education based on the philosophy and ideals of the Buddhism of Nichiren Daishonin."

*World YWCA*
"The World YWCA is based on faith in God the Almighty, Jesus Christ and the Holy Spirit. Its vision is of a fully inclusive world where justice, peace, health, human dignity, freedom and care for the environment are promoted and sustained by women's leadership. Towards this end, the World YWCA advocates and supports volunteerism, membership, diversity, tolerance, mutual respect, integrity and responsible accountability."

**Religious Organizations, Fig. 2** Excerpts from mission statements of selected religious organizations

major divisions within religious communities – a claim to represent an entire religious community or a denomination can be controversial. A challenge facing religious communities is ideological divides, which can result in clashes between "liberal" and "conservative" believers. This comes into stark relief in the area of women's sexual health and reproductive rights: organizations affiliated with the same religious tradition may take very divergent views on this topic (e.g., Catholic for Free Choice and Center for Family and Human Life). Religious organizations define their membership according to a broad spectrum of parameters. The Lutheran World Federation, for example, states that it is "a global communion of 145 churches. . .representing over 72 million Christians"; "the Union for Reform Judaism represents 2.2 million Jews across 873 congregations." Other religious organizations frame this issue differently. Muslims for Progressive Values

describes itself as striving to "embody and be and effective voice of the traditional Qur'anic ideals of human dignity, egalitarianism, compassion and social justice."

The question of **resources** plays a major role in determining the character and agenda of an organization. Many religious organizations are privately funded, with a substantial portion of financial resources coming from members in the form of donations, dues, or tithes. Some religious organizations, such as the Baha'i International Community, accept funds only from members of the respective religious community. At the other end of the spectrum, Catholic Charities – the largest network of independent social service organizations in the USA – receives as much as two thirds of its funding from the federal government. The policy of Western donors toward religious organizations has generally been restricted by constitutional conventions on the separation of church and state. Yet the rapidly changing place of religion at all levels of society, including in the domain of international relations, has strained conventional approaches and forced donors to rethink the criteria for effective allocation of resources. Today, religious organizations channel significant financial resources from Western donors to countries in the "developing" world. In addition to securing donor resources, they are able to mobilize large volumes of resources from among their adherents.

Most advocacy-focused religious organizations that seek to influence government policy are particularly cautious to accept government funds. In many cases, reliance on public funding can affect an organization's posture toward government policy (which they may be challenging) and may have negative repercussions for its reputation and efficacy.

The **geographic range** of an organization examines the physical presence of the organization, as determined by an official presence in a given locality. Some religious organizations have a presence in over 100 countries (e.g., World Vision, Bahá'í International Community, others); others are active on a more local or national level. There is a tremendous diversity of **organizational structures** across religious organizations including diocese, congress, union, league, association, etc. To organize these diverse configurations, the framework distinguishes between structures based on the degree of centralization/decentralization of decision-making power. It provides a four-part typology including: unitary corporate (e.g., Habitat for Humanity), federation (e.g., Lutheran World Federation), and confederation (e.g., World Jewish Congress). Many Jewish organizations and those representing Catholic religious orders can be characterized by a loose central coordinating structure. Aside from religious differences, the choice of organizational structure may be justified in purely practical terms. Centralized structures, which tend to be the most efficient in terms of decision-making and resource-allocation, may be better suited to advocacy and relief-oriented missions while more flexible autonomous structures are adopted by RNGOs with a predominantly social service or spiritual guidance dimension.

## Strategic Dimensions

Religious organizations use a variety of **approaches** to achieve their aims. Many of these are common across and religious and secular (predominantly social justice) organizations: advocacy/lobbying, awareness raising, capacity building, coalition building, dialogue, knowledge building, monitoring (following issues of interest, such as government actions, in an informed manner), modeling, moral suasion, and protest. While prayer may be part of a strategy used by religious organizations, individuals working in secular organizations may also do it privately. The highly networked structure of religious communities lends strength to many strategies of religious organizations as efforts can efficiently be scaled up using the existing physical, social, and communications infrastructure.

A discussion of approaches taken by religious organizations would not be complete without reference to violent and coercive means employed by radical and extremist organizations. Research about terrorism and violence committed in the name of religion quickly proliferated since the attacks on the World Trade Center towers on September 11, 2001. In the past decade, media

attention has focused on extremist organizations citing religious scriptures to justify barbaric and hateful crimes. Examples include Boko Haram, ISIS or ISIL, Al Qaeda, Hezbollah, and Aum Shinrikyo (split in 2007), among many others. The ongoing challenge in containing religiously motivated violence is that those committing the violence believe it to be sanctioned by divine mandate. Such a belief has shown to have tremendous potency, especially when coupled with a sense of pride (individually and collectively), a supporting religious community, and a culture of violence.

## Emerging Issues and Challenges

The landscape of religious organizations continues to evolve as religious voices seek to assert themselves in the modern world. While typically associated with service provision and humanitarian relief, religious organizations have entered political arenas and policy debates to challenge dominant paradigms of development and progress and to question the integrity of the prevailing social and economic order. In addition, the tremendous movement of populations, domestic and international, voluntary and forced, is rapidly changing the demographics of communities and bringing diverse belief systems into greater contact with each other – further impacting the landscape of religious organizations. In the current social and political climate, a number of issues and challenges are of particular significance to religious organizations. These include: the rise of fundamentalist and extremist groups and movements, gender equality, misperceptions and misunderstandings between religious and secular groups, and religious freedom.

In the past decade, the landscape of religious organizations has been increasingly complicated by the rise of **religious extremism and fundamentalism**. New movements and groups have exploited political fragilities and have instrumentalized religion to promote extremism, exclusion, and violence. These new and emerging actors make use of religious and social discourses to foment social divisions, thereby undermining peace and security both domestically and globally. Many religious organizations have become engaged in activities countering violence extremism by promoting intercultural and interfaith understanding and denouncing extremist, hateful, and misogynist interpretations of religious doctrine. The participation of religious organizations in these efforts is particularly important in conflict areas and fragile states in order to integrate the voice of the faith community in dialogue and peace processes.

Religious organizations are also facing rising criticism for their failure to engage with the structural and systemic barriers to **gender equality**. Despite their long history of service delivery and humanitarian relief, religious organizations have operated largely within existing cultural frameworks, without acknowledging the deep influence of patriarchal norms associated with many religious communities, institutions, and practices. Religious teachings continued to be interpreted (largely by men) and used to justify discrimination and violence against women and girls. The absence of women in positions of authority in religious traditions often excludes their voices from the interpretation of religious teachings. Today, issues of gender equality, sexual and reproductive health, and rights are among the most contentious in the entire development agenda – leading to deep ideological divisions between secular and religious organizations. The resulting perception of a fundamental incompatibility between religion and human rights has often discouraged engagement with religious organizations. Yet, today, a growing number of feminist religious organizations are leading the way in reexamining religious laws and advocating for women's rightful participation in the interpretation of religious doctrine (e.g., Sisters in Islam, Musawah).

The lack of **religious literacy** among the general population, and within the development community, poses a challenge to effective collaboration with religious organizations. There is a tendency to treat religious organizations as monolithic, failing to note the internal diversity of religious views and perspectives, and the influences of culture, politics, and individual

personalities on religious organizations. While this diversity significantly complicates the map of religious organizations, it is also serves as a reminder that very few religious organizations represent the views of an entire body of believers, and that generalizations across entire religious traditions are often impossible and misleading. A further element of religious literacy is the understanding of the role that religion plays in people's lives. For many years, development and progress had been conceived in material and technical terms – as captured, shorthand, by a nation's GDP, for example. It took many years to understand the key social roles that religious organizations played in the lives of the majority of the world's people – they were among the most trusted social institutions, particularly where government infrastructure was weak and where the majority of social services were provided by religious organizations.

Perceptions of religion and religious organizations in secular society remain clouded in **suspicion**. Religious organizations are often perceived to be divisive, exclusionary, and political – competing for followers and contributing to existing social tensions. They are seen as being supportive of traditional patriarchal structures that conflict with universal human rights. The suspicion goes both ways: religious organizations may fear that international organizations and donor agencies may try to use them to further already defined policies. Having been long excluded from policy and decision-making concerning development, the rapid rise in interest in partnering with religious organizations is interpreted by some as opportunistic and potentially exploitative. As such, much work needs to be done to foster more informed and transparent collaboration.

Further suspicion is driven by concerns about **proselytization** agendas and activities of religious organizations. Many religious organizations have addressed this concern by becoming signatories to "The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief." As of March 2016, over 600 organizations (religious and secular) have signed the Code of Conduct, which states that, "Aid will not be used to further a particular political or religious standpoint," and that "We will not tie the promise, delivery or distribution of assistance to the embracing or acceptance of a particular political or religious creed."

In addition, given the norm of **"church-state" separation** throughout the Western world, there is hesitation to engage with religious organizations in a way that may be perceived as violating this norm. Yet, at the same time, it is important to understand the cultural and historical specificity of this type of "church-state" relationship; it is not an idea native to other parts of the world, Asia in particular. In each country, the nature and function of the religious organization is shaped by the country's constitutional relationship between the religion and the state. This relationship ranges from clear separation, where religious organizations and institutions are private (e.g., the USA, France), to full integration, where religious institutions are "established" by the government (e.g., Iran, Pakistan). The religion-state relationship shapes the legal and cultural norms, which either give rise to support or inhibit the formation of religious organizations. In countries such as India, the relationship is characterized by pluralist accommodation where the government supports the operation of a variety of religious organizations – both charitable and politically oriented entities.

From the perspective of international law, the baseline for countries is to uphold the universal **right to freedom of religion or belief**, which provides for the freedom to hold, and change religious beliefs, and to express those beliefs individually and collectively. This is a significant issue for religious organizations given that approximately 70% of the world's population lives under the rule of governments that place restrictions on this right.

## Conclusion

The role of religion in modern society continues to evolve. For much of modern history, scholars

assumed that as countries modernized, the influence of religious institutions and values would decline and cease to be relevant in the public sphere. Yet the secularization thesis, as it was known, largely ignored historical trajectories outside of the European experience and did not foresee the resurgence of religious voices and influential religious leaders, organizations, and movements. The geopolitical, social, and economic environment of the past 50 years has given rise to a religious agency, which among other things has found expression in a host of different kinds of religious organizations, seeking to give new expression to the vision and beliefs of their respective faiths.

The universe of religious organizations is highly diverse and complex encompassing small community-based unregistered religious groups working on specific issues such as maternal health or community farming, as well as transnational billion-dollar organizations with professionalized staff and offices in over 100 countries. Seen from one perspective these organizations appear very much like their secular counterparts, with concerns about executing on a mission, carrying out work in the name of the common good, securing resources, and the like. Yet there are important differences that come with a religious identity and religious affiliation. Religious organizations, by virtue of their identity, can tap into vast networks of spiritual, social, financial resources, and motivational resources.

The of religious organizations role in society is not uncomplicated. There is much anxiety and concern among secular organizations and institutions that the presence of religious organizations serves to foment conflicts and ideological divides. The rise of extremist and fundamentalist organizations has exposed the dangerous mix of vested political interests and ideology veiled in religious terms. Other challenges include religious organizations' stance on gender equality and their lack of engagement with structural and systemic aspects of gender inequality. At the same time, greater religious literacy is needed to distinguish and better understand the nature of different religious organizations. Since much of what we know about religious organization comes from our understanding of Christian entities operating in Europe and North America, religious literacy will also need to expand to encompass religious and spiritual organizations rooted in different cultural, political, and religious contexts.

## Cross-References


- ▶ Civil Society Organizations
- ▶ Ethics and Religion
- ▶ Global Ethics
- ▶ Global Governance
- ▶ Local Church as Social Action
- ▶ Religion and Nonprofit Organizations
- ▶ Spiritual Leadership


## References


Berger J (2003) Religious nongovernmental organizations: an exploratory analysis. Volunt Int J Volunt Nonprofit Org 14(1):15

Clarke G, Jennings M, Shaw T (eds) (2008) Development, civil society and faith-based organizations: bridging the sacred and the secular. Palgrave Macmillan, Basingstoke. https://www.amazon.com/Development-Civil-Society-Faith-Based-Organizations/dp/0230020011/ref=sr_1_1?ie=UTF8&qid=1468621367&sr=8-1&keywords=clarke+jennings+shaw+development+and+civil+society

Demerath NJ, Hall PD, Schmitt T, Williams RH (eds) (1998) Sacred companies: organizational aspects of religion and religious aspects of organizations. Oxford University Press, New York

Marshall K (2013) Global institutions of religion: ancient movers, modern shakers. Routledge, New York

Religions for Peace (2007) Faith in action: working toward the millennium development goals: an action toolkit for religious leaders and communities. United Nations Development Programme. http://religionsforpeace.org/node/49

The Pew Forum on Religion and Public Life (2012) The global religious landscape: a report on the size and distribution of the world's major religious groups as of 2010. Pew Templeton Global Religious Futures Project. http://www.pewforum.org/files/2014/01/global-religion-full.pdf

# Reponses to Organizational Conflict

Duane E. Mitchell
Management and Education, University of Pittsburgh, Bradford, PA, USA

## Synonyms

Accommodation in response to organizational conflict; Avoidance in response to organizational conflict; Collaboration in response to organizational conflict; Competition in response to organizational conflict; Compromise in response to organizational conflict

## Definition

These are the responses to organizational conflict, in the field of organizational behavior: avoidance, competition, accommodation, compromise, and collaboration between the representatives of some combination of individuals and/or groups in response to interpersonal conflict, intergroup conflict, or conflict between an organization and one or more of its stakeholders.

## Introduction

A conflict involves some combination of individuals and/or groups who are experiencing interpersonal conflict, intergroup conflict, or conflict between an organization and one or more of its stakeholders. Additionally, an individual involved in a conflict may represent themselves, or the individual may be represented by one or more people who are acting on behalf of the individual. When groups of individuals are involved in a conflict, such as (a) a team, (b) work group, (c) department, (d) division, or (e) an entire organization, the group is typically represented by one or more people during a conflict. Typically, it is not the entire group who is active in organizational conflict. It is really the person or people who represent the particular individual, or group who are in conflict with another party's representative or representatives (Griffin and Moorhead 2007). Therefore, the parties involved in organizational conflict, whether they are individuals or groups, will be referred to as *representatives* for the remainder of this essay.

The representatives involved in a conflict will respond along two dimensions (Griffin and Moorhead 2007). These two dimensions are (a) the *level of aggressiveness* and (b) the *level of goal compatibility* (Fig. 1). Along the first dimension, the representatives' level of aggressiveness will determine what level of *fight* or *flight* (Gray 1987) will occur in a particular conflict situation (McShane and Von Glinow 2015). Representatives may respond to a challenge present in a conflict by fighting back or pressing against the challenge with a varying degree of force. A high level of force will result in either competition or collaboration depending on the level of goal compatibility. Representatives may also respond with flight by running away from the challenge present in a conflict in order to avoid it. Similarly, they may *freeze*, that is, ignore or not respond at all to a challenge present in a conflict. A low level of aggressiveness will result in either avoidance or accommodation depending upon the level of goal compatibility. Only a medium level of aggressiveness combined with a medium level of goal compatibility will result in compromise; see Fig. 1.

Along the second dimension, the level of goal compatibility will impact the representatives' willingness or lack of willingness to work with the other party in a particular conflict situation (Griffin and Moorhead 2007). Goal compatibility is a measure of the extent to which the representatives' goals are interdependent, thus requiring each side to work toward satisfying their own and the other sides' goals simultaneously (Thomas and Kilmann 2008). Varying levels of aggressiveness along the first dimension combined with varying levels of goal compatibility along the second dimension as expressed by representatives will determine the response to conflict. Within the two dimensions, representatives may express one of five responses to conflict; these are avoidance, competition, accommodation, compromise, and

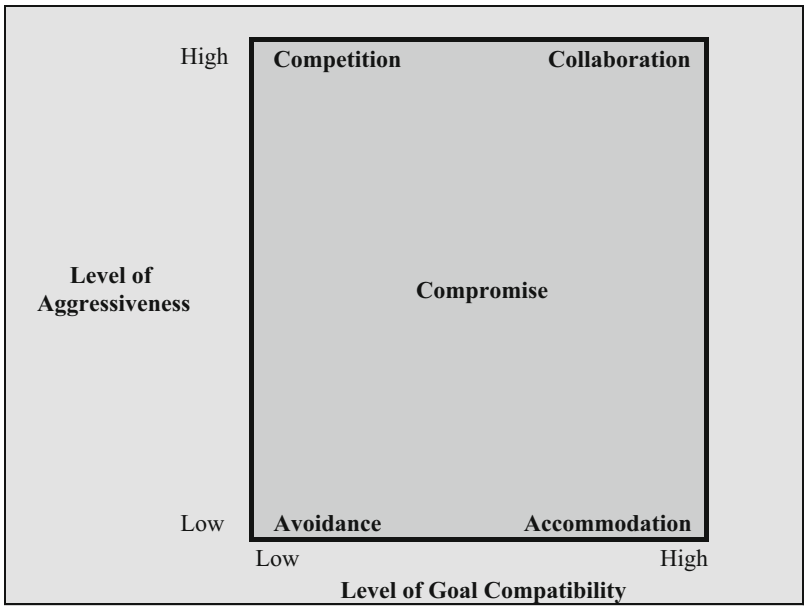


**Reponses to Organizational Conflict, Fig. 1** Five possible responses to conflict by representatives in a conflict. (Adapted from Thomas et al. 2008. Copyright 2008 by Emerald Group Publishing Limited. Reprinted by permission)

collaboration (Fig. 1). Each of these responses will be discussed in the following sections, respectively.

## Response One: Avoidance

"The most natural manner in which all animals, including man, eliminate conflict is to avoid it" (Robbins 1974). Avoiding may involve "smoothing over" or "evading" a conflict entirely (McShane and Von Glinow 2015, p. 321). An avoidance response will occur if the representatives involved in a particular conflict have a low level of goal compatibility and a low level of aggressiveness (Fig. 1). In this situation, for example, an individual from one department may ignore a request from another individual or department. The requesting individual or department could decide not to follow-up on the request resulting in mutual avoidance by all representatives in the conflict (Griffin and Moorhead 2007). The representatives may carry out an avoidance response by diplomatically sidestepping an issue, procrastinating, or withdrawing from the particular conflict altogether (Thomas and Kilmann 2008).

## Response Two: Competition

Competition is when the representatives involved in a conflict try to win at each other's expense through means of legitimate and coercive power in an attempt to force each other's compliance or submission (McShane and Von Glinow 2015, p. 298, 320). If the representatives involved in a particular conflict have a low level of goal compatibility and a high level of aggressiveness, then the response will be one of competition (Fig. 1). It is the opposite of accommodation (Thomas and Kilmann 2008). If all of the representatives are striving to accomplish the same goal, but only one representative will be able to achieve the goal, then competition ensues because the representatives are in competition with each other to reach the same goal (Griffin and Moorhead 2007). In the process of competing, the representatives may stand up for their rights, defend a position believed to be right, or focus on trying to win (Thomas and Kilmann 2008).

Sometimes, competition can turn into conflict. In regard to organizations, such as auto manufacturers, competing against each other, Robbins (1974) explained that when the market is expanding, competition will occur, but when the

market becomes stagnant or shrinks, then in order for one organization to win, another must loose, and conflict ensues. Competition can turn into conflict if, during a competition, emotions become too escalated, or there is a lack of/or ambiguous rules, then affective conflict (or relationship conflict) will occur (Amason and Sapienza 1997; Cosier and Rose 1977; Jehn and Bendersky 2003).

Kohn (1986) described a situation where freight warehouse workers were competing to win public recognition in a company newspaper. Recognition would go to the first, second, or third shift team with the highest productivity level during any given week. The competition resulted in increased company output each week benefiting both the teams and the company. However, after about 3 months, emotions became escalated and affective conflict ensued resulting in sabotage and cheating which lowered company output each week and harmed both the teams and the company. In this situation, if the representatives involved in the affective conflict agree to separate for a period of time until tempers cool, and/or they agree to the use of clear rules, then the conflict can become constructive (sometimes called constructive conflict) and revert back to a healthy competition (Griffin and Moorhead 2007; Jehn and Bendersky 2003).

## Response Three: Accommodation

Accommodation involves one side yielding to the wants of the other side without consideration of its own wants or needs (McShane and Von Glinow 2015, p. 321). If the representatives involved in a particular conflict have a high level of goal compatibility and a low level of aggressiveness, then the response will be accommodation (Fig. 1). It is the opposite of competition (Thomas and Kilmann 2008). In the process of accommodation, the representatives may act selflessly, generously concede to another's demands or requirements, or simply yield (Thomas and Kilmann 2008). In this situation, for example, two departments at an accounting firm may have scheduled a department meeting in the same conference room during the same time slot. The representatives of the two departments may not be very concerned about the particular time a meeting is held as long as both meetings are able to take place. The representatives would accommodate each other by finding two time slots that work, one for each of the departments.

## Response Four: Compromise

Compromise is when the representatives find a position in which losses are offset by equivalent gains (McShane and Von Glinow 2015, p. 321). If the representatives involved in a particular conflict have a medium level of goal compatibility and a medium level of aggressiveness, then the response will be compromise (Fig. 1). Compromise is midway between competition and accommodation and shares some characteristics with both (Thomas and Kilmann 2008). In the process of compromise, the representatives may seek mutual satisfaction, or split the difference, mutually concede something, or find an expedient middle ground (Thomas and Kilmann 2008).

Union negotiations with management provide a typical example of compromise (Griffin and Moorhead 2007). Management and union leaders will come to the table with certain demands and compromises in mind. Rounds of offers and counteroffers may be made. In the end, negotiations end with compromise between the two parties.

## Response Five: Collaboration

Collaboration involves problem solving by both sides, which is also beneficial to both sides, resulting in a win-win scenario for the representatives involved in a conflict (McShane and Von Glinow 2015, p. 320). If the representatives involved in a particular conflict have a high level of goal compatibility and a high level of aggressiveness, then the response will be collaboration (Fig. 1). In the process of collaboration, the representatives may explore the disagreement together, learn from each other to prevent resource competition, and/or confront interpersonal problems to find inventive solutions that will lead to mutual satisfaction (Thomas and Kilmann 2008).

Two university departments trying to determine spring and fall course schedules are good examples (Griffin and Moorhead 2007). If the accounting and finance department both want specific classes to be offered in the spring, they can determine the proper sequence of classes to meet student needs through collaboration. This process may seem simple, but it can be difficult to work through. The overarching needs of students provide the goal compatibility to allow department representatives to aggressively find solutions. "Collaborative relationships can lead to new and innovative ideas and solutions among parties" (Griffin and Moorhead 2007, p. 403).

## Conclusion

Organizational conflict involves two or more parties. Groups do not typically participate in a conflict as a group of individuals. Instead, one or more individuals will typically act as representatives on behalf of the group. Individuals may choose to represent themselves, or they may have one or more people acting as representatives on their behalf. Therefore, it is the representatives who are responding to the organizational conflict.

The representatives in a conflict will respond along two dimensions: (a) the level of aggressiveness and (b) the level of goal compatibility. The level of aggressiveness will determine a fight, flight, or freeze response to some degree from the representatives. The level of goal compatibility will determine the extent to which the representatives' goals are interdependent and thus the degree of willingness, or the absence of willingness, of representatives to work with each other during a conflict. The representatives' varying levels of aggressiveness in combination with their varying levels of goal compatibility will, together, determine the representatives' response to organizational conflict. Within these two dimensions, there are five possible responses to conflict; these are (a) avoidance, (b) competition, (c) accommodation, (d) compromise, or (e) collaboration. Managers must understand the nature of the representatives' responses to conflict within the two pertinent dimensions before they can begin to effectively manage organizational conflict.

## Cross-References

► Causes of Organizational Conflict
► Managing Conflict in Organizations

## References

Amason AC, Sapienza HJ (1997) The effects of top management team size and interaction norms on cognitive and affective conflict. J Manag 23(4):495–516
Cosier RA, Rose GL (1977) Cognitive conflict and goal conflict effects on task performance. Organ Behav Hum Perform 19(2):378–391
Gray JA (1987) The psychology of fear and stress. Problems in the behavioural sciences, vol 5, 2nd edn. Cambridge University Press, New York
Griffin RW, Moorhead G (2007) Organizational behavior: managing people and organizations, 8th edn. Houghton Mifflin Company, Boston
Jehn KA, Bendersky C (2003) Intragroup conflict in organizations: a contingency perspective on the conflict-outcome relationship. Res Organ Behav 25:187–242
Kohn A (1986) How to succeed without even vying. Psychol Today 20(9):22–28
McShane SL, Von Glinow MA (2015) Organizational behaviour: emerging knowledge, global reality, 7th edn. McGraw-Hill Education, New York
Robbins SP (1974) Managing organizational conflict: a nontraditional approach. Prentice-Hall, Inc., Englewood Cliffs
Thomas KW, Kilmann RH (2008) Thomas-Kilmann conflict mode instrument: profile and interpretive report. Xicom, Inc., Tuxedo
Thomas KW, Thomas GF, Schaubhut N (2008) Conflict styles of men and women at six organization levels. Int J Confl Manag 19(2):148–166. https://doi.org/10.1108/10444060810856085

R

# Representative Bureaucracy

Nancy S. Lind
Department of POL, Illinois State University, Normal, IL, USA

## Synonyms

Civil service bureaucracy; Racial representation

## Definition

Active Representation: The degree to which the social characteristics of the bureaucracy lead them to advocate for the interest of their social or demographic group.

Appropriated Representation: Hereditary right.

Bureaucracy: The civil service arm of the executive branch of government.

Descriptive Bureaucracy: The agency mirrors the dominant groups in society.

Passive Representation: The degree to which the social characteristics of the bureaucracy represent the social characteristics of the clients in the population.

Virtual Representation: Identity of interests.

## Introduction

In the field of public administration, considerable debate concerning the representation of minorities in the public bureaucracy attracts significant attention. The theory of representative bureaucracy developed at a time when there was concern about elected officials holding important policymaking positions in government agencies. Civil servants exercise considerable discretion in implementing the laws passed by elected officials.

Representative bureaucracy is fundamental to democratic principles such as legitimacy and acting on behalf of others (Mosher 1982). While a number of scholars argue for such representation, others believe that the bureaucracy cannot, and should not, be a representative institution. In the literature, there has long been concern with whether or not all social classes or minority groups are represented in government positions. The earliest reference to the concept of representative bureaucracy is found in Donald Kingsley's interpretation of the British civil service in 1944. Kingsley's concern was that the British civil service was composed only of economic, political, and social elites, and, as a result, the interests of other groups were ignored in the policymaking process. In short, representative bureaucracy was necessary to meet the interests of all social classes. Kingsley argued that the Labour party, if it came to power, would find the alleged neutrality of the British civil service system inaccurate. He contended that class lines would be clear and that the lower class would find no representative. He stated that representative bureaucracy would be necessary to protect the concerns of the dominant political party. Representative bureaucracy was designed for a less elite, less class-based civil service system.

Krislov's seminal work 30 years later challenged Kingsley's notion that representative bureaucracy could be viewed only in terms of social class. The issue in the United States was catalyzed by the race riots in the 1960s and claims for women's rights in the 1970s. Professor Sam Krislov's book entitled *Representative Bureaucracy* written in 1974 remains an enduring work in public administration literature. The book was part of the emerging debate regarding the desirability of affirmative action programs and scholarly arguments over whether agency bureaucrats should represent anything other than the interests of their agency or their own self-interest. In answering these issues, Krislov developed an empirically testable framework for representative bureaucracy.

For Krislov, "the representative bureaucracy is the idea that broad social groups should have spokesmen and officeholders in administrative as well as political positions" (1974, p. 4). Interestingly, when the book began to take form, the concept was considered inconsequential. Krislov, on the other hand, believed that bureaucratic representation was very near the heart of societal problems. His concern, then, was with the relationship of bureaucracy to the larger social system under the rubric of representative democracy.

Krislov stated that the representativeness of the American bureaucracy can be borne out by a review of those in positions of power in an agency. He states, "A broad range of talents, types, and social and ethnic backgrounds is to be found in the operative portions of government" (1974, p. 36). He contends that bureaucracy is more representative than the other branches of government. Further, representation is desirable as it brings multiple perspectives to the policymaking process.

In his discussion on representative bureaucracy, Mosher (1982) distinguished two main forms of representation. A distinction is made between passive and active representation. Passive representation concerns the background of the individual and the degree to which they mirror society. This is also referred to as "symbolic representation." Passive representation exists when bureaucrats' demographic characteristics are the same as the demographic characteristics of the population.

With active representation, the idea is that the individual is expected to lobby for the interests of those whom they represent. This action, also referred to as substantive representation, is when officials support a policy agenda based on their personal and political party's views. With active representation, there is an underlying belief that women, for example, will be more likely to support issues that benefit women. Mosher argued that passive representation may lead to active representation.

Complicating the situation described by Krislov, however, is the recognition that the majority of bureaucrats undergo the same socialization processes and hence tend to become part of the middle class and may no longer be able to represent the interests of the groups from which they were drawn. That is, the socialization process negates their individual experiences.

## Representation by Levels of Government in the United States

Norton Long recognized the importance of bureaucracy in its exertion of influence on how a society is governed. As stated by Long (1952, p. 813):

Given the seemingly inevitable growth in the power of the bureaucracy through administrative discretion and administrative law, it is of critical importance that the bureaucracy be both representative and democratic in composition and ethos. Its internal structuring may be as important for constitutional functioning as any theoretical or practicable legislative supremacy. That wonder of modern times, the standing army possessed of a near-monopoly of force yet tamely obedient to the civil power, is a prime example of the efficacy of a balance of social forces as a means to neutralization as a political force. A similar representation of the pluralism of our society in the vitals of the bureaucracy insures its constitutional behavior and political equilibrium.

In this study on American bureaucracy, Long found that the federal bureaucracy was broadly representative of the American populace in terms of demographic characteristics such as age, income, and education. In fact, he found that the bureaucracy was more representative of the public than were the political branches such as that of the presidency, legislature, or courts. It is important to note though that representation is not consistent throughout all layers because as one moves up the ranks of the civil service system, the less representation that is found. The greatest degree of representation is found only at the lowest General Schedule levels. Both the percentages of minorities and women decrease as one moves up the bureaucratic hierarchy. Thus, at the upper ranks of the decision-making level, there is very little representation.

The Civil Service Reform Act of 1978 requires that federal agencies take proactive steps to achieve a representative bureaucratic workforce. Remaining controversial is whether passive representation is sufficient or if active representation should be pursued to advocate on behalf of the traditionally underrepresented and underserved groups in the population.

Empirical studies have indeed demonstrated that representation does make a difference. Hindera (1993) in a *Journal of Public Administration Research and Theory* article found that when government services were delivered by a representative workforce to an underserved population, positive results were produced. Another important study by Thielemann and Stewart (1996) found that clients with AIDS were more willing to seek government health services when the provider shared the same demographic background.

An understanding of representation at the state level focused on whether the agency directors set the agenda for the agency and whether this group was representative of the larger populace.

Brudney et al. (2000) found that minorities and women have made progress toward expanding their representation at the higher levels of agencies, but few had reached the highest policymaking levels. Their question was whether this passive representation translated into more active representation. They developed a model of representative bureaucracy and tested it empirically with state agency directors across all fifty states. Their findings did suggest that on certain issues, race and gender had direct effects and influenced the decisions of administrators. Their research found an intervening variable of organizational roles between passive representation based on race/ethnicity and gender and active representation, the administrators' attitudes, and behaviors. Study results showed that nonwhite and women agency heads differed significantly in the values and organizational role sets they held for state administration. The critical element in their model of representative bureaucracy is the administrator's value which is hypothesized to mediate between passive and active representation. The model also tested for the possibility that active representation may occur directly through the influence of race and gender on administrator's behaviors. Their findings suggested that race and gender can affect bureaucratic behaviors through the mediating influence of organizational roles. Thus, the demographic characteristics of race and gender do relate to administrative behaviors.

At the local level, studies have been done to evaluate whether or not bureaucracies were representative of the social groups predominant in society. The issue at the local level is often whether the concept of bureaucratic neutrality collides with the calls for a representative bureaucracy. This is so as local governments are often the primary providers of government services directly delivered to the public. Studies done by Bradbury and Kellough (2008) found significant differences in the way black and white administrators view social issues and that race plays an important role in the viewing of different issues. Black administrators, they concluded, are more similar to their citizen counterparts than were white administrators. They further concluded that passive representation could lead to active representation with a diversification of the bureaucrats within the local agencies.

Meier and Bohte (2001) examined the role that employee discretion plays in linking passive and active forms of representation in a sample of 600 school districts in Texas. They argued that active representation is enhanced in organizations that grant greater discretionary authority to their employees, and they see this discretionary authority as the "missing link" in studies of representative bureaucracy. They began with the assertion that while most bureaucracies are not designed as active representatives, they can still perform representative functions. Their article extends the literature on representative bureaucracy by focusing on the element of discretion. For a representative bureaucracy to translate from passive to active representation, bureaucrats need to have policy discretion over an area directly linked to their values. Their dependent variable, used to measure the translation of passive to active representation, is the percentage of minority students who passed the Texas Assessment of Academic Standards exam. Representation was measured at the street level as the percentage of faculty who were either African American or Latino. Their findings concluded that when street-level bureaucrats were given discretion, that strengthened the relationship between passive and active representation.

## Representative Bureaucracy in Europe

Gravier (2013) focused on staffing policies in the European Commission to determine if their staffing policies had taken nationality into account using the framework of representative bureaucracy. Their study found that the commission's staffing policies did in fact use a flexible strategy of representation to satisfy the criteria of representative bureaucracy. However, since European civil servants are loyal to the European Union, they found only passive representation.

Meier and Hawes (2009) argued that representative bureaucracy, while not present in France, could be a solution to a series of protests led by

ethnic minorities in regard to access to jobs in the public bureaucracy. They found that several French ethnic protests could be eliminated with a conscious effort to create greater representation in the bureaucracy. In short, they found that representative bureaucracy positively affects the management of ethnic conflict.

Drawing on theories of representative bureaucracy, Andrews and Miller (2013) examined whether increased representation of women in police forces in England leads to a higher rate of domestic violence arrests. Their results found that this was true only when the increased representation of women was accompanied by a greater degree of discretionary authority when carrying out frontline police duties.

## Representative Bureaucracy in South Africa

Naff and DeLeon (2010) test the hypothesis that as a bureaucracy becomes more representative, it gains greater legitimacy from the citizens. This hypothesis tests whether the composition of unelected bureaucrats is of great political consequence in a democracy. This study was performed following the fall of apartheid in South Africa. The formal political transition of the 1990s required reconfiguring the all-white civil service bureaucracy to reflect the diverse citizenry. Their study sheds light on passive representation but not on the linkage between active and passive representation.

## Representative Bureaucracy in Malaysia

Kuan Heong (2015) examined the development and representativeness of the Malaysian civil service. There are three major ethnic groups in Malaysia: Malays, Chinese, and Indians. The civil service, however, had a largely mono-ethnic bureaucracy with over 75% Malay. Traditionally, males were overrepresented in the civil service at all levels. The trend with females began to reverse in the twenty-first century with an increasing proportion of females as applicants for bureaucratic jobs. Thus, their concern on representativeness focused more on ethnic origins. Underrepresentation of Chinese and Indians still exists with the official line being that they are not applying for government jobs. They may not be applying, however, as Malays still hold the bulk of top-level positions, and the minorities may view their path to promotion as blocked.

## Criticisms of Representative Bureaucracy

Despite many scholars advocating representative bureaucracy as a panacea for several societal ills, others find serious weaknesses in representative bureaucracy. Kim (1994) finds that representativeness does not necessarily lead to greater responsiveness as similar social backgrounds do not always lead to similar experiences. Second, he notes that there is no firm definition of representation, and this could lead to a slippery slope where every "economic class, religion, and geographic region" would need to be represented in exact proportion to its share in the population. He also maintains that representative bureaucracy could lead to bias in the policymaking process if active representation is followed.

Other scholars argue that governments may need to lower standards to achieve a more representative bureaucracy (Meier and Hawes 2009). Further, representation may lead to a trade-off between effectiveness and efficiency of the public service.

## Conclusion

Representative bureaucracy continues to be a controversial topic in the twenty-first century but is becoming the norm in modern democracies. In modern democracies, citizens expect to do business with bureaucrats who look like them as officials in government bureaucracies. Recent studies for both blacks and women have found that under certain conditions passive racial and ethnic representation can produce active representation, that is, policies that benefit minorities.

However, there is still incomplete information on what is the missing link between passive and active representation as scholars have run the gamut from addressing issues of diversity to discretionary authority to organizational role. While the debate rages on, many governments develop and implement policies to enhance the involvement of minorities and women in their bureaucratic agencies.

## Cross-References

► Administrative Discretion

## References

Andrews R, Miller KJ (2013) Representative bureaucracy, gender and policing: the case of domestic violence arrests in England. Public Adm 91(4):998–1014

Bradbury M, Kellough JE (2008) Representative bureaucracy: exploring the potential for active representation in local government. J Public Adm Res Theory 18(4): 697–714

Brudney J, Ted Hebert F, Wright D (2000) Examining representative bureaucracy in state administration. J Public Adm Res Theory 10(3):419–512

Gravier M (2013) Challenging or enhancing the EU's legitimacy? The evolution of representative bureaucracy in the commission's staff policies. J Public Adm Res Theory 23(4):817–838

Hindera J (1993) Representative bureaucracy: further evidence of active representation in the EEOC district offices. J Public Adm Res Theory 3(October):415–429

Kim PS (1994) A theoretical overview of representative bureaucracy: synthesis. Int Rev Adm Sci 60(3): 385–397

Kingsley JD (1944) Representative bureaucracy: an interpretation of the British civil service. The Antioch Press, Yellow Springs

Krislov S (1974) Representative bureaucracy. Prentice-Hall, Englewood Cliffs

Kuan Heong W (2015) Representative bureaucracy: the Malaysian perspective. Int J Polit Sci Law Int Relat 5(1):11–22

Long NE (1952) Bureaucracy and constitutionalism. Am Polit Sci Rev 46:808–818

Meier K, Bohte J (2001) Structure and discretion: missing links in representative bureaucracy. J Public Adm Res Theory 11(4):455–470

Meier K, Hawes D (2009) Ethnic conflict in France: a case for representative bureaucracy. Am Rev Public Adm 39(3):269–285

Mosher FC (1982) Democracy and the public service, 2nd edn. Oxford University Press, New York

Naff K, DeLeon R Does a representative bureaucracy matter to citizens? A view from South Africa. Western political science association 2010 annual meeting paper. Available at SSRN http://ssrn.com/abstract=1580928

Thielemann GS, Stewart J (1996) A demand-side perspective on the importance of representative bureaucracy: AIDS, ethnicity, gender, and sexual orientation. Public Adm Rev 56(2):168

# Representative Bureaucracy in Canada

Jocelyn McGrandle
Concordia University, Quebec, Canada

## Definition

| | |
|---|---|
| Passive representation | The level at which public servants statistically reflect the broader population in terms of personal, demographic characteristics. |
| Merit principle | A hiring principle for the public service whereby citizens have a reasonable opportunity to be considered for public sector employment, and that the selection process is based on the fitness of the individual to fulfill their role. |

## Introduction

A current, broad definition of representative bureaucracy is the belief that a bureaucracy that generally reflects the demographics of the public it serves will provide more benefits than a homogenous bureaucracy. However, how a bureaucracy can provide benefits to the public, what kind of benefits it can provide, what the term representation means, and which demographic characteristics should be reflected are all a matter of debate (Kim 1994). Thus, the theory of representative bureaucracy can be interpreted and applied in

multiple ways (Kim 1994; Kernaghan 1978). This has resulted in a sustained academic interest in representative bureaucracy, producing extensive and diverse theoretical and conceptual content that encourages regular examination and even reexamination based on the varying interests and interpretations of academics. It is therefore important to examine representative bureaucracy in various contexts, as it does not apply universally. In this regard, understanding representative bureaucracy in Canada is useful, as its federal bureaucracy has engaged in a unique technique of linking merit to representation in order to increase the representation of certain segments of the population. Moreover, in Canada, representative bureaucracy has played a central role in its political system, as it has been used as a tool for promoting national unity, by emphasizing representation of Anglophone and Francophones throughout the public service (Kernaghan 1978).

## Differing Interpretations of Representative Bureaucracy

Representative bureaucracy will not be discussed in extensive detail here, as it has been clearly defined already in this volume. For the purposes of understanding representative bureaucracy in Canada, it is important to note that this primarily concerns passive representation, rather than active representation. In other words, the focus of representation is on statistically mirroring a population, not a measurement of how actively public servants advocate for certain groups of the broader population.

It is also important to note that representative bureaucracy is not a universally accepted concept, and that it does have its criticisms. For instance, one key criticism that has generated a number of investigations using the theory of representative bureaucracy is related to the link between childhood socialization and bureaucratic action. A key component of representative bureaucracy is that a bureaucrat's personal characteristics influence their values and opinions, which then will impact their actions within the public service. Critics of this idea point out, however, that socialization does not stop after childhood or upon entering the workforce, rather it continues throughout one's entire life (Wilkins and Williams 2008; Meier 1993). More specifically, socialization continues with employment, particularly in the public service, where organizations seek to instill a common set of values, behaviors, and expectations in employees in order to ensure that all, or most, administrative decisions are consistent with the aims of the organization (Wilkins and Williams 2008).

Another criticism of representative bureaucracy is that the requirements of where exactly a bureaucracy should be representative have been highly contested. A core criticism of a general claim for a wholly representative public service is that most bureaucrats have little to no impact on policy or decisions, and therefore ensuring demographic representation has no value outside of symbolic representation.

Despite these criticisms, many academics and practitioners place importance on representative bureaucracy, including the Canadian government. For instance, according to the Treasury Board Secretariat (2017), the federal government "must have a diverse public service that is representative of the population it serves, so that all Canadians can see themselves in government." This is a clear emphasis and commitment to passive representation in all levels of the bureaucracy. Moreover, the Government of Canada, in defining the current role of the Public Service Commission of Canada, states that it "is responsible for promoting and safeguarding a merit-based, representative and non-partisan public service that serves all Canadians, in collaboration with its stakeholders." These sentiments are echoed in legislation as well, as both merit and representativeness are enshrined in the Public Service Modernization Act. Thus, the Canadian federal government currently demonstrates a clear commitment to merit and representation.

Such an explicit commitment to merit and representation has not always been the case in Canada, however. In fact, both merit and representation took a long time to feature as core principles in the Canadian public service. Understanding this history is important to understand how they came to be linked.

## Canadian Background

Before delving into the specifics of representative bureaucracy in Canada and how it has been linked to issues like merit and nation building, it is important to understand some key characteristics of Canada's history and political system. These characteristics provide the reasoning for how and why representative bureaucracy has evolved the way it has in Canada. First, Canada is a federal system, meaning that power is divided between a central government and regional governments, and such powers are delineated and protected in the Constitution. This entry is a discussion of representative bureaucracy in the federal (central) public service in Canada. Each province and territory is responsible for its own public service, and thus at the regional level of governments, these policies vary significantly.

This federal system was created primarily as a compromise – not all of Canada's constitutional framers wanted a federal system. First, the sheer geographical size of Canada was a factor, making it extremely difficult for one government to effectively govern and address the needs of such a large territory. Secondly, and most important for this discussion, there were competing views based primarily on the backgrounds of various groups. Many Anglophone founders desired a unitary system like that in Britain, whereas many Francophone and Maritime founders opposed this, for fear that their strong local identities and regional interests would be weakened in a unitary system. These competing visions for Canada are important, because although a federal system was eventually agreed to by all parties, there remained competing views as to what the structure and composition of this federal system entails.

The first vision, predominantly held by Anglophones, is one of the creation of a new union, or contract, between equal provinces and a federal government. The second vision, held primarily by Francophones, is one of two existing nations partnering together in a compact, with Quebec receiving a veto power over issues pertaining to their place within the federal structure. These distinct competing views on the federal structure remain to this day, and the role of Quebec in Canada continues to be debated.

Regardless of the view one espouses, both English and French were viewed as legitimate languages at Confederation. However, equal treatment of English and French by the federal government did not occur post Confederation, which led to a government and public service that was heavily dominated by the English language. This issue of the equality of English and French languages, and the federal government's responsibility in protecting this equality are essential to understanding representative bureaucracy in Canada. As will be explained in detail below, the drive for equality of languages heavily structured the implementation of representation, eventually leading to a unique merit-based approach.

## Merit and Representation

Merit was not the focus of hiring in the Canadian public service for a number of decades. Throughout the 1800s and into the early 1900s, public service appointments were based on patronage; the party in power hired and appointed party supporters. This led to a growing culture of resentment and a belief that the Canadian bureaucracy was lacking professionalism, competence, and expertise, and was too focused on bending to political influence. The first real mention of merit occurred in the Civil Service Act of 1882, which recommended that public service positions be open to competition, exams, and promotion by merit. This, however, remained largely ineffective and patronage continued to triumph, as noted by the nearly 80% turnover rate of public servants in the wake of a change in government (Kernaghan 2008; Rasmussen and Juillet 2009). Moral outrage at the political corruption of the public service continued to grow, especially as Canadians became more comfortable with the increased role and presence of government in society (Rasmussen and Juillet 2009). This led to the 1908 Civil Service Amendment Act, which stated that the public service should be a neutral instrument, impartially serving the interests of the state.

The changes in 1908 marked the first time merit actually triumphed in the Canadian public service, and focus finally shifted away from seeing and treating public servants like "handmaiden [s] of a political party" (Rasmussen and Juillet 2009: 90). That said, for a few decades more, elements of patronage continued to persist in the public service, and the notion that merit was the best solution to making the public service more responsible and effective began to be questioned. Originally, merit was lauded as the solution to end patronage, but shortly after being implemented, the principle of merit was defined and redefined in multiple ways satisfy various political concerns (Kernaghan 2008; Rasmussen and Juillet 2009).

For instance, two distinct types of merit exist: the merit principle and the merit system. The merit principle was never actually defined by the Canadian public sector until 2003, rather it was only referred to in legislation as the reasoning behind the merit system. This lack of definition is likely a core reason why the concept of merit was so often coopted by political parties to achieve certain ends (Kernaghan 2008; Rasmussen and Juillet 2009).

That said, the merit principle has generally been defined as two interrelated principles: that Canadians have a reasonable opportunity to be considered for public sector employment, and that the selection process is based on the fitness of the individual to fulfill their role (Dowdell 1971). The merit system, on the other hand, is the mechanism through which these principles can be achieved, and has been referred to as an administrative device that needs to adapt to changing circumstances (Dowdell 1971).

In 1962, the concept of merit was highlighted as a vital area of improvement in a large investigation into the possibility of public sector renewal in Canada. The Royal Commission on Government Organization, also known as the Glassco Commission, was created in 1960 in order to study the various organizations in the federal public sector in order to highlight inefficiencies, and make recommendations in order to improve overall efficiency, effectiveness, and service. The merit system was criticized as too rigid in its application of reasonable opportunity and how fitness for the job was determined (Kernaghan 2008). As noted in the Glassco Report,

> [t]he merit system, in many of its current practices, frustrates the attainment of the principle; in its name many absurd procedures are tolerated; the system has become an end in itself; overriding the need to 'get the job done'; and all too frequently it has engendered such delays in the attempt to get the "best" man that his loss to a more nimble employer was ensured.

Another area highlighted by the Glassco Report was representation, particularly for Francophones in the public service. The Glassco Commission, while charged with examining public sector reform more generally and how to control a burgeoning bureaucracy, was also charged with examining the role of Francophones. When the report from the Commission was released, it stated that Canada's bilingual and bicultural character was not reflected in the public service, and that Francophones were barred from participating at the same level as English Canadians, given that English was the dominant, if not the only language used across many departments, agencies, and even the armed forces (Kuruvilla 1973).

Up until this point, the concept of merit and the concept of representation had developed and evolved quite separately, both in the Canadian context and in academia as well. Yet Glassco changed this, addressing both issues as key areas that needed to be improved within the Canadian public service.

The Glassco report subsequently spurred the creation of the Royal Commission on Bilingualism and Biculturalism in 1963, which was tasked with examining the utilization of bilingualism in all departments, branches, and agencies of the federal public service, and to make recommendations designed to provide protection and respect for the bilingual and bicultural nature of the federal public service (Kuruvilla 1973). The Committee's report, released in 1969, argued that French should become a language of work in the public service, and that the public service should better reflect the linguistic and cultural diversity of the broader Canadian society, and that Francophones, in particular, should be statistically represented in the

public service at a level similar to their percentage of the total Canadian population.

Unlike other public service reform commission reports, the recommendations of the Bilingualism and Biculturalism Commission were swiftly adopted through the 1969 *Official Languages Act*. This Act established bilingualism and biculturalism in the federal public service by recognizing English and French as the two official languages of operation. Further, this Act required that each department adopt certain measures to ensure that the public could obtain services in either language if needed, that certain regions be designated as officially bilingual in terms of language of operation and service delivery, and that a Commissioner of Official Languages be created in order to ensure application of the Act.

More specifically, in terms of hiring procedures, language ability became considered a skill, and positions were categorized as English only, bilingual, or French only, thus utilizing merit as a tool for increasing the representation of Francophones (Kübler et al. 2011; Turgeon and Gagnon 2013a, b). For those who were already employees, language training programs were established in order to increase the number of bilingual employees, particularly at the executive level (Kernaghan 2008).

As a result of utilizing language abilities as a merit tool, and designating certain positions as bilingual or unilingual French, the percentage of Francophones within the Canadian public service rose dramatically at all levels. In fact, by 2009, Francophones actually represented more of the core federal public administration than their total percentage of the Canadian population. In that year, while 23.6% of the population identified as Francophone, 27.1% of the public service as a whole, and 31.5% of executives identified as Francophone (Turgeon and Gagnon 2013a). Thus, it can be stated that in this case, the use of merit as a tool to increase representation was quite successful in the Canadian case. This should be interpreted with caution, however, as it is reported that English still tends to dominate as the language of many organizations (Kübler et al. 2011).

The debate over how to balance representation with principles of merit in the public service in Canada did not end with the results of the Bilingual and Bicultural Commission, nor was it only discussed in conjunction with increasing Francophone representation. This discussion was furthered with the commission of the D'Avignon Special Committee on the Review of Personnel Management and the Merit Principle in 1977. The committee was assembled in order to examine the concept of employment equity in the face of growing discriminatory practices towards minority groups. A core question the committee was tasked with was how to deal with discrimination and increase representation without dealing with the failures of policies like affirmative action (D'Avignon et al. 1978). Affirmative action was a practice widely adopted in the US, and was experimented with in a few places in Canada. In addition to other various requirements, affirmative action requires legally imposed minority hiring quotas for employers. A number of problems have been linked to affirmative action, including employee dissatisfaction, resentment, anger, and miscommunication, as well as accusations of reverse discrimination, whereby people of the dominant group feel that they are discriminated against, or passed over in favor of less qualified minority candidates.

In the wake of the failures of affirmative action in the US and elsewhere, the D'Avignon Special Committee sought a different solution from legally mandated quotas, one where representation could be increased but without completely abandoning the merit principle. Rather, the Committee argued that merit needed to be balanced with other core public service principles, including representativeness and equity. In this regard, the Committee recommended that merit, in certain cases, could be suspended in cases of special treatment for members of designated groups, and that certain qualifications could be deferred that could be later learned on the job (D'Avignon et al. 1978). Such designated groups were created in order focus on increasing representation of historically disadvantaged groups, namely women, visible minorities, and Aboriginal persons, with a fourth group, persons with disabilities, added years later.

Examples of balancing merit with representation for these designated groups included such practices as encouraging participation in volunteer activities, and then valuing such activities as a form of experience, as well as offering training courses and adapted tools, particularly for those with disabilities in order to make not only entry level positions more accessible, but also to make promotion more attainable. For Aboriginals in particular, especially for those working in Northern regions, traditional bureaucratic requirements such as education levels were waived in exchange for different types of requirements like knowledge of Aboriginal languages and customs (Juillet and Rasmussen 2008).

As a result of these Committees and their subsequent recommendations, the statistical representation of previously underrepresented groups has been increased throughout the public service, both as a whole and at the executive level. More specifically, as of 2016, within the core public service, 54.4% are women, 14.5% are visible minorities, 5.6% are persons with disabilities, and 5.2% are Aboriginal peoples. This is compared with 47.3% women, 9.4% visible minorities, 3.7% Aboriginal peoples, and 5.1% persons with disabilities at the executive level. This is in addition to the aforementioned increased percentages of Francophones. Thus, although more efforts need to be made in terms of reaching full representation at the executive level, through balancing various merit and representation hiring principles, the Canadian federal bureaucracy has made great strides in achieving a more representative bureaucracy.

The issue of representation continues to grow in importance. Over the past 20 years, Canada's population has diversified greatly, with approximately 19% belonging to a visible minority and over 20% born outside of Canada (Statistics Canada 2011). The number of visible minorities is expected to continue increasing, as immigrants are coming in greater numbers from areas other than Western Europe. Specifically, as of 2011, 56% of all new immigrants hailed from Asia and the Middle East, 12% from Africa, and 12% from the Caribbean, Central and South America (Statistics Canada 2011).

## Conclusion

To conclude, representative bureaucracy, although it may have its weaknesses and detractors, has played a fundamental role in the development of the Canadian public service. In a country so geographically large and diverse, with multiple founding peoples, providing access to government services has had, and continues to have many challenges. Presenting a public service that is representative of this diversity is a key focus in conveying accessibility to services. Such representativeness has been a major commitment on behalf of Canadian federal governments since the 1960s, and achieving this representation has required innovative and unique practices, including a clear linkage between merit and representation. The commitment to these principles has varied since the 1960s, but both remain core to the functioning of the public service to this day. And due to the increasing heterogeneity of the Canadian population, continued pressure will be placed on the public sector to accommodate and be responsive to this growing diversity, thus enhancing the need to balance merit and representation.

## Cross-References

► Representative Bureaucracy

## References

D'Avignon GR, Brittain WB Davidge DS (1978) Personnel management and the merit principle: a working paper. The special committee on the review of personnel management and the merit principle

Dowdell RH (1971) Public personnel administration. In: Kernaghan K (ed) Public administration in Canada: selected readings. Methuen, Toronto

Juillet L, Rasmussen K (2008) Defending a contested ideal: merit and PSC of Canada. University of Ottawa Press, Ottawa

Kernaghan K (1978) Representative bureaucracy: the Canadian perspective. Can Public Adm 21(4):489–512

Kernaghan K (2008) A literature review on the evolution of the concept of merit in public service: Canadian and comparative perspectives. *Public service commission of Canada*, Ottawa

Kim PS (1994) A theoretical overview of representative bureaucracy: synthesis. Int Rev Adm Sci 60(3):385–397
Kübler D, Kobelt É, Andrey S (2011) Vers une bureaucratie représentative. La promotion de la représentation et de la diversité linguistiques dans l'administration fédérale en Suisse et au Canada. Revue canadienne de science politique 44(4):903–927
Kuruvilla PK (1973) The issue of bilingualism in the public service of Canada. In: Kernaghan K (ed) *Bureaucracy in Canadian government*. Methuen, Toronto
Meier KJ (1993) Representative bureaucracy: A theoretical and empirical exposition. In J. L. Perry (ed.), Research in public administration. Greenwich, CT: JAI Press, pp. 1–35
Rasmussen K, Juillet L (2009) The origins of merit in Canada. In: Dwivedi OP, Mau TA, Sheldrick B (eds) The evolving physiology of government: Canadian public administration in translation. University of Ottawa Press, Ottawa, pp 74–96
Statistics Canada (2011) National Household Survey: immigration and ethnocultural diversity in Canada. Statistics Canada, Ottawa
Treasury Board Secretariat of Canada (2017) Employment equity in the public service of Canada 2015–2016 Annual report. Treasury Board Secretariat of Canada, Ottawa. https://www.canada.ca/content/dam/canada/tbs-sct/migration/psm-fpfm/ve/dee/reports-rapports/2015-2016/ee-eng.pdf
Turgeon L, Gagnon A-G (2013a) The politics of representative bureaucracy in multilingual states: a comparison of Belgium, Canada, and Switzerland. Regional Federal Stud 23(4):407–425
Turgeon L, Gagnon A-G (2013b) The representation of ethnic and linguistic groups in the federal civil service of Belgium and Canada. Can Public Adm 56(4):565–583
Wilkins VM, Williams BN (2008) Black or Blue: Racial Profiling and Representative Bureaucracy. Public Administration Review 68(4): 654–664

# Representative Bureaucracy in Ghana

Elijah Agyapong
Robertson School of Government, Regent University, Virginia Beach, VA, USA

## Synonyms

Active and passive representation; Bureaucratic responsiveness; Education; Gender

## Definition

Bureaucratic responsiveness:

> "Matching bureaucratic outputs as closely as possible with expressed client wishes" (Saltzstein 1985, 300). A responsive bureaucracy is one that is attentive and sympathetic to the specific needs of the public and seeks to fulfill those needs.

## Introduction

Over the past six decades, representative bureaucracy has emerged as one of the viable avenues to ensure that the bureaucracy in a democratic system of government is responsive to citizens. Unlike other frameworks of bureaucratic accountability and responsiveness – e.g., political control and citizen participation – the concept of representative bureaucracy focuses on changing the social composition of the public service to make it a microcosm of the population. Advocates of this idea argue that adequate representation of ethnic and racial minorities and women in the public service can engender responsiveness to the needs of these historically marginalized groups, provide equal access and opportunity for minorities to participate in and influence bureaucratic decision-making and policy implementation, and enhance the democratic legitimacy of the bureaucracy (Mosher 1982).

A sustained scholarly interest during the past four decades, especially in the United States and the United Kingdom, has produced an extensive body of theoretical and empirical research with overwhelming consensus that a representative bureaucracy accrues substantive benefits to minorities and women in the population (e.g., Keiser et al. 2002; Andrews and Miller 2013). While the literature in the United States and other developed democracies continues to grow, it is unclear whether and in what ways findings from these studies apply to developing democracies, especially in Africa. For instance, recently, researchers have pointed to the positive effects of educating girls on economic growth. Would hiring more women within the education

bureaucracy help to increase educational attainment of girls in a developing democracy like Ghana? It is difficult to make a prediction from the existing literature because we know so little about whether the theoretical assumptions of representative bureaucracy apply in the developing world. Identities related to gender and ethnicity are not, for instance, the same in Africa as they are in the United States nor is the civil service. Yet, there are reasons to expect that the theory might apply. Gender is an important identity in Ghana, and educators have the discretion to act in ways that could be beneficial to girls. Moreover, affirmative action to promote girls' education in Ghana has been quite successful compared to a broader national agenda for gender equity in political appointments (Tsikata 2009). The case of girls' education, therefore, provides an important avenue to examine the assumptions of representative bureaucracy in Ghana.

## Theory of Representative Bureaucracy: Passive and Active Representation

Because the literature of representative bureaucracy has been discussed in some detail in this volume, this section focuses narrowly on the theoretical assumptions and linkages that underlie most of the recent empirical work on the subject matter. A fundamental assumption of representative bureaucracy is that *passive representation* or the extent to which the bureaucracy is a microcosm of the larger society in terms of its demographic composition would lead to *active representation* whereby individual bureaucrats advocate or press the interests of social groups with whom they share similar identities in ways that produce substantive benefits for that section of the population (Mosher 1982).

The credible underlying mechanism linking passive and active representation is the assumption that individuals who share similar social origins and demographics will also share similar socialization experiences. These experiences can lead to the development of similar beliefs and values that, in turn, can influence behavior (Meier and Nigro 1976). For example, the theory suggests that, based on shared beliefs and values, female bureaucrats are more likely to represent the interests of females in the population than their male counterparts.

## Intervening Conditions and Contingencies

Scholars have noted, however, that the question is not so much whether a link exists between passive and active representation but under what circumstances the relationship exists. One reason why the relationship might not be linear is organizational socialization. Socialization into formal bureaucratic roles can lead individuals to adopt values and policy preferences that are distinct from the values acquired through childhood socialization experiences (Meier and Nigro 1976). Socialization into professional norms can hinder active representation and even lead to increased disparities against minority clientele (Wilkins and Williams 2008). However, bureaucrats can be socialized to assume a "representative role" in which case they are more likely to pursue policies that benefit the minority population (Selden et al. 1998).

Scholars have developed a more systematic framework of institutional factors that might influence the linkage between passive and active representation (Keiser et al. 2002). A fundamental condition is that bureaucrats must have discretion to shape the content of policy to benefit minority clientele. In addition, the issue or policy area must be salient to the demographic group in question. For instance, Keiser et al. (2002) suggest three ways in which a policy area can be gendered: when "(1) the policy directly benefits women, (2) the gender of the bureaucrat influences the bureaucrat-client relationship, and (3) the issue has been defined as a women's issue in the political process" (556). Other factors are stratification or the extent to which women and minorities are represented in supervisory positions and critical mass – whether the number of women and minorities in the bureaucracy is sufficient for them to develop advocacy roles.

## Representative Bureaucracy in Ghana

The few extant studies on representative bureaucracy in sub-Saharan Africa have focused on passive representation. Generally, countries that have adopted affirmative action policies have fared better in terms of the level at which ethnic minorities and women are represented in the public sector workforce. Gender has arguably become a more salient identity than ethnicity in Ghanaian politics since the end of colonial rule. Although Ghana's first republic government embarked on comprehensive affirmative action programs, the parliament of the fourth republic is yet to enact a formal legislation. The current 1992 Constitution of Ghana, however, includes various provisions, especially articles 27 and 35(5,6), that address women's right issues as well as gender and regional balance in the recruitment and appointment to public offices.

More significantly, an administrative directive issued by Ghana's cabinet in 1998 specifically targeted women. For instance, the directive sets quotas for 40% female representation on boards, 40% in parliament, and 30% of the membership of District Assemblies and includes measures for improving girls' education. Despite these policy initiatives, Ghana's public service is not representative of the population in the passive sense. Women are significantly underrepresented in management and political positions across all public sector institutions (Allah-Mensah 2005). Indeed, while women currently constitute about 51.2% of the population in Ghana, they only make up about 32% of the civil service and 12% of the managerial decision-making category (Adusah-Karikari and Ohemeng 2014). This finding is suggestive of trends in the sub-Saharan region, although there are notable success stories such as Rwanda, South Africa, and Mozambique.

A meager number of studies have examined the possible linkage between passive and active representation in Africa. In Ghana, these qualitative studies have demonstrated that the link between passive and active representation is constrained by sociocultural, historical, and political barriers (Adusah-Karikari and Ohemeng 2014). For instance, gender-based role differentiations and a historically male-dominant institutional culture preclude women from advancing to upper-level leadership positions where they are more likely to influence policies that benefit women. Again, these barriers are not limited to Ghana but indicative of conditions in the sub-Saharan region. For example, Lungu (1989) identified similar barriers to women's participation in public administration in Zambia, while Naff and Capers (2014) emphasized challenges in defining passive representation in South Africa. In sum, there is a need for systematic empirical research to understand whether and how passive representation translates into active representation in sub-Saharan Africa.

## The Case of Girls' Education

Gender disparity in education is widespread in developing countries, but the problem is more pronounced in sub-Saharan Africa where girls suffer much discrimination in regard to school enrollment, retention, and outcomes (Shabaya and Konadu-Agyemang 2004). Within the developing world, female participation in formal education in sub-Saharan Africa lags behind countries in East Asia, the Middle East, North Africa, Latin America, and the Caribbean. In addition, school dropout rate among girls in sub-Saharan Africa is higher compared to other developing countries (King and Hill 1997). Bridging the gender gap in educational attainment is a perennial issue that continues to receive considerable policy and scholarly attention in Africa.

There is overwhelming consensus that increasing the proportion of female teachers can improve girls' educational attainment. However, less empirical research has systematically investigated the link between teachers' gender and student achievement in Africa. The available evidence suggests that female teachers are associated with girls' enrollment, dropout rates, and performance in primary schools. In Ghana specifically, there is suggestive qualitative evidence that the presence of female teachers is critical for increasing girls' enrollment, retention, and performance, as well as creating a gender-friendly school environment

(Casely-Hayford 2007). Preliminary quantitative evidence from primary schools also indicates that female teachers are significantly associated with improved test scores and school enrollment for girls (Joseph and Wodon 2012; Ahiakpor et al. 2014). These results are not surprising considering that female teachers are disproportionally overrepresented in primary schools in Ghana. The illustrative case that follows examines whether passive representation of female teachers is associated with girls' education outcomes in senior high schools (SHS) where the gender gap is more likely to be wider and female teachers are less represented.

## Empirical Test of Representative Bureaucracy in Ghana

Two specific developments in Ghana in regard to improving girls' education provide avenues to test the theory of representative bureaucracy. First, the government of Ghana has sought to increase the presence of female teachers in public schools, especially in the rural areas where gender disparities persist. This is part of the push for affirmative action. Second, a Girls' Education Unit (GEU) was established in 1997 to increase girls' participation and bridge the gender gap in educational attainment. One of the strategies of the GEU is advocacy and community sensitization toward the importance of girls' education.

Education is a gendered policy area that is salient to women as a group, especially in sub-Saharan Africa. The focus on how to make the education bureaucracy responsive to girls in Ghana therefore satisfies the theoretical conditions of issue salience and gendered policy. Similarly, teachers like most street-level bureaucrats exercise considerable amount of discretion within and outside the classroom, which can influence how students experience education (Lipsky 1980). Meier and Bohte (2001) demonstrate that teacher discretion is necessary for passive representation to translate into active representation. In short, the case of girls' education in Ghana meets the condition of bureaucratic discretion.

## Data, Measurement, and Methods

The Ministry of Education and Ghana Education Service provide a representative data on the 216 districts in Ghana, which allows us to examine the impact of female teachers on girls' education. (See Agyapong (2017) for a detailed description of the data and methodology of the empirical analysis.) Due in large part to reforms undertaken in the 1990s, e.g., the free compulsory universal basic education program in 1995 and the establishment of the Girls' Education Unit in 1997, Ghana has made significant progress toward attaining gender parity in school enrollment. This notwithstanding, girls' performance in the math and science subjects is an important area needing policy intervention. Boys consistently outperform girls in all core subjects except English. For instance, in 2012, the math pass rate for girls was 44%, compared with 55% for boys, while the pass rates for integrated science were 52% and 61% for girls and boys, respectively. In 2014 the rates increased for both gender groups, but boys still performed better than girls. Girls' pass rate on math was 68% compared to 74% for boys in 2014, while the pass rates for science were 82% and 87% for girls and boys, respectively.

Therefore, the main dependent variables for the empirical analysis are girls' performances in math and science, operationalized as *the number of girls who passed math and science subjects* in the 2013/2014 West African Senior School Certificate Examination (WASSCE). The variables constitute a measure of student outcome employed as a proxy for active representation, rather than specific bureaucratic outputs that could be linked directly to individual teachers. Theoretically, the key independent variables used to measure passive representation are the representativeness of female teachers (*percent of female teachers* in senior high schools within the districts) and the representativeness of female supervisors or organizational stratification (*percent of females in supervisory positions* in the district education offices). The assumption is that the two independent variables are positively

associated with girls' performance in both subjects.

Four control variables are included in the model: *percentage of trained senior high school teachers* (a measure of school quality), *percentage of female students enrolled* in senior high school grades 1–3 for the 2013/2014 academic year, *boys' pass rate on the math and integrated science* exams, and *percentage of the district population living under the poverty line* (a proxy for female economic hardship in the districts). Previous research has shown these variables to be related to school outcomes for girls.

## Findings and Discussions

The main variables used to assess the impact of representative bureaucracy are girls' performance in math and science exit exams. If representative bureaucracy has beneficial policy impact, we would expect that passive representation would be positively associated with girls' pass rate on math and science. Table 1 shows an expected relationship. To interpret these results, the coefficients must be multiplied by 100% since the dependent variables are natural logs. Female teachers are associated with more girls passing the math and science exit exams (a 1% point increase in female teachers is associated with a 3.9% increase in the number of girls passing the math exam and a 3.8% increase in the number of girls passing the science exam). Generally, these findings are consistent with expectations concerning active representation and suggest that the presence of female teachers improves educational outcomes for female students in Ghana.

The results did not, however, support upper-level representation. Female supervisors are not significantly related to girls' performance in either math or science. Although not significant, the weak impact as indicated by the size of the coefficient lends credence to the literature that passive representation is more likely to affect students' outcomes at the "street level" where teachers have direct responsibility and exercise considerable discretion.

The results of the analysis for trained teachers are mixed. Trained teachers are not significantly related to girls' performance in math but are positively associated with their performance in science. (A 1% point increase in teachers who have received professional training is associated with a 1.0% increase in the number of girls passing the science exam.) Substantively, this impact is

**Representative Bureaucracy in Ghana, Table 1** The effect of representative bureaucracy on girls' performance (dependent variables: log number of girls passing math and integrated science exams)

| | Math exam | | | Science exam | | |
|---|---|---|---|---|---|---|
| Independent variables | Slope | *t*-score | Error | Slope | *t*-score | Error |
| *Passive representation* | | | | | | |
| Percentage of female teachers | 0.039[a] | 2.243 | 0.017 | 0.038[a] | 2.513 | 0.015 |
| *Institutional factors* | | | | | | |
| Percentage of female supervisors | 0.009 | 0.927 | 0.010 | 0.007 | 0.757 | 0.009 |
| *Control variables* | | | | | | |
| Percentage of trained teachers | 0.008 | 1.515 | 0.005 | 0.010[a] | 2.184 | 0.005 |
| Percentage of girls enrolled | 0.027[a] | 3.222 | 0.008 | 0.021[a] | 2.739 | 0.008 |
| Boys' math pass rate | 0.027[a] | 7.679 | 0.003 | | | |
| Boys' science pass rate | | | | 0.017[a] | 3.017 | 0.006 |
| District poverty head count | −0.010[b] | −2.231 | 0.005 | −0.009[b] | −2.147 | 0.004 |
| Adj.$R^2$ | 0.54 | | | 0.44 | | |
| *F* | 11.54[a] | | | 8.42[a] | | |
| *N* of cases | 150 | | | 150 | | |

Source: Adopted from Agyapong (2017)
Note: Coefficients for regional dummies are not reported; robust standard errors are reported
[a]$p < 0.01$, [b]$p < 0.05$, [c]$p < 0.1$

modest compared to that of female teachers. The rest of the controls were included for model specification purposes and will not be interpreted. Overall, the results offer new insight for active representation in Ghana and support the extant literature that representative bureaucracy can improve education outcomes for girls.

## Conclusion

This study examined an important question as to whether the findings of studies on representative bureaucracy in the United States and other developed democracies also apply in developing democracies, especially in Africa. Particularly missing from the study of representative bureaucracy in the sub-Saharan region are empirical studies that link passive representation to active representation. We do not know whether recruiting a representative workforce makes the bureaucracy responsive to citizens in that context. The case of girls' education provided an avenue to test the assumptions of representative bureaucracy in Ghana, particularly because (a) education is an important policy area, (b) gender is a salient demographic identity that interacts with education, and (c) teachers have considerable discretion to influence students' educational outcomes. The results demonstrate that female teachers in the 216 districts of Ghana have positive influence on girls' performance in math and science in senior high schools. This finding contributes to the emerging literature on representative bureaucracy in sub-Saharan Africa. To understand fully whether passive representation leads to active representation for women in the bureaucracy and conditions that might influence this relationship, more empirical research is needed in other street-level bureaucracies and local governments in Ghana and elsewhere in sub-Saharan Africa.

## Cross-References


- ▶ Administrative Discretion
- ▶ Affirmative Action as Social Policy
- ▶ Bureaucratic Autonomy
- ▶ Representative Bureaucracy


## References


Adusah-Karikari A, Ohemeng FLK (2014) Representative bureaucracy in the public service? A critical analysis of the challenges confronting women in the civil service of Ghana. Int J Public Admin 37(9):568–580

Agyapong E (2017) Representative bureaucracy: Examining the effects of female teachers on girls' education in Ghana. Int J Public Admin 4:1–13. https://doi.org/10.1080/01900692.2017.1388255

Ahiakpor F, Nunoo J, Alnaa SE (2014) A new look at school enrolment in Ghana: a statistical analysis. J Stud Educ 4(2):42–56

Allah-Mensah B (2005) Women in politics and public life in Ghana. Friedrich-Ebert-Foundation, Accra

Andrews R, Miller JK (2013) Representative bureaucracy, gender, and policing: the case of domestic violence arrests in England. Public Adm 91(4):998–1014

Casely-Hayford L (2007) Gendered experiences of teaching in poor rural areas of Ghana. In: Fennell S, Arnot M (eds) Gender education and equality in a global context: conceptual frameworks and policy perspectives. Routledge, London

Joseph G, Wodon Q (2012) Test scores in Ghana's primary schools: measuring the impact of school inputs and socio-economic factors. The World Bank, Washington, DC

Keiser LR, Wilkins VM, Meier KJ, Holland CA (2002) Lipstick and logarithms: gender, institutional context, and representative bureaucracy. Am Polit Sci Rev 96(3):553–564

King EM, Hill MA (1997) Women's education in developing countries: barriers, benefits, and policies. The John Hopkins University Press, Baltimore

Lipsky M (1980) Street level bureaucracy: dilemmas of the individual in public services. Russel Sage Foundation, New York

Lungu GF (1989) Women and representative bureaucracy in Zambia: the case of gender-balancing in the civil service and Para-statal organizations. Women's Stud Int Forum 12(2):175–182. https://doi.org/10.1016/0277-5395(89)90021-6

Meier KJ, Nigro LG (1976) Representative bureaucracy and policy preferences: a study in the attitudes of federal executives. Public Adm Rev 36(4):458–469

Meier KJ, Bohte J (2001) Structure and discretion: missing links in representative bureaucracy. J Public Adm Res Theory 11(4):455–470

Mosher FC (1982) Democracy and the public service. Oxford University Press, New York

Naff KC, Capers KJ (2014) The complexity of descriptive representation and bureaucracy: the case of South Africa. Int Public Manage J 17(4):515–539

Saltzstein GH (1985) Conceptualizing Bureaucratic Responsiveness. Admin Soc 17(3):283–306
Selden SC, Brudney JL, Kellough JE (1998) Bureaucracy as a representative institution: toward a reconciliation of bureaucratic government and democratic theory. Am J Polit Sci 42(3):717–744
Shabaya J, Konadu-Agyemang K (2004) Unequal access, unequal participation: some spatial and socio-economic dimensions of the gender gap in education in Africa with special reference to Ghana, Zimbabwe and Kenya. Compare 34(4):395–424
Tsikata D (2009) Affirmative action and the prospects for gender equality in Ghanaian politics. Accra, Ghana. Retrieved from www.fesghana.org/uploads/PDF/Affirmative%20Action.pdf
Wilkins VM, Williams BN (2008) Black or blue: racial profiling and representative bureaucracy. Public Adm Rev 68(4):654–664

# Reputation Management in Crisis

Tham T. Nguyen
Gaylord College of Journalism and Mass Communication, University of Oklahoma, Norman, OK, USA

## Synonyms

Destination image; Restoring image; Strategic positioning

## Definition

Reputation reflects an organization's subjective and collective assessments of trustworthiness and reliability. Reputation management refers to the efforts employed to shape public perception of an organization or location by influencing and controlling information about it. Reputation management after a disaster involves utilizing image restoration practices to alter false perceptions of a damaged location and the surrounding affected communities, thereby aiding in a resilient recovery from the crisis. Reputation management attempts to suppress negative perceptions about a damaged location and highlight positive aspects about relief and recovery efforts after a disaster. Hence, reputation management aims to bridge the gap between how a damaged place portrays its recovery image after disasters and how the general public views it.

Crisis management is the process of dealing with disruptive and unexpected events before, during, and after they occur. Crisis management aims to better prepare people for a crisis, enabling them to respond to a crisis in a timely and adequate fashion, through the implementation of procedures for crisis termination, including assessing the effectiveness of crisis responses and postcrisis reflection and debriefing. Reputation management is discussed and tackled while making plans for hazard or crisis management following a disaster.

## Introduction

Reputation management after a disaster relates to what happens to communities after a crisis. Following a disaster, immediate harm and damage as well as lingering effects that require stabilizing the affected community typically occur. While response efforts aim to control damage, inform media, and maintain law and order, a second major part of reputation management occurs in the recovery stage, which includes relief aid and restoring image. The following sections describe fundamental elements of both reputation management and crisis management, as well as how reputation management after a disaster can influence individuals' risk perception and generate positive destination image.

## Reputation Management

Reputation management has been studied in a variety of disciplines. Fombrun and Van Riel (1997) outline six perspectives for defining reputation. The economic view describes reputations as either traits or signals that distinguish different organizations and their strategic behavior. This perspective considers reputation as perception

held by external stakeholders. The strategic view claims reputations are both assets and mobility barriers that contain distinct organizational characters and are difficult to imitate. The marketing view focuses on individuals' information processing that formulated cognitive and affective meaning to cues, resulting in forming their perception of organizational reputation. The organizational view examines reputation based on the sense-making experiences of employees about their organizational culture and identity and how these features affect organizational behaviors to stakeholders. The sociological view emphasizes individuals' socio-cognitive processes that formulate aggregated assessments of organizational prestige and its stratification of social system surrounding organizations and industries (Shapiro 1983). Finally, the accounting view focuses on developing appropriate measurements of reputational values as intangible organizational assets. Suggesting an integrated view, Fombrun and Rindova (1996) defined reputation as collective assessments of an organization's past performance and the ability to deliver valued outcomes to stakeholders.

Just as organizations implement reputation management plans to help them build relationships and grow their business, tourist destinations need to develop reputational capital to attract visitors and investors. A good reputation not only has intangible values but also tangible benefits that bring billions of dollars to destinations that are attractive to visitors. Successful reputation management can enhance the values of destination as well as protect it in the wake of a crisis. Failure to manage reputation can lead to costly marketing communication efforts to repair destination image. Thus, to manage the reputation of a destination, practitioners should develop a reputation management plan to measure, monitor, and manage reputational capital.

Reputation management typically focuses on managing an organization's intrinsic identity and external images (Doorley and Garcia 2015). An organization's intrinsic identity refers to what the organization stands for. External images are concerned with people's perceptions of the organizational image. Doorley and Garcia suggested a reputation management plan should include (1) internal and external audits, (2) reputational capital assessment, (3) analysis of reputation challenges and problems, (4) a statement of reputation criteria and aspiration to achieve goals, and (5) organizational message strategies. The plan serves as a strategic guide for an organization to manage reputational capital. Reputation management in a crisis follows similar mechanisms to that of organizational reputation management, with some adjustment to adapt with the rebuilding and recovery process after disasters.

Reparing reputational damage after a crisis has been discussed in various disciplines such as public relations, communications and marketing. Failure to manage reputation can cause serious harm to the recovery of an organization or a damaged location. Furthermore, crisis management incorporates reputation management activities to protect organizational or destination image and its identity.

## Crisis Management and Reputation Management

A crisis refers to a significant threat that can cause potential damage to an organization or location if it is not handled properly. It is crucial to distinguish the difference between *crisis* and *disaster*. While a *crisis* is described as the possible but unexpected result of management failure, a *disaster* is viewed as an unpredictable catastrophic change to which a response can be made only after the event, either through implementing contingency plans already in place or through reactive responses (Prideaux et al. 2003). Disaster management before a disaster occurs focuses on providing public information and resources to protect public safety. Man-made disasters such as acts of terrorism, economic crises, war, and serious social conflicts can have a tragic effect on a destination's economy and society. Natural hazards, such as hurricanes, earthquakes, tsunamis, volcanic eruptions, tornadoes, floods, landslides, and droughts, are characterized as low control and most likely

impossible to prevent, but can threaten life, property, and environment itself.

Crisis management is designed to protect an organization or location from threats and prevent or lessen damages caused by a crisis. Public safety is the primary concern of crisis responses, followed by financial and reputational concerns. Crisis management consists of three phases: (1) the pre-crisis phase focuses on prevention and preparation, (2) the crisis response phase executes response strategies, and (3) the postcrisis phase implements recovery efforts and fulfills commitments to stakeholders who learn ways to better prepare for the next crisis. Thus, crisis management consists of strategic planning to prevent and respond during a crisis occurrence that allows the organization to better control its destiny (Fearn-Banks 2016).

Crisis management plans in disaster management allow crisis managers to make appropriate decisions to execute crisis responses to protect local people as well as help affected communities to rebuild and recover after a disaster. By having the right plan and resources before a crisis occurs, officials and crisis manager can lessen damages and shorten recovery time.

Crisis management is one of the special realms of the art of public relations. Public relations practitioners are trained to handle crises to mitigate financial lost and reputation damage. Reputation management during a crisis aims to inform and alter false perceptions regarding the recovery process after disasters. Thus, reputation management is tackled in crisis management plans to regain visitor confidence in the rebuilding efforts of a damaged place and recover the tourism industry. For example, Greensburg, Kansas, used to be a tourist attraction, housing the world's largest hand dug well, but it has slowly lost population because local residents leave town for jobs in larger cities and children go away to college without returning. Yet, after an EF5 tornado hit the town on May 4, 2007, leaving 11 fatalities and demolishing 95% of the buildings, community leaders decided not only to rebuild the city but to also bring a new identity to their resilient town. Community leaders considered the tornado to be a huge opportunity to rebuild the town and make it better than before (Morris 2007). Through community forums, community leaders encouraged residents to discuss their concerns about the rebuilding and recovery process. The Greensburg city council also held regular meetings to assess ways to support current and attract potential businesses to create new jobs and new opportunities that would bring young adults back to town after graduating from college (Nguyen and Morris 2009). Community leaders had a bold vision to rebuild a green community using renewable energy. Thus, new city buildings were designed to be LEED (Leadership in Energy and Environmental Design) platinum – a very high environmental standard used worldwide. The 2007 image restoration efforts have changed a damaged place into an environmentally green town.

The Emergency Management Accreditation Program (EMAP) provides Emergency Management Standards for disaster managers. This industry gold standard includes guidance for various recovery plans by outlining short- and long-term priorities for affected areas so they can restore critical functions, resources, facilities, infrastructure, and services/programs. Planning for reputation management after a disaster suggests what a damaged place should do to restore its image, which, in turn, helps it to regain business and tourism. Through crisis communication, public education, and by providing information, reputation management during and after a crisis attempts to remove many perceived risks and much uncertainty surrounding high-impact events so community leaders in affected areas can secure greater recovery control after a disaster.

Reputation management plays a significant role in relief and recovery efforts in the aftermath of a disaster. Governmental organizations, nonprofits, nongovernmental organizations, and volunteers undertake immediate relief efforts to provide essentials to help local people regain their livelihood. The recovery efforts should also discuss various broader policy issues to regain business and re-boost tourism. By providing

up-to-date information through the media, recovery activities attempt to alter perceptions of risk and destination image.

### Perceived Risks and Destination Image

Strong risk-related concerns surrounding a certain place can shape negative perception about its identity. The aftermath of disasters can cause social, physical, economic, and environmental damage to affected communities. Besides helping them maintain essential elements of their lives, governmental officials need to understand the mechanisms and the compound effect of risk-induced stigmatization surrounding the destination. Potential business investments and the tourism industry are highly sensitive to risk factors stemming from the environment (Huang et al. 2008). As media can affect an individuals' perception about a destination's image, recovery efforts require crisis communication to disseminate up-to-date information via media regarding the recovery of social factors and physical facilities in the disaster area. Communications should be tailored to sending promotional messages to address current and prospective visitor concerns, alter false perceptions, counter negative image, and reinforce positive perceptions.

By emphasizing media communication, crisis responses can exert control over the secondary impact of risk perceptions on a given destination's image and reputation. Examples of reputation management during a crisis that gained extensive media coverage include recovery efforts after Hurricane Katrina and the 9/11 attacks. After Hurricane Katrina in 2005, people thought of New Orleans, Louisiana, as a damaged place and did not want to go there for business meetings or tourism. Efforts made in 2006 at the annual Mardi Gras festival were a crucial symbolic action that brought people together for a good cause. In another example, New York was seen as a war zone after the 9/11 attacks, so theaters offered free showings to first responders to demonstrate their readiness to entertain all audiences. Governmental bodies also communicated with the general public about efforts to maintain safety and physical security to prevent similar disasters. By Christmas, hotels were almost fully booked for holiday events, as usual. Flint, Michigan, on the other hand, looks like a poorly managed city in the wake of its water issues. At this time, relief efforts to provide safe drinking water and support affected residents battling health issues are still ongoing. Yet, reputation management of the Flint water crisis is not a priority; thus, local people also suffer from social and economic challenges.

Destination image and reputation management are correlated, and often follow the same trend, especially in the wake of a crisis. Safety and physical security are two important elements to consider when making a business investment or choosing a tourist destination. When disaster strikes, it can disrupt the social and physical fabric of communities. Also, misleading media reports can stigmatize and misrepresent risk factors. Consequently, misperception of destination image can increase unemployment rate, reduce private sector profits and government revenue, and eventually hinder recovery process.

Destination image affects visitors' decisions on selecting a vacation destination. Misleading media coverage can cause direct economic consequences. Altering a negative image requires an understanding of visitors' concerns and costly marketing efforts to change false perception. Thus, reputation management during a crisis is a long-term effort to provide information about successful physical rehabilitation to regain visitors and attract new ones.

Hurricane Irma, followed by Hurricane Maria, has left a catastrophic impact on a patchwork of territories and independent nations in the Caribbean, Puerto Rico, and the southeastern United States. Rebuilding some semblance of life residents had before these natural disasters is predicted to be a long-term effort. Officials and residents must grapple with a daunting economic challenge to rebuild these popular tourist destinations. Previous risk perception of these islands consists of seasonal dangers posed by hurricanes and tropical storms. Yet, the total devastation the two hurricanes wreaked on some of these islands may prevent tourists to visit the damaged places, or worse, residents may leave the islands as they

seek a safer place to live. Government bodies play a key role in providing humanitarian services for affected communities. A key part of reputation management during a crisis is preventing the fragmentation of local culture and maintaining local characteristics in the rebuilding of a damaged place. Thus, coordination and cooperation among public bodies as well as nonprofit and private organizations are fundamental to maintaining community spirit.

## Conclusion

Crisis management is situation-based and consists of defined roles, responsibilities, and processes related to organizational requirements to prevent, alleviate, and overcome consequences caused by crisis situations. Disasters can pose daunting economic challenges for affected communities. A tough question for leaders and residents alike is how to rebuild a damaged place after a crisis. Affected residents try to find ways to not only rebuild their lives but also get back to work. Yet, the perceived risk of a damaged place can prevent tourists and businesses from traveling there. Officials need to execute a recovery plan to keep the economy afloat by providing up-to-date information via media to avoid misperception of a location's risk factors.

Reputation management in a crisis allows for the implementation of holistic, active approaches for mitigating the stigmatization of tourism after a disaster. Extensive media coverage can cause misleading information when news revolves around damages and ignores other businesses that are still open. Without managing reputation after a disaster, severe social impacts and economic devastation can occur. Thus, reputation management during a crisis aims to have a positive effect on tourism and business recovery over the long term.

To recap, incorporating reputation management into crisis management enhances the recovery efforts and the associated tourism industry in affected communities while shielding them from negative consequences. The ultimate purpose is to influence individual risk perception, protect and rebuild a positive destination image, portray the destination as a safe place for tourism and businesses, and redevelop facilities and the destination's functionality to support local businesses and tourism industries. Reputation management during a crisis needs to lessen a disaster's impact and retain public trust for the safety and physical security of a destination while it recovers.

## Cross-References


- ▶ Community Resilience and Crisis Management
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Corporate Crisis Management
- ▶ Crisis, Emergency, Disaster, and Catastrophe Defined
- ▶ Disaster Response Management
- ▶ Media and Crisis Management
- ▶ Unplanned Change and Crisis Management


## References


Doorley J, Garcia HF (2015) Reputation management: the key to successful public relations and corporate communication. Routledge, New York

Fearn-Banks K (2016) Crisis communications: a casebook approach. Routledge, New York

Fombrun CJ, Rindova V (1996) Who's tops and who decides? The social construction of corporate reputations. New York University, Stern School of Business, Working Paper, pp 5–13

Fombrun CJ, Van Riel CB (1997) The reputational landscape. Corp Reput Rev 1(2):5

Huang YC, Tseng YP, Petrick JF (2008) Crisis management planning to restore tourism after disasters: a case study from Taiwan. J Travel Tour Mark 23(2–4):203–221

Morris (2007) Kansas town's green dream could save its future. Retrieved from https://www.npr.org/templates/story/story.php?storyId=17643060

Nguyen B, Morris J (2009) After tornado: Town rebuilds by going green. Retrieved from http://edition.cnn.com/2009/TECH/science/04/29/green.kansas.town/index.html

Prideaux B, Laws E, Faulkner B (2003) Events in Indonesia: exploring the limits to formal tourism trends forecasting methods in complex crisis situations. Tour Manag 24(4):475–487

Shapiro C (1983) Premiums for high quality products as returns to reputations. Q J Econ 98(4):659–679

# Research Performance and the Development of Higher Education Systems

Giacomo Carli[1] and Maria Rita Tagliaventi[2]
[1]Department of Strategy and Marketing, The Open University Business School, Milton Keynes, UK
[2]Department of Sociology and Business Law, University of Bologna, Bologna, Italy

## Synonyms

Publication record; Research influence; Research productivity; Scientific impact; Scientific influence; Scientific productivity

## Definitions

| | |
|---|---|
| Research performance | The measure of academics' scientific productivity and influence |
| Higher education system | The set of organizations (doctoral universities, research intensive institutions, non-doctoral granting institutions, liberal arts colleges) that provide education at an advanced level |

## Introduction

Higher education systems have been promoting internationally the relevance of research over the past decades. Putting research achievements center stage serves a range of purposes. First, research has a positive influence on national development. Research is in fact considered to be the "engine of growth" of countries: the generation of ideas through theoretical and empirical studies provides impetus to the provision of products and services for the collective. It is noteworthy that research as the foundation of economic and social advancements applies to heterogeneous fields, although different outcomes can be expected of them. Research in science, technology, engineering, and mathematics fields, also known as STEM, can prompt the introduction of new solutions able to better human life from a practical point of view, such as new transportation arrangements, new information and communication technologies, or new materials. In parallel, research in medicine can convey new treatments and drugs to handle pathologies and improve early detection and cure of diseases. Concerning social sciences and humanities, their contributions are basically aimed at comprehending social dynamics and reducing the potential for conflict.

Second, attention for research performance can increase transparency and accountability of university functioning, in line with the values undergirding New Public Management. New Public Management can be interpreted as the application of business concepts and practices to the handling of shared resources. Specifically, performance measurement is a core practice of New Public Management that, when implemented in universities, primarily focuses on research assessment. Research outcomes can in fact be the object of appraisal, although their evaluation is not straightforward, as will be detailed below; consequently, performance-based measurement systems have been designed and are currently used in most higher education systems to streamline and distribute resources at the organizational level.

Third and relatedly, since the 1970s, a series of widespread economic crises have occurred that have required governments to cut on costs and raise overall efficiencies. Placing emphasis on research performance allows university management to realize what activities are conducive to satisfactory outcomes and deserve allocation of a larger set of resources and what, conversely, can be ruled out or downsized (Martin 2011). To this goal, many countries run regularly national evaluation exercises, such as the British Research Evaluation Framework (REF) and the Italian Valutazione della Qualità della Ricerca, to realize what performance different universities, schools, and departments have attained in a given time length. In particular, the British evaluation process has acted as a reference for the setup of various assessment exercises (Rebora and Turri

2013). The REF entails a structured process in which after the previous evaluation, results are published, with the definition of the initial decision of the funding bodies, and leads to the definition of submission criteria and guidelines. The REF is based on a review process across all disciplines conducted by expert panels who define the quality profile of each submission. The REF adopts a system of four-starred quality levels which have become popular: research outputs are classified according to their "originality, significance, and rigor" from world-leading quality (four stars) to quality recognized nationally (one star). Research evaluation can be centralized, as is the case with the above examples, or be decentralized at the single institutional level, as happens with the United States' universities.

## The Assessment of Research Performance

Gauging research outcomes is a complex and demanding process. Research performance can be traced back to two core dimensions: quantity and quality of publications. Altogether, quantity and quality of research are deemed to be linked to social and economic advancement: the more productive scholars are and the more valuable their contributions turn out to be, the likelier it is that they bring about change that is meaningful to society.

Quantity refers to scientific productivity, i.e., the number of products that a single academic has carried out in a defined period. Scientific productivity is therefore a count of products that calls for thoughtful basic choices, though, in the design of evaluation systems. Products are often classified in order to be valued, but classification criteria vary from system to system. A possible way of taking into account the publication record is to employ lists of distinguished outlets: this happens with the Academic Journal Guide elaborated by the British Association of Business Schools, which ranks journals in each area according to four, three, two, and one star, as well as in Italian social sciences and humanities fields, for each of which a national committee issues a list of A-ranked journals and a separate list of less prestigious, but nonetheless to be considered as scientific, journals that are periodically revised. An alternative method to identify eligibility of publications for a significant count is to resort to publications on indexed sources. This implies that publications making up productivity are retrieved from international database like Scopus and Web of Science that cover up a large number of journals, lecture notes, and proceedings in different disciplines according to the specified criteria for eligibility (Baruffaldi et al. 2016). This choice has been embraced in Italian STEM fields, for example, which rely on these sources in the national qualification exam necessary for career progressions. The quantity dimension of research performance therefore holds some link to quality, although this latter is also assessed independently from quantity. Quality in fact is aimed at grasping scholarly influence in the scientific community, which can significantly differ from productivity. Influence is related to the impact that an author's contributions convey to the reader, which can act as a proxy for their potential relevance to the larger collective. Influence is measured according to several different indicators. Among the most used bibliometrics rank the number of citations, the h-index, and the journal impact factor.

The number of citations measures the references made to a given article, book, chapter in book, or other published item in different publication outlets. The overall number of citations that a researcher has received at a given point of time is considered to account for his or her impact on other scholars' work. Since citation distribution tends to be skewed, the average number of citations per publication, the number of highly cited publications, and the proportion of highly cited publications to the overall number of publications can be used to grasp influence, too. Similarly, the number of citations can be calculated at the department level to appraise a collective, instead of individual, influence (Waltman 2016). It has to be noted, though, that a time effect should be considered regarding citations. They tend to cumulate over time, so that recent works are usually less cited than older ones: the influence of a scholar at a certain moment can ensue from past outstanding research outcomes rather than from recent effort. This observation has led some

evaluation systems to adopt a so-called citation window, e.g., 5 or 10 years after the publication date, as a frame of reference. Conversely, a phenomenon of "delayed recognition," i.e., publications that remain largely overlooked for a long time before becoming prominent and attracting citations, has been also explored.

The h-index, or Hirsch index, is defined as follows: a scholar has an index equal to h if he or she has h publications with at least h citations each, while the remainder has received fewer than h citations. The higher the h-index, the stronger the influence that a scholar exerts. Finally, the impact factor applies to journals, instead of individuals. The impact factor calculates the ratio between the number of citations that a journal has received in a given year for the papers that it has published in the preceding two years and the sum of the papers that the said journal has published in the same two years (Garfield 2006). The underlying assumption that individuals who have published papers in journals endowed with high impact factor are influential in knowledge production is still much debated. A major criticism lies in the fact that being accepted by a highly impactful journal is not equivalent to producing a highly impactful piece of research, since, once again according to a skewed distribution, a minority of papers usually receive the largest number of citations in a journal, and they tend to be reviews of literature or articles written by already distinguished scholars.

The evaluation of research performance depending on scientific productivity and scientific influence, albeit important to comprehend the suitability of research to promote higher education and national system advancement, is replete with shortcomings. Differences across fields are relevant: bibliometrics are more suitable for hard sciences than for social sciences and humanities, which have a national and regional orientation and mostly rely on books instead of journals as outlets, while conference proceedings are common publication outlets in fields like computer science and engineering. Comparisons of scientific productivity and scientific influence across various fields are therefore complex and even inappropriate.

Criticism has addressed the repositories of information as well. Indexed sources such as Scopus and Web of Science are believed to be scarcely inclusive and to leave uncovered unconventional, but often innovative, publication outlets. The opportunity to resort to more open databases like Google Scholar, which are not subscription-based and collect contributions from a larger set of publication outlets, has been claimed, as they pose fewer constraints on publication selection, thus embracing a wider vision of knowledge sharing. Drawbacks in research performance evaluation have been identified in the features and content of available databases, too (Waltman 2016). Missing citations have been detected in subscription-based databases as well as inaccuracies in author identification that negatively affect research performance assessment. In addition, this latter is influenced by the number of authors per publication that tends to be particularly high in certain fields like energy physics and biomedicine. Under these circumstances, attributing all the citations to each author risks inflating citation counts compared to other fields. Another mechanism that puts at stake a reliable estimation of research influence is the use of self-citations, which increase the count of individuals' citations without expressing a real impact on peers' work. At the same time, also open databases are far from being flawless. Google Scholar, for example, has been argued to lack in transparency about the sources it draws from, in comparison to subscription-based databases that clearly report on the list of sources they avail themselves of. Consequently, quality control appears to be weaker.

Based on the above factors, decisions made depending on research performance at an institutional level, such as resource allocation, but also at an individual level in terms of career progression, may be biased.

## The Relationship Between Research Performance and Other Knowledge Transfer Activities

The search for satisfying research performance is intertwined with the enactment of other academic tasks and roles that are useful to society. The relationship between the different knowledge

transfer activities that higher education institution are called to engage in has been largely discussed. Among knowledge transfer activities are placed research, teaching, consulting services to private and public companies, patenting, and spin-off creation. Altogether, they represent the heterogeneous channels through which universities share knowledge and convey value to society according to a multi-stakeholder view of higher education systems (Aguinis et al. 2014). Different knowledge transfer activities can in fact be complementary, substitute, or independent of each other. The relationship between research outcomes and commercial exploitation is still controversial and likely depends on the discipline at play: while some complementarity can be found between research and patenting and spin-off creation in the STEM field, academics' capability of attaining good research performance has emerged to be negatively related to collaboration with the industry through consulting services in social sciences, (Rossi and Rosli 2015; Salter et al. 2017). Competing requirements and the difficulty to bring to convergence the rigor underlying research and the impact expected of other types of knowledge transfer have been claimed.

A complex interplay applies to the interplay between research and teaching. According to the Conventional Wisdom model (Hattie and Marsh 1996), research and teaching are complementary knowledge transfer activities since research imbues teaching with contents, while teaching drives the scholar to make issues comprehensible to a diverse audience and can yield hints to expand further on research topics. Conversely, the Scarcity model posits that research and teaching be substitute for each other, as they imply different abilities and vie for scant resources like time and effort: the former is about identifying an original contribution to convey to the scientific community, whereas the latter concerns communication skills and the ability to translate theoretical themes into accessible and practical problems to be solved. Remarkably, knowledge transfer activities ensuing from academia that could benefit the larger collective can turn out to be at odds with each other.

Finally, the growing focus on research performance is believed to affect also the service, also labeled as academic citizenship, that the faculty carry out for and on behalf of their institution, such as public service (e.g., involvement in public and nonprofit organizations' boards, participation in public debates, acting as representatives on social media), institutional service (e.g., membership of committees and Senate, directorship of undergraduate and graduate programs), and discipline-based or professional service (e.g., entering conference committees, acting as journal reviewer or associate editor). Devoting time and attention to activities that are vital for university functioning and thriving is deemed as a distraction from the core of the academic profession, i.e., research (Vogelgesang et al. 2010; Lawrence et al. 2012).

## Conclusion

This entry has delved into the rationale for the growing centrality of research performance in higher education systems. The main reasons lie in the conviction that better research performance is able to promote economic development as well as in the need of more transparency and accountability in public resource management and in the pressure to reduce costs and increase efficiency. The assessment of research performance is a complex process that requires that scientific productivity and scholarly influence be carefully taken into account. It is noteworthy that the pursuit of excellence in research may jeopardize a successful fulfillment of other knowledge transfer activities, such as patenting, spin-off creation, and consulting, in various fields, while also compromising academics' willingness to undertake service on behalf of and for their institution.

## Cross-References

► Academic Citizenship
► Higher Education Governance and Reforms

## References

Aguinis H, Shapiro DL, Antonacopoulou EP, Cummings TG (2014) Scholarly impact: a pluralist conceptualization. Acad Manag Learn Educ 13: 623–639

Baruffaldi S, Visentin F, Conti A (2016) The productivity of science & engineering PhD students hired from supervisors' networks. Res Policy 45(4):785–796
Garfield E (2006) Citation indexes for science. A new dimension in documentation through association of ideas. Int J Epidemiol 35(5):1123–1127
Hattie J, Marsh HW (1996) The relationship between research and teaching: a meta-analysis. Rev Educ Res 66:507–542
Lawrence J, Ott M, Bell A (2012) Faculty organizational commitment and citizenship. Res High Educ 53: 325–352
Martin BR (2011) The research excellence framework and the "impact agenda": are we creating a Frankenstein monster? Res Eval 20:247–254
Rebora G, Turri M (2013) The UK and Italian research assessment exercises face to face. Res Policy 42: 1657–1666
Rossi F, Rosli A (2015) Indicators of university–industry knowledge transfer performance and their implications for universities: evidence from the United Kingdom. Stud High Educ 40(10):1970–1991
Salter A, Salandra R, Walker J (2017) Exploring preferences for impact versus publications among UK business and management academics. Res Policy 46: 1769–1782
Vogelgesang LJ, Denson N, Jayakumar UM (2010) What determines faculty-engaged scholarship? Rev High Educ 33:437–472
Waltman L (2016) A review of the literature on citation impact indicators. J Informetr 10(2):365–391

# Residential Mortgage Foreclosure

Yanmei Li
School of Urban and Regional Planning, Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Mortgage default; Mortgage delinquency

## Definition

Residential mortgage foreclosure is the legal process where a mortgage lender attempts to recover the loan balance through repossession and sale of the collateral assets (the real property in this case), when the mortgage borrower fails to repay the mortgage based on an amortization schedule. Foreclosure laws vary in different countries and in different administrative boundaries in a country.

## Introduction

Foreclosures have been widely practiced throughout the world. Foreclosures can be applied to many types of liens, such as unpaid liens associated with mortgages, contractors' bills/mechanic's liens, homeowners' association (HOA) membership dues, and property taxes. All these indicate that if the homeowner or the general contractor fails to pay any bills related to the home, the creditor often has the legal rights to file claims to the real property, even though the homeowner may not be the one directly responsible for the bills. For example, if the general contractor fails to pay the subcontractors or the suppliers of the materials, the creditors may claim the legal title to the house. Mechanic's liens related to personal properties, instead of real properties, can be filed as well. Members who fail to pay the HOA dues or homeowners failing to pay property taxes may be subject to foreclosures as well. In the situation of mortgage foreclosures, the borrower of the mortgage fails to pay the monthly payment, and the lender has the right to repossess the property. Without foreclosures the borrowers can often reclaim the legal title of the property if they pay back the unpaid balance, even though the lender is still the lien holder. Therefore, if there are no foreclosure proceedings, repossession of real property due to mortgage default, which is usually defined as more than 3 months behind in mortgage monthly payment, only guarantees the lender the legal title, not the equitable title, of the property. Through foreclosures, the lender secures both the legal title and the equitable title of the property.

Residential mortgage foreclosures exist throughout the world, but the most recent and notable episode of the mortgage foreclosure crisis happened during the "Great Recession" (2007–2009) in the USA. The primary reasons for the foreclosure crisis are related to "exotic" mortgage products and the bust of the housing

markets after the boom during the early 2000s (Immergluck 2008, 2009). "Exotic" mortgage products are often mortgages with high interest rates, lower loan-to-value (LTV) ratio (the proportion of mortgage principal to the purchasing price of the real property), and some other features that might lead to a higher likelihood of default. In a broader sense, mortgages are classified as prime and subprime mortgages. Subprime mortgages are part of the "exotic" mortgages with higher interest rates, often issued to borrowers with impaired or insufficient credit history. Sometimes subprime loans are predatory. Schwartz (2015, p. 87–88) and Immergluck (2008, 2009) defined exotic mortgages as those with unusual terms and conditions, such as an adjustable interest mortgage with an extremely low "teaser rate," an interest only mortgage for a specific time period, balloon payment (e.g., interest only first but a lump sum pay back with a short loan term), payment options where the borrowers can pay less in the beginning, and mortgages based on unverified income. Many of these mortgages create payment shocks and then result in higher delinquencies, more defaults, and higher foreclosure rates of real properties. Delinquency happens when the mortgage holder skips at least one monthly payment. Default is usually defined as missing at least three payments.

To repossess the property, the lender has the right to initiate the foreclosure process when the mortgage holder is in default. In some states in the USA, the foreclosure procedure is judicial, while in others the procedure is nonjudicial (often called a trustee's sale). The mortgage holder usually has redemption rights, although different states have differing legal procedures in redeeming the property. Judicial foreclosure procedures take longer time to complete than nonjudicial procedures and at times may take years. It is believed that subprime and other "exotic" mortgages were mostly the reasons for foreclosure during the initial stage of the most recent recession; later, however, job losses associated with the recession became one of the primary reasons for foreclosure.

## Spatial Patterns of Mortgage Foreclosure

The residential landscape of the USA is different from many other countries. Income, class, and racial background are closely related to each other. Racial minorities, usually African American or blacks, tend to have lower income and lower homeownership rates and concentrate in certain parts of a city or metropolitan area. Mortgage discrimination was widely practiced prior to the civil rights movements in the 1960s. The Federal Housing Administration (FHA), which was established in 1934, had encouraged mortgage redlining and other discriminatory real estate practices until the 1960s. Mortgage redlining means that certain neighborhoods, often high-minority neighborhoods in inner city areas, were targeted to be excluded for mortgage lending. Therefore, residents from these types of neighborhoods were not able to secure credit to purchase real properties. With increasing suburbanization, wealthier people were able to flee away from inner city areas for a better built environment and a higher quality of life. "White flight" and mortgage redlining left many minority neighborhoods in limbo. Years of disinvestment devastated many of these neighborhoods and made them poverty and crime ridden.

After the 1960s, with the notable establishment of the US Department of Housing and Urban Development (HUD) in 1965, Fair Housing Act of 1968, the Home Mortgage Disclosure Act (HMDA) of 1975, and the Community Reinvestment Act (CRA) of 1977, mortgage and credit access in minority neighborhoods became much easier than before. However, these neighborhoods later then became the target of "green lining" where many homebuyers received "exotic" mortgage products when they were not qualified to receive prime mortgages (Li 2011). The unwanted consequences of green lining increased mortgage default and foreclosures. Therefore, when subprime and predatory lending is concentrated in low-income minority neighborhoods, mortgage foreclosures are consequently concentrated in these neighborhoods as well. The concentration

of renters, low-income residents, crimes, deteriorated infrastructure, and residential mortgage foreclosures caused these neighborhoods to further decline. Many of the foreclosed housing units were converted into rental housing when investors rushed to purchase the deeply discounted properties during the deepening period of the recession and the foreclosure crisis. Even though the demand in these neighborhoods may not be as desirable as in other neighborhoods, the conversion of owner-occupied units to rental units may yield positive, or most likely negative, impact on the neighborhoods.

Broadly speaking, large metropolitan areas were often more affected by recessions than smaller and rural areas. In the USA, large metropolitan areas with the highest price increase during the housing boom and a larger surplus of housing units saw the most foreclosures. The top foreclosure markets in the USA were concentrated in the Sunbelt, mostly Florida, Arizona, and California. However, tight and hot housing markets, such as the San Francisco-San Jose metropolitan statistical area, did not see a large amount of foreclosures. After the recession, many Sunbelt housing markets with strong housing demand recovered fairly quickly.

## Impact of Mortgage Foreclosure

Residential mortgage foreclosures have a profound impact on individuals, families, organizations, neighborhoods, and communities. In most situations, the impact is negative. The foreclosure crisis, combined with the collapse of the housing market in certain areas, may possibly contribute to a recession. The magnitude of the "Great Recession" during 2007 and 2009 in the USA was nearly comparable to the "Great Depression" during the early 1930s. Unemployment climbed, and in 2010 the USA had the highest unemployment rate (9.80%) since the 1980s. Eventually with the intervention of federal policies and the natural decline of residential mortgage foreclosure rates, the US economy is slowly recovering, and the unemployment rate in 2017 has decreased to 4.30%.

The direct impact of mortgage foreclosures is on individuals, particularly those who borrowed the loan and those who invested in the secondary mortgage market. When a homebuyer borrows from a financial institution to purchase a home, after the origination the mortgage is often immediately bundled along with other mortgage products and sold in the secondary mortgage market. In the USA, the "big three" GSEs (government-sponsored enterprises), Fannie Mae, Freddie Mac, and Ginnie Mae, are usually the buyers of these mortgages. Later these GSEs sell the mortgage-backed securities or collateralized mortgage obligations to individuals or organizational investors. The default risks of these mortgages are then passed from the financial institutions which originated the mortgages to investors in the secondary mortgage market. These financial institutions now become the servicer of these mortgages.

Research finds that individuals who went through mortgage foreclosures have increased stress and impaired credit scores and history, and some have slipped into clinical depressions (Cagney et al. 2014). The family members of those individuals were affected and suffered as well. Many households were forced to enter into the rental market after losing their homes to foreclosures, which created or deepened the shortage in rental units, particularly lower-income housing units, and drove up rents. The rental market was less affected by the foreclosure crisis; on the other hand, when housing prices were decreasing in many large metropolitan areas, rents in these areas kept increasing due to increased demand in the rental market. Increases in rents further deepened the housing cost burden of households and families with lower incomes. In many of the metropolitan statistical areas (MSA) in the USA, nearly half of the households, more so for renters, pay more than 30% of their income in housing and related expenses, which was defined as housing cost burdened. After the recession, overall homeownership rates dropped to the lowest point in decades. Households and families, particularly the millenniums (born after 1980), are less likely to own a home. The traditional sense of homes as investment tools was greatly challenged during and after the recession.

Financial institutions and the GSEs were some of the organizations suffering from the foreclosure crisis. Financial institutions holding mortgages in default have to repossess the property and sell it after foreclosures. The GSEs and HUD (due to FHA-insured mortgages in default) consequently become the owners of these real properties. To recover the lost financial assets and liquidify tangible assets, these organizations need to sell the houses quickly. They do not have property management experience, and many of these houses were poorly maintained and then sold as is. The GSEs created certain financial incentives to encourage homebuyers and investors to purchase foreclosed homes that they owned. Compared to market-rate houses, foreclosed homes were often sold at a deep discount. The GSEs suffered enormous financial losses during the recession, which called for reform of these GSEs.

The most visible impact of foreclosures on the society is the negative impact on neighborhoods, particularly those with concentrated foreclosures and poverty, and those declining (Li and Morrow-Jones 2010). Foreclosures have a "contagion" effect, which indicates that neighboring properties are more likely to foreclose if within a certain distance of the foreclosed properties. The "contagion" effect also means that property values for houses within a certain distance of the foreclosed property tend to decrease as well. The closer the adjacent property is to the foreclosed property, the higher the discount may be (Lin et al. 2009). Some other studies also found that residents within a close proximity of foreclosed homes tend to be less satisfied with their neighborhoods (Hur et al. 2015). Before being purchased foreclosed homes were often vacant, boarded up, less maintained, poorly manicured, and therefore became eyesores in the neighborhood. Many of the foreclosed properties were purchased by investors and then converted into rental housing units. Renters are less likely to be attached to their neighborhoods and are less likely to maintain the housing at the same level as an owner. Children from renter households are also less likely to perform well academically. Therefore, neighborhoods, particularly urban single-family neighborhoods, with a higher percentage of renters may have a decreased social capital and thus may destabilize when encountering exogenous stimuli.

Neighborhoods with concentrated foreclosures are most likely affected by the foreclosure crisis. Local communities with concentrated foreclosures are also greatly affected. In addition to the physical deterioration of houses and neighborhoods, the loss of property tax revenues due to decreased property values is one of the largest financial impacts of foreclosures on communities. Reduced tax revenues, therefore, may decrease the level of public services that local communities provide to the residents. As a consequence of declining tax revenues, the quality of public schools may decrease as well. Public schools with poor student performance are mostly in school districts with a large portion of low-income minorities. High rates of foreclosures in these school districts further contributed to the deterioration of educational quality. Tax foreclosures also increased due to financial hardship associated with the recession, when homeowners were not able to spare extra funds to pay property taxes.

Higher foreclosure rates and concentrated foreclosures resulted in stressed households and families, declining neighborhoods, and reduced tax revenues of local communities. Combined with job losses during the recession, the far-reaching impact of foreclosures on society has scarred all involved or related in the foreclosure.

## Policy Responses to Foreclosure

The recent mortgage foreclosure crisis has generated a large amount of studies on foreclosures. The crisis calls for reforms in public policies related to the financial sector. Assistance to homeowners in default and foreclosures was initiated during the Obama administration. Downpayment and financial assistance to homebuyers, particularly first-time homebuyers, were offered. Various programs were launched to help absorb vacant and/or foreclosed properties. All these efforts, although with limitations, have helped tremendously in slowing down foreclosures and maintaining the health of the financial and housing market.

The most direct reaction from the financial sectors is to tighten mortgage underwriting standards.

Green lining makes it too easy to obtain mortgages; tightening underwriting standards will screen mortgage applicants more strictly to reduce the likelihood of default among risky borrowers. Compared to the USA, other countries and regions have consistently had much lower foreclosure rates. For example, Europe had much milder decreases in housing prices during the global financial crisis and had lower foreclosure rates. Two major policy alternatives in Europe were believed to help stabilize the mortgage market. The first is that borrowers have more responsibilities than those in the USA for default on the property. In Europe, mortgages are recourse loans, which means that in addition to claiming the title to the property, the mortgage lenders also have the right to claim other assets related to the mortgage. For instance, when in foreclosure the borrowers are also responsible for the difference between the mortgage balance and the housing value. For example, a person bought a house in 2006 for 400,000 Euros; in 2009, the mortgage balance was 320,000, but the house was only worth 300,000. The borrower would then be responsible for the difference between the mortgage balance and the current housing value (20,000). In the meanwhile, the borrower could also lose the home to foreclosures. This type of requirements discourages voluntary default and foreclosures when the housing price depreciates to less than the principal balance of the mortgage. Negative equity or underwater mortgages were very common in the USA during the recession. However, many borrowers in the USA did not have to be responsible for the consequence of negative equity. Some simply walked away from the mortgage, even though they were able to make the mortgage payments financially, and were not punished. Voluntary or strategic default is less common in states where mortgage loans are recourse loans. The second type of underwriting policy that has helped many countries stay out of the foreclosure crisis is to require a high loan-to-value (LTV) ratio and to strictly enforce the policy. For example, if a borrower is required to pay a 20% downpayment based on the law in the borrower's country, the borrower cannot borrow for more than 80% of the selling price. Some countries even require up to a 50% downpayment. In the USA, conventional mortgages usually require a 20% downpayment; however, a borrower may reduce that requirement by getting a higher interest rate or paying points. Some government-insured loans, such as FHA, may only require a 3.5% downpayment even when a borrower has an impaired credit score. The "exotic" mortgage products further erode the strictness of underwriting policies. After the foreclosure crisis, a higher LTV ratio became a practicing standard in the mortgage industry. "Exotic" mortgages were more regulated, and subprime lenders received better monitoring and oversight from regulating federal agencies. Zero downpayment or a small downpayment was nearly impossible for prime and conventional loans. However, FHA-insured loans, VA-insured loans, and a few financial incentives by Fannie Mae and Freddie Mac still offered lower downpayment requirements to encourage home buying. All these loans with low downpayments, however, almost always charge a much higher interest rate than conventional loans.

The federal government, particularly the Obama Administration, has attempted to enact various policies to curb the deepening impact of foreclosures during the recession. In 2009, the American Recovery and Reinvestment Act created multiple stimulus packages and programs to help households, financial institutions, and neighborhoods which were directly or indirectly affected by the foreclosure crisis. Mortgage reduction, mortgage assistance, and downpayment assistance programs were offered to eligible households and families. Tax credit was offered to first-time homebuyers during the years in the recession and a few years afterward. The Neighborhood Stabilization Program (NSP) was authorized under the act. NSP encourages nonprofit and other organizations to purchase foreclosed or vacant properties, renovate these properties, and sell them to low- to moderate-income households. These agencies receiving the NSP grant have first-look privileges for houses owned by HUD and the GSEs. The NSP program was launched as three rounds and later became a competitive grant. The impact of NSP in stabilizing neighborhoods was less documented and researched; however, the sparse nature of the housing units in the program had very limited impacts on neighborhoods and the housing market (Abt Associates 2015).

Other incentives, such as the HomePath and HomeSteps programs under Fannie Mae and Freddie Mac, have reduced downpayment requirements and offered first-look policies for those buying their homes and use the HomePath and HomeSteps programs. However, it is not required to use these and similar programs to finance the homes when purchasing from the foreclosure inventory through HUD and the GSEs.

Another important policy initiative is to reform the GSEs and redefine their roles in the secondary mortgage market. The GSEs may refuse to purchase high-risk mortgages, which might help to prevent financial institutions originating mortgages from abusing the pass-through nature of default risks. These financial institutions may make the application screening process stricter; however, they are not allowed to engage in mortgage discrimination per the Home Mortgage Disclosure Act (HMDA).

## Conclusion

Residential mortgage foreclosure is a phenomenon that will exist in any economy; however, the recent foreclosure crisis in the USA offers some lessons for other countries. The loose mortgage standards, and later the increased unemployment, were the major reasons for the foreclosure crisis in the USA. Foreclosures have a profound impact on people and the society; therefore, policy learning, changes, and innovations are necessary in mitigating the negative impact of foreclosures. These policies include strengthening mortgage underwriting standards, homeowner mortgage assistance, neighborhood stabilization programs, and policies preventing voluntary default. However, balancing the need to encourage homeownership and to increase credit access remains a challenge to house many underprivileged people in the USA.

## Cross-References

► Public Administration Theory

## References

Abt Associates (2015) The evaluation of the neighborhood stabilization program. A report prepared for the U.S. Department of Housing and Urban Development, Washington

Cagney KA, Browning CR, Iveniuk J, English N (2014) The onset of depression during the great recession: foreclosure and older adult mental health. Am J Public Health 104(3):498–505

Hur M, Li Y, Terzano K (2015) Breaking the chain: understanding the association between foreclosure intensity and neighborhood satisfaction. Appl Geogr 58:7–17. https://doi.org/10.1016/j.apgeog.2015.01.004

Immergluck D (2008) From the subprime to the exotic: excessive mortgage market risk and foreclosures. J Am Plan Assoc 74(1):1–18

Immergluck D (2009) Foreclosed: high-risk lending, deregulation, and the undermining of America's mortgage market. Cornell University Press, Ithaca

Li Y (2011) Subprime lending and neighborhood characteristics: spatial patterns by loan category. Hous Soc J Hous Educ Res Assoc 38(1):83–116

Li Y, Morrow-Jones H (2010) The impact of residential mortgage foreclosure on neighborhood change and succession. J Plan Educ Res 30(1):22–39

Lin Z, Rosenblatt E, Yao VW (2009) Spillover effects of foreclosures on neighborhood property values. J Real Estate Financ Econ 38:387–407. https://doi.org/10.1007/s11146-007-9093-z

Schwartz A (2015) Housing policy in the United States, 3rd edn. Taylor & Francis, New York City

# Resilience Factors That Help Mitigate Systemic Risk Factors Among African American Youth

Constance Lacy[1], Keilah Jacques[2] and Krithika Pennathur[2]

[1]School of Human Services, University of North Texas at Dallas, Dallas, TX, USA

[2]Bloomberg School of Public Health, Johns Hopkins University, Baltimore, MD, USA

## Synonyms

Adolescents; African American; At-risk factors; Black; Intersectionality; Protective factors; Resilience; Social support

## Definition

| | |
|---|---|
| At-risk | Vulnerable to problem behaviors resulting from exposure to risk factors (Nettles 1991; Cox et al. 2007; Lozada et al. 2017; Cunningham et al. 2018). |
| Protective Factors | Individual, familial, social, or institutional safeguards that help an individual oppose and resist the effects of individual or environmental hazards (Calvert 1997; Clark 1995; Cunningham et al. 2018). |
| Resilience | The ability to cope and solve problems in the presence of multiple risk factors (Dillon et al. 2003; McCubbin and McCubbin 1996; Wayman 2002; Ja'nina and Longmire-Avital 2018) achieving or approaching success out of unlikely or risk circumstances. It is an ongoing process punctuated by attainment of goals along the way (Cunningham et al. 2018). |
| Risk Factors | Individual and environmental factors that correlate with the increased vulnerability to problem occurrences and negative developmental life outcomes (Attar et al. 1994; Clark 1995; Lozada et al. 2017; Cunningham et al. 2018). |
| Social Support | Caring and supportive interpersonal transactions that protects from adverse effects of stressful occurrences – the school, the community, or kinship network (e.g., peers, adults, co-workers, extended family, school counselors, teachers) providing resources that enables individuals to develop skills necessary for survival and success (McWhirter et al. 2004; Nettles et al. 2000; Viner et al. 2012; Butler-Barnes et al. 2018). |

## Introduction

Adolescents of today are confronted with global experiences like that of no other generation – global pandemic, terrorism, crime, poverty, obesity, illiteracy, a rise in racial unrest. This stage of development is typically a time characterized by developmental stressors. However, these risks can jeopardies academic achievement for African American teens who are exposed to multiple stressors such as disadvantaged environments, high crime neighborhoods characterized by violence, and substandard living conditions present more complicated challenges (Goodkind et al. 2020). At the micro, meso, and macro-level, these social factors strongly impact adolescents' health and follow them into adulthood.

Understanding the roles of the social determinist of health and how they affect adolescent resilience is foundational for understanding the health of the future adult population nationally and the economic strain of care as they age. Factors such as upward socioeconomic mobility, equity, quality education, safety, positive peer groups, spirituality, and familial supports are vital to helping black youth thrive (Viner et al. 2012). Furthermore, it is essential to understand the role of racism and racialized policy in generating additional barriers and limitations for Black youth (Goodkind et al. 2020).

Shifting from adolescence to young adulthood is a period of vulnerability for African American youth. They begin to make choices that influence outcomes over their lifespan and across various systems in their lives. This article uses the ecological perspective to understand the experiences of Black youth. Not only do the individual, family, and environmental effects provide context for their behaviors, attitudes, failures, and accomplishments but policies, cultural, social, ethnic, and racist settings within which learning, and development occur play a significant role (Viner et al. 2012; Lozada et al. 2017). Within the context of the resiliency model, this research employs an ecological perspective by considering the environment and effects on the individual

(Bronfenbrenner 1979) to examine the relationship between social support and resilience in connection to the academic experiences of African American adolescents.

The need to understand the operation and meaning of resilience in African American adolescents' lives is significant. Within the framework of this entry, resilience is conceptualized as the innate ability to cope and solve problems in the presence of multiple risk factors (Lacy 2005; Cunningham et al. 2018). The following cognitions and behaviors operationally define it: a sense of self-identity, close friendships, constructive self-improvement activities, attending church, school-related success, seeking out teachers, counselors or other adults about problems, and showing problem-solving and coping behaviors (Butler-Barnes et al. 2018; Cunningham et al. 2018; Lozada et al. 2017).

For this study, answers to the following questions guide the discussion:

1. What is the relationship between social support and resilience among African American youth in late adolescence?
2. How does gender significantly interact with the relationship between social support and resilience?
3. What types of social support influence resilience among African American youth in late adolescence?

Answers to these questions reflect the analysis, the findings, and the discussion from a demographic survey of Black youth, and subjects' responses on a survey questionnaire. Surveys consisted of the following standardized scales: The Youth Coping Index, the Student Resiliency Survey, the Young Adult Social Support Index, and the Perceived Social Support Indexes. Therefore, this article examines how social support is a critical feature in promoting resilience among African American adolescents. Consideration extends to high-risk situations and the relevance of protective factors to aspects of resilience among other subgroups identifying the environmental influences associated with adaptive coping behavior and success.

## The Significance of the Study

The critical issue is identifying the protective process and mechanisms to increase the likelihood of African American youth remaining in school and succeeding despite the many challenges threatening their positive futures (Lozada et al. 2017; Cunningham et al. 2018; Goodkind et al. 2020). This crucial examination has the potential to lead to significant interventions and processes that promote resilience among African American youth.

## Research Method

The potential to be resilient has a great deal to do with the presence of protective factors, those personal, familial, or community-based experiences that directly or indirectly affect individuals and operate to offset the potential negative consequences introduced by risk factors (Lacy 2005; Lozada et al. 2017; Cunningham et al. 2018). Butler-Barnes et al. (2018) found that if sufficient social support and social resources are present, competence outcomes are possible even in the face of chronic stressors. Social supports thereby function as protective factors and are used as the predictor variable in this study. Those positive influences like a "hardworking mom," a "praying grandmother," a mentor in the community, or an empathetic school counselor are examples of social supports (Lacy 2005; Dill 2017; Ja'nina and Longmire-Avital 2018; Cunningham et al. 2018). Positive interactions with significant individuals in the community, at school, places of work, or play an active role in limiting the effects of risk factors in late adolescence. While studies examining protective factors among African American adolescents are sparse, relatively new research addresses African American children and the social contexts in which their development occurs (Lacy 2005; Dill 2017; Ja'nina and Longmire-Avital 2018; Cunningham et al. 2018). The challenge to enable at-risk youth to succeed is great because they often experience significantly higher stress at home, at school, and in the community (Bernard et al. 2020).

Many researchers evaluated adolescent development through youths' lens exposed to significant barriers and challenges like poverty, individual and community violence, low food access, and underperforming schools – which are all socially constructed challenges maligned by racism (Goodkind et al. 2020). Most researchers consider a pathological approach and focus on how exposure to risks causes youth to engage in problem behaviors like violence and aggression, crime, drug, and alcohol use (Butler-Barnes et al. 2018; Cunningham et al. 2018; Lozada et al. 2017). Black adolescent exposure to these risk factors is often associated with problem outcomes and low academic achievement levels (Minnard 2002; Thomas et al. 2009; Cunningham et al. 2018). School failure is significant, and the need for increased social support from family, friends, and school personnel is substantial. Cunningham et al. (2018) point out that positive features within the environment decrease vulnerabilities and increase the capacity to effectively overcome adversities and thrive physically and psychologically despite difficult circumstances.

Empirical studies of resilience indicate that positive family, the wider community, social interactions with peers, neighborhood schools, businesses, and external systems can improve African American youth (Butler-Barnes et al. 2018; Cunningham et al. 2018; Lozada et al. 2017). It is essential to understand that positive social support is related to positive experiences for African American youth. Using the intersectionality, stress process model, and minority stress theory, we can conceptualize how oppression can affect one's experience. Using a combination of theories to explain this work highlights the study's interdisciplinary nature and provides a deeper understanding of resilience.

## Literature Search Strategy

From a comprehensive perspective, one can consider social support and resilience by contrasting older and more current literature on the topic. Lacy's (2005) study draws from early literature on resilience research and considers the roles of those risk factors and protective factors applicable to African Americans' experiences, and serves as a seminal guide on the topic when examining the literature. In this discussion, the terms Black and African American are used interchangeably as group names that emphasize the identified population's origins, ethnicity, or race.

The older work used articles from PubMed and EBSCO HOST, and other literature databases to substantiate this research. Information from more recent the same sources. The newer articles captured discussions on resiliency for the following populations: Black LGBTQ+ populations, Women, and Youth (as a whole). The search included key terms that produced articles related to resiliency and social support within the African Community. During this search, it was essential to incorporate an intersectional approach, intentionally choosing articles that fill gaps from the existing evidence base, focusing on generational differences in resilience, LGBTQ+ populations, and immigrant populations. The literature base on Black, LGBTQ+ populations is developing.

### Updated Conceptualizations

Consideration for other significant sub-groups facing challenges (at-risk factors) examined intersectional African American adolescent experiences to ensure a holistic understanding of Black youth challenges. For this reason, it is important to note that a discussion of updated conceptualizations of the term youth is crucial. Recent literature highlights the inclusive and intersectional needs of African American youth who identify as part of the LGBTQ+ community. Using the theoretical frameworks of intersectionality, being queer and/or non-gender-conforming, Black youth equates to higher-risk levels for despair and oppression (Colpitts and Gahagan 2016; Wittrup et al. 2019). For the Black LGBTQ+ community dealing with the compounding effects of racism, sexism, health disparities, and violence, resilience through support factors is crucial (Jones and Neblett 2016; Cyrus 2017; Evans and Erickson 2019). While frameworks such as a minority stress theory help to explain how being a Black LGBTQ+ member can lead to downstream effects, the theoretical resiliency tenants can

highlight how social support might mitigate poor mental health outcomes for this subpopulation (Colpitts and Gahagan 2016; Ja'nina and Longmire-Avital 2018).

## Findings

Current findings elucidate the literature on resilience among African American adolescents and expand foundational theoretical and empirical studies supporting how protective factors shield youth from negative influences and overall well-being. From the theoretical approach, this review serves as a strength to expanding the combined variable of social support as a protective factor. Resilience researchers identified characteristics and processes that explained the positive adaptation and resilient behaviors of at-risk youth.

To examine the relationship between social support and resilience among African American youth in late adolescence, Lacy (2005) surveyed young adults whose lives were characterized by multiple risk factors and noted when resilience protective factors like social support existed in their lives. The presence of risk factors existed on multiple levels for the study subjects, from experiences of homelessness, deferred adjudication or probation, low academic attainment to experiencing teenage pregnancy, violence in the home, or the loss of a loved one. Lacy (2005) noted a statistically significant relationship between social support and resilience among African Americans in the study's findings. By this, we see that social support is a needed and demonstrated factor for resiliency. The literature supports this premise among various subpopulations as well (Colpitts and Gahagan 2016; Hatchel and Marx 2018).

Essentially, social support is a protective factor that increases resilience in African American youth (Colpitts and Gahagan 2016; Butler-Barnes et al. 2018; Cunningham et al. 2018; Goodkind et al. 2020). Lacy (2005) found a positive relationship between social support and resilience among African American young adults. Supportive interactions, often found outside the home, remain significant for youths' optimal social-emotional growth. They can influence peers or encourage exchanges between students and teachers or other prosocial adults outside the family (Jones and Neblett 2016; Cunningham et al. 2018; Goodkind et al. 2020). Success is possible when students connect to prosocial organizations, have positive peer relationships, and experience educational processes that are nurturing and rewarding.

There are several practice-related implications the literature suggests for resiliency. First, there is a clear (Brittian Loyd and Williams 2017; Butler-Barnes et al. 2018; Cunningham et al. 2018) relationship between overall social support and increased thriving points among African American youth (Jones and Neblett 2016). A robust social support system helped young people's mental health outcomes and shore up a complimentary self-view. Secondly, within school settings, natural mentoring relationships have been documented to counter and protect against the noxious effects of school-based discrimination on academic engagement (Cunningham et al. 2018; Ja'nina and Longmire-Avital 2018; Goodkind et al. 2020). Within a resiliency framework, close mentoring relationships help youths combat discrimination. These relationships can instill a Black student's sense of racial pride and actively counter discriminatory messages. A strong sense of self, in turn, fosters resilience and higher academic achievement.

Gender significantly interact with the relationship between social support and resilience. Lacy (2005) found that the strength of the positive relationship between social support and resilience for African American youth is not impacted either negatively or positively by gender. Earlier studies indicate the importance of social support in helping African American youths regulate their sense of control, but gender has no significant influence. Young men, as well as young women, need validation and need to experience unconditional acceptance and positive regard (Cunningham et al. 2018; Ja'nina and Longmire-Avital 2018; Goodkind et al. 2020). Positive social interaction with peers enhances social integration and bonding, and students who bond in a social unit also

commit to that unifies beliefs and values (Goodkind et al. 2020).

Using multiple support measures, McMahon et al. (2011) assessed positive influences and outcomes among African American youth, finding that friends provide various forms of social support. Additionally, more recent research highlights a more specific focus on the resilience factors, particularly social capital, positively associated with increased physical and mental well-being among African American youth (Woods-Jaeger et al. 2020).

There are many types of social support that influence resilience among African American youth. Three specific types of social support identified as statistically significant predictors of resilience among the young adults surveyed:

1. Friendship support characterized by acceptance, interaction, and approval through peer relationships.
2. Supportive adults in positions of authority have significant influence and provide positive regard, a sense of connectedness that facilitates social competence and thereby serves as a predictor of resilience among African American youths.
3. Spiritual health and a sense of well-being. While it is a relatively unexplored factor considered in research on resilience, it is a significant factor, according to Dill (2017), Edwards and Wilkerson (2018).

Individuals do not have to be directly engaged in church attendance or some structural religious activity to be positively impacted by spirituality. Lacy found that students' conceptual beliefs about God (or their higher power), their relationship with God, and how God affects their world increases the likelihood of feeling supported, watched over, protected, and guided. Such feelings tend to promote more resilient behavior (Dill 2017; Edwards and Wilkerson 2018). Individuals do not have to be directly engaged in church attendance or some structural religious activity to be positively impacted by spirituality. Lacy (2005) found that students' conceptual beliefs about God (or their higher power), their relationship with God, and how God affects their world increases the likelihood of feeling supported, watched over, protected, and guided. Such feelings tend to promote more resilient behavior.

More recent literature supports Lacy's (2005) findings and does not deviate from the older literature on youth resiliency conceptualizations. Tools such as natural mentoring relationships help educators and practitioners develop interventions. According to Gooden and McMahon (2016), "getting youth involved in activities where they are encouraged to rely on each other and work together might help to foster communalism" (p. 126). Providing consistent, ongoing interactions that connect young people significantly foster thriving and resilient behaviors.

Considering the current racial context, a fourth matter is the role of racism as a risk factor. African American youths can face various forms of stressful life events due to the additional burden and stress of racism (Viner et al. 2012; Metzger et al. 2020). Wittrup et al. (2019) point out that when faced with an accumulation of negative experiences and difficult social and emotional conditions, the combination of temperament and early experiences often deprives Black youth of crucial psychological resilience resources. Yet, when African American cultural experience is present resilience is strengthened. Family history and cultural elements have helped sustain groups of people, even under oppression. Internal locus of control operationally defined as having a healthy, positive racial identity can become the vaccine that helps mitigate racism and discriminatory racial acts; engage the ability to master the obstacles. Cultural experiences and enhance the believe that one effort to pursue progressions (the ability to move forward) will not diminish in the face of dehumanization (Viner et al. 2012; Metzger et al. 2020).

For the Meso level, family education and church slash spirituality resonate as support factors that align with the resiliency theory.

1. Spirituality – Mezzo
2. Education – access to higher income
3. Family messages – nuclear and extended family messages)

Lacy (2005) asserts that African American youth who obtain support from such sources as friends, spiritual health, and academic authority figures over and above family members tend to demonstrate increased resilience despite adversity. Social support from various sources, as opposed to one or two sources, optimizes positive behavioral outcomes. Meso, Exo, and macro-level influence African American cultural experience. For this reason, future research must consider the impact of policies across time (Chronosystem) on the African American cultural experience.

## Recommendations

Several recommendations highlighting the relevance of ongoing research examining ways to build positive coping and thriving strategies among African American youth emerges out of current literature. For example, Gooden and McMahon (2016) support the premise that what is needed is additional studies examining the effects of spiritual support, particularly for African American youth. Additionally, research on the positive influences of religiosity and spirituality as a form of social support can help clergy and other community leaders find ways to increase individuals' positive coping and thrive amidst adversities.

Another area of research that warrants additional investigation is the role of social support among Black LGBTQ+ populations. The presence of adversity and isolation among this group is significant, and positive coping factors are understudied. Underserved by the mental healthcare system, subpopulations within the Black LGBTQ+ population have different social factors to impact their resiliency, but social support proved to be a commonly important element (Follins et al. 2014; Cyrus 2017; Stone et al. 2020). It is vital to understand academic literature regarding this population is minimal.

The literature supported the notion that social support and resiliency in Black LGBTQ+ communities deserve special attention (Cyrus 2017). In general, social support seems to foster resiliency among Black LGBTQ+ populations. There are various factors for Black LGBTQ+ individuals that impact their resilience – these include religious institutions, cultural gender norms, family acceptance, and having a Black LGBT community (Follins et al. 2014; Cyrus 2017; Stone et al. 2020). Still, there are no monolithic Black LGBTQ+ communities, and there are varying levels of resiliency and spirituality, and social factors that can contribute to how these communities experience social support. Additionally, the regional context may be a factor, as well. The literature advocated looking at the subcommunities within these populations separately.

Furthermore, ongoing research needs to occur regarding young black females. Ongoing research can be applied to understand resiliency within this population. Within this academic space, the newer articles focused particular attention on Black women and their resilience experiences. When employing intersectionality theory, Intersections such as living with HIV, economic status, and acknowledging systemic racism are essential in resiliency. Using the stress process model and stress theory also helps understand the multiple stressors that impact Black women. The presence of psychological resources can have a positive impact on mental health. Black women living with HIV reported higher resiliency with higher self-efficacy, higher self-esteem, and higher post-traumatic growth. Furthermore, higher resilience positively correlates with having more social support.

## Conclusion

This examination of the literature supports the theoretical resiliency model with more specific consideration for social support as a protective factor supporting positive coping strategies among a sample of African American youth. Evidence of the positive relationship between social support and positive coping is thriving when faced with adverse challenges. In earlier studies on resilience, researchers pinpointed characteristics and processes used to explain how social support attributes youth's positive adaptation and resilient behaviors facing adverse experiences.

African American youth need practical help in addressing the multiple issues that afflict their lives, which hinder them from experiencing academic and social success. The presence of social support can effectively minimize the negative influences and exposure to environmental and situational challenges. It is the teacher's role, the community worker, the service provider, and others to find ways to implement processes and experiences that empower African American youth to access resources and opportunities leading to positive change (Cunningham et al. 2018; Wittrup et al. 2019; Goodkind et al. 2020).

African American youth need to be heard and allowed to influence decision-making processes that affect their lives. By listening to young peoples' voices and seeing the world through their eyes, social workers can learn a lot about how to get things done in a way that enriches these young people's lives. Researchers find that positive out-of-home networks and participation in constructive community activities increase students' general social functioning skills.

Rather than looking at African American youth from a pathological standpoint and seeing the risk factors young people encounter as perpetual problems, human service workers should encourage policy initiatives that implement interventions with youth across multiple systems and based on an ecological model. Interventions that simultaneously support the student in the classroom, family, and community systems are essential to reduce stressors and increase social support feelings.

Finally, findings from Lacy's (2005) research provides implications for recognizing the need for culturally sensitive services geared to the realities of African American youth. Advocating for intervention strategies like mentoring programs and developing culturally relevant peer support groups designed to encourage students' appreciation and respect for the cultural experiences that may influence their perceptions of social support. Current research supports this premise and further highlights future research and practice to enhance African American youth's overall lived experiences.

## References


Attar BK, Guerra NG, Tolan PH (1994) Neighborhood disadvantage, stressful life events, and adjustment in urban elementary-school children. J Clin Child Psychol 23:391–400

Bernard DL, Calhoun CD, Banks DE, Halliday CA, Hughes-Halbert C, Danielson CK (2020) Making the "C-ACE" for a culturally informed adverse childhood experiences framework to understand the pervasive mental health impact of racism on black youth. J Child Adolesc Trauma 1–15. https://doi.org/10.1007/s40653-020-00319-9

Brittian Loyd A, Williams BV (2017) The potential for youth programs to promote African American youth's development of ethnic and racial identity. Child Dev Perspect 11(1):29–38

Bronfenbrenner U (1979) Contexts of child rearing: problems and prospects. Am Psychol 34(10):844

Butler-Barnes ST, Leath S, Williams A, Byrd C, Carter R, Chavous TM (2018) Promoting resilience among African American girls: racial identity as a protective factor. Child Dev 89(6):e552–e571

Calvert WJ (1997) Protective factors within the family, and their role in fostering resiliency in African American adolescents. J Cult Divers 4(4):110–117

Clark P (1995) Risk and resiliency in adolescence: the current status of research on gender differences. Equity Issues 1(1):2–13

Colpitts E, Gahagan J (2016) The utility of resilience as a conceptual framework for understanding and measuring LGBTQ health. Int J Equity Health 15(1):1–8

Cox RG, Zhang L, Johnson WD, Bender DR (2007) Academic performance and substance use: findings from a state survey of public high school students. J Sch Health 77(3):109–115

Cunningham M, Francois S, Rodriguez G, Lee XW (2018) Resilience and coping: an example in African American adolescents. Res Hum Dev 15(3–4):317–331

Cyrus K (2017) Multiple minorities as multiply marginalized: Applying the minority stress theory to LGBTQ people of color. J Gay Lesbian Ment Health 21(3):194–202

Dill LJ (2017) "Wearing my spiritual jacket": the role of spirituality as a coping mechanism among African American youth. Health Educ Behav 44(5):696–704

Dillon CO, Liem JH, Gore S (2003) Navigating disrupted transitions: getting back on track after dropping out of high school. Am J Orthop 73(4):429–440

Edwards B, Wilkerson P (2018) The role of spirituality in fostering resilience in African American children: implications for social work practice. J Cult Divers 25(2):49–53

Evans CR, Erickson N (2019) Intersectionality and depression in adolescence and early adulthood: a MAIHDA analysis of the national longitudinal study of adolescent to adult health, 1995–2008. Soc Sci Med 220:1–11

Follins LD, Walker JNJ, Lewis MK (2014) Resilience in Black lesbian, gay, bisexual, and transgender

individuals: a critical review of the literature. J Gay Lesbian Ment Health 18(2):190–212
Gooden AS, McMahon SD (2016) Thriving among African-American adolescents: religiosity, religious support, and communalism. Am J Community Psychol 57(1–2):118–128
Goodkind S, Brinkman BG, Elliott K (2020) Redefining resilience and reframing resistance: empowerment programming with black girls to address societal inequities. Behav Med 46(3–4):317–329
Hatchel T, Marx R (2018) Understanding intersectionality and resiliency among transgender adolescents: exploring pathways among peer victimization, school belonging, and drug use. Int J Environ Res Public Health 15(6):1289
Ja'nina J, Longmire-Avital B (2018) Resilience and depression: the roles of racial identity, sexual identity, and social support on well-being for Black LGB emerging adults. J Black Sex Relationsh 4(4):1–15
Jones SC, Neblett EW (2016) Racial–ethnic protective factors and mechanisms in psychosocial prevention and intervention programs for Black youth. Clin Child Fam Psychol Rev 19(2):134–161
Lacy CL (2005) Identifying social support as a factor contributing to resilience among African American youth. University of Texas at Arlington
Lozada FT, Jagers RJ, Smith CD, Bañales J, Hope EC (2017) Prosocial behaviors of Black adolescent boys: an application of a sociopolitical development theory. J Black Psychol 43(5):493–516
McCubbin MA, McCubbin HI (1996) Resiliency in families: a conceptual model of family adjustment and adaptation in response to stress and crises. In: McCubbin HI, Thompson AI, McCubbin MA (eds) Family assessment: resiliency, coping and adaptation: inventories for research and practice. University of Wisconsin System, Madison, pp 1–64
McMahon SD, Felix ED, Nagarajan T (2011) Social support and neighborhood stressors among African American youth: networks and relations to self-worth. J Child Fam Stud 20:255–262. https://doi.org/10.1007/s10826-010-9386-3
McWhirter JJ, McWhirter BT, McWhirter EH, McWhirter RJ (2004) At-risk youth: a comprehensive response for counselors, teachers, psychologists, and human service professionals. Brook-Cole, Belmont
Metzger IW, Anderson RE, Are F, Ritchwood T (2020) Healing interpersonal and racial trauma: integrating racial socialization into trauma-focused cognitive behavioral therapy for African American youth. Child Maltreat. https://doi.org/10.1177/1077559520921457
Minnard C (2002) A strong building: foundation of protective factors in school. Child Sch 24(4):233–246
Nettles SM (1991) Community contributions to school outcomes of African American students. Educ Urban Soc 24(1):132–147
Nettles SM, Mucherah W, Jones DS (2000) Understanding resilience: the role of social resources. J Educ Stud Placed Risk 5(1/2):47–60
Stone AL, Nimmons EA, Salcido R Jr, Schnarrs PW (2020) Multiplicity, race, and resilience: transgender and non-binary people building community. Sociol Inq 90(2):226–248
Thomas ON, Caldwell CH, Faison N, Jackson JS (2009) Promoting academic achievement: the role of racial identity in buffering perceptions of teacher discrimination on academic achievement among African American and Caribbean Black adolescents. J Educ Psychol 101(2):420
Viner RM, Ozer EM, Denny S, Marmot M, Resnick M, Fatusi A, Currie C (2012) Adolescence and the social determinants of health. Lancet 379(9826):1641–1652
Wayman JC (2002) The utility of educational resilience for studying degree attainment in school dropouts. J Educ Res 95(3):167–178
Wittrup AR, Hussain SB, Albright JN, Hurd NM, Varner FA, Mattis JS (2019) Natural mentors, racial pride, and academic engagement among Black adolescents: resilience in the context of perceived discrimination. Youth Soc 51(4):463–483
Woods-Jaeger B, Siedlik E, Adams A, Piper K, O'Connor P, Berkley-Patton J (2020) Building a contextually relevant understanding of resilience among African American youth exposed to community violence. Behav Med 46(3–4):330–339. https://doi.org/10.1080/08964289.2020.1725865

# Resistance to Organizational Change

Ola G. El-Taliawi
Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

## Synonyms

Change management; Organizational resistance; Dispositional resistance

## Definition

Behavior that opposes the introduction of new forms of operating or thinking.

## Introduction

Organizational change is a phenomenon that has been studied widely over the past decades. As organizations find themselves operating in increasingly complex environments, their very

survival often depends on their ability to implement changes necessary to adapt. However, one concept which goes hand in hand in discussions on managing change is employee "resistance to change." This entry therefore will discuss the concept of resistance, as examined in the literature.

## Organizational Change in Perspective

The study of organizational change is quite broad and has been intensely researched, drawing on principles from different fields, namely, change management, organizational development, strategic management, organizational theory and behavior, institutional theory, and others. The more complex an environment gets, politically, legally, or technologically, organizations face increased pressure to cope with such contextual forces to be able to survive. They do so through change. This rise in complexity and the need for constant change, thus, has made organizational change studies more prominent over the passing years and especially throughout the 1990s (Greenwood and Hinings 1996).

Organizational change has been defined and categorized by scholars in various ways. These definitions and categories shed light on the dynamics of "resistance"; therefore, it is essential that they be discussed here. Regarding definition, there seems to be consensus among scholars that change involves the introduction of some new form of operating or thinking (Schalk et al. 1998). It occurs with the aim of organizational adaptation to the environment and/or performance improvement (Leana and Barry 2000).

Other scholars have moved beyond merely defining organizational change and have tried to categorize it. They vary in their labeling of change, but they mostly differentiate it by scope, pace, and/or scale. Pardo del Val and Martinez Fuentes (2003), for instance, differentiate between low and high scope change, where *low scope change* is incremental and aims for improvement in small aspects, but keeps the general working framework. Conversely, *high scope change* is transformative and involves totally changing the organization's general framework. Low and high scope change is also referred to in Greenwood and Hining's typology (1996) as *evolutionary and convergent change* versus *radical and revolutionary change*.

## "Resistance" to Organizational Change Examined

The phenomenon of "resistance" has also been examined equally widely drawing from different fields including psychology, human resources, and even physics. Scholars have taken a leaf out of the physics book to symbolically define resistance as a "restraining force moving in the direction of maintaining the status quo" (Piderit 2000). Resistance to change has even been equated by some scholars to inertia (Maurer 1996). The outcome of resistance, according to Pardo del Val and Martinez Fuentes (2003), is that it could delay the change process, increase its costs, or obstruct its implementation. In his classic article on dealing with resistance to organizational change, Lawrence (1969) points out that many change initiatives fail altogether, because of unanticipated resistance to change.

According to Armenakis and Bedeian (1999), change may cause responses, such as denial and stress, which may lead employees to resist the change rather than embrace it. Empirical proof of resistance has been found by several researchers, including Zell (2003), who investigated resistance to change in a university setting. She found that the individuals studied went through stages of denial, anger, and depression before reaching a final stage of acceptance of the organizational changes taking place.

Some scholars have attempted to examine the causes of resistance at the different stages of change execution. Schabracq and Cooper (1998) argue that humans develop a set of "situated roles" or general automatic responses in their daily lives that reduce uncertainty. Thus, when organizational change is introduced, it poses a challenge to their situated roles and gives rise to stress, which might eventually lead them to resist the change altogether. Additionally, inadequate strategic visions, political deadlocks, and having a false or distorted perception of the change at the

initial stages of formulation or implementation may result in employee resistance (Pardo del Val and Martinez Fuentes 2003). Cynicism among employees is also cited as a factor behind employee resistance to change. According to Reichers et al. (1997), cynicism can result from several failed change attempts, leading to loss of faith – with detrimental consequences to future change efforts. Hence, scholars have found that "resistance" can occur at any time during the organizational change process and may have different causes.

Drawing back from the earlier discussion of the typology of change, researchers have also argued that the extent and type of resistance might vary according to the type of change. For instance, resistance might be more dramatic if change is revolutionary or radical, or their resistance might be less pronounced if the change is of low scope and involves making minor adjustments (Pardo del Val and Martinez Fuentes 2003). Other scholars, on the other hand, have theorized that resistance varies according to the type of employee commitment. Becker (1992), a supporter of this notion, points out that employees have three types of commitment to their organizations: compliance (to rules and policies), internalization (values), and identification (social affiliation). Hence, their type of commitment will determine their degree of resistance, if any, to the change imposed.

## Beyond "Resistance" to Organizational Change

An alternative school of thought that critiques and opposes the notion of "resistance" to organizational change presents itself in the literature. Patti (1974), for instance, makes a compelling argument against the use of "resistance" as a concept by arguing that our biased view of the bureaucracy has pushed us to automatically consider bureaucratic institutions as naturally resistant to change and innovation, which may not necessarily be true. Furthermore, she argues that the language of "resistance" tempts managers to perceive of subordinates as "obstacles" to change, thus framing managers' interests as more important than workers' concerns, which may not necessarily be negative.

Piderit (2000) also speaks against the clear dichotomy that the research on "resistance" has created; categorizing employee stances between either determined opposition or firm support. According to him, even negative responses can sometimes have positive motivations, such as concern for the organization's well-being. Therefore, the "resistance" notion bypasses the chance to take such good intentions seriously. Similarly, Krantz (1999) argues that the concept of "resistance" has evolved over years to become a "not-so-disguised" way of blaming employees for failed change attempts, when in fact managers themselves might be the result of such failure.

Another critique of the concept of "resistance" lies in the conflict over its conceptualization. As argued by O'Connell Davidson (1994), "resistance has come to include anything and everything that workers do, which managers do not want them to do, and that workers do not do, that managers want them to do." In essence, some scholars simply believe that the notion of "resistance" has "outlived its purpose." Hence, proponents of this school of thought advocate that researchers need to view responses to change beyond mere "resistance," where responses may not necessarily be consistently positive nor consistently negative. In fact, according to Piderit (2000), when faced with change, employees usually experience feelings of "ambivalence" or mixed and confused emotions, rather than outright resistance or support. In support of this notion, Vince and Broussine (1996) found in their study of public managers' responses to change, that excitement and fear were often experienced simultaneously. Therefore, it is important for researchers to analyze responses along a continuum. In addition, according to Armenakis and Bedeian (1999), responses usually occur on more than one dimension. For instance, affective or cognitive responses may include psychosomatic symptoms such as stress, while behavioral responses may include sabotage and absenteeism. Hence, employee responses have to also be analyzed from a multidimensional perspective.

## Conclusion

As organizations face increasing pressures to adapt to their complex and rapidly changing environments, they are forced to change and innovate to survive. Since employee buy-in and ownership of the change process has been found to be key to ensuring successful implementation of change initiatives, it is paramount to understand what causes resistance to change. This entry, therefore, has discussed the concepts of organizational change and resistance to change as they are conceptualized and debated in the scholarly literature.

## Cross-References

▶ Leading Organizational Change
▶ Models of Organizational Change

## References

Armenakis AA, Bedeian AG (1999) Organizational change: a review of theory and research in the 1990s. J Manag 25(3):293–315. https://doi.org/10.1016/S0149-2063(99)00004-5
Becker TE (1992) Foci and bases of commitment: are they distinctions worth making? Acad Manag J 35(1):232–244. https://doi.org/10.2307/256481
Greenwood R, Hinings CR (1996) Understanding radical organizational change: bringing together the old and the new institutionalism. Acad Manag Rev 21(4):1022–1054
Krantz J (1999) Comment on "challenging 'resistance to change'". J Appl Behav Sci 35(1):42–44
Lawrence PR (1969) How to deal with resistance to change. Harv Bus Rev 47(1):4–14
Leana CR, Barry B (2000) Stability and change as simultaneous experiences in organizational life. Acad Manag Rev 25(4):753–759. https://doi.org/10.2307/259203
Maurer R (1996) Using resistance to build support for change. J Qual Particip 19(3):56
O'Connell Davidson J (1994) The sources and limits of resistance in a privatized utility. In: Resistance and power in organizations. Routledge, London, pp 69–101
Pardo del Val M, Martínez Fuentes C (2003) Resistance to change: a literature review and empirical study. Manag Decis 41(2):148–155
Patti RJ (1974) Organizational resistance and change: the view from below. Soc Serv Rev 48(3):367–383. https://doi.org/10.2307/30015125
Piderit SK (2000) Rethinking resistance and recognizing ambivalence: a multidimensional view of attitudes toward an organizational change. Acad Manag Rev 25(4):783–794. https://doi.org/10.2307/259206
Reichers AE, Wanous JP, Austin JT (1997) Understanding and managing cynicism about organizational change. Acad Manag Exec 11(1):48–59
Schabracq MJ, Cooper CL (1998) Toward a phenomenological framework for the study of work and organizational stress. Hum Relat 51(5):625–648
Schalk R, Campbell JW, Freese C (1998) Change and employee behaviour. Leadersh Org Dev J 19(3):157–163
Vince R, Broussine M (1996) Paradox, defense and attachment: accessing and working with emotions and relations underlying organizational change. Organ Stud 17(1):1–21
Zell D (2003) Organizational change as a process of death, dying, and rebirth. J Appl Behav Sci 39(1):73–96. https://doi.org/10.1177/0021886303039001004

# Resources for Entrepreneurs

LaMonica M. Wiggins[1], Rachel P. Masilamani[2] and Kristine L. Mielcarek-Sharpe[2]
[1]University Library System, University of Pittsburgh, Pittsburgh, USA
[2]Carnegie Library of Pittsburgh, Pittsburgh, USA

## Synonyms

Advocacy; Business Planning; Consumer Research; Demographics; Directories; Funding; Franchise Support; Industry Research; Intellectual Property; International Business; Marketing; Mentorship; Professional Development; Tax; Training

## Introduction

The first challenge for many new entrepreneurs is stepping back from their own plans and ideas to place their fledgling enterprise in a wider context. The start-up process is not something anyone can take on alone. Launching a new, innovative idea requires building a network of supporters, reliable research, quality data, and an ability to be responsive to new information. As an entrepreneur moves ahead with their plans, they will find it

necessary to seek new information, return to the research process, and fill gaps in their knowledge.

Starting up is an ongoing process; entrepreneurs may find that the information they need in order to proceed changes as the research process for entrepreneurs is often a moving target. However, all entrepreneurs need to identify their competitors, understand the major and minor factors influencing the outlook for their industry, and learn more about their customer segments in order to be successful.

This entry examines what support and resources are available and where they can be obtained. This listing is categorized by support organizations and free, government, and subscription resources. These resources provide support, guidance, and information at any point in the process and are essential to understanding where a new enterprise fits in with wider industry trends, the local business landscape, and for individual customers. The items listed here should be treated as entry points for further research and exploration.

## Support Organizations

Support organizations provide assistance to help entrepreneurs get their business ideas off the ground. Many provide free in-person or virtual mentoring, access to networking opportunities, and a plethora of business education and planning workshops, videos, and resources. Beyond the opportunity to learn from a local mentor, support organization websites often offer helpful template documents for making financial projections and developing business models and plans. Many of these US and global support organizations partner with agencies in local communities.

Some entrepreneurs will find it helpful to join a professional or trade organization specific to their industry in order to network more effectively, price services collectively, and access research reports developed by experts in their specific field. Consider the benefits of joining professional organizations carefully, as there is generally a charge for doing so.

Entrepreneurs can locate a local support organization or industry professional or trade association with a simple Internet search or via the resources in this entry. The following is a list of organizations:

Association of Procurement Technical Assistance Centers
https://www.aptac-us.org/
Focus Areas: Business planning; mentorship; training
Procurement Technical Assistance Centers form a nationwide network of experts, in over 300 locations, who provide valuable training and counseling services to businesses about the process of selling products and services to government agencies.

Association of Women's Business Centers
https://awbc.org/
Focus Areas: Advocacy; business planning; mentorship; training
The Association of Women's Business Centers advocate to secure economic justice and entrepreneurial opportunities for women. Women entrepreneurs can access training, work with mentors, get help developing their business, and learn about financial opportunities at over 100 Women's Business Centers throughout the United States.

Edward Lowe Foundation
https://edwardlowe.org/digital-library/erc/
Focus Areas: Business planning; mentorship; training
The Edward Lowe Foundation's Entrepreneur's Resource Center is a not-for-profit organization that promotes entrepreneurship by providing information, research, and education.

Ewing Marion Kauffman Foundation
https://www.entrepreneurship.org/
Focus Areas: Business planning; mentorship; training
The Ewing Marion Kauffman Foundation created Entrepreneurship.org as an online resource to help entrepreneurs grow great ideas. The site provides innovative educational tools and informative resources covering the latest issues and insights affecting entrepreneurs.

International Trade Administration
https://www.trade.gov/
Focus Areas: Mentorship; industry research; international business
The International Trade Administration is a government agency that works to improve the global business environment and ensure fair trade and investment. The ITA helps US-based businesses compete both internationally and at home. Entrepreneurs will find information about market conditions, opportunities, regulations, and business customs for over 125 countries prepared by trade and industry experts at US embassies worldwide.

KIVA
https://www.kiva.org/borrow
Focus Area: Funding
Kiva is a nonprofit that expands access to capital for entrepreneurs around the world. KIVA allows small businesses to crowdfund start-up capital and borrows against those funds at 0% interest.

Minority Business Development Agency
https://www.mbda.gov/
Focus Areas: Advocacy; business planning; funding; mentorship; training
The Minority Business Development Agency is an agency that promotes growth and competitiveness of the United States' minority-owned businesses, including African American, Asian American, Hasidic Jew, Hispanic American, Native American, and Pacific Islander businesses.

National Veteran-Owned Business Association
https://navoba.org/
Focus Areas: Advocacy; business planning; mentorship; training
The National Veteran-Owned Business Association certifies and connects veteran businesses with corporate contract opportunities. They provide support through training, advocacy, and networking.

Small Business Development Centers
https://www.sba.gov/sbdc
Focus Areas: Business planning; mentorship; training
Frequently located at colleges and universities throughout the United States, Small Business Development Centers are a resource partner of the US Small Business Administration. They provide consulting services and workshops to help entrepreneurs and small businesses start and grow.

SCORE
https://www.score.org/
Focus Areas: Business planning; mentorship; training
The Service Corps of Retired Executives has partnered with the US Small Business Administration to provide free mentoring services, education, and business planning resources to small businesses. Entrepreneurs can often be matched with a mentor from their industry to receive one-on-one tailored assistance with their business.

State Departments of Commerce, Revenue and Corporations Bureaus
Look up individual state website
Focus Areas: Business planning; directories; mentorship; industry research
Each state has either a department of commerce or revenue, which oversees economic growth and business, or a corporations' bureau that maintains a list of corporations registered in that state. These organizations can provide invaluable information about the current state of the economy, growing state industries, and the steps needed to register and operate a business legally in that state.

United States Chamber of Commerce
https://www.uschamber.com
Focus Areas: Lobbying; mentorship; training
The United States Chamber of Commerce is a professional association and lobbying group that claims to represent companies of all sizes across every sector of the economy in Washington. Chambers of Commerce around the country also offer networking opportunities and education workshops for entrepreneurs. Not all local or specialized Chambers of Commerce are connected to the national

organization. To find convenient locations, search the Internet with consideration toward regional-, neighborhood-, and county-level geographic descriptions.

United States Copyright Office
https://www.copyright.gov/
Focus Area: Intellectual property
The US Copyright Office registers copyright claims, records information about copyright ownership, and provides education information about the copyright protection process to the public.

United States Patent and Trademark Office
https://www.uspto.gov/
Focus Area: Intellectual property
The United States Patent and Trademark Office is a government agency that assists entrepreneurs in understanding and obtaining protections for their intellectual property including patents and trademarks. Entrepreneurs can access the official patent and trademark searching databases, information on pro bono patent attorneys, and educational media about intellectual property.

United States Small Business Administration
https://www.sba.gov/
Focus Areas: Business planning; funding; mentorship; training
The U.S. Small Business Administration is a government agency that provides support to entrepreneurs and small businesses in the form of business loans, business education, and advocacy.

Veterans Business Outreach Centers
https://www.sba.gov/page/veterans-business-outreach-center-vboc-program
Focus Areas: Business planning; mentorship; training
The Veterans Business Outreach Center (VBOC) Program is a component of the US Small Business Administration. Over 20 VBOCs are located throughout the United States for transitioning service members, veterans, National Guard and Reserve members, and military spouses to take advantage of business training, counseling, referrals, and other services.

Y Combinator
https://www.ycombinator.com/
Focus Areas: Business planning; funding; mentorship; training
Y Combinator is a start-up accelerator that provides entrepreneurs with seed funding and mentoring to get their business started. Launched in 2005, Y Combinator has been used to launch over 3,000 companies, including Stripe, Airbnb, Cruise Automation, DoorDash, Coinbase, Instacart, Dropbox, Twitch, and Reddit.

## Free Resources

Access to vetted freely available content can often be a lifesaver for new entrepreneurs. The resources listed here are easily accessible via an Internet search but may require a free or paid account for full access. As with any activity involving money, entrepreneurs should be especially cautious about potential scams or any opportunities for support in which the mission of the organization is unclear or exacts a fee without a clear benefit to participants. Consider assessing the trustworthiness of resources with assistance from librarians and business mentors. The listed freely available resources and platforms have established track records of providing accurate, useful information. Freely available resources might not be vetted for accuracy or up to date, so entrepreneurs should take care to review their content for currency, relevance, authority, accuracy, and purpose.

Angel Capital Association
https://www.angelcapitalassociation.org/
Focus Area: Funding
Angel Capital Association lists angel groups across the nation. Angel investors typically provide money to help small start-up companies take their first steps. Angels can be family, friends, or strangers. Although this association is not a source of capital, it is the official industry alliance of angel investor groups in the United States. This website aligns the needs of angels, entrepreneurs, and the start-up support community.

Bplans
https://www.bplans.com/
Focus Area: Business planning
Find sample business plans from over 500 different types of businesses. Learn how to structure a business, gather resources for market research, and locate financial information.

Crunchbase
https://www.crunchbase.com/
Focus Areas: Directories; industry research
Crunchbase is a global venture capital, angel investment, and private equity database. Entrepreneurs can find information on the financing of start-ups including their industries, investors, and acquirers and get news on emerging industries and technologies. This resource provides limited free data and searching capabilities with the setup of a free account. For full access, entrepreneurs will need a subscription.

Deloitte Industry Outlook
https://www2.deloitte.com/us/en.html
Focus Area: Industry research
Deloitte offers industry prediction reports for state government, banking and securities, commercial real estate, energy and resources, insurance, payments, process and industrial products, renewable energy, retail, and talent strategies industries.

Franchise Direct
https://www.franchisedirect.com/
Focus Area: Franchise support
A useful resource for entrepreneurs considering purchasing a franchise and those seeking broad information about franchising. This site and its research hub provides access to many Franchise Disclosure Documents that may offer helpful background information about start-up and licensing fees. It also allows users to compare the costs of similar franchises before committing.

Global Edge
https://globaledge.msu.edu/
Focus Areas: Demographics; consumer research; industry research
From the Center for International Business Education and Research at Michigan State University, Global Edge contains information on international industries and international consumers. Each country's page also provides trade statistics, rankings of corporations with headquarters in that country, and indices for a range of factors such as Ease of Doing Business and Global Competitiveness.

Google Marketing Platform
https://marketingplatform.google.com/
Focus Area: Marketing
Google's marketing tools, including Google analytics and surveys, will help businesses with websites track website visitors' interaction and activity on the site.

Google Patents
https://patents.google.com/
Focus Area: Intellectual property
Online index of full text of patents, patent applications, and prior art non-patent literature from around the world. Search by patent or application number, date, assignee, keyword, and more.

Google Trends
https://trends.google.com/trends/?geo=US
Focus Area: Industry research
Ideal for mapping local popularity of search terms when the product, service, or need is too niche to be addressed in major industry reports. May also be used to trace the popularity or emergence of a term over time.

Guidestar (Candid)
https://www.guidestar.org/
Focus Area: Directories
Directory of nonprofit organizations that provide mission, program, and financial information. Access key personnel, IRS 990 Forms, and annual reports of nonprofits. Search by geography, cause area, and more. Guidestar Free provides limited data with a free account. Guidestar Pro requires a subscription.

National Venture Capital Association
https://nvca.org/
Focus Area: Funding

The National Venture Capital Association provides a list of member venture capital firms. Venture capital is a form of equity financing in which wealthy investors, investment banks, and other financial institutions provide financing to start-up companies and small businesses that are thought to have high growth potential.

Observatory of Economic Complexity
https://oec.world/
Focus Area: International business
An online resource for international trade data and economic complexity indicators available through interactive visualizations of countries and products.

Pew Research Center Social and Demographic Trends
https://www.pewsocialtrends.org/
Focus Areas: Consumer research; demographics
This project studies behaviors and attitudes of Americans in key realms of their lives, including family, community, health, finance, work, and leisure. The project explores these topics by combining original public opinion survey research with social, economic, and demographic data analysis.

Statistical Abstract of the United States
https://www.census.gov/library/publications/time-series/statistical_abstracts.html
Focus Area: Demographics
First published in 1878, the Statistical Abstract serves as the official federal summary of statistics and provides over 1,400 tables of benchmark measures on the demographic, housing, social, political, and economic condition of the United States. The United States Census Bureau terminated the series in 2011.

Thomas Register
https://www.thomasnet.com/
Focus Area: Directories
Thomas is an online directory of suppliers, manufacturers, and distributors. Entrepreneurs can search for business by product, geographic location, and more. Create a free account to access the full free version of the database.

UnData
https://data.un.org/
Focus Areas: Consumer research; demographics; international business
Search for global data on markets and industries provided by the United Nations.

World Bank Doing Business in Profiles
https://www.doingbusiness.org/
Focus Area: International business
World Bank's Doing Business Indicators country economy profiles measure different aspects of the start-up process including the 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, and labor market regulation.

## Government Resources Within the United States

Federal, state, and local governments collect and retain quantities of useful and necessary information for start-ups. While this data can sometimes be difficult to locate or navigate, many offices and agencies have made their freely available information more useful and accessible in recent years. This collection of resources is published by government agencies and made available for free or at minimal cost. While government sources might not be the first place entrepreneurs turn to for information, they will need to develop familiarity with certification, licensing, and registration processes through government sites and may discover additional government resources through that process. Reading citations and references in reports, industry surveys, and trade journal articles can help you navigate government information more effectively. Locate the exact title of the government source cited in a useful, but outdated graphic, and use it to find more recent versions of the same source. The following is a listing of such sites:

American Census Data
https://www.census.gov/
Focus Areas: Consumer research; demographics; industry research
Primary way to access Census Bureau data, including releases from the American Community Survey, Economic Census, Population Census, and more. Use data.census.gov to view, print, and download statistics about population, housing, industry, and business.

American Time Use Survey
https://www.bls.gov/tus/
Focus Areas: Consumer research; demographics
Recent and historic data tracking use of time by age, marital status, and other demographic information. Data can be used for a wide variety of purposes from tracking leisure time trends to identifying who performs household chores and family care. Can be used to confirm a need for services or broader regional interests.

Bureau of Transportation Statistics
https://www.bts.gov/
Focus Areas: Consumer research; demographics; industry research
The Bureau of Transportation Statistics provides a plethora of statistics and insight into how Americans travel each year. Users can also track multimodal freight activity and other transportation economics.

Centers for Disease Control and Prevention
https://www.cdc.gov/
Focus Areas: Consumer research; industry research
As the leading health institute in the United States, the CDC provides information about diseases and conditions. The CDC also collects valuable statistics about disease proliferation and mitigation efforts.

Consumer Expenditure Survey
https://www.bls.gov/cex/
Focus Areas: Consumer research; demographics
This site consists of two surveys that provide information on the buying habits of American consumers, including data on their expenditures, income, and consumer characteristics.

Consumer Price Index
https://www.bls.gov/cpi/
Focus Areas: Consumer research
The CPI measures the average price urban consumers pay for goods and services across the United States and in various regions. Databases, interactive charts, tables, fact sheets, and more report and synthesize the data collected.

County Business Patterns
https://www.census.gov/programs-surveys/cbp/about.html
Focus Areas: Consumer research; demographics
County Business Patterns are annual economic information reports that reflect businesses, their employment, and payroll figures with in-depth geographic coverage. Useful for market analysis.

Industries at a Glance
https://www.bls.gov/bls/industry.htm
Focus Area: Industry research
From the US Bureau of Labor, *Industries at a Glance* reports on over 100 industries, organized by NAICS code or industry name, focusing on employment, labor, and trends.

National Technical Reports Library
https://ntrl.ntis.gov/NTRL/
Focus Area: Industry research
Government agency charged with the collecting and disseminating of scientific and technical reports from government-sponsored research. Technical Reports describe the process, progress, or results of technical or scientific research. Include in-depth experimental details, data, and results.

PubMed Central
https://www.ncbi.nlm.nih.gov/pmc/
Focus Areas: Consumer research; industry research
A free digital archive of biomedical and life sciences journal literature for entrepreneurs pursuing the development of an innovation in medicine or biotechnology.

Small Business and Self-Employed Tax Center (IRS)
https://www.irs.gov/businesses/small-businesses-self-employed
Focus Area: Tax
Few people's eyes light up at the prospect of reading advice from the Internal Revenue Service. In fact, there is always a strong market for accountants and other professionals to take on the work of navigating tax policy and procedures while the primary entrepreneur focuses on other aspects of their business. However, the Small Business and Self-Employed Tax Center offers a no-nonsense overview of business and taxation, and the Industries section provides links to useful statistics and trends in a wide range of industries.

## Subscription Resources

Sometimes the best resources and information are locked behind paywalls. Subscription resources contain high-quality proprietary information that you cannot obtain freely on the Internet. This can include databases of company profiles, unique customer demographics and psychographic data, and established and emerging industry information. These types of resources are only available to those who pay to license the content from a vendor on a yearly or multi-year basis. While individual entrepreneurs may find it useful to purchase access to a subscription resource, many will only need access to individual reports or occasionally check for changes or new information. Libraries can be an invaluable resource for new entrepreneurs as they navigate the research process. Many purchase access to business subscription resources and make them available electronically with a library card or in-person. Touch base with a local public library or a nearby college library for possible access to these types of resources. The following is a list of available subscriptions:

A to Z World Business
https://www.atozworldbusiness.com/
Focus Area: International business
A to Z World Business provides detailed country data on business and trade, current economic climate, statistical rankings, and taxation.

BCC Research
https://www.bccresearch.com/
Focus Areas: Directories; industry research; intellectual property
BCC Research provides reports on major economic, scientific, and technological developments in industrial, pharmaceutical, and high-technology industries worldwide.

Business Plans Handbook
The complete collection is available from Gale eBooks: https://www.gale.com/ebooks
Focus Area: Business planning
The Business Plans Handbook is a multi-volume set of sample business plans from businesses operating in the United States and Canada. Entrepreneurs benefit from seeing how similar businesses approach the planning process.

Business Source Complete
https://www.ebsco.com/products/research-databases/business-source-complete
Focus Area: Industry research
Business Source Complete provides full-text business journals and hundreds of scholarly, peer-reviewed journals covering all aspects of business, marketing, management, economics, finance, accounting, and international business. Find industry reports, business case studies, newspapers, and more.

BizMiner
https://www.bizminer.com/
Focus Area: Industry research
Delivers industry statistics and insights for over 9000 lines of business at local and national levels.

CB Insights
https://www.cbinsights.com/
Focus Areas: Directories; funding
A venture capital, private equity, and other funding streams research database. CB Insights allows track how start-ups are funded,

build a list of potential investors, and research emerging industries.

Conference Board
https://www.conference-board.org/
Focus Area: Industry research
The Conference Board offers in-depth information on a wide range of current business topics ranging from diversity and inclusion to leadership; marketing to public policy; industry-specific information to topics with global reach; and much more.

Cost of Living Index
https://www.coli.org/
Focus Areas: Consumer research; marketing
The Council for Community and Economic Research compiles data that compares the cost of housing, goods, and services between cities. Products include an online calculator, wage comparisons, and geographic indices.

Data-Planet
https://www.data-planet.com/
Focus Areas: Consumer research; demographics; industry research
Repository of datasets from over 550 databases. Products interpret data and are made available to a variety of organizations like libraries, government agencies, and financial institutions.

eMarketer
https://www.emarketer.com/
Focus Areas: Consumer research; industry research; marketing
eMarketer offers data and insights on the digital media consumer market. It focuses on understanding how consumers spend their time and money online and how marketers can best communicate with them via digital channels. Industries covered include automotive, consumer products, financial services, healthcare, telecom, and media and entertainment.

Encyclopedia of Associations
Available from Gale Publishers https://www.gale.com/
Focus Area: Directories
The Encyclopedia of Associations is a directory of over 20,000 America nonprofit professional and trade organizations with a national scope. Divided by subject and geographically, businesses can find organizations that support their work, advance professional standards, and foster development in their industry.

First Research
http://www.firstresearch.com/
Focus Areas: Industry research; international business
A database of industry profiles, statistics, and analysis from over 900 international and national industry segments.

Gartner
https://www.gartner.com/en
Focus Area: Industry research
Provides research and analysis on the global IT industry, includes online research, and reports from 1995 to the present.

Ibisworld
https://www.ibisworld.com/
Focus Area: Industry research
A database of industry reports and data that cover over 700 established and emerging industries. Written by industry analysts, these reports highlight topics such as the competitive landscape, barriers to entry, and major players. Specialized reports are available on-demand.

Key Business Ratios (KBR)
https://mergentkbr.com/
Focus Area: Industry research
Provides competitive benchmarking compiled from data on public and private companies through balance sheets, income statements, and ratios for over 800 lines of business.

LinkedIn Learning
https://www.lynda.com/
Focus Area: Professional development; training
LinkedIn Learning, an online learning website using Lynda.com content, has thousands of video courses in the creative, business, and technology career fields. With many topics

and three skill levels, beginner, intermediate, and advanced, users can find courses to explore new information or review and enhance what they already know.

MarketLine
https://www.marketline.com/
Focus Areas: Industry research; marketing
MarketLine provides market data analytics on consumer products and extensive economic and demographic data on hundreds of countries.

Market Share Reporter
https://www.gale.com/c/business-insights-essentials
Focus Area: Industry research
Identifies the major players and their influence within industries. Useful for entrepreneurs of all types in placing themselves in relation to successes and niche markets that may be overlooked. Useful for identifying potential business to business connections.

Mergent Intellect
https://getmergentintellect.com/
Focus Areas: Consumer research; directories; marketing
Search this database for listings of businesses and people to use for marketing. The international scope can be helpful for identifying potential business partners outside of the United States.

Mintel
https://www.mintel.com/
Focus Area: Consumer research; marketing
Provides thousands of market research reports focusing on consumer products, lifestyles, retailing, and international travel industry. Reports include market size, growth, distribution, competitors, and consumer usage.

Nielsen
https://www.nielsen.com/
Focus Areas: Industry research; marketing
Measures trends in the media industry across all platforms and produces ratings of what audiences view and access.

NetAdvantage
https://www.capitaliq.com
Focus Areas: Industry research
Investors value this resource for its quick access to analysts advice and industry information. Entrepreneurs can benefit from familiarizing themselves with industry surveys and market information. Their profiles of key professionals and companies can assist with identifying players in major industries by region.

PitchBook
https://pitchbook.com/
Focus Areas: Directories; funding
A database of private capital markets, including venture capital, private equity, and merger and acquisition transactions.

Plunkett Reports
https://www.gale.com/c/business-insights-essentials
Focus Area: Industry research
These extensive reports include financial benchmarking and revenue projections for major and emerging industries, such as residential real estate investment, online shopping, airlines, lodging, and publishing on a national scale. Even if an entrepreneur considers their own enterprise to be modest, small, and local, they will find the information useful for connecting their ideas to broader economic trends. Entrepreneurs will also be able to demonstrate familiarity with larger markets to potential funders with access to these reports and projections.

Reference USA
https://www.data-axle.com/what-we-do/reference-solutions/
Focus Areas: Consumer research; directories
Description: A directory of public and private company profiles. Includes residential listings for direct marketing purposes and historic company information. Covers the United States and Canada.

RMA Annual Statement Studies
https://www.rmahq.org/annual-statement-studies/
Focus Area: Industry research

The Risk Management Association provides benchmark data that comes directly from the *financial statements* of small- and medium-sized business clients of *RMA's* member institutions.

Statista
https://www.statista.com/
Focus Areas: Consumer research; industry research
As one of the world's leading databases of statistics, Statista provides market and consumer data across a variety of topics in the form of statistics, dossiers, and infographics as well as a global consumer behavior survey.

Udemy
https://www.udemy.com/
Focus Areas: Professional development; training
Udemy is an online course provider with thousands of video courses, on topics ranging from business, software, and financing to personal development, lifestyle, and health and fitness. Offered in multiple languages, learners of all skill levels can find topics that will increase their business and career opportunities.

US Legal Forms
https://www.uslegalforms.com/
Focus Area: Business planning
This website provides basic legal forms in many categories of business, real estate, and personal matters. Subscriptions include additional features such as an Attorney Directory, Law Digest, Legal Q&A, links to external sites, and federal and state tax forms.

Ward's Business Directory of US Private and Public Companies
Available through Gale Directory Library https://www.gale.com/c/gale-directory-library
Focus Area: Directories
Useful business directory for researchers, analysts, entrepreneurs, and job seekers. Locate information on companies by name, industry, or geographic location. Find data about revenue and activity about competitors and potential customers.

## Conclusion

Without doubt, new entrepreneurs will confront numerous challenges as they endeavor to launch their start-up. The process is not something anyone can take on alone. Support and resources are available to provide guidance and information and to network with other entrepreneurs/businesspeople who are knowledgeable.

## Cross-References

► Bridging the Funding Gap
► Company Structure and Legal Implications

# Responsible Leadership

Tânia M. G. Marques[1] and Christof Miska[2]
[1]CARME – Centre of Applied Research in Management and Economics, School of Technology and Management Polytechnic of Leiria, Leiria, Portugal
[2]Institute for International Business – Department of Global Business and Trade, WU Vienna University of Economics and Business, Vienna, Austria

R

## Synonyms

Corporate social responsibility; Grand challenges; Stakeholder engagement; Sustainable development

## Definition

Responsible leadership is a values-based leadership approach that through stakeholder and systems orientation caters for the needs of constituencies directly and indirectly impacted by organizations.

## Introduction

Responsible leadership has become relevant academically during the beginning of the twenty-first century and ever since has been receiving increasing attention. This is due to the enhanced relevance of Corporate Social Responsibility (CSR) and the broader context of sustainable development. Essentially, it is based on the normative premise that organizational leaders as 'citizens of the world' have co-responsibility in addressing the world's most pressing problems such as hunger, poverty, or pandemic threats (Maak and Pless 2009). Rooted in stakeholder theory (Freeman 1984) with a normative core, responsible leadership places organizational leaders within a stakeholder society where they lead based on desirable virtues and principles (Maak and Pless 2006). In this way, they establish meaningful relationships with multiple stakeholders inside or outside the organization regarding economic, social, or ecological aspects associated with their organizations' operations. This expands the traditional leader-follower dyad inherent in classical leadership theories, such as leader-member exchange or transformational leadership, which is why responsible leadership may be considered a contemporary or modern approach to leadership. In addition, what distinguishes responsible leadership from other values-centered leadership theories, such as ethical, servant, or authentic leadership, are its links to the social and ecological components of value creation and change (Pless and Maak 2011).

Responsible leadership is subject to definitional multiplicity. Accordingly, it is often considered "a relational and ethical phenomenon, which occurs in social processes of interaction with those who affect or are affected by leadership and have a stake in the purpose and vision of the leadership relationship" (Maak and Pless 2006, p. 103) and as "the art of building and sustaining social and moral relationships between business leaders and different stakeholders based on recognition, care and accountability" (Pless 2007, p. 450). Responsible leadership has also been referred to as "orientation or mind-set taken by people in executive-level positions toward meeting the needs of a firm's stakeholder(s)" (Waldman et al. 2020, p. 5), while others have emphasized the linkages to "societal and environmental targets and objectives of sustainable value creation and positive change on a global scale" (Miska and Mendenhall 2018, p. 119).

## Why Is Responsible Leadership Important?

Responsible leadership, due to its stakeholder orientation, naturally adopts a business-society perspective. In this way, it is associable with corporate responsibilities as well as with organizations' contributions to sustainable development as embodied in the United Nations' Sustainable Development Goals. In this regard, it can serve as a foundation to elucidate leadership in the context of societal grand challenges (George et al. 2016) spanning both stakeholders inside and outside organizations. Importantly though, responsible leadership is usually values-based, which scholarly is commonly translated into the adoption of a normative or virtue-ethics lens. Stahl and Sully de Luque (2014), for instance, conceptualize responsible leadership behavior in terms of Kantian "doing good" and "avoiding harm" and Patzer et al. (2018) build upon Habermasian foundations while Cameron (2011) equates responsible leadership with virtuousness. Therefore, under a responsible leadership lens business-society relationships with regard to leadership processes and dynamics tend to be considered beyond a purely descriptive point of view, tapping into the ethical and normative core of stakeholder theory.

## Perspectives and State of the Responsible Leadership Field

Perspectives on responsible leadership may be classified according to the scope of the leadership phenomenon as well as to the extent to which individuals address specific stakeholder concerns. As for the first, several authors emphasize the multi-level scope of responsible leadership

spanning micro (individuals), meso (groups and organizations), and macro (society) levels of analysis – in terms of antecedents and outcomes as well as considering cross-level interactions (Miska and Mendenhall 2018). These perspectives accentuate the contextual embeddedness (Stahl and Sully de Luque 2014) of responsible leadership in societal settings. According to Frangieh and Yaacoub (2017), research has tended to emphasize the micro-meso nexus, highlighting personal characteristics and organizational structures, which aligns with Miska and Mendenhall's (2018) perspective that the dynamic cultural and institutional macro-level environments require better understanding.

As for the second, several scholars from the perspective of organizational leaders have analyzed the underlying paradigmatic views inherent in the responsible leadership phenomenon that affect the extent of stakeholder consideration and inclusion. A common theme emerges with regard to instrumental versus integrative (Maak et al. 2016) or economic versus stakeholder perspectives (Waldman et al. 2020) – essentially contrasting traditional shareholder orientation with a broader array of diverse stakeholders. Accordingly, different responsible leadership orientations have been advanced, such as the idealist, integrator, opportunity seeker, and economist types (Pless et al. 2012). These underline the definitional plurality associated with responsible leadership and its shaping by paradigm.

## Studies in the Field of Responsible Leadership

Among the seminal works on responsible leadership is Maak and Pless's (2006) discussion of responsible leadership in the context of stakeholder theory. Based on normative and virtue-ethics foundations, they propose a roles model as *gestalt* describing the different roles responsible leaders assume in leading stakeholders, organizations, and societies. Later works distill the global stakeholder-society context further to outline the requirements on the part of organizational leaders. Ever since, several reviews (Frangieh and Yaacoub 2017; Marques et al. 2018; Miska and Mendenhall 2018) have contributed to demarcating the growing responsible leadership field from other values-oriented approaches toward leadership. In addition, Voegtlin (2011) endeavored the development of a validated scale to measure discursive responsible leadership, and in this way started motivating more empirical research. Quantitative approaches have commonly emphasized the employee and/or follower perspective (e.g., Doh et al. 2011) while works adopting qualitative methodology (e.g., Pless 2007) have progressed motivational drivers, roles, and person-focused responsible leadership antecedents.

Notably, responsible leadership has been conceptually linked to political CSR in terms of both its micro-level foundations (Maak et al. 2016) as well as broader societal developments (Patzer et al. 2018). In addition, while responsible leadership has mainly been conceptualized from a generally Western point of view, several studies set in non-Western contexts such as economies like China, Egypt, Russia, and Turkey have started examining the phenomenon.

## Conclusion

Responsible leadership has emerged as a distinct values-based approach toward leadership that sets organizational leaders within multi-stakeholder contexts. Based on ethical foundations, frequently from a normative point of view, responsible leadership is thus prone to examine questions associated with organizational responsibilities and broader societal sustainable development.

## Cross-References


- ▶ Corporate Social Responsibility
- ▶ Ethical Leadership
- ▶ Leadership Development in Organizations
- ▶ Leadership in Organizations
- ▶ Leadership, Ethics, and Decision-Making
- ▶ Management Versus Leadership
- ▶ Role of the Public Sector in Corporate Social Responsibility, The

## References


Cameron K (2011) Responsible leadership as virtuous leadership. J Bus Ethics 98(1):25–35. https://doi.org/10.1007/s10551-011-1023-6

Doh JP, Stumpf SA, Tymon WG (2011) Responsible leadership helps retain talent in India. J Bus Ethics 98(1):85–100. https://doi.org/10.1007/s10551-011-1018-3

Frangieh CG, Yaacoub HK (2017) A systematic literature review of responsible leadership: challenges, outcomes and practices. J Glob Responsib 8(2):281–299. https://doi.org/10.1108/JGR-01-2017-0004

Freeman RE (1984) Strategic planning: a stakeholder approach. Pitman, Boston

George G, Howard-Grenville J, Joshi A, Tihanyi L (2016) Understanding and tackling societal grand challenges through management research. Acad Manag J 59(6):1880–1895. https://doi.org/10.5465/amj.2016.4007

Maak T, Pless NM (2006) Responsible leadership in a stakeholder society – a relational perspective. J Bus Ethics 66(1):99–115

Maak T, Pless NM (2009) Business leaders as citizens of the world. Advancing humanism on a global scale. J Bus Ethics 88(3):537–550. https://doi.org/10.1007/s10551-009-0122-0

Maak T, Pless NM, Voegtlin C (2016) Business statesman or shareholder advocate? CEO responsible leadership styles and the micro-foundations of political CSR. J Manag Stud 53(3):463–493. https://doi.org/10.1111/joms.12195

Marques T, Reis N, Gomes JF (2018) Responsible leadership research: a bibliometric review. BAR Braz Admin Rev 15(1):1–25

Miska C, Mendenhall ME (2018) Responsible leadership: a mapping of extant research and future directions. J Bus Ethics 148(1):117–134. https://doi.org/10.1007/s10551-015-2999-0

Patzer M, Voegtlin C, Scherer AG (2018) The normative justification of integrative stakeholder engagement: a Habermasian view on responsible leadership. Bus Ethics Q 28(3):325–354

Pless N (2007) Understanding responsible leadership: role identity and motivational drivers. J Bus Ethics 74(4):437–456

Pless NM, Maak T (2011) Responsible leadership: pathways to the future. J Bus Ethics 98(1):3–13. https://doi.org/10.1007/s10551-011-1114-4

Pless NM, Maak T, Waldman DA (2012) Different approaches toward doing the right thing: mapping the responsibility orientations of leaders. Acad Manag Perspect 26(4):51–65

Stahl GK, Sully de Luque M (2014) Antecedents of responsible leader behavior: a research synthesis, conceptual framework, and agenda for future research. Acad Manag Perspect 28(3):235–254. https://doi.org/10.5465/amp.2013.0126

Voegtlin C (2011) Development of a scale measuring discursive responsible leadership. J Bus Ethics 98(1):57–73. https://doi.org/10.1007/s10551-011-1020-9

Waldman DA, Siegel DS, Stahl GK (2020) Defining the socially responsible leader: revisiting issues in responsible leadership. J Leadersh Org Stud 27(1):5–20. https://doi.org/10.1177/1548051819872201


# Responsible Leadership in Public Contexts


Mohamed Mousa[1] and Walid Chaouali[2]
[1]WSB University, Dabrowa Gornicza, Poland
[2]International Institute for Higher Education in Morocco, Rabat, Morocco


## Synonyms

Leadership; Responsibility; Responsible leadership

## Crisp Definitions of the Key Title Words

1. Leadership: the ability to guide others towards achieving specific objectives (Mousa 2019).
2. Responsibility: the ability to act correctly (Mousa and Ayoubi 2019).
3. Responsible leadership: "the art and ability involved in building, cultivating and sustaining trusting relationships with different stakeholders both inside and outside the organization, and in coordinating responsible actions to achieve a meaningful, commonly shared business vision" (Maak 2007, p. 334).

## Introduction

Corruption, corporate scandals, and change in value systems among Western publics have led management thinkers and practitioners to search for a new style of leadership not only to re-develop the missing trust in business practices but also to embed ethics in different organizations (Mousa et al. 2019). Mousa and Ayoubi (2019)

highlight that responsible leadership has become a trend in organization literature nowadays. Maak (2007) has perceived responsible leadership as "the art and ability involved in building, cultivating and sustaining trusting relationships to different stakeholders both inside and outside the organization, and in coordinating responsible actions to achieve a meaningful, commonly shared business vision" (P. 334). Brown and Trevino and Pless and Maak (2011) highlight the need to find leaders who can use their power and resources to act correctly. Consequently, responsible leadership has been introduced as a new style of leadership through which building lasting relationships with stakeholders, embedding ethics within corporate activities, and fulfilling social obligations besides satisfying shareholders by maximizing profits come as realistic mechanisms rather than postponed dreams.

Waldman (2011) highlights that the trade-off between shareholder profits and stakeholder social expectations can be perceived as the main challenge facing responsible leaders. Consequently, meeting stakeholders' needs depends on: (1) the leaders' level of accountability, which reflects the extent to which leaders are willing to accept and then fulfill stakeholder expectations; and (2) the scope of stakeholder engagement, which reflects the extent to which leaders cherish stakeholder participation in the process of decision-making. Mousa et al. (2019) maintain a dearth of empirical studies addressing the association between responsible leadership and work-related behavior exists, particularly in public contexts. Moreover, Mousa and Ayoubi (2019) affirm the scarcity of studies on responsible leadership in non-Western public and private contexts.

Pless and Maak (2011) indicate that the concept of responsible leadership has stemmed from stakeholder theory, which entails that the leader and his organization should consider and address the needs of surrounding stakeholders. In his social learning theory, Bandura (1977, p. 22) states that "from observing others one forms an idea of how new behaviours are performed and on later occasions this coded information serves as a guide for action." According to that theory, responsible leadership is perceived as a role model, a trusted idol who shapes the morals and behaviors of his employees. Bandura (1986) highlights that social learning theory serves as a liaison between behavior and cognition as it entails concentration and motivation. Doh and Quigley (2014) clarify the significance of responsible leadership at the individual level, as the leader perceives his followers (employees) as his main stakeholder and accordingly seeks to stimulate their motivation and subsequently performance. At the meso (organizational) level, responsible leaders initiate long-lasting trusting relationships with *in groups* (employees) and *out groups* (e.g., social actors, government representatives) among the organization's stakeholders. Such engagement of different stakeholders ensures the achievement of societal goals/desires (public education, fighting against poverty) besides organizational ones (profits). At the macro (societal) level, responsible leaders seek to contribute to broader societal goals (e.g., safeguarding human rights, fight against discrimination) and start to show more responsibility towards their environment (decrease carbon emissions) (Stahl et al. 2013).

For Waldman and Galvin (2008) and Pless and Maak (2011), responsible leadership differs from transformational leadership as the responsible leader shifts his focus from only addressing followers (employees) to maintaining long-term relationships with a set of different stakeholders. Meeting social needs is therefore often seen as a priority for any responsible leader. Moreover, if an ethical leader develops an ethical orientation, he and his subordinates should follow this, and the responsible leaders will collaborate with an influx of stakeholders in addressing the socio-ethical agenda they all strive to achieve.

## Responsible Leadership in the Egyptian Public Context

The first study on responsible leadership in Egyptian context was quantitative and the author aimed to find out whether or not responsible leadership mediates the relationship between organizational inclusion and the psychological contract. The study was done by Mousa (2020), who addressed

academics in four Egyptian public universities through questionnaire forms. Upon employing multiple regression analysis to the collected data, the author discovered that responsible leadership positively mediates the relationship between organizational inclusion (which reflects the sense of respect, involvement, and appreciation academics perceive) and the psychological contract (which reflects the emotional and/or nonemotional processes academics perceive due to their schools' fulfillment or breach of their obligations). Mousa (2020) considers this result as logical because the removal of any workplace discrimination, cultural bias, and sense of marginality that ensures the fulfillment of the employer's obligations can be enhanced if the employees feel a set of ethical considerations, stakeholder engagement, and responsible practices from their employer. It is worth highlighting that ethical considerations, stakeholder engagement, and responsible practices represent nothing except the main dimensions of responsible leadership.

The second study on responsible leadership in the Egyptian context was conducted by Mousa et al. (2019). The study was entitled "Climate change, responsible leadership and organizational commitment: The experience of Egypt." In this study, the authors focused on physicians in four public hospitals in Egypt in order to explore whether or not responsible leadership mediates the relationship between climate change and the physicians' organizational commitment. The significance of this research was its focus on climate change, which is currently perceived as one of the most important challenges facing humanity. Climate change includes and is not limited to the increase in global temperatures, rising sea levels, and environmental catastrophes such as hurricanes and storms. Despite the significance of understanding how mitigating the negative consequences of climate change particularly in workplaces and organizational contexts, there is a dearth of empirical studies exploring the organizational outcomes of climate change as indicated by the authors. Even in the Egyptian context, the authors observed an expected shortage in water sources, rising sea levels, growth of carbon emissions in addition to an excessive increase in population. Therefore, tackling the phenomenon of climate change in a country like Egypt is necessary in response to the many negatives and challenging dilemmas both for the government and organizations. Addressing the relationship between climate change and an important organizational phenomenon like organizational commitment, which reflects the tendency of both employer and employee to maintain their work relationships, is a real priority in the Egyptian context. The authors, therefore, through questionnaires and employing a multiple hierarchical regression analysis to the resulting data, identified a negative statistical effect of climate change on organizational commitment among physicians in the Egyptian context.

Responsible leadership does not mediate the relationship between climate change and organizational commitment. Mousa et al. (2019) and Mousa and Puhakka (2019) elaborate that the issue of climate change and its organizational consequences will never be resolved if we depend only on responsible leadership. It needs many other aspects such as public-private partnerships. In order to deal with a threat like climate change, collaboration among international organizations, governments, environmental activists, social actors and responsible leaders should be secured and maintained. This may explain why many corporations and/or organizations have not initiated any systematic effort and/or environmentally friendly policies to mitigate the effects of climate change until the present moment.

The third study on responsible leadership in the Egyptian context was conducted by Mousa and Ayoubi (2019) and addressed academics in three public business schools in an attempt to explore whether or not responsible leadership mediates the relationship between inclusive/exclusive talent management and organizational downsizing. The focus on talent management, which reflects a systematic process of recruiting, hiring, developing, retaining, and deploying talented academics and organizational downsizing, which reflects a strategic scheme to decrease/cut/control organizational costs through decreasing the number of

employees in the addressed organizations, emphasizes the importance of the study. The study was quantitative using questionnaire forms to gather data, which the authors then analyzed statistically. They discovered that responsible leadership has no role in mediating the relationship between inclusive talent management and organizational downsizing, as there is no statistical relationship between the two variables (inclusive talent management and organizational downsizing). Furthermore, responsible leadership also has no role between exclusive talent management and organizational downsizing, as exclusive talent management focuses only on 10–20 per cent of employees (academics in this study) and identifies those that are talented and not others. Accordingly, any responsible practices and/or empathy or engagement from stakeholders does not entail any betterment for those who are classified as nontalented, as their organizations (business schools in this study) might well fire these and end their organizational relationship.

## Conclusion

This chapter starts by elaborating the main motives behind the emergence of responsible leadership as a new style of leadership adopted in different contexts and/or organizations. Upon defining the concept of responsible leadership, the author illustrated the main challenges hindering the implementation of responsible leadership in organizational settings. Subsequently, the author identified the differences between responsible leadership and other styles of leadership (e.g., transformational, ethical) and lastly, paid attention to the three studies conducted to address responsible leadership in Egyptian public contexts. Unlike other countries, the last 3 years have witnessed a considerable focus on addressing the implementation of this new style of leadership in Egyptian public contexts. However, the authors observed that the studies conducted on responsible leadership in Egyptian contexts are all quantitative. Therefore, interested researchers may need to conduct qualitative studies to further explore the main motives and challenges that affect undertaking or implementing responsible leadership there.

## Cross-References


- ▶ Culture and Organizations
- ▶ Leadership, Conflict, and Knowledge Sharing in the Public University
- ▶ Leadership Development in Organizations
- ▶ Leadership Group Coaching
- ▶ Leadership in Organizations
- ▶ Organizational Justice


## References


Bandura A (1977) Social learning theory. General Learning Press, New York

Bandura A (1986) Social foundations of thought and action. Prentice-Hall, Englewood Cliffs

Doh JP, Quigley NR (2014) Responsible leadership and stakeholder management: influence pathways and organizational outcomes. Acad Manag Perspect 28(3): 255–274

Maak T (2007) Responsible leadership, stakeholder engagement, and the emergence of social capital. J Bus Ethics 74(4):329–334

Mousa M (2019) Responsible leadership, diversity and physicians' organizational commitment: a study from Egypt. Int J Emerg Markets (accepted)

Mousa M (2020) Organizational inclusion and academics' psychological contract: Can responsible leadership mediate the relationship? Equality Diversity and Inclusion: International Journal 39(2):126–144

Mousa M, Ayoubi R (2019) Inclusive/exclusive talent management, responsible leadership and organizational downsizing: a study among academics in Egyptian business schools. J Manag Dev 38(2): 87–104

Mousa M, Puhakka V (2019) Inspiring organizational commitment: responsible leadership and organizational inclusion in the Egyptian health care sector. J Manag Dev 38(3):208–224

Mousa M, Puhakka V, Abdelgaffar H (2019) Climate change, responsible leadership and physicans' organizational commitment: a study from Egypt. Manag Environ Qual 30(5):945–962

Pless NM, Maak T (2011) Responsible leadership: pathways to the future. J Bus Ethics 98(1):3–13

Stahl GK, Pless N, Maak T (2013) Responsible global leadership. In: Mendenhall M, Osland J, Bird A, Oddou G, Maznevski M, Stahl GK (eds) Global

leadership: research, practice and development. Routledge, London, pp 240–259
Waldman DA (2011) Moving forward with the concept of responsible leadership: three caveats to guide theory and research. J Bus Ethics 98:75–83. https://doi.org/10.1007/s10551-011-1021-8
Waldman DA, Galvin BM (2008) Alternative perspectives of responsible leadership. Organ Dyn 37(4):327–341

# Responsible Public Finance Management

Urszula Kinga Zawadzka-Pak
Department of Public Finance and Financial Law, Faculty of Law, University of Bialystok, Bialystok, Poland

## Synonyms

Accountable public financial management

## Definition

Public resource mobilization and public expenditure management based on public expenditures and revenues balance, effectiveness, efficiency, realism, sincerity, transparency, and democracy (civic participation and democratic procedures).

## Introduction

Public financial management (PFM) is concerned with the aspects of public revenues mobilization and the public expenditure management, even if the revenues side is often neglected. Over the years, scholars of public management have changed their views for responsible PFM, from the classical model, via the new public management (NPM) to the governance model. Thus, the current concept of the responsible PFM has been shaped progressively. Currently, it is considered that it should be based on the public expenditures and revenues balance, the effectiveness, the efficiency, the planning realism, the sincerity, the transparency, and last but not least on the democracy (civic participation and democratic procedures).

## Classical Model, New Public Management, Governance Model

In the classical model, the responsible PFM was used to be considered as an efficient bureaucracy where public policies are faithfully executed by professional, whose main objective was to respect the legal provisions, including the expenditures limits (dominance of the "rule of law"). They should be recruited on the basis of merits and provided sufficient incentives in order to concentrate on their official duties (hegemony of the professional in public service delivery). Additionally, in the classical model, the responsible PFM meant that the budgetary revenues should be balanced by the budgetary expenditures (the balanced budget principle), even if the classical model have not provided the means enabling the avoidance of the intentional deficits. Moreover, the scope and the amount of the planned expenditures of the particular ministries and their subordinated units were based on slight changes comparing to the amounts planned or executed in a previous year (the incremental budgeting) (Weber 1947; Hood 1991). This planning method had not promoted the rational public spending. Thus in the second half of the twentieth century to link the content of the budget spending authorizations with the ministries' and agencies' decisions about the funds' allocation and to enhance their efficiency (rather than public policies effectiveness) several new initiatives were taken, i.e., the planning, programming, budgeting system, PPBS in 1960s or the zero-based budgeting, ZBB (Bovaired and Löffler 2009).

Despite these attempts, there was still a need to meet a problem of the operational inefficiency of public spending. Thus, at the end of 1980s, NPM strongly inspired by private sector practices was started to be implemented in the public administration sector. NPM is often linked to the doctrines

of economic rationalism that assumes that there are very few exceptions to the rule that the market is the best way of deciding what is to be produced and how it is to be produced by public sector (Nevile 1994). Government bureaucracies should now become the strategic business units competing with each other to fulfill in the best possible way the needs of citizens, considered here as the customers of public services. The efficiency and effectiveness of public services should be transparently planned in the performance plans in the form of outputs and outcomes indicators. Then its achievement (or not) should be controlled, benchmarked, and analyzed. Next, in the NPM concept there is a need of the comprehensive and transparent information about the state's financial situation that should be provided under the accrual basis of accounting, what means that the revenues and the expenditures are recorded when the obligations to pay arise. This accrual method, previously used mainly in the private sector, is an alternative to the cash method, previously traditionally used in the public sector, where the revenues and the expenditures are recorded at the moment of the payment.

Recently, it turned out that promoting the efficiency, the effectiveness, or the economy can weaken the equity that should be the highest value. What is more, NPM greatly strengthens the administrative discretion to the detriment of citizens' representatives in a parliament. As a remedy to these problems, the public governance concept was conceived basing on the collaboration as decision-making and service-delivery supporting instrument (Osborne 2010) where not only a government should govern but also other actors as private sector units, NGOs, and citizens, all together creating in this way the multidimensional networks.

## Measures on Public Revenues Strengthening Responsible Public Finance Management

The responsible PFM requires the combination of complementary actions in terms of both the public revenues and the public expenditures.

Concerning the actions on the public revenues, three measures should be taken. Firstly, the responsible PFM requires the realistic public revenues planning based on the reliable macroeconomic prognosis that should be rather pessimistic than optimistic. Otherwise, when the revenues prove lower than it had been expected, the rushed and unreasonable expenditures cuts and/or the increase in deficit are needed. The divergences between planned and executed revenues can be higher by more than 10% (Zawadzka-Pak 2014). The last financial and economic crisis that started in 2007 highlighted the need of the establishment of the bodies independent from government and controlling the quality and the realism of the macroeconomic and the budgetary prognosis. Thus in many countries the fiscal council has been established.

Secondly, for the responsible PFM, the effective tax administration capable to collect all or at least the majority of tax claims is needed. Only when the execution cost is higher than the tax debt it is economically rational to abandon the execution. The inevitableness of taxation shapes the responsible fiscal citizenships that helps to solve the problem of tax avoidance that takes place when the applicable taxes are not payed. It is estimated that scandalous EUR 1 trillion of potential tax revenues is lost to tax fraud, tax evasion, tax optimization, and aggressive tax planning every year in the EU, representing an approximate cost of EUR 2,000 for every European citizen each year (Report 2013). Even if the terminological boundaries are not clear, there are three main types of tax avoidance: tax frauds (illegal fiscal crimes), tax evasion (tax fraud in the legal sense: process aimed at the avoidance of taxes when the binding law would normally lead to the tax payment), and tax optimization/relocation (using the legal means and/or abusing law only for the purpose of avoiding tax payment). To solve these problems there is a need of punitive approach (sanctions) and the preventive one (e.g., preventive fiscal agreements between a tax administration and a debtor) (Raczkowski and Schneider 2013).

Thirdly, responsible PFM in terms of public revenues requires conscious and rational tax expenditures policy. Tax expenditures are reductions in the tax liabilities that result from preferential legal provisions, such as special exclusions and exemptions from taxation, deductions, credits, deferrals, or preferential tax rates (Berman and Rabin 2007). There is a need of the (nonexisting in many countries) information on the total amount of public revenues lost because of the tax expenditures and the legislation limiting the tax expenditures. Often the estimated amount of tax expenditures exceeds the amount of a country's public deficit. Unfortunately this not always transparent part of public spending is out of budget procedure and public control and effectively limits the ability of proper and responsible fiscal policy (Dziemianowicz et al. 2014).

## Measures on Public Expenditures Strengthening Responsible Public Finance Management

Even if the actions concerning the public revenues contribute to the responsible character of PFM, it cannot be fully achieved without the measures on the public expenditures.

Firstly, the responsible PFM should result in fiscal (public finance) sustainability that relates to the ability of a government to assume the financial burden of its debt in the future. Fiscal policy is not sustainable if it implies an excessive accumulation of government debt over time and ever increasing debt service. Limits to sustainability differ across countries and over time (Fiscal 2012). The most effective instrument to achieve the public finances sustainability are the fiscal rules that are the institutional mechanisms that constrain fiscal policy discretion aiming to enhance transparency, accountability, and the effectiveness of fiscal management. There are two sorts of fiscal rules: the procedural fiscal rules that define the attributes and interaction of participants in the budget process and the numerical fiscal rules that limit in amount the expenditures, the public deficit, and the public debt, eventually they guarantee the minimal level of public revenues. Respecting of these rules can help to maintain the public deficit and in consequence the public debt at the sustainable level. Even if the fiscal rules, especially after the last crisis, have become popular, only in few countries they have contributed to balancing the state budget and to considerable public debt reduction.

Secondly, the responsible PFM should aim at the effectiveness (quality of public services and products), the efficiency (ability to avoid wasting public resources), and economy (savings). This principle "3E," strongly promoted by the NPM can be realized by the performance budgeting, defined as the public sector funding mechanisms and processes designed to strengthen the linkage between funding and results (outputs and outcomes), through the systematic use of formal performance information, with the objective of improving the allocative and technical efficiency of public spending (Robinson 2007). Even if the majority of countries have some experiences with the performance budgeting, the least-developed ones as well, the performance information rarely is used satisfactorily and often is not used at all to improve the PFM. The achievement of the aims of "3E" principle requires the reinforcement of the performance budgeting effects by the other often neglected tools of performance management, including the managerial flexibility and the managerial accountability.

There is another instrument that can contribute to "3E" principle, i.e., participatory budgeting that, contrary to the performance budgeting, can be used only at the local level. The responsible PFM should include the responsible allocation of resources through financing actions actually needed by citizens and in consequence should contribute to the progressive improvement of their quality of life. The governance concept assumes that effective public administration requires the citizens' participation in the decision-making process, including the spending decisions. Participatory budgeting is one of the main instruments of citizens' participation at the local level that enables

the citizens to decide about the destination of part of the local budget expenditures. It is originated from Brazil, Porto Alegre city, and spread all over the world. Here, its positive impact is a noticeable improvement in the accessibility and quality of various public welfare amenities in those municipalities that have adopted it. The participation of the Brazilian in the participatory budgeting and the influence of the people belonging to low-income groups in the budget allocation process are proof of their empowerment (Bhatnagar and Rathore). Additionally, if the important part of citizens is involved, the participatory budgeting can strengthen the local democracy, as in the case of Brazilian cities, where it has contributed to reduction of clientelism, nepotism, and even dictatorship.

However, at the local level the necessary precondition of responsible PFM is the sufficient scope of autonomy of local government. There are two main international regulations setting standards of local governments' legal position, comprising standards of local PFM: Worldwide Declaration of Local Self-Government and European Charter of Local Self-Government, both adopted in 1985. Local governments, being the public administration units closest to citizens, are considered to fulfill the best the citizens' needs. However, to achieve it the local authorities need the financial, administrative, and political autonomy. Thus, the responsible PFM should widen the scope of local decentralization. Unfortunately, many central governments unwilling to share with the local government the power to decide have stopped the initialized decentralization process.

One of the most serious threats to the responsible PFM is the corruption. Obviously, even if this problem is more serious in the least-developed countries or developing countries (e.g., it is estimated that the third of the Kenyan budget is lost to corruption), the majority of countries struggle with it. Combating corruption, as having systemic but also ethical grounds, is a complicated problem. However, as the empirical evidences show promoting internal motivation can be effective in deterring corruption, possibly even more than external motivation such as performance pay systems (Kwon 2014). Another possibility is to create anticorruption agencies. One such institution that is often presented as a successful example is the Hong Kong Independent Commission against Corruption (Huberts 2014).

## Control of the Responsible Public Finance Management

Controlling of the politicians' and public servants' actions and enhancing in this way their accountability is an important factor strengthening the responsible character of PFM. With the evolution from the classical model to the governance one, the enlargement of forms of public accountability took place.

Firstly, the traditional legality control of the public spending and the public revenues is the indispensable condition of the responsible PFM that additionally should be based on the Montesquieu's principle of the triple division of power. Thus, at the stage of preparation of Budget Bill, the executive bodies should play a preponderant role, at the stage of the Budget Act voting to the legislative bodies, at the stage of the Budget execution to the Council of Ministers and the subordinated units, at the stage of control of the Budget Act execution to the Courts of Auditors, and finally at the stage of control of the conformity with the Constitution of the Budget Act and other acts related to PFM to the constitutional courts.

Secondly, NPM introduced the effectiveness and efficiency of budget spending execution realized thanks to the objectives and indicators of the performance plans and via the control of its execution and more broadly via the management control. The latter provide accountability in an effort to stimulate decisions-making that result in efficient and effective use of public funds and preparation and use of appropriate reporting systems (Berman and Rabin 2007).

Thirdly, the already mentioned fiscal council should enhance the government fiscal

accountability. Provided that these bodies enjoy professional independence and ensure impartiality and high quality in the production of their reports, they can have important positive influence on the reduction of the public deficit and the public debt level and more broadly on the PFM.

Even if there is no doubt that all these types of controls play important role in the PFM, they are not sufficient to make PFM effectively responsible. As it is considered, these more or less traditional types of controls should be enhanced by the internal control (motivation) of politicians and the public servants. Empirical researches demonstrate that motivation matters for performance because motivated employees are committed to achieving the goals of the organization and put more effort (Rainey and Steinbauer 1999). Thus in the responsible PFM the important attention should be paid to mechanisms motivating to collect and spend public funds efficiently (as NPM wishes) and effectively (as the governance concept postulates).

## Conclusions

The concept of responsible PFM was developed progressively. Its first success conditions were conceptualized in the classical model, even if the effective instruments enabling to fulfill them were unknown, as in the case of the balanced budget principle. Afterwards, NPM has highlighted the strong need of effective, efficient, and economical PMF, proposing some instruments to implement it, e.g., performance budgeting. However, over the time, it turned out that public administration needs additional means to carry out the responsible PFM. In consequence, the governance concept proposes the participation of citizens, the private sector units, and the NGOs to create the networks capable to make PFM more responsible.

The instruments of responsible PFM concern both the public revenues (the realistic macroeconomic and budgetary prognosis, the policy against tax avoidance, the tax expenditure policy) and the public expenditures (the performance budgeting, the participatory budgeting, the decentralization, the fight against corruption). Even if this list is not exhaustive, the analysis of these instruments leads to the conclusion that the general condition of the effectiveness of these instruments is not only its formal implementation but its real incorporation to the public administration practice. To achieve it, the multidimensional accountability system for responsible PFM is needed.

## Cross-References

► Participatory Budgeting
► Performance Budgeting

## References

Berman EM, Rabin J (eds) (2007) Encyclopedia of public administration and public policy, vol 3. Taylor & Francis, New York/London

Bhatnagar D, Rathore A. Empowerment case studies: participatory budgeting in Brazil. http://siteresources.worldbank.org. Accessed 2 Apr 2016

Bovaired T, Löffler E (eds) (2009) Public management and governance. Routledge, London

Dziemianowicz R, Wyszkowski A, Budlewska R (2014) Econ 21st Century 4:92

European Commission, Fiscal Sustainability Report, European Economy, (8,1, 2012)

Hood C (1991) A public management for all seasons? Public Adm 69:3

Huberts L (ed) (2014) The integrity of governance. What it is, what we know, what is done, and where to go. Palgrave Macmillan, Houndsmill

Kwon I (2014) Motivation, discretion, and corruption. J Public Adm Res Theory 24:765

Nevile JW (1994) Economic rationalism, or throwing out the bathwater but saving the baby. Aust Q 66:1166

Osborne S (ed) (2010) The new public governance? Routledge, London

Raczkowski K, Schneider F (eds) (2013) The economic security of business transactions. Management in business. Cartridge Books Oxford, Oxford

Rainey H, Steinbauer P (1999) Galloping Elephants: Developing Elements of a Theory of Effective Government Organization. J Public Adm Res Theory 9:1

Report of 2nd May 2013 on Fight against Tax Fraud, Tax Evasion and Tax Havens, Committee on Economic and Monetary Affairs, No. A7-0162/2013

Robinson M (ed) (2007) Performance budgeting: linking funding and results. Palgrave MacMillan/IMF, Basingstoke

Weber M (1947) The theory of social and economic organization. William Hodge and Company Limited, London/Edinburgh/Glasgow

Zawadzka-Pak UK (2014) Public Finan i nalog. Par 4:20

# Restructuring the National Weather Service to Build a Weather-Ready Nation

Louis W. Uccellini[1], John E. Ten Hoeve[1], Suzanne Lenihan[1], Andrea J. Bleistein[1], Courtney Draggon[1] and Marie A. Lovern[2]
[1]National Weather Service, National Oceanic and Atmospheric Administration, Silver Spring, MD, USA
[2]Accenture Federal Services, Arlington, VA, USA

## Synonyms

Budget restructuring; Governance; Government reform; Portfolio management; Reorganization

## Definition

Restructuring the National Weather Service's budget, organization, and governance to improve service delivery and achieve the strategic outcome of Building a Weather-Ready Nation.

## Introduction: Current Mission and the Need for Change

The National Weather Service (NWS) is a federal government agency with the mission to provide real-time observations, forecasts, and warnings of weather, water, and short-term climate events to save lives, protect property, and enhance the Nation's economy. The NWS accomplishes its mission through a real-time, end-to-end forecast process, described in Fig. 1.

These functions support 24 h × 365 day forecast operations within a spectrum of 9 National Centers, 13 regional River Forecast Centers (RFCs), 21 Aviation Center Weather Service Units (CWSUs), and 122 Weather Forecast Offices (WFOs) geographically distributed throughout the United States (Fig. 2). The NWS also supports a growing weather, water, and climate industry that provides tailored products and services to a large spectrum of private and public interests from agriculture, energy, and manufacturing to public safety.

The NWS continues to work with the research community as well as with its partners and customers to improve the delivery of the best possible observations, forecasts, and warnings. Furthermore, the NWS has recognized through an expansive strategic planning activity that it must go beyond providing forecasts and warnings and connect this vital information to decision-makers within federal, state, tribal, and local governments to ensure that the information is translated into actions that saves lives. This bold vision has been captured within a strategic outcome of "Building a Weather-Ready Nation" and involves the provision of what has been termed "Impact-Based Decision Support Services" (National Oceanic and Atmospheric Administration 2011) to connect meteorological information to decision-makers to encourage proper action in the face of impending extreme, weather, water, and climate events.

After developing the NWS strategic plan to build a Weather-Ready Nation, the NWS contracted two National Academy reviews of the NWS: a 2012 study by the National Academy of Sciences (NRC 2012) and a 2013 study by the National Academy of Public Administration (NAPA 2013). Both studies validated the Weather-Ready Nation strategic outcome and strongly encouraged NWS to evolve to meet the changing weather, water, and climate needs of the Nation. The NAPA report specifically noted the best place to start in this evolution was to reform NWS's budget structure, Headquarters (HQ) organization, and business processes as essential building blocks to future change, as these had not changed appreciably since the 1990s. The decision to restructure the NWS budget made sense since budgets serve as an effective mechanism to provide the administrative coordination that serves as the basis for the change management envisioned (Brook 2012).

Changes to the HQ organization and associated business processes (governance) made logical sense to align with the restructured budget. Ultimately, the NAS and NAPA reports proved critical in providing the independent, third-party support for the NWS to gain approval on these

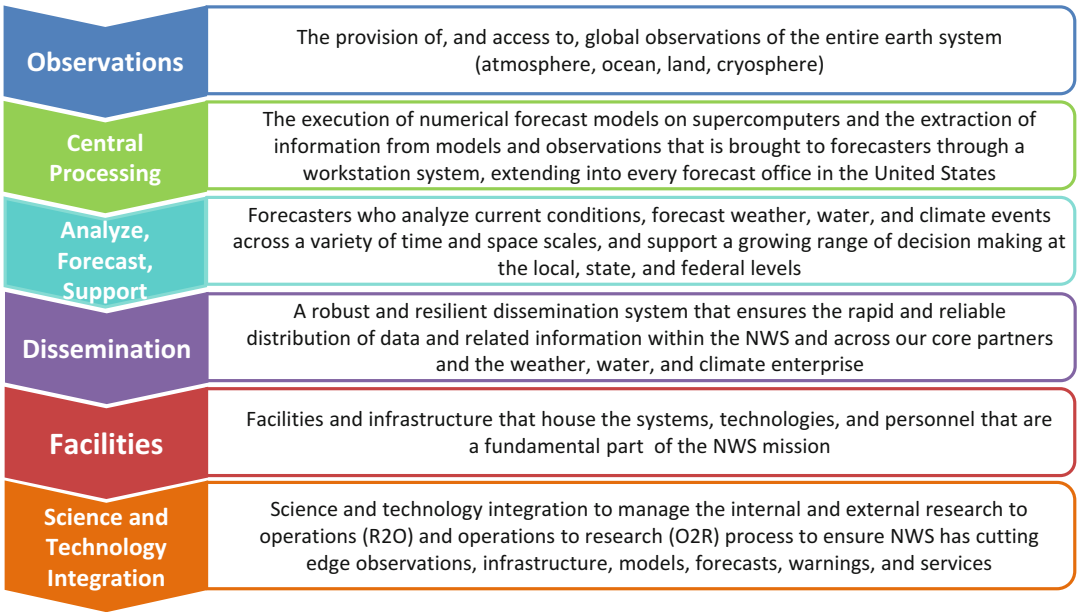


**Restructuring the National Weather Service to Build a Weather-Ready Nation, Fig. 1** End-to-end forecast process and value chain at the National Weather Service

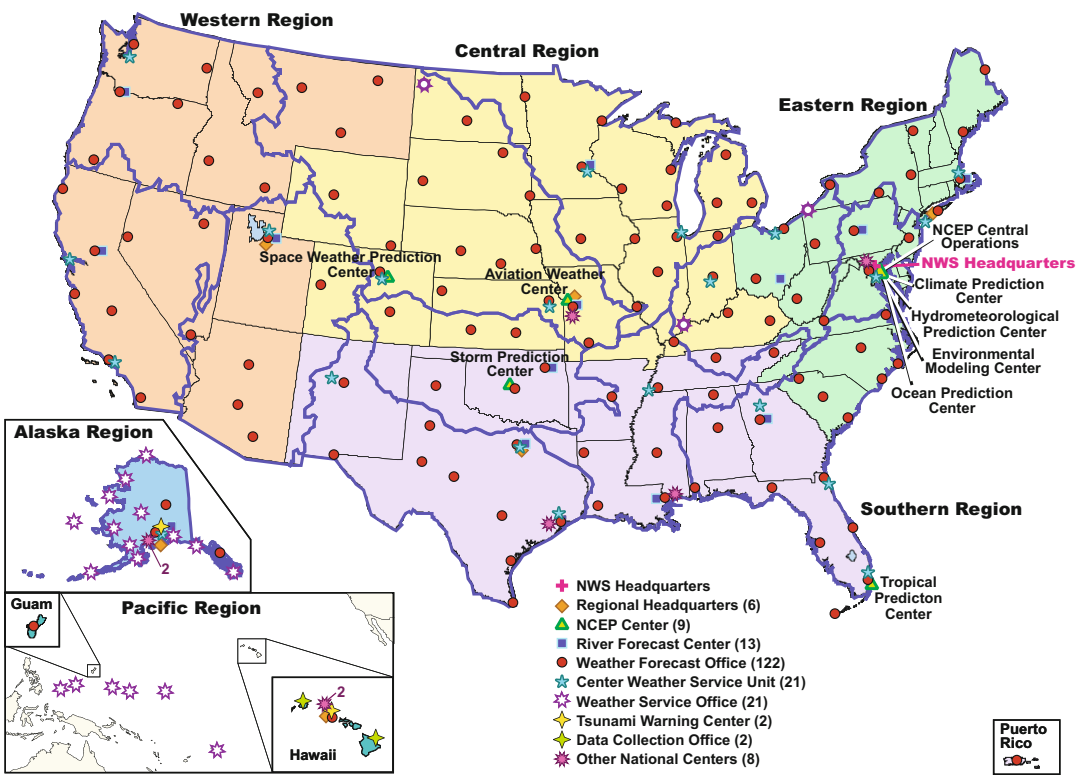


**Restructuring the National Weather Service to Build a Weather-Ready Nation, Fig. 2** Map of NWS HQ, regions, National Centers, and field offices

changes from NWS's parent agencies, the National Oceanic and Atmospheric Administration (NOAA), the Department of Commerce (DOC), the Office of Management and Budget (OMB), and Congress. In the last several years, NWS has briefed its progress to NAPA on multiple occasions, and members of NAPA continue to recognize NWS's noteworthy progress and provide support as NWS continues on its journey to build a Weather-Ready Nation.

The effort to restructure the budget, reorganize HQ, and establish a NWS Governance Document (required for a transparent and inclusive budgeting, planning and mission execution process across the entire agency) was initiated in 2013. The results and conclusions from this major undertaking, which was approved by Congress in 2014 and implemented by the NWS in 2015, will be described in this paper, along with the benefits that have already been realized and other reflections concerning the effort. The paper ends with a look forward as we now position the NWS to enhance the services required to address the Nation's growing needs for weather, water, and climate prediction, especially for extreme weather and water events.

## Budget Restructuring

Prior to 2015, the NWS Congressional budget was organized into 25 Program, Project, and Activity (PPA) budget lines across the Operations, Research, and Facilities (ORF) and Procurement, Acquisition, and Construction (PAC) PPAs and was largely categorized by program or operational system (Fig. 3, top panel). These PPAs were difficult to defend and manage, particularly within the Local Warnings and Forecast (LWF) and Central Forecast Guidance (CFG) PPAs, which contain many, but not all, of NWS's forecast operations. Together, these two PPAs constituted 80% of the NWS ORF budget and 72% of the total NWS budget. LWF alone contained an assortment of programs and projects at the local level including funding for labor, rents, utilities, and repairs at NWS's facilities, as well as funding for the National Data Buoy Center and marine observations, other land-based observations, various dissemination, and IT systems in local and regional offices, among other local office expenses.

Since management authority was not aligned with budget authority in the NWS, particularly within these two broad PPAs that constituted a large majority of the NWS budget, the NWS Chief Financial Officer (CFO) was routinely asked to make trade-offs between dissimilar programs and projects when budget shortfalls occurred in the third and fourth quarters of the fiscal year, often with little notice and with little background or insight into the programmatic benefits and risks of those decisions to the NWS mission. For instance, the previous budget structure allowed NWS management to trade off infrastructure for forecast operations, areas that are dissimilar yet both essential to the success of the NWS to accomplish its mission.

Furthermore, the old budget structure contained a number of unique observations and information technology programs that also were represented by separate PPAs, restricting the NWS from being able to efficiently and effectively manage its resources across the suite of observational programs and technologies to deliver the best results for the NWS and the Nation. Perhaps one of the most egregious examples in the old budget structure was three distinct budget lines for the NOAA Weather Radio Program that focused on (1) transmitter upkeep and maintenance; (2) day-to-day operations and maintenance at field sites which predominantly consisted of leases, maintenance services, and telecommunications; and (3) construction, expansion, and upgrades. In this old structure, if resources for leases were expended in one budget line, funds from the other two budget lines could not be used to cover the additional costs without going through the required several-month process to reprogram the funds through Congress and reapportion them through OMB. Overall, this structure did not provide a transparent, logical view of how those decisions mapped into the forecast process noted in Fig. 1 and hindered NWS's ability to effectively select and manage

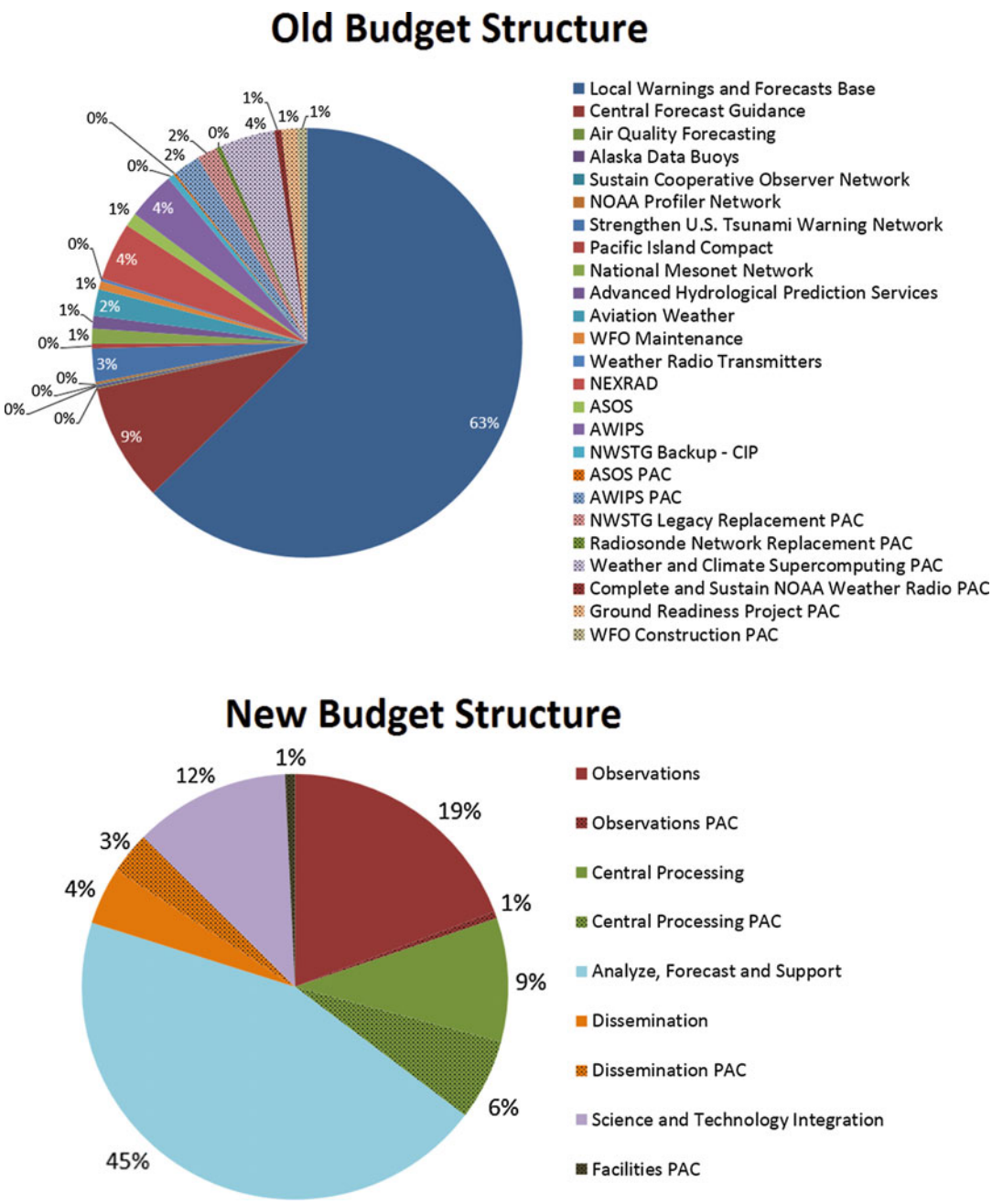


**Restructuring the National Weather Service to Build a Weather-Ready Nation, Fig. 3** Comparison between the old budget structure (top) and the new budget structure (bottom) for the fiscal year 2014 enacted budget

the best mix of programs and projects within schedule and budget.

This budget structure eventually contributed to a mismanagement of funds and an Antideficiency Act violation in 2012. It was discovered that NWS illegally reprogrammed funds in 2010 and 2011 among the various PPAs without notifying Congress as required by law, thereby incurring obligations in excess of available appropriations. According to an analysis by the Government

Accountability Office, as well as an internal NWS assessment by Grant Thornton LLC, systemic budgetary pressures, improper levying of common service assessments on the LWF and CFG budget lines, and lack of internal controls culminated in the inappropriate and illegal reprogrammings (Blank 2012).

While corrective action was taken on behalf of NOAA and the NWS to improve internal controls and financial management, independent assessments also suggested that the NWS Congressional budget structure should be reevaluated to increase transparency, flexibility, and accountability. The NAPA report stated, "The Panel finds that in reorganizing budget lines and the HQ structure, it should consolidate responsibility around operational functions and service delivery. . .and work towards forecast consistency and sharing of information and policies across regions and offices" (NAPA 2013). The Grant Thornton report suggested several recommendations for improvement, including that NWS should develop standard definitions of budget lines and identify the types of costs that are appropriately charged to budget lines in addition to the programmatic costs (Grant Thornton 2013).

Based on these recommendations, a new NWS leadership team began discussions in 2013 with NOAA, DOC, OMB, and Congress to restructure the NWS budget to be more logical, simpler to understand, and more intuitive to manage. The NWS proposed to restructure the budget into a portfolio-based structure that followed the forecast process described earlier in Fig. 1: Observations, Central Processing (computer infrastructure), Analyze Forecast, and Support, (forecast operations), Dissemination (distribution of information), Facilities (buildings and sites that support the NWS), and Science and Technology Integration (forecast improvement and numerical weather prediction). By organizing the budget along functional portfolio lines, NWS can better identify, plan, and manage the organization's resources.

This new budget structure proposed that the 25 PPAs in the old budget structure be streamlined into 9 PPAs that reflect the individual components of the forecast process and map directly to the 6 portfolios described above. ORF and PAC budget lines were created for the Observations, Central Processing, Dissemination, and Facilities portfolios (Fig. 3, bottom panel). Science and Technology Integration has only an ORF budget line and Facilities has only a PAC budget line. Consolidating the number of PPAs in the budget aligns with best practices, including recommendations made two decades ago by the 1993 National Performance Review on federal government performance (Gore 1993). Budgeting by function also follows best practices. As an example, OMB similarly organizes its federal budget according to functional "categories," regardless of the agency that is responsible (Brook 2012).

This new budget structure provides the NWS with a number of benefits. First, the new structure is more transparent and understandable internally to NWS staff, particularly to those making budgetary decisions, reducing the chance of errors or mismanagement. The new budget structure allows NWS to more easily communicate and defend its budget proposals since the scope and contents of each portfolio are directly correlated to the forecast process that the NWS operates within every day. Furthermore, the new budget structure provides flexibility for trade space analysis within each budget portfolio containing a related set of similarly themed programs, projects, and activities, allowing NWS to more effectively and efficiently resource the suite of programs and technologies that meet the overall requirements of the portfolio. The more logical budget structure also aligns better with the intent of the appropriation process and makes it easier for the administration and Congressional appropriators to plan, appropriate, and track execution of NWS's budgets. Lastly, the budget structure helps drive consistency across the distributed organization of the NWS as all budget categories cut across both HQ and field offices, another recommendation by NAPA. Other government agencies have reported similar benefits from simplifying their budgets. One example is the US Forest Service, which saw an 18% increase in productivity in 2 years due to its experiment with budget simplification (Posner and Rothstein 1994).

In 2014, the NWS tracked obligations against the proposed portfolio budget structure while simultaneously executing against the old budget structure in which the budget was appropriated. This generated a detailed mapping and comparison between the two structures, which in turn helped illustrate the benefits of the new structure to stakeholders and helped prepare NWS's workforce for the upcoming changes. After multiple briefings with NOAA, DOC, OMB, and Congressional constituents illustrating the benefits described above, NWS received approval from Congressional appropriation and authorization committees in 2014. NWS officially began operating in the new budget structure on April 1, 2015.

## Headquarters Reorganization

Before, during, and since the modernization of NWS in the 1990s, the continuous effort to sustain and improve the field office structure has challenged the administrative NWS HQ structure. Many functions, both new and evolving, were often placed within a HQ office jurisdiction due to skill sets of the employees rather than organizationally where the function made sense. Over time, several offices within HQ lost role clarity, and many lost budget authority over areas they were considered responsible for. The restructuring of the NWS budget provided an opportunity to explore changes to the NWS HQ organization that would improve role clarity, return budget authority to the appropriate leaders, and improve accountability and performance. In August 2013, NWS gathered feedback on functional needs, priorities, issues, and gaps to better support NWS field offices in providing observations, forecasts, warnings, and associated services necessary to build a Weather-Ready Nation. The process was inclusive of the NWS's employees' union, the National Weather Service Employees Organization (NWSEO). The feedback was consolidated into 27 major findings or gaps.

In September of 2013, the NWS Budget and Headquarters Restructuring Project was established by NWS leadership, who charged a HQ Transition Team with developing a new HQ organizational structure and associated NWS Governance Document, based on the 27 identified findings and gaps. From the onset of the project, NWS leadership consistently communicated that this effort was not about creating a smaller NWS, but about creating a smarter and more efficient NWS that aligns to the new budget structure and is able to work toward the strategic outcome of Building a Weather-Ready Nation. The team researched government-wide best practices from organizations such as the Government Accountability Office (2012) and The Bridgespan Group (2009) and other international meteorological agencies and organizations across the world including the World Meteorological Organization (WMO), the UK Met Office (UKMO), and the Australian Bureau of Meteorology (BOM), as well as recommendations of past NWS teams.

In December 2013, the HQ Transition Team developed three options for the future NWS HQ organization structure with pros and cons. The first option was status quo, which primarily consisted of clarifying functional responsibilities. A second option was an organizational structure that assigned budget planning responsibility to "portfolio leads" largely outside of the primary HQ structure. A third option was an organizational structure that created six HQ Portfolio Offices directly aligned with the portfolio-based budget structure and responsible for budget planning, budget execution, and management of HQ functions for their respective budget portfolios.

The NWS Director chose the third option. The key factor driving this decision was a clear linkage between the HQ office structure and the new portfolio-based budget structure, described in detail below. Further, this organizational structure was very different than the current structure, which helped signal internally and externally that fundamental change was required to move forward.

The new proposed HQ structure directly aligned budget and management authority in NWS HQ with one-to-one relationships between the six HQ Portfolio Offices and the six budget portfolios described in section "Budget Restructuring" to empower and establish clear lines of accountability for budget planning

through execution (Fig. 4). Each Portfolio Office Director is responsible for end-to-end planning and budget execution across labor and nonlabor portions of the budget. The UKMO is similarly organized along the functional lines of the forecasting process, which served as an example for the NWS.

The reorganization also created the Office of the Chief Operating Officer (OCOO) and the Office of Planning and Programming for Service Delivery (OPPSD). The OCOO overseeing the "operations side" of the organization was created to enhance integration across the mission operations offices and the HQ "Analyze Forecast and Support Office" which supports the field. With the creation of the OCOO, the NWS, for the first time, established one office that manages the requirement process and mission operations of the entire NWS field structure. Key roles of the OCOO are to ensure accurate, effective, and consistent delivery of operational products and services, prioritize operational requirements to meet the mission of the NWS, and enhance integration between field offices and HQ in coordination with the offices under OPPSD.

The OPPSD side of the organization was created to house the primary mission enabling functions of the NWS and to develop solutions to the requirements generated on the operations side of the organization. The main role of the OPPSD office is to connect strategic planning with annual planning, ensure the functional integration across all Portfolio Offices to select the best mix of programs and projects to meet field requirements and achieve NWS strategies, and enable corporate engineering standards across portfolios. This change also removed the programmatic planning function for current and out-year budgets from the Office of the Chief Financial Officer (OCFO), a substantial functional and cultural change for the OCFO which had morphed into an office that made both budget and programmatic decisions for the organization, usually with minimal input from HQ or field programmatic offices, as indicated in section "Budget Restructuring." The new HQ organization is designed to better align roles and responsibilities for programmatic and budget planning with leaders most qualified to develop these plans to meet field requirements, accomplish the mission, and evolve the NWS toward the science-based, service agency envisioned in the NWS strategic plan and the NAS and NAPA Academy reviews.

Additional new offices were created to streamline, add, or increase authority of vital functions. The Office of the Chief of Staff was created to create greater synergy across several corporate staffing functions including Congressional Affairs, Communications, and Equal Opportunity and Diversity Management. The Office of the Chief Learning Officer, reporting directly to the Deputy Assistant Administrator, was created to raise visibility of the importance of education and training for the entire workforce. Previously, this function was buried within a HQ office that could not obtain the support required to provide essential training for the organization, leading to major shortfalls in training and exclusion of training for nonoperational employees. Elevating training decisions ensured that NWS continues to invest in its workforce. The reorganization also created an Enterprise Risk Management and Internal Audit Office, bringing a much needed internal review process to enterprise-level risks and issues and largely modeled after the UKMO, and an Office of Organizational Excellence to focus on long-term strategy, external partnerships, organizational health and culture, and continued maintenance of the NWS Governance Document, described in section "Governance." The reorganization also created the National Water Center, now Office of Water Prediction, reporting to the Office of the Chief Operating Officer to develop and deliver state-of-the-art hydrology prediction and related decision-support services.

The HQ Transition Team spent the spring and summer of 2014 developing roles and responsibilities of each office, division, and branch based on the proposed HQ organizational structure, working extensively with all HQ managers. Over 700 HQ positions had to be mapped from the previous HQ structure to the new structure, along with 34 Senior Executive Service (SES) positions, contracts, and property while redefining NWS organizational coding. The NWS submitted a reprogramming package to notify Congress of

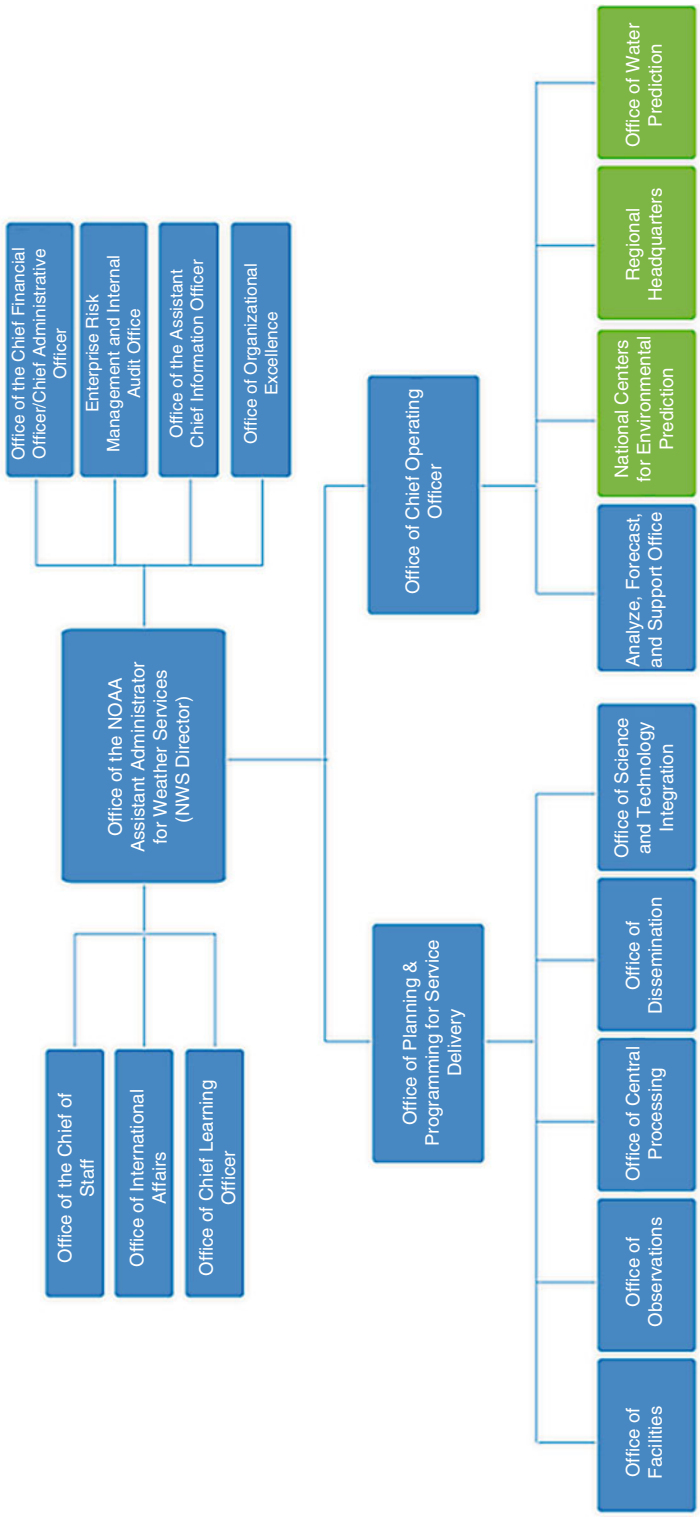


**Restructuring the National Weather Service to Build a Weather-Ready Nation, Fig. 4** NWS organization chart after the reorganization. Blue boxes represent HQ offices after the reorganization. Green boxes represent field offices

the NWS's intent to reorganize, and in the autumn of 2014, Congress acknowledged with no objections to the proposed HQ organization.

In November 2014, the final reorganization package was submitted to NOAA Workforce Management Office (WFMO) for review and eventual implementation. A HQ Implementation Team led by Steven G. Cooper, a senior manager from field operations and acting Southern Region Director at the time, was assembled to coordinate and lead implementation, ensuring all budget and administrative support systems (travel, human resources, etc.) were updated accordingly. Further, the Implementation Team's ability to coordinate across NWS and NOAA were critical to its success. On April 1, 2015, both the budget restructure and the HQ reorganization simultaneously went into effect, less than 2 years after the initial start of the effort. Office Directors accepted responsibility and were expected to assign resources to the functions defined in their respective offices.

## Governance

### Process to Develop the NWS Governance Document

In order to effectively operate within the restructured budget and reorganized HQ, NWS required a governance that defined the business-related roles, responsibilities, authorities, policies, and processes across the entire organization. Defined governance processes are essential to effectively and inclusively develop a resource management strategy, promote checks and balances and scientific decision-making, and improve strategy implementation and overall performance (Xue and Guo 2013). Prior to 2013, no comprehensive governance document existed in the NWS. While some budgeting and decision-making roles, responsibilities, and processes were defined, they were not connected, and individuals were often not held accountable to follow them. The primary senior-level corporate decision-making council at the NWS was the NWS Corporate Board. In 2012, in the wake of the 2012 Antideficiency Act violation, the Administrator of NOAA instructed the NWS Director to examine the membership, roles, and responsibilities of the Corporate Board.

The internal review found that the NWS Corporate Board should be terminated. The Corporate Board was large, with a majority of the NWS Senior Executive Service as members and with no clear process for setting priorities, establishing annual milestones and budget plans, and defining execution strategies, making it a difficult environment to make decisions. The culture of decision-making in the NWS at the time did not allow for decisions to be made at appropriate levels within the organization, resulting in a decision-making bottleneck and preventing NWS senior leadership from focusing on top priorities and issues. Further, the meetings were often a mixture of strategic and tactical issues, hampering its ability to focus on strategic initiatives or an effective change management process.

To fix these issues, the NWS researched best practices and case studies from other agencies. The team learned from the UKMO's robust annual planning process, which was integrated into their strategic and budget planning processes and which was fully transparent and inclusive of all offices within the UKMO. To improve decision-making, the team learned from an effort at the Australian Bureau of Meteorology (BOM) to improve their decision-making process. At one time, the BOM suffered from similar issues as the NWS. The BOM organization structure was insufficient for engendering a sense of authority over priorities and decisions, and they had unwieldy corporate bodies that were ineffective in driving toward agency-wide priorities. To rectify this, BOM created a smaller body at the top of the organization that focused on a few key strategic issues but relied on several substructures that focus on operations and administration. The BOM example illustrated that establishing clear roles and responsibilities and pushing down day-to-day operational and business decisions when appropriate are key to a successful corporate decision-making process. Consider also the case of the US Department of Housing and Urban Development (HUD) under Former Secretary Henry Cisneros. Cisneros removed the regional

office level and sent approximately 1000 employees to work within local offices. As a result, the agency reported greater decision-making and less resistance in implementing ideas (Posner and Rothstein 1994). Similar to these case studies, NWS has found that pushing decision-making to lower levels of the organization empowers the workforce and accelerates the incorporation of new ideas into the agency, improving morale and promoting more effective and efficient operations.

In early 2014, NWS instituted a transitional governance that guided NWS planning, budgeting, and decision-making as the NWS transformed its HQ and budget structure. The transitional governance helped shift the governance culture of the organization by promoting transparency and inclusiveness in planning and budgeting across HQ and field offices.

Beginning in January 2014, the HQ Transition Team, also leading the HQ reorganization, began developing the long-term NWS Governance Document that would go into effect after the reorganization and budget restructure. The team was also supported by a small group of three contractors with experience in business process reengineering and project management. The HQ Transition Team established seven Integrated Working Teams (IWTs) associated with each of the proposed governance chapters, to research best practices and ensure the governance development process incorporated a broad set of perspectives from across the organization. Each team consisted of approximately a dozen middle- to senior-level managers from across NWS HQ and field offices and was led by a member of the HQ Transition Team. Table 1 provides a description of the seven chapters developed by these teams. It is worthwhile to note that while the term "governance" often only includes processes associated with decision-making, the NWS Governance Document includes a larger set of business processes spanning strategic and annual planning, budgeting, execution, decision-making, and risk management.

The draft chapters and a shorter Governance Overview Document were sent to all NWS senior executives and senior-level NWS Office Directors for their review. The HQ Implementation Team received and adjudicated 500+ comments. This review process, while time-consuming, was based on the tenets of transparency and inclusiveness that are manifested within governance itself. As a result, the governance gained broad support and was signed and adopted by all 38 senior leaders in April 2015, concurrent with the budget restructure and HQ reorganization. At this time, it was also decided that the governance would be reviewed on a yearly basis and updated based on lessons learned. Since then, the NWS developed and conducted governance-related communications and training and, a year later, performed a thorough review of NWS Governance v1.0, as intended. The review included feedback from NWS senior executives, managers, and employees and resulted in a NWS Governance v2.0 which was finalized and signed in September of 2016. NWS is currently in the process of developing Governance v3.0. NWS has also begun developing and tracking governance performance metrics to quantitatively evaluate the effectiveness of the governance and has implemented a Governance Improvement Advisory Board of NWS council secretaries to identify and recommend areas of continuous improvement.

## Aspects and Benefits of the NWS Governance Document

The NWS Governance Document addressed many long-standing organizational issues at the NWS. Table 2 describes the improvements made by the NWS Governance Document, the most notable of which include aligning budget authority with management authority in the newly reorganized HQ structure and institutionalizing a transparent and inclusive process for planning, programming, budgeting, and executing NWS's programs and projects rooted in portfolio management and which optimizes the agency's resources.

In the governance, Portfolio Directors with technical expertise are empowered to make most budgetary decisions across the entire multi-year budget cycle and across the matrixed NWS HQ and field structure, driving efficiency, consistency, and progress to deliver weather, water, and climate services to the Nation. Financial controls are

**Restructuring the National Weather Service to Build a Weather-Ready Nation, Table 1** Title and description of each NWS Governance chapter

| Chapter | Description |
|---|---|
| Strategic management | The strategic management governance chapter defines the process by which NWS develops strategic goals, objectives, and priorities and the process by which these strategies connect to and influence NWS programmatic and annual plans and budgets |
| Budget formulation | The budget formulation governance chapter provides direction on planning, preparing, formulating, and submitting the NWS budget to NOAA, DOC, and OMB for eventual inclusion into the President's budget to Congress |
| Portfolio management | The portfolio management governance chapter defines the disciplined and integrated approach to identify and prioritize NWS requirements and allocate resources to select the best mix of executable programs and projects to meet those requirements within the NWS portfolio budget structure |
| Annual planning | The annual planning governance chapter defines the annual process for developing organization-wide budgets, plans, and milestones rooted in portfolio management and driven by long-term strategic goals, objectives, and priorities articulated in corporate planning documents, including NWS strategic plans and the President's budget |
| Budget and program execution and evaluation | The budget and program execution and evaluation governance chapter details how the NWS budget is executed, the roles of OCFO, Portfolio Offices, Execution Offices, and the different types of internal and external budget and program evaluations. The process initiates at the start of the fiscal year with an appropriation and outlines all the steps required to execute budgets, programs, and projects, including quarterly program reviews of all NWS portfolios, crosscutting programs, and field activities |
| Corporate decision-making | The corporate decision-making governance chapter defines the process for making informed decisions on issues and plans that cut across multiple NWS offices, Portfolio Offices, and/or Execution Offices, requiring input from leaders with diverse expertise and perspectives to select the most appropriate course of action. The chapter defines four corporate councils that make these corporate decisions |
| Enterprise risk management | The enterprise risk management (ERM) governance chapter defines a framework by which the NWS identifies, assesses, controls, measures, and monitors various risks and opportunities for achieving the organization's strategic and financial objectives. Enterprise risk management within NWS is distinct from program or project risk analysis and assessment. ERM is a process effected by the NWS's leadership, management, and other personnel and is applied in strategy setting and across the whole agency |



still preserved within the OCFO. Since the federal government requires each agency to submit budget requests to Congress several years in advance, a robust planning process is required. Having a single Portfolio Director with subject matter expertise in charge of the multi-year budget cycle for their portfolio supports effective and efficient planning and management of resources connected across the budget timeline. Further, as all HQ and field offices throughout the NWS receive their budgets from one or more of these portfolios, all offices are effectively matrixed into the portfolio structure during the budget planning process, driving consistency, collaboration, and collective planning.

Portfolio Directors identify investments based on validated field requirements, coordinate across portfolios to include all impacted offices, quantitatively and transparently evaluate investments based on evaluation criteria, approve the investments (some of which may be raised to a corporate decision-making council, as described below), and then prioritize the investments based on other programs and projects, all for the purpose of moving the organization toward its mission, vision, goals, and priorities. This portfolio

**Restructuring the National Weather Service to Build a Weather-Ready Nation, Table 2** Benefits gained after the implementation of the NWS Governance Document

| Before Governance Document | After Governance Document |
|---|---|
| Governance and HQ management structure not optimized or documented | Governance aligns budget authority with management authority in a reorganized HQ and is transparent internally and externally |
| Budget formulation not aligned with annual programmatic planning | The Portfolio Offices, with oversight by OPPSD, manage the entire 3-year budget cycle from budget formulation to budget execution |
| Limited visibility and understanding into strategic management, budget formulation, and annual planning | Entire agency, including the field, directly contributes to strategic management, requirement identification, budget formulation, and annual planning through an annual planning process, annual planning meeting, budget formulation process, and strategic planning meeting |
| Requirements management is not consistently practiced and is not connected with budgetary decision-making | Roles and responsibilities for the requirements process are defined, and the process is directly connected to the portfolio management process |
| Poor communication and relationship across HQ and field | Governance promotes a collaborative team culture and approach across HQ and field to plan and manage the mission critical programs and projects of the NWS and ensures communication, inclusiveness, and transparency in the process |
| Operations offices make their own programmatic decisions, leading to inconsistencies across offices and duplication of effort | Portfolio management process improves resource allocation, drives efficiency and effectiveness, and reduces duplication and inconsistencies across the NWS |
| Corporate decisions often made at HQ with limited visibility into how NWS decisions are reached | Establishment of four corporate decision-making councils with membership across HQ and field leadership ensuring inclusiveness and transparency and protecting against personality-driven management |
| No formalized process for enterprise risk management or performance management | Governance develops an Office of Enterprise Risk Management (ERM), an ERM Council, and ERM Governance chapter and provides a foundation for performance management and evaluation |
| Executing offices are not accountable for executing to agreed-to programmatic plans and budgets | Use of a spend plan agreement between OCFO, Portfolio Offices, and executing offices ensure all offices are accountable based on the agreed-to formulated plan and associated budget. Quarterly program reviews have led to more programs and projects executed on time and within budget |

management process leads to better decision-making based on strategic prioritization and more effective and efficient use of resources.

The governance also defines an out-year budget formulation and planning process for delivering the budget request to Congress and an annual planning process for identifying annual programmatic plans and spend plans associated with NWS's annual appropriations. Both planning processes are transparent and inclusive of both HQ and field offices. In the budget planning and formulation process, Portfolio Directors identify ongoing and new program and project requirements and resource allocations coordinated by OPPSD and then work with OCFO, NOAA, and DOC to develop budget justifications. In the annual planning process, Portfolio Directors identify and prioritize programmatic plans based on validated operational needs and estimated budgets formulated in the previous budget cycle. Both planning processes contain planning meetings defined in governance, approximately 6 months offset from each other, which include all NWS HQ and field senior leadership to ensure the

process is inclusive and transparent. These planning meetings also provide time for unique programs that crosscut multiple portfolios to identify and discuss interdependencies. The crosscuts are built into the governance and budget process and include social science, training, and international activities. As noted above, both planning processes require a set of validated, prioritized requirements to base their resource management decisions. Field offices with OCOO are responsible for collecting, identifying, analyzing, vetting, and prioritizing these requirements based on the strategic priorities of the NWS, and the Portfolio Directors are responsible for developing budget and programmatic plans to address these requirements.

At the conclusion of the annual planning process, the Portfolio Directors, the OCFO, and each HQ and Field Office create a spend plan agreement that defines the milestones and associated budgets that will be executed over the subsequent year. This is an important attribute of the new process as the planning and execution of projects are facilitated by the knowledge that resources cannot be arbitrarily repurposed at the end of the fiscal year, as was occasionally done in the past. Since many of the executing offices are under the chain of command of the OCOO but are provided budgets by the Portfolio Directors under a different chain of command (Fig. 4), these spend plan agreements ensure that the annual plans are executed as intended. Annual programmatic and budget plans are then tracked throughout execution through a quarterly program review, which reviews the plans, budgets, and status over 250 NWS activities and/or projects.

The NWS Governance Document also contains chapters on corporate decision-making and enterprise risk management. Strong decision-making is a key aspect of strong leadership and is a critical component of well-functioning organizations. Corporate decision-making refers to those high-impact decisions that cut across multiple NWS offices and require input from a variety of managers to select the most appropriate course of action. Corporate decision-making councils bring transparency to the decision-making process, unify HQ and field leadership, and ensure opinions from across the organization are heard for key decisions.

There are four corporate decision-making councils in the NWS (Fig. 5). The Executive Council is a small, focused body responsible for making strategic decisions for the agency, with membership consisting of the Director, Deputy Director, COO, OPPSD Director, and CFO. The Mission Delivery Council, chaired by the COO, oversees the requirements process and approves

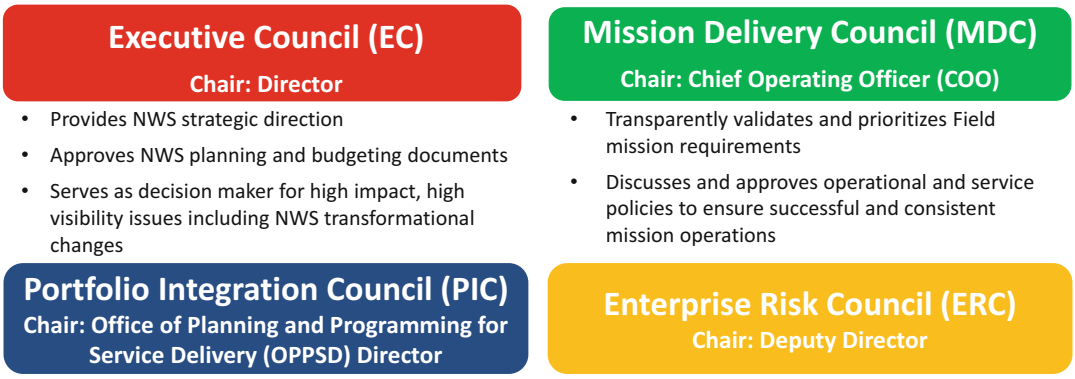


**Restructuring the National Weather Service to Build a Weather-Ready Nation, Fig. 5** The four NWS Corporate Decision-Making Councils as defined in the NWS Governance Document

operational and service delivery policies to ensure successful and consistent mission operations. The Portfolio Integration Council, chaired by the Director of OPPSD, is focused on cross-portfolio integration to ensure that the budgets and timelines of NWS programs and projects across multiple portfolios and across the 3-year budget cycle are threaded together to achieve mission outcomes. Finally, the Enterprise Risk Council, chaired by the NWS Deputy Director, identifies and monitors enterprise risks and issues and approves mitigation strategies.

## Reasons for Success and Lessons Learned

It took the NWS roughly 2 years to design, receive all approvals, and implement the budget restructure, HQ reorganization, and Governance Document and all within existing human and budgetary resources. The success of these efforts can be traced to a number of key factors:

1. **Strong vision** – NWS advocated for a strong and effective customer-centered strategic outcome, "Building a Weather-Ready Nation," which was embraced by the NWS workforce and became a strategic priority by NWS's parent organizations.
2. **Utilizing a challenge to move forward with the sense of urgency** – One of the key elements of successful change management is to utilize a challenge to create a sense of urgency (Kotter 1996). NWS concurred with the NAPA review recommendation that NWS couldn't continue to operate within the old HQ and budget structure to (1) effectively plan and budget for today's operations and (2) work toward the future NWS vision of a Weather-Ready Nation. Furthermore, there was evidence that NWS employees felt frustrated by the old structure that left many HQ offices disenfranchised in the budget process. As a result, NWS used these recommendations to convince stakeholders and the workforce that NWS needed to change the budget structure and realign HQ support functions immediately to correct previous deficiencies and to transform NWS HQ into a more effective service-oriented organization responsive to NWS's operational needs today and into the future.
3. **Engagement** – The NWS senior management team engaged in regular and timely communications at all levels of the government, including NOAA, DOC, OMB, Congress, the NWS's employees' union, industry partners, and most importantly NWS's managers and employees. This outreach was critical for success.
4. **Involvement** – The budget restructure, HQ reorganization, and governance development effort directly involved nearly 150 employees, leveraging a diversity of expertise from across the organization. This purposeful engagement and the associated culture of collaboration, transparency, and inclusiveness were critical to the successful rapid implementation and adoption of the effort by the workforce.
5. **Complementary activities** – By designing the budget structure, HQ organization, and Governance Document to all build on each other and by ensuring they were enacted simultaneously, it improved understanding of the effort, reduced conflicts between old and new processes, and increased the probability that the changes would take hold.
6. **Heavyweight teams** – Clayton Christensen in the book "The Innovator's Dilemma" describes the use of small, motivated, agile teams attached to senior leadership in situations where the proposed change fits with the organization's values but not with the organization's existing processes (Christensen 2000). The budget restructure, reorganization, and governance activities fit these criteria. NWS empowered a small, agile, heavyweight team of leaders, many of who were in their early to mid-careers and motivated to make significant, lasting change for the NWS that would impact their careers. With top management support, these teams were empowered to leverage input from across the organization to create and implement the changes quickly and effectively.

7. **Understanding level of support** – The team, through continuous engagement, adjusted expectations based on what could and could not be accomplished given the sentiment of NWS's workforce, its employees' union, partners, and stakeholders. For instance, changing working conditions was an element of the reorganization that would have encountered strong opposition from NWS's employees' union, NWSEO. As a result, the NWS did not pursue changes that were negotiable at first, but instead focused on changes within management's rights. It was then easier to negotiate changes in working conditions on a case-by-case basis after the reorganization.
8. **Continual leadership attention and feedback** – Through the heavyweight team structure, NWS leadership provided continual attention, guidance, and unwavering support throughout the entirety of these change efforts, removing roadblocks, making adjustments based on lessons learned, and paving the way to success.

NWS must remain vigilant to ensure that the organization continues to move forward. As with every change management effort, sliding backward is always a risk. Further, change in the federal government is often more difficult than in industry, as change and innovation are often at odds with conservative bureaucratic culture (Cels et al. 2012). Thus, it is even more important for NWS to battle these headwinds with a sustained effort to continually engage with stakeholders and employees, communicate, incorporate feedback, reassess, analyze, and improve.

## Conclusions

From 2013 to 2015, the NWS planned and implemented an ambitious restructuring of its Congressional budget, reorganization of its Headquarters, and development of a new governance to define core business processes, all within existing resources, and completed within a short two year period. These actions were initiated in response to serious budgetary mismanagement issues and multiple National Academy reviews recommending that foundational reform of budgetary and management structures and processes were needed. In 2016, after the effort was completed, the NAPA Panel on Executive Organization and Management commended the NWS for:

- Adopting, tracking, and reporting on the NAPA recommendations provided in the study.
- Rebuilding basic competencies and orienting the NWS toward the outcomes it wants to achieve.
- Relating organizational units and resources to mission success.
- Engaging internal and external stakeholders in support of mutual goals.
- Addressing governance and change management as a shared responsibility of management and employees at all levels, and through the use of a carefully and inclusively developed NWS Governance Document, all NWS senior leaders are aligned in the support of the roles, responsibilities, and processes therein.
- Accomplishing the budget restructure, HQ reorganization, and governance development in roughly 2 years, greatly exceeding expectations.

Elements of the transformation instituted at the NWS are also in the process of being implemented at other line offices in NOAA, and a large component of the US Geological Survey has already used this framework to restructure their organization. In summary, this effort is a successful example of federal government reform that is improving NWS's service delivery to the Nation.

These changes to NWS's budget, organization, and governance have also provided a solid foundation from which to tackle future transformational changes to NWS's operating model that are ultimately needed to achieve the Weather-Ready Nation vision and create an NWS that is second to none. The ultimate goal of the NWS as embodied by its mission statement is not just to provide weather, water, and climate information but to do so "for the protection of life and property and the

enhancement of the Nation's economy" (National Oceanic and Atmospheric Administration 2011). Overall, NWS employees are highly motivated and inspired by NWS's mission, as described in the book "Mission Mystique" (Goodsell 2011), which will help catalyze future change to fully realize this incredibly important mission.

To fully realize its mission, NWS will need to increasingly commit its resources toward understanding and prioritizing the needs of its core governmental partners working in emergency management, water management, disaster management, aviation, and other closely related fields as was recently codified in the Weather Research and Forecasting Innovation Act signed into law in April 2017 (H.R. 353, 2017). NWS accomplishes its mission of protecting life and property in large part through these partners. Addressing partner requirements and needs will, with increasing agility, transparency, and effectiveness, flow through the budget and realigned NWS HQ described in this paper to produce an ever more responsive set of tools, products, and services delivered from the NWS to those partners.

Of course, this won't be easy. Getting there will require a robust requirements process, changing what and how the NWS measures itself and applying change management techniques. Notably, it will also require the NWS culture to become more customer-centric. Yet, by leveraging NWS's new budget, organization, and governance, NWS is poised to evolve its products and services and engage with its partners, customers, and stakeholders to advance the United States' weather, water, and climate enterprise and work together to build a Weather-Ready Nation.

## Cross-References

► Governance
► Governance and Public Administration

## References

Blank R (2012) Letter written November 21, 2012 to The Honorable Gene L. Dodaro Retrieved 21 Nov 2012, from http://www.gao.gov/assets/670/661921.PDF
Bridgespan Group (2009) Designing an effective organization structure [PowerPoint Slides]
Brook DA (2012) Budgeting for national security: a whole of government perspective. J Public Budgeting Account Financ Manag 24(1):32–57
Cels S, De Jong J, Nauta F (2012) Agents of change. Brookings Institution Press, Harrisonburg
Christensen CM (2000) The Innovator's dilemma. Harper Business, New York
Grant Thornton (2013) Final report for the financial analysis of the national weather service, Order Number: EA-1330-12-NC-1264
Goodsell CT (2011) Mission mystique: belief systems in public agencies. CQ Press, Washington, DC, 273 pp
Gore A (1993) From red tape to results: creating a government that works better and costs less (rep.). Office of the Vice President, Washington, DC
Government Accountability Office (2012) Streamlining government: questions to consider when evaluating proposals to consolidate physical infrastructure and management functions, Rep. No. GAO-12-542. U.-S. Government Accountability Office, Washington, DC, pp 1–55
Kotter JP (1996) Leading change. Harvard Business School Press, Boston
National Academy of Public Administration (NAPA) (2013) Forecast for the future assuring the capacity of the National Weather Service (Rep. No. 2174). National Academies, Washington, DC
National Oceanic and Atmospheric Administration (2011) NOAA's National Weather Service Strategic Plan. National Weather Service, Washington, DC
National Research Council (NRC) (2012) Weather Services for the Nation: becoming second to none. The National Academies Press, Washington, DC. https://doi.org/10.17226/13429
Posner BG, Rothstein LR (1994) Reinventing the business of government: an interview with change catalyst David Osborne. Harvard Business Review, Boston
Weather Research and Forecasting Innovation Act, H.R. 353, 115th Congress (2017)
Xue Y, Guo Y (2013) Corporate governance effects of strategy-making process. Manag Des Eng 12:1838–5745

# Results and Output-Based Budgeting

Lauren Ellul
Faculty of Economics, Management and Accountancy, University of Malta, Msida, Malta

## Synonyms

Performance information; Performance targets; Performance-based budgeting; Results-oriented budgeting

## Definition

Results and output-based budgeting (also referred to as performance-based budgeting) is defined as budgeting that links the funds allocated to measurable results.

## Introduction: Towards Results-Oriented Budgeting

Budgeting is a multifunctional tool, aimed at fulfilling a number of simultaneous purposes. Planning, management, and control processes form part of every budgetary system (Schick 1966). Decision-making is also a key process that is facilitated through the utilization of the budgetary tool (Zimmerman 2003). In the context of the public sector, control over public funds and accountability to the citizens are amongst the main functions of budgeting (Wildavsky 1978). The budgeting process assists decision makers within the public administration to allocate limited resources amongst the several competing programs; at the same time, it seeks to control public officials' spending through the determination of a specific amount of funds earmarked for each ministry's and department's planned activities.

"Budgeting always has been conceived as a process for systematically relating the expenditure of funds to the accomplishment of planned objectives" (Schick 1966: 244). In a sense, this statement, made around 50 years ago, emphasized the orientation of budgeting towards the achievement of results, in that it linked projected spending to the attainment of pre-established plans and goals. Yet, the traditional view of budgeting, which has been resilient over a number of years and which is still very popular across a considerable number of countries, focuses mainly on input control and resource allocation, rather than on outputs and deliverables.

Notwithstanding the prevalence of traditional budgeting, the need for budgetary reform has been felt in various countries, triggered by the ever-increasing demand for services from the public in a scenario where government revenue is constrained. In addition, the citizens' expectations of enhanced government accountability and transparency are also setting off budgetary reforms. Yet another factor which might be pushing a number of EU governments to reform their budgetary framework is the requirement to comply with the fiscal deficit and debt targets imposed by the Maastricht criteria for qualification and participation in the Economic and Monetary Union, which criteria necessitate countries to exert tight control on their spending. In this regard, results-oriented budgeting seeks to make governments more effective and efficient, by establishing a link between the achievement of pre-established objectives and the resources/inputs required for such purpose. Results-oriented budgeting shifts the orientation of the budget from an emphasis on inputs, to a focus on performance and outcomes. It seeks to connect public spending to the value generated for the citizens and the benefits created for the country.

Results or output-based budgeting is often referred to as performance budgeting and because of this, these two expressions are henceforth used interchangeably in the text.

The purpose of this entry is to discuss and explain results-oriented budgeting, a budgeting system/process aimed at aligning budget allocation decisions with performance targets and measurable results. The rest of the document is structured as follows: firstly, traditional line-item budgeting is described, highlighting its strengths and limitations; next results-oriented budgeting and its impact on resource allocation in the context of the budget process is explained; this is then followed by a discussion of the objectives of result-oriented budgeting together with the challenges encountered when implementing such a system; finally, an overview of the diverse implementation strategies adopted for performance budgeting is given.

## The Traditional Budget

The content of the traditional budget comes in the form of line-items of expenditure, including, for instance, personnel emoluments and operational and maintenance expenses. This budget system involves the establishment of expenditure ceilings in respect of each line item incorporated in the

budget. Forecast expenditures for the next fiscal year are commonly presented in two budgets, one comprising projected capital expenditure and the second one incorporating government's recurrent activities by expenditure categories. The strengths of the traditional budget lie in its relative simplicity and in the control exercised on public expenditure through the stipulation of spending caps which cannot be exceeded (Shah and Shen 2007).

However, the traditional line-item budget suffers from a number of limitations, including its short-sightedness, whereby focus is placed on changes in expense categories from one year to the next. An incremental approach is adopted, such that ministries and departments expect the same budget allocations of the previous year, adjusted upwards by an appropriate percentage aimed to cover for inflation. The incremental basis does not allow for a review of the performance of government programs and activities, since it assumes that no improvements can be effected on last year's allocations. In view of the lack of performance measurement, the effectiveness of programs undertaken cannot be determined and thus, elements of waste cannot possibly be identified and addressed, since they are ingrained in the system. Furthermore, traditional line-item budgeting is especially problematic where government needs to effect spending cuts in order to promote fiscal consolidation or, for example, to reach the country's fiscal deficit target in order to comply with EU obligations. In these circumstances, expenditure cuts are often carried out across all programs without considering their impact on the performance of such programs, rather than targeting budget allocations covering inefficient or ineffective programs. Across-the-board budget cuts might harm sensitive sectors which might already be functioning under tight funding conditions (Murray and Efendioglu 2011).

## The Concept of Performance Budgeting

The concept of "performance budgeting" has been used as the antithesis of traditional budget procedures and formats (Van Reeth 2002). Attempting to address the shortcomings of traditional systems, results-oriented budgeting entails making budget allocation decisions based on program goals and measured outputs/outcomes. In this regard, public organizations are increasingly incorporating results data in their budgeting practices. Comparing results-oriented budgeting with the traditional approach, the former concentrates on the results attained from the expenditure rather than on the funds spent – on what money can buy rather than on fund availability.

Performance budgeting has been defined as any reform that seeks to incorporate output measures in the budget process (Kong 2005). Joyce (1999: 598) defines performance budgeting as involving "a sophisticated web of relations, from inputs to outputs, to outcomes… the connecting of resources to results for budgeting purposes." Results-oriented budgeting, thus, implies that an increase in resource allocation will lead to a corresponding growth in the deliverables. OECD (2008: 3) has defined performance budgeting as "budgeting that links the funds allocated to measurable results." OECD (2007) has identified three categories of performance budgeting: presentational, performance-informed, and direct (formula-based budgeting). These categories are summarized in Table 1.

In presentational performance budgeting, performance information is included in budget documents as background information for enhancing accountability. Such information does not affect decision-making and does not impact resource allocation. As regards performance-informed

**Results and Output-Based Budgeting, Table 1** Performance budgeting categories

| Type | Linkage between performance information and funding | Main purpose in the budget process |
|---|---|---|
| Presentational | No link | Accountability |
| Performance-informed budgeting | Loose/indirect link | Planning and/or accountability |
| Direct performance budgeting | Tight/direct link | Resource allocation and accountability |

Source: OECD (2007: 21)

budgeting, performance information is utilized in budgetary decision-making, but it does not determine what funds will be allocated to government's programs and activities. Thus, resource allocation is affected by past and future performance only indirectly. Where direct performance budgeting is adopted, the amount of funding allocated is based on results attained in the previous period. Such funding is determined on the basis of a formula containing pre-established performance indicators. This type of performance budgeting is only used in selected sectors, like health and education.

An essential precondition for the operation of results-oriented budgeting involves the development of performance measures, including output and outcome measures (Robinson and Brumby 2005). A performance measure has been defined as a "quantifiable expression of the amount, cost, or result of activities that indicate how much, how well, and at what level, products or services are provided to customers during a given time period" (Office of Financial Management 2011: 1). Performance measurement seeks to assess whether progress has been made in attaining the targets. In the context of the public sector, it sheds light on the effectiveness of a budget program, such that policymakers would be able to establish whether the allocated funds are producing the desired results.

## Objectives and Challenges

Results-oriented budgeting initiatives have had a number of objectives, including improving allocation decisions, boosting fiscal consolidation, and enhancing transparency and accountability.

A results-oriented budget aims to enhance the decision-making process covering the allocation of budget funds, by providing public officials with relevant information on program performance expected to be reached through the funds voted. Renewal of the funding of existing programs in the following year is based on an analysis of the success or otherwise of such programs in attaining the performance targets (Gilmour and Lewis 2006).

Results-oriented budgeting is also linked to macro-level goals, since the level of government spending affects fiscal sustainability (Robinson and Brumby 2005). It is useful for identifying ineffective programs and targeting spending cuts to such programs. If productive efficiency is improved such that elements of waste and ineffective programs are eliminated and public services are delivered at lower overall costs, other things being equal, government expenditure would decrease. This would, in turn, lead to a reduction in the tax burdens of citizens or in the undertaking of new programs and initiatives by government (Robinson and Brumby 2005).

The allocation of funds by programs and the development of performance indicators and measures facilitate the public's understanding of government's success in achieving the outputs and outcomes being pursued (Shah and Shen 2007). Therefore, a results-oriented budget provides the citizens with a tool of accountability and transparency for the results attained by the public administration. Performance measurement assumes fundamental importance in the public sector since the civil service is dealing with public funds and it, thus, owes responsibility and accountability for the delivery of products and services to the citizens.

Results and output information can thus be used to hold public officials and civil servants responsible for the actual performance of their programs and departments. Holding public officials accountable for their performance is important for gaining their commitment and dedication to achieve the pre-established targets. This calls for setting achievable and realistic, albeit, challenging targets. In circumstances where the expected outputs and outcomes are not attained, the reasons for such underperformance must be identified and justifications must be sought before holding any person responsible for the under achievement. Indeed, there could be factors affecting the attainment of performance targets which are beyond the public officials' control. For instance, political interference such as decisions which override the financial estimates, or expenditure cuts effected by the central agency during the year for fiscal deficit reduction

purposes, might negatively affect the achievement of certain pre-established targets. Thus, outcome information should be principally targeted at bettering future allocation decisions and performance, rather than to penalize civil servants for past underperformance.

Nevertheless, if it is established that the public official is responsible for the achieved performance, the person involved has to be rewarded or sanctioned accordingly. This necessitates setting up a system of rewards and sanctions for rewarding public officials who achieve the targets and punishing civil servants who perform inadequately (OECD 2007). There are a number of options for reward and sanction mechanisms that could be applied, including, amongst others, linking the performance bonuses awarded and/or the career progression prospects of public officials to the attainment of pre-determined goals; allocating to the department that has achieved its targets, a higher budget in the subsequent year; and allowing a department/ministry who performed satisfactorily to carry forward unspent funds for use in the following year. In order to avoid as much as possible dubious individual behavior, such as greedy behavior or attempts at data manipulation, it might be advisable to set rewards and sanctions at an entity level, rather than at a personal level (Burgess and Ratto 2003).

Notwithstanding the various merits of results-oriented and output-based budgeting, there are several challenges to the implementation of such a system. One issue which arises is how to utilize outcome information for the purpose of allocating resources (Aristigueta and Justice 2006). If the target was not attained, should the program be stopped because it is wasting public money or should the allocated budget be increased because the ineffectiveness is a result of underfunding? Alternatively, if the performance information shows that an activity is effective, should government allocate more funds to produce more outputs and outcomes or should it reduce the program's budget on the grounds that it will still generate the desired results?

Another challenge relates to the fact that though performance information is used to support decisions on setting government expenditure priorities, it has had minor impact on the actual budget allocations (Willoughby and Melkers 2000).

In addition, the introduction of budgetary reforms will, in many cases, be replacing a deeply embedded line-item (traditional) budgeting system, which would have served the country for many years. Jepperson (1991) and Burns and Scapens (2000) advise that changes to an embedded system or to existing "routines and institutions" might encounter resistance to change from the people involved. Results-oriented budgeting initiatives, with their emphasis on outputs and outcomes rather than on spending, might seem to be conflicting with a deeply established culture where public officials are not used to performance measurement. This system is supposed to result in heightened control over spending by public officials and naturally people do not like to be controlled. There is the risk that performance measurement is perceived by civil servants and politicians as threatening their position, since it highlights weaknesses in performance, for which responsibility has to be assumed. Overcoming this challenge requires a culture change, which is both time consuming and expensive (Murray and Efendioglu 2011). But, on the other hand, if the reform has strong political commitment and it is championed by persons who are in a high position of power, resistance to change will be mitigated and the change in people's mindset will be facilitated.

Another problem that arises in the implementation of new budgeting systems within the public administration is the lack of adequate human and financial resources (Kong 2005). A shortage of suitably qualified civil servants might act as a stumbling block for the implementation of a results-oriented budgeting system, since the development of performance information for inclusion in budget documents and the subsequent monitoring of actual performance vis-à-vis the pre-established targets require substantial human resource effort. Unless the remuneration packages and the career development prospects offered by government compare well to those obtainable in the private sector, augmenting the staff complement in the public sector might prove quite

challenging. A further requirement for launching a budget reform is the investment needed in an accounting and information system, to cater for the generation of the required reports.

A results-oriented budgeting system could also be hindered by political influences, including, for instance, government's reluctance to reduce its staff complement or to shift people between departments with the purpose of enhancing effectiveness, since these actions might result in the loss of political points for the governing party. There is also the risk that government's effectiveness would be questioned, in circumstances where the actual performance is short of the pre-determined targets.

## Implementation Strategy

Though results-oriented budgeting systems are widely used, considerable variation in their application exists amongst countries. There is certainly no "best practice" in the implementation of performance budgeting; countries have to design and adapt the budgetary reform to their capacities, cultures, and priorities. This statement is substantiated by the fact that countries have introduced performance information into their budgetary system by embracing diverse implementation strategies (OECD 2007).

One of the issues that has to be taken into account is whether a country should enact the budgetary reform in law or through policy guidelines. The implementation of results-oriented budgeting approaches, particularly of performance budgeting, has followed diverse routes in different countries, with some introducing the reform through legislation, others adopting a system whereby the central government agency releases policy guidelines, while other countries have a mixture of guidelines and law (OECD 2007). Enacting the reform in law might ensure permanence if there is a change in government (OECD 2007). Furthermore, though the introduction of the reform through legislation does not guarantee its successful implementation, the potential consequences of breaking a law might secure the commitment of the civil service and the politicians towards the reform and might result in less monitoring being required, than would be the case if performance budgeting would be implemented by means of policy guidelines.

Another consideration that a country has to make is whether to follow a top-down or a bottom-up implementation approach for launching a results-oriented budgeting system. In a top-down perspective, the central agency (represented by the Ministry for Finance, the Office of the Prime Minister or the Cabinet) plays a main role in the development, operation, and monitoring of the reform; conversely, in the bottom-up view, the departments come up with their own methods and there is less enforcement from the central agency (OECD 2007). Where the envisaged change from the current budgeting system is incremental, the goal conflict is low and there is stability in the environment, a top-down approach is advisable (Berman 1980). A top-down or centralized approach might serve to exert more pressure for change. Furthermore, it provides for consistency in the presentation of performance information across ministries and departments, ensuring meaningful comparisons (OECD 2007). On the other hand, a bottom-up approach involves a greater level of participation by departments in the preparation of the budget figures and in the development of performance and outcome targets and measures complementing such figures. This augmented involvement would potentially result in the departments assuming ownership and responsibility for achieving the pre-determined performance targets. It will also mitigate the resistance to the budgetary reform that might be possibly put up by the civil service. The bottom-up perspective promotes the birth of ideas and programs from public officials with experience on the ground, in view of their frequent contact with the citizens and their needs. This approach is criticized on the basis that civil servants were not democratically elected and policy and program design should, thus, not be in their hands. Berman (1980) recommends the adoption of a bottom-up approach where the upcoming policy changes are significant, the environment is unstable and there is goal conflict. If a bottom-up view is embraced by the

reform implementers, the central agency would still play a fundamental role; firstly, in ensuring that government's strategies and priorities are being addressed through the budget plans and that this is being done within the established expenditure ceiling and secondly, to ensure that the performance targets developed are reasonable and properly benchmarked against international indicators. The central agency will also issue budget guidelines and will be involved in monitoring the actual performance of the departments, vis-à-vis the performance targets that they would have developed themselves.

A further issue to consider is the timeframe required for the implementation of a results-oriented budgeting system. A long-enough period should be dedicated to ensure successful implementation, due to the considerable effort involved to establish a new budgetary system, including, amongst others, the system design, identification, and investment in a new accounting and IT system; recruitment of the required staff complement; and delivery of staff training. Nevertheless, an excessively long implementation period would be counterproductive, since complacency would set in, people's morale and motivation would suffer and there is a higher risk that the ministries' portfolio would undergo changes thus rendering the project more complex.

Successful implementation necessitates strong leadership, which is fundamental for providing a clear vision for the new budgeting system and for bringing on board all key stakeholders during the planning and implementation stages (Kong 2005). Also, an effective project team supporting the leadership is important for driving the reform and keeping the momentum, in order to avoid the loss of interest during the necessarily long implementation process.

## Conclusion

Notwithstanding the move towards output and outcome budgeting observed in a number of countries where performance budgeting was implemented, Sterck and Scheers (2006) found that performance information is not extensively used in final allocation decisions. This finding was confirmed by the OECD 2011/2012 Performance Budgeting Survey, carried out amongst thirty-two countries, which revealed an indirect/loose link between performance information and funding decisions (von Trapp 2014). The latter study indicated that the budget allocation process remains a political tool, with performance information being utilized for accountability purposes, rather than for resource allocation decisions. There were cases where performance information was not being used at all. The study also found that performance targets are mainly being established by line ministries and agencies. These findings indicate that the majority of the countries which have adopted performance budgeting have opted for performance-informed budgeting, where the performance data provides information for informing the budgetary decision-making process, but it does not determine the budget allocations.

Accountability and transparency are important objectives that a results-oriented budgeting system seeks to address. The use of performance measurement in the budgeting process is also aimed at improving government effectiveness and efficiency, while at the same time exercising tighter control on the spending of public money. In particular, performance information plays a key role in guiding resource allocation decisions in countries which are seeking to embark on austerity measures in order to ensure sustainable public finances. Rather than relying on spending cuts across all government programs for the purpose of satisfying fiscal deficit and debt reduction objectives, performance information facilitates the identification of ineffective programs and activities, such that the public administration would be in a position to target the most appropriate sectors for cutting expenditure.

## Cross-References


- ▶ Budgeting in the Public Sector
- ▶ Budgeting Techniques: Incremental Based, Performance Based, Activity Based, Zero Based, and Priority Based
- ▶ Performance Budgeting
- ▶ Performance Measurement

## References


Aristigueta MP, Justice JB (2006) The status of performance budgeting: introduction. University of Delaware. Public Perform Manag Rev 30(1):7–13

Berman P (1980) Thinking about programmed and adaptive implementation: matching strategies to situations. In: Ingram H, Mann D (eds) Why policies succeed or fail. Sage, Beverly Hills

Burgess S, Ratto M (2003) The role of incentives in the public sector: issues and evidence. Oxf Rev Econ Policy 19(2):285–300

Burns J, Scapens RW (2000) Conceptualizing management accounting change: an institutional framework. Manag Account Res 11(1):3–25

Gilmour JB, Lewis DE (2006) Does performance budgeting work? An examination of the office of management and budget's PART scores. Public Adm Rev 66(5):742–752

Jepperson RL (1991) Institutions, institutional effects and institutionalisation. In: Powell WW, DiMaggio PJ (eds) The new institutionalism in organisational analysis. University of Chicago Press, Chicago, pp 143–163

Joyce PG (1999) Performance-based budgeting. In: Meyers RT (ed) Handbook of government budgeting. Jossey-Bass Publishers, San Francisco

Kong D (2005) Performance-based budgeting: the U.S. experience. Department of Political Science, San Jose State University. Public Organ Rev Glob J 5: 91–107

Murray LW, Efendioglu AM (2011) Budgeting for city and county governments: how performance-based budgeting could have reduced budget deficits. Bus Manag Rev 1(9):13–22

OECD (2007) Performance budgeting in OECD countries. [pdf]. OECD, Paris. Available at: https://www.bmf.gv.at/budget/haushaltsrechtsreform/OECD_Studie_Performance_Budgeting.pdf?4a9cu2. Accessed 15 Oct 2015

OECD (2008) Performance budgeting: a users' guide. [pdf]. OECD, Paris. Available at: http://siteresources.worldbank.org/INTMEXICO/Resources/1-1BarryAndersonFinal.pdf. Accessed 15 Oct 2015

Office of Financial Management (2011) Performance measure guide. [pdf]. Office of Financial Management, Budget Division, Washington, DC. Available at: http://www.ofm.wa.gov/budget/instructions/other/performancemeasureguide.pdf. Accessed 21 Oct 2015

Robinson M, Brumby J (2005) Does performance budgeting work? An analytical review of the empirical literature. IMF Working Paper WP/05/210

Schick A (1966) The road to PPB: the stages of budget reform. Public Adm Rev 26(4):243–258

Shah A, Shen C (2007) A primer on performance budgeting. In: Shah A (ed) Budgeting and budgetary institutions. [pdf]. The World Bank. Available at: https://openknowledge.worldbank.org/bitstream/handle/10986/6667/399960PAPER0Bu10082136939301PUBLIC1.pdf?sequence=1. Accessed 15 Oct 2015

Sterck M, Scheers B (2006) Trends in performance budgeting in seven OECD countries. Public Perform Manag Rev 30(1):47–72

Van Reeth W (2002) Pathologies of performance budgeting. Paper presented at the ABFM conference in Kansas City, Oct. 10–12. Public Management Institute Catholic University of Leuven

von Trapp L (2014) Performance budgeting in the OECD: highlights from the OECD 2011/2012 PB survey results. In: 10th annual meeting of OECD – Asian Senior Budget Officials. Bangkok. Available at: http://www.slideshare.net/OECD-GOV/performance-budgeting-in-the-oecd-highlights-from-the-oecd-20112012-pb-survey-results-lisa-von-trapp-oecd. Accessed 9 Oct 2015

Wildavsky A (1978) A budget for all seasons: why the traditional budget lasts. Public Adm Rev 38(6): 501–509

Willoughby KG, Melkers JE (2000) Implementing PBB: conflicting views of success. Public Budg Financ 20(1): 105–120

Zimmerman JL (2003) Accounting for decision-making and control, 4th edn. McGraw-Hill Irwin, New York


# Results-Based Management, Brazil


Humberto F. Martins
Brazilian School of Public and Business Administration (EBAP), São Paulo School of Business Administration (EAESP), Getulio Vargas Foundation, Rio de Janeiro, Brazil


## Synonyms

Performance governance; Performance management; Responsibility

## Introduction

This text aims to develop a state of the art comprehension about performance and performance governance and present two meaningful performance management experiences in Brazilian state governments.

To start with a robust conceptual elaboration is essential because performance management is a term subjected to broad conceptual and

R

semantic confusion. It may mean anything done (e.g., the use of tools such as project management, strategic planning) to get results achieved or it may require specific conditions and requisites to be so called. Nor is performance management the accomplishment of a set of rules, procedures, rituals, and ceremonies regarding government planning and monitoring and evaluation systems – which are pretty diverse in line with bureaucratic traditions in Latin America and Brazil in particular. The Brazilian Constitution, for example, imposes governmental planning, but it has hardly been part of effective performance management. Although some states have strategic plans and some sectoral planning at federal level, most of the planning lack organizational alignment; most of the monitoring and evaluation systems lack good appropriation and many well-intentioned tools (such as project management) end up as bureaucratic burden.

The conceptual treatment under way departs from a comprehensive concept of performance do disembark on multidimensional performance management models. Then a couple of experiences are briefly presented.

## Performance, an Expanding Concept

Performance is not only a multifaceted concept, it is an expanding one. The concept has expanded from efforts towards results and public value (Andrews et al. 2010; Boyne 2010; Brewer 2006; Kelly and Swindell 2002; Van Dooren et al. 2010; Dubnick 2005). Each of these dimensions reveals key aspects, as shown in Fig. 1, reminding a "performance kaleidoscope" (Walker et al. 2010, p. 271) around a performance chain.

There are three important subdimensions to the efforts: execution, excellence, and economicity. Execution refers to doing, performing steps, tasks, activities, actions. It includes projects, processes, and action plans. Excellence means doing things in a qualified way, following good management practices, based on quality standards. Economicity refers to advantageous procurement of inputs (buying well) and rational allocation of resources in activities (nonwaste).

Results are related to efficiency, efficacy, and, mostly, effectiveness. Effectiveness (outcomes) is the desired impact on the context/system in which the action takes place. It refers to the desired

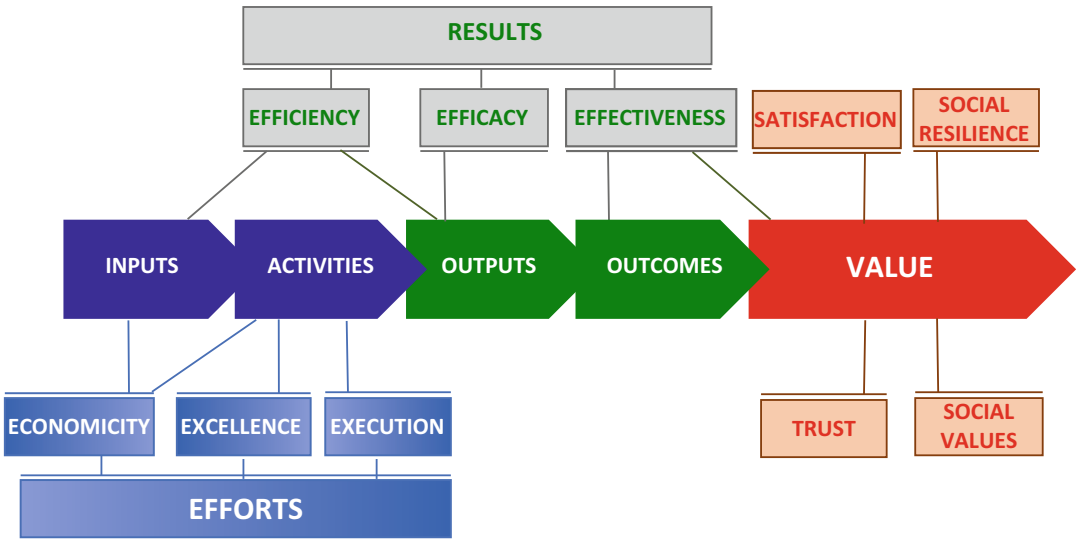


**Results-Based Management, Brazil, Fig. 1** Performance chain and its multiple dimensions. (Source: Author)

impacts, not unwanted effects or negative externalities. It includes intermediate and final impacts and may represent a chain of impacts. Efficacy (output) means to generate a product (good or service, tangible or otherwise) and deliver it to a recipient. Efficacy involves quantity, quality (meeting specifications), and coverage of what is delivered to the recipients. Efficiency is an input-output ratio. To be efficient is to generate more products (outputs) with less inputs. It refers to the productivity of the factors, whether financial, human, material, logistical resources.

Public value is a term that has been the object of much debate since Mark Moore's "Creating Public Value" (1995). He referred to a number of aspects of public sector actions, but mainly return to citizens of taxes paid (in terms of satisfaction with public services and policies), the extent to which the public sector generates value from the resources it collects – in a manner analogous to the private sector, where generated value is returned to shareholders as dividends. But he also referred to public value as (Moore and Benington 2011): value attributed by recipients to what they receive from the public sector; civic and republican values; perceptions of satisfaction and quality (what the public values and consequently would give something in return for); value added through innovation processes; asset, intangible property represented by public institutions; and results of public policies formulated according to refined preferences.

Subsequently, the meaning of the term has orbited around four dimensions (Osborne 2018):

- Satisfaction: the extent to which results (primarily effectiveness) align with visions, expectations, demands, and interests (ranging from the general public's interest to the interest of groups) (Meynhardt et al. 2017)
- Trust: the extent to which the institutions that generate the results are considered capable of generating them sustainably (Kelly et al. 2002).
- Resilience and social capacities: the extent to which a given action promotes increased capacity of society/community to withstand and overcome moments of crisis (Bressers 2017)
- Social values: the extent to which a particular action promotes/aligns with civic, republican, and humanitarian values.

Expanding the concept of performance makes it more complex to manage.

## Performance Management

A significant portion of the literature on performance management mostly addresses measurement, which, broadly speaking, is the process of generating objective and quantified information on performance and incorporating this information into the decision-making process of the action whose performance is measured (Talbot 2010). There is a clear assumption that the overall management process is well established and strategically positioned so that systematic and rigorous measurement will make all the difference. The argument developed here is that performance governance is precisely the integration between a results-oriented management cycle and a measurement system.

According to Van Dooren et al. (2010), "performance management is a type of management that incorporates and uses performance information for decision making. . . . incorporation is about integrating performance information into policy and management cycles of, among others, policy-making, budgeting and contract management" (pp. 30–31).

This definition reveals at least two layers: management of an action (policy and management cycles) and generation and incorporation of information on the action's performance. The first layer is similar to the strategic management process, which implies managing the drivers of performance in a results-oriented way, which means managing "the causal relationship between drivers and achievable results" (Talbot 2010, p. 215). Concepts of management cycles are quite archetypical and are present, for example,

in the plan, do, check, and act stages of the PDCA (Shewhart 1986); in the explanatory, normative-prescriptive, strategic, and tactical-operational stages of Matus (2002); in the goals, development, implementation, and review phases of Ansof (1979); and in the strategic change cycle of Bryson (2011).

The second layer refers to measurement cycle, involving generation of indicators, target setting, data collection, analysis, interpretation, and dissemination of results. Based on this distinction, Fig. 2 illustrates the two layers referred to, in addition to layers 3 and 4. Layer 3 refers to the alignment cycle, by means of strategy cascading, performance agreement, and engagement. Layer 4 refers to the learning cycle. Most multi-dimensional performance management models (Talbot 2010) aim at integrating these cycles.

**Results-Based Management, Brazil, Fig. 2** Performance management as strategic management and measurement, alignment, and learning cycles. (Source: Author)

## Performance Management Regimes and Models

There are different ways of implementing performance management, through different regimes (contractual, capacity building, competitive, and voice and choice) (Talbot 2010).

There is a tendency to expand the scope and depth of multidimensional results-based governance regimes and models – with multiple learning, targeting and control, and accountability purposes (Van Dooren et al. 2010).

Greater scope means building a model that somehow manages the full spectrum of the performance chain: skills, inputs, activities, outputs, impacts, value. Greater depth means to act in an integrated way at different levels: society/citizens; governments (including multilevel); policy domains; networks; organizations; units; teams; individuals. In this context of complexity, the focus is more on what and how to treat each dimension, rather than focusing on only one (e.g., managing only efforts). With regards to levels, a deep multilevel performance management model that addresses individuals to government as a whole, it is crucial not to lose connections and integrations with levels above and below.

Table 1 develops a kind of maturity matrix of results-based governance, drawing on an original matrix by Van Dooren et al. (2010).

## Limits of Performance Management

The key question is what works in multidimensional performance management experiments and models, what are the limitations, and how can they be mitigated. There are four main categories of results-based governance limitations, related to the peculiarities of the public domain, measurement and target setting, use and ownership of performance information, and implementation issues.

The borders of the public domain are broad, tenuous, and shifting in the meanderings of multi- and pluri-institutional governance networks. There are multiple "principals" sectoral authorities, center of government, parliament, audit organizations. Multiple goals prevail: political, technical, symbolic – such as demonstration effect, or appearance of performance management practices without any behavior change and with decisions taken on the basis of poor quality information (Van Dooren et al. 2010).

Measurement and target setting are affected by the many technical and methodological limitations of the indicators, including measurement effects and "diseases," the difficulties and limitations of value metrics, and the myopia effect, whereby the long-term view is excluded by overfixation on the short-term view (Bouckaert and Balk 2011). There is also gaming, such as the underestimation of targets; focus on the nearness of the target, on the most achievable targets, to the loss of others; manipulation of measures/indicators (inflate, deflate, artificially pollute; aggregation and disaggregation to conceal/reveal something) (Bouckaert and Balk 2011); and manipulation of the action, focusing only on the areas measured, to the loss of others, and neglecting what is not measured (Bevan and Hood 2006). There may also be situations in which pressure for outputs generates distortions in the selection of inputs; and complacency, with predominance of adequate performance rather than excellence (Behn and Kant 1999; Grizzle and Pettijohn 2002; Van Dooren et al. 2010).

The use and ownership of performance information are also limited. The lack of visibility stems from the usual political inattention and little engagement by society. On the other hand, rigid and excessive measurement systems lead to paralysis (Mayne 2007; Bouckaert and Balk 2011; Smith 1995).

Among the limitations related to implementation, power games stand out, often generating disputes over autonomy and the fragmentation of implementation responsibility (Trivedi 2018).

These limitations can and must, in a variety of ways, be addressed in the construction of a performance management model.

**Results-Based Management, Brazil, Table 1** Evolution line of results-based governance. (Based on Van Dooren et al. (2010), with adaptations and additions)

| | Traditional preperformance | Administration of performance | Management of performances | Performance management | Performance governance |
|---|---|---|---|---|---|
| Performance setting | Undefined | Formally defined but focused on procedures and compliance | Multiple definitions of different areas of public policy and/or managerial functions (HR, finance, procurement, etc.) | Central, sector, and unit agendas | Central, sector, and unit agendas across government and society |
| Measurement | Intuitive; subjective | Bureaucratic record of administrative data (as administrative activity); goal; predominantly inputs and processes (activities) | Specialized systems (sectoral/ functional) for performance measurement | Cross-cutting performance measurement systems under a single command | Comprehensive and consolidated system of performance measurement |
| Incorporation | None | Some | Within different areas for specific functions | Internal systemic integration | Internal and external systemic integration |
| Use | None | Limited: reports; internal; without lessons learned | Disconnected (not cross-cutting) | Coherent; comprehensive; consistent | Comprehensive internal use and social use |
| Limitations | Functional inattention | Ad hoc; selective; rules-based | Inconsistencies between areas | Complex, perhaps unsustainable as a stable system | Uncontrollable; unmanageable |
| Focus | Focus on inputs and compliance of procedures | Focus on inputs and compliance of procedures | Multiple foci | Outputs and outcomes | Outputs, outcomes and value |
| Information and data | Not available | Of a technical nature, disconnected from performance improvement strategies | Of various natures, might be connected to improvement strategies | Internally structured and shared | Internally and externally structured and shared |
| Management guidance | Performance is not on the agenda | Control; expectation of a commitment to performance | Peculiar views of performance commitments | Coherent performance improvement strategies | Coherent performance improvement strategies |

## Landmark Results-Based Management Experiences in Brazil

In Brazil, the state modernization process has generally been led by the central government. However, since the last decade, states and municipalities have played more active roles motivated by the fiscal crisis and enterprising governments. The two main cases of results-based management recently implemented in Brazil are from the states of Minas Gerais (Management Shock) and Pernambuco (All for Pernambuco).

**Results-Based Management, Brazil, Table 2** Path of the management shock in Minas Gerais (Based on Vilhena, Martins, and Marini, 2016, with adaptations and additions)

| | 1st generation<br>Management shock | 2nd generation<br>Results-based state | 3rd generation<br>Citizen-based management |
|---|---|---|---|
| The strategy, its monitoring and evaluation | Design of the integrated development plan – 2003–2020 PMDI, focused on fiscal balance and increased strategic investment<br>Introduction of the "double planning" concept<br>Reformulation and alignment of the planning instruments: PMDI, PPAG and LOA<br>Definition of portfolio of structuring projects, with 31 projects<br>Creation of GERAES and introduction of the Project Management Methodology (PMI)<br>Deployment of the Management and Planning Information System (SIGPLAN) | Design of the 2007–2023 PMDI, focused on maintaining fiscal balance, promoting well-being and strengthening management instruments<br>Definition of the 11 Results Areas<br>Introduction of core indicators<br>Definition of new portfolio of structuring projects aligned with the Results Areas, with 57 projects<br>Creation of the State Program for Results (EpR)<br>Establishment of the results committees | Design of the 2011–2030 PMDI, focused on bringing government closer to citizens<br>Definition of the 11 integrated development networks<br>Consolidation and improvement of the core indicators<br>Definition of the portfolio of structuring projects and respective 91 projects and 32 Strategic Processes<br>Creation of the Strategic Priorities Office (EPE)<br>Creation of SUGES and AGEIs<br>Establishment of the Government Strategy Management System |
| The strategy's execution: target-setting, alignment and incentives | Implementation of the outcome agreements, as an optional instrument employed in only one stage, reaching 39% of the state bodies<br>Productivity award for economy or tax collection | Introduction of new target-setting methodology in two stages, and establishment of the results agreement with 1005 of the Executive Branch<br>Introduction of team-based targets<br>Universalization of the productivity award, according to the teams' performance and compliance with the 1st stage<br>Introduction of the sector agenda | Consolidation of the results agreement with contracts signed across the Executive Branch<br>Creation of the compliance matrix<br>New methodology for calculating the productivity award, on the condition of 100% achievement of the core indicators and 50% of other targets |

The Management Shock in Minas Gerais[1] was the most comprehensive performance management model ever developed in Brazil. Its scope is due to the fact that it has managed to design an integrated development strategy; implemented through multiyear plans, results, and government projects, including actions to reduce expenditure and improve management; with systematic M&E; consequences in terms of variable remuneration, career progression, selection, and dismissal of managers; certification and skills development. Table 2 shows the main elements of the Management Shock's three generations[2].

Implemented and in operation since March 2008, the All for Pernambuco Model, through qualified debate with society, selected and intensively disseminated a set of goals to be pursued throughout the management, synergistically guiding the action of the entire Government. It also routinized, in the public apparatus, a set of tasks and procedures for each of the stages of the policy management cycle, routines that are executed and

[1] For more detail see Vilhena, Martins, and Marini (2016).

[2] For more details see Alessandro, Shostak and Lafuente (2014).

simultaneously monitored by the Government. This set of tasks is systematically monitored and evaluated, involving a large set of managers and civil servants.

The All for Pernambuco model' monitoring system consists of regular meetings chaired by the Governor; physical and financial monitoring of the Priority Projects – Decision-making meetings; and focus on addressing bottlenecks. The complete cycle lasts 5 weeks. The Secretariat of Planning (SEPLAG) teams act as "Concept Guardians" – facilitators of the process. Execution is monitored online (Control Panel) and key projects monitored by PMO, complying with PMI methodology (PMI 2018).

The results achieved were bold: close to 40% reduction in the homicide rate since the start of the Pact for Life (60% reduction in Recife); close to halving of the child mortality rate in 5 years – from 30.1 deaths per 100 thousand live births in 2006 to 15.66 in 2011; meaningful illiteracy reduction on Pernambuco's municipalities.

Both cases reveal multidimensional performance management models to which many government planning and evaluation systems have been integrated. The reference experiences are examples of performance governance and, despite their limitations and reorienting (typical case of the management shock, which was discontinued in the last state government), inspire many others that have not yet reached this condition. But despite being exceptions, they act as proofs of concept and as proof of what can happen when certain conditions are met – qualified public servants, sense-making, and combined political and executive leadership.

## The Future of Performance Governance in Brazil

Van Dooren et al. (2010) argue that the future of results-based governance will require greater agility to deal with complexity; greater closeness to the action; insertion in the political dimension; strengthening of the evidence base, facts, structuring of the political debate (who gets what, when and how); engagement of more actors; expansion of learning based on multiple analytical perspectives; coping with controversy and ambiguity; and a careful argumentation of causes, consequences, and priorities.

It is critical that those who implement results-based governance realize the conditions and constraints that surround any results-based governance experience and seek to mitigate them in the design phase of the models. This includes taking into account that:

- Results-based governance should seek to introduce a performance culture and transform the organizational arrangements involved
- Technological instruments and artifacts are no more important than the model, the logical design of the management, and the measurement process
- The regulation of results-based governance must not stifle the model, rather, it is necessary to establish a mix of incentives and inducements based on engagement, closeness, and ownership
- Society's engagement is vital to increase demand for performance information, allowing better understanding of the usefulness of the information generated in improving policies and services

It is also essential to broaden and intensify research on the theme of results-based governance, based on mapping and better conceptual and methodological systematization; adoption of mixed methods (quantitative and qualitative in an integrated way), new methods (hierarchical modeling and experimental methods) (Hicklin 2010); construction of new and large databases for the generation of performance algorithms through neural networks and other advanced analytical data science tools (deep learning and machine learning); and integration with intervention processes through the use of participatory and transformational methods, mainly for the generation of applied results-based governance instruments and tools.

## Cross-References

► Risk and Performance in Public Sector

## References


Alessandro M, Shostak R, Lafuente M (2014) Leading from the Center: Pernambuco's Management Model. Interamerican Development Bank

Andrews R, Boyne GA, Jae Moon M, Walker RM (2010) Assessing organizational performance: exploring differences between internal and external measures. Int Public Manag J 13:105, forthcoming

Ansof I (1979) Strategic management. Wiley, New York

Behn RO, Kant PA (1999) Strategies for avoiding the pitfalls of performance contracting. Public Product Manag Rev 22:470–489

Bevan G, Hood C (2006) What's measured is what matters: targets and gaming in the British health care sector. Public Adm 84:517–538

Bouckaert G, Balk W (2011) Public productivity measurement: diseases and cures. Public Product Manag Rev 15(2):229

Boyne G (2010) Performance management: does it work? In: Walker R, Boyne G, Brewer G (eds) Public management and performance: research directions. Cambridge University Press, Cambridge

Bressers D (2017) Strategic governance in a networked society. Netherlands School for Public Administration. Internal paper

Brewer GA (2006) All measures of performance are subjective. More evidence on US agencies'. In: Public service performance: perspectives on measurement and management. Cambridge University Press, Cambridge

Bryson J (2011) Strategic planning for public and nonprofit organizations: a guide to strengthening and sustaining organizational achievement. Wiley, New York

Dubnick M (2005) Accountability and the promise of performance: in search of the mechanisms. Public Perform Manag Rev 28:376

Grizzle GA, Pettijohn CD (2002) Implementing performance based budgeting: a system dynamics perspective. Public Adm Rev 62:51–62

Hicklin A (2010) Methods. In: Walker R, Boyne G, Brewer G (eds) Public management and performance: research directions. Cambridge University Press, Cambridge

Kelly JM, Swindell D (2002) A multiple-indicator approach to municipal service evaluation: correlating performance measurement and citizen satisfaction across jurisdictions. Public Adm Rev 62(4):610–620

Kelly G, Mulgan G, Muers S (2002) Creating public value: an analytical framework for public service reform. Discussion paper prepared by the Cabinet Office Strategy Unit, London

Matus C (2002) O Método PES. Fundap, São Paulo

Mayne J (2007) Challenges and lessons in implementing results-based management. Evaluation 13:87–109

Meynhardt T (2017) Public Value Performance: What Does It Mean to Create Value in the Public Sector? In: R. Andeßner et al. (Eds.), Public Sector Management in a Globalized World. Springer

Moore M (1995) Creating public value. Harvard University Press, Cambridge, MA

Moore M, Benington J (2011) Public value: theory and practice. Palgrave Macmillan, Basingstoke

Osborne S (2018) From public service-dominant logic to public service logic: are public service organizations capable of co-production and value co-creation. Public Manag Rev 20:225

PMI (2018) A guide to the project management body of knowledge (PMBOK® Guide), 6th edn. PMI, Newtown Square

Shewhart W (1986) Economic control of quality of manufactured products. Van Nostrand, New York

Smith P (1995) On the unintended consequences of publishing performance data in the public sector. Int J Public Adm 18:277–310

Talbot C (2010) Theories of performance organizational and service improvement in the public domain. Oxford University Press, Oxford

Trivedi P (2018) Barriers to improving government performance. PA-Times. ASPA

Van Dooren W, Bouckaert G, Halligan J (2010) Performance management in the public sector. Routledge, New York

Vilhena R, Martins H, Marini C (2016) Managing Towards Development Results: The Case of Minas Gerais' Management Shock. In: Leitão, J. C. C. & Alves, H. M. B., Entrepreneurial and Innovative Practices in Public Institutions – A Quality of Life Approach. Springer, 2016

Walker R, Boyne G, Brewer G (2010) Public management and performance: research directions. Cambridge University Press, Cambridge


# Rethinking Public Administration Paradigms: Toward a New Social Contract Paradigm


Wa'ed Alshoubaki
Department of Public Administration,
The University of Jordan, Amman, Jordan


## Synonyms

New social contract theory; Paradigm; Paradigm shift; Public administration

## Definition

The term *paradigm*, according to Oxford Dictionary (2010, 3 ed), means "a typical example or

R

pattern of something; model." The word originated in the fifteenth century via Late Latin from Greek to mean to "show side by side." A *paradigm shift* means a fundamental change in approach or underlying assumption. A *science* as "a series of peaceful interludes punctuated by intellectually violent revolutions" (Kuhn 1962, p. 10).

## Introduction

The identity of the discipline of public administration was subjected to controversy for a long period of time due to the lack of a theoretical core. There are abundant narratives of public administration as a self-cognizant discipline; there are many arguments, per contra, that plagued public administration for its incapacity to be established as an independent scientific field. For instance, Wilson (1887), Goodnow (1900), and White (1926) called for the separation of politics and administration, and they argued to establish the field of public administration. As an aside, Waldo (1948) claimed that administration cannot be separated from politics because the administration views itself as a tool for contemporary democratic government rather than for maximum efficiency. Mosher (1956) argued that public administration is area of interest instead of a discipline. In the same vein, Parker (1965) contended that public administration is neither art nor science nor coherent scientific field. Kaufman (1965) and Wilson (1976) claimed the identity problem of public administration lies in the willingness of public administration to accomplish conjointly incompatible values.

In his landmark article "The Paradigms of Public Administration," Henry (1975) addressed the historical debate on the identity of the discipline of public administration by outlining the historical development of the field both in theory and practice. Henry viewed the paradigmatic progress of public administration as a step toward establishing an acceptable paradigm for the field. Reviewing Henry's six paradigms of public administration enables public administration scholars and students to understand how the field of public administration has changed over time. Furthermore, it helps in understanding the connection between public administration theory and practices. It also enhances the understanding of one of the most controversial issues in the field: the differences between politics and public administration and how separating the two sciences urged the necessity of having public administration as an autonomous field. Finally, each paradigm represents internal and external environments and the major theme in public administration ecology.

Of course Public administration as a scientific field has long been a topic of philosophical debate in terms of the discipline's identity and its ontological basis. From the politics–administration dichotomy to the public administration identity crisis and beyond, multiple interdisciplinary issues have been addressed to guide scholars and practitioners along inquiry paths to relevant solutions for the field's dilemmas. Therefore, it is possible to reflect this philosophical debate upon: first, the philosophical argument of Kuhn (1962) regarding the revolution of science and the occurrence of paradigm shifts and, second, Henry's (1975) public administration paradigms in both theory and practice for tracing the historical development of the field. The narrative review of the paradigms' development resulted in suggesting a new paradigm titled a new social contract paradigm as a nexus between politics, administration, and social protection.

## A Paradigmatic Process in Science

The philosopher of science, Thomas S. Kuhn, in 1962 in his book *The Structure of Scientific Revolution*, introduced the first time the concept of paradigm shift. Further, he broadly defined paradigm as the entire constellation of beliefs, values, techniques, and practices that constitutes a way of viewing reality shared by members of a scientific community, especially an intellectual discipline. This narrow description of paradigm is universally recognized in scientific achievements that provide model problems and solutions to community practitioners.

Kuhn (1962) defined the view of science as a stable, continuous series of amassed new ideas; alternatively, he asserted that science involves intermittent revolutionary explosions of new knowledge and that each revolution is triggered by the introduction of new ways of thought that lead to paradigm shifts and create new paradigms (i.e., theories, rules, and standards of practice). He made a connection between a crisis in science and a revolution "when blurring of a paradigm and conquest loosing of the rules for normal research, when the existing theory fails to solve the problem" (p. 84), which lead to fundamental changes in the way of thinking, and thus, the need for a change of paradigm becomes inevitable.

The overall importance of a paradigm is to provide students and scholars with borders, rules, standards, and identity in the field they are interested in studying. Moreover, a paradigm can help students frame questions, create approaches to inquiry, and select appropriate methods to answer questions and define areas of significance (Kuhn 1962).

The strength of a paradigm depends on its ability to successfully solve problems because the main concept of a paradigm is that it offers a promise of success. Further, the forte of a paradigm involves accurately identifying matches between facts, which that paradigm encompasses, accurately identifying matches between facts and the paradigm's values and practices, and increasing effort to articulate the paradigm (Kuhn 1962).

The importance of paradigms in public administration science lies in providing public administration scholars with intellectual grounds to determine the position of public administration science among all other sciences and the extent to which public administration science has its own identity. Specifically, there has been a long debate about the field's scope and theory and its ability to advance itself and create its own theories and rules. In essence, the determination of the specific paradigm of public administration enables scholars to expand the field; French, Spears, and Stanley (2005) asserted that "without a recognized paradigm, public administration lacks an identity essential for advancing the discipline and practice of public administration" (p. 135).

Moreover, multiple scholars have employed the paradigm concept in their discussion of public administration identity and paradigmatic shift. For instance, in his book *The Intellectual Crisis in American Public Administration*, Ostrom (1973) used Kuhn's (1962) perspective in diagnosing the public administration field and discussing how new scientific inquiries create a need to change existing paradigms. In his discussion, Ostrom (1973) concluded that the hallmark of the public administration field is that there is no agreement about the field's scope and theory, and thus, he asserted that public administration is in an identity crisis.

## Public Administration Paradigms

The variety of paradigms in public administration reflects the intellectual evolution of the discipline and public administration practice (Henry 1975). Woodrow Wilson (1887), in his landmark article "The Study of Administration," sparked the need for generating more intellectual resources to carry out the management of the state due to the fact that "it is getting harder to run a constitution than to frame one" (p. 362). Further, Wilson emphasized the importance of the centralization of power in government and how significant the role of constitution in determining the central power of government and the political structure that enacts law and ensures the accountability of administration. Moreover, he asserted that politics are responsible for defining the task of administrators, but the field of administration does not set the scope of politics. Referring to the importance of administration, Wilson argued that good administration is grounded in the clear hierarchical classification of professionally trained public servants to maximize efficiency as a key demand for modernity in human civilization and welfare. The boom of Wilson's article in the political and administration societies resulted in the need for public administration to become an independent field such that it could no longer be avoided, and thus he became

known as the founder of the public administration field.

**Paradigm 1: The Politics – Administration Dichotomy (1900–1926)**. Goodnow (1900), in his book *Politics and Administration*, drew the borders of public administration by refusing political control over public administration; he contended that politics create the policy that presents the state's goals and desires, while public administration is responsible for carrying out the policy. By separating the roles between politics and administration, the politics and administration dichotomy became unavoidable. Weber (1922), in his book *Politics as a Vocation*, argued for the need for separation between politics and administration because politics is impotent to control administrative power; therefore, administration should avoid the sphere of politics, and the two ought to work objectively and remain politically impartial.

The first book to construct the independent field of public administration was *Introduction to the Study of Public Administration* by White in 1926. He supported the politics– administration dichotomy by stating that politics should not encroach on administration because public administration has the ability to be "value free science" and that an efficient state can only be constructed through public administration from a management perspective, not through politics and law.

From a practical view, scholars gave more attention to the need for separation of administration from science during the civil service reform (1820–1883) due to the spread of political corruption through allocations from election winners to their supporters and hiring, promoting, and firing based on partisan affiliation. Therefore, loud outcries demanded nonpartisan and scientific methods for managing government agencies and the need for law enactment to enhance neutrality. Consequently, the Pendleton Act (1883) was established to ensure impartiality and equal opportunity.

The financial support provided to public administration assisted in creating an intellectual groundwork for what public administration ought to be and, as a result, the need to conduct studies to explore public administrative functions and how they should be developed (Henry 1975). For example, the Rockefeller family provided financial support to establish the Bureau of Municipal Research in 1906 to provide data support, consultation, and implementation advice to governmental agencies (Henry 1975).

The establishment of academics specializing in public administration and improving public service promoted a more solid existence for public administration as autonomous (Henry 1975). For instance, in 1911, Schools for Public Service was established as the first training institution for public administrators, which later merged with Syracuse University, and the Maxwell School of Citizenship and Public Affairs was declared in 1924 (Henry 1975).

**Paradigm 2: Principles of Public Administration (1927–1937)**. Effective public administration depends on learning and applying the scientific principles of administration (Willoughby 1927). Gulick and Urwick (1937) introduced the importance of administration principles to promote government efficiency; these are unlike those in scientific management, which may fit in with the private sector as well as government (Riccucci 2010). Gulick (1937) emphasized the importance of administrative principles and the role of technocrats' experience in achieving efficiency and better communication with both political leaders and the public (Fry and Raadschelders 2014). Furthermore, Gulick (1937) summarized the administrative process in the acronym POSCORB: planning, organizing, staffing, coordinating, reporting, and budgeting.

From a practical perspective, the ongoing financial support to enhance the academic existence of the field of public administration and the increasing public support for public administration reinforced the discipline; however, challenges appeared from academic entities as they cast doubt on the ability of public administration to keep going as an academic field (Henry 1975). As an illustration, a national conference at Princeton University in 1935 proclaimed that it would be difficult to establish a specialized college for public administration due to the lack of logical and theoretical roots in the field (Henry 1975). The conference statement was an introduction to the challenges against public administration.

The challenge (1938–1950). Simon (1946), in his article "Proverbs of Administration," challenged the principles of public administration, considering them proverbs that rationalize behaviors and arguing that they were unable to be verified through scientific theory due to their inability to be falsified. He also proposed that administrative principles contradict each other; for example, the unity of control contradicts the specialization principles because the latter is related to providing expertise in specific areas, but sometimes the expert is not in the same specialized area, which causes inconsistency. Moreover, the narrow span of control is incompatible with the limited number of levels in organizations because a narrow span of control implies more supervisors and more hierarchal levels.

**Paradigm 3: Public Administration as Political Science (1950–1970)**. The hallmark of this paradigm was that politics and administration could not be separated for any reason, and thus, there was a need to reconstruct the linkage between political science and public administration (Henry 1975). In essence, this paradigm proposed that politics were qualified to conduct governmental functions and that the dichotomy was a myth (Appleby 1945).

Waldo (1948) asserted that administration is inherently political and thus democratic states are reinforced by professional and political bureaucracies. He argued that scientific management and efficiency values do not represent governmental bureaucracy; they only ensure better services. In other words, the government cannot be managed like the private sector because governmental agencies' work extends beyond the implementation aspect of policy. Waldo (1952) discussed the major concepts of developing democratic administration. He pointed to the role of public administrators in supporting the constitution and securing human rights under it. He emphasized the obligation of public administrators to sustain democracy, freedom, equality, justice, and rule of law.

Waldo, Etizioni, and other scholars who were against the separation of politics and administration sought to answer the following question: "What can political science contribute to the improvement of practitioners' skills?" (Henry 2013, p. 41). This question reveals the willingness of political scientists to engage public administration in their field.

**Paradigm 4: Public Administration as Management (1950–1970)**. The generic management approach considers management to be management wherever it happens. Generic management involves tools useful for managing government because it employs mathematical and technological tools for planning and making decisions; therefore, operational research, statistics, accounting, and organization theories provided the theoretical grounds for this paradigm (Frederickson and Smith 2003; Henry 1975).

The most popular theories of the management approach were Theory X and Theory Y by McGregor (1956), which represented two types of workers in the organization: workers with negative views and traits who primarily hate work and the other, positive ones who like work and are creative. McGregor asserted that mangers should distinguish between the two types and treat each type differently due to the differences among them in goals, aspirations, and motivation.

Group theory also provided significant implications for the managerial process in organizations because effective management lies in its ability to construct, nurture, and support groups' roles and norms. Homan (1950) argued that group formulation is based on three interrelated elements: activities, interactions, and sentiments. The sharing of activities leads to more interactions and causes greater sentiment among group members. In the same vein, role theory focused on the functions of people as social actors; for instance, Gross, Mason, and McEachern (1958) argued that each person has a social role that entails a set of rights, responsibilities, norms, and goals they have to achieve.

In the late 1960s, the need for separation increased exponentially due to changes in science and technology development. In addition, the Minnowbrook Conference (1968) was held to focus on the significance of administrators in executing democratic values and to construct new public administration trends. In essence, the new public administration was a reaction against the traditional public administration, emphasizing

social equity, democratic citizenship, transparency, and client focus (Frederickson 1980).

**Paradigm 5: Public Administration as Public Administration (1970–present)**. In this phase, public administration has been successfully separated from political science and management and has become recognized as an autonomous discipline and practice (Henry 1970).

Generally speaking, this paradigm witnessed a big leap in the public administration realm because the National Association of Schools of Public Affairs and Administration (NASPAA) announced its epistemological independence and because the number of schools that teach public administration science and the number of master's programs in public administration have grown (Henry 2013).

The most influential idea to emerge from public administration was new public management, developed by Hood, which focused on the significance of management and production concepts in delivering public services in a similar way of economic rationalism; the major values of new public management are productivity, marketization, service orientation, centralization, and accountability (Kettle 2000). Along the same vein, Osborne and Gaebler (1992) in their book *Reinventing Government* urged the need for changes in government that included all policy areas and new methods to ensure better performance and cost effectiveness. They pointed to the importance of privatization, decentralization, and using business like management strategies. Moreover, information technology and the need for cyber government caused a change in the role and structure of government that reinforced governance orthodoxy. The power of networking and role of social actors in policy negotiation, execution, and delivering public services, all helped develop this new concept of governance.

**Paradigm 6: Governance (1990–Present).** Due to changes in technology, communication, the global economy, and the growth of international organizations, the increase in the role of networks in managing organizations and the growth in borrowing private sectors' tools led to abandoning the state in part of its role in providing public services through contracting them out to network and nonprofit organizations (Frederickson and Smith 2003; Henry 2013). For instance, public policies and programs in the United States of America and other countries are serving publics through a complicated net of state, local, and district agencies that collaborate through partnerships and contracts to provide public services (Lynn et al. 2000).

To conclude, the above discussion explained the basic paradigms and paradigm shifts that have occurred to determine the theory and scope of public administration in order for it to be recognized as an independent field as well as how the context and ecology of the state has impacted the public administration atmosphere.

## A Speculative Paradigm: New Social Contract

When considering the extent to which the governance paradigm is robust and useful, a general assessment of the paradigm's values comes to mind. In essence, the paradigm focuses on efficiency, costs, and private sector tools and principles. However, the public sector has a different mission, with its highest aim being to serve people under different conditions and a diverse policy structure; therefore, a market approach cannot be sustained for long and cannot satisfy all community layers under the arches of responsibility and citizenship, rather than under clientelism. The governance approach is too focused approach; it is more business oriented and prone to right-wing politics (Peters 2009).

The governance paradigm cannot be sustained anymore, and movement is inevitable because public administration needs a new philosophy that signifies social inclusion, social equity, and democratic values through citizen representation and social protection approach. This is why the field has to move away from the governance paradigm to the new social contract paradigm.

### New Social Contract

Social contract theories of the seventeenth and eighteenth centuries provided a scientific lens for addressing social progress that forms cooperation, conflict, and compliance (Jos 2006). Social

contract theories are applied to deal with challenges of contemporary public administration (Jos 2006), as proven by the fact that government has managed through different philosophies to accomplish economy, efficiency, and effectiveness. However, failure has occurred in the public sector, technological globalization and political transformation, global warming, immigration waves, poverty and famine, income inequality, and corruption. Marketization and governance principles focused on competition rather than social protection. According to Kilpatrick (2006), it is possible to fix the system through a new social contract that reconstructs the trust between leaders and their employees, helps with understanding the differences between elected and appointed officials, and corrects the use of the reinventing government and entrepreneurship concepts. Researchers have discussed the financial crisis, the increased cost of the health care sector in the United States, and other social and environmental problems that need to be tackled. By the same token, the World Bank, International Monetary Fund, and some think tanks have called for a new social contract that reestablishes a sense of security and sustaining political support for open economies; moreover, they consider that the government's role is nested in providing and financing social protection through investment in education, healthcare, and environmental protection. According to Cichon (2018), it is significant to implement national social protection systems to correct income insecurity and health insecurity and to be capable of measuring the degree of social protection that is provided to citizens. The problem of accomplishing social protection is due to a lack of sustainable public funds and the claim that redistributive spending is negatively impacting economic development, which Cichon (2018) refuted by arguing that redistributive spending contributes to economic development.

The big questions of public administration these days are calling for a new approach to management that restructures relationships to restore trust in the government. For example, Ford (2018) discussed the big questions of public administration by shedding light on the lack of trust in bureaucracy, the absence of accountability for elected officials, the gap between researchers and practitioners, and the corrosive politics. In looking into all these issues, it is crucial to create a new social contract that aims to bridge the gap between politics and bureaucracy, to rebuild the relationship between managers and their employees, to restore the trust between citizens and their government, and to redefine economic development through the lens of social protection. This provoked a suggestion toward developing a new social contract as a nexus between politics, administration, and social protection. This relationship ensures collective virtues that guarantee justice, freedom, solidarity, rights, democracy, and welfare. The new social contract covers the whole social structure, social inequality in terms of income inequality, gender inequality, and minority inequality. All of these aspects are covered by addressing essential social needs such as health care, education, housing, social security, and community-based projects. To put it simply, the new social contract will rearrange states' priorities and reframe the relationship of trust between trustees and policy makers in way that accomplishes the well-being of the people. This philosophy corresponds with the welfare philosophy and the third way to reconcile economic premises and social policies: to promote a social democratic movement and to pursue an egalitarian society (Lewis and Surrender 2004). In essence, the third way is committed to certain core values and predilections for certain types of public policy (White 2001). In this context, the new social contract will rebuild politics and administration under the arch of social democracy with a focus on forming social protection policies that are directed toward social welfare.

## Remarks and Conclusion

At this epoch, the dominated theme and paradigm of Public Administration in literature and practice is governance orthodoxy that reflects the transformational role of government in providing public services and making significant changes to the bureaucracies of public organizations. The general elements of governance are the role of networking

and multiple actors in policymaking process, decreasing states' direct control and increasing negotiation and bargaining among several actors, the merging of private and public resources, and the diversity in policy implementation instruments (Peters and Pierre 1998). Yet, there are multiple reasons for the intellectual change in public administration and a paradigm shift from governance to new social contract paradigm. This change was not arbitrary, rather it was response to academic, practitioners, and contextual matters. For instance, the increase of health care service cost, inequality in income, increase the poverty rate, housing shortages, demonstrates the need to study and provide policy relevant to people well-being. Public administration is headed toward new paradigm, which considers both social protection and democracy as major pillars of people welfare. This more contractual and an egalitarian approach basically depends on bridging the gap between politics and social welfare.

## References


Cichon M (2018) Hardly anyone is too poor to share. Finance and development. Reterived from https://www.imf.org/external/pubs/ft/fandd/2018/12/affordability-of-basic-social-protection-cichon.htm

Ford M (2018) The big questions facing public administration in 2018. PATIMES. American Society for Public Administration. Retrieved from https://patimes.org/big-questions-facing-public-administration-2018/

Frederickson HG (1980) New public administration. University of Alabama Press, Tuscaloosa

Frederickson HG, Smith KB (2003) The public administration theory primer. Westview Press, Boulder

French PE, Spears RA, Stanley RE (2005) The fifth paradigm of public administration? Public organizational theory as a possible solution to the perennial big questions of public administration. Int J Organ Theor Behav 8(2):133–154

Fry BR, Raadschelders JC (2014) Mastering public administration: from Max Weber to Dwight Waldo, 3rd edn. Chatham House, Chatham

Goodnow FJ (1900) Politics and administration. Macmillan, New York

Groos N, Manson W, McEachern AW (1958) Explorations in role analysis. Wiley, New York

Gulick L (1937) Science, values and public administration. In: Gulick L, Urwick L (eds) Papers on the science of administration. Institute of Public Administration, New York, pp 189–195

Gulick L, Urwick L (1937) Notes on the theory of organization. Columbia University. Institute of Public Administration, New York

Henry N (1975) Paradigms of public administration. Public Adm Rev 35(4):378. https://doi.org/10.2307/974540

Henry N (2013) Public administration and public affairs, 12th edn. Prentice-Hall, Englewood Cliffs

Homan GC (1950) The human group. Harcourt Brace, New York

Jos PH (2006) Social contract theory. Am Rev Public Adm 36(2):139–155. https://doi.org/10.1177/0275074005282860

Kaufman H (1965) Emerging conflicts in the doctrines of public administration. Am Polit Sci Rev 50: 1057–1073

Kettle D (2000) The transformation of governance: globalization, devolution, and the role of government. Public Adm Rev 60(6):488–497

Kilpatrick AO (2006) A new social contract for the new millennium. Public Adm Manag 4(2):165–183

Kuhn TS (1962) The structure of scientific revolutions. University of Chicago Press, Chicago

Lewis J, Surrender R (2004) Welfare state change: towards a third way? Oxford University Press, New York

Lynn LJ, Carolyn H, Carolyn H (2000) Studying governance and public management: why? How? In governance and performance: new perspective. Georgetown University Press, Washington, DC

McGregor D (1956) The human side of enterprise. McGraw-Hill, New York

Mosher CF (1956) Research in public administration. Public Adm Rev 16:177–187

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming the public sector. Addison-Wesley, Reading

Ostrom V (1973) The intellectual crisis in American public administration. University of Alabama Press

Paradigm (2010) Oxford Dictionary online, 3rd edn. Retrieved form http://www.oxforddictionaries.com/definition/english/paradigm

Parker R (1965) The end of public administration. Public Adm Rev 34:99

Peters BG (2009) The politics of bureaucracy: an introduction to comparative public administration, 3rd edn. Routledge, New York

Peters BG, Pierre J (1998) Governance without government? Rethinking public administration. J Public Adm Res Theory 8:223–244

Riccucci N (2010) Public administration: traditions of inquiry and philosophies of knowledge. Georgetown University Press, Washington, DC

Simon HA (1946) The proverbs of administration. Public Adm Rev 6:53–67

Waldo D (1948) The administrative state; a study of the political theory of American public administration. Ronald Press, New York

Waldo D (1952) Development of theory of democratic administration. Am Polit Sci Rev 46:81–1C3

Weber M (1922) Economy and society. University of California Press, Berkeley

White LD (1926) Introduction to the study of public administration. Macmillan, New York
White S (2001) The ambiguities of the third way. In: White S (ed) New labour: the progressive future? Palgrave, Basinstoke
Willoughby WF (1927) Principles of public administration, with special reference to the national and state governments of the United States. Johns Hopkins Press, Baltimore
Wilson W (1887) The study of administration. Polit Sci Q 56(December 1941):481–506, (originally copyrighted in 1887)
Wilson JQ (1976) The bureaucracy problem. Public Interest 6:3–9

## Rethinking the Models of Police Oversight: Toward a New Paradigm

Ishmael Mugari
Department of Intelligence and Security Studies, Bindura University of Science Education, Bindura, Zimbabwe

### Synonyms

Civilian oversight of police; Police accountability; Police oversight models

### Definition

The police oversight model refers to the mechanisms or systems that are in place to handle incidents of police misconduct. Incidents of police misconduct can be handled internally or by an outside body or institution.

### Introduction

The policing function, among other governmental functions, is arguably the most visible and the most intimately involved with the well-being of individuals in communities. Consequently, police organizations occupy an important position in the engagement between governments and their citizens. The police are also invested with far-reaching powers and a significant degree of discretion in order to perform their duty: to uphold the law and protect citizens. They have the power to contravene the rights of citizens in circumstances where it is legally permitted, and they also have a duty to protect innocent people and to be accountable to the public.

Exercising of police powers (which are often intrusive) not only creates tensions between the police powers and citizens in a democratic society but also endangers the rights and freedoms of the citizens if such powers are not regulated and checked. There is therefore a need for checks and balances in order to curtail misuse of the police powers. The general consensus is that police in a democratic society must operate according to the basic tenets of democratic governance, which include principles of accountability and transparency.

The tradition of police oversight emerged in the latter part of the twentieth century in response to a number of commissions of inquiry and exposes of corruption, misconduct, and criminal activity by police officers. Examples of such commissions include the Knapp Commission (1972) and Mollen Commission (1994) in the United States, the Scarman Report (1981) in the United Kingdom, and the Fitzgerald Inquiry (1989) and Wood Royal Commission (1997) in Australia (Porter 2013). All the commissions called for the creation of independent agencies to increase external accountability for police (Porter 2013: 169). Around the globe, nonpolice engagement in complaints procedures is to be found at the heart of police reform programs that are carried out in the name of modernization in established democracies (Smith 2013). In Europe, since the introduction of the Police Complaints Board for England and Wales in 1977, nonpolice oversight bodies have been set up in counties such as Belgium, Cyprus, France, Hungary, and Ireland (Smith 2013).

The challenge of police accountability in most African countries dates back to the colonial era when the settler forces, armed with draconian laws, used excessive force on Africans as a way of both exploitation and prevention of black

majority rule. Dissel and Tait (2011) concur that policing in Africa in general has historically been defined by colonial rule and a typically military practice that is more concerned with upholding the interests of the colonial powers than in meeting the security needs of the local populations. The dismantling of colonial rule provided the best opportunity for African nations to redefine the nature and practice of policing. However, this redefinition has been frequently impeded due, in part, to the legacy of colonialism and also to political, social, and economic conflicts that have plagued the continent for the past 20 years. To this end, most African countries inherited repressive policing styles from their predecessors, and the repression even continued well after attaining independence. In view of the foregoing colonial legacy and postcolonial preservation of police repression and impunity, there is a need to develop and sustain effective police oversight or accountability mechanisms as part of the struggle for and process of democratic consolidation in Africa.

Lumina (2006) also notes that over the years, the involvement of police in systematic abuses of human rights in many African countries has underscored the need for oversight of their actions. In South Africa, for instance, Berg (2013) notes the institutionalized nature of police brutality and lack of transparency or accountability prior to South Africa's transition to democracy. Thus, during the apartheid era in South Africa, there were virtually no efforts at monitoring such abuses as police-related deaths and allegations of torture. In Zambia, Shezongo-Mcmillan (2013) highlights torture, arbitrary arrests, excessive use of force, and prolonged pretrial detention which even dates back to the pre-independence era as the major rationale behind the need for police accountability.

It is against this background that the aspect of police accountability has taken center stage in the modern-day policing discourse. To this end, oversight agencies have been created with differing models and powers, and there are diverse police accountability mechanisms across the globe. The diversity and the evolving nature of police oversight across the globe have spurred development of diverse literature on the subject of police accountability. While authors seem to differ on the mechanisms of police accountability, some of the differences seem to be more of semantics than substance.

## Models and Mechanisms of Police Oversight

Since the concept of police accountability began to take center stage, different authors have proffered different models and dimensions of police accountability. Perhaps a clearer classification on the models of police accountability was given by Prenzler and Ronken (2001), who identified three models of police oversight, namely, the internal affairs model, the civilian review model, and the civilian control model. Though the models have been modified by various authors in subsequent years, the three models still remain the bedrock for systems of police accountability. In 2005, the Police Assessment Resource Center (PARC) conducted a study in which they came up with models of police accountability, and these are (1) investigative and quality assurance models, which replace the internal affairs model in whole or in part; (2) review and appellate models, which review completed police internal investigations; and (3) evaluative and performance-based models, which evaluate police performance and other organizational systems to promote accountability. Quinn (2009) identified three models of civilian oversight which all fall under the external accountability mechanisms. The three models are the investigative model, the monitoring model, and the auditor/ombudsman model with the power to compel evidence. Another classification was provided by Attard (2010: 1550) when he highlights the investigative model, the boards and commissions, and the auditor/monitor agencies. Attard and Olson (2013) identified three agencies of police oversight, namely, the investigative agencies, auditing/monitoring agencies, and review boards and commissions. In what seems to be a matter of semantics, De Angelis et al. (2016) identify three models, namely, the investigation-focused model, the

review-focused model, and the auditor-/monitor-focused model.

While Prenzler and Ronken (2001) highlight the internal affairs model as an important internal mechanism for police accountability, other models (Quinn 2009; Attard 2010; Attard and Olson 2013; De Angelis et al. 2016) seem to focus on external oversight mechanisms, and as will be seen in this paper, they seem to have developed as a result of the shortcomings with the internal affairs model. Despite the various models that are available, this paper analyzes three models, namely, the internal affairs model, the civilian review model, and the civilian control model. The paper also highlights the need for a compromise – a hybrid model, which becomes the fourth model of police accountability.

## The Internal Affairs Model

Under the internal affairs model, the police department is responsible for receiving complaints alleging misconduct by police officers or complaints about police policies, practices, and procedures. In response to corruption scandals and the inflow of complaints against police officers, larger police departments have established dedicated internal affairs units to conduct investigations into police misconduct and, in some cases, initiate prevention programs (Prenzler and Ronken 2001; Brown 2012). The move on the part of political leaders and the general public to hold the police accountable for their actions has prompted police leaders to focus on the issue of how they should be held accountable (Brown 2012). There is thus need for self-introspection on the part of police leaders to put their house in order; otherwise someone from outside the organization will do so. Thus, if police leaders do not respond to the rapidly changing dynamics of society, they can expect to see external forces exert influence in their organization. In support of the internal affairs model, Roberts and Herrington (2013) argue that organizations must first address their internal issues and get organizational justice appropriately aligned before they can address wider issues of procedural justice: their accountability and legitimacy in the eyes of their communities. It is thus necessary to formulate a plan to improve and enhance organizational justice which should address internal issues – the need to put one's own house in order. The mechanisms for internal oversight are generally provided for in terms of regulations governing the police, and disciplinary procedure is one of the key aspects of the internal affairs model. In support of the internal affairs model, Porter (2013) highlights that codes of ethics, ethics training, support of employees who report misconduct, and integrity-based promotions criteria are increasingly in use within police agencies.

The internal affairs model has received its fair share of criticism. Several authors who advocate for civilian oversight stress the pathological inability of police to objectively investigate their peers. As a result of inherent bias, police departments have often been accused of not pursuing allegations on fellow officers with the same rigor seen in ordinary criminal inquiries (Prenzler and Ronken 2001). Policing scholars argue that the system whereby only the police are competent and capable of investigating the police is patently flawed, unsatisfactory, and contrary to public expectations. It is thus argued that internal investigative mechanisms that are operated solely by the police will have little credibility with either complainants or the public (De Angelis 2009). What is required is a system that can assure the public that complaints about police misconduct will be dealt with in a fair and objective manner, to the satisfaction of the complainant.

Long-standing empirical research has also demonstrated that police officers display a high level of loyalty to their colleagues. This means that police officers are increasingly expected to tolerate, although not necessarily condone, misbehavior by other officers. The insularity of police institutions and the solidarity of rank-and-file police officers create an impervious shield around these institutions, which, by their nature, is most deserving of transparency and public accountability (Simmons 2010). The issue of loyalty is summed up by the term "blue wall of silence," which is a protective barrier erected by the police in which officers protect one another from outsiders, often refusing to aid police superiors or other law enforcement officials in investigating

the wrongdoing of police officers. Another argument for the internal affairs model is that if the monitoring comes from outside the police, it tends to rouse opposition of police managers as well as the rank and file (Quinn 2009). There is also an argument that disciplinary actions are sometimes seen as internal to police and an instrument of police management rather than a true form of accountability.

### The Civilian Review Model

Proponents of the civilian control model argue that the police must understand themselves as subservient to the community and should allow citizens to evaluate their performance. The main institutional response to the problem of police bias in internal investigations has been to establish civilian review agencies. The civilian review model arose in response to concerns about such matters as police bias and lack of robustness associated with the internal affairs model and covers a number of forms of external, nonpolice engagements with processes of dealing with complaints and misconduct (Savage 2013). The model involves police conducting investigations and determining disciplinary actions, with the external agency playing a monitoring role. This may involve ex post facto reviews of complaints investigations undertaken by the police by a panel made up of some or all lay or civilian representatives, the ongoing monitoring of misconduct investigations undertaken by the police, and the active supervision of complaints and misconduct investigations undertaken by them.

The civilian review model can be equated to the monitoring model (Quinn 2009) in which an individual or a board is authorized to review internal affairs investigations of complaints. The role of the board/commission will thus be to check the adequacy of the internal investigations, as well as to make policy recommendations. The civilian review model can also be equated to Attard's (2010) auditor/monitor model. Auditor/monitor oversight agencies review and analyze internal affairs investigations of police misconduct and have broad authority to evaluate policies and procedures of law enforcement organizations with an eye toward preventing future misconduct. Quinn (2009) highlights that the board will provide a firm, fair, and consistent internal review of internal affairs investigations in order to provide consistent law enforcement services and better management. To this end civilian oversight bodies generate a climate of accountability, openness, and transparency in the communities they serve. Civilian review boards thus have the strengths of opening internal police investigations to scrutiny by outsiders and often providing for participation by multiple community members on board, thereby allowing various groups in the community to perceive that their perspectives are represented.

The most notable system under the civilian review model is the creation of the civilian review boards. Civilian review boards do not only represent citizen participation in processes to check for police accountability and misconduct, but they can also improve general public satisfaction with police (De Angelis 2009). An ideal civilian review board should include academics, nonacademics, and legal professionals as members. Lumina (2006) also highlights Parliamentary Committees, whose review role entails scrutinizing government activity including legislation, the conduct of public officials, and policy issues. In this vein, the Parliament Committees can review police actions and police policy and provide recommendations where police policy and actions are not in line with democratic principles.

The major drawback of the civilian review model is that civilian review boards are quite limited in the scope of their powers. An important point to note is the fact that they are authorized to do no more than find that a specific case was not competently or fairly handled and to request that the identified problem be corrected. As they perform their review tasks, they do not receive the same level of cooperation from police officers as do the police internal affairs unit investigators (Brown 2012: 338). Though the review boards in some jurisdictions may also conduct public hearings, such hearings are informal, and the rules of evidence are not strictly applied (Brown 2012). Another argument by Quinn (2009) is that

if the board is inadequately skilled and/or trained to examine, then the board may not recognize problems in investigations. Due to the need for cooperation between the internal affairs investigations and the civilian review board, this model is also vulnerable to being co-opted. This co-optation was noted by Burger and Adonis (2008) when they highlight that the Independent Complaints Directorate (ICD) in South Africa had to remain dependent on South African Police Service (SAPS) during the course of an investigation. In most jurisdictions, though most independent police complaints boards investigate cases, they can only make recommendations of action to be taken following their findings. In this respect, the review board will be a toothless institution.

### The Civilian Control Model

This model is established on the principle that police should not investigate the police (Savage 2013) and is premised on the concern on whether police can impartially investigate allegations of abuse of power involving one of their own. The question of who investigates the police is not one that has been easily answered, and instead different structures and mechanisms have evolved through history of policing to address the issue (Doherty 2013). The model involves independent investigations of complaints by an independent board or commission. The purpose of giving investigative powers to the board or commission is to increase public confidence that investigations of police officers would be conducted with greater scrutiny and fairness. Another reason, as suggested by Porter (2013), is that police internal investigations were biased toward implicated officers, being at best too lenient and, at worst, engaging in intimidation of complainants and witnesses. Civilian oversight is premised on, inter alia, the inability or unwillingness of the police to police themselves in a manner acceptable to the public and the public's belief that independent investigation of police misconduct is fairer and more objective.

Several systems are in place for the civilian control model. The most notable is the ombudsman. The word ombudsman refers to an office occupied by a single individual who is empowered and resourced to investigate citizen complaints about the manner in which they have been treated by government officials (Doherty 2013: 25). The independent police complaints commission is also another important system for the civilian control model, in which members of the public can directly file their complaints against the police. While the ombudsman deals with complaints against all other government departments, the independent police complaints commission only deals with complaints against the police. The Human Rights Commission is another means of holding the police accountable in cases of misconduct, abuse of power, or police excesses. This is usually a constitutional board which is authorized to inquire into complaints of violation of human rights by a person, government agency, or institution.

Despite widespread calls for civilian control of police misconduct, concerns have been raised over the competency of investigators and their capacity to penetrate the police world (Prenzler and Ronken 2001; Simmons 2010). The investigation of police complaints involves dynamics different to those in normal criminal investigations (Prenzler and Ronken 2001), hence the need for specialized skills which external argents may not possess. The lack of expertise in police tactics, strategy, and policy has prevented many boards from effectively handling cases of police misconduct. It is also difficult to penetrate the police organization due to the strength of the police culture and police knowledge of how to evade prosecution. The issue of the "code of silence" also presents a challenge for obtaining evidence from police officers when investigating fellow officers. In South Africa, Berg (2013) notes the absence of cooperation between the police and the independent investigators during the ICD era. The absence of cooperation was created by the desire to protect police officers who were under investigation. It has also been argued that outside discipline can be counterproductive because it undermines the willingness of the police to discipline itself. Another important argument is that the ability of an outside group to affect the behavior of police officers is more limited than that of the police organization itself.

## The New Imperative: The Hybrid Model

An analysis of the three models discussed above clearly shows the challenges that characterize both having a purely internal oversight mechanism and a purely external oversight mechanism. Though Prenzler and Ronken (2001) seem to be the only notable proponents of the internal affairs model, the importance of this self-regulating mechanism cannot be wished away. For example, internally generated minor incidence of police misconduct needs to be dealt with internally, rather than involve external institutions/agencies to deal with frivolous internal matters. Conversely, major incidents of police misconduct warrant an independent impartial investigation, thus the need for an external oversight agency. An objective assessment of the three models of accountability clearly highlights the challenges in comparing the models in order to pick up an appropriate one. Moreover, each model is not a "one size fits all," and a model that works in a particular jurisdiction may not work in other jurisdictions. De Angelis et al. (2016: 15) correctly point out that every jurisdiction has its own social, cultural, and political issues, and every police agency has its own unique organizational history, tradition, and subcultural characteristics. To this end, a single accountability mechanism/model may not adequately address issues of police accountability in a given jurisdiction. Moreover, evidence that any one oversight approach is more effective than another does not yet exist.

Perhaps a more practical approach would be to have a compromise between a purely internal accountability mechanism and a purely external accountability mechanism. Such a compromise brings to the fore the fourth model of police accountability – the hybrid model. Calderon and Hernadez-Figueroa (2013) importantly note the current trend to incorporate aspects of both internal and external models into a hybrid model. Although there are a variety of hybrid models, the most common is a combination of civilian and police personnel (Brown 2012). This combination of police and civilian staff can take place during the investigative stage and at review stage. Shared responsibility for investigation between police and external oversight agencies represents best practice as well as good value for money. Given the "blue wall of silence," it makes sense to involve the police officers in the investigations, as they are more likely to be able to circumvent the "blue wall of silence" as compared to their civilian counterparts. However, it is imperative that civilian personnel within the oversight body take a leading role in the investigations.

Another alternative put forward by Smith (2013) entails a two-tier complaints system, with the majority of complaints investigated by the police and serious incidence investigated by a separate body. Such a system has increasingly become a norm in European jurisdictions. The system is also premised on the need to give the police command autonomy to deal with minor incidents of officer misconduct. While the police should be allowed to handle all cases of minor misconduct, a civilian oversight body will still be needed to subject all the internal disciplinary processes to scrutiny. It can thus be argued that the hybrid model is inevitable due to the fact that it is difficult to completely exclude the police when dealing with officers' misconduct.

Among the qualities of an effective police oversight body is that the independent body should enjoy the confidence of both the public and the police. Given the evidence against a purely internal accountability mechanism, police officers are likely to support a compromise, in the form of a hybrid model. Similarly, the public will have a bit of confidence in a mechanism in which nonpolice officers are involved in the investigation of police officers' misconduct.

## Conclusion

Despite long-standing research on the models/mechanisms of police accountability, the perfect model seems to be elusive. Though much of the literature gravitates toward support for civilian oversight for police misconduct, the need for self-introspection through internal mechanisms cannot be overlooked. While different external civilian oversight mechanisms have been called by various names, they however seem to converge into two

main models: the civilian review model and the civilian control model. An expose of the inherent weaknesses for both a purely internal mechanism and a purely external oversight mechanism, as revealed in this paper, calls for the need for a compromise in the mold of a hybrid model. Having police officers as part of the investigators among other civilian members will reduce police officers' resistance to scrutiny. Moreover, both the police and the public are likely to have confidence in the inclusive oversight capability of a hybrid model.

## References


Attard B (2010) Oversight of law enforcement is beneficial and needed – both inside and out. Pace Law Rev 30(5):1548–1561

Attard B, Olson K (2013) Oversight in the United States. [Online]. Available from http://nacole.org/wp-content/uploads/Oversight-in-the-United-States-Attard-and-Olson-2013.pdf. Accessed 23 Mar 2016

Berg J (2013) Civilian oversight of police in South Africa: from ICP to the IPID. Police Pract Res 14(2):144–154

Brown LP (2012) Policing in the 21st century. Community policing. Author House, Bloomington

Burger J, Adonis C (2008) A watchdog without teeth? The independent complaints directorate. SA Crime Q 24: 29–34

Calderon EC, Hernadez-Figueroa M (2013) Citizen oversight committees on law enforcement. Centre for Public Policy: California State University. [Online]. Available from cpp.fullerton.edu/pdf/cppp_policeoversight_report.pdf. Accessed 19 Jan 2015

De Angelis J (2009) Assessing the impact of oversight and procedural justice on the attitudes of individuals who file police complaints. Police Q 12:214–236

DE Angelis J, Rosenthal R, Buchner B (2016) Civilian oversight of law enforcement. Assessing the evidence. National Association for Civilian Oversight of Law Enforcement (NACOLE). [Online]. Available from https://d3n8a8pro7vhmx.cloudfront.net/nacole. Assessed 23 Oct 2016

Dissel A, Tait S (2011) Implementing the Southern African Regional Police Chiefs Cooperation Organisation (SARPCCO) code of conduct. African Policing Civilian Oversight Forum, Cape Town

Doherty BJ (2013) Pathways to accountability? Independent oversight, the right to life and the investigation of deaths involving the police. Thesis, University of Portsmouth

Lumina C (2006) Police accountability and policing oversight mechanisms in the Southern African Development Community. Afr Secur Rev 15(1):92–108. Institute of Security Studies

Porter LE (2013) Beyond oversight: a problem-oriented approach to police reform. Police Pract Res 14(2): 169–181

Prenzler T, Ronken C (2001) Models of police oversight: a critique. Polic Soc 11(2):151–180

Quinn S (2009) Models of civilian oversight in the United States: similarities, differences, expectations and resources. [Online]. Available from www.seatle.gov/council/OPARB/attachments/session4_model.pdf. Accessed 22 Nov 2015

Roberts K, Herrington V (2013) Organisational and procedural justice: a review of the literature and its implications for policing. J Pol Intell Counter Terrorism 8(2):115–130

Savage SP (2013) Seeking civilianness. Police complaints and the civilian control model of oversight. Brit J Crim 53:886–904

Shezongo-Mcmillan J (2013) Zambia justice sector and the rule of law. A review by AfriMAPP and Open Society Initiative for Southern Africa. Open Society Foundations, Johannesburg

Simmons KC (2010) New governance and the new paradigm of police accountability: a democratic approach to police reform. Cathol Univ Law Rev 59(2):372–425

Smith G (2013) Oversight of the police and residual complaints dilemmas: independence, effectiveness and accountability deficits in the United Kingdom. Police Pract Res Int J 14(2):92–103


# Rethinking the Vicissitudes of Decentralized Governance in Ghana


Alex Osei-Kojo[1] and Justice Nyigmah Bawole[2]

[1]School of Public Affairs, University of Colorado Denver, Denver, CO, USA

[2]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana


R

## Synonyms

Accountability; Decentralization; Efficiency; Ghana; Local government; Path dependence

## Introduction

Achieving an effective and efficient government remain a persistent challenge for governments in both developed and developing countries; this has led to frequent experiments with different concepts. One of such concepts is decentralization,

which was in vogue during the 1980s particularly among governments in developing countries (Rondinelli and Cheema 1983). Proponents of decentralization hailed the concept as key to achieving accountability and efficiency in local governance. Indeed, Faguet (1997) suggests that decentralization is the panacea for corruption, clientelism, and political alienation often associated with centralized government. Similarly, Bardhan and Mookherjee (2006) conclude that decentralization creates opportunities for citizens to communicate their preferences and views to elected officials, which ultimately leads to greater participation and responsiveness.

Ghana's experiment with decentralization dates back to 1957 when the country gained independence from British rule (Ayee 1996). Yet, the current structure of a four-tier metropolitan, three-tier municipal, and district assembly system was adopted in 1992, following promulgation of the Fourth Republican Constitution of Ghana (Ahwoi 2010). Based on this structure, there are three categories of local government bodies: Metropolitan assemblies, municipal assemblies, and district assemblies. Current records indicate that there are 216 metropolitan, municipal and district assemblies in Ghana.

Despite Ghana's relatively long experiment with decentralization, students and scholars of public administration conclude that the outcomes of decentralization in Ghana have been generally disappointing (Crawford 2009). In explaining the disappointing outcomes of decentralization, Ayee (1996, pp. 48–49) claims that "... the decentralization program failed to achieve its stated objectives because the government did not provide the legal basis for it prior to the establishment of the District Assemblies... the initiative to change the framework has to come from the government." Further, Crawford (2009, p. 58) suggests that the deficiencies of decentralization in Ghana reflect a disconnect between "local political participation and local government accountability." More recently, a study by Yeboah-Assiamah (2016) found that factors such as excessive executive authority over local government bodies, unfavorable legal regime, weak autonomy on the part of local government bodies to initiate developmental programs, and financial constraints undermine the progress of Ghana's decentralization.

While these explanations are useful, they offer a partial account by ignoring the impact of certain statutory provisions in the 1992 Constitution of Ghana and the Local Government Act, 1993 (Act 462) on decentralization. Specifically, these provisions are those that withhold autonomous decision-making authority from local districts to plan and implement their policies and those that empower the President to appoint all District Chief Executives and 30 percent of the membership of the local district assembly. Using path dependence theory, this paper seeks to provide a thorough explanation for the poor performance of decentralization in Ghana. It does so by highlighting how these provisions have created a path for practicing decentralized governance in ways that make it extremely difficult, if not impossible, to achieve accountability and efficiency.

## Theoretical Context: Path Dependence Theory

Path dependence (PD) theory has its intellectual roots in the works of David (1985), who sought to explain why sub-optimal technologies remain industry standards while new and superior technologies exist. In expounding his argument, David (1985) drew insights from how the "QWERTY" row in computer keyboards remains the preferred choice of manufacturers and consumers despite the more efficient "DSK" keyboard. David's (1985, p. 332) basic proposition in explaining PD was that "one damn thing follows another." By definition, PD means "that what happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time" (Sewell 1996, pp. 262–63). For Levi (1997, p. 28), "Path Dependence has to mean, if it is to mean anything, that once a country or region has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an

easy reversal of the initial choice." From these definitions, PD theorizes that current socio-political events and processes are effects of previous occurrences that are difficult to overturn. In short, history matters, and it matters because it helps in explaining the paths followed by organization in their quest to perform their mandated responsibilities (Steinmo 2008).

Since its emergence, PD has remained an influential theory among social science scholars, using it to explain a wide range of socio-political processes such as labor incorporation in Latin America (Collier and Collier 1991). In applying PD to this study, the paper argues that the poor performance of decentralization in Ghana can be traced to long-established statutory provisions embedded in the 1992 Constitution of Ghana and Local Government Act, 1993 (Act 462). These challenges relate to PD because the statutory provisions mentioned previously have created a path for practicing decentralization in a manner that undermines accountability and efficiency in local governance in Ghana. For instance, both the 1992 Constitution and Local Government Act, 1993 (Act 462) empower the President to appoint the District Chief Executivee (DCE) for all 216 districts in Ghana as well as 30% of the membership of all local district assemblies. Under such arrangements, both DCEs and those appointed to serve in the local assembly are more likely to serve the interest of the President, and this undermines accountability to citizens at the local government level.

## Policy Alternatives to Resolve Problem

From the foregoing argument, this paper suggests two policy alternatives to address the challenges of decentralization in Ghana. The first alternative is amendment of provisions that empower the President to appoint District Chief Executives (DCEs) and 30% of the membership of the local district assembly. According to Section (20) of Ghana's Local Government Act, 1993 (Act 462), "there shall be a District Chief Executive for each district who shall be appointed by the President with prior approval of not less than two-thirds majority of the members of the District Assembly present and voting at the meeting." Similarly, Section five (5) of the Act stipulates that membership of the district assembly shall consist, among others, "other persons not exceeding 30 percent of the total membership of the Assembly appointed by the President in consultation with the traditional authorities and other interest groups in the district." Further, Article 243 (2) (a) of the 1992 Constitution permits the DCE to preside over the Executive Committee of the District Assembly, while Article 243 (2) (b) enjoins him/her to carry out day-to-day activities of the district. In this situation, it stands to reason that DCEs and members of the district assembly appointed by the President are inclined to serve the interests and desires of the President rather than serving the interest of local citizens. Agrawal and Ribot (1999, p. 94) corroborate this claim by arguing that "if powers are decentralized only to actors who are not accountable to their constituents, or who are accountable to themselves or to superior authority within the structure of government, then decentralization is not likely to accomplish its stated aims."

For effective accountability, the current arrangement needs to be amended to enable citizens to elect their local political leaders (DCEs), as well as all members of the local district assembly. Indeed, evidence in the public administration literature suggests that such an arrangement is more likely to enhance accountability and participation. For example, Antwi-Boasiako (2010, pp. 168–169) in a study titled: *Public Administration: Local Government and Decentralization in Ghana* suggests that "local accountability becomes effective where local leaders are elected by their own people. . .such a reform may force elected officials in the constituencies to be more accountable to the electorates instead of satisfying the wishes of a distant executive." Similarly, Taylor (2003) suggests that political decentralization correlates with accountability, responsiveness, and innovative leadership. Clearly, the effectiveness of decentralization could be enhanced by changing the current arrangements,

allowing DCEs and all members of the district assembly to be elected.

The second alternative is for central government to grant full decision-making authority to local government districts in the areas of development planning and fiscal legislation. On one hand, this reform will allow local districts to formulate and implement policies that directly meet their developmental needs, without undue interference from central government agencies such as the National Development Planning Commission. This recommendation is based on the understanding that local districts have developmental needs unique to their contexts and must have full authority to develop and implement policies to address such needs. In situations where policies from central government clash with those from local districts, it behooves on both parties to negotiate and reach agreements that satisfy their common interests. But, under no circumstances should local initiatives be thwarted to give way to policies from central government.

On the other hand, fiscal legislation authority will empower local districts to impose levies to raise adequate funds to execute their developmental objectives, without unduly on central government transfers such as the District Assembly Common Fund (DACF). Empirical evidence suggests that central government transfers are unreliable due to delays (Yeboah-Assiamah 2016), and in some cases disbursements have actually not been transferred (Ayee 2000). Thus, granting authority to local districts to impose taxes will enable them to raise adequate funds to implement their development plans, because they will not over-depend on transfers from central government.

## Policy Recommendation

Of the two proposed policy alternatives to deal with the challenges of decentralization in Ghana, the most feasible alternative is the amendment of "unfavorable" provisions in the 1992 Constitution and the Local Government Act 462 (1993). These provisions are those that empower the President to appoint DCEs and 30 percent of the membership of the local district assembly.

Since the current relationship between central and local governments is based on provisions in the 1992 Constitution and the Local Government Act 462 (1993), the provisions indicated above should be amended to improve accountability and efficiency in local governance. The proposed amendment can improve decentralization in at least three ways: first, ceding the appointment powers of the President to citizens would ensure that DCEs and the 30 percent membership of the local assembly are directly elected by the people. Consequently, these elected officials will be accountable to their electorates, not the President. Crawford (2009, p. 69) supports this claim by suggesting that "one way to increase downward accountability of the DCE is to make this [office of the DCE] an elected post." Similarly, Ribot (2002, p. 3) has argued that local participation is likely to be more effective when local government holds "significant domains of discretionary power." Second, local government districts will have full autonomy to plan and execute developmental policies that directly meet their needs without interference from central government. Third, local government districts will have authority to mobilize financial resources to execute their developmental agendas.

Following the logic of Path Dependence theory, implementation of the most feasible proposal implies creating a new path for practicing decentralization in Ghana. Such an action will be a critical juncture, closing off the current arrangements and establishing a new path (based on the proposed amendments) that will generate self-reinforcing path-dependent processes (Capoccia and Kelemen 2007, p. 341). In the new path, citizens will elect all DCEs and members of the local assembly, making these officials accountable to their electorates. Similarly, local government districts will have full powers to plan and implement policies that meet their developmental needs without central government control.

As consistent with the PD literature, this paper acknowledges that amendment of the current

decentralization system in Ghana might be potentially costly. For instance, the President will be stripped of his power to appoint DCEs, implying a potential loss of control over district affairs. Nevertheless, such a cost, when weighed against the benefits of effective accountability and efficiency in local governance in Ghana, is worth paying. After all, to use insights from Utilitarian philosophy, the greatest number will be served.

## Conclusion

Using path dependence theory, this paper sought to demonstrate that the poor outcomes of decentralization in Ghana are the effects of long-established statutory provisions embedded in the 1992 Constitution of Ghana and the Local Government Act 462 (1993). Together, these provisions have created a path for practicing decentralization in a manner that makes it extremely difficult to achieve effective accountability and efficiency in local governance. To improve local governance in Ghana, the paper proposes two alternatives: (1) amendment of provisions in the Local Government Act 462 (1993) and the 1992 Constitution of Ghana that empower the President to appoint all DCEs and 30 percent of the membership of the local assembly; and (2) granting full authority to local assemblies to formulate policies and impose taxes to mobilize funds for implementation, without succumbing to policies from central government.

The most feasible of the two alternatives is amendment of provisions that empower the President to appoint DCEs and 30 percent of the membership of the district assembly, allowing citizens to elect such leaders. As supported by the literature, such an arrangement is more likely to improve accountability and efficiency in local governance in Ghana.

## Cross-References

► Accountability
► Governance

## References

Agrawal A, Ribot J (1999) Accountability in decentralization: a framework with south Asian and west African cases. J Dev Areas 33(4):473–502

Ahwoi K (2010) Local government and decentralization in Ghana. Unimax Macmillan, Accra

Antwi-Boasiako KB (2010) Public administration: local government and decentralization in Ghana. J Afr Stud Dev 2(7):166–175

Ayee JRA (1996) The measurement of decentralization: the Ghanaian experience, 1988–92. Afr Aff 95:31–50

Ayee JRA (2000) Decentralization and Good Governance in Ghana. Unpublished paper prepared for the Canadian high commission, Accra

Bardhan PK, Mookherjee D (2006) Decentralization and local governance in developing countries: a comparative perspective. MIT Press, Hong Kong

Capoccia G, Kelemen RD (2007) The study of critical junctures: theory, narrative, and counterfactuals in historical institutionalism. World Polit 59(3):341–369

Collier RB, Collier D (1991) Shaping the political arena: critical junctures, the labor movement, and regime dynamics in Latin America. Princeton University Press, Princeton

Crawford G (2009) Making democracy a reality? The politics of decentralization and the limits to local democracy in Ghana. J Contemp Afr Polit 27(1):57–83

David PA (1985) Clio and the economics of QWERTY. Am Econ Rev 75(2):332–337

Faguet J-P (1997) Decentralization and local government performance. FAO, Milan

Levi M (1997) A model, a method, and a map: Rational choice in comparative and and historical analysis. In: Lichbach MI, Zuckerman AS (eds) Comparative Politics: Rationality, Culture and Structure. Cambridge University Press, Cambridge, pp 19–41

Ribbot, J (2002) African decentralization: Local actors, powers and accountability. UNRISD, Geneva

Rondinelli DA, Cheema GS (1983) Implementing decentralization policies: an introduction. In: Shabbir Cheema G, Rondinelli DA (eds) Decentralization and development: policy implementation in developing countries. Sage, Beverly Hill, pp 9–34

Sewell WH (1996) Three temporalities: toward and eventful sociology. In: McDonald TJ (ed) The historic turn in the human sciences. University of Michigan Press, Ann Arbor, pp 245–280

Steinmo S (2008) Historical institutionalism. In: Della Porta D, Keating M (eds) Approaches and methodologies in the social sciences: a pluralist perspective. Cambridge University Press, New York, pp 204–224

Taylor MZ (2003) Political decentralization and technological innovation: testing the innovative advantages of decentralized states. Rev Policy Res 24(3):231–257

Yeboah-Assiamah E (2016) Power to the people! How far has the power gone to the people? A qualitative assessment of decentralization practice in Ghana. J Asian Afr Stud 51(6):683–699

# Retirement Contributions, Russia

Oxana Sinyavskaya and Anna Ermolina
Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Insurance contributions – retirement contributions; Russia's pension fund; The pension fund of the Russian Federation – PFR

## Definition

*Insurance contributions towards the mandatory retirement insurance (retirement contributions)* are mandatory payments made to Russia's Pension Fund (PFR – *Rossiisky pensionnyi fond*) to ensure the citizens' right to receive guaranteed pensions from the state-run pension system.

*Length of insurance period* is the total length of periods of employment and other paid activity for which retirement contributions are due and paid to the PFR, as well as other periods (paid maternity and parental leaves, military conscription service, etc.) counted towards insurance period.

## Introduction

Retirement contributions are the key element of pension systems which redistribute incomes during an individual's life cycle. Special-purpose contributions made by employees and/or employers by withholding certain amounts from wages form the income to be enjoyed after retirement from labor market. Thus, retirement contributions are a particular case of social insurance aimed at ensuring a certain standard of living after a person reaches a certain age (OECD 2013).

The importance of retirement contributions is greater in defined-contribution schemes, where the pension benefit depends on the total amount of paid contributions. By contrast, in defined-benefit schemes, popular in the twentieth century, the pension benefit usually depends on the length of residence, or work experience and, in some cases, the wage rate during a certain period in the pensioner's career, but it is not directly linked to the contributions.

In Russia, the transition to a defined-contribution system took place in 2002. Before that pension benefits were usually calculated on basis of information about the individual's wages and records in employment record books (*trudovaya knizhka*), which helped determine the length of an individual's work experience.

However, it should be pointed out that over the last 26 years of Russia's history its approaches to retirement contributions have been changing many times – not only was a defined-benefit system replaced with a defined-contribution system, but there were also periods when the contributions were replaced with taxes; when contributions were paid jointly by employers and employees; when a portion of the contributions was paid to a pay-as-you-go (PAYG) pension system and another, paid into individual funded accounts, was invested on financial markets. And retirement contribution rates have been changing many times as well.

Presently, the contributions paid by employers do not suffice to pay pensions to present-day retirees. So, the state co-finances the pension system almost on an equal level with employers, using transfers from the federal budget to cover the difference between contributions and payments.

This entry will review the evolution of approaches to retirement contributions in Russia, compare the rates of current retirement contributions in Russia and some other countries, and describe the structure of financing of the Russian pension system.

## Retirement Contributions Rates in Russia

Unlike in European countries, employees in the USSR did not pay any retirement contributions.

The USSR did not have a system of social insurance, although the norms set for the pension system were somewhat similar to the Bismarckian defined benefits system. Pensions of Soviet citizens were financed from the so-called funds of public consumption, which consisted of employers' contributions (between 4% and 12% of the payroll depending on the industry sector) and funds from the national budget. And by the late 1980s, the state budget already accounted for nearly half of the pension expenditures.

After the breakup of the USSR, the new law No. 340-1, adopted in 1990 and called "On State Pensions in the Russian Soviet Federative Socialist Republic," provided for the creation of a special off-budget fund, the Pension Fund of the Russian Federation (PFR), which would accumulate contributions of employees and employers and finance pensions. That was arguably the beginning of the history of pension insurance in Russia. The rate of retirement contributions for most employers was 20.6% in 1991, 31.6% in 1992, and 28% in 1993–2000. The rate of employees' contribution was minimal: 1% of a wage (Sinyavskaya 2011). Up until 2002, pension benefits were calculated as a percentage of the wage received during the last 2 years of employment (or during 5 years when the wage was maximal), provided the pensioner had worked for a certain period of time (20 years for women and 25 years for men) and reached a retirement age (55/60 years old for women/men correspondingly). In 1991–1997, the maximum size of pension benefit could not exceed three minimum pension benefits. In 1998–2001, a new pension formula that took into account the ratio between individual and average wage in the economy was introduced in addition to the previous one.

In the 1990s, the economic and financial crisis, as well as the absence of a clear link between retirement contributions and pension benefits, resulted in a massive retirement contribution evasion. The employers' and the state budget's contribution arrears to the PFR, in turn, triggered pension benefits arrears.

The tax reform in 2000 abolished employees' retirement contributions, and employees' payments to the PFR and other social insurance funds were replaced with the unified social tax (UST) with regressive rates. Initially, the UST was designed to relieve the tax burden of employees and employers, but as employees' contributions were abolished, employers came to see the UST as yet another kind of tax. The Russian Tax Code as amended on December 29, 2000, set the UST rate at 35.6%, including 28% of the portion of an employee's wage not exceeding 100,000 per annum payable to the PFR (Part II of the Russian Tax Code No. 117-FZ, as amended on December 29 2000a). Incomes of higher-paid employees were taxed at a lower rate. Beginning from 2002, tax payments to the PFR were replaced with payments to Russia's federal budget. Despite the growth of wages, the thresholds for the UST contributions were not indexed, which resulted in a decline of the amount of possible contributions per pensioner. From May 1, 2005, onwards the maximal rate of UST was reduced to 26%, and the thresholds for contributions were raised. The purpose of this move was to entice businesses out of the shadow economy but this did not happen. The decrease of the UST rates was not compensated with an expansion of the tax base, so the stream of tax payments to the PFR shrank further, which was one of the causes of the deficit at the PFR (Sinyavskaya 2011).

Since 2002, Russia has had a new, multi-pillar pension system, consisting of the universal basic component; the so-called insurance, or PAYG, component organized on defined-contribution principles (which was very similar to the notional defined-contribution accounts existed, for instance, in Sweden or Poland); and the mandatory funded component. Calculated on basis of defined contributions, the sizes of insurance and funded parts of pension benefits depended on the amount of paid contributions and indexation of notional pension capital (in the insurance component), or investment income (for the funded component). Changes in the pension formula enhanced the importance of retirement contributions.

Furthermore, in the 2002, pension formula the indexation of both pension benefits and notional pension capital were linked to the growth of the total amount of UST paid for insurance part of

pension per one pensioner. Therefore, the indexation rate depended on the ratio between contributors and pensioners as well as on the effective UST rate, which determined the total amount of taxes paid to the PFR. Decreases in the UST's effective rate used to bring down the indexation levels of insurance pensions and of the notional pension capital. Which, in turn, caused pensions to grow more slowly than wages.

From 2010 onwards, the UST was again replaced with retirement contributions. The rate of insurance contributions in the mandatory pension scheme amounted to 20%, payable from all annual incomes not exceeding 415,000 rubles (Sinyavskaya 2010). It was resolved to regularly index the "ceiling" of the portion of the wage from which the contributions were due. In 2011, the retirement contribution rate was raised to 26%, but already next year (2012) it was down to 22%, to relieve businesses' tax burden. The rate of retirement contributions payable by employers – 22% from the capped basic portion and 10% from the amount exceeding the base – is still valid and will be until 2019 (Federal Law No. 167-FZ Dated December 15, 2001). In 2017, the cut-off "ceiling" for insurance contributions towards the mandatory pension insurance was 876,000 rubles per annum (Russian government's Directive No.1255 Dated November 29, 2016).

Since 2002, Russia has had mandatory funded pension component. This component of the pension system was applied, in 2002–2004, to men born in 1953 or later and women born in 1957 and later. Since 2005, only individuals born in 1967 or later remained participants of the individual funded pension accounts. The rate of employers' contribution for this group of employees was gradually growing from 1% to 6% of a wage. For this category of employees, the contribution rate towards the PAYG component – the insurance part of pension – was lower than the total contribution rate to the rate paid to the funded component.

In 2014–2015, persons born in or after 1967 could choose a future pension plan: either the insurance scheme alone or the insurance and mandatory funded schemes simultaneously. Those who, submitting relevant applications, opted for a private pension fund or chose an investment portfolio of their private asset manager pay 6% out of 22% of retirement contributions towards the funded component, and the remaining 16% towards the insurance component. Insurance-only pension plans were the option set by default for the other categories of contributors.

However, in 2014, Russia froze the funded component because of a deficit of resources in the pension system. Instead of the funded part, all retirement contributions of all employees were channeled into the PAYG part to pay pension benefits to current pensioners. Later, the freeze was extended to 2015–2019 and its possible abolishment still remains a matter open to debate (Federal Law No. 447-FZ Dated December 19, 2016).

Unlike the retirement contributions paid by employers for their employees depending on the latter's wage amounts, self-employed, individual entrepreneurs, defense lawyers, mediators, notaries, and some other Russians in private practice have to pay mandatory pension insurance contributions irrespective of the presence and amount of their business revenue in a given year. If an individual entrepreneur during a year earns less than 300,000 rubles, the fixed contribution amount (s)he has to pay would be 26% of the annual minimum wage (MROT – *minimalnyi razmer oplaty truda*) as of the beginning of the year. Considering that on July 1, 2016, the MROT was raised to 7,500 rubles, the individual entrepreneurs' fixed retirement contribution for 2017 will be 23,400 rubles. If an individual entrepreneur's annual income exceeds 300,000 rubles, the fixed insurance contribution into the mandatory pension insurance plan includes 1% of the amount exceeding this threshold. The maximal amount of retirement contributions set for individual entrepreneurs, defense lawyers, mediators, and other relevant categories of tax payers may not exceed the MROT x 8 (Part II of the Russian Tax Code No. 117-FZ Dated August 5, 2000b, as amended on April 3, 2017).

Retirement contributions should be paid by employers or self-employed persons during periods of their employment or other activity in the Russian Federation, and in some cases –

outside the country. The insurance period of an employee/self-employed person is equal to the length of period when the contributions were paid to the PFR. The insurance period can also include socially important periods when retirement contributions were not paid: military service by conscription; being a spouse of a serviceman on a mission where employment options are unavailable; taking care of an infant younger than 1.5 years (this rule applies to four children in a family); taking care of a first-category disabled person, a disabled child or a person older than 80; being in receipt of a benefit on account of short-term disability; being in receipt of an unemployment benefit; compulsory community service; imprisonment on account of unwarranted sentence; other (Federal Law No. 400-FZ Dated December 28, 2013).

## Sources of Retirement Contributions: Russian in the International Context

A pension system can have three main sources of financing: employees' contributions, employers' contributions, funds from the state budget. Practically, all pension systems in the world are financed by employees and/or employers (Table 1). Financing pensions, a state usually draws on the general taxes or, less often, the special taxes (for instance, excise duties). Unlike retirement contributions paid by employers or employees as a percentage of the latter's wages towards future pensions, the state's payments can be used to cover administrative costs and/or to cover a deficit in the pension system. Some nations abolished retirement contributions for low-paid employees, replacing them with payments from the state.

Rates of retirement contributions can be uniform for the entire employed population or differentiated depending on the wage amount. Usually retirement contribution rates are higher for the self-employed, "compensating" the contributions paid jointly by employees and employers. The contribution rates can vary depending on the type of pension systems. Some nations apply a single rate of insurance contributions not only for

**Retirement Contributions, Russia, Table 1** Rates of retirement contributions paid by employees and employers (%)

| Country | Employee | Employer | Total |
|---|---|---|---|
| *Russia* | *0.00* | *22.00* | *22.00* |
| Singapore | 20.00 | 16.00 | 36.00 |
| Hungary | 8.50 | 27.00 | 35.50 |
| Portugal | 11.00 | 23.75 | 34.75 |
| Latvia | 10.50 | 23.59 | 34.09 |
| Italy | 9.19 | 23.81 | 33.00 |
| Romania | 10.50 | 20.80 | 31.30 |
| Belarus | 1.00 | 28.00 | 29.00 |
| Moldova | 6.00 | 23.00 | 29.00 |
| India | 12.00 | 16.50 | 28.50 |
| Spain | 4.70 | 23.60 | 28.30 |
| Czech Republic | 6.50 | 21.50 | 28.00 |
| China | 8.00 | 20.00 | 28.00 |
| Brazil | 8.00 | 20.00 | 28.00 |
| Poland | 11.26 | 16.26 | 27.52 |
| Slovakia | 7.00 | 20.00 | 27.00 |
| Lithuania | 3.00 | 23.30 | 26.30 |
| France | 10.05 | 14.70 | 24.75 |
| Slovenia | 15.50 | 8.85 | 24.35 |
| The Netherlands | 18.50 | 5.70 | 24.20 |
| Switzerland | 11.90 | 11.90 | 23.80 |
| Finland | 5.55 | 17.75 | 23.30 |
| Austria | 10.25 | 12.55 | 22.80 |
| Sweden | 7.00 | 15.73 | 22.73 |
| Norway | 8.20 | 14.10 | 22.30 |
| Estonia | 2.00 | 20.00 | 22.00 |
| Great Britain | 9.05 | 11.90 | 20.95 |
| Croatia | 20.00 | 0.00 | 20.00 |
| Greece | 6.67 | 13.33 | 20.00 |
| Malta | 10.00 | 10.00 | 20.00 |
| Turkey | 9.00 | 11.00 | 20.00 |
| Iceland | 4.00 | 15.79 | 19.79 |
| Germany | 9.45 | 9.45 | 18.90 |
| Bulgaria | 7.90 | 9.90 | 17.80 |
| Japan | 8.737 | 8.737 | 17.474 |
| Belgium | 7.50 | 8.86 | 16.36 |
| Luxemburg | 8.00 | 8.00 | 16.00 |
| Cyprus | 7.80 | 7.80 | 15.60 |
| USA | 6.20 | 6.20 | 12.40 |
| Canada | 4.95 | 4.95 | 9.90 |
| Australia | 0.00 | 9.50 | 9.50 |
| South Korea | 4.50 | 4.50 | 9.00 |
| Mexico | 1.75 | 6.90 | 8.65 |
| Ireland | 4.00 | 4.25 | 8.25 |
| Israel | 0.34 | 1.60 | 1.94 |

Source: Collected by authors based on Social Security Programs Throughout the World: Europe (2014a), Asia and the Pacific (2014b), and The Americas (2015)

pension plans but also for family benefits, employment benefits, or disability benefits (Social Security Programs Throughout the World: Europe 2014a).

The total rates of retirement contributions paid by employers and/or employees significantly differ from one country to another: from 1.94% in Israel to 36% in Singapore. Russia, with its 22% (since 2012) or 26% (in 2011), is located approximately in the middle of the ranking, an equal to such countries as Estonia (22%), Norway (22.3%), Sweden (22.73%), Austria (22.8%), Finland (23.3%), Switzerland (23.8%), The Netherlands (24.2%), Slovenia (24.35%), France (24.75%), Lithuania (26.3%).

Russia is distinctive because employees in this country do not pay the contributions. Among the countries mentioned above only Australia has a similar scheme, with all retirement contributions paid by employers. There are also a number of countries (for instance, Belarus, Estonia, Mexico) where employees pay retirements contributions at a much smaller rate (1–2%) than employers. Overall, in most countries the rates of retirement contributions payable by employers are higher than those payable by employees. Equal rates for the employer and the employee are set in Switzerland, Malta, Germany, Japan, Canada, South Korea, and some other countries. The countries with the highest retirement contribution rates payable by employees are Singapore and Croatia (20%), The Netherlands (18.5%), Slovenia (15.5%). In Croatia, all contributions are paid by employees.

Retirement contribution rates for the self-employed vary even more (Table 2). As has been noted earlier, in Russia contributions from the self-employed practically do not correlate with the presence and amount of their revenues, and the fixed contribution amount is calculated on basis of the MROT. Similar schemes for retirement contributions of the self-employed, dependent on a minimal or median wage, are applied in China or Mexico. In most countries, the basic taxable income for the purposes of calculating retirement contributions is an individual entrepreneur's revenue, often with a cap. The rate of retirement contributions is differentiated

**Retirement Contributions, Russia, Table 2** Rates of retirement contributions of the self-employed (%)

| Country | Self-employed |
|---|---|
| *Russia* | *26.00% of the MROT x 12 if an entrepreneur's annual income less than 300,000 rubles*<br>*26.00% of the MROT x 12 + 1.00% of the amount above 300,000 rubles if an entrepreneur's annual income exceeds 300,000 rubles* |
| Belarus | 29.00% |
| Bulgaria | Social insurance:<br>17.80% for persons born before January 1, 1960<br>12.80% for persons born after December 31, 1959<br>Mandatory individual account: 5.00% |
| Cyprus | 14.60% |
| Czech Republic | 28.00% |
| Denmark | Contributions are paid quarterly up to 3,240 kroner a year |
| Estonia | Social insurance: 16.00%<br>Mandatory individual account: 4.00% |
| Greece | 20.00% |
| Hungary | 7.00 and 27.00% in the form of a social contribution tax |
| Iceland | Universal pension: 7.79% of presumptive income (the employment income one would receive if similarly employed by an unrelated person)<br>Mandatory occupational pension: 12.00% |
| Ireland | 4.00% of annual income above €5,000 |
| Italy | 22.20% |
| Lithuania | Basic pension: 26.30–50%<br>Supplementary pension: 15.00–100% |
| Luxemburg | 16.00% |
| Malta | €28.38–€61.82 a week depending on net income |
| The Netherlands | 17.90% (old-age pension) + 0.60% (survivors' pension) |
| Norway | 11.40% |
| Poland | 19.52% (old-age pension) + 1.50% (disability pension and survivors' pension) |
| Romania | Social insurance: 31.3%<br>Mandatory individual account: 4.50% + administrative fees |
| Serbia | 24.00% |
| Slovakia | 24.00% |
| Slovenia | 24.35%<br>15.50% for certain farmers |

(continued)

**Retirement Contributions, Russia, Table 2** (continued)

| Country | Self-employed |
|---|---|
| Switzerland | Base pension: 7.80% (old-age and survivors' pensions) + 0.7% (disability pension)<br>Mandatory occupational pension depends on the insured's pension fund |
| Turkey | 20.00% |
| China | Basic pension insurance: 12.00% of the local average wage<br>Mandatory individual account: 8.00% of the local average wage |
| Israel | 3.09% of earnings up to and 5.21% of earnings above 60% of the national average wage |
| Japan | 15,250 yen a month till March 2015 gradually rising to 16,900 yen a month by September 2017 |
| South Korea | 9.00% |
| Argentina | 27.00% |
| Chile | 10.00% (old-age pension) + 1.15% (disability and survivors' pensions) + 1.39% (administrative fees) |
| Mexico | 6.275% of the legal daily minimum wage (old-age pension) + 2.375% (disability and survivors' pensions) |
| Peru | 13.00% |
| USA | 12.40% |
| Venezuela | 13.00% |

Source: Collected by authors based on Social Security Programs Throughout the World: Europe (2014a), Asia and the Pacific (2014b), and The Americas (2015)

depending on the pension type (old-age pension, disability pension, survivor's pension) or on the pillar of the pension scheme (main/subsidiary/occupational, PAYG pension insurance or mandatory funded individual pension account). Romania and Chile have a special rate for covering administrative overhead. Overall, it can be said that in most countries rates of retirement contributions of the self-employed are higher than those paid by employees or their employers.

## Structure of Financing of Russian Pension System

Retirement contributions are a major source of the revenues of the Russian pension system. Prior to 2005, retirement contributions sufficed for paying the insurance part of pensions and the federal budget financed only uninsured periods and pensions not related to the retirement contributions (social pensions, state-provided pensions) (Fig. 1).

From 2005 onwards, when the UST's effective rate was significantly reduced, the need in state financing has been growing. An additional factor accounting for the PFR's deficit and, accordingly, the demand for transfers from the federal budget was the indexation of pensions in 2008–2010, which was greater than the limits set by law. In 2009, the amount of federal budget transfers became equal to the amount of retirement contributions paid towards the pension's insurance component. In 2010, after the so-called valorization of the pension rights accrued for the periods before 2002, and especially before 1991, had raised the amounts of pensions paid to most senior pensioners, the situation became even worse and the size of federal budget transfers exceeded the total amount of retirement contributions (to both the insurance and funded components) by 1.4. In 2011–2013, the size of federal budget transfer was comparable to the amount of retirement contributions towards the insurance component. In 2014–2015, due to the abolishment of contributions towards the funded part, the authorities managed to diminish the size of federal budget transfers. However, it still remains significant.

The fact that the amount of the federal budget transfer continues to be large is partially explained by the reduction of the retirement contribution rate to 22% in 2012 from the rate of 26% set for the previous year – 2011. The Federal Law No. 167-FZ Dated December 15, 2001, provides that the difference of 4 percentage points is temporary and should be compensated by the state. Besides, the law sets lower retirement contribution rates for certain categories of the employers or employees: agricultural producers meeting certain criteria; organizations and individual entrepreneurs applying the unified agricultural tax; the disabled of I, II, and III categories in organizations meeting certain criteria; organizations and individual entrepreneurs working in special economic zones, and many others (Federal Law No. 167-FZ Dated December 15, 2001).

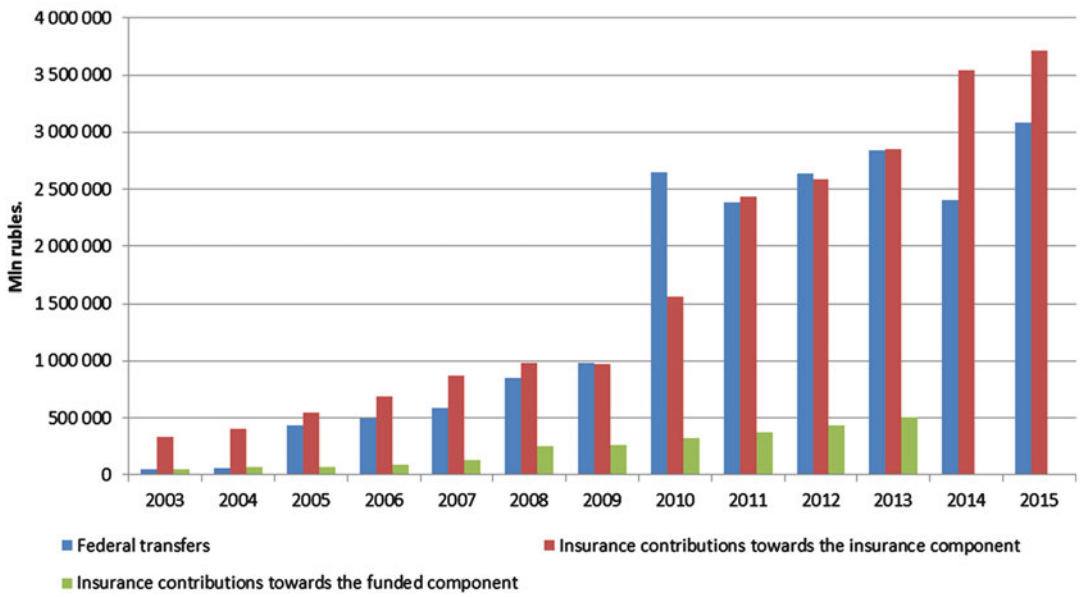


**Retirement Contributions, Russia, Fig. 1** Dynamics of the amounts of retirement contributions paid to the PFR towards the insurance and funded components of the pension system and federal budget transfers to the PFR, 2003–2015. (Source: Calculated by authors on basis of the official information on the PFR budgets)

The deficit in the PFR and the growing need for federal budget transfers also stems from the increasing informal employment in Russia since the early 2000s. According to the most modest estimates of informal employment suggested by the data of the Rosstat's Labor Force Survey, the share of people employed in the informal sector grew from 13% in 1999 to 17–18% in 2009 (Gimpelson 2011). This means that the gap between the numbers of the employed (formally and informally) and the numbers of retirement contributors continues to grow.

Increases in the numbers of people formally employed would push up the numbers of the contributors and the amount of collected retirement contributions paid to the PFR, while keeping the numbers of pensioners at the same level. According to the prognostic estimates of Grishina and her colleagues (Grishina et al. 2014), if all wages become fully transparent (i.e., formal), the amount of retirement contributions will grow by 14.3–14.8%, which corresponds to 0.6–0.7 percentage points of the GDP. Such an increase in the amount of the insurance-component contributions to the PFR, with the replacement rate unchanged, would reduce the federal budget transfers by 18–24%.

## Conclusion

Russia has a defined-contribution system whereby the pension's benefit depends on the amount of contributions paid over the course of the working life. The retirement contribution rate is 22% of payroll now, which is on average level by the international standards.

One of the distinctive features of Russia's pension system is a lack of employees' contributions. Hence, pension benefits are financed by the employers' contributions and federal budget transfers. Only Australia as Russia has no employees' contributions; in most other developed countries, retirement contributions are paid both by employers and employees. The self-employed and individual entrepreneurs in Russia pay retirement contributions themselves. However, compared to some developed countries, the

self-employed taxpayers' retirement contributions are fairly low because they are calculated on the basis of the MROT instead of the entrepreneurial revenues like in most countries.

The state's inconsistent steps in setting retirement contribution rates and amounts for pension indexation, together with the absence of a source of financing for the transition to funded pensions, are the causes of the deficit in the PFR. As a result, a large part of the pension payments is financed through federal budget transfers. The dynamics of the amounts of the federal budget transfers to the PFR and retirement contributions reveal a serious deficit in Russia's pension system.

## Cross-References

► Human Resource Management in Russia

## References

Federal Law No. 117-FZ Dated August 5 (2000a, 2000b) On the protection of competition on the financial services market. https://www.wto.org/english/thewto_e/acc_e/rus_e/WTACCRUS48_LEG_60.pdf

Federal Law No. 167-FZ Dated December 15, 2001 (2001) On the mandatory retirement insurance in the Russian Federation

Federal Law No. 400-FZ Dated December 28, 2013 (2013) On the insurance pensions

Federal Law No. 447-FZ Dated December 19, 2016 (2016) On amending article 33.3 of the federal law, "On the mandatory retirement insurance in the Russian Federation" and article 6.1 of the federal law, "On amendments to certain legislative acts of the Russian Federation on the mandatory retirement insurance regarding the right of pension provision option by the insured persons"

Gimpelson V (2011) Informal workers in the Russian economy: who are they and how many? Working paper WP3/2011/06 [text]. Gimpelson V, Zudina A. National Research University "Higher School of Economics." Publishing House of the Higher School of Economics, Moscow, p 60

Grishina E, Dormidontova Y, Lyashok V (2014) The influence of informal employment on the sustainability of the pension system in Russia. Econ Policy 6:7–24

OECD (2013) Pensions at a glance 2013: OECD and G20 indicators. OECD Publishing. https://doi.org/10.1787/pension_glance-2013-en

Sinyavskaya O (2010) The Russian pension reform: what are the future challenges? Soc Policy Expert Recommend Overviews 13:187–210

Sinyavskaya O (2011) The history of pension system in Russia. In: Fillipov P (ed) The history of New Russia. Essays, interviews. In three parts. Norma, Moscow, pp 142–201

Social Security (2014a) Social security programs throughout the world: Europe (2014). https://www.ssa.gov/policy/docs/progdesc/ssptw/2014-2015/europe/index.html

Social Security (2014b) Social security programs throughout the world: Asia and the Pacific (2014). https://www.ssa.gov/policy/docs/progdesc/ssptw/2014-2015/asia/index.html

Social Security (2015). Social security programs throughout the world: The Americas (2015). https://www.ssa.gov/policy/docs/progdesc/ssptw/2014-2015/americas/index.html

The Decree of the Government of the Russian Federation No. 1255 Dated November 29, 2016 (2016) On the maximum value of the base for the calculation of insurance contributions towards the mandatory social insurance in the case of temporary disability and maternity and towards the mandatory retirement insurance from January 1, 2017

# Retirement Crisis: Global

Paul C. Trogen
East Tennessee State University, Johnson City, TN, USA

## Synonyms

Pension; Public pension; Social security

## Definition

*Retirement* is a time after a worker stops working, either due to illness, reaching a predetermined age, or personal choice – often because they have an adequate pension (Gillespie 2011).

*Pay-as-you-go (PAYG) retirement system* is a retirement plan where benefits to current retirees are paid by the retirement contributions of current workers.

*Fully funded retirement system* is a retirement plan where worker's contributions to the plan during their working years are sufficient to pay the scheduled benefits upon retirement.

## Introduction

The International Monetary Fund predicts that, before 2050, the social security system in each of the world's seven major industrialized nations will face a shortfall (Escamilla 1999). Each is a manifestation of a global retirement crisis. Inflows and outflows are symptoms and not the underlying problem. "Social security reforms" usually increase taxes and/or cut benefits, but the crisis reappears. For example, US Social Security was "fixed" in 1972. In 1977, it was "fixed" again, and President Jimmy Carter announced the Social Security would be solvent for 50 years (Carter 1977). In 1981, the system was again insolvent, and the Greenspan Commission made Social Security solvent for the next 75 years. Yet, by 2032, the Social Security Trust Fund will be exhausted, and Social Security will be able to pay only 75% of its obligations. Treating the symptoms, without curing the disease, doesn't resolve the problem.

Germany, the United States, China, and Japan are major world economies, yet each faces a retirement crisis. Germany is the largest economy in the European Union and the originator of universal retirement. The United States and China are the world's largest economies, the first trying multiple times to keep its retirement system solvent and the second struggling to establish it. Japan confronts an impossible combination of lower fertility and high life expectancy (Aaron 2014), which will soon be the whole world's fate.

## Retirement in a Historical Perspective

Universal retirement is a relatively recent social experiment introduced in Germany in 1889 (Social Security n.d.). The United States followed in 1935 (ibid). Japan launched its first national pension programs during WWII and extended universal coverage in 1947. While Chinese government employees have enjoyed pensions paid by the government, many other Chinese still wait for a universal coverage.

### Traditional Arrangements

Before retirement programs, traditional institutions, like extended families in multigenerational households, supported the elderly. Before China's Cultural Revolution, the norm of filial piety (Fong 2016:86) expected children to care for aging parents. Before China's collectivization of agriculture, economics reinforced this norm, as children honored their parents in hope of inheriting the farm from their parents. First, collectivization gave the land to the state. Later, capitalism caused 100 million young Chinese to leave the rural interior and aging parents to work in distant coastal factories (Longman 2004:56). Without the supportive economic and social milieu, China now struggles to reinstate the traditional values of caring for parents (Fong 2016:87) and in 1996 passed legislation requiring children to financially support aging parents (Fong 2016:150). Young Chinese often face the heavy 4-2-1 burden, where only one child bears responsibilities toward two parents and four grandparents.

### Germany, the First Social Security

In Germany, economic change also weakened the traditional social safety net. Transition from an agricultural society to an urban society removed the safety of farm and extended family. Germany's industrial revolution transformed her from a rural society to the largest industrial power on the European mainland. Cities grew. Between 1820 and 1900, the population of Essen grew from 100,000 to 400,000, Hamburg from 127,000 to 721,000, and Berlin from 200,000 to 1,888,000). Chancellor Otto von Bismarck instituted social programs to secure working class support and instituted Social Security in 1889. The German retirement age was originally set at 70 (Social Security n.d.) when life expectancy in Germany was 37.17 years for men and 43.97 years for women (Twarog 1997). Among those Germans reaching age 65, life expectancy was 70 (ibid). The German retirement age was reduced to 65 in 1916 to match that of public pensions (Social Security n.d.).

### US Social Security

The United States did not immediately follow Germany's lead. At the turn of the century, few Americans thought about retirement. The US population was still 60% rural; few workers had any kind of pension, and people worked as long as they were able. By 1930, however, two changes undercut the safety net. First, by 1930, a majority of Americans lived in urban areas away from farm and extended family. Second, the Great Depression occurred. The aim of Social Security, as of many New Deal Programs, was to provide some modest assistance. Social Security originally provided only 25% of preretirement income.

### Japan

Pensions also emerged in Japan during crisis. During WWII, many sons went off to war. The first pension system for workers was established in 1941 (Ministry of Foreign Affairs (MOFA), n.d.). In 1944, a disability pension program was established, based not on the recipient's ability to work, but upon the ability to perform activities of daily living (Oshio and Shimizutani 2012). Universal social security was extended to all Japanese people in 1947 (MOFA n.d.).

### China

China's retirement pension system is still under construction. In the revolutionary fervor of the 1950s, Mao promised workers in state-run enterprises the "iron rice bowl," in which, in exchange for low wages, workers were promised generous pension benefits. No money, however, was actually set aside for this purpose, creating huge legacy costs (Longman 2004:55). China provided generous pensions for civil servants, paid by the government. China didn't create a retirement system until 2000. It covers only 365 million citizens, and it is already underfunded in an amount equal to 150% of GDP. (Last 2013:135). Pensions have yet to reach the countryside (Longman 2004:56) where three quarters are not covered (Fong 2016:152). One fourth of Chinese retirees live on less than one dollar a day (Fong 2016:141).

Pensions for private enterprise employees are less generous and must be purchased by workers, which is perceived as inequitable. In 1997, China took the advice of the World Bank and created individual retirement accounts for younger workers, similar to 401Ks in the United States. In practice, however, contributions are merely bookkeeping entries and do not buy real investments in the economy. Local social security bureaus use the contributions to pay benefits to current retirees (Longman 2004:56). These accounts become just another unfunded liability. Chinese workers saving for retirement have few investment options. They can either invest in China's illiquid stock market, or put money into an insolvent banking system that offers returns below inflation (ibid).

## The Operation of Retirement Systems

Retirement system structure determines its sensitivity to uncertainty and change. There are two major types of retirement systems, fully funded and pay-as-you-go. Most developed countries operate their retirement systems on a pay-as-you-go basis, and they face growing financial burdens (Gruger and Wise 2000).

A ***fully funded*** retirement system is more stable because it theoretically collects all the funds needed to pay for retirement during a wage-earner's career. We say theoretically, because fully funded plans also partially depend upon additional interest earned on retirement contributions to keep up with inflation and help accumulate funds to pay the benefits. These plans are really actuarially funded, because retirement benefits should be available upon retirement based on actuarial assumptions, including how long wage earners contribute to the plan, projected contributions (based on projected wages), prevailing interest rates, and how long retirees are expected to draw benefits. The Great Recession of 2008 demonstrated that unanticipated events can upset actuarial assumptions. The recession reduced wage levels, prompted central banks to reduce interest rates, cut careers short by forcing laid-off workers to take early retirement, and delayed the onset of work when competition for scarce jobs forced young people to seek more years of education. The Great Recession has put some "fully funded" US

municipal government pension systems, including that of Detroit, deep into debt (Trogen 2015).

The first national social security system in Germany was originally fully funded. The loss of half the plan's assets resulting from Germany's loss in two world wars and hyperinflation forced the plan to convert to a pay-as-you-go system in 1957 (Börsch-Supan and Jürges 2012). The 1935 US Social Security Act also originally attempted to accumulate significant reserves in by phasing in rising payroll tax deductions years before the first retirement checks were to be paid in 1942 (Martin and Weaver 2005). But politics soon reduced US Social Security to a purely pay-as-you-go system when Congress delayed payroll tax increases, then moved up, and expanded benefits. The first person to receive social monthly security benefits, Ida May Fuller, received her first of many checks in January 1940. She collected $22,888.92 in benefits during her retirement, after paying only $24.75 into the system (Social Security History n.d.). Social Security soon lost any illusion of being actuarially sound.

The alternative to a fully funded system is a pay-as-you-go system. In a *pay-as-you-go* system, payroll deductions of current wage earners are not saved for their own retirement, but are used to pay the benefits of current retirees. A pay-as-you-go system is essentially a gift from future generations to the current generation. This arrangement did not appear as risky in 1935 as it sounds today, because people in 1935 assumed future generations would always be larger. Today, that is no longer true.

Today, the retirement system of all major industrial countries operates on a pay-as-you-go basis (Escamilla 1999). Pay-as-you-go systems need a stable or growing ratio of workers to retirees. That ratio is falling to unsustainable levels in most major economies. Causes of declining ratio include:

- A permanent reduction in workers due to sub-replacement level fertility levels.
- A permanent increase in the number of retirees due to longer life expectancy.
- Delays entering the workforce due to higher educational attainment.
- A temporary increase in the number of retirees between 2016 and 2050, when baby boomers swell retirement rolls.

Demographics are no longer favorable for pay-as-you-go retirement systems.

## Changing Demographics

> German chancellor Konrad Adenauer once said Germany could afford generous unfunded pensions because Germans women will always have babies. He should not have taken German women for granted. (Longman 2004:50)

Declining fertility is a long-term trend. Sub-replacement rate fertility is becoming the new "normal." Both are fatal for pay-as-you-go retirement systems.

Studies in 1935, when the US Social Security system was developed, suggested that the system would be self-sustaining with a modest level of payroll taxation if the retirement age was set at 65 (Social Security age 65). At that time, US life expectancy was 61.7 years (Williams 2013), although a significant number were still expected to live beyond 65. There were 37 workers for each anticipated retiree in 1935 (Escamilla 1999). But demographics change. By 1999, there were only three workers per retiree, and when the last baby boomers hit retirement age, there will be only two workers per retiree (ibid). Two demographic transitions explain falling birthrates.

### The First Demographic Transition

The first demographic transition causes graying of the population. When mortality was high, women compensated by bearing more children. When health conditions improved, more children survived, creating a boom generation (Bloom and Canning 2004). The *first demographic transition* occurs when mothers gradually realize more children were surviving. They gradually reduced their childbearing toward the replacement rate (Last 2013:92). There are fewer children. Within two generations, there are also more old people, because life expectancy increases in the elderly due to reduced exposure to disease as children and

young adults (Longman 2004:106). The population may still grow, but growth is due to more senior citizens.

### The Second Demographic Transition

The second demographic transition is a decline in the number of children women desire due to urbanization. Fewer children cause a population free-fall. When people supported themselves by agriculture or a cottage industry, children were an asset. Children made families better off because they helped on the farm or the shop and produced more than they consumed. When the industrial revolution arrived, workers took factory jobs in cities. In crowded cities, children were not an asset, but an impediment to economic mobility (Longman 2004:137). Cities always had lower fertility (Last 2013:18). The second demographic transition causes people to desire fewer children. America's industrial revolution began around 1800. US fertility rates continued to fall almost without interruption since 1810. The interruption was the baby boom, which peaked in 1957, after which fertility rates returned to their long-term downward trend (Longman 2004:87).

Urbanization also causes fertility to fall globally. Global fertility rates are now half of what they were in 1972 (Longman 2004:8). Almost every country in every part of the world has declining fertility (Last 2013:8). Only 3% of the world's population lives in countries where the birthrate is not declining (Morgan and Taylor 2006). Fertility continues to fall past the replacement rate (Last 2013:92). The theory of the second demographic transition suggests that sub-replacement fertility will be "structural and permanent" (Last 2013: 94). All first world countries are below the 2.1 replacement fertility rate (Last 2013:8). No industrialized nation produces enough children to sustain its population, or to prevent rapid population aging (ibid).

### The Baby Boom as Temporary Anomaly

The baby boom is a temporary response to one-time events and did not reverse the overall decline in fertility. Some of the baby boom in Europe and the United States may be an echo effect of the baby boom that occurred after 1918 in response to casualties in WWI and high mortality rates in the 1918–1919 influenza epidemic. The baby boom also includes children postponed during the Great Depression and WWII (Bloom and Canning 2004). Birthrates increased all over the world after WWII, and population grew rapidly (Arentz 2015).

### Back to Declining Fertility

After the baby boom, birthrates resumed their downward trajectory. Japan experienced a baby boom from 1946 to 1951, after which its birthrate fell by half (Arentz 2015). Fertility dropped in every industrialized nation between 1960 and 1980, in the Netherlands from 3.1 to 1.6, in Canada from 3.8 to 1.8, in West Germany from 2.3 to 1.5, and in the United States from 3.7 to 1.8 (Last 2013:15).

### Exceptions to the Rule: Developing Nations

Few areas have avoided the demographic freefall. In most countries in sub-Saharan Africa, children are still seen as a source of labor and old age insurance, so traditional high fertility rates persist despite improvements in child mortality (Bloom and Canning 2004). Yet birthrates are declining even in sub-Saharan Africa (Longman 2004:25). When birthrates do drop, they fall faster than they did in developed countries, due to higher female educational attainment, job opportunities, and access to family planning (Bloom and Canning 2004). Whereas the developed world had similar proportions of young and older persons by 1990, developing counties are expected to have similar proportions by 2030 (Goulding and Rogers 2003). By 2050, according to UN projections, 75% of countries, including developing regions, will reproduce at below replacement levels (Longman 2004:26).

### The New Normal

Below replacement fertility is the new normal. "There is no reason to think fertility will rise above replacement level. No country has risen to above replacement level for a 5 year period after falling below it" (Last 2013:24). Low fertility reshapes a population structure, with more adults, and eventually more retirees, than children (Last

2013:26). Retirement systems can no longer rely on growing generations of new workers to bail them out.

## Attempts to "Reform" Social Security

Below replacement fertility assures number of new contributors to retirement systems will decline. Longer life expectancy increases the number of retirees. Neither trend is likely to change and neither is favorable for retirement systems. "Social security reform" rarely addresses this demographic imbalance and instead usually treats the symptoms, sometimes by trimming benefits, more often by raising social security taxes, and rarely by delaying benefits.

### Cutting Benefits

Cutting benefits is the path less followed because large numbers of elderly voters make it politically perilous. Even in China, where voters have less clout, attempts to not pay promised benefits were met with protests and riots in Liaoyang and Daqing in 2002 (Longman 2004:55). Reductions planned to balance cash flow models are usually expediently delayed into the future, where current voters are less likely to notice them. Reductions sufficient to offset demographic trends, however, would leave retirees destitute. Germany and Japan already have to supplement insufficient social security revenues with general revenues (Escamilla 1999). Japan, which faces tomorrow's demography today, is reducing pension benefits by 0.9% per year for new retirees until 2023 (OECD 2011).

### Increase Social Security Payroll Taxes

A common recommendation is to increase the tax rate on workers (Aaron 2014). While raising payroll taxes can temporarily alleviate the symptoms, it still does not touch the underlying problem. Trying to compensate for demographic trends by raising payroll taxes would eventually raise them to an unsustainable level. Social Security and Medicare taxes in the United States total 15.3% (6.2% Social Security tax and 1.45 Medicare tax percent on both employer and employee). By 2030, a payroll tax of 28.25 may be necessary to cover Social Security and Medicare (Longman 2004:81). According to estimates of the Congressional budget office, the three big entitlement programs (Social Security, Medicare, Medicaid), plus interest on the debt, could consume 24% of GDP by 2030. By 2050, their cost could rise to 47% of GDP, which is more than double expected revenues at that time (Longman 2004: 21). One cannot raise taxes enough to overcome demographics.

Raising payroll taxes may actually exacerbate the underlying problem by making harder for workers to afford children. When governments raise payroll taxes, young people, in order to afford those taxes, postpone starting a family and seek out higher levels of education, interrupting their prime childbearing years (Longman 2004:21). College delays marriage and childbearing (Last 2013:163). The long-term effect of raising payroll taxes is declining fertility (Longman 2004:22), creating a need for higher taxes, which creates a downward demographic spiral.

### Smoke, Mirrors, and Retirement System Projections

Retirement funding projections are based on assumptions, often assuming historic fertility rates and economic growth. But declining populations cause economies to slow. "There is no precedent in human history for economic growth on declining human capital" (Last 2013:36). "[T]he pace of human progress has slowed considerably since 1972 – just after western fertility began to collapse" (Last 2013:27). Today's economic growth is unsustainable, because it consumes more human capital than it produces (Longman 2004:134).

### Delaying Retirement

> Social security was conceived in an era of high fertility. . . [A]fter our fertility collapsed, these programs became dysfunctional." (Last 2013:109)

There are only two possibilities, to adjust our demographics to our programs, or adjust our programs to our demographic realities. Demographics are resistant to change. Fertility has a

turning radius of a battleship, not a go-kart (Last 2013:156). The number of senior citizens has temporarily grown because of the baby boom, but will permanently grow due to increasing life expectancies.

Remaining life expectancy at age 65

| | Women | | | Men | | |
|---|---|---|---|---|---|---|
| | 1960 | 2011 | Change | 1960 | 2011 | Change |
| Japan | 14.1 | 23.7 | 9.6 | 11.6 | 18.7 | 7.1 |
| Germany | 14.2 | 21.2 | 7.0 | 12.2 | 18.2 | 6.0 |
| United States | 15.8 | 20.4 | 4.6 | 12.8 | 17.8 | 5.0 |
| China | – | 16.9 | – | – | 14.8 | – |

Data Source excluding China, OECD 2013. Data Source China: World Health Organization 2015
China's current life expectancy is 74, a gain since 39 at the time of WWII (Fong 2016:241)

The duration over which retirement benefits are collected has increased dramatically. When public pension systems were established, if people survived to retirement age, they had a few short years of retirement (OECD 2011). Today, male in OECD countries has an 80% chance of reaching 65 and a woman a 90% chance. Life expectancy at 65 is 17 years for a man and 21 years for a woman (ibid). More people are collecting retirement benefits for a much longer time.

The ratio of young to old, which we cannot change, does not matter to retirement systems nearly as much as the ratio of active workers to retirees, which we can change. If a person at 75 is a healthy as a 65 year old was a generation earlier, we could postpone retirement 10 years and have no problem funding retirement (Longman 2004:179). The appropriate retirement age is not divinely ordained. The retirement age in the original German Social Security was 70. The 65-year retirement age was spread by diffusion. First, Germany's retirement age was reduced to 65 to match the pensions for German civil servants (Social Security n.d.) from where it was copied by the United States, then by Japan, and soon in China.

Increases in the retirement age for future retirees are also copied by diffusion, not calculation. The 1983 revisions to the US Social Security act gradually raised age at which one could collect full retirement benefits from 65 to 67 by the year 2027 (Attaraian 2003; Pattison 2015:21). Germany is also gradually raising the retirement age from 65 to 67 over the years 2012–2030 (Vogt and Althammer 2016). China also adopted gradual retirement age increases. The 13th Five-Year Plan (2015) will gradually increase the retirement age to 65 by 2045. Female public servants previously retired at 50 and males at 55. Men in nongovernment jobs retired at 60, women in white-collar jobs at 55, and women in blue-collar jobs at 50 (Asia Times 2016). The retirement age recently increased to 65 for men, 60 for women (Golley 2017).

The retirement age is important as it is seen as prescriptive or "normal", rather than permissive. In 2012, labor force participation of men over 65 in Germany was only 7.1%, 23.6% in the United States, and 28.6% in Japan (Aaron 2014). The full retirement age is only part of the problem, as a majority retires before 65.

The onset of retirement is also strongly influenced by when benefits are first available (Gruger and Wise 2000:7). In Germany, there are many ways to retire. All are eligible to retire at age 65, but few work that long. A large fraction retires under a disability program before age 60. Others retire under a social security disability program after 60. Some retire under a social security unemployment program at age 60. Still others use the flexible retirement plan, which allows people with long service (45 years) to retire at age 63 (Gruber and Wise, 2000:14). In Germany, the most popular retirement age is 63, when flexible early retirement becomes available. The second most popular is the normal retirement age of 65, followed by age 60, when older disability and unemployment benefits become available (Gruber and Wise 2000:19).

In the United States, more people retire at age 62 when early retirement becomes available than age 65, the full retirement date. The third most popular age is 68 (Gruger and Wise 2000:17).

How long people work is closely related to the incentives in social security plans (Gruger and Wise 2000:2). Many retirement systems create an incentive to leave the workforce early

(Milligan and Wise 2012:1). Retirement-aged people are reluctant to continue working if the incentives to do so are not actuarially fair because the gains in wages are offset by decreases in future retirement benefits (Gruger and Wise 2000:6). In the United States, social security checks are twice as high if one retires at 70 than at 62. However, since the 1983 amendments to the Social Security Act, half of social security checks are taxable for those with single tax returns over $25,000, or joint returns over $32,000 (Attaraian 2003), figures retirees are more likely to reach with delayed retirement. After factoring taxes and inflation, even if one were absolutely guaranteed to live until their 78th birthday, the present value of benefits may be higher when one retires at 62. US life expectancy at birth is only 78.7 years (World Bank). People may be responding rationally to the incentives by retiring early.

Senior citizens can play a big role in saving social security systems. There are two suggestions for automatic adjustments of retirement systems to life expectancy (Vogt and Althammer 2016). The first is to adjust the retirement age up the full amount of increases in life expectancy at age 65. Under such a scenario, over the last 50 years, the retirement age would have been adjusted upward by about 7 years, rather than the two policy makers phasing in, in order to keep the number of retirement years stable. The second option is to adjust the retirement age to keep the ratio of work years and retirement years constant. If 50 years ago a worker worked 45 years, and retired for 15, that's a 3:1 ratio. Using a 3:1 ratio, over the last 50 years, the retirement age would increase about 4 years 8 months. The crucial ratio for retirement system is not young person per senior citizen, but worker per retiree. We can have both longer lives and more active workers.

## Conclusion

Below replacement rate fertility and increasing life expectancy create a retirement crisis. One can still save social security systems by improve the ratio of workers to retirees. First, the retirement age could be more accurately adjusted to reflect improvements in life expectancy. Second, incentives could be corrected to de-incentivize early retirement and reward working to or beyond full retirement age. Third, by rebalancing the ratio of workers to retirees, we could avoid heavy payroll taxes that might discourage workers who want to start a family from raising the next generation of workers.

## Cross-References

► Pronatal Responses to National Decline

## References

Aaron HJ (2014) The fiscal challenges of population aging: the contrasting cases of the United States and Japan. Public Policy Rev 10(2):277–300

Arentz E (2015) Causes and economic consequences of the baby boom, policy interns. https://policyinterns.com/2015/06/25/causes-economic-conseqences-ot-the-baby-boom

Asia Times (2016, February 28) China to raise retirement age, says researcher. *Asia* Times. http://atimes.com/2016/02/china-plans-to-raise-retirement-age-researcher/

Attaraian J (2003) Another greenspan social-security reform? Mises Daily, 4 Mar 2003 accessed at https://Mises.org/library/another-greenspan-social-security-reform

Bloom DE, Canning D (2004) Global demographic change: dimensions and economic significance. National bureau of economic research working paper series no 10817. http://www.nber.org/papers/w10817

Börsch-Supan A, Jürges H (2012) Disability, pension reform and early retirement in Germany. In: Wise D (ed) Social security programs and retirement around the world. University of Chicago Press, Chicago, pp 277–300

Carter JE (1977) Remarks at the [social security] bill signing ceremony. https://www.ssa.gov/history/carterstmts.html#Medicare. Accessed 7 Oct 2016

Escamilla J (1999) The social security dilemma. Edge: ethics of development in a global environment. Accessed at https://web.stanford.edu/class/e287c/poverty_prejudice/soc_sec/hsocialsec.htm. On 24 May 2016

Fong M (2016) One child: the story of China's most radical experiment. Houghton Mifflin Harcourt, Boston

Gillespie G (2011) Retirement. In: Encyclopedia of consumer culture, vol 3. Sage, Thousand Oaks, pp 1211–1222

Golley J (2017) Population and the economy: the ups and downs of one and two. In: Golley J, Jaivin L, Tomba L (eds) Control. ANU Press, pp 75–94

Goulding MR, Rogers ME (2003) Public health and aging: trends in aging- United States and World Wide *Morbidity and mortality weekly report* center for disease control. http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5206a2.htm

Gruger J, Wise D (2000) Introduction and summary. In: Social security and retirement around the world, vol 18. University of Chicago Press, Chicago, pp 1–40

Last JV (2013) What to expect when no one's expecting: America's coming demographic disaster. Encounter books, New York

Longman P (2004) The empty cradle: how falling birth-rates threaten world prosperity and what to do about it. Basic Books, New York

Martin PP, Weaver DA (2005) Social security: a program and policy history. Soc Secur Bull 66(1) Available at https://www.ssa.gov/policy/docs.ssb/v66n1p1.html

Milligan K, Wise DA (2012) Introduction and summary. In: Social security programs and retirement around the world: historical trends in mortality and health, employment, and disability insurance participation and reforms. University of Chicago Press, Chicago, pp 1–40

Ministry of Foreign Affairs (MOFA) (n.d.) Social security in Japan: toward a Japanese model of the welfare state. http://www.mofa.go.jp/j_info/japan/socsec/maruo/maruo_5.html. Accessed on 9=30–2016

Morgans P, Taylor MG (2006) Low fertility at the turn of the 21st century. Annual Revierw of Sociology 32: 375–399

OECD (2011) Linking pensions to life expectancy. In: Pensions at a glance 2011. OECD, Paris

OECD (2013) Life expectancy and healthy life expectancy at age 65. In: Health at a glance 2013: OECD indicators. OECD Publishing, Paris. https://doi.org/10.1787/health_glance-2013-72-en

Oshio T, Shimizutani S (2012) Disability pension program and labor force participation in Japan: a historical perspective. In: Security S (ed) Programs around the world: historical trends in mortality and health: employment and disability insurance participation and reforms. University of Chicago Press, Chicago, pp 391–418

Pattison D (2015) Social security trust fund cash flows and reserves. Soc Secur Bull 75(1):1–33. http://www.socialsecurity.gov/policy/docs.ssb/

Social Security (2016) Calculators: life expectancy official social security. Website accessed at www.ssa.gov/planners/lifexpectancy.html on May 14, 2016

Social Security Administration (n.d.) Age 65 retirement. https://www.ssa.gov/history/age65.html

Social Security History (n.d.) (official Social Security Website) found at https://www.socialsecurity.gov/history/imf.html. Accessed 17 Feb 2016

Trogen P (2015) Municipal debt. Encyclopedia of public administration and policy, 3rd edn. CRC Press, New York

Twarog S (1997) Heights and living standards in Germany, 1850–1939: the case of Wurttemberg. In: Steckel RH, Floud R (eds) Health and welfare during industrialization. University of Chicago Press, Chicago, pp 285–330

Vogt V, Althammer J (2016) Linking retirement age to life expectancy in a Bismarckian system–the case of Germany. Natl Inst Econ Rev 237(1):R22–R29

Williams A (2013) Social Security's Longevity Nightmare, Newsmax Tuesday, Nov. 9 found at http://www.newsmax.com/ArmstrongWilliams/Socia1-Security-life-expectancy/2013/11/19/id/537472/ on 5-26-2016

# Retirement Crisis: USA

Paul C. Trogen
East Tennessee State University, Johnson City, TN, USA

## Synonyms

Pension; Public pension; Social security

## Definition

*Retirement* is the time after a worker stops working, because of reaching a predetermined age or personal choice – often influenced by having an adequate pension (Gillespie 2011).

## Introduction

Paychecks end upon retirement, but living expenses continue. Today's retirees face a growing danger of out-living their retirement funds. A retirement crisis occurs whenever the inflow of money into a retirement system fails to match its obligation to retirees. The three largest sources of funds for retirement are Social Security, pensions, and private assets (Gitman and Joehnk 2002:610). Today, each of these sources faces shortfalls.

Promises to retirees once appeared easy to keep. Growing populations supplied expanding generations of workers who paid more into retirement systems than retirees withdrew from them. Both productivity and wages grew, providing funds to support both retired generations and a consumer-driven economy. Interest rates were high enough to turn affordable monthly contributions into healthy pension funds and personal savings accounts. Demographics and economics worked together to deliver a stable flow of retirement funds to retirees. All this has changed.

## Retirement System Mechanics

Retirement systems require cash inflows to make payments to retirees possible. Systems differ both in how they calculate their obligation to retirees and how they fund it.

### Defined Benefit or Defined Contribution?

Retirement plans promise workers payments in retirement. In a *defined benefit plan*, the monthly payment to retirees is defined in advance. In a *defined contribution plan*, only the monthly contribution made to the retirement plan during employment is defined.

Older retirement plans and public employee pensions usually defined the benefit the retiree is guaranteed upon retirement. In a *defined benefit plan*, the employer bears the responsibility to set aside enough funds and to invest them wisely, to pay the promised benefit. A retirement plan that once appeared sufficient to pay all promised benefits, assuming normal returns on investments, could run out of funds if investments perform below expectations.

After the Great Recession, anemic attempts at recovery, and disappointing returns on both savings and investments, employers sought ways to avoid responsibility for unfavorable financial market returns. So later retirement plans tend to have a defined contribution. In a *defined contribution plan*, the employer and/or employee contributes a defined amount into the investment (s) chosen by the employee from a menu of options. While the employer relinquishes the ability to delay contributions to the plan, the employer also relinquishes responsibility for the market returns on investments. Upon retirement, the employee's account is usually used to purchase an annuity which will provide lifetime retirement checks to the new retiree.

### Fully Funded or Pay as You Go (PAYG)?

Retirement plans will either fund benefits during the employee's working years or wait to fund them upon their retirement. In a *fully funded* retirement system, all the contributions needed to pay an employee's future benefits are made during the employee's working years. Defined contribution plans are, by definition, fully funded, as the only legal obligation is to make the scheduled contributions.

The first national Social Security System, set up in Germany in 1889, was fully funded. Enough money was set aside, when compounded with expected returns from investments, to pay promised retirement benefits. Unfortunately, the loss in two world wars and hyperinflation caused the fund to lose half its assets, forcing it to become a pay-as-you-go system in 1957 (Börsch-Supan and Jürges 2012).

The alternative to a fully funded system is a pay-as-you-go system. *Pay-as-you-go* (PAYG) systems depend upon the retirement contributions of current workers to pay the retirement benefits of current retirees. Social Security, like all US federal government retirement systems, operates as a pay-as-you-go system. Since retirement contributions must at least equal retirement benefits for the system to remain solvent, the long-term viability of a pay-as-you-go system is dependent upon a steady or increasing stream of retirement contributions.

## Retirement System Dynamics: The Perfect Storm

Actuarial assumptions, such as expected future interest rates and the number of workers paying into the system, have all changed in unfavorable directions. The largest generation in all of human history, the baby boom generation, is retiring.

Succeeding generations are smaller. Furthermore, the labor participation rate among that shrinking pool of potential workers is the lowest in four decades, leaving fewer people paying into retirement systems. The Great Recession also left workers with declining real wages, so workers contribute less than anticipated to their retirement plans. The Great Recession also wiped out part of the investments upon which both pensions and individual retirement accounts relied to fund retirement. Low interest rates, which were designed to stimulate the economy, made it harder for retirement systems and individuals to rebuild their retirement savings after losses during the Great Recession.

### Demographics

The long-term viability of Social Security Systems depends on each succeeding generation being larger than the preceding ones (Longman 2004). When Social Security was instituted in 1935, there were 37 workers for each retiree (Escamilla 1999). The ratio of workers to retirees was 16:1 in 1983, when Social Security was last overhauled (Bernstein 2005). The number of workers supporting each retiree had fallen to 3:1 by 1999 (Escamilla 1999), and the ratio will be 2:1 when the last baby boomers hit full retirement age in 2031 (Bernstein 2005). These demographic trends are extremely unfavorable for any pay-as-you-go system.

### Labor Force Participation Rate

Compounding the problem of a shrinking working age population is a declining labor participation rate. "The percentage of adult Americans working or actively looking for work stands at 62.6 percent, the lowest level in nearly four decades" (Soergel 2015). Workforce participation statistics fell faster during and after the Great Recession than at any time in US history (ibid). Three factors suppress labor force participation. First, people are staying in school longer; 52% more are enrolled in post-secondary degrees in 2014 than in 1990 (ibid). Second, disability insurance claims increase when jobs are scarce. Between 2007 and 2015, the number of people receiving Social Security disability benefits has increased 25.46% (Social Security Disability 2016), while the labor force only increased 2.53% (Bureau of Labor Statistics 2016). Third, recessions also cause unemployed older workers to stop looking for work if they have reached the early retirement age of 62. Half of the 63-year-olds are no longer in the labor force (Soergel 2015). Early retirement not only reduces the number of contributors to Social Security and pensions, it also increases the number receiving benefits.

### Stagnant Payrolls

Recessions undermined the expectation that rising payrolls would help fund retirement plans. The Great Recession, which began in 2008, is the greatest economic catastrophe since the Great Depression. Personal incomes are taking far longer than after previous recessions to recover to pre-recession levels. Seventy-two percent of Americans believe we are still in the middle of the Great Recession (Coy 2015). Real wages have been in decline since 2009 (Ford 2016). Real median household income is 25% lower today than in 2007 (Spittler 2016). Social Security payroll taxes, which in 1983 were projected to exceed benefits until 2016, fell below benefits by 2010 because of the recession (Pattison 2015, p. 4).

### Depressed Interest Rates and Investment Returns

The Federal Reserve has held interest rates near zero since the onset of the Great Recession in an unsuccessful attempt to encourage borrowing and spending (Spittler 2016). Federal Reserve Chairman Janet Yellen says the economy can't bear higher interest rates (Hilsenrath and Davidson 2016). Even without Fed policy, demographics alone might depress interest rates. While baby boomers spent during their younger years, they now tend to conserve and save for retirement. Increased propensity to save creates a growing pool of savings available for loans. But reduced spending also reduces demand for loans. Reduced consumption among aging baby boomers reduces the demand for production and need for firms to borrow and invest. As a society ages, the growing supply of savings, combined with a lower demand

for loans, naturally contributes to falling interest rates. Ironically, low interest rates occur at the exact time when the aging population needs low-risk, dependable streams of income for retirement.

### Longer Life Expectancy

A man reaching age 65 in 1940 could expect to live 12.7 more years (Social Security History n.d.). A 65-year-old man in 2016 can expect to live 19.3 years and a woman 21.6 years (Social Security 2016). Due to longer retirements, retirees will collect Social Security and pension payments over more years, and personal savings will have to last longer.

## Social Security Crisis

Social Security is the largest source of retirement income (Gitman and Joehnk 2002: 610). Social Security has run short of cash multiple times because elected officials promised benefits but did not raise taxes to pay for them. This politically expedient but economically unworkable combination shifts financial burdens onto future generations. Burdening future generations once worked back when succeeding generations were larger and able to pay. Succeeding generations, however, are no longer larger nor are they more able to pay.

Universal retirement is a relatively recent invention, made possible by Social Security. Germany was the first country to introduce a social security system in 1889 (Social Security, Age 65). The German retirement age was originally set at 70 (ibid) compared to the life expectancy in Germany which was 37.17 years for men and 43.97 years for women (Twarog 1997). The German retirement age was reduced to 65 in 1916 to match that of German public pensions (Social Security Age 65). The plan was originally fully funded.

### Social Security Act of 1935

The United States passed the Social Security Act of 1935 as social insurance, with the retirement age set at 65, copied from the German model (Social Security Administration n.d.). The plan blended political expediency with attempts to make the system solvent. The initial payroll tax was a modest 2% of the first $3000 of income, half to be paid by the individual and the other half by the employer (Martin and Weaver 2005). The tax was scheduled to gradually increase, but not before 1940, and it would plateau at 6% in 1949 (ibid). While some contributions were delayed, so were retirement benefits, which were not scheduled to begin until 1942, which allowed Social Security to accumulate a reserve (ibid). In 1935 US life expectancy had increased to a new high of 61.7 years (Williams 2013). Studies at that time showed using 65 as the retirement age would make the system self-sustaining using only a modest level of payroll taxation (Social Security Administration n.d.).

### Amendments to Social Security Act, 1939

Features of the 1935 Social Security Act which contributed to the long-term solvency of Social Security soon fell victim to short-term political expediency. In 1939, one year before the first scheduled payroll tax increase, a revision to the Social Security Act postponed the payroll tax increase. Amendments in subsequent years further postponed any increase until 1950, when it rose to only 3% (Martin and Weaver 2005), rather than the original 6%. This change prevented the accumulation of reserves envisioned in the 1935 Act. The 1939 revision also moved up retirement benefits to 1940 (ibid). Benefits were also extended to dependents and surviving spouses (ibid). Without adequate reserves, Social Security became a purely pay-as-you-go system.

The 1939 amendments also made Social Security stand-alone financially. The 1939 Act converted reserves into a trust fund. Payroll taxes flowed directly into the trust fund, any unused reserves were invested in interest bearing Treasury securities (Pattison 2015), and Social Security payments were to be paid directly out of the trust fund. The trust fund more closely resembles a checking account rather than a savings account. The deposits made by workers are not saved for their own retirement, but pay benefits for current retirees (Mofitt 2015). American workers are, in effect, purchasing mandatory insurance to protect against death, disability,

health problems, or retirement (Keown 2001:504).

After 1939, any illusion of actuarially sound funding vanished. The first beneficiary to receive monthly Social Security benefits was Ida May Fuller. She filed for Social Security benefits at age 65 in November 1939, after paying into the program for a little less than 3 years. The first monthly retirement check, number 000–000-001, was sent to her on January 31, 1940, in the amount of $22.54 (Social Security History n.d.). She lived to be 100 years old and collected $22,888.92 in benefits (SSA n.d.). Her payroll tax contributions totaled $24.75.

### Expansion in the 1950s and 1960s

Program costs increased in the 1950s and 1960s. During the 1940s, the cost of living increased 72%. In 1950 benefits increased an average of 77%, yet the payroll tax only increased from 2 to 3% (Martin and Weaver 2005). The following decade saw three more benefit increases, and the payroll tax increased to a combined 5% of the first $4800 (ibid). Disability insurance was added in 1957, and Medicare was introduced in 1965. By the end of the 1960s, the payroll tax had risen to a combined 8.4% on the first $7800 of income (ibid).

### 1972 Amendments to Social Security

In the 1970s, both inflation and unemployment rose at the same time in a phenomenon called stagflation. Benefits were increased 15% in January 1970, 10% in January 1971, and 20% in 1972 (Martin and Weaver 2005). Automatic cost of living adjustments were instituted, to prevent the temptation of Congress to legislate overly generous increases (ibid). Yet the formula also overcompensated for inflation (Attaraian 2003). In 1972 a payroll tax increase was scheduled far off in 2010, when baby boomers would begin to retire (Pattison 2015:20).

### 1977 Amendments to Social Security

Rising benefits and economic stagnation exacted a heavy toll on Social Security. Between 1970 and 1982, Social Security costs rose from 3% of gross domestic product to 5% (Martin and Weaver 2005). With economic stagnation, payroll tax revenues did not keep up. In 1977 amendments to the Social Security Act corrected the overly generous automatic cost of living adjustments (Attaraian 2003). The tax increase scheduled for 2010 in the 1972 bill was moved forward 20 years to 1990, which was still far in the future, and set the final rate to its current 12.4% (Pattison 2015: 20). President Jimmy Carter said the revisions would save Social Security for 75 years (Longman 2004: 114).

### 1983 Social Security Reforms

A couple years after the 1977 amendments, Social Security was again in deep trouble. In 1979, a recession caused a trust fund deficit of almost 2 billion, and by 1985 it appeared that the trust fund would be exhausted (Attaraian 2003). In 1981, a bipartisan commission was established with economist Alan Greenspan as chair (ibid).

The 1983 reform accelerated the steps of payroll tax increases in the 1977 Act to begin in 1984 (Pattison 2015:21). Furthermore, half of the Social Security benefits would also be taxable for those with adjusted gross incomes of $25,000 for single returns and 32,000 for joint returns (Attaraian 2003). Congress gradually increased the age of full retirement benefits from 65 to 67 (Pattison 2015:21) by 2027 (Attaraian 2003). The benefit for those retiring early at age 62 was trimmed to 80% in 1983, 75% in 2009, and then 70% in 2027. Sacrifices were still politically expedient as they were light on current beneficiaries and taxpayers and fell most heavily on future taxpayers and beneficiaries (ibid).

The 1983 legislation pre-funded more of the costs of the retirement of baby boomers (Van de Water 2014). Social Security invests the surplus of payroll taxes over current benefits in US Treasury securities (ibid). The interest rate on trust fund securities, which is tied to the interest rate on Treasury securities (Pattison 2015:19), earned an interest rate of 3.8% in 2013 and was projected to earn 99 billion of interest income in 2014 (Van de Water 2014).

The 1983 reforms projected positive trust fund reserves for 75 years (Attaraian 2003, Pattison 2015:21) or 2058, a decade beyond the life

expectancy of the last baby boomers. The trust fund, which was projected to grow to 25% of GDP, peaked at only 18% (Pattison 2015:21). Current projections suggest that by 2033, the Old-Age and Survivors Insurance (OASI) trust fund will be exhausted, at which time the Social Security payroll tax would only allow Social Security to pay about three quarters of retiree's scheduled benefits (Van de Water 2014). "A sustainable solvency in the 1983 projections could have been achieved with. .. higher taxes or lower benefits" (Pattison 2015:21). "As currently projected, the decline in reserves toward depletion would be too rapid to be remedied by measures similar to those taken in 1983" (Pattison 2015:20).

Since 1939, Social Security collected enough payroll taxes to cover benefits, under favorable actuarial assumptions. But as 1972, 1977, 1983, and our current crisis show, Social Security has not accumulated enough reserves to withstand any deviation from those assumptions.

## Pensions in Crisis

One third of US retirees are covered by a pension (Ford 2016). The median state or local government pension pays $20,276 a year, and the median private pension is $8612 a year (ibid) (http://www.newsmax.com/Finance/StreetTalk/Malanga-chicken-pension-funds/2015/06/17/id/651072/).

### Public Pensions

Most public pensions are defined benefit plans. Since defined benefit plans do not specify the annual pension contributions, underfunding retirement plans is one of the few loopholes state and local governments have from balance budget requirements. Once unfunded pension liabilities accumulate, it becomes difficult to convert to a defined contribution plan.

US state and local government pensions operate under the loosest accounting standards in the world and set aside less cash per dollar of promised benefits than do public employee pension systems in the Organisation for Economic Co-operation and Development (OECD) countries (McGuire 2016). Dutch, Swedish, and French plans set aside twice as much per dollar of promised benefits (Ibid). A 1980 study found that less than 5% of state and local government pension plans were fully funded, and on average half the benefits were funded, but 23% of state plans were not funded at all, and federal pensions are all pay as you go (Reed and Swain 1990:284). States and local governments have a 1.5 trillion dollars unfunded pension liabilities, which could grow to 4 trillion if investment returns fall short of their estimates (Weil 2015). Arguments in favor of using a pay-as-you-go, rather than an actuarially funded, system are that governments are permanent entities and can always rely on taxation to cover the cost of pensions (Reed and Swain 1990:284). But pay-as-you-go systems also create a temptation to offer promise to workers politically popular benefits without levying the taxes to pay for them (Weil 2015). Assumptions that growth will make unaffordable promises more affordable in the future are reckless in today's economy. For example, in 1960, Detroit was prosperous with the highest per capita income in the USA, yet by 2010 it was poor with one of the highest unemployment rates (Trogen 2015). Detroit's population also fell from 2.8 million in 1950 to 700,000 today, making it a medium-sized city with big city pension obligations (ibid). Pensions and retirement obligations represented half of Detroit's 18 billion dollar debt when it filed for bankruptcy (ibid).

The public pension plans of America's 50 largest cities are underfunded by $382 billion, or $14,000 per household. And twenty of those cities are unlikely to be able to pay promised benefits after 2025 (Novy-Marx and Rauh 2011). Three common problems cause underfunded pensions. The first is lower than expected returns on investments. Long-term public pension returns are heading to record lows (Martin 2016). Detroit officials assumed its pension was fully funded, until returns on investments fell. Los Angeles' actual return of about 5% fell short of its estimated

7.75% return, creating a 15 billion dollar unfunded pension liability (Trogen 2015). A second cause of underfunding is the fall of investment values during the Great Recession. Prior to 2008, 60% of public pensions were funded at 80% of liabilities, which is considered safe. After the market collapse, only a third was funded to that level (Ellman and Merrett 2010). The third reason is a conscious decision to make smaller contributions than are necessary to fully fund the liability, transferring the cost to future generations.

### Private Pensions

Older private pensions often have defined benefits and suffer from the same weaknesses as public plans. While defined benefit plans promise a stable, predictable retirement income, their own survival is uncertain. Temptations of employers to overestimate investment returns, under estimate needed contributions, and to rely upon growing numbers of participants to cover shortages can undermine private pensions. For example, Central States Pension Fund that covers 400,000 teamsters, workers, and retirees assumes an overly generous 7.5% return on investments and is paying out $3.46 for each dollar coming in (Anonymous 2016). Due to aging demographics and employers leaving the system, the plan is insolvent (ibid).

Defined contribution plans also entail risk. Most new private retirement plans have defined contributions, which shifts the risk of poor investment returns from employers to employees (Rhee 2013:1). From 1979 to 2013, the percent of private sector workers covered by just a defined benefit plan fell from 28 to 2% (EBRI 2014). The percent of workers offered only a defined contribution plan which grew from 7 to 33% (ibid). The percent of workers participating in both types remained at about 10%. Private retirement plans usually invest in securities, the return on which has been depressed by both unfavorable market forces and the Federal Reserve's intentional intervention to reduce interest rates. Low returns not only hurt retirement plans but also to worker's individual savings for retirement.

## Private Savings Slowdown

Retirees need about 85% of their pre-retirement salary to maintain a comparable standard of living; Social Security provides about 35% of income, leaving a 50% gap that must be filled by a pension and/or savings (Rhee 2013:2). For the two thirds of households without any pension (Ford 2016), the entire gap must be filled by savings. Forty-five percent of working households have no savings at all (Kendzior 2016). The market crash of 2008 caused the value of worker's retirement nest eggs to free fall (Rhee 2013: 1). According to the Federal Reserve, 57% of Americans said they had to use some or all of their savings during the Great Recession (Kendzior 2016). The slow recovery eroded family income (Rhee 2013: 1) and made replenishing savings extremely difficult. Under current economic conditions, an individual will need between 8 and 11 times annual salary in savings to retire at age 65 (Rhee 2013: 12). The average near-retirement household has only $12,000 in savings (Rhee 2013:1). This leaves a national retirement savings gap of somewhere between $6.8 and $14.0 trillion (Rhee 2013:20). A person would have to save 15% of their salary during their working years to have sufficient funds for retirement (Rhee 2013:17), a requirement many find unrealistic.

But saving is only half the process. One's retirement nest egg is a product of both savings and the interest or other returns one earns on those retirement savings. The Federal Reserve has pursued low interest rates through large bond purchases from November 2008 until October 2014 (Feldstein 2016). The yield on 10-year treasury notes, which are considered a safe investment, has fallen to record low levels, under 1.4% (Zeng 2016). Accumulating savings for retirement is difficult at such low interest rates. Low interest rates also tend to increase asset prices (Feldstein 2016),

such as stocks, which in turn reduces the percentage return on those artificially inflated investments. Low returns, in turn, tempt investors to pursue riskier investments in pursuit of higher yields (ibid). If the Federal Reserve eventually normalizes interest rates, the price of overinflated assets is likely to fall (ibid) inviting even more losses. Since the onset of the Great Recession, stagnant salaries and poor returns on safer investments create strong head winds for a worker trying to save for retirement.

## Conclusion

If retirement is the grand social experiment of the last century, it is failing. Men reaching their 66th birthday can expect to live an additional 18.4 years and women 20.7 years (Social Security 2016). Retirees have no guarantee that Social Security will be able to maintain promised benefits that long. For those lucky enough to have pensions, the solvency of defined benefit pensions is uncertain, and the return on defined contribution plans is meager. Low interest makes it hard to accumulate personal savings. Until we find long-range solutions, retirement is in danger of becoming a short-term social experiment.

## References


Anonymous (2016) Treasury's teamster bailout ploy. Wall Street J A12

Attaraian J (2003) Another greenspan social-security reform? Mises Daily, 3/4/2003 accessed at https://Mises.org/library/another-greenspansocial-security-reform

Bernstein A (2005) Commentary: why the greenspan fix didn't work. Accessed at http://www.bloomberg.com/news/articles/2005-05-29/commentary-why-the-greenspan-fix-didn't-work

Boone LE, Kurtz DL, Hearth D (2000) Planning you financial future, 2nd edn. Dryden Press, Fort Worth

Börsch-Supan A, Jürges H (2012) Disability, pension reform and early retirement in Germany. In: Wise D (ed) Social security programs and retirement around the world. University of Chicago Press, Chicago, pp 277–300

Bureau of Labor Statistics (2016) Labor force statistics from the current population survey. Accessed at http://data.bls.gov/pdq/SurveyOutputServlet?request_action=wh&graph_name=LN_cpsbref1

Coile CC, Levine PB (2011) Recessions, retirement and social security. Am Econ Rev 101(3):23–26

Copeland L (2014) Life expectancy in the USA hits a record high. USA today, October 9:2014

Coy P (2015) Jingo bells. Business Week, Dec 21-2015 p 9

Ellman JB, Merrett DJ (2010) Pensions and chapter 9: can municipalities use bankruptcy to solve their pension Woes. Emory Bankr Dev J 27:365

Employee Benefit Research Institute (ERBI) (n.d.) Facts about benefits – retirement issues. Accessed at http://www.ebri.org/publications/benfaq/index.cfm?fa=retfac14

Escamilla J (1999) The social security dilemma. Ethics of development in a global environment, edge. Available at. https://web.stanford.edu/class/e287c/poverty_prejudice/soc_sec/hsocialsec.htm. Accessed 24 May 2016

Feldstein M (2016) A federal reserve oblivious to its effect on financial markets. Wall Street J:A13

Ford M (2016) What happened to the dream? Casey Research Dispatch, 6–25-2016. Available at www.caseyresearch.com/articles/weekendsedition-mark-ford-what-happened-to-the-dream

Gillespie G (2011) "Retirement" encyclopedia of consumer culture, vol 3. Sage, Thousand Oaks, pp 2119–1222

Gitman LJ, Joehnk MD (2002) Personal financial planning, 6th edn. Thompson Learning

Hilsenrath J, Davidson K (2016) Wary fed rethinks pace of hikes. Wall Street J:A1

Kendzior S (2016) The contingent faculty retirement crisis. Chronicle of Higher Education, May 16, 2016. https://chroniclevitae.com.news.1401-the-contingent-faculty-retirement-crisis?cid=VTEVPMSED!3sthash.OBy9Nzzt.dpuf

Keown A (2001) Turning money into wealth, 2nd edn. Prentice Hall, Upper Saddle River

Last JV (2013) America's baby bust. Wall Street J, p C1

Longman P (2004) The empty cradle: how falling birth-rates threaten world prosperity and what to do about it. Basic Books, New York

Martin T (2016) Pension returns to hit new lows. Wall Street J:A1

Martin PP, Weaver DA (2005) Social security: a program and policy history. Soc Secur Bull 66(1) Available at https://www.ssa.gov/policy/docs/ssb/v66n1p1.html

McGuire F (2016) Forbes: US state. Local pensions funded at half levels of other countries Newsmax, May 15, 2016. http://www.newsmax.com/Finance/StreetTalk/Forbes-Pension-OECD-fund/2016/05/15/id728923/?ns_mail_uid=5979232&ns_mail_job=1668500_05162016&s=al&dkt_nbr=wmfd9uly

Mofitt R (2015) Most senior citizens haven't paid for their medicare, social security benefits. Daily Signal. http://dailysignal.com/2015/12/22/most-senior-citizens-havent-fully-paid-for-their-medicare-social-security-benefits/

Novy-Marx R, Rauh J (2011) In: Herring R (ed) The crisis in local government pensions in the United States. Growing old: paying for retirement and institutional money management after the financial crisis Litan R. Brookings Institution, Washington, DC

Pattison D (2015) Social security trust fund cash flows and reserves. Soc Secur Bull 75(1):1–33. http://www.socialsecurity.gov/policy/docs.ssb/v75n1/v75n1p1.html
Reed BJ, Swain JW (1990) Public finance administration. Prentice Hall, Englewwod Cliffs
Rhee N (2013) The retirement savings crisis: is it worse than we think? National Institute on retirement Security. June 2013. Accessed at www.nirsonline.org/storage/nirs/documents/Retirement%20Savings%20Crisis/retirementsavingscrisis_final.pdf
Social Security (2016) Calculators: life expectancy official social security website. Accessed at www.ssa.gov/planners/lifexpectancy.html on 14 May 2016
Social Security Administration (n.d.) Age 65 retirement https://www.ssa.gov/history/age65.html
Social Security Disability (2016) Disables worker statistics. Accessed at https://www.ssa.gov/oact/STATS/dibStat.html
Social Security History (n.d.) (Official social security website) found at https://www.socialsecurity.gov/history/imf.html. Accessed 17 Feb 2016
Soergel A (2015) Where are all the workers. US News, July 16, 2015. Accessed at http://www.usnews.com/news/the-report/articles/2015/07/15/unemployment-is-low-but-more-workers-are-leaving-the-workforce
Spittler J (2016) Why the economy will never be normal again. Casey research dispatch 6–20–2016. Available at www.caseyresearch.com/articles/why-the-economy-will-never-be-nromal-again
SSA (Official Social Security Website) Found at https://www.ssa.gov/history/idoapayroll.htm. Accessed 17 Feb 2016
Trogen P (2015) Municipal Debt. Encyclopedia of public Administration and policy, 3rd edn. CRC Press, New York
Twarog S (1997) Heights and living standards in Germany, 1850–1939: the case of Wurttemberg. In: Steckel RH, Floud R (eds) Health and welfare during industrialization. University of Chicago Press, Chicago, pp 285–330
Van de Water PN (2014) Understanding the social security trust funds. A report. Center on Budget and Policy Priorities. http://www.cbpp.org/research/social-security/understanding-the-social-security-trust-funds
Weil D (2015) Manhattan Institute's Steve Maglia "Our elected representatives played chicken with pension funds." Newsmax June 17, 2015. accessed at http://www.newsmax.com/Finance/StreetTalk/Malanga-chicken-pension-funds/2015/06/17/id/651072/
Williams A (2013) Social security's longevity nightmare. Newsmax. Tuesday, Nov. 9 found at http://www.newsmax.com/ArmstrongWilliams/Social-Security-life-expectancy/2013/11/19/id/537472/ on 5–26-2016
World Bank (2015) Fertility rate, total (births per woman). http://data.worldbank.org/indicator/SP.DYN.TFRT.IN/
Zeng M (2016) Treasuries: are yields going to fall to 1% wall street J. p C1

# Retirement Income, Russia

Oxana Sinyavskaya and Anna Ermolina
Institute for Social Policy, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Payment; Pension; Retirement account; Reward

## Definition

*Minimum subsistence level* is the assessment of minimal set of food basket and non-food goods and services that are necessary for individual's vital activity and health as well as compulsory payments and fees. Minimum subsistence level is set differently for children (0–15), the individuals of the active age (16–54/59 for women/men correspondingly) and the retirement-age persons (55/60 and over for women/men correspondingly) and varies across Russian regions.

*Retirement-age individuals* are persons at the age of 55/60 and over for women/men correspondingly.

*Active age individuals* are persons aged 16–54/59 for women/men correspondingly.

*Disposable monetary income* is the sum of monetary incomes from various sources except compulsory payments and fees.

*Real pension benefits* are the nominal pension benefits (in current prices) adjusted for consumer price index.

The *absolute poverty concept* is based on the comparison of one's income with the minimum subsistence level. If one's income is below this level, an individual/household belongs to the poor.

The *relative poverty threshold* is determined as 60% of national median income per capita. If one's income is below this threshold an individual/household belongs to the relatively poor.

The *subjective poverty concept* implies the subjective evaluation of one's sufficiency of income and material well-being.

*Mixed households* are households with pensioners and non-pensioners.

## Introduction

As a part of economic resources, incomes of old people (We use terms old people, old adults, seniors, senior citizens here as synonyms.) in large determine their standard of living and quality of life (Bowling 2005). Material welfare not only promotes old adults' financial independence but also expands the range of options available to them in other spheres of active ageing – from maintaining a healthy lifestyle (commercial sports clubs, commercial healthcare services) to social and cultural activities (lifelong education, visits to art shows and theatres, community service, and philanthropy). Meanwhile, in developed countries, including Russia, the main source of income of old people is pensions (Bowling 2005).

This entry analyzes the level and structure of seniors' incomes in Russia. For the purpose of this study, we define the threshold of old age as the retirement age – 55 for women, 60 for men. Russia has several types of pensions: old-age pensions, disability pensions, survivor's pensions, and social pensions (from 60/65 years for women/men, respectively, who had not been in employment). It is also worth noting that the Russian legislation does not limit pensioners' right to work or sets any limits for their incomes. Nonworking pensioners with small pensions are entitled to a compensation bringing their income to the minimum subsistence level set for pensioners in the region of their residence.

The main sources for the data used in this entry include the regularly compiled statistics by the Russian Federal State Statistics Committee (Rosstat), 2010 Russian national census, and 2015 micro-census, as well as surveys carried out by Rosstat and the Russian longitudinal monitoring survey of NRU-HSE (RLMS-HSE).

## Level and Structure of Incomes of Retirement-Age Persons and Pensioners

According to the 2010 Russian national census of the population and the 2015 micro-census, more than one third (35%) of retirement-age persons indicated more than one source of income. In the general population, the share of such people is smaller: 25% in 2010 and 23% in 2015.

The most common income source of seniors in Russia is public pensions. In 2010, 91.6% of retirement-age individuals were receiving old-age pensions and other types of pension (except disability pensions) and 6.7% – disability pensions; in 2015–92.6% people were receiving old-age pensions and 9.3% – disability pensions. Old-age and other types of pensions (except disability pensions) were reported as the main income source by 82.8% of retirement-age respondents in 2010 and by 80.5% in 2015, and disability pensions – by 4% in 2010 and 4.9% in 2015.

The second most often reported seniors' income source is wage which was reported by 18% retirement-age persons in 2010 and 19% in 2015. Meanwhile, for 12% and 13.0% of retirement-age respondents in 2010 and 2015, respectively, income from employment was the main source of income.

Incomes from private subsistence farming (production grown in personal subsidiary plots) were reported by 14.8% seniors in 2010 and 14.2% in 2015, although almost nobody reported them as the main source. Assistance of other people (dependence), leasing one's property to an individual or a company, savings and dividends are much less frequently reported sources of income among persons older than the active age (Russian national census – 2010; micro-census – 2015).

In the structure of monetary income of all-pensioner households, pensions and labor income predominate. As the Rosstat's Survey of the Population's Incomes and Participation in Social Programs for 2016 shows, in 2015 pensions accounted for 51% of pensioners' monetary income, and the share of labor income, including wages and perquisites from a main job, as well as

incomes from other regular or irregular employment, was 38.5%. In 2011, the share of labor income was much lower (29.5%), while the share of pension benefits in monetary income of all-pensioner households was higher (56.1%). It is also worth mentioning that in 2011 the share of different non-pension benefits was 11.3% while in 2015 it was down to 6.3%. That said, compared to developed countries, in Russia income from pensioners' ownership account for just an extremely small share of their overall income: only 0.7% in 2011, 1.2% in 2014, 1% in 2015. (Rosstat's Survey of the Population's Incomes and Participation in Social Programs for 2012, 2015 and 2016.)

Compared to other types of households and the general population, pensioners' households have higher per capita incomes. According to the Rosstat's Survey of the Population's Incomes and Participation in Social Programs, in 2015 the average per capita disposable monetary income in all-pensioner households was 25,675.9 rubles while for the general population the figure stood at 23,270.8 rubles.

## Dynamics of Pension Benefits

As has been shown, public pensions are the main income source for most retirement-age individuals, so their amount and dynamics influence significantly standard of living in old age. According to Rosstat, in April 2017 the average monthly pension benefit was 12,929 rubles (226.88 USD (Currency converter: https://finance.rambler.ru/calculators/converter/)), or 32.9% of the average gross monthly wage (Socio-Economic Situation in Russia 2017).

In the entire history of the Russian pension system, the sharpest decline in the real pension benefits compared to previous year took place in 1992 and 1999, when the value was down nearly by half (Fig. 1). From 2000 onwards, the average real pension benefit per annum increased from year to year. In the recent years, the real pension benefit has been shrinking, down to 96.2% and 96.6% in 2015–2016. In other words, in 2015 for the first time during the last 15 years, the real pension benefit was lower than the previous year's (Socio-Economic Indicators in the Russian Federation 1991–2015, 2016).

An analysis of the dynamics of the real pension benefits compared to 1991 shows that the greatest decline took place in 1999, when the real benefit was less than one third that of 1991. The real pension benefits came close to the level of 1991 only in 2009, and in 2010 exceeded it by one third.

Analyzing the dynamics of the pension benefits, one cannot ignore two important indicators – ratio of the average pension benefit to the pensioners' minimum subsistence level, and ratio of the average pension benefit to the average gross wage. The first indicator reflects a comparison of

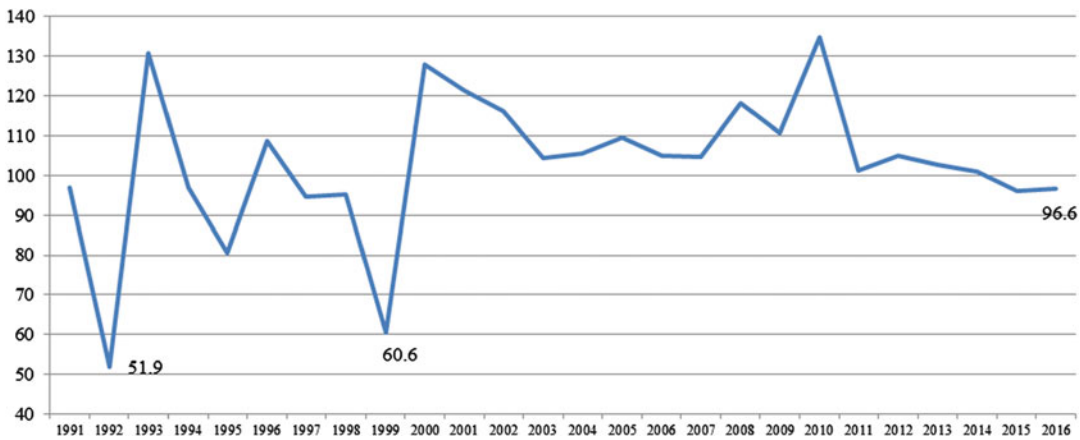


**Retirement Income, Russia, Fig. 1** Real pension benefits, as percentage of previous year, 1991–2016

R

the pension benefit and the absolute poverty threshold, as accepted in the Russian Federation, and allows to indirectly compare the pensions' purchasing power. The second indicator enables to compare incomes of working population and pensioners and to figure out, approximately, to what extent the average Russian's pension compensates for the loss of the average wage income.

In the early 1990s, the gap between the average pensions and the pensioners' subsistence level was shrinking, and in 1999–2001 the pension benefits were by 20–30% smaller its level. In 2002–2007, the pension amounted to about one minimum subsistence level. But since 2008, as the pension benefits began to grow thanks to its massive indexation, in 2012 the ratio of benefits to subsistence level reached 176.5%. In the recent years, we have witnessed a continuous decline in the ratio of pension benefits to the subsistence level. In 2016, the average pension was 153.3% of the pensioners' subsistence level (Fig. 2).

To the contrary, in the first half of the 1990s the ratio of the average pension benefit to the average (gross) wage continued to grow because pensions were indexed more accurately than wages. After the crisis of 1998 and, later, after the start of the pension reform in 2002, the ratio of the average pension to the average wage began to decline, reaching the level of 22.9% in 2007. During the last 10 years, the ratio of the average pension to the average wage grew up to 33.7%, which is still low when measured by developed countries' standards. And it is also important to understand that the growth of this indicator in the last 2–3 years has been conditioned, first of all, by a decline in the average wage on account of the crisis, and not by the growth of the average pension (Socio-Economic Indicators of the Russian Federation in 1991–2015 2016).

## Employment of the Pensioners

If we trace the dynamics of the share of working pensioners in the overall pensioner population, we can see that it has been growing, except the period of 1998–2001, when pensioners' employment was limited by legislation and the old people were pulling out from the "official" labor market (Fig. 3). The pension reform of 2002 abolished these limitations, allowing pensioners not only to earn money without restrictions but also to recalculate the amount of their pensions taking into account the retirement contributions paid. As a result, the share of working pensioners was steadily growing in 2002–2015.

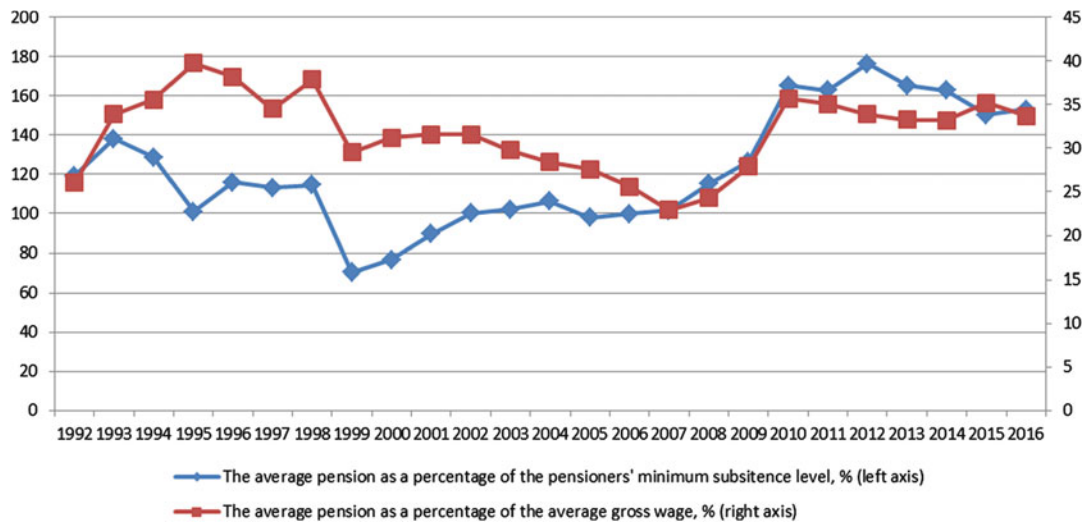


**Retirement Income, Russia, Fig. 2** The average pension benefit as a percentage of the pensioners' minimum subsistence level and the average gross wage (%), 1992–2016

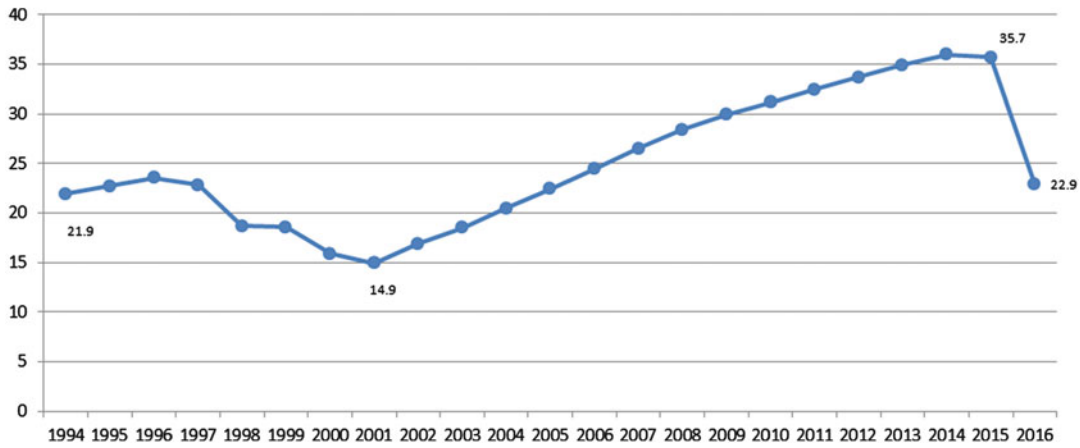


**Retirement Income, Russia, Fig. 3** Dynamics of the share of working pensioners in the total number of pensioners (%), 1994–2015

However, since 2015 some of the retirement contributions paid for pensioners do not count when their pension benefits are reassessed, and since 2016 working pensioners' pension benefits are no longer indexed (Federal Law No. 385-FZ Dated December 29, 2015). The latter decision brought down the numbers and share of working pensioners reported by the PFR statistics. Whereas on January 1, 2016, according to Rosstat, Russia had over 15 million working pensioners (35.7% of all pensioners), a year later the figure was down by more than one third, and on January 1, 2017, Russia had 9.9 million working pensioners (22.9% of all pensioners). The share of working pensioners is higher among old-age pensioners – 24.4%. Because the statistics collected by the PFR and reported to Rosstat reflects only officially employed pensioners, one can suppose that after the abolishment of indexation not all of the previously working pensioners retired and some of them opted for informal employment.

## Poverty Levels Among Retirement-Age Persons and Pensioners

According to Rosstat, retirement-age persons are the group the least exposed to risks of absolute poverty. The index of poverty risk – the ratio of poverty level in a specific sociodemographic group to poverty level in the general population – in 2015 was 0.67 for men aged 60 and older and 0.56 for women aged 55 and older, respectively. Children younger than 16 and young people aged 16–30 face the highest poverty risks. If we look at the correlation between poverty risks and economic activity of different sociodemographic groups, working pensioners face minimal poverty risks (poverty risk index was 0.35 in 2015), whereas poverty risks for nonworking pensioners are practically the same as for the adult working population (0.83 against 0.81 in 2015, respectively) (Socio-Economic Indicators of Poverty in 2012–2015 2016). During the last 20 years, many researchers have argued that retirement-age persons and pensioners are less exposed to risks of absolute poverty (Braithwaite 1997; Ovcharova 2008; Denisova 2012).

Meanwhile, until quite recently, levels of subjective poverty, as assessed by pensioners themselves, were higher than those of the general population (Ivanova 2003; Presnyakova 2005; Sinyavskaya 2006). After a sharp rise in pensions, in 2010, the gap between the levels of absolute and subjective poverty has narrowed (Sinyavskaya 2012). However, in the situation of the crisis that began in 2014, when the real pension benefits started to decline for the first time in

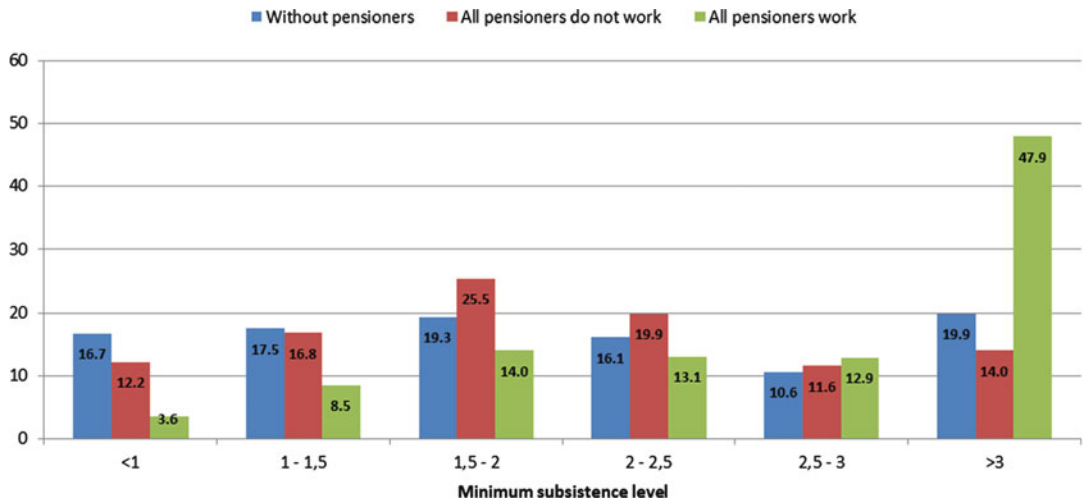


**Retirement Income, Russia, Fig. 4** Distribution of households by the ratios of households' per capita monetary incomes to the levels of regional minimum subsistence level (%)

15 years, it would seem natural to expect a rise in the levels of subjective poverty.

According to estimates made on basis of the RLMS-HSE for 2013, the levels of absolute and relative poverty of different types of households are similar, although sociological surveys usually suggest a higher incidence of absolute poverty than statistical data. Absolute poverty was recorded in 0.8% of all-pensioner households, 18.3% of mixed households, and 27.3% of households without pensioners; relative poverty – in 3.9%, 23.5%, and 28.7% for the households referenced above, respectively.

According to the RLMS-HSE data for 2013, practically half of the households without pensioners belonged to low-income groups (with per capita income less than 1.5 of the minimum subsistence level) while nearly one quarter of households with pensioners (23.5%) have incomes exceeding three subsistence level, and about one third of them (30.6%) – from two to three subsistence levels.

A principal factor explaining higher incomes of households with pensioners is pensioners' employment. According to the 2013 RLMS-HSE data, absolute poverty was recorded in 3.6% of households with working pensioners and in 12.2% of households with nonworking pensioners, and relative poverty was recorded in 5 and 17.4% of households, respectively. Differences between poverty levels are even sharper in mixed households combining pensioners and non-pensioners: absolute poverty was recorded in 5.5% of households with working pensioners and 25.1% of households with nonworking pensioners, and relative poverty was recorded in 7.7 and 31.7% of households, respectively.

Nearly half (47.9%) of households with working pensioners have incomes amounting to three minimum subsistence level (Fig. 4). Unlike these households, households with nonworking pensioners are concentrated in medium-income groups (1.5–2 and 2–2.5 subsistence levels). And finally, households without pensioners predominate in low-income groups, except 19.9% of households with incomes more than three minimum subsistence levels (Sinyavskaya et al. 2016).

## Conclusion

The main source of seniors' income in Russia is their pensions awarded after they reach a certain age, provided they have a required length of insurance period. The Russian pensioners, meanwhile, have the right to receive their pensions and wages

in full when they work, so wages are another important source of their incomes. Nonworking pensioners whose pension is lower than the regional level of minimum subsistence level, receive compensatory payments.

So, risks of absolute poverty for old people in Russia are minimal and risks of relative poverty are much lower than for other social groups, especially for families with children. Households with working pensioners have the highest average income levels.

Incomes from sales of produce from personal subsidiary plots (subsistence farming), important for survival of Russian households in the 1990s, are presently the third most common seniors' income source, and even that primarily in rural areas. But it is very seldom that pensioners report this activity as their main source of income.

Other sources of income, whether an assistance from relatives or personal savings, incomes from assets – are very rare and make but a very small part of the Russian old adults' incomes.

## Cross-References

► Human Resource Management in Russia
► Retirement Contributions, Russia

## References

Bowling A (2005) Ageing well: quality of life in old age. OUP, McGraw-Hill Education, Maidenhead

Braithwaite J (1997) The old and new poor in Russia. In: Klugman J (ed) Poverty in Russia: public policy and private responses. World Bank, Washington, DC, pp 29–64

Denisova I (2012) Income distribution and poverty in Russia, OECD social, employment and migration working papers, no. 132, OECD Publishing. https://doi.org/10.1787/5k9csf9zcz7c-en

Federal Law No. 385-FZ Dated December 29, 2015 (2015) On the suspension of certain regulations of the legislative acts of the Russian Federation, the introduction of amendments to certain legislative acts of the Russian Federation and the features of an increase in the insurance pension, the fixed payment to the insurance pension and social pensions [In Russian]

Goskomstat Rossiya (Russian Federation Federal State Statistical Service) (2014) Socio-economic indicators in the Russian Federation 1991â€"2015 [online]. Goskomstat, Moscow. http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/

Ivanova E (2003) The senior in rural area: family ties and intergenerational transfers. Social policy: realities of XXI century. volume 1: GP1/2003/04, Independent Institute for Social Policy, pp 135–164 [In Russian]

Ovcharova L (2008) Poverty and economic growth in Russia. J Soc Policy Stud 6(4):439–456. [In Russian]

Presnyakova L (2005) Social, material and emotional climate of old age in Russia. Otechestvennie Zapiski 24(3):56–68. [In Russian]

Sinyavskaya O (2006) Russian pensioners: what do their poverty and vulnerability consist in? Soc Policy Expert Recommend Overviews 4:66–90. http://spero.socpol.ru/docs/spero_no4.pdf

Sinyavskaya O (2012) Contemporary policy of pension benefits growth: results and limitations. Soc Policy Expert Recommend Overviews 16:39–58

Sinyavskaya O, Biryukova S, Ermolina A, Fayzullina D (2016) Income security of pensioners: crisis dynamics, the factors of poverty and possible consequences of restrictive pension payments policies. Moscow, Institute for Social Policy, National Research University Higher School of Economic

Socio-Economic Situation in Russia (2017) Federal state statistics service (Rosstat) [In Russian]

# Retirement Village Development for the Elderly: Applying the Concept of Public-Private Partnership

Robert Osei-Kyei[1], Albert P. C. Chan[2] and Minh Tri Trinh[1]
[1]School of Computing Engineering and Mathematics, Western Sydney University, Sydney, NSW, Australia
[2]Department of Building and Real Estate, The Hong Kong Polytechnic University, Hong Kong, China

## Synonyms

Aged care home; Housing; Privatization; Public policy; Public-private partnership; Retirement home

R

## Definitions

Public-private partnership is a concept where the public and private sector organizations bring together their resources, which could be material or immaterial to deliver an infrastructure.

Retirement village is a residential complex that provides independent living with community style accommodation for persons predominately aged over 55 who have retired from full-time employment.

## Introduction

In the last couple of decades, the percentage of older adults has increased significantly globally. For example, in Australia, between 1993 and 2013, the percentage of people aged 65+ has increased from 11.6% to 14.4% (Australian Bureau of Statistics 2013). In fact, the proportion of older Australians has been projected to increase to 20% by 2056 (Bo et al. 2015). Also, in China, specifically Shenzen, it has been projected that by 2020, the ageing population will reach 10% of the total population in the city (Zhen 2016). Essentially, the rapid demographic ageing globally has put a lot of pressure on many social amenities including housing (Hu et al. 2017). Currently, there are many housing options for older adults; however, a significant proportion of them prefer to live independently in a retirement village. This is because retirement villages or otherwise called aged care homes have been noted to be age-friendly compared to family homes. Retirement villages usually have a range of on-site household facilities and support services such as libraries, hairdressing saloons, transportation, etc. (NSW Government 2017; Liu et al. 2018).

However, despite the clear significant benefits of retirement villages to both the young and older adults, the current global retirement village market is underdeveloped. The existing retirement village markets in some developed countries including Australia, the UK, and Canada are stricken with many problems of which the major one is high cost of investment. Many retirement village developers invest a lot of funds in the acquisition of land, the daily maintenance, and operation of retirement villages as well as pay huge taxes (Retirement Village Association 2011). These result in high rental and service fees, which makes it difficult for many retirees to afford. Therefore, it is imperative for a more innovative approach such as public-private partnership (PPP) to be adopted to enhance the development of affordable retirement villages for the elderly (Retirement Village Association 2011; Liu et al. 2018). PPP is basically a concept where the public and private sector organizations bring together their resources, which could be material or immaterial to deliver an infrastructure (Osei-Kyei and Chan 2015). Usually, in PPPs, the public authority provides land and tax exemptions and ensures a favorable enabling environment for private investment. The private partner assumes the responsibility of designing, financing, building, and operating the facility over a period (Osei–Kyei and Chan 2016). Although PPP is not a new concept, it has received limited attention in the global retirement village market. Importantly, PPP has been used in many different infrastructure sectors including transportation, education, health, security, and recreational; however, for retirement village/aged care homes development, the PPP concept has apparently received little or no attention (Retirement Village Association 2011). Considering that retirement villages provide significant benefits to retirees globally, the adoption of the PPP model in retirement villages development is crucial and a worth option. The use of PPP for retirement village development will lessen the huge investment costs and provide age-friendly affordable housing to the aged (Liu et al. 2018).

Against this background, this chapter reviews the status of the global retirement village market and proposes policy directions and strategies that should be carefully observed to ensure a successful application of PPP in retirement village development. Following this introduction is the review of global retirement village development, particularly in Australia, the UK, and the USA. The next section explores the key challenges in the retirement village market. The last section reviews how PPP could be applied successfully in retirement village development.

## Global Development of Retirement Villages

This section reviews the status and progress of retirement village markets across the world with specific reference to Australia, the UK, and the USA.

### Australia

In recent years, the number and proportion of older Australians have increased. In 2017, there were 3.8 million Australian aged 65 and over, which comprises 15% of the total population. It is anticipated that there will be 8.8 million older people by 2057 and 12.8 million elderlies (25% of the population) by 2097 (Australian Bureau of Statistics 2014). This ageing population has contributed to significant housing demand challenges in Australia. Productivity Commission (2015) categorizes the housing options for older Australians into six. These include home owner, residential aged care, retirement villages, mobile home communities, social housing, and private rental. Accordingly, although the most popular housing option for older Australians remains their own home, an increasing proportion of older Australians are choosing to move into retirement villages in order to meet their financial and lifestyle preferences (Productivity Commission 2015).

The Australian retirement village industry originated in the 1970s and has since then been regulated by several laws. The first emanated Australian retirement villages were solely owned by the private sector, and they had a range of accommodation, facilities, and services to meet the requirements of the elderly (Hu et al. 2017). In other to ensure sanity in the Australian retirement village market, several state-based legislations were introduced in the late 1980s. The state-based legislations were primarily introduced to protect the rights and interests of retirees. Such regulations include the Aged Persons Homes Act 1954, Retirement Village Act, Retirement Village Regulation, Retirement Village Code of Practice, and Fair Trading Retirement Village Code. Essentially, these laws and regulations also clarify various aspects of the village development and operation, such as pre-entry requirements, information disclosure, and the resolution of complaints and disputes (McNelis and Herbert 2003). Since the introduction of the retirement village act and regulations, the growth of the Australian retirement village market has been quite good in the past few decades, and it has been forecasted to reach around 3000 with 320,000–350,000 village residents by 2023 (Hu et al. 2017). There are two categories of Australian retirement village residents – those who are considering a move to a retirement village. They are the older and younger retirees. The older retirees are those who wish to relocate due to declining health, whereas the younger retirees are those who are concerned about their future health needs and may also be attracted to village amenities and lifestyle (Crisp et al. 2015).

Normally, retirement village fee arrangements are determined by village developers on certain key parameters; they include the local property value, the tenure term, services and amenities available at the village, and the unit size and design (Towart 2005). Considering these parameters, the total retirement village fee usually includes these costs: (1) entry contribution, a lump-sum contribution paid at the time of entry to the village, in forms of payment, loan, donation, or some combination of these; (2) ongoing costs, day-to-day retirement village running costs; and (3) deferred management fee, deduction from the resale price or withheld percentage of the entry contribution plus a percentage of the capital gain when residents move out or pass away (Finn et al. 2011). Residents are offered different terms of tenure, and this, apparently, has an influence on their level of financial security. This is because some retirees acquire loans to pay for their resident fees (Productivity Commission 2015). Overall, despite the numerous challenges, the Australian retirement village market is considered one of the matured in the world. The number of retirement villages or aged care homes is increasing because of the rapid increase in older adults. There is certainly a better future for the Australian retirement village market unless more innovative policies such as PPP are introduced by the government in the market.

### The UK

In the UK, the number of people aged 65 and over grew by 1.8 million between 2004 and 2014, and it is forecasted that by 2024, there will be 13.8 million people aged 65 and over, representing 20% of the population, compared with 16% in 2004 (ONS 2018). These figures show the increase in life expectancy in the UK in the next decade. Further, the stats indicate the potential increase in elderly health needs and housing with specific old-age requirements in the next couple of years in the UK.

To meet these future demands, retirement village development has become quite popular in the UK in recent times. However, it should be mentioned that old adults moving into aged care homes/retirement village is not a new thing in the UK; essentially, aged care home/retirement village has been in existence for the past 30 years. Usually, most UK retirees choose to be in aged care homes/retirement villages primarily because they require special housing care or prefer to live independently in an aged-friendly community. This implies that many retirees believe that retirement village/aged care homes can provide them the necessary support and attention that are needed by every aged. Some of the supporting facilities and services in the retirement villages in the UK include equipment for care, caretaker staff, libraries, help with domestic tasks, and shopping (Baker 2002). The key regulation in the UK that protects the interest and needs of the elderly is the Care Act 2014. The act was drafted in 2014 and became effective in 2015. The act ensures that the elderly is given the necessary support and care at retirement villages/aged care homes. Further, the act makes provisions for some financial support to retirees based on the outcome of an initial need assessment (Age 2019). Lastly, the Care Act ensures that care home developers and operators provide enough support services to meet the expectations of care home residents. It should be mentioned that in the UK, older adults have other range of housing options/care including sheltered housing, respite care, and assisted living; however, the most popular ones are retirement villages and residential care homes (AXA PPP Healthcare 2019). Although these two major housing options may have some similarities, their mode of services and residents are different. Retirement villages are developed for older adults who can take care of themselves. In fact, residents in retirement villages do not need special care such as dressing and medication. On the contrary, residential care homes in the UK are developed for older adults to provide only special care such as bathing, medication, and dressing. Residents in such homes are carefully assessed by the local council before being admitted. Importantly, retirement village is the new trend, and it is growing rapidly as mentioned earlier. Like Australia, the UK retirement village market has potentials but would require innovative government policies such as PPP to develop and meet the expectations of older adults.

### The USA

Similar to Australia and the UK, the US population is also ageing, and one of the primary drivers for this is low mortality rate. Survivorship rates have shown consistent improvement for many decades in the USA. In fact, according to the Social Security Administration (2018), the average life expectancy of a 65-year-old man is 84.0, whereas the average life expectancy of a 65-year-old woman is 86.5. Further, the Social Security Administration (2018) have indicated that one out of every four 65-year-olds will live to be 90 years old, with one of every ten expected to live past 95 years of age (Social Security Administration 2018). As of 2017, almost 47 million US citizens are 65 years old and above, accounting for 14.9 percent of the total population. It has also been projected that the senior population in the USA is likely to double in the couple of decades (Senior living, 2019). The US Department of Health and Human Services (DHHS) has emphasized that most of the senior citizens or older adults will need an accommodation that provides all the necessary health and infrastructure facilities before they can enjoy their elderly life over time. This has therefore reinforced the need for more retirement villages to be developed in the USA to help the aged live a stress-free life. Retirement villages in the USA are also referred to as senior living/retirement communities. The senior living communities often have care coordinators who help manage residents' health and other personal needs.

Usually, most US senior citizens move to senior living communities due to several reasons including (1) having no adult children to assist them and (2) having serious health conditions that require professional assistance (Senior Living 2018). Residents in retirement communities pay rents or purchase apartments through their personal savings, whereas others particularly the low-income earners purchase or rent apartments with the support of the Federal housing program. In the USA, the Assisted Living Policy is the only regulation relevant to the retirement village market. However, each state has its own form of the policy. The aim of the assisted living regulation is to protect the interests of senior residents in care homes as well as provide specific residential requirements for care home operators and developers.

## Key Challenges in the Retirement Village Industry

Like any other industry, the retirement village industry is also stricken with several challenges, and it is crucial that practitioners are informed of these challenges to ensure the sustainability of the industry. Hu et al. (2017) conducted a review study on retirement village and identified several emerging problems which need critical attention by stakeholders. These challenges include affordability, social environment settings, physical environment settings, penetration levels, the effects of ageing baby boomers, technology applications, sustainability, and lack of policy support. In terms of affordability, they found out from a number of studies that village living cost is a major concern to retirement village residents. In fact, the high cost of rent or purchase is deterring most young retirees from living in retirement villages or aged care homes. Apparently, the high cost of rent or purchase could be because of the high cost of investment. Developers usually spend a lot of funds in developing and operating retirement villages to the standard required by the government. In the end, the high cost of investment is then transferred to residents. Affordability is certainly a crucial issue which stakeholders in the retirement village industry would have to thoroughly review moving forward. Hu et al. (2017) recognized social environment settings as a major challenge because usually the village recreational facilities do not meet residents' requirements. Further, the services provided in retirement villages create an over-dependency for residents. Hu et al. (2017) also explained that retirement village physical environment can affect resident's social life, thereby leading to their dissatisfaction. Lastly, in terms of technological application, Hu et al. (2017) explained that retirement village developers/operators are confronted with a set of issues regarding the type and application of technological devices in retirement villages.

Crisp et al. (2013) studied the factors that encouraged and discourage retirees for entering retirement village. They identified several lists of discouraging factors, and some of these include the lack of privacy of residents, expensiveness of retirement village units, limited space and garden in retirement villages, and the change of doctor by residents.

Because residents in retirement village live together as a community, they believe that they tend to lose their independence and privacy. It is also not surprising that affordability was identified by Crisp et al. (2013) as a major issue. As mentioned earlier, residents often pay high rents and mortgages for retirement village units, and these high rental fees are associated with the high cost of investments of retirement village development (Retirement Village Association 2011).

The retirement village council (2013) also conducted a survey with the aim of identifying the key issues facing the retirement village industry in Australia. They found out three major issues: these are (1) the dissatisfaction of residents with the amount of fees charged during village tenure, (2) dissatisfaction with the actions of the retirement village operators, and (3) unclear and ambiguous contract arrangement.

Petersen et al. (2017) explored the constraints in the retirement village industry in Australia by means of a questionnaire survey with residents. They mentioned that the two critical issues which affect retirement village development are the financial and legal obligations. Importantly, the financial obligation has to deal with the high cost of fees paid by residents during their village tenure. In fact, Petersen et al. (2017) emphasized that many residents are

concerned about the high exit fees and refurbishment costs. The legal obligation is concerned with the complicated contractual terms set out by some retirement village managers (Retirement Village Council 2013).

The above review of challenges needs critical attention by policy makers and external stakeholders to ensure the sustainable development of the global retirement village industry. The increasing number of the aged requires more effort to ensure that the retirement village market becomes attractive to both the young and old retirees.

## Public-Private Partnership for Retirement Village Development

From the above review of the status and challenges of the global retirement village, it could be realized that more strategic policy actions and efforts are required by governments, retirement village residents' associations, and retirement village developers' associations. In fact, the need to care for the elderly is eminent, and to do this, there have to be innovative policies and approaches from governments.

Undoubtedly, affordability is one of the crucial challenges currently facing the retirement village industry. Rents and mortgages are very expensive for both the young and old retirees, and the major contributing factor toward the high rental fees is the increase in investments costs (Retirement Village Association 2011). Retirement village developers invest a lot of funds in the development and operation of villages in order to keep up to the standard and requirement of residents. The huge investment costs are eventually transferred to residents. Indeed, one of the best options to help in addressing the issue of affordability, poor quality service, and many other challenges in the retirement village industry is the adoption of the public-private partnership (PPP) concept. The PPP concept has been extensively used in many infrastructure sectors globally including affordable public housing; however, for retirement village development, this concept has least been implemented or utilized. Currently, there are attempts by some countries particularly Canada and China to ensure the implementation of PPP in the retirement village industry. The adoption of PPP in retirement village development could bring lots of benefits to governments, the elderly, and other stakeholders. These benefits have actually been realized in many other infrastructure sectors including affordable housing. Some of the benefits that PPP could bring into the retirement village industry include reliable and quality services operation, affordable rental and mortgage fees, low operation and maintenance costs, the sharing of risks, creativity and innovation, and sustainable retirement village development (Osei-Kyei and Chan 2018; Osei-Kyei et al. 2014). Therefore, there is the need for governments to embrace the PPP concept in the development of retirement villages for the aged.

### Strategizing PPP Retirement Village Projects: The Best Practices

The attempts by some countries to apply the PPP concept in the retirement village industry are commendable and an important step toward meeting the expectations of the aged. However, PPP retirement village projects can only be successfully implemented if certain crucial strategies are taken into consideration by stakeholders. Based on the review of the challenges in the retirement village industry and the experience of many past PPP projects (i.e., both successful and failed) in other infrastructure sectors including public housing and transportation, some proposed effective strategies for developing PPP retirement village include mutual and clear benefit objectives of both parties, effective risk allocation, external stakeholder consultation, optimal capital structure, government providing tax rebate and exemption, and consistent performance monitoring.

Generally, irrespective of the infrastructure sector, having mutual benefit objectives is very essential in the successful implementation of PPP projects. Mutual benefit objectives imply having a common goal and outcome in the delivery of a PPP project (Osei–Kyei and Chan 2016). Retirement village project development is crucial to the elderly; therefore when the government and private developers are partnering to deliver a retirement village project, they should make sure that they have clear and common objectives. It is in no

doubt that the public and private sectors usually have very different goals in PPP contract arrangement; however, both parties should at least consider the interests of the aged and retirees when setting up the performance objectives of their retirement village PPP projects.

Equitable risk allocation is also crucial for PPP retirement village development. Some key risks in retirement village PPPs include demand risk, political risks, land acquisition risk, macroeconomic risk, and operational cost overruns. These potential risk factors should be carefully allocated among the key parties. Ideally, risks should be allocated to the party with best mitigation plan (Osei-Kyei and Chan 2017).

Consultation with the key external stakeholders in the retirement village industry is also critical in the successful implementation of PPP retirement village projects. Some key external stakeholders in the retirement village industry include the retirement village developers association and other senior citizens in the society. The opinions of these stakeholders have to be incorporated in the contractual arrangement. Importantly, failure to engage with the external stakeholders could raise tensions between the project parties and retirement village residents. Eventually, the substantial benefits of adopting the PPP concept for retirement village development will not be realized or met.

Optimal capital structure refers to the mix of debt and equity that can maximize a firm's value (Chen et al. 2015). Essentially, optimal capital structure is required to ensure the affordability of retirement village PPP projects. Several quantitative and qualitative factors determine the optimal capital structure of PPP projects; such factors include the cost of land, construction and operation costs, the capital market, risks, government financial support, and rate of return. These factors should be analyzed thoroughly before determining the sources of capital for retirement village PPP projects.

Undoubtedly, tax exemptions are critical in minimizing the overall life cycle costs of retirement village PPP projects. Huge taxes on equipment, goods, and imports often increase the construction and operational costs of projects significantly. Therefore, governments should provide tax exemptions on certain goods and equipment used for the development of retirement village PPP projects. This will essentially reduce the developer's investments costs, thereby leading to more affordable retirement village units and apartments.

Lastly, consistent monitoring of the operation and maintenance of retirement village PPPs is crucial in ensuring quality service. Although, the private sector is generally known to provide quality service and operation, there are sometimes where few private operators may not comply with the operational standards expected. Therefore, the contracting authority should regularly monitor the maintenance and operation of retirement village developers as usually done in other PPP projects in other sectors such as roads, hospitals, and recreational centers.

## Conclusion

The global ageing population has resulted in the increase in demand of retirement villages. However, the current retirement village industry is stricken with several challenges including affordability, poor quality of services, and poor sustainability. PPP is a method that has been applied in many infrastructure sectors by many countries, and it has over the last couple of years proven to be quite effective in addressing critical infrastructure challenges such as affordability and poor quality of service. Therefore, there is the need to apply the PPP concept in the global retirement village industry to meet the demands and expectations of the elderly. To successfully implement PPP in the retirement village industry, some proposed crucial strategies and policy measures that should be considered include mutual and clear benefit objectives of both parties, effective risk allocation, stakeholder consultation, optimal capital structure, government providing tax rebate and exemption, and consistent performance monitoring.

## Cross-References

► Privatization

## References


Age UK (2019) Policy and research. Available from https://www.ageuk.org.uk/our-impact/policy-research/

Australian Bureau of Statistics (2013) Reflecting a nation: stories from the 2011 census, where and how do Australia's older people live, from http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2071.0main+features602012-2013

Australian Bureau of Statistics (2014) Australian historical population statistics. Australian Bureau of Statistics, Canberra

AXA PPP Health Care (2019) Types of accommodation, available from; https://www.axappphealthcare.co.uk/health-information/ageing-well/types-of-accommodation/

Baker T (2002) An evaluation of an extracare scheme: runnymede court, estover, plymouth. Hanover Housing Association, Staines

Bo X, Skitmore M, Zuo J, Buys L (2015) Review of community facilities in Australian retirement villages: a content analysis. Australas J Ageing 34(3):144–148

Chen B, Mao CK, Hu JL (2015) The optimal debt ratio of public–private partnership projects. Int J Constr Manag 15(3):239–253

Crisp D, Butterworth P, Anstey K, Windsor T (2015) Relocation to a retirement village: who considers relocation and what are people looking for? National Seniors Productive Ageing Centre, Melbourne

Crisp DA, Windsor TD, Butterworth P, Anstey KJ (2013) What are older adults seeking? Factors encouraging or discouraging retirement village living. Australasian Journal on Ageing 32(3):163–170

Finn J, Mukhtar VY, Kennedy DJ, Kendig H, Bohle P, Rawlings-Way O (2011) Financial planning for retirement village living: a qualitative exploration. J Hous Elder 25(2):217–242

Hu X, Xia B, Skitmore M, Buys L, Zuo J (2017) Retirement villages in Australia: a literature review. Pac Rim Prop Res J 23(1):101–122

Liu S, Jin H, Xie B, Liu C, Mills A (2018) Concession period determination for PPP retirement village. Int J Strateg Prop Manag 22(5):424–435

McNelis S, Herbert T (2003) Independent living units: clarifying their current and future role as an affordable housing option for older people with low assets and low incomes. Australian Housing and Urban Research Institute, Swinburne Monash Research Centre, Melbourne

NSW Government (2017) Inquiry into the NSW retirement village sector. NSW, Australia

ONS (2018) Aging, office for national statistics, viewed 22 Apr 2019. https://www.ons.gov.uk/

Osei-Kyei R, Chan AP (2015) Review of studies on the critical success factors for public–private partnership (PPP) projects from 1990 to 2013. Int J Proj Manag 33(6):1335–1346

Osei-Kyei R, Chan AP (2017) Risk assessment in public-private partnership infrastructure projects: empirical comparison between Ghana and Hong Kong. Constr Innov 17(2):204–223

Osei-Kyei R, Chan AP (2018) Comparative study of governments' reasons/motivations for adopting public-private partnership policy in developing and developed economies/countries. Int J Strateg Prop Manag 22(5):403–414

Osei–Kyei R, Chan AP (2016) Developing transport infrastructure in sub-Saharan Africa through public–private partnerships: policy practice and implications. Transp Rev 36(2):170–186

Osei-Kyei R, Dansoh A, Ofori–Kuragu JK (2014) Reasons for adopting public–private partnership (PPP) for construction projects in Ghana. Int J Constr Manag 14(4):227–238

Petersen M, Tilse C, Cockburn T (2017) Living in a retirement village: choice, contracts, and constraints. J Hous Elder 31(3):229–242

Productivity Commission (2015) Housing decisions of older Australians, 978-1-74037-561-0

Retirement Living Council (2013) Profile: retirement village residents, from http://www.retirementliving.org.au/wp-content/uploads/2013/12/Retirement-Village-Residents-Profile.pdf

Retirement Village Association (2011) Caring for older Australians: response to the productivity commission draft report (Submission DR900). Retrieved from https://bit.ly/2hZPhVN

Senior Living (2018) Why seniors prefer senior living communities today. Available from; https://www.aplaceformom.com/blog/why-seniors-prefer-senior-living-communities/

Social Security Administration (2018) Retirement & survivors Benefits: life expectancy calculator, the United State of America. https://www.ssa.gov/oact/population/longevity.html

Towart L (2005) Retirement villages: a sunset industry in a sunrise situation. Aust Prop J 38(5):350

Zhen S (2016) Shenzhen government, Vanke team up on first public-private partnership senior living project, China business. Available from: https://www.scmp.com/business/china-business/article/2057927/shenzhen-government-vanke-team-first-public-private


# Revenue Diversification and Tax Volatility


Whitney B. Afonso
University of North Carolina at Chapel Hill, Chapel Hill, NC, USA


## Synonyms

Elasticity of local government revenue portfolio; Local government revenue portfolio; Sensitivity

of local government revenues to fluctuations in the economy

## Definition

Local governments maintain revenue portfolios that are filled with the different taxes and fees that pay for their services. These taxes and fees are impacted by changes in the economy differently.

## Introduction

Local governments in the United States are required to have balanced budgets. What this means is that the revenue that local governments (counties, municipalities, and special districts) generate through taxes and fees and other instruments must be equal to or exceed how much is spent every year. To cope with uncertainty, most local governments will maintain a fund balance. These fund balances are often referred to as rainy day funds and are essentially savings accounts for the years when revenues do not cover expenditures. When and why might this happen? If there is a natural disaster, the local government may be responsible for unforeseen expenditures. If policymakers are being imprudent with their resources and being too liberal with their revenue forecasts, there may be an imbalance. If there is an economic downturn, the revenues budgeted for may be higher than the actual receipts. It is this last possibility that will be the focus of this entry.

## Revenue Volatility and the Business Cycle

The economy has a natural business cycle with booms and busts, meaning there are good times and there are bad times. This affects individuals' and businesses' resources and revenues and also affects government revenues. These normal fluctuations result in uncertainty when forecasting revenues, and for this reason many local governments choose to diversify their revenue portfolios. This means that instead of relying heavily on one or two tax instruments, local governments are choosing to rely on many instruments. This notion of diversification of the portfolio as a means to increase stability emerges from a corporate finance theory: modern portfolio theory. Simply put, modern portfolio theory asserts that if you want a stable portfolio of stock investments, it is best to not invest it all in one place and that by investing in hundreds (or more) of stocks, it is more likely that when one declines, others will be increasing in value.

While that makes sense in the corporate finance world, does it make sense in the public finance world? In particular, does it make sense for local governments? Local governments in the United States rely heavily on property taxes. Property taxes are inelastic (with an estimated elasticity of 0.12) which means that they do not fluctuate with changes in the economy much (McCubbins and Moule 2010). Thus, when the economy declines, they are left relatively unchanged and stable. Of course, this also means when the economy is growing, they are left relatively unchanged and stable. So when local governments are diversifying their revenue portfolio, it means they are most likely moving away from the property tax, which is stable, to other revenues which are likely less stable.

An inelastic tax is one that is not sensitive to the fluctuations of the business cycle (or changes in the economy). For a fluctuation of 1% in income, an inelastic tax will fluctuate by less than 1%. This means that in times of economic growth, the revenue of an inelastic tax will grow more slowly than the economy and during an economic downturn, the revenue will decrease by less than income. Therefore, inelastic taxes are more stable and predictable than elastic taxes because inelastic taxes are less affected by changes in the economic conditions of a jurisdiction (Afonso 2017).

A value of 1 would mean unit elastic, so it changes at the same rate of the economy.

Values less than 1 are considered inelastic, and values greater than 1 are considered elastic.

What are these other revenues that local governments are moving toward? In many states, the second largest source of own source revenue (so not intergovernmental transfers from the state or the federal government) are local sales taxes. Sales taxes unlike the property tax are relatively elastic, meaning the revenue fluctuates more than changes in the economy. This is especially true for the sales taxes in many states that omit food and clothing from the sales tax base. Sales taxes that include the full tax base are close to unit elastic, but once those key elements of the base are removed, they become much more volatile. There are also local income taxes in some states, and they, like the sales taxes, are more volatile and unstable than property taxes. See Table 1 for selected estimates of elasticity. Of course, local governments rely on numerous other smaller revenue instruments like fuel taxes, alcohol taxes, and impact fees, and those are not as elastic as sales or income taxes.

## Additional Reasons to Diversify Revenue Portfolios

There are additional reasons that local governments may choose to diversify their revenue portfolios than just for stability. In fact, adopting elastic revenue instruments when currently reliant on inelastic ones may be advantageous to government revenues. The revenue generated by inelastic instruments are relatively unchanged in both boom and bust periods, which means that in periods of economic growth they will not grow with the economy and will have to have their rates increased to keep up. Additionally, different revenue instruments often tax different subsets of the population, and by expanding the number of revenue instruments being used, a local government may be able to spread the burden around in a more equitable way. For example, if a community has a large tourism industry, reliance solely on property taxes may not capture much of the burden that tourists have on costs; however the use of occupancy taxes and sales taxes will allow tourists to share some of the burden for financing government that they benefit from while they visit the community.

There are also reasons that are not strategic, but out of necessity. Many states and local governments are subjected to strict tax and expenditure limits that may limit property tax rates, property tax revenues, and/or property tax growth. These tax and expenditure limitations may mean that local governments must look beyond the property tax for increased revenues as new needs and demands for additional services surface. Outside of the legal restrictions, there are also political ones. Property taxes are incredibly unpopular in the United States, and citizens often prefer sales taxes to increased property taxes.

**Revenue Diversification and Tax Volatility, Table 1** Estimates of short-run elasticity

| | |
|---|---|
| Personal income tax | 1.195 |
| Corporate income tax | 3.562 |
| Sales tax | 1.084 |
| Nonfood sales tax | 1.431 |
| Fuel tax | 0.731 |
| Liquor store tax | −0.024 |

Taken from Sobel and Holcombe (1996)

## Evidence

Despite the potential advantages of diversification of the revenue portfolio it is critical to understand how diversifying the revenue portfolio will affect the volatility of revenue. Since local governments are not legally permitted to budget for more expenditures than their expected revenues, and in some states spend more than they generate, it is critical to understand how the makeup of revenue portfolios may affect revenues. This area of literature is growing, and the evidence is mixed as to whether diversity of the revenue portfolio leads to increased volatility.

On one extreme a study finds that diversification leads to higher expenditures and fewer revenue shortfalls and an overall substantial increase in stability (Jordan and Wagner 2008). Similarly, though the magnitude of the effect is smaller, another study finds that diversification does lead to more stability especially when the revenue instruments are more visible (Carroll 2009). While those studies focus on broad measures of diversification, more recently three studies have examined the contrast between those local governments that depend more heavily on property taxes and those that rely more heavily on a mix of property taxes and local sales taxes. These three studies find that greater reliance on local sales taxes increases volatility of own source revenue (Afonso 2013, 2017; Hou and Seligman 2010). The Afonso (2017) study examines counties in North Carolina which do tax food, making it likely that these results are actually conservative and understate the effect that increased reliance on local sales taxes would have on the volatility of own source revenue.

One important question is how should we appropriately measure volatility? Many of these studies measure it the same way. Volatility is defined as the difference between the expected own source revenue and the actual own source revenue. Expected own source revenue is calculated in a multistep approach. The first step is a simple revenue growth trend regression model, where own source revenue is modeled as a function of time. The second step is to estimate the residuals and to calculate the expected values of own source revenue. This method allows for each jurisdiction to have its own growth trend. For more on this method, please see Afonso (2017).

## Revenue Portfolio Diversity at the State Level

It is not just local governments that need to consider how the diversity of their revenue portfolio may impact the volatility of their revenue receipts. States and the federal government are affected too. However, the federal government in the United States is able to deficit spend so revenue volatility does not present the same challenges as it does to state and local governments. States in the United States most frequently rely on a mix of income taxes and sales taxes. As previously discussed, those instruments are elastic. Therefore, diversifying the state-level revenue portfolio toward inelastic instruments like fuel taxes and cigarette taxes may increase stability. It is key to modern portfolio theory that the instruments in the portfolio negatively covary, meaning that as one increases, another decreases. This is likely an unrealistic ambition in taxes and fees, unless the government taxes inferior goods (which is the economic term for goods whose demand increases as income decreases), but by balancing elastic and inelastic revenue instruments, strides toward stability are likely to be achieved. The evidence at the state level suggests that diversifying the revenue portfolio may decrease revenue volatility (e.g., Gentry and Ladd 1994). The following are the fundamental questions that government units need to ponder: what are the existing revenue instruments, what instruments are available to them, and how (in) elastic are those instruments?

## Conclusion

Volatility of revenue has numerous ramifications for managing local governments. If local governments have more volatile revenue portfolios, then they need to manage their resources so that when unexpected shocks do occur, it does not disrupt their service delivery. One way that local governments may manage this volatility is through robust fund balances. Another way would be to be conservative with revenue forecasts. The problem with that solution is there is an opportunity cost to systematically collecting more revenue than forecasted for both the government and the citizens that are being overtaxed or underserved.

Understanding the impact of revenue instrument choices on volatility is especially critical in

the United States where there are balanced budget requirements and local governments are only permitted to take out debt for capital expenditures (and often with specific additional requirements). Whether local governments are considering diversifying their revenues or whether they already have, understanding the impact of those revenue instrument choices on their revenue receipts across the business cycle is critical and must be managed accordingly.

## Cross-References


- ▶ Budgeting and Public Finance
- ▶ Local Governments and the Property Tax in the USA
- ▶ New Public Financial Management
- ▶ Revenue Diversification in Africa in the Post-Recovery Period


## References


Afonso WB (2013) Diversification toward stability? The effect of local sales taxes on own source revenue. J Public Budg Account Financ Manag 25(4):649

Afonso WB (2017) Revenue portfolio and expenditures: an examination of the volatility of tax revenue and expenditure patterns during the great recession. Int J Public Adm 40(10):896–905

Carroll D (2009) Diversifying municipal government revenue structures: fiscal illusion or instability? Public Budg Financ 29(1):27–48

Gentry W, Ladd H (1994) State tax structure and multiple policy objectives. Natl Tax J 47(4):747–772

Hou Y, Seligman J (2010) LOST stability? Consumption taxes and the cyclical variability of state and local revenues. Working paper series. John Glenn School of Public Affairs, Ohio State University

Jordan M, Wagner G (2008) Revenue diversification in Arkansas cities: the budgetary and tax effort impacts. Public Budg Financ 28(3):68–82

McCubbins M, Moule E (2010) Making mountains of debt out of molehills: the pro-cyclical implications of tax and expenditure limitations. Available at SSRN.com, http://ssrn.com/abstract=1611183

Sobel R, Holcombe R (1996) Measuring the growth and variability of tax bases over the business cycle. Natl Tax J 49(4):535–552


# Revenue Diversification in Africa in the Post-Recovery Period


Emmanuel Botlhale
Department of Political and Administrative Studies, University of Botswana, Gaborone, Botswana


## Synonyms

Diverseness; Diversity; Expansion; Variation; Variegation; Variety; Variousness

## Definitions

In common parlance, "diversification" is the injunction: "do not put all your eggs in one basket." With diversification, the idea is to spread the eggs across many baskets to spread the risk across many baskets. Diversification originated in investment finance and diffused to other disciplines, for example, public finance. Diversification was formalized in academic writing through the modern portfolio theory. The theory is credited to Markowitz (1952), and it describes the process by which an investor selects a particular investment portfolio (Carroll and Stater 2008). In the field of public finance, the theory birthed the concept of "revenue diversification." Revenue diversification is a specific strategy to minimize revenue volatility (Frumkin and Keating 2011). Its mirror opposite is revenue concentration. Keating et al. (2005) argue that revenue concentration is heavily freighted with problems such as declines in revenue and organizational sustainability risks. Therefore, on a balance of probabilities, it is commonly argued that revenue diversification, as opposed to revenue concentration, is a highly sought-after policy, for, among others, it engenders fiscal stability.

## Introduction

Public organizations are purposeful, that is, they are created for a purpose. In this regard, governments are created to, among others, deliver the social contract between the rulers (represented by the government on the one hand) and the ruled (represented by the citizens on the other). The social contract places an obligation on the state to provide goods and services that the market neither provides (e.g., law and order) nor provides in sufficient quantities (e.g., education and health). At times, public intervention is justified on account of market failure. No matter the justification, public provision of goods and services is a fact of life ever since the emergence of government more than 10,000 years ago. The question that arises is: how does the government finance the provision of goods and services? In a majority of cases, the government lays a tax to finance the provision of goods and services. Taxation is as old as organized government, that is, governments have laid taxes since antiquity. The question that comes to the fore is: how diversified are the revenue sources? In a related vein, a cognate question is: will the existing revenue sources guarantee the survival and sustainability of the organization? The foregoing question is important for, as Pfeffer and Salancik (1978, p. 2) suggest, "the key to organizational survival is the ability to acquire and maintain resources."

If the foregoing cannot be answered in the affirmative, the state may find itself in fraud of the social contract by failing to provide social goods and services. The failure to provide social goods and services can have fatal consequences (e.g., failure to provide life-saving medicines can potentially condemn vulnerable subpopulations such as the poor and children to preventable deaths). In a related vein, the failure to provide goods and services can condemn vulnerable groups such as the poor and women and the girl child to diseases of poverty such as TB, HIV and AIDS, malaria, leishmaniasis, schistosomiasis, and malnutrition. In other instances, poor service delivery can lead to public service delivery protests. In sub-Saharan Africa, South Africa has gained the label "Protest Capital of the World" (Bianco 2013). To illustrate, by July 2018, South Africa recorded 144 public service delivery protests (Makhafola 2018). In a majority of cases, governments fail to deliver social goods and services due to fiscal strictures. Of course, there are other causes such as corruption and implementation challenges. For instance, in Botswana, during the National Development Plan 10 period, the development budget was underspent by an average of 17.3% for the years 2011/2012 through 2013/2014 due to delayed project implementation (see Matambo 2015), therefore meaning that Botswana were denied goods and services.

Causes of fiscal strictures are numerous; however, the most egregious one is a narrow revenue base. The problem is extremely prevalent in monocultural economies. Monocultural economies are characterized by the dominance of a single export. Examples are Nigeria (oil) and Botswana (diamonds). When there are price shocks in commodity markets, as happened during the last global economic crisis, the worst after the 1929 Great Depression, monocultural economies disproportionately suffered. Therefore, this calls for more revenue diversification post-2007. Diversified resources will aid in the delivery of the social contract.

## Monocultural Economies and Revenue Concentration

Due to the dominance of a single export in monocultural economies, there arises the problem of revenue concentration. In the realm of public finance, revenue concentration means that a bulk of the country's revenue is contributed by one sector. Therefore, if there are problems in the said sector, total government revenue may plummet and, therefore, plunging the country into fiscal difficulties. In a confirmatory note, Keating et al. (2005) argue that revenue concentration is heavily freighted with problems such as declines in revenue and organizational sustainability risks. Botswana is an exemplar case of the disastrous danger of a monocultural economy and revenue concentration. At the time of independence on 30 September 1966, Botswana

was one of the poorest countries in the world. Its economic viability was doubted, and it was a foregone conclusion that it will be incorporated into the Republic of South Africa. However, the discovery of diamond deposits, the first being the discovery of a kimberlite pipe in Orapa in 1967, followed by other finds, brought about an economic turnaround. The country was able to extract mineral rents to finance human, social, and economic development. As a result, Botswana was able to graduate into the ranks of middle-income economies in 1992 and is currently an upper middle-income economy. Its development trajectory continued unabated until the onset of the global financial crisis (GFC). The GFC metamorphosed into a global economic crisis and later an economic downturn. Due to the foregoing, the country experienced a new normal, fiscal strictures that forced the choice of budget deficits into the hands of the government. Ever since 2007, the country has largely dealt with chronic budget deficits. Due to the continued subdued demand for diamonds, hence declining foreign currency earnings, budget deficits are a norm. To illustrate, total revenue and grants for the 2019/2020 financial year are estimated at 60.20 billion Botswana pula (5.63 US dollars). Total expenditure is estimated at P67.54 billion, resulting in a budget deficit of P7.34 billion (0.69 US dollars) or minus 3.5% of GDP (Matambo 2019).

Nigeria faces the same problem of a monocultural economy that leads to revenue concentration. In the face of price shocks in the oil markets, particularly post-2007, revenue concentration, mainly due to the dominance of oil revenues, means that delivering on the social compact is challenge. Outside Africa, oil-producing states, comprising of Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman, are faced with the same of problem of monocultural economies and revenue concentration. However, there are efforts to diversify the economy away from the oil sector (Alreshan et al. 2016).

## Fiscal Strictures Post-2007

As stated above, while some monocultural economies, for example, Botswana, were able to deliver on the social compact, post-2007, things are different. Due to cutback management, social goods and services face the danger of either reduced funding or defunding. As an example, due to fiscal strictures, there has been renewed calls for either cost sharing or cost recovery in Botswana in sectors such as tertiary education financing. Hence, learners and parents are being asked to help the government with the cost of financing tertiary education. In a similar vein, government-sponsored tertiary institutions, for example, University of Botswana, are being asked to explore alternative sources of revenue.

The same problem is seen across Africa and the #FeesMustFall protests in South Africa are instructive. The South African economy is largely driven by the mining sector, particularly, gold. With the crisis in the mining sector post-2007, the provision of social goods and services has come under stress as the #FeesMustFall protests amply demonstrated. The #FeesMustFall crusade was a student-led protest movement that began in mid-October 2015 and effectively ended in 2018 after the Jacob Zuma-led government announced that beginning in 2018, there will be free tertiary education. The overarching goal of the protest was two-pronged: (i) stop increases in student fees and (ii) increase government funding for tertiary institutions. The protest shone the spotlight on cutback budgeting post-2007.

A similar challenge is being experienced in the public health sector. To illustrate, while antiretroviral (ARV) medication has been freely provided in public health facilities since 1992 and Botswana was the first country in Africa to freely provide ARV medication, there are muted calls for either cost sharing or cost recovery in the provision of ARV medication. In a similar vein, on 29 March 2017, the Ministry of Health and Wellness issued a savingram titled *Removal from medical cover for self-inflicted harm*. The objective of the savingram was to exclude medical cover for self-inflicted harm. In the wake of public opprobrium, the government suspended the policy to allow it to consult all stakeholders before the policy could be reintroduced in the future. At the time of writing this book chapter (6 March 2019), the savingram is yet to make a comeback to the

arena of public policy. All the same, it is deducible from the foregoing cases in the public health sector that pressures on the public purse result in cutback budgeting. Vital to note, the cases as cited in the foregoing find replication beyond Botswana due to fiscal strictures in monocultural economies, so, necessitating revenue diversification, particularly given post-2007 challenges.

## Actualizing Revenue Diversification

It is deducible from the foregoing that monocultural economies pose fundamental fiscal problems, particularly in sub-Saharan African countries (oil-dependent Nigeria and diamond-dependent Botswana being poster children of problems associated with monocultural economies). These problems assume dangerous and disastrous dimensions post-2007. Therefore, this calls for a paradigm shift in regard to revenue bases. It is notable that some developing countries are on the road to revenue diversification. Gulf oil-producing states, comprising of Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman, are already on this path. For example, by 2015, negotiations of two Gulf Cooperation Council agreements on value-added tax (VAT) were in full swing, and some countries have considered or have already introduced other type of taxes and fees (Alreshan et al. 2016). Some sub-Saharan states are also on this path. For example, in Botswana, one of National Development Plan (NDP) 11's (2017/2018–2022/2023) priority areas is "development of diversified sources of economic growth and revenues." In a related vein, in 2009, Botswana introduced the Economic Diversification Drive. The Economic Diversification Drive aims to diversify the economy by developing sectors other than the primary sectors (read diamonds) so that they materially contribute to the gross domestic product. In a similar vein, Nigeria, an economy which is heavily reliant on oil and also experiencing falling prices, has turned to agriculture. On the whole, while there are efforts to diversify revenue sources in sub-Saharan African countries, particularly post-2007, there is no linear relationship between policy outcomes and policy outcomes. Therefore, there is a need for a conducive environment that will aid the delivery of this initiative. Next, some of the initiatives are discussed.

(i) *Political will*: revenue diversification, like any other fiscal reform, needs to be supported from above, especially from the first office. Therefore, political will must flow from the first office. In the absence of political will, all and any reform will fail. In a related vein, there is a need for a champion for fiscal reform. The experience from many countries is that when either the head of state or government is appointed the champion of a reform initiative, there is a high probability that the same will be successful. Hence, there is a need to have heads of state and/or governments at the forefront of fiscal reforms such as revenue diversification. This will ensure that resources and support are availed to the initiative.

(ii) *National consensus*: while monocultural economies and revenue concentration may seem like academic debates, ordinary citizens feel the same in the face of cutback management. Therefore, for fiscal reforms such as revenue diversification to succeed, there is a need to build a national consensus around the idea. That is, there is a need to inculcate into the minds of the citizens the disastrous dangers of monocultural economies and revenue concentration. For instance, while it is widely believed that "diamonds are forever" (meaning that they are durable, hence have ever lasting quality), it is opportune to change the message to "diamond revenues are not forever" so that Botswana (i.e., citizens of Botswana) wholly understand that diamond revenues alone cannot guarantee the economic viability of the state, hence the need to embrace the ideal of revenue diversification.

(iii) *Capacitating tax administration authority*: revenue diversification is firmly predicated on efficient and effective tax administration authorities. On the whole, revenue authorities are freighted with problems such as poor

resourcing (finance and staff) in sub-Saharan Africa. This compromises their ability to collect tax such that tax effort is poor. Therefore, there is a big wedge between actual collection and taxable capacity. Therefore, there is a need to capacitate tax administration authorities.

(iv) *Expanding the tax base*: a majority of sub-Saharan African countries have very narrow tax bases. Therefore, they can raise more tax revenue without raising the tax rate (a not so politically feasible thing to do in polities characterized by clientelism). Therefore, there is a need to expand the tax base. For instance, in Botswana, the cattle industry, although heavily subsidized by the state, is beyond the reach of the tax administration authorities. Similarly, in many parts of sub-Saharan Africa, there are lots of sacred cows that are beyond the reach of tax administration authorities. So, there is a need to tax erstwhile sacred cows in order to boost total tax revenue.

(v) *Illicit financial flows*: sub-Saharan African countries lose billions of dollars to, among others, illicit financial flows. According to *Illicit Financial Flows, the economy of illicit trade in West Africa*, published by the Organization for Economic Cooperation and Development on 20 February 2018, Africa loses an average of $50 billion every year. The $50 billion means lost goods and services and also poor health and nutrition and preventable death and stunted development. Therefore, there is a need to plug these illicit financial flows to increase total government revenue.

There are many initiatives that can be employed in the services of the cause of revenue diversification. Even if the foregoing initiatives can be employed, together with cognate initiatives, these will amount to naught if they are not accompanied by fiscal transparency and accountability. Transparency and accountability are key with regard to financial management. Fiscal transparency assumed pride of place in public finance in the wake of the Asian financial crisis of 1997. In this regard, multilateral organizations such as the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD) issued codes on fiscal transparency. The IMF first published its Code of Good Practices in Fiscal Transparency in 1998, and the OECD issued its Best Practices for Budget Transparency in 2002. In a related vein, the International Budget Partnership started publishing Open Budget Surveys in 2006. The Open Budget Survey is the world's only independent, comparative assessment on transparency, oversight, and public participation.

It is notable that many sub-Saharan African countries fail both IMF's Code of Good Practices in Fiscal Transparency and the OECD's Best Practices for Budget Transparency. In a related vein, they fail the International Budget Partnership's Open Budget Surveys. The worst performers on budget transparency are found in sub-Saharan Africa. According to the Open Budget Survey 2017, the average Open Budget Index score fell from 45 in 2015 to 43 in 2017 for the 102 countries surveyed. It is notable that one of the key drivers of the decline was due to reversals of previous gains. In this regard, in sub-Saharan Africa, of the 27 countries included in both the 2015 and 2017 surveys, 22 saw their transparency scores fall in 2017 (International Budget Partnership 2017). Therefore, for fiscal reforms such as revenue diversification to bear fruit, there is a need to improve fiscal transparency in sub-Saharan Africa. Sub-Saharan Africa must benchmark from the IMF, OCED, and International Budget Partnership on the ethic of fiscal transparency. Also, there is a need to pass the Right to Information Act to extract disclosure from the executive arm of the government.

In a related vein, fiscal accountability is key. The citizens and government have a principal-agent relationship. Therefore, the agent must fully account to the principal. In sub-Saharan Africa, this principle is honored in the breach than in the observance. Government officials often hide behind the veil of secrecy and, thus, do not feel obligated to tell the citizens how they spend their money. It is imperative that the government (read the executive arm of the government) must appreciate the dictates of the principal-agent relationship and fully account to

the citizens. Among others, this will entail the publication of periodic budget reports. In this regard, there should be sanctions on ministerial accounting officers (in many sub-Saharan African countries, these are either permanent secretaries or cabinet secretaries) for failing to provide the treasury with requisite data to produce budget reports.

Finally given that the executive arm of the government is often loathe to be fiscally transparent and accountable to the citizen, non-state actors must step in. Therefore, through lobbying and advocacy, they must exact fiscal transparency and accountability from the government. They must also produce citizen scores on fiscal transparency and accountability which they can use as empirical evidence to back their claims of low or poor fiscal transparency and accountability. In a related vein, they must cultivate working relationships with the legislative arm of the government which they can enlist in their quest for increased fiscal transparency and accountability.

## Conclusion

Efficient and effective governments are firmly predicated on the availability of adequate resources. Among others, adequate resources will very favorably circumstance the state to deliver on the social contract, including the provision of social goods and services. To deliver on the social contract, there must be adequate resources. The reality is that many sub-Saharan African countries are characterized by monocultural economies. Due to monocultural economies, there is revenue concentration as opposed to the desired ideal of revenue diversification. Monocultural economies are susceptible to vagaries such as global economic crises. In the face of such global economic crises, as happened in 2007 with the onset of the global financial crisis, their single export commodities (e.g., Botswana's diamonds and Nigeria's crude oil) faced declining prices in international markets. This, therefore, led to reduced fiscal envelopes. On the whole, reduced fiscal envelopes compromise the state's ability to successfully deliver on the social contract, including the provision of social goods and services. The failure to successfully deliver on the social contract has many and disastrous consequences such as diseases of poverty. In addition, failure to successfully deliver on the social contract can lead to social strife as instanced by service delivery protests. Therefore, post-2007, there is a need to intensify revenue diversification efforts. Revenue diversification efforts must be accompanied by fiscal transparency and accountability. Lastly, non-state actors, in the form of civil society, can be very useful in exacting fiscal transparency and accountability from the executive arm of the government.

## Cross-References

► New Public Financial Management

## References

Alreshan A, Ltaifa N, Callen T, Liu Z, Stepanyan V, Mansour M (2016) Diversifying government revenue in the GCC: next steps. https://www.imf.org/external/np/pp/eng/2016/102616.pdf. Accessed 22 Mar 2018

Bianco S (2013) South Africa: the 'Protest capital of the world'. https://www.thesouthafrican.com/south-africa-the-protest-capital-of-the-world/. Accessed 6 Mar 2019

Carroll DA, Stater KJ (2008) Revenue diversification in nonprofit organizations: does it lead to financial stability? J Public Adm Res Theory 19(4):947–966

Frumkin P, Keating E (2011) Diversification reconsidered: the risks and rewards of revenue concentration. J Soc Entrep 2(2):151–164

International Budget Partnership (2017) Open budget survey 2017. International Budget Partnership, Washington, DC

Keating EK, Fischer M, Gordon TP, Greenlee JS (2005) Assessing financial vulnerability in the nonprofit sector. Hauser Centre for Non-Profit Organisations, Cambridge, MA

Makhafola G (2018) 144 service delivery protests recorded in 2018 so far. https://www.iol.co.za/news/south-africa/144-service-delivery-protests-recorded-in-2018-so-far-15961274. Accessed 6 Mar 2019

Markowitz HM (1952) Portfolio selection. J Financ 7(1):77–91

Matambo K (2015) 2015/16 budget speech. Government Printing and Publishing Services, Gaborone

Matambo K (2019) 2019/20 budget speech. Government Printing and Publishing Services, Gaborone

Pfeffer J, Salancik G (1978) The external control of organizations; a resource dependence perspective. Harper, New York

# Revisiting Quota System in Civil Service of Pakistan

Naila Saleh
Department of Public Policy, Pakistan Institute of Development Economics, Islamabad, Pakistan

## Synonyms

Meritocracy; Quota system; Regional quotas

## Definitions

Quota system refers to policy of hiring/admitting a specified percentage of group members on the basis of a predetermined criterion. Recruitment into civil service of Pakistan are determined through regional quotas where specified seats are allocated on basis of provincial quotas to ensure proportional representation of all provinces. Whereas meritocracy to the contrary ensures allocation of services purely on basis of merit and talent.

## Introduction

Effective labor force is the key to an efficient sector. Recruitment practices of a country play significant role in creation of efficient labor force. Human capital is one of the primary resource that contributes to success of an organization whereas it has to be identified at the stage of recruitment (Chandan 1997). Therefore, the foundation structures of an organization such as fair and competent recruitment practices play key role in attracting competent candidates. Meritocracy in organizations can incentivize people for reaching up to their fullest potential. A whole set of research claims positive correlation between meritocracy and economic growth. The 1997 World Development Report asserted that "Meritocracy in the civil services can help in ensuring recruitment of high-quality staff and can do a great deal to increase efficient performance of public entities." (Banque Mondiale 1997, p. 92).

Civil service in any country is the backbone of the government. It formulates and implements core national policies. To cope with the modern day challenges, civil service needs to be modernized. Meritocratic recruitment can be one way of promoting effectiveness of the service.

Public sector of Pakistan is a major source of employment generation. The authority for recruitment in public sector of Pakistan at federal level is Federal Public Service Commission (FPSC). FPSC allocates jobs in the central public services and civil service on the basis of provincial quotas and merit. According to the recent recruitment policy, only 7.5% allocations are made on the basis of merit in the civil service (see Table 1).

Quota system in civil service of Pakistan is a major setback to efficient performance. Regional quotas were introduced for promoting equal representation of all provinces in the country. The 1973 constitution while introducing regional quotas fixed a 10-year period for it and the system was adopted for short run. The subsequent governments in 1980s further extended it to 40 years which were to be expired on August 13, 2012. But the government has decided to carry on with it. Continuing with the quota system without assessing its implications can impede the efficiency of public sector in long run.

Civil service of Pakistan lacks dynamism and efficacy as a consequence of regional quota system. There are serious shortcomings of quota system which are worth consideration. Quotas in service sector are criticized for undermining the very spirit of meritocracy. Quota system is

**Revisiting Quota System in Civil Service of Pakistan, Table 1** Quota of different provinces in civil service of Pakistan

| | |
|---|---|
| Merit | 7.5% |
| Punjab | 50% |
| Sindh rural | 11.4% |
| Sindh urban | 7.6% |
| Khyber-Pakhtunkhwa | 11.5% |
| Baluchistan | 6% |
| Azad Jammu and Kashmir | 2% |
| Gilgit-Baltistan and FATA | 4% |

particularly criticized for promoting heterogeneity and institutionalizing ethnic divisions in the society. Quotas in service sector reduces probability for growth and increases corruption.

Good governance can be ensured through efficient civil service. Skilled labor force is the key to provision of quality services. Management of public service can be improved through competent civil service (Schiavo et al. 2000). A meritorious and efficient civil service is the need of hour and thus shall be prioritized by government through shifting toward a more competent and meritocratic labor force.

## Status of Quota System in the Civil Service of Pakistan

At the time of independence, Pakistan inherited a bureaucracy which was extremely authoritative. Being a part of bureaucracy was considered necessary for securing representation of the people of one's own ethnic group. Quotas were perceived as temporary but necessary remedy given the strong ethnic consciousness among people as well as keeping in view the level of uneven development in different provinces. So, ethnic diversity and interprovincial institutional disparities were two fundamental ingredients behind the introduction of this system.

Regional quotas in the country were thus introduced for accomplishment of two contradictory principles: Compensation to people of backward regions and proportional representation of all provinces in the bureaucracy. Quota system was launched with the rationale of ensuring equal participation from all provinces in the public service in accordance with their population. It was considered necessary for recruitment of people from backward regions who otherwise would not have been able to compete with candidates belonging to well-off provinces and were equipped with better educational abilities.

The origin of quota policy can be traced back to 1949. At that time, 20% of the vacancies were filled on the basis of regional quotas and 80% recruitments were made on quota. The quota policy got the status of statutory exception to the "non-discrimination clause" in the 1956 constitution. With the passage of time, this system also made its way into other public departments. Despite its rationale of addressing ethnic grievances, it failed to keep Pakistan from dismemberment and in 1971 Bangladesh made its appearance as an independent state on the map of the earth.

In 1973 the weightage given to merit versus quota was revised. The ratio of merit was further reduced to 10% under the new constitution. Following the precedent set by federal government, provincial governments followed suit and introduced their own quota-based formulas for recruitment. The quota system which was envisaged as a temporary remedy later on made its extension not only into other federal public services but also provincial services. Currently recruitment unto any federal or provincial service is subject to mentioned formula of quota versus merit.

Though this system was envisaged as a short-term measure yet because of inefficient performance by federal and provincial government in upgrading the backward regions, the government had no option but to continue with it. The real dilemma in Pakistan is not only the quota system but also the design of the quota system. In the civil service of Pakistan, only 7.5% of the recruitments are made on merit whereas the rest are recruited on basis provincial quotas.

Sixty years since the introduction of quotas, dualism and regional disparities still exist. Compromising on the quality of services and undermining the spirit of equality of opportunities (one of the basic fundamental right) for so long without attaining regional parity, this system has proved as a huge failure.

Speaking legally, quotas violate the principle of equal opportunity as envisaged by Islam. It has been declared illegal by Federal Shariat court on the ground of its discriminatory spirit. "Article 27 of the constitution had provided safeguards against discrimination in services on grounds of race, religion, caste etc." So it is also violating the spirit of our constitution.

Quota in recruitment can demoralize deserving candidates. Chances of recruiting underqualified civil servants is one big disadvantage of this

system. Furthermore, frustration of deserving applicants can result in brain drain. This system can lead to political intervention in the administration of the service as quotas are mired in manipulation and corruption. Another major drawback of quotas is that it cannot be fully utilized as many posts in the civil service remain vacant due to lack of qualified candidates.

Quota can work efficiently only if it is accompanied by measures which attempts at addressing the institutional constraints for addressing regional disparities. Quota system in Pakistan has failed in remedying the very cause which led to its introduction. So continuing with Quotas without achieving the real purpose of ensuring actual equity will only end up in an inefficient public performance. This policy fails to incentivize the provinces for undertaking educational reforms in their jurisdictions.

## Meritocracy: Key to Effective Public Administration

The public welfare of whole population can be optimized by employing ablest people in a service. Meritocracy is globally considered the key to a fair system attempting at producing better outcomes for individuals as well as society. It can serve as a vehicle for social mobility and incentivize people for reaching their fullest potential.

A whole set of research and empirical studies exists which highlights the importance of meritocracy in the civil service sector of a country. Meritocracy is associated with high economic growth and high efficiency. A study by Evans and Rauch (1999) shows positive correlation between meritocratic recruitment and economic growth. Meritocratic recruitment along with competitive salaries significantly reduces corruption (Dahlström et al. 2012). Professional bureaucracy creates separation between bureaucracy and politicians thus reducing corruption in the long run. Similarly, merit-based recruitment leads to rewarding career ladders which significantly improves the performance of civil servants. Merit-based system attracts outstanding human capital and results in better public management. A recent report by UNDP emphasizes the importance of merit-based civil service on the grounds of effective service delivery and efficient performance (UNDP 2011).

Politicization of civil services can undermine neutral and meritocratic performance. Inequality is a problem for both the developing and developed countries. Inequalities in the service can be promoted by eroding equality of opportunity. Through the promise of opportunity, meritocracy can be used as a tool for ensuring inclusive recruitment. Quota at times can be considered as denial of equal opportunity as in 2013 civil service exam takers in Bangladesh took to the streets against the country's quota system for entry into the civil service of the country. Meritocracy promotes equal opportunities for advancement. Efficient civil service is output of merit-based recruitment along with timely training. Quality human capital should be the main focus of recruitment organization (Yesmin 2010).

## Recommendations

Quota system can be termed as a necessary evil in Pakistan if analyzed objectively. It is one major cause of the decline in quality of civil service. In the wake of the strong existing dualism, quota system cannot be eliminated completely. The government should revisit the policy and redesign the weightage as well as the criterions on which quotas are based.

1. It is time to create balance between merit and quota.
2. Internationally, quotas are used for ensuring participation of the underprivileged and marginalized groups of society. Whereas in Pakistan, quotas aim at ensuring participation of provinces in accordance with their population. It is unintentionally used as a tool for promoting racism. The criteria for determining quota merely on basis of population needs to be amended. In the current system, Punjab which is the most advanced province gets 50% share in quota. Whereas backward provinces like Baluchistan's share stands at barely 6%. The very rationale of quota, i.e., ensuring participation of underprivileged, is undermined when

other indicators like backwardness of region are not taken into account. Instead of cumulative provincial quotas, regional quotas should be introduced where seats shall be reserved for backward regions only.

3. The beneficiaries of provincial quotas are mostly well-off classes of the provinces. They hold domiciles of backward provinces but do not in any way fall in the category of people who are victim to institutional disparities. Instead of competing on a level playing field with those from advance regions, they get the allocation on basis of their place of birth and not on criterion of competition. While recruiting people on reserved seats, it shall be ensured that applicant does actually lie in the category of those people who are unable to compete with applicants from advanced regions.
4. One of the dilemmas in Pakistan is the existence of a dual setup of educational institutes. One major difference between this dual setup is the inability of students from backward institutes to be well-versed in English. At times very competent people fail to make their way unto civil service of Pakistan because of language constraint. Relaxing the criterion of English would be a better option for ensuring both equity and meritocracy.
5. Quota system can be more useful in short run when educational, economic, and political conditions of a province could not be repaired or improved. Improving education and economic setup should be the objective for a long-run policy. Provision of quality services such as standard and quality education and health is a more pragmatic approach for plugging regional disparities and enhancing inclusive growth. So a limited and clear timeline shall be set for it and after the expiry of that timeline it should stand abolished.

## References

Banque Mondiale (1997) World development report 1997: The state in a changing world. World Bank

Chandan JS (1997) Management concepts and strategies, 1E. Vikas Publishing House Pvt. Ltd, Uttar Pradesh, India

Dahlström C, Lapuente V, Teorell J (2012) The merit of meritocratization: politics, bureaucracy, and the institutional deterrents of corruption. Political Res Q 65(3): 656–668

Schiavo-Campo S, Sundaram P (2000) To serve and to preserve: improving public administration in a competitive world. Asian Development Bank, Manila, Philippines

United Nations Development Programme, Poverty Practice, Bureau for Development Policy (2011) Governance Principles, Institutional Capacity and Quality. In: Towards human resilience: sustaining MDG progress in an age of economic uncertainty. UNDP, New York

Yesmin N (2010) Quota system in Bangladesh civil service: an appraisal. Doctoral dissertation, BRAC University

# Revolution and Public Administration

Rahel M. Schomaker
Department of Economics and Management, CUAS Villach, Villach, Austria
German Research Institute for Public Administration Speyer, Speyer, Germany

## Synonyms

Coup; Insurgence; Insurgency; Insurrection; Overthrow; Rebellion; Regime change; Revolt; Uprising

R

## Definition

Revolution is defined as any kind of regime change that does not take place in line with the constitutional rules of the respective legal entity, may it be peaceful or violent.

## Introduction

The insight that politics and administration should be treated as separated spheres is not new, as already Wilson portrayed administration as the apolitical execution of law. Consequently,

even if the spheres are distinct, there is no politics thinkable without administration to execute. However, as argued by Peters (2018: 164), "this presumed separation of administration and politics allows them [bureaucrats] to engage in politics."

While the consequences and causes of revolutions for political systems and the economy are at the forefront of debates in the respective disciplines, scholars have paid scant attention to the role of bureaucracies in revolutions. Against this background, this entry maps the efforts of public administration theory to come to grips with what is understood as revolution. As public administration is of utmost relevance in the context of revolutions, and the scope of the role of administrations in revolutions can be manifold, they may be the passive recipient of change, may influence developments actively, or may be more or less unaffected by a change of the political system.

This entry conceptualizes which potential positions in revolutions can be taken by the public administration and which consequences revolutions have for the bureaucracy from a theoretical viewpoint and provides humble empirical evidence of administrative behavior in revolutions worldwide.

## Which Revolution?

A revolution is defined as a – forcible or peaceful – overthrow of an existent government or social order, in favor of a new system. Any kind of regime change that does not take place in line with the constitutional rules of the respective legal entity can be understood as a revolution, even if in common usage the term is associated with some kind of violence, and actions that are not merely carried out by a small elite only, but include a larger part of the public, at least as supporters. As a subset of revolution, a coup d'état can be understood, which implies an elite-driven action, in detail "illegal and overt attempts by the military or other elites within the state apparatus to unseat the sitting executive" (Powell and Thyne 2011: 249).

The term "revolution" also can mean an instance of revolving. The latter definition is close to the origin of the term – the Latin word "revolutio" indicates for any kind of rollback. Hence, a revolution can also be a rollback toward a system of any kind that has been in place before – revolution by no means always implies the change toward a completely new system. In that sense, revolution per se is a non-normative term, just indicating for a relatively radical change. Hence, the term revolution per se does not imply a "revolution to the better," toward a system which is normatively in line with current democratic principles as accepted by countries in the European Union or other Western countries. On the contrary, a revolution can be any ideological change of the present system – being it from an autocracy to a democracy or vice versa. Hence, it also may lead to a more authoritarian regime or mark a change from one authoritarian regime to another, as, e.g., often discussed for the case Iran in 1979 or for the "Arab Spring" in 2011. Thus, analyzing revolutions, the impact of the radical change per se ("procedural dimension") has to be clearly separated from the impact that originates from the normative goal of the revolution, e.g., the introduction of democracy ("outcome dimension").

Independent of the concrete motive of action, revolution, terrorism, and social unrest are discussed as having a negative impact on the affected society, as they harm economic growth and development and result in the destruction of human and physical capital, as well as a decrease in international trade and foreign direct investment (see for others, e.g., Barro and Sala-I-Martin 1994). Furthermore, on a societal level, these events may lead to a decrease in life satisfaction for citizens, as it is a cause of anxiety and uncertainty.

Hence, applying the "procedural" dimension as the analytical framing, it could be stated that revolutions per se are harmful. Nonetheless, even at this stage, a more precise distinction is useful: focusing on peaceful revolutions, where the effects as outlined above are only in place very short-termed, if at all, and the overarching goal

is perceived as positive by most of the people inside and outside the country, the negative immediate effect or aftermaths may be very limited. Violent revolutions, on the other hand, even if the "outcome effect" is anticipated to be positive by the domestic people, or the rest of the world, may enfold the negative effects more intensively.

Applying the analytical framework of the "outcome dimension," the approached final state after the revolution process is of relevance. Distinguishing between revolutions toward more democracy and forms that aim to install other regime types or societal orders, it is likely that the first form will find the support of much of Western countries, as well as of transnational nonprofit organizations and international organizations, which follow a "democracy paradigm" in distributing financial or technical resources in development aid. Thus, democratic revolutions are likely to be perceived as being positive, in particular from the international sphere, so that the negative effects as delineated above are less likely.

Furthermore, revolution, even if the term is commonly used that way, by no means automatically implies a radical one-step shift of the whole system. It also can be a kind of creeping revolution, affecting specific societal, political, or administrative levels earlier than others. At this point, it is important to differentiate the term "revolution" from what is called "democratic backsliding" or "authoritarian backsliding" and "transition."

In many cases in particular democratic systems are not breaking down because of violent coups or revolutions but induced by slow changes that deteriorate the quality of democratic norms and practices (Waldner and Lust 2018), while revolution implies at least a partial ignorance of the constitutional principles for the regime change itself, and some kind of comprehensive change within a short period of time, backsliding, following the definition of Waldner and Lust, is a "discontinuous series of incremental actions, not a one-time coup de grâce" (2018: 95) and can be in line with constitutional principles. Overall, it is a top-down process during which authoritarian leaders or governments redesign fundamental characteristics of the state and its bureaucracy. The phenomenon implies a decline in what is usually perceived as "good governance" – transparency and the rule of law, respect of human rights, and corruption control – and gives space to a reversal of reforms and the overall the rise of an anti-liberal discourse (Peters and Pierre 2018). Hence, the phenomenon of democratic backsliding has to be recognized in this context, even if it is only allied to the definition of revolutions as outlined above. Nonetheless, being understood as a "deterioration of qualities associated with democratic governance, within any regime" (Waldner and Lust 2018: 95), democratic backsliding implies many of the consequences of anti-democratic revolutions – in particular when it comes to the potential effect on the public administration.

Transition in this entry is understood as the change that happens subsequent to a revolution, no matter if it was a peaceful or violent one, and therewith can be defined as an outcome, but also an extension of the revolution. What distinguishes transition processes in the aftermath of a revolution from other public sector reforms is the scale and intensity of the systemic change involved, as after revolutions, the reform trends must penetrate to the fundamental rules and values that shape behavior and guide organizations. Revolutions and the subsequent transition processes request "a wide-ranging, comprehensive set of reforms," not just "a more restrained, incremental program of change" (Cepiku and Mititelu 2010: 62).

Based on these delineations, to take stock of the phenomenon of revolution in the context of public administration, a wider approach that defines revolution as any kind of regime change that does not take place in line with the constitution of the respective legal entity, but comes relatively sudden, and leads to a comprehensive change of the political or societal system within a comparatively short period of time, the transition period, is adopted.

## Why Do Administrations Matter in Revolutions?

Where do revolutions have their origin? The causes of revolutions can be manifold. Ideology that cannot be implemented by other measures, e.g., in the context of an electoral process, is among the explanations as well as societal features on the macro-level as, e.g., poverty or inequality or individual factors as discontent and relative deprivation, respectively (see for others Gurr 1970). Following the literature, the incumbent state leader, political or administrative elites, opposition protesters from the society, or single individuals can start a revolution – even if the likelihood for the revolution's success may differ depending on its origin. Hence, public administration may be focused on as both, the recipient of a revolution (dependent variable) and the initiator (independent variable). Consequently, both scenarios are discussed theoretically and with a view on empirical evidence in this section.

Without a professional (and at least somewhat impartial) state administration, political, economic, and social transformation – may it be caused by elections or a revolution – is unlikely to succeed, as "bureaucracy is the core of modern government" (Frank 1966: 725). This is in particular true for developments toward more democratic systems – for the transformation from an authoritarian regime to a liberal democracy with multiparty system, it is fundamental to establish a market economy, lower the level of corruption, introduce and maintain a sound regulatory framework for businesses, implement the rule of law, and, finally, build trust in civil society and legitimize the new governmental and governance structures. But also the development vice versa – from a democracy to a more authoritarian regime (or from one authoritarian regime to the other) – requires a functioning administration. Overall, "bureaucrats will be expected to assist the process of reorganization" (Frank 1966: 725), whereas, initially, their expertise is needed to perpetuate the daily services and keep the government in operation, while the new policies are still in the making. As the public administration constitutes the "government" through the eyes of the public, to channel the public opinion, or to ensure citizens' cooperation, on the path from transition to establishment, the revolutionary government may be willing to replace existing bureaucrats and structures. In any case, it is plausible to assume that to overcome the legacies of the former regime is related to specific challenges for the new government and that the public administration plays a pivotal role in this process. Specific focus areas can be identified as central elements of reforms in that context, in particular strategic planning and coordination across the bureaucracy, a stable and sound financial and budgetary management, and the management of human resources (Cepiku and Mititelu 2010).

So far, an overarching "theory on PA and revolution" in the narrow sense does not exist. The PA-related literature that touches aspects of the topic spreads over a very wide range of issues and geographical areas, and it employs an equally broad range of research strategies and concepts. Hence, much of what can be perceived as research on the role of bureaucracy in times of revolution is more a bycatch of political science and transition economics (for an exception see, e.g., Farazmand 2001). The most elaborated branch of literature is the one on transitions in the aftermath of the revolutions in the former Soviet Union, and large parts of Eastern Europe, but also South Asia, a more current path of research focuses not on revolutions in the narrow sense, but on "democratic backsliding." Revolutions in narrow terms were addressed primarily as analyses of military coups or in the context of the developing countries, e.g., the Iranian Revolution in 1979 and the Arab Spring in 2011.

Research on driving forces within processes of revolutions or democratic backsliding mainly focuses on changes of the political system or the society, thus having a strong focus on the principal of the first or second order. The bureaucracy as the agent is sparsely addressed, and if, mostly as the dependent variable. Also the lion's share of the transition literature tackles the PA as the passive recipient of

reforms, even if, overall, "no agreement is found in the literature on the scope, contents and sequence of PA reforms in transition countries" (Cepiku and Mititelu 2010: 62).

## Scenarios of Administrative Action and Reaction

A convolute of literature addresses the question of how individuals react to framework conditions which do not fit their individual utility function. One of the most popular approaches to explaining the different choices is the model of "exit and voice": According to Hirschman (1970), there are two general options for an individual to cope with their discontent with the institution they belong to – either they can voice their complaints in order to change the system or they can exit the system (if the exit costs are not prohibitive for personal, legal, and/or economic reasons). This choice is a general one and may be made regardless of whether the "system" is a public body or a different institution.

One key question in this context is: Under what conditions one option will prevail over the other option? What determines the individual's choice? In this scheme, exit and voice can be seen as two contrasting but "not mutually exclusive categories" (Hirschman 1970), as there may be other reaction options – such as doing nothing and acting loyal to the system.

The scheme outlined above can be applied also the role of administrations or single public officials in revolutions. It is, therefore, suitable for our analysis on two levels: it can be applied on the first level – the question if a revolution is started by the bureaucracy or not – as well as on the second level that is related to the question how the bureaucracy reacts in detail if being exposed to a revolution.

Overall, there are different scenarios the public administration can be affected by a revolution of what kind ever.

1. PA can induce revolution.
2. PA can be exposed to a revolution and react.
   (a) Reaction can be resistance, resilience, or sabotage against the new system (in the following used as "negative reaction").
   (b) Cooperation, loyalty, and work with or for the new system (positive reaction).
3. PA can be exposed to a revolution and react not; the consequence would be shirking or exit (in particular modeled as estrangement or "inner emigration").

The first case assumes the PA to be the independent variable; the latter cases model the bureaucracy as the dependent variable. Following this classification, the overall discussion about the possible role of PA is closely linked to the anthropology of the bureaucracy. In particular the assumption of neutrality of the administration is at stake here, but also potential policy preferences of the bureaucracy, as the ideal of the bureaucracy as a neutral agent of the principal, the political level, cannot be assumed. Hence, how can be determined which role is the administration likely to choose?

As for public administration as a discipline, two anthropologies are used to explicate administrative behavior: logic of appropriateness (LoA) and the logic of consequentiality (LoC). The striking difference between these two anthropologies is that the LoA focuses on the process (rather than the outcomes) and the role of institutions within the process, while the LoC, reflecting preferences and estimated utilities of the individual, is at least implicitly more oriented toward the outcomes (March and Olsen 2004).

Following the logic of appropriateness, one would adopt the position either (a) that the bureaucracy is a neutral agent, following the rules that are determined by the political level (the principal), or (b) that bureaucracy as a whole follows what can be described as the value system of the public administration. This may – depending on the historical path of a country – be democratic or undemocratic.

As for (a), the first case, a revolution induced by the PA may not be very likely. As for (b), the second case, the *action of the PA toward a revolution* or the *reaction on a revolution* may depend on the political system ex ante and direction of

the revolution: If there is a democratic tradition or democratic values anchored in the PA, it will induce a revolution or cooperate with the revolutionists once they approach a turn toward more democracy; otherwise they will resist or oppose any kind of change toward more democracy. The same can be assumed for any case of value system, may it be related to religious leadership, single-leader focus, a Soviet system, etc. Furthermore, revolutionary processes may vice versa induce changes in the system of appropriateness, as "processes of search and change may also be triggered when an existing order, its institutions, rules of appropriateness and collective self-understandings, are challenged by new experiences that are difficult to account for in terms of existing conceptions" (March and Olsen 2004: 15). Following this approach, the likelihood that the PA induces a revolution or cooperates with the revolutionists would be relatively easy to predict by the magnitude of the gap between the value system and the revolution's aspiration, as "civil unrest, demands for comprehensive redistribution of political power and welfare, as well as political revolutions and major reforms often follow from identity-driven conceptions of appropriateness" (March and Olsen 2004: 7).

The logic of consequentiality implies that the individual bureaucrat will follow its own utility in terms of acting rationally, based on the notion that actors seek to maximize their interests based on consistent and stable preferences. This follows the logic of principal-agent theory, which assumes opportunistic behavior of actors: ex post opportunism as moral hazard and ex ante opportunism as adverse selection are likely (Lane 2007). In this model the overall exchange relations between principals and agents are characterized by permanent information asymmetries and ambiguity and uncertainty between agent and principal. These forms of opportunism are rooted in a rational actor model which is built on the notion that the agents strive to maximize their interests based on consistent and stable preferences – an idea implicitly linked to the LoC.

Hence, following the LoC, the bureaucrat would induce a revolution only if the expected value of regime change is positive for his own utility. Cooperation with the new regime ex post to a revolution also would follow the individual rationality and the expected individual benefit from this behavior. Obviously, following this anthropology, the likelihood that a revolution is induced by the public administration is less predictable as it depends on the unknown individual (expected) utility.

While this micro-foundation of administrative behavior is clearly of relevance if it comes to explanatory patterns for revolutions or bureaucratic reactions to revolutions, there is no clear-cut consent in literature which approach to follow. Hence, this entry takes both options into consideration.

## Public Administrations as the Drivers of Revolutions

Hirschman's (1970) scenario about exit, voice, and loyalty implies that the bureaucracy can induce a revolution or conduct a coup d'état. The revolution can be seen as a kind of "voice of discontent" in that case, in particular if the other options are not (longer) possible. While there is solid evidence that the military or more general security forces are the driving force of revolutionary change relatively often (e.g., in Egypt 1952, Turkey 1960, and Chile 1973, to name only some), there is little evidence that other parts of the bureaucracy actively induced revolutions. Furthermore, there is no evidence that military coups do lead to a different reaction pattern of the bureaucracy, compared to other revolutions: in some cases the bureaucracy was relatively resilient against change, and in some cases it was coopted or cooperated with the new regime. Altogether, there is no clear pattern that revolutions induced by the military are perceived as "more valuable" by the bureaucracy as a whole and therewith are supported to a larger extent.

## Public Administration as the Dependent Variable

In this scenario, the PA is hit by a revolution and the subsequent political and societal change. The impulse set by the political level can be modeled in various ways. While one option is to

coopt with the pre-revolutionary bureaucracy, leaving its structure and processes more or less untouched (as, e.g., in the beginning of the revolution in Germany 1918), the likelier effect is that the revolutionists will tackle the administration's structure, resources, or norms to induce change in line with the revolutionary goals. In this case, different tactics may be used for changing – or at least trying to change – public administration (see Bauer 2018; Peters and Pierre 2018):

- Redistribution of resources and budget reforms as a precondition for future reforms (Guinn and Straussman 2015: 269)
- Restructuring of the administration as a whole

These measures are likely to occur, no matter of which kind the revolution is, toward more democracy or toward an authoritarian regime. However, there are measures that are particularly expedient – and therewith likely to be undertaken – only in anti-democratic revolutions or after a revolution substituting one autocratic regime by another autocratic regime with a very different ideology (see Bauer 2018: 17):

- Attempts toward the centralization of administrative structure
- Measures toward cleansing of administrative personnel and extensive patronage in recruitment and career progression and therewith the politicization of the civil service
- Cutting back of societal participation and means of external control not least by to ensure loyalty to the revolutionary ideology and/or the revolutionary government
- Devalorization of traditional administrative norms (in particular the norm of neutrality)

Prodemocratic revolutions may result in opposite behavior of the political level against the bureaucracy. Furthermore, specific other measures of more long-term orientation may be undertaken. For example, in particular in post-socialist countries in Central and Eastern Europe (CEE) after the revolution, at the outset of transition, measures included downsizing aimed at achieving fiscal stabilization, the shift of resources from the state to the private sector, and structural measures to increase administrative efficiency, including retrenchment of civil service (Cepiku and Mititelu 2010). Furthermore, in particular in post-conflict, fragile states, specific types of reforms that affect the bureaucracy have to be accomplished, before administrative reform in the narrow sense may take place, in detail "(1) restoring legitimacy, (2) establishing security, and (3) building government effectiveness" (Guinn and Straussman 2015: 265).

Whatever the concreate measures may be – if these attempts turn out to be "successful" (from the viewpoint of the revolutionary forces) – depends on the impulse given by the revolutionists and the reaction of the public administration.

Apparently, the resources available to the revolutionist government decisively determine its ability to induce and execute changes in the bureaucracy as delineated above. While financial resources to support the pro-revolutionary adaptions and reforms of the administration are of obvious importance, also the availability of appropriate substitutes to replace the existing public personnel is of relevance (Frank 1966). Furthermore, time matters, as the post-revolutionary transition cannot be accomplished within a few month or years, given inter alia long-term contracts in the administration or the relevance of path dependencies in bureaucratic structures. Hence, if counterrevolutionary movements come to early, pro-revolutionary attempts for administrative change will remain uncompleted. Beyond these factors attention itself can be modeled as a resource: if the revolutionist government focuses on its political priorities and ideology, it may not care about (or have the capacity) to oversee other tasks of government.

Furthermore, the degree of change or the similitude of the pre-revolutionary and post-revolutionary regime seems to be of utmost importance: if the revolution brings only minor de facto change with a view on values and rules, e.g., if former ruler-centric values are not affected by the revolution, but only the ruler itself is substituted, a profound change of administrative structures or processes may not be seen as

necessary, so bureaucratic change will not be put center stage.

As for the bureaucratic reaction, compliant with Hirschman's (1970) considerations and the overall options of the PA to influence the policy process, three broad ways by which the public administration may react if exposed to a revolution can be identified: working (cooperation or, in Hirschman's diction, loyalty), shirking ("exit" according to Hirschman's diction, understood as "inner emigration"), or sabotage ("voice") (see also Brehm and Gates 1997).

Regarding the government-administration relationship, shirking or sabotage can be discussed as "coalitional drift" or "bureaucratic drift" (Gailmard 2009) and "coalitional drift" (Ainsworth and Harward 2009). The first indicates that bureaucrats as the decisive actors of policy implementation deviate from policy preferences of the legislative and the government, putting their own interests center state. Coalitional drift characterizes a situation when policy preferences of the legislative institution or the government change (e.g., after a revolution) so that their agenda does not fit anymore to the mandate and the priorities previously assigned to the public administration. Hence, both approaches see the public administration as the agent and the legislative or government as the principal. Thus, the relationship between government and bureaucracy in the context of reaction to revolutions can be conceptualized in the framework of the principal-agent approach.

Consequently, the nomenclature is somewhat misleading at this point. While working is what is to be expected from a neutral and independent bureaucracy, shirking or sabotage are usually portrayed as negative behaviors. Hence, from the revolutionists' viewpoint, administrative behavior in line with – formerly accepted – principles of "good governance" may be sabotage, if the revolutionists prefer cronyism and patronage systems. Nonetheless, in these scenarios, shirking and sabotage can be judged as normatively desirable by other groups within and outside the country because it may avoid a complete anti-democratic revolution. Much of what is described positively as "administrative resilience" in this context is covered by these terms that are connoted negatively. Thus, in this entry the expressions are used in a nonnormative way, just indicating for noncooperation with the revolutionists or the new revolutionary government.

Overall, the potential reactions as outlined – no matter which concrete form they may take – place bureaucrats at a strategic gatekeeping function if it comes to the success or failure of a revolution. While empirical evidence remains limited, the examples outlined below provide some support for the deliberations so far.

## The Bureaucracy in Revolutions: Empirical Evidence

### Iran

In pre-revolutionary Iran, the public administration was not only characterized by high levels of corruption but also strongly interconnected with and omnipresent in all spheres of the society, and also the "regime relied almost solely on the bureaucratic state—military, security, and civilian. The regime and the bureaucratic state were identified with each other [. . .]" (Farazmand 2009: 550). "The bureaucracy was the key instrument of system maintenance and regime enhancement, and no change could be made in the bureaucracy and administrative system without a significant alteration in the political system" (Farazmand 2009: 552).

The Iranian revolution of 1978–1979 was a general popular uprising with the participation of all levels of the citizenry (Farazmand 2009). It was one of the aims or expectations of the revolution that the bureaucratic would be reorganized in a way as to be accountable and responsive to the public, as, unless changed and controlled, the "old bureaucracy could pose a serious threat to the revolution, its gains and its people" (Farazmand 2009: 569).

The revolution and the regime following to the revolution, the Islamic Republic, have impacted the Iranian bureaucracy in many ways. Significant changes of structure and behavior of the bureaucracy were the consequence.

Overall, "debureaucratization, institutionalization, and rebureaucratization" (Farazmand 2009: 553) were the manifestations of this change.

This massive change can be explained not only by the status quo ante as delineated but also by the perception of the public: "During the revolution, there was a general populist idea that the bureaucracy of the old regime was an oppressive machine and must be destroyed or totally reformed" (Farazmand 2009: 553). Traditional bureaucratic values lost reputation in public notion; pathologies as corruption or red tape were no longer accepted or tolerated.

Initially, the process of debureaucratization of Iran was characterized by the following features:

- Bureaucratic elites were immediately replaced; dismissals and forced or untimely retirements took place.
- Revolutionary committees and employee councils bypassed existing bureaucracies and hierarchical authorities on all levels, and administrative action was guided by revolutionary decisions that were implemented promptly.
- Religious, political, and revolutionary criteria established standards for administrative and managerial actions, and a merit system based on loyalty to the revolution and the Islamic government was introduced to steer recruitment, selection, and maintenance of the public personnel (Farazmand 2009: 554).
- Structural change took place in the sense of debureaucratization by either taking over the traditional structures, operating it in a revolutionary manner, or bypassing them by creating new structures.

In later years, decades after the revolution, structural changes, as well as adjustments in behavior and attitudes, can be observed. Structural changes as gradual standardization and routinization took place. Furthermore, an "institutionalization and solidification of the religious representation as a special elite force of executive policy and political decision-makers at the top of each agency, ministry, organization, and foundation in the country" can be observed; new revolutionary elites acted as "strategic patronage appointees in the bureaucratic agencies, where they have been performing the job of system and regime maintenance, regime enhancement, and coordination with other related agencies" (Farazmand 2009: 554). In this context, also attempts related to the control of the administration emerged. Another sustainable trend in post-revolutionary Iran is the relative shrinking of the size of the bureaucracy, disempowering it overall, as the size and number of public enterprises have significantly been reduced by privatization (Farazmand 2009: 555).

Overall, it can be stated that the public administration in Iran reacted to the change with "working," while shirking and sabotage have been the exception than the rule. Beyond explanatory factors as the discontent of bureaucrats with the pre-revolutionary regime, and the consecutive support for any kind of alternative, the fact that many leading bureaucrats emigrated before or in the context of the revolution can be seen as relevant. Borrowing from Hirschman, this "real exit" can substitute for shirking or sabotage as mute forms of exit strategies while staying in the system. In all, this administrative reaction can be seen as one pivotal factor for the stability of postrevolutionary Iran until now.

### Middle East and North Africa

The so-called Arab Spring, a wave of revolutions in Tunisia, Egypt, Libya, Syria, Bahrain, and Yemen, starting 2011, was a revolution of the people, in particular the youth, spanning all social classes, including religious groups, against autocratic regimes. These and lesser revolts in Morocco and Jordan — as well as muted ones in the countries in the Arab Gulf — shared aims and themes, as justice, democracy, political, and social reforms (Aman 2017). After independence from former colonial powers, most countries in the Middle East and North Africa "followed a path of development through comprehensive central planning that incorporated policies, projects, and programs formulated by the state" (Jreisat 2009: 583). Hence, the ideologies of the ruling political parties in many countries led to an extension of the economic dominance of the state and

a system that "stimulated hierarchical authority structures and maintained ruler-centered forms of administration" (Jreisat 2009: 584). Overall, the pre-revolutionary governance systems were characterized by severe problems (Schomaker 2013). This includes, inter alia, the following (Jreisat 2009): a high level of centralization of the public authority, political micromanagement, and excessive centralization of decision-making that led to undercutting and crowding out of mechanisms of accountability, evaluation, and feedback. Cronyism and corruption were widespread; autocratic leadership in diverse forms and mistrust within the politico-administrative system as well as in the state-citizens nexus characterized the respective countries. Furthermore, gridlock of administrative reforms was a persisting problem. Furthermore, rules were applied in a formalistic and rigid way, and the overall administration is "input rather than output oriented" (Jreisat 2009: 591).

In none of the countries of the "Arab Spring," the bureaucracy was significantly affected by the revolution, but on the contrary, the personnel of former regimes clearly still plays a prominent role in the bureaucracy (Momani 2014). While some cases of downsizing and privatization could be observed, these trends hit only selected sectors, but not the overall bureaucracy. Altogether, these trends were in place before the "Arab Spring" and cannot fully be ascribed to the revolution itself. The same applies to other – mainly modest and mostly only intended, but not implemented – administrative reforms.

While particularly the religious parties that were involved the revolutions and constituted the postrevolutionary governments in Egypt and Tunisia started to implement some reforms, e.g., into the direction of social justice, but also infrastructure provision, they were unable to implement reforms and new policies because of the "deep state." The persistence of principles and structures of the old regime, in particular the perpetuation of the military-dominated system, together with the high level of interconnectedness of the military and the economy, let to shirking and sabotage in important sectors. Evidence from, e.g., Egypt, underpins this, when after a postrevolutionary period under the new, elected Islamist government, the "old system" in a counterrevolution took over power again. Closely after, "Egypt's fuel shortages were no more, its electricity supply went uninterrupted and traffic police suddenly went back to work" (Momani 2014: 10). This indicates for active sabotage of the bureaucracy to the disadvantage of the revolution.

Overall, the revolution in particular in Egypt but also other Arab countries did not sustainably effect the bureaucracy. Moreover, also the political systems of the countries exposed to the revolutions shifted back, as, with the exception of Tunisia, the rest of the states which reverted to regime types similar to those in power before are in the state of civil war (e.g., Syria), or ended up as "failed states" (e.g., Libya). Following our delineations above, the resilience of the bureaucracy, or the incapability of the political level to enforce change, may be seen as a decisive factor.

## Concluding Remarks

Overall, the convolute of literature, in particular empirical evidence, on the role of the bureaucracy in revolutions is scarce. The reasons are twofold: first, the research focus of the scientific disciplines active in this field lies mostly on the political or societal level when it comes to revolutions. Second, practical reasons may matter, as one of the main challenges is the access to data about administrative behavior in times of revolution. As much of academic knowledge about bureaucratic actions comes from interviews or surveys, revolutionary periods do not provide researchers with conditions to gather relevant information. If existing, much information relies on ex post evaluations or perceptions related to bureaucratic behavior and therewith implies a lack of cross-country comparability.

Nonetheless, some insights can be drawn from theory and empirical evidence worldwide. From a conceptional viewpoint, the public

administration – depending on the anthropology that is applied – can be modeled as both, the driver of revolutions and the recipient. In the latter case, cooperation with the new regime, shirking, or obstructive behavior in terms of sabotage can be the reaction patterns of the bureaucracy once exposed to revolutionary attempts for administrative change.

Based on these deliberations, the final question is in how far a revolution affects the power of the bureaucracy. If the necessity to reform the public administration, or resources to do so, are missing, "bureaucratic inertia" can be expected: revolution does not really matter for the bureaucracy, and its position and power remain unaffected, caused by either the unwillingness or the inability of the revolutionist government. Alternatively, a paradoxical "empowering of the bureaucracy" scenario may emerge if the new government does not have the capacity or willingness to "invest" in bureaucratic reforms to their favor. If undertaken, measures of the revolutionists as outlined above may finally result in a "sidelining of bureaucracy," which implies that the PA as the main representative of the "traditional elite" either through patronage or with the use of "alternative structures" for policy advice and implementation loses power (Peters and Pierre 2018).

## Cross-References


- ▶ Administrative Reform
- ▶ Bureaucratic Reform
- ▶ Revolutions and Evolutions


## References


Ainsworth SH, Harward BM (2009) Delegation and discretion in anticipation of coalitional drift. Am Politics Res 37(6):983–1002

Aman MM (2017) The rise and demise of the Middle East: quest for reforms, 2011–2017. Digest Middle East Stud 26(1):170–186

Barro RJ, Sala-I-Martin X (1994) Economic growth. Mc-Graw Hill, New York

Bauer MW (2018) Populistische Verwaltungspolitik. Working paper no. 14. Chair of Comparative Public Administration and Policy-Analysis, Speyer

Brehm J, Gates S (1997) Working, shirking, and sabotage: bureaucratic response to a democratic public. University of Michigan Press, Ann Arbor

Cepiku D, Mititelu C (2010) Public administration reforms in transition countries: Albania and Romania between the weberian model and the new public management. Transylvanian Rev Adm Sci 30E:55–78

Farazmand A (2001) Bureaucracy and revolution: the case of Iran. In: Farazmand A (ed) Handbook of comparative and development administration, 2nd edn., expanded, and revised. Marcel Dekker, New York, pp 1077–1092

Farazmand A (2009) Bureaucracy, bureaucratization, and Debureaucratization in ancient and modern Iran. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton, pp 546–562

Frank E (1966) The role of bureaucracy in transition. J Polit 28(4):725–753

Gailmard S (2009) Discretion rather than rules: choice of instruments to control bureaucratic policy making. Political Analysis 17(1):25–44

Guinn DE, Straussman JD (2015) Improving the budget process in fragile and conflict-ridden states: two modest lessons from Afghanistan. Public Adm Rev 76(2):263–272

Gurr T (1970) Why Men Rebel. Princeton University Press, Princeton

Hirschman AO (1970) Exit, voice, and loyalty: responses to decline in firms, organizations, and states. Harvard University Press, Cambridge/London

Jreisat JE (2009) Bureaucracy and reform in the Arab world. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton, pp 583–595

Lane JE (2007) Comparative politics: the principal-agent perspective. Routledge, London

March JG, Olsen JP (2004) The logic of appropriateness. ARENA Working Papers WP 04/09

Momani B (2014) The Arab Spring is genuine revolution, but a bumpy and arduous road ahead. Paper presented at the Institute for New Economic Thinking and the Centre for International Governance Innovation (CIGI) Annual Meeting, Toronto, April 10–12. 2014

Peters GB (2018) The politics of bureaucracy: an introduction to comparative public administration, 7th edn. Routledge, New York

Peters GB, Pierre J (2018) Populism and public administration: confronting the administrative state. Paper prepared for presentation at 2018 Meeting of the American Political Science Association, Boston

Powell JM, Thyne CL (2011) Global instances of coups from 1950 to 2010: a new dataset. J Peace Res 48(2):249–259

Schomaker RM (2013) Youth bulges, poor institutional quality and missing migration opportunities-triggers of and potential counter-measures for terrorism in MENA. Top Middle East North Afr Econ 15(1):1–15

Waldner D, Lust E (2018) Unwelcome change: coming to terms with democratic backsliding. Annu Rev Polit Sci 21:93–113

# Revolution and Public Administration in Pakistan

Saeed Siyal
School of Economics and Management, Beijing University of Chemical Technology, Beijing, China

## Synonyms

Pakistan; Public administration; Revolution; Theories

## Definitions

Revolution refers to a forceful overthrow of the government or any social order which is in favor of and often leads to a new and modern system.

## Introduction

Revolution has been the key factor in shaping the modern era. The term itself points out the fundamental transformation and changes having the generic worth and usage which illustrate the phenomena in between the industrial and sexual revolution. Being a historical procedure, it denotes a drive that is usually violent and overthrows and brings a complete transformation in the main institutions of the societies. Moreover, subsequent to French Revolution in the eighteenth century which ousted the empire by transforming and reforming the whole society, it became identical to the thorough overwhelming from the earlier (Neitzel 2018). This changed the mind-set of several nations that modernity is only possible by passing through such a violent and complete revolution.

Later in 1917, the Russian revolution was commanded by the Vladimir Lenin (Wade 2017), which got the inspiration and motivation initially by the philosophies and conceptions of Marxist Communism. Mark assumed that transformation was essential in order to push the societies from historical phase toward the next modern era stage. Thus his ideas and assumptions reinforced the perceptions and insights of the revolution being a universal procedure in the historical domain which is quite inevitable. This revolution in Russia brought by the revolutionaries of that time had been the role model across the world for political transformations as well as a noteworthy transformation in the social and economic perspectives of the societies. The example of the Soviet Union (Akiner 1983) was particularly the great inspiration for anti-colonial and patriotic rebels ranging from the "Sun Yat-sen of China" to the "Ho Chi Minh of Vietnam," who found the solutions to their countries' problems and dilemmas while experiencing the USSR solutions. All this was a great motivation and inspiration for most of the revolutions of the twentieth century.

The year 1979 witnesses the Iranian revolution which is also called the Islamic Revolution or the 1979 Revolution. It refers to the series of events involving the takeover of the last Iranian Monarch, Muhammad Reza Shah Pahlavi, thereby replacing his government and transforming it into the Islamic republic under the leadership of Grand Ayatollah Ruhollah Khomeini. This movement was against the US-favored monarchy and got the support from several revolutionary and Islamic organizations. The main purpose of this revolution refers to dynasty that the revolution conquered – the Pahlavi dynasty. It was mainly known for its autocracy nature, which focused on modernization and westernization, and its indifference and disrespect for the religious as well as democratic procedures and measures in the constitution of Iran.

The twentieth century has been the revolution era in most parts of Asia. The pressure developed by the Euro-American imperialism which initiated in the nineteenth century had been one of the very essential elements that had promoted very important transformations in several states of Asia (Clarke 2002). As the industrialization of the nineteenth century within England, France, Germany, and America prolonged, their universal scope and range increased their demand for a number of raw materials and products. The viewpoint about the western values being superior along with their

economic development followed by the innovations in technology in building ships, weapons, and communication channels gives rise to a potent mix which might be challenging for the Asian states in multiple ways.

Several revolutionaries of Asia didn't only want independent nations, but they also wanted internal revolution within their societies. Earlier in the twentieth century, it was believed that in order to become modern, the old ancient hierarchies and pyramids need to be eliminated and create new ones which fit the modern societies with equal social relationships. In China, this was meant to eliminate and condemn the ancient Confucian customs as well as hierarchies and pyramids so as to undertake the essential social, economic, and political transformations and reforms (Fitzgerald 2019). Unlike this, Mohandas Gandhi (Gandhi) chose different tactics and thereby rejected the civilization inspired by western culture and promoted a shift to traditional Indian customs (Weber 2003). In both cases, the internal change and transformation were believed to be an essential and fundamental element of revolution for the national independence.

All these diverse and versatile experiences and concepts regarding "revolution" highlight the prominence of political and social transformation to the modern recent Asian history. Recently, with the disassembling of radical establishments within the Soviet Union as well as elsewhere plus the shift of China toward the market economy, certain historians started to revise their considerations and concepts related to revolution and its possible consequences. Hence, in view of these reconsiderations, there seems no uncertainty in the significance of revolution, in both the perspectives, i.e., as an objective and historical process and in forming the modern Asia and the world as a whole.

## Theories of Revolution

There are three main theories of revolution.

1. Revolution as Collective Behavior

   This theory is presented by Neil Smelser's in 1962 and also known as "Neil Smelser's Theory of Collective Behavior." It shows a breakthrough in the history of sociology of revolution due to being the pioneer endeavor to elaborate and examine the theme in the perspective of Grand Theory style of Talcott Parsons. The primary aim of this theory is clear from its title, i.e., to build a theory which explains the collective behavior. The main idea of the theory explains a general conceptual framework comprised of social actions having four fundamental constituents including values, norms, demonstration of individual motivation, and situational facilities. Furthermore, it witnesses the trivial of the argument "a revolution is irrational if it's not led by 'strain'", which means that it (strain) is not an essential condition of revolution, the revolution may take place with or without it.

2. Revolution as Social System Pathology

   This theory is presented by Chalmers Johnson in his book *Revolutionary Change* in 1966. According to this theory, revolutions are always the result of violence, though the author is confused whether this concept is related to the definition of revolution or the empirical facts. This confusion is due to the fact that several revolutions have been noticed which didn't involve any blood flowing or violence. Additionally, Johnson calls for the attention to the social systems experiencing revolution and illustrates the intermeshing of analysis of revolution with that of the sustainable and effective societies. This theory also mentions the society and revolution to be analogous to each other to some extent but doesn't assure this argument, whereas it states the physiology and pathology to be distinct analytically.

3. Revolution as Collective Violence

   This theory is presented by Ted Robert Gurr's in his book *Why Men Rebel* (Gurr 1970). The title creates confusion and gives the idea that this theory might be a theory of rebellion, but it is not so. This theory is based on the political violence, not the rebellion. Its main idea is to investigate and develop the testable and general hypotheses related to three facets of political violence which include its sources, magnitudes, and the forms. All these three aspects collectively give the main idea of this theory.

## Forms of Revolution

The process of revolution has a long history of bringing fundamental transformations in such a form that fits the society and its political system. Several diverse social as well as political changes might be referred to as "revolution" as it has no specific way of categorization. Yet, it's necessary to know about the forms of revolution which have been occurring since several decades. Revolution occurs in three massive forms which include (1) agricultural form, (2) industrial form, and (3) information form. It's a change that takes place swiftly and immensely, resulting a society to undergo a basic revolution. These changes may be political, economic, as well as social in nature, but the ultimate goal of all of these is to bring fundamental transformation in a society. Any form of revolution is often initiated by the process of development, which in turn is a sort of strategic effort in order to bring progressive changes within the society. The first form of revolution, i.e., agricultural form, relates to many decades ago when the rovers took the initiative to get out of shifting form one place to another. To cope with this, they started cultivating and domesticating plants and animals. In addition, the latest technologies, for instance, from the simple dig to complex systems of irrigation. The emergence of these technologies caused the surplus production of food and other crops leading to the agricultural revolution which in turn formed small cities and villages. People living there started making furniture including beds, chairs, and tables which led them to change their living styles. Hence, this form of revolution transformed the society from simple to the complex one having a stable style of living.

The second form is the industrial revolution. It brought a huge transformation in the way that was used to make things, and people started using machines instead of hands for makings in the middle of the 1700s. Industrial revolution actually replaced man power with the machines, and the production shifted to the factories and industries instead of shops and stores. The third form of revolution is the information revolution which completely reshaped the societies and nations. It began with the time when the computer chips were invented which introduced laptops and mobile phones and other emerging technologies. It facilitated transportation as well in the form of navigation system being utilized in cars. Several jobs based on service such as the computer engineering are facilitated by this technology. It helps in communication among people and promotes education and transportation. Thus, it transforms the arrangements of living, for instance, the way families used to spent time with each other and type of work being done along with some additional aspects of life. The fundamental values for this form of revolution include globalization, disseminating ideas, as well as reshaping societies and economies.

## Public Administration in Pakistan

Being a historical process, revolution has touched almost each and every element that exists in this universe. Out of which, public administration is one of them which has a fine record of revolutions around the globe as well as in Pakistan (Sabharwal and Berman 2013). The shift from epoch of the government to that of governance has caused public administration to lead the inspirational and influential transformations in the operationalization of developed as well as developing nations of the twenty-first century. The discipline of public administration being related to academic is passing through variations because of the effects of globalization, the varying dogmas of the government, and its subsequent transformations in the public memos as well as discourses and sermons all over the world. As after the Second World War, the governments had been witnessing an exceptional rise in the societies in developed as well as developing nations by showing their extraordinary role and performance, as the development of societies was on the part of states. Since the 1980s, contrary swing has been observed around the globe due to the emergence of globalization for exemplary change in prominence toward market-oriented, growth model led by the private firms, a basic viewpoint to narrow the administrative government by contracting its size as well as regulating the expenditure of public.

In the twentieth century, various fluctuations in public administration have been observed due to the variations in the nature, functions, and ideologies of governments across the world. Practice of

the customary type of public administration faced continual aggression from the illiberal economists who have been the choice of public for leading the rational arguments to minimize the size and expenditure of public sectors. History witnesses the public administration for altering the socioeconomic as well as political affairs of the contemporary eras and their subsequent influence on functioning and performance of the government. Currently, it is facing inconsistent political and operational pressures that are diverting it toward the colonial agenda (the one from South) as well as the reductionist one (from the north-centric). The task of public administration in each and every state lies in reestablishing its raison "raison d'être" on the basis of specific legal, lawful, constitutional, monetary, as well as political prerequisites periodically. Hence, the public administration in Pakistan has also been witnessing several fluctuations which vary from the type of the ruling government (Zia and Khan 2013). Currently, the structure of public administration of Pakistan has the following hierarchy which can be better understood by looking at Fig. 1. There are three main bodies (i.e., executive, legislative, and judicature branches) which form the structure of the public administration of Pakistan and have further levels of authorities which run the system (National democratic foundation Pakistan-2019).

### The Executive Government

This is the first and highest level of public administration of Pakistan which deals with the execution of policies and laws within the state. The head of the executive level is the prime minister of Pakistan.

### Prime Minister of Pakistan

The prime minister is the overall head of government and chief executive of the country who is responsible to lead the executive office of the state and watch economic development and growth. The prime minister precedes the body concerning the common interests and cabinet; besides he/she is entrusted with the regulatory powers related to the nuclear resources. In addition, he/she controls the overall matters regarding internal as well as foreign policy. National Assembly of the country appoints the prime minister through casting of votes, who later gets assistance from the Federal Cabinet, body of ministers consisting of members which are selected by the president of the state with the consent of prime minister. The Federal Cabinet consists of ministers including sate ministers and advisers.

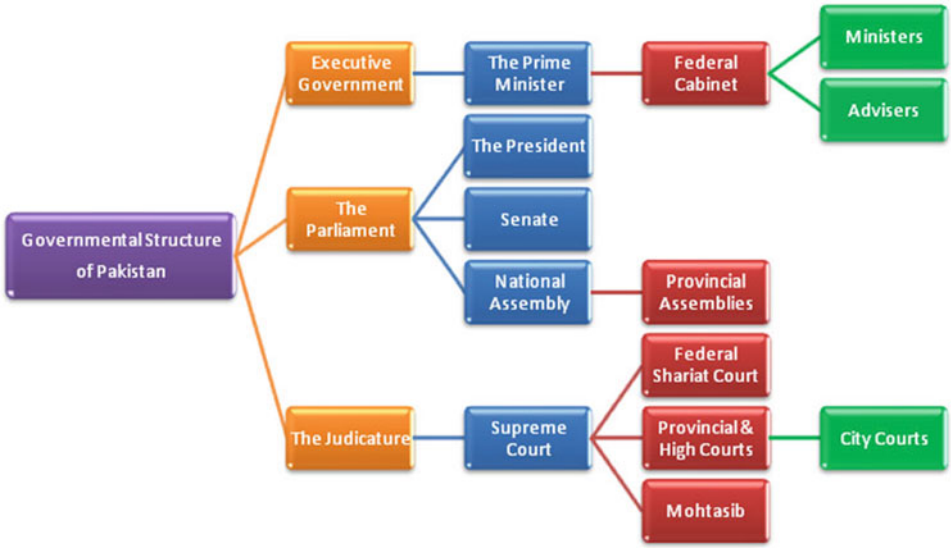


**Revolution and Public Administration in Pakistan, Fig. 1** Public Administration of Pakistan. (Source: National democratic foundation Pakistan)

### The Parliament

The bilateral federal legislature comprises of Senate (also known as upper house) and the National Assembly which is also known as the lower house. Referring the Constitution's Article No. 50, National Assembly, Senate along with the President of Pakistan join together and form a body which we call the "Majlis-i-Shoora," also known as the Council of Advisors.

### The President of Pakistan

President is the official State Head and nominal head who is a civilian chief commander of the armed forces of Pakistan as per written in the constitution of state and the whole nation's leader. The president gets all the information from the prime minister regarding overall matters of policies (both internal and foreign) and all the proposals pertaining to legislation. According to the constitution, the president is empowered to confer pardon, amnesties, and military control. Thus, he makes all the essential higher command appointments of the military with the consent and approval of the prime minister. Additionally, the constitution forbids him from executing the power to run the government.

### The Senate

It is a permanent legislative body having alike representation within all the provinces of Pakistan, due to the reason that it is selected by the members of provincial assemblies from all the provinces. Besides, there are also members from Capital Territory (Islamabad) and FATA (Federally Administered Tribal Areas). The constitution allows the chairman of Senate to act as President of Pakistan in his absence, until a new one is elected. The Senate along with National Assembly are only authorized to pass the legislation bills, but they can't pass the finance bills. Whereas, in case of other bills, the president might avoid until the joint sitting of legislatives dominate the president by the presence and voting of the majority of legislatives from both the houses. Moreover, the president can only dissolve the National Assembly, but can't do the same with Senate.

### National Assembly of Pakistan

National Assembly (NA) members are selected by the common adult ballot (18 years of age). Based on the population, seats of national assembly are distributed to all the four provinces, FATA and Capital Territory. All the members are required to serve for 5 years which is the due term of the parliament, unless the assembly dissolves or any member resigns or dies earlier. Despite the majority of members being Muslims, 5% of the seats are still allocated to minorities which include Christians, Hindus, and Sikhs. Besides, more than 50 seats are reserved for women which are nominated by heads of the parties in each province.

### The Jurisdiction

The Judiciary is comprised of the Supreme Court (SC), high courts of all the provinces, district and session courts, and civil and magistrate courts which exercise civil as well as criminal discretion. Some of the federal and provincial courts as well as committees like services, income and excise tax, and banking court along with the tribunals of board of revenues are also established in all the provinces separately.

### Supreme Court

It has the real, appellate, and consultative jurisdiction. Its chief justice is selected by the president of Pakistan, who helps the president to select all other judges later. All the judges including the chief justice serve up to the age of 60.

### Federal Shariat Court (FSC) of Pakistan

It's the only court having the authority to inspect and scrutinize if the laws being exercised within the state are compliable with the laws of Shari'a or not. FSC is comprised of eight Muslim judges selected by the mutual consent of the president and the chief justice of FSC. Out of these eight judges, at least three must be the Ulema having sound knowledge of Islamic rules and law. Initially, all these judges have 3 years of time to serve which may be extended later by the president. Their duty is to find out any laws of the state which don't comply with the Islamic law and

inform the government for timely amendment in those laws to avoid violation. FSC performs revisional jurisdictions in the criminal courts to resolve the cases of Hudood. Its decisions are obligatory for the high courts and subordinate judiciary. In addition, it assigns the personnel and forms the specific rules and principles of the procedure.

### Provincial and High Courts

At present, provincial high courts are functional in all the four provinces of Pakistan, and after the sanctioning of the 18th amendment in constitution in April 2010, the high court is also formed in the Capital Territory of Pakistan with the name of capital, i.e., Islamabad High Court. The appointment of all the judges is proposed by the commission of the parliament. Additionally, some special courts also exist which deal with particular type of cases, like drug, commercial, labor and traffic courts, the appellate panels for insurance and income tax, as well as the offences happening in the banks. Certain special courts are also there to deal with the terrorist cases. The appeals and pleas of the special courts are directed toward the high courts excluding the courts of labor and traffic which are specific for the cases of labor and traffic and have their own procedures, while the appeals and pleas from the tribunals are directed toward the Supreme Court.

### Ombudsman/Mohtasib

An additional aspect of the judiciary comprises of the Mohtasib, also known as the Ombudsman, which is also approved in the constitution of Pakistan. The offices of the Ombudsman were formed in several Muslim countries and Pakistan which were responsible to make sure that no wrong doings are being done to the common people of the state and ensure the transparency. They are selected by the president of Pakistan for the fix term of 4 years having no chance of extension or renewal. The purpose of the Mohtasib is to regulate a system which enforces accountability in administration by inspecting and identifying any discrimination done to any citizen by the federal agency or officer of the federal government. The Mohtasib is authorized to compensate the victims. The aim of this institution is to fill the gap among the administrators and the citizens, refine and develop the procedures of administration, as well as restrict the exploitation of discretionary authorities and powers.

## Conclusion

Revolution has a long history of bringing transformation in the societies across the globe. It has brought a lot of favorable changes in Pakistan and its public administration and all of its three main forms which are agricultural, industrial, and information form. The hierarchy of public administration is well-defined in this chapter which ranges from the executive level up to the judiciary level. All these are working together to bring positive changes in Pakistan and facilitate the citizens to their best.

## References

Akiner S (1983) Islamic peoples of the Soviet Union. Kegan Paul International, Boston

Clarke D (2002) Contemporary Asian art and its western reception. Third Text 16(3):237–242

Fitzgerald CP (2019) Revolution in China. Routledge

Gurr TR (1970) Why men rebel. Princeton University Press, Princeton, New Jersey

http://www.democraticfoundation.com.pk/govt-structure-of-pakistan

Johnson C (1968) Revolutionary change. University of London Press, London, first published by Little, Brown and Company (1966)

Neitzel L (2018) What is revolution. Columbia University, nd, Columbia

Sabharwal M, Berman EM (eds) (2013) Public administration in South Asia: India, Bangladesh, and Pakistan. Taylor & Francis group, CRC Press

Smelser NJ (1962) Theory of collective behavior. Routledge and Kegan Paul, London

Wade RA (2017) The Russian revolution, 1917 (Vol. 53). Cambridge University Press

Weber T (2003) Nonviolence is who? Gene sharp and Gandhi. Peace & Change 28(2):250–270

Zia YA, Khan MZ (2013) Drivers of public sector reforms in Pakistan: a comparison of NPM with alternative reform drivers. Dialogue 8(4):453

# Revolutions and Evolutions

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA

## Synonyms

Coup d'état; Insurrection; Internal wars; Radical change; Rebellion; Struggle; Advancement; Development; Growth; Social progress

## Definition

| | |
|---|---|
| Revolution (originates from Latin *revolvere* = roll back) | In political science, revolution is a phase of the historical evolution of nations that generates a rapid and structural change in society. |
| Evolution (originates from Latin *evolvere* = to roll) | In science, evolution is a progressive growth of a system that generates a transition from simple to complex system in nature and society. |

## Revolutions

Revolution is one of the most important phases in the historical evolution of nations. Revolution can be defined as: "change, effected by the use of violence, in government, and/or regime, and/or society. By society is meant the consciousness and the mechanics of communal solidarity, which may be tribal, peasant, kinship, national, and so on; by regime is meant the constitutional structure-democracy, oligarchy, monarchy; and by government is meant specific political and administrative institutions" (Stone 1966, p. 159). This definition allows to distinguish between the seizure of power that leads to a major restructuring of government or society and the replacement of the former elite by a new one, and the coup d'état involving no more than a change of ruling personnel by violence or threat of violence. In the 1960s, social scientists at Princeton University have changed the word "revolution" with the concept of "internal war": any attempt to alter state policy, rulers, or institutions by the use of violence in society, where violent competition is not the norm and where well-defined institutional patterns exist. In philosophy, Georg Wilhelm Friedrich Hegel suggests that revolution is equated with irresistible change represented by a manifestation of the world spirit in an unceasing quest for its own fulfillment. In the field of philosophy, Karl Marx also argues that revolution is a struggle between bourgeoisie and proletariat. Hannah Arendt interprets the revolutionary experience as a type of restoration, whereby insurgents attempt to restore liberties and privileges, which were lost because of government's temporary lapse into despotism. Instead, Alexis de Tocqueville has defined revolution as an overthrow of the legally constituted elite, which initiated a period of intense social, political, and economic change.

The main characteristics of revolution are, according to Deutsch (1964, pp. 102–104):

(a) Degree of mass participation
(b) Duration
(c) Number of persons killed both during and after the revolution (a measure of intensity)
(d) Intentions of the insurgents

In general, a prime factor of revolution is the emergence of an obsessive revolutionary mentality. By following a behaviorist approach, the causes of alienation of revolutionaries and of weaknesses of incumbent elite are economic factors. In this context, Karl Marx states that popular revolution is due to increasing misery, whereas Alexis de Tocqueville claims that revolution is due to increasing prosperity. Olson (1963) argues that revolutions are the product of rapid economic growth, which creates both *nouveaux riches* and *nouveaux pauvres.* Davies (1962) suggests that the fundamental impetus of a revolutionary situation is generated by a rapid and long-run economic growth associated with a rising of the standard of living, followed by a short-term phase of economic stagnation (cf., Coccia 2014a,

2015a, 2016, 2017a, 2017b, 2018c; Coccia and Bellitto 2018). In fact, revolution creates new expectations by economic improvement, but subsequent economic recessions can increase the gap between expectations and real condition of population (Davies 1962; Coccia 2010a).

Revolution has a variety of typologies in different societies. Brinton (1938, pp. 3–4) suggests a differentiation between coup d'état that is a simple replacement of one elite by another one and major revolution that generates social, political, and economic change. Huntington (1962, pp. 23–24) presents a further refinement in the classification of revolution using four categories: the internal war, the revolutionary coup, the reform coup, and the palace revolution.

Finally, Chalmers (1964) categorizes revolution in six typologies as follows:

1. The jacquerie is a spontaneous mass peasant rising.
2. The millenarian rebellion is similar to the first type but with the added feature of a utopian dream, inspired by a living messiah, such as the revolution of Florence in Italy led by Savonarola, a religious and political reformer, in 1494.
3. The anarchistic rebellion is the reaction to progressive change, involving an idealization of the old order, such as the Vendée Rebellion (1793–1796), counterrevolutionary insurrections in the west of France during the French Revolution.
4. The Jacobin communist revolution is: "a sweeping fundamental change in political organization, social structure, economic property control and the predominant myth of a social order, thus indicating a major break in the continuity of development" (Sigmund Neumann as quoted in Chalmers 1964). The goal here is the creation of a more efficient order in society on the ruins of the old structure of privilege, nepotism, and corruption.
5. The conspiratorial coup d'état is the planned work of a tiny elite fired by an oligarchic ideology. This is a revolutionary type only if it anticipates mass movement and generates social change, such as the Castro revolution in Cuba from 1953 to 1959; it is distinguished from palace revolt, assassination, dynastic succession-conflict, and other forms of political violence, which are all under the category of "internal war."
6. The militarized mass insurrection is a planned mass revolutionary war guided by dedicated elite. This guerrilla warfare is determined by political attitudes and rebels are dependent on popular support. This type of struggle is the insurrection in Vietnam, 1965–1973; Algerian War, 1954–1962; Afghan resistance, 1979–1989; etc.

Finally, Coccia (2018a) argues that terrorism is a distinct form of political violence with some characteristics similar to revolution. Terrorism, like revolution, emerges in the presence of social and political issues and of a group organized of people having a purpose related to these issues (cf., Coccia 2017c). Coccia (2018a) argues that terrorism thrives in specific regions with high growth rates of population, which may generate income inequality and relative deprivation of people in society (cf., Coccia 2017c). In short, terrorism has many analogies with revolution (e.g., economic, social, political, and demographic determinants), and it can generate structural change in problematic societies, such that terrorism might be considered an additional and specific form of revolution (cf., Coccia 2018a).

Overall, then, revolutions are due to instability of manifold economic, social, demographic, ethnic, anthropological, and perhaps religious factors in society. Revolutions are mainly linked to the question of what human beings truly need and how they seek to satisfy needs, solve social issues, and adapt to turbulent contexts and environmental threats in society.

## Evolutions

Evolution is a progressive growth of systems (Coccia 2018b, 2019). The concept of "evolution" was first applied to natural phenomena by the German biologist Albrecht von Haller in 1744. Darwin (1859) preferred phrases like "descent with modification" and only once wrote

"evolved." In this research field, Herbert Spencer (1902) did much more than Darwin (1859) to popularize the term "evolution" that can be associated with different types of phenomena, including all feasible manifestations of development and change in biological and social systems. In general, under some conditions, evolution must involve Darwin's principles of variation, inheritance, and selection (Coccia 2018b, 2019). Bagehot (1872) argued that the principle of selection could explain survival and evolution not only of individuals but also of groups, customs, nations, business firms, and social institutions. In short, the principle of selection provides the means for explaining adaptedness, survival, and evolution of systems in nature and society. In the evolution of complex systems, some scholars point out that self-organization or spontaneous order is an alternative concept to Darwinian selection (Von Foerster 1960). Moreover, other scientists consider social evolution as a Lamarckism process rather than Darwinian one. In fact, the Lamarckian inheritance of acquired characters may occur in social evolution where characteristics acquired or learned by individuals that are more adapted to their environment, they can generate changes. In general, social evolution can be due to successful rules, habits, or behavior spread by imitation and learning in different environments.

The studies of evolution also show that individuals and human society can give up resources to benefit their neighbors, to the extent that this helping lowers the entity's reproductive fitness. These altruistic traits of subjects pose a difficulty for Darwin's theory of natural selection, which emphasizes the spread of individually advantageous traits (Darwin 1859). The altruism abounds in natural and social systems and generates cooperation between potentially competing individuals and co-evolution. Szathmáry (2011) argues that the benefits of altruism and cooperation can drive the social evolution because they must pay off, even if they are immediately costly to cooperators.

The evolution in society is also associated with the concept of human progress. Spencer (1902, p. 253) suggests that social evolution is: "the full happiness of each, and therefore to the greatest happiness of all." In particular, the idea of evolution in society is based on: "progressive satisfaction of human wants in all their ramifications and complexities. It is this inner kernel of human satisfactions which gives character to the whole account of social evolution; which is interpreted, not in terms of mechanism, . . . but of purpose" (cf., Woods 1907, p. 816). In short, the fundamental elements of social evolution are health, wealth, sociability, knowledge, beauty, etc., of people in society (Woods 1907). These elements support the acquisition by humanity of better and more complex forms of life. Social evolution is also driven by new technologies that yield greater and cheaper satisfaction of human wants and support problem-solving activity (cf., Coccia 2010, 2014, 2015, 2015b, 2016, 2016a). Moreover, social evolution is achieved in appropriate structures with strong democracy, good economic governance, widespread higher education system, and higher innovative outputs (Coccia 2010, 2018a). In fact, Woods (1907, p. 817) points out that: "Progress in an individual or in a community is thus a function of all the various qualities and aspects of life which are there realized. Not physical well-being alone, nor the abundance of wealth, nor even the moral advance which has been attained, may serve as the measure of progress; all of the interests are required because all are phases of normal human life." Hence, determinants of socioeconomic evolution and, as a consequence, of human progress seem to be human wants and human control of nature through science advances and new technology (cf., Coccia 2010, 2018a; Woods 1907).

To sum up, evolution can generate two types of change within systems:

*Growth* is a proportionate change of elements or subsystems within a system over time. This process generates symmetrical progressive changes between parts of a system (e.g., size and shape of the wings of butterflies, Gross Domestic Product growth of countries, etc.).

*Development* is a disproportionate change of subsystems or elements as a consequence of change in the overall system. This process generates inequalities and asymmetric changes between the elements or parts of a system (e.g., asymmetry of leg size in the sand fiddler crab; economic

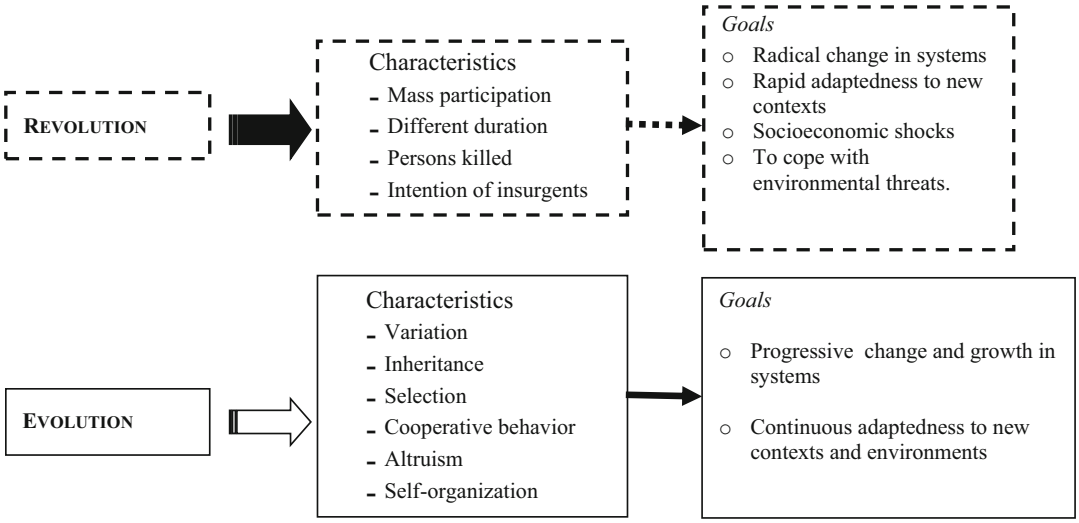


**Revolutions and Evolutions, Fig. 1** General characteristics and goals of revolutions and evolutions

dynamics of capitalism that generates a wealth of rich countries higher than of poor ones).

## Conclusion

Krader (1976, pp. 109–110) argues that: "The concept of advancing society through the combined agencies of evolution and revolution was at one time related in a single overarching theory. The opposition of evolution and revolution, on the contrary, stands to us not as a dialectical relation whose contradictions are to be resolved, but as an unresolved tension. . ..The theory underlying social evolution is doubly linked to biology."

Overall, then, evolution and revolution are a cyclical phase in human society and nature affected by manifold factors that can change over time and space (Fig. 1). A comprehensive analysis of these phenomena in nature and society, associated with economic, social, psychological, anthropological, and biological factors is a non-trivial exercise. To conclude, revolutions and evolutions are a result of human activity and nature in order to take advantage of important opportunities, to survive, to cope with and/or adapt to environmental threats and/or changing contexts.

## Cross-References

▶ Comparative Institutional Changes
▶ Role of Superpowers in Conflict Development and Resolutions, The
▶ Theories of Development
▶ Theories of Revolution

## References

Bagehot W (1872) Physics and politics, or thoughts on the application of the principles of 'natural selection' and 'inheritance' to political society. Henry King, London

Bourke AFG (2011) Principles of social evolution. Oxford University Press, Oxford

Brinton C (1938) The anatomy of revolution. Vintage, New York

Chalmers J (1964) Revolution and the social system. Hoover Institution Studies, Stanford

Coccia M (2010) Democratization is the driving force for technological and economic change. Technol Forecast Soc Change 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2010a) The asymmetric path of economic long waves. Technol Forecast Soc Chang 77(5):730–738. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36

(1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002
Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82 (2):52–65. https://doi.org/10.1016/j.techfore.2013.06.001
Coccia M (2015) Patterns of innovative outputs across climate zones: the geography of innovation, Prometheus. Crit Stud Innov 33(2):165–186. https://doi.org/10.1080/08109028.2015.1095979
Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42(August):199–226. https://doi.org/10.1016/j.techsoc.2015.05.008
Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10 (1):29–43. https://doi.org/10.1504/IJKL.2015.071052
Coccia M (2016a) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003
Coccia M (2016b) Radical innovations as drivers of breakthroughs: characteristics and properties of the management of technology leading to superior organizational performance in the discovery process of R&D labs. Tech Anal Strat Manag 28(4):381–395. https://doi.org/10.1080/09537325.2015.1095287
Coccia M (2017a) New directions in measurement of economic growth, development and under development. J Econ Polit Econ 4(4):382–395. https://doi.org/10.1453/jepe.v4i4.1533
Coccia M (2017b) The source and nature of general purpose technologies for supporting next K-waves: Global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang 116:331–339. https://doi.org/10.1016/j.techfore.2016.05.019
Coccia M (2017c) A theory of general causes of violent crime: homicides, income inequality and deficiencies of the heat hypothesis and of the model of CLASH. Aggress Violent Behav 37(November-December):190–200. https://doi.org/10.1016/j.avb.2017.10.005
Coccia M (2018a) Terrorism driven by high population growth. Contemp Voices: St. Andrews J Int Relat 1(1):1–13. https://cvir.st-andrews.ac.uk/131/volume/1/issue/1/. Available at SSRN: https://ssrn.com/abstract=3175185
Coccia M (2018b) A theory of classification and evolution of technologies within a generalized Darwinism. Tech Anal Strat Manag. https://doi.org/10.1080/09537325.2018.1523385
Coccia M (2018c) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang 128 (March):287–295. https://doi.org/10.1016/j.techfore.2017.11.0131
Coccia M (2019) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012
Coccia M, Bellitto M (2018) A critique of human progress: a new definition and inconsistencies in society. QuaderniIRCrES-CNR 4(3):51–67. https://doi.org/10.23760/2499-6661.2018.017
Darwin CR (1859) On the origin of species by means of natural selection or the preservation of favoured races in the struggle for life. Murray, London
Davies JC (1962) Toward a theory of revolution. Am Sociol Rev 27(1):5–13
Deutsch KW (1964) External involvement in internal wars. In: Eckstein H (ed) Internal war: problems and approaches. Free Press of Glencoe, New York, pp 100–110
Huntington S (1962) Patterns of violence in world politics. In: Huntington S (ed) Changing patterns of military politics. Free Press, New York, pp 17–50
Krader L (1976) Social evolution and social revolution. Dialect Anthropol 1(2):109–120
Olson M (1963) Rapid growth as a destabilizing force. J Econ Hist 23:529–552
Spencer H (1902) Social statics, abridged and revised; together with the man versus the state. Williams and Norgate, Oxford
Stone L (1966) Theories of revolution. World Polit 18(2):159–176
Szathmáry E (2011) Evolution. To group or not to group. Science 334:1648–1649
Von Foerster H (1960) On self-organizing systems and their environments. In: Yovits MC, Cameron S (eds) Self-organizing systems. Pergamon Press, London, pp 31–50
Woods EB (1907) Progress as a sociological concept. Am J Sociol 12(6):779–821. http://www.jstor.org/stable/2762650

# Reward Management

Geoffrey White
Faculty of Business, Old Royal Naval College, University of Greenwich, London, UK

## Synonyms

Compensation; Pay; Remuneration

## Definition

The term *Reward Management* refers to the area of human resource management concerned with the ways in which employees are remunerated and motivated to improve performance or productivity. The terms *compensation*, *remuneration*, and *reward* tend to be used interchangeably in the human resource management literature, and in the USA the term *compensation* tends to be used more than reward. Reward Management in the public sector has several distinguishing characteristics.

## Introduction

The ways in which public servants are paid has traditionally been an important issue for public policy and often a contested part of the employment relationship between Government and its employees. In the wider economy, there have been major changes in the remuneration of employees over the last three or so decades in the advanced economies of the world, with new terminology to signify these changes. Viewing remuneration as a key strategic tool for management has been a key aspect of this new approach. These changes in the private sector have led in turn to increasing pressures on public sector organizations to follow suit although there remain some important differences between private and public sector reward practices.

What was once called "pay and conditions" has increasingly become known *as Reward Management* in Europe and the *New Pay* in the USA. The definition of reward has been widened over time to embrace other elements of the work relationship, including intrinsic factors such as nonfinancial rewards, work satisfaction, and employee well-being and engagement. The origins of the term Reward Management in the UK can be found in the seminal book of this title by Armstrong and Murlis (1988) which set out a new strategic approach to managing remuneration. The distinguishing characteristic of the new term *Reward Management* is that it envisages the active management of remuneration policies and practices, rather than the traditional "pay administration" that had existed previously. In the USA a similar paradigm developed, known as the *New Pay* (Lawler 1990; Schuster and Zingheim 1992). More recently the term Reward Management has tended to be conflated with *strategic reward* and *total reward* or *total compensation*.

## Reward as Strategic Lever

The concept of remuneration being dependent on business or organizational strategy reflects a shift away from a world where the management of remuneration was primarily a case of pay "administration" and an outcome of collectively bargained agreements, or, in the case of large corporations in the USA, strong internal labor markets where job evaluation and external pay referencing fixed the pay structures for most staff. Heery (1996) identified three important aspects about the "New Pay." First, the ratio of variable to fixed remuneration is shifted in favor of the former, reducing the amount of guaranteed pay to the employee. Indirect remuneration (i.e., benefits) is also reduced in favor of more direct forms of reward. Second, the scope of variable pay is expanded to reflect a number of different measures of performance. Third, the New Pay emphasizes the importance of the individual employee's performance, rather than the level of job done. Hence the New Pay writers view job evaluation, collective agreements, external pay referencing, and narrow-banded grading structures as inimical to more strategic forms of reward. The growing attraction of remuneration flexibility has been attributed to the prevailing emphasis on supply-side economics rather than the demand-side economics that prevailed in the immediate post-war period (Standing 1997). The supply-side economists' argument is that wage rigidity is an obstacle to "market clearing" and, more specifically, is responsible for the high and persistent unemployment that has affected the industrialized nations, which must increasingly compete with developing economies with much lower wage costs.

| Pay and Grading Structure | Pay progression System | Variable Pay | Benefits |
|---|---|---|---|

**Reward Management, Fig. 1** Components of a reward system

The concepts of Reward Management and New Pay have not gone unchallenged in both the practitioner and academic literatures. Pfeffer (1998) suggested that an overreliance on pay to secure the motivation of employees may be at the cost of more powerful motivators such as meaningful work, job satisfaction, and a trusting and friendly employment environment. Lewis (2001) argued that, while the concept of strategic reward seems highly rational, it makes significant assumptions about both business strategy and human behavior. Most recently, research by Trevor (2011) in the private sector found that a strategic approach to reward is often difficult to operate in practice and that most reward policies at organizational level are based more on the principle of risk reduction than strategic intent.

## The Composition of Reward

The main components of any *reward system* are (1) a *pay structure* (the hierarchy of pay differentials within the organization and the method for allocating value to individual jobs or roles), (2) a *pay progression* system (whereby employees' remuneration is regularly increased through various criteria such as seniority, performance, competence, skills, or market value), (3) forms of additional *variable pay* (such as incentives, bonuses, location payments, and premiums for working unsocial hours), and (4) a *benefits package* (such as holidays, sick pay, family-friendly policies, and pensions). In recent years there has been an increasing attention to the whole employment experience as a reward, including the intrinsic benefits of the employment situation as well as the extrinsic elements set out in the employment contract. This new approach has been termed *total reward*. As will be argued later, the importance of intrinsic rewards has always been an important part of the public sector reward offer. In considering the distinguishing characteristics of public sector reward systems, we later consider each of these components in turn (Fig. 1).

It is worth commenting that in the past the reward systems of both private and public employers were more similar, with their design predicated upon the need to recruit and retain staff in competitive labor markets and to motivate them to high performance or improved productivity. Until the 1980s in many countries, the emphasis was on reward policies such as seniority pay to reward loyalty, job evaluation to ensure equitable valuing of different jobs and roles, and generous benefits packages that could attract and retain staff long term (such as good pensions), and these applied in all large organizations, whether public or private. For example, in the UK the banks were once seen as paternalistic employers that valued loyalty and rewarded this through job evaluated, seniority-based career structures with guaranteed pay progression and good benefits with little use of incentives or bonuses. Pay determination in the majority of organizations was also often achieved through collective bargaining between employers and trade unions. Nonetheless there have always been noticeable differences between the remuneration policies for public servants and those of private employees, in many countries manifested through separate legal requirements for the employment of public and private sector employees. Most importantly, in the past the Governments saw their role as setting an example of good employment practices to the private sector so that the public sector became the employer of choice for many employees.

## The Distinguishing Features of Public Sector Reward

Several features have been identified that distinguish public sector employment, and these features have influenced the design of reward

systems in the public sector. First, public accountability has affected the design of reward systems in ways that do not generally apply in the private sector. This is because most public servants are under the direct control of the Government, because their salaries are paid for through taxation and because their jobs exist primarily for the benefit of citizens. Because public servants are paid out of Government expenditure, they are often the first to see the impact of economic recession as public expenditure reductions are implemented. While public sector organizations' individual objectives are often complex and sometimes in conflict, most public sector employment is managed through the political process (Pollitt 1993). The public sector can be characterized as having institutional goals that are more numerous, intangible, and conflicting than those in the private sector. These demands transcend commercial and economic considerations and are shaped by "social utility that benefits all and excludes none" (Beszter 2016, p. 356).

Second, public sector organizations are often large scale in the scope of their service delivery and hence administratively complex. Public services also tend to be labor rather than capital intensive so that when we speak of investment in public services, we are primarily referring to labor costs. Public service organizations are also more constrained than private firms in how they can achieve productivity or efficiency savings because reducing staffing levels may reduce the quantity or quality of the services provided to the public. In some cases there may be statutory requirements about staffing levels or service availability. The scale and nature of public service delivery therefore leads to rather bureaucratic approaches to reward design.

Third, many public sector jobs are only found in the public services (e.g., teachers, doctors, nurses, social workers, police officers, and fire fighters) so that their employers hold a virtual monopoly over their employment. Deciding the price of these public sector-specific jobs and roles is therefore more difficult than simply relying on market comparisons as the private sector does. Pay comparability has therefore been an important feature of public sector pay systems in the past and continues to be so for many public servants.

Fourth, in many countries the public services remain highly unionized, compared to the private sector, although their pay determination arrangements may be subject to legal constraints (e.g., "no strike" requirements or independent fixing of their pay and conditions). In some cases, however, (e.g., in the USA) there may be prohibitions on union membership for public servants. The high level of union membership in the public services in many countries has tended to reinforce the prevalence of centralized, bureaucratic approaches to reward design, whether determined through collective bargaining or statutory means.

Fifth, and finally, the most important characteristic of public sector employment has been the issue of *public sector ethos* where it is assumed that public employees will be more motivated by the concept of public service than income-maximizing behavior. The case for a public sector ethos was set out by Plant (1993) as consisting of four elements – motivation, trust, impartiality, and judgment. These public sector values have strongly influenced the design of public service reward policies with the emphasis upon career development, equity of treatment, and recognition of service and loyalty rather than incentives for high performance.

In terms of reward system practice, those in the public sector have traditionally been bureaucratic in nature with a strong emphasis on uniformity in grading and pay progression systems with clear grade levels and guaranteed, service-related incremental pay increases. Given the career nature of many public sector professional roles, this uniform approach is not surprising. In the past, forms of additional, variable, pay have been very limited (e.g., limited to items such as unsocial hours payments and location allowances), except where there was clear competition with the private sector as in the case of skilled craft jobs (White 2011). There has been little linkage of pay to performance or merit although, as we shall discuss, this is changing. Benefits provision has also tended to emphasize loyalty and careers, especially in the provision of generous pension entitlement. Indeed in many countries, the public sector was the first employer to provide

pensions to employees (e.g., to civil servants and armed forces personnel).

Pay determination methods for public sector employees vary considerably between countries. According to the OECD (1994), pay systems can be viewed along two axes – one in which there is some form of joint regulation of remuneration and one in which pay is determined through legislation or Government decisions. On the first axis the form of pay determination ranges from collective bargaining between employers and trade unions (e.g., parts of the UK public sector and the Netherlands) to some form of independent pay review (e.g., the UK Pay Review Bodies, civil servants in Japan). On the second axis, it ranges from complete Government discretion (e.g., *Beamte* civil servants in Germany) to systems of "fixed rule employer regulation," where rules have been established for the automatic linkage of pay increases to one or more criteria – for example, wage indexation (e.g., US Federal Civil Service). Of course, in reality many countries fall between these ideal models and operate hybrid systems (e.g., Germany).

## The Influence of New Public Management

From the 1980s the emergence of the *new public management* (NPM) paradigm (Hood 1991; Ridley 1996) was to have an important impact upon public sector employee relations and reward systems in many developed countries. New public management was seen as an alternative approach to public administration and involved a number of elements (Bach et al. 1999). These included a stronger management function, with devolution of more control to local managers who were made accountable for the performance, both financial and service delivery, of the units which they managed. This was accompanied by a breaking up of public service organizations and a decentralization to separate agencies, departments, and units. A third element of NPM was the shift to a more market-oriented approach which attempted to shift from "management by hierarchy" to "management by contract." This was facilitated through new requirements for competitive tendering of services and internal markets.

Alongside NPM went a view that public sector reward systems were unsuited to the new managerial perspective and that such systems should mimic those of the private sector. This led to an increased emphasis upon more flexible pay systems with more attention being paid to local labor markets and affordability, instead of national pay structures, comparability processes to ensure fair pay for public servants, and seniority-based progression. In particular there was an attempt in many countries to replace guaranteed service-based progression with performance-related pay systems. This was particularly the case for civil servants in the USA, the UK, Australia, and Sweden (Bender and Elliott 2003). In terms of pay determination levels, national bargaining for public servants was quite different to that in the private sector, where employers had conceded authority to a central employers' body to bargain nationally. In the public sector the state has always had responsibility for pay determination, and the delegation of pay bargaining to decentralized units, where it has happened, has been imposed rather than freely chosen. At the same time, Governments remain wary of ceding too much power to local managers to determine pay levels because of the risks to public expenditure overspends.

Research by the OECD in 1994 detected some major changes in public sector pay in OECD countries, but these changes were not consistent (OECD 1994). Two main approaches were identified by the OECD – (1) maintenance of relatively centralized systems and the development of flexibility in ways other than remuneration flexibility (e.g., France, Spain, and Germany) and (2) organizational restructuring and decentralization of pay determination to lower levels, allowing more management decision-making at sectoral or local level (e.g., the UK, Sweden, and Finland). White (2000), in a study of reward changes in Europe and the USA, identified three main ways in which reforms were being undertaken – (1) changes in the method and

locus of pay determination, (2) changes in grading and job classification, and (3) changes in pay progression systems.

## The Age of Austerity

More recently, since the great economic recession of 2008, austerity measures imposed by Governments in the USA and Europe have seen increased pressure on public services and their employees. This has often entailed enforced pay freezes to reduce public expenditure, job losses for public servants, and renewed efforts to reform public sector reward practices. The OECD (2012) warns that, while curbing public sector wages might help improve fiscal positions in the short term, in the longer term, it runs the risk that they might rebound at a later stage or that public sector pay might lose competitiveness relative to the private sector. Performance-related pay is not seen by the OECD as a universal panacea, but it argues that it can be a potentially useful complement to other elements of performance-oriented management practice, citing the examples of Denmark, Finland, Korea, and the UK. Equality issues, and especially reducing the gender pay gap, are also seen as priorities, which will entail not simply ensuring equality-proofed grading and progression structures but also practices such as gender pay audits and developing career opportunities for women.

The OECD argues that the reform of public sector reward systems must be through a process of open dialogue between employers and employees, although there is no mention of collective bargaining having a role. This dialogue should contribute to promoting internal equity throughout the public sector, reflect the values of public organizations, and align compensation with Government's core strategic objectives. The OECD also argues that the processes for rewarding public employees must be fair and transparent in order to attract and retain a talented public workforce.

Research on the impact of austerity on public sector employee relations has found that pay changes have been implemented in different ways. Pay freezes or cuts for public servants were common across a majority of European countries, and, in most cases, pay freezes or pay cuts have been imposed by legislation rather than negotiation with trade unions. Some countries also targeted other forms of remuneration (Eurofound 2015). Greece, Hungary, and Portugal all eliminated bonuses, such as the "13th month" payments, while Bulgaria, Ireland, and Slovenia all reduced paid leave (such as for sickness). Performance-related pay was introduced in Bulgaria in 2011 and in Portugal in 2007–2008, and a 2010 Italian decree partially exempted performance-related pay from a broader freeze in wages. Estonia, however, reduced performance-related pay during its recession. Similarly, Bulgaria, the Czech Republic, and Portugal moved to loosen or eliminate the link between pay and length of service.

## Conclusion

Despite significant changes in both the forms of pay determination and the components of reward for public servants over the last three decades, the management of remuneration in the public sector retains some distinguishing characteristics, not least the ultimate power of Government to intervene in the pay determination process. While the 1990s saw the impact of NPM on public sector reward systems, with the introduction of more flexible grading systems and increased use of performance-related pay, since 2008 the major intent has been to reduce public expenditure and hence to reduce public sector pay costs. This has seen pay freezes and pay cuts for public servants and reductions in benefits such as pensions entitlement.

## Cross-References

► Managing Pay in the Public Services
► Performance Management and Culture
► Public Service Motivation

## References

Armstrong M, Murlis H (1988) Reward management: a handbook of remuneration strategy and practice. Kogan Page, London
Bach S, Bordogna L, Della Rocca G, Winchester D (1999) Public service employment relations in Europe. Transformation, modernisation or inertia? Routledge, London
Bender KA, Elliott RF (2003) Decentralised pay setting: a study of the outcomes of collective bargaining reform in the civil service in Australia, Sweden and the UK. Ashgate, Aldershot
Beszter PF (2016) Public sector. In: Wilkinson A, Johnstone S (eds) Encyclopedia of human resource management. Edward Elgar, Cheltenham
Eurofound (2015) Industrial relations in central public administration: recent trends and features. European Foundation for the Improvement of Living and Working Conditions, Dublin
Heery E (1996) Risk, reputation and the new pay. Pers Rev 25(6):54–65
Hood C (1991) A public management for all seasons. Public Adm 69(1):3–19
Lawler EE (1990) Strategic pay: aligning organizational strategy and pay systems. Jossey Bass, New York
Lewis P (2001) Reward management. In: Redman T, Wilkinson A (eds) Contemporary human resource management. Prentice Hall, New York
OECD (1994) Public service pay determination and pay systems in OECD countries. Public management occasional papers 1994 series no 1. OECD, Paris
OECD (2012) Public sector compensation in times of austerity. OECD, Paris
Pfeffer J (1998) Six dangerous myths about pay. Harv Bus Rev 76:108–119
Plant R (1993) A public service ethic and political accountability. Parliam Aff 56:560–579
Pollitt C (1993) Managerialism in the public services, 2nd edn. Blackwell, Oxford
Ridley F (1996) The new public management in Europe: comparative perspectives. Public Financ Adm 11(1): 16–29
Schuster J, Zingheim P (1992) The new pay: linking employee and organisational performance. Lexington Books, New York
Standing G (1997) Globalisation, labour flexibility and insecurity: the era of market regulation. Eur J Ind Relat 3(1):7–37
Trevor J (2011) Can pay be strategic? A critical exploration of strategic pay in practice. Palgrave Macmillan, Basingstoke
White G (2000) Pay flexibility in European public services. In: Farnham D, Horton S (eds) Human resources flexibilities in the public services: international perspectives. Macmillan, Basingstoke
White G (2011) Rewarding public servants. In: Corby S, Symon G (eds) Working for the state: employment relations in the public services. Palgrave Macmillan, Basingstole

# Rewards for High Public Office

Masashi Yui
School of Government, Victoria University of Wellington, Wellington, New Zealand

## Synonyms

Compensation; Public sector executive pay; Remuneration

## Definition

Rewards for high public office are pay and perquisites offered to political and administrative executives. The way of rewarding them differs depending on a combination of cultural, economic, and political settings, which can reveal a great deal about how political and administrative systems work and what norms and values are in play in those systems.

## Introduction

Rewards for high public office – pay and other benefits offered to top-level officials in the public sector, such as prime ministers or presidents, cabinet ministers, members of parliament, top-level civil servants, and senior judges – are important in many ways. At individual levels, rewards are incentives affecting individuals' decisions to take up positions with the highest responsibilities in the state. At societal and government levels, rewards at the top, which come down to the issues over the relationship between the rulers and the ruled, give us greater insights into how political systems function and what values and norms are behind remuneration approaches taken by those political systems. Also, rewards for high public officials are characterized by a great deal of divergence around how and how much top state officials are rewarded. Variations in top rewards across countries thus seem to lend limited support to the convergence view. In light of this, analyzing

and understanding the variations in top-level rewards is important to better understand differing cultural, economic, and political characteristics of countries and jurisdictions.

In the area of study on rewards at the top of government administrative and political systems, the reward levels and their changes over time in European countries and the USA were examined (Hood and Peters 1994), after which analysis was carried out also in Asia and the Pacific (Hood and Peters with Lee 2003), and a follow-up on earlier Western European and North American studies was undertaken (Brans and Peters 2012), with adding Central and Eastern European countries to the investigation. Comparable data and analyses on rewards to high public office were provided in these academic works. This entry presents some of the key topics on rewards for high public officials that were discussed in these seminal studies and other relevant studies.

## Rewards Offered to High Public Office

People in high public office are rewarded in a variety of ways and in extremely complex manners, but there are two fundamental dimensions that help understand what kinds of rewards are offered to higher level public employees. The first dimension is formality, which is concerned with the extent to which the rewards are offered based on formal rules and regulations governing higher-level pay and perquisites. The most common form of this type of reward is base salary paid routinely for a position, which ordinary people can easily think of concerning rewards that go to topmost public officeholders. On the other hand, informal rewards, which are not laid down in any formal documents, are for the most part outside earnings that high public officials get as a result of holding public office through engaging in various business activities, such as consultancy work and paid speeches. The second dimension is tangibility, which is concerned with the extent to which the rewards are directly or indirectly associated with monetary benefits. In contrast to tangible rewards, such as salaries, allowances, non-cash job perks (e.g., houses, travel, cars) and retirement benefits, intangible rewards are represented by public respect, awards and satisfaction from contributing to society, which are often unattainable from the private sector. Such intangible rewards have no immediate monetary value, but they could have some real value for recipients and might be converted into tangible benefits. Thus, the boundaries between "tangible" and "intangible" are loose and difficult to establish.

There are two more important dimensions that are important to understand further reward structures to the top-level officials in the public sector – visibility and time. Visibility, which is underpinned by Jeremy Bentham's claim for publicity on "who gets what?" in high public office, is duly defined as the level of reward transparency. Visible rewards are transparent and easily understandable to citizens through readily available information, such as public accounts and official statistics, and any changes in remuneration are also clearly made public. At the other end of this dimension are invisible rewards, which are not open to public scrutiny, offered as non-cash compensation, or configured in complex ways (e.g., performance bonuses, tax exemption, payment on a reimbursement basis). Even though these kinds of invisible rewards are perfectly legal, they could create the circumstance where high public officeholders are able to earn substantially more than their base salary by way of allowances and entitlements. If so, the systems for rewarding high public officials are regarded as opaque, with an increasing likelihood that citizens' trust and confidence in governments and political systems are undermined. As many citizens do not want to see high salaries paid to high public officials because their pay is financed mainly by taxpayers' money, high public officeholders are prompted to conceal their real rewards from the eyes of the public through making invisible rewards more attractive to themselves. Using the iceberg analogy, this refers to the tip of a rewards iceberg since beneath the surface there is a large iceberg base of invisible benefits available to high public officials.

Time is concerned about whether the rewards from holding public office are earned while in office or after retirement. While many citizens may think that the rewards for people at the top

are offered only while they are in high public office, there is a variety of ways of rewarding them after they have left office. For example, ambassadorial and diplomatic posts can be offered to former senior ministers or MPs after retiring from politics. Retired senior judges and public servants may continue to retain positions on boards and commissions that they served as ex officio members while in office. Also, annuities and benefits in kind, some of which are lifelong, are available to former MPs and ministers, often extending to their survivors. Equally importantly, high public office paves the way for former officeholders to find better earning opportunities in subsequent careers. For example, before reaching mandatory retirement age, civil servants can secure lucrative post-retirement jobs at business companies or state-owned enterprises. Experience, expertise, and networks that high public officials have accumulated while in the public sector are beneficial to private sector organizations. Considering that a range of deferred rewards become available to high public officeholders upon retirement, the notion that high public officials suffer from lower rewards may be inaccurate from the perspective of lifetime earnings. At the same time, "revolving door" arrangements present concerns over conflicts between the public interest and private interests. Retired high public officials shift into business roles (e.g., taking up board directorships) in the industries that they once oversaw. In such arrangements, former high-level officials might make use of insider information as well as their connections and influence so that private companies that they now work for get an advantage in the relevant industry.

## Criteria for Reward Levels

The main concern with regard to rewards for high-level public officeholders is focused on how much they should be rewarded. For this concern, there are three major criteria of what Hood and Peters (1994, p. 222) call the "representativeness," "alimentation," and "market." The first criterion, harking back to classical democratic ideas, recommends that rewards of those holding high office should be equivalent to the average income of citizens. People at the top, be representative of those they rule, should have the same socioeconomic status as "ordinary" people by living an austere life. This criterion is often admired in an egalitarian democracy, emphasizing the value of equality between the rulers and the ruled.

The "alimentation" criterion says that high public officials should be rewarded with adequate pay enough to live a comfortable upper-middle-class life. This is a functionalist approach in that paying a sufficient level of reward reduces the risk of corruption by high public officeholders. This approach was suggested in Hegel's claim on the role of civil servants as advocates of universal societal interests over narrow sectional interests. This was also noted by Tocqueville, who was concerned that democracies having difficulty in recruiting competent individuals to governing positions as a result of paying meager salaries would turn back to aristocracies in which only wealthy people can afford to become high public officials. A similar view is found in Max Weber's ideal type of bureaucracy resting on a merit-based career system, which is characterized by a fixed salary, lifelong tenure, and pension rights upon retirement. Such principles of Weberian bureaucracy have been regarded as a precondition for good governance in the developing world.

The market criterion suggests that high public officials should be paid at the market rate for high quality personnel. As talented candidates are in short supply and their rewards are shaped also by the personnel market in the private sector, salaries for top positions in the public sector should be as high as those offered to private sector executives. Following Bentham's principle of utility, this criterion assumes that governments have to offer rewards suitable for the appropriate individuals with the highest responsibilities in the state. Since running a modern government is a highly professional and difficult job, governments need to attract and retain the necessary talent from the pool of human resources in the market. Using the private sector pay level as the point of reference for setting the salaries for high public officials has become increasingly common, as examined by Dekker (2013) from a philosophical angle. He

evaluated seven arguments on criteria for paying a certain level of salary by comparison with that of private sector executives. Five arguments are that high public officials should be paid less than private sector counterparts, and the remaining two support the view that high public officials should be paid as well as private sector executives. Driven by public sector reforms based on neoliberal ideas and managerialism, the importance of the market criterion has been increasingly stressed in determining the pay of those at the top since the late 1980s and early 1990s in particular in the Anglo-Saxon and the Nordic countries.

These three criteria above are incompatible, and there is no general consensus on which of these criteria are appropriate for determining the reward levels for high public office. In other words, answers to the question of what to pay them can only be determined politically.

## Patterns and Variations in Paying High Public Officials

Studies on rewards for high public office (Hood and Peters 1994; Hood and Peters with Lee 2003; Brans and Peters 2012) identified broad patterns and variations in paying high public office across time, across countries, across position categories and in comparison with private sector salaries. Space does not permit a discussion of all of them, so this entry highlights only some of the important patterns and variations pointed out in the studies covering the last four decades. To being with, even among wealthy countries, there are considerable differences in terms of a county's income level. Scandinavian countries – such as Norway and Sweden – provide their top officials with fairly modest levels of rewards against the wealth of the countries – levels of GDP per head. On the other hand, there are the cases (e.g., the UK, USA, and Italy) where the salaries of high public officials are relatively high by international standards, against their macroeconomic situations. Also, while equal levels of rewards across the offices are relatively maintained in the Scandinavian countries, there are countries in which the level of equality is low. In these countries, prime ministers or presidents are normally paid the highest, but there are also the cases (e.g., the UK and Norway) where top judges are better paid than heads of government.

The salaries of members of parliament and congress have tended to be lower than for other high public positions. The discounted pay for elected politicians, who are the most visible public officials in democratic societies, is considered due to voters' backlash against politicians' rewards, party competition for attacking politicians' pay rises before elections, or politicians' preference for re-election over higher pay. This pattern for politicians' visible rewards to be pushed down confirms Tocqueville's hypothesis that pay levels for top state officials would likely decrease due to popular democratic pressures. On the other hand, the rewards offered to upper level civil servants have increased markedly, with the exception of some jurisdictions (e.g., the USA), where civil service salaries are capped lower than Congressional salaries. Among established democracies of the West, there are a number of cases where top civil servants earn more than those in the highest public office, namely prime ministers or cabinet ministers. On the one hand, this trend is paradoxical given that public sector reforms since the 1980s sought to increase political control over subordinate bureaucrats, in terms of the relationship between ministers/politicians and civil servants, which Hood and Lodge (2006) refer to as "public service bargains." On the other hand, however, the shift from classical bureaucracy to business-like public management has been effective in pushing rewards for the administrative elite closer to those for private sector managers. Performance-related pay, a practice borrowed from the private sector, has become an important mechanism for this catch-up as well as the differential growth of rewards for top civil servants against other top positions in the public sector.

Rewards offered to high public officeholders, which are significantly higher than those for the average citizen, have been far below those offered to private sector executives. The rewards for public office have grown only moderately, as compared with rapidly rising incomes in the private sector. Remuneration discounts at the top of the

public sector relative to top private sector earnings are a dominant trend over the decades. Given the pay gap between public and private sectors, there have been calls for paying high public officials at rates comparable to those of top private sector positions with the same degree of workload, complexity, and responsibility, in order to attract and retain competent people in the public sector. Such claims, however, have not brought huge success in narrowing the gap.

Even though governments are becoming more open and transparent, the level of transparency in rewarding high public officials, in particular senior civil servants, has overall decreased, notwithstanding marked differences between countries. This trend is true of even countries that are ranked as highly transparent. Variable, performance-related rewards, paying senior bureaucrats based on their individualized performance contracts that are not disclosed to the public, have contributed to the loss of transparency over their rewards, as compared with the era of a unified permanent career service in which pay of civil servants was standardized on the basis of general grades, with everyone at the same grade receiving the same salary. Also, the proliferation of autonomous agencies (including public corporations), operating at arm's length of the government, has added another barrier to the transparency over the rewards system. Even in an age of transparency, information on real incomes and other invisible rewards offered to high public offices is not so readily available, and hence understanding actual levels of compensation for high public officials has become increasingly difficult.

## Explaining Variations in Rewards for High Public Officials

Various factors may account for differences in compensation level and types for high public office over time and between countries. Among them are cultural, economic, and political factors. Cultural factors are important as they shape society's attitudes toward pay and reward of those at the top. Broadly, there are two cultural traditions – egalitarian and hierarchical. In egalitarian cultures, which view people in high public office as representatives of those they rule, high public officials are expected to receive relatively low levels of rewards. Also, pay relativities between topmost public officials and the general public are comparatively compressed, along with narrowed income differentials across various offices at the top. This pattern is presented in the Scandinavian countries, including Norway and Sweden. On the other hand, in hierarchical cultures, found in such countries as France and Italy, there are considerable disparities in reward levels in the aforementioned aspects. In hierarchical cultures, rewards for political and administrative elites are provided as privileges guaranteed to high status groups rather than as rewards based on actual achievements (Eymeri-Douzans 2012, p. 78). If there is a cultural shift from hierarchism towards egalitarianism, it is expected that the hierarchist view of rewards for high public office is challenged by opposing viewpoints. Of highly relevance to cultural aspects is the level of public confidence towards high public officeholders, which could influence citizens' willingness to pay them higher rewards. Various surveys and studies have shown that public trust in government and political institutions has been declining virtually in all advanced democracies over the past half century. Rewarding high public officials with higher salaries is surely hard in countries with lower levels of popular trust, but it is more a function of the initial level of citizens' trust in government. If citizens' attitudes are respectful, there is moral justification for high public officials to receive comparatively high salaries; but if not, high public officials, having insufficient public support for higher salaries, may respond by taking a tactical approach, such as presenting their pay as less appealing to citizens.

Economic factors also play an important role in shaping rewards to top-level public officeholders. As reward levels may be related to changes in the

economy, there is no doubt that pay and reward of those at the top can rise significantly in countries that experienced rapid economic growth. However, for the most part, in western countries for the past several decades, high public officials have neither benefited from improved economic performance nor suffered from economic recessions and other macroeconomic challenges. This said, however, in times of fiscal retrenchment due to the 2008 global financial crisis, governments introduced austerity measures in order to restore budget balance and reduce debt burdens, and high public officials, especially in the countries that were most severely affected by the crisis, were more likely to suffer larger cuts in pay and/or benefits than rank-and-file public employees (OECD 2012), even though the monetary savings produced by the move were minimal. Such self-sacrifice by the top echelons fits what Dekker (2013, p. 119) calls the "example" rationale, which argues that high public officials should play the role of being an example-setter for all public sector employees sharing in the burden of fiscal belt-tightening. At the time of writing this entry, the Covid-19 pandemic – a "once-in-100 years" crisis – is still raging around the world, hence it is too early to tell whether the rewards for high public office were significantly affected by the historic disruption. Yet, it appears to be critical that people in high public office, regardless of being elected or not, take a voluntary pay cut in order to show solidarity with those affected by the outbreak. One might call their actions as a symbolic gesture, but the gesture could carry more weight on grounds of representativeness.

Political factors are associated with differences in political systems. The most well-known claim about the relationship between the nature of the political system and rewards to top-level officials is Tocqueville's hypothesis that a shift from autocracies to democracies sees moderation of salaries paid to top-level officials in the state. On a more empirical level, the pattern that elected politicians in the USA receive relatively high salaries as compared with bureaucrats or judges may reflect the characteristic of the US political system in which the representative and legislative function has greater importance in the country's policymaking process. In administrative or technocratic states, where the executive, or bureaucratic, branch plays a pivotal role in managing the economy and society, as compared with other branches of government, bureaucrats are better positioned to secure generous pay and benefits than those in other topmost positions, especially parliamentarians. In legalistic political systems, where government actions are justified based on legal grounds rather than commands from the elected government of the day, judges are more likely to be rewarded generously because their job is to check the constitutionality of government's actions and act as arbitrators between conflicting interests, from a politically independent position.

## Conclusion

It can be agreed that high public officials are all important figures in ensuring responsive, trustworthy, and competent public governance. But the rewards for those at the top are characterized as substantial variations in the level and types among office positions as well as across time and countries. The choices over remuneration of high public office reflect underlying political, cultural, and economic characteristics of each country and society. Thus, looking at rewards offered to people in the most important public offices helps us understand the dynamics within different political and administrative systems. In light of these aspects, rewards for high public office continue to be an important area of politics and public management.

## Cross-References

► Rewards in Bureaucracy and Politics
► Trust in Government

## References

Brans M, Peters BG (eds) (2012) Rewards for high public Office in Europe and North America. Routledge, London

Dekker TJ (2013) Paying our high public officials: evaluating the political justifications of top wages in the public sector. Routledge, New York

Eymeri-Douzans J-M (2012) Rewards for high public Office in France: still the century of privileges? In: Brans M, Peters BG (eds) Rewards for high public Office in Europe and North America. Routledge, London, pp 78–95

Hood C, Lodge M (2006) The politics of public service bargains: reward, competency, loyalty and blame. Oxford University Press, Oxford

Hood C, Peters BG (eds) (1994) Rewards at the top: a comparative study of high public office. Sage, London

Hood C, Peters BG, (with Lee GOM) (eds) (2003) Reward for high public office: Asian and Pacific Rim States. Routledge, London

OECD (2012) Public sector compensation in times of austerity. OECD Publishing, Paris

# Rewards in Bureaucracy and Politics

Igor Benati[1] and Mario Coccia[1,2]
[1]CNR – National Research Council of Italy, Torino, Italy
[2]Arizona State University, Tempe, AZ, USA

## Synonyms

Compensation; Pay; Reputation

## Definition

The term "reward" comes from Middle English meed, mede ("reward, meed, recompense"). Rewards are a system to compensate performance of subjects and incentivize their motivation within organizations. Rewards system can include tangible elements (e.g., remuneration and other benefits) and intangible elements (e.g., reputation, job responsibility).

## Introduction

The concept of rewards is a main management topic developed from behavioral research in psychology. These studies analyze how people react to rewards and what motivates them to work in organizations. The concept of rewards is associated with the concept of motivation, which indicates the forces that energize, direct, and sustain behavior of individuals (Perry and Porter 1982). In general, rewards systems are based on processes, policies, and strategies to motivate subjects to achieve strategic goals and enhance the productivity of organizations (Armstrong 2007; Reif 1975). Put otherwise, the purpose of rewards systems is to improve the efficiency of organizations. In particular, the rewards of bureaucrats (members of the public administration) and politicians (individuals active in politics and in the public life of a nation; cf., Aberbach et al. 1981) are a vital topic for all governance systems to support motivation and performance of subjects in the public sector of a nation. A complete rewards strategy should achieve three goals:

- Motivate bureaucrats or politicians and compensate their performance
- Maintain loyalty of politicians or bureaucrats to public interest
- Support job satisfaction and happiness within the public sector

## Taxonomy and Theory of Rewards Systems

Generally speaking, rewards systems are a set of interdependent elements and processes aimed to compensate performance and motivate subjects in organizations. Specifically, rewards within public institutions have a powerful effect on performance, motivation, commitment, and satisfaction of public officials towards achieving strategic goals (Bowman 2010; O'Reilly et al. 1991). In public administration studies, rewards can be categorized considering different characteristics.

- As far as the feature of *measurability* is concerned, rewards can be:

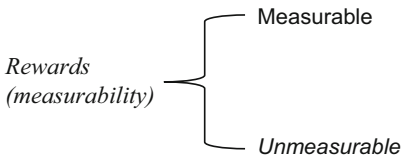


– *Measurable* rewards include tangible elements measured through monetary units (e.g., pay) and/or other units of the metric system.
– *Unmeasurable* rewards include intangible elements difficult to measure, such as job responsibility, professionalism, etc.

- Rewards can also be categorized, considering their nature in relation to the job, into intrinsic and extrinsic.

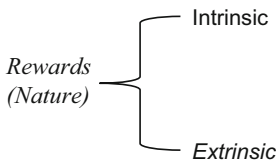


– *Intrinsic rewards* are those that exist in the job itself and give personal satisfaction to individuals, such as autonomy, recognition, expense preference (e.g., leeway to invest monetary resources), trust, and empowerment.
– *Extrinsic rewards* are tangible and visible rewards given to individuals for achieving goals. They usually include elements, such as pay and fringe benefits, gifts, promotion, or advancement opportunities, etc. within organizations.

O'Reilly et al. (1991) have suggested that intrinsic rewards may be more salient for affective commitment, job involvement, and motivation in organizations to support satisfaction of subjects, whereas extrinsic rewards focus on performance and are more likely to be important for continuance commitment of organizations.

Hood and Peters (1994) categorize rewards with two dimensions: *formality* and *tangibility*. The first dimension, formality, deals with the extent to which the rewards of office are officially sanctioned and transparent. The second dimension of rewards systems is tangibility, when elements have a physical form that can be perceived and touched by subjects, vice versa rewards are intangible. These two dimensions of rewards systems generate a 2 × 2 matrix displaying each element in a cell (e.g., salary and retirement pension, medals, post governmental employment, and respect). The interpretative model by Hood and Peters (1994) includes only legal elements of rewards systems. This model can also be integrated with the dimension of *legality*, allowing further categorizing the elements of rewards systems into legal and illegal, in order to detect good and bad practices in real public sector contexts. Figure 1 shows the classification of the elements of rewards systems in bureaucracy and politics, considering the dimensions of legality, formality and tangibility (cf., Benati and Coccia 2017).

## Rewards Systems for Bureaucrats

Rewards systems for bureaucrats can be different across countries (cf., Benati and Coccia 2017; Hood et al. 2002; Brans and Peters 2012). Figure 1 includes, in the top right section, the four elements of the *legal* rewards system for bureaucrats (boxes with dotted lines):

- Compensation is a formal and tangible element of legal rewards for bureaucrats. This reward is extrinsic and measurable. Compensation can include basic categories: (a). Guaranteed pay – a fixed monetary reward paid by a government institution to bureaucrats, such as the base salary. Guaranteed pay also includes cash allowances (housing allowance, transport allowance, etc.), differentials (shift differentials, holiday differentials), and premiums (overtime, etc.). (b) Variable pay – non-fixed monetary reward paid by a government institution to bureaucrats that is contingent on discretion, performance, and/or results achieved; (c). Benefits – programs that a government institution uses to supplement bureaucrats' compensation, such as paid time off, medical insurance, etc.

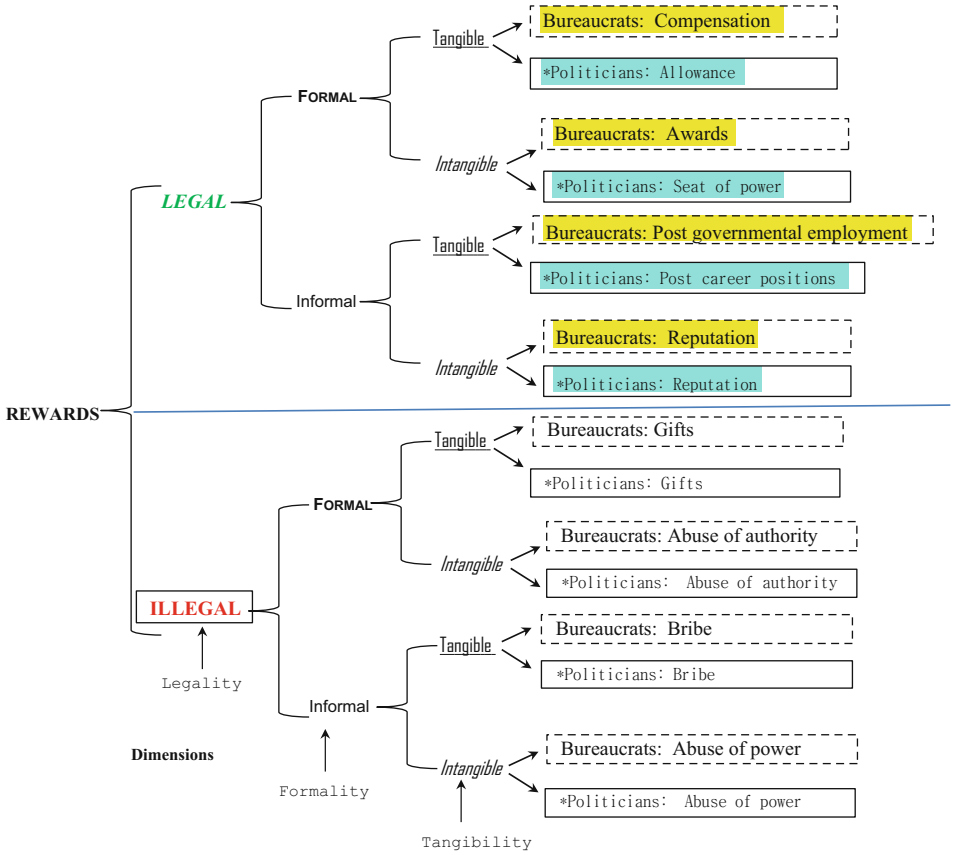


**Rewards in Bureaucracy and Politics, Fig. 1** Classification of the elements of rewards systems for *bureaucrats* and *politicians* according to the dimensions of legality, formality, and tangibility

- Awards are a formal and intangible element of legal rewards for bureaucrats. An award is something given to a person in recognition of their excellence and best performance in certain fields or positions. An award may be accompanied by trophy, title, certificate, commemorative plaque, medal, badge, pin, or ribbon. It may also simply be a public acknowledgment of excellence, without any tangible token or prize.
- Post-government employment is an informal and tangible element of legal rewards for bureaucrats. In fact, the technical expertise of bureaucrats accumulated during their career in the public sector may increase their attractiveness to the private sector. For instance, a retired police official can work in private investigation companies, private security companies, etc.
- Reputation is an informal and intangible element of legal rewards for bureaucrats. Reputation (from the Latin word *reputationem*, which means "consideration") is the general belief or opinion held by other people regarding a person's specific characteristics or abilities in certain public positions.

In addition to legal rewards system, described above, other rewards elements may be illegal. Figure 1 also includes, in the bottom right section, the four elements of the *illegal* rewards system for bureaucrats (boxes with dotted lines).

- Gifts may be a formal and tangible rewards for bureaucrats. An "illegal gift" can be anything of considerable monetary value and/or other items of high intrinsic value. A gift offered

because of the employee's official position may create an appearance of using public office for private gain. The latent aim of the donor is to receive preferential treatment as a result of the gift. Common illegal gifts to bureaucrats are: expensive watches, jewelry, new cars, leisure travels, cheap or free renovation of private houses, houses sold at low prices, etc. However, items of little intrinsic value, such as modest refreshments or greeting cards, are *not* considered "illegal gifts."

- Abuse of authority may be a formal and intangible element of the illegal rewards system for bureaucrats. Abuse of authority is the use of legislated or otherwise authorized powers by government officials for illegitimate private gain. For criminal law, abuse of authority is an action performed by a subject who has been vested with public powers but that is opposite to the obligations imposed by law.
- Bribes may also be an informal and tangible element of the illegal rewards system for bureaucrats. Bribery is the act of giving money or other forms of recompense to public officials in exchange for an alteration of their behavior (to the benefit/interest of the giver) that public officials would otherwise not alter. In short, it is a gift bestowed to influence the public officials' conduct.
- Abuse of power may be an informal and intangible element of the illegal rewards system for bureaucrats. Abuse of power, in the form of "malfeasance in office" or "official misconduct," is the commission of an unlawful act done in an official capacity, which affects the performance of official duties.

Note that, depending on circumstances and laws, in the presence of illegal rewards, a bureaucrat may be imprisoned, fined, demoted, or dismissed for violating ethics provisions (cf., United States Office of Government ethics 2018).

### Rewards Systems for Politicians

We draw a broad analogy by extending the typologies of rewards for bureaucrats to politicians, but fully acknowledge that this is not a perfect analogy. Figure 1 also includes, in the top right section, the four elements of the *legal* rewards systems for politicians (see boxes with continuous lines).

- Allowance is a formal and tangible element of legal rewards for politicians. An allowance is an amount of money given or allotted at regular intervals for a specific purpose. The government institution supplying the allowance may put controls in place to make sure that the money is spent for that purpose only. Allowances may be travel expenses, daily allowance (also called "subsistence allowance"), general expenditure allowance, medical costs, end-of-term allowance, etc.
- Seat of power may be a formal and intangible element of legal rewards for politicians. Seats of power in politics are desired roles and/or official positions leading to personal recognition, such as being a secretary of state, prime minister, etc.
- Post-career positions are an informal and tangible element of legal rewards for politicians, such as being a member and/or president of nonprofit organizations, advisor for public and private organizations, etc.
- Reputation is an informal and intangible element of legal rewards also for politicians, similarly to bureaucrats.

In addition to elements of legal rewards systems for politicians, other elements may be illegal. These elements, similarly to the case of bureaucrats, may generate benefits in terms of private interests of politicians, their families, and friends. An example is that of financial interests.

Figure 1 also includes, in the bottom right section, the four elements of the *illegal* rewards system for politicians (see boxes with continuous lines).

- Gifts may also be a formal and tangible element of illegal rewards systems for politicians. This illegal element generates the benefits and ethical problems discussed above for bureaucrats.
- Abuse of authority may be a formal and intangible element of illegal rewards systems for politicians. In the form of political corruption,

it is the use of legislated powers for illegitimate private gain. Abuse of authority occurs when political leaders or superiors take advantage of their office and its powers against someone who is located in a situation of dependency or subordination. A form of abuse of authority occurs when politicians who accede to a post or a function leverage the power granted to them by law to their own benefit and/or for the sake of schadenfreude, and not to develop their public obligations properly.

- Bribes may also be an informal and tangible element of illegal rewards systems for politicians, similarly to bureaucrats.
- Finally, abuse of power is when politicians exert pressure through their political position on someone in a situation of subordination or in need in order to gain private benefits and personal satisfaction that can be financial, work-related (e.g., hiring friends and/or relatives), sexual, etc., while also abusing their political position to cover up the deed. Some examples are nepotism, taking money from a public fund, sexual affairs, etc.

## Utility Functions of Rewards Systems and Concluding Observations

On the basis of the theoretical framework presented above, the main elements of rewards systems in public administration, categorized in Fig. 1, can be systematized and generalized in utility functions for bureaucrats and politicians (in a legal setting). These functions represent a useful conceptual model for analytical studies in different environments over time and space.

| The utility function of *bureaucrats* UB is: $UB = f_1$ (*C, PW, SP, R, PR, AW, EP, . . .*) C = compensation; PW = power; SP = social position; R = reputation; PR = professionalism; AW = awards; EP = expense preference, etc. | The utility function of *politicians* UP is: $UP = f_2$ (*PW, SP, R, REL, PPC, PW, AL, SW, EP, . . .*) PW = power; SP = social position; R = reputation; REL = re-election; PPC = post-political career; PW = public welfare; AL = allowance; SW = seat of power; EP = expense preference, etc. |
|---|---|

These utility functions can be applied in public administration studies considering the following general observations about specific elements of rewards systems.

Firstly, compensation is a core tangible and measurable element of legal rewards systems to support motivation and performance of subjects in the public sector. Scholars argue that the pay-for-performance applied to compensate and motivate public officials can produce, by itself, only minimally productive performance in public sector and politics (cf., Benati and Coccia 2017). In fact, the literature suggests that pay-for-performance is only marginally related to public service satisfaction and motivation (Judge et al. 2010). In addition, pay-for-performance in public sector can produce hidden costs (such as, corruption, over-justification effect, etc.) or crowding-out effect, and, as a consequence, it may negatively affect performance of public officials and efficiency of institutions (Lepper and Greene 1978). Wright (2007, 60) also argues that: "the intrinsic rewards provided by the nature or function of the organization may be more important to public sector employees than – or compensate for the limited availability of – performance-related extrinsic rewards." In short, the public sector is less dependent on *utilitarian* incentives and it is vital to find a balance between extrinsic rewards (e.g., pay) and intrinsic rewards related to job satisfaction and commitment within organizations (cf., Coccia 2001; Crewson 1997, 504; Perry et al. 2010; Rainey 1982).

Secondly, politicians may also care about more than just the tangible elements of their rewards systems, such as monetary rewards (legal and illegal). They are also motivated by reputation: e.g., how a person's past actions affect future beliefs and behavior for re-election. The concern for reputation may motivate politicians to forego short-term gains. In contrast to politicians, bureaucrats care mainly about monetary rewards, financial incentives, and job security. In fact, in bureaucracy the Katzenberg-Eisner game can be applied to analyze individual monetary gains. Moreover, the subjects in public administration may also be interested in other types of intangible rewards represented by schadenfreude, full control, illegal gifts, etc.

Overall, then, this theoretical framework here may be a comprehensive model to explain and generalize many elements of rewards systems in bureaucracy and politics. However, the domain of rewards systems in public administration includes a variety of elements associated with different cultures, civil laws, and rules of law across countries. In particular, the role and function of bureaucrats and politicians and, as a consequence, the rewards systems, can change when considering Western or Eastern countries, more or less democratic nations, etc. Moreover, the boundaries between tangible and intangible rewards, and/or legal and illegal rewards are not always clear, such as for gifts. Hence, the taxonomy of rewards systems presented here can be adequate in some cases but less in others, due to diversity of rewards systems across nations and organizations over time and space.

## Cross-References


- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and System Maintenance
- ▶ Bureaucratic Politics


## References


Aberbach JD, Putnam RD, Rockman BA (eds) (1981) Bureaucrats and politicians in Western democracies. Harvard University Press, Cambridge, MA

Armstrong M (2007) A handbook of employee reward management and practice, 2nd edn. Kogan Page, Philadelphia

Benati I, Coccia M (2017) General trends and causes of high compensation of government managers in the OECD countries. Int J Public Adm. https://doi.org/10.1080/01900692.2017.1318399

Bowman JS (2010) The success of failure: the paradox of performance pay. Rev Public Pers Adm 30(1):70–88

Brans M, Peters BG (eds) (2012) Rewards for high public office in Europe and North America. Routledge, London

Coccia M (2001) Satisfaction, work involvement and R&D performance. International Journal of Human Resources Development and Management 1(2/3/4):268–282. https://doi.org/10.1504/IJHRDM.2001.001010

Crewson PE (1997) Public-service motivation: building empirical evidence of incidence and effect. J Public Adm Res Theory 7(4):499–518

Hood C, Peters BG (1994) Rewards at the top: a comparative study of high public office. Sage, London

Hood C, Peters BG, Lee G (eds) (2002) Reward for high public office: Asian and Pacific rim States. Routledge, London

Judge TA, Piccolo RP, Podsakoff NP, Shaw JC, Rich BL (2010) The relationship between pay and job satisfaction: a meta-analysis of the literature. J Vocat Behav 77(2):157–167

Lepper M, Greene D (1978) The hidden costs of reward: new perspectives on the psychology of human motivation. Lawrence Erlbaum, Hillsdale

O'Reilly C, Chatman J, Caldwell D (1991) People and organizational culture: a profile comparison approach to assessing person-organization fit. Acad Manag J 34(3):487–516

Perry JL, Porter LW (1982) Factors affecting the context for motivation in public organizations. Acad Manag Rev 7(1):89–98

Perry JL, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690

Rainey HG (1982) Reward preferences among public and private managers: in search of the service ethic. Am Rev Public Adm 16(4):288–302

Reif WE (1975) Intrinsic versus extrinsic rewards: resolving the controversy. Hum Resour Manag 14(2):2–9

United States Office of Government Ethics Preventing conflicts of interest in the Executive branch 2018. https://www.oge.gov/Web/oge.nsf/Post-Government%20Employment. Accessed Jan 2018

Wright BE (2007) Public service and motivation: does mission matter? Public Adm Rev 67(1):54–64


R

# Right of Access to Administrative Documents in the Italian Military Courts


Fabio Ratto Trabucco
University of Venice, Venice, Italy


## Synonyms

Denial of access; Italy; Public administration; Right of access; Transparency

## Definitions

The right of access to administrative documents is granted to each citizen in order to ensure an efficient development of the relationships between Government and Public Administration, yet above all in order to ensure full transparency as regards the activity of the latter (See: Schwarze (2015), as well as Rowat (1978)). The right at issue was introduced in the Italian legal system by means of the Law of 7 August 1990, No. 241 (See: Girella (2017), Bausilio (2016), as well as Giannini (2013) and Colapietro (2012)).

## The Gross Denials of Access to Administrative Documents

In Italy, access to documentary resources has always gone hand in hand with certain legitimate circumstances (which, according to the original wording of Law 241/1990, consist in a "juridical relevant situation"). Such a case should not be confused with the so-called right of civic access, recently introduced by means of the Legislative Decree of 14 March 2013, No. 33 (later modified by the following Legislative Decree of 25 May 2016, No. 97, also known as the Italian Freedom of Information Act, since it follows the pattern of the American homologous law issued on 4 July 1966). The right of civic access grants the widest access to every citizen to the information concerning both organization and activities of public administrations.

Regarding cases of specious, not pertinent denials provided by public administrations on the basis of clearly illegitimate motivations for the sole purpose of refusing to show given documents as requested, the jurisprudence was at first allowed to supervise over the event of an increase in terms of office management tasks. Indeed, such an event, as a consequence of a previous increase of applications for access to a given document, may ultimately result, also due to economic reasons, in a denial, potentially causing, furthermore, the petitioner to bear fiscal responsibilities. It follows that public administrations should rigorously consider this option, though without subsuming it in case of lack of consistency.

In particular, "it is necessary to evaluate as rigorously as possible suitable circumstances which could justify the denial to duplicate a given document. It is, moreover, necessary to avoid arguments such as economic sustainability profiles in terms of costs related to the substantial denial, which, incidentally, have to be borne by the petitioner pursuant to Art. 25, para. 1, of Law No. 241/1990." Thus, both organizational and structural constraints cannot be taken into account as objective limits to the denial, in case of access requests submitted by private entities relying on their own resources (Council of state, section IV, 10 April 2009, No. 2243; loosing party: municipality of Dobbiaco).

Similarly, the alleged existence of "a concrete, objective impossibility to bear material liability" cannot represent an acceptable reason for a denial. Indeed, public administrations are obliged to equip themselves with a proper bureaucratic apparatus capable of fulfilling their duties and responsibilities (regional administrative court of Sardinia, section I, 29 April 2003, No. 495; loosing party: municipality of Villasor, convicted to bear costs amounting to 1,500 Euros, plus VAT costs and those for the Lawyers' National Provident Fund).

On appeal, the Council of state sentenced one more time that local authorities, as well as all public administrations, must fulfill every obligation being up to them by providing themselves with any necessary means to accomplish this end (personnel, technical equipment, various supplies) (Council of state, section V, 4 May 2004, No. 2716).

It was also asserted that another unacceptable argument is the one linked to the economic burden that could arise from "the reproduction of drawings, tables and drafts," resulting in a potential "slowdown in bureaucratic daily tasks" as a direct consequence of the difficult gathering process of single documents and archival researches. For this reason, "as validly pointed out by the regional administrative court of Sardinia in the above-mentioned judgement [No. 495/2003], municipal offices cannot deny access to administrative documents with regard to the impossibility to issue them due to the sheer amount of requested information. Every administration shall, indeed,

possess a proper bureaucratic apparatus capable of fulfilling its duties and responsibilities" (regional administrative court of Emilia-Romagna, Bologna, section II, 29 January 2004, No. 140; loosing party: municipality of Castel Maggiore, convicted to bear costs amounting to 2,000 Euros).

Moving now to "a hypothetical situation of access denial to given documents in the form of photocopies, the denial itself should be regarded as illegitimate, since a similar request would not unnecessarily burden the regular office workload of the administration. This is because every administration shall possess a proper bureaucratic apparatus capable of fulfilling its duties and responsibilities. The considerable amount of requested documents could at most justify a gradual issuing of the copies in the long term" (regional administrative court of Sardinia, section II, 12 January 2007, No. 29; loosing party: municipality of Burcei).

Moreover, administrative jurisprudence clarified that the process of responding to the duplication request "could be carried out during an undefined timeframe in order not to interfere with ordinary office tasks, in the event of requests entailing onerous procedures." As regards this application process, it emerged that it was issued a provision which was later deemed to be illegitimate, that is, the provision denying access to the list of building permits granted over a certain period of time (in particular: from June 2002 to September 2005), as well as the list of public works subcontracted in the same period. Therefore, the event of an interruption of the implementation of ordinary office tasks can represent a valid reason to delay the issuing process of the copies up to a later point in time. That being said, such an argument cannot be exploited as an excuse to deny access to administrative documents (Council of state, section IV, 21 August 2006, No. 4855; loosing party: municipality of Solofra, convicted to bear costs amounting to 3,000 Euros).

Eventually, it was stated that "a potential significant amount of access requests submitted by municipal councillors cannot be considered as legitimate limit or, even worse, as legitimate obstacle to the exercise of the right being discussed, on the understanding that it is provided for a proper request processing in the most reasonable and adequate way, in accordance with operational needs of each office" (Council of state, section V, 17 September 2010, No. 6963; loosing party: municipality of Praia a Mare).

In terms of compliance with the legislation on access regulation to administrative documents, it is precisely thanks to these precedents that it is proved the existence of a certain attitude of resistance within Public Administration, especially when it comes at implementing principles established by law as regards the exercise of the denial tool.

Particularly, instances of purely specious, gross denials are usually reported within the scope of central state administrations, from the Ministries as a whole to some national public sector institutions, owing to the bureaucratic pressure weighing on them. Likewise, such a problem involves small local administrations, as extensively discussed in the previous sections. The explanation for this phenomenon lies in the fact that institutions still rely on an insufficient knowledge of regulatory and jurisprudential principles as far as access regulations are concerned.

## The Case of Gross Denials of Access to Administrative Documents at Military Court of Verona

Speaking of central administrations, the case of the military court of Verona stands out as an emblematic example. The court serves as peripheral, subsidiary judicial body of the Ministry of Defence; it exercises penal military justice towards members of the military who commit crimes in northern Italy (See: Intelisano (2016)). The court has been frequently involved in repeated instances of illegitimate access denial to administrative documents concerning labor relations of civilian employees. The Presidency of the Council of Ministers supplied a specific Commission for Access to Administrative Documents (C.A.D.A.) in order to ascertain the abovementioned instances of access denial, taking also focused, definitive measures. None of these

measures was contested at the regional administrative court of Lazio on behalf of its respective ministry.

Turning to the details, the Commission ascertained that the court had to do with seventeen instances of illegitimate access denial to administrative documents regarding labor relations during a 4-year period, precisely from 27 March 2013 to 19 October 2017 (The documents at issue, although subject to privacy protection, are available on: http://indipendent.academia.edu/ProvvedimentiGarantePrivacyTribunalemilitaredi Verona (Access on 15 June 2018)). Such documents had been requested for tutelary purposes, so did the Commission as well.

The above-described situation forms part of a broader framework including repeated violations of the most basic principles of transparency and data advertising. This is even more compounded by the fact that access denials were arranged by the highest members of the institution. Indeed, although enjoying a special military nature, which is different from an ordinary one, the military court shall be bound by a sense of duty as regards both knowledge and implementation of jurisprudential legislation. However, it should be also noted that serious infringements of law due to ignorance or inexcusable negligence are important elements of magisterial accountability pursuant to Art. 2, para. 1g, Legislative Decree No. 109/2006. Similar infringements can be ascertained and ultimately sanctioned by the respective self-governing body, in this case by the Council of the military magistrature, chaired by the President of the Supreme Court of Cassation and composed by military Attorney, two military judges, and one lawyer.

Beyond that, penal military jurisprudence has embarked on an antiquated, antihistorical approach, whose main features are high operating costs of the apparatus, considering the poor conditions of court workloads after the suspension of compulsory military service since the very first day of 2005 (on 31 December 2016, the three military courts accounted for 203 pending penal proceedings, 68 of which were registered in the Veronese court alone) (As regards the failure to rationalize the branch of military justice, although it is the case of an under-exploited as much as questionable measure, see D. Brunelli (2015)). The military court of Verona "sticks out" also for numerous, serious, discriminatory instances and for unlawful processing instances of civilian employees' personal data, as pointed out in several parliamentary questions by the Member of Parliament Turco (Mixed Group; already member of the Five Star Movement) to the Minister of Defence: 9 July 2014, No. 4-05466 and 4-05467; 15 July 2014, No. 4-05528; 7 August 2014, No. 5-03469; 17 December 2015, No. 5-07239; 22 March 2017, No. 5-10907; 26 July 2017, No. 5-11986 (Collated documents are available on: http://independent.academia.edu/InterrogazioniGiustiziaMilitare (Access on 15 June 2018)). Not only each of these parliamentary questions was systematically ignored, but also no disciplinary action was taken against the President of the military court of Verona responsible for the abovementioned infringements; so far, they have never been held accountable for any violation of subjective rights. It can, therefore, be stated that what was actually carried out was a fully-fledged, *de plano* dismissal of the self-governing body involved. Indeed, it was acknowledged that "the magistrate, being the head of the office, acted properly and diligently" (deliberation of the Council of the military magistrature of 20 June 2017, No. 6097, related to President Massimo Bocchini). With regard to the serious nature of harms deriving from specious access denials to administrative documents, it is sufficient to remind that already during the plenary session of the Council of state which took place on 20 April 2006, No. 7, it was managed to arrive at an important conclusion. On this occasion indeed, the right of access was recognized as a subjective circumstance which "offers to the interested party powers of a procedural nature aimed at safeguarding in an instrumental way a juridical relevant interest (rights or interests)," rather than providing any kind of ultimate advantage.

In particular, the ascertained instances of illegitimate personal data processing, in both cases of common and sensitive data and judicial and healthcare one, produced, as a consequence, the unlawful acquisition and preservation of

administrative documents. Together with the principles laid down in Legislative Decree No. 196/2003, this is how a framework of unlawful practice of employment relationships took shape. In practical terms, it occurred that during a period of approximately 3 years and 6 months, that is, from 10 April 2014 to 20 October 2017, the Italian Data Protection Authority ascertained five liability cases of illegitimate personal, judicial, and healthcare data processing. Indeed, it happened that, in case of sickness, employees' physicians were directly contacted (provision of 10 April 2014, No. 187, website document No. 3214369).

All of this took place amid the general silence of both press and national political institutions, avoiding to discuss, in that way, the abolition of such a pointless special jurisdiction (See: Covelli (2013)). It should be also added that this issue was the subject of many judgments by the Supreme Court of Cassation, which ruled on the illegitimacy concerning cases of legal guarantee of soldiers' freedom of expression (On soldiers' twice-neglected freedom of expression by the judgements of military justice, later annulled by the Supreme court of Cassation, see F. Ratto Trabucco (2015 and 2018)) (Supreme Court of Cassation, section I, 20 August 2014, No. 36045, plus 23 May 2013, No. 22051: so-called Surano case). Giovanni Surano was a soldier of the Italian finance police, who was twice held guilty of defamation to the detriment of his superiors by writing an online critical post, then he was convicted by military trial judges. Both judgments were eventually annulled by the Supreme Court of Cassation, which, incidentally, is not embodied by military judges (See G. Surano (2014) (Access on 15 June 2018)).

Moreover, military courts "stood out" for the practice of granting senseless, aberrant privileges also to nonmagisterial, civilian personnel, by allowing access to state-owned service accommodation. Particularly, it should be highlighted that nonmagisterial, civilian personnel making up ordinary justice is not entitled to do so. Even more seriously, such a right was denied to a category of disabled employees working for the Ministry of Defence, that are blind telephone operators, as proved by the parliamentary question of 26 March 2014, No. 4/04189, sought by the deputy Rizzo (Five Star Movement). The leftist former Minister of Defence Roberta Pinotti, in turn, replied with a contradictory, tardive response dated 19 September 2017. On this occasion, the Minister pictured himself as a cast-iron supporter of military justice. However, during the previous legislature, he stood up for diametrically opposing views, signing even a constitutional draft law in favor of abolishing penal military jurisdiction (XVI legislature, Senate Act No. 3423 of 25 July 2012: constitutional draft law carrying amendments to articles 102 and 103 of the Constitution as regards the abolition of military courts and the foundation of a specialized section for military crimes within ordinary courts).

## The Useless Military Justice

At this juncture, evidence of a small yet influential, military magisterial lobby stands out clearly. Such a lobby relies on the support of the academic field, especially since many military magistrates do have prominent positions in some universities of the capital: precisely similar external appointments, unrelated to the juridical sphere, for which sometimes people do not even get any remuneration, allow members of this lobby to interweave a wide range of relationships with all kinds of personalities (politicians, scholars, state managers, and officials, entrepreneurs etc.). It is sufficient to point out that many different institutions (not only universities) are crowded with military magistrates; on the contrary, their presence in military judicial offices is becoming increasingly rare. Military magistrates are often entrusted with important decision-makings in the course of lawsuits of an economic value amounting even to millions, for example sport or financial trials. It is, therefore, undoubtedly that their main goal consists in gaining more and more influence in order to assert themselves, on the one hand, on the other one to preserve the role of military justice, albeit pointless by now. In terms of quantity, there are only about 51 military magistrates (one out tenured) (Available on: http://portalegiustiziamilitare. difesa.it/default.aspx?

Id=1061 (access on 25 March 2018)), still they do everything possible to avoid their "burdensome" repositioning in the broader context of penal ordinary jurisdiction, which, incidentally, is chronically understaffed and overloaded with judicial proceedings. So, the event of such a repositioning would entail for military magistrates a tangible risk to be overwhelmed with congruous workloads, as it however should be.

As a result, the attempt to remove bodies of military justice has turned out to be a failure so far. Their judicial activity could be suspended *sine die*, even though the Constitution provides for their being in force; as a matter of fact, resorting to constitutional abolition as in the case of compulsory military service would be impossible. Military courts are foreseen in Art. 103, para. 3, of the Constitution, and military service is likewise provided as mandatory in Art. 52, para. 2, of the Fundamental Charter. However, nothing prevented legislators from introducing a professional army by resorting to ordinary law, without altering the Constitution in any way (Law of 14 November 2000, No. 331, implemented by the Legislative Decree of 8 May 2001, No. 215, later modified by Law of 23 August 2004, No. 226, with effect from 1 January 2005, incorporated into the Code of military justice; see Legislative Decree of 15 March 2010, No. 66).

Typical features of military justice institutions are poor workload conditions in spite of considerable operating costs (See: Materi (2017)). Refer to the statistics published on the occasion of the opening of the 2014, 2015, 2016, and 2017 military judicial years on the web portal of military justice: the data shows an infinitesimal number of proceedings, which is, moreover, progressively decreasing compared to the one ascribable to ordinary justice. Indeed, as at 31 December 2013, the military courts of Naples, Rome, and Verona accounted for 200 pending proceedings; the military court of appeal accounted instead for 84 proceedings. As at 31 December 2014, the number of first instance proceedings was 195, whereas there were only 65 appeal proceedings. As at 15 December 2015, there were 219 first instance proceedings along with 61 appeal proceedings. Eventually, as at 31 December 2016, 203 cases of first instance military penal proceedings were recorded against only 47 appeal proceedings. Lastly, as at 31 December 2017, only 163 cases of first instance military penal proceedings were recorded against just 60 proceedings (Available on: http://portalegiustiziamilitare.difesa.it/default.aspx?Id=713 (Access on 15 June 2018)).

Moreover, there are frequent substantial interruptions later proved to be erroneous as to lawfulness, a poor competency standards framework producing internal acts of a controversial, i.e., harmful. In 2013, the Supreme Court of Cassation – composed only of nonmilitary judges – decided on a total of 65 appeals, against the same number of judgments by the military court of appeal; 13 of these appeal cases were eventually annulled (10 with committal for trial and three without it), that is 20%. In 2014, 29 cases of annulments (18 with committal for trial and 11 without it) were recorded out of a total of 116 appeals, that is, 25%. In 2015, there were 14 annulments (seven with committal for trial, just as many without it), out of a total of 60 appeals, that is, 23%. Lastly, in 2016, 10 annulment cases (three with committal for trial and seven without it) were recorded out of a total of 68 appeals, that is, 15%. In 2017, 17 annulment cases (13 with committal for trial and four without it) were recorded out of a total of 63 appeals, that is, the 25%, like one in four judgment of the military court of appeal was unlawful.

Lastly, the Italian military justice indicate the trend at the violation of subjective rights, particularly the right to privacy in connection also to sensitive data and not to mention the presence of a corporative disciplinary regime for military magistrates in relation to ordinary jurisdiction (See: Ratto Trabucco (2012), as well as De Vergottini (2007)). As regards instead various cases of discriminatory, unlawful processing of civilian employees' personal data by the highest members of the military court of Verona, see further parliamentary questions of 9 July 2014, No. 4-05466 e 4-05467, 15 July 2014, No. 4-05528, 7 August 2014, No. 5-03469, 17 December 2015, No. 5-07239, 15 February 2017, No. 5-10594, 22 March 2017,

No. 5-10907, and 26 July 2017, No. 5-11986 (Available on: http://aic.camera.it/aic/advanced.html (access 25 March 2018)).

Reference should be made to the circular issued by the military Prosecutor of Verona on 17 October 2013, which arguably established that members of each headquarter were compelled to inform the responsible inquiring authority in case of "absence from work with a duration exceeding thirty days, although justified by a legitimate medical certificate." As the document being discussed gave rise to controversy, it was necessary to amend it by introducing some clarifications. As a consequence, a supplementary note was published on 11 November 2013.

Additionally, the constitutional reform Boschi-Renzi, which fell through ruinously after the negative result of the *referendum* held on 4 December 2016, did not even include the abolition of military judicial bodies. It is likely that such a failure was provoked by the self-perpetuating halo gravitating towards the lobby of military magistrature and affecting somehow the executive branch as well (See: Rivello (2015)). This was despite many rationalization attempts made by the Government during the XVII legislature, along with numerous parliamentary questions which, theoretically, should have produced the reduction of military judicial bodies, yet the executive branch did not keep the promise (See: Bottacchiari (2010), as well as Taverna and Tisci (2010)). See also parliamentary questions with relative positive replies concerning the launching of the reduction plan, parliamentary questions of 3 October 2013, No. 5/01121 and 30 April 2014, No. 4/04687. On the contrary, inspection instances dated 24 February 2016, No. 4/05342, 17 March 2016, No. 4/12562, 23 June 2016, No. 3/02950 and 27 July 2016, No. 2/01442, went all unanswered. Moreover, unanswered inspection instances of 8 October 2014, No. 5-03747 and 31 March 2015, No. 5-05206, deal with operating costs of judicial offices according to each belonging section, even in the absence of concrete management needs, considering the limited workload amounts.

The Government put the subject matter of rationalizing military judicial bodies on the agenda five times during the XIII legislature. As a result, the so-called *reductio ad unum* of the military courts of Naples, Rome, and Verona was carried out together with the abolition of military courts of Napoli and Verona and of military supervision court: on 9 October 2013 and 17 March 2015, the Senate gave its approval, Nos. 9/01015/002 and 0/1577/21/01, whereas the Chamber of Deputies did so on 24 October 2013, 31 July 2014 and 19 December 2015, Nos. 9/01682-A/028, 9/02486-AR/121 and 9/03444-A/179.

Eventually, mention should be also made to draft laws which have never been analyzed (See: Colamussi (2015)): Act of the Chamber of Deputies No. 2679-*undecies* was filed during the XIII legislature without starting any examination. The document at issue was actually a sort of excerpt of the draft Stability Law of 2015 aiming at the reduction of military judicial bodies (Act of the Chamber of Deputies No. 796 was instead the result of a parliamentary initiative). Constitutional draft laws, deriving from parliamentary initiatives as well, No. 1519 and 2657, together with Acts of the Senate No. 317, 609, and 766 found themselves in a similar situation. In particular, they deal with the abolition of military penal jurisdiction by amending Art. 103 of the Constitution (See: Custodero (2018)).

## Conclusion

Military magistrates spend the majority of their free time, giving all of themselves, as perspicaciously as fruitfully they can, for the ultimate goal consisting in preserving their respective judicial offices (three inquiring offices and first instance judging courts in Naples, Rome and Verona, one military court of appeal with related military Prosecutor's office in Rome in addition to the military Prosecutor's office at the Supreme Court of Cassation). Simultaneously, it seems that the most basic requirements in terms of transparency and privacy get implemented without turning a hair, as, by way of example, unequivocally proved by the significant amount of negative judgments the military court of Verona has "collected" over time. Indeed, both Commission for Access to Administrative Documents and Italian Data

Protection Authority expressed themselves negatively regarding access denials to administrative documents and privacy protection policies carried out by the Veronese military court. That being said, it is important not to draw generalizations without losing sight of the fact that military magistrates, taken individually, may have both professional qualities and a sound set of competences. Incontrovertible facts suggest, however, the classification of the abovementioned court not only as the "black sheep" of Italian Public Administration concerning access to administrative data, but also within judicial offices as a whole, even if only speaking of military ones, and not of these making part of ordinary justice.

## References


Bausilio G (2016) Il diritto di accesso ai documenti amministrativi: profili giurisprudenziali. Key, Vicalvi, pp 11–26

Bottacchiari G (2010) Codice dell'ordinamento militare, rappresentanza militare, nuovi reati militari: riforme o involuzioni democratiche? http://www.ficiesse.it

Brunelli D (2015) Tribunali militari e spending review: il tempo delle scelte 3:1–18. http://www.federalismi.it

Colamussi M (2015) De iure condendo. Processo penale e giustizia 1:12–13

Colapietro C (2012, Esi) Il diritto di accesso e la Commissione per l'accesso ai documenti amministrativi a vent'anni dalla legge n. 241 del 1990, Napoli, pp 19–121

Covelli E (2013) La Casta con le stellette. Il punto 1:44–47

Custodero A (2018) Magistratura militare, a rischio chiusura per esiguità procedimenti. Nuovi reati tra le divise. http://www.repubblica.it

De Vergottini G (2007) Giurisdizione militare: la crisi della specialità. Quaderni costituzionali 2:364–367

Giannini D (2013) L'accesso ai documenti. Giuffré, Milano, pp 1–22

Girella A, Girella F (2017) L'accesso ai documenti amministrativi nel comparto sicurezza, Intermedia, Orvieto, pp 1–26

Intelisano A (2016) La giurisdizione militare. http://www.affarinternazionali.it

Materi N (2017) Quegli assurdi processi della giustizia militare fra brioche e risse ultrà. http://www.ilgiornale.it

Ratto Trabucco F (2012) La responsabilità magistratuale: l'esperienza disciplinare del Consiglio della Magistratura Militare. Il lavoro nelle Pubbliche Amministrazioni 15:1155–1203

Ratto Trabucco F (2015) Il perimetro della libertà di espressione: differenze e similitudini fra lavoratori civili e militari'. Il lavoro nelle Pubbliche Amministrazioni 5:755–790

Ratto Trabucco F (2018) Il diritto di accesso ai documenti amministrativi, Libellula, Lecce, pp 193–200

Rivello P (2015) Spunti di riflessione sul tema della giustizia militare. La giustizia penale 3:184–192

Rowat DC (1978) Public access to government documents: a comparative perspective. Commission on Freedom of Information and Individual Privacy, Toronto, pp 67–79

Schwarze J (2015) Access to documents under European Union law. Rivista italiana di diritto pubblico comunitario 2:335–344

Surano G (2014) Corte di cassazione: paragonare alla Gestapo l'ufficiale della Guardia di Finanza che vessa il personale dipendente non é diffamazione ma esercizio del diritto di critica (una vicenda personale). http://www.ficiesse.it

Taverna E, Tisci D (2010) La strategia dei magistrati militari per estendere le loro competenze http://www.ficiesse.it


# Risk and Organizations


Robert P. Gephart[1] and Cagri Topal[2]

[1]School of Business, University of Alberta, Edmonton, Canada

[2]Middle East Technical University, Ankara, Turkey


## Synonyms

Crises; Dangers; Enterprises; Institutions; Threats

## Definition

Risk and organization refers to the threats, hazards, and dangers that institutions and organizations face.

## Introduction

Risk and uncertainty are two important concepts that address the threats and opportunities of human projects in modern social life. The concept of risk originally referred to an opportunity for gain or for loss resulting from a human project and was often associated with financial ventures,

gambling, and other gain-seeking activities. In late modernity, the term has come to refer principally to the threat of danger, harm, or damage resulting from human activities. The original meaning of risk referred to the ability of technical experts to rationally calculate the probability or likelihood of favorable or unfavorable outcomes of a phenomenon. In late modernity, the meaning has shifted and now refers to risks that cannot be known, that is, to unquantifiable uncertainties.

This entry provides an overview of the concept of risk and its use in organizational research. The entry addresses the key domains of risk research and the key theories and perspectives used to understand risk in organizations. Sociocultural theories of risk that have recently emerged in social science are given special consideration. The shift from risk management to risk regulation in public administration is discussed, and emerging directions in organizational risk research are described.

## Perspectives on Risk

The Positivist Perspective. Research on risk has been conducted within several scholarly traditions and frameworks. Positivism is arguably the dominant approach for understanding risk. Positivism assumes there is an objective reality that can be understood and discovered by scientific methods. The goal is to discover factual knowledge or truth. To do so, the researcher uses methods similar to those used in natural science to develop hypotheses, identify variables, test relations between variables, and verify or falsify hypotheses. From this view, risks are objective phenomena that can be explained and managed using rational, calculative procedures that create scientific knowledge.

One important domain for positivist research is business risk. This refers to potential threats to the financial performance and existence or survival of an organization or firm (Shrivastava 1995). Business risk research addresses the problem of how organizational actors, especially managers, respond to objective business risks or fail to do so. It mainly focuses on the analysis of risks that threaten the existence or performance of business firms. Business risk can be measured using quantitative firm or industry data and has mainly been addressed in the context of market risk, which is objective and measurable through general industry information. This risk is assumed to exist independent of social actors' interpretations, and expert knowledge of risk is given precedence over lay knowledge and concerns.

Business risk defined as the possibility of organizational failure or death has been a fundamental concern of population ecology theory (Hannan and Freeman 1977) that examines the environmental conditions under which populations of organizations fail or survive. This conception of risk is also a main focus of many conceptualizations of risk in other mainstream organization theories including institutional theory, transaction cost economics, and social network theory. Risk is also a matter of risk taking by organizational actors that may cause organizational failure. Studies in this domain have analyzed risk seeking versus risk avoidance of firms and have found evidence that family-owned firms are risk seeking when this risk does not endanger their socio-emotional wealth, which includes family identity and influence, and are risk averse when family identities and influence are threatened.

Risk management is a second area of positivist research on risks. This research focuses on how organizational actors, especially managers, can rationally manage and respond to risks, crises, and disasters (Bowman and Kunreuther 1988). This approach assumes managers can recognize the "objective" indicators of risk and respond rationally to them; thus, risk management research offers "rational" techniques managers can use to prevent, control, or mitigate risk. The signs of an organizational disaster are often evident to managers. Problems occur when the signs of risk are not grasped by managers due to their beliefs, when organizational actors do not act upon the signs they have noticed and when no one in the organization has an understanding of the big picture that the signs indicate. Some studies within this research stream also focus explicitly on what managers should do to deal with post-crisis conditions.

Risk management research also addresses how managers can rationally respond to organizational risk (Shrivastava 1995). Organizational risk is seen as a phenomenon that can be assessed and controlled through rational management. It assumes risk has an objective meaning held in common by all social actors and offers "rational" suggestions for managers to follow. Every manager needs to discover objective risks and manage risks accordingly. There is no need to understand the meaning of risk for social members or how established social institutions and practices shape risk management since this is the job of managers in individual organizations.

A third domain involves organizational disasters. Disasters are realized risks. Disaster research examines the sources of disasters in risks that are objective in nature and become problems when social actors fail to accurately assess the true risks (Turner 1976). This research identifies social and organizational factors that cause disasters. Disasters result from the accumulation of small events and accidents over time and no disaster has a single cause. Organizational culture is one potential source of disasters, and the two space shuttle disasters have been widely studied. These disasters were found to be rooted in NASA's culture of objectivity that privileged quantitative risk measures, disregarded biases inherent in quantitative data, and overlooked qualitative issues including social interactions between managers and engineers (Feldman 2004). Organizational structure can also lead to disasters. In the Challenger disaster, the problems that preceded the disasters could not be detected by regulators and regulated organizations within NASA that were autonomous and interdependent. The autonomy of the regulated organizations decreased the effectiveness of the regulators to gather information on their operations. Interdependence led to similarities in perceptions of problems and created opportunities for the regulated organizations to distort information (Vaughan 1999). Further, disasters are embedded within broad social and political structures. The reasons things go wrong in socially organized settings are the fact that political, competitive, regulatory, and cultural environments systematically interact with organizations and organizational members to cause disasters. Disaster management should go beyond the concept of human error and pay attention to institutional environments (Vaughan 1990). Finally, several researchers have found that disasters are caused by group dynamics. Problems that have been found include narrowly defined purpose, directive leadership, and failure to sense an ill-defined problem. Climbing team members often overlook the value of other goals besides reaching the summit including survival. When constrained by a directive leadership, climbers have failed to identify and respond to their disastrous situation.

Disaster research thus asks why and how organizational actors could not foresee the upcoming disaster and recognize the real risk involved. It also examines how organizational actors interpret and understand potential sources of disasters (Turner 1976) although, somewhat paradoxically, disaster research often argues that organizational actors' interpretations are inaccurate or incomplete. Otherwise, the disaster would not have occurred. Hence, disaster research generally takes the view that lay explanations of disasters are inadequate and that technical experts and scientists have the ability to undertake an "objective" analysis of disasters that produces a superior understanding of these events.

Disaster research offers a useful but narrow picture of disasters. It tends to blame human actors rather than established institutions and practices, and it fails to recognize that organizations are not simply technical systems but are also meaning systems that organizational actors use to interpret processes that might lead to disasters. The imposition of a rational perspective onto the subjective meanings of organizational actors is likely to provide only a partial analysis and limited suggestions on how to undertake disaster and risk management.

A final positivist perspective on accidents and disasters is the theory of "normal accidents" (Perrow 1999). Normal accidents theory takes a systems perspective that addresses how organizational contexts with high interactive complexity (little slack with tight coupling) generate unplanned and unexpected interactions among systems components that produce unforeseen

accidents. Normal accidents involve situations where unplanned interactions among technological components and social, political, and economic factors can lead to multiple component failures that result in accidents. Normal accidents are irremediable and unavoidable outcomes of complex technologies that generate risk. Normal accidents have been studied in a number of industries including nuclear power, petrochemicals, aircraft, and space missions.

The Interpretive Perspective. The interpretive perspective assumes that members of a group or society actively interpret the world and use these interpretations as bases for actions. Thus, it is important to understand the subjective meanings members of society have for risk phenomena in order to understand their actions. The goal of interpretivism is to understand and describe members' meanings and local contexts by using members' concepts. In interpretivism, the researcher analyzes verbal and nonverbal actions with a focus on systematic divergences in meanings.

Risk sensemaking research provides important examples of the interpretive approach (Gephart et al. 2009). Interpretive research asks the question of how social actors interpret and explain adverse organizational events. One interpretive approach relies on the sociological conception of sensemaking as an ongoing process that gives meaning to human activities and events. When sensemaking practices that are used to provide meaning are disrupted, confusion occurs and sensemaking is needed to restore a sense of social order.

Research has been conducted into how organizational actors in public inquiries make sense of an organizational disaster (a pipeline explosion) and construct related risks (Gephart 1993). Contradictory accounts frequently emerge in inquiries. The different sensemaking logics used by each social group or institution participating in the hearing – government, business, workers, and local residents – influence the interpretations made and the recommended actions to control risk. Quantitative sensemaking using numbers to retrospectively interpret risks is integral to the successful, rhetorical construction of risks as controllable technical issues. This sensemaking normalizes risks and legitimates claims that corporations and government agencies are able to successfully control risks using standard operating procedures (Gephart 2007).

There is also a psychological view of how disruptions in sensemaking trigger further sensemaking that shapes emergent organizational responses to risks and crises (Weick 2001). A high-risk situation might result in a breakdown in common meanings which no longer make sense. In the Bhopal disaster in which more than 3000 people were killed due to a release of toxic gas from a chemical factory, the low-probability and high-consequence events that emerged challenged existing meanings of social actors and paralyzed their sensemaking. The actors tried to make sense of those events by enacting an interpretation developed in the past that they took to be appropriate in the here and now and then acted on the events based on their sensemaking. Enactment might enhance understanding and help restore sense, but it might also worsen the crisis situation and further limit sensemaking if the sensemaking that is directed at the situation is lost and the situation spirals out of control. In the well-known Mann Gulch fire disaster where several young firefighters perished, an interrelated collapse of sensemaking and role structure led to a sudden loss of the meaning of the organizational world and disrupted interrelations between organizational actors. The collapse occurred because initially firefighters expected the fire was not likely to become a major fire. When the wind suddenly shifted, the firefighters were forced to flee a raging fire that rapidly overcame them. This collapse of sensemaking and meaning was termed a "cosmology episode," in which organizational actors lost their sense of order and thus lacked the means to rebuild that sense. In Mann Gulch, the collapse of meaning turned the crisis event into a disaster in which 13 firefighters were killed by the fire.

The politics of sensemaking is another theme. The political sensemaking model (Gephart 1984) highlights the role of divergent interests (of government, industry, and public) in competition with one another to produce the dominant interpretation of a disaster event. Hence, the

process of risk construction does not simply involve interpretation and negotiation but also contention and conflict. This process produces a dominant interpretation that serves particular interests, and, as a result, disaster-triggering events might be constructed as not risky.

Interpretive research has also addressed how organizational actors construct future events as sources of acceptable risks that are controllable through use of plans (Clarke 1999). This research distinguishes between functional and symbolic plans. Functional plans are based on a meaningful history that allows organizational actors to make reasonable predictions about future events. Fantasy documents are rhetorical tools used because they offer political advantage by creating the impression expert plans can reduce uncertainty and prevent risks from emerging. Under conditions of high uncertainty when there is no meaningful history to draw upon and when important aspects of the future are unknown, plans take on symbolic functions that create a sense of control over future events by transforming them into risks with known probabilities and effective means to prevent or resolve problems that emerge.

Interpretive research thus examines how social actors experience and give meaning to organizational activities that seem risky to them. It goes beyond the narrow objectivity-oriented perspective of positivist research by analyzing local meanings and experiences that constitute a situated rationality. It has uncovered different ways sensemaking can be disrupted and ways it can be sustained during high-risk situations and crises. Limitations are that most interpretive research on risk is focused at the microlevel of the individual actor or group and provides limited concern with political processes that preselect risks faced by society.

## Sociocultural Theories of Risk

Sociocultural theories (Lupton 1999) emphasize how social and cultural contexts influence the meanings given to risk and the ways it is understood, negotiated, and interpreted. There are three sociocultural theories of importance to organizational analysis. The cultural-symbolic approach argues risk is never fully objective since it is meaningful only in the context of belief systems and moral positions. Risks are made meaningful through culture, and this meaning is not static but undergoes change as it is reconstructed and negotiated. This view brings a collective perspective on risk. Certain cultures conceive particular activities and phenomena as risky based in their cultural beliefs and logic. Cultural notions of purity, pollution, and danger provide grounds for risk. Risks are connected to the moral principles of culture and are phenomena that cross cultural boundaries and have potential to produce disorder. In individualistic societies, agency is assigned to individuals who are held responsible for failing to take actions to avoid risks and are blamed when risks and accidents occur. Thus, the cultural-symbolic perspective highlights the political, moral, and aesthetic choices that produce risks. This emphasis on the cultural basis of risks and variations of risk across cultures provides an alternative to psychological conceptions of risk.

The cultural-symbolic perspective focuses on understanding how risks are conceived by social actors and how they become relevant to organizations. The perspective examines risk events that transgress social boundaries and disrupt social order (Douglas and Wildavsky 1982). This approach leads to efforts to understand how phenomena become labeled as risky and how the meaning of risks relates to organizational and institutional forms and practices. Different groups hold different conceptions of risk, and when these groups interact, e.g., in a public inquiry, they often engage in extensive negotiation to resolve divergent risk conceptions.

## Risk Society

The risk society perspective proposes a major premise: the success of wealth production in modern societies has led to a situation where the by-products and harms of wealth generation have accumulated to the point that management of these risks has become a basic organizing

principle for society at large (Beck 1992). Real risks have increased in society and conceptions of risk have changed, thus making risk a major focus of everyday life. Traditional approaches to risk calculation now fail to work because risks are no longer local and readily identifiable by groups. People may require scientific knowledge for detection of risks. And risks are based on decisions made by organizations and individuals but become widely distributed to citizens who struggle with corporations over selection and production of risks. People have to constantly deal with risks, insecurities, and uncertainties that are outside of their control. Thus, risk is now seen as the possibility of future damage resulting from decisions by organizations and institutions.

One key process in risk society is individualization, the process by which individuals have become the center of their own life project and orient to this project as a fundamental basis for identity and action. People must create their own biographies in a social context where traditions have declined and new ways of life are emerging and changing. Now, people must personally choose among risks and be responsible for one's risk-related decisions even though they are dependent on conditions outside their control or require knowledge they do not have for dealing with risk. This requires people to cope with anxiety and insecurity and to engage in intense negotiation with others. Individualization therefore creates new risks. People must learn to live with and use a calculative attitude informed by expert knowledge. The complexity of technological society requires trust in the system of experts, but most people have no control over this system. Risks have thus changed character and have more impact across time and space. They have also become more politicized in everyday life.

## Governmentality

Governmentality, a concept grounded in Michel Foucault's (1980, 1990) work on modern social regulation and control, addresses how risk operates in the context of neoliberalism in late modernity. Risk in this view is created by institutional discourses and practices and is based in a calculative rationality. Governments conceive of citizens as a population that must be managed if wealth and social welfare are to be created. As a neoliberal practice, governmentality endorses individual freedom and rights and rejects excessive intervention by the state.

The governmentality concept fits very well in the context of a highly individualized risk society. Governmentality provides a mechanism to shift risks from organizational challenges to issues of individual control. Individuals are constructed as rational social actors capable of self-control. This self-control is supported by administrative and scientific experts or professionals who use their technical knowledge to identify individuals who are subject to particular risks. When individuals are considered at risk, they are expected to obtain the professional advice of experts in both public and private organizations in order to deal with the risk.

Being "at risk" indicates that individuals deviate from normal practices formulated and institutionalized by public and private authorities in most spheres of life including education, occupation, family, health, childcare, retirement, and even vacation. Deviations are minimized with the help of institutional knowledge, which individuals internalize as their own and use to support their conduct. Thus, individuals act autonomously to avoid deviations and associated risks. Together with risk avoidance, this self-regulation facilitates value creation both for individuals and for the society. Individuals become the means as well as the focus of value and control. Failure to self-regulate is considered irrational. It is an individual failure in the ongoing accomplishment of the project of the self. It is a lifetime project for individuals to be responsible for creating and protecting the value of their self. Individuals are expected to develop the necessary skills to detect and manage risks as this will facilitate rational and responsible action. These skills are expected to be used for each individual's life project supported by the help of public and private institutions.

Risk management has thus become a form of self management that responds to and yet disguises the collective character of risks.

Organizations provide institutionalized advice but their propensity to create and distribute risks is overlooked. Risk and organizations are decoupled through the individualization of risks, by shifting the focus from risk production, which seems unavoidable at the organizational level, to risk mitigation, which seems possible at the individual level. Risks are natural by-products of organizations. Their role in risk management is shaped by a cost-benefit framework that is the key institutional norm that limits most organizations' conduct. Organizations are considered rational when they integrate risks into the cost-benefit framework.

In contrast, individuals are required to calculate the risks to themselves and organizations cannot do this for them. This is part of a never-ending process of individualization that is ongoing as organizations reproduce risks, multiply current risks, and create new risks. Society is reproduced in the form of individuals concerned with their own biographies who are tied to other individuals with whom they have calculative relationships and formalized practices. Where risks are no longer calculable, individuals still have to be calculative.

Cost-benefit frameworks treat risks as unavoidable. Risks are calculable only within a cost-benefit analysis that treats risks as objectively quantifiable. Calculation focuses mainly on costs. If benefits including risk management tools more than offset risks, then risks are determined to be acceptable risks and may also be viewed as effectively controllable. In this sense, organizations still seem to act with the pre-risk society parameters based on the idea that risks can be objectively calculated and controlled by the experts in organizations including scientific and administrative professionals. But everyday risk decisions are shifted to the individual level, and not all individuals in a society are or can be a risk expert. Hence, persons are expected to consult with a risk expert when facing risk because this is seen by experts as the only way to overcome layperson biases based on subjective understandings and feelings. Yet this shifts responsibility for organizational failure onto individuals who are harmed or impacted by risks since they are held responsible for inadequate handling of risks.

This individual-based management of risks is justified by a neoliberal approach to public policy, which emphasizes individual freedom. State intervention is viewed as limiting freedom of choice and is minimized as much as possible. But overlooking the organizational level in an effort to overemphasize the individual level of risk management also undermines the legitimacy of public policy. Still, this reduces the cost of governance as it puts the burden on individuals. Risks become both a source and a means of individualized management that is justified with the need to manage risks, while risks signal the need to move from the deviant to the normal.

Individualized management of risk might itself constitute a risk for the sustainability of organizations and the society based on the functions of those organizations. First, the source of risks – organizations – is not the primary focus of regulation although organizations are subject to certain risk regulations and institutional normalizations. Both public and private organizations producing economic value or regulating value production are themselves responsible for most of the risks individuals are exposed to. Normalization efforts sponsored by organizations and directed at individuals lead to identification of new areas of deviance and a cumulative increase in the number of risks. And most individuals do not have the resources to address risks. Thus, normalization by organizations fails to address most of the risks that the population faces in substantive ways, and individuals' choices are based either on imposition by others or on self-ignorance. And organizations' non-risk products including knowledge and choice are not evenly distributed among individuals. On the contrary, unequal allocation is the norm and thus individual choice is in most cases an imposed one.

Accordingly, a successful mechanism of risk management necessitates a public policy of risk governance involving individual citizens, organizations, and government. For example, lack of alternative employment opportunities is an issue for individuals when they evaluate positions in high-risk organizations. These risks are viewed

as unavoidable costs to be balanced with benefits and uses of some risk management tools. Unemployment risk is a local issue to be addressed by the government. If this issue can be successfully solved by creating alternative opportunities, high-risk organizations may have to provide safer conditions together with better pay. Otherwise, individuals might have to accept the high-risk job and may seem themselves to have failed in terms of risk avoidance if an accident occurs. This is also a failure for organizations as accidents damage their cost-benefit ratios, indicating also that cost-benefit frameworks may not work. In other words, risk management does not have much chance to succeed when it is compartmentalized among citizens, organizations, and government.

The consequence of the shift in society from risk management to risk governance is that organizations are constrained by risk-benefit frameworks. Individual citizens are constrained by lack of resources and are not able to deal with current risks. Risk regulation needs to go beyond enforcement of regulations on organizations or encouraging individuals to normalize risks. A comprehensive approach to risk management at the governmental level needs to be developed. This approach should combine local knowledge of citizens and expert knowledge of organizations.

There is a need, then, for substantive mechanisms of public involvement in the decision-making processes of private or public organizational projects and in the development of risk management tools used to prevent or mitigate the risks created and reproduced by the existing organizational projects. Organizational projects are not simply economic activities; they are political activities and have to be subject to public legitimation. Conventional mechanisms of legislation and regulation are not effective in this respect. Substantive intervention is possible only with more direct participation by individual citizens and citizen groups. Risk governance needs to shift sub-political fields and risk-related activities into the core of political processes and to insure legitimation of risks is accomplished by direct public approval.

## Conclusion

The study of risk in organizations is being actively pursued by a number of researchers examining a wide range of risks and organizations. The field is becoming more fully developed as different streams of risk research are formed around particular perspectives on risks as well as specific risk contexts. In the future, there is need for better integration of the fields of risk, crisis management, and emergency management, since all of these fields are implicated when risks emerge and transform into crises or disasters that require emergency services for containment and mitigation. There is also need for research to explore how the multiple levels of social organization – individuals, groups, organizations, institutions, and societies – operate in crises and disasters since all levels are involved, but most research studies only 1 or 2 levels of social order. Finally, the field of risk analysis has long been driven by technical concerns with risk analysis and cost-benefit calculations. In the future, social behavior needs to be better explored and understood, and a compassionate lens needs to be focused on victims of risks and crises to insure the human face of risk impacts is better considered.

## Cross-References

► Organizational Reputation

R

## References

Beck U (1992) Risk society: towards a new modernity. Sage, Thousand Oaks

Bowman E, Kunreuther H (1988) Post-Bhopal behavior at a chemical company. J Manag Stud 25(4):387–402

Clarke L (1999) Mission improbable: using fantasy documents to tame disaster. University of Chicago Press, Chicago

Douglas M, Wildavsky A (1982) Risk and culture. University of California Press, Berkeley

Feldman SP (2004) The culture of objectivity: quantification, uncertainty, and the evaluation of risk at NASA. Hum Relat 57(6):691–718

Foucault M (1980) Two lectures. In: Gordon C (ed) Power/knowledge: selected interviews and other writings. The Harvester Press, New York, pp 1972–1977

Foucault M (1990) The history of sexuality, vol 1. Vintage Books, New York, An introduction
Gephart RP (1984) Making sense of organizationally based environmental disasters. J Manag 10(2):205–225
Gephart RP (1993) The textual approach: risk and blame in disaster sensemaking. Acad Manag J 38(6):1465–1514
Gephart RP (2007) Crisis sensemaking and the public inquiry. In: Pearson C, Roux-Dufort C, Clair J (eds) International handbook of organizational crisis management. Sage, Thousand Oaks, pp 123–160
Gephart RP, Van Maanen J, Oberlechner T (2009) Organizations and risk in late modernity. Organ Stud 30(02 & 03):141–155
Hannan MT, Freeman J (1977) The population ecology of organizations. Am J Sociol 82(5):929–964
Lupton D (1999) Risk. Routledge, New York
Perrow C (1999) Normal accidents: living with high-risk technologies, rev edn. Princeton University Press, Princeton
Shrivastava P (1995) Ecocentric management for a risk society. Acad Manag Rev 20(1):118–137
Turner BA (1976) The organizational and interorganizational development of disasters. Adm Sci Q 21:378–397
Vaughan D (1990) Autonomy, interdependence, and social control: NASA and the space shuttle challenger. Adm Sci Q 35:225–257
Vaughan D (1999) The dark side of organizations: mistake, misconduct, and disaster. Annu Rev Sociol 25:271–305
Weick K (2001) Making sense of the organization. Blackwell, Oxford, UK

# Risk and Performance in Public Sector

Iordanis Eleftheriadis and Vasilios Vyttas
Department of Business Administration,
University of Macedonia, Thessaloniki, Greece

## Synonyms

Efficiency; Performance; Performance measurement; Risk; Risk management

## Definition

In public administration, two forms of performance are distinguished: *policy performance*, which is related to the success of services provided to cover the needs of citizens and *management performance* which refers to the effectiveness of management in the public organization (Bovaird 1996).

Definitions of performance vary in the literature. Some authors define it as "quantitative representation of quality and quantity of the input, output and the results of the organizations or their programs in their social framework" (Neely et al. 1995). Others define it as the quantification process of effectiveness and efficiency of activities (Johnsen 2005).

Risk is defined as variability in performance results, in which case the aim of risk management is elimination of low performances (Slywotzky and Drzik 2005).

## Introduction

The new economic crisis has already created the new characteristics and conditions for public administration implementation and assessment. The public sector in many countries today faces a major challenge: to adapt to the new global reality of "doing more with less" or "doing less with less." At the same time, risk management has developed into a dominant concept of vital importance for the survival of public organizations as a new methodological approach to decision-making for public officials.

The present study primarily aims at the development of an integrated model of estimating the financial and operational risks constantly faced by public sector organizations. The model also examines the performance of these organizations using a set of nonfinancial variables which define it. The research model is supplemented by the analysis of a series of factors which contribute to the revelation of hidden potentials and characteristics of higher level public officials which jointly aggregate to define these concepts.

## Method

The methodology adopted in this research is the quantitative one, which will be based on the collection of primary data by means of a

questionnaire. In the field of management, the scientific questionnaire is clearly dominant in frequency as well as in effectiveness (Saunders et al. 2003).

More specifically, the study of the relevant literature points to the conclusion that performance measurement (Richard et al. 2009) as well as risk measurement (Akerboom and Maes 2006) by means of questionnaire are well documented. Our research has the following aims: First, to introduce a valid and reliable instrument which can be used by public sector organizations for performance and risk assessment. Secondly, to link administration characteristics of public sector organizations with performance. Third, to link perceived organizational risk with performance in public sector organizations. If the aims of the present research are met, monitoring the function of public sector organizations will become more efficient, through the measurement of performance and risk. Furthermore, the research will highlight the characteristics of administrators of public organizations displaying increased performance. This will facilitate the optimal selection of administrative personnel, thus increasing public organization performance.

## Questionnaire Structure

The questionnaire consists of four parts:

The first part of the questionnaire records demographic information of the sample and is divided into two units. The basic scale for performance measurement is the scale created Prof. Spangenberg and Prof. Theron (2011) to measure the performance of unit managers officers. Unit manager officer responses help define the current state of the organizational unit in matters of effectiveness, while information is used to attain a clear perception of the levels of unit effectiveness and performance, in order to formulate a plan to increase performance (Spangenberg and Theron 2002). When these aims are met, executives appear ready to implement initiatives for performance improvement, as well as for the stabilization of improvements in the course of time. The third part attempts to examine and assess the previously mentioned two types of risk faced by the organization: economic and operational risk.

**Operational Risk**: The proposed scale aims at assessing operational risk by measuring the manager's perception of it. This "perceived operational risk" scale is an instrument that aims to help organizations' risk assessment while at the same time it will provide valuable insight into the manager's sense of risk. Measuring risk with the help of a questionnaire survey is a concept that has been tested with significant success in the past (Akerboom and Maes 2006; Ciavarelli et al. 2001). The basis for the development of this instrument was the work of Akerboom and Maes, which had proposed a questionnaire capable of assessing the respondent's perceptions of organizational risk factors. More specifically, the scale aims at measuring a manager's sense of organizational risk by asking him/her to rate the course of 17 organizational variables; whether they have increased, decreased, or have remained as they were. The respondents are called to rate the course of these organizational variables two times. Therefore, there are two operational risk scales, the first that measures "present risk" by recording how key organizational variables have evolved during the recent years and the second that measures "future risk" by recording how the managers think that those variables will evolve in the future. The initial concept of the operational risk scale included 17 organizational variables, which were selected after studying Akerboom and Maes work (Akerboom and Maes 2006), as well as a series of other publications focusing on organizational risk perceptions (Ciavarelli et al. 2001). The Organizational Risk Factor Questionnaire (ORFQ) of Akerboom and Maes (2006) includes 52 items split into six factors. Because these questions and factors were designed to fit the private business sector, they would not be suitable for measuring risk factors in public sector without large scale adaptation and customization. It was therefore deemed as more productive to use Akerboom and Maes (2006) scale as a general basis upon which to base a largely prototypical scale. In order to create the measurement instrument, the following process was followed: first, a group of five Greek Public sector managers with

good knowledge of the English language was drafted via random sampling from a list of 30 Greek Public Sector managers. Then, the managers received a copy of Akerboom and Maes (2006) publication as well as summaries of other relevant publications (Ciavarelli et al. 2001) and were given 1 week's time to study the material. An open discussion session ensued in which each manager was free to report variables that he/she thought were indicative of a public organization's operational risk. All variables on which more than 50% of the participants agreed were included in the new instrument. The final list included 17 items. The exact wording of each was agreed upon by all participants.

**Economic Risk**: In order to measure economic risk, the questionnaire uses the scale which was proposed by the AGA (Association of Government Accountants in the United States of America). AGA is an official body which established the Partnership for Intergovernmental Management and Accountability, with the purpose of detecting and prioritizing critical economic issues or threats, and suggesting measures or actions to approach these issues (AGA 2009). Because the AGA scale was specifically tailored for the USA public sector it was again deemed necessary, as in the case of operational risk, to develop a new instrument specifically modified so as to fit the Greek public sector. In order to do so, the same methodology was followed as in the case of operational risk. It must be noted that this is the same group of managers utilized in the creation of the organizational risk instrument described before. The two open discussion sessions which led to the creation of both instruments took place on the same day. Following a reliability analysis, and in order to increase reliability, a number of questions was removed so that the final questionnaire consists of 11 questions.

Beyond the performance and risk scales, in the last part of the research we finalized the remaining scales measuring public organization manager abilities and characteristics. In order to formulate our research model and the new risk and performance measuring instrument, it was deemed essential to clarify the factors that influence and shape these two variables. The scales are as follows: The first scale selected for measuring unit managers' officers' general risk-taking propensity was "General Risk Propensity in Multifaceted Business Decisions" (Hung and Tangpong 2010), which is the evolution of the Jaworski and Kohli (1993) scale (Hung and Tangpong 2010). The second scale that will measure the degree of responsibility of unit managers and the degree to which they feel they "own" the organization they manage is the Psychological Ownership scale of (Fay et al. 2004). The third scale selected to measure unit managers officers' willingness to take initiatives was Personal Initiative scale (Frese and Fay 2001). The fourth scale, which measures the manager's aspiration of professional development, is Day and Allen's Career Motivation Scale (Day and Allen 2004). Fifth, in order to measure the manager's self-confidence, we selected the Generalized Self-Efficacy Scale (Schwarzer and Hallum 2008). Finally, for the measurement of executive job satisfaction we chose the Generic Job Satisfaction Scale of (Macdonald and MacIntyre 1997).

## Sampling

In the final stage of the evaluation of the present questionnaire, 23 questionnaires were distributed to managers of Greek state organizations and other public or parastatal bodies. Of the 23 questionnaires, 15 were answered and returned (ten after a face-to-face interview and five via e-mail), constituting a percentage of 65%. The sample is considered sufficient for the statistical processing and reliability analysis of the measurement scale used in the present survey. More specifically, the statistical analysis of the pilot test included: Missing Values Analysis and Reliability Analysis-Cronbach's alpha (α).

## Research Process

The data collection was carried out mainly through face-to-face interviews with the managers of the Greek state agencies and other public institutions and the wider public sector. Also

**Risk and Performance in Public Sector, Table 1** Final report

| Scale | Cronbach's alpha | Assessment |
|---|---|---|
| Part A- Scale b13: Assessment of organization growth in the recent past | 0,879 | Good |
| Part A- Scale b14: Assessment of future growth potential of the organization | 0,823 | Good |
| Part B- Scale 1: Economic risk 11 questions | 0,808 | Good |
| Part B- Scale 2: General operational risk- present | 0,869 | Good |
| Part B- Scale 3: General operational risk- future | 0,821 | Good |
| Part C- PI Scale-<br>Factor: Production and efficiency | 0,850 | Good |
| Part C- PI Scale-<br>Factor: Core people processes | 0,775 | Acceptable |
| Part C- PI Scale-<br>Factor: Climate of the work unit | 0,881 | Good |
| Part C- PI Scale-<br>Factor: Employee satisfaction | 0,897 | Good |
| Part C- PI Scale-<br>Factor: Adaptability | 0,831 | Good |
| Part C- PI Scale-Factor: Capacity | 0,823 | Good |
| Part C- PI Scale-Factor: Market standing | 0,815 | Good |
| Part C- PI Scale-Factor: Projected future growth | 0,902 | Excellent |
| Part C- PI Scale-Total scale | 0,849 | Good |
| Part D- Scale 1: Risk propensity | 0,790 | Acceptable |
| Part D- Scale 2: Personal initiative | 0,939 | Excellent |
| Part D- Scale 3: Psychological ownership | 0,877 | Good |
| Part D- Scale 4: Job satisfaction | 0,862 | Good |
| Part D- Scale 5: Self efficacy | 0,886 | Good |
| Part D- Scale 6- Factor 1: Career insight | 0,812 | Good |
| Part D- Scale 6- Factor 2: Career resilience | 0,895 | Good |
| Part D- Scale 6- Factor 3: Career identity | 0,935 | Excellent |
| Part D- Scale 6 Total: Career motivation | 0,957 | Excellent |

some data were collected by sending the questionnaire via e-mail to the managers. The face-to-face interviews were conducted for the managers whose e-mails were not unavailable or had a technical problem and who accepted with willingness to participate in the research. The remaining managers who responded via email preferred this due to lack of time to participate in an interview.

## Results

### Total Reliability Report

The questionnaire comprises 12 scales, one of which includes 3 subscales and one 8. In total, 23 scales/subscales were analyzed for reliability. Of these, only one scale, economic risk, required the omission of four questions for its reliability to be good. Overall, 9 scales indicated good reliability, 2 excellent, and 1 acceptable. Of the subscales, 8 had good reliability, 2 excellent, and 1 acceptable. The reliability of all scales and subscales is presented in Table 1.

## Conclusions

The present research attempted the development of a comprehensive model of risk and performance management in the public sector. The model was checked for reliability and proved to have good reliability features with the exception of economic risk scale, from which it was necessary to omit four questions in order for its reliability to be good.

The final contribution of this research lies in the proposal of a valid and reliable instrument that can be used by public sector organizations to measure and link organizational performance and organizational risk, and to highlight as well as relate the particular individual manager characteristics of public sector organizations with the performance of the unit they manage. Further research is required in order to harness public sector performance and risk more efficiently. For the creation of the instrument proposed by the present research, a number of variables have been studied including, executive burn out, remuneration satisfaction, etc. In the international literature, there is a wealth of variables that describe levels of the variables under research.

## Cross-References

▶ Ethical Risk Management
▶ Performance Management
▶ Performance Measurement

## References

AGA Partnership for Intergovernmental Management and Accountability (2009). Risk Assessment Monitoring Tool. Retrieved Aug 2015. From http://agacgfm.org/intergovernmental/resources.aspx.

Akerboom S, Maes S (2006) Beyond demand and control: the contribution of organizational risk factors in assessing the psychological well-being of health care employees. Work Stress 20(1):21–36

Bovaird T (1996) The political economy of performance measurement. In: Organizational performance and measurement in the public sector: toward service, effort and accomplished reporting. Quorum Books, Westport, pp 145–165

Ciavarelli A, Figlock R, Sengupta K, Roberts K (2001) Assessing organizational safety risk using questionnaire survey methods. Focusing Attention on Aviation Safety

Day R, Allen TD (2004) The relationship between career motivation and self-efficacy with protégé career success. J Vocat Behav 64(1):72–91

Fay D, Lührmann H, Kohl C (2004) Proactive climate in a post-reorganization setting: when staff compensate managers' weakness. Eur J Work Organ Psy 13(2):241–267

Frese M, Fay D (2001) 4. Personal initiative: an active performance concept for work in the 21st century. Res Organ Behav 23:133–187

Hung KT, Tangpong C (2010) General risk propensity in multifaceted business decisions: scale development. J Manag Issues 22:88–106

Jaworski BJ, Kohli AK (1993) Market orientation: Antecedents and consequences. J Market 57:53–70

Johnsen Å (2005) What does 25 years of experience tell us about the state of performance measurement in public policy and management? Public Money Manage 25(1):9–17

Macdonald S, Maclntyre P (1997) The generic job satisfaction scale: scale development and its correlates. Employee Assist Q 13(2):1–16

Neely A, Gregory M, Platts K (1995) Performance measurement system design: a literature review and research agenda. Int J Oper Prod Manag 15(4):80–116

Richard PJ, Devinney TM, Yip GS, Johnson G (2009) Measuring organizational performance: towards methodological best practice. J Manag 35(3):718–804

Saunders M, Lewis P, Thornhill A (2003) Research methods for business students. Financial Times Prentice Hall, Harlow

Schwarzer R, Hallum S (2008) Perceived teacher self-efficacy as a predictor of job stress and burnout: mediation analyses. Appl Psychol 57(s1):152–171

Slywotzky AJ, Drzik J (2005) Countering the biggest risk of all. Harv Bus Rev 83(4):78–88

Spangenberg HH, Theron CC (2002) Development of a uniquely South African leadership questionnaire. S Afr J Psychol 32(2):9–25

# Risk Management in Japan

Hideaki Shiroyama
Graduate School for Law and Politics, The University of Tokyo, Tokyo, Japan

## Synonyms

Food safety; Regulatory reform; Risk management

## Definitions

Japanese government recently experienced major regulatory reform of risk management in food safety and nuclear safety management.

## Introduction

Japanese government experienced major regulatory reform in the area of food safety and nuclear

safety after the turn of the century. Both reforms were initiated by the accidents such as BSE scandal and Fukushima nuclear power accident in 2011. In this section, after clarifying the political nature of risk management decision, processes and contents of regulatory reform of food safety and nuclear safety were analyzed and comparative analysis is undertaken at the conclusion.

## Political Nature of Risk Management

Risk management is the activity of judging where the acceptable level of a risk lies, based on risk assessment, and implementing management decisions (Shiroyama 2011, 2016b). Risk assessment is generally thought of in terms of occurrence probability multiplied by the scale of damage. For such an assessment, it is essential to have scientific knowledge based on epidemiological data or animal experiment data. As a matter of fact, discretionary judgment for risk assessment varies depending on whether damage is defined as the number of deaths of people or the number of victims such as casualties or patients, and so on. In addition, when looking at a large-scale and systemic damage, risk assessment can be different depending on whether we regard a large-scale systematic disaster as what is qualitatively different or not.

To judge acceptable level of risk management decision, it is also necessary to take into account the balance between risks and benefits regarding the relevant technology depending on the characteristics of local social context. Both risks and benefits have many facets and what risks and benefits the political process for technology focuses on is fluid and can be different depending on local context. There are many cases where the same technology has different risks and benefits when another dimension – that of international relations – is added. For example, domestically the technology of nuclear energy is energy technology; its benefit is to provide energy and its risk concerns safety. Adding the international dimension and considering the fact that most oil, the major energy source, is imported from the Middle East, the option of nuclear power generation brings with it the benefit of enhanced energy security. In contrast, the possession of technology of nuclear power generation, in particular the technology of nuclear fuel cycles, enhances the risk of nuclear proliferation internationally. In addition, benefits of technology in particular vary depending on the purpose of a society. For example, conventionally nuclear power generation is regarded benefiting only the energy supply; however, as global warming is considered a social problem, it is recognized that there is an additional benefit: the technology will not discharge the global warming-related substance $CO_2$. On the other hand, the technology of coal-fired power generation was portrayed in the social context of global warming as a risk because it discharges $CO_2$. However, among the growing interest in energy security because of the increase of oil prices, it is recognized that the use of coal-fired power generation provides the benefit of energy security, because it uses coal, whose production sites are distributed all over the world compared to those of other fuels.

When judging benefits, it is important to consider also the distributive implications: to whom do the benefits belong. Even if the overall benefits are large, if they are concentrated on limited actors, a society can refuse such a technology. Nuclear power generation and genetically modified food, for example, have been difficult to be accepted by societies, even though numerical risk assessment shows that their overall risks are comparative low. One of the reasons is that direct beneficiaries of these technologies are limited enterprises.

In addition, there is uncertainty in both risks and benefits. Of course, the range of uncertainty can be decreased as science progresses. However, it is hard to remove uncertainty completely. Therefore, a question is how society judges certain uncertainties. A policy choice about whether to choose a precautionary approach or a so-called no regret policy represents a difference in attitude of local jurisdictions toward such uncertainties. A precautionary approach is an attitude of taking precautionary measures such as regulation, even when there is uncertainty, because the potential damage is large when something goes wrong. In contrast, a no regret policy represents an attitude that, when there is uncertainty about risks, does not take measures to prevent a problem, but only

takes measures that are meaningful when nothing happens. Which of these two attitudes is chosen is a question of policy choice in society.

The judgment of the balance between risks and benefits and the judgment of uncertainty are social discretionary judgment depending on local contexts; however, in a real political process, there can be ways where scientific judgment is used as a guarantee to avoid blame for the use of discretion. When technology is used in society, a variety of risks and benefits needs to be considered. What social judgment should be made is an issue, requiring the consideration of such a variety of risks and benefits in local context. In addition, it is pointed out that there are a variety of trade-offs in such social judgment. A risk trade-off means that efforts to reduce a particular risk will increase another risk as a result. For example, when the body weight of a car is made lighter to increase the fuel efficiency, such an effort sometimes lessens the safety of the car because the body becomes weakly guarded against collision. In this case, the risks of global warming and energy security are reduced, but the risk for the safety of a car increases. Additionally, when substitutes of Freon gas that destroys the ozone layer first appeared in market, there was one that reduced the destruction of the ozone layer but facilitated global warming. In this case, the risk of the destruction of the ozone layer and the risk of global warming are in a trade-off relationship. The existence of a trade-off like this is often revealed after a certain amount of time passes. For example, it took a long time after the development of Freon gas until the effect of the destruction of the ozone layer was revealed (Graham and Wiener 1997).

When social judgment is made relating to a technology, sometimes a discussion on values needs to be had in addition to a judgment of risks and benefits, which inevitably needs to incorporate local social context. In social judgment about technology, risks and benefits are explicitly and broadly shown and then comprehensive judgment can be made. However, when a comprehensive judgment is made, an important factor should be considered that functions as a crucial and final determinant, no matter what other benefits and risks there are. For example, there are value problems that are related to human rights or human dignity. Such problems are often important issues especially in the fields of life science and genetic engineering that are progressing rapidly these days.

After the turn of the century, Japan experienced the two major accidents relating to food safety and nuclear safety, i.e., BSE and Fukushima nuclear accident, and undertook institutional reform of risk regulation. As examples of risk management reform, those two cases are comparatively analyzed and remaining issues are picked up in the following sections.

## Regulatory Reform of Food Safety in Japan

Japanese BSE crisis happened in September 2001. The BSE Investigation Committee was set up in November 2001 jointly by MHLW (Ministry of Health, Labor and Welfare) and MAFF (Ministry of Agriculture, Forest and Fishery) and finalized a report in April 2002. It called for introduction of risk analysis into food safety policymaking. It is this recommendation that laid the foundation for the reform. Original idea of regulatory regime was formulated in June 2002 by the Cabinet Meeting of Relevant Ministers on Food Safety Administration. Several procedural and organizational principles of the idea of FSC (Food Safety Commission) were defined in its final decision. First, food safety administration should be based on the method of risk analysis consisted of risk assessment, risk management, and risk communication. Second, risk assessment should be organizationally as well as functionally separated from risk management. According to this separation, FSC as a risk assessment organization should be located in the Cabinet Office (Hirakawa et al. 2005).

Along with deliberation at the Cabinet Meeting of Relevant Ministers, politicians also started discussions about new food safety policy. Liberal Democratic Party (LDP) set up the Special Committee on Food Safety in its Policy Research Council in March 2002, and announced its final decision report in May 2002. Democratic Party, an

opposition party, also formulated a proposal for new food safety administration in August 2002. While the conclusions of two parties are somehow different in details, both were almost the same as that of Cabinet Meeting of Relevant Ministers. The Food Safety Basic Law was established in May 2003 and entered into force in July 2003. Along with this, the Food Sanitation Law and other relevant laws were amended.

Besides the establishment of FSC and Food Safety Basic Law, reorganization of existing structure of food administration at MAFF and MHLW was also undertaken in order to enhance their risk management activities. On the side of MAFF, the "Renewal Plan of 'Food' and 'Agriculture'" was designed and announced in April 2002, including establishing the Food Safety and Consumer Affairs Bureau (FSCAB) in MAFF. This reorganization symbolizes the shift of focal point of MAFF's administration from producers' side to consumers' side. The mission of FSCAB is to conduct risk management independently of other sections for industrial promotion. On the side of MHLW, Department of Food Safety was set up in the Pharmaceutical and Food Safety Bureau (former Pharmaceutical Bureau).

In July 2003, the FSC was established in the Cabinet Office. Its principal mission is to undertake risk assessment, along with risk communication and emergency response, independently of risk management conducted by the MAFF and the MHLW. Reformation of regulatory administrative system for food safety, introducing risk analysis regime, i.e., the organizational as well as functional separation of risk assessment and risk management, is thought to be the key to remedy the distrust to the regulatory regime.

## Regulatory Reform of Nuclear Safety in Japan

Following the Fukushima nuclear accident in March 2011, the Cabinet adopted a Basic Policy on the Reform of an Organization in Charge of Nuclear Safety Regulation in August 2011 without waiting for reports from the Investigation Committee on the Accident at the Fukushima Nuclear Power Stations and other bodies. The Basic Policy called for establishing a nuclear safety regulatory body as an external agency of the Environment Ministry to restore trust in the system by separating nuclear regulation and promotion; integrating all nuclear safety regulatory operations to improve efficiency; establishing a risk management system; and developing human resources for nuclear safety. Based on the ideas, the Cabinet adopted a draft bill to reform the nuclear energy regulatory system in January 2012. The draft bill included the provisions such as establishing a Nuclear Regulation Agency within the Environment Ministry, clearly separated from the Ministry of Economy, Trade and Industry (METI) and other bodies promoting nuclear energy; integrating the Radiation Council under the NRA. Unlike the usual government deliberation process, the process was politician-led in the sense that the Cabinet and, in particular, the national minister in charge, took the initiative rather than depending on an advisory committee (Shiroyama 2015).

Deliberations were simultaneously taking place in the Diet. The LDP, the opposition party at the time, set up in December 2011 a project team for reforming the nuclear energy regulatory system. At the end of March 2012, the LDP project team came out with a proposal which the LDP, together with the Komei Party, presented as a counter proposal to the government's draft law. This proposal called for ensuring the org anization's independence from nuclear power operators and government bodies in charge of economic and other policies; integrating functions concerning monitoring, security, and safeguards; and establishing a new career path for personnel working in the field of nuclear safety.

The governing and opposition parties worked to reach a compromise and the Act to Establish the Nuclear Regulation Authority was passed in June 2012. In September 2012, the government appointed five NRA members and had it start its activities although the Diet approval of the NRA members only came in February 2013. Due to its origins in the compromise between government's bill and the opposition's counterproposal, the nuclear safety regulatory framework that

finally emerged had the following characteristics (Shiroyama 2016a):

First, the NRA was established as a so-called "Article 3 commission" with independent authority and proper personnel. To emphasize the NRA's independence from METI, the government's bill had proposed establishing a Nuclear Regulatory Authority within the Ministry of the Environment as its external agency. In a sense, this was a practical proposal that made use of the vertical compartmentalization already existing in the bureaucracy. During the deliberation, some had proposed placing the Authority under the Cabinet Office, but due to the many different functions covered by the Cabinet Office, this idea was ultimately deemed unsuitable. The opposition's draft bill, meanwhile, favored ensuring the Authority's independence not only from METI, but also from other government entities, including the Ministry of the Environment who might promote nuclear energy as mitigation strategy of global warming. To ensure independence in personnel matters, the opposition proposed setting up the NRA under Article 3 of the Administrative Organ Law as an administrative body whose members could exercise their authority independently and whose appointments would be approved by the Diet, rather than as an agency whose head would be appointed by the environment minister. Although making appointments to the Authority subject to Diet approval risked politicizing personnel appointments, this provision did make it possible to regulate nuclear safety in a non-partisan manner. Ultimately, the NRA was, as per the government's bill, placed under the Ministry of the Environment rather than the Cabinet Office, but it was designated as an Article 3 commission.

Second, in addition to the NRA's existing responsibility for regulating nuclear safety, functions related to counterterrorism and other security challenges, functions of the Radiation Council, safeguards to ensure nonproliferation, and environmental monitoring were also placed under the NRA jurisdiction. Both the government and the opposition's draft bills called for integrating responsibility for counterterrorism and other security measures into the existing nuclear regulatory function under the NRA. This was regarded as an appropriate provision, because the safety requirements for managing spent nuclear fuel and installing seawater cooling pumps, emergency power generators, and other equipment overlap with security requirements for counterterrorism. However, the opposition's draft went further in that it also called for and succeeded in integrating environmental monitoring and safeguards for nonproliferation. This was an appropriate motion, given that other countries tend to consider safeguard measures and security regulation as unified missions to prevent nuclear materials from being used to make weapons, and countries like the United States and France handle safeguard measures, security regulation, and safety regulation at the same regulatory body. Finally, responsibility for environmental monitoring and safeguard measures was transferred from the Ministry of Education, Culture, Sports, Science and Technology (MEXT) to the NRA in April 2013.

In addition, Article 6, Clause 4 of the Supplementary Provisions of the Act to Establish the Nuclear Regulation Authority provides that "in order for the Nuclear Regulation Authority to perform the task of the Japan Nuclear Energy Safety Organization (JNES), the government shall disband JNES as soon as possible and shall take the necessary legal measures, including allowing JNES personnel to become Nuclear Regulation Agency personnel." Based on this stipulation, the law disbanding JNES was passed in November 2013 and JNES was merged into the NRA in March 2014. As a result, the number of officials of the Nuclear Regulation Agency doubled from 545 to 1025.

## Conclusion

Based on the analysis of regulatory reform of food safety and nuclear safety in Japan, comparative analysis is undertaken at the conclusion.

One major difference between food safety regulation and nuclear safety regulation in Japan after reform is the organizational division of labor between risk assessment and risk management (Shiroyama 2016a). In case of food safety regulation, the FSC at the Cabinet Office is in charge of risk assessment, while the MHLW and the MAFF

oversee risk management. In cases like this, the FSC can confine itself to assessing risk on the basis of scientific knowledge, even though risk management agencies try to delegate substantial decisions and avoid blames in reality. In case of nuclear safety, the NRA at the Ministry of Environment has a dual mission of risk assessment and risk management. The NRA has a special difficulty because it is responsible for both assessing and managing risk. It must make science-based decisions, but science alone is not enough since social decision-making is also involved. It will be important for the NRA, as an entity making social decisions, to establish effective communication with various social actors and earn the public's trust as an independent regulatory body.

There are also common aspects. In both cases, accidents such as BSE and nuclear accident function are drivers for change and bipartisan consensus at politician's level existed for reforming the safety regulatory regimes. But there remain common issues for capacity development. One challenge is recruiting and training capable human resources, fulltime or part-time bases, to give the FSC or NRA sufficient capabilities to ensure its independence. In addition to the expertise in specialized areas, the ability to communicate across disciplines is also vital in regulatory setting. In that sense, it is important for Japan to create a career path for regulatory science and crisis management not limited to food or nuclear safety.

## Cross-References


- ▶ Critical Misunderstandings in the Nuclear Industry
- ▶ Emergency Management, Safety, and Security
- ▶ Ethical Risk Management
- ▶ Public Administration Risk Management
- ▶ Risk and Organizations


## References


Graham JD, Wiener JB (eds) (1997) Risk vs. risk: tradeoffs in protecting health and the environment. Harvard University Press, Cambridge, MA

Hirakawa H, Shiroyama H, Kamisato T, Nakajima T, Fujita Y (2005) Reform of food safety administration and food safety Commission in Japan (Nihon no Shokuhin Anzen Gyousei Kaikaku to Shokuhin Anzen Iinnkai). Science (Kagaku) 75(1):93–97

Shiroyama H (2011) Technology governance. In: Komiyama H, Takeuchi K, Shiroyama H, Mino T (eds) Sustainability science: a multidisciplinary approach. United Nations University Press, New York, pp 145–157

Shiroyama H (2015) Nuclear safety regulation in Japan and impacts of the Fukushima Daiichi accident. In: Ahn J, Carson C, Jensen M, Juraku K, Nagasaki S, Tanaka S (eds) Reflections on the Fukushima Daiichi nuclear accident: toward social-scientific literacy and engineering resilience. Springer, Cham, pp 283–296

Shiroyama H (2016a) Nuclear safety regulation before the Fukushima accident and post-accident reform. In: Tsunekawa K (ed) Five years after: reassessing Japan's responses to the earthquake, tsunami, and the nuclear disaster. University of Tokyo Press, Tokyo, pp 57–79

Shiroyama H (2016b) Political dimensions of science, technology, and innovation policy and the importance of local contexts. In: Basedow J, Kono T (eds) Special economic zones: law and policy perspectives. Mohr Siebec, Tübingen, pp 99–116


# Risks and Compliance: Brazil


James Batista Vieira
Department of Public Management, Federal University of Paraíba – UFPB, João Pessoa, Paraíba, Brazil


## Synonyms

Better public governance; Promoting integrity; Risk management

## Definition

The management of risks and compliance is a tool for better governance, oriented toward creating and preserving value in both public and private organizations.

Since 2016, the Brazilian central government has been taking initiatives on governance, risks, and compliance (GRC). The approval of the Public Enterprises Law (Law n° 13.303/2016) and the Governance Decree (Executive Order 9.203/2017), besides a periodic evaluation of the public

governance quality made by the Federal General Accounting Office (TCU), officially started a boom on GRC management all over national public agencies. This movement of public governance improvement tends to grow fast as more value is required from governmental expenditure in public policies (performance), and the adoption of new effective anticorruption measures and integrity advancements (compliance) seems to be a permanent demand of Brazilian citizenry after the *Car Wash* corruption scandal.

After a long period of inertia, public administration has finally begun to promote the adoption of better performance and conformity measures to answer people's claim for more value and integrity in the public sector. However, this is not free of challenges, such as the huge lack of expertise, governability threats, and a wide-spread culture of patrimonialism operating inside the Brazilian Public Administration agencies.

## Governance, Risk, and Compliance Development in the Brazilian Democratic Regime

The Brazilian Federal Constitution of 1988 inaugurated the wider democratic period of the country since its independence. However, it also represented a significant throwback in public administration reform and modernization. With Brazil's presidential system of government and fragmented multiparty system, governability rapidly became a serious political issue to the new democratic elected public office holders. Since the democratization, two of four elected presidents were impeached (Fernando Collor and Dilma Roussef). The other two, Fernando Henrique and Lula da Silva, strictly observed the informal rules of a coalitional presidentialism that prevails in Brazil since the Constitution of 1988 and imposes a great challenge to public administration's well-functioning (Abranches 1988, 2018).

In the absence of a political reform to enhance governability, Presidents, Governors, and Mayors sacrificed public management good governance and adopted large political coalitions based on patronage in order to obtain and sustain power in a manner well-known in Brazil's public administration history (Faoro 1958; Andrews and Bariani 2009). Within this true spoil system, Brazilian legislators and their parties have been exchanging their political support for economic support and other forms of personal assistance mainly achieved by the occupation of cabinet portfolios or other executive positions (Power and Taylor 2011). Under this clientelistic logic of management, accountability mechanisms are weakened, performance instruments are unnecessary, and integrity orientation is largely perceived as a political naivety.

In 1995, the Bresser-Pereira's managerial attempt of state reform, during the beginning of Fernando Henrique's government, failed in almost all aspects, due to strong corporatist resistance of public employees and the political clientelistic pressures made by legislators and parties that could lose power. After a wide range diagnosis about the operation of the Brazilian Public Administration, Bresser-Pereira sponsored a strengthening of the public agencies' governance. Although the proposed plan had not made an open defense of risk management or compliance, its content explicitly advocated in favor of a performance-based approach of public management that would perfect direction and control of the governmental machinery and foster a cultural reform that would emphasize trust in public agents (MARE 1995). Such failure delayed not only the adoption of new governance mechanisms, like risk management and compliance, but harmed all Brazilian Public Administration modernization for over 20 years.

Until 2016, some initiatives were taken for promoting risk management and compliance in Brazilian Public Administration. Initial steps were taken by the federal government with the approval of the Ethics Code of the Public Employee in 1994, the creation of the Ethical Management System in 2007, and the approval of the Conflict of Interest Law in 2013. The first regulation applied only to federal public administration entities, established deontological ethical principles and prohibitions imposed on public employees, and regulated the creation of ethical committees. The second regulation integrated actions, programs, and entities related to

ethical promotion and established the process of verification of ethical misconducts. In practice, this system had little impact for preventing or punishing administrative abuses. Moreover, its merely formal implementation only helped introduce ethical awareness into the public entities. Finally, the Conflict of Interest Law is being implemented, but its preventive spirit has also showed little impact for preventing abuses. Therefore, nothing similar to a compliance system appeared until the enactment of new regulations in 2016.

Similarly, risk management was not seriously considered by Brazilian public agencies until the mid-2000s. First attempts of risk management taken by the Brazilian Central Bank began in the 1990s, linked to the actions of investment of international reserves. However, it was only after 2000 that a proper strategic asset allocation and risk management structure was created in that agency. International regulations, like the Basel II Accord, that intended to establish risk and capital management requirements to ensure that a bank had adequate capital for the risk it exposes itself to through lending, investment, and trading activities led the Central Bank to deepen those initiatives, not just to systematically monitor financial risks but to consider operational risks. The Central Bank's semi-independent status supported those efforts and allowed them to flourish, especially after the creation of the Department for Integrated Risk Management of the Monetary Policy Area in 2006 (GEPOM/BCB).

The Ministry of Social Security also played an important role in the initial development of Brazilian risk management. In 2004, the ministry started to incorporate those practices into the entity's culture and process management. Based on AS/NZS 4.340/2004 standards, a document titled "conceptual model for risk management" was produced and disseminated into the ministry. In the year 2014, the ministry launched its own policy and methodology of risk management, emphasizing the macro processes of strategy and purchase (*Portaria* MPS 534/2014). Since then, risk management has been considered an important tool of innovation and institutional development to the ministry, systematically taking part in its planning.

Lastly, in 2013, the Ministry of Finance and the Ministry of Planning launched their own risk management programs. The Ministry of Finance's initiative was related to a broader program of modernization which was trying to promote advancements on internal controls. Ministry of Planning's one was taken in 2013 with the approval of the Orientation Guide for Risk Management. This introductory document was an attempt to support risk management development inside the ongoing public management program of excellence, called GESPUBLICA. Alongside United Kingdom's Foreign and Commonwealth Office, that orientation guide incorporated many elements of the British Orange Book, but its effectiveness proved to be insufficient with time (HMT 2004; MPOG 2013).

Constrained by a poor governance structure, dominated by patronage relationships, and a strong lack of accountability and transparency, risk management and compliance mechanisms were underdeveloped within the Brazilian Public Administration. Practices of constant abuse of public office for personal gain proved not to be suitable with the adoption of professional management in the public administration entities. As a result of a huge political pressure caused by *Car Wash*, associated with mass protests against corruption like those that took place from 2013 to 2015 – demanding a new governmental attitude in favor of a better public governance and effectiveness to public services – GRC started to be gradually introduced into the governmental agenda.



## Current Advancements in the Brazilian GRC

The recent advancements about governance, risks, and compliance in the Brazilian Public Administration can be understood through three cumulative stages of development. The first one began just after the political crisis of 2013 and embraced international practices against corruption with a particular focus on strengthening private corporation integrity. The second, in 2016, tried to address the negative impact of PETROBRAS and other state-owned enterprises' crisis, improving their

corporative governance. Finally, the third, after 2017, clearly recognized the importance of better public governance mechanisms, like risk management and compliance systems, straight into Public Administration entities.

In 2013, the first governmental attempt to address these political and managerial crises was materialized by the Anticorruption Act (Law 12.846/2013). Like other international norms, such as the FCPA and UK Bribery Act, the Brazilian Anticorruption Act fixed an objective liability for companies involved in acts of corruption and imposed heavy sanctions in both civil and administrative spheres. In order to promote preventive measures against these practices, the Anticorruption Act also encourages the adoption of compliance systems by the companies, creating a momentary interest about this issue in Brazilian companies. At the initial reform period, the general reaction against public service ineffectiveness and corruption focused on the private corruptor agent, not on GRC improvement in governmental bodies.

In 2016, the second stage of reforms began with the approval of the new State-Owned Enterprises Act (Law 13.303/2016). The Brazilian Constitution establishes that the economic intervention of the government in the economy has an exceptional character (Article 173) and should serve national security purposes or relevant collective interests. However, numerous state-owned companies, at the federal, regional, or local level, provide public services in key areas of the economy – like communication, banks, oil, gas, water and energy supply, public transportation, etc. Even after an important period of liberalization, occurred during the 1990s, these public enterprises play an incredible role in national economic investment and growth, managing a massive budget, even greater than most of the ordinary Brazilian ministries. Since its creation, the directive board of these state-owned companies has been politically appointed and divided between the governing parties in a well-known spoil system. This lack of corporative governance opened doors for all kinds of misuse, fraud, and corruption, exactly as revealed during *Car Wash*. In order to mitigate some of these risks, the new State-owned Enterprises Act seeks to improve the corporate governance structures of those state-owned companies, by developing a new legal and corporative structure, promoting professional management and improving the purchase process. Observing the OCDE guidelines, the Brazilian State-Owned Enterprises Act established mechanisms to enhance performance and integrity, also aiming to contribute to greater economic efficiency (OCDE 2015).

The State-Owned Enterprises Act consists of two blocks: the first set new corporate governance mechanisms (Title I) and the second fixed new purchasing procedures (Title II). It is possible to highlight three relevant aspects of the new law. The first is an attempt to ensure the independence and professionalization of the Board of Directors, Audit Committee, and State Administration. The law regulates the criteria for appointment (Article 17), the creation of the statutory committee to evaluate the conformity of the process of nomination of directors (Article 10), the responsibilities of the Board of Directors regarding risk management (Article 18), the publication of the board's remuneration (Article 12, I), the annual and individual performance evaluation of managers and members of committees (Article 13, III), the term of office (Article 13, VI), and the commitment to specific goals and results to be achieved by the Administration (Article 23). The second is the establishment of minimum transparency requirements that create an obligation to (i) publish an annual letter of governance that links the planning and performance of state-owned enterprises to their public purpose; (ii) adapt the social status to the legislative authorization of its creation; (iii) disseminate information on risk factors, performance, financial and operational data, governance policies, and the integrated report; and (iv) publish the policies of information disclosure, distribution of dividends, and related party transactions (Article 8). The third is the implementation of an effective compliance system that strengthens the companies' internal risk management and internal control structures (Article 9). In addition, the Law required the adoption of rules and structures for risk management and internal control (Article 9), the approval of a Code of Conduct and Integrity (Article 9, §1), the binding of the responsible body to the CEO (Article

9, §2), and the creation of a statutory audit committee as an auxiliary body of the Board of Directors (Articles 24 and 25).

The third stage of reforms started in 2017 when the Presidency of the Republic enacted an executive order, called decree of governance (Decree 9.203/2017), setting the policy of public governance for all the public agencies that integrate the federal executive branch of government. This act originated from the recommendations set forth in judgment 1.273/205, made by the Brazilian Federal General Accounting Office, equivalent to the General Accounting Office of the United States. The recommendation (TC 020.830/2014-9) suggested to the Presidency of the Republic to develop a long-term plan to strengthen governance in the public agencies (TCU 2014). The decree of governance defines the main concepts and establishes principles, guidelines, and mechanisms for the exercise of public governance. The six principles to be observed by these public agencies are (i) the capacity to tackle public issues, (ii) integrity, (iii) reliability, (iv) regulatory improvement, (v) accountability, and (vii) transparency. It is inside this broad framework of governance, proposed by the Federal Court of Auditors, that risk management and compliance systems are currently evolving inside the Brazilian public administration. This act defines public governance as a set of leadership, strategy, and control mechanisms put in place to evaluate, direct, and monitor public management. The public governance is viewed as a way for conducting public policies and providing services of public interest, including risk management, as a permanent process established, directed, and monitored by senior management, which includes the activities of identifying, evaluating, and managing potential events that may affect the organization, in order to provide reasonable assurance about achieving its objectives.

Under this general framework of public governance improvement, risk management has been promoted as a tool that ensures the identification, evaluation, treatment, monitoring, and critical analysis of risks that may impact the implementation of the strategy and the achievement of the public agencies' objectives. According to the decree of governance (Article 17), four principles should guide the risk management implementation process: (i) application of risk management procedures in a systematic, structured, timely, and documented manner, subordinated to the public interest; (ii) integration of risk management into the strategic planning process and its developments, activities, work processes, and projects at all levels of the organization relevant to the execution of the strategy and the achievement of the institutional objectives; (iii) establishment of internal controls proportional to the risks, in order to consider their causes, sources, consequences, and impacts, observing the cost-benefit ratio; and (iv) use of risk management results to support continuous improvement of risk management, control and governance performance and processes.

Alike, as a way of promoting better governance, public agencies are also expected to implement compliance systems to prevent bribe, frauds, and conflict of interests and promote integrity behavior. This so-called integrity system should promote the adoption of actions and other institutional measures aimed at the prevention, detection, punishment, and remediation of fraud and acts of corruption (Article 19). It means that each public agency is obliged to create a unit responsible for implementing the compliance system. In addition, it is expected the top management's commitment and support; a periodical analysis, evaluation, and management of risks related to integrity; and continuous monitoring and improvement of integrity program attributes.

Since the decree's enactment, many public agencies have approved their own policies and plans to advance risk management and compliance systems. The Brazilian Federal General Accounting Office (TCU) and the General-Comptroller Office (CGU) have published guidelines to disseminate better practices and raise public agents' awareness about the importance of these tools for public governance (TCU 2018a, b; CGU 2018a, b, c). The implementation strategy tries to respect the diversity of the public agencies' nature, objectives, and institutional purposes, offering them a general framework within well-established procedures, based on international standards like COSO and ISO. After a short period of vacancy,

these mandatory initiatives will be periodically audited by TCU and CGU, allowing them to sanction the public agencies and their agents, if the practices are not being properly implemented. This process is expected to start in 2019 (Vieira and Tavares 2019).

The effective adoption of GRC measures, like risk management and compliance systems, is an important ally for overcoming the culture and practice of traditional Brazilian public administration patronage. In order to pursue the public value's creation and preservation, these tolls can be applied to develop a more democratic, transparent, accountable, and effective public administration in Brazil. However, while the basics of GRC may seem simple, these techniques are still quite challenging to implement because of the national political and managerial context.

## Cross-References


- ▶ Ethics and Good Governance
- ▶ Good Governance
- ▶ Governance, Brazil
- ▶ Governance of State-Owned Enterprises
- ▶ Public Administration Risk Management


## References


Abranches S (1988) Presidencialismo de Coalizão: O Dilema Institucional Brasileiro. Dados. Rio de Janeiro, IUPERJ 31(1):5–34

Abranches S (2018) Presidencialismo de coalizão: Raízes e evolução do modelo político brasileiro. Companhia das Letras, São Paulo

Andrews C, Bariani E (2009) Administração Pública no Brasil: Breve História Política. Editora UNIFESP, São Paulo

CGU (2018a) Ministério da Transparência e Controladoria-Geral da União. Metodologia de gestão de riscos. CGU, Brasília

CGU (2018b) Ministério da Transparência e Controladoria-Geral da União. Guia Prático de Implementação de Programa de Integridade Pública. CGU, Brasília

CGU (2018c) Ministério da Transparência e Controladoria-Geral da União. Manual Prático de Avaliação de Programa de Integridade em PAR. CGU, Brasília

Faoro R (1958) Os donos do Poder: Formação do Patronato Político Brasileiro. Globo, Rio de Janeiro

HMT. United Kingdom her majesty's Treasure (2004) The Orange Book: management risks – principles and practices. HMT, London

MARE – Ministério da Administração Federal e Reforma do Estado (1995) Plano Diretor da Reforma do Aparelho do Estado. Presidência da República, Brasília

MPOG. Ministério do Planejamento, Orçamento e Gestão (2013) Projeto de desenvolvimento do guia de orientação para o gerenciamento de riscos. MPGO, Brasília

OCDE. Organization for Economic Co-operation and Development (2015) OECD guidelines on corporate governance of state-owned enterprises. OCDE, Paris

Power T, Taylor M (2011) Corruption and democracy in Brazil: the struggle for accountability. University of Notre Dame Press, Indiana

TCU. Tribunal de Contas da União (2014) Acórdão 1.273/205. Processo de Tomada de Contas n° 020.830/2014-9. Relator: Ministro Augusto Nardes. Brasília: TCU

TCU. Tribunal de Contas da União (2018a) Referencial básico de gestão de riscos. TCU, Brasília

TCU. Tribunal de Contas da União (2018b) Manual de gestão de riscos do TCU. TCU, Brasília

Vieira J, Tavares R (2019) Governança, Gestão de Riscos e Integridade. Coletânea Gestão Pública. ENAP, Brasília


# River Law and Governance


Nabaat Tasnima Mahbub
China International Water Law (CIWL), School of Law, Xiamen University, Xiamen, China


## Synonyms

Internal Water Law; International Watercourse; River; River Basin; River Governance; Water Governance

## Introduction

Rivers were the center of human civilizations and have always been a crucial and precious natural resource for human survival and development. River basins cover almost half of the earth's surface and are sources of around 60% of world's freshwater flows. Rivers are also home to 40% of the world's population. Currently, there are 276 transboundary lakes and rivers worldwide, although

only 40% of them are governed by agreements. Where agreements exist, 80% involve only two countries, although there are other states which may also be part of the river or watercourse in question ("UN Watercourses Convention Online User's Guide-United Nations Watercourses Convention Enters into Force"). Rivers do not regard political boundaries, and therefore whenever a river crosses political boundaries of states, the question of utilization and management of the river becomes crucial (Varma 2013). Although there is a growing trend among the nations to reach and develop cooperative frameworks for the utilization and management of rivers, challenges still remain due to the conflicting interests of the upstream and downstream states in their respective claims over a shared river. Growing water scarcity is a challenge for the states and their governments who have the responsibility to devise effective and innovative solutions to the problem. At the Second World Water Forum, the Global Water Partnership (GWP), an international network involved in water resources management, presented a document titled *Towards Water Security: A Framework for Action* where it was observed that *the water crisis is mainly a crisis of governance* (Gunawansa et al. 2013). Since most of the rivers in the world are international in character and management of these rivers depends on the mutual cooperation among the states and their governance structure, law specifically international law may act as an effective tool in enhancing a sound management and effective governance of rivers. The next section provides definitions of some terms used in this entry for a better understanding of the issue of river law and governance.

## Definition

This entry makes reference to some technical and legal terms relevant to river law and governance which have been defined as follows:

### International Rivers, International Watercourses, and Transboundary Rivers

Rivers may be classified into "national rivers" which are fully located within the territory of a state and "international river" which flow through several states and may separate two different states or successively cut across two or more states (Aguilar and Iza 2011). In this entry, the terms "international rivers," "international watercourses," "transboundary rivers," "shared rivers," and "shared water resources" will be used interchangeably. "International rivers" also known as "transboundary rivers" is one either flowing through the territory of two or more states (known as "successive river") or one separating the territory of two states from each other (known as "contiguous river"). The term "international river" has evolved over the years and has given prominence to a more appropriate and inclusive term "international watercourse" (Salman and Uprety 2003).

Article 2(a) of the 1997 UN Watercourses Convention states, "*Watercourse means a system of surface waters and groundwaters constituting by virtue of their physical relationship a unitary whole and normally flowing into a common terminus*." Article 2(b) of the Convention defines "international watercourse" as a "*watercourse, parts of which are situated in different States*."

### River Basin

The expression "river basin" refers to the "area of land drained by a river and its branches, or tributaries" (Teclaff 1996).

### River Governance/Water Governance

In this entry, "river governance" and "water governance" have been used interchangeably, although "water governance" is a broader term than "river governance" since it includes all categories of water resources. The Global Water Partnership (GWP) defines "water governance" as "*a range of political, social, economic, and administrative systems, set out to develop and manage water resources and water supply at different levels of society.*" (Rogers and Hall 2003)

### International Water Law

The set of rules and principles of international law that governs the utilization, management, and protection of international rivers or watercourses is termed as "international water law" in the current legal literature.

## River Law and Governance

Governance of rivers has both national and international dimensions since most of the rivers are international and transboundary in character. Most states recognize integrated water management as an effective tool for improving water management and distribution, and within the domain of this approach, the concept of governance is defined by international law. River governance is operationalized by international law through the codification of principles and rights and duties of states regarding the management, utilization, and protection of shared water resources. International law, specifically international water law, acts as a vehicle for good governance and management of shared rivers. Therefore, the agreements concluded by the states for the governance and management of rivers should be properly implemented, and states should act to enhance their mutual cooperation and joint benefits through coordination of their laws, policies, and institutions. It should also be borne in mind that states are not the only actors or beneficiaries in the process of river governance. People are the real and direct stakeholders in the process, and their access to water should be guaranteed (Aguilar and Iza 2011).

Water governance was regarded as the most important issue in the 2001 Bonn Freshwater Conference, and it was proposed that *each country should have in place applicable arrangements for the governance of water affairs at all levels*. Undoubtedly, regulation and management of shared rivers or watercourses are part of international law. However, the portion of the river located within the national jurisdiction of a state is regulated by the national law of that particular state. Therefore, international water law and national water law cannot remain in isolation since they influence each other through both national and global standards. The development and codification of international water law were based on state practice, and national water law is one of the indicators of such practice. Again, international water law instruments created the parameters for the formulation of national water laws. Example may be given of the European Union where the member states have the obligation to make necessary changes to their national legislation to bring it into conformity with the European Community Directives and the European Union Water Framework Directive. States are also required to develop coordination mechanism for the integrated management of shared water resources (Aguilar and Iza 2011).

Effective water governance at the national level may lead to the effective governance of shared rivers at the international level. Due to the transboundary character of rivers, activities in one country may have an impact on the use of that river by other countries. Where the major portion of a country's territory is located within a shared river basin, the national water policy of the country should take into consideration such geographical circumstance and international commitments to other states sharing the river. Therefore, international and national law coexists and influences each other on the question of management of shared rivers. This may also be true for waters that are not shared or do not go beyond political boundaries of states since water may also move beyond boundaries without actually crossing the same through hydrological cycle (Aguilar and Iza 2011).

A complete understanding on the interaction between river law and governance requires some degree of elaboration on certain factors such as what international legal instruments govern international rivers, who are the important actors in river governance, what are the substantive governing norms as regards management and utilization of rivers, what procedure is to be followed in observance of such norms, and finally what kind of institutional mechanism has been offered by international law and how river disputes may be resolved. The following subsections provide an account of these crucial components for river governance.

### Existing International Legal Instruments for the Governance of Rivers

The international law instruments that made significant contribution toward the development of law relating to non-navigational uses of international rivers include the following:

### The 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes (UNECE Convention)

The Convention on the Protection and Use of Transboundary Watercourses and International Lakes was adopted on 17 March 1992 and entered into force on 6 October 1996. At the time of adoption, the Convention was only open to member states of the United Nations Economic Commission for Europe (UNECE). However, in November 2003, the Convention was amended to allow all UN member states to become parties to the Convention. The amendment entered into force in February 2013. The Convention has two protocols, the 1999 Protocol on Water and Health and the 2003 Protocol on Civil Liability. The Convention has provided a comprehensive framework for transboundary water cooperation across the UNECE region.

### The 1997 UN Convention on the Law of Non-navigational Uses of International Watercourses (UN Watercourses Convention)

The Finnish delegation at the UN proposed an agenda titled *Progressive development and codification of the rules of international law relating to international watercourses* to be included in the agenda of the UN General Assembly meeting of 1970. In accordance with the Finnish proposal, the General Assembly adopted Resolution 2669, entrusting the International Law Commission (ILC) with the task of initiating a study on the law of non-navigational uses of international watercourses. The work of ILC took almost three decades and finally led to the adoption of the Convention on the Law of the Non-navigational Uses of International Watercourses on 21 May 1997. The Convention came into force in August 2014 (Chazournes 2009). The Convention holds special significance from governance perspective since it introduces a single set of criteria to be observed by all countries within international river basins. These criteria determine the issues that countries should discuss on the management, utilization, and protection of their shared rivers, thereby facilitating transboundary river cooperation and accountability of governments to their own countries and regions ("UN Watercourses Convention Online User's Guide-United Nations Watercourses Convention Enters into Force").

### Other Regional/Multilateral Legal Instruments

Other legal instruments of limited geographical scope include:

- The Amazon Cooperation Treaty, 1978
- The 2000 Protocol on Shared Watercourse Systems in the Southern African Development Community (SADC)
- The Directive 2000/60/EC of the European Parliament and Council, establishing a community framework for action in the field of water policies
- The 1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin
- The 1999 Convention on the Protection of the Rhine
- The 1994 Convention on Cooperation for the Protection and Sustainable Use of the Danube

## Actors in River Governance

River governance is a complex process involving multiple levels of actors including national governments, civil society, river basin organizations, intergovernmental organizations, dispute settlement bodies, international financial institutions, nongovernmental organizations, and individuals. Any discussion on river governance is incomplete without an account of these actors. National governments influence river governance through domestic policies and activities and also through their interaction with other states. Different bodies of the UN have been mandated to conduct activities regarding international watercourses. These UN bodies and specialized agencies include the UN-Water, UNDP, UNESCO, UNEP, the Water Supply and Sanitation Collaborative Council, FAO and WHO, etc. World Bank and other development banks finance projects dealing directly or indirectly with international watercourses. One of the five areas of focus of the Global Environmental Facility (GEF), established in 1994 as an independent institution, includes "international waters."

GEF finances projects involving 33 river basins and facilitates joint management of surface and groundwater basins as well as coastal and marine waters. Other organizations or institutions having specific functions on the issue of water governance include the International Network of Water Basins (INBO), the Global Water Partnership (GWP), the World Water Council, and the International Union for the Conservation of Nature (IUCN). These institutions and organizations serve to promote interaction between organizations involved in river basin management, capacity building, knowledge sharing, public awareness, and promotion of efficient management and utilization of water resources. Apart from these organizations and institutions, reference should also be made about the contribution of some international and national NGOs working on the legal and policy aspects of watercourse-related issues. The World Wildlife Fund (WWF) is an example of such an international NGO (INGO) whose active engagement promoted the ratification of the UN Watercourses Convention and facilitated the entry into force of the Convention. Adjudicative bodies like the International Court of Justice and other arbitral tribunals established under watercourse agreements are also important actors in river governance since they play a pivotal role in the process through the interpretation of international water law norms and principles and settlement of watercourse disputes (UNEP 2015).

## Substantive Governing Norms of River Governance

Management and governance of international rivers involve legal, scientific, and policy issues, and international water law acts as a platform for integration of these issues. It also lays down the rights and duties of states in the management of shared rivers and the procedure for the implementation of the same. There are about 400 agreements governing international cooperation on transboundary rivers. However, the current discussion will make a number of references from the provisions of the 1997 UN Watercourses Convention and the 1992 UNECE Convention since these two instruments are considered as global legal regime on the regulation of international rivers (Wouters 2013).

### Equitable and Reasonable Utilization

Major international water law instruments recognize the substantive right of states to "equitable and reasonable use" of shared water resources. A state is entitled to an equitable and reasonable share of the uses and benefits of its watercourse, although there is a reciprocal obligation on the part of that state to refrain from depriving other states of their respective rights to the watercourse in question. Equitable utilization is based on the principle of sovereign utilization of the watercourse which confers on the state a right to the utilization of the watercourse which is qualitatively equal to the rights of other states. Reasonable utilization implies the concept of rationality and takes factors such as the socioeconomic development of a state into consideration ("Equitable and Reasonable Utilisation: UN Watercourses Convention User's Guide").

Article 5(1) of the UN Watercourses Convention affirms, "*Watercourse States shall in their respective territories utilize an international watercourse in an equitable and reasonable manner.*" Article 6 of the Convention sets forth a non-exhaustive list of social, environmental, economic, and hydrographic factors to be considered when evaluating equitable and reasonable use. It is important to note that Article 10 of the Convention gives priority to "vital human needs" over other uses of a river. Article 2 of the UNECE Convention also requires states "*to ensure that transboundary waters are used in a reasonable and equitable way, taking into particular account their transboundary character, in the case of activities which cause or are likely to cause transboundary impact*."

### No Significant Harm

Another key substantive rule contained in the UN Watercourses Convention includes the "duty not to cause significant harm to other states sharing the watercourse." Article 7 of the Convention requires the states to take all appropriate measures to prevent the causing of significant harm to other states sharing the watercourse. The Convention

does not impose an absolute prohibition on causing harm and recognizes the probability that such harm may occur even during the equitable utilization of the watercourse in question. However, it provides that when such harm does occur, the states causing the harm shall take all appropriate measures, in consultation with the affected state, to eliminate or mitigate such harm and discuss the question of compensation.

Article 2 of the 1992 UNECE Convention states, "*the Parties shall take all appropriate measures to prevent, control and reduce any transboundary impact*." The Convention defines "transboundary impact" as "*any significant adverse effect on the environment resulting from a change in the conditions of transboundary waters caused by a human activity, the physical origin of which is situated wholly or in part within an area under the jurisdiction of a Party, within an area under the jurisdiction of another Party*" [Article 1(2)].

### Duty to Cooperate

Cooperation is a key to promote efficient governance of shared rivers. It is a principle which may facilitate states to reach consensus on the utilization and management of rivers. International water law treats cooperation among states as a duty and requires states to manage their shared rivers in a cooperative manner. Article 8(1) of the 1997 UN Watercourses Convention states, "*Watercourse States shall cooperate on the basis of sovereign equality, territorial integrity, mutual benefit, and good faith in order to attain optimal utilization and adequate protection of an international watercourse*" (Schulz 2007). Although there are multiple challenges to the governance of transboundary rivers, in most cases states have chosen the path of cooperation rather than conflict. This is also supported by the Transboundary Freshwater Dispute Database (TFDD) prepared by the Oregon State University, according to which among more than 1,800 events of conflict or cooperation over shared water resources occurring since 1948, most of the events represent instances of cooperation (Gerlak and Schmeier 2013). Cooperation is made practical through some procedural rules of international water law which include the creation of river basin organizations, information exchange, notification, consultation, etc. In observance of the duty to cooperate, states may adopt various combinations of these mechanisms (Schulz 2007).

### Protection and Sustainable Management of Rivers

Both the UN Watercourses Convention and the UNECE Convention recognize the need and importance of the protection, preservation, and sustainable management of shared watercourses and their ecosystems. The obligation of states to protect the ecosystems of watercourses has been laid down in Article 20 of the UN Watercourses Convention which states, "*watercourse States shall, individually and, where appropriate, jointly, protect and preserve the ecosystems of international watercourses*." Articles 21, 22, and 23 of the Convention further elaborate this obligation to include prevention, reduction, and control of pollution, prevention of the introduction of alien species, and protection and preservation of the marine environment. Article 2 of the UNECE Convention also adds emphasis on the conservation and restoration of watercourse ecosystem.

The concept of sustainable development embodies the objective or consideration which guides management and conservation of resources. Article 5(1) of the 1997 UN Watercourses Convention states, "*an international watercourse shall be used and developed by watercourse States with a view to attaining optimal and sustainable utilization thereof and benefits therefrom, taking into account the interests of the watercourse States concerned, consistent with adequate protection of the watercourse*." Again Article 24 of the same Convention, while defining "management of international watercourse," states that "management" refers *to* "*planning the sustainable development of an international watercourse and providing for the implementation of any plans adopted*" and "*promoting the rational and optimal utilization, protection and control of the watercourse*." Article 2(5)(c) of the 1992 UNECE Convention requires that, "*Water resources shall be managed so that the needs of the present generation are met without compromising the ability of future generations to*

*meet their own needs*." Article 2 further requires states to take all appropriate measures to ensure the conservation of transboundary waters. Again Article 3(1)(i) of the Convention requires parties to promote sustainable water resources management. Thus sustainable management is considered as an evolving element in the governance of shared rivers and water resources (Birnie et al. 2009).

## Procedural Norms of River Governance

Procedural norms of river governance are instrumental toward implementation of the substantive norms. Both the 1997 UN Watercourses Convention and the 1992 UNECE Convention provide for procedural duties of states before initiation of projects or activities affecting the use of the shared river or watercourse.

### Notification, Consultation, Negotiation, and Exchange of Information

Articles 11–19 of the UN Watercourses Convention provide detailed rules on notification, consultation, and negotiations regarding planned measures adopted by a state which might have a significant adverse effect on other states sharing the river. Article 11 is a general provision which embraces the process of notification, consultation, and negotiation concerning planned measures. Article 11 states, "*watercourse States shall exchange information and consult each other and, if necessary, negotiate on the possible effects of planned measures on the condition of an international watercourse*." Article 12 provides the rule concerning notification, the time of making notification, and the information to be included with the notification. According to Article 12, such notification has to be made before the state implements or permits the implementation of planned measures which may have a significant adverse effect upon other states. Such notification shall be accompanied by available technical data and information, environmental impact assessments, in order to enable the notified states to evaluate the possible effects of the planned measures. Articles 13–16 lay down the provisions for period of reply to notification and subsequent procedure thereof.

Article 17 of the Convention provides for consultation and negotiation concerning planned measures. Article 17 requires that if a communication is made against the implementation of the planned measures, the notifying state and the state making the communication shall enter into consultations and, if necessary, negotiations with a view to arriving at an equitable solution of the situation. During the course of the consultations and negotiations, the notifying state shall, if so requested by the notified state at the time it makes the communication, refrain from implementing or permitting the implementation of the planned measures for a period of six months unless otherwise agreed. The obligation to refrain from the implementation of measures can be relaxed in urgent situations when the measure is necessary to protect public health and safety. The UNECE Convention also requires the state parties to observe similar categories of procedural obligations.

Exchange of data and information is crucial for the equitable utilization of the watercourse in question and also for the prevention of significant harm since without proper information it will be difficult for a state to regulate uses and to ensure protection of the watercourse. Article 9 of the UN Watercourses Convention which deals with regular exchange of data and information concerning the shared watercourses provides that states sharing a watercourse shall on a regular basis exchange readily available data and information on the condition of the watercourse, in particular that of a hydrological, meteorological, hydrogeological, and ecological nature and related to the water quality as well as related forecasts. If a state is requested by another state to provide data or information that is not readily available, it shall employ its best efforts to comply with the request but may condition its compliance upon payment by the requesting state of the reasonable costs of collecting and processing such data or information. Article 9 of the UNECE Convention requires state parties to enter into bilateral/multilateral agreements to establish joint bodies for the purpose of exchange of information on existing and planned uses of water and related installations that are likely to cause

transboundary impacts. It also requires states to participate in the environmental impact assessment processes relating to transboundary waters.

### Public Participation

Participation is considered as a key to successful environmental decision-making, environmental justice, and good governance. Effective river governance entails the participation of all relevant stakeholders. The UNECE Convention and its Protocol on Water and Health contain rights on public information and participation. Article 5(i) of the Protocol provides "*access to information and public participation in decision-making concerning water and health are needed, inter alia, in order to enhance the quality and the implementation of the decisions, to build public awareness of issues, to give the public the opportunity to express its concerns and to enable public authorities to take due account of such concerns*." Article 9(1) requires the parties to "*enhance the awareness of all sectors of the public regarding the importance of … water management and public health (and) the rights and entitlements to water and corresponding obligations*." Under Articles 11–14, the public is also endowed with the right of being notified of and involved in international cooperation on transboundary waters and the development of commonly agreed targets and joint water management plans ("UNECE-Guide to Public Participation under the Protocol on Water and Health").

## Institutional Mechanism for River Governance

The institutional mechanism as contained in most of the watercourse agreements is particularly crucial for river governance. Interstate cooperation in the management of rivers is achieved through the establishment of joint commissions and institutions. These institutions serve as a platform for effective management of transboundary rivers as well as for reconciliation of competing interests of the states in their shared waters. Such institutions or organizations [sometimes also referred to as the "River Basin Organization" (RBO)] are created by agreements between the states (Aguilar and Iza 2011). The creation of joint institutions or RBOs leads to the concretization of the obligation of cooperation and equitable and reasonable utilization. Article 8(2) of the UN Watercourses Convention states, "*in determining the manner of such cooperation, watercourse states may consider the establishment of joint mechanisms or commissions, as deemed necessary by them, to facilitate cooperation on relevant measures and procedures in the light of experience gained through cooperation in existing joint mechanisms and commissions in various regions*." Article 24 of the UN Watercourses Convention states, "*Watercourse States shall, at the request of any of them, enter into consultations concerning the management of an international watercourse, which may include the establishment of a joint management mechanism*."

The UNECE Convention also requires the creation of river basin organizations. Under the Convention, the Meeting of the Parties (MOP) and its subsidiary bodies have been entrusted with the implementation of the agreement. Almost all the recent watercourse agreements have established joint institutions with a variety of structures and functions. Instances of such organizations include the Niger Basin Authority, the Mekong River Commission, the Permanent Indus Commission, the International Commission for the Protection of the Rhine, the International Commission for the Protection of the Danube, etc. (Schulz 2007). It is pertinent to note that a national institution responsible for the management of a shared river within its territory can influence the decisions of and coexist with an institution or supranational body that has authority and jurisdiction over the entire river basin (Aguilar and Iza 2011).

## Settlement of Disputes

An effective dispute settlement mechanism enhances the efficiency of the legal arrangements governing the management of shared rivers. Settlement of disputes concerning international watercourses can be achieved through two mechanisms. First, the disputes may be resolved through private remedies sought from the courts and tribunals. Such mechanism is more effective and expeditious and therefore more convenient for the injured party. It is also very appropriate where the dispute arises between two parties from

different sides of the international boundary. Second, in some cases watercourse disputes may be resolved through the assistance of some expert bodies. Joint institutions/commissions as discussed in the previous section may be empowered with the authority and competence to resolve disputes or to recommend solutions to the states involved in the dispute (McCaffrey 2007).

Article 33 of the UN Watercourses Convention proposes a voluntary mechanism for settlement of interstate disputes by peaceful means. Article 33(2) of the Convention provides, "*if the Parties concerned cannot reach agreement by negotiation requested by one of them, they may jointly seek the good offices of, or request mediation or conciliation by, a third party, or make use, as appropriate, of any joint watercourse institutions that may have been established by them or agree to submit the dispute to arbitration or to the International Court of Justice*."

Article 33(3) refers to a mechanism of "fact-finding" stating that if after six months from the time of the request for negotiations, the parties have not been able to settle their dispute through negotiation or by any other means referred above, it shall be submitted, at the request of any of the parties, to impartial fact-finding. Articles 33-(4)–33(9) provide the rules for creation, function, and operation of the Fact-finding Commission. Article 33(10) sets out an alternative method providing scope for referring the dispute to the International Court of Justice or to an Arbitral Tribunal for settlement.

Article 22 of the UNECE Convention lays down the method for settlement of disputes between the parties. According to Article 22, the parties are required to seek resolution of their disputes by negotiation or by any other means acceptable to them. Alternatively the parties may also refer their disputes to the International Court of Justice or to the arbitration.

## Conclusion

One of the greatest challenges that the international community is facing today is having adequate access to freshwater of sufficient quality and quantity to meet human need, to enhance social and economic progress, and to protect the environment and ecosystem. In order to deal with such ever-growing challenge, river governance structure needs to be developed in a flexible and efficient manner. This may be achieved through a continuous evolution and development of international legal norms and institutions which deal with this issue. As discussed, governance structure of international rivers or watercourses is subject to laws, principles, non-binding instruments, and guidelines. However, complexities remain in the legal framework for the regulation of rivers or watercourses. Most of the states are parties to more than one international water agreements, although some international rivers or watercourses are not governed by any agreements. Dual regulation also exists where a state becomes party to a river basin agreement and to another agreement regarding a sub-part of the same basin at the same time. Again, sometimes a state becomes party to agreements covering more than one river basin. In such situations, states become bound to comply with multiple norms and to reconcile between different obligations and to function with several river basin institutions. Unlike the other multilateral environmental legal regime, there is no institution like the Secretariat or the Conference of Parties (which are entrusted with the function of implementation of the treaty under the auspices of which they have been established) under the international watercourse agreements (with the exception of the 1992 UNECE Convention which has provision for Meeting of Parties and Secretariat). The presence of such institutions could facilitate good practices among the states and coordination among different regional and basin institutions. Consequently, the legal framework for the governance and regulation of shared rivers remain to be over-lapping and fragmented in character. Effective and efficient river governance therefore calls for coordination and cooperation among the diverse actors, participants and stakeholders concerned in the governance of shared freshwater resources (UNEP 2015).

## References


Aguilar G, Iza A (2011) Governance of shared waters. Legal and institutional issues, vol 58 rev. IUCN, Gland

Birnie P, Boyle A, Redgwell C (2009) International law and the environment, 3rd edn. Oxford University Press, Oxford/New York

Chazournes LB (2009) Freshwater and international law: the interplay between universal, regional and basin perspectives. World water assessment programme side publication series: insights. UNESCO, Paris

Equitable and Reasonable Utilisation: UN Watercourses Convention User's Guide. Fact sheet series. Number 4 from www.dundee.ac.uk/water

Gerlak AK, Schmeier S (2013) Cooperation for the sustainable governance of international watercourses: the role of river basin organizations. Glob Dialogue 15(2): 54–60

Gunawansa A, Bhullar L, Hoque SF (2013) In: Gunawansa A, Bhullar L (eds) Water governance an evaluation of alternative architectures: introduction. Edward Elgar, Cheltenham/Northampton

McCaffrey SC (2007) The law of international watercourses: non-navigational uses. Oxford University Press, Oxford/New York

Rogers P, Hall AW (2003) Effective water governance, vol 7. GWP TEC Background Papers, Global Water Partnership, Elanders Novum

Salman SMA, Uprety K (2003) Conflict and cooperation on South Asia's international rivers: a legal perspective. World Bank Group, Washington, DC

Schulz A (2007) Creating a legal framework for good transboundary water governance in the Zambezi and Incomati river basins. Georgetown Int Environ Law Rev 19:117–183

Teclaff LA (1996) Evolution of the river basin concept in national and international water law. Nat Resour J 36(2):359–392

UN Watercourses Convention Online User's Guide -United Nations Watercourses Convention Enters into Force. Retrieved 9 Apr 2016 from http://www.unwatercoursesconvention.org/news/united-nations-watercourses-convention-enters-into-force/

UNECE-Guide to Public Participation under the Protocol on Water and Health. 9 Apr 2016 from http://www.unece.org/fileadmin/DAM/env/water/publications/PWH_public_participation/GuidePublicParticipationPWH_WEB_EN.pdf

UNEP (2015) Freshwater law and governance: global and regional -perspectives for sustainability. Retrieved 9 Apr 2016, from UNON Publishing Services Section http://www.unep.org/environmentalgovernance/Portals/8/publications/freshwater-law-governance.pdf

Varma GS (2013) A bridge over troubled waters: legal principles of river sharing and framework for management of transboundary rivers. Indian Council of World Affairs, New Delhi

Wouters P (2013) International law- facilitating transboundary water cooperation. Global Water Partnership (GWP), Stockholm


# Role Abandonment in Emergency Response


Mark Landahl
Frederick County Sheriff's Office, Frederick Community College, Frederick, MD, USA


## Synonyms

Ability to report; Reporting for duty; Willingness to report

## Definition

The conventional belief that public safety employees will fail to report or remain on duty in extreme events.

## Introduction

Well before the landmark event of Hurricane Katrina, US Department of Homeland Security policy and planning guidance to all levels of government included the possibility that emergency responders may not report for duty or may abandon their posts during extreme events. The fact that emergency services and other critical government employees will report and remain on duty is a key underlying assumption to emergency plans. It is well documented among various government and other reports that approximately 17% of officers (240 of 1450) of the New Orleans Police Department (NOPD) failed to report or abandoned their posts following Hurricane Katrina (Kushma 2007). The significance of this fact to emergency planning assumptions is the subject of debate. Some argue this as evidence that governments need to plan for this eventuality, while others cite it as an anomaly resulting from unique organizational factors unlikely to be repeated.

The purpose of this article is to examine the issue of role abandonment in emergency response based upon the several academic lenses used to study aspects of the issue. The article first seeks to

define the phenomenon. Second, it examines the theoretical foundations and research methods used to study the issue across academic disciplines. Finally, the article examines research findings for application to government emergency planning.

## Defining Role Abandonment

Defining the phenomenon of responders remaining on or reporting for duty when called in terms of role abandonment assumes a sociological focus. The following section expands to explain other academic views. In sociology, the concept of role is based on a position an individual occupies in the social system and the associated behavioral expectations or norms (Merton 1957). In terms of government response personnel and other essential government employees in extreme events, the associated behavioral expectation is to report and remain on duty. In these terms, the Hurricane Katrina example clearly does not meet the behavioral expectations of the role of a police officer.

An individual occupies multiple social roles. In these often-overlapping roles (family, work, community, etc.), strain (Theory of Role Strain) can develop among competing demands to engage the obligations of multiple roles. This conception of social role is generally economic in nature in that participation in roles is limited by time, space, and human energy. A competing theory identifies that the accumulation of additional social roles does not necessarily result in conflict or negative outcomes. These theories did not develop in the study of the emergency period of extreme events, but inform the overall concept of social role.

A branch of sociology, disaster sociology, examines the concept of role through the phases of disaster (mitigation, preparedness, response, and recovery). Dynes (1987) describes that the difficulty in conceptualizing social roles within the context of disasters is that disasters themselves are ill-defined. The goal in this paper is not to engage all aspects of definitional challenges, but recognize the difficulties in which this problem is situated. Two volumes and many additional papers specifically examine definitions of emergencies, disasters, and catastrophes. While the works do not reach consensus, they generally agree that quantitative and qualitative differences exist in scale of severity among the types of events (Quarantelli 2008). The severity of the event places extreme resource requirements on individuals, organizations, and communities to cope with the consequences. It is generally accepted that the example of Hurricane Katrina constitutes something more than a disaster, perhaps a catastrophe.

## Theories and Research Methods for Examining the Issue

As described above, the potential problem of responders failing to report or remain on duty in extreme events is studied through multiple academic lenses. Early studies in disaster sociology examined aspects of the issue as introduced above and discussed further below. This line of research developed and continued through the 1980s. In the early 1990s, a new line of research developed in the public health and medical field using different underlying theories with conflicting results. These studies examine the willingness and ability of hospital personnel to report for duty. The following paragraphs discuss these two lines of research.

The public health and medical line of research grew out of a study during the Gulf War in the 1990s. While under the threat of scud missile attack potentially armed with weapons of mass destruction, researchers in Israel polled critical hospital staff on their ability and willingness to report to duty under varying conditions (Shapira et al. 1991). The study became the first in a still developing line of research examining the potential problem. Early studies lacked theoretical underpinnings and examined this as a practical problem in the context of the emergency period. Later studies developed under workplace safety models and eventually applied the extended parallel process model, couching the willingness to report for duty as a function of personal appraisal

of the threat and one's belief in their ability to successfully manage the situation. These studies are generally predictive in nature, posing respondents with scenarios that follow with questioning on their willingness and ability to report for duty. These studies of staff intentions show predicted abandonment rates far above those ever recorded in the response to actual disasters (Trainor and Barsky 2011). Most predicted abandonment rates from these studies are more than double the actual observed rate in the extreme example among police officers in Hurricane Katrina.

As explained above, early studies in the field of disaster sociology assume conflict and strain develop among multiple social role expectations in extreme events that lead to role abandonment. This early research focused on social roles defined by the primary group (family) that come into direct conflict with other social roles including work roles (emergency response) (Killian 1952). Killian (1952) identified that the primary group always takes priority leading to abandonment of the emergency response role.

In contrast to the public health line of research, studies in disaster sociology examine actual events to trace human behavior during the extreme events. Disaster sociology seeks to understand behavior in future events by studying actions in previous events. Dozens of subsequent empirical studies following the initial findings of Killian (1952) refute these early claims about role conflict and the primary group. On the individual level, these studies of behavior in the emergency period of disaster show role abandonment as a rare event, earning the moniker of a disaster myth. The behavioral studies led to advancement of the concept of role simplification in disaster. Researchers found that role strain is an aspect of daily life and disaster releases many normal role obligations. In addition, they argue that the enactment of roles is value based. In disaster, some role norms and values become more important and others become less important. In the emergency period, the response role becomes the most critical.

An example from a medical event illustrates the findings. Healthcare workers in Toronto, Canada, in 2003 faced an unfamiliar disease, with limited information about transmission, and expectation of high mortality rates in the early phases of the response to Severe Acute Respiratory Syndrome (SARS). Under these conditions, healthcare workers continued to report to work despite the unknown aspects of the disease, their colleagues falling ill and public concern about an epidemic (Booth and Stewart 2003). This example of behavior during an actual event is consistent with the findings of disaster sociologists across extreme events. Many expect that the novelty and unknown aspects of events, such as terrorist attacks, or biological material attacks, would result in differences in the human response. Studies that extended to these events show behavior patterns generally consistent with those found in studies of more common events, such as natural disasters.

Aspects of emergency response professions and common phenomena of disasters also aid in keeping responders on duty. Emergency responders self-select for professions and develop strong bonds within work groups, departments, and across regions that are hallmarks of the various response disciplines (such as law enforcement, firefighters, paramedics). Abandoning posts and leaving others to do the job are not norms in these professions. On the community scale, one of the truisms of disaster response is the concept of convergence. While in the initial response to disasters resources may be limited, in the aftermath personnel and material move toward or converge on, rather than move away from disaster locations (Fritz and Mathewson 1957). Convergence provides community resources from outside of affected areas to support operational and material needs. The personnel relief in the aftermath, often based on mutual aid provision by other departments, can allow local responders time off to attend to personal and familial needs without impacting operational capability.

Questions do remain about the impact of disaster scale. Some question whether research-derived knowledge of behaviors in disasters are directly applicable to larger-scale catastrophic events (Quarantelli 2008). Researchers continue to study this issue as a potential problem for

response despite few examples of behavioral manifestation in actual events. The topic remains of interest, particularly as it has not been completely disregarded as a potential outcome of extreme events. Work is still to be done on the full spectrum of conditions that could lead to abandonment of the emergency role. A helpful aspect of the public health research is the identification of potential areas of conflict and the preparedness actions that organizations can take to minimize strain.

## Conclusion: Application of Research Findings to Government Policy and Planning

Disaster myth or not, police officers failed to report and remain on duty in Hurricane Katrina. Although the rate was far below predicted rates from public health and medical studies, this number is also more than those shown in previous disasters revealed in studies by disaster sociologists. As such, it is not sufficiently explained by either line of research. Some advance that the scale of the event (disaster vs. catastrophe) resulted in unexpected abandonment by police officers. This argument is countered by the fact that similar abandonment rates were not noted in other response disciplines or organizations in the same discipline. This points to organizational issues within NOPD that fostered conditions for abandonment, including the failure to follow established preparedness protocols (Adams and Stewart 2015).

First response and other organizations with requirements for employees to report in extreme events need to engage several preparedness actions. Employees should be familiar with response roles based upon well-developed plans, policy, and regular specific training and exercises (Mileti 1985). Organizations should be prepared to openly and accurately communicate the situation and risks with employees. Emergency recall guidelines should clearly articulate expectations with established methods for communication. Organizations should also encourage individual employee and family preparedness. Preparedness plans for the organization should also include mechanisms for family communication and support during emergencies and relate the anticipated level of support in on-duty and off-duty statuses to personnel. Employees should also be properly equipped for emergency roles with an organizational focus on employee safety and health. While role abandonment by responders continues to be unlikely, but possible, these organizational actions can reduce the factors that may lead to strain and abandonment.

## Cross-References

► Absenteeism in Organizations

## References

Adams TM, Stewart LD (2015) Chaos theory and organizational crisis: a theoretical analysis of the challenges faced by the New Orleans police department during hurricane Katrina. Public Org Rev 15(3): 415–431

Booth CM, Stewart TE (2003) Communication in the Toronto critical care community: important lessons learned during SARS. Crit Care 2003(7):405–406

Dynes RR (1987) The concept of role in disaster research. In: Dynes RR, DeMarchi B, Pelanda C (eds) Sociology of disasters: contributions of sociology to disaster research. Franco Angeli, Milano, pp 71–102

Fritz C, Mathewson JH (1957) Convergence behavior in disasters: a problem of social control. National Academy of Sciences, National Research Council, Washington

Killian L (1952) The significance of multiple-group membership in disaster. Am J Sociol 57:309–314

Kushma J (2007) Role abandonment in disaster: should we leave this myth behind? Nat Haz Obs 31:4–5

Merton RK (1957) The role set: problems in sociological theory. Br J Sociol 8:106–120

Mileti D (1985) Role conflict and abandonment in emergency workers. Emerg Manag Rev 2:20–22

Quarantelli EL (2008) Conventional beliefs counterintuitive realities. Soc Res 75:873–904

Shapira Y, Baruch M, Roziner I, Shochet T, Bar Y, Shemer J (1991) Willingness of staff to report to their hospital duties following an unconventional missile attack: a state-wide survey. Isr J Med Sci 27:704–711

Trainor J, Barsky L (2011) Reporting for duty? A synthesis of research on role conflict, strain, and abandonment among emergency responders during disasters and catastrophes. University of Delaware Disaster Research Center, Newark

# Role of Bureaucracy in Public Policymaking in Ghana

Abdulai Kuyini Mohammed
Department of Political Science,
University of Ghana, Legon, Accra, Ghana

## Synonyms

Complementarity or conflict in politico-bureaucratic functions; Ghanaian civil service and public decision-making; Politics-administration dichotomy; Public administrators and public problem-solving

## Definition

Bureaucrats are public administrators who are appointed to work under the executive arm of the government. When a government takes a decision or chooses a course of action in order to solve a social problem and adopts a specific strategy for its planning and implementation, it is known as public policy (Anderson 2006). The precise contribution of public administrators to public policy development, implementation, and evaluation is a subject of controversy with some observers assigning them a more assertive and influential role, while others claim their contribution is minimal and less influential and subject to political control. This article interrogates these contending claims in Ghana to determine which view prevails and what the attendant consequences are.

## Introduction

In many countries today, the bureaucracy no longer commands the respect it once had due partly to a range of criticisms that have been directed against it, an attack that has led to radical public sector reforms commencing from the 1980s (Dunleavy et al. 2006). A suspicion of bureaucracy is clearly not novel as it long predates Weber (Albow 1970) and continues in many forms. What may distinguish the current onslaught, however, is that it comes from all sides: from the left, for example, on the power of the civil service to frustrate the will of elected governments, and from the right on the entrenched ideology of the state machine, its inefficiency, and above all its size (Gray and Jenkins 1985: 14).

In developing countries, criticisms of similar kinds have been directed at the bureaucracy, and these have been well documented (see Flynn 2002; Larbi 2003; Kenneth 2000). In Ghana, for example, the civil bureaucracy has been described as "a moribund, paper-pushing institution" (Nti 1978). Succeeding governments have often doubted the capacity of the civil service to implement policies and programs largely because of the perception that it lacked the commitment and political direction; it is over-bureaucratized, rigid, inflexible, and corrupt. For example, the first postindependence leader, Dr. Nkrumah, resolved that, "he would see to it that there were no 'civil masters' as under colonial rule but civil servants carrying out the policy decided by the cabinet" (Gyimah-Boadi and Rothchild 1990: 233). The two scholars assert that "senor officers were regarded with suspicion," which culminated in their loyalty being thrown into question. The Nkrumah's regime ensured that the bureaucracy was firmly brought under the control of the political executive (Ayee 2001). Similarly, Flt. Lt. Rawlings' Provisional National Defense Council (PNDC) military government blamed the civil service for not only sabotaging its policies and foot-dragging but also characterized the top echelon of the service as "allies of imperialism and neocolonialism which should be subjected to revolutionary overthrow and not mere reforms" (Republic of Ghana, 1982:0.5–6).

Moreover, since the ushering in of the new democratic dispensation in 1993, as a result of its unsatisfactory performance, the public service and public administrators have been severely lambasted by political leaders. They are seen as inefficient, incompetent, unresponsive, tunnel-hallucinated, secret, and isolationist. This attack of the public service has become an effective means to defend deep-seated pro-market reforms,

including downsizing the public sector and transforming the public service in the image of business enterprise, thus facilitating the expansion of political control over public administrators (Ayee 2013: 449).

Similar sentiments were expressed by the Advisory Group set up by the New Patriotic Party government in 2004 to guide the redesigned agenda of the Public Sector Reform program. The group identified the following weaknesses of the public service: ineffective leadership, weak management, lack of vision, low morale, excessive bureaucratic delays, low capacity for planning and implementation, pervasive image of corruption, fear, lack of discipline, poor working conditions and low remuneration, and excessive and erratic politicization (Republic of Ghana, 2006).

So if the bureaucracy has received bashings from successive Ghanaian governments for its inefficiency, ineffectiveness, and irresponsiveness, the question that then arises is: why has the Ghanaian civil bureaucracy remained an indispensable agent in the conduct of public business including public policymaking? This paper interrogates this question by addressing the following minutiae: (1) What role did the bureaucracy play in policymaking during the colonial era? (2) How does the role of the colonial bureaucracy compare with that of its counterpart in postindependence Ghana? (3) Has the role of the postindependence bureaucracy remained the same under successive governments? (4) What are the consequences of the static or changing role of the bureaucracy in policymaking? (5) What should be done to make the bureaucracy much more effective and efficient in the public policy process?

This article is designed such that part one accounts for the role of the bureaucracy in the colonial era. Part two traces the shifts in bureaucratic policymaking roles and relationships across regimes in postindependence Ghana. The third part examines the outcomes of the changes in the nature and extent of administrative involvement in public policy formation and execution. The fourth part explores ways to improve the efficiency and effectiveness of the bureaucracy in the public policy process.

## Perspectives on the Role of the Bureaucracy in Policymaking

Elected and appointed officers are partners in the governance process, by conducting the business of the nation by deciding policies, enforcing laws, and managing and evaluating numerous programs and projects. In essence, political executives and bureaucrats in different government ministries, departments, and related agencies set out what they envisage to achieve and set out methods and principles they will use to achieve their objectives. For the public, it is often quite formidable to discern who is actually making the policy choices or administering the policies decided on (Rashid 2014). This is complicated by the activities of a whole set of external actors and stakeholders, such as think tanks, interest groups, and the media, that interact with politicians and bureaucrats in myriad ways in an effort to influence policy decisions and outputs. In some cases, bureaucrats appear to be leading the policy process, while on other occasions, politicians are the dominant force (Rashid 2014).

A fundamental difficulty is to pinpoint and make sense of the highly variable line of interaction between politicians and bureaucrats (Jahan and Shahan 2008: 309). Some writers claim that it is difficult to make a distinction between the administrative and political worlds in government because of the ways in which they are intertwined with each other. Straightforwardly concentrating on the hierarchy of authority can be misleading as the actors involved have varying degrees of influence over different stages in the policymaking process. In addition, there are significant dissimilarities in political and policy processes between the levels of government (Svara 2006: 953). At the central level, respective ministers and senior bureaucrats are entrusted with the task of formulating national level policies, programs, and regulations. While some policy decisions are adopted within a single ministry, other policies are made in collaboration among several ministries or departments. At the local level, there are local government representatives and officials involved, sometimes operating with a degree of autonomy from the central level and at other times subject to

detailed monitoring and supervision from the center. Central-local differences affect how politicians and administrators interact with each other, as different actors and different forms of interaction and cultural dynamics are involved (Rashid 2014: 152).

In this paper, three perspectives are examined in relation to the roles and responsibilities of politicians and bureaucrats in Ghanaian public policymaking. One perspective opines that politicians are always in charge in the hierarchical relationship between political and top ranked public administrators. Thus, public administrators are subordinate to elected executives in both law and practice (Cook 2010: 276). Elected officials and administrators occupy separate spheres and have distinct roles and norms of behavior (Svara 2006: 954). In terms of policymaking functions, politicians decide on policies, while administrators implement these policies (Verschuere 2009: 23). Decisions on policy are to be taken by the political executives in parliament and government. Politicians and ministers are expected to set the goals and determine the instruments of policy. Involvement of administrators is more limited in scope, entailing the furnishing of information to the policy process and the supply of policy counsel. Bureaucrats, as neutral specialists, are expected to advise and outline the pros and cons of alternative courses of action. They are anticipated to quietly cooperate with politicians whether they agree or not. Then, upon a policy alternative being selected by the political executives, public administrators are expected to carry out the policy and monitor the results. Hence, their contribution is more supportive, providing important information and analysis for political actors. This view is predicated on the popular "politics-administration dichotomy" or "separate roles model," which proposes a clear disjunction between politics and administration (Jahan and Shahan 2008: 309; Svara 2006: 956).

The second model offers a more complex notion of the nexus between political and civil service officers. It postulates a more vigorous role for administration in policymaking and construes public administration from a policymaking standpoint. Bureaucrats do not simply act as neutral experts but are tortuously involved in and often lead in policymaking. Stahl (1981: 8) contends that in "viewing public administration as public policy making, it is appropriate to define public administration as the study or practice of the development, execution and evaluation of public policy." The "complementarity model" or "overlapping roles model" of politics and administration regards public administrators as actively involved in policymaking in collaboration with political actors (Svara 2006). There is latitude for extensive interaction, overlapping functions, and reciprocal influence between bureaucrats and politicians in policymaking. It assumes that administrators are active in a broad range of decisions including policy matters and that politicians are potentially involved in the detailed choices associated with administration (Rashid 2014). This perspective does not construe administrator as subject to political interference. Rather, it recognizes the value of responsiveness to public sentiment and a commitment to solving problems. Bureaucrats can be well within their rights to advocate and even fight for their own policy options. Therefore, administrators and politicians ought not to be adversaries but rather partners in a common pursuit who have different skills and priorities but whose ultimate goals are similar. This model is regarded as the predominant perspective of contemporary public administration studies (Rashid 2014).

The third model appreciates that the nexus between public administrators and politicians is riddled with tensions and conflicts. Disagreements arise because career bureaucrats and elected executives are operating with dissimilar precepts and anticipations regarding various reference groups. They have incongruent views of policy problems (Schmidt 2003: 297). Appointed officers, with their neutral expertise and many years of experience, tackle problems differently from political executives, who are balancing ideological norms and values and particular expectations from constituents or voters (Rashid 2014). Politicians can often control administrators with the aim of substantially diminishing the incorporation of independent professional contributions in policymaking (Svara 2006: 955). In some

cases, bureaucrats can be uncooperative and create barriers for elected officials in policymaking. They can sometimes treat the political element as intellectually inferior and untrustworthy and thus dislike working under the supervision of the political executive (Huque and Rahman 2003: 413).

The three models show that the way public administrators interact with politicians in the policymaking process can diverge considerably. Although three approaches have been explicated here, there is no implying that a particular setting can be clearly understood in terms of one or other of them. A complete disjunction between politicians and bureaucrats is a mirage. Although there can be clear departures in the world views of bureaucrats and politicians, there is the possibility of efforts to forge a partnership with them in the conduct of public business. It is erroneous to declare that one approach is most appropriate to the Ghanaian context or elsewhere.

The models that have been discussed here are based on a continuum along which the relationship between politicians and administrators can be conceptualized: separation and autonomy at opposite ends – following (Svara 2006). Separation denotes the extent to which political and administrative realms are distinct. Autonomy means the extent to which bureaucrats have the space or freedom to go about performing functions they are assigned without political interference (Aucoin 1990). I argue that although each one of the models explicated above, which either center on separation or autonomy or a combination of the two, captures a certain dimension of reality about politics-administration relations, none fully explains the whole picture. This is especially so in developing countries where the institutional and governance structures differ from those of advanced industrialized nations. In developing countries, literature is expanding on the process of reform highlighting the importance of politics-administration interactions in reform processes (Levy 2014). This research points to the extent to which politics-administration relationship in many developing countries differs from the Weberian ideal. Besides, it highlights the huge dissimilarities in the nature of the politics-administration interface across developing countries. The civil service in some developing countries "has power rivaling that of the political establishment" (Grindle and Thomas 1991: 60–61). In others, in contrast, governance is mired by the absence of a coherent bureaucracy (Evans 1992). In such scenarios, the Weberian model does not resemble the realities of politics-bureaucracy relations (Dasandi and Esteve 2017).

It is in the light of these divergent realities of the politics-bureaucracy interface in the Third World that I argue that there is no best practice model of politics-administration relations for developing countries. Rather I contend that the elements of the different models that are relevant to a particular context or decision process can be combined with local nuances to co-act to produce a best-fit model. I also claim that although proponents insist on the explanatory power of their models, almost all of them are silent on whether politics-administration relations are a static or a dynamic category. The few exceptions are Krause's (1996, 1999) and Dasandi and Esteve's (2017). But they too are mute over how changes in politics-administration relations in particular contexts occur in reality and the dynamics of the factors which cause changes in the politics-administration relations. They are also quiet on which of the factors has more explanatory power in a specific jurisdiction or specific episode of interaction. Static situations are fairly predictable over time compared to dynamic phenomena (Mohammed 2014). But since real-world phenomena are hardly static, it means politics-administration will continually change. This paper makes a contribution to the literature by focusing on the dynamic nature of the politics-bureaucracy relations in the policymaking process in developing countries using Ghana as a case. It does this by investigating how changes in the politics-administration relations occur as a function of the recurrently shifting interests of politicians and bureaucrats, power plays, information asymmetry, salience of issues, and strategies and tactics of participation and interaction during the policymaking process.

## Bureaucracy and Policymaking in the Colonial Era

British administrative practices and conventions have greatly influenced the ways in which higher level public administrators have been involved in public policymaking in Ghana and other former colonies of Britain. The broadly defined role assumed by bureaucrats in policy formulation and in the provision of even political advice can be viewed as a legacy of the colonial system of government that had been predominantly administrative in nature (Koehn 1990:2).

The governor was the British monarch's agent who administered the Gold Coast on behalf of the British Crown. In terms of policymaking, the system of administration required that major policies emanated from London, and the governor's standing instructions required that "all colonial bills, acts, ordinances and regulations should be sent for review" (Metcalfe 1964: 214). Nevertheless, in reality, he had wielded enormous powers and the latitude to govern virtually completely without let and hindrance by his bosses in London. In addition, he had powers of supplementary legislation, issuing of orders, and administrative regulation making to implement ordinances were conferred on the governor-in-council (Wright 1946). Furthermore, the governor was vested power to appoint the executive council, provincial and district commissioners, and extraordinary members to executive council sessions as he considered appropriate. Moreover, "reserved powers" of legislation were conferred on him. This was tantamount to veto powers with which he could reject or overrule any and all decisions taken by his executive or legislative councils (Knupland 1953).

The vast powers the governor possessed especially those relating to administrative ruling, issuing of orders, and veto power as well as appointment point to the type of relationship that existed between him and civil servants. That relationship was reminiscent of the separation model because policy initiatives emanated from the governor and the bureaucrat was supposed to carry them out even if he advised against those policies. In other words, the governor had firm control over bureaucratic behavior in policymaking. This picture painted of the governor-administrator relationship was completely true only for central bureaucracies located at arm's length to the governor at the capital.

For those civil servants in the provinces and districts, the picture was completely different. "Long-grade" officers, the junior ranks of the colonial administrative service, ruled the native population in the provinces and the districts, at the lowest level of the colonial bureaucracy. From the beginning, this category of staff embraced only the assistant district commissioners, district commissioners, and provincial commissioners. Later an even more junior rank, the cadet, was added (Wright 1946: 208). Despite the fact that these officers ranked lowest in the hierarchy, they wielded enormous powers and decision-making autonomy due to the ubiquitous poor communication network between their locations and the capital where the higher officers were stationed. Their discretionary power later declined as communication improved; nonetheless, they unremittingly wield considerable amount of power (Asante 2005).

The duties and responsibilities the district officers assumed were wide ranging. They included immediate agents of the governor in their districts; magistrates and political officers (the officers in charge of the maintenance of satisfactory relationships between the natives and the central administration); policing, district financial accounting; prisons; road construction waterway clearing; and any other public works (Asante 2005).

Traversing the length and breadth of their district was a prerequisite for officers if they were to effectively manage their districts. In the course of touring, the district officers inspected the outlying areas, transacted any necessary business with the native chiefs, settled disputes between individuals and committees, and generally dealt with all matters requiring the personal attention of the representative of the government (Kuklick 1979). There was virtually no limit to the responsibilities of the district officers. This explains why the Legislative Select Committee's report on the

Africanization of the Gold Coast public service published in 1951 could only describe the duties of the district officer in very vague terms. The report read: "The duties of an Administrative Officer are so wide and varied that they cannot be set out in detail" (Kuklick 1979: xi).

Despite the fact that district officers ranked lowest in the colonial bureaucratic hierarchy, they were the chief executors of government policies. They were the persons on whom the success or failure of policies mainly were relied upon (Guggisburg 1926). In the colonial order of things, instructions on policy were transmitted from the governor through a secretariat at the headquarters to the provincial officers and then to the district officers. The district officers being at the local level of the administration were in the best position to evaluate the outcomes of policies and give feedback to their superiors at the center (Asante 2005).

Even though the formal procedures of operation of the government meant that the district level bureaucrats could not ignore the instructions from their superiors, their modus operandi explicitly reveals that in their minds and actions, formal policy was almost unimportant. Readily available on the ground and virtually unsupervised by their superiors, the local-level bureaucrats arrogated to themselves the power to interpret policies and enforce them employing their own judgments, principles, and discretion. A case in point was in 1924 when the Chief Commissioner of Asante lamented the district officers' ignorance of the legal constraints on their own authority and their persistence in the practice of so-called personal administration (Lumley 1976: 6; Hagan 1926).

The district officers' reputation for disregarding central directives prompted Kuklick to describe them as "dictators" who employed "whatever tactics seemed necessary to realize their objectives" (Kuklick 1979: 70). Due to their overwhelming obligations together with the incapacity of their superiors to exercise oversight of their activities, the district officers had large latitude of freedom to exercise infinite alternatives in defining their work. At the very least, their responsibilities required the guaranteeing of the security, maintaining order, and demonstrating British rule and control. In an attempt to fulfill this mandate, their propensity to act in an arbitrary and authoritarian manner was very high (Kuklick 1979). The district officers were "simply implementers with few restrictions on their scope of functions as well as their power to undertake those functions" (Asante 2005: 61).

The foregoing indicates that senior bureaucrats at the capital operated according to the separation model or politician-bureaucrat dichotomy. This is because decisions on policy were taken by the governor and his political appointees on the executives and legislative councils. The governor generally set the goals and determined the instruments of policy. Involvement of administrators was more limited in scope. In contrast, junior officers in the provinces and districts conducted public business on the basis of the complementarity model. That model assigns a more vigorous role for public administrators in policymaking and conceptualizes public administration from a policymaking perspective. It sees bureaucrats' active participation in policymaking in collaboration with political actors (Svara 2006). It is from this prism of bureaucratic agency that Stahl (1981: 8) insists that it is appropriate to define public administration as the "study or practice of the development, execution and evaluation of public policy."

## Bureaucracy and Policymaking in the Immediate Postindependence Period

The colonial architecture of public administration was bequeathed to all independent nations. The British model, which Ghana inherited, was predicated on a ministerial view of government structure. Under this structure, appointed career bureaucrats are found in almost all positions in the upper levels of the hierarchy (except as ministers) and therefore control most of the key positions in the decision-making process. This has been maintained as the fundamental model of administrative organization (Bienen and Fitton 1978). This structural organization has expedited far-reaching bureaucratic participation in policy formulation, advocacy, and implementation.

Ghanaian civil servants enthusiastically embraced a norm of administrative behavior which not only allows but also anticipates that high-ranking bureaucrats will both take the initiative in developing public policy alternatives and implementation strategies and in advising their ministers on the implications of policy options open to the government (Adamolekun 1978; Ayee 2001; Bach 1980).

During the colonial era, expatriate bureaucrats occupied the apex of the public administration system, while natives were situated down the hierarchy. At the advent of independence, there was the need to replace all expatriate bureaucrats in an effort to dismantle the residual apparatus of imperialism under a policy known as the Africanization of the civil service and the pursuit of rapid socioeconomic transformation (Adarkwa and Ohemeng 2015).

The relationship between the politician and the bureaucrat in the period between 1957 and the end of the Nkrumah's regime in 1966 and even beyond is aptly described as one of master and servant (Appiah 2006; Ayee 2013). The elected officers dominated the conduct of public affairs including public policymaking, and this dominance has persisted to date. Bureaucrats continue to be precluded from the public policymaking process (Ohemeng 2005; Omaboe 1966). One of the important ways that was applied to exclude public administrators from public decision-making processes was through the establishment of executive or presidential commissions, which were separate from and external to the civil bureaucracy. These commissions crafted policy proposals and workable solutions to public problems to herald parliamentary consideration, executive acquiescence, and concretization into projects and programs (Ohemeng and Ayee 2016).

The desire to achieve rapid socioeconomic transformation within the shortest possible time in order to improve the living conditions of Ghanaians necessitated the reorientation of the bureaucracy toward political freedom. This engendered a hostile relationship between politicians and bureaucrats (Amonoo 1981). Elected officials arrogated to themselves the design and execution aspects of the policymaking process leading them to have an urge over public administrators in both realms (Omaboe 1966). The alienation of the latter bred resentment and led to distrust between the two categories of officials during the reign of Dr. Nkrumah-led CPP government. The frustration of Dr. Nkrumah especially about the bureaucracy stemmed from the fact it was considered too slow to act – a perceived attribute which was thought to be undermining the achievement of the political goal of rapid socioeconomic development (Gyimah-Boadi and Rothchild 1990). Accordingly, this fed the impetus for the extreme politicization of the bureaucracy, with occupants of the top echelons of the hierarchy being replaced as heads of institutions by party members (Appiah 2006). This view corroborates Gyimah-Boadi and Rothchild who aver that Dr. Nkrumah resolved that, "he would see to it that there were no 'civil masters' as under colonial rule but civil servants carrying out the policy decided by the cabinet" (Gyimah-Boadi and Rothchild 1990: 233). The two scholars assert that "senor officers were regarded with suspicion," which culminated in their loyalty being thrown into question. The Nkrumah's regime ensured that the bureaucracy was firmly brought under the control of the political executive (Ayee 2001).

An effective strategy Dr. Nkrumah's administration adopted to bring the bureaucracy firmly under political control was the establishment of several parallel bureaucratic apparatuses, to carry out national development (Amonoo 1981). These parallel bureaucratic structures included state-owned enterprises, specialized secretariats like State Planning Commission, the Productivity Center, the Water Resources and Power Secretariat, and the Civil Service Commission. All these institutions were outside the regular public services and brought under the Office of the President, who exercised direct control over appointments (Ohemeng and Anebo 2012). This deteriorated the already frosty relationship between bureaucrats and the Nkrumah's government because it not only over-politicized the public service, but it also created coordination problems for it in national development efforts. This was because some of the organizations and

sectors became silos which grossly undermined sociopolitical and economic growth (Ohemeng and Ayee 2016). Accordingly, an administrative confusion was created for the state, a labyrinth which Amonoo (1981) aptly characterized as "the politics of institutional dualism." By 1966 when Dr. Nkrumah's government was overthrown, the relationship between the politician and the bureaucrat was one of "uneasy tension" (Adarkwa and Ohemeng 2015: 15), with the latter more or less relegated to the background in terms of voice possession in the setting of an agenda for national development (Amonoo 1981).

The first military takeover occurred in Ghana on February 28, 1966 when a military junta known as the National Liberation Council (NLC) toppled the first postindependence government led by Dr. Kwame Nkrumah. Initially, the NLC attempted to depoliticize the civil service. It made strides to create a cordial relationship with public administrators by substituting politically appointed regional and district commissioners with administrators who were civil servants (Gyimah-Boadi and Rothchild 1990). These bureaucrats at the regional and district levels were charged with deciding on issues of regional and local relevance and of implementing central policies at those levels. In respect to economic policymaking, the military junta enticed the participation of the bureaucracy in conjunction with the business community in the NLC's National Economic Council (NEC). The council exercised control over economic policies. The membership of NEC included five senior civil servants and two financial professionals. The governing style of the NLC and NEC, according to Kosack (2012), was reminiscent of the approach of the British. That approach ensured that public administrators were at the center and administered the local level via alliances with tribal chiefs and through central appointed bureaucrats.

The NLC appeared not to have the know-how to govern as was remarked by one of its leading members, Colonel Afrifa. He said that, as soldiers, they were not cut to govern. Thus, they envisaged that they would serve as a stopgap measure – topple the Nkrumah's regime, put things in order quickly, and hand over power to a civilian-elected government. They had no other program or plans other than overthrowing the Nkrumah's government and installing themselves in power (Asante 2005).

For this reason, although the NLC had ultimate power for the conduct of public affairs, it depended almost entirely on the civilian bureaucracy and the intelligentsia as the principal instruments for governing including policymaking and implementation (Adu 1965). For the first few months after the 1966 coup, Ghana was virtually managed by civil servants, and this role expanded over time. Despite the fact that senior military officers were appointed to head government departments and the administrative regions of Ghana, and the NLC remained the de jure executive and legislative authority (Baynham 1988), in reality, civil servants were the sources of policy ideas. Public administrators were also in charge of converting such ideas into official policies, and for their implementation (Asante 2005). In responding to criticisms that the NLC was a government of bureaucrats, Major General Ocran, another member of the junta, averred that, "I have yet to see a government in any part of the world which does not rely on civil servants for advice or even initiating policies" (Ocran 1977: 88). In digressing he conceded that a government becomes one that is run by civil servants "if those at the helm have no clear-cut policies" (Ocran 1977: 88). This admission goes to buttress the point made by Colonel Afrifa that the military was wanting in terms of requisite expertise and skills in the area of government and therefore relied on civil servants to fill the void.

The consequence of the excessive dependence of the NLC military government on civil servants was that it weakened the dichotomy between the realms of politics and administration, which was drawn by Woodrow Wilson. According to him, "Administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices. The field of administration is a field of business. It is removed from the hurry and strife of politics. . ." (Wilson 1887: 209).

In other words, while policies were to be debated and decided by politicians, they were to be carried out by a politically neutral, professional bureaucracy. In this fashion, the everyday conduct of government would be isolated from the potentially "corrupting influence" of politics (Denhardt 1995). The dichotomy has been advocated on the grounds that the "dichotomous division of labor and authority between elected and administrative officials increases the democratic accountability and planning ability of public administrators" (Demir and Nyhan 2008: 81). However, Since Wilson's time to date, the politics-administration dichotomy has been one of the most hotly contested theories of public administration. Some scholars describe it as a "myth," while others label it as an "aberration" (Overeem 2012). Most of the academic treatises have concentrated on the interactive relationships between politics and administration as well as on the impact of political interference into democratic government operations (Demir and Nyhan 2008).

The NLC handed over power to the civilian-elected government of Dr. K. A. Busia (1969–1972). Like the NLC regime, technocrats were drafted externally including those who had worked with the World Bank and the IMF (Libby 1978). It was clear that the policy terrain was dominated by politicians and bureaucrats from international governmental organizations, which led to loss of policy ownership by local decision-makers (Libby 1978).

Decision-making which was supposed to be consultative rather was increasingly centralized (Government of Ghana 1969). The position of president was purely a ceremonial office, and because of a lack of a countervailing center of power, the Prime Minister, Dr. Busia, quickly consolidated decision-making powers in his office and his advisors.

In conflict with the spirit and letter of the constitution, the Local Administration Bill which was put together by the governing Progress Party – the majority in parliament, gave the Busia regime control over both the regional and district administrations. The excessively powerful executive as under the Nkrumah's government was reincarnated under the Busia's administration. The bill vested in the prime minister the power to appoint chairpersons of regional and district councils. Furthermore, the instruments of appointment based the tenure in office of such appointees upon "such terms and conditions as may be specified by the Prime Minister" (Chazan 1994: 46). Accordingly, regional and district administrators were effectively placed under the control of the executive. The historically hierarchical character of Ghanaian public policymaking architecture was thus perpetuated with politicians having stations at the apex of the structure of government. While the public administrators at the national and local levels advised the politicians and carried out the intricate and technical tasks involved in policy formulation and implementation (Asante 2005).

Even though the Busia government appeared to have taken charge of public policymaking and diminished the status of the bureaucracy, the entrenched position and level of influence of the bureaucracy in Ghana was demonstrated, even reenforced, during this regime when the firing of the manager of Ghana National Trading Corporation (GNTC), a state-owned commercial enterprise, was overturned by the Ghanaian Court of Appeal (Frempong 2007). The bad relationship was made worse by the dismissal of 568 civil servants. While the government cited incompetence and inefficiency as the reasons for its action, many observers believed they were politically motivated. The political motivation thesis is supported by the fact that a disproportionately large fraction of the dismissed was sympathizers of the Nkrumah's regime (Frempong 2007). The court order to reinstate the dismissed public servants fell on deaf ears. In fact, it is widely held that the dismissal of 568 bureaucrats by the Busia government eroded much of its popularity among citizens and helped to trigger the coup d'etat that terminated its rule.

The National Redemption Council (NRC) under the leadership of Colonel Acheampong overthrew the Busia's government and ruled from 1972 to 1979. Under Colonel Acheampong's rule, the centralized character of decision-making was perpetuated. However, unlike the predecessor NLC, the Acheampong-

led NRC intended to stay long in power. This is demonstrated by the appointment of military officers into administrative and managerial positions in virtually every realm of the political and economic activity of the country (Boahen 1988). Military involvement and control of the policy process extended to all levels of the government, surpassing what obtained under the NLC, the first military government.

The public policymaking style of the NRC was not significantly different from those adopted by its predecessors. That style reflected a highly centralized administration, with all major policies emanating from the central government. The NRC possessed ultimate power and took credit for all policies. The relatively junior military officers who were appointed to head the regions and public corporations did not possess much policymaking authority, but simply took orders from government authorities in the capital and reported back to them.

The inadequacies in terms of expertise on the part of NRC members, like its predecessor NLC, made them to rely greatly on public administrators. The appointed officers filled the void by assuming the responsibility for the highest level government functions and therefore became the fulcrum for the administration of the country. Nevertheless, the imperative to exercise full control over the country was unremittingly the preoccupation of the chairman of the junta and his ruling members. Accordingly, they interfered in the work of the public administrators, overruling them and imposing their preferred policies (Asante 2005).

It is believed that General Acheampong (promoted himself from colonel to general) was intellectually less superior to military men and women of his generation. He was portrayed as a man who was not favorably disposed to hard facts or administrative details (Oquaye 1980). Because he was also reported not having the capacity for undertaking the job of running the government, he depended even more heavily on bureaucrats and intelligence aides. This was despite his lust for power and desire to take control of the public policy apparatus (Asante 2005).

The military governments of Acheampong and Akuffo were overthrown by junior military officers under the leadership of Flt. Lt. Rawlings in 1979. The Armed Forces Revolutionary Council (AFRC) was the new military government which ruled for less than a year and handed over power to a civilian-elected government of Dr. Hilla Limann. The government was no different from its predecessors in terms of its approach to policymaking. That approach was the established disproportionately strong state which vested policymaking power exclusively in the president and closest associates. The role of the bureaucracy was relegated to bringing the facts to the table and advising on policy without any real opportunity to influence policy (Callancy 1974).

Flt. Lt. Rawlings of the Provisional National Defense Council (PNDC) toppled the Limann's administration on December 31, 1981. From then onward to the end of 1992, the PNDC ruled Ghana. One of the reasons for the Rawlings' coup was that the Limann's government, like its predecessor, had alienated the people from the public affairs including public policymaking. He found unacceptable the domination of Ghanaian politics and public policymaking by politicians, bureaucrats, and other elites to the exclusion of the other groups particularly workers and rural folks.

Before the advent of the PNDC, the civil service had witnessed most critical and trying times that arose mainly through the economic crisis that plagued Ghana from the 1970s. From 1974 to the early 1980s, the Ghanaian economy was in decline, unable, for a combination of structural and policy-based reasons, to seize the initiative and overcome the constraints on choice (Rothchild 1991). Declining agricultural and industrial productivity, in some cases despite rising international market prices, contributed substantially to the country's economic malaise during the 1970s and 1980s. The consequence of the economic downturn for the civil service was the erosion of its pay through hyperinflation which led to its cream of the crop leaving the country to escape the harsh economic realities and to seek greener pastures (Adarkwa and Ohemeng 2015; Werlin 2003). The skeleton staff who remained found the task of administration

overwhelming, and this made it quite formidable to deliver basic services. Nti (1978: 2) characterized the civil service at the time as "a moribund paper-pushing institution" to perhaps presage the inefficiencies and ineffectiveness that bedeviled it.

The PNDC partly blamed the bureaucracy for the inefficiencies and ineffectiveness in the conduct of public business and for the socioeconomic development problems of the country. This negative opinion formed about the bureaucracy defined its relationship with the government. Not surprisingly, when the government launched its economic recovery program of 1983, the civil service and especially those at the top echelon of the service were precluded from the design and even the execution of the program's critical parts (Adarkwa and Ohemeng 2015).

The PNDC envisioned that for the civil service to be effective it needed a transformation which would remove the bad nuts, reorient its culture, sharpen its skills, and enhance its responsiveness to public service customers. Accordingly, many civil servants were summarily dismissed, while others were accused of corruption and incompetence. Those who were accused of corruption were arraigned before the freshly constituted public tribunals and slapped with long prison sentences (Gyimah-Boadi 1994).

The PNDC maiden reform was kicked started with the setting up of the Kaku Kyiamah Committee in May 1982 with a mandate to advice the junta on restructuring the bureaucracy (Ayee 1993). Among others, the committee recommended that the civil service should (1) restrict itself to policy formulation, (2) provide the administrative support units for political heads, (3) coordinate and monitor programs and activities within the ministerial sector. and (4) conduct interministerial relationships. In addition, it advised that, "the politicization of the position of the principal secretary" was in order. This, the committee reasoned, was due to the fact that some of the principal secretaries cultivated the habit of "resisting or blocking the flow of professional advice direct to the political head" (Wood 1984: 46). This charge, however, was untenable because the committee could not produce any solid evidence to back its claim (Wood 1984). Another suggestion it tabled was the obtaining of advice from plural sources both external and internal. From the internal sources, all heads of directorates in a ministry were to be permitted easy and equal access to tender advice to the political head.

The recommendations attracted a receptive political ear which triggered some structural changes, embracing the redesignation of the position of principal secretary to that of chief director. The chief director was appointed on the basis of both merit and partisanship. Ascension to the position was no longer to be based on career progression in the service, but outsiders were also eligible for consideration for appointment (Barnes 2014). By these changes, the bureaucrats felt debased, and this fed the already frosty relationship that generated between it and the regime following the mass dismissals and imprisonment of some of its members. This bitter relationship even got worse when the government established revolutionary organs.

The policy influence of public administrators was further weakened by the creation of revolutionary organs such as People's Defense Committees (PDCs) and Worker Defense Committees (WDCs). These PDCs and WDCs were established in various cities, towns, and workplaces, including the civil service. The WDCs were formed and charged with the responsibility of helping in the development and implementation of government policy. They enforced price controls and curfews, supported rent controls, and investigated malfeasance in public and private sectors (Adarkwa and Ohemeng 2015). In contrast, the PDCs were created under the directorate of a coordinating committee that comprised representatives from all the reformist political organizations. Their establishment represented an aspect of the regime's schema to introduce new layers into the structure of the planning and implementation of government programs. In this way, it was envisioned that it would decentralize the administrative structures and create a parallel source of policy ideas as well as spur the execution stage of the policy process which was considered as a defective link. The PDCs were meant

to organize development programs in factories, banks, and institutions as well as serve as vigilantes for the government (Adarkwa and Ohemeng 2015). These new and parallel structures were meant to end the monopoly of the bureaucrats over public policy advice, gather and analyze data, propose alternative solutions to policy problems and draft legislation; and write policy briefs.

Another measure that undermined the role of the civil service in public policymaking was the appointment of political advisors to the chairman of the PNDC. The political advisors were two in kind: security advisor and general political advisor. The security advisor was a retired army captain, Kojo Tsikata, who advised the chairman of the PNDC, Flt. Lt. Rawlings, on all matters relating to national security. The general political advisor was the late Mr. Paul Victor Obeng who was in charge of giving the chairman good counsel on all matters bordering on national and international policy issues and problems.

The creation of the political advisor positions added powerful noncareer competitors with whom top civil servants and the head of the civil service vied when attempting to influence decision-making. Special advisors hold temporal political rather than civil service appointments and serve at the pleasure of the head of state. The authority and influence of special advisors rivaled or exceeded those exercised by many ministers. Furthermore, permanent secretaries (chief bureaucrats of ministries) no longer served as the administrative heads of their ministries, regions, and districts. Their positions were filled by political appointees who had the delegated responsibilities of the head of state.

The 1992 Constitution and some pieces of legislation such as the Civil Service Law 1993 and Civil Service Code of Conduct 1993 have diminished the influence of public administrators in public policymaking. Under the last two laws, bureaucrats are obliged to demonstrate political neutrality. Political neutrality implies that as neutral specialists, bureaucrats are expected to advise and outline the pros and cons of policy options. They are anticipated to quietly cooperate with politicians whether they agree or not. But this view is challenged on at least two grounds. First, the public service is inherently a political creation and thus can never be made fully apolitical (Peters and Pierre 2004). To Christensen and Laegreid (2004), therefore bureaucrats, in delivering a public service to the citizens, inevitably participate in the political role of "deciding who gets what" from the public sector. Second, the merit principle is counterproductive as it implies the appointment of value-free bureaucrats who will administer public policies regardless of their impact on society and thus may be apathetic and hostile to the programs of a political party in power (Cameron 2010). It is also known that politicization of the bureaucracy has its drawbacks. Some of the negative effects of politicization include undermining of the merit-based systems of employment and promotion, efficiency, professionalism, weakened trust among actors in the external environment, loyalty to the government of the day, loss of expertise, low morale among existing public administrators, and widening of the gap between senior public servants and rank and file (Cameron 2010).

The numerous public sector reforms that have been introduced and continue to be introduced have served to continually redefine the relationship between the politician and the public administrator. The constitution has vested the president with vast powers of appointment. His power to appoint the head of the civil service and chief directors of the various ministries conflicts with the arrangement in the civil service where directorship is attained via career progression (Adarkwa and Ohemeng 2015). These appointments do not require legislative endorsement, and this implicitly grants the president power to transfer and remove from office those individuals serving as head of the civil service, chief directors, and heads of department. This has greatly circumscribed the authority of the Civil Service Commission which is mandated under the Civil Service Law 1993 to appoint, transfer, discipline, and fire a civil servant based on specified guidelines.

The primary criteria for appointment as chief director have become explicitly political. The most important yardsticks for appointment now

are competence, loyalty, and total commitment as well as political affiliation. This ties in with Cameron's view that, "incoming governments should have the right to replace staff in selected senior positions with individuals who share their ideological beliefs, provided they are administratively competent" (Cameron 2010: 679–680). These changes undoubtedly have offended the inherited British convention of bureaucratic neutrality and anonymity (Heady 1984). The shifts are instead toward greater politicization of top bureaucratic positions that characterize the US and French presidential systems of government (Ayee 2013). It is anticipated that those who are appointed to the positions of the head of civil service and chief director will pursue with absolute commitment the manifestos, programs, and policies of the ruling government.

## Outcomes of Bureaucratic Involvement in Public Policymaking

The consequences of bureaucrats' participation in public policymaking are numerous and considerable. Civil servants helped the NLC government (1966–1969) to adopt and implement three major policies: restoration of budget stability, balancing foreign trade, and consolidation of foreign debt (Joeng 1998). This was done through cuts in public expenditure and imposition of severe restrictions on imports and external borrowing. These measures were successful in reducing inflation by 50% between 1966 and 1967, but at the expense of greater unemployment and slower economic growth.

Civil servants also assisted Colonel Acheampong's NRC to implement a self-reliant development strategy that reversed trend toward liberal economy. To reduce Ghana dependence on foreign exchange, self-sufficiency and regulation on imports were stressed to the neglect to expanding exports. They also influenced the NRC to embark on rural development and enhance the terms and conditions of public sector employees (Joeng 1998).

Another is during the late 1980s' declining economy translated into deteriorating health service delivery due to the lack of medicines, consumables, and equipment. In response, medical and pharmaceutical bodies advocated for the introduction of hospital fees to revive falling standards of health care and threatened to strike (Daily Graphic, 1981). Health workers unilaterally introduced de facto hospital fees as a result of the economic crisis and shortages of health service inputs. Consequently, a later Ministry of Health (MOH) 5-Year Program of Work report showed an increase in national maternal mortality rate estimate of 214 per 100,000 live births. In response, a maternal fee exemption was introduced by government. However, at the implementation stage, instead of providing a gamut of free maternal services irrespective of frequency of attendance as the government directed, the health management allowed fee exemption for only four antenatal visits, and further visits had to be paid for as well as deliveries and postnatal care (Koduah et al. 2015). This exacerbated the already poor maternal mortality statistics as mothers who could not afford repeated visits simply stayed away.

In contemporary times, the bureaucrats have influenced policymaking in other areas. These areas include, among others, adoption of new immigration policy, reforms to the pension scheme, adoption of Ghana Poverty Reduction Strategy, National Health Insurance Scheme, hospital fee exemption policies, low-cost housing for public servants, and Single Spine Pay Policy.

For example, in regard to a new immigration policy, the bureaucrats were most influential as policy entrepreneurs. Bureaucrats in the Ghana Immigration Service used information exchange, increase attention to immigration issues, upsurge the knowledge of policymakers on immigration matters, and convince policymakers to endorse policy reforms. These efforts begot a new immigration law or policy known as the Ghana Immigration Service Act, 2016 (Act 908). The new law addressed the shortcomings that were associated with the previous laws. These shortcomings, among others, included the lack of power to bear arms to protect the country's territorial borders (which exposed the country to illegal migration with its attendant security threats); the existing GIS arrangements have limited operational

structures which prevent the effective discharge of the organization's mandate. The new law has addressed the problems the immigration officers complained about, and this has spurred efficiency and effectiveness in the discharge of immigration responsibilities.

Bureaucrats have historically since independence in 1957 advocated for better terms and conditions of service including handsome remuneration. The Civil Service of Ghana is a huge entity of about 470,205 who influenced the government to pass a Single Spine Salary Structure (SSSS). The Ghana Universal Salary Structure (GUSS), the predecessor of the SSS, was introduced in 1997 to address anomalies, disparities, distortions, and inequities in the public pay structure. The GUSS was hailed as the first holistic public sector pay reform. Before, the GUSS civil servants' agitations for better remuneration and other conditions and terms of service led to the setting up of commissions and committees to investigate and give recommendations to inform policy. Among others, these included the Gyampo Commission (1992–1993), the Azu Crabbe Commission (1979–1983), the Issifu Ali Committee (1973), and the Mills-Odo Committee (1967). Notwithstanding the efforts of these commissions and committees to tackle the problematic post-impendence public pay system, these initiatives could not adequately and satisfactorily address it. The SSSS therefore did a better job of rationalizing, creating equity, and ensuring transparency in the pay structure.

Despite these positive influences of the bureaucracy on the public policymaking process, there are reservations. Some critics charge that public administrators have most effectively used their social status and political influence in shaping public policies that promote their own personal and/or collective interests. People have criticized the SSSS, for example, as a huge impost on the public purse, but civil servants have not matched the enhanced remuneration with higher productivity. Others have also lamented that bureaucrats have done little to influence policies that promote informal sector development and especially in addressing the urban-rural development gap. They charge that bureaucrats have not exercised developmental leadership via example, sacrifice, and primary commitment to the needs of the poorer segment of the population.

## Measures to Improve Bureaucrats' Role in Public Policymaking

The criticisms of the public administrators' role in public policymaking have led to calls for a new public service, which is built on democratic citizenship, community and civil society, and organizational humanism and discourse theory (Denhardt and Denhardt 2000). This new orientation will entail several changes in the modus operandi of the civil service as far as public policymaking is concern.

First, bureaucrats must understand the simultaneous emphasis on separation and insulation of administrators from political interference, on one hand, and interaction and incorporation of administrative contributions in the design and implementation of public policy, on the other hand, is a balancing act. Their ability to conduct this balancing exercise will ensure they built partnership with politicians in the process of governance. An exclusive focus on political bias of administrative executives potentially results in suboptimal policy options being suggested and adopted. Such bias through politicization can reduce the morale of public administrators and erode their efficiency and effectiveness. On the other hand, an excessive concentration on administrative neutrality of the public service is inherently a political creation and thus can never be made fully apolitical (Peters and Pierre 2004). This is because in delivering a public service to the citizens, bureaucrats inevitably participate in the political role of "deciding who gets what" from the public sector.

Second, a widely held view is that public administrators are generally apathetic to the needs of the public and are not inclined to listen to them (Jahan 2006). This unfriendliness and elitist behavior is a service culture that is inherited from the colonial administrative system. This culture was geared toward serving the imperial interests of the empire rather than the native population. The colonial legacy has made the

bureaucracy quite detached from the general society (Jahan and Shahan 2012).

However, since good policymaking now depends on an exchange between people and their government, it is important that the bureaucrats like politicians should connect with the public. This will enable to access insights that will facilitate the development of better policies. They should regularly link up with the public so that they can understand social dynamics that can inform policymaking endeavor. For example, public administrators' interaction with the media can potentially provide important insights on social and economic trends that can inform policy decisions. Moreover, engagements with think tanks and NGOs which conduct research on socioeconomic issues have relevance for the bureaucracy. This is because such institutions can provide policy alternatives; they furnish the investigative skills to uncover a problem and the creative spark to develop a new solution; they provide basic information and data on policy issues; they design options and suggestions for dealing with problems; and they assess the effectiveness and consequences of public policies (Maddison and Denniss 2009). Collectively, they add substance to policy debates (Anderson 2006: 62).

Finally, the capacity of civil servants should be enhanced so that they can contribute efficiently and effectively to policymaking. In Ghana, the civil service suffered a gradual erosion of collective technical and procedural capacity to play a proactive role in policymaking. Public administrators often lack knowledge and skills relevant to their areas of work, are unclear about their duties and responsibilities, and lack knowledge of rules and procedures, all of which imperil the performance of policy functions.

A related factor is that the top ranks of the Ghanaian civil service are filled by generalist officials who are not specialists in their respective areas. Generalist staff (also referred to as administrative cadre) make up about 82% of all senior ranks in the civil service, making them to dominate in the conduct of government business. Because they populate the policymaking arenas, they are unwilling to embrace the contributions of specialists or professionals who have the substantive expertise. The predominance and urge of the generalists over the subject specialists potentially weakens the policymaking and management functions of ministries and divisions.

There should therefore be emphasis on specialist training and education in the selection process into the administrative class. There should be organizing on a regular basis both in-house and external training for those who are already career public administrators. The training should emphasize the development of bureaucrats' research capacity to enable them address and propose more informed and analytically sound policy alternatives.

## Conclusion

This paper sets out to assess the role of the bureaucracy in public policymaking in Ghana. The evidence showed that the public administrator's role in the policy process has oscillated between the continuum of separation and autonomy. Separation denotes the extent to which political and administrative realms are distinct. In the separation model, public administrators are subordinate to elected executives in both law and practice. Politicians and ministers are expected to set the goals and determine the instruments of policy. Involvement of administrators is more limited in scope because they are expected to be neutral specialists, are expected to advise, and outline the pros and cons of policy options. They are expected to quietly cooperate with politicians whether they agree or not. This politician-administrator dichotomy seemed to characterize public policymaking in the immediate post-independence democratically elected government of Nkrumah. The Busia and Limann's short-lived democratically regimes also followed the separation model of policymaking. However, during the military regimes of the NLC and NRC, the bureaucrat assumed a prominent role in the hierarchical relationship bringing not only facts to the table. But also bureaucrats initiated policy and lobbied and pressured for their adoption because of their substantive expertise which the military

lacked. In other words, the said military juntas operated by the autonomy or complementarity model. In this perspective, a more vigorous role is assigned to administration in policymaking and conceptualizes public administration from a policymaking perspective. Public administrators do not simply function as impartial technicians, but are intricately involved in and often lead in policymaking. This is a paradox when the model employed in the democratically elected governments of Nkrumah, Busia, and Limann is juxtaposed with the complementarity model of the military regimes of the NLC and NRC. This is because it is only in a democracy that differing values and interpretations of factual evidence can be mediated (Steelman 2001). It is also a paradox because it is commonly believed that the military excludes the citizens including bureaucrats from the development process by allowing only the few governing elites to make authoritative allocation of values for the rest of society (Handelman 2006). In the new democratic dispensation, there is proclivity toward the separation model as the NPM reforms have encouraged it. This has resulted in the over-politicization of the bureaucracy. This has resulted in, among others, the undermining of the merit-based systems of employment and promotion, efficiency, and professionalism.

Public administrators have provided vital support for major policy initiatives including among others the drafting of decrees, edicts, and budget allocation affecting economic growth, infrastructure development, rural development, local government jurisdictions, structure functions, and wage and salary levels. Despite these strides, some observers have criticized that the bureaucracy has not demonstrated developmental leadership via example, sacrifice, and primary commitment to the needs of the poorer segments of the population. Since the bureaucracy's role in policymaking is unlikely to diminish, suggestions have been offered to make it much more efficient, effective, and accountable. These include, among others, balancing the political and apolitical, capacity building, and engaging with think tanks and NGOs.

## References


Adamolekun L (1978) High level ministerial organization in Nigeria and the Ivory Coast. In: Murray D (ed) Studies in Nigerian Administration, 2nd edn. Hutchinson, London, pp 11–42

Adarkwa KO, Ohemeng FLK (2015) A fine line: the delicate relationship between political and bureaucratic heads in Public Sector Management in Ghana. A paper presented for the XVII annual meeting of the international research society for Public Management, Birmingham/Ontario, March 30–April 2

Adu AL (1965) The civil service in New African States. Praeger, New York

Albow M (1970) Bureaucracy. Macmillan, London

Amonoo B (1981) Ghana1957–1966: the politics of institutional dualism. George Allen & Unwin, London

Anderson JE (2006) Public Policy-Making, 6th edn. Wadsworth, Belmont, CA

Appiah F (2006) In the throes of a turbulent environment: the Ghanaian civil service in a changing state. African Publications Ltd, Accra

Asante MS (2005) Deforestation in Ghana: explaining the chronic failures of Forest preservation policies in a developing country. University Press of America Inc, New York

Aucoin P (1990) Administrative reform in Public Management: paradigms, principles, paradoxes and pendulums'. Governance 3(2):115–137

Ayee JA (1993) Enhancing the public policy making process: the executive president under Ghana's fourth republican constitution'. J Manag Stud 10(3):1–9

Ayee JRA (2001) Civil service reform in Ghana: a case study of contemporary reform problems. Afr J Polit Sci 6(1):1–41

Ayee JRA (2013) Public administrators under democratic governance in Ghana. Int J Public Admin 36(6):440–452

Bach DC (1980) The role of the permanent secretary in Nigeria's new Executive presidential system. Paper presented at the Imo State top management seminar held at Oguta, 21–24 January

Baynham S (1988) The military and politics in Nkrumah's Ghana. Westview, Boulder

Boahen A (1988) The Ghanaian sphinx: reflections on the contemporary history of Ghana 1972–1987, J. B. Memorial Lectures, Series no. 21. Ghana Academy of Arts and Sciences, Ghana

Bienen H, Fitton M (1978) Soldiers, politicians, and civil servants. In: Peter-Brick K (ed) Soldiers and oil: the political transformation of Nigeria. Frank Cass, London, pp 46–47

Callancy B (1974) National-local linkages in Ghana. Afr Rev 4(3):407–513

Cameron R (2010) Reforming political-administrative relationships in South Africa. Int Rev Adm Sci 76 (4):676–701

Chazan N (1994) Between liberalism and Statism: African political cultures and democracy. In: Diamond L (ed) Political culture and democracy in developing countries. Lynne Reinner Publishers, Boulder

Christensen T, Laegreid P (2004) Autonomization and policy capacity: the dilemmas and challenges facing political executives. In: Painter M, Pierre J (eds) Challenges to state policy capacity: global trends and comparative perspectives. Palgrave, Basingstoke, pp 65–81

Cook JB (2010) The organ of experience: a defense of the primacy of public administrators in the design and reform of policy and law. Adm Soc 42:263–286

Dasandi N, Esteve M (2017) The politics-bureaucracy interface in developing countries. Public Adm Dev 37:231–145

Denhardt RB, Denhardt J (2000) The new public service: serving rather than steering. Public Adm Rev 60(6):549–559

Demir T, Nyhan RC (2008) The politics-administration dichotomy: an empirical search for correspondence between theory and practice. Public Adm Rev 68:81–96

Denhardt RB (1995) Public administration: an action orientation. Wadsworth, Belmont

Dunleavy P, Margetts H, Simon B, Tinker J (2006) New public management is dead: long live digital era hovernance. J Public Adm Res Theory 16:467–494

EPD B (2014) In the service of Country: the story of one public servant. G-Pak Publications, Accra

Evans PB (1992) The state as problem and solution: embedded autonomy and structural change. In: Haggard S, Kaufman RR (eds) The politics of economic adjustment. Princeton University Press, Princeton

Flynn N (2002) Explaining new public management: the importance of context. In: McLauglin KS, Osborne O, Ferlie E (eds) New public management: current trends and future prospects. Routledge, London

Frempong KD (2007) Constitution-making and constitutional rule in Ghana. Paper presented at the Ghana Golden Jubilee Colloquium, University of Ghana, 1–2 March

Government of Ghana (1969) Constitution of the Second Republic of Ghana. Ghana Publishing Corporation, Accra

Gray A, Jenkens WI (1985) Administrative politics in British government. Wheatsheaf Books Ltd, Sussex

Grindle MS, Thomas JW (1991) Public choices and policy change: the political economy of reform in developing countries. Johns Hopkins University. Press, Baltimore/London

Guggisburg G (1926) Confidential Memo about A. W. Norris, District Commissioner, November 17. National Archives of Ghana, Accra

Gyimah-Boadi E (1994) Ghana's uncertain political opening. J Democr 5(2):75–86

Gyimah-Boadi E, Rothchild D (1990) Ghana. In: Subramaniam V (ed) Public Administration in the Third World: an international handbook. Greenwood Press, New York

Hagan CH (1926) Chief commissioner for Asante. In: Unofficial diary entry, November 3. University Colonial Records Project (OUCRP), Oxford

Handelman H (2006) The challenge of third world development, 4th edn. Prentice Hill, New Jersey

Heady F (1984) Public administration: a comparative perspective. Marcel Dekker, New York

Huque AS, Rahman MT (2003) From domination to alliance: shifting strategies and accumulation of power by the bureaucracy in Bangladesh. Public Organization Review

Jahan F (2006) Public administration in Bangladesh. BRAC University, Dhaka

Jahan F, Shahan AM (2012) Bureau bashing and public service motivation: a case for the civil service of Bangladesh. Int J Public Adm 35:272–284

Joeng H (1998) Economic reform and democratic transition in Ghana. World Affairs 180(4):218–230

Kenneth K (2000) The post-bureaucratic Organization and public Service Values. Int Rev Adm Sci 66 (1):21–44

Knupland P (1953) James Stephen and the British colonial system, 1843–1847. University of Wisconsin Press, Madison

Koduah A, Van Dijk H, Agyeapong IA (2015) The role of policy actors and contextual factors in policy agenda setting and formulation: maternal fee exemption policies in Ghana over four and a half decades. Health Res Policy Sys 13:27–47

Koehn PH (1990) Public policy administration in Africa: lessons from Nigeria. Westview, Boulder

Kosack S (2012) The education of nations: how the political organization of the poor, not democracy led governments to invest in mass education. Oxford University Press, Oxford

Krause GA (1996) The institutional dynamics of policy administration: Bureaucratic influence over securities regulation. Am J Polit Sci 40:1083–1121

Krause GA (1999) A two-way street: the institutional dynamics of the modern administrative state. University of Pittsburgh Press, Pittsburgh

Kuklick H (1979) The imperial bureaucrat: the colonial administrative service in the Gold Coast, 1920–1939. Hoover Institution Press, Stanford

Larbi GA (2003) Overview of public sector management reform. In: Discussion paper 112. United Nations Research Institute for Social Development, Geneva

Levy B (2014) Working with the Grain: integrating governance and growth in development strategies. Oxford University Press, Oxford

Libby RT (1978) External co-optation of a less developed country's policy making: the case of Ghana, 1969–72. World Polit 29(1):67–89

Lumley EK (1976) Forgotten mandate. C. Hurst and Company, London

Maddison S, Denniss R (2009) An introduction to Australian public policy: theory and practice. Cambridge University Press, New York
Metcalfe GE (1964) Great Britain and Ghana: documents of Ghana history 1807–1957. Thomas Nelson, London
Mohammed AK (2014) An assessment of the impact of local government fragmentation in Ghana. Public Organ Rev 14(4). https://doi.org/10.1007/s11115-014-0299-2
Nti J (1978) Civil Service in Ghana: its appraisal and prospects. Ghana Universities Press, Accra
Ocran AK (1977) Politics of the sword. R. Collins, London
Ohemeng FK (2005) Getting the state right: think tanks and the dissemination of new public management ideas in Ghana. J Mod Afr Stud 43(3):443–463
Ohemeng FK, Ayee JRA (2016) The new approach to public sector reforms in Ghana: a case of politics as usual or a genuine attempt at reform? Dev Policy Rev 34(2):277–300
Ohemeng FK, Anebo FK (2012) The politics of administrative reforms in Ghana: perspectives from path dependency and punctuated equilibrium theories. Int J Public Adm 35(3):161–176
Omaboe EN (1966) The process of planning. In: Birmingham W, Neustadt I, Omaboe EN (eds) A study of contemporary Ghana: the economy of Ghana, vol 1. Northwest University Press, Evanston, pp 439–463
Oquay M (1980) Politics in Ghana, 1972–1979. Tornado Press, Accra
Overeem P (2012) The politics-administration dichotomy: towards a constitutional perspective, 2nd edn. CRC Press, New York
Peters BG, Pierre D (eds) (2004) Politicization of the civil service in comparative perspective. Routledge, London
Rashid AK (2014) The role of the bureaucracy in policymaking in Bangladesh. Asia Pacific J Public Admin 36(2):150–161
Rothchild D (ed) (1991) Ghana: the political economy of recovery. Lynne Reinner, Boulder
Schmidt DE (2003) Political influence and policy variation: understanding the politics of field administration. Adm Soc 35:279–314
Stahl M (1981) Toward a policy-making paradigm of public administration. Am Rev Public Adm 18:7–15
Steelman TA (2001) Elite and participatory policy-making: finding balances in a case of National Forest Planning. Policy Stud J 29:71–89
Svara JH (2006) Introduction: politicians and administrators in the political process – a review of themes and issues in the literature. Int J Public Adm 29(12):953–976
Werlin H (2003) Poor nations, rich nations: theory of governance. Public Adm Rev 63(3):329–342
Wilson W (1887) The study of administration. Polit Sci Q 2:209–210
Wood SN (1984) Restructuring of the ministerial organization in Ghana. Afr Adm Stud 23(3):41–57
Wright M (1946) Gold Coast legislative council. In: Perham E (ed) Studies in colonial legislatures series. Faber and Faber, London, pp 101–141

# Role of Community-Based Organization to Combat Corruption

Nurul Huda Sakib
Department of Government and Politics, Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Civic engagement to combat corruption; Localism in anti-corruption; Neighborhood in anti-corruption

## Defining Community-Based Organization

The term "community" could be defined as a group of people who are living in the same place and participate in achieving their common interests. What it suggests is that community is developed by a systematic, interactive, and interdependent relationship with each other. It also heavily relies on shared history, mutual expectations, predictable roles, values, norms, and patterns of status differentiation (Brager et al. 1987). The sense of a community then leads to community organizing. Therefore, community-based organizations (CBOs) are defined as an organized community group that is directed by some goal/s (social, political, economic development) to serve the common interest of the community. They may be nonprofit or volunteer-based, but they can be formed to achieve direct profit as a community. Either way, the goal of the CBOs is to preserve community interests.

## Why is the CBOs Role in Anti-Corruption?

Community engagement in public affairs has made a significant contribution to public service delivery and on local issues through leadership and decision making. The past few decades have seen tremendous growth in citizens' engagement through community development committees, citizen

satisfaction surveys, public consultations, participatory planning, budget consultations, and social audits (UNDP 2016). Citizens' engagement involves citizens in the form of individual or collective action (including that in civil society organizations) (Joshi 2007). Considering the modern governance regime, Putnam et al. (1994) argued that if citizens in a "civic community" demand better public services and collaboration, public sector officials become more aware of their responsibility for civic duties. Conversely, in less open societies, people do nothing to create a civic community and instead become isolated and suspicious.

Similarly, Sen (1999) argued that citizens' engagement provides people with the opportunity to speak up against injustices and discrimination. Citizen engagement fosters human capabilities, promotes fundamental freedoms, and contributes to people's well-being and quality of life. For example, Achwan and Ganie-Rochman (2009) suggest that the aim of community organizing is doing something beneficial for the citizens of the locality. Therefore, the trend has also become popular in anti-corruption in modern days. At the same time, there are few separate reasons to gain popularity of CBOs in anti-corruption.

First, it has been a common trend all over the world that there have been few successful efforts in combating corruption via existing institutions, such as the anti-corruption agencies and other watchdog agencies through a top-down approach. Indeed, in some cases, these institutions have been used to institutionalize corruption. Overall public trust in these institutional initiatives is shallow, so they have little legitimacy. These institutions often encouraged ceremonial displays of anti-corruption activity, while program overreach relative to available resources has created state capability traps.

Second, in many developing countries, the necessity for petty corruption has gained societal acceptance. This necessity has been reinforced by cultural influences in schools and social groups, particularly in rural areas. Community engagement in anti-corruption initiatives to end or reduce societal acceptance of corruption is thus a critical step in breaking the corruption chain.

Third, community engagement has been very successful over the years in various other sectors. Traditionally, countries have strong cultural bonding, in which relatives, neighbors, and friends share and help each other worked as a force to protect themselves against natural disasters like floods, cyclones, and river erosion. These countries might have the potential for community engagement that could support anti-corruption efforts as well.

Fourth, policies to encourage these community efforts must draw on existing social institutions like the family, educational institutions, and religious institutions, rather than trying to create new bases for community action. These existing social institutions draw our attention to the often-neglected base of Jeremy Pope's "Greek Temple" (Pope 2000). Empowering them will strengthen support for the pillars of the national integrity systems of any country.

## CBOs in Combating Corruption: Early Development

Community engagement in anti-corruption measures, which has gained success worldwide, is an approach borrowed from the well-known US civic education system. This approach continues to be very influential since the nineteenth century. It has been packaged and "sold" to other countries through the Centre for Civic Education's CIVITAS program (Marquette 2007). Similarly, since October 2002, the World Bank Institute's pilot-based Youth for Good Governance Learning Program, which was designed to engage the younger generations, has operated in several countries (Tanzania, Ghana, Uganda, Zambia, Russia, Ukraine, Yugoslavia, and the USA), to highlight the vital role young people can play in improving the quality of governance in their countries (The World Bank Institute 2002).

Additionally, the immense success of the Community Relations Department of Hong Kong's ICAC, which is responsible for the education, publicity, and moral leadership, has also contributed to the spread of community engagement in anti-corruption efforts (Marquette 2007; Quah 1994).

Hong Kong community leaders play an advisory role to the Chief Executive, who is head of the Hong Kong Special Administrative Region (HKSAR) (Huberts et al. 2008). The Citizens Advisory Committee has a crucial role in the content of films, billboards, and other forms of advertising to educate the public on corruption issues (Heilbrunn 2004). Experiences from these initiatives suggest that creating a social movement involving citizens' engagement is one fruitful mechanism for fighting corruption. Furthermore, the World Bank has acknowledged the relationship between anti-corruption measures and citizens (as individuals or as members of civil society) in preventing corruption. Both the UN and the OECD emphasize the broad participation of citizens in decision-making (Verdenicci and Hough 2015). Therefore, the citizens' engagement process through CBOs and other organizational forms motivate donors to promote frequently. Having been developed by following such examples, community-driven anti-corruption initiatives in many countries have become not only widespread but are increasing.

## Types of Community Organizing to Combat Corruption

The brisk development of CBOs to prevent corruption has made various government and non-government agencies to take initiatives. These ingenuities come through many forms which can be categorized as a) government-driven, b) non-government driven, and c) spontaneous community participation.

Government agencies or institutions mainly operate **government-driven** CBOs to prevent corruption through engaging citizens. Following the development of the Community Relations Department of Hong Kong's ICAC, many government agencies are likely to initiate CBO activities to prevent corruption. The United Nations Convention Against Corruption (UNCAC) passed in 2005 also plays a significant role to promote CBO activities through ACAs around the world. Countries, after signing the UNCAC ratification, must initiate preventative activities. Therefore, these agencies, along with local government, ran anti-corruption preventative activities through CBOs. These agencies mainly helped to form CBOs at the municipal, regional, and subregional level. For example, in Bangladesh, the Anti-Corruption Commission (ACC) has a preventative unit to aware and educate citizens about corruption. The ACC also formed the Corruption Prevention Committee (CPC) in every district and subdistrict (local level) to perform their preventative activities with the help of mass people. These committees mainly performed ACC's prescribed program regularly.

**Nongovernment-driven** CBOs are mainly funded and operated by NGOs through donors funding. Intergovernmental organizations (IGOs) like the World Bank, Asian Development Bank, European Union, many international NGOs, and government operate their corruption prevention activities through national and local NGOs. These NGOs mainly worked to fulfill donors' expectation and worked on their prescribed format to prevent corruption. Corruption prevention through NGOs is common and most frequent among these three types. Many NGOs worked together with the local NGOs to form these CBOs to raise their voice against corruption. At the same time, international NGOs also form CBOs through their country office. Among those Transparency International is well known for its CBO activities, forming citizen-led committees in many countries. These committees try to engage and aware citizens against corruption.

**Spontaneous community participation** in combating corruption means preventing corruption without impulse or inclination and premeditation or external stimulus or growing naturally. Generally, spontaneous participation grows naturally and arise suddenly to address problems faced by citizens. The fundamental difference between spontaneous participation and other forms of community action is that the former grow naturally. No one initiates them form outside, sets their rules, or supports them by funding. These initiatives represent a bottom-up approach that develops from self-driven initiatives, self-funding, and creative strategies. These efforts come in different forms in different

circumstances. Perhaps Anna Hazare's protest on the anti-corruption movement is a well-known example of spontaneous participation. Spontaneous participation is result-oriented, and therefore it has a massive risk to become successful.

## Activities and Effectiveness of CBOs to Combat Corruption: Compared

The government and nongovernment CBOs operate an almost similar type of activities to prevent corruption. However, spontaneous participation activities are someway different and known for their unique approach. Both government and nongovernment CBOs activities are more isomorphic and copy each other. They sometimes cooperate and operate joint initiatives to prevent corruption. Government-driven initiatives are mainly limited to preventative activities, for example, discussion meetings, seminars, workshops, public hearing, rallies, community consultation, street, and drama throughout the year. Their approach is more creating awareness and educating citizens to prevent corruption. Nongovernment initiatives also follow a similar method. Additionally, they also organize advocacy program and occasionally worked as a bridge between service holder and service receiver. Despite that, Carr and Outhwaite (2011) found that people in nongovernment community activities often focus on information-sharing, networking, and communicating in a restricted sense (Table 1).

Spontaneous participation in CBOs is more likely to be problem-driven and more productive from other forms of CBOs activities. Spontaneous participation activities depend on the nature of the problem. For example, Anna Hazare made a hunger strike for passing Lokpal Bill in India, an old farmer in Bangladesh moved around the entire village to make a protest against the local land office. It may come as an individual, organizational, or a combination but always looks for a solution. It also organizes formal program such as discussion meetings, seminars, workshops, rallies, community consultation, and street drama in a limited number depending on the situation.

All types of CBOs are successful in corruption prevention through various mechanisms. Many countries have succeeded in preventing corruption through CBOs. However, different forms of community organizing have a different level of success. However, donor-assisted program (government and nongovernment), in most cases, do not or have less success (Andrews 2013). In the developing countries government and nongovernment approaches to engaging citizens generated by donor funding have minimal impact on combating corruption. Although these initiatives have official legitimacy and robust constitutional frameworks, they remain less effective. Compared with bottom-up approaches, they lack urgency, intensity, and commitment, with most of the officials serving to fulfill key performance indicators. They measure success by numbers rather than real impact in



**Role of Community-Based Organization to Combat Corruption, Table 1** Summary comparison of three types of community engagement

| | Government | Nongovernment | Spontaneous |
|---|---|---|---|
| **Funding** | Government/donors | NGOs from the donor funding | Self/some income-generating activities |
| **Official legitimacy** | Yes | Yes | No |
| **Clear strategy** | Prescribed format: coercive, mimetic, and normative isomorphism | Prescribed format: both coercive, mimetic, and normative isomorphism in practice fulfilling KPIs | Problem-driven initiatives |
| **Code of conduct** | Yes | Yes | No |
| **Activities** | Awareness campaigns, mobilizing people, advocacy. Information fairs, etc. | Awareness campaigns, mobilizing people, advocacy. Information fairs, etc. | The direct protest, movement, organized people to get a result immediately. |

Source: Author

society. Therefore, many researchers prefer bottom-up anti-corruption efforts to prevent corruption. For example, Andrews (2013) emphasizes a problem-driven learning approach to gain state capability. He suggests that donor-assisted program might stick the states in a position where they could not implement any policy. He contextualizes this situation as isomorphic mimicry. Therefore, donor-supported isomorphic mimicry took countries nowhere, and they fall in capability trap. He further emphasized that developing countries should give priority to the local context. Andrews et al. (2013) have suggested a "Problem Driven Iterative Adaptation" (PDIA) model escape capability trap. Instead of the application of "best practice," PDIA encourages viable and relevant interventions based on specific problems.

For example, citizens' participation through a bottom-up approach has achieved some outstanding results in several countries. In the case of India, Webb (2012) showed that poor people in Delhi obtained services from public institutions through a collective approach and the use of the *Right to Information Act 2005*. Similarly, leading examples of community organizing and citizens' engagement are Residents' Committees in Singapore, Neighbourhood Associations in Japan (Read and Pekkanen 2009), and Civic Organisations in Indonesia (Achwan and Ganie-Rochman 2009). In other research based on 60 case studies, Goetz and Gaventa (2001) found that citizens' engagement and civil society initiatives have fostered public services; participatory budget monitoring in Brazil (Touchton and Wampler 2014), social audit hearings in India (Pande 2014) are some other successful cases of preventing corruption through bottom-up community-led efforts. These initiatives not only encourage local development but also reduce opportunities for corruption by engaging citizens in the process.

## Challenges of CBOs in Combating Corruption

Translating this consensus into the formation of effective CBOs to combat corruption is, however, far from easy. The experiences of forming such oversight bodies in the local government sector are not promising. According to one case study, community participation in the local governance process has been an "inchoate and piecemeal affair" due to political manipulation, clientelism, inadequate governance structure, and the need for greater awareness and participation (Waheduzzaman and As-Saber 2015). Therefore, CBOs worldwide face someway few similar challenges like these:

**First,** since political interference is a crucial problem in other civic organizations, there is a strong possibility that the same thing could occur in CBOs. The main dangers here are the development of patron-client linkages between CBO members and influential political figures. At the same time, it is impossible to succeed and create an anti-corruption framework without the support of the party in power, and many CBOs in other countries do develop productive connections with political parties.

**Second,** the donor's driven approach, as well as a spontaneous participation, needs uninterrupted funding to remain active. The survival of the CBOs depends on managing the stream of supplies, autonomy, and external groups. The concentration and provided resource importance increase the dependencies. Thus the organization faces more significant constraining influences from their environment if they depend heavily on one or very few resource providers (Verbruggen et al. 2011). Even if some types of movement arise due to self-driven and self-funded initiatives, they often need stable sources of funding to make them successful in the longer term.

**Third,** initiatives like anti-corruption movements need strong leadership capabilities. It is often hard to find people who are brave and have leadership capabilities. Some leaders are challenging to replace, and leadership transitions are often complicated. Some CBO activities often face challenges of fear of physical or mental threats. People who are engaged in anti-corruption movements have received threats to their lives by powerful forces.

**Fourth,** the experience of engaging citizens in various committees is often hampered by the presence of local patrons, syndicates, and clients, who create conflicts, suspicion, and even corruption within groups. Group members who are solely committed to the anti-corruption cause and not joining for ulterior motives are a significant challenge.

**Fifth,** CBOs often require support from different stakeholders, which is sometimes lacking in many countries. There are problems within the CBOs forming committees and personal interest. Even, they may not get proper support from the government and agencies.

**Finally,** volunteerism needs extended time, and when it comes to anti-corruption, the task is much difficult. CBO members (especially the leaders) are most often busy with their other responsibilities. Therefore, CBOs in many countries failed to engage people in the movement with real passion.

## Conclusion

The role of CBOs in combating corruption is challenging but not impossible. All forms of CBOs might have more success if they overcome the known challenges. Evidence suggests that political will can enforce CBOs in anti-corruption as it creates an environment for reforms and policy implementation (Brinkerhoff 2000).

## Cross-References

► Bottom-Up Anti-Corruption Approach

## References

Achwan R, Ganie-Rochman M (2009) Civic organisations and governance reform in Indonesian cities. Asian J Soc Sci 37(5):799–820

Andrews M (2013) The limits of institutional reform in development: changing rules for realistic solutions. Cambridge University Press, Cambridge

Andrews M, Pritchett L, Woolcock M (2013) Escaping capability traps through problem driven iterative adaptation (PDIA). World Dev 51:234–244

Brager G, Specht H, Torczyner JL (1987) Community organizing. New York: Columbia University Press

Brinkerhoff DW (2000) Assessing political will for anti-corruption efforts: an analytic framework. Public Adm Dev 20(3):239

Carr I, Outhwaite O (2011) The role of non-governmental organisations (NGOS) in combating corruption: theory and practice. Suffolk Univ Law Rev 44(3):615–660

Goetz AM, Gaventa J (2001) Bringing citizen voice and client focus into service delivery. IDS working paper 138. Institute of Development Studies, Sussex. Retrieved from https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/3900/Wp138.pdf

Heilbrunn JR (2004) Anti-corruption commissions: panacea or real medicine to fight corruption? In: Campos JE, Pradhan S (eds) The many faces of corruption: tracking vulnerabilities at the sector level. World Bank Institute, Washington, DC

Huberts L, Anechiarico F, Six F (eds) (2008) Local integrity systems: world cities fighting corruption and safeguarding integrity. BJu Legal Publishers, The Hague

Joshi A (2007) Producing social accountability? The impact of service delivery reforms. IDS Bull 38(6):10–17

Marquette H (2007) Civic education for combating corruption: lessons from Hong Kong and the US for donor-funded programmes in poor countries. Public Adm Dev 27(3):239–249

Pande S (2014) The right to know, the right to live: grassroots struggle for information and work in India. Doctoral Thesis, University of Sussex, Sussex

Pope J (2000) Confronting corruption: the elements of a National Integrity System. Transparency International, Berlin

Putnam RD, Leonardi R, Nanetti RY (1994) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton

Quah JS (1994) Controlling corruption in city-states: a comparative study of Hong Kong and Singapore. Crime Law Soc Chang 22(4):391–414

Read BL, Pekkanen R (eds) (2009) Local organisations and urban governance in east and Southeast Asia: straddling state and society. Routledge, Milton Park/Abingdon/Oxon/New York

Sen A (1999) Development as freedom. Oxford University Press, Oxford/New York

The World Bank Institute (WBI) (2002) Youth for good governance learning program. Retrieved from http://www.worldbank.org/wbi/governance/youth

Touchton M, Wampler B (2014) Improving social well-being through new democratic institutions. Comp Pol Stud 47(10):1442–1469

United Nations Development Programme (UNDP) (2016) Citizen engagement in public service delivery: the critical role of public officials. Author, Singapore

Verbruggen S, Christiaens J, Milis K (2011) Can resource dependence and coercive isomorphism explain non-profit organizations' compliance with reporting

R

standards? Nonprofit and Voluntary Sector Quarterly 40(1):5–32.
Verdenicci S, Hough D (2015) People power and anti-corruption; demystifying citizen-centred approaches. Crime Law Soc Chang 64(1):23–35
Waheduzzaman W, As-Saber S (2015) Community participation and local governance in Bangladesh. Australian Journal of Political Science 50(1):128–147
Webb M (2012) Activating citizens, remaking brokerage: transparency activism, ethical scenes, and the urban poor in Delhi. Polit Leg Anthropol Rev (PoLAR) 35(2):206–222

# Role of Corporations in Addressing Climate Change

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

## Synonyms

Climate change; Climate resilience; Leadership; Management; Sustainability

## Definition

Corporate role in addressing climate change threats and climate resilience is a result of several direct and indirect factors, including but not limited to the economic and financial interests, risk management, branding, and ethical responsibility and responsiveness to the societal demands and global changes.

## Introduction: Climate Change and Corporate World

Climate change is a proven scientific fact, documented through thousands of peer-reviewed, meticulously compiled studies and reports, indicating threats to the world (Fletcher 2013; IPCC 2014; Urban 2015). Climate change is a threat to the global economy and the current way of life, with a potential to affect all facets of life, from social to the economic fabrics of the global society. Businesses as a core component of the social fabric, and businesswomen and businessmen play an integral role in being engaged on issues potentially impacting their corporate bottom lines. While a smaller number of corporations are significant contributors to global warming and GHG emissions, companies in effect contribute to pollution, which leads to global warming and the ensuing climate change impact (Griffin 2017; Riley 2017; Starr 2016).

However, companies are actively engaged in pursuing actions to stem the negative impact of climate change and threats from extreme weather-related events, in knowing the risk of failed cities, communities, and ultimately infrastructure on their operations. The consequences for corporations may include supply change and transportation disruptions, higher insurance premiums for doing business in certain parts of the world, the negative impact on human resources, and changes in energy supply. Each industry sector from tourism to logistics will be negatively and adversely affected. Linnenluecke and Griffiths (2010) documented the risks of climate change and extreme weather events to business organizations and suggested the strategies for dealing with those beyond traditional adaptation approaches.

Corporations may be able to quickly adjust and seek opportunities for long-term solutions through adaptive strategies tied directly or indirectly to climate change risks and mitigation. On a large scale, problems facing corporations and cities are related to the opportunities and woes that exist with the global economy. The interconnectedness between the global interests that corporate leaders have in ensuring profit for their organizations and social and environmental responsibilities was entirely on display after the current United States administration's decision to withdraw from Paris Climate Accord (Bendix 2017; McGregor 2017; Victor 2017; We're Still In, 2017).

## History of Corporate Societal Responsibility

The idea of climate resilience is relatively new. However, the concepts of corporate social responsibility and sustainability have been in existence for over several decades. In a classic work, Schumacher (1973/2010) addressed the treatment of resources in the world in the context of economics, accurately predicting the unsustainability of using finite resources by industrial society, suggesting and asking "whether the earth's resources are likely to be adequate for the further development of an industrial system that consumes so much and accomplishes so little" (p. 127).

Building on the United Nations World Commission on Environment and Development's (1987) sustainable development framework, Elkington (1997) defined the Triple Bottom Line (TBL) setting up a new paradigm for viewing business activities beyond the profit-making bottom line. Later Elkington (2012) wrote about the new boundaries deployed by innovators and entrepreneurs in seeking to discover ways to have zero impact from organizational actions on the environment and the society, and pushing organizations to break the new "sustainability barrier." Moreover, in making the business case for sustainability for companies and corporations, Werbach (2009) noted "the global economy, our environment and political institutions are undergoing rapid structural change" (188).

## Root Cause of Environmental Instability

A primary type of energy is derived from fossil fuels (oil and coal), causing the existence of price unpredictability and most directly contributing to climate change on an unfrequented scale. The abundance of traditional sources of energy, such as coal and oil, led to the dependency of use of those sources of energy. Oil, coal, and to a certain extent natural gas have been the primary drivers of electricity production and energy consumption in the modern world, and one of the most prominent polluting elements in the history of humankind. Additional pressure to all systems will come from the inevitability of climate change in a way that will impact entire energy systems. The era of climate change brings a set of challenges and responsibilities beyond the traditional way of doing business. Consequences of this new era of climate are unpredictable, and unpredictability carries a certain amount of risk for which every organization and systems could either prepare or ignore it at its peril.

### Ethical Prerogative for Corporate Societal Responsibility

Corporations with strong ethical missions embed the policies to promote sustainability and resilience despite changes in stakeholders and managerial leadership. With such prerogative, Williams (2011) and Bohmholdt (2014) explained the Sustainable Return on Investment (SROI) and benefits of calculating the bottom line for companies' sake beyond the profit-making. For corporations professing sustainability and climate resilience as their core values, incorporating these tools becomes a norm, using for example environmental and social cost of fossil fuels in calculating the overall return on investment from sustainable energy projects.

Corporations reap social benefits of protecting the environment, practicing good social values, while managing fiscal and economic development expectations. Saul (2011), for example, focused attention to turning social change into a business strategy. There are arguments that organizations, mainly corporations, use the sustainability bottom line to break ranks with the accepted views of businesses and to advocate for societal issues such as climate change and protection of the environment. With the new climate resilience barrier, new strategies are being deployed. Bendell and Kearnis (2005) shared examples of companies using their economic and business clout to pursue political agenda and to advocate for various sustainability-related issues including the climate change impacting businesses and the rest of the society.

### Social Entrepreneurship

In addition to the political dimension of the corporate social responsibility and business sustainability efforts, an aspect of corporate role in addressing climate change is expressed through the concept of social entrepreneurship, covered at length by Bornstein (2004), Bravo (2016), and Doherty et al. (2014). A notable shift and change is the trend of corporations and organizations moving from the profit-only paradigm and investing more in socially and environmentally sustainable effort. Sustainability is a driving force behind the underlining paradigm, dictating more responsive and responsible governance and management of resources. Soyka (2012) viewed sustainability as "a value set, philosophy, and approach" used by organizations for the "the betterment of society" (p. 17). Corporations adapting to the changing needs of the societies find themselves to be more financially and economically successful, and socially responsive. Furthermore, those corporations are better equipped to respond to crises and recover from shocks.

## Strategies to Mitigate the Greenhouse Gas Emissions by Corporations

Corporations operate in a dynamic and a highly competitive global marketplace, and are unpredictability associated with business cycles and market fluctuations. To compete more forcefully in the global marketplace companies must steadily reduce and mitigate risks and exposure to risk. Both the increased globalization and climate change exponentially raise the exposure to various risks and measureable impacts on corporate operations, in what O'Brien and Leichenko (2000) described as double exposure. Some examples of strategies deployed by corporations to reduce the impact of Green House Gas emissions include the purchase and production of renewable energy, with specific renewable energy and energy efficiency targets. In the United States alone, the EPA's list of Fortune 500 partners shows that 82 corporations committed to deploying renewable energy sources in their operations use approximately 21 billion kilowatt-hours (kWh) of renewables annually, with a significant reduction in the negative environmental footprint from energy use (EPA 2017). Similar to local governments and their commitment to reducing GHG emissions in operations, corporations need to measure and report the overall results of their commitment to reducing the use of traditional sources of energy in operations.

Other popular approaches and strategies increasingly used by businesses to reduce the negative impact of waste on the environment are the concepts of Cradle to Grave (C2G) and Cradle to Cradle (C2C) concepts. The intent is to view products through the lens of either producing less waste or designing products that can be re-entered into the market through recycling processes. In addition to positive branding from selling products made with less waste or from recycled materials, both processes have a positive impact on the environment and reduce the cost of operations. To better understand the impacts of a product from the time of initial production through the end of the lifecycle, corporations can reduce the negative environmental impact from resources use, educate and encourage consumers how to treat and dispose of the product, and make their operations more resilient to changes.

## Conclusion

Corporations have a role and responsibility to their customers, stakeholders, employees, and the society as a whole to deal with the threats of the changing climate and extreme weather. As a result of several direct and indirect factors, including but not limited to the economic and financial interests, risk management, branding, and ethical responsibility and responsiveness to the societal demands and global changes, corporations deploy strategies to mitigate and adapt to the climate change. The scope of corporate social responsibilities continually evolves, reflecting the changing needs and interests of the society and communities where businesses operate. Beyond the financial interest in mitigating risks of climate change, and reducing the negative environmental impacts, businesses are interested in increasing

positive image of the company's products and services brands they produce and provide.

## Cross-References


- ▶ Asset Management
- ▶ Cities and Climate Change
- ▶ Ethics of Sustainability
- ▶ Organizations and Environment


## References


Bendell J, Kearnis K (2005) The political bottom line: the emerging dimension to corporate responsibility for sustainable development. Bus Strateg Environ 14(6):372–383. https://doi.org/10.1002/bse.439

Bendix A (2017) The global reaction to trump's climate-change decision. The Atlantic. Accessed 1 Oct 2017. https://www.theatlantic.com/news/archive/2017/06/the-global-reaction-to-trumps-climate-change-decision/528777/

Bohmholdt A (2014) Evaluating the triple bottom line using sustainable return on investment: the triple bottom line using sustainable ROI. Remediat J 24(4):53–64

Bornstein D (2004) How to change the world: social entrepreneurs and the power of new ideas. Oxford University Press, Oxford

Bravo C (2016) Schools of thought in the field of social entrepreneurship. Int J Soc Behav Educ Econ Bus Ind Eng 10(5):1663–1668

Doherty B, Haugh H, Lyon F (2014) Social enterprises as hybrid organizations: a review and research agenda. Int J Manag Rev 16:417–436

Elkington J (1997) Cannibals with forks: the triple bottom line of 21st century business. Capstone, Oxford, UK

Elkington J (2012) The Zeronauts: breaking the sustainability barrier. Routledge, Abingdon

Fletcher C (2013) Climate change: what the science tells Us. Wiley, Heboken

Griffin P (2017) The carbon majors database. CDP carbon majors report 201. 100 fossil fuel producers and nearly 1 trillion tonnes of greenhouse gas emissions. CDP Worldwide. Retrieved from https://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/327/original/Carbon-Majors-Report-2017.pdf?1499691240

Intergovernmental Panel on Climate Change (IPCC) (2014) Summary for policymakers. In: Field CB, Barros VR, Dokken DJ, Mach KJ, Mastrandrea MD, Bilir TE, Chatterjee M, Ebi KL, Estrada YO, Genova RC, Girma B, Kissel ES, Levy AN, MacCracken S, Mastrandrea PR, White LL (eds) Climate change 2014: impacts, adaptation, and vulnerability. Part A: global and sectoral aspects. Contribution of working group II to the fifth assessment report of the intergovernmental panel on climate change. Cambridge University Press, Cambridge, pp 1–32

Linnenluecke M, Griffiths A (2010) Beyond adaptation: resilience for business in light of climate change and weather extremes. Bus Soc 49(3):477–511

McGregor J (2017) 'Climate change is real': CEOs share their disappointment over Trump's Paris accord exit. The Washington Post. Accessed July 7 2017 https://www.washingtonpost.com/news/on-leadership/wp/2017/06/01/ceos-make-final-pleas-to-trump-to-stay-in-paris-climate-agreement/?utm_term=.5fbbcaa4cbda

O'Brien KL, Leichenko RM (2000) Double exposure: assessing the impacts of climate change within the context of economic globalization. Glob Environ Chang 10(2000):221–232

Riley T (2017) Just 100 companies responsible for 71% of global emissions, study says. The Guardian. Guardian Sustainable Business. Retrieved from https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change

Saul J (2011) Social innovation, Inc. 5 strategies for driving business growth through social change. Jossey-Bass A Wiley Imprint, San Francisco

Schumacher EF (2010) Small is beautiful: economics as if people mattered. HarperCollins, New York. (Original work published 1973)

Soyka PA (2012) Creating a sustainable organization: approaches for enhancing corporate value through sustainability. Pearson Education, Upper Saddle River

Starr D (2016) Just 90 companies are to blame for most climate change, this 'carbon accountant' says. Science. Retrieved from http://www.sciencemag.org/news/2016/08/just-90-companies-are-blame-most-climate-change-carbon-accountant-says

The United States Environmental Protection Agency (EPA) (2017) Green power partnership fortune 500® partners list. Retrieved from https://www.epa.gov/greenpower/green-power-partnership-fortune-500r-partners-list

Urban MC (2015) Accelerating extinction risk from climate change. Science 348:571–573

Victor D (2017) 'Climate change is real': many U.S. companies lament Paris accord exit. The New York Times. Retrieved from https://www.nytimes.com/2017/06/01/business/climate-change-tesla-corporations-paris-accord.html

Werbach A (2009) Strategy for sustainability: a business manifesto. Harvard Business Press, Boston

Williams J (2011) A sustainable return on investment. Securing support for sustainable strategies. In: Coyle S (ed) Sustainable and resilient communities: a comprehensive action plan for towns, cities, and regions. Wiley, Hoboken, pp 332–342

# Role of Superpowers in Conflict Development and Resolutions, The

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy

## Synonyms

Empire; Global leadership; Great power; Imperialism; Resolution; Conflict; War

## Definition

Superpowers are nations with a high economic-war potential and social power, recognized worldwide, that influence other geoeconomic regions. Superpowers have a purpose to achieve/sustain a global leadership, and their role in conflict development and resolution is directed to cope with environmental threats or to take advantage of important opportunities in markets.

## Introduction

Superpowers or great powers or leader countries (these terms can be used here in an interchangeable manner) have a high economic-war potential based on an economic, scientific, and technological superiority recognized worldwide (cf., Coccia 2012, 2015a, 2017). Stein and Russett (1980) argue that the strength of superpowers is due to a superior "military sophistication" that can support the final victory in wars. The role of superpowers is also associated with conflict development and resolution (the latter concept "means to employ behaviour used in similar situations, adapted if necessary, so as to obtain an outcome that is good enough," as quoted by Ackoff and Rovin 2003, p. 9). In fact, superpowers can develop conflicts to take advantage of important opportunities or to cope with consequential environmental threats. International conflicts guided by superpowers influence negatively and/or positively some economic processes in a permanent way. Conflicts developed by superpowers can stimulate long-run technical and organizational progress of countries (Coccia 2010a; Coccia and Bellitto 2018). Some social scientists have given more attention to the effects of wars, driven by superpowers, on technology social and economic growth (cf., Ruttan 2006; Coccia 2015a, 2018). As a matter of fact, conflict development by superpowers can support both technological innovations and other types of innovations (Coccia 2015a, 2015c, 2016a, 2016b). For instance, income tax, an innovative fiscal model, is originated in England during Napoleonic Wars for restructuring the finance of government for military requirements (cf., Gini 1921, p. 205). In general, conflicts between superpowers generate major socioeconomic consequences and structural change at national and global level (Stein and Russett 1980, p. 401). Superpowers influence profoundly socioeconomic and political systems worldwide and with conflict development and/or resolutions can generate economic shocks for participants and neutral nations (Goldstein 2003, p. 215). In particular, conflict development by superpowers generates demand-side and supply-side effects for domestic economy and for economies of allied countries. The demand-side effects of conflicts are a huge demand shock based on a massive increase in deficit spending and expansionary policy for economic system. The demand effects, generated by conflicts, are coupled to powerful supply-side effects: learning by doing in military production, spin-off and spillover from military R&D, etc. These effects of military conflicts support output, productivity, and technological growth of superpowers and interrelated economies (cf., Ruttan 2006; Coccia 2012). For instance, US manufacturing sectors have taken advantage of fruitful demand-side and supply-side effects of World Wars. In short, superpowers, generating conflicts, support R&D investments to produce military technologies that are transferred to civilian applications in the long term (Coccia 2008b, 2015a, 2019a). The mobilization of human and economic resources by superpowers, during conflict development, increases inventions

and technological innovations that in the postwar period are diffused in society to induce long-run economic growth (Stein and Russett 1980, p. 412; Coccia 2015a).

Conflict development and/or conflict resolution also play a vital role in the distribution of power within international system (cf., Levy 2011). As a matter of fact, the effect of wars between superpowers can fundamentally change the hierarchy of power among nations in the international system. Modelski (2010) asserts that the "war causes the Great Powers," such as Roman Empire over 200 BCE ~ 400 AD, Britain Empire in the 1710–1850 period, the USA from 1940s onwards, etc. (cf., Stein and Russett 1980).

Kindleberger (1989, p. 203) argues that:

> The Thirty Years war from 1618 to 1648, culminating in the economic dominance of the Netherlands, from French revolutionary and Napoleonic wars from 1792 to 1815, ending in the Great Britain at the apex of the world economy, and the combined World Wars I and II, from 1914 to 1945 that led to the United States taking over as the world's leading economic power

Several nations have lost their status of superpower or imperial leadership because of conflicts (e.g., Austria-Hungary in 1918, Italy in 1944, Germany and Japan in 1945; cf., Stein and Russett 1980). Major conflicts between superpowers produce a change in the global leadership of the world economy and generate "hegemonic cycles," which are longer than 150 years (Kindleberger 1989, p. 203ff; cf., Kennedy 1987; Coccia 2018). Hence, superpowers, winning international conflicts, can achieve and/or sustain a global leadership in world economy (Coccia 2015a, p. 203).

Linstone (2007, p. 115) states that: "the winner in each case became the leading global power, a new global political economy emerged, and democracy advanced" (cf., Devezas 2006). In this context, superpowers are: "large-scale political organizations that might usefully be studied as complex systems. But they are also products of their age, and must be examined in the context of their time and place" (Modelski 2010, p. 1418).

Modelski (2010, p. 1419) also argues that:

> Empires are not the only form of large-scale political organization. . .. two other forms, global leadership (other terms used for it include hegemony – Greek for leadership – and global primacy), and . . . global organization. . .. (Britain) is a case of global leadership that toward the close of its trajectory exhibited imperial features. The United States, too, in relation to the world system, is an instance of global leadership. And global leadership can be seen as a transitional form evolving in the direction of enhanced global organization.

Ferguson (2010) notes that after the World War II, the USA assumes a global leadership, replacing the UK and "shifting from an informal to a formal empire much as late Victorian Britain once did" (as quoted by Modelski 2010, p. 1419). Ferguson (2010) also claims that the USA is similar to an empire with a military, political, economic, and technological leadership recognized worldwide. Modelski (2010, pp. 1419–1420, original emphasis), by contrast, argues that the USA is a superpower with a network-based structure, which is oriented to long-distance trade in the world system: "inclining at times to the temptations of 'informal empire' but in its basically non-imperial organization capable of responding flexibly to international crises. . .. its proper name is global leadership, an evolutionary, and therefore transitional form capable of adaptation and self-transformation in response to mounting global problems." Finally, imperial aspirations of nations, with conflict development, are impracticable in current world, which is increasingly global, complex, turbulent, interconnected, and multilevel; the only feasible strategy of superpowers, which develop conflicts, is to achieve/support a global leadership in the world economy that is subsequently sustained with R&D investment directed to economic and technological performances higher than other competitive nations (cf., Modelski 2010, p. 1419ff; Coccia 2008a, 2011, 2012, 2018a).

## Superpowers, Conflict Development, and Human Progress

In general, the conflict development by superpowers has several negative effects, but it also seems to have a crucial connection with the progress in society. The conflict development

between superpowers drives strategic investments in science and technology to solve relevant problems and/or win wars directed to achieve/support a global leadership (Coccia 2010, 2011, 2014, 2015a, b). Stein and Russett (1980) argue that conflict is one of the engines that propels economic change and supports technical progress in society. The conflict development by superpowers appears to be a necessary phase for human development, which is not a monotonous and linear but rather a disequilibrium process of world system (cf., Gini 1921). The conflict development by superpowers can be also due to prove military and scientific superiority toward other belligerent nations (cf. also, Coccia and Wang 2016). At the same time, conflict development by superpowers stimulates new technology and innovation that, after conflict, can be spread in many economic sectors (Coccia 2008b, 2015a). In fact, superpowers, under environmental tensions and consequential environmental threats (e.g., potential conflicts), have the incentive to exploit, particularly, the newest and less known discoveries and inventions in science and technology to support their leadership (cf., Gini 1921; Coccia 2015a). Moreover, superpowers invest in science and technology to reinforce socioeconomic power in the international system. In fact, in turbulent environment with political tensions, a superpower invests in science and technology to set its high-tech arms at a level that it knows will be sufficient to deter the other competitor superpower. The other competitor superpower must then also invest in R&D to set its arms at a similar level to deter future attacks when the first superpower sends signals of threats. A complete lack of R&D investments, associated with high-tech arms, is not a stable equilibrium between superpowers in competitive contexts, since a superpower that does not anticipate the strategies of others will be completely unprotected to cope with environmental threats and to take advantage of important opportunities; for this reason, superpowers invest in R&D to have new technology and high-tech weapons to cope with environmental threats, be prepared to conflict development, and/or for increasing the reputation as a deterrence strategy in competitive socioeconomic and political contexts. Hence, the technological progress seems to be associated with socioeconomic shocks (e.g., international conflicts) governed by superpowers, which generate long-run structural and social change on wide geoeconomic regions (Coccia 2014a, 2015a, 2019c).

Technological and social change would be vastly different, and economic development in society would be substantially delayed, without strategic (military and defense-related) investments that are triggered with conflict development and resolution between superpowers to achieve/sustain a global leadership. In fact, relevant needs and strategic problems during wars between superpowers are a strong incentive for generating new technology directed to win wars and subsequently support commercial and political leadership in markets and society (Fig. 1).

Hence, superpowers have the purpose of global leadership and in the presence of (effective or potential) environmental threats (e.g., conflicts) generate inventions and new technology for winning wars and subsequently support in a peace period the paths of economic and social development in markets (Coccia 2015a, 2017, 2018).

Overall, then, superpowers, generating conflicts, tend to be a vital driving force of social, technical, and economic change that supports human development in society (Coccia 2010b, 2015a; Coccia and Bellitto 2018).

## Conclusion

Superpowers guide the development and resolution of international conflicts generating social and economic change with effects on individuals, groups, nations, societies, and international systems (Stein and Russett 1980). In fact, Coccia (2015a) shows that long-term evolution in society, based on technical and social change, is a process of disequilibrium trigged with conflicts governed by superpowers having the goal of achieving/sustaining a global leadership (cf., Coccia 2018). Moreover, in a context of world system,

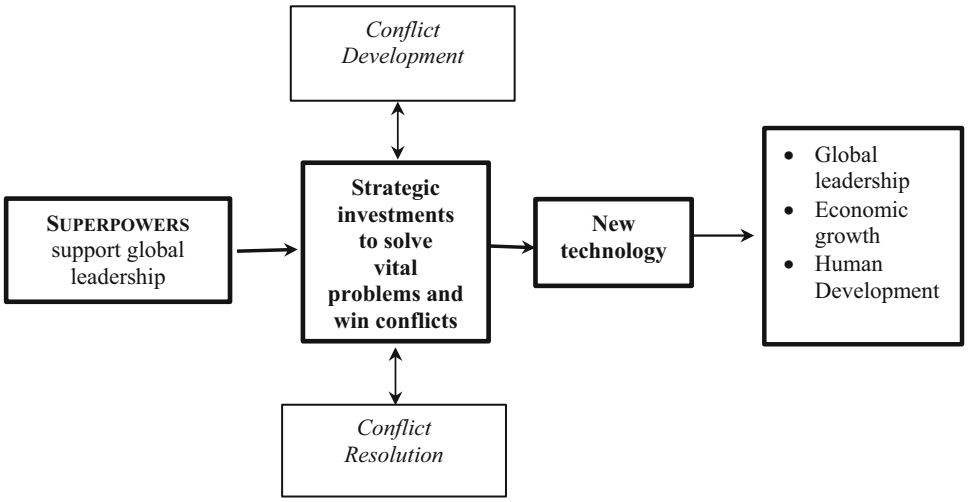


**Role of Superpowers in Conflict Development and Resolutions, The, Fig. 1** Role of superpowers in conflict development and resolution for achieving and sustaining a global leadership

superpowers generate a power hierarchy between core and periphery regions, in which powerful and wealthy core nations dominate and exploit weak peripheral areas. In particular, the role of superpowers is driven by dominant capitalist classes that want state protection for their control of international trade, to take advantage of important opportunities and to maximize profit of firms (cf., Coccia 2019b).

An economic boundary of superpower, in the presence of conflicts and environmental threats, is the high level of public expenditures (cf. also, Coccia 2013, 2017a). In fact, the high military expenses of superpowers can increase public debt and create social issues and possible economic shocks (cf., Ferguson 2010; Coccia 2013, 2017a). Kennedy (1987, pp. 539–540) argues:

> To be a great power—by definition, as a state capable of holding its own against any other nation—demands a flourishing economic base. . .Yet by going to war, or by devoting a large share of the nation's "manufacturing power" to expenditures upon "unproductive" armaments, one runs the risk of eroding the national economic base. . ..maintaining at growing cost the military obligations they had assumed in a previous period.

Moreover, superpowers may assume a worldwide role close to autocracy in order to sustain their global leadership with a strategic behavior directed to a permanent "wartime" and strains in different geoeconomic regions (Linstone 2007, p. 237). Anyhow, superpowers can also act as a world-wide guardian for conflict resolution and for reducing sociopolitical tensions across nations to support geopolitical equilibria and worldwide stability. Davis et al. (2012, p. 8) argue that: "The United States has an interest in dissuading military competition wherever it might arise. . .. U.S. forward military presence displaying U.S. conventional superiority."

Overall, then, superpowers have a purpose to achieve/sustain global leadership, and their role in conflict development and resolution is directed to cope with consequential environmental threats or to take advantage of important opportunities worldwide to support a global leadership and/or reinforce the position in the international system and markets. This role of superpowers, oriented to global leadership, tends to generate economic, technological, and social change and, as a consequence, human development in the long run.

## Cross-References


- ▶ Comparative World-Systems Theories
- ▶ Revolutions and Evolutions
- ▶ Theories of Development


R

## References


Ackoff RL, Rovin S (2003) Redesigning society. Stanford University Press, Stanford

Coccia M (2008a) Science, funding and economic growth: analysis and science policy implications. World Rev Sci Technol Sustain Dev 5(1):1–27. https://doi.org/10.1504/WRSTSD.2008.01781

Coccia M (2008b) Spatial mobility of knowledge transfer and absorptive capacity: analysis and measurement of the impact within the geoeconomic space. J Technol Transf 33(1):105–122. https://doi.org/10.1007/s10961-007-9032-4

Coccia M (2010) Spatial patterns of technology transfer and measurement of its friction in the geo-economic space. Int J Technol Transf Commer 9(3):255–267. https://doi.org/10.1504/IJTTC.2010.030214

Coccia M (2010a) The asymmetric path of economic long waves. Technol Forecast Soc Chang 77(5):730–738. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2010b) Democratization is the driving force for technological and economic change. Technol Forecast Soc Chang 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2011) The interaction between public and private R&D expenditure and national productivity. Prometheus 29(2):121–130. https://doi.org/10.1080/08109028.2011.601079

Coccia M (2012) Political economy of R&D to support the modern competitiveness of nations and determinants of economic optimization and inertia.Technovation 32 (6):370–379. https://doi.org/10.1016/j.technovation.2012.03.005

Coccia M (2013) What are the likely interactions among innovation, government debt, and employment? Innov Eur J Soc Sci Res 26(4):456–471. https://doi.org/10.1080/13511610.2013.863704

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36 (1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002

Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82(2):52–65. https://doi.org/10.1016/j.techfore.2013.06.001

Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global leadership-driven innovation, warfare and human development. Technol Soc 42:199–226. https://doi.org/10.1016/j.techsoc.2015.05.008

Coccia M (2015b) Patterns of innovative outputs across climate zones: the geography of innovation. Prometheus 33(2):165–186. https://doi.org/10.1080/08109028.2015.1095979

Coccia M (2015c) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Lear 10 (1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016a) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M (2016b) Radical innovations as drivers of breakthroughs: characteristics and properties of the management of technology leading to superior organizational performance in the discovery process of R&D labs. Tech Anal Strat Manag 28(4):381–395. https://doi.org/10.1080/09537325.2015.1095287

Coccia M (2017) The source and nature of general purpose technologies for supporting next K-waves: global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang116(March):331–339. https://doi.org/10.1016/j.techfore.2016.05.019

Coccia M (2017a) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution. J Econ Asymmetries 15(June):17–31. https://doi.org/10.1016/j.jeca.2016.10.003

Coccia M (2018) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang 128 (March):287–295. https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2018a) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J TechnolTransf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2019a) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012

Coccia M (2019b) Comparative world-systems theories. In Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance.Springer Nature, Switzerland. https://doi.org/10.1007/978-3-319-31816-5_3705-1

Coccia M (2019c) Revolutions and evolutions. In Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance.Springer Nature, Switzerland. https://doi.org/10.1007/978-3-319-31816-5_3708-1

Coccia M, Bellitto M (2018) A critique of human progress: a new definition and inconsistencies in society. Quaderni IRCrES-CNR 4(3):51–67. https://doi.org/10.23760/2499-6661.2018.017

Coccia M, Wang L (2016) Evolution and convergence of the patterns of international scientific collaboration.

Proc Natl Acad Sci U S A 113(8):2057–2061. www.pnas.org/cgi/doi/10.1073/pnas.1510820113
Davis LE, Pettyjohn SL, Sisson MW, Worman SM, McNerney MJ (2012) U.S. overseas military presence what are the strategic choices? Prepared for the United States Air Force, RAND Corporation, Santa Monica
Devezas TC (ed) (2006) Warfare and world security, Kondratieff waves. IOS Press, Amsterdam
Ferguson N (2010) Complexity and collapse: empires on the edge of chaos. Foreign Affairs 89(March/April): 18–32
Gini C (1921) Problemi Sociologici della Guerra. Zanichelli, Bologna
Goldstein JS (2003) War and economic history. In: Mokyr J (ed) The Oxford encyclopedia of economic history. Oxford University Press, Oxford, pp 215–218
Kennedy P (1987) The rise and fall of great powers: economic change and military conflict from 1500 to 2000. Random House, New York
Kindleberger CP (1989) Long waves in economics and politics. Econ Polit 1(2):201–206
Levy JS (2011) Theories and causes of war. In: Coyne CJ, Mathers RL (eds) The handbook on the political economy of war. Edward Elgar, Cheltenham/Glos
Linstone HA (2007) Science and technology: questions of control. Technol Forecast Soc Chang 74(2):230–237
Modelski G (2010) America is no empire. Technol Forecast Soc Chang 77(8):1418–1420
Ruttan VW (2006) Is war necessary for economic growth? Hist Speak 7(6):17–19
Stein AA, Russett BM (1980) Evaluating war: outcomes and consequences. In: Gurr TR (ed) Handbook of political conflict: theory and research. The Free Press, New York, pp 399–422

# Role of the Public Sector in Corporate Social Responsibility, The

Glen M. Vogel
Legal Studies in Business, Frank G. Zarb School of Business, Hofstra University, Hempstead, NY, USA

## Synonyms

Corporate accountability; Corporate responsibility; Creating Shared value (CSV); CSR; Social responsibility; Sustainability; Sustainable development

## Definition

Corporate social responsibility is more than just philanthropic activities; rather, it changes the way a business operates in such a way as to maximize the company's ability to both benefit society and allow the company to remain focused on sustaining and growing the business and its value. In the public sector however, CSR appears in two forms: both the public sector entity engaging in socially responsible behavior itself and setting policies and enforcement mechanisms to assist private sector businesses to do the same.

## Introduction

When presented with the term corporate social responsibility (CSR), most people presume that the term refers to the activities of a private sector company that relate to its social and environmental impact Jarret (2015). That could be the result of the fact that there is very little governmental regulation in the United States on the subject of CSR Cedillo, Torres (2012). Instead, it is based largely on a principles-based approach to ethics, along with corporate codes of conduct that set forth the requisite values and principles, which both the members of the company and the company itself aspire to follow. The business sector has become more focused on CSR because, in today's economy, most consumers and social advocates support the concept that businesses should not only be profitable but that they should also be mindful of the social implications of their activities Langlois (1990).

Basically, CSR can be summarized as falling into three categories: people, planet, and profits. That means that a business, from a CSR perspective, can be judged on how it treats its employees, how it impacts the environment, and how successful it is for its investors. In the past several decades, there has been an increase in the expectation that companies will implement CSR practices that encourage business activities that minimize the negative environmental and/or social impact while simultaneously maximizing

economic gains. As a result, corporate America has implemented CSR policies that affect virtually every facet of their operation, such as governance and ethics, employment practices, professional development of employees, ethical and responsible activities in the chain of production, and the organization's overall environmental and social impact Jarret (2015).

At its heart, corporate social responsibility is about accountability. How the relevant parties are held accountable, however, can differ when the entity at issue is not a private business but rather it is part of the public sector. That is because in "the private sector the board of directors represents the instrument through which managements of companies are accountable to the stakeholders of those companies" (Barac 2016). Conversely, in the public administration scenario, where public officials employed by various levels of government both implement and execute the CSR policies, accountability rests at various governmental levels. Since public money and the public trust are at stake, both state and federal legislatures typically establish more stringent accountability mechanisms.

## Public Sector Entities and CSR

While all public entities exist to provide a service to the public or communities, they have a complexity and variety of functions and are responsible to different sets of stakeholders. As such, unlike private organizations, public sector entities do not operate within a common legislative framework and their sizes and shapes differ. It is therefore not possible to develop one set of recommendations for corporate governance that will be applicable to all public sector entities (Barac 2016). The very nature of public service reflects many principles of social responsibility – accountability, transparency, and respect for differing stakeholder's interests. Thus, it is imperative that public sector organizations focus on three principals of corporate governance:

- Openness: This principal will help ensure that the public has confidence in the decision-making processes and in the management of both the individuals and the activities they engage in.
- Integrity: Supporting honesty and objectivity, particularly with respect to the management of public funds and other resources. In addition, ensuring the effectiveness of the CSR controls and the professionalism and standards of conduct for all individuals within the organization.
- Accountability: By making sure that both individuals and the entity itself are responsible for their actions and are willing to submit themselves to an external review, particularly with regard to the stewardship of public funds and resources.

The public sector also has a leadership role to play, and one of its functions is to ensure that its own way of operating is in line with good CSR practices in its role as employer and service provider and in its engagement with communities (CSR Hub 2016). The public sector also has various regulatory roles that are relevant to CSR. Once legislative and regulatory frameworks are in place, the government has the continuing role of monitoring their implementation, ensuring that breaches are dealt with properly, and offering opportunities for redress for those who are impacted when the statutory requirements are not complied with (CSR Hub 2016).

## Public Sector's Role in Improving Private Sector CSR

The public sector's creation of a regulatory framework and their subsequent enforcement capacity is critically important to providing the motivation for private sector CSR (Ward 2004). The public sector is in the unique position to set the overall policy and regulations within which most businesses operate. Thus, in order for "businesses to continue to improve their social and environmental performance, the public sector needs to provide two key contributions: (1) clarity in its regulations; that is, the baseline standards it requires of all firms, and (2) predictability of governmental intervention" (Ward 2004). Recent scholarly reviews of public sector activities have revealed

that there are essentially four key public sector roles for CSR. These are mandating, facilitating, partnering, and endorsing Fox (2002). Even though there may be some overlap of coverage across these four areas, they have the distinct advantage of simplicity as well as neutrality with respect to their application to a particular CSR agenda.

**Mandating**: In their mandating role, the various levels of government must establish a legal framework that defines the minimum standards for business performance. This framework would provide both enforcement and punitive capabilities. These standards would cover subjects such as emissions into the air, land, and waterways and requirements that leadership considers specific factors into account when making business decisions. There are other areas as well, but equally important, in this role, the government can also drive innovation and the migration toward best practices and how these practices will change as technology and environmental standards evolve.

**Facilitating**: Governmental bodies enable or provide incentives to companies to implement and support a CSR agenda. Here, incentives such as tax deductions or penalties, passing CSR-specific legislation, and access to funding for research and innovation are all tools that the government can use to facilitate a company's implementation and compliance with a CSR policy. They can also support and fund activities such as training, information collection and analysis, and awards or recognition for CSR achievement.

**Partnering**: An advantage to creating partnerships is that larger societal or environmental issues can be addressed as a result of the opportunity to leverage the skills and strengths as part of a joint effort between the public sector, private companies, and society as a whole. Sometimes financial or regulatory roadblocks prevent CSR practices and activities that can otherwise be accomplished through strategic partnerships between the preceding parties.

**Endorsing**: Political support and public sector endorsement of CSR and its related activities and programs is the fourth key role for the public sector. This can be in the form of publishing policy documents, setting forth public sector management practices, and directly recognizing CSR achievements through awards and mentions in speeches, especially in situations where an entity goes further than the minimum environmental and social standards.

As previously noted, there is rarely a definitive line separating these four key roles; rather, there may be situations where the government acts as a partner with a private sector organization with the proviso that the success, or lack thereof, of the partnership could result in specific legislation or regulation.

Along with the four key roles, there are numerous themes for a CSR agenda that are relevant to identifying the public sector's role. Some of these are Fox (2002):

- Public Policy Role of Business: Examples include legislation that limits the political involvement of business entities (Campaign Finance Reform) and regulations that relate to private employment practices and ownership (Affirmative Action).
- Corporate Governance: Financial disclosure requirements (Sarbanes-Oxley).
- Responsible Investment: Prohibiting entities from investing in risky enterprises or in accounts that may have origins in unfriendly nations (i.e., pension funds).
- Philanthropy and Community Development: Providing tax incentives for voluntary corporate donations or social investment.
- Pro-CSR Production and Consumption: promotion of green products and processes and/or sustainably produced goods and services (i.e., polluter pays policies and consumption penalties).
- Pro-CSR Reporting and Transparency, "Beyond Compliance" Standards, and Management Systems: encouraging entities to report on nonfinancial environmental and social activities to demonstrate superior CSR practices Fox (2002).

## Federal Sentencing Guidelines

In April of 2010, the United States Sentencing Commission modified the Federal Sentencing

Guidelines, including the provisions that set forth the attributes of effective compliance and ethics programs. These guidelines are used by federal prosecutors and regulators when evaluating whether an organization or public sector entity should be charged with a crime as well as the severity of the penalty (Complaince360). These guidelines are not applied solely to the private sector because, under the Federal Sentencing Guidelines, governments and political subdivisions are also subject to its provisions (section 8A1.1, section 1, Applicability of chapter 8). It makes sense for the public sector to consider these attributes when developing a CSR policy since satisfying section 8 of the Federal Sentencing Guidelines can result in the reduction of fines, a reduced sentence, and even a deferred prosecution.

In order for an entity, public or private, to avail itself of the above sentencing advantages, that entity is going to have to demonstrate that its CSR policy and practices are part of a written code of conduct that enables auditing and other procedures such that together they are reasonably capable of both preventing and detecting wrongdoing as well as reducing the likelihood of misconduct (Complaince360). In addition, an entity should be able to show that its compliance and ethics programs involve multiple layers of management so as to ensure the effective oversight of the programs. The Federal Sentencing Guidelines also set forth expectations with respect to the duties that will be imposed on the specific levels of management and individuals that are assumed to have primary responsibility for the compliance and ethics programs. Furthermore, since many organizations today are increasingly reliant on outside parties to manage an array of functions, those same organizations should ensure that proper safeguards are in place to avoid delegating important functions to individuals or companies with a history of engaging in illegal or unethical behavior or any other conduct that does not comport with the standards and expectations of the entity's compliance and ethics programs. Not only must entities be aware of the practices of the parties to whom they outsource tasks, but they must also take reasonable steps to communicate the compliance and ethics expectations and standards to the members of their own organization. At every level, including senior management and the board of directors, members must be periodically educated and reminded of the standards. Because laws and regulations are constantly changing, entities should also ensure that their standards and expectations are also periodically reviewed and their effectiveness audited. Last, it is understood that having compliance and ethics programs is all well and good, but unless an entity can demonstrate that it not only promotes the value and importance of those programs but that it also disciplines those who fail to adhere to these policies, then having the policies themselves is largely ineffective.

## Conclusion

There are lots of opportunities for the public sector to help shape the CSR agenda. Public sector agencies can address concerns about climate issues, eradication of corruption, respect for the fundamental civil rights of all citizens, security in investments, sustainability, as well as other areas of national or local interest or concern. These same entities can also identify priorities and offer incentives that are meaningful and that will bring awareness to contemporary CSR issues. Finally, public sector entities can partner with the private sector or other organizations to achieve public policy goals.

## Cross-References


- ▶ Citizen Participation in Public Management
- ▶ Ethical Leadership
- ▶ Governance and Leadership
- ▶ Leadership and Social Justice
- ▶ Leadership and Society
- ▶ Leadership Effectiveness
- ▶ Leading the Ethical Organization
- ▶ Managerial Functions in the Public Sector
- ▶ Motivating Ethical Behavior
- ▶ Operational Leadership

## References

Barac K (2016) Corporate governance in the public sector. Auditing SA, pp 30–31. http://studylib.net/doc/7727543/corporate-governance-in-the-public-sector. Last accessed 28 June 2017

Cedillo Torres CA et al (2012) Four case studies on corporate al responsibility: do conflicts affect a company's corporate social responsibility policy? Ultrecht Law Rev 8(3):51–73

Compliance360, White paper: the seven elements of an effective compliance and ethics program. http://compliance360.com/downloads/case/Seven_Elements_of_Effective_Compliance_Programs.pdf. 2023

CSR Hub (2016). http://www.csrhub.ie/. Last accessed 28 June 2017

Fox T, Ward H, Howard B (2002) Public sector roles in strengthening corporate social responsibility: a baseline study. The World Bank. http://pubs.iied.org/pdfs/16017IIED.pdf

Jarret J (2015) Corporate social responsibility: it's not just for the private sector anymore! Am Soc Publ Adm. http://patimes.org/corporate-social-responsibility-its-private-sector-anymore/. Last accessed 1 Aug 2017

Langlois C, Schlegelmilch B (1990) Do corporate codes of ethics reflect national character? Evidence from Europe and the United States. J Int Bus Stud 21(4):519–539

Ward H (2004) Public sector roles in strengthening corporate social responsibility: taking stock. The World Bank. http://pubs.iied.org/pdfs/16014IIED.pdf

# Romance of Leadership

Michelle C. Bligh
Division of Behavioral and Organizational Sciences, Claremont Graduate University, Claremont, CA, USA

## Introduction

As individuals, as organizations, and as societies, we are fascinated with leaders and enamored with leadership. In essence, we love to glorify or romanticize all things associated with leaders, often at the expense of followers and the situation or context. The romance of leadership (ROL) theory argues that it is often much easier to believe in leadership than to prove it and explores when, why, and which of us are more susceptible to falling under the "spell" of leadership. At its core, the ROL is an attributional approach to leadership that suggests we overweight the causal role of leaders in influencing and changing our institutions and societies. Ultimately, when organizations and sports teams do well, or perform very poorly, we tend to look to leadership as the most salient explanation for these outcomes. In fact, organizational performance is in reality a complex interplay of a wide variety of complex, temporal, and interrelated factors, not to mention follower contributions. However, as first introduced by leadership scholar James R. Meindl and colleagues (Meindl et al. 1985), Meindl's empirical research demonstrated that leaders and leadership issues are most often the favored explanations for both positive and negative outcomes in organizations. Moreover, more recent findings demonstrate that we also tend to value performance outcomes more highly when those results are attributed to leadership, a phenomenon that both leaders and media outlets may purposefully exploit. In addition, a halo effect exists for leadership: if an individual is perceived to be an effective leader, as followers we are much more likely to overlook the leader's personal shortcomings, poor performance, and even ethical transgressions.

As a theoretical approach, the romance of leadership asks us to question our collective obsession with leadership and also asks us to question why leadership is such a compelling phenomenon. It suggests that we tend to strongly favor leaders and leadership as the causal force behind the activities and outcomes of organizations, in part because it lessens our feelings of uncertainty in an increasingly uncertain world. As such, the romance of leadership perspective is an explicitly critical response to a prevailing emphasis on the importance of *leaders* in the leadership process (as opposed to an emphasis on followers or the situation) or what Meindl labeled as the "unbalanced equation" of leadership (see Meindl 1990, 1995). Meindl argued that whatever the true impact of leaders and leadership in organizations and societies, the concept of leadership garners an immense – and therefore overweighted and unbalanced – influence in our understanding of the world. Dating back to the early writings of Max

Weber in the first half of the twentieth century, Meindl highlighted that despite centuries of discussion and a century of formal research and writing, the concept of leadership is still somewhat "magical." In essence, the true nature and impact of leadership has remained largely elusive and has proven remarkably resistant to attempts to unravel its mystique. Yet despite this resistance, as individuals and as societies, we continue to faithfully believe that leadership is important in its own right, even in situations where we have no direct evidence to sustain this belief.

It is also important to note that the romance of leadership perspective was one of the first explicitly *follower*-centric approaches to leadership (see Shamir et al. 2007). In his emphasis on the importance of balancing the many *leader*-centric approaches that continue to dominate modern leadership research and practice, Meindl suggested that we need to reverse the lens and consider what it is about followers that sustain their need to believe in a heroic leader and the efficacy of leadership. Skeptical of the overly heroic, larger than life status that leaders had attained in an age of celebrity CEOs and politicians who acted seemingly above the laws, Meindl urged us to consider the implications of questioning the underlying assumption that leadership is inherently important in its own right. In essence, he urged us to enhance our appreciation of external factors and the complexity of ambiguous and uncertain circumstances in which organizations operate and pointed out that we need to explicitly question and empirically examine the significance of leadership in modern organizations.

In sum, the romance of leadership theory highlights that when we discuss leadership, we often invoke positive, efficacious, and even romanticized qualities such as status, esteem, prestige, charisma, and heroism. In contrast, when we discuss followers, we invoke ideas of passivity, conformity, subservience, and even stupidity. In addition, the vast majority of research and media attention has focused on leadership as a positive force on followers and society, which ignores the darker side of authoritarian, toxic, and more destructive forms of leadership. The ROL perspective questions our collective fascination with leadership and our emphasis on heroism, charisma, and the glorification of leadership in the face of any real evidence that a given leader is really worthy of such praise. It also suggests that we need to approach leaders and leadership with a skepticism that they always act in the benefit of their followers and for the collective good.

## Extensions and Applications of the Romance of Leadership Theory

### Leadership Portrayals in the Media

The romance of leadership is often most clearly reflected in the images of leaders that are produced in the media and in the popular press for our daily consumption. More often than not, leaders are presented in the form of images or idealized portraits of success and popular books about leadership claim to reveal or unearth the secrets or magical formulas for effective leadership. Together, these idealized representations of leadership satisfy our appetite as a society for leadership products and behaviors that promise to enhance our lives and solve our critical problems. These romanticized images of leadership appeal both to our collective fascination with the power and status of leaders and also serve to fixate us on the personalities and characteristics of leaders themselves. In essence, these leaders become modern-day versions of the gods of Roman and Greek mythology, and we are drawn into their stories and sagas. However, these portrayals are frequently narrow and simplistic caricatures of leaders and overwhelmingly focus on positive components of leadership and its outcomes. These modern myths are dangerous, for they suggest that leaders are inherently positive forces for individuals, organizations, and humanity as a whole or are alternately demonized and vilified for their actions, providing convenient scapegoats for both organizations and societies.

The romance of leadership perspective also encourages us to examine our popular writings and research into leadership as a critical topic of study (see Bligh and Meindl 2004). These

products provide an important window into our beliefs about what constitutes leadership, why it is important, what makes it successful, and what decisions or assumptions we make about the effects of leadership. In other words, it allows us to critically examine how leadership is collectively constructed and deconstructed. How leadership is defined and discussed in popular books and media becomes critical to examine, as it informs how we select, develop, train, promote, demote, and fire our leaders. An analysis of popular leadership books from this perspective reveals that in our writings about leadership, leaders are portrayed as affecting change, possessing great experience and knowledge, and providing their followers with opportunities to reach their unique potential. These conceptualizations all fit our cultural stereotypes of "great" leadership. The ROL perspective encourages us to question and debate these assumptions, the functions that leadership serves within society, as well as the broader trends that inform our discussion about what leadership is, what good and bad leadership looks like, who is more fit to lead, and how we decide if a leader has truly made a positive impact.

## Followers and Followership

The ROL also draws attention to *followers'* perceptions of leadership as worthy of study in their own right, in parallel or independently of how the leader actually behaviors. In addition, inter-follower communications about leaders become a critical form of leadership construction and can ultimately shape or constrain a leader's influence. The ROL has motivated a growing stream of research into the needs of followers and contextual factors that may enhance or weaken our tendencies to believe in the efficacy of leadership. In other words, independently of leader-follower interactions, followers also jointly construct images of leadership, making the interactions among followers about their leader in some cases as important or even more important than the characteristics of an individual leader. Issues such as how leadership influence spreads among groups or subgroups of followers become critical, particularly in cases of large social distance in which followers have had no direct contact or exposure to a leader. In addition, understanding followers' emotional reactions to a leader plays a critical role in attributions about whether or not the leader is effective or charismatic, in some cases worthy of a vote for political office or soaring stock prices.

The ROL approach also highlights the role of sensemaking processes as integral to our understanding of leadership and ultimately may underscore why leadership is so enigmatic. Independently of individual leaders, followers also learn how to define leadership and how to discern what "good" and "bad" leadership looks like through their interactions with one another and through their exposure to media portrayals. Followers' decisions to support or even sacrifice for a leader are thus in part the result of their interactions and communications with each other, in which they share information, notes, and gossip about the leader and compare interpretations of what the leader's behavior signifies. From the ROL perspective, followers are therefore active, powerful cocreators of the leadership process, in contrast to passive, subservient, compliant, obedient "sheep" at the mercy of their leaders. Perhaps even more importantly, followers' psychological needs, beliefs about what ideal/charismatic/effective leadership is, and their attributions about what outcomes leaders are responsible for all play a crucial part in the leadership process.

Meindl's research demonstrated that individuals in leadership roles are perceived to be more charismatic to the extent that the organization they lead undergoes a crisis turnaround (e.g., moving from loss to profit) rather than a crisis decline (e.g., moving from profit to loss). Charismatic attributions are also strongly impacted by inter-follower interactions, suggesting that beliefs about the charisma appeal of a leader are literally "spread" from follower to follower in a process Meindl referred to as social contagion. These processes help to explain why there are so many discrepancies in perceptions of charisma of the same leader. Other research has examined how and why followers vary in their susceptibility to charismatic appeal. For example, the first followers to succumb to the charismatic "virus" are likely to be high in

agreeableness and emotional intensity. In addition, those who are more central and connected to others in a given social network are more likely to "spread" charismatic appeal to others. Finally, perceptions of crisis, uncertainty, and threat have all been shown to increase followers' tendencies to attribute charisma and performance outcomes to leaders (see Bligh et al. 2011).

## Conclusion

Meindl argued that the romance of leadership perspective was not "anti-leadership," but an alternative to the unbalanced equation between leadership and followership. He pointed out that most theories place greater weight on leaders and implicitly assume that leaders' actions all have equal importance and significance. The ROL perspective does not reject the importance of leaders in leadership outright; however, it points out that it is easier to believe in leadership than it is to prove it and challenges us to examine what leadership is not. In addition, it asks us to question the implications of our continual fascination with leaders to the detriment of followers and contextual factors. Ultimately, the ROL suggests that we need to balance leader-centered approaches with more follower-centered perspectives and recognize that ultimately leadership is in the eye of the beholder.

## References

Bligh MC, Meindl JR (2004) The cultural ecology of leadership: an analysis of popular leadership books. In: Messick DM, Kramer RM (eds) The psychology of leadership: new perspectives and research. LEA Press, London, pp 11–52

Bligh MC, Kohles JC, Pillai R (2011) Romancing leadership: past, present, and future. Leadersh Q 22(6): 1058–1077. https://doi.org/10.1016/j.leaqua.2011.09.003

Meindl JR (1990) On leadership: an alternative to the conventional wisdom. In: Staw BM, Cummings LL (eds) Research in organizational behavior, vol 12. JAI Press, Greenwich, pp 159–203

Meindl JR (1995) The romance of leadership as a follower-centric theory: a social constructionist approach. Leadersh Q 6(3):329–341

Meindl JR (1998) Thanks – and let me try again. In: Dansereau F, Yammarino FJ (eds) Leadership: the multiple-level approaches, part B. contemporary and alternative. JAI Press, Stamford, pp 321–326

Meindl JR, Ehrlich SB, Dukerich JM (1985) The romance of leadership. Adm Sci Q 30:78–102

Shamir B, Pillai R, Bligh MC, Uhl-Bien M (eds) (2007) Follower-centered perspectives on leadership: a tribute to the memory of James R. Meindl. Information Age Publishing, Greenwich

# Rural Development

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA
School of Public Administration, Florida Atlantic University, Fort Lauderdale, FL, USA

## Synonyms

Agricultural development; Enhancement; Improvement; Modernization of extra-urban spaces

## Definition

*Rural development* involves efforts that are economic and social in nature intended to encourage concepts of retention, growth, and expansion in areas outside cities, including improving quality of life for rural residents through such activity.

## Introduction

The rural, beyond being defined as that which is not urban, is a contested space from a definitional standpoint. Rural can be taken to mean from or of open areas – those outside cities. Rural has a common strand of meaning with country or countryside but is more frequently encountered with such nomenclature in public policy. Rural, as a word, is also endowed with other sorts of value: it

is associated with agriculture and farming and people from outside city areas. Connections are made between people from rural areas and the land itself. While a contrasting relationship might be supposed between rural and urban, more properly, a continuum exists between the two as definitions of rural and agriculture are altered due to the forces of modern living and ultimately bear less resemblance to historical identities (Friedland 2002). Nevertheless, rural areas have a rich history and identity of their own, even while they share some aspects in common with urban areas (Woods 2011). Rural development, for purposes of this entry, encompasses efforts that are economic and social in nature, intended to encourage growth or expansion in areas outside cities.

This entry considers rural development from a variety of perspectives, including economic aspects, infrastructure and service considerations, sociocultural factors, and the role of stakeholders.

## The Possibility of the *New Rural*

It would be a mistake to assume that there is homogeneity in the supposed blank canvas of the rural. For one, the canvas is not blank; rural areas are distinctive. The idea of a compelling interest in developing areas outside cities has been a forceful direction in many nations and is not recent. What is more contemporary, possibly, is the practice of forming the *new rural* in any given location, as the focus has shifted away from a sectoral perspective to one informed by place and context. In new rural development, place matters. The modern conception of the rural does not harken back to times in the distant past when most people in a rural community were of a single class and industry, with little to differentiate them (Marx 2000). The rural is instead a representation, actively made more or less real by those that ponder it, as a place of opportunity and beauty (Woods 2011). The collective sense of rural places is heavily informed by the past and shared ideals of pastoral sensibilities and of escapes from the harsh reality of the urban lifescape (Marx 2000). Rural development is a seeking out for what was and what could yet be; for some, it represents a defiant strike at an existence grown wearisome, and for others, it is a hand up to overcome significant socioeconomic barriers, possibly made worse by geographical factors like distance from urban areas and jobs located there.

Rural areas have seen "improved rural-urban income parity, farm population decline, and significant rural economic diversification" over the past century (Irwin et al. 2010, p. 523). Having experienced great change, rural areas are sources of both vulnerability and untapped potential. While there are significant stresses associated with transformation, understanding the great potential that exists for rural development is essential for projects to succeed. In that respect, rural development is not simply about the merits of processes and projects themselves; the possibility for success profoundly weighs on awareness of context. Rural business is unique – it may not just be about making money for those that seek to make a living in rural spaces. Rural life can invoke a sense of community, of working together, and social change. These efforts exhibit holistic traits, such as "sustaining local services, maintaining the local population, reducing negative climate impacts of long car journeys through providing local services and employment, and sustaining local community events, social capital and a strong sense of local identity" (Steiner and Atterton 2015, p. 43).



## Economic Aspects

It has been noted that rural places are undergoing transformation due to "globalisation, economic downturn, public sector budgetary pressures, demographic ageing, and climate and environmental change" (Steiner and Atterton 2015, p. 30). There has been a dramatic shift in jobs in rural areas: traditional rural jobs (mining, farming, and manufacturing) account for only about a fifth of total nonmetropolitan area employment. Two-fifths of rural employment is in typical service-type work like what would be seen in cities (health care and retail, for example); the balance of

employment is in construction, transportation, and other services (Irwin et al. 2010).

The Organisation for Economic Co-operation and Development (OECD) put forward the question of whether development in rural areas was a territorial or sectoral issue, ultimately determining that it was a place-based question rather than a topic best dealt with through the imposition of policies (2003). A sectoral-based approach to rural policy choices would leave only a few well-entrenched actors in the policy arena – notably agriculture, mining, and petroleum. Agricultural interests have historically informed policy choices with respect to rural areas in many regions, and the interests of agribusiness have been favored over other conceptions of rurality. As competing views have become more well defined, however, the view of rural areas as one and the same with farming, or merely places where oil extraction occurs, have become increasingly inaccurate, if not obsolete. A major influence is employment potential: agriculture has declined in its ability to support well-paying jobs in rural areas and areas that focus on such business as a specialization find themselves subject to the whims of commodity markets. Although rural land use for agriculture remains strong, and productivity is high, employment has been reduced precipitously. How rural areas are changing involves choices made not just by agricultural interests but multi-sectoral stakeholders (OECD 2003).

Even as rural areas have moved away from too much reliance on one sort of business, some of the standard advice for urban development, such as diversification of industries to encourage resilience, industrial clustering of firms, or hesitance on supporting entrepreneurial development, may not be appropriate in rural areas. Such efforts might mitigate risk, but in rural areas, some risk may be acceptable if the potential harm from a failed effort can be moderated. Society-wide risks like shocks against an entire system pose significant threats to both urban and rural areas; these may prevent the taking of worthwhile risks on what are otherwise positive potential business deals. The lack of diversification in a rural community might not be a fault, as it could be in an urban center, if the risk pays off. If a rural area balances the risks and rewards of its development choices, toward increasing output of interest to the world outside the area, it is likely on the right path (Freshwater 2015). Putting nothing forward, however, will accomplish no gain. This is especially true in rural areas, where there may be a lack of interest in the place, as existing interests cling to "what was" about the locale and fail to see a possible bright future for the community.

Scale and management of expectations are central considerations in rural development. From an economics perspective, it may seem that agglomeration economies – where like businesses tend to accumulate for mutually supportive reasons – may be more closely aligned with urban locales, due to the fact that "macro variables such as innovation, productivity, growth, and development are greater in more densely populated areas" (Naldi et al. 2015, p. 96). However, this does not mean that rural areas lack potential for "matching, sharing, and learning processes," and indeed a marginal increase may be felt more strongly in a rural area than in an urban region (Naldi et al. 2015, p. 97). Applying principals of smart development, as may be seen in urban economies, one may expect to see smaller-scale agglomeration tendencies, "natural and recreational amenities as well as creative economies," (Naldi et al. 2015, p. 96) and networks and exchanges for research and development, specifically calling for development of high-speed broadband connectivity to facilitate learning and sharing of knowledge. Broadband also assists e-commerce, which has become a source of revenue to rural areas.

Tourism-related business in rural areas has increased; this may be tied to identity, which is "vital for the constitution of entrepreneurial processes" (Berglund et al. 2016, p. 91). Contrary to convention that suggests that rural areas should imitate urban centers, rural areas could become cognizant of what is in their communities, embracing the entrepreneurial spirit to create something unique to the place, thus forcing residents to rethink the essential identity of their community (Berglund et al. 2016). In preservation terms, it has been offered that "effective

management of the natural heritage is required for economic and well as environmental reasons" (Courtney et al. 2006, p. 481). As a result, tourist enterprises in rural areas would do well to support the sustainability of natural features and reduction of potential damage through effective management, given the close tie of natural features to the maintenance of place identity.

## Infrastructure and Service Concerns

Rural development is not entirely dissimilar from its urban counterpart. It deliberates on many of the same general issues that would affect development decisions in urban settings but employs a perspective that considers and values the unique context of the rural environment. Resources, organization of community and policy/program structures, and delivery of services to communities are all concerns. While the types of issues themselves might be largely the same, infrastructure is a point of serious concern for rural areas, especially those with an eye toward growth.

There are concerns about the ability of rural communities to handle the consequences of growth, when development plans work as intended. It is expected that rural development efforts yield results that are desirable, but the intricacies of the deal, such as infrastructure improvements (sanitation, education, and even access to electricity) may not have been included in the plan. These are essential investments with benefits that may serve other development projects. Waste handling, sewer system capacity, water supplies, and housing are significant in rural areas just as they are in urban areas, but the resources to address needs may not be available in the amount necessary to address concerns as they arise. In some cases, increased distances between individuals living in rural areas can create infrastructure issues. Provision of police and fire services, as well as transportation, is made more difficult by the dispersal of population over large areas.

Transportation and housing are major development issues facing rural areas. Where social disadvantage exists in rural areas, it is often stoked by a lack of transportation and housing (OECD 2003). Populations in these areas can experience other symptoms of disadvantage, including high unemployment. As a cause for development, rural communities often find that they were founded because of a natural feature of some sort. This may have driven development in the past, particularly for manufacturing or agriculture – such as location near a river or a place with rich soil – but now those features may be less important to the choice to live in a location than, for example, proximity to existing development or location on a major transportation line.

Efforts to improve the competitiveness of rural areas for development purposes include provision of amenities and identification of industry clusters for potential attraction of new businesses; focusing on eco- or agritourism; place-based approaches to development; and creating entrepreneurial opportunities through attention to knowledge centers, such as training and especially distance learning (OECD 2003). Scott et al. (2016) have applied Nussbaum's Central Human Capabilities taxonomy to the choice some artists make to locate in rural areas, contrasting with the view that the creative class normally chooses to locate in urban areas. They specifically highlight internet connectivity as a decisive factor: "Broadband connectivity potentially enables the development of the creative economy in areas previously considered too geographically remote from urban creative hubs to participate in this sector," though the reality is that broadband is not universal in rural areas, so this promise is limited (Townsend et al. 2016, p. 7).

## Sociocultural Factors

Educational, health, and employment services are essential in rural areas, as they are in urban areas, but the particular needs may be different. Educational attainment in rural areas may be relatively less than in urban areas; this may drive unemployment, which in turn prevents attention to resolving needs in the educational sector (CRS 1979). Enduring poverty may be the result. Even though much has been done to improve education in rural

areas, rural areas still trail urban areas, and a gap exists in secondary and college attainment. This negatively impacts development prospects, as an educated workforce is an attracting and sustaining factor for business. Those with lower educational outcomes generally have higher unemployment rates in rural areas. Some groups are more affected than others by this disparity. In the United States, "minority populations in nonmetro areas have significantly lower levels of educational attainment" (USDA ERS 2016). Rural development efforts may not always pay adequate or due attention to the needs of disadvantaged groups. Problems in rural areas can be more aggravated for these populations for reasons of access including language, necessitating a fresh look at how development policy can be more inclusive.

Food insecurity and concerns about climate change have driven policy discussion toward sustainable development in many instances (Behnassi et al. 2011). However, rural and agricultural development projects have significant, and in some cases negative, implications for areas where the development takes place. In additional to the educational issues noted above, some changes, such as environmental degradation, crowding, and a rise in crime rate, might also be expected (Baig and Straquadine 2011). These additional considerations are not purely "rural" development issues, as they are encountered in development generally. In the case of rural development, the issue becomes one of balancing what is being given up in favor of the benefits received – and whether the return on investment makes sense over the short and long term. Ideally, rural development takes into consideration long-range societal goals and attempts to conserve resources as much as possible.

## Stakeholder-Led Views of Rural Development

The line between urban and rural areas has become less clear. As people from urban areas move to rural areas, they are creating new communities, but these communities are not necessarily like those created in the traditional manner, with shared experiences and cultures. They are from inception diverse and more like modern cities in that respect. Governments of such areas, and their consequent policy environments including development priorities, should therefore be reflective of a bottom-up shared vision of community and specifically the uniqueness of the place and the people there.

Rural development is not a straightforward matter. There are open questions about the best approach to be taken to achieve desired ends – whether that is a top-down, intercession-based model, or the hands-on model that includes a variety of viewpoints. This is not an easily addressed question, as the nature of rural areas has shifted, from primarily a farming perspective to one that encompasses a range of possibilities. Rural development also stands at the intersection of often unique economic, legal, and policy questions. There can be distrust of outsiders, which can undermine a development effort. A psychosocial inability for developers to understand rural residents and their context can be devastating to both efforts for rural development, rural places, and the residents of such areas. Rural residents might have, for example, taken themselves to be responsible for their plight, or to be individually responsible for failures external to their communities, including regional, national, or even international economic shifts. For these reasons, rural development may thematically focus on bottom-up views and consider social change and the needs of the neglected, to create a safety net that considers issues beyond jobs or increased wealth (Landini et al. 2014).

Rural development shares in common with sustainable development calls for transparency, monitoring of efforts by local stakeholders, the sharing of visions and ideas for development activities, and a sense of ownership for the outcome of such efforts (Khongsatjaviwat and Routray 2015). Recognition of the importance of stakeholder involvement is essential to successful rural development projects. Stakeholder participation not only helps assure project success – it creates a stronger community amongst the

participants. Time spent identifying potential stakeholders and planning for their involvement is consequently well spent (Usadolo and Caldwel 2016). In the case of public-private partnerships, which may have positive application in rural contexts, an equalization of public and private actors for management and leadership of development activities may be advisable. There is a place for both developmental and regulatory roles in rural development. It is perhaps not sufficient to involve stakeholders at the outset, only to inform them, while failing to allow them a place in the decision-making process (Bjärstig and Sandström 2017).

## Concluding Thoughts

The present state of rural development is not primarily farm-focused; considerable emphasis has been placed on what is an increasingly interdependent continuum between rural and urban places. The connection of natural amenities and rural development remains important (Irwin et al. 2010); opportunities that exist beyond agriculture and traditional land-use patterns are varied. Rural communities have become more creative in achieving development success by making better use of unique sense of place and fashioning vibrant combinations of the original in historic places and the new from elsewhere.

In any rural development program, there is a need to ensure that programs are meeting their intent. A short-run and long-term view of development in a particular area is necessary to achieve planned successes while limiting unintended and even harmful results. Sometimes outcomes that benefit communities more generally (i.e., that aid several potential projects, through infrastructure improvements, or help the marketability of a place) can be explained through qualitative approaches, relying upon methods like focus groups, rather than quantitative means that would be more appropriate in urban settings (Buragohain and Landge 2014). It is essential to tell the story – not only of the project but of the community and its evolution – where it has been and where it hopes to go.

That said, Paul Gruchow wrote that "It is an odd irony that the places we call empty should retain some memory of the diversity of life, while the places we have filled up grow emptier and emptier. If we knew what we were getting rid of, we might have some premonition of the things we are going to miss" (1988, p. 12). It is relevant to consider that these rural places, "empty" in some sense relative to their urban counterparts, are not hollow spaces or canvases upon which a mark may be left but exceptional and worthwhile in their own right. The best sorts of development of rural areas recognize the inherent goodness of place and people and serve to highlight those qualities, rather than simply imitate the urban out in the country. It is the diversity of life and the things that are collectively missed that call people to rural places, so that those things may be retrieved and enjoyed again. Smart developers recognize this understanding, and superior rural development celebrates it.

## Cross-References


- ▶ Economic Development Policy
- ▶ Economic Development Strategies in the United States
- ▶ Small Enterprises and Development


R

## References


Baig MB, Straquadine GS (2011) Sustainable agriculture ensures sustainable rural development: a reality or a myth. In: Behnassi M, Draggan S, Yaya S (eds) Global food insecurity: rethinking agricultural and rural development paradigm and policy. Springer, Dordrecht, pp 21–32

Behnassi M, Draggan S, Yaya S (2011) Postface. In: Behnassi M, Draggan S, Yaya S (eds) Global food insecurity: rethinking agricultural and rural development paradigm and policy. Springer, Dordrecht, pp 371–372

Berglund K, Gaddefors J, Lindgren M (2016) Provoking identities: entrepreneurship and emerging identity positions in rural development. Entrep Reg Dev 28(1–2):76–96

Bjärstig T, Sandström C (2017) Public-private partnerships in a Swedish rural context – a policy tool for the authorities to achieve sustainable rural development? J Rural Stud 49:58–68

Buragohain T, Landge RS (2014) Measuring rural development: a qualitative approach. J Land Rural Stud 2(1): 21–42

Congressional Research Service (CRS) (1979) Rural development: an overview. Report to the subcommittee on rural development of the committee on agriculture, nutrition and forestry of the United States Senate. USGPO, Washington, DC

Courtney P, Hill G, Roberts D (2006) The role of natural heritage in rural development: an analysis of economic linkages in Scotland. J Rural Stud 22:469–484

Freshwater D (2015) Vulnerability and resilience: two dimensions of rurality. Sociol Rural 55(4):497–515

Friedland WH (2002) Agriculture and rurality: beginning the "final separation"? Rural Sociol 67(3):350–371

Gruchow P (1988) The necessity of empty places. St. Martin's Press, New York

Irwin EG, Isserman AM, Kilkenny M, Partridge MD (2010) A century of research on rural development and regional issues. Am J Agric Econ 92(2):522–553

Khongsatjaviwat D, Routray JK (2015) Local government for rural development in Thailand. Int J Rural Manag 11(1):3–24

Landini F, Leeuwis C, Long N, Murtagh S (2014) Towards a psychology of rural development processes and interventions. J Community Appl Soc Psychol 24:534–546

Marx L (2000, orig 1964) The machine in the garden: technology and the pastoral ideal in America. Oxford University Press, Oxford

Naldi L, Nilsson P, Westlund H, Wixe S (2015) What is smart rural development? J Rural Stud 40:90–101

Organisation for Economic Co-operation and Development (OECD) (2003) The future of rural policy: from sectoral to place-based policies in rural areas. OECD Publications, Paris

Scott K, Rowe F, Pollock V (2016) Creating the good life? A wellbeing perspective on cultural value in rural development. J Rural Stud: 1–10. https://doi.org/10.1016/j.jrurstud.2016.07.001. in press

Steiner A, Atterton J (2015) Exploring the contribution of rural enterprises to local resilience. J Rural Stud 40: 30–45

Townsend L, Wallace C, Fairhurst G, Anderson A (2016) Broadband and the creative industries in rural Scotland. J Rural Stud: 1–8. https://doi.org/10.1016/j.jrurstud.2016.09.001. in press

U.S. Department of Agriculture, Economic Research Service (USDA ERS) (2016) Rural education. Retrieved from https://www.ers.usda.gov/topics/rural-economy-population/employment-education/rural-education/

Usadolo SE, Caldwel M (2016) A stakeholder approach to community participation in a rural development project. SAGE Open 6(1):1–9. https://doi.org/10.1177/2158244016638132

Woods M (2011) Rural. Routledge, Abingdon

# Rural Procurement in Indonesia

Asep Sumaryana and Erwin Sondang Siagian
Public Administration Department,
Faculty of Social and Political Sciences,
Universitas Padjadjaran, Bandung, Indonesia

## Synonyms

Procurement; Regulation; Rural budget

## Definition

Rural procurement is defined as activities to obtain goods/services by the rural government, either through self-management or through providers of goods/services whose budgets are sourced from the rural budget and revenue.

## Introduction

Indonesia has many regulations related to its procurement policy. They include the following: (1) regulation for the government public procurement (regulated by Presidential Regulation No. 16 of 2018 concerning government procurement); (2) regulation for procurement of public-private partnership (regulated by Regulation of the Head of National Public Procurement Agency (NPPA) No. 19 of 2015 concerning procurement of business entities in cooperation with the government and business entities); (3) regulation for procurement of legal entity institutions (regulated by Government Regulation No. 26 of 2015 concerning forms and mechanisms for funding legal entities); (4) procurement regulation for state-owned enterprises (regulated by Regulation of the Minister of State-Owned Enterprises No. 15 SOE Minister Regulation PER-15/MBU/2012); (5) regulation for procurement of regional-owned enterprises (regulated by Government Regulation No. 54 of 2017 concerning regional-owned enterprises); (6) regulation for

procurement of goods/services in public service bodies (regulated by Government Regulation No. 23 of 2005 concerning financial management of public service bodies); and (7) rural procurement regulation (regulated by Regulation of the Head of NPPA No. 12 of 2019 concerning guidelines for preparation of procedures for rural procurement as the latest regulation). The new government policy aimed at regulating rural procurement in Indonesia gives a new hope for its implementation. The new policy for rural procurement is highly strategic for two reasons: First, the number of villages in Indonesia has reached nearly 75,000. Second, the rural budget and revenue (APBDes) have continued to rise every year. The regulation mandates that 70% of the APBDes is allocated for development. The implementation of development policies relates to procurement of goods/services in rural administrative in Indonesia.

Before the introduction of the Regulation of the Head of NPPA No. 12 of 2019 (Perka), rural procurement was managed through the regulation of the Head of NPPA No. 13 of 2013 and Head of NPPA No. 22 of 2015. There are several shortcomings in Perka No. 13 and Perka No. 22, as there is no procurement document model such as the agreement/contract document model, and the model provided an example/negotiation document model. In addition, the old regulation did not allow the use of electronic goods/services procurement facilities. The other shortcoming relates to the potential conflict of interest among rural government officials in implementation of rural procurement. This is because the rural government apparatus, in addition to being a party performing the selection of providers of goods/services can simultaneously also play the role of overseeing implementation of work. Some of the shortcomings of the old regulation have been corrected in the new regulation on rural procurement.

## General Controls

Perka No. 12 of 2019 has corrected some of the shortcomings of the earlier regulations on rural procurement of goods/services. As a new rule, Perka No. 12 of 2019 defines several things, which include the following: (1) A village is a legal community unit that has the authority to control and manage government affairs, interests of the local community based on community initiatives, original rights, and/or traditional rights recognized and respected in the government system of the Unitary Republic of Indonesia. (2) The rural government is the Village Head or can be referred to by another name assisted by Village Apparatus as an element of the rural government organizer. (3) Rural procurement is defined as activities to obtain goods/services by the rural government, either through self-management or through providers of goods/services whose budgets are sourced from the rural budget and revenue.

Furthermore, self-management is a method of obtaining goods/services independently by the Activity Administrator Team (*Tim Pengelola Kegiatan/*TPK) and/or the local community. Activities through goods/services providers can be done through a direct purchase scheme (procurement method implemented by buying/paying directly to one provider without a written bid request made by the Head of Section, Head of Affairs, or TPK). The other scheme for procurement of goods/services can be implemented through a bid request (procurement method performed by the TPK by buying/paying directly with a request for a written offer to at least two providers) or an auction (provider selection method for all jobs that can be participated in by all qualified providers).

## Administrative Elements of Rural Procurement on Goods/Services

There are two elements in the implementation of rural procurement of goods/services: from the elements of the rural government or goods/services providers. The elements of the rural government include the Village Head, Head of Affairs, Section Head, and TPK. The Village Head is a rural government official who has the authority, duties, and obligations to conduct the village's

household tasks and perform duties on behalf of the central government and regional government. The Head of Affairs is a Village Apparatus who as an element of the Village Secretariat staff performs the tasks of the Village Financial Management Administrator (PPKD). Furthermore, the Section Head is a Village Apparatus who as a technical administrator manages the Village Financial Management (PPKD). Finally, the TPK is a team that assists the Section Head or Head of Affairs in performing procurement of goods/services which, due to their nature and type, cannot be performed alone by the Section Head or Head of Affairs. Meanwhile, the goods/services provider can take the form of a business entity or individual that provides rural needs on goods/services.

The other elements involved in rural procurement of goods/services include the people of the Government Internal Supervisory Apparatus (APIP) and the Regional Head (Regent or Mayor). The community plays a role in self-management and oversight of procurement activities. Furthermore, the APIP is an apparatus that conducts supervision through auditing, reviewing, monitoring, evaluating, and other supervision activities regarding implementation of duties and functions of the government (including the rural government). Meanwhile, the Regent/Mayor conducts guidance for rural procurement that includes the process of establishing Regent/Mayor regulations, consultation, and technical guidance for rural procurement.

## Governance

For a public institution, the implementation of rural procurement of goods/services must meet good governance (Komarudin 2011). Therefore, the principle of procurement and procurement ethics in the implementation of rural procurement is crucial for good governance.

The principles in implementation of rural procurement of goods/services include the following matters: The first principle is efficiency, which suggests that procurement must be endeavored using minimum funds and power to achieve quality and targets within the stipulated time or using funds that have been determined to achieve results and targets with maximum quality. The second principle is effectiveness, which indicates that procurement must be in accordance with the needs and targets set while providing maximum benefits to the community. The third principle is transparency, which suggests that all provisions and information regarding procurement are clear and can be widely known by public and interested providers. The fourth principle is openness, which indicates that procurement must enable participation of all goods/services providers who meet certain requirements/criteria based on clear rules and procedures. The fifth principle is community empowerment, which suggests that procurement must be used as a vehicle for learning for the community enabling it to manage the development of their village. The sixth principle is mutual cooperation, which means the provision of labor by the community in implementation of development activities in the village. The seventh principle is competitiveness, which suggests that procurement must be done through fair competition among as many providers as equal and by meeting the requirements. The eighth principle is fairness, which means giving equal treatment to all prospective providers and does not result in benefit to certain parties. The last principle is accountability, which suggests that it must be in accordance with rules and regulations related to procurement, so it can be accounted for.

The next issue relates to procurement ethics. These ethics include the following: (1) performing tasks in an orderly manner, accompanied by a sense of responsibility to achieve objectives, smoothness, and accuracy in procurement of objectives; (2) working professionally and independently and maintaining the confidentiality of information to prevent procurement deviations; (3) not influencing each other directly or indirectly that may result in unfair business competition; (4) accepting and being responsible for all decisions made in accordance with the written agreement of concerned parties; (5) avoiding and preventing conflicting interests of related parties, both directly and indirectly, that may result in an

unfair business competition in procurement; (6) avoiding and preventing waste and leakage of village finances; (7) avoiding and preventing the abuse of authority and/or collusion; and (8) not accepting, not offering, or not promising to give or receive gifts, rewards, commissions, rebates, and anything from or to anyone known or reasonably suspected in connection with procurement.

## New Control Content

There are three new regulations of rural procurement on goods/services, which include the conflict resolution; electronic development, supervision, and procurement; and stipulation of land acquisition controls.

For a conflict resolution control, the first choice that can be taken by the parties involved in a conflict to resolve the conflict is through a deliberation to reach a consensus among parties. The deliberation for this consensus is very much in accordance with the noble values of the constitution of the Indonesian nation (the 1945 Constitution). Furthermore, if the deliberation does not lead to consensus, the Village Head will lead the deliberation to settle the conflict. If the deliberation for consensus and the deliberation led by the Village Head fail to achieve the desired objective, the parties can settle the conflict through the "Procurement Contract Conflict Resolution Service" or through the legal system.

The next new control is the affirmation of the regional apparatus organization in charge of governance and the empowerment of the rural community as supervisor for rural procurement of goods/services. In performing the development function, the guiding agency concerned can include the goods/services procurement work unit in each local government. In addition, the supervising agency can also consult the LKPP. The next control is the electronic rural procurement of goods/services.

The next new and significant control relates to the affirmation that the environmental sphere of rural procurement of goods/services does not regulate land acquisition for the benefit of the rural area. This control also ended the polemic about which regulations became a reference in land acquisition for the benefit of the rural area.

## Shortcomings of the New Regulation

There is one shortcoming in this new regulation. It relates to the use of the Regulation of the Minister of Home Affairs No. 20 of 2018 concerning the management of village finances in one of the considerations to establish the Regulation of the Head of NPPA No. 12 of 2019. If the Minister of Home Affairs Regulation No. 20 of 2018 is revised or revoked, the Head of LKPP Regulation No. 12 of 2019 must also be revised or revoked. In addition, the legal position of the Minister of Home Affairs Regulation No. 20 of 2018 and the Regulation of the Head of LKPP No. 12 of 2019 is equal, so the Minister of Home Affairs Regulation No. 20 of 2018 should not be considered in the Head of LKPP Regulation No. 12 of 2019.

## Conclusion

Although there is one shortcoming in the Head of LKPP Regulation No. 12 of 2019, in general, the content in this regulation has resolved several issues that could not be done through previous rules. Resolving these issues is critical, so the implementation of rural procurement of goods/services can be in accordance with good governance.



## Cross-References

► Green Procurement Awareness

## References

Komarudin (2011) Reformasi Birokrasi dan Pelayanan Publik Prima [Bureaucratic reform and prime public services]. *Jurnal Pendayagunaan Aparatur Negara Reformasi Birokrasi Menuju Pemerintahan Kelas Dunia* [*Journal of Empowerment of State Apparatus for Bureaucracy Reform Towards World Class Government*], 1st Edition Year I. Retrieved from https://www.

menpan.go.id/site/emagz/jurnal/2011_Jurnal_Tahun_2011.pdf. komarudin halaman 76

*Peraturan Kepala Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah Nomor 19 Tahun* 2015. *Peraturan Kepala Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah Nomor 19 tentang Tata Cara Pelaksanaan Pengadaan Badan Usaha Kerjasama Pemerintah dengan Badan Usaha dalam Penyediaan Infrastruktur* [Regulation of the Head of Government Procurement Policy on goods/services No. 19 of 2015. Head of Government Regulation of Procurement Policy on goods/services No. 19 concerning procedures for Implementing Business Entities in Collaboration between the government and business entities in the provision of infrastructure].Retrieved from http://www.lkpp.go.id/v3/files/attachments/5_IBAJJjFuVBcxqyWOJfCbcxXiaMLkDBZD.pdf

*Peraturan Kepala Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah Nomor 12 Tahun* 2019 *tentang Pedoman Penyusunan Tata Cara Pengadaan Barang/Jasa di Desa* [Regulation of the Head of Government Procurement Policy on Goods/Services No. 12 of 2019 concerning guidelines for preparation of procedures for rural procurement on goods/services]. Retrieved from https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-12-tahun-2019

*Peraturan Menteri Badan Usaha Milik Negara Nomor 15 Peraturan Menteri BUMN* PER-15/MBU/2012 [Regulation of the Minister of State-Owned Enterprises No. 15 Minister of SOE Regulation PER-15/MBU/2012]. Retrieved from http://jdih.bumn.go.id/lihat/PER-15/MBU/2012

*Peraturan Pemerintah Nomor 23 Tahun* 2005 *tentang Pengelolaan Keuangan Badan Layanan Umum* [Government Regulation No. 23 of 2005 concerning financial management of public service agencies]. Retrieved from https://jdih.kemenkeu.go.id/fullText/2005/23TAHUN2005PP.htm

*Peraturan Pemerintah Nomor 26 Tahun* 2015 *tentang Bentuk dan Mekanisme Pendanaan Perguruan Tinggi Berbadan Hukum* [Government Regulation No. 26 of 2015 concerning the form and mechanism of funding for a legal entity higher education institution]. Retrieved from https://kelembagaan.ristekdikti.go.id/wp-content/uploads/2016/08/PP-26-Tahun-2015.pdf

*Peraturan Pemerintah Nomor 54 Tahun* 2017 *tentang Badan Usaha Milik Daerah*[Government Regulation No. 54 of 2017 concerning regional-owned enterprises]. Retrieved from https://jdih.bpk.go.id/wp-content/uploads/2018/01/PP-Nomor-54-Tahun-2017.pdf

*Peraturan Presiden Nomor 16 Tahun* (2018) Peraturan Presiden Nomor 16 tentang Pengadaan Barang/Jasa Pemerintah [Presidential Regulation No. 16 Year (2018). Presidential Regulation No. 16 concerning government procurement on goods/services]. Retrieved from https://jdih.lkpp.go.id/regulation/1001/peraturan-presiden-nomor-16-tahun-2018

The 1945 Constitution

# Russia, Administrative Reform

Igor Bartsits
Institute of Public Administration and Civil Service, the Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation

## Synonyms

Administrative transformation; Public administration reform; Transformation of government bodies

## Definition

Russia's administrative reform is a sound and holistic system of measures intended to modernize the various institutions of executive power of the Russian Federation in order to create highly efficient machinery of government meeting the needs of modern Russian society. Most commonly, an administrative reform covers areas such as organizational structure, decentralization, personnel management, financing, provision of public and municipal services, and optimization of supervision and compliance monitoring, which includes putting in place a proper legal framework, including public service laws, and solving other issues.

## Introduction

Historically, the majority of developed and developing states feel the need to improve their system of government under the pressure of the challenges that emerge in the course of their social, economic, and political development. Thus, the failure of the system of government to meet the development needs of the economy and society caused a complete collapse of the entire political and legal system of the Soviet Union in 1991.

In the context of international law, the Russian Federation, with its new frontiers and political system, became the successor of the Soviet Union. The country needed a political and economic overhaul. A legal foundation for the transformation of the country's government system was provided by the Constitution of Russia of 12 December 1993, which entrenched the key principles of the Russian political system: people's rule, national sovereignty, republicanism, federal form of government, separation of powers, social character of state, rule of law, secularism, protection of the rights and freedoms of man, local self-government, multi-party system, ideological and political pluralism, supremacy of law, and diversity of forms of ownership. It is based on these constitutional principles that Russia engaged in reforming its government institutions.

The administrative reform in Russia is intended to:

1. Improve the system of government so as to make it capable of ensuring the integrity and sovereignty of the Russian state and protecting the national interests of Russia both domestically and internationally.
2. Modernize the state machinery, most importantly the system of executive power whose principal function is to observe the laws and to ensure compliance countrywide.
3. Optimize the legislative regulation of the state, society, and citizens.

The goals of the administrative reform in the Russian Federation are as follows:

- Improving the quality and accessibility of public services.
- Limiting the government intervention in the economic activities of businesses and entrepreneurs, including bringing to an end excessive state regulation.
- Improving the efficiency and effectiveness of executive authorities.

All in all, Russia's administrative reforms pursue the same goals and objectives as those carried out by other countries.

## The Stages of the Russian Administrative Reform

It took the Russian Federation quite a long time to understand the administrative reform theory and develop its legal framework. This period can be split into several stages (Bartsits 2019).

*The first stage of the government reform (1992–1995)* was intended to free the economy from total state control, transform the system of pricing, and privatize state property, including through attraction of foreign investors. Initial reorganization of the system of government was conducted: the number of sectoral ministries was reduced although the sectoral approach to the management of the economy, albeit slightly modified, continued to exist until the late 1990s; several new regulatory institutions were established such as the state committees – for administration of state property, antitrust policies, etc.; the country's federal structure was changed through granting broader powers of autonomy to the constituent entities of the federation and increasing the authority of local communities.

In the 1990s, the transformation of the principles and methods of public administration was deliberately put away for later, the system of government continued to rely on many of the approaches of the Soviet-style administrative system and sectoral management. This deliberate postponement was explained by the lack of prerequisites for reformation of the system of government, including (a) the lack of loyalty of a significant number of state officials to the country's leadership, and (b) insufficiency of financial resources. There was a significant gap between the revolutionizing economy and socio-political landscape and the obsolete methods of government. No major changes were made in the system of executive authorities; no structuring of executive bodies based on their respective functions was completed.

Under these circumstances, the country's leaders were afraid of losing control. The abandonment of the system of centralized control over the economy and society by the Communist Party and Soviet government resulted in losing grip on the state apparatus, soaring corruption, and other negative developments. Prerequisites and

opportunities for an effective reform of the system of government were emerging.

*At the second stage of the government reform (1996–1998)*, the conceptualization of the necessary administrative changes began and the approaches to the transformation of the system of public administration in the Russian Federation were developed. In September–October 1997, the term "administrative reform" was introduced. It is then that the *Concept of Administrative Reform* was proposed in lieu of the *Program of State Building* previously developed under the guidance of the commission which had been established under the order of the President of the Russian Federation of 7 May 1997 (members of the commission were Valentin Yumashev, Mikhail Krasnov, Georgy Satarov et al.) and announced by President Boris Yeltsin in his Address to the Federal Assembly of the Russian Federation. In 1998, President Boris Yeltsin presented key provisions of the Concept of Administrative Reform in his Address to the Federal Assembly of the Russian Federation.

The authors of the administrative reform understood it as a "chain of successive, staged measures allowing to introduce new principles, methods and structures without losing control. It was emphasized that to improve the efficiency of government it was crucial to have a sound system of executive power with properly structured executive bodies and clear differentiation of their legal status. The shortcomings of the Concept included its divorcement from the strategic development goals of society and formalist approach to the solution of complex political and economic problems." (Vishnyakov 2003)

It must be admitted that, amid the severe economic crisis of 1998, no practical steps were taken to implement the measures proposed by the Concept of Administrative Reform. Key goals and objectives of the Concept, as well as the successive steps envisaged by it, were put to practical use later in the reform of the early 2000s.

*At the third stage of the administrative reform (1999–2002)*, it was concluded that Russia's system of government needed complete modernization rather that gradual improvement. A roadmap comprising initial steps was presented in Presidential Addresses to the Federal Assembly (parliament) of the Russian Federation. In his 2000 Address, President Vladimir Putin says, "Our primary objective is to get our power structures organized; however, it is not our ultimate goal but just the first step in the modernization of our state." The Presidential Address of 2001 says, "We have to launch preparations for an administrative reform, first of all, to reform the government, the ministries and agencies, and the territorial administrations. And we should transform not only and not so much the structure and the staffing of the organs of power as – and this is the most important part – their functions."

To achieve this, it was necessary, first, to modernize the entire system of executive power; second, to introduce an efficient and explicit mechanism of decision making and execution, and; third, analyze the existing mix of state functions in order to keep only those that were really necessary. The understanding of this necessity determined the course of modernization of the system of government and the goals of administrative reform.

Of all the important analytical documents of this stage particularly notable is *The Strategy of the Social and Economic Development of Russia Through 2010* designed in 2000 by the Center for Strategic Research. The Government of the Russian Federation considered the Strategy and approved its key provisions; however, it has never been officially adopted. Nevertheless, the fundamental premises of the Strategy, such as promotion of transparency of the government, transformation of executive authorities, and ban on vesting rule-making, supervisory and regulatory functions as well as functions related to the management of federal property and provision of public services, in the same executive bodies, were implemented at later stages of the reform.

At the same stage, namely, in August 2001, *The Concept of the Reform of the System of Public Service of the Russian Federation* was adopted.

*The fourth stage of the administrative reform (2003–2005)* yielded concrete results such as streamlined functions of the bodies of executive power, reformed public service, improved administrative procedures, and newly established

administrative justice. Crucial for turning the administrative reform into reality was the Presidential Decree "On 2003-2004 Administrative Reform Measures," which stipulated the priorities of the administrative reform.

To build on the achieved, a standing advisory body – the Administrative Reform Commission under the Government of the Russian Federation – was established by Presidential Decree #824 of 23 July 2003 "On 2003-2004 Administrative Reform Measures.".

While in 1997, the concept of the government reform was focused on reinforcing the regulatory and supervisory functions of the executive authorities through enhancement of the role of long-term and short-term forecasting in strategic decision making and designing an optimal structure of executive bodies capable of meeting real needs of society, in 2003, the key idea of Russia's administrative reform was significantly changed and focused primarily on limiting the intervention of the state in the economic activities of businesses, including putting an end to excessive state regulation, as well as on improving the quality and availability of public services.

At this stage, an inventory of public functions was taken, especially those vested in the executive authorities, both federal and regional. Thus, a specially established commission analyzed all the functions performed by the executive bodies. The commission identified 5,634 functions of which 1,468 were found unnecessary, 263 overlapping, and 868 requiring modification. Then, the principle of functional interrelationship between the types and functions of executive authorities was introduced, and a reform of these authorities was carried out based on this principle. Thus, the type structure of the bodies of executive power of Russia was revamped and the total number of ministries and agencies was drastically reduced. The Decree of the President of the Russian Federation of 9 March 2004 "On the System and Structure of Federal Bodies of Executive Power" introduced a tripartite model comprising federal ministries, federal services, and federal agencies.

At this stage, the framework Federal Law "On the System of Public Service of the Russian Federation" of 27 May 2003 and Federal Law FZ №79 "On State Civil Service of the Russian Federation" of 27 July 2004 were passed.

*The fifth stage of the reform (2006–2010)* was focused on the implementation of the Concept of the Administrative Reform in the Russian Federation in 2006–2010, as well as the plan of reform activities that included the following:

- Migration of the bodies of executive power to the principles and procedures of results-based management
- Development and introduction of standards for the public services provided by executive authorities, as well as administrative regulations for the bodies of executive power
- Establishment of multifunctional centers for provision of public and municipal services
- Digitalization of public services
- Optimization of the bodies of executive power, and introduction of the mechanisms designed to counter corruption in the bodies of executive power
- Improving the efficiency of interaction between the bodies of executive power and civil society, and increasing the transparency of executive authorities
- Upgrading the executive authorities' information systems
- Providing adequate organizational, information, human and other resources of the administrative reform, and improving the mechanisms intended to promote best practices in public administration

At this stage, attention was mostly concentrated on the improvement of public services and ensuring transparency of state authorities. This stage proved successful in a number areas, including the following: (a) the bodies of executive power began introducing key performance indicators to measure their regulatory effectiveness; (b) changes took place in the system of technical regulation and licensing of various activities; (c) national standards for state and municipal services were adopted; (d) results-based management mechanisms were introduced; (e) the system of control and oversight was reformed (although not in full).

*The sixth stage (from 2010 through the present)* is characterized by further development of the system of public administration, reformation of the system of public service, and improvement of the legal framework. Key documents of this stage are the following:

- "The Concept of Reduction of Administrative Barriers and Improvement of Access to Public Services for 2011–2013"
- Federal Law № 210-FZ of 27 July 2010 "On Organization and Provision of State and Municipal Services"
- Decree of the President of the Russian Federation № 601 of 7 May 2012 "On the Main Directions in Improving the Public Administration System"
- Executive Order of the Government of the Russian Federation № 934-p of 17 May 2016 "On the Main Directions in the Development and Introduction of a System of Evaluation of Control and Oversight Activities Effectiveness and Efficiency"
- Decree of the President of the Russian Federation № 474 of 21 July 2020 "On the National Development Goals of the Russian Federation through 2030," etc.
- The 2019–2020 government resolutions package concerning the implementation of the "legal guillotine" roadmap aiming to repeal obsolete control and oversight laws and rules.

## Key Focus Areas of the Administrative Reform

Key activities *intended to improve the quality of public administration* are specified in the document entitled "Key Focus Areas of the Government of the Russian Federation Through 2024." They include the following:

### Improvement of Control and Oversight

The objective is to reduce the administrative burden for entrepreneurs and businesses, improve the effectiveness and efficiency of control and oversight functions. Critical for improvement of control and oversight activities is the introduction of risk management mechanisms, including analysis and evaluation of performance by legal entities and individual entrepreneurs. All socially significant and large-scale types of state control (oversight) and municipal control will assume the risk-based approach. In the future, the risk-based approach is expected to become ubiquitous.

In order to achieve comprehensive upgrading of mandatory requirements, it is planned to employ the "regulatory guillotine," which envisages updating all the mandatory requirements adopted before the middle of 2010 and analyzing the actual positive (or negative) outcomes of the adoption of rules and regulations, as well as the effectiveness of regulatory activities from the perspective of attainment of their goals. This measure is intended to help get rid of those rules and regulations that are no longer relevant.

### State Property Management

To step up the pace of economic development, the following measures will be implemented:

- Minimizing participation of the state in the companies doing business on competitive markets – the number of state-invested companies will be reduced by 10% per annum.
- More efficient management of state-invested companies through improving enterprise management mechanisms.
- Putting in place new models of disposal of state-owned and quasi-public property, including auctions in a format designed to attract strategic investors while taking into account the industry-specific characteristics of such property.
- Full migration to electronic auctioning in disposal of public and municipal property.

For more efficient use of public assets, mechanisms will be introduced allowing targeted redistribution of state and municipal property between public owners, including among other things transfer of assets to another ownership level.

1. *Development of strategic management and project management mechanisms*

One of the key tools intended to improve the efficiency of public administration is the state programs of the Russian Federation and the state programs of the constituent entities of the Russian Federation, that are implemented in accordance with the project management principles. To put in place timely administrative measures aimed at achieving the desired key performance indicators (KPI's) and measure the efficiency of federal budget expenditures, the implementation of such measures is continuously monitored.

2. *Improving the efficiency of public expenditures, including government and municipal procurement*

   The objective is to create new and enhance and improve existing approaches to increasing the efficiency of budget expenditures planning and execution, including the following:
   - Improving the methodology of substantiation of budget appropriations.
   - Putting in place a system of budget spending review.
   - Enhancing the mechanism of treasury support all the way to the recipient of budgetary funds, including pilot integration, for the purpose of such support, of the system of the Federal Treasury with the banking system, as well as increasing the pace of digitalization and the speed of settlements through a system of treasury payments.
   - Broader use of analytical data reflecting the progress of state programs, including those that are part of federal projects, for the purpose of budget execution planning.
   - Unification of legal grounds for appropriation of budgetary funds – i.e., legal acts regulating such appropriation and related agreements (contracts).
   - Creating an environment conducive to better management of accounts receivable.
3. *Introduction of electronic government*, including:
   - Putting in place a regulatory framework for creation and maintenance of government information resources.
   - Defining data management rules for such resources.
   - Harmonizing data of different government information resources.
4. Along with the Unified State Register of Legal Entities, a national citizens' database will be created on the basis of the National Civil Status Register. It is also planned to digitalize the processes of public finance management and ensure the transparency of federal budget planning and execution and budgetary reporting generation.
5. *Development of public service* with a focus on the following areas:
   - Digitalization of staffing functions – creation of a new digital public service.
   - Providing the system of public service with an advanced staffing technology and mechanisms allowing to select personnel based on a standard set of qualification criteria.
   - Putting in place a uniform multiple-level system of career-long professional development for public servants.
   - Improving public servants' remuneration plans, including through increasing guaranteed salaries and performance-based uplifts.
   - Introducing programs intended to motivate public servants and enable their career development, enhancing the practice of onsite training.
   - Developing corruption prevention mechanisms, including monitoring of public servants' incomes and expenses, monitoring of their compliance with existing restrictions, limitations, and responsibilities, and ensuring unavoidability of punishment for corruption-related offences.
   - Improving the system of enforcement proceedings, ensuring more efficient enforcement of court decisions.
   - Developing a unified information and communication space of the system of public service in order to support its effective and efficient operation.
6. *Improving the availability and quality of public services through*:
   - Increasing the number of services provided through multifunctional centers and optimizing the network of such centers.

- Reforming the judicial system and improving the efficiency of judicial bodies, including through providing quality legal assistance to citizens.
- Introducing at the regional and municipal levels a mechanism of evaluation of the quality of public services.

7. *Developing the instruments of state regulation* by means of:
   - Evaluation of the regulatory impact and actual effectiveness of regulations, including the evaluation of their role in the achievement of the goals and objectives of national projects.
   - Instruments of permitting and licensing (systematization of permitting and licensing regimes, maintenance of special registers).
   - Self-regulation mechanisms.
8. *Engagement of citizens at the state and municipal administration levels*, including:
   - Increasing citizens' involvement in the development of proposals and administrative decision-making process.
   - Development of local self-government mechanisms.
   - Introduction of proactive budgeting mechanisms.
   - Enhancing public control practices.

All these activities are intended to help achieve the national development goals of the Russian Federation specified in Decree of the President of the Russian Federation № 474 of 21 July 2020 "On the National Development Goals of the Russian Federation through 2030." These goals include:

(a) Preservation of population, preservation of people's health and well-being
(b) Opportunities for self-fulfillment and development of talents
(c) Comfortable and safe living environment
(d) Decent and efficient work and successful entrepreneurship
(e) Digital transformation

## The System of Executive Authorities of the Russian Federation

As far as the federal executive authorities are concerned, in the period between 1993 and 2000, their types and structure were regulated in a very gentle manner as per Decrees of the President of the Russian Federation "On the Structure of Federal Bodies of Executive Power" № 66 of 10 January 1994, № 1176 and № 1177 of 14 August 1996, and № 867 of 17 May 2000. These Decrees did not define any type of executive body, and a very soft approach was pursued in forming each individual system of executive authorities in terms of both mix and types of specific ministries and agencies. For example, according to the Presidential Decrees of 14 August 1996 (Decree № 1176 "On the System of Federal Bodies of Executive Power" and Decree № 1177 "On the Structure of Federal Bodies of Executive Power"), the system of federal executive authorities comprised the ministries of the Russian Federation (federal ministries) and other federal bodies of executive power. The latter could have the status of a state committee; a committee under a federal service; a Russian agency; a federal oversight body; and inspection department; etc.

An important role in shaping the system of executive power was played by Decree of the President of the Russian Federation № 314 of 2004 "On the System and Structure of Federal Bodies of Executive Power," which introduced a crisp classification providing for three types of executive bodies: (1) federal ministries; (2) federal agencies; and (3) federal services.

Federal ministries develop state policy for and perform legal regulation in their respective areas, coordinate and control their subordinate federal services and federal agencies, and coordinate the use of state off-budget funds.

Federal services exercise control and oversight in their respective areas and also perform special functions in areas such as defense, national security, national border control, prevention of crime, and public safety.

Federal agencies provide public services, manage public property, and enforce the law.

Later, the Government of the Russian Federation approved the provisions on federal bodies of executive power and adopted the resolutions concerning the functioning of the reformed and newly established executive bodies, including the number of deputy heads of these bodies and their organizational structures. However, it was not the end and the process of change still continues.

The composition of the Government of the Russian Federation also has a number of peculiar features. Thus, the initial concept of the administrative reform entrenched in the very first version of Decree № 314 provided that the Chairperson of the Government of the Russian Federation shall only have one deputy (par. 8). This structure of the plural executive body was intended to raise the level of personal responsibility and importance of federal ministers. However, the number of deputies of the Chairperson gradually increased over time from one in 2004 to three in 2005, five in 2007, eight in 2008, and nine in 2020. Each of the deputies of the Chairperson of the government was put in charge of a certain set of government tasks and functioning of respective federal bodies of executive power.

Another peculiarity of the Government of the Russian Federation is the "dual subordination" ministers – i.e., the ministers who report to both the Chairperson as the head of the Government and the one responsible for identifying its focus areas and distributing responsibilities between the members of the Government, and also to the President of the Russian Federation, because, according to Article 32, the President is in charge of the "security wing" of the federal executive branch controlling its bodies both directly and through federal ministers.

Worth mentioning are the powers of the Chairperson of the Government in making staffing decisions. Thus, the Chairperson of the Government of the Russian Federation only has the authority to propose to the President of Russia candidates for Government positions or submit proposals to release Government members from their positions. However, the Chairperson does not have the right to independently remove members of the Government from their offices. It should also be noted that, according to the principle of checks and balances, which fully applies to the collaboration between the executive and the legislative branches, the State Duma does not have the authority to change the composition of the Government once it has been formed, i.e., the State Duma can pass a no-confidence motion against or refuse credence to the Government of the Russian Federation, or summon any Government member for a report, but only the President of the Russian Federation can dissolve the Government or dismiss a member of the Government.

It may be quite interesting to compare the number of federal executive bodies at the stage of establishment of the system of executive power and at the current stage. Thus, pursuant to Decree of the President of the Russian Federation № 1177 of 14 August 1996, "On the Structure of Federal Bodies of Executive Power," there were 24 ministries, 19 state committees, 18 federal services, 3 Russian agencies, and 2 federal inspection departments – in total 67 federal executive organs, including the Government. Currently, according to Decree of the President of the Russian Federation № 21 of 21 January 2020 "On the Structure of Federal Bodies of Executive Power," there are 21 federal ministries, 30 federal services, and 21 federal agencies – i.e., the total of 72 federal executive organs, and recently this number was reduced due to optimization of the system of government amid a difficult financial and economic situation.

No less interesting is the dynamic of the number of federal ministries: while in 1996 and 2020, there were 24 and 21 ministries respectively, the first version of the above mentioned Decree № 314 of 2004 provided for only 14 ministries (5 in the "security wing" and 9 in the "socioeconomic wing" of the Government). Therefore, it is in the context of the administrative reform that a serious attempt was made in 2004 to streamline the administrative machinery. However, the subsequent changes in the public administration environment led to further increase in number of both federal ministries, and federal bodies of executive power in general.

One of the objectives of transformation of the system of federal executive authorities was clearer division of the functions related to the formulation of state policy and legal regulation, provision of public services, and state control and oversight between the federal ministries, agencies, and services, respectively. However, with the issue of Decree of the President of the Russian Federation № 1274 of 24 September 2007 "Questions of the Structure of the Federal Bodies of Executive Power," this three-level system was given up: par. 4 provided for establishment of state committees – a type of federal executive body that could perform all the abovementioned functions thus infringing the logic underpinning the transformation of the system of federal bodies of executive power. It is based on this approach that "Rosrybolovstvo" (State Committee for Fishery) and "Rosmolodezh" (State Committee for Youth Affairs) were established in 2007, although in a short while both were transformed into federal agency pursuant to Decree of the President of the Russian Federation № 724 of 12 May 2008 "Questions of the System and Structure of Federal bodies of Executive Power."

The number of federal ministries significantly increased with the advent of those in charge of specific territories: the Ministry of Northern Caucasus Affairs, the Ministry for the Development of the Russian Far East, and the Ministry of Crimea Affairs – this was yet another trend in the development of the structure of executive authorities. The said ministries were established in order to concentrate government resources allocated for the development of individual groups of Russian regions. However, it is likely that they had been conceived as a temporary phenomenon and were destined for dismissal on achievement by their respective territories of a certain level of social and economic development. Of all the "territorial" ministries, only the Ministry for the Development of the Russian Far East has survived. The other two ministries were disbanded and their functions were transferred to the Ministry of Economic Development.

Analyzing the trends of development and the specificities of the system and structure of federal bodies of executive power, one can come to the conclusion that they are characterized by a relatively high pace of change and transformation that are taking place in the environment of continuity of government and high level of political stability.

It is deemed necessary to take measures to sophisticate and particularize the functions of executive authorities, to open the door for targeted and consistent formation within the system of major "managerial units" or modular divisions of federal ministries and agencies to make them capable of addressing in a comprehensive manner the tasks set by the state. This reformation of the ministries is intended to implement the principles of "collective representation," which call for political responsibility of the ministers for the areas in which they exercise their executive powers, as well as minimization of interdepartmental approvals.

The amendments to the Constitution of the Russian Federation that entered into effect on 4 July 2020 envisage significant revision of the approaches to the arrangement of the system of executive power and the formation of the Government of the Russian Federation. Thus, they give the Russian President the right to have general oversight of the Government, approve the structure of federal bodies of executive power proposed by the Chairperson of the Government, and introduce changes to this structure; in the structure of federal bodies of executive power, identify the bodies subordinate directly to the President of the Russian Federation and the bodies to be managed by the Government of the Russian Federation. Should the President dismiss the Chairperson of the Government, the new Chairperson of the Government shall not submit to the President proposals in regard to the structure of federal bodies of executive power. In fact, these amendments to the Constitution entrench the previously established practice of interaction between the President and the Government.

The amendments significantly changed the mechanism of formation of the Government of the Russian Federation: from now on, the members of the "security wing" of the Government will be appointed upon consultations with the Council of Federation, while the deputies of the Chairperson and the members of the

"socioeconomic wing" will be appointed upon approval by the State Duma. The amended Constitution also features a legal mechanism preventing from dragging out the formation of the Government (it sets the timeframe for the State Duma to confirm the ministers designate, the allowed number of rejections, and the consequences of non-confirmation of a significant number of designates).

## International Experience and National Context

Analyzing the international experience of conducting administrative reforms from the perspective of their understanding and implementation one can see that their main focus is on the depth of transformation and on the desire to align the reform of public administration with the theories of state and public service, because the very vision of the required depth of transformation of public administration depends on the theory that is taken as a basis. Thus, the study of the large-scale reforms of public administration the majority of developed states engaged in shows that they featured approaches such as New Public Management (NPM), Good Governance, Post-NPM, New Governance, etc. For example, almost all developed states reformed their public administration systems with the use of the NPM concept and achieved great results wish could vary depending on the starting conditions. (Pollitt 2014)

At the same time, in considering international experience from the perspective of its use in Russia one should take into account the national context which developed in the process of evolution of Russia's public administration system. Otherwise, the chosen methodology may just prove inapplicable to the Russian reality. It is also necessary to take the context into account in order to understand how applicable the international approaches may be to specific aspects of Russian practice.

In this sense, particularly important is the principle of alignment of Russian and international approaches to administrative reform. This principle is about taking into account a number of factors, the first one being the undisputed fact that Russia is one of the world's oldest states with an established government system. Therefore, any transformations should be evolutionary and take into account both national and international experience.

The second factor is as follows: Too long and too often has the special path of Russia been underscored, however, one of the key features of the modern era is globalization. Russia can only overcome the difficulties and dangers of globalization by improving the quality of governance and by making it efficient. The social thought, not only in Russia, but in many other countries too, has been seeking to embrace the impact of globalization processes on decision making, adapt the principles of sovereignty to a new reality, articulate the approaches that in our country translated into the concept of sovereign democracy.

The third factor, probably the most important one, is the following: An administrative reform requires significant changes in the style of government and in the mindset of state and municipal officials. For all the specificities and peculiarities of different countries' reforms, the experience of public administration transformation in Europe and America, and particularly in Eastern Europe after the collapse of the Communist Bloc, positive outcomes are only possible if a number of mandatory conditions are met such as the following:

- Political and legal documents must clearly specify the goals, the tasks, the mechanisms, and the new managerial techniques.
- Transformation of the system of administration and introduction of a new administrative technology require significant financial investments.
- Great political persistence is necessary to carry out transformation and promote the values of the reform.
- Institutional and structural transformation is not very effective if it is not underpinned by new managerial decision-making techniques and new technologies of budgeting and result-based management.
- Special attention should be paid to the human capacity – skills level and values of personnel.

Historically, the administrative model of Russia evolved according to Max Weber's concept of "rational bureaucracy." In the course of its administrative reform, Russia is migrating from rational bureaucracy to the best practices of New Public Management and New Governance. The country draws on the OECD states' experience of switching from a hierarchical structure to a project-based approach with its clearly defined goals and timelines. At this stage, the system of public administration adopts the practice of business management, some traditional public functions are outsources, and the economy is deregulated and freed from the red tape.

The New Governance model envisages large-scale engagement of non-government entities, businesses, civil society institutions, and non-for-profit organizations in the decision-making process. Crowdsourcing, public–private partnership, public scrutiny, and other forms of participatory democracy are becoming mainstream in Russia.

Taking advantage of different models, Russia intends to address the new challenges it is facing. To achieve its goals, the country relies on a multimodal approach to its public administration reform. This approach rules out direct copying of any international or regional experience. What Russia needs is consistent and pragmatic inventory and reengineering of the existing mechanisms and **regulatory and institutional foundations of public administration in combination with large-scale use of pilot projects and** replication of best-practices in the system of executive power, as well as public and private enterprises.

## Prospects and Risks of Russia's Administrative Reform

The imperative necessity to improve the system of public administration and increase the quality, consistency, and efficiency of governance is understood by all, including those working in the system of government, experts, and representatives of civil society institution, as well as those who, according to the service-based concept of public office work, are the recipients of public services – i.e., the citizens of the Russian Federation. In the course of thorough transformation of its government institutions, Russia has amassed a significant experience. Nevertheless, a lot can be borrowed from other nations implementing their own programs of improvement of governance and development of administrative procedures (Bartsits 2010). All this can serve as basis for further reforms.

Russia's administrative reform already shows a number of successes, including:

- Reorganized system of executive power – in the first place, at the federal level.
- Improved quality of managerial relations between the federal center and the constituent entities of the Russian Federation.
- Reformed system of control and oversight.
- Development of the system of state government at the subnational level and local self-government.
- Introduction by the bodies of state power of new IT and analytical solutions.

The issues of the Russian system of public and municipal administration that still remain to be addressed include (Bartsits 2019):

- The existing federal authorities of the Russian Federation, the state bodies of the constituent entities of the Russian Federation and the bodies of local self-government have not yet formed an efficient system of public authority institutions.
- Russian federalism is still not perfect. After the dismantling of the Soviet administrative command system and Soviet model of federalism, Russia faced the difficult task of gluing together very different subnational entities.
- Some elements of the old administrative command system or their remnants are still in place. While the state underpinned by the administrative command model ceased to exist, the model itself, albeit modified, continues to impede economic development.
- The systems of state and municipal government are not transparent enough. Even though

instruments such as "Open Government" have been put in place, the public consultations on drafts of federal constitutional laws and federal laws as well as the public supervisory boards of state bodies and the system of executive power of the Russian Federation are not sufficiently open to the citizens and business community.
- There is no efficient and effective collaboration between public authorities and civil society.

To win the support of civil society, it is critical to prove that the reform is carried out for the sake of the nation, society, business, and citizens of the Russian Federation rather that the machinery of the state. The philosophy of the reform is centered on improving the life of Russians through building a strong state. The main focus area of the reform is the attainment of the constitutional goals of the Russian Federation, the establishment of the values of a social democratic state.

The modern models of public governance imply making a new social contract between the state authorities and civil society based on enhanced rights and opportunities for citizens along with their deeper engagement in the decision-making process.

All this requires a creative and innovative approach to administrative transformation, as well as transition to the next stage of evolution of the system of public and municipal administration. Significant efforts are needed to retrain the existing personnel and introduce nonfinancial incentives for public–private partnerships engaged in the provision of services.

At present time, Russia is implementing a number of reform programs that are aimed at the functions of the state (first of all, in such aspects as simplification of administrative procedures, optimization of control and oversight functions, and digitalization of public services) and its attitude toward resources (reform of ownership relations, reform of budgetary federalism, etc.). All such programs should not only share the same concept, but also serve as a functional and resource foundation underlying "common" reforms in the area of state building.

The "lengthiness" of the administrative reform makes it necessary to demonstrate from time to time that certain intermediate milestones have been passed and that certain sub-reforms have been completed. To make civil society institutions and citizens support the reform, it is important that the reformists make it innovative and indicate very clearly what results they expect from the transformation of the state machinery.

The national policy of the Russian Federation also gives high priority to limiting the role of the state in the economy, fostering fair competitions, and attracting human capital investments. Pursuing ambitious economic goals the country needs reforms that will help increase internal migration, attract investments, grow the total factor productivity (TFP), etc.

Key risks for the sustainable social and economic development of Russia and threats that may prevent the country from attaining its goals in the said period are as follows:

(a) Reduction of the global demand for commodities, which account for the biggest share of Russia's export. In spite of the global economic crisis of 2008–2009, the average annual growth rate of the global economy in the first decade of the twenty-first century reached 39%, mainly due to the advanced growth of the emerging economies (on average 6.2%) in combination with the steady growth of developed economies (on average 1.8%). In the recent years, we have seen the trend of slowing-down of the growth rate in emerging economies, which can be partly explained by their increased overall economic development level. This trend will continue in the future.
(b) Aggravation of the geopolitical situation has entailed increasing economic and political uncertainty. Most of the Russian companies lost access to foreign borrowings. Their access to advanced foreign technology is limited. As a result, the growth of productivity slowed down, and the economy of Russia needs new approaches to investment attraction.
(c) Reduction of working-age population amid overall stabilization of the demographic situation. For the Russian economy to grow

sustainably, it is critical to increase the flexibility of the labor market, reduce the employment in the public sector and government invested companies, attract foreign labor, and increase the working years of senior citizens.

Taken together, these challenges do not only call for qualitative social and economic transformation, but require a state and municipal government reform as well. Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration (RANEPA) says, "... When the country is undergoing two crises at a time (a crisis caused by external shocks and a structural economic crisis), it is the right time to demonstrate the art of public administration..." (Mau 2017) This idea is a quintessential description of the position of both experts in public administration and citizens of Russia.

## Conclusion

Russian society clearly understands that the existing administrative system by no means always ensures effective and efficient governance, proves capable of providing public services to society and individual citizens, or fully complies with the laws and rules adopted in accordance with democratic procedures. Apparently, in many areas (structural transformation, legal regulation of state and municipal government, digitalization), the reforms have yielded significant changes in the field of public administration and improved the living standards.

Analysis of the most visible challenges of the administrative reform has revealed the causes of ineffectiveness of some approaches and helped identify more effective ones. The previous experience of dealing with specific focus areas of the administrative reform, both positive and negative, allowed to set new priorities in transforming Russia's system of government. It has become clear, to both the ideologists of the reform and those who are responsible for their implementation, that the administrative reform should be regarded not as desirable but as absolutely essential for aligning the system of state and municipal government with the principles of national development enshrined in the Russian Constitution.

Everyone in Russia agrees that the administrative reform must go on. Coming up with a validated concept of evolution of Russia's public administration system will facilitate efficient and sustainable development of the Russian state and ensure its stability. To occupy its rightful place in the community of powerful nations, Russia must share with the world its vision of the model of governance.

## References

Bartsits IN (2010) Indicators and criteria of efficiency of Public Administration. M.: RANEPA

Bartsits IN (2019) The system of State and Municipal Government: Series of lectures in 2 volumes – M.: Delo Publishing House, RANEPA

Mau VA (2017) State and economy: experience of economic reform. M.: Delo

Pollitt C (2014) Future trends in European Public Administration and Management: an outside-in perspective. http://www.cocops.eu/wp-content/uploads/2014/04/FutureTrendsInEuropeanPublicAdministrationAndManagement.Pdf

Vishnyakov VG (2003)Administrative reform in Russia: from crisis of governance to efficient state. Russian Law J. № 10. pp 11–23. Results of the Decade of Administrative Reform and Tasks for the Future (materials of the round table session of 3 April 2014, XXI April International Academic Conference on Economic and Social Development, HSE). Public Administration Issues. 2014. № 2. pp 89–109

# Russia, Government Regulation of the Economy

Galina Y. Ivleva
Russian Presidential Academy of National Economy and the Public Administration (RANEPA), Moscow, Russian Federation

## Synonyms

Economic policy; Public administration; Regulatory policy

## Definition

**Government regulation of the economy** is a system of standard measures of legislative, executive, and supervisory nature implemented by legitimate state institutions and nonprofit organizations in order to stabilize and adapt the existing socioeconomic system to changing conditions as well as to guide the system to certain goals (Kushlin 2016).

## Introduction

In recent years, the role of the state in the economy has been steadily increasing. A series of economic crises, the growing uncertainty of further development, and the increased complexity of economic systems led to the government regulation of the economy being considered as one of the most important factors of modern economic development.

It should be noted that the government regulation of the economy is closely related to the notions of "economic policy" and "regulatory policy," but, in contrast, it covers a wider range of issues and is focused not only on the medium and long-term perspectives but also on the response to operational tasks of public administration.

In each country, government regulation of the economy has its own particularities, determined by the state and the structure of the national economy, current external and internal challenges, priority development goals, characteristics of the public administration system, and sociocultural specificity. The more complex and the longer the history of a country is, the more diverse the forms, instruments, and methods of the government regulation of the economy tend to be.

## History and Theory of Government Regulation of the Economy in Russia

The role of the state in organizing and regulating economic processes is traditionally high in Russia. The diversity of economic forms and structures in the economy requires the state to strengthen coordinating functions and regulate constantly emerging imbalances (sectoral, regional, technical and technological, etc.).

The economic development of vast areas of the country requires the construction of large-scale economic infrastructure, which can be organized and provided only by the state.

Recurrent attempts to reduce the economic gap between Russia and the leading world powers have brought about the process of continuous economic reforms in Russia, initiated by the state and carried out by mobilizing resources.

Moreover, there is a sociocultural basis in Russia for recognizing the dominant role of the state in all spheres of society: the priority of social justice over economic efficiency, common goals over private ones, and paternalistic attitudes of the population.

As a result, the state has become a guiding force of economic development in Russia, a "reasonable leader" that determines the strategy of economic development and mobilizes, stimulates, coordinates, and directs actions of other economic actors.

This special role of the state in economic development, which reached its maximum during the USSR period, gave rise to deep theoretical studies of the nature, tasks, mechanisms, and technologies of state regulation of the economy in Russian economic thought. Three main issues were particularly important.

The first problem concerned the relationship between government regulation of the economy and market mechanisms of self-regulation. In the 1920s, the issues of planned management of the economy and the role of market self-regulation mechanisms were actively discussed in Russia. At that time, within the framework of building a socialist economy, the priority was given to centralized state administration as a deliberate way of directing economic processes, corresponding to the social nature of production. From the late 1980s to the early 1990s, the same issue was resolved in favor of the full-scale development of market self-regulation mechanisms, which corresponded to the goal of building a market economy in Russia. Since the 2000s, the

regulatory functions of the state and the market have no longer been opposed to each other but considered as complementary mechanisms, where the limits of applicability depended on their comparative efficiency.

The second theoretical problem of state regulation of the economy was associated with the ability of the state to analyze economic information for the purpose of regulatory impact. One of the conditions for effective management is the correspondence of the complexity of the supervising system to that of the supervised system. In order to process huge amounts of information from economic entities, there was a need for a large-scale management system, which obviously increased administrative costs and impaired the effectiveness of the centralized public administration. For the planned economy in the USSR, this issue became one of the key challenges.

Since the mid-1960s, the theory of optimal functioning of the economy began to actively develop in the USSR. It served as a theoretical substantiation of the system of optimal economy functioning and used economic and mathematical methods to develop new approaches to the modeling and regulation of the national economy. In 1975, Leonid Vitaliyevich Kantorovich, one of the creators of this theory, became the Nobel Prize laureate in economics "for his contribution to the theory of optimum allocation of resources."

The construction of large national enterprises and industrial systems in the economy made it possible to reduce the number of management objects and increase the efficiency of state regulation but made the structure of the Russian economy inflexible and noncompetitive.

At present, rapid development of information technologies mitigates restrictions on the processing of information for management decision-making, which creates additional opportunities for increasing the efficiency of government regulation of the economy.

The third challenge for the government regulation of the economy is the problem of choosing priorities for the regulatory impact. State is often faced with a dilemma of selecting relevant goals, both in terms of content (fighting inflation or maintaining employment, social justice or economic efficiency) and in terms of the time horizon (short-term and long-term goals), as well as the correspondence between the goals and the means to achieve them.

In contrast with the first two theoretical problems, the third one does not have one-size-fits-all solutions. It depends on the situation at hand and requires dynamism, variability, and flexibility of the government regulation of the economy.

Presently, main discussions regarding the theory of government regulation of the economy are focused on the search for effective tools, technologies, and mechanisms of state regulation and means of involvement of other economic entities (firms and households) in these processes. Moreover, the field has grown to include the analysis of best practices of state regulation in the world and the OECD recommendations on regulation. The achievements in the field of IT and social psychology are among the key factors that contribute to the step change in our capacity to design effective measures of government regulation of the economy (OECD 2018).

## Goals, Objectives, and Methods of Government Regulation of the Economy in Russia

The goals of government regulation of the economy in Russia can be divided into general, specific, and one-time goals.

General goals of regulation are fairly standard for all countries and include achieving sustainable economic growth and increasing welfare of the population. These goals are strategic and long term in nature (Federal law of the Russian Federation 2014).

Specific goals of government regulation of the economy are associated with national development priorities and systemic challenges facing the country. In this case, state regulation of the economy takes on tactical character. At present, specific goals of government regulation of the economy in Russia are determined by the Russian Federation President Decree No. 474 "On the National Development Goals of

the Russian Federation through 2030," dated July 21, 2020.

The Decree indicates five key goals:

a) Preservation of the population and the health and welfare of the people
b) Conditions for self-fulfillment and the unlocking of talent
c) Comfortable and safe environment
d) Decent and effective jobs and successful enterprise
e) Digital transformation

One-time goals of government regulation of the economy arise under conditions of unforeseen events or force majeure problems of vital nature. Basically, they are related to economic crises of a different nature (e.g., fighting the economic consequences of COVID-19). These problems determine operational actions of the state in the economy. It should be noted that such one-time goals (despite their importance and scale) from the position of government regulation of the national economy are only temporary and circumstantial and should not interfere with the achievement of general and specific regulation goals.

The objectives of government regulation of the economy are derived from its goals and are implemented in the operational activities of the regulation subjects (government bodies and other structures). A number of major objectives of state regulation are carried out through state functions, i.e., permanent and long term.

Depending on the method of influencing the object of regulation, the methods of government regulation of the economy are divided into direct (administrative and economic) and indirect.

Indirect methods (monetary regulation, tax regulation, currency regulation, etc.) change the environment for the functioning of economic agents, inducing them to independently change their course of action in the direction that is necessary for the regulator. This is considered to be a more effective approach in the long term than a direct method of influencing the controlled object.

However, with indirect methods, the regulatory effect is weaker and more postponed in time than with a direct effect. In addition, the indirect method of regulation requires developed transmission mechanisms in the economy, which may be underdeveloped in emerging markets. Therefore, in Russia, direct methods of government regulation are important and support the manageability of the economy under the conditions of underdeveloped and insufficiently effective market mechanisms.

## Institutions and Mechanisms of Government Regulation of the Economy

The Russian system of government regulation of the economy is complex and multilevel. The main subjects of government regulation of the economy are federal executive authorities, among which the Ministry of Economic Development of the Russian Federation takes the main role. The Ministry develops strategic planning documents for the national economy, assesses its current state, prepares economic development scenarios, and evaluates the effects of economic policy decisions. Among its goals is balanced spatial development of the country, which is ensured by a combination of sectoral and territorial development strategies. An important area of the Ministry's activities involves improving the quality of public administration and the process of providing public services.

The Ministry of Finance of the Russian Federation is responsible for the budgetary development, the state tax and customs-tariff policy, and the organization and supervision of the federal budget execution.

The Central Bank of the Russian Federation is a mega-regulator of the financial market and is responsible for the regulation and development of all its sectors: the banking system, the insurance sector, collective investments and pension savings, the securities market, and microfinance. It also develops and implements the government monetary policy and carries out currency regulation.

Another group of regulators includes ministries for the development of certain territories (e.g., the Ministry for the Development of the Russian Far East and Arctic), which are designed

to provide a systematic solution to problems related to the development of certain territories.

Sectoral ministries (e.g., the Ministry of Industry and Trade of the Russian Federation; the Ministry of Agriculture of the Russian Federation; the Ministry of Construction, Housing and Utilities of the Russian Federation; the Ministry of Transport of the Russian Federation; etc.) develop and implement strategies for the development and regulation of the relevant sectors of the national economy.

Development institutions function in close coordination with government bodies, and their primary objective is to ensure an uninterrupted investment and innovation cycle in the economy, eliminating market failures along the way. Development institutions in Russia are very diverse in form and function: corporations, foundations, centers, agencies, and joint-stock companies. Development institutions are expected to ensure the alignment of their activities with the priority goals of the country's development.

The state development corporation VEB.RF integrates the activities of most development institutions in Russia. It manages the Russian Export Center, the Federal Corporation for the Development of Small and Medium Enterprises, the RUSNANO Group (which implements the state policy for the development of the nanoindustry), the Industrial Development Fund, etc.

The state delegates some powers to regulate the economy to self-regulatory organizations, associations and unions of entrepreneurs, consumer societies, etc. Such elements of the network state tend to increase the effectiveness of regulatory influence of the state (Elstub and Escobar 2019).

Self-regulatory organizations develop, establish, and control rules and standards for business activities. As a result, market participants carry out regulatory and control functions in a certain area of the economy independently. For example, there are self-regulatory organizations of arbitration managers, appraisers, builders, auditors, etc.

Business associations and entrepreneurial unions exerting the greatest influence on the regulatory policy of the state are the Russian Union of Industrialists and Entrepreneurs (unites the largest Russian companies), "Business Russia" (represents the interests of mainly medium-sized businesses), and "Opora" (unites owners and managers of small- and medium-sized enterprises).

Another channel of the state influence on the economy involves the implementation of joint projects based on mutually beneficial cooperation between the state and business (public-private partnerships, concessions, etc.).

Various expert groups operating under government authorities, the Russian Academy of Sciences, universities, as well as independent centers for economic analysis and research also play an important role in the state regulation of the economy in Russia. The most famous of these are the Analytical Center for the Government of the Russian Federation, the Institute of Economic Forecasting of the Russian Academy of Sciences, research and expert centers under the Russian Presidential Academy of National Economy and Public Administration under the President of the Russian Federation, and the National Research University Higher School of Economics. They produce strategic and programmatic documents substantiating the goals, objectives, and mechanisms of government regulation of the economy and provide expert and analytical support for operational regulatory actions by the state.

## Modern Trends in Government Regulation of the Economy in Russia

The contemporary state of the system of government regulation of the economy in Russia is characterized by a wide range of challenges related to achieving national development goals, changing the economic growth model in Russia, tackling digital challenges, and implementing new technologies. The strategic goals of the government include creating effective mechanisms for economic self-development, based on clear specification of property rights, and ensuring the interconnectedness and integrity of the national economy reproduction.

The most important strategic task of government regulation of the economy in Russia is changing the economic growth model from raw

export oriented to innovative and import substituting. The decline in the world energy prices facilitates the accomplishment of this task to a certain extent. This situation contributes to the investment flow into non-resource sectors of the economy. Various import substitution measures have been implemented in Russia since 2015, which contributes to the restoration of the internal technological chains and the creation of an integrated production process, which remains open and closely connected to international markets.

The activities of specialized development institutions, the implementation of federal state programs, tax preferences for innovative enterprises – these are but a few measures aimed at creating the innovative economy and activating new factors of economic growth in Russia (Ivleva 2013).

The digital transformation of the economy has created new challenges for government regulation as well as new opportunities and tools for regulatory impact. The increase in the number of economic entities; the development of the sharing economy; the emergence of new types of business (including online), new assets (Bitcoin), and new channels of interaction between consumers and producers; and the growing uncertainty and unpredictability of economic development require greater state flexibility, adaptability, and ability to respond quickly to emerging economic problems (Mensah 2020).

The nature of government regulation of the economy is changing. The state acquires features of a digital platform, develops electronic services, and organizes direct interaction between the state and citizens. There emerge elements of an "internal state" – programs of accounting and control integrated into the current economic activity of economic entities. These elements make it possible to radically change the nature of state control activities and the information basis of government regulation of the economy by means of providing relevant economic information in real time. The use of big data and artificial intelligence in government regulation of the economy makes it possible to objectively assess the situation, to promptly and proactively respond to emerging problems, and to reduce limitations of effective information processing by the control system (Shklyaruk 2019).

At the same time, the role of an individual in government regulation of the economy is growing. Sociocultural institutions of regulation and constructive interaction and partnership of the state, business, and citizens in solving economic problems become increasingly important.

## Conclusion

Government regulation of the economy in Russia is of decisive importance for the direction and coordination of economic processes in the country. The planned management experience in the Soviet period, a deep theoretical understanding of the regulation mechanisms and self-regulation in the economy, and the market reform practice in the 1990s made it possible to form a developed and diverse system of national economy regulation. Development institutions, self-regulatory organizations, associations and unions of entrepreneurs, civil society institutions, and the expert community play an important role in this system along with the authorities.

The most important challenges for the government regulation of the economy in modern Russia are the implementation of national development goals, the transition to a new economic growth model, the maintenance of the market mechanism efficiency, and the support of self-development processes in the economy.

The main directions of improving the government regulation of the economy in Russia are associated with the increase in the effectiveness of regulatory mechanisms; the formation of a "state platform," an "internal state"; the transition to public administration in real time; and the development of network forms of regulatory impact.

## Cross-References


- ▶ Development Administration
- ▶ Economic Development Policy
- ▶ Economic Development Strategies in the United States

## References

Elstub S, Escobar O (2019) Handbook of democratic innovation and governance. Edward Elgar Publishing. https://doi.org/10.4337/9781786433862

Federal Law of the Russian Federation dated on 28.06.2014 No. 172-FZ, On strategic planning in the Russian Federation (2014) Rossiyskaya Gazeta. https://rg.ru/2014/07/03/strategia-dok.html. Retrieved 24 Feb 2021 (in Russian)

Ivleva GY (2013) Effective public and municipal administration as a factor of the socio-economic development of Russia. Public Adm 3:71–73. (in Russian)

Kushlin VI (2016) Government regulation of the economy. Economica: 52–68 (in Russian)

Mensah IK (2020) Impact of government capacity and e-government performance on the adoption of e-government services. Int J Public Adm 43(4):303–311. https://doi.org/10.1080/01900692.2019.1628059

OECD (2018) OECD regulatory policy outlook. OECD Publishing, Paris. https://www.oecd-ilibrary.org/docserver/9789264303072-en.pdf. Retrieved 24 Feb 2021

Presidential Executive Order No 474 On national goals and strategic objectives of the Russian Federation through 2030, dated July 21, 2020 (2020). Kremlin.Ru. http://kremlin.ru/events/president/news/63728. Retrieved 24 Feb 2021 (in Russian)

Shklyaruk MS (2019) The government as a platform: people and technology. RANEPA (in Russian)

# Russia, Labor Migration Processes

Alexander Kotchegura
The Russian Academy of National Economy and Public Administration (RANEPA),
Moscow, Russia

## Synonyms

Economic migration; Immigration of workers; Migration for employment

## Definition

International labor migration is a relocation of persons from a home country to another country with the purpose of employment.

## Introduction

International labor migration is increasingly viewed as a high-priority issue by many governments, politicians, expert community, and the broader public throughout the world. This is explained by many factors, in particular, by the deficit of labor force in certain areas of the economy in many countries, by the impact of labor migration on the economy of developing states, by the strategies to attract "world-class talents" adopted by many governments, and by the problems associated with large-scale relocation of persons, e.g., illegal migration, criminality, unfair treatment of migrants by employers, cohabitation and integration of migrants with the host society, etc.

Labor migrants account for nearly two-thirds of the total number of international migrants which is estimated to be around 272 million globally (UN DESA 2019). The international labor migration is subject to the influence of economic, political, demographic, geographic, historical, and other factors, which result in the emergence of migration "corridors" as a rule developed over many years. The "corridors" with the most intensive "traffic" tend to exist from developing countries to the largest economies such as United States, Germany, France, the Russian Federation, and Saudi Arabia.

Since the early 1990s, the Russian Federation has been the largest receiving, sending, and transit country for migrant workers and professionals in Eastern Europe and Central Asia. International labor migration in Russia comprises the inflow of immigrants from other countries mainly from the former Soviet Union republics and an outflow of emigrants into economically more developed countries, such as the United States, Germany, and Israel.

The purpose of this entry is to provide a concise overview of the characteristics and trends of international inflow of labor migration to the Russian Federation following the breakdown of the Soviet Union.

## Historical Background

Since the early 2000s, Russia has become one of the largest in the world centers of attraction for labor migrants, the absolute majority of which come from the successor states of the Soviet Union, currently members of the Commonwealth of Independent States (CIS countries). According to the estimates of the UN Population Division, as of 2019 the Russian Federation was the fourth country in the world in terms of numbers of immigrants next to the United States, Germany, and Saudi Arabia.

Historically, the phenomenon of cross-border labor migration – i.e., movement of persons away from their place of usual residence and across an international border to a country of which they are not nationals with the purpose of getting employment – can be traced to the times of the tsarist Russia. The Russian government was one of the first in the world to establish in 1763 a specialized State Department of Migration Management. The main function of this institution was to promote migration from Western European countries to Russia. As a result of this policy, thousands of immigrants, mainly skilled professionals, e.g., professors, military experts, engineers, architects, and businessmen, settled in Russia. Ethnic Germans made up the largest share of migrants at that time. Available data demonstrate that there were about 1.8 million Germans in the Russian Empire by the end of the nineteenth century (Nozhenko 2010).

During the times of the Soviet Union interstate, labor migration was accomplished on a limited scale in line with special agreements signed by the governments of the Soviet Union and other socialist countries. In the 1970s and 1980s, tens of thousands of workers mainly from Bulgaria, North Korea, and Vietnam migrated annually to major Soviet cities and the remote areas of Russia. In 1981, the Soviet Union and Vietnam signed an employment and professional training agreement, which provided for the temporary relocation of 100,000 Vietnamese to different Soviet republics over the course of a decade.

The breakup of the Soviet Union in 1991 and prevailing at that time uncertainty in the economic, political, and other areas of social life did not favor the expansion of labor migration to Russia. The Russian government adopted the first measures to regulate flows of labor migration in 1994, when 108,000 work permits were first issued to foreigners. From 1995 to 2000, the annual number of work permits fluctuated between 106,000 and 186,000. One-third of migrant workers came from Ukraine and more than half from countries outside the former Soviet Union, mainly China, Turkey, and former Yugoslavia. The number of workers from Central Asian states was insignificant until the late 1990s, as was the number from the countries of Transcaucasia.

In the early 1990s, the legal status of foreign citizens was still largely regulated by Soviet laws that were no longer compatible with the rapidly changing reality. Comprehensive rules on residence and work for foreigners in Russia were lacking, and procedures for issuing residence permits were obsolete. To improve the situation, the Russian government gradually introduced a set of commonly used migration management tools and procedures, including visas to attract foreign employees, work permits, registration of place of stay for foreigners, and permits for permanent and temporary residence.

Since the start of the 2000s, economic factors strongly influenced the direction and scale of migration flows in the post-Soviet territories. Stable economic growth in Russia created a high demand for labor. The widening income gap and differences in the living standards between Russia and other CIS countries created conditions for the influx of temporary immigrant workers, in particular from the new Central Asian states.

Workers from China, North Korea, and Vietnam also started to come to Russia in more or less significant numbers. However, these countries did not substantially change the general composition of migration flows. The post-Soviet countries in Central Asia have remained the largest suppliers of the workforce to Russia.

## The Key Characteristics of Labor Migration to Russia

Migrants working in Russia come from more than 100 countries worldwide. However since the early 2000s, the flow from "near-abroad" CIS countries, mainly Uzbekistan, Tajikistan, and Kyrgyzstan, has been dominant and growing, while the share of main "far-abroad" suppliers (China, Turkey, and Vietnam) is declining.

Over the period 2000–2020, foreign workers have become an integral part of the Russian labor market. By 2013 the number of temporary foreign workers in Russia reached 7 million people, of which 3 to 4 million were undocumented migrants (Denisenko 2017).

The statistical data from the Russian Federal Border Service indicate that a total of 3.8 million citizens of post-Soviet states entered Russia as labor migrants in 2019, of whom almost 1.5 million came from Uzbekistan, 875,000 from Tajikistan, and 558,000 from Kyrgyzstan.

As stated by the main directorate for migration of the Ministry of Internal Affairs in 2019, 5.5 million foreigners got registered in Russia for the purpose of employment as immigrants. More than 90% of them came from the CIS countries, and more than 60% of immigrants were registered in Moscow and the Moscow Region as well as in St. Petersburg and the Leningrad Region. Because of the pandemic, the number of foreigners registered as workers in April–June 2020 declined by 1.3 million compared to that of the same period of 2019 (Denisenko and Mukomel 2020).

According to various sources, the overall number of foreign labor migrants in Russia in 2019 (including illegal and those who came in previous years) reached 10 million persons. These data generally coincide with the estimates of the World Bank, which assessed the number of international labor migrants in the Russian Federation (including unregistered) to be about 9–10 million people (World Bank 2017).

Contrary to the experience of many countries in postwar Europe that developed targeted policies of stimulating the inflow of labor migration, mass arrival of migrants to Russia started rather spontaneously, triggered off by asymmetries in economic development, level of average income, and visa-free mobility across the Commonwealth of Independent States.

The causes of large-scale migration flows are rooted in the hard economic situation and high rate of unemployment in the majority of Central Asian countries. Labor migration is of crucial importance to many "sending" countries. It alleviates pressure on the labor markets of the countries where the number of youth is growing rapidly (Kyrgyzstan, Uzbekistan, Tajikistan) or where the labor market is "shrinking" (Armenia, Moldova, Ukraine). For example, in 2019, 47% of Tajikistan's entire workforce participated in international labor migration.

Russia is attractive for migrants from the CIS countries because of available job opportunities, historical and cultural proximity, language, large diasporas, level of income, and visa-free regime.

Incoming international labor migration in the Russian Federation is characterized by a large proportion of undocumented migrants and a predominance of low-skilled workers. Unlike the situation in the late 1990s and early 2000s, at present the majority of young labor migrants have very weak knowledge of the Russian language as well as of the Russian laws, rules, and culture.

The migration from Central Asia to Russia is predominantly male. Over 80% of the migrants from Central Asia are males from 20 to 50 years old. They are mostly seasonal migrants. They go to Russia for 10–11 months a year, and then they go back to their home country for 1 or 2 months. This is the only time when they get to see their wives, children, and other relatives.

Many of these migrants are filling a niche in the national labor market by doing jobs that host country citizens are not interested in taking up. According to official data, migrants make up 40% of construction workers, 19% of workers in the trade sector, and 7% in agriculture and food production in Russia.

Remittances sent by migrants back home have become a survival strategy and a financial safety net for their families. Moreover, migrant remittances, coming mainly from Russia, make up a substantial share of GDP of a number of post-Soviet countries, in particular in 2017: 37.4% of Kyrgyzstan's GDP; 28.9% of Tajikistan's GDP; and 21.6% of Moldova's GDP.

The remittance inflows contribute to the reduction of poverty and constitute an important source of financing certain sectors of the economy and a major source of foreign currency supply, exceeding foreign direct investments in the economy of these countries.

## The Government Policy Towards Labor Migration in Russia

Management of labor migration processes remains one of the priorities of the Russian government's both domestic and international policy.

Russia needs labor migrants to compensate for the decline in the working-age population. The country's labor force is shrinking rapidly. During the period 2007–2019, Russia's working-age population (defined as 16–55 years for women and 16–60 years for men) has been diminished by almost 10 million people. Taking into account current demographic trends by the year 2040, the labor force in Russia will have shrunk by 15 million people.

By attracting more workers in the areas of construction and skilled workers in large and small enterprises and machine building, the Russian authorities also aim to reduce the spatial disparities and mitigate the uneven density of population especially in the Far East and Siberia. According to the estimates of the Russian Ministry of Labour and Social Protection, the country will need between 800,000 and 1.5 million migrant workers annually to compensate for its shrinking labor force and maintain economic growth.

During the initial period of formation of the new Russian state in the early 1990s, migration management was not backed up by a comprehensive legal framework and lacked a clear-cut strategy. Between 1998 and 2000, 1.5 million migrants resided in Russia illegally. In an effort to reduce illegal immigration and set up a proper legislative basis for an adequate regulation of migration flows, the Duma adopted two Federal Laws "On the Legal Status of Foreign Citizens" (2002) and "On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation" (2006).

The government simplified the procedures for obtaining work permits and registration of temporary residence for migrants from the former Soviet republics. Starting from 2006, citizens of countries with visa-free entry could apply for a permit without a sponsoring employer, while nationals of other states required an employer invitation. Simultaneously quotas for foreign workers have been raised considerably. These and other measures marked liberalization of the Russian government's migration policy (Malakhov 2010).

In 2010, the Russian authorities introduced two new ways to access the labor market: a "patent" system for citizens of former Soviet republics with visa-free entry and simplified rules for the recruitment of highly qualified specialists. The system of patents was targeting mainly migrants from the CIS hired by individuals or families to work in their households. The idea was that those employed by companies or enterprises pay taxes, while those who work in households as nannies, drivers, caretakers, etc. do not; therefore they should pay a special tax upfront.

In June 2012, the president of Russia signed the State Migration Policy Concept of the Russian Federation. The concept outlined the task to facilitate "adaptation and integration of migrants, formation of constructive interaction between the migrants and host society" based on the differential approach to various categories of migrants. The document aimed to make immigration policy more balanced and proactive. The implementation of the concept necessitated the introduction of over 50 legislative changes in the laws on the legal status of foreign citizens, citizenship, entry and exit procedures, etc.

In parallel Russia confirmed its commitment to numerous international agreements in the area of labor migration, both bilateral and collective. In particular, the Russian Federation signed the UN Convention against Transnational Organized Crime and two "Palermo Protocols" against Trafficking in Persons and against Smuggling of Migrants and made a number of respective amendments to the Russian Criminal Code (Voinikov 2013).

On 31 October 2018, Russian President Vladimir Putin signed a decree approving a new "Concept of the State Migration Policy of the Russian Federation for the period 2019–2025." The concept singled out existing problems and

"bottlenecks" in the area of labor migration, namely, prevalence of informal practices of job-seeking and employment; unregistered (illegal) employment of migrants; uneven distribution of migrants across the country; increased burden on the capacities of cities and regions to accommodate migrants; increased risks of dangerous epidemics and criminality; weak control over the implementation of migrants' work contracts; violation of migrants' rights; corruption in the field of migration management; social isolation (self-isolation) of migrants; and ethnic-based tension in the areas of high concentration of migrants.

A strategy of addressing the abovementioned issues was elaborated, which provided in particular for setting up migrants' adaptation centers across the country; encouraging and supporting NGOs to work with migrants; tougher penalties for the organization of illegal migration; introduction of the Russian language, legislation, and history tests for newly arrived migrants; and allocation of additional funding to the local authorities dealing directly with the labor migrants.

In spite of existing problems common to many countries, which deal with large-scale labor migration, there are also positive trends in the examined area. For example, the findings of a recent survey generally confirm that the ethnic second-generation migrants from Transcaucasia and Central Asia are on average: (1) equally advanced compared to the locals in terms of the level of education and income; (2) have ethnically mixed social ties but stick to the monoethnic marriages; and (3) their ethnic self-identification does not conflict with the Russian one as well as with the statement that Russia is their home.

## Conclusion

Notable differences in living standards, prevailing demographic trends, and situations on national labor markets of the post-Soviet states as well as visa-free regime within the Commonwealth of Independent States create incentives for large-scale labor migration to the Russian Federation.

International labor migration has become an important factor of the domestic and foreign policy of the Russian Federation and the CIS countries – suppliers of labor force to the former "parent state." It proved to be equally beneficial for both the "sending" and "receiving" countries.

Labor emigration plays a significant role by contributing to the reduction of poverty and by supporting economic development especially in those countries where migrant remittances from Russia constitute a significant amount relative to GDP.

At the same time, international labor migration allowed Russia to compensate for almost 60% of the natural population loss experienced following the collapse of the Soviet Union.

In spite of a number of problems in this area, common to many countries, which accept labor migrants, overall the balance is positive. For example, recent studies of the situation with second-generation migrants from Transcaucasia and Central Asia (who settled permanently in Russia) demonstrate that the absolute majority of children of the first-generation migrants are equally advanced relative to the young Russians in terms of level of education and income and their ethnic self-identification does not conflict with the statement that Russia is their home.

The perspectives for incoming labor migration in the Russian Federation largely depend on the continuation of economic crisis (to a considerable extent linked to pandemic) and the rate of economic growth in Russia and on the advance of practical realization of current strategies geared to address labor migration issues. Successful implementation of the recently approved concept of the state migration policy of the Russian Federation till 2025 could facilitate the arrival and employment of different categories of law-abiding labor migrants and create the basis for adaptation and integration of those migrants who would like to settle permanently in the country.

## Cross-References


- ► Governance of Labor Market Services and Employability
- ► Governance of Migration
- ► Leadership on Immigrant Integration

## References

Denisenko M (2017) Migration to Russia and the current economic crisis. E-International Relations, UK. Retrieved 22 Nov 2020 at https://www.e-ir.info/2017/05/05/migration-to-russia-and-the-current-economic-crisis/

Denisenko M, Mukomel V (2020) Labour migration during the Corona crisis. ECONS. Retrieved 12 Dec 2020 at https://econs.online/en/articles/economics/labour-migration-during-the-corona-crisis/

Malakhov V (2010) Immigrant regimes in Western States and in Russia: the political theory aspects. Part II. Polit Stud 4. Retrieved at http://www.politstudies.ru/files/File/2010/4/12.pdf

Nozhenko M (2010) Focus migration. Russian Federation. Retrieved at http://focus-migration.hwwi.de/Russian-Federation.6337.0.html?&L=1

UN DESA (2019) The International Migrant Stock 2019, a dataset released by the Population Division of the UN Department of Economic and Social Affairs (DESA). Retrieved 29 Jan 2021 at https://www.un.org/en/development/desa/population/migration/data/estimates2/estimates19.asp

Voinikov V (2013) Legal regulation of combat against human trafficking in the Russian Federation CARIM-East Explanatory Note 13/38. Legal module. Retrieved from www.Carim-east.eu/media/expo/Explanatory%20Note_2013-38.pdf [Google Scholar]

World Bank (2017) Migration and mobility. http://documents1.worldbank.org/curated/en/445651508415857577/pdf/120539-replacement-PUBLIC.pdf

# Russia, Legal Regulation of Civil Service

Igor Bartsits
Institute of Public Administration and Civil Service of the Russian Presidential Academy of National Economy and Public Administration, (IPACS RANEPA), Moscow, Russian Federation

## Synonyms

Civil Service Laws; Legal Basis of Public Administration

## Definition

Legal regulation of civil service in Russia is a system of normative legal acts that describe the activities of civil servants in the Russian Federation in performing the functions of state bodies and providing public services. As a rule, the legal norms that form the institution of civil service are divided into two types: legal norms governing the relationship between civil servants and state bodies, which regulate the process of civil service for officials; and legal norms governing the relationship between civil servants and other persons.

## Introduction

As a professional activity of citizens aimed at fulfilling the powers of state authorities, Russian civil service includes several components that form types of civil service. The main criterion for dividing the federal civil service into types is the subject of activity; that is, the duties federal civil servants need to fulfill every day. In the Russian Federation, the unified civil service system includes the state civil service, military service, and some other types.

A distinctive feature of the legal regulation of civil service relations is that this institution is complex and includes the norms of various branches of law: constitutional, international, administrative, labor, and financial. In addition, the legal regulation for civil service is carried out at two levels – federal and regional level of the territory of the constituent entities of the Russian Federation; the regulation has many legal forms, starting with the Constitution of the Russian Federation and ending with different regulatory legal acts of local state authorities. In these conditions, approaches and principles for regulating the state civil service relations must ensure the systemic approach and unity of the relevant legislation, its harmony and consistency, as well as eliminate differences and contradictions in regulatory legal acts at various levels.

The legal basis for the construction and functioning of the civil service system in the Russian Federation are federalism, legality, the priority of human and civil rights and freedoms, equal access to entering the civil service, the unity of the legal and organizational foundations of civil service, the interconnection between state civil service

and municipal service, transparency and accessibility of civil service to public control, professionalism and competence of civil servants, protection of civil servants from unlawful interference in their professional duties (Bartsits et al. 2018).

## The System for Civil Service Legislation in the Russian Federation

The formation of legislation on civil service goes along with the development of Russian legislation and taking into account the continuity of the general concept for improving the civil service at all stages of the formation of the regulatory framework in this area (to date, the decree of the President of the Russian Federation No. 2267 of December 22, 1993, which approved the Regulations on the Federal civil service, Federal law No. 119-FZ of July 31, 1995 "On state civil service in the Russian Federation", etc. have become invalid).

Currently, legal support of Russian civil service is provided by an extensive legal framework, namely: the Constitution of the Russian Federation (part 4 of article 32, paragraph "t" of article 71, part 3 of article 97) and the Federal Laws No. 58-FZ of May 27, 2003 "On the system of the state civil service of the Russian Federation"; No. 79-FZ of July 27, 2004 "On state civil service of the Russian Federation"; No. 25-FZ of March 2, 2007 "On municipal service in the Russian Federation", and other Federal laws; decrees of the President of the Russian Federation; resolutions of the Government of the Russian Federation; normative legal acts of Federal Executive bodies; constitutions (charters), laws, and other normative legal acts of the constituent entities of the Russian Federation; normative legal acts of state bodies.

According to art. 15 of the Constitution of the Russian Federation, commonly recognized principles and norms of international law, as well as international treaties of the Russian Federation are part of the Russian legal system; the analysis of the system governing public-state relations should begin with a study of the basic principles of international law. The concept on reforming the Russian civil service system contains a provision where the legal regulation of the state civil service system is carried out "in accordance with commonly recognized principles and norms of international law, international treaties of the Russian Federation." The study of international legal documents showed that Russia ratified a significant number of international legal acts concerning the status of a civil servant, the procedure for working in the civil service, etc. When creating the regulatory-legal framework of the federal civil service, it is necessary to take into account the obligations of the state under international law and avoid contradictions in acts that are being adopted.

The Universal Declaration of Human Rights, which proclaimed the right of every person to equal access to civil service in their country, should be mentioned as one of the international legal documents that is a legal source in the organization of state civil service. The constitutional right to work was considered to include the right to enter state civil service.

Of great importance for the legal regulation of the state civil service are the following legal documents: art. 3 of the Convention on the Political Rights of Women of March 31, 1953, according to which women, on equal terms with men, have the right to hold positions in the public and civil service and perform all public and civil functions established by national law; the International Covenant on Civil and Political Rights of December 16, 1966 (ratified by the USSR in 1973), enshrines the right of every citizen, without any discrimination, to be admitted to state civil service (article 25); UN General Assembly Resolution 34/169 of December 17, 1979 – "Code of conduct for law enforcement officials"; Resolution of the CIS Interparliamentary Assembly of June 15, 1998 No. 11–5 "On the model law," "On the fundamentals of civil service basics." According to the international law of every democratic country, the state's obligation to its citizens constitute substantive rights and obligations of civil servants to civil society, thus, determine the structure of functions of state civil service to the people for maintaining its state (public) affairs.

The system of Russian legislation on civil service includes Federal normative legal acts and legal acts of the constituent entities of the Russian Federation, which form a single hierarchical system based on the legal force of legal sources.

1. *The Constitution of the Russian Federation*

   Constitutional law plays an essentially important role in the legal regulation of the federal civil service. Firstly, the norms of constitutional law that establish the principles of the political structure of the state, the system of government bodies, the jurisdiction and powers of the Federation and its constituent entities, etc., determine the initial parameters for the formation and functioning of the federal civil service. Secondly, the norms of constitutional law governing public relations in the implementation of civil service and the process of its implementation are the subject of the activities of the federal civil service.

   In the Constitution of the Russian Federation, the category "civil service" is mentioned three times: paragraph 4 of art. 32 states that "citizens of the Russian Federation have equal access to civil service," in paragraph "t" of art. 71, according to which "Federal civil service" is under the jurisdiction of the Russian Federation; paragraph 3 of art. 97, states that "the deputies of the State Duma cannot participate in the civil service." The Constitution of the Russian Federation and its provisions related to the state civil service (paragraph 4 of art. 32, paragraph "t" of art. 71 of the Constitution of the Russian Federation) are having the supreme legal force, operate and applied throughout Russia, form the basis for legislation on the state civil service. They correspond to requirements of paragraph 1 of art. 15 of the Constitution of the Russian Federation, which prohibits the publication of laws and other legal acts that contradict constitutional norms. Additionally, the constitutional regulation of public relations sets limits beyond which any normative legal act adopted on the territory of the Russian Federation cannot go.

   In addition to the principle of the supremacy of the Constitution of the Russian Federation and federal laws over other regulatory legal acts and job descriptions, it is necessary to mention the principle of the priority of human and civil rights and freedoms, the right of citizens to enter the civil service, and others, well-known and described in the legal literature principles, arising from the implementation of state civil servant's duties and ensuring their rights. The establishment of the institution of federal civil service (paragraph "t" of art. 71) obliges the legislator: firstly, to regulate this institution by law, and secondly, to ensure control and management of the state civil service as a fully independent subject under the jurisdiction of the Russian Federation.

2. *Federal laws*

   (a) *Federal Law No. 58-FZ of May 27, 2003 "On the system of the civil service of the Russian Federation"* determines the legal and organizational basis for the civil service system of the Russian Federation, including the management system for the civil service of the Russian Federation. This law establishes the type classification of the civil service, the organizational and legal separation of the state civil, military, and other types of service.

   Articles of this document establish: positions in the state civil service (positions of the federal state civil service) (art. 8); registers of positions (art. 9); registers of civil servants (art. 15); the legal status of a federal civil servant (paragraph 4 of art. 10); the formation of the civil service personnel (art. 11); admission to the state civil service, its duration and termination (art. 12); class ranks, diplomatic ranks, military and special ranks (art. 13); seniority (total duration) of civil service. Personal data of state civil servants (art. 14); governing the state civil service (art. 16); personnel reserve for filling civil service positions (art. 17); financing of the state civil service, as well as programs for its reform and development (art. 18). In fact, the Federal Law "On the system of the civil service of the Russian Federation" has general

nature and is statewide. It establishes common principles and basic provisions for the legal regulation of the state civil service and eliminates serious contradictions in the legislation that have arisen in recent years. This document is the basis for the adoption of "specific" Federal laws on civil service, including on the state civil service and on the state civil service of the constituent entities of the Russian Federation.

The Federal Law "On the system of the civil service of the Russian Federation" identifies, legally describes, and logically defines the main subinstitutions of the state civil service: the classification of positions, the procedure for the employment, certification, retraining and personnel reserve of civil servants, and their legal status and other provisions traditional for modern civil service.

(b) *Federal Law No. 79-FZ of July 27, 2004 "On the state civil service of the Russian Federation"* regulates issues of state civil service as one of the types of state service of the Russian Federation.

The law mentions topical legal problems in reforming the civil service, defines its principles, the legal status of a federal civil servant and a state civil servant of a constituent entity of the Russian Federation, presents the classification of positions and qualification requirements for state civil service positions, describes the procedure for entering the state civil service and the work process, including working conditions, shows the mechanism for resolving conflicts of interest in the state civil service, as well as some other issues related to the state civil service.

Many provisions of the Federal Law of July 27, 2004 No. 79-FZ were introduced for the first time, in particular:

- The state civil service is carried out not in a separate state body but is a kind of state service to ensure the powers of the Russian Federation or a constituent entity of the Russian Federation. At the same time, the powers of the employer acting on behalf of the Russian Federation or a constituent entity of the Russian Federation are exercised by the heads of state bodies, persons holding public positions, or their representatives.
- The establishment of four categories of positions in the state civil service –managers, assistants (advisers), specialists, and supporting specialists, makes it possible to develop requirements, clarify job responsibilities, the level of remuneration, and social guarantees.
- The application of competitive selection procedures for admission to the state civil service.
- The main form of agreement for recruitment is a service contract (signed for an indefinite period (unlimited) or fixed-term); as a rule, fixed-term service contracts are provided for managers, their deputies, and assistants (advisers).
- In order to increase responsibility among civil servants, as well as to raise efficiency in the performance of official duties, an official regulation was introduced; it regulates performance and includes qualification requirements, a list of issues when a civil servant has the right to make decisions independently, a list of public services provided to citizens and organizations, performance indicators, etc.
- To determine the qualification of the state civil servant, a mandatory attestation was introduced; the certification commission must include independent experts of at least one-quarter of the total number of commission members.
- The introduction of class ranks; as a rule, the assignment of a rank is carried out individually after the examination. The President of the Russian Federation can assign only the class ranks of the actual state adviser of the Russian Federation of the 1st, 2nd, and 3rd classes.

- The special mechanism was proposed for resolving conflicts of state and personal interests in the civil service, including the formation of commissions with the participation of independent experts.
- Determination of the procedure for informing the public about the work of the state civil service through the use of information resources, internet technologies, and other types of electronic infrastructure.
- It is stated that it is necessary to establish a unified procedure for the formation of a personnel reserve consisting of the most promising employees for better functioning of the state civil service; this is achieved through professional and advanced training in order to fill senior and mid-level positions by appropriate candidates, as well as to promptly resolve the issues of appointment to vacant positions.
- To prevent corruption, it is mandatory to provide information about income, property, expenses, and property obligations of the civil servants, as well as income, property, and property obligations of their family members to the personnel service; after dismissal from the civil service, restrictions are introduced for a certain period of time to hold positions in organizations, if they were in some way connected with the direct official duties of the state civil service employee;
- Taking into account the effectiveness of the actions of the state body, the procedure for compensating for the official duties of civil servants is being carried out, as well as a set of material and moral incentives and awards for impeccable and effective service.
- To attract highly qualified specialists from among graduates of higher and secondary specialized educational institutions to the civil service, there is a possibility to carry out a specific agreement between the employer's representative, the educational institution, and the student so that the latter undergoes special training and in the future, such a graduate will be obliged to enter the state civil service for a specified period of time.
- The grounds for sending a civil servant for professional retraining and advanced training were established. It is assumed that the progress of state civil servants in the field of additional education will directly affect their career growth, which, in turn, should increase their motivation to undergo training. A unified procedure for planning and placing state orders for additional education of civil servants is being introduced for state bodies.

Amendments to the law establish that when signing a service contract with a citizen entering the state civil service for the first time, there is a probationary period of up to one year to verify his/her compliance with the state civil service position. Additionally, to increase the professionalism and competence of civil servants, the effectiveness of the selection of personnel and the professional development of state civil servants, qualification requirements for entering the state civil service positions have been introduced, taking into account the field and types of activities of civil servants (the Handbook of qualification requirements for applicants filling the positions of state civil servants and actual state civil servants).

The official (service) regulation of a state civil servant should be especially noted. It is the main legal act regulating the official activities of a state civil servant, including his/her official and service rights, duties, and responsibilities. Using this regulation, each employee knows the cleared list of decisions he/she can make independently, the terms of consideration, and the procedure for their adoption. Thus the official regulation includes the

functions, tasks and powers of a state civil servant, regulates the procedures of interaction between a state body and a citizen, the participation of applicants in decision-making, determines the civil servants' area of responsibility, and contains information on mechanisms and procedures for resolving disputes and conflicts (The term "official" is presented in the legislation of many countries of the world; however, it is not used in modern Russian law. In the mass media, this term is broadly used to refer to any government representative. In most cases, it has a negative connotation. Experts prefer to designate as "officials" exclusively state civil servants.).

As a result after adopting the law, the implementation of the fundamental Concept on reforming the state civil service system of the Russian Federation was initiated; its meaning lies in the public-legal nature of the civil service, its definition as an institution designed to ensure the regulation of relations between citizens and state bodies, and not only the execution of the state's powers (Borshchevsky 2016).

At the same time, this Concept contains the potential for building open and democratic civil service; however, it is not fully implemented in the current legislation, and this makes it necessary to continue reforming the civil service.

(c) *Other federal laws, including those that regulate the financing of the state civil service* (for example, budget and tax legislation), the procedure for professional education (legislation on education, on higher and postgraduate education, etc.), property legal relations in the state civil service (civil legislation), the legal responsibility of state civil servants (administrative and criminal legislation), etc.

Studying the components of the legal basis of the state civil service, it is also important to consider the legislation governing the military and civil service of other types. This is necessary not only because all types of service are included in the unified system of the civil service of the Russian Federation but also because modern legislation proceeds from the unity of all legal and organizational foundations of the civil service, which implies a unified approach to the organization of the civil service. Because of this, the state civil servant has the opportunity to change one type of service to another.

Currently, the Military Service is regulated by the Federal Law "On conscription and military service." Citizens in military service are military personnel and have a special status established in the Federal Law "On the status of military servicemen." The unified federal law on other types of civil service, provided for by Federal Law No. 58, has not yet been adopted, therefore it is recommended to pay attention to the current laws that regulate the procedure for performing service in other types of civil service (for example, the Federal Law "On bailiffs," Federal Law "On the police," the Federal Law "On operational investigative activities," the Federal Law "On the prosecutor's office of the Russian Federation," etc.)

3. *The Decrees of the President of the Russian Federation*

Decrees, acts, and orders of the President of the Russian Federation play a significant role in regulating relations connected to the civil service. To implement federal laws, the President of the Russian Federation adopted the following decrees:

- No. 110 "On the attestation of state civil servants of the Russian Federation" of February 1, 2005;
- No. 111 "On the procedure for passing the qualification exam by state civil servants of the Russian Federation and assessing their knowledge, skills and abilities (professional level)" of February 1, 2005;
- No. 112 "On the competition for filling a vacant position in the state civil service of the Russian Federation" of February 1, 2005;

- No. 1474 "On additional professional education of state civil servants of the Russian Federation" of December 28, 2006;
- No. 557 "On the approval of the list of positions of the federal civil service, upon appointment to which citizens and upon replacement of which, federal civil servants are required to submit information about their income, property and property obligations, as well as information about income, property and property obligations of their spouse (wife or husband) and minor children" of May 18, 2009;
- No. 403 "On the main directions of development of the state civil service of the Russian Federation for 2016 – 2018" of August 11, 2016;
- No. 16 "On the qualification requirements for the duration of service in the state civil service or work experience in a specialty, the direction of training, which is necessary to fill positions in the federal state civil service" of January 16, 2017;
- No. 288 "On the main directions of development of the state civil service of the Russian Federation for 2019 – 2021" of June 24, 2019, etc.

As a rule, the decrees of the President of the Russian Federation contain norms and actions, which are meant to be implemented at the federal and regional levels of the civil service. Decrees of the President of the Russian Federation are issued in accordance with the provisions of the federal laws "On the system of state service of the Russian Federation" and "On the state civil service of the Russian Federation."

*Acts of the Government of the Russian Federation* are included in the legal and organizational framework for applying the laws on state civil service and decrees of the President of the Russian Federation regarding the issues of state civil service. In fact, these are acts of the daily management of the civil service. The adoption of a series of decrees and orders of the Government of the Russian Federation are normatively enshrined in the provisions of federal laws. For example, art. 61 of chapter 13 of Federal Law No. 79 "Formation of the state civil service personnel" describes the need to adopt regulatory legal acts that provide training, retraining, advanced training, and internship for civil servants. Additional professional education for federal civil servants, its volume and structure, is approved by the Government of the Russian Federation after the adoption of the federal law on the state budget for the corresponding year (paragraph 4 of art. 63).

A large group of normative legal acts on the state civil service is made up of acts of federal government bodies that regulate the characteristics of the working process in the state civil service.

Additionally, the legal acts regulating the organization of the state civil service include the acts of the Supreme Court of the Russian Federation, decisions of the Constitutional Court of the Russian Federation, and other judicial bodies.

In the regulation of the state civil service of the constituent entities of the Russian Federation, along with acts of international law and federal legislation, a significant role is also assigned to the normative legal acts of the constituent entities of the Russian Federation. During the development and adoption (publication), the state authorities of the constituent entities of the Russian Federation must proceed from the basic principles of the civil service established by paragraph 2 of art. 4 of the Federal Law No. 79, which allows for the unity of the legal and organizational foundations of the federal civil service and the civil service of the constituent entities of the Russian Federation.

The structure of laws on the state civil service of the constituent entities of the Russian Federation includes provisions common to all constituent entities of the Russian Federation: (1) basic concepts, as well as sources for regulation of the civil service; (2) the classification of civil service positions, qualification requirements for civil servants, the register of positions, class ranks, personal data and the formation of personnel; (3) the legal status of a civil servant, his/her basic rights, obligations, incentives, responsibilities, guarantees, the provision of information concerning income, property and liabilities of a property nature, salary; (4) the activities of the personnel

service of a state body and issues of maintaining personal data of a civil servant; (5) the issues of financing and development of the civil service.

An analysis of the laws of the constituent entities of the Russian Federation on the state civil service shows that, in some parts, they duplicate the provisions of the federal law. Thus such laws have weak regulatory power. Some constituent entities of the Russian Federation prefer to focus on regulating issues that are primarily within their competence (Bartsits et al. 2018).

Normative legal acts regulating specific issues of organizing the state civil service of the constituent entities of the Russian Federation include acts of legislative (representative) bodies, acts of senior officials, and executive bodies of the constituent entities of the Russian Federation. For example, the Decree of the Mayor of Moscow of November 7, 2008, No. 91-UM "On maintaining the Register of state civil servants of the city of Moscow"; the resolution of the Government of Moscow of February 22, 2012, No. 64-PP; the order of the Chief of Staff of the Mayor and the Government of Moscow of September 9, 2009, No. 25-DPR "On establishing the Commission under the Staff of the Mayor and the Government of Moscow on the classification of the automated system 'Personnel of the Moscow State Civil Service' containing personal data,", etc. Similar legal acts have been adopted in other constituent entities of the Russian Federation.

## Characteristics of Legal Support for Managing the State Civil Service of the Russian Federation

At the federal level, the issues of managing the state civil service fall within the competence of a number of state structures, which are formed by decisions of the President of the Russian Federation. They include the Commission under the President of the Russian Federation on the reform and development of the state civil service, approved by the Decree of the President of the Russian Federation of February 09, 2013, No. 126. The important role in managing the state civil service is held by the Department of the President of the Russian Federation for state civil service and personnel and the Department of state civil service and personnel of the Government of the Russian Federation.

Currently, in the Russian Federation, the initiatives for forming a unified management system within the entire system of state civil service are not being carried out. In the "Main directions of development of the state civil service of the Russian Federation" (2016), the Ministry of Labor and Social Protection of the Russian Federation was empowered to form the state policy and legal regulation of the civil service (Barabashev and Prokofiev 2015).

Experts say that at present, among the federal bodies, currently performing certain management functions of state civil service, one could name the Ministry of Finance of the Russian Federation, which is responsible for the remuneration of civil servants, and departmental quasi-bodies, which perform certain functions of managing the civil service; because according to some decrees of the President of the Russian Federation, the functions of managing the civil service body before its formation are performed by the federal state bodies (for example, the formation of commissions aimed at holding competitions for filling job vacancies, attestations, qualification exams) (Borshchevsky 2016).

At the level of the constituent entities of the Russian Federation, particular bodies for managing the civil service are created; they are endowed with their own powers. In some constituent entities, such bodies are created in the form of commissions (councils), in others they are created as structural subdivisions of government bodies. Quite often, such bodies are in charge of managing the civil and municipal services.

## Main Directions and Development Programs Aimed at Improving State and Municipal Services

The professionalism and competence of state civil servants are one of the foundations of the civil service system as a whole and the activities of civil servants in particular; this was prescribed in

the Concept for reforming the system of the state civil service of the Russian Federation (approved by the President of the Russian Federation on August 15, 2001). This principle is repeated in the regulatory legal framework and doctrinal documents, and this gives it undoubtedly great importance. The following were also adopted:

- The federal program "Reforming the state civil service of the Russian Federation" (2003–2005) which lasted until 2007. As it was indicated in the document, the need to reform the state civil service was largely due to "violating the principle of unity of the state civil service and its management system at the federal and regional levels."
- The federal program "Reforming and developing the system of the state civil service of the Russian Federation (2009 – 2013)" which was aimed at creating the management system for the state civil service. Due to the absence of such a system, the authors of the program saw the inefficiency of the entire system of state and municipal management. There were also serious drawbacks in the work of structural divisions of state bodies that implemented the legislation of the Russian Federation on state civil service.

Since 2016, the main directions aimed at the civil service development are determined by the decrees of the President of the Russian Federation of August 11, 2016, No. 403 (for the period 2016–2018) and of June 24, 2019 (for the period 2019–2021).

In this way, the Decree of the President of the Russian Federation of June 24, 2019 No. 288 "On the main directions for developing the state civil service of the Russian Federation for 2019 – 2021" contains the following directions:

- Improvement of the procedure for appointing citizens of the Russian Federation and state civil servants of the Russian Federation to positions of the state civil service of the Russian Federation.
- Stimulation of civil servants to increase the efficiency of their professional activities, development of the system of state legal and social guarantees in the civil service.
- Introduction of new forms of professional development of civil servants, including the use of information and communication technologies.
- Accelerated introduction of information and communication technologies in government agencies to improve the quality of work.

Among the main tasks is the introduction of motivation systems aimed at improving the quality of personnel work, systems of professional training, and development of state civil servants (Kalmykov and Krasnopolskiy 2016).

Improving the legal regulation of federal and regional personnel policies, delineating competencies, and determining the subject area of joint jurisdiction of state bodies at various levels remains an urgent task. The great importance of this issue becomes clearer if we consider that the majority of state civil servants are employed not in the central but in the regional bodies of the federal executive power, almost quarter of them work in parliamentary, judicial, prosecutorial, and control-accounting structures.

## Conclusion

The analysis shows that the existing system of normative-legal regulation of the state civil service is a complex of acts of different legal power and various affiliations: some of them apply to all state civil servants, others – to a certain group of people, most often employed in a specific field and at a specific level of government.

The main directions aimed at improving the efficiency of the state civil service are:

1. Transformational changes in the organizational structure and management processes. State civil servants work in structures with a strict hierarchy. Government structures and business processes need to be regulated because only in this case, there is a possibility for government officials to work together and innovate. The main problem that may arise is to achieve

balance of responsibility, honesty, and accountability, especially in terms of financial management and public procurement.
2. Improvement of the organizational culture of civil servants.
3. Improvement of personnel policies, including recruitment procedures, efficient systems of remuneration, and promotion systems. The Decree of the Government of the Russian Federation No. 397 of March 31, 2018 approved a unified methodology for holding competitions for filling vacant positions in the state civil service of the Russian Federation and including in the personnel reserve of state bodies. Recruitment mechanisms, including exams and interviews, need to be improved to facilitate the recruitment of employees with new competencies and skills. Assessment methods should consider not only knowledge but also the attitude and behavior of an official in state civil service. Job descriptions should not restrict or hinder the initiative of a state civil servant. Remuneration systems should be improved to reward those civil servants who are particularly effective and innovative.
4. Modernization of the education and training system for state civil servants.

## Cross-References


- ▶ Russia, Administrative Reform
- ▶ Russia, System of Civil Servants Training
- ▶ Russian Federation, System of Public Administration


## References


Barabashev AG, Prokofiev VN (2015) Establishing the body for managing state civil service as a tool for unifying legal regulation of types and levels of state civil service. Voprosy gosudarstvennogo i munitsipal'nogo upravleniya. No. 2. In Russian

Bartsits IN (2008) On conceptual directions for development of the system of state civil service of the Russian Federation. Zhurnal rossiyskogo prava. No. 3. In Russian

Bartsits IN, Magomedov KO, Borshchevsky GA (2018) Current state and development trends of the state civil service in Russia. Analytical report. Moscow. Publishing house "Delo". In Russian

Borshchevsky GA (2016) Vector of transformation of the Russian institution of state civil service at the present stage. Gosudarstvennaya sluzhba. No. 5. In Russian

Kalmykov NN, Krasnopolskiy IA (2016) Reforming the system of state civil service of the Russian Federation. Vestnik Moskovskogo universiteta. Seriya 21. Upravleniye (gosudarstvo i obshchestvo). No. 2. In Russian


# Russia, System of Civil Servants Training


Igor Bartsits and Tigran Zanko
Institute of Public Administration and Civil Service, Russian Academy of National Economy and Public Administration, Moscow, Russia


## Synonyms

Advanced training of civil servants; Professional development of civil servants; Professional retraining of civil servants; Qualification upgrade of civil servants; Upgrade training of civil servants

## Definition

The system of civil servants training in Russia is a system that provides a framework for continuous professional and personal development of civil servants for the public administration system and includes various levels of professional education and professional development to be carried out in compliance with special educational standards in the sphere of public administration and municipal administration.

## Introduction

The system of professional training of civil servants in Russia is directly influenced by the national professional education system and the

system of professional development, as well as by the existing system of civil service positions (grading system). In the view of this, it is necessary to note that there are several levels of professional education in Russia: secondary vocational education (usually education at a college for those who do not study for a degree), Bachelor's level, Specialist's level, Master's level, Postgraduate's level (for those who want to receive a research degree, an analog of PhD). At the same time, professional development can be in form of professional training (short training programs) or professional retraining (educational programs above 500 academic hours).

Obviously, citizens with different educational backgrounds (in spheres of management, law, economics, political science, etc.) can join civil service. But in this study, the analysis is focused on specialized training for the system of public administration.

## Professional Education of Civil Servants

An important distinctive feature of the professional education in Russia is that it is carried out in accordance with federal educational standards, while some leading educational institutions have the right to adopt their own educational standards (the requirements should be not less than in federal standards). Federal educational standards are approved by the governmental authority responsible for the development of public policy and legal regulation of the corresponding level of educational system (these functions are performed by the Ministry of Science and Higher Education in case of higher education programs in Russia). A federal educational standard establishes the timing of programs, the areas of professional activity of graduates, the types of formed professional skills (competences), the program structure requirements, and the requirements for the execution of the program, including the qualifications of the teaching staff.

There are two key federal educational standards for the professional education of the public administration personnel. These standards have the same name – "Public and Municipal Administration," but these standards are different documents with different content and requirements for Bachelor's (2014) and Master's (2014) programs. There are no specialized governmental standards of civil servant professional education for the level of secondary vocational education, as well as for postgraduate studies.

Higher educational institutions in Russia (academies, universities, institutes) regularly (every 6 years) undergo accreditation to confirm compliance with the requirements of federal educational standards. The accreditation procedure is carried out by a specially created governmental authority – the Federal Service for Supervision of Education and Science.

School graduates usually enter the bachelor's educational level programs after studying for 11 years at school level. The admission is based on the results of the Unified National Exams to be passed by school graduates. To start higher educational programs in sphere of "Public and Municipal Administration," an applicant needs to provide the results of Unified National Exams in several disciplines (usually three), the most common are "Russian language," "Social studies," "Mathematics," "Foreign language," or "History." The term of study at full-time bachelor's program is 4 years. In addition to studying process, undergraduate students usually undergo internships in governmental structures, sometimes starting from the very first year of education.

After the completion of the bachelor's programs, students have the opportunity to take entrance tests to be admitted to the master's level. There are no Unified National Exams after bachelor's programs and thus each institution sets its own admission examinations independently. The term of full-time study at master's level is 2 years. It is important to note that a master's level program in sphere of "Public and Municipal Administration" can have the students who previously received bachelor's education in another sphere, e.g., in sphere of economics, etc. During the process of education at master's programs, many students already start their civil service careers (master's degree classes that usually take place in the evening contribute to this).

It should be noted that professional educational programs of higher education at the bachelor's and master's levels can be organized in full-time, part-time and distance forms, with a corresponding increase of the total duration of the program.

Education can be funded both from the government budget or paid by students independently. Form of education funding is determined by the results of the competitive entrance examinations. Those students who study at the expense of the government budget receive additional scholarships.

A special form of interaction between a student, an educational institution, and a future employer is targeted training. In this case a tripartite agreement is concluded, which, on the one hand, provides for the funding, for example, by a state body, of a student's educational process, and on the other hand, the student's obligation to work after the graduation for that public body for a certain period.

As it was mentioned above, there is no specialized program in spere of "Public and Municipal Administration" for the postgraduate level, although the possibility to create such a program has been discussed for a long time. At the same time, there is a number of areas for postgraduate studies that have public administration implication (e.g., legal sciences, especially in fields of constitutional law and administrative law; national economy; political science; sociology of management, etc.). Despite the fact that a postgraduate degree is not acting as a specialized qualification requirement to fill a top civil service position, more than 10,000 civil servants in Russia have it (there is subdivision of postgraduate degrees in Russia into so-called candidate of sciences and a doctor of sciences).

## The System of Civil Service Positions and Educational Qualification Requirements

The legislation of the Russian Federation, when defining the state civil service, directly indicates that this service is professional, i.e., should be carried out with appropriate professional education. Moreover, this goal is also set forth within the basic principles of the civil service, one of which is "the professionalism and competence of civil servants."

There is a direct interrelation between the classification of positions of civil service and the educational qualification requirements in Russia. All positions of the civil service in Russia are divided into groups and categories. Categories are "heads," "assistants (advisors)," "specialists," "supporting specialists," and characterize each civil service position in terms of the essence of the tasks performed. Groups (in descending order, direct translation of terms) are "highest," "main," "leading," "senior," and "junior" and characterize each position in terms of its place in the national hierarchy of public administration. Thus, each position belongs to a certain category and a group at the same time, e.g., "Leading Specialist."

To fill the civil service positions of such categories as "heads," "assistants (advisers)," "specialists" of the highest or main groups, it is necessary to have a higher education not lower than the level of a specialist or master. To fill the civil service positions of such categories as "heads," "assistants (advisers)" of the leading group of positions, the category "specialists" of the leading and senior groups of positions, as well as the category of "supporting specialists" of the main and leading groups of positions, a candidate should have at least a bachelor's degree. To fill civil service positions of the category of "supporting specialists" in the senior and junior groups of civil service positions, at least secondary vocational education is required.

It is not always enough to have a certain level of education to fill a position in the system of public administration; it is also necessary to have some work experience that corresponds the received professional education. The requirements for professional experience or length of service are established by presidential decrees and depend on the group to which a position belongs. For leading, senior, and junior positions,

there are no professional experience requirements, a candidate for main group positions should have 2 years of professional experience; for highest group, 4 years of professional experience.

Every civil service position also has a prescribed list of spheres of professional education that a candidate for such position should have. Usually, such list includes professional education in sphere of "Public and Municipal Administration," but also can foresee specialized professional education requirements in particular sphere, e.g., legal education for a civil servant of a legal department. The Ministry of Labor and Social Protection establishes recommended professional education requirements to fill various positions in the public administration system.

## Professional Development of Civil Servants

The professional development of a civil servant is carried out on a systematic basis throughout the entire period of a civil service career and foresees acquisition of new knowledge and skills, development of professional and personal qualities, and is aimed at maintaining and improving the qualification level that is necessary for the proper performance of official duties by civil servant.

The main principles for qualification improvement and professional additional training imply that such courses are obligatory, frequent, and target oriented (Eroyan et al. 2015).

The main directions for the development of civil service are approved by presidential decrees on a regular basis. For the period till 2021, one of the key areas of such development is the introduction of new forms of professional development of civil servants, including forms that provide for the use of modern information and communication technologies. The major measures to achieve the goal of presidential decree are usually set forth within a "road-map," which is adopted by the Cabinet. The current road-map foresees the creation of a national web-platform for professional development of civil servants, as well as working out updated guidelines for monitoring the quality of educational programs for civil servants.

The professional development of a civil servant may include:

(a) Additional professional education.
(b) Seminars, trainings, master classes, other activities aimed primarily at accelerating the acquisition of new knowledge and skills by civil servants.
(c) Conferences, round tables, internships, other activities aimed at experience exchange and studying of advanced public administration technologies.
(d) Independent study of educational materials and distant courses that are offered by national educational platform for civil servants.

Professional development programs for civil servants may be organized on off-the-service or on-the-service basis. Also, the professional development of civil servants can be carried out both within Russia or abroad.

The results of civil servant professional development activities can be taken into account when reviewing a civil servant performance, adopting a decision to send a civil servant to another professional development program or promoting to a higher position.

Additional professional education can be carried out in forms of short professional training programs, with a term of at least 16 academic hours (1 academic hour – 45 astronomical minutes), or professional retraining programs, the duration of which is at least 500 academic hours.

There are different grounds for sending a civil servant to participate in professional development activities:

1. The decision of an employer.
2. The results of performance review.
3. The appointment of a civil servant to another position in case of position reduction or in the event of the abolition of a public agency.

4. The promotion of a civil servant to a high-ranking position for the first time.
5. Admission of a citizen to the civil service for the first time.

The professional development of civil servants may be organized by the means of:

1. Public procurement of professional development programs for civil servants.
2. Public assignment (a special governmental task to a publicly founded institution to organize the process of education).
3. Educational certificate.

Planning of the professional development of federal civil servants is performed by the Ministry of Labor and Social Welfare and this process is based on the requests from other federal agencies to be filed no later than July 1 of the year preceding the planned.

The Ministry of Labor and Social Welfare also negotiates annually with the Presidential Administration and the Cabinet Office the priority areas of professional development of civil servants. The Ministry submits proposals to the Cabinet on the organization of centralized training for civil servants, as well as the amount of funding to be spent through the public procurement procedures, public assignment, and educational certificates.

An educational certificate for additional professional training is a relatively new way of professional development of civil servants. Such certificate serves as a personalized document confirming the appropriate right of a civil servant to undergo training in an educational organization included in the special register. Training of a civil servant who have received educational certificate is carried out during the year in which the educational certificate is received. The choice of an educational program financed by a certificate is performed by a civil servant in agreement with an employer or an immediate supervisor.

Other professional development activities may include mentoring and internship opportunities. Mentoring is carried out by persons with extensive experience in a particular field, and carried out to raise awareness of civil servants on the scope of activities and objectives of the governmental agency, the current challenges, as well as the acceleration of adaptation of a civil servant, who is admitted for the first time to the civil service or of a civil servant, who has civil service experience, but is new to this governmental authority. Mentoring is also intended to develop civil servant's skills to independently, efficiently, and in due way perform functions, maintain long-term professional performance.

It is important to note that a civil servant cannot be mentored by his immediate supervisor. The mentor is appointed from among the most reputable, experienced and efficient civil servants. A mentor should not have disciplinary or corruption offenses, and should not be subject to an internal audit. A mentor can simultaneously mentor up to two civil servants.

The functions of a mentor include:

(a) Assistance in familiarizing the civil servant with the conditions of civil service.
(b) Presentation of recommendations to a civil servant on issues related to the performance of his official duties.
(c) Identification of mistakes made by a civil servant and assistance in their elimination.
(d) Transfer of accumulated experience, professional skills, demonstration, and explanation of the most rational methods of executing of official duties.
(e) Providing a civil servant with methodological assistance when he applies for professional advice.

An internship is an experience exchange activity aimed at learning of the best practices in the relevant area for the professional development of a civil servant. An internship can take place both in another governmental agency and in the same one. An internship can be organized both individually and for a group of up to 20 civil servants. The duration of the civil servant's internship may not be less than 5 days and more than 6 months. For the period of an internship, a civil servant retains the position and is paid the salary.

## Formation of Personnel Reserves, Training of Reservists and National Competitions for Public Administrators

The fundamental changes that are currently taking place in the Russian Federation in the economic and social structure and aimed at creating an innovative economy, require the emergence of new leaders, the influx of a new generation of highly professional and motivated management personnel in all spheres of public life. The issues of a better governmental personnel policy, the effective use of the professional and personal abilities of young specialists are especially acute (Ivanova and Negashev 2019). One of the most important tasks in the formation of a talent pool is to carry out targeted work to improve the professional level of persons included in personnel reserves (Suk Kim and Kotchegura 2017).

The Russian Federation has a unified system of personnel reserves at various levels. It includes a reserve of personnel under the patronage of the President of the Russian Federation; federal reserve of public administration personnel; regional reserves of administrative personnel; municipal reserves of personnel. District personnel reserves may be also created at the level of federal districts.

Personnel reserves are created primarily for promotion appointments. The presence of a citizen in a reserve, formed mainly on a competitive basis, serves in the future as the basis for an appointment without competitive procedures.

Citizens and civil servants can be included into the personnel reserves by several ways: according to the results of a competition, according to the results of performance review (certification), in the event of a reduction in positions in a governmental agency or termination of a service contract due to circumstances beyond the control of the parties (e.g., conscription of a civil servant for military service).

Taking into account the principle of continuous improvement of the personal and professional resources of reservists, they may undergo professional development programs.

Priority for participation in training programs and educational activities is given to persons planned for promotion or with the highest level of managerial potential.

In order to reach the indicated tasks of improving the organization of work with the national reserve of administrative personnel the federal program "Training and retraining of the reserve of administrative personnel (2010–2021)" was adopted in 2010. In accordance with this program, the national reserve is subdivided into the highest level (includes representatives of the presidential reserve, as well as the leadership of governmental agencies of federal and regional levels, as well as top-management of state corporations and organizations), basic level (administrators of the middle level of governmental agencies of federal and regional levels, as well as public corporations and organizations), and prospective level (civil servants, as well as employees of public corporations and organizations under the age of 35).

Since that time more than 2.7 thousand people has taken part in different activities under the national reserve training personnel program. The personnel reserves of federal agencies comprise about 96.6 thousand people, the regional reserves of administrative personnel consist of about 9.6 thousand people.

The key indicators of the effectiveness of the personnel reserve's usage are the number of appointments made from reserves, as well as the ratio of the total number of appointments and number of appointments from reserves.

The breakthrough project aimed at the formation of the pool of the most talented and promising public administrators is called "Russia – the country of opportunities." Within the framework of that project, many different competitive events for various age and professional groups are held. The most significant are national managerial competition "Leaders of Russia" (which just in a few years embraced literally hundreds of thousands of leaders from across the country), as well as the All-Russian competition for students "I'm a Professional" in sphere of "Public and municipal administration." The winners of these competitions receive advantages for professional promotion and career development, in particular, the finalists of the "Leaders of Russia" competition receive an educational certificate for about

14 thousand US dollars, which they can use to study at almost any educational program; the winners of the "I'm a Professional" competition receive funding benefits for consequent education.

## National School of Public Administration

Training of personnel for the public administration system and their professional development are impossible without creation of a national scientific and professional educational center. Undoubtedly, there are many higher educational institutions that train personnel for the public administration system in the Russian Federation – these are large regional universities, leading educational institutions of the federal level (e.g., Moscow State University, St. Petersburg State University), and a number of universities subordinate to one or another governmental agency (e.g., the Financial University under the Cabinet of Russia, the Moscow State Institute of International Relations under the Ministry of Foreign Affairs of Russia). However, the only one higher educational institution under the President of the Russian Federation is the Russian Academy of National Economy and Public Administration (RANEPA).

Currently RANEPA is the largest educational institution in Russia with 54 branches in 8 federal districts of the Russian Federation covering 47 regions of the country. More than 180,000 people are being trained at RANEPA across Russia. The total number of students in its regional branches is more than 81,000, of which 67,000 are in the bachelor and specialist programs, about 9,000 are master's students, and over 5,500 are in vocational degree programs. More than 1,700 foreign students are enrolled with the regional branches of the Academy. The number of its full-time employees is about 6,500 in Moscow and about 7,500 in regional branches. Overall, RANEPA employs 6,100 academic staff: nearly 780 Full Professors, 2,500 Associate Professors, and almost 5,200 holders of advanced degrees, including 1,600 Doctors. The Academy delivers professional degree programs including 113 bachelor's programs, 11 specialist's programs, nearly 150 master's programs, and 7 vocational degree programs. RANEPA has developed and is implementing more than 500 additional professional education programs.

The Academy offers postgraduate and doctoral programs in 10 areas of study. From September 1, 2017, the Academy is authorized to establish advanced degree awarding boards (including doctoral). The Academy's research and expert activities as the largest consultant for development projects and programs implemented by federal and regional authorities, corporations and public organizations, contribute to continuous improvement and updating of the educational process.

RANEPA is the ideologist and project developer of the continuous education system in Russia (Safronova and Kosareva 2016). The Academy has developed a concept for the modern system of continuous education for civil servants, to help modernize the system of advanced training and retraining of civil servants in the Russian Federation.

In accordance with the order of the Government of the Russian Federation, the Academy was appointed as the sole contractor for the program of training and retraining the above-mentioned top-level administrative personnel reserve. The Academy also cooperates with the regional governments in training civil servants and implementing programs aimed at developing the national economy.

The Presidential Academy is often the initiator and pioneer in the use of advanced foreign experience in organization of personnel training for the public administration system. In 2008, RANEPA launched its first Master of Public Administration (MPA) program within the Institute of Public Administration and Civil Service, and this program has already received a number of prestigious Russian and international accreditations.

The accumulated experience for professional training and retraining of public administration personnel, as well as the request for educational programs for high-ranking officials, where they could significantly deepen and rethink existing knowledge, develop new soft-skills as well as

conduct work under scientific research projects – have created grounds for the initiation of the first Doctor of Public Administration (DPA) program in Russia that also started within RANEPA in 2019. At the same time, taking the international DPA approach as a basis, the Presidential Academy supplemented it with new approaches to the architecture of the educational process, the approach to the selection of experts and speakers, supplementing the program with the practice of mentoring from prominent governmental official, as well as advanced requirements for research and publication activity. One of the existing prospects and trends in the development of MPA and DPA programs in Russia is their further deeper synchronization with traditional Russian master's and postgraduate's programs.

## Conclusion

There is a complex system of selection, training, retraining, and professional development of civil servants for the system of public and municipal administration in the Russian Federation. This system embraces various categories of citizens, starting literally from school graduates and up to interaction with the top public administration officials. The promising trends of the professional training of civil servants are the digitalization (Sidorenko et al. 2019) of the educational process with more active use of distance learning technologies, individualization of educational trajectories of professional development, the wider use of soft skills, mastering the project management approach, the development of "case libraries," as well as stopping the traditional system of civil servants training "every three years" and the transition to more flexible and tailored short-term training programs.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ History of Public Administration in Russia
- ▶ Professional Development and Training


## References


Eroyan AE, Andreeva NV, Gorlova EA, Oganesyan TL, Oganesyan LL (2015) Ways to increase effectiveness of managerial staff training in the sphere of public and municipal administration. Mediterr J Soc Sci 6(3 S6):321

Ivanova M, Negashev D (2019, September) The ongoing professional education of civil servants in Russia and other countries: a comparative analysis. In: European conference on knowledge management. Academic Conferences International Limited, pp 541–XXI

Safronova N, Kosareva E (2016) Continuing education for managers as the basis of innovation economy (experience of the Russian Presidential Academy of National Economy and Public Administration). Serbian J Manag 11:129

Sidorenko E, Bartsits I, Khisamova Z (2019) The efficiency of digital public administration assessing: theoretical and applied aspects. Public Adm Issues 2: 93–114

Suk Kim P, Kotchegura A (2017) Talent management in government in times of economic instability: selected cases from the BRICS countries. Public Money Manag 37(1):7–14


# Russia: Reconciling Public Governance and Economic Development for Overcoming Crisis


Olga Lvova and Alla Bobyleva
Department of Financial Management, School of Public Administration, Lomonosov Moscow State University, Moscow, Russia


R

## Synonyms

Crisis management; Economic crisis; Public crisis governance; Public crisis management; Sustainable development

## Definition

*Public crisis management* is an approach to economic crisis overcoming based on the domination of operative, reactive measures with selective support of beneficiaries.

*Public crisis governance*, on the contrary, includes strategic, long-term mechanisms, systemic approach to government support of economics (based on unified legal system and regulating institutions of development instead of selective funding), and long-term policy aimed at sustainable development, i.e., support of adequate standard of living for the present generation and no decline in living conditions for the next generations.

## Introduction

In the later decade, Russia faced two severe economic crises. The first crisis of 2008–2009 was triggered by global economic fluctuations, but as a result Russia was one of the most affected economies: in 2009 gross domestic product (GDP) in Russia decreased by 7.9% (while in Japan by 6.1%, in Europe by 4%, in the USA by 3%). Such key economic indicators as industrial production, investments, real wages, and real household incomes also demonstrated negative dynamics (Aganbegian 2018). These dramatic consequences were the result of cumulative deformations of the Russian economy's structure, high dependence on exports of natural resources, low competitiveness of non-resource industries, immaturity of the financial system, and market institutions as a whole (Bobyleva et al. 2011, 11).

After the short period of economic rehabilitation and slow growth till the end of 2012, the next crisis of 2014–2015 occurred. It was provoked by both external factors and internal reasons. Geopolitical conflict followed by international economic sanctions, significant drop in world oil prices coupled with remaining cumulative deformations, and only partial implementation of government stabilization measures (monetary policy aimed at inflation targeting and contraction of money supply, currency devaluation, increase of key interest rate, etc.) have led to the deep recession.

The government had to react to each crisis taking into account its nature and specific consequences. Policies of crisis overcoming had to include both urgent actions to "put out the fire" and long-term measures aimed at restarting economic growth.

According to the authors' idea of crisis management as a built-in stabilizer of sustainable economic development, plans of crisis management at the public level should provide long-term sustainability, but acute crisis also demands an appropriate reactive response to arising challenges. This paper examines the process of reconciling public governance and economic development for overcoming crises and justifies that current Russian public crisis policy includes majorly short-term stabilizing measures without a general systemic strategy of long-term sustainable economic development, i.e., "public crisis management" prevails over "public crisis governance."

## Tasks and Instruments of Public Governance for Crisis Overcoming

Public crisis governance is usually aimed at providing maintenance of the market environment, the functioning of the monetary mechanism, production of public goods, managing inflation and unemployment, and the stimulation of economic growth. The main public tasks here include creating a highly competitive economy, economic restructuring, ensuring social protection and increasing the standards of living, increasing the sustainability of the financial and banking systems, strengthening the position of the country in the international community, and personnel retraining at all levels (to adapt to market conditions to workers who have lost jobs due to economic restructuring).

Concrete tasks of public management in the acute phase of crisis include:

- Facilitation of access to financial resources
- Reducing the tax burden for business
- The development of special crisis management programs and plans on federal and regional levels
- Boosting the internal demand
- Strengthening social protection and support of unemployed and poor people

In general, the key elements of public crisis governance can be considered as follows:

- Forecast of changes in the phases of the macroeconomic cycle and their impact on the organizations' activity
- Development of management models and technologies for action during organizational crises
- The use of macroeconomic technics for enterprises in all phases of the cycle to moderate the transformational period and crisis
- Identification and assistance for distressed companies that can be recovered along with effective bankruptcy proceeding conduction of indebted companies beyond the economic rescue
- Control over the organizations' activities both directly in the period of crisis and at all stages of macroeconomic cycle by determining the zone of the main indicators' volatility

As a whole, methods of public economic regulation applied to prevent and overcome crisis can be divided into two groups:

- *Administrative methods* imply direct impact on the economics through the development of legislative framework, control over the activities of economic entities, and the usage of sanctions
- *Economic methods* include market instruments of influence on business entities through fiscal and monetary policy, currency regulation, impact on property relations, State participation in companies' capital, etc.

Application of each group depends on the phase of economic cycle. During the growth period, the State policy should prevent a possible "overheating" of the economy and improve social protection using fiscal policy. In the recession phase where a decrease in production volumes occur, public governance is aimed at boosting business activity and the development of new production and technologies by usage of both soft, indirect economic methods and direct administrative influence. In the crisis phase, public crisis management is realized through activation of both administrative and economic methods.

The main instruments of public crisis management include:

- Monetary policy
- Tax (fiscal) policy
- Currency regulation
- Relationship with foreign capital
- Property relations
- Insolvency regulation

## Monetary Policy During Crisis

Monetary policy is aimed at the achievement of economic growth, stable prices, full employment, increase of real production level, and sustainable account balance. The main tools include management of interest rates, rates of mandatory reserves, and open-market operations.

During crisis the central bank usually provides "easy monetary policy" by decreasing interest rates, rate of mandatory reserves, and buying securities of commercial banks. These measures increase liquidity of bank system, provide expansion of crediting, and improve investment conditions which leads to the production and employment increase. However central banks usually quite rapidly exhaust possibilities of traditional market tool application, while the crisis becomes deeper or the stagflation appears.

The crisis, which took place in 2014–2015, was provoked by both external factors (geopolitical conflict followed by international economic sanctions, significant drop in world oil prices, etc.) and internal reasons, including the abovementioned remaining cumulative deformations and only partial implementation of government stabilization measures (monetary policy aimed at inflation targeting and contraction of money supply, currency devaluation, increase of key interest rate, etc.). The Russian government had to react to each crisis taking into account its nature and specific consequences. Anti-crisis policies had to include both urgent actions to "put out the fire" and long-term measures aimed at restarting economic growth.

**Russia: Reconciling Public Governance and Economic Development for Overcoming Crisis, Table 1** Distribution of measures and funding between industries in public crisis management Programs 2009–2010 and Plans 2015–2016

| Criteria | Program 2009 | Program 2010 | Plan 2015 | Plan 2016 |
|---|---|---|---|---|
| Blocks of measures | Number of measures (sum of financing, bln rub) | | | |
| Social support of population | 43 (695.8) | 2 (19.2) | 9 (296.2) | 11 (38.3) |
| Financial system (banks) | 13 (495) | 1 (1) | 15 (1960) | 9 (21.85) |
| Innovations/import substitution | Innovations: 10 (–) | – | Import substitution: 5 (4) | Import substitution: 4 (–) |
| Business support (including SME development) | 44 (633) | 7 (–) | 2 (–) | 2 (2.2) |

In particular, actions of the Bank of Russia within crisis of 2014–2015 were opposite: due to the national currency devaluation and increase of currency speculations, the Bank of Russia increased the key rate up to the critical level of 17.5% which led to the short positive effect. Bank system liquidity was supported by huge direct financial injections to increase their capitalization and foreign currency obligations repayment (Table 1).

## Budgetary and Fiscal Crisis Management Instruments

The main instruments of the public fiscal policy are government spending, taxes, and transfer payments which help to regulate cumulative demand. Depending on the phase of the cycle, the State implements a certain type of fiscal policy. During crisis with slack economy and production recession as a consequence of insufficient effective demand, the State usually realizes policy of cumulative demand expansion.

Taking into account that investment and consumption are the main components of cumulative demand, an increase in government spending (financing and lending to private entrepreneurs from the state budget, facilitating of government procurement of goods and services, transferring inter-budgetary payments for reduction inequalities of wealth and support of poor people) leads to the facilitation of investment and the propensity to consume.

Reducing business taxes stimulates economic growth, allows companies to leave more funds for development, and leads to an increase in the supply of factors of production and an increase in economic potential, while reducing taxes for the population increases consumer demand.

The crisis of 2008–2009 triggered new changes of the tax system in Russia: a reduction in the profit tax rate from 24% to 20% and changes in VAT payment on technological equipment imports, but the impact of these measures was not fully realized. One of the most discussed tax measures of Plan 2015 was providing an opportunity for regions to decrease tax rate within a simplified taxation regime, but in many regions financial problems were so great that they could not afford to reduce budget incomes in such a way.

During 2000–2014 the federal budget was steadily growing and increased more than 12 times due to the high oil prices and the so-called "tax maneuver" (Bobyleva 2015, 7; Lvova 2015, 69). The prevailing concept of financial and economic sustainability growth was to provide a budget surplus. Rosstat (Russian Federal State Statistics Service "Rosstat") data shows that this directive was realized from the middle of the 1990s and was interrupted only by short periods of 1995, 2009–2010, and 2013–2015 when a fiscal deficit took place (Russia in figures 2011, 2014, 2015). It should be noted that the trend of economic development with a budget deficit does not necessarily indicate negative economic dynamics: economies of many countries successfully function having fiscal deficit. However, taking into account relative isolation of Russia from the external world

nowadays and uncertainty of additional fund attraction, control of fiscal deficit and appropriate management become an important task for increasing of sustainability.

## Real Sector of Economy: Large and Small-/Medium-Sized Enterprises (SMEs) Support

A special feature of the Russian economy is an overwhelming domination of large enterprises: nowadays their share is about 82% (Statistical Yearbook of Russia 2018). It is primarily explained by the resource structure of economy: the presence of large mineral deposits lead to the existence of appropriate large-scale extracting and refining enterprises.

The dependence of the economy on large-scale business led to the formation of special conditions for their sustainability support. In particular, in the end of the 1990s, the so-called "strategic" and "city-forming enterprises" were selected, and then "system-forming enterprises" were introduced in 2008. They receive priority support from the government and strive to obtain such status. It should be emphasized that such categories of enterprises are indicative only for the Russian economy and certain post-soviet countries. In developed economies similar enterprises are full participants of the market economy and global competition; they generate level of profit appropriate for development or go bankrupt.

The Russian concept of large business sustainability is based on significant participation of the State in their equity, selection of strategic and system-forming enterprises, foundation of State corporations, and providing them with financial support in different forms.

A necessary component of the country's economic sustainability increase is the development of small and medium entrepreneurship (SME) which plays an important role in employment performance and social tension diminishing. Thus, from the beginning of the transition, programs of SME support were declared as priority projects and were included in the public system of economic sustainability growth. The government provided the following main measures: simplified rules for accounting and reporting; implemented special conditions for SMEs' participation as suppliers and contractors within government procurement; rendered financial support for SMEs and its infrastructure development (business incubators, techno parks); and simplified tax mechanisms through patent system expansion.

In general, indicators of the real sector of economic development during the first 20 years of reforms illustrate growth (except for the crises periods of 2008–2009 and 2015–2016). Nevertheless, the influence of the crises led to a reduction in turnover dynamics and financial result in the real sector (Statistical Yearbook of Russia 2011, 2014, 2015). The low indicators of the real sector resulted from many factors: underdevelopment of Russian institutions "responsible for sustainability," the global economic situation, volatility of demand and prices level, etc.

Special attention should be given to such factors of low growth as a high degree of fixed asset depreciation (achieved 49% in 2014 from 37% level in the beginning of the 2000s (In main revenue-generating (extraction and refining) industries, depreciation is even higher (up to 54%) along with 20% of fully depreciated assets. Ratios of renovation and retirement of fixed assets confirm this trend: renovation ratio does not exceed 5%, while retirement ratio during the last 6 years achieved less 1% level.)) and high investment needs (Russia in figures 2011, 2014, 2015). Increased depreciation resulted from low growth rates of capital inflow and reduction of long-term investments into the economy. To support economic sustainability, the government considers an increase of the share of budgetary financing, but there are not enough funds for this.

In conclusion, the study of indicators of the real sector of economic development along with the abovementioned indicators of living standards and GDP dynamics confirms that during the research period, budgetary funds were transferred primarily not for economic development and long-term sustainability but for immediate consumption and social stability provision. Real wages were growing without simultaneous growth of effectiveness and workforce

productivity. So, the conditions for long-term sustainability were not established in full during this period.

## Comparative Analysis of Public Crisis Management Programs 2009–2010 and Plans 2015–2016

Crisis management strategy of the government can be illustrated through the analysis of certain Programs and Plans and their contribution to sustainable development. It should be evaluated which of the measures can be considered as effective ones in long-term perspective in terms of sustainability improvement; which of the measures can be applied in the most volatile periods to get immediate results; and which of the measures are still relevant and which of the measures should be rejected.

The comparison of formal attributes and technical differences shows that the Program 2009 was developed in more detail than later documents: the number of its pages twice exceeds the Plan 2016 and is three times more than the Plan 2015. However, the number of measures in Program 2009 and Plan 2016 is almost the same (120 and 123 consequently). It can signify that measures of Plan 2016 are named but defined less thoroughly than in Program 2009.

Program 2010 generally goes along the lines of the previous one of 2009 and includes similar measures, but it is not informative and hard for perception: it contains only 12 pages; the structure of data is the worst among all of the reviewed documents. The program seems declarative: concrete mechanisms, responsible authorities, time periods for implementation, and required financing are not specified.

A positive distinguishing feature of the Plans 2015 and Plan 2016 is the setting of strategic goals: their titles include "sustainable development" (2015) and "stable social economic development" (2016), while the Program 2009 was aimed at reactive "crisis" response.

The volume of funding and chosen priorities constitutes the principal difference of all reviewed documents. The largest investments were provided for Program 2009 and Plan 2015 (more than 2.2 bln rubles each) as they were adopted in the critical periods of crises. Nevertheless, in real terms the sum of financing in 2009 was the largest (approximately 50% more than in 2015) taking into account the average inflation rate and drop of purchasing capacity of Russian currency during 2009–2016.

Comparison of blocks of measures illustrates that the main priorities in public crisis regulation in Russia were changing during this period, while "social stability maintenance" was common for all the documents but to a varying degree. In the Program 2009 social support of the population, performance of social commitments, and human capital development (social security, education, healthcare) are announced as the main priorities with maximum financing. In 2015 primarily bank system support was preferred due to devaluation of the national currency. In 2010 the main financing was addressed to the development of military-industrial complex, in 2016 to inter-budgetary lending. Such a change in the priorities of financing can illustrate either erratic escalation of the crisis in certain directions or inconsistence of public policy, absence of strategy, and choice of "patching the holes" tactics. So, in Russia stable repetitive crisis measures prevail, but they do not improve sustainability, while tactics changes, the strategy remains the same.

Each Program and Plan suggested certain industries for priority support and highlighted concrete beneficiaries of financial support which confirms the presence of both systematic and selective measures (Table 2).

So, in accordance with the Program 2009, a major part of finance was spent on selective support of the Russian automobile producer PJSC "AvtoVAZ." The automotive industry as a whole is declared as a concrete beneficiary in three of four considered documents. Almost a similar set of protectionist measures for system-forming automotive producers is considered by the Plan 2015 and by the Plan 2016. Another main beneficiary of public financing during the crises is PJSC "Russian Railways." It is financed both directly (compensation of lost earnings) and indirectly (prolongation of 0% VAT rate for passenger carriage services by suburban traffic).

**Russia: Reconciling Public Governance and Economic Development for Overcoming Crisis, Table 2** Support of large-scale business in public crisis management Programs 2009–2010 and Plans 2015–2016

| Criteria | Program 2009 | Program 2010 | Plan 2015 | Plan 2016 |
|---|---|---|---|---|
| Blocks of measures | Number of measures (sum of financing, bln rub) | | | |
| Industries | Agriculture: 9 (63)<br>Manufacturing industries: 20 (160.3)<br>Transport: 11 (150) | Agriculture: 1 (5)<br>Manufacturing industries:<br>10 (117.9) | Agriculture: 3 (50)<br>Manufacturing industries: 8 (17)<br>Construction: 1 (–)<br>Transport: 3 (–) | Manufacturing industries: 8 (184.7)<br>Construction: 3 (25)<br>Transport: 8 (0.4) |
| Block "support of certain industries" includes | Agriculture, fishing, automotive, agricultural machinery, military-industrial complex, transport, tourism, trade, forest | Military-industrial complex, automotive, transport, nanotechnologies | Agriculture, house building, aviation, transport | Automotive, clothing, transport and agricultural machinery, tourism, space development, national software development, railways, house building |
| Top 2 supported industries: number of measures (sum of financing, bln rub) | 1. Automotive industry: 14 (90) | 1. Military-industrial complex: 2 (42.5) | 1. Agriculture: 1 (up to 50) | 1. Automotive industry: 1 (137.7) |
| | 2. Military-industrial complex: 4 (70) | 2. Automotive industry: 3 (33.5) | 2. Other manufacturing industries: 1 (20) | 2. Railway machinery production: 1 (39.8) |
| Concrete recipients of financial support (direct funding, different types of subsidies) | Ten organizations | Five organizations | Three organizations | Eight organizations |
| | Russian Railways<br>AvtoVAZ (automotive producer)<br>Rosagroleasing<br>Russian Agricultural Bank<br>State corporation "Rostec"<br>Sollers (automotive producer)<br>Gorbunov aircraft plant<br>Khrunichev GKNPC (space industry)<br>Chernyshev Moscow machine-building enterprise (aero engine production)<br>Russian Aircraft Corporation "MIG" | Oboronprom corporation (helicopter and engine industry<br>State corporation "Housing and Utility Reform Foundation"<br>AvtoVAZ (automotive producer)<br>Scientific production association "Uralvagonzavod" (railway machinery production)<br>Chernyshev Moscow machine-building enterprise | Eximbank of Russia<br>Rosagroleasing<br><br>Vnesheconombank (institution of development) | Eximbank of Russia and Russian Export Center<br><br>Vnesheconombank<br>Khrunichev GKNPC<br>Russian Railways<br>State Transport Leasing Company<br>Corporation of SME<br>United Shipbuilding Corporation |

As a whole Programs of 2009–2010 declared activation of modernization vector, but, in reality, financing of industries and businesses was provided mainly by writing-off bad debts, allocation of subsidies, and lending at preferential rates. A set of measures shows that public support to business was considered as a means of preventing the collapse and activity termination. In general, neither formation of conditions for innovations nor science and technologies development was specified by concrete measures in spite of declared priorities.

In 2015 the main tool of large business support became the provision of public guarantees of loans or federal loan bonds (10% of the whole funding of the Plan). On the one hand, this opportunity was available only for certain companies or

borrowers selected by the government. The guarantees were intended for project realization, but financing current debts restructuring was also allowed. Plan 2015 identified only three concrete beneficiaries of direct financing which is less than in all other years (Table 2) but suggested broad public guarantees at loans for system-forming enterprises, support of airlines and civil aircraft producers, etc. In practice a certain part of funding for bank system recapitalization announced by Plan 2015 was transferred to strategic enterprises – for example, in 2015 PJSC "United Aircraft Corporation" received a capital increase by the State of 100 bln rub.

Plan 2016 contained less measures addressed to large business support. They were also short-term and imply subsidizing of industrial enterprises as compensation of interest payments and enlarging working capital and (or) financing of current activity.

In all crises, public measures of SME support mainly concerned organizational and legal aspects: elimination of administrative barriers, reducing the frequency of inspections, adjustments to the mandatory quota for SMEs in public procurement, and strengthening of anti-corruption activities. In 2009, the important vector of SME development became the program of its financial support through commercial banks. Program 2010 supposed active involvement of SMEs in modernization and innovative activities, but most of measures were not fully realized.

In crisis of 2015 SME support included mainly grants to small innovative enterprises in total volume of 2 bln rubles. However, this part of Plan 2015 contained the most concrete measures and resulting indicators: extended basic requirements to receive SME status to make it more popular and legalize citizens' commercial activity and extended access to public procurement. In Plan 2016 SME support suggested new measures of business pressure reduction: decrease of government control of entrepreneurs by setting limits on the frequency of examinations and extension of legal opportunities to apply suspended sentence for first-time economic offences.

As a whole an analysis of public crisis management programs and plans shows that they are similar in many aspects and illustrate stable policy: the main financing is provided to large companies or banks, and business support is primarily aimed at helping "strategic" and "system-forming" enterprises; SMEs are mainly stimulated by tax preferences which depend on the decision of regional authorities and are not realized in full.

Plan 2016 considered as much measures as the sophisticated Program 2009 but had three times less financing due to the current deficit of public funds. Hard financial limits also explain declared strengthening of control and cost reduction policy: introduction of cost audit measures for natural monopolies and infrastructural companies, implementation of the "benefit-to-cost" principle to appraisal of capital intensive projects, performance audit of special economic zones, adjustment of public programs from the point of financial efficiency, and budgetary expenses reduction.

However, the majority of experts notice the absence of systematic reaction to the crisis: both Programs of 2009–2010 and Plans of 2015–2016 were aimed at quick prevention of the most acute crisis consequences by taking a selective, countervailing measure in the absence of a common strategy for improving sustainability. This is in contrast with Western countries.

## Conclusion

The strategy and tactics of public crisis governance may vary depending on the following conditions:

- The level of development of the economy
- National traditions
- Phases of the macroeconomic cycle
- The level of globalization and the international division of labor
- The degree of concentration and centralization of capital
- Budgetary, credit, and investment possibilities of the State and the financial and banking systems

During all the reviewed periods, the crises in Russia were overcome thanks to high oil and gas

revenues, significant imports (currently compromised by geopolitics and sanctions), and inter-budgetary transfers. However, the Russian economy remains unsustainable, dependent on the global situation, suffers from relative technological gap, and has exhausted its development model based on overdependence on extractive industries (Mau 2017). The mainstream crisis management policy in Russia was relatively stable, but it does not always contribute significantly to the long-term sustainability.

In general, sustainability criteria are incompatible with sustainability and describe the frequency of crises, the degree of dependence of the economy on external factors, the degree of the budget deficit, the level of economic independence of the regions, the effectiveness of the tax system, the level of performance of the State functions in the financial sector, and the diversification of the economy.

However, the last crisis management programs and plans in Russia contain addressed financial assistance to traditionally ineffective industries and ignore the tasks of economic diversification and long-term innovative development. The real steps to public crisis governance in the strategic perspective are still needed: shift from direct financial aid to ineffective companies to financing based on expected performance of each measure to overcome crisis.

## Cross-References


- ▶ Evolution of Crisis Management
- ▶ Global Financial Crisis Management
- ▶ Sustainability and Crisis Management


## References


Aganbegian AG (2018) 25 years of new Russia. Economic and social level: remaining at a standstill//economic strategies, No.2. P.36-51

Bobyleva A (2015) Gosudarstvennaya strategiya regulirovaniya neftyanoy otrasli Rossii: evolyutsiya sistemy nalogooblozheniya [State Strategy regulation of the oil industry in Russia: evolution of the tax system]. Vestnik Moskovskogo universiteta. Seriya 21 "Upravlenie (gosudarstvo i obschestvo)" [Moscow University Bulletin: Management (State and Society), Series 21], 4:3–24. In Russian

Bobyleva A, Lvova O, Zhavoronkova E, Peganova O, Tsarenko A, Bobylev S (2011) Upravleniye v usloviyakh neustoychivosti finansovo-ekonomicheskoy sistemy: strategiya i instrumenty [Management in the unsustainable economy: strategy and instruments]. Moscow University Press, Moscow. In Russian

Lvova O (2015) Balans interesov gosudarstva i biznesa v sovremennykh sistemah nalogooblozheniya neftyanogo sektora [Balance of interests of the state and business in oil industry taxation systems]. Gosudarstvennoe Uprablenie Elektronniy Vestnik [Public Administration E-Journal] 50:65–88. In Russian

Mau V (2017) Russia's economic policy in 2015–2016: the imperative of structural reform. Post-Soviet Affairs 33(1):63–83. In Russian

Russia in Figures (2011, 2014, 2015, 2018) Stat. collection/Rosstat

Statistical Yearbook of Russia (2011, 2014, 2015, 2018) Stat. collection/Rosstat


# Russian Federation, Anti-corruption Policy


Igor Bartsits
Institute of Public Administration and Civil Service of the Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation


## Synonyms

Anticorruption laws; Anticorruption policy; Combating corruption

## Definition

Anticorruption activities include the activities of federal authorities, state authorities of the constituent entities of the Russian Federation, local self-government bodies, civil society institutions, and individuals who, acting within their powers, intend to: prevent corruption, including prevention and elimination of the causes of corruption (prevention of corruption); identify, prevent, stop, investigate, and solve corruption offences

(combating corruption); and mitigate and/or remedy the consequences of corruption offences (Federal Law No. 273 of 25 December 2008 "On Combating Corruption").

Fight against corruption is a universal value of constitutional law development, one of the top priorities of the internal and external policy of the state, and a critical contributor to the shaping of efficient systems of administration based on a universal approach to treating people within such systems across the globe and to their legal status – i.e., a complex of rights, duties, prohibitions, and restrictions that apply in the context of state service, public functions, elective positions, and current policy.

## Introduction

Combating corruption as a universal constitutional principle is defined by J.D. Savage (1994) and Z. Teachout (2009, 2014), as well as by a number of Russian authors such as T.Y. Khabrieva (2015) and V.I. Lafitsky (2019).

According to the United Nations Convention against Corruption (UNCAC) of 2003, not only governments, but also businesses should work against corruption (The Ten Principles of the UN Global Compact).

Most states adopt anticorruption strategies stipulating key focus areas of combating corruption, including: (a) introduction of measures designed to regulate civil service functions and public administration systems, including through ensuring transparency of public authorities and the public sector of the economy, regulating public service, and improving administrative justice; (b) criminalization of corrupt practices in the private sector based on understanding that corruption is particularly damaging where the interests of public administration and private business meet; (c) universalization of the principles of combating corruption as applied to the public and private sector, including openness and transparency of public administration, public and private sectors of the economy; prevention of conflicts of interests in both public and private sectors; introduction of codes of ethics for public officials and business corporations; independent audit of both government organizations and private businesses.

In other words, it is a modern anticorruption trend to counter systemic corruption in the sphere of public administration with a universal approach all nations should pursue in relation to bribery, profiteering, abuse of authority, and influence peddling. Previously perceived as an internal affair of individual states, corruption is becoming a reason to shape a new philosophy of governance – open and transparent, based on explicit rules that are understandable and enforceable, and with a reasonable system of punishment for offenders.

## Legal Foundations of the Anticorruption Policy of Russia

Russia made its first attempt to adopt a framework for anticorruption law in 1993 and then repeated it in 1995, 1997, and 2002. However, none of these bills has ever been finalized or passed.

A number of anticorruption measures were provided for by Federal Law No. 79 of 27 July 2004 "On Public Service of the Russian Federation." Thus, the law covers some moral and ethical aspects of public service (Article 4, Principles of Public Service; Article 18, Requirements of Conduct of a Public Servant, etc.).

In 2006, the Russian Federation ratified the UN Convention against Corruption of 31 October 2003 and the European Criminal Law Convention on Corruption of 27 January 1999. The Federal Law ratifying the UN Convention against Corruption of 31 October 2003 contains reservations concerning the excluded articles and paragraphs of the Convention. Thus, Russia did not ratify Article 20 "Illicit Enrichment," Article 26 "Liability of Legal Persons," Article 54 "Mechanisms for Recovery of Property through International Cooperation in Confiscation," and Article 57 "Return and Disposal of Assets." Besides, Russia has acceded to the Council of Europe Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime of 1990 (2001), joined the Council of Europe GRECO (Group of States against Corruption) (2007), acceded to the OECD

Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997 (2012), and became a member of the Financial Action Task Force (FATF) (2003).

Having ratified international agreements on combating corruption, Russia put in place contemporary anticorruption legislation, which has in its core Federal Law No. 273 of 25 December 2008 "On Combating Corruption" (hereinafter FZ No. 273), the National Anticorruption Strategy (approved by Decree of the President of the Russian Federation No. 460 of 13 April 2010), and the annual National Anticorruption Plans.

Federal Law FZ No. 273 establishes key principles of combating corruption, prescribes corruption prevention measures, and sets a legal and organizational framework for management of corruption and minimization of the consequences of corruption offences. Later, by-laws were passed to concretize and amplify some of the provisions of the Law. The Law also gives legal definitions to terms, such as "combating corruption," and lists the principles of anticorruption policy, including: (1) recognition, safeguarding, and protection of fundamental human and civil rights and freedoms; (2) openness and transparency of government and local self-government authorities; (3) unavoidability of punishment for corruption offences; (4) use of comprehensive political, organizational, educational, socioeconomic, legal, special, and other measures; (5) high priority of anticorruption measures; (6) cooperation between the state, civil society institutions, international organizations, and individuals.

Federal Law FZ No. 273 also lays an administrative foundation for combating corruption, defines corruption prevention measures, and identifies the areas state authorities must focus on to improve the efficiency and effectiveness of anticorruption efforts.

Federal Law FZ No. 273 provides for international cooperation in the area of countering corruption, namely, between Russia and the United Nations Organization (UN), Organization of Economic Cooperation and Development (OECD), Group of States against Corruption (GRECO), Organization for Security and Cooperation in Europe (OSCE), and Asia-Pacific Economic Cooperation (APEC) forum.

Thus, pursuant to its international agreements and/or based on the principle of reciprocity, Russia counters corruption in cooperation with foreign states, their law enforcement agencies and special services, as well as international organizations in order to:

- Identify persons suspected/accused of corruption offences, locate them, as well as other persons involved in corruption-related crimes
- Identify property derived from corruption-related crimes or used to commit such crimes
- Provide, as necessary, objects or substances for examination or forensic analysis
- Exchange corruption-related information
- Coordinate anticorruption activities

There are other laws that play an important role in countering corruption, including: Federal Law "On Anticorruption Review of Laws and Drafts of Laws" (FZ No. 172 of 17 July 2009), Federal Law "On Control of Conformity between Expenses and Income of Public Officials and Other Persons" (FZ No. 230 of 3 December 2012) and Federal Law "On Prohibiting Certain Categories of Persons to Open and Detain Bank Accounts (Deposits), Keep Cash and Securities in Foreign Banks Outside the Territory of the Russian Federation, Possess or Use Foreign Financial Instruments" (FZ No. 79 of 7 May 2013).

Most anticorruption activities are conducted in the framework of the National Anticorruption Strategy approved by Decree of the President of the Russian Federation No. 460 of 13 April 2010 and six National Action Plans for Combating Corruption – of 2008, 2010, 2012, 2014, 2016, and 2018. Effective today is the National Action Plan for Combating Corruption in 2018–2020 approved by Decree of the President of the Russian Federation No. 378 of 29 June 2018. This Plan focuses on the problem of conflict of interests and extents the personal scope of application and list of control mechanisms.

The National Action Plan for Combating Corruption provides for declaration by public officials and their close relatives of their income and

property; forfeiture of illegally gained assets; repatriation of undeclared external assets; harsher punishment for corrupt business practices and bribes to employees of commercial firms; fines for transferring shares or other assets to public officials; strict regulation of employment by private firms of persons retired from public offices; enhancement of legal and social guarantees for public officials, etc.

Some anticorruption measures are provided for by RF laws on public service. Thus, Decree of the President of the Russian Federation No. 261 of 10 March 2009 approves a 5-year federal program of reforming and developing Russia's system of civil service. The priorities of the program are: prevention of corruption; creation of a mechanism for timely identification and resolution of conflicts of interests; strengthening control of corrupt practices; improving the selection of public office candidates; and prompt removal of inefficient employees from public and municipal offices.

High priority is given to measures such as improvement of the system of professional training; development of procedures for investigation of corrupt practices; and optimization of the system of labor remuneration and financial incentives for professional development and efficient work.

Corruption prevention measures are defined by provisions of the Presidential Decrees "On Commissions for Compliance with the Code of Conduct of Public Officials of the Russian Federation and Resolution of Conflicts of Interest" and "On the Urgent Measures Aimed at Removing Administrative Barriers to Entrepreneurship," as well as by the Standard Code of Ethics and Conduct of State Officials of the Russian Federation and Municipal Officials (approved by resolution of the Presidium of the Anticorruption Council under the President of the Russian Federation of 23 December 2010), which serves as basis for development by state agencies of the Russian Federation and bodies of local self-government of their respective codes of ethics and official conduct.

The constituent entities of the Russian Federation have established their own committees and adopted their own programs for combating corruption (in some regions, such programs are part of their administrative reform efforts). Special attention is paid to countering corruption in government procurement, staffing, banking, education, and healthcare.

Since 1 January 2018, Russia has had a law on putting in place a register of former public officials removed from office due to loss of confidence through violation of anticorruption legislation. This register is publicly available at: https://gossluzhba.gov.ru/reestr

One of the key anticorruption measures is the adoption of anticorruption strategies and programs by individual enterprises. Russian enterprises, primarily major oil & gas and energy sector companies, such as ROSNEFT, RUSSNEFT, ROSSETI, and EVRAZ, have engaged in adopting corporate policies for fighting corruption. In developing their anticorruption programs companies also rely on recommendations of international organizations, such as the World Economic Forum, Transparency International, and others. International experience shows that anticorruption programs of businesses are becoming an important management tool capable of improving business efficiency, minimizing corruption risks, and improving business security.

More generally, according to the Corruption Prevention and Countering Guidelines, approved by the Ministry of Labor and Social Protection of the Russian Federation 8 November 2013, anticorruption policies of an organization should comprise a complex of consistent principles, procedures, and activities designed to prevent, detect, and stop corruptive practices within the organization. Moreover, an anticorruption program should represent a significant portion of such policies comprising specific procedures and activities intended to prevent and stop corruption offences within the organization.

All in all, the anticorruption legislation of the Russian Federation has opened a new avenue in the development of social relations by setting uniform requirements to the institutions of the state, not-for-profit sector and businesses, including respect for law, high quality and availability of services, and openness and transparency. This trend – i.e., setting standard and uniform rules

for all – is key and shapes a new image of democracy where the state and its organs play a significant role but are not treated as privileged or indisputably credible – they are neither immune to regulation nor overregulated.

## Russia's Anticorruption System

Public authorities of the Russian Federation that are in charge of implementing the state policy in the field of countering corruption include the following:

- The President of the Russian Federation identifies key priorities of the anticorruption policy of the state and defines the scope of competence of subordinate executive authorities in the area of countering corruption. Acting under the President of the Russian Federation is the Council for Countering Corruption; the Presidential Administration also has the Office of the President of the Russian Federation on Anticorruption Issues.
- The Government of the Russian Federation assigns anticorruption functions to its subordinate executive authorities.
- The Federal Assembly (Parliament) of the Russian Federation, including the State Duma Security and Anticorruption Committee.
- Federal organs of executive power, and primarily the Ministry of Justice of the Russian Federation; the Federal Security Service of the Russian Federation; the Ministry of Labor and Social Protection of the Russian Federation; and the Ministry of the Interior of the Russian Federation. Playing an important role in coordination of anticorruption activities, the Ministry of Justice of the Russian Federation together with the Office of the Prosecutor General of the Russian Federation, federal executive authorities, research organizations, and civil society institutions prepares proposals concerning organizational and legal framework for monitoring of anticorruption law enforcement. Among other functions, the Ministry of Justice analyzes the existing practice of anticorruption review of laws and draft laws and accredits independent experts authorized to conduct anticorruption review of laws and draft laws.
- Organs of state power of constituent entities of the Russian Federation and organs of local self-government.
- The Office of the Prosecutor General of the Russian Federation. The Prosecutor General of the Russian Federation and subordinate prosecutors oversee the anticorruption activities of the Ministry of the Interior, Federal Security Service, Federal Customs Service, and other law enforcement agencies of the Russian Federation and exercise other anticorruption powers as per Russian law.
- The Accounts Chamber of the Russian Federation performs auditing, analytical, information, and other functions and carries out centralized control over execution of the federal budget and use of federal non-budgetary funds.
- Other bodies may be established by decision of the President of the Russian Federation to coordinate anticorruption activities.

On 3 September 2004, the National Anticorruption Council of the Russian Federation was established to perform studies and implement applied research projects included in the anticorruption programs of the Russian Federation (the National Anticorruption Council, an independent not-for-profit organization). On 19 April 2005, the Agency for Countering Corruption in the Russian Federation, and independent not-for-profit organization, was founded to provide the President of the Russian Federation, heads of federal authorities, state authorities of the constituent entities of the Russian Federation, and bodies of local self-government with civil support in improving state anticorruption policies, removing roots and causes of corruption, eradicating corrupt practices, stopping abuse of power, enforcing compliance by public servants with the existing standards of official conduct, and creating a favorable environment for the country's economic development.

Russia has a network of centers, institutes, and community councils focusing on the issues of

administrative reform, corruption, and shadow economy. Their key activities include sociological surveys, expert examination, training and education programs, pilot projects, etc. Researchers and experts are engaged to create multifunctional centers for provision of legal services, including introduction of project and result-based management, development of administrative regulations, drafting amendments to state and municipal service laws, etc.

One of the priorities is performing on a permanent basis anticorruption review of government decisions. Independent media, and investigative journalism, in particular, play an increasingly important role in fighting corruption. Investigations conducted by journalists help attain many ends, such as finding out corrupt officials; preventing corruption through revealing enablers of corruption offences; imposing pressure on public authorities in order to improve their transparency and accountability; and promoting public awareness of corruption and combating corruption.

Another important activity is creation of a network of centers providing free legal and social aid to citizens.

## Key Focus Areas in Combating Corruption

In Russia, corruption is considered as a result of excessive government intervention in the economy. At the same time, there is understanding that limiting such intervention will not eradicate corruption. Corruption will only change its forms and adapt to the conditions of self-regulating organizations and requirements of the business community. Therefore, to counter corruption a complex of measures is required going far beyond the public sector and public administration domain.

For experts in public administration, one of the priorities is monitoring of legislation in order to identify laws that may provoke corruption, both at the stage of law and managerial decision-making and at the stage of law enforcement.

One of the first drafts of the Concept of Administrative Reform (1998) proposed as one of the key approaches to combating corruption a "transition to all-out anticorruption efforts." Each and every transformation program was expected to have an anticorruption component comprising the following items: (a) reducing electoral consequences of corruption; (b) strengthening law-enforcement authorities; (c) adopting departmental anticorruption programs; (d) pushing anticorruption narrative; (e) taking proper legislative measures (passing new laws on lobbying, liability for legalization of criminal proceeds, forfeiting of assets and proceeds deriving from illegal transactions, state control over conformity between big consumer spending and declared income, reporting of income and property by top government officials and public servants, etc.).

At present, the Russian Federation prevents corruption through the following measures:

- Encouraging intolerance of society for corrupt behavior.
- Conducting anticorruption review of laws and draft laws.
- Examining law enforcement practices in order to design and take measures intended to prevent offences and eliminate their causes.
- Setting candidate qualifying requirements for state or municipal government positions and for public service jobs at the state or municipal level; checking the data provided by candidates.
- Using violations, such as failure to disclose details of income, expenses, assets and liabilities or disclosure of deliberately misleading or incomplete data as grounds for dismissal from a state or municipal office.
- Introducing personnel administration policies that favor long, flawless, and efficient performance by state and municipal officials of their duties and require that such performance always be taken into account for the purpose of promotion, appointment to a higher grade or rank, or otherwise award.
- Developing institutions of public and parliamentary control over compliance with anticorruption laws of the Russian Federation.

Key priorities for combating corruption in the Russian Federation are as follows:

1. Ensuring transparency of the organs of government, including regulation of their activities and ensuring their availability for public scrutiny.
2. Giving priority to the principle of declaration (not licensing, which means granting permission) in the regulation of business activities by the state bodies.
3. Simplifying the system of state control and oversight while making it more effective and efficient. More specifically, getting rid of duplication of various oversight functions (e.g., licensing, accreditation, and certification).
4. Improving the judicial system.
5. Enhancing the role of mass media in public control.
6. Anticorruption review of laws.
7. Special education programs.
8. Control of the income and expenses of public officials and politicians.

Key measures taken by the government authorities in order to increase the efficiency of their anticorruption efforts include the following:

1. Pursuing unified state policy in countering corruption.
2. Putting in place a mechanism for efficient interaction between law enforcement and other government authorities and public and parliamentary anticorruption commissions, citizens, and civil society institutions.
3. Taking legislative, administrative, and other measures to ensure deeper engagement of state and municipal officials as well as citizens in countering corruption and encourage within society a negative attitude toward corrupt behavior.
4. Improving the system and structure of government authorities while creating mechanisms of public control of their activities.
5. Introducing anticorruption standards, i.e., a system of prohibitions, restrictions, and permissions applying to a certain activity area and preventing corruption in this area.
6. Unifying the rights of public and municipal servants, government officials of the Russian Federation, government officials of constituent entities of the Russian Federation, heads of municipalities, and employees of municipalities as well as the duties of the said persons and the prohibitions and restrictions applying to them.
7. Enabling public access to information about the activities of federal authorities of the Russian Federation, government authorities of constituent entities of the Russian Federation, local self-governments, etc.

Russia continuously updates its key priorities at different stages of implementation of its national anticorruption plans. Thus, the activities of the National Plan for 2018–2020 are intended to achieve the following:

- Improving the system of anticorruption prohibitions, restrictions, and requirements, including restrictions on gifts for certain categories of public and municipal officials; developing criteria for classification of failure to comply with anticorruption prohibitions, restrictions and requirements as minor corruption offences entailing dismissal from office, etc.
- Improving the efficiency of the mechanisms intended to prevent and resolve conflicts of interests, e.g., through updating the application form for government, public, and municipal office candidates, namely, its section concerning the spouses of the applicant's brothers and sisters and the brothers and sisters of the applicant's spouse, in order to identify potential conflicts of interests.
- Improving anticorruption measures in the area of government and municipal procurement of goods, works, and services.

The current anticorruption plan proceeds from the necessity to expand the list of property of public officials liable to confiscation if there is proof that such property was obtained illegally or in violation of Russia's anticorruption law.

The document also specifies measures of countering corrupt behavior in the area of education and research.

## International Evaluation of Russia's Anticorruption Efforts

The Russian Federation has undergone four rounds of evaluation by the Group of States against Corruption (GRECO): the Joint First and Second Evaluation Round in 2008, the Third Evaluation Round in 2012, and the Fourth Evaluation Round in 2017.

The first two evaluation rounds were devoted to the various aspects of work of anticorruption agencies, grounds for granting immunity from prosecution to some categories of public officials, identification and confiscation of corruption proceeds, and other issues.

In December 2010, GRECO approved the report of the Russian Federation on compliance with the recommendations of this international organization. Of the 26 recommendations given to Russia, 9 were found fully implemented, 15 partly implemented, and 2 not implemented. Speaking about those not implemented, one should pay special attention to the recommendation to introduce to the legal system of Russia the institution of criminal liability of legal persons.

Although the Council of Europe Criminal Law Convention on Corruption recommends to introduce liability of legal persons, the participating states are free to select specific types of liabilities at their discretion. Russian experts in anticorruption law engaged in a debate concerning the possibility of introduction of such a measure, so unusual for Russia's legal system, and found the institution of criminal liability of legal persons being contrary to the principles of Russian law. The legislation of the Russian Federation only provides for public, financial, and administrative liability of legal entities.

In 2013, after the Third Evaluation Round, which covered two themes, namely, "Incriminations" and "Transparency of Party Funding," GRECO published a comprehensive report, in which all recommendations are split into two categories: "dealt with in a satisfactory manner" and "partly implemented." The report concludes that, of the 26 obligations undertaken by Russia, the country dealt with 15 in a satisfactory manner, while 11 recommendations were "partly implemented." It is noted that, in the past 18 months, the Russian Federation achieved significant results – the country has adopted 14 Federal Laws on combating corruption and 750 other regulations, including 11 Presidential Decrees. It is also noted as a positive anticorruption factor that Russia has centralized the function of prosecution for corruption offences by vesting it in the Investigation Committee of the Russian Federation.

The Fourth Evaluation Report is devoted to corruption prevention in respect of members of parliament, judges, and prosecutors and covers 22 recommendations. Based on the results of the Fourth Evaluation Round, GRECO recommended, among other things, that the Russian Federation increase the transparency of its legislative process, adopt a code of ethics for parliament members and develop anticorruption guidelines. In addition, the experts insisted on strengthening the system of declaration by the members of both chambers of the Russian parliament of their incomes, as well as on publication of verifiable information about the incomes of members of the State Duma and senators.

At the same time, the Russian Federation is still highly dissatisfied with its corruption rating – e.g., in 2019, Russia's score in Transparency International Corruption Perception Index (CPI) was 28 out of 100, and it ranked 137th among 180 countries (https://www.transparency.org/news/feature/cpi_2019_global_highlights). In 2018, the country's "control of corruption" score in the WorldWide Governance Indicators (WGI-2018) was 21.15 out of 100, which placed it on the second position in the second hundred of countries (https://data.worldbank.org/data-catalog/worldwide-governance-indicators).

Although the Russian Federation still rates pretty modest in international corruption indices, there are visible positive trends. The country sees less illegal business activities, the number of hostile business takeovers is shrinking, and the

law-enforcement system is becoming increasingly effective and efficient, especially in protecting public resources, private businesses, and property of individuals. Russia's anticorruption legislation is brought in line with international standards, proper anticorruption laws and by-laws are adopted along with an anticorruption strategy of the state, the practice of fighting corruption based on national 2-year plans is introduced, mechanisms are put in place to help counter corruption in public service and enforce ethical requirements set for public servants, etc.

## Conclusion

Russia has put in place a broad legal framework designed to counter corruption and encourage ethical behavior of public servants. The country ratified key international treaties on combating corruption and adopted fundamental anticorruption laws.

However, the existence of proper legal and institutional infrastructure per se does not warrant fast eradication of corruption. The future of anticorruption policy depends on the transparency (openness) of administrative decision-making processes and government procurement practices as well as on control over the conformity between incomes and spending of public servants.

To improve Russia's anticorruption policies, a broad range of measures needs to be implemented in the sphere of public administration, as well as in the public and private sectors of the economy. In the context of top-down power structure, anticorruption measures are taken at all levels of public relations: (a) the national (federal) level; (b) the level of constituent entities of the Russian Federation; (c) and the municipal/local self-government level.

Success of anticorruption policy does not only depend on the efficiency of special anticorruption measures, but also on how well they are integrated with more general mechanisms employed to improve the quality of organizational and functional foundations of public authority (Lafitsky 2019, p. 106).

## Cross-References

▶ Corruption

## References

Federal Law No. 273 of 25 December 2008 "On countering corruption"
Khabrieva TY (2015) Corruption: nature, manifestation, countering. M. 671 p
Lafitsky VI (2019) Constitutional principle of combating corruption. M., Prispekt. 200 p
Savage JD (1994) Corruption and virtue at the constitutional convention. J Polit 56:174
Teachout Z (2009) The anti-corruption principle. Cornell Law Rev 94(2):341
Teachout Z (2014) Constitutional purpose and the anti-corruption principle. Northwest Univ Law Rev 108: 200–217
The Ten Principles of the UN Global Compact. www.unglobalcompact.org

# Russian Federation, System of Public Administration

Igor Bartsits
Institute of Public Administration and Civil Services, Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation

## Synonyms

Political System; Power of the State; System of Government; System of Public Authority

## Definition

**A System of Government** is the totality of government institutions that, acting on behalf of the state and relying on their authority, organize and regulate the life of society in order to streamline it and ensure its development. In a broader sense, government is understood as activities of the government and local self-government bodies, community-based and other government and nongovernment

organizations authorized to exercise powers of authority. Any activities related to public administration are based on laws and regulations. Broadly speaking, all state organs (legislative, representative, executive and judicial) are engaged in public administration in various forms. Key functions of the system of government include goal setting and planning, execution management, coordination and motivation of executing agents, and accounting and supervision of execution.

## Introduction

Reflecting the character and level of political, social, and cultural development of society and its administrative culture, the system of public and municipal administration of the Russian Federation is determined by a number of factors, such as: historical background and geography; economic situation and culture of society; political traditions; influence of globalization processes; and rapid development of information and communication technology.

The political system of Russia, its republican form of government and federal structure are entrenched in its basic law – i.e., the Constitution of the Russian Federation adopted by way of nationwide voting 12 December 1993. According to the Constitution, the political system of Russia is based on the following fundamental principles: rule of the people; national sovereignty; republican form of government; federal structure; division of powers; social, law-bound, secularity of the state; protection of human rights and liberties; local self-government; multiplicity of parties; ideological and political pluralism; rule of law; and diversity of forms of property.

The Russian Federation comprises 85 constituent entities (subjects), including 46 oblasts (regions), 22 republics, 9 krais (territories), 3 federal cities, 4 autonomous districts, and 1 autonomous oblast. At the intermediate administrative level, there are eight federal districts: Central, Northwestern, Southern, North Caucasian, Volga, Urals, Siberian, and Far Eastern. The federal districts were established as macro-regions of Russia in May 2000.

## Division of Powers

The Constitution of the Russian Federation of 1993 says, "The state power in the Russian Federation shall be exercised on the basis of its division into legislative, executive and judicial power. The bodies of legislative, executive and judicial power shall be independent" (Article 10). Article 11 of the Constitution lists all those who exercise state power in the Russian Federation: the President of the Russian Federation, the Federal Assembly (the Council of Federation and the State Duma), the Government of the Russian Federation, and the courts of the Russian Federation. Altogether, these bodies serve as the constitutional foundation of the Russian State (Table 1).

**The Head of the Russian State is the President of the Russian Federation**. The President of the RF is elected for 6 years by citizens of the Russian Federation on the basis of universal, equal, and direct suffrage by secret ballot. In the capacity of the Head of the State the President interacts directly with organs of legislative, executive and judicial power in the execution of their authority. The President of the RF is a backbone of the system of executive power. According to Part 2, Article 80 of the Constitution of the RF, the President of the Russian Federation is guarantor of the Constitution of the Russian Federation, of the rights and freedoms of man and citizen. The President ensures coordinated functioning and interaction of all the bodies of state power and defines key focus areas of Russia's foreign and domestic policy. To this end, the President, on an annual basis, delivers Presidential Address to the Federal Assembly of the Russian Federation.

The office of the President of the Russian Federation (President of the RSFSR) was established by the Supreme Soviet of the RSFSR 24 April 1991 based on the results of the All-Russian referendum that took place on 17 March 1991. Boris Yeltsin, the first President of the RSFSR, was elected for a 5-year term on 12 June 1991. In 1996, after the second round of voting, Boris Yeltsin was reelected for his second term. On 31 December 1999, Boris Yeltsin resigned, and Vladimir Putin, Chairman of the Government of Russia, became acting President of the Russian Federation.

**Russian Federation, System of Public Administration, Table 1** System of Government of the Russian Federation

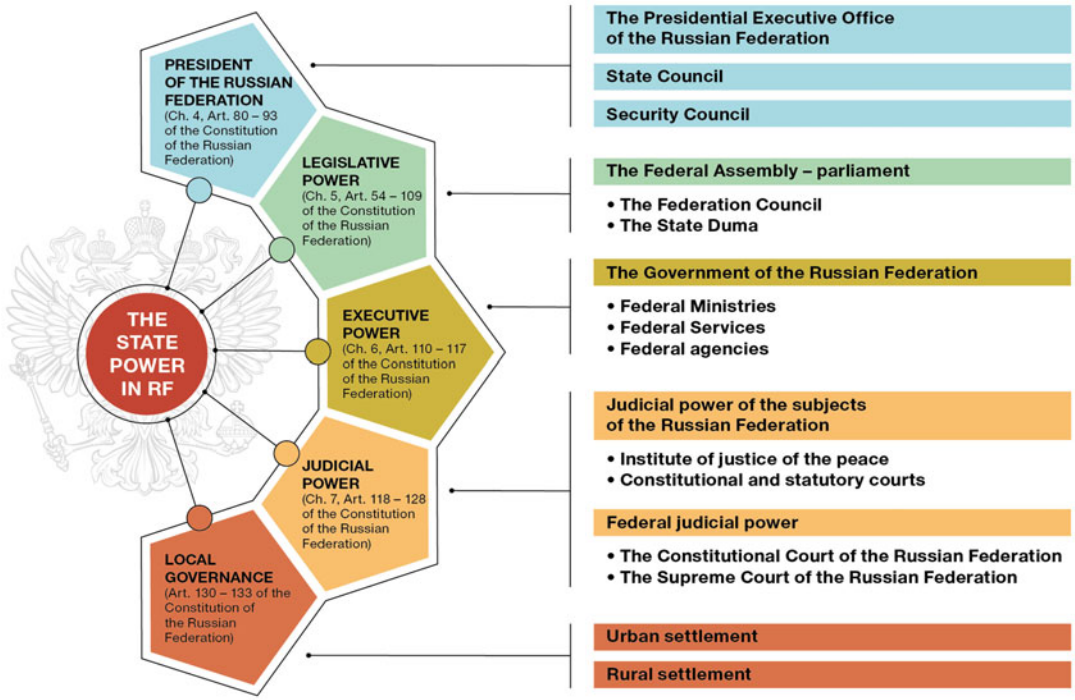


Vladimir Putin was elected President of the Russian Federation on 26 March 2000 (by 52.99% of votes) and then reelected on 14 March 2004 (by 71.31% of votes). Because the Constitution sets a limit of two presidential terms in a row, Vladimir Putin did not run for presidency in 2008, and on 2 March 2008 Dmitri Medvedev was elected President with 70.28% of votes. Vladimir Putin was elected President of the Russian Federation on 4 March 2012 (63.60% of votes) and then reelected on 18 March 2018 (76.69% of votes).

In the period between 1991 and 1993, the role of the President of Russia was defined as that of the top leader and head of the executive branch of power. In that period, the Constitution provided for the following:

- The President was elected for a 5-year term.
- The President had the right to appoint the Chairperson of the Government, and also to dismiss the Government by agreement with the Supreme Soviet of the RSFSR.
- The President did not have the right to dismiss the Congress of People's Deputies or the Supreme Soviet of the RSFSR, or to suspend them.

The supreme organ of state power in that period was the Congress of People's Deputies of the RSFSR authorized to:

- Define domestic and foreign policy
- Adopt and amend the Constitution
- Change the national political system
- Elect members of the Constitutional Court of the RSFSR
- Repeal any presidential decree.

According to the Constitution of Russia of 1993, the President is the head of the state elected for a 4-year term and guarantor of the Constitution, of the rights and freedoms of man and citizen. The President holds a special place in the system of government and is not part of any branch of power.

The President has the right to define domestic and foreign policy; has discretion to dismiss the Government (to appoint the Chairperson of the Government, an agreement of the parliament is still needed); presents to the State Duma a candidate for the appointment to the position of the Chairperson of the Central Bank of the Russian Federation; and presents to the Federation Council candidates for judges of the Constitutional Court.

In the period between 2008 and 2014, the Constitution of the Russian Federation was amended as follows:

- The presidential term was increased to 6 years (effective from 2012 elections).
- The President obtained the right to appoint up to 10% (17 people) of the members of the Federation Council of the Russian Federation and to present to the Federation Council of the Federal Assembly candidates for judges of the Supreme Court, as well as candidates for the Prosecutor-General and deputies of the Prosecutor-General.

The constitutional reform of 2020 vested the President of the Russian Federation with the authority to:

- Form the State Council intended to ensure "coordinated functioning of the bodies of state power," define key directions of domestic and foreign policy, as well as articulate social and economic policy
- Perform general guidance of the cabinet of ministers and act as chair at the sessions of the Government
- Appoint and dismiss deputies of the Chairperson of the Government of the Russian Federation and federal ministers approved by the State Duma
- Appoint, upon consultations with the Federation Council, and dismiss heads of federal executive bodies (including federal ministers) in charge of the matters of defense, national security, internal affairs, justice, foreign affairs, emergency management, and public safety
- Submit to the Federation Council proposals to dismiss, in accordance with the Constitution, judges of the Constitutional Court of the Russian Federation, judges of the Supreme Court of the Russian Federation, and judges of courts of cassation and courts of appeal, should a judge commit misconduct discrediting their honor and dignity as well as in any other cases, as per federal constitutional law, incompatible with the capacity of a judge, etc.

The Presidential Executive Office of the Russian Federation is an executive body that supports the President of the Russian Federation and enables exercise by the President of the Russian Federation of constitutional powers. The Presidential Executive Office of the Russian Federation also supports the State Council and other councils and commissions under the President of the Russian Federation.

An important competency and authority of the Presidential Executive Office is enabling legislative activities of the President of the Russian Federation. It is known that, in pursuance of presidential authority, the President of the RF issues decrees and orders (Article 90, Constitution of the RF). Besides, the President has the right to submit bills (Article 84). Preparation of these documents, and their verification and submission to the Federal Assembly is one of the most important duties of the Presidential Executive Office.

According to Article 83 (g) of the Constitution of the Russian Federation, the President of the RF forms and acts as the head of the Security Council, an advisory body under the President of the RF comprising standing members and members appointed by the President of the Russian Federation. Standing members of the Security Council are the Chairperson of the Government of the Russian Federation and the Secretary of the Security Council. Besides, standing members may be the Minister of Defense, the Minister of Foreign Affairs, and the Director of the Federal Security Service of the RF. In the recent years, the Security Council has also had as its members the Chairperson of the State Duma and the Chairperson of the Federation Council of the Federal Assembly of the RF, and Presidential Plenipotentiary Envoys to Federal Districts of the Russian Federation. The Security Council prepares decisions of the

President of the Russian Federation in the field of national security.

**The legislative branch of the Russian Federation** includes the Federal Assembly of the Russian Federation, which consists of two chambers – the Council of Federation of the Federal Assembly of the RF and the State Duma of the Federal Assembly of the RF. These chambers differ in terms of status, scope of authority, and method of forming. It also includes legislative bodies of the constituent entities of the Russian Federation.

A member of the Council of Federation represents a legislative (representative) or executive body of a constituent entity of the Russian Federation and is vested with authority for a term equaling the term of his/her authority in the respective body of the constituent entity of the Russian Federation.

The Constitution of the Russian Federation delimits jurisdictions of the chambers of the Federal Assembly of the RF and assigns to the Council of Federation and the State Duma clearly defined matters.

According to Article 102 of the Constitution of the Russian Federation, the jurisdiction of the Council of Federation includes the following: approval of changes in borders between subjects of the Russian Federation; approval of the decrees of the President of the Russian Federation on the introduction of a martial law or state of emergency; deciding on the possibility of using the Armed Forces of the Russian Federation outside of the territory of the Russian Federation; appointment of elections of the President of the Russian Federation; impeachment of the President of the Russian Federation; appointment of judges of the Constitutional Court of the Russian Federation and of the Supreme Court of the Russian Federation; appointment and dismissal of the Prosecutor-General of the Russian Federation and deputies of the Prosecutor-General of the Russian Federation; appointment and dismissal of the Deputy Chairperson and half of the auditors of the Accounting Chamber. The Council of Federation adopts resolutions on the issues referred to its authority.

Since the adoption of the Constitution of the Russian Federation, the procedure of forming the Council of Federation has been changed several times. According to the initial procedure (1994–1996), members of the Council were elected from dual-member constituencies for a 2-year term. The next version of the procedure (from January 1996 to December 2001) provided for granting membership of the Council of Federation to the heads of executive and legislative organs of constituent entities of the Russian Federation. Moreover, the members of the Council performed their duties on a part-time basis and only met for regular sessions of their respective committees and commissions. At the next, third stage (from January 2002 to December 2012), instead of governors and heads of legislative bodies, members of the Council of Federation were appointed representatives working professionally on a full-time basis (one of them was appointed by the governor and the other one by the legislative body of the region). This procedure deprived the heads of regional executive and legislative authorities of their parliamentary immunity. Since December 2012, pursuant to Federal Law №229-FZ of 03 December 2012 "On the Procedure for Formation of the Council of Federation of the Federal Assembly of the Russian Federation," only a deputy who is a representative of the legislative (representative) body of the state authorities of a constituent entity of the Russian Federation may be nominated candidate for the conferral of the powers of a member of the Federation Council. Candidates are nominated by the Chairperson, faction, or group of deputies. The decision is taken by simple majority of votes. Representatives of regional executive authorities are elected in accordance with the following procedure: in the course of election of a representative from a constituent entity, each candidate submits a list of three nominees the first of whom, should the candidate be elected, will be granted the powers of a member of the Council of Federation (the second one on the list will have a chance to become a senator if the first one is dismissed prematurely, and the third one will have this chance, if the second one is dismissed prematurely). The decision to confer powers is made by the new elected highest official of the respective constituent entity of the Russian

Federation on the next day after his/her inauguration. Neither the governor nor the legislative body of a region may recall a senator before time. Grounds for early termination of powers of a member of the Council of Federation are the same as for a deputy of the State Duma.

According to the 2020 amendments to the Constitution of the Russian Federation, the Council of Federation consists of two representative from each constituent entity of the Russian Federation – i.e., one from the legislative (representative) organ and one from the executive authority, respectively; representatives of the Russian Federation appointed by the President of the Russian Federation – their share may not exceed ten present of the total number of members of the Council of Federation (Russian Federation senators) representing legislative (representative) and executive organs of constituent entities of the Russian Federation.

According to Par. 3, Article 95 of the Constitution of the Russian Federation of 1993, **the State Duma of the Federal Assembly of the Russian Federation** consists of 450 deputies. The State Duma has deputies' associations – factions and groups.

The key focus area of the State Duma of the Russian Federation is adopting federal constitutional and federal laws and laws on amendments to the Constitution of the Russian Federation. To this end, the State Duma establishes deputies' committees (e.g., for economic policy, agriculture, geopolitical issues, etc.), the credentials commission to count secret votes, verify data on events and officials' credentials, and other commissions for in-depth consideration of various issues; it also performs detailed review of bills within the scope of competency of its specialist units. The headcount of each committee is decided by the State Duma, but it cannot be less than 12 or more than 35 chamber deputies.

The electoral procedure for the State Duma candidates is defined by the Federal Laws "On Election of Deputies of the State Duma of the Federal Assembly of the Russian Federation," "On Fundamental Guarantees of Electoral Rights and the Right of Citizens of the Russian Federation to Take Part in Referendums," and some other federal laws. These laws establish the principle of election of deputies by citizens of the Russian Federation on the basis of universal equal and direct suffrage right by way of secret ballot. Participation of Russian Federation citizens in elections is free and voluntary.

Since 1993, the Law on Election of the Deputies of the State Duma has been amended several times. Each new version of the Law introduced changes to the electoral procedure that changed the role of political parties; the procedure for nomination of candidates; the shares of deputies elected on the first-past-the-post (FPTP) and proportional vote basis; and the election threshold for the proportional vote elections (Table 2).

In addition to its key legislative function, the State Duma has the right to make decisions on other matters in its jurisdiction as per the Constitution of the Russian Federation, including appointing and dismissing the Chairperson of the Central Bank of the Russian Federation; appointing and dismissing the Human Rights Commissioner of the Russian Federation, and the Chairperson and one half of the auditors of the Accounting Chamber of the Russian Federation; giving consent to the appointment of the Chairperson of the Government of the Russian Federation by the President of the Russian Federation

**Russian Federation, System of Public Administration, Table 2** The State Duma convocations

| Convocation | Term | FPTP seats | Proportional vote seats | Election threshold |
|---|---|---|---|---|
| 1st State Duma 12.12.1993 | 2 years | 225 | 225 | 5% |
| 2nd State Duma 12.12.1993 | 4 years | 225 | 225 | 5% |
| 3rd State Duma 19.12.1999 | 4 years | 225 | 225 | 5% |
| 4th State Duma 7.12.2003 | 4 years | 225 | 225 | 5% |
| 5th State Duma 2.12.2007 | 4 years | 0 | 450 | 7% |
| 6th State Duma 4.12.2011 | 5 years | 0 | 450 | 7% |
| 7th State Duma 18.09.2016 | 5 years | 225 | 225 | 5% |

and deciding the issue of confidence in the Government of the Russian Federation; proclaiming amnesty; advancing of charges against the President of the Russian Federation for his impeachment, etc.

The amendments to the Constitution of the Russian Federation made by way of popular vote of 1 July 2020 extend the jurisdiction of the State Duma authorizing it to:

- Hold consultations on presidential nominees for heads of federal executive organs (including federal ministers) dealing with matters of defense, national security, domestic affairs, justice, foreign affairs, emergency management, and public safety.
- Dismiss, on a submission from the President of the Russian Federation and in accordance with the Constitution, judges of the Constitutional Court of the Russian Federation, judges of the Supreme Court of the Russian Federation, and judges of courts of cassation and courts of appeal, should a judge commit misconduct discrediting their honor and dignity, as well as in any other cases, as per federal constitutional law, incompatible with the capacity of a judge, etc.

## Structure of the Executive Branch

In the past decades, the structure of executive authorities of the Russian Federation has undergone significant changes and transformations and may appear to have been finalized. However, it would be a mistake to say so, because some elements intrinsic to the executive branch of power continuously change trying to adequately respond to the challenges normally faced by the government machinery. Having learnt from international best practices, the executive authority of the Russian Federation developed numerous Russia-specific features that can be explained by the period of transition in the establishment of new Russia and by its federal structure.

In the mechanism controlling the executive branch of power, a special role belongs to the President of the Russian Federation who, not being part of any of the branches, exercises significant authority in relation to all of them. Moreover, most of it is the authority over the executive branch.

One of the most significant 2020 amendments to the Constitution of the Russian Federation provides that the President of the Russian Federation exercises general oversight over the Government of the Russian Federation (Par. 1, Article 110).

Legal foundations for interaction between the President of the Russian Federation and the executive authorities are entrenched in Chapters 4 and 6 of the Constitution of the Russian Federation and in Federal Constitutional Law № 4-FKZ "On the Government of the Russian Federation" of 6 November 2020. The Federal Constitutional Law specifies the right of the President to act as a chairperson at sessions of the Government and its Presidium, explains how the President carries out leadership in relation to certain federal executive authorities (primarily those of the "security wing"), and deals with matters such as reversal by the President of Government resolutions, temporary performance of presidential functions by the Chairperson of the Government, dismissal and resignation of the Government.

Prior to constitutional amendments of 2020, the President of the Russian Federation had the right to form the Government of the Russian Federation but with one provision: the nominee for Chairperson of the Government required approval by the State Duma. The other members of the Government were appointed at sole discretion of the President of the Russian Federation, although the Constitution of the Russian Federation obliged the Chairperson of the Government of the Russian Federation to nominate candidates for deputy chairpersons and federal ministers, and to propose the system and structure of federal executive authorities. The constitutional amendments of 2020 introduced significant changes to this procedure.

In addition to constitutional mechanisms of presidential control over the Government, new forms of interaction were introduced into the practice of governance. Thus, Article 83 (b) grants the President the right to chair the sessions of the Government. However, the President only enjoys this right in exceptional cases. Normally, the President holds meetings with members of the Government at which the Chairperson and all deputies

are present, as well as federal ministers who are invited on an as-needed basis depending on the topic of the meeting.

It is one of the key features of the administrative and legal framework of functioning of the federal executive authorities in the Russian Federation that no federal law concerning the bodies of executive power of the Russian Federation" has ever been adopted and the system and structure of such organs is defined by executive regulations issued by the President of the Russian Federation. This peculiarity is entrenched in the constitutional amendments of 2020.

According to Article 110 of the Constitution of the RF, the executive power in Russia is exercised by the Government of the Russian Federation (After the dismantling of the USSR, President B.N. Yeltsin directly headed the Government of the RSFSR. From 15 March 1992 to 15 December 1992, Y.T. Gaidar was Acting Chairperson of the Government. After him, the office of the Chairperson of the Government was held by V.S. Chernomyrdin (from 14 December 1992 to 23 March 1998), S.V. Kirienko (from 24 April to 23 August 1998), V.S. Chernomyrdin (August–September 1998), E.M. Primakov (from 11 September 1998 to 12 May 1999), S.V. Stepashin (from 19 May to 9 August 1999), V.V. Putin (from 16 August 1999 to 7 May 2000), M.M. Kasianov (from 17 May 2000 to 24 February 2004), M.E. Fradkov (from 5 March 2004 to 12 September 2007) V.A. Zubkov (from 14 September 2007 to 7 May 2008), V.V. Putin (from 8 May 2008 to 7 May 2012), D.A. Medvedev (from 8 May 2012 to 15 January 2020), and M.V. Mishustin (from 16 January 2020).). The Government of the RF is a federal executive body with general competence covering areas such as economic development, social and cultural activities, administrative and political issues, and law enforcement. As a collective executive, the Government of the Russian Federation consists of the Chairperson of the Government of the Russian Federation, Deputy Chairperson of the Government of the Russian Federation, and federal ministers (Par. 2, Article 110 of the Constitution of the RF).

The legal status and procedures of the Government of the Russian Federation are governed by Chapter 6 of the Constitution of the Russian Federation, Federal Constitutional Law № 4-FKZ of 6 November 2020 "On the Government of the Russian Federation," federal laws and numerous bylaws of which particularly important are the decrees and orders of the President of the Russian Federation, orders and other acts of the Government of the Russian Federation and other federal executive organs.

Since the adoption of the previous version of the Federal Constitutional Law in 1997, numerous amendments to it have been passed, which provide for the following:

- In the context of anticorruption measures, changes were made in Article 10 obliging not only members of the Government of the Russian Federation but also their spouses and minor children to declare their property and income (2008).
- The procedure and timeline for submission by the Government of the Russian Federation of the federal budget and budget execution report to the State Duma of the RF were changed (2010).
- The chambers of the Federal Assembly of the Russian Federation have the right to summon members of the Government of the Russian Federation to their sessions to provide information on issues of high priority (2013).
- The Government must submit to the chambers of the Federal Assembly of the Russian Federation information about progress and tentative timelines of issuing regulations, which must be developed and adopted according to federal law (2013).
- The Government has the right to establish government commissions to investigate causes of emergency situations and manage such emergency situations (2013).
- Members of the Government are banned from opening accounts (making deposits), holding cash or valuable assets in foreign banks located outside of the Russian Federation, hold and/or use foreign financial instruments (2013).
- Members of the Government of the Russian Federation are bound with additional obligations intended to prevent and resolve conflicts of interests (2015).

– Decisions can be made without convening meetings (2016).

Federal Constitutional Law "On the Government of the Russian Federation" of 6 November 2020 sets a new procedure for formation of the Government, which takes into account the constitutional amendments of 4 July 2020. All in all, the Federal Constitutional Law "On the Government of the Russian Federation" reflects these constitutional novelties; however, it has clarifying provisions intended to rule out divergent interpretation. For example, while Article 110 of the Constitution says that "the executive power in Russia shall be exercised by the Government of the Russian Federation," the corresponding article of Federal Constitutional Law FKZ № 4 of 6 November 2020 amplifies, "The executive power in the Russian Federation shall be exercised by the Government of the Russian Federation and other federal executive organs according to the structure of federal executive authority and under general oversight of the President of the Russian Federation, as well as executive organs of constituent entities of the Russian Federation."

The appointment procedure for the Chairperson of the Government was changed: the President can only appoint the Chairperson after the approval of the nominee by the State Duma. Previously, it was enough to get deputies' agreement. If the State Duma declines the nominee thrice, the appointment can be made at President's discretion.

The appointment procedure for members of the Government was also changed: the President appoints security-wing ministers upon consultations with the Council of Federation; the other ministers are appointed by the State Duma on the nomination of the Chairperson of the Government. Candidates for Chairperson's deputies and ministers can be nominated three times. Should the State Duma decline them thrice, the appointment can be made at President's discretion.

Another important novelty is that dismissal of the Chairperson of the Government does not automatically entail resignation of the Government. The President can replace the Chairperson while keeping the cabinet members. The structure of the Government is defined by the head of state, as before.

As to the system of federal executive authorities, in 1993–2000, the model of administration was based on a permissive approach to defining their types and structure exemplified by Decrees of the President of the Russian Federation "On the Structure of Federal Bodies of Executive Power" № 66 of 10 January 1994, № 1176 and № 1177 of 14 August 1996, and № 867 of 17 May 2000. These documents did not define any types of executive organs, and, when a specific system of executive authorities was formed, both composition and types of ministries and agencies were decided based on a very light touch. For example, The Decrees of the President of 14 August 1996 (Decree № 1176 "On the System of Federal Bodies of Executive Power" and Decree № 1177 "On the Structure of Federal Bodies of Executive Power") say that the system of federal executive authorities comprises ministries of the Russian Federation (federal ministries) and other federal organs of executive power. The latter could be state committees, federal services, Russian agencies, federal inspectorates, and other types of executive bodies.

Decree of the President of the Russian Federation № 314 of 2004 "On the System and Structure of Federal Bodies of Executive Power" was an important milestone in the development of the system of executive authorities of Russia. This Decree clearly defined three types of executive organs: (1) federal ministries; (2) federal agencies; and (3) federal services.

Federal ministries develop state policies for their respective areas of responsibility and regulate these areas, coordinate and control their subordinate federal services and federal agencies, and coordinate public non-budgetary funds.

Federal services control and oversee their respective areas of responsibility and perform special functions in the sphere of defense, national security, national border control, crime prevention, and public safety.

Federal agencies provide public services, manage public property, and enforce the law.

Later, the Government of the Russian Federation approved provisions on federal executive

bodies and passed resolutions on functioning of new and reorganized federal executive authorities, as well as on the headcount of their deputy heads and numbers of their structural units. However, these changes are not final, and the process of reorganization continues.

The composition of the Government of the Russian Federation also has some peculiar features. Thus, the initial concept of administrative reform entrenched in the very first version of Decree № 314 provided that the Chairperson of the Government can only have one deputy (Par. 8). This model of plural executive was intended to strengthen personal responsibility and significance of federal ministers. However, over time, the number of deputies of the Chairperson of the Government increased: from one in 2004 to three in 2005, five in 2007, eight in 2008, and nine in 2020. Currently, each deputy is in charge of a certain number of public administration issues and controls federal executive authorities responsible for those issues.

Another peculiarity of the Government of the Russian Federation is the "dual subordination" of some ministers who report to both the Chairperson of the Government as the one who heads the Government, identifies its key focus areas and allocates duties to Government members (Article 24 of Federal Constitutional Law № 2-FKZ of 17 December 1997) and the President of the Russian Federation as the one who, pursuant to Article 32, leads the "security wing" of the federal executive branch and provides guidance to the organs that are part of this branch, both directly and through federal ministers.

Quite notable are the powers of the Chairperson of the Government in making staffing decisions. Thus, in the process of forming the Government of the Russian Federation the Chairperson of the Government can present nominees to the President, as well as propose dismissal of existing Government members. However, the Chairperson does not have discretion to dismiss members of the Government. It is worth adding that, from the checks and balances perspective and in the context of interaction between the executive and legislative branches, the State Duma does not have the right to directly change the composition of the Government once it has been formed. The State Duma can pass a no-confidence motion against the Government or summon any member of the Government to deliver report, but only the President of the Russian Federation has the right to dismiss the Government or a member of the Government.

It may be quite interesting to compare the number of federal executive bodies at the initial stage of the new system of executive authority and today. Thus, in accordance with Decree of the President of the Russian Federation № 1177 of 14 August 1996 "On the Structure of Federal Bodies of Executive Power," there were 24 ministries, 19 state committees, 18 federal services, 3 Russian agencies, and 2 federal inspectorates – in total 67 federal executive organs including the Government. Currently, according to Decree of the President of the Russian Federation № 21 of 21 January 2020 "On the Structure of Federal Bodies of Executive Power," there are 21 federal ministries, 30 federal services, and 21 federal agencies – in total 72 federal organs of executive power. Moreover, recently, this number shrank even more in the context of optimization of the public administration system amid a difficult financial and economic situation.

No less interesting is the change in the number of federal ministries: while in 1996 and 2020, there were 24 and 21 federal ministries, respectively, the first version of the abovementioned Decree № 314 of 2004 provided for having only 14 federal ministries – 5 in the "security wing" and 9 in the "social and economic wing." Therefore, it is in the context of the 2004 administrative reform that a serious attempt was made to optimize the administration apparatus. However, the subsequent developments in the sphere of public administration resulted in further increase in the number of both federal ministries and other federal organs of executive power.

One of the objectives of federal executive branch transformation was clearer allocation of the functions related to the development of state policy and legal regulation, delivery of public services, and state control and oversight to federal ministries, agencies, and services. However, with the issue of Decree of the President of the Russian

Federation № 1274 of 24 September 2007 "Questions of the Structure of Federal Bodies of Executive Power" the system based on three types of executive authorities was distorted: Par. 4 of the Decree provided for establishment of state committees, a type of federal executive body combining all the above functions. This undermined the logic of transformation of the system of executive power. In 2007, two state committees were established: "Rosrybolovstvo" (State Committee for Fishery) and "Rosmolodezh" (State Committee for Youth Affairs). However, after a short period of time, with the issue of the Decree of the President of the Russian Federation № 724 of 12 May 2008 "Questions of the System and Structure of Federal Bodies of Executive Power," both were transformed into federal agencies.

Creation of ministries on a "territorial" basis significantly contributed to increasing the number of federal ministries: Ministry of North Caucasus Affairs, Ministry for Development of Russian Far East, and Ministry of Crimea Affairs – this was yet another trend in the development of the structure of federal executive branch. All these ministries were established to concentrate public administration resources for the purpose of development of individual groups of Russian regions. Most likely, however, these ministries were designed as temporary and were expected to be disbanded upon achievement by their respective territories of a certain level of social and economic development. Of all "territorial" ministries, only the Ministry for Development of the Russian Far East has been kept. The other two were disbanded and their functions were transferred to the Ministry of Economic Development (Zanko 2016).

Analyzing the development trends and peculiarities of the system of federal executive power, one can conclude that it has been changing and transforming relatively fast, even though the Russian state in general is characterized by government continuity and high level of political stability.

It is deemed necessary to take measures to make the functions of executive authorities more complex and detailed, open the door for persistent and consistent shaping within the system of major "administration building blocks" in the form of modular units of federal ministries and agencies as well as for comprehensive approach to the tasks set by the Government. The reform of the ministries is based on the principles of "collective governance" where the ministers bear political responsibility for their respective areas and the scope of interministerial coordination is limited.

The constitutional amendments of 4 July 2020 provide for a large-scale revision of approaches to the arrangement of executive authorities and formation of the Government of the Russian Federation. Thus, they grant the President of Russia the right to carry out general guidance of the Government, approve and modify the structure of federal bodies of executive power proposed by the Chairperson of the Government; in the structure of federal executive authorities, identify those reporting to the President of the Russian Federation, and those subordinate to the Government of the Russian Federation. At the same time, should the President dismiss the Chairperson of the Government, the new Chairperson of the Government is not supposed to propose to the President a new structure of federal executive authorities. In a sense, the said constitutional amendments enshrine the existing practice of interaction between the President and the Government.

The constitutional amendments significantly modified the procedure of formation of the Government of the Russian Federation. From now on, the "security-wing" ministers will be appointed upon consultations with the Council of Federation, and the deputies of the Chairperson of the Government and the "socioeconomic-wing" ministers upon approval by the State Duma. The amended Constitution also provides a legal mechanism preventing any delays in the formation of the Government by setting timelines for approval by the State Duma of candidates for positions in the Government, as well as the allowed number of nomination rejections and the course of action in the event a significant number of nominations have been rejected.

**The judicial system of the Russian Federation** is instituted under the Constitution of the Russian System and Federal Constitutional Law № 1-FKZ of 31 December 1996 "On the Judicial System of the Russian Federation." Creation of

special courts is not allowed. All judges are independent and only subject to the Constitution and federal laws of the Russian Federation. Currently, the judicial system of Russia comprises general jurisdiction courts and courts-martial, courts of arbitration and constitutional (charter) courts. The system of federal courts includes general jurisdiction courts and courts of arbitration with the Supreme Court of the Russian Federation and Constitutional Court of the Russian Federation at the top. The court system of constituent entities of the Russian Federation also includes justice of the peace courts and constitutional (or charter) courts.

Table 3 shows key milestones in the development of the judicial system of Russia.

The constitutional amendments of 1 July 2020 grant the Council of Federation more powers to dismiss, on a submission from the President of the Russian Federation, judges of the Constitutional Court of the Russian Federation and judges of the Supreme Court of the Russian Federation, should a judge commit misconduct discrediting their honor and dignity, as well as in any other cases, as per federal constitutional law, incompatible with the capacity of a judge (Article 102 (k)). The number of judges of the Constitutional Court is reduced from 19 to 11. When required by the President of the Russian Federation, the Constitutional Court will test laws, both federal and regional, for constitutionality prior to their signature.

The Russian Federation has authorities (institutions and agencies) that are not part of any branch of power. These authorities include: the Office of the Prosecutor General of the RF, the Central Bank of the RF, the Accounts Chamber of the RF, the Central Elections Commission of the RF, the Human Rights Commissioner of Russia, etc.

**Russian Federation, System of Public Administration, Table 3** The Judicial branch of power in the Russian Federation

| Period | Characteristics |
|---|---|
| 1991–2001 | Concept of the judicial reform in the RSFSR:<br>Key laws are adopted defining the status of judges, the court procedure, and the structure of the court system |
| 2002–2006 | Federal Target Program "Development of the Judicial System of Russia in 2002–2006:<br>All types of courts provided by the law were established.<br>The procedural legislation was brought in line with the provisions of the Constitution of the RF<br>The procedural codes were adopted (the Criminal Procedural Code of the RF, the Civil Procedural Code of the RF, and the Arbitration Procedure Code of the RF)<br>Nisi prius courts were institutes<br>Justice of the peace courts were reinstituted |
| 2007–2013 | Federal Target Program "Development of the Judicial System of Russia in 2007–2012":<br>Multiple important federal laws designed to further improve the court procedure and court system were adopted |
| 2014–2018 | The Supreme Arbitration Court of the Russian Federation was excluded from the list of federal courts<br>The Supreme Court of the Russian Federation was vested with additional powers and became the only supreme judicial authority with jurisdiction over administrative, civil, criminal, and other cases as well as economic disputes |
| From 2019 to the present day | Reform of the system of general jurisdiction courts and changes in the rules of procedures:<br>Courts of appeal and courts of cassation were transformed into dedicated supraregional courts<br>Courts can have fully authorized permanent benches in locations other that their main facilities<br>The structure, territorial jurisdiction, and names of courts-martial were changed. The system of courts-martial was brought in line with the existing geography of military districts of the Russian Federation<br>"Total cassation" was introduced – i.e., each and every cassation appeal must be heard in a court of cassation by a panel of judges<br>The number of cases heard summarily was increased, including through increasing case values<br>Since 1 October 2019, individuals can file class action lawsuits to protect their rights and legitimate interests |

## The Management System of the Constituent Entities of the Russian Federation

For the government of Russia, managing a country located on two continents and inhabited by numerous ethnic groups has always been a difficult task. The effectiveness of governance has always depended on what powers and state function the central government will retain and what will be exercised by the regional authorities. In Russia, various models have been used to solve this problem. The federal principle in the Russian state is present due to the decentralization through the delineation of powers between the center and the regions.

The economic, ethnic, social, geographic, climatic, and other features of the regions of the Russian state have become the reason for the use of a complex, multilevel system of the state structure of the country, as well as a variety of methods for regulation of public relations in its regions.

For the Russian state, the characteristic of state-legal ties testify to the level of execution of the centralization of power, shows the relationship between the constituent entities of the federation, and reveals the issue of the delineation of powers between the federal government and the power of the constituent entities of the Russian Federation. In Russia, one of the main tasks in creating an effective system of state power is the regulation of relations between federal and regional governing bodies as well as the organization of executive power in the constituent entities of the Russian Federation. Delineation of powers is complex and an ongoing process.

Before the adoption of the Constitution of Russia in 1993, which enshrined the federal form of state structure, the Federal Treaty of 31 March 1992 was signed – an agreement on the delineation of powers between the bodies of state power of the Russian Federation and its constituent entities.

The Constitution of the Russian Federation of 1993 included the content of the Federal Treaty and replaced the contractual delimitation of powers with the constitutional; Article 76 stipulates that the further delineation of powers between the federal government and the authorities of the constituent entities of the Federation will be carried out by law.

After the Federal Treaty was signed, its text was included in the Constitution as an integral part of it, but in the text of the Constitution of the Russian Federation of 1993, it is mentioned only as one of the treaties regulating the delimitation of powers between the bodies of the state power of the Russian Federation and bodies of state power of its constituent entities (Part 3 of Article 11 of the Constitution of the Russian Federation). This clause makes it possible to conclude special bilateral agreements between the Russian Federation as a whole and some of its regions.

The Constitution of the Russian Federation provides for the possibility of concluding two types of agreements:

- Agreements between the Russian Federation and a constituent entity of the Russian Federation on the delimitation of jurisdiction and powers (part 3 of art. 11)
- Agreements between the executive authorities of the Russian Federation and the constituent entity of the Russian Federation on the transfer of part of the powers (Parts 2, 3, Article 78).

During the period between February 1994 and mid-1998, 42 agreements on the distribution of powers and subjects of jurisdiction were concluded with 46 constituent entities of the Russian Federation, after which this practice was stopped. Currently, they all have ceased to operate.

Prescribed in the Federal Treaty of 1992, and then in the Constitution of the Russian Federation of 1993, the distribution of powers is based on dividing all issues of public life into three groups:

- Subjects of jurisdiction of the Russian Federation;
- Subjects of joint jurisdiction of the Russian Federation and constituent entities of the Russian Federation;
- Subjects of the jurisdiction of a constituent entity of the Russian Federation.

The delimitation of powers is as follows: the Constitution defines the sphere of powers of the federal government and the sphere where the federation and its subjects are empowered; outside of these spheres, the constituent entities have full state power. Sometimes, through special agreements, the powers of the federation and its constituent entities can be redistributed, which, in turn, gives the system the necessary flexibility.

The federal structure of Russia is based on the fundamental principles of:

1. State integrity
2. Unity of the system of state power
3. Delimitation of the scope of authority between federal bodies of state power and bodies of state power of the constituent entities of the Federation
4. Equality and self-determination of the people

The establishment of general principles for organizing the system of state bodies of the constituent entities of the Russian Federation is attributed by the Constitution of the Russian Federation (clause "n," Part 1 of Article 72) to the joint jurisdiction of the Russian Federation and the constituent entities of the Russian Federation. Part 1 of Article 77 of the Constitution of the Russian Federation states the following: "The system of bodies of state authority of the republics, territories, regions, cities of federal importance, autonomous regions or autonomous areas shall be established by the constituent entities of the Russian Federation independently and according to the principles of the constitutional system of the Russian Federation and the general principles of the organization of representative and executive bodies of state authority established by federal law."

For the system of public administration of the Russian Federation, the differentiation between federal and public authorities of the constituent entities of the Russian Federation is of great practical importance. In Part 1 of Article 11 of the Constitution of the Russian Federation, the list of bodies exercising state power in the Russian Federation is exhaustive, then, concerning the bodies of state power of the constituent entities of the Russian Federation, Part 2 of the same article establishes only the general principle: "State power in the constituent entities of the Russian Federation shall be exercised by the bodies of state authority created by them."

However, until 19 October 1999, such a system was formed in the regions based on provisions enshrined in their own constitutions and statutes. With the adoption of the Federal Law of 6 October 1999, No. 184-FZ "On the general principles of organization of legislative (representative) and executive bodies of state power of the constituent entities of the Russian Federation" (hereinafter – FZ-184), the requirement of Article 72 of the Constitution of the Russian Federation, as well as the necessary conditions for creating and organizing activities of legislative and executive bodies in the regions were fulfilled.

According to Article 2 of the FZ-184 "the system of state power bodies of the constituent entity of the Russian Federation consists of: the legislative (representative) body of state power of the constituent entity of the Russian Federation; the supreme executive body of state power of a constituent entity of the Russian Federation; other government bodies of a constituent entity of the Russian Federation, formed according to the constitution (charter) of a constituent entity of the Russian Federation. The constitution (charter) of the constituent entity of the Russian Federation may establish the position of the highest official of the constituent entity of the Russian Federation."

In the federal state, the establishment of effective interconnections between federal state bodies and state bodies of the constituent entities of the Russian Federation is of particular importance. It is known that in the 1990s, the practical and legal support of such interaction was an intractable problem. In the absence of a unified system of state power, the relations of the federal bodies of state power with the bodies of state power of the constituent entities of the Russian Federation were characterized as a "war of laws," which often led to political confrontation between the federal center and regional political elites. Only after the administrative reform, the unity of the system of state power ("the vertical of power") was restored, and the necessary conditions for legal regulation

of the interconnection between the federal center and its constituent entities emerged.

A significant role in this process was played by the introduction of a new procedure for empowering the heads of the constituent entities of the Russian Federation – the highest officials of the regions, which led to new opportunities in the interaction between the Russian Federation and its constituent entities. The empowerment of the heads of the constituent entities of the Russian Federation by the President established a new format of interconnection with the regional leaders, thus adding not only mechanisms of accountability and responsibility but also mutual trust.

The legislative (representative) body of state power of the constituent entity of the Russian Federation is the only acting supreme body of legislative power of the constituent entity of the Russian Federation. Its name and structure are established by the constitution (charter) of the constituent entity of the Russian Federation, taking into account the historical, national, and other traditions of the constituent entity of the Russian Federation. The names of regional legislative bodies can vary, among them: legislative assemblies, regional dumas, state assemblies, state councils, khurals, and population assemblies.

In the constituent entity of the Russian Federation, a system of executive authorities is established with the dominant supreme executive body of state power of the constituent entity of the Russian Federation. The structure of the executive bodies of state power of the constituent entity of the Russian Federation is determined by the highest official of the constituent entity of the Russian Federation (the head of the highest executive body of state power of the constituent entity of the Russian Federation) following the constitution (charter) of the constituent entity of the Russian Federation.

According to Clause 3 of Article 18 of FZ-184, the highest official of the constituent entity of the Russian Federation (the head of the highest executive body of state power of the constituent entity of the Russian Federation) is elected by the citizens of the Russian Federation residing on the territory of this constituent entity of the Russian Federation and having active suffrage, based on universal equal, and direct suffrage by secret ballot. However, on 9 March 2016, Federal Law No. 66-FZ amended the Federal Law FZ-184. This way, Clause 3.2 of Article 18 also provides for the second way of electing the highest official of the constituent entity – by the deputies of the legislative (representative) body of state power of the constituent entity on the proposal of the President of the Russian Federation in accordance with the list of proposed candidates (party's lists of candidates must be allowed to distribute deputy mandates). Thus, the President of the Russian Federation submits to the legislative (representative) body of state power of the constituent entity of the Russian Federation a proposal on the candidacy of the highest official of the constituent entity of the Russian Federation from among the candidates presented by the political party, including those who are in the federal reserve of management personnel.

One of the organizational innovations during the Presidency of Putin V.V. was the creation of federal districts and the introduction of the Institution of Plenipotentiary Representatives of the President of Russia in the federal districts. For the Constitution of the Russian Federation, at the present stage of development of Russian statehood, this is a new mechanism for reforming the system of public administration and not a change in the state structure of the country or the territorial organization of state power. Since the "formation" of federal districts does not always take into account the historically established economic zoning of the country and the economic potential of the regions, the list and composition of federal districts have changed several times (Bartsits 2019).

The formation of the Institution of Plenipotentiary Representatives of the President of Russia caused several changes in the structure and methods of management of federal executive bodies on the level of federal districts. Thus, there was a kind of synchronization in some activities of the public administration system. In federal districts, the Institution of Plenipotentiary Representatives of the President of Russia has created prerequisites for effective interdepartmental coordination and for addressing urgent tasks that could be

solved best at the level of territorial communities that make up each federal district.

## Organization of Local Self-Government: Interaction of Public Authorities at Different Levels

The most important stage in the formation and organization of the public administration system was the adoption of the Law of USSR on 9 April 1990, No. 1417-I "On general principles of local self-government and local economy in the USSR." Initially, the law had only 27 articles, and it was difficult to imagine its significance; despite the brief text, the law not only proclaimed for the revival of local self-government but also restored the very concept of local self-government and determined the main direction of its activity – communal (municipal) property.

The legal status of local self-government was supplemented by the Law of the RSFSR on 6 July 1992, No. 1550-I "On local self-government in the Russian Federation." Its adoption was associated with the introduction of a specific provision into the existing Constitution of the RSFSR that local Councils are no longer included into the unified system of representative bodies of state power. However, attempts to gradually transform local Councils into local self-government bodies have not been successful. In September–October 1993, the President of the Russian Federation adopted decisions that led to the elimination of not only Soviet statehood but also the emerging elements of local self-government. Nonetheless, local Councils were not disbanded throughout the state.

Although the changes of 1990–1993 did not lead to the formation of a system of local self-government, they made it possible to change the approach to established practice and lay the legal basis for future municipal reform. In those years, there were many discussions about the fate of local self-government in Russia; it was at this time that the gradual formation of the Russian model of local self-government took place, which was enshrined in the constitutional act. The Constitution of the Russian Federation consolidated local self-government in Article 3 as a form of democracy, and in Article 12 – as the basis for the constitutional system. It included a whole chapter No. 8 on "Local self-government," as well as other constitutional provisions regulating the main issues of the local community:

- The right to municipal property, including land and other natural resources (articles 8, 9)
- The legal status of a citizen in the system of local self-government (Articles 18, 24, 32, 33, 40, 41, 43, 46). Art. 18 establishes that the rights and freedoms of man and citizen determine the activities of local self-government; Article 32 stipulates that all citizens of Russia are granted the right to elect and be elected to local self-government bodies, as well as to participate in a referendum; Article 33 states that citizens have the right to apply personally, as well as to send individual and collective appeals to local governments; Article 40, 41, and 43 determine the directions of activity of local governments in the field of housing construction, medical services, basic general, and secondary vocational education.

The issues on local self-government are mentioned in 19 articles of the Constitution of the Russian Federation and are norms of direct action, obligatory for application, including by the judicial authorities.

Article 12 of the Constitution of the Russian Federation establishes that local self-government is independent within the limits of its authority. However, the Constitution of the Russian Federation establishes only some of the administration subjects of local self-government. In Clause 1 of Article 132 of the Constitution of the Russian Federation, it is enshrined that local governments independently manage municipal property; form, adopt, and implement the local budgets; introduce local taxes and dues; ensure the protection of public order; and also resolve other issues of local importance.

The Constitution of the Russian Federation became the basis for the development of the Federal Law of 28 August 1995, No. 154-FZ "On

general principles of organization of local self-government in the Russian Federation"; after the adoption of this law, Russia joined several international acts. On 28 February 1996, Russia signed the European Charter of Local Self-Government, on 20 March 1998, it was ratified; thus, Russia has undertaken the obligations of the Charter to observe the principles of organizing local self-government. In 1992, in Strasbourg, the member states of the Council of Europe adopted the European Charter of Cities as a kind of code of "good" city governance, as well as the European Declaration of the Rights of Cities, which included all the basic rights, the observance of which should ensure the development of local self-government.

An important leap in the development of local self-government was the adoption of the Federal Law of 6 October 2003, No. 131-FZ "On general principles of organization of local self-government in the Russian Federation." The launch of a large-scale municipal reform in 2013 had a strong influence on the system of the local self-government; as a result of the reform, the organizational and legal foundations of local self-government were improved, the powers of local authorities were clarified, information and methodological support of the municipal reform were strengthened, specific issues of the organization and implementation of local self-government in the Russian Federation were improved, including state registration of the charters of municipalities, etc.

According to the amendments of 2017, the format of the work of local self-government bodies has changed. Now it is carried out through elected or other bodies of local self-government, which have separate state powers that are granted to them by federal or regional laws. Also, governors and deputies at all levels were empowered to change the status of urban districts, urban and rural settlements, bypassing the procedure of direct voting of the population.

In the Russian Federation, local self-government is exercised in the territories (municipalities), which are defined by law: urban, rural settlements; municipal areas; municipal districts, urban districts; urban districts with intracity division; intracity areas; and intracity territories of cities of federal importance.

Local self-government bodies and local self-government officials play a significant role in resolving issues of local importance. Local self-government is the representative body of the municipality, the head of the municipality, the local administration (executive and administrative body of the municipality), the control body of the municipality, other bodies and elected officials of local self-government provided for by the charter of the municipality and having their own powers to resolve issues of local importance.

The structure of local self-government bodies must necessarily include a representative body, the head of the municipality, and the local administration (executive and administrative body of the municipality); this does not apply to rural settlements, where the number of residents eligible to vote is less than 100 and the powers of a representative body are exercised by a gathering of citizens.

The procedure for the formation, powers, term of office, accountability, controllability of local self-government bodies, as well as other issues of the organization and activities of these bodies, are determined by the charter of the municipality. The names of the representative body of the municipal formation, the head of the municipal formation, the local administration (the executive and administrative body of the municipal formation) are established by the law of the constituent entity of the Russian Federation, taking into account historical and other local traditions.

The issues of local importance are resolved through the use of forms of direct implementation by the population of local self-government and forms of participation of the population in the implementation of local self-government. The economic basis of local self-government is constituted by the municipal property, funds from local budgets, as well as property rights of municipalities.

During the 30 years after the collapse of the USSR, we can see a complex, multistage process of formation of the organizational, economic, institutional, legal, and territorial foundations of Russian local self-government. In the 1990s, the country lost its territorial integrity, and now, a new, more effective territorial organization is

being created that does not contradict the federal foundations of the Russian state. On the contrary, the years of reforms have shown that the absence of a capable executive power cannot contribute to the development of federalism. The contradictions between the center and the regions, between the regions themselves, greatly hampered the economic revival, political stability, social guarantees for citizens, protection of human rights and freedoms (Bartsits 2019).

Understanding the above, it all defined the adoption of the amendments to the Constitution of Russia (2020), which state that "local self-government bodies and state authorities are part of the unified system of public authority in the Russian Federation and interact for the most effective resolving of problems in the interests of the population living in the relevant territory" (Clause 3 of Article 132).

## Constitutional Changes in the System of Governing Bodies

During the term of the Constitution, it was amended to provide for:

- Increasing the terms of office of the President to 6 years and the State Duma to 5 years (2008)
- The obligation of the Government to submit an annual report to the State Duma (2008)
- A merger of the Supreme Court and the Supreme Arbitration Court, exclusion of references to the Supreme Arbitration Court of the Russian Federation (2014)
- Expanding the powers of the President to appoint prosecutors (2014)
- Introduction to the Federation Council of additional representatives of the Russian Federation, appointed by the President of the Russian Federation, and constituting no more than 10% of the remaining members of the Federation Council (2014)
- In the Presidential Address to the Federal Assembly of the Russian Federation on January 15, 2020, the President of the Russian Federation V.V. Putin proposed the amendments to the Constitution of the Russian Federation concerning substantial changes in the political system and the work of the executive, legislative, and judicial branches. The amendments were made following the results of the all-Russian vote on 1 July 2020, and provide for enshrining in the Constitution the following provisions:
- Mandatory requirements (citizenship and residence period) for persons holding positions critical to ensuring the security and sovereignty of the country (the President of the Russian Federation; heads of the constituent entities of the Federation; members of the Federation Council; deputies of the State Duma; the Prime Minister, his deputies; federal ministers; heads of other federal bodies; judges). For candidates for the post of President of the Russian Federation, the requirements include the absence of foreign citizenship or a residence permit in another state, not only at the time of the elections but at any time before, as well as a permanent residence in Russia for at least 25 years;
- A unified system of public authority aimed at improving the interaction between state and municipal authorities (expanding and increasing the powers and real capabilities of local self-government)
- Social obligations (introduction of a minimum wage rate that cannot be lower than the subsistence minimum of the working-age population; regular indexation of pensions)
- The status and role of the State Council, which would provide an opportunity for a professional, comprehensive, and high-quality consideration of the most significant issues for citizens and the country
- On non-execution in the Russian Federation of decisions of interstate bodies contradicting to the Constitution of the Russian Federation
- Strengthening the role of the Constitutional Court: empowering the Court to verify the constitutionality of draft laws adopted by the Federal Assembly at the request of the President before they are signed by the head of state

## Conclusion

In Russia, the development of the system of state administration is aimed at increasing its

efficiency, resolving the challenges facing the state and society. The administrative reform, like a number of some other changes, carried out in Russia in recent decades, has led to visible improvements in the functioning of the state apparatus, the use of new management technologies in state regulation, and the provision of public services. Some of the problems remain relevant, and some are escalating in the time of increased global competition. In the face of growing geopolitical tension, to neutralize these threats, it is necessary to increase the efficiency of public administration, especially in the socioeconomic field, as well as to search for new sources of economic development to increase national competitiveness.

In this regard, the Russian public administration system is subject to special requirements from society and business structures for its functioning as a well-coordinated system of institutions belonging to various branches and levels of government. At the same time, the main elements of such a system should be active and permanent managerial relationships between citizens, the business, expert community and public authorities. This requires further administrative reformation of the state apparatus with all its elements and interconnections, as well as updating the relevant rules (norms) of state-official activities.

This presupposes the implementation of the following set of tasks for the development, first of all, of the system of Executive power:

1. Optimization of the structure and work process of federal executive bodies. First of all, it is necessary to carry out a significant reform of the structure of the state apparatus to exclude parallelism and duplication of functions of ministries, services, and agencies, as well as a more clear distribution of activities between federal structures. Over the years, the authorities have repeatedly tried to delimit the spheres of competence and interconnections between the Administration of the President of the Russian Federation, the Security Council of the Russian Federation, and the Government of the Russian Federation as well as optimize the functions of the President of the Russian Federation and the Government of the Russian Federation in the economic sphere (for example, the formation of a three-tier system of federal executive bodies authorities: "ministry – service – agency"). Over the years, the authorities have repeatedly tried to demarcate the spheres of competences and responsibilities between the Administration of the President of the Russian Federation, the Security Council of the Russian Federation, and the Government of the Russian Federation as well as optimize the functions of the President of the Russian Federation and the Government of the Russian Federation in the economic sphere (for example, the formation of a three-tier system of federa executive bodies: "ministry – service – agency"). However, the existing level of interface requires further "polishing" of administrative processes and combining them with new technologies that are broadly used by citizens and businesses.
2. It is necessary to improve the process of interaction between various institutions of power, to provide optimal conditions for the President of the Russian Federation to exercise his constitutional powers in order to ensure the coordinated functioning and interaction of public authorities, as well as to ensure the optimal mechanism for making state decisions. In addition to that, the strengthening of the subordination of the structures of the executive branch requires special attention.
3. Strengthening the procedures for responsibility of officials and civil servants. It is planned to legislatively establish exact criteria, principles, and procedures for determining the areas of responsibility for members of the Government of the Russian Federation to the President of the Russian Federation and the Federal Assembly (parliament) of Russia, as well as to strengthen the basic principles of responsibility in the public administration system.
4. For effective centralized management of the constituent entities of the Russian Federation, it is planned to reorganize and improve the system of federal districts and the functions of plenipotentiary representatives of the President of the Russian Federation. To solve this problem, it is proposed to legislatively establish a system for organizing territorial executive

bodies, taking into account the system of federal districts, universalizing the system of managerial, organizational, and other interconnections between the center and regions as well as a more definite delineation of the competence and powers of the federal center and the constituent entities of the Federation. At the legislative level, it is necessary to consolidate the principles and procedures for delineating the spheres of competence, responsibility, and accountability of territorial structures of federal executive bodies and executive bodies of the constituent entities of the Federation.

## Cross-References

► Russia, Administrative Reform

## References

Bartsits IN (2019) The system of state and municipal management: lecture course in 2 vol. Izdatel'skiy dom "Delo" RANEPA, Moscow. In Russian

Zanko TA (2016) Analysis of changes in the system and structure of federal bodies of executive power (2004–2016). Administrativnoye i munitsipal'noye pravo. No. 8. In Russian

# Russian Political System, The

Natalia Ermasova[1] and Maksim Mokeev[2]
[1]Public Administration, Governors State University, University Park, Chicago, IL, USA
[2]Department of Public Administration, The Stolypin Volga Region Institute of Administration, Russian Academy of National Economy and Public Administration, Saratov, Russia

## Synonyms

Form of government; Particular form of government; Set of government principles and laws; System of politics

## Definition

A coordinated set of principles, laws, ideas, and procedures relating to a particular form of government or the form of government itself. It is compared to the legal system, economic system, cultural system, and social systems.

## Introduction

Russia is a democratic federal republic with the president as the head of the state. Following the basic principles of democracy, the constitution provides for the separation of powers into legislative, executive, and judicial branches, which are to be independent. The executive power is split between the president and the prime minister, but the president is the dominant figure. The legislature is represented by the Federal Assembly of Russia. It has two chambers: the State Duma (the lower house) and the Federation Council (the upper house). The judicial power is vested in courts and administered by the Ministry of Justice. Unlike most of the contemporary republics, the president of Russia does not belong to the executive or any other branch of power, although he has enough authority to influence governmental activities. According to the *Constitution of the Russian Federation*, the president ensures coordinated functioning and interaction of all the bodies of state power.

### History of Establishment of Presidency in Russia

For the first time, the idea for establishment of presidency in our country gained the upper hand during the soviet "perestroika" in 1990 when the Office of the President of the USSR appeared. A short time later, the institution of presidency was introduced in Russian Soviet Federative Socialist Republic as a result of the all-Russian referendum. The status of the president had been significantly changed with the adoption of the Constitution of the Russian Federation in 1993 which proclaimed the president the head of the state.

The 12th of July 1991 become the day of the elections of the first *president of Russia*. Boris Yeltsin had held this position till 2000 when he had sent in his resignation and announced his successor Vladimir Putin. On December 31, 1999, he became acting president. On March 26, 2000, Putin was elected president of Russia and was inaugurated on May 7, 2000. On March 14, 2004, he was elected president of Russia for the second term. Since May 8, 2008, Vladimir Putin is a prime minister of Russia. Dmitriy Medvedev was president of Russia in 2008–2012. On March 4, 2012, Putin was elected president of Russia and inaugurated on May 7, 2012.

### Functions of President

The president's main function is to act as a guarantor of the constitution and of the rights and freedoms of humans and citizens. He takes measures to protect the sovereignty of Russia and determines the guidelines of the internal and foreign policies of the state.

The institution of presidency itself is sufficiently new for our country. Its evolution and development in Russia has been highly influenced by various national and historical features, such as stable tradition of strong individual power vested in tsars, emperors, and general secretaries in different periods of Russian history.

The president of Russia does not belong to the executive or any other branch of power, although he has enough authority to influence governmental activities.

The president is a guarantor of the constitution and of the rights and freedoms of humans and citizens. He takes measures to protect the sovereignty of the Russian Federation, its independence, and state integrity and ensures coordinated functioning and interaction of all the bodies of state power. He also determines the guidelines of the home and foreign policies of Russia and represents the Russian Federation within the country and in international relations.

Any citizen of the Russian Federation not younger than 35 years of age and with a permanent residence record in Russia of not less than 10 years may be elected president. The president is elected for 6 years on the basis of universal, equal, direct suffrage by secret ballot. One and the same person may not be elected president of Russia for more than two terms running.

When taking office, the president of the Russian Federation takes the following oath of loyalty to the people:

> I swear in exercising the powers of the President of the Russian Federation to respect and safeguard the rights and freedoms of human and citizen, to observe and protect the Constitution of the Russian Federation, to protect the sovereignty and independence, security and integrity of the State, to faithfully serve the people.

This oath is taken in a solemn atmosphere in the presence of members of the Council of the Federation, deputies of the State Duma, and judges of the Constitution Court of the Russian Federation.

### Authority of the President of Russia

The president of Russia possesses vast authority in government. By agreement with the State Duma, he appoints the chairman of the Government of the Russian Federation, appoints all the federal ministers, and decides on their resignation.

The president presents to the Council of the Federation candidates for appointment as judges of the Constitution Court, the Supreme Court, as well as a candidate for the post of the procurator-general of the Russian Federation, and appoints judges of other federal courts.

The president is also the commander in chief of the Armed Forces of the Russian Federation.

The president has certain powers in his relations with the legislative branch. Thus, he may introduce bills to State Duma, he has the right to veto laws adopted by the Federal Assembly, and he is also empowered to dissolve the State Duma in case it rejects three times the candidates for the post of the chairman of the government.

The president of the Russian Federation may cease to exercise his powers short of the term in case of his resignation, in case of stable inability to exercise the powers vested in him because of health reasons, or in case of impeachment.

The president may be impeached by the Council of the Federation only on the basis of the

charges of high treason or another grave crime, advanced by the State Duma and confirmed by the conclusion of the Supreme Court on the presence of the elements of crime in the actions of the president and by the conclusion of the Constitution Court confirming that the rules of advancing the charges were observed.

### The Parliament

The bicameral Federal Assembly makes federal law, approves treaties, declares war, and has the power of the purse. Both its chambers are located in Moscow. The legislative and representative body of the Russian Federation is the Federal Assembly. The Federal Assembly consists of two chambers – the Council of the Federation and the State Duma. The Federation Council of Russia is the upper house of the Russian Parliament. Created by the 1993 constitution, it acts as a voice of Russia's federated entities. The Council has explicitly stated that no political factions are to exist in the upper house. Unlike the State Duma, the Council is not directly elected. It consists of representatives of Russia's federal entities – each has two. One is elected by the entity's legislature; the other is nominated by the entity's head. The terms of the members are not nationally fixed but depend on the terms of the regional bodies that chose them.

### The Council of the Federation

The Council of the Federation includes representatives from each subject of the Russian Federation, while the State Duma is an elected chamber containing 450 deputies. The executive power in Russia is represented by the Government of the Russian Federation which consists of the chairman of the government, deputy chairman of the government, and federal ministries. The president of the Russian Federation appoints the chairman of the Russian Government with the consent of the State Duma.

Establishing the judicial power the Constitution emphasizes that justice in the Russian Federation shall be administered by courts alone. The judicial power in Russia is exercised by means of constitutional, civil, administrative, and criminal proceedings. The fundamental institutions of the Russian judicial system are the Constitution Court and the Supreme Court of the Russian Federation. The Constitution Court plays the major role in the whole system of government as it considers cases on the correspondence of legislation and regulations at all levels of government to the Constitution of the Russian Federation.

The Constitution establishes certain provisions for the mechanism of "checks and balances" to be put into effect. Thus, the president may veto laws adopted by the Federal Assembly, but the majority of two thirds of the total number of the members of the Council of the Federation and of the deputies of the State Duma can override the veto.

The President of the Russian Federation presents to the Council of the Federation candidates to be appointed as judges of the Constitution Court, the Supreme Court, as well as a candidate for the post of the procurator-general of the Russian Federation and appoints judges of other federal courts.

He is also empowered to dissolve the State Duma in case it rejects three times the candidates for the post of the chairman of the government. At the same time, the jurisdiction of the State Duma includes bringing an accusation against the president of the Russian Federation for his impeachment.

### The State Duma

The term Duma comes from the Russian "dumat" ("to think"). Compared to some European democracies, the Russian Duma is quite a youngster. Founded in 1906, it did not survive the 1917 revolution. But it bounced back in 1993, when Russia's first president, Boris Yeltsin, introduced a new constitution. The State Duma may also express no confidence to the Government of the Russian Federation, and the president shall be free to announce the resignation of the government or to reject the decision of the State Duma. In case the State Duma again expresses no confidence to the government during 3 months, the president may accept this or dissolve the State Duma.

As a federal state, the Russian Federation consists of 85 regions called "subjects (jurisdictions) of federation." These are republics, krais (territories), oblasts (regions), autonomous okrugs

(areas), and three cities of federal importance – Moscow, St. Petersburg, and Sevastopol (since 2014).

The subjects of federation are declared to be equal. They are empowered to adopt their own legislation within the frameworks determined by the Constitution. They also establish their own systems of regional government independently though in a strict accordance with the principles of the constitutional system of Russia.

The Judiciary

Three types of court make up the Russian judiciary:

- The courts of general jurisdiction (including military courts), subordinated to the Supreme Court
- The arbitration court system under the High Court of Arbitration;
- The Constitutional Court (as well as constitutional courts in a number of federal entities)

The municipal court is the lowest adjudicating body in the general court system. It serves each city or rural district and hears more than 90% of all civil and criminal cases.

## Conclusion

Russia is a federal presidential republic where the executive power is split between the *president* of the Russian Federation and the prime minister, but the president is the dominant figure. According to *Constitution of the Russian Federation*, the state power in the Russian Federation is exercised on the basis of its division into legislative, executive, and judicial power. The bodies of legislative, executive, and judicial power are independent. The legislature is represented by the Federal Assembly of Russia. The judicial power is vested in courts and administered by the Ministry of Justice.

## References

Constitution of the Russian Federation. http://www.constitution.ru/en/10003000-01.htm

# S

## Same-Sex Marriage as Social Policy

Jaegoo Lee
Jackson State University, Jackson, MS, USA

### Synonyms

Opposite-sex couple: heterosexual couple; Same-sex couple: homosexual couple, gay, and lesbian couple; Sexual orientation: gender identity; Statutory language: lawful, legal, or judicial language

### Definition

*Marriage* is much more than a permit allowing two individuals to make a commitment to each other or a legally sanctioned contract between a husband and wife. Under a marriage contract, the legal status of both parties gives the husband and wife new rights and obligations as well as benefits, such as tax relief, medical decision-making power, and state spousal benefits. Until the recent Supreme Court ruling, the term *marriage* was restricted to the legal union of a man and woman.

*Same-sex marriage* refers to a legally recognized marriage between two spouses of the same gender, having the same rights and benefits as legally married opposite-sex couples.

*Civil unions* are legally recognized unions of a same-sex couple with rights similar to those of an opposite-sex married couple.

*Domestic partnerships* are a form of relationship that gives limited state rights to both same-sex and opposite-sex couples who live together but wish to remain unmarried.

### Introduction

After decades of states' resistance to allowing individuals of the same sex to marry, on June 26, 2015, the US Supreme Court finally ruled that marriage is a constitutional right protected by the 14th Amendment. States could no longer deny any couple that right, including same-sex couples (Liptak 2015). Such ruling concluded the debates on not only the human right of same-sex couples but also the definition of marriage as an intimate relationship. Due to the legal definitions of marriage and spouse, same-sex couples faced a challenge to marry and form a family. Such challenge to same-sex couples was resolved by the 2015 Supreme Court decision.

The revolution of same-sex marriage as social policy based on the 2015 US Supreme Court's ruling implies that the definition of marriage has been changed. The court has always thought of marriage as both an individual right and a positive social good – as the foundation of the family and

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

of society. However, legalizing same-sex marriage represented that love and intimacy is more important to form a family, and sexuality is not the basis of forming a legal marital union. As a result, same-sex couples are granted the rights and obligations of a legal couple regardless of sexuality.

## Brief History of Same-Sex Marriage

While the civil rights campaign took place in the 1960s, the public national discussion on same-sex marriage first began in 1993 when the Hawaii Supreme Court ruled that laws denying same-sex couples the right to marry violated state constitutional equal protection rights unless the state could show a "compelling reason" for such discrimination (Baehr v. Lewin 1993; Karger and Stoesz 2013). The ruling led to federal actions, as well as actions by several states, to restrict marriage to opposite-sex couples, in particular the Defense of Marriage Act (DOMA 1996). After Hawaii's decision raised the possibility that states could recognize same-sex marriage, 32 state legislatures adopted statutory language that defined marriage as a relationship between a man and a woman. Nebraska adopted a constitutional provision limiting marriage to relationships between a man and a woman. As a result, 40 states had statutory and/or constitutional provisions limiting marriage to opposite-sex couples by the end of 2000 (Karger and Stoesz 2013).

Starting in 2000, some states began recognizing same-sex relationships. For example, Vermont approved landmark legislation to recognize civil unions between same-sex couples, granting them virtually all the benefits, protections, and responsibilities that married couples have under Vermont law. The Vermont legislation was a result of the state Supreme Court ruling in Baker v. Vermont (1999) that said same-sex couples are entitled, under the state constitution's "Common Benefits Clause," to the same benefits and protections as married opposite-sex couples (Goldberg 2000). The court ruled that the Vermont General Assembly must decide how to provide these benefits and protections, either by legalizing marriage for same-sex couples or by establishing an alternative system. The Vermont General Assembly decided to preserve marriage as the "legally recognized union of one man and one woman," but at the same time created a parallel system, civil unions, for same-sex couples that went beyond existing "domestic partnership" and "reciprocal beneficiaries" (Baker v. Vermont 1999).

From then to 2015, various lower court decisions, state legislation, and popular referendums legalized same-sex marriage to some degree in 38 of the 50 US states, in the US territory Gaum, and in the District of Columbia. As a result of the Massachusetts Supreme Judicial Court ruling in Goodridge v. Department of Public Health (2003), the state of Massachusetts became the first state to legalize marriage for same-sex couples. In 2003, the Massachusetts Court ruled that it was unconstitutional under the Massachusetts constitution to allow only opposite-sex couples to wed. The court concluded, "Segregating same-sex unions from opposite-sex unions cannot possibly be held rationally to advance or preserve" the governmental aim of encouraging "stable adult relationships for the good of the individual and of the community, especially its children" (Burge 2003). Under this decision, the state of Massachusetts legalized same-sex marriage to begin issuing marriage licenses to same-sex couples on May 17, 2004.

In the same year, the US Supreme Court ruled in Lawrence v. Texas (2003), which was a landmark decision by the US Supreme Court (McBride 2006). The Court struck down the sodomy law in Texas and, by extension, invalidated sodomy laws in 13 other states, making same-sex sexual activity legal in every US state and territory. Since then, several states enacted a state law providing civil unions to same-sex couples, including Connecticut (2005), New Jersey (2006), and New Hampshire (2007). Such approach shows the redefining of marriage. For example, the New Jersey Supreme Court ordered the legislature to redefine marriage to include same-sex couples or to establish a separate legal structure, such as civil unions, to give same-sex couples the same rights as opposite-sex marriage couples (Lewis v. Harris 2006). The New Jersey legislature chose to create civil unions in 2007,

which gave same-sex couples the same legal rights as married, opposite-sex couples. Until 2009, a few state Supreme Courts ruled that same-sex couples should have the right to marry and that a ban against same-sex marriage was in violation of the equal protection clause in the state constitution. In 2009, the Connecticut General Assembly passed a statute allowing same-sex marriage and ending civil unions (Connecticut General Assembly 2015).

The pace of state legislative action quickened in 2012 in several states, including Washington, New Jersey, Maryland, and Maine. For example, the Washington state legislature and governor approved legislation establishing same-sex marriage, and then the law and same-sex marriages began on December 6, 2012. Such legislative actions supporting same-sex marriage continued in 2013. Delaware passed same-sex marriage legislation, and Governor Markell signed the bill into law. The law converted civil unions to marriage, and recognized civil unions and same-sex marriage from other jurisdictions (Ramseyer 2013).

In 2013, the US Supreme Court overturned a key provision of DOMA, declaring part of it unconstitutional – the provision of DOMA, passed in 1996, that limited federal recognition of marriages to different-sex couples. The Windsor v. United States ruling prompted an unprecedented wave of lawsuits in every state where same-sex couples were not permitted to marry (Windsor v. United States 2013). After numerous rulings in these cases affirming the right of same-sex couples to marry in a series of states, the Supreme Court's June 2015 decision meant that same-sex couples could marry anywhere in the country.

In addition to the legislation at the state level, the US Supreme Court decided to challenge the federal DOMA law that limited over one thousand federal benefits to marriages defined as a relationship between a man and a woman. It ruled that the restriction violated equal protection and due process for married same-sex couples. The decision emphasized the dominance of state law defining marriage and required the federal government to recognize same-sex marriages granted under state law.

## Marriage as a Fundamental Right

As the 2015 US Supreme Court concluded the decades-long debate or battle over same-sex marriage, the decision confirmed that same-sex marriage is a fundamental human right regardless of sexuality. The US Court has always thought of marriage as both an individual right and a positive social good as the foundation of family and of society (Goetting 2013). The right to intimate association for same-sex couples – protecting the dignity of same sex relationships from the stigma of criminal prosecution – does point toward the fundamental right of the people to marry (Goetting 2013). Accumulated US Court cases such as Romer v. Evans (1996), Lawrence v. Texas (2003), and Windsor v. United States (2013) have confirmed that same-sex couples are meant to be included more fully and equally into the same constitutional protections. Finally, Judge Anthony M. Kennedy, citing Loving v. Virginia case (1967), argued that marriage is a foundational right to all people regardless of gender or sexual orientation:

> A first premise of the Court's relevant precedents is that the right to personal choice regarding marriage is inherent in the concept of individual autonomy. This abiding connection between marriage and liberty is why Loving [v. Virginia] invalidated interracial marriage bans under the Due Process Clause. (Obergefell v. Hodges 2015, p. 12)

> A second principle in this Court's jurisprudence is that the right to marry is fundamental because it supports a two-person union unlike any other in its importance to the committed individuals. (Obergefell v. Hodges 2015, p. 13)

## Marriage No Longer Tied to Sexuality but Now Tied to Love

The long discussion between states and same-sex couples to form legal marriage came to conclude that marriage is no longer inherently tied to sexuality or sexual orientation. US District Court Judge Wright Allen came to a similar conclusion in her ruling against Virginia's banning of same-sex marriage (Harris v. Rainey 2014). The judge argued that gay and lesbian individuals, like

heterosexuals, should have the same legal rights to form a marriage based on intimate emotional connections:

> Gay and lesbian individuals share the same capacity as heterosexual individuals to form, preserve and celebrate loving, intimate and lasting relationships. Such relationships are created through the exercise of sacred, personal choices – choices, like the choices made by every other citizen, that must be free from unwarranted government interference. (Harris v. Rainey 2014, pp. 22–23)

Judge Allen concluded that the legal definition of marriage should be based on romantic or emotional ties by making connections to the 1967 Loving v. Virginia Supreme Court ruling. The 1967 Supreme Court decision ruled in favor of Mildred and Richard Loving and struck down Virginia's ban on interracial marriage, in citing the equal protection clause of the 14th Amendment to the US Constitution. Also citing the 14th Amendment as a basis for her ruling, Judge Allen made an even stronger connection between her ruling and the previous 1967 case. As a preface to her ruling, Judge Allen quoted the speech that Mildred Loving delivered on the 40th anniversary of the Loving v. Virginia decision:

> . . . not a day goes by that I don't think of Richard and our love, our right to marry, and how much it meant to me to have that freedom to marry the person precious to me, even if others thought he was the "wrong kind of person" for me to marry. I believe all Americans, no matter their race, no matter their sex, no matter their sexual orientation, should have that same freedom to marry. Government has no business imposing some people's religious beliefs over other . . .. (Harris v. Rainey 2014, p. 1)

Judge Kennedy again made connections to the *Loving* case to conclude that marriage is an event between two persons regardless of sexuality: Commitment to marriage is more important than sexuality. Both Judge Allen and Judge Kennedy concluded that the legal definition of marriage should be based on romantic or emotional ties. More importantly, the ruling by Judge Allen, like the Iowa Supreme Court decision, is a rising indication that the legal definition of marriage is changing in response to the institutional and structural changes.

The 2015 decision implied the redefining of marriage from a relationship between one man and one woman to a relationship between two persons, including a relationship between diverse compositions of gender or sexual orientation. In addition, the decision confirmed the change of the legal marriage definition would be based on romantic or emotional ties. Again, this decision presented that the legal definition of marriage does not imply an ability, desire, or premise to procreate. Such decision indicated the importance of a relationship to form a family rather than other functions of marriage. As marriage has become more of a partnership based on romance and love, then the focus is on a collaborative partnership more than on maintaining distinct, separate roles for husbands and wives. If distinct gender roles are no longer inherently required in a marriage, it appears logical that a marital partnership based on romance is not inherently linked to heterosexuality:

> . . . That is not to say the right to marry is less meaningful for those who do not or cannot have children. An ability, desire, or promise to procreate is not and has not been a prerequisite for a valid marriage in any State. In light of precedent protecting the right of a married couple not to procreate, it cannot be said the Court or the States have conditioned the right to marry on the capacity or commitment to procreate. (Obergefell v. Hodges 2015, pp. 15–16)

## Marriage as Key Stone in the Society

Judge Kennedy argued that same-sex marriage can contribute to a society as a legal union: "No union is more profound than marriage, for it embodies the highest ideals of love, fidelity, devotion, sacrifice, and family. In forming a marital union, two people become something greater than once they were (Obergefell v. Hodges 2015, p. 33)." It appears that the judge responded to same-sex couples' argument regarding their beliefs on marriage. According to Judge Kennedy, same-sex couples have demonstrated that

marriage embodies a love that may endure even past death. It would be a misunderstanding to say that these men and women disrespect the idea of marriage. They do respect it so deeply that they seek to find its fulfillment for themselves. Their hope is not to be condemned to live in loneliness, excluded from one of civilization's oldest institutions. They ask for equal dignity in the eyes of the law. The 2015 Court decision grants them that right as expressed below:

> Fourth and finally, this Court's cases and the Nation's traditions make clear that marriage is a key stone of our social order . . . There is no difference between same- and opposite-sex couples with respect to this principle. Yet by virtue of their exclusion from that institution, same-sex couples are denied the constellation of benefits that the States have linked to marriage. This harm results in more than just material burdens. Same sex couples are consigned to an instability many opposite-sex couples would deem intolerable in their own lives. As the State itself makes marriage all the more precious by the significance it attaches to it, exclusion from that status has the effect of teaching that gays and lesbians are unequal in important respects. It demeans gays and lesbians for the State to lock them out of a central institution of the Nation's society. Same-sex couples, too, may aspire to the transcendent purposes of marriage and seek fulfillment in its highest meaning. (Obergefell v. Hodges 2015, pp. 16–17)

## Conclusion

Under the ongoing debates surrounding same-sex marriage, the US Supreme Court ruled that same-sex marriage is legal: No matter their gender or sexual orientation, people can marry whomever they love. As a result of the same-sex marriage ruling, it is obvious that the definition of marriage has changed, specifically that marriage is not related to sexuality and more weight is placed on love to form a family legally, it is consistent with fundamental values of marriage, and the same legal rights are provided to both same-sex couples and opposite-sex couples. This shows the functional and legal changes in defining legal marriage. Legal conditions affect how people live their lives. As society has begun to treat same-sex couples more like opposite-sex couples, it could be that the differences between the two groups have narrowed. Some people still have questions about whether marriage will have the same stabilizing effect on same-sex couples and their families that we have seen with opposite-sex couples. Still, people want evidence that same-sex couples have a strong desire to be married based on love and emotional ties and have views about the purpose of marriage that are similar to those of the opposite-sex population.

## References


Baehr v. Lewin, 74 Haw. 530, 852 P.2d 44 (1993)

Baker v. Vermont, 744 A.2d 864 (Vt. 1999)

Burge K (2003, November 18) SJC: gay marriage legal in Mass. The Boston Glove. Retrieved from http://archive.boston.com/news/local/massachusetts/articles/2003/11/18/sjc_gay_marriage_legal_in_mass/

Connecticut General Assembly (2015, April 11) Chapter 815e Marriage Sec.46b-20. Definitions. Retrieved November 25, 2016 from https://www.cga.ct.gov/current/pub/chap_815e.htm

Defense of Marriage Act (1996)

Goetting N (2013) Gay marriage is a fundamental right. Natl Lawyers Guild Rev 70:137–144

Goldberg C (2000, February 10) Vermont panel shies from gay marriage. New York Times. Retrieved February 2, 2016 from http://www.nytimes.com/2000/02/10/us/vermont-panel-shies-from-gay-marriage.html

Goodridge v. Department of Public Health, 440 Mass. 309, 798 N.E.2d 941 (Mass. 2003)

Harris v. Rainey, Civil Action No.: 5:13cv00077 (2014)

Karger HJ, Stoesz D (2013) American social welfare policy: a pluralist approach, 7th edn. Pearson, Boston

Lawrence v. Texas, 539 U.S. 558. (2003)

Lewis v. Harris, 188 N.J. 415; 908 A.2d 196 (N.J. 2006)

Liptak A (2015) Same-sex marriage is a right, Supreme Court Rules, 5–4. The New York Times. Retrieved June 2, 2016 from http://www.nytimes.com/2015/06/27/us/supreme-court-same-sex-marriage.html?_r=0

Loving v. Virginia, 388 U.S. 1 (1967)

McBride A (2006) Landmark Cases: Lawrence v. Texas (2003). Retrieved from http://www.pbs.org/wnet/supremecourt/future/landmark_lawrence.html

Obergefell v. Hodges, 576 U.S. ___ (2015)

Ramseyer L (2013, May 7) Delaware becomes eleventh state to legalize marriage equality. Pam's House Blend. Retrieved from https://shadowproof.com/2013/05/07/delaware-becomes-eleventh-state-to-legalize-marriage-equality/

Romer v. Evans, 517 U.S. 620 (1996)

Windsor v. United States, 570 U.S. ___ (2013)

# Sampling Methods in Public Administration Research

Mirko Pečarič
Faculty of Public Administration, University of Ljubljana, Ljubljana, Slovenia

## Synonyms

Sampling rate; Sample rate; Sampling frequency; Sampling distribution

## Definition

Sampling methods are techniques in which studied variables or items are selected at random from a population and then used to make inferences on the whole population.

## Introduction

Provided that regulation is one definition of control (Merriam-Webster 2016), it is possible for regulators to be more objective if they have better "control over control" and if they better understand the "meta-importance of control" in the management of public affairs. If we want to analyze the administration's decision-making, special emphasis should be given on the decision's element of control that is present in all the elements (planning, doing, acting) of decision cycle. Given the fact that regulations/future decisions are mostly done by inductive inferring from the past cases on a whole regulated population, this practice must base its decisions on evidence. A focus should be given on the estimation of cases' probabilities in regulated areas through which administrators could talk about the established degrees of control. With this goal in mind, the following lines will address a fundamental difference between the (non)probability sampling plans as the methods of obtaining evidence in the frame of uncertainty and chance. Without being properly elaborated, public (or private) decisions cannot be taken for granted in the context of numerous facts, information, people, and actions. Under these conditions, the classical/logical/intuitive ways of decision-making cannot consistently address complex phenomena. Among factors that can be considered in such conditions are the number and relative size of items (sampling units) in a regulated population, the risk of error, the statistically (tolerable) rate of deviation, stratification, and value-weighted selection. All these notions are tightly connected to control which can be administrated through sampling methods that base their decisions on professionally obtained and analyzed data.

Research based on a population's sample is nowadays commonly accepted approach for the collection of statistical data (Kalton and Vehovar 2001) and the aspect that hardly any approach to psychology and behavioral science can miss or evade (Fiedler and Juslin 2006). Despite this, the role of sampling is not so commonly present in public administration and many times confused with taking individual samples. Samples used in social and commercial surveys are usually less random (often by design) than many people realize. Unless it is understood, this "non-randomness" can compromise the conclusions drawn from the data (Dorofeev and Grant 2006). Decision-makers should be acknowledged with the traps of nonrandom data collection in regulation. Inferences about the population's sample size should be known in advance, so in the following parts, sampling and its methods will be presented to encourage decision-makers for the use of sampling in the administration of public affairs.

## Public Services Can Be Evaluated Through the Quality Control

The ultimate goal of public services is not only to ex post determine the successfulness of rules/services through the review and elimination of "bad" examples but primarily to achieve the ex ante compliance of rules'/services' results with the former. Quality control (QC) must be "implanted" in the administrative *system* as such,

and not (only) in a product/service. Quality cannot be ensured only in the ex post process of review, because it does not address quantity, but a degree of value, i.e., acceptability that must be nonstop present in monitored units. QC is a management technique or group of techniques that ensures the equal and acceptable quality of products/services. Its aim is to establish cost−/value-justified quality standards that are acceptable for administrators and citizens, to analyze trends and the extent of deviation from quality, as well as to find causes for deviations using statistical techniques, to introduce necessary corrective measures to maintain quality at a certain level, and to avoid services with unacceptable quality. QC must not only ensure but keep up certain requirements of a rule/service. It is necessary to establish standards for the latter, delegate a controlling unit, appoint supervisors/examiners, and implement and manage a whole organization toward the wanted results.

Because statistics is the science of collecting, measuring, analyzing, and interpreting masses of facts, it is the "natural candidate" for ensuring the quality of products/services. Statistical QC is used as a technique for using statistical methods based on mathematical *probability* theory (Savage 1954). The aim of using probability theory in sampling is to ensure the equal, representative, and appropriate level of quality standards and to maintain these standards in the most economical way. Statistical methods are based on probability and can assist other procedures that also try to ensure quality in an institution's activities. The former serves for the faster, more objective detection and determination of problems (risk assessment through the representative and random sampling), but it is not reasonable to introduce them to practice if there is no system to manage them (risk management).

## Sampling

Quality control means the use of *statistics* (as inductive reasoning) and *probability* in sampling techniques to determine a level of risk. Likewise, a regulator (as the controller) could apply QC methods to obtain an entire set of data (100% testing or census) or may choose to draw conclusions about the entire set of data (population) from a representative sample of items selected from the data: this procedure is called *sampling.* Due to the lack of time, limited resources, and workload, priorities are created among different goals. Sampling is the application of control procedures to the less than 100% of items within a relevant population so that all units have a chance of selection to provide the auditor a reasonable basis on which conclusions on the entire population can be made. A statistical sampling includes the *random* selection of representative number of sample items, and the use of probability theory to evaluate the sample results, including the measurement of sampling risk (a sampling approach that does not have these characteristics is nonstatistical sampling and should be used with caution). This allows the auditor to determine the sample size, evaluate the results quantitatively, estimate the sampling risk, and thus draw conclusions about the whole population. Sampling requires the use of professional judgment in the planning, testing, and evaluation stages. A controller must always carefully consider whether a nonstatistical sample provides a reasonable basis for drawing conclusions about the population from which they were drawn. Sampling is used in a variety of fields, including for the management and administrative purposes. Samples are dealt with by a special branch of statistics, i.e., inferential statistics.

### Sampling Methods

A population is usually too large for the examiner to survey all of its members/parts. In such cases, a smaller sample can be used to represent the population. A probabilistic sample has to obey quite a simple procedure and does not need carefulness (as the nonrandom samples) to reflect the characteristics of the population from which it is drawn. Control by the collection of samples (sampling inspection) involves a random check of a relatively small number of items from series; based on the sampling results, a decision is made about the acceptance or rejection of the series. Samples can be probabilistic (each has an equal chance of

being selected) or non-probabilistic ((a) goal-oriented, participants with certain properties or quota sampling; (b) ad hoc, voluntary participation within the judgment and snowball sampling). Within the former, each item in the population has a known non-zero probability of being selected (because of the known representative sample number vis-à-vis the total population), while in the latter, items are selected from the population in different nonrandom manners. "The advantage of probability sampling is that sampling error can be calculated. Sampling error is the degree to which a sample might differ from the population" (StatPac, Inc. 2004). Only probability samples can be used for statistical inferences that are the basis for the calculation of confidence intervals.

The best-known sampling models are *simple random sampling with repetition* (the same part can be taken into consideration several times, they all have the same probability of selection, components are mutually independent) and *without repetition* (the same part cannot be taken into consideration more than once, samples are mutually dependent; if the same unit is selected more than once, it may only be used the first time). The choice is a combination of sample size ($n$) from the total number ($N$) and a determination of a threshold for the toleration of mistakes ($m$) or the rejection ($r$) of the sample. There are three types of acceptance sampling plans in general use: single, double, and sequential. To avoid more or less difficult calculations of the values and probabilities for the inspection of attributes, tables with already made calculations can be used, such as the ANSI or AQL (acceptance quality level) military standard table MIL-STD 105E, or other commercial standards. For each amount, the acceptable % of defects can be determined, and then a table gives errors that are (not) acceptable.

*Systematic sampling* is a type of probability sampling method that can be used instead of random sampling (it is also known as the Nth selection technique). After the required sample size ($n$) has been calculated, every Nth item (k) must also be calculated from a whole sheet of population units (N). It is named the sampling interval or simply "skip." It is calculated as $k = N/n$. The advantage over the first technique can be found in its simplicity and the equal probability of selection, although here every possible sample of a certain size does not have an equal chance of being chosen (in the first, the probabilities are the same for each unit, while in the second, they are focused on every Nth unit). Within this method, "sample members from a larger population are selected according to a random starting point and a fixed periodic (sampling) interval. . .is calculated by dividing the population size by the desired sample size. Despite the sample population being selected in advance, systematic sampling is still thought of as random if the periodic interval is determined beforehand and the starting point is random" (Investopedia 2016). Because every Nth element is selected, it is advisable that $N$ is homogenous, i.e., that it does not contain any hidden order by which units are selectively placed on the sheet. If this condition is met, this sampling method resembles the first.

In addition to simple random sampling with which estimates of the population's parameters are the most unbiased, and systematic sampling where each Nth unit is taken based on a pre-established rule, there is also *random stratified sampling* (stratum – a layer; a population that is usually quite varied is divided into homogeneous subgroups, and from them the simple random and/or systematic patterns are formed within groups) as an extension of random sampling, where the population is divided into separate groups, and then a random selection of units from the group is made. After the sample size $n$ is determined, the size is allocated between strata so that each stratum has the same number of units in the sample (even allocation) or the number of units is selected proportionally given the stratum's size in the sample. Based on all the above-given sampling contents, a procedure is proposed that can be tested and subjected to the expert assessment (Fig. 1).

There is no objective certainty; it is therefore crucial that data collection and sampling techniques are carefully chosen for an overall estimation of some field and/or regulation. The model is a reasonable basis for the implementation of control over a specific institution that needs to fill its data into a sampling process. The obtained result

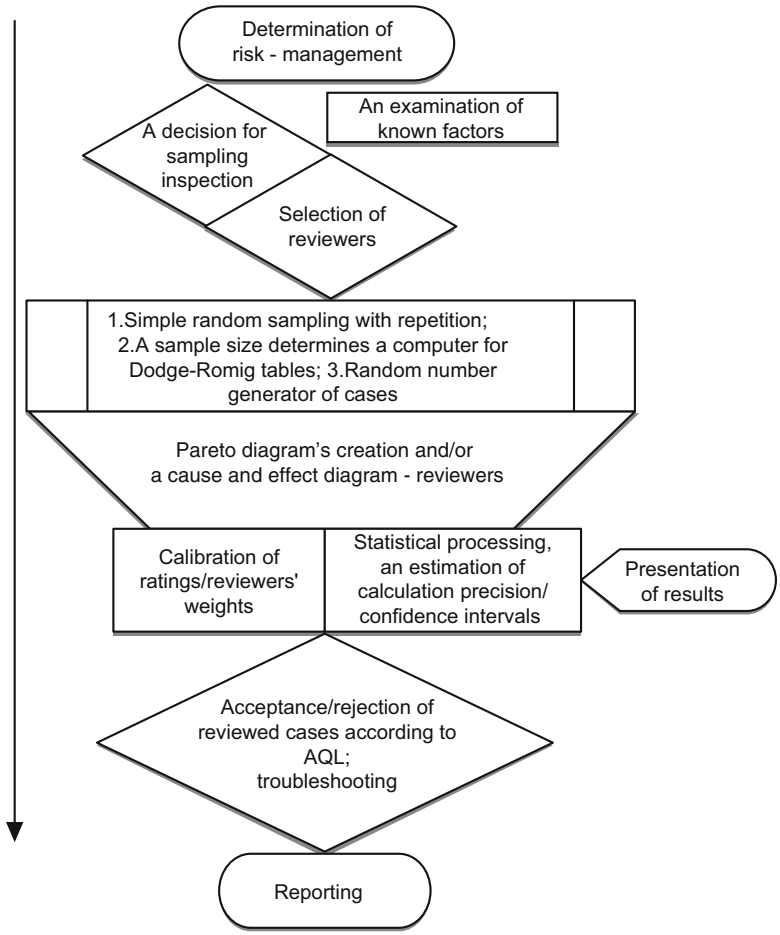


**Sampling Methods in Public Administration Research, Fig. 1** Sampling method (Source: own construction)

of acts' general correctness can give us only the sample's general correctness or the whole group's correctness (to which can be inferred with a certain confidence interval) with no specifics about each tested case or what should be done with it. The system of QC can be better determined from the examination of samples vis- à-vis the classical elimination of errors in adjudication through the normal channels (amendments of a program, a circular with the indication of errors and their solutions) and determination of new regulatory/service foundations.

## Use Sampling with Caution for the Future Cases

Statistical models can be used for the past (adjudication, the testing of hypotheses, explanation) that indicate the strength of relationship (in-sample strength-of-fit) or for the future (regulation, prediction) in which the accuracy of out-of-measurable-sample predictive power can be estimated. For the first methods, the regression analysis (the coefficient of determination or $R^2$) and structural equation models (chi-squared, Akaike information criterion) can be used, while for the second, the predictive analytic tools can be utilized (all statistical models, machine learning, and data mining algorithms that can produce predictions, like the k-nearest neighbor algorithm, random forest, decision tree learning (CART), Monte Carlo method, or Bayesian networks) (Shmueli et al. 2017). A further step from sampling toward the better future decisions is the so-called field of business analytics or data mining.

Regulation is future-oriented, and because of this fact, experts (if they/there are) cannot solve all

problems alone. Adjudication is based on causation and regulation on association. The first is focused on the correct findings of facts, while the second on the probability of emergence of predicted events (the grouped, measured, and averaged data); the first reduces bias, the second captures variance. Regulation should be more based on the extraction of information from the large(r) data sets and a variety of data structures. Alternative dispute resolution is also more forward-looking activity than classic adjudication, so for both parts, there must be found a method that could build its solutions on more numerous and different data.

Without knowledge of the fundamental principles of sampling, the design and analysis of probabilistic models not only suggest greater prudence with their use but no use at all. Sampling errors can reduce or even eliminate the usefulness of results. In the worst case, risks may be even higher than before. Population units should have probabilities known in advance (greater than zero, they can be the same for all or different between units) for the inclusion of units in probability samples. A non-probability sample does not have a known probability (this is its main disadvantage). Inferences from a sample concerning the population can only be made if a probability sample is created by sampling techniques.

## Conclusion

Transparency is a basic ingredient for democratic accountability; the known methods and information that were used to establish the facts are not only an essential part of the decision-making process and the explanation of decisions but also of the evaluation of a decision (and its explanation) by the public. The latter should know how risks were established. This chapter will, therefore, deal with one of the ways by which risks/probabilities can be established, i.e., by using sampling methods. Although regulation encompasses policy choices and values, regulators should strive to establish reality as far as objectively as possible, because they do not only decide on an individual's right or obligation but regulate the rights or obligations for larger groups or the whole society. The representative and random sampling, probability, and statistical analyses of samples are usually absent in draft regulations, despite the importance of legal rules on the whole population. It is advisable to have rules that can more objectively embrace today's more and more complex relations in societies. Regulators must understand peoples' fears, how they respond to risks, and how they should act and manage those risks, while people should understand the regulators' intentions, reasons, means, and tools to achieve goals. And this two-way understanding in the highly technological, modernized, and ever-changing world can be more fully embraced if inferences are made through *deliberation* with stakeholders and by using *probability* statements. The more the latter is subjective, the greater the need to engage with the first. Research based on a sample ($n$) of a population ($N$) is nowadays a widely accepted approach to data collection, and there is no reason not to use this technique in regulation and adjudication in the public administration. Within the first, public administrations can obtain more objective, unbiased, and representative data on the factual states that are a subject of their interest to prepare draft rules for the most relevant – and thus also effective and efficient – level possible. Within the second, application of sampling methods can give similar results vis-à-vis the legality (% of illegality, of the level of confidence) of individual legal decisions in administrative procedures.

The main statement from the introduction of this paper cannot be – despite the cited works from the fields of statistics, psychology, and behavioral science – confirmed (because it was not statistically framed in relations and tested), but it should be nevertheless followed in implementation. Regulation *can* be more objective and representative if regulators use probability sampling in regulatory processes; this approach can confirm the paper's statement in the presence of better results compared with past situations. This paper is an appeal for the more systemically oriented public institutions that will base their decisions on

more professionally obtained and analyzed data. If public institutions systematically plan control, people will not see it as part of authoritative, repressive practices, but as an essential factor for the quality assurance and redefinition of their lives.

## References

Dorofeev S, Grant P (2006) Statistics for real-life sample surveys: non-simple-random samples and weighted data. Cambridge University Press, Cambridge

Fiedler K, Juslin P (eds) (2006) Information sampling and adaptive cognition. Cambridge University Press, Cambridge

Investopedia (2016) Systematic sampling. Retrieved, 20 Oct 2016, from https://w.graphiq.com/w/20n7ua4v7kF

Kalton G, Vehovar V (2001) Vzorčenje v anketah. FDV, Ljubljana

Merriam-Webster (2016) Definition of CONTROL. Retrieved, 18 Oct 2016, from http://www.merriam-webster.com/dictionary/control

Savage LJ (1954) The foundations of statistics. Wiley, New York

Shmueli G, Bruce PC, Stephens ML, Patel NR (2017) Data Mining for Business Analytics: concepts, techniques, and applications with JMP pro. Wiley, Hoboken

StatPac, Inc (2004) Survey sampling methods. Retrieved from http://www.statpac.com/surveys/sampling.htm

# School Bureaucracy

Nevbahar Ertas
Department of Political Science and Public Administration, University of Alabama at Birmingham, Birmingham, AL, USA

## Definition

Refers to the administrative systems governing the public school systems.

## Synonyms

Bureaucracy in school systems; Education bureaucracy; School administration

## Introduction

Bureaucracy is the dominant administrative system governing large institutions, including schools in the United States' (US) education system. Public education is the largest category of state and local spending in the United States and consequently the nation's largest bureaucracy. In fact, Meier et al. (1999) noted that "the model bureaucrat is more likely to grade papers in Des Moines than shuffle them in Washington" (p. 1027), referring to school systems being the largest public sector employers in the country.

The purpose of this entry is to provide a concise overview of bureaucratic features of schools and education systems, focusing on school bureaucracy in primary or secondary education in the United States. The discussion contains a concise review of public administration scholarship related to education in general and school bureaucracy in particular. Finally, the entry concludes with an overview of the nature and role of school bureaucracy in the context of education reform.

## Public Education as a Bureaucracy

In the United States, education is primarily the responsibility of state and local governments. The federal US Department of Education finds its origins in 1867 but did not become a Cabinet-level agency until 1980. The department was originally established to collect information and statistics on schools to assist states. Over time, the federal involvement in education has expanded. In addition to collecting information, the department provides policy guidance by identifying problem areas in education and enforcing civil rights statutes to ensure equal educational opportunity for all students. Lastly, the federal department administers distribution of about 8% of funds to elementary and secondary education and monitors their use. The rest of the financial support is provided by state and local governments, primarily through local property taxes.

Each state has its own State Department of Education, led by a state board of education

and a chief state school officer. Relying on state's constitution and statutes, state education departments interpret and facilitate the development of educational legislation regarding finance, personnel, student conduct, and curriculum and implement legislative mandates relating to education. In most states, the public education system is further divided into local school districts, which are managed by school boards representing the local community. Each school district is a geographical unit for the local administration of elementary and secondary schools. Establishing schools, developing curricula, setting requirements for enrollment and graduation and state education standards, and developing and implementing testing materials are responsibilities of various states and districts and the public and private organizations they contract with.

Due to school and district consolidations, the number of school districts in the United States has shrunk from about 117,000 districts in the 1940s to 13,600 public school districts, which operated 98,300 public schools in 2015–2016 school year (U.S. Department of Education 2017). The size and composition of districts vary widely between states. For example, by 2017, the state of Hawaii had a population of about 1.4 million, and the state of Idaho had a population of about 1.7 million; however the former had a single, statewide *school district, while the latter had 155 school districts* (National Education Association 2018).

Each school district has a superintendent that oversees schools in the district, and each school has a principal that provides leadership for the teachers, staff, and students. Students in the United States typically spend 6–8 years in elementary school and 4–6 years in secondary school and complete grade 12 by age 18 (U.S. Department of Education 2018). K-12 is a term used as a short form for the publicly supported school grades prior to college, starting with kindergarten (K) and the first through the 12th grade. In addition to public school systems, state-certified private schools and approved home school programs also provide compulsory education. About 10% of K-12 students attended private schools in 2015–2016 school year.

Public education in contemporary society contains many features associated with bureaucracy. The origins of the US bureaucracy are also often linked to the idea of administration-politics dichotomy, introduced by the political science scholar and later president Woodrow Wilson in *Congressional Government* and "The Study of Administration," originally published in 1885 and 1887, respectively (Wilson 1966). As a supporter of a merit-based **civil service reform** establishing a civil service bureaucracy based on open and transparent selection, retention, and promotion practices, Wilson advocated separating politics from administration and for social scientific study of administrative action. The idea was to cultivate bureaucratic leadership, to purge government of corruption and political patronage, and to endorse a social scientific approach to study administrative behaviors and activities to discover the most efficient ways to manage organizations. This historical period coincides with the formative period of "Industrial America: 1865–1950s" in the history of American education (Bauman 1996, p. 43). Rapid industrialization, population growth, and the modern conception of bureaucratic organizations led to an expansion and reorganization of American education during this period. A system with a clear sense of hierarchal order and laws, rules, and norms to support this expanded education system was created. Over time, a majority of states developed similar administrative structures to enforce universal standards, to certify teachers and administrators, and to pursue efficiency in school management. The idea of administration-politics dichotomy permeated education governance reforms of the era. The administrative tasks were delegated to experts/specialists and the policy decision-making to smaller school boards, presumably separating politics and administration and preventing corruption. The notions of "schools as factories," "scientific management," and "business-like efficiency" in public organizations have shaped ideas about education governance during this era (Bauman 1996). As a result, the education bureaucracy grew during this period, before several concerns regarding the prevailing belief in scientifically managed bureaucracies were raised.

Bureaucratic organizations have the advantages of rules and laws regarding meritocracy, division of labor and specialization of duties, and a formal chain of command and authority. The organization of schooling in the United States follows a type of hierarchy and uses division of labor involving education agencies, school districts, and schools. The schools are managed by trained administrators, and the courses are offered by certified teachers. There are federal and state level statues and rules that the school systems should follow. Students are divided into grades based on age and assessed and credentialed by standardized methods. When an organization manages routine matters involving or affecting a large number of people, a bureaucratic structure may provide a technically efficient form of organization. However organizations that provide public services such as education are inherently different than a business that pursue technical efficiency in production, so the subsequent periods in the history of American education have been shaped by a variety of conflicts and changes. Scholars of education and education history have documented social and ethnic inequities in access and violations of civil rights that the bureaucratic efficiency models did not address (Hannaway and Carnoy 1993). Scholars of public administration and political science raised concerns about the possibility of an administration-politics dichotomy in public organizations (Svara 2001) and the inherent differences between government and business (Stone 1997). Government serves citizens and voters, not buyers, sellers, and producers. Not everything of social value is profitable, and government engages in those activities to fill a need. Finally, since governments serve a very diverse citizenry with diverse needs, it is not easy to measure inputs and outputs of government activity. Public schooling provides a clear case for these tenets.

## Education as a Neglected Field in Public Administration Scholarship

Public education has often been a neglected area in public administration scholarship. An examination of textbooks, journals, books, curricula, and professional association activities found 17 articles focusing on public education in the 5 leading journals in the field of public administration in the 3-year period preceding the analyses (Raffel 2007). One of the more active areas of education research in public administration gave emphasis to schools as bureaucratic organizations to examine questions of representative bureaucracy. The theory of representative bureaucracy suggests that a bureaucracy representative of the public it serves will result in a more representative decision-making process (Meier and Bohte 2001). Since school systems employ a great number of public workforce, data from school systems were used by public administration scholars to study hypotheses regarding representative bureaucracy. For example, Meier et al. (1999) pooled data from 350 school districts over 6 years to examine the relationship between representative bureaucracy and percent of students who passed state-level tests per district. Bureaucratic representation was operationalized as the percentage of black and Latino teachers and pass rates for minority and nonminority students were used as the dependent variables. Their results have shown that both minority and nonminority students perform better in the presence of a representative bureaucracy, implying that the representative bureaucracies are more effective than nonrepresentative bureaucracies. Meier and Bohte (2001) used the same data set and same variables but differentiated between passive and active forms of representation in school bureaucracies, by introducing the concept of discretion. They proposed that wider spans of control allow greater line discretion and used two ratios at the district level to measure two spans of control – the ratio of teachers to principals and the ratio of campus-level administrators to central office administrators. They found that student performance improved under organizational structures that promote teacher discretion. The research on bureaucratic representation in schools continues. In a more recent paper, Grissom et al. (2015) introduce the theory and its hypotheses to education researchers and call for further applications to study additional schooling outcomes such as discipline, special education, and achievement.

Representative bureaucracy research in the context of schooling contributes to our understanding of the dynamics of race, gender, and other characteristics within schools.

## Reforming School and System-Wide Governance

Education governance and emphasis on bureaucracy are central to school reforms after the 1990s. Governance is about power and decision-making in both formal and informal systems, in other words, how society or groups within it organize to make decisions. In public sector organizations, governance is typically defined in formal bureaucratic terms. One of the main issues that incite criticism of the public schools has been the bureaucratic nature of their governance structure. Education reform efforts relying on market-based schools of choice and site-based decision-making aim for fundamental changes in traditional school bureaucracy and system-wide governance.

The proposition that bureaucracy is the culprit of problems in education system refers to bureaucracy in its colloquial negative connotation. According to this line of thought, rules and regulations around school systems are excessive, rigid, and damaging to the autonomy of teachers (Chubb and Moe 1990). Furthermore, these critics claim that hierarchy obstructs innovation and reduces responsiveness, because teachers and administrators become preoccupied with "satisfying artificial standards rather than serving the needs of their students" (Hoy and Sweetland 2001, p. 300). They reason that large bureaucracies have negative effects on educational performance. This canon is often used by public choice theorists, who primarily rely on economic tools for analyzing political behavior and institutions. Such advocates of school choice believe that businesses are innovative and responsive to their clients because they operate in the marketplace and are not subject to the bureaucratic burdens. Consequently, the primary solution offered by these critics is to treat education provision as a market and to introduce competition via school choice to circumvent bureaucracy (Chubb and Moe 1990). Generally this choice involves publicly funded charter schools or public-money voucher programs for private schools.

The idea of bureaucracy as the problem and competition and choice as solutions is challenged by scholars and theorists who claim that the main culprit for problems in the education system is funding inequities among schools or broader socioeconomic problems in the communities the schools serve, rather than bureaucratic nature of education institutions (Smith and Meier 1994; Krueger 1998). In public administration scholarship, Smith and Meier (1994) and Bohte (2001) specifically examined the influence of bureaucracy on the educational performance of public school students. Using state-level data, Smith and Meier (1994) operationalized state educational bureaucracy as "the number of state bureaucrats per 1,000 students" and the school district bureaucracy as "the ratio of central district administrative staff per 1,000 students" (p. 554). Three measures of system-level performance were "percentage of adults aged 25 or older in a state with a high school diploma," scores from "the US Department of Education's eighth grade math exam," and "the average ACT or SAT score of high school seniors" (Smith and Meier 1994, p. 553). They did not find support for a relationship between bureaucracy and school performance. Larger state bureaucracies reduced local district bureaucracy, and increases in state funding were associated with increases in district personnel, suggesting that the growth in educational bureaucracies might be due to the growth in need and governmental responsibilities. Furthermore, teacher's involvement in bureaucratic tasks reduced student performance. They interpreted increasing administrative burdens on teachers and its negative influence on student performance as a potential detrimental side effect of reducing education bureaucracies.

On the other hand, using school district-level data from the State of Texas, Bohte (2001) found an inverse relationship between bureaucracy and school performance. In this study, bureaucracy was operationalized first as "the percentage of

central administrators as a fraction of total full-time district employees" and then as "the percentage of campus administrators as a fraction of total full-time district employees." Performance was measured by student scores on state's standardized tests. Bohte (2001) was cautious about making hasty policy prescriptions to eliminate school bureaucracies and called for further research to examine the role of bureaucracy in shaping different dimensions of school performance. Subsequent research attempted to explain the complicated relationship between school bureaucracy and school performance by complex task environments of schools (Smith and Larimer 2004). According to this line of thinking, similar to other public organizations, schools have multiple and often conflicting goals. Consequently, the relationship between bureaucracy and performance depends on the particular measure of school performance used. While bureaucracy can be negatively associated with test scores, it can be positively associated with other performance measures such as attendance or dropout rates (Smith and Larimer 2004).

## Conclusion

School systems have the classical bureaucratic properties, such as task specialization, hierarchy of authority, objective standards and impersonality, and rules and regulations, as described by Weber (1947). Bureaucracies have multiple goals and both positive and negative connotations for the school system. While some think of school bureaucracies as rigid, slow, alienating, and limiting, others emphasize their advantages in clarifying responsibility and focus on competency and impartiality. Hoy and Sweetland (2001) attempted to reconcile the two conflicting views by differentiating between two bureaucratic structures based on dimensions of formalization and centralization. They use the term "hindering bureaucracy," when referring to an organizational structure in which formalization and centralization coerce and hinder problem-solving and decision-making. When the rules, regulations, and procedures are helpful in problem-solving and the employees participate in decision-making, the resulting structure is referred to as an "enabling bureaucracy" (Hoy and Sweetland 2001, p. 301). Characteristics of enabling formalization such as interactive dialogue and trust typically occur in organizational contexts that feature employment security, professional perspective, and employee participation. Characteristics of enabling centralization involve cooperation and flexibility. In other words, both hierarchy and rules should be used to create school bureaucracies that support teachers and guide problem-solving.

## Cross-References


- ▶ Education Reform and Governance
- ▶ Globalization and US Education Policy
- ▶ K-12 Education as Social Policy
- ▶ Representative Bureaucracy


## References


Bauman PC (1996) Governing Education: Public Sector Reform or Privatization. Allyn & Bacon, A Simon & Schuster Company, Needham Heights

Bohte J (2001) School bureaucracy and student performance at the local level. Public Adm Rev 61(1):92–99

Chubb JE, Moe TM (1990) Politics, markets and schools. The Brookings Institution, Washington, DC

Grissom JA, Kern EC, Rodriguez LA (2015) The "representative bureaucracy" in education: Educator workforce diversity, policy outputs, and outcomes for disadvantaged students. Educ Res 44(3):185–192

Hannaway J, Carnoy M (1993) Decentralization and school improvement: can we fulfill the promise? Jossey-Bass Publishers, San Francisco

Hoy WK, Sweetland SR (2001) Designing better schools: the meaning and measure of enabling school structures. Educ Adm Q 37(3):296–321

Krueger AB (1998) Reassessing the view that American schools are broken. Econ Policy Rev 4(1):29–43

Meier KJ, Bohte J (2001) Structure and discretion: missing links in representative bureaucracy. J Public Adm Res Theory 11(4):455–470

Meier KJ, Wrinkle RD, Polinard JL (1999) Representative bureaucracy and distributional equity: Addressing the hard question. J Politics 61(4):1025–1039

National Education Association (2018, April) Rankings of the states 2017 and estimates of school statistics 2018. NEA Research, Washington, DC. Retrieved 26 Sept 2018 from http://www.nea.org/home/73145.htm

Raffel JA (2007) Why has public administration ignored public education, and does it matter? Public Adm Rev 67(1):135–151
Smith KB, Larimer CW (2004) A mixed relationship: bureaucracy and school performance. Public Adm Rev 64(6):728–736
Smith KB, Meier KJ (1994) Politics, bureaucrats, and schools. Public Adm Rev 54(6):551–558
Stone DA (1997) Policy paradox: the art of political decision making, revised edition. W. W. Norton & Company, New York
Svara JH (2001) The myth of the dichotomy: complementarity of politics and administration in the past and future of public administration. Public Adm Rev 61(2):176–183
U.S. Department of Education (2017) National Center for Education Statistics, Common Core of Data (CCD), Local Education Agency Universe Survey, 2014–15 and 2015–16
U.S. Department of Education, National Center for Education Statistics (2018) Digest of Education Statistics, 2016 (NCES 2017-094)
Weber M (1947) The theory of social and economic organizations (trans: Henderson AM, Parsons T). Free Press, New York
Wilson W (1966) The papers of Woodrow Wilson, vol 5. Princeton University Press, Princeton

# School Feeding and SDG Implications: A Stakeholder-Based Study

Vincent Ekow Arkorful
Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong

## Synonyms

Ghana; School feeding and education; Social protection policy; Stakeholder-based study; Sustainable development goals

## Definition

School feeding refers to a social policy intervention vehicle incepted to extend social protection to children of school-going age from under-resourced or resourced challenged backgrounds.

## Introduction

The primacy placed on advancing citizens welfare around the globe has gained prominence in recent times. This situation has informed the need to pursue state development essentially steeped in, and converging around a more elaborate protectionist and welfarist principles and tenets. Within Africa, and more particularly in Ghana, communal orientation nature of the society has established the family as an unfailing fountain of a diversified social support. The onset of globalization and westernization has however dispensed lethal consequences, precipitating the submergence of the family structure. The deleterious ramification thereof has negated the once potent capacity of the family as a super social structure. To this end, the family has consequentially relapsed into a comatose. It is the convergence of these situations that have spurred the exertion of efforts toward the transfusion of social policies in developing countries including Ghana. In this regard, responding appropriately with a sustainable mechanism to fill the void brought into vogue social protection policy as an efficacious development centered conduit.

One manifestation of the global commitment to social protection is ingrained in the erstwhile United Nations championed Millennium Development Goals (MDGs), larger parts of which sought to promote social services access while bridging inequality gaps. Regarding the MDGs, as much as considerable inroads were made, the challenges encountered substantially impaired progress as well (Sachs 2012; Ruhil 2015). Ghana, for instance, realized the poverty goals before the 2015 deadline. Nonetheless, poverty still remains pervasive, more especially in the Northern parts (NDPC and UN 2015). Moreover, the global progress notwithstanding, sustainable development pursuits remain challenged such that, poverty, deprivation, and inequality continue to spiral, while wealth and power disparities widen simultaneously (Alshuwaikhat and Mohammed 2017).

On this basis, the unappealingly malnourished outcomes seem to have informed the design and deployment of a much broader and robust global

policy framework to guide a people-centered development engagement. Consequently, a transformative development blueprint – the Sustainable Development Goals (SDGs), among other things targeted at less burdening the challenges of the venerable by the year 2030 was implemented in 2015 (Independent Commission for Aid Impact, 2017). The SDGs are directed at complementing and reinforcing the inroads made under the MDGs. Within this context, policies are enjoined to expend efforts and resources to: eradicate poverty (Goal 1), pursue zero hunger (Goal 2), ensure quality education (Goal 4), and promote gender equality (Goal 5). In realizing these, as well as the other goals, the research construes education as a common string that could be used to hold and tie these goals together.

In the face of the relevance of education to developing a resource-rich pool of humans to champion development efforts in countries, the urgency to countervail education-based challenges such as low enrolment and retention as well as poor nutrition in under-resourced settings culminated in the design and introduction of the school feeding program as an efficacious policy (Bundy et al. 2009; Iddrisu 2018). Increasing enrolment, attendance, and retention while eradicating poverty and hunger underpins the proximate reasons for the school feeding program institution (Fiske 2000). School feeding programs around the world have been modeled to distribute food to school-going children in deprived settings, with the underlying assumption that, hunger among children of school-going age demotivates. For that matter, unfed and/or poorly fed children develop poor cognitive strengths, thereby affecting not only the learning processes but also the overall educational outcomes (Essuman and Bosumtwi-Sam 2013; Gumus 2014).

With the implementation of the school feeding program, enrolment, attendance, and retention at the basic level of education in Ghana increased. Attrition levels have been reduced to the barest minimum in beneficiary schools (Iddrisu 2018; Iddrisu et al. 2019). Given the global goal of "ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all," as enshrined in the SDGs, it is obvious that, interventions meant to improve education quality, effectiveness, efficiency, and excellence cannot be entirely be divorced from social policies like the school feeding program. Prior studies on the school feeding program have exposed heterogeneous findings and policy concerns. A study by Galaa and Saaka (2011), underscored policy lapses regarding a dearth of stakeholder participation. In another study investigating the efficacy of the school feeding program, Iddrisu et al. (2019), also espouses policy deficiency of the program, specifically relating to a disconnect between the policy, policy implementers, and stakeholders. This is a confirmation that, inextricably interlocked, and anchored in policy efficacy lies stakeholder roles.

In the face of the relevance of the school feeding program, the reported policy deficiencies as captured in the peripheral stakeholder involvement, vis-à-vis the challenges encountered in realizing the erstwhile MDGs, all against the urgency to realize education-related SDGs, the paper conducts a stakeholder-centric diagnosis of the school feeding program and possible implications. Using the Ghana Living Standards Survey (GLSS) Round 7 report, the study samples poverty endemic beneficiary areas, and through interviews and focus group discussions (FGD), gather stakeholder perspectives on the school feeding program. The choice of the study areas is informed by incidence of poverty and inequalities. This study will guide policy actors in deploying pro-poor social protection policies.

## Study Background

Ghana's school feeding program was incepted under the John Agyekum Kuffour-led New Patriotic Party (NPP) government, under an African Development Bank (ADB) comprehensive program initiative. Prominent among the goals of the program tailored in line with the UN's MDG's was the urgency to eradicate hunger, poverty, and malnutrition. The program was finally implemented by the government of Ghana, in concert with the Dutch Government (Bundy et al. 2009). The implementation of the program

was preceded by a three-phase pilot study in 2005. The first stage of the study, from 2005 to 2006, covered 64, 775 school children. The successful piloting was followed by a scale-up second phase (2007–2010), which covered 413, 498 students. The final phase of the scale-up spanned from 2014–2016 and covered 1,728, 682 school children (Ghana School Feeding Agency 2016). In response to the need to increase coverage, the school feeding program was expanded.

Hunger has been identified as an unfortunate barrier to education. This situation is particularly true for school-going populations in poverty-stricken jurisdictions around the globe. In the study settings where poverty levels range from as low as 26.8% to as high as 70.9%, the extension of the school feeding program in these areas is not only appropriate and convenient, but also indispensable. This however said, there exist nagging policy deficiencies that have impaired policy efficacy. From the perspective of the research, these challenges, when not addressed appropriately may have debilitating ramifications for long-term education, social policy, and overall national welfare and development.

## Social Protection, School Feeding Program, and Stakeholder Involvement

Against the backdrop of the logic undergirding the theory of social contract by Hobbes as cited by (Wolff 1994), the reposition of trust in government by citizens establishes a contractual obligation between these two entities. In this case, the people, or group of people, in whom such trust is deposited must endervour to deliver accordingly. Social contract in this case refers to an agreement struck between citizens and authorities, for the purposes of self-protection and preservation. In this respect, the reposition of trust in government by citizens, enjoins the lead (thus government), to advance courses targeted at advancing general economic well-being of the led (thus, citizens). One of the possible ways to pursue this course could be through the implementation of social protection policies and programs.

Social protection essentially revolves around measures instituted to advance the course of the downtrodden in the society (Fiszbein et al. 2014). In the views of Slater (2011), social protection is conceptualized as a framework mechanism deployed to reduce inequality while eradicating poverty. School feeding as a social protection program is meant to transform the living conditions of populations of school-going age caught in the web of poverty and social exclusion (Adato and Bassett 2009). Given that the school feeding program has saved millions of populations across the world, it is reasonable to infer that the efficient deployment of such programs could inform the dwindling of global poverty (Fiszbein et al. 2014).

At this point, given the human resource shortages that has saddled and ended up snail-pacing development in under-resourced polities, it is significant for state actors like government entities to place an appreciable modicum of priority on schemes that have the potency to harness these human resources. Further, considering that human development efforts cannot be totally situated outside the precincts of the enterprise of education, it becomes crucial that social protection schemes like the school feeding is driven to enhance school attendance, enrolment, and retention.

Driving social protection program outcomes requires stakeholder involvement (Galaa and Saaka 2011; Gabriel and Harcourt 2012). The school feeding program is no exception in this regard. Stakeholder participation essentially drives program robustness and efficacy. Abotsi (2013) in a seminal study corroborates the significance of stakeholder involvement. Mirtcheva and Powell (2009), Sonnino et al. (2014), Khatete et al. (2013), Veloso (2014) also posit that stakeholder participation enhances program sustenance. In view of the centrality of stakeholders' participation in ensuring program success, all against their peripheral roles in the program (Iddrisu 2018), this study interrogates stakeholder perspectives regarding Ghana's school feeding program.

## Methodology

### Research Approach and Design

The study sought to explore various stakeholder perceptions, experiences, and understanding regarding the school feeding program in Ghana. The study employed the Inductive and interpretivist approach because of its appropriateness for context-dependent discourses (Madill et al. 2000). The epistemological component of interpretivism emphasizes on subjectivity of knowledge while the ontological aspect emphasizes on the fact that individual experiences and understanding about a phenomenon differs across persons (Creswell 2013). The study employed the qualitative study approach to enhance a better understanding of the complex variegated stakeholder perceptions and experiences (Creswell et al. 2007). Precisely, the phenomenological approach is appropriate for understanding lived experiences of participants (Zikmund et al. 2013). Therefore, the study used a qualitative phenomenological approach premised on interpretivism and inductive reasoning. The study employed thematic content analysis to present themes captured in interview transcriptions relative to perceptions and understanding of the school feeding scheme. This approach was to provide insights, knowledge, and also enhance a reexamination of responses (Elo and Kyngäs 2008).

## Population and Sampling

### Participants and Sampling

Using a purposive sampling technique, a total of 270 participants were recruited from two (2) randomly selected districts in five (5) regions. These study regions were selected with recourse to the Ghana Living Standards Survey Round Seven (GLSS 7) (Ghana Statistical Service 2018). Study participants comprised of teachers (100), students (50), circuit supervisors (20), community opinion leaders (30), caterers (20), and parents (50). The study used a large sample because of the need to avoid error while comparing and contrasting responses to establish their valid inferences. Study participants were from heterogeneous group, ages, and genders. The demographic characteristics of study participants are captured in Table 1.

## Data Collection

The study used a semi-structured interview guide to elicit data. Participants were interviewed on an

**School Feeding and SDG Implications: A Stakeholder-Based Study, Table 1** Demographic characteristics of study participants

| Classification of participants | | | | | | | |
|---|---|---|---|---|---|---|---|
| Regions | Districts | Teachers | Students | Caterers | Parents | Circuit supervisors | Opinion leaders |
| UWR | Wa-west | 10 | 5 | 2 | 5 | 2 | 3 |
| | Wa-east | 10 | 5 | 2 | 5 | 2 | 3 |
| UER | Builsa south | 10 | 5 | 2 | 5 | 2 | 3 |
| | Bawku west | 10 | 5 | 2 | 5 | 2 | 3 |
| NR | East-Gonja | 10 | 5 | 2 | 5 | 2 | 3 |
| | Bole | 10 | 5 | 2 | 5 | 2 | 3 |
| B/AR | Kintampo south | 10 | 5 | 2 | 5 | 2 | 3 |
| | Banda | 10 | 5 | 2 | 5 | 2 | 3 |
| VR | Adaklu | 10 | 5 | 2 | 5 | 2 | 3 |
| | Kadjebi | 10 | 5 | 2 | 5 | 2 | 3 |
| Total | 10 | 100 | 50 | 20 | 50 | 20 | 30 |

***Source:*** *Field Survey* ***Note:*** UWR = upper-west region; UER = upper-east region; NR = northern region; B/AR = brong-ahafo region; VR = volta region

individual basis. Also, to enhance gathering further information, the study held focus group discussions (FGDs) with participants in each district. In all, ten (10) FGDs were conducted. The FGD was made up of participants (Table 1). The interview was conducted in line with the recommendations of McCracken (1988). For purposes of categorization of responses, and thematic analysis, long interview sessions were maintained. In establishing the credibility of the interview guide, the instrument was reviewed by two academics and two researchers with expertise in qualitative education-related research. Prior to data collection, a pilot test was conducted among a randomly sampled population in one of the study areas, after which the research questions were revised according to panel recommendations and results of the pilot test. The questionnaires were thereafter submitted to the team of academics and researchers for approval. Interviews lasted for approximately 30–40 min. Data collection started on 4 September and lasted till 15 December. The data collection steps and timelines are captured in Fig. 1. The long interview sessions allowed participants to express their views freely on meaningful issues with the research team (Creswell 2013). In order to facilitate follow-up from the larger sample of study participants, the research team established rapport by posing mini and grand tour questions regarding the subject matter under investigation. Essentially, while this ensured that researchers remain unobstructive, it also ensured that, participants remain focus and not deviate from the discourse (McCracken 1988).

## Data Analysis

The study used thematic analysis to analyze qualitative data. This approach enhances the identification, analysis, and report patterns in line with themes within the confines of drawn data (Braun and Clarke 2006). Audio-recorded data were stored, retrieved, and managed from a password protected folder on an Apple-branded laptop of the research team. After recording, responses were transcribed verbatim after which they were read over and over before the contents were highlighted and categorized into semantic parts. In this regard, transcripts were read line by line. Each line containing semantic meanings were assigned codes to help identify maximum number of possible codes in order to facilitate easy verification. After familiarization with data, initial coding was done. This helped in identifying the main themes. The themes were subsequently reviewed and the final themes were developed. In ensuring thoroughness, honesty, and data integrity, due care was observed. In treating data, anecdotes narrated were not integrated. Furthermore, in ensuring transparency, and capturing the narratives of study participants, rather than researcher's partial interpretation of responses, researchers were cautious of misinterpretation. Interview analysis was done with the help of the research assistants. Two other academics, who did not participate in conducting the interviews, independently validated the response analysis. This ensured that the results were reliable and valid (Mason 2002), clear (Richards 2009), fair, and devoid of bias. Therefore, they were

| | Meetings to explain Research | Pre-Trial with Participants | Project Launch | Interview with Participants | Focus Group Discussions | Response confirmation and Exit |
|---|---|---|---|---|---|---|
| **UWR** | 4.9.2019 | 9.9.2019 | 10.9.2019 | 16.9.2019 | 18.9.2019 | 20.9.2019 |
| **UER** | 23.9.2019 | 25.9.2019 | 26.9.2019 | 01.10.2019 | 3.10.2019 | 10.10.2019 |
| **NR** | 15.10.2019 | 18.10.19 | 21.10.2019 | 23.10.2019 | 28.10.2019 | 30.10.2019 |
| **B/AR** | 5.11.2019 | 7.10.2019 | 11.11.2019 | 12.11.2019 | 18.11.2011 | 20.11.2019 |
| **VR** | 28.11.2019 | 5.12.2019 | 6.11.2019 | 10.11.2019 | 13.11.2019 | 15.12.2019 |

***Note:*** UWR= upper-west region; UER= upper-east region; NR= northern region; B/AR=brong-ahafo region; VR= volta region

**School Feeding and SDG Implications: A Stakeholder-Based Study, Fig. 1** Data collection steps and timelines

representative, and grounded in the expressed views of the respondents.

## Findings

As much as the narratives of study participants confirmed the efficacy of the school feeding program, it also revealed a litany of lapses, which in the views of stakeholders who constitute the focus of the study, could hamper the achievement of the objectives informing the institution of the program. Analysis of data revealed five themes converging around; (a) structural rigidity of the school feeding operational structure without recourse to decentralization targeted at absorbing relevant stakeholders. For instance, given that the operational structure does not make space for stakeholders like teachers and community members who are essentially central actors in so far as education and other related programs (e.g., school feeding program) are concerned, the sidelining of stakeholders to the periphery has impaired the efficacy of the policy; (b) a dearth of poverty consideration guiding policy deployment. In the views of almost all stakeholders, the prevailing situation whereby children of school-going age in poverty endemic areas do not benefit from the program has the tendency to hamper the goal of using school feeding as a conduit to increase enrolment, attendance, and retention in schools; (c) Involvement of political functionaries. In the views of some stakeholders, the school feeding program as a social protection program for the vulnerable in the society has ended up as a tool in the hands of politicians who use it to award loyalty. Taking a neck turn to the operations of the policy and the realities on the ground with the intention to address lapses entangling the program would provide a sound basis for reformation; (d) delays in fund disbursements. Because this has been the situation, caterers, on some school days, are unable to provide food for school children. This situation has the potency to militate against the attainment of the core objectives of the school feeding program; (e) bribery and corruption. This development has been precipitated by the delays characterizing fund allocation to caterers. Under these circumstances, to facilitate the quick processing of repayments, caterers are forced to bribe program officers. This has contributed to the festering of bribery and corruption. Discussed in details below are the themes echoing the responses of participants.

### Responses from Caterers

The caterers are responsible for providing feeding services to the school children. Given the sensitive nature of the subject matter under investigation, most of the caterers contacted were not willing to participate. They had the perception that they were under investigation. With this erroneous notion, they believed releasing information to the research team may cause them to lose their contract. However, upon several visits and follow-up they agreed to participate. From the series of field visits, our interaction with caterers revealed a plethora of challenges. The key among them includes a dearth of cooperation between them and other stakeholders like the community members, opinion leaders, and teachers. In the views of caterers, because they are not considered integral parts of teaching system, teachers and the administrative system do not recognize them. In this regard, caterers ascribed the difficulty in serving school children to the lack of recognition and cooperation. In recounting experience on this, a caterer said:

> "Most of the teachers don't see us to be part of the school. Maybe it is because we are not teaching"

Another stated:

> "Some members of the school staff see us as external agents brought in to provide profitable service. With this thinking, they think it's not part of their business to help in food sharing. And after all, teachers are not beneficiaries, so they don't care"

From the responses of caterers, it became apparent that the program is resource-challenged. Almost all caterers expressed the view that they always have to pre-finance their activities and later submit proofs for refund. In this same regard, it was also revealed that even after submitting proofs of expenditures, refund takes longer than reasonable time. Others also shared the opinion that, sometimes, before refunds could be accessed

they have to bribe officers in charge to expedite processing. Some said the following:

> "Initially when the programme started, resources were flowing regularly, but now we have to pre finance and be reimbursed"

Another said that:

> "Sometimes we take loans to finance the projects. Some of these loans are offered at high interest rates. And we need to repay. So, to get the money quickly to repay creditors, we have to bribe officers to process benefits for us. This is no secret"

> "Even when the funds are in, to expedite processing, we have to put something in envelope for the officers in charge. If you don't do, you don't get the money early"

Our interview further revealed that, after being awarded the contract to provide food services, they are only introduced to the head teachers, who are the administrative helmsmen of the school structure. In their views, this could be one of the key reasons why most teaching staff members do not cooperate with them. To remedy the situation, they suggested that, upon award of contract, the contract awarding institution should introduce caterers to the school structure, and other ranking members like circuit supervisors, teaching staff members, circuit supervisors, community leaders, opinion leaders, school management committee members, and other officials. A caterer said that:

> "We cannot blame the teachers for not cooperating with us. They don't know us. And it is because we are not introduced to them. So how do they work with us? In what capacity do they work with us when we are strangers?"

For the reason that the school feeding is very cardinal to increasing attendance, enrolment, and retention, the cooperation of these stakeholders is very essential when situated within the context of human resource development, particularly as relates to the SDGs. The high esteem in which teachers are held underscores the pertinence of their cooperation to the success of the program. Also, considering that opinion leaders – mostly community leaders – are considered as authorities, custodians, and, as such, symbols of community representation, their cooperation becomes very cardinal. This study results are consistent with (Bundy et al. 2011; Bundy et al. 2009) who ascribed the success of the World Food Programme (WFP) across the world to teacher and community stakeholders' cooperation.

### Responses from Teachers

Teachers who participated in the study were very vocal and assertive in sharing their perspectives on the school feeding program. Generally, our interaction revealed a general apathy. Teachers did not see themselves to be part of the program. Almost all participants indicated that their inputs were not sought on what to be cooked for school children. As such, they see no essence in liaising with caterers to ensure program success. Regarding the roles of the teacher in so far as the program is concerned, most teachers were of the view that their role has been reduced to providing figures on enrolment. In bemoaning the state of affairs, a teacher said that:

> "We are only contacted when figures are needed on enrolment. Apart from this, our inputs are not and never sought on anything regarding the programme"

Another said that:

> "Though we are teachers, we have no idea about what goes into the programme. As to who decides what, when and how, we don't know. But at the end of the day, when the kids eat the food and have challenges, parents come and question us"

On the provision of enrolment figures, almost all teacher participants demonstrated signs of distrust regarding the submission of list to the appropriate authority. Furthermore, because of the communication gap, which has further engendered a disconnection between stakeholders, teachers regard stakeholders, like the caterers, as outlier entities. The following responses echo the concerns of teachers:

> "As teachers, we are not responsible to caterers. We are responsible to direct communications and other issues to headteachers. The school structure binds us to the headteacher. So, we can't entrust caterers with official document"

### Responses from Circuit Supervisors

Central to the Ghana Education Service (GES) structure lies circuit supervisors (CS).

Considering the impossibility of the GES maintaining presence at all levels of the educational structure, the role of the circuit supervisor has been created to fill in any supervisory void. The CS, among other things, are responsible for exercising oversight responsibility over enforcement of, and compliance with, laid down teaching rules and regulations. Our interview sessions with circuit supervisors revealed that they had no space within the program. This confirms the sidelining of an indispensable stakeholder. Almost all the CS interviewed shared same concerns. Some stated that:

> "Circuit supervisors have nothing to do with the programme. Our duty is to supervise teachers and not feeding programmes"

> "How do we participate in programme when it is not under control of the Ministry of Education. Our offices are different. There is no significant point of convergence in so far as these entities are concerned"

Discoursing on this pertinent issue with circuit supervisors indicated a disjuncture in coordination between stakeholders. According to our investigations, the policy, until the recent shift to the Ministry of gender and social protection, was under the supervision of the Ministry of Local Government. The vacillation of the program supervision from one ministry to the other, in the views of these stakeholders could undermine the program entirely. Also, having the program situated in the upper echelons of government and its affiliate outfits precludes the involvement of stakeholders like teachers and circuit supervisors. The rigid operational structure of the school feeding, without recourse to decentralization consideration, has left these stakeholders on the fringes.

### Opinion Leaders

Opinion leaders, within the precincts of this research, refer to people with the recognition and authority in the study areas. They comprised community leaders, traditional leaders, leaders of religious bodies, and other occupants of relevant social positions as determined by the social structure of the study areas. The dignified position that these groups of persons occupy within the community structures make them very important subjects worthy of engagement for studies of this nature. While it is important to state that some of these opinion leaders serve as members of the school management committees of the schools sampled for the study, it is also important to state that their roles in the school feeding program however remains unclear at best, and a peripheral one at worst. Our interaction revealed that most of the opinion leaders are uninformed about the program. According to most of the opinion leaders, apart from what they observe on their regular visits to the schools, there exist no official communication between them and other program managers. In pouring out their frustration, some of the participants said that:

> "We have no idea about what goes into this programme. All we know is that, they cook for the school children. We have no stake in this programme".

> "The only time we got ourselves involved in the programme was at a time when we were told some community members had attacked the caterer and other workers. That's all."

Another said that:

> "We are not recognised to be part of the programme. We have got nothing to do with the programme."

> "Though it's in our community, we have no ownership of it. It's for the caterer. She is supposed to serve food to our children in the school"

Though most of the opinion leaders stressed on their noninvolvement in the program, some of the very few who had fair knowledge about the program shared insightful views with the research team. Some of the frustration shared bordered on delays on fund disbursement to caterers and bribery and corruption. This response essentially resonated with the experiences shared by most caterers. In this regard, an opinion leader stated that:

> "There was a time the school children in my house came home and complained that, they were not served food at school. When I made a follow up to the school the next day, the caterer complained, even after investing her money into feeding, she had not received funds from the programme managers"

Another emphasized that:

> "I have nothing to do with the programme though, but the caterer happens to be my good friend. I can share some of the frustrations they have had to go through on daily basis. They are not regularly given funds. And sometimes, caterers would have to bribe officers to have their refunds processed timely and quickly"

Also, some opinion leaders went further to share interesting views regarding the school feeding program. In sharing frustrations about the difficulties school children go through, and the need to seek for sustainable interventions to save the situation, some opinion leaders recounted narratives of the steps they undertook before the designation of some schools in their areas as beneficiaries of the program. Other opinion leaders also raised questions about the criteria for the selection of beneficiary schools. Some of the participants engaged shared the following views:

> "Before some of the schools were selected as beneficiaries, we had to pass through the member of parliament whose government was in power to lobby government authorities to give us the school feeding programme package"

Another said that:

> "I have been thinking about something for some time now. Our area is a poverty endemic area, with vulnerable populations. These are the areas that the government should focus on giving social protection programmes like the school feeding programme.

The responses of the opinion leaders essentially revealed grave policy lapses regarding the implementation of the school feeding program. Therefore, it is important for program managers and policy makers to focus much on poverty considerations. There is also the need to put in place institutional mechanisms that would prevent the involvement of political actors in the program.

### Responses from Parents

Parents as stakeholders of the education system, and as such the school feeding programme, were not left out of the study. By virtue of their relevance, the study sought for their view on the study. Their responses essentially contributed to enriching perspectives on the subject matter. Our interaction with parents revealed nagging challenges that had plagued the program. Most importantly, their responses resonated with the issue of delay in the allocation of resources and the need for the integration of poverty considerations in determining beneficiaries. Our interaction elicited the following responses:

> "Sometimes, when the kids go to school, they are not offered food. When we inquire, we are told the caterer doesn't have enough resources because government has not allocated enough for feeding"

Another also stated that:

> "There was a time the school children were not fed for a whole week because the caterer did not have enough food to feed the children. This was a problem for us parents. We are poor people here. We don't have enough money. Government should consider our poverty and supply the caterer food to cook and feed our children. Somehow, the feeding helps us."

### Responses from School Children

Situated at the center of the school feeding program are the school children. They are the recipients of the service provided. As such, the study considered them as relevant to the subject matter under investigation. The interaction with students indicated that the delay in the allocation of resources to provide food for school children renders the program ineffective, such that whenever there is no food for the school children, they go hungry and get discouraged to attend school in the days ahead. Our interaction brought up the following responses from school children:

> "The school feeding is good. But there is a problem. Sometimes we come to school but there is food for us. If they don't give us food, we have to stay in school for the whole day without food"

> "The last time, they did not give us food. When we asked, they told us that, government did not bring money to cook food for us. It has happened so many times. We suffer when there is no food for us. Government should help us. We are poor children. If there is no food in school, we have to stop school and go to work in the farm to get money and buy food."

Another stated that:

> "When we come to school and they don't give us food, we don't feel happy to stay in school. And we don't want to come to school the next day because we think we will not get food"

These responses underscore the fact that, feeding is a motivation for school children. It also shows that the availability to food can draw children to school.

## Discussions

Social protection policies, specifically the school feeding program, has over the recent decade been increasingly touted as an important component of educational structures – as it contributes to increasing attendance, enrolment, and retention in schools. The present study contributes to literature by presenting and elaborating on stakeholders' perceptions and understandings of the program. The study reports and discourses on the findings, alongside their respective significance and implication for the overall program effectiveness and efficiency.

Firstly, as captured in the study participants' responses, the results revealed that the obviously rigid structure of the school feeding program does not make it receptive enough for the participation of stakeholders like teachers, opinion leaders, among others. Essentially, the deep-seated occupation of political structures like the local government authorities (e.g., district assemblies), the ministries (e.g., Ministry of gender and social protection), and other high offices like the office of the president has opened opportunities for politicians who are always bent on grabbing and manipulating social protection policies for ulterior objectives like winning political votes.

The prevalence of this situation does not make enough germane space for participation of low-level bureaucrats like teachers. Nudzor (2013), in a study of free basic education and school feeding program implementation confirms the institutional structure effects of programs on success or otherwise. In a separate study, Iddrisu (2018) contends that, regarding the school feeding program, the low-lying position of stakeholders like teachers has dealt a debilitating impact on the functions of other stakeholders. In prescribing a policy panacea, Iddrisu et al. (2019) posits that the widening of the program structure, and the subsequent integration of other stakeholders, is likely to break the dominance of high-level bureaucrats like politicians, and further create sufficient operation space for other indispensable stakeholders like teachers and opinion teachers.

Secondly, consistent with, Iddrisu et al. (2019), our study further revealed major lapses regarding the dearth of poverty consideration guiding the deployment of the school feeding program. This finding, as captured in the responses of stakeholders, has the tendency to neglect the poor who are supposed to be the real beneficiaries of the program. The issue of the dearth of poverty consideration bedeviling the program becomes more palpable when comparing statistics on regional poverty prevalence figures with percentage of basic schools under the school feeding program. The regional statistics on percentage of poverty incidence in the year 2016/17 indicated that the Northern Region had 61% poverty incidence, Upper West Region (70.9%), Upper East Region (54.8%), Brong Ahafo Region (26.8%), Volta Region (37.3%), Ashanti Region (11.6%), Eastern Region (12.6%), Greater Accra Region (2.5%), Central Region (13.8%), and Western Region (21.1%) (Ghana Statistical Service 2018).

On another breadth, the regional percentage distribution of basic schools under the school feeding program for same period are as follows; Upper West Region (90.43%), Upper East Region (56.67%), Brong Ahafo Region (37.28%), Northern Region (31.33%), Volta Region (28.59%), Ashanti Region (43.57%), Eastern Region (24.28%), Greater Accra Region (59.72%), Central Region (21%), and Western Region (27.21%) (Ghana School Feeding Agency 2016). Essentially comparing the northern region, which has 61% poverty rate and 31.33% of basic school covered under the program, with Greater Accra and Ashanti Region who have 2.5% and 11.7% poverty rate and 59.72% and 43.57 of basic schools under the school feeding program confirms the study findings.

Moreover, a juxtaposition of the Upper East and the Greater Accra Region, in respect of the percentage of poverty rate and percentage of schools covered under the school feeding program equally confirms inequity, indicating that the determination of program beneficiary actually does not follow a clear-cut pattern focusing on the vulnerability of populations. The dearth of

poverty consideration saddling the program implementation violates the programoperational framework. This constitutes a distortion which can deny vulnerable populations a fair share of the national cake that they are inalienably entitled to.

Another important finding of this study bordered on the involvement of political functionaries in the affairs of the program. Interaction with participants underscored the fact that some schools gained beneficiary status through the influence of political actors like members of parliament who lobby incumbent governments for their share of the program. Upon interrogation, this appeared possible because of the central position of government structures like the District Assemblies, which are helmed by appointees of the incumbent president, who in essence is a politician elected through a keenly contested election.

For this reason, people with loyalty and allegiance to the party of the government in power perceive government initiatives, including social protection programs as an entitlement. This finding is in tandem with Arkorful et al. (2019) who confirm the likelihood of government interferences in the implementation of social protection programs. Arkorful et al. (2019) contend that the onset of political tendencies in well-meaning social protection programs targeted at cushioning the destitute in the society may cause not only discrepancies but also entrench inequities, which may further have dire ramifications for the realization of SDGs. This is a confirmation that state sponsored social protection programs could be deployed as a tool for gaining political capital (Iddrisu et al. 2019; Arkorful et al. 2019).

Besides, in congruence with prior studies exploring stakeholders' understanding and perceptions regarding social protection policies in developing countries, our study revealed that caterers undergo series of stress, which tend to affect the efficiency and effectiveness of program goals. In this study, we found that there are occasions that caterers are not given funds to provide food for the school children. They are rather asked to pre-finance and later be repaid. Given this situation, caterers are compelled to take loans from friends, relatives, and sometimes from other financial institutions who charge throat-cutting interest rates.

These caterers are bound to comply with repayment obligations. In a situation whereby caterers are short of sufficient resources, they are unable to provide school children food. As such, school children go hungry. Under this circumstance, school children are discouraged from attending school. If this challenge is not resolved, it may compound to defeat the purposes for which the program was instituted. The negative impact of fund delays regarding social protection programs, as revealed in this study, is significantly highlighted and confirmed by (Kamaludeen 2014; Abebrese 2011; Arkorful et al. 2019).

The delays in fund disbursement have further created a fertile ground for the festering of bribery and corruption. Because caterers are not allocated funds to provide feeding services, for which reason they take financial assistance from individuals and financial institutions, they are always under pressure to file claims for repayment. In doing so, to get the claims processing expedited, caterers pay some amount of money to program managers. The susceptibility or vulnerability of social protection policies to corruption is in conformity with WFP (2013). Salvaging the situation calls for the design of mechanisms to facilitate the receipt of complaints from other stakeholders like caterers. This could also be complemented by devising strategies that would help track the flow of resources, (for instance funds) from the fund managers, down to the designated recipients. To this end, it could be concluded that, as much as the government of Ghana has exerted strenuous efforts to incept a social protection scheme, there is still the need to strive to sustain an efficient program that would inure to the benefits of Ghanaians.

The study has some strengths that require to be illuminated upon. In the first place, it is one of the few seminal studies that provides evidence from a diverse stakeholder perspective regarding the school feeding program in Ghana. Secondly, the presentation of data and varying viewpoints of stakeholders central to the program makes it

unique. On this basis, the study enhances an appreciable depth of comprehension from the various perspectives while advancing mechanisms for addressing program and policy gaps. Moreover, the findings of this study could provide sufficient policy pointers for guiding future policy design and implementations. At the same time, the findings could help in troubleshooting prior to social policy implementation.

Our study has limitations by virtue of the method employed. Owing to the restriction of the study in ten randomly sampled districts of five purposefully selected regions, based on poverty incidence reported by the GLSS 7, the study results should not be regarded as representative of other regions in Ghana. And though the study assigned much priority to the depths of participants' experience, the replication of the study findings must be done with caution. These limitations do not in any way invalidate the results of the study.

## Conclusion and Recommendations

The school feeding program as a social policy program has been touted around the globe as an efficacious initiative employed by polities to remove all restraints regarding school attendance, enrolment, and retention. Because this has been the case, and more especially given the safety net, the policy extends to the vulnerable and underprivileged populations in resource deficient polities, it could be asserted that central to the efforts to realizing SDG 4, it is likely to preoccupy the attention of stakeholders. The school feeding program, which guarantees school children of at least one meal a day, has contributed to improving school attendance in countries (Veloso 2014; Iddrisu 2018; Galaa and Saaka 2011). However, given the stakeholder perceptions presented in this study, the attainment of the overall policy goals and objectives could be impaired, and hampered. On this basis, as part of the measures to countervail the situation, strengthen the policy, and possibly accelerate the attainment of SDG 4, we make the following recommendations:

- Strenuous efforts must be exerted to develop and further strengthen stakeholder cooperation between teachers, caterers, and community members.
- As part of the general radical reforms to be introduced, mechanisms must be instituted to track resource flows from the top hierarchy of the operations system to the designated recipients
- Efforts must also be made to root out incidence and tendencies of bribery and corruption that has come to take a center stage in the program. In this regard, managers of the program must institute measures targeted at penalizing officials reported for corruption behaviors. Furthermore, communication avenues must be created for people to report officers involved in corrupt practices.
- To address the issue of fund delays, government, in concert with stakeholders must ensure timely allocation of resources to caterers and other service providers to deliver efficiently and effectively.
- An appreciable dosage of decentralization should be injected into the institutional structure of the school feeding program. The current structure whereby the entire program revolves around political structures must be reformed to make room for accommodating other stakeholders like teachers and community members.
- Furthermore, reformation of the school feeding program should among other things take into cognizance poverty considerations. In this regard, schools in areas with high poverty incidence must be assigned priority in determining beneficiaries. There is therefore the need to reform the program by retargeting and identifying beneficiaries.
- As part of program reformation efforts, the study further recommends instituting measures to decouple the program from political structures like the district assemblies. In this regard, it would help stem the growing tide of political meddling in the affairs of the program. Essentially, this effort would be very cardinal to the restitution of public confidence, trust, and equity regarding the program.

- In essence, the depoliticization of the program should purposefully be designed to create space for the integration of teachers, community members, and opinion leaders. The current situation, whereby there exists a disconnect between these stakeholders, is actually militating against the program progress. By making stakeholders central actors, they are likely to not only develop a sense of ownership, but also perceive the program as a personal one. For reasons of having vested interests in the school feeding program, stakeholders are likely to expend their time and energy in ensuring program effectiveness, efficiency, and success.

## Cross-References

► Comparative and Development Public Administration and Policy

## References

Abebrese J (2011) Social protection in Ghana. An overview of existing programmes and their prospects and challenges. Friedrich Ebert Stiftung:10–23

Abotsi AK (2013) Expectations of school feeding Programme: impact on school enrolment, attendance and academic performance in elementary Ghanaian schools. Br J Educ Soc Behav Sci 3(1):76–92

Adato M, Bassett L (2009) Social protection to support vulnerable children and families: the potential of cash transfers to protect education, health and nutrition. AIDS Care 21(sup1):60–75

Alshuwaikhat MH, Mohammed I (2017) Sustainability matters in National Development Visions-Evidence from Saudi Arabia's vision for 2030. Sustainability 9:408

Arkorful VE, Anokye R, Basiru I, Hammond A, Mohammed S, Micah VB (2019) Social protection policy or a political largesse: disability fund efficacy assessment and roadblocks to sustainable development goals. Int J Public Adm 1–11

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qual Res Psychol 3(2):77–101

Bundy D, Burbano C, Grosh ME, Gelli A, Juke M, Lesley D (2009) Rethinking school feeding: social safety nets, child development, and the education sector. The World Bank

Bundy D, Burbano C, Gelli A, Risley C, Neeser K (2011) On the transition to sustainability: an analysis of the costs of school feeding compared with the costs of primary education. Food Nutr Bull 32(3):201–205

Creswell JW (2013) Research design: qualitative, quantitative, and mixed methods approaches. Sage, Thousand Oaks

Creswell JW, Hanson WE, Plano VLC, Morales A (2007) Qualitative research designs selection and implementation. Couns Psychol 35(2):236–264

Elo S, Kyngäs H (2008) The qualitative content analysis process. J Adv Nurs 62(1):107–115

Essuman A, Bosumtwi-Sam C (2013) School feeding and educational access in rural Ghana: is poor targeting and delivery limiting impact? Int J Educ Dev 33(3):253–262

Fiske EB (2000) World education forum. In: Barry UP (ed) Education for all: meeting our collective commitments. UNESCO, Paris, pp 1–84

Fiszbein A, Kanbur R, Yemtsov R (2014) Social protection and poverty reduction: global patterns and some targets. World Dev 61:167–177

Gabriel AOI, Harcourt P (2012) Achieving universal basic education in Nigeria since 1999: women as partners. Int J Learn Dev 2(5):215

Galaa S, Saaka M (2011) Running an effective and sustainable school feeding programme: key factors to consider. J Soc Dev Afr 26(2):39–65

Ghana School Feeding Agency (2016) Ghana school feeding program annual operating plan. Accra 1–85

Ghana Statistical Service (2018) Ghana living standards survey round 7 (GLSS 7) poverty trends in Ghana 2005–2017, Accra

Gumus S (2014) The effects of community factors on school participation in Turkey: a multilevel analysis. Int Rev Educ 60(1):79–98

Iddrisu I (2018) Improving school feeding through participation: should the teacher be actively involved? Int J Educ Manag 32:141

Iddrisu I, Sayibu M, Zhao S, Ahmed AR, Suleiman AS (2019) School feeding as a social protection programme or a political largesse: a review. Int J Comp Educ Dev 21:16

Kamaludeen H (2014) The impact of the Ghana school feeding programme on enrollment, attendance and retention in Ga south municipal schools. Doctoral dissertation, University of Ghana

Khatete IW, Pendo S, Oyabi JM (2013) School feeding program and pupils' participation in primary schools in Kenya. A study of Taita Taveta and Nairobi Districts. J Emerg Trends Educ Res Policy Stud 4(6):895–900

Madill A, Jordan A, Shirley C (2000) Objectivity and reliability in qualitative analysis: realist, contextualist and radical constructionist epistemologies. Br J Psychol 91(1):1–20

Mason J (2002) Qualitative researching, 2nd edn. Sage, Thousand Oaks

McCracken G (1988) The long interview, vol 13. CA: Sage, Thousand Oaks

Mirtcheva DM, Powell LM (2009) Participation in the national school lunch program: importance of school-level and neighborhood contextual factors. J Sch Health 79(10):485–494
National development Planning Commission & United Nations (2015) Ghana Millennium development goals report, 2015. Retrieved from: https://ghana.un.org/sites/default/files/2019-09/UNCT-GH-MDG-Report-2015%20cover.pdf
Nudzor HP (2013) Exploring the policy implementation paradox: using the free compulsory universal basic education (fCUBE) policy in Ghana as an exemplar. Int J Qual Stud Educ 26(8):933–952
Richards L (2009) Handling qualitative data: a practical guide, 2nd edn. Sage, Los Angeles
Ruhil R (2015) Millennium development goals to sustainable development goals: challenges in the health sector. Int Stud 52(1–4):118–135
Sachs JD (2012) From millennium development goals to sustainable development goals. Lancet 379(9832):2206–2211
Slater R (2011) Cash transfers, social protection and poverty reduction. Int J Soc Welf 20(3):250–259
Sonnino R, Torres CL, Schneider S (2014) Reflexive governance for food security: the example of school feeding in Brazil. J Rural Stud 36:1–12
Veloso N (2014) Scaling-up school feeding harnessing what worked for Brazil. Food and Agriculture Organization, Rome
Wolff J (1994) Hobbes and the motivations of social contract theory. Int J Philos Stud 2(2):271–286
World Food Programme (2013) State of school feeding. Retrieved from: https://documents.wfp.org/stellent/groups/public/documents/communications/wfp257481.pdf
Zikmund WG, Babin BJ, Carr JC, Griffin M (2013) Business research methods. Cengage Learning, Boston

# School Segregation in Chile

Claudio Allende[1,2], Rocío Díaz[1] and Juan Pablo Valenzuela[1]
[1]Centro de Investigación Avanzada en Educación, Universidad de Chile, Santiago, Chile
[2]Programa de Estudios de Gobierno, Universidad de Santiago de Chile, Santiago, Chile

## Synonyms

Between segregation; School segregation; Social segregation; Within segregation

## Introduction

### Why Is the Chilean School System a Rich Source of Learning About School Segregation Worldwide?

School segregation has multiple effects on the educational and developmental children opportunities, as well as for society as a whole, in the short, medium, and long term. On the one hand, when it occurs among vulnerable students, it affects the quality and equity of their learning, as it also makes social policies aimed at improving education less effective, since the concentration of more vulnerable students carries with it more complex requirements to achieve the objectives sought. However, there are also effects for all the socioeconomic groups, since higher degrees of social segregation reduce the development of socialization, inclusion, and civic development skills.

Often focused on the socioeconomic level, school segregation refers to the unequal distribution of students among schools, in this case according to the economic and human capital of families. In many countries this implies a two-tail distribution, that is to say, both the most vulnerable students and those with the best social attributes, tend to concentrate in schools and high schools with fellows of similar characteristics, while those of middle groups coexist with a greater relative diversity of students. On the other hand, academic segregation might not correspond to the same characterization, because in more equitable educational systems – where social conditions of origin have a lower incidence in the children's learning opportunities – both the degree and concentration of academic performance between schools could be lower than the socioeconomic concentration; while, on the contrary, in those countries where social conditions are closely linked to educational opportunities, both types of segregation will tend to converge.

Analyzing the experiences of the Chilean school system in the field of educational segregation, it is a matter of interest for several reasons. The first one, because there is information on the

social and academic characteristics of students and schools since 1999, which makes it possible to carry out longitudinal studies concerning the magnitude and intertemporal evolution of this condition, as well as the comparability between different levels of education, since databases are available for both elementary and high school students.

Second, the diversity of the academic literature for the Chilean educational system makes it possible to inquire about the factors that explain school segregation, facilitating the identification of public policies that could attenuate those processes. It is even more interesting to note that at the international level Chile is one of the countries with the highest school segregation, as can be seen in the results of more than 70 countries in the PISA test, where Chile is regularly among the three more segregated educational systems.

Third, the Chilean school system has been characterized for almost 40 years by the implementation of market oriented policies for the provision of education financed with public resources, where competition and the role of the market play a relevant role in the expectations to improve the quality of the whole system. Some of its main attributes are: (i) there is a payment associated with each student (voucher); (ii) there is a high degree of flexibility in the provision of private education, with low regulations for the entry of new establishments and with funding per student, similar to the one that is received by the public sector (also called private subsidized sector); (iii) Since 1989, the compulsory monthly payment is extended to families who decide to enroll their children in the private subsidized sector (co-payment); and (iv) a market where it was not prohibited the massive implementation of student selection mechanisms in schools, beyond the co-payment, such as entrance ability tests, parents interviews, not renewal of enrollment due to academic or disciplinary problems, among others. Those characteristics makes very attractive to analyze the Chilean experience, which becomes very useful in an international context where private participation in school education has systematically increased in many countries, especially in Latin America and the United States.

Finally, in the last few years, Chile has begun to implement a set of institutional changes and structural reforms aimed at improving the quality and equity of education, which, without segregation as a main objective, could have a high impact on reducing it. Among these reforms highlights: In 2008, a supplementary grant was approved for 40% of the most vulnerable students (Preferential School Subsidy Law), which implies up to 70% higher monthly resources for that group, but in order to be able to access it, private subsidized schools should agree to not select or use co-payment with those students. In the same sense, in 2014 it was approved the so-called "Law for School Inclusion" which entails, among other rules, the elimination of parental co-payment, and the elimination of academic as well as social selection of students in all schools receiving public resources.

## International Evidence on Segregation

### The Effects of School Segregation

In the growing international evidence of school segregation, effects on students have been documented. The first and the most important of all is the learning opportunities asymmetry – the so-called peer effects – generated by the concentration of students with less abilities or social backgrounds in schools or classrooms, where they have less opportunities to achieve a better quality of education (Angrist and Lang 2004; Duflo et al. 2011). The second one, and also important, is socialization, as the school is a space that enriches the interaction with other people, complementing the familiar experience to which the individuals are exposed, being able to introduce the students in the complexities of social life, one of whose main characteristics is the coexistence with people of different socioeconomic condition, racial origin, sexual orientation, among others. In this context, school segregation would impoverish citizen construction based on social diversity (Valenzuela et al. 2010). Being part of a socially integrated school provides benefits to all students, especially in a globalized society. In this way, it generates skills to develop

a better communication and to make friends of diverse origins; reduces the willingness to generate stereotypes, and generates higher levels of civil and social responsibility. Other generated benefits are intergenerational (reflecting long-term effects), so students who attend integrated schools are more likely to seek and be placed in integrated universities, neighborhoods, and workplaces (Mickelson and Nkomo 2012).

On the other hand, social policies in education, aimed at improving the conditions of disadvantaged individuals and groups, face additional problems, which limit their effectiveness, when they must address phenomena of concentration of poverty. Thus, the segregation of vulnerable groups makes them even more vulnerable and can permanently install social exclusion and disintegration. In this sense, "separate remains extremely unequal" (Orfield et al. 2012), that is, to generate school systems where students with certain characteristics attend different schools – those that concentrate similar students – entails maintaining and accentuating inequalities of origin.

In addition, a number of segregation effects have been documented for vulnerable groups within the school, such as: segregated schools have less experienced and less qualified teachers (Clotfelter et al. 2010); there are higher rates of teacher turnover; peer groups with less grades and inadequate materials and resources for learning. Likewise, other indicators such as repetition rate, expulsion rate, and school cohabitation problems are much higher in segregated and vulnerable schools.

## Factors Affecting School Segregation

In the international literature review, certain factors have been established that affect school segregation: extra-school factors, such as residential segregation and school choice; and intra-school factors, such as the attributes of the institutional design of the school system. Regarding residential segregation, it is evident that the place of residence affects the space and also the choice of parents, so the degree of residential segregation can be the main factor associated with the degree of school segregation.

Regarding the second point, the school choice studies have shown that it is not limited to socioeconomic inequalities, but rather associates to different positions within the social and cultural structure such as social class, race, ethnicity, religion, among others (Van Zanten 2007; Ladd and Fiske 2009). In this way, a search for cultural homogeneity would accentuate school segregation.

On intra-school factors and on the institutional design of the school system, mechanisms of students selection; massive use of repetition for students' failure; and the expulsion of students subject to academic or school cohabitation (Dupriez and Dumay 2006) affects directly the magnitude of segregation. In addition, a second type of mechanisms associated with internal academic selection is the tracking in different educational levels, which operate in different school systems around the globe such as the German, French, American, or Canadian (Dupriez and Dumay 2006; SCHNABEL et al. 2002). Despite the progress made in understanding segregation between schools, the segregation of students – generally by academic skills – within classes of the same grade has been less analyzed, practices that are more frequent among schools of greater size and greater heterogeneity among their students (Dupriez 2010; Ireson and Hallam 2001; Slavin 1990).

The within-school segregation presents positions that promote them and detractors. A positive view indicates that grouping students with similar abilities facilitates the instruction of teachers, and fewer students will be left behind, since teachers will adapt educational strategies to the more homogeneous attributes of students (Betts 2011; Duflo et al. 2011; Dupriez 2010); while detractors argue that a more diverse composition of students may be of greater utility to lower performing students, as well as argue about the difficulty in determining the innate abilities of students (Ireson and Hallam 2001).

In several studies, the results of the academic skills management account for negative consequences for the students with the lowest abilities, concluding that the advantages obtained by the best performers do not compensate the losses

among the students with the lowest achievements grouped together (Dupriez 2010; Ireson and Hallam 2001; Oakes 1985; Slavin 1990). It seems that the explanation of this inequity and inefficiency in student ordering by performance is explained by the fact that teachers reduce their expectations of students assigned to lower performance classes (Boaler et al. 2000) and because the distribution of the teachers between the different classes are not at random and generally the best ones are assigned to the students with the best performance (Toledo and Valenzuela 2015).

In addition, students assigned to low-performing classes tend to reduce their educational expectations early, as well as their sense of self-efficacy (Braddock and Slavin 1995), which affects both their overall and academic self-esteem (Ireson and Hallam 2001; Oakes 1985).

## Segregation, the Chilean Case

Observing the evolution of socioeconomic segregation at the national level during the last 15 years, it is possible to appreciate a series of distinctive features of the educational system: (i) there are high levels of social segregation, placing Chile as one of the most segregated countries within the participants of the PISA test (Chmielewski and Savage 2014); (ii) high segregation among the most vulnerable but still higher and growing among middle-high and high socioeconomic status (SES) students (Fig. 1); (iii) this situation is increasing among secondary school students, with a tendency to close differences with students in basic education (Valenzuela et al. 2015) (see Fig. 2); and finally (iv) a growing trajectory of social segregation during the early part of the 2000s and decreasing from 2007 (Fig. 2).

The concentration of vulnerable and higher SES students in fourth grade increased until 2007, this concentration was led by a greater homogenization inside the establishments of each type, rather than by a growing differentiation between the different types of schools. On the contrary, a gradual process of reducing social segregation – although in small magnitudes –

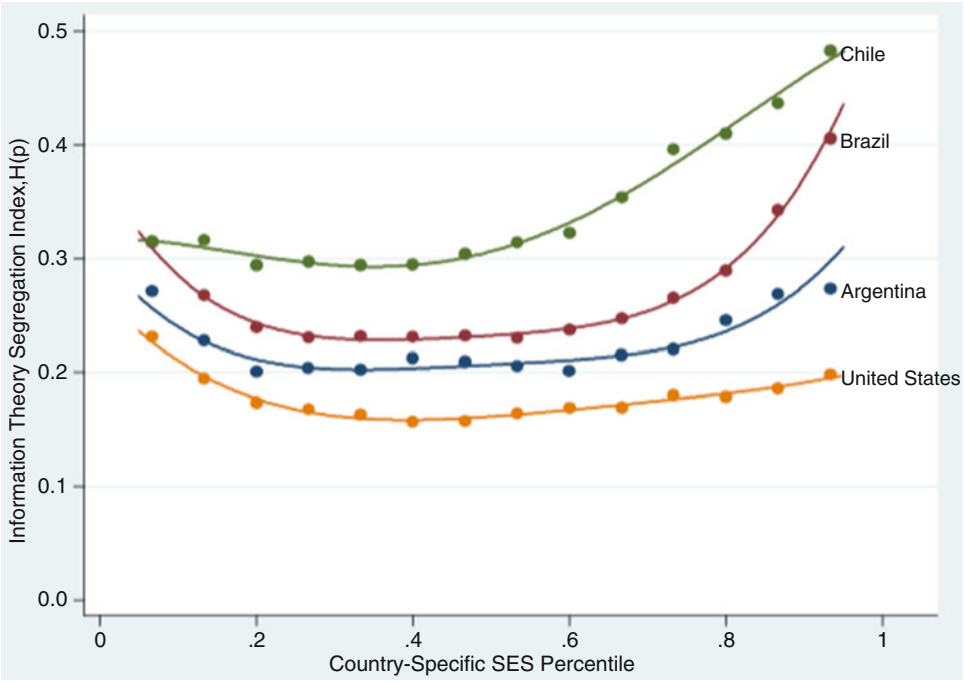


**School Segregation in Chile, Fig. 1** Estimated socioeconomic segregation between schools by SES thresholds, selected countries, PISA 2012. (Source: Chmielewski and Savage 2014)

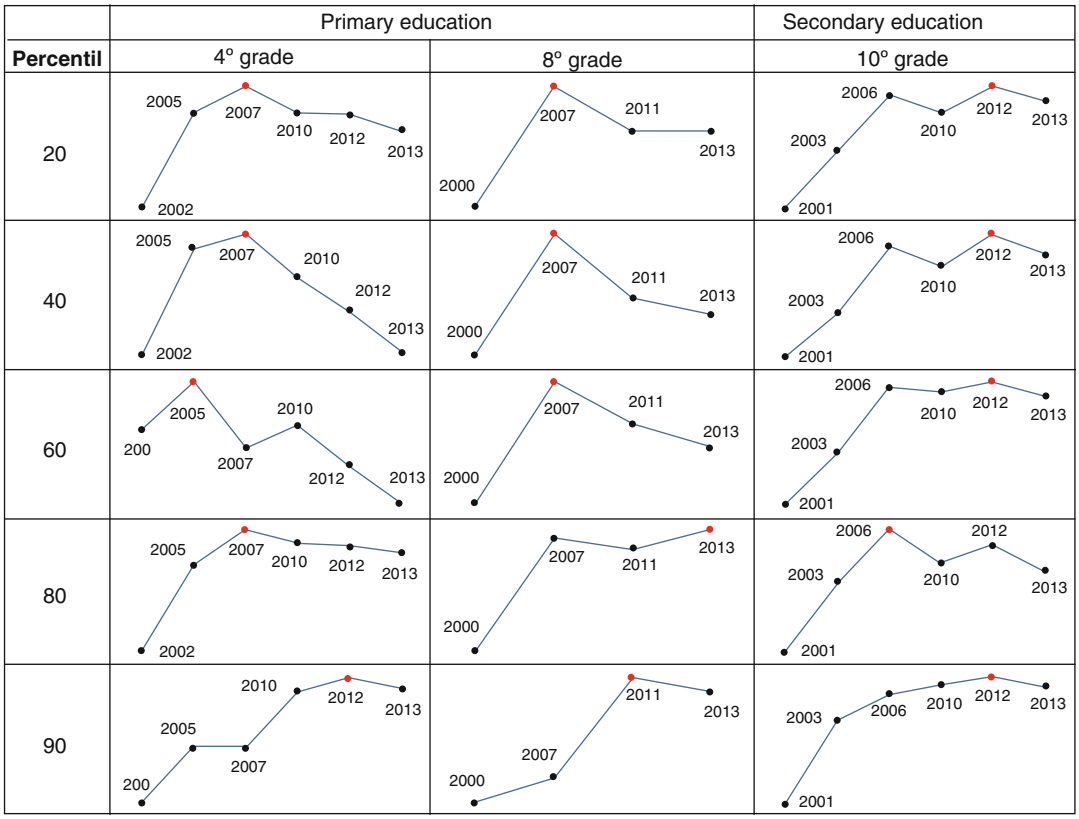


**School Segregation in Chile, Fig. 2** Evolution of Duncan Index between schools for primary and secondary education, by SES, for percentiles 20, 40, 60, 80, and 90. (Source: Valenzuela et al. 2015)

has been initiated in the groups of vulnerable and middle students since 2007, whereas among the medium-high and high SES groups this process was reduced or, on the contrary, it continued growing.

The accumulated research in Chile during the last years shows that the high level of social segregation of the school system is not only a reflection of the residential segregation of our cities, since the first one far surpasses the second (Elacqua and Santos 2013; Valenzuela et al. 2008). In addition, social segregation also correlates with attributes inherent in the Chilean school system, such as the parental co-payment in the private subsidized schools, nonrandom distribution of schools in the territory (Auguste 2004; Rodríguez et al. 2016), heterogeneity in the family school preferences (Elacqua et al. 2006; Canales et al. 2016), and selection mechanisms used by schools.

## Factors that Explain School Segregation in Chile

The Chilean school system is based on a "relative freedom" of school choice, where parents in theory, when looking for a better educational quality for their children will prefer those schools with a better or demonstrated quality, thus the demand for this type of schools will derive in a gradual and sustained improvement of the system because schools that do not meet these requirements simply would not have sufficient enrollment. Emphasis has been placed to the relative freedom because the choice made is subject to a number of entry barriers imposed by the schools, and which depend on socioeconomic characteristics, geographical characteristics, or by the ability of the students themselves, among the main ones, that actually determine the structure of the Chilean educational system.

In this sense, some authors have postulated that what really stimulates the Chilean school market would not be the offer/demand of educational quality, but rather the promise – by the schools – of providing protection and security by avoiding mixing with lower level social sectors, so the choice of private schools would reflect the interest of the middle sectors to differentiate themselves from the poorest (Canales et al. 2016). In this sense, rather than quality – measured through objective performance indicators – what parents would look for when choosing a private subsidized school under this market system would not be educational quality but rather differ in some way from their peers. This is because the social composition of the school is understood as a component of status in Chilean society because some of them prefer to avoid this group of families (Saporito 2003), or because the new social composition could affect the average performance of the school (Epple and Romano 1998). This leads to an increase in social segregation, exclusion of disadvantaged students, and stigmatization of free public schools (Elacqua et al. 2006; Canales et al. 2016). In this way, this ability to "select" schools would be one of the main reasons why the Chilean educational system shows such high social segregation.

On the other hand, although families do not have an explicit preference for being segregated, if the assessment of the different attributes of the school varies according to the characteristics of the families, then students of different socioeconomic level will not attend the same type of school (Elacqua and Santos 2013).

In this sense, the hypothesis of neutral ethnocentrism (Ladd et al. 2009) postulates that vulnerable families tend to prefer schools with more homogenous compositions and therefore would not be oriented to select schools with better academic performance. On the contrary, the literature on the Chilean school system has shown that the elimination of entry barriers such as parental co-payment for enrolling their children in private schools has intensified the migration processes of vulnerable students (or lower SES students) from public education to private subsidized schools (Valenzuela et al. 2015), which would be perceived as of better quality. The above supports the document by Flores and Carrasco (2013), who identify that the vulnerable families of the Metropolitan Region in Chile would also choose within the best available school alternatives, after including in their election restrictions on the distribution and quality of the supply of schools in the neighborhoods where they live, and the magnitude of the additional payment that was requested, and thus removing support for the hypothesis of neutral ethnocentrism outlined above.

Likewise, it is possible to anticipate a heterogeneous effect on the social composition of schools, not only because of the effect previously described but also because some of the families of middle and upper-middle SES groups attending private subsidized schools, could decide to emigrate from these types of establishments because of the entry barrier removal, which is demonstrated in Valenzuela et al. (2015) after the implementation of the preferential school grant law (SEP).

Additionally, in a system where a large part of the new educational service providers only sought to maximize their profits, the best way to optimize their income was to locate their facilities in territories (neighborhoods) where the demand was very high or in places with high SES inhabitants, causing a residential segregation of the schools. In this way, large cities, as well as places where people of higher SES traditionally lived, benefited from the creation of large numbers of establishments, which logically increases the probability of accessing a high quality school.

In this sense, it should be mentioned that for students of lower SES, the proximity of an establishment could be critical because they usually attend schools closer to their homes, since longer trips involve higher costs, which a family of lower SES may not afford. Thus, the nonexistence or shortage of quality schools, as well as the segregation of these by territory would be helping to perpetuate the vulnerable conditions of origin observed in the Chilean educational system (Rodríguez et al. 2016).

One factor that has greatly influenced the perpetuation of segregation in the Chilean school

system since the 1990s has been the existence of explicit selection. In this sense, the empirical evidence for Chile has shown that school selection processes, especially through the application of ability tests to new students, interviews with students and parents, as well as the use of management of heterogeneity within schools, would be widely used by schools in Chile, at all levels of education and in schools with or without public subsidies (Contreras et al. 2010; Godoy et al. 2014).

The existence of these mechanisms has led, over the years, a great entry barrier to certain schools, especially for students of the most vulnerable sectors of society, who, due to their inequalities of origin, had to be satisfied with entering free, public, and nonselective institutions, schools for which it was not considered that educating vulnerable students with great social inequalities of origin has associated a higher complexity and cost in their education, since until 2008 the tax contribution per student was flat and not associated with the individual or average social attributes of their students. Thus, this type of mechanism naturally led to a worsening and sustained segregation of public education.

As mentioned, the management of heterogeneity within establishments is a practice that has grown more intensely since the 1990s. This is how the research on the frequency or magnitude of this phenomenon and its effects on segregation in Chile show that this type of grouping and selection mechanisms by skill would be very frequent in secondary education (Treviño et al. 2016a, 2017). This literature has shown that within segregation would have a negative impact on quality, equity, and educational efficiency, negatively affecting students mainly of middle groups (Treviño et al. 2016a), and high-performance students would benefit from this type of practice, which would not occur with low- and intermediate-performing students, mediated by differentiated teacher assignments, lower expectations for students with more academic difficulties, higher repetition and school withdrawal among these groups of students (Treviño et al. 2016a).

## Main Public Policies that Have Affected Segregation in Chile

Over the years, public policies have been implemented that, without aiming at school segregation, have had negative and positive effects on segregation. In this sense, within the policies that increased or made possible the accelerated segregation of the Chilean school system is the authorization granted to the subsidized schools to make a compulsory monthly payment to families who decided to enroll their children in this type of establishments (parental co-payment).

On the other hand, beginning with the massive protests carried out by students in 2006 and 2011, demanding structural changes to the Chilean educational system, a set of institutional and structural changes were begun to improve the quality and equity of education, which did not always have as a motivation the reduction of social and academic segregation of the school system, but we could anticipate that it will have a substantial effect in its magnitude. In this context, the two main ones stand out: The Preferential School Subsidy Law (SEP) and The Law for School Inclusion.

The following describes three public policies, as well as their effects on school segregation that have been found in the Chilean literature.

### Parental Co-Payment and Its Effects on Segregation

The financing system for Chilean education had an optional complementary instrument to the state subsidy received by the subsidized schools (public and private), which began to be used in 1989, called parental co-payment (FICOM), which was regulated in 1993. Specifically, the FICOM allowed private subsidized schools and special cases of public high schools to supplement the subsidy received through additional compulsory contributions from parents. This Law, besides allowing direct increase of the resources of the schools, would generate a fiscal saving that at the same time would allow a better targeting of the expenditure by the central government (Saavedra 2013).

Although the main purpose of this policy was to increase the resources available in schools, one of the indirect effects associated to its implementation was the differentiation or socioeconomic segregation. In this sense, the literature consistently shows that the parental co-payment system generated a differentiation in the socioeconomic composition of the students in the different dependence (public or private) of the schools (Valin 2011; Saavedra 2013). This led to a reduction in the choice options of the lowest income families in the country, as well as to the fact that families ended up enrolling their children in more segregated schools, where most of the classmates presented similar social and cultural conditions (Valenzuela et al. 2008; Saavedra 2013). Likewise, it is also possible to associate with this policy the increase in school segregation at the commune level observed between the mid-1990s and 2000 (Valenzuela et al. 2008).

### The Preferential School Subsidy Law and Its Effects on Segregation

The Preferential School Subsidy Law (SEP), implemented in early 2008, is the main public policy implemented to introduce greater equity to the Chilean educational system. The main objective is to correct the education financing system, providing an additional contribution to schools that host vulnerable students. This contribution was focused on 40% of the most vulnerable students in Chile, which implied up to 70% of higher monthly subsidy. In this way, the state subsidy was conditioned to the socioeconomic characteristics of the families of the most vulnerable students in order to compensate for social inequalities of origin and, therefore, it was recognized that educating vulnerable students would be more complex and costly.

Alongside this, schools that decide to participate – voluntarily – of the reform must assume a series of commitments, such as eliminate parental co-payment to students classified as vulnerable, a series of accountability process related to the use of resources and the obligation to develop and comply with an educational improvement program aimed at improving their school performance. It should be noted that this Law was the first change made to the school financing system after almost 30 years of operation of the existing vouchers system in Chile.

An indirect effect of this policy, which may become as relevant as the direct effect that greater financial resources have had on academic outcomes (Valenzuela et al. 2015, Neilson 2013, Vergara 2014), is the potential impact on the social composition of schools. In this sense, it is necessary to mention that the social recomposition of schools was not an explicit objective of the law, but it has allowed to give greater alternatives of choice to the vulnerable students when eliminating the entry barrier imposed by parental co-payment. Thus, in terms of results, since the implementation of the reform has seen a high mobility of students from public schools to private subsidized school with co-payment (Valenzuela et al. 2015). This migration may have undesirable effects on public education, since it could accentuate the reduction of enrollment, becoming a new mechanism to accentuate the deterioration of public education.

The literature on the effects of the SEP Law on the composition and socioeconomic segregation of school has shown that since its implementation there would be incipient achievements on the social recomposition of schools, so for 2011 shows – for the first time – a slight reduction in social segregation among middle school students, mainly affecting private subsidized schools but not public schools, and which was concentrated among low- and middle-income students, which could be an advance of a process that intensifies over time (Valenzuela et al. 2013, 2015). Alongside this, the literature shows a gradual inclusion of students with mothers of low schooling among private subsidized schools participating with SEP in fourth grade (Domínguez 2014). Finally, at this point, the intensity of participation in the SEP at the community level has slightly affected the reduction of social segregation in private subsidized schools but not in public schools (Roje 2014).

The effects that the SEP is having on social segregation shows that, despite the incipient achievements shown above, the halt of the increase since the end of the 1990s, and a gradual

reduction of school segregation in the later years, this process is match more attenuated than the social recomposition, and it could be describe as an "upward truncated decompensated social recomposition" (Valenzuela et al. 2015), where vulnerable students migrate from public education to private subsidized schools, where part of the private subsidized schools with co-payment accept this group of students, making these schools more socially diverse than before the reform, but where, in many cases, the migrants are in less integrated social conditions than in the public schools of origin.

At the same time, some of the students from families of higher SES are withdrawing not only from the public schools but now from the private subsidized with SEP, in this way the schools of medium-high and high levels that sign the SEP are what they modify more, although gradually over time, their social recomposition, that is, when they become free and nonselective, would be increasingly preferred by vulnerable student families. This leads to the conclusion that co-payment did act as an active entry barrier for families, as mentioned above.

### The Law for School Inclusion

In 2015, the Law for School Inclusion was approved, which entails, among other rules, the gradual elimination of parental co-payment, as well as the academic and social selection of students in all schools receiving state contributions. This public policy gives to international school systems an opportunity to learn about the Chilean experiences, since there are high expectations about the effects of these reforms on the processes of social integration between publicly financed schools that could happen in the coming years.

In this sense, Rao (2013) shows, for India, that when greater inclusion is achieved within schools, the better off children would improve or have a positive impact on characteristics associated with social behavior (such as generosity, socialization with peers or poorer people). However, this concentration of students with low socioeconomic level (and usually low achievement) would affect the rest of the students in a small but negative way in standardized tests (Rao 2013), a conclusion similar to that found in Noden and West (2009), for the case of England.

## Concluding Remarks

The Chilean educational system is of great interest for countries with high or extreme school segregation, mainly because after more than 10 years of policies which facilitate his proliferation and consolidation, since 2008 the country policy makers start to create and implement policies which aim to reduce it, maybe not as primary objective but as an indirect effect which may become as relevant as the direct effect. As show earlier with the empirical findings about the Preferential School Subsidy Law.

However, one of the main problems especially in primary education is associated with the residential segregation and as we saw above the territorial segregation of schools, that is why the effects associated with the new policies could be bounded, and complementary policies beyond the educational scope needs to be created and implemented.

With the successive implementation of the Law for School Inclusion, establishments that receive state funding will be prevented from selecting both by socioeconomic or academic level, an effect that will bring an increase in diversity within schools. However, this effect needs to be carefully observe because public schools could be harmed, because parents will have the opportunity – not present in the context of parental co-payment system – to enroll their kids into private subsidized schools leading into an extreme situation – derived from the discredit of the Chilean public education – where public schools will reduce enrollment even more than the already documented. In this way, public schools could be more segregated than they are at this moment (Valenzuela and Montecinos 2017).

Finally, although it is possible to anticipate a reduction in between-school segregation, as many international studies have shown (Chmielewski 2014; VanderHart 2006), incentives will be generated to implement (or create) policies of heterogeneity management within schools such

as grouping students by skills, by different types of teaching or technical training programs. Thus the increase of within-school segregation, especially in high school, is something that must be taken into account as of the implementation of the Law for School Inclusion.

**Acknowledgments** Funding from PIA-CONICYT Basal Funds for Centers of Excellence Project FB0003 is gratefully acknowledged.

## References

Angrist JD, Lang K (2004) Does school integration generate peer effects? Evidence from Boston's Metco program. Am Econ Rev 5(94):1613–1634

Auguste S (2004) An empirical model of school formation. (PhD thesis). University of Michigan-Ann Arbor, Michigan

Betts JR (2011) The economics of tracking in education. In: Hanushek E, Machin S, Woessmann L (eds) Handbook of the economics of education (Kindle ed.). Handbooks in economics, vol 4. Elsevier, Amsterdam/North Holland

Boaler J, Wiliam D, Brown M (2000) Students' experiences of ability grouping-disaffection, polarisation and the construction of failure. Br Educ Res 26:631–648

Braddock J, Slavin R (1995) Why ability grouping must end: achieving excellence and equity in American education. In: Pool H, Page J (eds) Beyond tracking: finding success in inclusive schools. Phi Delta Kapa Educational Foundation, Bloomington, pp 7–20

Canales M, Bellei C, Orellana V (2016) ¿Por qué elegir una escuela privada subvencionada? Sectores medios emergentes y elección de escuela en un sistema de mercado. Estudios pedagógicos (Valdivia) 42(3):89–109

Chmielewski A (2014) An international comparison of achievement inequality in within-and between-school tracking systems. Am J Educ 120(3):293–324

Chmielewski A, Savage C (2014) Socioeconomic egregation between schools in the U.S. and Latin America, 1970–2012. In: Paper prepared for 9th annual Lincoln Institute of land policy conference, *Land and the City*. 2–3 June 2014, Cambridge, MA. FINAL DRAFT – 2 Sept 2014

Clotfelter C, Ladd H, Vigdor J (2010) Teacher mobility, school segregation, and pay-based policies to level the playing field. Educ Finance Policy 6(3):399–438

Contreras D, Sepúlveda P, Bustos B (2010) When schools are the ones that choose: the effects of screening in Chile. Soc Sci Q 91:1349–1368

Domínguez P (2014) El impacto de la subvención escolar preferencial en la composición socieconómica de las escuelas. *Espacio Público*, Santiago, Documento de Referencia 15

Duflo E, Dupas P, Kremer M (2011) Peer effects, teacher incentives, and the impact of tracking: evidence from a randomized evaluation in Kenya. Am Econ Rev 101(5):1739–1774

Dupriez V (2010) Methods of grouping learners at school. UNESCO, Paris

Dupriez V, Dumay X (2006) Inequalities in school systems: effect of school structure or of society structure? Comp Educ 42(2):243–260

Elacqua G, Santos H (2013) Los efectos de la elección escolar en la segregación socioeconómica en Chile: un análisis georreferenciado. *Espacio Público*, Documento de Referencia 01, Santiago

Elacqua G, Schneider M, Buckley J (2006) School choice in Chile: is it class or classroom. J Policy Anal Manage 25:577–601

Epple D, Romano R (1998) Competition between private and public schools, vouchers, and peer-group effects. Am Econ Rev 88(1):33–62

Flores C, Carrasco A (2013) Preferencias, libertad de elección y segregación escolar. Documento de Referencia 02, *Espacio Público*, Santiago

Godoy F, Salazar F, Treviño E (2014) Prácticas de selección en el sistema escolar chileno: requisitos de postulación y vacíos legales, en Informes para la Política Educativa, N°1, Mayo 2014. Centro de políticas comparadas de educación. Universidad Diego Portales

Ireson J, Hallam S (2001) Ability grouping in education. Paul Chapman Publishing, London

Ladd H, Fiske E (2009) Weighted student funding for primary schools: an analysis of the Dutch experience. Working Papers Series, SAN09–02. Duke Sanford School of Public Policy

Ladd H, Fiske E, Ruijs N (2009) Parental choice in the Netherlands: growing concerns about segregation. In: Paper prepared for the national conference on school choice, Vanderbilt University, Nashville (Tenesse)

Mickelson RA, Nkomo M (2012) Integrated schooling, life-course outcomes, and social cohesion in multiethnic democratic societies. Rev Res Educ 36(1):197–238

Neilson C (2013) Targeted vouchers, competition among schools, and the academic achievement of poor students. Yale University

Noden P, West A (2009) Attainment gaps between the most deprived and advantaged schools. The Sutton Trust, London

Oakes J (1985) Keeping track: how schools structure inequality. Yale University Press, New Haven

Orfield G, Kicsera J, Siegel-Hawley G (2012) E PLuribus. . .. Separation: deepening doublé segregation for more students. The Civil Rights Project, Estados Unidos

Rao G (2013) Familiarity does not breed contempt: diversity, discrimination and generosity in Delhi schools. Working paper

Rodríguez P, Valenzuela JP, Suchan K, Truffello R, Norel N, Allende C, Mondaca J, Céspedes J (2016) La geografía de las oportunidades educativas: determinando el acceso real de los estudiantes a

establecimientos educacionales efectivos para generar políticas públicas que mejoren la provisión de educación de calidad. Informe Final FONIDE, Ministerio de Educación
Roje P (2014) Segregación escolar por nivel socioeconómico y su relación con las políticas públicas educacionales en Chile (tesis para magíster en economía). Universidad de Chile, Santiago
Saavedra T (2013) "Efecto del Financiamiento Compartido sobre el rendimiento escolar" (Tesis para optar al grado de magíster en economía aplicada). Universidad de Chile, Santiago
Saporito S (2003) Private choices, public consequences: magnet school choice and segregation by race and poverty. Soc Probl 50:181–203
SCHNABEL K, Alfeld C, Eccles J, Köller O, Baumert J (2002) Parental influence on students' educational choices in the United States and Germany: different ramifications same effect? J Vocat Behav 60(2): 178–198
Slavin R (1990) Achievement effects of ability grouping in secondary schools: a best-evidence synthesis. Rev Educ Res 60:471–499
Toledo G, Valenzuela JP (2015) Over-estimating the effects of teacher attributes on school performance in the Chilean education syste. Estudios de Economía 42(1):99–128
Treviño JP, Valenzuela JP, Villalobos C (2016a) Within-school segregation in the Chilean school system: what factors explain it? How efficient is this practice for fostering student achievement and equity? Learn Individ Differ 51:367–375
Treviño E, Valenzuela JP, Villalobos C, Vielma C, Hernández C (2016b) Trayectorias escolares de los estudiantes y agrupamiento al interior del aula en los colegios chilenos de Enseñanza Media. Análisis de la heterogeneidad académica al interior de las escuelas. Pensamiento Educativo Revista de Investigación Educacional Latinoamericana 2(53):1–17
Treviño E, Valenzuela JP, Villalobos C, Béjares C, Wyman I, Allende C (2017) Segregación entre e intra escuelas en el sistema escolar. Nueva evidencia para comprender las desigualdades del sistema educativo chileno. Forthcoming in Revista Mexicana de Investigación Educativa
Valenzuela J, Montecinos C (2017) Structural reforms and equity in Chilean schools. Oxford Research Encyclopedia of Education. https://doi.org/10.1093/acrefore/9780190264093.013.108
Valenzuela JP, Bellei C, De Los Ríos D (2008) Evolución de la segregación socioeconómica de los estudiantes chilenos y su relación con el financiamiento compartido. Informe Final FONIDE, Ministerio de Educación
Valenzuela JP, Bellei C, De Los Ríos D (2010) Segregación escolar en Chile en Martinic S, Elacqua G ¿Fin de Ciclo? Cambios en la gobernanza del sistema educativo. OREALC-UNESCO. Pontificia Universidad Católica de Chile Santiago
Valenzuela JP, Villalobos C, Gómez G (2013) Segregación y polarización en el sistema escolar chileno y recientes tendencias: ¿Qué ha sucedido con los grupos medios? *Espacio Público*, Documento de Referencia 03, Santiago
Valenzuela JP, Allende C, Gómez G, Trivelli C (2015) El efecto de la SEP en la reducción de la segregación socioeconómica del sistema escolar chileno. Primeros Resultados. Informe Final FONIDE, Ministerio de Educación
Valin A (2011) Financiamiento Compartido y desempeño escola. (tesis para magíster en ciencias de la ingenería). Pontificia Universidad Católica, Santiago
Van Zanten A (2007) Reflexividad y elección de la escuela por los padres de la clase media enFrancia. Revista de Antropología Social 16:245–277
VanderHart P (2006) Why do some schools group by ability? Some evidence from the NAEP. Am J Econ Sociol 65(2):435–462
Vergara D (2014) Persistencia en el desempeño académico: Un análisis a nivel de establecimientos a la luz de la reforma educacional (Tesis Magíster en Economía). Universidad de Chile, Santiago

# School Voucher Programs

Sheila Suess Kennedy
School of Public and Environmental Affairs, Indiana University Purdue University, Indianapolis, IN, USA

## Synonyms

School choice; School privatization

## Introduction

School voucher proposals gained traction in the late 1980s as part of a broader movement to privatize services previously delivered by government through its employees. Unlike the privatization program undertaken by Margaret Thatcher in England, in which public enterprises were sold off to the private sector, relieving government of further responsibility for their operation, in the United States, privatization referred to the practice of contracting out delivery of government's programmatic responsibilities to for-profit or

nonprofit third-party surrogates. Enthusiasm for this method of public service delivery led to a significant expansion of such practices, generating mixed results depending upon the service involved and the adequacy of government oversight. Voucher programs allowing parents to enroll their children in participating private schools of their choice, and to pay the tuition in full or in part with a government-issued voucher, have become one of the more contentious elements of the larger privatization agenda.

Enthusiasm for a market-based approach to schooling received impetus from a 1990 study by John Chubb and Terry Moe, *Politics, Markets and America's Schools.* Although several researchers subsequently challenged the data and methodology used in that study, which painted a grim picture of America's schools, fewer critics initially took issue with their definition of "effective schooling," which was to be measured against academic criteria only. For Chubb and Moe and those who agreed with their prescription for school privatization, the mission of the schools was limited to imparting competency in the math, science, and language skills deemed crucial to economic self-sufficiency and America's ability to succeed in the global marketplace. Only later did criticism of that premise become a major point of controversy between proponents and opponents of school vouchers.

## Philosophy and Partisanship

At its intractable extremes, the school voucher debate is a conflict between two long-standing elements of the American political tradition: the commitment to personal choice and individual freedom, on the one hand, and an equally compelling belief in the importance of a common civic infrastructure and collective interests on the other. Debate over vouchers has become so contentious in large measure because it reflects the tension between these largely incompatible political priorities.

Rather than debating whether public schools are as deficient as some have portrayed them, and if so, in what respects, or debating the merits of one reform measure over another, the policy issue has become whether America should continue to support a system of free, publicly controlled schools or whether government's educational role should be reduced to that of funder, enabling families to use a specified number of taxpayer dollars to buy educational services in the marketplace.

Initial support for school vouchers came from several interest groups: Catholics desiring financial support for their parochial schools, political libertarians opposed to government control of education on ideological grounds, business interests concerned about public schools' ability to produce a skilled workforce, and the Christian Right, which had advocated for Protestant prayer and religious instruction in the public schools and had been rebuffed by the Supreme Court in a series of cases beginning in 1962, when *Engel v. Vitale* struck down the practice of official prayer in public school classrooms. These constituencies were, and are, largely aligned with the Republican Party, while the most reliably anti-voucher interest groups – public educators, especially teachers' unions, the African-American community, and civil libertarians – represent important Democratic constituencies. Voucher programs have thus become a partisan issue (Kennedy 2001). The political dimension of the voucher debate has been underscored by the very active role taken by the American Legislative Exchange Council (ALEC), a corporate lobbying organization that supports voucher programs. ALEC's education task forces are funded primarily by libertarian interests, including the Charles Koch Foundation, the DeVos Foundation, and the Friedman Foundation (Shaffer et al. 2018).

Voucher proponents argue that competition in education leads to better schools at less cost. They point to test results showing that student achievement in private schools has historically been superior to the performance of students attending public schools. Opponents respond that much of the research purporting to compare public and private school outcomes fails to control for major differences in student body composition, including but not limited to parental socioeconomic status and educational motivation.

Opponents and even supportive academics also warn of potentially damaging social

consequences. John Witte, an educational researcher who evaluated and supported one of the earliest voucher programs, a 1990 experiment in Milwaukee, nevertheless noted that the program led to more segregation in the schools than otherwise would have been the case (Witte 2000). Other researchers have worried about religious balkanization, since an estimated 80% of the private schools participating in voucher programs are religious. Still others have expressed concern that voucher programs largely abandon the civic mission of the schools (Covaleskie 2007).

### Legal Issues

As voucher programs grew, opponents raised both First Amendment and state constitutional concerns, arguing that the use of public funds to pay tuition at religious schools violated both the First Amendment's Establishment Clause and state-level prohibitions known as "Blaine Amendments." The Supreme Court considered the First Amendment arguments in 2002, in *Zelman v. Simmons-Harris*. That case challenged an Ohio voucher program that affected only the Cleveland City School District. In 1999 and 2000, 82% of the schools participating in the Cleveland program were religiously affiliated, and 96% of the students using the vouchers were enrolled in one of those religious schools. Both the District Court and the Court of Appeals ruled for the parents who were challenging the program; however, the Supreme Court reversed. The Court accepted the defense's argument that the vouchers were payments to the parents, whose choice of religious schools was made freely and voluntarily, and that as a result, the vouchers could not properly be characterized as tax support for the religious schools. Since the choice of school was made by the parents, and the program's goal of allowing low-income children to escape a failing school system was secular, the Court held that the voucher program did not run afoul of the Establishment Clause.

State courts have largely adopted the logic of the *Zelman* decision, allowing voucher programs to operate despite state constitutional provisions forbidding the payment of state tax dollars to religious institutions. These provisions, commonly called "Blaine Amendments," were named for Congressman James Blaine, who sponsored a federal constitutional amendment in 1875 that would have forbidden public funding of religious schools. Blaine's amendment was seen as an effort to prevent government from supporting the Catholic schools that had originally been established in response to Protestant bible reading in public school classrooms. Blaine's effort at a federal amendment failed, but 38 states subsequently added such provisions to their state constitutions. In 16 states where Blaine Amendments seemed likely to preclude judicial approval of voucher programs, so-called neo-vouchers have used tax credits to circumvent the problem; the subsidies have been deemed "tax reductions" rather than direct spending. Arizona is the most prominent state employing this tactic; its Supreme Court upheld the state's "tax credit scholarships" in 1998. In two states, Massachusetts and Michigan, both vouchers and neo-vouchers have been held to violate those states' constitutions (Davis 2016).

### Performance

Recent research on statewide voucher programs in Louisiana and Indiana has cast doubt on the educational benefits promised by voucher proponents (Dynarski and Nichols 2017). Public school students who received vouchers to attend private schools subsequently scored more poorly on reading and math tests when compared to similar students who remained in public schools. The magnitudes of the negative impacts were large, and the results could not be explained by the particular tests that were used or the possibility that students receiving vouchers had transferred out of above-average public schools. According to a Brookings Institution overview of available research, a Louisiana public school student who was average in math (at the 50th percentile) and began attending a private school using a voucher declined to the 34th percentile after 1 year. Students in third, fourth, or fifth grades had a steeper decline, to the 26th percentile. A student at the 50th percentile in reading declined to about the 46th percentile. In Indiana, a student who had entered a private school with a

math score at the 50th percentile declined to the 44th percentile after 1 year. Earlier studies of voucher programs had shown more mixed results when measured by test scores, with scores improving for some students in some places and failing to improve for other students in other places.

In January 2018, *The Wall Street Journal* analyzed data on Milwaukee's program, the nation's oldest, and found that the city's 29,000 voucher students, "on average, have performed about the same as their peers in public schools on state exams."

A variety of explanations have been offered for the continued lack of evidence that vouchers improve student performance. Among the theories, public schools have improved more than private ones since the early 1990s; business interests, often lacking background in education, have established schools they are ill-equipped to run; before vouchers, private school classrooms were occupied by children from more privileged backgrounds, and test scores tend to correlate highly with parental income. To date, no consensus has formed around any of these explanations.

Indiana's results are particularly concerning, because the state has the nation's largest, and arguably least restrictive, voucher program. Initial enrollment caps have been abandoned, as has the rule that children would not be eligible for a voucher unless they'd attended a public school for at least 1 year. (The initial justification for vouchers was to allow poor children to leave failing public schools.) The program is no longer limited to poor children; recent research suggests that nearly a third of Indiana's voucher families could afford private school tuition without state subsidies (Shaffer et al. 2018).

## Civic Dimension

If communities are created and sustained by the things we have in common, by mutual engagements that build social capital, it is particularly important to consider how overarching values and civic commitments are transmitted, supported, and reinforced in a society as heterodox as that of the United States. The public schools have traditionally been seen as important to the forging of social solidarity and have long been regarded as a public good. The public schools play a major role in introducing students who come from increasingly diverse backgrounds to each other and to America's civic aspirations. To date, there are no research studies comparing public and private school performance in transmitting civic knowledge or success in encouraging civic behaviors.

Voucher proponents will generally not dispute the classification of education as a public good and except for the most ideological libertarians among them do support a role for the state: the role of funder. Where they differ from proponents of a strong public education system is on the identity of the provider of educational services. Privatization proponents argue that the market can and should provide the education services and that government should enable individual families to purchase them. On the theoretical level, the voucher debate is one more instance of the tension between the libertarian belief in the efficacy of markets and the primacy of individual choice and the more communitarian preference for mechanisms that encourage social cohesion.

## Funding and Oversight

Education in the United States is a function specifically assigned to the states, and funding for public education has consistently been a major state-level budget item. Given state educational systems' dependence upon the fiscal health and tax revenues of their home states, school funding and institutional quality across the country have been uneven. Voucher programs must be funded out of those same state budgets, and opponents of those programs charge that they are siphoning off funds desperately needed by the public schools. In Indiana, the state with the country's largest voucher program, state support for vouchers in 2016–2017 totaled 146.1 million dollars; between 2011 and 2017, the state spent 520 million dollars. Public school administrators assert that these are funds that would otherwise have gone to the state's public schools, while advocates for

voucher programs insist that the programs actually save the state money.

The fiscal impact of vouchers, and the veracity of the dueling claims, is difficult to assess for several reasons. Differences in the way in which states construct their programs means that impacts vary from state to state. Voucher proponents' claim that vouchers save taxpayers money is based upon the fact that most vouchers are issued for amounts that are less than the per pupil cost of educating a child in the state's public schools. Since the money that follows the child is less than the cost incurred by the public system to educate that child, the public school retains the difference. That claim, however, overlooks two reasons why such savings are more theoretical than real: first, a growing number of students enrolled in voucher programs were never in the public system. Second, there is not a one-to-one reduction of public school expense when a student leaves. For example, if one or two students leave a class of 25, the school system must still provide a teacher, a classroom, and supplies for the 23 who remain. The school system must continue to maintain its facilities and pay sufficient personnel to conduct necessary administrative functions. It is only when large numbers of children take vouchers and depart that school districts can realize savings by closing buildings, consolidating classes, and firing teachers. Thus far, there has been little to no credible research on the actual fiscal effects of the various iterations of voucher and neo-voucher programs on public school systems.

This lack of research is at least partially due to a lack of data. Oversight of voucher programs by most states has been minimal. Despite the large amounts of money involved, private schools accepting vouchers have not generally been subject to reporting requirements, either curricular or fiscal. In Louisiana, independent reporting found many religious schools teaching creationism in science class and using grossly inaccurate, religiously proselytizing texts in history. In Ohio, a 1999 investigation by the *Akron Beacon Journal* found school choice legislation had been developed as a quid pro quo for campaign contributions and documented improper political behavior by a local businessman who then established private schools specifically to take advantage of the opportunity created by the legislation. His schools generated 16 million dollars from vouchers in the 1999–2000 academic year; the students who attended his schools were subsequently found to perform more poorly than those in the public schools. In Florida, the *Miami News Times* won an award for its expose of a voucher program for children with physical and learning disabilities; the paper reported safety violations, physical abuse, frequent relocations, a lack of curriculum, and virtually no state oversight.

## Conclusion

The combination of cutbacks to public schools, reports of malfeasance by voucher schools, and the emergence of data undercutting the claim that privatization would improve student performance has dampened much of the initial enthusiasm for school vouchers; however, the programs still have substantial political support. It remains to be seen whether that support can be maintained and whether private schools accepting vouchers can improve their results sufficiently to justify continuation of these educational experiments.

## References

Covaleskie JF (2007) What public? Whose schools? Educ Stud 42(1):28

Davis C (2016) State tax subsidies for private K-12 education. Institute on Taxation & Economic Policy, Washington, DC

Dynarski M, Nichols A (2017) More findings about school vouchers and test scores, and they are still negative. Economic studies at Brookings: evidence speaks reports. vol 2, no 18, July 13

Kennedy SS (2001) Privatizing education: the politics of vouchers. Phi Delta Kappan 82(6):450–456

Shaffer MB, Ellis JG, Swensson J (2018) Hoosier lawmaker? Vouchers, ALEC legislative puppets, and Indiana's abdication of democracy. AASA J Scholarsh Pract 14(4):4–17

Witte (2000) The market approach to education: analysis of America's first Voucher program. Princeton University Press

# Scientific Management Theory of Organizations

Jeri Anne Hose-Ryan
Illinois State University, Normal, IL, USA

## Synonyms

Administrative Theory of Management; Managerial Hierarchy Organizational Effectiveness; Organizational Theory and Behavior; Scientific Management Movement; Taylorism

## Definition

Workflow: The process of performing specific tasks.

Efficiency: The rate at which work is completed coupled with the quality of work produced.

Design of Organization: Unlike Taylor's micromanagerial approach, examines the entire organization as a whole to determine efficiency.

PODSCoRB: Acronym of Gulick's guiding principles pertaining to the roles of managers and executives.

## Introduction

Several theories exist pertaining to how to best manage the workflow in organizations. In 1909, Taylor published "The Principles of Scientific Management," in which he theorized the most efficient way to manage production of a complex product is by simplifying the workflow and providing the best tools/methods for which to complete the work to maximize profits for both the company and the wage earner (whose primary objective Taylor assumes is to be wages and fails to take into account other factors that may motivate workers, including but not limited to personal job satisfaction, physical working conditions, or, in the more modern-day workplace, the availability of a family-friendly schedule, commute time, tuition reimbursement, the ability to work from home, health insurance coverage, and the like.) Taylor's focus was primarily industrial and was adopted by automotive industry giant Henry Ford. At the time, management at these factories had very little (if any) contact with workers unless errors needed to be addressed or disciplinary action needed to be taken.

Taylor outlines breaking the process down into departments with managers overseeing specific tasks and the implementation of workflow process. Scientific Theory of Management's four guiding principles are as follows:

- Replace working by habit/common sense with a scientific method to study work and determine the most efficient way to perform tasks.
- Match workers to their jobs based on capability and motivation, and then train them to work at maximum efficiency.
- Monitor worker performance and provide instruction/supervision to ensure maximum efficiency.
- Allocate the work between managers and workers in a manner that allows managers to spend their time planning and training while allowing workers to focus on assigned tasks (Taylor 1917). As a case study, Taylor analyzed the productivity of pig iron handler laboring for the Bethlehem Steel Company. Upon evaluation of their current workload, pig iron handlers were found to move an average of 12.5 tons of pig iron per day. Based on the strength of the average pig iron hauler and the workplace environment in which they performed their work, Taylor's calculations estimated each pig iron handler should be able to move not 12 tons of pig iron per day but 47 tons per handler. In order to form a workforce able to reach this daily capacity, Taylor studied each pig iron handler individually and established a team of the strongest most efficient men and gave them the goal of 47 tons of pig iron per day with a monetary wage incentive of $1.85 versus the $1.15 the men were currently being paid. Once the pig iron handler agreed he was a "high priced man," a specific pig iron hauling daily schedule was established. These men reached their

goal, and other workers strived to reach that goal so they, too, could make 60 cents more per hour.

## Beyond Taylor: Governmental Administration and the Influence of Fayol

One of the main facets of a workplace dominated by human beings was overlooked in the formation of scientific management theory: the very complex nature of humankind, including but not limited to an expanse of government-provided services.

Henry Fayol, also known as the "Father of Classical Theory" wrote "Administration Industrielle et Generale" in 1916 France and its English counterpart "General and Industrial Management" a little over a decade later. Fayol equated administration with management and helped pave the way for a hierarchical structure of management. Fayol's contributions to management theory can be applied to both the private and the public arena with roughly the same percentage of implementation success. He also considered and accounted for the human aspect of asset management.

He outlined six rather broad organizational activities: technical, commercial, financial, security, accounting, and managerial (Fayol 1930). Of these six activities, he further examined the complex, multifaceted role of the manager, which he classified it into five parts and proposed the acronym POCCC: planning, organizing, commanding, coordinating, and controlling.

He gave 14 principles (through which these activities can be performed), and these principles became the basis for classical organizational theory:

1. Division of work: Workers were evaluated on an individual basis and matched to positions suiting their physical and mental capacities while keeping an eye on maximizing profits.
2. Authority and responsibility: A manager must be endowed with an appropriate degree of authority, and with that authority comes the need to administer parts of that organizational power to members of his team as he deems necessary in the pursuit of organizational goals.
3. Discipline: The dual nature of discipline according to Fayol is the worthiness of the manager coupled with the respect of his employees.
4. Unity of command: Employees should be clearly able to identify who is responsible for their oversight and is based on a hierarchical organization with little consideration of organizational overlap.
5. Unity of direction: The organization in question should have clear, defining concise goals and objectives all managers and employees can work toward.
6. Subordination of individual to general interest: Managers are responsible for holding their own personal interests second to the greater good of the clearly stated organizational goals versus fulfilling personal agendas contrary to the good of the organization.
7. Remuneration of personnel: Employees compensated appropriately for their work, be it monetarily with wages or non-monetarily with titles and increasing responsibility, are inclined to be loyal and dedicated employees and more invested to assist with implementation of organizational goals.
8. Centralization: Top management should come from a central governing executive board to ensure the clarity of organizational goals. (Fayol does argue, however, that a balance of centrally located decision making and input from lower level managers is key to ensuring the centralized governing board remains in tune with those individuals administering the decisions and goals.)
9. Scalar chain: Organizational hierarchy should be a transparent line making employees clearly see who is responsible for which parts of the organization.
10. Order: Managers are responsible for providing the tools/training for employee success.
11. Equity: To maintain a smoothly operational workplace, each employee must be treated with not only kindness and respect but also

with managerial impartiality and with a focus on achieving the goals set for employees.
12. Stability of tenure: A high rate of employee turnover can be expensive to the organization in terms of training and placement of new employees into the positions where they can most help achieve the organizational goals.
13. Initiative: In the course of managing employees, managers will develop innovative strategies to improve workflow and organizational efficiency. Managers should feel secure enough to share these ideas with upper management.
14. Esprit de corps: As Fayol was French, the concept of morale and cooperation does not adequately translate to English. Managers are responsible for cultivating a spirit of unity both for the individual employee and his team of workers as a whole.

The Fayol principles of management became the basic essence of administrative design used in the US federal government (Van Vliet 2010).

## Mooney and Reiley

James D. Mooney and Alan C. Reiley, in their work **Onward Industry! The Principles of Organization and Their Significance to Modern Industry** (1931), aided in the development of organizational effectiveness theory by analyzing and condensing the myriad theories of several administrative management pioneers into universal principles:

1. The coordinative principle.
2. The scalar principle and the directionally fluid scalar chain, in which superior and subordinate relationships are able to flexibly communicate both up and down the chain for maximum efficiency and the introduction of ideas that may well have a positive impact on the organization as a whole.
3. The functional principle, including line and staff principal as well as vertical vs horizontal coordination.

## The Contributions of Gulick and Urwick

Taylor's development of managerial theory began at the very basic level of the workplace and examined the very act of managing each task efficiently with training workers to complete their tasks quickly and accurately.

Luther Gulick and Lyndall Urwick were members of a committee to the US President and published a report named "Papers on the Science of Administration," in which they outlined a managerial approach that evaluated the organization as a whole to determine best management practices.

Gulick, a French mining engineer, developed managerial theory based on his experiences with the US Military and within the company in which he worked his way into a management position. He had circumstantial experiences with both civil and industrial organization (whereas Taylor remained firmly rooted in the industrial sector).

Gulick outlines his principles of administration as follows: division of work (a Taylor concept), base of departmentalization, coordination through hierarchy, deliberate coordination, coordination through committees, decentralization, delegation, line and staff, chain of command, and span of control. From these administrative principles, he together with Urwick developed the PODSCoRB theory of the most efficient managerial style possible:

P: Planning – Deciding what to do, i.e., setting agenda.
O: Organizing – Allocating and organizing activities, i.e., setting up of organizational structure.
S: Staffing – Personnel managements and its related activities.
D: Directing – Decision and giving orders to convert into work.
Co: Coordinating – Establishing connectivity and cooperation between the parts.
R: Reporting – Providing status and reports to the concerns (e.g., managers).
B: Budgeting – Fiscal planning and management, accounting, and control (Gulick 1937).

Lyndall Urwick, born in late nineteenth-century Britain, was educated at Oxford University and served as a Lt. Col. in the British army during the First World War. His life experiences within those diverse hierarchical structures assisted him in his development of the ten principles of administration:

1. The Principle of the Objective: All parts of the organization are responsible for working together to execute the goals of the organization.
2. The Principle of Specialization: The activities of each member of the organization should be as single-function minded as possible to ensure an ultrafine focus on their specific tasks at hand.
3. The Principle of Coordination: Unity of effort within the organization must be emphasized with a clear eye on the organizational goals.
4. The Principle of Authority: Workers should be able to identify precisely who and where the supreme authority in their organization lies.
5. The Principle of Responsibility: Superiors and subordinates alike are able to establish transparency in which responsibilities fall under which organizational positions.
6. The Principle of Definition: Superiors and subordinates alike are able to clearly define their specific responsibilities within the organization.
7. The Principle of Correspondence: Managers and workers need to maintain open lines of communication.
8. The Principle of Span of Control: This principle places limits on the number of subordinates a manager can effectively and efficiently manage.
9. The Principle of Balance: Acknowledging an organization can have several specialized units which work together to maintain organizational cohesion, the power and authority of all units should be at comparable levels in order to ensure the achievement of organizational goals.
10. The Principle of Continuity: A wise manager will realize the need for structural reorganization as both the organizational goals and outside forces demand them (Urwick 1930).

## Criticisms of the Scientific Theory of Management

Scientific Theory of Management has many criticisms expounded upon by many scholars of management theory and administrative theory. The most common is as follows:

John Hobson, English economist and one of Taylor's peers, cited, "evident that when we pass from technical improvement of tools to improved methods of working, we open possibilities of opposition between the business and the human interest" (Hobson 1914: 207). Also, "the liberty, initiative, judgement and responsibility of the individual workman are reduced to a minimum" (Hobson 1914: 209). Social considerations are lacking in scientific theory; workers are viewed as easily replaced cogs in the machine of industry.

## Conclusion

Taylor began a workplace revolution when he published The Principles of Scientific Management. Workplace administration now had a theoretical guide backed by successful experiments in increasing workflow productivity and therefore increasing profits.

The theories are rudimentary and view workers in terms of work efficiency while negating their social/human aspects that inevitably impact the worker throughout the course of their careers. A marked distance between management values and worker values contributes to workplace discord and labor unrest.

## Cross-References


- ▶ Causes of Organizational Conflict
- ▶ Groupthink Processes and Problems
- ▶ Leadership Development in Organizations
- ▶ Organizational Burnout

## References

Fayol H (1930) General and industrial management. Sir I Pitman & Sons LTD, London
Gulick L (1937) Papers on the science of administration. Institute of Public Administration/Columbia University, New York
Gulick L, Urwick L (eds) (1937) Papers on the science of administration. Institute of Public Administration/Columbia University, New York
Hobson J (1914) Work and Wealth: A Human Valuation. McMillian and Company, New York
Mooney J, Reiley AC (1931) Onward industry! The principles of organization and their significance to modern industry. Harper & Brothers, New York
Taylor F (1917) Principles of scientific management. Harper & Brothers Publishers, New York
Urwick L (1930) Industrial and general administration (trans: Coubrough JA). Sir Isaac Pitman & Sons, London
Van Vliet V (2010). Henri Fayol. Retrieved 31 Dec 2016 from ToolsHero: http://www.toolshero.com/toolsheroes/hen, http://sumo.ly/d16u

# Scientific Research on the Efficiency of Public Expenditures

Tomás Dias Sant'Ana[1], André Vaz Lopes[2], Rodrigo Fontenelle de Araújo Miranda[2], Paulo Henrique de Souza Bermejo[2], Gisela Demo[2] and Fábio Henrique dos Anjos[3]
[1]Department of Administration, University of Brasilia, Brasília, Brazil
[2]University of Brasilia, Brasília, Brazil
[3]Federal University of Alfenas, Alfenas, Brazil

## Synonyms

Effectiveness; Efficacy; Public administration, Public spending

## Definition

The efficiency of the public sector is measured in comparison with other sectors, that is, if a specific economic entity (company, sector, country) is more or less efficient compared to other economic entities.

New Public Management (NPM) theories have an emphasis on a minimal state, with a focus on privatization and an assessment of the role of the state.

Efficiency use productively resources, optimizing the cost-benefit ratio.

Efficacy focus on results rather than inputs, standards of performance, and quality measures.

Effectiveness is to properly do what has to be done, producing significant impacts.

## Introduction

The efficient management of available resources is a subject of great interest to public sector studies (Narbón-Perpiñá and De Witte 2018). Even after years of research, the subject remains central to political and academic debates (D'Inverno et al. 2018).

In this sense, academic research has made some progress in measuring the relative performance and efficiency of public spending, using analyses of the services offered or the results achieved (Ribeiro 2008; Wilson 2005). However, authors have pointed to the need to incorporate qualitative variables in the studies on public spending (Elston et al. 2018; Nazarko and Saparauskas 2014) and for the combination of qualitative and quantitative elements.

Taking into account the context described, the objective of the present study is to identify and analyze the literature on the application of public resources based on the efficiency, efficacy, and effectiveness of expenditures, aimed at meeting the wishes of citizens, published in the last 20 years. The entry aims to answer: how deep is available scientific research on the efficiency of public spending and what is the future of this research?

In order to make this inference, the bibliometric analysis method is used in selected articles, which will be described and analyzed: the number of publications, the journals that published on the researched topic, the authors, the geographical areas of origin of the authors, the factor impact of the articles, and the methods used to evaluate the efficiency of public spending.

## Theoretical Framework

Describes the theoretical and conceptual literature on the theory of public administration and the efficiency of public spending. It also assesses the efficiency of public spending and innovation.

### Theory of Public Administration and Public Spending Efficiency

The discussion on the efficiency of public agencies is a subject that inevitably stands out because these institutions ultimately make use of taxpayer money to perform their functions. Pérez-López et al. (2015) corroborate and suggest the related need to use appropriate financial resources to reduce costs and increase efficiency in the provision of public services. The efficiency of the public sector is measured in comparison with other sectors, that is, if a specific economic entity (company, sector, country) is more or less efficient compared to other economic entities (Joumard et al. 2004). In addition, efficiency is assessed as a ratio between costs and results, compared to the same variables in other countries (Joumard et al. 2004). If the results (quality of public services or public goods produced) are better, with equal or lower costs, the public sector in that country is considered more efficient.

### Evaluating the Efficiency of Public Spending

There has been a growing effort by various institutions and researchers to apply different methodologies to evaluate the efficiency of public spending: Stochastic Frontier Analysis (SFA) and Data Envelopment Analysis (DEA) are among the most widely used methods.

A recent study evaluated the efficiency of public spending in municipalities in Tuscany, Italy, using the DEA method, taking into account expenses with education, social services, road maintenance, urban mobility, policing, and general administration. The authors concluded that the size of the municipality affects the efficiency of public spending: the larger the municipality, the greater the efficiency (D'Inverno et al. 2018).

Pang et al. (2014) used the SFA to study the impact of the use of information technology (IT) on the efficiency gains of state governments in the United States. The authors found that there was a positive relationship between IT spending and cost efficiency, where the US $ 1.00 per capita investment invested in IT generated an increase of $1.13 in efficiency gains, indicating that the investment in IT can help overcome a fiscal crisis.

## Research Method: Characterization

Used Bibliometric analysis method for measuring and analyzing scientific literature. Its purpose is to measure the output of scientific research through data derived from scientific literature (Okubo 1997).

### Search Procedures

The research followed the protocol proposed by Cronin et al. (2008) and involved the following steps: (1) formulation of the research question; (2) the definition of inclusion and exclusion criteria; (3) identification of topical articles; (4) evaluation of the quality and relevance of the literature included in the initial review; and (5) analysis and synthesis of the results. The final bibliometric analysis included 115 articles. The title of each journal, authors' names, authors' affiliations, number of authors, year of publication, and public expenditure evaluation methods were recorded; as well as whether their method was qualitative, quantitative, or mixed; the specific field analyzed (e.g., education, health, local costs, transportation, etc.); and the country or region studied. Based on these records, independent analysis was performed for each variable.

## Results

The articles were described and analyzed by the number of publications, the journals that published on the subject researched, the authors, the geographical areas of origin of the authors, the impact factor of the articles, and the methods used to evaluate the efficiency of public spending.

- Quantity and period of publications: In total we identified 115 relevant articles that were

published between January 1998 and March 2018, making for an average of 5.75 articles per year over 20 years. The largest number of publications in any single year was 27, in 2017.

- Journals: The articles selected for final inclusion were published in 99 different academic journals. The scattered nature of publications on this topic is noteworthy. Only 13 journals published more than one article on our topic, and of these only 2 published more than two articles (Espacios, 4; Journal of Public Administration, 3).
- Authors: We found that 244 different authors were credited for the 115 included articles; the average number of authors per article was 2.65. We also observed that 31.30% of the articles were written by a single author, 29.57% by two authors, 25.22% by three authors, and 13.91% by four or more authors. However, 92.62% of the included authors published only one paper included in our selection; 6.97% published two articles, and only one author (0.41%) published three on this topic.
- Geographic representation: Of these 244 authors, 46.01% were affiliated to European institutions, while 35.74% were affiliated with institutions in America and 11.79% were affiliated with Asian institutions. However, it should be noted that approximately 59% of the authors were concentrated in only seven countries: Brazil (55), United States (34), Spain (25), Italy (11), Germany (10), Greece (10), and Portugal (10). In addition, more than half – precisely 59.13% – of the 115 articles used data from only nine countries – Brazil (15), the United States (10), Spain (6), Italy (5), Japan (4), Germany (3), China (3), Greece (3), and Portugal (3) – plus Europe (10) and OECD (6), which establishes a scenario for research into efficiency in public expenditure.
- Article impact: Citation analysis can provide an overview of the articles' influence. The average number of citations per article was 9.70. However, 38.26% of the articles were not cited a single time, although the majority of these (63.64%) were published during the past 2 years.
- Areas and services analyzed as public expenditures: We identified 26 different research sectors among the 115 included articles. Some articles analyzed more than one research sector. Education was the most popular sector; moreover, among the seven articles with the most citations, 77.78% (5) of them focused on education, and in 40.00% (2), it was the sole research sector. Overall, 29.86% of all included articles analyzed the education sector, while 20.83% analyzed the health sector, 10.42% analyzed local government, and 9.03% analyzed general administration.
- Techniques used to evaluate the efficiency of government spending: Seven of the included articles consisted of exclusively theoretical studies. Of the 108 remaining studies that included an empirical component which could be verified, quantitative studies (90.74%) predominated. SFA and DEA were the techniques most widely used to assess the efficiency of public spending, together accounting for 60.77% (79) of all techniques used.

## Discussion

Research on public spending efficiency has grown in recent years. In general, research has focused on the fields of activities of the state, such as health and education, and on governments' public policy results in relation to expenditures. Most of the research used quantitative methods, indicating a greater concern for efficiency in the implementation and execution of public resources. Moreover, the majority (60.77%) of the articles used DEA or SFA to analyze their results. The results of the present study provide an overview of research on the efficiency of public spending that was published during the last 20 years. The wide distribution of the publications' authors, institutions, journals, and authorial countries indicated that concerns about the efficiency of public spending is global and affects countries of different sizes and in different stages of development, thus confirming the strategic nature and pertinence of

the topic. There are a number of opportunities for further research in the field of public expenditure efficiency. Notably, the paucity of qualitative studies suggests a need for qualitative or multi-method research that combines qualitative and quantitative approaches.

## Conclusion

The present review provided a systematic overview of international research on public spending efficiency over the past 20 years, using a bibliometric analysis. It constitutes a seminal step in the mapping of research on this topic, bringing to light the challenges that remain and suggesting new possibilities for making public spending more efficient. The recent global economic crises, and the constant need of governments to implement effective public policies at the lowest possible costs, ensure the ongoing importance of research regarding the efficiency of public spending. The present study demonstrated that there are still gaps in the literature on this topic, including methodological limitations and a shortage of studies on governments' internal expenditures to maintain their administrative machinery.

## Cross-References


- ▶ Accountability
- ▶ Governance and Development
- ▶ Governance in Crisis Management
- ▶ Management Science in the Public Sector
- ▶ New Public Management


## References


Cronin P, Ryan F, Coughlan M (2008) Undertaking a literature review: a step-by-step approach. British Journal of Nursing 17(1):38–43. https://doi.org/10.12968/bjon.2008.17.1.28059

D'Inverno G, Carosi L, Ravagli L (2018) Global public spending efficiency in Tuscan municipalities. Socio-econ Plann Sci 61:102–113. https://doi.org/10.1016/j.seps.2017.01.006

Elston T, MacCarthaigh M, Verhoest K (2018) Collaborative cost-cutting: productive efficiency as an interdependency between public organizations. Public Manag Rev:1–21. https://doi.org/10.1080/14719037.2018.1438498

Joumard I, Mathis KP, Young-Sook N, Price R (2004) Enhancing the effectiveness of public spending: evidence in OECD countries. OECD economics department working papers n. 380

Narbón-Perpiñá I, De Witte K (2018) Local governments' efficiency: a systematic literature review-part I. Int Trans Oper Res 25(2):431–468. https://doi.org/10.1111/itor.12364

Nazarko J, Saparauskas J (2014) Application of Dea method in efficiency evaluation of public higher education institutions. Technol Econ Dev Econ 20(1):25–44. https://doi.org/10.3846/20294913.2013.837116

Okubo Y (1997) Bibliometric indicators and analysis of research systems: methods and examples. OECD science, technology and industry working papers OCDE/GD(97(41)), 3–70

Pang M-S, Tafti A, Krishnan MS (2014) Information technology and administrative efficiency in U.S. state governments: a stochastic frontier approach. MIS Q 38(4):1079–1A16. https://doi.org/10.2139/ssrn.1612820

Pérez-López G, Prior D, Zafra-Gómez JL (2015) Rethinking new public management delivery forms and efficiency: long-term effects in Spanish local government: table 1. J Public Adm Res Theory 25(4):1157–1183. https://doi.org/10.1093/jopart/muu088

Ribeiro MB (2008) Desempenho e eficiência do gasto público: uma análise comparativa entre o Brasil e um conjunto de países da América Latina. Ipea, Rio de Janeiro

Wilson J (2005) Local government modernization and the views of chief financial officers. Public Adm 83(1):221–232. https://doi.org/10.1111/j.0033-3298.2005.00445.x


S

# Scope of Some Scoring Rules Applying, The


Andrei Ivanov
Graduate School of Management, St. Petersburg University, St. Petersburg, Russia


## Synonyms

Scoring formula; Scoring rule; The most economically advantageous tender

## Definition

For the award of public procurement contracts, contracting authorities use one of the two different approaches, namely, the lowest price or the most economically advantageous tender. The latter is applied when price and quality matter. In this case, scoring rule, which transfers the price and quality of bidder's offer into the points, is needed.

## Introduction

In the modern public procurement, contracts can be awarded according to results of bids comparing on one or more criteria. In the second case, the contracting authority (or, other words, public buyer) has to assign scores to suppliers' bids on each criterion. In the international practice, there are a lot of assignment rules, which have been applied for a long time without serious trouble.

However, the experience of the Russian Federation has revealed that in the institutional environment, which is characterized by corruption, low competition in the tenders, and regulatory policy, aimed at the restriction of public buyer's discretion power, the applying of some famous rules cannot be recommended at all (linear scoring rule without threshold (Dini et al. 2006, p. 305)) or can be recommended with some restrictions (highest bid–lowest bid scoring rule (Dini et al. 2006, p. 309)). Thus, the accumulated experience can give to researchers and regulatory bodies some valuable information about their applicability in institutional conditions that are typical for developing countries and, in some extent, for developed ones too.

## The Three Scoring Rules

Let us consider a contracting authority seeking to procure an indivisible differentiated good by means an open tender. We suppose that there are $m + 1$ awarding criteria ($m$ of them for the quality assessment, including the delivery terms, volume and duration of the warranty, costs of operations and, may be, utilization, and so on, and price), and any supplier's bid has the form: $B = (q_1, q_2, \ldots, q_m, p)$.

The contracting authority attributes to supplier's bid $B$ the total score:

$$U(B) = \sum_{i=1}^{m} w_{qi} Q_i + w_p P, \qquad (1)$$

where $w_{qi}$ and $w_p$ are the weights of awarding criteria defined by the contracting authority under some restrictions established by the regulator and $\sum_{i=1}^{m} w_{qi} + w_p = 1$; and $Q_i$ and $P$ are the scores of the same scale, assigned to the values of criteria according to the corresponding scoring rule.

Thus, Formula 1 demands the specific scoring rule, which transfers the price and quality of bidder's offer into the points. To explain what scoring rule is and which rules exist, we assume that there are two awarding criteria (quality and price) and total score of each supplier's bid $B = (q, p)$ is:

$$U(B) = w_q Q + w_p P, w_q + w_p = 1 \qquad (2)$$

Suppose that selecting stage of the tender have passed $N$ ($N > 1$) suppliers with bids $(q_1, p_1), \ldots, (q_N, p_N)$. We designate

$$q_{\min} = \min_{1 \le i \le N} q_i, \quad q_{\max} = \max_{1 \le i \le N} q_i,$$
$$p_{\min} = \min_{1 \le i \le N} p_i, \quad p_{\max} = \max_{1 \le i \le N} p_i$$

There are many ways how the contracting authority can assign scores $Q$ and $P$ to the supplier's offer on quality $q$ and price $p$ (Dini et al. 2006, pp. 304–310). We assume that quality is an increasing criterion: for any scoring rule, the higher value of quality gives the higher score, and price, in turn, is an decreasing criterion: for any scoring rule, the higher value of price bid gives the lower score.

Below we will consider following three scoring rules: the highest bid–lowest bid scoring rule, the linear scoring rule, and the highest/lowest bid scoring rule (Ibid). These rules have been applied in the Russian Federation; and the accumulated experience can give to researchers and regulatory bodies some valuable information about their applicability in corresponding institutional conditions.

### Highest Bid–Lowest Bid Scoring Rule

The basic formula of the highest bid–lowest bid scoring rule is

$$Q_i = \frac{q_i - q_{\min}}{q_{\max} - q_{\min}} \times L,$$
$$P_i = \frac{p_{\max} - p_i}{p_{\max} - p_{\min}} \times L, L \geq 1, \quad (3)$$
$$i = 1, \ldots, N.$$

where integer $L$ is the maximum number of points available to the bidder for his quality/price offer.

Correspondingly, the total scores of suppliers' bids are

$$U(q_i, \ p_i) = w_q Q_i + w_p P_i, i = 1, \ldots, N.$$

According to Formula 3, the rule (Rule 1.1) gives maximum score ($L$ points) to the best bid and minimum one (0 points) to the worst bid and scores all other bids proportionally their distance from the worst bid (Fig. 1a, b, $L = 1$).

Sometimes, the regulator prefers to use the range of points [1, $L$] ($L > 1$) and prescribes to apply the following variation of Formula 3 (Rule 1.2):

$$Q_i = 1 + \frac{q_i - q_{\min}}{q_{\max} - q_{\min}}(L - 1),$$
$$P_i = 1 + \frac{p_{\max} - p_i}{p_{\max} - p_{\min}} \times (L - 1), \quad L > 1 \quad (4)$$

Figure 2a, b illustrates Rule 1.2 for $L = 10$.

### The Linear Scoring Rule

The linear scoring rule (Dini et al. 2006, p. 305) is usually applied to the price criterion and described by the following expression:

$$P_i = \left\{ \begin{array}{ll} 0, & p_i > p_r, \\ \dfrac{P_r - p_i}{P_r - P_{thr}} \times L, & P_{thr} \leq p_i \leq P_r, \\ L, & 0 \leq p_i < P_{thr}, \end{array} \right\} \quad (5)$$

where $P_r$ is the reserve price and $P_{thr}$ is the price threshold.

Thus, the bidding at the reserve price and above does not give to the supplier any points; the bidding at the price threshold and below gives to him $L$ points (Fig. 3). To define the price threshold, the buyer has to bear some additional costs, and, if he is going to avoid it, it is possible to apply the linear scoring rule without threshold ($P_{thr} = 0$):

$$P_i = \frac{P_r - p_i}{P_r} \times L, \quad 0 \leq p_i \leq P_r. \quad (6)$$

The most clear interpretation of Formula 6 can be done, if $L = 100$. In this case, the supplier's price score just equal to his price discount: 0% discount ($p_i = P_r$) gives 0 points, 10% discount ($p_i = 0.9P_r$) gives 10 points, 50% discount ($p_i = 0.5P_r$) gives 50 points, and the only zero price bid (100% discount) gives to the supplier 100 points. Figure 3 illustrates the linear scoring rules with and without threshold (the thick dotted and solid lines, correspondingly, $L = 100$) and the main difference between them: to obtain the same score $P$, the second rule demands significantly more discount.

### The Highest/Lowest Bid Scoring Rule

The highest/lowest bid scoring rule (Dini et al. 2006, p. 309) assigns to values of quality and price criteria following scores:

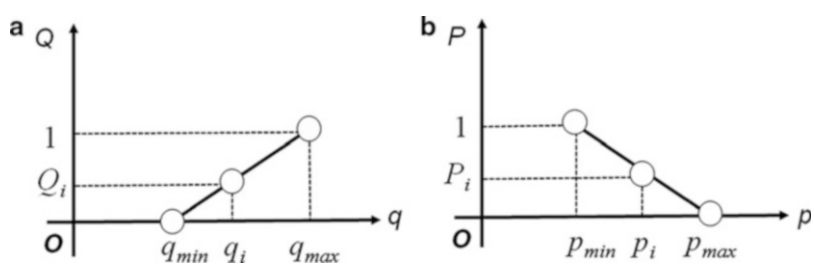


**Scope of Some Scoring Rules Applying, The, Fig. 1** (**a**) Rule 1.1 for the increasing criterion. (**b**) Rule 1.1 for the decreasing criterion

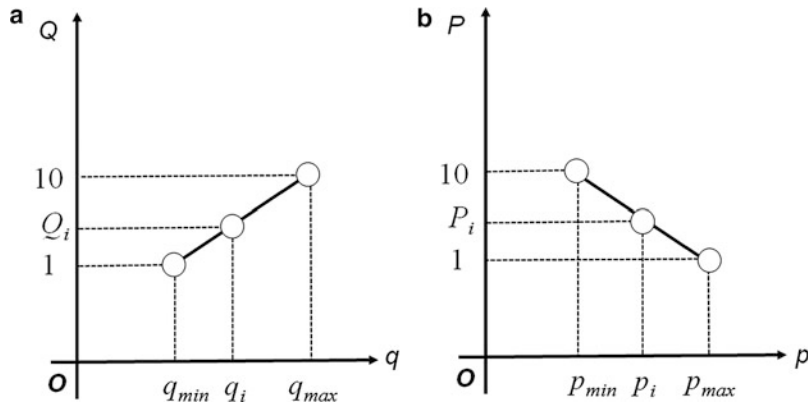


**Scope of Some Scoring Rules Applying, The, Fig. 2** (**a**) Rule 1.2 for the increasing criterion. (**b**) Rule 1.2 for the decreasing criterion

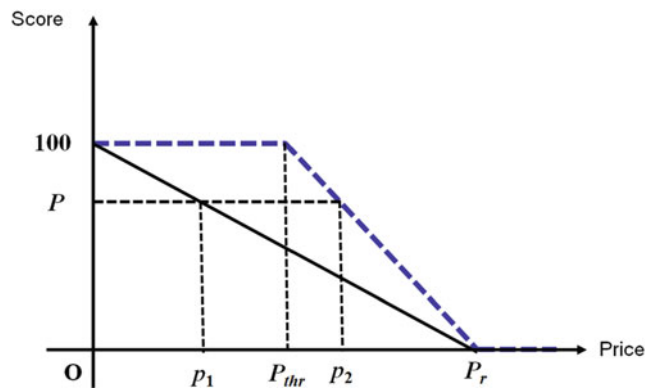


**Scope of Some Scoring Rules Applying, The, Fig. 3** Linear scoring rule with and without threshold

$$Q_i = \frac{q_i}{q_{\max}} \times L, \quad P_i = \frac{p_{\min}}{p_i} \times L. \qquad (7)$$

Similar to Rule 1.1, this rule assigns $L$ points to the best bid, but in contrary to it, the points of the worst bid can be close to $L$ as well to 0, depending on the difference between best and worst offers. The highest/lowest bid scoring rule generates the incentives to aggressive bidding: the highest (lowest) bid on quality (price) is awarded maximum point, on the one hand, and decreases the competitors score, on the other hand.

## The Public Procurement Institutional Environment in the Developing Countries: The Russian Case

The functions of a state involve the provision of various services to the population in areas such as health, education, utilities, etc. In this case, any society, first and foremost, democratic, in varying degrees, exerts pressure on the state, demanding higher quality, range, and quantity of such services and/or reducing the cost of their provision.

Around since the early 1980s of the last century, countries, where such pressure was in a greater degree, began to implement a variety of tools, improving the efficiency and quality of services, including decentralization, performance auditing, contracting out, and so on. By the mid-1990s, this kind of policy was formed under the name of New Public Management (hereafter – NPM).

On the one hand, NPM tools have focused on the introduction of competition in the provision of public services and, on the other hand, gave rise to various forms of collaboration between the public and the private sector in the creation of infrastructure and the provision of services on its basis to the population. For this kind of collaboration gradually, beginning from the Great Britain, stuck title public-private partnership (hereafter – PPP).

In the Russian Federation, like other countries with emerging economy, market reforms have created such political and economic conditions, in which the tools of NPM had become in demand. In particular, great efforts have been directed at the restoration of institutions, which were not used in the time of the Soviet Union (1917–1991): public procurement and public-private partnership.

In the Russian Federation, the introduction of NPM tools occurred in the context of intense economic reforms and was objectively accompanied by growth of corruption (Huntington 1968, p. 59). The development of public procurement has created a new area for corrupt behavior and formed specific public procurement corruption – practice of kickbacks: public buyer sets up inflated price of purchasing goods (works, services), then restricts competition in the tender, after that pays to the preselected winner the inflated price, and, finally, shares with the latter his surplus.

In the modern information-transparent world, the corruption in the public procurement inevitable reflects in the mass media in the form of the numerous corruption cases and creates the demand on the strong anti-corruption policy. It is a common knowledge that there are three pillars of anti-corruption policy: restricting the discretionary power of public buyers, preventing them from rent-seeking behavior, and strengthening the institutions (Aidt 2003, p. F633). However, it is not a simple task to fit the balance between the combating corruption and efficiency of public procurement. Due to the lack of experience in the public procurement, in the corresponding legislation, created by 2006, Russian regulators applied a complex of extremely strong tools for restriction of the public buyer's discretionary power:

- Very low price thresholds had been established, extending the area for corrupt behavior and creating the demand on the additional monitoring efforts.
- The applying of the qualification criteria had been restricted, giving to all firms an easy access to public procurement market.
- The second-price (English) auction was selected as the main procurement method; thus, it was impossible to award contract by the criterion of the most economically advantageous offer for all homogenous goods and even for some differentiated goods.

The second and third tools created a risk of awarding contract to the *mala fide* suppliers, which cannot or are not going to satisfy public buyer's demand. That is why, the bona fide contracting authorities have to restrict competition in the tenders similar to *mala fide* ones, which do the same for bribes.

Thus, the competition in the Russian tenders, which are divided to the auctions (the price is a single criterion) and contests (there are, as minimum, two criteria: price and something else), is essentially lower than, for example, in European Union (Fig. 4a (an average number bids for tender)-4b (an average number and median bids for tender)).

Thus, most of Russian contests, which demand the applying of scoring rules, have not more than two bidders.

## The Applying of Some Scoring Rules in the Russian Institutional Environment: Several Lessons for Developing and Developed Countries

In this section, we will consider a contracting authority who is seeking to procure indivisible differentiated goods in the institutional environment, which is characterized by corruption, low competition in the tenders, and regulatory policy, aimed at the restriction of buyer's discretion power.

### Highest Bid–Lowest Bid Scoring Rule

In the Russian Federation, the highest bid–lowest bid scoring rule has been applied in the public procurement and public-private partnership tenders. The legal acts, which have introduced the rule, are summarized in the table below (Table 1).

For the public-private partnership tenders, the regulator prescribes to apply the rule in the form (3) with $L = 1$ (Fig. 1a, b):

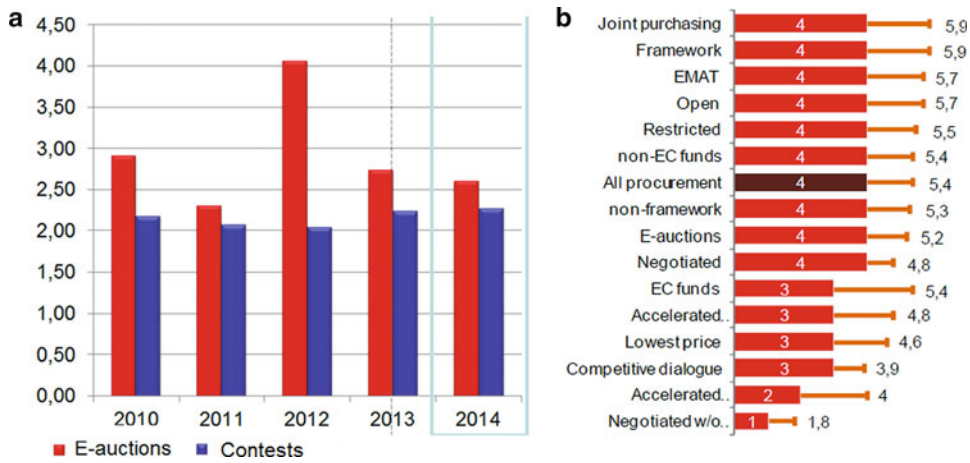


**Scope of Some Scoring Rules Applying, The, Fig. 4** (**a**) The competition in tenders in RF (Source: Federal State Statistics Service). (**b**) The competition in tenders in EU. (Source: Public procurement in Europe, 2011)

**Scope of Some Scoring Rules Applying, The, Table 1** The Russian legal basics of the highest bid–lowest bid scoring rule

| # | The legal act | Validity | |
|---|---|---|---|
| | | From | To |
| 1. | The letter of Ministry of Economic Development (for public procurement) | 01/01/2006 | 01/11/2009 |
| 2. | Federal Law #115 "On Concession Agreements" (art. 32-5) (for public-private partnership) | 21/07/2005 | Hitherto |
| 3. | Federal Law #224 "On Public-Private Partnerships . . ." (art. 28-5) (for public-private partnership) | 13/07/2015 | Hitherto |

$$Q_i = \frac{q_i - q_{\min}}{q_{\max} - q_{\min}}, \quad P_i = \frac{p_{\max} - p_i}{p_{\max} - p_{\min}}, \tag{8}$$

and for the public procurement tenders – in the form (4) with $L = 10$ (Fig. 2a, b):

$$\begin{aligned} Q_i &= 1 + \frac{q_i - q_{\min}}{q_{\max} - q_{\min}}(10 - 1) \\ &= 1 + \frac{q_i - q_{\min}}{q_{\max} - q_{\min}} \times 9, \\ P_i &= 1 + \frac{p_{\max} - p_i}{p_{\max} - p_{\min}} \times 9 \end{aligned} \tag{9}$$

All properties, discussed below, are the same for the rules, defined by Formulas 8 and 9, and further, for definiteness reasons, we treat the highest bid–lowest bid scoring rule in the form (8). Below, we will examine the properties of the rule in the institutional environment similar to the Russian Federation one.

We begin with consideration of a public buyer, who for assessment of bids sets up two criteria, quality and price, and their weights $w_q$ and $w_p$, correspondingly. Russian regulatory policy makes the buyers to give the higher weight to the price criterion, and we will follow this restriction: $w_p > w_q$.

Let us assume that at the tender two bids have been submitted: $B^1 = (q_1, p_1)$ and $B^2 = (q_2, p_2)$. We exclude from the consideration the case when the one bid dominates the other one different from it or, other words, has the higher (or the same) quality and lower (or the same) price and suppose for definiteness reasons that $q_1 > q_2$ and $p_1 > p_2$.

Given assumptions, the highest bid–lowest bid scoring rule assigns to suppliers' quality and price bids following scores (Formula 8, Fig. 1a, b): $Q_1 = 1$, $Q_2 = 0$, $P_1 = 0$, $P_2 = 1$. Thus, the total scores of bids will be:

$$U(B^1) = w_q \times 1 + w_p \times 0 = w_q,$$
$$U(B^2) = w_q \times 0 + w_p \times 1 = w_p.$$

Thereby, the supplier, who submitted the bid with the lower price, will be awarded the contract independently of "quality" of his quality suggestion, and, respectively, there are no incentives for him to improve the latter, if the supplier knows ex ante (i.e., before the submitting the bid) that he is a price (or quality, if $w_p < w_q$) "leader" (this proposition demands some additional assumptions; however, the exact consideration of them is beyond the scope of this article and can be found in Ivanov (2016)).

Let us move to the consideration of the general case. Suppose that there are $m + 1$ awarding criteria: $m$ of them for the quality assessment and price and public buyer attributes to each supplier's bid $B = (q_1, q_2, \ldots, q_m, p)$ the total score:

$$U(B) = \sum\nolimits_{i=1}^{m} w_{qi} Q_i \times w_p P, \sum\nolimits_{i=1}^{m} w_{qi} \times w_p = 1.$$

We will assume that there is a criterion with its weight more than 0.5, for example, $w_p > 0.5$, two suppliers have submitted their bids, and the price bid of the first supplier (we will call him the Winner and mark his bid components by the index $W$) is less than the second one (the Looser, index $L$). Given assumption, we have

$$U(\text{Winner}) = \sum_{i=1}^{m} w_{qi} Q_{iW} + w_p P_W$$
$$= \sum_{i=1}^{m} w_{qi} Q_{iW} + w_p \times 1 > 0.5,$$
$$U(\text{Looser}) = \sum_{i=1}^{m} w_{qi} Q_{iL} + w_p P_L$$
$$= \sum_{i=1}^{m} w_{qi} Q_{iL} + w_p \times 0 \leq \sum_{i=1}^{m} w_{qi} < 0.5.$$

Thus, the Winner will be awarded the contract independently of "quality" of his quality suggestion, and, respectively, he has no incentives to improve the latter (with the stated above remarks). This property is not good for public procurement contracts and unacceptable for the long-run public-private partnership agreements.

However, when and why does the supplier can ex ante know that he has the single rival and he is a price (or quality) "leader" toward to him? Some of such cases are described below:

1. The market structure is the differentiated duopoly.
2. There is a corruption, and public buyer, who has received the single bid by the end of submitting time, asks the other supplier of lower-quality goods submit the bid at lower price.
3. There is collusion, and the second supplier is a dummy bidder.

It is clear that in the case of two awarding criteria of different weights, the applying of the highest bid–lowest bid scoring rule is very risky, because one of them will be more than 0.5.

Thus, if the regulator prescribes the applying of discussed rule, she must demand from the public buyer to designate in the tender documentation:

- Three awarding criteria as minimum.
- Weights of the criteria less than 0.5.
- The minimum number of suppliers' bids for the tender to be performed (following the (UNCITRAL Model Law, 2011, 53-j)).
- That if two bidders have passed the selection stage, the other scoring rule has to be applied.

There is a special recommendation for the case of PPP. As it mentioned above, the laws on concession and PPP (# 115-FZ "On Concession Agreements" and # 224-FZ "On Public-Private Partnership, . . .") directly prescribe to apply the highest bid–lowest bid scoring rule in the form (8). Because there is a very long way to correct the law, it would be better to give some discretion power to change the scoring rules to the executive power (in RF, Ministry of Economic Development).

We finish with the consideration of the case, in which the corrupt public buyer has preselected tender's winner – his favorite. The public buyer has tried to restrict the competition in the tender, receives the bid from the favorite, and is going to award him the contract when, unexpectedly, the other supplier submits the bid. We assume that the latter has the advantage in one of the quality criteria toward to the favorite.

Since envelops (or electronic data) are still sealed (are closed), the corrupt buyer does not know what the total score of second bidder will be but knows that the undesirable supplier has the advantage in the value of specific criterion (for definiteness, quality one) toward to the favorite ($q_W < q_L$, we have reserved the index $W$ for the favorite and $L$ for the undesirable supplier). Thus, the contribution of this criterion into the total score will be $w_q \times 1$ for newcomer and $w_q \times 0 = 0$ for the favorite (where $w_q$ is the weight of the criterion).

Being afraid of the corrupt transfer losing, the public buyer asks the third supplier (or asks favorite to find such supplier), we call him the Dummy one, to submit a bid with $q_{dummy} < q_W < q_L$ (and values of other criteria, which do not change the corresponding scores of the favorite; that is possible since favorite's bid is known to the buyer). After that, the contribution of the criterion into the total score will be still $w_q \times 1$ for the newcomer and, according to (9), $w_q \times \frac{q_W - q_{\text{dummy}}}{q_L - q_{\text{dummy}}}$ for the favorite.

Thus, in the case of applying highest bid–lowest bid scoring rule, the corrupt buyer can use his discretion power to increase the total score of bid of the supplier selected by him for the organizing of the corrupt transfer.

There is a simple way to combat this type of the public buyer's *mala fide* behavior: the suppliers' bids must be submitted to the third party. In the Russian Federation, the role of such third party can play (but doesn't play now) the electronic trade platforms which had been established some years ago for providing of electronic auctions.

## Linear Scoring Rule without Threshold

In 2009, the highest bid–lowest bid scoring rule, which had some undesirable properties (subsection "Highest Bid–Lowest Bid Scoring Rule"), had been substituted for public procurement tenders with the linear scoring rule (Table 2).

**Scope of Some Scoring Rules Applying, The, Table 2** The Russian legal basics of the linear scoring rule

| # | The legal act | Validity | |
|---|---|---|---|
| | | From | To |
| 1. | The Government Decree #722 | 01/11/2009 | 01/01/2014 |

For the assessment of price proposals of suppliers, the linear scoring rule without threshold was selected. The regulator definitely knew that in the international practice, this rule is applied with the threshold, since in the assessment of delivering time she left the choice of rule, with or without threshold, at the discretion of the public buyer. However, there were, as minimum, two reasons against setting up the price threshold. Firstly, as it was stressed above, to define the price threshold, the buyer has to bear some additional costs. Secondly, the bidding below the price threshold does not give to the supplier additional points, and he has no incentives to do so. It doesn't fit the modern Russian public procurement policy, which, from its beginning, was sharply aimed at the budget cuts, as it was reflected, in particular, in the title of Presidential Decree # 826, which was the basis of the public procurement system of the Russian Federation in the period 1997–2006: "On urgent arrangements to prevent corruption and budget cuts in the organization of purchasing goods for public needs."

Let us consider the linear scoring rule without threshold, which was introduced for the price bids assessment by the Government Decree #722:

$$P_i = \frac{P_0 - p_i}{P_0} \times 100, \quad 0 \le p_i \le P_0. \qquad (10)$$

where the reserve price $P_r$ (Formula 6) was substituted with the initial price of contract $P_0$, which, according to the Russian legislation, must be pointed out in the solicitation to the tender and cannot be exceeded in the suppliers' price bids.

Formula 10 assigns price score to the supplier's price bid which is just equal to the price discount,

and we can reasonably assume that the examined rule must generate two different strategies of suppliers: to bid aggressively on price or to bid aggressively on quality (and do not give any price discounts).

The first strategy does not fit well with the antidumping mechanism of the regulation; the second one demands the mechanism of rejecting of abnormal quality bids. The latter tool is not easy to implement: *mala fide* public buyers usually can justify that the selected awarding criterion, which gives any necessary advantage to preselected supplier, is objective and does not restrict the competition.

Let us consider how the introduction of linear scoring rule without threshold had influenced the effectiveness of the tender procedure. Given the fact that the rule was introduced in late 2009, we have compared the average price reduction at the contests, which took place in the Russian Federation in 2008 and 2010 (with exception of purchases of municipal customers). According to the Federal State Statistic Service, the average price reduction in 2008 was about 7.63%, just as 2 years later – 4.09%.

Thus, the substitution of the highest bid–lowest bid scoring rule and highest/lowest bid scoring rule, which was valid till the November of 2009 too, with linear scoring rule without threshold dealt a heavy blow to the Russian public procurement system.

Finally, we will discuss the assumption of the existence of two strategies of suppliers in the conditions of the linear scoring rule without threshold, which was stated above. To study the reaction of the public procurement system on the incentives, generated by the rule, a statistical analysis of the results of contests, declared by the healthcare organizations of St. Petersburg in 2013, the last year of the rule line, has been performed. That year 143 contests were declared with the level of competition that reflected in the following table (the number of contests is relatively small because the public buyers must purchase all the drugs through the price auctions only) (Table 3).

**Scope of Some Scoring Rules Applying, The, Table 3** The level of competition in the contests of St. Petersburg healthcare organizations

| | |
|---|---|
| Total number of contests (lots), from them | 143 |
| All bids were rejected | 16 |
| The selection stage passed single supplier | 93 |
| The selection stage passed two suppliers | 18 |
| The selection stage passed more than two suppliers | 16 |

The statistical analysis of price discounts in the contests has revealed that the average price reduction was 5.28%, while in the 50% of contests, the price was reduced by less than 0.5% and 75% – less than 5%. In turn, 5% of contests gave the price reduction more than 31.76%.

Thus, we can conclude that in the more than 50% of contests, there were practically no price discounts, the winners of more than 5% of contests submitted dumping bids, and, correspondingly, on the market in question, public buyers



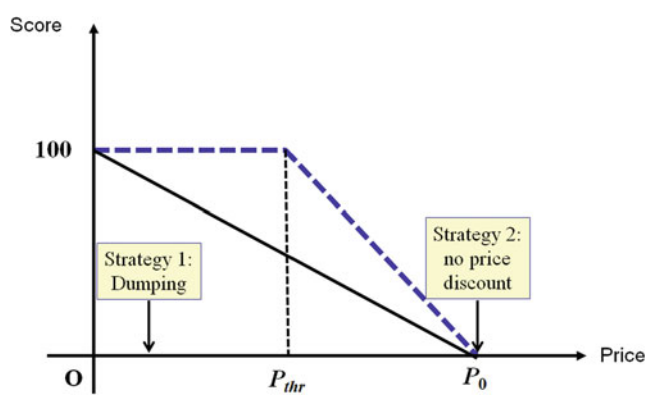


**Scope of Some Scoring Rules Applying, The, Fig. 5** Two strategies of suppliers in the conditions of the linear scoring rule without threshold

are more inclined to refuse to reduce prices (Strategy 2, Fig. 5) than to the dumping (Strategy 1, Fig. 5).

Thus, we can see that the linear scoring rule without threshold cannot be recommended at all and, in the case of assessment of price bids, it is natural to introduce threshold and put it not less than upper level of abnormal bids (i.e., in the modern Russian public procurement legislation, the bids with price discount more than 25% are considered to be abnormal bids; hence, we can set up $P_{thr}$ equal to $0.75P_0$).

The linear scoring rule without threshold was valid in the Russian Federation about 4 years and from the beginning of 2014 was substituted with highest/lowest bid scoring rule, which has applied for the assessment of the all tender criteria.

## Conclusion

In this section, we will discuss the importance of the lessons that other countries could extract from the Russian experience in applying scoring rules. The paper's findings can be significant for the developing countries with the similar institutional environment. On the other hand, the low competition in tenders, which in Russia is stem from corruption and/or weak regulatory impact assessment, in developed countries may be due to other causes: special structure of the market, state capture, etc.

There are some traps in applying highest bid–lowest bid scoring rule in the conditions of low competition in tenders (in particular, on the duopoly markets): weights of the criteria cannot exceed 0.5 and, respectively, the total number of criteria must be three or more. In this case, the *mala fide* agent, for example, cannot put $w_p > 0.5$ and award contract to preselected low-cost supplier for kickbacks.

In turn, the linear scoring rule without threshold deprives the suppliers of incentive to price discounts or, contrary, forced them to dumping. In the framework of this rule, *mala fide* public buyer can easily award contract to preselected supplier for kickbacks or another reason, establishing the specific quality criterion adjusted for him. Thereby, the linear scoring rule without threshold cannot be recommended at all; it is natural to introduce threshold and put it equal to abnormal bid threshold or higher.

At the present time, the highest/lowest bid scoring rule is used in Russia; however it demands an additional time to identify advantages and disadvantages of its applying in the specific institutional environment.

## Cross-References

► Regulatory Policy
► Typology of Agency Models of Corruption

## References

Aidt T (2003) Economic analysis of corruption: a survey. Econ J 113(November):F632–F652. Royal Economic Society

Dini F, Pacini R, Valetti T (2006) Scoring rules. In: Dimitri N, Piga G, Spagnolo G (eds) Handbook of procurement. Cambridge University Press, Cambridge, UK, pp 347–380

Huntington S (1968) Political order in changing societies, 7th printing. Yale University Press, New Haven. 1973

Ivanov A (2016) How to improve effectiveness of anti-corruption expertise: a public procurement case. NACC J 9(1 (January–June)):61–82

Public procurement in Europe (2011) Cost and effectiveness: a study on procurement regulation. Prepared for the European Commission, March 2011. – PwC, London Economics and Ecorys

UNCITRAL Model law on procurement of goods, construction and services with guide to enactment. (2011)

# Seaweed Farming in the Solomon Islands

Suwastika Naidu and Atishwar Pandaram
The University of the South Pacific,
Suva, Fiji Islands

## Synonyms

Kelp; Policy; Scum; Small island developing countries

## Definitions

*Fiscal Policy*: the use of government revenue and expenditure to stabilize the economy.

*Monetary Policy*: is the use of short-term borrowing or monetary base to target inflation rate or interest rate so that price could be controlled.

*Transmission Mechanism*: refers to the path through which the micro- and macroeconomic stimulus translates into output.

## Introduction

Seaweed farming is one of the sustainable industries, not only in the Solomon Islands but in a number of the Pacific Island Countries. There are numerous opportunities for expansion of the seaweed exports from the Pacific Island Countries. According to the Solomon Island Times (2013), there are many opportunities for value adding of seaweeds from the Solomon Islands. There are two important advantages of value adding seaweeds. First, the price of processed or semi-processed seaweed is higher than that for unprocessed seaweed. If prices are high, seaweed farmers will benefit as their total revenue from seaweed farming will increase. Second, there may be new applications of processed or semi-processed seaweed. As a result of this, there will be new market opportunities, and Solomon Islanders can benefit from these.

There are many advantages of seaweed farming in the Solomon Islands (Solomon Islands Times 2013). First, seaweed farming provides a source of income-generating opportunities for the local farmers. In an era of land tenure issues, seaweed farming can be used as an alternative to land farming. Second, seaweed farming in the Solomon Island requires less capital investment and is more cost-effective than other industries, such as the tuna industry. Third, seaweed has greater storage life. If seaweed is stored properly, farmers can keep dried seaweeds for at least 6 months.

The main aim of this write-up is to examine the socioeconomic potential of seaweed farming in the Solomon Islands by using a policy perspective. There are two reasons for conducting this study. First, to the best of my understanding, none of the existing studies have used a policy perspective to examine the socioeconomic potential of seaweed farming in the Solomon Islands. Second, this study is particularly important to the academics and policy makers who are interested in enhancing the growth of the seaweed industry.

## Overview of Seaweed Farming in the Solomon Islands

Seaweed farming has great potential for small island emerging economies such as the Solomon Islands. The history of seaweed farming in the Solomon Islands dates back to the 1980s. The first seaweed farming trials were conducted in the Solomon Islands by the Overseas Development Agency. Two main areas were targeted for seaweed farming trials. These two areas were Rarumana village and Vona Vona Lagoon (Kronen 2013). Initially, the planting materials for the *Kappaphycus alvarezii* were imported from the Fiji Islands to be used for seaweed farming trials.

Due to fish grazing, seaweed farming trials were not successful at the Vona Vona Lagoon. In the year 2000, the Ministry of Fisheries and Marine Resources collected seeds from the Vona Vona Lagoon, and in the year 2001, seaweed growth trials were conducted in Rarumana village (Kronen 2013). The growth trials conducted in Rarumana village resulted in 600 kg of seaweeds produced in 2002. As a result of this, the Rural Fishing Enterprise Project started seaweed farming in the Solomon Islands (Kronen 2013). By the year 2005, there were 130 (30% of the national seaweed farmers) seaweed farmers in the Rarumana and Shortland Islands and 300 (70%) seaweed farmers in the Wagina and Choiseul Province (Kronen 2013) (see Fig. 1).

The major boom in the seaweed farming in the Solomon Islands occurred by the mid of year 2005 when the Solomon Islands seaweed industry received major development assistance from the European Union to fully commercialize the seaweed industry (Kronen 2013). With the help from

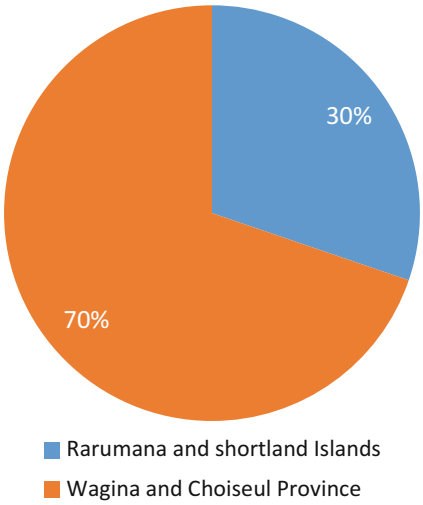


**Seaweed Farming in the Solomon Islands, Fig. 1** Percentage of seaweed farmers in the Rarumana, Shortland Islands, Wagina, and Choiseul Province. (Source: Created by the author of this write-up, (2015))

this fund, the seaweed farming in the Solomon Islands expanded to Malaita, Ontong Java Atoll, and the Reef Islands (Kronen 2013).

## Production of *Kappaphycus alvarezii* in the Solomon Islands

One of the main commercial aquaculture seaweed species in the Pacific Island Countries is *Kappaphycus alvarezii.* This seaweed is farmed in four Pacific Island Countries, namely, Solomon Islands, Kiribati, Fiji, and Papua New Guinea (Gomez 2014). There are two reasons for promoting the *Kappaphycus alvarezii* farming in the Solomon Islands. Firstly, *Kappaphycus alvarezii* farming is less capital intensive; therefore, lower level of capital investment is needed. Secondly, *Kappaphycus alvarezii* farming is similar to the traditional aquaculture farming methods used in the Solomon Islands. As a result of this, less training and development is required for *Kappaphycus alvarezii* farming. The production of *Kappaphycus alvarezii* increased from 75 mt in the year 2004 to 1700 tonnes in the year 2013. Production of *Kappaphycus alvarezii* in the Solomon Islands has increased from 75 mt in the year 2004 to 1700 mt in the year 2013 (see Fig. 2). This significant increase in *Kappaphycus alvarezii* production has been the result of continuous support provided by the Solomon Islands Government and donor agencies.

In addition to *Kappaphycus alvarezii*, there are other species of seaweed that are farmed in the Pacific Island Countries. Some of the edible species of seaweed that are farmed in the Pacific Island Countries are *Cladosiphon*, *Caulerpa*, *Codium*, and *Gracilaria* (Gomez 2014). The production of seaweeds in the Solomon Islands increased from 40 mt in the year 2003 to 1792.2 mt in the year 2013. In this decade, the production of seaweeds in the Solomon Islands has increased by 4380.05% (see Fig. 3).

## Socioeconomic Benefits of Seaweed Farming in the Solomon Islands

There are many socioeconomic benefits of seaweed farming in the Solomon Islands. Both local and international communities and the Solomon Islands Government have benefitted from seaweed farming. Some of the socioeconomic benefits of seaweed farming in the Solomon Islands are identified and discussed below (Kronen 2013):

- Seaweed farming provides income to households. The survey conducted by Kronen (2013) found that out of 209 households studied in Wagina Island, Choiseul Province, 42.5% mentioned that seaweed farming is a source of income for them. The income that they receive from seaweed farming helps in meeting daily household financial expenses.
- Seaweed farming is similar to traditional farming methods. It is one of the sustainable forms of farming in the Pacific Island Countries. In addition to this, seaweed farming is environmentally friendly and economically viable.
- Seaweed farming has provided capacity-building opportunities to locals. Solomon Islanders have been able to sharpen their skills and talents by attending workshops that are organized by the Ministry of Fisheries and Marine Resources.

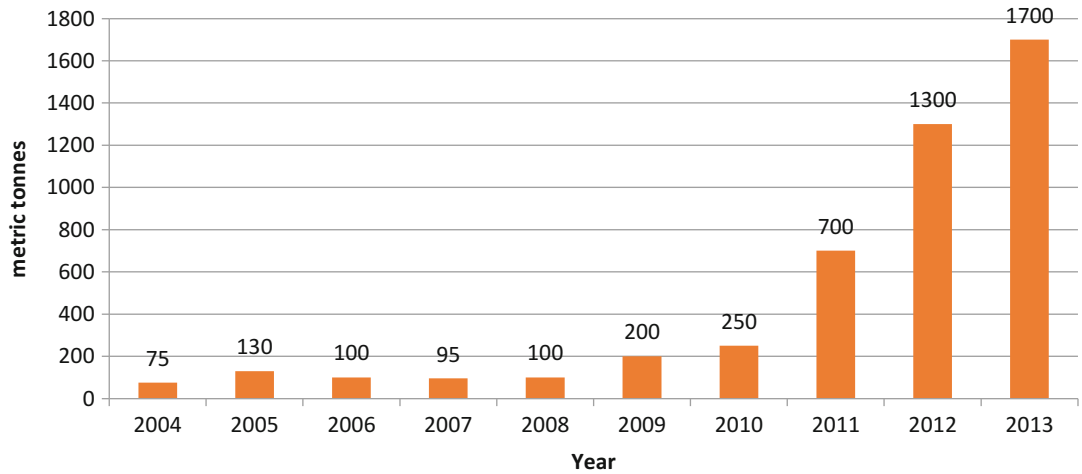


**Seaweed Farming in the Solomon Islands, Fig. 2** Production of *Kappaphycus alvarezii* in the Solomon Islands. (Source: Created by the author of this write-up (2015) by using information from Gomez 2014)

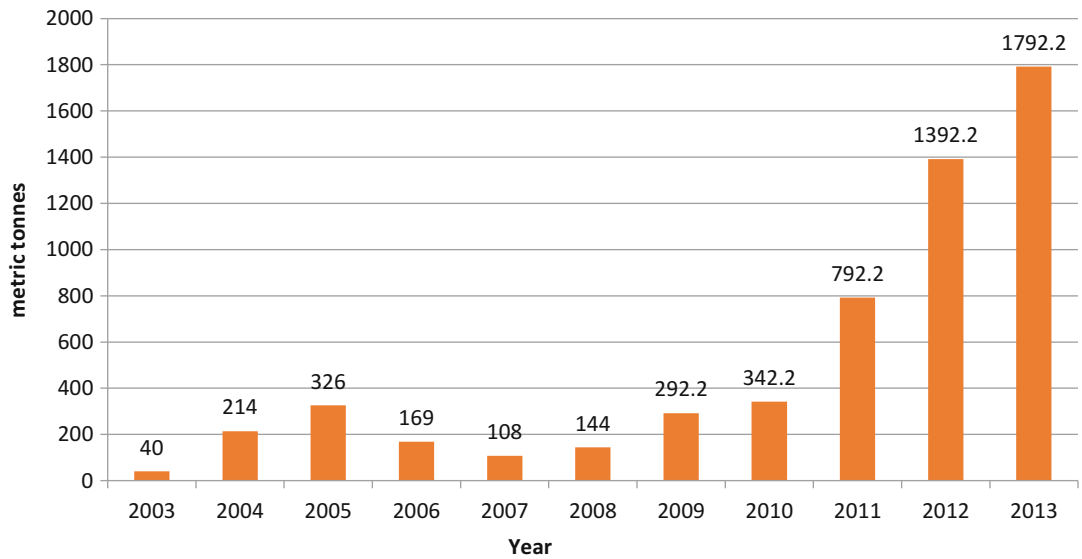


**Seaweed Farming in the Solomon Islands, Fig. 3** Production of seaweeds in the Solomon Islands. (Source: Created by the author of this write-up (2015) by using information from the Ministry of Fisheries and Marine Resources 2009). Note: Data for year 2009–2013 were missing; therefore, the author of this write-up has estimated data for these years

- Seaweed farming earns foreign exchange earnings and reduces the balance of trade problem that is faced by many Pacific Island Countries. The Pacific Island Countries have been recording high annual imports relative to annual exports. Seaweed farming is a source of government revenue, and this revenue is used to reduce budget deficit problem that is faced by many Pacific Island Countries. The marine resources of the Solomon Islands are the second largest foreign exchange earner (Food and Agriculture Organisation 2005). In the year 2013, there were four seaweed companies exporting seaweeds to France, Vietnam, and

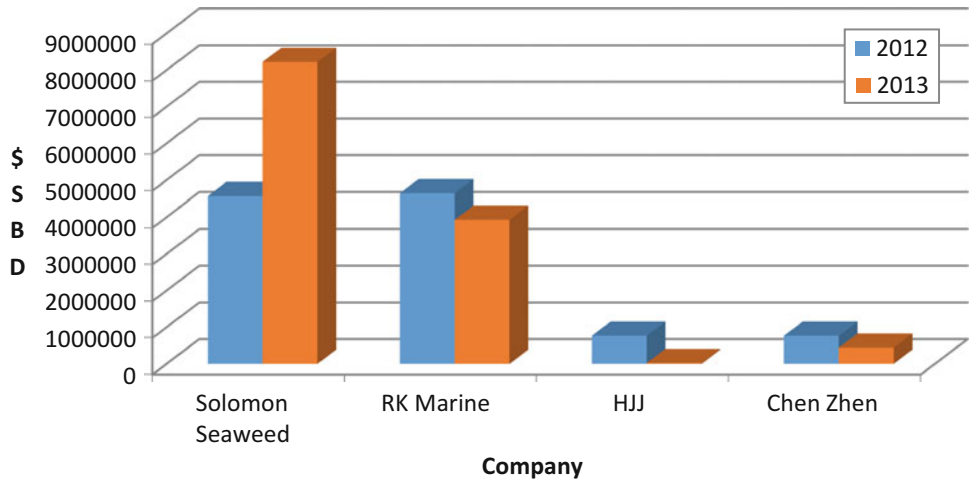


**Seaweed Farming in the Solomon Islands, Fig. 4** Seaweed exports by different companies in the year 2012 and 2013. (Source: Developed by the author of this write-up by using information from Gomez 2014)

China. These four companies were (1) Solomon Seaweed, (2) RK Marine, (3) Chen Zhen, and (4) HJJ. Figure 4 shows the seaweed exports from the Solomon Islands by different companies in the year 2012 and 2013.

Figure 4 shows that there are two companies who are the highest exporters of seaweeds. These two companies are the Solomon Seaweed and RK Marine.

## Socioeconomic Problems Faced by the Seaweed Industry of the Solomon Islands

There are many socioeconomic problems that have affected the seaweed industry of the Solomon Islands. Some of these problems are identified and discussed below (Kronen 2013)

### Volatility of Farm Gate Prices

Volatility of farm gate prices has always affected the seaweed industry of the Solomon Islands. This volatility of the farm gate prices is caused by changes in the prices of raw materials used in the production of seaweeds, earthquakes, and other natural disasters. In the year 2006, the farm gate price of seaweeds dropped from SBD2.00/kg to SBD1.50/kg (Kronen 2013). This decrease in the farm gate price was caused by changes in international fuel prices. The economic intuition behind this phenomenon is that if international fuel prices increase, the price of seaweeds in the international market will increase. If prices increase, demand will fall resulting in the decrease in farm gate prices. Later on in the year 2007, the Solomon Islands experienced a devastating earthquake that reduced seaweed production by 20–30% (Kronen 2013). As a result of this, the prices of seaweed increased in the year 2007 by 106.67%. This increase in the seaweed prices benefitted the local seaweed industry of the Solomon Islands. However, the earthquake in the year 2007 adversely affected the livelihood of local seaweed farmers (Kronen 2013).

### Farmers Lack Innovative Skills

Seaweed farmers in the Solomon Islands lack innovative skills to improve the seaweed industry of the Solomon Islands. Some of the areas in which further skill development is required are value adding and semi-processing of seaweeds. Currently, there are no value adding and semi-processing of seaweeds done in the Solomon Islands. All phases of the production process are accounted for by the family production units (Kronen 2010). It is essential that the seaweed farmers have an entrepreneurial attitude and think of innovative ways of improving the

seaweed farming in the Solomon Islands. By value adding seaweed, numerous export opportunities will arise. Consequently, the seaweed industry of the Solomon Islands can increase their market share by venturing in new export markets.

### Poor Data Recording and Processing at the Production Site

Good data keeping and recording is needed to improve the production of seaweed in the Solomon Islands. The seaweed farmers need to collect and record high-quality data on seaweed prices, sales, and international and local demand in order to boost the production of seaweed in the coming period. Operations decisions related to scheduling, planning, and organizing of raw materials and resources have to be made on good-quality data collected from the production sites.

### Constraint by Lack of Extension Support

Due to financial constraint, the Government of the Solomon Islands is not able to provide full extension support to all seaweed farms. As a result of this, the seaweed farmers have to look for extension support elsewhere in order to enhance seaweed production (Kronen 2010). Some of the forms of extension support that is needed by seaweed farmers are finding new sites where seaweed farming can be expanded and effectively communicating best seaweed farming methods to the policy makers.

## Actions for Future Growth Potential

Seaweed farming can be expanded in many areas in the Solomon Islands. However, due to high cost of boat transportation, this expansion is limited. Seaweed farmers in the Solomon Islands should expand seaweed farming in areas where there is favorable physical and socioeconomic conditions. There is also future potential for semi-processing and processing of seaweeds in the Solomon Islands. Solomon Island seaweed farmers will be able to fetch higher prices if they are able to value add seaweeds before exporting it to the international market (McHugh 2006). Solomon Islands have been exporting high quality of carrageenan, but there have been some quality problems related to impurities and level of moisture content in the seaweed. If these quality issues can be addressed, the seaweed farmers will be able to increase their revenue by fetching high international prices for seaweed exports (McHugh 2006).

## Policy Implications

### Fiscal Policy Effectiveness and Non-fiscal Measures

Fiscal policy is the use of government expenditure or taxation to stabilize the economy. Governments may increase expenditure in order to increase the economic growth rate (Mountford and Uhlig 2009). The most effective policy instrument that may help the seaweed industry is fiscal policy and non-fiscal measures. There are two fiscal policy instruments that are used by the policy makers to stimulate the economy. These are taxation and government expenditure. The Government of the Solomon Islands has used fiscal policy in the past to expand the seaweed industry of the Solomon Islands. As a result of this, seaweed production in the Solomon Islands has accelerated. In addition to this, the Government of the Solomon Islands can use non-fiscal measures to enhance the seaweed industry of the Solomon Islands. Some of these non-fiscal measures include:

- Providing entrepreneurial training to seaweed farmers
- International sharing of ideas
- Providing more extension support

### Monetary Policy Ineffectiveness

Monetary policy is the use of interest rate and money supply to stabilize the economy (Devereux and Engel 2003). Monetary policy may not be effective to boost the seaweed industry of the Solomon Islands. There are two reasons for this. First, the financial sector of the Solomon Islands is underdeveloped; therefore, the effect of changing short-term interest rate may not

stimulate the seaweed industry of the Solomon Islands. Second, many seaweed farmers in the Solomon Islands rely on international development assistance and government support in order to expand the seaweed industry. Since these farmers are poor and are hardly able to meet the banks requirements for loan approval, they rely heavily on government support and international development assistance to boost the seaweed industry.

## Suggestions for Way Forward

The seaweed farming of the Solomon Islands has greater potential than what it has achieved to date. It is clear from the above discussions that the seaweed industry of the Solomon Islands provides numerous benefits to the local communities (Kronen 2013). Albeit the seaweed farming is an important industry in the Solomon Islands, it is still constrained by numerous problems. Quick government intervention is needed in order to fully tap the seaweed industry of the Solomon Islands (Kronen 2013). The seaweed industry of the Solomon Islands can become internationally competitive provided a close review and synthesis of the value chain of the seaweed industry is undertaken. There are many opportunities for further value adding of the raw seaweeds before these are exported to the international markets (Kronen 2013). Value adding can be in the form of drying and semi-processing of seaweeds. The socioeconomic aspects of seaweed farming need to be inculcated in the government strategies so that sustainability of the seaweed farming is maintained. The technical efficiency of the seaweed farms needs to be improved so that output per hectare of farm size also improves (Kronen 2013).

## Conclusion

The main aim of this write-up was to examine the socioeconomic potential of seaweed farming in the Solomon Islands. This write-up highlighted that there is greater potential for the seaweed farming in the Solomon Islands. With the help from the government and donor agencies, the technical efficiency of seaweed farms can be improved. Additionally, a retrospective analysis of the effectiveness of government policies in the Solomon Islands shows that only fiscal policy may be effective in stimulating the growth of the seaweed industry of the Solomon Islands. The effectiveness of monetary policy is dimmed as the financial sector of the Solomon Islands is underdeveloped. For monetary policy to be effective, the financial sector has to be fully developed so that monetary policy transmission mechanism can be efficacious.

## References

Devereux MB, Engel C (2003) Monetary policy in the open economy revisited: price setting and exchange-rate flexibility. Rev Econ Stud 70(4):765–783

Food and Agriculture Organisation (2005) National aquaculture sector overview: Solomon Islands. http://www.fao.org/fishery/countrysector/naso_solomon/en

Gomez RG (2014) Seaweed production in the Pacific Region: current status and future trends. Secretariat of the Pacific Community, World Aquaculture Conference, Adelaide. https://www.was.org/documents/MeetingPresentations/WA2014/WA2014_0656.pdf

Kronen M (2010) Socio economic dimensions of seaweed farming in the Solomon Islands. Secretariat of the Pacific Community and Food and Agriculture Organisation, Noumea. http://www.spc.int/DigitalLibrary/Doc/FAME/Reports/Kronen_10_Solomon_Seaweed.pdf

Kronen M (2013) Social and economic dimensions of carrageenan seaweed farming in the Solomon Islands. Fisheries and aquaculture technical paper number no. 580. Food and Agriculture Organisation, Rome. http://www.fao.org/3/a-i3344e/i3344e06.pdf

McHugh DJ (2006) The seaweed industry in the Pacific islands. Australian Centre for International Agricultural Research, Canberra. http://ageconsearch.umn.edu/bitstream/118339/2/WP61(web).pdf

Ministry of Fisheries and Marine Resource (2009) Solomon Islands: aquaculture development plan. Ministry of Fisheries and Marine Resources, Noumea. https://www.spc.int/aquaculture/dmdocuments/Solomon_development_Plan.pdf

Mountford A, Uhlig H (2009) What are the effects of fiscal policy shocks? J Appl Econ 24(6):960–992

Solomon Island Times (2013) SPC supports seaweed farming in the Pacific Region, Honiara, Solomon Islands. http://www.solomontimes.com/news/spc-supports-seaweed-farming-in-the-pacific-region/7675

# Secession Bid in the Southeastern Nigeria: Issues and Prospects

Victor Chukwugekwu Ebonine
Department of Political Science, University of Benin, Benin City, Edo State, Nigeria

## Synonyms

Agitation; Biafra; Nigeria; Secession

## Introduction

The right to self-determination is an internationally recognized one. In fact, in recent times, countries such as South Sudan have been allowed the right to self-determination while others are at the verge of either consideration by the international community such as Western Sahara and Palestine or still mounting pressures to be heard for consideration such as the Peoples Republic of Biafra and Catalonia. Glaringly, there are always issues underlying separatist agitations within the state in which the separatist region seeks separation. These issues could range from age-long marginalization and alienation, perceived injustice, exclusion from national commonwealth, insecurity, trauma, and victimization (Smith 2005). In Nigeria, the character of the state seems to have emboldened some regions and birthed "fearless" and "militant" personalities such as Chief Nnamdi Kanu and Sunday Igboho who led their people in the southeast and southwest, respectively, in the agitations for self-determination or simply called, secession.

Southeastern region of Nigeria is predominantly inhabited by the Igbos who happen to be industrious, innovative, and dogged in their quest for survival. Hence, they have been dubbed the *Japan of Africa* (Ezugwu 2018). However, amid sheer abandonment and neglect in the scheme of things even as they are one of the three major ethnic groups in the country culminated into the Civil War that claimed many lives both on the sides of Biafrans and Nigerian soldiers. With promises of reconciliation, rehabilitation, and reconstruction that later characterized Gowon's administration, the agitation subsided. However, since the turn of the democratic regime in 1999, the agitation has resurrected and peaked in 2015 when the leader of the Biafra agitation, Nnamdi Kanu, was arrested and charged to court for various offences bordering on treason.

This entry seeks to interrogate the secession bid of the Igbo people: periscoping the history, contentious issues, and consequences of secession agitations of the Igbos in Nigeria while leaving useful recommendations that would address the phenomenon.

## The Provenance of Secession Agitation in the Southeastern Nigeria

The issue of secession agitation in Nigeria could be traced from the colonial period when the seed of discord was sown and nurtured. Before the advent of the British, the autonomous communities in what is today known as Nigeria existed peacefully and cooperated with one another while also preserving their distinct cultures and traditions. Except for few intercommunal clashes and conflicts that were resolved based on existing traditional laws, customs, and dialogues, the people lived in harmony. The British, with the mindset of expropriation, truncated this existing harmony by lumping the Northern Protectorate and Southern Protectorate to become the Protectorate of Nigeria in 1914 (Tamuno 1970) after they had merged the Colony of Lagos with Southern Protectorate in 1906. As a result, there was a forceful merger of over 250 ethnic groups with distinct cultures, traditions, perceptions, identities, religions, and even political classes. Although the adoption of regionalism heralded regional developments, the various clashes evident through the years of colonial rule laid testament to the fact that these people would not cohabit together in the name of Nigeria. The political parties that were formed following the introduction of elective principle became ethnic based as the Igbos dominated the National Council of

Nigeria and the Cameroons (NCNC), the Yorubas dominated the Action Group (AG), while the Hausas/Fulanis dominated the Northern People's Congress (NPC). With the exodus of the British from the country and attainment of independence in 1960, nation building became a herculean task.

Nation building encapsulates patriotism, trust, and feelings of oneness in the mid of diverse ethnic groupings. The years leading to and after independence was tense as the personalities of the leaders of the three major political parties clashed leading to military interruption of the supposed nation building project in 1966. Indeed, it is worth noting that foundation of Biafra agitations could be said to have been laid as a result of the 1966 military incursion. Given that the January 15, 1966, military coup plotters and executioners led by Kaduna Nzeogwu were mainly of Igbo extractions and those killed were mainly from other tribes, especially the northern part of the country which is dominated by Hausa/Fulanis, suspicion of the real intention of the plotters became evident.

This suspicion was further fueled by the unwillingness of Aguiyi Ironsi who benefited from the coup as the head of state to bring the plotters of the coup to book (Duruji 2012). In his favored unitary system and to neutralize possible counteractions from other tribes, he decided to promote mostly soldiers from Igbo extraction to the rank of lieutenant general to help execute his policies and secure his government. This decision would later culminate into political violence in major cities of Nigeria including Kano, Katsina, and Maiduguri. The resultant effect of the political violence was the countercoup that claimed the lives of top-ranking Igbo officers including Aguiyi Ironsi (Ibeanu et al. 2016). The North once again regained dominance under the leadership of Yakubu Gowon.

The swiftness by which Gowon reversed the Unification Decree promulgated by Ironsi coupled with the fall out between him and Ojukwu, the then leader of the Biafra, on the issue of seniority in the army made Civil War inevitable. As Igbos in the North were daily massacred in their numbers with little or no reactions from the central government, but instead, it embarked on the journey of region depletion by creating 12 states to weaken Ojukwu's stronghold in the southeast; Ojukwu asked the Igbos to return home and declared the State of Biafra on January 1967 (Obasanjo 1980). The war which lasted for more than three years would result in millions of deaths including children and women, leaving an indelible mark on the journey of construction and consolidation of national unity and integration in Nigeria. This was exacerbated by the failed promises of the government of Gowon and successive governments to embark on rehabilitation, reconstruction, and reintegration of the Southeastern region. The region appears to have been skipped from Nigerian coverage on development.

## The Anatomy of Post-Civil War Biafran Agitation

Every war has a victor and vanquished even though the winner and the loser may not be expressly declared in order to heal the wounds sustained during the war. The declaration by Gowon of "no winner, no vanquished" was plausible but to say the least, empty as the government failed to match this declaration with actions needed to pacify the losers who were still traumatized by the outcome of the war. As a result, a renewed quest for Biafra resurfaced with eventual creation of the Movement for the Actualization of the Sovereign State of Biafra (MASSOB) in 1999 by Ralph Uwazuruike, a lawyer. The movement which was tailored toward the philosophy of nonviolence of Mahatma Gandhi began to gain relevance as it marshaled its 25-stage plan in its quest to realize Biafran dreams. In all of these, the government remained aloof and unwilling to look into the grievances of the people in the region only to hasten the arrest of the leader of the movement, Ralph Uwazuruike, and his followers in 2005 and later charged them for treason as the quest for Biafra realization grew. They were later discharged and acquitted in 2011 as many hoped that the government would seize the opportunity to listen to the agitations of the people. However, amid apparent inactivity of the government,

another movement with similar objective emerged: The Biafran Zionist Movement (BZM).

The new movement established by a UK-based lawyer, Benjamin Onwuka, in 2010 voiced to give seriousness to the Biafran dream. To solidify its claims, the movement applied to the United Nations to be granted an observer status for the Republic of Biafra in 2012. The activities of the movement were met with stiff resistance from the central government and Onwuka and some of his followers were arrested by the Nigerian police and charged for treason (Oji 2016). Thinking that the agitators had been defeated, IPOB surfaced.

The Indigenous People of Biafra (IPOB), created By Nnamdi Kanu, is credited to have broken away from MASSOB and its deepened radicalism in the quest to actualize the vision of Biafran state has not gone unnoticed in recent years. Although the movement has existed before the current government, it is the present government that seems to have given aggressive stance on the activities of the movement. In one of the protests of the movement on December 2, 2015, two policemen and at least nine protesters, out of the thousands that had blocked the strategic Niger Bridge in the commercial city of Onitsha in Anambra State, were reported to have lost their lives (Nwanosike and Chris 2015). Aside this, there were reports that security forces had killed unarmed Biafran protesters in Aba, Onitsha, Port Harcourt, Owerri, and Asaba at different times (Nwankwo 2016; Amnesty International 2016). Yet the government has not deemed it necessary to probe extrajudicial killings reported to have been carried out by the security forces at different times.

The fearless posture of Nnamdi Kanu and his broadcasting through Radio Biafra further fuel the agitation, strengthening the collective resolve of the movement to continue the agitation undeterred. This prompted the government to arrest Nnamdi Kanu and other members of the movement on 19 October 2015 with charges of sedition, treasonable felony, and ethnic incitement. He was granted bail in April 2017 with stiff conditions which included not engaging in public discussions relating to Biafra. Believing that the conditions attached to his bail was a ploy by the government to bury the agitation, Kanu was seen nonviolently participating in public Biafran discussions. In a usual draconian manner which the government responds to issues especially under President Buhari, the Nigerian Army codenamed Operation Python Dance were deployed to invade Kanu's residence where they shot at people and arrested some IPOB members. As a result, the whereabouts of Kanu became unknown until 2018 when he resurfaced. Not satisfied with the actions taken by the army, the central government speedily proscribed the movement.

The actions of government on IPOB seem to be internationalizing the Biafran vision as sympathizers mainly from outside the country continue to criticize the draconian manner in which the government handles the issue. Government has not stopped brandishing lies against the activities of the Eastern Security Network (ESN), a security arm of IPOB as being responsible for elusive peace in the region even as some notable Nigerians have called on the government to thoroughly investigate the activities of herdsmen and northern bandits in the region (who have overtly gained control of the bushes, killing, kidnapping for ransom and raping farmers and ordinary persons in the region) who may be responsible for the unrest charactering the region.

The recent rearrest of Nnamdi Kanu on June 28, 2021, by the federal government–claimed Interpol has further laid credence to the level of insincerity of government as regards Biafra. Being a British citizen with insinuations that Kanu was arrested in Kenya further implicates both countries alongside the federal government. Although Britain and Kenya have denied having hands in Kanu's rearrest, one cannot deny the interplay between conspiracy and sabotage in the whole process.

## Reasons for Biafran Agitation

There are many factors responsible for recurring Biafran agitations. Firstly, there is the feeling of collective victimization among the Igbos (Ibeanu et al. 2016). This feeling was cultivated by the colonialists. According to the words of Chief

Nnamdi Azikiwe which echoed this feeling in his presidential address to the Igbo State Assembly in 1949, "it would appear that God has specially created the Ibo people to suffer persecution and be victimized because of their resolute will to live" (cited in Ibeanu et al. 2016: 11). From colonial period to postcolonial period, Igbos have been the victims of gruesome massacre in different parts of the country. For instance, in Jos attack of 1945, two persons died with several persons injured and properties vandalized. In Kano Riot of 1953, 46 persons were left dead and 205 persons injured (Martin 2001). The aftermath of the January 15, 1966, military coup led by Kaduna Nzeogwu led to the killings of over 3000 people on May 29, 1966 (Ibeanu et al. 2016). Various accounts indicated that over 50,000 Igbo were killed between 29 September and end of November 1966 (Ibeanu et al. 2016). The Nigerian Civil War recorded deaths of unarmed civilians including women and children. Yet, the killings and unwarranted destruction of properties belonging to the Igbos have not stopped.

Secondly, the level of political ostracism is high. This is more evident in the lopsided appointments made by the government which tend to favor other regions. There have been suits filed in respective of this ugly phenomenon but it seems the judiciary equally dances the same song played by the executive. Further, the Igbo elite have been apparently excluded from top political positions at the center, limiting the representativeness of the Igbos at the federal. Since independence, it is only an Igbo president that has not materialized among the three major ethnic groups in Nigeria even as the region settles with five states against six states in other geopolitical zones of the country. More worrisome is the interest-ridden 1999 constitution whose provisions are framed to favor other regions, especially the North. Even in the face of clamor for the change of the federally unitary, population – favored constitution to people-oriented, inclusive constitution that favors regionalism, the government has remained unwilling to heed to those clamors.

Lastly, the material condition of the people is another major reason for agitation. In fact, there is an ostensible contradiction between the perception of an Ibo by other tribes as industrious and wealthy people and the region itself. Therefore, apart from overt evidence of rising unemployment among highly intelligent and educated youths, neglect of the government to rejig schools in the region, rising cost of living, mortality rates, and decayed infrastructure such as roads and hospitals are other reasons. The Eastern markets have opened access for other regions to trade without government's intervention to make these markets come to international standards.

## Consequences of Biafran Agitation in Nigeria

Obviously, in the face of frequent clashes between the security forces and Biafran agitators, frequent killings and arrests of agitators, consequences are expected in the East and country as a whole. First, frequent clashes impact economic activities in the region. This is truer given that most of the clashes take place in the major cities of the region. The common masses in the region bear the brunt of hunger and starvation following from the economic distortions. Second, clashes can deter foreign investors. Investors crave for areas that would ensure safety of their lives and investments and guarantees ease of doing business. Third, Biafran agitations and the recurring clashes with security forces have the tendency to undermine national security. The government has been battling insurgency and banditry recently of which Fulani herdsmen have been fingered. Thus, call for secession can only divert government's attention from collective issues. Lastly, the bid for secession can undermine the Nigeria project of democratic consolidation. As a country that has witnessed many years of military interregnum, nation building is key and that will only be realized under a peaceful environment.

## Conclusion and Recommendations

The investigations of this entry revealed long years of what seemed to be sheer "hatred" of the Igbos from other regions as a result of their

dexterity in wealth creation, industry, skills in commerce, and drive for success in a healthy competitive environment. It is within the context of all these manifestations of hatred that violent agitations for secession which have at different times led to clashes between the agitators and security agents can be pictured. Based on the foregoing, the entry recommends the following as ways to address these recurring agitations.

First, government should dialogue with IPOB. Frequent attacks on the people and arrests of the leader of the IPOB will not yield any meaningful output. Consultation and dialogue would allow government know their grievances and sincerely address them.

Second, a new, inclusive, and people-driven constitution should be enacted that would capture people's wishes and return a progressive-driven, cost-effective regionalism in place of a conservative, costly federal system operated as unitary system by successive governments. The new constitution will also address the one state deficiency in the Eastern region.

Third, government needs to treat the region as others. The level of economic frustration, unemployment, infrastructural decay, and the menace of Fulani herdsmen should be tackled seriously. This will give the people in the region a sense of belonging.

Lastly, as stated earlier, the quest for self-determination is not a crime under international law. The new constitution should accommodate self-determination as a last resort to any region that feels marginalized and ostracized in the scheme of things.

## Cross-References

► Biafra's Secessionist Movement

## References

Amnesty International (2016) Nigeria: killing of unarmed pro-Biafra supporters by military must be urgently investigated, 10 June 2016. Accessed 4 June 2021

Duruji MM (2012) Resurgent ethno-nationalism and the renewed demand for Biafra in South-East Nigeria. National Identities 14(4):329–350

Ezugwu O (2018) Anambra: land of grants. Available at www.hallmarknews.com/anambra-land-of-grants. Accessed 4 Jun 2021

Martin L (ed) (2001) British documents on end of empire: Nigeria, vol 1. The Stationery Office, London

Nwankwo S (2016) 10 Pro-Biafra protesters 'die' in Aba. The Nation, 10 February 2016. http://thenationonlineng.net/10-dead-20-injured-in-pro-biafra-protest/. Accessed 4 Jun 2021

Nwanosike O, Chris O (2015) Two Policemen, nine others die in Pro-Biafra protest in Onitsha. The Nation, 3 December 2015. http://thenationonlineng.net/two-policemen-nine othersdie-in-pro-biafra-protest-in-onitsha/. Accessed 4 Jun 2021

Obasanjo O (1980) My command: an account of the Nigerian Civil War 1967–70. Heinemann, London

Oji C (2016) Pro-Biafran Group leaders remanded in prison after declaring Independence. The Nation, 6 November 2012. http://thenationonlineng.net/pro-biafran-group-leaders-remanded-in-prison-after-declaring-independence/. Accessed 4 Jun 2021

Ibeanu I, Orji N, Iwuamadi CK (2016) Biafra separatism causes, consequences and remedies. Institute for Innovations in Development, New Haven

Smith DJ (2005) Legacies of Biafra: Marriage, 'Home People' and reproduction among Igbo of Nigeria. Africa 75(1):30–45

Tamuno TN (1970) Separatist agitations in Nigeria since 1914. J Mod Afr Stud 8(4):563–584

# Sectarian Politics

Sadik Kirazli
Department of Political Science and Public Administration, Suleyman Sah University, İstanbul, Turkey

## Synonyms

Bias; Bigotry; Denominational; Discrimination; Factional; Fanaticism; Favoritism; Narrow--mindedness; Nepotism; One-sidedness; Parochialism; Partiality; Partisan; Preferentialism; Provincialism; Schismatic

## Definition

Sectarian is a word to describe something having to do with sects or minor groups. Sectarian, as an

S

adjective, is a characteristic of or adhering or confined to the dogmatic limits of a sect or denomination. Sectarian, as a noun, is a partisan, narrow-minded, or parochial or member of a group with a particular set of interests.

Sectarianism is narrow limits of tolerance of the gap between the ideal and the real (Gerlach and Hine 1968, p. 34). For Brewer, sectarianism is "the determination of actions, attitudes and practices by beliefs about religious difference, which results in their being invoked as the boundary marker to represent social stratification and conflict" (1992, pp. 358–9). More broadly, sectarianism is a form of discrimination, bigotry, or hatred arising from attaching importance to perceived differences between segments within a group, such as between different denominations of religion, class, regional, or sect of a political movement.

## Introduction: Sectarianism in the Middle East

Sectarianism is an undeniable phenomenon on both religion and social grounds. It had and still has a real impact in shaping societies and organizing social and political life. It is real in its implications in our everyday life. However, it is rather the result of observable political and socioeconomic developments that cannot be overlooked and reduced to simply identity groups. For example, whereas not all women are feminist, not all "Shi'ites" or "Sunnis" are sectarian in the Muslim world. In fact, the formation of "sects" as political groupings is undoubtedly the results of sectarian politics, or sectarianism, and not its cause.

In many countries in the Middle East and beyond, although religious and sectarian identities were numerous before the nineteenth century, sectarianism has not always existed. However, it was constructed in the early nineteenth century with the development of capitalism and the rise of nation states. At that juncture, the Ottoman Empire and Western colonizers played a significant role in the creation and the institutionalization of sectarianism through state institutions. For example, during the formation of the Iraqi government, the British colonizers had clearly favored Sunni Faisal, the son of their wartime Sunni ally Sharif Hussein, who had very little connection to Iraq and its people and have played a crucial role by excluding Shi'ite Arabs in shaping the country's power-sharing system. Similarly, in Lebanon the French colonizers had favored the Christian leaders in the advantageous of their "Christian" allies. In the Middle Eastern societies, sectarianism is experienced as an instrument for identification, discrimination, political organization, othering, or alienation.

## Sectarian Politics in Iraq

Sectarianism in Iraq is a historical legacy from the early nineteenth and twentieth centuries, when Iraq was a sectarian society divided predominantly between Sunnis and Shi'ites on the one hand and Arabs and Kurds on the other. In fact, Iraq is a country of various sectarian and ethnic groups, mainly the Shi'ites, Sunnis, Arabs, and Kurds in the Middle East where sectarian and ethnic conflict is often observed. As of July 2015, the population of Iraq was estimated by Central Statistical Organization to be 37,056,169 with most of them being Arabs (75–80%), followed by Kurds (15–20), and other ethnic groups including Turkmens, Chaldeans, Assyrians, Armenians, Mandaeans, Circassians, and Kawliya (5%) (according to Iraqi Constitution which was prepared in 2005). Turkmens are claimed as the third largest ethnic group and make up over three million (Park 2005; Kibaroğlu et al. 2009). Iraq is a Muslim-majority country and has a mixed Shia and Sunni Muslim population. Islam accounts for an estimated 95% of the population. It is estimated that 60–65% of Muslims are Shi'ites and around 32–37% are Sunnis. Non-Muslim population makes up 5%, and they are mainly Assyrian Christians, and other religions are Yarsan, Yezidism, and Mandaeanism (Central Intelligence Agency 2013). According to the Constitution of 2005, which was prepared in the post-Saddam period of Iraq, the Arabic and Kurdish are the two official languages of Iraq. The Turkmen and Syriac are two other official

languages in the administrative units in which they constitute majority of the population (Article 4, Iraqi Constitution).

The area comprising modern Iraq has been home to continuous successive civilizations at different periods in its history. During the Ottoman era, the region that has become Iraq was divided into three separate provinces (*vilayets*) as Mosul, Baghdad, and Basra. Those provinces roughly corresponded to the areas where modern Iraq's three major ethno-sectarian groups which are Sunni Arabs, Shi'ite Arabs, and Kurds lived (Al-Hasani 1956). But the boundaries of these provinces shifted on a number of occasions. When Ottoman Empire was ruling Iraq in the sixteenth century, most of southern Iraq was still Sunni. But this area gradually became a Shi'a-majority region between the 1750s and 1900s, while Sunnis in Iran were persecuted when the Safavid state adopted Shiism and forced people to convert to Shi'a Islam. Ottoman Empire throughout history left people in general to decide their own personal, religious, and sectarian lives, as long as they did not compete with them over power.

In the aftermath of the First World War, which broke out in 1914, Western colonial powers occupied the most Arab territories of Ottoman Empire and tried to stoke sectarian and ethnic sentiment, using the tactic of divide and conquer. In fact, those Arab territories were divided between France and Britain. At San Remo conference in 1920, the former Ottoman provinces of Mosul, Baghdad, and Basra were proposed to become a League of Nations Class A mandate under the authority of the United Kingdom, known as the British Mandate for Mesopotamia. However, the proposed mandate faced a firm challenge to be established, as a nationwide Iraqi revolt in 1920. Major centers of the revolt included present-day Mosul, Baghdad, Najaf, and Karbala. At that time, this revolt did not take a sectarian form but rather took a nationalist characteristic and form. The British presence in Iraq successfully united the various ethnic and religious groups, developing a powerful support for national unity. In fact, even though the revolt had cost many lives, for Iraqi people, it was the first step in the nation-state building. This unity would make a part of the founding myth of Iraqi nationalism. But different groups would use to assert their own roles in the foundation of the state, favoring their particular ideas about the meaning, identity, and interest of the new Iraqi political community (Tripp 2002).

Following the 1920 Iraqi revolt, an Iraqi autonomy was created with the Cairo Conference of 1921 and ratified via the Anglo-Iraqi Treaty of October in 1922. The Anglo-Iraqi Treaty was signed mostly as a result of the firm efforts of the coalition of both Sunni and Shi'ite Arabs. Since the sectarian battle between the Sunni Ottoman Empire and Shi'ite Safavid state at the Battle of Chaldiran in 1514, this nationalistic cooperation was very vital that would bring the creation of Iraqi monarchy. Even supposing that they were in solemn disagreement with the modern-time rulers of Baghdad about the overall direction of Iraqi politics, neither the Sunnis nor the Shi'ites at the beginning of the twentieth century presented any substantial separatist scheme. They united during the revolution and fought side by side against the British powers for the independence and creation of an Arab government.

However, during the formation of the Iraqi government, Shi'ite Arabs were virtually excluded from it. The British high commissioner appointed Faisal, the son of their wartime Sunni ally Sharif Hussein who had launched the Arab Revolt against the authority of Ottoman Empire, to lead the country as the first king of Iraq. Faisal was originally from the Hijaz area of present-day Saudi Arabia and who had very little connection to Iraq and its people. The British authorities also selected Sunni Arabs, who mostly close ideologically and politically to Faisal, for appointments to the government ministries, the senior state officials, and the officer corps of the armed forces. All these appointments created a Sunni dominance that would cause disquietude on Shi'ite Arabs. This factional discrimination is considered as a starting point for the existing sectarianism in Iraq. However, the British-control Sunni monarchy did not bring contentedness not only to the Shi'ite Arabs but also to the Sunnis. The area acquired by the kingdom therefore went through a period of political turmoil. This condition

continued until the complete independence was eventually granted to Iraqi people, and the Hashemite Kingdom of Iraq was established on October 3, 1932. However, the British succeeded to sustain its influence over the kingdom until the 1958 military coup that ousted the kingdom.

In postcolonial period, the "artificial" Iraqi nationalism that was created with a coalition of the Arabs, Kurds, Christians, Muslims, Sunnis, Shi'ites, and others who have been living in Iraq potentially acted as a mediator between these competing groups. Due to the competition between these groups, the political transitions in Iraq, however, have always been fraught. The transfer of power was often accompanied by a significant level of political violence. In 1958 the British-influenced kingdom was ousted, and the Republic of Iraq was created by a nationalist and secularist military junta headed by Abdel Karim Qassim, aiming to make the country completely an independent state. Qassim attempted to reverse the monarchy's pro-Western policies by beginning to form new alliances with the communist countries. This sharp and reversed change later led Qassim to be overthrown by the CIA-sponsored right-wing elements of the Ba'ath Party in 1963. However, this right-wing side of the party could not get enough power in the new government. So this situation led a series of coups and power struggles that plagued Iraq until 1968 when the left-wing of the party gained again a long-term power. This 1968 coup is considered as a "countercoup" that strengthened the influence of the Soviet Union in Iraq. Like many other Arab regimes, this left-wing dominant Ba'ath Party adopted pan-Arab nationalism and secular ideologies and ruled the country in a tyrannical and corrupt way. Especially with Saddam Hussein, the political transition became problematic due in part to the fact that incumbent head of state was obsessed with retaining political power for life. But the party regime did not take sectarian undertones when ruling the country until the Iranian Revolution of 1979. The regime even created a vacuum in the Islamic arena, by fighting moderate Islamist movements and leading extremist movements' emergency. Its hegemony continued until the invasion of the United States and its allies and the removal of Saddam Hussein from the power in 2003.

After the "countercoup," Iraq was ruled by the Socialist Ba'ath Party. However, socialism in Ba'athist parlance means Arab socialism. Arab socialism is different from the international socialist movement, opposing Marx's rejection of nationalism. It is defined as some form of nationalism than socialism. The Iraqi-led Ba'ath Party's key slogan refers to pan-Arabism and Arab nationalism. Even the 1970 Iraqi Constitution prepared by the Ba'ath Party stated that Iraq is in a transitional stage which is the time when the Arab people unite to establish one Arab nation. Arab socialism was by nature secular but borrowed some elements from Islam. Particularly, during the 1990s the Ba'ath Party claimed that the term "Ba'ath" comes from Islamic scriptures, and so all Muslims were Ba'athists even if they were not party members (Bengio 1998). In 1993, Saddam Hussein changed the party policy to encourage popular devotion to Islam within Iraqi society. But this new influx of religious involvement had sectarian undertones. The regime attempted to cloak itself in Sunni conservatism and sought to discredit Iran, by emitting that they were subscribing to a "heretical form of religion." This was perceived by Iraqi Shi'ites as being indirect attacks on their community.

Indeed, from the beginning of the nation building, Shi'ites were marginalized in the political and economic reconstruction of Iraq, and sectarian relations thus became problematic. But the Iranian Revolution of 1979 made a crucial turning point in sectarian relations in the Islamic world particularly in countries neighboring Iran. The establishment of Islamic Republic of Iran polarized opinions, mobilized sectarian identity, and further motivated many Shi'ites to stand up against the Sunni-dominated governments. Consequently, like regional regimes, Iraq's Ba'ath regime felt threatened by Shi'a Islamism and sought to discredit it in any way possible. In the post-1979 climate, the Ba'ath regime of Saddam Hussein favored the Sunnis and placed many restrictions on the Shi'ite majority. Saddam politicized Shi'a identity with its accusation of linkages between Iraqi Shi'as and Iran. However,

economic inequalities and unfair distributions of wealth have served to sour sectarian relations even if they were based on nonsectarian lines. In fact, the events since and related to 1979 increased the competition between the various ethnic and sectarian groups for state patronage and economic advantage. The competition which fostered intergroup tensions brought a Shi'ite uprising across Iraq's south region after the 1991 Gulf War. Saddam's Ba'ath regime violently quelled this uprising. But this uprising accentuated more the Shi'ites' perceived "otherness" and created the conditions of mass poverty, increased isolation, social breakdown, and exile.

The state's conflict was not only with the Shi'ites but also with other groups, in particular the Kurds. Indeed, sectarianism in Iraq was connected to a degree with nationalism and became an expression of the Ba'athist regime's nationalistic and cultural ambitions. Alongside of Arabs, the Kurds of the northern part of the proposed British Mandate also waged war against the British rule. However, after the creation of Hashemite Kingdom of Iraq, the Kurds pursued separation from newly created Iraq, aiming to establish their own nation-state. Their autonomy demand was even mentioned in 1925 by the League of Nations (Genève 1925). In the report of the *Council Resolution of September 30, 1924* submitted to the Council, the commission stated that the Iraqi kingdom must pay attention to the desires of the Kurds such as Kurds should be appointed as officials for the administration of the country, and Kurdish should be the official language of all the services and taught in the schools. But successive central governments did not demonstrate any meaning to implement their demands. The ignorance of the governments, consequently, brought the first full-scale Kurdish revolt that erupted in the time of Abdel Karim Qassim's government in 1961. Following the Ba'ath Party coup in 1968, although the new Iraqi government announced its intention to grant the Kurds a measure of autonomy and even signed a peace agreement with Mustafa Barzani, the leader of the Kurdistan Democratic Party, neither this government nor well ahead Saddam Hussein, reached a complete political accord with the Kurds. Rather Saddam directed its worst treatment at the Kurds, who often carried on a sporadic armed struggle for autonomy. When the Kurds revolted once again in 1988, Saddam harshly suppressed the uprising, by killing of more than 5,000 Kurds.

While Saddam's suppression continued during the 1990s, "no-fly zone" over Iraq was set up and patrolled by the United States and the United Kingdom, claiming to protect and establish a safe haven for vulnerable civilians of Kurdish in the north and Shi'ites in the south. Accordingly, these no-fly zones effectively divided the country into three regions. This set the stage for regional and/or ethnic separatism within the state. Indeed, every event and development in the struggles that ensued between the Ba'athist Saddam regime and the ethnic and sectarian parties were escalated in the direction of the American invasion of Iraq in 2003. However, the American occupation of Iraq further deepened sectarian tensions by promoting an ethnic and religious conception of Iraqi politics. Like European colonial powers, the United States had its own divide and rule policy, promoting Iraqi organizations founded on ethnicity, nationality, religion, or sect rather than politics. Especially, the American military administration deliberately deteriorated relations between sectarian communities by appointing Kurds and Shi'ites to police the Sunni towns. In the vacuum created by Saddam's withdrawal from the power, the Shi'ites took the control of Iraqi Transitional Government, while the Kurds emerged as a major regional player and have enjoyed effective autonomy in the northern Iraq. But the struggle over Iraq's new constitution and over the redistribution of oil resources, largely located in the south and the north of Iraq, deepened the sectarian divides and stoked the animosities.

The most essential outcome of the American invasion was the empowerment of Iraq's Shi'ite majority at the expense of the Sunni minority who had been ruling the country by ignoring the basic demographic reality on which any feasible power-sharing deal could be built. In the post-Saddam period, the long-term conflict between the Sunnis and the Shi'ites gained a new impetus with the first multiparty parliamentary elections in 2005. The Shi'ites turned their numerical superiority

into political advantage through elections which have broken up the long-standing power-sharing structure in the country, giving the Shi'ites a dominant position. The Sunni minority group, who had ruled the country since its independence, now became disadvantageous position in the parliament. Although the Iraqi Transitional Government controlled by the Shi'ite group has modeled the power-sharing structure of Lebanon and appointed even a number of Sunnis to some key positions in the government, the power-sharing in practice has become a power apportionment.

Consequently, the Sunnis have begun to complain about the sectarian behavior of the Shi'ite-majority governments that ruled Iraq after the United States' occupation. The Shi'ites appear to have taken revenge of the past. This claim was supported by a fact that the Sunni detainees were ostensibly discovered to have been tortured in a compound used by the Shi'ite government forces on November 15, 2005. This event helped fuel the hostility against the Shi'ites and in general fostered an internal interruption and massive level of relocation in the country. Indeed, the vengeful and discriminatory sectarian policies of the Shi'ite governments in the post-2005 era gave rise to a civil war that took place between 2006 and 2007.

In the upheaval of that civil war, a sectarian militant group that eventually came to be known as Islamic State (IS) was born and took anti-Shi'ite position. The IS has targeted Shi'ites particularly and others, those who do not support the ISS, in sectarian attacks by declaring them as apostates. Like the IS, also other extremist intolerant groups emerged, and therefore more sectarian manifestations began to appear in the region. Consequently, many Christians and secular Iraqis have fled the country, fearing the growing power of the extremist intolerant parties. In the emergence of these extremist groups, without doubt, the Western colonialism played a significant role because the Western powers backed certain minorities for their national economic and political interests. In return, those sectarian minorities sought protection against the majority groups or requested guarantees and special privileges that safeguard their interests. This fact is effective throughout Iraqi history.

## Conclusion

Sectarianism is an unavoidable fact in the political life of modern Iraq particularly after the Kurdish and Shi'ite uprisings and the fall of the Ba'ath Party in 2003. Following the civil war, some even claimed that if Iraq is divided into three independent states as Kurdistan in the north, Sunni Iraq in the center, and Shi'ite Basra in the south, the region could only have peace. However, this division does not appreciate the makeup of Iraqi society, because the three regions would quickly fall under the rule of violent sectarians and chauvinists. This breakup would only bring permanent wars in which the oil companies, the arms suppliers, and the warlords will be the winners. The economic distress, high unemployment, and general chaos of the American occupation have stoked the tensions in the country. Even though the American occupation ended in 2011 and the Shi'ite parties gained the power and established a government, the sectarian conflicts and competition between the various parties still continue. Because what the Shi'ite parties have done is to transform governance from dynastic rule to majority sectarian rule, even though the logic of the democracy does not necessarily recognize the right of a majority sect to rule. If a suitable political system is not chosen for the country, this conflict may even drag Iraq into a state of division and destruction. The sectarian and ethnic type of conflicts is destructive for all and undermines Iraqi national identity.

## Cross-References


- ▶ Centralization and Decentralization
- ▶ Conflict Dynamics
- ▶ Ethnoracial Politics
- ▶ Forms of Power
- ▶ Global and International Politics
- ▶ Globalization and Nation-States
- ▶ Globalization and War
- ▶ Governance Theories and Models
- ▶ Group Power and Leadership
- ▶ Minority Groups and Politics
- ▶ Politics and Crisis Management
- ▶ Power and Minority Representation

## References

Al-Hasani A-R (1956) Ancient and modern Iraq. Al-Irfan Press, Saida
Bengio O (1998) Saddam's word: political discourse in Iraq. Oxford University Press, Oxford
Brewer JD (1992) Sectarianism and racism, and their parallels and differences. Ethn and Racial Stud 15(3): 352–364
Central Intelligence Agency (2013) The world factbook 2013–2014-Iraq. Central Intelligence Agency, Washington, DC. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html
Central Statistical Organization (2015) Iraq: indicators and figures. Retrieved from http://cosit.gov.iq/images%5Cpublications%5Ciraqnums.pdf
Gerlach LP, Hine VH (1968) Five factors crucial to the growth and spread of a modern religious movement. J Sci Study Relig 7(1):23–40
Iraqi Constitution (2005). Retrieved from http://www.iraqinationality.gov.iq/attach/iraqiconstitution.pdf
Kibaroğlu M, Kibaroğlu A, Halman TS (2009) Global security watch Turkey: a reference handbook. Greenwood Publishing Group, Westport
League of Nations (Geneva, 1925) Council Resolution of September 30, 1924, Document C.400, M.147, vii. In: McDowall D (1996) A modern history of the kurds. I. B. Tauris, London, pp 145–146
Park B (2005) Turkey's policy towards Northern Iraq: problems and perspectives. Routledge, London
Tripp C (2002) A history of Iraq. Cambridge University Press, Cambridge

# Security and Public Policy in Turkey

Ali Can
National Police Academy, Ankara, Turkey

## Synonyms

Collective action; State actions; Terrorism

## Introduction: Social Movements

Social movements are generally defined as forms of collective activities, protests, and campaigns practiced by groups of people in order to affect public policies. They are collective challenges to elites, authorities, other groups, or cultural codes aiming at changing political and economic institutions in order to produce a better society (Tilly 1978; Tarrow 1994). These forms of collective actions emerge as informal networks, based on shared beliefs and solidarity, which mobilize around controversial issues, through the frequent use of various forms of protest.

Social movements indicate social demands, supports, or oppositions meaning that the existence of a social group is questioned and denigrated in terms of its worthiness. Once this sensibility exists, political rights and obligations lose their meaning for that discontented social group. Then, they organize social movements to affect social policies which they perceived as the sources of injustice and inequalities. These reactions must be directed and managed in a correct manner; otherwise, collective violence and terrorism may serve as a means to reach perceived goals and interests. This situation is described by Habermas (1973) as *legitimation crisis*, the inability of the state in persuading its citizens to obey its rules and obligations.

Studies on social movements clearly indicate that social movements are closely linked to public policies determined by governmental authorities. From the late 1960s onward, most countries in the world have experienced a surge of protests and demonstrations against government policies and social changes affecting quality of life (Can 2014). This link between institutional factors producing public policies and social movement development is formed according to state-civil society relationships. If the state is weak and civil society strong, there would be a constant but peaceful flux of protest from below. If the state is strong and civil society is weak, on the other hand, protests would turn into collective violence. This argument on the influence of the strength or weakness of states on social movement development is generally accepted by many social movement theorists.

## Public Policies and Social Movements

The scope of social movements allows us to analyze the extent to which people living in a specific

territory are incorporated into society. Individuals as members of a society claim three sets of rights (civil, political, and social) and the institutions through which such rights might be exercised (Tilly 2003). Shared rights are a basis of social unity which is achievable only by pursuing common good, although there are various condition-based individual interests. People can overlook their personal specific interests only on the condition that the society provides requirements such as a desirable social role and status. If these requirements are not met, individuals may not be willing to maintain their role or status in the community.

The sense of exclusion may also be a cause that leads people toward social movements. Social exclusion is a multidimensional process in which various forms of exclusion are combined, i.e., participation in decision-making and political processes, access to employment and material resources, and integration into common cultural processes (Madanipour 1998). Social equality, justice, and solidarity have always been at the core of social integration in the welfare state. Thus, the existence of a state can only be justified by virtue of realizing and maintaining these values through its institutions. The common satisfaction of a group flows from a sentiment of solidarity. People are aware that social solidarity serves for common interests of all involved parties, and therefore, they are eager to overlook their selfish aspirations.

The legitimacy of social rights and institutions must depend on mutual ethical obligations that exist between members of society and state authorities. Only the policies aiming at maintaining social justice can constitute a unifying identity. Therefore, state policies should encourage some kinds of collective activities by influencing the formation of groups, ideas, and demands (Skocpol 1985). A community should be constituted with ethical norms and values that consist of rights and obligations for individuals to support common interests. Otherwise, people may feel excluded from the society and create subgroups.

State actions shape individual or group attitudes and, accordingly, social trust and civic engagement. The effective democratic actions taken by governments trigger collective actions and make public administrations more efficient and responsive (Putnam et al. 1994). State policies encourage some kinds of group formation and collective actions by influencing the formation of groups, ideas, and demands. As seen in the French Revolution, the activities of the monarchical regime led some aristocrats to adopt revolutionary ideas. The comparison of the United States and Canada by Irene Bloemraad (2006) shows very clearly that immigrants' integration into society changes according to state policies. Efficient and honest state bureaucracies affect the success in social and economic development. If the state cannot provide a determinate basis for social integration, discontented groups may start to mobilize their oppositions and resort to violence.

Social movements are social arrangements in which people construct shared stories that hold them together. Such stories can range from excuses, explanations, and apologies for committed wrongs to appreciations and honors in the national histories. All these play a significant role in social integration. The state tries to strengthen common identity as a source of social integration and uses social policy to either strengthen loyalty to the state or to weaken oppositions against national unity and state authority (Parsons and Smelser 1957). Social policies developing and sustaining social unity are very important for the development of the welfare state because they have great influence on the degree of shared social identity to overcome the role of conflicting interests. A community can maintain its social unity by advancing social policies through its institutions (Durkheim 1997). As the unity of the community depends on strong social ties, the norms shaping the prospects for realizing social justice and paving the way for accommodating diversities should be generated through the institutions.

The most prominent attribute of a community is that its members are willing to help one another in times of need due to a sense of social solidarity. This attribute develops shared responsibility, mutual support, and cooperation in the community and constitutes a "we feeling" or a "sense of belonging" that shapes a common identity

(Böckenförde 2006). Once a group of community members is excluded from the mainstream of opportunities within the community, they start exercising their civil rights such as protesting authorities (Madanipour 1998; Ottmann 2010). In the long run, this will engender a strong effect on the structure of the community and the state. A sense of exclusion emerges in society, the equal distribution of economic resources is distorted, and social solidarity in that society is ultimately undermined, which, in turn, causes social movements.

The evolution of social movements is related to three main areas: territorial decentralization of power, functional dispersal of power, and characteristics of public bureaucracy (Kitschelt 1986). Decentralization of power refers to the distribution of central state power to local executives. The general assumption is that greater distribution of power enhances the level of attendance in the decision-making process of public policies. The greater the opportunities of access to the decision-making system, the more social movements tend to adopt moderate strategies (Della Porta and Diani 2006). Functional dispersal of powers ensures the greater division of tasks between the legislature, executive, and judiciary. Accordingly, the system provides more a secure environment to access to the decision-making process of public policies and decreases the attempts for forming social movements. The role of public bureaucracy in the evolution of social movements appears when there is structural fragmentation and a lack of internal coordination and professionalization are prevailing in the system (Rawls 1999). These institutional fragmentations and disorders halt the flow of public services and provoke individuals to organize in social movements.

## The Shift from Social Movements to Collective Violence

Social movements are conditioned by the social structure of the societies in which they develop. Intervention strategies also affect the form of social movements. National strategies set the informal and formal rules to handle the conflict. Societies adopting a strategy of inclusion (tolerant strategies) will produce unifying mechanisms that strengthen social solidarity. Societies practicing a strategy of exclusion (repressive strategies), on the other hand, will be open to polarization in the population, which breeds conflicts between opposing groups (Kriesi 1989). These conflicts emerge as social movements and may turn into violent activities if necessary measures are not taken.

Social movements are a form of collective behavior as the expression of real grievances over underlying social, economic, and political changes or lack of such changes that have appeared in society (Gurr 1970). Karl Marx and his followers saw the need for collective action to change public policies which produce inequality, injustice, and unfairness in society (Laqueur 1999). They mostly favored some forms of revolutionary collective action such as demonstrations and strikes. Violence might be acceptable for them to perform the certain intended change. However, the most systematic attempt to create an ideology of collective violence is that of Jean-Paul Sartre. Sartre was not only important because he took an extreme position concerning violence but because he opposed all liberal values and a liberal state or society. For him, the true motivational force of history is scarcity: "Each man is an enemy to every other because each is a dangerous rival in the struggle against scarcity" (Wilkinson 1979: 72).

Social movement activists generally resort to violence after the failure of legitimate methods which initially do not include violence. The groups victimized due to unfair social system, or its unchangeable structure, want to declare their grievances in a legal way first. But if the social authority does not accept this and prepare ground for the release of those grievances, collective action may turn into collective violence (Reich 1998; Senechal de la Roche 1996). If legitimate methods fail or are not permitted by the authorities, people may turn to violent methods as a result of feelings of rage and helplessness over the lack of alternatives.

The groups who feel excluded from society may react against the government in various

ways including violent methods. In such a case, states usually take a number of security measures restraining social rights and freedoms, which results in undesirable effects. Groups dissatisfied with the state's actions start questioning the legitimacy of social norms. Shared ideas and sentiments, which are the basis of social solidarity, are destroyed, and groups may pursue their own selfish interests by breaking their bonds with the state. Consequently, they may resort to collective violence causing social fragmentation and ultimately a condition of anarchy and social anomie (Durkheim 1897). Anomie is a breakdown of social norms, and it is a condition where norms no longer control the activities of members in society. Individuals cannot find their place in society without clear rules to guide them. Changing conditions as well as adjustment of life leads to dissatisfaction, conflict, and deviance.

As a result, anomie emerges in the society because of the inability of authorities to regulate social life for the members of the society. Individuals or groups who are exposed to undesirable activities by the government begin to react against the state by organizing social movements. If the state neglects their reactions, they resort to collective violence and terrorism. These propositions designate that violent collective action is the last legitimate choice of deprived and desperate individuals to achieve social change.

## Conclusion: Appropriate Intervention Strategies

Social movements call attention to significant problems in society reproduced by its institutions. From this point of view, social movements are seen as a tool for achieving a broader democracy. However, if their motivations and sources cannot be identified in a correct manner, they can turn into a tool to undermine the existing democracy. Social movements have two sides: the inner complexity of an actor and the actor's relationship with the environment. The structure of a society determines its capacity for the collective actions of social actors (McAdam 2003). Collective behavior emerges when the established structure cannot meet individuals' expectations. Public policies affect individual choices when participating in social movements. The political system needs to develop effective strategies in order to sustain social solidarity by providing the bonds that link individuals to the society.

Social movements are organized to change public policies that are recognized as unjust, damaging, or prohibitive by the social movement. As they get involved in activities which may disturb public order, governments have to respond with appropriate strategies for social movements without further constraining civil liberties. These strategies must be in accordance with the rule of law in order to maintain public order. If they are not in line with the law, governments lose public support and deepen grievances in society. Inappropriate intervention strategies applied by the authorities may result in polarization within society and pave the way for the enlargement of social movements. Ignoring the demands of movement activists, on the other hand, may encourage them to use violent methods in order to reach their defined goals.

Active communication is necessary to understand the psychology and concerns of social movement activists, which necessitates articulating positions by considering their motivations. Authorities, therefore, must question what they want to take for granted, learn from them, and try to develop appropriate strategies in order to transform their position through this dialogue (Habermas 1991). Authorities should ensure all members have equal distribution of social benefits. This increases the individuals' awareness of social solidarity and creates norms and rules that both harmonize and constrain the individuals' aims and interests. As a result, shared sentiments, common ideas, beliefs and practices, and mutual understanding flourish in the society.

Especially after the 1980s, a trend toward tolerance and dialogue has begun to gain importance as the methods for intervention (Della Porta and Diani 2006). These methods are used by following a series of pathways. First is authorities who are responsible for sustaining public order meet and negotiate with the representatives of movement groups. They try to reach a consensus on routes and conduct to be observed during social

movements. The characteristics (peaceful, radical, or violent) and aims (social, political, economic, etc.) of the group should be determined at this stage. In order to keep mediation with the group, their right to form or join movements must be guaranteed by the authorities. Then, violent groups must be separated from the peaceful groups without threatening their security and harming the flow of the movement (Can 2015). Agreements reached with the representatives of the movement are never to be broken, and the dialogue between group representatives and authorities must be kept until the social movements disband of their choice.

The practices of governmental institutions are rational insofar as they are consistent with the actors' beliefs, notions, and values. If there is no shared sentiment between parties, then the process of "communicative action" is broken (Habermas 1991). Therefore, moral education is necessary for the development of individuals and society at the same time. Shared ideas and sentiments that maintain and promote social solidarity prevail as long as the satisfaction of all the members of society continues. The social actors (official authorities or NGOs), therefore, should use moral education as a means to express and disseminate those ideas and sentiments. Otherwise, individuals follow their own interests and neglect their social obligation, which causes collective violence undermining social solidarity.

## Cross-References

► Conflict Dynamics

## References

Bloemraad I (2006) Becoming a citizen: incorporating immigrants and refugees in the United States and Canada. University of California Press, Berkeley

Böckenförde W (2006) Conditions for European solidarity. In: Michalski K (ed) What holds Europe together? Central European University Press, Budapest/New York

Can A (2014) The effects of social structure on social movements in Turkey. Unpublished Doctoral Dissertation, University of North Texas

Can A (2015) The development and management of social movements in the light of theories. Fırat Univ J Soc Sci 26(1):151–170

Della Porta D, Diani M (2006) Social movements: an introduction. Blackwell Publishers, Oxford

Durkheim E (1897) Suicide. The Free Press, New York

Durkheim E (1997) The division of labor in society. Free Press, New York

Gurr TR (1970) Why men rebel. Princeton University Press, Princeton

Habermas J (1973) Legitimation crisis. Heinemann, London

Habermas J (1991) The theory of communicative action: reason and the rationalization of society. Beacon Press, Boston

Kitschelt H (1986) Political opportunity structures and political protest. Br J Polit Sci 16(1):57–85

Kriesi H (1989) The political opportunity structure of the Dutch peace movement. West Eur Polit 12:295–312

Laqueur W (1999) The new terrorism. Oxford University Press, New York

Madanipour A (1998) Social exclusion and space. In: Madanipour A, Cars G, Allen J (eds) Social exclusion in European cities. Jessica Kingsley, London

McAdam D (2003) Beyond structural analysis: toward a more dynamic understanding of social movements. In: Diani M, McAdam D (eds) Social movements and networks. Oxford University Press, Oxford, pp 281–298

Ottmann J (2010) Social exclusion in the welfare state: the implications of welfare reforms for social solidarity and social citizenship. Distinction 20:23–37

Parsons T, Smelser NJ (1957) Economy and society. Routledge and Kegan Paul, London

Putnam RD, Leonardi R, Nanetti RY (1994) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton

Rawls J (1999) Theory of justice. Harward University of Press

Reich W (1998) Understanding terrorist behavior: the limits and opportunities of psychological inquiry. In: Reich W (ed) Origins of terrorism: psychology, ideologies, theologies, states of mind. Woodrow Wilson, Washington, DC, pp 261–279

Senechal de la Roche R (1996) Collective violence as social control. Sociol Forum 11(1):97–128

Skocpol T (1985) Bringing the state back in: strategies of analysis in current research. In: Evans P, Rueschemeyer D, Skocpol T (eds) Bringing the state back in. Cambridge University Press, Cambridge

Tarrow S (1994) Power in movement: collective action, social movements and politics. Cambridge University Press, Cambridge

Tilly C (1978) From mobilization to revolution. Addison-Wesley, Massachusetts

Tilly C (2003) Political identities in changing polities. Soc Res 70(2):605–622

Wilkinson P (1979) Terrorist movements. In: Alexander Y, Carlton D, Wilkinson P (eds) Terrorism: theory and practice. Westview Press, Boulder

# Semiotic Theory and Public Administration

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA

## Synonyms

Metaphor; Sign processes; Signification

## Definition

Semiotic theory in public administration is the application of analytical methods to discern how signs are used to convey meaning in the public sphere. Of particular interest is inquiry into the symbolic value inherent in political rhetoric, as well as administrative/organizational structures and decision-making.

## Introduction

Through political discourse, powerful images with political acceptance form a basis for policy action. Policy systems soothe public trepidation through symbols and appeal to conventionality that, above all, emphasize productivity and stability of the existing system. The public's level of engagement varies; as a collective, the public is relatively unmoved by the machinations of government or public policy, generally speaking, unless individuals are adversely affected. Affected individuals become active groups. Otherwise, docility allows spuriousness, beliefs, and unsupported appeals to baser emotions to go forward as "fact" for purposes of policy. Well-intentioned, nonspecific policy, created through an elaborate, commonly misunderstood system of agenda setting and access, has great value, but the nature of that value is not always well understood.

This entry explores semiotic theory and public administration. First, semiotics as a field of study is reviewed generally. The focus then shifts to the application of semiotic theory in public administration, as symbol in public policy and administration, and in the use of metaphor in the public sphere for advancing preferred policy agendas and legitimizing the enterprise of public administration. Examples from the literature incorporating the application of semiotic application are included.

## Semiotic Analysis and Public Administration

Semiotics has been defined as a "science of signs," a sign being "anything which denotes or means something to someone" (Kattsoff and Thibaut 1942, p. 475). Through semiotics, a deeper meaning of a term can be explored through "an investigation of its hidden meanings, its connotations as well as denotations. . . to uncover the basic structural elements of the meaning of a term . . . each element [acting as] a sign for the identification" (Tiefenbrun 2003, pp. 359–360). A sign is "something that stands for something else," and following Saussure, is a "unity of word-object, known as a signifier with a corresponding culturally prescribed content or meaning, known as a signified" (Berger 2010, p. 3). This connection is arbitrary and signs are dependent on what they are not and how they related to other signs, and not necessarily on any implicit meaning.

Charles Sanders Peirce saw a sign as "something which stands to somebody for something in some respect or capacity" (1958, quoted in Berger 2010, p. 9), giving the reference point a contextual aspect. Peirce's theory had three main premises: "first, a sign is not a thing; second, that everything can become a sign; and third, that things must act upon each other to create meaning" (Van Fleet 2011, p. 59).

Julia Kristeva suggested that "just like in the exact sciences, the models created in semiotics are, in essence, representations, and as such have tempo-spatial coordinates" (1969, p. 29); however, semiotics is not limited to representational objects. Setting aside the existence of large-T truth for a moment, this brings to light an important point: semiotics is a study of signs, and signs

are representations, not the things in themselves. Representations depend heavily on those making the representation and the apprehension of the representation on the part of the listener/reader, and/or any intervening interpreters. A sign-as-representation is so context-based that if the circumstance is not trustworthy, perception may be drawn to the notion that the representation being made is false.

Semiotic analysis in public administration is rooted theoretically in conceptual models of organizational decision-making, including the garbage can model of decision-making (Cohen et al. 1972), and later the Multiple Streams Approach (MSA). As Kingdon (2003) observed, the right mix of problems, policies, and politics must align for a window to open for policy action. Ambiguity is a regular feature in policymaking and an attribute of the landscape in public administration. Effective use of symbols can provide a way for enterprising officials to cut through the noise of ambiguity (Zahariadis 2014). Symbols make broad appeals to universality in the public sphere, cutting across wide demographic expanses, even if citizens frequently read into the vagueness of symbols with their own lived experience, filling in gaps where rhetoric is perhaps purposefully unclear. Symbols in public practice, as they exist outside lived experience, can be unifying even if they are, at root, ambiguous (Stone 2012).

White and McSwain, in evaluating semiotics in application to public administration, suggested that semiotics was a "science that studies how the human self is constituted" (1993, p. 28). White and McSwain further observed that "the way that signification constitutes the self creates in the self a desire for narrative" (1993, p. 32). For the purposes of making policy in the public sphere, what matters most is potentially not policy as an outcome or measurement of performance, but rather the creation of self and narrative, and in a wider view, the creation of identity. Because the system is not actually based as much upon closeness of fit between policy and reality or accomplishment in outcomes, but rather on stability and creating the right conditions for operation of markets, the lack of movement may make little difference. The ultimate goal of public administration is to be "the agent by which community is achieved and maintained," even if "there is nothing outside ourselves that we can depend upon" (1993, p. 35). Rather than running from this contemplation, semiotics perhaps encourages the public sphere to embrace it, by finding and exploring the narratives that allow common understanding among groups of dissimilar mindset in the public sphere – not merely allowing for public participation, but actively seeking to include it and act upon it.

Semiotic analysis of law/policy/regulatory content, drawing on the work of Saussure, Peirce, Eco, and others, allows for creation of a model of brand versus product, and of medium compared with message. Work in semiotics often focuses on signs and the making of meaning in particular instances, which lend itself to narratives and sound bites; consistent with the observation of White and McSwain, such evocations often rely upon metaphor to create rich meaning. Lakoff and Johnson claimed that "human thought processes are largely metaphorical" (1980, p. 6), and suggested that "the essence of metaphor is understanding and experiencing one kind of thing in terms of another" (Lakoff and Johnson 1980, p. 5). It is thus the same in public administration. In public contexts, metaphors and other rhetorical devices allow for the creation of broad storylines and identities that are a basis for action as well as a means of identity building.

The public seldom shares a universal perspective, but this does not stop a seeking after the development of common perspectives and useful abstractions. As Geuss stated, "Objectification, false universalization, inappropriate abstraction, and ahistoricism are related deficiencies. People in modern capitalist societies. . .are encouraged . . . to have the wrong conceptual attitude towards their society, an attitude that stultifies their own possibilities of action" (2004, p. 131). The belief may exist that the reality of the present is the only way things can be, so there is little reason to argue. In that most people might like to believe, for example, that "reality can be fully depicted by a set of distinct facts, each separate from the others – to certain standards of clarity of linguistic usage, to the use of formal logic as a basic tool of philosophic analysis, and to the final grounding for all

empirical knowledge in direct perception" (Geuss 2004, p. 132), the trappings of public policy may be widely accepted and embraced. There is nevertheless a "slack" as it were between "language and the concept" (Geuss 2004, p. 134), and though we may all wish to believe we agree on a sweeping vision of truth in policy, most likely we cannot even bring ourselves to agree on a small-t version of truth in defining our terms.

In public administration, the above considerations are particularly salient. Semiotic analysis is relevant to public administration because symbol is a useful tool in cutting through ambiguity in the public sphere – appealing to common elements in the citizenry and, from a positive standpoint, bringing the public back into the public sphere in a more participative manner. The reasons for this are well worn in the literature as part of public administration's legitimacy project, for lack of a better term. Public administration has at times considered its positioning vis-à-vis political structures and the public generally as questioned. Public administration is at once necessary for the operation of government and yet unelected; public administrators at various points act in roles that are virtually, sometimes peculiarly, executive, legislative, and judicial. Administrators receive oversight from all three branches of government in the United States experience, as an example, with international example often showing similar levels of accountability and calls for transparency of the administrative apparatus. There is a constant drumbeat of the need to call administration to account. Administration in turn responds with a broad discourse in service of legitimization. As symbol is often called into service to achieve public ends, and ends more particular but offered nonetheless in the name of the public, it is valid to challenge such invocations of the symbolic not only as symbols in and of themselves, but as intentions and ambitions as part of what are sometimes larger agendas.

## Applications of Semiotic Analysis

In the literature applicable to public administration, analysis of the symbolic in the public sphere has been employed in foundational explorations by Edelman (1964), Goodsell (1977), and Fox and Miller (1996). There have been efforts to analyze communication of official values through stories, for example exploring the National Performance Review as a text through quantitative content and story analyses (Sharp 1998). Symbols may be helpful at communicating values to administrative structures, but the stories themselves may be out-of-phase with expected outcomes. The need for participation in the policy process has been emphasized, as a way of not only being inclusive but allowing for improved decision-making and increased sustainability of the system as a whole. In this view, semiotics is "about exploring ideas with people and carefully considering who is making the argument, what the arguments mean to individuals and interest groups, and why" (McIntyre-Mills et al. 2008, p. 305). An evolving consideration is societal means of communication, with the Internet as a principle mode to "organize intellectual space, to produce, store, and distribute ideas and information" (Strauber 2004, p. 353); this has implications for how citizens perceive law, agencies, and the public sphere generally – possibly shaping citizen understanding and participation profoundly.

Fox and Miller (1996) observed that signs encountered in the policy realm may be non-referential, existing *only as signs* that may point to nothing in particular, a point that echoes Baudrillard (1983); in this respect, the reality of the public sphere may be built on a shaky foundation of symbol, with a tendency toward bureaucratization betraying a false sense of stability. Garrett and Storbeck (2011), in a more recent application of the Baudrillardian simulacra, considered the building of fence along the southern border of the United States, a symbolic move that causes displacement and heterotopia, causing great turmoil to those in the immediate area with considerably less understanding held at a distance. The sign of the barrier between the United States and Mexico, variously framed as a response to a need to quell drug traffic, terrorists, and the flow of illegal immigration, provides a practical example, as it has shifted as a symbol invested with great rhetorical value to suit the political tenor of

the day. As a related point, it is worth considering in semiotic analysis that "highly realistic representations in any medium always involve a point of view. Representations which claim to be real deny the unavoidable difference between map and territory" (Chandler 2002, p. 78).

Other ways of semiotic exploration include the uncovering of usages of political power, especially those where language-games are in play (such as those proposed by Wittgenstein); in such instances, the making of meaning is the reality. Politics makes a story and tells it; in public policy, the manner of telling a policy-related story follows certain conventions and is understood as real independent of its level of consonance with fact. Meaning is attributed to policy through the convention of a game, this is taken as fact by the public generally, and can be discovered through how language is used in the game (Xanthos 2006). The public may expect something more than the playing of language games, but it may be that the extent of the transaction *is* the language game and the making of meaning in that way, rather than the creation of programs to address specific purposes or the anticipation of change in societal outcomes. Such activity not focused on outcomes may be willful or merely neglectful, or simply speak to awareness of a game being played. From a performance management perspective, it may be difficult to connect symbol and belief – communicated as political intent through law – to a resultant program and its outcomes, even though the expectation for this is reasonable. It is therefore necessary to make clear that an outcome is actually expected, and that the intent is not toward some type of policy subterfuge.

Study of semiotics in the public sphere is becoming increasingly relevant, given the use of signs to create meaning in disinformation campaigns on a national and international basis. As with the value and meaning created by skillful marketing in the minds of consumers, those engaged in marketing in the public sphere can deftly market various forms of policy and political product. The engagement of branding and use of signs for a host of purposes in the present context is unmistakable in the public sphere, and is seen across the political spectrum. Taking language from the United States' Countering Information Warfare Act of 2016, there is a need to develop and disseminate "fact-based narratives and analysis to counter propaganda and disinformation" (S.2692(3)(b)(3)). However, what constitutes fact at any point in time becomes increasingly obscured through instances of rapid-fire social media communication (through Twitter, for example) of questionable validity and intent, differing opinions of what might constitute authoritative sources of information, ambiguity in stated purposes and outcomes for the public sector, destructive acts undertaken in the public interest, and the intensifying worry of the so-called "fake news" being taken as genuine. The result of this mix of efforts is the creation of thoughts and feelings in the public that are very real, taken as objective truth and useful to public action, even if the signs and symbols used to evoke these sentiments are often illusory.

## Concluding Thoughts

Language – in administrative procedures, laws, and even flyers for public events – speaks volumes about problem definition, and how public agencies see themselves, their missions, and their client communities. It follows then that how administration chooses to behave in problem definition, program implementation and evaluation, and general administrative activities can tell us much about what is valued when compared with what was intended given a basis in rhetoric. As agencies seek to make meaning, the public observes this meaning-making activity and tries to make sense of the effort and their role in it, even if the role is largely passive. The attempt to make meaning, through symbol for purposes of legitimization or to advance agendas, will either succeed or fail. Even where efforts have apparently succeeded, the use of symbol might fail the public because its success then depends on distraction and a lack of critical thought. This is no substitute for awareness, participation, and genuine consent of the governed. Semiotic analysis encourages a closer look at signs – even those held as sacrosanct – that might otherwise be taken as given, and

active consideration of how those signs may be regarded by others. The goal of such efforts might be a more inclusive, participative, and forthright public sphere.

## Cross-References


- ▶ Citizen Participation in Public Management
- ▶ Critical Theory of Organizations
- ▶ Garbage-Can Model of Organizations
- ▶ Legitimacy in Public Administration
- ▶ Politics and Bureaucracy
- ▶ Public Values in Public Organizations


## References


Baudrillard J (1983) For a critique of the political economy of the sign (trans: Levin C). St. Louis, Telos

Berger AA (2010) The objects of affection: semiotics and consumer culture. Palgrave Macmillan, New York

Chandler D (2002) Semiotics: the basics. Routledge, Abingdon

Cohen MD, March JG, Olsen JP (1972) A garbage can model of organizational choice. Adm Sci Q 17(1):1–25

Edelman MJ (1964) The symbolic uses of politics. University of Illinois, Urbana

Fox CJ, Miller HT (1996) Postmodern public administration: toward discourse. Sage Publications, Thousand Oaks

Garrett T, Storbeck J (2011) The DHS border fence in the Rio Grande Valley: semiotics, space, and subjectivity. Adm Theory Prax 33(4):530–548

Geuss R (2004) Dialectics and the revolutionary impulse. In: Rush F (ed) The Cambridge companion to critical theory. Cambridge University Press, Cambridge, UK, pp 103–138

Goodsell CT (1977) Bureaucratic manipulation of physical symbols: an empirical study. Am J Polit Sci 21(1): 79–91

Kattsoff LO, Thibaut J (1942) Semiotic and psychological concepts. Psychol Rev 49(5):475–485

Kingdon JW (2003) Agendas, alternatives, and public policies, 2nd edn. Longman, New York

Kristeva J (1969) Sèméiotikè. Recherches pour une sémanalyse. Éditions du Seuil, Paris

Lakoff G, Johnson M (2003, orig. 1980) Metaphors we live by. University of Chicago Press, Chicago

McIntyre-Mills JJ, deVries D, Christakis A, Bausch K (2008) How can we break the mould? Democracy, semiotics and regional governance. Syst Res Behav Sci 25:305–321

Sharp BS (1998) Expressing political and administrative values through stories: a semiotic analysis of the national performance review. Doctoral dissertation. Retrieved from UMI (9905608)

Stone D (2012) Policy paradox: the art of political decision making, 3rd edn. Norton, New York

Strauber IL (2004) Semiotics, civic education and the internet. Int J Semiot Law 17:343–363

Tiefenbrun S (2003) A semiotic approach to the legal definition of terrorism. ILSA J Int Comp Law 9:357–402

Van Fleet P (2011) Tarski, Peirce and truth-correspondence in law: can semiotic truth-analysis adequately describe legal discourse? In: Broekman JM, Mootz FJ III (eds) The semiotics of law in legal education. Springer, Dordrecht, pp 57–76

White OF, McSwain CJ (1993) The semiotic way of knowing and public administration. Adm Theory Prax 15(1): 18–35

Xanthos N (2006) Wittgenstein's language games. Signo (online). Retrieved from http://www.signosemio.com/wittgenstein/language-games.asp

Zahariadis N (2014) Ambiguity and multiple streams. In: Sabatier PA, Weible CM (eds) Theories of the policy process, 3rd edn. Westview, Boulder


# Separation of the Powers from Birth to Now: Democratic Countries


Fateme Tavallaei
PNU University, Tehran, Iran


## Synonyms

Executive; Judicial institutions; Legislature; The separation of the powers

## Definition

The separation of the powers refers to the idea that if the legislative and executive powers are united in the same person, or in the same body of magistrates, there can be no liberty, because apprehensions may rise, lest the same monarch or senate should enact tyrannical laws, to execute them in a tyrannical manner.

## Introduction

From east to west and north to south, people with any race, color, religion, and culture always try to

overcome the tyranny and gain democracy and liberty during the history. So it's not amazing to confront the complementary or completely new ideas for the human being social systems. Political theories are one of the originations to meet these kinds of needs. As Princeton (2015) defined, it is the study of the concepts and principles that people use to describe, explain, and evaluate political events and institutions. Any idea in this area has been impacted with both cognitive and environmental conditions. So it's reasonable to see different types of states, governments, and laws with various mechanisms around the world such as parliamentary, presidential, or semi-ones but finally may have similar spirit in its nature. As a citizenship, all people confront the situations to decide on issues which can affect other members of the society. So it is needed to be aware of political systems, how to clarify the power, authority, responsibility, morality, and anything that can be considered in the relation of society members and their governments. Among these types of thoughts, the separation of the powers is one of the strongest theories and also with different models in countries that has grown during the history from Aristotle, John Locke, de Montesquieu, and Jean-Jacques Rousseau to now. In this article, with a brief review of the philosophers' thought about the theory, origination, and definition, the factors had affected on the theory as an input and various models in countries around the world as an output will be introduced. Finally, some necessity of changes according to modern world will be discussed.

## Origination of the Separation of the Powers

According to the bold references, it seems that theory of the separation of the powers was born in the political book by Aristotle, whom had been impacted by Plato. Though believing in deliberative, executive, and judicial powers, he did not delimit them clearly (Enayat 1959, p. 126). So the mechanism he defined was somewhat overlapped. After that, in seventeenth century, John Locke in his book, *Treatise of Government*, again explained the three body of institutions, but with the distinction between legislative and executive ones (Osquian 2009, p. 15), with a little superiority for legislative as the people's power and authority allocated (Khosravi 2016, p. 84), and defined the third institution as federative for governmental interrelations such as war, peace, and making contracts and did not consider judiciary one in his power distribution structure (Ghazi-Zade 2006, p. 163). De Montesquieu in eighteenth century, might be the most important person in forming the theory, stated his political and legal thoughts in *The Spirit of the Laws* book. He tried to define the way of gaining political freedom by best synthesizing the suitable institutions. Distinction of institutions, balanced government, distribution of powers, and considering the law are his tools in this way (Khosravi 2016, p. 85). His distinct institutions were legislative for legislating or modifying the laws, executive for international legal and external security, and judicial for judging, punishing, or resolving the fights (Montesquieu 1955, pp. 294–295). Actually he mentioned the balance of the powers more than absolute distinction and being responsive with law orientation (Alikhani 1995, p. 135), but the absolute distinction interpretation led to presidential systems in countries such as the United States. After that, Jean-Jacques Rousseau in eighteenth century was another politician with important role in the theory of the separation of the powers. In his book, *The Social Contract*, he defined the best governmental system as democracy ones, which can be created by social contracts and then political community. The power in his theory belongs to people which is illustrated in legislative institution. He believed in cooperation between executive and legislative powers which led to parliamentary regimes (Shakibapour 1967, p. 21).

## Charles-Louis De Secondat, Baron De La Brede et De Montesquieu

As explained in the previous part, the separation of the powers is shaped during the history. One of the politicians with huge role about this theory was Charles-Louis de Secondat, Baron de La

Brède et de Montesquieu. He was born in 1689, in Château La Brède, near Bordeaux in France and died in 1755 in Paris (Clarendon Press 1961). He was from a noble ancestry. Lost his mother in childhood, studying at the catholic College of Juilly, being the counselor and then the deputy president of the Bordeaux Parliament (George Routledge 1887, p. 10), with passions such as Roman law, history, biology, geography, and physics, and travelling around the countries made him a sharp social commentator and political thinker who gained the respect of his fellow philosophers with his masterwork *The Spirit of the Laws*. Other principle works of de Montesquieu are as follows: memoirs and discourses about echoes, renal glands, weight of bodies, transparency of bodies and natural history, *Spicilège*, *System of Ideas*, *Persian Letters*, *The Temple of Gnidos*, *True History*, *Considerations on the Causes of the Greatness of the Romans and their Decline*, *Arsace et Isménie*, *A Defence of The Spirit of Laws*, *An Essay on Taste*, *My Thoughts*, and *De l'esprit des lois* which is one of the great works in the history of political theory and in the history of jurisprudence (Clarendon Press 1961).

## The Spirit of the Laws

*The Spirit of the Laws* book was written by de Montesquieu in 1748. It is divided into 31 chapters started with defining the natural laws as steady and governmental ones impacted by social spirit. He mentioned the harmony of the governmental doctrines with civility and legislated laws and even the proportion of laws with each other. The relations among laws and governments, freedom and security, and at last the continent, religion, and trade in a country are other elements that he mentioned in his book. He categorized the governments into three groups: the republic based on virtue, the monarchy based on honor, and despotism based on fear. According to his opinion, security and peace is the ideal of one government which can be gained through balanced systems (Mohandes 1995, p. 295). It is where de Montesquieu described the separation of the powers to gain the balanced system and a tool to obtain the freedom. De Montesquieu had a multidimensional perspective to the political issues and consider many aspects in forming the governmental structure, so his idea is still alive and used all over the world.

## The Separation of the Powers

As mentioned in previous sections, de Montesquieu gave the classic exposition of the idea of the separation of the powers. In his book, *The Spirit of the Laws*, when it comes to the 11th chapter, de Montesquieu stated the three parts of government bodies and the necessity of their separation. His power division consists of three branches named legislation, executive, and judiciary. The first is for legislating or modifying the law, the second is for international law such as providing security, war, and peace with other nations, and the third is for judging, punishing, or resolving the fights. He argued that a union power for varied functions of government would lead to overgrowth a particular organ and misuse of the power and then would be danger for political liberty. "When the legislative and executive power are united in the same person, or in the same body of magistrates, there can be no liberty; because apprehensions may rise, lest the same monarch or senate should enact tyrannical laws, to execute them in a tyrannical manner" (Mohandes 1995, p. 300).

In a whole view, the separation of the powers came to distribute the powers in a balanced way. Accountability, transparency, check and balances, and preventing the concentration of the powers are the impact of this theory. Cameron (2013, p. 12) states that the separation of powers contributes to political order both positively and negatively: positively for the violations which may also hamper deliberate improvements and adaptive strategies within a fixed flexible and evolving legal political order and negatively for the subtle and ostensibly reasonable violations

which may open the door to arbitrary physical violence and abuse.

Though, it had been not yet made in those historical age, later the interpretation from the theory was divided into two groups: horizontal separation without coordination among institutions which led to presidential systems and vertical separation with coordination which led to parliamentary systems (Ghazi-Zade 2006, p. 168). Though there are countries in this spectrum of distributing powers, it seems that the complete division is not possible and the overlap can be seen among institutions.

## Social and Cognitional Elements as an Input

By reviewing de Montesquieu lifelong thought and ideas, his books especially *The Spirit of the Laws*, and comparing them with the previous philosophers, it can be concluded that the social and cognitional factors considered in the theory made it applicable around the various countries with different cultural and political thinking all over the world. As Cameron (2013, p. 12) states, by considering the human subjects as a thinking agent, the cognitive theory provides a metatheory that leads to understanding of how people have theorized about constitutional order and how these theories have become part of the material context in which political systems emerge and evolve. In this way, by considering the conditions such as time and space, it is possible to eschew the monopoly and static and Eurocentric quality of diverse political interpretation of the theory. Language, literacy, and media are the factors which can be effective for human collective actions. Periods of productivity, regional patterns, and attitudes are other factors that are mentioned.

Cameron (2013, p. 52) also added the social and cognitional elements which impact the separation of the powers during the history: emergence of societies rooted in Greco-Roman era, Gutenberg Revolution for the rise of legislatures and the creation of a public sphere of opinion, and emergence of mass politics and the electronic era. In each of these periods, changes in social organization and communication resulted in new ways of thinking about constitutions.

So due to differences of social and cognitional experiences of the communities, it is reasonable to see different mechanisms of the separation of the powers around the countries all over the world.

## Various Governmental Systems as an Output

Due to the classical divisions of his predecessors into monarchy, aristocracy, and democracy, de Montesquieu produced his own analysis and assigned to each form of government an animating principle: the republic, based on virtue; the monarchy, based on honor; and despotism, based on fear. His definitions show that this classification rests not on the location of political power but on the government's manner of conducting policy; it involves a historical and not a narrow descriptive approach (Clarendon Press 1961).

On the other side, based on the degree of cooperation among institutions, there can be presidential and parliamentary political systems or semi-ones. In more details, Lijphart (1992, pp. 2–3; 1999, p. 17) states that in a presidential system, the president is elected popularly for a fixed time and also is the head of the government and non-collegial executive branch but in parliamentary system, the prime minister is selected by the legislature and can be removed by them and the executive branch is collective or collegial.

From the third perspective, based on the centralization of the governments, the federal and unitary states appear. Hanf and Toonen (2012, p. 2) define the unitary system of government as a single center of authority that exercises the ultimate prerogatives of governments and federal systems in which the authority is divided between a national government and its regions such as states, provinces, cantons, or lander.

So under the umbrella of de Montesquieu definitions, countries are categorized in this way: republic ones such as Russia which is semi-presidential and federal (The constitution of Russian federation 2007) or France which is semi-presidential and united (Central Intelligence Agency 2016) and monarchy like Australia which is parliamentary and federal (Australian Geographic 2001) or Japan which is parliamentary and united (The National Diet of Japan 2016). There are yet countries which do not follow the separation of powers like Oman which is completely monarchy.

## Emerging Powers in Modern Era

As said above, the separation of the powers has grown during the history, and due to its embedded socio-cognition nature, it is still alive and can be used all over the world. It is not a static theory and considers the social and cognitional factors. As condition changes, it can be expected the different behaviors of institutions. So being aware of new powers and challenges can lead to better governmental mechanisms.

Besides the political, social, economic, and other challenges which are mentioned in the article, cutting-edge technologies are those with the huge impact on all human life aspects and enable them by the spread of information, authority, and freedom.

Milner (2006) states that political area is not far from this issue and has an important role to promoting opportunities or slowing down the technology use for citizens due to its democratic or autocratic nature.

Besides the previous powers, the changes and emerging powers from technology and information lead to authority and a means of control, and by its new social and political interaction, old mechanisms among institutions would change.

This evolution has brought new definitions to political area to better define the innovations and changes. For example, in the case of democracy (Kirn 2000), the ideal point of political issues, we confront to netocracy with its own specific features. Netocracy devoted to this type of power, and as Bard and Söderqvist (2012) define, it denotes a new dominant class of the information age, one that has the power to dominate, control, and exploit information and communication networks through netocrats (members of this class).

In today's world with emerging interdisciplinary issues and also the power of tools to blur the boundaries and diminish the limitations, it would be expected to confront new mechanisms and evolution of governmental systems. The separation of the powers also confront to new challenges and needs to be updated according to new changes.

## Conclusion

The article was about one of the political theories, the separation of the powers. The theory has grown during the history, and in each part of the period, social and cognitional elements affected the mechanism of its application. In the article, first by reviewing the great philosophers' thought and idea about the theory, we concentrated on de Montesquieu idea in his book *The Spirit of the Laws*. His book includes chapters about natural and legislated laws and illustrated the steadiness and various laws due to social nature. By introducing the triple institutions, legislation, executive, and judiciary ones with their own tasks and distinction among them, he stated that the powers should be distributed, so the democracy would be opened to human societies. Though he did not mentioned the complete distinction among institutions and pay attention more to the balances of institutions, the interpretation of his idea led to presidential systems in the United States. After that, Jean-Jacques Rousseau stated the cooperation of institutions which led to parliamentary systems. Today, these kind of governments try to have the best and suitable interaction to obtain the balanced among institutions' powers. Social and cognitional factors, besides the new evolution of the era such as cutting-edge technologies, are other issues which are mentioned in the article. By considering the natural laws and social nature impact on the theory, Montesquieu wisely

prepared a governmental structure basement that can be promoted according to onward evolutions.

## References


Alikhani M (1995) The basement of the laws. Dastan Published, Tehran

Aristotle (1959) Politic (trans: Enayat H). Neel published, Tehran, p 126

Australian Geographic (2001) How Australia's Parliament works. Australian Geographic, Issue 63 Jul–Sep 2001. Retrieved 16 June 2014

Bard A, Söderqvist J (2012) The futurica trilogy: the netocrats. Stockholm Text, Stockholm

Cameron M (2013) Strong constitutions: social-cognitive origins of the separation of powers. Oxford University Press, New York

Central Intelligence Agency (2016) The world fact book: France, CIA. Retrieved 12 Feb 2016

Clarendon Press (1961) Montesquieu; a critical biography. Clarendon Press, Oxford. Date Accessed 15 Nov 2016

George Routledge & Sons (1887) Montesquieu. London, Ulan Press reprint, 2011, p 10. ASIN: B00A5TMPHC

Ghazi-Zade A (2006) The necessitates of basic laws. Mizan Published, Tehran, p 163

Hanf KI & Toonen TA (Eds.) (2012) Policy implementation in federal and unitary systems: questions of analysis and design (Vol. 23). Springer Science & Business Media

Khosravi H (2016) Basic laws. Khorsandi Published, Tehran, p 84

Kirn W (2000) The new radicals: the people who brought us Seattle have now done Washington; are they dreams or sly subversives? Time

Lijphart A (1992) Introduction. In: Lijphart A (ed) Parliamentary versus presidential government. Oxford University Press, Oxford, pp 1–27

Lijphart A (1999) Patterns of democracy: government forms and performance in thirty-six countries. Yale University Press, New Haven

Milner HV (2006) The digital divide: the role of political institutions in technology diffusion. Comp Pol Stud 39(2):176–199

Montesquieu, Charles-Louis (1955) The spirit of the law, (4Th Edition). (Trans: Mohandes. A.), Eghbal Published, Tehran

Princeton University (2015) Department of politics. www.princeton.edu/politics/fields/political-theory/

Rasso J (1967) The social contract (trans: Shakibapour E). Farokhi Published, Tehran

The constitution of Russian federation (2007) The constitution of the Russian Federation. Retrieved 27 Dec 2007. http://www.constitution.ru/en/10003000-05.htm

The National Diet of Japan (2016) Guide relationship to other bodies. The National Diet of Japan, House of Councillors, The National Diet of Japan. www.sangiin.go.jp/eng/guide/relation/

Thomas L (2009) Locke on government (Osquian A). Hekmat Published, Tehran, p 15


# Serial Entrepreneur, The


David Wiener
CEO – David Wiener Ventures, Park City, UT, USA


## Synonyms

Artist; Creator; Designer; Engineer; Entrepreneur; Inventor; Maker; Risk-taker

## Definitions

Entrepreneur: a person who organizes and operates a business or businesses, taking on greater than normal financial and other types of risks in order to do so.

An **entrepreneur** is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

An **entrepreneur** identifies a need that no existing businesses address or improve upon an existing idea and determines a solution for that need. Entrepreneurial activity includes developing, launching, and marketing new businesses, often with the end goal of selling the business to turn a profit.

A **serial entrepreneur** starts several businesses one after another or runs several concurrently rather than beginning one venture and staying focused on it for many years like a more typical entrepreneur. Some extraordinarily successful businesspeople such as Richard Branson, Elon Musk, and Laurel Touby are serial entrepreneurs.

## Introduction

Entrepreneurship is dangerous. It's bad for your health, well-being, and the well-being of those close to you. Anyone interested in starting and running their own business should consider

which entrepreneurial model they prefer – **small business**, scalable **startup**, large company, or **social entrepreneurship**.

It's also one of the most exciting and exhilarating careers anyone can imagine. Done well, it can provide an endless source of "projects" and businesses to fill your days until you are dust. Done poorly, you risk losing everything – your bank account, your home, your family, your life. And what could be better than that is a career that has you riding the razor's edge on an almost daily basis.

If this sounds dramatic or melodramatic, it's not. Reality counts for a lot in the world of entrepreneurship. Colleges and universities can provide all kinds of theory and experimental exercises – even internships – but none of this fully prepares one for the wide-ranging challenges that come at you like asteroids, sometimes in an unrelenting stream.

One doesn't set out to become a serial entrepreneur. In fact, until the last few decades, the term "entrepreneur" wasn't as commonly used as it is today. People *just did it.* They had an idea. They bounced it around and let it marinate in their heads and stomachs until one day when they pulled the trigger and set out to commercialize their brainstorm.

The idea of being a *serial entrepreneur* is more a result of history – the history one creates over time, realizing the moniker only *after* doing it.

A passage I like to reference when discussing the makeup of a serial entrepreneur comes from Francois Auguste Rene Chateaubriand (1768–1848):

> A master in the art of living draws no sharp distinction between his work and his play; his labor and his leisure; his mind and his body; his education and his recreation. He hardly knows which is which. He simply pursues his vision of excellence through whatever he is doing, and leaves others to determine whether he is working or playing. To himself, he always appears to be doing both.

Working or playing, if you follow your passions and find ways to turn them into business, then you may be able to turn entrepreneurship into serial entrepreneurship.

## A Little History: The Emerging Entrepreneurial Mind

My own story starts when I was 3 or 4 years old, playing with plastic tools and graduating a few years later to real tools – hammers, saws, screwdrivers, hand drills. I wasn't trying to be an entrepreneur (I certainly didn't even know the word). I was simply following an interest, which became a passion. At that young age, I was fully intrigued by tools and their related hardware: nails or all shapes and sizes, straight or Phillips head screws, assorted wires, woods, and then plastics, followed by metals and beyond. A trip to the local hardware store was better than going to FAO Schwarz (New York City's then greatest toy store in the world). I was mesmerized by carpenters' cars, typically old beat-up station wagons that were filled with open top wooden toolboxes and open compartments full of every kind of hardware one could possibly need to build a house. To me, they were the luckiest guys on the planet – driving around with a sea of tools – what could be a better life?

I graduated to power tools before I was 10. I also started putting them to use making things that I thought others might like as much as I did. My father, an artist, taught me to cut glass and lead solder. So, I figured it was only natural to make stained-glass peace medallions (this was the late 1960s after all). I sold these to kids in the neighborhood.

I can't recall what my price was, but my cost of goods was certainly zero, having scoured the trash bins of my father's studio. I also can't recall thinking about *business*, *profit*, *and loss*, but I did think about production. I quickly realized I could speed my output by processing the materials in small batches (very small), performing a sort of product-line approach to building inventory (another word I didn't know).

The excitement of selling, receiving dollar bills, and seeing people (kids) react to my work was all very heady stuff. The dollars in particular caused me to realize the benefit of work. I could make money and use it to buy meaningless junk that was hugely desirable to me. About this time,

I saw ads in comic books promoting the opportunity for kids to earn and win prizes for selling greeting cards and garden seed packets door-to-door. I was all in. I filled out the coupons and sent them in (or my mother did as I had little understanding of mailing things).

Selling to homeowners (a nice way of saying accommodating next-door neighbors) was an eye-opening experience, especially as a little kid. I'd get invited inside and I'd lay out the samples that the greeting card or the seed company sent. I was determined and I knew what "prize" I wanted with my sales levels.

Sometime later, I started my first *real* business, an underwater boat cleaning company to wipe and scrub the hulls of racing sailboats at our yacht club. I'd spend hours underwater with sponge, brush, and endless slime, ultimately freezing myself in the dark Long Island Sound water. Aside from getting small checks from boat-owners, the most exciting part of the job was racing to the showers in the club's bathroom where I'd stay until the manager poked his head in and screamed about wasting water. But at 13 or 14, I could handle the screaming in the interest of thawing out.

The boat cleaning led to my first mature initiative – I invested in my business by purchasing a much-needed wet suit. This was back in the days of Jacques Cousteau and the two-piece US Divers standard black waffle suit that wreaked of rubber. But it allowed me to spend more time underwater, which felt good and helped me pull in more dollars. It made me really ponder the concept of "it takes money to make money."

Later, my interest in boat racing and photography gelled and I became one of the youngest professional photographers ever to cover the America's Cup, US Open tennis, the Indy 500, and World Cup skiing. I was still in high school and earning bigger dollars from magazines and through the agency representing me. Again, the flow of cash was intriguing, though my brain was constantly thinking about what next piece of camera gear I could buy rather than how I might save it for something else. The reality was that I was "investing" in my future by getting the gear I needed to be a more effective photographer.

All the while, I was a car racing fanatic (it started at age 5), and my mix of inner drive coupled with a love of style got me thinking that I could buy a car – and not just any car. I wanted a Porsche. Of course, I did. I was brainwashed. Of course, I couldn't afford any Porsche, my father wasn't going to spring even a dollar toward my dream, and I had zero knowledge about car mechanics. But that didn't stop me (this is where some early signs of what was to become my character would emerge). I worked at photography, took on a dishwashing job, hired on to do yardwork in town, and even did housecleaning, shopping, and more for the pregnant wife of a family friend. I would do anything it took to earn money for *my car*. Again, the beginnings of an entrepreneurial spirit were surfacing. I deposited every cent (literally) in the bank, hoping to earn interest, and then one day, after a lot of hunting, I found the one Porsche that might actually fit my paltry budget of $1,800.

The car was a beat-up mess with an engine that didn't work, paint that needed a total redo, and an interior that just wouldn't do. This is where another characteristic of the entrepreneur emerged. I figured I could learn as I went. I bought the car, got it home, purchased a Porsche car repair manual, and began taking the car apart, starting with removing the engine – a gargantuan task to a novice. But I did it. I told myself I could. I got down and dirty and made it happen and shocked my dad along the way. His only comment was: "Well, as soon at that thing's working, you can sell it, cuz kids don't need cars."

I dropped my idea of going off to college to study photography – I was getting offers from Sports Illustrated, so why study it? More importantly, I realized I was more interested in making things than taking photos of them, so I got myself accepted into the engineering department at the University of Vermont and went on to study mechanical engineering, aerodynamics, and art (thanks to a transfer to Hampshire College where I could "design" my own major).

After college, I was recruited by the most famous engineer in America at the time, Paul MacCready of human-powered and solar-powered flight fame, among other massive achievements (National Aviation Hall of Fame n.d.). It was interesting for a bit, but my real desire was to create and do it on my own terms, a common trait in the entrepreneurial mind. I left at the end of a vehicle design project and went back to Connecticut to begin my real career of working for myself. It was a bold and risky move, and I was fully committed to making a reality.

I rented a house, turned the basement and extra bedrooms into workshops, and started experimenting with a variety of ideas in furniture, lighting, audio, and car design.

All this history isn't meant as a walk down memory lane. It's to give you a sense of how lots of seemingly disparate events and interests can be analyzed using 20/20 hindsight to see that becoming not just an entrepreneur but a serial entrepreneur can happen. It's also meant to give a glimpse into some of the characteristics that are so crucial to a life of entrepreneurship.

## Common Traits of Serial Entrepreneurs

A quick search of the internet and you will find numerous sites and articles espousing the "traits" needed to be a successful serial entrepreneur. I found the following: **The Six Common Traits of Serial Entrepreneurs** – Good Time Management, Ability to Set Concrete Goals, Strong Discipline, Unwavering Optimism, Creativity and Innovation, and Strong and Stable Leadership (Alton 2016).

In order to properly explain what it means to be a serial entrepreneur, one must first throw out the idea that there are any "common" traits other than a high level of risk tolerance and a bullet-proof nature. All the academic claims of traits are meant to give you an idea of what a perfect specimen might exhibit, like building a robot or replicant to do everything right. It sounds good in the movies, but reality suggests that loads of successful entrepreneurs – and serial entrepreneurs – lack a variety of traits but make up for them with raw enthusiasm, drive, and determination.

As an example, time management is clearly a wonderful skill to possess. Naturally, managing time is important, but the idea that one has to be good at it has little to do with being a serial entrepreneur. In fact, the idea of being highly creative, inventive, and driven often runs headfirst into any semblance of time management. Take me for example. I believe my time management skills stink. Even though I've managed my own time, and that of hundreds of employees and consultants over the years, with good results along the way, the actual management and, more critically, the efficiency of my activities have been terrible. For one thing, I always bite off more than I can chew. I wake up almost every day in the dark excited about all the things I am going to achieve that day, only to end my day having maybe dealt with one or two things on my list. And like the definition of crazy, I keep doing it, expecting a different result.

The problem with time management is that the outside world has no concern about *your* time, schedule, or goals. While I never set out to be an entrepreneur – and certainly didn't study anything resembling business – I have collected thoughts and ideas over the years about the realities of business, and of being an entrepreneur. One of the things I tell people on a pretty regular basis is, "Being the leader, founder or CEO of an enterprise means your days are filled with fending off the asteroids hurtling at you all day long. It's hard for the leader or CEO to get critical things done thanks to the firefight that day-to-day business brings as one is trying to create, build, market, sell, distribute, and ship something."

The point here is that while one must pay close attention to priorities and deadlines, one must also develop a sort of *business-ninja* style of operating. Learning to fend off, delegate, and, most importantly, make fast – and good – decisions is far more critical than checking off a box that tells you you can be a serial entrepreneur.

Setting concrete goals is another of the Hallmark Card school of entrepreneurship claimed traits one needs to possess. Again, this is a great *goal* to strive for, but again, reality suggests

(at least in my world) that concrete goals are anything but. I love the idea of concrete goals and hard deadlines and other *hopeful* elements of doing business, but I don't think I've ever had a goal that didn't change substantially over the course of inventing a new product or business. Naturally, there are going to be lots of stories of people who set a goal and went out and achieved it. The issue isn't whether one can achieve the ultimate goal (design the greatest _____ ever, sell to _____ countries, make _____ dollars, etc.). The issue is: how do you deal with all the obstacles that exist, or will present themselves, in your quest for the ultimate goal?

Do not be discouraged. These reality checks are going to help you. You will save time, money, heartache – and maybe your life. Being realistic is the single most critical thing a serial entrepreneur *should* be. Unfortunately, dreamers are rarely all that realistic. The dreams change, evolve, grow, and, sometimes, explode, like when you realize "your" brilliant idea was also the brainchild of many previously unknown competitors. But do not despair. You are going in with eyes wide open.

And while I'm at it, I will help you dismiss the ideas of *strong discipline* and *strong and stable leadership.* After all, most individuals don't exhibit either of these traits, certainly not in the arena of business, and perhaps not anywhere. In fact, all one has to do is note all the weight-loss, stop-smoking, buy-this-exercise program or call this ambulance-chasing law firm, to realize that the masses were not engineered for discipline. We didn't get real-world lessons in discipline in school other than that of handing in papers on time (hopefully). So, the odds of bringing strong discipline to entrepreneurship are against you. And doing it on an ongoing basis – serial entrepreneurship – isn't necessarily going to be in your favor, just because you've *done it before.*

If discipline is a long shot, how can leadership be possible. Of course, it is possible, and it does improve and evolve as one creates multiple business ventures and deals with a growing series of personnel and others, but leadership is such a varied talent that one person's idea of leadership can be the polar opposite of another's. Then there's the issue of leadership relative to a given project, program, industry, or market. Leading people can only evolve with experience. It's a critical skill but it's hardly a common trait, in my humble opinion. I've witnessed too many lousy leaders of businesses that have achieved very nice success. I am sure that you have too. Consider the opposing approaches of the military-type leader with little room for criticism, input, or flexibility to that of the current culture "make-everyone-feel-good"-type leader, who can't make a decision without a long meeting, endless emails, and opinions. They can both be successful but are they good leaders?

My company was hired to rebrand the US Ski Team back around 1998 when they had a precision-oriented person running operations. While he felt he was doing the perfect job in *telling* everyone what to do, as an outsider, I was able to exercise my ideas and directives much more freely than anyone employed in the organization. It became a battle of wills, and it burned into me the issues and impact that various styles of leadership created within a business.

As I hired more and more personnel during this period, I learned some interesting concepts about discipline and leadership. I realized I had been bad at delegating, due to my endless search for perfection, whether in engineering, manufacturing, marketing, branding, customer service, and *all* the other areas of the business.

Speaking of traits and reality, there is only one and only one common trait: one common reality. It is the ability to embrace and endure risk. Period. Just like discipline and the others listed above, risk tolerance is not part of most people's normal makeup. Most people think risk is asking someone out on a first date or buying an unusual outfit or, at a bigger level, buying a car or a home. The idea of pouring one's lifesavings and unpaid time into a dream is not how most are normally wired.

Long into my career – the one that turned out to be serial entrepreneurship – I was still forced to deal with risk on a regular basis. You might think that as one does it more and more, one can reduce risk. The reality is that every venture is (or likely is) different and therefore creates new things to learn, new resources required, new personnel, new facilities, and so on.

I was deep into a major partnership with Ferrari in Italy, and we were manufacturing a statement product that required a new office and shop, huge machinery investments, as well as a whole new crew of people. And then I got convinced (or convinced myself) that buying another company would enhance all we were doing. Without endless detail, it became obvious that we needed a serious cash injection. So, what does the high-risk-loving serial entrepreneur do? He bets on himself and mortgages the house. Seriously. The house that I lived in, along with my wife and three boys. In other words, I was putting the security and safety of our living space in a priority position over my family. Of course, I didn't see it that way at the time. *I'm an entrepreneur. I can't fail!* These are the sometimes-fatal words to be very aware of when they cross the transom of your mouth.

That mortgage and the ensuing stress did nothing to make marriage better. I could just motor along in my entrepreneurial dream sequence, knowing everything would work out, while my wife stressed and complained and worse. Thankfully, my bet paid off, the bank was paid off, and my wife got a beautiful new car as a kind of peace offering. But, to this day, she doesn't let me live that one down, or many of the other stress-raisers I've created over the years.

I also mentioned being bullet-proof. If you want to create, invent, market, and sell, you had better learn to take punches. I am not talking about social media reviews, "dislikes" or negative tweets. I am talking about deflecting the constant arrows flung by employees, resellers, customers, family, and friends, as you strive to create that great, innovative *thing*. Coming home after a very long day of work, only to be leveled by comments or interrogations about the day's activities, past personnel issues, bills, chores, etc., can be demoralizing and sap you of your excitement and drive to achieve those goals I have already addressed. Worse, when the bank calls or the wire doesn't go through or the promised payment never materializes while you are balancing the ins and outs of your bank account, you'd better be able to take it and make good decisions – quickly. How many times have I said something I regretted, or more to the point, something I only thought of saying after it was too late? Lots. Being fast on your feet and mentally agile is critical to being bullet-proof.

As I look at the realities of entrepreneurship, and the longer-term *serial entrepreneurship*, it's important to be realistic about the concept of *being* an entrepreneur. People toss the term *entrepreneur* around lightly.

## Not Invented Here (NIH)

Serial entrepreneurs are going to run into this more than anyone – not that there's much one can do about it. If you are going to be inventive – and even more so if you are innovative – you will run into *Not Invented Here* (NIH) a lot. It's not so bad if you make and sell your own creations, but if you want to sell or license technology or product designs, the targets you go after will surely be populated with personnel (read engineers mostly) who poo-poo or write off your work simply because they didn't think of it first. It's the Olympics of ego in the world of business. Too bad. Vision, real vision, is in short supply, while there's always an overabundance of ego. . .plenty to go around!

This leads to a discussion of innovation – real innovation vs. *marketing hyperbole* disguised as innovation.

## Are You An Entrepreneur? A Serial Entrepreneur?

The term, *entrepreneur*, is thrown around more and more as colleges and universities grow their course offerings to include entrepreneurship, while online marketplaces allow even individuals with almost zero resources or any tangible offering to promote and sell products, services, music, movies, and more, even going so far as allowing them to collect funds before ever shipping anything. And sometimes the *ever* becomes *never*.

There's absolutely nothing wrong with these students or would-be "manufacturers" calling themselves entrepreneurs; after all, it's just a word, a name, a term. As I often say, even the

guy selling hot dogs on the corner in New York City is an entrepreneur (if you take the most basic definition and use it liberally). By the way, I am a hot dog fanatic and I've respected these people, and the service they provide, since I was about 10. They spend money to create a "business" and they work long, hard hours, sometimes for little financial reward. But like me, I bet they do get rewarded every time a customer breaks out in a big smile thanks to one of their *products.*

Again, it doesn't matter what you call them or yourself. What matters is the attitude and character behind the effort. In the case of a serial entrepreneur, it's pretty clear what their character is and what their ongoing behavior patterns will be.

I am a perfect test dummy for the serial entrepreneur litmus test: I will *never* retire. I am full of dreams, ideas, and energy. Of course, lots of people have loads of dreams. And maybe they also have the energy. But the real test for the dummy is whether it will take the challenge, embrace the risk, and do whatever is needed to realize the dream.

Think about all the people you run into (or maybe it's you) who make statements like: "I've got a million-dollar idea" or "I thought of that idea long before Company X brought it to market." My response, as a test dummy is this: So why didn't you do it? Why didn't you bring it to market if it was such a brilliant idea?

The answer is simple: Ideas are worth a dime a dozen. I hated this notion as a young inventor. My father would trot it out anytime he wanted to put me in my place. But the sad reality is that he was right. The *idea* is the easy part. It's what you do with the idea that's hard, sometimes impossible, and always risky (unless you have an endless bank account or a rich uncle who likes you).

Ask any entrepreneur, or business founder, what the time and cost was to turn their *idea* into a functioning operation. Likely, you will be shocked, and they will likely admit that it took a lot longer and cost a lot more than they ever expected. That's typical. Of course, there are exceptions to this, but they are few and far between, and if you count on being an exception, you may be in for a very scary ride.

Imagine the serial entrepreneur who is constantly creating new ventures, putting together elaborate business plans and projections, and using these to raise capital in order to realize the dream. Now imagine how it feels if you fail, if your projections never come close, if your product doesn't work, or worse, that your product isn't as good as the competition's. Can you live with that? Will you sleep well knowing friends, family, and others have given you money under the cloak of trust and belief? Sounds pretty bad, right? Now imagine doing it more than once.

Any college entrepreneurship program has to tell you the odds are against you. It's a fact. Some say only 10% of new businesses succeed. I bet it's a lot less than that. So how are you going to make it work and then make it work again? And again?

The good news is that while the serial entrepreneur is battling through the minefields of *research and development* and running the business, he or she is learning, gaining valuable *experience.* It's this experience that helps each successive venture gain a bit better advantage, increase the chances of success, and attract others, whether for money, labor, production, or sales. People tend to appreciate the drive and grit that a serial entrepreneur brings to the table.

## Performance and Style

My entire career has been framed by two words: *performance* and *style.* I figured out long ago that I wanted to create things that would wow people. The only way to do this is to make things that provide better performance and/or great style. Think about how these words apply to almost everything in life – and certainly in business. It starts with *your* performance. How do you approach a task or challenge? How do you deal with people? How do you manage your projects? And how much style do you sprinkle on each? As you evaluate your own *innovations*, think about how they are perceived by others, or as an early mentor of mine used to say, the people voting with dollars. It's easy to fall in love with your own ideas, your dreams, your ambition. But are you really able to judge each objectively? That's

where the *experience* I mentioned can help a lot, if you are honest with yourself. Everything we do, and everything we create, every marketing and sales effort, and every business management moment can be evaluated on its performance and style.

Early in my career, I decided that it was a good idea to manufacture recumbent bikes. This was sparked by all the people who would see the exotic bikes I made as part of my college thesis and proclaim: "Where can I buy one? You should make sell these."

There were dozens of lessons to be learned from this venture, but for now, I will confine them to the performance and style elephant that rose its head while I was deep in. Another mentor, one from the industrial design world and a former Ferrari racing team member, advised me to seek the assistance of an accredited engineering firm to ensure my welded structures were absolutely safe. Unfortunately, the firm I hired changed everything about the production recumbent until it weighed too much, had ugly bits all over it, cost a fortune to make. It was just plain slow.

After many worried nights and weeks pondering how to resolve the impending nightmare of a failed product, I took the project away from them and retooled the entire design myself, using common sense, engineering knowledge, and a sense of style. The result was a far more effective vehicle, though it still suffered from one of the serial entrepreneur's worst enemies: *being ahead of its time.* I will address that curse later.

While the engineering was under way, I also had to deal with the image and marketing of the *LandSpeeder*® though I didn't really have much image or marketing experience at the time. What I did have was a conviction to the idea that product design requires good graphic design and a company should have a smart *image.* So, naturally, I was frustrated by the efforts of third-party services. I realized I needed to get educated and learn how to design and produce my own logos, sales sheets, advertisements, photos, and packaging. Thankfully, this was before the internet, so I didn't have to learn that trick!

I hadn't gone onto the bike manufacturing world thinking about image, style, or even ultimate performance. I knew I'd merge all of them as I worked away, but again, I didn't realize the bigger impact of this effort at the time.

In the following years, I started talking about *integrated* programs; the idea was that farming out various aspects of a given venture to a number of consultants or low-cost services would result in a disjointed overall "package" and "story." I figured the person or people who created the original innovation would be best suited to tell the story and put together a coherent package. From product to logo to packaging to sales pitch, the story – and style – had to make sense. Some might say this comes down to the "control" part of entrepreneurship. Perhaps, but I have known other entrepreneurs who have no problem outsourcing this part of the process.

I think the idea gelled for me when I was creating a major fashion line for a luxury brand in Turkey. I had designed all the clothing – all with performance and style in mind – and they then hired an outsider to brand the line. Naturally, when I saw the proposed name and logo, I rebelled and explained how it made no sense given the theme of the clothing. They listened and learned, and I ended up naming the line, creating the logos, all the fine detailing of the garments and accessories. I think my client realized the idea of an *integrated program* at the same time that I did. They went so far as to have me design the store interiors, direct the photo shoots, and source all the furnishings.

## Ahead of Its Time

Entrepreneurs are defined by their unique ideas, their innovations. While developing a dream into a business is a wonderfully romantic idea, and one that can be highly rewarding, the problem with being a serial entrepreneur is that you are innovating on a regular basis, which means you are creating things or services that most people don't realize they need or want.

Surely, some serial entrepreneurs are focused on creating businesses *without* innovating; they simply create a needed service or a solution to a problem that requires a product. But for the

seriously inventive serial entrepreneur, the curse of multiple ideas ahead of their time can be demoralizing over time. On the other hand, having a series of advanced ideas can also be inspiring and energizing, helping to carry you through the rough patches.

My career is littered with products and technologies that people didn't realize they needed. Luckily, some made it through the early stages and difficult sales pitches until people woke up to the benefits of whatever I was selling. I invented audio speakers in a flexible hose. That was an extremely hard sell. But today, the evolution of my earliest SoundTube® designs is in every Starbucks, GAP, Old Navy, and many other commercial venues. The LandSpeeder bike was less fortunate. In 1985, people said they loved it, but those voting with real dollars were pretty hard to find. We made and sold a lot but not enough to claim financial wonder.

In 2015, I embarked on developing a music app that would apply the recording industry's best processing technology to the digital music people were downloading at alarming rates. Those digital files were, and are, so devoid of quality data that much of the detail, whether voice or instrument, is lost. My Aphex Xciter® app took a long time and a lot of money to create, but the result was startling. Major musicians loved it. We did thousands of listening demos. It was a hit with everyone who tried it. But the world had morphed into a music-listening population more interested in how many songs they had in their device rather than the quality of the sound of that music. It wasn't that our app cost a lot; it didn't. But people had become immune to lousy sound and just couldn't be bothered. They could download endless silly apps and games, but hearing the detail that their favorite artists were putting into their music just wasn't a priority. And now, as I write this chapter entry, the 7Tunnels® quantum-ready encryption technology we have created over the past 5 years is yet another fully realized venture that is ahead of its time, even though it isn't. Like the audio app, more secure data encryption has trouble turning heads as most people seem to wave off the threat of hacks and data breaches, even in this age of cybercrime, major corporate and government hacks and endless online scams and spam.

Maybe the phrase "ahead of its time" needs to be revised to "too good for daily use." But the serial entrepreneur soldiers on, continuing to push the story, and, in the parlance of today's business world, *pivots* as needed to keep the idea or venture afloat as long as possible.

As for my story, we ended up selling the audio technology to a visionary leader of a company in the microphone business, and we are in discussions with several organizations that understand the critical importance of protecting data communications in commercial, military, and consumer applications. As usual, I am not worried. . .

## More on Innovation

Speaking on a panel at a cybersecurity event, I was told to prepare to discuss the concept of innovation and innovating in the commercial cyber world. I have often talked about innovation and the fact that it's often just a slick marketing term. The effort of putting pen to paper to solidify my thoughts on innovation made me realize that it's really hard to innovate, and even harder to be an innovator and entrepreneur at the same time. And this led me to consider how to evaluate innovations and opportunities based on *typical* commercial operations.

When I say typical, I mean the trappings of a normal business, and worse, the trappings of a big business. When the serial entrepreneur walks into a typical business, hoping to sell an innovation, there will be the *NIH* issues I mentioned earlier. At the same time, it's important to realize a sad fact of business: many big, successful companies often don't have an innovation culture. What they have is a product or line, or service, that makes them a lot of money, and the upper management drives the employees to ensure that their golden goose keeps laying eggs. In other words, if you approach a company that sells digital printers, you are likely to find them singularly focused on developing iterations of their latest printer, keeping the

innovation in a jar while incrementally advancing their own technologies or designs. They are unlikely to want to hear about your great new method for networking their printers.

It is usually the same for personnel inside these companies. The product people will love to say they have great new innovations when they get to that year's product launch, but the reality is they just want to keep things flowing and not rock the boat.

In the interest of analyzing the efforts of innovating, below are the questions and prompts I devised for the cyber conference. As a side note, the panel I was on had some very impressive people from well-known tech companies. Interestingly, the conversation tended more toward self-promo and rabbit-hole diatribes of things that had little to do with innovation, or more to the point of the panel, how to spur innovation. Unfortunately, there's no way to control a panel once it breaks from the barn. . .

## Framework Questions on Innovation

- Who decides which ideas to chase? And how? Is it based on merit? Ego? Ownership? Hostage situation (your best engineers push their ideas over all else, and you feel the threat that they will leave if you don't cater to them).
- Are you really comfortable with risk-taking behavior?
- Do you have the stomach for true innovation?
- Do you have the resources? Talent, funding, good research data?
- What is the real goal? Scale, license, flip?
- Are there subsurface goals? Self-promotion, awards?
- Can you handle the challenge? Competition, naysayers, certification requirements, testing, government red tape, DoD timeframes, staying power?
- Do you or your organization suffer from NIH? Fear, pride, ego, blinders?
- How do you get going? Priorities, patents, brainstorming, market research, customer polling?

## Conclusion

The excitement of realizing your own ideas, inventions, or business models can carry you a long way through the minefields of entrepreneurship. Doing it more than once or doing it many times can be incredibly satisfying, whether you are financially successful or not. The drive and passion that serial entrepreneurs bring to the world is typically not measured in dollars earned – it's more often measured in the impact of the product, technology, or business one has created and shared.

At the same time, the serial entrepreneur must manage the endless struggle, stress, expense, and responsibility that creating and building brings with it. People often hear about successful products or people, but they rarely understand or experience all the work and struggle that went into those successes. In fact, they often assume *it just happened* or *it's easy.* I have had so many people react this way when they ask me what I do for a living. The think being a serial entrepreneur means you work for yourself, so you must be able to work when you feel like it and take lots of time off. Clearly, just the opposite is true; but they don't get it, and often, your own family will not *get it.*

The rewards can be huge and varied, and still, the stress and risk can take a toll that can never be paid back. Heart palpitations, lack of sleep, loss of self-worth, and even suicidal thoughts accompany many a serial entrepreneur. They might never admit, as that would take away from the mystique, but you must realize that every new product, technology, and business has the odds against it, and therefore, the odds are against the serial entrepreneur. And yet, the true serial entrepreneur keeps getting up, dusting off, and jumping right back in the ring, regardless of the challenge and the potential beating that may follow.

No book, course, or degree can ever impart the realities that face the serial entrepreneur. The only way to experience and learn from this is by doing it. It's an acquired taste that is certainly not for everyone. If you have good self-control and your

enthusiasm outweighs your fears, you just might be able to tackle this career. Or you can take a much safer route and get a nine-to-five job that provides a paycheck, on schedule every week. The choice is yours.

## Cross-References


- ▶ Entrepreneurial Mind, The
- ▶ From Idea to Execution
- ▶ Leadership Style in Entrepreneurship
- ▶ Organizational Culture and Socialization


## References


Alton L (2016) 6 traits of highly successful serial entrepreneurs. Business.com. https://www.business.com/articles/6-traits-of-highly-successful-serial-entrepreneurs/

National Aviation Hall of Fame (n.d.) MacCready, Paul inventor. https://www.nationalaviation.org/our-enshrinees/maccready-paul/

The True Meaning of 'Entrepreneur' – https://www.entrepreneur.com/article/244565

What Does It Really Mean To Be An Entrepreneur – https://businessmarketingengine.com/what-does-it-really-mean-to-be-an-entrepreneur/

What Is A Serial Entrepreneur? – https://www.digitalmarketing.org/blog/what-is-a-serial-entrepreneur


### Misc. Links for References


https://www.entrepreneur.com/article/252947 – 5 Traits That Distinguish Serial Entrepreneurs

https://burnsfunding.com/exploring-the-difference-between-a-serial-entrepreneur-and-serial-start-up-entrepreneur/ – Exploring the Difference Between a Serial Entrepreneur and Serial Start-Up Entrepreneur

https://www.investopedia.com/articles/personal-finance/083115/worlds-top-10-serial-entrepreneurs.asp – World's Top 10 Serial Entrepreneurs

https://www.researchgate.net/publication/228353369_Failing_firms_and_successful_entrepreneurs_Serial_entrepreneurship_as_a_temporal_portfolio – Failing firms and successful entrepreneurs: serial entrepreneurship as a temporal portfolio

https://www.businessinsider.com/inventions-that-were-ahead-of-their-time-2013-7#military-mind-control%2D%2Dright-now-4. Products that were ahead of their time

Wiener D – Panelist, 5th Annual Cyber Future Summit – Cyber Future Foundation – www.cyberfutureforeundation.org


# Servant Leadership


Saundra J. Ribando
Augusta University, Augusta, GA, USA


## Synonyms

Stewardship; Transformational leadership

## Definition

Servant leadership is a values-based approach to leadership that emphasizes putting the needs of others before oneself.

## Servant Leadership

Robert K. Greenleaf (1977) developed the concept of servant leadership from an intuitive insight gained while reading Herman Hesse's book, *Journey to the East*. In the book, a band of men undertakes a long journey. The main character is Leo, a servant, who does the menial chores for the group. Along the way, Leo sustains them with his spirit and his song. When Leo disappears, the group falls apart and abandons the journey; the group cannot function without him. Years later, the narrator finds Leo and discovers that he is in fact the head of the Order that sponsored the original journey. Leo, who is first encountered as a "servant," is in fact a great leader.

From this story, Greenleaf drew many lessons about the role of the leader, and over time these lessons evolved into his concept of "servant leadership." The most important lesson is that the best leadership comes from those who possess a compelling vision or goal and have a genuine desire to serve others. To help clarify the concept, Spears (1998) draws upon Greenleaf's writing and proposes ten key elements of servant leadership. They are listening; empathy; healing (of oneself and others); awareness of others, situations, and

oneself; persuasion; conceptualization; foresight; stewardship; commitment to the growth of people; and building community.

The servant leader's behavior is grounded in his or her concept of self as a steward of the organization and its people. In this view, the servant leader holds the organization in trust to the public it serves (Greenleaf 1977). The leader's behavior is grounded in a strong sense of values or "virtue"; in this sense, it bears a resemblance to concepts of virtue ethics (Hursthouse 1999) and the "substantive justice" stage of ethical development (Rest and Narvaez 1994). Stewardship is what ensures the servant leader does not accept mediocre performance and keeps everyone focused on achieving organizational objectives within the constraints of shared organizational values. This view coincides with Gawthrop's (1998) call for a public service staffed with ethical public servants as opposed to relying on ethics based on conformity to rules.

This focus on objectives is balanced by a deep commitment to the growth of people and the building of community within the organization. An important component of this is the active partnership between the leader and the followers. The critical challenge for any would-be servant leader is to work with followers to create the vision and goals that guide the organization, balancing "the organization's need for effectiveness with employee's needs for personal growth, purpose, and richer meaning in their work" (Bowen et al. 2015). As the litmus test for servant leadership, Greenleaf (1977) proposes that the best test for servant leadership is: "Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society: will they benefit, or, at least, not be further deprived?" In sum, the servant leader is a steward who holds the organization in trust to the public it serves while remaining intimately attuned to the needs and situations of those who work in the organization and sincerely committed to empowering others to succeed professionally and personally.

## Servant Leadership and Leadership Theory

How does servant leadership compare with other leadership theories and concepts? Greenleaf (1977) grounded his conception of servant leadership in Christian religious teaching, but servant leadership also shares many of its ideas with other leadership theories.

Servant leadership calls leaders to build people and community, to dream great dreams and instill those in others, and to heal people in the organization. As such, it is similar to the major idea behind transformational leadership. Transformational leaders are charged to help build organizational vision, to mobilize the organization to achieve that dream, and to institutionalize whatever changes are needed to make the dream become reality (Bass 1996). Transformational leadership is about healing broken organizations and pulling them, through the beauty of a shared vision, into new ways of being and doing. In this respect, servant leadership is transformational leadership.

However, servant leadership does differ from transformational leadership theory. For example, Bass (1996) acknowledges that transformational leadership can be authoritarian as well as participative. This stands in stark contrast to Greenleaf's (1977) suggestion that the leader should be the primus inter pares or "first among equals." By listening, conceptualizing a vision that others can respond to, and using persuasion, the servant leader avoids coercion and seeks to become a partner with workers in building community in the organization. Finally, Bass (1996) proposes that transformational leaders transcend their personal self-interests for *either* utilitarian or moral purposes. In contrast, Greenleaf (1977) stresses the moral component of leadership virtually to the exclusion of utilitarian concerns.

In addition, Greenleaf (1977) suggests that leadership is intricately bound up in culture and servant leaders must actively work to build a culture of trust in organizations. Fairholm (1994) proposes that leadership seeks to build community in an organization. Leaders are charged with developing and fostering organizational value

patterns and norms that respond to the needs of individuals and groups for order, stability, and meaning. Consequently, Fairholm (1994) recommends leaders bring perspective, guiding principles, a clear platform or statement of one's principles, and a sense of purpose to the organization. These ideas are echoed in Greenleaf's (1977) insistence that servant leaders listen to and be aware of the needs of those within the organization, conceptualize a vision for the organization, and become stewards of and build the organizational community.

## Servant Leadership, Trust, and Building Community

Greenleaf (1977) suggests that servant leadership produces organizational success because it builds or creates a trusting, supportive community that fosters creativity and initiative. In this sense, servant leadership is the independent variable that causes or produces a culture or community of trust that in turn produces organizational success. Thus, trust serves as an intervening variable between servant leadership (the independent variable) and organizational success (the dependent variable). Both Greenleaf and Fairholm (1994) presume that leaders, through their control over information sources and organizational rewards and sanctions, are the principal architects or creators of organizational culture.

Fairholm's concept of a "culture of trust" also illustrates the connection between leadership, organizational culture, values, trust, and performance. According to Fairholm, leadership "facilitates joint action by accommodating difference and redirecting it to joint action (1994, 56)." Leaders, in his view, are responsible for building an organizational culture founded on trust that will, in turn, produce organizational success. Leaders are called to exhibit predictability and consistency within an open and ethical climate in order to build the "culture of trust."

Values, according to Fairholm (1994), are at the core of organizational culture (1994). Among his "elements of a trust relationship," Fairholm lists authentic caring, ethics, individual character (expectations of openness and trust), and leadership with a service orientation. The view of ethics he advances is consistent with the substantive justice stage of moral development (Rest and Narvaez 1994). Fairholm (1994) proposes that leaders build trust in organizations by fostering participation, engaging in helping relationships with employees, actively listening to workers, and using a consistent leadership style.

The parallels with servant leadership are clear. Servant leadership is leadership squarely based on values (Greenleaf 1977), specifically values of trust, respect, and service. Fairholm's "elements of a trust relationship" are echoed in the servant leader's elements of listening, healing, empathy, awareness, and stewardship (Spears 1998). Greenleaf's (1977) call for leaders to serve as primus inter pares is clearly participative leadership. The emphasis on healing, empathy, awareness, and listening in servant leadership is identical to Fairholm's "helping relationship" and "active listening" ways of developing a culture of trust.

## Servant Leadership and Organizational Performance

Servant leadership has received increasing levels of attention over the past 10 years. In the for-profit sector, servant leadership has been linked to both an individual employee's customer service orientation and the development of an organizational culture that highly values customer service. Essentially, a servant leader propagates a customer service attitude by modeling for employees. This modeling is particularly powerful for less experienced employees who may focus on completing short-term sales, cost-cutting, or profit goals instead of building long-term relationships with customers founded on service quality and trust.

This customer focus produces a wide range of positive outcomes for businesses. For example, servant leadership and its customer orientation have been shown to promote employee creativity. Employees working in such an environment have higher levels of job satisfaction and are more

committed to the organization. As a result, servant leadership results in higher-performing employees with lower levels of stress who are less likely to leave. The end result is a profitable business (Liden et al. 2014).

Moreover, workplaces led by servant leaders are places where workers exert more control over their work. In short, workers are empowered. Such workplaces are characterized by higher levels of job satisfaction and commitment to the organization, lower levels of job-related stress, and less turnover intention (Bowen et al. 2015).

The same dynamic relationship between supervisors engaging in servant leadership behaviors and employees works in the public sector. But in the public sector, agencies and their employees must do more than simply serve "customers." In this environment, every decision is an ethical decision as it impacts, directly or indirectly, the public it is intended to serve. Thus, a leadership approach founded on the concept of stewardship and based on ethical principles would be ideal. In this regard, servant leadership does appear able to develop an ethical atmosphere that promotes a service attitude (Shima et al. 2016). Servant leadership would seem the perfect fit for the public sector.

## Cross-References


- ▶ Ethical Leaders
- ▶ Ethical Leadership
- ▶ Ethics and Organizational Performance
- ▶ Leadership in Organizations


## References


Bass BM (1996) A new paradigm of leadership: an inquiry into transformational leadership. U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria

Bowen MG, Ferris GR, Kolodinsky RW (2015) Political skill, servant leadership, and workplace spirituality in the creation of effective work environments. In: Giacalone RW, Jurkiewicz CL (eds) Handbook of workplace spirituality and organizational performance, 2nd edn. Routledge, New York

Fairholm GW (1994) Leadership and the culture of trust. Praeger Publishers, Westport

Gawthrop LC (1998) Public service and democracy. Chatham House Publishers, Inc., New York

Greenleaf RK (1977) Servant leadership: a journey into the nature of legitimate power and greatness. Paulist Press, New York

Hursthouse R (1999) On virtue ethics. Oxford University Press, Oxford

Liden RC, Wayne SJ, Chenwei L, Meuser JD (2014) Servant leadership and serving culture: influence on individual and unit performance. Acad Manag J 57(5): 1434–1452

Rest J, Narvaez D (1994) Moral development in the profession: psychology and applied ethics. Lawrence Erlbaum Associates, Hillsdale

Shima D, Park H, Eomc T (2016) Public servant leadership: myth or powerful reality? International Review of Public Administration 21(1):3–20

Spears LC (1998) Insights on leadership. Wiley, New York


# Service Charters


Andrés Navarro Galera
University of Granada, Granada, Spain


## Synonyms

Citizen charters; Customer charters; Service charters

## Definition

Following the European Public Administration Network (EUPAN 2008), "key to a citizen charter is an organizations commitment to the customer about the quality of its services the customer can expect. Citizen charter is a policy term, in practice also called service guaranteed or service standard." Citizen charters form a part of the range of ideas around total quality management although other tools can also be used. Consequently, citizen charter can easily be combined with CAF, EFQM, BSC, customer satisfaction survey, process management, or comparable operational management instruments like customer journey mapping, usability testing, and website analysis.

According to OECD et al. (2007), a service charter may be defined as a public document that sets out basic information on the services provided, the standards of service that costumers can expect from an organization, and how to make complaints or suggestions for improvement.

A service charter is a short publication that informs the client about the agency's services, outlines relevant avenues of communication, details relevant service standards, and outlines client rights and responsibilities including feedback and available complaint mechanisms (Australian Public Service Commission 2004; Economic Regulation Authority 2006).

A customer charter is a short statement describing the level of service a customer can expect from a public service organization (government departments, offices, bodies, agencies, etc.) (Department of Public Expenditure and Reform, Ireland Government 2012).

The Treasury Board of Canada Secretariat (2012) indicates that a service standard is a public commitment to a measurable level of performance that clients can expect under normal circumstances. A client is the intended recipient of a service. Clients may be external to the government (e.g., citizens, businesses, nonprofit organizations) or internal to the government (e.g., departments).

The Spanish Ministry of Finance and Public Administration (2015) has affirmed that the SC, as tools for continuous improvement of services, are documents for public organizations to report on the quality commitments of services that manage and provide, in response to the needs and expectations of citizens and users as well as to the demand for transparency.

## Introduction

Based on Hood (1991, 1995), the *New Public Management* postulates (NPM) include:

(a) Greater emphasis on citizens' satisfaction as a "client" of public sector services
(b) Greater emphasis on management and accountability assessment methods
(c) Opening up of public entities to competition
(d) Development of arrangements for the systematic comparison of activities between management units (benchmarking)
(e) Separation of policy-making from service delivery and the creation of agencies to deliver services

Although NPM postulates have gained ground in the Anglo-American administrative culture model (the UK, Australia, New Zealand, Canada, the USA), supranational organizations and bodies (OECD, the World Bank, IFM) have spread the Anglo-American experience all over the world. So, since the 1980s, public sector reforms have been place in many countries at the international scale, based on the NPM movement. Under the NPM reforms, the main principles are (a) improvement of the quality of public services, (b) customer satisfaction as key objective of government services, (c) culture of serving customers and clients, and (d) transparency as a tool to involve the citizens in public management.

In this context, service charters (also called citizen charters or customer charters) are a part of the much bigger NPM agenda (Drewry 2005; Hood 1991). The user's charter was a culmination in a trend of gradual administrative reform in the late 1980s and a common occurrence in many western countries in those days (Van de Valle et al. 2005).

During the last years, improving the quality of public services has become a major theme on the public sector reform agenda all over Europe and beyond, and most public agencies are nowadays looking at how to get started on the quality journey or how to develop existing quality management projects further (OECD et al. 2007). In these reform processes, various international organizations have defined service charter in governmental entities (SC) as an essential tool for continuous improvement of the quality of public service.

So, the added value of a citizen charter is that, in a very manner, the organization makes contacts with the outside world. By making promises

concerning the quality of the services, a charter contributes toward the relationship with citizens and firms in the outside world. A citizen charter makes public organizations transparent and by consequence open to challenge on performance.

Coinciding with all these approaches, OECD et al. (2007) have identified the next benefits of SC:

(a) Help public agencies to manage the expectations of service users.
(b) Provide a framework for consultations with service users.
(c) Encourage public agencies to measure and assess performance.
(d) Make public agencies more transparent by telling the public about the standards they can expect and how agencies have performed against those standards.
(e) Push publish agencies to improve performance where promised by standards have not been achieved.
(f) Increase satisfaction of service users.

In an opinion from the Spanish Federation of Municipalities and Provinces (2011), the fundamental mission of the SC is to define and disclosure the service commitments assumed by the public authorities to respond to the requirements of citizenship, as well as to assess the degree of fulfillment of these commitments and communicate the results achieved.

Citizen charters were pioneered in the UK, in the wake of a broader privatization program. The Citizen's Charters, introduced by John Major, were of special relevance when it was deemed that privatization, in the traditional sense of transferring ownership from public to private hands, was neither feasible nor desirable (Clifton et al. 2005). Following the UK's first initiative, many countries embarked on designing and implementing charter approach to efficient and effective delivery, including Australia, Canada, Italy, Belgium, Spain, Portugal, Sweden, the Netherlands, India, the USA, Argentina, Costa Rica, Hong Kong, Namibia and Samoa, and South Africa (Nigussa 2013; Clark 2012; OECD et al. 2007; Parrado 2006; Drewry 2005).

## Content and Characteristics of the Service Charters

In the different countries where SC have been developed, the legal regulations and guidelines issued indicate the content that these documents must include, as a general framework that each organism adapts to its quality commitments about the services provided to citizens.

The European Public Administration Network (EUPAN 2008), taking as a reference the Netherlands practices (advocated under the Burgelinn-program), proposes ten guidelines for preparing policy choices on form and content of contacts with citizens, which are the next:

1. Choice of channel. As a citizen I can choose for myself in which way to interact with the government. The government ensures multichannel service delivery, i.e., the availability of all communication channels: counter, letter, phone, e-mail, and the Internet.
2. Transparent public sector. As a citizen I know where to apply for official information and public services. The government guaranties one-stop-shop service delivery and acts as one seamless entity with no wrong doors.
3. Overview of rights and duties. As a citizen I know services I am entitled to under which conditions. The government ensures that my rights and duties are at all times transparent.
4. Personalized information. As a client I am entitled to information that is complete, up to date, and consistent. The government supplies appropriate information tailored to my needs.
5. Convenient services. As a client I can choose to provide personal data once and to be served in a proactive way. The government makes clear records it keeps about me and does not use data without my consent.
6. Comprehensive procedures. As a citizen I can easily know how the government works and monitor progress. The government keeps me informed of procedures I am involved in by way of tracking and tracing.
7. Trust and reliability. As a citizen I presume the government to be electronically

competent. The government guarantees secure identity management and reliable storage of electronic documents.

8. Considerate administration. As a citizen I can file ideas for improvement and lodge complaints. The government compensates for mistakes and uses feedback information to improve its products and procedures.
9. Accountability and benchmarking. As a citizen I am able to compare, check, and measure government outcome. The government actively supplies benchmark information about its performance.
10. Involvement and empowerment. As a citizen I am invited to participate in decision-making and to promote my interests. The government supports empowerment and ensures that the necessary information and instruments are available.

Following the Economic Regulation Authority Western Australia (2006), an SC can be defined as a published statement containing (a) a list of customer entitlements, (b) details regarding a licensee's services, and (c) information relevant to the relationship between the customer and the licensee.

According to the Department of Public Expenditure and Reform (Ireland Government), every costumer charter should:

(a) State the organization's commitment to providing services to its customers in accordance with quality service principles and in line with public service reform plan (this might include a short mission statement and description of the services provided)
(b) Define service standards in clear terms and simple language
(c) Inform customers how to make a complaint or a suggestion (including, if appropriate, forms of external redress/appeal)
(d) Include the date of the charter and contact details

In Canada, the Treasury Board of Canada Secretariat (2012) has indicated that the content of the SC must meet the next characteristics:

1. Relevant to the client. Service standards are consistent with client priorities and address aspects of the service they value the most within available resource allocations.
2. Based on consultation. Service standards are developed in consultation with clients, managers, staff, and other partners in service delivery to ensure that they are meaningful and match the organization's mandate.
3. Measurable. Service standards are quantifiable and linked to monitoring activities.
4. Consistent across the government. Service standards should be consistent throughout federal organizations providing similar services. Having similar service standards across the government for similar services helps both clients and the government. The client will find it easier to deal with different organizations, and the organizations themselves will find it easier to share best practices and adopt common approaches.
5. Ambitious but realistic. Service standards are realistic, based on analysis, and consistent with objectives yet sufficiently challenging to service providers.
6. Endorsed by management. Service standards are understood and endorsed by the senior management.
7. Communicated. Service standards are clearly communicated to clients, employees, and other stakeholders to help manage expectations.
8. Transparent. Service standards are monitored and reported to the senior management, and performance results are published to ensure transparency and client trust.
9. Continuosly updated. Service standards are regularly reviewed and updated as appropriate.

In other cultural context, the Spanish Ministry of Finance and Public Administration (2015) establishes the essential content of the SC in a governmental entity, including three key elements: (a) describing the services provided, (b) establishing quality commitments, and (c) measuring compliance with the commitments (indicators).

## Guidelines to Elaboration and Management Process

At the international level, some guidelines have been issued to orient governmental agencies in developing the informative content of the SC, helping them in the management and monitoring of commitments as elements of continuous improvement of the quality of services provided to citizens.

The European Public Administration Network (EUPAN 2008) establishes seven steps to implement a citizen charter with service standards in governmental organizations, proposing some actions individually, according to the following details:

Step 1. Decide to introduce a citizen charter. Actions: (1) communicate within the organization the decision to introduce a charter, preferably specifying an introduction target date; (2) designate a project leader and allocate budget; and (3) be clear about what you want to achieve with the charter and how it will operate in practice; do not be afraid to be flexible in interpreting these guidelines to fit your own circumstances and business need.

Step 2. Draft a set of service standards. Actions: (1) inventory who to conduct first; (2) draft a set of service standards; and (3) reach agreement with the top management in the form of making apologies when a standard is not met.

Step 3. Consult staff about service standards. Actions: (1) plan a meeting with all concerned and discuss service standards with all relevant work process participants and (2) write the final set of service standards.

Step 4. Write a citizen charter. Actions: (1) organize implementation of a citizen in an organization, including registration of results; (2) provide communication material and have it tested; (3) decide duration of test period, as appropriate; and (4) produce a document addressing all aspects of a citizen charter and submit for final approval.

Step 5. Publish with style. Actions: (1) make an inventory of the various formats of the charter (brochures, letters, the Internet, flat screen, local paper); (2) organize styling (brochures, etc.) to be done by a professional designer; and (3) agree on a planning that ends on the date of publication.

Step 6. Control organize embedding of the charter in the organization. Actions: (1) organize registration of results (degree to which standards are being met); review possible ICT applications; (2) write an action plan to ensure that results at the operation level are on the agenda of regular progress meetings.

Step 7. Integrate the citizen charter in the improvement cycle. Actions: (1) decide the date of the evaluation of the service standards; (2) prepare pro arguments for possibly required modifications of service standards; and (3) once modifications of service standards are required, plan for the implementation of the contemplated modifications.

On the other hand, OECD et al. (2007), in its Handbook for Improving Quality of Public Services, raise three issues to develop and manage a CS in public entities, which are how to draft a charter, finalizing your draft charter, and how to use a charter for service improvements.

How to draft a charter. The handbook proposes a guide through all the steps and phases in the implementation of the SC, which are the next: (1) define the concept of quality of your organization; (2) establish a hierarchy of objectives; (3) define performance indicators and targets; (4) map your stakeholders; and (5) draft your charter.

Finalizing your draft charter. The handbook shows how to gain ownership for the service charter inside and outside your organization by consulting with staff and service users on your draft charter. It also gives you a checklist to improve your complaints and suggestions system. Last but not the least, it gives you proposals on how to communicate your service charter to its target groups. To achieve these purposes, the handbook includes the following sections: consult effectively with your staff on the draft charter; consult effectively with the target group of your charter; implement a complaint and suggestion system; and promote and communicate the charter.

How to use a charter for service improvements. The handbook explains how to evaluate the performance of public entities against the promises set out by the charter and how to develop and implement service improvement, including the next issues: monitor service and quality standards, collect subjective performance information, draft service improvement action plans, and make service improvement sustainable.

In the case of Ireland, the Department of Public Expenditure and Reform (2012) indicates that the charter customer initiative involves four steps: (1) consultation with customer/stakeholders, (2) commitment to service standards, (3) evaluation of performance, and (4) reporting on results.

Beginning with the first phase (consultation), in their dealings with the public, civil service departments and public service offices will provide a structured approach to meaningful consultation with, and participation by, the customer in relation to the development, delivery, and review of services. External customers might include customers who are in receipt of the services your organization provides, persons who used your services in the past, potential new customers, and other public service organizations, including local offices, private sector organizations, voluntary and community organizations, consumer groups/focus groups/user panels, representatives of specific customer representative, or other interest groups.

The next stage in the development of a customer charter is the setting of, and committing to, service standards. Having consulted with customers and stakeholders, organizations will have a clear picture of customer expectations, which will allow organizations to set objective service standards. Service standards should be set on the basis of what customers have identified as being important in improving their satisfaction with services provided, by looking at the guiding principles and seeing which ones lend themselves to commitments in a customer charter, in partnership with the staff who will be delivering the service and who are well positioned to judge what the customer wants, to be both directly measured by tracking systems and indirectly measured by suitable performance indicators, and to be consistent with wider public service reform objectives.

Turning step 3 (evaluation of performance), the evaluation is the process of examining (or surpassing) the service standards set down by customer charters. Effective evaluation tells you what worked and what did not and where greater attention might need to be focused. It is essential that organizations rigorously evaluate performance against the service standards set out by the customer charter in order to (a) ensure accountability for delivery of those standards by organizations and (b) facilitate learning and continuous improvement in customer service. There a number of methods organizations can use to evaluate performance. In this phase, the evaluation methods to be considered include customer surveys, customer panels/focus groups, complaint systems, comment cards, face-to-face interviews, mystery shopping, tracking systems (e.g., telephone and correspondence tracking), employee surveys/staff suggestion schemes, and external validation of self-assessment schemes.

Finally, the reporting of results should be based on the output of the evaluation carried out under the customer charter process and should provide clear information about the service standards/performance indicators, how performance has been measured (and this results, including details of complaints), whether those standards have been achieved, and the next steps in the customer service improvement process. Clarification and consistency are crucial aspects of reporting on results, especially where the process is continuous and where customers and observers will be seeking to compare issues over time. Where service standards have not been met, it will be necessary to identify how it is intended to meet those standards in the future.

In Canada, the Treasury Board of Canada Secretariat (2012) indicates that the following five phases of service standard management support the creation, implementation, and assessment of service standards from an organizational perspective: (1) establish priorities, (2) plan and develop service standards, (3) implement service standards, (4) measure performance against service standards, and (5) act on the results. Within an

overall process, these phases are developed through 15 steps in a sequential order.

Phase I. Establish priorities for service standards.
- Step 1. Take stock.
- Step 2. Connect service standards to organizational priorities.

Phase II. Plan and develop service standards.
- Step 3. Develop service standards.
- Step 4. Asses monitoring capacity.
- Step 5. Validate proposed service standards.
- Step 6. Determine the performance methodology and measurement framework.

Phase III. Implement service standards.
- Step 7. Establish an implementation plan.
- Step 8. Determine if new processes are required.
- Step 9. Train staff and service delivery partners.
- Step 10. Communicate service standards.

Phase IV. Measure performance.
- Step 11. Measure performance.
- Step 12. Evaluate findings and report to the senior management.
- Step 13. Publish results for clients.

Phases V. Act on the results.
- Step 14. Determine the course of action.
- Step 15. Implement changes.

In Spain, the Ministry of Finance and Public Administration (2015) has defined the set of phases that must integrate the life cycle of an SC in public entity, establishing their connection with transparency and accountability:

Phase 1. Elaboration. Transparency and accountability: citizens, associative entities, responsible for transparency unit

Phase 2. Approbation. Transparency and accountability: responsible for transparency unit

Phase 3. Tracing. Transparency and accountability: responsible for transparency unit

Phase 4. Evaluation. External organizations for each public entity

Phase 5. Updating. Transparency and accountability: citizens, associative entities, director responsible of SC, coordinator/manager of the SC, responsible for transparency unit

## Experiences in Some Countries

At the international scale, the initiative on citizen charters in the UK was pioneer. Indeed, based on the UK's first initiative, many countries embarked on designing and implementing charter approach to efficient and effective service delivery. Literature reveals that the first initiative for Citizens' Charters happened in the early 1990s in the UK under the then Prime Minister John Major. However, at the local level (Harlow and York) and in Inland Revenue, the origin of citizen charters dates back to the late 1980s (Nigussa 2013; Clark 2012). The first six major principles of this initiative were the following: (1) setting, monitoring, and publication of explicit standards; (2) information for the user and opening in the availability of that information; (3) choice wherever practicable, plus regular and systematic consultation with users; (4) courtesy and helpfulness; (5) well-publicized and easy-to-use complaint procedures; and (6) value for money.

Following Parrado (2006), the charter standards were often too vague to be meaningful and largely devised without consulting with the full range of stakeholders. In parallel, the House of Commons (2008) indicates that the "customer" rhetoric of citizen charters sometimes created a "money-back" mentality and even misuse of financial redress. The citizen charter program was rather confused – promises contained in the charters were often vague and ambitious, confounding the aim of defining a tangible set of entitlements to public services that people could readily understand and use.

As DARPG (2013) shows, the UK Parliament (2008) stated that the Charter Mark was an integral part of the citizen charter program. It was launched in 1992 as an award for organizations that had achieved excellent customer service in the public sector. To win a Charter Mark, the organization has to demonstrate excellence against the following nine Charter Mark criteria which correspond to the principles of public service delivery, namely, (1) performance standards, (2) information and openness, (3) choice and consultation, (4) courtesy and helpfulness, (5) putting things right, (6) value for money,

(7) use satisfaction, (8) improvements in service quality, and (9) planned improvements and innovations. In the UK, actually there are around 1,600 organizations with a Charter Mark, with some 400,000 people working within those organizations. This represents about seven percent of the public sector (Nigussa 2013). EUPAN (2008) has analyzed the experiences of SC in the municipality of Sutton.

Turning other countries, authors as Torres (2005, 2006) concluded that although SC is widespread in Anglo-American and EU countries, there are significant differences in the way they are constructed and used. An explanation for these differences can be that the countries do not think the same about the role of the state and its relationships with citizens.

Following authors as Kickert (2007), Torres (2006), and Navarro and Rodríguez (2011), Hill (2007) in Western style, there are three administrative cultures and styles of public management, which can determinate the transparency and accountability approach in governmental organizations. These types of style of public administration are the following: Anglo-American, Continental European, and Nordic.

In the USA, the implementation of SC was carried out within the framework of the National Performance Review (Jain 2001). Through the NPR program, the USA is committed to making the government more responsible and improving its public image, emphasizing the need for democratic of departmental and agency officers, to increase trust in the government through the empowerment of employees. The main objective of the administrative reform undertaken in 1993 by the US government was to improve the public service quality, using SC as a tool that must include becoming more accessible, providing quality customer service, and measuring customer, history (creating a customer-focused government), information for senior executives and federal appointees, and customer service quiz.

In Australia, the UK initiative was the basis to SC. Putting service first is Australia's government service charter program, which was introduced at the federal level in 1997. The Ministry for Consumer Affairs, Food and Public Distribution has the responsibility for overseeing the implementation SC, which are applied to all commonwealth government agencies and departments. All agencies are required to conduct an external performance audit against charter objectives every 3 years and the must to report annually on their performance against the charter to the Department of Finance and Administration.

In Ireland, after publishing the policy actions in "Delivering Better Government," a working team was formed to implant the SC, which since 2000 includes the general secretaries of all government departments. The key areas of the SC are delivering a quality customer service, reducing red tape, delegating authority and accountability, introducing a new approach in the human resource management, ensuring value for money, and supporting change with information technology.

Turning the continental European countries, in Italy, as in the USA and Australia, no standard is set on the national level and a bottom-up is preferred. The Italian SC include a system of compensation that is note regulated by law and may be different for each service. The Carta dei Serizi was implanted in 1993, considering the SC as an agreement between the producer and the consumer of public services (Mussari 1998).

In Belgium, La Charte de l'utilizateaur des Services publics was launched in 1993. As Torres (2006) indicated, it is a kind of formal directive whose objective is to encourage the federal administration to improve the quality of services delivered to citizens. The SC is based on the principles of transparency, flexibility, and legal protection, and it includes three sections: general principles, measurements, and stated principles. Van de Valle et al. (2005) concluded that, in Belgium, the introduction of a user charter and the launch of the Copernicus reform were definitely political events and not merely administrative ones.

In France, La Charte des Services was published in 1992, and it is a regulation of the relationship between citizens and public services, and it is a matter of the judicial system rather than executive self-regulation. The Charter des Services publics is based on the following principles: transparency and responsibility, simplicity and

accessibility, participation and adaptation, and trust and reliability. The experience of SC in Marianne Label service commitments can be studied in EUPAN (2008).

In Spain, the Royal Decree 1259/1999 introduced the concept of "citizen first," establishing linking service charters with prizes for best practice and quality awards. Later, the Royal Decree 951/2005 has established a general framework to improve of the quality in public administration. In Spain, the SC must include a minimum content: (a) commitments and service quality indicators for measuring achievement; (b) relief measures, compensation, or redress in case of default; and (c) informative document.

For the EU countries, Clifton et al. (2005), using a four-stage model of the international NPM convergence analysis, have examined and compared to the Anglo-Saxon experience the four phases of the Charter for Services of General Interest experience. These authors conclude that though there are important similarities linking the charter initiatives in the EU and the Anglo-Saxon world, there are also a number of important differences, which can be explained by the project to construct a supranational political citizenship, as well as institutional differences in capabilities related to EU competences and issues of governance.

In Nordic countries, CS initiatives were launched into Finnish public policy in 1997, based on the next basic principles: promise to service users to produce quality services, a flexible and customer-centered approach to service provision; customer feedback and the correction of errors, a description of the service in a service specification; and efficient production of the best possible service. In Sweden, the parliament issued the Citizen's Service Act, providing the basis for local charters and emphasizing commitment, quality, choice, standards and measurement, value for money, and competition (Kuuttiniemi and Virtanen 2008). In 2001, the Swedish government announced a "service dialogue" pilot project, including a move to develop citizen charter in every government agency. EUPAN (2008) has published the experience of SC in the municipality of Sevenum (the Netherlands).

With respect to other countries, authors as Löffler, Parrado, and Zmeskal have studied the experience of the Ministry of Interior of the Czech Republic (OECD et al. 2007) about SC. Likewise, EUPAN (2008) shows the practices of SC in Estonian Tax and Customs Board or of Malta, and Nigussa (2013) has studied the CS implementation process in India or South Africa, concluding that the lack of stakeholder consultation due to the top-down approach of the initiatives together with inadequate designing and implementation capacity of owned departments counts more. The design and implementation challenges in the case of India and South Africa attribute to lack of customization. Both countries seem to copycat the experience of the UK with little attention paid to the local context: organizational culture, existing expertise, service seeker culture of transparency, and appeal among others.

## Conclusion

Improving the quality of public services has become a major theme in the public sector reform agenda all over Europe and beyond, and most public agencies are nowadays looking at how to get started on the quality journey. In this context, under the reform process, various international organizations have identified service charter in governmental entities as an essential tool for continuous improvement of the quality of public service.

The next ten guidelines can be useful for preparing policy choices on form and content of contacts with citizens: (1) choice of the channel, (2) transparent public sector, (3) overview of rights and duties, (4) personalized information, (5) convenient service, (6) comprehensive procedures, (7) trust and reliability, (8) considerate administration, (9) accountability and benchmarking, and (10) involvement and empowerment.

At the international scale, some guidelines have been issued to orient governmental agencies in developing the informative content of the service charter, which can help them in the

management and monitoring of commitments as elements of continuous improvement of the quality of services provided to citizens, such as EUPAN and OECD.

## Cross-References

- ▶ Civil Society Organizations
- ▶ Collaborative Public Management (CPM)
- ▶ Innovations in Administrative Reforms
- ▶ Legitimacy in Public Administration
- ▶ New Public Management
- ▶ Organizational Communications
- ▶ Public Service Motivation
- ▶ Public Values in Public Organizations
- ▶ Role of the Public Sector in Corporate Social Responsibility, The
- ▶ Total Quality Management
- ▶ Transparency

## References


Australian Public Service Commission (2004) The Australian experience of public sector reform. APSC Australian Government, Camberra. http://www.apsc.gov.au/abouot/exppsreform10htm

Clark D (2012) Public service charter. In: Cote L, Savard JF (eds) Encclopedict dictionary of public administration. http://www.dictionnaire.enap.ca

Clifton J, Comín F, Díaz D (2005) Empowering Europe's citizen's? Towards a charter for services of general interest. Public Manag Rev 7(3):417–443

Department of Administrative Reforms and Public Grievance (DARPG) (2013). http://darpg.nic.in/ArticleContent.aspx

Drewry G (2005) Citizen's charters. Service quality chameleons. Public Manag Rev 7(3):321–340

Economic Regulation Authority, Western Australia (2006) Customer service charter guidelines. http://www.era.wa.gov.au

European Public Administration Network (EUPAN) (2008) Seven steps to a citizen charter with service standards. Implementation Plan for Governmental Organization. Practitioners handbook. EUPAN

Hill H (ed) (2007) Modernizing government in Europe. Nomos Verlag, Baden-Baden, pp 191–212

Hood C (1991) A public management for all seasons? Public Adm 69:3–19

Hood C (1995) Contemporary public management: a new global paradigm. Public Policy Adm 10(2):104–117

House of Commons (2008) From citizen's charter to public service guarantees: entitlements to public services twelfth report of session 2007–08 report, together with formal minutes ordered by The House of Commons to be printed

Jain M (2001) Excellence in Government. A bluepoint for reinventing the Government. Atlantic Publishers and Distributors. New Delhi

Kickert W (2007) Distinctive characteristics of State and Administrative Reform in Southern Europe. In: Hill H (ed) Modernizing government in Europe. Nomos Verlag, Baden-Baden

Kuuttiniemi K, Virtanen P (2008) Citizens charters and compensation mechanisms. Ministry of Finance/Public Management Department, Helsinki

Ministry for Public Expenditure and Reform (Ireland) (2012) Guidelines for the preparation of Customer Charters & Customer Action Plans. Ministry for Public Expenditure and Reform, Canada

Ministry of Finance and Public Administration (Government of Spain) (2015) Common framework on service Charters in Spanish public administrations

Mussari R (1998) The citizen's charter: opportunity for NPM Implementation in italianhealth service. In: International public management network conference, Salem, 28–30june 1998

Navarro A, Rodríguez MP (2011) Usefulness of valuation model of the IPSASs for government accountability: the perspective of supreme audit institutions. Span J Finan Acc XL(149):125–162

Nigussa F (2013) Cross country experiences of citizens' charter implementation. Glob J. http://www.theglobaljournal.net/group/global-governance/article/1140

OECD, Löffer E, Parrado S, Zmeskal T (2007) Improving customer orientation through service charters. A handbook for improving quality of public services. OECD/Ministry of Interior the Czech Republic/Governance International, Paris

Parrado S (2006) Improving customer orientation through service charters UNED and Governance International "Quality Management in Public Sector". Vinilus, 27–28

Spanish Federation of Municipalities and Provinces (2011) Preparing and management of a services charter in local administration. http://www.femp.es

Torres L (2005) Service charters: reshaping trust in government- the case of Spain. Public Adm Rev 65(6):687–699

Torres L (2006) Service charters in Spain: transparency and citizen empowerment or government marketing. Public Money Manage 26:159–164

Treasury Board of Canada Secretariat (Canada) (2012) Guideline on service standards. http://www.tbs.gc.ca

UK Parliament (2008). http://www.publications.parliament.uk/pa/cm200798/cmselect/cmpubadm

Van de Valle S, Thijs N, Bouckaert G (2005) A tale of two Charters. Political crisis, political realignment and administrative reform in Belgium. Public. Manag Rev 7(3):367–390

# Service: The Matrix of Good Governance in Nigeria-Africa

Peter Omaamaka Offu[1], Ikechukwu Ogeze Ukeje[1] and Ogochukwu Fidelia Offu[2]
[1]Department of Political Science and Mass Communication, Federal University, Abakaliki, Ebonyi State, Nigeria
[2]Department of Clinical Pharmacy and Biopharmaceutics, Enugu State University of Science and Technology, Enugu, Enugu State, Nigeria

## Synonyms

Imperatives of sound governance; Nigeria service compact; Public service outcomes; Public service performance

## Definition of Operative Terms

| | |
|---|---|
| Service | This denotes deliberate, paid, or free rendition of competences, practices, or assistance provided by or received through public or private relationships for someone or something. Service is the matrix and measure of all competences, interoperations, and capacities. |
| Public service | This is primarily the service of the state by the people and the people by the state. This is effected through procedural execution of public policies in the conduct of government businesses, at the various tiers of public interoperations and/or organizations, for overriding public good and development. |
| SERVICOM | Simply means *Service Compact* between Nigerian government and the people of Nigeria. It demonstrates Nigerian government commitment to citizen-centric governance and the upholding of the people's right to be served right at all times. |

## Introduction

Nigeria plays an inextricable role in Africa international economic relations. As the largest economy and most populous state in the entire continent of Africa, the continued underdevelopment and devaluation of Nigeria's public service is a huge concern. For many years and under different political regimes – civil and military – public governance in Nigeria was ineffective, unpopular, and counterproductive in many respects. In 2004, Nigerian government, piqued by decades of public sector gross mismanagement and dismal service outcomes, entered into service pact otherwise referred to as SERVICOM with Nigerian public and civil servants at all levels and tiers to check public malpractices and reengineer, revolutionize, and institutionalize citizen-centric service platforms across all public sector organizations. This follows the radical recognition by government that its organizations clearly render bloated service outputs and inequitable outcomes. As Obasanjo observed: "Public offices are the shopping floor for government business. Regrettably, Nigerians have for too long been short-changed by the quality of public service delivery by which decisions are not made without undue outside influence, and files do not move without being pushed with inducements. Our public offices have for too long been showcases for the combined evils of inefficiency and corruption, whilst being impediments to effective implementation of government policies. Nigerians deserve better. And we will ensure they get what is better!" (NCC on SERVICOM 2015) This informed the various concerted and spirited efforts of the Nigerian government at various regimes to reform the Nigerian public service along the line of the new public service system. One of such initiatives is the Nigerian Service Act of 2004 which christened SERVICOM, which demands all

public institutions, ministries, departments, agencies, or parastatals at all tiers of governance to "produce a service charter derived from their mission statements, create a SERVICOM Unit, and appoint a Nodal Officer to head the unit with a complement of 3 other staff to drive service delivery and improvements in the MDA." (NCC 2015: 2)

Therefore the discourse on service as the matrix of good governance is the examination of SERVICOM and the barriers to efficient public service delivery in Nigeria using the Federal Teaching Hospital, Abakaliki (FETHA) as the basis of analysis. It begins with the analysis of service as the matrix of good governance.

## Service and Good Governance

In all spheres, Africa, Europe, Americas, Asia, and the Pacific, service provides the central gauge for public governance. Good governance is determined by the effectiveness and efficiency of services. As good governance indicator, service is the subject and object of public governance. It is the matrix from which sound, proactive, and responsive initiatives develop. Service is the center and definition of all activities of public-private sector organizations and/or governance. That is, since government is constituted to serve the people and ensure public good, good governance is measured by the quality and quantity of those citizen-centric and people-driven services. Service outcomes therefore determine the input-output variance of an organization and should be sufficiently enabled (input variance) to ensure competence, legitimacy, equity, efficiency, corporate good, and responsibility (output variance). It is a marketplace variance, that is, it is determined, measured by the extent of its marketability, competitiveness, and quality assurance. Atiku Abubakar in his critical notes on Nigeria analyzed the imperatives of good governance and development in advancing and consolidating Nigeria's political socialization and democratization, while Farida Waziri (2009) argued on the primacy of developing and building citizen-centric political institutions as critical conditions for good governance and popular leadership in Nigeria. She stressed that Nigeria experience clearly demonstrates that poor leadership and lack of political transparency among others constituted the crisis and challenges of good governance in Nigeria.

However, events of the twentieth and twenty-first centuries' globalization complexes appear to have pulverized the commonest definition of good governance reflecting at most a notional paradigm shift in what could be generally accepted as good governance practice. Theorist and political critics have become all the more polarized and divergent while attempting to conceptualize the subject and object of good governance. Ali Farazmand perceives the term as highly loaded with normative values. He theorizes the concept of "sound governance in the context of increasing global complexities, challenges, threats, and opportunities affecting the world's institutions today" (Sound governance 2004). The term arguably appears more subjective than objective, for instance, the Chilean Pinochet dictatorship was largely acclaimed as good government by the frontline hegemonic countries but condemned nationally as bad government, neo-colonization, and dictatorship in Chile and elsewhere. Conversely the phenomena of bad governance sometimes convulsed by the overarching impact of globalization abound in most developing countries especially Africa of the sub-Sahara ridden with political stooges, personal rule, and rentier states. These often orchestrate and precipitate divergent sums of sociopolitical implosion, frequent regime change, unbridled corrupt practices, subnational loyalty, cronyism, internecine violence and insurgency, and protracted political apathy among the peoples and regions of African and Asian continents with obvious reverberating global consequences. Ali Farazmand critically conceptualized sound governance as holistic, humanistic, and proactive based on the criticality of globalization complexes. Sound governance obviously defines the critical role of international community, globalization, and hegemonic governments/powers like former colonial and imperialist states of the USA, the UK, France, and China

along with World Bank and IMF in championing the course of human dignity and rights, strengthening democratic dispensations and rule of law, collegiality, and human capital, and deepening the culture of responsible governance and government accountability and service-oriented citizenship among developing countries. In this context, the notion of good governance is consistent with the Farazmandian theory of sound governance.

Service is therefore argued as the matrix and product of good and/or sound governance, citizenship, and overall sound intergovernmental relationships. It is the critical mass that defines a people and nation and unites or alienates government and governance essentially. Service is the beginning, means, and end of all human activities and practices at different spheres of life. Shirley Chisholm (1924–2005) insists that service is not only inevitable and human, it is a way of life: "it is the rent that you pay for room on this earth." (https://www.brainyquote.com/authors/shirley_chisholm) Service is not only character definition but begins with serving the nation in one's neighbor. Ipso facto, a viable, democratic, and responsive public service practice is critical to the development of efficient private-sector-driven economy needed for Nigeria-African development. To wit, sound governance naturalizes responsible citizenship and, ipso facto, the foundation for national development. The discourse on service suffices the critical measurement of the matrix of sound governance in Nigeria's public service since what affects Nigeria invariably and directly affects Africa.

## Perspectives of Nigeria Public Service Compact: Issues Analysis

The review of relevant literature widens scientific perspectives. It garners polemic and comparable ideas and measures and articulates relevant issues, variables, and literary horizons. The aim is to understand the historical context, intensity of the problems, and capacity of SERVICOM to address identified issues. It further gauges the challenges facing the execution of Nigeria Service Act as implemented by SERVICOM against the standard indices of performance.

### Understanding the Need for Efficiency in Public Services in Nigeria

Successive Nigeria governments since the 1960s have continually engaged in seemingly unending political and economic debates to decipher ways and means to entrench effective, responsive, and accountable service system in Nigeria. This is premised on the fact that good and responsible government is the product of efficient, responsive, and accountable public management that is legitimate, democratic, citizen-driven, and citizen-focused. The essence of governance is not for its own sake but instituted and constituted by the people and for the service of the people. Arguably, efficient and accountable public management system presupposes and endears good and/or sound governance which cannot be characterized by public disservice; lack of basic freedoms; political impunity; citizen apathy; lack of respect for rule of law; autocratic, idiosyncratic, and unpredictable leadership; cronyism; and unbridled corrupt practices (Larbi 1999: 10). Rather, efficiency, accountability, effectiveness, responsiveness, and responsibility in public management are essentially good governance indicators and have increasingly become compelling factors for various sums of Oversea Development Assistance (ODA), United Nations Development Projects (UNDPs), United States Agency for International Development (USAID), and essentially the New Partnership for Africa's Development (NEPAD) (Larbi 1999: 10).

The need for efficient reform in the Nigerian public service organization further results from the extremely poor economic average and poor per sector GDP. Iloh et al. (2012: 1) argue that government-owned public establishments in Nigeria have received the highest level of negative societal criticisms. "These negative comments range from poor quality of service delivery to service delay, discontinuity of care, indifferent staff attitude, and bureaucratic procedures. These negative comments have led to poor public confidence in healthcare and made the government hospitals unattractive to the consumers of hospital services." Studies revealed that public sectors in most third world countries, especially sub-Saharan Africa, are not only

symptomatic of general poor governance, high levels of public corruption, and weak institutional frameworks, rather, they signal the worst tendencies of the "dead hand" of bureaucracy, probably the least ebb of political will and cumbersome red-tapeism due to "accumulation of excessive power, lack of accountability and representation, indifference towards public needs and demands, official secrecy and inaccessibility, and role in depoliticizing the public sphere" (Ayee 2008: 1). The problem is to determine the capacity of SERVICOM in the case of Nigeria to reformatively transform the traditional, protectionist, rent-seeking, inefficient public service sector to the new public service system. How would SERVICOM scale up and measure customer service in terms of timeliness, right attitude, quality of service, service outcomes, and customer satisfaction? What is the capacity of SERVICOM to initiate and execute sustainable targets in the Nigerian public sector? The study evaluates SERVICOM to determine (a) its capacity to establish service ethics, (b) ensure procedural standards (c) enhance compliance outcome in terms of general customer satisfaction indices, (d) determine and resolve what changes are needed to realize its set objectives, and (e) assess the effectiveness of SERVICOM in public service. FETHA is selected because of its critical impact in the health economy of Ebonyi State and the later as one of the frontline economic states in the south-east geopolitical zone of Nigeria. Specifically, the study will through data analysis of the critical issues stated earlier determine (a) the knowledge of FETHA staff about SERVICOM services; (b) attitude of FETHA staff toward SERVICOM services; (c) quality of services provided by SERVICOM; (d) the extent SERVICOM has transformed public sector governance in Federal Teaching Hospital, Abakaliki; (e) the issues and challenges militating against effective, efficient, and accountable service delivery in FETHA, Nigeria.

## State of Public Service in Nigeria Before SERVICOM

In Nigeria, public service administration has a long British colonial origin. It is one of the structured legacies of the British colonial administration in Nigeria. Over time, this historical bureaucratic tradition of seeming meritocracy, nonpartisanship, and patriotic service became unruly political, unpatriotic, and subverted by cronyism, impunity, redundancy, and condonation especially from the 1980s military regimes to the new millennium. In fact, El-Rufai (2011: 1, 4) argues that:

> It is both a truism that no nation develops beyond the capacity of its public service, and there is broad consensus amongst Nigerians that our public service is broken and dysfunctional. The quality of public servants and the services they provide to our nation are both below expectations. From the glorious days at independence when the best and brightest graduates competed to join the administrative service up until 1970s, our public service is now seen as employer of the dull, the lazy and the venal. We need to retrieve our old public service – effective, well paid and largely meritocratic, attracting bright people imbibed with a spirit of promoting public good. . . .It is therefore uncontestable that the public service became dysfunctional following years of neglect and failure to reform. The public service was both large and unwieldy, accountability was weak and professional standards low.

Nigeria public service experienced inverse rather than progressive development. There was speedy retraction, reversion, and retrogression of the gains of Nigeria's democratic struggles. Nigeria political dispensation from 1999 to 2003 in the post-military era was characteristically unstable. Al-Gazali (2011) observed that maintaining and sustaining over 400 federal government service agencies and still counting were problematic and a major source of waste of public funds. Okonjo and Osafo (2007) corroborated the dysfunctional nature of Nigeria public service insisting that about 70% of federal civil servants had a high school diploma or lower, with less than 5% possessing modern computer skills. El-Rufai underscored the findings of the Public Service Reform Team (PSRT) to include rapidly aging public service, untrained and largely undereducated labor force, with over 60% being over 40 years, less than 12% with university degrees or equivalent, over 70% were of the junior grades (levels 01–06), and about 20% were "ghost

workers" – nonexistent people on the payroll which goes to staff of personnel and accounts departments El-Rufai (2011: 2). The consequences of the state and image of Nigerian public service are serious and multiple. The overall competence level is negatively affected; operationalization of service charter is problematic in most public establishments, while professionalization becomes excessively difficult. All these cumulatively affect the quality and quantity of services and contribute to inefficiency and ineffectiveness in the overall production value chain. However, the need to reform public management in Nigeria became obvious in view of the inextricable link between public service and national development. Nigerian government at different times and years embarked on several public/civil service reforms to revamp the service and gain public trust. Some of these reform efforts include the Tudor Davis Commission of 1945–1946, the Morgan Commission of 1963 which extensively revised staff salaries and introduced the minimum wage policy, Simeon Adebo (1971), Jerome Udoji (1972), Dotun Philips (1986), and the Allison Ayida Panel (1995), Oransanye Committee (1998), the Bureau of Public Service Reforms (BPSR) 2003, Nasir Ahmad El-Rufai Public Service Reform Team (2005–2007), inter alia El-Rufai (2011: 4). Therefore, Nigeria public service was more of a shadow and pariah public service than a responsive, popular, and professional service. This is the raison d'être for the establishment of SERVICOM Act of 2004.

## The Nigeria Service Compact in Pursuit of Good Governance

In Nigeria as in most African countries with traditional public service system, public service is the engine and clearing house of all government businesses and national development. According to Nigerian Communication Commission (NCC): "SERVICOM is about service. Public service is the only contact that most people have with Government; SERVICOM focuses on the quality of that contact or the lack of it. . . ." (NCC 2015) Government by this singular act executes its contractual willingness to serve the people while inculcating in the people the right to demand and insist on quality in quantity, timely, fair, and accountable services across all cadres of public sector organizations. This is planned to create a reformative-transformative service culture that is analogous with what Robert Denhardt calls the new public service that recognizes the democratic citizen as "customer" of government deserving accountability, integrity, and honest service; that ensures the deepening of unity and community of civil societies and organizational humanism (Denhardt and Denhardt 2000); and that pursues and ensures the timely provision of total quality services in public management and overall sound governance procedures.

Operationally, SERVICOM is responsible for coordinating the development of service charters for all government offices, monitoring the implementation of the charters, and evaluating the performance of government ministries and departments in terms of targeted results on services. SERVICOM Act is designed to identify, measure, and execute right processes and systems in governance that deliver quantifiable quality services to citizens and residents of Nigeria. It reports back to the Federal Executive Council (FEC) through the Office of the Secretary to the Government of the Federation (OSGF) (Obriki 2015: 1) on the performance, obstacles, and milestones. Obriki argues that the acquisition of proper skills and knowledge through training remarkably improves staff capacity and capability to achieve positive outcomes in critical conditions. He identifies the key challenges that impede the success of different reforms carried out by SERVICOM to include (a) lack of guaranteed continuous funding, (b) lack of commitment from political leadership, (c) lack of adequate numbers of senior level civil servants with sufficient capacity to drive the reform, (d) lack of accountability on the part of senior civil servants, (e) weak information system, and (f) general poor perception about SERVICOM (Obriki 2015: 9–10). In fact, basic facts about SERVICOM in relation to public services in Nigeria are expressed in the Special: Introduction to SERVICOM.

Martin Duggan (2008) argues for transforming government services from the pervasive

organizational programmatic model to citizen-centric service model that is currently shaping the political economy of leading world economies. He defined citizen-centric service model as "basing services on citizen needs rather than on organizational requirements. . . .Citizen-centered service also means putting a focus on exceptional service delivery and making the receipt of services as easy as possible for the citizen" (Duggan and Green 2008: 5–12). In the United States, the GPRA Modernization Act of 2010 (Government Performance and Result revised Act) is a strategic plan of the government to enhance and improve public governance, performance, planning, and results while publicly reporting and analyzing gaps and anticipated milestones of set targets. Similarly, customer satisfaction is the vision of Singapore's iGov 2010 strategy, which declares that "Greater emphasis will be placed on gaining insights into customers' needs and preferences" this will enable government to clearly "anticipate their needs and deliver proactive, responsive e-services, through their preferred electronic channels" (Duggan and Green 2008: 12). Such collaborative and integrated public service structure requires a revolutionary shift from the old, traditional, state-centric model to new public management characterized by leaner, entrepreneurial, and increasingly privatized governance (Denhardt and Denhardt 2000). Noting the sharp service differential in Nigeria's public services, President Obasanjo (2003) opines that governance in public sector organizations should be politically neutral, impartial, transparent, and accountable. After all, the state is constituted essentially to serve public interest in the provision of political goods and services.

## The Public Service Performance Challenges: Implication for SERVICOM

Despite the efforts of SERVICOM to reform and promote the value chain of Nigeria public service, there are strong barriers undermining the gains of the public service reform. They include "fear of blackmail and physical attack ($t = 3.744$; $p < 0.05$); fear of reprisal ($t = 2.156$; $p < 0.05$); tribalism and nepotism ($t = 2.884$; $p < 0.05$); leniency ($t = 4.835$; $p < 0.05$); bribery ($t = 3.509$; $p < 0.05$); admiration of personal loyalty more than job performance/output ($t = 3.453$; $p < 0.05$)..." Ijewereme and Benson (2013: 130). Other factors critical to organizational performance and result include employers' oversight capability, attitude, lateness, employers' unsavory comments, poor method of on-the-job training, erratic provision of services, careless and casual handling of job equipment and machines, nonchalant attitude, and lack of dedication to duty (Wasilu 2013). DeSimione and Harris contend that internal factors such as motivation, ability, attitude, knowledge, and skills are essential in determining service productivity outcomes. Attitude is all about a person's way of behaving, acting, working, thinking, or relating with others in a workplace. Positive attitude attracts and enhances teamwork, collaboration, collegiality, and organizational higher performance. It is the "bedrock and foundation toward higher performance in established settings. It is an investment as well as resource that can be used to achieve a higher profit, good reputation and overall organizational goals." Poor attitude conversely negates, thwarts, and retards organizational outcomes and could lead to poor discernment, job dissatisfaction, conflict, and a chain of negative attitudes in an organization (Wasilu 2013).

Furthermore, public management in most developing countries of the sub-Saharan states of Africa has been negatively impacted by the syndrome of what Grindle refers to as "too much state" which makes governance and public administration in such states "far too extensive, intrusive, expensive and inefficient" (Larbi 1999: 8). In most of such instances, public management becomes grossly inefficient, chronically exploitative, and corrupt and overwhelmed by policy reversals, poor services, and high transaction and operational costs. The situation clearly diverts the task of public governance to reducing public expenditure deficits, downsizing of labor force, servicing of debt overhangs, tax and public service reforms, and review of subsidies and economic policies (Larbi 1999). These barriers challenge the competence and capacity of SERVICOM to ably transform and standardize Nigeria public service system. To check these

challenges require regular performance and improvement appraisals, maintenance of due process, and diligence, strong political will to fund and implement reform programs, assessments of barriers, and consolidate evidential gains.

### Evaluating Service Performance in FETHA, Nigeria

The history of Federal Teaching Hospital, Abakaliki (FETHA), started in the 1930s under the British colonial administration. At onset, it was named Casualty Control Centre where the World War II soldiers and belligerents were treated. Gradually it gained greater recognition of the Eastern Regional government and was later taken over by the government of the East Central States (Ogochukwu Anioke, *The Nations*, 2015). By 1973, the hospital was approved for training of house officers but was seriously affected by political turbulence of military coups and counter coups in Nigeria from the 1970s to the 1980s that it became virtually moribund. In the 1990s, the federal government in pursuit of its bilateral public policy agreement with Enugu State government of Nigeria converted and upgraded the hospital from State General Hospital to Federal Medical Centre (FMC). From 2007 the new administration of Olisaemeka Ezeonu made unprecedented progress in the development and management of the hospital; outpatients grew progressively to over 5000 monthly, and accreditations of various departments were restored. On December 7, 2007, federal government merged the Federal Medical Centre and the Ebonyi State University Teaching Hospital to form the new Federal Teaching Hospital, Abakaliki (FETHA), commissioned in 2011. The modern FETHA complex has a workforce of over 4000 staff comprising over 200 consultants in various specialties, 100 house officers, 78 registrars, 85 senior house officers, 300 nurses, 500 health attendants, 120 community health extension workers, 90 pharmacists, 150 medical laboratory scientists/technicians, 602 bedded ward complex, and 500 resident doctors with training capacity of about 250 house officers annually inter alia. According to Olisaemeka Ezeonu, the chief medical director of the hospital, "new multipurpose hospital complex is designed as a one-stop complex to accommodate various units in the departments of Paediatrics, Obstetrics and Gynaecology; administration department comprising consulting rooms and wards among others" (Ogochukwu Anioke, *The Nations*, 2015). With the growth of health facilities in the state, the need for increased service delivery led to the establishment of SERVICOM in FETHA.

FETHA-SERVICOM, as service compliant and improvement agency, introduced series of citizen-centric and citizen-driven service reforms to march and maximize service delivery and customer satisfaction and improve workers attitude, efficiency, timeliness, responsiveness, and accountability while increasing equal and equitable access to government services, businesses, and products in the hospital. It also established more communication channels for service complaints, discipline, and diligence among staff, embarked on regular spot checks and compliance tests, strove toward maintaining standard code of conduct and dressing among staff and improved the quality of service to hospital inpatients and outpatients and general working environment of FETHA medical, paramedical, and administrative staff. Despite these notable improvement recorded by FETHA-SERVICOM, its main challenges remain protractedly poor and untimely public funding of its services, reform programs, communication costs, and working conditions. The continued relevance of SERVICOM in FETHA was therefore assessed on the randomized questionnaire administered among FETHA staff and patients using carefully applied methodology.

## Methodology

Methodology explains the approach or scientific way of conducting and presenting scientific investigation. The approach provides the logical and empirical design of the discourse. In dealing with the critical issues of service in Nigeria-Africa, the approach shall be critical, empirical, and objective.

The structured approach includes the evaluation of primary and secondary sources.

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 1** Demographics of participants

| Characteristics | | Frequency | Percentage (%) |
|---|---|---|---|
| Sex | Male | 129 | (34.1) |
| | Female | 249 | (65.9) |
| Age | 20–30 | 147 | (39) |
| | 31–40 | 177 | (47) |
| | 41–50 | 42 | (11.2) |
| | 51–60 | 9 | (2.4) |
| | >60 | 3 | (0.8) |
| Profession | Doctor | 12 | (3.2) |
| | Pharmacist | 6 | (1.6) |
| | Nurse | 36 | (9.5) |
| | Med lab scientist | 60 | (15.9) |
| | Admin staff | 135 | (35.7) |
| | Others | 129 | (34.1) |
| Years of experience | 0–5 years | 210 | (55.6) |
| | >5 years | 168 | (44.4) |

Primary data are sourced using structured questionnaire designed by authors, while the results generated are analyzed using software Statistical Package for the Social Sciences (SPSS) version 20.0 for the calculation of mean, frequencies, and percentages. The demographic data contain information on basic demographic characteristics such as sex, age, profession, and years of experience (Table 1). Each item is scored on a five-point Likert scale ordinal response: Strongly Agree = 5 points, Agree = 4 points, Neutral = 3 points, Disagree = 2 points, and Strongly Disagree = 1 point. The percentages of respondents that chose a particular score are also determined. Although the study has a sample size of 500, the analysis is however based on returned 378 respondents questionnaires spread across the various demographic indices as noted in Table 1. The secondary data involve the content analysis of variety of academic journals, publications, periodicals, and relevant texts. The aim is to obtain sufficient material necessary for data formulation, comparison, and evaluation of facts, to expand the necessary theoretical base, and to avoid poor and untenable assumptions.

The final approach is the evaluation of critical sectors using basic assessment techniques and cross tabs to effectively discuss the results and research findings. In the study, cross tabs display the joint distribution of two study variables to enable reasoned comparison. Comparison is between professional category of FETHA staff and their knowledge, attitude, and quality of service, respectively. FETHA staff are grouped into doctors, pharmacists, nurses, medical lab scientists, administrative staff, and others. Also years of experience of the participants and their knowledge, attitude, and service, respectively, were compared and classified into two major groups: those with less than or equal to 5 years experience (0–5 years experience) and those with greater than 5 years experience (>5 years experience). The percentage satisfactory scores for knowledge, attitude, and quality of service are determined by obtaining the percentage of all participants that "strongly agreed" and "agreed" to items on the questionnaire. A score of less than 50% is regarded as poor and unsatisfactory, a score of 50% is regarded as being on the border line, while a score that is greater than 50% is regarded as good/satisfactory. Barriers militating against effective service delivery in FETHA are also analyzed. The overall method of analysis shall be critical and based on rational justification of facts as expressed in the discussion of research results and findings.

## Results and Discussion

### Results

Table 1 shows that male participants were 34.1% while 65.9% of the participants were females. The age of 47% of the participants ranged from 31 to 40 years. The administrative staff who participated in the study were 35.7%, and 55.6% of the participants had 0–5years experience. Table 2 shows that 41.3% of the participants strongly agreed or agreed that there is high level of literacy/awareness of SERVICOM unit among in-/outgoing patients in FETHA, while about 81.7% insist that cordial relationship between patients and staff is vital for SERVICOM efficiency. 61.9% strongly agreed or agreed that SERVICOM motivates employees to be

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 2** Responses of participants to identified issues as regards SERVICOM

| No. | Item | Mean ± SD | Frequency(%) Agreed/Strongly Agreed |
|---|---|---|---|
| 1 | There is high level of literacy/awareness of SERVICOM unit among in-/outgoing patients in FETHA | 2.94 ± 1.31 | 156(41.3) |
| 2 | Poor funding affects SERVICOM unit in FETHA, Ebonyi State | 2.77 ± 1.44 | 135 (35.7) |
| 3 | The main cause of low productivity in FETHA has been poor managerial style | 3.84 ± 1.24 | 270 (71.4) |
| 4 | Cordial relationship between patients and staff is vital for SERVICOM efficiency | 3.82 ± 1.12 | 309 (81.7) |
| 5 | Staff productivity is vital for organizational growth and development in FETHA | 4.60 ± 0.55 | 369 (97.6) |
| 6 | SERVICOM motivates employees to be effective and efficient in FETHA | 3.43 ± 1.41 | 234 (61.9) |
| 7 | There is constant training of SERVICOM staff in FETHA | 2.33 ± 1.12 | 291 (77.0) |
| 8 | The existence of SERVICOM in FETHA has had a positive significant impact on the staff service delivery | 3.36 ± 1.38 | 228 (60.3) |
| 9 | The presence of SERVICOM in FETHA has had a positive significant impact on the patients | 3.14 ± 1.35 | 186 (49.2) |
| 10 | SERVICOM unit has been able to train and engineer all categories of staff to their rights and responsibilities in the hospital | 2.67 ± 1.31 | 111 (29.4) |
| 11 | The performance of SERVICOM unit has been efficient and effective in FETHA | 2.87 ± 1.25 | 156 (41.3) |
| 12 | SERVICOM has improved on the development of hospital by ensuring an orderly, responsible, and disciplined staff where core values of ethics, honesty, and hard work have been demonstrated | 2.94 ± 1.26 | 147 (38.9) |
| 13 | SERVICOM unit is efficient and effective in achieving patients' satisfaction | 3.17 ± 1.31 | 213 (56.3) |
| 14 | Lack of proper funding has limited the full operations of SERVICOM unit in FETHA | 2.83 ± 1.34 | 114 (30.2) |
| 15 | The management problems of the SERVICOM unit have positively influenced its effective service delivery in FETHA | 1.11 ± 1.11 | 144 (38.1) |
| 16 | There is proper organizational communication among SERVICOM staff in FETHA | 1.22 ± 1.22 | 168 (44.4) |
| 17 | SERVICOM unit has transformed FETHA public sector governance by ensuring a conducive hospital environment | 2.67 ± 1.30 | 129 (34.1) |
| 18 | There is high level of dissatisfaction among patients with hospital bureaucratic structure in FETHA | 3.14 ± 1.40 | 162 (42.9) |
| 19 | Time consciousness, delayed service delivery, and accessibility are a challenge in FETHA | 3.83 ± 1.28 | 264 (69.8) |
| 20 | Lack of functional medical machines/equipment and infrastructural facilities poses a serious challenge to service delivery in FETHA. | 3.95 ± 1.28 | 279 (73.8) |
| 21 | Service delivery has improved significantly in FETHA since the inception of SERVICOM | 2.79 ± 1.36 | 147 (38.9) |
| 22 | There is effective interdepartmental relations for effective service delivery | 3.32 ± 1.49 | 192 (50.8) |
| 23 | Customer satisfaction is key to service delivery in FETHA | 4.10 ± 1.30 | 312 (82.5) |

effective and efficient in FETHA. However, 38.9% strongly agreed or agreed that service delivery has improved significantly in FETHA since the inception of SERVICOM.

Table 3 displays results of analysis of FETHA staff's knowledge (profession category). The mean knowledge score in this category was 66.1%. Doctors had the modal score

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 3** Analysis of FETHA staff's knowledge to SERVICOM (profession category)

| | | Satisfactory scores (%) | | |
|---|---|---|---|---|
| | | Items | | |
| S/N | Profession | No. 5 | No. 27 | Mean |
| 1. | Doctor | 75 | 100 | 87.5 |
| 2. | Pharmacist | 50 | 50 | 50 |
| 3. | Nurse | 58.3 | 91.7 | 75 |
| 4. | Med lab scientist | 40 | 90 | 65 |
| 5. | Admin | 40 | 80 | 60 |
| 6. | Others | 37.2 | 81.4 | 59.3 |
| | | **Mean** | | 66.1 |

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 4** Analysis of FETHA staff's attitude toward SERVICOM (profession category)

| | | Satisfactory scores (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Items | | | | | | |
| S/N | Profession | No. 8 | No. 9 | No. 10 | No. 14 | No. 16 | No. 26 | Mean |
| 1. | Doctor | 100 | 100 | 100 | 75 | 50 | 75 | 83.3 |
| 2. | Pharmacist | 100 | 100 | 50 | 0 | 0 | 100 | 58.3 |
| 3. | Nurse | 83.3 | 100 | 66.7 | 8.3 | 25 | 66.7 | 58.3 |
| 4. | Med lab scientist | 70 | 100 | 35 | 35 | 35 | 40 | 52.5 |
| 5. | Admin | 80 | 95.5 | 73.3 | 37.8 | 44.4 | 51.1 | 63.7 |
| 6. | Others | 88.4 | 95.3 | 58.1 | 25.6 | 41.9 | 48.8 | 59.7 |
| | | **Mean** | | | | | | 62.6 |

of 87.5%, while the pharmacists had the lowest score (50%).

Table 4 shows the result for analysis of FETHA staff's attitude toward SERVICOM (profession category). The mean attitude score was 62.6%. The doctors also had the modal score of 83.3%, while the medical lab scientists had an attitude score of 52.5% and was the lowest score. The mean quality of service score was 38.9%. The doctors had the highest score (47.2%), while the pharmacists had the least score (27.8%) as displayed on Table 5.

Table 6 shows the result of the analysis of FETHA staff's knowledge of SERVICOM (years of experience category). Staff with less than or equal to 5 years experience was 61.4%, while those with greater than 5 years experience had a score of 63.4%. The mean knowledge score was 62.4%. Table 7 displays result for analysis of FETHA staff's attitude toward SERVICOM (years of experience category). The mean attitude score was 60.5%. Staff with less than or equal to 5 years experience scored 61.4%, while staff with greater than 5 years experience had a score of 59.5%. Table 8 displays result for analysis of quality of service offered by FETHA staff (years of experience category). The mean quality of service score was 40.1%. Staff with less than or equal to 5 years experience scored 40.5%, while staff with greater than 5 years experience had a score of 39.6%.

Figure 1 displayed the percentage of respondents that "agreed" or "strongly agreed" to specific barriers were 35.7% (poor funding), 71.4% (poor managerial style), 69.8% (time and accessibility), and 73.8% (lack of functional machines/equipment/infrastructure).

## Discussion

The results indicate that majority of the participants were females. Less than half (41.3%) of respondents concurred to high level of literacy and awareness of SERVICOM interventions and services in FETHA, while about 81.7% insist that

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 5** Analysis of quality of service offered by FETHA staff (profession category)

| | | Satisfactory scores (%) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Items | | | | | | | | | |
| S/N | Profession | No. 11 | No. 12 | No. 13 | No. 15 | No. 17 | No. 20 | No. 21 | No. 22 | No. 25 | Mean |
| 1. | Doctor | 0 | 75 | 25 | 75 | 75 | 50 | 50 | 25 | 50 | 47.2 |
| 2. | Pharmacist | 0 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 50 | 27.8 |
| 3. | Nurse | 16.7 | 58.3 | 41.7 | 50 | 50 | 33.3 | 41.7 | 16.7 | 41.7 | 38.9 |
| 4. | Med lab scientist | 5.0 | 50 | 65.0 | 20 | 70 | 50 | 15 | 20 | 50 | 38.3 |
| 5. | Admin | 15.6 | 68.9 | 48.9 | 62.2 | 51.1 | 53.3 | 51.1 | 20 | 37.8 | 45.4 |
| 6. | Others | 14.0 | 55.8 | 46.5 | 27.9 | 55.8 | 34.9 | 23.3 | 30.2 | 32.6 | 35.7 |
| | | **Mean** | | | | | | | | | 38.9 |

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 6** Analysis of FETHA staff's knowledge of SERVICOM (years of experience category)

| | | Satisfactory scores (%) | | |
|---|---|---|---|---|
| | | Items | | |
| S/N | Years of experience | No. 5 | No. 27 | Mean |
| 1. | 0–5 years | 41.4 | 81.4 | 61.4 |
| 2. | >5 years | 42.9 | 83.9 | 63.4 |
| | | **Mean** | | 62.4 |

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 7** Analysis of FETHA staff's attitude toward SERVICOM (years of experience category)

| | | Satisfactory scores (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Items | | | | | | |
| S/N | Years of experience | No. 8 | No. 9 | No. 10 | No. 14 | No. 16 | No. 26 | Mean |
| 1. | 0–5 years | 84.3 | 94.3 | 62.9 | 37.1 | 47.1 | 42.9 | 61.4 |
| 2. | >5 years | 80.4 | 100 | 60.7 | 23.2 | 30.4 | 62.5 | 59.5 |
| | | **Mean** | | | | | | 60.5 |

**Service: The Matrix of Good Governance in Nigeria-Africa, Table 8** Analysis of quality of service offered by FETHA staff (years of experience category)

| | | Satisfactory scores (%) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Items | | | | | | | | | |
| S/N | Years of experience | No. 11 | No. 12 | No. 13 | No. 15 | No. 17 | No. 20 | No. 21 | No. 22 | No. 25 | Mean |
| 1. | 0–5 years | 11.4 | 62.9 | 57.1 | 38.6 | 60 | 41.4 | 30 | 30 | 32.9 | 40.5 |
| 2. | >5 years | 13.8 | 57.1 | 39.3 | 46.4 | 51.8 | 48.2 | 39.3 | 14.3 | 46.4 | 39.6 |
| | | **Mean** | | | | | | | | | 40.1 |

cordial relationship between patients and staff is vital for service/SERVICOM efficiency. The results demonstrate the need for SERVICOM to promote patient-staff relationship and increase platforms for interdepartmental collegiality, collaboration, and community. SERVICOM should

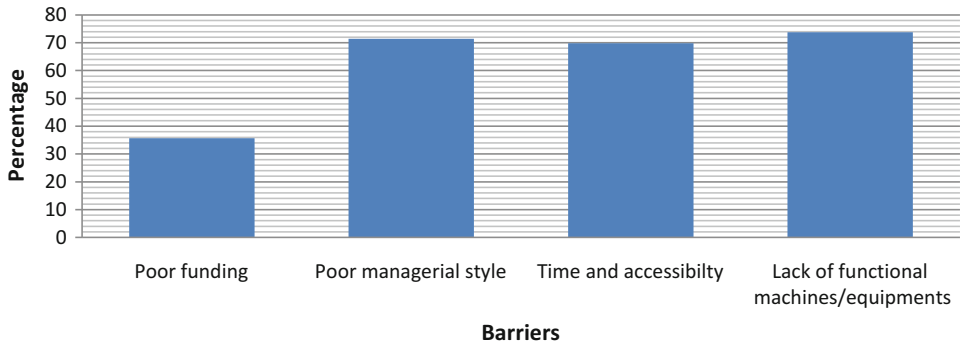


**Service: The Matrix of Good Governance in Nigeria-Africa, Fig. 1** Barriers militating against effective service delivery in FETHA

also increase access for staff to participate actively in targeted resource programs, motivation, and capacity building initiatives.

On knowledge and attitude, more than half of the FETHA staff (doctors, pharmacists, nurses, medical lab scientists, administrative staff, and others) had satisfactory knowledge and attitude toward SERVICOM in FETHA (66.1% and 62.6%, respectively), while less than half of the staff (38.9%) "agreed" or "strongly agreed" that the quality of service offered by SERVICOM was satisfactory. This indicates that in general, all the professionals in FETHA had good knowledge and attitude toward SERVICOM but disagreed on the quality of services provided by SERVICOM. This implicates the effectiveness and efficiency of Nigeria Service Act as institutionally enforced by SERVICOM. Participants did not agree that SERVICOM ensured quality service in FETHA. The results demonstrate that SERVICOM staff are not significantly effective in the overall conduct of their day-to-day activities which generated occasional and interoperation lapses in FETHA services. Sectorally, the doctors as the heads of the hospital management and practice had the highest score on the knowledge, attitude, and quality of service section (87.5%, 83.3%, and 47.2%). The result indicates that more doctors had satisfactory knowledge and attitude toward SERVICOM when compared with the pharmacists, nurses, medical lab scientists, administrative staff, and other staff of the hospital. It indicates that more doctors believed that SERVICOM offered quality services when compared with other staff of the hospital. Half of the pharmacists (50%) and less than half of them (27.8%) had satisfactory scores in the knowledge and quality of service section, respectively. The scores were lowest compared to other FETHA staff. In addition, about half of the medical lab scientists (52.5%) had satisfactory scores in the attitude section which was also the lowest score among that of other professionals.

On barrier assessment, more than 50% of the respondents believed that poor managerial style, time and accessibility, lack of functional machines/equipment, and poor infrastructure were barriers. However, less than half of the respondents agreed that poor funding was a barrier. The respondents' results perceive SERVICOM as adequately funded but impeded by bureaucratic and managerial corruption which has steadily eroded the gains of good governance, policy implementation, and service outcomes. Unlike our finding in FETHA Ebonyi State, a similar SERVICOM-based study carried out in the Federal Capital Territory, Abuja, implicated inadequate funding as a major challenge to the provision, practice, and effectiveness of SERVICOM goods and services (Adeyinka and Omonowa 2015). The indication is general funding irregularity which directly affects service outcomes in public sector organization. Overall, findings from both profession and years of experience categories demonstrate that mean knowledge and mean attitude scores were more

than 50% while the mean quality of service score was less than 50%. Hence, FETHA staff's knowledge and attitude were satisfactory, while quality of service offered by SERVICOM was poor. The results demonstrate that the presence of SERVICOM has not generally transformed service efficiency and quality service in FETHA.

On the whole, the knowledge of the pharmacists is at a border line level and needs to be improved upon. SERVICOM should increase resource development platforms especially for pharmacists and also for medical laboratory scientists (with borderline attitude score) because more capacity building programs influence workers' general attitude in workplaces. This is necessary to ensure total quality service for staff and professionals since both professionals are critical stakeholders in hospital management and practice. The analysis of responses of FETHA staff with less than or equal to 5 years experience and those with greater than 5 years experience revealed that the former had greater knowledge and quality of service scores. This indicates that SERVICOM activities are concentrated more on low-middle-income earners with less impact on top/managerial cadre. Greater attitude scores were also observed among those with less than or equal to 5 years experience. This infers that top cadre staff believe so much in SERVICOM despite the obvious poor performance. In addition, the quality of service scores for all FETHA staff which comprise of staff with less than or equal to 5 years experience and those with greater than 5 years experience were unsatisfactory. The results demonstrate that despite the modest improvement recorded by SERVICOM, there is still more room for improvement in the quality of service and staff compliance to work ethics and knowledge.

The study strongly argues that SERVICOM and Nigerian Service Act do not have maximum capacity and capability to drive efficiency, compliance, and good governance. This creates interoperation gaps and lapses in the bureaucratic value chain. There is need to institute measurable interoperation strategies to improve organizational competence. This will enhance quality standard operating procedures, appraisal systems, and organizational rating. At present, SERVICOM appears foundationally ill-equipped to tackle the onerous task of public service rot in Nigeria. Therefore, the reformative transformation of Nigeria public services should obviously begin with the revision of the SERVICOM Act to withstand millennial challenges and ensure effective monitoring and evaluation processes in all public sector organizations, ministries, departments, agencies, and parastatals.

## Measuring the Outcomes of Nigeria Service Compact

1. The study observed that SERVICOM as constituted does not have sufficient capacity to initiate, measure, and execute right processes in the public service; it does not have maximum, independent capacity and capability to set and drive goals, measure performance against the goals, coordinate, enforce compliance, and service accountability based on results.
2. Based on the results, there should be well planned and targeted capacity building measures and system checks mechanism to maintain, upgrade, and sustain standard operating and improvement procedures. Good and/or sound governance best practices should be adopted to ensure functional institutional- and interdepartmental-based support systems, public accountability, responsiveness, and transparent interoperability procedures.
3. Based on study, the government should provide sufficient e-service platforms powered by strong ethical standards to guide procedures and ensure measurable outcomes.
4. Finally, the necessity for creating adequate system synergy is critical especially at the senior management cadre. The study found out that execution of SERVICOM charter by ministers, decision-makers, and political appointees was most of the times politicized, inconsistent, and difficult. The situation could

encourage political impunity and compromise which undermine the very essence of the Public Service Act.

## Conclusion

The results to a large extent confirm that FETHA-SERVICOM has lots of challenges, barriers, and milestones that influence its operational capacity. There are still huge gaps for improvement especially in the areas of bureaucracy, e-services, human capital, service efficiency and effectiveness, measuring targets, social responsibility, good governance, and, to a larger extent, funding. The government at all levels should demonstrate sufficient political will to support SERVICOM to reform and transform Nigeria's public service organizations in line with international best practices. The study infers that the establishment of Nigeria Service Act as service-compliant institution is proactive and has good governance initiative. It should not be politicized but be made technically competent to provide responsive popular services to achieve sustainable outcomes and customer satisfaction.

Considering the overall performance of SERVICOM in the context of Nigeria-Africa, torn by zones of political conflicts and apolitical leadership, the study concludes that service remains not only the foundation but the galvanizing matrix of sound governance. Unfortunately, the potentials are highly challenged by the intertwining political, economic, sociocultural, and environmental problems in most African states. Service across African world is undeniably poor and in dire need of reform. Nigeria undoubtedly is the heart Africa; what affects Nigeria directly affects Africa. The consequences of more than four decades of public service decadence are fatal and multifarious, that is, a failed public service in Nigeria has untold consequences for the region. Therefore, system reform is inevitable but has to be gradual and consistent (if not ambitious) to restore public trust, regional growth, and confidence and provide much desired political direction for participatory citizenship and impartial and responsive e-services. Noting the criticality of patriotic service, President Bush in his inaugural address enjoins his compatriots: "What you do is as important as anything government does. I ask you to seek a common good beyond your comfort; to defend needed reforms against easy attacks; to serve your nation, beginning with your neighbor. I ask you to be citizens: citizens, not spectators; citizens, not subjects; responsible citizens, building communities of service and a nation of character" (Microsoft Encarta 2009). This is an incumbent task for Nigeria and entire African nations and peoples.

## Cross-References

► Good Governance
► Public Corruption

## References

Adeyinka PO, Omonowa GE (2015) Impacts of Service Compact with all Nigerians (SERVICOM) on public service delivery: a case study of the Federal Ministry of Women Affairs and Social Development. Int J Bus Finance Manage Res 3:35–43. Retrieved from: http://www.bluepenjournals.org/ijbfmr/pdf/2015/April/Philip_and_Omonuwa.pdf. Accessed on 03 Apr 2016

Al-Gazali A (2011) Re-positioning the Nigeria civil service for service delivery. Paper presented at the Federal Civil Service Commission Workshop in Abuja between 7th–8th June, pp 1–40. Retrieved from http://allafrica.com/stories/201106130686.html. Accessed on 03 Apr 2016

Ali Farazmand (2004) Sound governance. Praeger, December 2004. Retrieved from https://www.abc-clio.com/ABC-CLIOCorporate/product.aspx?pc=D8708C

Ayee JRA (2008) Reforming the African public sector: retrospect and prospects. Council for the Development of Social Science Research in Africa, Dakar, p 1

Denhardt RB, Denhardt JV (2000) The new public service: serving rather than steering. Public Adm Rev 60:549–559. https://doi.org/10.1111/0033-3352.00117

Duggan M, Green C (2008) Transforming government service delivery: new service policies for citizen – centered government. IBM Global Social Segment, Somers, pp 1–66

El-Rufai NA (2011) Reforming our dysfunctional public service. Retrieved from https://web.facebook.com/notes/nasir-el-rufai/reforming-our-dysfunctional-

S

public-service-nasir-ahmad-el-rufai/230086113713187/?_rdr. Accessed on 20 Apr 2016
George W Bush Inaugural speech on service delivered January 20, 2001. (Microsoft ® Encarta ® 2009. © 1993–2008 Microsoft Corporation. All rights reserved. Accessed 21 Nov 17)
GPRA Modernization Act of 2010, H. R. 2142 – 2,3,6b,4.6; H. R. 2142 – 5.3. https://www.usbr.gov/gpra/. Accessed 13 Sept 2016
Ijewereme OB, Benson KS (2013) Factors influencing performance appraisal system. In the Nigerian civil service: a comparative study of Edo and Ondo States Civil Service of Nigeria. Public Policy Adm Res 3(12):130–139
Iloh G, Ofoedu JN, Njoku PU, Odu FU, Ifedigbo CV, Iwuamanam KD (2012) Evaluation of patients' satisfaction with quality of care provided at the National Health Insurance Scheme clinic of a tertiary hospital in South-Eastern Nigeria. Niger J Clin Pract 15(4):469–474. https://doi.org/10.4103/1119-3077.104529
Larbi GA (1999) The new public management approach and crisis states. UNRISD discussion paper no. 112. UNRISD, Geneva
Obasanjo O (2003) SERVICOM in Nigeria. Retrieved from http://www.ncc.gov.ng/index.php?option=com_content&view=article&id=1276&Itemid=217. Accessed on 25 October 2015
Obriki S (2015) Position paper by the Senior Special Assistant to the President and National Co-ordinator SERVICOM, Mr. Sylbriks Obriki, at the Public Service Reform Retreat held on Thursday, 22nd January, 2015. Retrieved from http://bpsr.gov.ng/index.php/32-resources/presentations/127-position-paper-on-nscr. Accessed on 30 Oct 2015
Ogochukwu A (2015) Evolution of Federal Teaching Hospital, Abakaliki. Retrieved from The Nations, May 08, 2015. http://thenationonlineng.net/evolution-of-federal-teaching-hospital-abakaliki/. Accessed on 11 Feb 2016
Okonjo IN, Osafo KP (2007) Nigeria's economic reforms progress and challenges. The Brookings Institution, Washington, DC
The Nigeria Communication Commission (2015) Introduction to SERVICOM. Retrieved from http://www.ncc.gov.ng/index.php?option=com_content&view=article&id=1276&Itemid=217&showall=1. Accessed on 30 Oct 2015
Wasilu S (2013) A study of causes of poor attitude to work among workers of both public and private sectors organizations in Bauchi State, Nigeria. Int J Acad Res Bus Soc Sci 3(7). https://doi.org/10.6007/IJARBSS/v3-i7/16
Waziri F (2009) Leadership and the challenges of good governance in Nigeria, a paper delivered at the Professor Ambrose Alli Annual Lecture/Awards on the 14th October, 2009, https://www.proshareng.com/news/Nigeria%20Economy/Leadership-and-the-Challenges-Of-Good-Governance-In-Nigeria-/14388. Accessed on 11 February 2016

# Sexual Harassment Law and Policy

Charu Sharma
Center for Environmental Law and Climate Change, Jindal Global Law School, O P Jindal Global University, Sonipat, Haryana, India

## Synonyms

Groping; Quid pro quo sexual favors; Sexual assault; Sexual discrimination; Sexual humiliation at work; Sexual intimidation; Sexual offense/harassment; Sexually hostile work environment; Unwanted sexual touching

## Definition

The International Labour Organization defines sexual harassment as a sex-based behavior that is unwelcome and offensive to its recipient. It is an unwanted sexual advance or an unwelcome conduct or request for sexual favor especially at the workplace and includes sexual conduct in which a reasonable person would have anticipated that the victim would be offended, humiliated, or intimidated or the person, alone or together with other persons, engages in conduct of a sexual nature which creates a hostile or intimidating environment for the victim. Thus it is characterized in two forms largely: sexually hostile work environment in which the conduct creates conditions that are intimidating or humiliating for the victim and quid pro quo sexual harassment, when a job prospect – getting a job, career advancement, promotion, pay rise, annual report submission by supervisor, and renewal of contract – is conditional upon the victim consenting to sexual demands/favors at the workplace.

### Introduction

Sexual harassment is recognized both a crime and a civil wrong in most jurisdictions across the world. It remains a pervasive problem, especially at the workplace and within employment

situations. It affects the victim of acute sexual harassment to manifold traumas both physically and mentally (Thacker and Gohmann 1996). Within the workforce, a victim of sexual harassment may suffer from low esteem, psychological damage, low efficiency at work, and low morale. Human resources and management offices of companies where such conduct is pervasive face a huge problem of employee absenteeism, hostile workers, and staggering lawsuits and legal battles for settling claims, not to mention the ill repute it carries that is associated with the good will and company name. Thus workplace sexual harassment is a burden and imposes heavy costs on the employer (Srivastava and Sharma 2000). Sexually hostile workplace leads to decrease in productivity, lack of team work, higher workplace accidents, and loss of valuable workers (Rubenstein 1992). Employers end up losing profitable contracts, clients, and reputation.

In addition, policy documents and legislation internationally recognize that sexual harassment is also a form of discrimination, as allowing it to continue risks many women being reluctant to take up traditionally male jobs or jobs in a largely male workforce. Women's equal opportunities are undermined when they are dissuaded from applying for higher paying jobs, which have been traditionally male. Overall the employers bear a heavy burden in allowing sexual harassment to continue or when they fail to take active measures to abate or put in place better practices against sexual harassment at the workplace (Sharma 2010). The following paragraphs highlight the legal status of sexual harassment in Hong Kong and China. In both jurisdictions employers are paying huge costs for such conduct.

In Hong Kong in May 2014, a *Questionnaire Survey for Workers of Service Industries* announced by the Equal Opportunities Commission reveals that almost one-fifth or 19% of the responding service industry workers alleged they had been sexually harassed at work in the last 12 months. In 2015, a fireman alleged extreme form of sexual harassment and assault by eight of his colleagues when he was forced to remove his pants and perform self-stimulation, which conduct was then reported to the police to investigate leaving the victim depressed turning to suicidal thoughts. In 2016, the Performing Arts Society and the School of Drama in Hong Kong had to pay one million dollars to an employee victim of unlawful vilification and termination of contract after he complained of the institution dean's alleged sexual harassment against students. The authorities in China provide similar or higher figures. A study conducted by the Chinese Academy of Social Sciences indicated that almost 40% of women who are working with either private companies or companies with foreign funding had been sexually harassed. Seventy percent of female factory workers who answered a survey conducted by the director of the Guangdong-based nonprofit Sunflower Women Workers Center in fall 2013 said they had experienced some form of workplace sexual harassment. One in four said they had received obscene phone calls or pornographic messages, almost one in ten reported having been directly propositioned for sex at work, and 15% had quit their jobs because of unwanted sexual attention that neither factory management nor police ventured to stop (Bloomberg News, Sexual Harassment of Female Factory Workers in the PRC 2013).

## The Legal Status

In both Hong Kong and China, sexual harassment has been declared a tort and a civil wrong, respectively. It was dealt with as a crime earlier in China. Law on the protection of Women's Rights and Interests was adopted at the fifth session of the seventh National People's Congress of the People's Republic of China on April 3, 1992, amended at the 17th session of the Standing Committee of the 10th National People's Congress on August 28, 2005, especially articles 57, 58, and 59. It has been declared a tort under legislation in Hong Kong under the Sex Discrimination Ordinance (Cap. 480, SDO) in 1996. SDO thus declares sexual harassment as a prohibited conduct for which the remedy, inter alia, is award of compensation to the victim. This award by the court includes compensatory, aggravated, exemplary, and punitive damages (Srivastava and Sharma 2000). Both jurisdictions have legislated laws including and recognizing workplace sexual

harassment as defined by the ILO Declaration on Fundamental Principles and Rights at Work and the International Convention on Elimination on All Forms of Discrimination Against Women (CEDAW) (Sharma 2010; ILO 2010).

*Definition* of sexual harassment under the Hong Kong (Sex Discrimination Ordinance, Cap 480, (hereinafter SDO):

Under the provisions of the SDO, a person, a man or a woman, may be legally liable for sexual harassment when "a person sexually harasses a woman/man (victim) if the person makes an unwelcome sexual advance, or an unwelcome request for sexual favors, to the victim or engages in other unwelcome conduct of a sexual nature in relation to the victim, in circumstances in which a reasonable person would have anticipated that the victim would be offended, humiliated or intimidated, or the person, alone or together with other persons, engages in conduct of a sexual nature which creates a hostile or intimidating environment for the victim" (Section 2(5), SDO). A conduct of a sexual nature "includes making a written or verbal statement of a sexual nature to the victim, or in her/his presence" (Section 2(7)). Thus direct and indirect sexual harassment is prohibited by the SDO.

### Conduct Recognized as Sexual Harassment

Instances of conduct that human resources management and employers need to be aware of provided in the Code of Practice (COP) issued by the Hong Kong Equal Opportunities Commission include, among others, touching, grabbing, or deliberate brushing up against the victim and persistent questioning about the victim's sex life; making a written or verbal statement of a sexual nature to the victim or, in her/his presence, making crude jokes or lewd remarks and sexual comments to an employee; demanding for sexual favors at work by a supervisor, employer, or between employees; inappropriate touching of an employee, prospective employee, customer, or prospective customer, flight attendant add or is a service provider in hospital industry; and sexual intimidation and humiliation for gaining employment or advancement in career within employment situation all fall under the definition of SDO Hong Kong Equal Opportunities (2010). Men and women working in the sector of direct sales of goods and services, especially in the course of providing goods, facilities, or services to the customer, have also been covered under a recent amendment in the SDO in 2014 (amended Section 40).

The amendment extends to people working on local ships or aircraft outside HK.

### Scope and Prohibition

Earlier the scope of prohibition of sexual harassment included educational establishments, government institutions, and all workplaces including clubs, restaurants, solicitors' and barristers' chambers, accounting offices, and those providing limited services. However, the amendment in 2014 prohibits sexual harassment by customers or prospective customers toward the providers of goods, facilities, or services and their employees.

### Protection of Employees Within the Service Industry

The stipulations under the law as provided by Section 40 earlier did not cover situations where an employee or service provider was outside Hong Kong or upon international air space or waters. Under the recent amendment, "it is unlawful for a person to sexually harass a woman (or a man) in the course of seeking to be provided with goods, facilities or services by her/him, or being provided with goods, facilities or service by her (or him)." Accordingly prospective customers and/or customers are prohibited from sexually harassing the providers of goods, facilities, or services. The provisions under the SDO specifically stipulate that such prohibition is applicable even if the sexual harassment occurs on a Hong Kong-registered ship or aircraft outside Hong Kong. This provision protects stewards, flight attendants, and crew members of ships/vessels as they may be sexually harassed while on duty on a ship or a plane or aircrafts or ships outside Hong Kong.

The new amendment to the SDO furthers the protection toward employees who have frequent contact with customers and prospective customers.

### Course of Employment, Vicarious Liability for Employers, and Significant Cases Within the Courts

Recognition of sexual harassment as a prohibited conduct within the workplace as a matter of policy and law becomes significant for employers as it makes the employer liable for the tort of sexual harassment whether perpetrated by the employer, supervisor, immediate supervisor, an employee, or a prospective employee making the company or the employer vicariously liable to pay compensation for the tort committed during the course of employment by the wrong doer. The law thus gives an extended definition of the course of employment, and an employer/company is vicariously liable if unable to show that it had taken reasonable steps to promote a safe working environment and adopt a Code of Practice issued by the Equal Opportunities Commission (Srivastava 2001). In such circumstances, upon complaint and positive findings of complaint by the victim law regards both the employer and the employee as joint tortfeasors (wrong doers). A complainant or victim of sexual harassment may then bring a suit against the employer who is usually sued and called upon to pay for the employee's wrong. The employer is liable not only to a third person but is also liable to another employee who has been subjected to sexual harassment. Section 46 provides that anything done by a person in the course of his/her employment shall be treated as done by his/her employer as well as by him/her, whether or not it was done with the employer's knowledge or approval. The SDO reflects many provisions that have been drawn from the Canadian Sexual Harassment Act and the Australian Commonwealth Sex Discrimination Act and other State legislation (Srivastava 2001; Sharma 2010). Apart from the award of compensation by the court, other relief measures under the law empower the court to punish the wrongdoer and grant any relief or make orders which are necessary and expedient to do justice to a victim, including the granting of appropriate equitable remedies.

### Statutory Body Under the SDO

The Hong Kong Equal Opportunities Commission (EOC) a statutory body was created under the SDO to deal with resolution of sexual harassment complaints within employment situation. The EOC also investigates and addresses amicable settlement of sexual harassment complaints. The EOC had issued a Code of Practice on Employment (the Code) in 1999. The Code recommends that the employers should take steps as are reasonably practicable to eliminate all forms of sexual harassment in the workplace. It recommends that employers should issue a policy statement expressly stating that sexual harassment at work is unlawful and will not be permitted and employees have a right to complain should it occur.

### Legal and Social Difficulties for a Sexual Harassment Victim

A victim faces many legal difficulties as well as social ones if she or he identifies the harasser and makes a complaint. The legal difficulties include proving sexual harassment, i.e., civil burden of proof, lack of witnesses coming forward, the understanding of reasonableness standard, and the application of the subjective and the objective tests to determine whether the conduct was unwelcome to a complainant Srivastava (2000–2001). Cases decided by the courts in Hong Kong reflect the illegal obstacles a victim faces to prove her case (Srivastava 2001). From year 1996 to year 2008, only a handful of victims have been awarded compensation in sexual harassment cases decided by the court. However from 2009 to 2016 the courts in Hong Kong have given higher awards (Srivastava et al. 2014).

The most significant of the decisions include *Yuen Sha Sha v Tse Chi Pan* (1999 award of compensation to a student) s *Ratcliffe v Secretary for Civil Service & Anor(1999)*, *Wong Kwok-mui v Lee Yuen-tim-*; *Chen v Tamraus and Another* (IBM)(2001); A v Chan Wai Tong (2009); Zero tolerance case, P v X (2012, compensation awarded to victim).

The latest 2008–2016 EOC data indicates that many cases do not reach the courts as many out of court settlements might indeed be taking place because of the efforts of the EOC for conciliation and resolution of the dispute between the employer and employee (EOC).

### China, PRC

Sexual harassment was dealt with under the PRC criminal law earlier. The Beijing Declaration on the rights of women was adopted in 1995 and the Law Relating to Protection of Women's Rights and Interests (Protection of Women Law, LRPWRI) in 1992. In 2005, the PRC Standing Council amended the law to prohibit sexual harassment at the workplace and align it with the national policy and constitutional provisions of gender equality. The LRPWRI 2005 provided for general principles and prohibited sexual harassment. However the law stipulated details of implementing rules and regulations for specific situations to the administrative bodies or local governments. Article 40, LRPWRI, prohibits sexual harassment of a woman by a man and recognizes the right of a woman complainant to report the matter to the relevant authorities. It declares that sexual harassment of a woman is a violation of the regulations relating to public security management and the wrongdoer can be subjected to administrative penalties (Article 58). A most significant feature is the provision of a right to seek remedy through a civil claim in the People's Court and ask for compensation.

### Definition

Under the Chinese law, sexual harassment means "any unwanted sexual advance aimed at women-featuring pornographic material or involving sexual requests in verbal, written, graphic, electronic, or physical form." Various provinces that have introduced sexual harassment as a prohibited conduct similar to the provisions in Hong Kong include Shanxi province (Measures to Implement the Protection of Women's Rights Law 2007), Sichuan, Shanghai, Beijing, Xian, and Kunming; all these provinces have legislated or submitted a draft bill setting out the forms of sexual harassment (Qiao Xinsheng 2008). The definition of sexual harassment has been adopted narrowly in some provinces prohibiting sexual harassment generally and also at the workplace (Qiao Xinsheng 2008).

### Conduct Recognized as Sexual Harassment

Unwanted sexual advances, groping in public, the use of sexually suggestive remarks, and emailing or text messaging of explicit sexual pictures are all covered under the definition of sexual harassment and thus prohibited. In a few provinces, such as Sichuan, law prohibits male political leaders from employing female secretaries. Sexual harassment is recognized as a wrong against a person or violation of one's dignity. Thus a victim is allowed to bring a sexual harassment claim for damages (both administrative and compensation) (Sharma 2010).

### Cases and Legal Difficulties in China

The consequences of the enactment of law and recognition of sexual harassment as a civil wrong can be seen in various cities all over China. There is increased awareness and higher reporting of such conduct by victims in the urban employment scenarios and despite the fact that culturally sexual harassment is more a social phenomenon in China (Killion 2004; Can 2005; Tan 2013). However although courts have provided compensation to victims who have been courageous to protest, the percentage of employers being liable for high costs is much lower than in Hong Kong or the West (Sharma 2010). Where women have made civil claims for compensations, the award of damages has been low. For example, in Sichuan a claim was brought by a victim in 2002, alleging extreme mental distress when the defendant forcibly embraced and hugged her. The court directed the defendant to tender an apology and awarded the claimant 2,000 yuan as damages. In 2003 a workplace sexual harassment case by a school teacher in Wuhan won her a public apology by the defendant as ordered by the court. In 2004, a Beijing court held a person liable for sending lewd comments to a woman. In this case the court enumerated the following factors for recognizing sexual harassment as follows: that the defendant's conduct must be one that has violated a person's dignity, the conduct must be unwelcome, and it must be sexual in nature and that there must be some overt act such as the use of sexual language, gesture, and signals (through eyes or otherwise) implying a demand for sexual favor. In this case the claimant was awarded 1,000 yuan as damages.

Quid pro quo sexual harassment is also recognized in China as in other jurisdictions; however

similar to common law jurisdictions, the complainant faces difficulties and procedural problems in bringing such a claim to the Chinese courts (Zhang 2005). The victim still needs to prove her case under the Chinese Civil Procedural Law. This places the burden on the victim to prove that she was, in fact, a victim of sexual harassment. The legal position of a complainant is similar to that of a plaintiff seeking a tort remedy in common law jurisdictions, e.g., Hong Kong, the United States, or even in India, and marks a new trend of grappling with the phenomenon of sexual harassment from a new angle (Sharma 2010).

In Xi'an in 2001 a victim alleged sexual harassment by her company manager at a state-owned enterprise. Since 1994 the manager sought sexual favors in return for better job prospects and kept touching the victim deliberately. Her repeated refusals and complaints did not stop the perpetrator. The victim lost at both the trial court level and the Intermediate People's Court as she had no direct witnesses who came forward to help her out of fear of reprisals or the witness statements were inconclusive. Similar failure of the victim can be seen in a Kunming case of 2002 due to lack of evidence and declaration of the conduct as being "non-serious" and that the lewd language used by the employee of the company "were mere jokes." In case of Lei Man (the first Beijing sexual harassment case) in 2003, the claimant failed as all direct evidence was contained in electronic documents, which the court refused to accept. In Leiman–Jiao case in 2005 and the school teacher vs. school headmaster case in 2006 to the Shanghai and Chongqing courts, the claimants couldn't prove their case due to lack of evidence. In the latter case, the complainant failed as she could not provide any evidence of having found the emails sent to her by the headmaster as unwelcome. The complainant had responded to some of those emails, but her correspondence was taken to mean that the relationship was consensual and that she did not find the conduct as unwelcome and hence she was not sexually harassed. Her appeal to the higher court also failed.

The cases as mentioned above demonstrate the difficulties faced by the complainants in the PRC as elsewhere – that of sufficiency of proof, burden of proof on the complainant – lack of witnesses and general gender bias (Sharma 2010).

The above observations mirror conclusions on the subject of sexual harassment elsewhere.

Where the courts apply the criterion of a reasonable woman's standard of the unwelcome sexual conduct, such decisions strengthen and legitimize the status of women and their fight against sexual harassment at the workplace and demand for being treated equally (Sharma 2010). Although the law relating to sexual harassment in China is still evolving, adoption of preemptive practices such as codes of sexual harassment-free workplace practices (as in Australia, Canada, or Hong Kong), adoption of circumstantial evidence, and reversal of burden of proof as with law in other common law jurisdictions will help resolve legal processes in the PRC and for the equality of women.

## References


Can T (2005) Report on sexual harassment in workplaces in China. ILO report of seminar on action against sexual harassment at the workplace: international and national experiences, 14–15 Apr 2005, Chinese Women's Activity Centre, Beijing, p 4

Declaration on fundamental principles and rights at work. http://www.ilo.org/wcmsp5/groups/public/%2D%2D-ed_norm/%2D%2D-declaration/documents/publication/wcms_decl_fs_96_en.pdf

Hong Kong cases: Yuen Sha sha v Tse Chi Pan [1999] 3 HKLRD 890, CA, Ratcliffe v *Secretary for Civil Service & Ano*, HKSAR[1999] 4 HKC 237, CA, *Wong Kwok-mui v Lee Yuen-tim- the* Sifu case [2001] HKEC 249, DC, Ray Chen v. Taramus Rus & IBM (HK) Ltd [2001] 3 HKLRD 541

Hong Kong Equal Opportunities Commission at http://www.gov.hk/en/residents/employment/labour/discrimination.htm

Hong Kong Equal Opportunities website (2010). at http://www.eoc.org.hk/EOC/GraphicsFolder/showcontent.aspx?content=CoPs%20on%20Employment(SDO)&fld=content#6

http://chinadevelopmentbrief.cn/articles/sexual-harassment-is-a-gender-equality-issue/

ILO (2010) Declaration on Fundamental Principles and Rights at Work and its Follow-up, Adopted by the International Labour Conference at its Eighty-sixth Session, Geneva, 18 June 1998 (Annex revised 15 June 2010). Available at http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang%2D%2Den/index.htm


S

Killion MU (2004) Post – WTO China: quest for human rights safeguards in sexual harassment against working women 12 Tul. J. Int"l & Comp. L. 201
Qiao Xinsheng (2008) Using another angle to think sexual harassment legislation. Available at http://www.gongwu.com.cn/blog/sehui/0612114092161538
Rubenstein M (1992) Dealing with sexual harassment at work: the experience of industrialised countries. In: Conditions of work digest: combating sexual harassment at work, vol 11, no 1, p 11
Sex Discrimination Ordinance, Cap 480
Sharma C (2010) The battle against sexual harassment: are women still the beast of burden. In: Deva S (ed) Law and (in) equalities: contemporary perspectives: festschrift in honor of Prof MP Singh. Easter Book Company, New Delhi, pp 73–108
Srivastava DK (2000–2001) Difficulty of proving sexual harassment. J Chin Comp Law 5(2):205
Srivastava DK (2001) Proving the wrong of sexual harassment: the futility of applying the objective test. J Chin Comp Law 5(2):205
Srivastava DK. http://www.harvardilj.org/2010/08/online_51_srivastava/
Srivastava DK, Sharma C (2000) Corporate liability for sexual harassment. Aust J Corp Law 11(2):170–191
Srivastava DK, Sharma C, Lui A, Tusi S (2014) AD Tennekone & DK Srivastava, Law of tort in Hong Kong, 3rd edn. LexisNexis, Hong Kong
Tan M (2013) Is sexual harassment on a rise in China? Available at http://www.dailylife.com.au/news-and-views/dl-opinion/is-sexual-harassment-on-the-rise-in-china-20130419-2i49p.html
Thacker RA, Gohmann SF (1996) Emotional and psychological consequences of sexual harassment: a descriptive study. J Psychol 130:429
Zhang Shaoming, (attorney), Weichen Law Firm, Wuhan as cited in ILO report of seminar on action against sexual harassment at the workplace: international and national experiences, Chinese Women's Activity Center, Beijing, China, 14–15 Apr 2005, pp 9–10

### China Cases

Bloomberg News, PRC, Sexual harassment of female factory workers, 2013. http://www.bloomberg.com/news/articles/2013-12-10/chinas-female-factory-workers-face-widespread-sexual-harassment
China's first sexual harassment case rejected. http://english.peopledaily.com.cn/200112/25/print20011225_87414.html
Leiman-Jiao case. http://news.tom.com/Archive/1002/2003/6/13-35240.html. Last visited 18 June 2008
Sexual harassment appeal case. Shanghai Daily July 14, 2006 see at www.china.org.cn/english/features/cw/174672.htm
Ten big sexual harassment cases in China at http://bbs.eladies.sina.com.cn/?h=httppercent3A//bbs.eladies.sina.com.cn/g_forum/00/24/06/view.phpper cent3Ffidper cent3D354343per cent26tbidper cent3D833&g=5
The first national sexual harassment case where the Plaintiff won., at http://past.people.com.cn/GB/shehui/212/7321/
Unwanted advance, Shanghai Star. Available at http://app1.chinadaily.com.cn/star/2005/0324/fo6-2.html

## Shamanic Leadership

Sandra Waddock
Carroll School of Management, Boston College, Chestnut Hill, MA, USA

### Synonyms

Charismatic leader; Difference maker; Inspirational leader; Shaman; Transformational leader

### Definition

A shamanic leader is someone who focuses on healing or making the organization, community, or world better, connecting across boundaries and disciplines to create integrative insights and practices, and sensemaking to provide meaning and purpose. These three functions of healing, connecting, and sensemaking are undertaken in the service of a better world.

### Introduction

In many traditional communities, an important leadership figure is the local shaman, the medicine woman or man, often a locally respected, even revered figure in the community (Waddock 2017). Many traditional and Indigenous communities rely on shamans for their healing abilities, as well as their wisdom. Shamans work to heal the community and individual patients. Though not all leaders are shamans, many more leaders and enterprises of all sorts could benefit from explicitly taking on the healing mantle of the shaman and acknowledging that their work involves three core shamanic tasks: healing, connecting, and

sensemaking (See Egri and Frost 1995; Frost and Egri 1994; Waddock 2014). Primarily, of course, the shaman is a healer, as Serge Kahili King says, of relationships of all sorts – with the self, with others, with the community, and in the world. As healers, shamans in traditional societies are the medicine men and women of their communities, called upon when someone is ill or there are problems in the community that require resolution.

Typically, most people today do not think of leaders as shamans. Yet using the skills of the shaman is arguably very much what successful leaders do as they help institutions, agencies, enterprises, communities, and organizations of all sorts cope with the many societal, political, and ecological issues now facing them internally and externally. Major external issues range from growing global inequality and climate change, both of which threaten the stability and longevity of societies (Diamond 2005). In addition, sustainability issues like topsoil erosion, pollution of the oceans, and deforestation, among many others, create the potential for major human crises. These types of conditions create the need for leaders to act in ways that heal not only their enterprises but also to create new business models that better cope with the external conditions that support those enterprises. Such issues – and there are many – pose significant problems for leaders as they relate to their stakeholders and the natural environment. The breadth and impact of issues like these on enterprise today means that leaders in all kinds of organizations and agencies face new demands to use the power of their enterprise, whatever it may be, to bring about some degree of healing in the world.

## Background of Shamanism

Shamans are said to have been the world's first healers, priests, artists, storytellers, timekeepers, therapists, and, of course, doctors and nurses, among others, of today's professions. Early signifiers or depictions of the shaman have been found in prehistoric cave paintings and other artifacts (Krippner 2004). Shamanism is among if not the world's oldest set of traditions, though typically each community developed its own specific traditions, beliefs, and practices. It is often associated with spirituality, locally specific rituals and practices, and a wide range of different belief systems, yet there are common threads across these many traditions that evidence themselves in the three main roles or functions of the shaman – healing, connecting, and sensemaking.

In traditional cultures, shamans orient their healing mainly toward individual patients and sometimes the community. Traditional shamans tend to work in altered states of consciousness, attained through a variety of means that include drumming, dance, drugs, among other approaches, to achieve what is essentially a hypnotic state. In that altered state of consciousness, they "connect" across realms to find information that can be used in healing, often seeking that information from spirits or guides, and bring that information back to help others heal in the sensemaking process.

The healing orientation of shamans differentiates them from so-called sorcerers, who use their skills and powers for selfish or negative purposes. Shamans are typically oriented toward the good of the whole system, at whatever level of analysis they are working. Because their work involves crossing boundaries of various sorts, they tend to see things holistically and systemically. Indeed, shamanism is sometimes associated with "seeing," in the sense of being mystically visionary, and it is in part the capacity to see what others do not – connect the dots – along with the ability to reframe situations and what has been learned that gives shamanic leaders power. Today's shamanic leaders "see" what others do not, in part by being able to connect across ideas, systems, and disciplines that others are not doing.

The belief in many traditional cultures is that when people get sick or the community is having problems, it is because their cultural mythologies, the ideas and beliefs that shape the community's sense of itself and how it acts in the world, are somehow askew

(Dow 1986). Traditional shamans do their work in part by reshaping dysfunctional cultural mythologies using information gathered when they "connect" with other realms than their ordinary or day-to-day realm. In these others, often spiritual realms, traditional shamans find new insights and information and bring that information back to their normal realm to help with healing what needs to be changed. In doing so, shamans also interpret and make sense of these new insights or information for others. These three activities – healing, connecting, and sensemaking in the service of a better community or world – are the main activities of traditional shamans. They are equally important, though accomplished differently, for today's shamanic leaders, who may not even be aware that they are undertaking them.

The connecting activity is similar if not the same as what psychologist Karl Jung called tapping into the collective unconscious, where wisdom is said to reside. Meditators and others in altered states of consciousness can similarly open to new awareness to gain insights or wisdom. Connecting, e.g., linking ideas, insights, and even people, can also happen in the state of flow, that is, when someone is "in the zone." Flow, first described in depth by psychologist Mihály Csikszentmihályi (1991), is also an altered state of consciousness that good leaders and coaches can bring about in individuals, teams, teams, and even whole enterprises. Flow is that state when time both disappears and expands, and the person is fully engaged in a challenging task or with people or a situation and feels energized and completely absorbed in the task/situation at hand.

From these types of altered state of consciousness, shamans and shamanic leaders can sometimes bring new insights and information back to their normal day-to-day realm or community. Using that information, they can then help others understand what they have learned by creating new or revised ways of viewing the world or reframing "broken" or problematic cultural mythologies. Doing that is engaging in the process of sensemaking, sometimes referred to as the spiritual leadership of the shaman.

## Shamanism as Leadership Practice Today

Today many people practice shamanism using traditional approaches, rituals, and practices. Using rituals from cultures other than one's own is not, however, what is meant by shamanic leadership. Shamanic leaders as healers work to heal their enterprises and communities in the context of today's complexities, working holistically and systemically to ensure that the enterprise operates in harmony with its stakeholders and the natural environment's constraints. Today's shamanic leaders as connectors connect across disciplinary, functional, sectoral, organizational, institutional boundaries and stakeholders to glean new insights, create new collaborative possibilities, and begin to work toward resolving difficult and complex problems with connected others. As sensemakers, they develop meaning out of the collaborative and systemic possibilities that exist and help others understand how all the "pieces" of different types of activities fit together, as well as developing ideas and insights shared with others. In other words, shamanic leaders take a healing attitude and orientation toward their work and use their ability to see the system and its parts as a whole to connect across a variety of domains as needed. They then help make sense (a new cultural mythology) of what is happening or needs to happen.

Notably, today's shamanic leaders work in the modern context, without necessarily tapping into rituals and belief systems that are integral and important to traditional cultures. While important and relevant in their own contexts, traditional rituals and practices may not be as relevant in our technologically sophisticated, highly interconnected, industrialized, or developing world. In fact, many leaders using the shamanic skills probably do not see themselves as shamans. They might not even relate to the term. Below, each of the three main shamanic tasks of healing, connecting, and sensemaking is explored in a bit more detail as expressed today.

*Healing*. Shamanic healing integrates heart, mind, body, and soul through what is sometimes called an integral practice, which simply means

having a variety of practices that attempt to keep all aspects of the person healthy. Shamans and shamanic leaders tend to think holistically. Importantly, the words whole, health, heal, and holy all derive from the same old English word, *hāl*, linking these concepts together in the work of the shaman. Holistic perspectives are integrative in that they do not separate mind and body on the individual level nor do they attempt to tease apart systems into their component parts, though they do ensure that all of those elements are working together successfully. Shamanic leaders with holistic perspectives see whole systems and enterprises as units that need to have integrity in and of themselves – in a sense, they are sacred or holy. Integrity, another form of wholeness, explicitly acknowledges the incorporation of responsibility and ethical considerations into the work of the enterprise or community as it fulfills its purposes.

For shamanic leaders, healing begins with the self so that strengths can be tapped in tough situations. It is difficult to lead or heal others effectively without significant self-awareness, self-regulation, motivational abilities, empathy, and social skills, which are the attributes of emotional intelligence; hence shamanic leaders are likely to have high levels of emotional intelligence. In addition, healing for leaders involves the capacity to see the world or situation realistically and then take necessarily to make changes that hope to improve the system or situation. That is, the shamanic leader works to make fracture, fragmented, or dysfunctional systems whole again, so that they function well and able to act fully as persons, rather than fragmented into disconnected units that do not relate well to each other.

*Connecting*. The second major function of the shamanic leader is that of connecting. Traditional shamans sometimes "journey" to other realms using imaginal (vivid and realistic imagination) thinking when they are in altered states of consciousness, where they collect wisdom, insights, and new ideas. Shamanic leaders can similarly connect, e.g., to the collective unconscious, during meditation or flow experiences. Alternatively and perhaps more in keeping with modern sensibilities, they can simply work across different types of disciplinary, functional, or institutional boundaries to gain new insights, ideas, and innovations. As working with a variety of stakeholders has become increasingly important in organizational success, this skill of connecting and understanding has become ever more important.

Internally, for example, leaders have to ensure that employees and, when relevant, other stakeholders are working together and doing their best for the enterprise, providing core purposes that attract people and enable them to commit to those purposes. Further, leaders have to ensure that their enterprise, whatever it is, develops a sound – and broadly shared – strategic vision that copes with the external threats and opportunities that exist. In the way that they view their own enterprises, shamanic leaders connect people together with common or shared purposes and vision and connect the enterprise to its broader environment through responsible and ethical practices that are viewed as integral to how the business actually implements its business model. Because boundary spanning of all sorts has become imperative for many types of enterprise today, digitally connected as they are with the rest of the world, the shamanic skill of connecting is also increasingly important. Just getting the insights from diverse sources and "connecting the dots" to create a vision, strategy, purpose, or practices, however, is insufficient. The shamanic leader also needs to use the sensemaking skills of the shaman to interpret and make sense of what has been learned for others.

*Sensemaking*. Sensemaking is a word coined by management scholar Karl Weick to mean making sense of or interpreting and frame events, ideas, visions, and narratives in ways that help others understand them. Sensemaking is important particularly where there is a difference between reality as it exists and is perceived and some desired reality or future. Since shamans believe that healthy cultural myths are important to both individual and community well-being, when myths become dysfunctional or "broken," they can do harm to the community. Similarly, when leaders articulate a vision for their enterprise, help stakeholders better understand what is happening, and work collaboratively with others

to create meaningful insights, experiences, and work, they are sensemaking.

When sensemaking is done well, shamanic leaders in a sense become storytellers and are sometimes seen as visionaries. Good sensemaking involves working with the core units of cultures and memes, that is, ideas, phrases, images, artistic expressions, and brands, to construct credible and viable stories or narratives (Waddock 2017). When such stories, narratives, and images are resonant, they tend to be amplified by moving from person to person. Sensemakers use powerful and resonant memes in their leadership roles to inspire others, create powerful images of the future, and help guide stakeholders toward common goals. Shamanic leaders clarify reality through their sensemaking as it is experienced by others by reshaping it in powerful new ways, especially by articulating purpose and vision.

*Shamanic leaders integrating healing, connecting, and sensemaking*. Dealing with external stakeholders is important for many in leadership positions, and, of course, there are stakeholders internal to the enterprise whose interests and needs also require the types of skills shamanic leaders can bring. Internally, leaders have to unite employees and other key stakeholders around shared ideas, purposes, and visions that enable them to commit to the enterprise and do their best work. Doing that is engaging with the healing and sensemaking functions of the shaman. Not only do leaders have to accomplish whatever purpose they or their enterprise has established, but they also need to make sense of that purpose and its accompanying vision for others, which is clearly a sensemaking task. To accomplish the sensemaking, they need to draw from the wisdom and insights of many different stakeholders, who are within their own organization, industry, or sector, as well as ranging widely across many different types of functions, activities, and enterprises whose activities affect the leader's own enterprise.

## Conclusion

Today and into the future, leaders also need to find new insights, innovations, and vision in a very difficult external context with many potential sources of disruption. Successfully linking or connecting stakeholders or creating innovative visions means connecting across organizational, functional, sector, and institutional boundaries to gain insights that are not available from a single source. Combining sensemaking and connecting, shamanic leaders also bring their enterprise and its stakeholders together around a common set of purposes and help others see how the whole system operates effectively in its context.

Shamanic leadership involves some risk taking, as shamans need to find their own core purpose and heal themselves before they are able to heal others. This personal healing has been called "becoming fully who you must be" rather than who others think you need to be. Doing so enables leaders to use their unique gifts toward somehow making their enterprise and, accordingly, the world a better place. Notably, the orientation of the shamanic leader is toward healing – building a better world – rather than being self-interested.

Today's shamanic leadership adapts the core constructs of shamanism to the modern setting. The three tasks of healing, connecting, and sensemaking can enhance leadership by drawing on deep sources of creativity, insight, and knowledge, crossing traditional boundaries to gain new insights and making sense of new realizations and awareness for themselves and others. Doing so ethically and responsibly, as shamans must because of the power they tend to command, can help create responsible agencies and organizations. Bringing people together around a common vision and strategy, for example, integrates all three shamanic tasks. It operationalizes healing, e.g., ensuring that people are integrated into the enterprise successfully and able to do their best work. By working across stakeholders and sectors, gathering information and insights from all of them to ensure a rich set of data on which to draw, the shamanic leader is connecting. When clarifying and explaining ideas, initiative, and vision to others, the leader is sensemaking, e.g., developing purpose among relevant stakeholders that unites them around a common vision.

## Cross-References


- ▶ Authentic Leadership
- ▶ Bureaucracy and Culture
- ▶ Ethical Leaders
- ▶ Ethical Leadership
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Face of Leadership, The
- ▶ Heroic Leaders
- ▶ Leadership and Bureaucracy
- ▶ Leadership and Society
- ▶ Leadership Development in Organizations
- ▶ Leadership Effectiveness
- ▶ Leadership Behavior for Successful Change Management
- ▶ Leadership in Organizations
- ▶ Leading Organizational Change
- ▶ Models of Organizational Change
- ▶ Organizational Boundary Spanning
- ▶ Organizational Collaboration
- ▶ Organizational Communications
- ▶ Organizational Excellence
- ▶ Organizational Humanism
- ▶ Positive Leadership Behavior
- ▶ Relational Leadership Theory
- ▶ Sustainable Leadership
- ▶ Theories of Leadership
- ▶ Transactional Leadership
- ▶ Transformational Leadership
- ▶ Women Leaders


## References


Csikszentmihalyi M (1991) Flow: the psychology of optimal experience. HarperCollins, New York

Diamond J (2005) Collapse: how societies choose to fail or succeed. Penguin, New York

Dow J (1986) Universal aspects of symbolic healing: a theoretical synthesis. Am Anthropol 88(1): 56–69

Egri CP, Frost PJ (1991) Shamanism and change: bringing back the magic in organizational transformation. Res Organ Chang Dev 5:175–221

Frost PJ, Egri CP (1994) The shamanic perspective on organizational change and development. J Organ Chang Manag 7(1):7–23

Krippner S (2004) Psychology of shamanism. *Shamanism: an encyclopedia of world belief, practices, and culture*, Vol 1. Santa Barbara, CA: ABC-CLIO. pp 204–221

Waddock S (2014) Intellectual shamans: management academics making a difference. Cambridge University Press, Cambridge, UK

Waddock S (2016) Leaders as shamans: working to heal a troubled world. J Manag Glob Sustain J Manag Glob Sustain. https://doi.org/10.13185/JM2016.04102

Waddock S (2017) Shamans, memes, and ethical leadership: the transformational role of shamanic leadership in healing the world. In: Giacalone R, Jurkiewicz C (eds) Radical thoughts on ethical leadership. Information Age Publishing, Charlotte, pp 47–68


# Shar'ia Law and the Social Policy of ISIS


L. S. Waits-Kamau
Regent University, Virginia Beach, VA, USA


## Abbreviations

All-Qaeda in Iraq (AQI); Islamic State (IS); Islamic State of Iraq and al-Sham (ISIS); Islamic State of Iraq and the Levant (ISIL)

## Synonyms

Al-Sham (traditional name for Syria); Caliphate (*Khalifat*); Emir (*Kalif*)

## Definitions

Levant (generally Iraq and Syria in the Middle East); Secular (not religiously affiliated); Shia (Shiite Persian sect of Islam that is based upon a different understanding of the succession and authority of leaders and other elements of Islam); Sunni (Arabic sect of Islam that places emphasis on the sayings, known as the *Sunnah* of the prophet Muhammad and his close relatives and colleagues during Islam's formative years). *Zakat* (Muslim charity or Islamic social welfare system); *Jihad* (struggle of a personal nature against sin or when attacked by an enemy); Jihadism (an insurgency in the waging of a holy war); Insurgency (attacks by an armed group that is not part of a state military group); *Ummah* (the

Muslim–Islamic community as a whole or as a group); Shar'ia (Islamic legal system); Emir (the appointed leader of the caliphate); Ramadan (the Islamic holy month of fasting and prayer); Hajib (a full head and dress covering worn by some Muslim women).

## Introduction: The Attempt to Reestablish an Islamic Caliphate in the Levant Based on IS Radicalized Social Policies Under Shar'ia

The social policies of the group calling itself the Islamic State (IS), a diminutive version of the geopolitical, self-declared titles of Islamic State of Iraq and the Levant (ISIL) and/or Islamic State of Iraq and al-Sham (ISIS), were framed by the overarching aim of an insurgency campaign to conquer cities and territory as well as to impose a new social order for the entire population within the "expansionist stage" of caliphate formation. The purpose of the IS insurgency involved an attempt to end secularist state rule and impose the radicalized social policies of Shar'ia in Muslim-majority states on both Muslim and non-Muslims within previously held IS territories. IS carried out a campaign of forced conversions and coercion of all peoples (both Muslim and non-Muslims) living in former IS-held territories under the self-proclaimed IS "emir" Abu Bakr al-Baghdadi (Zelin 2014). In October 2019, al-Baghdadi died by detonating a suicide vest while trying to avoid being captured by US Special Operations Forces who had pinpointed his hideout and cornered him in Northwest Syria (US State Department 2019).

The group he led (more popularly known as ISIS or IS) as its self-proclaimed caliph followed the fundamentalist Salafi-Wahhabi School of Sunni Islamic Theology that was also followed by Al-Qaeda's founders. Prior to the formal announcement of the IS-led attempts to reestablish a so-called "caliphate" in Syria and Iraq in June 2014, IS had formerly operated as an Al-Qaeda offshoot called Al-Qaeda in Iraq (AQI) under AQI leader Abu Musab al-Zarqawi. Al-Zarqawi was killed in a US-led coalition airstrike during the Second Iraq War in January 2006. Al-Qaeda leadership (under Ayman al-Zawahiri who took over leadership as head of the group following the death of founder Osama bin Laden) dissolved Al-Qaeda's affiliation with AQI (initially under al-Zarqawi's leadership, which morphed eventually into IS, dropping the Al-Qaeda franchise affiliation and name). The rift that ended the two groups' relationship was based on AQI/IS tactics of targeting other Muslims (particularly Shias), while Al-Qaeda mostly targeted non-Muslim groups or governments based on Al-Qaeda leadership's disdain for outside influences that they perceived were interfering within "Muslim lands" under Shar'ia (al-Zarqawi 2004). Hence, the fallout between IS (under AQI leadership of al-Zarqawi) and the worldwide Al-Qaeda organization (under bin Laden and later al-Zawahiri's leadership):

> In 2005, bin Laden deputy Ayman al-Zawahiri castigated AQI's Zarqawi for indiscriminately attacking civilians, particularly Shias. Zawahiri believed that such violence would alienate Sunnis from their project. That was indeed the case, as many Sunnis allied with the [new Iraqi] government during the Awakening movement. A more thorough rupture came after the start of Syria's uprising. Zawahiri, who succeeded bin Laden as al-Qaeda's chief, privately ruled that the emergent Syrian al-Qaeda affiliate, Jabhat al-Nusra, remain independent, and [al-]Baghdadi's organization [was] restricted to Iraq, a move [al-]Baghdadi publicly rebuffed. Since then, the two groups have at times fought one another on the Syrian battlefield. (Laub 2016)

The grand strategy and aspirations of the group calling itself Islamic State (IS), which have come to a standstill after a coalition of states and other groups in the region (Global Coalition to Defeat ISIS) joined forces to drive IS out of the region's cities, were initially extended by recruitment of warriors on a worldwide basis through social media and conquering new populations by conducting raids and attacks to capture cities in the Levant territories as well as assets such as oil fields, dams, and banks among other public institutions in areas conquered or occupied by IS in Syria and Iraq (Laub 2016). The IS insurgencies included the taking of hostages and the public execution of some of them to create followers on

social media and via the Internet. IS victims included journalists and contract or humanitarian aid workers from abroad, for recruitment publicity as well as for the use in war propaganda scare tactics, and attempting to recruit not only warriors but also young women from both near and afar to marry IS warriors and populate and enlarge the caliphate they were trying to resurrect based upon utopian-style implementation of IS social policies and Shar'ia in all their captured territories in the Levant.

IS leader Abu Bakr al-Baghdadi had previously announced the existence of a new Islamic caliphate based out of Raqqa, Syria, on June 29, 2014, in a video-taped message in which al-Baghdadi also demanded allegiance by all people within IS-held areas after his appointment as caliph was confirmed by the IS Shura Council (religious board of elders). However, in both 2015 and 2016, there were unconfirmed reports of al-Baghdadi's death following repeated US-led coalition airstrikes in Raqqa. The June 2015 reports were later discredited as were other attempts on al-Baghdadi's life in June and October 2016 previously. Finally, however, on October 27, 2019, al-Baghdadi's death was confirmed after US Special Forces reentered Syria one day before in an attempt to find and capture al-Baghdadi. During the ensuing capture attempt, the IS leader detonated a suicide vest ending his own life and that of three children he had taken with him while trying to escape US Special Forces (Chalfant 2019; US Department of State statement by Michael R. Pompeo on October 27, 2019).

At its beginning, IS insurgencies into Iraq and Syria had attempted to strategically exploit the prohibitive theological divide between Sunni and Shiite Muslim ideologies, which regard each other as heretical sects. Throughout areas of Syria and Iraq, the specter of Shia-led governments created Sunni antagonism and the perceived necessity of security against opposing factions in the Sunni-Shia power struggle that has been influenced and backed by the Shiite militias from Iran as well as by the Russian-backed protection of Syrian president Bashar al-Assad. This struggle has been especially apparent in the civil war–ravaged, rebel-controlled areas of Syria where other opposition groups were competing for strongholds to combat the sometimes desperate strong-armed tactics of the Assad regime to maintain minority Alawite control in Syria, which the younger Assad inherited from his father, the late Syrian President Hafez al-Assad. Some of these groups were also embroiled in battling Turkish forces most recently near Turkey's border with Syria. In October 2019, Turkish forces invaded Northern Syria in an attempt to eradicate some of these groups, which had been fighting against IS, including Kurdish groups that along with US forces had been fighting against IS in Northern Syria. After a truce was called, a buffer zone was created along the Syrian–Turkish border to allow Kurdish troops safe withdrawal after the USA brokered a truce by Turkey in the same month in exchange for pulling back sanctions that had been levied on Turkey for the attacks.

IS has also spread its tentacles beyond the Middle East through alliances with other insurgent fundamentalist Salafi-Sunni groups such as Boko Haram, which operates in northeastern Nigeria and the Sahel and which pledged allegiance to IS and al-Baghdadi in 2015. IS also has Egyptian, Tunisian, and Libyan counterparts and alliances with other groups in North Africa as well as in Afghanistan, Tunisia, Libya, and as far as the Philippines and Australia, as well as within Europe. An international crisis report in *Foreign Policy* (FP) about IS influence and affiliates cited a *New York Times* article by Carlotta Gall on January 1, 2016, noting the potentially imminent danger of local gangs in Niger and other African nations of the Sahel becoming IS and/or Boko Haram–affiliated operatives:

In a January [2016] dispatch from Niger, the *New York Times* reported that "as Africa's jihadists come under the wing of distant and more powerful patrons, officials fear that they are extending their reach and stitching together their ambitions, turning once-local actors into pan-national threats" (Gall 2016 quoted in Kennan 2016a, b).

An article in *The East African* weekly newsmagazine documented this type of ad hoc recruitment by IS in East Africa, which had allowed the

exporting of IS to areas of Africa (AFP Special Correspondent 2016, 29):

> Recent arrests show[ed] the Islamic State's growing presence in East Africa, where they [had been] recruiting young Kenyans for jihad abroad, raising fears that some of them will return to stage attacks in the country (AFP Special Correspondent 2016, 29).

## IS Social Policies Derived from "Expansionist Program" Under Radicalized Enforcement of Shar'ia

Social media recruitment of fighters formed the major publicity and propaganda function within IS outreach that allowed the steady growth of IS recruiting efforts after the founding of IS following the group's split from AQI (based on tactical disagreements). (Using the name "Islamic State" posed a political irony given that the IS-proclaimed leader al-Baghdadi and his followers had rejected outright the international "state system" within major Islamic areas in the Middle East and other regions.) However, following recruitment of warriors abroad and in the Middle East to wage a "holy war" (jihad), which has been delineated by some as "jihadism" (Nawaz 2015, C1–2), IS also began recruiting young women to join the group to also expand the caliphate through marriages and the creation of new families to populate the areas that had been captured and held under IS policies of Shar'ia according to the Salafi School of Sunni Islam (Frosch et al. 2015, A3).

Therefore, the aggressive expansionism of IS during 2016 and 2017 was the primary driver of the group's domestically oriented social policies within the so-called expansionist stage of the IS caliphate. IS social policies were largely based upon spreading utopian-style propaganda about idyllic conditions for Muslims throughout the region in which women were called upon to protect their homes and children while men were away fighting. Young Muslim women were the targets of this propaganda in nearby Sunni-majority Middle Eastern states, such as Saudi Arabia (Al-Khanssaa Brigade 2015), as well as in Europe, Britain, East Asia, and as far as Australia and the USA (Frosch et al. 2015, A3).

IS closely followed the ideologies of Al-Qaeda but with a twist, since unlike Al-Qaeda, IS also developed domestic, territorially based social policies (involving those who live within the shifting swathes of territory held by IS during the height of its conquests in 2014–2015). The group's areas of operation were expanding territorially until 2015 (Institute for the Study of War 2015) when certain areas, such as Mosul, were retaken in Iraq as were some cities and areas of Syria. However, from its northern Syrian base of Raqqa, IS continued to enforce its social policies that emanated from al-Baghdadi's Salafi fundamentalism and the implementation of his version of radicalized Shar'ia for all people (Muslims of all sects and non-Muslims) within IS-held cities and areas:

> The northern Syrian city of Raqqa is often cited as the Islamic State's de facto capital. There, the group established some new institutions (e.g., judicial, police, economic) and coopted others (e.g., education, health, and infrastructure) to provide residents a modicum of services and consolidate its control over the population (The Economist, Staff 2016).

The IS grand strategy of caliphate expansionism was linked to similar aims as those of Al-Qaeda in that both groups focused on ideological spread of Salafi-Sunni dictates for building the Islamic community, or *Ummah* – mainly by forcing the population in conquered cities or regions to convert to Islam, leave, or suffer the consequences of paying taxes or of death. However, IS and Al-Qaeda became separate rival insurgent (hierarchically distinct) groups that were vying for adjacent, if not overlapping, territories in which both groups indicated similar long-term goals, including their similar

> . . .aim to overthrow all existing governments in the Muslim world and replace them with their own, and later, to attack the West from a position of power to spread their ideology. Separating the elements of ISIS and al Qaeda that are actively working to attack the West from the main bodies of those groups fighting in the Middle East, Africa, and South Asia is impossible. All al Qaeda groups and ISIS affiliates seek to take the war into the West to fulfill their grand strategic objective of establishing a global caliphate, albeit according to different timelines (Institute for the Study of War 2015b).

To reestablish the caliphate (as an insurgent political utopian regime) required major outreach and publicity (through war propaganda) efforts as well as the use of social media reaching both far – the USA, the UK, Europe, Australia, East Asia, and North Africa – as well as near in Middle Eastern states, and this tactic became IS's "forte" (The Economist 2016). The Media and Communications Department of IS (in charge of creating IS propaganda and recruitment tools and campaigns as well as IS literature such as the slick *Dabiq* magazine and online media) produced and released infamous videos and messages reaching a global audience of young jihadist-primed men and women, not only in the nearby Middle East but also in Canada and the USA and potentially by extension in European countries to which Middle Eastern and North African Muslims migrated.

IS had (through its literature) created and promoted an inherent Sunni Muslim–based socio-legal policy of superiority, encompassing Muslims and excluding non-Muslims who lived within IS-held cities and areas. This overarching social policy encompassed IS warriors, their wives, and families (including children born within these families), as well as inhabitants held in relative captivity because they could not escape the territory that was captured or in some cases because they were threatened with death if they did not pledge allegiance to al-Baghdadi and IS and pay required homage taxes, and even some hostages (such as the Yazidis, Kurds, and other distinct religious and/or ethnic groups who had been captured, moved, and brought into IS strongholds). In some cases, women and children were killed or in rare cases released back to their home areas.

## 2014 Ramadan Declaration Describes IS Social Order Based upon a Radicalized Version of Shar'ia

Abu Muhammad al-Adnani, who was initially the main public spokesman for both IS and al-Baghdadi, helped visualize and provide the framework for realizing the dream of a Salafist caliphate based within the Levant in his 2014 Ramadan speech "The Promise of Allah." Al-Adnani's speech was taped for broadcast on June 29, 2014, the same day that al-Baghdadi was announced as the head of the new caliphate at the IS Raqqa, Syrian headquarters (Kelsay 2016, 9–17). Al-Adnani's speech set up a more-grounded vision that established a so-called IS caliphate under the authority of al-Baghdadi as "emir."Al-Adnani's speech along with al-Baghdadi's announcement strategically set IS apart from Al-Qaeda in terms of encompassing militant acts of jihad within "far and near enemies." This tactic presumably would put pressure on and drive out international state powers from Muslim lands (within current Muslim states) to purge out all Western influence within existing Muslim states until such time (in the future) as they (under the IS version of Shar'ia) would eventually unite the *Ummah* (Muslim community) throughout the world. This aspect of a new social order that was visualized by Al-Qaeda and actualized in the IS vision and mission has been analyzed for its social constructs by John Kelsay, who compared the mission of IS with that of Al-Qaeda (Kelsay 2016, 11):

> Theirs [Al-Qaeda's] was a gradualist vision, whereby Muslim peoples freed from tyranny might be educated and brought to the point of establishing proper governance, first in more delimited regions, and then through recognition of a more general or universal union (Kelsay 2016, 11).

However, al-Adnani clearly declared the IS intention to reestablish the caliphate under al-Baghdadi's leadership after presenting al-Baghdadi's lineage and so-called rights to be appointed as the caliphate's new emir or caliph (*kalif*).

> If your leaders whisper to you claiming it is not a caliphate, then remember how long they whispered to you claiming that it was not a state but rather a fictional, cardboard entity, until its certain news reached you. It is a state. Its news will continue to reach you showing that it is a caliphate, even if after time. (Zelin 2014) (Quoted from al-Adnani's June 29, 2014 speech "The Promise of Allah" that he delivered on the first day of Ramadan in 2014 (June 29). In: Aaron Y. Zelin (2014) "ISIS Is Dead, Long Live the Islamic State" (June 30, 2014). (Online at: www.washingtoninstitute.org/.../isis-is-dead-long-live-the-islamic-state.)

In his analysis of al-Adnani's 2014 Ramadan speech, Zelin also noted that:

> Adnani outlines the duties and responsibilities for Muslims in general and those who live within the Islamic State's current borders, now that the caliphate has been established. For all intents and purposes, according to the Islamic State, there is no other authority but them: 'We clarify to the Muslims that with this declaration of the caliphate, it is incumbent upon all Muslims to pledge allegiance to the Caliph Ibrahim and support him,' said Adnani. 'The legality of all emirates, groups, states, and organizations becomes null by the expansion of the caliph's authority and arrival of its troops to their areas' (Zelin 2014, quoting Al-Adnani's speech).

In Kelsay's somewhat similar but more socially poignant analysis, he delineates "the vision of IS" as different from Al-Qaeda's understanding of its religio-political mission:

> . . .true governance consists in 'compelling the people to do' that which God commands.
>
> A group that comes into power, in the sense of effective control of a territory sufficiently large to require administration, must establish a state consistent with the designation *khilafat*. Otherwise, obedience will be lacking, and the promise of God will be unfulfilled. Similarly, a community of believers may fail in obedience if it fails to govern according to the Shar'ia. The strategic program of IS begins with a focus on building the state and its institutions. Shi'a forces—here understood to include the Iraqi army and various militias linked to Iran, as well as all those associated with the Assad regime—are identified as *rawafid,* a term that suggests a combination of heresy and treason. These are to be removed from the territory of an Islamic polity, as are Sunni groups that do not obey the command to swear loyalty to the Islamic State (Kelsay 2016, 11).

Based on Kelsay's analysis of al-Adnani's speech at the beginning of the 2014 holy month of Ramadan, "The IS project is a matter of establishing a social order considered legitimate by the membership because of its consistency with divine law" (Kelsay 2016, 12). Kelsay goes on to explain that IS expressed a socially imposed zeal for Shar'ia according to purification and purging of all non-Muslim influences per the Salafi-Wahhabi extremist Sunni understanding of ruling under Shar'ia:

> In this, the group combines an emphasis on a certain understanding of justice, doing what is understood to be right, with an impulse toward purity, in the sense that if things are not ordered correctly, the community is in danger. The promise of God thus comes not only with a condition, but also with a warning. Those who fail in obedience will not succeed. They will instead become the objects of divine punishment, expressed in terms of dishonor and defeat (Kelsay 2016, 12).

Al-Adnani viewed the caliphate as the realization of God's provision to Muslims for the administration of Shar'ia, but only according to al-Baghdadi's administration and authority as supreme. According to a *Foreign Affairs* analysis by Andrew F. March and Mara Revkin, the IS social program involved building a utopian kingdom on earth that would express divine law and order encompassing all people within its jurisdiction, not just Muslims:

> Indeed, whatever ISIS believes about the apocalypse, it sees itself as creating a distinctive and authentic legal order for the here and now, one that is based not only on a literal (if selective) reading of early Islamic materials but also on a long-standing theory of statecraft and legal authority (March and Revkin 2015).

## IS "Manifesto on Women" Illustrates Utopian Social Policies of IS Under a Radicalized Shar'ia

To understand IS strategy and social policies, IS has issued a war propaganda document outlining the role of women – calling the document a "Manifesto on Women" in which the group's social policies and even a snapshot of life within the caliphate are delineated and illustrated, complete with photos portraying the idyllic life under Shar'ia, albeit imposed upon all by IS (Quilliam Foundation 2015, 5). The introductory note of the translator explains how the IS "Manifesto on Women" was disseminated online: "On January 23, 2015, online supporters of Islamic State (IS) began circulating a document entitled *Women in the Islamic State: Manifesto and Case Study*. The text, which was uploaded by the all-female Al-Khanssaa Brigade's media wing onto a jihadist forum used by IS, was widely distributed among its Arabic-speaking

supporters. However, it was not picked up by Western jihadists, male or female. As such, it ran the risk of slipping through the net of non-Arabic speaking Western analysts. To stop this from happening, Quilliam provided a full translation of it" (from the Introduction, page 5). While the "manifesto" was aimed at the target recruitment audience of women in Saudi Arabia (the al-Saud Kingdom), it was authored in part by an element known as Al-Khanssaa Brigade, which the commentator (who translated the document from Arabic to English) explained as: "a branch of IS that has appeared in Western media, variously dubbed a female policing brigade, propaganda group and recruitment organisation, depending on the reason for its being mentioned" (Quilliam Foundation 2015, 5). The translator's synopsis of the document provides an overview that outlines the IS social policy and view of the roles of men and especially women within the caliphate, which the translator described in his introduction:

> Throughout, the author(s) attempt to convince their audience that it is a fundamental necessity for women to have a sedentary lifestyle. Indeed, this is her 'divinely appointed right.' Each of the three sections seeks to present supporting evidence for this conception—historical, political and theological. However, it is the first part of it that provides the most illuminating look into the psyche, ideology and worldview of a female IS supporter and the means by which they go about building a rationale for their position. (Quilliam Foundation 2015, 7)

The IS "Manifesto on Women" aimed at recruiting wives for IS warriors, strives to persuade women in Muslim nations such as Saudi Arabia that they are not able to fulfill their duty as Muslim women if they do not join the jihad of IS as warriors' wives who will eventually become mothers of the so-called caliphate's future occupants. The "manifesto" speaks to the simplicity of what it says Muslims are called to in terms of a life of religious sanctity that excludes education outside of religious education except as necessary to provide for medical studies to care for Muslims and other sciences that provide necessary trades to provide for the needs of Muslim daily life (Al-Khanssaa Brigade 2015). So the manifesto sought to reorient the thinking of Muslim women so that they may wholeheartedly strive for the honor of jihad as wives of IS warriors undergoing difficulty for the sake of building the caliphate in its socio-rhetorical propaganda appealing to radical Islamist language calling for jihad against non-Muslims:

> We must correct that which has become entrenched in our minds since we were small, what we were told by our teachers that Muslims must prove to the disbelievers of Europe and elsewhere in glorious days gone by, that he had built material civilisations, its heroes the atheists and libertines like Ibn Sina the esoterist, Ibn Nafis [who discovered the circulation of blood] and Ibn al-Haitham [optics and physicist] and others. The civilisations of these people were built upon the ruins of those before it. Now, we must disavow these heretics, these "geniuses" of Europe—they are friends and protectors of each other. Muslims do not need what these people provided. Muslims do not need to spend long parts of his short life learning of the worldly sciences that give no spiritual reward, apart from that which repulses the might of the infidels and benefits Muslims. This issue is known and clear—Muslims do not need any of the above (Al-Khanssaa Brigade 2015, 13).

Beyond this general exhortation for Muslims in the caliphate to avoid scientific education (except as necessary to assist Muslims with medical care or warcraft) and secularism, women were allowed (according to the "manifesto") to promote the caliphate during the time of formation – even though the "manifesto" reverses the idea of Islamic expansionism (which in actuality represented the IS program at that time) into a defensive posturing of IS lands being under attack. (This is amazingly difficult to understand given IS social media portrayals of IS warriors wielding swords and guns against unarmed civilians, most with their hands tied behind their backs, including foreign journalists and humanitarian aid workers, as well as regular civilians, including some children, from villages and areas across Iraq and Syria and areas where IS affiliates operated within other countries. The majority of these victims and hostages of IS were not soldiers, nor ever had been fighters, and therefore had no means of attacking IS or even of defending themselves as such.) Nevertheless, in the "expansionist stage," women in IS were permitted to:

> go out to serve the community in a number of situations, the most important being:
> 1) Jihad (by appointment) –if the enemy is attacking her country and the men are not enough to protect it and the imams give a fatwa for it, as the blessed women of Iraq and Chechnya did, with great sadness, if the men are absent even they are present.
> 2) The most common reason is for studying the sciences of religion.
> 3) Female doctors or teachers may leave, but they must keep strictly to Shar'ia guidelines.

"It is always preferable for a woman to remain hidden and veiled, to maintain society from behind this veil. This, which is always the most difficult role, is akin to that of a director, the most important person in a media production, who is behind the scenes organizing" (Al-Khanssaa Brigade 2015, 22). (Underscoring of text was added for emphasis but was not underscored in the original or in the translated text.)

## IS Social Institutions and Policies Portrayed in IS War Propaganda Documents through Social Media Distribution Channels

In the IS "Manifesto on Women" case study attached to the end of the IS-produced document, readers are provided with idealized glimpses of the utopian social order of life within several cities that IS had occupied. Some of these cities, such as Mosul, Iraq, have since been recaptured by the Iraqi government. Even though IS women were to remain at home according to IS Shar'ia policy, except when allowed to leave by their husbands, if married, or fathers/brothers, if not married, the Al-Khanssaa Brigade indicates that members of the group traveled about for the purpose of documenting life in IS-held cities:

> Al-Khanssaa Media travelled these lands to check on the happy situation that Muslim women face and their return to what was there at the dawn of Islam and the black robes that enrage the hypocrites and their friends, and the good news that this situation gives regarding development and ascendance to the summit of this glory throughout the expansion of the State of Muslims and the longer it remains, we see it growing and strengthening by the hour, as was ordained by their God, they have the support of the truthful men, who build it with their skulls [lives]—before undertaking the formation of the trappings of a state, there are institutions of stone and iron (Al-Khanssaa Brigade 2015, 27).

The Al-Khanssaa Brigade's media crew provided a snapshot report on what they portrayed as idyllic conditions for all Muslims living within the confines of the IS-held cities of Nineveh, Mosul, and Raqqa, including old and young, rich and poor, as well as men, women, and children. The "manifesto" portrays IS administrators as fairly and equally distributing money from the IS treasury and also appeals to the quality of justice, truth, and protection of women (as long as they obeyed Shar'ia) and describes what the authors dub as the "happy" plight of women and of their children, as well as racial/tribal equality among all inhabitants of IS-held cities and areas (Al-Khanssaa Brigade 2015, 27). (This section of the manifesto, called "Women in the Islamic State: A Case Study," provides a review of daily life under IS in three cities as well as some other regions captured and occupied by IS at the time of publication of the "manifesto"– which previously included Mosul, which was freed from IS occupation in 2015.)

Toward the end of the IS "manifesto," cases outlining injustices against women in both the Sunni-majority Gulf states and in Shiite-majority states "who say 'Lord is God'" are presented (Al-Khanssaa Brigade 2015, 38). This is the point at which analysts become aware of the target audience for this publication, which evidently was primarily aimed at reaching Muslim women within Saudi Arabia as well as women in Gulf states. The authors used the polemical term "hypocritical kingdom" throughout the "manifesto" instead of naming a nation in most cases but later in the document refer to Saudi Arabia by name as well (Quilliam Foundation 2015, 8). (See also translator's note on p. 8: "The final section compares how women fare in the Arabian Peninsula to what their lives were like in IS-held Iraq and Syria before liberation by the Global Coalition to Defeat ISIS that drove IS out of Iraq and then finally Syria. The content of this section notes that the primary target audience was women living in Saudi Arabia.") One other telling detail is

that "nationalism" and secular statehood, wherein people of all religions and/or none are included, are basically cursed as a repugnant social order (Quilliam Foundation 2015, 27–38). As mentioned previously, the "manifesto" juxtaposed examples of life of women who lived within IS-held areas with life of women in "in the Gulf" states and basically outlined the benefits of life in the caliphate for women in particular who needed assistance (such as divorced or widowed women with children or women whose husbands or sons had been arrested in Gulf states and may be imprisoned, including some women whom the "manifesto" says had been imprisoned or forced to work far from their homes) due to problems with receiving social security. The "manifesto" emphasized IS *zakat* (charity assistance) to women in the above categories (Quilliam Foundation 2015, 31). The IS-sourced "manifesto," however, never mentions the condition of the hundreds of hostages (men, women, and children) or prisoners who had been taken captive in former IS strongholds and cities. The document does mention poverty as a result of Shiite and even Sunni state government corruption and as a result of war conditions; however, the "manifesto" aspires to a socialist-like utopian welfare system for those living in poverty based on the Muslim system of *zakat*.

The means of funding IS social services and institutions are not mentioned in the "manifesto" document per se; however, some funding may have come from ransoming of hostages (from Europe and other countries except the USA, which has a no-negotiation/no-ransom policy) and proceeds from oil trade in Iraq, Syria, and North Africa, as well as donations and tributes that had been paid to al-Baghdadi and IS from other organizations and the previous IS-captured cities and territories, which have since been freed from IS control.

## Education and Marriage for Girls and Others in Previously Held IS Cities

The IS "manifesto" paid particular attention to delineate a specific educational curriculum for girls (between the ages of 7 and 15) and clearly states that girls are eligible for marriage when they reach age 9, however, without reference to whether or not these girls should complete their education if they are married before age 16 (Quilliam Foundation 2015, 24).

Educational policies outlined within the IS "Manifesto on Women" document include a focus on religious education and separation of the sexes throughout all levels of education, including primary schools and colleges according to the "manifesto":

> 1) Studying for all students in all stages in schools and universities continues. The state has not forbidden a thing.
> 2) The state has tried hard to separate male and female students in colleges. It has already done so at the University of Mosul, where it has spared no efforts.
> 3) The state has preoccupied itself with teaching children their religion and focused female education upon specialising in women and *fiqh*, for which were initiated Shar'ia institutes, courses and lessons in the schools (Al-Khanssaa Brigade 2015, 34).

Additionally, the "manifesto" includes photos of students at a primary school as well as girls in hijabs at an all-female school to illustrate the ability of girls to attend school and receive education at IS-run schools. Additionally a photo showing the entrance (gate) to a college for religious studies (Shar'ia) in Al-Bab, Syria, is also provided (Quilliam Foundation 2015, 35).

## IS Justice System and Policies Under a Radicalized Form of Shar'ia

While the IS "Manifesto on Women" does not mention anything about what happened to those who were killed by IS while hostages, the "manifesto" does describe the establishment of Shar'ia courts and justice for Muslims (but not for those outside Islam, especially women, whom the document mentions as needing to convert to Islam to be able to receive social protection and justice):

> Now, courts that rule by that which God decreed have been established, judges have been appointed

> long periods within which they can consult with the people on matters of marriage and divorce and inheritance, which concern women. The divisions concerned with these issues were applied without delay, as much as was possible. Women now go to courts and openly talk of their issues. They find that they are listened to and their issues are dealt with, without a need for bargaining or bribery—indeed some researchers have even suggested that the level of corruption within Islamic State is zero. If Christian women comes [sic] to the state courts to declare their conversion to Islam, then they enjoy full protection from any harm or abuse, whether it is paternal or something else (Al-Khanssaa Brigade 2015, 30).

## Health Care and Elder Care Social Policies

By juxtaposing pre- and post-IS services such as health care and elder care, the IS "manifesto" portrayed IS healthcare policies as segregating men, women, children, and seniors to offer health services and especially mentions maternity services:

> After the establishment of the [C]aliphate, hospitals got back to work and their shortcomings were fixed. The treasury of the caliphate has spared nothing on the people. It has rendered accessible to them modern medical technology that could treat all those suffering from chronic diseases, including cancer. The Caliphate has undertaken vaccination programmes for children and infants. Women benefit from a substantial amount of these services, for example the maternity hospital, which provides specialist care for mother and son who are examined by pediatricians who give them the cures they need. The state tries to stop men and women mixing and works to prevent it as much as it is possible and, thus, it has become the first and only place in which full government healthcare is given without mixing in modern hospitals. . . . The Caliphate has also cast under its cloak the elderly, men and women (Al-Khanssaa Brigade 2015, 31–32).

## Conclusion: IS Social Institutions and Policies Were Framed by the Expansionist Goals of the Group

The social policies of Islamic State (also referred to as "IS" throughout this artile) are derived from the expansionist program wherever IS had occupied cities or regions and enforced its Salafi-Sunni fundamentalist policies within Syria, Iraq, and other states in North Africa and East Asia where IS affiliates (including Boko Haram in Nigeria and the Sahel and other groups in North Africa and East Asia) were operating under al-Baghdadi's directives as franchises of ISIS. In terms of territory tenuously held by IS in Syria and Iraq (all territory has been taken back where IS has been driven out in Iraq and Syria), the social policies and institutions were publicized as recruitment propaganda in publications such as the "Manifesto on Women" published by the all-female Al-Khanssaa Brigade branch of IS under the auspices of IS leadership and imprimatur. The social policies outlined within the IS "Manifest on Women" are utopian descriptions utilized for recruiting of women by IS operatives and war propaganda.

Therefore, without journalistic or independent witnesses of IS policies, since all journalists living within IS cities or territory were forced to pledge allegiance and obedience to al-Baghdadi and his version and policies of Shar'ia, IS social policies remained idealized, propaganda tools for recruitment of IS warriors and wives by IS officers administering the group's social and communications policies centered on recruitment of both men and women as part of the now defunct expansionist insurgency goals of IS.

## References

AFP Special Correspondent (2016) Islamic State recruits 100 Kenyans for jihad abroad. The East African, July 2–8, 2016 (29)

Al-Khanssaa Brigade (2015) Women of the Islamic State: a manifesto on women by the Al-Khanssaa Brigade. Text from the original translated from Arabic to English by Charlie Winter. Quilliam Foundation, London. February 2015

Al-Zarqawi M (2004) Letter. Translated to English by the Coalition Provisional Authority (Iraq) and published by the U.S. State Department (Bureau of Public Affairs), February 2004. Retrieved online at: https://2001-2009.state.gov/p/nea/rls/31694.htm

Chalfant M (2019, October 27) Trump announces death of ISIS leader in US raid. The Hill. Retrieved online from

https://thehill.com/homenews/administration/467620-trump-isis-leader
Frosch D, Koppel N, Audi T (2015 April 4) New target for jihadist recruiters: women. Wall Street J (A3)
Gall C (2016) Jihadists deepen collaboration in North Africa. The New York Times, January 1, 2016. Retrieved online at: http://www.nytimes.com/2016/01/02/world/africa/jihadists-deepen-collaboration-in-north-africa.html?_r=0
Institute for the Study of War (2015a) "The Islamic State and Al-Qaeda" (global map highlighting areas in which both IS and Al-Qaeda were operating in December 14, 2015) December 2015. Retrieved online at: https://www.aei.org/wp-content/uploads/2016/01/Al_Qaeda_ISIS_Threats_US_Europe_PlanEx_Report_1_image_1200x1000.jpg
Institute for the Study of War (ISW) (2015b) Al-Qaeda and ISIS: existential threats. Online at: http://www.understandingwar.org/report/al-qaeda-and-isis-existential-threats-us-and-europe
Kelsay J (2016) Power & anxiety: religion & conflict in the middle east. Providence Magazine (2):9–17. Online at: https://providencemag.com/wp-content/uploads/Kelsay-power-and-anxiety.pdf
Kennan J (2016a) In southern Niger, urban gangs pillage and assault to earn respect. Now Boko Haram has come calling. Foreign Policy, March–April 2016: 56–63
Kennan J (2016b) Dead man's market and the boy gangs of Niger. Pulitzer Center, March 10, 2016. Retrieved online at: http://pulitzercenter.org/reporting/dead-mans-market-and-boy-gangs-niger
Laub Z (2016) The Islamic State. CFR backgrounders. Council on Foreign Relations, Washington, DC. August 10, 2016. Retrieved online at: https://www.cfr.org/backgrounder/islamic-state
March AF, Revkin M (2015) Caliphate of law: ISIS' ground rules. Foreign Affairs (April 15, 2015). Retrieved online at: https://www.foreignaffairs.com/articles/syria/2015-04-15/caliphate-law
Nawaz M (2015) The way to defeat jihadism. Wall Street J (C1–2)
Quilliam Foundation (2015) Women of the Islamic State: a manifesto on women by the Al-Khanssaa Brigade. Translated from Arabic to English by Charlie Winter. Quilliam Foundation, London
The Economist, Staff (2016) The shadow of the Caliphate. The Economist, June 20, 2016
U.S. State Department (2019) On the death of Abu Bakr Al-Baghdadi, press statement by U.S. Secretary of State Michael R. Pompeo on October 27, 2019. Retrieved online at: https://2017-2021.state.gov/on-the-death-of-abu-bakr-al-baghdadi/index.html
Zelin AY (2014) ISIS is dead, long live the Islamic State. June 30, 2014. Online at: https://www.washingtoninstitute.org/policy-analysis/isis-dead-long-live-islamic-state

# Shell Companies and Government Corruption

David Jancsics
School of Public Affairs, San Diego State University Imperial Valley Campus,
San Diego, CA, USA

## Synonyms

Dummy corporation; Front organization; Offshore company; Stooge; Straw man

## Definition

A shell company is supposedly an independent, legal business entity that is used to separate and hide the identity of its real owner. The use of shell companies can be legal when they serve as technical vehicles facilitating complicated business transactions, but they are often used for illegal purposes.

## Introduction

As the Panama Papers leak exposed in 2016, the secret world of shell companies is not a small-scale marginal phenomenon, as previously believed, but a widespread and complex network of offshore companies in remote tax havens with the special function to cover the shady business of the global elite, including numerous senior politicians, heads of states, and dictators (Obermayer and Obermaier 2016). Yet, autocrats and their cronies extensively use shell companies, not just in tax havens but in the Western world so that they can hold their illegally accumulated wealth in the financial institutions of democratic countries (Sharman 2017, pp. 73–74). Moreover, corrupt politicians and government officials also use domestic shell companies in their home countries to facilitate illicit transactions (Jancsics 2017).

Shell companies are typically formed and maintained by Corporate Service Providers (CSPs), or intermediary law or accounting firms. Transactions and assets can be tracked back to shell companies established by a CSP but not to the actual people who indirectly and covertly exercise control over the company. Shell companies may constitute complex corporate structures in which they act as shareholders of another such company. One subcategory of shell companies, called "shelf" companies, includes organizations kept "on the shelf" for sale later on. Since financial institutions often prefer to do business with companies that have been in existence for a certain number of years, such appearance of longevity may be attractive to buyers who want to use shell companies to obtain leases, credit, and bank loans.

The use of shell companies can be perfectly legal. For example, they might be created for mergers and joint ventures by business partners to simplify matters or to guarantee impartial legal treatment for the parties in a neutral jurisdiction. Shell companies can be also used to hold personal or family assets to facilitate inheritance or protect against attachment by creditors (Van der Does de Willebois et al. 2011). Furthermore, when buying property or land, well-known brands often hide their identity behind shell companies so they can be protected from extortive price increases by the owner (Findley et al. 2014, pp. 33). Hollywood stars also use shell companies to shield the location of their residence from the general public. Firms, still legally, can create offshore shell companies in order to lower their tax bills at home. The lucrative business of shell companies in tax havens such as Panama can be traced back to the 1920s, but their use has significantly increased since 2005 when the European Union introduced a tax penalizing interest on income earned by EU residents in tax havens (Obermayer and Obermaier 2016, pp. 13). Since the tax applies to accounts owned by only individuals not shell companies, European depositors can shift their assets to such technical vehicles.

A shell company can hold bank accounts, own assets, and engage in transactions. In many countries, shell companies are cheap and easy to establish. Confidentiality is their key advantage. Since they provide convenient vehicles for moving money secretly, even across national borders or hiding real owners of assets, they can also be used for illegal purposes such as laundering money, evading taxes, financing terrorism, busting international sanctions, and facilitating corruption. This entry chapter discusses the specific phenomenon when shell companies are used in corrupt transactions. Here the most important function that a shell company can offer for its corrupt shadow owner is providing anonymity while simultaneously guaranteeing control over the shell company and its resources.

Despite the popular conceptions that shell companies exist only in exotic tax havens such as Bahamas, Cayman Islands, Liechtenstein, or Panama, the West has a significant role in hosting illegal money via shell companies. Surprisingly the majority of shell companies are formed in non-tax haven Western countries and dictators, such as those in Central Asia, are happy to use them to facilitate their high-level grand corruption (Cooley and Heathershaw 2017). Empirical research finds that CSPs in wealthy Western countries are the least inclined to comply with international standards (Findley et al. 2014). Domestic laws may also support such behavior. For example, the United States is among the most tolerant countries when it comes to regulating shell companies (Sharman 2017). Here CSPs are under no obligation to establish the true identity of the client who becomes the company owner. The most infamous tax haven states in the USA are Nevada, Wyoming, Delaware, and Florida. Some industries are especially vulnerable to corrupt shell company use. For instance, the US real estate industry makes less than minimal effort to examine the identity and background of property buyers behind shell companies (Cooley et al. 2018).

We can classify shell companies along two main dimensions, the location where companies are formed (offshore vs. onshore shells) and the form of operation (live vs. empty shells).

## Location: Offshore Versus Onshore

The main advantage of offshore shells for corrupt actors is that they are in remote tax haven countries where authorities are typically not too eager to investigate suspicious cases. Moreover, Webs of shell companies are often linked together across multiple offshore jurisdictions which makes obtaining information about them especially difficult (Van der Does de Willebois et al. 2011). The infamous Panama Papers leak in 2016 revealed the entire internal database of Mossack Fonseca, a major Panamanian law firm specializing in forming anonymous shell companies (Obermayer and Obermaier 2016). It included the records of 214,000 offshore shell companies, names of their true owners, passport scans, bank statements, and email conversations between the CSP and the owner's representatives. The leak exposed illegal money movements of several prominent figures, for example, the Nicaraguan president Arnoldo "Fat Man" Alemán, who has been declared one of the 10 most corrupt politicians of all time by Transparency International, a global anti-corruption watchdog. Alemán used shell companies to channel almost $100 millions of public funds into his own pocket. The Papers had serious political consequences such as the resignation of Iceland prime minister, a massive demonstration in Argentina, a small war in Azerbaijan, the block of words "Panama Papers" on the Internet by Chinese authorities, and the unpleasant confession of his late father's decade-long tax evasion by the former British Prime Minister, David Cameron.

Onshore or domestic shell companies are typically established by corrupt actors in their home country to facilitate corruption. Despite the fact that political campaign contributions are supposed to be transparent in most democratic countries, domestic shells are frequently used by powerful corporations to get access to the political arena while keeping their identity and affiliation with politicians secret. For example, in the USA, shell companies are often registered with the sole purpose of receiving untraceable and unaccountable donations for campaigns of politicians, even presidential candidates (Findley et al. 2014, pp. 29–30). The most recent example is the shell company, Essential Consultants LLC, established by President Trump's lawyer Michael Cohen to be able to pay hush money and receive invisible donations from companies such as AT&T and Novartis in return for "insights into the new president."

The establishment of police foundations is a relatively new phenomenon in the USA and Canada and can be also conceptualized as a form of onshore shell company (Walby et al. 2017). These foundations operate as private nonprofit charities and amass money from private corporations. Since these organizations are not subject to Freedom of Information Act legislation and other transparency requirements that are normal in the public sector, the identity of donors and the amount of donated funds are unknown. Such secretive operations may permit transactions in dark money and potential special police treatment of donors as "insiders" in return for financial support.

Domestic shell company arrangements also enable corrupt political elites to turn public resources into private ones under a veil of complete secrecy. These actors pay particular attention to making their operations seem lawful and extract money through legal contracts that require a large number of "clean" shell companies (Jancsics 2017). Some of these cases are discussed in the next section under the category of live shells.

## Form of Operation: Empty Versus Live Shells

Echoing the mainstream approach of shell companies, empty shells do not have real operations, employees, infrastructure, or assets while live shells, a less researched phenomenon, are functioning entities controlled by shadow owners (Jancsics 2017). Most offshore shell companies are empty shells that have no physical presence other than a mailing address, yet onshore or domestic versions of these companies also exist. This type of shell company is often set up only for a single corrupt transaction and then left dormant.

Empty shells can be established to serve a very simple function, receiving bribe cash secretly, for instance, in the form of a "consultancy fee." Corrupt politicians who worked to benefit certain corporations with government contracts are often paid via this structure (Findley et al. 2014, pp. 100).

An empty shell can also acquire assets for a secret owner. Investigative journalists revealed that nearly half of the most expensive residential properties in the USA are now purchased anonymously through shell companies (Story and Saul 2015). For example, in 2014 at the Time Warner Center in New York City, 80% of the units were purchased by shell companies, 37% by foreigners. Among the foreign owners, we can find top government officials and their family members and businessmen with close political connections from countries such as Russia, Mexico, India, Malaysia, or China. They may not be all criminals, but such structure is perfect for hiding assets bought with corrupt money. At least 16 foreigners in the Time Warner Center have been the subject of government inquiries, either personally or as heads of corporations. We can find a similar pattern in London where in 2015 more than 40,000 residential and commercial properties were registered to overseas companies, most of them with invisible ownership structures incorporated in secret jurisdictions such as British Virgin Islands, Jersey, Isle of Man, or Panama. Research finds that corrupt senior politicians in post-Soviet countries such as Kazakhstan and Kyrgyzstan routinely use shell companies to channel rents from state assets to the Western real estate industry (Cooley et al. 2018).

Empty shells are also used as technical vehicles to facilitate mainly domestic, corrupt transactions (Jancsics 2017). In this case, they have a switcher function. Corrupt actors allocate public resources to a shell company and then change the law which multiplies the value of the resources owned by the shell company. After that, the company can be sold to a third party for extra profit. For example, in a well-designed real estate corruption network, 26 multistory buildings were sold in an historic district in Budapest, Hungary (Jancsics and Javor 2012). The falsely undervalued old buildings were transferred by the local government to shell companies, and then secretly controlled by the mayor and his allies. After the local government removed the buildings' historic designations and issued demolition and building permits, private developers bought the shell companies, built office buildings and residential parks and then sold them at great profit.

In contrast to empty shells, live shell companies have real business operations. The main reason for their existence is that their real owners cannot openly exercise ownership in an operating firm, for example, when politicians are legally banned from having a formal position or shares in private business firms. This is usually not a one-time illegal transaction, such as is typical in the case of empty shells, but rather a long-term control over a functioning economic entity. In many live shell cases, the state distributes valuable resources, licenses, concessions, or other monopolistic market positions to a shell company that virtually guarantees profit making. Live shells can be used to build a clientele network surrounding corrupt politicians. For example, in 2013, the Hungarian government turned the previously liberalized tobacco retail business into a state monopoly and then announced a tender for a 20-year concession of tobacco sales (Jancsics 2017). In thousands of cases, people linked to the governing party won tobacco concessions. The official owners and managers of the tender winner shell companies were family members, spouses, siblings, parents, parent-in laws, friends, or even neighbors of politicians, public servants, or politically connected oligarchs. These visible representatives of the shell company acted on behalf of their shadow principal.

## Theorizing Shell Companies

Mainly legal and financial aspects dominate the academic literature of shell companies. So far, the most comprehensive and rigorous empirical research on the topic has studied whether states and corporations comply with international financial transparency standards (Findley et al. 2014). Researchers have found that large numbers of CSPs recurrently violate international standards and surprisingly, CSPs selling shell companies

from tax havens were significantly more likely to comply with the rules than service providers in rich developed countries such as the USA and the UK. However, previous research does not offer a development of a theory.

A possible way to theorize about shell company corruption is to view the phenomenon as a specific form of brokerage (Jancsics 2017; Walby et al. 2017; Van der Does de Willebois 2011). Brokerage is an informal social mechanism by which disconnected or isolated actors can interact. Here the shell company is a vehicle used to effectively navigate between legal and illegal realms. The legal action is implemented by the formal organization yet the visible but fake representative (owner or director) acts as a broker, pursuing the informal and corrupt agenda of its invisible shadow owner. This is a type of mediation where a "representative broker" is delegated by another actor, whether a single individual or a group, to represent its interests and deal with the outside world.

The sociological aspect of the relationship between the broker and the hidden beneficial owner is an important but understudied dimension of shell companies. In the literature, the broker is mentioned by several different names such as front man, straw man, stróman, nominee director, dummy person, stooge, or patsy. Sometimes brokers are appointed by the CSP in order to appear on the public record and to sign the documents placed before them (Obermayer and Obermaier 2016, pp. 14–15). For example, Lu Zhang was, on paper, the director of SP Trading Company but actually worked as a short-order cook at a Burger King in Auckland. She supplemented her income with $15 for each document signed by her for the company. It turned out that SP smuggled weapons from North Korea to Iran (Findley et al. 2014, pp. 1). In other cases, especially in live shell operations, brokers must be trusted which requires some level of social connection between the broker and the shadow owner. Here brokers are typically relatives, friends, current or former employees, or business partners (Jancsics 2017). We can also find unequal power relationship between these two main actors. In this case, socially marginalized people, homeless or foreign refugees are chosen as company owners and directors. They are willing to take huge risks for a relatively small amount of compensation and often fulfill the fall guy function.

## Conclusion

Using shell companies for illicit purposes is a widespread and growing phenomenon. The equivalent of 10% of world GDP is held in offshore tax havens globally. Yet, onshore or domestic shell companies are also heavily used in illegal transactions. The fact that they provide the owner with complete anonymity and at the same time control over the organization makes shell companies especially attractive for corrupt actors. Interestingly, many countries, even those in the developed and democratic West, are reluctant to close this loophole. Scholars are behind in studying and theorizing about the shell company phenomenon. In the next few years, we need more interdisciplinary investigation in order to understand this complex and serious social problem.

## Cross-References


- ▶ Corruption
- ▶ Globalization and Law
- ▶ Globalization and Predatory Corporations
- ▶ Political Corruption
- ▶ Public Corruption


## References


Cooley A, Heathershaw J (2017) Dictators without borders: power and money in Central Asia. Yale University Press, London

Cooley A, Heathershaw J, Sharman JC (2018) The rise of kleptocracy: laundering cash, whitewashing reputations. J Democr 29(1):39–53

Findley MG, Nielson DL, Sharman JC (2014) Global shell games. Cambridge University Press, New York

Jancsics D (2017) Offshoring at home? Domestic use of shell companies for corruption. Public Integrity 19(1):4–21

Jancsics D, Javor I (2012) Corrupt governmental networks. Int Public Manage J 15(1):62–99

Obermayer B, Obermaier F (2016) The Panama papers: breaking the story of how the rich and powerful hide their money. Oneworld Publication, London

Sharman JC (2017) The despot's guide to wealth management. Cornell University Press, New York
Story L, Saul S (2015) Stream of foreign wealth flows to elite New York real estate. The New York Times, February 7, 2015
Van der Does de Willebois E, Halter EM, Harrison RA, Park JW, Sharman JC (2011) The puppet masters: how the corrupt use legal structures to hide stolen assets and what to do about it. The World Bank, Washington
Walby K, Lippert RK, Luscombe A (2017) The police foundation's rise: Implications of public policing's dark money. Brit J Criminol 58(4):824–844 Published online in September 2017

## Sick Leave Policies in the Public Sector

Thom Reilly
Arizona State University, Phoenix, AZ, USA

### Synonyms

Public pay; Public sector employment benefits; Paid sick leave practices

### Definition

Paid sick leave is a conventionally accepted part of public sector benefits packages, along with health insurance, pension or retirement, vacation time, and other paid time off.

### Introduction

The prevalence of family leave benefits began to take shape in the 1990s as employers responded to the changing gender composition in the workforce. As more women sought employment outside the home, a demand for work-life balance increased (Ezra and Deckman 1996). The changes in societal values and demographics made family-friendly policies central to an organization's ability to recruit and retain employees. Improving workplace production was a related goal (National Performance Review 1993). Congress responded by proposing the Family and Medical Leave Act (FMLA). The law sought to balance the demands of the workplace with the needs of families, promoting economic security and national interests. It was hoped that family integrity could be preserved while still accommodating the interests of an employer in a manner consistent with Equal Protection Clauses in the Fourteenth Amendment (Public Law 103-3 1993). In general, paid sick leave (PSL) is defined as a paid leave of absence measured in hourly increments that reflects personal illness, doctor or dentist visits, or illness of immediate family members (Rhodes and Steers 1990).

### Paid Sick Leave Policies in the Public and Private Sectors

In 1993, Congress passed FMLA requiring employers to provide job protection for employees seeking leave for child birth, adoption, poor health, or poor health of a close relative. While the Family and Medical Leave Act guarantees protections for certain types of leave, it does not mandate paid leave.

Without a mandate for paid leave, larger employers began to offer paid sick leave and other benefits to further incentivize organizational performance, recruitment, and retainment (Behn 1995). The lack of a unified law on paid leave enables governmental bodies at each level (federal, state, and local) to pursue their own policies regarding paid leave for their employees. This has resulted in a patchwork of programs and policies.

Although there are no federal or state laws requiring that employers in the United States provide paid sick leave (PSL), nearly all full-time public sector employers in the United States receive some form of sick pay. Looking at paid sick leave specifically, public employee access across all levels of government is high. Led by the federal government, which stipulates that all their employees be provided paid sick leave, 91% of all public employees have access to paid sick leave (US Bureau of Labor Statistics 2018). This significantly outpaces the private sector where approximately 70% employees receive this

benefit (US Bureau of Labor Statistics 2018). High level of access to paid sick leave for public employees isn't a new phenomenon. The BLS National Compensation Survey has shown remarkable stability in the last decade as access rates have been hovering around 90% in each of the last 10 years (US Bureau of Labor Statistics 2009a). Private sector policies improved considering their access rates were 61% a decade ago (US Bureau of Labor Statistics 2009b).

## Issues Involving Paid Sick Leave Policies in the Public Sector

PSL is a conventionally accepted part of public sector benefit packages, along with health insurance, pension, vacation time, and other paid time off (PTO). Paid sick leave policy in the public sector revolves around choices that affect access, accrual rate, incentives, restrictions, and cost containment measures. Policy measures pertaining to access seek to control which type of employees receive the benefit (i.e., full-time vs. part-time, management vs. office administration). Accrual rates are defined by an equation that calculates the hours of paid sick leave accrued to the number of hours/days worked. Monetary rewards are often used to both encourage and discourage the abuse of sick leave and to reward employees for not misusing the benefit.

To curb the abuse of sick leave use, governments utilize a two-pronged approach to manage the benefit. To incentivize proper – and limited – use of sick leave, governments offer various programs to address the unused paid sick leave days accumulated over time by an employee. Popular governmental incentive programs include carry-over provisions, use of accumulated sick leave toward pension/annuity service time calculations, sharing programs, and vacation conversion. Carry-over provisions allow employees to keep unused paid sick leave days and roll them over into the next employment year. These provisions can either curb total accumulation at a set amount or allow an employee unlimited accumulation. At the end of employment, policy dictates whether an employee will be paid out for their total unused sick leave or if it will be applied to their service time calculations to impact their public pension or annuity computation. Additional incentive programs allow employees to transfer their unused sick leave. Sharing programs permit employees to transfer unused sick leave to another employee, while conversion programs allow employees to transfer unused sick leave to vacation leave.

Other approaches to curb abuse, often used concurrently with incentive programs, are restrictive programs that stipulate and enforce approved use of the benefit. Approved use can apply to both the frequency of usage and the reasons for usage. Many government programs limit the amount of paid sick leave an employee can use in a calendar month as well as the amount of consecutive days an employee can use. Additional restrictive policies limit approved use of sick leave to the employee's health, a family member's health, bereavement, childbirth/adoption, and veteran disabilities. To confirm compliance with the rules, human resource departments are allowed to request a doctor's note or other documentation pertaining to the employees' reason for leave.

The final area of paid sick leave policy is cost containment measures. These measures address lifetime accrual rates, payout amount and timeframes, and paid leave integration. To limit future unfunded liabilities caused by paid sick leave accumulation, governments are limiting the number of days an employee can accrue over the duration of their employment. Similarly, governments are opting for policies that set a fixed amount of unused sick leave that can be paid out upon termination or retirement, or a policy that pays out unused sick leave annually instead of offering a carry-over provision. Finally, a newer approach has been to integrate all paid leave (sick, personal, vacation). An employee is given a fixed amount of paid leave to which they are allowed to use at their discretion. This approach has gained more popularity in the private sector.

## Benefits of Paid Sick Leave

Access to PSL is critical to the economic security of employees and their families. Absenteeism due

to employee illness can have a significant effect on productivity, morale, and organizational performance. Workers in the United States without PSL tend to work sick and have lower overall productivity (Heymann et al. 2009). Employers face significant challenges in designing competitive and attractive PSL programs for their employees while managing the related costs, administration, and operation of these programs. For example, a major objective of PSL is to ensure that employees stay at home when they have contagious illnesses so as not to pass them on to other employees or customers. Employees going to work sick can be a major public health issue and one driving force of the spread of contagious diseases.

PSL policies are important to the ability of employees to meet the health needs of their children and other family members. Without PSL, parents, especially lower socioeconomic working families, face challenges in making needed doctors' appointments and caring for their children. When parents lack paid sick leave, they are far more likely to send their children to child care and school, which can spread contagious diseases. Further, PSL can have a substantial impact on the finances or employees and their families as on their health. Without PSL, employees are placed at risk economically, experiencing wage and job loss when they take time off to address their health or to provide for family members.

While employers incur costs for providing PSL, they also accrue financial benefits. There exists ample empirical evidence that both monetary and non-monetary programs reduce absenteeism (Reilly and Thom 2015). Employers that offer PSL tend to have lower job turnover rates; lower recruitment costs, training costs, and unnecessary absenteeism; and a higher level of productivity than employers that do not offer PSL (Levin-Epstein 2007).

## Financial Burdens of Sick Leave Policy

While PSL is critical to economic security and health for employees and their families, PSL in many public sector organizations can lead to unexpected costs and potentially significant unfunded liabilities. Employers that offer sick leave must choose whether or not to pay employees for accrued leave upon separation. In many public sector organizations, PSL can be accrued and rolled over from year to year with no limit and either cashed out at termination and/or used in pension calculations. Such calculations are typically performed at the end of the employee's career at their highest rate of pay. In other words, although sick leave may have been earned during years in which the employee had a lower salary, payouts at termination and for pension determinations are calculated at the highest salary levels. For employers that elect to compensate for unused leave time, the cost can be substantial. Many public agencies treat PSL as pay-as-you-go item, which means these expenses are seldom included as fixed items in their budgets. For governments, overly generous sick leave polices can lead to unexpected back-end costs and potentially significant unfunded liabilities. In terms of employer costs, PSL ranks only behind medical and retirement benefits. For state and local governments, the recent recession and the large amounts of unfunded liabilities for pension and other post-employment benefits have placed public sector spending in the spotlight. As many state and local governments struggle to reserve critical services in the face of workforce reductions, they have been under increasing pressure to reduce operating costs.

While an employer may include incentives to reduce presenteeism and/or to control costs, the end result may have the opposite effect because the employer may institute PSL polices that allow employees to accrue and carry over unlimited PSL hours from year to year to reduce presenteeism and prevent a reduction in productivity. However, the employee may be motivated to not use PSL even if they are sick to accumulate hours that they can eventually either cash out or apply toward their pension calculations at retirement. Accrual and unlimited carry-over policies may have the unintended consequences of increasing costs and presenteeism (Reilly and Thom 2015).

Some public entities have enacted cost containment practices and have sought to reform

longtime practices. These include ending the practice of using unused hours to be calculated for retirement, limiting the number of hours employees can accrue per year as well as the number they can carry over, and maintaining sick leave payouts that allow for a nominal or fixed amount to be paid annually instead of accumulating it all until retirement. Other cost containment practices include converting some sick leave costs to wellness expenses and offering programs which give employees a single block of time to accrue various banks of leave for vacation, illness, and bereavement benefits. Work is also occurring in many public agencies to work with employees and their unions to adopt more sustainable, fair, and innovative sick leave policies that incentivize employees to avoid unnecessary absenteeism and benefit both the employee and the employer.

## Paid Sick Leave Policies at the Federal, State and Local Level

### Federal Government Paid Sick Leave Policy

The federal government has a unified paid sick leave policy for all of its employees. Both full-time and part-time employees have access to paid sick leave. The accrual rates differ by employment status. Full-time employees accrue one (1) day of paid sick leave per month of employment (1/2 day per 2-week pay period). Part-time employees accrue one (1) hour of paid sick leave per 20 h in a pay status (US Office of Personnel Management 2018).

Incentive programs at the federal level include unlimited paid sick leave accumulation. The federal government does not pay out unused leave, but it does allow an employee to use it toward their service time calculation. After 2013, employees in either the Civil Service Retirement System or the Federal Employees Retirement System can credit 100% of their unused paid sick leave toward their annuity computation (US Office of Personnel Management 2018).

Restrictive programs at the federal level include limitations on approved usage of leave. Approval is granted for employee health, family member health, bereavement, childbirth/adoption, and veteran disabilities. Agency human service departments are permitted to require supporting evidence for the use of sick leave including doctor's notes or documentation of relationship if used for a family member's health.

### State Government Paid Sick Leave Policy

Paid sick leave for state employees is nearly universal. Forty-nine out of the 50 states offer paid sick leave to their full-time public employees; the only state without paid sick leave is Alaska – which offers an integrated paid time off policy. Accrual rates vary between programs with states offering rates as low as 5.6 h of paid sick leave per month to as high as 10.4 h per month. Lifetime accumulation totals vary between the states as well, with 70% of states allowing unlimited accumulation and 30% setting a cap. Of the states that cap lifetime accumulations, those limits range between 45 days and 180 days.

The use of incentive programs is prevalent in state policy. All states have at least one incentive program regarding unused sick leave totals. Most states choose to pay employees out in a lump sum at the end of employment (64%). There is a lot of variance inside each state policy in how that is enacted. States employ various cost containment measures like only paying out employees that are eligible for retirement, only paying out a set fraction of unused leave, or setting a maximum lump sum amount. States use a fraction rate as low as one-fourth and as high as one-half for payouts, and of the states that choose to limit the payout to a set dollar amount, those rates range between $2,000 and $15,000. Furthermore, about a third of states allow employees to apply unused sick leave toward service time credits to boost retirement computations (30%). These programs are subject to variance among the state policies with states putting cost containment measures in place that limit either the total amount of service time you can gain or limit the number of unused sick leave days that can be applied.

Sharing and conversion programs aren't as popular in state policy. Only 40% of states offer a sharing program. This number might be low as

sharing programs exist inside department policy and not part of state policy. Conversion programs tend to be very rare with only three states offering the opportunity to transfer unused sick leave into vacation leave (6%).

States' use of restrictive programs is universal. All states have set circumstances that define approved use of sick leave as well as the authority to require documentation to substantiate the reason for use. The policy surrounding documentation varies slightly as some states require documentation after three consecutive days of absence, while others require it after five.

### Local Government Paid Sick Leave Policy

Local governments, both city and county, have a much less unified approach in the types of paid sick leave policies enacted. The significant factors determining variance in paid sick leave policies at this level of government are collective bargaining status, the type of local government (city vs. county), and if public hearings were allowed for the adoption of benefits (Reilly and Thom 2015).

Similar to federal and state government employees, access rates remain very high for local government employees (91.7%). Conversely, incentive programs are far less likely at the local level than at the federal or state level. About half (53.9%) of surveyed local governments reported paying out employees for unused sick leave upon termination or retirement; even fewer (39.9%) reported allowing unused sick leave to be counted toward service time for pension/annuity computations (Reilly and Thom 2015). Similarly, less than half (42.1%) of local governments reported the availability of sharing programs, and only a handful (13.1%) have a policy in place that allows employees to convert unused sick leave into vacation leave (Reilly and Thom 2015).

Policies enabling restrictive programs are common in local governments. A majority (70.1%) of surveyed local governments reported the ability to request a doctor's note to confirm appropriate use of sick leave, while a little over a quarter (27.6%) audit the usage of their employees' sick leave (Reilly and Thom 2015).

## Conclusion

Absenteeism due to employee illness can have a significant effect on productivity, morale, and organizational performance. Although there are no federal or state laws requiring that employees in the United States provide PSL, nearly all full-time public sector employees receive some form of sick leave pay. PSL policies are an accepted practice in the public sector and are recognized as important in meeting the human resource needs of employees and their families as well as the health of the organization.

## Cross-References


- ▶ Performance Audits and Performance Appraisals
- ▶ Work-Life Programs


## References


Behn RD (1995) The big questions of public management. Public Adm Rev 55(4):313. https://doi.org/10.2307/977122

Ezra M, Deckman M (1996) Balancing work and family responsibilities: flextime and child Care in the Federal Government. Public Adm Rev 56(2):174. https://doi.org/10.2307/977205

Heyman J, Rho H, Schmitt J, Earlie A (2009) Contagion nation: a comparison of paid sick day policies in 22 countries. Technical report 2009–19, Center for Economic and Policy Research (CEPR). http://www.cepr.net/documents/publications/paid-sick-days-2009-05.pdf

Levin-Epstein J (2007) Responsive workplaces: the business case for employment that values fairness and families. Center for Law and Social Policy, Washington, DC. http://www.nationalpartnership.org/site/DocServer/CLASP_Responsive_Workplaces.pdf?docID=2082

National Performance Review (1993) Reinventing human resources management. Retrieved from: https://govinfo.library.unt.edu/npr/library/reports/hrm.html

Public Law, § 103-3 (1993) Retrieved from: https://www.gpo.gov/fdsys/pkg/STATUTE-107/pdf/STATUTE-107-Pg6.pdf

Reilly T, Thom M (2015) Local government sick-leave practices: an exploratory study. Rev Public Personnel Adm 37(4):492–510. https://doi.org/10.1177/0734371x15605158

Rhodes SR, Steers RM (1990) Managing employee abstenteesim. Reading, MA: Addison-Wesley
U.S. Bureau of Labor Statistics (2009a) Selected paid leave benefits: Access [Table]. Retrieved from https://www.bls.gov/ncs/ebs/benefits/2009/ownership/govt/table21a.pdf
U.S. Bureau of Labor Statistics (2009b) Selected paid leave benefits: Access [Table]. Retrieved from https://www.bls.gov/ncs/ebs/benefits/2009/ownership/private/table21a.pdf
U.S. Bureau of Labor Statistics (2018) Selected paid leave benefits: Access [Table]. Retrieved from https://www.bls.gov/news.release/ebs2.t05.htm
U.S. Office of Personnel Management (2018) Pay and leave. Retrieved from https://www.opm.gov/policy-data-oversight/pay-leave/leave-administration/fact-sheets/sick-leave-general-information/

# Silver Tsunami of Retirement: Implications for Consideration

Francesca Flood
Hope Verdad, LLC, Lake Frederick, VA, USA

## Synonyms

Baby boomer

## Definitions

| | |
|---|---|
| Sandwich generation | Double burden of caring for parents and children at the same time. |
| Golden years | The time of life after retirement from active work. |
| Baby boomer | Those born 1946–1964. |
| Gen X | Those born 1965 to 1980. |
| Millennials | Those born 1981–1996. |
| Gen Z | Those born 1997–2005. |
| Collectivistic society | It has to do with political theories that put the group before the individual. |
| Individualistic society | Characterized by individualism, which is the prioritization or emphasis of the individual over the entire group. |
| Identity stability | A stable sense of identity means being able to see yourself as the same person in the past, present, and future. |
| Ageism | The inferior treatment of older adults. Depending on the age asked to define when a person is "older," the range is from 59 to 73 years old. |

## Introduction

With the generational changing of the guard, billions of individuals around the world have or are ready to transition into retirement. Given the record number of these individuals, we are facing a global silver tsunami of retirement and aging. According to the United Nations, the number of those over 60 worldwide is expected to double by 2050 to 2.1 billion. In the 1950s, that segment of the world's population was around 205 million. With large numbers leaving the workforce and longer life expectancy, there are myriad implications to consider including the psychological effects of retirement, a new global retirement model, and creating policies to manage an aging population. While cultural differences exist between countries, all are grappling with the implications of a retiring workforce and aging population.

This phenomenon requires an examination of the potential implications of mass retirement at the individual, community, and societal levels. While retirement is often viewed as an individual event, the mass exodus of a population segment coupled with a rapidly aging population may present a larger ripple effect on those who remain in the workforce, public programs, and society at large. Moreover, attitudes on aging and ageism require examination as a greater percentage of the global population grays.

As large numbers of workers retire from the public sector of governments, private corporations, and various organizations, such exodus may create a knowledge gap. Moreover, retirees are living longer increasing demand on health care, social systems, and requiring greater financial resources. The next in line generation will

inherit not only the workplace landscape but may increasingly find role reversal having to care for elderly parents and/or grandparents while confronting an economic drain on public programs and healthcare systems. The aim of this paper is to provide a high-level discussion regarding the implications of a retirement tsunami and encourage further examination.

## Background

Except for Latin America, North Africa, and sub-Saharan Africa, the graying of society is occurring across the globe. The baby boomer generation (born 1946–1964), though globally referred to by different names is not a unique phenomenon to the USA, North America, and Australia. Indeed, while the boom began later in Europe (EU) lasting into the 1970s, the EU has the largest population in this age group. Likewise, although Asia's aging population is more attributed to family limitations dictated by culture and governmental policy, there are more older people than younger (Rosenberg 2011). "The United Nations estimates that between now and 2050, the share of the population aged 60 and older will increase in every country" (Scott 2018, p. 1).

Although decades of generations have been counselled to financially prepare for retirement, many postpone what they think is a far in the distance event, while others may not possess the financial literacy or means to do so (Aegon 2018). Beyond financial ill preparedness and its subsequent public burden, a knowledge gap may form when a generational knowledge base exits the workforce without transferring this information to the next generation. As life expectancy increases, this aging population is living longer with fewer people to contribute to the public support systems for retirement. Global demand for health care will increase with fewer service providers to handle this increased population segment (Garza 2016). On top of these issues are the existential questions/crisis many retirees will be confronting as they leave behind their work and/or purpose in life (Amabile 2019). As the world moves through the twenty-first century, it is confronting a tsunami of aged persons and the subsequent issues associated with them.

## Individuals: The Microlevel

It is hard for many 20- to 30-year-old individuals who are beginning careers, raising families, and struggling to meet current financial demands to enthusiastically embrace the concept of saving for retirement. It is a far-off notion and the existing drain on financial needs seemingly dampens the need or desire to save for that futuristic event. For many moving into their 40s, the idea of retirement begins to enter their intellectual framework (Adamczyk 2019). Still, in this age group many are struggling to help their children move through university or accommodate the gap of employment of adult children who return home. Additionally, unlike collectivist cultures where caring for multi-generational families has always occurred (Leake and Black 2005), many in individualistic cultures now find they are part of what has been termed a "sandwich generation" where at midlife they have a double burden of caring for parents and children at the same time (Vitelli 2015).

Globally, individuals have been admonished for decades to plan and save for their golden years (Aegon 2018). For the retired, there is a universal hope that they do not outlive their financial resources. Indeed, many have insufficiently prepared their retirement funds and either outlive their money, live frugally, or in poverty (Aegon 2018). Worldwide the retirement age varies slightly from country to country with an average range of 60 to 70 years old (Love Money 2019). However, in many postindustrialized and industrial nations, this age is creeping upward. While financial need may be a driving force behind this increase, an existential crisis may also be a contributing factor (Zulkarnain and Rutledge 2018).

Financial preparation for retirement has been a consistent cautionary tale for workers worldwide. However, less emphasis has been placed on meaning in life post-work and preparing for this transition. This is especially relevant for individuals who have a strong identity with their professions. Without a plan for one's daily routine and mission, an

existential crisis can develop, leading individuals to struggle to find their relevance and place in the world (Vaugh et al. 2016). Despite having achieved financial security, many have decided to continue in their life's profession to retain a sense of purpose (Amabile 2019).

Although health and wealth are important antecedents and consequences of retirement, we have yet to fully examine the psychological and emotional identity stability and life satisfaction implications individuals confront as they face retirement (Amabile 2019). However, without careful, advanced consideration and planning for one's postretirement chapter of life, some may find themselves confronting an existential crisis. Individuals who enter into this "void" were more disposed for cognitive decline and depression, while those who postponed retirement, reduced the 5-year mortality risk by 32% for men in their early 60s. According to Zulkarnain and Rutledge (2018, p. 3), "Working longer is associated with lower mortality, depression, and diabetes risk for both men and women in ordinary linear regression models." Having a purpose or meaning in life cannot be overstated. Decades of studies on meaning in life posit that such presence signals well-being, altruism, strength, resiliency, personal growth, as well as the biological benefits of reduced stress hormones (Steger 2012).

According to a study by Aegon (2018), when individuals were asked about retirement aspirations, the most common responses included traveling, spending more time with family and friends, pursuing new hobbies, and volunteerism. Individuals who anticipated working past retirement age were doing so because they both wanted and needed work. Globally, Aegon (2018) found that 56% of respondents desired to continue with employment because it keeps the brain active and alert, while 37% stated they simply enjoyed the work. In a separate study, George (2014) reported that workers stay on longer because they feel appreciated, have positive relationships with their colleagues, feel challenged by their job, and believe their work is important and has purpose.

Though many persons will leave their job without emotional or mental conflict, those who engage in some form of identity bridging, that is maintaining or continuing their preretirement identities as they transition, fare better in psychologically detaching from their work. Moreover, those who found new occupations, whether paid or volunteering that utilized work experience, knowledge, and skills fared better in post-retirement transitioning. Likewise, those who shifted attention from work-related matters to fostering strong, supportive social networks also experienced better transition into retirement (Aegon 2018).

Of all age groups, older men have the highest rate of suicide globally. Reduced functioning, lack of belongingness, and feeling a sense of burdensomeness are contributing factors (Ruifeng and Fiske 2020). Baby boomers have the highest rate of depression compared to all other living generations. This may occur as a result of life changes where confronting financial pressures and social changes are manifesting. As baby boomers reach middle age, suicide has become more prevalent (McCarthy 2015).

According to Smith (2017), when individuals believe the only thing that gave their lives value was gone, they fell into despair, convinced they were worthless. Financial independence offers more security, lifestyle, and freedoms. Yet in addition to or beyond financial means, the aging workforce desire to move on to their next chapter in dignity, respected, valued, and with as much independence as possible (Azulai 2014).

## Community: Mezzo Level

In the USA, baby boomers who are leaving the market in record numbers own 2.34 million businesses employing nearly 25 million people. This translates to 25 million families or approximately 100 million people (one third of US population) who will be affected by this retirement migration. Yet nearly 58% of these business owners have made no transition or succession plan (Sherman 2019). Beyond the direct impact to these employees is an interconnected web of vendors, suppliers, independent contractors, and others who work with these businesses, many of which are owned by Gen X, Millennials, and Gen

Z. Without proper planning, the erosion and disappearance of these business owners will at least in the short term, leave employment and financial gaps across the business landscape. In the European Union, an aging population is creating a workforce that is graying and shrinking as businesses work to prolong productivity from this population (Chand and Markova 2019). Few communities have been exempted from this aging workforce, and many are working to mitigate the challenges.

Organizational knowledge and experience are seldom archived in records. Long-term employees are typically the repository of this knowledge and history. Moreover, borne from this experience comes the capacity to make effective decisions based on lessons learned. These skills are rarely immediately transferrable as the baby boomer generation retires. Organizations have failed to document the "tribal knowledge" or "stuff in people's heads" and create succession plans (Eisenberg 2019) or to put a knowledge transfer plan in place (Norberg-Johnson 2018). Such knowledge can be categorized as intellectual property having an intrinsic value and will be lost with employee departure. There is a systematic failure by organizations to capture this critical knowledge and appreciate the value of these individuals who are repositories of knowledge (Eisenberg 2019). When baby boomers retire en masse, vacancies will rise without enough workers to fill them. This will create more demand increasing wages to attract the necessary replacements.

An often-overlooked aspect of retirement is whether individuals want to retire, are ready to retire, or are being forced to be retire by an arbitrary age. In some professions such as commercial airline pilots, judges, air traffic controllers, and others, retirement is mandatory at a set age regardless of the person's cognitive, physical, and/or technical abilities to continue the work (Locsin 2017). Such forced retirement is based on a numeric metric rather than the individual's ability to pass physical and proficiency exams and may lead to a loss of skilled and experienced talent. While individuals may have reached a predetermined mandatory age for retirement, this does not mean they are financially prepared for retirement. Communities would do well to recruit this talent and utilize these skills whether through volunteerism or flexible employment (Aegon 2018).

Whether retirement is voluntary or mandatory, many of these departing employees have a willingness and desire to mentor those who will assume their positions and some organizations that have recognized the value of this intellectual property have begun to incorporate knowledge transference into their retirement transition. Companies such as Duke Energy, Siemens, General Motors, and Michelin North America have developed mentor programs aimed at transference of this institutional knowledge as well as archival systems where current employees can access this information (Eisenberg 2019). Organizations are establishing incentive programs aimed at enticing experienced workers to transfer the knowledge acquired during their careers to younger employees (Agovino 2018). Yet while aging employees would like to stay employed and transition to new positions, have flexible schedules, or reduced hours, only a small percentage of companies are prepared to offer these options (Agovino 2018). With the mass exodus of baby boomer retirement, a greater emphasis needs to be placed on retaining key personnel to mitigate the loss of essential skills, competencies, and historical knowledge. Such retention of professional workers has been noted in high performing organizations (George 2014).

## Global: Macro Level

As never before, the world's population is aging rapidly. Older individuals represent a larger percentage of the world's population which will increase over the next century. The rapidity of this changing demographic will create unique challenges globally, regardless of a nation's economic status. Heathcare demands, shortage of labor supply, and economic growth will be challenged causing financial and social consequences. Expanded aging translates to increased illnesses such as dementia, Alzheimer's, Parkinson's, and other diseases associated with the aging process

that will create increased burden on systems already taxed (Bloom et al. 2015).

Globally, the economic, social, and medical consequences of an aging population are pervasive. Every nation, despite its cultural differences is confronting the challenges of an aging workforce and population. Addressing the challenges will require international cooperation as one nation alone will not be able to remedy the issues (Challenges of an Aging Global Population 2016). With an aging population and decreased birthrates, countries around the world must reassess their respective retirement systems to ensure benefits will be available to future retirees (Robertson 2018).

Financial responsibility for retirement is quickly shifting from governmental agencies and employers to the individual level. The traditional expectation for long-standing certainties of lucrative governmental pensions is deteriorating as life expectancy increases (Aegon 2018). Additionally, the increasing number of aging people will require more intense, complex, and expensive health care over the next 20 years, while the number of younger- and middle-aged workforce that underwrite these costs are not keeping pace. As the aged population increases, there are fewer working bodies to underwrite the delivery of the medical system, and the needs of this population will differ from those in the past 30 years (Mitchell 2014).

The tsunami of an aging population will force healthcare leaders to rethink their delivery model to realign resources. This growing number will affect the global healthcare system impacting providers, hospitals, pharmaceuticals, device manufacturers, government, and others within the industry. The changing demographic landscape will require a clear strategic vision to match resources with heightened demand (Mitchell 2014). Moreover, as organizations work to retain the talent base of older employees to stay longer on the job, if not adequately addressed, a knowledge gap will form between exiting staff and current employees (Eisenberg 2019).

In many countries across the globe, prejudice and discrimination studies surrounding racism, sexism, and sexual orientation discrimination have increased. However, while a large segment of the global population is aging, ageism, although a real phenomenon, has not received commensurate attention or study. Ageism is typically directed at older adults with inferior treatment. Ageist attitudes and beliefs often result in behaviors that discriminate and socially exclude people based on their age (Azulai 2014). Such exclusion and stigmatization negatively impact the well-being and quality of life of those targeted (Corrigan 2004). Ageism discriminates against older adults based on beliefs that older persons are aesthetically impaired, have reduced cognition, are less sexual, and no longer a productive member of society (Wilkinson and Ferraro 2002).

Discrimination against the aged has become socially acceptable, particularly in the USA. However, evidence of pan-cultural ageism is emerging giving way to the once held revered status of elders. According to Cuddy et al. (2005), the prevalence of ageism once believed to be unique to American culture is far more pervasive. Collecting data from six countries, the authors concluded that ageism and elderly stereotyping are consistent across multiple cultures, suggesting pan-cultural ageism. In the younger population across the globe, the existence of ageism has been revealed with society viewing older people as less valued, lower status, and noncompetitive (Wilkinson and Ferraro 2002).

A recent incident by a New Zealand lawmaker stating, "Ok Boomer," to a fellow, older lawmaker who was heckling her brings to the fore that the divide between generations in the workplace is real. Whether it is the baby boomers' inability to transition into retirement, not wanting to step back to a mentor role, or refusing to pass the torch, the perception of the next generation is that they are ready to take command (Noguchi 2019).

As societies age, people are living longer remaining more productive than previous generations. A consensus is building that today's 75-year-old is equivalent to a 65-year-old in the 1950s (Scott 2018). However, though older people may be aging better than their ancestors, a lingering bias in some cultures of ageism remains, and new ones are emerging. The intersectionality of ageism and working older adults creates problems both socially and in the workplace. Yet despite the concern of

ageism, there is hope that the generational divide can be bridged. When asked whether knowledge transference is welcomed, many Generation X (born 1965–1979), and Millennials (born 1980–1994) appreciate conversation with their older cohorts (Eisenberg 2019).

Governments have been gearing up for old-age dependency resulting in less economic growth and greater reliance on healthcare and public budgets for financial assistance (Scott 2018). The idea of mass exodus by the older workforce creates a fear of economic downturn, diminished productivity, and placing a strain on available resources. Delaying retirements for these workers could affect postretirement standards and sustain an individual's role and purpose in society (Norberg-Johnson 2018). The World Bank stated that generous retirement benefits are not financially sustainable and recommended reforms (Robertson 2018). When combined with individuals having insufficient funds to last through end of life, the results could be catastrophic. Retirees would need to make major lifestyle adjustments involving nutrition, health care, and other factors (Friedberg 2019).

In nearly every country, policymakers, employers, and people in general are struggling with the implications of an older population and retiring workforce. Though cultures are diverse, and the inner workings of a retirement system may differ, there is consistency in the challenges, and problems society will confront (Robinson 2018). Globally, a new retirement model that creates greater financial literacy, retirement savings for workers, affordable health care, and other solutions will need consideration to address the current aging population and future generations (Aegon 2018). To confront these challenges, thoughtful policy programs need to be implemented more sooner than later. Countries can initiate new policies and implement institutional reforms aimed at ameliorating the potential loss of knowledge, economic burden, existential crisis, ageism, and other challenges associated with an aging population. Such reforms are needed to divide costs among these generations and to create a smoother transition as one generation passes the torch to the next (Bloom et al. 2015).

## Conclusion

As the tsunami of retirement and aging covers our globalized world, there are many implications which will require consideration and this paper touched upon a few. Solution which may mitigate the challenges we will confront exists. Shortages in labor supply may be reduced by encouraging immigration, women in the workforce, and retaining older employees. The combination of these initiatives would not only address talent requirements but create a more diverse and broader knowledge workforce. For the first time in history, our workforce spans five generations. Our focus should not emphasize the differences between these generations but seek to find common ground.

Education about ageism must be implemented and discrimination must be addressed. By changing perceptions about aging individuals, not only does their well-being and quality of life improve but society benefits overall. It is time to take a positive view of aging that recognizes the value of older individuals and takes full advantage of the knowledge and experiences borne of their longevity. Older workers represent a repository of knowledge, experience, and provide value through the transmission of these assets to the next generation.

The longevity of those collecting funds is placing a strain on social financial safety nets such as government pensions. The dichotomy of wanting older workers to retire is that they will collect the very benefits many public institutions are struggling to pay. Instead, by lengthening careers, these workers continue to pay into social funding with less benefits paid out. For many, achieving 65 years of age, no longer means automatic retirement as they cannot afford to stop working. To this end, we may need to rethink our definition of retirement. Rather than seeing it in absolute terms of working and not working, perhaps it is a spectrum of transitioning. Social partners in the academic community, various charities, and industries need to work more closely in public-private sectors to collaborate, innovate, and share best practices on new policies.

The implications to consider with mass retirement are many and varied. This paper reviewed some of these at a high level to encourage further thought and provoke more study. By allowing willing and able persons to continue their contribution to society, we address the need for relevancy and decrease the draw on governmental assistance with many deferring payouts. Moreover, when seniors are allowed and encouraged to continue their work, even if at a reduced schedule, the overall production of economy gets a lift.

## Cross-References


- ▶ Diversity in Organizations
- ▶ Flexible Organizations
- ▶ Human Rights Organizations
- ▶ Inequality in Organizations
- ▶ Leadership, Conflict, and Knowledge Sharing in the Public University
- ▶ Multiperspective Public Healthcare Services Organization
- ▶ Organizational Collaboration
- ▶ Organizational Humanism
- ▶ Organizational Turnover


## References


Adamczyk A (2019) This is when people start saving for retirement – and when they actually should. Retrieved from https://www.cnbc.com/2019/09/04/the-age-when-americans-start-saving-for-retirement.html

Aegon Center for Longevity and Retirement (2018) The new social contract: a blueprint for retirement in the 21st century. Retrieved from https://www.aegon.com/contentassets/6724d008b6e14fa1a4cedb41811f748a/retirement-readiness-survey-2018.pdf

Agovino T (2018) Shifting patterns. HR Magazine 63(5):55–60

Amabile TM (2019) Understanding retirement requires getting inside people's stories: a call for more qualitative research. Work Aging Retire 5(3):207–211. https://doi.org/10.1093/workar/waz007

Azulai A (2014) Ageism and future cohorts of elderly: implications for social work. J Soc Work Values Ethics 11(2):2–12

Bloom DE, Canning D, Lubet A (2015) Global population aging: facts, challenges, solutions & perspectives. Daedalus 144(2):80–92. https://doi.org/10.1162/DAED_a_00332

Challenges of an Aging Global Population (2016) Vital speeches of the day. Eastern New Mexico University 82(12):374–377

Chand M, Markova G (2019) The European Union's aging population: challenges for human resource management. Thunderbird Int Bus Rev 61(3):519–529. https://doi.org/10.1002/tie.22023

Corrigan P (2004) How stigma interferes with mental health care. Am Psychol 59(7):614–625

Cuddy AJ, Norton MI, Fiske ST (2005) This old stereotype: the pervasiveness and persistence of the elderly stereotype. Aust J Soc Issues 61(2):265–283

Eisenberg R (2019, January) Boomer brain drain: the big mistake employers are making. Forbes Magazine. Retrieved from https://www.forbes.com/sites/nextavenue/2019/01/25/boomer-brain-drain-the-big-mistake-employers-are-making/#5e2aa8491ebe

Friedberg BA (2019) Are we in a baby boomer retirement crisis? Retrieved from https://www.investopedia.com/articles/personal-finance/032216/are-we-baby-boomer-retirement-crisis.asp

Garza A (2016) The aging population: the increasing effects on health care. Retrieved from https://www.pharmacytimes.com/publications/issue/2016/january2016/the-aging-population-the-increasing-effects-on-health-care

George C (2014) Retaining professional workers: what makes them stay? Emerald Group Publishing Limited 37(1):102–121. https://doi.org/10.1108/ER-10-2013-0151

Leake D, Black R (2005) Essentials tools: cultural and linguistic diversity implications for transition personnel. National Center on Secondary Education and Transition, Minnesota, USA, pp 1–60

Locsin A (2017) Jobs with mandatory retirement. Career Trend. Retrieved from https://careertrend.com/jobs-mandatory-retirement-7991.html

Love Money (2019) Real retirement ages around the world revealed. Retrieved from https://www.lovemoney.com/gallerylist/75682/real-retirement-ages-around-the-world-revealed

McCarthy J (2015) Reports of depression treatment highest among baby boomers. Retrieved from https://news.gallup.com/poll/181364/reports-depression-treatment-highest-among-baby-boomers.aspx

Mitchell G (2014) The silver tsunami. Am Coll Physician Exec 40(4):34–38

Noguchi Y (2019) #OkBoomer vs. #OkMillennial: workplace nightmare, or just a meme? Retrieved from https://www.npr.org/2019/11/18/779783608/-okboomer-vs-okmillennial-workplace-nightmare-or-just-a-meme

Norberg-Johnson D (2018) Preventing a brain drain: retirement and your workforce. Retrieved from https://www.ecmag.com/section/your-business/preventing-brain-drain-retirement-and-your-workforce

Robinson K (2018) Why the world needs to rethink retirement. The New York Times. https://www.nytimes.com/2018/12/30/business/retirement/why-the-world-needs-to-rethink-retirement.html

Rosenberg M (2011) The population of baby boom of 1946–1964 in the United States. About.com. Retrieved from http://geography.about.com/od/populationgeography/a/babyboom.htm

Ruifeng C, Fiske A (2020) New research on older adult suicide: a reason for hope. Clin Gerontol 43(1):1–3. https://doi.org/10.1080/07317115.2020.1690299

Scott A (2018) The myth of "aging society." World Economic Forum. Retrieve from https://www.weforum.org/agenda/2018/05/the-myth-of-the-aging-society

Sherman AJ (2019) As baby boomers retire, main street could face a tsunami of change. Retrieved from https://www.cnbc.com/2019/12/10/as-baby-boomers-retire-main-street-could-face-a-tsunami-of-change.html

Smith EE (2017) Psychology shows it's a big mistake to base our self-worth on our professional achievement. Retrieved from https://empowered-partnerships.com/psychology-shows-big-mistake-base-self-worth-professional-achievements/

Steger MF (2012) Making meaning in life. Psychol Inq 23:381–385

Vaugh HC, Bataile CD, Sargent L, Lee MD (2016) Managing yourself next-gen retirement. Harv Bus Rev 104–107. Retrieved from https://hbr.org/2016/06/next-gen-retirement

Vitelli R (2015) Being in the sandwich generation. Retrieved from https://www.psychologytoday.com/us/blog/media-spotlight/201501/being-in-the-sandwich-generation

Wilkinson JA, Ferraro F (2002) Thirty years of ageism research. In: Nelson TD (ed) Ageism: stereotyping and prejudice against older persons. Massachusetts Institute of Technology, Cambridge, MA, pp 339–365

Zulkarnain A, Rutledge MS (2018) How does delayed retirement affect mortality and health? Center for Retirement Research at Boston College, Chestnut Hill, pp 1–60

## Skill Requirements for City Administrators

Thomas Lynch
City of Norwalk, California State University East Bay, East Bay, CA, USA

### Synonyms

University

College graduates in Public Administration and Business Management often graduate from the university with aspirations of advancing their career in public service. Their intention is to apply their technical knowledge to improve the operations and efficiencies of their chosen organization. They believe that building expertise in the technical arena is a pathway to advancement. However, development of additional skills is necessary to achieve organizational success. These skills must be finely honed and suited to the challenges of today and the future.

Broadening skill levels builds confidence in oneself and, just as importantly, improves one's ability to manage others. An administrator needs to be able to adapt to change, collaborate successfully, deal effectively with problems, and become more valuable to the organization. A competent administrator has responsibility for project accomplishment, the accomplishment of others, and must live within limited resources, funding, and time. Each of these objectives requires building proficiencies in the following areas:

*Communication* – Effective administration relies on clear communication to gain commitment from employees, achieve organizational goals, and support from the community. Clear and accurate communication plays a pivotal role in information sharing. Formal communication can occur verbally, or by writing, and even through the less formal means of e-mail, the Internet, and social media. Listening is equally important to assure everyone is working toward the same goal. Cooperation can be enhanced through active efforts to insure communication is perceived as being two-way, where all ideas can be expressed, recognized, and are valued. This builds trust for all participating parties involved.

*Collaboration* – Working to address problems and finding solutions is enhanced through collaboration. A collaborative environment improves information flow, resources, knowledge, time, and effort. It allows roles and responsibilities to fluctuate and evolve. In more traditional hierarchies, the administrator is often the arbiter when conflicts develop within an organizational setting. Conflicts can be resolved with greater cooperation by brainstorming with a team. It allows for open suggestions, different perspectives, and unique insights. Leadership becomes a shared role and responsibility.

*Time Management* – Planning and exercising control over the amount of time spent on activities improves effectiveness, efficiency, and productivity. It usually is aided by setting deadlines, priorities and goals, and often provides incentives to ensure adherence to deadlines. A team effort is assisted with a delegation of timely responsibilities. By prioritizing activities, the relative importance is clarified and assures the appropriate amount of time is spent on the right activity.

*Building Interpersonal Relationships* – Building rapport builds relationships. Many team-building exercises focus on making effective working relationships. It helps to align people around organizational goals and builds teams to explore and find solutions. It also demonstrates a higher level of respect, recognition, and value of the team relationships.

*Delegation* – An administrator is expected to delegate. This assists the manager by relieving duties and activities that can be accomplished by others and provides opportunities for growth of subordinate personnel. It pushes accountability, responsibilities, and decision-making further down into the organization. By transferring this authority, it also eliminates micro-management by superiors. Delegation builds skill at all organizational levels and motivates all employees. It broadens authority, and develops stronger and more thorough decision making.

*Hiring Personnel* – Many managers and administrators make the mistake of building an organizational team by surrounding themselves with people that think and act just like them. They believe that a common or similar managerial style promotes organizational harmony. They feel that personnel compatibility is necessary to achieve the organizational goals. They couldn't be more mistaken. Common managerial style overlooks the values of alternative perspectives. Style differences can improve and expand the development of options and alternatives. Different viewpoints within the team are critical and necessary when it comes to problem solving, negotiations, projecting future opportunities, meaningful collaboration and bringing new ideas to the agency.

*Forward Planning/Forecasting/Noting Trends* – Changes in the economic climate at the local, national, and even the international level can result in impacts to a local community. New technology, business or corporate decisions, and economic and social change can occur quickly. Local businesses can close, downsize, or relocate, which can change the support of tax base or employment of local residents. Conversely, businesses could be looking for possibilities to grow and expand. Quick and effective response to business interests can assure protection of local resources and securing opportunities for community growth. Attention to trends can provide significant advantages in keeping a community healthy. Think about the bigger picture.

*Problem Solving* – Developing a methodology, process, and team to address problems are the key to successful solutions. Problems can arise in a variety of forms. They can impact an individual, group, organization, or the entire community. Anticipate there will be problems and that people will turn to the government and its administration for help with a solution. A team approach involving public and private interests will provide a broader resource for options to address these problems. Effective problem solving takes on issues purposely and incrementally, to breakdown components that can be dealt with managerially.

*Effective Negotiating* – Many negotiations fail because negotiators attempt to win by having their opponents lose. Fact finding is the first step in defining and addressing a goal. Approaching negotiations with a goal or outcome being a win /win has a much higher possibility of success. Both sides to a negotiation can then claim success. Future relationships and further opportunities follow win /win negotiations.

*Administrative/Critical Thinking* – Reasoned judgment takes into account the larger picture. Critical thinking focuses on problems, to first prioritize, and then find workable methods to meet the problems. It is the application of logic to provide clarity, accuracy, and depth to understanding. Critical thinking is considered important in all endeavors because it enables one to analyze, evaluate, explain, and restructure their thinking

and thereby decrease the risk of adopting, thinking, or acting on an erroneous belief.

*Leadership and Employee Motivation* – Team building and power sharing are replacing the more traditional top down organizational structures. The evolution is toward a collaborative approach that empowers all employees to be creative and participative in setting organizational objectives. The most effective way to develop and empower employees is to ensure that learning is an integral part of their work. The workplace environment needs to foster competency, a level of autonomy, and a feeling of connection.

*Visibility and Transparency* – Communities expect for their leadership to be visible and accessible. Visibility helps lessen formality and encourages community support. Visibility can be enhanced by having administrators available at community gatherings and assemblies. Visibility within the organization is also desirable. All public agencies are required to be transparent, and transparency builds trust. Responsibility to the public requires a reasonable degree of disclosure to which agreements, dealings, practices, and transactions are open to all for verification.

*Mentoring and Coaching* – New employees and advancing employees need coaching. The expectations for performance need to be expressed clearly and concisely. Employees need to know who and where to turn to if problems or confusion arise. The better mentoring relationships involve professional advice, disclosure of organizational experience, and the exchange of a particular body of knowledge that helps the new employee quickly come up to speed as a contributor within the organization. Mentoring helps the employee navigate the learning curve inherent in any new role, and teamwork is paramount. Accomplished administrators often work closely with fellow managers through professional networking, to call upon peers for additional advice and support.

*Finance and Budget Management* – All administrators are expected to prepare budgets and manage them effectively. The budget sets parameters and limitations for organizations and projects and needs to be broadly understood by the entire team. Categories of expenditures need to be adhered to, meeting the requirements of the funding sources. Regular review of expenditures to-date can help assure funds are appropriately allocated. Exploration of additional or supplemental funding sources, particularly for capital projects should be a regular exercise for all managers. Partnering and cost sharing can also be an effective way to stretch limited resources.

*Project Management* – Project management focuses on the temporary or nonpermanent endeavor, designed to produce a unique project or service, and is limited by a specific budget. It includes planning, executing, and controlling all aspects of the planned undertaking, including the entire team involved in the work. It is also the proving ground for managerial advancement in an organization. The skills involved include team building, budget management, scheduling, negotiating, collaboration and communication.

*Reward Performance* – Acknowledging a job well-done can be a great motivator for individual performance, and the organization as a whole. It encourages and formally recognizes accomplishments, and lets the other team members know that the organization values individual and collective efforts, and project achievement. It also affirms and validates the broader organizational mission and goals with each employee. Success needs to be celebrated.

*Strategic Thinking* – Can be undertaken by an individual or a team looking at opportunities to create a competitive advantage for an organization. It is often applied to areas of growth and economic development in fast changing business environments. Most managers are required to look at a distant horizon to anticipate future needs and the interdependence between the organization, community, and the region.

*Political Sensitivity* – A city administrator reports to a legislative body. The legislative body acts as a body, not as individuals. The collective legislative body guides the organization's policies, not the management of the organization. Management must be cognizant of the elected legislator's agendas and assist in the achievement of the policy maker's goals. A legislative body selects the city administrator based on their capacity to lead a management team, and work to clarify

and implement policy direction. They may desire more emphasis in entrepreneurship, or sustainability. The legislative body may have individual objectives, and may want to stress more importance in certain areas, but it is up to the administrator to find their common thread. Many political goals may not make logical sense, but a savvy administrator must work and stay vigilant to understand the motivations behind these goals and incorporate this understanding in preparing a managerial path.

*Positioning for Opportunities* – Anticipating future market demand, community interests and needs, new technology, development of new skill sets for employees, changes in law, environmental impacts, and related development places an organization at a distinct advantage in being in the position to take advantage of possibilities. A new highway, evolving technology, a new company, a change in environment, and new methodologies can open doors of opportunity for a community to take advantage of.

*Volunteering* – Benefits connected with volunteering are extensive both personally and professionally. It is especially helpful early in a career to build skills in connecting with others, solving problems, and strengthening communities. It improves one's social activity and provides a sense of purpose. It can also boost career options, by illustrating commitment, dedication, and interest.

Each of the skills outlined above have no specific priority. They all come into play in effective and responsible administration and management. Fulfilling the role of city administrator will vary by the organization and community's needs being served. Many cities share common problems of revenue generation, housing, public safety, deteriorated infrastructure, inadequate transportation, social services needs, etc. All cities are at different stages of development. An older community, with little or no vacant land, and no room to expand, face different challenges than cities with large undeveloped acreage. Yet the goals of economic stability and sustainability may be the same. However, the solutions are different. Organizations constantly transform and evolve. Urgencies and priorities may change quickly and require the concurrent application and blending of several of the skills outlined above. If an administrator practices and hones these skills, employee and community support for the collective effort will grow.

## Cross-References

▶ Employee Work Motivation
▶ Leadership Group Coaching
▶ Organizational Collaboration

# Skill Requirements for City Administrators, Russia

Evgeniia Kutergina, Anna Sanina and Valentina Kaysarova
National Research University Higher School of Economics, St. Petersburg, Russia

**Skill requirements** are the competencies which are necessary for the proper performance of professional duties. These are abilities and knowledge that an employee has to have to cope completely with work tasks.

## Introduction

The study of city administrators' skills is of current importance nowadays (Reddick and Demir 2014; Hewins-Maroney and Williams 2013; Leighninger 2010). The question remains unresolved as to what set of skills, knowledge, and personal qualities city administrators must have. This article is devoted to studying of the peculiarities of city-level officials' professional activity in Russia, namely, the relevant competencies comprising the base of their specialties. The state's recently increased determination to standardize the sector of employment has been reflected in development of professional codes for many professions. But government and municipal employees are practically excluded

from this process. At the present moment, there is no universal, adopted, and statutorily legitimate list of requirements to the skills of administrators at any level of the governmental power in Russia. Therefore, this article is based on the recent empirical study of activity characteristics of the city administrators' profession (Kutergina and Sanina 2017). The study is based on the competencies from the educational standards in state administration and on the current government employees' attitude to them. Also, the study is based on a representative survey of civil servants ($n = 401$) and municipal officials ($n = 333$) in Saint Petersburg. The data on the population (the number of state government bodies' and local governments' employees) were obtained from the website of the Federal State Statistics Service (Rosstat 2015). The methodology of this study includes action analysis of competences from educational standards of Masters of Public Administration and their transformation into descriptors of bureaucrats' activities, survey of Saint Petersburg civil servants, and SPSS analysis. As a result, knowledge and skills that are prior for the current city administrators and are unimportant in their daily activities were identified.

The position category composition was the following: specialists (63.8%), heads of government authorities (23.5%), heads' advisers (6.5%), and providing specialists (5.9%) (in Russia, there are four position categories of government officials: heads of government authorities, heads' advisers, specialists, providing specialists). 35.5% of participants were between the ages of 41 and 60 years, 26.5% between the ages of 31 and 40 years, 23.8% between the ages of 26 and 30 years, and 11.6% under 25 years. Most government officials were women (76.1%).

## The Most and the Least Required Skills

The vast number of city administrators (85%) believes that professional activity of a civil servant is impossible without evaluating the consequences of decisions made and ability to take responsibility for them (Table 1). Consequently, the level of professionalism of government officials needs to be high to make competent decisions that impact directly the lives of the citizens.

**Skill Requirements for City Administrators, Russia, Table 1** The most required skills of city administrators

| Skill | Percent of respondents that assessed the skill as an unclaimed in the public service |
|---|---|
| 1. The ability to evaluate the consequences of decisions made and to take responsibility for them | 84.6 |
| 2. The ability to take actions in accordance with professional ethics | 77.1 |
| 3. The ability to make decisions on the base of the knowledge of the regulatory framework | 72.9 |
| 4. The ability to search and verify the information | 68.7 |
| 5. The ability to analyze and structure the information | 67.8 |
| 6. The ability to work in teams | 67.3 |
| 7. The ability to manage the document flow | 66.8 |
| 8. The sense of public duty and social responsibility | 65.5 |
| 9. The ability to interact with citizens and communities | 64.4 |
| 10. The ability to rely on the received public service experience | 63.2 |

Seventy-seven percent of city administrators are sure that decisions should be made in accordance with the requirements of professional ethics. Interestingly, the knowledge of the regulatory framework has third place in the list of the most important skills of public administrators (73%). Therefore, according to the opinion of city administrators, city managers should first think about the possible consequences of their decisions and about professional ethics of the actions and then take into consideration existing regulatory framework to make planned decisions.

Modern processes of informatization have left a significant imprint on the ranking of the most

required skills of civil servants. It is important for city administrators to be able to search, analyze, structure, and verify the information (67%). Indeed, officials have to work with large amount of data. At the same time, only the half of the respondents (53%) said that the skill to be able to use modern information, communication technologies, and technical means is an essential one in the civil service. It was expected that the ability to use communication technologies would be important at the same extent as the ability to analyze and structure the information. We can assume that most government officials have to analyze the information by themselves rather than with the help of ICT. Therefore, paper-based governance remains along with electronic governance in Russia.

It was predictable that among the most required skills would be such skills as the ability to manage the document flow (68%), to work in teams (67%), to have a sense of public duty and social responsibility (66%), and the ability to interact with citizens and communities (64%). Interestingly, that in the list of the most required skills of city administrators, there is the ability to rely on the received public service experience (63%).

The number of city administrators at different levels of power that put the same importance of mentioned skills varies slightly (from 0.2% to 4.3%). In other words, mentioned skills are assessed almost equally by federal, regional, or municipal civil servants. At the same time, there are secondly required skills that groups of city administrators had not assessed equally. For instance, there is different importance for city administrators of such skills as the ability to constructively defend personal point of view, to expand the cultural and professional outlook, to develop yourself professionally and personally, to evaluate alternative solutions to problems, and to choose the best.

An interesting trend is how city administrators assess the ability to constructively defend personal point of view. The majority of federal officials (40.8%) believe that this skill is generally useful, but is not paramount for them. The half of the respondents at the regional level of power noted that this skill is essential. 60.5% of municipal employees had the same opinion. It turns out that the higher the position of government institution in the vertical of power, the lower the significance of such skill.

The same trend is observed in a number of skills evaluated by federal, regional, and local civil servants as paramount. The trend is that the lower the position of government institution in the vertical of power, the lower the number of officials who gave such a high evaluation of the skill. Among these skills are the following: organizational skills, the ability to find compromise solutions on professional issues, the ability to choose alternative solutions to problems, and the ability to organize the process of implementation of the decisions.

A similar trend is observed considering the ability to expand your cultural and professional horizons and to develop yourself in professional and personal terms. That is, more than a half of municipal civil servants (62.5%) indicated the prime importance of such skill, while only 43.4% of federal government employees consider that this skill is essential in public service. Forty-eight percent of regional city administrators believe that this quality is definitely useful, but it is not paramount. It was unpredictable to explore that this skill could be assessed differently at federal, regional, and local levels of power. It can be assumed that municipal city administrators are more concerned about professional and personal development.

The opposite trend is observed regarding the ability to use the methods and means of analytical work. More than a third of respondents of federal level of government (43.3%) assessed the high importance of this skill. Approximately the same amount of city administrators at the local level of government marked the same strong importance of this skill (39.9%). 38.8% of regional civil servants evaluated the ability to use the methods and means of analytical work as of the secondary importance. It remains unclear why regional civil servants assessed this skill lower. Perhaps this is due to the fact that among respondents from the group of regional city administrators, the majority takes the position of assistants (advisors) (33.3%). It is known that city administrators of his category

position have more administrative work than analytic.

However, there are skills that only the regional city administrators assessed as paramount. The ability to present the results of the work done (47.8%) is among these skills. Federal and municipal civil servants assessed this skill as of secondary importance (for 49.4% and 44.9%, respectively). Perhaps this is also due to the fact that among respondents from the group of regional city administrators, the majority takes the position of assistants (advisors) (33.3%). It is known that one of the functions of an assistant is to present the results of the work done.

An interesting observation is that municipal officials assessed the ability to solve worldview, social and personal problems as the primary skill (37.5%). Federal and regional officials assessed this skill as of secondary importance. Certainly, this may be due to the fact that the local authorities are closer to the public, and contacts with citizens concerning local issues occur regularly.

There is a stark difference in the priority of the ability to invent new tools of professional activity. Only city administrators of regional authorities believe (29.1%) that this skill is not important in their professional activities, though it would be rather good to possess this ability. At the same time, federal and municipal officials assess this skill much more higher and suppose that it is important in the professional activity, though is not paramount. Further research should be done concerning the application of new tools in the professional activity of city administrators.

Thus, it is obvious that there are different skill requirements for federal, regional, and local levels of government. Therefore, the competency profile varies among the city administrators of the federal, regional, and municipal authorities. Only a small group of skills is equally important for each level of government.

Among the most unclaimed skills for city administrators are those related to research activity or connected with knowledge of the international aspects of public administration (Table 2). In our opinion, this choice of unclaimed skills could be explained by the general trend in the international isolation of public management which takes place in Russia: such topics as state secrets and information leakage traditionally have received increased attention. In the last few years, it has clearly increased.

**Skill Requirements for City Administrators, Russia, Table 2** The least required skills of city administrators

| Skill | Percent of respondents that assessed the skill as an essential in the public service |
|---|---|
| 1. To be aware of the international competition | 30.4 |
| 2. The ability to apply the methods of analysis of public economics | 29.7 |
| 3. The ability to apply the methods of social sciences in the process of expert and analytical work | 26 |
| 4. The ability to apply the methods of scientific research activities at international level | 25.9 |

The study also explores connections between some skills of city administrators and their category of position on the career ladder and the level of power of government authority. The correlation allowed us to identify common trends based on the associations of skills with the structural, official, and social factors. For instance, the higher the job category of public official, the higher the significance of the ability to make decisions and take responsibility for them. The higher is the job category of public official and the higher is the level of power, the higher is the significance of the sense of public duty and social responsibility. The lower the level of the public authority, the higher the importance of the ability to engage constructively with citizens, public institutions, and communities.

## Conclusions

The activity characteristics of government and municipal employees depend on their position and their place in the power vertical. This fact, which is evident, on the one hand, but empirically

proven, on the other hand, should be taken into consideration when professional standards for officials of different levels are developed. In the Russian three-level system of executive authority, competency profiles can (and must) differ in details, though the "services" imply common essence by definition.

When taking management decisions associated with standardization of officials' activities, it is necessary not only to develop the standards "from the top-down" but also to analyze the meanings and preferences that the government and municipal employees themselves enclose into their routine professional practices. Giving an order does not mean immediate obedience even in case of such a normative-oriented социальнойгруппsocial group as the government and municipal employees. The data obtained during the study are indicative in this regard, which concern the importance that the respondents place on the use of contemporary information and communicative technologies, and of technical aids, in their professional activities. Only 53.1% of the respondents consider it significant, despite the fact that informatization of the state government bodies, creation of the Open Government, and work with open data have been declared by the president and the government of the country for over 10 years already. Consequently, filling of the "state order" for formation of new habits and skills must be accompanied, at the very least, with an analysis of the government and municipal employees' ideas of what their work should look like.

The competencies that are formed at higher educational institutions, but never used in the course of practical activity (scientific research and pedagogical competencies, international relations), also remain debatable. On the one hand, an approach is possible that would be focused on the knowledge and skills really necessary for the officials, excluding those competencies, which are not necessary, in their opinion, and only take up time. But if we consider competencies as the core of the official's professionalism, then development of knowledge and skills associated with formation of a broader outlook on the world is necessary. Such development is a presupposition of transformation from the rather narrow definition of government employees' professionalism as a range of actions the officials can perform, to the constructive understanding of the ethos of government service as the cause. Formation of the officials' competencies, this way, has a dual nature and reflects the conflicts between the adopted standards of professional activity and the need for enhancement of the official's professionalism in the light of global trends.

## References

Hewins-Maroney B, Williams E (2013) The role of public administrators in responding to changing workforce demographics: global challenges to preparing a diverse workforce. Public Adm Q 37(3):456–490

Kutergina E, Sanina A (2017) Competency profiles of civil servants in modern Russia. J Soc Policy Stud (forthcoming)

Leighninger M (2010) Teaching democracy in public administration: trends and future prospects. J Public Deliberation 6(1):1–12

Reddick CG, Demir T (2014) Professional identification and city managers: an analysis of a national survey. Int J Public Adm 37(3):174–182

Rosstat (2015) O chislennosti i oplate truda gosudarstvennyh grazhdanskih i municipal'nyh sluzhashchih na regional'nom urovne za 2014 god [On the number and wages of civil and municipal servants at the regional level for 2014]. Available at: http://www.gks.ru/bgd/free/B09_03/IssWWW.exe/Stg/trud/53.htm. Accessed 25 Jan 2015

# Small Enterprises and Development

Christopher L. Atkinson
Walden University, Minneapolis, MN, USA
School of Public Administration, Florida Atlantic University, Boca Raton, FL, USA

S

## Synonyms

Entrepreneurship; Small business development

## Definition

Entrepreneurialism: a belief in supporting the creation of new businesses or ventures.

Small business/enterprise: a firm meeting the size standard, whether number of employees, maximum gross receipts, or other calculations, for a public program supporting such enterprises.

Technical assistance: providing counseling and training to a business given its specific needs to build its capacity and encourage growth.

## Introduction

Small enterprises contribute greatly to society: they can allow for stability and growth in economies, creation and maintenance of jobs, and economic resilience in the time of crisis. It is thought that entrepreneurial activity is an important aspect of economic growth; small businesses are crucial throughout the world and are of importance in developing regions (Hyder and Lussier 2016). Small enterprises are integrally connected to the economic sustainability of communities. Their success is elemental for political, economic, and social aims, and for those reasons policymakers regularly create programs that favor small businesses, by intervening in the market to spur creation of new small enterprises and crafting a sort of *business safety net* to avoid small business closures. Small enterprise policies form a cornerstone of platforms in the political sphere, and the positive rhetoric of supporting small business has widespread backing.

Government support of small businesses is a legitimate government purpose, given the connection between employment, community investment, and the retention and expansion of small enterprises. Public policy in support of small businesses, whether for entrepreneurship, innovation, or contracting opportunities in public procurement opportunities, is rationally related to this larger public interest; while such programs may provide private benefits to business owners, there are considerable secondary benefits, including great potential for economic development in terms of the multiplier effect of public spending, depending on the level of government. Governments that seek to spend money on encouraging entrepreneurship and innovation, or to create opportunities through policy for small businesses to compete for and win public contracts, often mean to utilize the potential of small businesses to enhance employment opportunities and grow investment. Positive gains in both respects equate to potential increases in tax rolls, along with the possibility of additional public investment in business programs or social programs of considerable normative importance to policymakers.

## Small Enterprises

There is disagreement in the literature and in enacted policy on how to best define a small business. Small businesses are defined by the US federal government, under Title 13 CFR 121, by their industrial classifications for size standard purposes. For its part, the US Small Business Administration defines a small business according to "economic characteristics comprising the structure of an industry, including degree of competition, average firm size, start-up costs and entry barriers, and distribution of firms by size. It also considers technological changes, competition from other industries, growth trends, historical activity within an industry, unique factors occurring in the industry which may distinguish small firms from other firms, and the objectives of its programs and the impact on those programs of different size standard levels" (13 CFR §121.102(a)). Small businesses are not supposed to be dominant in their operational fields (13 CFR §121.102(b)) (U.S. 2016).

Noting the above, some size standards can be surprising in their inclusion as to what constitutes a "small enterprise." As an example, a heavy construction company might earn just below $36.5 million in average annual receipts and still be considered "small." Manufacturing concerns can range up to 1500 employees. It is important to consider that a small enterprise might compete against other small enterprises in a government program, but the wide range of businesses within the classification of *small* could make competing very difficult for littler firms or firms with lower capacity and staffing. Other governments and levels of government may have their own definition of small where it concerns size of businesses,

so definitions can vary widely and be associated with local or regional concerns. Even with extensive methodologies for what constitutes a small business, the rationale for choosing one size over another can be thin and a matter as much for political viewpoints as for a method situated in knowledge of economics and what is optimal for development purposes.

Small enterprises have a significant impact for economies. Using the US example, for the 5.73 million "employer firms" that existed in 2012, "firms with fewer than 500 workers accounted for 99.7% of those businesses, and businesses with less than 20 workers made up 89.6%. Add in the number of nonemployer businesses – there were 23.0 million in 2013 – then the share of U.S. businesses with less than 20 workers increases to 97.9%"; businesses with less than 500 employees employed 48.4% of private sector staff and produced 46% of nonfarm GDP in the private sector in 2008 (Small Business and Entrepreneurship Council 2016). A strong positive relationship has been found between small (and medium-sized) enterprise activity and the growth of GDP per capita, but it is not clear whether a strong small enterprise sector causes growth or is evidence of a strong economy; further, SME firms might not also have such a strong impact on poverty mitigation or addressing imbalance of incomes (Beck et al. 2005).

Small business growth and development has its own segment of the academic literature. As an example, it is known from such work that businesses tend to take on more of the trappings of formalized business arrangements when they exceed "micro" size (employ at least ten employees): they also employ more outside the family unit, have succession plans to keep the business going, and show improved financial management capacity (Lussier and Sonfield 2015).

## Public Policy Propositions for Small Enterprise Programs

Small business programs become considerations for the government because of the primary economic development intents of decreasing unemployment and increasing investment in communities. Policymakers may seek to create a business-friendly culture in their community or region – a culture that understands and values entrepreneurship, eliminates barriers to business growth and development, and offers significant benefits to enterprises, in terms of a ready, educated workforce, and excellent quality of life. In effect, governments need the private sector to support communities through jobs and investment. Policy is developed to support these expansive interests and may take the form of training programs to encourage entrepreneurship, mentoring programs and technical assistance involving a partnership of sorts with the business community, and contracting programs to accord solicitation opportunities to small enterprises, so that they receive a share of taxpayer proceeds that will in turn be used by businesses to spur even more economic development. It is hoped that the policy solutions are in keeping with the needs of business; however, in order to work effectively, written policy must align with culture and business considerations. Differences in business-oriented culture and dependence on legacy industry may account for some of the reason some regions lag behind in entrepreneurial development (Huggins et al. 2015).

Government interventions in support of small enterprises abound. They can include creation of agencies intended to support small enterprise development, offer technical assistance in business-related matters or matters pertaining to success in public contracting, and act in the capacity of ombudsperson or advocate for small enterprises. Financial incentives and loan programs might be directed to small enterprises. Import-export assistance and training programs can be offered; business incubators or access to resources like broadband connectivity have also been used to help small enterprises (Blackburn and Schaper 2012). Many governments also offer bid preference credits and establish goals to assure inclusion of small enterprises in public procurement solicitations.

The legitimate government purpose in supporting small enterprises has often resulted in

passage of programs designed to assist and encourage small enterprises and to remove barriers for their involvement in the opportunities of the public sphere. Given that the vast majority of enterprises might be considered "small," they collectively make up a considerable portion of total employment, as noted above. A problem might be the ability for small enterprises to influence the policy process, often without the services of lawyers and lobbyists that may push beneficial agendas for larger concerns, so that policies reflect real business needs, and government involvement will have a marked public benefit.

There have been criticisms of government focus on small enterprises. Large firms make use of economies of scale in production; larger firms might also be more stable over time and are thus arguably as worthy or more worthy of policy attention given their impact on the economy. Supposed solutions to assist small enterprises might be harmful to market function and the larger economy and actually prevent firms from growing and operating efficiently. Further, it has been contended that it is not small enterprises alone that require assistance, as all businesses potentially benefit from governments paying greater attention to contract enforcement and reduction of barriers to business (Beck et al. 2005). Programs supporting small enterprises can be costly to run; they might also cause dependency on the government intervention and might dislocate existing firms (Bennett 2014).

A primary concern in supporting any policy intervention in encouragement of small enterprises is program evaluation and the specter of noncompliance. Depending on how small enterprise programs are configured, it may be difficult to tell how much of the program result in favor of small enterprises was the result of the program itself and how much of the supposed benefit was due to market forces. Program implementation staff must guard against a variety of gambits, including false fronts and sham operations, intended to gain certification benefits without meeting eligibility requirements. Some small certified businesses may take a small portion of the value of a public contract and in turn let that contract to an ineligible business, or if involved in a large contract, back to the prime contractor. Benefits to individual small enterprises, and in turn to society in employment and investment, can only occur if small enterprises receive program benefits as accorded them in law. Programs for small businesses may end up supporting medium- or even large-sized businesses, in potential conflict with the original program intent (Smallbone et al. 2008); this possibility is more distinct where standards for small business definitions are, for lack of a better term, relatively large, where in the minds of voters such activity could be seen as a sort of corporate welfare program. Constant effort to evaluate program outcomes and adjust program offerings to assure that intended outcomes are served is a good advice for communities considering policy in support of small enterprises. The benefit to the public generally must remain paramount for such programs to serve their intended purpose, add to the legitimacy of the public enterprise, and provide a considerable benefit to business partners.

Where the government wishes to support the increase of innovation, to spark customer demand or address extant failures of the market to provide needed products and services, public policy might do well to not focus on the possibility of radical change. Incremental innovation can provide great benefit in terms of increasing employment and investment; focusing on large expenditures in support of research and development, or incentivizing such activity, might be relatively less beneficial than obtaining marginal benefits from small enterprises that propose to innovate at the margins, where small increases in efficiency are no less welcome (Forsman 2011).

## Entrepreneurship

Entrepreneurs have historically been important for their ability to take inventions and bring them to purposeful use in the marketplace. Entrepreneurs benefit society by being on the lookout for "opportunities to introduce new products or processes, new uses for extant products, new methods for putting them to use, [and] new

markets that will be receptive to them" (Baumol 2008, p. 576). As an example, it is sometimes assumed that small enterprises that are engaged in high-tech work and possess a level of innovation will result in employment growth (Smallbone et al. 2008); technology items and new ways to use technology are proven areas for entrepreneurs because there is a ready market for these products. Governments may intervene on the part of what are called targeted industries, where the greatest need for more businesses exists and where the greatest potential for growth lies; special benefits may be accorded to firms in targeted industries. Entrepreneurs looking for growth opportunities might focus on these targeted areas, because they purportedly offer the greatest potential for return on investment and employment returns. The hope in many respects is that an entrepreneur will think of the next big consumer must-have, fulfilling some heretofore unknown need in the consumer mind, or develop a product or service that changes the nature of how an industry behaves. In the process of such activity, entrepreneurs may create a widespread impact to the new business and associated businesses.

A new smartphone might, for example, create a highly competitive and lucrative market for applications to function on the phone. The phone might include a variety of new technologies, and these technologies could be supported by other partner businesses. This cluster approach to economic development tends toward very forward-thinking entrepreneurs at the center of such enterprises, though it is exceedingly difficult in practice to determine what consumers are lacking, or what they might want most, next.

While entrepreneurial activity is thought to be inextricably linked to economic growth, not all entrepreneurial activity is positive, especially when it is limited to rent-seeking and fails to serve policy interests. In addition, it has been suggested that business performance is tied to age and size of small enterprises, with younger, larger businesses tending to perform better, more than the entrepreneurial proclivities of owners; having a business plan also has an impact on business performance (Blackburn et al. 2013).

## Innovation

Innovation, "the generation and implementation of new or improved processes, services, products, production methods or single actions aimed at increasing the competitiveness of an enterprise" (Forsman 2011, p. 739), is thought to be closely associated with small enterprises and is a common rationale for government intervention in support of small enterprises. As small firms enter the marketplace, the thinking is that there is a chance that they are more likely to respond to market needs than larger firms and possess a certain innovative insight, unbounded by larger corporate structures. Small firms are thought to be more efficient in responding to new market needs, possibly capable of bringing innovations to market more quickly. The capacity to innovate is affected by a variety of factors. The literature has seized on the idea of innovation capacity and the need for networks, given that association with other firms might reduce research costs and improve knowledge sharing (Forsman 2011). Innovations can be made to both products and service delivery and can be incremental or far-reaching; the level of innovation associated with specific industry is impacted by technology use and entrepreneurial tendencies that are common for the type of work of the business. Some areas, such as information technology, might more commonly exhibit relatively radical innovation. Others might typically experience incremental innovations, improving upon well-worn business models that are generally accepted by a strong customer base. For example, manufacturing sectors might exhibit less radical innovations than service industries, but the nature of innovative difference is not so much between large industry groupings as it is between subsectors of these industries (Forsman 2011). A small business entering any market must be aware of the context of the product/service as well as customer expectations; where there is great unresolved market needs, opportunity for innovation and expansion of product/service offering exists more plentifully.

Noting the above, most small businesses do not innovate radically or at all; instead, they merely provide a product or service where the market

requires it. Some make incremental changes to existing products and services, but the idea of the radically innovative small business, while romanticized in the media, is in reality associated with a type of enterprise that is exceedingly rare – where unrealized market need is understood and exploited by forward-thinking, creative business leaders. There are few unrealized market needs without large-scale societal shifting and few entrepreneurs that have such a keen insight into the human psyche.

## Conclusion

Even with the criticism of small enterprise public policy initiatives, such programs can provide significant benefit to small enterprise owners. Given the importance of small enterprises to both employment and investment activity and the value small enterprises have as a normative matter in the popular mind-set, the government interest in support and development of these businesses will likely remain.

## Cross-References


- ▶ Disparity in Government Procurement
- ▶ Economic Development Policy
- ▶ Economic Development Strategies in the United States
- ▶ Government Support of Small Business in Russia


## References


Baumol WJ (2008) Small enterprises, large firms, productivity growth and wages. J Policy Model 30:575–589

Beck T, Demirguc-Kunt A, Levine R (2005) SMEs, growth, and poverty: cross-country evidence. Retrieved from http://faculty.haas.berkeley.edu/ross_levine/Papers/Forth_JEG_3RL_SME%20Growth%20Poverty.pdf

Bennett RJ (2014) Entrepreneurship, small business and public policy: evolution and revolution. Routledge, New York

Blackburn RA, Schaper MT (2012) Introduction. In: Blackburn RA, Schaper MT (eds) Government, SMEs, and entrepreneurship development: policy, practice and challenges. Surrey, Gower

Blackburn RA, Hart M, Wainwright T (2013) Small business performance: business, strategy and owner-manager characteristics. J Small Bus Enterp Dev 20(1):8–27

Forsman H (2011) Innovation capacity and innovation development in small enterprises. A comparison between the manufacturing and service sectors. Res Policy 40:739–750

Huggins R, Morgan B, Williams N (2015) Regional entrepreneurship and the evolution of public policy and governance. J Small Bus Enterp Dev 22(3):473–511

Hyder S, Lussier RN (2016) Why businesses succeed or fail: a study on small businesses in Pakistan. J Entrep Emerg Eco 8(1):82–100

Lussier RN, Sonfield MC (2015) "Micro" versus "small" family businesses: a multinational analysis. J Small Bus Enterp Dev 22(3):380–396

Small Business & Entrepreneurship Council (2016) Small business facts & data. Retrieved from http://sbecouncil.org/about-us/facts-and-data/

Smallbone D, Xiao J, Xu L (2008) Developing the small business market for business development services in Chengdu: policy issues and priorities. J Small Bus Enterp Dev 15(4):656–674

U. S. (2016) Small business size regulations. Title 13 C.F.R. § 121


# Soap Recycling, Trash into Treasure


Samir Lakhani
Eco-Soap Bank, Pittsburgh, PA, USA


## Synonyms

Social entrepreneurs

## Introduction

Entrepreneurship can be many things. But for me, it's about taking that *first* step – and not exactly knowing where your foot might land.

My first step would lead me to start Eco-Soap Bank, a global nonprofit organization. It has a simple, but very powerful, mission: to employ women across the developing world to recycle leftover soap and redistribute it to children and families in need.

While the idea of "soap recycling" is far from novel (with two organizations preceding Eco-Soap Bank), our approach was quite new in our ability to empower disadvantaged women worldwide to lead a grassroots movement to change the way hygiene is practiced and perceived by millions of people.

Our organization is grounded by the conviction that no person should ever suffer from a preventable, hygiene-related illness while hotels and factories discard millions of usable bars of soap *every day*. It's estimated the global hotel and soap manufacturer industries will waste millions of bars of soap and hygiene products every single day (Hanes 2017).

Since inception, Eco-Soap Bank has employed 154 women across 5 countries to recycle this perfectly viable waste stream. We have remained committed to hiring women who are experiencing some barrier – from disability to single motherhood and to economic disadvantage – to steady, safe, and predictable employment.

To date, these women, our "Hygiene Ambassadors," have provided soap to over four million people (and counting) along with culturally relevant hygiene education. We have reached people in 22 countries, including some of the most remote and dangerous regions on Earth with basic hygiene, a fundamental human right.

We have been able to redistribute recycled soap in some of the most remote regions on Earth from Himalayan mountain communities to floating villages along Cambodia's Mekong River. EcoSoap has been used in creative new ways, such as a widespread distribution to over 80,000 Kenyan students to teach proper hygiene and to reduce the prevalence of trachoma, a preventable, hygiene-related blindness which has caused eight million preventable blindness cases globally (World Health Organization 2020).

Eco-Soap Bank makes several types of impact simultaneously: environmental action, women's empowerment, and health and hygiene. This multifaceted model did not come out of thin air or materialize fully formed during an ideation session. As with most entrepreneurial endeavors, the model materialized step by step. We built on our strengths, tried new approaches, and invested time, money, and energy in some things that worked really well and others that, well, didn't.

But, every story has a beginning. Eco-Soap Bank was born in a single moment of inspiration – in a guesthouse bathroom in remote Siem Reap, Cambodia.

## Founding Story

It was not until recently that I began to believe in a version of destiny. What I mean by this is that we usually can tell where we are going, based on where we came from and where we have been.

For me, everything that I am I have inherited from my parents. My mother and father were born in East Africa, Tanzania and Uganda, respectively. They would tell me about conditions "back home" and how they moved to America to become independent so they could give back to the places they left. So, from a very early age, I felt a sense of responsibility to the less fortunate.

Secondly and crucially, travel was in our blood as a family. My childhood, adolescence, and young adulthood were shaped by multiple international trips, notably several short-term stays of a few months each in Tanzania, India, and Southeast Asia.

But, it wouldn't be until my college internship in Cambodia that a single moment would change my life forever.

In 2014, I was studying Environmental Science at the University of Pittsburgh and had a strong passion for sustainability. The Climate Movement was really gaining speed and momentum, and this was around the time the Paris Climate Agreement was being drafted and signed by world powers.

In order to complete the internship requirement for my degree, I chose to craft my own project studying the effects of climate change on rural agrarian communities in Cambodia. I wanted to understand a locally pioneered agri−/aquacultural technique called a "Community Fish Refuge." It was an elegant solution to Cambodia's increasingly drought-stricken agricultural lands via an aquaculture technique which let fish spawn and mature where food (mainly rice) was growing. In

the simplest terms, this locally developed solution grew rice and fish at the same time, countering the effects of climate change and building resiliency for the world's poorest.

I spent weeks in Cambodian villages interviewing families and looking at ponds, which, during the dry season, were sometimes no more glorious than a dirt hole in the ground. I was fascinated. I adored the fact that this project was locally developed, strategized, and executed. The community, not outside investors or foundations, owned it. This, I felt, would be the type of solution which would solve humanity's deepest issues.

Then I saw something I will never forget. One day, while spending time in a rural community, I witnessed a village woman bathing her newborn child – using laundry detergent.

I had seen poor hygiene conditions all around me during my weeks in these communities, but for some reason did not react until that moment. Something about that mother and her child and the caustic nature of the detergent made me realize that hygiene was far too out of reach for many families.

According to the Centers for Disease Control and Prevention (CDC n.d.), over 2100 children die each day from diarrhea, making it the second leading cause of death in children under the age of 5. Handwashing is one of the most effective ways to prevent diseases like diarrhea – which kill more than AIDS, malaria, and measles combined. But according to the World Health Organization (WHO), in some parts of the developing world, only 1% of households have access to soap (UNICEF 2015).

I knew laundry powder could not possibly be the correct product to reduce germs and prevent severe illness. But it turns out laundry powder in Cambodia had become a widely adopted alternative to bar soap (or other appropriate soap) because of a single truth: bar soap is too expensive for most families already struggling to feed their families.

After some additional interviews and research, I began to learn about the very different and often widely held beliefs about health in Cambodia. For example, a few mothers said and agreed that if their children fell sick from a preventable disease, it was because of sins their child may have committed in a past life. When it came to hygiene access, it became clear to me that cost was not the only barrier, but culture and education had roles to play as well.

When I returned to my guesthouse room on the night of my encounter with the village mother and her newborn, I felt completely resigned. I could not get the image out of my head.

When I inevitably stepped into the bathroom, I noticed my housekeeper had thrown away my half-used bar of soap and replaced it with a new one. I thought, *what a waste*! The mother I had seen before could have used it. And then it hit me – she really *could* use it; all that needed to be done was to connect some dots.

These are the moments that every entrepreneur lives for, when an idea seizes you. It can be exhilarating, but not always particularly pleasant – ideas can grow deep roots, keep you up at night, and distract you from almost everything else.

I remember staying up that night thinking, indecisively, if I was going to *actually do this* and commit. I felt a hesitation which was deeply uncomfortable. Limbo was unsettling because I knew the idea was too good, too irresistible to let go – and it had the ability to consume my life.

But, by morning, this indecisiveness had vanished. I got to work on starting a soap-recycling initiative, which would, in a few years, grow to global proportions.

## First Partnership

Angkor Wat, the most widely recognized temple in Cambodia, housed in the largest temple complex in the world, lies a mere 5 miles from downtown Siem Reap (Cambodia Tourism 2018). Siem Reap, itself a town of only about 140,000, hosts approximately two million tourists per year to see the wonders of the ancient Angkor civilization (National Geographic 2018). That meant there would be a literal mountain of soap being thrown away daily in that small town in Northern Cambodia.

Entrepreneurs will not always have the luxury of strategizing and planning. In fact, this alternative method can often slow down one's momentum and has the tendency to stop good ideas in their tracks in the face of seemingly insurmountable challenges.

In many ways, founders and entrepreneurs find a way to focus on only the immediate next step, without getting too far ahead of themselves. My next step was materializing a first partnership with a hotel – and to convince them to give me their dirty soap.

With just days left before I would board a plane back to the USA, I mocked up a quick flyer explaining my soap-recycling concept, borrowed an old bicycle from my guesthouse, and set out to visit the larger hotels in the city.

Picture this: a young man parks his bicycle in 110+ degree weather and is completely drenched in sweat wearing a camping shirt. He walks into a five-star hotel, approaches reception, and asks to speak to the general manager about saving, sanitizing, and supplying the hotel's leftover soap all over Cambodia such that we can prevent disease and save lives. (You wouldn't be the only one to think that's a crazy idea.)

It was rare that I got to speak directly to general managers. But when I did, they quickly saw the value in soap recycling and the lifesaving potential of a partnership. It was a win-win for the hotel, being able to responsibly recycle their waste and make a community impact. In a few days, a half-dozen hotels were enrolled in the project, with housekeeping starting to save all those slivers of what would have been trash.

The pilot began – but my trip was coming to an end.

I had committed to following through on my soap-recycling idea and had even convinced a handful of hotels to make a go of it. But I was leaving and, with a semester ahead at school, had no idea when I would be back. I needed to secure a way for the project to persist without me. Trailblazer Cambodia Organization (TCO), the nonprofit behind the fish refuges, had agreed to house my soap-recycling project, but I would still need to hire someone to keep the project's momentum up on a day-to-day basis.

That's when I met Thearang, Eco-Soap Bank's very first employee and soapmaker.

After speaking with a few women's groups who helped young, rural women find employment in Siem Reap, we sat down for an interview with Thearang. She was a young woman who had left school prematurely. During the interview, I recall how shy Thearang was, saying not much at all in response to our questions. Yet it was clear she was in search of employment, perhaps had some pressure at home, and would work hard.

Over the coming years, I would learn so much from Thearang, who still works for Eco-Soap Bank and has become a close friend. From starting as a solitary soapmaker, she now manages 35 other soapmakers as our operations manager in Siem Reap. She has proved indispensable – conducting Eco-Soap Bank business in both English and Cambodia's native Khmer – and has displayed a certain local savvy that has gotten us out of more than one jam.

Thearang is particularly fond of working with children and equipping them with the soap and hygiene that they need. While Eco-Soap Bank may have given her the platform, the belief, and some investment, she is the one responsible for her own transformation with a passion for this work that outstrips mine.

Thearang (and the dozens of other soapmakers and personnel like her) was and is indispensable. With staff on board, I had to turn my attention to the next challenge to Eco-Soap Bank's sustainability – funding. Motivated by fundraising to keep women like Thearang employed gainfully, I got to work.



## First Funding

The old fundraising platitude is entirely correct: *People Give To People*.

I think of early-stage fundraising as a series of concentric circles, first starting with friends and family; then expanding to those in your network of friends and family; and then, lastly, reaching strangers through media, press, publicity, and other networking opportunities.

I was very fortunate that friends and family had the means to support my passion project in those early days. They gave generously, but they gave to *me* and not necessarily the project.

In pursuit of a wider funder base, I tapped my networks for every coffee, dinner, or presentation opportunity I could. I gave hundreds of talks at local Rotary, Lion, and other clubs. I met groups of women for tea to talk about my idea to recycle soap and save lives. While many commented on the novelty of the idea or sometimes even the structure of our model, most seemed compelled to give simply because they had met me and were taken by my passion for the work. Again, it seemed, *people were giving to people.*

When Eco-Soap Bank broke into the last concentric circle, however, the funding paradigm changed. Funding at a public scale is based almost entirely on reputation, strategy, and measurability. While still being very important, charisma and storytelling accounted for less at this level. Whether it was a family foundation or stranger who stumbled across our work online, people wanted to give with confidence of exactly what their dollars would achieve.

No matter which concentric circle one is in, ultimately, fundraising always comes back to respect. If a potential funder does not feel their time, energy, or investment will be treated with respect both professionally and personally, they will search for other recipients who demonstrate these qualities.

## Walking Alone

One of the very first things I learned about entrepreneurship is that it is a lonely pursuit. I do not mean that the work isn't done without mentors, staff, volunteers, advisors, and peers. During business building, one is constantly surrounded by people, interacting with dozens per week.

Nay – it is another type of loneliness, which is only the founder who will carry the through-line of this work through iterations of staff and teams. Founders and CEOs have to serve as both the historians and visionaries. Mentors and advisors can play their role, and then move on to the next project, as they should. There is always a time and place for mentors and advisors, and the institution of mentorship is not meant to necessarily be permanent.

The burden is far more complex and deeply seated than worrying about payroll, financing, ethics, etc. It is simply knowing the simple fact that *no one else* will see the ship through to the other side. No one will ever be able to match the founder's intensity, passion, and unique set of experiences, which drives her through thick and thin – to the other side.

You are utterly alone. By yourself. Impregnated with an idea, which will consume you. And we probably wouldn't have it any other way.

## Chasing Sustainability

After a few years of working very hard to support Eco-Soap Bank, it began to dawn on me that there was a limit to personal fundraising appeals. Our organization needed to become more financially sustainable in the long term and one day even provide enough economic value to support itself.

We entertained and worked to develop several business models over the course of Eco-Soap Bank's development. One of our earliest ideas was to charge hotels a small premium to participate in the soap-recycling activity and benefit in positive, impact-focused marketing campaigns to boost their brand and publicity. This business model was working for us, until we were forced from it during the COVID-19 pandemic when such corporate social responsibility (CSR) programs were quickly unfunded.

Our second business model was to sell a premium soap product in Western markets, such as the USA. We began to offer a 100% recycled product made by women abroad via ecommerce. While early campaigns and pre-orders demonstrated great interest in the product and value proposition, we could not scale the program up without significant investment which we were not able to secure as a nonprofit organization.

By trial, exploration, and internalizing a philosophy of *failing fast*, we have found a business model in perfect alignment with our mission to redirect as much soap as possible to vulnerable

people in need. During the COVID-19 pandemic, international nongovernmental organizations began procuring large amounts of bar soap to keep people safe. We began striking partnerships with these organizations to provide them with environmentally sustainable soap at an affordable price.

By buying our recycled soap, these international NGOs could support local women directly in the countries they served, not a multinational for profit company or shareholders. And, since we were receiving raw materials from manufacturers, we could recycle soap at a fraction of the usual cost and pass those savings onto our partners and ultimately the families who needed it.

In the startup mindset that products need to either be *better, cheaper, or faster*, we created a model that satisfied all three.

Better: While this method of measurement has always been the most subjective and vague, from an environmental and utilitarian standpoint, we focused our efforts to create sustainable and long-lasting soap. Our unique recycling process allows us to create dense bars of soap which can last users longer and optimize the product.

Cheaper: Since the raw material is effectively given to Eco-Soap Bank, we don't bear raw material sourcing costs, taking that cost piece away from our users. Furthermore, since the vast majority of recycling occurs in the country where the soap is sold or distributed, we are able to reduce shipping costs for buyers, enabling them to procure more product or save funding for other life-saving expenditures.

Faster: Core to our name at Eco-Soap Bank is the concept of the banking products for times of emergency or crisis. We have always kept supplies on hand for rapid distribution when disaster strikes, and a quick response is needed. We helped combat the Ebola crisis with supplies in Sierra Leone and Liberia in 2016 and have responded to hurricanes in Honduras and other countries.

## Short-Term, Long-Term Impacts

Eco-Soap Bank strives for three areas of impact: environment, public health, and women's empowerment.

By recycling soap, we are able to significantly reduce waste and offset carbon. While, in the short term, it is harder to understand the tangible effects, it was important that our humanitarian solution was not being done at the expense and sacrifice of the environment. The environment has suffered for far too long in the pursuit of human progress.

The economic effects of poor hygiene are severe but diffuse. For example, systemic health problems can have drastic consequences on rates of school absenteeism. The poorest populations in developing countries have net primary school attendance rates as low as 4% (UNICEF 2019). Many women in developing nations also face myriad challenges. Steady employment for women is one of the most serious economic issues in developing countries today [GlobalWA 2017). To mitigate this, all Eco-Soap Bank soapmakers would be women from disadvantaged backgrounds with no other reliable source of income. By employing them at a good wage and helping them to support their families, Eco-Soap Bank would also have a critical social impact.

This economic impact makes short-term impacts (alleviating poverty, returning children of our soapmakers to schools) but also important long-term impacts of education, health, improved nutrition, and other benefits that come alongside improvements in standards of living. Furthermore, many of our staff have moved into cities which will give their children a better chance for higher-quality education and more employment opportunities.

Lastly, the public health impacts remain both short and long term. As a short-term impact, improved health and sanitation can reduce morbidity and mortality. In the long term, improvements in hygiene habits can reduce chronic illness, reduce medical costs, and, most importantly, create generational change (with the passing of good hygiene habits from one generation to the next.)

At Eco-Soap Bank, we have been as meticulous as possible to make short-term and longitudinal impacts, which may not be immediately measurable, but align with the primary ethos that we are trying to empower people to take their

lives, finances, and health back into their own hands once again.

## Sidestepping: 2020 Pivot

Most people will remember the year 2020 for many different reasons. Globally, the COVID-19 pandemic came with enormous economic consequences and took the lives of millions. For the business and entrepreneurial community trying to stay afloat, 2020 was dubbed "The Year of the Pivot." For Eco-Soap Bank, it was no different.

Before 2020, our entire supply of leftover soap came from hotels. But when the COVID-19 pandemic hit, the international tourism industry ground to a halt.

Almost overnight our supply of used hotel soap had disappeared – at a time when hygiene was more important than ever. It was an unmistakable irony.

With our usual supply chain on pause, we were forced out of our comfort zone and had to get creative. We began to reach out directly to soap manufacturers to explore the possibility of receiving soap donations. What we discovered would forever change Eco-Soap Bank and our work to save lives with soap.

Upon speaking with dozens of factories and large consumer good companies, we learned that as a normal part of their manufacturing processes, millions of bars worth of waste in the form of powder, damaged bars, pieces, and slivers were being discarded. There is always some waste created during manufacturing processes, and a few factories were generating hundreds of tons of soap waste per year.

Furthermore, it was not just scraps and pieces of bar soap we were discovering, but thousands of gallons of liquid soap, hand sanitizer, body lotions, and other essential hygiene goods. We had discovered a silent waste stream of usable product that was pre-consumer, entirely separate from the post-consumer product we had focused so heavily on with hotels.

There seemed to be massive volumes of waste being generated by manufacturers globally of all sorts of products with little to no accountability or widespread solutions. All at a time when the COVID-19 pandemic was making access to hygiene products more crucial than ever.

Eco-Soap Bank's 2020 pivot was not just about finding another supply of used soap for our operations, but it was about becoming a global recycler and humanitarian distributor.

It proved to be a win-win partnership situation – soap manufacturers and consumer goods companies gained a reliable, turnkey solution to their waste stream problem, and we secured access to a new supply stream of raw hygiene products that enabled us to continue our soap-recycling work and reach millions more people in need.

## Think Globally, Act Glocally

For many years now, I have heard the colloquial phrase *Think Globally, Act Locally.* I thought about that widely used phrase in the context of my own work and mission. *Did it fit my work and model?*

I have always been a proponent of working globally, since comparably, the developing world has incredible and deep needs. Things we take for granted here in the West, or can be easily purchased, received, or donated; are considered luxury items in many of the countries we work in, like simple soap.

It is the latter aspect of the phrase with which I partly disagree. While empowering local leaders is key to making sustainable change (and is a core philosophy of Eco-Soap Bank to employ local leaders to run the various, global operations), the saying recommends thinking local to your community. However, the disparities in resources mean that communities acting locally for their own betterment and community self-interest may not result in equitable, global change, but concentrate resources in certain areas of the world only.

We, as global citizens, ought to feel responsible for our brothers and sisters whom we have never met across the globe. It is buried deep in my bones that there is no difference between me and anyone else, and therefore, we all need to rise as one – not necessarily segregated by country, community, or other affiliation.

Some people raise objectives to the methodology by which US schools are funded by property taxes, citing that more affluent communities have more funding for their local schools and therefore create a disparity in comparison to less affluent neighborhoods. This is how I think about global action, and if we only work to better our own communities, a disparity will grow. An inequality gap will grow.

In practical terms, this means that we should prioritize the least fortunate first – no matter where they live. We live at a time where nearly 80 million people were forcibly displaced at the end of 2019, according to the UNHCR (2021). Secondly, I believe that if we want to make an impact away from home, we must empower the leaders who are most qualified to do so to serve their local communities.

## Accolades and Humility

Little did I know that giving a brief talk online to a fifth grade classroom would forever change the course of my life and for Eco-Soap Bank. Public speaking always came naturally to me, and I took every opportunity to spread the word about Eco-Soap Bank and my story, in the hope that I could impart one critical message: the planet needs advocates, and we can no longer take it for granted.

Explaining to young people the sheer volume and magnitude of soap waste generated per day usually elicits profound reactions. Informing students in America about the fact that most children in the developing world don't have any soap in schools or home cultivates a different sort of reaction, one more thoughtful: the early formation of *empathy*.

I must have given hundreds of talks just like this one for an elementary school in Connecticut. After the talk had wrapped up and many months had passed, I received a phone call from a producer at CNN.

She asked me if I knew the program *CNN Heroes,* an Oscars-like award program where everyday people are recognized for their service to humanity or impact. It was the closest thing to the Nobel Prize for nonprofit leaders (CNN 2017).

She did not know that I had been watching that show religiously for the last 10 years. She did not know that the show has left a deep and lasting mark on my being. I remember specifically being drawn to the heroes being recognized on that show who were able to reach millions of people through their creative or life-changing ideas. The notion that a single person could touch millions was attractive to me on a fundamental level.

I told her about my affinity for the program and how inspirational it was to me these many years. That's when she very kindly let me know that a fifth grade teacher had nominated me for a CNN Hero Award that year – and that I would be recognized on an internationally broadcast TV program later that winter.

I thought it was a total gaff – the full circle nature of this was too good to be true. I fell completely silent, choosing my next statement very carefully asking her if this was real. She explained more about her job working with other heroes, and she was there to help tell my story – and so I told her. Everything.

Virtually overnight, Eco-Soap Bank became an international sensation. In a single night, the evening of the program, we received thousands of emails and donations from people all over the world. However, I just couldn't understand why I was chosen. *Why me?*

## Conclusion

Our impact was just starting, and while we had redirected soap to over 650,000 people at that time across several countries, the impact felt negligible considering there are 2 billion people globally that live without adequate sanitation every single day.

Then I realized it was the power of an *idea*. The whole experience would teach me the ability of an idea to change the world, and even more powerful was the ability to capture the mind and imagination of millions of people around the world.

My absolute favorite saying is the following, though: ideas are easy, but implementation is hard. These have been a few of the lessons I've learned during implementing this idea.

## Cross-References


- ▶ Bridging the Funding Gap
- ▶ Entrepreneurial Mind, The
- ▶ Entrepreneurship and Serendipity
- ▶ Resources for Entrepreneurs


## References


Cambodia Tourism (2018) Tourism statistics. https://www.tourismcambodia.com/img/resources/cambodia_tourism_statistics_2018.pdf

Center for Disease Control (n.d.) Diarrhea: common illness, global killer. https://www.cdc.gov/healthywater/pdf/global/programs/Globaldiarrhea508c.pdf

CNN (2017) How soap can save a life. December 14. https://www.cnn.com/2017/12/14/world/gallery/2017-cnn-hero-samir-lakhani/index.html

GlobalWA (2017) Women's economic empowerment; The key to a sustainable world. February 14. https://globalwa.org/issue-brief/womens-economic-empowerment-key-sustainable-world/

Hanes G (2017) The shameful truth behind what happens to all your leftover hotel toiletries. May 12. https://www.telegraph.co.uk/travel/travel-truths/what-happens-to-all-your-leftover-hotel-toiletries/

National Geographic (2018) Angkor-Wat-Cambodia. https://www.nationalgeographic.org/photo/angkor-wat-cambodia-990/

The U.N. Refugee Agency – UNHCR (2021) Figures at a glance. https://www.unhcr.org/en-us/figures-at-a-glance.html#:~:text=How%20many%20refugees%20are%20there,under%20the%20age%20of%2018

UNICEF (2015) 25 year progress on sanitation and drinking water. https://apps.who.int/iris/bitstream/handle/10665/177752/9789241509145_eng.pdf;jsessionid=9075D3E38F840C2676864B1FF3F3DC8F?sequence=1

UNICEF (2019) Education is vital to meeting the sustainable development goals. October. https://data.unicef.org/topic/education/overview/

World Health Organization (2020) Vision 2020 the right to sight. https://www.who.int/blindness/SAFE_en.pdf


# Social Accounting


Laurie Mook and Rodney Machokoto
Arizona State University, Tempe, AZ, USA


## Synonyms

Social and environmental accounting; Sustainability reporting; Triple bottom line

## Definitions

Social accounting broadens the framework of conventional accounting with the goal of understanding the impact an organization has on its stakeholders. The effects of an organization included in social accounting typically include financial, social, and environmental dimensions. By taking a stakeholder approach, social accounting emphasizes the collective effort needed to run an organization and the multiple stakeholders impacted by its efforts.

## Introduction

Compared to traditional accounting, social accounting is a relatively new concept. It refers to the inclusion of a wider range of factors in the accounting model than just financial information. Social accounting typically captures the positive and negative impacts of an organization on the economy, society, and environment. Social accounting can be supplemental to the financial statements when it is presented in a separate report, or integrated with the financial accounts. Integrated reporting is generally preferred as it allows the social and environmental impacts to be placed in context with the financial performance of the organization. In contrast, supplemental social accounting reports have generally been criticized as marketing and public relations vehicles.

Integrated social accounting statements first appeared in the 1970s in the business sector as the public started demanding more information related to an organization's social impact (Mook 2007, 2013). This has been called the "first wave" of integrated social accounting and was characterized by bold experimentation and bold expectations for the times, such as the inclusion of environmental impact and measurement of minority recruitment and promotion. New accounting frameworks such as the social and financial income statement, the socioeconomic operating statement, the statement of fund flows for socially relevant activities, and the social impact statement were developed during this period. However,

these frameworks did not catch on and disappeared after a period of time.

The second wave of integrated social accounting was more cautious and appeared in the 1990s. This wave introduced the concepts of the triple bottom line, the balanced scorecard (BSC), and the Natural Step Framework. This is also the period when the conceptualization of social accounting models for nonprofits and cooperatives began, including the social impact statement, the cooperative social balance, and the expanded value added statement. The third wave of integrated social accounting, beginning in the 2000s, saw social accounting becoming more mainstream and connected to accountability and strategic planning. The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines is one example that started in this time period.

## Theoretical Underpinnings

Accountants and non-accountants have historically treated the discipline of accounting as neutral, amoral, and value free. However, critical accounting scholars argue that accounting practices are not objective, neutral, or value free. Accounting practices create, sustain, and may even change the way one sees things. For instance, accounting for certain things while excluding others influences how social reality is constructed. As a result, society and societal players develop certain assumptions. The assumptions impact how society functions, and what values and expectations are promoted. Ultimately, this constructed social reality, assumptions, values, and expectations influence decision-making and policy-making processes. In other words, accounting is a driver of behavior. Traditional accounting drives behavior toward the maximization of profit. In contrast, social accounting drives behavior toward economic, social, and environmental goals (Mook 2007).

## Nonprofit Social Accounting in Practice

In practice, many nonprofit organizations collect information and report on their impact in their annual reports. Social accounting provides a framework to do this comprehensively and in a structured manner. There are multiple frameworks that an organization can use to guide this process, including the expanded value added statement, balanced scorecard, Global Reporting Initiative, and stakeholder impact statement. As mentioned previously, social accounting reports can be supplemental to the financial statements, or integrated with them. The preference is an integrated approach in order to connect social and environmental performances with financial performance.

### Expanded Value Added Statement

The expanded value added statement (EVAS) is an example of a social accounting statement that allows organizations to report both financial and nonfinancial measures of their performance (Mook 2007; Mook et al. 2007). Value added is an accounting concept that measures the economic value created (or diminished) by labor and capital in the conversion of externally purchased goods and services into new goods and services. Expanded value added considers also the social and environmental value added or destroyed.

A key contribution of the EVAS framework is that it allows a nonprofit to incorporate the value added by their volunteers, something which is usually ignored in conventional accounting. As volunteers provide substantial labor to many nonprofits, it is important to be able to make this visible in order to better reflect the performance story of the organization.

In order to include items in the EVAS, they have to be monetized. For volunteer labor, there are several methods available to do this. One is to look at each task that the volunteers perform and use an equivalent wage rate per hour for a similar paid occupation that involves those tasks. Another method is to apply a blanket rate to all volunteer labor. In the USA, the Independent Sector, a nonprofit which serves as an umbrella organization for the nonprofit sector, publishes such a rate annually. The rate is based on the average hourly earnings of production and nonsupervisory workers in nonfarm occupations plus an additional 12% for an approximation of fringe benefits (Independent Sector 2016).

### Balanced Scorecard

Another useful framework is the balanced scorecard model. This model brings together financial and nonfinancial metrics to provide a holistic view of an organization's performance. It is guided by the vision of the organization and is tied to strategic planning. Thus, it can be thought of as both a performance measurement and management tool.

In its original form, the balanced scorecard was developed for for-profit businesses and focused on four perspectives: financial, customer, internal management processes, and organization learning. It has since been modified for nonprofit organizations, social enterprises, cooperatives, and the public sector (Kaplan 2001). Two examples of how nonprofits have tailored their balanced scorecard around these perspectives are as follows:

1. Serve the client
   Run the business
   Manage resources
   Develop employees
2. Return: the multi-bottom line
   The stakeholder environment
   Internal activities
   A learning organization

A major benefit of the balanced scorecard approach has been in building trust with stakeholders and directing attention to performance beyond financial measures.

The balanced scorecard focuses attention on the interrelationships of these multiple perspectives and asks guiding questions in the following areas:

Financial: How do we look to our donors?
Clients: How do people using our services see us?
Internal management processes: Do our programs bring intended results?
Organizational learning: Can we continue to improve and add value for our clients and stakeholders?

An important part of the balanced scorecard process is creating a strategy map. This map shows the connection between the vision of the organization and the specific strategic goals in each perspective, including specific measurement criteria. An example would include goals of promoting an active and healthy community, safeguarding environment and natural resources, and meeting the needs of the nonprofit's clients.

### Global Reporting Initiative Sustainability Reporting Guidelines

The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines is an example of a social accounting framework that was developed (and continually revised) by multiple stakeholders globally using a consensus-seeking approach. Overall, it seeks to create globally accepted sustainability principles for for-profit, nonprofit, and public sector organizations. By using sustainability reporting, organizations are able to continuously account for, understand, manage, and report on their favorable and adverse economic, environmental, social, and governance performance (GRI 2016).

Thousands of organizations use the GRI framework to report on their sustainability performance, including nonprofits and public agencies. GRI also publishes sector supplements specific to particular industries to which nonprofits in specific industries can look. Such supplements may also be applied by international nonprofit organizations.

A key step in using a social accounting framework is determining which areas are material and should be measured and monitored. Those that are material would have significant economic, environmental, and social impacts and would affect decision-making. If the items are material, they would be included in the GRI report. The GRI framework provides guidance for reporting on over 90 indicators in six key areas: economic, environmental, human rights, labor, product responsibility, and society.

### Stakeholder Impact Statement

New models of social accounting are continually being developed. One of these is the stakeholder impact statement, which is derived in part from the social return on investment framework (Mook et al. 2015). Financial and social data are combined and reported by stakeholder groups. A stakeholder is defined as any group or

individual who affects or is affected by the impact of the organization. This includes clients, volunteers, employees, funders, donors, suppliers, and the environment.

In the stakeholder impact statement, the resources contributed by each stakeholder group are put in context with the economic, social, and environmental impacts that each group experiences. Financial contributions are derived from the organization's financial accounts, and non-financial contributions such as volunteer labor and in-kind donations are given a monetized value. Economic, social, and environmental impacts are determined by understanding what changes for each stakeholder as a result of their interaction with the organization. These impacts are given a monetized value using a financial proxy and adjusted for attribution and deadweight so as not to overclaim.

## Social Accounting and Social Enterprises

Many nonprofits are opting to run social enterprises as a way to diversify revenue. This is due in part to a drop in charitable contributions as well as an increase in competition for donations and grants. The increase in the number of social enterprises has also come about due to the increase of nonprofit and for-profit joint ventures and the increase in for-profits launching and/or controlling nonprofits for corporate social responsibility.

Social accounting is particularly meaningful for social enterprises as they are organizations with both social and financial goals. Social accounting models help them measure their social impact while also tracking their financial performance. It enables them to be transparent and accountable to their stakeholders and make a case for their effectiveness. Additional benefits are that they can share the results of the social accounting efforts with grantors, project investors, customers, and other stakeholders to help communicate their social impact in order to increase their legitimacy.

Social enterprises around the world continue to pioneer various social and environmental accounting approaches related to their social impact reporting. Examples are social return on investment and blended value accounting. Such systems have been tested to show how they can also be adapted by smaller social enterprises that have limited human and financial resources to invest in social accounting.

## Social Accounting and Enterprise Risk Management

An emerging process that connects to elements of social accounting is enterprise risk management (ERM). ERM is the process by which an organization's board and staff consider the mission and strategic objectives of the organization in order to identify and manage or mitigate the risks inside and outside the organization that may derail the organization from its mission. In short, ERM is a process by which an organization attempts to manage its key risks using a holistic approach that keeps the mission of the organization in focus. A key risk is one that would hinder an organization from achieving its strategic goals, in particular its social, environmental, and/or economic goals.

To illustrate key risks relevant to nonprofits, a nonprofit engaged in healthcare cannot afford to prioritize economic gains at the expense of patients. The regulatory and reputation risks that this could bring could result in the closure of this nonprofit. Some environmental nonprofit organizations damaged their reputation after they prioritized their recycling income projects and felt their income generation was threatened by regulation targeted at reducing waste (Jeavons 1992). On the other hand, a nonprofit that values its environmental programs and fails to value its employees to the point of overworking and underpaying them could lose important human resources and face significant operational risks.

As nonprofit organizations continue to look to ERM to help boost their governance processes, the need to monitor, measure, and report significant environmental, sustainability, and other non-financial risks alongside financial risks will facilitate integrated social accounting. An added benefit is that this integrated approach will also

reduce the tendency for social and environmental performance to be subordinated and separated from financial performance especially as some nonprofits look to copy and operate as traditional businesses.

## Social Accounting and Ethics

Accountants are tasked with generating informative reports to help with the decision-making of various stakeholders. When stakeholders have opposing interests and priorities, accountants have ethical responsibilities to present information accurately and fairly to all. Social accounting, therefore, assists accountants in their duty to provide various stakeholders with information that gives an overall picture of the social, environmental, and economic performance of an organization.

Social accounting helps organizations to promote a culture of ethical behavior by highlighting, measuring, monitoring, and communicating these behaviors. Additionally, an ethical culture is very important for the reputation and credibility of any nonprofit and is key in helping to attract and retain donors, volunteers, or employees.

## Social Accounting and Accountability

Social accounting also contributes to the project of democracy. Although traditional accounting provides some transparency and accountability, social accounting extends this to include social and environmental performance and includes the participation of public stakeholders in the process.

Accountability can be either reactive or proactive. Reactive accountability refers to tracking and monitoring how an organization uses the resources that are entrusted to it. Proactive accountability is strategic and looks to the future to pursue goals such as policy objectives or long-term environmental sustainability.

Social accounting can be designed to support and facilitate both accountability and control. Social accounting supports organizational objectives such as assessing risk, managing stakeholders, image management, public relations, seeking out efficiencies, and maintaining legitimacy. Social accounting designed to support and facilitate the pursuit of societal objectives would include stakeholder rights to information, transparency, openness, and describing the social and environmental costs of economic success.

## Challenges to the Adoption of Social Accounting

Major accounting standard-setting bodies tend to indicate in their mission statements that they serve users of financial information but generally exclude sustainability, social, or environmental accounting. However, this gap is being addressed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, NGOs, standard setters, and the accounting profession. A key component of the IIRC model is the inclusion of value creation in six areas of capital use: financial, manufactured, intellectual, human, social and relationship, and natural capital (IIRC 2013).

As the world is moving its focus from the United Nations Millennium Development Goals to Sustainable Development Goals, even the United Nations has highlighted the importance of better accounting practices as crucial to the measuring and communicating of sustainability goal achievement. Therefore, the assumption that the ethical responsibilities of accountants are limited to financial reporting continues to be questioned by both accounting researchers and policy setters.

Another limitation of current sustainability reporting efforts is that organizations generally do not place their sustainability performance in the larger context of planet sustainability. Incorporating an approach such as The Natural Step Framework may help organizations to report their sustainability performance within the context of overall planet sustainability. The Natural Step Framework starts with an understanding of how the biosphere functions, how society influences and is a part of natural systems, how society threatens those systems, and what organizations can do to limit unsustainable

behaviors. This framework is now used by organizations to guide strategic planning and determine what is to be measured, monitored, and reported on with the planet's overall sustainability in perspective.

Without external regulatory requirements to adopt social accounting, nonprofits may lack the motivation to adopt social accounting approaches. In addition, organizations may lack time, skilled workforce, or financial resources to devote to social accounting activities. Also, the board or key management personnel of the nonprofit may not be familiar with social accounting and may not be convinced of its value thereby withholding their support and even resisting any steps toward social accounting adoption.

## Moving Forward: Education and Skills Development

Nonprofit sector accountants have had, so far, limited involvement in social or sustainability accounting. If sustainability reporting is to advance in the nonprofit sector, professional development in this area is needed. As noted in Mook and Pstross (2013), desired skills include collaboration, dialogue, creativity and innovation, systems-thinking, team work, active listening, stakeholder engagement, group decision-making, conflict management, qualitative and quantitative data gathering and analysis, story-telling, critical reflection, learning from failure, change management, strategic forecasting, and lifelong learning. Nonprofit programs at higher education and professional degree-granting institutions play an important role here by incorporating these types of skills development in their degree requirements.

## Conclusion

Social accounting is a tool that has multiple purposes. Social accounting can help highlight both positive and negative realities that normally are not captured in purely financial reporting. It allows an organization to measure, reveal, and address previously ignored social and environmental aspects of its operations. In addition, it can map out power structures and enable better informed decision-making and policy-setting processes. Sustainability performance and externalities can be shown together with financial information to provide a more complete picture of the impact of the organization's day-to-day activities. For nonprofit organizations, social accounting is a powerful way to drive behavior, demonstrate accountability, and contribute to the democratic process.

## Cross-References


- ▶ Accountability Mechanisms
- ▶ Balanced Scorecard
- ▶ Corporate Social Responsibility
- ▶ Governmental Accountability
- ▶ Social Economy, Social Accounting, and NP Organizations


## References


Global Reporting Initiative (GRI) (2016) About sustainability reporting. Retrieved from: https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx\

IIRC (2013) The International Integrated Reporting Framework. Available at: http://integratedreporting.org/resource/international-ir-framework/

Independent Sector (2016) The Value of Volunteer Time. Available at: http://independentsector.org/resource/the-value-of-volunteer-time/

Jeavons TH (1992) When the management is the message: relating values to management practice in nonprofit organizations. Nonprofit Management & Leadership 2(4):403–417

Kaplan RS (2001) Strategic performance measurement and management in nonprofit organizations. Nonprofit Management & Leadership 11(3):353–370

Mook L (2007) Social and environmental accounting: the expanded value added statement, Doctoral dissertation, University of Toronto, Toronto

Mook L (2013) Social accounting for the social economy. In: Mook L (ed) Accounting for social value. University of Toronto Press, Toronto, pp 5–28

Mook L, Pstross M (2013) Social accounting: lessons learned for the road ahead. In: Mook L (ed) Accounting for social value. University of Toronto Press, Toronto, pp 249–259

Mook L, Quarter J, Richmond BJ (2007) What counts: social accounting for non-profits and cooperatives, 2nd edn. Sigel Press, London

Mook L, Maiorano J, Ryan S, Armstrong A, Quarter J (2015) Turning social return on investment on its head: the stakeholder impact statement. Nonprofit Management & Leadership 26(2):229–246

## Social Capital and Organizational Change

Nicholas P. Lovrich[1] and John C. Pierce[2]
[1]School of Politics, Philosophy and Public Affairs, Washington State University, Pullman, WA, USA
[2]School of Public Affairs and Administration, University of Kansas, Lawrence, KS, USA

### The Intellectual Origins of Social Capital

Nobel Laureate Elinor Ostrom and her colleague Toh-Kyeong Ahn (2003) give proper credit to the Sociologist James S. Coleman (1988) and the Political Scientist Robert Putnam (1993) for bringing the concept of social capital into broad discussion among scholars. They note that few social scientists were aware of the idea prior to their foundational works and that the scope of awareness and extent of adoption in social science research and scholarship were quick to grow (Woolcock 2010). There were a scant two citations to social capital on the *Web of Science* in 1991; in 2001 that number grew to 220. Clearly, something special was featured in the work of Coleman and Putnam to attract the attention of so many scholars, and the social science literature was soon flooded with studies, laudatory and critical alike, on social capital. Researchers in various applied fields such as planning, criminal justice, public health, community development, emergency management, and public education began reporting the results of studies on social capital in their respective fields of research and areas of practice.

What were the insights of Coleman and Putnam that so energized social scientists? Their work served to focus the attention of social scientists on the core idea of *collective action* and bring attention to the need to more fully understand the dynamics associated with its achievement. Particularly in the context of democratic societies and in cultural settings where individualistic perspectives predominate over collectivistic values, the need is imperative to understand why some social units (ranging from neighborhoods, to small towns, to large cities, to entire nations) are able to **act in concert** to accomplish shared benefits and other comparable social units are unable to overcome inevitable differences in perspectives to achieve collective goals. Whether the particular challenge be addressing the needs of displaced families in a local community, the serious temporary shortage of water in a city, the prevention of the spread of a contagious malady in a state, or the conservation of energy in an entire nation, the many autonomous and freely decided individual actions of all persons – if framed in terms of behaviors directed to promote a shared benefit – provide a powerful advantage in sustaining the quality of life of all involved. Since the self-interest of rational individuals would call for them to "free ride" and enjoy the benefit of others reaching out to the distressed families, conserving water, restricting their own movements, and adopting energy-saving practices, WHY is it that some social units achieve effective collective action when it is called for while others do not? The work of both Coleman and Putnam provided timely insight into this important question.

In the case of James Coleman, the major determinant of capacity for collective action is that of the strength of *norms of reciprocity* inculcated and sustained by a combination of modeling and socialization. The great Roman sage Cicero described this key norm with admirable clarity as follows: "There is no duty more indispensable than that of returning a kindness. All men **distrust** one forgetful of a benefit" [emphasis added] (as cited in A.W. Gouldner 1960: 161). For Coleman, the reservoir of *social trust* created and sustained by norms of reciprocity gives rise to collective action when it is needed in a community. Coleman quite correctly noted that communication among members of the community is

easier when trust is present as opposed to when distrust prevails, and similarly mutual assistance is more easily rendered and more likely to be reciprocated when the assumption can be made that nearly everyone will "do their fair share" as opposed to "free ride" on the charitable efforts of others in the community.

For Putnam the importance of reciprocity norms is duly acknowledged, but the focus of attention in his work shifts importantly to *structures and networks*, arguing that "an effective norm of generalized reciprocity is likely to be associated with dense networks of social exchange. In communities where people can be confident that trusting will be requited, not exploited, exchange is more likely to ensue. Conversely, repeated exchange over a period of time tends to encourage the development of a norm of generalized reciprocity" (Putnam 1993: 172). For Putnam, the key source of the reciprocity norm and the major factor determining the volume of the reservoir of social trust are the **density and extent of interconnection among the networks of social organizations** (the "civil society" and NGOs in later literature developed by the United Nations Research Institute for Social Development; see Clayton et al. 2000). According to Putnam, these organizations are more critical to social capital formation than the socialization process with regard to creating and sustaining social trust in a community. He argues that the majority of modeling of reciprocity and most of the growth of social trust occurs in the myriad of social organizations inherent in civil society. He argues further that where such organizations are plentiful and highly interconnected by boundary spanning members, the reservoir of social capital runs deep; where they are few and isolated, that reservoir runs shallow. The capacity for collective action in the former case is great and in the later quite limited.

Once social scientists became familiar with Coleman's discussion of social capital set forth in "Social Capital in the Creation of Human Capital" (*American Journal of Sociology* 1988) and later read and pondered Putnam's highly celebrated *Making Democracy Work: Civic Traditions in Modern Italy* (1993), the process of rapid diffusion of the concept commenced. In Putnam's book on regional government performance in post-WWII, Italy attributes differences in both the level of governmental performance and the overall quality of life in the regions of Italy to differences in social capital; those differences make collective action in response to societal challenges more or less difficult to organize depending upon the reservoir of social trust and reciprocity norms and the density and networking present among organizations. He argued that the facilitation of the coproduction of public goods, for example, is easier in high as opposed to low social capital settings. Governmental admonitions to undertake private actions to promote public interest outcomes (e.g., conserve energy, donate blood at the local blood bank, take part in local elections, etc.) would have a better audience and greater likelihood of inspiring public interest-serving action in high social capital than in low social capital settings.

Soon upon the publication of *Making Democracy Work*, Putnam was challenged to apply his social capital theory to the USA. It was argued that if the theory was a universal social science insight, it should hold in **any** society, including the USA. Moreover, the federal structure of the USA and the "laboratories of democracy" phenomenon attributable to the development of social policy in the nation's states over the course of the nation's history would seem to provide a particularly useful setting for the testing of his theory. This type of theory testing was done in a very large-scale study, generously financed by a combination of major foundations, including the Carnegie Corporation, Ford Foundation, Rockefeller Foundation, Rockefeller Brothers Fund, Aspen Institute, Eli Lilly Foundation, Trilateral Commission, Norman Foundation, and Pew Charitable Trusts. The willingness of so many major granting agencies to contribute to the most well-funded social science study ever undertaken attests to the great popular appeal of the social capital concept. The US replication study was carried out principally at the John F. Kennedy School of Government at Harvard University. Putnam's study led to the publication of *Bowling Alone: The Collapse and Revival of American*

*Community* in 2000. Many public appearances were made throughout the country and abroad by Putnam to explain his findings and sketch out their implications for modern society. Shortly upon the publication of *Bowling Alone*, the World Bank commissioned him to train World Bank researchers at the Kennedy School in applications of social capital theory to the now global economic development process (see the summary of World Bank *working papers* in Grootaert and van Bastelaer 2001).

The focus of attention for Putnam in his US replication was that of the 48 continental US states, and the evidence amassed for the book provided a template for many studies to follow at the county, municipal, and even neighborhood levels. Putnam developed a citizen survey designed to capture norms of reciprocity and social trust and likewise developed methods to assess the density and extent of network connections existing among and between organizations. From all of his work, both in the original two-decade study conducted in Italy (between 1970 and the end of the 1980s) and the follow-up US work conducted during the 1990s, the data collected are available upon request to replicate his work and conduct secondary analysis. One reason for the rapid dissemination of studies on social capital is Putnam's exemplary habit of sharing the data assembled in his work, both before and since he achieved wide public acclaim and great professional recognition (he was elected president of the American Political Science Association for 2001–2002) for his research. As was the case in *Making Democracy Work*, Putnam argued again in *Bowling Alone* that both the differences in state government performance and the quality of life (e.g., economic well-being, state of public health, level of crime, public school performance, availability and maintenance of public facilities and structures) were predictable from the level of social capital present in the state.

Unlike a major theme of *Making Democracy Work* that social capital was a reflection of deep-seated historical legacy, in *Bowling Alone* Putnam argued that social capital could be renewed and effectively expanded by creating inclusive social organizations within communities that model reciprocity norms, develop social trust, and establish bridging networks among one another. Putnam partnered with longtime civic activist Lewis M. Feldstein to coauthor a follow-up to *Bowling Alone* entitled *Better Together: Restoring the American Community* in 2003 (Putnam and Feldstein 2003). At the Kennedy School, *The Saguaro Seminar: Civic Engagement in America* was established as an institutional vehicle for supporting both research into and **active application** of social capital ideas in communities across the USA (and abroad). In due course, many of the applied social science fields drew upon the enthusiasm of the major foundations to test the utility of Putnam's theory and his ideas of how **organizational change** – principally pursuing *greater inclusivity* and *greater internal trust building* through active engagement of members and *more effective bridging to a network* of external organizations – might enhance societal goal attainment and promote organizational sustainability at local, regional, and national levels alike.

## Applications of Social Capital Theory in Social Policy Research and Practice

In short order, applied social scientists began to make use of Putnam's social capital framework in their own areas of study and practice. In their work, the primary questions raised were generally **twofold**: first, is there a demonstrable connection between the level of social capital and quality of social life as predicted by Putnam (e.g., does high social capital lead to more effective planning?) Second, do the *Better Together*-type actions designed to build social trust and promote connections among and between civil society organizations pay off as predicted (e.g., does facilitating interpersonal interaction in the design of communities lead to norms of reciprocity and heightened capacity for public interest collective action?)

From 2000 onward, the literature on social capital expanded greatly in the applied social sciences. For example, in the planning discipline, the academics and practitioners alike were quick to see the value of Putnam's insights, and much of their work serves as a good example of the fruitful

application of social capital theory to the enhancement of collective action capability. Planners made use of social capital-derived critiques of urban sprawl (Williamson 2010), recommended land use plans and ordinances which promoted "walkable neighborhoods" (Lund 2002; Leyden 2003), and wrote about effective, evidence-based practices to build and sustain social capital in disadvantaged neighborhoods (Brisson and Usher 2005).

In the area of criminal justice, the greatest amount of work occurred at the urban neighborhood level where "collective efficacy" (read social capital) was found to be a strong correlate of public safety and citizen sense of well-being, even after controlling for virtually all other socioeconomic and racial factors. It has been reported that investments made in nurturing and supporting civil society organizations, even in "hot spots" of high crime, tend to produce quite positive outcomes (Weisburg et al. 2015). On a national scale, the US Department of Justice launched a two-decade initiative entailing grants and support for university/police partnerships to promote community-oriented policing (COP) across the country. The COP initiative sought to prevent crime and enhance citizen coproduction of public order by engaging the police in building social capital within local communities. A principal aim of COP was to **promote organizational change** within police agencies (too often insular and distrusting) so that those agencies could develop ties to civil society organizations in the communities they served. Programs such as the recruitment of women and minorities officers, DARE and school resource officers, walking and bike patrols, police athletic leagues for youth, officer rewards for participation in community-based organizations, police storefronts and mini-stations, and neighborhood watch initiatives were implemented in many American communities. These COP programs were generally animated by a belief in the value of building social capital through ongoing law enforcement engagement in the community directed toward enhancing the capacity for effective collective action on crime prevention (Pino 2001; Meares 2002; Erp et al. 2007).

Likewise in the area of public health policy, cross-sectional studies at both the US state (Mellor and Milyo 2005) and county level (Lee and Kim 2012; Gilbert et al. 2013) indicate a strong correlation between social capital and favorable health outcomes. Once more, interventions designed to build social capital and promote public health outcomes in many cases have shown quite positive results (Hawe and Shiell 2000; Szreter and Woodcock 2004). Moreover, efforts to promote inclusivity, active collaboration, and boundary spanning networks at the community level in urban areas have shown favorable outcomes even for particularly difficult-to-manage health problems such as drug abuse, violence against women, and child abuse (Darnell and Schuler 2015). In the global fight to halt the spread of HIV/AIDS, the role of social capital has taken a prominent role, with the support of the World Bank (David 2007).

In the area of community development, the social capital concept has become a core principle of theory and practice alike over the course of the past two decades. In the field of rural sociology, scholars such as Cornelia Flora were quick to recognize the value of Putnam's work, and she expanded upon it to identify several forms of social **capitals** needed to help rural communities become sustainable in the face of great social change (Flora 1998). Economists in the US Department of Agriculture responded to requests by many university-based extension social scientists across the country for *county-level indicators of social capital*. In response, Anil Rupasingha and his colleagues drew upon US Census, County Business Patterns from USA Counties on CD program, the National Center for Charitable Statistics, and the Regional Economic Information System sources to construct an index of social capital for all US counties, updated periodically (Rupasingha et al. 2006). Several studies on community development featuring this social capital data have been done in the USA (Martinkus et al. 2014), and likewise, studies have been carried out in developing countries with an explicit focus on social capital formation and maintenance (see overview of US government-supported efforts in USAID documents such as US Department of State 2007).

In the disaster management literature, the connection between preexisting social capital and disaster recovery is considered to be very strong; in point of fact, the most celebrated scholar in the area, Louise K. Comfort, frames the overall problem as one of the achieving critical levels of collective action in times of extreme emergency events (2005). Much of the literature on the aftermath of Hurricane Katrina has been framed in terms of social capital theory (Meyer 2013). The effort to promote disaster management planning has focused considerable attention on the building of social trust and boundary spanning networks as an important element of local efforts to enhance community resilience (Johnson et al. 2013. In an important contribution to the public administration literature, Mary Kweit and Robert Kweit (2004) compared the aftermath of a disastrous flood of the Red River in 1997 in two adjoining cities, Grand Forks, North Dakota, and East Grand Forks, Minnesota. The more effective recovery witnessed in East Grand Forks was attributed in good measure to the high social capital present in that community.

Finally, in the public education area, the association between school outcomes and social capital is well established in the research literature (Muller and Ellison 2001; Dika and Singh 2002; Lee 2010). The payoff derived from building strong partnerships between schools and community-based organizations capable of generating the coproduction of student learning and socialization has been demonstrated in many studies (Morgan and Sorensen 1999; McNeal 1999). The asset of community-level social capital and degree to which school administrators take advantage of that asset have both been shown to be predictors of school performance in systematic cross-school district comparisons in Washington state (Simon 2001).

## Consolidation of Social Capital into the Prevailing Public Choice Framework

As important as the widespread adoption of social capital theory among the various applied social science disciplines and areas of study was, perhaps even more important was the action taken by Nobel Laureate Elinor Ostrom to **incorporate** social capital theory into public choice theory as a major factor in the explanation of collective action – particularly in common pool resource settings. She and her colleague Toh-Kyeong Ahn observed the following about the critical role seen for social capital theory in advancing social science theory and research:

> What explains this rapid growth of the social science literature? The 'standard' approaches to the problems of economic development and political order seem to have reached their limits. Abundant anomalies accumulated that called for careful examination of the factors that were left out of earlier theories. Some of the puzzles, **especially the differential political and economic performance across nations and communities**, could not be answered satisfactorily without seriously studying the omitted factors: **trust and norms of reciprocity, networks and forms of civic engagement, and both formal and informal institutions**... We believe that the concept of social capital should take its place alongside physical and human capital as core concepts of great usefulness to the social sciences. [Emphasis added]. (Ostrom and Ahn 2003)

This joining of social capital theory into mainstream rational choice scholarship in political science opened the door for a great expansion of research in the discipline. A good deal of that research occurred in the environmental policy area where collective action and overcoming the dilemma of the tragedy of the commons is an ever-present challenge. For Ostrom, also a one-time president of the American Political Science Association (1996–1997), the combination of public choice theory and social capital theory offered a means of explaining WHY the tragedy of the commons is **both** a frequent occurrence **and** is sometimes avoided through efficacious collective action (Ostrom 1990). Political scientists eager to explain why seemingly pressing environmental problems were receiving too little attention in most places, but giving rise to effective collective action in others (Grafton and Knowles 2003; Jones et al. 2009; Morris et al. 2015), were turning to social capital theory. They often found evidence that **trust and norms of reciprocity, networks, and forms of civic engagement and both formal**

**and informal institutions** were present in cases of effective collective action (Pennington and Rydin 2000; Weber et al. 2006).

## Path of Social Capital to Public Administration by Way of Business Administration

As the applied social science fields discovered and made beneficial use of social capital theory in research and practice alike, their counterparts in business administration – particularly in the areas of management and organizational strategy – were quick to appreciate the insight that **organizational change directed toward collective action** was indeed the key dilemma to be solved in the management of formal organizations. Whether large or small, whether for-profit or nonprofit, the key challenge for any organization is to accomplish sustained collective action directed toward a shared understanding of the goals of association. In meeting that challenge, the key elements of social capital theory of trust, norms of reciprocity, and dense and interconnected networks of association within an organization and between organizational actors and key outside interests constitute the most central concerns of management *properly understood*. Essential to the process of management viewed through this lens is the balancing of two types of social capital – namely, bonding and bridging. BOTH the "ties that bind" and the "connections across group boundaries" are necessary to sustain progress toward the achievement of long-term goals in any organization. The research and applied social science work done with social capital theory in the public policy settings noted above soon found equivalent applications in the area of business administration theory development and in the area of management practice.

A significant breakthrough in this regard was accomplished in the prescient work of Janine Nahapiet and Sumantra Ghoshal set forth in "Social Capital, Intellectual Capital, and the Organizational Advantage" published in the *Academy of Management Review* (1998). They argued in that prescient article that the ability organizations have to create and share knowledge is the core element of activity that requires conscious management and that *social capital as understood by Coleman and Putnam and Ostrom facilitates the creation of new intellectual capital in organizations*. They argued further that the primary collective action challenge for organizations was to make well-informed choices in the development and management of three types of social capital within an organization – *structural* (connections among actors), *relational* (trust among actors), and *cognitive* (shared goals among actors). Once researchers were alerted to the centrality of social capital to the question of achieving "organizational advantage," the race was on among scholars to enhance this insight and, very importantly, devise empirical measures for social capital that could direct research and guide practice (Williams and Shepherd 2015).

Among the first noteworthy challenges to Nahapiet and Ghoshal, the principal focus on the proper management of the bonding elements within organizations came from some organization strategy scholars. They opined that the utility of social capital conceptualized in its internal structural, relational, and cognitive forms of connection is very likely contingent upon the effective *bridging* to outside networks on the part of key actors in the organization. They used the term "structure hole" to characterize a situation where the intellectual capital of a cohesive organization suffers from **insularity** owing to insufficient connection to extra-organizational networks wherein pertinent knowledge and timely information is being circulated on an ongoing basis (Burt 1997; Ryu 2015).

In due course, researchers in public administration took note of the developments on social capital taking place in the business administration literature and initiated important new research initiatives reflecting social capital theory-based insights for directing organizational change in public and nonprofit agencies (Bryson et al. 2010). Principal among the public administration researchers leading the way in the testing of social capital precepts and employing advances in social science measures and analytical techniques were Ken Meier and Lawrence O'Toole. They

developed measures for all of the core dimensions of bonding social capital and addressed the need to investigate the "structure hole" dimension of bridging social capital by developing some innovative measures of managerial networking (Meier and O'Toole 2001, 2003; O'Toole et al. 2005). Their access to Texas public schools and their educational outcome data for a very large number of schools and students provided a treasure trove of data to be mined. They have been able to explore the potential for (and limitations to) using social capital theory to help guide organizational change in American public education and by extension in public and nonprofit organizations writ large. Their research has, moreover, set a high standard for empirical research in public administration and inspired many young researchers to emulate, build upon, and go beyond their work (Andrews 2012).

## Social Capital and Organizational Change in Appreciative Inquiry

It is perhaps most fitting to end this short piece on social capital and organizational change with an acknowledgment of the increasingly broad use of the "appreciative inquiry" framework for organizational change interventions (see Meier et al. 2007). There has been dramatic growth in interest in the appreciative inquiry (AI) process for organizational audits, evaluations, and planned change initiatives (Cooperrider 1999). Much of that interest stems from the conscious effort made in the AI process to build *bonding social capital* (structural, relational, cognitive) and *bridging social capital* (capacity for boundary spanning) in a process of organizational self-study, deepened holistic understanding, and honest sharing of personal perspectives by all members of an organization (Preskill and Catsambas 2006). The powerful process of crafting and then sharing personal stories of successes attained in work and making connections with others in the process produces a valuable type of intellectual capital which is often transformative for public agencies and nonprofit organizations (Abma 2003; Van der Haar and Hoskings 2004). The power of the AI process, however, lies not in the particular personal stories told but rather in the social capital created by their thoughtful sharing.

To this point, our discussion of social capital seems to point to an unremitting positive, organic force in social and civic life. To be sure, social capital can be significant in facilitating collective action in the public sphere, as well as an influence on the production of public goods. But it is not that unequivocal, and there remain unanswered questions. Thus, even in the presence of bonding or bridging networks bound together by mutual and reciprocal trust among their members, there is nothing automatic about the mobilization of that network to engage in collective or shared action aimed at change in pursuit of the public good.

One early corrective to the seeming consensus on social capital being an unmitigated civic community collective good came in the form of the identification of the "the dark side of social capital." Robert Putnam assesses the potential implications of communities or social organizations with high social capital *and* low levels of tolerance for others (Putnam 2000: 355). In such cases, social capital-induced solidarity can be a vehicle for enforcing intolerance and suppressing dissent. As Putnam writes, "The abundant social capital of the 1950s was exclusionary along racial and gender and class lines" (.358). Elinor Ostrom similarly observes that "There is a dark side to social capital as well as to physical and human capital. Gangs and the Mafia use social capital as the foundation for their organizational structure" (2000: 176). Thus, van Deth and Zmerli correctly note that "the specific consequences of social capital largely depend on political and social conditions" (2010: 631).

Why, then, do some networks activate on behalf of their shared interests or on behalf of what they perceive to be public goods that should be available to everyone regardless of whether they participate in the network's activities? One answer to that question points to the importance of leadership, the presence of individuals who have the skills, and the commitment to invest in activating a network. Surprisingly, relatively little is known currently about the role of leadership in social capital Does it take particular kinds of skills

or attributes to mobilize social capital-based influence? If the networks are trust based, must the social capital entrepreneur be the most trustworthy or simply have a requisite trust-based legitimacy along with the organizational and political skills to develop strategies that will achieve shared goals? One place where growing research is obtained in regard to leadership and social capital has nothing to do with the capacity to use social capital but rather the capacity to build it in an organization (Van De Valk and Constas 2010). Again, though, a question is raised as to what leadership attributes enable an intentional social capital building strategy within an organization? The answer surely is found in the fit of those attributes with the political and social conditions within which they must be applied by the leader.

## Cross-References


- ▶ Agency Theory in Organizations
- ▶ Coordination and Collaboration in Crisis Management
- ▶ Group Power and Leadership
- ▶ Mission Change in Nonprofit Organizations
- ▶ Models of Organizational Change
- ▶ Organizational Collaboration
- ▶ Politics and Collaboration


## References


Abma TA (2003) Learning by telling: storytelling workshops as an organizational learning intervention. Manag Learn 34:221–240

Andrews R (2012) Social capital and public service performance: a review of the evidence. Public Policy Adm 27:49–67

Brisson D, Usher C (2005) Bonding social capital in low income neighborhoods. Fam Relat 54:644–653

Bryson JM, Berry FS, Yang K (2010) The state of public strategic management research: a selective literature review and set of directions. Am Rev Public Adm 40: 495–521

Burt RS (1997) The contingent value of social capital. Adm Sci Q 42:339–365

Clayton A, Oakley P, Taylor J (2000) Civil society organizations and service provision, Paper No 2. United Nations Research Institute for Social Development, Vienna

Coleman JS (1988) Social capital in the creation of human capital. Am J Sociol 94(Suppl):S95–S120

Comfort L (2005) Risk, security and disaster management. Annu Rev Polit Sci 8:335–356

Cooperrider DL (1999) Positive image, positive action: the affirmative basis of organizing. In: Srivastva S, Cooperrider DL (eds) Appreciative management and leadership. Williams Custom Publishing, Euclid, pp 91–125

Darnell A, Schuler MS (2015) Quasi-experimental study of functional family therapy effectiveness for juvenile justice aftercare in a racially and ethnically diverse community sample. Child Youth Serv Rev. https://doi.org/10.1016/j.childyouth.2015.01.013

David AC (2007) HIV/AIDS and social capital in a cross-section of countries. World Bank Policy Research Work Papers. https://doi.org/10.1596/1813-9450-4263

Dika SL, Singh K (2002) Applications of social capital in educational literature: a critical synthesis. Rev Educ Res 72:31–60

Erp M, Gaffney M, Goldman J, Gray K, Lovrich N (2007) WRICOPS – a decade of service, 1997–2007. Western Regional Institute of Community-Oriented Public Service, Washington State University, Spokane

Flora JL (1998) Social capital and communities of place. Rural Sociol 63:481–506

Gilbert KL, Quinn SC, Goodman RM, Butler J, Wallace J (2013) A meta-analysis of social capital and health: a case for needed research. J Health Psychol 18: 1385–1399

Gouldner AW (1960) The norm of reciprocity: a preliminary statement. Am Sociol Rev 25:161–178

Grafton RQ, Knowles S (2003) Social capital and national environmental performance: a cross-sectional analysis. Centre for Resource and Environmental Studies, The Australian National University, Canberra

Grootaert C, van Bastelaer T (2001) Understanding and measuring social capital: the synthesis of findings and recommendations from the social capital initiative. The World Bank, Washington, DC

Hawe P, Shiell A (2000) Social capital and health promotion: a review. Soc Sci Med 51:871–885

Johnson BP, Goerdel HT, Lovrich NP, Pierce JC (2013) Social capital and emergency management planning: a test of community context effects on formal and informal collaboration. Am Rev Public Adm. https://doi.org/10.1177/0275074013504127

Jones N, Sophoulis CM, Iosifides T, Botetzagias I, Evangelinos K (2009) The influence of social capital on environmental policy instruments. Environ Polit 18: 595–611

Kweit MG, Kweit RW (2004) Citizen participation and citizen evaluation in disaster recovery. Am Rev Public Adm 34:354–373

Lee M (2010) Researching social capital in education: some conceptual considerations relating to the contribution of network analysis. Br J Soc Educ 31:779–792

Lee C, Kim D (2012) A comparative analysis of the validity of U.S. State- and county-level social capital measures and their associations with population health. Soc Indic Res. https://doi.org/10.1007/s11205-012-0007-y

Leyden KM (2003) Social capital and the built environment: the importance of walkable neighborhoods. Am J Public Health 93:1546–1551
Lund H (2002) Pedestrian environments and sense of community. J Plan Educ Res 21:301–312
Martinkus N, Shi W, Lovrich N, Pierce J, Smith P, Wolcott M (2014) Integrating biogeophysical and social assets into biomass-to-biofuel supply chain siting decisions. Biomass Bioenergy 68:410–418
McNeal R (1999) Parental involvement as social capital: differential effectiveness on science achievement, truancy, and dropping out. Soc Forces 78:117–144
Meares T (2002) Praying for community policing. Calif Law Rev 90:1593–1634
Meier KJ, O'Toole LJ (2001) Managerial strategies and behavior in networks: a model with evidence from U.S. Public education. J Public Adm Res Theory 11: 271–293
Meier KJ, O'Toole LJ (2003) Public management and educational performance: the impact of managerial networking. Public Adm Rev 63:689–699
Meier KJ, O'Toole LT, Boyne GA, Walker RM (2007) Strategic management and the performance of public organizations: testing venerable ideas and recent theories. J Public Adm Res Theory 17:357–377
Mellor JM, Milyo J (2005) State social capital and individual health status. J Health Polit Policy Law 30: 1101–1130
Meyer MA (2013) Social capital and collective efficacy for disaster resilience: connecting individuals with communities and vulnerability with resilience in hurricane-prone communities in Florida. PhD dissertation, Colorado State University, Fort Collins
Morgan S, Sorensen A (1999) Parental networks, social closure, and mathematics learning: a test of Coleman's social capital explanation of school effects. Am Sociol Rev 64:661–681
Morris JC, Gibson WA, Leavitt WM, Jones SC (2015) The case for grassroots collaboration: social capital and ecosystem restoration at the local level. Lexington Books, Lanham
Muller C, Ellison CG (2001) Religious involvement, social capital, and adolescents' academic progress: evidence from the national education longitudinal study of 1988. Sociol Focus 34:155–183
Nahapiet J, Ghoshal S (1998) Social capital, intellectual capital, and the organizational advantage. Acad Manage Rev 23:242–266
O'Toole LJ, Meier KJ, Nicholson-Crotty S (2005) Managing upward, downward and outward: networks, hierarchical relationships, and performance. Public Manag Rev 7:45–68
Ostrom E (1990) Governing the commons: the evolution of institutions for collective action. Cambridge University Press, Cambridge
Ostrom E (2000) Social capital: a fad or a fundamental concept? In: Dasgupta P, Sarageldin I (eds) Social capital: a multifaceted concept. The World Bank, New York
Ostrom E, Ahn TK (2003) Foundations of social capital. Edward Elgar, Cheltenham
Pennington M, Rydin Y (2000) Researching social capital in local environmental policy contexts. Policy Polit 28: 233–249
Pino NW (2001) Community policing and social capital. Policing Int J Police Strat Manag 24:200–215
Preskill H, Catsambas TT (2006) Reframing evaluation through appreciative inquiry. Sage, Thousand Oaks
Putnam RD (1993) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton
Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon and Schuster, New York
Putnam RD, Feldstein LM (2003) Better together: restoring the American community. Simon and Schuster, New York
Rupasingha A, Goetz SJ, Freshwater D (2006) The production of social capital in U.S. counties. J Socio-Econ 35:83–101
Ryu S (2015) To bond or to bridge? Contingent effects of managers' social capital on organizational performance. Am Rev Public Adm. https://doi.org/10.1177/0275074015598392
Simon C (2001) To run a school: administrative organization and learning. Praeger, Westport
Szreter S, Woodcock M (2004) Health by association? Social capital, social theory and the political economy of public health. Int J Epidemiol 33:650–667
U.S. Department of State (2007) U.S. agency for international development strategic plan – fiscal years 2007–2012. U.S. Department of State, Washington, DC
Van De Valk LJ, Constas MA (2010) A methodological review of research on leadership development and social capital: is there a cause and effect relationship? Adult Educ Q 61:73–90
Van der Haar D, Hoskings DM (2004) Evaluating appreciative inquiry: a relational constructivist perspective. Hum Relat 57:1017–1036
Van Deth JW, Zmerli S (2010) Introduction: civicness, equality, and democracy – a "dark side" of social capital? Am Behav Sci 53:631–639
Weber EP, Lovrich NP, Gaffney MJ (2006) Collaboration, enforcement, and endangered species: a framework for assessing collaborative problem-solving capacity. Soc Nat Resour 18:677–698
Weisburg D, Davis M, Gill C (2015) Increasing collective efficacy and social capital at crime hot spots: new crime control tools for police. Policing 9:265–274
Williams TA, Shepherd DA (2015) Mixed methods social network analysis: combining inductive concept development, content analysis, and secondary data for quantitative analysis. Organ Res Methods. https://doi.org/10.1177/1094428115610807
Williamson T (2010) Sprawl, justice and citizenship: the civic costs of the American way of life. Oxford University Press, New York
Woolcock M (2010) The rise and routinization of social capital, 1998–2008. Annu Rev Polit Sci 13: 469–487

# Social Class and Governance

Md. Al-Ifran Hossain Mollah
Faculty of Law, Eastern University, Dhaka, Bangladesh

## Synonyms

Exploitation; Governance; Social class; Social evolution; Society

## Introduction

Class or the social class is a frequently used term in many social and economic literatures for which a stable definition is hard to found. The traditional perception of class is based on economic productivity and which disregards shared subjective understandings like race, religion, gender, ethnicity, knowledge, etc. on the psyche of common people. Finding the universal standard for ascertaining and defining someone's social class has proved to be one of the hard nuts to crack among scholars and has ignited debate and contradictions from time to time. The concept of social stratification is a phenomenon that traces its origin back to ancient Greece where society was divided into two broader divisions, namely, the slave and the freeman. Social division was recognized from the very inception of human civilization where commoners were subjected to the leadership of superior hunters during the hunting and gathering age. With the introduction of agrarian society, the concept of social class started to take institutionalized form, albeit in constricted dimension. The feudalistic society experienced the upsurge of two classes, namely, the peasants and the feudal lords. Later on, emergence of capitalism under the shadow of industrial revolution started making social divisions based on their socioeconomic status into three commonly found groups, i.e., the higher class, the middle class, and the lower class. From the context of economic productivity, there were actually two classes, namely, the bourgeois class or the controllers of capital and the proletariat class or the worker class. This artificial division initiated the modern discourse on social class based on labor division and the capacity to income generation. And this is the point from where the class division becomes pivotal in discussing the spiral and complicated relations in between social class and governance. This period also experiences the emergence of democracy as a popular system of governance in the twentieth century's sociopolitical realities which seeks to ensure equality and eliminate discrimination from all spheres of the society. Sorokin wrote that social stratification means the differentiation of a given population into hierarchal superposed class. His major three types of social stratification include economic, political, and occupational class (Sorokin 1959). The traditional concept of social class prevailing in modern society has always been dependent upon the socioeconomic status of individual which has ultimately made the whole concept of social class volatile one. Assessing someone in reference to his/her economic capacity not only depletes the plausibility of such class division but also makes the whole thing quite unscrupulous from broader dimension of social economy. It is pertinent here to mention that assessment of class from private individual's context is the by-product of the prevailing model of economic system which aims at making capitals through triggering consumption behavior upward from individual level. This social division ought not to sustain as collective capacity to contribute toward socioeconomic development has been vehemently disregarded, and the paradigm of development has never been solely focused on individual's capacity rather than increasing capacity from the collective context from a wholesome approach. Thus, the prevailing model of social class is predominantly biased by the accumulation of wealth and capacity to afford social status with such wealth. These two factors in turn create the state of social influence over the others which consequently destabilizes the cohesive and coercive formation of governance structure. Class represent's authority's structure in society and governance

is the exercise of that authority to formulate and execute policies involving different institutions, actors, norms, practices, and values. Hence it is pertinent to find out the linkage between social class and governance. The objective of this article is to analyze into the interactive relationship between class and governance from the sociological perspective.

## Building the Paradigm of Social Class: Marx and Weber in Context

### Weber on Social Class

Identifying the exact paradigm and perspectives of social class has baffled academics across the globe for decades since the inception of modern discourse on class identity in the evolving socio-economic realities. Class is a concept that has several contextual meanings. Class may be defined in terms of simple gradations based on material conditions. The main body of class analysis is based on the Marxist and Weberian approach (Jones 2001). Max Weber's multi-dimensional approach toward social stratifications reflects a composite interplay among class, power, and status. According to Weber, a class situation refers to the typical probability of procuring goods, gaining a position in life, and finding inner satisfaction (Weber 1978). Weber saw class as only one aspect of the distribution of power in society (Breen 2005).

### Social Class from Marxist Point of View

Marx believed that it is essential to analyze social class, its structure, and nature for a proper understanding of capitalism. Marxists affirm that the history of all hitherto existing society is the history of class struggle (Marx and Engels 1969). In terms of dynamics of capitalism, Marx divided the entire social class into two, namely, the bourgeoisie (handler of capital) and the proletariat (labor class). For Marx, the analysis of social class, class structure, and changes in those structures are keys to understanding capitalism and other social systems or modes of production (Gingrich 1999). The center point of ensuring a class-free society is to understand the social class in an orderly manner which is based upon the inequalities of income and standard of living leading to the control of economic and political power. Even though the Marxist and Weberian approach toward social class differs from contextual analysis, they share the common fact of control over economic resources as one of the guiding principle for deciding individual's class. Marx believed that the real control of power is inevitably connected with uneven distribution of wealth creating poverty and initiating the regime of exploitation in which point class conflict or class struggle becomes inevitable for restoring the balance. Marx defined class in term of the extent to which an individual or social group has control over the means of production and referred to class struggle as the "motor of history." He opines that the rise of the bourgeoisie class is essential for preserving this state of inequality within the capitalism. Consequently, it is the exploitation for which social conflict becomes inevitable and the dimension of exploitation envisaged hitherto emanates from solid economic grounds.

### Revisiting the Traditional Perception of Social Class

Defining social class based upon escalating inequalities based on wealth and income makes the whole process of stratification too volatile to accept. For example, a new study completed in Britain has found a model of seven social classes ranging from elite to precariat, and the study concludes that the concept of class has economic, social, and cultural dimensions which make the traditional definition of class outdated (Savage et al. 2013). It is apparent that exploitation has a broader dimension in which economic systems take a fair share, but exploitation can appear in different forms like cultural exploitation, social exploitation. etc. And obviously, there are more other value-based important factors like denial of justice, deprivation of basic rights, and degradation of traditional moral values emanated from such dimensions which contributes significantly toward shaping the abstract and visual formation of exploitation within social sphere.

## Social Evolution: Class and Governance Perspective

Society has been defined as a collection of individuals held together by certain enduring relationship in pursuit of common ends (Mahajan 1988). On the other hand, state is a part of society which formulates public policy in order to preserve mutual rights and benefits. State is necessarily a political organization, society is not. State is the controller of the whole governance mechanism which operates within the perimeter of the society. From the context of historical evolution, human society can be classified into three, namely, the preindustrial, industrial, and postindustrial societies. The term "preindustrial society" has been used in a generic sense, denoting the human civilization before machine manufacturing and mechanization of the society, and which includes the hunting and gathering societies, pastoral societies, horticultural societies, agricultural societies, and feudal societies. It simply refers to social attributes and forms of political and cultural organization that were prevalent before the industrial revolution. The industrial revolution during the eighteenth and nineteenth century, marked with the emergence of capitalism as the driving economic system, initiated the industrial societies where technologies of mass production are used to produce goods in a large scale and which is organized hierarchically by class, and a rigid labor division is prevalent within the society. On the other hand, postindustrial societies experience the transition from production-based economy to service-based economy and which has given birth to efficient concepts like New Public Management (NPM) and New Public Service Management (NPSM).

### Social Evolution and Elements of Governance

From the perspective of authority, morphological evolution of society can be divided into primitive communism, slavery, serfdom, feudalism, and capitalism. The term "primitive communism" is usually associated with Karl Marx, but most fully elaborated by Friedrich Engels, and referring to the collective right to basic resources, egalitarianism in social relationships, and absence of authoritarian rule and hierarchy that is supposed to have preceded stratification and exploitation in human history (Scot and Marshal 2014). Subsequently, slavery came as an economic system which used human, either through coercion or voluntarily, as a trading property and to be sold, bought, or rented accordingly. Human beings were primarily divided into two, namely, the slave and the master (the slave owner/the freeman). Serfdom has been considered as the primitive form of feudalism where the serfs were bound to serve their landowner (agricultural land, mines, and forests) in return of subsistence allowance, social protection, and justice. The feudalistic form of society was the combination of both the legal and military customs under which the status of human being was classified as the peasants and the feudal lord. Feudalism was the medieval form of government predating the birth of the modern nation-state. The initiation of industrial revolution was marked with the emergence of capitalism which refers to the economic and political system where the control of economic affairs lies in the hand of private individual rather than the state. Rigid labor division, private ownership, deregulation, and consumer sovereignty are the prime characteristics of this system. Capitalism is the prevailing model of economic system which has three phases, i.e., trading capitalism, industrial capitalism, and finance capitalism. These three layers can be best described through the example of a person who buys certain consumer goods for selling into the market. This is the first step of capitalism, i.e., trading capitalism. Later on, if he intends to produce those goods through investing labor and exploring market, he is said to enter into the second phase, i.e., the industrial capitalism. At this level, certain risks are associated which may either promote him or drop him from the existing ladder as he is in the control of production line. Consequently after being successful, he intends to disseminate the know-how of the production and finance the others in return of incentives for which he is actually entering into the stage of finance capitalism. Evolution of society has always persuaded man to move forward in compliance with the prevalent governance mechanisms. Consequently, status of human has varied significantly

from one society to another. To assess the evolution of societies from the class and governance perspective, it is needed to put focus on different elements of governance which has faced significant changes in the course of social evolution. The elements of governance that shall be focused in here is goal (personal, group, and organizational), structure and process of cooperation, types and legitimacy of power, production relation (ownership, technology, labor process, and distribution), human relation (man–man and male–female), and interaction with environment (ecological relations and man–nature relations).

### Primitive Communism

In the primitive communism, all the human beings were said to have equal treatment and opportunity and survival was the all encompassed goal. The structure and process of cooperation was mass structured and dependent upon each member's capability. There was a common trend of leader and follower within the primitive social structure. Legitimacy of power was solely dependent on personal charisma and cordial acceptance by all. As to production relations, ownership was community based (shared basis), technology was primitive, labor process was based on mass involvement, and distribution was equal (necessity basis). Male–female relation was primarily based on the natural role-bound theory, and man–man relation was determined on the basis of seniority as to age. As regards the relation to environment and ecology, human society was much closer and dependent upon the nature.

### Slavery

In the slave society, the goal of slave was to be freed from the chain of slavery, and for the master (slave owner), it was the exploitation of slaves. It is the breaking point where exploitation started with the meltdown of natural equilibrium existing within the social structure. Social cooperation was hierarchical where slave owner controlled the sole authority over the slaves. Slavery was started accepting as a social norm. In some places, it was sugarcoated with the religious systems like the caste-based social systems found in ancient India. The dimension of power exercised was in the nature of domination as a coercive force, and it was legitimized through the ability to exercise and inflict violence upon the renegades. As to the production relation, ownership was controlled by the slave owners, labor process was primarily based on forced labor, and the distribution process was seriously uneven and discriminatory. It was the crudest form of social stratification that human civilization has ever experienced. Man–man relation was primarily determined on the basis of slave–master relationship, and the natural rule started to collapse as to male–female relationship through flagrant malpractices like forced sex, gender discrimination, etc. The relation with the environment was insignificantly disturbed at this stage.

### Serfdom

Serfdom was the very primitive stage of feudalism, and this society is significantly marked with the inception of institutionalized form of exploitation through accepting slavery as a normative social practice. Unlike slave society, freedom was availed to the serfs in a limited capacity. The goal of the serfs was to invest in labor and for the landowners increase in productivity. The process and structure of social cooperation were highly hierarchical. Power was based on wealth and strength and legitimacy of that power was established through social norms. Ownership was controlled by the landowner and primary agricultural technology was available. Labor process was dependent on the serfs (which were forced) and distribution was uneven. Human relations, i.e., man–man and male–female relations, were uneven as well. The relation between the natural environment and the human society was disturbed at an insignificant proportion.

### Feudalism

The feudalistic society experienced the emergence of nation-states and the process of surplus extraction begun. The goal of the peasants was to increase in agricultural production, and feudal lords seek for the rents and profits as against such cultivation. Social cooperation and process was institutionalized hierarchically and different agencies like the knights and nobles were created

under the kingship. Power formation was dependent upon wealth and strength; unlike the previous societies, legitimacy was based on the sovereign authority's arbitrary consent. As to production relation, ownership was controlled by the feudal lord, agricultural technology was partially improved, labor process was dependent on the peasants' autonomy who was the taxpayers as well, and the distribution process was not even. Human relation was uneven as the control of economic productivity was based on discrimination. The interaction between human society and environment was significantly disturbed as human beings started to impose control over the natural elements. The decimation of feudal society initiated with the emergence of industrial revolution and capitalism as the leading economic system comes into light.

### Capitalism

From the authority perspective, capitalism has experienced the rise of individualism as the system runs on private control over property and production instead of the state authority. Nevertheless, state works as the regulatory institution having all encompassing and supreme authority over the other institutions. In this system, the proletariats (the workers) aim at a higher level of wage earning capacity, and the bourgeois (capital controller) long for maximizing profits through exploiting their workforce. The structure and process of cooperation is hierarchical, but there is scope of participation and endorsement of welfare attitude within the social interaction. The extent of power is based on pure legal structure and is legitimized through majority acceptance in democracy. But in military states and authoritarian regimes, violence and coercion is the process of legitimacy. The production relation has experienced a significant turn through investing the ownership of production in the hands of capital owner, and the use of technology is way too advanced than the previous societies. Labor process has been categorized as qualified, mechanized, and service based having rigid labor division and with the rise of trade union and welfare societies. The distribution is uneven but need-based nominal supply is ensured. Human relation, i.e., man–man and male–female relation, faces disparity with rising concern over rights issues. As the use of technology is advanced in nature for excelling the growth of production, the interrelation between human and nature is seriously disturbed with grave consequences over the ecology and environment.

So from the dimension of exploitation, the core social stratifications can be narrowed down into two, namely, the exploiters and the exploited. In the social system of slavery, serfdom, feudalism, and capitalism, the exploiters are, respectively, the slave owner, the land owner, the feudal lord, and the bourgeois (i.e., the controller of the capital). On the other hand, the exploited in the parallel order are, respectively, the slaves, the serfs, the peasants, and the workers (i.e., proletariats).

## Deconstructing the Concept: Exploitation and Social Class

Class division exists in line with the prevailing practice of class exploitation within the present socioeconomic system. But like building a castle in the air, all the people belonging to the exploited class remains in a constant illusion of a lofty ambition for more aggressive consumption pattern (like maintaining luxurious goods like a sedan car, an apartment, or things pertaining to extravagance but not necessity). The dream of class struggle has ultimately turned into an unscrupulous competition of getting oneself into the superior class with the opportunity of higher living standard and tacit scope for exploiting the rest of the other. This growing ambition (better calling it as greed) from the social context has turned into a cultural anesthesia which makes the exploited class numb about the way other class exploits them. This numbness ultimately is expressed through their persistent and relentless effort to get upgraded in the social class structure. For example, common television ads depict a farmer's son working overseas or the daughter in the ready-made garments (RMG) sector. From the productivity context, they actually remain where their forefathers were, and the form of occupation

does not upgrade them to a higher and advanced one. Rather then, they enter into another never-ending vicious cycle of exploitation which is another side of the same tool, i.e., exploitation. Consequently, class must be assessed from the perspective and dimensions of exploitation. Exploitation destabilizes social cohesion and creates imbalance. Class is the ultimate outcome of an imbalanced social situation.

## Classifying Exploitation: Intrapersonal Exploitation

Governance is controlled by the upper class, i.e., the exploiter class, and it is the exploiter class which is liable for creating the expressed level of exploitation. Exploitation is a widely contested topic and being ignored or rejected vehemently as a meaningful idea. From the sociological context, the concept of exploitation is usually used to characterize social relations in which an actor or category of actors uses others for their own ends because of a fundamentally asymmetric power relationship between them (Dowding 2011). Exploitation can be broadly divided into two categories, namely, intrapersonal exploitation and interpersonal exploitation. Intrapersonal exploitation is the deliberate or negligent act or omission by any private individual for which liability accrues only to him and resulting in the deprivation within the inner self. It is the violation of the very duties toward oneself for which she/he is bound as a human being. The liability to abide by such obligations rests on the natural phenomena of survival instinct in the evolving social contexts. For example, doing late night activities for a considerable period of time stands in contravention to the biological clock set by nature and continuing this practice may lead to physical as well as psychological unease. Intrapersonal exploitation can be best described as the personal deviation from systematic norms established for centuries by different natural and social elements. In the long run, intrapersonal exploitation creates distraction and thus deviates oneself from attaining his goals and objective which are required for ensuring sustainability at individual level. This is the process of intrapersonal exploitation which impliedly contributes to the divergence of social class from one person to another.

## Interpersonal Exploitation

On the other hand, interpersonal exploitation is the most visible form of exploitation which is inflicted in the form of control by any person belonging to a higher position, in the social structure in respect of power, wealth, and dominance, and to any person standing relatively low. This type of exploitation is commonly found almost in every system prevailing in the living earth, and it can be better understood in the form of the ruling class (the exploiter) that tries to dominate other groups (the exploited ones) in the social structure. Interpersonal exploitation destabilizes the cohesion in every aspect of the society be it economic, social, or cultural. In this form of exploitation, socially dominant positions are flagrantly abused through the means of corruption, nepotism, and all sorts of malpractices which in turn create a culture of exploitation carried on forward for centuries. This long-hauled practice has been decimating the psyche of common people's traditional perception toward social class. From the practical context, this kind of exploitation is signified through increasing level of discrimination at different levels of the social systems, and wealth distribution is one of such flagrant example through which interpersonal exploitation can be best described. On the brink of global economic recession and in the current year, it has been estimated that the combined wealth of the richest 1% shall overtake the rest of the other 99% of people unless the current trend of rising inequality is checked (Oxfam 2016). This economic exploitation in the form of gradual accumulation of wealth has made a bitter perception of division which has been signified through the movements like "Occupy Wall Street" in 2011. As discrimination, inequality, and poverty are all attached through a single string emanating from interpersonal exploitation; it would be quite unwise to assess the paradigm of social class only from economic perspective. Hence, the dimension of exploitation from a broader context can be stratified from impulsive political, economic, cultural, or knowledge factors.

## The Paradigm of Interaction Between Social Class and Governance

### Rules of Nature and Exploitation

Now the question may arise as to the justification of understanding the relation between social class and governance. Class is a natural phenomenon and for which the interrelation between social class and governance is inseparable. Based on historical evolution and development of society, it is essential to explore into that relation with a view to understand and keep the dynamics of equilibrium operational. Even the nature has created balance within its regime of inequality. Nature creates equilibrium, not equality. As nature maintains equilibrium, every natural element is necessarily independent of and interdependent to each other. For instance, killing is seen in the nature because it is neither for extravagance nor for luxury, only for necessity of survival. Nature does not store and gather through depriving others which human society does. Accumulation of property is one of the common attributes of capitalist societies. From human behavior pattern, consumption and surplus extraction has been raised into an abusive level which is absent in the nature. Nature does not accumulate by exploiting others, which our human society is seen to be done. Which behavior or acts can be considered as exploitation is a matter to be judged from the purview of public morality. But consequently, society fails over the social class when the range of exploitation defies the general rules of natural justice and equity.

### Social Class and Superiority

Thus, it is neither possible to deny the class system nor plausible to long for a class-free social system. Class-free society is just another doctrinal dystopia which cannot be implemented within the existing social structure. The whole governance mechanism would fall apart if there was no superiority in the form of class over each other in the society. Superiority is not artificial; it is based upon the exigency of social circumstances. So the concept of class is not something superficial; it is real and that is needed to be perceived from the context of exploitation. Moral and ethical values of human being shall define what should be the dimension of interaction between class and governance. If that interaction follows the rules of nature, the governance mechanism shall stand in compliance with the social stratification. We need to accept the fact that social stratification, class struggle or class conflict, and class exploitations are all real. The concept of social class is inherently and essentially based on class exploitation. Inequality is in everywhere and exploitation refers to the radicalized form of inequality. Hence justice and equitable treatment are desirable. Failure in fostering these normative values may trigger the massive failure of governance in every aspect resulting into the annihilation of present social structure.

## Conclusion

Prevailing class definitions from the socioeconomic context is primarily based upon economically significant factors like income generation, capacity to afford escalating consumptive behavior, economic productivity, etc. Even though it may seem personally derogatory to define someone's class solely on the basis of those factors, they ought to differ from the concept of class developed from modern socioeconomic perspectives. The power dynamic working in here has changed the traditional concept of class up to a significant level. The three-tier division based on economic productivity, i.e., upper, middle, and lower class, has been extinguishing gradually in the evolving landscape of the society and thus unveiling the real sense of social class based on the dimension of exploitation. The preconceived idea of assessing social class on the basis of and within certain economic perimeters has become outdated, and the perplexing paradigm of social stratification has failed to determine any single universal elements on the basis of which social class can be defined. Nevertheless, from the context of developing countries like ours, development partners tend to impose their premeditated concept of class based on capacity of income generation which ultimately divulges the practical value of determining social class. Even their

definition based on economic perception has baffled academics for so long. Nevertheless, it has been observed that in most developing countries, the World Bank's instructions translate directly into policy prescriptions which affect the lives of real people by billions (Islam 2014). Unfortunately, economic approach toward understanding social class has not proved to be very useful in realizing the core problems of our society, let alone resolving them. From the governance perspective, exploitation is the key to understanding social class. Exploitation can only be assimilated with an epidemic which creates anarchy within the social order and frustrates the automatic wheel of development in the long run. The functional mechanisms of governance are controlled and managed by the privileged class and the concept of good governance has come into light due to the deviation of governance, be it expressed or implied, by the upper class i.e. the privileged class. Deviation includes all sorts of corruption and malpractice carried within the shortcomings of the system for achieving personal gain and depriving others from what they equitably deserve to realize from their interaction with the prevailing social systems. Consequently, concept of good governance has emerged and signified in the form of transparency, participation, accountability inclusion, equity, etc. But good governance is not possible through disregarding this regime of exploitation, and good governance requires an operational and good class system. It is obvious that class system creates the chance of dominance and exploitation. Whether one shall abuse his/her superior position over the others in the class structure is dependent upon the normative social values and the prevailing accountability mechanisms from both moral and external dimensions.

## References

Breen R (2005) Foundations of a neo-Weberian class analysis. In: Wright EO (ed) Approaches to class analysis. Cambridge University Press, Cambridge, UK

Dowding K (2011) Encyclopedia of power. Sage, Thousand Oaks

Gingrich P (1999) Marx's theory of social class and class structure. University of Regina, Regina

Islam N (2014) Beware, the middle class is being hijacked by the world bank. Bangladesh e-J Sociol 11(2):07–28

Jones RJB (2001) Routledge encyclopedia of international political economy, vol 1. Routledge, London/New York

Mahajan VD (1988) A history of modern Europe since 1789. S Chand Limited, New Delhi

Marx C, Engels F (1969) Karl Marx and Friedrich Engels selected works, vol 1. Progress Publishers, Moscow, Manifesto of the Communist Party

Oxfam (2016) An economy for the 1%: how privilege and power in the economy drive extreme inequality and how this can be stopped. Retrieved from https://www.oxfam.org/en/research/economy-1

Savage M, Devine F, Cunningham N, Taylor M, Li Y, Hjellbrekke J, Roux BL, Friedman S, Miles A (2013) A new model of social class? Findings from the BBC's great British class survey experiment. Sociology 47(2): 219–250, Sage

Scot J, Marshal G (2014) A dictionary of sociology, 4th edn. Oxford University Press, New York

Sorokin PA (1959) Social and cultural mobility. Free Press, New York

Weber M (1978) Economy and society. In: Guenther R, Claus W (eds) An outline of interpretive sociology. University of California Press, Berkeley

# Social Class: Perception and Reality

Jennifer Dineen, Mark D. Robbins and Bill Simonsen
Department of Public Policy, University of Connecticut, Hartford, CT, USA

## Synonyms

Class; Cultural status; Economic; Political

## Definition

A subjectively defined group of people who have similar social, cultural, and/or economic status.

This entry is based on Dineen, Jennifer; Mark Robbins; and Bill Simonsen. 2017. Social Class: Perception and Reality. International Journal of Public Administration. Published online: 27 Nov 2017. https://www.tandfonline.com/doi/full/10.1080/01900692.2017.1399419

## Introduction

During the 2012 and 2016 United States Presidential elections, candidates from both parties competed aggressively for the support of "middle-class" voters. Policy proposals, stump speeches, town hall meetings, national party conventions, and presidential debates all focused on what each candidate argued was in the best interest of the middle class (see Linn 2012; Quinton 2012). Immediately after the 2016 election, *Forbes* magazine referred to Trump's victory as "The Revolt of Middle America" (Kotkin 2016).

While there was a great deal of agreement that the election was focused on the middle class, there was little agreement about which voters were included in the middle, leading Allison Linn of NBC News to ask, "What is the middle class, anyway?," and *National Journal's* Sophie Quinton to comment "President Obama and Mitt Romney agree that this election is all about the middle class. But nobody – including the candidates – can agree on how the 'middle class' should be defined" (Linn 2012; Quinton 2012). In 2016, Trump and Clinton both claimed to be champions of the middle, but each seemed to be speaking to a different group of voters. Trump's message focused on the losses felt by Americans employed in the manufacturing sectors. States with economies that depended heavily on the manufacturing or production of tangibles such as "food, fiber, energy and manufactured goods" went overwhelmingly for Trump (Kotkin 2016). Clinton's messages focused on growth, the environment, and reducing the economic burdens of healthcare, child care, and education (Light 2016). The 2016 election highlighted, to a greater extent than preceding elections, the varying identities falling under the middle-class umbrella. Trump's message spoke to voters with income in the middle-class range but with education-levels and occupations that would be traditionally classified as working class. Clinton's message resonated with middle-class white-collar professionals: highly educated and working in white-collar professions.

Social class is a bundle of concepts that includes, along with economic and social variables, other factors such as people's own histories, identities, and expectations. Americans may share a general understanding of what it means to be middle class in the abstract, but the many aspects of class make it possible to have different identities under the same label. The variables that make up class – education, income, employment status, homeownership, lifestyle, etc. – correlate imperfectly. Trump tapped into the feelings of middle-class voters with multiple identities, appealing to those voters living a middle-class lifestyle but who had education and occupations that typically align with the lower end of the class spectrum. At least in part, politicians tailor their spending plans and campaign promises to cater to the social classes they are courting. For example, the Donald Trump campaign emphasized building a wall between the USA and Mexico and bringing back working-class jobs – consistent with his appeal to white middle-class voters. Understanding the nuances of class becomes even more important to the extent that different classes (or at least those with different incomes) show different demand for public services. Hout (2007, p. 4) suggests that:

> High income people support spending on public universities and roads, for example, but do not think the government should give poor people money. Meanwhile low-income people favor spending more on social welfare programs and drug treatment as well as raising the minimum wage.

This entry examines the middle-class labels that individuals attach to themselves in order to compare them with objective measures and judge their usefulness for classification, policy, and administration.

S

## Relevant Literature

The literature on class includes numerous definitions and spreads to a wide variety of disciplines. Social science owes the intellectual framework of class analysis to Karl Marx, who introduced a formal theory of economic class, and Max Weber, who introduced the concept of social status to Marx's economic theory (Marx 1997; Weber et al. 1946). The study of the American middle class began in the late 1940s but seemed to

crystalize in C. Wright Mill's 1951 book *White Collar: The American Middle Classes.* Mills introduced the concept of two middle classes, a white collar and a blue collar, and began a discussion that continues today (Hout 2007).

Wooldridge and Gooden (2009) trace the underpinnings of social equity in public administration (PA) from Rawls, through Minnowbrook I, to the work done by the National Academy of Public Administration (NAPA). Minnowbrook I was a meeting held in 1967 that laid the foundation for what came to be called the New Public Administration. According to Wooldridge and Gooden (2009, p. 224):

> New Public Administration rejected the idea that administrators are value neutral and recognized a constellation of five normative core values that, although legitimate, can often be conflictual. These values include responsiveness, worker and citizen participation in decision making, social equity, citizen choice, and administrative responsibility.

In 2005, NAPA added social equity as goal two of its strategic plan, recognizing it as the fourth pillar of public administration (with economy, efficiency, and effectiveness) (Wooldridge and Gooden 2009). NAPA defines social equity as follows (as quoted in Wooldridge and Gooden 2009, p. 226): "The fair, just and equitable management of all institutions serving the public directly or by contract, and the fair and equitable distribution of public services, and implementation of public policy, and the commitment to promote fairness, justice, and equity in the formation of public policy."

Social class is a topic important to public administration yet, despite the underpinnings described above, remains underrepresented in the PA literature and in PA curricula. Oldfield et al. (2006) conducted a review of papers published about gender, race, sexual orientation, and social class in major public administration journals in the USA, Canada, Brazil, and Australia. They find few publications on these topics and when they exist, they typically "confine nearly all their social equity writings to race and gender; sexual orientation and social class receive little or no attention" (p. 156).

The issues of class and income inequality should be particularly important to public administrators given that they affect social processes (Oldfield et al. 2006). Oldfield et al. (2006) particularly note that higher education is a classist institution where the students are predominantly from upper-middle and upper-class backgrounds.

Class is a multidimensional concept that includes income, education, employment, and lifestyle variables. While there seems to be an agreement in the literature as to the theoretical notions of class, there is considerably less agreement about how to operationalize the concept. Many fields treat class as synonymous with socioeconomic status (SES) and attempt to measure it objectively by proxy variables or scales that combine variables representing some of these components. Cattell (1942) was among the first to take aspects of social status (prestige rating, intelligence quotient, annual income, formal education) and correlate them with occupation. Cantril (1941), similarly, divided Americans into social classes which he labeled upper, upper middle, middle, lower middle, and lower. Perhaps the best known class index is the Index of Social Position where Hollingshead (1957) combined household address, occupational position of the head of household, and the years of school completed by the head of household. These researchers then grouped individuals and families into classes based on their position on the index.

Another approach to measuring class in the USA is to simply ask Americans to name the class to which they belong. Researchers use subjective social status (SSS) to measure how individuals locate themselves relative to others both socially and economically. This measure is more encompassing than using SES variables or scales because in addition to considering socioeconomic factors respondents can also include other criteria, like social relationships and prestige, in their status assessment. The MacArthur Scale of SSS asks respondents to position themselves, socioeconomically, on a ten-rung ladder relative to other people in a defined community. Individuals are asked to consider their place in relation to others in the community and mark an "X" on the rung on which they stand (Adler et al. 1994). The Social

Class Worldview Model (SCWM) provides a subjective measure of an individual's view of where he or she fits within the social-economic power hierarchy (Liu et al. 2004). The MacArthur Scale and the SCWM are designed for self-administered or in-person interviewer administered instruments. In public policy research, one is more likely to see a measure that asks respondents to place themselves into a social class. For example, Pew utilizes an ordinal five-point measure, asking people to place themselves in one of the following groups: upper class, upper-middle class, middle class, lower-middle class, or lower class. Similar measures are used by Gallup and the National Opinion Research Center.

There is a small body of work that compares objective and subjective class measures. The literature is inconclusive as to whether respondents' subjective class identification mostly aligns with the class as determined by SES variables. Cantril (1941) examined the correspondence of income group to social class and concluded that the two do not correspond exactly. Halle (1984) characterized the connection between objective social status characteristics and subjective status identities as loose and complex. This literature explains the change in alignment as the product of changes to the economy. After the 1980s, changes to manufacturing reduced the number of "high-paying low-status jobs" and gender equity brought changes to the employment status, occupations, and income of women (Hout 2007). Hout (2007) found the link between objective and subjective class most apparent when the objective variables, such as income and education, are all at their highest or lowest values.

Scholars have noted that there are only limited PA-focused research on social class that are published in PA journals. The financial collapse and the social movements that followed, including Occupy Wall Street, make social class research in PA even more relevant. Growing income inequality was a major campaign theme for Democratic candidate Bernie Sanders, and Donald Trump capitalized on the fears of a working class that is increasingly left behind. As mentioned earlier, the middle class is poorly defined, yet the fact that it is consistently invoked by politicians suggests that it has real salience for citizens.

## Recent Work

Dineen et al. (2017) draw on the literature about social class definitions to examine whether people's perceptions of their own social class comport with their socioeconomic status indicators. They do not measure upward mobility between classes; rather they assess class perception compared to existing SES characteristics. Specifically, they ask: Does perception of class status comport to actual observed SES? The research extends Cantril (1941) and Hout (2007) and relates indicators of socioeconomic status (income, education, homeownership, race, and ethnicity) to how people perceive their social class. Because class is a comparative measure – as much about how we view ourselves in relation to other members of society as a summary of our demographics – this paper includes a five-point social class measure similar to those used by Pew and Gallup.

Dineen et al. (2017) use data from a January 2013 University of Connecticut/Hartford Courant Poll. This survey used a national random digit dial (RDD) sample of 1002 adults, age 18 and older. (Field work was conducted by the University of New Hampshire Survey Center). To maximize coverage individuals were interviewed by landline and cellular telephone between Jan. 22 and Jan. 28, 2013. Once a household was identified and contacted, respondents were randomly selected using the "most recent" birthday method. After removing missing data, 960 cases remain. The margin of error is $\pm 3.1$ percentage points. The response rate for this study is 21.8% using AAPOR's RR3 Calculation 3. For a full description of the RR3 formula, see the American Association for Public Opinion Research (2011). Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys. 7th edition. AAPOR). Respondents were asked to pick from one of the commonly used names for the social class: upper class, upper-middle class, middle class, lower-middle class, or lower class. The survey also included a middle-class perception index.

Respondents were asked about the necessity of six separate items as part of a middle-class life. These items include being able to own a home, buy a new car, save money for the future, buy things you don't need, afford college, and afford vacation.

In addition to the self-identification measure, data is collected on self-reported family income and other socioeconomic status. The survey measured income as a categorical variable that included ranges of less than $15,000; $15,000–$29,999; $30,000–$44,999; $45,000–$59,999; $60,000–$74,999; $75,000–$99,999; and $100,000 and over. The instrument included questions about race and ethnicity, education, employment status, age, and homeownership, as well as other control variables such as party affiliation, ideology, household size, children in the home, and marital status. These control variables help to isolate the influence of the SES variables. Specifically, perceived social class is related to the following SES variables: income, level of education, race, ethnicity, age, homeownership, and employment status. Variable definitions and full question wording and response options for class and the middle-class index items are available in Appendix A.

## Findings

As might be expected, when asked to choose a class identity, the modal response is middle class – in fact, about half of respondents (50.5%) make this choice. That said, when including lower-middle class (19.9%) and upper-middle class (17.4%) in the definition, about 88% of respondents identify as middle class.

Table 1 (below) displays how respondents sorted themselves into the categories of social class and the income that they reported. Each column represents a social class given by a respondent, and the percentages reported in the column reflect the proportion of those in that category that come from a particular part of the income distribution (columns sum to 100%). For example, 18.71% of those identifying themselves as belonging to the middle class had incomes of $100,000 or more.

When regressing social class on SES, the patterns formed by the statistically significant determinants tell an interesting story (The regressions are not shown but are available in Dineen et al. 2017.). Respondents' perceptions of social class, while generally shaped by income, are not entirely consistent with strict income-based definitions of social class. This is perhaps most clear for the income and middle-class relationship. Respondents in the three household income categories spanning $45,000–$99,000 are significantly more likely to think they are in the middle class. However, the $75,000–$99,000 category is much more likely to be upper-middle class strictly looking at the existing income distribution. Similarly, individuals with household incomes over $100,000 are

**Social Class: Perception and Reality, Table 1** Income and social class

| | Respondents identifying themselves as belonging to a social class, (percentage in each income category) | | | | | |
|---|---|---|---|---|---|---|
| Annual income category | Lower class | Lower-middle class | Middle class | Upper-middle class | Upper class | Don't know |
| $0–$14,999 | 39.29 | 11.89 | 4.09 | 0.65 | – | 6.67 |
| $15,000–$29,999 | 27.38 | 20.54 | 6.67 | 2.58 | – | 6.67 |
| $30,000–$44,999 | 10.71 | 18.92 | 10.32 | 1.29 | – | 6.67 |
| $45,000–$59,999 | 4.76 | 11.35 | 12.04 | 7.1 | – | 13.33 |
| $60,000–$74,999 | 2.38 | 8.65 | 12.9 | 6.45 | 8.33 | – |
| $75,000–$99,999 | 1.19 | 8.65 | 12.47 | 11.61 | – | 13.33 |
| $100,000 or more | 1.19 | 3.24 | 18.71 | 52.26 | 58.33 | 6.67 |
| Refuse | 5.95 | 10.81 | 16.34 | 13.55 | 33.33 | 46.67 |
| Don't know | 7.14 | 5.95 | 6.45 | 4.52 | – | – |
| *n*= | 84 | 185 | 502 | 155 | 12 | 15 |

significantly more likely to consider themselves upper-middle class, when by the income distribution they are upper class.

Education follows a logical pattern – higher educational attainment is associated with choosing upper-middle class, even controlling for a person's income. If you own a home, you are less likely to think you are lower class, but homeownership does not relate to other social class categories. This is not surprising, as 76% of respondents report that owning a home is important for a middle-class lifestyle. Unemployed individuals are more likely to categorize themselves as lower class. This is also not surprising since "Being able to save money for the future" was an important middle-class characteristic for about 85% of respondents.

SES observable characteristics are related to individuals' perceptions of social class but imperfectly. This is likely due to how pervasive the notion of membership in the middle class is. It seems the term has become a more generic expression of someone's attachment to society. Perhaps to be American is to be middle class.

In sum, the results paint a picture consistent with Hout's (2007) suggestion that perceptions of class are tied to individuals' personal stories. People from a wide variety of backgrounds consider themselves middle class. Income is correlated with perception of class, as expected, but so are other individual traits, such as education, homeownership, and employment. Regardless of race, the overwhelming majority of Americans place themselves in some form of the middle class.

## Discussion

This entry explores the extent that individuals' perception of their social class comports with objective measures of socioeconomic status. The results show broad distributions in the different measures of class, suggesting many varying ideas of what class means in our society. The data suggests that income is skewed when it comes to class – that is, more income is perceived to be needed than would be supported by the existing income distribution. This conclusion is supported by the results for the questions about the upper limit of income to still be considered middle class. Whereas the median household income in 2013 was about $51,939 (DeNavas-Walt and Proctor 2014), about half of respondents view income over $100,000 as the upper limit beyond which middle class becomes upper class.

The responses of survey respondents here are entirely consistent with what you might expect from those who covet the inclusion and promise of the status that they attach to "middle class" but who have no interest in a taxonomy that might leave them out of it. For them, the label is not an income measure or a place in some distribution but represents the self-identification of those who feel they are like most people, not at the top and not at the bottom. So what is the problem with adjusting our notions of middle class to include all of those who would place themselves into it? It poses a few problems we can contemplate for popular culture and identity. Perhaps it is desirable for everyone in society to believe that they are the same as everyone else in some domain. But in the worlds of policy and administration, this lack of precision can affect the signals we send ourselves about what problems truly lay before us that need attention.

Robert Reich (2017) recently opined that the "[t]he greatest threat to Western liberal democracies in the future is more likely to come from extreme inequality than from Islamic extremism." That is a strong opinion but one based on something we can measure. Scholars, administrators, and analysts may be better off with an income-based definition of the middle, which allows for consistent measurement and affords the ability to reveal potential policy problems. Pew uses an economic definition of middle class, "defined as adults whose annual household income is two-thirds to double the national median" (Pew Research Center 2016). This is a more satisfying measure than something like the middle-income quintile because it allows researchers to observe changes in the size of the middle class. By this (Pew) definition, the middle class shrank from 2001 to 2014 from 55% to 51%. This has implications for social equity and the administration of a just society because as households continue to move toward the tail of this

distribution, their economic interests diverge more and more profoundly. While the vast majority of citizens may believe they are middle class, fewer of them are by this reasonable measure. Such measurement makes it possible to have informed conversations about the implications of things like income inequality, which scholars and advocates often cite as a threat to society.

If the use of middle class has transformed to mean "neither affluent nor destitute" or "just a normal American," then it is also weak as an organizing idea for advocacy. Programs justified with the expressed motivation of moving people into the middle class are not going to have salience and broad popular support if the potential beneficiaries believe they have already achieved this status. The vast majority of United States residents appear to consider themselves middle class. This fact in itself, however, does obviate the very real distribution of need in the country.

If everyone is in the middle, no one is in the middle. Once separated from an income or education construct, the idea of middle class loses any objective scholarly or policy utility. With 88% of Americans in the income distribution identifying themselves in some way as middle class, there is little classification power left in the term, particularly as the midpoint of any economic distribution around which policies can be targeted to improve quality of life.

## Conclusion

Social class is important to study, and much work remains to identify how SES relates to it. Future research that teases out these other concepts, such as individual's histories and perceptions beyond observable SES characteristics, would add substantially to the literature.

## Appendix A Question Wording

### Class Perception

"If you were asked to use one of these commonly used names for the social classes, which would you say you belong in? The upper class, upper-middle class, middle class, lower-middle class, or lower class?"

1 UPPER CLASS
2 UPPER-MIDDLE CLASS
3 MIDDLE CLASS
4 LOWER-MIDDLE CLASS
5 LOWER CLASS
98 DON'T KNOW/NOT SURE
99 NA/REFUSED

### Middle-Class Perceptions

"Being in the middle class may mean different things to different people. For each item I name, do you think it is or is not a necessary part of being considered a member of the middle class?" IF NECESSARY: "Is this a necessary part of being considered a member of the middle class?"

1 IS NECESSARY
2 IS NOT NECESSARY
98 DON'T KNOW/NOT SURE
99 NA/REFUSED

(ROTATE Questions)

"Being able to own your own home."

"Being able to save money for the future."

"Having enough money to sometimes buy things you'd like to have, even if you don't absolutely need them."

"Having enough money for vacation travel."

"Being able to buy a new car from time to time."

"Being able to afford college."

## References

Adler NE et al (1994) Socioeconomic–status and health – the challenge of the gradient. Am Psychol 49(1):15–24

American Association for Public Opinion Research (2011) Standard definitions: final dispositions of case codes and outcome rates for surveys, 7th edn. AAPOR, Deerfield, Oakbrook Terrace, IL, USA

Cantril A (1941) The psychology of social movements. Wiley, New York

Cattell RB (1942) The concept of social status. J Soc Psychol 15(2):293–308

DeNavas-Walt C, Proctor BD (2014) Income and poverty in the United States: 2013. Current Population Reports. (September). U.S. Department of Commerce Economics and Statistics Administration. U.S. Census Bureau
Dineen J, Robbins M, Simonsen B (2017) Social class: perception and reality. Int J Public Adm. Published online: 27 Nov 2017
Halle D (1984) America's working man. Chicago: University of Chicago Press
Hollingshead AB (1957) Two factor index of social position. Privately published. Yale University, New Haven
Hout M (2007) How class works in popular conception: most Americans identify with the class their income, occupation, and education implies for them. In: Lareau A, Conley D (eds) Social class: how does it work? Russell Sage Foundation, New York
Kotkin J (2016) The improbable demographics behind Donald Trump's shocking presidential victory. (November 9). Forbes
Light L (2016) Hillary Clinton's bid on for the economic hearts of the middle class. (August 11). Time
Linn A (2012) Middle class – whatever it is – targeted by candidates. NBC News. http://www.cnbc.com/id/49328742/Middle_Class_mdash_Whatever_It_Is_mdash_Targeted_by_Candidates. 8 Oct 2012. Downloaded 5 Apr 2013
Liu WM, Soleck G, Hopps J, Dunston K, Pickett T Jr (2004) A new framework to understand social class in counseling: the social class worldview model and modern classism theory. J Multicul Couns Dev 32:95–122
Marx K (1997) Communist manifesto in the collected works of Karl Marx and Fredrick Engles. Lawrence & Wishart, London
Mills CW (1951) White collar: the American middle classes. Oxford University Press, New York
Oldfield K, Candler G, Johnson RG III (2006) Social class, sexual orientation and toward proactive social equity scholarship. Am Rev Public Adm 36(2):156–172
Pew Research Center (2016) America's shrinking middle class: a close look at changes within Metropolitan areas (May 11)
Quinton S (2012) For Obama and Romney, 'Middle Class' means pretty much everyone. http://www.nationaljournal.com/politics/for-obama-and-romney-middle-class-means-pretty-much-everyone-20121018. 18 Oct 2012. Downloaded 5 Apr 2013
Reich R (2017) How inequality erodes the foundation of modern societies. New York Times. July 23. Page BR16
Weber M, Gerth HH, Wright Mills C (1946) "Class, status and party," in from Max Weber: essays in sociology. Oxford University Press, New York
Wooldridge B, Gooden S (2009) The epic of social equity: evolution, essence, and emergence. Adm Theory Praxis 31(2):222–234

# Social Compliance and Governance

Mohammad Hasan
University of Dhaka, Dhaka, Bangladesh

## Synonyms

Bangladesh; Governance; RMG; Social compliance

## Introduction

In its long journey, the readymade garment (RMG) sector in Bangladesh has been making its way through various challenges on compliance ground. Interestingly the sector has been maintaining a steady growth rate. The industry has ensured the highest job opportunity especially for the least privileged women folk of the country. As foreign currency earner, the industry ranks number one and has been maintaining this status for years. Bangladesh has emerged with the image of exporting nation passing away from being a bottomless basket case (Kissinger et al. 1974). The sector opened up employment opportunities for many more individuals and experts, from home and abroad, through direct and indirect involvements, which eventually helped the country's social development, women empowerment, and poverty alleviation. With all those achievements, the sector is blamed, nationally and internationally, for failing to ensure workplace safety and workers' rights.

The intensity of violations and its consequences that Bangladesh RMG sector experiences did not happen in any other country of the world and have surpassed all the previous records. Although the sector has been laying golden eggs (Abdin 2008), governance of the same remains an issue, as always, that is negatively perceived both in home and abroad. The incidents in different times have given the sector an identity of sweatshop RMG sourcing country

though there are many factories with international standards. Negative publicity surpasses positive activities of the sector due to lack of proper policy guideline and its execution. Hence, no matter whatever the policies and laws that back the sector, if not implemented properly, shall not yield any result in this regard. Also only policy making and formulation of favorable rules and regulations cannot ensure in reducing uncertainties arising from these weaknesses. The government and all concerned decision-making bodies must put their sincere and utmost efforts toward developing ways through which effective implementation of rules and regulation is possible (Begum and Ahmed 1999). Now, obviously questions arise about/on its governance system and how it works.

The contributions of RMG sector are well recognized and praised by all, and especially governments in different terms were very concerned about the export growth and employment generation. There is no doubt about the sector's contribution in terms of foreign currency earnings and employment generation. But the proper attention on employees was absent from the very beginning in general with some exceptions. The workers, behind the growth, were not fairly treated in terms of financial and nonfinancial packages, as remittance attracts more than the remitters. In most of the cases, basic aspects of human rights were not addressed until it was a pressure from the buyers. Devastating and repeated fire accidents in the factories; loss of workers' lives; gross violation of workers, generally human rights; massive labor unrest on wage and workplace safety; and employment of child labor attracted the customers' attention. For the sake of the business, buyers were compelled to impose nonproduct requirement, social compliance, which should be addressed compulsorily.

**Social compliance** particularly refers to the process of complying with labor rights and workplace safety and standards.

**Readymade garment (RMG)** broadly stands for the activities from cutting, sewing, and finishing to making the garment in accordance with customer's specifications.

## Legal Framework of Social Compliance

Every industry has to maintain some legal procedures endorsed by the laws of the land. As an export-oriented industry, RMG has to go through some legal procedures which differentiate the sector from others. Simultaneously, the sector enjoys some privileges as the sector earns highest rate of foreign currency and generates highest number of employment especially for the women. The legal issues of the sector derived from the Constitution of the People's Republic of Bangladesh, International Labour Organization (ILO) conventions, the United Nations Universal Declaration of Human Rights, and WTO agenda on workers' rights. As a member country of the ILO, Bangladesh has so far ratified 7 fundamental conventions out of 8, 2 governance conventions (priority) out of 4, and 24 technical conventions out of 177 (Fig. 1).

## Constitutional Guarantees

The Constitution of the People's Republic of Bangladesh was adopted by the parliament on

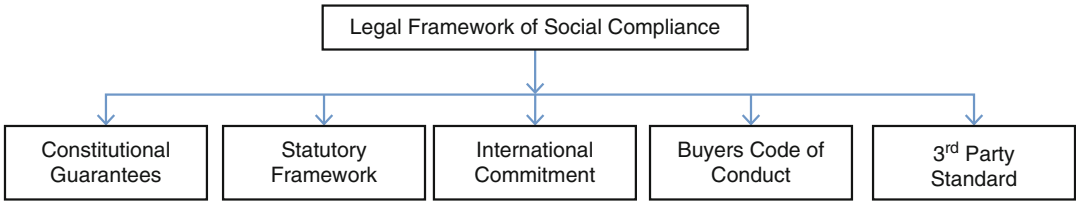


**Social Compliance and Governance, Fig. 1** Legal framework of social compliance

4 November 1972 (the day is observed as the constitution day) and it was effective from 16 December 1972 on the first anniversary of the "victory day" of Bangladesh. The constitution is the best safeguard to protect and respect human rights. Bangladeshi citizens have 23 fundamental rights under the Constitution of Bangladesh, Part 3, Article 26–47A. Equality before law, no discrimination on grounds of religion, etc., along with prohibition of forced labor and freedom of association are the other fundamental rights.

## ILO Conventions Ratified by Bangladesh

Bangladesh has been a member country of the International Labour Organization since 22 June 1972 and has ratified 34 ILO conventions including seven fundamental in three different categories (7 fundamental conventions out of 8, 2 governance conventions out of 4, and 25 technical conventions out of 177). The government plans to ratify ILO Convention 138 on minimum age that will bar children below the age 15 years from employment in any economic sector.

Out of eight fundamental conventions of the International Labour Organization (ILO), Bangladesh ratified 6 till 2000. The ratified conventions were on forced labor, freedom of association, right to organize and collective bargaining, equal remuneration, and discrimination. In the year 2001, Bangladesh ratified one more fundamental convention, i.e., worst form of child labor. In ILO Convention 138, minimum age was not yet ratified. Bangladesh also ratified UN convention on the rights of children. Bangladesh also ratified UN convention on the rights of children. In the year 1948, the United Nations declares a set of 30 common standards on human rights applicable universally (the United Nations Universal Declaration of Human Rights, 1948) for all the people of its member states.

## Third Party Standards on Social Compliance

When public regulation is absent or weak in manufacturing countries, the stakeholders at the top of the supply chain, the buyers, and the government of the importing country take the lead of social compliance in the manufacturing end. As a single largest importing country, the USA initiated child labor elimination from manufacturing process through Harkin's bill in 1992 and formulated guidelines for the buyers and importers through the Apparel Industry Partnership Agreement in 1996. As a result, apart from international commitments and national statutory framework, there are social compliance standards formulated by different nongovernmental, international organizations commonly known as third parties. These standards are also derived from ILO conventions, the UN Universal Declaration on Human Rights, and international best practices. In the real field, the social compliance standards are measured based on those third party standards. On behalf of the buyers, under the membership of their platforms, this third party conducts the social compliance audits and issues the certificates or approvals for production of their members' buyers. There are different accepted audit standards by different brands. They are shown in Fig. 2.

Only WRAP and SA8000 certify the factories, whereas FLA certifies brands, not factories. Over the period, these standards upgraded its codes in response to global- and country-specific crisis. It can be mentioned that building and electrical safety was not even on buyers' checklist until Tazreen Fashions and Rana Plaza collapsed.

## Buyers' Codes of Conduct (CoCs)

Beyond international organizations, national laws, or third party standards, every buyer has

**Social Compliance and Governance, Fig. 2** Common third party standards

| Standard | Year |
|---|---|
| SA8000 - Social Accountability International (SAI) | 1997 |
| Worldwide Responsible for Accredited Production (WRAP) | 2000 |
| The Business Social Compliance Initiative (BSCI) | 2003 |

their own codes of conduct based on organizational corporate social responsibility (CSR) policies and commitments toward humanities, societies, and most importantly for their customers.

In buyers' codes of conduct, ethical practices are always top priority in line with ILO conventions and UN declarations. Implementation of their codes by the suppliers and subcontractors is irrevocable precondition for business. Most buyers have developed their own codes of conduct; these usually go beyond the requirements of the national legislation of the sourcing countries and the general CoCs. The buyers' CoCs cover social, technical, security, and environmental aspects; hence, for audits against buyers' CoCs, suppliers usually face the audits in all the areas. Most buyers outsource third party auditors such as international inspection and testing agencies like Société Générale de Surveillance (SGS), International Talent Support (ITS), Bureau Veritas (BV), etc. Most of the big companies have branch offices in their sourcing countries and with their own auditors directly audit their suppliers. The auditing modalities vary from buyer to buyer.

Most of the brands developed their codes of conduct for their supply chain in line with universal declaration of human rights, ILO conventions, and companies' policies on social responsibility (Fig. 3).

A factory working with Tesco, a British multinational grocery and general merchandise retailer, has nominated the Supplier Ethical Data Exchange (SEDEX), a UK-based organization working on social and environmental compliance in supply chains. Société Générale de Surveillance (SGS) is a multinational company headquartered in Geneva, Switzerland, which provides inspection, verification, testing, and certification services worldwide and is one of the authorized inspection companies for SEDEX. Tesco, like all other buyers, has internal audit team, apart from external audit, who are in regular surveillance of factory activities.

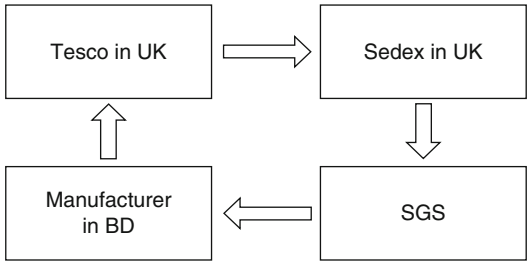


**Social Compliance and Governance, Fig. 3** Chain of compliance by third party

## Statutory Framework: Bangladesh Labor Law 2006

The laws enacted in the British era continued during Pakistan's regime, and even those laws were retained after the independence of Bangladesh in 1971, by the then government through the Presidential Order No. 48. The industries were nationalized with the declaration of a labor policy in 1972. In May 1972, right to strike and collective bargaining was prohibited for 6 months by Presidential Order No. 55. In 1973, the right to strike and lockout was withdrawn which was allowed in the Industrial Relations Ordinance (IRO), 1969. In 1974, under the "Emergency Power Ordinance," the democratic rights of workers' trade union activities such as strikes, lockouts, and collective bargaining were prohibited. In 1975, the first military government declared Industrial Relations (Regulation) Ordinance and imposed restrictions on the rights of collective bargaining and striking. In 1977, the rights of freedom of association was liberalized to some extent through the Industrial Relations (Amendment) Ordinance. In 1980, the right to freedom of association was restored with the declaration of the labor policy. Bangladesh again came under the military government in 1982, and all the rights of workers were suspended by the declaration of the Industrial Relations (Regulation) Ordinance. The scenario did not improve until the democratic government came into the power in 1991. By the time, there were already thousands of factories in the RMG sector with more than five lacs employees. A consolidated and unified version of labor laws, instead of 46 existing backdated laws, was a crying need to protect the workers' rights and to

ensure safe working condition of this huge sector. Till 2006, before enactment of Bangladesh Labor Act, 2006, no major development took place in the history of labor legislation.

During the 1990s, the employees and trade union federations placed a demand to the government to simplify labor laws to make a comprehensive but single labor act. The government responded to the same and formed "National Labor Law Commission" in 1992 consisting of 38 members headed by Justice Abdul Kuddus Chowdhury. A questionnaire was framed by the commission and sent to the different stakeholders, i.e., the employers, workers, collective bargaining agency (CBA) leaders, and nongovernmental organizations (NGO) to get their views and recommendations for amending the then labor laws. Within 2 years' time, the commission submitted

| Core areas | Contents | Legal provisions |
|---|---|---|
| Employment | Appointment letter, Service book(5 & 6) | Issuance of appointment letter, identify card, and maintain service book are must |
| | Child and Adolescent (34) | No child is allowed to any form of work, An adolescent with certain terms and conditions |
| | Working Hours (100 )<br>Holidays (103)<br>Leave (115–118) | 48 hours per week: 8 hours day, 6 days week, Overtime should not exceed 12 hours a week, Must not exceeded an average of 57 hours per week in a given 12 month period. At least 11 days paid festival holidays, 10 days Casual, 14 days Sick and Annual leave 1/18 days |
| | Maternity benefits (45–50) | 8 weeks + 8 weeks leave with payment |
| | Wage and payments (120–137) | Within 7 working days of next month as declared by wage board |
| | Separation from Employment (20–28) | Termination, Discharge, Dismissal, Retrenchment, - Resignation, Retirement on completion 25 years of service or 60 years old |
| Welfare and Social Security | Welfare officer, safety committee, Group insurance, (89–99) | Appointment of welfare officer, formation of safety committee, Compulsory group insurance, First aid appliance, day care center, washing facilities, canteens, shelters |
| | Social Security | Service benefits, provident fund, workers welfare fund |
| Health, Hygiene and Safety | Health and hygiene (51–60)<br>Safety (61–78) | factory must be kept clean, adequate ventilation and temperature, safe structures, fire equipment, emergency exit, drinking water, separate and adequate toilets and washroom. Personal protective equipment (PPE) |

**Social Compliance and Governance, Fig. 4** (continued)

| | | |
|---|---|---|
| Labor Relations | Trade Union (176) | Right to form and to join trade union of their own choosing without previous authorization |
| | Collective bargaining (202) | Trade union shall be deemed to be collective bargaining agent while there is only one trade union. In case of more than one trade unions, collecting bargaining agent will be elected by secret ballot |
| | Participatory Committee (205) | There should be 1 participatory committee. This committee will comprise equal number of members representing the owner and the workers |
| Enforcement | Power of entry, inspection (281) | The competent authority may enter, inspect and examine any undertaking at any reasonable time |
| | Penalty and procedure (283–316) | Whoever refuses or fails to comply with an order passed by the labour court shall be punishable |
| | Director of labour (317) | Government may appoint a director of labor, a chief inspector for the purpose of the Act |
| | Chief Inspector (318) | |

**Social Compliance and Governance, Fig. 4** Core areas of social compliance based on Bangladesh Labor Law 2006

its report to the then Prime Minister Khaleda Zia (1991–1996) on 31 March 1994. But there was no action on that report, and it was the same even during the period when Sheikh Hasina (1996–2001) led government. Again the Khaleda government came into the power (2001–2006), and the Bangladesh parliament passed the labor bill in 25 September 2006 immediately before her tenure ended. The main opposition party (Bangladesh Awami League) walked out the parliament and termed the law a "black law." The labor leaders remarked the law as "a law by the owner, for the owner." The Sramik Karmachari Oikya Parishad (SKOP) observed a daylong strike in October 15 in protest of the newly passed labor law. With all those oppositions, the government passed "Bangladesh Sromo Ain 2006" (Bangladesh Labor Law 2006) on 26 September 2006, which came into effect on 11 October 2006. The new act replaced 25 previous legislations and consolidated the provisions of the replaced laws into a single act. In the year 2006, the sector already created employment of 2.2 million workers in its 4220 units. Just after 3 months of the enactment of the Bangladesh Labor Law 2006, an emergency was proclaimed on 11 January 2007 by the military government. Again political and trade union activities and collective bargaining were banned, which continued for around 2 years. Fact is that the frequent interferences hindered the development of a healthy and congenial atmosphere of industrial relations system in Bangladesh (Fig. 4).

As a part of global supply chain, RMG manufacturing is subject to acceptance of CoCs set by the buyers on different aspects on social and technical toward labor standards and decent working condition in workplaces.

## Declaration of Minimum Wage

At regular intervals, workers of RMG are being focused on the spotlight of international media because of their unruly agitation to materialize very logical demand – wage adjustment and

| Year | Minimum wage (BDT) | Grade | Remarks |
|---|---|---|---|
| 1985 | 627.00 | Unskilled | |
| 1994 | 930.00 | 7 | Basic x 30% HR + MA BDT 150 |
| 1997 | 1550.00 | 7 | Not accepted by the owners |
| 2001 | 1200.00 | 7 | High court declared illegal |
| 2006 | 1662.50 | 7 | Basic x 30% HR + MA BDT 200 |
| 2010 | 3000.00 | 7 | Basic x 40% HR + MA BDT 200 |
| 2013 | 5300.00 | 7 | Basic x 40% HR + MA 250 TA 200 FA 600 |

(HR = House Rent, MA= Medical Allowance, FA = Food Allowance)

**Social Compliance and Governance, Fig. 5** Minimum wages in different periods (HR = house rent, MA = medical allowance, FA = food allowance)

enhancement. After serious and series of confrontations, damaging industrial relationship and image of the country, a temporary solution had been taken. Parties concerned, business associations or government, are not willing to find out the root causes, resulting in having no permanent solution for the unrest.

To earn more profit, buyers add design in their style, and manufacturers use different techniques to enhance productivity, but the fight for "minimum" wage goes on. The rate of minimum wage in Bangladesh is one of the lowest among the competing countries. In 1994, the industry already reached at $ 1.5 billion export and drew national and international attention due to workers unrest on different issues mainly on wage. After 11 years of establishment of the BGMEA, the first minimum wage board constituted in 1994, and a minimum wage of BDT 940 per month for garment workers was fixed. To address the criticism from different sections of people in home and abroad, after 3 years of its first declaration, the government refixed the minimum wage as BDT 1550 per month in 1997. The owners of the factories did not accept the government proposal, rather they demanded for the establishment of a minimum wage board. In July 2001, the government declared a minimum wage structure for the private sector workers fixing BDT 1350 as the minimum monthly salary; again the employers rejected the proposal of the government. A member of the association moved to the High Court, and the High Court declared the government order illegal on technical grounds. It took another 12 years to declare the second minimum wage board, which was formed in 2006, after workers had to raise their voice and had to show down the same agitation and demonstration to revise their wages (Fig. 5).

After establishment of the Minimum Wages Board, it recommended or re-recommended minimum wages of the 42 industrial sectors. In Bangladesh, different sectors have different wage levels according to the sector's essence and job nature. On the contrary, the Bangladesh Export Processing Zone Authority (BEPZA) declares the same for the industries inside export processing zones (EPZ).



## Conclusion

Social compliance is a complex cycle; it depends on several crucial things, which are linked together as a chain. A chain is as strong as all of its rings are. Similarly, a chain is as weak as one of its rings is weak, i.e., one single ring is more than enough to make the whole chain system dysfunctional. This example is justified in the case of RMG industry because this sector has several things attached to it and all are interdependent. The supply chain is mostly controlled by the

buyers who control the business. The supply chain is mostly controlled by the buyers who control the business.

## References

Abdin MJ (2008) Overall problems and prospects of Bangladeshi ready-made garments industry. pp 4–6, 19 Retrieved from https://www.researchgate.net/publication/228314998_Overall_Problems_and_Prospects_of_Bangladeshi_Ready-Made_Garments_Industries

Begum F, Ahamed MS (1999) The challenges of International Marketers in the 21st Century: The Case of Ready-made Garment (RMG) Industry of Bangladesh. J Bus Res 2:1–19. www.bdresearch.org. Retrieved from 11 sep 2013

Kissinger HA, 56th Secretary of State USA, from September 22, 1973, to January 20, 1977 in the administrations of Presidents Richard Nixon, 1969 to 1974, and Gerald Ford, 1974 to 1977, made this comments in 1974 on his short visit to Dhaka

# Social Consequences of Bureaucracy

Benson Matipa
Mwense District Administration,
Mwense, Zambia

## Synonyms

Effects; Community and management

## Definitions

| | |
|---|---|
| Bureaucracy | It is the structure and set of rules that control the activities of people that work for large organizations and government. It also entails excessively complicated administrative procedure. It is characterized by standardized procedure (rule-following), formal division of responsibility, hierarchy, and impersonal relationships. |
| Consequences | A result or effect, typically one that is unwelcome or unpleasant. |
| Social | It means an informal social gathering, especially one organized by the members of a particular club or group. |

## Introduction

Bureaucracy is an organizational form that became dominant in business, government, and other arenas during the nineteenth and twentieth centuries. Since then, extensive debates among sociologists and others have centered on its social impact, rationality, and nature. The aim of bureaucracy is to standardize all activities within the organization and ensure that control passes from the top to the bottom. As such, owners and senior managers are allowed to control the organization in a more efficient and indirect way thus mitigating the risk of self-conflict and loss of control of the affairs of an organization. Nevertheless, excessive bureaucracy makes public organizations more arthritic and self-serving, hence rendering them less able to achieve their core missions and less responsive to service users due to nepotism. Bureaucratic institutions are characterized by red tapism, excessive paper work, fear of innovation, poor customer service, duplication of working procedures, strict adherence to procedures, weak management practices, low morale, etc. This has resulted into many people nowadays having a negative perception of bureaucracy because it is rigid and responds slowly to environmental changes and that it relies heavily on rules and procedures.

## The Concept of Bureaucracy

Bureaucracy is derived from the word bureau, which refers not only to a writing desk but to an office or a workplace, where officials worked from (New World Encyclopedia 2017). The concept of bureaucracy and administration is much older. Perhaps, bureaucracy is one of the most enduring institutions of governance and

administration that have survived several millennia (Farazmand 2010). Bureaucracy as an ancient institution of government and administration can be traced as way back as in the administration of great Empires such as Persian, Egyptian, Chinese, Prussian, and Indian civilization (Beyer 1959; Farazmand 2009a). The Persian bureaucracy was the pioneering among the ancient bureaucracy. The earliest origin of Persian bureaucracy can be traced way back as to the ancient Susa and Sumer (which were ancient civilization and historical regions in southern Mesopotamia and Babylonian) (Farazmand 2009b). The bureaucracy of the Persian Empire was a strong institution of administration and governance with high expertise and prestige under the political control of the King or Emperor Cyrus who started ruling in 559 B.C (Farazmand 2009c).

Three major powers preceded Persians in Iran: Susa, Elam, and Media. Medians captured Nineveh, the capital of Assyria, by totally absorbing the Elamite Empire by 600 B.C. The bureaucracy under Medes was characterized with role specialization, organizational hierarchy, and a unity of command system. After conquering the entire known world of antiquity, the Persians changed the world's political and administrative history forever and established themselves as masters of empires, bureaucracy, government, and public administration. The Achaemenid Empire was organized hierarchically with the Sovereign King at its head, his court, a highly effective and efficient administrative system with a professionalized bureaucracy, a liberal governance policy, a formidable army commanded by the great aristocratic nobility, and a multitude of complex institutions of checks and balances (Farazmand 1991).

Bureaucracy has been around for over 5000 years on a small scale under the Elamite (early Iranian) and on a larger scale in the one world-state Persian Empire (559–320 BC). Thereafter, it was followed by the Parthian and Sassanid Persian Empires (200 BC–651 AD) and onward under the Islamic Persian Empire up to the twenty-first century. The ancient Persians as masters of bureaucracy managed the world empire with the most efficient bureaucracy the world has ever known or seen (Farazmand 1994).

The concept of bureaucracy can therefore be defined as a hierarchical organization made up of many departments and divisions that are administered by government workers or a group that makes official decisions based on an established strict process, full of rules and regulations. Bureaucracy is a type of formal administration with the characteristics of division of labor, rules and regulations, hierarchy of authority, impersonality of social relationships and technical competence, etc. The essence of bureaucracy is to enable large organizations to be managed effectively so as to achieve efficiency and be more accountable to the people. Some of the examples of everyday bureaucracies include governments, armed forces, corporations, hospitals, courts, and schools.

## Bureaucracy According to Max Weber

According to the bureaucratic theory of Max Weber, bureaucracy is the basis for the systematic formation of any organization and is designed to ensure efficiency and economic effectiveness in its operations. It is an ideal model for management and its administration to bring an organization's power structure into focus and reality. Therefore in Weber's view, the attributes of modern bureaucracy include its impersonality, concentration of the means of administration, a leveling effect on social and economic differences, and implementation of a system of authority that is practically indestructible (Weber 1978).

Weber distinguished three types of authority, namely, traditional, charismatic, and legal-rational. Traditional authority is based on the belief that rulers have a natural right to rule. Charismatic authority is premised on the belief that rulers possess unique personal qualities by which they are able to control their subordinates in institutions such as religion and heroism (as possessed by Hitler during World War II). The third one is legal-rational authority which is based on the fact that formally written rules keep certain individuals in power. Using a combination of these ideas, Weber developed his own concept

of bureaucracy with five basic distinct characteristics, namely, division of labor, hierarchy of authority, written rules and regulations, impersonality, and employment based on technical qualifications (Weber 1947).

Weber's main concern was that bureaucracies could lose sight of their purpose and begin to act as a special interest group. In other words, they might function for their own sake, rather than to meet some societal needs. Weber was also concerned that the idolization of bureaucracy might stamp out individualism. On the other hand, modern criticisms of bureaucracy have tended to focus on the idea that bureaucracies are bloated, inefficient, and overly expensive, making them ineffective in meeting people's aspirations.

## Negative Social Consequences of Bureaucracy

Bureaucracy can have negative consequences that impact individuals (both those who contact the bureaucracy and those who work within it) and organizations. People who contact bureaucracies can be frustrated by the excessive red tape that goes with them. Bureaucratic rules which often seem pointless to people coming into contact with them cause delays and other inconveniences. Bureaucrats themselves can also become frustrated with the nature of their jobs as they typically are bound by rules and regulations that deprive them of any room of autonomy to act as they wished (Wilson 1887). Besides, when left with no latitude to deviate from the rules, frustrated employees can become defensive and indifferent to the needs of the people who deal with them. In addition, bureaucracies are inefficient and wasteful. Sometimes, incompetent people have positions because of nepotism within the organization. From the organizational point of view, bureaucracies can sometimes create excessive resistance to change in an organization. People can become obsessed with following the processes of rules and regulations, instead of doing the job most effectively. In this way, the emphasis on strict adherence to rules and regulations that come along with a bureaucracy is very problematic to society.

In developing countries, for instance, it is very disappointing when seeking some services such as the supply of electricity and water for either domestic or industrial usage. Clients have to go through many bureaucratic channels and wait for longer period of time before getting final approval. Sometimes, corrupt officials demand facilitation fees to hasten processes. Further, passport acquisition, registration of lands and tittle deeds acquisition, law enforcement and judicial processes, health services, investment promotion, business registration, salary, and pension processes are all accessed after undergoing through cumbersome procedures that leave clients frustrated in their quest for quality services. In some cases, clients abandon pursuit of these services in midstream due to delays and other forms of bureaucratic insensitivities. Bottlenecks that are associated with quality service delivery have made bureaucracy very unpopular to many people, especially that excessive bureaucracy inhibits productivity and contributes to loss of large revenues to the government. In addition, bureaucracy reduces effectiveness at delivering product or service that the system was designed to. From a consumer or citizen side, it causes a loss of faith that the system is either helpful or that it exists for their benefit. The constant frustration followed by this loss of faith causes people to disengage from the system itself, again, defeating the mission.

Classic bureaucratic rigidity and protectionism are prevalent in many governments. For example, firing poor performers is difficult in government ministries and organizations because of an arduous termination process. As a result, operational efficiency is reduced, and in the end, the community receives poor service delivery from these poor performers who are sustained by the bureaucratic system.

From the entrepreneurial perspective, bureaucratic structures tend to be backward-looking, identifying procedures that worked well in the past. This backward perspective creates a conflict with entrepreneurs and innovators who prefer forward-looking concepts and attempt to identify ways in which processes could be

improved. This is because a rigid bureaucracy reduces operational efficiency over time, particularly compared to rival organizations without large bureaucracies. Losses in efficiency are most pronounced in circumstances where bureaucracy is also used to insulate established power structures from the competition.

Governmental bureaucracies are especially known for proneness to creating paper trails and piles of rules. Mountains of paper and rules only slow an organization's capacity to achieve stated goals as well as cost taxpayers both time and money. Administrators wish to appear busy by increasing their workload through creating paper and rules, filling out evaluations and forms, and filing. In the end they hire more assistants, who in turn require more managerial time for supervision. Therefore, there is always growth in the number of employees in bureaucratic systems of governance especially in government. This results into bloated expenditures on wage bills leaving little financial resources for community development and quality service delivery.

The hierarchical structure of bureaucracies can lead to internal empire-building. Department supervisors may add unnecessary subordinates, whether through poor decision-making or in order to build their own power and status. Redundant and non-essential employees quickly reduce the organization's productivity and efficiency. Besides, absent of adequate oversight, bureaucrats with decision-making power could solicit and accept bribes in return for their assistance. In particular, high-level bureaucrats can misuse the power of their positions to further their personal interests.

## Positive Social Consequences of Bureaucracy

Bureaucracies emerged as society moved into its most developed form, the state. As such, it provides the possibility for government to function effectively and efficiently in leading the larger societies of its citizenry with increasingly complex and diverse ways of life. Beyond government, numerous other social organizations, both in the public and private sectors, have developed bureaucratic forms of leadership which have succeeded in advancing the goals of their organizations. Therefore, bureaucracy is an organizational effective means of meeting societal needs (New World Encyclopedia 2017).

Bureaucratic regulations and rules help ensure that government organizations take appropriate precautions to safeguard the interest and lives of the citizens. Besides, the red tape system of doing business in an organization enables documentation of the process effectively so that, if problems arise in future, data exists to fall on, for analysis and correction. Further, bureaucracies provide job security for employees, such as a steady salary and other perks, like insurance, medical and disability coverage, and a retirement pension.

The impersonal nature of bureaucracy is often criticized, but this coldness is by design. Applying rules and policies strictly and consistently reduce the chances that some people will receive more favorable treatment than others. By remaining impersonal, the bureaucracy can help to ensure that all people are treated fairly, without friendships or political affiliations influencing the bureaucrats who are making the decisions. For instance, a successful university applicant must submit a great deal of paperwork to obtain a government student loan. Therefore, this long, tiresome, and frustrating process promotes equal treatment of all applicants, by ensuring that everyone has a fair chance to gain access to funding. Bureaucracy also discourages favoritism, meaning that in a well-managed organization, friendships and political inclination should have no effect on access to funding.

Despite many actual and potential drawbacks, bureaucracy is the most ubiquitous form of dividing labor among members of an organization, town, state, or nation. It is indeed the hallmark of modern society throughout the world. While bureaucracies may not always function in the ideal form that Weber described, when the people working within the structure live for the sake of others rather than for self-centered pursuits, the bureaucratic system offers the most efficient method of maintaining a social institution (New World Encyclopedia 2017).

Bureaucracies are efficient because the division of labor requires workers to specialize in particular tasks. Over time, specializing makes workers learn how to perform their assigned tasks at a very high level of competence, which results in high productivity and quality service delivery to the people. This is because bureaucratic attributes such as precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material, and personal costs are normally raised to the optimum point in the strictly bureaucratic administration.

## Conclusion

Weber's bureaucratic model has until recently dominated organizational thinking as the most universally acceptable and globally established form of mass organization. However, bureaucracy now connotes different meanings to different people in the organization. To some individuals, it is nothing but rows of seats staffed almost by faceless people, for example, the members of the public see it such. To others, it is a frustrating encounter with red tapism, as clients do not get needed services as quickly as they would have loved. Thus, the general opinion of bureaucracies tends to focus on their drawbacks and potentially negative impact on efficiency and individual rights. If left uncontrolled, the bureaucracy will become increasingly self-serving and corrupt, rather than serving needs and demands of the society. On the other hand, when those working in bureaucratic organizations live for the sake of others more than for their own individual needs, the division of labor and clear regulation of responsibilities of bureaucracy support the efficient operation of any social institution. It further increases the likelihood of employees to be treated fairly and the organization purged of favoritism, discrimination, and prejudice.

## Cross-References

► Bureaucratic Elites
► Weber, Max, and the Civil Servant

## References

Beyer WC (1959) The civil service of the ancient world. Public Adm Rev 19(4):243–249

Farazmand A (1991) State tradition and public administration in Iran in ancient and modern times. In: Farazmand A (ed) Handbook of comparative and development public administration. Marcel Dekker, New York

Farazmand A (1994) Bureaucracy, bureaucratization and debureaucratization in ancient and modern Iran. In: Farazmand A (ed) Handbook of bureaucracy. Marcel Dekker, New York

Farazmand A (ed) (2009a) Bureaucracy and administration. Taylor and Francis Group, LLC, Boca Raton

Farazmand A (2009b) Bureaucracy, administration and politics: an introduction. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton

Farazmand A (2009c) Bureaucracy and the administrative system of ancient world-state Persian empire: implications for modern administration. In: Farazmand A (ed) Bureaucracy and administration. CRC Press, Boca Raton

Farazmand A (2010) Bureaucracy and democracy: a theoretical analysis. Public Organ Rev 10(3):245–258

New World Encyclopedia (2017) Bureaucracy. [On line]. http://www.newworldencyclopedia.org/p/index.php?title=Bureaucracy&oldid=1004609. Accessed on 9 Feb 2020

Weber M (1947, 2012) The theory of social and economic organization. Martino Fine Books, New York, NY. ISBN 978-1614272571

Weber M (1978) Bureaucracy. In: Economy and society: an outline of interpretive sociology (trans and ed: Roth G, Wittich C). University of California Press, Berkeley

Wilson W (1887) The Study of Administration. Polit Sci Q2(2):197–222

# Social Construction of Corruption in Developing World

Mohammad Sajedur Rahman and
Nurul Huda Sakib
Department of Government and Politics,
Jahangirnagar University, Dhaka, Bangladesh

## Synonyms

Acceptance of corruption; Normalization of corruption; Socialization of corruption

Corruption perception is not society neutral, somewhat a constructed idea that emerges from multidimensional social relationships, and understanding varies in different cultural and social background. In developing nations, public understanding of corruption rooted in historical inheritance and realized in the sociopolitical structural setting of the society. It is crucial to grasp the social reality of corruption in a developing country to take any meaningful anti-corruption measures and understand the social dynamics of corruption that lies in the core of society.

## Defining Social Construction of Corruption

The social construction of corruption can be defined as the collective understanding of a society through which people perceived the notion of corruption and interpret it in a social context. Social construction varies in different societies and determines the behavior of people to understand and interact with corruption. For example, in some developing nations, corruption is seen as help from officials and positively perceived. Ideas, beliefs, norms, and identities in social body campsite the filter through which people perceive and interpret the world (Parsons 2010) and social construction of corruption thus emerged.

## Origin and Instruments of Social Construction

The idea of social construction can be traced to the work of Émile Durkheim and Marx Weber. Durkheim's work on the theory of social fact indicated about human behavior of social control, whereas Max Weber rationalized change in religious understanding of Christianity as the root of capitalism. Corruption, like other social constructed phenomenon, is determined by people's understanding and encounters that give meanings to the idea and create social reality. Therefore, the idea of corruption varies from society to society. It is essential to consider how the issue of corruption is framed or constructed in each context, country, or region (Holmes 2015). Essentially, "corrupt" is what is considered corrupt at a specific place and at a particular time (de Graaf et al. 2010). Therefore, context and locality are vital in constructing process of corruption idea. de Graaf et al. summarized Michael Johnston's idea of the contextuality of corruption, "The meaning of terms like 'abuse,' 'public role,' and 'private benefit' are constructed at a given moment in a certain place, and how and why the lines between public/private, state/society, politics/administration, and institutions/sources of power are drawn" (de Graaf et al. 2010). Language is critical of people's perception and construction of the idea. Construction of corruption can be understood as a social process of learning or socialization of corruption. From the process of socialization, people come across the social norms, beliefs, and understanding of the social phenomenon and learn the social reality of corruption. Acceptance of corruption in societies significantly impacts on the way of socialization process and construction of the corruption reality. In organizations, rationalization and socialization process are mental strategies that enable employees to view their corrupt acts as justified, and it neutralizes the negative feelings that emanate from their participation in unethical acts (Anand et al. 2004). Persuasion from society also can bring new meaning and impact on the construction process of the society. Normalization of corruption in organizations is the process in which people's perception is changed toward corruption. Normalization process of corruption in society gives acceptance of corruption as not a severe problem.

## Social Construction of Corruption in the Developing World

Corruption is seen as a more serious problem for developing countries than in the developed world. Corruption is endemic in developing nations and regarded as a major challenge for development. Akanle and Adesina described the corruption situation in Nigeria as, "Corruption is so pervasive in that country that it would be nearly correct to opine that it is a way of life" (Apata 2019). As most nations from the developing world have lack of institutionalization, weak economic structure,

and absence of democratic consolidation, these countries have fragile capacity to fight corruption, and a culture of corruption persists. There is a perception that corruption is more tolerable in developing nations than the developed world because of their culture. However, it would be wrong to articulate the notion that corruption is rooted simply in a country's culture (Holmes 2015). Malaysian sociologist Syed Hussein Alatas criticized this tendency as Westerners view to look at the developing countries (Holmes 2015). It is argued that colonialism has kept a deep footprint in the developing nations and is one of the root causes of corruption culture of the developing countries. It is noticed that most of the postcolonial countries have a prevalence of corruption that can be seen as a strong correlation between colonization and corruption (Angeles and Neanidisy 2015). Angeles and Neanidisy found the relationship is nonlinear and higher levels of European settlement resulted in more powerful elites and more corruption when Europeans remained a minority group in the total population (Angeles and Neanidisy 2010). In the case of colonialization in African countries, it is observed that the European colonial power systematically uses material inducements to capture the African leadership that resulted as the root cause of corruption culture in the countries (Mulinge and Lesetedi 1998). Moreover, it is criticized that the discourse on African corruption is a Western invention that emerged as a postcolonial construct (Apata 2019).

Nevertheless, underdevelopment, competition for scarce resources, and the sociopolitical structure of the nations are the other determinant factors for the construction of corruptions in those countries.

***Patron-client relations*** are recognized as the defining characteristics of many of the developing nations around the globe. Patron-client relationship/clientelist structure of social relationship suggests that patrons as powerful or influential persons provide rewards and services to weaker persons in return for loyalty and support and also including the reciprocal exchange of some services (The Free Dictionary 2020). This connection thus provides opportunities for corruptions in the social body as an exchange of relationship that often turns into monetary and other kinds of corruptions. As patron-client relations are two-way beneficial, thus the relationship can create acceptance of corruption in a society. Moreover, in the case of development goal, patron-client relationship results differently in different countries. For example, patron-client relations positively liked the political forces in attaining South Korea's economic growth while negatively linked in South Asia (Khan 1998). In election politics, clientelism creates social acceptance for the political process. Clientelism can be recognized as a key mechanism to gain electoral support necessary for political interest to ensure access to the state's resources (Szeftel 2000).

***Neo-patrimonialism*** is another theoretical lens to understand the encounter of modern forces within traditional society in developing countries. Neo-patrimonialism describes the power relationship as a combination of patrimonialism and Max Weberian legal-rational authority that evolved in modern-day political circumstances where personalization of state power is the crucial component of the system. Bureaucracy is used as a legitimate way to gain state resources that constructed the relationship between leadership and state power. The neo-patrimonial state thus can avoid legal framework of state and political corruption become rampant and rationalized.

***The political settlement***, the theoretical method popularized by Mushtaq H. Khan looks in the distribution of organizational power that determines the economic and political effects of institutions to reach an equilibrium point. For developing countries, the tendency toward equilibrium includes informal violations of formal rules to capture benefits informally as many powerful organizations are informally organized in society (Khan 2018). Political stability is maintained by the relationship, and it gives access and acceptance of corruption to society.

## Good, Bad, and Ugly Corruption

Corruption is a crime. However, corruption is not treated as same as other regular crimes, and

punishment is generally less hard than other crimes like theft, hijack, and others. Organized crime as underworld affairs has negative impacts in the mind of people, whereas different corruptions which are considered as a white-collar crime of "upper world" appear less serious affairs to the populace (Holmes 2015). Though the impact of corruption is widespread, a crime like a looting brings more fear to the people than any corruption act. Nevertheless, corruptions are of different categories, and some are considered good, some are bad, and some are ugly. Grand political corruption creates big concern to the society of developing nations as people consider public good has been abused; however, petty corruption as an everyday encounter of the people in developing nations brings little apprehension. Administrative petty corruption is seen widespread in most of the developing countries, and sometimes certain acts of corruption are perceived as beneficial to the people. Bribery as speed money can speed up the services people looking for; otherwise, valuable time and energy can be lost. When people are barred from government facilities unless bribe is not given, people consider it as advantageous. In a patron-client setting, the beneficiaries of a corruption act also can consider as a positive thing because of fulfilling their self-interest. Furthermore, corruption brings the question of helpfulness from a receiver perspective. Two types of corruption can be categorized in this regard: work is done after taking a bribe (bad), and work is not done after taking a bribe (ugly). Akbar Ali Khan, a Bangladeshi economist, mentioned the name of the economy of the second type as "the economy of the sons of pigs," where the corrupt persons betray with the bribe givers (Khan 2017). He cited an experience of Michael Carritt, a British employee of colonial time in India, of encountering a person in court who categorizes the corruption acts in that line (Khan 2017). Therefore, corruption is seen differently from people's perspective in developing world, and a corrupt person can get social acceptance if corruption act is perceived as a help or not.

Corruption is considered as an obstacle for accelerating growth and development. However, for many developing countries, corruption is also seen as a positive force for achieving modernization and political development. Corruptions are considered as natural side effects of development juncture for the developing countries, even enabler of development. Low-level corruption for effective bureaucracy and capital formulation for the entrepreneurs is described to be positively linked to the path of development for developing nations. Moreover, it is found in many patron-client setting that clientelist relation by favoring a network can enhance the efficiency of development projects. Therefore, corruption perception about development is not harmful at all in all perspectives. It is also important to perceive an act of corruption as corruption. In some developing nations within patron-client settings, some corruption acts are an act of kindness from officials, and deals within the network are considered normal. For example, in countries like Bangladesh, China, India or Nepal, gift-giving and issuing favor by public officials within an informal network are considered simply social obligation to help and not seen as corruption act (Sissener 2001). In the case of Bangladesh politics, it is seen that politicians use government resources to enhance the clientelist network for the shake of enhancing political influence. Zahir Ahmed shows that extending help to the people of constituencies has now been used as an act of informal responsibilities of the Member of Parliament (MP) in Bangladesh that is well perceived by the populace (Ahmed n.d.). Therefore, patron-client relations give a different meaning to corruption and give acceptance to corruption. Additionally, corruption can be realized in a dual role of people in the developing world in case that people do not like corruption and think that corruption is hurting them. At the same time, they are involved in corruption when they need to do so. Though people perceive corruption negatively, they can involve in corruption as it is an everyday strategy to survival in the third-world body polity.

## Social Construction of Corruption and Anti-corruption in Developing Nations

"One size fits all" is the core of most of the anti-corruption strategies in developing countries. Most anti-corruption design is adopted following top-up method, ignoring the reality of social understanding of corruption in different societies. Corruption is human behavior, and any anti-corruption needs to be tailored taking local contexts. Institutional isomorphism is one of the approaches that are thought to a productive process as organization characteristics are modified in the direction of increasing their comparability with environmental aspects (DiMaggio and Powell 1983). However, in developing nations, donor prescription for implementing a goal in short time failed to attain a result because countries do not have enough capacity to adopt the program.

Most importantly installing a measure without considering local context may fail. Most of the anti-corruption strategy is donor-driven and considered as the comprehensive formula to gain the result. The bottom-up approach is vital in the fight against corruption of developing nations and thought to be an alternative way of involving people. Lack of political will because of the nature of neo-patrimonial state bars the nations to effectively implement anti-corruption strategies. People's involvement through community-based organizations (CBOs) can be an effective instrument to fight corruption from the bottom as local people know the local perspective of the process of the social construction of corruption. It is suggested that organizations should focus on local innovation and give priority to local contexts to respond to specific problems to prevent everyday corruption (Sakib 2019). As every society is different from its capacity, anti-corruption should consider the social construction of corruption to fight corruption. As de Graaf et al. observed, "Too often, corruption and its remedies are discussed outside its social and historical context. This is dangerous because, whatever way one looks at the causes of corruption, the contingencies are many. Any proposed solution should take as many contingencies as possible into account" (de Graaf et al. 2010).

## References


Ahmed Z (n.d.) From shape shifting to collusion in violence: an ethnography of informal relationships between Bangladeshi Members of Parliament and their constituents. Polit Legal Anthropol Rev 42(1):5–20

Anand V, Ashforth BE, Joshi M, Martini PJ (2004) Business as usual: the acceptance and perpetuation of corruption in organizations. Acad Manag Exec 18:39–55

Angeles L, Neanidisy KC (2010) Colonialism, elite formation and corruption. Centre for Growth and Business Cycle Research discussion paper series 144, Economics. The Univeristy of Manchester, Manchester

Angeles L, Neanidisy KC (2015) The persistent effect of colonialism on corruption. Economica 82:319–349

Apata GO (2019) Corruption and the postcolonial state: how the west invented African corruption. J Contemp Afr Stud 37:43–56

de Graaf G, Wagenaar P, Hoenderboom M (2010) Constructing corruption. In: de Graaf G, von Maravić P, Wagenaar P (eds) The good cause. Verlag Barbara Budrich, Leverkusen, p 99

DiMaggio P, Powell W (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48:147–160

Holmes L (2015) Corruption: a very short introduction. Oxford University Press, Oxford

Khan M (1998) Patron-client networks and the economic effects of corruption in Asia. Eur J Dev Res 10:15–39

Khan AA (2017) Economics of other-minding (in Bangla language). The University Press Ltd, Dhaka

Khan MH (2018) Political settlements and the analysis of institutions. Afr Aff 117(469):636–655

Mulinge MM, Lesetedi GN (1998) Interrogating our past: colonialism and corruption in sub-Saharan Africa. Afr J Polit Sci 3:15–28

Parsons C (2010) Constructivism and interpretive theory. In: Marsh D, G. S. (eds) Theory and methods in political science. Palgrave Macmillan, Basingstoke, p 80

Sakib NH (2019) One size does not fit all: an analysis of the corruption preventative approach of the Anti-Corruption Commission (ACC) in Bangladesh. Asian J Polit Sci 27(2):211–234

Sissener TK (2001) Anthropological perspectives on corruption, Chr. Michelsen Institute. (working paper) Retrieved from (24.05.2020) https://open.cmi.no/cmi-xmlui/bitstream/handle/11250/2435980/WP2001-05.PDF?sequence=2&isAllowed=y

Szeftel M (2000) Clientelism, corruption & catastrophe. Rev Afr Polit Econ 27:427–441

The Free Dictionary (2020, March 30). Retrieved from https://encyclopedia2.thefreedictionary.com/patron-client+relationship

# Social Distancing

Elizabeth S. Overman[1] and
Kristie Roberts-Lewis[2]
[1]University of Central Oklahoma, Edmond, OK, USA
[2]Southern University and A&M College, Baton Rouge, LA, USA

## Introduction

Diseases do not exist in a vacuum. Afflictions are composites identified by a biological description animating a peculiar cultural context. The ontology is the living organism as a dynamic and animate being. The epistemology rests in the particular historical moment in which the human population recognizes the manifestation of a malady through illness, testing, or death. As articulated by Charles Rosenberg in 1983, "A disease is no absolute physical entity but a complex physical construct, an amalgam of biological state and social definition." The contours of disease mitigation are dependent upon the social description of the disease and the weight it is given in terms of lethality. Highly communicable air-borne infections may be subject to social distancing which is a classical public health nonpharmaceutical intervention intended to prevent the spread by maintaining physical distance between people and reducing the number of times people come into close contact with one other. In other words, people need to refrain from swapping air with each other.

The cultural context for twenty-first-century urbanity began when societies first remodeled nature to suit human purposes. All urbanized living is premised on intensified agriculture, technological innovations, and the development of state power culminating in the construction of cities (Fernandez-Armesto 2006). Living check by jowl for the last 11,000 years creates the "perfect storm" or environment for the spread of communicable infectious disease. Cities are perpetual motion mechanisms with flows of strangers sharing the same public spaces, sitting close to each other in subways, for example (Chan 2018).

Pandemics, for their part, have, historically, been traumatic, culture warping, civilization bending, and jarring events with the potential loss of life so great that entire societies disappeared. However, these events have not been the norm over the broader sequence of human history, they have been definitive episodes. Normally pathogen sharing is not problematic because the human species has antibodies which repel dangerous infections. But there have been an increasing number of times, when the species that becomes the new host is without any antigens and therefore unable to fend off an attack. Such is the case with COVID-19. This should not be a surprise because since 1980, the number of cross-species episodes has increased. Why? It is important to note that scientists point to the vast expansion in urban capacity made possible by erasing forests and reshaping the landscape for the agricultural development that feeds the metropolis. The earth is also reshaped by war when people forced to flee for their lives move into previously uninhabited regions disturbing, if not wrecking, the animal life. Laying down concrete, destroying the biodiversity with more humans residing with and among more animals that were previously distant creates diffuse pathways for the spread of pathogens.

However, in a distracted world full of getting and spending, most forgot, if they ever knew, that pestilence has been a relatively marked recurrence throughout human history. Camus in *The Plague* spoke to the shock of the fact that "somehow we find it hard to believe in ones that crash down on our heads from the blue sky" (Camus 1947). In the first quarter of the twenty-first century, we find that contemporary urban environments are premised on a business model designed to foster high rates of exchange by facilitating human propinquity or intense forms of human proximity (Chan 2018) are embedded in a hyper globalized world with pervasive human expansion increasingly intruding upon animal habitats. Sometimes animals wrested from the diminishing wilds are slaughtered in open air, densely populated urban

wet markets. Hence, the perfect petri dish for the transmission of animal pathogens to humans who then share it with other humans. Although pathogen transfers between and among species occur often, when the pathogen turns out to be a virus so perniciously novel and unfamiliar that human antibodies can't mount an internal defense and modern science cannot immediately facilitate an effective eradication program, the virus thrives as it infiltrates the closely designed urban environments and travels well-trodden globalized pathways in its search of human organs, of which there are plenty, to colonize and devastate. Add to this the fact that epidemiology holds that the growth rate for this particular disease is exponential. The number of new cases doubles every three to four days.

## Origination

The precise origination of SARS-CoV2, abbreviated to COVID-19, remains, as of this writing, unknown. What we do know is that a pathogen jumped from one species to another in 2019. This is not new. Pathogen leaping between species, in this instance from animal to human, can be traced back to the ancient world by scholars who apply medical, evidence-based models, to their studies argue that over the span of human history, infectious animal emanating or zoonotic transference events have been more lethal than wars. They point out that over time virulently transmissible diseases have precipitated most of the major social upheavals decimating all forms of human settlement. The infectious diseases ranked most contagious of all are smallpox and the plague. Other highly dangerous diseases are influenza, measles, polio, tuberculosis, dysentery, malaria, typhoid, and leprosy.

COVID-19, previously known as the novel corona virus or 2019-nCoV, emerged in Wuhan in December 2019, proliferated into Hubei province, and quickly spread to all provinces in China and then appeared, by the end of January 2020, in more than 20 countries across the planet. The primary means of transmission are respiratory droplets emitted when breathing and accelerated when speaking, eating, and singing. The coronavirus, seeking a live organ to parasitize, seeps into the nasal and throat passages before lodging in the lungs where it completely takes over the breathing mechanisms and other organs eventually killing the host.

## Mitigation

In a world bereft, as of this writing, of vaccines or antivirals to combat the spread of COVID-19, survival has depended on the implementation of classical public health measures. The goal is the prevention of person-to-person spread of the disease. The available tools are a spectrum of measures starting with isolation and quarantine, social distancing, and community containment. Each of these methods has been deployed at some point somewhere on the planet since 2019 advent of COVID-19.

Isolation or the separation of the contagious ill from the noninfected is standard in clinical settings such as hospitals. Sometimes, as with COVID-19 and in optimum care facilities, discrete rooms may be equipped with negative pressure mechanisms that reduce transmission via aerosols. But since COVID-19 may be transferred or shed long before a person realizes that they are infected, isolation is often too late to effectively prevent others from falling ill.

Quaranta means 40 in Italian. Fourteenth-century ships coming into Venice from plague-infected ports would anchor off site for 40 days before any passengers and crew would be allowed to disembark. In this time period, the full cycle of incubation was exhausted and those who were asymptomatic would become symptomatic. Quarantines have been particularly effective because such measures restrict any who are presumed to have been exposed but may not immediately show any symptoms. Historically, quarantines have been either mandatory or voluntary. When they include entire groups of people designated as "other," there has been widespread evidence of subjective castigation on the parts of those in power and in communities not subject to quarantine. The most effective quarantines occur when detection is prompt, contacts are listed and

traced within a short time frame to envelope the spread of the disease, and there are mechanisms to foster compliance.

Social or physical distancing is the voluntary reduction of interactions between people residing in a community. The theory is that some infected or asymptomatic individuals are in the community mix and could expose others unless everyone maintains a specified distance from one another. Since COVID-19 depends on the transmission of respiratory droplets and because they can only occur with people who are relatively close to one another, social distancing, in theory, reduces the rate of transmission. When transmission occurs in the community at large and there is not an effective way to detect the transmitters or even determine who has been exposed, social distancing is useful. In addition to public social spacing between people, social distancing also incorporates closing schools, shuttering businesses, cancelling public events, and suspending public gatherings. Such lockdowns restrict all human activity to shelters such as homes and apartments.

On the social distancing continuum, the widest application is community-wide containment or quarantine where personal interactions are significantly reduced with parameters encompassing entire cities, provinces, and regions. Usually, the only interactions permitted are those limited to securing vital supplies. Enforcement of such measures requires organized state, usually military, intervention, especially if the population is not widely compliant.

Even though most public health authorities have policing powers, such measures are often challenged as individual human rights weigh against the public health imperative. An effective community-wide containment may utilize local or state level law enforcement agencies. The implementation becomes a military exercise as physical roadblocks and checkpoints are established to monitor the parameters of the containment and halt any back-and-forth traffic. In the era of COVID-19, social media has made it easier for those not agreeing with the measures to broadcast their dissent and objections. However, public health officials can use social media to conduct broad based public education explaining why people need to adhere to the new regulations, avoid panic, and combat the proliferation of false narratives.

## The Theoretical Basis for Social Distancing

Epidemics are the rapid spread of disease to many people within a community, population, or region. Pandemics are epidemics that spread over multiple countries or continents. On March 11, 2020, the World Health Organization declared that COVID-19 was a pandemic. Recent studies revealed that the number of new cases doubles every three to four days. The world's scientists advised rapid lockdown to prevent the pandemic from spiraling out of control. This was an effort to save lives and, as was quickly picked up by governmental leaders, to "flatten the curve." The implication was that saving lives meant spreading the use of valuable resources such as ICU units, adequate protective gear, number of hospital beds, and the life energies of medical personnel, etc., out over time so that they could be replenished in due course. The alternative was a surge in the rate of illnesses that with resources exhausted and entire populations wiped out or dead and dying.

At that point, the SARS-CoV-2 virus was, in its current incarnation and relatively speaking, three months old. Fearful of the impact of a newly identified virus on the health care systems around the world, countries were trying to arrest the deadly spread by declaring national following emergencies. Coronaviruses have circulated in humans for centuries causing mild respiratory infections some of which are accompanied by gastrointestinal disturbances. SARS-CoV-2, however, belongs to the newer strands classified as "true emerging infectious diseases" which have undergone recent animal-to-human transitions (ConsultQD 2020).

Epidemiology is the study of the distribution and determinants of disease and other health states in human populations by means of group comparisons for the purpose of improving population health. From the perspective of epidemiology, social distancing is imposed to reduce,

significantly, the rate of illness. In the face of a highly communicable and unknown virus that, without mitigation, threatens to reduce populations to extinction, modern public health entities such as the U.N. World Health Organization and the U.S. Centers for Disease Control developed mitigation strategies that would significantly reduce the impact by closing societies down and asking people to exercise abundant caution by sheltering at home. However, essential workers, that is, all medical personnel plus those who worked in grocery stores and gas stations or drove buses and engineered subways, were to continue working so that society would still provide medical care, food, and some form of transportation. Social masking was enforced along with public social distancing. Clear sheets of plastic were installed between clerks and customers to prevent one from breathing on the other. Markers were placed on floors in large grocery stores at checkout counters helping people remain at least six feet from one another. Food processing plants introduced protective gear, plastic shields between workers and regular sanitizing. The state of New York, under the leadership of Governor Andrew Cuomo, deep cleaned and sanitized the vast subway and train system for the first time since its inauguration in 1904. To facilitate the wearing of masks which slow down the spread by capturing personal air droplets, public facilities such as train stations and schools are making surgical paper masks freely available.

Epidemiologists worked with policy makers to develop the goals of these mitigation efforts to initially "flatten the curve" and later save lives by preventing infections. Nine months into the pandemic, there are vast surges of illness and public health systems on the brink of total collapse. All efforts aside, morbidity has not been minimized and the associated mortality has not been lessened. The world hopes for the development, manufacture, and distribution of a vaccine.

To measure the effectiveness of social distancing, epidemiologists look for the effective reproduction numbers or possible number of reduced cases as a consequence of social distancing. The goal is to achieve a relative rate of 1.0. A risk of 1.0 means that the incidence of disease is very flat and nonthreatening. When the relative risk reaches 2.0, there is a 50% likelihood that the community is threatened with infection and the spread of the disease is actually or potentially becoming rampant in the community calling for the imposition of public health measures.

## The Use and Abuse of Social Distancing Over Time

It was the Chinese who first observed that whenever armies march pestilence follows. The world experienced that in the period of colonization when passing diseases and deliberately infecting people was governing policy carried out by military commanders such as Colonel Amherst and others in the Americas who intentionally passed infected blankets to indigenous peoples.

During the Song Dynasty, 293 infectious plagues were recorded ranging from typhoid fever and typhus to smallpox, leprosy, measles, tuberculosis, and many more. It was in the period that the Chinese developed vaccination procedures in the tenth century and practiced social distancing by attaching lateral bars to headgear that served to notify others to keep their distance.

In the west, contracting leprosy or Hansen's Disease, an infection which is very hard to contract and today treatable with multidrug therapy, was, going back to the ancient world, feared and despite evidence to the contrary, regarded as highly infectious. Known as "lepers," suffers were shunned, forced into segregated isolation, often in geographically remote colonies, and thought of as suffering from a spiritual corruption that led to moral and corporal decline. The mark of the leper forced people "into the shadows of society." Such attitudes had profound social consequences as suffers were forced to forfeit their "individual liberty" and live with "disturbed relations between the individual and society" an "altered bond between family members, distanced" from "social benefits and challenged laws and social codes" (Levison 2003).

The inability to visit loved ones who languish in hospitals or nursing homes from the virus is a great social stressor in the twenty-first-century era

of COVID-19. In the fourteenth century, when the bubonic plague ravaged Scotland, one writer noted that "It generated such horror that children did not dare to visit their dying parents, nor parents their children, but fled for fear of contagion as if from leprosy or a serpent" (Bichell 2014).

## The Psychic Cost of Social Distancing

The public health imperative to impose a virtual lockdown or quarantine on the planet in order to save the human species from near extinction remains compelling. However, psychologists point out that staying away from one another, avoiding large gatherings and close contact with others entails risks of its own. Have we been called upon "to suppress our profoundly human and evolutionary hard-wired impulses for connection: seeing our friends, getting together in groups, or touching each other"? What about our capacity for cooperation? What is asked of us is not just to protect the people that we know, "but also people we do not know."

Studies show that extensive social isolation increases risks for heart disease, depression, dementia, and even death. "Chronic social isolation increases the risk of mortality by 29%." Theoretically, actual social contacts and perceived social contacts mitigate the negative effects of stress. Enforced social isolation stands to deepen the stress of those who were isolated and lonely prior to the advent of the pandemic. Older people and people with co-morbidities who are also more immediately susceptible to COVID-19, many suffer under conditions of social isolation because they may have already lost family and friends along with any chronic illnesses that may be present and any sensory impairments such as hearing loss. These factors are just some of the ways that make it harder to interact. However, people are resilient. We know from studies of Vietnam Prisoners of War who were confined for years to tiny cells known as "tiger cages" who believed that no matter how bad things were, they would eventually be released, enjoyed better mental health later in life (Miller 2020).

## Summation

Although humans have had long exposure to plagues, we have advantages in the twenty-first century that did not exist in previous eras. For example, knowledge of the threat is communicated instantly to everyone on the planet, providing time to put social distancing measures in place. This saves lives. Digital communications platforms relieve some of the hardship by reinforcing social connections that may become frayed and even dissolve in the face of social distancing. But the most beneficial advantage is the ability to develop a vaccine. "Vaccination allows us to maintain rich, interactive social lives despite contagious diseases such as polio and measles that would over wise ravage us" (Hawley and Buck 2020).

Until the day when we can once again experience our love of mingling with fellow humans, we need to maintain strategic social distancing practices. And we need to work to maintain the most essential social interactions as we distance farthest from those who are most vulnerable and who could infect us by accident. The short-term cost of social distancing becomes a long-term payoff if we survive the pandemic.

## References

Bichell RE (2014) Shades of the middle ages: the plague popped up in China and Colorado. National Public Radio

Camus A (1947) The plague. Gallimard, Paris

Chan JKH (2018) Propinquity. Urban Ethics in the Anthropocene, Palgrave Macmillan.

ConsultQD (2020) Coronaviruses have been around for centuries: What differentiates COVID-19? https://consultqd.clevelandclinic.org/coronaviruses-have-been-around-for-centuries-what-differentiates-2019-ncov/

Fernandez-Armesto (2006) The world. Pearson Prentice Hall, New York

### Initial Selected List of References

Centers for Disease Control and Prevention (2020). Risk assessment and management

Government: U.K (2020) Guidance on social distancing for everyone in the UK

Harris M et al (2020) COVID-19. World Health Organization

Hawley DM, Buck JC (2020) Animals use social distancing to avoid disease. Scientific America
Hensley L (2020) Social Distancing is out, physical distancing is in – here's how to do it." Global News. Corus Entertainment Inc.
Johnson CY, Sun L, Freedman A (2020) Social distancing could buy U.S. valuable time against coronavirus. The Washington Post
Kumar S (2020) Corona virus outbreak: keep physical distancing, not social distancing. SSN 3568435
Levison JH (2003) Beyond quarantine: a history of leprosy in Puerto Rico, 1898 – 1930s. Historia, Ciencias, Saude-Manguinhos. Rio de Janeiro (10) (Suppl. 1)
Miller G (2020) Social distancing prevents infections, but it has unintended consequences. Science: American Association for the Advancement of Science. Retrieved from https://www.sciencemag.org/news/2020/03/we-are-social-species-how-will-social-distancing-affect-us
Norrie P (2016) A history of disease in ancient times. Palgrave Macmillan, London
Pearce K (2020) What is social distancing and how can it slow the spread of COVID-19? Johns Hopkins University, The Hub
Tangermann V (2020) It's officially time to stop using the phrase 'social distancing'. Science Alert: Futuriam/The Byte
Venske R, Schwyzer A (2020) The Effect of Language in times of Crisis. NDR Kultur Norddeutscher Rundfunk
Wilder-Smith A, Freedman DO (2020) Isolation, quarantine, social distancing and community containment: pivotal role for old-style public health measures in the novel coronavirus (2019-nCoV) outbreak. J Travel Med 27(2)
Wolfe ND, Dunavan CP, Diamond J (2012) Origins of major Huma infectious diseases. In: Improving food safety through a one health approach: workshop summary. Institute of Medicine: National Academies Press
World Health Organization (2020) Pandemic influenza prevention and mitigation in low resource communities
Yi H (2015) Pandemic during the song dynasty: prevalence and prevention. Chinese Academy of Sciences: Institute for the History of Natural Sciences. Retrieved from http://english.ihns.cas.cn/Publications_new/books/201505/t20150518_147404.html

# Social Economy, Social Accounting, and NP Organizations

Gianluca Antonucci
DEA – "G. d'Annunzio" University of Chieti-Pescara, Chieti-Pescara, Italy

## Synonyms

Corporate social responsibility; Social reporting; Third system

## Definition

Social economy represents an area consisting of cooperatives, mutuals, associations, and foundations engaged in the production of goods and services, with no purpose of the owners' enrichment, but instead having objectives of sharing and solidarity, being engaged in activities such as local development, re-employment, and the fight against social exclusion.

Social accounting represents a set of organizational activities that deals with the measurement and analysis of an organization's social performance and the voluntary disclosure of results to concerned groups, both within and outside the organization.

The link between social economy and social accounting is given by the fact that Social economy organizations, in many cases, are hardly operationally distinguishable from for-profit business ones. Thus social accounting principles represent a convincing and valid possibility to correctly account that a social economy organization is operationally working for achieving its mission, which is different from businesses' one and cannot be proved by financial reporting schemes.

## Introduction

Having French origins datable to the first decades of the nineteenth century, the social economy (SE) concept is historically linked to popular associations and cooperatives. Nowadays SE can be seen as a set encompassing cooperatives, mutual societies, and associations as well as foundations. The basic line for this composition is given by the fact that all these organizations, although different in their legal form, have the aim to give answer, through self-help organizations to vulnerable, defenseless, and socially excluded citizens.

In the second half of the twentieth century, SE has been reviewed as an area constituted by organizations like associations, mutual, cooperatives, and foundations engaged in the production of goods and services, with no purpose of the owners' enrichment, but instead having objectives of sharing and solidarity, being

engaged in activities such as local development, re-employment, and the fight against social exclusion.

Social accounting (SA) provides a set of tools and procedures aiming at measuring and analyzing, as well as giving information to all stakeholders, the social performance of organizations. Thus it is based on a voluntary disclosure by an organization which decides to give information about product and consumer interests, employee interests, community activities, and environmental impacts, having different reporting schemes which underline different aspects far from the "simple" financial reporting concerning profits.

The link between the two concepts is given by the fact that, whatever the legal nature, an organization encompassed within the principles of SE has, as inspiring mission, a social objective rather than the search for profits, because it prioritizes its social objectives which are designed to serve social needs. In this respect, for SE organizations, the disclosure of the achievement of social objectives is part of their reason of existence because SE framework is linked to the way in which an organization acts according to its mission. That is why these organizations, in a sense, need SA principles and use social reporting schemes in order to mark their difference and specificities, demonstrating, toward all the different shareholders and stakeholders, that they are achieving their mission.

This chapter is sectioned in three parts. The first one describes the concept of SE since its origins. The second one does the same thing for the concept of SA since its origins in the 1970s. The third section underlines the strict link between the two concepts showing as organizations encompassed within the SE framework need SA principles in order to account the achieving of their mission.

## Social Economy

The origins of the locution social economy (SE) can be traced in the French term *Économie Social* as defined by the French liberal economist Dunoyer, who published in 1830 two volumes, entitled *Nouveau traité d'économie sociale* (New dissertation of social economy). According to the Director of the Center of Social Economy (Centre d'économie sociale du Conservatoire des Arts et métiers – Ceste-Cnam) (Draperi 2008), the acceptation of the term *Économie Social* as the one regarding different ways of operating in mutual and social assistance can be dated back to the second half of the nineteenth century, and it is attributable to the French business manager Godin. Indeed France is the place where SE was born as a manifestation of popular associative movements. Indeed, "the emergence of cooperatives and mutual societies during the first half of the 19th century cannot be explained without considering the central role of popular associationism, which in its industrial associationism version found its driving force" (Monzón Campos and Chaves Ávila 2012, p. 15).

The system of values and the principles of conduct of the popular associations "still informs the modern concept of the SE, as structured around three sets of organisations: cooperatives, mutual societies and associations, foundations (. . .). All these organisations were, and still are, interlinked by a single impulse: the response of the most vulnerable and defenseless social groups, through self-help organizations" (Monzón Campos and Chaves Ávila 2012, p. 13).

Given its French origin, the SE model grew mostly in French-speaking countries, but also in many Western European countries, during the end of the nineteenth and beginning of the twentieth centuries. In the following decades, the growth model in Western Europe mainly featured the traditional private market sector and the public sector, developing the different models based on the welfare state concepts, which, recognizing the existence of market failures, adopted policies aiming at correcting them such as income redistribution, resource allocation, and anti-cyclical policies. The adoption of these policies did not exclude the growth of cooperatives, mutual societies, and associations constituted, by private entities, in order to address socially important and general interest issues. The growth of welfare state concepts led SE principles to practically disappear being the state (public sector) the main actor in addressing social issues. In the last decades of the twentieth century, the crisis of the

welfare state and the mixed economy systems led in some European countries to pay "new" attention toward SE's organizations which were seen as valid actors to overcome both market failures and welfare state crisis. Indeed these organizations were found able to plan strategies and implement different and valid ways of actions to tackle issues which were not adequately addressed by both market agents and public sector ones such as long-term unemployment, social exclusion, health, poor education, and so on, being able to promote a sustainable growth.

Once again France was the cornerstone of this new impulse toward the concept of SE, with the modification, in 1980, of the French Act on Non-Profit Institutions and then, in 2004, with the creation of the Regional Chamber of Commerce for Social Economy (*Chambre Régionale de l'Économie Sociale et Solidaire*). This new input started in France and led to a reframing of the concept, also at an academic level, in other European countries and Canada.

The redefinition of SE describes it as an area consisting of cooperatives, mutuals, associations, and foundations engaged in the production of goods and services, with no purpose of the owners' enrichment, but instead having objectives of sharing and solidarity, being engaged in activities such as local development, re-employment, and the fight against social exclusion. The definition SE indicates the various private entities that are part of it, underlining their own codes of conduct and their governance, which are far from the business sector ones (Baulard 2008).

According to the "new" conceptualization, the different organizations belonging to SE respect four basic principles:

- Freedom of accession.
- Nonprofit-making: surpluses are not redistributed as remuneration of the capital.
- Democratic governance, based on the principle: "one person, one vote."
- Independence from public authorities (Baulard 2008).

Despite the diffusion in other European countries, the redefinition of SE would have remained a niche of French-speaking countries if it had not been for the fact that, since the end of the 1980s, it has been, thanks to the French inputs, the basic definition within the European Union (EU) for classifying the organizations that occupy the space between the market and the state. The EU arrived in 2000 at the creation, within the European Commission, of the Permanent European Conference of Cooperatives, Mutuals, Associations, and Foundations (*Conférence Européenne Permanente des Coopératives, Mutualités, Associations et Fondations* – CEP-CMAF), thus making the concept of SE the first attempt, at the international level, of framing, within a specific sector, all the different realities working in the space between the state and the market.

According to the most recent conceptual definition – within the Charter of Principles of the Social Economy promoted by CEP-CMAF (2002) – the principles regarding the organizations encompassed within the framework of SE are:

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by membership (does not concern foundations as they have no members)
- Combination of the interests of members/users and/or the general interest
- Defense and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- Use of most of the surpluses to pursue sustainable development objectives, services of interest to members, or the general interest.

## Social Accounting

Since the mid-1970s, private enterprises have been increasingly providing a high level of motivation in ensuring that their aggregate impact upon society was consistent with social goals and aspirations. Indeed some aspects, such as economic depression and consequent

unemployment, the growth of social disparities among different social groups, and last but not the least, the serious threat to environment equilibrium caused by many industrial activities, led, along the time, both practitioners and academics (and later some politicians) to think that the profit was not anymore an exclusive variable to measure corporate performance. At that time "a comprehensive analysis of the social impact of private enterprise suffered (. . .) from a general absence of reliable data on aggregate social costs and benefits of business and on how these were shared among various social groups" (Ramanathan 1976, 516). Although disclosure practices, at that time, varied considerably as regard to scope, format, use of quantitative and financial measures, and the significance of items disclosed, the trend was clearly going toward greater disclosure, by private firms, with an increasing concern with their social responsibility and their attempts to institute some forms of social audit. Thus the challenges involved in accounting for corporate social performance started to engage a particular attention by major accounting institutions because the solutions to many social problems required the active and willing involvement of private business organizations, and consequently, the extent that measured corporate profits was not anymore adequate. A broader scheme of corporate performance measurement was then necessary (Ramanathan 1976).

Along the years, many steps have been made toward the solution of the problem of finding a broader scheme of corporate performance measurement able to include social issues. Nowadays SA is widely recognized and "can be defined as a set of organizational activities that deals with the measurement and analysis of the social performance of organizations and the reporting of results to concerned groups, both within and outside the organization (. . .). Social accounting is an inclusive field of accounting for social and environmental events which arise as a result of, and are intimately tied to the economic actions of organizations" (Islam 2015, p. 11).

But if the aim of SA is clear, there is not yet any unique shared technique as the ones regarding the principles concerning financial performance accounting. SA schemes ought to be a right combination of nonfinancial and descriptive information which are not easily quantifiable, and farther SA is not a wholly coherent area, and definitions applicable to this area, as underlined by Islam (2015), are many and varied because different definitions were developed in the last years, all sharing the same aim but without finding common tools. The main definitions, as summarized by Islam, are the following:

- Social accounting is the process of selecting firm-level social variables, measures, and measurement procedures, systematically developing information useful for evaluating the firm's social performance, and communicating such information to concerned social groups, both within and outside the firm.
- Social accounting is the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly corporations) beyond the traditional role of providing a financial account of capital, in particular, to shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities beyond simply making money for their shareholders.
- At the very least, social accounting means an extension of disclosure into nontraditional areas such as providing information about employees, products, community services, and the prevention and reduction of pollution. However, the term social accounting is also used to describe a comprehensive form of accounting which takes into account externalities.
- Social accounting is that aspect of accountancy which, while indistinguishable from financial and management accounting, deals more specifically with environmental concerns; that is, it is an aspect of the information system that enables data collection and analysis, performance follow-up, decision-making, and accountability for the management of environmental costs and risks (Islam 2015, p. 12).

As a logical consequence of the coexistence of different definitions, each one underlining a specific aspect of SA, and the absence of a unique shared reporting technique, social reporting still remains an issue concerning voluntary (never mandatory) disclosure by firms about different aspects such as product and consumer interests, employee interests, community activities, and environmental impacts, having different reporting schemes which underline different aspects according to the aim of the voluntary disclosure decided by each organization.

Social reporting can be indeed considered within the issues regarding corporate social responsibility (CSR) whose definition, at something comparable to a mandatory level, can be found in the one given by the European Commission (2001) which describes CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Thus, according to the EU Commission, being socially responsible means not only fulfilling legal expectations but also going beyond compliance and investing more into human capital, the environment, and the relations with stakeholders.

CSR reporting can include social reporting and/or environmental reporting, and the two can be considered as components of sustainability reporting which can be considered as an addendum to the financial reporting concerning economic performance (Deegan 2014).

Social reporting provides information about aspects such as fair labor practices (workers' health and safety, training, and education), respect of human rights (non-discrimination, freedom of association, no exploitation of child labor, respect of indigenous cultural traditions), and product responsibility performance (customer health and safety) (Deegan 2014).

Environmental reporting should include communications about the respect of the environment avoiding pollution derived by machinery and productivity processes, giving information about, for instance, materials usage, energy usage, water consumption, emission effluents, and waste (Deegan 2014).

Sustainability reporting adds, to both social and environmental reporting, the ones regarding the economic performance of the organization. In some sense it is the voluntary disclosure of the possibility of having good economic performances paying anyway greater attention to social and environmental issues.

The growth of CSR practices led, in the last decades, to an increase in the use, by more and more organizations, of SA practices having, as consequence, both an increase in SA research and a growth of national and international institutional groups (including governments, industry bodies, accounting professions, and international bodies). Indeed, social reporting still remains a voluntary disclosure, but the increase of the demand about social reporting, as well as the aim of clearly defining all different aspects related with reporting schemes about organizational transparency, responsiveness, ethics, and sustainability, to name a few, led, in the last decades, to an important development of nonfinancial reporting schemes both in North America and in Europe. All these schemes have in common the concepts regarding CSR, also if declined in different ways according to different certifying subjects. Also if CSR and consequent social reporting is not mandatory but part of the voluntary disclosure of an organization, an important issue is represented by the fact that, in order to be socially accountable, in a reliable way, toward the different stakeholders, many organizations started to find a way to be in some sense certified (i.e., verified, attested, and declared) by a third independent part. Thus, since the beginning of the 1990s, there has been the birth of certifying subjects as:

- AccountAbility 1000 (AA1000) (www.accountability.org) initially elaborated by the International Council of the Institute of Social and Ethical Accountability in London, UK
- SA 8000 (www.sa-intl.org/) elaborated by the Social Accountability International (SAI) in New York, USA
- Sustainability Reporting Guidelines elaborated by the Global Reporting Initiative (GRI) in Amsterdam, Netherlands (www.globalreporting.org)

– CSR Europe (www.csreurope.org) in Brussels, Belgium, an European business network for corporate social responsibility of around 45 corporate members and 41 national CSR organizations

All the above reported organizations are third parties (i.e., involved neither with the organization nor with its stakeholders) that provide guidelines and, in several cases, certify that the organization, whether public or private, or for profit or not for profit, follows the principles and rules defined by them. That means that if the organization is certified by one of the above reported organizations, it is "socially responsible," and the certifying organization guarantees that it has specific core aspects related with CSR and their reporting schemes' voluntary disclosure of their actions within the principles of SA.

The point is that the concept of being accountable about social aspects is becoming nowadays such a great issue that each of the above reported certifying bodies is in some sense specialized upon a specific topic. For instance, AA 1000 seeks more about stakeholder engagement, SA 8000 seeks more about working conditions, GRI seeks more about environment and pollution aspects, and CSR seeks more about nonfinancial reporting schemes.

## Role of Social Accounting Within Social Economy Framework

The first two sections of the text illustrated the concepts of SE and SA. The first one has been described as an area consisting of cooperatives, mutuals, associations, and foundations engaged in the production of goods and services, with no purpose of the owners' enrichment, but instead having objectives of sharing and solidarity, being engaged in activities such as local development, re-employment, and the fight against social exclusion. It has been underlined that SE emphasizes the codes of conduct and governance of the different organizations that can be recognized within this framework, which are far from the business sector ones.

SA has been described as a set of organizational activities that deals with the measurement and analysis of the social performance of organizations and the reporting of results to concerned groups, both within and outside the organization.

The link between the two concepts is given by the fact that, whatever the legal nature, an organization encompassed within the principles of SE has, as an inspiring mission, a social objective rather than the search for profits, because organizations in the SE prioritize their social objectives which are designed to serve social needs unmet by either public or private sectors. These social objectives are often asserted within the mission statement written into the organization's charter; therefore, "the social objectives are not a secondary consideration, as when a conventional business decides to embrace CSR while in pursuit of profit, but are central to the organization's purpose from its inception" (Mook et al. 2015, p. 8). That is why, also if SA still remains voluntary and not mandatory, for SE organizations the disclosure of the achievement of social objectives is part of their reason of existence.

In synthesis SE framework is more linked to the way in which an organization acts, and to its mission rather than on its legal form, this means that SE framework encompasses a larger ensemble of organizations than the "simple" nonprofit definition because in its broad formulations, the concept of SE encompasses not only voluntary, charitable, and nonprofit organizations but also more entrepreneurial ones such as cooperatives and mutuals as well as social enterprises. These latter organizations produce for the market being anyway clearly socially oriented. "SE concept as widely used thus blurs the line between market-based, for-profit entities and the nonprofit, or nonprofit-distributing entities" (Salamon and Sokolowski 2016, p. 1526).

Indeed cooperatives and mutual, since the first definition of the nineteenth century, form the heart of SE conception, but some types of cooperatives and mutuals "have grown to the point where they are hard to distinguish operationally from for-profit businesses, particularly if some type of limitation on the distribution of profit is taken as a proxy for the pursuit of public purpose" (Salamon

and Sokolowski 2016, p. 1529). A similar argument can also be made to new realities like social enterprises (in France and Italy), community interest companies in the UK, and benefit corporations in the USA, also if not completely in this last case because benefit corporations have a greater possibility on profit distribution than the other ones.

All these organizations, clearly encompassed within the principles of SE, are hardly operationally distinguishable from for-profit business ones. In this case SA principles and social reporting schemes really represent a convincing and valid possibility to correctly account that the organization is operationally working for achieving its mission, a mission that has social objectives, often even written into the organization's charter, which is different from a for-profit business organization. That is why – differently from for-profit business organizations that voluntarily decide to embrace CSR principles using also social reporting schemes – organizations encompassed within the SE schemes *need* SA principles and use social reporting schemes in order to mark their difference and specificities, demonstrating, toward all the different shareholders and stakeholders, that they are achieving their mission.

## Conclusion

This chapter has illustrated the concepts of social economy and social accounting, underlining why the latter represents a fundamental one for a clear framing and illustration of the specificities that characterize all different NP organizations encompassed within SE principles, especially the more entrepreneurial ones such as social cooperatives and social enterprises mainly widespread in Europe.

Also if SE still represents mainly a European definition, tracing its origin in France and its renewal within the European Union, its conception – as an area consisting of different NP organizations (from associations to social enterprises) having objectives of sharing and solidarity – constitutes anyway an important reference point. In fact it marks the difference between NP organizations and market ones. On the other hand, on a practical level, it is important that each SE organization demonstrates its peculiarities. That is why SA principles become a valid tool.

SA has been, in fact, described as a set of organizational activities that deals with the measurement and analysis of the social performance of organizations and the reporting of results to concerned groups, both within and outside the organization. Therefore SA principles and social reporting schemes really represent a convincing and valid tool to correctly account that an SE organization is operationally working for achieving its social objectives, often even written into the organization's charter.

## Cross-References


- ▶ Needs Assessment and Nonprofit Organizations
- ▶ Social Accounting
- ▶ Social Impact
- ▶ Stakeholder Perspective in Nonprofit Organizations


## References


Baulard F (2008) L'economie sociale et solidaire: identite, dynamique et enjeux de l'observation, pre-acts – 6th annual international conference of territorial intelligence – caENTI – Oct'08. Available at https://halshs.archives-ouvertes.fr/halshs-00982868/document. Accessed 10 Jan 2017

CEP-CMAF (2002) Déclaration finale commune des organisations européennes de l'Économie Sociale, 20 June 2002

Deegan G (2014) Financial accounting theory. McGraw-Hill Education, North Ryde

Draperi JF (2008) Godin, inventeur de l'économie sociale. Mutualiser, coopérer, s'associer, REPAS, Valence

Dunoyer CB (1830) Nouveau traité d'économie sociale, ou Simple exposition des causes sous l'influence desquelles les hommes parviennent à user de leurs forces avec le plus de liberté, c'est-à-dire avec le plus de facilité et de puissance, Sautelet ec cie ed., Paris

European Commission (2001) Green paper: promoting a European framework for corporate social responsibility

Islam MA (2015) Social compliance accounting – managing legitimacy in global supply chains. Springer International Publishing, Cham

Monzón Campos JL, Chaves Ávila R (2012) The social economy in the European union European and economic social committee. Available at http://www.eesc.europa.

eu/resources/docs/qe-30-12-790-en-c.pdf. Accessed 15 Dec 2016
Mook L, Whitman JR, Quarter J, Armstrong A (2015) Understanding the social economy of the United States. University of Toronto Press, Toronto
Ramanathan KV (1976) Toward a theory of corporate social accounting. Account Rev 51(3):516–528
Salamon LM, Sokolowski SW (2016) Beyond nonprofits: re-conceptualizing the third sector. Voluntas 27:1515–1545

# Social Entrepreneurial Venture Creation in Uganda

Isa Nsereko
Department of Entrepreneurship, Makerere University Business School, Makerere University, Kampala, Uganda

## Synonyms

Community-led social ventures; Social startup; Social venture creation; Social venturing creation

## Definition

Social entrepreneurial venture creation is the process where individuals initiate social innovative business models with an aim of creating social impact and financial benefits to the people at the bottom of the pyramid.

## Introduction

Social entrepreneurship has emerged as a great field and a good deal of talk that creates a potentially transformative societal change. This change is realized through the notion to address the unmet social, economic, and environmental needs within the community. Due to the continuous realization of social challenges in developing nations like extreme poverty, high crime rates, prostitution, hunger, human right abuse, poor sanitation, poor education, unemployment, violence, diseases, and drug abuse, there is an increased demand for social venture creation to help the underserved.

Social ventures are important because they transform people at the bottom of the pyramid through permanently providing innovative solutions to solve underserved communities. They further create employment opportunities to the marginalized segments that could never change their lives (Kyazze et al. 2020). They also provide basic essentials like clean water, access to better health and education services, and reduction of crime abuse. These social entrepreneurs create and implement actual, innovative, and sustainable solutions to battle social and environmental challenges.

Social ventures purposely pursue economic, social, and environmental aims but with more emphasis on creating a public good, social mission, and having financial sustainability. The creation of social ventures goes through a process that is enforced by the social entrepreneurs themselves, the stakeholders, and the general environment where operations occur. These social ventures revitalize their communities through empowering the community, having meetings, and creating networks. This has come in because of the response to changes in government policy and expenditure priorities where government budgets cannot fully support the citizens, therefore calling for social venture creation that can help the less privileged. Further, community-led social ventures offer a potential response to market failures where the government provision and the private sector cannot fully provide for the people.

Looking at the fruits of social ventures, the government of Uganda and the development partners initiated programs to help the disadvantaged groups in society. The government of Uganda through its programs like Prosperity For All, Youth Fund, and Operation Wealth Creation has not fully achieved its aim because of the limited budgets and corruption. The inability of government to solve the tenacious community problems has given rise to a unique category of people, and those are the social entrepreneurs who create world impact.

These individuals have unique behavioral characteristics that facilitate social entrepreneurial

venture creation such as personal initiative, self-starting behavior, proactiveness, proclivity, innovativeness, risk-taking, passion, trust, empathy, and hardworking. These social entrepreneurial traits are important in attaining a first-mover advantage, and the process of starting a social enterprise goes through a process.

Social venture creation begins by having pre-venture activities. These are carried out before starting the venture. Such actions and functions enhance the process of social entrepreneurial venture creation by starting with self-awareness, social opportunity identification, opportunity evaluation, opportunity exploitation, and finally expansion of the social venture. The next phase is gathering resources followed by exploiting the social business idea that has been selected. After the business has been established, a social entrepreneur may now think about the post startup like inception/existence, survival, growth, expansion, and maturity. More still, during maturity, actions like new venture creation, expansion, professionalization, consolidation, and continued development are considered. Lastly, a social entrepreneur can look at post maturity as having diversification, integration, decline, and revitalization. The process of social entrepreneurial venture creation continues but not without challenges.

Social ventures operate in ambiguous environments that have different stakeholders who have divergent views and different levels of conceptualization of social problems. Sometimes they fail to agree on how to solve social challenges, and this affects the way they operate. According to Gartner (1985), a conceptual framework depicting the phenomenon of new social venture creation has four dimensions, namely, individual, organization, environment, and process. An individual is backed up by traits like prior knowledge, experience, and skills that are prerequisites in creation of ventures. The organization dimension focuses on how a social enterprise functions by looking at social and economic benefits. The environment dimension indicates that all actions a social entrepreneur does in social venture establishment is shaped by both informal and formal environmental factors. Process as a dimension looks at the initiation stage from opportunity recognition and inception to the actual establishment of a social startup and then moving to growth and sustainability.

Social ventures continuously face environmental pressures through heightened competition for resources like people, grants, donations, and public funds. This enhances adoption of different entrepreneurial and social innovations that can create social impact and sustainable business survival. As social entrepreneurs fight for their survival, they end up creating social entrepreneurial ventures that solve social problems for the underserved communities.

## Emergency of Great Social Heroes

Great minds have broadened the concept of social business creation. In the 1970s, Muhammad Yunus instigated Grameen Bank, in which he introduced the social business model that was aimed at helping the poor, underserved, and homeless women in Bangladeshi to access loans at low interest. This later created the concept of microfinance, a model that has been accepted and adapted in many developed and developing economies. In Egypt, the Sekem project was founded by Ibrahim Abouleish, and it has helped the poor agricultural farmers to have a living.

## Evolution of Social Entrepreneurship in Uganda

Social enterprises in Uganda date as far back as the pre-colonial period. People would get together in associations like "MunnoMukabi" to solve their own challenges like road construction, giving loans, communal farming, and marketing produce. The emergency of colonialism changed the way community groups interacted. Such organizations started to resist colonial rule by demanding for higher agricultural produce prices. The resistance gave birth to cooperative societies which were created by the colonial government to support and encourage agricultural production. Such cooperative associations included "Young

Men of Buganda" and the "Uganda African Welfare Associations."

In 1888–1962 when Ugandan was given independence, NGOs like Uganda Council of Women focused on human rights by letting women engage in active politics. Young Women's Christian Association (YWCA) and Young Men's Christian Association (YMCA) were religious based and created by the missionaries who provided charity to the less privileged by building schools, hospitals, and churches. International NGOs like the International Committee of the Red Cross (1962), Oxfam (1963), and CARE (1969) were then created, and since then, the numbers of NGOs in Uganda have been growing steadily.

In the 1990s, the social ventures that were interested in capturing social problems from the grass root changed to professional organizations that focused on impactful social business models. The models that can look at helping a wider disadvantaged group of people to get employment have access to good education, sanitation, water, and health as well as providing profits from such a venture.

## Theoretical Underpinnings

To better understand the compendium of the complexity of social venture creation which has the desire to improve the social well-being and the business scenery, a number of theories have been used to explain social entrepreneurial venture creation including theory of opportunity identification and development, personal initiative theory, action regulation theory, conservation of resources theory, social capital theory, effectuation theory, and social network theory.

The theory of entrepreneurial opportunity identification and development assumes that opportunities are identified by knowledgeable people who are always alert to opportunities.

It emphasizes that people with prior knowledge can easily start social ventures because they have a lot of information and can even practically carryout social venture activities that are aimed at solving social needs.

Action regulation theory (ART) stems from a social psychology paradigm which attempts to explain an individual's intention to perform a given behavior. The theory explains how people regulate their actions to achieve certain goals. It assumes that individual actions are driven by goal-directed behavior and that all actions that are carried out have a degree of intentionality to perform a task. The theory explains the fact that actions and decision to start a social entrepreneurial venture are predicted by behavioral mechanisms like intention and action plans. It is these behavioral aspects that enable the marginalized to solve challenges.

Theory of personal initiative (PI) postulates that people with certain personal traits are influenced by their environment and the behavior they possess. The theory explains personal initiative, self-starting behavior, and creativity as vital factors that can ease creation of social entrepreneurial ventures that are impactful.

Conservation of resources theory (COR) assumes that individuals strive to obtain, retain, protect, and foster things that they value. The things that they value are conditional resources such as status and social support which influence the behavior of individuals when creating social entrepreneurial venture.

## Dimensions of Social Entrepreneurial Venture Creation

Nsereko et al. (2018) and Nsereko (2020a, b) have attempted to conceptualize social entrepreneurial venture creation to include variables such as personal initiative, comprehensive social competence, action planning, conditional resources, entrepreneurial intent, and entrepreneurial tenacity. They have conceptualized social entrepreneurial venture creation as a concept that is still in its infancy (Kachlami 2016).

These researchers carried out a cross-sectional survey which was quantitative in nature. They developed questionnaires, collected survey data, and analyzed the data. Measurement items were subjected to explanatory factor analysis (EFA), and when it was deemed more suitable,

confirmatory factor analysis (CFA) was conducted for the retained items from CFA. The measurement models determined that personal initiative, comprehensive social competence, action planning, conditional resources, entrepreneurial intent, and entrepreneurial tenacity explain social entrepreneurial venture creation behavioral aspects.

However, even with the existing government interventions, challenges still exist, and more needs to be done in terms of training on the importance of social entrepreneurial venture creation in emerging economies.

## Conclusion

Scholarly literature about social entrepreneurial venture creation has focused on factors such as personal initiative, comprehensive social competency, entrepreneurial tenacity, and conditional resources to facilitate new social venture creation among the marginalized groups. The government needs to get involved in supporting action-oriented training for such variables to boost social venture creation.

Conclusively, self-assurance matters for social entrepreneurial venture creation outcomes since it boosts individual's prior knowledge and entrepreneurial alertness which are vital when establishing social entrepreneurial ventures. Confident individuals who are exposed to new market information, information on starting successful businesses, and market shifts have to believe in themselves, and this belief enables them to make tough decisions of creating social entrepreneurial ventures.

Social positions in the community are vital for social venture creation because these individuals are influential, recognized, and prominent and hold big positions in the community.

Conditional resources like social support are crucial in promoting social startups. Support in terms of donations, seed funds, information, business advice, technical support, and provision of trainings, among others, helps in taking quick decisions of designing a business plan and finally launching social entrepreneurial ventures.

Lastly, the centrality of behavioral mechanisms like taking personal initiative enhances self starting actions to create ventures. Social entrepreneurs who exhibit initiative are original in coming up with new social products or services. They have love for being champions of their ideas; they quickly identify business opportunities and mobilize funds to start social entrepreneurial ventures. They are also determined to adapt to any changes in the communities so as to create social impact.

## Cross-References

► Global Public Goods

## References

Gartner WB (1985) A conceptual framework for describing the phenomenon of new venture creation. Acad Manag Rev 10(4):696–706

Kachlami H (2016) Social venture creation and the influence of commercial ventures. Soc Enterp J 12(3):347–367

Kyazze LM, Nsereko I, Nkote I (2020) Cooperative practices and non-financial performance of savings and credit cooperative societies. Int J Ethics Syst 36(3):411–425

Nsereko I (2020a) Comprehensive social competence and social entrepreneurial action: the mediating role of entrepreneurial tenacity. World J Entrep Manag Sustain Dev. https://doi.org/10.1108/WJEMSD-04-2020-0038

Nsereko I (2020b) Conditional resource and social entrepreneurial action: the mediating role of social entrepreneurial intent. J Entrep Emerg Econ. https://doi.org/10.1108/JEEE-05-2020-0106

Nsereko I, Balunywa W, Munene J, Orobia L, Muhammed N (2018) Personal initiative: its power in social entrepreneurial venture creation. Cogent Bus Manag 5(1):1443686

# Social Entrepreneurship

Robert A. Stebbins
University of Calgary, Calgary, AB, Canada

## Synonyms

Commitment; Devotee work; Obligation; Social entrepreneur; Social problem; Volunteer

## Definition

Social entrepreneurship: Efforts to solve intractable social problems through pattern-breaking change in what governments, nonprofits, and businesses do to address significant social problems (Light 2008, p. 12).

Social entrepreneurs: Practitioners who engage in such activity. They are also volunteers, and at least initially, unpaid or minimally paid participants in the nonprofit sector.

## Introduction

If articles in the mass print media and on certain websites are any indication, social entrepreneurship has become something of a modern-day hit among morally conscious people eager to solve a particular social problem and, for some of them, possibly to make money in the process. Social entrepreneurship is substantially an altruistic undertaking. These entrepreneurs execute innovative solutions to what they define as social problems, be they local, national, or international. In social entrepreneurship, people use the principles of enterprise to foster social change, which they do by establishing and managing a venture. Some of them set up small, medium, or large nonprofit groups designed to ameliorate a difficult situation threatening certain people, flora, or fauna or a certain aspect of the environment, if not a combination of these. Others are profit seekers. They work to set up a money-making enterprise that also improves such a situation in one of these four areas.

Whether starting and running a nonprofit or a for-profit social enterprise, these entrepreneurs are in general practically oriented people. They have a mission, typically one that is powerfully felt, and they want action leading to solution of the problem targeted in that mission. But what, in scientific terms, are these people doing? How does one explain why some people devote huge amounts of time and sometimes personal funds to solving a social problem? It might be argued that in the case of the for-profit entrepreneurs the answer is obvious: they want to make money. Still, when profit is the motive, nearly all social enterprises are substantially risky ventures. If a person wants to be sure of making even a modest amount of money, there are far more secure businesses than this kind.

In other words, one must look beyond the profit motive for a more profound explanation of social entrepreneurship. The serious leisure perspective offers a two-pronged explanation that meets this requirement. The crux of the following argument is that pursuing nonprofit entrepreneurship is a serious leisure undertaking of the career volunteer kind, whereas pursuing a for-profit entrepreneurship is a kind of devotee work. What, in detail, does this mean?

## Conceptual Foundation

When people volunteer, they engage in a special kind of leisure. Leisure – it is no easier to define than social entrepreneurship – has nevertheless been defined as "un-coerced, contextually framed activity engaged in during free time, which people want to do and, using their abilities and resources, actually do in either a satisfying or a fulfilling way (or both)" (Stebbins 2012, p. 2). A *volunteer* is someone who offers altruistic help either formally or informally with no or, at most, token pay for the benefit of both the target of benefits (beneficiaries of the work of the enterprise who are not part of the volunteer's family) and the volunteer. A fuller definition of volunteer that is commensurate with this definition of leisure is available in the chapter entitled "Volunteer Motivations and Nonprofit Organizations."

The present chapter is devoted mainly to describing the nature of social entrepreneurship and showing the social entrepreneur's place within it. But first as background, what is the nature of the social problems that are the target of this person's efforts?

## The Nature of Social Problems

Consider a simple typology. Some problems are "ordinary," primarily because they are nuisances or pet peeves, like overcrowded roads, outrageous

dress, rude drivers, barking dogs, and telephone solicitors. Other problems threaten our way of life. People talk often these days of environmental pollution, property crime, business and governmental corruption, economic crises, and so on. And then there are the problems that threaten life itself, which include global climate change, war, famine, genocide, disease, and a variety of natural disasters. It is probably true that the modern world is plagued with more problems of all three types than at any other time in history. In fact it is very difficult to compare the nature and frequency of challenging problems across history, in part because factual data about the three types are woefully incomplete.

Thus, the world's "to do" list problems to be solved are enormous, and social entrepreneurship strikes some people as a way to shorten it. The myriad practical details about how to accomplish this fall well beyond the scope of this short chapter. Durieux and Stebbins (2010) do move in that direction, however, in that they provide a practical guide for establishing social enterprises.

## The Career Volunteer as Social Entrepreneur

Career volunteering is one of the three types of serious leisure (Stebbins 2007/2015). Serious leisure is the systematic pursuit of an amateur, hobbyist, or volunteer activity that people find so substantial, interesting, and fulfilling that, in the typical case, they launch themselves on a (leisure) career centered on acquiring and expressing a combination of its special skills, knowledge, and experience. It takes considerable commitment to stay with an activity like developing a social enterprise and to stay long enough to acquire the special skills, knowledge, and experience needed to succeed. A sense of career emerges from acquiring these skills, knowledge, and so on. The serious leisure that social entrepreneurs pursue is that of the volunteer.

Among the benefits volunteers commonly gain are the acquisitions and rewards mentioned in the preceding paragraph, expressions of gratitude from the target of benefits, and valued identity of being a volunteer for a particular cause or organization. Social entrepreneurs volunteer their time, and not infrequently their money, to start up and guide to fruition their own enterprises. They are not as such volunteers in someone else's group or organization. This is what distinguishes the volunteering entrepreneur, for the vast majority of today's volunteers are engaged by another group or organization or, even more obscurely, work within a social movement to support a cause of some kind.

## Casual and Project-Based Volunteers

The career (serious leisure) volunteers are the ones who start up and run social enterprises. Their volunteering is substantial and highly complex and is to be distinguished from casual leisure and project-based volunteers. Casual leisure is short-lived, immediate, hedonic activity; it requires little or no skill or knowledge to enjoy it (e.g., taking a nap, gossiping about workmates, watching entertainment television). Casual volunteering includes stuffing envelopes, distributing leaflets on a street corner, and taking tickets at an event.

Project-based leisure refers to a short-term, moderately complicated, either one-shot or occasional, though infrequent, creative undertaking carried out in free time. It requires considerable planning, effort, and sometimes skill or knowledge, but for all that is neither serious leisure nor intended by the participant to develop into such. Common projects include surprise birthday parties, enjoyable home improvements, and volunteer service at arts festivals and games (competitive events in an art or sport).

The career volunteer who sets up and runs a social enterprise will probably have to engage other career volunteers and possibly some casual and project-based help as well. Beyond the founder or founding group, career volunteers in a social enterprise may include lobbyists, legal advisors, publicity specialists, and a secretary or treasurer in a board of directors, among many other possible serious participants. The typical social entrepreneur will recognize such people as

kindred spirits, in that they find the same kinds of rewards and levels of commitment in their leisure.

Nonetheless, nonprofit social entrepreneurs often need one or both of the other two types of volunteers: those serving in casual roles and those serving in projects. True, the serious volunteers could also conceivably act in these ways, but this strategy risks overusing such valuable people. So the wise entrepreneur searches for other helpers to meet casual needs and those met through projects. The chief point to be made in the present chapter is that these two types of volunteer are looking for their own leisure experiences, of the sort described in the definitions of them set out above.

Casual and project volunteers can certainly become committed to the tasks they have agreed to perform. But for this to happen, the tasks must be short term. For these volunteers, where they are looking for long-term altruistic involvement, they would also be looking for opportunities to volunteer as serious leisure.

## Obligation and Commitment as Parts of the Explanation

Unlike work, most leisure is free of obligation (it *is* un-coerced), but that said there are some interesting exceptions to this rule. One, for example, is that social entrepreneurs are occasionally obligated to attend a meeting of the leaders of their enterprises or present a talk about their mission, which, however, they usually want to do. In other words, agreeable obligations can be part of leisure; it is the disagreeable ones that cannot logically be considered leisure (see the next section).

Another exception is those entrepreneurs who intend to develop a for-profit social enterprise and from which they hope to derive a livelihood. There is also a leisure sense about the way this will be accomplished, but it is, in the end, work or work related. We return to this approach to entrepreneurship in a later discussion on "devotee work."

### Moral Obligation and Commitment

While discussing obligation as an explanation of entrepreneurship, it should also be noted that strong moral obligations drive some people to develop social enterprises. To the extent they feel coerced into social entrepreneurship, they are not doing it as leisure. Entrepreneurs fired by, for example, strong religious convictions, powerful beliefs about a certain social injustice, or a nagging sense of imminent environmental disaster feel that they have no choice but to act and to get an ameliorative social enterprise up and running.

Nonetheless, this motivational scenario is not leisure – it assumes that they would rather be doing something else in their free time – but neither is it work. For few if any of these advocates (some are crusaders) foresee a livelihood in their cause. Still, it is an obligation and one to which they are powerfully committed. In the serious leisure perspective, this kind of obligation falls into a third domain of life, namely, that of nonwork obligation. It is the area of life containing all those unpleasant things that must be done but that cannot be classified either as work or as leisure, the other two domains (Stebbins 2009).

Other social entrepreneurs, those not driven by disagreeable obligation, also have a strong commitment to their enterprise and its mission. This is something they most certainly want to do and therefore choose to do. And, yet, it is something they could deny themselves, possibly because they lack the time, energy, money, knowledge, or other resources needed for such an undertaking. Commitment and leisure may seem like an odd couple, but in one form of leisure, namely, serious leisure, commitment is actually a central condition.

## For-Profit Entrepreneur as Occupational Devotee

Working as an occupational devotee is, in many ways, serious leisure (Stebbins 2004/2014). Occupational devotion refers to a strong, positive attachment to a form of self-enhancing work, where the senses of achievement and fulfillment are high and the core activity (the basic set of tasks in a general activity) is endowed with such intense

appeal that the line between this work and leisure is virtually erased. An occupational devotee is someone inspired by occupational devotion. Devotee work is the core activity of the occupation. It is capable of inspiring occupational devotion.

Occupational devotees turn up chiefly, though not exclusively, in four areas of the economy, providing their work there is, at most, only lightly bureaucratized: certain small businesses, the skilled trades, the consulting and counseling occupations, and the public- and client-centered professions. Public-centered professions are found in the arts, sports, scientific, and entertainment fields, while those that are client-centered abound in such fields as law, teaching, accounting, and medicine. Social entrepreneurs striving for success through a for-profit organization are, in effect, occupational devotees who are running businesses.

These entrepreneurs approach their work with the commitment and enthusiasm of a serious leisure participant. The main difference between the two is that the first is dependent on the enterprise for all or a substantial part of their livelihood. In the final analysis, however, the for-profit entrepreneurs are, in a special sense, coerced to work at their enterprise. Here, its leisure-like character gets blurred, for in reality going to work and making a living are also for many people two of life's obligations, albeit agreeable ones for the devotee.

## Devotee work

Having a passion for work, as every occupational devotee does, is rare. Most workers in this world are simply not fortunate enough to find jobs so highly agreeable as this. But for those who do find them, their work meets the following six criteria. To generate occupational devotion:

1. The valued core activity must be profound; to perform it, acceptability requires substantial skill, knowledge, or experience or a combination of two or three of these.
2. The core must offer significant variety.
3. The core must also offer significant opportunity for creative or innovative work, as a valued expression of individual personality. The adjectives "creative" and "innovative" stress that the undertaking results in something new or different, showing imagination and application of routine skill or knowledge. That is, boredom is likely to develop only after the onset of fatigue experienced from long hours on the job, a point at which significant creativity and innovation are no longer possible.
4. The would-be devotee must have reasonable control over the amount and disposition of time put into the occupation, such that he can prevent it from becoming a burden; medium and large bureaucracies have tended to subvert this criterion. For, in interest of the survival and development of their organization, managers have felt they must deny their nonunionized employees this freedom, and force them to accept stiff deadlines and heavy workloads. But no activity, be it leisure or work, is so appealing that it invites unlimited participation during all but a few waking hours.
5. The would-be devotee must have both an aptitude and a taste for the work in question. This is, in part, a case of one man's meat being another's poison. John finds great fulfillment in being a physician, an occupation that holds little appeal for Jane who, instead, adores her for-profit social enterprise (a work John finds unappealing).
6. The devotees must work in a physical and social milieu that encourages them to pursue often and without significant constraint the core activity. In the area of social entrepreneurship, this includes avoiding excessive paperwork, funding crises, bitter policy disputes, governmental resistance, and the like.

Except for number 5, these criteria are delicate. A number of conditions that weaken them can easily arise, transforming what was a devotee job into one now largely disagreeable. Should this transformation occur, the devotee social entrepreneur, if he or she stays with the enterprise and its mission, becomes an entrepreneur substantially driven by disagreeable obligation. Here, the devotee and the leisure qualities of the activity have become appreciably undermined by uncontrollable external forces.

So it happens that work and leisure, in general, and social entrepreneurship, in particular, are not always so easily separated. While casual leisure and non-devotee work can be seen as separate coins, serious leisure and devotee work can only be logically seen as the two sides of a single third coin. The second is serious leisure from which one makes a part or all of one's livelihood.

Up to now in this chapter, discussion has centered on three kinds of social entrepreneur: agreeably obligated volunteer/nonprofit, disagreeably obligated (nonprofit/for-profit), and agreeably obligated for-profit. Whichever kind the individual enterprise is, it is highly probable that, at least in the early stages of its development, the social entrepreneur will also be engaging volunteers to help realize the entrepreneurial mission. But, to the extent that the enterprise comes to be driven by profit motives, reliance on volunteers tends to disappear in proportion. They are almost exclusively found in the nonprofit, or third, sector of the economy, if for no other reason than that their altruistic motive of giving selflessly squares poorly with the business ethic of being remunerated for a job for which someone else can afford to pay.

## Conclusions

There is much more to being a social entrepreneur than wanting to do something beneficial for other people or for the flora, fauna, and the natural environments of this world. In the case of the for-profit enterprise, there is more to it than finding a livelihood and wanting to do something beneficial at the same time. To be sure, these are real motives, and as such they help explain social entrepreneurship. But they are also incomplete as explanations.

That is, taken alone, they simplify a complex activity and its impact in an age when existing governmental and nongovernmental organizations are either unable or unwilling to solve crucial social problems. By analyzing social entrepreneurship within the framework of the serious leisure perspective (which includes occupational devotion), one gains the additional sense of how the search for personal and social rewards, experience of the core activity, and the contexts of society, culture, and history can enrich our understanding of it. True, little has been said in this chapter about rewards and context (see Stebbins 2007/2015).

## Cross-References


- ▶ Spiritual Leadership
- ▶ Volunteer Motivations and Nonprofit Organizations


## References


Durieux MB, Stebbins RA (2010) Social entrepreneurship for dummies. Wiley, Hoboken

Light PC (2008) The search for social entrepreneurship. Brookings Institution Press, Washington, DC

Stebbins RA (2004/2014) Between work and leisure: the common ground of two separate worlds. Transaction, New Brunswick. (published in paperback in 2014 with new Preface)

Stebbins RA (2007/2015) Serious leisure: a perspective for our time. Transaction, New Brunswick. (published in paperback in 2015 with new Introduction)

Stebbins RA (2009) Personal decisions in the public square: beyond problem solving into a positive sociology. Transaction, New Brunswick

Stebbins RA (2012) The idea of leisure: first principles. Transaction, New Brunswick


# Social Entrepreneurship Education as a Viable Approach to Building Resilient Communities


James Agbodzakey, Karen Shumway and Matthew Houston
University of North Texas at Dallas, Dallas, TX, USA


## Synonyms

Social enterprise; Social entrepreneurship

S

## Definition

**Social entrepreneurship**: Engaging in new and innovative activities geared toward creating social value and producing measurable societal benefits.

**Building resilient communities**: Equipping communities with capacities to identify and address vulnerabilities as well as withstand and/or recover from major incidence(s) that impact viability and sustainability.

**Dallas southern sector**: South of Interstate 30, including the communities of West Dallas, Oak Cliff, South Dallas/Fair Park, Pleasant Grove, and Southeast Dallas.

## Introduction

Opportunities to promote economic development and socioeconomic mobility are plentiful in Dallas County, especially in the southern sector loosely defined as south of Interstate 30, including the communities of West Dallas, Oak Cliff, South Dallas/Fair Park, Pleasant Grove, and Southeast Dallas. Implementing a social entrepreneurship approach that fosters social enterprises by either individuals or collectives could be the antidote to much needed transformational change in southern Dallas County. Such an approach will empower residents, especially the youth to be change agents in the transformation of their communities. Similarly, a social entrepreneurship approach will effectively complement existing economic development agendas coordinated by the City of Dallas such as the Grow South Initiative and the South Dallas/Fair Park Opportunity Fund as well as emerging private ventures from existing community nonprofits and business advocacy organizations such as the Dallas Black Chamber of Commerce and the Greater Dallas Hispanic Chamber of Commerce.

Existing economic growth statistics points to an economic divide between northern and southern Dallas County. As of 2017, 86% of jobs, 83% of property values, and 86% of permit values were associated with the north while the south shares compared at 14%, 17%, and 14%, respectively. The consequence of inequalities between north and south values amounts to billions of dollars in economic disparities in income, debt and assets, as well as education (Joseph and Cowan 2017). The median income of residents in Dallas County, especially Blacks and Hispanics who live mostly in the southern sector, is less than 60% of their Asian and White counterparts (U.S. Census Bureau 2015). About 30% or more of residents have subprime credit scores and 65% spend more than 30% of their income on rent; 73% of Dallas County public schools students are disproportionately economically challenged which implies eligibility to receive some food-related assistance from the federal government; and White residents stand a better chance of completing bachelor's degree, at least 2.4 to 5.2 times than their Hispanic and Black counterparts (Groves and Tingle 2018; Texas Education Agency 2016; U.S. Census Bureau 2010).

The disparities as referenced are staggering and unlikely to promote the county's socioeconomic health in the long term, especially as measured per capita. There is a need to build resilient communities in southern Dallas County that act as conduits to promote equity in socioeconomic development and ensure sustainable living wages. Education, especially social entrepreneurship education has the potential to be a catalyst to building and fostering resilient communities. Building resilient communities means equipping them with capacities to identify and address vulnerabilities as well as withstand and/or recover from major incidence(s) that impact viability and sustainability.

For the purposes of this entry, social entrepreneurship is defined as engaging in new and innovative activities geared toward creating social value and producing measurable societal benefits. The new and innovative activity can be sector specific, i.e., public sector, business, or nonprofit. The activity can also be interconnected across sectors in ways that help address a complex or an endemic social problem plaguing a community. The concept of social entrepreneurship is synonymous to social enterprise. It is used interchangeably with social enterprise to denote business ventures with missions focused on garnering societal benefits.

The realization of emergent opportunities for social value creation in economic, social, education, transportation and health issues in Dallas County, especially southern Dallas, motivates the Urban SERCH Institute (SERCH) and School of Business (SB) at UNT Dallas to embrace social innovation through tailored training and education programs. In fact, SERCH and SB's efforts are inextricably intertwined with UNT Dallas mission to "empower students, transform lives and strengthen communities" (UNT Dallas 2020).

UNT Dallas's strategic location and mission support SERCH's and SB's commitment to be conduits for social innovation through cutting edge training and development of social entrepreneurs. With support from like-minded entities and individuals, the partnership between SERCH and SB will help to collectively transform communities and empower individuals to facilitate much needed socioeconomic improvements.

This paper is written as a prospectus with a goal to explore community interventions through social enterprise education. It will also discuss the various components of a model social entrepreneurship program, its significance, benefits, and best practices in social enterprise education.

## Intervention Through Social Entrepreneurship Education

Dallas County is very cosmopolitan and diversity is apparent in many spheres of life. As of 2019, the county has over 2.6 million people. Hispanics constitute 40.5% of the population; Whites 28.5%; Blacks or African-American 22.4%; Asians 6.7%; American Indians and Alaska Natives 1.1% (U.S. Census Bureau 2019). The county is projected to grow to about 3.8 million people by 2050 with people of color likely to constitute about 80% to 88% of the population (Texas Demographic Center 2019).

The current demographics of Dallas County and long-term projections suggest that people of color are the cornerstones to the county's socioeconomic health and development. Yet there is apparent geographical separation based on race and ethnicity (Groves and Tingle 2018). Historically, policies drew lines of demarcations to separate communities culturally, ethnically, and economically, isolating historically disenfranchised populations and preventing them to benefit in the economic advancements reaped by the majority White business community in the county (Glasrud 1974). Practices such as redlining during the Jim Crow era also proved to be problematic for communities of color to advance socially and economically in the area (Macon 2017).

Disparities in areas such as income, education, and health are also apparent and strongly correlated with geographic location in Dallas County. The average Black or African-American in the workforce earns 54 cents and Hispanics 58 cents of every dollar earned by their White counterparts (Groves and Tingle 2018; U.S. Census Bureau 2015). Educational attainment is also low with only 16.5% of disadvantaged students earning a college degree or certification (Texas Higher Education Coordinating Board 2017; Groves and Tingle 2018). These disparities, even though dire, present opportunities for constructive and innovative solutions with social entrepreneurship education as one of the viable means to promote change and consequently empower individuals and build resilient communities.

Education, especially higher education, in many ways is considered as an opportunity equalizer (Marina and Holmes 2009). Educating youth in southern Dallas County, especially in social entrepreneurship, will build their skill sets as change agents capable of building resource bases to develop and support resilient communities. In fact, some scholars accentuate the role of education in promoting equity and empowerment that advances individual and communal well-being (Winkle-Wagner and Nelson 2009; Blau and Duncan 1967; Benedict and McClough 2010; Growe and Montgomery 2003; Bernardi and Ballarino 2016). Social entrepreneurship education as proposed will be community-centric. Youth with keen interest in using business approaches to help address endemic social problems in their communities will be identified, recruited, and supported through all stages of their entrepreneurship education.

The proposed social entrepreneurship program is inextricably connected with the mission and vison of UNT Dallas, the only comprehensive 4-year urban public university in the city limits of Dallas. The university's vision encapsulates education and community connectedness as a conduit to viable social and economic mobility (UNT Dallas 2020). Collectively, the university's driving rationale coupled with its location, which is in the midst of communities plagued by multiple vulnerabilities, places UNT Dallas in a unique position to serve as a catalyst in transformational change.

In the 10 years of its existence, UNT Dallas has been steadfastly focused on its education and community transformation agenda for societal benefits. For instance, in the 2018–2019 academic year alone, about 900 plus students graduated from various disciplines and most of these graduates are currently working and spearheading change in various communities in southern Dallas through efforts with nonprofits, local governments, and private entities (UNT Dallas News 2019). The Urban SERCH Institute (SERCH) and School of Business (SB) will develop and implement a model social entrepreneurship program that is scalable to the growth of both the university and the surrounding communities. SERCH will facilitate multistakeholder engagements to disseminate and realize established program goal and objective. The School of Business' extensive pragmatic educational methodologies and proven connectedness with key players in industry will enrich program content and attendant experiential learning components. With additional support from community partners, the social entrepreneurship program will build a synergy among its components that will enhance current community development efforts to better leverage resources and knowledge with resulting exponential improvements in outcomes.

## Components of the Social Entrepreneurship Program

The intent of SERCH and SB Social Entrepreneurship Program is to develop social entrepreneurs with keen interest in the local system context to provide meaningful market-based solutions to the complex social challenges in the various communities of Dallas County, especially southern Dallas County, and eventually, the State of Texas. The program will equip participants with much needed social entrepreneurship, technical, and business skills, and competencies to effectively facilitate change through innovative social enterprises. The participants will enroll in a five-course Social Entrepreneurship Certificate Program on the campus of the University of North Texas at Dallas with a curriculum that is firmly rooted in social enterprise principles and practices within the larger framework of market-based solutions. Eventually, a satellite campus will be established by capitalizing on the existing partnership with Dallas County Community College District (DCCCD), which is now called Dallas College, to maximize access and presence in the community.

The goal is to train 150–200 social entrepreneurs within a 5-year period consisting of 20–25 students per cohort in a 6 months-to-a-year using innovative and evidence-based curriculum with attendant experiential learning components. The experiential learning component will cut across local, state, regional, national, and international domains to help develop relevant competencies to foster the generation of much needed social impact for the communities' benefits. Relatedly, the following objectives in consonance with program intents and purposes are established: (a) to grow social entrepreneurship knowledge of participants through evidence-based social enterprise curriculum with specific student learning objectives, (b) to equip participants with the relevant skillsets for success through innovative social enterprise rooted in market-based principles and practices, (c) to enhance abilities of participants to promote effective engagement and collaboration with stakeholders across public, private, and nonprofit spheres toward purposeful ends, (d) to help participants develop unique competencies through extensive experiential learning at key innovative market-based enterprises with established tradition of social responsibility and social impact, and (e) to create a pipeline of

entrepreneurs who can also serve as consultants to foster sustainable solutions through engagement with various entities that focus on innovatively addressing complex social problems. The program curriculum and attendant instruction by experienced and highly-credentialed faculty and professionals are the pathways to attain student learning objectives.

### Curriculum

The curriculum will be innovative and evidence-based using highly-credentialed faculty and professionals to deliver relevant and timely market-based social enterprise content. A distinguished innovative entrepreneurship guest speaker series of accomplished business and social enterprise entrepreneurs will augment the curriculum. An experiential learning component consisting of individual and group mentorship, field trips, conferences, social innovation lab, and social entrepreneur-in-residence, knowledge network, and placement with key market-based social impact entities will be included for an integrated experience.

Examples of courses to be taught in the Social Entrepreneurship Program will include:

(a) *Microfinance and Applied Finance in the Social Sector:* Course that connects multiple business principles (Finance, Accounting, Economics, and Microfinance) and applies them to the entrepreneurial journey
(b) *Strategic Perspectives and Principles in Social Entrepreneurship*: Course in strategy that will introduce participants to various schools of thought in strategy. Students will learn to apply each to their entrepreneurial pursuits
(c) *Sociology of Social Sector Entrepreneurship:* This course connects the study of society, patterns of social relationships, and social interaction to the building, scaling, and growing of businesses in an economic ecosystem, specifically in an entrepreneurial venture that places an emphasis on building on the social good
(d) *Fundamentals of Social Impact Investing:* Course that relates the rudiments of social impact investment in vulnerable communities for social value alongside attendant financial rewards/returns, and
(e) *Cases in New Venture Leadership and Management*: Course that uses relevant conceptual and practical cases in social ventures in emergent and established economies/societies. The courses as referenced will collectively blend relevant conceptual and functional competencies that are essential to equipping the participants for various social enterprise endeavors including management and sustainability. Furthermore, practical components involving experiential learning, innovation labs and mentorship among others will expose participants to contemporary realities of social entrepreneurship within local and regional contexts to foster comprehensive and collective understanding of relevant components. The uniqueness of the program is grounded in its synergy to draw on and leverage capacities and strengths of multisector collaborative stakeholders to help create innovative solutions to endemic social problems and doing so from collective multisector lens.

### Target Groups and Enterprise Solution Component

The intent of the social entrepreneurship program, especially the resolve to bolster collective social impact as a conduit to community transformation, will guide recruitment of participants. While the program will be inclusive in its approach, the underlying commonalities in upbringing and community experience in underserved and under-resourced setting, coupled with a passion for enterprise solutions to endemic social challenges will guide selection into the program. Consequently, the target groups for the social entrepreneurship program will be a blend of associate degree holders from any of DCCCD programs, bachelor's degree holders from Paul Quinn College, and bachelor's and graduate degree holders from UNT Dallas programs. Similarly, individuals and community stakeholders with related and relevant qualifications, and with demonstrated interest in innovative social enterprise as an alternative approach to social and

economic viability, especially for Dallas County communities, will be considered as well. The focus on participants from the various communities is to foster change agent roles by empowering them to creatively use their acquired social enterprise competencies, business skillsets, innovation, and passion for community solutions to engineer transformational change.

The enterprise solution component of the program will be an attempt to foster collaboration between for-profit, nonprofit and public entities relative to promoting viability and sustainability. The startup seed funding of $50,000 with guarantees from SERCH and School of Business and other program collaborative partners will promote access to capital. Besides the likely microcredit arrangements, SERCH and SB Business Education Innovation Lab will work with program participants to apply for general and categorical grants, bid for low threshold contracts from the City of Dallas among others and provide technical assistance during the life cycle of each project. Proposals focusing on endemic challenges in southern Dallas, i.e., food insecurity, neighborhood development, property development and management, innovation in public safety, career readiness education, transportation, reentry and reintegration of offenders, creative waste management, sustainability, innovation in poverty alleviation, promoting health equity and culture of health among others will be supported. Intentionality relative to participants' diverse cultural backgrounds, but with similar socioeconomic predicaments, demonstrated passion for social solutions for social impact, understanding of sound financial management principles, viable implementation plan and relentless resolve to make change even in instances of mounting and dire personal and professional challenges are some of the characteristics that will shape consideration for seed funding.

## Social Entrepreneurship Model

The model/figure 1 below depicts the multisector collaboration in social entrepreneurship education as a conduit to building resilient communities. Education takes the center stage in this model/figure 1 because of its catalytic role in fostering knowledge, skills, and abilities of program participants with eventual empowerment and economic mobility at both the individual and community

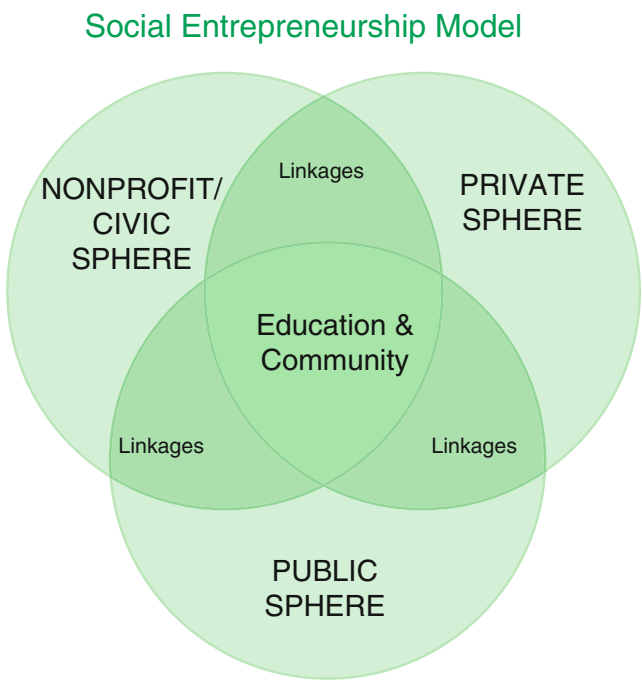


**Social Entrepreneurship Education as a Viable Approach to Building Resilient Communities, Fig. 1** Model designed by the authors, Agbodzakey, Shumway and Houston (2020)

levels. The linkages of aspirations and interests coupled with shared understanding, communication, and commitment of collaborative partners to the established program goal and objectives create the needed synergy for constructive outputs and/or outcomes for societal benefits. Furthermore, the model/figure 1 underscores the essence of robust and integrated partnerships grounded in a common resolve to ameliorate, if not eliminate, endemic vulnerabilities that plague various communities in southern Dallas County. In essence, the model's uniqueness is rooted in its focused intervention and local value proposition for societal benefits.

This social entrepreneurship program will be a collaboration between SERCH, School of Business, UNT Dallas, Dallas Black Chamber of Commerce (DBCC), Greater Dallas Hispanic Chamber of Commerce (GDHCC), Dallas County Community College District, (DCCCD), now Dallas College, Dallas Entrepreneurship Center (DEC), Dallas Regional Chamber (DRC), Greater Dallas Asian American Chamber of Commerce (GDAACC), the African American Leadership Institute at Paul Quinn College, Star United Global Outreach (SUGO), Career Services at UNT Dallas, like-minded community-oriented foundations, individuals and corporate investors and other emergent partners based on the evolution of the program. These partners will play unique and critical roles and collectively help achieve the intents and purposes of the program for the communities' benefits. For instance, the chambers of commerce, foundations and corporate partners will be heavily involved in resource generation, mentorship, and experiential learning among others while the civic and educational partners will mostly help shape the curriculum, strategic community engagement, workshops and seminars, innovation lab, etc. to augment SERCH & SB efforts in general. The uniqueness of this partnership is grounded in its extensive multi-stakeholder engagement of state-owned educational institutions, private, and nonprofit entities including chambers of commerce, private equity lenders/angel investors among others which represents the convergence of three (3) spheres for collective impact and the opportunity for collaborative education/learning and sustainable outcomes based on the collective resolve of all the partners involved.

## Significance, Benefits, and Best Practices

The growing complexity of social problems and their endemic nature call for innovative approaches to foster viable and sustainable solutions. While government and private sector entities promote policy-based and profit-oriented approaches/solutions in their respective capacities, there still appears to be some gaps in constructively addressing complex problems i.e. poverty, homelessness, lack of affordable housing, inequity in urban infrastructure and transportation, and others plaguing various communities in Dallas County. Social entrepreneurship which encourages innovative activities to help create social value has become an accepted approach in both developed and emerging economies for addressing such complex social problems. Scholars such as Austin and Rangan (2019), Austin et al. (2003), Kokko (2018), Lyne et al. (2018), Thorgren and Omorede (2018), Dionisio (2019), Finlayson and Roy (2019), White et al. (2018), Akella and Eid (2018), Shin (2018), Tian et al. (2018), MacMillan and Thompson (2013), and Bornstein and Davis (2010) among others persuasively postulate how social entrepreneurship serves as an antidote to complex societal challenges based on its use of innovative community-centric enterprise-oriented undertakings. For instance, Austin and Rangan (2019) constructively document Harvard School of Business' experience with social entrepreneurship education in the past 25 years involving multi-sector stakeholders and emphasizing the use of cases in developing areas/Global South to inform both theory and praxis. The program has multiple components in instructional and practical terms and so far, graduated 7,565 students at the graduate level and 12,329 executive practitioners from various parts of the world with additional scholarly output of over 1000 cases to highlight associated social enterprise efforts (Austin and Rangan 2019, p.12).

The proactive and collaborative nature of the proposed SERCH and SB program once implemented is likely to lead to some direct and indirect benefits to participants, communities, and the county at large. The likely benefits are: (i) empowered county residents who will creatively help address endemic social problems in the various communities, (ii) equitable economic development as the emergent entrepreneurs foster economic opportunity in Dallas County, especially southern Dallas, (iii) empowered communities as the created economic opportunities promote social viability and sustainability, (iv) increased tax base as a result of the innovative social enterprise activities positively improve the city's revenue base and consequently improve the community's access to additional development funds, and (v) enhanced economic mobility for individuals with attendant benefits to families and communities. Regular evaluation of program content and attendant outputs/outcomes will be informed by both direct and indirect measures.

Academic institutions and affiliated centers and institutes have embraced social entrepreneurship because of its viability as an alternative approach to community problem solving. Notable institutions such as Harvard University, University of Pennsylvania, University of Southern California, and numerous others have integrated social entrepreneurship as part of their emergent innovative curriculum. Thus, the entrepreneurship program fosters training and empowerment of students and practitioners to play change agent roles in community problem solving. Consequently, the SERCH and SB Social Entrepreneurship Program will benchmark the Harvard Business School Social Enterprise Initiative and the Brittingham Social Enterprise Lab (BSEL) model at the University of Southern California's Marshall School of Business as well as other proven programs in the US and overseas. Furthermore, the program will have an Advisory Board to promote viability and sustainability and a Social Enterprise Knowledge Network (SEKN) consisting of local, national, international/global social entrepreneurs to foster sharing of practical knowledge and expertise. Modeling best practices of the referenced established programs in curriculum and social innovation lab will bolster training of entrepreneurs with a passion to help address social problems in Dallas County, especially in southern Dallas and by doing so enable building of resilient communities.

## Conclusion

Is there a hope for southern Dallas? And can the endemic social problems be mitigated? This paper attempts to highlight a proposed social entrepreneurship education program involving multisector stakeholders targeted toward individuals with common socioeconomic background and experiences, but with a passion to make change for personal and communal well-being. The program is conceptualized as an innovative approach to tackling endemic social problems using insights from established programs at Harvard Business School, and University of Southern California Marshall School of Business among others, but with a particular attention to Dallas.

Education is believed to be an impactful equalizer (Bernardi and Ballarino 2016; Marina and Holmes 2009) and such will be the case in southern Dallas if the targeted social entrepreneurship program is implemented. While it might not entirely eradicate endemic social problems that plague southern Dallas, it can be a genesis of sustainable systems and a social impact approach to building resilient communities by relying on individuals with understanding of the local system context and collective solution-oriented interests to spearhead transformational change for the communities' benefits. There is no doubt there will be systems and resource challenges to implementation, but the common resolve of the multisector stakeholders should help trump any such emergent situations and/or occurrences.

## Cross-References

▶ Governance and Social Enterprise
▶ Social Entrepreneurship

## References


Akella D, Eid N (2018) Social enterprises in Palestine: a critical analysis. J Enterp Communities People Places Global Econ 12(4):510–544

Austin J, Rangan VK (2019) Reflections on 25 years of building social enterprise education. Soc Enterp J 15(1):2–21

Austin J, Stevenson H, Wei-Skillern J (2003) Social entrepreneurship and commercial entrepreneurship: same, different, pp 04–029

Benedict ME, McClough D (2010) Is education the great equalizer? An examination of race and higher education attainment on earnings. Pa Econ Rev 17

Bernardi F, Ballarino G (2016) Education as the great equalizer: a theoretical framework. In: Education, occupation and social origin. Edward Elgar Publishing

Blau PM, Duncan OD (1967) The American occupational structure. Wiley, New York

Bornstein D, Davis S (2010) Social entrepreneurship: what everyone needs to know®. Oxford University Press, New York

Dionisio M (2019) The evolution of social entrepreneurship research: a bibliometric analysis. Soc Enterp J 15(1):22–45

Finlayson E, Roy MJ (2019) Empowering communities? Exploring roles in facilitated social enterprise. Soc Enterp J 15(1):76–93

Glasrud BA (1974) Jim Crow's emergence in Texas. Am Stud 15(1):47–60

Groves G, Tingle K (2018) Dallas economic opportunity assessment. Communities foundation of Texas, & Center for public policy priorities. Retrieved on 17 Oct 2018 from https://www.cftexas.org/dallas-economic-opportunity-assessment

Growe R, Montgomery PS (2003) Educational equity in America: is education the great equalizer? Prof Educ 25(2):23–29

Joseph L, Cowan J (2017) North vs. south: a look at Dallas' unequal prosperity. The Dallas morning news. Retrieved on 23 Nov 2019 from https://www.dallasnews.com/business/economy/2017/03/13/north-vs-south-a-look-at-dallas-unequal-prosperity

Kokko S (2018) Social entrepreneurship: creating social value when bridging holes. Soc Enterp J 14(4): 410–428

Lyne I, Ngin C, Santoyo-Rio E (2018) Understanding social enterprise, social entrepreneurship and the social economy in rural Cambodia. J Enterp Commun People Places Global Econ 12(3):278–298

MacMillan IC, Thompson JD (2013) The social entrepreneur's playbook, expanded edition: pressure test, plan, launch and scale your social enterprise. Wharton Digital Press

Macon A (2017) New maps show consequences of redlining in Dallas. Retrieved on 9 Aug 2020 from https://www.dmagazine.com/frontburner/2017/08/redlining-dallas-maps/

Marina BL, Holmes ND (2009) Education is the great equalizer. Or is it? About Campus 14(3):29–32

Shin C (2018) How social entrepreneurs affect performance of social Enterprises in Korea: the mediating effect of innovativeness. Sustainability 10(8):2643

Texas Demographic Center (2019) Texas population projections 2010 to 2050. Retrieved 16 Oct 2019 from demographics.texas.gov/Resources/publications/2019/20190128_PopProjectionsBrief.pdf

Texas Education Agency (2016) Snapshot: School District Profiles, Percent Economically Disadvantaged, Dallas Independent School District. In Groves, G. & Tingle, K (2018). Dallas Economic Opportunity Assessment. Communities Foundation of Texas, & Center for Public Policy Priorities. Retrieved on October 17, 2018 from https://www.cftexas.org/dallas-economicopportunity-assessment

Texas Higher Education Coordinating Board (2017) 8th Grade Cohorts Tracked Through Higher Education: FY2006 8th Grade Cohort, Dallas County. In In Groves, G. & Tingle, K (2018). Dallas Economic Opportunity Assessment. Communities Foundation of Texas, & Center for Public Policy Priorities. Retrieved on October 17, 2018 from https://www.cftexas.org/dallas-economic-opportunity-assessment

Thorgren S, Omorede A (2018) Passionate leaders in social entrepreneurship: exploring an African context. Bus Soc 57(3):481–524

Tian R, Chui CHK, Hu X (2018) Emergent models and strategies of social enterprises in China. Asia Pac J Soc Work Develop 28(2):111–127

U.S. Census Bureau (2010) 2010 U.S. census. U.S. Census Bureau, Washington, DC

U.S. Census Bureau (2015) American community survey. Retrieved on 24 June 2020 from https://www.census.gov/programs-surveys/acs/news/data-releases.2015.html

U.S. Census Bureau (2019) QuickFacts. Dallas County, Texas. Retrieved on 16 May 2020 from https://www.census.gov/quickfacts/dallascountytexas

UNT Dallas News (2019) Sen. Royce West, a visionary for UNT Dallas, congratulates our record-setting graduation class from his Austin office. Retrieved on 24 June 2020 from https://news.untdallas.edu/sen-royce-west-visionary-unt-dallas-congratulates-our-record-setting-graduation-class-his-austin

UNT Dallas (2020) Mission, Vision, Values, and Goals. Retrieved on June 24, 2020 from https://www.untdallas.edu/mission-vision-values-and-goals

White GR, Samuel A, Pickernell D, Taylor D, Mason-Jones R (2018) Social entrepreneurs in challenging places: a Delphi study of experiences and perspectives. Local Econ 33(8):800–821

Winkle-Wagner R, Nelson J (2009) Is higher education the great equalizer? Examining early occupational attainment by race, class, and gender. Enroll Manag J 3(1): 10–29

# Social Equity Leadership

Bridgette Cram and Mohamad Alkadry
Florida International University, Miami, FL, USA

## Definition

Social equity is defined by the National Academic of Public Administration (2010) as "The fair, just and equitable management of all institutions serving the public directly or by contract; the fair, just and equitable distribution of public services and implementation of public policy; and the commitment to promote fairness, justice, and equity in the formation of public policy."

## Introduction

The concept of social equity in public administration was not fully elaborated upon until H. George Frederickson's penned the essay, "Towards a New Public Administration," in response to the 1968 Minnowbrook Conference. Social equity continues to develop, and although it is now formally recognized as a pillar of public administration, there are still several challenges to overcome in terms of effectively benchmarking and measuring social equity outcomes. The relevance of social equity to public administration is evident, as it is the public administrator's duty to implement laws. Implementation often requires discretion and an understanding of how a law will affect different members of society; thus, social equity becomes critical as public administration is law in action. Although there have been significant challenges, social equity leadership has evolved, including leaders in both academics and in practice. To understand this development and the current state of social equity leadership, it is important to note the history of social equity as a pillar of public administration and to describe how social equity has been operationalized through various movements, including diversity, diversity management, and, most recently, cultural competency. It is important to note the social equity leadership involves leadership in public service organizations and leadership in delivering public services to communities. In this chapter, we discuss the bases of social equity in public administration, manifestations of social equity in public administration, and some recommendations on the path forward.

## Social Equity and Public Administration

The concept of equity in public administration can be found in some of the earliest works within the discipline. Woodrow Wilson's 1887 essay "The Study of Administration" briefly mentions equity in context of administration of law in balance with enlightenment and speed, and Henri Fayol mentioned equity as one of his fourteen Principles of Management in 1916. Aside from these two classical works, social equity was not the focus of early public administration, due to the fact that economy and efficiency were the principle values of the time.

Social equity in public administration gained significant momentum with the New Public Administration movement, which was developed in response to the numerous social movements of the 1960s and 1970s (Frederickson 2010). Hosted by Dwight Waldo, the conference brought together public administration scholars to establish the future direction of the field. The result of this conference was the beginning of the New Public Administration movement. The impact of the New Public Administration movement was immediately noted in H. George Frederickson's essay, "Toward a New Public Administration." Frederickson called for social equity to become a normative part of public administration through increased participation, advocacy, and a move away from neutrality to achieve equitable distribution of goods and services.

Public administration scholars pulled heavily from Rawls' (1971) "Theory of Justice" to further establish social equity within the field. Hart (1974) argues that the theory of justice provides helps to create ethical guidelines and consensus for public administration, which gives social equity the "force" it needs to be accepted. To

further build the case, Frederickson (1976) published another essay related to the development of a theoretical base for social equity within public administration. "The Lineage of New Public Administration" argues that economy, efficiency, and effectiveness are worthy values; however, they should not predominate. Frederickson argues that instead, values of responsiveness, worker and citizen participation in decision-making, social equity, citizen choice, and administrative responsibility for effectiveness should serve as the normative base of public administration. Thus, social equity leadership in the era of New Public Administration was comprised of scholars who fought to include social equity within the normative base of the field and continued to move the social equity agenda forward in the face of criticism.

## Social Equity as a Pillar of Public Administration

In recognition of the challenges facing social equity and its continued development, the National Academy of Public Administration established the Standing Panel of Social Equity in 2000 and adopted social equity as the fourth pillar of public administration. To ensure that the concept of social equity would be viewed as equal to the other three pillars of economy, efficiency, and effectiveness, the standing panel established guidelines, as well as criteria for measuring social equity: procedural fairness, access, quality, and outcomes (Johnson and Svara 2011). Procedural fairness involves ensuring that due process and equal rights and protections are guaranteed. Access involves an assessment of levels of access to services and implementation of equality measures (equitable, differentiated, targeted, or redistributive) to address unequal access. Quality refers to process equity or the concern of whether services are delivered consistently to different groups. Outcomes examine if there are equal or differentiated outcomes for groups.

In terms of implementation, the guidelines presented by NAPA provide some direction, but challenges with measurement persist. The main difficulty in achieving social equity is the disagreement about what social equity means when translated into the professional context, as it heavily relies on normative concepts (Gooden and Portillo 2011; Norman-Major 2011). Scholars argue that it is necessary to find an applied definition for social equity and that assessment methods will be sure to follow, allowing for baseline data to be collected and improvements to be made (Norman-Major 2011). The difficulty in defining social equity leads to additional difficulty in understanding how public administrators can be equitable leaders. In consideration of this, scholars began to pay significant attention to how public administrators at all levels have discretion to impact service delivery and thus impact equity (Rice 2004).

## Operationalization of Social Equity

In consideration of the challenges that social equity presents, there were several movements that attempted to operationalize social equity, provide more concrete definitions of what social equity means for public administration, and demonstrate what an equitable public administrator looks like. To examine what social equity leadership is, it is important to turn to how this concept has been operationalized by practitioners. Bailey's (2010) Representative Bureaucracy continuum demonstrates the development of how public administration has dealt with issues of diversity and social equity. The continuum is split up into four phases: equal employment opportunity (EEO), affirmative action, managing diversity, and cultural competency. For the purposes of this review, EEO and affirmative action are combined under the category of diversity. Viewing social equity leadership through this continuum outlines how leaders have embraced social equity and highlights the gaps that must be filled to ensure stronger social equity leadership in the future.

## Diversity

To enhance the equity of the United States, the Civil Rights Act was passed in 1964. This act

protected citizens in terms of race, gender, religion, or origin from being denied equal access to federally assisted programs. As a part of this act, the Equal Employment Opportunity Commission (EEOC) was established. The EEOC mandated that employees could not be discriminated against and attempted to provide equal opportunity for all. In addition to EEO, affirmative action was developed to further end discrimination. As EEO prohibited discrimination, affirmative action was more remedial in nature and sought to provide solutions to make up for historical discrimination. Affirmative action, unlike EEO, was largely voluntary; however, its legality and constitutionality have been challenged several times.

Leadership during this time was focused on ensuring that organizational practices were not discriminatory in nature, as to avoid legal repercussions. In addition, policies such as affirmative action have led to the incorrect interpretation that "quotas" are necessary to increase diversity; not only is this incorrect, but a quota system may have a negative impact on the people hired, as it may cause resent and feelings that the new hires didn't fully "earn" the benefits they received (Borrego and Johnson III 2012). Furthermore, programs such as affirmative action were based on the premise that leaders needed to be coerced in order to induce change and that the organization did not embrace these changes, but instead adapted an assimilation model, where new employees were instead expected to adapt and either "sink or swim" (Bailey 2010).

This era of diversity was driven by mandates and an assumption that simply increasing hiring of diverse employees was enough to redress historical inequality. This model was not effective in creating a culture of acceptance or focused on how to retain diverse employees. Thus, the transition to managing diversity addresses gaps in this initial operationalization of social equity.

## Managing Diversity

The second phase of the continuum is managing diversity. Managing diversity encourages organizations to move beyond the assimilation model into a synergy model. Public administration research continued to advance, and the move toward managing diversity was influenced by findings that valuing diversity was positive for organizational effectiveness (Cox and Blake 1991). Furthermore, if an organization could effectively manage diversity, they would see increases in employee retention, enhanced productivity, and creative problem solving, as well as attract more talented employees from diverse backgrounds (Mathews 2010). Mathews (2010) defines diversity management as "systematic and planned programs or procedures that are designed to improve interaction among diverse people, especially people of different ethnicities, genders, and cultures" (p. 214).

According to Pitts (2006), diversity management was strongly linked to human resource management. Pitts highlights three areas of focus within diversity management programs: recruitment, increasing cultural awareness, and policy alignment. Recruitment is critical to ensure a diverse employee base, and diversity has a positive impact on organizational outcomes. Diversity management then requires that employers understand that in order to retain diverse employees, they must maintain a positive organizational culture through enhanced awareness. In addition, policies that are adaptable and flexible (e.g., flex time, telecommuting) assist with recruitment and retention.

Managing diversity is an important development in social equity leadership, and it encouraged leaders within organization to take an active approach in embracing and retaining diverse employees. However, its primary focus was on how to structure the organization in terms of human resources. The transition to cultural competency addresses the behavioral aspects of interacting with diverse coworkers and citizens.

## Cultural Competency

Cultural competence is defined as "a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals and enable that system, agency, or those professionals to work effectively in cross-cultural

situations" (Cross et al. 1989). Gooden and Portillo (2011) note that the role cultural competency plays within the framework of social equity is to obligate the public sector to understand and address the needs of the citizens they serve. Furthermore, cultural competency helps to bridge the gap between passive and active representation (Bailey 2010). Passive representation was part of a theory introduced by Kingsley (1944). This theory indicated that public administrators should be reflective of the citizens that they are serving. Active representation, on the other hand, asks whether or not bureaucrats actually act in favor of the demographic group that they represent (Krislov 1974). Active representation encourages the use of increased discretion to increase equity among those who have been historically underserved (Sowa and Selden 2003).

Cultural competence is an important development for social equity practice. Where diversity and diversity management primarily focused on race and gender or other characteristics that can be easily seen, cultural competence encompasses the breadth of characteristics that may impact an individual. While the diversity management movement highlighted the importance of approaching diversity from an organizational perspective, cultural competence builds on this organizational importance while also highlighting an effective approach for interacting with citizens (Rice 2010). Rice argues that service delivery has been "culture-blind" and that building cultural competence helps to bridge the service delivery gaps that exist.

In terms of cultural competency and public administration, Bailey (2010) states that it enhances responsiveness and effectiveness, as the goal is to best meet the needs of various clients. In terms of equity, public administrators must balance meeting clients' needs through discretion, with overarching organizational goals of treating all clients equitably. Cultural competency does come at the expense of increased efficiency; however, as Frederickson (2010) states, citizens are most likely to prefer services that are responsive to their needs, thus demonstrating acceptance that these choices may result in reduced efficiency.

The concept was first developed in the fields of medicine and psychology in the 1970s, and legal mandates, such as the Culturally and Linguistically Appropriate Service (CLAS) standards, were passed to ensure that language barriers would not prevent citizens from receiving public services (Rice 2010). Public administration scholars and practitioners have just recently embraced cultural competence as a set of skills that managers and leaders should possess within an organization. Due to the relatively recent focus on cultural competence in public administration, most of the research is concentrated into two books (Borrego and Johnson III 2012; Norman-Major and Gooden 2012) and throughout issues of the Journal of Public Administration Education.

Borrego and Johnson III (2012) highlight the importance of a competency model for public managers of all levels. These competencies focus on the knowledge, awareness, and skills that culturally competent managers must have at different levels of responsibility. First, it is important to understand cultural competency from within an organization. Public managers must understand not only how to navigate the various cultures of their employees but also how to include all cultures into the fabric of the organization. In summary, culturally competency managers must be able to respect diversity, know how to communicate with diversity employees, establish a shared organizational culture, be adaptable, and foster inclusiveness. Along with each of these foundational competencies, the authors present a set of measures that managers can use to establish how well they are developing on each one.

In terms of organizational cultural competence, there are several resources for managers to turn to. Rice (2007) and Mathews (2010) present self-assessment checklists to help assess how well the organization meets the needs of diverse citizens. These checklists are adapted from The National Center for Cultural Competence's cultural competence continuum. This continuum is a slightly modified version of Cross' (1989) work related to children's healthcare. The continuum is comprised of six phases: cultural destructiveness, cultural incapacity, cultural blindness, cultural pre-competence, cultural competence, and

cultural proficiency. A self-assessment helps organizations gauge where they fall along this continuum so that they can understand where improvements need to be made.

In addition to development of cultural competence within the organization, leading scholars in this area have also focused on how to better integrate cultural competency into the public administration curriculum. The Network of Schools of Public Policy, Affairs, and Administration established a new universal competency in 2009 that focused on diversity: "communicate and interact productively with a diverse and changing workforce and citizenry." The development of this competency sparked research related to cultural competency curriculum at the Master of Public Administration level. JPAE has been a significant publisher of these articles.

Cultural competency training prepares future leaders in public administration with the knowledge, attitudes, and skills they need to interact with a diverse citizenry and workforce. These competencies assist in achieving the goals of social equity through organizational systems that embrace culture and public service delivery systems that take citizens' diverse needs into account. And while cultural competency cannot completely solve all forms of social inequity, it does play an important role in increasing equity within public services (Norman-Major and Gooden 2012). Moreover, although diversity has been addressed extensively both within and outside of the university, it is critical that public administration scholars continue to research the structural inequalities that continue to exist and leaders at the local and national level implement policies and programs to address these inequalities.

## Manifestations of Social Equity Leadership

In 2016, almost 50 years after the Minnowbrook conference, the writing is on the wall when it comes to social equity in public administration. After 50 years of equal pay legislation, the wage gap persists. After almost 100 years of women's suffrage, women hold less than one fifth of elected offices at the State and Federal levels. Female public sector employees continue to be segregated in female-dominated occupations, in female-dominated agencies, and in lower echelon positions.

The view outside public organizations is not more pleasant. Phone cameras have shed a new light on police community relations. Gentrification is eating up real estate in minority communities. Highways and light rail lines are running over poor minority and white neighborhoods. So, where did we go wrong? Why are public sector leaders not delivering social equity outcomes? Why are they not allowing social equity principles to guide public agencies? What happened to all our theories of ethics, social equity, and public service motivation, and what explains our status quo today?

Public administration leaders are not entirely innocent in the less equitable outcomes seen in public organizations and in communities around the nation. Public administrators are at the heart of inequity in gender, race, and ethnic representation and equal pay issues. Equity-driven leaders would not discriminate against women and minorities in the workplace. Equity-driven leaders would not provide better promotion opportunities for men than women or whites over nonwhites. By the same token, social equity-driven leaders would not allow profit-driven developers to overtake poorer communities. Problematic outcomes in terms of social equity are hints that more work is needed on multiple fronts to equip public service leaders to identify equitable actions and to work toward social equity outcomes.

Gooden (2015) notes that public administration has made significant strides in bridging the gap between "the principle of equality and the performance of social equity" (p. 226). To meet the goal of achieving a truly equitable society, however, it will be necessary to continue development of accountability and performance measures. In addition, recommendations related to expanding the definition of efficiency to value the long-term benefits of equity could assist the integration of this value into the field (Norman-Major 2011).

To achieve this, support from ASPA and NAPA through projects, such as the fellowship for Social Equity Performance Measures, is critical to ensure that this topic remains a focus of the field. Furthermore, examining of programs that

demonstrate leadership in social equity, such as the Race and Social Justice Initiative out of Seattle, WA, can provide invaluable insight on how to replicate these programs in other cities and understand how social equity is being measured. This program is an example of how social equity translates into practice. Additionally, a specific focus on continued integration throughout the MPA curriculum is critical to ensuring that future public administrators are equipped with the knowledge and skills they need to be an equitable leader (Wooldridge and Gooden 2009).

## Conclusion

The changing demographics of the United States demonstrate why an increased focus on social equity and social equity leadership is imperative. However, when compared to economy, efficiency, and effectiveness, social equity has received the least amount of scholarly attention; however, pervasive issues still exists related to racial, gender, income, and cultural inequity. Due to the normative nature of social equity, public administration has faced several challenges in moving this agenda forward. In spite of these challenges, social equity leadership has evolved greatly over the past four decades, initially operationalized in the form of EEO and affirmative action policies, followed by a focus on managing diversity through appreciation of how this diversity could improve organizational effectiveness. Most recently, encouraging managers and organizations to adopt a more culturally competent approach is the new focus on how to more fully achieve social equity in public administration. The future of social equity in public administration will depend on how the traditional values of public administration can be reconciled with the work that must be done to achieve a more equitable society.

## References


Bailey ML (2010) Cultural competency and the practice of public administration. In: Rice MF (ed) Diversity and public administration: theory, issues, and perspectives. M. E. Sharpe, Armonk, pp 177–196

Borrego E, Johnson RG (2012) Cultural competence for public managers: managing diversity in today's world. CRC Press, Boca Raton

Cox TH, Blake S (1991) Managing cultural diversity: implications for organizational competitiveness. Executive 5(3):45–56

Cross T, Bazron B, Dennis K, Isaacs M (1989) Towards a culturally competent system of care, vol I. Georgetown University Child Development Center, CASSP Technical Assistance Center, Washington, DC

Fayol H (1949) (original 1916) General and industrial management (trans: Constance Starrs). Pittman, London

Frederickson HG (1976) The lineage of new public administration. Adm Soc 8(2):149–174

Frederickson HG (2010) Social equity and public administration. M. E. Sharpe, New York

Gooden S (2015) From equality to social equity. In: Guy M, Rubin M (eds) Public administration evolving. Routledge, New York, pp 210–230

Gooden S, Portillo S (2011) Advancing social equity in the Minnowbrook tradition. J Public Adm Res Theory 21(Suppl 1):i61–i76

Hart DK (1974) Social equity, justice, and the equitable administrator. Public Adm Rev 34(1):3–11

Johnson NJ, Svara JH (2011) Justice for all: promoting social equity in public administration. M. E. Sharpe, Armonk

Kingsley JD (1944) Representative bureaucracy: an interpretation of the British civil services. Antioch, Yellow Springs

Krislov S (1974) Representative bureaucracy. Prentice-Hall, Englewood Cliffs

Mathews A (2010) Diversity management and cultural competency. In: Rice MF (ed) Diversity and public administration: theory, issues, and perspectives. M. E. Sharpe, Armonk, pp 210–263

National Academy of Public Administration (2010) Standing panel on social equity in governance. Retrieved from http://www.napawash.org/fellows/standing-panels/standing-panel-on-social-equity-in-governance/

Norman-Major K (2011) Balancing the four Es: or can we achieve equity for social equity in public administration? J Public Aff Educ 17(2):233–252

Norman-Major KA, Gooden ST (2012) Cultural competency for public administrators. M. E. Sharpe, New York

Pitts DW (2006) Modeling the impact of diversity management. Rev Public Pers Adm 26(3):245–268

Rawls J (1971) A theory of justice. Harvard University Press, Boston

Rice MF (2004) Organizational culture, social equity, and diversity: teaching public administration education in the postmodern era. J Public Aff Educ 10: 143–154

Rice MF (2007) A post-modern cultural competency framework for public administration and public service delivery. Int J Public Sect Manag 20(7):622–637

Rice MF (2010) Diversity and public administration: theory, issues, and perspectives. M. E. Sharpe, Armonk

Sowa JE, Selden SC (2003) Administrative discretion and active representation: an expansion of the theory of representative bureaucracy. Public Adm Rev 63(6): 700–710
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222. Review, 34(1):3–11
Wooldridge B, Gooden S (2009) The epic of social equity: evolution, essence, and emergence. Adm Theory Prax 31(2):222–234

# Social Equity: The Fourth Pillar of Public Administration

Blue Wooldridge[1] and Betsy Bilharz[2]
[1]The L. Douglas Wilder School of Government and Public Affairs, Virginia Commonwealth University, Richmond, VA, USA
[2]The Wilder School of Government and Public Administration, Virginia Commonwealth University, Richmond, VA, USA

## Social Equity: An Overview

In today's increasingly divisive world, issues of inequity are at the center of policy debates and public frustration regarding a variety of social problems. Widening income gaps, unequal access to health and education resources, and tensions between racial and social groups are at the forefront of conversations, in particular for the public agencies looking to resolve them. In order to appropriately discuss these issues, it is helpful to reflect on the history and evolution of the concept of equity, why it is a concern for public administrators, and examples of negative consequences that can be both caused and rectified by the state. By examining the context of the social equity conversation, public administrators may better understand how to reduce inequities in society.

## Evolution of Social Equity

Although questions of equity remain more relevant than ever, the discussion of social equity as a concept has been documented as far back as Aristotle and Plato (Rutledge 2002). Both discuss the importance of equity as a type of justice among humans that may "go beyond the written law" and can evolve as a practice (Rutledge 2002). Despite rules, Rousseau argued, unequal distribution and economic needs create natural inequities and differences that "become more permanent in their effects" (Rousseau 1992). It was these basic ideals of justice and equality upon which the United States originated. Frustrated by political and social injustices, the early colonists defined in the Declaration of Independence that "all men are created equal" (Johnson and Svara 2011).

The 1960s and 1970s observed dramatic leaps in the application of social equity to the field of public administration (Wooldridge and Gooden 2009). The national context of these decades was centered on racial injustice and civil rights, highlighting the inequities of experience with government and institutions for different Americans based on their identity group. Frustrated by his observations of outdated approaches and conversations among political scientists, Dwight Waldo sought to convene a younger, more dynamic group of public administrators to discuss important issues in Syracuse, New York, for the first Minnowbrook Conference in 1968 (Wooldridge and Gooden 2009). The conference served as the foundation for the ideals of the New Public Administration, which rejected the Wilsonian dichotomy and acknowledged the importance of administrators in using their discretion to enforce and influence policies (Johnson and Svara 2011).

The role of administrators in promoting social equity was further solidified by Rawls' seminal 1971 work, "Theory of Justice," in which he described the importance of creation of institutions and policies that promote a just and fair society for those at the bottom (Rawls 1971). In 1990, prominent social equity scholar H. George Frederickson proposed the inclusion of equity as a "third pillar" alongside economy and efficiency as a central value for administrators; under this philosophy, public administrators focus not only on whether a program or policy is working but for

whom it works – a concept Frederickson refers to as the "second question" (Frederickson 1990). Shafritz and Russell argue that public administrators are tasked not only with administrating laws fairly and equitably but also promoting equity through maintaining a diverse workforce with equal opportunities and providing moral leadership and inspiration for citizens to behave fairly (Shafritz et al. 2007).

More recently, the concept of social equity has been broadened to include far more categories than race and gender, including sexual and gender identity, economic status, physical and mental disability, and more (Frederickson 2005). Inequities themselves have trended away from more overt forms of discrimination as witnessed in the 1960s and more toward subtle disparities in access and impacts that limit political participation and influence, skewing political responsiveness to more affluent groups (Frederickson 2005). Currently, the top 10% of American earners generate 90% of the country's income, prompting major concerns about the possible impact of this growing inequity (Saez 2015).

## Social Equity Defined

Though social equity has many technical definitions, its fundamental essence boils down to the broad values of fairness and justice; as Hart (1974) cites from Black's Law Dictionary, "[equity] denotes the spirit and the habit of fairness, justness, and right dealing which would regulate the intercourse of men with men – the rule of doing to all others as we desire them to do to us." Similar definitions of equity include: Rawls' theory of "justice as fairness" (1971); Adler's definition of social equity as "equal treatment to which all are entitled by virtue of being human" (Adler 1981); and Falk's description of equity as "impartiality, fairness, and justice" (Falk et al. 1993). Other more "complex" definitions expand the concept of social equity and apply it to public rights, access, and redistribution policy (Svara and Brunet 2005). The World Bank describes equity as "equal access to the opportunities that allow people to pursue a life of their own choosing and to avoid extreme deprivations in outcomes" (2006).

The Standing Panel on Social Equity in Governance of the National Academy of Public Administration (NAPA) defines social equity as "The fair, just and equitable management of all institutions serving the public directly or by contract, and the fair and equitable distribution of public services, and implementation of public policy, and the commitment to promote fairness, justice, and equity in the formation of public policy." Later in its strategic plan, NAPA identified social equity as being the fourth pillar of public administration. Goal 2 of this plan states:

> The Academy's Board of Directors adopted social equity as the fourth pillar of public administration, along with economy, efficiency and effectiveness. (NAPAWash 2000)

More recently, Johnson and Svara (2011) propose a new definition of social equity. "Social Equity is the active commitment to fairness, justice, and equality in the formulation of public policy, distribution of public services, implementation of public policy, and management of all institutions serving the public directly of by contract. Public administrators, including all persons involved in public governance should seek to prevent and reduce inequality and injustice based on significant social characteristics and to promote greater equality in access to services, procedural fairness, quality of services and social outcomes (p. 282)." Despite minor variances in definitions, these descriptions summarize the heart of the social equity concept for public administrators.

## Why This Concept Is of Concern to Public Administrators

Charles Darwin famously remarked in the early nineteenth century, "If the misery of the poor be caused not by the laws of nature, but by our institutions, great is our sin" (Wooldridge and Gooden 2009).

Much more recently, the National League of Cities stated:

> Governments at all levels is in part responsible for many of the glaring inequalities we see today and should therefore lead the way to solutions. Public policies adopted over time at the federal, state, and local levels have created and exacerbated many of the inequalities that our communities are struggling with today. (ESSENCE: The 2003 Futures Report Divided We Fall: Inequality and the Future of America's Cities and Towns, National League of Cities, 2003)

In response to this perception, the League created the Equity and Inclusiveness Endeavor which stated:

> Creating equitable and inclusive communities with opportunity for all can lead to a level playing field where everyone has a chance to succeed. The National League of Cities is exploring how government policies at all levels have contributed to increasing inequalities in America's cities and towns which threaten the well-being of regions and the nation. Divisions by race, class and geography have decreased access to much-needed jobs, adequate health care, affordable housing, and quality education. Through its leadership campaigns, research and publications, workshops and seminars, and advocacy priorities the National League of Cities is helping local officials create a sense of community and become trusted and reliable advocates for the well-being of all residents. (http://www.nlc.org/topics/index.aspx?SectionID=equity_inclusiveness)

Inequality undermines trust and community. It renders government vulnerable to special interests seeking to maximize short-term profit. Inequality, especially rising inequality, promotes status competition and social divisiveness and weakens the will of the many to organize to defend common interests against the specialized interests of the few. Inequality corrodes social bonds, erodes friendship, diminishes civic participation, and attenuates trust in government.

## How to Measure Social Equity

If the first step for administrators involves forming a basic definition for understanding social equity, the second involves the measurement of performance and results in order to assess and recognize inequities. By beginning to describe inequity through quantitative measures, administrators may begin to develop performance assessment benchmarks (Rutledge 2002). Several measures exist to assign numerical value to degree of equity. The first, and most widely recognized on an international scale, is the Gini coefficient measure of income inequality (Glaeser et al. 2011). The Gini coefficient represents the distribution of wealth in a community, with 0 representing equal distribution and 1 representing all wealth in the hands of one individual (Glaeser et al. 2011).

In the United States, the 2015 Gini coefficient of 0.482 represents a steady rise in income inequality since the 1970s figure of 0.406 (World Bank 2016). The rapid rise nationally in the 2000s can be attributed to the upward pull of the top 1% of income earners; if these exceedingly wealthy individuals are removed from the calculation, the curve becomes much flatter, though still reflects a widening income gap (Kenworthy and Smeeding 2013). This distinction is reinforced by the measure of relative poverty in the US over time, which represents income inequality in the lower half of the income distribution and has risen slowly but steadily for the 99% over the past decades (Kenworthy and Smeeding 2013). Metropolitan areas exhibit high Gini coefficients as compared to more rural areas, due mainly to the congregation of skilled workers and racial diversity within cities (Glaeser et al. 2011). In the United States, the highest Gini coefficients can be found in Miami and New Orleans at 0.5744, equivalent to the country of Zambia (Stilwell and Lu 2015).

Though the population's Lorenz curve provides perhaps the most widely recognized measurement, inequality may also be identified by other numerical values. Different data sources and dimensions may be compiled and assigned weights to create a single indicator of multidimensional inequality and poverty (Seth et al. 2014). A recent application of this technique combined indicators of education, health, and living standards (years of schooling, sanitation, electricity, child nutrition, etc.) to calculate deprivation scores for each individual, which can then be summarized and compared to examine differentials among groups, communities, and geographic areas (CEPAL 2015).

The social equity in Governance Standing Panel of the National Academy of Public Administration has provided four main criteria by which to measure equity: procedural fairness, access, quality, and outcomes (Johnson and Svara 2011). Data collected from policies and programs can illuminate different impacts and experiences in these dimensions across different groups. Using the example of health care provided by Hug (2011): access indicators include insurance coverage and use of regular doctor visits, hospital emergency visits, and dental checkups; measures of quality include disease management, preventative care such as vaccinations, and overall satisfaction with doctors; procedural equity can be indicated by number of referrals to specialists and ratings of patient-centered care; finally, overall outcomes can be reflected in data on mortality rates, heart disease, and cancer. If large disparities exist between groups in outcomes measurements, there is a fair chance that barriers to equity have occurred in one or more of the other categories (Johnson and Svara 2011). As Hug notes, accessing and analyzing the right data by group may prove challenging, but identifying disparities in performance remains the first step to achieving equitable outcomes (2011).

Quantitative data as described in the healthcare example can provide a critical component to assessing an agency's performance in achieving social equity and is often a reporting requirement for departments under the Government and Performance Results Act of 1993. Yet it is important not to discount the importance of qualitative responses or discussion about social equity at the agency's leadership level (Gooden 2014). An agency may commit to examining racial disparities in services and outcomes and then collect different perspectives from stakeholders to decide collectively on the best methodological approach (Gooden 2014).

## Government's Role in Resolving and Contributing to Inequity

The consequences of social equity can prove too great to ignore, providing a case for government interference. Over the course of history, several landmark policy and judicial decisions have helped shape the role of government in addressing social inequities. The cultural context of the 1960s that inspired the first Minnowbrook Conference also ushered in landmark decisions and policies such as the Civil Rights Act of 1964, which prohibited discrimination based on race, color, religion, sex, or national origin, and Kennedy's Executive Order 10925, establishing affirmative action in government employers (Gooden 2014). A decade earlier, courts recognized that racial segregation in schools created disparate access to high-quality education and resources, resulting in the 1954 *Brown v. Board of Education* ruling for integration of public schools (Gooden 2014). At the same time, concerns were raised citing unequal access among low-income children to education, nutrition, and health services during the critical period of early cognitive development, providing support for the federal Head Start program (Johnson and Svara 2011). These government actions provide only a small sample of overall examples of possible government approaches to promoting equity in institutions, programs, and the legal system.

While the government may play a powerful role in ameliorating inequalities and injustices, administrators must also be cautioned that such policies can unintentionally create disparate impacts for difference groups. This possibility of state-caused inequities should always be considered during the policy consideration and assessment processes. As an example, the "war on drugs" declared by President Nixon in the 1970s established a set of drug abuse and incarceration policies that today cost the government more than $51 billion annually and accounted for more than 1.5 million arrests in 2014 (Drug Policy Alliance 2015). Despite research suggesting that blacks and whites use drugs at almost exactly the same rates, American prisons admit African Americans at a rate 13.4 times greater than whites, and in some states blacks make up as much as 90% of drug prisoners (Boyd 2011). When blacks are arrested and sentenced at higher rates than whites for the same drug-related offense, the long-term effects of this incarceration – economic impacts

from lost job opportunities, political disenfranchisement as felons – are also disproportionately distributed by race (Brunet 2011). The disparate impact of punitive drug policies for African American men has become so severe that the American Civil Liberties Union refers to drug war policies as "the new Jim Crow" (Boyd 2011).

State-caused inequities may also be observed in the realm of education policy. Despite the *Brown v. Board of Education* case integrating public schools and theoretically restoring access, data suggests that disparities still exist in minority access and outcomes as related to education (Stiefel et al. 2011). Historically, schools are primarily funded through local tax revenue supplemented by state funding allocations. Based on this system, wealthy suburban schools generate higher tax revenues, while poorer communities may devote fewer resources and less money toward their schools (White 2015). Though state funding is intended to even out these differences, recent research by Mosenkis in Pennsylvania schools indicates that, while poor districts receive more state funding for education, districts with a higher proportion of white students receive substantially higher funding than schools with minority students at the same poverty level (White 2015). These disparities in funding and resources are reflected in unequal outcomes. On standardized tests, African American and Hispanic students score on average a full standard deviation below their white counterparts (Stiefel et al. 2011). It has been estimated that this performance disparity would be greatly reduced, by at least half, if minority children began kindergarten or first grade with equal levels of oral language, pre-mathematics, pre-reading, and general knowledge skills as white children; based on this research, it is evident that these inequities begin early, suggesting that federal programs like Head Start have not fully addressed the need (Farkas 2003). Furthermore, it has been suggested that black and white teachers tend to exhibit differences in evaluating behavior of students of different races; nonblack teachers demonstrate lower expectations for black students and are more likely to recommend harsh disciplinary action such as suspension for their black students (Gershenson 2015). This finding suggests that school districts could benefit from more extensive training requirements for teachers as well as broader public awareness of racial inequities.

Another example of state-caused inequities is provided by the American approach to health care. Unlike other countries, the United States does not guarantee universal care (Hug 2011). While emergency care is available for all, continuous access to affordable, preventative, regular health care is not guaranteed, and coverage and outcomes vary widely by race (Hug 2011). Minorities are more likely than whites to be uninsured or underinsured or to use the hospital as their usual source of care (National Healthcare Disparities Report 2007). These racial disparities are also observed in hospitalizations for controllable diseases like diabetes or asthma, which can be as four to five times higher for minorities than for whites (Hug 2011). Evidence suggests that the disparities in health indicators are even more starkly apparent in racially segregated residential areas, where resources are limited (Williams and Collins 2001).

## The Case for Improving Social Equity: Consequences of Inequities

Thus far, this chapter has reviewed means by which administrators may identify, measure, examine, and resolve possible social inequities and barriers within a society, whether naturally occurring or state caused. Yet, even if an inequity exists, the question remains why should administrators care? To what extent is it the responsibility of the government to interfere and mitigate inequities? Since America's founding, prioritizing the values of freedom, equality, and justice has presented a challenge, with the Constitution granting more weight to protecting freedom and liberty than equality (Johnson and Svara 2011). The inherent tension between these values has been at the center of many policy debates, particularly surrounding freedom of expression and freedom of economic pursuits. Placing these debates in the context of the "four pillars of public administration," equity may at times require compromising

on economy, efficiency, and effectiveness (Norman-Major 2012).

Despite the ideological tensions between liberty and equity and the debates against government interference, common arguments on behalf of social equity consistently emerge. Gooden (2014) describes organizational examinations of social equity as being catalyzed by four main triggers: moral, economic, political, and legal. A fifth additional argument for equity may be formed on the basis of the conflict and social unrest that occurs as a result of inequity (Wooldridge 2016). Though proponents of social equity may choose to emphasize certain arguments depending on the audience they are attempting to persuade, the full case for support of social equity is rich and multidimensional in nature (Norman-Major and Wooldridge 2011).

A primary argument for social equity centers around the morality of promoting what is "right" and "fair" (Hart 1974). As Rawls assumes as his first principle in the original position of society creation, "each person is to have an equal right to the most extensive system of equal basic liberties compatible with a similar system of liberty for all" (1974). Hart argues that all public administrators should adopt this principle with consensus to establish unified ethical guidelines by which to treat citizens – based not just on altruism but rather a sense of fraternity and human bond (Hart 1974). This view echoes that of John Locke, who believed that individuals are moral equals in nature (Frederickson 2005). If the moral stance states that all humans are entitled to this sense of fairness and equality in treatment and access, then it follows that barriers to such equality should be of moral concern (Frederickson 2005). As Frederickson summarizes, "persistent and grinding poverty is a profoundly moral issue, and social equity is a part of a moral stance on that issue" (2005). Moral arguments for social equity inspired civil rights legislation on the basis that mistreatment of citizens of different races was inherently "unfair" or "wrong" (Gooden 2014).

Throughout American history, the moral argument for equality led to creation of laws and principles to protect groups from mistreatment and discrimination. The legal argument for social equity, therefore, hinges on the responsibility of administrators and policy makers to enforce legislation and policy in keeping with previously established equity standards (Gooden 2014). For example, the American Civil Liberties Union (ACLU) and National Association for Advancement of Colored People (NAACP) have filed legal complaints to combat racial disparities, such as on behalf of welfare clients in Wisconsin who were sanctioned disproportionately by race (Gooden 2014). From this perspective, administrators should consider equity within policy to ensure that the impacts of services do not violate any existing legal protections.

As discussed above, many critics of equity-promoting policies cite interference with economic interests. Certainly, efforts to promote equity might challenge some economic freedoms, as demonstrated through tax redistribution policies, industry regulations, and environmental restrictions (Johnson and Svara 2011). Despite these apparent conflicts, social equity yields many economic net benefits (Norman-Major and Wooldridge 2011). Most notably, inequitable societies statistically demonstrate lower growth and economic performance than others (Buss and Ahmed 2011). Increases in poverty impede the ability of individuals to gain the education and skills necessary to contribute positively to the nation's workforce (Turner 2016). The Kellogg Foundation suggests that closing the earnings gap between white and minority incomes would improve US earnings by 12%, increasing GDP by $1.9 trillion and generating over $290 billion in additional tax revenue (Turner 2016). Similarly, poverty in communities is also associated with higher crime rates and worse health outcomes, further dampening economic productivity that could otherwise have generated goods and services for the economy (Holzer 2007). The net cost of poverty can become very high – in many cases, costing more money to fix the negative impacts than addressing the root inequities to begin with (Norman-Major and Wooldridge 2011).

Another cause of inequity is political in nature and thus must be part of any solution. Those with control over resources tend to exhibit the strongest

influence over public affairs. Bartels (2002) determined that voting behavior of senators reflected responsiveness to affluent constituents that was three times as great as to low-income constituents. This pattern was further solidified by the *Citizens United v. FEC* decision, in which the Supreme Court determined that campaign spending by non-profit corporations could not be limited due to freedom of speech (SCOTUSblog 2010). Imbalances in political power between groups violate the principle that government should be representative of its people (Gooden 2014). Furthermore, when individuals perceive themselves to have a lower rank in society, these feelings of low self-efficacy and unworthy of their place in society manifest in lower political participation, further damaging the political interests of the group (Kraus et al. 2015).

Related to the economic and political arguments for social equity but worthy of distinction, societies with high inequity tend to experience greater conflict (Wilkinson 2011). When feelings of injustice and exclusion pervade a culture, the community exhibits lower levels of trust, weaker community connections, lower quality of social relationships and cooperation, and feelings of disrespect between individuals – all of which may trigger violence and jeopardize economic and political stability (Wilkinson 2011). Indeed, areas with high Gini coefficients exhibit higher levels of violent crime. Buss and Ahmed (2011) assert that violence in these areas often has a "spill-over" effect into other developing areas, citing the example of regional conflicts in East Central Africa. In some cases, the conflict generated by inequity and poverty can worsen to extreme measures such as international and domestic terrorism. Burgoon (2006) argues that a country's government spending, which may help mitigate the political and economic barriers faced by the oppressed, is associated with a reduction in terrorist attacks and citizens perpetrating terrorism.

The frequency of observed conflicts in areas with high levels of inequity and poverty is no doubt fueled by the psychological and physical stress of the oppressed. Research has found a direct link between inequality in a society and negative psychosocial effects of toxic stress, depression, and psychotic symptoms (Piff and Wilkinson 2014). Furthermore, those in the lower end of the social hierarchy face challenges to access health-care services, leading to negative consequences for mental and physical health (Hug 2011). Research suggests that the impacts of poverty and inequity on the brain are not only psychological but also developmental and physiological.

Children from low-income households demonstrate distinct differences in cognitive abilities than their peers at a very young age, creating disparities in mental disorders, educational attainment, and IQ scores, which can lead to permanent setbacks in educational and economic outcomes (Sleek 2015). Despite previous claims that a child's development is primarily shaped by family structure, the primary factor negatively affecting cognitive development is long-term poverty (Nuffield Foundation 2011). Furthermore, if children have developed in an environment surrounded by violence and unrest, MRI scans show weak neural connections and development in parts of the brain controlling judgment, awareness, ethics, and emotions (Hayasaki 2016). Lower levels of the brain tissue called gray matter in specific areas like the hippocampus impeded the children's ability to follow instructions and devote attention to learning, resulting in lower standardized test scores (Hayasaki 2016). This stunted brain growth is a direct biological response to an environment full of toxic stress – a type of sustained fight or flight – and suggests that the cyclical effects of poverty begin much earlier than scientists may have thought and that current programs promoting early child care and access to resources should also direct substantial resources to protecting children's socio-emotional development.

## Future of Social Equity

As demonstrated by examples of state-caused and state-remedied social inequities, the relationship between government and equality, while politically complicated, is inextricably linked. Due to

the potential for serious negative consequences of inequality within a society, the government should care, and indeed must care, about the promotion of equity from many perspectives, including political, economic, legal, moral, and conflict management arguments. Even as the current political approach champions a trend toward privatization to provide services (Ravitch 2016), how can administrators continue to promote accountability and commitment to equity of access, quality, and outcomes for all citizens?

The question that lies before us is broad, but several concrete tactics may be used to advance equity for the future of public administration. First, administrators themselves must be educated and trained on the topic of equity in order to analyze systems and policies for disparate impacts and barriers to access and to seek alternative policy options. The curriculum within public administration programs should underscore the importance of examining issues of public administration and policy using an equity framework, examining equity from the perspectives of access, quality, procedural fairness, and outcomes (Larson et al. 2016). In conjunction with providing education to incoming administrators, current elected officials and staff may be provided with training and development opportunities regarding the importance of equity considerations and concrete tools to inform policy decisions (Johnson and Svara 2011).

While awareness and education provide a solid foundation for examining equity issues, it is necessary to extend these efforts a step further to increase understanding of specific tools and measures that can be used to assess equity. Much progress has been made in this area in recent years. The social equity framework has helped create the demand to identify, define, and collect data sources where information was previously unavailable. Svara suggests administrators may utilize the questions posed by the social equity framework and the resulting data to conduct an "equity inventory" at different levels of government, from the operations and services of a small department to a more jurisdictional level reviewing results across departments. Some exemplary jurisdictions have already created equity "toolkits" or "scorecards" to serve as helpful templates to assess performance and proposals – for example, the Seattle Racial Equity Toolkit (Johnson and Svara 2011) or the King County Office of Equity and Social Justice's "list of determinants of social equity" (Larson et al. 2016). In addition to expanding upon the foundation provided by these examples, administrators may also enhance measurement tools by seeking help from researchers and economists to reduce measurement and evaluation challenges such as inadequate or decentralized data, poor measurement tools and methodology, and nervousness and hesitation about evaluation among leadership.

Once administrators have the knowledge to seek out these possible inequities and identify them, the next critical step is generating broad public exposure and attention surrounding inequity's negative consequences. The political, economic, and moral dangers of inequity within a society should raise concern among public officials and individual citizens alike. Through collaboration with the media, public statements, reports to officials, and other actions, administrators can demonstrate their commitment to equity and continuously raise awareness regarding the impacts of inequity, ultimately giving stakeholders the knowledge and tools to normalize attention to equity issues and embed equity within policy considerations.

## References

Adler M (1981) Six great ideas. Collier Books, New York

Bartels L (2002) Beyond the running tally: Partisan bias in political perceptions. Polit Behav 24(2):117–150

Boyd G (2011) The drug war is the New Jim Crow. NACLA report on the Americas. American Civil Liberties Union. Retrieved from https://www.aclu.org/other/drug-war-new-jim-crow

Brunet J (2011) Social equity in criminal justice. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 165–187

Burgoon B (2006) On welfare and terror: social welfare policies and political-economic roots of terrorism. J Confl Resolut 50(2):176–203

Buss T, Ahmed U (2011) Social equity and development. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 56–76

CEPAL (2015) Annex IX: measuring poverty and inequality and indicators for identifying groups at risk. Retrieved from http://www.cepal.org/sites/default/files/project/files/annex_9_measuring_poverty_and_inequality.pdf

Drug Policy Alliance (2015) Drug war statistics. Retrieved from http://www.drugpolicy.org/drug-war-statistics

Falk J, Hampton G, Hodgkinson A, Parker K, Rorris A (1993) Social equity and the urban environment: report to the Commonwealth Environment Protection Agency. Commonwealth Environment Protection Authority, Commonwealth Government Printer, Canberra

Farkas G (2003) Racial disparities and discrimination in education: what do we know, how do we know it, and what do we need to know? Teach Coll Rec 105(6): 1119–1146

Frederickson HG (1990) Public administration and social equity. Public Adm Rev 50:228–237

Frederickson HG (2005) The state of social equity in American public administration. Natl Civ Rev 94(4): 31–38

Gershenson S (2015) The alarming effect of racial mismatch on teacher expectations. Brookings. Retrieved from https://www.brookings.edu/blog/brown-center-chalkboard/2015/08/18/the-alarming-effect-of-racial-mismatch-on-teacher-expectations/

Glaeser E, Resseger M, Tobio K (2011) Urban inequality. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 76–100

Gooden S (2014) Race and social equity: a nervous area of government. M.E. Sharpe, Armonk

Hart D (1974) Social equity, justice, and the equitable administrator. Public Adm Rev 34(1):3–11

Hayasaki E (2016) How poverty affects the brain. Newsweek Retrieved from http://www.newsweek.com/2016/09/02/how-poverty-affects-brains-493239.html

Holzer, H (2007). Collateral costs: the effects of incarceration on the employment and earnings of young workers IZA DP No. 3118

Hug R (2011) Social equity, health, and health care. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 121–165

Johnson N, Svara JH (2011) Justice for all: promoting social equity in public administration. Transformational trends in governance & democracy. M.E. Sharpe, Armonk

Kenworthy L, Smeeding T (2013) GINI: growing inequalities' impacts, Country Report United States. Retrieved from http://gini-research.org/system/uploads/443/original/US.pdf?1370077377

Kraus M, Anderson C, Callaghan B (2015) The inequality of politics: social class rank and political participation. Available at SSRN: https://ssrn.com/abstract=2600107

Larson S, Jacob B, Butz E (2016) Linking social equity and performance measurement: a practitioner's roadmap. San Antonio, TX, May 20–22

National Academy of Public Administration (2000) Standing Panel on Social Equity in Governance issue paper and work plan, November. http://www.napawash.org/aa_social_equity/papers_publications.html

National Healthcare Quality & Disparities Report (2007) U.S. Department of Health & Human Services. Retrieved from https://archive.ahrq.gov/qual/qrdr07.htm

Norman-Major K (2012) Balancing the four Es; or can we achieve equity for social equity in public administration? J Public Aff Educ 17(2):233–252

Norman-Major K, Wooldridge B (2011) Using framing theory to make the economic case for social equity: the role of policy entrepreneurs in reframing the debate. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 209–228

Nuffield Foundation (2011) Children's cognitive development is affected by long-term poverty, but NOT by family instability. Retrieved from http://www.nuffieldfoundation.org/news/children%E2%80%99s-cognitive-development-affected-long-term-poverty-not-family-instability

Piff P, Wilkinson R (2014) TED: what does inequality do to our bodies and minds? Retrieved from http://ideas.ted.com/what-does-inequality-do-to-our-bodies-and-minds-a-social-psychologist-and-an-epidemiologist-discuss/

Ravitch D (2016) When public goes private, as Trump wants: what happens? Retrieved from http://www.nybooks.com/articles/2016/12/08/when-public-goes-private-as-trump-wants-what-happens/

Rawls J (1971) A theory of justice. Belknap Press of Harvard University Press, Cambridge, MA

Rousseau J-J (1992) Discourse on the origin of inequality. Hackett Publishing Co., Indianapolis

Rutledge P (2002) Some unfinished business in public administration. Paper presented at the National Conference of the American Society for Public Administration, Phoenix. http://www.napawash.org/about_academy/rutledge_lecture.html

Saez E (2015) Striking it richer: the evolution of the top incomes in the United States. Retrieved from http://eml.berkeley.edu/~saez/saez-UStopincomes-2013.pdf

SCOTUS Blog (2010) Citizens United v. Federal Election Commission. Retrieved from http://www.scotusblog.com/case-files/cases/citizens-united-v-federal-election-commission/

Seth S, Conconi A, Alkire S (2014) Multidimensional poverty index 2014: brief methodological note and results. Oxford Poverty and Human Development Initiative. Retrieved from http://www.ophi.org.uk/wp-content/uploads/Global-MPI-2014-Brief-Methodological-Note-and-Results.pdf

Shafritz J, Russell EW, Borick CP (2007) Introducing public administration, 5th edn. Pearson Longman, New York

Sleek S (2015) How poverty affects the brain and behavior. Psychol Sci Retrieved from http://www.psychologi

calscience.org/observer/how-poverty-affects-the-brain-and-behavior#.WGbZmfkrLIV
Stiefel L, Schwartz A, Ellen I (2011) Racial test score gaps. In: Johnson N, Svara J (eds) Justice for all. M.E. Sharpe, Armonk, pp 121–165
Stilwell V, Lu W (2015) The 10 most unequal big cities in America. Bloomberg Markets. Retrieved from https://www.bloomberg.com/news/articles/2015-11-10/the-10-most-unequal-big-cities-in-america
Svara J, Brunet J (2005) Social equity is a pillar of public administration. J Public Aff Educ 11(3):253–258
Turner A (2016) The business case for racial equity. Natl Civ Rev 105(1):21–29
White G (2015) How race influences school funding. The Atlantic. Retrieved from http://www.theatlantic.com/business/archive/2015/09/public-school-funding-and-the-role-of-race/408085/
Wilkinson R (2011) TED Talks: how economic inequality harms societies. Retrieved from https://www.ted.com/talks/richard_wilkinson
Williams D, Collins C (2001) Racial residential segregation: a fundamental cause of racial disparities in health. Public Health Rep 116(5):404–416
Wooldridge B (2016) Personal communication
Wooldridge B, Gooden S (2009) The epic of social equity. Adm Theory Prax 31(2):222–234
World Bank (2006) World development report: equity and development. Retrieved from http://documents.worldbank.org/curated/en/435331468127174418/pdf/322040World0Development0Report02006.pdf
World Bank (2016) GINI index. Retrieved from http://data.worldbank.org/indicator/SI.POV.GINI

# Social Exclusion and Vulnerability in Crisis

John J. Kiefer
University of New Orleans, New Orleans, LA, USA

## Synonyms

Disasters; Hurricane Katrina; Social exculusion; Social vulnerability

## Definition

Social Vulnerability: The inability of people, organizations, and societies to withstand adverse impacts from multiple stressors to which they are exposed.

Disaster management has long been an essential role of the government. The US Constitution tasks states with the responsibility of public health and safety. Nonprofit organizations such as the Red Cross fulfill important emergency management roles as well, as does the faith-based community and the private sector. Initially, disaster planning research focused on infrastructure vulnerabilities, often neglecting some population groups. Yet scholars and emergency managers now recognize that in order to promote resilient and more adaptive societies, a better understanding of social vulnerability and subsequent vulnerability reduction is needed.

Vulnerable social groups are considered to be at risk due to poverty, physical disabilities, ethnicity, age, or substance abuse problems. Social exclusion, sometimes referred to as social marginalization, is defined as the social disadvantage to those individuals and communities who are often systematically blocked or denied rights, opportunities, and resources normally available to other groups. The rights can include rights to housing, employment, healthcare, and due process – all fundamental rights integral to the society (Silver 1994).

## What Is "Vulnerability?"

The definitions of social exclusion and vulnerability provide a complex, multidimensional delineation that can include many varying factors. Vulnerability can be described as the "characteristics of a person or a group and their situation that affect their capacity to anticipate, cope with, resist and recover from the impact of a natural or manmade hazard, defined as an extreme natural event or process" (Wisner et al. 2003). More broadly, vulnerability has been defined as a combination of factors that influence the extent to which livelihood, property, and other assets are at risk as a result of a discrete and identifiable event in nature or society. It has been argued that vulnerability is a term that is used to "describe

S

different factors that may adversely affect people's capacity to deal with the specific disaster." These factors include, but are not limited to, such characteristics as gender, age, disability, health status, and other contextual life stressors. These stressors can ultimately affect vulnerability and shape people's ability to cope with and survive in a disaster.

Physical vulnerabilities are a result of biological changes. The three major types include human, agricultural, and structural vulnerabilities. Human susceptibilities include vulnerability due to environmental extremes such as temperature, water pressure, and chemical exposures that can ultimately lead to death, injury, and/or illness. Agricultural vulnerability on the other hand refers to plants and animals. As with humans, animals can be exposed to extreme temperature, pressure, chemical and infectious agents. FEMA recognizes that agricultural vulnerability is more complex than human vulnerability.

## Social Exclusion

Those who are most vulnerable are also the ones who are often socially excluded from society. As early as 1963, a study found that a disproportionate number of African Americans died in Hurricane Audrey, which struck the US Gulf Coast on June 25, 1957. The study revealed that the death rate was 38 per thousand of the white population and a striking 322 per thousand for blacks.

Steven Koven argues in "Image Construction in the Wake of Hurricane Katrina" that:

> In the case of Hurricane Katrina various actors presented images that would ultimately shape citizen realities. The establishment of this reality in turn has significant consequences in regard to money, reputation, and professional careers. Viewed in this context, Katrina was much more than a devastating natural disaster but represented a professional disaster for some and moderate success for others. It can be viewed as an opportunity to view government agents in action, the media in a feeding frenzy, and the posturing of politicians. The action and interaction of each of these actors helped to create Katrina's enduring images. (Koven 2014, p. 333)

The images from Hurricane Katrina are seared into the nation's collective memory. The Brookings Institute concluded that 2005 New Orleans (prior to Katrina) had the second-highest rate of poor residents living in neighborhoods of extreme poverty. (In 2005 New Orleans ranked second, behind Fresno, California. "Extreme poverty" is defined as a situation where more than 40% of individuals had incomes below the poverty line). Still, Hurricane Katrina was not the first storm that the city had experienced. During Hurricane Betsy in 1965, the predominantly African American and working class neighborhoods, including the Lower 9th Ward, were catastrophically flooded when the levees at the Industrial canal breached. Again in 2005 the levees breached in four separate places, flooding the city, trapping tens of thousands of residents. (There were two breaches on the East side of the Industrial Canal – between North Galvez and North Roman Streets and at Florida Avenue flooding the lower 9th Ward. Two breaches on the west side of the Industrial Canal near France Road. Two Breaches on the London Avenue Canal, one close to Mirabeau Avenue and Warrington Drive and the other near Robert E. Lee Boulevard and Pratt Drive. These two breaches flooded parts of the west side of the Industrial canal through the Gentilly neighborhood. The final breach occurred at the 17th Street Canal near Belaire Drive between Stafford Place and 40th Street – flooding Lakeview, Mid City, Old Metairie, Jefferson, and parts of Uptown.)

And race was not the only vulnerability when Hurricane Katrina struck. Older people were among those who fared the worst. People aged 65 and older had higher rates of mortlity from this event than did any other age group. And yet the story of older people is one of the most underreported and least understood narratives of the storm (Gullette 2006; Sharkey 2007). Older people perished from drowning and from exposure, heat and dehydration. In the aftermath, many of those who were evacuated suffered life-threatening or deadly events.

In the end, the media coverage of the devastation wrought from Hurricane Katrina clearly demonstrated poignant examples of social exclusion

and vulnerability. These vulnerable populations could no longer be ignored. As Betty Morrow points out, vulnerability is often socially constructed and arises out of social and economic circumstances present in everyday life.

## The Consequences of Social Exclusion

As early as the 1950s, cultural anthropologists examined the social consequences of natural disasters in order "to search for cross-site invariances in disaster-related behaviors, and to codify these findings" (Torry et al. 1979, p. 518). Centered on natural disasters only, the studies included drought, hurricanes, volcanic threats, and flooding. It was concluded that disaster vulnerability is "engraved in routine events" and locational choices that place communities in the path of hazard agents.

The social consequences of disaster can be viewed in terms of people's ability to anticipate, cope with, resist, and recover from the effects of natural hazards. As with physical susceptibilities, social vulnerabilities have been categorized into psychosocial, demographic, economic, and political impacts. The experience of a disaster can cause a wide range of negative psychological effects such as fatigue, emotional signs of anxiety and depression, tics, confusion, impaired concentration, and attention deficit. These damaging psychological impacts have been labeled "emotion focused coping," where a portion of the population experiences a disruption in their social functioning. Vulnerable groups such as children, the elderly, and people with preexisting mental illness often need to be treated through crisis counseling after an event.

Other social impacts are economic. These can include the property damage caused by disasters that create losses in value. Although value can be measured by the direct cost of repair or replacement, these losses are difficult to determine because there is no single organization that tracks the data necessary to compute these values. Indirect costs, which arise from the interdependence of community subunits, are also included in social disaster impact research.

Evidence has shown that the political impacts of disaster often lead to social activism and political disruption especially "during the seemingly interminable period of disaster recovery" (FEMA 2008, p. 162). Generally, victims of disaster try to recreate their predisaster housing patterns. But these situations can often become problematic for their neighbors. Instances include victims of a hurricane attempting to site mobile homes on their lots or in designated zones in other municipalities while awaiting reconstruction of permanent housing; conflicts arise because such housing usually is considered a blight on the community; neighbors are afraid the "temporary" housing will become permanent, or will, even temporarily, shelter "undesirable" people.

## New Technologies for Identifying Community Vulnerability

New technologies may be helpful in identifying community vulnerability. In 2000, the social vulnerability index, or SVI, was created by the Agency for Toxic Substances and Disease Registry. The SVI shows "the resilience of communities when confronted by external stress on human health, stresses such as natural or human-caused disasters, or disease outbreaks" (Agency for Toxic Substances and Disease Registry 2013). Using Geospatial Research, Analysis & Services Programs (GRASP), the SVI was created to help emergency response planners and public health officials identify communities that would most likely need support before, during, and after a hazardous event. (GRASP provides leadership and expertise in concepts, methods, and tools of geospatial information science to public health research and practice in collaboration with scientists, public health partners, and researchers at the Center for Disease Control and the Agency for Toxic Substances and Disease Registry. This program is used to address environmental health and emergency preparedness using the promotion of geospatial technology (Agency for Toxic Substances and Disease Registry 2013).) Variables and descriptions have been updated from 2000 to 2010 to encompass a variety of social

**Social Exclusion and Vulnerability in Crisis, Table 1** Thirty-two original SoVI® variables and descriptions used in SoVI® 2000

| Variable | Description |
|---|---|
| QASIAN | Percent Asian |
| QBLACK | Percent black |
| QSPANISH | Percent Hispanic |
| QINDIAN | Percent Native American |
| QKIDS | Percent kids |
| QPOP65O | Percent of population over 65 |
| MEDAGE | Median age |
| QSSBEN | Percent social security beneficiaries |
| QPOVTY | Percent poverty |
| QRICH | Percent of households earning over $100,000 annually |
| PERCAP | Per capita income |
| QMIGRA | Percent of foreign born who are recent migrants |
| QFEMALE | Percent female |
| QFHH | Percent female headed households |
| NRRESPC | Nursing home residents per capita |
| HOSPTPC | Hospitals per capita |
| PHYSICN | Number of physicians per 10,000 people |
| QED12LES | Percent with less than 12th grade education |
| QCVLBR | Percent in civilian labor force |
| QCVLUN | Percent civilian unemployment |
| QURBAN | Percent urban population |
| QRFRM | Percent of population on rural farms |
| PPUNIT | People per unit |
| QRENTER | Percent renters |
| HODENT | Housing density |
| MHSEVL | Mean housing value |
| MCRENT | Mean contract rent |
| QMOHO | Percent mobile homes |
| QAGRI | Percent employment in extractive industries |
| QSERV | Percent employment in service industry |
| QTRAN | Percent employment in transportation and public utilities |
| QFEMLBR | Percent female participation in labor force |

vulnerability indicators as shown below (Tables 1, 2, and 3 represented here were taken directly from the Hazards & Vulnerability Research Institute website. http://webra.cas.sc.edu/hvri/products/sovi_details_2006.aspx.):

**Social Exclusion and Vulnerability in Crisis, Table 2** List of modifications and omissions to existing SoVI® 2000 variables in SoVI® 2006–2010

| Variable | Modifications |
|---|---|
| QSPANISH | Renamed QHISP |
| QINDIAN | Renamed QNATAM |
| QKIDS | Omitted and replaced by QAGEDEP |
| QPOP65O | Omitted and replaced by QAGEDEP |
| QSSBEN | Percent of households receiving social security beneficiaries (formerly individuals) |
| QRICH | Percent of households earning over $200,000 annually (formerly $100,000) |
| QMIGRA | Omitted and replaced with QESL |
| NRRESPC | Modified to percent of population living in nursing and skilled-nursing facilities (formerly computed per capita) |
| HOSPTPC | Omitted at block group and tract levels |
| PHYSICN | Omitted |
| QCVLBR | Omitted |
| QURBAN | Modified census definition (county, tract levels only) |
| QRFRM | Omitted |
| HODENT | Replaced by POPDENS |
| MHSEVL | Omitted and replaced by MDHSEVAL |
| MCRENT | Omitted and replaced by MDGRENT |
| QAGRI | Renamed QEXTRCT |
| QTRAN | Omitted |

Shortly after its development, the SVI was added to FEMA's HAZUS 1.4 software, released in 2009. With this addition, HAZUS-MH 1.4 added more social elements, such as the estimate of shelter requirements and the number of displaced households included in the risk assessment outcome. Other variations of the SVI are being studied to determine their suitability for serving as tools throughout the disaster cycle from mitigation and preparedness through response and recovery phases.

To better address social exclusion and vulnerability in crises, emergency planners must be able to identify the locations of their vulnerable populations. Vulnerability maps serve as effective tools for planners and managers in understanding how unique social groups may be at risk. Vulnerability maps serve as a way to pinpoint where high-risk groups may be concentrated. As a result

**Social Exclusion and Vulnerability in Crisis, Table 3** List of twenty-nine SoVI® 2006–2010 variables with descriptions

| Variable | Description |
|---|---|
| QASIAN | Percent Asian |
| QBLACK | Percent black |
| QHISP | Percent Hispanic |
| QNATAM | Percent Native American |
| QAGEDEP† | Percent of population under 5 years or 65 and over |
| QFAM† | Percent of children living in married couple families |
| MEDAGE | Median age |
| QSSBEN | Percent of households receiving social security |
| QPOVTY | Percent poverty |
| QRICH200K | Percent of households earning greater than $200,000 annually |
| PERCAP | Per capita income |
| QESL† | Percent speaking English as a second language with limited English proficiency |
| QFEMALE | Percent female |
| QFHH | Percent female headed households |
| QNRRES | Percent of population living in nursing and skilled-nursing facilities |
| HOSPTPC | Hospitals per capita (county level ONLY) |
| QNOHLTH† | Percent of population without health insurance (county level ONLY) |
| QED12LES | Percent with less than 12th grade education |
| QCVLUN | Percent civilian unemployment |
| PPUNIT | People per unit |
| QRENTER | Percent renters |
| MDHSEVAL† | Median house value |
| MDGRENT† | Median gross rent |
| QMOHO | Percent mobile homes |
| QEXTRCT | Percent employment in extractive industries |
| QSERV | Percent employment in service industry |
| QFEMLBR | Percent female participation in labor force |
| QNOAUTO† | Percent of housing units with no car |
| QUNOCCHU | Percent unoccupied housing units |

Daggers (†) notate new variables in SoVI® 2006–2010
Note: QSPNEEDS (Percent of population with a disability) was included in SoVI® 2005–2009 but excluded from SoVI® 2006–2010 because estimates were not available for all counties

of their use, first responders and emergency managers can make better-informed estimates about community need during a crisis response.

## Conclusion

There is no doubt that certain groups are highly vulnerable to a disaster. In mitigating and planning for emergencies, federal, state, and local authorities must identify physically and socially vulnerable communities to better-provide those residents increased and tailored assistance throughout a disaster. Emergency managers must know their communities. This means knowing where those with physical disabilities are, where those without transportation are located, where those with linguistic differences live, and identifying the many other groups who may be disparately impacted by disaster so that humane and effective strategies can be implemented. Hurricane Katrina certainly demonstrated that emergency management plans need to be living, breathing, working, flexible documents and must pay special attention to those who may bear the highest burden.

## Cross-References

► Cultural Approach to Crisis Management
► Inclusive Emergency Management

## References

Gullette MM (2006) Katrina and the politics of later life. In: Hartman C, Squires GD (eds) There is no such thing as a natural disaster. Routledge, New York

Koven SG (2014) Image construction in the wake of Hurricane Katrina. In: Farazmand A (ed) Public administration and public policy: crisis and emergency management: theory and practice, 2nd edn. Taylor & Francis Group, LLC, Boca Raton, pp 333–348

Sharkey P (2007) Survival and death in New Orleans: an empirical look at the human impact of Katrina. J Black Stud 37(4):482–501

Silver H (1994) Social exclusion and social solidarity. Int Labour Rev 133:531–578

Torry W, Anderson WA, Bain D, Otway HT, Baker R, D'Souza F, O'Keefe P, Osterling JP, Turner BA, Turton D, Watts M (1979) Anthropological studies in hazardous environments: past trends and new horizons. Curr Anthropol 20:517–540
Waquant L (2008) Urban outcasts: a comparative sociology of advanced marginality. Polity Press, Cambridge
Wisner B, Blaikie P, Cannon T, Davis I (2003) At risk: natural hazards, people's vulnerability and disasters, 2nd edn. Routledge, London

## Social Impact

Gianluca Antonucci and Michelina Venditti
DEA – G. d'Annunzio University of Chieti-Pescara, Chieti-Pescara, Italy

### Synonyms

Nonfinancial performance; Social change; Social innovation; Social value

### Definition

Social impact provides evidence that an organization's activity leads to a real and tangible benefit to other people, the community, or the environment.

### Introduction

In its broad definition, social impact aims at measuring the consequences of a human activity in the context in which it is designed, developed, and implemented. The origin of the concept may be dated back to the end of the 1960s, when some agencies and organizations started to analyze the consequences that large scale interventions, like main infrastructures or plants, had or might have on the equilibrium of the environment.

In terms of the work of nonprofit organizations, social impact is a relatively new concept, descending from the fact that, over the last decades, its definition moved toward a concept regarding the search for tools for planning projects and evaluating initiatives and actions which have important positive impacts on people's lives, communities, countries, or society in general. Therefore today social impact deals with the definition of tools and instruments for demonstrating and accounting the impact of social programs and projects developed by nonprofit organizations with respect to their institutional social mission and mission-related goals. Nowadays the real challenge regarding social impact is the search, by nonprofit organizations, for valid tools and techniques for social impact assessment, measurement, and communication, both at an ex ante level in planning new projects, initiatives, and so on and at an ex post level, when it is necessary to demonstrate and "account" that the socially responsible planned action has given the expected results in terms of positive impacts upon the target and/or in general on people's well-being.

Considering all the abovementioned aspects, this entry is sectioned in three parts. The first one describes the origin of the concept of social impact and the initial development of social impact assessment as set of tools for evaluating the consequences (positive and/or negative) of human projects/actions in a specific context or toward a specific target. The second one describes the "shift," occurred since the 1980s, that the concept of social impact had from the evaluation of a project to the evaluation of socially committed organizations – being the major of them constituted by new typologies of nonprofit organizations like social economy organizations, social enterprises, and civil society organizations – in achieving their institutional aims. In particular in this section are described (1) the difference in measuring output (what has been produced) and outcome (the impact consequent to the production of the output) and (2) the definition of the Social Return on Investment as a valid tool for measuring the "added value" of "investments" (in the broad sense of the term from simple donations to complex philanthropic initiatives) in social activities. The third section underlines the strict relation between the necessity of measuring the results achieved by a nonprofit organization, showing outcome, and the achieved impact through proper

indicators, illustrating as these organizations need Social Accounting principles in order to account the achievement of their mission.

## The Origin: Social Impact

The first one to use the locution social impact was Donald Campbell (1957) who used it, from 1957 onward, in his works regarding the themes about validity of actions in the field of social science experiments. But a part from its relevance in the field of social science methodology, Campbell's heritage, in the definition of social impact, refers to the fact that, for the first time, it was stated that it is important to note the effects caused by an exogenous introduction of a disruption into a system, in terms of the changes it produces in the system itself.

It has been also observed that the roots of social impact may lie in researches carried out since the 1950s by anthropologists and sociologists who feared that proposed developments might have serious negative side effects (Barrow 2000). In this sense social impact can be seen as the effects, or consequences, of an action that intentionally or unintentionally changes the status quo of a complex system.

The arguably "first" definition of social impact, at a mandatory level, that is in a proper definition in a law specifically aimed at accounting for social impact, can be found in the formal requirements of the 1969 National Environmental Policy Act (NEPA) enacted in the United States, which declared a national policy to encourage productive and enjoyable harmony between man and his environment, promoting efforts to prevent or eliminate damages to the environment and biosphere and stimulate the health and welfare of man.

Indeed, although Burdge and Vanclay (1995) argued that the consideration of social impacts existed long before NEPA, it is also true that social impact assessment (SIA), "formalized in terms of legal requirements and/or as part of normal project planning, is linked to the spread of NEPA-like legislation and thinking around the world" (Esteves et al. 2012, p. 34). Since the mid-1970s, an increasing number of academic articles and professional guidelines have been published with the aim of clearly defining and coding SIA. By the analysis of them (Esteves et al. 2012) enucleated the following aims of SIA:

- Creating participatory processes and deliberative spaces to facilitate community discussions about desired futures, the acceptability of likely impacts and proposed benefits, and community input into the SIA process, so that there can be a negotiated agreement with a developer based on free, prior, and informed consent
- Gaining a good understanding (i.e., profiling) of the communities likely to be affected by the policy, program, plan, or project including a thorough stakeholder analysis to understand the differing needs and interests of the various sections of those communities
- Identifying community needs and aspirations
- Scoping the key social issues (the significant negative impacts as well as the opportunities for creating benefits)
- Collecting baseline data
- Forecasting the social changes that may result from the policy, program, plan, or project
- Establishing the significance of the predicted changes and determining how the various affected groups and communities will likely respond
- Examining other options
- Identifying ways of mitigating potential impacts and maximizing positive opportunities
- Developing a monitoring plan to inform the management of change
- Facilitating an agreement-making process between the communities and the developer ensuring that principles of free, prior, and informed consent (FPIC) are observed and that human rights are respected, leading to the drafting of an impact and benefit agreement (IBA)
- Assisting the proponent in the drafting of a social impact management plan (SIMP) that puts into operation all benefits, mitigation measures, monitoring arrangements, and governance arrangements that were agreed to in the

IBA, as well as plans for dealing with any ongoing unanticipated issues as they arise
– Putting processes in place to enable proponents, government authorities, and civil society stakeholders to implement arrangements implied in the SIMP and IBA and to develop their own respective management action plans and embed them in their own organizations, establish respective roles and responsibilities throughout the implementation of those action plans, and maintain an ongoing role in monitoring (Esteves et al. 2012, p. 35)

According to the abovementioned definitions and classifications, it is important to note that, over the decades, from the initial definition given in NEPA in 1969, until nowadays, SIA became not anymore a regulation to be respected but a real "discipline," aiming at improving project planning development and implementation, especially for what concerned the well-being of affected people (Vanclay 2014). In this sense SIA enlarged its field. Indeed, starting from the analysis of impacts on population, employment, housing, etc., the range of social and economic variables, analyzed through SIA, has expanded over the years, paying attention also to other aspects, such as contexts of indigenous populations, forced resettlement, impacts on physical and psychological health and well-being, and so on having in this way a "new" consideration of long-term impacts related to community sustainability.

## The "Shift" from Project Planning to Impact Evaluation of Socially Responsible Organizations, Mainly Constituted by Nonprofit Organizations

### The World Bank Definition About the Relevance of Measuring Outputs and Outcomes of a Project

From its initial consideration about negative impacts as consequences of infrastructures, plans, and projects, first on the environment and then on social communities, social impact evaluation started to be considered as a useful tool for the definition of projects in developing countries.

The first important input in this sense was given by the analysis run by the World Bank, which stated that project evaluation could help in the selection and design of future projects financing activities run by nonprofit organizations in developing countries. Thus impact evaluation was seen as a tool to estimate the "net impacts of a project on the target population, by comparing the conditions of the affected groups after the project has taken place with what they would have been without the project" (World Bank 1987, p. 5). In this sense World Bank could choose to finance the best social initiative among different ones proposed by different nonprofit organizations.

In defining tools for estimating the goal achievement of financed social initiatives, the World Bank underlined a main difference in analyzing a project in terms of social impact. In fact it stated that a project can be evaluated by considering both internal and external efficiency and validity.

The former, having a specific focus on the project *outputs*, assesses project activities by considering, first of all, the correspondence of the delivering and using of the assigned resources with the approved aims and timing stated in the planned project, paying attention to cost-effectiveness relationship.

The latter, having a specific focus on the project *outcomes*, assesses the achievement of intended impacts, providing feedbacks on aspects such as the extent of achieved goals, the level of accessibility by the target population, and the efficiency in the implementation of the different project aspects. In synthesis it evaluates the proficiency of the project in achieving its objectives.

In defining social impact in terms of achieved results, World Bank outlined three main dimensions for the impact assessment in terms of outcomes (World Bank 2003):

– *Social inclusion*, seen as the removal of institutional barriers and the enhancement of

incentives to increase the access of diverse individuals and groups to development opportunities. In this sense the considered variables might be:
- Access to public goods and services generated by the project
- Access to market opportunities created by the project
- Access to information
- *Empowerment*, seen as the enhancement of assets and capabilities of diverse individuals and groups to function, and to engage, influence and/or hold accountable the institutions that affect them. In this sense the considered variables might be:
- Enhancement of physical or financial assets
- Strengthening of capabilities in the form of human or social capital
- Increased voice and participation in the project
- Increased transparency and accountability
- *Security*, which encompasses improved management of the social risks arising out of development interventions. In this sense there might be considered variables such as:
- Mitigating the adverse impacts of resettlement
- Security of property
- Rule of law
- Addressing social tensions and conflict
- Increased social cohesion/social reintegration (World Bank 2003, p. 2)

World Bank indications laid the basis for the necessity to identify tools to measure both outputs and outcomes in the development of any project/initiative aimed at improving the conditions of a target population. Thanks to the inputs given by the World Bank, together with the large increase in the number of nonprofit organizations, as well as the diffusion of different concepts and indications regarding socially committed firms and initiatives, the issue of social impact has gradually evolved opening a "new field" aiming at looking for measures to ensure that a socially committed organization achieves its mission by implementing activities that lead to a real and tangible benefit to other people, a community, or the environment.

## Social Return on Investment (SROI) as a Tool for Measuring and Account Social Impact Achieved by New Typologies of Nonprofit Organizations

A turning point in seeking for measures to ensure that a nonprofit organization has achieved its mission in the best possible way, by implementing activities that lead to a real and tangible benefit to other people, a community, or the environment, can be found in the definition and classification of the Social Return on Investment (SROI). Although the issue of seeking measures to demonstrate the goal achievement by nonprofit organizations started to be investigated by the end of the 1980s, it was not easy to find a tool able to put together aspects like the measuring of the impact and the necessity to account the validity, in terms of efficiency and effectiveness, of the path followed to achieve the goal. An important milestone in this path was achieved in 1996 with the publication of "New Social Entrepreneurs: The Success, Lessons, and Challenge of Non-Profit Enterprise Creation" by the Roberts Enterprise Development Fund (REDF), which, from 1997 to 1998, applied its new method to 23 social enterprises (that is the "new frontier" of nonprofit organizations. See the entry "Definition of Nonprofit Organizations") owned and operated by seven nonprofit organizations in the San Francisco area. REDF then launched the SROI Project from 1998 to 2000, which concluded with the release of the first REDF Portfolio Report, and shared all the findings in specific templates and detailed examples.

Although in the last decade REDF rethought its SROI definition through the implementation of the Good Ship SROI (Javits 2008) arriving, in 2015, at the publication of the report on economic self-sufficiency and life stability (Rotz et al. 2015), there is no doubt that SROI thinking and methodology changed the way of thinking and acting of both nonprofit organizations managers and stakeholders, thanks to the definition and implementation of a method for measuring nonprofit organizations' impact through the use of specific accountability tools.

The demonstration of achieved results, through accountability tools, still represents an important

current issue for nonprofit organizations which – as it will be explained in the next section of this entry – 'compete' one against the other in increasing both fund-raising and people-raising through proper information reports for their stakeholders. Indeed since the end of the 1970s, in the field of nonprofit – thanks to the great development of the new typologies of nonprofit organizations (like social economy organizations, social cooperatives, social enterprises. See the entry "Definition of Nonprofit Organizations") which were much more oriented than old ones (like charities, philanthropic organizations, voluntary organizations. See the entry "Definition of Nonprofit Organizations") toward efficiency and effectiveness – there has been an always greater interest in finding proper tools for the accountability of the results achieved by these organizations. Indeed also if nonprofit organizations have always been accountable, about their mission, toward their stakeholders, the great development of the new typologies of nonprofit organizations led to an increase in accountability demands having funders, donors, and other stakeholders expecting measureable evidences of impact with respect to the mission.

Therefore all interested stakeholders started to demand, beyond operational accountability, also a proper reporting about the impacts achieved by the nonprofit organization to which they gave funds. In synthesis stakeholders asked nonprofit organizations to give evidence, through specific tools, about the social return of the used giving they received, being thus able to document the added value, in terms of impact, of an investment made in philanthropic activities.

The fundamental premises for SROI were "First, that a philanthropic dollar invested in the social mission of a nonprofit today generates future economic and social returns in excess of the initial value of that dollar; and Second, that social purpose enterprises – and many tax-exempt, nonprofit organizations – are creating significant value for society which goes largely undocumented and is vastly under-appreciated" (Emerson et al. 2000, p. 135).

In this sense the consideration is that, the value creation, for these organizations, can be analyzed in three subsequent units of measure, ranging from purely Economic, to Socio-Economic, to Social (Emerson et al. 2000).

The first is the result given measuring the difference in value between used inputs and generated outputs and can be measured by the difference in values expressed by the market.

There is a Social Value when the combination of resources, inputs, processes, or policies generates progresses in the lives of individuals or society as a whole. It can be considered as the essence of most nonprofit activities, but it is also the most difficult value to be measured because in most cases (for instance, advocacy activities, anti-discrimination activities, empowerment activities), it is difficult to agree upon or quantify its intrinsic value.

Socio-Economic Value starts from Economic Value principles trying to use the same logic also for measuring and give accounts about elements concerning social value. An organization achieves Socio-Economic Value when, through its activity, it both can increase the value of the used inputs and can also generate benefits for the public system or environment. In this sense "The core SROI analysis, as presented by REDF, does not attempt to definitively quantify and capture all aspects of the benefits and value that accrue as a result of a successful program, but rather to identify direct, demonstrable cost savings or revenue contributions that result from that intervention. And, with that documentation in place, an SROI analysis argues that the non-profit should be at least partially compensated and/or credited for the value it creates in the market place" (Emerson et al. 2000, p. 138).

An SROI analysis, as conceived by REDF:

- "examines a social service activity over a given time frame (usually 5–10 years);
- calculates the amount of "investment" required to support that activity and analyses the capital structure of the non-profit that is in place to support that activity;
- identifies the various cost savings, reductions in spending and related benefits that accrue as a result of that social service activity;

– monetizes those cost savings and related benefits (that is to say, calculates the economic value of those costs in real dollar terms);
– discounts those savings back to the beginning of the investment timeframe (referred to as "Time Zero") using a net present value and/or discounted cash flow analysis; and then
– presents the Socio-Economic Value created during the investment time frame, expressing that value in terms of net present value and Social Return on Investment rates and ratios" (Emerson et al. 2000, p. 139).

The REDF model was constructed upon a "blended value" model where organizations could both achieve economic success and maximize social benefits. It is indeed a framework able to assess and report about a comprehensive idea of value greater than the "simple" economic one considering social, environmental, and economic costs and benefits.

In some sense the SROI has "closed the loop" for the definition of social impact for nonprofit organizations in that, besides the already defined aspects of the measurement of output (what has been done/produced) and outcome (the relevance/consequence of the output in a system), it has added the measuring of the impact, as an added value, that is the extent – being able to define also a value for money measure – of what the benefit of an action/project/initiative has been compared to what it would have been if the pre-existent status quo had remained.

## Current Issues in Social Impact Assessment and Measurement for Nonprofit Organizations

The last decades saw a great increase both in the number and in the different typologies of nonprofit organizations (see the entry "Definition of Nonprofit Organizations"); nowadays nonprofit organizations deal with a lot of different issues having very different aims, from the help to disadvantaged people to the protection of the environment, passing through advocacy initiatives. This led to a situation in which different nonprofit organizations, in a certain sense, "compete" against each other to increase both fund-raising (donations) and people-raising (voluntary workers) as well as legitimacy both toward the public system and – although to a relatively lesser extent – the market. The demonstration and accountability of social impact is thus becoming increasingly important.

Moreover, since the beginning of the 1990s, the idea of social commitment has also "spread" increasingly among for-profit companies, which have started showing their stakeholders that their activities are run taking into appropriate account the consequences of these and their deriving social impact. The measurement of social impact through reliable tools and techniques has thus become a key issue since the early 2000s.

In the second part of the previous section, it has been showed, although now modified also by REDF, SROI represented a milestone in the development of tools for measuring and accounting the social impact achieved by initiatives and projects run by nonprofit organizations. During the last decade, following the principles at the base of the development of SROI, other methods have been shaped underlying different aspects in developing a tool for measuring and accounting social impact. In this last section, there will be presented the principal statements of two recent method catalogues aiming at analyzing the different widespread techniques trying to enucleate the principal elements and steps for a sound social impact evaluation and reporting.

Considering this copresence of methods, the Rockefeller Foundation's ProVenEx fund launched the "Double Bottom Line Project" (DBLP) with the aim of providing both donors and organizations in having a comprehensive method to estimate and account the social impacts of the implemented activities. The DBLP led to the publication, in 2004, of a method catalogue (Clark et al. 2004) which represents a first important analysis of different widespread techniques. In fact the authors outlined how, despite the increasing interest in more tangible accountability for social impact, there was not yet any comparable standard as in financial reporting systems. Starting from the consideration that there were

and are, however, several entrepreneurs and stakeholders interested in measuring and reporting about achieved social impacts, the authors conducted in-depth interviews with funders aiming to document, define, and report on the nonfinancial performance of their activities, thus creating a method catalogue based on concrete experiences. In particular, the DBLP catalogue analyzed and assessed the following used methods and techniques for social impact measurement and accountability: Theories of Change, Balanced Scorecard (BSc), Acumen Scorecard, Social Return Assessment, AtKisson Compass Assessment for Investors, Ongoing Assessment of Social Impacts (OASIS), Social Return on Investment (SROI), Benefit-Cost Analysis, and Poverty and Social Impact Analysis (PSIA).

The DBLP analyses combined definitions where possible and redefined some essential terms, thus developing the impact value chain (IVC). The IVC's usefulness as a method for different assessment problems can be evaluated according to two essential factors: (1) *feasibility*, the extent to which measurement tools are useful and applicable considering the context of the organization and the initiative to be run, and (2) *credibility* – the extent to which the approach is sufficiently rigorous and exhaustive to provide measures that are credible to relevant third parties. The IVC incorporates the following variable categories for the assessment of a social impact method evaluation:

- "*inputs*: the resources (money, staff time, capital assets, etc.) required to operate the venture or organization;
- *outputs*: indicators and other measurable variables from an organization's operations that management can directly measure;
- *outcomes*: specific changes in attitudes, behaviors, knowledge, skills, status, or level of functioning that result from enterprise activities, such as finding a job, avoiding getting sick, or reducing emissions by a certain amount;
- *impact*: the difference between the outcome for a sample exposed to an enterprise's activities and the outcome that would have occurred without the venture or organization.
- *goal alignment*: the management process of evaluating whether outcomes or impacts met desired goals and determining what can be done to improve operations" (Clark et al. 2004, p. 14).

The DBLP analysis defines also the *applicability to lifecycle stages*, which indicates the range of venture stages for which each analyzed method seems most appropriate.

Another important step forward in providing tools for a more tangible accountability for social impact, looking for comparable standards, is represented by the work done by The European Venture Philanthropy Association (EVPA), which, in the second annual EVPA survey of Venture Philanthropy and Social Investment in Europe released in 2013 (run collecting data on 61 Venture Philanthropy Organizations (VPOs), reinforced the importance of social impact measurement by underlining the following important findings:

- There is increased attention to measuring social impact.
- VPOs still focus on outputs more than outcomes or impact.
- There is still a lack of standardization, indicating a high degree of fragmentation in the use of impact measurement tools and systems.
- Impact measurement is not fully integrated into the decision-making process (Hehenberger and Harling 2013).

On the one hand, the results of this survey combined with workshop experiences among EVPA associates underscore the need for additional clarity and guidance regarding social impact measurement. On the other hand, EVPA analyses of existing resources for impact measurement and direct experiences working with VPO and social investors (SI) revealed, similar to the DBLP, that most methods and tools for measuring impact share a general framework.

Based on these findings, the EVPA published a manual based on the IVC that set forth a five-step framework as a guide for a social impact process definition (Hehenberger et al. 2013). The five

steps to adhere, according to the EVPA's manual, are briefly described hereafter:

1. *Setting Objectives*: Before starting with any evaluation, it is preliminarily necessary to set the scope of the impact analysis (why and for whom), the level (portfolio of social investments/individual social enterprise), and what the desired social change is. Objectives should be set at:
   - Level of VPO/SI (defining scope of impact measurement and the overarching social objectives the VPO/SI wants to achieve)
   - Level of investee (social issue to be solved, inputs/activities, expected outcomes)
2. *Analyzing Stakeholders*: Considering the different interests and different typologies of involved stakeholders, EVPA's methodology suggests to rank the multitude of potential stakeholders in order of priority, weighing their contribution to the completeness of the analysis against the resources required and analyzing their inputs (if any), activities, and potential outputs. Thus considering:
   - Level of VPO/SI (employees, board of directors, investors/donors)
   - Level of investee (direct and indirect contributors and beneficiaries)
3. *Measuring Results – Outcome, Impact, and Indicators*: Results must be clearly described and measured distinguishing the output, outcome, and impact that derive from organization's activity for its key stakeholders and understanding how different types of indicators can be used to map the social result of the organization's work.
   - Level of VPO/SI (based on the objectives of VPO/SI, it is possible to map results and consider portfolio-level indicators)
   - Level of investee (outputs, outcomes, impact, and indicators relating to the objectives of the social purpose of the organization)
4. *Verifying and Valuing Impact*: The last component of the circle is given verifying that the impact is not too subjective and whether it indeed was valued by the key stakeholders, considering quantitative and/or qualitative methods (by calculating the social value of an investment or otherwise) and comparing the results of the work against relevant benchmarks.
   - Level of VPO/SI (was nonfinancial support provided to investees, valued by the investee, etc.)
   - Level of investee (verifying and valuing impact for key stakeholders)
5. *Monitoring and Reporting*: At the end of the evaluation process, it is important to demonstrate, communicate, and share information. It is thus important to collect data and devise a system to store and manage the data as well as integrate this information into overall operations and report the data to relevant stakeholders.
   - Level of VPO/SI (what systems are required to collect, store, and manage data, reporting formats)
   - Level of investee (collection, management, and reporting requirements for the social purpose of the organization) (Hehenberger et al. 2013.

## Conclusion

Social impact is an important issue for nonprofit organizations that want to demonstrate, account for, and communicate the achievement of their missions. The problem is that it is not easy to measure social goals whether assessments are made at an ex ante stage, when deciding about investing resources in a project or activity or even a single action, or at an ex post stage – when it is necessary to demonstrate that the implemented project, activity, or action has achieved its aims.

The importance of the ex post level also depends on the fact that a nonprofit organization which demonstrates that it has achieved, and is achieving, its aims and targets can increasingly enlarge its credibility and, in this way, increase its chances of obtaining resources for future activities.

The last section of this entry showed that the measurement of social impact by non-profit

organizations still lacks a unique comparable standard as the one used in financial reporting systems, because – despite the ambitious aim of the two method catalogues presented above – there is not yet a common shared set of principles, techniques, and indicators. Nevertheless, the demand for metrics has increased because nonprofit organizations need to demonstrate, in a reliable way, their impact to funders, partners, and beneficiaries. Metrics to meet these needs have proliferated resulting in several competing methods for calculating social value. Despite the enthusiasm for metrics, few nonprofit organizations use sophisticated metrics (Mulgan 2010).

Indeed in the last decades, there have been many improvements in measuring outputs and outcomes, but there is still a long way to go for impact measurement, especially considering that impacts are different because, as showed in the previous sections of this entry, nonprofit organizations deal in tackling a wide range of problems and issues like social inclusion, empowerment, advocacy, community development, environment protection and also because nonprofit organizations are different both in size and aims. In a such complicated reality, it seems very difficult to reach an agreement on a common reporting framework that is acceptable to all relevant stakeholders (Gibbon and Dey 2011).

In conclusion it is possible to affirm that the next years will see an increase of new studies and projects, both by academics and nonprofit organizations' practitioners, in order to define a unique accepted method for social impact measurement.

## Cross-References


- ▶ Needs Assessment and Nonprofit Organizations
- ▶ Performance Crisis
- ▶ Program Evaluation
- ▶ Social Accounting
- ▶ Social Economy, Social Accounting, and NP Organizations
- ▶ Social Innovation


## References


Barrow CJ (2000) Social impact assessment: an introduction. Arnold, London

Burdge R, Vanclay F (1995) Social impact assessment. In: Vanclay F, Bronstein D (eds) Environmental and social impact assessment. Wiley, Chichester, pp 31–66

Campbell DT (1957) Factors relevant to the validity of experiments in social settings. Phsychol Bull 54:297–312

Clark C, Rosenzweig W, Long D, Olsen S (2004) Double bottom line project: assessing social impact in double bottom line ventures. Available at riseproject.org/DBL_Methods_Catalog.pdf . Last viewed Dec 2016

Emerson J, Wachowicz J, Chun S (2000) Social return on investment: exploring aspects of value creation in the nonprofit sector, The Roberts Foundation www.redf.org available at http://redf.org/wordpress/wp-content/uploads/2013/10/REDF-Box-Set-Vol.-2-SROI-Paper-2000.pdf. Last viewed Dec 2016

Esteves AM, Franks D, Vanclay F (2012) Social impact assessment: the state of the art. Impact Assess Project Appraisal 30(1):34–42

Gibbon J, Dey C (2011) Developments in social impact measurement in the third sector: scaling up or dumbing down? Soc Environ Acc J 31(1):63–72

Hehenberger L, Harling A (2013) European venture philanthropy and social investment 2011/2012, EVPA. Available at: www.philanthropy-impact.org/sites/default/files/downloads/Online_EVPA-Survey_2011_2012.pdf. Last viewed Dec 2016

Hehenberger L, Harling A, Scholten P (2013) A practical guide to measuring and managing impact, EVPA available at: www.oltreventure.com/wp-content/uploads/2015/05/EVPA_A_Practical_Guide_to_Measuring_and_-Managing_Impact_final.pdf. Last viewed Dec 2016

Javits CI (2008) REDF's current approach to SROI, REDF publications. Available at http://redf.org/app/uploads/2013/10/REDFs-Current-Approach-to-SROI-Opinion-Paper-2008.pdf. Last viewed Jun 2017

Mulgan G (2010) Measuring social value. Stanf Soc Innov Rev 8(3):38–43

Rotz D, Maxwell N, Dunn A (2015) Economic self-sufficiency and life stability one year after starting a social enterprise job, jointly published by REDF and Mathematica Policy Research. Available at http://redf.org/app/uploads/2015/02/REDF-MJS-Final-Report.pdf. Last viewed Jun 2017

Vanclay F (ed) (2014) Developments in social impact assessment. Edward Elgar, Cheltenham

World Bank (1987) A manager's guide to monitoring and evaluating urban development programs: a handbook for program managers and researchers. World Bank Technical Paper Number 54. World Bank, Washington, DC

World Bank (2003) Social analysis sourcebook: incorporating social dimensions into bank-supported projects social development department. World Bank, Washington, DC

# Social Impact Bond

Vickie Tyler Carnegie
University of Central Florida, Orlando, FL, USA

## Synonyms

Impact investment; Pay for Success bonds; Pay for Success financing; Social benefit bonds; Social bonds; Social policy bonds

## Definition

Social impact bond: form of impact investment in which investors fund evidence-based programs. If the funded interventions are successful, the sponsor is rewarded with a return on the initial investment. However, if the intervention fails, no repayment is required.

## Introduction

Social impact bonds (SIBs) are a means to provide funding for social service interventions. These tools of governance have the capacity to generate scalable solutions to complex issues vexing society, particularly in the areas of public health and safety, prison recidivism, homelessness, substance abuse, child welfare, mental health, and education. This innovative financing approach marries private sector, philanthropy, government, and nonprofit entities in hopes of eradicating problems which plaque communities. Innovative finance tools such as SIBs use the investment of money by private sector entities to foster effective social solutions for more resilient communities. SIBs facilitate public betterment through financing high-impact social welfare interventions while also contributing strong financial returns to investors. Programs funded with SIBs must be evidence based, providing a scientifically proven highly effectual service to a community (Social Finance 2014). SIBs allow for these special interventions to be funded by the private sector. If the programs are successful, the private entity is repaid at a pre-agreed upon sum of interest. If the strategies are ineffective, repayment is not required. SIBs ensure adequate monies are available to fund social welfare programming, help to incentivize effective interventions, and accelerate the rate at which individuals can receive needed services.

## What Are Social Impact Bonds?

Social impact bonds (SIBs) are a relatively new tool of government. Social impact bonds engage the collective action of the government, nonprofit sector, and private agencies to deliver more effective social programs for issues challenging communities. Specifically, SIBs can positively impact interventions in the areas of public health, substance abuse, mental health, public safety, prison recidivism, homelessness, child welfare, and education. Through SIBs, a potentially promising, often untested, social intervention is funded upfront with private sector and/or philanthropic capital (Social Finance 2014). The intervention must be an "evidence-based practice," which entails the clinical provision of services based upon scientifically proven, highly effectual standards and values.

Social impact bonds are a form of impact investment (Government of South Australia n.d.). Impact investments involve the financing of a business, organization, or company to promote positive societal or environmental change while also accruing monetary gain. Such investments are made with the intention of creating measurable social impacts upon a community's most vexing problems while also experiencing a preestablished financial rate of return for an investor (Government of South Australia n.d.). The government pays back investors with a bonus, if the outcome targets are achieved (Lower-Basch 2014). The decision as to whether a target is achieved is based upon the results of an independent evaluation (Social Finance 2014). If the stated targets are not met, investors are not repaid (Social Finance 2014).

The term, "social impact bond," is in reality a misnomer (Burton 2014). SIBs are not bonds in

the traditional sense but are private sector financing agreements which do not require government issuance of debt (Haglund 2013). Typically, when a loan is taken from a bond holder, the borrower is responsible for repayment with interest (Eames et al. 2014). In SIB programs, funding is secured through investors; the government agency only repays the initial expenditures, with interest, if contractual obligations are met (Eames et al. 2014). The rationale behind SIBs is to pay only for services that work. SIBs have been used with success internationally and in programs designed to reduce homelessness and prison recidivism, as well as in early childhood education and child health strategies (Cabinet Office 2013).

## How Social Impact Bonds Work

Social impact bonds are the result of government responding to social or human service issues. The process begins by the government identifying a problem needing a solution for the well-being of the community of citizens. The government makes requests for proposals based upon this issue. A private sector financing intermediary creates a social impact bond-issuing organization (SIBO) (Haglund 2013). The SIBO develops the structure, raises the capital, and manages the project (Haglund 2013). Generally, the SIBO is facilitated in doing this by using nonprofit social service agencies which provide the necessary expertise in working with at-risk clientele and the target populations (Loth 2012). The SIBO supplies these agencies with money upfront and contracts with service providers to provide evidence-based interventions for the social issue being addressed (Haglund 2013). The agencies are given perimeters and preset goals to identify when the program can be considered as successful. An outside advisor (independent evaluator) monitors the progress of the social service agency in meeting these established outcome measures and makes modifications, if necessary (Haglund 2013). This internal performance management component is integral in ensuring accountability and achieving proposed goals. An independent assessor or evaluator then determines from the results whether targets have been reached (Haglund 2013). If they have been attained, investors profit. If the preset goals have not been reached, the initial investment does not have to be repaid.

## Benefits of Social Impact Bonds

Social impact bonds promote stable, long-term funding of projects (Fletcher 2013). In the current financial environment, where budgets are constantly being slashed and tightened, SIBs provide an expansion of budgetary resources. SIBs are designed to address current social issues by combining evidenced-based solutions with economic gains. In addition, these tools of government improve outcomes, allow for quicker adoption of new ideas, and enhance flexibility for all key actors involved (Liebman 2011).

Improved outcomes are achieved through the performance management process which is engrained within the SIB model. SIB programs are, by their design, developed to achieve meaningful and measurable results through the constant appraisal and feedback loop of the outside advisor (Eames et al. 2014). This feedback loop provides for a more rapid learning of what works and the easier removal of what does not (Liebman 2011). SIBs increase learning and ultimately performance by embedding rigorous evaluation and a focus on outcomes into program operations (Lower-Basch 2014). Moreover, by shifting the monetary risk away from the government and onto private investors, taxpayers are no longer placed in the untenable position of having to absorb lost capital for unsuccessful programs (Eames et al. 2014).

This shift to the private investor also achieves an accelerated adoption of new solutions (Liebman 2011). The current system of government funding for programs creates significant barriers to innovation (Liebman 2011). The present system can be slow to adopt new strategies and

procedures due to the risks associated with innovation. However, through SIBs, risk is transferred to the private sector and opens room for the marketplace of ideas (Liebman 2011). Key players (government, private investors, social service agencies, evaluators) are provided with flexibility in customizing "the services provided, mode of delivery, specification of outcome goals, and length of time" to meet project needs and demonstrate outcomes (Eames et al. 2014, p. 15; Lower-Basch 2014). In another form of flexibility, social impact bonds can also be uniquely apolitical. Eames et al. (2014) astutely advise when advocating for social impact bond utilization that it has the capacity to appeal to both conservative and liberal audiences. It can be framed as "advantageous for fiscal conservatives and proponents of government funded social services alike" (Eames et al. 2014, p. 23).

Over the last few years, agencies in several countries have applied the innovations of social impact bonds to their most pressing social problems. The United Kingdom is where SIBs were first employed in 2010 (Cabinet Office 2013). It was used to decrease the recidivism of men returning home from Peterborough Prison (Cabinet Office 2013). Since then, social impact bonds have been utilized in several areas to reform public service delivery throughout the country in the areas of child welfare, mental health, education, and substance abuse. The US SIB market also has rapidly evolved from concept to launch (Social Finance 2014). In 2012, New York City introduced the first SIB program in the United States with the goal of reducing recidivism rates of young adults at the Rikers Island Correctional Facility (Bloomberg 2012). Today, at nearly $50 million, the US SIB market is now the largest in the world (Social Finance 2014).

## Challenges/Criticisms

As with all things pertaining to the public sector, the integrity and motivations of the financial investor must be reliable and above reproach. Lower-Basch (2014) explains that past experiences with outcome-based performance measures have provided cautionary tales to be heeded. In the past, tying high stakes (return on investment) with service outcomes has resulted in unethical behaviors. These behaviors include "disincentives to serve the neediest populations; skewing services to focus on the selected outcomes of interest at the expense of other aspects of a program ('tunnel vision') and winding up with programs that affect the measured indicators but not the underlying outcomes ('teaching to the test')" (Lower-Basch 2014, p. 16). Lower-Basch (2014) warns social impact bond users to closely regard these barriers and to act to mitigate these negative actions.

Other challengers to social impact bond usage argue that such programs reinforce a "resolutely one-dimensional approach" to complex socioeconomic problems and "involve a subordination of the public interest to private interests" (Shergold 2013). Moreover, there are opponents who state social impact bonds "could be used to justify governments reducing their continuing financial commitment to social services" (Shergold 2013).

## Guidelines for Using Social Impact Bonds

SIBs are only appropriate for specific problems which meet key criteria (Social Finance 2014, p.9). Successful and effective SIB implementation for human service problems must have (1) sufficiently high net benefits, (2) measurable outcomes, (3) treatment populations which are well defined upfront, (4) credible impact assessment, and (5) any unsuccessful performance must not result in excessive harm (Liebman 2011, p. 4). Problems identified as needing intervention should be those which will substantially benefit the overall well-being of the community. Typical areas acknowledged as requiring intervention are substance abuse and mental health, child welfare, housing/homelessness, public health, public safety (prison recidivism), and education.

Programs designated as receiving funding from the SIBs should be effective evidence-based programs with measurable outcomes. These measurable outcomes determine whether the interventions are successful and worthy of repayment. The treatment populations need to be appropriately designated, and exclusions to the target population need to be clearly articulated. A credible impact assessment is required to ensure the treatment population is receiving quality services and the community is benefiting from the implementation of the evidence-based program. The presence of the independent, neutral evaluator helps to ensure the program's merits are aptly weighed. Finally, as the entire purpose of this social benefit enterprise is to ensure the betterment of society, it is critical that if an intervention is unsuccessful, the potential harm done to the individual(s) does not outweigh the possible positive impact of the programming.

Additionally, there are three fundamental things which should not be forgotten in working with SIBs, as they greatly impact the effectiveness and utility of these tools. The first is do not underestimate the importance of the contract. SIBs are the epitome of the public-private partnership. A public-private partnership is a contractual arrangement between a government agency(ies) and a private sector entity(ies) to provide services. As such, the contract is critical to SIB usage, especially considering the high degree of complexity in human welfare-related issues. The contract should hold provisions which prevent breach by an SIBO when it is foreseeable that targets may not be reached and hold the agency accountable to its commitment (Eames et al. 2014). The contract should also include specific measurable goals to prevent breach (Eames et al. 2014). Within the contract, key attention should be placed upon setting outcomes for each phase of the program's evolution (Eames et al. 2014).

Secondly, those seeking to use SIBs should work actively with legislators to reduce the urge to cut state funding when savings are achieved. If the intervention is successful, do not delete current state funding allotted for the intervention. Use state funding in conjunction with SIB utilization to allow programs to expand (Loth 2012). Private investors and service practitioners should lobby and seek congressional authority to expand the use of long-term performance contracts for SIBs (Liebman 2011). SIB-supported programs will need longer implementation times to provide reliable performance measurement. It should be a recommendation that such contracts are given a minimum of 5 years.

Finally, as impact investment is relatively new, lessons and failures learned from each application of SIB to a social malady should be noted for future reference and research. When seeking to replicate a program, close attention should be paid to demographics, economics, and cultural context in which successful programs have been achieved. Practitioners should be on the lookout for place-sensitive policies – to think because it is a good policy for one area that it can be picked up and automatically applied to another area may be naïve.

## Conclusion

Social impact bonds are tools of governance which are gathering favor worldwide for their ability to improve outcomes and the elasticity of service interventions through the private financing of public social welfare needs. Social impact bonds present as a special culmination of the best of the private sector, nonprofit, and government agency worlds with its emphasis on innovative financing for evidence-based programs. The internal performance management and independent evaluation components within SIBs promote accountability and goal achievement for public betterment. In today's financial pinch, the additional flexibility and funding SIBs can provide to social welfare improvement projects can be transformative to communities.

## Cross-References

► Nonprofit Organizations
► Organizational Citizenship Behavior
► Organizational Innovation

## References

Bloomberg M (2012) NYC announces nation's first social impact bond program. Retrieved from http://mikebloomberg.com/index.cfm?objectid=E791E137-C29C-7CA2-F5C2142354A09332

Burton P (2014) Massachusetts $27M social impact bonds aim at recidivism. Retrieved from http://rocainc.org/wp-content/uploads/2014/03/Bonf-Buyer-PFS-article-2-28-14.pdf

Cabinet Office (2013) Centre for social impact bonds: case studies-existing SIBs. Retrieved from http://data.gov.uk/sib_knowledge_box/case-studies-existing-sibs

Eames S, Terranova V, Battaglia L, Nelson I, Riesenberg C, Rosales L (2014) A review of social impact bonds: financing social service programs through public-private partnerships. Retrieved from http://www.reentryroundtable.net/wp-content/uploads/2011/05/A-Review-of-Social-Impact-Bonds-Final.pdf

Fletcher M (2013) Can investors make money in social services? The Washington Post. Retrieved from http://www.washingtonpost.com/business/economy/can-investors-make-money-in-social-services/2013/06/07/a010e7f6-ced6-11e2-8845-d970ccb04497_story.html

Government of South Australia (n.d.) Building a stronger society, a discussion paper on social impact investment. Economic Analysis Division, Department of the Premier and Cabinet, Adelaide

Haglund R (2013) Can fancy 'social impact bonds' finance a cure for society's ills? Bridge Magazine. Retrieved from http://www.mlive.com/politics/index.ssf/2013/10/can_fancy_finance_fund_fights.html

Liebman J (2011) Social impact bonds: a promising new financing model to accelerate social innovation and improve government performance. Retrieved from https://www.americanprogress.org/wp-content/uploads/issues/2011/02/pdf/social_impact_bonds.pdf

Loth R (2012) Bonds that bring social dividends. A first for Massachusetts: social innovation financing. The Boston Globe. Retrieved from http://www.bostonglobe.com/opinion/2012/08/17/first-for-massachusetts-social-innovation-financing/iW4tO4PrI0bSUo6t63eT2K/story.html

Lower-Basch E (2014) Social impact bonds: overview and considerations. CLASP, Washington, DC. Retrieved from http://www.clasp.org/resources-and-publications/publication-1/CLASP-Social-Impact-Bonds-SIBs-March-2014.pdf

Shergold P (2013) Momentum building for SIB in Canada [CSI Blog]. Retrieved from www.probonoaustralia.com

Social Finance (2014) Foundations for social impact bonds: how and why philanthropy is catalyzing the development of a new market. Retrieved from http://www.socialfinanceus.org/sites/socialfinanceus.org/files/Foundation%20for%20Social%20Impact%20Bonds,%202014.pdf

# Social Innovation

Irina Krasnopolskaya[1,2] and Gulnara Minnigaleeva[3]
[1]Center for Studies of Civil Society and the Nonprofit Sector, National Research University Higher School of Economics, Moscow, Russia
[2]Institute for Management Research, Radboud University, Nijmegen, The Netherlands
[3]Department of Strategic and General Management, National Research University Higher School of Economics, Moscow, Russia

## Synonyms

Co-production; Hybrid organizations; Nonprofit; Social entrepreneurship

## Definition

Social innovation is a process that results in a new and better solution (products, services, models, markets, processes) to meet social needs. It is specific for a particular territory or context and leads to new or improved capabilities, relationships between participants and end-users, or use of assets and resources.

## Introduction

Social innovation is the application of new solutions to social problems in areas such as welfare, health, education, youth unemployment, adaptation of migrants, and territorial integration of regions. Social innovations allow nonprofits and other organizations to meet needs of society more effectively than existing options, respond to social challenges, offer new solutions to social problems, develop social interaction, and create alliances (Caulier-Grice et al. 2012). There are different types of social innovations. Most commonly the distinction is between product or service innovations and process innovations.

Social innovation is a multistage process rather than a new idea or a result. Other typical features of social innovation include a social purpose, perception of being new in a certain context, close cooperation and new modes of interaction between different stakeholders, joint creation with end-users, and, to a less extent, an entrepreneurial character.

Social innovations may take place in all sectors of economy as a response to a crisis or as a result of a mismatch between the social needs of citizens and available options to satisfy their needs. More often they emerge at the hybrid intersections between different sectors of economy. Today even in the countries where state traditionally assumed the primary responsibility for providing social services, other interested parties, such as nonprofit organizations, voluntary associations, enterprises, and individuals, are starting to actively participate and cooperate in the process of creating new solutions to satisfy social needs together.

Nonprofit organizations are very important for creating social innovation. They possess a set of distinctive characteristics that contribute to their high potential for producing and distributing social innovations. In particular, nonprofit organizations follow social mission and represent the interests of certain groups, recipients of their services, who are end-users (Anheier et al. 2014). During the process of social innovation nonprofit organizations often form new relationships and networks, modify the ways of interactions, and may contribute to changes in organizational structures.

If an organization embarked on a social innovation process also has a purpose to maximize and distribute profit, it acts in the realm of social entrepreneurship. Business organizations, which have both a social mission and a goal to maximize profit, are called social enterprises. Social enterprises may implement social innovations independently or participate in a social innovation process with other organizations.

## Types of Social Innovations

Social innovation is the application of new solutions to social problems. As such it may be categorized depending on whether the innovation involves new service concepts, new interfaces for client communications, or new systems of service delivery. Other classifications include differentiations by the source of leadership which may be driven by the supplier, the client, the company itself, the service user, or more general paradigmatic changes. Some other approaches distinguish product, service, social, organization, governance, system, and marketing innovations. Most often typologies distinguish between product and process innovations, but some social innovations might cut across more than one type.

Service or product innovations offer new interventions or enhanced services or products to meet social needs. Product innovation refers to innovation as an outcome that manifests itself in new products, product features, and production method. The proposed solution should be specific for a particular territory and beneficiaries. New professional competencies in the field of social services are evolving in the innovation process. Examples of such innovation are car-sharing, zero energy housing developments, and new labor opportunities to reduce unemployment of people with disabilities or youth.

Process innovation, instead, concerns the organizational and social processes that produce innovation, such as individual creativity, organizational structure, environmental context, and social and economic factors. Process innovations are mainly related to coproduction of new services as well as to reorganization of the decision-making process which previously either did not take into account interests of all relevant stakeholders or was imbalanced. Innovations are associated with power relationships as delegation of authority, for example, from the state to new actors, including representatives of civil society. Process innovations produce new patterns of cooperation that facilitate community activities. Examples of a processs innovation include participatory budgeting, crowdfunding, or online systems of participation in decision making, via which interested parties may suggest a particular course of action in a project of a nonprofit organization or government, or vote for them.

## Characteristics of Social Innovations

Social innovation is a social phenomenon with several distinctive features. In particular, these features include a social purpose, perceived novelty of socially innovative practices in a certain context, significant changes in procedures of stakeholder interactions and in relationships between them, engagement of end-users and beneficiaries in the process of co-creation and entrepreneurial nature.

First and foremost, social innovation is rooted in a *social purpose*, helps to solve social problems and provide social services in the community. Social nature of innovations implies meeting neglected social needs and orientation towards well-being of beneficiaries.

Furthermore, social innovations create *practices perceived to be new in a particular context or community.* Social innovations address actual and legitimate social problems, which means there is a basic agreement within the community that a particular social problem needs to be addressed.

Social innovation is a *multistage process* rather than a stage of initial creation of a new idea. After its initiation a new idea needs to go through several stages: developing of a viable plan, testing, implementing, and, if successful, scaling and diffusion for the benefit of recipients. The process implies specific challenges for managers of all interested organizations, who must incorporate special procedures to allow the aforementioned stages in their daily routines. Moreover, for the success of a social innovation it is crucial to take into account the interests of all stakeholders.

*Close cooperation and changes in the existing models of stakeholder interactions and relationships* are essential for a social innovation to take place. Private companies, nonprofit organizations, and citizens operate jointly in the social field (Osborne and Brown 2005). Organizations no longer innovate in isolation but do so through a complex range of interactions with external actors. So-called hero-innovator whose creative genius allows creating and promoting innovations is more a myth than a reality. Individuals and separate organizations cannot convert an innovative solution to the next stage of development independently by working insilos. Innovation depends on the willingness of governments, nonprofit organizations, and other interested parties to participate in an open process of exchange and joint use of experience, knowledge, skills, technical support, and other resources.

Social innovation often happens at the *hybrid* intersections between different sectors of economy (Sørensen and Torfing 2015). The era of clear separation between sectors is over. Business and the third sector are actively acquiring new roles in provision of social services. The implementation of social innovation increasingly depends on the joint activities of government, nonprofit organizations, and business. There is a considerable current overlap between the nonprofit sector and the market which modifies existing patterns of operation and introduces new actors to the field. Such hybrid organizations as social enterprise and new forms of cooperatives fulfill various functions in the social sphere, along with or instead of traditional nonprofits and public organizations.

*Entrepreneurial character* is also an inalienable trait of social innovation. In this concern social innovation is similar to social entrepreneurship. Both phenomena infer social missions, involve modification of existing socioeconomic arrangements, and contribute to economic growth. For example, some social enterprises solve the problem of unemployment, especially for vulnerable groups, like persons with disabilities, provide or expedite access to services, and reduce inequality. The difference between social innovation and social entrepreneurship is that the latter also implies goals to maximize and distribute profits.

*Co-creation with end-users* is another important characteristic of social innovations. Co-creation, which is sometimes called coproduction, means active engagement of multiple agents, including end-users, in various stages of the social innovation process. End-users's experiences, needs, and desires are incorporated in the process of social innovation and therefore contribute to solving their own social problems. Co-creation may involve interested parties from

nonprofit organizations, public sector providers, policymakers, as well as businesses. Co-creation implies crossing boundaries between organizations and sectors, as well as minimization of vertical, bureaucratic, and paternalistic principles in formation of public policy.

## The Role of Nonprofit Organizations in Driving Social Innovations

Nonprofit organizations are believed to be the primary sources of social innovations. It happens due to such inherent characteristics as their social mission, high aptitude for experiments, sensitivity to the needs of their clients, and capacity of engaging volunteers, different stakeholders, and attracting assets from various sources. Innovativeness of a particular nonprofit organization largely depends on its management.

Two basic characteristics of nonprofit organizations are their *social mission and high aptitude for searching and using experimental approaches* to serve social needs and create common good. Nonprofit organizations are able to develop and implement innovative services or new methods of delivering community services even in such cases when expenses are too high. In such situations governmental organizations and businesses might withdraw themselves because they act in the conditions of more strictly regulated system. The revenue structure of nonprofits is usually quite diverse, which contributes to their flexibility in using the funds, and therefore allows for experimental approaches to satisfying the unmet needs.

Also, the nonprofit sector is more *effective in being sensitive and responding to societal signals* neglected by the other sectors. Nonprofits are more responsive to the needs of vulnerable target groups and are generally more successful in reaching marginalized population. Direct proximity of nonprofit organizations to beneficiaries increase validity of produced social innovations to the beneficiaries' interests and values.

Furthermore, nonprofits have a *capacity to involve various actors and volunteers* in their interactions, even if these actors have not cooperated in addressing any social issue or their communication has had a hierarchical nature before. Volunteers play a central role in creating social innovations, as they constitute an additional link between nonprofit organizations and communities, their values, objectives, needs, and competencies. From the institutionalism and human agent change perspectives volunteer engagement is considered to be correlating with an individual's role in social transformations and modifications of current institutional practices. Individuals problematize, redefine, and restructure social and organizational boundaries of institutions and roles (Edwards-Schachter and Wallace 2017). Individuals and grassroots play multiple roles in innovation processes both as consumers of social services and as actors involved in discussions of social problems and potential solutions. In accordance with these arguments it is not an organization but rather individuals who play a key role in producing social innovations. Social innovations are believed to have a higher level of bottom-up and grassroots involvement than other types of innovations.

From the organizational perspective, certain aspects of *nonprofit management to* a large extent define the level of innovativeness of an organization and therefore its capacity to participate in social innovations. For example, external stakeholders' participation in the strategic management processes of a nonprofit organization (Parsons and Broadbridge 2004), close relations and frequent communications of the leader with external stakeholders, participation of the organization in professional associations and networks have a positive influence on the overall innovativeness of a nonprofit organization. Internally, more innovative nonprofit organizations appear to have enough professional employees to let them specialize in a particular job and set up a motivation system so that it promotes innovation among employees and volunteers. Well-organized communications systems between employees, volunteers, and different levels of management also contribute to higher levels of innovativeness. The board, if present, is especially important for nonprofit organizations: diverse board and the board's inclusion in the process of decision-making increases innovativeness of an

organization. The role of a leader is tremendously important in starting and advancing innovations in an organization. Besides the need for the leader's unambiguous support for an innovation to happen, his or her personal characteristics, such as communication skills, or number of years in a leadership position may influence the organization's innovativeness. Organizational culture fosters innovations when it is explicitly oriented towards tolerance to others' ideas and works (Jaskyte and Dressler 2005) and hinders innovations when there is orientation towards stability, safety, and nonconflict (Jaskyte and Riobó, 2004). Inclusion of initiating and implementing innovations in the strategic plan and vision of the leader and the whole team, as well as active use of the best practices, purposeful allocation of human resources, time, and other resources specifically for innovations will also contribute to a nonprofit organization's innovativeness (Thom 1990).

## Social Innovation Research

The complex phenomenon of the social innovation has recently become the area of focused attention of researchers and is therefore still at the stage of initial understanding and conceptualizing of social innovation. The research differs in focus, methods and approaches used, scope, and regional distribution. Due to high aptitude of social innovations for solving social problems, understanding the phenomenon has become very important for governments, policy makers, and social service providers. The researchers have been able to identify the aforementioned types of social innovation, its major characteristics, and some conditions of its appearance. For example, some of the conditions include large size of the nonprofit sector and high level of grassroot activity.

Social innovation studies are conducted on at least three levels. On the first level, a case and characteristics of single innovations can be measured. On the second level, scholars analyze the societal potential of territories or societies to produce social innovations which includes analysis of framework conditions as ecosystems to social innovation. On the third level, a social effect of social innovations on the societies can be investigated and examined.

Studies can be done in quantitative, qualitative, or mixed-methods perspective. Qualitative approaches such as case studies, and interviews, allow for initial exploration of the issue and acquiring a better understanding of its nature. These approaches lead to a better grasp of the current rise and spread of social innovations. They help clarify how social innovations appear in different sectors, what policy conditions, financial and nonfinancial incentives foster social innovations, and what contributions are made by end users. Case studies of examples of social innovations are collected in such projects as Boosting the Impact of Social Innovation across Europe through Economic Underprintings (SIMPACT), Combating Inequalities through Innovative Social Practice of, and for, Young People in Cities across Europe (CITYSPYCE), Learning Innovation in Public Sector Environments (LIPSE), and Public Participation in Developing a Common Framework for Assessment and Management of Sustainable Innovation (CASI), and in the global context such projects as Social Innovation – Driving Force of Social Change (SIDRIVE) and Transformative Social Innovation Theory should be mentioned.

It is especially important for policy makers to understand to what extent public institutions, nonprofit organizations, businesses, and communities are ready or able to participate in social innovations, to what extent they already participate. Quantitative approaches help to measure that. They are typically used to identify social innovation indicators and compile indexes. For instance, Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe (TEPSIE) project proposes more than 15 different indexes, which to some extent allow to judge about the development of social innovations in a country or to make a cross-country comparison. Some global innovation measurement projects include Innovation Union Scoreboard, and Global Innovation Index. Another research approach suggests mapping of social innovations. The method implies different ways of visualizations and observation of dimensions of social innovation.

The major challenge in current social innovation research is that scientists do not have a common ground in identifying the object of the study. Its manifestations are quite diverse and scientists are still trying to clarify the most important characteristics and the way to measure them.

## Conclusion

Social innovations are an increasingly prevalent social practice aimed at solving social problems both locally and internationally. Social innovation presents opportunities for citizen participation and cross-sector cooperation, which has high future potential for serving needs of the society. Social innovation is a complex phenomenon with a set of distinguished characteristics. It is based on a social purpose, creates practices new for a community, and is a process rather than just a new idea or a good result. It involves close cooperation of different stakeholders and often leads to changes in relationships and modes of interaction, which leads to merging of the different economic sectors, entails new forms of governance, and implies a process of co-creation with end-users of social policies or services. Entrepreneurialism is an essential trait of a social innovation, which uncovers its similarities with social enterprises. The critical distinction between them is that social enterprises besides pursuing social goals set profit maximizing targets.

A special role in driving social innovations belongs to nonprofit organizations. Besides the important role of the governments, which create favorable social, political, and economic conditions, nonprofit organizations by themselves become drivers of social innovations. It happens due to such characteristics of nonprofit organizations as their social mission and high aptitude for searching and using experimental approaches, efficiency in responding to societal signals, *capacity to involve various actors and volunteers.* The way an organization is managed and particularities of the management process and structures may play an important role in its innovative capacity.

Types of social innovations include innovations categorized by source of leadership, changes in products, processes, or organizational structures. Despite a lot of information already available about social innovation, it is still a relatively new concept and therefore is a focus of vigorous research and a challenge for social scientists, who are still trying to clarify the concept, its major characteristics and metrics.

## Cross-References


- ▶ Citizen Participation and Nonprofit Organizations
- ▶ Civil Society Organizations
- ▶ Leaders and Innovations in Public Organizations
- ▶ Nonprofit Leadership
- ▶ Nonprofit Organizations
- ▶ Organizational Collaboration
- ▶ Organizational Innovation
- ▶ Stakeholder Perspective in Nonprofit Organizations


**Acknowledgment** Support from the Basic Research Program of the National Research University Higher School of Economics is gratefully acknowledged.

## References


Anheier HK, Krlev G, Preuss S,Mildenberger G, Bekkers R,Mensink W, Bauer A,Knapp M,Wistow G, Hernandez A, Bayo A (2014) Social innovation as impact of the third sector. A deliverable of the project: "Impact of the third sector as social innovation" (ITSSOIN), European Commission – 7th Framework Programme, European Commission, DG Research, Brussels

Caulier-Grice J, Davies A, Patrick R, Norman W (2012) Defining social innovation. The theoretical, empirical and policy foundations for building social innovation in Europe (TEPSIE), European Commission – 7th Framework Programme, European Commission, DG Research, Brussels

Edwards-Schachter M, Wallace ML (2017) 'Shaken, but not stirred': sixty years of defining social innovation. Technol Forecast Soc Chang 119:64–79

Jaskyte K, Riobó MSRM (2004) Characteristics of innovative nonprofit organizations in Argentina. Volunt Int J Volunt Nonprofit Org 15(1):71–79

Jaskyte K, Dressler WW (2005) Organizational Culture and Innovation in Nonprofit Human Service Organizations. Administration in Social Work 29(2):23–41

Osborne S, Brown K (2005) Managing change and innovation in public service organizations. Routledge, London
Parsons E, Broadbridge A (2004) Managing change in nonprofit organizations: insights from the UK charity retail sector. Volunt Int J Volunt Nonprofit Org 15(3):227–242
Sørensen E, Torfing J (2015) Enhancing public innovation through collaboration, leadership and new public governance. In: New Frontiers in social innovation research. Palgrave Macmillan, London
Thom N (1990) Innovation Management in Small and Medium-Sized Firms. Manag Int Rev 30(2):181–192

# Social Innovations in Housing in Slovakia

Maria Murray Svidronova[1], Helena Kuvíková[1], Beata Mikusova Merickova[1] and Juraj Nemec[2]
[1]Department of Public Economics and Regional Development, Matej Bel University, Banska Bystrica, Slovakia
[2]Department of Public Economics, Masaryk University, Brno, Czech Republic

## Synonyms

Co-creation in housing; Innovative housing provision; Social housing

## Definition

Innovation in the provision of social housing may be called "co-creation." Co-creation is a social innovation that seeks solutions to the production and financing of public services through collaboration with different stakeholders, including non-governmental organizations. In this way, the government is possible to save on public expenditures if it would decide to support the innovative approach in social housing provision.

## Introduction

Although housing as a service is provided by a mixture of market, public policy, and informal sectors, the need for housing is one of the basic living needs of a person's life; thus conditions for the production and realization of these goods are regulated by legislation in each developed society (Carter and Fortune 2007).

The inability of some groups of residents to secure housing using their own resources is one of the main reasons for public sector intervention in the housing sector (Kuvíková et al. 2015). On the other hand, the public sector is coping with many austerity measures after the financial (2007), economic (2008), and social crises (2017) and looking for innovative, more efficient, and sustainable solutions (Blumenthal and Martin 2007).

Resolving housing issues for people unable to secure their housing is linked to the concept of social housing, which represents a specific part of the housing sector as such. The way of social housing implementation has a significant impact in particular conditions on the role of non-governmental organizations (NGOs) within the housing sector.

The entry focuses on a case of housing provision: an innovative solution to provide social housing by the NGOs that increases efficiency in providing this public service and thus saves the public budget.

## Social Housing

There are many names and definitions of social housing, called affordable housing or limited profit housing as well, yet the uniform name and definition used at international level are lacking. The definition according to Carswell (2012), which is also used by the EU in the creation of conceptual materials, distinguishes two meanings of this concept. According to the first meaning, social housing is any housing where some form of public support or social assistance is spent, directly or mediated. Such a definition of social housing is very general, especially if any private housing stock should be supported from public sources and included in the social housing sector. The second meaning of the term is related to housing provided by the state or other public or private law institution on a non-profit basis.

Despite the fact that social housing is now a common concept, the way in which social housing policy is implemented in practice differs between EU countries. The main reason is the significant differences in social and housing policies of individual member countries who apply their own models for social housing provision.

In this entry social housing is understood as a housing that is affordable to people on low incomes and needy households or available for specific groups of people (e.g., refugees) and provided by public sector and/or third sector (NGOs).

## Housing in Slovakia

The situation with the housing stock in Slovakia, especially in the social housing, is a result of the housing policy. The post-1989 objectives of the Slovak housing policy have resulted in the large-scale privatization of state rental flats and the reduction in new rental housing. State-subsidized social rental housing programs have been unable to meet the social demand for affordable rental dwellings. Socially marginalized groups, in particular Roma people, have been hit the most by the post-1989 changes and the lack of official social housing construction (Svidroňová et al. 2017).

The concepts of the housing policy fall under the Ministry of Transport, Construction and Regional Development of the Slovak Republic. Since 1994, a total of six concepts have been developed, the most recent of which was approved in 2015 with a horizon of 2020. Nevertheless, the social housing agenda as part of the housing policy is not institutionalized in Slovakia.

In order to help the socially disadvantaged groups of the population, the provision of a housing allowance as an addressable instrument of social policy is applied under the legislated conditions. A housing allowance can be defined as a state subsidy to cover the cost of housing for citizens and families whose total net income does not reach a multiple of the total subsistence of the citizen (family) to provide nutrition and other basic personal needs and the amount necessary to cover necessary household and certain (calculated) constants. At present (2019), the amount of the housing allowance is €55.80 per month for an individual citizen in material need and €89.20 per month for a family in material need. The housing allowance is stopped if the authorities find out that a citizen in material need does not pay a debt connected with their housing. These eligibility criteria are checked every 6 months.

The current State Housing Policy Concept 2015–2020 summarizes recent developments in housing policy, outlines priorities for the coming period, and defines the tasks that ministries have to fulfill in order to meet the goals set. The main objective of this concept of state housing policy is the sustainable development of housing. The concept also defines specific objectives, which are to create new financial instruments to support housing development; increase the availability of housing; develop the private housing sector; increase or at least maintain the same share of public expenditure on housing; introduce a new housing allowance; and support the development of the third sector in housing provision.

## Co-creation as a Social Innovation

Innovation in the provision of social housing by the third sector may be called "co-creation." Co-creation is a social innovation that seeks solutions to the production and financing of public services through collaboration with different stakeholders. The innovation in the production process of public services is considered as (1) an open process, with the involvement of end users in the design and development of goods and services, and (2) the change in the relationship between the involved stakeholders (Voorberg et al. 2017). One of the central elements in the concept of social innovation is the active participation of citizens and grassroots organizations in order to produce social outcomes that really matter (Bason 2010). Participation on the part of citizens in the development and subsequent implementation of an innovation is of great importance in terms of the success of the public service innovation process because they are the

final consumers of the public service (Svidroňová et al. 2019). All these elements are followed in the analyzed case study of ETP Slovakia.

## Co-creation in Social Housing by ETP Slovakia

The organization ETP Slovakia has been operating in Slovakia since 1992. They work with disadvantaged groups, especially from segregated Roma communities, as well as refugees. One of their projects is called "Building hope: from a shack to 3E house," and it is focused on the development of housing for those families living in unsatisfactory conditions to improve the quality and conditions of housing by themselves with the help of a building teacher. They have also focused on working on their clients gradually acquiring work skills, which is a prerequisite for easier implementation in the labor market and a gradual inclusion in mainstream society. A very important part of the program is education of the clients, mostly Roma citizens, in the fields of financial literacy (to motivate them to stay in the saving program, it helps to teach them to save money in the future as well), running the household (taking care of the new homes, in the past a lot of furniture was sold or simply burnt during the winter), and basic personal hygiene habits.

ETP Slovakia runs a community center in Rankovce – a small municipality with 889 inhabitants in the east of Slovakia – 67.5% of the total population are Roma, living on the outskirts of the municipality, mostly in illegal buildings (houses built without building permission or on land they do not own). Among the major problems are no electricity and water in these houses, which leads to a lack of hygiene and other issues.

Since January 2013, in cooperation with local self-government of Rankovce, field social workers of the ETP and the local association For a Better Life have supported 16 families. Thanks to the savings and microloan program the ETP helped them with the legalities of building either new houses or finishing incomplete houses by themselves with the subsequent legalizing of the houses into their personal property. The essence of this cooperation is not only the legal construction of the homes but also the development of the individuals. These experiences relate specifically to construction in segregated Roma localities.

Self-construction can fundamentally improve the basic living conditions of the Roma families, which subsequently has a direct impact on the family budget (energy savings) and the health of family members, improving the opportunities for educating the children and earning an income from legal work. Following the official approval of the finished house and paying the microloan, the client becomes the owner of the property. They have a higher social status and are more respected within the community, and they also become more independent. Self-help construction can help socially reliant clients get out of the poverty. By receiving financing via microloans, clients also acquire financial skills, which can then be applied in everyday life, i.e., learn to save money and realize the value of money and the necessity of planning the family budget.

The total cost of one house is around €12,000, of which one third is funded by the ETP and sponsors and the rest of the sum is paid by the Roma citizens. They are actively involved in the savings program, which helps them to save around €400, and the microloan program provides an interest-free loan amounting around €6,000 to finance the building of the houses. As a bonus for paying the installments, they can get up to €1,200 from the ETP.

Cost-benefit analysis (Svidroňová et al. 2019) proved that the state could start saving on public budgets after 4.5 years from the first investment – if instead of paying the housing allowance, the state would support the self-construction of the legal houses for the Roma citizens.

Homebuilding in itself and the demands placed on clients during construction help to change the client's personality and their lives in a comprehensive way. Many times, the new home is the most important thing that the clients have achieved in their lives and managed by their own strength. This represents a great personality and attitude shift from passive waiting for help from the environment and reliance on it. The housing is not just the provision of a "roof over one's head."

The process of self-help construction, maintenance, and care of one's own home includes many activities that develop societal, social, financial, work, and other skills of the inhabitants of the newly built homes. The number of builders-clients from Rankovce, who are employed on a permanent basis, rose from 2 in 2013 to 11 in 2017. In other words, 11 families have emerged from the poverty trap and do not receive material need assistance. Quantified savings could be even higher. Based on interviews with the NGO director, an internal calculation of the organization was provided that demonstrates state savings if it does not need to pay benefits and at the same time there would be an increase in demand in the local economy. Thanks to the involvement of households in self-help and self-financed home construction, the participating citizens managed to find permanent jobs. Demand (disposable income) of households in the area has increased twice (Svidroňová et al. 2019).

## Conclusion

In ETP Slovakia, cooperation between the third and the public sector was demonstrated in the case of social housing in the villages of East Slovakia where ETP Slovakia operates. It provides microloans as well as financial and social education for the population. Involvement of the citizens themselves in sharing the financial costs of construction as well as the building work creates a sense of co-ownership, and these houses are not as quickly destroyed as is the case with allocated state-owned flats (as proved by Mikusova et al. 2015). This initiative can be a good basis on which to develop the provision of housing services by the third sector by implementing properly chosen recommendations. Several NGOs in Slovakia have established cooperation with ETP Slovakia that shares its know-how, so the social housing program is spreading to more municipalities, bringing positive results. After the international awards for this program (the European Commission Award for Best Projects of Building a Social Society, the Golden Award from the European Economic and Social Committee), ETP Slovakia prepared free methodology in English "Step by step: from a shack to 3E house," which can be used by NGOs abroad.

If the state were to adopt a model of construction that has been tested in Rankovce and applied it to other socially marginalized communities, the development of the neglected communities would be very significant. The state should adapt legislation and forms of support for those who actively want to and can participate in changing their social and economic status. Without state support, this model of construction cannot be implemented by just one nongovernmental organization for the tens of thousands of socially and economically excluded families.

It is very important to realize that by just assigning a flat, the problem of social housing for the target groups has not definitively been resolved, although in some cases this is true. However, much more is the case where social housing target groups also need other types of services, such as lessons on finding a job, how to manage finances, in some cases lessons on basic hygienic habits and taking care of the allocated housing, etc. These services should be set up and provided in all cases where social housing is provided, since it also ensures regular monitoring of the situation and the state of the houses (Svidroňová et al. 2017; Suchalová and Staroňová 2010). This was the case of ETP Slovakia; they have brought the innovation in social housing by combining self-help construction and education. Self-help construction of homes resulting in private ownership financed by microcredit solves the problem of social housing more efficiently and at the same time saves public resources. The selected approach offers people the opportunity to take care of themselves.

Notwithstanding the positive results achieved, the innovative solution of ETP Slovakia cannot be considered a universal tool for combating poverty, yet it is a powerful tool in solving the social housing issues for the poorest. It also helps save public budgets by reducing the amount of housing allowances paid and moreover in decreasing the amount of material need assistance that needs to be paid.

## Cross-References

▶ Public Service and Service Delivery

## References

Bason C (2010) Leading public sector innovation. Policy Press, Bristol

Blumenthal DL, Martin EJ (2007) Urban sustainable development, lower income communities, and trans-organizational public administration. Int J Public Adm 30(1):95–107

Carswell AT (2012) The encyclopedia of housing, 2nd edn. Sage, London

Carter K, Fortune C (2007) Sustainable development policy perceptions and practice in the UK social housing sector. Constr Manag Econ 25(4):399–408

Kuvíková et al (2015) Analysis of existing non-profit sector in housing provision in EU countries. Contracted research no. 411/A301/2015 for the Ministry of Transport and Construction of the Slovak Republic

Mikusova BM, Nemec J, Svidronova M (2015) Co-creation in local public services delivery innovation: Slovak experience. Lex Localis 13(3):521

Suchalová A, Staroňová K (2010) Mapping of social housing in the Slovak municipalities. Institute of Public Policy, Bratislava

Svidroňová M et al (2017) Social housing provided by the third sector: the Slovak experience. Crit Hous Anal 4(1):67–75. https://doi.org/10.13060/23362839.2017.4.2.387

Svidroňová M et al (2019) Can social innovations in housing save public money? The case of Slovakia. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1646278

Voorberg WH, Bekkers VJJM, Tummers LG (2017) A systematic review of co-creation and co-production: embarking on the social innovation journey. Public Manag Rev 17(9):1333–1357

# Social Intelligence

Daniel A. Belton, Ashley M. Ebbert and Frank J. Infurna
Arizona State University, Tempe, AZ, USA

## Synonyms

Emotional intelligence; Perspective taking; Social intelligence; Social relationships

Social relationships are an invaluable component of one's life. The quality and structure of social relationships are consistently associated with better outcomes across the lifespan, ranging from academic achievement and substance use in adolescence to mental and physical health and longevity in adulthood through old age (Holt-Lunstad et al. 2015; Umberson and Montez 2010). More specifically, empirical evidence from research studies has repeatedly shown that reporting stronger social relationships and being more integrated or active in one's social network is associated with feeling happier, better coping with daily and major life stressors, protecting individuals from the incidence of disease, and living a longer life (Cacioppo et al. 2015; House et al. 1988; Infurna and Luthar in press). Given the importance of social relationships, understanding how to maintain and strengthen them is essential. Our focus is on describing how social intelligence is one avenue for navigating the nature and development of social relationships across the lifespan. This is especially critical in the world today, as the makeup of social relationships is constantly evolving, given technological advances and structural changes within schools, businesses, and families. In particular, the focus of this entry is as follows: (1) defining social intelligence; (2) how social intelligence is measured; (3) the importance of studying social intelligence; and (4) whether or not social intelligence can be learned.

## Social Intelligence

Social intelligence is a major building block of developing and maintaining social relationships. Thorndike (1920) originally explained social intelligence to be a facet of generalized intelligence and defined it as the ability to understand humans and act wisely in human interactions. Snow (2010) further expanded upon Thorndike's definition by describing that social intelligence is the accumulation of knowledge, cognitive abilities, and affective sensitivities that allows individuals to navigate their social world. Honeywill (2015) and Albrecht (2005) described social intelligence

as the capacity to get along with others and navigate complex social relationships and environments. Although the definition and understanding of social intelligence has evolved over the years (Thorndike 1920; Guilford 1967; Kosmitzki and John 1993), research on the topic has consistently provided a generalized explanation of the concept of social intelligence and its potential benefits to society. We next discuss the myriad of research contexts through which social intelligence has been used to further our knowledge and understanding of this idea.

## How Is Social Intelligence Measured?

A multitude of social intelligence inventories have been developed with an aim towards understanding and measuring individual differences within social intelligence (Walker and Foley 1973). Several inventories focused on the assessment of an individual's capacity to understand others: George Washington Social Intelligence Test (Hunt 1928; Moss et al. 1955), the Dymond Rating Test (Dymond 1949, 1950), and the Six Factor Test of Social Intelligence (Composed of six tests that examine four different forms of cognition of behaviors: (1) cognition of behavior implication is the ability to predict what will occur after a given social situation; (2) cognition of behavioral classes is when an individual is capable of seeing similarities in behavioral information in varying expressional modes; (3) cognition of behavioral systems is the capability of analyzing the interaction of individuals and organizing a series of situations or systems; and (4) cognition of behavioral transformation refers to the ability of being flexible with one's interpretation rather than ridged; O'Sullivan et al. 1965; O'Sullivan and Guilford 1966). More recently, Silvera et al. (2001) developed a questionnaire, the Tromsø Social Intelligence Scale, which examines individuals' social skills, as well as their ability to understand others and process various social information. These inventories assessed social intelligence as an individual differences factor through a structured questionnaire, resulting in subjective responses that provided researchers with one's level of social intelligence. We next discuss the importance of studying social intelligence, with a focus on the significant association between social intelligence and various pertinent outcomes.

## Why Is It Important to Study Social Intelligence?

Thorndike's conceptualization of social intelligence has generated research in various disciplines, including leadership development, business and economics, and developmental, cognitive, and behavioral psychology. Social intelligence research has not only provided extensive knowledge surrounding the concept but has also helped develop an understanding of the context in which it is applied. Empirical evidence suggests that reporting lower levels of social intelligence is associated with the development of various psychopathology, such as depression, anxiety, and loneliness (Faust et al. 1985; La Greca and Lopez 1998; Hawkley and Cacioppo 2010). Highlighting the general importance of social intelligence beyond psychology, Zaccaro et al. (1991) framed social intelligence as a quintessential facet of an organizational leader. For example, empirical evidence suggests that organizational leaders who have two prominent characteristics of social intelligence, social perceptiveness and behavioral flexibility, are more likely to report better success at work, in addition to a better work atmosphere and productivity (Zaccaro et al. 1991). In problematic organizational situations, leaders high in social intelligence are more flexible with their responses and more aware of the various demands and requirements of those situations (Zaccaro et al. 1991). Additionally, Goleman and Boyatzis (2008) added to the existing literature about social intelligence's

role when dealing with leadership by explaining the importance of social intelligence when defining the key characteristics of leaders within business environments. The recurrence and dissemination of social intelligence as a construct within various researching communities emphasizes the importance to pursue future research on social intelligence. Given the implications social intelligence has for successfully developing and maintaining social relationships, we next discuss whether social intelligence can be changed. In other words, we examine whether interventions focusing on social intelligence can lead to improvements in social relationships and pertinent outcomes over time.

## Can Social Intelligence Change or Be Learned?

Research focusing on social intelligence has provided society with a better grasp on the concept of social intelligence and how it influences social aspects of life through improving our understanding of the contexts and environments in which social intelligence exists (Zaccaro et al. 1991; Goleman and Boyatzis 2008; Zautra et al. 2015), why it is important in those situations, and how it can positively influence people. More recently, social intelligence research has led to the development of programs aimed at investigating whether social intelligence can be taught and improved upon. As previously mentioned, social intelligence is an integral part of the development and maintenance of social relationships, which are directly linked to an individual's mental and physical health. In a study by Berkman and Syme (1979), it was found that individuals with fewer social relationships had higher rates of mortality compared to their peers with an average amount of social relationships. Additionally, a myriad of deleterious health problems have been associated with a fewer number and a reduced quality of social relationships, including cancer, cardiovascular disease, high blood pressure, recurrent myocardial infarction, atherosclerosis, and slower wound healing (Ertel et al. 2009; Everson-Rose and Lewis 2005; Robles and Kiecolt-Glaser 2003; Uchino 2006). Physical health problems are not the only negative consequences linked with poor social relationships. Those with low quality and low numbers of social connections have a higher likelihood of developing depression (Faust et al. 1985), social anxiety (La Greca and Lopez 1998), loneliness (Hawkley and Cacioppo 2010), and suicidal ideations (Bonanno and Hymel 2010). Increasing the quality and number of relationships can potentially mitigate the likelihood of occurrence of these negative health-related problems. More importantly, having the means to increase social intelligence would not only better one's relationships but would also improve their overall health and quality of life.

Zautra et al. (2012, 2015) developed a social intelligence training program that is delivered online and aimed at improving social relationships. Zautra et al. (2015) utilized both cognitive models and behavioral principals in their approach to defining and applying social intelligence. The online training program is comprised of 42 short videos that span 5–10 min each and are organized around seven modules and four core principles (for more information, see www.socialintelligenceinstitute.org). The videos were designed to educate individuals on the ability to effectively manage one's social relationships and navigate their social world. The online modules of the social intelligence training program focus on four core principles: (1) humanization of relationships, which describes the importance of treating one another as people with cares and concerns worthy of our attention (Zautra et al. 2015); (2) neuroplasticity, which refers to the brain's ability to form new connections; (3) uniqueness or unique nature of humans describes how we are shaped by our past experiences and expectations of the future; and (4) social intelligence is a choice and seeking connections with others is natural and in order to do so, we must first develop an

understanding of one another (Baumeister and Leary 1995; Jolliffe and Farrington 2011).

Following the development of their social intelligence program, Zautra et al. (2015) conducted a large-scale study on students at a Spanish university in Madrid. The students were provided with various materials (explained above) in an attempt to improve their social intelligence and other facets, including social cognitions and social relationship quality. Before and after the online materials, consented students were split into either a control or experimental group and were provided with a series of questionnaires aimed at assessing their emotional and social intelligence. They found that those who were in the social intelligence training program showed increases in sustainable social connectivity but also showed indications of an increased willingness to accept the perspective of others. Zautra et al. (2015) results indicated that compared to the control group, the experimental group showed significant increases in social intelligence between the pre- and post-assessments. When examining the measures of sensitivity to others, participants in the social intelligence program additionally showed increases in social sensitivity, perspective taking, social information processing, and sensitivity to others (composite score).

Based on these results, the authors concluded that the social intelligence program showed considerable promise as a way to increase the development and sustainability of positive relationships within young adults. Empirically supported through the application of social neuroscience, cognitive psychology, and social psychology, the students who participated in the program showed an increased attention to the emotions of others, displayed a willingness to take the perspective of others into account, and showed greater self-efficacy in social situations compared to the control group. Overall, Zautra et al.'s (2015) study was one of the most comprehensive evaluations of the social intelligence program. Positive results not only delineate the effectiveness of their social intelligence program but also highlight the potential for social intelligence to be altered and improved upon. In addition, their results emphasize the importance of continued research and implementation of SI programs and point to possible directions for future focus.

## Future Directions

The level of intrigue associated with social intelligence spans far and wide, having meaningful implications across a variety of disciplines. As demonstrated by Zautra et al. (2012, 2015), the social intelligence training program has the potential to improve the way individuals navigate their social world. While their study developed a solid foundation for promoting social intelligence, an important next step is to evaluate whether their results can be generalized across different groups of people. Their study found positive results in college-aged students, but can similar findings be replicated for individuals in adulthood and old age? Currently, we are attempting to answer these questions by using the social intelligence intervention program on a sample of participants in mid-life and old age (aged 45–70 years of age) (Zautra et al. 2016). Examining participants in adulthood and old age has the potential to allow for examining whether the potential for change is not limited to adolescence and young adulthood, but to adulthood and old age, where it is possible that there is potential to change. Furthermore, there is potential to examine whether intervention programs can be designed that could cater to specific samples. By tailoring intervention programs to fit particular groups of people, participants can more efficiently relate to the material being presented. Intervention programs that are designed for particular samples could result in increased motivation and ultimately, higher levels of program retention. Overall, the universal significance of social intelligences creates room to pursue future research in a variety of ways.

## Conclusion

In a society where social relationships are a crucial component of everyday life, having enduring and enjoyable social ties not only promotes happiness

but also better health. The importance of social intelligence, as explained by past research (Zautra et al. 2015, 2016; Walker and Foley 1973), is substantial and growing, providing individuals with the potential to better themselves and their relationships with others. As broad as social intelligence may be, the concept will continue to be researched across various fields for years to come.

## References


Albrecht K (2005) Social intelligence: the new science of success. Pfeiffer

Baumeister RF, Leary MR (1995) The need to belong: desire for interpersonal attachments as a fundamental human motivation. Psychol Bull 117(3):497–529

Berkman LF, Syme SL (1979) Social networks, host resistance, and mortality: a nine-year follow-up study of Almeda County residents. Am J Epidemiol 109(2): 186–204

Bonanno RA, Hymel S (2010) Beyond hurt feelings: investigating why some victims of bullying are at greater risk for suicidal ideation. Merril-Palmer Q 56(3):420–440

Cacioppo S, Grippo AJ, London S, Goossens L, Cacioppo JT (2015) Loneliness: clinical import and interventions. Perspect Psychol Sci 10(2):238–249

Dymond RF (1949) A scale for the measurement of empathic ability. J Couns Psychol 13:127–133

Dymond RF (1950) Personality and empathy. J Couns Psychol 14:343–350

Ertel KA, Glymour MM, Berkman LF (2009) Social networks and health: a life course perspective integrating observational and experimental evidence. J Soc Pers Relat 26(1):73–92

Everson-Rose SA, Lewis TT (2005) Psychosocial factors and cardiovascular disease. Annu Rev Public Health 26:469–500

Faust J, Baum CG, Forehand R (1985) An examination of the association between social relationships and depression in early adolescence. J Appl Dev Psychol 6(4):291–297

Goleman D, Boyatzis R (2008) Social intelligence and the biology of leadership. Harv Bus Rev 86(9):96–104

Guilford JP (1967) The nature of human intelligence. McGraw-Hill, New York

Hawkley LC, Cacioppo JT (2010) Loneliness matters: a theoretical and empirical review of consequences and mechanisms. Ann Behav Med 40(2):218–227

Holt-Lunstad J, Smith TB, Baker M, Harris T, Stephenson D (2015) Loneliness and social isolation as risk factors for mortality: a meta-analytic review. Perspect Psychol Sci 10(2):227–237

Honeywill R (2015) The man problem: destructive masculinity in Western culture. Palgrave Macmillan, New York

House JS, Landis KR, Umberson D (1988) Social relationships and health. Science 241(4865):540–545

Hunt T (1928) The measurement of social intelligence. J Appl Psychol 12(3):317–334

Infurna FJ, Luthar SS (in press) The multidimensional nature of resilience to spousal loss. J Personal Soc Psychol

Jolliffe D, Farrington DP (2011) Is low empathy related to bullying after controlling for individual and social background variables? J Adolesc 34(1):59–71

Kosmitzki C, John OP (1993) The implicit use of explicit conceptions of social intelligence. Personal Individ Differ 15(1):11–23

La Greca AM, Lopez N (1998) Social anxiety among adolescents: linkage with peer relations and friendships. J Abnorm Child Psychol 26(2):83–94

Moss FA, Hunt T, Omwake KT, Woodward LG (1955) Manual for the George Washington University series social intelligence test. The Center for Psychological Service, Washington, DC

O'Sullivan M, Guilford JP (1966) Six factor tests of social intelligence: manual of instructions and interpretations. Sheridan Psychological Services, Beverly Hills

O'Sullivan M, Guilford JP, deMille R (1965) The measurement of social intelligence. Reports from the Psychological Laboratory, vol 34. University of Southern California, pp 1–44

Robles TF, Kiecolt-Glaser JK (2003) The physiology of marriage: pathways to health. Physiol Behav 79(3): 409–416

Silvera DH, Martinussen M, Dahl TL (2001) The Tromsø Social Intelligence Scale, a self-report measure of social intelligence. Scand J Psychol 42(4):313–319

Snow NE (2010) Virtue as social intelligence: an empirically grounded theory. Taylor & Francis, New York

Thorndike EL (1920) Intelligence and its use. Harper's Mag 140:227–235

Uchino BN (2006) Social support and health: a review of physiological processes potentially underlying links to disease outcomes. J Behav Med 29(4):377–387

Umberson D, Montez J (2010) Social relationship and health: a flashpoint for health policy. J Health Soc Behav 51(1):S54–S66

Walker RE, Foley JM (1973) Social intelligence: its history and measurement. Psychol Rep 33(3):839–864

Zaccaro SJ, Gilbert JA, Thor KK, Mumford MD (1991) Leadership and social intelligence: linking social perspective and behavioral flexibility to leader effectiveness. Leadersh Q 2(4):317–342

Zautra AJ, Zautra EK, Ribers C, Rivers D (2012) Foundations of social intelligence: a conceptual model with implications for business performance. Curr Top Manag 16:15–37

Zautra EK, Zautra AJ, Gallardo C, Velasco L (2015) Can we learn to treat one another better? A test of a social intelligence curriculum. PLoS One 10(6)

Zautra AJ, Infurna FJ, Zautra E, Gallardo CE, Velasco L (2016) The humanization of social relations: nourishment for resilience. In: Ong A, Löckenhoff CE (eds) Emotion, aging, and health. American Psychological Association, Washington, DC, pp 207–227

# Social Learning and Governance

Rana Juwel[1,2,3] and Md. Ali Ahsan[4]
[1]The University of Sheffield, Sheffield, UK
[2]EHESP School of Public Health, Paris, France
[3]South Asia Institute for Social Transformation (SAIST), Dhaka, Bangladesh
[4]Universiti Malaysia Sarawak, Sarawak, Malaysia

## Synonyms

Cognition; Decision; Environment; Knowledge; Learning; Observation

## Definition

| | |
|---|---|
| Social learning | Social learning refers to the mechanism of an individual or collective action to change in understanding, behavior, or agenda through interaction between actors within particular networks. |
| Governance | Governance is about policymaking within a cultural and institutional atmosphere in which citizens and stakeholders interact among themselves and participate in the execution of policy to public affairs. |

## Introduction

*Social learning* (SL) is the process of social interaction between actors by which people learn behavior within a societal context. At the beginning of the learning theory, the cognition process of learning was predominant. Since the 1950s, behaviorists built a bridge between the cognitive and behavioral approach to understanding the learning process. Social learning proponents ignored group cognition process, which has been modified by the recent users of social learning perspective. The ultimate development of the social learning approach has proliferated its usages in different aspects. *Governance* is an act of governing and a process of decision-making. Thus the social learning process applies to understand the mechanism of governance as well as strengthening its implication. Governance system has been dramatically transformed throughout the twentieth century. The government was the legitimate, unchallenged agency to govern the state until the post-Second World War. During the Thatcher-Regan era, market philosophy was promoted by the privatization, deregulation, cutbacks in public spending, tax cuts, monetarist economic policies, radical institutional, and administrative reform, which is known as New Public Management (NPM) (Pierre and Peters 2000). In the NPM, the government is no longer controller of the direction of policies which urged to include private corporations in the policy-making procedure. Consequently, the state has become a weak state due to its ignorance to engage people in its policy-making procedures.

Therefore, outlines of governing in public administration have turned into more polycentric systems in which a variety of actors are engaged in local decision-making processes. This change is described as a shift from government to governance (Denters 2011), or the governance turn (Gilardi and Radaelli 2012), which means placing less emphasis on hierarchy and the state, and more on markets and networks (Bevir 2011). Due to the rising complexity and changing relationship between the state, civil society, and private organizations hierarchy as a means of coordinating common actions and decision-making is ineffective. The movement towards governance does not mean sidelining the role of government but rather increasing public participation for government to achieve its goals (McLaverty 2011; Pierre and Peters 2000). Government takes a steering role in participative decision-making by non-governmental actors who execute strategic objectives (Osborne and Gaebler 1992). The new mode of governance emphasizes the involvement of the societies in the governing process.

The consequence of the governance turn is the need for learning understood as a change

of beliefs and practices. Political and public administration decision makers have a broader scope of choices, they face questions about whether to use rule-based bureaucratic decision-making based on hierarchical governance mode, which until the turn was considered a default option, or goal-oriented public planning with quasi-market instruments, or participatory governance relying on networks. The choice between different logics implies the existence of two basic types of governance learning. The first is learning of a specific governance model. This learning is based on experience and the consequences of previous actions. It is called single loop learning (Argyris and Schon 1978), and it refines practice based on a specific logic without questioning the goal or the logic itself. It is similar to the exploitative learning, which uses existing knowledge and resources to reap value from what is already known (March 1991). Although a reflection on practices is required, there is no need for any in-depth changes in the logic of action nor the definitions of the problem. Engagement of the societies for collective action is one of the key principles of social learning, which highlights the correlation between social learning and governance.

The state was failing to implement inclusive governance. Consequently, World Bank and UNDP have prescribed the "Good Governance" approach with an objective of reforming the governance process. Good governance emphasized the active participation of citizens and civil society in the policy formulation policies. Social learning approach is very much relevant in the process of engaging individuals or groups of people in decision-making. The input of the multi-stakeholders is encouraged in the good governance process, which is also one of the preconditions of the social learning perspective. In order for the state to be functional, it should include all of the stakeholders. Otherwise, poor governance will ensue. Armstrong argues that poor governance develops "Arbitrary policymaking, unaccountable bureaucracies, unenforced or unjust legal systems, the abuse of executive power, a civil society unengaged in public life, and widespread corruption" (1994: 280). Government becomes weak while it discourages citizens or people to take part in the decision-making process. The proper social interaction between multiple actors could strengthen the governance procedure. Policymaking is one of the important tasks of government. An efficient and pro-people policy could be formulated including actors within different networks. Therefore, policy thinkers perceived social learning as an important framework for policy analysis.

The lack of participation, collaboration between actors, integration of policy legacies and environment (political, economic, sociocultural, technological, and legal) hinder the state in developing and implementing sound governance system for the betterment of its citizen. The engagement of multiple actors, meaningful interaction between them, and the integration of sociocultural, economic, political, and legal framework will be achieved through the social learning process.

## Perspectives of Social Learning

The behavioral theory of learning, based on environmental factors, was mostly applied in explaining the behavior of the people since 1930s in psychology. In the 1950s, psychologists refocus on the cognitive approach that stimulated some researchers in assimilating both behavioral and cognitive theories to interpret human behavior. The concept of social learning was developed integrating both perspectives in Miller and Dollard's work on *Social Learning and Imitation* (1941) and Dollard, Doob, Miller, Mowrer, and Sears's *Frustration and Aggression* (1950), which are some notable contributions to the idea of social learning.

Julian B. Rotter in his renowned book *Social Learning and Clinical Psychology* (1954) argued that social learning occurs in the form of expectancies and incentives. Expectancies are about the environment or how things are connected, the consequences of a person's action, and the individual's own capability to act or behave. Whereas, incentives or reinforcements are the value of the individual's behavior through

rewards and punishments. People are motivated to repeat positive behavior if the outcome of the particular behavior is awarded. In this process, a person has *Locus of Control* (ability to control individual behavior) or cross-situational belief in their own behavior. However, these suggest four indicators, which determine human behavior in the social learning process: behavioral potential, expectancy, reinforcement value, and psychological situation (Rotter 1954). Rotter also claimed that behavior is not only influenced by psychological factors but also social context and environment.

Extensive research of Albert Bandura and Richard Walters improve and popularize social learning theory by combining cognitive and behavioral learning theories. Bandura and Walters (1963), known as the leading proponent of social learning, posits that people learn by observing, imitating, and modeling the behavior of others. For example, children can learn to wash their hand by observing their parents or peers. The observer, thus, adopts new behavior by observing or modeling others and sometimes behavioral change does not occur in the learning process. Now the question is how do individuals learn from others? Bandura (1977) came up with the four-step process of learning through observation, known as the observational learning. Attention, retention, production, and motivation are involved in the social learning process. Attention is based on environmental stimuli, where individuals observe what is happening around them. By paying attention, the observer recognizes their model behavior from their surroundings. In the retention process, the observer remembers behavior of their model that occurs in their cognitive level. The individual's ability to recall is an essential factor in the retention process. Later on, the observer reproduces the modeled behavior, where physical and intellectual capabilities are crucial factors. It is known as the reproduction process which is also the part of the cognitive activity. The environment around observers motivates the reproduction process. This process is called motivation. Individual's environment and cognition play a vital role in this process. The observer changes or modifies their behaviors regarding the presence of reinforcement or punishment that others receive. Individuals are motivated to copy others' behavior if the environment rewards it. People do not reproduce modeled behavior if the model is punished for their behavior. Bandura defined this as the "vicarious learning." People tend to copy behavior of the person who is similar to them or superior to them. Children, for example, could imitate aggressive behavior if they observe such aggressive behavior in their environment. They are also imitating an individual's behavior which is rewarded by society or not punished for their behavior. For instance, children may change their aggressive behavior if it is discouraged by others.

Self-efficacy and a person's desire of developing agency over their lives are recent incorporations in the social-cognitive model of learning. Incorporating both concepts, Bandura (1973, 1986, 1989, 1997, 2001) developed the term "reciprocal determinism" to explain the complex relationship between an individual, an individual's behavior, and the environment. He equally emphasized the three factors in determining the social learning process. Cognitive ability, personality, and physical features of an individual determine both behavior and environment. Behavior also affects an individual's cognition, such as its perception, beliefs, and attitudes towards others. Equally, the environment could influence individuals and their behavior. Person, behavior, and their external environment reciprocally affect each other in the social learning process.

In the previous works, the main weakness of social learning theory was the profound focus on individual cognition rather than a group process. Recently, users and followers of the social learning approach recognized "multiple cognition" to understand the effect of collective behavior. Such as Argyris and Schon (1978, 1996), Senge (1990), and Wenger (1998) employed social entities instead of an individual comprehending the organizational learning process. Reed and his colleagues (2010) comprehensively defined social learning as a change in understanding engaging individuals who are situated within wider social units or communities of practice

through social interactions between actors within social networks. Thus, social learning changes behavior or understanding of people through the social interaction between societal actors within specific systems.

The social learning model has evolved regarding its applicability in different disciplines such as in understanding collaborative governance and the development of policy. Schusler, Decker, and Pfeffer suggested that social learning occurs through engaging people who share multiple perspectives and experiences to change their collective understanding and create a framework for collective action (2003: 311). Comprehensively, social learning is the transformation of knowledge among individuals through interaction in developing shared goals or agreement to deal with an issue (Koontz 2014: 1573–74). Muro and Jeffrey added that it is the communicative action process of changing relational, cognitive, or technical understanding through engaging multiple stakeholders (2012: 3–4). Social learning, subsequently, could be conceived as a mechanism of an individual or collective action to change in understanding, behavior, and agenda through interaction between actors within particular networks.

## The Relationship Between Social Learning and Governance

World politics and international development have undergone a radical transformation mostly because of increasing globalization. A unique characteristic of this transformation is the increasing number and type of stakeholders organized into interest groups or nongovernmental organizations (NGOs). Their influence on public policy at the local, national, and global levels and in nearly every aspect of policymaking and international relations has made them dominant actors in the development arena (Lewis 2003). Social learning is the process of changing behavior through reciprocal interaction between the person, behavior, and its environment.

Similarly, governance is the process of governing and formulating policies through reciprocal interaction between actors, policy, and environment. State or governance is also an actor in this mechanism. There are two types of actors in the governance procedure. Real actors include presidents, prime ministers, bureaucrats, civil society, citizens, and media whereas amorphous actors are structures, international markets, interests, international regimes, or policy networks (Pierre and Peters 2000). All real and amorphous actors are essential in formulating the inclusive public policy. State is dependent on all these actors for governing, executing, legislating, and implementing public policy because the government does not have sufficient resources for delivering its public services. In this regard, the sociocultural, economic, political, technological and legal frameworks of the state are the key environmental factors which have reflective effects on the governance process. Instrument, values, goals, efficacy, and legacies of policy or decision also have a major impact on governance. The policy or decision reciprocally motivates stakeholders or actors and environment in penetrating new form of governance and its effectiveness.

Development of the new mode of governance reflects the complex interaction of actors, decisions made by those actors, and the environment. The relationship between these elements is known as "reciprocal determinism" (mutual collaboration). Knowledge, expectations, beliefs, and attitudes of the actors or stakeholders affect both their decision and the environment. Likewise, previous decisions made by the stakeholders can influence the knowledge, experiences, expectations, beliefs, and attitude of the actors. Knowledge, expectations, beliefs, and attitudes of the actors are also developed based on their sociocultural, political, economic, and legal context. Equally, decisions or policies formulated by the actors could affect the environment of the state. Interactions between actors, policy, and environment that are reciprocal are instigated in the social learning model. Social learning emphasizes the interaction between multiple actors in making any decision regarding the state. States should consider their all stakeholders to decide on governing the state. All stakeholders

should have input to develop a comprehensive policy. States are responsible for coordinating the inclusion procedure and consideration of the suggestions of multistakeholders in governance. Governance is noninclusive and ineffective without proper collaboration between actors, which are the preconditions of social learning. In this circumstance, governance could be improved through achieving reciprocal interaction between actors, policy, and environment of the state.

In the social learning model, individuals have "locus of control" over their competence (or behavior) while behavior and environment also influence them. State actor has a locus of authority (control over their system) in execution, legislative procedure, and policy implementation, (Pierre and Peters 2000) but this locus of power is affected by its environment and delaying policies as well as their goals, values, legacies, and efficacy.

Social learning occurs regarding four processes: attention, retention, production, and motivation which are similar in the governance process. States do not rethink their governance unless it considers problems are occurring in the sociocultural, political, economic, and legal environment. In the retention process, states not only detect these problems but also solutions to those complications. Retention process depends on actors' skills, knowledge, and capability to observe the environment and resolve the complications. In this third stage, stakeholders make an effective decision to address such irregularities, which are influenced by both actors and their environments. It is known as the production or reproduction process in the social learning approach that seemly interprets the governance process. Motivation is the final stage of learning which refers to reinforcement or punishment. Incentives, suggested by Rotter, are also related to reinforcement and punishment. Positive outcome of the newly making decisions encourage implementing the reproduced policies. Negative outcomes prevent executing these decisions. Bandura defined this process as the "vicarious learning." For example, Western policies are imposed in the developing country; however, prevailing environments of the developing countries determine their effectiveness. Expectations of the actors or stakeholders are important determinants of their decisions. Stakeholders assess the relevance of these policies to their local environment; outcomes of these policies and their capabilities to incorporate and implement policies in the governance process.

Policy thinkers employed social learning as an approach to policy analysis. Hugh Heclo and Peter Hall are prominent policy analysts who applied social learning approach to understanding the changes of policies in the Western world, such as the United Kingdom and Sweden. Heclo argued that social policymakers resolve policy problems in the form of collective puzzlement on behalf of the society. Social learning occurs in two different forms: classic conditioning and instrumental conditioning. "Classical conditioning" is the mode of policymaking where policymakers amend existing policies regarding its necessity with the process of puzzling. They do not conduct intensive research to make such minor adaptations.

Conversely, "instrumental conditioning" is the process of radical change in the policy framework through questioning their existing policies (Heclo 1974). He asserts that a change in the government is helpful for implementing this policy. Thus, learning could be essential in both minor adaptations in the policy and replace existing policies ensuring better policy for governing the state. Policymaking process in the United Kingdom and Sweden have taken by Heclo explaining the collective puzzlement and learning process in the policymaking.

Heclo's work on the policy adaptations regarding social learning encouraged Peter Hall. Hall formulated a model of social learning to explain the macroeconomic policy change in the UK. He argued that social learning is an active mechanism for adapting the goals and strategies of policy based on the underlying experiences, knowledge, and new information as well. He suggested that state policymakers are engaged in the model of social learning which has three key features. First, policy legacies predominantly influence the goals of policymakers where past is more prevalent than the existing socioeconomic conditions. Bureaucrats and elites, therefore, are

the main source of learning rather than politicians in this process. Second, elected officials and civil servants promote policies as they are more knowledgeable in the specific area. Both of these features follow Heclo's classic conditioning where technocrats play a pivotal role to adjust policies. Finally, the capacity of states to function without considering the ideas of multiple actors is prevalent in the social learning approach related to self-efficacy (Hall 1993).

According to these features, Hall argued that particular approaches to learning are related to three types of policy changes. Policymakers change or adjust to policies in a routine process that considered as the first-order learning similar classic conditioning. In second-order change, policymakers pursue changes in policy not goals of their policy. The third-order change or learning is associated with the abandonment of the policy goals that is known as a paradigm shift in the policy (Hall 1993). This change occurs in response to the failure of existing policies. Hall exemplified the Thatcher-Regan's era where John Maynard Keynes's welfare economic approach was replaced with monetarism or neo-liberalism in the United Kingdom and the United States of America since the 1970s. Failure in policy forced policymakers to abandon a policy paradigm and accept a new one. Locus of authority (government) also changes in the new policy paradigm. In response to Hall, Michael Oliver suggested a fourth-order change or "learning to learn" that could be a framework of understanding first-, second-, and third-order learning emphasizing on how policymakers learn, and we can understand their capacity to make a change in policy (Oliver 1997).

Governance is related to the transformation of relationships between state and society, depending on less coercive policy instrument to govern the state (Pierre and Peters 2000). In the emerging form of governance, states have no more locus of power and control instead it coordinates and facilitates other powerful actors in the society. As a result, states are crawling to overcome their persistent constraints and making the proper solution for its betterment. It could be defined as wicked problems such as constraints, lack of resources, and lack of collaboration among actors (Pierre and Peters 2000). Social learning will be the practical framework to get rid of this wicked problem. Actors or stakeholders should learn from their past experiences and develop a better understanding of how governance process is related to its environment (Hall 1993). Effective multistakeholders' interaction creates a collaborative platform which is needed to overcome these constraints. Actors should understand the management of the political and decision-making context, as well as provide access to other stakeholders giving inputs in the decision-making process. Structural openness or flexible environment will enhance the interaction between social and political stakeholders in the sociopolitical governance process (Faysse et al. 2014; Koontz 2014; Schusler et al. 2003). Ultimately it reduces the structural unpredictability bearing legacies of past policies and decisions. The process of interaction and decision-making will define the expectations, systems, and management in this governance process. These preconditions are prerequisites in resolving the underlying policy problems. Social learning, therefore, enables actors in making effective decisions and pathways to eradicate wicked problems of the governance.

The experts do not solve public problems instead should be solved through dialogue and deliberation between multiple stakeholders. Collaborative governance is the key to solve these problems (Siddiki et al. 2017). The social dimension of governance by academia and civil society demand active and meaningful participation of the multiple actors in the decision-making process. A citizen could play an active role in shaping public policies and framing solution. Engagement of the common people in the policymaking will be an important step towards collaborative governance. Efficacy of governance depends on proper interaction, collaboration, and involvement of multiple actors in decision-making. Collaborative governance becomes effective when people engage with one another and share their diverse perspectives and experiences to develop a standard policy for action (Faysse et al. 2014; Koontz 2014; Schusler et al. 2003).

As a result, actors recognize the distribution of power and dependency maintaining organizations and social relationships which will manufacture the identification ability of power fixation and accordance among the organizers to generate a collaborative output. The participation of the citizens could ensure trust, increase transparency and improve accountability in the collaborative process (Siddiki et al. 2017). The application of social learning approach is most prevalent and successful in the collaborative governance, such as in environmental governance, natural resource management, and organizational management (Faysse et al. 2014; Folke et al. 2005; Koontz 2014; Olsson et al. 2007; Schusler et al. 2003; Termeer et al. 2010).

States initiate new policies because of the poor and weak governance of the delaying public policies. Weak governance results from the lack of reciprocal interactions between actors. Limited capacity to interact and the interests of the stakeholders could also be the reason for poor governance. With a reform objective of the economic and political dimension of governance, World Bank and UNDP prescribed "good governance" which emphasize on the rule of law, transparency, consensus-oriented, equity and inclusiveness, effectiveness, effectiveness and efficiency, accountability, and participation. Nowadays, the World Bank and UNDP suggest installing e-governance to combat corruption and ensure good governance. Social learning is also useful in implementing e-governance. Different stakeholders of the e-governance should have comprehensive knowledge about the existing environment and learn how to deliver public services through the internet in the environment. Literacy could be an issue regarding e-governance whereas all stakeholders may not have the efficacy of distributing and using services. Outcomes of the e-governance also depend on the collective-efficacy of the actors and the collaboration between e-governance policy, and environments. The state should build efficacy for e-governance, and it could collaborate for developing efficacy and desirability of the providers and users of e-governance. Otherwise, e-governance, a new instrument for good governance, will also be an ineffective instrument of governance. Good government is essential to ensure good governance who implies uniformity of services across the entire political unit (Pierre and Peters 2000). Uniformity of the services is possible only developing uniformity among multiple stakeholders that is asserted by the social learning model. Communicative action is essential to overcome prevailing constraints where multiple stakeholders develop mutual understanding through dialogue and deliberation (Faysse et al. 2014). Social learning proposes to ensure proper interaction between all actors that will create uniformity of decision as well as the uniformity of services.

## Conclusion

The mechanism of social learning is a significant apparatus to understand and explain the reciprocal interaction between all elements of the governance process. Multiple actors from different cohorts of the society should interact making a representative, uniform, and practical decision for resolving wicked problems and strengthening governance. This collaborative practice is defined as "process" and acknowledged as one of the dimensions of sound governance by Riggs (1994). The state should be careful about the dominance of particular stakeholders in this interaction who could interrupt the collaborative process. Environments (sociocultural, economic, political, legal framework) and policy (both existing and previous) along with their values and goals are also important determinants of true governance. Riggs also argued that the legitimacy of the governance process stems from its "structure" such as a body of constitutive elements, actors, rules, regulations, procedures, decision-making frameworks, and authoritative sources. Also, he has emphasized in considering the "cognitive and value dimension": unique or deviant value system of the governance structure. The key elements of the governance process: all stakeholders, policy values, and goals, as well as the external environment of the state are crucial factors which determine collaborative governance

through reciprocal interaction between them. Some of the critics claim that social learning stems from the historical institutionalist approach which emphasizes the influence of institutions based on the external environment to instigate policy change instead of focusing on the action of policymakers. Nevertheless, the emergence of a new mode of governance, wicked problems, powerlessness and failure of the state, and weak governance are attributable by the social learning approach which emphasizes on the reciprocal interaction between stakeholders, policy, and environment. Thus, Greener (2001) defined social learning in terms of the governance as a process by which policymakers adapt their learning and practices to changes in their environment and consequently how these adjustments become indicators in the policy reproduction.

## Cross-References

► New Institutionalism in Public Policy

## References

Argyris C, Schon DA (1978) Organizational learning: a theory of action perspective. Reading: Addison Wesley

Argyris C, Schön DA (1996) Organizational learning II. theory, method and practice. Reading: Addison Wesley

Armstrong P (1994) Human rights and multilateral development banks: governance concerns in decision making. Proc Annu Meet Am Soc Int Law 88:277–282

Bandura A, Walters R (1963) *Social Learning and Personality Development*. New York: Holt, Rinehart & Winston

Bandura A (1986) Social foundations of thought and action: A social cognitive theory. Englewood Cliffs, NJ: Prentice- Hall, Inc.

Bandura A (1989) Regulation of cognitive processes through perceived self-efficacy. *Developmental Psychology* 25:729–735

Bandura A (1973) Aggression: a social learning analysis. Prentice-Hall, Englewood Cliffs

Bandura A (1977) Social learning theory. Prentice Hall, Englewood Cliffs

Bandura A (1997) Self-efficacy: the exercise of control. W.H. Freeman, New York

Bandura A (2001) Social cognitive theory: An agentic perspective. In S. T. Fiske (Ed.), Annual review of psychology (Vol. 52, pp. 1–26). Palo Alto: Annual Reviews, Inc.

Bandura A, Walters R (1963) Social learning and personality development. Holt, Rinehart & Winston, New York

Bevir M (2011) Democratic governance: a genealogy. Local Gov Stud 37(1):3–17. https://doi.org/10.1080/03003930.2011.539860

Denters B (2011) Local governance. In: Bevir M (ed) Sage handbook of governance. Sage, London, pp 313–329

Faysse N, Errahj M, Imache A, Kemmoun H, Labbaci T (2014) Paving the way for social learning when governance is weak: supporting dialogue between stakeholders to face a groundwater crisis in Morocco. Soc Nat Resour 27:249–264. https://doi.org/10.1080/08941920.2013.847998

Folke C, Hahn T, Olsson P, Norberg J (2005) Adaptive governance of social-ecological systems. Annu Rev Environ Resour 30:441–473

Gilardi F, Radaelli C (2012) Governance and learning. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford

Greener I (2001) Social learning and macroeconomic policy in Britain. J Publ Policy 21:133–152

Hall P (1993) Policy paradigms, social learning and the state. Comp Polit 25:275–296

Heclo H (1974) Modern social politics in Britain and Sweden. Yale University Press, New Haven

Koontz TM (2014) Social learning in collaborative watershed planning: the importance of process control and efficacy. J Environ Plan Manag 57(10):1572–1593

Lewis D (2003) Theorizing the Organization and Management of Non-Governmental Organizations. Towards a Composite Approach. Public Management Review, 5(3):325–344

March JG (1991) Exploration and exploitation in organizational learning. Organ Sci 2:71–87. https://doi.org/10.1287/orsc.2.1.71

McLaverty P (2011) Participation. In: Bevir M (ed) Sage handbook of governance. Sage, London, pp 402–418

Muro M, Jeffrey P (2012) Time to talk? How the structure of dialogue processes shapes stakeholder learning in participatory water resources management. Ecology and Society 17(1):3. https://doi.org/10.5751/ES-04476-170103

Oliver M (1997) Whatever happened to monetarism? Economic planning and social learning in the United Kingdom since 1979. Ashgate, Aldershot

Olsson P, Folke C, Galaz V, Hahn T, Schultz L (2007) Enhancing the fit through adaptive co-management: creating and maintaining bridging functions for matching scales in the Kristianstads Vattenrike Biosphere Reserve Sweden. Ecol Soc 12(1):28

Osborne D, Gaebler T (1992) Reinventing government: how the entrepreneurial spirit is transforming public sector. Plenum, New York

Pierre J, Peters BG (2000) Governance, politics and the state. Macmillan, Basingstoke

Reed MS, Evely AC, Cundill G, Fazey I, Glass J, Laing A, Newig J, Parrish B, Prell C, Raymond C, Stringer LC

(2010) What is social learning? Ecol Soc 15(4) http://www.ecologyandsociety.org/vol15/iss4/resp1/
Riggs F (1994) Bureaucracy: a profound puzzle for presidentialism. In: Farazmand A (ed) Handbook of bureaucracy. Marcel Dekker, New York, pp 97–148
Rotter JB (1954) Social learning and clinical psychology. Prentice-Hall, New York. https://doi.org/10.1037/10788-000
Schusler TM, Decker DJ, Pfeffer MJ (2003) Social learning for collaborative natural resource management. Soc Nat Resour 16(4):309–326. https://doi.org/10.1080/08941920390178874
Senge P (1990) The fifth discipline. The art and practice of the learning organization. New York: Doubleday
Siddiki S, Kim J, Leach WD (2017) Diversity, trust, and social learning in collaborative governance. Public Adm Rev 77(6):863–874. https://doi.org/10.1111/puar.12800
Termeer C, Dewulf A, Lieshout MV (2010) Disentangling scale approaches in governance research: comparing monocentric, multilevel, and adaptive governance. Ecol Soc 15(4):29
Wenger E (1998) Communities of practice: learning, meaning, and identity. Cambridge University Press

# Social Media and Government Employees in Tanzania

Julius Raphael Athuman Mhina
Department of Computer Science, Institute of Finance Management, Dar es Salaam, Tanzania

## Synonyms

Electronic government; Government employee; Social media; Tanzania; Web 2.0

## Definition

Social media are Internet applications whose contents is collaboratively generated by developers and users. Web 2.0 is a second generation of web. Its main features include collective creation of web contents between producers and consumers.

## Introduction

The emergence of web 2.0 and social media in the past decade is associated with the developments in ICT which has made it possible for many people to possess mobile phones and have access to mobile-broadband. Out of 7.593 billion world population, 5.135 (68%) billion are unique mobile users, 4.021 (53%) billion are Internet users, 3.191 (42%) billion are active social media users, and 2.958 (39%) billion are active mobile social media users (Kemp 2018). Reports suggest that many Internet users spend a lot of time online with average user spending up to 6 h per day online and particularly on social media such as Facebook, Instagram, Twitter, YouTube, WhatsApp, etc.

In what can be seen as an attempt to follow the citizens, many Government Institutions around the world have adopted official use of social media. They do so by maintaining official social media accounts on social media and web 2.0 applications such as Facebook, Instagram, YouTube, etc. However, studies show that the government institutional accounts are less active and less popular than those owned and managed by individual institutional employees (Mickoleit 2014; van Zoonen et al. 2014). In this regard therefore, scholars suggest that, in order to attract more users and keep the accounts up to date, the institutions are advised individualize their social media accounts by encouraging their employees to engage in work-related use of their social media accounts (Kuzma 2010). This implies that employees working in the government institutions are encouraged to use their personal social media accounts to post and share work-related messages.

However, the factors that influence employees' acceptance of social media for work-related use are generally not known. To fill up this gap, a survey was conducted on Tanzania government employees who are based in Ministries, Departments and Agencies (MDAs), in order to assess the factors that influence acceptance and work-related use of social media among government employees and develop a model for professional use of social media among government employees. To undertake this study, the famous Theory of Acceptance and Use of Technology (UTAUT) was adapted and integrated with other factors as suggested by the literature.

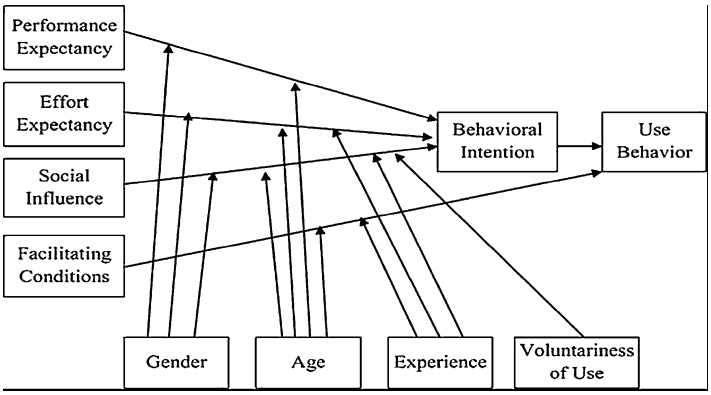


**Social Media and Government Employees in Tanzania, Fig. 1** The unified theory of Acceptance and Use of Technology (UTAUT). (Source: Venkatesh et al. 2003)

This entry proceeds as follows; the next section describes the theoretical framework and proposed model of study, followed by methodology, analysis of the results, discussion and conclusion, and finally references.

## Theoretical Framework

The study adapted the prominent Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al. 2003).

UTAUT (see Fig. 1) is a unified model for adoption of information systems which was developed from other eight technology adoption models. It was developed with the aim of providing a standard theoretical framework for individual adoption of technology in organizations by combining the following theories/models: Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM I-III), Motivation Model (MM), Theory of Planned Behavior (TPB), Combined TAM and TPB (Combined TAM-TPB), Model of Personal Computer Utilization (MPCU), Innovation Diffusion Theory (IDT), and Social Cognitive Theory (SCT) (Venkatesh et al. 2003). The UTAUT showed highest total explained variance on Behavior Intention (BI) (70%) and on Use Behavior (UB) (53%) among the eight combined models (Venkatesh et al. 2003). The theory constructs and their originating models are defined in Table 1 and described in Fig. 1.

**Social Media and Government Employees in Tanzania, Table 1** Definition of model constructs

| Construct | Definition |
|---|---|
| Performance expectancy (PE) | The degree to which an individual believes that using the system will help him or her to attain gains in a job |
| Effort expectancy (EE) | The degree of ease associated with the use of the system |
| Social influence (SI) | The degree to which some individual feels that it is important for others to believe he or she should use the new system |
| Facilitating conditions (FC) | The degree to which an individual believes that organizational and technical infrastructure exists to support use of the system |
| Hedonic motivation (HM) | Perceived enjoyment associated with the use of a technology or system |
| Perceived image (PI) | The perception or belief that, using the system or technology at hand will enhance one's image in the society |
| Perceived risks (PR) | The anticipated negative consequences of using the system or technology |
| Attitude (AT) | The evaluative negative or positive feelings of using the system or technology |
| Behavioral intention (BI) | The measure of one's intention to perform a specified behavior |
| Use behavior (UB) | This is the actual engagement on the behavior |

Among eight models, UTAUT had far better ability to explain the variance in intention behavior (70%) and actual performance of the behavior (53%) making it a superior model among most of the prior technology adoption models (Venkatesh et al. 2003).

S

The theory posits that user's decision to perform a behavior (Use Behavior) is determined by the person's intention to perform the behavior (Behavior Intention) and the intention is jointly determined by the individual's internal beliefs of usefulness of the systems (Performance Expectancy), effort required to use the system (Effort Expectancy), and influence from important other people (Social Influence). Furthermore, the theory posits that availability of technological and organization support (Facilitating Condition) has direct influence on both Behavior Intention and Use Behavior. These constructs are described in Table 1. Also, UTAUT posits that there are four moderating variables: Gender, Age, Experience, and Voluntariness to use. A moderating construct is a factor that modifies either the strength or form of the relationship between the dependent and independent variable.

Although the aspirations of developing UTAUT were to establish a standard model for adoption of technologies, however, subsequent studies suggested a need to refine the model (Venkatesh et al. 2016). This was due to an increasing number of scholars showed need to extend the theory by adding other constructs to the model in order to suit requirements.

## UTAUT Extension

In response to the call by Venkatesh et al. (2016) to refine the model, this study conducted a review of the literature and suggested four new factors to be included in the UTAUT model in order to enhance its predictive power in assessing the factors that influence adoption of new technology and, in particular, the social media. The following factors were proposed as an extension to the UTAUT model, i.e., Hedonic Motivation (HM), Perceived Personal Image (PI), Perceived Risks (PR), and Attitude (AT) (see Fig. 2).

### Hedonic Motivation (HM)

Hedonic motivation is defined as perceived enjoyment or pleasure obtained when using the system (Venkatesh et al. 2012). Studies show that perceived enjoyment influences adoption of technology. Venkatesh et al. (2012) mentioned that hedonic motivation is an important antecedent of

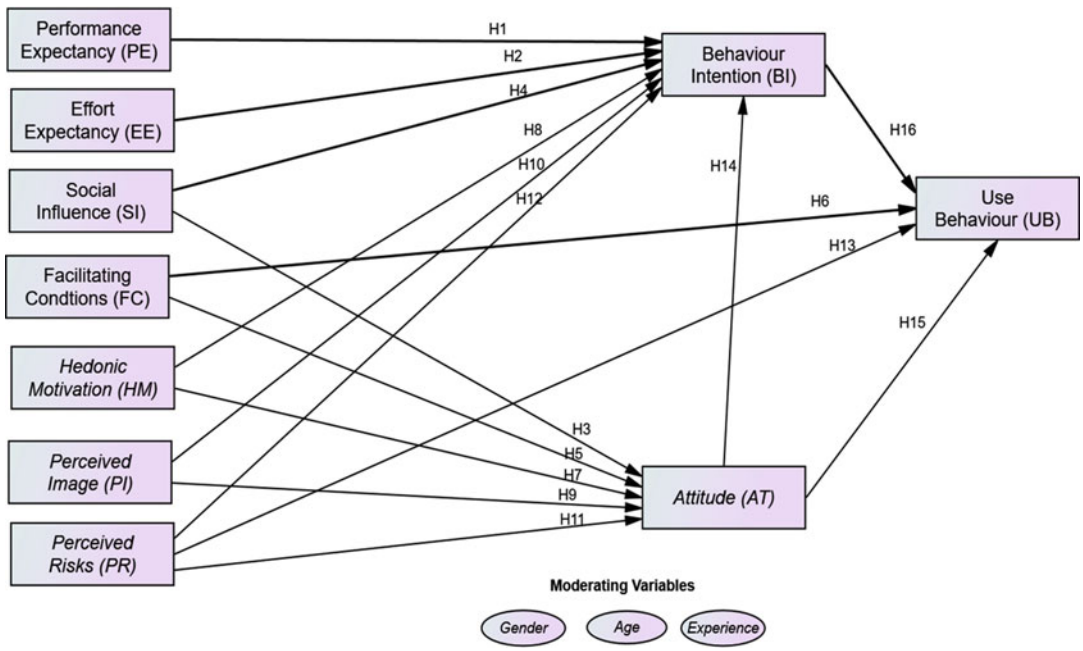


**Social Media and Government Employees in Tanzania, Fig. 2** Proposed research model

intention to adopt new technology. Also, studies show that, hedonic motivation enhances the attitude of users of technology such that if a technology is believed to be enjoyable, the users develop positive attitude toward the technology.

### Perceived Personal Image (PI)

In this study, *Perceived Personal Image* is defined as the degree to which an employee believes that using social media gives him/her ability to improve his or her social status in the eyes of fellow employees and general public. It is the degree to which use of an innovation is perceived to enhance one's image or status in one's social system (Moore and Benbasat 1991). Social media enable employees to engage rapidly and simultaneously with peers, colleagues, customers, and the general public thereby offering possibilities to convey a favorable image of the self (van Zoonen et al. 2014). Studies show that self-identity has effect on both attitude and intention to engage in behavior (Mhina and Johar 2017).

### Perceived Risks (PR)

Perceived risk is defined as perception of uncertainty regarding possible negative consequences of using a product or service (Featherman and Pavlou 2003). In many studies, perceived risk is studied as a composite factor comprising of a number of risks such as privacy risks, performance risks, social risks, and security risks (Featherman and Pavlou 2003). Perceived risks are closely related to anxiety or worry associated with using a certain technology of a product.

Studies show that use of social media is a concern to many organizations due to security and privacy concern of their organizations. Employees' usage of social media could lead to exposure of potentially sensitive and exploitable organization information and that the network security of an organization could be jeopardized due to possibility of social media accounts of employees being compromised by cyber attackers and hijackers who then could launch a cyber-attack to the organization taking advantage of security vulnerabilities prevalent on social media through such techniques as phishing scams. However, UTAUT model did not take into consideration perceived risks such as security and privacy risks which empirical studies have showed that they have negative influence on the adoption of information systems. Therefore, this study integrates perceived risks with the UTAUT model in order to investigate its influence on the acceptance and work-related use of social media among government employees. Studies show that PR has negative effect on Attitude, Intention to use technology and actual use of technology.

### Attitude (AT)

Attitude is defined as "an individual's positive or negative feelings (evaluative affect) about performing the target behavior" (Fishbein and Ajzen 1975, p. 216). It involves an individual's judgment that performing a behavior is good or bad and also a general evaluation that an individual is inclined or disinclined to perform the behavior. This construct was not included in the UTAUT model with justification that in the existence of PE and EE, this construct was found to be spurious implying that AT has no significant contribution on the explanatory power of a model when it coexists with PE and EE (Venkatesh et al. 2003). However, since the development of UTAUT, a number of studies have found Attitude to be an important factor in combination with other UTAUT constructs and hence contradicting the Venkatesh et al. (2003) finding. Furthermore, attitude was also found to be influenced by PE, EE, SI, and FC. Attitude was found to have significant effect on BI and on UB (Dwivedi et al. 2017a). This study therefore, integrated UTAUT with attitude in order to validate its effect in the acceptance and use of social media among Tanzania government employees.

## Proposed Research Model

The proposed research model (Fig. 2) therefore consisted often (10) constructs, namely: Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), Facilitating Conditions (FC), Hedonic Motivation (HM), Perceived Personal Image (PI), Perceived Risks (PR) Attitude (AT), Behavior Intention (BI), and Use Behavior (UB).

**Social Media and Government Employees in Tanzania, Table 2** Research hypotheses

| Hypothesis number | Statement |
|---|---|
| H1 | PE positively relates to BI |
| H2 | EE positively relates to BI |
| H3 | SI positively relates to AT |
| H4 | SI positively relates to BI |
| H5 | FC positively relates to AT |
| H6 | FC positively relates to UB |
| H7 | HM positively relates to AT |
| H8 | HM positively relates to BI |
| H9 | PI positively relates to AT |
| H10 | PI positively relates to BI |
| H11 | PR negatively relates to AT |
| H12 | PR negatively relates to BI |
| H13 | PR negatively relates to UB |
| H14 | AT positively relates to BI |
| H15 | AT positively relates to UB |
| H16 | BI positively relates to UB |

While the UTAUT relationships are shown using thick lines, the added constructs are written in *italic*. In the proposed model, Behavior Intention (BI) is postulated to be determined by PE, EE, SI, HM, PR, and AT. AT on the other hand is determined by SI, HM, PR, and FC. Furthermore, the UB is determined by BI, PR, FC, and AT.

The research hypotheses shown in Fig. 2 are summarized in Table 2. All independent variables are positively related to the dependent variables except variable PR which is negatively related to the independent variables. All hypotheses were developed based on previous studies. All variables on the left side of the arrow are independent variables and those variables on the right side of the arrow are dependent variables.

## Research Methodology

### Population, Sample Size, and Sampling Technique

The population for this study is government employees based in Tanzania Ministries, Departments and Agencies (MDAs). These employees were selected because they were considered the key people toward implementation of government policies. Depending on the findings of the study, the government policies can be developed or reviewed to enhance beneficial usage of social media among government employees. Since the population size is finite and known, the Yamane formula (Yamane 1967) was used to calculate the sample size for the study which yielded 400 as adequate minimum sample. For this study, a Quantitative technique (Creswell 2014) using self-administered questionnaire (Kumar 2011) was employed. The convenient sampling technique was used to distribute questionnaire to 1061 employees of 9 Ministries, 18 Government Departments, and 5 Agencies based in Dar es Salaam city, Tanzania, resulting into 675 (63.6%) return ratio. However, the final data set consisted of 600 cases after data screening. The data collection exercise was conducted between January 2016 and March 2017. Before the actual data collection, a pilot study was conducted to fine tune the instrument.

### Instrument Design and Development

The initial measurement instrument used in the study consisted of 59 items with all of the items adapted from the literature. While the items for the constructs for the following constructs – Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), Facilitating Conditions (FC), Attitude (AT), and Behavior Intention (BI) – were adapted from Venkatesh et al. (2003). A 7-point Likert scale was adapted in this study with scores ranging from 1– Strongly Disagree to 7–Strongly Agree. The final questionnaire consisted of 42 items (see Fig. 3).

### Study Procedure

Table 3 shows the home or personal usage of social media by respondents. Respondents were presented with a list of most popular web 2.0 and social media applications in Tanzania and were asked to indicate the application (s) they use for personal purposes whereby the most popular social media among the respondents is WhatsApp (21.1%) which is used by 555 (92.2%) respondents, Facebook is the second most used application (16.4%) used by 432 (71.8%) respondents, YouTube (14.2%) ranked third and is used by 408 (61.2%) respondents, Instagram (12.4%) used by 356 (53.4%) respondents, Twitter

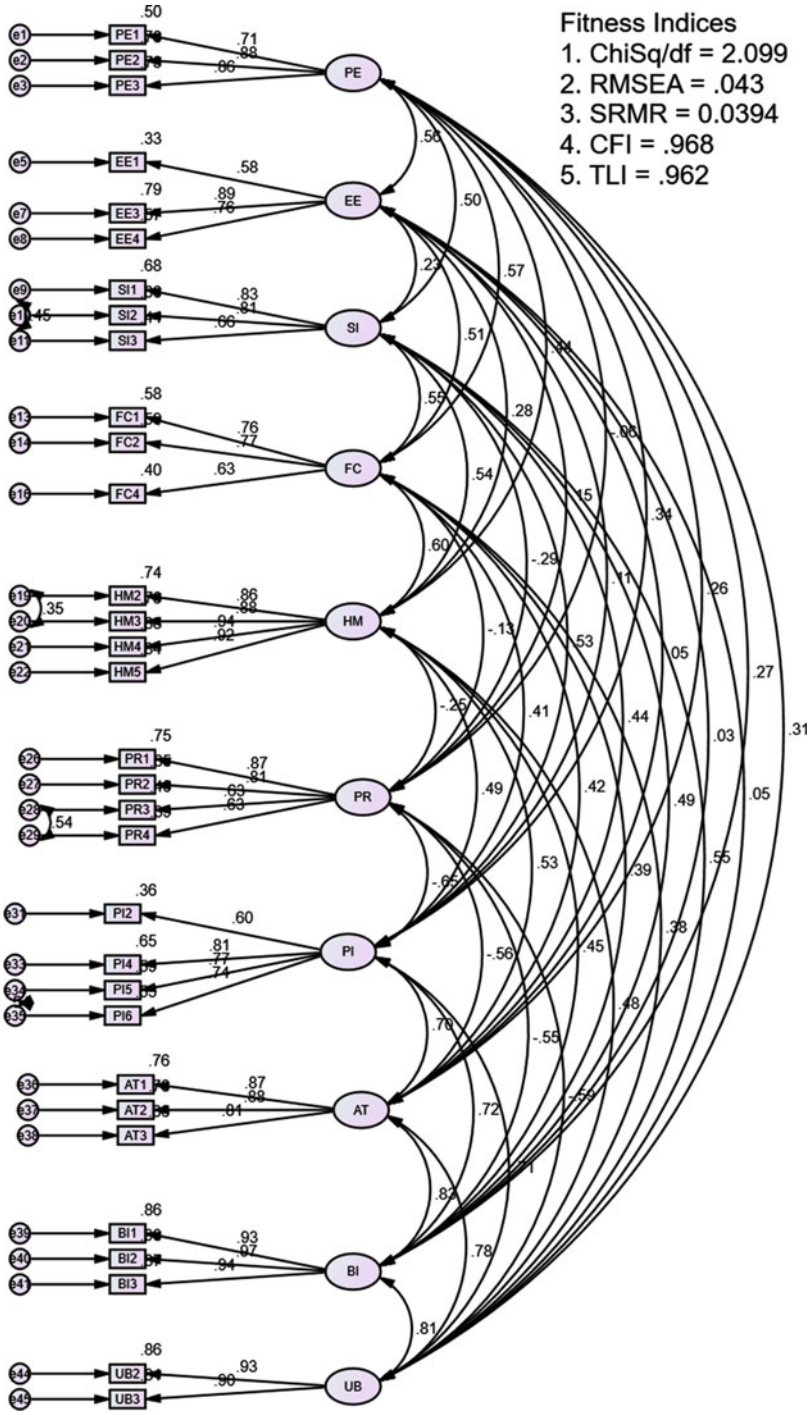


**Social Media and Government Employees in Tanzania, Fig. 3** Final measurement model

(7.6) used by 219 (32.8%) respondents, LinkedIn (6.4) used by 185 (27.7%) respondents, Google+ (6.9%) used by 199 (29.8%) respondents, and Blogs (6.2%) used by 179 (26.8%) respondents. An almost negligible number of 5 (0.2%) respondents indicated that they don't use any social media for any purpose. Those respondents who used at least one application for home or personal purposes were

S

asked to indicate their perception on the web 2.0 and social media applications and their willingness to use them for professional or work-related purposes.

The respondents were also asked to indicate how they use social media for personal purposes. As shown in Table 4, the respondents indicated that they use their personal social media mostly for sharing messages with friends (34.70%), personal networking (23.40%), entertainment (21.10%), to contribute on online blogs (15.70%), and other purposes (5.20%).

In order to determine their perception on use of their personal social media accounts for work-related or professional purposes, the respondents were asked to indicate their perceptions by responding to questionnaire items developed based on the model variables. The analysis of the responses and findings are discussed in the next sections.

## Results and Analysis

To analyze the collected data, Structural Equation Modelling (SEM), a multivariate statistical analysis technique was employed. This is because this technique is able to analyze all inter-relationships simultaneously (Hair et al. 2010). A two-stage analysis was adapted, starting with analysis of the measurement model through confirmatory factor analysis followed by analysis of the structural model. Both IBM AMOS version 21 and IBM SPSS version 21 tools were used to facilitate the analysis process.

### Descriptive Analysis

Table 5 shows demographic characteristics of the sample with 209 (31%) respondents coming from Ministries, 331 (49%) respondents from government departments, and 135 (20%) from government

**Social Media and Government Employees in Tanzania, Table 3** Respondents' social media usage ($N = 675$)

| Preferred social media | Frequency | Percentage (%) | Percentage (%) of cases |
|---|---|---|---|
| WhatsApp | 613 | 21.40 | 91.90 |
| Facebook | 474 | 16.50 | 71.10 |
| YouTube | 408 | 14.20 | 61.20 |
| Instagram | 356 | 12.40 | 53.40 |
| Twitter | 219 | 7.60 | 32.80 |
| Google Plus | 199 | 6.90 | 29.80 |
| LinkedIn | 185 | 6.40 | 27.70 |
| Blogs | 179 | 6.20 | 26.80 |
| Skype | 177 | 6.20 | 26.50 |
| WeChat | 33 | 1.20 | 4.90 |
| Other | 21 | 0.70 | 3.10 |
| None | 5 | 0.20 | 0.70 |

Source: Mhina and Johar (2018)

**Social Media and Government Employees in Tanzania, Table 4** Social media use purposes

| Purpose | Frequency | Percentage (%) | Percentage (%) of cases |
|---|---|---|---|
| Sharing with friends | 484 | 34.70 | 75.40 |
| Personal networking | 326 | 23.40 | 50.80 |
| Entertainment | 294 | 21.10 | 45.80 |
| Contribute online blogs | 219 | 15.70 | 34.10 |
| Other purposes | 72 | 5.20 | 11.20 |

Source: Mhina and Johar (2018)

**Social Media and Government Employees in Tanzania, Table 5** Respondents demographic profile ($N = 675$)

| Gender | Education level | Age | Sector | Experience |
|---|---|---|---|---|
| Male: 338 (57.5%) | Diploma: 95 (14.1%) | 18–35: 376 (55.7%) | Ministry: 209 (31%) | Less than 3 years:106 (21.2%) |
| | Bachelor: 369 (54.7%) | 36–60: 287 (42.5%) | Department: 331 (49%) | 3 to 6 years:236 (35.0%) |
| Female: 264 (39.1%) | Master Degree: 186 (27.6%) | Other: 6 (0.9%) | Agency: 135 (20%) | Over 6 years:309 (45.8%) |
| | PhD: 5 (0.7%) | | | |
| Missing: 23 (3.4%) | Missing: 20 (3.0%) | Missing: 6 (0.9%) | Missing: None | Missing:24 (3.6%) |

Source: Mhina and Johar (2018)

agencies. The youth age group (18–35) contributes more than half of the sample 376 (55.7%). Majority of the respondents are males 338 (57.7%). More than half of the respondents have a bachelor degree 369 (54.7) and 545 (80.8%) have high experience ($\geq$ 3 years) in using social media for personal purposes.

## Missing Data, Normality, and Outlier Assessment

Data screening was performed on the collected data for detection of missing values, normality, and outliers in order to produce valid and reliable results. This process resulted in deletion of 75 cases due to high missing rate (more than 5%) and suspicious pattern such as non-engagement. The remaining data with missing values (less than 5%) were imputed using median (Gaskin 2016). The data screening process resulted into 600 (88.9%) usable cases which were used in all subsequent analyses.

Univariate normality was tested by using Skewness and Kurtosis. The results of the analysis are as shown in Table 6 in which the Skewness and Kurtosis values of all items were within the acceptable value of $\pm 2$ for Skewness and $\pm$ 3 for Kurtosis (Awang 2016).

## Measurement Model

This study adapted the two-step approach in conducting analysis, i.e., analysis of the measurement model followed by the analysis of the structural model. The analysis of the measurement model is conducted in a validation process called Confirmatory Factor Analysis (CFA). This was done using the Analysis of Moments of Structure (AMOS) software. The purpose of this process is to validate the measurement model for reliability and validity of measured items before the relationship between constructs was analyzed in structural equation model (Hair et al. 2010).

For a model to be considered good, its $\chi$-square ($\chi^2$) is supposed to be nonsignificant ($p > 0.05$), implying that there is no significant difference between the data and the proposed model (Hair et al. 2010). However, $\chi$-square is known to be sensitive to model complexity and sample size hence not always an indication of a good model; therefore a normed $\chi$-square ($\chi^2$/df) is used in instead of $\chi$-square with a value of less than 3 considered adequate. In order to overcome this bias introduced by $\chi$-square, additional model fit indices are used as recommended. For this study, the following model fit indices were used to assess both the measurement model and structural model for this study: A normed $\chi$-square ($\chi^2$/df), Root Mean Square Error of Approximation (RMSEA), Standardized Root Mean Residual (SRMR), Comparative Fit Index (CFI), and *Tuller-Lewis* Index (TLI). The thresholds for acceptance values of the indices are shown in Table 7.

Cronbach's alpha ($\alpha$), Composite Reliability (CR), Average Variance Extracted (AVE), and Maximum Shared Variance (MSV) were all used to assess reliability, discriminant validity, and convergent validity of the measurement model. For reliability to be achieved, $\alpha > 0.7$ and CR should be $\geq 0.6$ or preferably $> 0.7$, for convergent validity to be achieved; AVE $> 0.5$ and for discriminant validity to be achieved MSV $<$ AVE

**Social Media and Government Employees in Tanzania, Table 6** Constructs reliability and validity

| Construct | PE | EE | SI | FC | HM | PR | PI | AT | BI | UB |
|---|---|---|---|---|---|---|---|---|---|---|
| VIF | 1.696 | 1.469 | 1.634 | 1.746 | 1.678 | 1.445 | 1.746 | N/A | N/A | N/A |
| Tolerance | 0.59 | 0.681 | 0.612 | 0.573 | 0.596 | 0.692 | 0.573 | N/A | N/A | N/A |
| Skewness | −0.592 | −0.62 | −0.201 | −0.374 | −0.585 | −0.597 | −0.38 | −0.3 | −0.029 | 0.172 |
| Kurtosis | 0.175 | 1.051 | −0.014 | 0.151 | 0.048 | −0.44 | −0.174 | −0.498 | −0.731 | −0.651 |
| Mean ($\bar{x}$) | 4.74 | 5.21 | 3.84 | 4.58 | 4.28 | 5.63 | 3.53 | 3.69 | 3.35 | 3.14 |
| STD ($\sigma$) | 1.421 | 1.113 | 1.274 | 1.254 | 1.468 | 1.255 | 1.255 | 1.512 | 1.571 | 1.547 |
| CR | 0.86 | 0.79 | 0.81 | 0.77 | 0.95 | 0.83 | 0.82 | 0.89 | 0.96 | 0.91 |
| AVE | 0.67 | 0.56 | 0.59 | 0.52 | 0.81 | 0.55 | 0.54 | 0.73 | 0.89 | 0.84 |
| MSV | 0.33 | 0.31 | 0.3 | 0.36 | 0.36 | 0.42 | 0.52 | 0.68 | 0.68 | 0.66 |

**Social Media and Government Employees in Tanzania, Table 7** Model Fit indices for the final measurement and structural model

| Name of category | Name of index | Recommended value[a] | Measurement model | Structural model |
|---|---|---|---|---|
| Absolute | $\chi^2$ | *ns at p < 0.05* | 691.816 | 698.803 |
| Degree of freedom | *df* | n/a | 311 | 317 |
| Parsimonious | $\chi^2/df$ | 5 < preferable <3 | 2.224 | 2.204 |
| Absolute | RMSEA | <0.08 | 0.045 | 0.045 |
| Incremental | SRMR | <0.08 | 0.0387 | 0.0392 |
| Incremental | CFI | >0.95 | 0.97 | 0.97 |
| Incremental | TLI | >0.95 | 0.963 | 0.964 |

Notes: $\chi^2$ Chi-square, *df* degree of freedom, *RMSEA* root mean square error of approximation; *SRMR* standardized root mean residual, *CFI* comparative fit index
Sources: [a]Hu and Bentler (1999), Kline (2011)

**Social Media and Government Employees in Tanzania, Table 8** Discriminant validity of measurement model

| Construct | PE | EE | SI | FC | HM | PR | PI | AT | BI | UB |
|---|---|---|---|---|---|---|---|---|---|---|
| Performance expectancy | **0.819** | | | | | | | | | |
| Effort expectancy | 0.558 | **0.751** | | | | | | | | |
| Social influence | 0.504 | 0.234 | **0.769** | | | | | | | |
| Facilitating conditions | 0.575 | 0.506 | 0.548 | **0.723** | | | | | | |
| Hedonic motivation | 0.442 | 0.279 | 0.541 | 0.599 | **0.900** | | | | | |
| Perceived risks (PR) | −0.057 | 0.150 | −0.291 | −0.126 | −0.247 | **0.742** | | | | |
| Perceived image | 0.338 | 0.105 | 0.532 | 0.408 | 0.489 | −0.651 | **0.735** | | | |
| Attitude | 0.262 | 0.047 | 0.438 | 0.419 | 0.528 | −0.555 | 0.702 | **0.856** | | |
| Behavior intention | 0.272 | 0.032 | 0.490 | 0.390 | 0.446 | −0.547 | 0.718 | 0.827 | **0.943** | |
| Use behavior | 0.312 | 0.053 | 0.549 | 0.384 | 0.484 | −0.592 | 0.714 | 0.778 | 0.809 | **0.91** |

(Hair et al. 2010). Table 6 shows that all the CR for all constructs ranged from 0.77 (FC) to 0.96 (BI), the AVE ranged from 0.52 (FC) to 0.89 (BI) and all MSV < AVE. Furthermore, √AVE which is shown as the diagonal value (**in bold**) (See Table 8) is greater than all values along the row and column for all constructs, hence discriminant validity is achieved (Awang 2016).

In order to test for multicollinearity, SPSS was used to calculate tolerance and Variance Inflation Factor (VIF). A value of tolerance greater than 0.1 and VIF of less than 3.0 are considered good indication of absence of multicollinearity (Pallant 2010). Since all VIFs were < 3 and Tolerance >0.1, then it is concluded that there is no multicollinearity in the sample (see Table 6).

Based on this assessment, it is evident that the convergent validity, reliability, and discriminant validity of the constructs have been achieved; therefore, the assessment of the structural model is done in the next section.

## Structural Model

The same criteria that were used to assess goodness of fit of the measurement model were used to assess the goodness of fit (GOF) of the structural model. Both models showed similar model fit results (see Table 4). Since the measurement model showed

**Social Media and Government Employees in Tanzania, Table 9** Path significance and hypotheses testing results

| HNO | Path | Beta (β) and *t*-values | Hypothesis testing results |
|---|---|---|---|
| H9 | PI→AT | 0.425*** | Supported |
| H7 | HM→AT | 0.231*** | Supported |
| H11 | PR→AT | −0.217*** | Supported |
| H3 | SI→AT | $-0.009^{ns}$ | Unsupported |
| H5 | FC→AT | $0.072^{ns}$ | Unsupported |
| H1 | PE→BI | $0.015^{ns}$ | Unsupported |
| H2 | EE→BI | $-0.043^{ns}$ | Unsupported |
| H4 | SI→BI | 0.126** | Supported |
| H10 | PI→BI | 0.226*** | Supported |
| H14 | AT→BI | 0.637*** | Supported |
| H8 | HM→BI | −0.017 ns | Unsupported |
| H12 | PR→BI | −0.068 ns | Unsupported |
| H15 | AT→UB | 0.251*** | Supported |
| H16 | BI→UB | 0.458*** | Supported |
| H6 | FC→UB | 0.101** | Supported |
| H13 | PR→UB | −0.194*** | Supported |
| $R^2$ for UB | | 0.72 | |
| $R^2$ for BI | | 0.73 | |
| $R^2$ for AT | | 0.57 | |
| $R^2$ for PI | | 0.59 | |

Notes: *HNO* hypothesis number, *PE* performance expectancy, *EE* effort expectancy, *SI* social influence, *FC* facilitating conditions, *HM* hedonic motivation, *PI* perceived personal image, *PR* perceived risks, *AT* attitude, *BI* behavior intention, *UB* use behavior, significance of paths: $*p < 0.05$, $**p < 0.01$, $***p < 0.001$, *NS* not significant ($p > 0.05$), $\beta$ standardized path coefficient, $R^2$ explained variance

good model fit ($\chi^2/df = 2.224$, $RMSEA = 0.045$, $SRMR = 0.0387$, $CFI = 0.970$, $TLI = 0.963$), therefore path analysis can be done.

The structural model results show that 10 (11) out of 14 (16) standardized path coefficients were significant hence the proposed research model (Fig. 2) was largely supported. The structural model results are shown in Table 9.

## Discussion and Implication

The aim of this study was to validate UTAUT and integrate it with Hedonic Motivation (HM), Perceived Personal Image (PI), Perceived Risks (PR), and Attitude (AT) in order to investigate the antecedents of acceptance and work-related use of personal social media accounts among Tanzania government employees.

The results of structural model analysis showed that there is need to refine the proposed model since not all the hypothesized relationships in Fig. 2 were confirmed. Furthermore, in the course of analysis, there are new relationships which emerged and which were found to be meaningful. The final model (see Fig. 4), therefore, is refined to include only supported hypotheses together with emerged significant relationships but excluding all unsupported relationships. Two UTAUT constructs were eliminated from the final model which is Performance Expectancy and Effort Expectancy as a result of the model refinement process due to the hypotheses related to these constructs being unsupported.

The final model consists of eight (8) core constructs, namely: – Social Influence, Facilitating Conditions, Hedonic Motivation, Perceived Risks, Perceived Personal Image, Attitude Behavior Intention, actual Use Behavior, and three

**Social Media and Government Employees in Tanzania, Fig. 4** Developed model

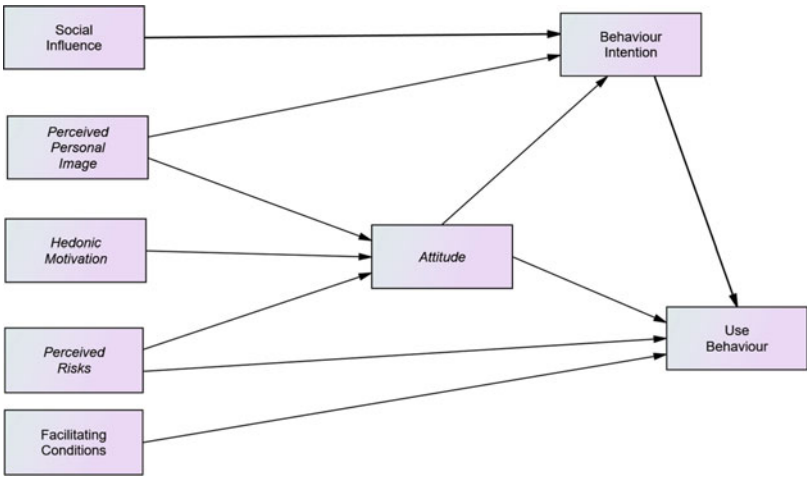


(3) moderating variables, namely, gender, age and social media experience (see Fig. 4).

The model showed that the added constructs, namely, hedonic motivation, perceived personal image, perceived risks, and attitude are highly significant and significantly improved the model performance as shown by the explained variances on attitude, behavior intention, and actual use. As such, these factors proved to be important antecedents for acceptance and use of social media among Tanzania government employees. The results of the analysis are summarized in Fig. 4.

The results showed that attitude is the strongest determinant of intention and actual use of personal social media for work-related purposes among the respondents. Our results are consistent with those of previous studies (van Zoonen et al. 2014; Dwivedi et al. 2017a).

The results showed that perceived personal image has largest standardized total effect on the actual use followed by social influence in the second place and attitude in the third place. Surprisingly, BI is the least of the factors influencing actual use. The influential effect of AT on actual use is consistent with Dwivedi et al. (2017b).

However, our results could not confirm effect of Performance Expectancy (PE) and Effort Expectancy on Behavior Intention consistently with Mandal and Mcqueen (2012), and Mandal and Mcqueen (2012), Lallmahomed et al. (2013), and Liu and Chang (2016), who obtained similar results regarding PE and EE, respectively.

Regarding social influence, our results confirmed its effect in the intention to adopt work-related use of personal social media accounts among respondents consistent with other previous studies (Venkatesh et al. 2003; Venkatesh 2012; Dwivedi et al. 2017a; Raphael and Johar 2017). This suggests that the decision of respondents to use personal social media for work-related purposes is influenced by others.

On the other hand, the results showed that facilitating conditions directly affects the actual use of decision of social media for work-related purposes consistently with other previous studies (Venkatesh et al. 2003; Dwivedi et al. 2017a). This implies that availability of favorable organizational infrastructure such as supportive policies do influence the decision of respondents to engage in use of personal social media accounts for work-related purposes.

Lastly, the results confirmed negative effect of perceived risks on attitude, behavior intention, and actual use as hypothesized earlier. This implies that, while government employees are extensively using the technolgies for home or personal purposes as shown in Table 1, nevertheless they are worried about using the technolgies for work-related purposes due to perceived risks

such as security risks, privacy, and other risks. Therefore, if the government organizations want to encourage use of web 2.0 and social media among their employees, they need to improve their attitude toward the using the technolgies.

Overall, our results show that the acceptance and use of personal social media accounts for work-related purposes among Tanzania government employee is influenced by the contextual factors (facilitating conditions and social influence) and the individual or psychological factors (hedonic motivation, perceived personal image, perceived risks, and attitude) and not by the system attributes, i.e., performance expectancy and effort expectancy which in this case did not play any salient role in the intention of the employees to engage in the behavior.

This study is an important step toward understanding the factors that influence government employees' acceptance and use of their personal social media accounts for work-related purposes. It is an important effort to understand how use of social media among employees may be used in a productive way. The study validated and modified a well establish theory of acceptance and use of technology (UTAUT) integrating it with other factors in a quantitative study.

As a main contribution, this study makes a significant contribution to the development of theory by validating UTAUT and extending it with the new factors: Hedonic Motivation, Perceived Personal Image, Perceived Risks, and Attitude. All these factors proved to be influential in the acceptance and use of social media for work-related purposes among government employees.

**Social Media and Government Employees in Tanzania, Table 10** Descriptive analysis of constructs

| Construct | Mean ($\bar{x}$) | Standard deviation ($\sigma$) |
|---|---|---|
| Performance expectancy (PE) | 4.74 | 1.421 |
| Effort expectancy (EE) | 5.21 | 1.113 |
| Social influence (SI) | 3.84 | 1.274 |
| Facilitating conditions (FC) | 4.58 | 1.254 |
| Hedonic motivation (HM) | 4.28 | 1.468 |
| Perceived risks (PR) | 5.63 | 1.255 |
| Perceived personal image (PI) | 3.53 | 1.255 |
| Attitude | 3.69 | 1.512 |
| Behavior intention (BI) | 3.35 | 1.571 |
| Use behavior (UB) | 3.14 | 1.547 |

Notes: Scale: 1 = strongly disagree (SD); 2 = moderately disagree (MD); 3 = disagree (D); 4 = neutral (N) 5 = agree (A); 6 = moderately agree (MA); 7 = strongly agree (SA)

## Conclusion

The main objective of this study was to investigate the factors that influence government employees' use of personal social media accounts for work-related purposes. This was done by empirically testing the influence of **UTAUT** relationships on Tanzania government employees. Four constructs, namely, Hedonic Motivation, Perceived Personal Image, Perceived Risks, and Attitude (AT) were added to the UTAUT model in order to investigate their influence on the performance of the model. As shown in Table 10, the respondents have negative perception toward use of social media for work-related purposes. Furthermore, the structural model analysis showed that the respondents' perception is influenced by the following factors: Social Influence, Facilitating Conditions, Hedonic Motivation, Perceived Risks, Perceived Personal Image, Attitude, and Behavior Intention.

The results showed that the following factors are important for acceptance and use of personal social media accounts for work-related purposes among government employees.

In particular, the study showed that attitude has significantly high positive effect on both intention and actual use of personal social media for work-related purposes. On the other hand, the results showed that attitude of participants is positively determined by hedonic motivation and perceived personal image while perceived risks showed negative effect on attitude. These factors explained up to 57% of its variance. Furthermore, the study showed that attitude provided a bridge/mediation between other endogenous constructs with both the intention and actual use Behavior.

Furthermore, the results showed that performance expectancy has indirect positive effect on

Behavior Intention fully mediated by Perceived Personal Image. The other factors that showed significant effect on Behavior Intention include Perceived Personal Image and Attitude. Also, hedonic motivation showed indirect positive effect on Behavior Intention fully mediated by Perceived Personal Image and Attitude. These factors contributed to 73% of explained variance on Behavior Intention.

Finally, the results showed that, Perceived Risks have negative effect on actual use Behavior while Facilitating Conditions, Attitude, and Behavior Intention showed positive influence contributing up to 72% of its explained variance.

## References


Awang Z (2016) SEM made simple: a gentle approach to learning structural equation modeling, 2nd edn. MPWS Rich Publication, Kuala Lumpur

Creswell JW (2014) Qualitative, quantitative and mixed methods research. In: Creswell JW (ed) Research design, 4th edn. SAGE, Los Angeles/London/New Delhi/Singapore/Washington, DC

Dwivedi YK, Rana NP, Jeyaraj A, Clement M, Williams MD (2017a) Re-examining the unified theory of acceptance and use of technology (UTAUT): towards a revised theoretical model. Inf Syst Front 1–16. https://doi.org/10.1007/s10796-017-9774-y

Dwivedi YK, Rana NP, Tajvidi M, Lal B, Sahu GP, Gupta A (2017b) Exploring the role of social media in e-government. In: Proceedings of the 10th international conference on theory and practice of electronic governance - ICEGOV'17, pp 97–106. https://doi.org/10.1145/3047273.3047374

Featherman MS, Pavlou PA (2003) Predicting e-services adoption: a perceived risk facets perspective. Int J Hum-comput St 59(4):451–474

Fishbein M, Ajzen I (1975) Belief, attitude, intention and behavior: an introduction to theory and research. Addison-Wesley, Reading

Gaskin J (2016) Data screening. Gaskination's statistics. Available: https://www.youtube.com/user/Gaskination

Hair JF, Black WC, Babin BJ, Anderson RE (2010) Multivariate data analysis: a global perspective. Pearson, Upper Saddle River

Hu L-t, Bentler PM (1999, Nov 3) Cutoff criteria for fit indexes in covariance structure analysis: conventional criteria versus new alternatives. Struct Equ Model Multidiscip J 6(1):1–55

Kemp S (2018) Digital in 2018: World's internet users pass the 4 billion mark – We Are Social UK. Available at: https://wearesocial.com/uk/blog/2018/01/global-digital-report-2018 (Accessed: 17 February 2018)

Kline RB (2011) Principles and practice of structural equation modelling, 3rd edn. Guilford Press, New York

Kumar R (2011) Research methodology: a step-by-step guide for beginners. SAGE, London/New Delhi/California/Singapore

Kuzma J (2010) Asian government usage of web 2.0 social media. Eur J ePract. Retrieved 21 Sep 2016, from http://www.etudasportal.gov.hu/download/attachments/7995452/European+Journal+epractice+Volume+9.6.pdf

Lallmahomed MZI, Nor NZ, Ibrahim R, Rahman AA (2013) Predicting different conceptualizations of system use: acceptance in hedonic volitional context (Facebook). Comput Hum Behav 29(6):2776–2787

Liu L, Chang C (2016) Verification of social network site use behavior of the university physical education students. EURASIA J Math Sci Technol Educ 12(7):793–805. https://doi.org/10.12973/eurasia.2016.1232a

Mandal D, Mcqueen RJ (2012) Extending UTAUT to explain social media adoption by microbusinesses. Int J 4(4):1–11. https://doi.org/10.5121/ijmit.2012.4401

Mhina JRA, Johar MGM (2017) A conceptual framework for acceptance and use of social media among government employees. Int J Emerg Trends Technol Comp Sci (IJETTCS) 6(6):181–187. Retrieved from http://www.ijettcs.org/Volume6Issue6/IJETTCS-2017-10-25-72.pdf

Mhina JR, Johar MGM (2018) Investigating Tanzania government employees' acceptance and use of social media: an empirical validation and extension of UTAUT. Int J Manag Inform Technol (IJMIT) 10(2)

Mickoleit A (2014) OECD working papers on public social media use by governments, vol 26. OECD, Paris

Moore GC, Benbasat I (1991) Development of an instrument to measure the perceptions of adopting an information technology innovation instrument development – innovation diffusion – information technology adoption – research methodology. Inform Syst Res 2(3):192–222

Pallant J (2010) SPSS survival manual: a step by step guide to data analysis using SPSS, 4th ed. Open University Press, Berkshire

van Zoonen W, Verhoeven JWM, Elving WJL (2014) Understanding work-related social media use: an extension of theory of planned behavior. Int J Manag Econ Social Sci 3(4):164–183

Venkatesh V (2012) Consumer acceptance and use of information technology: extending the unified theory of acceptance and use of technology. MIS Q 36(1):157–178

Venkatesh V. et al. (2016) Unified theory of acceptance and use of technology: a synthesis and the road ahead. Jais 17(5):328–376

Venkatesh V, Morris MG, Davis GB, Davis FD (2003) User acceptance of information technology: toward a unified view. MIS Q 27(3):425–478

Venkatesh V, Thong JY, Xu X (2012, March) Consumer acceptance and use of information technology: extending the unified theory of acceptance and use of technology. MIS Q 36(1):157–178

Yamane T (1967) Statistics: an introductory analysis, 2nd edn. Harper& Row, New York

# Social Media and Organizational Capacity

Rui Sun[1] and Hugo D. Asencio[2]
[1]Department of Public Administration, College of Business Administration and Public Policy, California State University, Dominguez Hills, Carson, CA, USA
[2]Department of Public Administration, California State University, Dominguez Hills, Carson, CA, USA

## Synonyms

Facebook; Information and communications technology (ICT); Nonprofit organization (NPO); Organizational goals; Social media strategies; Social networking; Twitter

## Definitions

Social media is a group of Internet-based applications that allow individuals to create, share, and exchange information and knowledge. Organizational capacity is the ability of an organization to accomplish its missions through leadership, management, financial, and operational support.

## Introduction

Nonprofit organizations (NPOs) fulfill important economic, social, and political functions. Economically, they provide services that are not economical in either the for-profit market or the government services industry. Socially, they bring people together to collaborate and achieve the common good. Politically, they mobilize constituents to advocate and influence policy makers.

The effectiveness of NPOs in fulfilling these important functions depends on their organizational capacity in terms of leadership, management, planning, operation, and other factors. Organizational capacity allows NPOs to achieve their goals and objectives. For example, human resource capacity is considered the most critical factor for achieving organizational goals. In addition, the capacity to engage individuals and strengthen networks affects NPOs' success in pursuing their objectives.

In recent years, NPOs began to adopt and use social media to increase their effectiveness in achieving their organizational goals. Social media technologies (e.g., Facebook, Twitter, YouTube, Instagram, and LinkedIn) are important tools for building and sustaining relationships among people and groups. Compared to traditional websites used for one-way sharing of web content, social media allow users to create, update, and exchange web content in an interactive way. Social media also facilitate the development of online social networks by allowing users to easily and instantly communicate with one another.

Given social media's cost-effectiveness and interactivity features, NPOs started using social media to spread information, develop two-way dialogue with their constituents, and encourage them to take action – for example, donating money, attending events, or advocating for a cause. As a result, these NPOs saw improvements in terms of faster service delivery, more media coverage, and increased stakeholder feedback. Large NPOs with larger social networks have received more donations via their social media platforms. Small and medium NPOs have also engaged their stakeholders in two-way dialogue and fostered better connections with them.

## Organizational Capacity

Organizational capacity is a multidimensional construct. In a broad sense, it refers to an organization's effective delivery of its mission. Specifically, it refers to a number of elements or attributes that, when mobilized, enable organizations to implement their programs, achieve their goals, and fulfill their missions.

Several capacity attributes have been identified in the literature. These attributes include, but are not limited to, management practices and organizational processes, general operating support (e.g., financial and human resources), technical

assistance, and external institutional networks. In addition, Fredericksen and London (2000) proposed the following capacity elements: leadership and vision, management and planning, fiscal planning and practice, and operational support. Specifically, leadership involves having a "cohesive board of directors" supported by community participation who are able to articulate the vision and mission of the organization (p. 234). Management and planning include the strategic planning process as well as the assessment and management of existing and potential human and fiscal resources. Further, fiscal planning and practice involves having a formal fiscal system, including financial tracking, reporting, and fundraising mechanisms. Finally, operational supports refer to staffing (such as the level of staff participation in decision-making), organizational structure, and facilities.

## Social Media Strategies

Literature suggests that social media strategies do not necessarily emerge from a clear strategic decision to support the organizational mission, but rather from initial experimentation with new technology and the subsequent need to set standards for it (Mergel and Bretschneider 2013). The application of social media platforms like Facebook and Twitter was originally aimed at social networking purposes. Organizational members who had some social networking experience with these technologies then began to experiment with them for work-related purposes – for example, by sharing information with their customers. This experimentation resulted in some positive and negative activities, which then made it apparent to organizational leaders that they needed to set standards and policies for social media. Ultimately, this is what led organizations to start developing social media strategies.

Social media strategies include choices regarding the use of social media applications and their integration in organizational tasks, objectives, and arrangements. These decisions depend on the strategies to mission fulfillment as well as the capacities, governance characteristics, and external pressures of the organization. The strategies intend to address such issues as what platform will be used, what type of information will be provided through this platform, who will provide the information, and what to do with the feedback received.

A formal social media plan can be developed through a number of mechanisms including "intraorganizational task forces, steering committees, policy boards, and technical rule-setting processes" (Mergel and Bretschneider 2013, p. 392). In NPOs, the process often involves consultations with several stakeholders including board members, managers, employees, customers, and others. During the development process, NPOs may also choose to hire marketing or public relations (PR) firms. Social media plans can set standards in a number of areas, such as the social media platform(s) that will be used; the type, frequency, and function of social media messages; the staff and funding dedicated to support social media initiatives; and evaluation measures and procedures, among others.

## Organizational Capacity as an Outcome of Social Media Strategies

Despite the importance of organizational capacity and social media in their own regards, empirical research has not fully examined the relationship between them, especially in the nonprofit context. Several studies have discussed the outcomes of information and communications technology (ICT) utilization by nonprofit, private, and government organizations. The focuses of these studies are not necessarily on social media (as ICTs include other technologies besides social media) or explicitly on nonprofit organizational capacity. Nonetheless, they shed light on the relationship between social media utilization and nonprofit organizational capacity.

Research suggests that NPOs that strategically use information technology to build their communication and social network capacities can ultimately increase their internal organizational capacity to fulfill their mission-related goals. For example, the American Red Cross's use of social media (i.e., Facebook and Twitter) to communicate with their stakeholders resulted in two-way

dialogue with them, which allowed the organization to provide faster service, generate more media coverage, and receive feedback on how to improve the organization. In addition, Amnesty International Norway was able to use Facebook to engage its constituents on a wider level about human rights in Norway.

Studies in the private sector have found that social media technologies help improve leadership capacity in PR firms. For example, public relations leaders who frequently used blogs were able to obtain more prestige and expert power than their counterparts who did not use blogs. Similarly, consumers perceived chief executive officers who used Twitter as being more transformational than their colleagues who did not use Twitter. Furthermore, social media help public relations professionals listen to constituents, generate dialogue, and perform environmental scanning. In sum, the consensus is that the use of Facebook and Twitter helps public relations leaders exhibit expert power, gain decision-making power, display vision in social media use, and establish leadership among their peers.

In addition, ICTs, including social media, can help NPOs improve their fiscal capacity in terms of fundraising. Saxton and Wang (2013) found that large organizations with larger social networks in Facebook receive more donations via Facebook Causes. Others revealed that a small NPO providing aid to victims of a wildfire was able to provide financial aid to such victims as a result of its successful use of Facebook to sell tee shirts and donate all profits back to relief efforts. Also, a NPO specializing in the training of assistance dogs was able to raise over $60,000 in 10 days through a social media fundraising campaign.

Another benefit of ICTs is that they can help NPOs build their operational capacity. ICTs can bring organizational members into contact with others with whom they normally do not have interactions, thereby facilitating the development of new groups. Also, ICTs can help organizational members acquire and use new knowledge, which ultimately can improve organizational decision-making. In fact, the process of creating social media policies and procedures itself can be a professional development opportunity for staff, thus building organizational capacity in the dimension of operation.

The literature also suggests that different social media strategies have different impacts on organizational capacity. For example, Twitter can help NPOs better interact with their stakeholders, which in turn can increase their capacity to build an online community. Also, organizations that use social media more frequently can become more comfortable and competent at using these technologies, consequently using social media for strategic purposes. This argument is supported by the finding of Hu and Shi (2017) that NPOs spending more time in their social media platforms are more effective at information transmission via Facebook. Also, NPOs that upload videos to their social media platforms can increase their capacity. One study found that NPOs whose fundraisers share video posts in Facebook raise more funds through JustGiving. In addition, NPOs that use community-building messages in social media can reach a larger audience and increase fundraising and engagement outcomes. For example, constituents are more likely to comment on Facebook messages when NPOs use two-way symmetrical messages intended to interact with them. Similarly, stakeholders are more likely to comment or like on Facebook when NPOs use community-building messages.

Moreover, NPOs that take a strategic approach to social media use can increase their internal organizational capacity. As evidenced in Sun et al. (2015) case study, a NPO's capacity was increased when its leaders were involved in developing and implementing a social media plan for the organization. The NPO also sought the advice from a PR firm, which helped the organization to systematically develop and schedule social media posts for its programs, as well as to track the frequency with which its posts were viewed. Ultimately, Sun and colleagues found that the implementation of a social media plan improved the NPO's internal organizational capacity, as not only at the organizational level the NPO raised more funds during its signature fundraising events but also at the individual level its staff began to collaborate more with each other.

## Barriers to Social Media Utilization

There are several barriers to social media utilization in NPOs. First, many NPOs lack resources for social media initiatives. Zheng (2013) found that lack of funding and designated full-time staff creates barriers for social media use in Chinese government agencies. A 2012 study conducted by the Nonprofit Technology Network (NTEN), Common Knowledge, and Blackbaud revealed that lack of staff or budget are major barriers to social media use among US NPOs. Second, lack of social media skills among staff and lack of leadership can impede the effectiveness of social media. For example, Zheng (2013) found that Chinese government organizations lack experience, skills, and training on social media use and leadership does not pay enough attention or provide sufficient support for social media use. Campbell et al. (2014) also found that many US public and nonprofit organizations did not use or were reluctant to use social media because they had a limited vision for social media. Third, constituency issues pose challenges to social media use in NPOs. Researchers have found that concerns about client confidentiality and the appropriateness of social media given an organization's target population are barriers to social media use in government and nonprofit organizations (Campbell et al. 2014; Zheng 2013).

## A Survey of Human Service NPOs

An electronic survey was conducted on a sample of human service NPOs in the Los Angeles metropolitan area in 2016. Among the 77 respondents, 18.3% of the NPOs reported that the use of social media is effective in helping their organizational capacity; 68.8% of the NPOs responded that they use Twitter in addition to Facebook; on average, NPOs tend to post on their social media sites almost weekly; 77.9% of the NPOs use social media posts for community building; 67.5% of the NPOs use videos in their social media posts; 55.8% of the NPOs have dedicated staff for social media postings; 20.8% of the NPOs hire a consulting or PR firm; 18.2% of the NPOs have dedicated funding for social media use; 40.3% of the NPOs have developed and implemented a social media plan or policy; 29.9% of the NPOs have executive director involvement in the development of the social media plan; and 48.1% of the NPOs use number of "comments" per post or tweet to measure the outcome of their social media use.

The sample also indicates that 35.1% of the NPOs started using social media as a response to their constituents or customers' demand; on average, NPOs have been using Facebook for about 1–6 years; a typical NPO has about 11 or 12 board members, 80.4 FT employees, and total assets of $13.3 million.

The sample consists of NPOs with different revenue sizes. For classification purposes, NPOs with annual revenue of $499,999 or below are defined as small NPOs, between $500,000 and $5 million as medium NPOs and $5 million or above as large NPOs. The sample consists of 28 small NPOs, 35 medium NPOs, and 14 large NPOs. None of the large NPOs reported that social media are effective in helping them improving organizational capacity, compared to 33.3% of the small NPOs and 14.7% of the medium NPOs. This suggests that social media may play a more important role for smaller organizations than for larger ones. However, despite the importance of social media, the percentage of small NPOs using Twitter is less than that of medium or large NPOs, 57% versus 74.3% or 78.6%, respectively. Also, compared to large NPOs, a smaller portion of small and medium NPOs have dedicated staff for social media or use PR firms. This is not surprising considering that large NPOs have at least ten times more FT employees than small and medium NPOs, as well as a much larger size of annual revenue and total assets that could be allocated for hiring a PR firm. Interestingly, compared to medium or large organizations, a larger percentage of small NPOs dedicate a certain amount of funding for social media use (though it may not be much) and involve executive directors in the development of their social media plans. This suggests that the emphasis on financial resources and leadership in small NPOs may be used as a way to supplement their

shortages in staff and technical expertise in social media use.

## Logit Regression Results

Based on a logit regression analysis of the survey data, the results indicate that NPOs that post more frequently on their social media sites are more likely to perceive social media as being successful in increasing their organizational capacity, holding all other things constant. Also, NPOs that have dedicated funding for social media use are more likely to perceive social media as being successful in increasing their organizational capacity, other things being equal.

On the other hand, NPOs that use Twitter in addition to Facebook are less likely to perceive social media as being effective in increasing their organizational capacity, holding all other things constant. Also, NPOs using social media posts for community-building purposes are less likely to perceive social media as being effective in increasing organizational capacity, holding other things constant. In addition, NPOs using video posts are less likely to perceive social media as being effective in increasing organizational capacity, all else being equal.

NPOs using social media as a response to customer demand are less likely to perceive social media as being effective in increasing organization capacity; the total assets of NPOs are negatively associated with social media's perceived effectiveness in terms of organizational capacity. One plausible explanation is that NPOs that adopted social media because of their customers demanded it may have higher expectations on the participation level of their customers on the organizations' social media sites and thus are more likely to be disappointed if the participation is lacking. For the same token, NPOs with larger assets may have higher expectations on the effect of social media. For example, $20,000 raised in a social media campaign may be perceived as a success by a small NPO but not by a large NPO. That is, the perceived effectiveness depends on different expectations and benchmarks used by individual organizations.

The longer the NPOs have been using Facebook, the more likely they are to perceive social media as being effective in improving their organizational capacity; the larger the board size of the NPOs, the more likely the NPOs perceive social media as being effective in improving organizational capacity, holding all others constant. However, the number of FT employees does not seem to have any effect.

## Content Analysis Results

The survey also contains an open-ended question asking: "What are the challenges facing your organization social media use? Please explain." Based on the categories that appeared frequently in the text data, the results of content analysis reveal four barriers to NPOs' social media use. First, lack of resources provides challenges to social media use in NPOs. Specifically, respondents indicated that their organizations lack funding for social media use, including funding to hire full-time staff dedicated to social media. This is consistent with Zheng's (2013) findings on the barrier to social media use in Chinese government agencies. As one respondent put it, "[b]udget is not allocated for social media use [b]ecause of limited funding." Another respondent indicated that his/her organization had "insufficient resources to hire staff to focus on social media only." Also, NPOs lack dedicated full-time staff to work on social media. This is also consistent with Zheng's findings. As one respondent wrote, "We don't have one person dedicated to social media. Instead we have a couple of people who give some of their time to [s]ocial [m]edia [e]fforts." In addition, given the lack of full-time staff, NPOs rely on volunteers to oversee social media efforts. One respondent stated that "[w]e have only one paid employee and rely on volunteers to generate content." Moreover, respondents reported that NPOs lack technology to support social media use.

Second, lack of social media competencies is another barrier to social media use in NPOs. For example, respondents indicated that staff in their organizations lacked knowledge on social media.

According to a respondent, a challenge facing his/her organization had to do with "[l]ack of knowledge by staff in what is appropriate for social media." Referring to staff in his/her organization, another respondent wrote, "[n]o one know[s] how to [use social media]." Also, respondents indicated that staff in their organizations lacked training on social media. This is consistent with Zheng's (2013) findings. A respondent stated that staff in his/her organization were "[n]ot trained in all aspects of social media." Another reported that a barrier to social media use in his/her organization had to do with "[t]raining staff who are not social media savvy."

Third, leaders' lack of strategy for social media hinders social media use in NPOs. Specifically, nonprofit leaders do not support social media and lack understanding on the value and benefits that can be derived from their use. A respondent indicated that his/her organization was "still developing leadership buy-in." Another wrote, "[e]xecutives don't understand the value of social media and how employees can be ambassadors for the agency mission and its good work." Also, nonprofit leaders do not get involved in social media use. A respondent indicated that a challenge facing his/her organization had to do with "[g]reater use of social media by organization leadership and board." Another wrote, "[b]oard do not use [social media]." Moreover, nonprofit leaders do not plan or dedicate time for social media use. A respondent stated that a challenge facing his/her organization pertained to "[f]inding the hours to put into an actual plan and executing." Another indicated that "[n]o time [was] allocated to this effort [that is, social media use]" in his/her organization.

Finally, constituency issues add another barrier to social media use in NPOs. For example, respondents indicated that their organizations' constituents either do not participate or are less active in social media. As one respondent put it, "[m]any of our members do not participate in social media." Another wrote, "[o]ur donor base is older and less active on social media." Also, respondents indicated that their organizations were concerned about protecting their constituents' privacy. This is consistent with previous findings on privacy as a barrier to social media use in public and nonprofit organizations (Campbell et al. 2014; Zheng 2013). As one respondent put it, "[w]e cannot disclose any of our clients['] information, which makes sharing photographs/info of client events, workshops, or updates difficult." These constituency concerns may be more of an issue for human service NPOs as they often deal with sensitive information and serve underprivileged populations.

In fact, the four barriers to social media use in nonprofit organizations – resources, expertise, leadership, and constituency – are components of organizational capacity. The result of the content analysis suggests that organizational capacity may also affect the use of social media in nonprofits.

## Conclusion

NPOs that post frequently on their social media sites and use dedicated funding for social media are more likely to perceive social media as being effective in increasing their organizational capacity. The results also show that, contrary to previous findings, NPOs that use Twitter, videos, and community-building-oriented posts are less likely to perceive social media as being effective. In addition, a qualitative content analysis of the open-ended survey questions suggests that NPOs face four major challenges in effective social media use. These challenges include lack of financial and human resources, lack of knowledge and skills in social media use, lack of leadership and strategies, and constituents' lack of active participation.

Some of the results from this study are consistent with the theoretical arguments or prior empirical evidence on social media or ICT in general, such as the importance of frequent posting and dedicated funding, as well as the barriers to social media use in NPOs. However, other results are opposite to what the literature has suggested, such as the effects of Twitter, video posts, and community-building messages. The difference in findings may be due to differences in samples, analytical techniques, and outcome measurements.

Furthermore, the study offers important managerial implications for nonprofit practitioners. First, NPO board members and executive

directors should consider embracing new social media technologies and setting social media use as one of the priorities for their organizations. They should craft the visions for the organization on how to use social media to advance their organizational goals. Senior leaders should get themselves familiar with social media so that they can inspire the staff to work on the platforms more efficiently.

Second, NPOs that lack resources and social media expertise should take advantage of rich online resources on social media training and learn best practices. Jumping on the bandwagon of social media such as Twitter and video posts without fully understanding and knowing how to use them may have a reverse effect on the organizational goals. For example, how to write a clear, concise Twitter post within 140 (now 280) characters requires tactics and practice. A vague or confusing Twitter post will not be effective in achieving the intended purpose. Likewise, a low-quality or misleading video post may negatively affect a NPO's image.

Last, but not the least, NPOs should find innovative ways to engage their constituents and send them consistent messages. Client or customer surveys would be helpful to find out what topics their target audience are interested in, what communication channels or methods they prefer, what concerns they may have, etc. For those clients who are concerned about privacy, NPOs should inform them of the organization's privacy policy and obtain their consent before publishing any client-related information on the social media sites.

## Cross-References

► Nonprofit Organizations

## References

Campbell DA, Lambright KT, Wells CJ (2014) Looking for friends, fans, and followers? Social media use in public and nonprofit human services. Public Adm Rev 74(5):655–663

Fredericksen P, London R (2000) Disconnect in the hollow state: the pivotal role of organizational capacity in community-based development organizations. Public Adm Rev 60(3):230–239

Hu Q, Shi W (2017) Understanding nonprofit organizations' use of social networking sites: an examination of management factors. Int J Public Admin Digit Age 4(1):19–34

Mergel I, Bretschneider SI (2013) A three-stage adoption process for social media use in government. Public Adm Rev 73(3):390–400

Saxton G, Wang L (2013) The social network effect: the determinants of giving through social media. Nonprofit Volunt Sect Q 43(5):850–868

Sun R, Asencio H, Reid J (2015) Enhancing organizational capacity through the use of social media. In: Asencio H, Sun R (eds) Cases on strategic social media utilization in the nonprofit sector. IGI Global, Hershey, pp 262–300

Zheng L (2013) Social media in Chinese government: drivers, challenges and capabilities. Gov Inf Q 30(4):369–376

# Social Media and Public Sector

Davide Giacomini[1], Diego Paredi[2], Mario Mazzoleni[1] and Roberto Negri[1]
[1]Department of Economics and Management, University of Brescia, Brescia, Italy
[2]Brescia, Italy

## Synonyms

Social media in public administration

## Definition

New forms of Internet-based communication such as social media play a fundamental role in shaping local democracy.

## Introduction

Public administration has changed in the last 20 years. The Internet has played an important role in this transformation, leading to an increasing use of online media, such as websites, social networking sites, and the blogs by the government for various public communications aims.

Also the citizens' demands toward public administrations has radically changed in the last few years. Indeed, ministries, regions, municipalities, and public entities in general have to interact with increasingly demanding and aware citizens that are not satisfied with acceptable services in average times but demand clear, specific, rapid, and tailor-made responses.

Public entities, in any case, should be able to provide "traceable" responses that are clear and related to specific standards of quality.

To pay a tax, enrol the children to day care, run a business, and search for travel information are all activities that can be done on a website or questioning a social media platform like Facebook and Twitter. Citizens who log in to a web portal can access the website's services and get, through the portal itself, specific and immediate responses.

## Accountability, e-Government, and Social Media

In terms of accountability and transparency, information and communication technologies (ICTs) are changing the relationship between public administrations and citizens (Gesuele 2016). In fact, citizens increasingly use new technologies that can facilitate a proactive role in dialogue with the government. The so-called e-government approach is increasingly central to increasing transparency, citizens' engagement, and promoting anti-corruption initiatives (Bertot et al. 2012). With a demand for constantly evolving services and fewer resources available, the governments have had to look for innovative new ways to produce public value.

Many expectations in this sense are placed on the growth of social media, ubiquitous mobile connectivity, and Web 2.0 interactivity, which for the first time provide cheap communication not just for a one-way communication but also for a more constant involvement of citizens (Strahilevitz and Benkler 2007). On the other hand, other forms of communication, such as the sustainability report, after a growth phase are suffering a crisis both in terms of diffusion and in terms of use and perceived utility (Giacomini 2016; Giacomini et al. 2018).

Social media and Web 2.0 simultaneously group activities that combine content production and social interaction. Social media tools combine the different voices of the web people to collaboratively connect online information. Thanks to social media, every user can, alone or immediately in collaboration with others, create, organize, edit, and share content. Web 2.0 refers to formats that allow for interactive cooperation and information sharing and represents a decisive evolution of the Web 1.0 tools that were focused on a one-way approach to websites and which were the standard of online websites in the 1990s (Nabatchi and Mergel 2010). However, the reach and significance of social media remain difficult to define clearly, above all because of the fact that because it continues to increase in the number and types of tools presented.

As stated by O'Reilly (2005), Web 2.0 refers to a second generation of Web technologies that allow and promote collaboration and interaction, unlike the more static and unidirectional Web 1.0. Web 2.0 is characterized by the possibility of offering dynamic content, user participation, and rich user experience. The Web 2.0 approach tends to change the communication model based on an asymmetry between transmitter and receiver: with the network, in fact, the society becomes more horizontal. This feature also affects how content is produced, since everyone can tend to be authors, thus increasing the amount of knowledge potentially available on the web and, probably, its quality. These new methods widen the horizons of public communication, in particular of relations between public sector institutions and citizens.

In the last years, some municipalities have started adding social media to communication through their official websites (e-disclosure). Growing dynamics of social media show that they are not an out-of-the-ordinary phenomenon but that, on the contrary, they will be increasingly relevant in the citizen-government relationship.

In particular, they use Facebook, Twitter, and YouTube as the most popular social media (Gesuele 2016). The growing use of social media

facilitates direct interaction with citizens. In light of this situation and this growing phenomenon, several scholars have studied the reasons that local governments bring to communicate through social media in order to increase their level of accountability.

It must be emphasized how the use of Internet and social media allows knowing a huge amount of information at low costs (Bonsón et al. 2015).

The government-citizen relationship is increasingly seen in the perspective of "citizen coproduction," thanks to new technologies and the Web 2.0 that has made the coproduction "more relevant and viable" with advances in technology (Johnston and Hansen 2011). In this light, the government treats the public not as customers but as coproducers, enhancing the image of citizens from one of "mere passive" consumers of public services to co-producers (Mattson 1986).

Public administrations are facing a situation of constant technological innovation and uncertainty in the new media assessment; therefore they are examining the opportunity to use these new tools to communicate with citizens.

On the one hand, within public administrations, there are those who see new technologies as an opportunity to communicate with target users not reached by traditional media and as a useful tool to inform and involve citizen. On the other hand, there are those who consider social media as a waste of time and resources. In particular, they consider that social media will lead nothing new to the relationship and to the communication strategies between public administration and citizens.

However, social media have already come into public administration, especially for those who believed in a multichannel service delivery approach. For instance, some public entities have made their own Facebook page.

Public administrations use Facebook both for providing information and promoting events and initiatives, for creating new spaces for debate with citizens and new channels to collect their views, and finally for measuring users' satisfaction toward public services and activities.

Social media, in their innovative development, can potentially be valuable e-democracy and e-government tools, virtual arenas for participation and expression of needs, opinions, and interests.

Therefore, the use of social media platforms by public administrations responds to various needs and purposes, in particular: to raise the profile of the entity, to promote initiatives and events, to increase public administrations' authority, to inform on the services offered and how to use them, etc.

As for communication in general, for an effective use of social media, the design phase is essential. It is fundamental to identify: the recipients, the aims and the resources available.

These new communication tools disseminated by the Web 2.0 require a constant content updates and the ability to keep up with future social media platforms developments. Therefore, public administrations that use these tools should not underestimate the need for continuous updates and resources to guarantee them and should also consider the use of tools for analyzing the results achieved such as sentiment analysis.

## Conclusions

To keep the public administrations and government accountable for their actions, citizens must know what these actions are. To this end, the expansion of social media and new information and communication technologies brings with it great opportunities for public administrations at all levels of government. In particular, these new tools, if used within a well-defined strategy, can be disruptive in promoting a transparent and accountable relationship between public administrations and citizens.

Social media and Web 2.0 in general allow a two-way information flow between public administrations and citizens. Indeed, through social media, not only the public administration but also every citizen can create or share contents. In this relationship the citizen is not only seen as a customer but as contents' coproducer. In this new role, citizens can bring new

unconventional and innovative solutions to face and solve community's problems. So, this coproduction process can also increase citizens' engagement toward public administration. Therefore, thanks to social media, the government-citizen relation is more direct, and the asymmetry between transmitter and receiver is reduced.

Today, the number of public entities that have an account on one of the most popular social media is constantly growing. In fact, in addition to the benefits listed above, social media also allow public administrations to produce and distribute information at low costs and, from a citizen perspective, to obtain rapid and specific responses.

Technological tool developments are really fast, and public administrations must be prepared to attract the right skills and resources in order to keep up with future social media developments.

## Cross-References


- ► Social Consequences of Bureaucracy
- ► Social Media in Public Employment
- ► Social Media Use by Government


## References


Bertot J, Jaeger P, Hansen D (2012) The impact of polices on government social media usage: issues, challenges, and recommendations. Gov Inf Q 29(1):30–40

Bonsón E, Royo S, Ratkai M (2015) Citizens' engagement on local governments' Facebook sites. An empirical analysis: the impact of different media and content types in Western Europe. Gov Inf Q 32(1):52–62

Gesuele B (2016) Municipalities and Facebook use: which key drivers? Empirical evidence from Italian municipalities. Int J Public Adm 39(10):771–777

Giacomini D (2016) Accountability in Italian local governments: state of the art and future perspective. In: Cuadrado-Ballestreros B, Garcia-Sanchez I (eds) Local governments in the digital era: looking for accountability, 1st edn. Nova Publishers, New York

Giacomini D, Rocca L, Carini C, Mazzoleni M (2018) Overcoming the barriers to the diffusion of sustainability reporting in Italian LGOs: better stick or carrot? Sustainability 10(2):131

Johnston EW, Hansen DL (2011) Design lessons for smart governance infrastructures. Am Gov 3:197–212

Mattson G (1986) The promise of citizen coproduction: some persistent issues. Public Prod Rev 10(2):51

Nabatchi T, Mergel I (2010) Participation 2.0: using Internet and social media technologies to promote distributed democracy and create digital neighborhoods. In: Svara J, Denhardt J (eds) Promoting citizen engagement and community building. Alliance for Innovation, Phoenix, pp 80–87

O'Reilly T (2005) What is web 2.0: design patterns and business models for the next generation of software. [Blog]. http://www.oreillynet.com/pub/a/oreilly/tim/news/2005/09/30/what-is-web-20.html?page=1. Accessed 21 Feb 2019

Strahilevitz L, Benkler Y (2007) The wealth of networks: how social production transforms markets and freedom. Yale Law J 116(7):1472


# Social Media in Public Employment


Eric Otenyo
Northern Arizona University, Flagstaff, AZ, USA


## Synonyms

Online community communication channels; Online social forum; Social networking sites

## Definition

Social media refers to various forms of electronic communications through which end users share different forms of ideas and content, which includes pictures, video clips, and messages. Social media applications are also venues for microblogging and networking among invited individuals with mostly similar interests.

## Introduction

Contemporary public managers should be adequately conversant with the new-networked workplace and be familiar with social media technologies (Mergel 2012). These applications are transforming organizational cultures in unprecedented ways. Governments and other institutions

are finding social media as important tools for communicative exchanges with the public.

Perhaps one organizational motivation is to use social media to broadcast and share news and information among stakeholders as a means to enhance accountability and transparency. Because of the media's capability to broadcast messages on a 24/7/365 basis, it is easy to reach all populations or constituencies. Public organizations realize that social media channels are great for targeting selected audiences. For instance, 74% of online adults use social networking sites. About 71% of all online users in the USA are active on Facebook, which also owns Instagram, a mobile app with over 200 million users. In terms of demographics, there is no group left out. Data shows the fastest growing demographic on Twitter is the 55–64 year age bracket (Patterson 2015).

Besides scope of outreach, social media is a cheap tool and can be relied upon even during periods of budgetary cutbacks and in emergency situations. According to Everbridge (2015), a global provider of critical communication solutions, 47% of government organizations use social media for crisis communications. This is even higher than the rate of 31.2% obtained in the corporate world (Everbridge 2015). Smarsh, a leading Portland, Oregon-based provider of archiving technologies disclosed that 74% of online adults use social media networking sites (Smarsh 2015). Therefore, Social media is a key part of organizational communication strategy.

While the larger goal is communication and service differentiation and marketing, each organization has its own strategy, formal or informal, that outlines the rules of engagement in social media. Some even go further to announce policies concerning content retention and applications of e-discovery provisions and the Freedom of Information Act requests.

Still, considering the fast pace of technological innovation, our understanding of what social media is is evolving. For instance, a list of the most commonly used social media platforms has generally included the following: Facebook, Twitter, Instagram, Google+, Friendster, LinkedIn, Classmates.com, Pinterest, Skype, Tumblr, Piczo, and MySpace. In developing countries, the emergence of Facebook-owned WhatsApp, Snapchat, and Youtube may be added to the list. Many of these platforms have derivatives, for instance, Twilert is a Google Alerts version of Twitter. Newsle helps track when an agency is cited in newsletters and newspapers. Although LinkedIn has established itself as a professional network, it has not freed itself from socializing and through its signal device allows members to search updates of those within the cohort. Furthermore, social media platforms are now solidly integrated with other applications on mobile devices. Considering that Millennials constitute over 34% of the US and global workforce in general, social media tools will be key communication asset for the twenty-first century workforce and beyond.

Although social media applications affect nearly every aspect of our culture and workplace, scholarly research on the role and functions of social media in public employment constitutes new academic territory. Concern over the short- and long-term impact of social media on human resource practice has, however, received considerable attention in scholarly and professional publications (for example, Tubbs-Jones 2016). The rest of this discussion explores the various applications of social media paying particular attention to functionalities within the core areas of human resource management. We examine functionality in tasks such as position and workforce, recruitment and selection, performance management, and cross cutting issues, which are not mutually exclusive to broad organizational communication strategies. Cross-cutting issues include employee and employer rights and attendant legal frameworks. Experts in human resource management refer to the broad range of social media applications as Social HR.

## Position Planning and Creation of New Policies

Strategic planning deals with issues that affect the organization's present and future, especially the critical missions and tasks to be achieved. Strategic planning affects how human resource (HR) personnel in organizations do their jobs.

Savvy HR managers want to minimize costs and maximize benefits to departments. Strategic analysis is key to determination of organizational strengths, weaknesses, opportunities, and threats (SWOT). Social media is particularly suitable for obtaining feedback about quality of organizational services. To be successful at planning, public organizations are increasingly using social media for self-assessment and determination of external factors that might affect the attainment of strategic goals. As communication tools, these platforms are uniquely suitable in enabling discussions around shaping organizational cultures and goal articulation. Social media makes it much easier for the public to inform policy makers what is most important to them as citizens.

Ackerman and Krupp Melissa (2016) offered ideas on how social media can be used to maximize organizational goals. They offer a SOCIAL approach that captures and represents best practices in use of social media within public organizations. SOCIAL stands for Share Ongoing Change through International Awareness and Learning. Today, social media apps are public relation tools, which explain aspects of organizational culture and enhance service differentiation. For example, police posting on social images acts of kindness by service men and women help foster culture of empathy rather than hostility.

Studies also show employers now use social media in articulating and updating policy changes and aspects of strategic communication and dissemination. The former involves creation of communication plans, public policy marketing messaging, and citizen engagement in public events.

## Recruitment and Selection

Since presence on social media provides a window for public organizations to showcase their craft, the role in recruitment is amplified when HR managers make good use of existing platforms. These platforms are often integrated with Web 2.0 technologies which encompass blogs, wikis, texting, Google docs, Google Reader, Ryze, and other applications that provide online profiles of users.

Furthermore, public organizations now post vacancies and accept resumes on job boards and fairs hosted in these medias. Recruiters screen job applicants in order to select the best person for the job relying on these media. Social media is rich on personal data and information about a candidate's knowledge, skills, and competencies. HR personnel are increasingly relying on social media resources to profile and tap talent. At the same time, job candidates can track application statuses through the same channels.

Similar to approaches in offline recruitment and selection, there are legal issues to be addressed. For example, as a matter of personnel policy, social media reveals identifiable data about job candidates.

The US Equal Employment Opportunity Commission (EEOC) brought this concern to the attention of HR professionals. When HR specialists browse through social media websites, for recruitment and selection purposes, they easily pick identifiable information about potential recruits. Improper use of such information may jeopardize recruitment efforts and is potentially an issue which introduces discrimination in the acquisition function. In addition, improper use of information from websites may be a factor in discriminatory cases. The race, gender, age, sexual orientation, and ethnicity of candidates is discernable from social media websites and employers who use it for recruitment purposes have to be aware of potential biases.

While no federal law regulates social media for recruitment and selection purposes, state legislatures have moved ahead to embed restrictions within the privacy discourses. For example, Illinois Right to Privacy in the Workplace Act effective since 2013 is one example. Among the notable state laws include provisions to prohibit employers from retaliation against employees who refuse to comply with requests made on social media. Similar legal sanctions are applicable to other personnel actions, such as hiring and promotions.

State social media laws also restrict uses of social media for applicant screening and background checking. California, Illinois, Maryland, and Michigan have laws that protect job

applicants concerning their social media activities. Needless to say, background checks in general are a part of the recruitment process but reliance on anecdotes derived from social media websites is generally contestable under emerging state legal frameworks.

Since 2014, over 20 states legislated against employers' access to personal social media information and restricted employers from asking employees to "friend" supervisors on social media networks (Crespo and Lyon 2015). Several states, which include Arkansas, California, Colorado, Connecticut, Michigan, Oklahoma, Oregon, Rhode Island, Tennessee, and Washington prohibit or restrict employers from seeking passwords or access into employee personal social media accounts.

Cities also recognize the importance of social media in communications, especially for mobilization and outreach purposes. Some cities start Facebook groups' pages for encouraging openness in communication and building a community. As such, several towns such as New Windsor, Hampstead, and Manchester in Maryland have adopted regulatory policies that restrict employees from posting profanity, sexually devious materials, personal and discriminatory attacks. Many of these policies are about protecting organizational images and restricting inappropriate uses of social media. Some of the notable policies include prohibition of employees from comments that promote particular services, political perspectives, and products. Although city and county social media policies are becoming common, there are those who consider such policies as unnecessary and a way toward a nanny state. The major concern is that employees have rights over use of their own personal social media accounts.

## Performance Management

Performance management deals with identification, measurement, development, and management of performance in organizations. In public settings, especially where unions are involved, performance management is structured by collective bargaining contracts. In general, social networks are an excellent avenue for public organizational leaders to appreciate employees' efforts and acknowledge both individual and unit contributions to departmental success. Because information on social media is public, announcing employee accomplishments on such platforms can be a morale booster, if done appropriately.

Social media is used for purposes of generating teamwork and collegiality, which are necessary for fostering a friendly work culture and raising productivity. Most public organizations have established Facebook accounts for their departments allowing members to build community and also have a sense of empowerment.

Empowerment is evident mostly when social media platforms allow for employees to document organizational problems, announce work anniversaries, birthdays, important career milestones, and, in some cases, vent out frustrations through whistle blowing. Although employers may encourage employee empowerment, managers increasingly monitor employee communication to discern employee sense of professionalism.

One of the reasons for organizational interest in social media is that it allows managers to understand employees' communication skills and sense of professionalism. Monitoring social media communications can also be seen as a way of tracking any aspects of employee wrongdoing. The argument is that not paying attention to social media may be costly. Disgruntled employees can use it for harassment and bring tensions to the workplace. As such, the different policy frameworks governing social media applications and how ideas are shared are important in public employment law and practice. Therefore, performance management goes beyond understanding how well employees perform productively and the legalities thereof. It behooves HR personnel to move to the next step of designing improvement interventions through training and development.

## Development and Training

Can social media be used to develop employee skills and competencies? Clearly, the increased use of file sharing on social media supplements

popular options for knowledge transfer and talent management. The extent to which workplace knowledge is transferred and learned has not been thoroughly investigated but it exists. And because public organizations now offer training and development to employees anytime from anywhere, many applications are embedded within regular E-Learning modules. In addition, YouTube clips with online lectures from experts are commonly used in training sessions and have been appreciated by government leaders. For example, the US Government Accountability Office (2003) reported online learning as an important cost-beneficial avenue for employee training. In addition, many users of social media deliver excellent resources that help educate both managers and their subordinates.

All applications have different merits and serve in different occupational settings. For instance, LinkedIn, regarded in Smarsh (2015) as popular among the more affluent employees, is a great conveyor of miniblogs and insightful articles on employee best practices. In other words, social media provides an extra avenue for employee conversations about best practices and benchmarking. Besides, networking by itself is a form of employee enrichment and reflective human resource practices. Through social media, professional peers also share strategies for career development and advancement. Many users of social media have reported benefits of mentoring especially when emerging professional are invited to join networks involving senior colleagues and to follow activities and posts of field leaders. Social media offers great opportunities for professional socialization and is now one of the most proactive avenues for preparation of the next generation of public employees.

## Crosscutting Issues

Generally speaking, the Internet is like a jungle where employees post work-related policies, criticize workmates, and often use unprofessional language and images, in the name of humor. As such, social media raises issues concerning the legitimate boundary between the public and private spheres. Off-duty communication between members of an organization can be potentially queried. Conducts of supervisor–subordinate relations within social media relations are beginning to be contested in the court system. For instance, *City School District of the City of New York* v. *McGraham* (2010), a teacher was found guilty of misconduct for off-duty comments. The 36-year-old tenured teacher and also advisor to a Poetry Club had posted personal matters to her student, then a minor, seeking clarification over their relationship. This was after the two had consistently communicated with each other on e-mail and social media. The teacher's contacts with student increased substantially to the point where she sent him movies she thought he would find interesting, which included a movie on relationships *Harold and Maude*, *Fahrenheit 9/11*, and *Catcher in the Rye*.

The case was compared to another, *City School District of City of New York v. Hershkowitz* (2005), in which a teacher had been found guilty of exchanging sexually explicit e-mail messages with her teenage student. The respondent's actions were ruled to be inappropriate and unbecoming of a teacher whose role was to educate and protect children and not engage in a sexual manner with those under her care. Cary Hershkowitz, a tenured teacher employed by the City School District of the City of New York, was also charged with inappropriate interactions with other students.

Posting of disparaging remarks on social media can also lead to an employee facing disciplinary action. A teacher was discharged for posting abusive remarks about a Head Start program administrator. In a case involving *Vista Nuevas Head Start*, (2011) the courts found that the employer's decision to discharge a teacher for her off-duty unprofessional comments on Facebook was justified.

In the same breadth, in *Re O'Brien* (2013) another teacher was discharged for a similar behavior. Many other examples are available that illustrate the dangers of posting in artful work-related comments and pictures on Facebook and other social media. Cyber harassment and bullying fall in the same category as posting material deemed inappropriate. Social media is not off

limits for those seeking to discipline an employee for harassment, including the context of creating a hostile workplace. For this reason, the US Equal Employment Opportunity Commission (EEOC) has received and allowed complaints of racial harassment over social media to move forward.

However, in *L'Anse Creuse Public Schools* (2008), a contrast was evident. The case involved another teacher who posted sexually explicit materials on social media; there was a reversal of the disciplinary action. An arbitrator ruled in support of the teacher contending that the school district did not have just cause to terminate her. That determination was because the activity occurred off-premises and the teacher did not authorize her photos to be posted.

Another high profile case which received wide publicity involved General David Petraeus, former Director of the Central Intelligence Agency (CIA). General Petraeus was accused of inappropriate electronic media communication with his biographer, Paula Broadwell. Their colleagues posted insinuating several Twitter messages about the two having extramarital affairs. Following the sex scandal, Petraeus resigned in late 2012.

While reviewing the increased number of termination cases brought to the National Labor Relations Board (NLRB), it is evident that different rulings are made based on the nature of the social media *content* and *employee responses*. Although the NLRB focuses primarily on private sector cases, it has increasingly established principles that illuminate on social media in employment generally. As early as 2010, the NLRB had already received complaints regarding employees using social media. Two reports were released in 2011 and 2012 to try and help guide unions and employers in designing policies and practices involving employee uses of social media. The NLRB reports determined, for example, that employee use of social media to complain about work is not "protected concerned activity." NLRB noted that employees who discussed terms and conditions of employment on social media engaged in "protected concerted activity." And, unions were discouraged from unlawful use of social media to coerce members. Cases at NLRB provide a hint as to emerging dos and don'ts of social media communication in public employment.

For instance, in a 2012 decision involving the firing of a car salesman at BMW who had posted pictures of Facebook, it was decided the post did not involve fellow employees. The NLRB reiterated that the decision for firing employees was supported if the individual engaged in protected concerted activities, which is a criterion that the BMW employee did not meet (NLRB 2014).

Additionally, through another NLRB case, it is now determined that a simple "like" click on Facebook falls under the protection of Federal labor law. An employee cannot be separated from her job for "liking" a post made on Facebook. This standard was established in 2014 after an NLRB panel agreed that Triple Play Sports Bar and Grille had violated the National Labor Relations Act after separating two employees, bartender Jillian Sanzone and cook Vincent Spinella were found to have "liked" remarks critical of their boss.

In general, therefore, social media like other electronic communication platforms are not completely free. The Electronic Communications Privacy Act of 1986 permits the FBI and other federal agents to access electronic transmissions without a warrant. There is simply no protection on public employees being fired for inappropriate messages and images posted on social media (Jacobson and Tufts 2013). Current federal policy does not prohibit employers from requesting passwords and user names from employees. The issue is complicated when organizations require employees to bring personal smartphones and laptops to work. There are, however, few state legislatures that have begun formal to enact protective legislation due to public discontentment with the status quo.

## Managing Diversity and the Free Speech

While organizations are embracing the use of social media for different functions and purposes, of great concern to HR professionals is

the constitutional imperative involved. Employers and employees have rights, which should be protected. At the same time, employers recognize employee's First Amendment rights which these to be weighed against the organizational needs "to create and maintain cooperative workplace free from the bullying and harassment that may result from one or more employee's social media posts" (Tubbs-Jones 2016). In tandem with First Amendment protections, public organizations are expected to be leaders in promoting values such as representativeness and appreciation for diversity. This means organizational policies are expected to safeguard those values. Case law is replete with examples showing that public organizations are yet to resolve issues of cultural insensitivity in the workplace. We considered a few illustrative cases emanating from police departments, which also happen to be among the most visible public sector employment occupation.

In 2012, seventeen police officials from New York Police Department (NYPD) were disciplined for posting racially inflammatory remarks on Facebook. Some officers had made offensive comments about the West Indian Day Parade being held in town. Some of the cops referred to the parade revelers as "savages" and "animals." Another remarked "kill them all" (Kemp 2012).

In 2013, there was another case where one Joe Cassano, a son of New York City Fire Department's commissioner, Sal Cassano, resigned after he posted racially inflammatory remarks on his Twitter handle. Joe was employed as an EMT with the department. These misdeeds led to a review of NYPD social media policies (Goodman and Ruderman 2013). As tools for internal vertical and horizontal communications, social media is making a mark.

Although venting against someone is protected speech under the First Amendment, social media turns into an item of crime under different circumstances. For instance, if an identifiable person uses social media in a threatening manner and presents an imminent danger, the speech becomes a threat. Let us briefly consider uses of social media in law enforcement practice.

## Instrumental Uses of Social Media in Public Law Enforcement Occupations

Social media is now the first place that law enforcement agents go to when seeking for clues about threats to public safety. For example, the Baltimore County Police department was able to investigate individuals who had threatened law enforcement officials on social media outlets in the wake of antipolice riots in 2014. Police departments monitor Twitter, Facebook, and Instagram threads to investigate threats made against force members.

Social media is changing the workplace in numerous ways. In law enforcement, tools for public safety have become more complex and agencies have moved away from old Wild West style "Wanted" posters to police radio, patrol cars, electronic billboards, and now handheld devices that access Twitter, Facebook, and YouTube broadcasts. And it does not stop there; jurors share opinions on social media, even after handling a difficult case. But criminals also use social media for recruitment of terrorists and for pedophiles, who stalk victims online. Thanks to geotagging and use of metadata images it is now possible to locate some missing persons. Police frequently use photos uploaded on social media to find child pornographers and their victims. Police in cities like Seattle have a Twitter feed called "Get Your Car Back" in which staff send license plate numbers and other information about stolen cars. More applications exist and space does not permit us to consider many more service applications out there.

In the same breadth, state and federal authorities have laws and regulations that permit law enforcement agencies to request access into social media websites for investigation purposes. For example, California's social media law does not limit employers from requesting employees to divulge passwords in the course of investigations. Similar laws exist in Colorado and Maryland, but in the latter, access to private social media accounts has to be provided when investigations are about potential misappropriation of proprietary information and violations of securities laws. In other words, state request for social media accounts is confined to specified investigations.

At the other end of the spectrum, police officials, some of whom are now required to wear body cameras, have to be aware that their workspace is part of the ever-expanding surveillance society. In *Glik* v. *Cunniffe* (2011), the 1st US Circuit Court of Appeals ruled that a private citizen might use mobile devices to videotape or film police officials in public space and send the images to their social media platforms. Such actions are protected under the First Amendment rights.

There are drawbacks to this nexus between surveillance society and social media. This is glaringly true in the context democratic expectations about public employment. Among the challenges is the debate over just how much privacy should public officials expect in the workplace? There are other emerging concerns, for instance, police agencies have to grapple with how to obtain records generated in social media platforms. Some of the messages and uploaded video clips that originate from foreign countries where the rule of law is weak require a lot of resources to authenticate. There are further complications stemming from the fact that social media websites are incorporated in different geographical locations, which makes it hard to serve search warrants, in cases where that step is required. Microsoft-owned Skype, for example, is incorporated in Luxembourg. This means that enforcement agencies require diplomatic channels to do their job well. And that just adds to the layer of bureaucracies to be navigated. Moreover, the amounts of information on the Internet can overwhelm any organization. Agencies that conduct some official work on social media have to grapple with issues of data management systems, which requires periodic training. The potential for criminals to organize using social media complicates matters and, especially, if hacking is involved. These and other challenges are real issues for contemporary public organizations.

## Conclusion

In conclusion, social media is an essential part of twenty-first century living and has attracted attention of scholars and human resource experts. While there are several applications of social media in HR practice, we have considered only a few applications in areas such as planning, recruitment and selection, and performance management. Yet, applications go beyond HR practices and delve into broader communication applications. And there is heightened relevance in some public sector employment, especially in law enforcement, which utilizes data mining techniques to profile persons under investigation.

In all cases, social media uses must be governed by law and that is why constitutional scholars are paying attention to these new medias. From a legal perspective, the scope of protections for individual or group social media use varies between different public sector settings. Case law on social media applications is evolving and will in future govern potential uses.

## Cross-References

► Privacy Rights and Public Employment

## References

Ackerman AS, Krupp Melissa L (2016, September) Puzzled by social media? Make connections. HR News, The Magazine of the International Public Management Association for Human Resources (IPMA-HR), pp 12–13

Crespo MM, Lyon EC (2015, July 17) Employer access to employee social media: applicant screening, "friend" requests and workplace investigations. Retrieved from http://www.lexology.com/library/detail.aspx?g=1386e597-ec65-4c35-9208-a8e4275ab5a2

Everbridge (2015) The social media gap in crisis communications. Everbridge Inc, San Francisco. http://www.everbridge.com

Goodman DJ, Ruderman (2013, March 29) Wendy. Police Dept. Sets rules for officers' use of social media. New York Times, p A 19

Jacobson WS, Tufts SH (2013) To post or not to post: employee rights and social media. Rev Public Pers Adm 33(1):84–107

Kemp J (2012, August 23) NYPD disciplines 17 cops who posted racist Facebook comments about West Indian Day Parade. New York Daily News. Retrieved from http://www.nydailynews.com/new-york/nypd-disciplines-17-cops-posted-racist-facebook-comments-west-indian-day-parade-article-1.1142642

Mergel I (2012) The public manager 2.0: preparing the social media generation for a networked workplace. J Public Aff Educ 18(3):467–492
National Labor Relations Board (NLRB) (2014, August 12) The NLRB and social media. National Labor Relations Board. Retrieved from http://www.nlrb.gov/news-outreach/fact-sheets/nlrb-and-social%20-media
Patterson M (2015, May 4) Social media demographics for marketers. Insights. Sprout Social. Retrieved from http://sproutsocial.com/insights/new-social-media-demographics/
Smarsh (2015) The public sector guide to social media strategy and policy. Smarsh, Portland. http://www.smarsh.com
Tubbs-Jones B (2016, September) The role of human resource professionals in shaping the impact of social media in the workplace. HR News, IPMA-HR, pp 6–7
U.S. Government Accountability Office (GAO) (2003) Strategic planning and distributive learning could benefit the special operations forces foreign language program. GAO, Washington, DC

# Social Media Use by Government

Ola G. El-Taliawi
Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, Singapore

## Synonyms

Digital government; e-government; Open government; Smart government; Wiki-government

## Definition

Social media use by governments refers to the use of web-based tools, including Facebook and Twitter, to provide government information and services and to foster social engagement with stakeholders.

## Introduction

Over the past 15 years, social media use increased considerably across the globe. It is evolving from a mere trend to an almost daily lifestyle to "check your profile" or "update your blog." Social media has changed communication modes and access to information exponentially, and while businesses were the first to pick up on it, governments soon followed suit. Although the scope of the literature examining social media use is expansive, the scope of this entry is limited to its use in the public administration. It first starts with a definition of the term "social media," followed by a brief historical synopsis of its infiltration into the government domain. Following, this entry highlights the main modes of social media use by governments; as well as the benefits and challenges of social media adoption in the public service. Finally, it ends with a brief discussion of the main policy dilemmas agencies need to resolve to align social media use with agency goals and objectives.

## Social Media: The Term

While there is no one standard definition of "social media," according to scholars it refers to tools that facilitate web-based social interaction and collaboration (Bryer and Zavattaro 2011). Two main features distinguish social media from traditional media and other types of technologies: (1) content creation, which refers to the ability of end users, rather than professional sources, to create content themselves; and (2) the existence of multidimensional interaction channels between users (Bertot et al. 2012). Heavy reliance on multimedia, such as visual and sound information, as opposed to just text, is also a predominant feature of most social media tools (Landsbergen 2010). Social media in government, therefore, is an umbrella term that refers to the group of web-based technologies that allow public agencies to foster social engagement with citizens, businesses, and other public and nonprofit organizations (Criado et al. 2013).

## From e-Government to Government 2.0: The History

The use of social media by governments can be traced back to the emergence of "Web 1.0" technologies that revolutionized the way commerce was conducted and paved the way for a

new era of electronic commerce. E-commerce gave rise to two major developments: (1) the removal of geographic distances, by allowing firms to do business virtually; and (2) the increase of customer exposure and expectations, by allowing customers to compare services and products with the best benchmarks (Dadashzadeh 2010). Governments soon followed suit in adopting the use of "Web 1.0" tools, and e-government initiatives were implemented in many developed countries. The first US government website (USA.gov) went online in September 2000 (National Research Council 2007). The primary objective of using "Web 1.0" tools at the time was to facilitate the administration of government operations and to allow self-service delivery such as payment of bills and fines (Díaz-Díaz and Pérez-González 2016).

Following, further developments in ICT introduced "Web 2.0" technologies that transformed passive web surfers into active content creators, giving rise to "social media" as a powerful networking tool (Dadashzadeh 2010). While businesses again took the lead in using social media, it was soon adopted in the public domain. Several electoral campaigns made use of this powerful tool, including Barack Obama's 2008 presidential campaign, which regularly features as a prominent example in the use of social media in political communication and campaigning (Jaeger et al. 2010). Soon afterwards, government agencies in the United States and other countries started employing social media for government use, and the public became increasingly expectant of governments to become accessible on social media platforms (Bertot et al. 2012).

## Modes of Social Media Use by Governments

Social media applications and tools vary widely with regards to function, type of content, and other features. Many of them are used, often simultaneously, by governments to interact with citizens at both central and local levels. In 2014, 26 out of 34 OECD governments had an official presence on social media, primarily to disseminate information, engage stakeholders in governance processes, and improve service delivery (Mickoleit 2014).

Some of the applications used by government institutions include the microblogging platform Twitter, the social networking site Facebook, as well as RSS Feeds, multimedia sharing sites, mashup applications, and others. For example, the US Environmental Protection Agency operates accounts on YouTube, Facebook, Flickr, and Instagram at the same time. The US Government website lists a plethora of downloadable applications catering for travelers, families, children, and emergencies.

Some agencies have also moved from experimentation to standardization of social media use by putting in place policies to guide employees. For instance, the European Commission has a guidebook on the use of social media by staff in both their professional and personal capacities. Additionally, the US Government has a digital government strategy and open data policy in place to provide agencies with guidance on how to use and improve their digital services. This is just to name a few.

## Benefits and Challenges of Social Media Adoption in the Public Service

Beyond social media being just a trend, many scholars have provided rationale of the importance of government adoption of social media use. Firstly, it is said that social media use by governments can enhance social capital, where government agencies and officials become part of individuals' social networks and engage with them in an interactive manner. In this case, government is no longer a mere broadcaster of information, but a member of citizens' networks (Landsbergen 2010). Secondly, social media tools can be used by policymakers to gauge public opinion on policy proposals before their release (Mergel 2014), raising governments' socio-political legitimacy and ability to implement policies successfully. Thirdly, social media can be relied on to facilitate collaboration between citizens and governments in

co-producing services (Linders 2012). Finally, social media can act as a strategic communication tool during emergency, disaster, and crisis management. For example, in 2010 when volcanic eruptions in Iceland interrupted the travel plans of almost nine million people worldwide, the European Organisation for the Safety of Air Navigation (Eurocontrol) used social media channels to communicate with the affected population, which allowed people to organize themselves more effectively (Hiltz et al. 2011). In the same year, for the first time the US government used social media to coordinate its response with other agencies to the earthquake disaster in Haiti (Yates and Paquette 2011).

However, and despite the massive potential social media use can have for governments, their adoption and management are by no means an easy task to undertake. This realization has driven some scholars to go all the way as to question whether governments should embark on this path altogether. Some of the potential challenges include (1) a lack of strategy in implementation that would make social media use more ad hoc and difficult to sustain on the long run (Godwin et al. 2008); (2) an agency's poor quality of interaction that may not encourage citizens to take part, which might eventually harm the agency's image (Bryer and Zavattaro 2011); (3) the possibility of spreading rumors or challenging authority (Alexander 2014); (4) the difficulty of making sense of the massive amounts of data processed daily on the different social media platforms (Mergel 2014); and (5) the exclusion of non-Internet users, because of disability or financial disadvantage (Bertot et al. 2012).

## Social Media Policy Dilemmas

Evidently social media adoption and use by government agencies should not be ad hoc. For its use to be effective, agencies need to put in place a clear strategy that clarifies some of the following dilemmas posed by "going digital": how to ensure conversations and interactions are not "hijacked" or dominated by malicious users, without compromising on openness, transparency and free speech; and how to create a balance between centralized and local needs that might require different adaptations (Landsbergen 2010). Further, since different tools have different "architectures," the question of which tools and approaches best promote an agency's goals needs to be tackled (Bertot et al. 2012). Moreover, the budgetary, human resource and financial implications of social media use have to be carefully thought out (Bryer and Zavattaro 2011). For instance, the personal use of social media at work might pose an ethical time management problem, but it might also be hard to forbid. Finally, general ethical considerations that might arise from interacting in social networks where public and private spheres can be blurred, have to be clearly workout out (Bryer and Zavattaro 2011).

## Conclusion

Social media has quickly penetrated the realm of government operations. Over the past 15 years, government agencies have become expected to be available "online" almost 24/7. While this development offers enormous potential for governments, including increased connectivity and transparency, it also has many pitfalls. Social media channels can become platforms for challenging and undermining authority and spreading rumours, especially in times of crisis. For a government to be able to harness the potential of social media use, a well-designed policy must be in place. Metrics and performance measurements can help agencies determine the effectiveness of their social media use for achieving their organizational objectives and overall mandate.

## Cross-References


- ▶ Nonprofit Organizations' Use of the Internet and Social Media
- ▶ Social Media in Public Employment

## References


Alexander DE (2014) Social media in disaster risk reduction and crisis management. Sci Eng Ethics 20(3):717–733

Bertot JC, Jaeger PT, Hansen D (2012) The impact of polices on government social media usage: issues, challenges, and recommendations. Gov Inf Q 29(1):30–40

Bryer TA, Zavattaro SM (2011) Social media and public administration. Adm Theory Prax 33(3):325–340

Criado JI, Sandoval-Almazan R, Gil-Garcia JR (2013) Government innovation through social media. Gov Inf Q 30(4):319–326

Dadashzadeh M (2010) Social media in government: from eGovernment to eGovernance. J Bus Econ Res 8(11):81

Díaz-Díaz R, Pérez-González D (2016) Implementation of social media concepts for e-Government: case study of a social media tool for value co-creation and citizen participation. J Organ End User Comput (JOEUC) 28(3):104–121

Godwin B, Campbell S, Levy J, and Bounds J (2008). Social Media and the Federal Government: Perceived and Real Barriers and Potential Solutions. Washington, DC: Federal Web Managers Council. pp. 1–4. Published online at https://s3.amazonaws.com/digitalgov/_legacy-img/2013/11/Social-Media-Fed-Govt-Barriers-Potential-Solutions.pdf

Hiltz SR, Diaz P, Mark G (2011) Introduction: social media and collaborative systems for crisis management. ACM Trans Comput-Hum Interact (TOCHI) 18(4):18

Jaeger PT, Paquette S, Simmons SN (2010) Information policy in national political campaigns: a comparison of the 2008 campaigns for President of the United States and Prime Minister of Canada. J Inf Technol Polit 7(1):67–82

Landsbergen D (2010) Government as part of the revolution: Using social media to achieve public goals. In: Paper presented at the proceedings of the 10th European conference on e-government

Linders D (2012) From e-government to we-government: defining a typology for citizen coproduction in the age of social media. Gov Inf Q 29(4):446–454

Mergel I (2014) Assessing the impact of government social media interactions. Brookings. Retrieved on 9 Feb 2018 from https://www.brookings.edu/blog/techtank/2014/06/23/assessing-the-impact-of-government-social-media-interactions/

Mickoleit A (2014) Social media use by governments: a policy primer to discuss trends, identify policy opportunities and guide decision makers. OECD working papers on public governance, no. 26. OECD Publishing, Paris

National Research Council (2007) Social security administration electronic service provision: a strategic assessment. National Academies Press, Washington, DC, p 151

Yates D, Paquette S (2011) Emergency knowledge management and social media technologies: a case study of the 2010 Haitian earthquake. Int J Inf Manag 31(1):6–13


# Social Network Theory


Marla A. Parker
Department of Political Science, California State University-Los Angeles, Los Angeles, CA, USA


## Synonyms

Social capital

## Definition

Structural dimensions of interpersonal or interorganizational relationships that drive the development of the social capital connected to the development and implementation of public mission and policy.

## Introduction

Social network theory describes how the various dimensions comprising the content and structure of socially connected entities interact. Additionally, the various concepts within the larger realm of social network theory explain how various outcomes result from the social capital (i.e., resources emerging from relationships) generated among a body of connections. More specifically, social network theory provides very useful insights into how the creation, changes, and flow of various resources depend upon the pathways among connections, which can have positive and negative impacts. In the context of public administration, public policy, and governance, social network theory provides a useful lens for understanding key activities such as mission delivery, collaboration, management, and more.

What follows is a more detailed description of major factors covered by social network theory and their various manifestations at macro and micro levels when using social network analysis. Then, there is a discussion of the practical application of social network theory to understand activity in public administration, public policy,

and governance. Finally, the conclusion discusses considerations for actually evaluating social networks.

## Dimensions of Social Network Theory: Network Structure and Content

Social network theory components generally cover two broad areas: structure and content (Burt 2000). Structure refers to the physical construction of a network. The structural building blocks of networks include the nodes (e.g., entities) and ties (i.e., connections among entities). Qualitative and quantitative characteristics describe the nodes and ties both individually and collectively. Examples of quantitative characteristics include network size (number of nodes and ties within a network), specific pathways of network ties, churn (changes in the number of nodes and ties), and clusters (groups of smaller networks within larger networks). Examples of qualitative characteristics include tie strength and weakness, node location and centrality, node demographics, node homogeneity and heterogeneity, and internal and external location of nodes in relation to a single node.

The content of social networks refers to the social capital generated among the connections. Social capital can include a multitude of resources (e.g., information, advice, skillsets, and technology) that also includes other types of capital (e.g., financial, political, and physical) (Portes 1998); however, its distinguishing feature lies in that such resources are obtained through social or relational connection rather than being self-generated or acquired through a structured transaction. Similar to the structural element of networks, the content also embodies quantitative and qualitative dimensions. Examples of quantitative dimensions may include level or quantity of social capital as well as the degree and directionality of resource exchange among ties. Examples of qualitative dimensions can include the specific type of social capital as well as homogeneity or heterogeneity of resources.

Micro and macro level analysis of the aforementioned network characteristics can occur among people, groups, units, organizations, or a combination of these entities (e.g., people within or across specific organizations). Information gathered about network structure and content can provide useful insights into power distribution, social outcomes, professional development, innovation, culture, decision-making, values, norms, and other phenomenon strongly influenced by relationships and social interaction.

The linchpin connecting network structure and content is the presence of trust between connected nodes. Trust facilitates the exchange of social capital whereby higher levels of trust can ensure significant exchanges of social capital, which can result in greater productivity, efficiency, and effectiveness. Various network characteristics can act as proxies for the levels of trust among network nodes. For instance, trust as a function of tie strength (or weakness) can be measured by following dimensions of ties: degree of socio-emotional bonds, frequency of communication, and length of time known. The following node characteristics may act as indicators of trustworthiness of network members: reputation, productivity, referrals by other network members and partnerships with other well-known network members. In short, without trust, the true value of social networks cannot be realized in practical application.

## Practical Application of Social Network Theory in Public Administration, Public Policy, and Governance

### Social Networks of Public Sector Organizations and Actors

Social network theory can explain the behaviors, decisions, actions, and subsequent outcomes (particularly the impact and value) of public sector organizations and actors. Network governance (including intergovernmental and intersectoral collaboration), public management, and policy innovation and diffusion are key areas in which social network theory demonstrates this. As such, public sector practitioners can leverage social network analysis to facilitate more effective and efficient mission delivery, organizational development, and policy activity.

Network governance and collaboration in the public sector provides an alternative to unilateral and single agency (or organization) approaches to mission delivery (Agranoff 2006; Provan and Kenis 2008). The basic premise is that collaborative units with multiple entities operating as a network can provide better and more impactful results by sharing resources, capitalizing on various strengths, and compensating for each other's weaknesses. Additionally, collaboration in the form of principle-agent configurations such as contracting is also popular in the public sector realm. From an internal perspective, social network theory may explain how collaborative units form through personal contacts, share capital, ensure accountability, and reinforce expectations through oversight by network members, ensure compliance, develop decisions, and share or concentrate power. From an external perspective, social network theory can measure how extensively a mission is implemented as a direct result of sharing and exchanging specific types of resources among organizations and people within them.

Public management provides multiple contexts for using social network theory (Meier and O'Toole 2001; O'Leary and Bingham 2009). For example, it can explain human capital development (e.g., hiring and recruitment) within organizations by identifying how the networks of personnel can provide access to labor pools. Additionally, it can explain how leadership positions with public organizations because of the developmental, advancement opportunities and supports within a worker's networks. The networks of public managers can also provide access to information about potentially useful managerial practices, location of important resources to support tasks, and connections to other powerful decision makers that can facilitate execution of tasks.

The political and informational dimensions of policy strongly reflect social dynamics, thus rendering it an ideal space for the application of social network theory. Political alliances and rivalries that can advance or deter policy initiatives may be strongly and positively correlated to the following dimensions of a policy network: size, tie strength (e.g., socio-emotional bond or communication frequency), and homogeneity of interests. Relatedly, the specific location of policy champion within or among a cluster of related networks can influence how extensively support for a policy initiative becomes diffuse, thus galvanizing necessary momentum. Information in the form of policy analysis results, case studies, lessons learned, strategies, and data provide necessary foundations for policy innovations and can flow among groups of policy actors, thus making networks a critical source for driving policy development and implementation. Moreover, networks have the potential to provide access to increased variety and in-depth information that may not otherwise be accessible.

## Social Network Theory to Understand Constituent Activity and Outcomes

Social network theory can also lend important insight into how the public reacts to and navigates administrative, governance, and policy actions by examining the networks of constituents. For example, social network theory can provide insights into how clusters of communities create mechanisms of resilience through resource sharing when faced with oppressive policy outcomes. The theory can also elucidate policy advocacy activity within and across communities by examining the flow of information and resources through networks of effected constituents. Social network analysis can also inform how constituents may process and spread policy messaging. Yet another example is how constituent network can result in greater or lesser degrees of civic engagement with public administrators and policy makers.

## Social Network Theory to Understand Undesirable Public Outcomes

The aforementioned discussion implies that network structure and content can provide positive outcomes. However, a close examination of network dynamics can also reveal undesirable outcomes. More specifically, certain configurations of network can upend public values in the administrative, governance, or policy realms leading to mitigated social justice, equity, and democracy. For example, the homogeneity of

certain demographic characteristics (e.g., gender, race, and class) among network nodes may result in unequal sharing of power and resources that reinforces marginalization of certain groups. Ideological homogeneity in networks may limit the development and proliferation of innovation that can benefit policy development and managerial practices. Small-size networks with weak ties to a strongly connected, large network may be at a disadvantaged with access to information and resources thus limiting equitable democratic participation. In short, understanding the barriers and opportunities created by social networks greatly depends upon the specific structure and content configuration.

## Conclusion

In addition to the unit of analysis, network characteristics, and social capital specifics, network evaluation in relation to a specific outcome should also consider timing and scale. Over time, network characteristics and social capital can evolve, contract, or stay the same in various ways, resulting in changes to the flow of and access to resources. Scale refers to whether or not an entire network universe (e.g., entire school system) or a portion of it (e.g., neighborhood schools). Different results may emerge if an entire network universe is considered as opposed to a portion of it.

Social network theory can inform practical approaches to improving public administration, governance, and policy practices by considering how social dynamics matter for the actions and behaviors of public sector actors and stakeholders. By understanding the nuances of network structure and content, actors and stakeholders may strategically engineer networks to facilitate better exchange and access to social capital, resulting in better public outcomes. Social network theory can also act as an evaluation tool of administrative, governance, and policy activities, particularly when determining how critical resources are distributed and applied. Both qualitative and quantitative methods can be used to assess networks and develop strategic plans. Additionally, social network analysis software exists, which can do simple to complicated structural calculations.

## Cross-References

► Organizational Boundary Spanning
► Public Policy Entrepreneurship

## References

Agranoff R (2006) Inside collaborative networks: ten lessons for public managers. Public Adm Rev 66(s1):56–65

Burt RS (2000) The network structure of social capital. Res Organ Behav 22:345–423

Meier KJ, O'Toole LJ Jr (2001) Managerial strategies and behavior in networks: a model with evidence from US public education. J Public Adm Res Theory 11(3):271–294

O'Leary R, Bingham LB (eds) (2009) The collaborative public manager: new ideas for the twenty-first century. Georgetown University Press, Washington, DC

Portes A (1998) Social capital: its origins and applications in modern sociology. Annu Rev Sociol 24(1):1–24

Provan KG, Kenis P (2008) Modes of network governance: structure, management, and effectiveness. J Public Adm Res Theory 18(2):229–252

# Social Networks in African Universities

Peter Nareeba
Faculty of Social Sciences, Uganda Christian University, Kampala, Uganda

S

## Synonyms

Formal social networks; Informal social networks; Social support; Social ties

## Definitions

**Social networks** are a social structure of nodes that represent individuals or groups and the relationships between them within a certain domain.

They could be formal or informal connections that determine human relationships.

**Informal social networks** involve unorganized and unstructured systems of relationships or linkages among individuals, each with a varying degree of influence on social integration of students.

**Formal social networks** rotate around networks which are structured and organized with distinct clear roles and responsibilities.

## Introduction

Social networks pave a way for understanding behavior particularly in larger-scale complex societies. From a sociological perspective, human beings are social animals, hence social networking being inevitable. It is unavoidable among students as they interact to advance their ideals alongside the core objectives of the university. In pursuit of academic career, students join universities to benefit from such knowledge industry alongside those linkages. Such an environment has the potential to generate cohesiveness, cooperation, and trust. In Ugandan universities, both students and staff value their social capital as a yardstick for moving forward. Irrespective of its power, common integration in universities is still weak in sub-Saharan Africa and local viewpoint.

Social network platforms bring out the fact that individuals are not living and acting in isolation but rather are socially related. In today's global and technological society, social network platforms whether conventional (church organizations, students' associations, etc.) or technologically determined (social media platforms such as Facebook, WhatsApp, Google Plus, Blogs, Twitter, Instagram, MySpace, and YouTube) have a major influence on human relationships in such a way that they enable members of society to engage with each other in fundamentally new and different ways. For instance, traditional network platforms (such as students' organizations, associations, and church movements) create an environment with the potential to generate cohesiveness, cooperation, as well as trust among users, thereby profoundly advancing positive growth through social integration of students.

This is consistent with the educational and learning environment, particularly universities. They form platforms that contribute a lot to the manner in which students integrate, thus advancing their careers with ease. In Uganda, university administrators try to provide other informal platforms like the provision of common meal plans and other social events and extracurricular activities and church group meetings. This fosters interactions and links inside and outside the classroom setting.

## The Case of Uganda Universities

The Republic of Uganda Government requires that public institutions should reflect the global nature of society. This was a basis for Ugandan public universities' administration to come up with a national plan of social network platforms that caters for the multicultural and multiracial constitution of their institutions. The plan allowed universities to form students' management bodies and traditional platforms (organizations, associations, religious organizations, and other informal groups) for a dynamic social integration of students. These range from religious groups, football associations, swimming, music, dance and drama gatherings, and collaborations based on tribe and those based on faculty and course being pursued. These social network platforms are perceived to facilitate social interactions and promote unity in diversity among university students and effectively grow socially and intellectually.

Irrespective of this ideal, Ugandan universities face profound divisions, tribal and ethnical conflicts frequently experienced among students that undermine the intended goals of such social network platforms. These challenges include tribal and political tensions between student social and cultural association and students' frequent strikes which frustrate academic progress. Relatedly, Uganda is challenged by ethnicity which is found to be the most sensitive issue across a number of universities, given that there

are many diverse ethnic groups and races local as well as international. This undermines student and staff interactions among themselves. There is a common notion that students from some ethnic groups tend to keep to themselves because of similarity of culture, which leads to their self-isolation. This deepens the negative stereotypes and myths about different ethnic groups that are found to be common among institutions of learning, thus leading to tension, misunderstanding, and even exclusion.

University's employees and students create social networks that result from interface with beneficiaries, leaders, and other partners. They make contact by becoming members of religious groups, tribal units, age groups, and different academic clubs. The process of establishing such ties enables familiarization with the university's culture, economic conditions, norms, and values. While at the university, they associate with different institutions such as schools, the police, health centers, and non-governmental organizations. This enables them to identify areas of common interest that are vital for addressing their individual and societal challenges. The establishment of connections with different members of universities improves success in career progress. For example, in UCU, the Association of Born Again students bring together affiliated students to share Christian identity through assimilation into biblical doctrine irrespective of the academic profession. They meet regularly in the morning, lunch time, and evening to conduct prayers together.

This entry notes that exchanges with university members occur when students participate in activities such as meetings (formal and informal) with corporate leaders, political forums, and other information sharing sessions. Similarly, occasions such as university cleanup events, religious activities, national political campaigns, weddings, and burial ceremonies are avenues of interface. During such interactions, they share information about challenges in the university, concerns of the people, and factors that facilitate and constrain progress and are able to exchange information. They define and deliberate on how such a community's problems may be solved.

## Theoretical Underpinning

**The functionalist and gratification theory** (Katz et al. 1974) attempts to address the social functions within society, usually performed by the various social systems for the good of individual in society. The theory explains social institutions and organizations as collective shared places that meet individual social needs. In view of this entry, the theory helps in explaining why students and university administration choose particular social network platforms in the attempt to meet specific functions that satisfy the needs and desires of the members of their institutions. Modern network platforms like the Internet, for instance, have enabled students to find and also have more options from which they are able to select other websites and web pages that satisfy their specific concerns. Further, this theory gives reasons why students in public universities in Uganda prefer using (in terms of self-gratification) particular social network be it traditional or modern technological social network platforms in their social integrations. However, it is fundamental to indicate that this theory had the limitation of undermining or taking for granted the negative effects of the various collective social network platforms, particularly in their attempt to meet individual social needs. This lacuna led the researcher to further opt for the social network theory.

**The social network theory** (Lent et al. 2006) assumes that social relations are key in explaining both individual action and collective interactions. This study notes that relations which are perceived to be structural and more crucial for comprehensive behaviors rather than characteristics like gender, ages, ideology, and values foster collaborations that are vital for development. This tenet puts a lot of emphasis on ties or relations among actors in the network. Social networks are affected by beliefs, actions, and perception due to various structural approaches that determine the interests of those involved. The behavior of an individual in a university setting depends on behavior of other actors engaged in a social network. This may lead to exclusion of others in the social platform and opposition to any other social

relations and to other actors outside of one's own conclave. However, this theory lacks the wider international aspect of human relations to the extent that involved actors are perceived to operate almost in an isolated and in anonymous manner. This mishap informed the introduction of social integration theory as explained.

**Social integration theory** (Tinto 1993) posits that the interaction among members of society, either in a social organization or in a peer interaction in a social setup, advances the interests of a group. In the context of institutions of higher learning in sub-Saharan Africa, it is about all-inclusive participation that an academic or administrative staff or student has with university. This engages informal peer relations, semiformal communication with staff and faculty, and involvement in university and cocurricular activities. This is vital especially in assisting first-year students, for whom the adjustment to university in most cases is challenging and sometimes demanding. The theory assumes that there is always some basis on which humans make themselves open to embrace the other persons in society. This encourages reciprocal interaction of those engaged within their social structure. Such reciprocal relations or interactions have the fundamental elements of harmony, understanding, tolerance, and acceptance among university colleagues. The weakness of this theory is that social intercourse is associated with an individual's position in the social class and what the individual ascribes to himself/herself and how she/he perceives her-/himself in the social context. More so, the less educated, less organized, and less influential individuals and social groups are perceived to be less visible needing recognition. The conflict transformation theory comes in to address the shortfalls in the social integration theory.

**Conflict transformation theory** (Fisher 2000) rests on the assumption that conflicts in society are caused by problems of inequality and injustice and oppression by the domineering sociocultural and economic powers or groups. This theory looks at the process by which conflicts such as those that occur in higher learning institutions could be managed to yield peaceful outcomes. The theory appreciates that contemporary conflicts need much more than the reframing of positions and recognition of win-win outcomes. This theory helps to bring out the measures the university administration undertakes to contain students' conflicts that are sometimes created by the misuse of the social media platforms, particularly in accommodating the interests, values, and diverse perspectives of various groups for a relatively better understanding of the others in the institutional setup. The theory pays less attention to the measures undertaken by universities' administration in liaising with different students' leaders in resolving conflicts that seem to undermine social networks. Thus, this is the basis for this entry introducing the social capital theory.

**Social capital theory** (Putnam 1993) describes successful individuals as networking and trusting individuals who volunteer to help their neighbors and community with the expectation of long-term reciprocal benefit. This theory looks at the available human potential resources employed for the good of society. The assets stem from the social connections which individuals create, maintain, and develop within the social setup. The resources could be real or virtual that build up to an individual or group by virtue of mutual friendship and recognition in a social setup. In a university setting, this enables the realization of social cohesion and integration through the provision of social avenues with all the entailed resources (solidarity, material resources, etc.) for involved university staff and students.

## Conclusion

The entry concludes by noting the power of by belonging to different groups in universities which fosters collectivism. University staff and students that create positive relations with their colleagues in a university setting in most cases develop shared interests which enable them to identify opportunities and exploit them together, and at the same time, when challenges emerge, they are solved by their social networks, thus benefiting themselves. This study deduces that taking time to understand the nature of the university community and its activities and needs forms important foundations for networking among the different stakeholders in a university.

Participation in different university events helps university colleagues to meet key people and enables sharing information about their work, interests, and future directions. This allows the university community to appreciate the activities of the social networks which breeds ground for trust and social support toward their activities. The scholar concludes that cultivating positive relationships in universities creates platforms where students, lectures, and administrators talk to each other, listen to each other, and identify each party's strengths. Again, listening to university colleagues helps to determine priorities which fosters cooperation. This helps in the building of consensus and confidence in tackling the challenges in a given institution of higher learning.

## References

Fisher N (2000) Beyond fish as commodities: understanding the socio-cultural role of inshore fisheries in England. Mar Policy 37:62–68

Katz E, Blumler JG, Gurevitch M (1974) Utilization of mass communication by the individual. In: The uses of mass communications: Current Perspectives on Gratifications Research, ed. J.G. Blumler, and E. Katz. Beverly Hills, CA: Sage, 19–32

Lent RW, Schmidt J, Schmidt L (2006) Collective efficacy beliefs in student work teams: relation to self-efficacy, cohesion, and performance. J Vocat Behav 68(1):73–84

Putnam RD (1993) Making democracy work civic traditions in modern Italy. Priceton University Press, Princeton

Tinto V (1993) Research and practice of student retention: what next? J Coll Stud Retent Res Theory Pract 8(1): 1–19

# Social Policy and Administration in Japan

Reiko Arami
Nagoya University, Nagoya, Japan

## Synonyms

Frontline workers in Japan; Local social welfare offices in Japan; Social administration in Japan; Social policy and policy implementation in Japan; Social security system in Japan; The Japanese welfare state

## Definition

The institutionalized response at local governments to social and economic problems and risks, such as economic insecurity, inequality, and poverty, according to the development of an administrative state.

## Introduction

Rapidly aging and shrinking population is among the most serious challenges that Japan currently faces. Meanwhile economic and social disparities have expanded in the last two decades. The number of Japanese children born in Japan in 2019 will reach 864 thousand, falling below 900 thousand for the first time since statistics began in 1899, according to a Health, Labor, and Welfare Ministry report. ("The number of births in 2019 fell for the first time in nine hundred thousand, earlier than expected." (in Japanese) *Asahi-Shinbun*, December 24, 2019.) In addition, Japan's population aged 65 years and older is expected to exceed 30% in 2025.

These developments have caused observers to question the sustainability of Japan's social security system. Although both national and local social security expenditures continue to increase rapidly due to the aging of society, Japan's social security system faces a number of challenges, including providing sufficient nursing care and health care for the elderly, child-rearing support, and other welfare benefits. Local government plays an important role in social policy implementation not only as a follower of national redistributing policies but also as a gatekeeper of social policy.

Turning our eyes towards local welfare administration, this essay considers how and why local government works to realize the ideal welfare state and mitigate inequality. First is an overview of the Japanese welfare administration system. Next, previous studies regarding the welfare system in Japan are reviewed and followed by a

examination of both the characteristics of the reforms carried out as a response to the retrenchment of the welfare state and the characteristics of the Japanese welfare state that have persisted in spite of these reforms. The characteristics of the current Japanese welfare administration system are then discussed. After that, the importance of exploring the discretion of local government and the exercise of discretion by frontline local government officials are argued. Finally, this essay discusses major social, demographic, economic, political, and institutional challenges that Japan is facing, with a focus on the implementation of social policy at the local level, along with an exploration of the corresponding theoretical challenges that researchers face in analyzing this landscape.

## The Japanese Welfare Administrative System

Welfare policies vary from country to country and depend on the type of welfare state that each country establishes. Article 25 (2) of the constitution of Japan states that the State shall endeavor to improve and promote social welfare, social security, and public health in all aspects of life. In Japan, the definitions of social security and social welfare vary among advocates. Based on the social security council "Recommendations on Social Security Systems" (October 16, 1950), social security is here defined as comprising social insurance, social welfare, public assistance, and public health. Social welfare and public assistance are positioned as welfare policies. Social insurance is based on the principle of mutual aid and risk diversification, including pensions, medical insurance, and employment insurance. Social welfare supports the lives of the socially disadvantaged and should be borne by taxes. It is legislated for each target population, such as people with disabilities, children, single-parent families, the elderly, and the needy.

These various social security benefits are provided by the national government and local governments. According to the financial results for fiscal 2018, 34.4% of Japan's total (national and local government) 169.2 trillion yen budget went towards social security–related expenses. Of this portion, 70% was spent by local governments, excluding pensions, which are entirely covered at the national government level. As fiscal expenditures, local governments account for 57% of total government expenditures; it can be said that local governments account for a large share of social security expenditure (Ministry of Internal Affairs and Communications 2020).

Of the 2.74 million local government employees, 368,000, or 13.3%, are welfare workers. Welfare-related employees account for approximately 40% of the total general administrative sector (which excludes education, police, firefighting, and public enterprises). In particular, of the total 1,349,000 municipal employees, 311,000, or 23.1%, are welfare related (Ministry of Internal Affairs and Communications 2019). From these figures, it can be said that local governments play an extremely important role in the social security field.

Social security benefits consist of a combination of policy recipients and means of delivering benefits to them. The recipient of the benefit is prescribed by each law. Under the Public Assistance Act, the recipients are poor people; under the Child Welfare Act, they are children under 18 years of age; under the Single Mother and Widow Welfare Act, they are single parents; and under the Comprehensive Support Act for Persons with Disabilities, they are people with disabilities.

The means of providing benefits can be broadly divided into cash benefits and in-kind benefits. Cash benefits are further divided into grants and allowances, insurance systems, and loans. The responsibilities of providing and administrating benefits are shared among the national government, prefectures, and municipalities, as shown in Table 1.

As you can see from Table 1, social security administration is roughly divided as follows. The national government, i.e., the Ministry of Health, Labor, and Welfare (hereafter MHLW) is responsible for social insurance such as pensions and unemployment insurance, in which financial support plays a central role. The national government

**Social Policy and Administration in Japan, Table 1** Division of social security and administrative roles between the national and local governments

| Field | | Social insurance | Social welfare | Public assistance | Public health |
|---|---|---|---|---|---|
| National government | | Pension, unemployment insurance, and healthcare (medical license, drug license etc.) | | | |
| Local government | Prefecture | National health insurance, health care planning, and public hospitals. | Child welfare (abuse, temporary protective custody, etc.), issuance of disability certificates, payment for services and supports for persons with disabilities, and special child-rearing allowance benefit | Public assistance (towns and villages) | Public health centers, immunizations |
| | Municipality | Long-term care insurance | Child welfare (childcare support), welfare for the disabled, and elderly care | Public assistance (city) | Water and sewage, health centers, and public hospitals |

also carries out programs that are established under a country-wide, unified system such as health care. Most programs related to social welfare, public assistance, and public health are carried out by local governments because they are centered on personal services. Of course, the MHLW is also involved in designing programs that are carried by local governments and providing financial support. Prefectural governments are mainly responsible for highly specialized work and measures that should be implemented over a wide area. On the other hand, municipalities take various measures to implement the six welfare laws (public assistance, child welfare, welfare for the elderly, welfare for single parents, welfare for the physically disabled, and welfare for the mentally disabled), and childcare support, among others, is not handled by the MHLW or at the prefecture level. In addition, local governments do not only receive subsidies and realize a social security system designed by the national government, but also provide additional services as independent programs of local governments by making efforts according to the actual conditions of the area. For example, medical expenses are subsidized and long-term care prevention programs are provided. This is why social welfare in Japan is called "municipal welfare." This paper will focus on the welfare administration provided by local governments in Japan.

## The Previous Research on Japanese Welfare Administration System

Many studies have debated the development and current status of Japanese welfare states, in terms of political economy and comparative welfare regime perspectives (Esping-Andersen 1997, 2001; Estévez-Abe 2008; Kasza 2006; Kato 2003; Hall and Soskice 2001; Miura 2012; Miyamoto 2003, 2008; Lynch 2006; Peng 2000, 2012; Shinkawa 1993; Hall and Soskice 2001). Japan has been variably categorized as having "equally combined the main elements of both the liberal–residualist model and the conservative–corporatist model" (Esping-Andersen 2001: xiii), as a "familialist regime" (Shinkawa 1993), or as a combination of liberal, conservative, and social democratic regimes (Miyamoto 2008), with

these three characterizations drawing upon welfare regime theory, while also having been categorized as a coordinated market (CME) (Hall and Soskice 2001), drawing upon "varieties of capitalism" theory. Previous research has considered the Japanese welfare state as an amalgamation of small public welfare, private corporate welfare, the male breadwinner family model, age-oriented welfare, and low-productivity employment policies, such as protection and regulation of small- and medium-sized companies, and public works in local areas (Tanaka 2019).

An important theme that researchers have identified in the public and policy discourse is the nature of the Japanese welfare state as a "Japanese-style welfare society" supported by corporate welfare and family welfare. This discourse has been part of the ideology of LDP conservatives and describes the substantial characteristics of their policies. This approach to welfare policy differentiates Japan from other advanced Western countries that Esping-Andersen's model can be applied to describe. The term "Japanese-style welfare society" was used in Prime Minister Ohira's administrative policy speech in January 1979 during the period of low economic growth following the oil shock, and the Cabinet approved the "seven-year plan for a new economy and society." This idea of a Japanese-style welfare society consists of the following seven elements. One element is non-acceptance of Western welfare state models on the grounds that such approaches lead to the corrosion of family ties. Second is the emphasis on self-help efforts such as savings and life insurance. Third is the affirmation that living together with the elderly and their children are "hidden assets of welfare" in Japan, resulting in the emphasis on welfare by the family. Fourth is an emphasis on mutual aid provided by the local community. Fifth is continued support for corporate welfare represented by lifetime employment and seniority-based wages. Sixth is affirming the importance of the private sector and market systems. And last but not least is an emphasis on social security measures as a safety net in cases where self-help efforts and family welfare are not sufficient.

In his seminal work on Japanese welfare politics, Campbell (1992) focused on the development of Japan's social security policy, starting with the time when the welfare state was expanding in the 1950s up until the 1970s, through the reassessement and reform of these policies beginning in the 1980s to the 1990s. Campbell studied the decision-making processes in Japan that affecting policies addressing Japan's aging society, such as pensions, health care, and employment. Other research has explored why Japan failed in carrying out fundamental social and economic reforms designed to boost productivity, encourage the participation of women and immigrants in the workforce, and facilitate work-family balance in order to respond to the industrial hollowing out and women's declining fertility (Schoppa 2006). Using Hirshman's framework, Schoppa argued that individuals who wanted to have children but still continued to work and firms that wanted to escape from Japan's convoy system both exited from the political market. Kitayama (2011) analyzed national health insurance policy development from the viewpoint of historical institutionalism and examined the impact of local government on the development of the welfare state.

While a lot of debate over the trajectories of Japanese welfare state, such as formation and reform among others, has focused on political factors such as class mobilization, party politics, and institutional legacies, few studies have examined the characteristics of welfare administration and welfare implementation at the local government level, and intergovernmental relationships in the welfare field, which are all components of Japan's welfare state but may have different mechanisms due to local administrative systems. The notable exception is Campbell (1992), who discusses the free health care program for the elderly established by the Minobe administration of the Tokyo Metropolitan Government in the late 1960s. However, this movement to introduce free health care was limited in time and political context, when progressive, reform-minded, government leaders of prefectures and large cities emerged, and more progressive local governments expanded benefits as a whole in the era of

the old people boom. Thus, Campbell just examined the choices of local government as one actor in the political arena of national social security policy, while not considering the structure of the intergovernmental or local administrative systems, which have significant impact on the implementation of social security policy.

Of the limited research covering these topics, there is literature that examines welfare magnet theory as put forward by Peterson and Rom (1990) and investigates its explanatory power for the Japanese case, in terms of public choice. For example, Tanabe (1996) characterizes Japan's National Health Insurance system as a policy of redistribution between regions as well as redistribution between individuals, and that the welfare magnet theory does not apply in the case of Japan, considering the policy legacies such as the municipal system, linkage with the general account budget, and subsidies from national government. Second, there is some literature that focuses on intergovernmental relations (IGR) in the welfare field, in terms of finance and human resource management, among others. For example, Hiromoto (1996–1997) argued that by paying attention to the subsidies from the Ministry of Health, Labor, and Welfare, the relationship between the national and local governments in welfare administration is sparse, and that the national government is active in increasing the financial burden of local governments. Third, there is literature that examines political factors that affect the quality of welfare policies. For example, Park (2014) examined the case of Takanosu-machi, a former muncipality in the Akita Prefecture that attracted attention as a model for "the best welfare in Japan." In 2003 Takanosu-chohad a pivotal mayoral election in which whether the muncipality should merge with another was the top issue. The candidate that supported the merger was elected, and subsequently the area experienced a decline in welfare quality.

## The Change and Continuity of the Welfare Administration System

As has already been made clear, the end of economic growth after 1980 and the collapse of the bubble economy in the early 1990s led to major changes in the nature of the welfare state in Japan, as well as in the postindustrial societies of other developed countries. In line with this change, Japan's welfare administration system also changed.

The era from the late 1980s to 1990s was a period when the welfare policies were decentralized while the central government imposed local planning obligations. By reason of the financial constraints due to the oil crisis and the end of the high economic growth, the central government promoted administrative reform in the 1980s. As part of the central government's administrative reform, many administrative tasks of five of the six welfare acts, excepting the Public Assistance Act, such as those related to the placement of childcare and special nursing homes for the elderly, was shifted from being administered by central government to instead local government. As a result, the government's share of the financial burden had been reduced from around 80% to 50%.

In 1990, eight welfare-related laws were revised, and municipalities were required to perform many of the welfare-related tasks. The revisions included defining in-home welfare services. In addition, the government adopted the planned administration system both in order to improve the service provision infrastructure in response to the increasing welfare needs, and in order to control the quality of welfare work performed by local governments around this time. A 10-year strategy for the promotion of health and welfare for the elderly called the gold plan (10 years from FY 1990), a plan in the field of child welfare called the angel plan (5 years from FY 1995), and a plan for the disabled (7 years from FY 1996) were formulated, requiring local government to decide the direction of its policies while revising its plan. During this period, most of the welfare work was shifted to a system centered on municipalities, but that services were provided based on national standards did not change as local governments still relied on central government funding.

The era during the 2000s was the period of basic structural social welfare reform. In order to

cope with the declining birth rate and aging population, as well as increase the quantity and improve the quality of welfare services, the government aimed to change the three basic structures of social welfare that had developed since 1945 to this period. First, the government changed the welfare system from a safeguard system (*Sochi*) into a contract system. Before this reform, the government was required to provide the services, through compulsory administrative measured called "*sochi.*" Under the contract system, services are provided through contracts between the user and the service provider, allowing the user to select a service.

The second major structural reform was the introduction of the private sector's entry into the welfare service market. It can be said that the concept of NPM (New Public Management), which became in vogue in Japan at that time, was applied to the welfare field. Until at that time, only a limited number of organizations, such as local governments or social welfare corporations, had provided welfare services under the principle that welfare services should be provided by public entities. However, by promoting the entry of private businesses into the welfare service sector and systematically positioning nonprofit organizations (NPOs) and volunteers as welfare services, the government sought to respond to increasing demand for services and to improve the quality of services through the principle of competition among businesses.

The third structural reform was the promotion of decentralization. In 2000, the decentralization package law was enacted, and decentralization has since advanced not only in social welfare but throughout all policy areas. In order to ensure that welfare services are in line with local conditions, the role of local governments has been emphasized in the operation of the system, and local governmental authority in providing services and supervising business establishments has been increased, along with national funding transferred to local budgets. Specifically, the 1951 Social Welfare Services Act was revised through the 2000 Social Welfare Act, aiming to promote community welfare, expand the scope of social welfare services, and establish a system to protect users. In addition, the act made it obligatory for local governments to make an effort in drawing up community welfare plans. In 2000 the long-term care insurance system, in which municipalities are insurers, was also introduced. Childcare center admission became a contract-based system (1997), and the disability support fee system was introduced (2003).

In addition to these three major reforms, in order to respond to the diversification of welfare issues, a system was created to protect those who were disadvantaged for due to specific acts such as abuse by others. This system was established through the passage of the child abuse prevention law (2000), the domestic violence prevention law (2001), the elderly abuse prevention law (2005), and the disabled persons abuse prevention law (2011).

The term during the 2010s has been a period of pursuing inclusiveness, support for self-reliance, and community-based service. Due to facing an unprecedented low birth rate and aging population, it has been becoming increasingly difficult to cope with labor shortages, a shortage of welfare workers, and a tight fiscal situation. The government plans to raise the consumption tax, carry out comprehensive reforms of the social security and tax systems, raise the self-pay portion of insurance premiums and impose income restrictions. The issue of day care waiting lists for children has become a problem due in part to the promotion of women's participation in the workforce, and child poverty has become a problem due to widening disparities. In addition, an increasing number of families have multiple welfare issues, such as poverty, abuse, hikikomori (individuals who isolate themselves at home for 6 months or longer), and elderly care (The Ministry of Health, Labor, and Welfare website. https://www.mhlw.go.jp/seisaku/2010/02/02.html (Accessed on October 10, 2020)). Until now, the welfare administration in Japan has been structured according to the type of recipient, and the budget and staffing have been divided vertically. The problem was that there were too many vertical barriers and suboptimal cooperation between specialists and organizations in different fields. Inclusion is being pursued to improve service delivery efficiency and address complex challenges. In addition, in order to cope with the shortage of workers

and financial resources, support for self-reliance is provided so that people can live independently, prevention is emphasized so that intensive support is not required, and support is aimed at the local level.

The Act on Comprehensive Support for Persons with Disabilities (2012), the Act on Child-Rearing Support for Children (2012), the Act on Self-reliance Support for the Destitute (2013), and the Child Poverty Countermeasures Act (2013) were established in line with the above objectives. In addition, the Act on Promotion of Comprehensive Assurance of Medical and Long-Term Care (2014) was enacted to construct a community care system that comprehensively ensures the provision of efficient and high-quality medical and long-term care in communities.

These systems are built on the basis of local communities, so naturally, municipalities and prefectures play an important role. As a result of the second decentralization reform, local governments can now develop their own standards in a more flexible regulatory environment, such as in the designation of service providers and the standards for the operation of facilities. In addition to providing welfare services, local governments now have a certain degree of authority to regulate businesses.

As the national population continues to decline, policies continue to pursue inclusiveness, self-reliance, and community-based service. The goal is to realize a society in harmony with local communities from 2017 and to provide social security for all generations in 2019. The importance of local governments is expected to increase in the future in terms of how to involve people in the face of an overwhelming shortage of financial resources and a shortage of volunteers and other service providers.

While the major reforms of decentralization and marketization were carried out, it is important to note that the direction of the "Japanese-style welfare society" has not changed significantly, though some social support systems such as the long-term care insurance system, the child-rearing support system, and measures to cope with the declining birth rate have been introduced.

The four types of "Jo," which means "help" and is the final kanji "助" in the Japanese words for self-help, mutual aid, mutual assistance, and public support, are often used in the social welfare administration of Japan. Self-help (individuals) refers to the ability to solve one's own life problems on one's own initiative, while mutual aid (community ties) refers to the ability of people with personal relationships, such as family, friends, and club activity friends, to help one another to solve one's own life problems. Mutual assistance is institutionalized mutual aid. It refers to mutual assistance provided by insured persons, such as medical care, pensions, long-term care insurance, and social insurance systems. Public support (government) refers to a social welfare system that provides the necessary livelihood security in cases where self-help, mutual help, and mutual assistance are not sufficient.

Moreover, the introduction of the long-term care insurance system does not include financial compensation for family caregivers, and households are still required to support their families. At the same time, corporate welfare is said to be a family-style management that extends the family system to corporations, and has provided various welfare services such as retirement allowances, company housing, corporate pensions, and social insurance premiums on behalf of the public sector. In recent years, the burden on welfare recipients and their families has increased as the number of nonregular employees has increased since the 1990s and corporate welfare has declined. On the other hand, the unprecedented and rapidly declining birth rate and the aging of society has spurred the promotion of women's participation in society. While there are still many issues that remain to be addressed, company policies as they relate to women, such as the establishment of a system that enables greater work-life balance for women (and in principle men as well), have changed cultural perspectives from viewing women as needing the protection of men in a male breadwinner society to interacting with women as workers.

Furthermore, in relation to family welfare, most of the provision of social welfare services in Japan is carried out on a household basis. Each household receives welfare benefits, medical insurance, and pensions. Some people do not receive welfare benefits because they are referred

to their families for support when they apply for benefits. This also impedes children on welfare from going to college and contributes to what in Japan is sometimes referred to as the "8050 problem" in which older parents, often around 80 years old, support their adult hikikomori offspring, who are around 50 years old.

Forty years have passed, and the social situation has deteriorated with the declining birth rate, the aging population, the growing fiscal deficit, and the lost 30 years. As the Japanese-style welfare state faces the same reform pressures as other developed countries, and as welfare decentralization and NPM reforms proceed, government responsibility will recede and the burden will be placed on communities, families, and private actors. As a result, new discrepancies have appeared and local governments have to coordinate the various actors involved in welfare service provision to tackle these tensions.

## The Characteristics of the Japanese Welfare Administration System

At present, there are five main characteristics of the social welfare administration system in Japan based on the "Japanese-style welfare society" (Hori 1981). The first is the use of public funds in the social insurance system. The second is a lack of emphasis on frontline workers having expertise in providing welfare services. The third characteristic is there are not only profit-making corporations and social welfare corporations but also various intermediate organizations and individual volunteers involved in providing social welfare services. The fourth characteristic relates to the particular administrative challenges in the application system. The fifth is that, in many cases, council systems (*shingikai*) are used to determine the direction of the administration, draw up administrative plans, and implement them accordingly (Yamaguchi 2016).

First, the Japanese social welfare is the public expense burden of the social insurance system. In many countries, insurance premiums are the sole source of revenue for the insurance system, but in Japan there is a tax burden. National subsidies, contributions from prefectural governments, and transfers to the general account (national health insurance) fund many insurance policies, such as employment insurance, medical insurance (national health insurance and employee health insurance), long-term care insurance, and pension insurance. Although this has the effect of alleviating inequalities between regions, it is a unique system that does not adhere to the logic of the insurance system because, despite compulsory social insurance, the implementation of related insurance projects and premiums may be affected by state subsidies, making the relationship between burden and benefits unbalanced.

The second characteristic of Japanese social welfare is that the staff of welfare offices and their supervisors engage in frontline work with little consideration given to staff having relevant expertise or qualifications. In Japanese local governments, caseworkers in the administrative and welfare professions are mixed, with the former predominating. They are hired simultaneously by local governments and transferred to different government departments every three to four years. The welfare department is often an unpopular place to work, so new employees are placed there and sometimes they quit. As a result, in the context of interpersonal services, the bureaucratic behavior of frontline staff may be more intense, with them exercising greater control over clients (Hatakeyama 1989). As a result, organizational management in the workplace is very difficult.

The third characteristic of Japanese social welfare is that semi-governmental organizations and individuals, such as social welfare corporations, social welfare councils, and welfare and child welfare commissioners, play a major role. Based on the social welfare law, social welfare corporations are public interest corporations engaged in social welfare services that require the approval of the relevant authorities, are given preferential tax treatment, and have long been the center of social welfare services in Japan. Although a social welfare council is a private social welfare corporation, its relationship with local governments is very close because local government employees are allowed to serve as directors, and there were many local government retirees and employees on loan. Since the introduction of the nursing care insurance system, social welfare councils

often provide nursing care services and carry out community welfare activities in areas where the number of NPOs and private nonprofit organizations has been low.

A welfare commissioner is a volunteer, part-time, and special civil servant who is commissioned by the Minister of Health, Labor, and Welfare on the recommendation of a prefectural governor based on the Welfare Commissioners Act. Welfare commissioners and commissioned child welfare commissioners were formerly district commissioners under the Relief and Protection Act. The welfare district commissioner exercised considerable authority in public assistance before World War II, but has officially become more of a government support position after the war. However, some local governments are still asking for welfare commissioners to do more, such as when there are few other welfare workers. The commissioners will carry out activities in each of the municipalities and provide advice, information, and assistance to residents so that they can live independently. Due to urbanization, many local governments have become less connected to each other, making it difficult for welfare commissioners to carry out their work, and the aging of their members has become a problem. In 2016, the position fill rate across the nation was 96.3%, though some regions "only" achieve 80%. Compared to their more comprehensive pre-war exercise of authority, today welfare commissioners have increasingly focused on specifically watching over the elderly and assisting those in need perform a variety of small, daily tasks (changing light bulbs, taking out the trash, etc.). Although the number of profit-making corporations participating in the provision of social welfare services has increased as a result of the basic structural reform of social welfare, the roles of these organizations are still significant in light of the declining birth rate and aging population.

The fourth characteristic of Japanese social welfare involves two major administrative challenges in the application system. One challenge is whether the right of the recipient to receive welfare services is guaranteed in practice. The other major challenge is whether the potential recipient actually receives services.

Originally, an application was defined as an act for the benefit of citizens and residents based on national laws, ordinances, and local ordinances and regulations. In order to guarantee the rights of the people and residents, the government will have to respond to the request. When administrative resources, i.e., financial resources and manpower, are limited, insufficient information may be provided, or applications may be rejected or withheld at welfare windows, coping activities referred to in Japanese as "border operations." The fact that the percentage of people receiving welfare benefits in Japan is the highest in Osaka City at 5.07% and the national average is 1.66% (March 2019), which is much lower than in other countries, is also a sign of lack of consistent administrative guarantee. Such responses by the administration is an example of a discrepancy between the guarantee of legal rights and the operation of such rights.

In addition, from the perspective of the citizens and residents, the application system itself may hinder their willingness to receive welfare benefits. The administrative response is cold, the system is complicated, there are many documents, and even though people think of applying because they need help in the first place, they are exhausted at the application stage and give up. Culturally, Japan still has a strong stigma when it comes to receiving welfare services, and many fatherless families do not apply for such services. As described below, there is almost no research on welfare administration in Japan, a serious gap in the literature that would be valuable to fill.

The fifth major characteristic of the social welfare system in Japan is that the direction of local government policy formulation is decided by the chief executives of local governments upon consultation with the council (Shingikai), and the implementation of policies is secured by administrative plans. There are two types of councils: those that are required by law and those that are established by local governments through ordinances. The latter plays a more active role than the former. In addition, since the 1990s, with the aim of securing a system for providing welfare services as described in the historical background, local governments have adopted an administrative

method in which targets are set in plans and implemented. At first, plans centered on the elderly, but now over 15 plans have been developed to address various fields such as child-rearing, disability, single-parent families, and medical care.

## Discretion of Local Governments in Welfare Administration and the Size of Their Role

As discussed above, although the privatization of welfare services has progressed since the basic structural reform of social welfare around 2000, local governments, especially municipalities, continue to play a major role in welfare administration. Municipal welfare policies cover a wide range of areas, including the provision and management of direct welfare services, the regulation and supervision of private welfare services, the planning of local government policies, and the coordination of multiple sectors. As the declining birth rate and aging population exacerbate fiscal constraints while there remains a shortage of welfare workers, provision of welfare services must be carefully prioritized. The question is how to provide the necessary services to those who need them most, and how to properly provide safety nets.

The work of local governments is considered to be carried out within the framework of the national social security system, but local governments can exercise two major forms of discretion. First, local governments have a lot of discretion in carrying out welfare policy. While some recent literature has begun to examine this area, more research is needed to study local politics and relations between local and national government.

Second, frontline officials can exercise a substantial amount of discretion as they directly interact with residents. As mentioned in the previous section, the personnel in charge of welfare administration in Japan often do not have related formal qualifications or expertise. Although frontline employees in welfare administration are expected to play both roles as a bureaucratic agent of the state and as an agent of the citizen (Maynard-Moody and Musheno 2003; Zacka 2017), the Japanese system emphasizes the state aspects and not becoming client oriented, but instead directing the client in compliance with the application system. Overseas studies have found that such government responses reduce clients' sense of effectiveness. In addition, as will be described later, there are cases in which clients cannot be helped unless frontline employees from different fields can cooperate effectively with each other.

Little is known about the principles of behavior of frontline staff in Japan. Some research has examined the relationship between frontline workers and their supervisors, and how this relationship is affected by organizational controls. Hatakeyama (1989) performed early research exploring these relationships across a variety of frontline employees in Japan, while Tanabe (1987–1988) Takechi (1996) and Seki (2014) focused on public assistance case workers, and Suzuki (2019) further honed in on frontline workers who handled child abuse cases. However, with a few exceptions (Arami 2014, 2015), little research has been done on how Japan's frontline employees relate to their clients and how they behave when frontline operations are privatized. Research in this area is urgently needed given the impact these behaviors can have on the delivery of services, although several studies dealing with hybridization in street-level bureaucracy research have been explored abroad.

## Recent Issues

There are three main challenges facing Japan's present welfare administration system. First is the declining birth rate and aging population, resulting in a fundamental financial, staffing, and other strains on the system. Due to the declining birth rate and aging population, many social security systems created during the era of rapid economic growth are suffering from institutional fatigue, and their sustainability is in danger. In 2025, the baby-boomer generation will be especially older adults over 75 years old, and in 2040, the population of Japan will be about 110 million, with 1.5 workers (in the working-age population)

will support 1 elderly person. The population aged 85 or older will account for nearly 30% of the total elderly population, and the elderly population will become even older. In addition, the generation that was unable to obtain stable employment during the employment ice age will continue to grow old and the elderly will become increasingly impoverished. More than 40% of elderly households are single person, and the elderly are becoming increasingly isolated.

In addition to generation imbalances, regional imbalances are also significant. Due to the declining population in rural areas, there are fewer places to work, and the population is increasingly concentrated in Tokyo, which is the most difficult place for the working generation to raise children.

It is said that the system will collapse if all of the medical, nursing, and pension systems are not reformed, but it has yet to be fully reformed. In addition, the government is trying to make up for the population decline by promoting the active participation of women, but the number of people who have children is not increasing due to insufficient support systems for child rearing and work-life balance, such as the day care waiting list for children. The government has announced a plan to reform the social security system for all generations, but the question is how to resolve the tax burden. While the social security system is in crisis, the tight fiscal situation has a great impact on welfare administration, which is directly connected to the residents.

Second, there is a shortage of welfare workers. Despite the need to further support child rearing and work-life balance, there is a continuing shortage of childcare workers and few caregivers. The number of local government employees has also decreased, and the number of nonregular workers has increased, resulting in a shortage of workers at local government offices. Moreover, despite the increasing incidence of child abuse, there is a problem of staff burnout due to the lack of professionals involved. In some areas, there is a shortage of doctors and hospitals.

In addition, the number of people who support people in need of assistance is decreasing due to the aging of the local population. Since 2017, the government has been aiming to realize a "my problem is our problem" society in which local communities support each other in promoting an engaged citizenry and strengthening professional skills. The government is now trying to encourage more elderly people to volunteer to help maintain their healthy age. However, such efforts are not enough to resolve the tax burden and redistribution issues.

The third challenge is multi-agency, cross-sector collaboration. As can be seen from the historical background, the welfare administration in Japan has developed in the form of expanding the number of people subject to welfare in each field. As a result, there is a strong sense of factionalism among both administrative agencies and specialists, and they have not been able to deal with issues that span multiple fields or that fall into a vacuum in the system. In order to address this challenge, many inter-agency meetings are being held in an effort to foster collaboration, though even a cursory glance at staff schedules raises concerns about the frequency of such meetings being excessive. It is necessary to improve collaboration between local government employees in different agencies and private welfare service providers.

The impact of the declining birth rate and aging population cannot be resolved by reforming social welfare administration alone. Reforms are needed in other related areas such as in the rollout of the national ID system, in the family registration system, in the mechanisms of providing individual public services, and in the personnel and organizational management of local governments.



## Conclusion

This essay explored the Japanese administrative system including its organization, funding, and institutions, with a particular focus on the performance of local government. It then described the historical origins of how role sharing between the national and local governments developed, shedding light on how local government plays an important role in the implementation of contemporary Japanese welfare policy. This essay also examined the theoretical development of research

on local Japanese government social policy, a field constructed with a traditional attention to intergovernmental relations regarding finance and personnel. I argue that frontline workers play a vitally important role and that these issues should be further studied. I then described the characteristics of Japanese welfare administration at the local welfare office. Finally, this essay discussed looming challenges. In order to address such issues as the shortage of financial resources, a decrease in the number of welfare staff (and volunteers), and factionalism among multiple agencies, it is necessary to resolve the issue of tax burdens, promote interagency cooperation, enhance the capabilities of local welfare officials, and better manage private service providers. It is also necessary to reform the basic structure of public services beyond social welfare administration. In light of all these considerations, local government's role as a gatekeeper of social policy will likely increase in efforts to overcome these challenges. Local officials need to improve their abilities so that people can lead independent lives with peace of mind.

## Cross-References


- ▶ Decentralization Promotion in Japan
- ▶ Frontline Bureaucrat
- ▶ Governance
- ▶ Intergovernmental Relations in Japan: Local Government Participation in National Policy-Making
- ▶ Legislation and Policy for the Nonprofit Sector, Japan
- ▶ Local Finance in Japan
- ▶ Local Fiscal Reforms and Municipal Amalgamations in the 2000s in Japan
- ▶ Public Personnel Administration in Local Government, Japan


## References


Arami R (2014) The determinants and mechanisms of agent responsiveness for the implementation process of care-needs certification for long-term care insurance: evidence from surveys conducted in the Fukui Prefecture, Japan. J Soc Sci Instit Soc Sci Univ Tokyo 65(1):135–178. [in Japanese]

Arami R (2015) Ko to Shi no Aratana Kyokaisen (=Shifting borders in the public and private sectors). In: Uno S, Iokibe K (eds) Local kara no Saishuppatu: Nihon to Fukui no Governance (=Local Governance in Japan), pp 241–267. [In Japanese]

Campbell JC (1992) How policies change: the Japanese government and the aging society. Princeton University Press, Princeton

Esping-Andersen G (1997) Hybrid or unique? Tthe Japanese welfare state between Europe and America. J Eur Soc Policy 7(3):179–189

Esping-Andersen G (2001) Nihongoban heno Jyobun (Preface for the Japanese edition). In: Fukushi Shihonshugi no Mittu no Sekai (trans: Norio O, Taro M). Minerva, Kyoto, pp 1–16

Estévez-Abe M (2008) Welfare and capitalism in postwar Japan. Cambridge University Press, New York

Hall P, Soskice D (eds) (2001) Varieties of capitalism: institutional foundations of comparative advantage. Oxford University Press, New York

Hatakeyama H (1989) Kanryo-sei Shihai no Kozo: Zeni niyoru Shihai no Nichijo Kozo (=The daily structure of bureaucratic control: what is bona fide control?). Sanichishobo, Tokyo

Hiromoto M (1996–1997) Kosei-gyousei to Kensetu gyosei no Chuo-chiho Kankei: Seishitsu to Sono Yoin (1)~(3) (=Intergovernmental relations between Health Administration and Construction Administration). Osaka City Univ Law J 43(1):99–127; 43(2):239–266; 43(3):494–526. [in Japanese]

Hori K (1981) Nihongata Fukushi Syakairon (=Japanese-style welfare society). Q Soc Secur Res 17(1):37–50. [in Japanese]

Kasza GJ (2006) One world of welfare: Japan in comparative perspective. Cornell University Press, New York

Kato J (2003) Regressive taxation and the welfare state. Cambridge University Press, New York

Kitayama T (2011) Fukushikokka no Seidohatten to Chiho Seifu (=Explaining the institutional change of the health politics in Japan: localities nationalized?). Yuhikaku, Tokyo. [in Japanese]

Lynch J (2006) Age in the welfare state, the origins of social spending on pensioners, workers, and children. Cambridge University Press, New York

Maynard-Moody S, Musheno M (2003) Cops, teachers, counselors stories from the front lines of public service. The University of Michigan Press, Ann Arbor

Ministry of Internal Affairs and Communications (2019) The Summary of the Survey on the Capacity Management of Local Government. https://www.soumu.go.jp/main_content/000661210.pdf (Accessed on October 9, 2020)

Ministry of Internal Affairs and Communications (2020) The Role of the Local Finance (based on the closing acount of FY 2018). https://www.soumu.go.jp/main_content/000671422.pdf (Accessed Oct. 9, 2020)

Miura M (2012) Welfare through work: conservative ideas, partisan dynamics, and social protection in Japan. Cornell University Press, London

Miyamoto T (2003) Dynamics of the Japanese welfare state in comparative perspective: between 'three worlds' and the developmental state. Jpn J Soc Secur Policy 2(2):12–24
Miyamoto T (2008) Fukushi Seiji: Nihon no Seikatsu Hosho to Demokurashii. Yuhikaku, Tokyo. [in Japanese]
Park H (2014) Chihojichitai no Fukushi Gabanansu: "Nihonichi no Fukushi" wo Mezashita Aichi-ken Takanosumachi no 20 nen (=Welfare Governance: the twenty years of Takanosu-machi in Akita Prefecture, aiming for "the best welfare in Japan"). Minerva Shobo, Kyoto. [in Japanese]
Peng I (2000) A fresh look at the Japanese welfare state. Soc Policy Adm 34(1):87–114
Peng I (2012) Social and political economy of care in Japan and South Korea. Int J Sociol Soc Policy 32(11/12):636–649
Peterson P, Rom MC (1990) Welfare magnets: a new case for a national standard. The Brookings Institution, Washington, DC
Schoppa LJ (2006) Race for the exits: the unraveling of Japan's system of social protections. Cornell University Press, Ithaca
Seki T (2014) Soshiki-jin to shite no Caseworker: Street-level no Kanryo-sei no Sai-kento (=Caseworker as an organizer, the review of the street-level bureaucracy). Annu Jpn Soc Public Adm 49:81–98. [in Japanese]
Shinkawa T (1993) Nihongata Fukushi no Seiji Keizaigaku. San-ichi Syobo, Tokyo. [in Japanese]
Suzuki K (2019) The street-level Kanryo-sei no Kanri Shuho: Jido Gyakutai Gyosei wo Jirei ni(=The management of the street-level bureaucracy: a case study of child abuse prevention administration). J Public Policy Stud 19:78–89. [in Japanese]
Takechi H (1996) Gyosei-Katei no Seido-bunseki: Sengo Nihon ni okeru Fukushi-Seisaku no Tenkai (=Institutional analysis of the administrative process: development of welfare policies in post-war Japan). Chuodaigaku-shuppanbu, Tokyo. [in Japanese]
Tanabe K (1988) Seikatsu Hogo Seisakuno Kozo: Kotekifujogyosei ni okeru Soshiki Jigen no Bunseki (2) (=Structure of public assistance policies: analysis of the organizational dimension of public assistance administration). J Assoc Polit Soc Sci 101(3·4):363–307. [in Japanese]
Tanabe K (1996) Chihoubunken to Saibunpai-seiasku no Dainamikusu, Kokuminkenkouhoken wo Rei ni (=The dynamics between the decentralization and redistribution, the case of National Health Insurance). Annu Jpn Soc Public Adm 31:96–123. [in Japanese]
Tanaka T (2019) Japanese welfare state in comparative perspective: an overview. Hitotsubashi Bull Soc Sci 11:17–31
Yamaguchi M (2016) Fukushi Gyosei no Kiso (=The basics of welfare administration). Yuhikaku, Tokyo
Zacka B (2017) When the state meets the street: public service and moral agency. Belknap Press: An Imprint of Harvard University Press, Cambridge, MA

# Social Policy, Brazil

Luis Henrique da Silva de Paiva
Ministry of Economy, Brasília, Brazil

## Synonyms

Social policy; Social security

## Historical Perspective

Brazil was one of the pioneers in the introduction of social protection schemes in Latin America. To that end, the first law was enacted in 1923 (covering railroads workers). Coverage was progressively expanded to other professional categories – commerce in 1934 and industry in 1936 (SSA/ISSA 2017). By the 1970s, virtually all professional categories had been included in the law (Brumer 2002). Its main characteristic was the delivery of social protection almost exclusively through social insurance, that is, a contributory form of social protection, usually related to labor force participation in the formal market.

The norm in Latin America was the development of a radical form of conservative welfare regime (Esping-Andersen 1996), and Brazil was no exception. Conservative welfare regimes in the developed world – fundamentally based on social insurance – tend to promote limited decommodification of the labor force and to largely reproduce the stratification of the labor market. In Latin America, these features were taken to the extreme by the high levels of informality in the labor market (Barrientos 2004), leaving large parts of the population uncovered.

In Brazil, social protection was exclusively delivered through social insurance until the early 1970s, when the first semi- (virtually non-) contributory schemes were introduced, targeting the poor elderly, people with disabilities, and smallholder farmers. These schemes used to pay flat-rate benefits at a lower level than the basic contributory pension by the age of 70 (or irrespective of age, in case of disability) and only to one

person per household (which led to a strong gender bias, since men are, on average, older than women).

The post-democratization Constitution of 1988, enacted at the end of a decade of low economic growth, significantly improved the existing semi- and noncontributory benefits. Their benefits were raised to the same levels as the basic contributory pension. Age of eligibility for rural pensions decreased dramatically (from 70 years old to 60 for men and 55 for women). The age of eligibility for the new old-age social assistance benefit decreased progressively and reached the age of 65 in 2003. Benefits started being paid to all household members that met the eligibility criteria, that is, the limit of one benefit per household disappeared completely. This change eliminated any gender bias. Moreover, the new Constitution also determined the delivery of health services on a universal basis; defined the reduction of poverty and inequality as one of the country's main priorities; and emphasized administrative decentralization, with municipalities having a more significant role, which eventually influenced the emergence of conditional cash transfers.

This mix of contributory and noncontributory benefits eventually led to a high old-age coverage (defined as the percentage of people aged 65 or older who received a pension or a social assistance benefit). In the early 1990s, old-age coverage was around 80 percent. As a consequence of the aforementioned changes, old-age coverage was already above 85 percent in the second half of the 1990s and almost 90 percent in the mid-2000s. Coverage increased particularly among women (an increase of almost 13 percentage points between the early 1990s and the mid-2010s compared to roughly 4 percentage points for men over the same period).

Old-age coverage is much higher than coverage of the working force (defined as the percentage of the employed population aged 16–59 that is covered by any social insurance scheme), which was slightly above 70 percent in 2014. The working population that was not covered by a social insurance scheme did not have any access to social protection until conditional cash transfers emerged in the mid-1990s.

The Constitution's new emphasis on administrative decentralization eventually had an impact on reshaping social protection in the country. In the mid-1990s, the first experiences with conditional cash transfer programs (CCTs – see definition in the next section) emerged at the local level, in the municipality of Campinas (in the state of São Paulo) and in the Federal District (Lindert et al. 2007). Other municipalities also adopted the same type of program. The Brazilian local experiences were relevant for Mexico to enact a national-level CCT (Progresa – later rebranded Prospera) in 1997. In Brazil, a few years were necessary for the federal government to enact three CCTs to operate in the whole country in 2001. These CCTs operated in uncoordinated fashion during almost 2 years, until in 2003 they were eventually merged into the *Bolsa Família* Program, which became the largest program of its kind in the world.

Overall, the social protection system in Brazil is more diversified now than in the early 1970s. Noncontributory benefits, which simply did not exist back then, now reach not only the elderly and people with disabilities but also the working-age poor and their children. However, expenditures on noncontributory benefits remain very low when compared with expenditures on contributory benefits – a clear sign of the conservative character of the Brazilian social protection system.

## Current Structure

The Brazilian social protection system has high vertical coverage (ILO 2010), that is, it covers all typical social risks that social security is expected to cover, and offers a relatively wide range of benefits. Old-age, disability, and survivor pensions; sickness, work injury, and maternity benefits; unemployment insurance; and family allowances are all provided by the system, in addition to health services (see Table 1).

Civil servants and private sector workers are covered by different social insurance schemes ("Special Regime" and "General Regime,"

**Social Policy, Brazil, Table 1** Social protection in Brazil: audience, coverage, benefits, financing, legal, and institutional references

| Regime/ programme | Contributory social protection | | Non-contributory social protection | |
|---|---|---|---|---|
| | Special Regime | General Regime | Traditional social assistance *Beneficio de Prestação Continuada* | Bolsa Familia programme |
| Potential beneficiaries | Civil servants | Private sectors workers | Poor elderly people and the disabled | Poor working-age parents and their children |
| Working force coverage (16–59) | 72.5% | | – | – |
| Old age coverage (65+) | 89.2% | | | – |
| Benefits | Old age, disability and survivor pensions; sickness, maternity and work injury benefits | Old age, disability and survivor pensions; sickness, maternity and work injury benefits and unemployment insurance | Social assistance pension | Basic benefit (unconditional)<br>Variable benefit (paid per child 0–15 y.o.)<br>Variable Youth benefit (paid per adolescent 16–17 y.o.)<br>Poverty benefit (top up benefit) |
| Benefit level | Earnings related. Basic value: minimum wage (R$ 954 in 2018) | | Minimum wage (R$ 954 in 2018) | Variable level per household |
| | Rural pensions: one minimum wage (R$ 954 in 2018) | | | Mean value: R$ 187 |
| Financing | PAYG. Payroll contributions and social contributions (corporate income tax and tax on goods and services) | | Social contributions (corporate income tax and tax on goods and services) | |
| Legal reference | Fed. constitution, art. 40. | Fed. constitution, art. 201. | Fed. constitution art. 203 | |
| | Law n° 8.112 | Laws n° 8.212 and n° 8.213 | Law n° 8.742 | Law n° 10.836 |
| Institutions responsible for the operation | Central, state and local administrations | National Employment System (SINE), for unemployment insurance<br>National Social Security Institute – INSS, for all other benefits | National Social Security Institute – INSS | National Social Assistance System – SUAS |

*Source*: Author's elaboration

respectively), whose rules have started to converge since 2003. Semi-contributory benefits aimed at smallholder farmers are considered part of the General Regime. Only workers in the private sector are covered by unemployment insurance, since civil servants can only be laid off under very specific circumstances. Both regimes pay earning-related benefits (except for the scheme that covers smallholder farmers, which pays flat-rate benefits at the level of a minimum wage). Both are also financed through a pay-as-you-go scheme (i.e., the contributions

of active workers finance the benefits of current pensioners).

The General Regime pays 28.3 million old-age, disability, and survivor pensions, while the Special Regime for the federal government pays roughly 1 million pensions.

These regimes are supplemented by a social assistance scheme that grants means-tested and flat-rate benefits (*Beneficio de Prestacao Continuada* – BPC) to elderly people (men and women aged 65 or older) and to poor people with disabilities, irrespective of age, also at the level of a minimum wage. These benefits are financed by general taxes and cover 4.5 million people.

*Bolsa Família*, a CCT program, is the most recent and last component of the Brazilian social protection system. CCTs are generally defined by four characteristics: they (i) deliver cash (not in-kind) transfers; (ii) to families (not individuals); (iii) through a targeting mechanism (limiting the payment to poor households); and (iv) conditioned to certain behaviors by beneficiary households (usually regular school attendance for children and periodical visits to health clinics). The goal is not only to alleviate poverty but also to improve long-term prospects for children through educational and health conditionalities.

As it is a targeted benefit, *Bolsa Família* covers fundamentally working-age poor people and their children. The benefit amount varies as a function of the household size and poverty level, but the average value (R$ 187 per family per month, in 2018) is substantially lower than any other social protection benefit in the country. The program currently reaches more than 14 million households.

From an administrative point of view, there are four sets of institutions responsible for managing the social protection system. The federal government, individual states, and roughly 2000 local administrations (from a total of 5570 municipalities in Brazil) manage their own Special Regimes, under the same rules. The National Social Security Institute (*Instituto Nacional do Seguro Social* – INSS) manages benefits for the General Regime (which also covers municipalities that do not have a Special Regime) and the BPC. There are INSS offices in 1500 Brazilian municipalities. The unemployment insurance is administered by the National Employment System (*Sistema Nacional de Emprego* – SINE). Finally, *Bolsa Família* is managed by the National Social Assistance System, an arrangement between the three levels of government (central, state, and local), operating in all Brazilian municipalities.

Overall, expenditures are still very concentrated on social insurance benefits (see Table 2). Their cost in 2016 was 13.3% of GDP, against 1.2% of GDP for social assistance benefits (BPC and *Bolsa Família*). In other worlds, non-contributory benefits continue to have a minor

**Social Policy, Brazil, Table 2** Expenditures with social protection benefits as a percentage of GDP in Brazil, 2016

| | In R$ billion | % of GDP |
|---|---|---|
| Social security benefits – civil servants (A) | 273.0 | 4.4% |
| Social security benefits – private sector (B) | 507.9 | 8.1% |
| Unemployment insurance (C) | 37.0 | 0.6% |
| Abono salarial (D) | 17.3 | 0.3% |
| Social assistance benefits (old-age; disabled) (E) | 47.4 | 0.8% |
| Bolsa Família | 27.5 | 0.4% |
| Total | 910.0 | 14.5% |
| Social security benefits (A + B) | 780.9 | 12.5% |
| Passive employment policies (C + D) | 54.3 | 0.9% |
| Social security and employment policies (A + B + C + D) | 835.2 | 13.3% |
| Social assistance benefits (E + F) | 74.8 | 1.2% |
| GDP | 6259.2 | |

*Source*: Author's elaboration based on own calculations

impact in the social protection budget, while social insurance benefits represent the bulk of expenditures.

From a legal perspective, both social insurance benefits and the BPC are defined in the Constitution and have specific legislation. Pension reforms have been relatively rare since the Constitution was enacted in 1988, largely because constitutional amendments are politically difficult to achieve. Reforms in 1998 and 2003 produced relatively limited results: the 1998 reform failed to set a minimum pensionable age for private sector workers (Caetano et al. 2016), and the 2003 pension reform affected only civil servants. This explains why Brazil has been an outlier in terms of pension expenditures, when compared with other countries with similar demographic characteristics, and long-term forecasts suggest an unsustainable increase in these expenditures over the coming decades (Caetano et al. 2016).

## Impacts

Social insurance and the BPC have been effective in protecting the elderly population from poverty. Ninety percent of people aged 65 or older receive a benefit of some kind (either contributory or noncontributory). The poverty rates for the elderly are four times lower than the country average and more than seven times lower than poverty rates for children (Paiva 2016). In other words, the Brazilian social protection system has been effective in reducing poverty for the elderly.

Conversely, the poverty rate for children aged 0–15 years is still much higher than the country average, despite the effectiveness of the *Bolsa Família* program over the past 15 years. The program has been an efficient tool in the fight against poverty and inequality, reducing extreme poverty by 25 percent and explaining roughly 15 percent of the decrease in the Gini coefficient after 2000 (Soares et al. 2010; Hoffman 2013) – unprecedented since the Gini started being measured in the mid-1970s. However, the relatively modest value of its transfers still prevents the program from being even more effective.

*Bolsa Família* also had demonstrable impacts on school attendance rates and school progression (Brazil 2012), as well as on several health indicators, including under-5 mortality rates (Rasella et al. 2013). Allegations that cash transfers could have a negative impact on labor supply and a positive impact on fertility have not been corroborated by the empirical evidence (Batista de Oliveira and Soares 2012; Simões and Soares 2012). These results are in line with those observed in several other countries and for different CCTs (Bastagli et al. 2016).

Social protection benefits are also expected to have an impact on the economy. Mostafa et al. (2010) estimated multiplier effects above 1 for the *Bolsa Família* program (1.44), the BPC (1.38), and social insurance benefits paid by the General Regime (1.23), meaning that a unitary increase in expenditures on these benefits would produce an impact larger than this nominal increase in the country's GDP.

Overall, the country's social protection system provides quasi-universal old-age coverage and protects the elderly against poverty, through a combination of contributory, semi-contributory and noncontributory benefits. Higher poverty rates among those aged 0–15 are a clear sign that the system has been less effective in protecting the working-age poor and their children. These groups have to rely exclusively on the *Bolsa Família* program, which reaches a large number of households but pays very modest cash transfers.

The rising costs of the social protection system – fundamentally driven by pension expenditures – seem to be unsustainable and suggest that a strong pension reform is inevitable in the near future.



## References

Barrientos A (2004) Latin America: towards a liberal-informal welfare regime. In: Gough I, Wood G (eds) Insecurity and welfare regimes in Asia, Africa and Latin America. Cambridge University Press, Cambridge

Bastagli F, Hagen-Zanker J, Harman L, Barca V, Sturge G, Schimidt T, Pellerano L (2016) Cash transfers: what

does the evidence say? A rigorous review of programme impact and of the role of design and implementation features. Overseas Development Institute, London
Batista de Oliveira LF, Soares S (2012) O que se sabe sobre os efeitos das transferências de renda sobre a oferta de trabalho, Texto para Discussão, no. 1647. Instituto de Pesquisa Econômica Aplicada (Ipea), Brasília
Brazil (2012) Avaliação de impacto do programa Bolsa Família – 2ª rodada. Ministério do Desenvolvimento Social, Brasília
Brumer A (2002) Previdência Social Rural e Gênero. Sociologias 4(7):50–81
Caetano M, Rangel L, Pereira ES, Ansiliero G, Paiva LH, Costanzi RN (2016) O fim do fator previdenciário e a introdução da idade mínima, Texto para Discussão n° 2230. Ipea, Brasília
Esping-Andersen G (1996) The three worlds of welfare capitalism. Polity Press, Cambridge
Hoffman R (2013) Transferências de renda e desigualdade no Brasil (1995–2011). In: Campello T, Neri M (eds) Programa Bolsa Família – uma década de inclusão e cidadania. Instituto de Pesquisa Econômica Aplicada (Ipea), Brasília
ILO (2010) Extending social security to all – a guide through challenges and options. ILO Social Security Department, Geneva
Lindert K, Linder A, Hobbs J, de la Brière B (2007) The nuts and bolts of Brazil's Bolsa Família program: implementing conditional cash transfers in a decentralized context, Social Protection Discussion Paper, no. 709. The World Bank, Washington, DC
Mostafa J, de Souza PHGF, Vaz F (2010) Efeitos econômicos do gasto social no Brasil. In: Perspectivas da política social no Brasil, organised by Jorge A de Castro et al. Ipea, Brasília
Paiva LH (2016) Poverty and inequality reduction in Brazil – a parenthesis in history or the road ahead? Iberoamericana – Nord J Lat Am Caribb Stud 45(1):37–50
Rasella D, Aquino R, Santos C, Paes-Souza R, Barreto M (2013) Effect of a conditional cash transfer programme on childhood mortality: a nationwide analysis of Brazilian municipalities. The Lancet 382:57–64
Simões P, Soares RB (2012) Efeitos do Programa Bolsa Família na fecundidade das beneficiárias. Rev Bras Econ 66(4):445–468
Soares S, Souza PF, Osório R, Silveira FG (2010) Os impactos do benefício do Programa Bolsa Família sobre a desigualdade e a pobreza. In: Bolsa Família 2003–2010: avanços e desafios, organised by J Castro and L. Modesto. Instituto de Pesquisa Econômica Aplicada, Brasília
SSA/ISSA (2017) Social security programs throughout the world: the Americas, 2017. Social Security Administration, Washington

# Social Psychology of Organizations

Francesca Flood
Hope Verdad, LLC, White Post, VA, USA

## Synonyms

*Agency*: Free will; *Cognition*: Awareness; *Coherent*: Consistent; *Typologies*: Classification

## Definitions

| | |
|---|---|
| *Competing Values Framework*: | Commonly used to assess business culture (Cameron and Quinn 2006). |
| *Dynamogenesis*: | Triplett's theory concerning whether competition affected individual behavior or if the mere presence of others did (Goethals 2003). |
| *Epistemological*: | The theory of knowledge, especially about its methods, validity, and scope. Epistemology is the investigation of what distinguishes justified belief from opinion ("epistemological," n.d.). |
| *Field theory*: | When combined, internal and environmental forces influence behavior of people and the lens through which they see their world (Goethals 2003). |
| *Genotypic*: | Adjective for genotype; the genetic makeup of an organism or group of organisms regarding a single trait, set of traits, or an entire complex of traits ("genotypic," n.d.). |

| | |
|---|---|
| *Moral disengagement*: | A term from social psychology for the process of convincing the self that ethical standards do not apply to oneself in a particular context. This is done by separating moral reactions from inhumane conduct and disabling the mechanism of self-condemnation ("moral disengagement," n.d.). |
| *Social facilitation*: | Observing that the presence of others enhanced the performance of the individual (Goethals 2003). |
| *Social psychology*: | Examines human behavior as influenced by others and the social context in which this behavior occurs (McLeod 2007). |

## Introduction

While psychologists focus on a micro approach to examine individuals, sociologists take a macro view of the landscape in which we live. Social psychology serves as the bridge connecting these two fields of study (Katz and Kahn 1978). It examines human behavior as influenced by others, the social context in which this behavior occurs, and our interactions (McLeod 2016). "What is relevant to social psychology is directly relevant to organizations" (Dashtipour 2015, p. 189). Numerous and varied types of organizations turn to social psychology to better understand culture, leadership, identify systemic problems, examine communication, strategic direction, conflict, performance, and other areas within the enterprise.

Organizational conduct and, more specifically, the people within them have increasingly become case studies for social psychology of organizations and are frequently reported in traditional and social media (Stangor 2016). Understanding how individual behaviors affect the group, how external factors impact the overall organizational behavior, and how malfeasance becomes normative are keen areas of study within social psychology of organizations (Staw 2016).

## History of Social Psychology

As a field of study, social psychology emerged in the late nineteenth century (Dashtipour 2015; Stangor 2016). In the mid to late 1800s, Steinthal, Lazarus, LeBon, and Tarde placed an emphasis on collective thinking, group mind, and suggestibility where individual thought gave way to the communal group to which the person belonged. Personality developed because of group, community, and cultural influences. Individual, rational thought subjugated to the will of the group (Dashtipour 2015; McLeod 2007). In 1895, Triplett conducted the first experiments in social psychology examining how competition and the presence of others affected an individual's performance as compared to when the person was alone. Through his theory of *dynamogenesis*, Triplett questioned whether it was competition or the mere presence of others that affected behavior (Goethals 2003).

In the early 1900s, William McDougall's *An Introduction to Social Psychology* created the foundation of a new discipline, separating it from sociology and general psychology. McDougall posited that social behavior was grounded in biology, innate and instinctive and therefore individualistic (McLeod 2007). At the same time, E.A. Ross's *Social Psychology* focused on the power of suggestion and imitation, where people influenced the thoughts and behaviors of others as applied in religion, marriage, crowds, social movements, and class (Goethals 2003).

In the 1920s, Floyd Henry Allport changed the focus from the group mind perspective to examining individual behavior since it is individuals who think, behave, and feel (Dashtipour 2015). Taking a methodological and investigatory

approach, Allport proposed examining behaviors that were observable. While Ross and McDougall's work laid the foundation for social psychology, Allport ushered in the field as we know it today (Goethals 2003). He stressed that this field was a "science . . . which studies the behavior of the individual in so far as his behavior stimulates other individuals, or is itself a reaction to this behavior" (1942, p. 12). Allport coined the term *social facilitation* observing that the presence of others enhanced the performance of the individual, but Gustave Le Bon would later posit that persons within groups lose their identity becoming highly suggestible and an uglier version of themselves (Goethals 2003). Allport dealt with topics such as emotion, conformism, and the impact of an audience's presence on individual behavior. Topics are still relevant today (McLeod 2007).

By the 1930s, social psychology was firmly established as a scientific discipline (Goethals 2003). Kurt Lewin would eventually become a giant in the field and is often considered the *father of social psychology* (McLeod 2007). Using his *field theory*, Lewin posited that when combined, internal and environmental forces influence behavior and the lens through which people see their world (Goethals 2003).

During the 1940s and 1950s, Lewin and his protégé, Leon Festinger, advanced the investigative and experimental approach to study behavior, thus solidifying social psychology as a rigorous scientific field. As an editor of *Research Methods in the Behavioral Sciences*, Festinger along with other social psychologists is called for rigorous measurement and use of laboratory experiments to test hypotheses about social behavior (Stangor 2016). Additionally, Muzafer Sherif conducted experiments that examined conformity, obedience, and influence, experiments that would impact the orientation of the field and set the stage for new examination (Hepburn 2003).

In the 1960s and 1970s, two now infamous experiments demonstrated conformity pressures in group settings and how the authoritative role could induce obedience even at the expense of causing severe harm to others (Stangor 2016). Using experimenters, confederates, and theatrics, participants were encouraged to administer painful or dangerous levels of shock to supposed learners as part of a study on punishment in Milgram's Shock Experiment. The number of participants who willingly followed the experimenters' order even though they knew the shock was harmful confounded the researchers (Milgram 1963). The study received much criticism for its deception in design and lack of ethical standards. As a result, strict research procedures endorsed by the American Psychological Association and administered by the U.S. federal government were put into place (Goethals 2003). The Stanford Prison Experiment (Haney et al. 1973) recruited a group of young men and randomly assigned a role of prisoner or guard. Almost immediately, participants adapted to their respective role with "guards" became aggressive, abusive, and exceeding boundaries, while "prisoners" became subjugated and contrite. The behavior of those appointed guards escalated in viciousness, while prisoners displayed mental, physical, and emotional anguish. Both the Milgram and Stanford Prison Experiments demonstrated the power of social influence, allowing the phenomenon to be observed and tested (McLeod 2007). During the 1970s and 1980s, how people behaved within the context of an organization was explained through a theoretical lens using psychology, sociology, and economics (Staw 2016).

Since the 1980s, social cognition has been the dominant tradition in social psychology where cognition enables people to make sense of others and themselves. How we process, store, and apply information about others and social situations play a vital role in how we think, feel, and relate to the world around us and others within it (Greenwood 2014).

## Organizational Typologies and Cultures

The mission, structure, culture, and legal formation of organizations differ greatly. As human constructs, organizational environments differ based on the motives and behaviors of the individuals who work within them (Katz and Kahn 1978). "Organizations come in a variety of

shapes, sizes and types, including for instance, governments, armies, religious denominations, charities, and businesses" (Brief and Smith-Crowe 2016).

Organizations also have a genotypic function where it performs as a subsystem of larger society. Four such genotypic functions include productive or economic organizations that provide goods/services such as corporations, maintenance organizations that focus on the socialization and training of people such as schools and churches, adaptive organizations such as research labs or universities, and managerial-political organizations that focus on the coordination and control of human and other resources such as national and state governmental agencies, military, labor unions, and special-interest groups (Katz and Kahn 1978).

Organizational cultures, though less complex than cities or countries, are social systems rooted in anthropology, sociology, and psychology. Culture is the unwritten rules that inform accepted and unaccepted behavior within the organization and is examined through shared values, geography, group behavior, and individual behavior (Gupta 2009). It is the totality of attitudes, customs, roles, norms, values, and beliefs that distinguish one group from another. Cultural differences between geographies cannot be overestimated as behaviors between east and west are markedly different (Staw 2016). Over the past two decades, the views of culture in psychology and sociology have converged. Culture is no longer viewed as static and coherent but a fluid and dynamic construct (DiMaggio and Markus 2010). Additionally, utilizing the competing values framework, Cameron and Quinn (2006) devised four cultural categories including clan, adhocracy, market, and hierarchy. Clan culture functions like a large family environment. Adhocracy culture is similar to an entrepreneurial environment with risk taking and revenue growth. Market culture is competitive with an emphasis on getting the job done, and hierarchy is a formalized and structured work environment. People shape culture and, in turn, culture shapes people. Organizational culture is comprised of individuals, who despite their personal value system alter their thoughts and behaviors to fit in, accepting the new normal. A poignant example of cultural loyalty is the solidarity of the men and women in law enforcement. The understood credo is that the people in blue take care of each other, support each other, and in subcultures do not turn on each other even if there is wrongdoing (Ashford and Anand 2003).

## Social Psychology: Theories and Perspectives

The definition of social psychology depends on the epistemological, theoretical, and geographical perspective of the person queried (Dashtipour 2015). According to Harre (1997), social psychology is juxtaposed between conflicting perspectives: one that seeks to explain the causal and universal explanation for human behavior and the other the context-specific thoughts and behavior underscored by culture and language.

Two important social psychology theories that are essential for business leaders include *observational learning theory* and *social contagion theory*. As its title suggests, *observational learning theory* is based on behavioral modeling. A leader's behavior outweighs his/her verbal messaging because conduct, good or bad, is emulated by personnel. S*ocial contagion theory* suggests that behaviors can spread like a contagious virus affecting worth ethic, manners, approachability, and a host of other organizational behaviors (Plante 2013).

"Many phenomena in organizations have their theoretical foundation in the cognition, affect, behavior, and characteristics of individuals, which through social interaction, exchange, and amplification – have emergent properties that manifest at higher levels" (Kozlowski and Klein 2000, p. 15). Depending on theoretical perspective, explaining these phenomena can vary greatly.

Given the broad collection of theories and perspectives on social psychology, readers who desire a more comprehensive understanding of this topic should refer to the *Handbook of Theories of Social Psychology* (Van Lange et al. 2011).

This book explores more than 50 theories on social psychology providing a deeper understanding on the subject.

## Social Psychology of Organizations

Social psychology of organizations is concerned with understanding organizational phenomena, challenges, and matters of organizational life. Examining social psychology of organizations is accomplished using qualitative, quantitative, and mixed methods of research using real-time, observational, and archived data. More than psychology research, context is the primary focus of the study where researchers examine upward, outward, and downward influences within the organization (Staw 2016).

Wilde (2016) posited that when workplaces lose their humanity, they become toxic environments adversely impacting the effectiveness of the individuals working within them, the organization, and society. Toxicity can begin at the individual behavioral, cognitive, and emotional level with motivation and ego. Moral disengagement can occur at both the individual and group level, where self-regulatory processes fail and unethical actions can be justified by euphemistic labelling. Such labelling enables denial of a victim or wrongdoing (Ashford and Anand 2003). This ability to disengage explains a broad spectrum of atrocities and behaviors that society deems reprehensible yet occurs in military situations, corporate malfeasance, and organizational corruption (Moore et al. 2012).

Healthy organizations inculcate a sense of purpose and mission and acknowledge the contribution of its members (Wilde 2016). When an organization's culture is misaligned to its core ideology and desired results, it must undergo assessment to alter employee thoughts, behaviors, and emotional states. Perspective taking may provide an additional filtering process where incentives and accountability can motivate behaviors. It involves an active, cognitive process where participants examine through empathetic reasoning, the views of others in the organizations (Ku et al. 2015). Without adjustment, individual thought, behavior, and emotion may maladaptively align to the group's creating atrocious outcomes.

According to Zimbardo (2007), when sufficient social or organizational pressure is applied, even a person with clear ethical standards can do bad things. Zimbardo asserted that while society tries to explain abhorrent behavior as the result of wayward individuals, it is not the individual but the environment and the people within it that foster bad behavior.

The Milgram and Stanford Prison Experiments demonstrated just how far people were willing to go to obey authority figures. Yet while results proved alarming, these experiments could be terminated, evaluated, and reconstructed. Such is not the case in the real-world context of sanctioned torture, widespread corporate malfeasance, unbridled power, and brutality. This behavior occurs within the ranks of those we trust and depends on to uphold the law, or turn to for succor, only to receive abuse. Incidents of such occurrence appear frequently in the headlines, providing a glimpse into the social psychology of organizations when things go wrong. Conversely, there are examples of altruism, heroism, and good citizenship that emerge because of the people and/or leadership within the organization. However, little research focuses on the collective good of an organization as we benefit more from examining which behaviors and practices to eliminate (Staw 2016).

By examining social psychology of organizations, we learn how and why individuals can modify their beliefs and behaviors to accommodate the group and its impact on the organization. Social psychology of organizations may begin with the individual and his or her agency. It is the incremental actions of a singular person that can manifest into significant evil for the company (Brief and Smith-Crowe 2016). When individuals experience power working in organizations, behaviors such as self-assertion, creativity, and risk taking change (Galinsky et al. 2006; Brief and Smith-Crowe 2006). As the self-serving goals of the individual increase, the needs of others and the organization diminish. The individual becomes rude and may undertake unethical

behavior (Staw 2016). According to Brief and Smith-Crowe (2016):

> Research on wrongdoing in organizations falls into one of two categories: either under-socialized, roughly where individuals are assumed to essentially follow their self-interest in a social vacuum, and over-socialized, roughly where individuals are assumed to enact the assumptions, values, beliefs, and norms of the groups in which they are embedded. (p. 6)

Positions of power convey authority, setting the tone for what is acceptable and expected, regardless of collateral damage. The greater the power, the less likely others will express opinion or dissention (Locke and Anderson 2015). Authoritative figures can be incompetent, unethical, or antithetical to the culture of the organization but will go unchallenged.

Having power does not have to be synonymous with deviant behavior, provided leaders can recognize the needs of others and possess compassion (Staw 2016). In some situations, having power can translate to a sense of responsibility for others, the organization, and accomplishing the mission, traits desired from world leaders (Tost 2016). Effective leadership is not defined by tyrannical force but rather the skills to inculcate zest and enthusiasm for the organization's vision and mission (Staw 2016). Moreover, if measurements that hold people accountable are monitored by others or carefully constructed incentives are put into place, there is less likelihood of error and/or bad behavior.

## Productive Organizations: Corporations

Within organizations such as corporations, there are inherent bias where managers overpromise on goals to position themselves for promotion. Executives responsible for these managers will typically deflate estimates recognizing this inflation. Likewise, similar bias exists, where companies exaggerate or use hyperbole about their products, expected results, or optimistic projections (Staw 2016). It is not that a corporation sets out to deliberately to do wrong. It is an aggregation of behavior or behaviors over time that sets the stage and seemingly recruits actors to play their parts. By their pyramid design, with less and less seats at the top, organizations serve as a host of competitiveness among contenders for executive seats. Work coexists alongside politics, with staff aligning alongside of their candidate. By examining these hierarchies, we can understand how an organization can undertake good or evil (Brief and Smith-Crowe 2016).

Employee response to questions vis-a-vis job satisfaction will differ depending on who is administering the questions. Asked by the management, one response is recorded; asked by a union representative, an alternate answer is provided; or asked by a colleague, still another response is given (Staw 2016). The myriad dynamics that comprise an organization suggest that understanding the social psychology of organizations is a complex field of study.

Although it occurred more than 30 years ago, we still discuss the catastrophic event afflicted by Union Carbide in Bhopal, India. More than 40 tons of methylisocyanate gas leaked affecting more than 600,000 lives. While eight Indian executives were convicted of negligence, the more important aspect of examination is to understand how such behavioral malfeasance could occur (Brief and Smith-Crowe 2016). In more recent times, the financial debacle of Enron, WorldCom, and the ruin of Wall Street companies in 2008 left us to wonder how an entire organization could either complicity go along with bad behavior or apathetically turn a blind eye. Antecedents such as incentives, motivation, time pressure, sense of camaraderie, accountability, power, and other factors serve as cognitive and behavioral catalysts (Ku et al. 2015). In addition to following a leader's bad ethical behavior, employees can be seduced by socialization with peers to surrender their ethics for the perceived rewards or seeing participation as an evitable part of their job. Indeed, non-willing participants can be shamed or made to feel guilty because they are not team players when corrupt practices are normative and nonparticipation seen as harming the organization (Brief and Smith-Crowe 2016). Yet not all malfeasance is born of bad intention. Indeed, a substantial number of ethical violations develop

because misguided employees try to help the corporation or the team.

The recent events at Wells Fargo Bank, where employees set up fake accounts to achieve goals, may speak to this phenomenon. If we set aside those employees who sought individual compensation, there are employees who cheated to help their branch, department, or division achieve its goal. Whether to help meet sales goals, thwart layoffs, and/or avoid bankruptcy, misguided errors in judgment can be construed as corporately endorsed and the wrong behavior occurs as a group (Brief and Smith-Crowe 2016). In the 2010 Tour de France race, those who played a crucial role had high self-expectations and were dependent on their peers, superiors, and subordinates to carry the race and were far more likely to use illegal, performance-enhancing drugs (Brief and Smith-Crowe 2016). When the overarching mission of the organization becomes paramount in the minds of its members, the means can justify the ends. What may not have been an acceptable behavior before becomes the new normal, where people look to others for signs of what is expected of them.

Leaders, departmental heads, or others in a position of power can greatly influence employee commitment to a course of action that translates to the very survival of the company, project, or venture. People within the organization become so enmeshed within the ideology that leaving is not considered a viable option (Ross and Staw 1986). Though sometimes a losing course of action, employees erroneously follow along with the group, even if it leads to disaster or the demise of the entity. Conversely, new product breakthrough, public service, or philanthropy as in Salesforce, Microsoft, Tesla, Google, or Apple require further research to explain and understand the occurrence of positive group behavior (Brief and Smith-Crowe 2016; Staw 2016).

> There are at least three major ways that psychological forces can influence the behavior of organizations: (*a*) Autonomous agents can represent the organization to outside publics; (*b*) powerful members can influence organizational structures, reputations, and performance; and (*c*) the aggregation of individual traits, emotional states, and beliefs can shape organizational attributes and behavior. (Staw 2016, p. 12)

While boards and leadership within organizations may articulate a vision for the organization, such vision can be easily sabotaged by employees who tacitly nod in agreement only to collectively drag their feet during implementation (Staw 2016). Contagious behavior within the organization can stem from one individual and radiate out to groups and the entire corporation. External incidents may also impact the organization, and the effect will trickle down into the employee base. In either scenario, by understanding the event, we may have greater insight into the subsequent behavior (Morgeson et al. 2015).

## Maintenance Organizations

Over the millennia, churches have played a vital role by offering spiritual guidance, providing succor, and helping millions of faithful find answers to life's deeper questions. Yet U.S. Catholic Church officials admitted that several key administrators systematically covered up the predatory behaviors of pedophile priests, harming generations of followers (Miller and France 2002). Summoned before a United Nations committee, the Vatican addressed questions about how it has handled the crisis of priests who raped and molested tens of thousands of children and the bishops who covered up for them. With more than 2500 priests sanctioned and nearly 850 defrocked, the Catholic Church has acknowledged that the culture at the time allowed this to happen (Associated Press 2014). It is hard to fathom how an institution that should represent the bulwark of goodness, propriety, and morality could serve as a host to such egregious acts and corruption. To perhaps understand how such corruption can become normalized in the minds of the offenders and institutionalized, we turn to Ashford and Anand (2003):

> There are three pillars that contribute to the normalization of corruption in an organization: (1) *institutionalization*, the process by which corrupt practices are enacted as a matter of routine, often without conscious thought about their propriety; (2) *rationalization*, the process by which individuals who engage in corrupt acts use socially constructed accounts to legitimate the acts in their own eyes; and (3) *socialization*, the process by

> which newcomers are taught to perform and accept the corrupt practices. (p. 3)

In the instant case of child abuse within the Church, by failing to acknowledge and deal with the problem, the Church as an institution obfuscated the issue by *transferring* the abusers rather than purge them. While the objective might have been to maintain the reputation of the Church, the inability to confront the issue and correct it effectively gave tacit permission to the perpetrators. The lie that the problem was being dealt with became the internal truth. The three pillars (Ashford and Anand 2003) worked independently and collectively reinforcing each other.

## Political Organizations

The images of Abu Ghraib shocked Americans, and the world as soldiers smiled for the camera alongside the victims they tortured and denigrated. Outraged citizens wanted to understand whether these soldiers acted unilaterally or upon the orders of commanding officers. While finger-pointing laid blame outside the circle of power, low-level, enlisted men and women were tried for the atrocities. Then vice president Dick Cheney (2011) would later claim that it was a few bad apples, not indicative of a rotten barrel. Yet psychologist Zimbardo (2007), chief architect of the Stanford Prison Experiment, disagrees and testified at military hearings.

The torture of detainees by U.S. soldiers at Abu Ghraib prison in Iraq was the result of systemic failure and culture. When soldiers put on their uniform, they are essentially being given a license to kill (Zimbardo 2007). Once home, the uniform comes off and, along with it, their license. In Abu Ghraib, there was perceived anonymity and the lack of any personal responsibility for the events. Soldiers believed they had the tacit approval of military commanders. Under conditions of war, the enemy is dehumanized. Once this occurs, the lack of identifying another person as human enables the evil side within us to emerge allowing us to commit egregious acts (Mbugua 2005).

## Conclusion

Social psychology of organizations is a complex field of study. It incorporates multiple disciplines, theories, and perspectives of those who study behavior of individuals and groups inside organizations and work settings. Social psychology and organizational context are inextricably linked. In this way, researchers examine upward, downward, and outward behavior within the organization to recognize the resultant phenomena produced as a result of the individual and group thoughts and actions.

## Cross-References


- ▶ Absenteeism in Organizations
- ▶ Authority in Organizations
- ▶ Causes of Organizational Conflict
- ▶ Community-Based Organizations
- ▶ Culture and Organizations
- ▶ History of Organizations
- ▶ Leadership in Organizations
- ▶ Managing Conflict in Organizations
- ▶ Motivation-Based Theories of Organization
- ▶ Organizational Citizenship Behavior
- ▶ Organizational Reputation
- ▶ Performance Management and Culture
- ▶ Risk and Organizations


## References


Allport FH (1942) Methods in the study of collective action phenomena. J Soc Psychol 15(1):165–185

Ashford BE, Anand V (2003) The normalization of corruption in organizations. Res Organ Behav 25:1–52. https://doi.org/10.1016/s0191-3085(03)25001-2

Associated Press (2014) Vatican reveals how many priests defrocked for sex abuse since 2004. Retrieved from http://www.cbsnews.com/news/vatican-reveals-how-many-priests-defrocked-for-sex-abuse-since-2004/

Brief AP, Smith-Crowe K (2016) Organizations matter. In: Miller AG (ed) The social psychology of good and evil, 2nd edn. Guilford Press, New York

Cameron KS, Quinn RE (2006) Diagnosing and changing organizational culture: based on the competing values framework. Jossey-Bass, San Francisco

Cheney D (2011) In my time. A personal and political memoir. Threshold Editions, New York

Dashtipour P (2015) Social psychology: a commentary of organizational research. In: Parker I (ed) Handbook of critical psychology. Routledge, London/New York
DiMaggio P, Markus HR (2010) Culture and social psychology. Soc Psychol Q 73(4):347–352. https://doi.org/10.1177/0190272510389010
Galinsky AD, Magee JC, Inesi ME, Gruenfeld DH (2006) Power and perspectives not taken. Psychol Sci 17(12):1068–1074
Goethals GR (2003) A century of social psychology: individuals, ideas, and investigations. In: Hogg MA, Cooper J (eds) The Sage book of social psychology. SAGE, London, pp 3–23
Greenwood J (2014) The social in social psychology. Soc Personal Psychol Compass 8(7):303–313. https://doi.org/10.1111/spc3.12113
Gupta A (2009) Organizational culture. Retrieved from http://practical-management.com/Organization-Development/Organization-Culture.html
Haney C, Banks WC, Zimbardo PG (1973) Study of prisoners and guards in a simulated prison. Nav Res Rev 9: 1–17. Washington, DC: Office of Naval Research
Harre R (1997) Social life as rule-governed patterns of joint action. In: McGary C, Haslam SA (eds) The message of social psychology. Blackwell, Oxford
Hepburn A (2003) An introduction to critical social psychology. SAGE, London
Katz D, Kahn RL (1978) The social psychology of organizations, 2nd edn. Wiley, New York
Kozlowski SWJ, Klein KJ (2000) A multilevel approach to theory and research in organizations: contextual, temporal and emergent processes. In: Klein KJ, Kozlowski SWJ (eds) Multilevel theory, research and methods in organizations. Jossey Bass, San Francisco, pp 3–91
Ku G, Wang C, Galinsky A (2015) The promise and perversity of perspective-taking in organizations. Res Organ Behav 35:79–102
Locke CC, Anderson C (2015) The downside of looking like a leader: power, nonverbal confidence, and participative decision-making. J Exp Soc Psychol 58:42–47
Mbugua M (2005) Zimbardo blames military brass for Abu Ghraib torture. Retrieved from http://www1.udel.edu/PR/UDaily/2006/dec/zimbardo120705.html
McLeod S (2007) Social psychology. Retrieved from http://www.simplypsychology.org/social-psychology.html
Milgram S (1963) Behavioral study of obedience. J Abnorm Soc Psychol 67(4):371
Miller L, France D (2002) Sins of the fathers. Newsweek 139(9):42–46, 48–49, 51–52
Moore C, Deter JR, Trevino LK, Baker VL, Mayer DM (2012) Why employees do bad things: moral disengagement and unethical organizational behavior. Pers Psychol 65:1–48
Morgeson FP, Mitchell TR, Liu D (2015) Event system theory: an event-oriented approach to the organizational sciences. Acad Manag J 40(4):515–537
Plante TG (2013) Two psychology theories all leaders should know. Retrieved from https://www.psychologytoday.com/blog/do-the-right-thing/201307/two-psychological-theories-all-leaders-should-know
Ross J, Staw BM (1986) Expo 86: an escalation prototype. Adm Sci Q 31:274–297
Stangor C (2016) Principles of social psychology. Retrieved from http://catalog.flatworldknowledge.com/bookhub/2105?e=stangorsocial_1.0-ch01_s01
Staw BM (2016) Stumbling toward a social psychology of organizations: an autobiographical look at the direction of organizational research. Annu Rev Organ Psychol Organ Behav 3:1–19. https://doi.org/10.1146/annurev-orgpsych-041015-062524
Tost LP (2016) When, why, and how do powerholders "feel the power"? Examining the links between structural and psychological power and reviving the connection between power and responsibility. Res Organ Behav 35:29–56
Van Lange PAM, Kruglanski AW, Higgins ET (2011) Handbook of theories of social psychology. SAGE, Thousand Oaks
Wilde J (2016) The social psychology of organizations: diagnosing toxicity and intervening in the workplace. Routledge, New York
Zimbardo P (2007) The Lucifer effect: understanding how good people turn evil. Random House, New York

# Social Work and Governance

Emmanuel Janagan Johnson
Social Work Unit, Department of Behavioural Sciences, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

## Synonyms

Leadership; Social care governance; Social policy; Social work

## Ensuring Quality Outcomes Through Social Care Governance

Social work services are moving toward greater integration with governance. Governance arrangements are essential within the social work environment in the fields of Medical Social Work, Psychiatric Social Work, Social Welfare, Community Development, School Social Work, National

Security, Family Planning, etc., to ensure quality services and statutory responsibilities of social workers to deliver the services more efficiently and effectively.

## Key Principles of Care Governance

The key principles of social work care governance is to involve service users/care givers and the wider public in the development of quality care services, ensuring safe and effective services, appropriate staff support and training, striving for continuous improvement with effective polices and processes in place, and ensuring accountability and management of risk.

## Ethics and Values

A major characteristic of a profession is its ability to establish ethical standards to help professionals identify ethical issues in practice and to guide them in determining what is ethically acceptable and unacceptable behavior (Reamer 1998). Social work has developed a comprehensive set of ethical standard. For example, "social workers' handling of confidential information, sexual contact between social workers and their clients, conflicts of interest, supervision, education and training, and social and political action" (Reamer 1998, p. 2). The Code includes a mission statement, which sets forth several key elements in social work practice, mainly the social workers' commitment to enhancing human well-being and helping meet basic human needs of all people; client empowerment; service to people who are vulnerable and oppressed; focus on individual well-being in a social context; promotion of social justice and social change; and *sensitivity to cultural and ethnic diversity.* Social workers clearly have an ethical responsibility to be culturally competent practitioners (Gibelman and Schervish 1997). The Code recognizes that culture and ethnicity may influence how individuals cope with problems and interact with each other. What is behaviorally appropriate in one culture may seem abnormal in another. Accepted practice in one culture may be prohibited in another. To fully understand and appreciate these differences, social workers must be familiar with varying cultural traditions and norms. Clients' cultural backgrounds may affect their help-seeking behaviors as well. The ways in which social services are planned and implemented need to be culturally sensitive to be culturally effective.

## Cross-Cultural Knowledge

Cultural competence is not static and requires frequent relearning and unlearning about diversity. Social workers need to take every opportunity to expand their cultural knowledge and expertise by expanding their understanding of the following areas: "the impact of culture on behavior, attitudes, and values; the help-seeking behaviors of diverse client groups; the role of language, speech patterns, and communication styles of various client groups in the communities served; the impact of social service policies on various client groups; the resources (agencies, people, informal helping networks, and research) that can be used on behalf of diverse client groups; the ways that professional values may conflict with or accommodate the needs of diverse client groups; and the power relationships in the community, agencies, or institutions and their impact on diverse client groups" (Gallegos, pp. 7–8). Consult with supervisors and colleagues for feedback and monitoring of performance and identify features of their own professional style that impede or enhance their culturally competent practice evaluate the validity and applicability of new techniques, research, and knowledge for work with diverse client groups (Norton 1978).

## Service Delivery and Empowerment and Advocacy

Social workers shall be aware of the effect of social policies and programs on diverse client populations, advocating for and with clients whenever appropriate. Culturally competent social workers are keenly aware of the deleterious

effects of racism, sexism, ageism, heterosexism or homophobia, anti-Semitism, ethnocentrism, classism, and xenophobia on clients' lives and the need for social advocacy and social action to better empower diverse clients and communities. As first defined by Solomon (1976), *empowerment* involves facilitating the clients' connection with their own power and, in turn, being empowered by the very act of reaching across cultural barriers. Empowerment refers to the person's ability to do for them while advocacy implies doing for the client. Even in the act of advocacy, social workers must be careful not to impose their values on clients and must seek to understand what clients mean by advocacy. Respectful collaboration needs to take place to promote mutually agreed-on goals for change. Social workers need a range of skills and abilities to advocate for and with clients against the underlying devaluation of cultural experiences related to difference and oppression and power and privilege. The empowerment tradition in social work practice suggests a promotion of the combined goals of consciousness raising and developing a sense of personal power and skills while working toward social change. Best practice views this as a process and outcome of the empowerment perspective (Gutiérrez 1990; Simon 1994). Social workers using this standard will apply an ecosystems perspective and a strengths orientation in practice. This means that workers consider client situations as they describe needs in terms of transitory challenges rather than fixed problems. According to Gutiérrez and Lewis (1999), empowerment is a model for practice, a perspective and a set of skills and techniques. The expectation is that culturally competent social workers reflect these values in their practice.

## Diverse Workforce

Social workers shall support and advocate for recruitment, admissions and hiring, and retention efforts in social work programs and agencies that ensure diversity within the profession. Increasing cultural competence within the profession requires demonstrated efforts to recruit and retain a diverse cadre of social workers, many of whom would bring some "indigenous" cultural competence to the profession as well as demonstrated efforts to increase avenues for the acquisition of culturally competent skills by all social workers. Diversity should be represented at all levels of the organization and not just among direct practitioners. The social work profession has espoused a commitment to diversity, inclusion, and affirmative action. Social work client populations are more diverse than the social work profession itself. In many instances, service to clients is targeted to marginalized communities and special populations, groups that typically include disproportionately high numbers of people of color, elderly people, people with disabilities, and clients of lower socioeconomic status. Matching workforce to client populations can be an effective strategy for bridging cultural differences between social worker and client, although it cannot be the only strategy. The assumption is that individuals of similar backgrounds can understand each other better and communicate more effectively (Jackson and López 1999). Yet, an equally compelling fact is that "the majority of clinicians from the mainstream dominant culture will routinely provide care for large numbers of patients of diverse ethnic and/or cultural backgrounds. Clearly increasing the numbers of culturally diverse social workers is not sufficient. Even these professionals will need to be able to provide care for patients who are not like themselves" (Jackson and López 1999, p. 4).

## Professional Education

Social workers shall advocate for and participate in educational and training programs that help advance cultural competence within the profession. Diversity needs to be addressed in social work curricula and needs to be viewed as central to faculty and staff appointments and research agendas. The social work profession should be encouraged to take steps to ensure cultural competence as an integral part of social work education, training and practice, and to increase research and scholarship on culturally competent

practice among social work professionals (Davis and Donald 1997).

## Language Diversity and Cross-Cultural Leadership

Diversity skills, defined as sensitivity to diversity, multicultural leadership, acceptance and tolerance, cultural competence, and tolerance of ambiguity, constitute one of the core leadership skills for successful leadership (Rank and Hutchison 2000). Social workers should come forth to assume leadership in empowering diverse client populations, to share information about diverse populations to the general public, and to advocate for their clients' concerns at interpersonal and institutional levels, locally, nationally, and internationally. With the establishment of standards for cultural competence in social work practice, there is an important need to standardize cultural competence in social work practice for the profession to provide on-going training in cultural competence and to establish mechanisms for the evaluation of competence-based practice. As the social work profession develops cultural competencies, then the profession must have the ability to measure those competencies. The development of outcome measures needs to go hand in hand with the development of these standards.

## Social Work and HIV/AIDS

HIV left untreated leads to AIDS. It is transmitted mostly by blood and bodily fluids. In order to help people living with HIV/AIDS, they should be encouraged to live successfully with their disease and always seek new information as this is the primary way for a person with HIV to live their life to the fullest. Being a social worker is not all about forms and procedures, but at the heart of it all is the need to help another human being overcome a hard ship or difficulty that they are experiencing in their lives.

Through education society is trying to be as "fair" to persons living with HIV/AIDS as possible, there is still that underlying stigma and discrimination being exuberated toward individuals diagnosed with HIV/AIDS. Although the suggestions are ideals it does not always happen. To date people are still being discriminated against. Whiteside (2008) suggests that HIV/AIDS "was and remains stigmatizing at an individual and national level." In light of this, there is information on people living with HIV but some people refuse to accept it while other do not understand or do not believe it. In closing, education of the masses and vigorous awareness programs must be one of the main focuses of the relevant Government Ministries in an effort at ending discomforts of people living with HIV. A recent study conducted by (Patrice-Coy et al. 2016) revealed that female adolescents were highly aware of HIV/STDs-related facts.

## Social Work and Resiliency

Resilience is concerned with the interplay between risk and protective factors in order to determine behavioral and mental health outcomes for adolescents. It is the child's ability to cope and even thrive after trauma and overcome tough experiences. Some examples of risk factors for transactional abuse are economic, social and cultural factors, family instability, trauma, poor ability to problem solve, family violence, high family conflict, and low family bonding. Some protective factors which can be employed to buffer the effects of the risk factors stated are sex education, hopefulness, high monitoring and supervision, support from a caring and understanding person, stable housing, positive role models, and parental involvement. Furthermore, research suggests that interactions with peer and social relationship are prime ways for adolescents to reduce stress and promote metal health (Edmond et al. 2006; Werner 1992) and argue that high resiliency develops as a direct result of correlation between individual, family, and community protective factors.

## Social Work – Policies and Legal Systems

The term "social policy" is an ambiguous or unclear one and has different connotations, as

it refers to both the range of policies developed in response to social problems and concerns, and is concerned with four main areas (Thompson 2005): housing, education, health, and personal social services. The legal and institutional infrastructure is thought by service providers to compromise the safety of victims, when children are taken away from abusive homes without adequate resources for safety and follow-ups (Reid et al. 2011). Social Development, the Judicial system, Ministry of National Security, Child Line, the Children's Authority, all these agencies are there as a measure of assistance for the helpless. They all have policies and protocols by which they follow, in cases where the victims can access when referred to by the court. According to Rampersad (2010) there is a lack of trust in the legal system and police (who may themselves be engaging in underage sexual relations), and it is not because people are unaware of the law, but rather the perception at community level is that people are aware of the law and some simply choose to neglect it.

## Legislations on Equality and Diversity

The Equality Opportunity Act 2001 (as amended) is a new piece of legislation that prohibits discrimination of persons on grounds of sex, race, ethnicity, origin, marital status, religion, or disability and includes the prohibition of discrimination in relation to employment and provides for an Equal Opportunity Commission to receive, investigate, and decide upon claims of discrimination. Part III of the Act deals specifically with employment discrimination. In respect of persons seeking employment, an employer is prohibited from refusing or omitting to offer employment to a person based on the above grounds of discrimination. Also, an employer shall not discriminate against an employee with regard to terms and conditions of employment, opportunities for promotion, transfer or training or any other benefit, and facility or service associated with the employment (www.legalaffairs.gov.tt/Laws_listing.html).

## Social Work and Ageism

The National Policy on Gender and Development seeks to incorporate gender analysis into reforms of social protection measures for the elderly. Social protection measures will be more efficient if the differences in risks experienced by women and men are accurately understood. The experience of growing old differs for men and women in our society in many ways. The general goal of this policy is to promote the equitable and sustainable well-being of older men and women. It supports the initiatives of the Division of Aging. National Policy on Ageing, which also seeks to promote the sustainable well-being of the elderly, as well as their social integration into the mainstream of society. This policy addresses gender considerations within pertinent issues, such as social security, income security, participation, social inclusion, standards for care facilities, health services, housing, education and training, support networks, and legislation. The Equal Opportunity (No. 2) Bill 2011 seeks to amend the Equal Opportunity Act Chap 22:03 by prohibiting discrimination on the grounds of age and a person's HIV/AIDS status (tt.Parliament.org 2012). The UK's Employment Equality (Age) Regulations 2006 now makes it an offense for employers to discriminate against workers under 65 on grounds of age. However, employers in the UK are among the best in the world at recognizing the value of older workers and are doing more than any country examined in the report to recruit older workers back into the workplace. Can we say the same for Trinidad and Tobago? (Ali 2006).

## Social Work and Governance Related to Persons with Disability

The National Policy on Persons with Disabilities was approved (in Trinidad) in December 2005 based on consultations with disability organizations, the general public, and government as well as key international documents. There is an explicit policy for the employment of persons with disabilities in Trinidad and Tobago as well

as some key areas to support employment – legislation, access to the built physical environment, public transportation, access to information and communication (Henry 1998). The Equal Opportunity Bill also imposes a duty on an alleged discriminator to make adjustments as are reasonable for disabled persons, unless such adjustments would impose unjustifiable hardship (The Equal Opportunity Bill (No. 2) 2011).

## Social Work and Social Support

Social support has also been defined as the physical and emotional comfort given to us by our family, friends, coworkers, and others. It knows that we are a part of a community of people who love and care for us, value, and think well of us. It is the "sum of the social emotional and instrumental exchanges with which the individual is involved having the subjective consequence that an individual sees himself or herself an object of continuing valued in the eyes of significant other" (Gordy 1996). Social support means the sum of all the relationships that make a person feel as if he/she matters to the people who matter to him/her. Social support can come in many different forms. With regards to the content of support, some researchers have distinguished effect, affirmation, and aid as types of support (Abbey et al. 1985). Cohen and Wills (1985) identified esteem, informational, social companionship, and instrumental support; Eggert (1987) focused on emotional, instrumental, informational, and appraisal support. Although there are certain distinctions among these approaches, all types of support are perceived to have an emotional component. This study focused on the emotional component of support in line with Beehr's (1985) view that emotional support involves the provision of sympathy as well as behavior that shows care, liking, and willingness to listen.

Social support has been called a "meta-concept" made up of three subconstructs: appraisals of support, network resources, and supportive behaviors (Vaux et al. 1987). Appraisals of support are often understood by analyzing perceptions and receipt of support, while network resources investigate the social network surrounding the focal individual and their embeddedness in that network. Supportive behaviors are codified as the source of support or the relationship the supporter has with the focal individual and the type of support in question (House et al. 1988).

Social support may take different forms, such as emotional or instrumental support. Furthermore, it can be either perceived or received support. Perceived support refers to support expected to be available in a stressful situation, whereas received support pertains to whether someone actually did receive support in a stressful situation. The assessment of perceived support is most common. In contrast to actually received support, some authors (Sarason et al. 1990) consider perceived support to be a personality trait, a sense of attachment, and do not only understand it as "resources provided by others." Both types of support need not necessarily be closely associated with each other, and they may have different effects on well-being.

## References

Abbey A, Abramis DJ, Caplan RD (1985) Effects of different sources of social support and social conflict on emotional well-being. Basic Appl Soc Psychol 6(2): 111–129

Ali Y (2006) Trinidad and Tobago Newsday dated 8/10/06. Retrieved 17 Feb 2017 from http://www.newsday.co.tt/news/0,45641.html

Beehr TA (1985) The role of social support in coping with organizational stress. In: Beehr TA, Bhagat RS (eds) Human stress and cognition in organizations. Wiley, New York, pp 375–398

Cohen S, Wills TA (1985) Stress, social support, and the buffering hypothesis. Psychol Bull 98(2):310–357

Davis P, Donald B (1997) Multicultural counseling competencies: assessment, evaluation, education and training, and supervision. Sage Publications, Thousand Oaks

Edmond T, Auslander W, Elze D, Bowland S et al (2006) Effects of child sexual abuse on youth. "Family support and peer influence: signs of resilience in sexually abused adolescent girls in the foster care system". J Child Sex Abus 15(1):1–28

Eggert LL (1987) Support in family ties: stress, coping and adaptation. In: Albrect TL, Ademan MB et al (eds) Communicating social support. Sage, Newbury Park, pp 80–104

Gibelman M, Schervish PH (1997) Who we are: a second look. NASW Press, Washington, DC
Gordy M (1996) Social support and medicine care. Internet for doctors' conference, Geneva
Gutiérrez LM (1990) Working with women of color: an empowerment perspective. Soc Work 35:149–153
Gutiérrez LM, Lewis EA (1999) Empowering women of color. Columbia University Press, New York
Henry F (1998) Race and racism in Trinidad and Tobago: a comment. Caribb Dialogue J 3(4):45–48
House JS, Landis KR, Umberson D (1988) Social relationships and health. Science 241:540–545
Jackson V, López L (eds) (1999) Cultural competency in managed behavioral healthcare. Odyssey Press, Dover
Norton DG (1978) The dual perspective. Council on Social Work Education, New York, p 32
Patrice-Coy C, Johnson EJ, Cheryl AS (2016) Sexual behavior of female adolescents on the spread of HIV/AIDS and other STDs in Carriacou. Medicine 95(36):e4800. https://doi.org/10.1097/MD.0000000000004800
Rampersad S (2010) Abuse: we are losing our children. The Rape Crisis Society of Trinidad and Tobago, Newtown
Rank MG, Hutchison WS (2000) An analysis of leadership within the social work profession. J Soc Work Educ 36: 487–503
Reamer FG (1998) Ethical standards in social work: a critical review of the NASW code of ethics. NASW Press, Washington, DC
Reid S, Reddock R, Parpart J (2011) Breaking the silence: a multi-sectoral approach to preventing and addressing child sexual abuse in Trinidad and Tobago. Executive summary report of the Institute for Gender and Development Studies, The University of the West Indies, St. Augustine Campus Unit. Retrieved from http://sta.uwi.edu/igds/documents/IGDS_SAU_AnnualReport_June2011-June2012.pdf
Sarason BR, Sarason IG, Pierce GR (1990) Traditional views of social support and their impact on assessment. In: Social support: an interactional view. Wiley, New York
Simon B (1994) The empowerment tradition in American social work. Columbia University Press, New York
Solomon B (1976) Black empowerment. Columbia University Press, New York
The Equal Opportunity Bill (2011) Ministry of the attorney general and legal affairs, laws of Trinidad and Tobago, Equal Opportunity Act, Chapter 22:03.Act 69 of 2000 amended by 5 of 2001. Retrieved from www.legalaffairs.gov.tt/Laws_listing
Thompson N (2005) Anti-discriminatory practice, 4th edn. Palgrave, Basingstoke
Vaux A, Riedel S, Stewart D (1987) Modes of social support: the social support behaviors (SS-B) scale. Am J Community Psychol 15(2):209–232
Werner E (1992) The children of Kauai: resiliency and recovery in adolescence and adulthood. J Adolesc Health 13:262–268
Whiteside A (2008) HIV/AIDS: a short introduction. Oxford University Press, New York

# Socially Responsible Investment

Julia M. Puaschunder
The New School, Department of Economics, Schwartz Center for Economic Policy Analysis, New York, NY, USA
Graduate School of Arts and Sciences, Columbia University, New York, NY, USA
Princeton University, Princeton, NJ, USA
George Washington University, Washington, DC, USA

## Synonyms

Ethical Investment; Financial Social Responsibility

## Definitions

Corporate Social Responsibility in the finance domain emerged from Socially Responsible Investments (SRI). Historically, grown out of ethical and religious concerns on the market place. Today, SRI is practiced around the world. Most novel extensions are green funds and carbon divestiture in the light of climate change.

## Introduction

In recent decades, ethicality has become subject to scientific scrutiny in the management and business literature. Research described Corporate Social Responsibility (CSR) codes of conduct and compared social responsibility practices in the international arena. CSR business cases outlined success factors of corporate social conscientiousness. Corporate social engagement was empirically linked to corporate financial performance and related to investments (Puaschunder 2010).

With the emerging stream of literature on CSR, the finance community concurrently started paying attention to ethical considerations of the asset issuing entities. The consideration of Corporate

Social Responsibility in investment decisions is the basis for Socially Responsible Investment (SRI). SRI is an asset allocation style, in which securities are not only selected for their expected yield and volatility, but foremost for social, environmental, and institutional aspects. The most common forms to align financial investments with ethical, moral, and social facets are socially responsible screenings, shareholder advocacy, community investing, and social venture capital funding. Screenings integrate the evaluation of corporate financial and social performances into portfolio selections. Positive screenings target at corporations with sound social and environmental responsibility. Negative screenings exclude entities featuring morally and ethically irresponsible corporate conduct. Shareholder advocacy is the active engagement of shareholders in the corporate management by voting, activism, and dialogue. The majority of shareholders exercise their voting rights by proxy resolutions, in which a third party has the right to advocate for the shareholders before the corporate board. Negative shareholder activism comprises political lobbying, consumer boycotts, stakeholder confrontation, and negative publicity. Community investing describes ear-marks of investment funds for community development, but also features access to financial products and services to un(der)served communities. Social venture capital supports pro-social start-ups and social entrepreneurs for the greater goal of increasing the social impact of financial markets.

As of today, social responsibility has emerged into an *en vogue* topic for corporate executives, governmental officials, international public servants, and stakeholder representatives. Due to globalization, worldwide business mergers, but also as for international deficiencies beyond the scope of nation states; the call for CSR and SRI has reached unprecedented momentum. In the wake of the 2008 financial crisis, corporate social misconduct and financial fraud have steered consumers and investors to increasingly pay attention to democracy and social responsibility within market systems. Current stakeholder pressure addresses social responsibility of market actors and information disclosure of corporate and financial conduct. Legislative reforms enhance the accountability of financial market operations. With the era of liberalization being halted by the 2008 financial crisis, the reinterpretation of the public-private sector roles in providing social services has leveraged social responsibility into a pressing topic of debate. The renaissance of attention to responsibility as a prerequisite for the functioning of economic systems portrays CSR and SRI as windows of opportunity to re-establish trust in fallible market systems.

SRI is a multi-stakeholder phenomenon that comprises economic, organizational, and societal actors. SRI stakeholders represent the financial and public sectors as well as academia and media. Primary SRI constituents are banking executives, fiduciaries, institutional and private investors, governmental and nongovernmental representatives, labor union members, officials of international organizations, as well as academics and media correspondents. To overcome socioeconomic losses implied by the various stakeholders' SRI notions, stakeholder dialogues integrate multiple parties to align differing viewpoints and priorities in common goals.

## Socially Responsible Investments

In recent decades, SRI experienced a qualitative and quantitative growth in the Western World that can be traced back to a combination of historical incidents, legislative compulsion, and stakeholder pressure. Due to a qualitative and quantitative growth in the Western World within recent decades, SRI emerged into an investment philosophy adopted by a growing proportion of financial practitioners. Key indicators for the ascent of SRI are the increasing number and diversity of SRI options. Over the past decades, SRI has grown 4% faster than all professionally managed investment assets. In the aftermath of the world financial crisis and the subsequent age of austerity, social responsibility has evolved into an *en vogue* topic for the corporate world and the finance sector. Contrary to classic finance theory that sees investments as primarily based on expected utility and volatility, the consideration of social responsibility in financial investment decisions has gained unprecedented momentum.

The rise in SRI is accompanied by the upcoming of stock exchange rating agencies, social responsibility impact measurement tools, social reporting, and certifications. Today the range of shareholder engagement possibilities is more sophisticated than ever and trends forecast a further maturation of SRI from a niche segment solution into a mainstream market feature.

SRI can be traced back to ethical investing of religious institutions and societal attention to social, environmental, and political deficiencies. In the 1960s, shareholder activism of civil rights campaigns and social justice movements drove SRI. Since the 1980s, positive screenings identified corporations with respective CSR policies and political divestiture became prominent in the case of South Africa's Apartheid regime. Environmental catastrophes in Chernobyl and Bhopal as well as the Exxon Valdez oil spill triggered environmentally conscientious investment. SRI was propelled in the wake of the micro-finance and cooperative banking revolution.

Political activism finds expression in financial markets by political divestiture, which refers to the removal of stocks from socially irresponsible markets with the greater goal of accomplishing social and political changes. In the wake of historical and political events, stakeholder pressure can trigger shareholders to divest from politically incorrect markets with the goal of accomplishing sociopolitical change. A prominent case for political divestiture is the capital flight from South Africa during the Apartheid regime featuring racial segregation policies connected to economic discrimination against non-European South African groups. Anti-Apartheid activism began in 1965 and led to guided divestiture of US corporations since 1978. The enactment of the US Comprehensive Anti-Apartheid Act in 1986 backed up political divestiture from South Africa. During Apartheid, international sociopolitical pressure and foreign investment flight was accompanied by cultural restrictions and UN international trade sanctions. By 1990, South African President de Klerk began dismantling the Apartheid system accompanied with an Apartheid reform process. As of today, political sanctions are imposed on the Sudanese government in response to related terrorist activities and the humanitarian crisis in Darfur. The Sudanese Divestment Task Force publicly outlines Sudan's dependence on foreign direct investment and the governmental vulnerability to political divestiture. Based on six studies of political divestiture from Apartheid South Africa that were meta-synthesized, the relation of stakeholder pressure, political divestiture, and corporate endeavors suggests a positive but also a negative impact, and even no relation of political divestiture and corporate value was reported (Puaschunder 2015). The instringent findings are attributed to methodological difficulties and aid in drawing inferences on the transition into renewable energies and implementation of climate stability bonds.

SRI is a context and culture-dependent phenomenon featuring international differences. North America, Europe, and Australia account for the most vital SRI markets. In the USA, SRI is mainly promoted by independent organizations and regulatory institutions that use proxy statement disclosure to rate corporations on their social and environmental performances and impacts. Based on the US model, since 2006 the Canadian Securities Administrators have mandated mutual funds to publicly disclose their proxy voting. In Europe, SRI booms in Northern and Central European countries, yet is relatively slow to take off in Southern Europe. Within the European Union, institutionalized and governmentally administered SRI rose in recent decades. In the UK, SRI was perpetuated by governmental legislations encouraging shareholder votings and formal consultations with funds' holders on the adoption of social, ethical, and environmental policies. Similar regulations are currently considered by the European Parliament and have been passed in Australia, Germany, and Sweden. In German-speaking countries, SRI propelled during the 1970s green wave. The 2002 Australian Financial Service Reform Act introduced social responsibility disclosure statements for financial services followed by the Australian Securities and Investment Commission issuing SRI disclosure guidelines. Emerging SRI markets are Latin America, South Africa, and Japan with prospective extensions to Taiwan, Singapore, and Hong Kong. Brazil, South Africa, and Asia exhibit a special attention to microfinance and community investing.

The UN plays a pivotal role in institutionally promoting SRI in guidelining principles and PPP initiatives. In 2004, the UN invited a group of leading financial institutions to form a financial responsibility initiative under the wing of the UNGC. In 2006, a UNGC division launched "The Principles for Responsible Investment" in collaboration with the NYSE. The Principles for Responsible Investment (PRI) were launched as part of the UNGC to encourage institutional investors to embrace SRI. This initiative develops guidelines and recommendations on how to integrate environmental, social, and corporate governance in financial markets and how financial investment banks and fiduciaries can implement social responsibility goals as a risk management tool. In February 2008, the UN Conference on Trade and Development (UNCTAD) launched the "Responsible Investment in Emerging Markets" initiative, which enhances transparency of emerging financial markets. In the wake of the 2008 financial crisis, SRI is attributed the potential to reestablish trust in financial markets. Stakeholder pressure and changing financial market regulations enhancing accountability and transparency are believed to perpetuate SRI in the future.

SRI is introduced to stem from sociopsychological motives of investors that supplement profit maximization goals. As classic finance theory has blacked out moral and ethical dimensions of investment decision-making, the knowledge on socioeconomic facets of SRI behavior is limited. Exploratory analyses of demographic and financial SRI correlates are currently complemented by research on sociopsychological SRI motives. A framework of SRI motives is proposed comprising – apart from profitability calculus – sociopsychological motivating factors such as altruism, innovation and entrepreneurship, strategic leadership advantages, information disclosure, self-enhancement, and expression of social values of socially responsible investors, who tend to have a long-term focus. Contemporary academic literature promotes SRI and explores sociopsychological motives of ethical investment in expert interviews, questionnaire surveys, and experiments. In the political sciences literature, SRI was introduced as a soft-law shareholder activism approach that differs throughout the world.

One of the newest developments is carbon divestiture in the wake of climate stabilization efforts. The maintenance of a favorable climate accounts for the most challenging contemporary global governance predicament that seems to pit today's generation against future world inhabitants in a trade-off of economic growth versus sustainability. Innovative intertemporal fiscal policy approaches (e.g., of Jeffrey Sachs) propose an economically efficient and intergenerationally fair allocation of efforts towards mitigation and adaptation by climate stabilization bonds.

Fossil fuel divestment aims to reduce carbon emissions by accelerating the adoption of renewable energy through the stigmatization of fossil fuel companies. This includes putting public pressure on companies that are currently involved in fossil fuel extraction to invest in renewable energy. Competition from renewable energy sources may lead to the loss of value of fossil fuel companies due to their inability to compete commercially with the renewable energy sources. In some cases, this has already happened. Unstable fossil fuel prices have made investment in fossil fuel extraction a more risky investment opportunity. West Texas Intermediate crude oil fell in value from $107 per barrel in June 2014 to $50 per barrel in January 2015. Goldman Sachs stated in January 2015 that, if oil were to stabilize at $70 per barrel, $1 trillion of planned oilfield investments would not be profitable. The stigmatization of fossil fuel companies caused by divestment can materially increase the uncertainty surrounding the future cash flows of fossil-fuel companies.

From half a dozen college campuses in 2011, calling on their administrations to divest endowments from coal and other fossil fuels and invest in clean energy and "just transition" strategies to empower those most impacted by environmental degradation and climate change, the campaign had spread to an estimated 50 campuses in spring 2012. By September 2014, 181 institutions and 656 individuals had committed to divest over $50 billion. One year later, by September 2015, the numbers had grown to 436 institutions and 2040 individuals across 43 countries, representing $2.6 trillion in assets, of which 56% were based on the commitment of pension funds and 37% of private

companies. By April 2016, already 515 institutions had joined the pledge. 27% faith-based groups, 24% foundations, 13% governmental organizations, 13% pension funds, and 12% colleges, universities, and schools, representing, together with the individual investors, a total of $3.4 trillion in assets.

The divestment campaign at the Australian National University is one of the longest running in the world and, while it has not yet achieved full fossil fuel divestment, it has had substantial wins, most notably in 2011 and 2014. Students lobbying and public pressure led the ANU Council to implement a Socially Responsible Investment Policy in late 2013 modelled on Stanford University, which aims to "avoid investment opportunities considered to be likely to cause substantial social injury."

As another novel alternative, climate stabilization funds aim at financing climate mitigation and adaptation around the world through an intertemporal fiscal policy mix backed by climate bonds and carbon tax. Bonds are debt investment, in which investors loan money to an entity, which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are primarily used by companies, municipalities, states, and sovereign governments to raise money and finance for a variety of future-oriented long-term projects and activities. This solution appears as real-world relevant means to tap into the worldwide USD 80 trillion bond markets in order to fund the incentives to a transition to a sustainable path. Carbon tax will also be introduced. Sharing the costs of climate change aversion between and across generations appears as important strategy to instigate immediate climate change mitigation through incentivizing emission reduction and provide adaptation flexibility (Puaschunder 2016a). Overall, this turns climate change burden sharing into a Pareto improving option over time (Puaschunder 2016b).

In order to avoid governmental expenditure on climate change hindering economic growth (Barro 1990), Sachs (2014) introduces financing climate change mitigation through debt to be paid back by future generations through taxation as a novel means to amend individual saving preferences in favor of future generations (Marron and Morris 2016). Carbon taxes can raise substantial revenue until the economy is largely decarbonized (Marron and Morris 2016). In Sachs (2014) 2-period model, one generation works in period 1 and retires in period 2. Part of the disposable wage income is saved for consumption in the second period. $CO_2$ emission mitigation imposes immediate costs onto current generations and reduces wages. Greenhouse gas concentrations in period 2 are determined by the emissions in period 1. Wages of the young in the second period are reduced by climate change dependent on greenhouse gas levels. Disposable labor income of the young equals market wage net of taxes. Sachs (2014) proposes to mitigate climate change by debt to be repaid by tax revenues on labor income in the future. Leaving the current generation with unchanged disposable income allocates the burdens of climate change mitigation across generations without the need to trade off one generation's well-being for another's. While today's young generation is left unharmed, the second period young generation is made better off ecologically. Taxes on later generations are justified as for the assumed willingness of future generations to avoid higher costs of climate change prevention and environmental irreversible lock-ins. Overall this tax-and-transfer mitigation policy is thus pareto improving across generations. All generations are better off with mitigation through climate bonds as compared to the business-as-usual (BAU) non-mitigation scenario (Sachs 2014). While future generations enjoy a favorable climate and averted environmental lock-ins, the current populace does not face drawbacks on economic growth.

## Cross-References


- ▶ Cities and Climate Change
- ▶ Corporate Social Responsibility
- ▶ Governance


## References


Barro R (1990) Government spending in a simple model of endogenous growth. J Polit Econ 98:103–125

Marron DB, Morris AC (2016) How to use carbon tax revenues. Tax Policy Center Urban Institute and Brookings Institution, Washington, DC
Puaschunder JM (2010) On corporate and financial social responsibility. Unpublished doctoral thesis, Faculty of Psychology, University of Vienna
Puaschunder JM (2015) When investors care about politics: a meta-synthesis of political divestiture studies on the capital flight from South Africa during apartheid. Bus Peace Sustain Dev 5(24):29–52
Puaschunder JM (2016a) Intergenerational climate change burden sharing: an economics of climate stability research agenda proposal. Glob J Manag Bus Res: Econ Commer 16(3):31–38
Puaschunder JM (2016b) On eternal equity in the fin-de-millénaire: Rethinking capitalism for intergenerational justice. J Leadersh Acc Ethics 13(2):11–24
Sachs JD (2014) Climate change and intergenerational well-being. In: Bernard L, Semmler W (eds) The Oxford handbook of the macroeconomics of global warming. Oxford University Press, Oxford, pp 248–259

# Sociological Study of Nonprofit Organizations

David Horton Smith
Department of Sociology, Boston College, Chestnut Hill, MA, USA
Centre for Study of the Nonprofit Sector and Civil Society, National Research University Higher School of Economics, Moscow, Russia
School of Health Sciences, University of East Anglia, Norwich, UK
School of Arts and Sciences, City, University of London, London, UK
Institute for Philanthropy, Tsinghua University, Beijing, China
School of Social and Policy Studies, Australian Center for Community Studies and Research (ACCSR), Flinders University, Adelaide, SA, Australia

## Synonyms

Social science research on NPOs

## Definition

Sociological study of NPOs refers to scientific research on NPOs, in all its ramifications, with some particular sociobehavioral science perspective, such as sociology or political science, or an interdisciplinary or social profession perspective, such as management or public administration. See also NPO definitions entry.

## Introduction

The sociological study of NPOs is a historically recent phenomenon, as is to be expected, since sociology is a social science that originated only in the nineteenth century. By contrast, history as a scholarly enterprise and discipline has roots that go back millennia. Historians have been interested marginally in NPOs, especially associations, for probably 4500–5000 years, or since the origins of writing. In the fledgling discipline of sociology, various of the discipline's founders wrote about NPOs as specific types, without using this technical term. For instance, Max Weber, one of the founders, wrote about the sociological study of associations in 1910. He later wrote a book about the sociology of religion (1922), which included a discussion of churches, which are usually NPOs, though he did not use the latter term.

In fact, the entire concept of the voluntary nonprofit sector (abbreviated as *VNPS*) did not originate until 1965, when Richard C. Cornuelle was the first to write (a book) about a *third sector* or *independent sector*. The term *nonprofit sector* and also the term *nonprofit organizations* or *NPOs*, and their synonyms did not come into common use until the 1970s (Smith 2016). But the actuality, the existence of the VNPS and NPOs goes back at least 10 millennia, to about 8000 BC (Smith 1997). The first type of NPOs, and the most common type today all over the world, was voluntary associations, which originated when some humans first became residential horticulturalists (gardeners), rather than the nomadic hunting-gathering bands. These tiny (30–70 people) preliterate tribes were the usual human societies for the first 190,000 years of our species' existence. This horticultural revolution was the first of four global associational revolutions in our history as a species, all of them based on major economic system shifts. Nonprofit agencies and foundations as NPO structural forms

originated thousands of years later: agencies in the first millennium BC, and foundations two millennia later.

This chapter describes major books on NPOs; three key types of NPOs; the global history of NPOs; global numbers of NPOs; major characteristics of associations, nonprofit agencies, and foundations; and the dark side of NPOs.

## Sociological and Interdisciplinary Study of NPOs

Although there has been minor sociological study of NPOs, especially associations, since the 1920s, the organized global field of NPO, VNPS, or voluntary action research began in 1971, with the founding of ARNOVA (the Association for Research on Nonprofit Organizations and Voluntary Action; www.arnova.org), the first interdisciplinary association in this field (Smith 2016). This global field and emergent academic discipline can be referred to generally as voluntaristics (Smith 2016). Initially a sociology-dominated enterprise, ARNOVA has become the model for over 50 subsequent interdisciplinary associations on all continents and at various levels of territorial scope, from local to global and about 70 interdisciplinary voluntaristics journals (Smith 2016).

Beginning in 1975, chapters on NPOs and related phenomena (NPOs, voluntary action, volunteering, associations, nonprofit agencies, social movements) began to be published irregularly in the prestigious *Annual Review of Sociology* (Smith 2016). Top sociology academic journals also began to publish articles more frequently on NPOs, especially on associations and volunteering, but also on social movements and protest activities. In the past three decades, there has been an increasing number of social science handbooks dealing with NPOs and the VNPS, the first one being by Powell, with a second edition by Powell and Steinberg 19 years later (2006). Edwards (2013) edited a handbook on global civil society, another name for the VNPS. The handbook edited by Cnaan and Milofsky (2008) focused on community movements and local associations. The most extensive social science (but largely sociological) handbook, edited by Smith et al. (2016), is a two-volume compendium of 54 literature review chapters (over 1400 pages) on volunteering, citizen participation, and nonprofit associations. A few handbooks focus on philanthropy and foundations (e.g., Jung et al. 2016). Anheier et al. (2010) edited an important *International Encyclopedia of Civil Society*. There have also been some major authored (vs edited) books reviewing the research literature on NPOs and VNPS phenomena, including volunteering.

In the last 20 years or so over 60 core social science, often sociological, journals have begun publication focused centrally on NPOs or other VNPS phenomena (Smith 2016), taking ARNOVA's SSCI-listed academic journal, *Nonprofit and Voluntary Sector Quarterly (NVSQ)* as a founding model. Thomson-Reuters now has seven such journals in its Social Science Citation index (SSCI), which includes the 3200+ highest quality journals in all fields and disciplines of sociobehavioral science, out of many tens of thousands in total being published. An online search by the author and a colleague using about 80 keywords related to the VNPS on all of the SSCI journals at the website of the Web of Science showed identified about 120,000 articles in this field in thousands of journals. Several research studies have shown that various aspects of voluntaristics have been growing exponentially since about 1995 – journals, articles, dissertations, associations, research centers, college courses, etc. (Smith 2016). An estimated 40,000–50,000 sociobehavioral science academics and researchers worldwide now contribute to voluntaristics via conference papers, articles, book chapters, and books. At least 20,000 of these are members of voluntaristics researcher associations or relevant sections of national and international disciplinary or professional associations (Smith 2016).

## Defining Key NPO Types

As noted above, there are three main structural types or forms of NPOs, which will now be defined and discussed briefly.

### Associations

The most common type of NPO numerically in nearly every society ever studied carefully is the *association*, often called a *voluntary association* (but also sometimes termed a *common interest association, membership association, community association, micro-association*, or *nonprofit association*). According to the most extensive dictionary in the field of voluntaristics (Smith et al. 2006, p. 23), an association is "a relatively formally structured nonprofit group that depends mainly on volunteer members for participation and activity, and that primarily seeks member benefits, even if it may also seek some public benefits." Associations nearly all use some variation of the associational form of organization, defined in that dictionary (p. 24) as a: "manner of operating a group that usually involves having official members who are mostly [or all] volunteers, some elected formal nonprofit leaders, often a board of directors with policy control, financial support mainly from annual dues and/or donations (but may also include fees and grants), often one or more committees as part of the leadership, and regular face-to-face meetings attended by official members and informal participants." In associations, the ultimate power nearly always resides in the membership, which in most cases, votes annually (or every 2, 3, or 4 years) on the official leaders, usually both officers and board members. However, in authoritarian societies, association leaders may dominate, with the preferences of the members not significant, as in nonprofit agencies.

### Nonprofit Agencies

The main voluntaristics dictionary (Smith et al. 2006, p. 155) defines a nonprofit agency as a, "nonprofit organization providing a public benefit. Such agencies usually operate with paid staff, though some are small, volunteer-run nonprofit groups. Generally speaking, then, the nonprofit agency relies on [paid] staff to accomplish its goals rather than members or service program volunteers." Further, nonprofit agencies, often termed *voluntary agencies* (or *volags*), differ markedly from associations in their power structure and orientation toward beneficiaries. Where associations are bottom-up, democratic in their power structures, nonprofit agencies are nearly always top-down, with ultimate power residing in a board of directors or top staff, authoritarian in their power structures, like businesses and government agencies, and hence not democratic at all. That both associations and agencies are called NPOs is thus misleading, because of this fundamental difference in their power structures.

Smith (1991) has argued that there are two distinct but related nonprofit sectors or subsectors – the association subsector and the agency subsector. Unfortunately, many voluntaristics scholars think only of nonprofit agencies when they think about or do research on NPOs, neglecting associations. This is a serious theoretical/conceptual error. Smith (2000, Chap. 10) referred to this as a *flat-earth map* or paradigm of the VNPS, analogous to Europeans thinking Europe was the whole of the earth 500 years ago and earlier. Where most associations are supported financially by annual *dues* (routine payments required of official members), voluntary donations by members, and fundraising events which involve the members' families and the general public, agencies are mainly supported by fees for services or entry fees from recipients of their services, partly by donations (including bequests from the deceased), and to a lesser extent partly by grants from foundations or contracts with government agencies.

Nonprofit agencies also differ markedly in their targets of benefits, as noted in the brief definition above – who they are trying to help or affect: Where associations nearly always have a central focus on *benefitting their members*, because their members are mainly volunteers and do all the work, agencies in general are centrally focused on *benefitting nonmembers*, either the public in contact or the general public interest, sometimes including the environment or ecosystem. Further, agencies generally operate with *paid staff*, who do most of the work and hold nearly all of the power. Often there is also a volunteer (service) program, as the volunteer department of the agency. But such program volunteers are lower participants, usually doing unskilled or semiskilled tasks, useful but not necessary to the

agency's goal attainment; they have a little or no power over policy or operational decisions.

### Foundations

Foundations are a special type of nonprofit agency, defined as follows (Smith et al. 2006, pp. 89–90): "nonprofit group usually having a substantial endowment and, in the United States [and elsewhere] a special tax status as a [tax-exempt] private foundation which makes philanthropic (as philanthropy) grants to individuals or nonprofits or both." Most foundations are independent, nonoperating NPOs, usually termed *private foundations*, whose central activity is making grants of money to other charities or NPOs, rarely to individuals. *Operating foundations* are rare and involve NPOs named and registered as foundations that function or operate like other NPOs, spending their funds to accomplish various philanthropic goals. They differ from most NPOs in depending mainly or wholly on their endowments for money, rarely charging fees or getting grants or contracts from external organizations.

## Global History of NPOs

The best global history of associations is found in Smith et al. (2016, Chap. 1).

As noted earlier, the earliest NPOs, circa 8000 BC, were small associations in preliterate societies that had settled down to be residential gardeners (horticulturalist) and raise a few types of domestic animals, rather than being roving, nomadic tribes hunting, fishing, and gathering food that grew wild (Smith 1997). These settled horticultural societies were essentially small villages (up to 1500 people), but they were *much* larger than the 30–70 people who constituted hunting-gathering nomadic bands as preliterate societies for nearly 200,000 years earlier.

This first global associational revolution was followed by three more such revolutions. The second global associational revolution occurred about 3000 BC and thereafter, because more efficient and productive agriculture was invented, termed the agrarian revolution (i.e., fertilizer, irrigation, weed control, deep plowing), that could now support towns, and eventually cities (Smith 1997). In these urban places, many new types of associations arose, especially guilds as associations of tradesmen and artisans in a wide variety of urban occupations. The third global associational revolution accompanied the Industrial Revolution in industrial societies, about 1800 AD and thereafter (Smith 1997). Factory jobs required significant education, so mass education supported by governments was instituted. Mass media also arose, as did better transportation systems, to serve large industries and national and state or provincial governments. Democracies often replaced divine right monarchies and empires. These economic and social structural changes fostered a wide variety of new types of associations, including associations for leisure and recreation, trade unions, professional and occupational associations, new types of religious associations, scientific societies, political clubs and parties, social movement organizations, and eventually self-help groups like Alcoholics Anonymous. The fourth global associational revolution, the service-technology revolution, began about 1950, as certain nations became post-industrial, service-information-technology societies. New technologies like the computer, mobile phones, and the Internet spurred personal intercommunication and facilitated the growth of associations, especially national and international associations, but also local associations.

There is as yet no book that provides an extensive global history of nonprofit agencies, but a brief version can be found in Smith (2015b) and Chaps. 1 and 2 of Powell and Steinberg (2006) give more extensive treatments of some agency types. The earliest known nonprofit agencies arose in the last 500 years BC, such as Plato's Academy in Athens as a protocollege (c. 387 BC), the Temple of Aesclepius at Epidauris in Greece as an early hospital (c. 430 BC), and the Ennigaldi-Nanna's protomuseum in Ur or ancient Iraq (c. 530 BC). There were other examples of various kinds of nonprofit agencies in most of the next two millennia, but such agencies were generally rare, especially when their prevalence is compared to the frequent, often abundant, prevalence of associations of many types. Smith

(2015b, p. 262) states, "The vast majority of current Volags [nonprofit agencies] have been founded in the past century or two."

## Global Numbers and Prevalence of NPOs

It is extremely difficult to estimate accurately the global numbers of NPOs, given poor prevalence data in nearly all contemporary nations. Nonetheless, Smith has attempted a rough approximation: He estimates that there were about 56 million NPOs circa 2010–2013, with roughly 87.5% (49 million) of these being local or grassroots associations. The remaining 12.5% (7 million) are mainly nonprofit agencies and foundations, with a small percentage of paid-staff based national or international associations. These figures are probably of the right order of magnitude, but not really accurate except to plus or minus 30%. Still, this is better than no estimate at all, or an expected error or 300% or 3000% (see also Powell and Steinberg 2006, Chap. 5).

Research is considerably more convincing regarding the broader determinants of *association prevalence* in the nations of the world (Smith et al. 2016, Chap. 50). Association prevalence is usually expressed not as an absolute number, but rather relative to the population of a nation (or other territory). Two independent studies with about 90–140 of the larger nations of the world (out of about 200 total nations) have explained with high accuracy (70–89% of the variance) that in addition to sheer population size, a nation's association prevalence is determined by such factors as its GDP per capita, its average educational level, its extent of democracy and civil liberties, the length of its experience with democracy, lack of civil disorders and civil wars, higher government expenditures per capita, and other factors (Smith et al. 2016, Chap. 50).

## Voluntary Association Characteristics

Based on extensive reviews of the literature (e.g., Smith 2000, 2015a; Smith et al. 2016) with data from many nations, we know many facts about associations in the contemporary world. For instance, the vast majority of associations are local, not national or international. But national associations (and, to a lesser extent, international associations) have been growing rapidly in recent decades, as part of the fourth global associational revolution and the related processes of modernization and globalization. Most local or grassroots associations are all volunteer-based in their operations. Paid staff, if present, are small in numbers. This means there are at least a billion associational volunteers in the world. Based on research in 50 nations (Smith et al. 2016, Chap. 3), the most frequent purposive-activity types of associations are oriented toward religion-ideology-morality (12%) or health-education-social welfare (11%). Next most frequent are associations oriented toward sports-recreation-exercise (8%) or arts-music-culture-study (7%). Local associations are rarely incorporated or registered with the government, but are rather informal in structure and operations, often lacking a board of directors. As a result, local association lifespans are only several years on average and the average size is only about 20–25 members.

Some other generalizations from extensive research on associations include the following (Smith 2015a):

- Except in totalitarian dictatorships, local associations tend to have relative freedom of operation and policy-decision-making, but there is more government control at state or province and national association levels, especially in authoritarian nations.
- The large majority of associations at all geographic levels are conventional and law-abiding, with fundamentally deviant, usually secret or underground, associations being very rare, probably less than 1% or even 0.1% of all associations.
- In modern, industrial and postindustrial, service-information societies, a substantial percentage of local associations are polymorphic, meaning they are branches of some state or province association or national association.
- Most associations, especially local associations, practice internal democracy by routinely

having members vote on the leaders, but oligarchy as continuing leadership by a small clique, often results de facto, as the core of most active members tend to be in charge over years, whether formal or informal leaders.
- Frequent, direct, face-to-face interpersonal contact at meetings and other events, and between meetings; create friendships among members; and provide emotional rewards, especially in local associations.
- Association members often also enjoy rewards from working for an association's goals, a kind of felt psychic benefit from working toward and at times achieving the official goals of the group.
- Economic benefits are usually unimportant in associations, especially local associations, which are basically leisure activities; but economic associations, like farmers' associations, unions, professional associations, trade or business associations, are exceptions, where longer-term economic benefits play a substantial role for members.
- Associations usually have restrictive eligibility criteria for membership, but in most communities, there is a range of local associations that can accommodate most kinds of people, and new associations are easy to form by people who feel left out of existing associations.
- Most local associations have relatively low prestige and power, but there are always some local associations that have high prestige or power, usually with local elites as members.
- State or province and especially national associations tend to have more prestige and power on average, but meet much less frequently and have weaker emotional relationships among members, usually emphasizing instrumental task accomplishments.
- Local associations can have a variety of significant impacts on their members and volunteers, such as greater longevity, better health, more life satisfaction and positive sense of wellbeing, more felt political efficacy, and even improved economic status.
- Online involvement in cyber-associations tends to be very weak and shallow, lacking personal, face-to-face interactions with other members, and has not been shown to have impacts similar to in-person involvement in local associations.
- Associations, especially national and international associations, have had a far greater impact on human history and societal progress or ethical evolution than nonprofit agencies, which mainly implement sociocultural changes brought about by associations and social movements (Smith 2017).
- Associations have the continuing potential to accomplish nearly any goal of human beings, and this versatility makes the associational form of organization uniquely valuable to all human societies.

## Nonprofit Agency Characteristics

Based on extensive reviews of the multinational literature (e.g., Edwards 2013; Powell and Steinberg 2006), much is known about contemporary nonprofit agencies. For instance, the vast majority of such agencies are local in territorial scope, rarely state or province-wide, national, or international; the latter are more likely to be government agencies. Nonprofit agencies on average tend to have more assets and annual income than associations, constituting from 2% to 10% of the GDP in most nations, with the higher percentages in more developed, postindustrial nations (Salamon et al. 2004). Agencies are usually more businesslike and bureaucratic than the average association. Most agencies have owned or rented office space, and operate during working hours on weekdays, often weekends as well. Some critics argue that nonprofit agencies are for-profits in disguise, taking unfair advantage of their tax-exempt status. In the case of hospitals especially, this criticism seems to have significant merit. The attitude or emotional spirit of philanthropy is more clearly present in the members or leaders of all-volunteer associations than among the paid staff and executives of nonprofit agencies.

Nonprofit agencies compete with government service agencies in most nations, but the last few decades have seen an increasing trend for

national, and even lower level, governments to contract with nonprofit agencies to deliver services to the general public (Powell and Steinberg 2006, Chap. 10). Nonprofit agencies are found most frequently delivering services in the fields of health, education (especially higher education), and social welfare (ibid., Chaps. 16, 17, and 19). There are also many religious and political advocacy nonprofit agencies in various nations (ibid., Chaps. 13 and 20). The management or governance of larger nonprofit agencies is usually highly centralized, bureaucratic, and professional, with top executives increasingly having masters or even doctoral degrees from business or public administration university graduate schools.

Nonprofit agency leadership and governance generally contrast markedly with the looser, less bureaucratic, nonprofessional leadership in most associations, especially local ones (Smith et al. 2016, Chap. 36). Only very large, usually national or international, associations have similar professional management. Smaller associations often suffer serious damage to their missions and volunteer commitment when well-meaning but misguided new leaders try to make the association more *businesslike*. Members and active volunteers in associations are usually involved in leisure time activities, serious leisure, that should be enjoyable and self-enhancing, not businesslike or work-like.

Evaluating the impacts of nonprofit agencies is difficult, complicated, and expensive to do well. There is little doubt that nonprofit agencies such as hospitals, colleges, universities, and museums, and the like usually have positive overall impacts on their customers, but not *all* impacts are positive. For instance, nonprofit hospitals are semidangerous places for patients, just as any other kind of hospital, because of iatrogenic disorders and diseases. In marked contrast with associations, there is no consistent and convincing evidence that nonprofit agencies have positive impacts on their paid staff affiliates, and many volunteers at times are mistreated by paid staff. As noted earlier, nonprofit agencies mainly do apparently useful things, but generally represent the *status quo*. Virtually without exception, ethical evolution and societal progress in human societies everywhere has been triggered and achieved by associations, especially social movements and their constituent associations, and their mobilization of informal protest participants (Smith 2017; Smith et al. 2016, Chap. 24).

## Foundation Characteristics

Based on extensive multinational reviews of the literature (e.g., Jung et al. 2016), much is also known about private foundations, which historically have been called *trusts*. As noted earlier, foundations are the least common major type of NPO, because by definition they involve substantial amounts of money as philanthropic gifts to create an endowment. The significant numbers (but rarely more than 5–10% of total registered NPOs) of foundations in the United States and other postindustrial nations reflect changes in tax laws in these countries in the past decades or century that give substantial tax deductions to the donors of foundation endowments/assets. Critics of this NPO structural form argue that the principal motivation of such donors is reducing (or, to be pejorative, evading) taxes on income. Fragmentary and anecdotal evidence supports this view, but it is difficult to get foundation donors to be honest about their motivations (Jung et al. 2016, Chap. 17).

Although most people think of the huge, multinational foundations like Ford or Gates when they consider foundations as a category, these giants are very atypical, just as the AARP (formerly, the American Association of Retired Persons) is atypical of associations and Harvard University is atypical of nonprofit agencies in the United States. Globally, the most frequent subtype of foundations is a small family foundation, controlled by the initial donor and his or her family and friends. Such foundations typically give relatively small grants to the donor's favorite charities, which tend to be religious NPOs, nonprofit schools and colleges or universities, high culture musical and artistic NPOs (e.g., symphony orchestras, ballet companies, opera companies), and the like. Founding donors often receive public recognition in perpetuity by the recipient NPO for

larger gifts (e.g., names in event programs, names on the wall in the NPO building, buildings named after the donor).

Careful evaluation of the functioning and impact of foundations in any nation, let alone comparative multinational evaluation studies with quantitative approaches, are rare or nonexistent (Jung et al. 2016). At the superficial level of outputs, foundations are almost always successful in giving away money to charities, but the impact of such grants is unclear. Larger nonprofit agencies are often substantially dependent on foundation grants to function and seek their official goals. The recipient NPOs, usually tax-exempt charities of some kind, are always grateful and have no difficulty spending the money for operations or special projects. But the latter expenditures are rarely, if ever, evaluated carefully regarding their positive or negative impacts, as noted briefly earlier (Jung et al. 2016, Chap. 17).

The general conclusion must be that in most nations, perhaps all, that have been carefully studied, very little of the foundation funding has been shown to benefit anyone but elites and the *status quo*. A careful qualitative evaluation of foundation giving in the United States a couple of decades ago showed very little such funding benefits the poor, the disadvantaged, or the minorities in a nation. That study and others have shown clearly that very little foundation funding goes to NPOs that do advocacy for social change. The large majority of foundation funding goes to nonprofit agencies supporting elite NPOs and the status quo. Very little (1–2%) goes to associations, let alone to associations that seek ethical evolution and social change. This should surprise no one, given the elite type of people who control most foundations.

## The Dark Side of NPOs

Although infrequently and inadequately studied by voluntaristics scholars anywhere, dysfunctions, misconduct, tolerable deviance, and even crime by NPOs has been rarely studied. Chapter 17 by Smith et al. in the handbook by Jung et al. (2016) describes and discusses many examples of the *darker side of philanthropy*, including foundations, but also nonprofit agencies and associations. Chapter 53 by Eng et al. in the Smith et al. (2016) handbook goes into more detail about the dark side of associations.

## Conclusion

Within the category of nonprofit organizations/NPOs, there are three principal subtypes: voluntary associations, nonprofit agencies, and foundations. Associations are by far the oldest subtype, arising in many societies about 10,000 years ago. Associations are also the most prevalent in all human societies ever studied carefully. Although nonprofit agencies and foundations perform useful functions in societies where they exist, associations, especially those involved in social movements, have the greatest long-term impact on ethical evolution and social progress in human history.

## Cross-References


- ▶ Differences Between Nonprofit Agencies and Membership Associations
- ▶ Misconduct and Deviance by Nonprofit Organizations


## References


Anheier HK, Toepler S, List R (eds) (2010) International encyclopedia of civil society. Springer, New York

Cnaan RA, Milofsky C (2008) Handbook of community movements and local organizations. Springer, New York

Edwards M (2013) The Oxford handbook of civil society. Oxford University Press, New York

Jung T, Phillips S, Harrow J (eds) (2016) The Routledge companion to philanthropy. Routledge, London

Powell WW, Steinberg R (eds) (2006) The nonprofit sector: a research handbook, 2nd edn. Yale University Press, New Haven

Salamon LM, Sokolowski SW et al (2004) Global civil society: dimensions of the nonprofit sector, vol 2. Kumarian, Bloomfield

Smith DH (1991) Four sectors or five? Retaining the member-benefit sector. Nonprofit Volunt Sect Q 20: 137–150

Smith DH (1997) The international history of grassroots associations. Int J Comp Sociol 38(3–4):189–216
Smith DH (2000) Grassroots associations. Sage Publications, Thousand Oaks. (Chinese translation edition by Prof. Jiangang ZHU is in press)
Smith DH (2015a) Voluntary associations, sociology of. In: Wright JD (ed) International encyclopedia of the social & behavioral sciences, vol 25, 2nd edn. Elsevier, Oxford, UK, pp 252–260
Smith DH (2015b) Voluntary organizations. In: Wright JD (ed) International encyclopedia of the social & behavioral sciences, vol 25, 2nd edn. Elsevier, Oxford, UK, pp 261–267
Smith DH (2016) A survey of voluntaristics: research on the growth of the global, interdisciplinary, socio-behavioral science field and emergent inter-discipline. Volunt Rev 1(2):1–81
Smith DH (2017) The global historical and contemporary impacts of voluntary membership associations on human societies. Volunt Rev 2(3):65
Smith DH, Stebbins RA, Dover M (2006) A dictionary of nonprofit terms and concepts. Indiana University Press, Bloomington. (Chinese translation edition by Prof. Xinye WU (2017) Peking University Press, Beijing)
Smith DH, Stebbins RA, Grotz J (eds) (2016) Palgrave handbook of volunteering, civic participation, and nonprofit associations. Palgrave Macmillan, Basingstoke

## Sociology of Governance

Azizur Rahman
Department of Anthropology, University of Dhaka, Dhaka, Bangladesh
Bangladesh Water Development Board (BWDB), Dhaka, Bangladesh
Department of Sociology and Anthropology, Asian University of Bangladesh, Dhaka, Bangladesh

### Synonyms

Civil society; Domination; Governance; Leadership; Legitimacy; Political party; Social movement; Sociology

### Introduction

Governance is concerned with the ways of governing organizations and societies. It includes governments, businesses, and international organizations, among others. A prominent scholar Abercrombie and co-authors (2006) stated that "Governance refers to the administrative structure of the state, that pattern of self government of individuals and the regulatory principles of modern society". Political analysts Kuper and Kuper (2005) said "Governance refers to the process of political management which embraces the normative basis of political authority, the style in which public affairs are conducted and the management of public resources". Professor Goran Hyden (2014) brought greater clarity to the concept of governance. He elevated governance to an "umbrella concept to define an approach to comparative politics,", an approach that fills analytical gaps left by others. Using a governance approach, he emphasized: "the creative potential of politics, especially with the ability of leaders to rise above the existing structure of the ordinary, to change the rules of the game and to inspire others to partake in efforts to move society forward in new and productive directions". His view is that governance involves creative intervention by political actors who change structures that inhibit the expression of human potential. He sees governance as a rational concept, emphasizing the nature of interactions between state and social actors, and among social actors themselves. In sociology, other scholars highlighted how society is governed. Governance according to Functionalist Arnold Rose, Peter Bentley, Talcott Parsons and Neil Smelser emphasized equilibrium, and stated that stability and gradual change were the key factors in governing society. They believe that societal power is decentralized, widely shared, diffuse, and fragmented, and derives from many sources, i.e., the power pie is divided into many pieces. Society is made up of a multitude of conflicting interest groups balanced by the state. Groups can potentially be equally influential in their impact on government policy and major institutions, assuming that there is a natural balance of power among various groups, preserved through bargaining and compromise (win some and lose some, give and take); in this

way equilibrium is reached in group struggle. The outcome is shared acceptance of a basic political framework, i.e., consensus about values, democratic traditions, procedures and principles (George Kourvetaris, Allyn & Bacon: Needham Heights, MA, 1997). Elite theory, Seymour Martin Lipset's work, Robert *Dahl's* polyarchy, Michel's iron law of oligarchy, Pareto's psychological and irrational aspects of elites, and W. Domhoff's governing class model all highlight societal power as being in control of key societal institutions such as corporations and executive branches of government, i.e., the economy, the state, and the military. In Marxism, society is ruled by those who control the means of production – the economic system. In structuralism, the structural imperatives of the capitalist system as they affect the state and its relative autonomy emphasize ideological factors. They focus on structural constraints in the capitalist system that set limits on the state's autonomy, and force it to work within the framework of an order that yields results invariably favorable to the dominant capitalist class. (Kate Nash, Blackwell Publishers: Malden, Massachusetts, 2000). Indeed, governance involves interaction between formal institutions and those in civil society. Governance refers to a process whereby elements in society wield power, authority, and influence, and enact politics and decisions concerning public life and social upliftment. Sociology and governance are intertwined and constitute a useful mechanism to enhance the legitimacy of the public realm or community or organization or of a nation. In this regard, Gumplowicz emphasized that "We live in the state and in society; we belong to a social circle which jostles against its members and is jostled by them; we feel the social pressure from all sides and we react against it with all our might; we experience a restraint to our free activities and we struggle to remove it; we require the services of other (people) which we cannot do without; we pursue our own interests and struggle for the interests of other social groups, which are also our interests. In short, we move in a world which we do not control, but which controls us, which is not directed toward us and adapted to us, but toward which we must direct and adapt ourselves".

## Conceptions of Interaction Between Sociology and Governance

From the formulations of Karl Marx has come the pervasive view that class conflict and social stratification derive from economic factors or from the social relations generated by the mode of production. But Marx's fundamental contribution is not limited to or even dependent upon the orientation that political behavior is an expression of economic interests. To the contrary, his essential contribution was that he made the study of sociology of governance equivalent to the study of societal structure, or macro sociology. Marx's view that the governance system derives from the pattern of social stratification, rather than his specific emphasis on the primacy of economic factors in fashioning social relations, has been a dominant theme in the development of an empirical analysis of governance.

Nevertheless, such an orientation has been criticized, both by political scientists and by sociologists, because it reduces governance events to a social by-product, and fails to consider the consequences of differing types of political institutions on societal change. It was from the writings of Weber that sociologists received the intellectual impetus for a more autonomous and institutional view of governance. As a sociologist, Weber adopted a mode of reasoning that converged with that of Marx, in that he held a comprehensive view of social structure as a basis for analyzing governance. However, he saw social stratification as encompassing both economic relations and social status – prestige and honor. Furthermore, in his essay "Class, Status, Party" (1921), Weber postulated that the emergence of modern society involved a historical process of separation of political institutions from economic and social structure. Political institutions thereby emerge as worthy of direct sociological inquiry because they are an independent source of societal change.

These classic formulations of a social stratification view and an institutional view of governance have persisted despite their reformulation in the light of historical events and intellectual criticism. As the division of labor has become more complex, social stratification theories have been reformulated as

"interest group" theories. Governance is still seen as derived from the struggle and conflicts within social strata, but these are viewed as more differentiated and as expressing the demands of specific interest groups – economic, professional, organizational, and even ethnic-religious. Social stratification theories of Governance have been broadened to include the view that the governmental bureaucracy and the political party itself have emerged as new strata, and thereby as elements in the theory of interest groups.

The institutional approach has come to be reformulated as a theory of "societal strain." Political parties are seen as mechanisms for accommodating the strains that exist in modern society. Thus the identification of elements that condition the effectiveness of political organization in performing this mediating function becomes a central topic of sociological inquiry. Because the political party penetrates all sectors of society, and because quasi-political institutions develop to assist the party in this mediating function, the strain theory of sociology of governance must extend widely beyond the internal structure of party organization. The sociologist addresses a range of overlapping empirical problems, whether he begins with a concern for underlying social stratification or with a direct investigation of political party organization.

## Sociological Approaches to Governance

### Rationalist Approaches to Governance

The theoretical foundation of rationalist approaches to governance was laid by economic theories, in particular agency theory, transaction cost theory, and property rights theory. These theories prefer a step-wise approach to modeling economic phenomena. They start with highly simplified assumptions about human nature (e.g., full information of all actors or absence of transaction costs). These assumptions are relaxed only at later stages of model building, if the simple model proves to be insufficient as a baseline model. Agency-theory (Milgrom and Roberts 1992) provides a baseline heuristic for such a parsimonious model of the effects of organizational governance on the commitment and performance of organizational members. According to this perspective, the performance of an individual can be represented as a linear function of the expected reward for carrying out an action, while holding the expected costs of this action constant. From an agency theoretic point of view, informal governance becomes a redundant category. Since rational managers are able to design organizations in such a way that the interests of management and employees are aligned, "informal" governance becomes superfluous. As a consequence, rationalist approaches to governance focus primarily on "formal" governance (for an exception, see Baker et al. 1999). Formal governance is based on rational decisions by management, because the implementation of a formal control structure is usually preceded by cost-benefit calculations. The rationality assumption is also at the core of modeling the effects of formal governance on organizational behavior. Partly triggered by the lack of a rationalist model of informal governance, the parsimonious rationalist baseline model was refined over the years. A number of empirical studies have demonstrated the strong incentive effects of performance-contingent pay (Aghion and Tirole 1997; Baker et al. 1999). All reward theories share the assumption that individuals use the allocation of social approval to influence the behavior of other actors (Flache and Macy 1996). They consider social incentives as one major instrument for exerting social control. The necessary assumption that individuals are interested in social approval from others can be integrated into the core assumptions of egoism and the full rationality of the rationalist approach.

### Culturalist Approaches to Governance

The common denominator of culturalist approaches is the assumption that (material) incentives are insufficient in explaining individual action. They emphasize the "cognitive side" of governance (Stinchcombe 2003): subjective interpretations, symbols, and legitimacy. Culturalist theories of action consider culture – in the sense of shared knowledge and norms – as the major action-generating factor (Sackman 1991; Smircich 1983). Individual interests are closely tied to identities, and not necessarily directed towards the maximization of self-interest. Shared meaning,

group identity, internalized norms, as well as the acceptance and legitimacy of governance practices are seen as the major elements of control. The most influential culturalist approach to governance and its effects is Weberian bureaucracy theory. Its core element is the formal authority of management – a form of power that is considered as legitimate and accepted by subordinates. Formal, bureaucratic, or rational-legal authority is based on the application of formal rules and procedures. Management – the bearer of bureaucratic authority – has to prove its right to assert power by correctly applying the procedures. Formal authority is related to positions, which, in turn, are defined by rights and duties. A functioning bureaucracy, in which the position holders comply with the rules, is superior to other forms of governance. Whereas rationalist approaches define away informal governance, almost the opposite seems to hold for culturalist approaches. Due to the strong emphasis on the importance of norms, cultural meanings and symbolic legitimization, informal and formal governance can hardly be separated, because ultimately all types of governance are culturally mediated. However, from an order of culturalist approach, organizations can be distinguished according to the content of their cultures (e.g., "professional," "bureaucratic," "entrepreneurial," etc.) (Meyer and Rowan 1977; Scott 1995; Powell and DiMaggio 1991) and hegemony theories (Vallas 2003).

### Structuralist Approaches to Governance

Interdependencies and their resulting structures, positions, and power relations play a central role in structuralist theories of governance. Important predecessors of structuralist approaches in governance theories of research are contingency (Mohr 1971; Thompson 1967) and the theory of managerial strategies (Braverman 1974; Reed 1989: 33–49). In the more recent organizational literature, network approaches are receiving special attention (Jansen 2002), with social capital theory (Burt 1992; Coleman 1990; Lin 2001) playing a particularly important role. Contrary to contingency theory and the theory of managerial strategies, proponents of social capital and network theories are increasingly working towards a better microfoundation of their models (Buskens 2002). According to Buskens and Raub (2002), social networks play a role in two respects: As a major element in the process of social control, and as an instrument for processes of learning and the exchange of information. Both rationalist and culturalist micro-foundations assume a positive relationship between the level of reward and the level of effort, with crowding, gift-exchange, and reward models limiting the scope of this general claim to situations in which the actors are not intrinsically motivated: the employer respects solidarity norms, and the interest in social rewards is not stronger than the willingness to sanction free-riders. For structuralist approaches, a more complex picture emerges on the link between reward and effort. Now dense networks can increase the cooperativeness of group members, since the potential loss of social relationships represents a strong sanction for potential free riders (e.g., Barker 1993). Conversely, the exchange of behavioral confirmation in dense networks can also have negative effects for the production of collective goods (Flache 1996, 2002). This is particularly likely if free riders have many strong relationships in the group. Since criticism of uncooperative behavior in such situations is seen as a violation of friendship norms, individuals will often refrain from sanctioning free riders that they consider to be their friends. The aspect of information and learning is central to brokerage models (Burt 1992). As a recent empirical study shows (Burt 2004), organizational members occupying a broker position in the informal network – i.e., they have many contacts to others in the firm who are not linked among each other – are considerably more creative in the production of good new ideas. The reason for their creativity is that persons who are embedded in different social contexts will be confronted with more and diverse opinions, which in turn provides them with the opportunity to synthesize new ideas. Structuralist approaches often equate informal governance with "flat" organizational structures, self-managing teams, and dense informal social networks. Differences in informal governance, therefore, are based on variations in the social and formal structure of organizations. To summarize, there are considerable differences in the way previous research approached the phenomenon of

governance. Whereas the theories pertaining to a particular paradigm share similar assumptions, considerable differences exist between the three paradigms of rationalist, structuralist, and culturalist approaches. Rationalist explanations center on the notion of incentives and rewards, whereas structuralist and culturalist approaches emphasize the importance of legitimacy. Furthermore, each of the three approaches has its own conceptualization of informal governance. This partly explains the conceptual confusion around this issue in the literature, in which informal Governance is equated, respectively, with dense informal networks, strong organizational cultures, peer pressure or subtle strategies of legitimizing control.

## Social Context of Governance

At the empirical level, the bulk of research in the sociology of governance has been directed toward the investigation of the social basis of political cleavage and consensus. These studies are mainly derived from a social stratification theory of politics, and have been characterized by progressive refinement of categories of analysis, from broad concern with class and occupation to much more refined measures of social status. The following dominant factors combine sociology and governance:

### Power/Dominance

In social science and politics, power is the ability to influence or completely control the behavior of people. The term "authority" is often used for power perceived as legitimate by the social structure. Power can often be seen as evil or unjust, but the exercise of power is accepted as endemic to humans as social beings.

Power, according to the sociologist Max Weber, is the ability to achieve goals with or without the society's support of these goals. In this chapter, we explore societal and political power by looking at three different power models: the pluralist model, the power-elite model and the Marxist model. These models will be differentiated by their perspectives on the source and nature of power. The pluralist model indicates that power is distributed among many groups. These groups may include coalitions of like-minded people, unions, professional associations and business lobbyists. The percentages of average people that make up these groups are small, so in theory, the public act as bystanders in the pluralist model of power. Power elitism is a theory that centers on the idea of how power is concentrated. In this model, sociologists argue that the majority of the power is concentrated among the wealthy. In this case, the wealthy refers to businesses, government, and the military. Due to the distribution of power to a few, it is argued that the average person cannot have his or her voice heard. In the Marxist model, sources of power include: (i) ownership and control of economic property, wealth, productive assets of society, and control of finance, (ii) control over ideas, through the media and processes of socialization, generally for instant education, ideology, and hegemony, and (iii) control over the state. So power is a means to make social actions possible as much as it may constrain or prevent them.

### Leadership

Leadership in organizations, political parties, and nation-states has been the subject of much sociological work since the very inception of the discipline, yet sociologists still disagree on the relationship between leaders and followers, whether leadership is about meaning or domination, and about the performance implications of different leadership styles. The theoretical assumptions and arguments of the four main schools of sociological thought on leadership –Weberian, institutional functionalism, neo-Marxist, and relational – focus on the historical origins of current work in the field. Weberian theory includes three types of leaders: bureaucratic, charismatic, and traditional. Weber was one of the first of the theorists to recognize that leadership itself is situational in nature, and that effective individuals need to move dynamically from one type of leadership style to another to remain successful. Proponents of institutional functionalism, mainly Spencer and Parsons, emphasized the Three Circles model of leadership, which defines leadership function as meeting needs in three distinct areas: task, team and individual. They also emphasized that no single leader is good enough alone; the leader will

require a team of people acting in the leadership collective in order to enact significant change with many people. Neo-Marxist and relational theories both emphasize leadership as situational and functional. Only a capable leader can lead a society. In fact, all these theories highlights that four qualities are essential for leaders: individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence.

### Social Movement

A social movement is an organized effort by a large number of people to bring about or impede social change. Although social movements differ in size, they are all essentially collective. That is, they result from the coming together of people whose relationships are not defined by rules or procedures, but who share a common outlook on society. Sociologists have looked at social movements and offered several theories to explain how they develop. Three of those theories – deprivation theory, mass society theory, and structure strain theory – are discussed in this chapter. Deprivation theory was first described by Robert Merton, and states that social movements arise among people who feel deprived. According to this approach, when people compare themselves to others, they may feel that they are at a disadvantage. They join social movements in the hope of solving their grievances. This sense of having less (money, justice, status, or privilege) than other people, also known as deprivation, is the basis for social movement. According to deprivation theory, this comparison of situation results in a sense of injustice, which instigates the start of a social movement. A mass society is a society in which prosperity and bureaucracy have weakened traditional social ties. Mass-society theory was first developed by the political sociologist William Kornhauser. In his theory, Dr. Kornhauser suggests that people who feel isolated and insignificant within a society are attracted to social movements. Social movements, according to this theory, are influenced by the media, and provide a sense of empowerment and belonging that the movement members would otherwise not have. Miller's structure strain theory includes an explanation for deviant group behavior. When a person fails to achieve his/her goal, he/she is deviant and rushes to join the movement. Social movements are thus a type of group action. They are large – sometimes informal – groupings of individuals or organizations which focus on specific political or social issues. In other words, they carry out, resist, or undo a social change.

## Additional Important Social Context of Governance

### Political Party

The term "party" will be employed to designate associations, membership of which rests on formally free recruitment. A political party is first and foremost an organized attempt to obtain power. Power is here defined as control of the government (Schnattschneider 1951). Scholars who conceive of parties in functional terms do not necessarily ignore activity inside the party. But it is given importance only insofar as it influences the performance of party roles. There is an alternative conceptualization of parties, one that views them, in the first instance, as structures or settings in which activity takes place. For William Graham Sumner, parties are important because they "are constantly forced" to practice "antagonistic cooperation," which is "the most productive form of combination in high civilization." "It consists in the combination of two persons or groups to satisfy a great common interest while minor antagonisms of interest which exist between them are suppressed." This interpretation is identified as the most salient element of a party activity that occurs among its members. As such, it is at total variance with the prevailing definitions in the field. The difference seems to be associated with the starting point of the scholar's reflection. Sumner, a sociologist, began with an attempt to understand how people behave towards one another. His basic concern was social relations. Institutions are settings in which activity takes place. In sharp contrast, political scientists focus on politics and thus emphasize how other organizations affect the political system. They begin their reflections with the institutions of the nation-state. The type of work practiced by Sumner is not entirely foreign

to basic inquiry on political parties. In fact, the single most important study in the field adopted such a perspective. Roberto Michels's *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy* treats the party as a setting for activity and not as a structure that affects its environment. The focus is on describing and explaining the organizational life of socialist, working-class parties, not because of its consequences for structuring the vote or obtaining governmental power, but because the appearance of oligarchical phenomena in the very bosom of the revolutionary parties is conclusive proof of the existence of immanent oligarchical tendencies in every kind of human organization that strives for the attainment of definite ends. Michels made his decision to treat the party as a setting for activity in spite of the fact that the original stimulus for his study apparently came from Max Weber, who explicitly advocated examining its effects (Comparative Politics July 1983). Weber suggests to Robert Michels that he study the structure of the German Social Democratic party in order to understand the impact of the political parties created to mobilize the masses in electoral democracies on the economic and social structures.' The importance of Michels's work argues for a perspective that treats the party as a structured setting for human activity. Moreover, since parties do clearly occupy an intermediate position in the polity, these discussions make it clear that a political party is a group of people who come together to contest elections and hold power in the government. They agree on some policies and programs for the society with a view to promote the collective good or to further their supporters' interests.

## Civil Society

The term "civil society" was used by writers such as Locke and Rousseau to describe civil government as distinct from natural society or the state of nature. The Marxist concept derives from Hegel. In Hegel, civil or bourgeois society (as the realm of individuals who have left the unity of the family to enter into economic competition) is contrasted with the state or political society. Marx uses the concept of civil society in his critique of Hegel. It is used as a yardstick of the change from feudal to bourgeois society. Civil society arose, Marx insists, from the destruction of medieval society. Previously, individuals were part of many different societies such as guilds or estates, each of which had a political role, so that there was no separate civil realm. As these partial societies broke down, civil society arose, and the individual became all-important. The old bonds of privilege were replaced by the selfish needs of atomistic individuals separated from each other and from the community.

The fragmented conflictual nature of civil society with its property relations necessitates a type of politics that does not reflect this conflict but is abstracted and removed from it. The modern state is made necessary and at the same time limited by the characteristics of civil society. The fragmentation and misery of civil society escapes the control of the state which is limited to formal negative activities and is rendered impotent by the conflict which is the essence of economic life. The political identity of individuals as citizens in modern society is severed from their civil identity and from their function in the productive sphere as tradesmen, day laborers or landowners. Although Gramsci continues to use the term to refer to the private or non-state sphere, including the economy, his picture of civil society is very different from that of Marx. Gramsci insists on its complex organization as the ensemble of organisms, commonly called private, where hegemony and spontaneous consent are organized.

He argues that any distinction between civil society and the state is only methodological, since even a policy of non-intervention, such as laissez faire, is established by the state itself. A fully developed civil society is presented as a trench system able to resist the incursions of economic crises in order to protect the state. Whereas Marx insists on the separation of the state and civil society, Gramsci emphasizes the inter-relationship between the two. The state, narrowly conceived as government, is protected by hegemony organized in civil society, while the coercive state apparatus fortifies the hegemony of the dominant class. In any actual society, the lines of democration between civil society and the state may be blurred, but Gramsci

argues against any attempt to equate or distinguish between the Good Governance and Autocracy. And while he accepts a role for the state in developing civil society, he warns against perpetuating state worship. Gramsci redefines the withering away of the state in terms of a full development of the self-regulating attributes of civil society. In Marx's writings, civil society is portrayed as the terrain of individual egotism. Civil society acts through "social capital" – the capacity of people to act together willingly in their common long-term interest. Social capital is strong in a homogeneous, egalitarian society.

### Legitimacy

In sociology, Max Weber gives great emphasis to legitimacy. His views on law are best understood in relation to his general analysis of types of political authority. Weber provided, amongst other elements of his political sociology, a conceptual framework for systematic analysis of the role of law in securing political legitimacy. The significance of this conceptual framework lies partly in the fact that it reflects and promotes a view of legality and legitimacy that has been profoundly influential in the development of the sociology of law and in modern political and legal theory. But, in addition, its key concept, that of legal domination, is elaborated in the context of Weber's important analyses of the character of modern law and of the sociological significance of legal history, as well as his detailed studies of the development of the modern state. Thus, in Weber's writings, the relationships between law and power are analyzed with the combination of a lawyer's insights into the character of legal ideas and a great sociologist's synthesizing vision of patterns of economic, political, and social development in history.

## Conclusion

In sociology, governance addresses a wide range of issues, including social, economic, and political continuity, security and integrity, individual and collective safety, and the liberty and right to self-actualization of citizens. The aim of governance is to resolve societal problems as well as manage human resources in the required way, as reflected by the views of the majority. Sociologists are obliged to combine an empirical study of social phenomena and to critically analyze social forms and processes with the aim of producing policy guidelines directed both at governance and social movements. These guidelines aim at guarding fundamental civil rights, while facilitating negotiated change and accommodation of the aspirations of diverse communities and groups. Finally, in sociology, governance refers to all the processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory by means of laws, norms, power, or language.

## Cross-References

▶ Public Organizations and Nonprofit Organizations

## References

Abercrombie IV, Lancaster, Turner B (ca) (2006) (5th ed) The Penguin Dictionary of Sociology

Aghion P, Tirole J (1997) Formal and real authority in organization. J Polit Econ 105:1–19

Baker G, Gibbon R, Murphy K (1999) Informal authority in organization. J Law Econ Organ 15(1):56–72

Barker J (1993) Tightening the iron cage, concertive control in self-managing teams. Adm Sci Quart

Braverman H (1974) Labour and monopoly capital. Monthly Review Press, New York

Burt R (1992) Structural holes, the social structure of competition. Harvard University press, Cambridge

Burt R (2004) Structural holes and good ideas. Am J Sociol 110(2)

Buskens V (2002) Social networks and trust. Kluwer Academic Publishers, Boston, London

Buskens V, Raub W (2002) Embedded trust, control and learning. Advances in Group Process

Coleman J (1990) Foundations of social theory. Harvard University Press, Cambridge

Flache A (1996) The double edge of networks. Thela Thesis, Amsterdam

Flache A (2002) The rational weakness of strong ties: collective action failure in a highly cohesive group of rational agents. J Math Soc 26(3)

Flache A, Macy M (1996) The weakness of strong ties: collective action failure in a highly cohesive group. J Math Soc 21:3–28
Kuper A, Kuper J (2005) Serving a new democracy: must the media speak softly from practical ethics. Int J Public Opin Res 13(4):2001. Reprint 2005
Lin N (2001) Social capital. A theory of social structure and action. Cambridge University Press, Cambridge
Meyer J, Rowan B (1977) Institutionalized organizations: formal structure as myth and ceremony. Am J Soc
Mohr L (1971) Organizational technology and organizational structure. Adm Sci Quart
Powell W, DiMaggio P (eds) (1991) The new institutionalism in organizational analysis. Chicago University Press, Chicago
Reed M (1989) The sociology of organizations: themes, perspectives, and prospects. Harvester/Wheatsheaf. (Google line), New York et.ct
Sackmann S (1991) Cultural knowledge in organization: exploring the collective mind. Sage Publications, Newbury Park, London, New Delhi
Scott WR (1995) Institutions and organizations. Sage Publications, Thousand Oaks London, New Delhi
Smircich L (1983) Concepts of culture and organizational analysis. Adm Sci Quart 28:339–358
Stinchcombe A (2003) When formality works. Chicago University Press, Chicago
Thompson J (1967) Organization in action. McGraw-Hill, New York
Vallas S (2003) The adventures of managerial hegemony, teamwork, ideology, and worker resistance. Soc Prob 50(2)

# Sociopolitical Factors Giving Rise to the Kurdish Question in Turkey

Ali Can
National Police Academy, Ankara, Turkey

## Synonyms

Collective violence; Ethnic identity; Exclusion; State policies

## Introduction: The Kurdish Question in Turkey

The Kurdish question in Turkey symbolizes such an opposition by the Kurds against the Turkish government. Having emerged as low-level rebellions, the Kurdish question indicates the social discontent of the Kurds due to the governmental policies made during the formation of the Turkish Republic. Most Kurds complain that they are stuck between the Turkish government and the PKK (the Kurdistan Workers' Party – Partiya Karkerên Kurdistanê in Kurdish language). On the one hand, the government wants the Kurds not to support the PKK; on the other hand, the PKK has a great suppression on the Kurdish folk from towns to the very small villages in the southeastern region of Turkey. The mountainous geography prevents the government from providing full security, and from making enough investment in the region, which, in turn, causes poverty and illiteracy. Thus, the Kurds have had to live in a very strange and stressful social lifestyle especially for the last 40 years.

Living in these social conditions forces the Kurds, especially Kurdish youth, to make a choice between the government and the PKK. Some Kurds want to get the cultural, linguistic, and political rights that will protect their Kurdish identity; others also seek autonomous regime in the Kurdish domain. Radical Kurdish nationalists, on the other hand, insist on democratic autonomous regime. At the beginning, the Kurds showed their reactions by resorting to rebellious activities. But, the government did not care what the demands of the Kurds were and suppressed the Kurdish rebellions by using military forces. This policy led to Kurdish dissatisfaction with the system growing into a formidable resistance (Mcdowall 2004). The Kurdish nationalists used grievances against the military operations and recruited members to start terrorist activities targeting official human, material, and economic assets. Since the 1980s, the Kurdish problem has left behind destroyed buildings, wasted energy and money, most importantly the loss of thousands of lives, and their mourning families who are still waiting for a clear-cut solution to the problem.

These perceptions led the governments to employ some social and political strategies in order to rebuilt social order and security in the southwestern region of Turkey. At the early stage of the problem, the Turkish Republic took the

Kurdish revolts just as a security problem and responded to the problem by eliminating the Kurdish insurgents. These intervention techniques did not end the problem, but provoked Kurdish resentment against the government. In the mid-1980s, the government realized that the Kurdish problem had not been formed in recent years and could not be eliminated with the short-term solutions such as the employment of military force. The government started economic investments in the southeast region of Turkey. These efforts helped in dealing with the problem but were not enough to satisfy the Kurds whose ultimate desire was being accepted as equal members of the society with their cultural rights and identity. The problem grew with wrong social and political strategies of the government and turned into a desperate terrorism problem represented by the PKK.

## Factors Giving Rise to the Problem

### The Kurdish Identity

The Kurdish question in Turkey symbolizes the ultimate desire of many Kurds to be accepted as citizens having different ethnic identity with the intrinsic characteristics (Cornell 2001). Ethnicity or ethnic identity has various roots such as language, religion, education, etc. These phenomena, however, are not enough for the structural process of ethnic identity (Karpat 1985). The social integration depends on several sociopolitical and ideological factors such as control of the material in its domain and the right of creating laws which are valid in the whole domain where the ethnic population lives. This process is defined as identity creation and mobilization of ethnic group.

There is little research on Kurdish ethnicity, and the existing research is questionable due to the fact that they were written with racial or cultural biases for or against Kurds. The ethnic origin of Kurds cannot be clearly defined because of their geographic, cultural, and genetic integration with Arabs and Turks (Bulloch and Morris 1993; White 2000). Another reason is that the Kurdish society is fragmented because they live as tribes, not as a national body (Mcdowall 1991). Every tribe has its own leader, and members of that tribe have to obey the rules made by the leader. This fragmented tribal structure of the Kurdish society has always created conflicts between the tribes, which is a powerful factor in the failure of the Kurds to emerge as a national entity.

There is no definite information about the origin of Kurds. The formation of Kurdistan, a mostly Kurdish-populated state, has never existed (Yıldız 1992). The first identifiable Kurdish people (Carduchis) have inhabited in the mountainous regions of the northern Mesopotamia for a period of 2–4000 years, but the identity of these people is still obscure (Bulloch and Morris 1993). The only trait connecting them to today's Kurds is their name and their location. The link of Carduchis lived in the Mesopotamia area to today's Kurds is not enough by itself to establish the actual origins of the Kurdish people.

It has been assumed that the Kurds converted to Islam after the conquest of the Caliphate of Omar Al Khattab against Persia and Mesopotamia in the seventh century. However, it is very difficult to reach any concrete evidence for the existence of a Kurdish state in the historical records (Genckaya 1996). Another argument is that Kurdish people were a sect of the Turanis from Central Asia, where Anatolian and Mesopotamian Turkish people originally came from. There are certain similarities between the Kurdish language and the language used by the people in the Ural-Altay region of Central Asia (Cay 1996). The roots of Turkish language are also connected to the Ural-Altay language group, and there are certain similarities between the two. These similarities suggest that Kurds are closer to the Turani people more than any other race in the world.

As many races lack of clear identifiable roots, it is very understandable to advocate belonging to a specific ethnicity. People can identify themselves with a particular nationality such as the Welsh, Irish, and Scots in England (Winrow and Kirisci 1997). Kurds had not had any nationalist claim till the end of the Ottoman Empire. They fought during World War I and the Turkish War of Independence along with the Turks.

The Kurdish question emerged with the formal change in the understanding of nationality

and religion in the governmental system. The pluralist understanding of nationhood during the Ottoman Empire was changed with the formation of the Turkish Republic, and a uniform understanding of the nationality was adopted. The concept of "Turk" became the basis of the citizenship. If all ethnic groups had found an equal place under this official identity, this concept could have been an inclusive identity. In daily practice, however, being a "Turk" has been uttered as an ethnic quality and became exclusive. The concept of the religion in the governmental system was also changed. Secularism became one of the most important bases of the Turkish Republic.

These radical changes in the governmental system during the formation of the Turkish Republic made the Kurds worry about their Kurdish identity. The Turkish governments' inability to come to grips with the demands of the Kurdish citizens for cultural recognition leads the Kurds to create a different national identity. The Kurds showed their reactions to these changes with local insurrections. The authorities did not pay too much attention to the Kurdish reactions. In order to draw the attention of the authorities, the Kurds employed violence.

**Political Motivation of the Kurdish Movement**

The Kurds continue to express their resentments and demands in the political arena through the BDP established in 2008. Although the BDP has a very short history, the political struggle of the Kurds has a very long history starting from 1990 when the Kurds decided to disseminate their opinions from the Turkish Grand National Assembly (TBMM) and established the People's Labor Party (Halkin Emek Partisi – HEP). The HEP coalesced with the leftist Social Democratic People's Party (Sosyaldemokrat Halk Partisi – SHP) in the 1991 elections, and 22 HEP representatives were elected to the TBMM. Leyla Zana, a newly elected representative, wore a headband consisting of the Kurdish colors (red, yellow, and green) and spoke in Kurdish when stating the official oath at the TBMM. These two choices Leyla Zana made resulted in the abolishment of the HEP by the Constitutional Court. The Democracy Party (Demokrasi Partisi – DEP) was formed to replace it in 1993. The president Suleyman Demirel and the prime minister Tansu Ciller of that time claimed that the DEP was the extension of the PKK. Their government supported the military struggle with the PKK. Mehmet Sincar, a DEP representative, was anonymously assassinated in September 1993. The legislative immunity of some other DEP representatives was revoked by TBMM. Some of them were taken under custody and sentenced by the State Security Court (Devlet Güvenlik Mahkemesi – DGM). Similar to the HEP, the DEP was closed by the Constitutional Court in June 1994.

As the Kurdish administrators of the party presumed the closure of the DEP, they established another party named the People's Democracy Party (Halkin Demokrasi Partisi – HADEP) in May 1994. Its destiny became the same as the other parties. The Kurds put out their own flag and Öcalan's posters and lowered the Turkish flag in the congress of the HADEP. Some members of the HADEP were taken into custody, and the HADEP was closed by the Constitutional Court in March 2003. The Kurds' persistence on stating their opinions through a Kurdish political party has continued, and they founded the Democratic People's Party (Demokratik Halk Partisi – DEHAP) in September 1997. The DEHAP enrolled in 2002 elections without completing proper paperwork for the establishment of the party. A case of closure was filed in the Constitutional Court. The administrators terminated the party without waiting the decision of the court and established the Democratic Society Party (Demokratik Toplum Partisi – DTP) in November 2005.

The DTP enrolled in the 2007 elections with independent parliamentary candidates named as "candidates of thousand hopes," and 22 of them were elected to the TBMM. Because of radical statements and attitudes of the members of the DTP, the chief prosecutor of the Supreme Court opened a case of closure again in the Constitutional Court in November 2007. The main reason of the case was declared as "becoming the center of activities against the unity of the state." The

Constitutional Court sentenced the closure of the DTP. It canceled the parliamentary membership of some party members in December 2009. After the closure of the DTP, Ahmet Türk, the chairman of the party, declared that the problem cannot be solved by closing parties. On the contrary, such actions deadlock the problem. Despite all these events, Türk said, we (the Kurds) believe that Turkey will catch the peace and democracy (NTVMSNBC 2010).

All these political struggles of the Kurds indicate that the Turkish governments did not show any tolerance toward the political expression of the Kurdish resentments because of the unwillingness in communicating with the unpleased Kurdish groups. This intolerance created the Kurdish perception that the Turkish government tries to assimilate the Kurds and lead them to support PKK's propaganda that emphasizes that there is no way to get the Kurdish rights other than using violence. The problem was not just the Turkish government's policies; the Kurds are also not willing to understand that the source of this intolerance is the persistent radical attitudes of the Kurdish politicians. The main issue that closes the doors to the political struggle of the Kurds is the violence-based activities of the PKK.

## The Activities of the PKK

Abdullah Öcalan (the founder of the PKK) was a member of this Marxist Kurdish organization. He disseminated his opinions of social injustice and Kurdish identity and used the grievances during the military operations against Kurdish folk as a means to recruit many Kurdish young people. His statements flourished in the economically undeveloped east part of Turkey. Recruiting enough supporters for his movement, Öcalan wrote *The Way of Kurdistan's Revolution (Manifesto)* (*Kurdistan Devriminin Yolu (Manifesto)*) and established the PKK on November 27, 1978, in the village of Fis in Diyarbakir.

The primary aim of the PKK as an ethnic terrorist group is to create a separate state or to elevate the social status of the Kurds (Byman 1998). The main argument of PKK is that the historical grievances in the last century under the rule of Ottoman Empire and the Republic of Turkey left no choice other than using violence. The grievances experienced by the Kurds because of the harsh counter policies of the government were used by the PKK to legitimate its existence (Ekici et al. 2007). The PKK placed a great deal of emphasis on language because it is the main trait of national identity (Weber 1978). By using language, the PKK attempts to strengthen the idea which to be a Kurd does not mean to be a Turk that is the identity proposed by the Turkish government. Discerning the ethnic identity from the identity proposed by the government affirms the distinct nature of the ethnic group and gives great advantage to the PKK as an ethnic terrorist group. Therefore, the PKK forces the Kurds to use Kurdish language in social and official life.

The PKK creates fear to force the rival groups to emigrate from the southeast region because they want to strengthen ethnic identity by changing the demographic structure of the region. Due to the fear created by the terrorist group, individuals who are not willing to attend insurgencies have to cooperate with them. It is not difficult to convince the ethnic population by insurgents due to their bitter experiences with the PKK. The PKK is effectively using this method in the East Anatolia. In order to obtain the population advantage, PKK terrorists force the Kurdish population to migrate from much Kurdish-populated areas to less Kurdish-populated areas. With this tactic, they aim to win the mayoralty elections, which in turn will provide some extended autonomy for the Kurdish radicals.

Political activities are also very important for the PKK. Political party serves as a legal home base for the urban militants. Through this legal structure, new members are recruited to the terrorist group. During the mayoralty elections in 2009 in Van, members of the Peace and Democracy Party (Bariş ve Demokrasi Partisi – BDP) create great fear on the public to force them to vote for BDP. They got all official posts in many election rooms and checked most of the voters to be sure

they voted for BDP. In this manner, they become apparently institutionalized under the legal structure of the state and organize the political struggle against the government.

### Counter-Strategies of the Government

After the establishment of PKK in 1978, the course of the Kurdish question has evolved around the constant increase of the violent PKK activities and the counter policies of the Turkish governments against those violent activities. The tug-of-war between the PKK and the Turkish government resulted in the victimization of the Kurdish civilians. Turkey's response varied according to political conjuncture after the first attack was carried out on August 15, 1984. PKK had attacked to the houses, where military and police officers lived, in Siirt and Hakkâri.

On June 20, 1987, PKK killed 30 villagers – 16 of them were children – in Mardin (Ergil 2000). Upon this attack, the Turkish government initiated a couple inquiries to get information about PKK. Depending on the information gathered, the government decided to employ several methods. First, the government deployed military troops in the southeast region. The army was appointed to making counter operations, conducting routine patrols, and providing convoy protection. Besides, two elite units of special forces were created to counter PKK terrorism: *special teams* working as a unit of gendarmerie in rural area and *special operation teams* working as a unit of police in urban area. Police Special Operation Teams of the Turkish National Police made a name in fighting with the PKK and attended some operations with other forces. In addition, the government propelled air forces and conducted air attacks to PKK camps in the mountainous regions.

Second, the government organized an armed village guard system from the Kurdish villagers. The tribal leaders were assigned as the head of the village guard system. By using this system, the government was aiming at creating a local opposition to PKK militants. This system, however, brought about the misuse of power of tribal leaders and the antagonism between Kurdish villagers and PKK militants. In 1985, PKK attacks increased against civilians who were supporting the village guard system. PKK militants threatened everybody who was likely to deal with the village guards. Abdullah Öcalan ordered to kill families of the village guards because they were seen as "state collaborators" (Imset 1993). This polarization among the Kurdish folks forced the people to pick sides with the PKK or the government. Due to the deficiency in the educational system and lack of communication technologies such as the Internet and TV broadcasting in the area at that time, some people, especially young Kurds, were easily convinced by the PKK to fight against the Turkish government. With the increased number of militants, the PKK created new units of fighters.

The government could not establish an effective way to prevent the outburst of the PKK. It declared the regional "state of emergency management" (Olaganustu Hal – OHAL) in the Kurdish-inhabited zone including the cities of Bingöl, Diyarbakir, Elazığ, Hakkâri, Mardin, Siirt, Tunceli, and Van in 1987. A short time after this declaration, the region of "emergency management" was expanded, and this situation continued for almost 20 years.

After the declaration of the OHAL, severe armed fight with PKK terrorism started. Turkish military authorities outlawed the Kurdish organizations and banned all forms of ethnic, rebellious, and leftist movements with the coups in 1971 and 1980. Many people including Kurdish nationalists were jailed, the use of the Kurdish language was forbidden, the Kurdish names of the villages were changed with the Turkish names, and Kurdish families were coerced to give Turkish names to their children (Ergil 2000). These military coups aiming to ensure the integrity of Turkish society created the perception of deliberate discrimination and assimilation by the Turkish government in the minds of Kurdish nationalists.

These policies started a real destructive war with PKK terrorism. The primary victims of this war were civilians who were stuck between the security forces and PKK. They faced with both the

suppression and execution of PKK and the strict implementations of the Turkish authorities such as the evacuation and destruction of villages suspected of helping the PKK. According to the US Department of State's 1996 Country Reports on Human Rights Practices, 2297 villages had been evacuated or destroyed, and two million Kurds had been forced to leave their homes or villages (Ergil 2000). Starting from 1996, the OHAL was gradually terminated, and in 2002, it was totally lifted. The policies implemented during the OHAL process, however, restricted daily social life and caused grievances in the Kurdish population. The declaration of the OHAL and counter strategies against PKK after the OHAL were major causes turning the Kurdish problem to an extensive ethnic terrorism.

Consequently, restrictions on social and cultural freedom, arrests, and the oppressive regime pared with the military coups strengthened the separatist Kurdish nationalist movements and helped the creation of PKK. The strict policies of military regime after the coup in 1980 did not succeed in deterring the Kurdish nationalist movement; on the contrary, those policies stirred up the Kurdish problem. The ruthless suppressive policies of Turkish officials due to the worry of separation of the state created great dissatisfaction in terms of demanded cultural, linguistic, and political rights and caused the formation of Kurdish extremism (Olson 1996).

## Conclusion

The evolution of Kurdish question in Turkey clearly represents the destructive effects of state actions on the feelings of national identity. Repressive policies during the establishment process of the Turkish Republic caused resentments in Kurdish community. Using security forces to repress Kurdish protests and rebellions increased the number of Kurdish victims and disseminated the resentments in Kurdish community. The Kurds perceived these state policies as a threat against their identity and culture. Then, a Kurdish radical group established PKK terrorist organization in order to use violence to save their identity and culture. At the earlier stage of PKK terrorism, the Kurdish folk had not given much support to PKK terrorist organization, but wrong state policies toward the Kurdish question increased the support to PKK.

All this chaos between the PKK and the Turkish government force thousands of families to migrate to other safe cities. This migration increased the poverty level and street crime in the region (Durna and Hancerli 2007). Because of the supporters from the Kurdish population living in Iran and Syria and the strategic involvement of European countries, the Kurdish question has been internationalized and become a much more complicated phenomenon than a terrorist organization. After the 1990s, Turkish governments started to follow moderate policies such as developing economic and social conditions in the regions where the Kurdish population mostly lives. The efforts of the Turkish government to strengthen the loyalty of the Kurds to the state are called today as "democratic opening." The ongoing process of "democratic opening" indicates that nobody is optimistic about the success of the project because of the nontransparent nature of the project. Both parties accuse each other of being insincere and of having secret agendas.

In sum, the Kurdish question is the product of a blending of social, economic, cultural, and political determinants emerged in an environment in which the government and the Kurds are not willing to understand each other. Reciprocal misperceptions and prejudices prevented the parties from understanding and reaching to the roots of the problem constructed over the time. The authorities' unwillingness in communicating and understanding the concerns of the Kurds was perceived as humiliation and discrimination by them. This perception, then, brought about hate and loss of identity and self-respect and increased the risk for fanaticism and terrorism. The Kurds argue that the governments' approach left them no choice other than resorting to collective violence and terrorism. This preference is mainly related to ethnic, cultural values and the reluctance of the parties in communication. The claim of belonging to a specific race, ethnicity, or nation may not be valid, but

it is the fact that there is such a group of people defending this claim. Addressing different perceptions does not entail accepting them as reality; however, taking them into account can provide a true approach to solve social problems.

## Cross-References

► State Action Doctrine and Public Administration

## References

Bulloch J, Morris H (1993) No friends but the mountains: the tragic history of the Kurds. Middle East J 47(4): 52–55
Byman D (1998) The logic of ethnic terrorism. Stud Conflict Terrorism 21:149–169
Cay A (1996) Her Yonuyle Kurt Dosyası. Turan, İstanbul
Cornell SE (2001) The Kurdish question in Turkish politics. Orbis 45(1):16–47
Durna T, Hancerli S (2007) Implementing democratic policing in the PKK terrorism torn areas of Turkey. In: Nikbay O, Hancerli S (eds) Understanding and responding to the terrorism phenomenon: a multidimensional perspective. Ios Press, Amsterdam
Ekici N, Ozkan M, Demir OO (2007) Turkish government policies and the rise of PKK/KONGRA-GEL. In: Nikbay O, Hancerli S (eds) Understanding and responding to the terrorism phenomenon: a multidimensional perspective. Ios Press, Amsterdam
Ergil D (2000) The Kurdish question in Turkey. J Democr 11(3):122–135
Genckaya OF (1996) The Kurdish issue in Turkish politics: an overview. Islam World Rep 1(3):94–101
Imset IG (1993) PKK: Ayrilikci Siddetin 20 Yili (1973–1992). Turkish Daily News Press, Ankara
Karpat HK (1985) The ethnicity problem in a multi-ethnic National Islamic State: continuity and recasting of ethnic identity in the Ottoman State. In: Brass P (ed) Ethnic groups and the state. Barnes and Noble Books, Totowa
McDowall D (1991) The Kurds: an historical perspective. Asian Affairs 22(3):293–302
McDowall D (2004) A modern history of the Kurds. I.B. Tauris Publishers, New York
NTVMSNBC (2010) HEP, DEP ve HADEP de Kapatilmisti. Retrieved on November 7, 2010 from www.ntvmsnbc.com
Olson R (1996) The Kurdish question and Chechnya: Turkish and Russian foreign policies since the Gulf War. Middle East Policy 3(4):106–108
Weber M (1978) Economy and society. University of California Press, Berkeley
White P (2000) Primitive rebels or revolutionary modernizers?: the Kurdish National Movement in Turkey. Zed Books, London
Winrow G, Kirisci MK (1997) The Kurdish question and Turkey. Portland Frank Cass, London
Yıldız Z (1992) Kurt Gercegi. Yeni Asya, İstanbul

# Socio-technological Aspects in Disaster Mitigation

John J. Kiefer
University of New Orleans, New Orleans, LA, USA

## Synonyms

Crises; Emergencies; Hazards

## Definition

Measures that eliminate or reduce the impacts and risks of hazards through proactive measures taken before an emergency or disaster occurs.

A clear understanding of the concept the socio-technical dimensions of disasters is critically important for those responsible for mitigation. Leavitt and Kiefer (2006) recommended that emergency planners look at disaster mitigation from a systems approach. They argued that it was important not only to appreciate how social and technical systems were vulnerable when disasters happen but perhaps more important to understand that significant failure is often most common where different systems converge.

## What Is Mitigation?

Three common themes emerge from the definitions of disaster. First, the mitigation of disasters is a sustained and ongoing event, unlike disaster relief, which is short term (Haddow et al. 2008). Second, mitigation is designed to lessen or diminish the negative impacts of a disaster on people,

property, and the economy (Birkland 2006; Clary 1985). Finally, mitigation is a strategic activity that involves identifying the specific risks that disasters pose and developing policies to alleviate them (Bogard 1988; Sylves 2008).

There are four phases of emergency management: preparedness, response, recovery, and mitigation. Many believe mitigation to be the foundation of emergency management because of its long-term and strategic focus. Nonetheless, these four stages are interrelated, and all the stages are focused on loss reduction.

Given the nature of complex systems, multiple and unexpected interactions of failures are inevitable (Perrow 1984, p. 5). System failures often involve the unanticipated interaction of multiple systems. When communities experience a catastrophic disaster, two major components are often responsible. These include a community's social systems and its technical systems.

A community's social system is evident in its people and their interaction. Merriam-Webster (2016) defines a social system as "the patterned series of interrelationships existing between individuals, groups, and institutions and forming a coherent whole." A technical system consists of the critical infrastructure that is the lifeblood of a community. The term *critical infrastructure* is often used in the emergency management literature:

> Critical infrastructure includes systems, facilities, and assets so vital that if destroyed or incapacitated would disrupt the security, economy, health, safety, or welfare of the public. Critical infrastructure may cross political boundaries and may be built (such as structures, energy, water, transportation, and communication systems), natural (such as surface or ground water resources), or virtual (such as cyber, electronic data, and information systems). (Critical Infrastructure 2016)

Other examples of critical infrastructure include pumping stations, dams, and levees.

One of the most visible failures due to socio-technical breakdown was evident when Hurricane Katrina devastated New Orleans. There was a failure between the social and technical systems that were critical to community resilience. There was a highly vulnerable population and an inadequate transportation system. The lack of a viable transportation system for immobile citizens had been the subject of many initiatives, but no explored alternative could guarantee transportation for 100,000 citizens. This was a city with a large population of urban poor and a lack of adequate shelters in the floodplain. The city failed to address the widely understood problem of the sheer number of "immobile" citizens in an evacuation – citizens with no means of transportation out of harm's way. Additionally, it was expected that large numbers of tourists would also be rendered immobile. This was a clear example of a socio-technical system breakdown.

Another example from the Katrina experience was that weaknesses in the levee system – a technical system – were known for many years. The problem had been identified to the federal government, but federal funding was still woefully inadequate. This problem was compounded by its interface with a flawed social system, a system that permitted technically unqualified levee "inspectors" to be appointed by elected officials. This system of political patronage resulted in levee breaches that flooded the city.

One promising social initiative, dubbed "Brother's Keeper," sought to address social and technical systems. Its purpose was to link immobile citizens with those willing to share transportation through churches, synagogues, and mosques in the city's less affluent areas. Yet a major blow to this initiative came when the state's legislature refused to extend "Good Samaritan" status to drivers providing transportation, in turn causing the Archdiocese of New Orleans to refrain from participating (New Orleans is a predominantly Catholic city). This resulted in less than ideal implementation of the initiative.

## The Socio-Technical Interface: System Failure

The network of technical systems is, at some point in every system, dependent upon social factors. Katrina exposed many vulnerabilities that contributed significantly to the disaster, most stemming from socio-technical interdependencies. The first to emerge post-Katrina was the unfortunate reliance upon human operators in several pumping stations. Immediately prior to Katrina, Jefferson

Parish President Aaron Broussard relieved of duty the human operators of several important pumping stations, fearing for their lives and ordering them to safety well beyond the region (Krupa 2005b). In fairness to president Broussard, his decision was not undertaken lightly and was indeed a standard procedure in the long-standing Jefferson Parish emergency plan. Unfortunately, when Katrina struck, several important pumping stations (the technical systems), which were therefore left without operators (the social system), contributed to significant flooding due to levee failures (Krupa 2005a).

Another example of a socio-technical interface failure contributing to the disaster in New Orleans resulted from the lack of understanding of critical infrastructure interdependency across municipal boundaries. As the levee system began to fail, and water started to rise in the city, adjacent parishes hastily called upon their public works departments to construct temporary levees along parish lines, with little reliance upon accurate flood maps (Brown 2005). The result was that, in some places, rising water was effectively slowed, but in other locations, barriers were useless, consuming valuable time and the limited resources of already-stressed public works departments in their construction. Many of these temporary levees served to effectively block evacuation routes from the city, hindering the exodus of city residents. This, combined with an aggressive law enforcement presence in some of the city's neighboring municipalities, exacerbated racial tensions and further crippled timely evacuation of New Orleans (Fletcher 2005).

## Risk and Vulnerability Assessment

Clearly there is a need to better understand how cascading failures of socio-technical systems hinder response and recovery efforts. The central feature of all crises is a sense of "urgency," and urgency often becomes the most compelling crisis characteristic according to Farazmand (2005). He notes that crises scramble plans and paralyze normal government operations (p. 6). It is imperative that technical managers understand that they cannot prepare for everything or figure it all out ahead of time. The military has long known that dealing with the "fog of war" requires the ability to improvise "on the move" and that flexibility and nimbleness must be highly valued. The development of training scenarios that place a premium on flexibility and nimbleness would increase the effectiveness of disaster response by minimizing dysfunctional socio-technical interfaces. As Swope and Patton (2005) observe, officials need to develop workable response structures or plans that are nimble enough to allow them to respond to all types of disasters (p. 58).

## Implementation Considerations

To mitigate the impact of failure in socio-technical systems and thus ensure community resilience, stakeholders must develop ways to better understand socio-technical interdependencies. The process for implementing this understanding would begin with promoting awareness and understanding. Specific recommendations include:

- Incorporating requirements to identify socio-technical interdependencies into organizational vulnerability assessments and response/business continuity plans.
- Developing a socio-technical interdependencies identification "template" that organizations can use for this purpose.
- Undertaking a pilot project to create a socio-technical interdependency database provided by interested stakeholders that can be used for preparedness planning. This database would be designed with appropriate security and access protocols.
- Develop a model in-house socio-technical interdependency exercise process for use by stakeholders to educate their personnel.
- Undertake a regional threat assessment that includes private and nonprofit sector organizations and includes an impacts analysis of socio-technical interdependence.
- Investigate undertaking, with federal government support, pilot projects to develop socio-technical interdependency analysis systems that can be used for preparedness planning and response and reconstitution. For example,

analysis tools could be developed to assess the impacts of closing highways, bridges, and railways on public safety/evacuations and expeditious response and reconstitution of a community's social systems.
- Hold periodic regional and targeted socio-technical interdependency tabletop and field exercises to ensure training of key staff.
- Establish a Regional Emergency Operations Center (REOC) staffed with government response agencies and commercial and non-profit service providers. This regional EOC would establish operating procedures to integrate decisions and ensure resources are focused most effectively on both social and technical systems.

While most organizations have emergency response plans, these are often created in isolation, focused on internal needs, and are not coordinated with similar organizations. To be truly effective, these plans must carefully address the potential weaknesses where social and technical systems are interdependent. For example, emergency planners must develop and implement coordinated, region-wide public information plans to address large-scale disaster situations that impact socio-technical systems, particularly those that involve terrorist attacks.

For a community's social systems, providing the public with timely and accurate information without inciting panic is critical to relieving "stress" on the technical systems (such as roads, telecom, banking, etc.) that may result if mass evacuation is required. The need to provide situational awareness information to the public as a means of maintaining control, maximizing public support, and minimizing casualties is critically important. For example, people trying to get to their children or loved ones in a mandatory evacuation scenario could easily endanger themselves or fellow citizens by getting on area roads. Others may see a disaster as an opportunity to loot unprotected businesses. Self-evacuations of large numbers of people could quickly contribute to traffic gridlock. To better relieve stress at the interface of socio-technical systems, planners should:

- Develop a coordinated, regional public information strategy that includes means to disseminate information during a region-wide crisis.
- Identify responsible members of the media and include them in regional preparedness planning and exercises, and provide training as necessary.
- Further refine procedures to provide public service announcements, including developing alternate and redundant ways to inform the public during a regional disaster. For example, neighborhood information dissemination procedures could be developed.

## Conclusion

The importance of identifying, understanding, and analyzing socio-technical interdependencies must be recognized if communities are to respond effectively to disasters. Whenever possible, the goal must be to find ways to allow for understanding, addressing, and implementing the decentralization of socio-technical systems to promote rapid recovery from disasters.

## Cross-References

► Community-Based Organizations
► Organizational Collaboration

## References

Birkland TA (2006) Lessons of disaster: policy change after catastrophic events. Georgetown University Press, Washington, DC

Bogard WC (1988) Bringing social theory to hazards research: conditions and consequences of the mitigation of environmental hazards. Sociol Perspect 31: 147–168

Brown, M (2005) East Jeff flooding worsening: west bank deluged with evacuees. Times-Picayune [New Orleans]

Clary BB (1985) The evolution and structure of natural hazard policies. Public Adm Rev 45:20–28

Critical Infrastructure, American Society of Civil Engineers Committee on Critical Infrastructure (2016) Working definitions. Retrieved 9 Sep 2016 from http://ciasce.asce.org/working-definitions

Farazmand A (2005) Crisis management or management crisis? PA times, p 6–13

Fletcher MA (2005). Katrina pushes issues of race and poverty at Bush. Washington Post, p A02
Haddow GD, Bullock JA, Coppola DP (2008) Introduction to emergency management. Elsevier, New York, NY
Krupa M (2005a) Leaders battle over pump decision. Times-Picayune [New Orleans]
Krupa M (2005b) If Jeff officials have their way, "safe houses" will be sprouting to protect workers who brave storms. Times-Picayune [New Orleans]
Leavitt W, Kiefer J (2006) Infrastructure interdependency and the creation of a normal disaster: the case of Hurricane Katrina and the city of New Orleans. Public Work Mang Policy 10(4):306–314
Merriam-Webster.com (2016) Social system. Retrieved 8 Sep 2016 from http://www.merriam-webster.com/dictionary/social
Perrow C (1984) Normal accidents: living with high-risk technologies. Princeton University Press, Princeton
Swope C, Patton Z (2005) In disaster's wake. Governing 19(2):48–58
Sylves R (2008) Disaster policy and politics: emergency management and homeland security. CQ Press, Washington, DC

# Solid Waste Management in Urban Development

Pamela Ransom
Metropolitan College, New York, NY, USA

## Synonyms

Municipal solid waste management; Urban solid waste management; Waste and resource management

## Definitions

| | |
|---|---|
| Municipal Solid Waste Management | The field dealing with control of discarded materials, refuse, garbage, or trash within a city jurisdiction. This includes all aspects of regulation, planning, storage, transport, processing, treatment, and disposal, with the aim to protect a jurisdiction's fiscal stability and also public health and the environment. |

## Introduction

Management of solid waste in cities is an essential function becoming more complex as a result of global urban population growth. With municipal waste increasing exponentially, cities in the developed and developing world face immense management, fiscal, and technical needs. Waste has been labeled an urban problem, with municipal volumes twice that of rural areas. In addition, waste poses significant challenges to city fiscal health and quality of life. In most places, cities and local governments play the lead role, although responsibility for aspects of management, such as policy or planning, is sometimes shared with national, regional, or state actors. Management involves administrative, and operational decisions, with the overarching policy and regulatory framework setting the stage for implementation. This includes allocation of manpower, facilities, equipment, land, and public information.

This introduction to the field of urban solid waste management (SWM) provides a short historical overview and discussion of global generation, along with review of the evolution of theory about the field. Key elements of the municipal waste management process are explored including the role of partnerships and planning. This helps explore the extent to which rationalized planning, data, and analysis guide decisions and action and the degree to which disparate political, institutional, and historical forces result in influences from more ad hoc systems involving not only government but also the private sector, civil society, and informal players. Finally, the way forward is discussed.

## Historical Background of Solid Waste Management

The challenge of waste was part of the lifeblood of cities since their inception, with evidence of municipal involvement in ancient cities in the Indus Valley and Greece (Marshall and Farahbakhsh 2013). Most older cities throughout history were relatively squalid, with unregulated waste dumping, tossing, and scavenging.

Increased disease spread including cholera, dysentery, diarrhea, malaria, and fecal contamination was a result. Municipal management practices known today began taking hold in the nineteenth century, with European cities instituting laws and establishing institutions given mandates to manage waste (Allister 2015). Waste expanded dramatically with the industrial revolution as a result of increasing population growth. Greater focus on the environment, concerns about public health, strengthened technologies, and public institutions at global and national levels helped modernize the landscape of waste management in cities over the next half century.

While cities and local governments bear prime waste management responsibility in many countries, there are clearly problems with capacity of policy makers and administrators to deal effectively with waste, particularly in developing countries. This is compounded by challenges in role allocations between government levels. In some places such as Japan, a careful balance between national and local government facilities efficiency, with localities creating plans, constructing facilities, and collecting data while the national government provides overarching strategy, resources for facilities, and a central database (Mekonnen and Tokai 2020). In Europe, city waste policy was increasingly influenced by centralized EU rulings, first in 1975, following enactment of a waste management hierarchy, then in the 1990s with tightened regulations governing landfills food waste and packaging, and again in 2008 with a recycling framework.

In North America, the mid-1960s through the early 1980s marked a turning point in the United States, when a waste crises emerged from widespread dump closures. Solid waste management solidified as a field with significant legislation enacted including the Solid Waste Disposal Act of 1965 and Resource Conservation and Recovery Act of 1976 (Hickman 2003). The city of San Francisco, for example, now a leader in waste landfill diversion, evolved systems based on earlier laws institutionalizing an exclusive partnership for waste collection with the private sector and then tightened regulations for landfill diversion in the late 1980s, instituting composting mandates in 2009.

In Africa, cities like Cairo began formalizing municipal waste management in the 1970s with other cities across the continent engaging in years of grappling with management challenges including complex, uncoordinated informal sectors and legal/institutional systems, need for increased public awareness, and overreliance on landfilling. Instituting effective waste management policies also remained challenging in rapidly urbanizing parts of Latin America and the Caribbean, because of weak bureaucratic institutions, lack of enforcement, and adequate monitoring and finance. Cooperative arrangements between cities in Brazil attempt to strengthen weaknesses in management capacities of particular municipal jurisdictions. Southeast Asia is an another region suffering from absence of effective urban solid waste management administration and policy, with heavy reliance on the private or informal sectors (Zhou et al. 2017; Hettiarachchi et al. 2018).

## Urban Waste Generation

Despite city and sectoral data limitations, evidence affirms exponential growth in waste in cities worldwide. The World Bank estimates noted growth from 1.3 billion tons of waste annually from cities in 2012 to 2.1 billion tons by 2016. This will increase even further to 3.4 billion tons by 2050 (Kaza et al. 2018; Hoornweg and Bhada-Tata 2012). East Asia and the Pacific generate the most waste globally, with volumes in Indian cities alone, increasing eightfold since the 1940s (Jha et al. 2008). In Latin America and the Caribbean, with almost 80% of total population now urbanized, a 60% growth of waste is projected by 2025 (UNEP 2018b). African municipal waste will triple from 2012 levels to 81 million tons by 2025, with the region generating more than other world regions by 2100.

In cities worldwide, positive relationships exist between per capita waste generation, level, type of development, and income (Wilson et al. 2012; Chalmin and Gaillochet 2010; Hoornweg and Thomas 1999). Higher income countries generate over one third of the world's waste, more than double their share of global population. Regions

with the highest urbanization produce the most waste per person. However, waste volumes increased faster with income growth in low, versus high income countries. Europe, the United States, and Canada produce the highest levels of municipal waste per person at levels of 2.15 kg per day, while three regions, Eastern Europe and Central Asia, Latin America and the Caribbean and North Africa and the Middle East, producing lower and similar amounts ranging from 1.12, 1.09, and 1.07, respectively. At the other end of the spectrum, regions with the lowest rates include East Asia and the Pacific and Africa with rates of 0.95 and 0.65 (Hettiarachchi et al. 2018; Kaza et al. 2018).

Waste composition in cities is influenced partially by country context, with paper making up higher proportions of the waste stream in municipalities in high income countries. Some large cities now show reduced reliance on paper because of increased computerized communication and lighter packaging. Plastics are higher than glass and metals, ranging from 5% to 17% of the waste stream in samples of 20 cities. In contrast, organic waste comprises lower waste stream proportions in more affluent countries in Europe, North America, and Australia, where it was 28%, versus 67% in middle and low income developing countries (Wilson et al. 2012).

Municipal waste includes other materials ranging from dirt, dust, street sweepings, textiles, rubber, leather, and ash (UN Stats 2018). Waste is categorized as either durable or nondurable, including some combustible materials. Cities have a range of waste generating sectors, with household amounts for example, influenced by factors including education, income, and total persons per occupant group (Guerrero et al. 2013). Specialized wastes including industrial, construction and demolition, hazardous, electronic or e-wastes are often classified outside the general municipal waste system. Construction alone generates concrete comprising over two thirds of the waste in the three countries, China, India, and the United States responsible for half the world's waste. Growth in urban hospitals, clinics, and laboratories increases both general as well as specialized medical waste including infectious, radioactive, and hazardous materials. Commercial establishments are also sometimes managed separately from residential streams. However, for all waste, availability, and reliability of up to date, city disaggregated data impacts accuracy of analysis. In Asia, for example, less than 50% of countries had adequate data on city waste (UNEP 2017).

## Theoretical Evolution

Theoretical frameworks for municipal waste management have evolved over time responding to changed understanding of linkages between urbanization, institutions, social and economic development. Véron et al. (2018) identify the "hierarchical institutional" model which places the municipality as the central focus in waste management that is influenced not only by higher level governments, but also global experts and local level actors including civil society organizations, associations, or private sector service providers. This reflects a long history of institutional theorists emphasizing formal rules, state structures, and practices as the framework for analysis.

A waste management hierarchy emerged in European legislation with theorists from Columbia University formalizing the concepts in the period of 2008 and 2009 (Kaufman and Themelis 2009). This gained acceptance worldwide, guiding urban and national waste policy towards prevention and sustainability. The hierarchy outlines waste management preferences, with prevention as the most preferred option, followed by reuse in second place. Next comes recycling with waste--to-energy and recovery or incineration in third place, with landfilling placing last (Filho et al. 2016). Prioritization reflects assessment of implications of approaches for health and the environment since the least preferred options, incineration and landfilling, generate higher greenhouse gas emissions. Other frameworks embodying similar principles include the circular economy, emphasizing reuse, and the 3R's (reduce, reuse, and recycle). This is popular in Singapore, Hong Kong, and other parts of Asia.

The hierarchical institutional model is criticized for over emphasis on technical/institutional approaches and assumptions of good governance,

modern management, and engineering, applicable primarily in developed countries. Integrated solid waste management became popular in the 1990s increasing attention to linkages between social, environmental, and economic aspects of waste systems. Most recently theorists continue to move beyond emphasis on formal institutions and technologies, with attention to innovation and contextual adaptation, particularly in developing countries. Urban waste systems involve material transformation as resources become goods, moving from production to final discharge, with the informal sector often critical related to employment. Thus, social mobilization, participation, co-management, collaboration, and appropriate technologies play a role at various stages of the urban waste chain. Urban political ecology helps dissect power as another component of the organizations, stakeholders, and institutions involved in urban waste management systems (Véron et al. 2018).

## Role of Participation and Planning

Structures for both participation and planning are key building blocks in urban solid waste systems. Effective management and partnership go hand in hand, influencing not only governance, but also policy and operations. Stakeholder management involves mapping and assessment of intersections between government agencies and a range of non-governmental actors, including contractors, recycling companies, waste pickers, NGOs, and other informal sector and civil society actors. These play different roles in particular localities and shape subsystems influencing municipal waste management policy. Guerro et al. (2013) review of the literature with respect to developing countries highlights the importance of organizational complexity and system multidimensionality.

Planning solid waste management is an important tool for better system control, although the extent of use currently varies between cities. A recent study of 368 cities found only one third with solid waste plans (Kaza et al. 2018). While projections point to pressing need, effective planning can be daunting. Planning provides opportunities for policy makers to rationalize assessment of not only the current state of waste in an urban area but also future long-term opportunities and challenges. Central components of an effective system include not only guarantee of comprehensive collection, but also protection of health and the environment, use of appropriate technology, and inclusive decision-making (UNEP and ISA 2015; Raggossnig 2018). Plan formulation involves identification of goals, objectives, and collection of comprehensive supporting data on current and future population and waste characteristics. The city plan should articulate the time frame being considered and range of categories the plan will address including sectors and types of wastes.

Outlining alternatives, environmental and economic impacts, and review of institutional, policy, and legal frameworks should be included. Scenario development, big data technology, partnerships with academics, innovation scanning, community mapping, or linkages to network experts are additional tools to enhance the planning process. Planning provides opportunities to work with key stakeholders in the urban waste management system, including the informal sector. Advisory groups provide circular feedback, channeling advice to policymakers, and information back to communities. This may involve controversy in terms of agreement on goals and objectives; thus, support for communication, logistical coordination and attention to diversity, gender, and inclusion of marginalized groups are key. After plan formulation, dissemination, and adoption, implementation is the critical next step. However, often follow-up falls short, with one study finding implementation of only 2/3 of city solid waste plans (Kaza et al. 2018.

At the global level, mobilization of government and civil society stakeholders helped shape urban waste management policy guidance found in the 2030 Agenda for Sustainable Development and United Nations Sustainable Development Goals adopted in 2015. This includes principles influencing cities worldwide. Goal 11 on sustainable cities includes target 11.6 aiming to reduce the adverse environmental impact of cities, with attention to air quality and municipal solid waste.

The framework for data collection and monitoring through subindicator 11.6.1 tracks proportion of total municipal waste generated that is not only regularly collected but with adequate final discharge. By 2017, Australia and New Zealand were the most successful reaching targets with rates of 94%, followed by Europe and North America at 89.6%. This contrasts with sub-Saharan Africa at only 43.4% and Central and South Asia at 66.7%. Midrange areas include Latin America and the Caribbean, North Africa and West Asia, and East and Southeast Asia, ranging from 80.4% to 73.5% (Richie and Mispy 2018). SDG Goal 12 on sustainable consumption and production targets various forms of waste including food, hazardous, and chemical waste with target five focusing on waste reduction through prevention, reduction, and recycling by 2030, although not explicitly mentioning the city level. While governments and partnering organizations worldwide track and discuss progress at the UN each year, local level monitoring focuses on Voluntary Local Reviews, which are still inconsistent in reporting on waste.

Another important global platform, The New Urban Agenda, shaped at the Habitat III Conference in Ecuador and adopted by the UN in 2016, commits governments worldwide to an environmentally sound waste management and reduction system (United Nations 2017). The UN Habitat Waste Wise Cities Campaign calls on global cities to adopt waste management principles such as commitments for assessment and improvement of collection and inclusion. An advisory group of organizations includes the International Solid Waste Management Association and Global Alliance of Waste Pickers among others. This campaign moved beyond the 3R's to embrace the 5 R's as a guiding framework, calling for cities to Rethink, Reduce, Reuse, Recycle, and finally Refuse single use items. The Climate and Clean Air Coalition, is another dynamic international partnership helping bridge gaps between climate change and waste by focusing on short lived climate forcers or pollutants generated from landfills and incinerators, through their Municipal Solid Waste Initiative. This Coalition works with the C40 network of the world's largest cities, through a Sustainable Waste Systems network. The World Bank Group has also been a significant player, funding urban solid waste initiatives throughout the world, with other national organizations such as the Municipal Waste Management Association in the United States driving conversations through linkages between city waste managers. Wastepickers mobilized through key actors such as WIEGO and the Global Alliance of Wastepickers with conferences held since 2008. The International Partnership for Expanding Waste Management Services for Local Authorities is another UN Commission for Sustainable Development initiative linking local authorities and private sector actors.

## Reduction and Recycling

With respect to waste reduction, approaches taken by cities to guide policy emphasize voluntary or mandatory approaches. Public education can highlight importance of reducing waste or influence behavior through financial measures such as charges for plastic shopping bags. By 2020, substantial numbers of cities tightened measures in 127 countries with involuntary bans popular in 18 African countries, 9 Asian countries (including India and China), 4 European countries, and 1 South American country. Taxes are popular in Europe and the UK, South Africa, Botswana, Mozambique, and French Guyana. Partial bans or taxes are policy instruments used in six Asian countries, five Latin American countries including Brazil, Bolivia, Argentina, Chile, and Mexico, three African, and two European countries as well as Greenland. These measures are instituted in 200 cities or counties in the United States alone, with eight states implementing regulations against plastics. Bans on plastic bags at point of sale are controversial in some cities due concerns about unintended consequences, including increased paper or cloth bag waste.

Waste reduction is championed through the Zero Waste movement which emerged in recent decades with impetus from Zero Waste conferences, first starting in New Zealand. Cities throughout the world embraced commitments to keep trash from reaching landfills and

incinerators. In the United States, San Francisco is a recognized leader, unveiling early ambitious goals of zero waste by 2020. Many other cities including New York, Austin, San Diego, and Boston also signed on. By 2018, over 20 cities worldwide signed Advancing Towards Zero Waste Declarations with pledges to cut per person waste 15 per cent by 2030, reduce by half waste going to landfills or incinerators, and elevate diversion to 70 per cent by 2030. Tokyo, Tel Aviv and Dubai, Auckland, Sydney, Catalonia, Navarra, Copenhagen, London, Paris, Rotterdam, Vancouver, Toronto, Washington DC, Santa Monica, San Jose, San Francisco, Philadelphia, and Portland are the involved cities. There are however examples of cities such as Buenos Aires, who established Zero Waste goals as early as 2005 but faced challenges working towards their ambitious pledges, with only 23% reduction achieved by 2015 despite extensive public education. Lack of incentive based fees was part of the problem (Ceva-Alverez 2019; Gutman 2020).

In the waste hierarchy, recycling is the next preferred option after reduction or reuse. Recycling has taken place in cities throughout history, providing income for the urban poor, through activities of junkmen, scavengers, and bottle collectors. Formal municipal government run recycling programs emerged in cities with initiatives often targeting streams of paper, glass, cans, organic material, or fiber, with varying levels of success. In Europe, Germany, Wales, Austria, Denmark, Norway, and Switzerland were leading municipal recycling by 2017, with rates just over 67%. Strict laws, stiff fines, reverse vending machines, and multicolored bins are strategies to increase rates. Ljubljana in Slovenia achieved a 68% rate, by reducing general waste pickups, distributing recycling bins, creating recycling centers, fix up workshops, and zero waste stores (Dakskobler 2019). The United States recycles over one third of its waste, with cities like San Francisco and Los Angeles leading (Brewer 2020). In Asia, Singapore achieved recycling rates of 61%, although Asian rates hover around 17%, while Taipai's pay- as-you throw taxes paved the way for Taiwan to achieve rates as high as 55% (Hettiarachchi et al. 2018). China's policy to do away with imports of used paper and plastics in 2017 disrupted cities worldwide heavily dependent on the country as an endpoint for recycled materials, with smaller cities particularly hard hit. In response, Thailand and India began accepting more recycling waste and making other adjustments including cut backs of recycling budgets, collections, and increased incineration. Standardization of recycling labeling laws remains a need.

In Latin America, rates of formal recycling remain at less than 4.5%, although more cities and countries are establishing programs (Moyer 2018). The urban informal sector tie to waste activities is fueled by regional poverty with connected problems including exposure to health and environmental threats, gangs, and child labor (UN Stat 2018). Mexico City, for example, initiated an effort to address economic challenges, with an initiative to trade electronic waste for food. While not achieving zero waste goals, in 2019, Buenos Aires reports high waste processing and recovery rates of 78%, driven largely through joint activities of government and twelve waste-picker cooperatives (Ortiz-Moya et al. 2019). Cities in other parts of the developing world such as Lagos in Africa grapple with two contrasting sides of the recycling dilemma – problematic environmental impacts of ewaste shipments on the one hand and positive employment opportunities on the other.

## Waste Collection and Transfer

After storage of waste, the next steps in management involve collection and transport. The scope of waste collection varies greatly in cities worldwide, with coverage estimated to range from 48% in lower income, up to 85% in those with middle income, and almost all city waste collected in affluent countries. However, two billion people globally were without regular collection in 2015, with informal settlements often bearing the brunt of the urban problem (UNEP 2017). Low levels of collection, particularly in developing countries, are due to a wide range of factors including challenges of providing service, access of collection vehicles in large or dense unplanned areas, inability to pay collection fees, inefficient management,

and collection infrastructure in the face of increased urbanization. Comparative review utilizing "criticality index" analysis found collection problems particularly problematic in the cities in low income countries across Africa (Louki and Rouached 2020).

Waste management collection can be provided directly by the municipality to the whole population or only specific segments and may be either door to door or only at specific collection points. Sometimes collection occurs through contracting out to single or multiple private entities, with public cooperation between municipalities providing service another alternative. Privatization takes place in Europe, the United States, East Asia, and the Pacific. Research on the most optimal form of collection suggests that city size, fiscal condition, service cost, and political factors all play a role in choice of an appropriate strategy with fiscal stress, high service costs, and more conservative governments factors influencing use of contracting out. Joint service delivery is more appropriate for smaller size cities with contracting out more cost efficient for larger cities and towns (Plata-Díaz et al. 2014). Geographic Information Systems can help optimize collection planning through analysis of factors including trips, distances, and collection times.

Collection and waste transfer may be centralized or take place in stages, starting with pick up at households by trucks, vans, or even carts or bikes (Beken et al. 2014). Movement may go from smaller to larger forms of transport to the final destination, with transfer stations or collection points providing interim locations. Transfer stations are often controversial with neighborhood complaints focusing on inequitable distribution and they are still not adequately distributed throughout many large cities. Recyclable materials are transported to sorting plants with output moved for reprocessing in another domestic or international location. Collection can drain resources, with costs 4% to 20% of budgets for cities in developed and developing countries (Kaza et al. 2018). Barriers to effective collection may involve route planning, road condition, vehicle sufficiency, maintenance, manpower, or scheduling.

Charges related to collection vary greatly across world regions. Some cities provide collection free of charge, or payments may be obtained from those receiving service. This may be mandatory or automated through utility bills, property, or general taxes or through purchase of official garbage tags or bags, sometimes with incentive charges for recycling. Payments can also go directly to collection companies or private contractors. Volume based systems include pay or save-as-you throw or dump, unit or variable pricing. Finances remain a challenge and many jurisdictions face barriers including limited resources, and prevalence of low income households that pay little or nothing for waste services. Local governments generally pay half the costs of solid waste management with help from national governments or the private sector often filling the gap (Kaza et al. 2018).

## Disposal and Treatment

Disposal sites which serve as final destinations for waste may be uncontrolled, controlled dumps or sanitary landfills with improvements including liners, leachate, gas collection and control, and regulated closure. Proliferation of open dumps poses serious problems for many cities, particularly in the developing world. These have no barriers between waste and soil, with environmental problems including leachate, fire, explosions, emissions of greenhouse gases, and persistent organic pollutants. Open dumps now handling 1/3 of the waste are appealing because they are viewed as the simplest, most convenient, least expensive, and technologically complex option for many localities (Saleh and Keller 2019). However, there are subsequent health impacts, particularly for informal sector waste pickers and communities near dumpsites who are most exposed. Disease transmission occurs through the rats, flies, mosquitoes, and other insects attracted to waste. Landfill gas from waste decomposition exacerbates greenhouse gases estimated at 60% methane ($CH_4$) and 40% carbon dioxide ($CO_2$) with other emissions through both transport and burning (Renner 2016; Jha et al. 2008). Methane capture is increasingly used for electricity generation.

Many cities in Africa, Asia, and Latin America are working towards improved sanitary

landfilling. In Africa only 10% goes to improved landfills while in Asia, landfills tend to be controlled, rather than tightly engineered, due to financial constraints. While movement towards improved design and better managed sanitary landfills with gas recovery is taking place, large cities like Beijing depended on landfills until 2010, when biotreatment, repurposing, waste-to-energy, and incineration accelerated. (Jha et al. 2008). Organic waste can be composted through aerobic treatment, used as manure or soil fertilizer, or treated through bio-methanogenesis or anaerobic treatment in reactors generating biogas which can be used for electricity or heat (Saleh and Keller 2019). In Latin America and the Caribbean, one third of waste is still dumped or left in open areas without proper management. Urban areas continue to have problems with space limitations for either disposal sites and new or improved landfills. Landfill closures for cities, particularly large megacities, cause problems in sourcing alternatives. Examples include Shanghai in 2017, New York City Fresh Kills in 2001, the Bordo Poniente landfill Mexico City in 2011, and Brasilia's Estrutural landfill in 2018, each posing complex closure and replacement challenges of some of the largest city landfills in the world (Hettiarachchi et al. 2018).

Incineration describes facilities built for combustion of waste, with newer waste-to-energy facilities, also called resource recovery, converting waste through steam generation to electricity or heat. These are popular in cities primarily in developed countries, with cities in Europe, the United States, Japan, and China expanding use after the 1960s. The 1300 nearly doubled between 2012 and 2020. Attractive features include significant reduction of waste mass and volume, greenhouse gas reduction such as methane and economic returns (Menikpura et al. 2016). Resource recovery facilities and incinerators are controversial because of health concerns, particularly impacts for adjacent populations from cancer and respiratory or reproductive impacts. There is also diversion from recycling. In recent years, improved abatement systems reduce pollutants although aging facilities still have problems with emissions including mercury, heavy metals, volatile organic compounds, or dioxins. Strict standard setting is a policy tool to reduce emissions. High operating and investment costs are disadvantages. Medical and hazardous waste are waste streams heavily reliant on incineration. Hazardous waste is governed by the Basil Convention which articulates Environmentally Sound Management (ESM) and disposal (UNEP 2017). Inadequate training, awareness, and integrated planning with other levels of government with respect to medical waste remains a problem in some municipalities, particularly in developing countries (Guerrero et al. 2013; Hasan and Rahman 2018). Composting and digestion of organic waste provides another disposal option.

## The Way Forward

Thus, it is clear that in coming decades, effective municipal waste management must increase, particularly in low and lower middle income cities, because of population growth trajectories. Cities in regions targeted for future urban growth, such as Latin America and the Caribbean, need particular focus to reduce existing management challenges. Environmentally sound, cost effective management must be paired with creative, visionary, pragmatic approaches linked to local realities. Improved planning is critical but involves rethinking a range of issues including overlapping authority and top down processes to increase inclusive, participatory engagement with key stakeholders. The aim is to increase not only buyin, but also innovation and resources brought to bear in all phases of the waste system. Advanced use of virtual technology provides opportunities to increase not only savings by cities but also more coordinated training and resources for municipal solid waste managers in a range of areas, including data collection, analysis, information sharing, and even regulation. Circular economies can be enhanced through role modeling and peer networking. Movement away from outmoded strategies such as open dumping necessitates not only full engagement but also resources, wise use of smart technologies, and regional as well as informal and private sector integration. Collections systems can be planned using tools such as geographic information

systems, sensors, global positioning systems, and fleet trackers. Planning must also be ongoing and involve methods of follow-up, clear lines of authority, and acknowledge power of the unexpected, including changing circumstances related to manpower disruptions due to health emergencies. Attention must be given to the full range of types of waste with special efforts focusing on methods to improve management of organic, medical, construction, and hazardous waste. Careful mapping should include roles and resources but also responsibilities of not just government but also civil society, private actors and international networks to ensure they enhance rather than impede waste systems.

## Cross-References


- ▶ Citizen Participation: Rationales and Approaches
- ▶ Metropolitan Governance
- ▶ Privatization in Local Governments
- ▶ Sustainable Development Administration
- ▶ Urban Sanitation: Optimizing Private Sector Involvement


## References


Allister J (2015) Factors influencing solid waste management in the developing world. (Master's thesis). Available from https://digitalcommons.usu.edu/cgi/viewcontent.cgi?article=1537&context=gradreports

Beken J, De Boeck L, Van Achere J (2014) Municipal solid waste collection and management problem: a literature review. Transp Sci 48(1):201402:78–102

Brewer B. (2018–20). *Recycling envy: Ten American cities with excellent recycling practices 2020*. Retrieved from https://www.bustedcubicle.com/outside/top-american-cities-recycling

Ceva-Alverez M (2019, May 8) Filling gaps in Buenos Aires reduction strategy [Web log comment]. Retrieved from https://medium.com/@GSPIAe_eBlog/filling-the-gaps-in-buenos-aires-waste-reduction-strategy-577f126334e1

Chalmin P, Gaillochet C (2010) From waste to resource – World waste survey 2009. CyclOpe and Veolia Environmental Services, Paris, France: Edition Economica

Dakskobler L (2019, May 23) From no waste to zero waste: How Ljubljana rethought its rubbish. *The Guardian*. Retrieved from https://www.theguardian.com/cities/2019/may/23/zero-recycling-to-zero-waste-how-ljubljana-rethought-its-rubbish

Filho WL, Brandli L, Moora H, Kruopienė J, Stenmarck (2016) Benchmarking approaches and methods in the field of urban waste management. J Clean Prod 112(P5):4377–4386

Guerrero LA, Maas G, Hogland W (2013) Solid waste management challenges for cities in developing countries. Waste Management, 33(1):220–232 https://doi.org/10.1016/j.wasman.2012.09.008

Gutman P (2020 Feb 7) Can cities reach the Zero Waste goal? *Interpress Service.* Retrieved from http://www.ipsnews.net/2018/07/can-cities-reach-zero-waste-goal/

Hasan MM, Rahman MH (2018) Assessment of healthcare waste management paradigms and its suitable treatment alternative: a case study. J Environ Public Health 6879751(2018):1–14. Retrieved from https://doi.org/10.1155/2018/6879751

Hettiarachchi H, Ryu S, Caucci S, Silva R (2018) Municipal solid waste management in Latin America and the Caribbean: issues and potential solutions from the governance perspective. Recycling 3(19):1–15

Hickman HL (2003) American alchemy: history of solid waste management in the United States. Forester Press, Santa Barbara

Hoornweg D, Bhada-Tata P (2012) *What a waste: a global review of solid waste management.* Urban development series; knowledge papers no 15. Urban Development & Local Government Unit: World Bank, Washington, DC. Retrieved from https://openknowledge.worldbank.org/handle/10986/17388 License: CC BY 3.0 IGO

Hoornweg D, Thomas L (1999) What a waste: solid waste management in Asia. Urban and local government working paper series; No. UWP 1 Washington, D.C.: World Bank Group

Jha AK, Sharma C, Singh N, Ramesh R, Purvaja R, Gupta KP (2008) Greenhouse gas emissions from municipal solid waste management in Indian mega-cities: a case study of Chennai landfill sites. Chemosphere 71(4):750–758. https://doi.org/10.1016/j.chemosphere.2007.10.024

Kaufman SM, Themelis NJ (2009) Using a direct method to characterize and measure flows of municipal solid waste in the United States. J Air Waste Manag Assoc 59:1386–1390

Kaza S, Yao L, Bhada-Tata P, Van Woerden F (2018) What a waste 2.0: a global snapshot of solid waste management to 2050. Urban Development, Washington, DC: World Bank. © World Bank. https://openknowledge.worldbank.org/handle/10986/30317 License: CC BY 3.0 IGO

Louki F, Rouached L (2020) Waste collection criticality index in African cities. Waste Manag 103:183–197

Marshall RE, Farahbakhsh K (2013) Systems approaches to integrated solid waste management in developing countries. Waste Management (Elmsford), 33(4), 988–1003. https://doi.org/10.1016/j.wasman.2012.12.023

Mekonnen G, Tokai A (2020) A historical perspective of municipal and solid waste planning in Japan: learning for developing countries. J Sustain Dev 13(3). https://doi.org/10.5539/jcd.v13n

Menikpura SN, Sang-Arun J, Bengtsson M (2016) Assessment of environmental and economic performance of waste-to-energy facilities in Thai cities. Renew Energy 86:576–584. https://doi.org/10.1016/j.reene.2015.08.054

Moyer E (2018, May 17) World recycling day: how much is recycled in Latin America? Retrieved from https://www.nrdc.org/experts/erika-moyer/world-recycling-day-how-much-recycled-latin-america

Ortiz-Moya F, Koike H, Ota J, Katoaka Y, Fujino J (2019) State of the voluntary local reviews. Institute for Global Environmental Strategies, Hayama, Kanagawa, Japan

Raggossnig TS (2018) Succeeding in involving decision-makers in solid waste management planning by setting appropriate goals and providing a structured planning method. Waste Manag Res 36(10):924–933

Renner M (2016) Source reduction and recycling of waste. In: Mastny L (ed) Can a city be sustainable. Worldwatch Institute, Island Press, Washington, DC

Richie R, Mispy OO (2018) Measuring progress through the sustainable development goals. Retrieved from https://sdg-tracker.org/

Saleh MH, Keller M (2019) Municipal solid waste. In: Saleh HE (eds) Municipal solid waste management. https://doi.org/10.5772/intechopen.79020

UN Statistics (2018, Feb 14) Institutional information concepts and definitions. Goal 11: make cities and human settlements inclusive, safe, resilient and sustainable Target 11.6: by 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. Retrieved from https://unstats.un.org/sdgs/metadata/files/Metadata-11-06-01.pdf

United Nations (2017) The new urban agenda. Habitat III Secretariat

United Nations Environment Programme (2017) Regional study on mercury waste management in the ASEAN countries. United Nations Environment Programme, Nairobi

United Nations Environment Programme (2018a, October 9) A third of urban waste ends up in open dumpsites or the environment in Latin America and the Caribbean. Retrieved from https://www.unenvironment.org/news-and-stories/press-release/third-urban-waste-ends-open-dumpsites-or-environment-latin-america

United Nations Environment Programme (2018b) Waste management outlook for Latin America and the Caribbean. In: Savino A (Eds) Asociación para el Estudio de los Residuos Sólidos (ARS), Argentina

United Nations Environment Programme and International Solid Waste Association (2015) Global waste management outlook. Vienna, Austria, 2015. Available at: http://iswa2015.org/assets/files/downloads/03_Wilsson_David.pdf

Véron R, Fernando N, Narayanan NC, Upreti B, Ambat B, Pallawala R, Rajbhandari S, Rao Dhananka RS, Zurbrügg C (2018) Social processes in post-crisis municipal solid waste management innovations: A proposal for research and knowledge exchange in South Asia. Research Ideas and Outcomes 4:e31430. https://doi.org/10.3897/rio.4.e31430

Wilson DC, Rodic L, Scheinberg A (2012) Comparative analysis of solid waste management in 20 cities. Waste Manag Res. https://doi.org/10.1177/0734242X12437569

Wilson DC, Rodic L, Modak P, Soos R, Rogero AC, Velis C, Iyer M, Simonett O (2018) Africa waste management outlook. United Nations Environment Programme, Nairobi

Zhou B, Sun C, Yi H (2017) Solid waste disposal in Chinese cities: an evaluation of local performance. Sustainability 9:2234. https://doi.org/10.3390/su9122234

## Sound Governance and Effective Public Relations: An Assessment of Nigerian Prison

Raphael Abumchukwu Ekwunife[1], Ikechukwu Ogeze Ukeje[2], Udu Ogbulu[3] and Kalu Ojiaku[1]

[1]Department of Mass Communication, Evangel University Akaeze, Ebonyi State, Nigeria

[2]Department of Political Science, Alex Ekwueme Federal University, Ndufu-Alike, Abakaliki, Nigeria

[3]Department of Political Science, Nnamdi Azikiwe University, Awka, Nigeria

### Synonyms

Ex-offenders Empowerment; Inclusive Governance; Inequality Reduction; Information Management; Public Relations; Reintegration

### Definitions

| | |
|---|---|
| Penal System | A kind of governance in which the offender is strictly confined for punishment as corrective measure. |
| Public Relations | A deliberate attempt to maintain a mutual and beneficial relationship between the prisons and its publics. |

| | |
|---|---|
| Reintegration | Meaningful or productive absorption of the ex-offender into the larger society after incarceration |
| Recidivism | The act of an offender returning to the prison after being a first timer. |

## Introduction

There is something fundamentally faulty with the principle that established the prisons everywhere in the world (O'connor 2014) and Nigerian Prison is a place where human rights are systematically violated (Amnesty International 2007). Such violations of human rights are multifarious. All over the world, prison is synonymous with the denial of freedom and certain human rights but there is a sharp difference between the denial of freedom in the prisons management of the developed countries of the north like the United States of America and the developing countries of the south like those of Nigeria and other countries of Sub-Sahara Africa. In Nigeria, this denial of human rights seems to go beyond the constitutional to the extra judicial tortures that strain the humane containment in managing humans, whether offenders or the innocent. Some of them are congestion in the cell, denial of education, absence of cell categorization, poor rations, inability to attend court, among others. Globally, America stands tall as the country with the highest number of correctional facilities such as education in the prison while the same correctional facilities have led to the shutting down of many prisons in Netherlands because offenders are getting rehabilitated, a huge reduction in recidivism. Reports show that about 53,000 inmates are languishing in Nigerian correctional institutions and one out of every five released has a tendency to recidivate (Shajiobi-Ibikunle 2014; Obioha 2011; Ekwunife 2016). In Nigeria, the management of the prisons is in the exclusive list, being the sole affair of the federal government. The penal principles establishing the prisons therefore remain an uncontrollable variable that determine its administration and governance. This in turn results in inequality on the status of the incarcerated (Duguid 2000). In the face of all these, the Nigerian prison inmates face a barrage of assault and denial of rights arising from the wide gap between the inmate as an object and the management as a subject. The entry for this study posits that in the face of punitive measures garnished with a measure of public relations in prisons everywhere, a level of cooperation can be achieved between the pen keepers and the offenders through the practice of sound governance. This agrees with the updated European Prison Rules and a new rule- Rule 50 which allows the prison inmates to discuss matters relating to the general conditions of imprisonment and having same communicated to the prisons management as a way of participating in co-governance for sound governance. In countries such as Belgium, Denmark, Finland, Spain, Germany, Netherlands, and Sweden, there is legislative provision for prisoner participation in the general management of prisons. In eastern European countries, there is the introduction of prisoner councils in view of participatory governance; an air of public relations introduced into penal governance.

## Origins

It would be very erroneous to suppose that imprisonment in Nigeria started with the colonial masters. Okoro (2008) highlights the different forms of prison in Nigeria and this throws more light into the nature of imprisonment in pre-colonial Nigeria. Gunn and Conant (1960) notes that in the precolonial Nassarawa in north-central Nigeria, thieves were kept or confined in their compounds pending when their relations redeemed them. Okoro (2008) examines this under what he called "house custody," a form of imprisonment. In the northern Nigeria, an offender was kept in stocks in a place visible enough in his compound for passers-by to see and jeer at him (Shajiobi-Ibikunle 2014).

Among the Igbos of the south-east, chains were used to confine a murderer while investigations commenced by a diviner to find out the factors that made him commit such a heinous crime. Among the Yorubas of the south-west, debtors were said to be confined in a place called

*tubi* and virtually every chief had his *tubi* which was a word equivalent to prison. For every one of these confinements, an act of disobedience or social disorder was an antecedent. The Ogboni Cult in Yoruba land also kept offenders in their prisons for offences such as witchcraft, murder, notorious burglary (Oyeneleye 2007). Bradbury (1957) notes that the *ewedo* was a form of prison where culprits were kept in the Edo tribe of mid-western Nigeria pending when they were sold into slavery or regained their freedom. Among the Tivs of the middle belt region, one who offended had to agree to a term of imprisonment as a way of admitting his guilt. Abubakar (2008) elucidates that in the northern Islamic tribe, imprisonment was not the restriction or confinement of a person in a small dark room but in the house or a mosque. Speaking on the penal system in Nigeria, Shajiobi-Ibikunle (2014) avers that an ancient prison existed in Sokoto where criminals were kept in a building "crowded to over flowing" with prisoners and in the center of it was a dungeon in which the worst criminals were kept. Lord Lugard also recorded that he met prisons in Kano when he captured the city in 1900.

## Nigerian Prisons and Governance

In relation to the attainment of goal 10 of the SDGs, the inequality which incarceration breeds serves as a breach, rather than aiding the attainment of inequality reduction. It serves as a catalyst that ferments a wide gap between the prison inmate and the society at large. This is the fulcrum of the poor image and stigmatization surrounding the prison institution in Nigeria. In an era where sound governance in the light of Public Relations (PR) strategies aims at using carefully and purposefully orchestrated communication to bridge the wide gap between prisoners and the free persons, Farazmand (2017) argues that this approach in administration goes far beyond good governance to sound governance, maintaining that to govern effectively; citizens must be involved as active parts of innovation in policy and capacity building for governance and public administration. The entry addressed here is sound governance through public relations in Nigerian prison. Therefore, the administration in Nigerian prison is of paramount importance since it can make or mar governance. Besides, the constitution establishing the administration of Nigerian prisons is antithetical to the practice of public relations within the penal system (Ekwunife 2016).

## PR, Sound Governance, and NPS

Applying PR for sound governance (SG), Dyer (2003, 79) explains that the type and quality of information is essential for individual to make informed choice of significance. Hence, "public relations officers in governments, businesses, community organization, and lobby groups of all kinds engage in information management to sway public opinion and direct choice." Talking about information management in the light of PR for sound governance, attention has been drawn to the application of a form of communication that creates a docile citizenship that is uncritical and accepts opinions or actions as they are (Dyer 2003; Ahiante 2008; Lattimore et al. 2009). This kind of information management seems to gain ground in prisoner management as the enquiry capacity of prison inmates is reduced through a haze of regimenting rules that deters them from democratically participating in their own societies.

In line with the SDGs goal of reduction of inequality, Khan and Musarrat (2016) note that sound governance is joined up governance which is not so emphatic of top-down policy making but also concentrates on the horizontal whole of governmental policy. Avery and Graham (2013, p. 274) note that governments at all levels have maximally made use of social media in order to be "more transparent, participatory and collaborative with their citizenry" Bertot et al. (2010) amplify same thought, observing that the idea of transparency, participation, and collaboration with the citizenry is a form of political public relations for sound governance. These scholars

explain that the popularity of social media has brought a change into the practice of public relations which has made public information officers to adjust their communication strategies.

To this effect, information management as PR strategy for sound governance in Nigeria prisons is an issue considering the fact that there is something fundamentally faulty with the criminal justice that established the prisons everywhere in the world (O'connor 2014). This fundamental faultiness has damning implications on the overall administration of the prisons, with particular regard to information management. Explaining the governance that revolves around the prisons, Slack (2016) highlights the forms of punishment in both nineteenth century and modern prisons to include Deadline, Just desert, Lock-step, and stocks. Each of these punitive measures has a serious physical and emotional effect on the prisoner and fundamentally strains the idea of public relations in prison governance. Going by the Pennsylvania model, an inmate serving in isolation of other inmates has a greater chance of being rehabilitated; hence, Senge (1990) argues that people who are kept in the same enclosure behave similarly. "The purpose of segregation was both to punish and to rehabilitate. . .... No man could speak unless specifically asked to. . . socialize, or work with other inmates" (Slack 2016, p. 1).

All these are in tandem with the principle of penal governance but certainly do not align with the ideals of good public relations for sound governance. Emphasizing the importance of public relations for sound governance, Newsom and Scott (1985) maintain that even in military government where force and regimentation were the underlying principles, the early military Roman Empire was aware of the importance of public opinion in which opinion research was carried out constantly. The essence of this opinion research was a kind of public relations research aimed at knowing the disposition of the ruled in view of participatory, collaborative, and transparent government. The functional and dysfunctional roles of public relations in governance are indubitable that Newsom et al. (1985) note that Pope Urban II in 1905 used public relations to promote a war upon his Muslim neighbors to the East while in 1215, Stephan Langton, the Archbishop of Canterbury, used public relations tactics to lobby for a political cause. Niccolo Machiavelli applied his public relations strategies to give legitimacy and credibility to a political party in power.

## Sound Governance and Penal Policies

The possibility of participatory governance in the prisons, that is, governance that is inclusive of prison inmates in the face of penal policies, is still an argument. The reflection of humane governance in the discharge of penal action has been questioned by Jahan (2016), noting that the inclusiveness of persons with a view to projecting sound governance is striking. In this case, the persons whose participation is under discussion are the prison inmates who are the direct recipients of penal actions. It should be noted that the "get tough on crime" policy of the criminal justice system is the metaphor guiding the overall administration of the prisons. This has had an increasing influence on the penal measures and has also not brought a reduction on the recidivism level. The outcome has been a rapid growth of correctional system that is void of humane containment (Andrew and Bonta 2010). It is worthy to note that in the aberration of Shabbir (2002), during the early era of Islamic administration of justice in Arabia, the handling of Awaiting Trial Persons by the detainer and the prophet's instruction for feeding the detained upheld the ideals of human dignity and respect unlike what we have in the today's prisons.

In the face of this, the realization of sound governance in a penal system like the Nigerian Prisons Service poses a challenge since the public relations angle remains doubtful. In many parts of the world, it is understood that the Risk-Need-Responsibility (RNR) model which actually examines criminogenic factors and the cognitive social learning has had a more functional waning impact on criminality and recidivism. On the contrary, the "get tough on crime" policy does not treat criminality with kid gloves or human face. It

is highly retributive as corporal punishment, imprisonment, probation, and so on are inflicted on the confined. The criminal justice system or the penal system remains a burden and a part of crime-ridden society, exacerbating the problems rather than being curative. Hence, prisons as an institution harms more than it heals (Scurrah 2008), leading offenders into a state of extreme radicalization.

In view of sound governance with due application of public relations, the criminal justice system is expected to oblige itself with the inmates' accessibility to justice, good prison conditions, fair trial evidenced by the absence of unnecessary delays in judicial proceedings, among others. If access to justice is not fundamental and cannot be guaranteed, then sound governance is strained. In Nigeria, the application of sound governance in prison management will lead to a review of such laws as: no punishment except in accordance with the law, the accused is innocent until proven otherwise by a court of competent jurisdiction, etc. It raises the issue of how much of these laws are theoretical and practical when the mere accused (Awaiting Trial Men) in Nigeria prisons are tortured and tormented extra-judicially, the minor offenders and the hardened criminals are kept in the same cell with no cell classification and crime categorization, the inmates are denied basic rights such as food rations and ventilated cells, among others (Obioha 2011).

In the recent times, the idea of sound governance in prison management could be linked to such terms as correctional administration which aims at reducing the haze of brutish rules that make prison management very hellish while engaging the offenders in rehabilitative programs and restorative justice that successfully integrate the released inmate into the larger society. A perspective that is of crucial concern to this study is citizen's participation in penal governance. Citizens here refer to both the prison inmate (during and after incarceration) and the larger society to whom the ex-offender must be reintegrated for a successful, functional, and productive postrelease life. Emphatically, how much of citizens' participation is evidenced in prisons governance?

## Sound Governance and Ex-Offenders' Rehabilitation

The release of an ex-offender is still an infinitesimal aspect of his productive return to his society if there is no empowerment for his successful re-absorption (Ekwunife 2016). The returnee-inmate needs empowerment, and in view of citizen participation in governance (that is, co-production), the local communities of the previous offender need to be empowered in order to empower (absorb) the returnee. These are aspects of welfare and re-integration programs which the penal system is supposed to consider in the light of sound governance and public relations. The imbalance across local communities, states, and regions must be discovered so as to be specific about the empowerment (Christopoulos et al. 2012). To enhance sound governance that ensures citizens' participation in co-production, the prisons as a rehabilitative institution is obliged to investigate the variables such as the cultures of the larger society that impede the successful reintegration of the ex-offender. Reasonably, there has to be a nexus of relationship between the penal institution and local communities, with serious orientations so that the return of the ex-offender is not perceived by the community as a threat. The wide gap (inequality) that exists between the inmates during incarceration and thereafter, and his immediate society must be bridged with this collaboration.

## Sound Governance and Community's Involvement in Penal Policy

A wide view sees co-governance as democratic mechanisms aimed at involving the citizens in the making of public policy. It constructs a bridge between public institution and ordinary citizens with a view to heightening the efficacy and responsiveness of public policy making programs (Palumbo 2017). This is governance that is integrative of the citizens by deliberately giving power to people which co-opts them in decision making and policy formulation, all to ensure that the citizens' interests are represented and promoted.

## Conclusion: Public Relations and Sound Governance

To all intents and purposes, penal policies are punishment-driven. It may seem impossible to earn the support of the internal citizens of the penal system (prisoners) towards advancing prisoner's management. However, this notion of citizen's integration in sound penal governance is predicated on the ideals of public relations which Awake (2000) observes that with this, even the sick at the throes of death can face death with confidence. Also in view of penal governance garnished with public relations, an air of citizen-centered governance, otherwise called sound governance can be achieved. This will go at length to reduce the inequality between the prisoner as an object and others as subjects, hence, advancing sound governance within penal administration.

In Abakaliki Federal Prisons of Ebonyi State in Nigeria for example, and just as in other Nigerian prisons, prison inmates are assigned certain portfolios and powers in view of co-governance. Each cell has a set of hierarchical leadership which the inmates obey as a matter of regimentation. There is also an IG (Inspector General) who is the highest ranked leader among the inmates. Maintenance of law and order among the inmates is ensured by the authority of each cell while cases beyond the handling or authority of a particular cell authority are managed by the Inspector General. Cases above the Inspector General are invariably transferred to the prison authority, (Field Work 2017). The involvement of these inmates in the penal administration agrees with the co-production, citizens-engagement, and the PR treat that informed the sound governance which this study but the adoption of the inmates' decision in penal governance remains problematic. Palumbo (2017) and Franck (1992) explain that there is a sustained argument that the main aim of democratic governance or citizen engagement is to earn and increase legitimacy of public policies by consulting the common man, and not necessarily to empower them to actually be a part of the decision-making processes. By implication, citizens engagement stresses citizen's participation for support and collaboration to the already existing policy structure. In the light of this study, this sounds logical in the application of public relations in penal governance as citizens engagement in prison management steps down the rate of recidivism and advances goal 10 of the SDGs- reduction of inequality.

## Cross-References


- ▶ Governance and Punishment
- ▶ Joined-up Governance
- ▶ Participatory Governance
- ▶ Prisons as Social Policy, United States


## References


Abubakar YA (2008) Criminal justice system In Nigeria: problems and prospects, In Issues in justice administration in Nigeria, essays in honor of Hon. Justice S.M.A. Belgore, ed by Yussuf, F.A., VDG Intern

Ahiante B (2008) Prison and Prisoner Management. A paper presented in 2009 for PR officers of the Nigerian Prisons at Abuja. 5–7

Amnesty (2007) Report-Amnesty, UK. Nigeria: Prison Conditions

Andrew DA, Bonta J (2010) Rehabilitating criminal justice, policy and practice. Psychology, public policy, and law 16(1):38–55

Avery EJ, Graham M (2013) Government public relations and social media: An analysis of the perceptions and trends of social media use at the local government level. The public relations journal 7(4):1–21

Awake (2000) Nurses: what can we do without them? Watchtower Bible and Tract Society, New York

Bertot JC, Jaeger PT, Munson S, Glaisyer (2010) Engaging the pubic in open government: socoil media technology and policy for government transparency. tmsp.umd.edu

Bradbury RE (1957) The Benin kingdom and the Edo-speaking peoples of south-western Nigeria. Routledge, New York

Christopoulos S, Horvath B, Kull M (2012) Advancing the governance of cross-sectional development: a meta-governance perspective. wileyonlinelibrary.com

Duguid S (2000) Can prisons work? The prisoner as object and subject in modern corrections. University of Toronto Press, Toronto

Dyer S (2003) Government, public relations, and lobby groups: stimulating critical reflections on information providers in society. J Manag Educ 27(1):78–95

Ekwunife RA (2016) Evaluation of public relations application in learning process of inmates at prison special school, Abakaliki, Nigeria. Unpublished MSc dissertation. Ebonyi State University, Abakaliki

Ekwunife RA (2017) Public relations and Nigeria prisons service. A focus group discussion with inmates of Abakaliki prison. July 10
Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50
Franck TM (1992) The emerging right to democratic governance. American journal of international law 86 (1):46–91
Gunn HD, Conant FP (1960) Peoples of the middle Niger region: Northern Nigeria. African Institute International, London
Jahan S (2016) Governance and punishment. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham
Khan NA, Musarrat KM (2016) Joined-up governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham
Lattimore D, Otis B, Heiman S, Toth E (2009) Public relations: the profession and the practice. Mcgraw-Hill, New York
Newsom D, Scott A (1985) This is PR. Wadsworth Publishing Company, Belmont
O'connor R (2014) The United States prison system: a comparative analysis. Graduate theses and dissertations. http://scholarcommons.usf.edu/etd/5086
Obioha E (2011) Challenges and reforms in the Nigerian prisons system. J Soc Sci 27(2):95–109
Okoro GO (2008) Disciplinary problems of prison inmates. A paper delivered at a 2-day workshop organized by ESUBEB in PSS, Abakaliki. 24–25 September, 1–7
Oyeneleye P (2007) Corporate PR and employee public relations functions. A paper presented at a 2-day workshop for PR officers in the zonal commands, staff college, state commands and the Training Schools of the Nigerian Prisons. 6–7 March, 4–13, 17
Palumbo R (2017) Participatory governance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham
Scurrah AM (2008) Learning on the inside of Risdon Prison. A dissertation submitted to the Faculty of Education of the University of Tasmania at Launceston in partial fulfillment of the requirements of the degree of Bachelor of Adult and Vocational Education (Hons)
Senge PM (1990) The fifth discipline. Random House, Sydney
Shabbir M (2002) Outlines of Criminal Law And Justice in Islam, Kualar Lumpur, LaserPress Sdn, Bhd, xxiv
Shajiobi-Ibikunle D (2014) Challenges of imprisonment in the Nigerian penal system: the way forward. Am J Hum Soc Sci 2(2):94–104
Slack JD (2016) Prison as social policy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham

# Sound Governance and Inclusive Education: A Case of Correctional Service Special School Abakaliki, Nigeria

Chinyere Elom[1], Raphael Abumchukwu Ekwunife[2], Ikechukwu Ogeze Ukeje[3] and Chinyere Ndukwe[4]
[1]Department of Educational Foundation, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[2]Department of Mass Communication, Evangel University, Akaeze, Ebonyi State, Nigeria
[3]Department of Political Science, Alex Ekwueme Federal University Ndufu-Alike, Abakaliki, Ebonyi State, Nigeria
[4]Department of Public Administration, Ebonyi State University, Abakaliki, Ebonyi State, Nigeria

## Synonyms

Education for all; Education for reintegration; Inclusive education; Participatory governance; Public relations; SDG4 agenda; Sound governance

## Definition

| | |
|---|---|
| Sound Governance | This refers to a more comprehensive governance that includes the normative as well as technical and rational features of good governance and presents a balanced view of governance that is less biased and takes into consideration the genuine features of indigenous governance systems that may be at odd or conflict with the globally dominant neo-colonialist power structures. It has all the quality characteristics of governance that is superior to good governance and is sound technically, professionally, |

| | |
|---|---|
| | organizationally, managerially, politically, democratically, and economically. Sound governance is also sound in terms of capacity and anticipatory behavior; it is democratic in character, responsive, and competent; and its cultural values are embedded in the societal values and structures (Farazmand 2017). |
| Inclusive Education | This refers to inclusive and equitable quality basic education for inmates' behavior modification and proper absorption into the society when released and also promotes lifelong learning opportunities for prison inmates' post release life. |
| Public Relations | A deliberate attempt to use education as a sound governance strategy to maintain a mutual and beneficial relationship between the prisons and its publics toward the successful reabsorption of the ex-offender. |
| Education for Reintegration | A special kind of learning aimed at meaningful or productive absorption of the ex-offender into the larger society after incarceration. |

## Introduction

According to Farazmand (2017), sound governance (SG) is a governance that is superior to good governance and is sound technically, professionally, organizationally, managerially, politically, democratically, and economically. Ekwunife (2016) observes that the rationale behind inclusive education (IE) in Nigeria prison yard to a great and alarming extent remains a picture in phantasmagoria. This is traceable to the "get tough on crime" policy of the penal system which makes the haze of punitive measures much weightier than any psychotherapeutic approach utilized in managing the incarcerated. It also follows that Nigeria Correctional Service (NCS) has not fashioned out implementable programs that take care of the postrelease life of the incarcerated. While education in the light of public relations (PR) emphasizes more of reinforcement and less of punishment, prisons fundamentally upholds penal principles which are the last resort as a strategy used by PR in managing conflicts. It is antireformatory that majority of the prisons in Nigeria have no cell classification and offence categorization (Agomoh 2008; Obioha 2011; Shajiobi-Ibikunle 2014; Onimajesin 2006). This spells doom for behavior modification and defies SG.

Anyanwu (2002, 89) recounting her ordeals in Kirikiri Maximum Prison, Lagos writes that "Once in the prison yard, no distinctions are made. Innocent or guilty, all face the same conditions. Hardened criminal or first timer. . . prisoners of crime and prisoners of conscience, teenager or geriatric . . . those who know teach those who do not know." This is the true picture of prison management in Nigeria. Again, the policy of excluding the Awaiting Trial Persons (ATPs) from the prison education program alienates them from the society and negates the inclusive and democratic nature of SG and education as a right for all.

In view of this, the institutional framework for the attainment of IE and reintegration of ex-offenders in NCS as contained in goal four of the 2030s global agenda of sustainable development goals (SDGs) adopted in 2015 remains very challenging. This is because inclusive and equitable quality education that promotes lifelong learning opportunities for all requires institutional global commitment by all in the policy-making framework of the government (Bexell and Jönsson 2017). In relation to meeting up with global best practices, Nigeria Prisons Service (NPS) in the year 2019 metamorphosed into NCS and Farazmand (2017, 10) explains this metamorphosis when he observes that governance reforms have evolved and inspired governments throughout history to give attention to policy reforms. In his approach, "sound governance denotes a system of governance that is not only domestically sound, but is also sound internationally or globally in its interaction with other nation-states and their governments on an independent and self-determining fashion." According to Omede (2016), policy frameworks

on IE in Nigeria ranges from the 1977 National Policy on Education; Convention on the Rights of the Child (CRC) 1989; Child's Rights Act, Laws of the Federation 2004; the Universal Basic Education (UBE) Act 2004; and the National Policy on Education (2008).

Ekwunife et al. (2020) note that in the developing countries of the south like Nigeria and other countries in sub-Sahara Africa, prison management has not yielded the expected outcome in terms of rehabilitation and reintegration as human rights are systematically violated while O'Connor (2014) observes that the objectives of the prison as an institution for character reformation have not been met globally. Rather, the prison at a global level has achieved more of the incapacitation of the prison inmate. Olusina (2012), Obioha (2011), Shajiobi-Ibikunle (2014), O'Connor (2014), and Ekwunife (2016) explain that the high rate of recidivism both in African and European prisons is an indication that there is something fundamentally wrong with the penal code everywhere in the world. This form of governance is also in sharp contrast with the idea of SG as Farazmand (2017) posits, and it contradicts the principles of PR strategies for the enthronement of SG as advocated by Ekwunife et al. (2020). Scurrah (2008) corroborates this view, noting that the penal principles dispose the prisons to damage more than they heal. In line with this, it is necessary to explain the use of the following terms in this study: NPS and NCS are not used interchangeably. While NPS is used here to refer to the old order, NCS is used here as a name to refer to the new system advocating reforms in prison governance. Prison Special School Abakaliki (PSS Ai) is a product of NPS while Correctional Service Special School Abakaliki (CSSS Ai) belongs to the new order – NCS.

Aside using punitive measures for deterrence and rehabilitation, which to a reasonable extent have not advanced the cardinal objectives of NCS, other correctional strategies have been employed by NPS in the spirit of the purported correctional Administration. This new correctional administration is SG and PR related in theory. Ekwunife (2016) identifies the Prison Special School (so named then) Abakaliki as one of the correctional strategies aimed at keeping fate with the Safe custody, Reformation, Rehabilitation, and Reintegration (SRRR) objectives of NCS. This aims at creating a paradigm shift where incarceration is not equal to condemnation. Azuewah (2009) maintains that the introduction of the then PSS Ai, according to the founder, Chief Austin Igwe Edeze is in the spirit of IE which brings formal learning to the cell posts of prison inmates who are completely shut out from formal education; a practice that is in contrast with what prisons stands for in Nigeria. Farazmand (2017, 8) maintains that SG is a phenomenon with superior qualities in function and "is therefore inclusive and promotes participation and interaction in an increasingly complex, diverse, and dynamic national and international environment". Explaining the superior qualities and functions of SG, Erny (2013) writes concerning the resultant effect of such literacy education among the incarcerated, "...literacy education programmes within incarceration facilities have positive implications on rehabilitation and post release life as well as decrease the recidivism rates of the inmates... likely have a positive impact on the reentry into society by adult learners in custody within incarceration facilities."

Lending credence to same thought above, Batcheeder and Pippert (2002), Scurrah (2008), Braggins and Talbot (2003), and Coley and Barton (2006) pinpoint that formal education among the incarcerated is a strong force toward their rehabilitation, and more importantly, has positive outcomes for the society at large. The National Board of Employment Education and Training (1992) and Scurrah (2008) also observe that allowing prison inmate's access to formal education enhances their successful return and absorption by the society and reduces recidivism while at the same time, cuts down on the social and economic costs of criminality to the society. The importance of formal education in realizing the SRRR objectives of NCS, and objectives of

prisons at a global level, therefore, cannot be undermined.

SG in all corrections, with Nigeria in particular, is meant to be inclusive. The inclusion of the excluded in NCS should be geared toward rehabilitation and correctional administration but this is completely at variance with the penal law system which stipulates imprisonment with hard labor. The penal code does not promote inclusion and has not helped the learning process, rehabilitation, and reintegration of ex-offenders into the society. To advance the management of corrections in view of SG and PR, the "transformational justice act" of the State of Oklahoma, USA, has evolved a system to prevent the inmates from returning to crime upon release.

SG in view of corrections' management is such that cares about the prisoners' welfare. To the prisons authority therefore, IE is a job of managing the society's neglect and the molding of the fall–out from the society's neglect. Emphasizing the "soundness" characteristics of SG as a phenomenon with superior quality, the prison management through the curriculum of the CSSS Ai must ensure that the return of the inmate to the society does not pose danger or increase criminality, as enormous as this task may seem. Lack of attention to inmates, lack of food, water, clothing, and other poor attention that strain good PR for prisoners are all trends which the prison welfare management unit must rise up to as insensitivity to these has resulted in violence/protests, and jail break has become a matter of regular occurrence. This also endangers the return of the inmate to the larger society, making it most dysfunctional. IE in the light of SG and humane containment or effective PR empowers the previous offender and the community of absorption for productive post incarceration life (Farazmand 2017; Ekwunife et al. 2020).

Using the CSSS Abakakili as a case study, the entry for this study posits that the effectiveness of IE policy in a unique setting where the idea of formal education seems very contradictory would not yield optimum result, hence the dire need for SG and PR in the overall management of corrections. SG in the context of this entry agrees with the position of Farazmand as a kind of governance approach that adopts organized formal education to realize the cardinal objectives of NCS – safe custody, reformation, rehabilitation, and reintegration, and also aid ex-offender's postincarceration life.

Azuewah (2009, 2) quoting Edeze, the founder of the PSS Abakaliki elucidates this entry when she observed that "in all the states in the country (Nigeria), there is no one that has a prison school. So the Nigerian concept of prison school is like a contradiction of what prison is all about."

By implication, this supposes that the principles of the penal code that founded the NCS are not in tandem with the principles of formal or inclusive learning in SG perspective. A recent research (Ekwunife 2017) observes that the establishment of the first school in Nigeria prison in 2006 is seen by NPS as a threat, something that interferes with her security mindedness. Supporting this view, Tomasic and Dobinson (1979) pinpoint the prison as a special setting where a multiplicity of subcultures are prevalent which invariably make rehabilitation a mirage. The rehabilitation of the inmate is inextricably linked to learning which is a permanent change in behavior. This learning represented by IE is thus impeded by prison setting with its penal principles. Describing this special setting, Heilpern (1998, 77) says it pointblank that "Prisons are, above all else, a closed environment, with a pecking orders on brute force, gang power and fear. They have their own economy, hierarchy, discipline and even their own language."

Supporting the view of Tomasic and Dobinson above, Scurrah (2008, 3) adds that "achieving positive personal change and development within this environment is problematic." Why? Senge (1990) explains empirically that persons who are kept in the same environment and system have a very high tendency to behave alike, producing similar results.

Still looking at the contradiction which the presence of the CSSS Ai poses to the NCS as a phenomenon antithetical to the penal system, this study reviews the policy of NCS which stipulates that the

prevalent formal education in the light of the purported correctional administration is the exclusive preserve of the convicted men (CM) and not the right of the ATPs. In a penal system where there are no cell classification according to age, category of offence, etc., this study passionately and critically questions the supposition that access to formal education is the sole preserve of the CM in as much as the ATPs are confined within the same system, facing the same denial of social and human rights, receiving the same or worse torture and may be exhibiting the same criminal characteristics. The position of SG is a forte in addressing this institutional malaise for an IE that is really participatory. This is in line with Farazmand (2017) which presents SG as governing with the interaction of all elements or stake-holders.

In a field work (Ekwunife 2017) in Abakaliki Prison, a top prison officer explains that the rationale behind the prison education as the exclusive preserve of the CM is that it is the CM that can be rehabilitated, and not the ATPs whose cases have not been decided. Considering the characteristic relationship between the CM and the ATPs in relation to confinement and behavior modification, this study puts up a case against the exclusion of the ATPs in the IE which the CSSS Abakaliki represents. Making a case for the ATPs, Harding (2000) avers that any prison that disables prison inmates from participating in activities such as education-vocational or theoretical cannot be effective in reducing the rate of recidivism and causing deterrence. This is not inclusive governance, hence, not SG.

In any case, Douglas (2001) explains that in spite of the prisoners' acclaimed rights to learning by different organizations in Australia, access to formal education is still treated as a privilege, and not as a right. Okoro (2008) advances same thought when he writes unequivocally that one in prisons custody should know that he has no right to certain things such as freedom to education which is the preserve of a free man. This does not agree with the tenets of SG as Farazmand strongly argues that SG is inclusive, operates both vertically and horizontally. This vertical and horizontal angle of SG is also strongly entrenched in the tenets of good PR which ensures a strong two-way communication with an inherent feedback mechanism (Aliede 2011).

## Origins

"Correctional Service Special School Abakaliki (CSSS Ai) was established in 2006 by the then Chairman of the Ebonyi State Universal Basic Education, Chief Austin Igwe Edeze under the governorship of Dr. Sam Ominyi Egwu" (Ekwunife 2016, 3). Undoubtedly, this was in the spirit of Education For All (EFA) in line with UNESCO's policy. Azuewah (2009) explains that the PSS Ai was to acquaint prison inmates with basic education for behavior modification and proper absorption into the society when released. In the idea of Ekwunife (2016, 3), this is a complete adult education that has an organized learning system from lower basic to upper basic education, sponsored by the government, nongovernmental organizations, and private individuals but the students cannot close their eyes to their immediate challenge-lack of freedom.

The special students being charged with several offences such as murder, stealing, robbery, armed robbery, arson, burglary, kidnapping, rape, among others, are engrossed in the thought of incarceration, and hence, lack the intrinsic motivations to participate in the learning process. The above scholar explains that due to the loss of freedom and its attending headache coupled with penal treatments that strain the concept of SG, the interest to participate in the learning process, is almost, all the time, dependent on extrinsic motivations evidenced by "public relations strategies such as diplomacy, gift presentations, dialogue, appeal, persuasion, mediation, counseling, much of reinforcement and less of punishment." Hence, Ekwunife et al. (2020) advocate for SG and effective PR in the management of offenders.

Since the inception of CSSS Ai in 2006, both the ATPs and the CM enjoyed the learning process

which was completely aimed at institutional correction, that is, reducing the concentration placed on "get tough on crime" policy and retributive justice as a method of rehabilitating offenders to something more functional in healing offenders since the former has caused more damage than it healed (Scurrah 2008). This less of emphasis on "get tough on crime" policy is supposedly the outlook in the new correctional administration which has necessitated NPS to change its name to NCS. This idea of NCS is meant to project the concepts of SG and PR in managing offenders but the underlying principles establishing prisons remain a cog in the wheel of achieving SG in corrections.

Over the years, 98% of the students' population was dominated by the ATPs who actually took advantage of the correctional education program, writing exams such as the First School Leaving Certificate, Junior Secondary School Certificate, and National Education Council Examination. The CSSS Ai has turned out about 350 students.

Recently, a field work (Ekwunife 2017) gathered that following inmates' unrest in which lives were lost, property destroyed and prison gate pulled down in an escape attempt as a result of poor prison governance and management as alleged by the inmates, the ATPs were banned from participating in the school program on the explanation that it is not their right to access such corrective education program. This development has left the school at a still point, in shambles, desolate and, comatose since the CM whom it was claimed to be their right are insignificantly very few, and at worst, have not the minutest interest to attend classes because their date of release has been fixed and it is known to them (Ekwunife 2016). This exclusion has far-reaching implications on SG and IE as it negates the idea of citizen participation and education for all, hence, exclusion in inclusiveness.

In view of SG, IE should gear toward performance; a result-oriented performance that is multifunctional, superior, and quality. Writing on the management and performance, Farazmand (2017) notes that SG is not just about performance but result. It must produce the expected outcome that translates into institutional and system legitimacy. In this thought, Eze (2009), in an address to mark the opening of a 5-day workshop organized for the pioneer teachers of PSS Ai, notes that the special school would further facilitate the realization of the concept of the then, on-going "Rebranding Nigeria Project," championed by the Late Minister of Information and National Orientation, Professor Dora Akunyili, and to complement the re-molding of the lives of the prison inmates in Abakaliki Prison – the ATPs and the CM. This is a governance approach that offers equal and even opportunity for all to lead a meaningful and productive life. Hence, the corrective education program is a fulcrum to realizing the SRRR objectives of the NCS. When this is lacking, it becomes very challenging to sound governance, equity, and fairness since the air of PR required to manage the learning process is not encouraged by the environment of learning. Speaking about the specialness and the concept of PSS Ai on inception at a workshop, Nweze (2008) says, "From the nature of the school, they cannot enjoy school sports competitions, they cannot pay any levies at all, they cannot join in interschool debates, quiz competitions. They cannot even get their uniforms, pieces of chalk, books and biro. That is why it is aptly addressed as a 'special school.'"

From the above viewpoint, the CSSS Ai seems like a special school inside special schools since the special learners are legally denied access to full participation in the learning process, even when majority of them are physically and mentally fit. Ogbuzuru (2008) explains that the concept of the PSS Ai is the collective will of the Ebonyi State Government and the State Universal Basic Education to give equal basic education opportunity for the prison inmates who are participants in the corrective program so that they can reintegrate and contribute meaningfully to the development of the society upon release. This is SG oriented and should empower offenders in co-production on release so that their reentry into the larger world does not become a threat.

In line with SG and effective PR, Cramer et al. (2014) align thought with the above while writing on "Establishing Equitable, Diverse and Interdependent Communities of Learners." They maintain that the inclusive ideology should provide the framework and build equitable relationships among learners within classroom settings. The environment of instruction must be culturally responsive (Gay 2010) as students provide support for each other in order to have an ideal community of learners. Farazmand (2017, 10) stresses this responsiveness when he observes that SG breeds healthy and dynamic values such as the normative values of fairness, equity, integrity, representation, responsiveness, responsibility, tolerance, and equity before law for all citizens. These form the glue for SG system which keeps other dimensions together in a solid way. To this end, "Students must be accountable for the progress and success of each other as a team with no room for exclusion of those who are not perceived as "fitting in" or "measuring up"" (Cramer et al. 2014, 471). It is expected that this supportive relationship shared as members of a community in the class has a positive impact on academic achievement and behaviors that are pro-social, bearing in mind that support provided by peers promotes academic participation, creates extrinsic motivation and helps place school as a priority in the minds of the participants (Wentzel et al. 2004; Crosnoe et al. 2003).

Cramer et al. (2014, 411) write that "once all members of the class are viewed through a lens of respect and equal rights, the types of interactions that occur between teachers and students would be able to change . . . a decrease in teaching students in contrived situations such as segregated resource rooms that teach concepts in isolations. . ." In this inclusive relationship, instruction is tailored to be compatible with students who have various skills and learning styles to the classroom environment. The curriculum must be inclusively designed to include materials that enable learner to be "anti-racist, anti-classist, anti-poverty, and catalysts for positive social change so as to provide the support needed for the academic wellbeing of the entire community of learners". Students have a higher likelihood of dropping out of the school system when they have no sense of belonging to the general culture of the school system (Bost 2006). Learning must be participatory in every sense of the word, like in a mainstream class.

## SG and IE in Global Perspectives

A highlight of some prison education programs from around the world would reveal prisoners' education as a veritable means of social control, both in the developing nations and in the developed liberal societies of the world. The monthly book club which was begun in a medium security prison in Kingston, Ontario, Canada in 2009 has been a welcomed development to the degree that the educational program which started with just a book club now has 27 books which run clubs that run in seven Canadian provinces, using the English and French media of communication. A prison inmate participant notes, "I used to get high on drugs, now I get high on books." No doubt, an idle man's heart is the devil's workshop. With such an enthusiastic and high level of participation in the learning process among prisoners, inmates are kept busy with useful thoughts, then, truncating the chances of criminality in them, both within confinement and post-release life. Ideally, this is SG in prison management that empowers the offender for a productive post release life – Reintegration. The women's monthly book club narrates her experience that when they get into a women's corrections, they are always asked to continue the book club during the summer, because it helps the inmates to ward off boredom as they do not get visitors and are cut off from their families and cultures. Being locked up in a justice system makes these women sick, both mentally and physically.

In Australia, just as in the United Kingdom, prisoners were not allowed access to the Internet.

The need for inclusive learning and giving the inmates a sense of value and belonging has propelled the University of South Queensland to initiate the "making the connection" project which enables prisoners to undertake digital technologies that entail the bringing in of internet into the prisons. This now runs in 16 Australian prisons. This program now replaces the hard-copy system, alienates learners who are already predisposed (Australian National Training Authority 2001). Report notes that the University of Queensland went paperless in 2015 but continues to allow about 450 incarcerated students to access paper-based distant-learning courses with the vision that such disadvantaged sect of the society, in the future can access education via a restricted and secured internet. This can also be described as SG to represent the interest of the incapacitated with the tool of IE. The secure notebook computers which prison inmates are beginning to use to complete their course works in their cells are tremendous innovations in this regard. By implication, the need for prisoner education has broken new grounds in computer technology and made IE more feasible.

In Kenya, Uganda, and other African countries, the Africa Prisons Project (APP) is committed to changing the way criminal justice cases are addressed. SG is poised to changing conventions so that the idea of "good" can be replaced with the idea of "sound," hence SG. This entails tackling injustices in police and court systems as well as within the prison yard. This has been made possible through the teaching of functional literacy and numeracy to inmates who had no formal education before incarceration, and also the introduction of prison libraries. Farazmand (2017) captures this when he argues that SG performs superior functions, not just the statusquo. In the education policy and theory, this is equivalent to what the CSSS Ai was to achieve on establishment among prison inmates in Abakaliki prison (Ekwunife 2016; Ogbuzuru 2008; Eze 2009), but the penal policy places many restrictions. The APP "controls libraries"; one of the newly established libraries at Lang'ata Women's prison in Nairobi serves both prison staff and their families as well as 600 female prison inmates and their children. This is a special educational project in that it provides a legal aid clinic where women can seek professional advice on their cases. Suffice it to say that educational or any program that provides a platform for the incarcerated to seek justice is highest leverage for the prisoners. The APP believes education empowers people to know their rights within the prison, and disposes them for positive change when they reintegrate into the larger society.

The Indian Vision Foundation, founded in 1994 by the Indian first female police officer – Dr. Kiran Bedi, operates in four prisons, building skills and education level among the inmates and family members. This education is both academic and vocational. Hair dressing, weaving and chocolate making courses are projects aimed at concretizing the post release life of the incarcerated. As in many prisons around the globe, female prisoners in India are permitted to keep their children up till the age of 6. Such children are not shut out from educational programs within confinement, thus makes the confinement of the mother, not necessarily the confinement and abuse of the rights of the child who is not even an accused, let alone an Awaiting Trial Person or a convict. Sociologically therefore, supporting incarcerated individuals with educational program of any kind that is inclusive is a key to making prisons anywhere in the world, to become centers of positive transformation.

In all ranks and file, while America is rated quite high in having incarcerated individuals all over the world (O'Connor 2014), it still leads in opening education access for both prisoners and released prisoners. The Obama administration added a feather to this by expanding access to Pell Grants for offenders to access college education. SG should therefore remove any impediment that stops citizens from being part of the system. One of such programs is the Petey Greene program which since 2007 has received and trained undergraduate students to tutor in education programs in corrections

with a view to reducing the rate of return to the prison and allowing ex-offenders to successfully get absorbed into the society and make productive contributions to their families and communities.

Correctional educational program has gained much ground in the USA. It also enables a healthy mix-up and interaction between the outside world and prisoners since the student tutors do not only teach the incarcerated but also receive lesson in "cultural humility" before entering the prison so as to acquire the nitty-gritty, the cool-headedness, tolerance, and adaptability to manage this dejected sect of the society with all-inclusiveness. While the students do not officially learn together in the USA as in Poland or in multiple projects across the United Kingdom, this foundation is successful in facilitating a collaborative approach to teaching in the States.

Prisons with the underlying tenets, perhaps is not the ideal place for formal education but the embrace of SG in the place of the old order is taking universities to partner with prisons all over the world. Poland is not left out where the regional prison and John Paul II Catholic University have synergized in this capacity since 2013. Here, Prison inmates are accorded the opportunity to undertake full-degree courses during their sentences. It is necessary to note that this learning is highly aimed at reforming the offenders and at the same time use them to sanitize the society of criminality. This is the superior function characteristic of SG. Hence, they seriously understudy a course like social work, specializing in "street working" with a view to working with marginalized groups such as drug addicts, the homeless and prostitutes.

The attempt to the all-inclusive nature of the Polish correctional education is worthy of note in this paper considering the fact that after the first year of learning in the prison, prisoners-participant with license – conditions permit are allowed to integrate with the University Campus and take part in seminars and lectures, enabling a sense of togetherness and integration which do not allow one to differentiate outside learners from those who joined from the prison, hence, inclusiveness.

## Inclusive Education

"Definitions of inclusion within the field of disability often lack semantic clarity and ignore prior scientific conceptualization" (Limbach-Reich 2015, 359). Penney et al. (2018, 4) note that the term "inclusion" remains nebulous, given to differing interpretations. "Inclusive education is a reform that supports and welcomes diversity among all learners and should lead to the eliminations of social exclusion that stems from attitudes and responses to diversity in race, social class, ethnicity, religion, gender and ability." To understand the concept of inclusion therefore, changes in educational and social system should be of paramount recognition. Bernhard (2012) raises thoughts as to the clarity of the word, "inclusion" as this does not present a clear, sound understanding and generally accepted basis in relation to its meaning. Limbach-Reich (2015) clarifies, yet making the concept of inclusion controversially complicated by noting that the term, inclusion, etymologically means "integration" which invariably means "untouched," "unscathed," and in a larger sense "honest." In broader view, "inclusion" can be traced to the Latin word "includere" which means "being within," "imprisonment" or "to be incarcerated" (Ibid., 359). Locht (2008) is of the view that the idea of inclusion does not denote a positive meaning as portrayed in its usage today. In the medical period, the idea of inclusion was related to persons who exclude "themselves in abbeys, hence, shutting themselves out from the world". This understanding, yet, may not fit into the concept of sound governance which this study pursues. Limbach-Reich (2015), Markowetz (2007), and Plaisance (2010) posit that "inclusion" and "exclusion" have formed an integral part of international issue, and both concepts are based on a historical and cultural interpretation which differs from their contemporary usage.

In the education subsystem, what does "inclusion" stand for? In the work of Comenius (1896), inclusion means full acceptance, participation and integration. This idea would certainly appeal to the entry of this study. His concept of IE is so important to this study as he approaches the thought from the angle of everything being taught in-depth to everyone. This is SG. It is inclusiveness in education and depicts inclusive and integrative thoughts. UNESCO (2005) maintains same thought that inclusion means that all learners – the able and disable should have a mainstream study and provide support for each other. Hence, "... a process of addressing and responding to the diversity of needs of all learners through increasing participation in learning culture, and communities and reducing exclusion within and from education. It involves changes and modification in content, approaches, structures and strategies with a common vision which covers all children of the appropriate age range, and a conviction that it is the responsibility of the regular system to educate all children."

Igbokwe et al. (2014) see a variation in the concept of inclusion by the UNICEF. These scholars identify that a part of these variation tends to exclude inclusion from mainstreaming. While some definition and interpretation advocate that all learners should receive education together with their peers in the same setting, others take the stand that there should be a separate schooling or special learning centers for children who are incapacitated in one way or the other. Zimpel (2008) expands a similar outlook when he writes that Comenius' idea of IE has been watered down so that "everyone" in his concept of it means "every normal or standard student," while "everything" as he used the word means "society useful matter" and his use of "teaching" standing for instructing or reinforcement. Also, this interpretation of Comenius' view of inclusiveness by Zimpel is rather subjective, creating room for a learning process that is not integrative of all learners. This is anti-sound governance. Feuser (2002) analyzes the idea of inclusion in relation to Comenius' writing, that IE is a drawing board of instruction that aims at teaching everything to everyone in a setting where supports are provided according to the special needs.

In most of these conceptualizations, one thing still remains profound. Every form or perception of IE singles out learners with disabilities. Even in andragogy, the emphasis has fundamentally included adults with mental derangement, physical disabilities and other forms of incapacitation. Anyanwu (2002) observes as at the time of her writing that no prison in Nigeria has a school for IE. This explains the nature of prison governance in Nigeria. Ahiante (2008) lends credence to the notion that a study of the recidivism rate in Nigeria shows that 87% of the prison inmates have literacy problem; literacy problem because many come unlearned, serve their term unlearned and are go unlearned. The prisons (as an institution) in its governance and management are thus disabling instead of empowering.

Still making an overview of the concept of IE, if IE is synonymous with mainstream learning, one wonders how inclusive is prisoners education at CSSS Ai where learners are completely shut out from the world with very limited and restricted exposure to the conventional instruction and practice of curriculum. Inmates are not exposed to full curriculum which conventional schools use. Writing on teachers to curriculum implications for IE in Nigeria, Igbokwe et al. (2014) explain that IE should re-structure institutions, classrooms, methods and approaches of learning in order to meet the demand of students with special needs. Booth (1999) clarifies that the inclusion must "boost learners participation and reduce their exclusion from the curriculum, culture and communities of neighborhood and conventional centers of learning." To this effect, IE entails that participants in the learning process with or without disabilities, should learn together and provide support for each other so as to eschew or remove entirely every form of discrimination and stigma, and by so doing ensure everyone's self-worth, self-esteem, and self-dignity. This is the idea of SG.

In the humanist view supported by Duguid (2000), a fundamental intactness of learners (prison inmates) is suggested and this study picks special interest in that. Following the experiences and observations of one of these co-researchers who has been teaching in the prison school for over a dozen of years, this study on one part reasons with the humanists that think of the incarcerated as intact. The Amnesty International (1996) notes that IE should adapt to the needs of the participants and UNESCO (1994) within the Salamanca basis for action on special needs education point out that several reactions guiding the idea of inclusion agree that the learning center should accommodate all learners regardless of their physical, intellectual, social, emotional, linguistic, or other challenges. Limbach-Reich (2015, 362) puts it thus: "This should include disabled and gifted children, street and working children, children from remote or nomadic population, children from linguistic, ethnic or cultural minorities and children from other disadvantaged or marginalized areas or groups . . . providing a child-centered pedagogy, meeting their need."

Looking at the issues and beliefs surrounding the "disabled" individuals in Nigeria, it is believed that any form of an individual's physical incapacitation is attributed to sundry things, probably as a result of hidden crimes committed against the supernatural or humans. Hence, the attitude accompanying this kind of belief gears towards the rejection, isolation and stigmatizing the disabled. Such belief is worse among prisoners and Anyanwu (2002) echoes same view when she writes unequivocally that everybody in the prison is guilty; an unrepentant sinner that does not need any form of sympathy. This is the society's dominant view and feeling which tends to undermine any form of association, integration or inclusion of prison inmates. This has also greatly influenced the image of Nigeria Corrections to the degree that the idea of SG within the system is conspicuously contradictory. Igbokwe et al. (2014) highlight this culture effect in prison governance when they note that even in the face of exposure and civilization, many, particularly from the developing countries still see disability as a curse which can be contagious.

Inclusion completely rejects the idea of a separate classroom or school for disabled learners. Okeke-Oti (2010) views IE in the light of the Universal Basic Education whereby students with different abilities and needs are seen together in mainstream classes where their diverse needs are met. Therefore,

(i) A child should not be discriminated against on the account of disability.
(ii) All children should attend the same school regardless of their incapacitations.
(iii) The same education program should be used for all students but special attention should be paid to the needs of the handicapped.
(iv) There should be zero tolerance for exclusion with equal participation in the entire learning process.

In view of SG, IE could be understood as an implementation of the Education For All (EFA) initiative of the UNESCO (Ekwunife 2016) and an offshoot of Millennium Development Goals (Igbokwe et al. 2014) which is the rung for SDGs.

In summary, the concept of IE can be understood in different perspectives but not all of them fall within the purview of SG. Such terms are inclusion, integration, separation, and exclusion. Contextually speaking, while inclusion may mean "being within," that is "scattered among each other," integration suggests bringing the able and the disabled in a mainstream class with the latter still excluded to be recognized specially. Separation denotes having two different environments and settings for both learners, probably within same bigger environment while exclusion refers to the total removal or rejection of the disabled in the learning process. In this case, they are completely disregarded and sidelined. For the purpose of this study, the term "inclusion" is appropriate for the type of IE that is all-embracing, participatory and SG-oriented. Other terms do not connote the idea of SG (see Fig. 1).

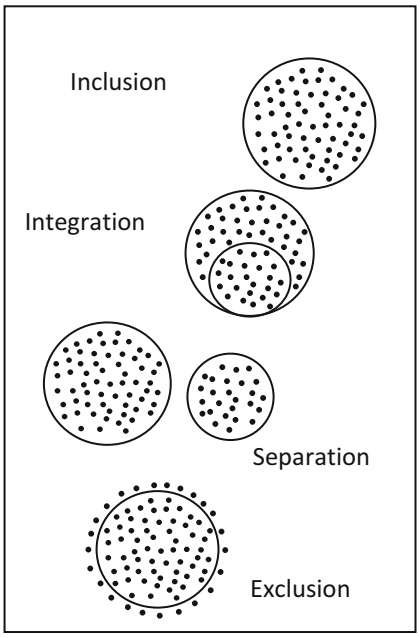


**Sound Governance and Inclusive Education: A Case of Correctional Service Special School Abakaliki, Nigeria, Fig. 1** Different Perspectives of Inclusive Education

## IE and Prison Management

Fronting Reintegration, Erny (2013, 1) writes: "While the majority of literacy education takes place within a school setting, it can be found in infinite situations. It can even be found within incarceration facilities . . . open doors to opportunities for literacy professionals seeking employment outside of school districts in today's struggling economies."

In the US Federal prison system to be precise, Harer (1995) highlights that prison inmates who do not have a high school diploma or the General Education Development Diploma (GEDP) are expected to undertake a minimum of one literacy course while other inmates are encouraged to take the courses. English as a second language (ESL) is a literacy program required of English Language learners (ELL) within Federal Prisons in the USA. Davis et al. (2014) observe keenly that prison inmates who have access to general learning and vocational training are less likely to be recidivists. This points to the intended the role of SG as a phenomenon that empowers the inmate for meaningful re-entry into the society. It underscores education as a social control, particularly as it relates to the rehabilitation and re-absorption of prison inmates. Such education – either theoretical or vocational – enables the released prison inmates to find employment which peers who do not have such opportunities cannot. This is the overall idea behind correctional education in a correctional institution like the prison yard which this paper seeks to address.

In Nigeria to be particular according to Ekwunife (2016), the rationale behind IE in the prison yard should be to advance the fourth objective of the NPS – Reintegration, which to a great and alarming extent has been a picture in phantasmagoria. Armstrong (2006) gives voice to same thought when he emphasizes the need to provide persons with intervention program and policies aimed at curtailing antisocial and offending behavior in the future. The same study also highlighted on intervention programs like IE to provide persons experiencing high social deprivations with future opportunity. This agrees completely with SG. Considering the four cardinal objectives of NCS, keeping an inmate in safe custody is not the problem: Reformation and rehabilitation can as well be achieved through a haze of punitive "tough on crime" and psychotherapeutic measures as observed by the above researcher but the most problematic among the objectives is the fourth – "Reintegration" (Ekenta 2009), because the NCS has not fashioned out implementable programs that take care of the post-release life of the incarcerated. The penal system does not provide the enabling environment for such governance that incorporates the purported IE. Davies (2013) explains that inmates who participate in correctional education programs have 48% lower odds of recidivating than those who do not. Employment after release was discovered to be 13% higher among prisoners who took part in either academic or vocational education, and those who received vocational

training were 28% more likely to be employed during their post incarceration life.

The importance of IE in prison management is of maximum interest in this study. If done in light of SG, it prepares inmates to return to their communities and also gets absorbed without returning to the prison. In a study carried out by this researcher in the USA, four in every ten inmates released find their way back to prison within 3 years of release. Going by this, it questions the governance in the prison institution. Researchers generally believe that education for prisoners reduces criminal activities in the future through the impact of increase in cognitive skills which modifies behavior. Recidivism and unemployment are inseparable, and unemployment is closely linked to lack of education (Bennett 2015).

Buttressing the effectiveness of IE in prison management, Cook et al. (2012) lament on the adverse effect of "get tough on crime" approach as a phenomenon that has aided significantly the increasing population of recidivists. Bierens and Carvalho (2011), Pettit and Lyons (2009), Thompson and Cummings (2010), and Vacca (2004) view prison management as something that requires education and training since insufficient or lack of education/training increases the possibility of unemployment, hence criminality. It should be noted that education in the light of PR emphasizes more of reinforcement and less of punishment while prisons upholds penal principles which are the last resort as a strategy used by PR in managing conflicts. Lahm (2009) explains that offenders who participate in education programs while in custody have fewer rule violations during incarceration because they spend less number of hours behind bars where they could have been with nonschool-participating offenders perfecting new acts of criminality. Correctional education program is therefore necessary for the success of persons who are difficult to employ and released prison inmates fall into this category. In prison governance, IE has the capacity to create in inmates an awareness of soft skills which are personality traits, communication, language, and characteristics that may be acquired in interrelationships (Bloom 2006).

Scurrah (2008) argues that those on remand (ATPs) and on sentences less than 6 months (simple offences) in the USA have no access to learning opportunities because such inclusive learning would expose them to higher negative informal learning experiences which will in turn make them more criminally ingenious, highlighting their knowledge of criminality, and contacts which promote recidivism. The implication here is that there are cell and offence categorizations. In Nigeria, however, there are rarely cell classification and offence categorization in NCS (Agomoh 2008; Obioha 2011; Shajiobi-Ibikunle 2014; Onimajesin 2006). This spells doom for behavior modification and defies sound governance.

Corroborating this view, Ekwunife et al. (2016) and Adetula et al. (2010) observe that the criminal law makes the less hardened criminal tougher on criminality and strengthens the rise in recidivism. Since this is the condition in NCS, there appears no justification for barring the ATPs from participating in the learning process at PSS Ai, since "when placed in the same system, people, however different, tend to produce similar results" (Senge 1990, 42). On this same issue, this paper argues that IE should be a right to ATPs, and of course all inmates in NCS considering the absence of cell classification by age and offence, and interminable judicial proceedings which keep detainees for donkey years. It is Education For All (UNESCO 1994, 2005).

Aside the use of corrective education program to reduce the likelihood of reoffending through employability, Hawley et al. (2013, 9) note that education and training "is an imperative in its own right," and prisoners should not relegate this right of accessing education while in prison. It is also helpful in this study to note that according to international conventions and recommendations, offenders in prison custody have the same right to education as other citizens. As an imperative, the United Nations has approved conventions for member states in this regard. The standard minimum rules for the treatment of offenders emphasizes the relevance of education and training for prisoners and also their integration into mainstream classes. The 1990 Basic Principle for the treatment of prisoners also advocates this

educational inclusion of prisoners with specific reference to "cultural activities and education aimed at the full development of the human personality" (Ibid., 9).

The right of education for prisoners is also enshrined in the European convention for the protection of human rights and fundamental freedoms which clearly states that "No person shall be denied the right to education, the European charter also outlines the right to work, the right to vocational guidance, and the right to vocational training." It is also necessary to understand that education for both the ATPs and the CM would be of help to the generality of the inmates by instigating in them a sense of belonging that they remain a part of the larger society and this will remain a constant remind to them that they will be reabsorbed into the wider community on release. Excluding the ATPs from the prison education program, therefore, is alienating them from the society and negates the inclusive and democratic nature of education as a right for all, hence a relegation of Victor Hugo's powerful quote that "he who opens a school door, closes a prison." Another major rationale for an advocacy for the inclusiveness is on the backdrop that even in many other nations of the world, the level of education among prison population is low with many prisoners lacking basic literacy and numeracy skills (Ekwunife 2016). In the Irish prison, for example, literacy survey shows that about 53% of the entire prison population had literacy level 1 in the National qualifications framework which is the lowest literacy level.

In conclusion, basic education up till the tertiary level is springing up all over the globe in the light of prisoners' reformation, rehabilitation, and reintegration. The exclusion of any category of prison inmates such as the ATPs seriously negates the policy of education for all (EFA) and does not protect or project the underlying tenets of IE in the light of SG. The consequence of excluding the ATPs could be fatal in achieving the reintegration objective of the NCS and in the long run, could negate the attainment of the SDG goal 4 which aims at ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all. However, disadvantaged groups are still excluded and the quality of education remains very poor. Inclusive actions still need to be done in prison–prisoner education and the development of the correctional administrative platform which the CSSS Ai stands for. In the CSSS Ai, for example, inmates' education, (excluding the ATPs) which may be defined in the writing of Kastl (2010) as inclusion, integration, separation, or exclusion, leaves much questions unanswered. This agrees with the findings of Garuba (2003) that the practice of inclusive education is still underdeveloped in Nigeria as a result of the challenges posed by inclusion policy and implementation.

## Cross-References


- ▶ Globalization and Public Relations
- ▶ Sound Governance and Effective Public Relations: An Assessment of Nigerian Prison


## References


Adetula GA, Adetula A, Fatusin AF (2010) The prison subsystem culture: its attitudinal effects on operatives, convicts and free society. IFE PsychologIA 18(1):232–251

Agomoh U (2008) Chapter 16: Protecting the human rights of people with mental health disabilities in African prisons. In: Saleh-Hanna V, Afor C, Agomoh U et al (eds) Colonial systems of control: criminal justice in Nigeria. Les Presses del' Universite D' Ottawa, Ottawa, pp 267–292

Ahiante B (2008) Character reformation of prison inmates and public relations. A paper delivered at a workshop for PR officers of the NPS in Abuja, pp 1–9, 14

Aliede J (2011) Public relations, Nigeria's democratic culture and conflict management. In: Nwosu I (ed) Communication, media & conflict management in Nigeria. Prime Targets Limited, Enugu

Amnesty International (1996) Amnesty International report 1996, Luxembourg. Available at: https://www.refworld.org/docid/3ae6aa004c.html. Accessed 13 May 2020

Anyanwu C (2002) The days of terror. Spectrum Books, Ibadan

Armstrong F (2006) Policy, difference and challenge of inclusive education. Reyrieved at books.google.com

Azuewah J (2009) Prison Special Secondary School (PSSS), Abakaliki, Ebonyi Sate: a brief history of the School, pp 1–4

Batchelder JS, Pippert JM (2002) Hard time or idle time: factors affecting inmate choices in prison work and education programs. Prison J 82(2):269–280


S

Bennett B (2015) An Offender's perspective of correctional education programs in a southeastern state. Dissertation submitted in partial fulfillment of the requirements for the degree of doctor of philosophy in human services, Walden University, pp 1–103

Bernhard A (2012) Inklusion, ein importiertes erziehungswissenschaftliches Zauberwort und seine Tücken. Behindertenpädagogik 51(4):342–351

Bexell M, Jönsson K (2017) Responsibility and the United Nations' sustainable development goals. Forum Dev Stud 44(1):13–29. https://doi.org/10.1080/08039410.2016.1252424

Bierens HJ, Carvalho JR (2011) Job search, conditional treatment, and recidivism: the employment services for exoffenders' program reconsidered. J Econ Anal Policy 11(1):1–38. Retrieved from http://econ.la.psu.edu/~hbierens/CONDTREAT2.PDF

Bloom D (2006) Employment-focused programs for ex-prisoners: what have we learned, what are we learning, and where should we go from here. MDRC, New York

Booth T (1999) Viewing inclusion from a distance: gaining a perspective from a comparative study. Support Learn 14(4):164–168

Bost LW (2006) Effective interventions in dropout prevention for students with disabilities: putting the evidence into practice. Paper presented at the critical issues, Urban Education Harvard Summer Institute, Boston

Braggins J, Talbot J (2003) Time to learn: prisoners' views on prison education. Prison Reform Trust, London

Coley RJ, Barton PE (2006) Locked up and locked out: an educational perspective on the U.S. prison population. Educational Testing Service, Princeton

Comenius JA (1896) In: Monroe WS (ed) Comenius' school of infancy: an essay on the education of youth during the first six years. Heath, Boston

Cook et al (2012) "Tough on crime" reforms: what psychology has to say about the recent and proposed justice policy in Canada. Retrieved at www.researchgate.net

Cramer ED, Gonzalez L, Pellegrini-Lafont C (2014) From classmates to inmates: an integrated approach to break the school-to-prison pipeline. Equity Excell Educ 47(4):461–475. https://doi.org/10.1080/10665684.2014.958962

Crosnoe R, Cavanagh S, Elder GH (2003) Adolescent friendships as academic resources: the intersection of friendship, race and school disadvantage. Sociol Perspect 46(3):331–352

Davis LM (2013) Evaluating the effectiveness of correctional education: a meta-analysis of programs that provide education tos incarcerated adults. Retrieved at www.rand.org.research_report

Davis LM, Robert B, Jennifer L, Steele JS, Jeremy NV (2014) Evaluating the effectiveness of correctional education: a meta-analysis of programs that provide education to incarcerated adults, RR-266-BJA, 2013. RAND Corporation, Santa Monica. As of 3 Feb 2014. http://www.rand.org/pubs/research_reports/RR266.html

Douglas TE (2001) The presence and effect of petit apartheid. In: Dragen M, Katheryn R (eds) Petit apartheid in criminal justice. Carolina Academic Press

Duguid S (2000) Can prisons work? The prisoner as object and subject in modern corrections. University of Toronto Press, Toronto

Ekenta CA (2009) Maintenance of order and discipline in prison library: a paper presented at a workshop organized in Abakaliki prison by SUBEB on June 23-july3. pp 1–4

Ekwunife RA (2016) Evaluation of public relations application in learning process of inmates at prison special school, Abakaliki, Nigeria. Unpublished MSc dissertation. Ebonyi State University, Abakaliki

Ekwunife RA (2017) Public relations and Nigeria prisons service. A focus group discussion with inmates of Abakaliki prison. July 10

Ekwunife R et al (2020) Sound governance and effective public relations.: an assessment of Nigerian prison. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer. https://doi.org/10.1007/978-3-319-31816-5_4033-1

Erny B (2013) A review of the effect of literacy education on the rehabilitation and recidivism rates of formerly incarcerated criminals. A master's project submitted in partial fulfillment of the requirements for the degree of Master of Science in education, State University of New York, Fredonia, pp 1–51

Eze TO (2009) Training workshop. "Teaching methods for teachers of Prison Junior Secondary School in Ebonyi State," organized by National Institute for Educational Planning and Administration (NIEPA), Nigeria, 12–15 Oct 2009

Farazmand A (2017) Sound governance in the age of globalization: a conceptual framework. In: Farazmand A (ed) Global encyclopedia of public administration, public policy and governance. Springer, Cham, pp 37–50

Feuser G (2002) Integration eine conditio sine qua non im Sinne kultureller Notwendigkeit und ethischer Verpflichtung. In: Greving& H, Gröschke D (eds) Das Sisyphos-Prinzip. Gesellschaftsanalytische und Gesellschafts kritische Dimensionen der Heilpädagogik. Lambertus, Bad Heilbrunn, pp 221–236

Garuba A (2003) Inclusive education in the 21st century: challenges and opportunities for Nigeria. Asia Pac Disabil Rehabil J 14(2):191–200

Gay G (2010) Culturally responsive teaching: theory, research, and practice. Teacher College Press, New York

Harding University (2000) National board of employment education and training. Retrieved at www.harding.edu

Harer MD (1995) Prison education program participation and recidivism: a test of the normalization hypothesis.

ORE report, N/A, pp 1–25. Retrieved from http://www.bop.gov/news/research_reports.jsp
Hawley JM et al (2013) Prison education and training in Europe: current state-of-play and challenges. A summary report authored for the European Commission by GHK Consulting. Retrieved from the European Commission website: http://ec.europa.eu/education/moreinformation/doc/prison_en.pdf. Accessed 6 Sept 2014
Heilpern DM (1998) Fear of favour: sexual assault of young prisoners. Southern Cross University Press, Lismore
Igbokwe UL, Mezieobi DI, Eke C (2014) Teachers attitude to curriculum change: implications for inclusive education in Nigeria. Res Humanit Soc Sci 4(11):92–99
Kastl JM (2010) Inklusion und Exklusionim Lebenslauf – zum Problem der uneingelösten Professionalisierung von Behindertenhilfe und Sozialpsychiatrie. Oral presentation, conference meeting Menschenrecht auf Teilhabe, Bad Boll, 15 Oct 2010
Lahm KF (2009) Educational participation and inmate misconduct. J Offender Rehabil 48(1):37–52. https://doi.org/10.1080/10509670802572235
Limbach-Reich A (2015) Reviewing the evidence on educational inclusion of students with disabilities: differentiating ideology from evidence. Int J Child Youth Fam Stud 6(3):358–378
Locht V (2008) Wider die inklusion und integration – Eine expedition in die welt der srache. Newsletter Behindertenpolitik 33(9):3–4
Markowetz R (2007) Inclusion und soziale Integration von Menschen mit Behinderungen. In: Cloerkes G (ed) Soziologie der Behinderten. Eine Einführung. Winter, Heidelberg, pp 207–278
National Board of Employment Education and Training (1992) Employment, education and training opportunities for prisoners and ex-prisoners. Retrieved at www.ncver.edu.ng
Nweze J (2008) Towards building friendly social relations among Prison School Teachers for effective lesson delivery. A paper delivered at a workshop in PSS, Abakaliki, 24 Sept, pp 1–3
O'Connor R (2014) The United States prison system: a comparative analysis. Graduate theses and dissertations. http://scholarcommons.usf.edu/etd/5086
Obioha EE (2011) Challenges and reforms in the Nigerian prisons system. J Soc Sci 27(2):95–109
Ogbuzuru M (2008) A keynote address delivered by the executive chairman of Ebonyi State Universal Basic Education at a two-day-workshop for the Staff of PSS, Abakaliki, 24 Sept, pp 1–3
Okeke-Oti B (2010) Teachers' quality for the effectiveness of children's primary school. Retrieved online at https://pdfs.semanticscholar.org
Okoro GO (2008) Disciplinary problems of prison inmates: a paper delivered at a 2-day workshop organized by ESUBEB in PSS, Abakaliki, 24–25 Sept, pp 1–7
Olusina O (2012) Nigerian prisons: death traps or reform centers? Retrieved from www.thisdaylive
Omede AA (2016) Policy framework for inclusive education in Nigeria: issues and challenges. Public Policy Adm Res 6(5):33–38
Onimajesin S (2006) Criminal justice system in Nigeria: an appraisal. University of Ilorin, Nigeria
Pettit B, Lyons CJ (2009) Incarceration and the legitimate labor market: examining age-graded effects on employment and wages. Law Soc Rev 43:725–756. https://doi.org/10.1111/j.1540-5893.2009.00387.x
Plaisance E (2010) L'education inclusive; genèseet expansion d'une orientation educative. Le casFrançaise. Actes du congrès de l'Actualité de la recherche en éducationet en formation (AREF), Université de Genève, Sept 2010. https://plone.unige.ch/aref2010/communications-orales/premiers-auteurs-en-p/Leducation%20inclusive.pdf/at_download/file
Scurrah AM (2008) Learning on the inside of Risdon prison. A dissertation submitted to the faculty of education of the University of Tasmania at Launceston in partial fulfillment of the requirements of the degree of Bachelor of Adult and Vocational Education (Hons)
Senge PM (1990) The fifth discipline. Random House, Sydney
Shajiobi-Ibikunle D (2014) Challenges of imprisonment in the Nigerian penal system: the way forward. Am J Humanit Soc Sci 2(2):94–104
Thompson M, Cummings D (2010) Enhancing the career development of individuals who have criminal records. Career Dev Q 58:209–219. https://doi.org/10.1002/j.2161-0045.2010.tb00187.x
Tomasic R, Dobinson I (1979) The failure of imprisonment: an Australian perspective. The Law Foundation of New South Wales and George Allen & Unwin Australia, Sydney
UNESCO (2005) Guidelines for inclusion: ensuring access to education for all. UNESCO Publishers, Paris
UNESCO and Ministry of Education and Science, Spain (1994) The Salamanca statement and framework for action on special needs education, adopted at the world conference on special needs education: access and quality, Salamanca, 7–10 June 1994
Vacca JS (2004) Educated prisoners are less likely to return to prison. J Correct Educ 55:297–305. Retrieved from http://www.ceanational.org/Journal/
Wentzel KR, McNamara-Barry C, Caldwell KA (2004) Friendships in middle school: influences on motivation and school adjustment. J Educ Psychol 96:195–203
Zimpel AF (2008) Alle können alles lernen. Gegenstandsanalyse als Grundlage für didaktische Selbstorganisation. Behindertenpädagogik 47(3):299–309

# Spiritual Leadership

Louis W. Fry
Texas A&M University – Central Texas, Killeen, TX, USA

## Synonyms

Leadership; Public administration; Public service; Spiritual leadership; Workplace spirituality

## Introduction

Given an environment of seemingly unending crisis, the search for new models for effective leadership in the public sphere has never been more urgent. Cycles of domestic and global recession, international debt crises, multiple armed conflicts, and national and global disasters each challenge the leadership skills of public administrators. Often this calls for continuously improving processes, programs, and partnerships on a very tight budget as well creating, caring, service-oriented cultures for both public servants and citizens. Each of these challenges is a monumental task in and of itself and underscores the importance of identifying and understanding what constitutes effective leadership in public administration (Kellis and Ran 2013; Vigoda-Gadot and Beeri 2012).

Even in the midst of increasing uncertainty and chaos, there is still debate concerning the appropriate role of leadership in the public sector since the profession of public administration has yet to embrace leadership as a fundamental element of successful practice (Kellis and Ran 2013). This is in good part because public administration has traditionally been framed within its historic administrative, political, and legal traditions, each of which has its own view on the place and role of leadership. These distinctions have inhibited a robust exploration of the definition and function of leadership, which has caused the field of public administration to struggle for consensus on whether leadership, except at the highest levels of government, is a necessary responsibility of public sector executives and workers.

There are several reasons for this lack of consensus. One is because leadership has conventionally been portrayed as based in power, charisma, and transformational forces in the public arena (Burns 2009). There are also the assumptions that acts of leadership are reserved for the political elite, legislative representatives, top agency leaders, managers of cities, and other local governmental agencies or any other individuals who are granted political authority to make decisions through the democratic process. Following this assumption, lower level public workers are viewed as technocrats charged with unquestionably implementing the programs and policies resulting from these decisions. Finally, and perhaps most importantly, the lack of a clear disciplinary home for leadership in general inhibits validating the relevance of leadership in public administration scholarship. How can public administration achieve consensus on a definition and practice of public administration leadership when there is no consistently agreed-upon general definition of leadership and no clear understanding of the boundaries of the leadership construct (Rumsey 2014)?

## Spirituality: A Foundation for Leadership in Public Administration

Given the above confusion, what is a logical process by which one may proceed in laying the foundation for a workable model for leadership in public administration? As in all theory building, when there is lack of a dominant paradigm (Kuhn 1970) and constructs are in the concept/elaboration stage of development (Hunt 1999), certain fundamental assumptions must be explicated that serve as theoretical foundation from which subsequent theory may be built. One such assumption for this is that the spirituality that underlies the world's spiritual and religious traditions, which at their core are based on loving and serving others (Fry and Kriger 2009), can provide this foundation. Within this context, "spirituality"

refers to the quest for self-transcendence and the attendant feeling of interconnectedness with all things in the universe. The spiritual permeates all actions, including what we think and speak, the way we physically present ourselves, how we enter relationship, and the way we spend our time and money. Although spirituality is most often viewed as inherently personal, it can also reside or manifest in groups and organizations. From this perspective, a religion is an institution which has formed and evolved over time around the spiritual experiences of one or more founding individuals that also provides the context for leadership based upon the beliefs and practices inherent in that religion. Thus religion is concerned with a theological system of beliefs, ritual prayers, rites and ceremonies, and related formalized practices and ideas, while spirituality is concerned with those qualities of the human spirit such as love and compassion, patience, tolerance, forgiveness, contentment, personal responsibility, and a sense of harmony. From this perspective, spirituality is necessary for religion, but religion is not necessary for spirituality (Fry 2003). The common bridge between spirituality and religion is that both are based on a vision of service to others through love or other-centeredness as exemplified through the golden rule.

Although an actively researched area, the role of spirituality in the workplace is a relatively new field of inquiry (Benefiel et al. 2014). The extant literature has generally treated it as the missing attribute of both organizational life and organizational effectiveness in the absence of which an understanding of corporate reality remains limited and incomplete. Also seen as essential is a sense of transcendence, of having a calling through one's work or being called (vocationally), and a need for social connection or membership. The most widely accepted definition of workplace is offered by Giacalone and Jurkiewicz (2003, p. 13):

A framework of organizational values evidenced in the culture that promotes employees' experience of transcendence through the work process, facilitating their sense of being connected in a way that provides feelings of compassion and joy.

Workplace spirituality has received some interest concerning its relevance for public administration. Bruce and Plocha (1999) was one of the first to explore what it means for public servants to not be able to express their spirituality in a workplace where employees are considered, above all, fiduciaries of public money and property and encouraged to be technocrats who, know, obey, and enforce the law in a value-neutral, dehumanized workplace. Others note that there are elements of spirituality inherent in public service as a "calling." Drawing from public service motivation (PSM) theory, Bozeman and Su's (2014) review revealed that the majority of definitions of PSM view public service as a calling that attracts persons more likely to be motivated by intrinsic aspects of work than by monetary awards. Frederickson (1997) refers to the "calling of the public service," which is based on benevolence at the heart of the "spirit of public administration." For Gawthrope (1998), public service is based on duty as a love or an intense inner commitment to a cause that extends beyond the needs of the moment. There is also research indicating that public service employees are more spiritual in their attitudes than others in terms of transcendence, compassion for others, the experience of interconnectedness, and life meaning (Houston and Cartwright 2007).

## Spiritual Leadership

A special issue on spiritual leadership in 2005 in *The Leadership Quarterly* served as a vehicle for advancing the field of spiritual leadership as a focused area of scholarly inquiry (Fry 2005). In that issue, Dent et al.'s (2005) qualitative review of 87 articles led them to propose that there is a clear consistency between spiritual values and practices and leadership effectiveness. In a second review, Reave (2005) argues that values that have long been considered spiritual ideals, such as integrity, honesty, and humility, have a positive influence on leadership success.

A theme emerged from the special issue suggesting that fundamental to both workplace spirituality and spiritual leadership is an inner

life that nourishes and is nourished by calling or transcendence of the self within the context of a community based on the values of altruistic love. Satisfying these spiritual needs in the workplace positively influences human health and psychological well-being and forms the foundation for both workplace spirituality and spiritual leadership.

One model of leadership that has been tested widely is based on spiritual leadership theory, which is intentionally couched at the spiritual level so that it can be applied in both religious and nonreligious organizational settings (Fry 2003, 2008; Fry and Nisiewicz 2013). In addition to the foundational assumption concerning spirituality discussed above, the theory also adopts a foundational definition of the leadership construct based on the work of Kouzes and Posner (2012) who define leadership as the art of mobilizing others to want to struggle for shared aspirations. Building on this foundation, spiritual leadership involves intrinsically motivating and inspiring workers through a transcendent vision and a corporate culture based on altruistic love. It is viewed as necessary for satisfying the fundamental needs of both leader and followers for spiritual well-being through calling and membership; to create vision and value congruence across the individual, empowered team, and organization levels; and, ultimately, to foster higher levels of employee well-being, organizational commitment and productivity, social responsibility, and performance excellence (Fry 2003, 2008; Fry and Nisiewicz 2013).

Essential to spiritual leadership are:

1. Creating a vision wherein leaders and followers experience a sense of calling so that their lives have purpose, meaning, and make a difference
2. Establishing an organizational culture based on the values of altruistic love whereby leaders and followers have a sense of membership, belonging, and feel understood and appreciated

While there are innumerable theological and scholarly definitions of love, we focus here on a definition based on the golden rule (Fry 2003). Altruistic love in spiritual leadership is defined as "A sense of wholeness harmony and well-being produced through care, concern, and appreciation of both self and others" (Fry 2003. p. 712).

The source of spiritual leadership is an inner life or mindful practice. Inner life speaks to the feeling individuals have about the fundamental meaning of who they are, what they are doing, and the contributions they are making. Inner life in spiritual leadership is a quest for a source of strength that fuels hope/faith in a transcendent vision to love and serve others. It includes personal practices such as meditation, prayer, religious practices, yoga, journaling, walking in nature, and organizational contexts (e.g., rooms for inner silence and reflection) to help individuals be more self-aware and conscious from moment--to-moment and draw strength from a higher power, be that a nondual being, God, philosophical teachings, pantheistic divinity, or orderly humanistic social system (e.g., family, tribe, nation state) (Fry and Kriger 2009; Fry and Nisiewicz 2013).

Figure 1 depicts how the spiritual leadership model works. A commitment to an inner life or mindful practice positively influences spiritual leadership, which is comprised of hope/faith, vision, and altruistic love. Spiritual leadership then produces a sense of spiritual well-being through calling and membership that, ultimately, positively influences important individual and organizational outcomes such as:

1. Organizational commitment – people with a sense of calling and membership will become attached, loyal to, and want to stay in organizations that satisfy these spiritual needs.
2. Unit productivity – people who experience calling and membership will be motivated to foster work unit continuous improvement and productivity to help the organization succeed.
3. Life satisfaction – people with a sense of calling and membership will feel more fulfilled by having a sense of purpose and belonging and therefore will perceive their lives as richer and of higher quality.

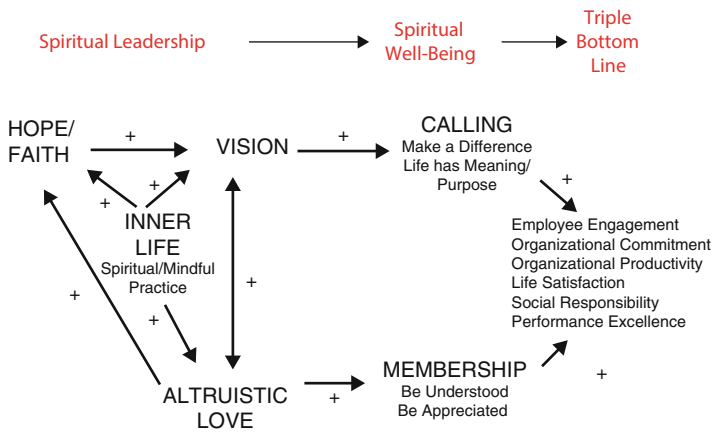


**Spiritual Leadership, Fig. 1** Model of spiritual leadership

Research on spiritual leadership theory to date reveals that it predicts a number of important individual and organizational outcomes across various countries and cultures. These outcomes include being positively related to organizational commitment, job satisfaction, altruism, conscientiousness, self-career management, sales growth, job involvement, identification, retention, organizational citizenship behavior, attachment, loyalty, and work unit productivity and negatively related to interrole conflict, frustration, earning manipulation, and instrumental commitment (Benefiel et al. 2014).

## Spiritual Leadership in Public Administration

Scholars have also begun to explore the role of spiritual leadership in public administration. Ferguson and Milliman (2008) discussed the key reasons why most organizations have not developed effective core organizational values and concluded that leadership based on spiritual principles is important as is articulating a higher cause or purpose, being authentic, and being in service to developing and empowering employees. In advocating whole-soul (spiritual) leadership, Fairholm (2004) assumes that people have only one spirit, which manifests in both their personal and professional lives and thus leadership must engage employees at this level. Spiritual leadership from this perspective integrates these two into a comprehensive system that fosters continuous growth, improvement, self-awareness, and self-leadership that links one's interior world of moral reflection with their outer world of work and social relationships. This translates into public administrators who are more organizationally sophisticated, better able to deal with public issues and policies as well as facilitate success in an increasingly complex world. Recent research by Fairholm and Gronau (2015) focused on the leadership practices of local public administrators and whether they displayed elements of spiritual leadership so that the best in people is liberated in a context of continuous improvement of self, culture, and service delivery. Themes that emerged from their study of municipal managers revealed that what seemed essential from a spiritually sensitive leadership perspective was building community and individual wholeness, fostering an intelligent or learning organization, setting high moral standards, and inspiring others toward service.

Although the research is limited, spiritual leadership theory has received promising support in studies of public sector organizations. A study of municipal employees conducted in a medium sized Texas city, which included different departments such as police, fire department, administrative, parks and recreation, and utilities, found strong support for the spiritual leadership model, especially concerning the role membership plays in positively influencing employee commitment and unit productivity (Fry et al. 2007). An extensive mixed method study of the Centre for Excellence in Leadership (CEL), a public service agency that operated within the further education sector in the United Kingdom, revealed that CEL's CEO and her leadership team exemplified

spiritual leadership in action as evidenced by high levels of spiritual leadership throughout the organization. These findings were gleaned as a result of a two-phase longitudinal study on organizational effectiveness and well-being that included administering the spiritual leadership survey to all staff as well as conducting a vision/stakeholder analysis to establish a baseline and raise key issues for organizational development interventions (Fry and Altman 2013).

## Conclusion

Regardless of the current lack of consensus of the value of leadership in public administration, it should be clear that leadership and the importance of developing effective leaders in public administration at all levels is imperative given the increasingly complex administrative, political, and legal challenges they face. Forces such as generational turnover due to baby boomer retirements at all levels of government and nongovernmental agencies make it all the more critical that developing and nurturing the leaders that will follow them be given the necessary leadership models, methods, and tools to be successful. Most importantly, the current practice must be changed whereby leadership education and development resources are primarily deployed at the executive level with little assessment of the needs of public administrators throughout their careers before they reach such pinnacles of success.

Based on fundamental assumptions concerning the nature of spirituality and leadership, it is proposed that workplace spirituality implemented through spiritual leadership can serve as a model for public administration that will empower public sector leaders to more effectively deal with the daunting challenges they face in an increasingly unstable, chaotic, and frenzied task environment. Given the emerging research on public service motivation and the revelation that public sector employees are more altruistically motivated and have a calling to serve others (Bozeman and Su 2015), it seems logical to adopt a leadership model for public administration that reinforces these spiritual qualities.

## Cross-References


- ▶ Authentic Leadership
- ▶ Ethical Leadership
- ▶ Leadership and Consensus Building
- ▶ Leadership Development
- ▶ Leadership Effectiveness
- ▶ Leading the Ethical Organization
- ▶ Managerial Leadership
- ▶ Motivation and Leadership
- ▶ Positive Leadership Behavior
- ▶ Public Administration Theory
- ▶ Servant Leadership
- ▶ Theories of Leadership
- ▶ Transformational Leadership


## References


Benefiel M, Fry L, Geigle D (2014) Spirituality and religion in the workplace: history, theory, and research. Psychol Relig Spiritual 6(4):175–187

Bozeman B, Su X (2015) Public service motivation concepts and theory: a critique. Public Adm Rev 75(5): 700–710

Bruce W, Plocha E (1999) Reflections on maintaining spirituality in the government workplace: what it means and how to do it. Int J Organ Theory Behav 2(3–4):325–347

Burns M (2009) Validating the relevance of leadership in public administration. Int J Organ Theory Behav 12(2): 254–265

Dent E, Higgins M, Wharff D (2005) Spirituality and leadership: an empirical review of definitions, distinctions, and embedded assumptions. Leadersh Q 16:625–653

Fairholm M (2004) Different perspectives on the practice of leadership. Public Adm Rev 64(5):577–589

Fairholm M, Gronau T (2015) Spiritual leadership in the work of public administrators. J Manag Spiritual Relig 12(4):354–373

Ferguson J, Milliman J (2008) Creating effective core organization values: a spiritual leadership approach. Int J Public Adm 31:439–459

Frederickson G (1997) The spirit of public administration. Josey-Bass, San Francisco

Fry LW (2003) Toward a theory of spiritual leadership. Leadersh Q 14(6):693–727

Fry LW (2005) Toward a paradigm of spiritual leadership. Leadersh Q 16:619–622

Fry L (2008) Spiritual leadership: State-of-the-art and future directions for theory, research, and practice. In: Biberman J, Tishman L (eds) Spirituality in business: theory, practice, and future directions. Palgrave, New York, pp 106–124

Fry L, Altman Y (2013) Spiritual leadership in action: the CEL story. Information Age Publishing, Charlotte

Fry L, Kriger M (2009) Toward a theory of being-centered leadership: multiple levels of being as context for effective leadership. Hum Relat 62(11):1667–1696
Fry L, Nisiewicz M (2013) Maximizing the triple bottom line through spiritual leadership. Stanford University Press, Palo Alto
Fry LW, Nisiewicz M, Vitucci S, Cedillo M (2007) Transforming city government through spiritual leadership: measurement and establishing a baseline. Paper presented at the National Meeting of the Academy of Management, Philadelphia
Gawthrope L (1998) Public service and democracy: ethical implications for the 21st century. Chatham House, New York
Giacalone RA, Jurkiewicz CL (2003) Toward a science of workplace spirituality. In: Giacalone RA, Jurkiewicz CL (eds) Handbook of workplace spirituality and organizational performance. M. E. Sharp, New York, pp 3–28
Houston D, Cartwright K (2007) Spirituality and public service. Public Adm Rev 67(1):88–102
Hunt JG (1999) Transformational/charismatic leadership's transformation of the field: an historical essay. Leadersh Q 10(2):129–144
Kellis D, Ran B (2013) Modern leadership principles for public administration: time to move forward. J Public Aff 13(1):130–141
Kouzes J, Posner B (2012) The leadership challenge. Josey-Bass, San Fransisco
Kuhn TS (1970) The structure of scientific rvolutions. The University of Chicago Press, Chicago
Reave L (2005) Spiritual values and practices related to leadership effectiveness. Leadersh Q 16:655–687
Rumsey M (2014) The elusive science of leadership. In: Day D (ed) The Oxford handbook of leadership and organization. Oxford University Press, Oxford, UK, pp 455–466
Vigoda-Gadot E, Beeri I (2012) Change-oriented organizational citizenship behavior in public administration: the power of leadership and the cost of organizational politics. J Public Adm Res Theory 22(3):573–596

# Spirituality and Health Policy

Gloria J. Billingsley
Jackson State University, Jackson, MS, USA

## Synonyms

Healthcare policy; Religion; Religiosity; Religious involvement; Religiousness; Spiritual beliefs; Spiritual commitment; Spiritual practices

## Definition

Spirituality is the search for relationship, meaning, and interconnectedness between an individual and a higher power, others, and nature as expressed through a set of beliefs, culture, and practices.

Health policy consists of all legislative mandates and public sector administrative and private sector policies and procedures that impact the health of a population.

## Introduction

The connection between spirituality and health is not new. Before there was organized medicine in the modern context in which we currently understand it, the family leader or some other culturally approved hierarchical structure determined appropriate healthcare treatment for its members. Prior to the twentieth-century push for more scientifically based medical education, medicine and spirituality were inextricably linked. Furthermore, many of the medical facilities and hospitals in the USA were birthed by religious organizations and groups. Additionally, most major religions (Christianity, Buddhism, Confucianism, Hinduism, Islam, Judaism, and Shamanism) have tenets, principles, or spiritual practices that focus on the relationship between spirituality and health. The focus comes in two spheres: (1) the healing properties of the spirit and (2) negative health outcomes being punishments resulting from a violation of religious practices/traditions. The very nature of man as triune being, body, soul, and spirit speaks to the centrality of role of spirituality in wellness and wholeness. While there is growing evidence that the integration of spirituality into patient care improves health outcomes, the relationship between the two is complex. The complexity in understanding the relationship between these two variables is exacerbated by variations in religious beliefs and practices and geographical differences in how religious tenets are practiced in healthcare settings. The lack of clarity is further complicated by the wide array of concepts that are used interchangeably in the

literature to describe or is used as a proxy for spirituality. Concepts such as religiosity, religious involvement, spiritual commitment, religion-based practices, and faith-based interventions all add to confusion and tension in understanding the role of spirituality and health policies.

## Creating a Common Understanding

The contemporary study of the impact of religion on health outcomes can be traced backed to the 1953 groundbreaking work of Moberg which looked at the impact of church membership on the ability of older adults to cope with issues of daily living (Moberg 1953; Krause 2011). Since the publication of this seminal work, there is considerable literature attempting to examine the relationship between spirituality and health and how the relationship between these variables impact health and healthcare policy. While there is a search for relational understanding, there are two major issues that tend to blur our understanding: the lack of a macro-level theory and lack of conceptual clarity on key concepts.

The lack of conceptual clarity on key constructs and concepts further impedes the development of a common understanding of the role each plays. First, there is a lack of consensus on the definition of spirituality. A review of the various definitions seems to suggest that the definition of spirituality is individual and context driven. The categories of definitions seem to revolve around five themes: (1) sacred relationship between individuals and a higher power than oneself; (2) acts or characteristics that denote spirituality, e.g., participating in organized religion, praying, meditating, reading scriptures, and giving to charity; (3) spirituality as synonymous with religion; (4) the domains of spirituality; and (5) the private search for meaning of life and one's existence.

Another construct that impedes our understanding of the relationship between religion and health is the use of religion as a proxy for spirituality. While religion is often used synonymously for spirituality, religion is a unifying set of doctrine, tenets and beliefs, and practices relative to a God or set of gods. These belief systems are expressed through social systems that often provide monitoring and oversight to ensure adherence to the tenets of the religion and often describe or enforce punishment for violators. The literature presents several dilemmas in defining religion that could have impact on understanding its relationship to health outcomes and health policy. Authors have posed several issues in trying to understand religion and its evolution in the research literature. One issue for debate is whether the belief in God or gods is necessary to categorize a belief system as a religion. Another issue is whether active involvement is a prerequisite for a person to claim membership to a particular religion. Lastly, there is the issue of religiosity or the level of influence or role of religion as a determinant in societal affairs and personal decision making. While many still see spirituality as connected to religion, the definition has changed and broadened to include secular spiritual manifestations outside of its expression in organized religion.

## A Need for a Unifying Framework

The research literature does not provide a clearly articulated macro-level theoretical framework but instead identifies a series of minor theories in a quest for deeper understanding. Theory building occurs either as result of a need to explain observed phenomena or as a prediction of a proposed relationship between variables that is then tested. According to Merton's 1968 work on theory building, the development of these minor or sub-theories should serve as a foundation for the development of a macro-level or unifying theoretical framework. It is important not to minimize the value of these minor theories in expanding our understanding of the relationship of these two variables. However, the current set of theories are more descriptive than prescriptive in that few clearly detail how research in this area should actually be conducted. This is one of areas in the literature where there is general consensus among researchers.

There is a need for empirical evidence on the relationship between religion, spirituality, and

health. Traditional empiricism is about building predictive models to explain the nature of relationships between two variables or constructs. Researchers in this area are grappling with the development of a grand theory that brings these two differing perspectives into a unifying framework. Systems theory, God-mediated control, Maslow's expanded hierarchy of needs which includes the need for self-transcendence, and Erikson's developmental theory are all theories that have been used to explain how religion impacts health outcomes (Krause 2011).

Authors have identified the ability to measure spirituality as a precursor to determining the relationship between spirituality and health. Spirituality has been described as the 4th dimension of health, and as such efforts to measure spiritual health has led to the development of tools to measure spiritual health. A comprehensive literature review was conducted in 2011 to identify instruments available to measure the relationship between spirituality and health revealing the earliest being developed in 1983. The instruments identified measured four different dimensions of spirituality: general spirituality, spiritual well-being, spiritual support or coping, and spiritual needs (Monod et al. 2011). Several measurement tools have been developed to advance knowledge in this area: spiritual health scale (Dhar et al. (2012) in which three domains of spiritual health are measured – self-evolution, self-actualization, and transcendence. The Fetzer Institute conducted a study funded by the National Institutes of Health (NIH) to examine the key dimensions of religiousness/spirituality as they relate to physical and mental health outcomes. Fetzer presented outcomes of the study in a progress report that highlighted the research on each of the 12 domains (Fetzer Institute 1999). Additionally, the working group at Fetzer Institute developed the Brief Multidimensional Measure of Religiousness/Spirituality (BMMRS). For additional information, see http://fetzer.org/resources/multidimensional-measurement-religiousnessspirituality-use-health-research). The Daily Spiritual Experience (DSE) Scale was developed to measure how spirituality is expressed in the daily lives of ordinary people. The goal was to capture all of the ways spirituality may manifest outside of the "religious" context including the language used to describe it (Underwood and Teresi 2002). Later, Hall et al. (2008) provide a robust discussion of various instruments that have been used to measure religiosity and spirituality. These authors identified a number of instruments designed to measure: religious attendance and participation in organized religious activities, private religiousness, religious motivation/orientation (intrinsic and extrinsic), multidimensional measures of religiousness and functional measures of religiousness, religious well-being, religious coping, and others. The authors also provide information on the various scales used to measure these constructs. Problematic though is a lack of consensus between authors on what these constructs mean.

The third area where a common understanding is needed involves defining health. There are two models used to define health: the medical model and biopsychosocial model. The medical model definition describes health as the absence of symptoms of illness and disease. This model largely characterizes the United States healthcare system (Shi and Singh 2012). Internationally, the World Health Organization (WHO) has developed one of the widely used definitions of health. According to WHO, health is "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (WHO 1948).

## Spirituality and Health Policy: United States Context

The literature indicates that the quest for understanding of the relationship of religion/religious activities in the USA began in the 1960s (Levin and Vanderpool 1987). Interest in this phenomenon increased dramatically from the 1980s to near the end of the twentieth century (Flannelly et al. 2014). Intractable health disparities in minority populations have pushed the medical profession and public health officials to seek ways to reduce risk factors and increase factors that protect individuals and populations from the adverse consequences of many preventable and curable

diseases. Health researchers also seek to understand why various groups do not engage in health-seeking behavior, do not follow treatment protocols or plans prescribed by their healthcare providers, and do not participate in research designed to find cures for diseases that plague their communities. The quests for answers to these pressing health concerns have resulted in the examination of not only individual-level and population-level factors that impact health outcomes, but also the role of the environment in determining health outcomes.

The World Health Organization (WHO) established the Commission on Social Determinants of Health in 2005 consisting of individuals with diverse expertise and experiences. The Commission collaborated with policymakers, well-respected researchers, and nongovernmental entities to examine the available evidence on the social, political, and economic factors that influence individual and group differences in health outcomes. The work of the Commission was presented as social determinants of health framework that could be used to assist countries in promoting health equity and equality (WHO 2008). Countries represented by WHO provide annual updates to WHO outlining progress made in the Commission on Social Determinants of Health Framework area. The English version full report of the Commission's 2008 report can be found at http://apps.who.int/iris/bitstream/10665/43943/1/9789241563703_eng.pdf. The report is translated into other languages as well and can be found on the WHO website. http://www.who.int/social_determinants/thecommission/finalreport/en/

The social determinants of health address a wide range of the structural social determinants of health such as inequalities in education, income, discrimination, and poverty. Despite the growing collaborations between religious institutions and public health organizations in addressing health concerns in local communities, the centrality of religious practices and institutions in the lives of people around the world is conspicuously absent as a social determinant of health (Idler 2014). Even when it is acknowledged as a social determinant of health, religiosity is still not clearly understood (Maselko et al. 2011).

The First Amendment to the United States Constitution provides that Congress makes no law respecting the establishment of religion. The separation of church and state doctrine was solidified in 1947 Supreme Court Case Everson V. Board of Education which ruled that the Constitution distinctly calls for a strict separation of government and religion. For over a century, the prevailing belief was that government should shun the appearance of favoring one religion by refraining from using taxpayer dollars to fund any religious activity.

Foundations and faith-based organizations have a long history of addressing issues that governments refuse to or are unable to address due to legal restrictions. "Religious institutions occupy important roles and positions of power and influence (e.g., economic, educational, civic, and political) in their respective communities. Therefore, they possess legitimacy in the eyes of their communities, as well as the organizational roles, structures, and mechanisms that facilitate the development and implementation of health programs (Chatters 2000: 352)." The Robert Wood Johnson Foundation, a nonprofit health research organization, began to operate a Faith in Action program in 1983 focused on childcare givers. The work of the Robert Wood Johnson Foundation with interfaith organizations laid the groundwork on which the first federal charitable choice provision incorporated into the 1996 Welfare Reform Act (P.L. 104–193) heralded by President Bill Clinton which opened the door for religious organizations treated the same as any other nonprofit organization in terms of competing for federal funding and providing services to specific target populations. President George Bush expanded the provisions of charitable choice in 2001 and established the Office of Faith-Based and Community Initiatives. Under the Obama Administration, the influence of faith-based organizations was strengthened by reorganizing the Office of Faith-Based and Community Initiatives and changing the name to Office of Faith-Based and Neighborhood Partnerships and centralizing the 11 agency-level partnerships was expanded. Establishing these Offices and partnerships capitalized on over four decades of a symbiotic

relationship between religious institutions and public health organizations in problem solving and advocacy, health promotion, and service delivery (Levin and Hein 2012).

In the past 25 recent years, there has been a renewed interested in integrating spirituality into patient care to improve health outcomes and quality of life. This renewed interest is evident in the Association of American Medical Colleges in terms of clinical research, medical education, and healthcare delivery systems. Policies that are culturally appropriate have been shown to be more efficacious in addressing a number of health issues such tobacco use, cardiovascular disease, diabetes, hypertension, low birth weight, and HIV/AIDS. A major advantage of utilizing spirituality is that it helps to make policies culturally appropriate and easily integrated into the lives of those impacted by it. A person's belief system can and often does impact health decisions regarding whether or not they believe adiagnois, choice of treatment options & treatment compliance.

In the 1990s, there was a reemergence and national recognition that the integration of spirituality into healthcare was just as important as the actual medical intervention being offered. The Joint Commission on Accreditation of Healthcare Organizations, the American College of Physicians, and the Association of American Medical Colleges all issued policies regarding the role of spirituality. Medical schools began offering courses in spirituality and health as early as 1992. In 1999 the Association of American Medical Colleges recommended six learning outcomes around spirituality and cultural beliefs that all medical students must demonstrate before graduation (Association of American Medical Colleges 1999: 26).

## Spirituality and Health Policy: International Context

The integration of relationship between spirituality and health outcomes is also of interest to researchers, public health officials, and medical practitioners internationally. The diversity of religion and religious practices further complicates efforts to reconcile the literature and our understanding of the relationship between spirituality and the outcomes of health policy. Several policy efforts to integrate spirituality in health policy in a comprehensive way to affect most people are discussed below.

First, the National Health Services of the UK put forth policy recommendations as early as 1991 in the form of a *Patient's Charter*. While the intermingling of religion and healthcare was pervasive through the healthcare system, the *Patient's Charter* was the first attempt at making this right explicit (Pattison 2013). A search of national archives of the UK governmental publications for policies on religion, spirituality, and health appears to focus on these constructs as it relates to mental illness.

Second, the Health and Social Care Act of 2012 calls for the Secretary of State to protect the health of the United Kingdom (Health and Social Care Act 2012). The National Institute of Clinical Excellence (NICE) in the UK has provided clinical guidance on how to improve health and the role of spirituality and spiritual care in healthcare. According to the National Institute of Clinical Excellence Guideline "spiritual care is the responsibility of all health profession, although some patients many have specialized needs (Yardley et al. 2009: 601).

The World Health Organization (WHO) has published several reports addressing the need for spirituality in the provision of healthcare. *People Centered Health Care*: *A Policy Framework* was published in 2007 as a policy statement promoting patient-centered care as a guiding framework for its work to improve global health outcomes. A number of target areas were identified, but the one that has the most relevance to this discussion is responsiveness of care which was identified by WHO in 2001 as an important issue in terms of population health. It is under this policy framework criterion that WHO is calling for healthcare providers, facilities, and research institutions to integrate social, emotional, and spiritual support for patient, their families, and the staff who work at their facilities (WHO 2007).

WHO, academic institutions, and other public health institutions did not initially embrace the

concept of involving religion and religious practices in health interventions and questioned the efficacy of doing. Recognizing that a person's culture, values, attitudes, and health beliefs are often inextricably connected to spiritual beliefs and religious doctrine, WHO and others have come to understand that the question is not whether religion and spirituality should be considered when delivering health services but "when" and "how" they should be integrated into health promotion, prevention, and treatment of various public health threats.

The integration of spirituality in healthcare is also evident in countries outside of the UK. In the international context, spirituality and religion-based interventions have been used for tobacco control interventions in Saudi Arabia (Jabbour and Fouad 2004; Saeed et al. 1996), health impact assessments in Thailand (Chuengsatiansup 2003), and suicide in Buddhism (Keown 1996).

## Negative Aspects of Integrating Spirituality into Healthcare

While integrating spirituality and religion into health interventions ensures that service provision is culturally appropriate and relevant to the target population, it is not a panacea. There are several issues that must be accounted for as the push for religion-based interventions gain more traction. Some of the issues to be addressed are:

- The lack of sufficient evidence of efficacy of religion-based/spirituality-based interventions may be a setback in the hard fought battle for the use of evidence-based practices.
- Many religions have precepts and practices that may conflict with the need for medical care.
- There are ethical considerations in terms of who, when, what, and how should spiritual care be integrated to healthcare.
- Religious beliefs that promote and reinforce shame and blame which interfere with health-seeking behavior.
- Competition between religious leaders/denominations and healthcare providers and public health officials could arise to be seen as the authority on health-related outcomes.
- The lack of expertise of healthcare providers/public health officials relative to religious beliefs of their clients/target population could inadvertently increase psychological harm.

## Conclusion

Globally, there is a growing body of literature that supports the need to integrate spirituality into health policy and healthcare practices. However, the lack of conceptual clarity on the constructs of spirituality, health, and health policy complicates the discussion on the need for intentional strategies to address the spiritual needs of patients as a part of routine care. There are documented methodological challenges that must be addressed before a clear hypothesis of the relationship between these variables can be substantiated. While there is a growing number of instruments available to measure the various domains of spirituality and religiosity, a macro-level theory to solidify our understanding of the relationship between spirituality and health outcomes continues to be an area for research focus.

## References

Association of American Medical Colleges (1999) Report III. Contemporary issues in medicine: communication in medicine, medical school objectives project. Association of American Medical Colleges, Washington, DC, pp 25–26. Available at https://members.aamc.org/eweb/upload/Contemporary%20Issues%20In%20Med%20Commun%20in%20Medicine%20Report%20III%20.pdf. Accessed 10 Sept 2016

Chatters LM (2000) Religion and health: public health research and practice. Annu Rev Public Health 21: 335–367

Chuengsatiansup K (2003) Spirituality and health: an initial proposal to incorporate spiritual health in health impact assessment. Environ Impact Assess Rev 23:3–15

Dhar N, Chaturvedi SK, Nandan D (2012) Self-evolution: 1st domain of spiritual health. AYU 33(2):174–177

Fetzer Institute (1999) Multidimensional measurement of religiousness/spirituality for use in health research. John E. Fetzer Institute, Kalamzaoo. http://fetzer.org/resources/multidimensional-measurement-religiousnessspirituality-use-health-research. Accessed 30 Aug 2016

Flannelly KJ, Jankowski KR, Flannelly LT (2014) Research methodology: operational definitions in research on religion and health. J Health Care Chaplain 20:83–91
Hall DE, Meador KG, Koenig HG (2008) Measuring religiousness in health research: review and critique. J Relig Health 47:134–164
Idler EL (2014) Religion as a social determinant of health. Oxford University Press, Oxford
Jabbour S, Fouad FM (2004) Religion-based tobacco control interventions: how should WHO proceed? Bull World Health Organ 82(12):923–927
Keown D (1996) Buddhism and suicide. The case of channa. J Buddh Ethics 3:8–31
Krause N (2011) Religion and health: making sense of a disheveled literature. J Relig Health 50:20–35
Levin J, Hein JF (2012) A faith-based prescription for the surgeon general: challenges and recommendations. J Relig Health:13. https://doi.org/10.1007/s10943-012-9570-4
Levin JS, Vanderpool HY (1987) Is religious attendance really conducive to better health? Toward an epidemiology of religion. Soc Sci Med 24(7): 589–600
Maselko J, Hughes C, Cheney R (2011) Religious social capital: its measurement and utility in the study of the social determinants of health. Soc Sci Med 73(5): 759–767
Merton RL (1968) Social theory and social structure. Free Press, New York
Moberg DO (1953) Church membership and personal adjustment. J Gerontol 8:207–2011
Monod S, Brennan M, Rochat E et al (2011) Instruments measuring spirituality in clinical research: a systematic review. J Gen Intern Med 26(11):1345–1357
Pattison S (2013) Religion, spirituality and health care: confusions, tensions, opportunities. Health Care Anal 21:193–207
Saeed AA, Khoja TA, Khan SB (1996) Smoking behavior and attitudes among adult Saudi nationals in Riyadh City, Saudi Arabia. Tob Control 5:215–219
Shi L, Singh DA (2012) Delivering health care in America: a systems approach, 5th edn. Jones & Bartlett Publishers, Burlington
Underwood LG, Teresi J (2002) The daily spiritual experience scale: development, theoretical description, reliability, exploratory factor analysis, and preliminary construct validity using health related data. Ann Behav Med 24:22–33
United Kingdom, Health and social care act of 2012. http://www.legislation.gov.uk/ukpga/2012/7/contents/enacted. Accessed 15 Aug 2016
World Health Organization (1948) Preamble to the constitution. Geneva
World Health Organization (2007) People-centered health care: a policy framework. WHO Library Catalogue World Health Organization Western Region, Geneva
World Health Organization (2008) Closing the gap in a generation: health through action on social determinants of health. Commission on the Social Determinants of Health. World Health Organization, Geneva
Yardley SJ, Walshe CE, Parr A (2009) Improving training in spiritual care: a qualitative study exploring patient perceptions of professional educational requirements. Palliat Med 23:601–607

# Spirituality and Public Administration

AbdelRahman Ahmed AbdelRahman
Department of International Relations, University of Sharjah, Sharjah, United Arab Emirates

## Synonyms

Connectedness with higher entity; Public service as a calling; Spiritual Values; Spirituality; Transcendental experience

## Definitions

**Spirituality**: This is an individual/experiential sense of being connected with a higher entity that transcends the individual. Spirituality is individually/experientially, rather than institutionally, based. The spiritually oriented individual may be imbued with such values/virtues as benevolence, love for others, justice to others, altruism, compassion, etc. Spiritually oriented individuals may go through transcendental experience or connectedness with a higher entity. This higher entity may or may not be religiously based.

**Instrumental Rationality:** This refers to finding and using the one best or optimal means or instrument to achieve a given goal(s). Efficiency and cost-effectiveness epitomizes instrumental rationality insofar as it means achieving goals with the use of minimum available resources.

**Administrative Efficiency**: This refers to achieving organizational goals with the expenditure of minimum resources. It is cost minimization in goal achievement.

**Administrative Effectiveness**: This refers to how well, as distinct from how cheaply, organizational goals are achieved. It signifies the quality rather than the cost incurred in achieving organizational goals.

## Introduction

The study of public administration has long been anchored in a secular intellectual tradition. This is probably the outcome of its focus on instrumental rationality which was closely associated with scholars in the Progressive Era who, in the second half of the nineteenth century, sought to find solutions to the problems of political graft and administrative inefficiency which had plagued public service in the United States. The focus then was on finding the best or optimal means to achieve public policy goals with efficiency/economy and integrity in public service.

Since the inception of the study of public administration, instrumental rationality has remained the principal intellectual foundation of several approaches to public administration that have emerged over the years. This is centrally true of recent approaches (e.g., New Public Management or Mangerialism). Currently, instrumental rationality is epitomized by the guiding principle of "doing more with less" in the actual running of government. In this context, the emphasis on efficiency in government has resurfaced. Burgeoning fiscal deficits and fiscal stress in Western democracies have bolstered up the case for the pursuit of the goal of efficiency in government. Recent approaches in public administration (e.g., New Public Management or Managerialism) underscore this new emphasis, inasmuch as they extol the adoption of market values, particularly cost efficiency, in the running of government.

Discussion of any perspective on or approach to public administration needs, in all probability, to refer to the issues of administrative efficiency and effectiveness and bureaucratic responsibility/accountability or responsiveness to their clients. This is so because these are perennial issues in the practice and study of public administration. In fact, the first scholarly work credited with ushering in the study of public administration dealt with these issues (Wilson 1887). Consequently, the discussion of any approach in the field needs to have some perspective on these issues.

These issues are in fact goals sought by both practitioners and scholars in public administration. Despite, however, a plethora of mechanisms for ensuring public responsibility and administrative efficiency and effectiveness, many public bureaucracies may still be unaccountable, ineffective, and inefficient. According to Haque (1994), there is a consensus and concern in administrative and academic circles that the degree of bureaucratic accountability has declined in both developed and developing countries.

Traditionally, the quest for administrative efficiency has been at odds with the interest of the public employee/bureaucrat inasmuch as it considers only the technical competence of the employee and leaves out his feelings, beliefs, and values. In the evolution of management thought, approaches sprang up to incorporate employee feelings, dignity, and respect. This is particularly the case with the humanistically oriented management approaches. However, his beliefs and values, whether they are religious or spiritual, are left out both in public service and in management schools of thought.

Quite recently, however, spirituality was linked to public service and to the study of public administration. At its core, spirituality in public service is conceived of as encompassing a set of spiritual values and virtues of the individual public servant. Those values/virtues are thought to instill into the public servant intrinsic self-motivations that propel him/her to perform at the workplace.

## Strands in the Spirituality Approach to Public Service

Two principal thematic strands are discernable in spirituality in public service. One strand addresses the relationship between spirituality and work-related performance outcomes, particularly employee satisfaction and happiness, productivity, stress reduction, organizational citizenship

behavior, employee compassion for clients, ethical decision-making, etc. (King 2007; Nur and Organ 2006; Garcia-Zamor 2003; Fawcett et al. 2008; Bisesi and Lidman 2009; kazemipour and Amin 2012).

This strand is not different from traditional management or organizational behavior literature in that it seeks to account for work performance outcomes. The implicit view embodied in this literature is that of instrumental rationality which sees the predictors of these outcomes as mere instruments. In other words, those predictors (whether they are employee perceptions, attitudes, religious/spiritual beliefs, personality traits, etc.) are simply tools to be manipulated by organizational leaders to bring about organizationally desired outcomes.

A hard core strand in the relationship between spirituality and public service is the emphasis on values and virtues, particularly among public-sector practitioners and faith-based organizations. Notable values and virtues stressed are generosity, thrift, compassion, justice, fairness, benevolence, public service as a calling, selflessness, moral courage, transcendence, connectedness with God, etc. (Bruce and Novinson 1999; Bruce 2000a, b; Cunningham 2005; Lowery 2005; Collins and kakabadse 2006; Nur and Organ 2006; Houston and Cartwright 2007; McConkie 2008; Reimer-Kirkham and Sharma 2012; Fairholm and Gronau 2015). Absent from this emphasis are the traditional values of administrative organization, notably efficiency and effectiveness. Some have proposed that benevolence be the primary value in the public bureaucracy (Frederickson and Hart 1985). This is a departure from the primary focus on the value of efficiency which was the product of the Progressive Era's quest for rooting out political graft and other forms of corruption in public service. This emphasis on values and virtues has even prompted some to suggest a new management approach dubbed Management-by-Virtues, defined as "a management philosophy and practice based on virtues derived from religious beliefs" (Nur and Organ 2006).

Several observations stand out from the emphasis on spiritual values/virtues in public service. First, the traditional values of public service or administration (e.g., efficiency and economy) are no longer the dominant goals sought by spiritually oriented public bureaucrats and by faith-based service organizations. Spirituality rather than instrumental rationality is the foundation for the work of the employee. In other words, work in organizations, according to this approach, transcends the instrumental value of efficiency, as it seeks to achieve transcendental values – values that are derived from one's spiritual/religious beliefs rather than imposed by workplace entities. Spiritually oriented employees do not see themselves as instruments to be used by bureaucracies to achieve organizational goals. For them, work is a calling and an opportunity for introspection and connection. Work also provides them with meaning and purpose that transcends the workplace.

A second observation is that notwithstanding the growing literature on the relationship between spirituality and public service, the study of bureaucracy has largely avoided paying attention to the epistemological implications of this relationship. This is particularly the case with the potential empirical and theoretical knowledge that could be acquired from examining spiritual/religious concepts or traditions. Grounded in an ontologically and epistemologically secular intellectual tradition, the discipline of public administration has since its inception eschewed embracing spiritual/religious concepts or traditions. This is true of traditional public administration scholarship, as it is of more recent approaches, notably the New Public Management (NPM) and the New Public Service (NPS). Both NPM and NPS eschew religious/spiritual values and embrace secular values: market values (e.g., efficiency) as with NPM and democratic values (e.g., citizenship and social equity) in the case of NPS (Denhardt and Denhardt 2015). This secular approach is not without its costs; some argue that the intellectual secularization of public administration has prevented us from benefiting from the wisdom embodied in religions and spirituality (Lynch et al. 1997).

A third notable observation is that the relationship between spirituality and public service is predicated on the implicit and at times explicit assumption that the driving force for spiritually

oriented public bureaucrats is intrinsic motivation. Extrinsic rewards and punishments are not motivators for such employees who are self-motivated.

The emphasis of spirituality in public service on intrinsic motivation is based, obviously, on its spiritual approach. This is at odds with orthodox management theories where employee motivation is largely considered extrinsic. Indeed, in the evolution of management thought, employee motivation is seen to be a factor external to the employee and, consequently, subject to manipulation by organizational leaders. This is certainly the case with Scientific Management and Administrative Management, as it is with more recent approaches (Jones and George 2015).

A fourth notable observation is that empirical support for spiritual values influencing employee work motivation and performance was found in social service areas where such values as benevolence, compassion, love for, and justice to others may be at work. This is particularly the case with such areas as healthcare (e.g., nursing, geriatrics, etc.) and social work. Empirical support for the spirituality proposition was also found among employees working in faith-based organizations. Spiritual values germane to work in those organizations include public service as a calling, connectedness with God, benevolence, love for fellow human beings, altruism, and justice to others.

## View on Human Nature

The spirituality approach to public service does not embody any characterization of human nature. The approach does not posit that spirituality or spiritual values are ingrained in human nature. To be sure, spiritual values and beliefs are acquired, not innate. This is consistent with the fact that spiritual values are experientially based. Individuals adopt values and beliefs based on their experiences in the real world.

Other approaches in generic management thought imply specific views on human nature. For instance, organizational humanism implies that man loves work and responsibility and that he is not indolent. Scientific Management and Administrative Management thoughts, to cite another example, assume that man is by nature acquisitive and materialistic.

## Propositions on Work Motivation

The spirituality approach in public service implies that its core values provide the basis for distilling some propositions on public service work. The values and virtues of thrift, generosity, compassion, justice, fairness, benevolence, public service as a calling, selflessness, moral courage, transcendence, and connectedness with God are expected to generate three types of employee work motivation. These encompass motivation for efficiency and effectiveness in task/job performance, motivation for work and diligence, and motivation for serving clients.

### Motivation for Efficiency and Effectiveness in Task/Job Performance

As previously pointed out, administrative efficiency and effectiveness are not core values emphasized in the spirituality approach to public service. Nonetheless, the spiritually oriented public employee is expected to be committed to efficiency and effectiveness or quality at the workplace. This is the function of thrift with which the spiritually oriented employee is imbued. It therefore follows that the expectation of hedonistic self-gratification or reward is unlikely to be a motivator for such employees. Those employees are, essentially, intrinsically motivated by their connectedness with a higher entity or by their transcendental experience and by, concomitantly, the desire to carry out their responsibilities and tasks as efficiently and effectively as possible.

Whether such commitment is instilled in spiritually oriented public servants and whether it leads to efficiency and effectiveness in task performance are, to be sure, empirical questions. As such, they are testable hypotheses which can be checked against empirical reality. For instance, are public service employees and employees in faith-based organizations more

committed to efficiency and effectiveness in task performance than their counterparts working in other types of organizations? Are they more efficient and effective in task performance when technical competence and work environment are controlled for?

### Motivation for Work

The spiritually oriented public servant is expected to be motivated to love work, not to be indolent, and to be diligent. This is the function of the virtues and values of justice to himself/herself and to others, fairness, benevolence, and public service as a calling. Consequently, indolence and aversion to responsibility are expected to be out of the question for the spirituality-oriented public employee. Such an employee is expected to love work and seek even more workplace responsibility.

### Motivation for Serving the Public

The spiritually oriented public servant is expected to be self-motivated to serve his/her clients and the public at large. This motivation is the function of the values and virtues of love for others, justice to others, selflessness, benevolence, and public service as a calling. These values are expected to instill in the character of the public servant altruism, charity, humility, compassion, sympathy, optimism, a sense of personal responsibility, conscientiousness, and enthusiasm which motivate the public servant to serve his/her clients.

It is worth noting that modern public organization theorists have suggested that some of these values may so influence the character of a public administrator as to enhance his/her responsiveness to clients. The internalization of these values by public servants, they argue, is likely to make them "public-spirited" and thus responsive to the members of the public who seek their services. However, these theorists have not indicated how these values find their way into the character of a public official.

In sum, the spiritually oriented public servant is expected to be motivated to be efficient and effective in job performance, to love work and responsibility, and to be responsive to his/her clients.

## What Does Spirituality Mean for the Study of Public Administration?

Calls have been made for spirituality to be treated as an approach to public administration as a field of study. As an approach to the study of public administration, spirituality is quite relevant to the field in several respects. First, it provides concepts that may enhance the comparative study of public administration. Rooted in American culture, the study of public administration has been characteristically ethnocentric, notwithstanding the fact that the development of and quest for cross-cultural concepts in public administration still continue. Embracing spiritual values and virtues may contribute to freeing the study of public administration from its idiographic character, thereby contributing to developing a nomothetic discipline of public administration.

The concepts of the spirituality approach (e.g., benevolence, public service as a calling, love for others, justice to others, etc.) may be epistemologically useful. Cast though they are in a normative thrust, these concepts can potentially contribute to the accumulation of empirical knowledge on public service. As previously noted, empirically testable hypotheses can be derived from these concepts. The formulation and testing of such hypotheses may lead to the accumulation of a fund of empirically-based nomothetic knowledge that may be applicable in varied contexts. In turn, this will be addition to the body/theory of knowledge on public administration.

As Fred Riggs (1991) long noted, in a globalized world system, the need for the comparative study of public administration becomes all the more important. In such a world, nomothetic theories and concepts that travel cross-culturally are needed. Concepts and theories developed to explain behavior in specific cultural milieu may have limited applicability in diverse cultural/national contexts that are being brought increasingly together by globalization. Public administration needs, in the words of Fred Riggs (1991: 473), a framework that focuses on

> ... explanatory theories that account for the continuously changing properties and problems faced by governments as they seek to implement public

policies. Its normative guidelines will be anchored in empirical knowledge of the institutions and dynamics of any society in which they are employed.

The quest for means to achieve public policy goals is likely to continue to preoccupy practitioners and scholars in the field. In view of the diverse national and cultural contexts in which public policies are formulated and executed, the study of public administration has no option but to embrace cross-cultural or cross-national concepts. The spirituality approach to public service provides a few cross-cultural concepts that are expected to implant in the character of the public servant intrinsic motivations to be efficient/effective, love work and responsibility, and serve the public. All this underscores the need for public administration scholars to be open to consider the knowledge and wisdom that may be embodied in spirituality and religion.

Second, the spirituality approach to public service touches on the old politics/policy administration dichotomy which was an important intellectual foundation for traditional public administration as a field of study. This is so because public service, in contrast to public administration, encompasses both the work of elected public officials or public policy makers and also the work of public administrators or public policy implementers. It may thus revive the old dichotomy in the study of public administration. Nonetheless, this may not matter much because in the real world of public policy making and public policy execution, policy and administration are quite inseparable. The imperative for the separation of policy from administration belonged to an era when the exigencies of riding administration of the deleterious effect of political graft provided a rationale for separating administration from policy/politics which was considered inefficient or instrumentally irrational.

Third, as an approach in the study of public administration, spirituality would be quite akin to organizational humanism in several respects. First, it shares with this approach emphasis on intrinsic motivation that propels employees at the workplace. Second, both approaches see individuals as seeking meaning and purpose in their work. Third, in both approaches individuals are not indolent; they seek work and responsibility. Fourth, in both approaches, the thrust of the proposition is that the workplace is the arena where the values (both humanistic and spiritual) of the individual employee can be put into practice or be actually experienced.

The basic difference between the two approaches is that in the organizational context or workplace setting, spirituality emanates from the individual employee. In other words, spirituality comes into play when the individual employee is propelled to perform at work by his own spiritual values/beliefs. In contrast, organizational humanism comes into play at the workplace when organizational leaders create a work environment that enables humanistic values (e.g., employee respect and dignity) to be experienced by individual employees.

In sum, at the workplace, organizational humanism begins with organizational leaders whereas spirituality begins with the individual employee. This implies that humanistic values and practices can be manipulated by organizational leaders with a view to achieving organizational goals. In contrast, workplace spirituality is independent of the actions or inactions of organizational leaders.

## Cross-References

► Spirituality and Health Policy
► Workplace Spirituality

## References

Bisesi M, Lidman R (2009) Compassion and power: religion, spirituality, and public administration. International Journal of Public Administration 32:4–23

Bruce W, Novinson J (1999) Spirituality in public service: a dialogue. Public Adm Rev 59(2):163–169

Bruce, W. M. (2000a). Public Administrator Attitudes about Spirituality: An Exploratory Study. *American Review of Public Administration*, 30 (4)

Bruce WM (2000b) Spirituality in public service. International Journal of Organization Theory & Behavior 3(3/4):599–632

Collins P, kakabadse N (2006) Perils of religion: need for spirituality in the public sphere. Public Adm Dev 26:109–121
Cunningham R (2005) Religion and public administration – the unacknowledged common (and competitive) ground. International Journal of Public Administration 28(11–12):943–955
Denhardt JV, Denhardt RB (2015) The new public service revisited. Public Adm Rev 75(5):664–672
Fairholm M, Gronau T (2015) Spiritual leadership in the work of public administrators. Journal of Management, Spirituality and Religion 12(4):354–373
Fawcett SE, Brau JC, Rhoads GK, Whitlark D (2008) Spirituality and organizational culture: cultivating the ABCs of an inspiring workplace. International Journal of Public Administration 31:420–438
Frederickson HG, Hart DK (1985) Public service and the patriotism of benevolence. Public Adm Rev 45(3):547–553
Garcia-Zamor & Jean-Claude (2003) Workplace spirituality and organizational performance. Public Adm Rev 63(3):355–364
Haque MS (1994) The emerging challenges to bureaucratic accountability: a critical perspective. In: Farazmand A (ed) Handbook of bureaucracy. Marcel Dekker, New York
Houston D, Cartwright K (2007) Spirituality in public service. *Public Administration Review* 67(1):88–102
Jones G, George J (2015) Contemporary management. McGraw-Hill Education, New York Chapter Two
Kazemipour F, Amin S (2012) The impact of workplace spirituality dimensions on organizational citizenship behavior among nurses with the mediating effect of affective organizational commitment. J Nurs Manag 20(8):1039–1048
King SM (2007) Religion, spirituality, and the workplace: challenges for public administration. Public Adm Rev 57(1):103–114
Lowery D (2005) Self-reflexivity: a place for religion and spirituality in public administration. Public Adm Rev 65(3):324–334
Lynch TD, Omdal R, Cruise PL (1997) Secularization of public administration. J Public Adm Res Theory 7(3):473–487
McConkie M (2008) Spirituality and the public sector: an introduction. International Journal of Public Administration 31(4):337–341
Nur Y, Organ D (2006) Selected organizational outcome correlates of spirituality in the workplace. Psychol Rep 98(1):111–120
Reimer-Kirkham S, Sharma S (2012) Secret spaces in public places: religious and spiritual plurality in health care. Nurs Inq 19(3):202–212
Riggs FW (1991) Guest editorial: public administration: a Comparativist framework. Public Adm Rev 51(6):473–477
Wilson W (1887) The study of administration. In: Mosher FC (ed) Basic literature of American public administration: 1787–1950. Holmers and Meier Publishers, New York, pp 68–81

# Staff and Volunteers

Egle Butkeviciene and Egle Vaidelyte
Faculty of Social Sciences, Arts and Humanities, Kaunas University of Technology, Kaunas, Lithuania

## Synonyms

Paid and unpaid staff; Paid and Voluntary Work

## Definition

Staff refers to all the people employed by a particular organization who receive a salary or other financial rewards for their activities.

Volunteers are people who are typically engaged in activities that in some way contribute to the good of the public, act from free will, are uncoerced by necessity or social obligation, and, although obtaining some benefits from engaging in volunteering, do not receive a salary or other financial rewards for their activity.

## Introduction

The nature of nonprofit organizations raises many questions regarding the people working for nonprofits, their roles, differences in management, and motivation practices.

One of the major questions raised in literature and practice is the one about compensating the people who work at nonprofits. The answer to this question depends on the type of nonprofit organization. There are nonprofit organizations that may be entirely volunteer-driven. However, many nonprofits employ some staff as well. Some organizations have several hundred of employees, while others employ just a few of key people and then rely on volunteers who do most of the essential work. Every organization can vary in proportions of staff and volunteers depending on organization's needs, size, budget, or the type of service the organization provides.

The volunteering is a complex and multidimensional phenomenon. Volunteers might differ from the paid staff in their motivation to engage in activities and their commitment to organization. This entry provides an overview of the roles and functions of paid staff and volunteers in nonprofit organizations and differences regarding management and motivation of paid staff and volunteers.

## Roles and Functions of Staff and Volunteers in Nonprofit Organization

This section explains the roles and functions of board, staff, and volunteers in nonprofit organizations.

Usually nonprofit organization has several functional positions of people involved in its activity: a board of directors, an executive director (ED) or chief executive officer (CEO), paid staff, and unpaid staff. Every organization can vary in proportions of these positions. Usually, board of directors and unpaid staff are acting as volunteers, while CEO or ED and paid staff receive the financial rewards for their activities in organization. The exception is all-volunteer organizations (AVO) that are nonprofit organizations managed and governed only by volunteers.

A board of directors is responsible for the strategic governance of organization (see Table 1). It has specific legal and ethical responsibilities to and for the organization. Board usually elects chair, the leader of the board. Chair is the chief volunteer position in a nonprofit organization. Board is usually responsible for determining the mission and purpose of organization and advocating for them, selecting and hiring a chief executive officer, and monitoring and evaluating his or her activities. One of the most important board's responsibilities is to secure adequate resources for the organization to fulfill its mission.

Board members must meet certain standards of conduct. For example, in the USA, the standard legal responsibilities of the board of directors are described as duty of care, duty of loyalty, and duty of obedience (GLOSSARY of Nonprofit Governance 2016):

- *Duty of care*: requirement that board members be reasonably informed about the organization's activities, participate in decisions, and do so in good faith and with the care of an ordinarily prudent person in similar circumstances.
- *Duty of loyalty*: a requirement that a board member remains faithful and loyal to the organization and avoids conflicts of interest.
- *Duty of obedience*: a requirement that a board member remains obedient to the central purposes of the organization and respects all laws and legal regulations.

Board of directors in nonprofit organization also carries a fiduciary duty. Fiduciary duty refers to a responsibility of nonprofit organization board members and a board as a whole to serve as trustee of the organization's assets on behalf of the greater community, responsibility for financial viability, and proper handling of financial matters.

The chief executive officer (CEO) or executive director (ED) usually is hired by the board of

**Staff and Volunteers, Table 1** The roles of board, CEO, paid staff, and volunteers in a nonprofit organization

| Board of directors | CEO and administrative staff | Paid staff and volunteers |
|---|---|---|
| Primary role: strategy | Primary role: management and administration | Primary role: implementation of activities |
| Nature of involvement: on voluntary basis | Nature of involvement: paid staff or on voluntary basis | Nature of involvement: paid staff or on voluntary basis |
| As the ultimate responsible body for the organization, it develops the mission and vision of the organization, creates the strategy for long-term impact ensures reputation, and carries a fiduciary responsibility | As the administrative body for the organization, usually performs the daily management of organization and ensures administration of organization's activities | As the body, responsible for implementation of organization's activities, paid staff and volunteers conduct most of the essential work related to the primary services the organization provides |

directors and is responsible for the daily management of the nonprofit organization (see Table 1). Although the role and responsibilities of the chief executive office vary widely depending on an organization's size, structure, and history, usually they include supervising staff, monitoring daily activities, managing important partnerships with donors, public officials, and leaders of other nonprofits. CEO or ED is the top staff position of a nonprofit organization. Usually he or she reports to the board about the functioning of organization. In some cases, CEO or ED may serve as a board member; however, such a situation is not encouraged due to ethical reasons, as the conflict of interest may naturally come along with the pairing of these two positions. If CEO or ED belongs to the board, it is advisable for him or her to act at least as nonvoting members of the board.

The role of the nonprofit CEO has evolved over the years due to the growth, complexity, and professionalization of the nonprofit sector. Thus, there are several models showing the possible relationship between the board and CEO (Moyers 2012):

- *Strong board and subordinate CEO*. This model was mostly common in the past. It emphasizes the strong leadership of the board and its role to supervise and control the executive. The CEO is obviously below the board in the organization's hierarchy. The board is likely to be involved in all major management decisions.
- *Strong CEO and ornamental board*. This model is increasingly common when CEO is also a founder of organization. Professional, talented, and charismatic CEO has a clear vision for the organization and takes over the responsibilities of the board and holds almost absolute power.
- *CEO and board as equal partners*. This model is present where the board and the CEO work as partners or colleagues to achieve common goals. This is the most ambiguous partnership between the CEO and the board, emphasizing flexibility and cooperation, but at the same time providing much opportunity for disagreement.
- *CEO and board as partners with clear boundaries*. In this model board is expected to define in clear terms everything the CEO is or is not allowed to do. There are clear explanations of the roles of CEO and the board. This model sacrifices flexibility for the sake of clarity.
- *CEO and board as servant leaders*. The term of servant leadership appeared in the early 1970s. This model emphasizes collaboration, trust, empathy, and the ethical use of power. It is focused on the opinion that people should first seek to serve for the common good. Both CEOs and board members should be focused on how best to help each other and the organization.

It is common for nonprofit organization also to hire professionals that help to sustain daily operational activities of nonprofit organization: an accountant, a professional fund raiser, a professional marketing specialist, a volunteer coordinator, an IT specialist, and other professionals that the organization needs for providing its services. Usually national or state laws allow a nonprofit organization to pay salaries to its employees. Competitive salaries depend on the cost of living in the area, the size of organization's budget, or the type of service the organization provides.

Nonprofit organizations also rely on the work of unpaid staff. This is the most complex and the least defined position in nonprofit organization. Such volunteering can assume a diversity of forms depending on the organization in which volunteering takes place, the management approach and degree of support volunteers receive, and the cultural and institutional context in which volunteering occurs. Recently, the role of volunteers is perceived in a broader sense involving aspects of leadership of activities, coaching, teaching, tutoring others, etc.

Literature reveals three major theoretical perspectives or paradigms that can be employed for explaining the role and functions of volunteers in contemporary nonprofit organization (Rochester et al. 2010):

- *The dominant paradigm*: This view of volunteerism embodies a traditional understanding

of volunteer work and what it means to be a volunteer. From this perspective, the work undertaken by volunteers is defined in advance by the volunteer-involving organizations. In this case, people are recruited for specific roles. This process may involve selection, induction, and training.

- *The civil society paradigm*: This view emphasizes that volunteers are not seen as helpers who are recruited to implement specific roles within the organization. On the contrary, it sees volunteers as members of the association who provide it with leadership and undertake all of its operational activities.
- *Volunteering as serious leisure paradigm*: The "classic" role for the leisure volunteer is as a performer, practitioner, or participant, but there is a range of other functions to be undertaken. These include coaching, teaching, or tutoring others; acting as directors, conductors, or managers; officiating at athletic matches and judging competitions; and carrying out administrative and support roles such as painting scenery, stewarding, and "front of house" duties.

## Understanding Management and Motivation Differences of Staff and Volunteers

This section discusses the similarities and differences regarding management and motivation of paid staff and volunteers in nonprofit organization.

Explanations about volunteering are rooted in questions about *who volunteer*s and *why people volunteer*. Just few theorists have positioned volunteering as nonwork and consequently placed volunteers as inferior to paid workers for such reasons as their lack of formal organizational commitment and accountability. This view is narrow and does not suit the context of contemporary societies as it this leads to the situations where volunteers, like other low-status workforces such as temporary workers, occupy a marginal position having little organizational voice or ability to influence organizational policies or practices. The major part of research, on the contrary, shows that many organizations put effort into attracting volunteers and use different techniques to manage them efficiently.

The majority of definitions of volunteers or volunteering involve some aspect of free and unpaid work or activity. Volunteering is often described as an activity that is freely chosen, does not involve remuneration, and helps or benefits strangers. It is generally considered that the principles of unpaid work and the absence of remuneration are central to defining the essence of volunteering. The absence of financial rewards, leads volunteers to be motivated by other types of stimulus to engage into voluntary activities. Volunteering is often perceived as a normative behavior, often implying the altruism as a core value that motivates volunteers (Shantz et al. 2014). It might be assumed that the volunteers are motivated by the intrinsic rewards of their work itself, the job content, recognition, and responsibilities to others.

However, some authors also highlight rational choice as a reason to be engaged in volunteering. Wilson (2000) describes volunteering as an activity where time and expertise are given freely to benefit another person, group, or organization and emphasizes that such a definition does not preclude volunteers from benefiting from their work. Benefits from voluntary work can be perceived in different ways. There is much debate whether these benefits can include material rewards; however, there is much evidence provided about the nonmaterial rewards for volunteers: pride, respect, visibility and prestige, belonging to the group, group identity, etc. Voluntary activities produce both tangible and intangible benefits not only for its beneficiaries but also for the volunteers. Thus, people volunteer for a complex mix of altruistic and self-interested reasons, and volunteers are both "givers" and "takers." This aspect reveals a "duality of volunteering" incorporating altruism and egoism (Hardill et al. 2007). Thus, management and motivation systems in nonprofit organization should include both tangible and intangible benefits for their volunteers and paid staff.

The same as with paid work, the volunteer work requires commitment of time and other resources (Drucker 2011). People often have paid jobs and often volunteer at their leisure time. For example, a volunteer firefighter has a paid job as an engineer and is engaged in voluntary activities after working hours. Therefore, some of the theories, such as the role overload theory, point out a negative relationship between paid work hours and volunteer hours.

The many research findings in the USA emphasize that people with higher social and economic status tend to volunteer more than those with lower social and economic status (Wilson 2000; Hustinx et al. 2010; Wilson and Musick 1997) implying that volunteers have financial resources for living from elsewhere, not from voluntary activities. Surplus allows people to share their financial wealth, time, and expertise. It is also shown that as the professional status of a person increases, the likelihood of volunteering increases as well (Ariza-Montes et al. 2015). Some empirical findings show a positive relation between voluntary work and employment when voluntary work is associated with training for the workplace (Hardill et al. 2007). Volunteering has been interpreted as a way to show that person is ready for paid work or as a means of career progression as experience in volunteering resembles paid work contexts in terms of development of skills such as leadership, commitment, abilities to schedule, communicate, and many others. Thus, although volunteering can enhance employability of some individuals in some contexts, the relationship between these two is not always confirmed.

Another challenging question is whether being an active member of a voluntary association is the same as being a volunteer. There is to differentiate these two types of activities, arguing that a member of voluntary association "consumes the collective goods" the organization provides while a volunteer helps to "produce those goods." As such, it is useful to separate *associational volunteers*, who are working *for* their organization, from *program volunteers*, who are working *on behalf* of their organization (Wilson 2000). However, the line between these two categories is very thin. Thus, others argue for categorizing volunteering as formal or informal. *Formal volunteering* is conducted within or through a group or organization, and *informal volunteering* is conducted outside of group structures, on an individual basis. Clear distinctions are becoming even more complex in contemporary societies that witness processes of globalization and information technology development. These processes lead to the changes in volunteer practices, with the prevalence of short-term *episodic* volunteering.

The process of globalization produced a new type of volunteering called *voluntourism* that implies a combination of volunteering and tourism. This type of volunteering involves traveling outside one's country to volunteer abroad and combines service work with travel to an exotic destination, either domestically or, more commonly, internationally (McAllum 2017).

The development of information and communication technologies has enabled a new form of volunteering that can be called *virtual volunteering*. It provides opportunities for individuals to assist nonprofit organization without being physically present. Nowadays, nonprofits around the world increasingly rely on virtual volunteering for such tasks as managing online website content, conducting online research, organizing online campaigns, etc.

## Conclusion

Traditionally, staff refers to all the people employed by a particular organization who receive a salary, while volunteers are understood to be those people who are engaged in an activity of their own free will, contributing to the public good without earning a salary or other financial rewards. However, volunteers and staff in nonprofit organization compared to for-profit organizations are both theorized to be more motivated by intrinsic rather than extrinsic values.

Staff, through official affiliation to the organization, usually has a more stable position. The most complex and the least defined position in nonprofit organization is the one that is occupied

by volunteers. Volunteering can assume the diversity of forms depending on the organization in which volunteering takes place, the management approach and degree of support volunteers receive, and the cultural and institutional context in which volunteering occurs. Management and motivation systems in nonprofit organization are thought to be different as compared to business organizations. A motivational system can be based on meaningfulness and clearly communicated impact of one's work as much as it is on performance indicators by emphasizing intangible work-related benefits, such as the provision of trainings, seminars, recognition, and acknowledgment of their activity.

Work life, demographic, and technological changes have contributed to the prevalence of episodic volunteering in western societies. Thus, the issue of sustainable volunteering is an important one as short-term or *episodic* volunteering becomes increasingly more common than long-term volunteering.

## Cross-References


- ▶ Public Service Motivation
- ▶ Virtual Volunteering and Nonprofit Organizations
- ▶ Volunteers and Volunteer Management


## References


Ariza-Montes A, Roldán-Salgueir JL, Leal-Rodríguez A (2015) Employee and volunteer: an unlikely cocktail? Nonprofit Manag Leadersh 25(3):255–268

Drucker P (2011) Managing the non-profit organization: practices and principles. Routledge, London

GLOSSARY of Nonprofit Governance (2016) Access on the Internet: https://boardsource.org/wp-content/uploads/2017/01/Glossary-Nonprofit-Governance.pdf

Hardill I, Baines S, 6, P (2007) Volunteering for all? Explaining patterns of volunteering and identifying strategies to promote it. Policy Polit 35(3):395–412

Hustinx L, Cnaan R, Handy F (2010) Navigating theories of volunteering: a hybrid map for a complex phenomenon. J Theory Soc Behav 10(4):410–434

McAllum (2017) Volunteering. In: Scott CR, Lewis LK (eds) International encyclopedia of organizational communication. Wiley, Chichester

Moyers RL (2012) The nonprofit chief executive's ten basic responsibilities. BoardSource, Washington, DC, pp 3–4

Rochester C, Paine AE, Howlett S, with Zimmeck M (2010) Volunteering and society in the 21st century. Palgrave Macmillan, Houndmills

Shantz A, Saksida T, Alfes K (2014) Dedicating time to volunteering: values, engagement, and commitment to beneficiaries. Appl Psychol Int Rev 63(4):671–697

Wilson J (2000) Volunteering. Annu Rev Sociol 26:215–240

Wilson J, Musick M (1997) Work and volunteering: the long arm of the job. Soc Forces 76(1):251–272


# Stakeholder Analysis and Wicked Problems


Jeanne W. Simon
Universidad de Concepción, Concepción, Chile


## Synonyms

Ill-structured problems; Messy problems; Type III problems

## Definition

A wicked problem is a public problem that persists over time and appears unsolvable. It presents important knowledge problems resulting in conflicts over the nature of the problem as well as the optimal solution. Wicked problems have the following characteristics: (1) are unpredictable because they are nested in complex webs of relations; (2) are ambiguous due to multiple cognitive frames; (3) involve a large number of stakeholders with conflicting interests; and (4) cross multiple policy jurisdictions.

Consequently, these problems are resistant to technocratic solutions, are difficult to manage, are addressed by short-term solutions that only partially address the problem, and the institutional framework is inadequate for collaboration and knowledge coproduction. The most common wicked problems are climate change, asylum seeking, obesity, and natural resource depletion.

A common strategy to address wicked problems is a multistakeholder platform (MSP) based in deliberative dialogue involving a diversity of stakeholders, identified according to both their interests (stakes) and cognitive frames, and uses deliberation to develop durable solutions. Since the traditional definition of stakeholder refers to a group of people, organized or unorganized, with relatively homogenous interests (stake) on a particular issue, stakeholder analysis should also consider cognitive differences of policy frames.

Deliberative dialogue is conceptualized as an interactive process in which the different stakeholders reflect and negotiate on their frames in order to develop a shared language and possibly understanding of the problem and the best paths to take. Minimally, scientific experts, policy makers, administrators, and specific interest groups should be included. Based on collaborative analysis, different strategies are developed, including public-private collaboration.

## Introduction

With the increasingly complex and intertwined nature of public issues, there is a growing recognition that top-down, state-centered policies are unable to effectively address the most complex problems, including environmental, health, and safety issues. Within policy science and management literature, Rittel and Webber (1973) first identified 10 principal characteristics that complicate the "taming" of wicked problems, including that there are no easy solutions, they are difficult to manage, multiple stakeholders are involved, and possible solutions tend to create other problems. Further, even when most stakeholders agree that the present state of affairs is problematic, they cannot agree on the nature of the problem or its possible solutions because their analysis is based on different theoretical perspectives. Since then, diverse authors have proposed and analyzed diverse strategies and structures to address them.

## Characteristics of Wicked Problems

A wicked problem is unpredictable since it consists in a dynamic web of relations that changes over time rather than a stable entity "waiting to be fixed" (van der Steen et al. 2013). Indeed, due to limited understanding of their nested nature, every solution to a wicked problem is considered to be symptom of another problem. Consequently, linear solutions are considered to be unsuitable because they will likely produce undesirable results since possible solutions create new problems even when they may solve some issues.

Secondly, wicked problems are messy because there is no single definition of the problem but rather different stakeholders define it from different perspectives. Ambiguity and uncertainty are common (Roberts 2000; Head 2008) due to expert disagreement over the nature and causes of the problem as well as the proposed solutions. Since different explicatory frameworks identify distinct problems and each one scientifically studies its causes within its framework, there are multiple methods to identify solutions but no manner to identify the best solution or determine which explicatory framework is "correct" (Schön and Rein 1994). Consequently, problem boundaries are not given but need to be probed and the different frames must enter into dialogue in order to develop shared understandings with all relevant stakeholders.

Thirdly, due to the complex, nested nature of wicked problems, virtually everyone has a "stake" in the proposed solution. These stakeholders not only have different interests but also different perspectives on the nature of the problem. Consequently, conventional stakeholder analysis needs to be modified to assure participation of the multiple theoretical frameworks in the definition of the problem and solutions. This process should also contribute to trust building and facilitate public-private governance.

A fourth characteristic is the multidimensional nature of a wicked problem. Consequently, its solution will involve multiple policy jurisdictions and require intersectorial collaboration. However, the absence of strong institutional frameworks results in complex and highly undetermined

types of interactions (Koppenjan and Klijn 2004), complicating the possibilities of collaboration. Consequently, thus requires leadership to facilitate the environment necessary for social learning and collaborative capacity building. Further, Dewulf (2013) characterizes wicked problems as governance problems that must consider uncertainty and equity in addition to institutions.

Roberts (2000) differentiates between authoritative, competitive, and collaborative strategies to address wicked problems and argues that a collaborative strategy is more effective when power is dispersed among multiple stakeholders but not contested. Due to the complexity of a wicked problem, no single stakeholder (including the state) has sufficient knowledge to effectively address the problem. Further, a stakeholder's understanding of the problem tends to be limited to his/her perspective, and any solution based on a single perspective will produce undesired consequences. Thirdly, various stakeholders see the issue differently, draw on different knowledge sources, and propose different ways to address it. Consequently, multistakeholder dialogues/platforms are commonly established (1) to define the problem, (2) identify partial, short-term solutions, and (3) ideally a multidimensional, shared understanding of the wicked problem (Brugué et al. 2015).

At the same time, several authors such as Roberts (2000) argue that the multiple differences between stakeholders tend to be more visible than the common areas between them, creating important challenges for constructive dialogue. Consequently, in the case of wicked problems, the creation and functioning of a multistakeholder platform present challenges for technical knowledge, stakeholder identification, and deliberative methodologies.

## Ambiguity and Frame Reflection

In contrast with problems that are clearly delineated, wicked problems are ambiguous because more than two equally plausible interpretation possibilities exist. These should be understood as grounded in competing explanatory frameworks rather than arising from gaps in scientific knowledge (Schön and Rein 1994). Since experts and stakeholders use conflicting theoretical frameworks, the only way to build mutual understanding of the wicked problem and establish common actions is to visualize, acknowledge, and debate these cognitive differences, which requires intellectual flexibility. Consequently, the active participation of experts in multistakeholder platforms (MSP) is crucial for joint learning and an informed negotiation process among different actors.

These different cognitive frames tend to be closely related to experts' paradigms and stakeholders' interests. Consequently, "Some or all the parties will have to revise, enlarge or reframe the way they relate to the issues and to each other, in order to support mutual understanding and common action" (Dewulf et al. 2005: 122). According to Schön and Rein (1994), the way to address frame conflicts is to construct through deliberative dialogue a metaframe that builds on the conflicting frames of reference deployed by key actors. Through the discussion, they learn about the problem as perceived by different stakeholders in a process defined as "cross-frame reflection" (Koppenjan and Klijn 2004; Rein and Schön 1993). At the same time, in early stages of the discussion, the existence of a certain level of ambiguity may favor the identification of shared concepts that facilitate communication and can form the base of future collaborative learning.

In this way, the deliberative dialogue can be conceptualized as an interactive process in which the different participants reflect and negotiate on their frames in order to develop a shared language, greater understanding of the different dimensions of the problem, and certain ideas on the possible paths to take. Stakeholder participation can reduce conflict intensity through trust building and repeated interaction between conflicting interests. The objectives of the deliberative dialogue are to arrive to decisions considered to be "fair and reasonable" and to achieve a "shared understanding" of the problem, favoring legitimacy through the cocreation of solutions.

## Stakeholder Selection for Frame Deliberation and Problem Definition

When establishing a deliberative dialogue to address a wicked problem, participation of

multiple types of stakeholders is required: scientific experts, public managers, policy bureaucrats, public and private practitioners, political authorities, and civil society organizations are brought together to analyze the problem and search for possible solutions. These actors are characterized by their different backgrounds (experiences), disciplines, paradigms, values, and interests that need to be identified before building a shared understanding.

Even when stakeholder analysis is common place in public policies and programs to assure inclusion and adequate interactions with both public and private actors, the "taming" of wicked problems additionally requires constructive dialogue on interests, values, and cognitive frames, and consequently a distinctive approach should be used to identify participants in a multistakeholder platform.

Early literature on stakeholders is found in business ethics, where corporations have legal obligations to stockholders as well as moral obligations to stakeholders who are nonstockholders that can be negatively affected by the corporation actions. The term "stakeholder" refers to a group of people, organized or unorganized, with relatively homogenous interests (or stake) on a particular issue. Based in cost-benefit analysis and bounded rationality, each stakeholder (individual or group) is assumed to possess different capacities (resources) to protect their collective interests and to influence other actors' decisions. Thus, prior to the implementation of an important project, stakeholder analysis can be used to anticipate possible points of opposition or conflict, and in this way design (or negotiate) a plan that creates a win-win situation for all affected parties. In this way, stakeholder analysis forms part of strategic management in both the public and private sectors because any group affected by a project will eventually acquire the capacity to affect it, including actors in opposition (Freeman 1984).

In general, it is not necessary to include stakeholders with little interest in the issue and little power to support/oppose the solution. However, the public sector also uses stakeholder analysis to identify groups that will be affected but not the recourses needed to affect the final decision. Still, even when stakeholder analysis is inclusive, it is not necessarily democratic and participation is principally defined according to the program's goals. For example, Bryson (2004) presents a series of methods to identify the stakeholders to be included. The first technique is to perform a preliminary analysis identifying the power (resources) and interests of each stakeholder. These stakeholders should be invited to a first meeting where the principal objective is to identify the stakeholders that should be involved in future discussions, considering the advantages (e.g., is their support essential for success?) and disadvantages (e.g., will they try to dominate the discussion?) of including each stakeholder. For Bryson, the stakeholder identification process should be designed to gain needed information, build political acceptance, and address some important questions about legitimacy, representation, and credibility.

With increased conflict and greater governmental use of participatory strategies, stakeholder analysis is increasingly used in public-private relations. In the case of wicked problems, whose boundaries tend to be diffuse, the identification of stakeholders becomes a key element in the development of a solution. In most stakeholder analysis, the first characterization is according to type of actor (e.g., governmental, business, civil society, expert) because different types of actors are assumed to have different strategic interests.

However, in the case of wicked problems, there will be important differences in cognitive frames among actors of the same type even when they share the same interests. Further, they may even have different knowledge on the issue because they come from different organizations, administrative levels, and networks. At the same time, Cuppens (2010) recommends the inclusion of marginal perspectives in order to challenge invisible assumptions and trigger collective learning processes. The first step is to identify the different perspectives and select stakeholders to assure an adequate representation of the different perspectives. Consequently, for wicked problems, inclusion of a stakeholder should not be limited to their interest in the issue but should also be based on their relevant expertise/understanding based in

scientific studies or practitioner knowledge. Indeed, the principal question determining inclusion is: Who has relevant expertise and is willing to contribute to the discussion?

In this way, the preliminary characterization of stakeholders should be complemented by the participatory technique "problem-frame stakeholder maps" to identify the principal values, paradigms, and knowledge used by the most powerful and interested actors. The list can then be expanded by using a snowball sampling technique. Still, even with adequate stakeholder identification, there will be a series of complications since wicked problems will involve both negotiation and deliberation and take place in an inadequate institutional context characterized by low levels of interpersonal trust.

### Deliberative Dialogue

The role of deliberation is to arrive at decisions that participants believe fair and reasonable. It has the characteristics of communicatively rational deliberation based on the assumption that although it is not possible for all claims to be satisfied, it is possible for people's views "to be swayed by rational arguments and to lay aside particular interests and opinions in deference to overall fairness and the common interest of the collectivity" (Miller 1993: 76). In the design of the deliberative process, important efforts need to establish agreements over procedures to assure a respectful environment when stakeholders enter into conflict over issues that are discussed.

Since deliberative dialogue for a wicked problem is defined as a process of learning together, in addition to science-based knowledge, practice-based cognitive frames and knowledge (closely connected to identity and experiences) also need to be recognized on equal terms and integrated into a network understanding. Effective facilitation between diverse cognitive frames and types of knowledge is complex and must involve knowledge sharing. Cuppen (2010) argues that stakeholder dialogue can benefit from diversity through constructive conflict. To encourage new ways of thinking about solutions, the participants are invited to reflect on the policy processes and on possible values and assumptions that could be causing the stagnating patterns; at times, new actors, new rules, or even new contexts need to be introduced (Termeer and Kessner 2007).

Since distrust is common in wicked problems, discussion of many issues is often used to make claims and/or blame others. Due to these levels of conflict, successful deliberation requires trust in the process (Roberts 2000), where decision rules are crucial. Further, equal participation in debates on cognitive frames needs to be assured. Since participation is generally voluntary, the activities should be meaningful. Communication increases the likelihood of engaging in problem-solving behavior and identifying win-win solutions (Head and Alford 2015).

According to Faysse (2006: 220), an enabling environment for a successful MSP requires "well-organized stake-holder groups, few power imbalances, and a State that fully supports MSPs and their outcomes." In contrast, unfavorable conditions include high social inequity, a state that does not support the MSP process and decisions, and unrepresentative stakeholder groups (Warner 2006).

Stakeholders must also trust the facilitator (manager) as a collaborative-capacity builder who works to create trust-based relationships (Weber and Khademian 2008a, b). The facilitator's role in a deliberative dialogue needs to be highly flexible, reflexive, and adaptive with a capacity to coevolve in relationship to participants' needs and understandings (Roberts 2000). Authors like Termeer et al. (2015) emphasize the importance of four network governance capabilities: reflexivity, resilience, responsiveness, and revitalization. Also, complementing the majority of the literature that concentrates on "acting," Termeer et al. (2015) also analyze two additional dimensions: observing and enabling. In this way, a network governance structure may emerge from the dialogue platform. Weber and Khademian (2008b) argue that network governance is more effective than market or hierarchy solutions, reflecting Roberts (2000) earlier conclusion.

## Conclusion

As can be seen, wicked problems involve complex conflicts over its conceptualization as well as

interests. Perhaps, the principal challenge is recognizing the ambiguous nature and the need to develop a shared understanding of the wicked problem before advancing towards solution definition. Consequently, technical experts need to reflexively analyze their understandings in order to participate in deliberate debates that are informed by both scientific and practical knowledge.

A first step in addressing wicked problems is the creation of a multistakeholder dialogue that will serve as a platform for future network governance. Considering low trust levels and inadequate institutional frameworks, the design of the deliberative process needs to contemplate strategies to strengthen participating organizations, balance power and knowledge differences, and encourage political commitment to the process and conclusions. Solutions should contemplate institutional frameworks that favor intersectorial collaboration and governance structures.

## Cross-References

► Co-production

## References

Brugué Q, Canal R, Paya P (2015) ¿Inteligencia administrativa para abordar "problemas malditos"? El caso de las comisiones interdepartamentales. Gestión y Política Pública 24(1):85–130

Bryson JM (2004) What to do when stakeholders matter. Pub Manag Rev 6(1):21–53

Dewulf A (2013) Contrasting frames in policy debates on climate change adaptation. WIREs Clim Change 4: 321–330

Dewulf A, Craps M, Bouwen R, Taillieu T, Pahl-Wostl C (2005) Integrated management of natural resources: dealing with ambiguous issues, multiple actors and diverging frames. Water Sci Technol 52(6):115–124

Faysse N (2006) Troubles on the way: an analysis of the challenges faced by multi-stakeholder platforms. Nat Res Forum 30:219–229

Freeman RE (1984) Strategic management: a stakeholder approach. Cambridge University Press, Cambridge

Head BW (2008) Wicked problems in public policy. Public Policy 3(2):101–118

Head BW, Alford J (2015) Wicked problems: implications for public policy and management. Adm Soc 47(6): 711–739

Koppenjan J, Klijn EH (2004) Managing uncertainties in networks: a network approach to problem solving and decision making. Routledge, London

Miller D (1993) Deliberative democracy and social choice. In: Held D (ed) Prospects for democracy: North, South, East West. Polity Press, Cambridge, pp 74–92

Rein M, Schön DA (1993) Reframing policy discourse. In: Fischer F, Forester J (eds) The argumentative turn in policy analysis and planning. Duke University Press, Durham, pp 145–166

Rittel H, Webber M (1973) Dilemmas in the general theory of planning. Policy Sci 4:155–169

Roberts N (2000) Wicked problems and network approaches to resolution. Int Public Manage Rev 1: 1–19

Schön DA, Rein M (1994) Frame Reflection: Toward the Resolution of Intractable Policy Controversies. Basic Books, New York

Termeer CJAM, Kessener B (2007) Revitalizing stagnated policy processes. Journal of Applied Behavioral Science 43(2):232–256

Termeer C, Dewulf A, Breeman G, Stiller S (2015) Governance capabilities for dealing wisely with wicked problems. Adm Soc 47(6):680–710

Warner JF (2006) More sustainable participation? Multistakeholder platforms for integrated catchment management. Int J Water Resour Dev 22(1):15–35

Weber E, Khademian AM (2008a) Managing collaborative processes: common practices, uncommon circumstances. Adm Soc 40(5):431–464

Weber EP, Khademian AM (2008b) Wicked problems, knowledge challenges, and collaborative capacity builders in network settings. Public Adm Rev 68(2): 334–349

van Der Steen M, van Twist M, Fenger M, Le Cointre S (2013) Complex causality in improving underperforming schools: A complex adaptive systems approach. Policy Polit 41(4):551–567

# Stakeholder Perspective in Nonprofit Organizations

Lisa A. Dicke, Abbey Heffner and Patrick Ratliff
University of North Texas, Denton, TX, USA

## Synonyms

Allies; Collaborators; Partners

## Definition

Nonprofit stakeholders include individuals, groups, communities, governments, and others,

that affect, or are affected by, one or more nonprofit organizations or the sector as a whole.

## Introduction

In the diverse nonprofit sector, it is difficult to generalize about its organizations, characteristics, and the perspective of its stakeholders. Nonprofit stakeholders include individuals, groups, communities, governments, and others, that affect, or are affected by, one or more nonprofit organizations or the sector as a whole. Thus, stakeholder perspectives reflect a myriad of interests. By definition, nonprofit stakeholders are affected by, or affect, the activities conducted in the nonprofit sector. Most nonprofit stakeholders are vitally concerned about the mission of a nonprofit organization and in influencing its success.

## Nonprofit Organizations

Nonprofit organizations in the United States are primarily mission-driven, private sector organizations that exist to serve both public and private interests. Influential universities and hospitals may be legally organized as a nonprofit to serve local or regional communities, or their service reach may extend to entire nations that are far-flung across the globe. Small grassroots associations may serve the interests of only a few members or enthusiasts. Religious and faith-based organizations occupy a large segment of the nonprofit sector in the United States and internationally. These organizations serve the spiritual interests of members but, through their efforts across widespread policy arenas including humanitarian aid, education, and health, have had profound effects. International and relief organizations are nonprofits that operate around the world. Although many US relief organizations may engage in domestic programming, "the bulk of their work is carried out overseas, in poor or war-torn countries" (Stoddard 2016, p. 401). In these instances, stakeholders include a diversity of entities including governments, national or subnational authorities, military officials, influential residents or dignitaries, displaced parties, and local residents and organizations. The knowledge, skills, and abilities required to negotiate, partner, and collaborate with sets of multiple stakeholders require attention to existing institutions, cultures, and, above all, the ability to understand the needs of others in order to serve and provide services with care and respect.

Theories suggest that the more heterogeneous the culture, the larger and more diverse the scope of the nonprofit sector. The complexity and size of the nonprofit sector and the degree to which nonprofit missions vary create difficulties in generalizing about specific variations in stakeholder perspectives. One definitional distinction that has been made with regard to the nonprofit sector is useful for articulating some generalities, however. These distinctions include (1) nonprofits do not distribute profits to stakeholders, (2) they exist without simple and clear lines of ownership and accountability, and (3) they do not coerce participation (Frumkin 2002, p. 3). Taking up each of these points is instructive in considering nonprofit stakeholder perspectives.

To understand the first point, a comparison with for-profit businesses may be useful. Freeman and Reed (1983) and Freeman (1984), for example, note that stakeholders are groups upon whose support a business depends. In business, a manager is called upon to satisfy the needs of various constituents to be successful. Among these constituents are owners and stockholders who invest time and resources, suppliers of materials for production or transport, and customers who purchase the products and services produced. Thus, *stockholders* are one principal upon which a business organization depends for investment and financial support, but they exist "among a host of varied principals or *stakeholders*" (Abzug and Webb 1999, p. 419). In the for-profit world, a customer is necessary for a business if it hopes to generate a profit. Thus the customer becomes a significant primary stakeholder upon whose satisfaction the business is dependent for survival.

For nonprofits, whose missions are not primarily for profit, the composition, roles, and obligations of stakeholders extend well beyond

those who supply parts or purchase services or products. In many cases, the client of a nonprofit organization has no ability to pay. And donor stakeholders or those making financial investments are not directly benefitted through profit sharing. Nonprofit stakeholders include those individuals and groups who affect or are affected by the nonprofit organization. Although nonprofits must be fiscally sound to remain viable, they are barred from distributing profits to stakeholders in the same ways that businesses do.

A second precept of nonprofit organizations is that they exist without simple and clear lines of ownership and accountability (Frumkin 2002, p. 3). Although boards of directors and trustees have legal responsibilities and obligations, they are not owners. Nonetheless, as with all organizations, nonprofits require leadership, resources, and managerial acumen in order to carry out their stated missions. A board of directors will certainly have considerable influence on the mission and direction of a nonprofit, and in so doing, they are not only an important stakeholder, but indeed, by their actions, they create stakeholders. Boards hire and fire nonprofit executives, recruit volunteers, provide linkages to the outside environment, and seek partnerships. The policy direction of a board of directors can create both friends and foes. Policies that promote environmental advocacy, for example, may attract new, like-minded members to an organization. At the same time, such advocacy may threaten the interests of entrenched industries willing to fight new regulations or turf battles.

Stakeholders of nonprofits include both internal and external actors including volunteer board members, paid staff, program directors and volunteers, congregants, and association members. Broad communities and governments are also stakeholders as are clients and the families of those served. Partnering organizations, suppliers, or businesses may also be considered stakeholders. Given the vast collection of nonprofit stakeholders, upholding expectations can be difficult as the goals of various stakeholders may be similar or at cross-purposes. Although most stakeholders have a direct interest in the success of a nonprofit, some stakeholders may be adversarial or inclined to eradicate a nonprofit's efforts. It is up to each nonprofit organization or association to recognize their stakeholders and respond to their needs and inquiries appropriately. Based upon the analyses of the needs and perspectives of their stakeholders, the responsibilities and obligations of a nonprofit will then take shape. Nonprofit stakeholders and some challenges and benefits in managing relationships among them are topics that are discussed shortly.

Finally, a third distinction regarding nonprofits is that they lack the ability to coerce participation (Frumkin 2002, p. 3). Here, they are differentiated from governments which may levy taxes or require fees or other payments to ensure that sufficient revenues are generated to carry out their purposes. The lack of the ability to coerce participation means that nonprofits are highly dependent upon their success in attracting members, volunteers, and donors to their causes. The sector relies heavily on public trust. In recent years, stakeholders have become increasingly demanding with regard to transparency and the documentation of mission-related outcomes. Nonprofits have become much more adept in providing stakeholders with this needed information. The result has been a strong effort to provide data that can be used to show positive results to help cultivate new stakeholders and promote trust among current supporters.

## Classifying Stakeholders

In contrast to private businesses, nonprofit organizations lack a narrow group of owners or investors to whom they are expected to benefit. Instead, nonprofit organizations face a long list of potential stakeholders who are interested in the success of the organization to varying degrees. Stakeholders with conflicting interests or degrees of involvement can lead to organizational confusion and difficulty in making decisions. Thus, nonprofit organizations must develop a way to classify and prioritize the perspectives of stakeholders to make decisions that serve both the mission and the interests of their stakeholders.

One means of classifying stakeholder groups arranges them based on their similarities rather than focusing on their differences. However, the nuances of dealing with many stakeholder groups have given rise to many approaches of stakeholder classification. One widespread approach involves differentiating groups as internal and external stakeholders, with interface stakeholders as an occasional third category (Van Puyvelde et al. 2012, p. 434).

Internal stakeholders function within an organization and are connected to its inner workings. These stakeholder groups provide the manpower and resources an organization needs to achieve its mission. They directly influence the success of an organization and hold a vested interest in the outputs and outcomes of the organization because of their contributions. The main internal stakeholder groups include managers, employees, volunteers, and, in some classifications, funders.

External stakeholders do not work directly within an organization but collaborate or interact with it. These stakeholders are beneficiaries in some way of the work the organization does. They are affected by the behavior of the organization and depend on its success. Examples include clients, collaborative organizations, government entities, and community groups.

While many stakeholders of a nonprofit fit neatly into the category of internal and external stakeholders, such a binary categorization system does not allow for much distinction when considering so many groups. Another category that is sometimes included is interface stakeholders (Van Puyvelde et al. 2012, p. 434). The functions of interface stakeholders resemble those of both internal and external stakeholders. This term may be used to describe the board of directors – a group that represents an organization, is privileged to organizational information, and sets the organization's direction. Yet, a board of directors also functions as a governing body, providing oversight for the organization, which requires a critical, unbiased approach. Additionally, a board of directors serves as an intermediary between the nonprofit organization and the public.

## Nonprofit Organizations' Obligations to Stakeholder Perspectives

Nonprofit organizations prioritize their obligations to stakeholders in order to be efficient with limited resources. Some obligations apply to all stakeholder groups, such as pursuing the mission efficiently, acting ethically, communicating information, and considering an array of perspectives in decision-making. Some obligations apply to narrowly defined groups, such as the financial reporting obligations to stakeholders who donate resources or oversee their financial activities.

All nonprofit organizations have an obligation to its stakeholder groups to pursue its mission efficiently and effectively. Clients, the community, and government entities depend on nonprofits to address the needs for which they were created. Nonprofits with related missions depend on competent partners to work effectively alongside them. Nonprofit organizations enjoy tax benefits, and government entities expect these organizations to carry out activities that are consistent with their stated purposes. Foundations, businesses, individual donors, and volunteers give money, in-kind donations, and time with the expectation that those resources will be used wisely. Further, the organization's employees, management, and board of directors, due to their positions, are committed to work toward that same mission. In accepting contributions of time, money, effort, and support, a nonprofit organization has the responsibility to utilize contributions for the stated purposes of their mission.

Much like the obligation to pursue the organization's mission, nonprofit organizations also have an obligation to operate ethically. Unethical behavior hurts stakeholder groups. It harms an organization's reputation, reduces incoming funds and resources, taints partnerships, and reflects badly on the image of the nonprofit sector as a whole. When donations or grant funding is used dishonestly, clients are at risk of losing services and nonprofit employees are at risk of losing their jobs. From a broader perspective, allegations of unethical behavior hurt all nonprofit stakeholders as the sector relies on public trust to exist.

Stakeholders have a right to be informed, although not all stakeholder groups require the same type of information or level of detail. Communicating with stakeholders can be time-intensive and costly. Organizational staff must compile information, assemble it in understandable and appropriate formats, and distribute it accordingly. Funders have a right to an accounting of how their funds are being used. It is a waste of time and resources to distribute every bit of information to every stakeholder, however. Program managers, for example, may need information about the availability of supplies or the number of volunteer hours necessary to get a job done, but a funder not need be concerned with such operational information. A client of a nonprofit preschool does not need information about delivery schedules but needs information about the quality of care provided to children and policies to protect their safety.

Volunteers are stakeholders who need to know that their contributions are valued in order to stay motivated to serve. A board of directors has access to sensitive information including financial and fundraising data, strategic plans, and reports that identify threats to the organization. The board's role in providing oversight and direction necessitates that such information be available.

External stakeholders, including clients and community groups, need to know the mission of an organization, what services are offered, when, and to whom. This information needs to be readily accessible to potential clients to best serve the organization's target population. General financial information should be publically available on annual tax documents, on websites, and in annual reports to maintain transparency and public accountability. Collaborative organizations need to be well informed in order to make decisions about partnerships with other nonprofit organizations. How well a nonprofit responds to the information needs of each of these stakeholder groups depends on their resolve and their capacity to do so. Government entities are one exception to an information divide as they can require thorough information to be provided in order to ensure legal and regulatory compliance.

The perspectives of all stakeholders should be considered in decision-making, but not all will carry the same weight. Without some means of prioritizing the input of stakeholders, the organization courts chaos and gridlock as each stakeholder group competes for influence. Generally, internal stakeholders are more actively involved in providing input into the day-to-day decision-making that occurs than are external stakeholders. Because the board of directors sets policy and long-term direction and is responsible for authorizing significant fiscal decisions, the perspectives of this group are crucial in nonprofit decision-making. Board members are seated based upon their expertise in finance, law, fundraising, or other considerations and all contribute in decision-making. They serve as the interface for their organization and provide a channel through which multiple perspectives become known. Employees, likewise, interact with clients and observe the reception and effects of an organization's services. They also receive input and feedback as they interact with clients and other members of a community.

Front-line employees and managers occupy different positions in the organization and each may hold a unique perspective regarding organizational functions and their efficiency or effectiveness. Volunteers, likewise, are situated to offer opinions. Another sometimes internal stakeholder group, funders, exercises their perspectives when they decide whether to donate, either to the organization in general or in support of a specific campaign.

External stakeholders including clients provide feedback about what the organization does and whether it is helpful to them or not. Community demographic changes and other nonprofits may reflect shifting needs more quickly than a single organization may recognize on its own. Thus, knowledge and shared information are crucial for establishing conditions favorable to buy-in from both internal and external stakeholders. Funders are more likely to give or invest when they feel that their perspectives, as well as those of the community, have been taken into consideration. By being open to the perspectives of stakeholders, nonprofit organizations can ensure that

they maintain adequate resources to offer appropriate and effective services.

Some nonprofit obligations are specific to singular stakeholder groups. For example, a nonprofit organization may have a contract to deliver services on behalf of a government entity. Financial support is provided with the understanding that it will be used to further both the government's program goals and a nonprofit's organizational mission. Government entities offer tax incentives and other benefits to nonprofits based on their missions, thereby foregoing revenues that would otherwise be collected. In turn, nonprofit organizations have the responsibility to meet the conditions for which the tax benefits are provided and for upholding the stipulations in legal contracts.

## Stakeholders' Obligations to Nonprofit Organizations

The obligations of nonprofit organizations to its stakeholders are not one sided. A nonprofit cannot be expected to be omniscient and most are not self-sufficient. Nonprofit organizations must identify stakeholders' perspectives to acquire resources. Some stakeholder obligations apply to all stakeholder groups, but others vary based on the nature of the relationship and the characteristics of the stakeholder group. Stakeholder groups with specific obligations to uphold include boards of directors, nonprofit employees and management, and volunteers and members.

Obligations that apply to all stakeholders include behaving prudently and ethically in decision-making. The public perception of nonprofits, both in general and specific to each organization, is sensitive. If a nonprofit organization is perceived to be unethical, its reputation will suffer, followed by diminished donations and a limited capacity for pursuing its mission. A collaborating stakeholder's ethical reputation is tied to the apron of its nonprofit partners. Unethical behavior by employees, volunteers, donors, board members, and even clients has the potential to tarnish the reputation of all related nonprofit organizations.

A board of directors has significant obligations to the nonprofit organization it represents. This group does not simply serve as another tier of management but exists to provide oversight and support for the nonprofit. Each board of directors may have distinctive job descriptions, but there are consistent obligations and responsibilities to be upheld across all boards. First, a board is responsible for establishing a direction for the organization and ensuring that activities ultimately center on the mission. Second, a board ensures that the nonprofit has the necessary resources to fulfill the mission by raising funds and appointing an appropriate executive director. Third, they protect the organization by providing oversight and accountability and ensuring ethical and legal guidelines are followed. Finally, they advocate for the organization and its mission by utilizing connections within the community and representing the organization to the outside world.

Internal stakeholders, including managers, employees, and volunteers, observe the inner workings of an organization from a unique vantage point. These internal stakeholder groups have an obligation to communicate with the organization's leaders to provide opportunities for organizational improvement. This obligation requires each stakeholder group to take ownership of organizational processes and success.

Although the optional nature of volunteering indicates that this group of stakeholders does not have any inherent obligations, the act of volunteering actually establishes a social contract upon which the nonprofit depends. Volunteers extend an organization's capacity and are valuable resources and representatives. Once volunteers commit to serve a nonprofit in a particular way, they have an obligation to follow through with their commitment. Although, these obligations are self-determined, they are implied obligations nonetheless.

It is clear that nonprofit organizations have obligations to their stakeholders and each may present its own set of unique challenges. Yet nonprofit organizations that choose to include their stakeholders in decision-making and other activities enjoy many benefits from enfolding these perspectives.

## Challenges and Benefits in Stakeholder Involvement

Involving stakeholder perspectives in decision-making is a time- and resource-intensive process. A system is needed to engage stakeholders and assess their needs. Feedback should be both forward-thinking and responsive.

Working with external stakeholders, such as service recipients, funders, and partner organizations, often has competing goals, interests, and ideas of what a nonprofit organization should be doing. This dynamic leads to nonprofit managers having more ambiguous and diverse goals than their for-profit counterparts. Involving external stakeholders in activities, decision-making and information flows require dedicated resources. Nonprofits have become increasingly savvy in using websites, Twitter, Facebook, Instagram, and mobile features to obtain and share information, but each platform requires the capabilities to manage and to keep the information fresh and timely for stakeholders (Ott and Dicke 2016, p. 190).

The perspectives of funders and donors can also create sets of challenges for nonprofit organizations. Individuals and foundations have specific purposes for which their donations or grants may be used. Restricted funds are welcome, but they limit the purposes for which the funds can be used. Although some foundations invest in capacity-building expenses, more often, funders seek to fund visible programs and brick-and-mortar projects. How to cover overhead expenses and other associated costs of doing business is left for the nonprofit manager to figure out.

Today, transparency with stakeholders means that information is electronically available. Outside organizations that exist to rate the administrative efficiencies of nonprofits (e.g., CharityWatch and Charity Navigator) provide charitable donors with easy access to online information. Thus, funders, donors, and other stakeholders with financial interests are able to use multiple means of gathering information to discern fiscal prudency.

Ultimately, nonprofit organizations cannot expect to satisfy each individual stakeholder

| Challenges and bene fits of stakeholder involvement, by type of stakeholder | |
|---|---|
| **Internal Stakeholders** | **External Stakeholders** |
| ***Challenges***<br>Time- and resource-intensive.<br>Board member oversight.<br>Determining best methods of communication. | ***Challenges***<br>Competing goals and interests.<br>Identification of correct groups.<br>Satisfying needs of each individual. |
| ***Benefits***<br>Improved consensus and buy-in.<br>Diversification of views and opinions.<br>Eases change management. | ***Benefits***<br>Improved credibility and legitimacy.<br>Increased trustworthiness.<br>Maximizes resource development. |

**Stakeholder Perspective in Nonprofit Organizations, Fig. 1** Challenges and benefits of stakeholder involvement

affected by its work. Nonetheless, attempts to understand the needs and perspectives of stakeholders are wise practice. The main challenges associated with involving both internal and external stakeholders can be summarized as follows: identifying the various groups of stakeholders, learning about their needs, assessing the level of involvement each stakeholder group desires, prioritizing communications, determining the best methods of information flows, and deciding what resources to dedicate to stakeholder inclusion.

The benefits of involving internal stakeholders in decision-making include improved services, goal consensus, and organizational buy-in. Research on stakeholder theory confirms the benefits of communicating with stakeholders to ease change management challenges and improved overall organizational satisfaction (Haggroth 2013; Robertson and Choi 2012; Thomson and Perry 2006).

Involving external stakeholders offers other benefits. First, by including external groups in decision-making, the credibility, legitimacy, and trustworthiness of an organization are enhanced. The more transparent and inclusive the organization is, the more credibility it builds with stakeholders. Involving external stakeholders also maximizes an organization's opportunity for resource development. Because donors and funders account for a large segment of external stakeholders, including them in decision-making increases the likelihood that they will provide the organization with funding and other resources. A summary of the challenges and benefits of stakeholder involvement is provided in Fig. 1.

## Conclusion

As we have discussed, the variety of stakeholder perspectives for nonprofit organizations varies widely. Multiple stakeholders affect and are affected by the decisions made by the collections of organizations in the nonprofit sector. The reach of the nonprofit sector is growing. Although this chapter has dealt with organizations in the United States, the work of nongovernmental organizations is not confined to any country or region of the world. The impact of the work of nonprofits is truly a global phenomenon.

Finding ways to include stakeholder perspectives is challenging but is necessary for the benefit and the survival of most nonprofits. Without clear lines of ownership and accountability, the obligations of nonprofits are diffuse and obligations are not always backed by the force of law. Nonprofits cannot coerce participation and they are reliant on the public trust to attract members, participation, support, and financial commitment. Thus, there are incentives for nonprofits to be cognizant and respectful toward the needs and perspectives of stakeholders. Indeed, the nonprofit that ignores stakeholders' perspectives does so at considerable risk to itself and to the sector as a whole.

## References

Abzug R, Webb NJ (1999) Relationships between nonprofit and for-profit organizations: a stakeholder perspective. Nonprofit Volunt Sect Q 28(4):416–431

Freeman RE (1984) Strategic management: a stakeholder approach. Pitman Publishing, Marshfield

Freeman RE, Reed DL (1983) Stockholders and stakeholders: a new perspective on corporate governance. Calif Manage Rev 25(3):88–106

Frumkin P (2002) On being nonprofit: a conceptual and policy primer. Harvard University Press, Cambridge, MA

Haggroth S (2013) Leading change by including stakeholders. Public Adm Rev 73(4):550

Ott JS, Dicke LA (eds) (2016) Understanding nonprofit organizations: governance, leadership and management, 3rd edn. Westview Press, Boulder

Robertson PJ, Choi T (2012) Deliberation, consensus, and stakeholder satisfaction. Public Manag Rev 14(1): 83–103

Stoddard A (2016) International assistance. In: Ott JS, Dicke LA (eds) The nature of the nonprofit sector, 3rd edn. Westview Press, Boulder, pp 397–417

Thomson AM, Perry JL (2006) Collaboration processes: inside the black box. Public Adm Rev 66(s1): S20–S32

Van Puyvelde S, Caers R, DuBois C, Jegers M (2012) The governance of nonprofit organizations: integrating agency theory with stakeholder and stewardship theories. Nonprofit Volunt Sect Q 41(3):431–451

# Stakeholder-Centric Exploration of Health Insurance Subscription

Vincent Ekow Arkorful
Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong, China

## Synonyms

Health insurance policy; Push and pull factors of insurance policy subscription; Social policy intervention; Theory of planned behavior

## Definition

Health insurance policy refers to a safety policy intervention measure devised to provide individuals and households from unexpected catastrophic health expenditures.

## Introduction

Given the global commitment to improving healthcare and well-being for all people regardless of race, religion, income, and geographical location (Kizito et al. 2012), issues of healthcare have in recent times become not only a sensitive but also an all-consuming discourse that has preoccupied the attention of stakeholders across both government and nongovernment divides. Essentially, healthcare is acknowledged as a conduit for advancing human development (Ferrer et al. 2005; Arkorful et al. 2018). At the heart of the global effort to advancing healthcare while tackling the nagging issue of inequality (a phenomenon that has perennially dealt debilitating impact on healthcare deliver) remains the pursuit to reduce to the barest minimum level incidence of treatable illness – to enhance freedom (Sen 1999) and at the same time ensure an extensive distribution of healthcare benefits.

It is therefore instructive to stress that equitable population-wide healthcare access constitutes a basic principle for the global health system. For this reason, the failure or inability of any healthcare structure to guarantee these benefits is likely to entrench inequalities and disparities (Weissmann et al. 1992). As much as equitable healthcare remains a global priority, the realization of the same is however a challenge, more particularly for governments in developing countries (Sulemana and Dinye 2014). Under this situation, it becomes worrying that health-related Sustainable Development Goals (SDGs) may not be achieved because of the potential difficulty that this hurdle may pose for vulnerable populations.

The hurdles confronting the capacity of governments to provide healthcare have largely been one embedded in policy lapses and deficiencies. Because this has been the situation, against the backdrop of health insurance efficacy to providing antidote to healthcare, delivery, and access, it has ended up as a tool deployed to countervail health-related uncertainties. Globally, health insurance has mainly and largely been incepted in binary folds, thus, private and public/government (Gruber and Simon 2008). Various countries around the world have adopted and are still operating various forms of health insurance schemes targeted at expanding and increasing healthcare access (Alhassan et al. 2016). The outcomes and impacts of these various schemes have been heterogeneous. Whereas health insurance schemes, after years of introduction in some countries, have witnessed substantial improvements in subscription, the same could not be said for others (Blanchet et al. 2012). Dalinjong and Laar (2012) recount the successful story of the health insurance scheme in Australia and Canada. Escobar et al. (2009) and Hsiao and Cheng (2013) also confirm the progress of the health insurance scheme in Colombia and Taiwan, respectively. However, some African countries who have successfully implemented similar schemes have recorded chequered experiences (Arin and Hongoro 2013; Kumi-Kyereme et al. 2017; Uzochukwu et al. 2015; Abuya et al. 2015; Dutta 2015).

The situation is not different in Ghana where the National Health Insurance Scheme (NHIS) has over the years witnessed a concatenation of challenges such as claim processing delays, and negative service providers' attitude, among others (Arkorful et al. 2018). As part of measures to countervail these challenges and render the policy effective, the National Health Insurance Authority (NHIA) (the body responsible for the regulation of the health insurance scheme), in concert with stakeholders like the Ministry of Health (MOH) and Ghana Health Service (GHS), among others, has instituted appropriate mechanisms comprising the introduction of a free maternal care service, biometric card issuance, claim processing and customer call center inauguration, etc.

Nonetheless, though the scheme covers about 95% of disease burden, scheme coverage stands at an unimpressive 38% (Amu and Dickson 2016; Amu et al. 2018). This sets Ghana far from the 80% + Sustainable Development Goal-related Universal Health Coverage target (Amu and Dickson 2016). Furthermore, though the insurance scheme is implemented to ease financial burden on vulnerable populations, reports of scheme inefficiencies abound (Mensah 2012; Kumi-Kyereme and Amo-Adjei 2013; Amu and Dickson 2016; Arkorful et al. 2018). In view of the pertinence of health insurance, vis-à-vis a rising global disease burden, healthcare research has gained an enormous prominence. Field-related studies employing varying approaches in diverse study settings have reported various significant and interesting findings.

Specifically, whereas some studies have essentially focused on subscribers, scheme managers, and service providers (Kumi-Kyereme and Amo-Adjei 2013; Amu and Dickson 2016; Arkorful et al. 2018), others have been conducted at the country level (Arin and Hongoro 2013; Kumi-Kyereme et al. 2013; Kiplagat et al. 2013; Muiya and Kamau 2013; Dutta 2015; Carapinha et al. 2011). These studies have largely been quantitative and stakeholder-specific in focus, to the neglect of non-subscribers. A juxtaposition of these against the general prior study findings underscoring policy challenges makes it obvious that investigating subscription intention across the various stakeholder divides would be desirable for ensuring policy coverage and efficacy, as this would help forge an appreciable comprehension of factors underpinning health insurance subscription.

On this basis, the study sets out to investigate "push" and "pull" factors regarding individual health insurance subscription intention. Findings generated from this study would help provide relevant pointers to policy makers and stakeholders. The remaining part of the paper is organized as follows: "Conceptual Framework: Theory and Literature" segment illuminates on theory and relevant study literature. "Materials and Methodology" part discourses on the research methodology. "Results" section covers the study results. Study discussion is captured in the "Discussion" part. The final part covers the conclusion, recommendation, and implications for policy, practice, and further research.

## Conceptual Framework, Theory, and Literature

The theory of planned behavior (TPB), a product of the theory of reasoned action (TRA) proposed by Ajzen (1991), was employed for the study. The TPB is one of the theories widely employed to probe human behavior. The theory is principally hinged on attitude, subjective norm, perceived behavior control, and intention. The TPB converges around the supposition that the performance of behavior does not occur in a vacuum but rather based on planned and deliberative factors driven and/or influenced by internal and external factors. Against this backdrop, the study conceptualizes health insurance policy subscription as behavior-based, and as such within the mold of the TPB (Ajzen 1991; Baker and White 2010) (Figs. 1 and 2).

With regard to the TPB theory, attitude represents the individual's negative or positive assessment or feelings to perform behavior. According to Martin et al. (2010), attitude comprises a set of beliefs and their evaluation and/or judgment, which could yield either a positive or negative outcome. To confirm the significance of attitude

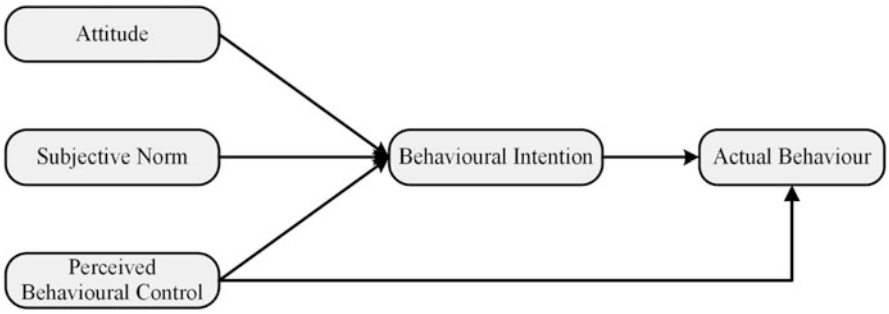


**Stakeholder-Centric Exploration of Health Insurance Subscription, Fig. 1** Conceptual model of the theory of planned behavior (Ajzen 1991)

**Stakeholder-Centric Exploration of Health Insurance Subscription, Fig. 2** Conceptual framework

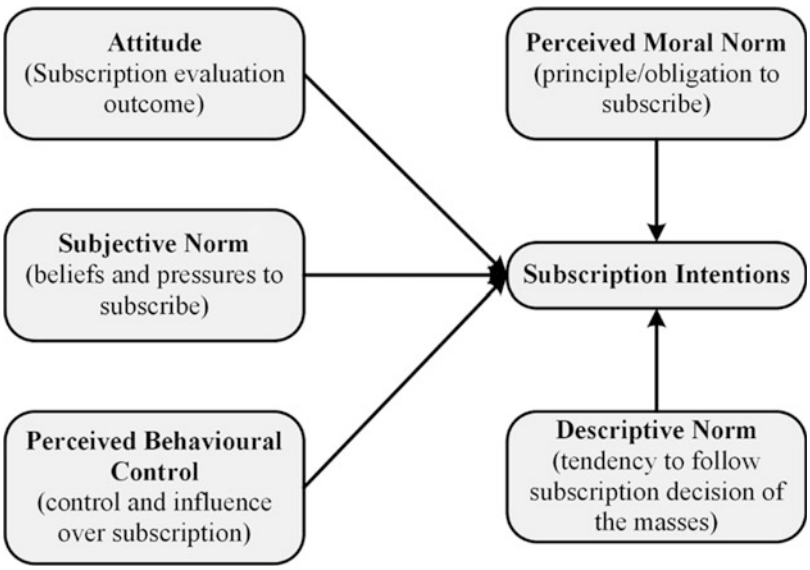


in predicting behavior intention, Ajzen (1991) avers that a stronger and positive attitude informs a stronger intention to perform behavior. Therefore, in generalizing this logic within the study context, it could be posited that the tendency to perform subscription behavior could either be militated against or facilitated by a strong attitude.

Subjective norm on the other hand refers to the individual's perceived social pressure or expectation to perform a behavior (Stone et al. 2010), which in this study is health insurance subscription. The pressure on the individual to perform behavior stems from expectations from important referent groups or individuals (Ajzen 1991; Cameron 2010; Stone et al. 2010). In this instance, the weight of recognition, value, and regard that an individual assigns to a referent group is likely to exert a bandwagon effect on the individual behavior performance (i.e., health insurance subscription behavior). On this note, the study puts forward that a stronger subjective norm is likely to have a contagious imitative effect on the performance of the same behavior.

Further, perceived behavior control refers to the individual capability, precisely, the perceived ease or difficulty to perform behavior (Ajzen 1991). Within the study context, behavior control is conceptualized as the individual control or otherwise over health insurance subscription – which is determined by factors which may be

internal and external to the individual (Ajzen 1991). This is such that the greater the individual control considerations, the more likely the tendency to perform behavior (i.e., health insurance subscription). To this end, the study concludes that certainty about individual control over behavior is likely to culminate in health insurance subscription.

Within TPB-related studies, efforts to strengthen the predictive potency of the model have informed the integration of variables like personal moral and descriptive norm (Manning 2009; Wang et al. 2016; Gao et al. 2017). Personal moral norm has been conceptualized as the responsibility to perform behavior based on individual's principle, responsibility, and obligation (Beck and Ajzen 1991). The study therefore presumes that individual personal resolve premised on certain internalized principles could substantially enhance the performance of behavior including health insurance subscription.

Descriptive norm refers to the individual's tendency to perform behavior under a given circumstance, depending on the prior or present behavior of the majority (Graham-Rowe et al. 2015; Jun and Arendt 2016). The significance of descriptive norm, relative to behavior performance, is underscored by Greaves et al. (2013) and De Leeuw et al. (2015). In realizing the study objective of health insurance subscription, the study goes beyond variable replication and posits that, while people with greater descriptive norm are likely to form subscription intention, the converse equally holds valid. Descriptive norm and subjective norm are classified as social norm. Nonetheless, they significantly vary in the sense that whereas the former represents the individual's perception about what important people in his or her life expect him/her to do, the latter captures the behavior performance of the referent group of important and what they have done, for which reason the individual feels obliged to correspondingly mimic. The foregoing discourse underlines the influence of a referent group on the behavior performance of others. The study anticipates both descriptive and moral norms to significantly inform individual health insurance subscription intention.

## Health Insurance Models in Other Jurisdictions

The attainment of Universal Health Coverage (UHC) goal (a cardinal component of UN-spearheaded SDG) has in recent times become the preoccupation of national policy pursuits across the world. Among other things, the goal is to ensure a wider population access to preventive, promotive, rehabilitative, curative, and palliative health services without financial challenges (Kieny and Evans 2013). The World Health Organization (2014) conceptualizes UHC as *"... where populations access health services without financial difficulties."* UHC is targeted at promoting the enjoyment of health rights, which are regarded as basic and inalienable to all people regardless of class, race, religion, political inclinations, or any social stratification benchmark (WHO 1948, 1978). The impetus for the extension of healthcare to populations and the realization of UHC goals may however be rendered weak and impossible without an efficient and effective health financing system like health insurance that extends health protection to poor, vulnerable, and under-resourced households (Alhassan et al. 2016; Abera Abaerei et al. 2017; WHO 2017; Dieleman et al. 2018).

As a consequence, tapping into the potency of the policy mechanism to drive unimpeded healthcare access has informed the adoption and further widespread implementation of health insurance in high-, middle-, and low-income polities. Australia and Canada, for example, have made substantial inroads through the implementation of a hybridized public-private health insurance scheme (Dalinjong and Laar 2012). Moreover, under the National Social Security System for health created by the 1993 approved Universal Health Insurance Scheme (Law 100), Colombia has covered approximately 95% of its population. Thailand's Universal Coverage Scheme implemented in 2011 has also enhanced 95% population-wide coverage (Health insurance system research-HIRSO 2012). The National Health Insurance in Taiwan ensured over 90% population coverage by 2001 (Hsiao and Cheng 2013).

These enviable health insurance policy achievements in other polities notwithstanding schemes in other countries have yielded malnourished outcomes. A typical example is the National Health Insurance Scheme (NHIS) in Nigeria which has aided a woeful 5% population coverage (Arin and Hongoro 2013; Kumi-Kyereme et al. 2017; Uzochukwu et al. 2015). The National Social Security Fund (NSSF) and National Health Insurance Fund (NHIF) of 1966 and 1965, respectively, have collectively enhanced a 10% coverage of Kenya's population (Kiplagat et al. 2013; Abuya et al. 2015). Moreover, the operation of multiple schemes, thus the National Health Insurance Fund (NHIF), Social Health Insurance Benefit, Community Health Fund (CHF), and Tiba Kwa Kadi (TIKA) with other private health insurance schemes like the National Insurance Corporation, MEDEX (T), AAR4 health insurance, and strategies insurance in Tanzania, is reported to have enhanced a 16% population coverage (Dutta 2015). The situation in Ghana regarding health insurance coverage is pegged at an unappealing 38%. As much as easing financial burden on the poor underpins the part of the reasons for the introduction of Ghana's health insurance, substantial evidence of discontentment (for both enrolled and non-enrolled) and subscription inability particularly for the poor is evident (Arkorful et al. 2018; Amu et al. 2018). This has provided the motivation to investigate the "push" and "pull" underpinnings of health insurance subscription in a developing country like Ghana.

### Health Insurance in Ghana

With the proximate reason of extending healthcare while saving poor households from catastrophic health expenditures brought about by the out-of-pocket payments, the government of Ghana implemented the NHIS under parliamentary Act 650 in 2003. Under a legislative instrument (LI) 1809, the National Health Insurance Law Act 650 received a legal backing (Arkorful et al. 2018). As captured in Act 852 (2012), the scheme obligates Ghanaian and non-Ghanaian residents to subscribe. The source of funding for the scheme is drawn from multiple sources including 2.5% of value-added tax (VAT) placed on goods and services as insurance levy and 2.5 deductions from formal public sector workers' Social Security and National Insurance Trust (SSNIT) pension contribution (Amu and Dickson 2016).

In addition to funds allocated to the health insurance fund of the NHIS by Ghana's parliament, the scheme is also funded by grants, donations, gifts, and other voluntary contributions (Boakye-Frimpong 2013). With respect to benefits and service coverage, though the scheme does not pay for all medical conditions treated at NHIS-accredited health facilities, it covers about 95% of disease burdens including malaria, diarrheal diseases, and upper and respiratory tract disorders (Alhassan et al. 2016; Arkorful et al. 2018). NHIS subscribers are entitled to medical emergency benefits such as road traffic accidents. Under a policy reform, pregnant women enjoy exemptions from NHIS premium payments. And more than 60% of NHIS-active subscribers are under premium exemptions. They include people under 18 years, 70 years, and above, pregnant women, indigents, and pensioners (Arkorful et al. 2018). Becoming an active member requires the individual to register and pay a premium fee after which a subscription membership card is issued. Presently, premium payment varies for SSNIT and non-SSNIT contributors. Whereas the former pays 6 cedis (equivalent of US$ 1), the latter pays 24 cedis (equivalent of US$ 4.2). In view of the benefits offered by NHIS (i.e., as a guarantor of securing healthcare), Ghana has experienced an acute improvement in healthcare accessibility, with an attendant elevation in population health outcomes (Alhassan et al. 2016). The National Health Insurance Authority (NHIA) is the body responsible for the scheme's regulation (Arkorful et al. 2018).

## Materials and Methodology

### Study Design and Context

To provide relevant insights into "push" and "pull" behavior factors relative to health insurance subscription, the research team undertook a qualitative descriptive study from 1 February to

20 April 2019 in the Tamale Metropolis of Ghana. As part of the data collection process, relying on the recommendations of Angen (2000), the study resorted to the interpretivist research approach. This helped in gathering information on participants' feelings, experiences, and beliefs. In addition to enhancing mutual interaction between the research team and study participants, it also helped in understanding participants' narrative from the experience of real-life perspective (Angen 2000).

### Study Participants and Sampling Procedure

Using a purposive sampling technique, the study collected data from 130 participants in the Tamale Metropolis. The study participants were categorized into two (2) groups: subscribers and non-subscribers. Given that the minimum age for self-subscription is eighteen (18), the use of purposive sampling method ensured the selection of participants. With these classifications as eligibility benchmarks, the study gathered relevant data for the study. To enhance classification, the study inquired participants' status of being either a subscriber or otherwise.

### Sociodemographic Characteristics of Key Informants

To intensify data gathering and enhance diversification in participants' responses to enrich the discourse, the study gathered information from key informants like health practitioners and scheme managers who are considered as important stakeholders. Among the health practitioner class, the study recruited five (5) males and females each. Scheme managers recruited for the study included nine (9) males and one (1) female.

### Data Generation Tool and Procedure

In eliciting data, an in-depth three-section interview guide with questions designed to suit the conceptual model (TPB) was used. The first segment of the questionnaire helped in gathering data about the sociodemographic characteristics of study participants. The second and third parts focused on the "push" and "pull" factors, respectively. Data collection prioritized the convenience of participants. In collecting data, participants were interviewed at their own convenience. The instruments used for data collection included a tape audio-recorder, a notebook, and a pen for writing. The 30–60-min interview was audio-recorded to enhance verbatim transcription. Before the commencement of data collection, a pilot test was conducted with a sample population of twenty (20) in the study area. This helped in validating and refining the instrument. Taking into consideration suggestions from the pilot, the instrument was refined and submitted to a team of academic researchers for final approval. The results of the pilot study were however not included in the final data. Study participants were assured of the anonymity and confidentiality of information provided.

### Data Analysis

The study made use of the inductive and thematic approach of data analysis to establish research themes and situate discourses within appropriate contexts. This offers researchers the advantage of capturing hidden and varying aspects of a subject matter under investigation (Dimitroff et al. 2005). The inductive and thematic approaches help researchers to draw original and reliable information for drawing themes (Srivastava and Thompson 2009). Following the recommendations of Morse and Richards (2002), data analysis steps involved interview transcription, listening to audio-recordings, gathering detailed insights, and developing and establishing data codes to generate themes. Finally, data gathered were subjected to content analysis. This helped in identifying, analyzing, organizing, and describing data results in a detailed and rich pattern (Braun and Clarke 2006). In presenting results, feedbacks of participants were presented as quotations to buttress expressed opinions.

### Study Settings

The Tamale Metropolis is one of the six metropolitan assemblies in Ghana, and the only Metropolis in the Northern region, namely, Upper East, Upper West, and Northern regions. The Tamale Metropolis was established by a legislative instrument (LI 2068). This elevated the then Municipal Assembly to a Metropolis in 2004. Tamale shares boundaries with the Sagnarigu District to the West

and North; Mion District to the East; East Gonja to the South; and Central Gonja to the South-West. The Metropolis with an estimated land size of 646.90180sqkm lies between latitudes 9° 16 and 9° 34 North and longitudes 0° 36 and 0° 57 West. There are 115 communities in the Metropolis. The population of Tamale Metropolis, according to the 2010 Population and Housing Census, is 233,252 representing 9.4% of the region's population. Males constitute 49.7% and females represent 50.3%. The population of the metropolis is youthful (almost 36.4% of the population is below 15 years) with a small number of elderly persons (60 years and older) representing 5.1%. Tamale has government and private hospitals, with the Tamale Teaching Hospital as the biggest (Ghana Statistical Service 2012).

## Results

Study participants (Table 1) were made up of males 58 (45%) and females 72 (55%). With regard to age, participants within the range of 18–25 were 25 (19%). Thirty-one (31) were within the range of 26–35. Other 13 (10%) belonged to the range of 36–45. While 39 (30%) participants were aged between 46 and 50; participants aged fifty (50) were 22 (17%). In terms of education distribution, apart from eight (8) participants (making up 6% of the study population) who have not had formal education, all had some form of formal education. Also, with respect to marital status, eighty-one (81) were married, 42 single, 2 divorced, and 5 widowed. Moreover, on religious distribution, study results revealed thirty (30) Christians and 85 Muslims; fifteen (15) belonged to neither of the divide. In terms of ethnicity, majority of participants were Dagombas (93). Overall, the study recorded a participation of sixty-five (65) subscribers and non-subscribers each.

**Stakeholder-Centric Exploration of Health Insurance Subscription, Table 1** Sociodemographic characteristics of respondents

| Sociodemographic characteristic | Frequency | Percentage |
|---|---|---|
| **Sex** | | |
| Male | 58 | 45 |
| Female | 72 | 55 |
| **Age group** | | |
| 18–25 | 25 | 19 |
| 26–35 | 31 | 24 |
| 36–45 | 13 | 10 |
| 46–50 | 39 | 30 |
| 50+ | 22 | 17 |
| **Education level** | | |
| Primary | 14 | 11 |
| JHS/middle school | 24 | 19 |
| SHS/O level/A level | 55 | 42 |
| Tertiary | 29 | 22 |
| No formal education | 8 | 6 |
| **Marital status** | | |
| Single | 42 | 32 |
| Married | 81 | 62 |
| Divorced | 2 | 2 |
| Widow | 5 | 4 |
| **Religion** | | |
| Christianity | 30 | 23 |
| Islam | 85 | 65 |
| Others | 15 | 12 |
| **Ethnicity** | | |
| Dagomba | 93 | 72 |
| Gonja | 20 | 15 |
| Others | 17 | 13 |
| **Status** | | |
| Subscriber | 65 | 50 |
| Non-subscriber | 65 | 50 |

Source: Field data, 2019

### Emerging Themes

Interaction with participants revealed a gamut of factors underpinning health insurance subscription. From the analysis of data gathered, emerging highlights revealed two broad themes: "push" and "pull" factors. Thematically discussed below are the broad themes and their respective embedded subthemes (Tables 2 and 3).

### Push Factors (Health Insurance Subscription)

Push factors in relation to this study refer to factors that motivate health insurance subscription. The study revealed the performance of health insurance subscription behavior to be akin to consumer (i.e., subscriber or prospective subscriber) behavior in relation to a commodity and/or a

**Stakeholder-Centric Exploration of Health Insurance Subscription, Table 2** Characteristics of key informants

| Sociodemographic characteristic | Gender | Frequency | Percentage |
|---|---|---|---|
| Health practitioners | Male | 5 | 50 |
| | Female | 5 | 50 |
| Scheme managers | Male | 9 | 90 |
| | Female | 1 | 10 |

Source: Field data, 2019

**Stakeholder-Centric Exploration of Health Insurance Subscription, Table 3** Emerging themes

| Push factors | Pull factors |
|---|---|
| Subscriber resourcefulness, e.g., affordability | Service quality perceptions |
| Perceived benefits, e.g., free medication | Restriction on medical supplies |
| Perceived safety net considerations | Service providers' attitude |
| Social network recommendations | Bad experience(s) of health service seekers |
| Personal principle/ obligation | |
| Decision of other masses | |

Source: Field data 2019

product (i.e., health insurance). In this view, the study further confirmed that subscription intention is based on a set of rational and regimental cluster of individual considerations and judgments. Among some of the specific items identified comprise subscriber resourcefulness, perceived benefits (e.g., free medication), social security guarantee considerations, social network recommendations, personal principle/obligation, and decision of other masses. Regarding subscriber resourcefulness, most participants emphasized affordability as a key push factor to subscription intention. Essentially, participants' responses confirmed that subscription goes hand in hand with resource availability. A subscriber emphasized that:

> *With the wherewithal to subscribe, I will. Ordinarily, who wouldn't want to subscribe to good things. That is motivating. So, in this case, with the needed financial resources, given the sensitive nature of health its certainly more than 100% to subscribe to.*

Another added that:

> *Per the benefits, I will surely subscribe and even ask others to do same since it would guarantee a year-round cheap and affordable access to healthcare.*

Interaction with scheme managers corroborated resourcefulness as another key push factor. A participant intimated the following:

> *Subscribers only get onto the scheme when there is money. It is largely out of affordability considerations that people get to register.*

Another push factor that emerged was perceived safety net considerations. It was obvious that, in addition to the provision that insurance package would take care of health-related emergencies while enhancing easy access to healthcare, individual expectation of the scheme as a safety net significantly informs subscription. A scheme manager had this to say:

> *You know our metropolis and region is widespread with poverty and illness. So, many people subscribe to the scheme because they think it would help care for them. So, they think it is a form of savings that would help them in critical times in future*

Another subscriber stated that:

> *Am a single mother with no sustainable source of income. if I don't register, who is going to help me pay medical bills? I registered because I am told it will cover me and my kids. With no support, we have no option than to subscribe. It is, our last hope.*

Moreover, the study revealed that individual subscription intention mostly stems from word-of-mouth recommendation from within social networks like family relations, friends, and other important people whose counsel they hold in a higher esteem. A participant stated that:

> *I went to hospital somewhere last year. My hospital bill was too outrageous. So, the medical doctor advised I subscribe. He explained the benefits and I was convinced. I have never regretted subscribing.*

Another medical practitioner echoed that:

> *Sometimes non-subscriber patients come to hospital and they are unable to pay their bills. So, myself and some colleagues ask them subscribe. And they do. Maybe they adhere to our counsel because they think we know best when it comes to issues of health care.*

A scheme manager also recounted that:

*Some people come here to subscribe based on recommendations of relations and other influential people. That happens. Even today, I can count not less than ten (10) people who came to register because they were asked to do so.*

Also, the study further underscored the theme of perceived benefits as very cardinal to subscription. Participants regard subscription as investments. For this reason, they think that higher dividends from such investments could be convincing to subscribe to the policy. On this score, a participant recounted that:

*I think subscription is like investment. Rationally, nobody makes worthless investments. Same applies to health insurance. If I would be assured and guaranteed medication, free drugs, laboratory tests and other clinical benefits, why not join?*

Another also stated that:

*I subscribed because I am told it covers medical needs. And truly I have benefited. Even though not all medications are supplied, basic ones are.*

The above resonated with what appeared in an interaction with a medical practitioner and a scheme manager. In a consistent response, the following was shared:

*In view of the low-quality life here, one thing that drives subscription is the free medication*

The personal principle or moral obligation of the individual to take measures to protect his or health was considered very cardinal to subscription. Participant responses revealed that some participants who had developed subscription principle were those who had experienced ill-health. This has made them resolve to maintain good health by subscribing to the scheme. A participant had this to say:

*After recovering from a long illness, I subscribed to the scheme as a means to protect my health*

Another stated that:

*From recommendation of doctors and others, like never before, I now have made it my principle to care for my health. So, I have subscribed to protect my health.*

Finally, study interaction provided sufficient evidence to the effect that the decision by the majority to subscribe could have a ripple and trickle-down effect on others to do the same. The interaction elicited the following responses from scheme managers:

*When people subscribe, there is the tendency for others to be pressured to do same. So, I think subscription by many people could further drive others*

*From experience as a scheme manager, I think there is a bandwagon effect. When many people subscribe, either on same or another day, other people follow up because they are under compulsion to do same*

*A participant said that:*

*I registered because many people in my family have. My father, mother, brothers and sisters all have. Am the only person left out. I have registered now.*

*Another participant also recounted that:*

*I have not subscribed; I think I should do so because most people within my social network have done that. I will subscribe.*

## Pull Factors (Health Insurance Subscription Behavior)

Regarding this study, pull factors are conceptualized as factors which have the potency to dissuade or demotivate individuals from subscribing, hence posing barriers. Some of the factors identified in this respect revolved around low service quality perceptions, restrictions on medical supplies, service providers' negative attitude, and bad experience(s) of health service seekers.

Concerning low service quality perceptions, participants were almost consistent in their responses. Expressing views on health service quality, study participants equated health service delivery to product brand which in their view is driven by consumer quality perceptions. It became obvious that, just as high-quality service may result into a huge patronage, the reverse could hamper patronage. Talking about the low service quality perceptions, some subscriber participants said that:

*Sometimes there is a difference in service benefits between insurance subscribers and out-of-pocket paying non-subscribers/health service seekers. Subscribers are mostly not given much attention at the hospital.*

Other non-subscribers reiterated that:

*When I go with money, I don't spend much time. I am quickly attended to. Those who have subscribed would still remain in long queues waiting.*

*I don't see the need to register for a scheme that wouldn't serve me well. Whenever we go to hospital with money, we seem to come home earlier than subscribers. Hospitals care much for those paying money*

Other participants also touched on the issue of restrictions on medical supplies. These were equally captured in the concerns raised by some key informants like medical practitioners. Some participants had the following to say:

*Mostly the medical supplies are substandard. On some occasions, the prescribed drugs are not supplied. And they ask us to buy the rest, which are expensive in pharmaceutical shops.*

Another also recounted that:

*A health insurance scheme that does not guarantee drugs? Could this be a reliable insurance scheme?*

Some non-subscribers also emphasized that:

*Stories about the low-quality drugs supplied is not motivating enough for me to subscribe. Rather prefer paying from my pocket.*

*My friends have always been complaining about the issue of non-availability of drugs any time they attended hospital with health insurance card. What's the need to subscribe?*

A medical practitioner recounted that:

*At the moment, I think there is general apathy to scheme subscription. Some think they hardly get the required benefits. I fear this could affect the sustainability of the scheme.*

The negative attitude of health service providers appeared as a key pull factor likely to substantially impair subscribers and non-subscribers alike. In the views of participants, this negative attitude kills the resolve to perform health-seeking behavior. Interactions yielded some responses as follows:

*The attitude of some practitioners is very bad and unprofessional to say the least. They easily get angry*

*Some of the nurses care less. Whether the patient is reeling in pains or not, that is none of their business. They are mostly obsessed with their phones and other things*

A medical practitioner also said the following:

*Actually, I think the attitude of some of my colleagues towards patients is uncalled for. As much as these attitudinal challenges discourage patients from seeking medical treatment, it also cuts a slur on our professional image and integrity.*

A scheme manager rehashed the following:

*Over the years, we have heard a lot of stories about the ill treatment subscribers undergo when they visit the hospital. It has been persistent. This is very discouraging. This isn't the best of news and experience for service seekers.*

## Discussion

The proximate behavior antecedents to health insurance subscription, to the best of the knowledge of the authors, have neither been sufficiently explored nor received adequate research attention, more particularly in Ghana. The reason for this study was to investigate "push" and "pull" factors relative to health insurance subscription in the Tamale Metropolis of Ghana. The researcher is convinced that this seminal research will make unique, valid, and reliable contributions to health insurance studies in Ghana and even beyond. Even though study findings revealed that health insurance plays a cardinal role in accessing healthcare in Ghana, it equally reveals insightful yet interesting findings.

Precisely about the push factors, the study revealed that subscriber resourcefulness which was in turn proven to have a significant correlation with affordability was a push factor that could enhance the performance of health behavior like health insurance subscription. Resourcefulness, which enhances individual's control over subscription, in so far as the study is concerned, is captured by perceived behavior control. This is in tandem with the findings of prior studies (Arkorful et al. 2018). In consistency with the research findings of Dalinjong and Laar (2012), the study revealed that the perceived benefits like quality drugs could be a motivator for performing subscription behavior. Within the conceptual framework, this significantly correlates with attitude.

Furthermore, the study demonstrated that the perceived expectation of both subscribers and non-subscribers to perform a health protection behavior like health insurance subscription was revealed as a push factor. Elucidating on this outcome, it could be said that, in the event when individuals do not regard health insurance as a potential safety net, the performance of subscription behavior could be hampered. This is consistent with the study findings of Malupi et al. (2013). Besides, the study proved that social network recommendations and social pressure (represented by subjective norm in the conceptual framework) could be a significant push factor regarding subscription. The plausible explanation for the relevance of subjective norm could be attributed to the collectivist and communal nature of the Ghanaian society where the entire society provides some form of social protection or social security for the other (Adu-Febiri 1995). This may equally account as a reason why decisions like health insurance subscription by the masses could sway others to perform same subscription behavior.

The significance of the attitude of the masses (descriptive norm) influencing others to perform behavior is in tandem with the generalization of Hogg and Terry (2000) who emphasize that individuals are likely to perform a behavior or possibly comply with certain behavior tenets of a group which they classify or align themselves with. By extension, given the social structure within which the individual finds him or herself, the individual in turn stands to develop the moral principle or obligation to form and subsequently perform a behavior (Hogg and Terry 2000).

On the other hand, the study revealed some pull factors that could negatively impact on subscription. Prominent among them include low service quality as evidenced in the supply of substandard quality drugs. This perception affects the individual principle or obligation (i.e., personal moral norm) to subscribe. The study outcome is consistent with prior study concerns raised by Arkorful et al. (2018). The foregoing discussion makes it apparent that intention to subscribe or otherwise is predicated on an assessment and consideration of certain internal and external factors. On this basis, subscription behavior is likely to be performed when the individual assessment points to an immense benefit. In the event of the reverse, the individual is likely not to subscribe.

At this point, it is important to stress on some of the strengths of the paper. To the best of the knowledge of the authors, this is the first seminal study on health insurance subscription employing a theoretical framework to explore push and pull (antecedent factors) in Ghana. The use of a theoretical framework to ground the research discussion from the varying perspectives of stakeholders involved in health service delivery will help unearth the subtleties underpinning the performance of health-seeking behavior (i.e., health insurance subscription). Interrogating dimensions of this nature will contribute to enriching the subject matter under investigation.

This would be relevant in addressing existing gaps such as behavior factors frequently ignored in health policy, most especially health insurance policy. The study findings could provide sufficient pointers to guide the formulation and implementation of health policies around the world. As much as the research strengths have been highlighted, it is instructive to state the research limitations. The limitation of the study to the Tamale Metropolis, and the use of a sizeable sample limits the generalizability of the study findings. Future studies should focus on increasing the sample size and expanding the scope of the study settings to undertake a large-scale study. Given the use of qualitative approach, future studies should endeavor to focus on employing quantitative methods. Actually, this is the next study to be commissioned. These limitations however do not in any way constrain the validity and reliability of the study findings.

## Conclusion, Recommendations, and Implications for Policy, Practice, and Further Research

In the light of the concerted global efforts by governments and nongovernment entities in pursuing UHC goals (geared toward removing barriers to healthcare access for all populations), the

stakeholder-centric study conducted in the Tamale Metropolis of Northern Ghana probes push and push factors regarding health insurance subscription within the context of grounded theory. The implication of the push factors is that while subscribers may be encouraged to continue subscription, non-subscribers will be encouraged to also subscribe. Conversely the consequence of the pull factors is that already subscribed members and prospective subscribers may be discouraged.

Summarily, given the pertinence of health financing mechanisms like health insurance to the attainment of health-related SDGs and the UHC goals, it would be prudent for policy makers and other stakeholders alike to capitalize on the push factors to drive subscription. At the same time, stakeholders should endeavor to institute measures that would help countervail all possible policy challenges inimical to the sustainability of the health insurance. While these would help boost subscriber and non-subscriber confidence, it would also help populations in general, and vulnerable populations in particular, to maximize benefits from the scheme and save them from unforeseen catastrophic health expenditures. Overall, Ghana could be said to be positioning itself in a much better strategic position to realize the health-related SDG by the year 2030.

Given the confounding confluence of perspectives shared by various stakeholders, the research recommends that efforts exerted toward enhancing efficiency and effectiveness of the health insurance policy in Ghana should take into cognizance the following recommendations:

- To help cure the negative perception regarding the policy, the NHIA, in concert with other stakeholders like the GHS and MOH, should help sensitize health practitioners to assign some modicum of decency and urgency in the exercise of their duties.
- Heads of health institutions must not only put in place but also enforce disciplinary measures to punish recalcitrant and unprofessional behavior.
- Health institutions must also put in place award and reward mechanisms to motivate workers who exhibit professionalism while in the line of duty. This would urge other workers to aspire to do the same and possibly win awards.
- To the issue of medication challenges experienced by health seekers, as part of measures to inject some dosage of efficiency and effectiveness in the scheme, health administrators, the NHIA, and stakeholders must prioritize keeping accurate records of medical supplies to be able to restock timely and avoid unnecessary shortages. Stakeholders must also endeavor to supply quality medications to health seekers.
- In view of the above, the NHIA as the regulator must strictly play its role as an able gatekeeper. By doing so, the authority must put in place mechanisms to assess and evaluate satisfactory or unsatisfactory health service provider institutions and, where possible, reward and punish accordingly.
- Regular organization of inter-stakeholder briefings should be made an integral part of an overall health system culture. Central to this should be a discussion about inherent lapses and challenges characterizing the scheme. This would help put in place measures to countervail them as and when they occur.
- Civil society organizations as neutral umpires, gatekeepers, and watchdogs in state-building enterprise have a role to play. CSOs may spearhead a public advocacy entreating health sector actors and other nongovernmental organizations to attach some degree of decency and urgency in ensuring the efficient operationalization of the health insurance scheme. To ensure the generation of reliable policy-based information about the scheme, CSOs should prioritize and encourage scientific health research.

## Cross-References

► Comparative and Development Public Administration and Policy

## References

Abera Abaerei A, Ncayiyana J, Lven J (2017) Health-care utilization and associated factors in Gauteng province, South Africa. Glob Health Action 10(1):1305765

Abuya T, Maina T, Chuma J (2015) Historical account of the national health insurance formulation in Kenya: experiences from the past decade. BMC Health Serv Res 15(1):56

Adu-Febiri F (1995) Culture as the epitome of the human factor in development: the case of Ghana's collectivistic ethic. In: The significance of the human factor in African economic development, pp 55–70. Westport, Connecticut: Praeger.

Ajzen I (1991) The theory of planned behaviour. Organ Behav Hum Decis Process 50(2):179–211

Alhassan RK, Nketiah-Amponsah E, Arhinful DK (2016) A review of the National Health Insurance Scheme in Ghana: what are the sustainability threats and prospects? PLoS One 11(11):e0165151

Amu H, Dickson KS (2016) Health insurance subscription among women in reproductive age in Ghana: do socio-demographics matter? Heal Econ Rev 6(1):1–8

Amu H, Dickson KS, Kumi-Kyereme A, Darteh EKM (2018) Understanding variations in health insurance coverage in Ghana, Kenya, Nigeria, and Tanzania: evidence from demographic and health surveys. PLoS One 13(8):e0201833

Angen MJ (2000) Evaluating interpretive inquiry: reviewing the validity debate and opening the dialogue. Qual Health Res 10(3):378–395

Arin D, Hongoro C (2013) Scaling up national health insurance in Nigeria: learning from case studies of India. Futures Group Health Policy Project, Washington, DC

Arkorful VE, Basiru I, Amadu L, Hammond A, Pokuaah S, Agyei EK, . . . Arthur E (2018) Public social policy efficacy assessment: operational challenges of the Health Insurance Scheme in Ghana. J Public Policy Admin 2(4):71

Arkorful VE, Lugu BK, Hammond A, Tetteh E, Budu G, Basiru I, (2021) Health insurance and the probable left-out: a social exclusion-based study; In A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy and Governance

Baker RK, White KM (2010) Predicting adolescents' use of social networking sites from an extended theory of planned behaviour perspective. Comput Hum Behav 26(6):1591–1597

Blanchet NJ, Fink G, Osei-Akoto I (2012) The effect of Ghana's National Health Insurance Scheme on health care utilisation. Ghana Med J 46(2):76–84

Braun V, Clarke V (2006) Using thematic analysis in psychology. Qual Res Psychol 3(2):77–101

Cameron R (2010) Ajzen's theory of planned behavior applied to the use of social networking by college students

Carapinha JL, Ross-Degnan D, Desta AT, Wagner AK (2011) Health insurance systems in five Sub-Saharan African countries: medicine benefits and data for decision making. Health Policy 99(3):193–202

Dalinjong PA, Laar AS (2012) The national health insurance scheme: perceptions and experiences of health care providers and clients in two districts of Ghana. Heal Econ Rev 2(1):13

De Leeuw A, Valois P, Ajzen I, Schmidt P (2015) Using the theory of planned behavior to identify key beliefs underlying pro-environmental behavior in high-school students: implications for educational interventions. J Environ Psychol 42:128–138

Dieleman JL, Sadat N, Chang AY, Fullman N, Abbafati C, Acharya P, . . . Alkerwi AA (2018) Trends in future health financing and coverage: future health spending and universal health coverage in 188 countries, 2016–40. Lancet 391(10132):1783–1798

Dimitroff RD, Schmidt LA, Bond TD (2005) Organizational behavior and disaster: a study of conflict at NASA. Proj Manag J 36(2):28–38

Dutta A (2015) Prospects for sustainable health financing in Tanzania: baseline report. Health policy Project, Futures Group, Washington, DC

Ferrer RL, Hambidge SJ, Maly RC (2005) The essential role of generalists in health care systems. Ann Intern Med 142(8):691–699

Frimpong PB (2013) The quest for equity in the provision of health care in Ghana. Afr Rev Econ Finance 4(2): 254–272

Gao L, Wang S, Li J, Li H (2017) Application of the extended theory of planned behavior to understand individual's energy saving behavior in workplaces. Resour Conserv Recycl 127:107–113

Ghana Statistical Service (GSS) (2012) 2010 population and housing census: final results. GSS, Accra

Government of Ghana. National health insurance Act. (2003) (Act 650). Ghana Publishing Corporation, Accra

Graham-Rowe E, Jessop DC, Sparks P (2015) Predicting household food waste reduction using an extended theory of planned behaviour. Resour Conserv Recycl 101:194–202

Greaves M, Zibarras LD, Stride C (2013) Using the theory of planned behavior to explore environmental behavioral intentions in the workplace. J Environ Psychol 34: 109–120

Gruber J, Simon K (2008) Crowd-out 10 years later: have recent public insurance expansions crowded out private health insurance? J Health Econ 27(2): 201–217

Health Insurance System Research Office (HISRO) (2012) Thailand. Thailand's universal coverage scheme: achievements and challenges. Nonthaburi, HISRO

Hogg MA, Terry DI (2000) Social identity and self-categorization processes in organizational contexts. Acad Manag Rev 25(1):121–140

Hsiao YY, Cheng SH (2013) Is there a disparity in the hospital care received under a universal health insurance program in Taiwan? Int J Qual Health Care 25(3): 232–238

Jun J, Arendt SW (2016) Understanding healthy eating behaviors at casual dining restaurants using the extended theory of planned behavior. Int J Hosp Manag 53:106–115

Kieny MP, Evans DB (2013) Universal health coverage. East Mediterr Health J 19(5):305–306

Kiplagat I, Muriithi M, Kioko U (2013) Determinants of health insurance choice in Kenya. European Scientific Journal 9(13):452–468
Kizito J, Kayendeke M, Nabirye C, Staedke SG, Chandler CI (2012) Improving access to health care for malaria in Africa: a review of literature on what attracts patients. Malar J 11(1):55
Kumi-Kyereme A, Amo-Adjei J (2013) Effects of spatial location and household wealth on health insurance subscription among women in Ghana. BMC Health Serv Res 13(1):221
Kumi-Kyereme A, Amu H, Darteh EKM (2017) Barriers and motivations for health insurance subscription in Cape Coast, Ghana: a qualitative study. Arch Public Health 75(1):24
Manning M (2009) The effects of subjective norms on behaviour in the theory of planned behaviour: a meta-analysis. Br J Soc Psychol 48(4):649–705
Martin RJ, Usdan S, Nelson S, Umstattd MR, LaPlante D, Perko M, Shaffer H (2010) Using the theory of planned behavior to predict gambling behavior. Psychol Addict Behav 24(1):89
Mensah SA (2012) The national health insurance scheme in Ghana: achievements and challenges. In: Tunis: Conference of African Ministers of Finance and Health
Morse JM, Richards L (2002) Readme first for a user's guide to qualitative methods. Thousand Oaks, CA: Sage Publications
Muiya BM, Kamau A (2013) Universal health care in Kenya: opportunities and challenges for the informal sector workers. Int J Educ Res 1(11):1–10
Mulupi S, Kirigia D, Chuma J (2013) Community perceptions of health insurance and their preferred design features: implications for the design of universal health coverage reforms in Kenya. BMC Health Serv Res 13(1):474
Sen A (1999) In: Knofp AA (ed) Development as freedom. United States, New York
Stone TH, Jawahar IM, Kisamore JL (2010) Predicting academic misconduct intentions and behavior using the theory of planned behavior and personality. Basic Appl Soc Psychol 32(1):35–45
Uzochukwu BSC, Ughasoro MD, Etiaba E, Okwuosa C, Envuladu E, Onwujekwe OE (2015) Health care financing in Nigeria: implications for achieving universal health coverage. Niger J Clin Pract 18(4):437–444
Wang S, Fan J, Zhao D, Yang S, Fu Y (2016) Predicting consumers' intention to adopt hybrid electric vehicles: using an extended version of the theory of planned behavior model. Transportation 43(1):123–143
World Health Organization (1948) Constitution of the World Health Organization. World Health Organization, Geneva
World Health Organization (2014) What is universal health coverage? Available from http://www.who.int/features/qa/universal_health_coverage/en/. Accessed 20 Sep 2019
World Health Organization and the International Bank for Reconstruction and Development/The World Bank (2017) Tracking universal health coverage: 2017 global monitoring report. Switzerland

# State Action Doctrine and Public Administration

Steven J. Macias
School of Law, Southern Illinois University, Carbondale, IL, USA

## Synonyms

Horizontal application of human rights; Horizontal effects of constitutional rights; Horizontality

## Definitions

Horizontal: refers to the relationship among private individuals where the state is not directly involved
State action: action attributed to the government or one of its agents, whether of a legislative, executive, or judicial character
Vertical: refers to the relationship between a government and one of its citizens

## Introduction

In most constitutional democracies, the state action doctrine is known as the problem of horizontality. In the United States, "state action" has developed as a doctrine of federal constitutional law designed to indicate the domain of action to which constitutional protections apply. If injurious action is not that of the state or one of its agents, then an aggrieved party cannot claim a violation of a constitutional right. In other countries, the question is usually phrased in terms of the extent to which constitutional guarantees have horizontal application, that is, application as between private parities rather than strictly vertical application as between the government and a citizen. In American constitutional law, the general rule is that constitutional rights have no judicially recognized horizontal application.

Turning to other constitutional systems, the situation is decidedly more complex, not only in

terms of the varieties of solutions to the problem of horizontal effect but also in terms of the light comparative analysis sheds on the American state action doctrine. If the United States stands at one end of the spectrum in that it provides for no application of constitutional rights to private actors, then South Africa stands at the opposite end with its constitutional provision that expressly binds private persons to compliance with the Bill of Rights. Lying somewhere between these two poles are the systems of many other constitutional democracies, including Canada, the UK, Germany, and Ireland. While none of those countries claims a direct effect of constitutional rights on private actors, they all engage in various indirect methods of application (Gardbaum 2003, 2006; Michelman 2009).

## The Problem of State Action

Scholars recognize the problem of state action as a very much contested and unresolved issue. The basic question is this: Who is bound by constitutional prohibitions? To say that a constitution has vertical application, as illustrated in Fig. 1, is to say that a government's sovereign relation to its citizens is mediated through the constitution. A governmental action must be constitutional in order to validly operate on an individual. If a constitution has only vertical application, then only a government or a governmental official can be named as a defendant in a lawsuit claiming a constitutional violation. In other words, a legal cause of action lies only against the state. This describes, at least formalistically, many constitutional regimes, including the United States.

By contrast, a constitution might have direct horizontal effect, meaning that it binds the actions of nongovernmental actors. For example, Chapter 2, Section 8(2) of the South African Constitution says, "A provision of the Bill of Rights binds a natural or juristic person if, and to the extent that, it is applicable, taking into account the nature of the right and the nature of any duty imposed by the right." Likewise, one provision of the US Constitution does apply to non-state actors – the prohibition on slavery contained in the Thirteenth Amendment (Rutherglen 2008). In principle, if a constitutional provision has direct horizontal application, then one private party can be held directly liable to another private party for what amounts to a constitutional tort. The uncommonness of direct horizontal application is perhaps best illustrated by Fig. 2, which depicts the usual citizen-to-citizen legal relationship. Most everyday interactions among individuals are governed by private civil law – contract law, tort law, property law – not constitutional law. If a constitution has horizontal effect, then it is the constitution that would supplant the usual civil law in governing interpersonal relations, as illustrated in Fig. 3.

It is the space between vertical application and direct horizontal application that has proven most interesting, yet most perplexing. A constitution

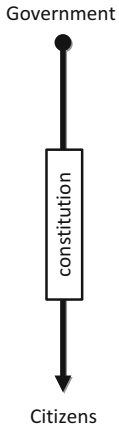


**State Action Doctrine and Public Administration, Fig. 1** Vertical effect of a constitution. This depicts a government's typical relationship to its citizens as mediated through the constitution

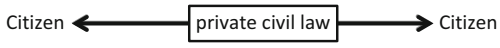


**State Action Doctrine and Public Administration, Fig. 2** Horizontal effect of nonconstitutional private law. This depicts the usual legal relationship among citizens as mediated through private law

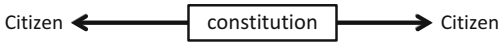


**State Action Doctrine and Public Administration, Fig. 3** Direct horizontal effect of constitutional law. This depicts the unusual situation where a constitution directly mediates private citizens' relationships

might have, what some call, indirect horizontal effect. For a constitution to have indirect horizontal effect might mean several different things. It might mean that the constitution directly constrains the judiciary in its application of private law, what some call "hard" indirect effect. Hard indirect horizontal effect would occur if the judiciary explicitly altered the common law in furtherance of a party's constitutional right. A less severe form of indirect effect would be "soft" indirect horizontal application. This might occur if a court invokes constitutional values as background principles of common law adjudication or, as Eskridge calls them, "constitutional principles and background norms" of statutory interpretation (2016, p. 307). As Fig. 4 indicates, indirect horizontal effect means that private civil law is still the primary means of mediating citizen-to-citizen relationships. The constitution's indirect effect comes about through the impact that constitutional forces have on private law. One might further think of the hard/soft distinction in graphical terms, where the degree of the indirect effect is illustrated by the extent to which the constitutional force impacts the shape of the private-law box. The less recognizably rectangular the private-law box in Fig. 4 becomes, the more work constitutional law is doing, and the more difficult the private law is to recognize as private law.

Indirect horizontal effect is sometimes hard to identify in practice, but it is quite prevalent, even in the Unites States. For example, the Supreme Court has placed First-Amendment limitations on the common law of defamation and invasion of privacy due to potential interference with free speech rights (Nimmer 1968). The court's worry was that a potential defamer or privacy invader would be unconstitutionally silenced were a court (a state actor) to impose liability upon him. This "hard" application has resulted in the constitutionalization of this area of tort law. In addition, the Supreme Court's rule of "constitutional avoidance" in statutory interpretation might be thought of as a sort of "soft" indirect effect (Stephenson 2008). This canon of construction says that if a statute is susceptible of two interpretations – one clearly constitutional, the other constitutionally dubious – the court must select the interpretation that strays furthest from constitutional doubt. One could view this interpretive canon as a way of applying the legislature's work – the statute – against the backdrop of constitutional values even while adjudicating claims among private parties. In both examples, the tort of defamation or the statute must pass through constitutional constraints even though it is technically the common law or the statute operating among the parties. See Fig. 4.

Other nations have long been engaged in more conscious consideration of indirect horizontal effect than the Unites States. (Sajó and Uitz 2005). For example, in the UK, both judges and scholars have produced an impressive body of literature as to the horizontal effects of the Human Rights Act of 1998, which provided for domestic enforcement of European Convention rights (Phillipson and Williams 2011). South Africa, because of its unique direct horizontal provision, has also sparked much commentary (Bedi 2015; Chirwa 2006). Some have attributed the South African Bill of Rights'

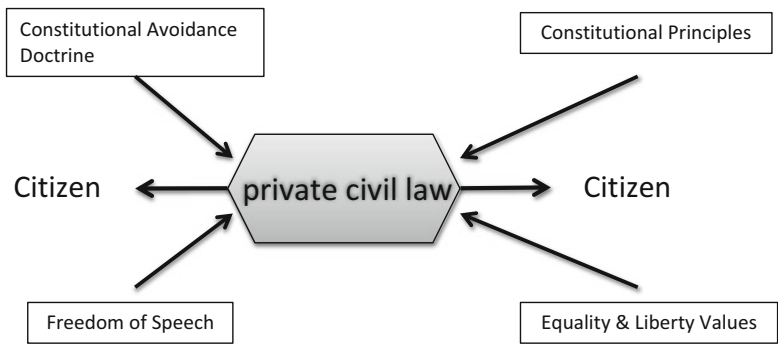


**State Action Doctrine and Public Administration, Fig. 4** Indirect horizontal effect of constitutional law. This depicts how the usual legal relationship from Fig. 2 is affected by the indirect impact of a constitution on private relations

application to private citizens to the legacy of apartheid. That nation recognized the role non-state actors played in wide-scale oppression and very deliberately added the language binding private parties (Nolan 2014).

## History of the US Doctrine

The American state action doctrine can largely be traced to a Supreme Court opinion in the *Civil Rights Cases* from 1883. In that opinion, the court held unconstitutional the Civil Rights Act of 1875 as exceeding Congress's power to enforce the guarantees of equal protection and due process of law. The Act contained a basic public accommodations provision that prohibited private actors from engaging in race discrimination in facilities, inns, conveyances, and the like. However, the constitutional provision that Congress claimed to be enforcing, the Fourteenth Amendment, says, "No State shall . . . deny to any person within its jurisdiction the equal protection of the laws." The court concluded that, by its very language, only a state can violate the constitutional guarantee of equal protection. Therefore, the Act that prohibited private discrimination could not be said to be an enforcement of the constitutional text (Civil Rights Cases 1883).

The next important state action cases did not arise until the mid-twentieth century during the Civil Rights Era. In 1948, the Supreme Court decided *Shelley v. Kraemer*, where it held that a state court judgment enforcing a racially discriminatory real estate covenant constituted state action and was therefore subject to the constitutional prohibition on the denial of equal protection. Even though the covenant was the product of private agreement, the court nevertheless acknowledged that but for the trial court's actions, the private parties would be unable to enforce their discriminatory desires (Shelley 1948).

As the Civil Rights Era progressed, the court decided *Burton v. Wilmington Parking Authority*, probably the most far-reaching state action decision to date. In *Burton*, the court held that a privately owned restaurant, which leased premises owned by the state, violated the constitutional guarantee of equal protection when it refused to serve a black customer. On its face, this appears to be the sort of private conduct that the invalidated Civil Rights Act of 1875 attempted to prohibit. However, the court found that "the State [had] so far insinuated itself into a position of interdependence" with the discriminatory restaurateur in benefiting from the lease agreement that the state and the private party could be considered joint actors (Burton 1961, p. 725). The court thought that it was incumbent upon the state to include some sort of non-discriminatory clause in its contracts with private lessees in order to comply with the equal protection requirement.

As the Civil Rights Era came to a close and a more conservative era began to dawn with the election of Richard Nixon, the court reversed course as evidenced by its 1972 decision in *Moose Lodge*. There, the court held that a privately owned business that held a liquor license from the state was not bound by the constitution's equal protection requirement when it refused to admit black members. The court found that the state's liquor licensing laws were in no way intended to encourage private discrimination and thus neither the state nor the proprietor could be found to have engaged in a constitutional violation. Unlike in *Burton*, the court in *Moose Lodge* did not suggest that it was constitutionally incumbent upon the state to insist upon a non-discrimination agreement from the private citizen before in conferred the benefit of the liquor license upon him. To do so, the court thought, "would utterly emasculate the distinction between private as distinguished from state conduct set forth in *The Civil Rights Cases*" (*Moose Lodge* 1972, p. 173).

It is no surprise that Charles Black called the state action problem "the most important problem in American law" after reviewing the Supreme Court's 1966 term. Black claimed, "The amenability of racial injustice to national legal correction is inversely proportional to the durability and scope of the state action 'doctrine,' and of the ways of thinking to which it is linked" (Black 1967, p. 70). In other words, scholars have long recognized that the extent to which constitutional

goals and values, like equality and liberty, are realized depends a great deal on how actively the state insists that private parties conform their actions to those goals and values.

## Critiques of State Action

Critics of the state action doctrine abound, but so do defenders. As stated above, a court's conclusion that state action is absent most often harms those who face some sort of discrimination, especially racial discrimination. Two common arguments in support of a strong state action requirement come from theories of democracy and liberty (Nolan 2014). Critiques of the state action doctrine are both descriptive and normative.

From the perspectives of democracy and the separation of powers, judicial review, especially the strong sort that prevails in the United States, poses a countermajoritarian dilemma (Bickel 1962). When unelected judges give horizontal effect to constitutional rights through indirect means they subvert democracy in, perhaps, two ways. First, such a judicial decision removes responsibility for governing interpersonal relations from the legislative branch to the judicial branch. Second, due to its indirect nature, the judiciary's actions might not be particularly obvious to the citizenry, thus making checks and balances that much harder to function.

From the perspective of liberal theory, a state action requirement is necessary in order to safeguard a space for liberty of conscience, association, and privacy. This rationale is popular with conservative thinkers in the United States. Indeed, for those committed to a kind of libertarianism, the requirement of state action insures that private citizens will not be forced to conform their actions to constitutional notions of equality or fairness.

Many critics begin with the descriptive critique that the state's presence is felt even in so-called private actions (Sunstein 1993, 2002; Tushnet 2008). To take the most basic example, private property exists only because the state is there to protect it, legislatively, administratively, judicially, and if necessary, by force. Thus, perhaps the constitution, unaided by legislation, should constrain a non-state actor from using his property to discriminate against another citizen. The point here is, as Sunstein proclaims in the title of his article, "state action is always present" (2002). Some defenders of the state action principle do not deny this point; rather, they claim that the doctrine is fundamentally about controlling governmental agents. They see the state-backed power of state actors as more dangerous than the state-backed power of non-state actors and, for them, the doctrine is an "accountability mechanism" for the exercise of state power (BeVier and Harrison 2010, p. 1806).

Proponents of horizontal effect, both in the United States and elsewhere, regularly emphasize the particular rights at stake, especially economic, social welfare, employment, and equality rights (Bedi 2014, 2015; Nolan 2014; Seidman and Tushnet 1996; Tushnet 2008). They claim that the US state action doctrine reinforces a now-rejected laissez-faire understanding of the role of the state in American life (Sunstein 1993). Other critics have similarly foundational claims. Chemerinsky (1985) argues that the state action doctrine fails to adequately grapple with the concept of rights, whether that concept is approached from a positivist or natural law perspective. Hershkoff (2011) calls for the use of constitutional "penumbra and emanations" to inform private adjudication. She recognizes that this sort of indirect horizontal effect is already present in some areas of law and calls for a more expansive and conscious use of it.

## Conclusion

The state action problem is fundamentally about the exercise of government power. Those who believe that government power can be a positive force in securing individual rights naturally favor more widespread application of constitutional protections against non-state actors. By contrast, those who are suspicious of government power see the flourishing of individual rights in the absence of government constraint. As Tushnet (2008) has recognized, the ease with which a nation applies its constitutional constraints to non-state actors largely depends upon the extent

to which there is national agreement on substantive commitments, like equality or social welfare. In a nation like the United States, where those sorts of substantive ideological commitments are continually and vigorously contested, horizontal application appears to be a more intractable problem but a problem that can be greatly illuminated within a comparative framework.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ Constitutional Law and Public Administration
- ▶ History of Public Law
- ▶ Judicial Review
- ▶ Law as a Source of Democratic Principles and Public Administration
- ▶ Supreme Court and Public Administration


## References


Bedi S (2014) The scope of formal equality of opportunity: the horizontal effect of rights in a liberal constitution. Political Theory 42(6):716–738

Bedi S (2015) The horizontal effect of a right to non-discrimination in employment: religious autonomy under the U.S. constitution and the constitution of South Africa. Boston University Law Review 95(3): 1181–1204

BeVier L, Harrison J (2010) The state action principle and its critics. Virginia Law Review 96(8):1767–1835

Bickel AM (1962) The least dangerous branch: the Supreme Court at the bar of politics. Yale University Press, New Haven

Black CL (1967) Forward: "state action", equal protection, and California's Proposition 14. Harvard Law Review 81(1):69–109

*Burton v. Wilmington Parking Authority*, 365 U.S. 715 (1961)

Chemerinsky E (1985) Rethinking state action. Northwestern University Law Review 80(3):503–557

Chirwa DM (2006) The horizontal application of constitutional rights in a comparative perspective. Law Democracy Development 10(2):21–48

Civil Rights Cases, 109 U.S. 3 (1883)

Eskridge WN (2016) Interpreting law: a primer on how to read statutes and the constitution. Foundation Press, St. Paul

Gardbaum S (2003) The "horizontal effect" of constitutional rights. Michigan Law Review 102(3):387–459

Gardbaum S (2006) Where the (state) action is. International Journal of Constitutional Law 4(4):760–779

Hershkoff H (2011) Horizontality and the "spooky" doctrine of American law. Buffalo Law Review 59(2): 455–506

Michelman FI (2009) The state action doctrine. In: Amar VD, Tushnet MV (eds) Global perspectives on constitutional law. Oxford University Press, New York, pp 228–239

*Moose Lodge No. 107 v. Irvis*, 407 U.S. 163 (1972)

Nimmer M (1968) The right to speak from *Times* to *Time*: first amendment theory applied to libel and misapplied to privacy. California Law Review 56(4):935–967

Nolan A (2014) Holding non-state actors to account for constitutional economic and social rights violations: experiences and lessons from South Africa and Ireland. International Journal of Constitutional Law 12(1): 61–93

Phillipson G, Williams A (2011) Horizontal effect and the constitutional constraint. Modern Law Review 74(6): 878–910

Rutherglen G (2008) State action, private action, and the thirteenth amendment. Virginia Law Review 94(6): 1367–1406

Sajó A, Uitz R (eds) (2005) The constitution in private relations: expanding constitutionalism. Eleven International Publishing, Utrecht

Seidman LM, Tushnet MV (1996) Remnants of belief: contemporary constitutional issues. Oxford University Press, New York

*Shelley v. Kraemer*, 334 U.S. 1 (1948)

Stephenson MC (2008) The price of public action: constitutional doctrine and the judicial manipulation of legislative enactment costs. The Yale Law Journal 118(1): 2–62

Sunstein CR (1993) The partial constitution. Harvard University Press, Cambridge, MA

Sunstein CR (2002) State action is always present. Chicago Journal of International Law 3(2):465–469

Tushnet M (2008) Weak courts, strong rights: judicial review and social welfare rights in comparative constitutional law. Princeton University Press, Princeton


S

# State and Administrative Reforms in Turkey and Their Implications


Hüseyin Gül and Hakan M. Kiriş
Department of Political Science and Public Administration, Süleyman Demirel University, Isparta, Turkey


## Synonyms

Administrative reforms in Turkey

## Introduction

Turkey, with a population of 78.5 million, has undergone profound changes especially over the last two decades. Turkey will have a population of 85 million in 2023 according to TUİK's (2016) projections. Around 70–75% population is made up of the people of Turkish ethnicity but includes people from various ethnic, cultural, and religious backgrounds (i.e., Kurds, Armenians, Greeks, and Jews). This diversity has been used to justify a strong centralist state and administrative structure in Turkey, which, in turn, has been considered as an efficient method to build nation state and achieve national unity and administrative integrity, modernization, and economic development.

Turkish democracy is a relatively developed parliamentarian democracy with a system of free elections and several competing parties. Turkey ranks the 72nd out of 188 countries in the Human Development Index among the high human development countries up from the 79th in 2010 (UNDP 2015). According to the democracy index prepared by the Economist Intelligence Unit (EIU), Turkey is considered as a hybrid regime and ranks the 97th out of 167 countries in 2015 in the world down from the 88th in 2010 (EIU 2015). Turkish democracy also has some further shortcomings in the areas of basic human rights and freedoms and the rule of law and representation. For instance, some undemocratic characteristics of Turkish party system and party leaderships; limitations on the freedoms of the press, expression, and assembly (i.e., frequent social and news media blackouts) and on labor rights along with indirect restrictions on the political participation; and the 10% national threshold all deteriorate the existing problems of the democratic system in Turkey.

The history of Turkey, going back to the last century of the Ottoman Empire, is a story of strong reform initiatives, westernization, and increasing ties with Europe. Turkey has turned out to be one of the most, if not the most, democratic, secularist, and modernist country among the Muslim World (Aydın and Keyman 2004, p. 19; Friedman 2009, pp. 114–115) due mainly to the progress started by Atatürk, the founder of the Republic of Turkey, and the developments especially during the 1980s and after 1999. Turkey's integration efforts to the EU and economic relations with the EU since 1963 are a concrete example of her continuing aspiration for modernization and democratization. Turkey was officially announced as a candidate country for EU membership in 1999 and began full membership negotiations with the European Union in 2005.

The beginning of the neoliberal era and the related reforms started in the early 1980s, witnessing the army coup, the adaption of a new constitution, and the liberalization of the economy (Sallan Gül 2006, pp. 281–300). The policies in the 1980s were in general successful in reviving economic growth, achieving economic liberalization, and changing statist import substitution policies to export-oriented growth policies (Öniş 2004). In contrast to economic reforms, the political and administrative reforms were very slow. Thus, several problems continued to exist into the new millennium such as a centralistic and statist political and administrative system, undemocratic military influence on the political system, the Kurdish problem, human rights problems, and problems in the implementation of the rule of law and market principles (Heper and Keyman 1998, p. 266; Öniş 2004, p. 114, 130).

During the first half of the era of the Justice and Development Party (AKP or AK Parti) governments, Turkey has achieved a steady and high economic growth rate, political stability, and many reforms. Öniş (2006, p. 131) states that the AKP presented itself to the electorate as "a reformist and progressive force" that "could bring benefits from the positive aspects of economic globalism and the free market; and that could reform the state in the direction of a post-developmental regulatory model." The first wave of the reforms by the AKP governments focused on transforming the structure of the state and public administration (central, regional, and local) by enhancing the rule of law, human rights, and gender equality; improving market mechanism; increasing the functioning of public administration and participatory public policy making

processes; and meeting the EU norms, among others (Aydın and Keyman 2004, pp. 16–17; Çelenk 2009, p. 50; Sözen 2012).

However, the rate of economic growth and the pace of reforms slowed down after the financial crisis of 2008. This slowdown has continued and even worsened due to the consequences of the Arabian Spring, mainly the unprecedented influx of migrants from Syria and Iraq, and increased PKK insurgency after 7 June 2015 general elections in Turkey. The deterioration of the social, economic, and political conditions in recent years and failed July 15, 2016 coup attempt have brought the reform efforts to a halt. Yet, Turkey is still in need of realizing further institutional change and reforms to strengthen the sustainability of economic growth, administrative reform, and democratization.

The methods of the reforms have been various but could be considered to fall mainly under the paradigms of the new public management (NPM) and the new public governance (NPG) (Ferlie 2012, p. 237). The market mechanisms and principles were taken as the basic driver of change and development in the 1980s. In the 1990s, improving competitiveness and entrepreneurship in the market and in the public sector and fostering the capacity of public administration or the state as the facilitator of good governance became dominant among the methods of the NPM approach (Ferlie 2012, p. 243). A complementary "governance" approach based on more flexible, participative, collaborative, and bottom-up styles has also started to develop in the same period. "Governance" approach underlines interconnectedness of the world rather than increased fierce competition. In such a world, public administration is considered to promote the public interest, the equality of opportunity, the fair delivery of public services, and citizen participation (Frederickson 1997).

This chapter basically attempts to present the political and administrative structure, the transformation in these structures, and their consequences in Turkey. Accordingly, the recent reforms are reviewed and discussed, and their implementation and outcomes are evaluated. In this respect, state, democratic, administrative, and economic reforms and their policy implications are presented and examined.

## Political System in Turkey

Turkey has a multiparty parliamentary democracy based on the separation of powers between legislative, executive, and judiciary branches. Its roots go back to 1877 when the first parliament of the Ottoman Empire congregated in İstanbul. Before 1946, there was a single-party parliamentarian political system despite a couple of attempts to establish opposition parties in Turkey. The multiparty parliamentarian democracy started in 1946 when the first election involving two parties was held. One-party governments in Turkey were in general at the moderate right of the political spectrum and based on a consensus between the central elites and peripheral mass in the process of elections and government formation (Gül and Kiriş 2015). Apart from former single moderate right party governments, the AKP have refused to share power with the military, the supreme courts, and the civil bureaucracy, on the one hand, and initiated a reform of these institutions, on the other hand. Thus, the AKP have established a new type of political contra-elites, sympathizer institutions and newspapers, and socioeconomic groups. After the 2011 elections ended with the victory of the AKP again, the main topic of debate on Turkish politics has focused on the necessity to change the government system from a parliamentary to presidential democracy.

The Grand National Assembly of Turkey (TBMM) with 550 representatives is the heart of the political system in Turkey. The legislative power is vested in this unicameral parliament, directly elected by the people once in every 4 years. To avoid excessive political fragmentation and to allow the establishment of an effective majority government, only those parties winning at least 10% of the votes cast in a national parliamentary election gain the right to representation in the parliament. This 10% threshold limits the representation of relatively small groups in the parliament as in the 2002 national parliamentary elections when only two parties (i.e., the AKP

and CHP-Republican People's Party) formally entered the parliament. Currently only four political parties (i.e., the AKP, CHP, MHP-Nationalist Movement Party, and HDP-People's Democracy Party) are represented in the parliament.

The executive branch has a dual structure including the president and the government, which is made up of the prime minister and the Council of Ministers or the Cabinet. The prime minister and the Cabinet have the actual executive powers and are responsible before the TBMM. The president is elected for a 5-year term by direct popular vote since 2014 and can run for a second term. Before 2014, the president was used to be elected for a 7-year term by the TBMM and could not run for a second term. This change to an election of the president by popular vote made the political system in Turkey look more like a semi-presidential system. The current president feels further empowered by this shift, and thus, there are continuing pressures from the government for an amendment in the 1982 Constitution to change the current parliamentarian democracy into a semi-presidential system. The president is also a part of the executive branch and can exercise some administrative powers without political responsibility. For example, the president chairs the meetings of the National Security Council (MGK) and can preside over the meetings of the Cabinet if he or she chooses to do so. The president also appoints several high-ranking public officials (i.e., rectors, some members of supreme courts, and the Higher Education Council).

As in many other parliamentary governmental systems, the prime minister is a powerful political figure in Turkey. But currently, President Erdoğan is de facto the most powerful political leader. The prime minister is appointed by the president to form a government, and he or she is normally the leader of the party having the highest number of seats in the parliament. The central administration includes the presidency, the Office of the Prime Minister, the Cabinet, ministries, and consultative agencies. The Cabinet is formed by the prime minister, proposed to the president, and approved through a vote of confidence in the parliament. The prime minister (PM), as the chairman of the Cabinet, ensures cooperation among the ministers and supervises the implementation of the policies of the government. If necessary, the PM may take corrective measures including the dismissal of a minister through a proposal to the president. Each minister is responsible to the PM for the conduct of the affairs of one's ministry and for the activities of the subordinates in ministries.

The judiciary is, to a great extent, independent of the executive and legislative branches, and the Constitutional Court is charged with the duty of ruling on the conformity of laws and decrees with the Constitution. With the 2010 amendments to the 1982 Constitution, the issues regarding human rights can be brought to the Constitutional Court as individual cases before pleading the case to the European Court of Human Rights (ECHR). The Council of State is the tribunal of last resort for administrative cases and the High Court of Appeals for all others.

## Central, Regional, and Local Administrations in Turkey

The 1982 Constitution sets up a unitary state structure and a centralized administrative system in Turkey. The state and administrative system is based on the principles of centralization, decentralization, indivisible integrity of the country, unitary form of the state, and power of tutelage. Other constitutional principles shaping the political system and state structure in Turkey are republicanism, respectfulness to human rights, secularism, democracy, the rule of law, welfare state, the separation of powers, constitutional government, judicial review of administrative decisions and acts through administrative courts. According to Article 123 of the 1982 Constitution, the state and public administration system in Turkey should function in unity, coherence, and integrity at the national and provincial levels, resulting in a heavy domination of the state over the society and economy and causing administrative, political, democratic, and human rights problems.

Each ministry based in Ankara has the units in the provinces serving on their behalf in a hierarchical order and functioning according to the principle of deconcentration. For administrative purposes, Turkey is divided into 81 provinces on the basis of geographical situation, economic conditions, and public service requirements as stated in Article 126 of the 1982 Constitution. Provinces are the main geographical administrative units for central government activities, and they are headed by provincial governors. A provincial governor has the authority and responsibility for the supervision of ministerial field organizations, which also have their own provincial/regional directors. Provinces are further divided into districts, headed by the subgovernor.

The 1982 Constitution also recognizes the principle of decentralization as a basis for the organization and functioning of local administrations. Article 127 of the 1982 Constitution provides that the establishment and responsibilities of the local administrations are determined by the law in accordance with the decentralization principle. Thus, local administrations are autonomous decentralized units and responsible for the provision of local public services. Yet, the special provincial administrations and village administrations also carry out some of the duties of central government and provide assistance to the local branches of the central government, if needed.

There are four basic types of local administration units and a dual local administrative structure in Turkey since 2014. This dual system of the local administrations in Turkey was established by the law numbered 6360 and enacted in 2012 but became fully operational since 30 March 2014 local elections. The provincial special administrations, which is a province-wide local administration chaired by a governor appointed by the central government, town, district and city municipalities, and villages exist in 51 provinces. Mayors, local councils, and mukhtars (village headmen) are directly elected by the public. As of 2015, there are 81 provinces, 51 special provincial administrations, 397 towns, 400 districts, 51 city municipalities, and 18,331 villages in Turkey (İçişleri Bakanlığı 2016). In addition, there are 30 metropolitan municipalities, being the upper tier, and 519 metropolitan district municipalities, being the lower tier, in the remaining 30 provinces with a population over 750,000, which are the most developed and urbanized provinces having more than 77% of the total population in Turkey. According to the 2012 law, all the other types of local governments in those 30 metropolitan provinces were abolished after the 2014 local elections, accounting for more than 50% of all the local governments in Turkey. The metropolitan municipalities rest on a strong mayor model representing and managing municipal services in the whole province, not just urban area within the city limits. Besides, the governors in the metropolitan provinces are also assigned some new duties as the local agents of the central government regarding the coordination of economic development and distribution of central development funds in their provinces.

The municipalities are the most autonomous type of local administrations and headed by elected mayors and councils. The decision making and executive bodies of the local administrations are all elected by popular vote, except for the chair of the special provincial administration, who is also the governor of province. Yet, all local administrations are subject to close scrutiny and control of the central government exercised through the power of tutelage. That is the main reason why they are not called as local governments in Turkey. This close scrutiny has often been criticized for discouraging local initiative taking, civic activity, local autonomy, and local leadership. Accordingly, local administration reforms started in the 1980s first and then by the first AKP government in the 2000s have empowered local administrations and increased their resources and responsibilities.

Some sort of "regional" administrative units have always existed in Turkey, and they have been established as the branches of central government agencies because of some technical and service delivery necessities (i.e., road construction and maintenance, economic development, etc.). The law numbered 5449 was enacted in 2006 and provided for the legal framework for establishing development agencies (DAs) in the

26 NUTS II regions throughout Turkey. The DAs are defined as separate local-regional administration units, but national coordination among them is done by the Ministry of Development. Their main functions involve assisting the efficient use of public resources and local and regional potential for economic development and organizing and cooperating economic development and related research and education activities among different sectors. The members of the decision making bodies of the DAs include representatives from the public, private, and civic sectors, seen as a clear sign of a governance model. However, the word "regional" is not used in naming the DAs because of the centralist heritage. In addition to the DAs, there are also regional development administrations as the local branches of the Ministry of Development. They are established in only comparatively underdeveloped regions such as the Southeastern or Eastern Anatolia Regions in order to manage regional development projects stimulated and managed by the central government.

## Some Major State and Administrative Reforms in Turkey

The reforms by the AKP governments have continued with an increasing momentum, which were launched by the coalition governments at the end of the 1990s and during the early 2000s. The first wave of the reforms included the goals of restructuring public administration, establishing economic and political stability, shrinking the role of the state, and reducing budget deficits. Besides, public services at all levels were allowed to be provided in accordance with the principles of market, consumer orientation, efficiency, and competitiveness. With regard to the political reforms, some changes in the laws and the amendments to the 1982 Constitution were made to achieve compatibility with universal democratic norms. Several amendments in the 1982 Constitution have been made to improve fundamental rights, democratization, the rule of law, and the principles of the market and to meet the preconditions of the EU membership (Özbudun 2007, pp. 180–195).

Some improvements were also made in the judicial system. One improvement is the abolition of the state security courts and the special-authority courts and the transfer of their duties to the heavy penal courts. Another change involves the new duty assigned to the Constitutional Court by the 2010 amendments to the 1982 Constitution, providing that the human rights disputes are brought to the Constitutional Court before pleading the case to the ECHR. The Court has used this new duty functionally and allowed many prisoners of conscience and the press out for trial without imprisonment. A further improvement by the 2010 amendments is the establishment of an ombudsman system in order to provide confidential and impartial assistance in mediating and resolving complaints and disputes between individuals and the public administration.

However, there are some changes that cannot be seen as improvements in the judicial system. The most important of these changes is the 2010 amendments to the 1982 Constitution which provide the government to appoint several members in the Constitutional Court, the Supreme Court of Appeals, and the State Council. These specific changes increase the power of the government to oversee and influence the judicial system, supposed to function according to the principles of the independence of the courts and the security of tenure of judges. For example, the new changes allow the Ministry of Justice to sit as the president in the Supreme Council of Judges and Public Prosecutors (HSYK), a body with administrative, auditing, and disciplinary power over judges and public prosecutors after they are appointed.

Another major issue since the mid-1980s, Kurdish problem intensified in the 1990s. Kurdish demands for their ethnic and cultural recognition are considered as threats to unity of the nation state. Thus, a security-based approach was taken to resolve the problem, and the cultural and democratic demands by the Kurds had been neglected and even denied until the early 1990s. Aydın and Keyman (2004, pp. 34–35) state that security-based policies led to serious human rights abuses, a significant degree of mistrust between the state and the people in the

region, and mass migration to the cities nearby and in western Turkey. However, triggered by the emergence of EU conditionality, there has been a significant progress in the Kurdish problem over the recent years. For example, the Kurdish opening process led to the improvements in cultural and political conditions for Kurdish people. However, after 7 June 2015 elections, the process has collapsed and the conflict intensified between the state and the PKK.

Structural reform and adjustment programs promoted by the international organizations have been strictly followed and implemented by the governments in the 1990s and the 2000s. They have helped develop properly functioning markets without being interfered by the governments (such as the establishment of autonomous regulatory bodies) and increase efficiency, effectiveness, transparency, and accountability in the public sector. The new Penal Code was amended to provide for the prevention of unfair competition, and the right for civil servants to establish trade unions and right to collective bargaining without a right to strike has been introduced in 2001. Besides, a Consumer Protection Law was enacted in 2004, establishing a sufficient mechanism and penalties to protect consumers and help create a fair and competitive economic environment, and the disagreements on international public service deals were left out of the duty of the public courts in Turkey. Moreover, the laws on public procurement, public financial management and control, and access to information law were enacted in 2002, 2003, and 2005, respectively, in order to ensure competition, transparency, accountability, and efficiency in the process of public finance and procurement and to provide access to the information about all administrative decisions and actions. Furthermore, there were reforms in the areas of health services and social security and public sector employment, making it easier to use market mechanisms and providers in the delivery of public services and to hire temporary and part-time personnel on contract. Finally, a comprehensive strategy for establishing an e-government system was set up and e-Transformation Turkey Project was adopted to coordinate information society activities.

## Conclusion, an Overall Evaluation, and Policy Implications

The recent state and administrative reforms before 2011 define new parameters for the state and public administration in Turkey mostly within the framework of governance. These reforms had helped to reorganize the powers and functions of the central government and local administrations, and of the state, market, and society. The local administration reforms until 2011 had expanded the responsibilities and powers of local administrations and clarified the limits of central government's power and influence over local administrations. They helped to decentralize the centralist system by establishing some local participative decision and policy making processes and mechanisms and by devolving some administrative and financial powers down to the local and regional administrations. Another major characteristic of these reforms is that they have introduced market principles into service provision processes in the public sector such as privatization, outsourcing, and performance.

However, since 2011, the strong state tradition and centralism seem to have revived due to the AKP government's lure for stronger executive branch and political influence over the judiciary and bureaucracy, low levels of civic democratic culture and participation, and relatively weak democratic structure of political parties. These reasons accompanied by continuing dominance of the center over the local and regional administrations have limited the success of the reforms. Similarly, some reform attempts (i.e., the recognition of the cultural rights of Kurds and Alevis, the establishment of the DAs, or new province-wide metropolitan municipalities) have been considered as harmful to the unitary form of state and steps toward separatism or a form of federalism. For example, the establishment of provincial metropolitan municipalities and the development agencies, as some argue, may be considered to create the risk of separatism, political patronage, and corruption.

Despite claims of a move toward federalism, the creation and implementation of real and

functional participatory and democratic governance processes and mechanisms at the national, regional, and local levels are still needed. The central government still is hesitant to devolve its powers (especially financial) down to local and regional administrations and civic organizations. Besides, on the part of local governments, there is an unwillingness to recruit personnel on a merit-based system. The remnants of the strong statist and centralist tradition and concerns about objective, efficient, and effective use of resources by the local and regional administrations or by civic organizations play a role in this unwillingness. Of course, the inadequate levels or lack of participation and cooperation habits among the local people worsen the problems. Thus, transforming mentalities and thoughts and focusing on successful implementation of the reforms require that the statist, centralist, and hierarchical structures and practices have been changed into a governance structure formed by pluralism, interdependency, and participation. For this purpose, Turkey has to expand the cultural rights of Kurds and Alevis and shift its traditional interpretation of the Turkish nation to a redefined and inclusive notion of political community. After 1 November 2016 elections, the new AKP government has started to work on a plan to meet some of the demands by Alevis.

The AKP governments' political reforms had continued without any major disruptions until 7 June 2015 general elections when the ruling AKP government lost its governing majority and swung toward the use of authoritarian state power to gain majority in the parliament again. However, there has been a slowdown in the speed of and a change in the contents of the administrative and democratic reforms since 2011, when a general election was held. Before this election, the AKP government passed some laws, centralizing some of the ministries and taking back some of the powers previously transferred to the local administrations. For example, the Ministry of Environment and Urbanization is given more discretionary and preemptive powers to regulate and use municipal lands, considered as steps toward more centralized, top-to-bottom, and less participatory and transparent administrative structure, which has increased corruption.

Regarding democratization, there is also a long way for Turkey to go. There are cases of continuing abuses of basic human rights and freedoms, particularly continuing pressures on the freedom of the press, assembly, and speech. Turkey had been ranked first in the appeals to the ECHR for many years, a great majority of whose were verdicts against Turkey for human rights violations, particularly the right to life, freedom from torture, and unlawful imprisonment (ECHR 2014). Yet, the Constitutional Court's new duty to see individual appeals of human rights violations before individual appeals to the ECHR for human rights violations is expected to decrease human rights abuses and thus the number of appeals to the ECHR. Another major problem regarding democratization is related to a majoritarian, rather than pluralistic understanding of democracy. The AKP governments have become more concerned with the Islamization of educational, cultural, and social life in recent years on the base of Sunni Islamist values by enlarging the number of elective religious courses in all secondary and high schools and by other means. Even though the courses are elective, all students are openly encouraged to take these courses as if they were compulsory. Similarly, all the students who are not enrolled in regular schools are redirected to religious schools. Besides, the president's and current AKP government's insistence on a presidential system despite already very strong executive branch and the heavy control of the government over the judiciary leads to concerns that the majoritarian and authoritarian and even totalitarian leanings in the political systems in Turkey will increase. For example, the Human Rights Association asserts that the new law on new security pack enacted in 2015 creates a fear of police state because of an increased discretion of and protections for the police, increased punishment for terror related crimes, etc. Moreover, the emphasis on ethnic and religious aspects may result in a resurgence of extreme manifestations of religious and ethnic primacy in social life and separatist and religious movements. The probability of such threats is higher now due to the influx of refugees from such countries as Syria, Iraq, and Afghanistan. The July 15 Coup Attempt proved

these threats to be real. Now, the most important tasks before Turkey are to establish political stability, and to improve social consensus, moderate politics, pluralist democracy, the rule of law and freedoms.

## Cross-References

► Security and Public Policy in Turkey

## References

Aydın S, Keyman EF (2004) European integration and the transformation of Turkish democracy (EU-Turkey working papers no. 2/August). The Centre for European Policy Studies (CEPS), Brussels

Çelenk AA (2009) Europeanization and administrative reform: the case of Turkey. Mediterr Polit 14(1):41–60

EIU (Economist Intelligence Unit) (2015) Democracy Index 2015 – democracy in an age of anxiety. Economic Intelligence Unit. Retrieved on 23 Mar 2016 from http://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf

European Court of Human Rights (ECHR) (2014) Press release issued by the Registrar of the Court: ECHR 355. ECHR, Strasbourg. Retrieved on 11 Mar 2016 from file:///C:/Users/samsung/Downloads/003-4952135-6065927.pdf

Ferlie E (2012) Concluding discussion: paradigms and instruments of public management reform – the question of agency. In: Christine T, Ferlie E, Dent M (eds) Leadership in the public sector: promises and pitfalls. Routledge, New York, pp 237–251

Frederickson HG (1997) The spirit of public administration. Jossey-Bass Publishers, San Francisco

Friedman G (2009) Gelecek 100 yıl – 21. yüzyıl için öngörüler. Pegasus Yayınları, İstanbul

Gül H, Kiriş HM (2015) Democratic governance reforms in Turkey and their implications. In: Dawoody AR (ed) Public administration and policy in the Middle East. Springer, New York, pp 25–59

Heper M, Keyman EF (1998) Double-faced state: political patronage and the consolidation of democracy in Turkey. Middle Eastern Stud 34(4):259–277

İçişleri Bakanlığı (2016) Türkiye mülki idare bölümleri envanteri. Retrieved on 29 Feb 2016 from https://www.e-icisleri.gov.tr/Anasayfa/MulkiIdariBolumleri.aspx

Öniş Z (2004) Turgut Özal and his economic legacy: Turkish neo-liberalism in critical perspective. Middle Eastern Stud 40(4):113–134

Öniş Z (2006) Globalization and party transformation. Turkey's Justice and Development Party in perspective. In: Burnell P (ed) Globalising democracy: party politics in emerging democracies. Routledge, London, pp 122–140

Özbudun E (2007) Democratization reforms in Turkey, 1993–2004. Turk Stud 8(2):179–196

Sallan Gül S (2006) Sosyal devlet bitti, yaşasın piyasa! e-Babil Yayınları, Ankara

Sözen S (2012) Recent administrative reforms in Turkey: a preliminary assessment. Int J Bus Soc Sci 3(9): 168–173

Turkish Statistical Institute (TUİK) (2016) Demographic projections for Turkey. Retrieved on 5 Mar 2016 from http://www.tuik.gov.tr/UstMenu.do?metod=temelist

United Nations Development Program (UNDP) (2015) Human development report 2015: work for human development. UNDP. Retrieved on 23 Mar 2016 from http://hdr.undp.org/sites/default/files/2015_human_development_report_1.pdf

# State and Local Governmental Accounting in the United States

Odd J. Stalebrink
Public Policy and Administration, School of Public Affairs, Pennsylvania State University, Middletown, PA, USA

## Synonyms

Governmental accounting; Public sector accounting

## Definition

Governmental accounting is the process of recording summarizing, analyzing, and reporting financial transactions incurred by a government.

## Introduction

Similar to private for-profit and not-for-profit organizations, state and local governments in the United States (USA) are required to record financial transactions pertaining to their operations (i.e., governmental accounting). This process involves summarizing, analyzing, and preparing

and releasing an annual financial report. The resulting report is referred to as the comprehensive annual financial report (CAFR) and is prepared with three target audiences in mind, including the (1) citizenry, (2) legislative and oversight bodies, and (3) creditors and investors. Toward this end, the CAFR provides an account of a government's financial performance during a given fiscal year. For state and local governments, such performance information centers on providing the intended users of governmental financial reports with relevant and timely information about (1) whether a reporting government's transactions complies with legislative budget mandates (i.e., whether the government spent appropriated funds in accordance with the adopted budget?), (2) the extent to which it has been living within its means during the given fiscal year (i.e., whether the government was able to cover its expenditures?), and (3) the financial condition/health of the government (i.e., information about the value of a government's assets and liabilities).

Guidance on how state and local governments should account for and report on their financial transactions is provided by the Governmental Accounting Standards Board (GASB). The GASB issues such guidance through the adoption of accounting standards, referred to as generally accepted accounting principles (GAAP). The main goal of these standards is to yield information that assists users in "...making decisions about a government and to assist them in assessing whether it has been accountable for the resources that have been entrusted to it" (GASB 2021). Toward this end, the GASB develops standards aimed at ensuring that governments account for and prepare financial reports that are both relevant and understandable for the intended users of state and local governmental reports (i.e., citizens, creditors and investors, and legislative and oversight bodies). While GASB standards serve as recommendations, the large majority of US state governments have adopted statutes that require state and local governments to comply with GAAP.

Private for-profit and not-for-profit organizations are subject to a different set of GAAP, issued by the Financial Accounting Standards Board (FASB). Although FASB and GASB operate under the auspices of the Financial Accounting Foundation (FAF), the two standard setting authorities operate independently from each other. It should also be noted that the US federal government is subject to yet another set of GAAPs, developed and issued by the Federal Accounting Standards Advisory Board (FASAB). The scope of this chapter is limited to providing an overview of state and local governmental accounting in the USA.

## Key Content of State and Local Governmental Comprehensive Annual Financial Reports (CAFRs)

The key component of state and local government CAFRs is the basic financial statements. These provide information about a reporting government's in- and outflow of economic and financial resources during a fiscal year (i.e., accounting period), and the value of the assets (the entity's productive resources) and liabilities (what the entity owes) that a government holds at the end of the fiscal year. In comparison to private for-profit and not-for-profit organizations, state and local government CAFRs include a larger number of financial statements. The reason for this is that state and local governments serve a broader set of user groups, compared to not-for profits and private firms.

A second important component of state and local government CAFRs is the Management Discussion and Analysis section (MD&A). This section of the CAFR is prepared with laymen audiences in mind. It is written in a manner that allows nonexpert users to extract and comprehend key information presented in the CAFRs (Stalebrink 2019). As indicated by its name, it is prepared by the reporting government's senior financial manager. Given this, it is viewed as an opportunity for management to share their knowledge and insights about a government's financial performance (Stalebrink 2019).

In addition to these two components, the CAFR includes a report from an independent auditor, which comments on whether the basic

financial statements have been prepared in compliance with GAAP and accurately portray the financial performance of the reporting government. Given that the auditor's report only comments on the financial statements, the MD&A lies outside of the scope of the auditor's review. Finally, the CAFR also includes a statistical section that gives the reader access to contextual information, including demographic and statistical trend information. This information is included to help the user better understand the financial performance of the government as it relates to its unique context.

## An Historical Account of State and Local Government Accounting in the United States

Historically, state and local governmental accounting in the USA has primarily been based on a compliance and liquidity-oriented accounting model (CL-model). Under this model, governments account for their activities at a program or fund level, using a cash-based method of accounting, within which financial transactions are accounted for based on the receipt and payment of cash. The primary goal of this model is to ensure compliance with budget mandates and to uphold fiscal accountability (i.e., ensuring that the government is not overspending), by requiring entities to "...(a) present expenditures at a line-item or object level (e.g., supplies, wages, travel, etc.); (b) prepare separate sets of financial statements for each budgetary purpose (i.e., 'fund-accounting'); and (c) recognize financial resource flows based on the receipt or payment of cash (i.e., 'cash-based accounting,' often called modified accrual)" (Sacco and Stalebrink 2010). Given that government entities are not profit seeking, early proponents of this model argued that public sector activities should use an accounting model that allows users to assess how much government units are legally allowed to spend, how they may spend these funds, and whether they are in compliance with budget mandates (Morey 1927).

However, throughout the history of state and local governmental accounting there has been recurring calls for state and local governments to adopt an accounting model conventionally associated with private sector entities. This accounting model, often referred to as the accrual and consolidation model (AC-model), requires entities to account for and report on their activities based on in- and outflow of economic resources (rather than based on the in- and outflow of cash flows) during an accounting period. Moreover, it requires the reporting entity to consolidate all its activities into a single set of entity-wide financial statements (also referred to as whole-of- government financial statements). In contrast to the CL-model, the AC-model also requires the entity to disclose the value of all its short- and long-term asset and liabilities. Given these requirements, the AC-model attempts to provide users with a more complete and accurate picture of whether the reporting entity as a whole has been living within its means during a particular fiscal year (i.e., whether it raised enough resources to cover its economic costs).

In their historical analysis of state and local governmental accounting in the USA, Sacco and Stalebrink (2010) identify three distinct time periods where there has been calls for a particular accounting model. According to the authors, these periods are distinct because of the historical parallels that can be identified across the public and private sectors. They explain: "The progressive period of 1890 to 1920 was a time when governments, similar to private businesses, were looking for greater efficiency. The New York Bureau of Municipal Research and Taylorism were both aimed at improving efficiency via the scientific method. In the mid-century period, the administrative state and centralization of government paralleled the work on vertical integration (Chandler 1977) for the corporate community. The presence of neo-liberalism in the years before the 21st century affected both the government and the private sector. In particular, many in the business community and government wanted institutions such as the World Trade Organization (WTO) (Amsden and Hikino 2000) to facilitate fair trade."

The first time period that Sacco and Stalebrink (2010) identifies favor the adoption of the AC-model. It occurred at the turn of the twentieth century and was driven by the

development of large-scale international capital markets. During this period, progressive organizations, supported by private industry, such as the abovementioned Bureau of Municipal Research, lobbied for the adoption of the AC-model in government.

The second time period favored the CL-model. It began in the depression era and lasted throughout the 1970s and the emergence of the administrative state. Sacco and Stalebrink (2010) explains that the CL-model was favored during this time period, because it allowed more flexibility in borrowing and spending. This flexibility follows from the CL-model's lack of emphasis on providing information about debt, and the lack of information that a fund-based model provides about overall spending and available resources.

In the final time period, which began in the 1980s, there was a renewed interest in the adoption of the AC-model in government contexts. During this time period, the AC-model was not only considered, but also widely adopted on a global scale. These adoptions occurred throughout the 1980s and 1990s. In the USA, this was exemplified by the GASB's adoption of statement #34 (GASB 34) in 1999, which has been regarded as the most significant change in the history of US state and local governmental accounting (Patton and Freeman 2005).

## GASB 34 and Beyond

Consistent with the AC-model, the adoption of GASB 34 required state and local governments to account for and report on their activities at a government-wide level, using the accrual basis of accounting. The overarching goal of the changes was to increase the relevance and understandability of the information presented in the CAFR to the intended users of the reports (Stalebrink 2019). However, in contrast to most other countries that adopted the use of the AC-model for its governments, the USA adopted a model that combined the two models. This dual approach was adopted on grounds that it would better serve the diverse information needs of the intended users of the reports. The resulting dual model includes a model centered on providing information about current financial resources at the fund level and a model centered on providing information about economic resources at an entity wide level.

Since the adoption of GASB 34, GASB has issued more than 40 additional statements aimed at further improving the relevance and usefulness of state and local government CAFRs. Among other things these standards have centered on improving accounting and reporting on significant items such as derivative instruments (Statement 64), pensions (GASB 67/68) and other post-employment benefits (GASB 74/75). Efforts to improve state and local government accounting will continue as changes occur in the state and local government reporting environment and as new methods and opportunities to improve accounting and reporting emerges.

## Cross-References


- ▶ Financial Statements
- ▶ Public Sector Accounting
- ▶ Whole of Government Accounting


## References


Amsden AH, Hikino T (2000) The bark is worse than the bite: new WTO law and late industrialization. Ann Am Acad Pol Soc Sci 570(1):104–114

Chandler A (1977) The visible hand: the managerial revolution in American business. Harvard University Press, Cambridge, MA

Governmental Accounting Standards Board (GASB) (2021) The user role in improving financial reporting. https://www.gasb.org. Accessed 21 Mar 2021

Morey L (1927) Introduction to governmental accounting. Wiley, London

Patton TK, Freeman RJ (2005) Governmental accounting standards come of age: highlights from the first 20 years. Gov Finance Rev 21(2):16–20

Sacco JF, Stalebrink OJ (2010) Governmental accounting, global markets and ideologies: a historical study of state and local practices in the United States. J Public Budg Account Financ Manag 22(1):112–133

Stalebrink OJ (2019) Governmental accounting and the MD&A section: an exploratory study of understandability. Public Adm Q 43(1):121–142. 22p

# State and Vigilantism: Interrogating Nigeria's Experience

Sunday Odo Nwangbo[1],
Ikechukwu Ogeze Ukeje[1] and Kennedy Ololo[2]
[1]Department of Political Science, Alex Ekwueme Federal University, Abakaliki, Nigeria
[2]Department of Sociology, Alex Ekwueme Federal University, Abakaliki, Nigeria

## Synonyms

Community policing; Decentralized security system; Local policing; Neighborhood watch; Non-state security actors; Paramilitary organizations; Security governance; Self-help Institutions; Vigilante groups

## Definition

Vigilantism: the informal mobilization of voluntary civilians to form policing team for the purpose of ensuring societal control and ordering; it involves partnerships, collaboration, and collective strategies for fighting crime and related vices at community level; it is a community-based approach in crime prevention, and protection of lives and properties; it is the involvement of local stakeholders, able-bodied civilians, community leaders, clergymen, market associations, and religious organizations in the security architecture for the purpose of ensuring lasting peace, sustainable security, and effective social order and control.

Community policing is concerned with joint efforts and ardent partnership of both the people and the police in the quest of safeguarding properties and lives at the level of neighborhoods (Ordu and Nnam 2017).

It is an ideology that propagates organized strategies that favor the systematic adoption of problem-solving techniques and partnership, which pragmatically address the immediate circumstances that result in safety issues of the public in form of social disorder, fear of crime, and crime (Okafor and Aniche 2018).

## Introduction

The mobilization of informal mechanism of policing has become increasingly fashionable, and in many countries, they assume large roles in their security architecture (Basiru and Olusesan 2019; Akani et al. 2020). The renewed interest in this security space calls for a more serious investigation in the direction. It represents an upsurge of primordially existent security mechanism in communities which has undergone conceptual modifications and operational transformations. A community constitutes either a rural and an urban area, while the former is the rustic, agrarian countryside usually associated with relatively lower population, lower income, and homogeneous and agricultural economy; the latter is characterized by relatively higher population density, higher income, and heterogeneous and industrial economy associated with cities and towns (Okafor and Aniche 2018). The rural or local communities appear to be a highly unreached group in the security distribution. Therefore, high tendency of informal security formation takes roots in these seemingly unreached communities (Nwokolo 2020), due to their vulnerability to criminal activities and related issues. However, because social problems erode boundaries, formation of vigilante group has become pervasive across different geographical distributions and areas.

The need of maintaining social order and organized lifestyle in the society necessitates social control and formal policing measures by the state in form of national police force. The primacy and contingency of security in governance is incontestable (Tyoden 2006) and is demanded in both developed and developing states (Ojo et al. 2019). However, informal policing becomes imperative in countries where the police service is seen as nonserious, inadequate, lacking, and politicized (Amnesty International Worldwide 2013). Ekeh (2002), for example, observed that with obvious lack of faith in the police, Nigerian communities do not rely on them but outsource or

resort to unregulated and violent reprisal against suspected sources of their collective endangerment. It becomes more pressing to employ this security architecture where there is unavoidable interplay of dynamics of social reality and disorder. Crime, for example, is an inevitable aspect of social reality. Hence, "criminality, though a negative phenomenon is a necessary part of every society" (Onwuegbusi 2017 p. 74) and cannot be extinguished from the same (Siegel 2008). Ugwuoke (2010) noted that it commands attention of all people and is interwoven with the society. Again, crime is observed as a social product that is caused by social conditions that is subject to control only in social terms (Durkheim, 1933, quoted in Onwuegbusi 2017). As for the case with Nigeria, crime trend has always been in an increasing frequency (Tyoden 2006).

Moreover, criminal activities are most likely visible in the neighborhood, and by implication there is need for their cooperation and support (Ordu and Nnam 2017). Criminal activities have been ravaging Nigerian communities for a long period of time, and this has been followed by proliferation of vigilante groups as formal policing measures appeared failing. In Ebonyi State, each community or villages in the local governments have vigilante groups or neighborhood watch teams. These oversea security issues in these communities. Some of them serve as a team of warriors and war lords who defend their host communities in communal conflict situations and can also be deployed as mercenaries to other communities during crisis. The recent surge of insecurity in the South East and Ebonyi State in particular has been greeted with state-sponsored vigilante groups. Hence, in this entry, we seek to examine the effectiveness of local policing and vigilante operations in Ebonyi State and Nigeria in general. First, we situate local policing in Africa and Nigeria in particular and locate its historical contexts. Second, we evaluate state and vigilantism to trace the experiences and the contradictions inherent in the practices. Next, we explore global perspective, justification, and practice of community policing. Further, we reexamine the experiences of vigilante operations in Nigeria whether it is a worthy option or an obnoxious ideology and practice, and finally, the conclusion follows, which stakes our eventual positions and recommendations.

## African Communities' Policing Regimes and Historicity

Community policing is older than Nigeria (Pratten 2008), and claims age positions with primordial and precolonial societies of the current colonial contraption. In every society of all time, there has always been a community life. Social order has always been the purpose of social organizations, and politics has, more often than not, been the instrument.

African society is identical with community life, encumbered by ethnic fragmentations and density of tribes. Prior to colonial experience, these communities have experienced peace and tranquility not because there was no crime or conflicts, but the rate was minimal and under effective communal control and policing. Criminals, offenders, and the good and the bad were all members of the local community, and the eyes of everyone were upon everyone. Hence, everyone treaded with care and succumbed to prevailing mutual social order of the time. Alemika and Chukwuma (2003) affirm that Vigilante groups' commitment and effectiveness was benched on their members being drawn from the same community and their shared interest in community security as well as their subjection to accountability and control by the same community. Community control was a role ascribed to all members of the precolonial Igbo society in Nigeria, as it was a responsibility of every adult male who were either members of age grade, masquerade society, or both (Okafor and Aniche, 2018; Onwuegbusi, 2017). Crime control and social life ordering were within the powers and responsibility of "indigenous social institutions and groups" (Onwuegbusi, 2017, p. 74).

Precolonial societies in the current geographical Nigeria have rich history of community-policing experiences. These societies utilized "self-help institutions" as we know today as vigilantism (Basiru and Olusesan 2019). There

existed "Ndiche" in Igbo land, "Olodes" (hunter guild) and the "Ian banga" among the Yoruba and Hausa-Fulani, respectively (ibid, 2019, p. 184). However, the adventure of colonialism distorted the African policing model and eventually dismantled and replaced it with colonial police (Onwuegbusi 2017). As scholars have noted, the new system was antipeople and proelite as it only tended toward protection of colonial masters' interests (Alemika and Chukwuma 2000; Rotimi 2001; Okafor 2006; Ikuteyijo 2009). It was this distortion and dismantling that created a dichotomy between the people and their rulers and increased enmity rather than amicability. Rightly, Rotimi (2001) pointed thus, the colonial police was a kind of strangers policing strangers. The later experience of the postcolonial era became a carryover of the colonial experience (Onwuegbusi 2017). Hence, the perpetuation of the prevailing order.

Nevertheless, some communities in Nigeria that have long history of communal conflicts and crisis still retained their security outfits. These exist as primordial heritage and embedded with cultural values of the people. They represent epitome of ancient historical conquests and celebrated victories and memorable losses. As communal crisis is a protracted case in Nigerian communities even in this current dispensation, these security outfits, which serve as community warriors, are often deployed to fight in crisis situations. One of the instigating factors for community crisis is the presence of warriors and warlords, which increase their morale to engage in combats. Though emphasis is on procedural factors here, it is not to deny that there are substantial factors that cause communal conflict, which is a subject of another research engagement. The kind of local military system employs two strategies: standing warriors and reserve warriors. Reserve warriors are dormant and can only be mobilized during an intense crisis situation while standing warriors are those who are in active service. The later are carriers of constantly rising community security burdens. They engage in day-to-day community policing. These have for so long engaged in active service from primordial African societies up till the current dispensation. The force is usually renewed and updated by periodic conscription of able-bodied men and highly spirited voluntary individuals in the communities. It is instructive to note that this system is operational in most local communities and is rare in urban ones. References can be made to communal conflicts in Ebonyi State recently namely, Ikwo (Nnoyo) and Izzi (Nweze) crisis 2021; Ezza and Effium conflict 2020/2021; and the protracted interstate, Ngbo (in Ebonyi State) and Igala (Benue State) boundary disputes 2021. These crises were not just starting by these dates, rather they are resurgence of existing unsettled or unadequately resolved conflicts. The community security or warriors are usually deployed to fight in these armed conflict situations between communities.

## The State and Vigilantism

The concept of state involvement in vigilantism is a contradiction and an indication of some silent facts. The state as an architect of formal mechanisms of policing maintains sole legitimacy of organized mobilization of forces for territorial and endogenous security. The state utilizes national police for safeguarding lives, properties, and maintenance of internal decorum. The state police were conceived as its instrument that serves its interests (Onwuegbusi 2017). Also, the formal policing mechanism was accused of partisan activities and politicization (Ikuteyijo 2009). This author further notes that the police instead of serving the masses were found as an instrument of oppression.

Moreover, the complications of societal issues and problems have also contributed to the brutal nature of the Nigerian police where they resort to mobilizing deadly weapons against perceived criminals. Nevertheless, this disposition exposes both the innocent and the real offenders to harsh treatments. Thus, the legitimacy of the police among the people becomes contestable in this kind of atmosphere.

The unhealthy relationship of the formal policing mechanism with the mainstream communities of people alludes to the colonial police

experience. The colonial police as has been established before now in this entry were used as instrument for serving the interest of their masters. All the same, the current police were just a transition of the former with its ideology, strategies, and management style. The state elites are seen as subjects of protection rather than the people. This stance causes constant rift between the people and the formal security architecture. Whereas scholars have agreed that incompetence of the mainstream security forces in carrying out their role has resulted to formation of alternative means (Basiru and Olusesan 2019), lack of trust and continual rift between them and the people also lead to the same drive.

The dynamism of the Nigeria configuration and interplay of political forces complicate vigilantism. Nigeria is a highly ethnicized community of people (Idike et al. 2019), and identification with the state as a whole in practice is not on the basis of individual citizenship but on the tribal whole. So, each tribe or ethnic group on the whole identifies with the country not the individual members of these tribes and ethnic groups, thereby representing the state-citizen relationship on tribal/ethnic level. This explains the existent and current formation of vigilante groups by various states that represent tribal or ethnic residents and uniformity. This also alludes to the incongruity among peoples of Nigeria and why unity has remained contestable since her political independence till date.

Southeastern Nigeria which is predominantly Igbo societies has been having protracted feeling of alienation from the national scheme of things (Ojo and Lamidi 2018; Idike et al. 2019), including adequate and reliable security services. This serves as one of the motivating factors of the state-sponsored vigilante groups in the Southeast coupled with internal security issues and crimes. The formation and mobilization of Ebubeagu Security outfit in the whole Southeast attest to this allusion. The encroachment of armed herdsmen and "unknown gunmen" in the region among other reasons has motivated the five states to inaugurate the states-sponsored vigilante group known as Ebubeagu. This security outfit is traceable to April 11, 2021, South-East Security Summit in Owerri, Imo State, where consensus for its formation was reached (BBC Login 2021a).

Ebonyi State, in particular under the leadership of Governor David Nweze Umahi, launched Ebubeagu vigilante group. The state security council also agreed to form what they called "Joint Youth Vigilante Committee" for all the communities that have experienced communal crisis (BBC Pigin 2021b). The distribution of Ebubeagu security personnel in the state is as follows: The total personnel is 2000; while 200 go for each 13 local governments, the rest were allocated to the capital city (BBC Pigin 2021b). There was the approved recruitment of commanders for each local government of the state. The recruitment process involved the Police officials, Department of State Security Service, traditional rulers, and Christian organizations. Though Ebubeagu is an armed security outfit, they were charged to detain no offender but were tasked to collaborate with the state police for information sharing and collective war against crime and associated armed attacks.

State-sponsored vigilantism is not novel in the Southeast. About more than two decades ago, there was the reign of Bakassi Boys formed by market traders and later sponsored by Anambra State to fight crime which later turned to a dreaded group that was proscribed by the Federal Government in 2001 (Basiru and Olusesan 2019). The same author observed similar formation in South West where O'Odua People's Congress (OPC) was formed in Mushin, Lagos State, to protect the interest of the Yoruba people. It later turned into a Vigilante group for the rate of crime in the host community. The group was later attributed with some inconsistent behaviors as was the case with Bakassi Boys.

Linkage of the state, with vigilantism that raises constitutional concerns as its stipulation that no parallel security force or operation should be created outside the police force and the army, has been eroded (Amnesty International Worldwide 2002). So, the interest of the state in vigilantism outside the formal security forces is an area that seeks serious research attention which may not be covered here. It can be assumed that the state has come to the understanding that policing

local communities cannot be effective through using of aliens in such communities. Also, it can be argued that mobilization of state-sponsored vigilante groups could be to drive the unlimited interests of incumbent leaders and other elites in the state who can use this medium to achieve some unpopular ends. Mobilizing new security outfit when there is an existing one could be seen as security governance contradiction or confusion.

## Community Policing and Global Perception, Perspective, and Practices

Current governance debates have favored people-oriented approaches. Security governance draws global attention as local rifts can actually trigger global impacts. The vandalization of oil pipeline in Nigeria caused or contributed to global oil fluctuations, which is an indication of the truism. This is why countries are keen over internal issues and security disruption of other countries. Notwithstanding, global policing regime experienced transition from the traditional to formalized and systematic community policing (Okiro 2007). As observed, it espouses democratic value of popular participation and collaborative efforts (Aniche 2018). Moreover, it has been recognized that maintenance of internal consistency of security and decorum demands engagement of the local people who are also the targets of security.

Great powers of the world have recognized this model of security governance including United States of America. Community policing is traceable to the USA in the 1970s where it was observed that neighborhood and individuals were capable of contributing to their security (Carney 1977). In the fact sheet of US security assistance policy, nonstate paramilitary organizations were recognized (see Obama White House Archives 2013). This implies that nonstate security outfit is not just for weak states. In tandem, Nwokolo (2020) has argued that nonstate security serves as a complement to existing state security strive in either succeeding states or failing states.

## Is Vigilantism a Worthy Option? Reexamining the Experiences

Cross-examination of vigilantism in Nigeria produces mixed results. This is given to the fact that various vigilante groups differ; while some are well organized with defined structures and roles, others are not (Ogbozor 2018). Therefore, some conceive vigilantism as illegal while others contest the opinion (Rosenbaum and Sederberg 1974). Peeler (2019), for example, insists that vigilantism should not be seen as illegal and criminal. Rather, the activities of the group lead to a reasonable crime control (Onwuegbusi 2017).

However, Basiru and Olusesan (2019) have submitted that a critical examination of vigilante groups balance sheet in the context of democratizing Nigeria shows that the groups rarely subject their activities and subsume them under the state order and law requirements. By implication, in a democratizing Nigeria, vigilantism has become an instrument of threat, intimidation, and other antisocial and political influences. Ordu and Nnam (2017) admit that community-policing agents tend to fall into being corrupted by the community when it is under their control. Carter (2002) agrees with this and further noted that the scenario makes community-policing agents to connive at the corrupt activities of the community. Okafor and Aniche (2018) in line with the above stance reveal that vigilantism has not created positive impact. To them, it has rather orchestrated insecurity and ridiculed development efforts in the communities.

The accountability system of Vigilantism is very weak, and compounding the whole situation, there is no defined or outlined principle/guideline on relationship with external monitoring agents (Ogbozor 2018). Quest for monetary benefits makes the group to divert from their original goal of community policing to some unpopular ends (Umeagbalasi 2012). Vividly, Laurent Fourchard painted the picture of vigilante groups that they protect lives and properties, defend ethnic groups, and work as thugs on behalf of elite political leaders (2008). It has been reported too that killings, unlawful detention, degrading and inhuman treatment of

citizens, and torture are attributed to vigilante groups (Amnesty International Worldwide 2013). Vigilante groups were formerly praised for recompensing to criminals their evil, but later, the people became disappointed and now fear because they also maltreat innocent groups (Elechi 2003). The foregoing is similar to the case in Mexico, where vigilante groups that were helping in preventing drug trafficking and kidnapping later engaged in the same (Knowland 2014). Scholars are concerned about many issues relating to the vigilante groups. These concerns were harmoniously raised by Onwuegbusi (2017) on the following areas:

Character of vigilante members
The manner of admission of members
The training they receive
The remuneration and upkeep
The power relationship between the members and the citizens
Allegiance to the authority
Level of cooperation between the groups and the conventional security forces of the state

Ogbozor (2018) observed that many vigilante groups are not trained or adequately trained on the law of the state and how to operate in their duty as security of the state. Lack of adequate remuneration leaves the vigilante groups to temptations (Alemika and Chukwuma 2003). They relied on charms and voodoo as alternative to absence of adequate arms and requisite training (Adejoh 2013).

A classification of vigilante groups made by Alemika and Chukwuma (2004, p. 3) helps to shade more light on the whole subject and its practice. They classified vigilante groups into the following:

Neighborhood or community: neighborhood watch and community vigilante groups organized by community associations.
Ethnic: vigilante groups organized along ethnic lines to defend ethnic interests.
Religious: vigilante groups with faith roots.
State-sponsored: These vigilante groups operate with both or either legal or financial support.

Vigilantism has no doubt received both approval and disapproval from varied sources. Notwithstanding the challenges, the people still exercise confidence on them as local and Indigenous security outfits and as an alternative to the failed/failing mainstream security system (Nwokolo 2020). Also, the people's preference of the security system rests on their quick response, readiness to service and effectiveness, and community presence as opposed to absence of state security outfits in remote communities when security needs arise.

## Understanding the Nature of Governance in Nigeria Political Economy

Both theoretical and empirical researches have been undertaken on governance and security situation in Nigerian democracy in recent years. Early research focused on defining the concept of security, democracy, principles, challenges, and strategies for good governance (Imobighe 1990). Thus, effective governance is one that is characterized by accountability, transparency in the management of public resources, rule of law in the conduct of public affairs, predictability of institutional performance and behavior, justice and equity and effectiveness in the management of economy, and the impact it has on the citizens (Ibodje 2012; Okpata and Ukeje 2017; Idike et al. 2020; Ukeje et al. 2020). These characteristics of good governance are also the elements constituting the environments for economic development. Here comes the problem of national development in Nigeria, which environment has not encouraged the flourishing of the above elements of good governance as a result of differing opinions, regarding the priorities accorded to those policy objectives. In fact, there is an even greater divergence of views on the means by which such objectives can be actualized (Olawunmi and Ayinla 2007).

World over, governance remains one of the major machineries through which the society is placed at global perspective. Ngboawaji (2011) asserts that the world is not peaceful as a result of so many security-related threats and

challenges. But it is difficult to admit that governance is involved anywhere in the world without its attended problems. Consequent upon this, when values and ethics of a particular society/nation is eroded as a result of ill-governance, it usually reflect on the economy of the country. Insecurity springs from the background laid by the contesting issues. National security is now being perceived as total security – cutting across the security of life and property, security of the economy and the economic resource areas of the country, security of food and raw materials resources, of general health of the people, of environment, and of national integrity, and preservation of all that society considers to be important and valuable (Imobighe 2000 cited in Ngboawaji 2011). Thus, the inability of African leaders to take leadership challenges as it were in western countries like the USA is one of the reason why we are quarantined whenever global governance assessments are instituted to review activities of countries of the world having in mind that Nigeria is the epicenter of the third world countries where insecurity, disregard for values, and disfigured ethics and neglect for rule of law and principles of the democratic system are sent into albeit for the interest of politicians that are bent on destroying the image of the country for their own selfish interest.

No region/zone in Nigeria is sleeping with their two eyes closed due to crises that are either politically motivated or systematically motivated. In the eastern region to be précise, security threats are recorded on a daily basis mostly as they are related to activities of our leaders that are in one political position or the other whose interest should have been on how to impact positively on the economy which in other hands will predispose empowering the citizens for peaceful coexistence but is now turned to target citizens that are at the receiving end of small and light weapons that are circulated by politicians in pursuance of their political ambitions. For example, this scenario has led to "endsars" and "end bad governance" protests including breaking into government warehouses to reclaim palliatives supposedly meant for citizens but being hoarded by the leadership for no tangible reason (Onele et al. 2021).

Adejumo (2011) asserted that governance/government institutions all over the world are accountable for the security of their countries and face the same challenges of insecurity within their borders on a daily basis. Tyoden (2006) observes that despite the fact that security is a primary responsibility for any government to develop, it is not given the attention it much needs in Nigerian democratic government.

Notably, the obligation of the state to ensure the safety and well-being of the citizens is enshrined in sect. 14 (1) of 1999 Constitution, and it states that:

> The Federal Republic of Nigeria shall be a State based on the principles of democracy and social justice and that the security and welfare of the people shall be a primary purpose of government.

By vesting in the state this power, Thomas Hobbes argues that the citizens or nationals have entered into a social contract with the state to protect them in exchange for its monopoly and control over all instruments of force and violence. The assumption of the contract here emphasizes that in the state of nature, everyone has the right to everything – there are no limits to the right of natural liberty. The social contract is the agreement by which individuals mutually transfer their natural right. Hobbes notes that we do not make these agreements explicitly because we are born into a civil society with laws and conventions (i.e., contracts) already in place. This implies adopting a state-human-centered approach that is anchored in preserving order and avoiding life-threatening violence of any kind in a democratic setting (Onoja 2013).

Thus, traces of injustice, discriminations, and inequality in economic empowerment programs by the poor in various communities and regions of the state have been a serious challenge to governance in Nigerian federal structure, and this has resulted in several agitations for state creation, revenue generation and control, and equal participation of all in the management of our common resources. Unemployment, political instability, faulty electoral system, bloated bureaucratic corruption, faulty institutional framework, weak state, insecurity, increase in crime wave, and

Boko Haram insurgence point to failings in Nigeria's federalization processes as a result of the faulty framework of governance on which Nigeria's federal structure rests.

Thus, considering the above instances, it is worthy of note that ill-governance remains the brain behind the economic ordeals of our nation today that have metamorphosed into what is popularly known as insurgency, terrorism, Boko haram, etc. that have breached in a strong term the societal ethics and values which promote political economy.

Thus, Albinus (2012) argued that the abysmal failure of successive administration in Nigeria to address challenges of poverty, unemployment, and inequitable distribution of wealth, among ethnic nationalities, ultimately resulted to anger, agitation, and violent crimes against the Nigerian state by some individuals and groups. Such crimes include militancy, kidnapping, bombing, armed robbery, and destruction of government property, among others. This problem has the damaging consequence of giving the signal to the rest of the international community that Nigeria is not a safe and secure place and as such not suitable for economic investment and activities. Good governance is therefore the ability of the government to live up to the expectations of the people and meet the needs of the generality of the citizens (Omololu 2006). Tyoden (2006) asserts that security has to do with the readiness and capability of a country to contain internal and external threats to its existence and well-being (the military dimension), and ensure the socioeconomic welfare of its peoples (the developmental dimension). For an understanding of the effectiveness of the developmental dimension of human security and governance policy direction, see: Ukeje and Chukwuemeka 2021, Idike et al. 2020. Thus, peace and security (socioeconomic) can also be achieved through stronger regulations and the institutionalization of public service charters and that which enhances citizens-state interactions (Ukeje et al. 2019), hence the need to work together to produce the desired public value. This no doubt will help in the course of achieving a kind of state-citizen interaction that has implication not only for scaling-up the governance ratings of the government but also for the overall reforms that improve the conditions under which the street-level bureaucrats do their jobs in social services provisioning (Ukeje et al. 2021).

## Conclusion

Though shortcomings and limitations have been attributed to the activities of the vigilante groups in the state, there is support by the citizens for a crime-free society (Onwuegbusi 2017). Residents of Ebonyi strongly support policing of communities (Ndukwe 2018). Remote communities find solace in and feel at home with local policing agents who are Indigenous people. Local vigilante groups tend to perform better and stick to their goals based on shared interest of community policing. These often volunteer to serve as night watchmen without pay. Some were victims of insecurity or related to a victim. The system survives and thrives in local communities due to the size of these communities. Small communities have apparent characteristics such as strong leadership, knowledge of members' identities and that of families, mutual solidarity, and communal living. Vigilante groups of this kind of community hardly go contrary to mutual goals and interests of the community. However, the opposite is the case with vigilante groups in townships and cities where mechanical solidarity thrives. Individualistic life that characterizes urban areas hinders mutual interests and passion for the common good. As a no man's land, urban life is highly personalized and monetized to make ends meet, earn a living, and ensure survival along with other competitive citizens. City vigilante groups are highly vulnerable to manipulation by wealthy people who use them as instruments of vengeance on their perceived enemies. They are also at the disposal of crude politicians and other elite groups. Most of the history of failed vigilante groups can be traced to urban origins and operational spheres. Vigilantism survives in its natural environment. Assigning of vigilante groups away from their original locations and Indigenous environments exposes them to opposition in the host community and invites negative reaction from

them. Vigilante groups are necessary in most highly unreached rural communities as mainstream police force is usually limited in number and capacity to attend to these communities. Self-help becomes an alternative to the shortcomings and challenges of state security gap. By and large, the ideology of local policing enjoys popular acceptance, but their challenges in operation and external pressures and manipulations lead to diversion of their golden goals and values.

## References


Adejumo AA (2011) The problems and challenges of insecurity in Nigeria. Being a paper presented to ACN UK general meeting, 10 September 2011. London. News diary online: http://newsdiaryonline.com/tok_security.html

Adejoh PE (2013) An assessment of the performance of informal security structures in community crime control in metropolitan Lagos. British J Arts Soc Sci. Available at http://www.bjornal.co-uk/paper/BJASSAniche

Albinus C (2012) Economic implications of insecurity. The punch, 4 December, 2012

Alemika EEO, Chukwuma IC (2003) Analysis of police and policing in Nigeria: a desk study of the role of policing as barrier to change or driver of change in Nigeria. Centre for Law Enforcement Education in Nigeria, Lagos

Alemika EEO, Chukwuma IC (2000) Criminal victimization and fear of crime in Lagos Metropolis, Nigeria. CLEEN Foundation, Lagos

Alemika EEO, Chukwuma IC (2004) The poor and informal policing in Nigeria: a report on the peoples' perceptions and priorities on safety, security and informal policing in the A2J focal states in Nigeria. CLEEN, Lagos

Amnesty International (2002) Nigeria: Vigilante violence in the south and southeast. London: Amnesty International. https://www.amnesty.org/en/wp-content/uploads/2021/06/afr440212002en.pdf. Retrieved June 29, 2021

Amnesty International Worldwide (2013) Vigilante violence in the south and south-east. http://www.vanguardngr.com/2010/06/violent-crimes-in-setime-for-government-to-act/#sthash.o6icb2Ig.dpuf. Retrieved June 29, 2021

Aniche ET (2018) Community policing and its relevance for contemporary Nigeria. In T. Falola and K. Kalu (Eds.) Africa and globalisation: Challenges of governance and creativity. New York: Palgrave Macmillan

Akani N, Onuoha A, Toby BG (2020) Community policing a law enforcement option in a federal state: the Nigerian experience. London J Res Humanit Soc Sci 20(14):45–46

BBC Pigin (2021a). Enubeagu: Enube Agu meaning and everitin you need to know about di new joint security outfit wey South East governors lunch. https://www.google.com/amp/s/www.bbc.com/pidgin/tori-56714243.amp. Retrieved on June 28, 2021

BBC Pigin (2021b) Ebonyi State news: Umahi conclude Ebubeagu launch plans to tackle unknown gunmen attacks. https://www.google.com/amp/s/www.bbc.com/pidgin/tori-56928398.amp. Retrieved June 25, 2021

Basiru AS, Olusesan AO (2019) Vigilante groups and policing in a democratising Nigeria: navigating the context and issues. Braz J Afr Stud 4(8):179–199

Carney IP (1977) Probation and parole: legal and social dimensions. McGraw Hill, New York

Carter DL (2002) The police and community, 7th edn. Pearson Education, Upper Saddle River

Ekeh PP (2002) A review of HRW's and CLEEN's report. The Bakassi Boys. The legitimisation of murder and torture. On State sponsored vigilante groups in Nigeria. http://www.waado.org/nigerdelta/documents/ConstitutionalMatters/PoliceVigilante/ReviewBakassiBoys-Ekeh.html. Retrieved June 29, 2021

Elechi OO (2003) Extra-judicial killings in Nigeria. The case of the Afikpo town. A paper for presentation at the 17 international conference of the international society for the reform of criminal law, The Hague, Netherlands, 24–28 Aug 2003

Fourchard L (2008) A new name for an old practice: vigilantes in South-Western Nigeria. J Int Afr Inst 78(1):16–40

Ibodje SWE (2012) National development in Nigeria: the problem of good governance. A keynote address presented at the third national conference of the school of business management technology, Abia State polytechnic, Aba

Idike A, Ukeje IO, Iwuala HO, Onele JC, Ekwunife RA, Nwachukwu K, Ogbulu U (2019) The practice of inclusive representation in Nigeria bureaucracy: the Federal character principle experience. Cogent Soc Sci 5(1): 1–21. https://www.tandfonline.com/doi/abs/10.1080/23311886.2019.1601545

Idike AN, Ukeje IO, Ogbulu U, Aloh JN, Obasi VU, Nwachukwu K, Osuebi K, Ejem EN (2020) The practice of human capital development process and poverty reduction: consequences for sustainable development goals in Ebonyi state. Public Organization Review, Springer, Nigeria. https://doi.org/10.1007/s11115-020-00482-5

Ikuteyijo LO (2009) The challenges of community policing in Nigeria. Int J Police Sci Manag 11(3):285–293. https://doi.org/10.1350/ijps.2019.11.3.130

Imobighe, T. (1990) Doctrines for and threats to internal security in Nigeria's defence policy: issues and problems, A. Ekoko and M. Vogt. Lagos: Malthouse

Knowland D (2014) Battles between drug cartels and vigilante groups destabilize Mexico. March 29, 2014. http://www.wsws.org/en/articles

Ngboawaji DN (2011) Trans-national threats and national security concerns: a study of Nigerian-Benin Republic border. Int Secur J 1(1):1–33

Nwokolo NN (2020) Non-state security sector in Nigeria: trends and challenges. Muhamsaid Commercial Press, Nigeria

Obama White House Archives (2013, April 5) Fact sheet: U.S. security sector assistance policy. The white house office of the press secretary. https://obamawhitehouse.archives.gov/briefing-room/statements-and-releases. Retrieved June 29, 2021

Ogbozor E (2018) Understanding the informal security sector in Nigeria. United States Institute of Peace (Special Report), Washington, DC

Ojo JS, Lamidi KO (2018) Biafra's secessionist movement. In: A. Farazmand (ed.), Global encyclopedia of public administration, public policy, and governance. Springer International Publishing

Ojo JS, Lamidi KO, Odewale AD, Shiyanbade B, Ihemeje G (2019) Enemy within the State: The pathology of Boko Haram Insurgency, military corruption, and fallacy of arms procurement in Nigeria. Int J of Public Adm

Okafor N (2006) Relevance of African Traditional 18. Alemika, E. and I. Chukwuma, 2004. Crime and Jurisprudence on Control, Justice and Law: A Policing in Nigeria: Challenges and Options. Critique of the Igbo Experience. African Journal of Lagos: CLEEN Foundation. Criminology and Justice Studies 2(1):3–9

Okafor JC, Aniche ET (2018) Policing the community or community policing: implication for community development in Nigeria. Res Humanit Soc Sci 18(12):66–72

Okiro MM (2007) Foreword in community policing: Nigeria police force operational handbook. "F" Department and Nigeria Police Printing Press, FHQ annex, Lagos

Okpata FO, Ukeje IO (2017) Justice and human dignity in the development of Nigerian federalism and public service system: the problem of good governance. Int Multidisciplinary Acad Res J 1(1):44–69. Available online: http://optimaledujournals.com/wp-content/uploads/2018/05/SEPTMBER-2-12-37.pdf

Olawunmi O, Ayinla TA (2007) Fiscal policy and Nigerian economic growth. J Res Nat Develop 5(2):19–29

Omololu S (2006) Leadership and the crisis of legitimacy in Nigeria. In: Oyekanmi FAD, Soyombo O (eds) Society and governance: the quest for legitimacy in Nigeria. Abuja:Friedrick Ebert Stiftung, p 267

Onoja, L. A (2013) Keynote address situation analysis of Nigeria's national security: narratives on threats. Being text of a keynote address delivered at the eminent persons and experts group meeting organised by the National Institute for Policy and Strategic Studies (NIPSS). Kuru at the Unity Hall, of the National Institute, Kuru between 4th and 7th December, 2013, pp 1–20

Onele JC, Ukeje IO, Ekwunife RA, Nwangbo SO, Igwe CM, Ejem EN (2021) Management innovation and power sector governance in Nigeria. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer Nature, Switzerland

Onwuegbusi CA (2017) Public perception of the services of vigilante groups in Anambra state. Int J Relig Human Relat 9(1):73–106

Ordu GE, Nnam MU (2017) Community policing in Nigeria: a critical analysis of current developments. Int J Crim Justice Sci 12(1):83–97. https://doi.org/110.5281/zenodo.345716/IJCJS

Ndukwe C (2018) Community policing and crime reduction in Ebonyi state, Nigeria. World Appl Sci J 36(9): 1043–1052. https://doi.org/10.5829/idosi.wasj.2018.1043.1052

Peeler T (2019) Vigilante liability. Legal Match. https://www.legalmatch.com/law-library/article/vigilante-liability.html. Retrieve June 29, 2021

Pratten D (2008) Perspectives on vigilantism in Nigeria. J Int Afr Inst 78(1):1–15

Rosenbaum HJ, Sederberg PC (1974) Vigilantism: an analysis of establishment violence. Comparative Politics 6(4):541–570

Rotimi K (2001) The police in a federal state: the Nigerian experience. College Press, Ibadan

Siegel LJ (2008) Criminology: the core, 3rd edn. Thomas Higher Education, Belmont

Tyoden SG (2006) State and Security in Nigeria's Forth Republic. In Gana, A.T. and Omelle, Y.B.C., (eds.), Democratic Rebirth in Nigeria, Vol.1, 1999 – 2003, AFRIGOV

Ukeje IO, Nwangbo SO, Onele JP (2021) Politics of patrimonialism, influence of principal/agent relationships on discretionary powers of street-level bureaucrats in Nigeria. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer

Ukeje IO, Chukwuemeka E (2021) Public policy implementation and government intervention schemes in Nigeria: a participatory human capital development approach. Int J Trend Sci Res Dev 5(5):36–45. URL: www.ijtsrd.com/papers/ijtsrd42554.pdf

Ukeje IO, Ndukwe C, Chukwuemeka E, Ogbulu U, Onele JP (2020) Public service recruitment practices and implications for sustainable development in Ebonyi state, Nigeria. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1636394

Ukeje IO, Ogbulu U, Onyema UE, Obi V, Obasi VU (2019) Bureaucratization and service delivery in Nigeria. In: Farazmand A (ed) Global Encyclopedia of public administration, public policy, and governance. Springer

Umeagbalasi, E. (2012). Focus on Anambra state (1) security and crime under review. Intersociety of Nigeria

Ugwuoke, C. 2010. Criminology: explaining crime in the Nigeria context

# State Budget Cycle in Egypt

Amira Gamal El-Din
The Arab Academy for Science, Technology and Maritime Transport, Cairo, Egypt

## Synonyms

Budget Process; Budgeting Process; Public Budget

## Introduction

Public budget articulates the objectives of the government. It is the translation of the government's plans in which citizens' aspirations and priorities are reflected. Budget cannot be perceived as a technical document; however, it is imperative to understand its multifaceted dimensions. The economic dimension of the budget stems from its effect on economic growth through productive expenditures that focus on boosting the productivity of physical and human capital. This can be presented in expenditures on education, health, and infrastructure (Idrisov and Sinelnikov-Murylev 2013). The legal dimension of the budget is represented in the legal framework that governs the budgeting process, while the political dimension can be illuminated in the dynamics of the decision-making process regarding the allocation of resources, where different actors are involved.

After 2011, Egypt witnessed a political turbulence, which adversely affected the economic conditions of the country and led to a deplorable social situation. As a consequence, the budget deficit increased from 10.6% of the GDP in the 2012 to reach 13.7% in the 2013 with decline in 2014 to reach 12.8% of the GDP (MoF 2015). Such situation led a quite broad segment of citizens to direct their attention to the State budget and the extent of its efficiency and effectiveness in meeting their needs and priorities.

Citizens' aspirations for better lives, services, more transparency, and accountability led the government to resort to undertake a reform program in 2014 with the aim of enhancing the social and economic conditions as well as improving business climate. The reform program includes reducing energy subsidies, reviewing and adopting new laws and regulations to stimulate investments, enhancing governance, and building the capacity of government's institutions.

Furthermore, the efforts of the government boosted Egypt's rank in the Open Budget Survey, which measures the transparency and participation in the budget process. Egypt score hiked from 13 and 16 points in 2012 and 2015, respectively, to reach 41 in 2017 (IBP 2012, 2015, 2017). However, it should be highlighted that the existence of the Parliament and the improvements in budget documents due to the conditions of the International Monetary Fund are the main drivers to the increase of Egypt's score in the Open Budget Survey.

Yet, the price increases due to inflationary pressure remains a challenge, which requires the government to exert more efforts to overcome the various entanglements in order to achieve lower levels of economic inequality and higher economic growth. Budget is a key to realize these needs. Hence, the efficiency, effectiveness, and degree of control over each budget phase are imperative. This paper sheds the light on the budget cycle in Egypt. It provides an overview on the key actors involved and the challenges encountering each phase.

## Budget Process in Egypt

Usually, the budget cycle has four main phases: formulation, discussion and approval, implementation, and audit. The budget process in Egypt is governed by the State's General Budget Law No. 53/1973 and its amendments by Law No. 87/2005. There are different actors involved in the budget process in Egypt. Each actor has specific role and responsibilities that contribute to

facilitate the budget process. The following section explains each budget phase.

### Budget Formulation

Budget formulation is the process that witnesses the dynamics of decision-making and the trade-offs between different actors in order to allocate resources to achieve certain goals. Therefore, this process represents the cornerstone for reform, as enhancing the allocation of resources leads to meet citizens' needs and contributes to close the trust gap between government and citizens.

The State budget in Egypt has two main aspects shaping the formulation process. First, the State budget is of line-item type that focuses on outputs rather than outcomes. The allocation of resources based on line-item budget leads to poor results and has drawbacks on achieving the predetermined goals and objectives (Schiavo-Campo 2007). The line-item budget negatively affects the efficiency and effectiveness of the budget performance, as it is not connected with specific objectives.

Second, Egypt has a dual-budget system in which the Ministry of Finance (MoF) is responsible for the recurrent budget and the Ministry of Planning, Monitoring and Administrative Reform (MoPMAR) is responsible for the investment budget. The budget separation may lead to some tensions not only between the main two ministries but also in the line ministries as well (Schiavo-Campo 2007; Sarraf 2005). This dual system burdens the budget authorities with the negotiations between two entities, as well as it resulted in the lack of link between the consequences of fiscal changes in the investment budget with the recurrent budget, which weakens the oversight of the legislature, as they do not have an overall picture of the effect of medium-term investment (Allen et al. 2004).

In Egypt, the budget formulation process starts with issuing the budget circular by MoF, which includes all the guidelines and standards that should be followed by the budget authorities. Consequently, these agencies start to prepare their budgets and send the budget proposal to MoF and a copy of the investment chapter to MoPMAR. Additionally, budget authorities should send a copy of the wages and compensations chapter to the Central Agency for Organization and Administration (CAOA). This agency, according to its establishment Law No. 118/1964, is responsible for proposing wage, emolument, and compensation policies, as well as studying the proposed budgets pertaining to public service employees. Furthermore, the law states the role of CAOA in reviewing the proposed budgets before its submission to MoF. However, most of budget authorities do not enforce the law, as they do not send the proposals to CAOA.

After receiving the budget proposals, MoF starts a process of studying the proposals for discussion. Consequently, MoF Negotiates and discusses with budget authorities the budget in light of the expenditures of the previous year, the mandates of the spending agency, and some indicators such as the inflation rate.

In terms of the investment chapter negotiations, MoPMAR discusses the budget with the budget authorities with the absence of MoF representatives. Subsequently, both MoF and MoPMAR agree on the total envelope for the investment chapter (USAID 2012).

It should be highlighted that the budget circular does not provide budget ceiling. This means that budget authorities are not bounded with specific amount to prepare their budgets. With the lack of budget ceiling, budget authorities tend to exaggerate in their proposed budgets to be more of "wish lists" rather than well-prepared proposals, which in turn affect the effectiveness of the budget. Ironically, the budget authorities are aware that they will be subject to severe cuts by MoF in the negotiations process (European Commission and World Bank 2009; World Bank 2005; USAID 2012; Allen et al. 2004; El Husseiny 2016).

The public administration system in Egypt is complex, which in turn complicates the negotiation process. For instance, the great number of budget authorities complicates the negotiation process between MoF and MoPMAR from one hand and budget authorities from the other hand (A 'Spending Unit' is any public entity that is responsible for formulating its own budget, while a 'Budget Authority' has the authority to negotiate with the relevant ministries on their

allocations.). Additionally, it negatively affects the budgeting process and contributes to the absence of the concept of sectoral budgets since a sector's budget will be fragmented among different budget authorities.

Incontrovertibly, the power of those in charge of the budget authorities and their capability to negotiate with MoF to attain their needs are imperative to decide on the allocation of resources. Some of these agencies obtain their power from the leadership of the country, which set them in favorable position when deciding on their budgets despite their real needs. Such behavior emphasizes on that the power relations govern the decisions over the allocation of resources.

Moreover, the centralized system affects to a great extent the allocation of resources at the local level, especially with the tension between both central and local levels. Line ministries prepare their budgets in isolation from the local ones. According to El Husseiny (2016), line ministries are not always involved in the negotiations between governorates and MoF. Hence, there is lack of integration between budgets, which negatively impact achieving the overall objectives of the budget.

As a consequence, the negotiations on both recurrent and investment budgets end with an agreed upon preliminary proposal of the spending agency. The MoF submits the proposed budget to the Cabinet for discussion and then the President submits the final draft to the Parliament for discussion and approval.

### Budget Discussion and Approval

The parliamentarian ex ante scrutiny over the budgetary process is manifested in the discussion stage, as the Parliament tends to guarantee that the proposed budget by the executive branch is in accordance with the socioeconomic plan to meet the citizens' needs and demands (Abdullatif n.d.). After receiving the proposed budget, the Planning and Budget Committee (PBC) discusses it with the other sectoral committees in the Parliament. PBC negotiates with the MoF and requests clarifications. Additionally, other sectoral committees might negotiate with MoF on the allocated budgets for the concerned sectors.

The World Bank (2008) emphasized on that the PBC and the parliament officials both lack capacity. However, the current PBC members have various backgrounds such as commerce and taxes. Yet, it is vital to note that the budget document is complex and needs time to understand. This necessitates providing parliamentarians with the needed support to understand the budget.

Furthermore, the current PBC used to assert its regular follow-up on the government pertaining to the implementation of certain key issues such as the transformation toward program-based budget. Recently, the report of PBC on the budget of FY 20018/2019 submitted by the government was released. The report included some recommendations to the executive branch concerning reducing the budget deficit. The recommendations encompassed the completion of the transformation toward program-based budget and the exploration of alternatives for financing public projects, such as water and roads, and reforming the tax system (Salem 2018).

Subsequently, the BPC presents its final report to the general session of the Parliament for discussion. The Parliament has the right to adopt, reject, or amend the proposed budget. Afterward, the Parliament members discuss and amend the budget proposal in accordance with the law and constitution. After reaching final agreement, the Parliament adopts the budget and issues the Budget Law.

### Budget Implementation and Audit

Once the Parliament adopted the budget, all budget authorities start with the implementation phase. One of the main concerns on the budget implementation is that the State budget is subject to deviation from the projected numbers. Transfers to the previously allocated budget are commonly used during the implementation phase. The State's General Budget Law grants transfers within the same chapter in the same entity or within the same chapter between two entities, given specified limits. The MoF approves the transfers submitted by budget authorities. The main goal of these transfers was to ensure flexibility; however, they became a norm. Obviously, transfers represent an indication of the weakness

in the budget planning process. Additionally, the increased number of transfers shows the limited capacity of the Economic Forecasts Unit within the MOF.

Since 2014, the MoF is working on fiscal reform in order to enhance the public financial management to promote accountability, transparency, efficiency, and effectiveness, which are among the conditions of International Monetary Fund's loan to Egypt. Recently, the MoF launched the Government Financial Management Information System (GFMIS) with the aim of promoting accountability in implementing the State budget, controlling government spending, following up on the financial flows, and enhancing transparency and detecting irregularities in the financial system. The GFMIS would help the different administrative bodies to achieve their intended goals efficiently and effectively (MoF 2018). Introducing GFMIS by MoF is considered a positive step that would contribute to overcoming the budget implementation process. Yet, the results of its implementation remain unclear.

In terms of the audit process, the Central Audit Organization (CAO) represents the external audit body that is responsible for following up on the plan's implementation and detecting financial violations. The State General Budget Law stresses on the role of the CAO, which should provide MoF with its comments regularly on the budget implementation. Additionally, CAO should submit its report on the final account to the Parliament. The Parliament uses this report to hold the government accountable for any deviation or exploitation. However, CAO's report is usually delayed and when submitted the information is in most cases repetitive, which leads the Parliament to deal with CAO's report as a routine rather than an accountability tool. Furthermore, despite the fact that the constitution grants the disclosure of information, CAO reports are not published or disseminated to public. This could be a result of the perception of the government and Parliament of dealing with such reports as classified documents (World Bank 2008).

Regularly, governments tend to establish internal audit functions to detect the financial irregularities and misappropriations such as fraud in order to ensure effective financial performance (Association of Certified Fraud Examiners 2014). While internal audit plays a crucial role in the budget in many countries, Egypt does not have an internal audit system. However, it should be highlighted that the Egyptian government declared its intention to establish internal audit units in all ministries as part of its public administration reform agenda.

## Conclusion

Presumably, the State budget cycle in Egypt encounters numerous challenges that adversely affect the overall budget performance and, consequently, impact the achievement of economic and social goals. The need for structural changes in the budget is salient. Some transformations are needed in terms of continuing the shift toward performance-based budget, in addition to repealing the dual-budget system. Additionally, strengthening the accountability mechanism through capacitating the PBC and establishing the internal audit system is required to contribute to improving the budget process.

The bundle of reforms programs introduced by the Egyptian government cannot be neglected. The adoption of GFMIS and the intention of establishing internal audit function are considered positive steps toward enhancing budget process. However, the adequacy of implementing these efforts remains questionable.

## Cross-References


- ▶ Budget Approval and the Legislative Process
- ▶ Budget Cycle: Preparation, Execution, and Revision
- ▶ Budgetary Politics
- ▶ Budgetary Principles
- ▶ Budgeting and Decision-Making
- ▶ Budgeting in the Public Sector
- ▶ Legislative Power
- ▶ Performance Budgeting

## References

Abdullatif L (n.d.) Al-Reqabah Al-Parlaimaniah ala Tanfiz Al-Al-Syasat Al-Malyah [Legislative oversight in implementing fiscal policies: dimenssions and challenges]

Allen R, Banerji A, Nabil M (2004) An assessment of Egypt's budgetary institutions. The Egyptian Center for Economic Studies, Egypt. Working paper no. 93

Association of Certified Fraud Examiners (2014) Report to the nations on occupational fraud and abuse. Global fraud study 15

El Husseiny IA (2016) Budgetary institutions and fiscal performance in Egypt: is there a link? Public Budg Financ 36(1):85–105

European Commission and World Bank (2009) Egypt report on Public Expenditure and Financial Accountability (PEFA). Preliminary version. [Unpublished]

IBP (2012) Open budget survey 2012: open budgets, transform lives

IBP (2015) Open budget survey 2015: open budgets, transform lives

IBP (2017) Open budget survey 2015: open budgets, transform lives

Idrisov G, Sinelnikov-Murylev S (2013) Budget policy and economic growth

MoF (2015) Al-Bayan Al-Mali an El-Mowaznah El-Ama Leldawla Lelsana Al-Malyah 2015/2016 [Financial Statement on the State Budget for the FY 2015/2016]. Ministry of Finance

MoF (2018) Finance Minister Mr. Amr Al-Garhy announces: GFMIS project is successfully kicked off. http://www.mof.gov.eg/English/MOFNews/Media/Pages/release8-8-2017.aspx

Salem I (2018) 25 Tawsyah Demn Roshetet El-Parliament Lielag Kosour El-Mowaznah El-Ama Leldawla [25 Recommendations for the Parliament in Order to Overcome State Budget Problems]. Sout Al-Omma Newspaper

Sarraf F (2005) Integration of recurrent and capital "Development" budgets: issues, problems, country experiences and the way forward. The World Bank Public Expenditure Working Group. Prepared with funding support from the Public Expenditure and Financial Accountability (PEFA) Program

Schiavo-Campo S (2007) Budget preparation and approval. In: Shah A (ed) Budgeting and budgetary institutions. Public sector governance and accountability series. World Bank, Washington, DC

USAID (2012) Public Financial Management in Egypt: a general assessment. Egyptian Decentralization Initiative. [Unpublished]

World Bank (2005) Budget construction and decentralization: Egypt public expenditure review. Social and economic development group – Middle East and North Africa Region

World Bank (2008) Arab Republic of Egypt: country financial management accountability assessment. [Unpublished]

# State Budgeting Practices

Vincent Reitano
Western Michigan University, Kalamazoo, MI, USA

## Synonyms

Budget; Budgeting

## Definitions

Budget Forecasts: A projection of a particular financial value such as tax revenues.

Multiyear Budgeting: An approach to budgeting that plans for more than 1 year.

Rainy Day Fund: A fiscal tool that states can use to accumulate reserves and then drain them to mitigate budgetary pressures.

## Introduction

Over time, states have adopted a range of budget practices (e.g., Rubin 2005; Wagner and Sobel 2006). There is growing evidence, for example, that states have adopted different and even hybrid budget models over the past few decades (e.g., Botner 1985; Reddick 2007). More so, while state forecasting practices can be categorized into three general approaches, some still have distinct practices (Mikesell and Ross 2014). States have also taken different approaches to budget stabilization over the business cycle, as well.

Despite this variation in state budget practices, researchers recommend that states adopt evidence-based approaches and even apply data analytics to budgeting (e.g., National Association of State Budget Officers [NASBO] 2019; The Pew Charitable Trusts 2014, 2018). Further, researchers have considered the implications of adopting a multiyear approach to budgeting (e.g., Hou 2006). Whether these approaches will make states financially sustainable given concerning projections from the United States

S

Government Accountability Office (2019) remains to be seen.

## Budget Formats

State budgets can use different types of budget models, also referred to as formats or approaches (e.g., Grizzle 1986; Reddick 2007). As a brief review, major types of budget models are defined below. Budget models have developed over time (e.g., Rubin 1993; Tyer and Willand 1997). Schick (1966), for example, argues that budget reforms follow three steps: control, management, and planning.

Incremental budgeting is defined as follows: "this year's budget is based on last year's budget, with special attention given to a narrow range of increases or decreases" (Davis et al. 1966, pp. 529–530). Rational budgeting models, such as program budgeting and zero-based budgeting, have evolved over time (e.g., Lauth 2014; Tyer and Willand 1997). A recent definition of program budgeting is as follows: "programs are the main unit of analysis, rather than departments or divisions" during the budget process (Kavanagh 2011, p. 28). Further, zero-based budgeting includes activity cost centers and decision packages so "that each program is required to justify its existence during each budget cycle, and every item included in a proposed budget needs to be justified" (Lauth 2014, p. 3).

Early survey research from Botner (1985) showed that states used different budget models, ranging from program budgeting to zero-based budgeting. Interestingly, Botner (1985) also provides evidence about hybrid budget systems. Under a hybrid budget system, multiple budget models (or formats) are utilized, potentially to reflect the unique budget context of each respective state (Also see Grizzle 1986).

A more recent study from Reddick (2003) provides further evidence of a hybrid budget model in states. Reddick (2003) groups different budget models by their level of rationality. The rational approach to budgeting, including zero-based and program budgeting, is followed by incremental budgeting (e.g., Davis et al. 1966) and then garbage can budgeting (Cohen et al. 1972). Empirical analysis provides evidence of "hybrid forms of budgeting" (p. 337). For example, total expenditures and educational expenditures are explained in part by incrementalism.

Reddick (2007) examines state survey data from 1989 to 1999 and finds that on average states use program budgeting the most, followed by incremental budgeting, biennial budgeting, performance budgeting, and zero-based budgeting. Empirical analysis shows that both rational and incremental models are associated with expenditures, reinforcing the notion of hybrid budgeting. Reddick (2007, p. 237) makes an interesting observation: "Incremental budgeting may not be the most popular approach in the recent academic debate, but state budget officers still seem to use it extensively."

## Forecasting

State revenue forecasts are an essential aspect of the budget process. Generally, revenues should be forecasted by source. For example, states may forecast particular revenues, such as sales tax and income tax.

Research has considered the role of political actors in the forecasting process and how they are related to forecast accuracy (e.g., Bretschneider and Gorr 1987; Bretschneider et al. 1989). Some have posited that revenues may be strategically underforecast, or conservatively estimated, to avoid the political and professional ramifications of projecting more revenues than are actually received (e.g., Tyer 1993). Underforecasting as a form of forecast bias can also be used to accumulate surplus funds during an economic upturn in preparation for a future economic downturn (e.g., Vasche and Williams 1987).

One early study of 23 states from 1978 to 1987 found that states conservatively estimated revenues 0.5% of the time (Cassidy et al. 1989) while another study finds evidence of underforecasting in three states (Feenberg et al. 1989). A more recent study from Rodgers and Joyce (1996) finds evidence of average

underforecasting by 2.1% and a standard deviation of 3.3% from 1975 to 1992. They also find that forecasts vary across upturns and downturns in the business cycle. Others have found no evidence of state revenue underestimation (e.g., Mocan and Azad 1995).

Researchers have examined the information set that forecasters use at the state level, to understand other factors that may be related to forecasts (e.g., Feenberg et al. 1989). Put another way, the information set considers the different internal and external factors that may be considered by state revenue forecasters (Jones et al. 1997). Economic, political (e.g., Gentry 1989), and institutional factors (e.g., Krause et al. 2006) are commonly considered.

Forecasting process is also important. Mikesell and Ross (2014) note that there are three general processes that most states follow. First, some states have employees in a legislative research group create forecasts while others in the executive branch also forecast. Second, other states only have forecasting from an executive agency (Also see Rubin et al. 1999). Third, states may pursue a consensus approach, to develop "a single forecast that emerges from cooperative work between legislative and executive branches" (Mikesell and Ross 2014, p. 192).

## Rainy Day Funds

States face a variety of exogenous shocks that may reduce revenues and constrain their ability to provide public services. Consider the impact of a recession. As unemployment rises and business activity falls, state tax revenues will decline, and they will have to address a potential budget shortfall. Expenditures could be cut, which might not be politically tenable, so an alternative is to use reserves accumulated in a rainy day fund (e.g., Joyce 2001).

A rainy day fund, in theory, is considered to be a countercyclical fiscal instrument (e.g., Hou 2003). In economic upturns, or when the economy is performing at or exceeding expectations, states may save revenues in the rainy day fund. Then, in the event of a shock such as a recession, the rainy day fund can be drained, to mitigate the impact on public service provision.

There are a few caveats to rainy day funds. Institutional rules regarding withdrawal and deposit may govern how states use these funds (e.g., Hou 2004). Further, Wagner and Sobel (2006) provide evidence that rainy day funds can act as a workaround to tax and expenditure limitations.

An extensive literature has evaluated state rainy day funds. It has evaluated questions such as what are the determinants of rainy day funds and if they operate as countercyclical fiscal instruments. Many of the findings in the literature vary due to different years being analyzed, alongside methodological debates (Maher et al. 2017).

One side of the literature examines the determinants of rainy day funds and their optimal size. Hou (2004), for example, finds that institutional rules and political factors are related to budget stabilization funds (Also see Rose 2008). Joyce (2001) challenges the recommendation that rainy day funds should be 5% of the general fund and argues for states to consider their unique context when accumulating reserves. More recent research applied Markov models (Wagner and Elder 2007) and filters (Zhao 2016) to estimate specific amounts of rainy day fund for each respective state in the context of the business cycle.

Another side of the literature evaluates the impact of rainy day funds starting with the early 1990s recession. Sobel and Holcombe, for example, find that states with institutional rules requiring them to deposit funds in rainy day funds have 17% less fiscal stress in their budget. Building on Sobel and Holcombe (1996), a later study from Douglas and Gaddie (2002) finds that other funds retained in the general fund balance can help to mitigate fiscal stress. Wagner and Elder (2005) also find that institutional rules influence the use of rainy day funds.

Research covering multiple business cycles, such as Hou (2003), finds that a 1% increase in budget stabilization funds as a percentage of general fund expenditures is associated with a quarter percentage point decrease in the expenditure gap from 1979 to 1999. Later research from Hou and

Moynihan (2008) including data for the 2001 recession shows that states drained their unreserved undesignated fund balance before their formal rainy day funds (Hou and Moynihan 2008). More recent research is summarized in Hou (2013).

Research including data from the Great Recession finds that a 1% increase in a lagged budget stabilization fund measure is associated with a 0.51% decrease in the expenditure gap (Wei and Denison 2019). Similarly, Boylan and Ho (2017, p. 356) "find that states with higher average rainy day funds experience smaller cuts in Medicaid spending". Rueben et al. (2018) also argue that rainy day funds helped delay the effects of the Great Recession on state budgets.

## Multiyear Budgeting and Fiscal Sustainability

As states address a variety of exogenous events, such as recessions or pandemics, their revenues will likely be constrained and their ability to provide public services may also be reduced. States must also address issues with public pensions, which have unfunded liabilities numbering in the trillions and face continued debates over potential policy solutions (e.g., Diebold et al. 2018; Novy-Marx and Rauh 2009). Collectively, such concerns are perhaps best reflected in United States Government Accountability Office (2019) projections of continuing state and local government negative operating balances for decades into the future.

Researchers and practitioners have argued for the use of multiyear budgeting to emphasize fiscal sustainability (e.g., Kavanagh 2007). This approach would potentially obviate short-term fiscal decisions that negatively impact state fiscal health in the long term. Hou (2006) and Zhao and Coyne (2014) provide rich theoretical consideration and are discussed below.

Hou (2006), for example, provides a detailed argument for needing to go beyond an annual perspective in state budgeting and finance. Even if managers can balance revenues and expenditures each year, "mere success at achieving annual structural balance is far from enough to eliminate cyclical deficits" (Hou 2006, p. 733). Instead, structural balance that goes beyond the annual perspective, and is held over economic upturns and downturns, is recommended. Zhao and Coyne (2014) also develop a theoretical model which considers state fiscal sustainability over the business cycle and apply econometric methods to test their model.

## Conclusion

Underlying the considerable variation in state budget practices are the rapid changes to budgeting and financial management. For example, Lee (1997) provides survey evidence that states considered more program information into their budget process from 1970 to 1995. National surveys even reflect that state bureaucrats have changed their preferences for budget minimizing from the 1970s to 2000s, as well (Arapis and Bowling 2019).

Amidst these changes, there are continued calls for state budget and financial management research and reforms. Evidence-based recommendations may help strengthen state budget development (e.g., NASBO 2019; The Pew Charitable Trusts 2014). Further, a focus on multiyear planning and budgeting, with long-term forecasts and greater attention to structural balance, is garnering increased attention from researchers and practitioners (e.g., Kavanagh 2007; Zhao and Coyne 2014).

## References

Arapis T, Bowling C (2019) From maximizing to minimizing: a national study of state bureaucrats and their budget preferences. J Public Adm Res Theory 30(1):144–160

Botner SB (1985) The use of budgeting/management tools by state governments. Public Adm Rev 45(5):616–620

Boylan RT, Ho V (2017) The most unkindest cut of all? State spending on health, education, and welfare during recessions. Natl Tax J 70(2):329–366

Bretschneider SI, Gorr WL (1987) State and local government revenue forecasting. In: Makridakis S, Wheelwright SC (eds) The handbook of forecasting: a

manager's guide, 2nd edn. Wiley, New York, pp 118–134
Bretschneider SI, Gorr WL, Grizzle G, Klay E (1989) Political and organizational influences on the accuracy of forecasting state government revenues. Int J Forecast 5:307–319
Cassidy G, Kamlet MS, Nagin DS (1989) An empirical examination of bias in revenue forecasts by state governments. Int J Forecast 5:321–331
Cohen M, March J, Olsen J (1972) A garbage can model of organizational choice. Adm Sci Q 17:1–25
Davis OA, Dempster MAH, Wildavsky A (1966) A theory of the budgetary process. Am Polit Sci Rev 60(3):529–547
Diebold J, Reitano V, McDonald B (2018) Sweat the small stuff: strategic selection of pension policies used to defer required contributions. Contemp Econ Policy 36(3):505–525
Douglas JW, Gaddie RK (2002) State rainy day funds and fiscal crises: rainy day funds and the 1990–1991 recession revisited. Public Budg Financ 22(1):19–30
Feenberg DR, Gentry W, Gilroy D, Rosen HS (1989) Testing the rationality of state revenue forecasts. Rev Econ Stat 71(2):300–308
Gentry WM (1989) Do state revenue forecasters utilize available information? Natl Tax J 42(2):429–439
Grizzle GA (1986) Does budget format really govern the actions of budget makers? Public Budg Financ 6(1):60–70
Hou Y (2003) What stabilizes state general fund expenditures in downturn years: budget stabilization fund or general fund unreserved undesignated balance? Public Budg Financ 23(2):64–85
Hou Y (2004) Budget stabilization fund: Structural features of the enabling legislation and balance levels. Public Budg Financ 24(3):38–64
Hou Y (2006) Budgeting for fiscal stability over the business cycle: a countercyclical fiscal policy and the multiyear perspective on budgeting. Public Adm Rev 66(5):730–741
Hou Y (2013) State government budget stabilization: policy, tools, and impacts. Springer, New York
Hou Y, Moynihan D (2008) The case for countercyclical fiscal capacity. J Public Adm Res Theory 18(1):139–159
Jones V, Bretschneider S, Gorr W (1997) Organizational pressures on forecast evaluation: Managerial, political, and procedural influences. J Forecast 16:241–254
Joyce PG (2001) What's so magical about five percent? A nationwide look at factors that influence the optimal size of state rainy day funds. Public Budg Financ 21(2):62–87
Kavanagh S (2007) Financing the future: long-term financial planning for local government. Government Finance Officers Association, Chicago
Kavanagh S (2011) Zero-base budgeting: Modern experiences and current perspectives. Government Finance Officers Association, Chicago
Krause GA, Lewis DE, Douglas JW (2006) Political appointments, civil service systems, and bureaucratic competence: organizational balancing and executive branch revenue forecasts in the American states. Am J Polit Sci 50(3):770–787
Lauth TP (2014) Zero-based budgeting redux in Georgia: efficiency or ideology? Public Budg Financ 34(1):1–17
Lee RD (1997) A quarter century of state budgeting practices. Public Adm Rev 57(2):133–140
Maher CS, Stallmann JI, Deller SD, Park S (2017) The effects of tax and expenditure limits on state fiscal reserves. Public Policy Adm 32(2):130–151
Mikesell JL, Ross JM (2014) State revenue forecasts and political acceptance: the value of consensus forecasting in the budget process. Public Adm Rev 74(2):188–203
Mocan HN, Azad S (1995) Accuracy and rationality of state general fund revenue forecasts: evidence from panel data. Int J Forecast 11:417–427
National Association of State Budget Officers (2019) States continue efforts to advance the use of data & evidence. NASBO, Washington, DC
Novy-Marx R, Rauh J (2009) The liabilities and risks of state-sponsored pension plans. J Econ Perspect 23(4):191–210
Reddick CG (2003) Testing rival theories of budgetary decision-making in the US states. Financ Account Manag 19(4):315–339
Reddick CG (2007) State resource allocation and budget formats: toward a hybrid model. J Public Budg Account Financ Manag 19(2):221–244
Rodgers R, Joyce P (1996) The effect of underforecasting on the accuracy of revenue forecasts by state governments. Public Adm Rev 56(1):48–56
Rose S (2008) The political manipulation of U.S. state rainy day funds under rules versus discretion. State Politics Policy Q 8(2):150–176
Rubin IS (1993) Who invented budgeting in the United States? Public Adm Rev 53(5):438–444
Rubin IS (2005) The state of state budgeting research. Public Budg Financ 25(4S):46–67
Rubin M, Peters JL, Mantell N (1999) Revenue forecasting and estimation. In: Hildreth WB, Richardson JA (eds) Handbook of taxation. Marcel Dekker, New York, pp 769–799
Rueben K, Randall M, Boddupalli A (2018) Budget processes and the great recession: how fiscal institutions shape tax and spending decisions. Urban Institute, Washington, DC
Schick A (1966) The road to PPB: the stages of budget reform. Public Adm Rev 26(1):243–258
Sobel RS, Holcombe RG (1996) The impact of state rainy day funds in easing state fiscal crises during the 1990–1991 recession. Public Budg Financ 16(3):28–48
The Pew Charitable Trusts (2014) Evidence-based policymaking: a guide for effective government. The Pew Charitable Trusts, Philadelphia
The Pew Charitable Trusts (2018) States should prioritize evidence in budgeting to promote positive outcomes:

strategies to codify results-based policymaking, part 1. The Pew Charitable Trusts, Philadelphia
Tyer CB (1993) Local government reserve funds: policy alternatives and political strategies. Public Budg Financ 13(2):75–84
Tyer CB, Willand J (1997) Public budgeting in America: a twentieth century retrospective. J Public Budg Account Financ Manag 9(2):189–212
United States Government Accountability Office (2019) State and local governments' fiscal outlook: 2019 update. GAO, Washington, DC
Vasche JD, Williams B (1987) Optimal governmental budgeting contingent reserve funds. 7(1):66–82
Wagner GA, Elder E (2005) The role of budget stabilization funds in smoothing government expenditures over the business cycle. Public Financ Rev 33(4):785–804
Wagner GA, Elder E (2007) Revenue cycles and the distribution of shortfalls in U.S. states: implications for an "optimal" rainy day fund. Natl Tax J 60(4):727–742
Wagner GA, Sobel RS (2006) State budget stabilization fund adoption: preparing for the next recession or circumventing fiscal constraints? Public Choice 126:177–199
Wei W, Denison D (2019) State rainy day funds and government general fund expenditures: revisiting the stabilization effect. Public Financ Rev 47(3):465–492
Zhao B (2016) Saving for a rainy day: estimating the needed size of U.S. state budget stabilization funds. Reg Sci Urban Econ 61:130–152
Zhao B, Coyne D (2014) Walking a tightrope: are U.S. state and local governments on a fiscally sustainable path? Public Budg Financ 37(3):3–23

# State Capacities for Public Policies in the Uruguayan Subnational Governments

José Raúl Rodríguez
University of the Republic, Montevideo, Uruguay

## Introduction

This entry presents a description of the types of subnational state capacities in Uruguay, applied to the second level of government, the *intendencias*. The document proposes a typology based on a combination of two dimensions: (i) political capacities and (ii) administrative capacities, resulting in different types of departmental state capacities.

In Uruguay, there are 19 departmental governments (*intendencias*) that constitute the second level of government. Under this level, there are 125 municipalities (third level), which are completely subordinate to the departmental governments from a fiscal and administrative perspective, despite having political autonomy. Although Uruguay is a unitary and centralized state, the departmental governments have assumed increasing functions and resources from the 1990s onward. In this regard, they have become privileged state organizations for the design and implementation of public policies aimed at regional and territorial development (Oszlak and Serafinoff 2011).

These departmental administrations have a system of government that can be classified as "hyper-presidential," meaning that the executive branch (*intendente*) imposes itself on the legislative branch (*Junta Departamental*). This institutional configuration makes the *intendente* and his or her administration (*intendencia*) the main actors in the administration of the departmental government (Koolhaas and Rodríguez 2006).

The document is divided into two parts. Firstly, a brief conceptualization and operational definition of the concept of departmental state capacities applied to Uruguay is given. Secondly, the typology is introduced, based on the crossing of political and administrative dimensions. Finally, types assumed by departmental state capacities in Uruguay are described: (i) patrimonialism; (ii) bureaucratic; and (iii) new governance; plus, the hybrid types that complete the classification.

## Definition of Departmental State Capacities

Departmental state capacities are the ability of the departmental governments (*intendencias*) to define policy guidelines and implement them. Thus, the concept of "state capacities" is defined concerning the concepts of autonomy and effectiveness (or efficacy) with the government and administration (Mazzuca 2012).

The problem of autonomy is relevant to the study of multilevel intergovernmental relations, where subnational governments are usually subordinated to central governments in the context of the distribution of government work (functional decentralization). At the same time, since they are agents seeking the socioeconomic development of their territory, they are in constant interaction with the market and local society agents, who seek to obtain advantageous conditions for the achievement of their objectives. Therefore, the problem of autonomy becomes a differential attribute of the capacity of the *intendencias* to set their policy objectives, both concerning the central government and private and social actors (businesses, civil society, the third sector, and private actors).

Efficacy, on the other hand, refers to the capacity of the departmental government to make its decisions effective and the extent to which these decisions contribute to the achievement of policy objectives. Thus defined, effectiveness is closely related to the performance of the government. In the case of the *intendencias*, this issue is directly linked to how their human, technological, and material resources are organized to carry out government administration within the scope of their competencies.

## Political and Administrative Capacities of the Municipalities

After defining departmental state capacities as the ability of the *intendencias* to define policy orientations and implement them, it is necessary to identify the conditions and attributes of the government to define policy orientations (autonomy) and implement them (effectiveness). Thus, an operational definition of the departmental state capacities of Uruguay can be defined as the set of political, administrative, and technical attributes oriented to the design and implementation of public policies that have been defined by the departmental government within the scope of its constitutional competencies and powers. This definition includes two dimensions: (i) political capacity and (ii) administrative capacity (Alonso 2007; Cabrero 2004; Huerta 2008; Mizrahi 2004). From both dimensions, different subdimensions and indicators emerge that complete the operationalization process (see Fig. 1).

### Political Capacities of the Departmental Government

Political capacities are how power is exercised by the departmental government in public policy processes. Some subdimensions can be inferred here, such as the type of leadership of the intendentes, the channels of communication and interaction

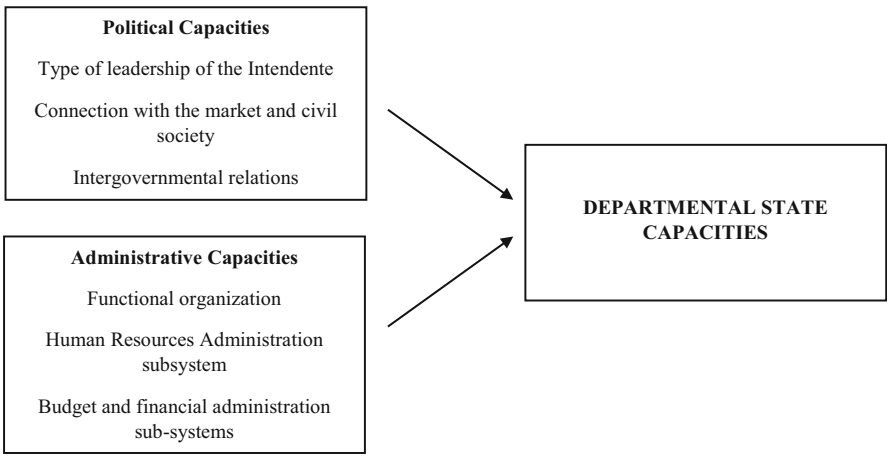


**State Capacities for Public Policies in the Uruguayan Subnational Governments, Fig. 1** Conceptualization of "departmental state capacities" in Uruguay

with the market and civil society, and the type of institutional linkage with the central government.

These subdimensions lead to a set of indicators related to the observable attributes of the government organization and its leadership, mainly the *intendente*, its ties with public and private agents, the models of government leadership, and administration and decision-making systems, which together constitute different categories or types of political capacities. Three categories are defined for this first dimension: (a) particularism; (b) hierarchical; and (c) managerial.

Particularism capacities refer to *intendentes* who use discretion as their main influence strategy, have no restrictions to favor particular interests, and are not accountable. They negotiate personally with the central government and are based on informal arrangements. In short, the departmental government depends clearly on the personal capacity of the *intendente* to connect with actors outside the government.

The hierarchical political capacities rest mostly on systems of formal rules. The *intendentes* delegate their powers to reliable officials and the administration but always in compliance with the law. Decision-making is bureaucratic and hierarchical, and no alternative channels are allowed. There is no promotion of the participation of actors outside the government in decision-making. In political terms, it is a form of administration based on the unity and centralization of command, typically bureaucratic.

Finally, management capacities are characterized by results-oriented leadership that favors articulation, coordination, and collaboration with public and private actors. The decision-making model is less hierarchical and more horizontal. There are nondiscretionary administration contracts that offer greater transparency and accountability.

## Administrative Capacities of the Departmental Government

Administrative capacities are defined as how the departmental government organizes and orients its human and material resources to implement public policies. Some of its subdimensions are the functional organization of the government (organizational chart of the departmental government); the mode of administration, organization, recruitment, and promotion of human resources (administrative career and performance systems); and the budget and financial structure.

Three categories are defined in this second dimension: (a) informal, (b) formal, and (c) innovative.

The former is characterized by an informal and discretionary form of organization, derived from the absence of norms or the systematic failure to comply with them. The administration of human resources is equally informal, increasing the discretionary power of the *intendentes* to establish particular conditions. There is no administrative career or performance system. Budgetary systems have low internal and external controls, which increases the *intendentes*' discretional power over the origin and destination of expenditures. Formal administrative capacities, on the other hand, are characterized by the development of a complex system of rules that precisely regulates all interactions between the organizational, human, and material resources of the departmental government. Organizational roles and functions such as human resources and budgetary systems are clearly established by specialized systems of rules, which are complied with.

Finally, innovative administrative capacities involve greater flexibility in the formal regulatory system and the promotion of collaborative and associative arrangements. There are incentives for the coordination and combination of functional units, including with organizations outside the departmental government. Horizontal and decentralized decision-making systems are promoted. Human resource systems are flexible, allowing for greater mobility at the horizontal level. Public–private participation in the provision of public services is contemplated, and there is a greater capacity to contract with external resources. Finally, budget systems are results oriented and can include external financing mechanisms (public and private), which require greater transparency, monitoring, and evaluation of spending.

## Typology of Departmental State Capacities in Uruguay

From the intersection between these two dimensions, three types of departmental state capacities are identified: (I) patrimonialism; (II) bureaucratic; and (III) new governance (see Table 1).

The patrimonialism combines particularist political capacities with informal administrative capacities. The patrimonialism is a personalist, discretional, and informal modality. They are related to the presence of strong leadership, where the *intendente* monopolizes the links with the market, civil society, and the central government. The *intendente* is a political leader and the capacity of the departmental government depends on the *intendente's* personal capacity.

From the standpoint of administrative capacities, patrimonialism is characterized by high informality, noncompliance with regulations, and the absence of formal administrative procedures. The bureaucratic capacities are associated with departmental governments with high rationality and formalization of their political and administrative structures. They are organizations that are subordinate to the representative government and whose leadership responds to political orientations within the scope of a clear separation between political and administrative functions (Weber 1922). The democratic political leadership sets the strategic guidelines of the government, which descend to the administration through a precise system of rules and formal procedures. As for the relationship with the private sector, the bureaucratic modality does not promote it, but rather restricts it, considering private and particular actors as a risk (isolated state). As for relations with the central government, they are based on a broad regulatory capacity that precisely establishes the functions and margins for collaboration among government levels, as well as the sources of resources and financing for their implementation.

Regarding administrative capacities, the main characteristic of the bureaucratic type is the existence of an effective merit-based career system. Some of its main components are: (i) staff members are appointed based on competitive examinations; (ii) there are restrictions on the arbitrary mobility of staff members; (iii) the political neutrality of administrative staff is guaranteed; (iv) there is a civil service commission or office responsible for monitoring the career system; (v) there is a centrally established grade structure; (vi) salaries are set according to grades and not by performance; and (vii) entry to the civil service is promoted only by the lowest grades throughout the career and as a result of seniority and merit (Narbondo and Ramos 2001).

Lastly, the third type of departmental state capacities is new governance. This form combines managerial political capacities with innovative administrative capacities. It presents high levels of autonomy and effectiveness, within a context of broad political and social contestability, with high levels of transparency and accountability (Huete García 2010; Melo 2010). It combines innovative administrative capabilities (more flexible and



**State Capacities for Public Policies in the Uruguayan Subnational Governments, Table 1** Types of departmental state capacities

| | | **Administrative capacities** | | |
|---|---|---|---|---|
| | | **Informal** | **Formal** | **Innovative** |
| **Political capacities** | **Managerial** | External neo-clientelism | Hybrid 3 (In transit from II to III) – (Neo-weberian) | **III. New governance** (Networks – new public management) |
| | **Hierarchical** | Hybrid 1 (in transit from I to II) | **II. Bureaucratic** | Hybrid 4 (In transit from II to III) – (new public management) |
| | **Particularism** | **I. Patrimonialism** | Hybrid 2 (in transit from I to II) | Internal neo-clientelism |

adaptive) and political capabilities geared toward public–private participation and the generation of networks (Cunill Grau 2014).

Concerning political capacities, these are departmental governments that promote collaboration through the implementation of networks and horizontal (nonhierarchical) decision-making through public–private management arrangements. The generation of coordination spaces and comanagement areas with participation and social control is encouraged. The provision of goods and services by civil society is contemplated. Finally, for the relationship with the central government, coordination and multilevel articulation are promoted (councils, roundtables, and intersectoral programs).

In terms of administrative capacities, greater innovation is being developed as there is flexibility in the administrative arrangements typical of the bureaucratic model. At the level of internal organization, there is greater flexibility in the organizational structure and in the functions carried out by the *intendencia*. There are internal coordination areas (cabinets and cross-cutting departments) that design, implement, and evaluate policies and services jointly.

As for personnel systems, typical instruments of new public management are incorporated, such as performance evaluations and remuneration for productivity and management commitments for results at the management level. Finally, in the area of budgetary and financial management, results-oriented budgeting is introduced, monitoring and evaluation systems are developed, and systems of social and horizontal controllers for budget design and execution are promoted.

Finally, there are hybrid modalities that combine different types of administrative and political capacities. For example, there are two intermediate hybrids between patrimonialism and the purely bureaucratic type: in one case through the development of political capacities of a hierarchical type, and in the other through the development of administrative capacities of a formal type. Both types of capacities express an intermediate step between patrimonialism and the bureaucratic modality of departmental state capacities. The same occurs with the hybrids that arise from the combination of administrative and political capacities intermediate between the bureaucratic and new governance types.

At the extremes, there are antagonistic types that express two risky configurations in terms of state capacities. First (external neo-clientelism), the combination of informal administrative capacities with managerial political capacities results in a risk of co-optation of the state structure by the private sector. At the opposite extreme (internal neo-clientelism), there is a combination of innovative administrative capacities and particularism political capacities. This type entails the risk that administrative instruments in theory, oriented by results, are applied in practice for particularism purposes. In this modality, the *intendente* makes a distorted use of administrative instruments, rewarding or punishing the loyalty of officials to their leadership (through hiring, firing, performance evaluation, management commitments, etc.). Hence the name "internal neo-clientelism," as it operates at the level of the human resources structure of the organization itself.

## Conclusion

This entry aims to contribute to the identification and description of departmental state capacities in Uruguay. Departmental state capacities have been defined as the set of political, administrative, and technical attributes placed at the service of the design and implementation of public policies defined by the departmental government within the framework of its constitutional competencies and powers. This conceptualization is made up of two dimensions of analysis that are political and administrative capacities, which give rise to different types of departmental state capacities: (I) patrimonialism; (II) bureaucratic; and (III) new governance, which is complemented by other hybrid forms.

The value of this typology lies in the possibility it offers to study the complexity and heterogeneity of the departmental governments in Uruguay as an opportunity to think of strategies to strengthen their capacities for the design and implementation of public policies.

This work can also contribute to the study of sub-national state capacities in other countries of the region and the world that, like Uruguay, have a unitary and centralized institutional and territorial design.

In this context, the development of subnational state capacities is a challenge for the design of public policies for local and regional development, which contribute to a global sustainable development agenda.

## References

Alonso G (ed) (2007) Capacidades estatales, instituciones y política social. Prometeo, Buenos Aires

Cabrero ME (2004) Capacidades institucionales en gobiernos subnacionales de México. ¿Un obstáculo para la descentralización fiscal? Gestión y Política Pública XIII(3):753–784

Cunill Grau N (2014) La intersectorialidad en las políticas sociales: Un acercamiento analítico-conceptual. Gestión y Política Pública XXIII(1):5–46

Huerta R (2008) Una ruta metodológica para evaluar la capacidad institucional. Política y Cultura 30: 119–134

Huete García M (2010) Nueva gobernanza y servicios municipales en Estados Unidos, Noruega y España. Miño y Dávila Editores, Buenos Aires

Koolhaas M, Rodríguez J (2006) Estrategias de conformación de gabinetes en las nuevas intendencias de izquierda. In: Primer Congreso de Ciencia Política de la Asociación Uruguaya de Ciencia Política. AUCiP, Montevideo

Mazzuca S (2012) Legitimidad, Autonomía y Capacidad: Conceptualizando (una vez más) los poderes del Estado. Revista de Ciencia Política 32(3):545–560

Melo M (2010) Gobernanza y capacidades estatales en el nivel subnacional en Brasil. In: De Barbieri M, Zurbriggen C (eds) Acción colectiva, gobierno y territorio: Experiencias cono sur. FLACSO, Montevideo, pp 57–79

Mizrahi Y (2004) Capacity enhancement indicators: review of the literature. World Bank Institute, Washington DC

Narbondo P, Ramos C (2001) Reforma administrativa y capacidad estatal de conducción. In: Calame P, Talmant A (eds) Con el estado en el corazón. El andamiaje de la gobernanza. Trilce, Montevideo, pp 125–166

Oszlak O, Serafinoff V (2011) Acerca del diseño institucional: Apuntes para el caso uruguayo. In: Aportes y reflexiones para la agenda nacional de descentralización. Uruguay Integra, Montevideo

Weber M (1922) Economía y sociedad. Fondo de Cultura Económica. Second edition in spanish, 1964. Madrid

# State Income Taxes and Their Impact on Migration

Whitney B. Afonso
University of North Carolina at Chapel Hill, Chapel Hill, NC, USA

## Synonyms

Impact of subnational income tax on in and out migration; State income taxes; Tax policy's impact on the locational choices of citizens

## Definition

Migration consists of movements of people's residences, in and out of a jurisdiction. In this case a state.

## Introduction

Income taxes are a major source of revenue for most state governments in the United States; however, it is still hotly debated by scholars, politicians, and citizens. Many states have discussed overhauling their income tax policies, or even eliminating them, since the Great Recession. For example, in 2013 Nebraska, Kansas, North Carolina, Louisiana, and Oklahoma discussed the potential of eliminating their state income tax. While, none of these states did – many made substantial changes to their income tax policy. North Carolina switched from a progressive income tax to a flat tax, lowered the rate for all income groups, and more than doubled the standard deduction. In contrast, some states are increasing their income tax rates, in some cases specifically targeting high income earners. For example, Minnesota added an additional tax bracket for high income earners and Alaska discussed adopting an income tax. As states will undoubtedly continue to revise their income tax policies it is critical to understand how that income tax effects the economy of the state. An

important aspect of the income tax and its relationship to the state is the effect that it will have on migration – both people moving in to the state and those that may leave the state.

The issue of the impact of income tax policy on migration is an especially difficult one to study. This is for many reasons such as: the changes that states make to their income tax policy are often small in magnitude which make their effects harder to identify, it is difficult to remove other confounding factors that may be in place that may or may not be independent of the change in income tax policy, and presumably the increase in income tax (or decrease) is met with a corresponding increase in expenditures which citizens should also value. This mixed effect is often referred to as the same sign problem. Despite these limitations there are studies that have identified effects of income tax policy on migration.

While the results are mixed as to the effect of income tax on migration, there are some themes that emerge. First, high income earners are more sensitive to changes in income tax and more able to respond to them. This means that the migration of high income earners is the most likely. Second, the immigration (moving into a state) is more likely to be effected than emigration (moving out of the state). Third, a lot of factors besides income taxes affect households' decision to move and where to move.

This chapter will cover expectations about the effects of income taxes on migration; it will discuss the relevant research relating to the effect of income tax and migration, and the other factors that play a role in household's location decision. It will conclude with takeaways and important considerations for policymakers and citizens alike.

## Expectations from the Theory

Neoclassical economic theory suggests that progressive, subnational income taxes will not be effective because they will cause high income residents to exit the state and low income people to migrate into the state (Oates 1968; Musgrave 1969). This will lead to a void of high income earners in the state which could even lead to greater inequity in the state, since high income earners will have to be compensated with even higher incomes to attract them to positions in a high income tax state. This is one reason that many argue that redistribution policies are more effective at a national level than a subnational one.

## Evidence from the Literature

The evidence on the relationship between subnational income taxes and migration is mixed. There is quite a bit of evidence from the United States and Europe that suggests that residents, especially high income residents, are more likely to move to avoid higher income taxes (Feldstein and Wrobel 1998; Feld and Kirchgässner 2001; Bakija and Slemrod 2004; Coomes and Hoyt 2008; Afonso 2015; Afonso 2016). While this is a difficult area to study because of all the confounding effects like weather, costs, and preferences – many of these are dealt with in the design of the model or the population being studied. For example, Afonso (2015) studies military personnel, a highly mobile population, and finds that they do immigrate to low income tax states and that the size of the effect grows with wages. Similarly, Feld and Kirchgässner (2001) study Swiss cantons, control for factors such as amenities and infrastructure, and find that tax burdens have an effect of migration decisions especially for the wealthy. A third study, examined the adoption of the Connecticut state income tax in 1991, taking advantage of a large policy shock, to study the effects on migration (Afonso 2016). The results suggest that the presence of an income tax did decrease immigration, but had no effect on emigration (or exit from the state).

On the other end of the spectrum, numerous studies have found little evidence to support the theory that income taxes will affect migration decisions (Day and Winer 2006; Liebig et al. 2006; Young and Varner 2011; Varner and Young 2012). Young and Varner (2011) study the strictly progressive millionaires taxes that have been implemented in New Jersey and find that these taxes do not cause wealthy residents to emigrate. Their study takes advantage of being

able to use earners within the top 5percent of earners in New Jersey as a control group for earners within the top 1 percent, who are subject to the new tax. They find no evidence for a relationship between emigration and income taxes for this population, which is the most migration elastic. This study, like the Afonso (2016) study, takes advantage of a region with fewer barriers to migration as evidenced by the great number of people who commute in and out of different states in the region. It is also worth noting that there is evidence on a closely related issue, the relationship between income taxes and economic development. In this area the literature suggests that state income taxes do not retard growth (Leigh 2008; Chernick 2010).

## Other Factors That Influence Migration Decisions

When considering and/or deciding to move there are many factors that may be considered. They include job opportunities, taxes, amenities, weather, and the literal and figurative costs to moving – including the cost of moving your things, selling your home and the psychological costs of moving. Due to the complex nature of these decisions, most scholars agree that migration is inelastic, meaning people prefer not to move, they are not particularly sensitive to changes in costs. The primary reasons that scholars have identified for this preference are: 1) it is costly to move, 2) it is costly and bothersome to find new employment, 3) given that you are not finding new employment, it is preferable to have shorter commute times, and 4) people are attached to their communities and value the relationships they have within their community (for more information on this please see Afonso 2016).

## Conclusion

There are many factors that need to be considered when assessing the relationship between state income taxes and migration decisions. Income taxes are far from the only factor that is considered when deciding where to (re)locate. Beyond that, if you are working in one state and avoiding those high income taxes by living in another state, you may just be increasing your commute time. That is because taxes are due to the state where the income is earned. Some states have reciprocity agreements. Reciprocity agreements are when incomes are taxed in the state of residence, even if that is not where the income is earned. These agreements are viewed as a way to decrease tax competition between states. New Jersey and Pennsylvania have a reciprocity agreement, so using this example. If you work in New Jersey and live in Pennsylvania you will be taxed by Pennsylvania. However, if you work in New Jersey and live in New York, you will still owe income taxes to New Jersey. So how do states without reciprocity agreements avoid multistate taxation (which would be in the preceding example being taxed by New York and New Jersey)? Largely through tax credits. Tax credits are given by the state in which you reside to credit you for any income taxes already paid to other states. These credits may or may not cover the entire tax burden owed to your resident state depending on the tax rates in question.

While states may consider changes to their income tax policies for many reasons including ideological ones, it is important to think through the potential unintentional consequences of those choices. Unfortunately, the literature has mixed findings with regard to the effect of income tax policy on migration. However, there is evidence (while not universal) that high income earners are more sensitive to high income taxes and that the presence of high taxes will deter residents from living in a particular state. This finding is very intuitive. High income earners will have a larger tax burden so the cost of living in a high income tax, especially progressive, state is greater. They, on average, have greater expendable income making the cost of moving more manageable. Thus, it should not be surprising that the findings suggest that this population is the most affected. Additionally, it is also not surprising that immigration is more affected than emigration. This is because often, when studying immigration, you are

studying a population that has already decided to move and the question is "where to"? Taxes may likely play a role in that decision. However, emigration and tax policy presumes you were not otherwise moving and have decided to because of taxes. That is a much more costly (both literal and psychic) move. Therefore states considering lowering or increasing their income taxes should examine what their peer and neighboring states are doing as well as carefully monitor the immigration of new residents into the state.

## Cross-References


- ▶ Interregional Migration in Canada
- ▶ Migration Impacts of State Policy
- ▶ Tax Expenditures as Social Policy
- ▶ Vertical and Horizontal Tax Competition in the USA


## References


Afonso WB (2015) State income taxes and military service member's legal residency. Contemp Econ Policy 33(2):334–350

Afonso WB (2016) The effect of Connecticut's income tax adoption on migration. J Publ Policy. https://doi.org/10.1017/S0143814X16000234

Bakija J, Slemrod J (2004) Do the rich flee from high state taxes? Evidence from federal estate tax returns. National Bureau of Economic Research No. w10645

Chernick H (2010) Redistribution at the state and local level: consequences for economic growth. Public Financ Rev 38(4):409–449

Coomes PA, Hoyt WH (2008) Income taxes and the destination of movers to multistate MSAs. J Urban Econ 63(3):920–937

Day KM, Winer SL (2006) Policy-induced internal migration: an empirical investigation of the Canadian case. Int Tax Public Financ 13(5):535–564

Feld LP, Kirchgässner G (2001) Income tax competition at the state and local level in Switzerland. Reg Sci Urban Econ 31(2):181–213

Feldstein M, Wrobel MV (1998) Can state taxes redistribute income? J Public Econ 68:369–396

Leigh A (2008) Do redistributive state taxes reduce inequality?. Natl Tax J 61(1):81–104

Liebig T, Puhani P, Sousa-Poza A (2006) Taxation and internal migration: evidence from the Swiss census using community-level variation in income tax rates. IZA discussion paper no. 2374. Forschungsinstitut zur Zukunft der Arbeit, Bonn

Musgrave RA (1969) Fiscal systems. Yale University Press, New Haven

Oates WE (1968) The theory of public finance in a Federal System. Can J Econ 1(1):37–54

Varner C, Young C (2012) Millionaire migration in California: the impact of top tax rates. Natl Tax J 64(2):255–284

Young C, Varner C (2011) Millionaire migration and state taxation of top incomes: evidence from a natural experiment. Natl Tax J 64(2):255–284


# State Strategic Planning System, Russia


Igor Khodachek
Nord University Business School, Bodø, Norway


## Synonyms

Long-range planning; Strategic governance system; Strategic management system

## Definition

The state strategic planning system in Russia is an integrated legal framework that regulates the design and the approval of long-range state planning documents.

## Introduction

The Soviet long-range planning system is known for great achievements like industrialization and mass engineering education, which enabled accomplishment of the nuclear and space programs just in 20 years since the end of the devastating Second World War. Thus, it would be natural to expect Russia to turn back to the Soviet model for new great achievements in designing its state strategic planning system. The Soviet governance was built on two pillars: the theory of the socialistic state, based primarily on Marxism with significant amendments, and the developed methodology of administrative planning (well-known

pyatiletki – five-year plans). This entry does not present any strong evidence to claim that Marx and socialism have returned. What is it then, if not communism, that Russia builds on while defining its national strategy and designing the state governance system? The entry tries to answer this question by connecting the revision of Soviet administrative planning and the commentary on the emerging Russia's state strategic planning system. The strategizing pattern that the Russian state is trying to pursue is complex and sophisticated – the emerging system of strategic planning indeed re-evaluates the Soviet planning methodological legacy, but, simultaneously, it accommodates Western ideas of the liberal market as well as rational planning (Ansoff 1965) in the design of state strategic planning.

This entry can be relevant for those who are interested in governance ideas outside the mainstream literature and also for those, who, in their research on national strategy, are trying to connect ideology and governance.

## Soviet Planning and How Russia Is Not Coming Back to It

In 2015, the Russian Federation celebrated 25 years of independence – the Declaration of State Sovereignty of the Russian Soviet Federative Socialist Republic was signed on June 12, 1990. Russia is generally recognized as the successor state of both the USSR and the Russian Empire. Unlike the case in China, the introduction of market mechanisms into the socialistic planned economy of post-Soviet Russia was rapid and dramatic. The reforms denied the possibility of a smooth transition, and the main planning institutions had been destroyed deliberately by the reformers as they constrained liberal market mechanisms. However, the market mechanisms alone could not instantly provide basic welfare. Only by the end of 2007, after a severe economic crisis when the economy contracted by up to 50%, did Russia reach the GDP (PPP) level it had in 1991 (RA Expert 2007). Although the liberal market paradigm of economic policy, proclaimed at the beginning of the 1990s, dominates both official and national academic discourse, there have been several attempts to re-evaluate the Soviet planning legacy. Soviet socialistic planning functioned for more than half a century and appeared to be extremely effective in concentrating resources on key directions like space and nuclear programs. Besides, it allowed the rapid recovery of the country to be achieved after the exhaustive Second World War, without external aid like that of the Marshall Plan. Even after the collapse of the Soviet Union, its merits still attract thinkers searching for alternatives to Western mainstream ideas (see, e.g., Cottrell and Cockshott 1993).

There were two pillars of the planning system in the Soviet Union: the theory of the socialistic state, based primarily on Marxism with significant amendments, and the methodology of planning. The key feature of this system was a heavy reliance on national science that provided both the theoretical background of Soviet socialism and technologies for planning.

Marx's theory was enriched by significant amendments, suggested by leading Soviet economists and Joseph Stalin himself: the so-called theory of the development of the socialistic state. The fundamentals of this theory had crystallized within the 15 years between 1936 and 1951 in the discussion on a new course of political economy for the Soviet education system. There were two main products of that discussion: the draft of a textbook "Political Economy of Socialism and a Famous Collection of Essays" by Joseph Stalin, named Economic Problems of Socialism in the USSR (Stalin 1952). While not denying the role of the market in the economy, Stalin suggested that the regulatory system in socialism should be twofold: the market and the state.

In the 1960s, the theory of the socialistic state was enhanced by the theory of optimal functioning of the economy, suggested by several Soviet economists at the Soviet Academy of Science: Albert Vainshtein, Aleksandr Lurye, Leonid Kantorovich (1975 Nobel Prize laureate), Vasily Nemchinov and Viktor Novozhilov. The main contribution of the theory of optimal functioning of the economy to the planning system was the econometric modeling of mass consumer behavior and linear programming. The theory

proclaimed the existence of an optimal point in mass production where the differential labor inputs are in proportion with the differential social effect. In their work, Aleksandr Lurye and his colleagues reflected on the ideas of the Russian imperial economist, Mikhail Tugan-Baranovsky, the scientific leader of Nikolai Kondratiev, known for his theory of "K-waves" (Kondratiev waves) or long economic cycles. The theory (or in later works – the system) of optimal functioning of the economy suggested the following principles:

- Combination of centralized planning with the autonomy of single production entities
- Coordination of the interests of production entities with general economic policy
- Wide-range use of economic instruments (prices, profits, interests, etc.) in the design and implementation of economic plans
- Application of mathematical methods, linear programming, and numerical engineering

In the 1980s, the theoretical framework of Soviet planning focused on the duality of the person in a socialistic economy, trying to balance his/her roles as a unit of production force and as a consumer. The issues of quality of life, social interaction, and spiritual development led to the concept of socioeconomic optimum, where these synthetic needs, sometimes of a nonmaterial nature, could be satisfied. Thus, the Soviet theory of the socialistic state shifted its focus to human needs and the ways in which the state could satisfy them.

The second pillar was the planning methodology based on numerical engineering and the balance method with its advanced version – the interindustry balance. The interindustry balance method is also known as the input-output method, further developed by Wassily Leontief (1973 Nobel Prize laureate). The idea of interindustry balance was applied in the first balance of the national economy in 1923. Although Leontief is the most well-known author of the input-output method, his Soviet counterparts, Mikhail Bor, Stanislav Strumilin, and Shamai Turetskiy, did much for the fully-fledged application and development of the interindustry balance method in the planning system of USSR in the 1950s. Gosplan (the state planning commission created in 1921) widely adopted the interindustry balance method in forecasting, industrial and spatial development, and strategic planning.

The system of complex planning and forecasting would be impossible without the application of mathematical apparatus, developed by Leonid Kantorovich and his colleagues, who, in fact, founded the Soviet school of mathematical modeling in economics. The models included three levels: industry (sector), multiindustrial complexes, and national economy. Through the integration of these models with spatial development plans, Gosplan tried to achieve the balanced and efficient use of the vast territory of the Soviet Union. The strategic planning system used the scenario approach and included several dimensions, such as:

- Quality of life
- Scientific and technical development
- Economic, industrial (sectoral), and spatial modeling

It used the most advanced, for that time, integrated computing and modeling infrastructure, named the Automated System of Planning Calculations. In the 1970s, the advances in calculation techniques allowed the use of the program-target approach to long-term strategic planning. Target programs set priorities and problems that required a special focus, apart from the five-year plans. The complex hierarchy of plans' and programs' targets challenged the calculating infrastructure, but, at the same time, it allowed their aims to be attached closer to the ground, making the planning system more flexible and realistic.

Smirnova (2013) mentions the following key achievements of the Soviet planning methodology:

- Continuity and steadiness of strategic planning
- Integration of strategic planning with scientific and technological progress
- Integration of spatial and industrial (sectoral) dimensions of economics in strategic plans

Vivid examples of effective application of those principles are the spatial-industrial complexes, created in Siberia under the supervision and assistance of the Siberian branch of the Soviet Academy of Science.

The reforms, conducted at the beginning of the 1990s with the aim of replacing centralized administrative planning with market coordination mechanisms, destroyed the main Soviet planning institutions such as Gosplan, applied economic research infrastructure, and computing machinery. However, the expectations of increasing efficiency in the economy and overcoming the pitfalls of administrative planning were not fulfilled due to the uncontrolled collapse of supply chains and social welfare. The inefficiency of the Soviet administrative system compensated at the higher level by its smart design, aimed at allocating industrial production according to the geographical conditions of the vast country. When national republics gained independence, there were no stimuli for new owners of industrial assets to cooperate through custom and administrative borders. So, all post-Soviet countries have lost significant shares of their GDP, creating catastrophic consequences for welfare.

As an element of Soviet heritage, today the Russian state has a huge and developed bureaucratic apparatus and an advanced, but obsolete, welfare system. Besides, the state is a significant actor in the national economy, directly or indirectly controlling in total around 70% of Russia's GDP (Federal Antimonopoly Service report 2016). The governance of the state, the public sector and the state-owned enterprise sector, is extremely sophisticated and faces continuous attempts to reform it by top political leaders.

In June 2014, President Putin signed a new law #172-FZ from June 28, 2014 "On strategic planning in the Russian Federation." This law binds together in a single huge governance system all three levels of public governance (federal, regional, and municipal): public sector entities, state-owned enterprises, and, although indirectly, private companies that have so-called "strategic significance for national security and economic development." The law defines key concepts of strategic planning, e.g., aim, task, result (outcome), forecasting, programming, monitoring, the system of strategic planning, etc. It also states key principles of strategic planning, describes the documents that are to be issued at all levels of governance for the implementation of the law, and regulates interrelations among the participants of strategic planning. The so-called system of strategic planning emerges as an extremely sophisticated set of forecasts, strategies, and plans, aimed at coordinating federal, regional, and local budgets with the socioeconomic development of Russia, its regions, and municipalities. The federal Ministry of Economic Development became responsible for creating the state strategic planning system.

In 2015, the Ministry of Economic Development initiated a comprehensive research project aimed at formulating suggestions on the implementation of the new law on strategic planning. The work was outsourced to the Institute of State and Municipal Management at the National Research University Higher School of Economics. Under the authorship of the head of the institute, Andrey Klimenko and his group, the 284-page report provides an overview of the theory and methodology of strategic planning on an international scale and suggestions on amendments to the federal legislation. Besides, the report analyses the law itself and concludes that the design of the system of strategic planning in Russia implies the rational planning model, developed by Igor Ansoff (1965) and reminiscent of the Soviet planning system. According to Klimenko et al. (2015), the key features of the design of the system are rigid hierarchy, direct through top-down planning and bureaucratic control. All these, as the report says, allow the emerging system of strategic planning to be defined as belonging to a "classic strategic management approach" (Klimenko et al. 2015, p. 15). Thus labeling the system, they refer to the following works: Strumilin (1932), Ansoff (1965), and Christensen et al. (1965). Klimenko et al. (2015) claim that the "classic strategic management approach" has many pitfalls, the main one of which is the inability of the planning system to cope with external turbulence. They also mention the lower level of the flexibility of the system, and the weaker forecasting capacity with higher costs. The conclusion of the analytical part of the report is that adopting a classic strategic management approach exposes the planning system to the relevant and well-known risks of uncontrolled increase of running costs. The latter, with the system's expected ignorance of the implementation issues, should lead to

bureaucratization of the strategic planning practices and reduction in the value of the strategizing system, making it in fact not a strategic, but rather a "technical planning system" (Klimenko et al. 2015, p. 15).

In order to cope with the mentioned pitfalls of classic strategic management approach, the authors of the report turn to the concept of uncertainty, claiming that uncertainty should be the key factor in rethinking of state strategic planning. They call for the introduction of corporate practices into the work of government organizations, suggesting that the most advanced techniques are developed in private companies. The authors mention the resource-based view, the dynamic capabilities approach, interorganizational relations, and knowledge management as the key ideas relevant for adjusting the emerging strategic planning system to uncertain environment and turbulence. However, they say that these techniques require adaptation to the government organizations' specificity. Klimenko et al. (2015) refer to the following works: Duncan (1972) and Collis (1992) for the conceptualization of uncertainty; Beinhocker (1999), Kaplan and Beinhocker (2003), and Doz and Kosonen (2008) reflecting on their call for "real-time forecasting"; Beinhocker (1999) and Kaplan and Beinhocker (2003) as a new approach to understand the multiplicity of the future; Doz and Kosonen (2008) who suggest externalization and explorative approach to the information management.

Klimenko et al. (2015) insist on complementing the classic approach with techniques and instruments, assisting to navigate the state in turbulent environment. Thus, they suggest the so-called "integral" system of strategic planning that in addition to hierarchical order of documents has a strong focus on interaction among actors involved in strategy formulation and implementation, stimulates the involvement of private companies in strategizing, and employs various techniques of quality and performance management (Total Quality Management and process management, Key Performance Indicators, etc.). Besides, they suggest adding accent to organizational culture, develop foresight and forecasting techniques, and such models as robust and fast strategies. All these, they say, should make the system more flexible and increase the capabilities of handling various kinds of uncertainties.

## Conclusion

A quarter of a century since the collapse of the Soviet Union and 15 years after the start of recovery from the harsh economic crisis, the strong centralized Russian state again plays the key role in Russia. The background of Russia's state strategic planning system is based on the idea of a rational planning approach, suggested by Igor Ansoff (1965). Although the focus of Ansoff and his successors was mainly on how to make a corporation compete more successfully, the main idea of rational decision-making, as well as the implementation of these decisions, corresponds to the main ideas of the law. While many thinkers and strategists acknowledge and re-evaluate the Soviet experience of administrative planning, both at the instrumental and at the ideological level, this experience is not seen as the panacea for handling the current challenges Russia faces domestically and in the international arena.

## Cross-References


- ▶ Federal Government, Russia
- ▶ Multilevel Governance and Public Administration, Russia
- ▶ Russian Political System, The
- ▶ Strategic Management in Public Administration in Russia


## References


Ansoff I (1965) Corporate strategy. McGraw Hill, New York

Beinhocker ED (1999) Robust adaptive strategy. Sloan Management Review, Spring, 1999. Available at: http://sloanreview.mit.edu. Accessed 30 Sept 2016

Christensen R, Andrews KR, Bower JL, Hamermesh RG, Porter ME (1965) Business policy: text and cases. Irwin, Homewood

Collis D (1992) The strategic management of uncertainty. Eur Manag J 10(2):125–135

Cottrell A, Cockshott WP (1993) Towards a new socialism. Spokesman, Nottingham
Doz Y, Kosonen M (2008) How agile is your strategy process? Strategy Magazine, Issue 15 March, 2008
Duncan RB (1972) Characteristics of organizational environments and perceived environmental uncertainty. Adm Sci Q 17(3):313–327
Federal Antimonopoly Service report (2016) Doklad o sostoyanii konkurentsii v Rossiyskoy Federatsii. Federal Antimonopoly Service, Moscow. Available at: http://fas.gov.ru/. Accessed 30 Sept 2016
Kaplan S, Beinhocker ED (2003) The real value of strategic planning. Sloan Management Review, Winter, 2003. Available at: http://sloanreview.mit.edu. Accessed 30 Sept 2016
Klimenko AV, Korolev VA, Dvinskikh D Iu, Slastikhina I Iu (2015) HSE pre-print WP8/2015/01. On harmonization of documents of state strategic planning
RA Expert (2007) International group RAEX. Available at: http://raexpert.ru. Accessed 30 Sept 2016
Smirnova O (2013) Osnovy strategicheskogo planirovaniya Rossiyskoi Federatsii. Monografiya, Nauka
Stalin J (1952) Ekonomicheskiye problemy socialisma v SSSR. Gospolitizdat, Moscow
Strumilin SG (1932) Problemy planirovaniya v SSSR. Izatel'stvo Akademii nauk SSSR, Leningrad

# State-Owned Enterprise

Adriana Tiron-Tudor[1] and
Ioana Andreea Ciolomic[2]
[1]Department of Accounting and Audit, Babes-Bolyai University, Cluj-Napoca, Romania
[2]Babes-Bolyai University, Cluj-Napoca, Romania

## Synonyms

Crown corporations; Government business enterprises; Government-linked companies; Government-owned companies; Government-sponsored enterprises; Public corporations or Hybrid organization; Public enterprises; Public organizations; Public sector undertaking; State ownership of public utilities

## Definition

The enterprises where the government has ownerships.

## Introduction

State-owned enterprises (SOEs) represent a significant player with growing importance in the global and local economies nowadays. SOEs have different roles, from internationalization through foreign trade and investment, to promote economic development as part of national development strategies. The importance of SOEs in the global economy in recent years is increasing and mainly driven by the growth of emerging economies but also the impact of the global financial crisis on views on the role of the state in the economy.

## State-Owned Enterprises' Definitions from Different Perspectives (Governance, Accounting, and Statistics)

Many international and professional organizations define state-owned enterprises (SOE) in various ways depending on the objective targeted.

The Organization for Economic Cooperation and Development (OECD) defines SOEs as "enterprises where the state has significant control, through full, a majority, or significant minority ownership" (OECD 2005, p. 11). In this definition, two critical elements of SOEs are mentioned: control and ownership. Even if it seems to be bright enough, different countries had responded in various manners when they applied the OECD definition in their national legislation. Some jurisdictions took over the conditions provided by OECD, adding or no other vital elements as the legal form or activity (objectives), like Australia, Austria, Belgium, Czech Republic, Bulgaria, Romania, and Italy; other jurisdictions modified the conditions provided by OECD, adding a percentage of ownership/votes. For example, Estonia and Greece require more than 50% of share capital, in Hungary, companies in which the state owned at least 10%, and, in Slovenia, the state owns directly or indirectly at least 25% plus one vote of the total capital.

In the 2014 new guidelines on corporate governance of SOEs, there is an enhanced approach to SOEs concept. An SOE is "any state-owned

corporate entity recognized by national law as an enterprise" (OECD 2014). This concept includes joint stock companies, limited liability companies, partnerships limited by shares and statutory corporations with particular legal form, and mainly commercial activities. Each government is entitled to choose the recognition or not of other enterprises as SOEs depending on the judgment, "including regarding their degree of market orientation" (OECD 2014). The new perspective of OECD concerning SOEs comprises, besides critical elements as control and ownership, legal form and activity.

The World Trade Organization (WTO) pays attention to SOEs due to government's influence on world trade. They refer to SOEs using the term "state-owned transnational companies," including in this category all state trading enterprises that deal with goods for export or import (WTO 1994). This definition is not restrictive, and it uses just two critical characteristics of SOEs identified in the literature: ownership and activity.

The most complicated approach among international organizations concerning SOEs definitions is provided by the World Bank (WB). In the glossary of key terms, SOEs' description is based only on legal form and activity (commercial) criteria. But they created through their toolkit "Corporate Governance of State-Owned Enterprises – a Toolkit" (WB 2014) an overview which comprises the most important issues related to SOEs: areas in which SOEs operate, their importance and role in economies, performance, and the ownership and control issues. The toolkit focuses on commercial SOEs at the national level in which the government has significant control through full, majority, or substantial minority ownership. The toolkit mentions the fact that, depending on the country, the SOE can be broadly defined. The SOE is defined as "government-owned or controlled and that generate the bulk of their revenues from selling goods and services on a commercial basis, even though they may be required to pursue specific policy goals or public service objectives at the same time."

The European Commission (EC) through EUROSTAT provides a definition based on control and ownership criteria, like in the case of OECD. SOEs are considered: "enterprises controlled by the government directly (through nominating its representatives on the board) or indirectly (through state-owned funds and agencies) that they control affiliates in another country" (EC 2012, p. 32). The EC Directive No. 80/723 defines a public enterprise (the term used is undertaking) as "any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by their ownership of it, their financial participation therein, or the rules which govern it." The novelty of definition consists in introducing the notion of direct or indirect control and approach identified in the academic literature with the focus on accounting and accountability.

While OECD defines SOEs from the governance perspective, The International Public Sector Accounting Standards Board (IPSASB) approaches it from an accounting perspective. IPSASB refers to SOEs using the term "governance business enterprises (GBE)." IPSAS 1 Presentation of Financial Statements define SOE as "an entity that has all the following characteristics: has the power to contract in its name; has been assigned the financial and operational authority to carry on a business; sells goods and services, in the ordinary course of its business, to other entities at a profit or full cost recovery; is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); is controlled by a public sector entity."

Throughout time, IPSASB developed some projects aiming to set the conceptual delimitation of the term. The first consultation paper idea arose in 2008, but IPSASB discussed and approved a brief project on SOEs in March 2012, which started in December 2012. Initially, IPSASB considered four approaches to SOEs (IPSASB 2012): "(a) Do not specifically define SOEs but provide the high-level characteristics of entities; (b) Clarify the existing definition of SOEs; (c) Narrow the current definition; or (d) Redefine SOEs using a different approach e.g. based on services provided by entities or the objectives of entities. But, because it received little support, it was decided not to develop

further approach (d).” Then, in 2014, IPSASB suggests two main approaches. The first approach does not define the term; it produces a list of characteristics for public sector entities, while the second approach is modifying or narrowing the current definition presented in IPSAS 1. Both approaches have two sub-options, the differentiating criteria for them being the use of statistical terminology (IPSASB 2014). It could be observed that IPSASB definition concerning SOEs was initially based mainly on control, ownership, and activity criteria. In 2014, the IPSASB decision was to define SOEs using characteristics and to acknowledge the role of regulators in determining other specific elements that could help them in establishing which entities should be recognized as SOEs.

From the statistical point of view, there are two international frameworks (European System of Accounts, ESA, and System National Accounts, SNA) harmonized significantly. Although terms like GBE or SOE are not used, they refer to corporations and quasi-corporations that can be similar to SOEs when controlled by public sector units (EC 2010; UNSD 2008). The concept of control, from a statistical point of view, is “the ability to determine the general policy or programme of that entity” (EC 2010). Corporations are “created for the purpose of producing goods or services for the market that may be a source of profit or another financial gain to its owner(s), being collectively owned by shareholders who have the authority to appoint directors responsible for its general management” (UNSD 2008; EC 2010). Quasi-corporations “are unincorporated entities engaged in the production of market goods and services, managed like a corporation, having their own set of accounts” (EC 2010; IPSASB 2014; UNSD 2008). SNA and ESA divide public companies into financial and non-financial, depending on their activity (UNSD 2008), and this approach is also identified by IPSASB. However, the approaches of these two international organizations also include, alongside key elements such as control, ownership, and activity, a common point of view that SOEs must have the power to contract in their name (UNSD 2008; IPSASB 2014) although in certain countries, this can’t be applied due to national regulations. National accounts statisticians use a comprehensive definition of SOEs, including in this type of organizations all autonomous government companies (ownership criteria) with an independent budget and balance sheet, which generate at least half of their income through the commercialization of goods and services (activity criteria). The national authorities apply a restrictive concept, which is in many cases braced for SOE-related legislation (OECD 2014).

The International Monetary Fund (IMF) uses this term in the Governance Finance Statistic Manual (GFSM) 2014 creating a link between IPSAS and GFSM: “the IPSAS equivalent of a market entity, that is, a GBE” (IMF 2014, p. 352). The IMF is urging international standard-setters to collaborate on the side of aligning reporting standards for budget, statistics, and accounts.

## Key Elements of SOE

Overall, the international and professional organizations approach the SOE topic from governance, accounting, or statistical perspectives, based on key aspects of ownership, control, and activities developed.

The concept of ownership is crucial for defining SOEs. Ownership implies the responsibility for actions regarding the entity, whose rights are usually protected by law. Based on our analysis, we identified different approaches related to the ownership structure. The first approach recognizes as SOEs only those entities that are wholly owned by the government. By introducing the restrictive criteria of state ownership (100%), significant enterprises that still meet all other criteria are not recognized as SOEs, and consequently, the whole picture of the sector is patently distorted. The second approach focuses on SOEs as companies partially owned by the governments, introducing the hybrid character of SOEs. Hybrid SOEs have elements of state ownership on the one hand and private participation in ownership on the other hand, generate significant revenues, and represent some of the world’s largest firms.

From our point of view is a more reliable approach, considering that it acknowledges both types of state ownership (entirely or partially).

Discussing another essential key element, the notion of control, we identified two approaches analyzed among international and professional organizations:

- Policy control – from statistical point of view, a government exercises control under a corporation if the government can determine the general corporate policy.
- Financial control – from an accounting point of view, a government controls a company if it has the power to manage its financial and operating procedures to benefit from its activities.

There are two different types of control: direct and indirect. The differences between direct and indirect control are that under the first, the government has the power to set the organizational, social, and political objective of the SOEs, while under the second, SOEs would not be (anymore) to government control. As a subject of indirect control, SOEs are transformed from an integral part of state bureaucracy into independent legal entities, entailing substantial delegation of decision-making rights.

Party-state control of SOEs is a puzzle to many researchers. For example, Bird (2015) highlights the influences of party-state control and how it works: governments still have the power to control the long-term policies of the subjected SOE, while the board is responsible for the short-term strategies. There is a belief that due to economic difficulties, the state often cannot adequately support these activities, resulting in a mixture of public and private ownership. However, it is crucial that the government remains in control, being able to intervene when deemed necessary to do so, to defend national interests. In other words, using control as the essential element, SOEs can be defined as enterprises either wholly or partially owned by the state, in which control is exercised directly by the government when it comes to significant policy changes or delegated to the SOEs board's members.

Also, market- and nonmarket-oriented activities are concepts used by international and professional organizations in defining SOEs. SOEs are performing commercial operations or noncommercial activities. Although SOEs were created to pursue goals other than profit maximization, they became much more but yet not wholly market-oriented.

From a legal point of view, the SOEs' legal form is a use of one specific regulation for this kind of enterprises or the use of the corporate law. In some jurisdictions, SOEs are regulated by the corporate legislation while in other jurisdictions are specific legal frameworks for SOEs tailored in accordance to their particular characteristics.

## SOE Concept in Academic Literature: At the Border of Public-Private Sector

Being at the boundary between public and private sector, SOEs were defined and described in the academic research in a variety of approaches: "public companies limited by shares and organised under the corporate law", "involved in international activities" (Wettenhall 2004) which "had to compete against the private sector" (Coates 1990). Analyzing the definition used by Coates and Wettenhall, it can be observed that government business enterprises are not (anymore) recognized as a part of the public sector. Due to the changes that arose through public sector reforms, they started to apply and to be organized under private law. But, even so, government business enterprises are public companies which act at the intersection of the public and private sector, because the public ownership requires more than in the private sector. It implies a social responsibility for their decisions, trust for their actions, and transparency for the use of public money.

Some authors are using the notion of "public enterprises" when referring to SOEs. But Thynne and Wettenhall (2001) state that the use of the term "public enterprises" is inaccurate in referring to a particular organizational category. Public enterprises are "established through regular

company formation procedures" and represent a "functional category conducted by the government (national, regional or local level) or another non-departmental-organization, with functions such as commercial, executive, regulatory, adjudicative, appellate or advisory" (Wettenhall 2004). By this definition, the interdisciplinary character of SOEs is underlined. Another essential aspect endorsed by them, but disapproved by others (primarily by researchers focused in accounting and accountability topics), refers to the fact that public enterprises are conducted by governments (national, regional, or local level). The first consequence of these contradictory statements leads to important gaps in identification, definition, and organization of these types of companies.

From another point of view, SOEs are considered "hybrid organizations that have elements of state ownership and control on the one hand and private participation in ownership and control on the other" (Bruton et al. 2015). Being created by the government and operating in both the market and public sector (Grossi and Thomasson 2015), these hybrid organizations are structured and managed according to the private sector but created to address public needs, in an attempt to increase the efficiency of the public sector. With a long history in the USA, they were designed to accomplish specific policy objectives while achieving performance requirements related to the policy objectives. The term "hybrid organizations" focuses and succeeds highlighting the position of these types of companies into the public and private sector. Moreover, through the term "hybrid," they recognize not only the positioning element but also the activity (split between market and public sector) and legal form element (created by governments but organized according to the corporate law).

## SOEs' Role in Economies

State-owned enterprises (SOEs) play a notable role in the economy representing an important part of the whole government activities, performance, and financial position.

SOEs are entities with a large number of social/political roles and obligations, with high strategic importance for national security, and domestic and economic livelihood (Chan 2009). SOEs could have different or a mix of economic, social and/or political objectives, depending on their holders' aspirations, promoting social and political unification, securing national defense and related to strategic considerations. SOEs are recognized as useful strategies to pursue social goals. The United Nations by the Department for Economic and Social Affairs considers SOE a public investment that can further enhance economic development especially if they are made in areas that complement private sector investment (e.g., road facilities for significant export crop region, investment in the training of engineers for a newly expanding industry, investment in the primary input industries that are too risky for the private sector).

SOE role in the economy is mainly linked with privatization and nationalization reforms but also with strategic domains. Privatization reform is seen as an improvement of SOEs' governance, as a step before private sector participation, and performance. Contrarily, others consider that privatization is not the sole right solution for restructuring public enterprises. They argue that services could be more efficient if provided by for-profit entities rather than subject to ministerial control and government interference (Luke 2010). The nationalization of some traditional public service activities is another topic of interests for researchers. Several governments temporary nationalized private companies (banks, manufacturers) to face the economic crisis better.

Additionally, there is the conviction that the externalization of public sector opened new accountability gaps, regarding decreased transparency on the financial performance and position of public services, as a result of fragmentation of activities, services, responsibilities, and financial statements as well as to

probable misalignments between governmental and service provider's expectations. An expanding concern related to what exactly publicly owned entities should be included in the reporting entities remains in debates. The controversy levitates around SOEs. Several authors from the public sector accounting and management area and, moreover, relevant international and professional organizations raised the issue of defining SOEs as a real concern.

In the majority of economies, the SOEs are highly concentrated in strategic sectors on which large parts of the private economy depend, and half of SOEs by value operates in the network industries (telecoms, electricity and gas, transportation, and postal services).

## Conclusion

Due to the importance of SOE in the economy, many international and professional organizations dedicated rooms in their agenda to SOE and developed projects on SOE reform area in different countries.

SOEs as companies established to pursue public policy and commercial objectives proves their ability to operate in many vital sectors, aiming to provide a variety of services and goods. But SOEs are not exposed to pressure from the stock market; we can deduce that even if a SOEs could have commercial activities, they still have a particular statute in the public sector, and their commercial characteristic doesn't imply the same obligations and rights like in the private sector.

The critical elements of SOEs are ownership, control, objective, activity, and legal form. Even if the definitions provided by authors usually approach the term by combining at least two of the identified critical elements, SOEs are non-uniformly understood and defined by researchers.

As a conclusion, we could acknowledge that SOEs serve as economic, political, and socio-economical spheres of society, reflecting the multipurpose reality of society.

## Cross-References

▶ Governance and Public Administration
▶ Privatization

## References

Bird MG (2015) Canadian state-owned enterprises: a framework for analyzing the evolving Crowns. Policy Studies 36(2):133–156

Bruton G, Peng M, Ahlstrom D (2015) State-owned enterprises around the world as hybrid organizations. The Academy of Management Perspectives 29(1):92–114

Chan H (2009) Politics over markets: integrating state-owned enterprises into Chinese socialist market. Public Administration & Development 29(1):43–54

Coates J (1990) Government-owned companies and subsidiaries: issues in accounting, auditing and accountability. Australian Journal of Public Administration 49(1):7–11

European Commission (2010) European system of accounts. Luxemburg

European Commission (2012) EUROSTAT Foreign AffiliaTes statistics recommendation material. Luxemburg

Grossi G, Thomasson A (2015) Bridging the accountability gap in hybrid organizations: the case of Copenhagen Malmö Port. Int Rev Adm Sci 81(3):1–17

International Monetary Fund (2014) Government finance statistics manual. Washington, DC

IPSASB (2012) Handbook of international public sector accounting pronouncements, vols I, II. New York. Available at http://www2.ifac.org/publications-resources/2011-handbook-international-public-sector-accounting-pronouncements. Accessed 10 Feb 2015

IPSASB (2014) Responses to GBEs consultation paper. New York. Available at http://www2.ifac.org/system/files/meetings/files/GBE%20%20responses.pdf. Accessed 25 Feb 2015

Luke B (2010) Examining accountability dimensions in state-owned enterprises. Financial Accountability & Management 26(2):134–162

OECD (2005) Corporate governance of state-owned enterprises: a survey of OECD countries. OECD, Paris

OECD (2014) OECD guidelines on corporate governance of state-owned enterprises – draft for public comment. OECD, Paris

Thynne I, Wettenhall R (2001) Public enterprises: many faces, much questioning, new challenges. International Review of Public Administration 6(1):1–9

United Nations Statistics Division (2008) System of national accounts. New York

Wettenhall R (2004) Let us explore the common ground: agencies, public corporations and regulatory commissions. Soc Econ 26(2–3):263–293

World Bank (2014) Corporate governance of state-owned enterprises – a toolkit. WB, Washington, DC
World Trade Organisation (1994) The general agreement on tariffs and trade. WTO, Geneva

## Strategic HRM Approaches

Cristal Beddeau
Department of Political Science, The University of the West Indies, St. Augustine, Port of Spain, Trinidad and Tobago

### Synonyms

Strategic management; Strategy and HR function; Strategy and HRM

### Definition

Strategic human resource management (SHRM) refers to the process of aligning an organization's overall strategy with its human resources practices to achieve the strategic goals of the organization. The concept identifies an organization's strategy linked to human resource processes that affect how people should be managed effectively toward the achievement of organizational strategic goals. The central idea is to tie the methods, tools, and functions of HRM to the overall strategy of the organization. SHRM describes that HR role is not only to manage recruitment, compensation, and other personnel matters but also to take on a more proactive, forward-looking approach to addressing the future needs of the organization and its employees.

### Introduction

An increasing interest in the strategic management of state enterprises has become more apparent in the last decade or so. The paradigm shifts first from traditional personnel management and then to human resource management, and now at length, strategic human resource management continues to have significant implications for strategic goals and practices in the development of public organizations like those of state enterprises. Changes in the historical development and evolution of HRM from old public administration to strategic management have therefore gained momentum for the public sector. State enterprises in particular are required to consider how their people are managed and need to be aligned with and in support of the organization's overall strategy (Sutiyono 2007). Consequently, a better understanding of SHRM and its effective integration into public management practices has major implications for managers, public officials, and other professionals to develop strategies for better quality performance and sustained competitive advantage in the country's public sector characterized by environmental changes.

This entry provides an analysis of SHRM approaches in relation to its potential impact on state enterprises in the context of Trinidad and Tobago. It considers the historical development of SHRM from the early stages of personnel management to contemporary practices in SHRM and presents a brief review of the composition of state enterprises in Trinidad and Tobago. The entry also identifies strategic themes that have emerged in human resources and have potential implications for public enterprises. The analysis will be based on a framework exploring three important dimensions of SHRM in relation to state enterprises: public leadership, ethical practices, and employee engagement. Research findings may help to improve knowledge about the strategic practices of effective public leadership, the administration of ethical principles, and the role of employee engagement as critical factors in enhancing competitive advantage and high-performance work systems in support of state enterprises' overall strategy.

## Definitions, Evolution, and Historical Background of SHRM

Despite being expansive in the literature, SHRM nonetheless faces difficulties in its own interpretation, clarity, and multiple use of meaning. This section focuses on defining the foundation concepts of SHRM. It will outline the historical perspectives in the development and evolution of SHRM from traditional personnel management to contemporary strategic human resource management. It will also present a definition of state enterprises in the context of the study.

### Personnel Management (PM)

Personnel management also commonly referred to as old public administration appeared in theory in the 1960s–1970s. It spawned from the human relations movement which began in the early twentieth century fuelled by the scientific management era, the Hawthorne studies, Weber's bureaucratic theory, and other motivation studies like those of Maslow and Herzberg (Obedgiu 2017). PM is generally referred to as the management of human resources. The aforementioned was based mainly on and strongly influenced by the ideas of Max Weber's model of bureaucracy grounded on principles of hierarchy and meritocracy. It was initially introduced as part of wide-ranging bureaucratic reforms in the United Kingdom and the United States in the late nineteenth century to overcome patrimonial systems of administration where patronage and favoritism dominated government decisions and public appointments. The PM approach had a number of distinctive characteristics. It relied heavily on centralized control, set rules and guidelines, separated policy making from implementation, and employed a hierarchical organizational structure (Osborne 2006; Dunleavy and Hood 1994). The watchwords were efficiency and effectiveness in the control, budgeting, and management of human resources.

Some writers show that the personnel function was never considered a part of the strategic management of organizations. During the 1960s–1970s, human resource managers were mostly seen as performing the administrative function; often its importance as a strategic partner was neglected (Aswathappa 2005; Khan and Mushtaq 2015). HR's role was essentially regarded as one of transactional rather than transformative. PM placed heavy emphasis on methods of supervision, maintaining the status quo and carrying out mundane organizational activities in contrast to measures used to enhance effective leadership skills, maintaining ethical standards, and engaging employees to achieve competitive advantage and high-performance work systems in support of the organization's overall strategy (Storey et al. 2009; De Souza Freitas et al. 2011). Historically, personnel management preceded human resource management.

### Human Resource Management (HRM)

In the last two decades of the twentieth century, the shift from personnel management to human resource management led to some changes in the conceptual framework of human resources. From the 1980s onward, the HRM function was mainly directed toward the needs of management for the provision and use of human resources (Aswathappa 2005; Durai 2010). HRM has been used to refer to the functions performed in an organization that facilitates the most effective use of people and its employees to achieve organizational and individual goals. It is in essence, a management function that helps managers plan, recruit, select, train, develop, remunerate, and maintain members of an organization. HRM's primary objective is to ensure the availability of a competent and willing workforce to an organization. Human resource management consists of numerous functions devised to maximize the most effective use of its employees and carry out its core objectives, namely, those that are societal, organizational, functional, and individual (Aswathappa 2005; Ivancevich 2013). These functions correspond to the four main objectives of HRM as outlined in Table 1.

Characteristics of the HRM concept are wide ranging and can be summed up as the belief that employees should be treated as assets; responsibility for human resources lie in line managers, management-driven activity, and better performance as overall objective; and the role of the

HRM area is to respond to needs and control through rules, policies, and position power (Armstrong 2006).

From the 1980s onward, HRM has largely replaced the term personnel management as a wider description of the processes involved in managing people with relative adjustments to the HR function. Table 2 highlights some of the key differences between PM and HRM. While the primary objective of HRM is to ensure the availability of a competent and willing workforce, the question arises as to whether public sector HRM measures have been used to promote better leadership, to administer ethical practices, and to engage employees in gaining competitive advantage and optimal performance in support of the organizations' overall strategy. The late twentieth century and earlier parts of the twenty-first century would see a growing recognition of the shifting role of HRM from a macro perspective to one more focused on strategy at the micro or sub-level fuelled by significant changes in the external environment.

**Strategic HRM Approaches, Table 1** HRM objectives and corresponding functions

| HRM objectives | Supporting functions |
|---|---|
| Societal objectives | Legal compliance<br>Benefits<br>Union-management relations |
| Organizational objectives | Job analysis<br>Human resource planning<br>Employee/labor relations<br>Recruitment, selection, motivation, and retention<br>Training and development<br>Performance evaluation and compensation<br>Safety, health, and wellness |
| Functional objectives | Job analysis<br>Human resource planning<br>Performance evaluation |
| Individual objectives | Training and development<br>Performance evaluation and compensation<br>Safety, health, and wellness |

## Strategic Human Resource Management (SHRM)

The human resource management field has evolved with the development of strategic management of organizations. According to Wright and McMahan (1992), this led to the birth of the strategic human resource management (SHRM) discipline. The important defining characteristic of human resource management is that it is strategic, emphasizing on strategy in HR (Akhtar et al. 2008). The SHRM perspective advances that human resources not only manage recruitment, compensation, and other personnel matters but also take a proactive, forward-looking approach to addressing the future needs of the organization and its employees (Battaglio 2015; Wright and Ulrich 2017).

Strategic human resource management can be understood as a process of aligning the organization's overall strategy with its human resources practices to achieve the strategic goals of the

**Strategic HRM Approaches, Table 2** Differences between personnel management and human resource management

| Elements | Personnel management | Human resource management |
|---|---|---|
| 1. Approach | Reactive | Proactive |
| 2. Role of HRM area | Resource-centered (focuses more on managerial aspects of delegating responsibility) | Employee-centered (aimed at hiring, training, compensating, and maintaining the existing workforce) |
| 3. Objective | Better performance leads to job satisfaction and morale | Job satisfaction and morale as source of better performance |
| 4. Reward management | Use of autonomous work groups, challenging jobs, and creativity for motivating people | Monetary rewards and job design techniques like job simplification and rotation to encourage people to improve their performance |
| 5. Treatment of employees | Employees as assets. HRM seeks to develop employees' competencies on a sustained basis | Employees as tools. PM practiced a regular status quo administrative function of ensuring that employees serve the interests of the organization based on job evaluation and job worth |

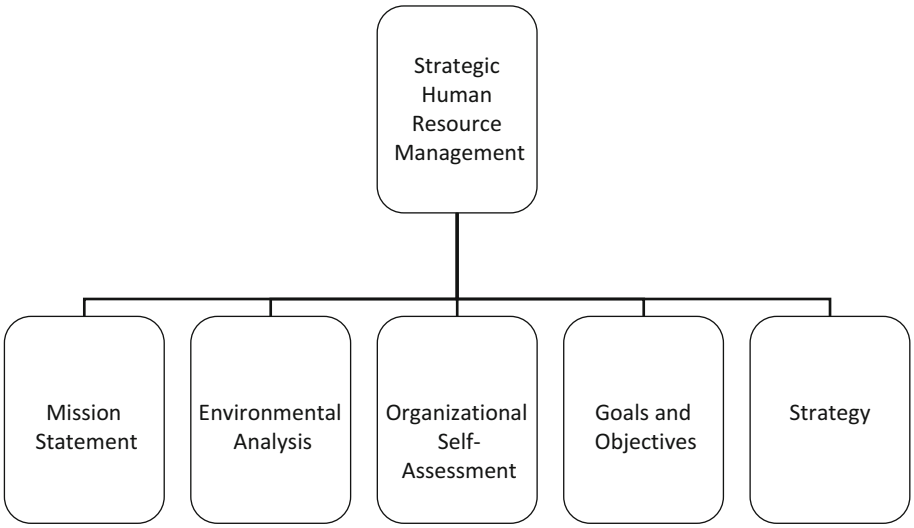


**Strategic HRM Approaches, Fig. 1** A model of strategic HRM

organization. This process includes all initiatives involving how people are managed and aligned with and in support of the organization's overall strategy (Dyer 1984; Boxall 1992). The central idea is to tie the methods, tools, and functions of HRM to the organization's strategy. The SHRM process is presented as a series of five steps as outlined in Fig. 1 (Mello 2011).

To best understand HRM and its strategic role, it is important that to consider that the SHRM process operates from the strategic organizational level and incorporates all other levels of management, i.e., the tactical and operational levels within the organization. Figure 2 illustrates the three major levels involved in the SHRM process (Jofre 2011).

Characteristics of the SHRM approach as they emerged from strategic management theoretical frameworks are many and can be summed up as being closely associated with goal-setting, policy formulation, and allocation of resources performed at top management levels, fulfilling the long-term HR requirements of the organization, interrelating with business strategies to specific HR activities (e.g., recruitment, training, performance evaluation), and incorporating strategy formulation tasks with other supportive levels of management (tactical, operative), and employees are viewed as the strategic capability of the organization (Legnick-Hall et al. 2009).

The SHRM approach reinforces that HR has a strategic role in the performance of the organization. It is clearly a process of aligning the organization's overall strategy with its human resources practices to achieve the strategic goals of the organization (Boxall 1992). What differentiates SHRM from traditional HRM is its shift of focus from a macro approach (organizational) to one that is micro in nature or sub-field (strategic) (Wright et al. 2018). Table 3 highlights some of the differences between HRM and SHRM. Further research findings later hope to suggest that a clearer understanding of SHRM and its effective integration into public management practices has major implications for managers, public officials, and other professionals in developing strategies for better quality performance and sustained competitive advantage in the country's public sector context (Knies et al. 2018).

## State Enterprises

The mid-twentieth century saw the management and creation of state enterprises particularly in developing countries, fostered by the notion that state intervention was necessary and essential to fix market failures. This idea was based on the

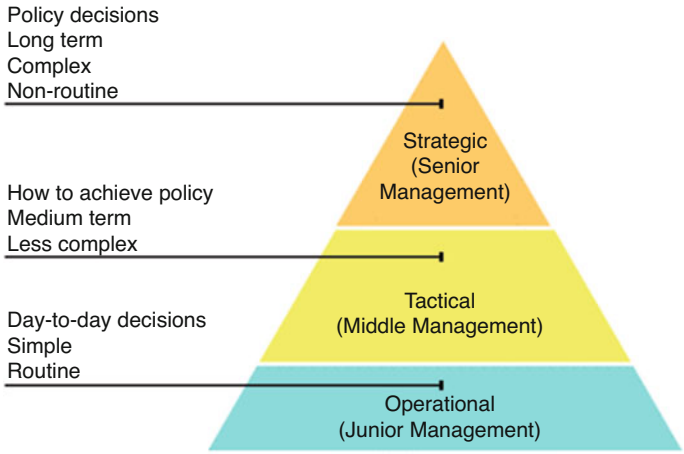


**Strategic HRM Approaches, Fig. 2** The three main levels of management involved in HRM's strategic role

**Strategic HRM Approaches, Table 3** Differences between HRM and SHRM

| Elements | Human resource management | Strategic human resource management |
|---|---|---|
| 1. Major emphasis | Managing employees | Gaining competitive advantage |
| 2. Responsibility of management | Developing functional competencies relating to HR aspects | Developing overall strategic competencies from the HR perspective |
| 3. Time focus | Short term | Short, intermediate, long term |
| 4. Outcomes | Focuses on human resource-level outcomes | Focuses on business-level outcomes (competitive advantage) |
| 5. Treatment of employees | Employees as tools of production and headcount resources | Employees as human capital and precious resources to be strategically invested in |

belief that state enterprises form monopolies, which needed to be regulated by the state in order to effectively provide efficient public services (IDB 2015). The historical timeline indicates that since the 1930s and particularly after World War II, numerous state-owned enterprises (SOEs), also referred to as public enterprises, were created in both developed and developing countries to address market deficits and capital shortfalls, promote economic development, reduce mass unemployment, and ensure national control over the overall direction of the economy (Khan 2007). By providing capital and technology to strategic areas where the private sector either avoided or lacked the capacity to invest, most governments resorted to SOEs to increase capital formation, produce essential goods at lower costs, create employment, and generally contribute to the economic development of the nation state.

A state enterprise can be generally defined as an institution or organization which is controlled by the state or one in which that the government holds a majority interest, whose activities are business oriented, and which provides services and goods to meet the interests of the public. They operate on a full or partial self-financing basis, i.e., either whole or most of the investment is made by the government, and in which the government or public body/agency participates by way of having shares or representation in its decision-making structure (Nnamdi and Nkwede 2014). Drawing from the varying conceptualizations of public entities, some key elements of state enterprises comprise the following features: state ownership, financing from state resources, service objectives monopoly enterprises, and autonomous or semi-autonomous bodies (Shleifer 1998; Nnamdi and Nkwede 2014).

While state enterprises form an important part of the economic equilibrium of a state's macroeconomic policy, their significance to national development in recent times have begun to diminish. Although they promote economic development by providing society with public goods such as energy, water, telecommunications, finance, and transport, several challenges have emerged overtime reducing the significance and desire for the management of SOEs for which they were initially created for. Some of these can be identified as rising corruption, management inefficiencies, overstaffing, inflation, technological shortcomings, and excessive political interference (Shleifer 1998; Nnamdi and Nkwede 2014).

Despite the apparent challenges facing SOEs, there are public concerns for a re-examination of the influence and impact of state enterprises' performance on State economies (Owen 2018). Contrary to what has been commonly perceived, some studies suggest that SOEs are not stagnant state vestiges waiting to perish. Public concerns relating to the management and performance of SOEs are valid, especially since these enterprises provide an important segment of production and employment and they have enormous effects on fiscal accounts on the economies in all countries in which they operate (IDB 2015).

## Case Study: State Enterprises in Trinidad and Tobago

State enterprises have grown to play a central role in the national economies of many of the Commonwealth Caribbean territories after independence. The case of Trinidad and Tobago, for example, like many of the other former British colonies after a legacy of slavery, colonialism, and Crown Colony Government resulted in the adoption of alternative development strategies in the economic, social, and political development in the Caribbean region (Barrow-Giles 2002; Minto-Coy and Berman 2015). Governments created SOEs to carry out productive or service-based activities in sectors such as energy, water, telecommunications, finance, and transport. Several governments promoted specific industries to achieve social and economic development goals. For example, in the post-independence era, during the 1970s, the Republic of Trinidad and Tobago used its state enterprises to promote the spirit of nationalism. Nationalist objectives were the motivating forces in the government's economic and social development of the country (Barrow-Giles 2002).

Currently, at the national level there is a total of one hundred and sixteen (116) state enterprises as indicated in the Ministry of Finance – State Enterprises Board of Directors Listing as of September 2019 (Ministry of Finance 2008). Table 4 illustrates the composition of state enterprises in Trinidad and Tobago, the different sectors and spectrum of activities to which they embody.

The official closure of the Petroleum Company of Trinidad and Tobago Limited (Petrotrin), a state-owned oil company in Trinidad and Tobago and the country's largest refinery, on 30 November 2018 marked the end of its reign and operation of 101 years in oil refinery. The company's principal activities were the exploration, development, and

**Strategic HRM Approaches, Table 4** Composition of SOEs in the different sectors in Trinidad and Tobago

| Sector | Total number of SOEs |
|---|---|
| Public utilities (e.g., electricity, water) | 4 |
| Energy (e.g., oil, gas) | 34 |
| Telecommunications | 2 |
| Banking and finance | 17 |
| Public transportation | 4 |
| Infrastructure in transport | 4 |
| Radio and television | 1 |
| Manufacturing, trade, and industry | 20 |
| Research and education | 5 |
| Agriculture and land | 5 |
| Community development and culture | 2 |
| Tourism | 3 |
| Health | 2 |
| Housing and development | 8 |
| Rural development | 2 |
| Sport and youth affairs | 1 |
| Planning and development | 2 |

production of hydrocarbons in addition to the manufacturing and marketing of petroleum products.

Petrotrin reflected the embodiment of poor corporate governance, expressed in bad policy decisions, wastage, corruption, and nepotism across governments. The Oilfield Workers' Trade Union's power over the company due to consolidation of past state oil companies made it even more difficult for management to institute changes. On 28 August 2018, it was announced by Prime Minister Dr. Keith Rowley that Petrotrin would have to be dissolved because of the company's inability to generate a profit during a period of low oil prices where TT$8 billion was lost over 5 years. Also cited by the government was the lack of competitiveness, declining production, TT$12 billion in debt, and the loss of foreign exchange due to the importation of oil to be used together with locally produced oil to keep the refinery in operation. A cash injection of $25 billion would be required to refresh its infrastructure and repay its debt. On 30 November 2018, Petrotrin was officially shut down with approximately 5,500 permanent and temporary/casual employees losing their jobs.

Petrotrin has divided into four new companies that have become effective from 1 December 2018. These comprise Trinidad Petroleum Holdings Limited responsible for legacy matters such as settling outstanding financial debts by Petrotrin and the parent company of the following three companies: Heritage Petroleum Company Limited that deals with exploration, development, production, and marketing of crude oil; Paria Fuel Trading Company responsible for trading and marketing of imported fuel products; and Guaracara Refining Company that deals with the Pointe-a-Pierre refinery and related assets to be offered for sale. As a state enterprise, Petrotrin was under the direct control of the Minister of Finance acting as the corporation sole and the Ministry of Energy as the line ministry that provides specialized technical analyses and statutory approvals for the company's operations.

In an effort to reconsider the priorities of state enterprises such as Petrotrin and their capabilities in enhancing, if at all, their competitive advantage and high-performance work systems as public organizations, one must examine the strategic practices of HRM as they relate to the impact and performance of SOEs. Potential areas of interest in SHRM in aspects of public leadership, ethical practices, and employee engagement may well prove to be critical in understanding the context of Trinidad and Tobago's state enterprises and their ability in gaining competitive advantage and high-performance work systems significant to national development.

## Potential Areas of Interest in SHRM and State Enterprises

This section briefly identifies three potential issues that can have a significant impact on SHRM practices in state enterprises. It will highlight the important issues of public leadership, ethical practices, and employee engagement as critical factors in enhancing the competitive advantage and high-performance work systems in support of state enterprises' overall strategy.

### Public Leadership

The need for increased public leadership strategies in public organizations to achieve competitive advantage and high-performance work systems appears to be critical in today's context of state enterprises. Public managers are responsible for taking initiative for addressing large-scale challenges and opportunities (Berman et al. 2013). It is generally understood that effective leadership provides higher-quality and more efficient goods and service; it provides a sense of cohesiveness, personal development, and higher levels of satisfaction among those conducting the work; and it provides an overarching sense of direction and vision, an alignment with the environment (Van Wart 2003). The three-tier fold of management (i.e., strategic, tactical, operational) particularly the strategic top-level act as crucial players in strategically determining what needs to be done to achieve corporate objectives and more importantly, how these objectives are to be realized (Mello 2011). It is the intention of this study in future discussions to understand the important role of

public leadership in enhancing the competitive advantage and high-performance work systems in support of state enterprises' overall strategy.

### Ethical Practices

The importance of the administration of ethical practices is critical in enhancing overall organizational performance in public organizations. It is vital that organizations set ethical principles and moral standards for management and employees alongside providing an environment that fosters trust and commitment, provides leadership, and creates a high quality of workforce to improve organizational performance (Berman and West 1997; Hijal-Moghrabi et al. 2015). Further, setting ethical standards to match human resource strategies are critical to avoid or correct ethical wrongdoing (West et al. 2013). Additional work on this study intend to show that human resource professionals can play a greater role in contributing to organizational success if they are effective in developing and administering ethical principles and practices that are aligned with the organization's overall strategy and goals (Bowman and Williams 1997; Caldwell et al. 2011).

### Employee Engagement

Employee engagement is one of the key determinants fostering high levels of employee performance (Mohapatra and Sharma 2010; Anitha 2014). The engagement of employees, their level of commitment and involvement as critical human assets in the development of their organization, and its strategic goals are important in developing high-performance work systems and competitive advantage (Huselid et al. 1997; Saks 2006). It is the intention of future research to consider the relationship and significance between employee engagement practices and organizational performance in state enterprises achieving competitive advantage and high-performance work systems in alignment with the organization's overall strategy.

## Conclusion

To conclude, this entry provided an analysis of the field of strategic human resource management (SHRM) in relation to its evolution and potential impact on state enterprises in Trinidad and Tobago. It traced the theoretical development of SHRM from the early stages of personnel management to contemporary practices in SHRM. The entry provided a review of the composition of state enterprises in Trinidad and Tobago. The entry also showed how strategic themes in human resources have developed and what these approaches imply for public enterprises. The analysis was based on a framework exploring different dimensions of SHRM as it relates to state enterprises in aspects of public leadership, ethical practices, and employee engagement. Research findings later hope to suggest that the strategic practices of effective public leadership, the administration of ethical principles, and methods of increasing employee engagement are critical factors in enhancing the competitive advantage and high-performance work systems in support of state enterprises' overall strategy.

## References

Akhtar S, Ding D, Ge G (2008) Strategic HRM practices and their impact on company performance in Chinese enterprises. Hum Resour Manag 47(1):15–32

Anitha J (2014) Determinants of employee engagement and their impact on employee performance. Int J Product Perform Manag 63(3):308–323

Armstrong M (2006) A handbook of human resource management practice. Kogan Page, London/Philadelphia

Aswathappa K (2005) Human resource and personnel management. Tata McGraw Hill, New Delhi

Barrow-Giles C (2002) Introduction to Caribbean politics. Randle Publishers, Kingston, Jamaica

Battaglio P (2015) Public human resource management: strategies and practices in the 21st century. Sage, Los Angeles/London

Berman E, West JP (1997) Managing ethics to improve performance and build trust. Public Integr Annu 2(1): 21–29

Berman E, Chun-Yuan W, Chen C-A, Wang XH, Lovrich N, Jan CY, Jing Y et al (2013) Public executive leadership in east and west: an examination of HRM factors in eight countries. Rev Public Pers Adm 33(2):164–184

Bowman JB, Williams RL (1997) Ethics in government: from a winter of despair to a spring of hope. Public Adm Rev 57:517–526

Boxall P (1992) Strategic human resource management: beginnings of a new theoretical sophistication? Hum Resour Manag J 2(3):60–79

Caldwell C, Truong DX, Linh PT, Tuan A (2011) Strategic human resource management as ethical stewardship. J Bus Ethics 98:171–182
De Souza Freitas WR, Jabbour CJ, Santos FCA (2011) Continuing the evolution: towards sustainable HRM and sustainable organizations. Bus Strateg Ser 12(5):226–234
Dunleavy PJ, Hood C (1994) From old public administration to new public management. Public Money Manage 14(3):9–16
Durai P (2010) Human resource management. In: Chennai. Pearson, Delhi
Dyer L (1984) Linking human resource and business strategies. Human Resource Planning 7:79–84
Hijal-Moghrabi I, Sabharwal M, Berman E (2015) The importance of ethical environment to organizational performance in employment at will states. Adm Soc 49(9):1–29
Huselid MA, Jackson SE, Schuler RS (1997) Technical and human resource management effectiveness strategically the determinants of firm performance. Acad Manag J 19(1):171–188
Inter-American Development Bank (2015) Governance, performance and the best reform practices in state-owned enterprises in Latin America and the Caribbean and Korea. Forum report and proceedings from the international symposium held November 5–8, 2013, Seoul, August 2015
Ivancevich JM (2013) Human resource management. McGraw-Hill Irwin, New York
Jofre S (2011) Strategic management: the theory and practice of strategy in (business) organizations. DTU Management No. 1
Khan MS, Mushtaq U (2015) Evolution of strategic role of organization's human resource management: an overview. J Bus Econ 17(1):236–257
Knies E, Boselie P, Gould-Williams J, Vandenabeele W (2018) Strategic human resource management and public sector performance: context matters. Int J Hum Resour Manag. https://doi.org/10.1080/09585192.2017.1407088
Legnick-Hall M, Legnick-Hall C, Andrade L, Drake B (2009) Strategic human resource management: the evolution of the field. Hum Resour Manag Rev 19:64–85
Mello J (2011) Strategic human resource management. South Western Cengage Learning, USA, Ohio
Ministry of Finance (2008) State enterprises: performance monitoring manual. Ministry of Finance. Trinidad and Tobago, Port-of-Spain
Minto-Coy I, Berman E (eds) (2015) Public administration and policy in the Caribbean. CRC Press Taylor & Francis Group, London/New York
Mohapatra M, Sharma B (2010) Study of employee engagement and its predictors in an Indian public sector undertaking. Glob Bus Rev 11(2):281–301
Nnamdi CP, Nkwede JO (2014) Managerial challenges of public enterprises: the imperatives for privatization and commercialization of railway corporation and postal Agency in Nigeria. Glob J Res Anal 3(8):191–193
Obedgiu V (2017) Human resource management, historical perspectives, revolution and professional development. J Manag Dev 36(8):986–990
Osborne S (2006) The new public governance? Public Manag Rev 8(3):377–387
Owen LL (2018) Time to reform all state enterprises, Says Economist. UWI Today, October 16–17. https://search.ebscohost.com/login.aspx?direct=true&db=b7h&AN=1330555&site=ehost-live
Saks A (2006) Antecedents and consequences of employee engagement. J Manag Psychol 21(7):600–619
Shleifer A (1998) State versus private ownership. J Econ Perspect 12(4):133–150
Storey J, Wright P, Ulrich D (2009) Human resource management: organizational behaviour and organizational psychology. In: The Routledge companion to strategic human resource management. Routledge, Oxford
Sutiyono W (2007) Human resource management in state-owned and private enterprises in Indonesia. Bull Indones Econ Stud 43(3):377–394
Van Wart M (2003) Public sector leadership theory: an assessment. Public Adm Rev 23(2):214–228
West J, Beh LS, Sabharwal M (2013) Charting ethics in Asia Pacific HRM: does east meet West ethically? Rev Public Pers Adm 33(2):85–24
Wright PM, McMahan GC (1992) Theoretical perspectives for strategic human resource management. J Manag 18: 295–320
Wright PM, Ulrich D (2017) A road well travelled: the past, present and future journey of strategic human resource management. Annu Rev Organ Psychol Organ Behav 4:45–65
Wright PM, Nyberg A, Ployhart R (2018) A research revolution in SHRM: new challenges and new research directions. Res Pers Hum Resour Manag 36:141–161

# Strategic Management in Public Administration in Russia

Alexandra Shubenkova
Laboratory for Political Studies, National Research University Higher School of Economics, Moscow, Russia

S

## Synonyms

Governance; Planning; Strategy

## Definition

Strategic management and strategic planning in public administration are taken as synonyms and

understood as a managerial procedure of formulation, implementation, and evaluation of strategic documents.

Strategic document is a text issued by executive authorities which includes goals and targets for a defined period of time, measured by some indicators, which are used to develop and implement public policies and development goals.

The current article describes the state of the art, institutional design, and a historical overview on how strategic management in public administration developed in post-Soviet Russia till 2017. Strategic attempts in public administration run contemporarily, and they evolve. After the 13th 5-year Soviet plan was revoked in 1991 along with the collapse of the Soviet Union itself, it took Russia 9 years to come back to the concept of planning as a governing procedure. Since then, Russia had several iterations in the development of a national long-term strategy and performed vast activity in introduction of strategic routines into public administration. As for the end of 2016, Russian system of strategic management in public administration is passing through an institutional reform.

The milestones which shaped the model of the Russian public strategic management and the key documents are as follows:

1995 – Adoption of the Federal Law №-115, dated July 20, 1995, on public forecasting and programs of socioeconomic development of the Russian Federation (later in the text – the Federal Law №-115).

1999 – The first post-Soviet strategy of socioeconomic development till 2010: it was announced but not adopted as any official document (later in the text – the Strategy-2010).

2008 – The concept of long-lasting socioeconomical development of the Russian Federation till 2020: a government order №-1662, dated November 17, 2008 (later in the text – the Concept-2020).

2009 – The Presidential Decree №-536 "About the foundations of the strategic planning in the Russian Federation," dated May 12, 2009.

2011 – Strategy-2020: an updated version of "the Concept-2020" developed within a public campaign of revision by a wide expert panel. Not adopted as any official document (later in the text – the Strategy-2020).

2012 – Presidential Order №-596 "On long-lasting state economic policy," dated May 7, 2012. It is one of the packages called "the May Decrees of the President": 11 decrees by President Vladimir Putin, which he signed immediately on the first day at his third presidency on May 7, 2012 (later in the text – the May Decrees-2012). Though formally the May Decrees-2012 are not strategic documents in the common sense, they play a strategic role, which is described below.

2014 – The new legal framework "On the state strategic planning in the Russian Federation" (the Federal Law №-172, dated June 28, 2014) which is the current principal clarification of the strategic management system (later in the text – Federal Law №-172).

Since the adoption of the Federal Law №-172, Russian executive bodies of the federal, regional, and municipal level systematize and update an existing corpus of their strategic texts to bring them into accordance with the requirements, settled by the Federal Law №-172. They also adopt their relevant legislation to establish executive processes in strategic management.

The above list of the milestones reveals that in the post-Soviet period till 2017, there are four times when Russia had national long-term strategies of socioeconomic development on public agenda. The strategic texts differ by their formal status. Only two documents became official: the Concept-2020 and the May Decrees-2012. And the other two remained as drafts: the Strategy-2010 and the Strategy-2020. Additional to these long-lasting national level planning texts, the corpus of strategic documents also comprise midterm and short-term strategies and state programs, implicitly formulated in accordance with the long-lasting strategic document, forecasts, plans of activities of executive bodies, territorial and budget plans, doctrines, conceptions, foundations, and some others. The question is how they are connected and what governing potential they possess.

## Legal Framework

The evolution of the Russian legal framework for strategic management in public administration evolves along with the praxis. Currently, Russia makes efforts in institutionalization of strategic management by the adoption of relevant national legislation and formalization of strategic management as a bureaucratic routine.

Since 1995 till nowadays, all the strategic management initiatives in Russia were implemented under three basic thematic regulative documents. Since 1995 till 2009, strategic management in public administration in Russia was shaped by the Federal Law "On public forecasting and programs of socio-economic development of the Russian Federation" №-115 dated July 20, 1995. The Federal Law №-115 had no clarifications on the legal place of strategies, plans, and concepts in Russian policy cycle. Importantly, it set annual presidential messages (*poslaniya prezidenta*) as a source for long-lasting development goals.

On May 12, 2009, President Dmitry Medvedev signed Presidential Decree №-536 "About the foundations of the strategic planning in the Russian Federation." The decree was restricted for publication (by a stamp "for staff only") and was not officially issued, though its text is available online (later in the text – the Decree №-536). The Presidential Decree №-536 regulated how the existing corpus of strategies, concepts, foundations, programs, and presidential messages are connected with each other. It redistributed authority in strategic planning between public stakeholders. Till 2009, the government and the prime minister had a key role in setting strategic goals. Since the Decree №-536, the authority of the goal setting was shared between "the President within the Security Council of the Russian Federation" and the Security Council instead of the government. Following that the Security Council is appointed by the president, it means that with the Decree №-536 the government lost its influence on strategic planning. Additionally, it became mandatory that strategic documents have to reflect strategic goals announced in the annual presidential messages and the strategy of national security. The presidential messages and the strategy of national security are technocratic documents formulated under the guidance of the presidential administration with neither prescribed involvement of other pubic actors nor transparent procedures of formulation.

The rigorous regulation of strategic management was created by the new Federal Law №-172 "On the state strategic planning in the Russian Federation," dated June 28, 2014. The Federal law №-172 abolished the previous framework and provided a comprehensive list of strategic documents, their hierarchy, and procedural clarifications. It specified the interconnection between strategies of federal, regional, and municipal levels and thus provided the integrity of the strategic objectives within the hierarchy of strategic documents. It obliged federal regional and municipal levels of power to formulate their strategies with the strategic goals sourced from the national level strategy of socioeconomic development. The Federal law №-172 simplified the distribution of authority and left the annual presidential messages as a single source of the national long-lasting goals which are stated in the state long-lasting strategy of socioeconomic development. Thus, in such or other form, the supreme authority in defining the strategic aims of socioeconomic development was passed to the president. The Federal Law №-172 reserved the period till 2017 for preliminary administrative changes and adaptation of the existing system to the new design. However, these deadlines were later postponed till 2019.

Therefore, along the time the control over strategic management in Russia was centralized under the presidential authority, and since 2014 the annual presidential messages normatively became a key source of long-lasting development objectives. But despite this integrative intention in the new legal framework, the normative force of strategic documents in the system of decision-making and policy remained weak. The Federal Law №-172 neither granted funds to strategy implementation nor clarified obligations of executive bodies to settle policies in accordance with the strategic texts. Also, no clear sanctions for policies which contradict strategic documents were introduced. Such placement of strategic

documents in the policy cycle leaves them low institutional autonomy, thus reducing the potential of strategic management to become an institution of development.

## Historical Evolution of Strategic Management in Russia

The Strategy-2010 was developed as a part of Vladimir Putin's first presidential campaign. In 1999 the Centre for Strategic Research got a request to develop a 10-year plan for a candidate to the Russian president post Vladimir Putin. By that moment Putin was a technocrat with a drastic career jump to the head of Federal Security Service (FSB) and later to the prime minister during Boris Yeltsin's presidency. Some claimed Putin's strategic initiative as a way to build coalitions with political elites in his preelection campaign and to create an image of a candidate with a strategic view. The Strategy-2010 remained unofficial and was not adopted.

Then in 2008 the Concept-2020 was approved (government order dated November 17, 2008 №1662-р). The Concept-2020 was a first official national level document of long-lasting strategic planning in the post-Soviet period. In connection with the 12-year strategy, a 4-year plan was adopted. Every 4 years the Concept-2020 expected a revision; thus, the first review was scheduled for 2012. The scheduled update looked reasonable in times of global economic downturn which affected Russia as well. In 2011, Putin, who was holding prime minister's chair at that time, publicly stated that the Strategy-2020 should be discussed openly for public and should be adopted. In accordance with the schedule, in 2011 a wide panel of experts assembled and organized 21 open parallel thematic subgroups to renovate pre-crisis version of the Concept-2020. After less than a year of open public expertise, the Strategy-2020 was announced. It was not a pure "strategy," rather an expert draft with scientific argumentation. The Strategy-2020 was neither officially approved and remained as a draft nor applied for the Concept-2020 revision. The Concept-2020 still remains in force in its pre-crisis version. Formally it remains the running version of Russian strategy till 2020. Meanwhile, a new version till 2035 is under development.

In May 2012 Putin started his third presidential term. At the first day of the term, Putin signed 11 presidential decrees (the May Decrees-2012), devoted to the long-lasting development of Russia in different spheres (social policy, education and science, and health care among them). The Decree №-596 "On long-lasting state economic policy" was an umbrella document for the rest ten sectorial ones. So, later in the text "the May Decrees-2012" imply only the Decree №-596. The Decree №-596 and the Concept-2020 rested simultaneously in force as formal official documents. But they had different normative power in the state document hierarchy. The Concept-2020 was signed as a government decree, the May Decree-2012, as a presidential decree possessing higher normative power. Thus, till nowadays the May Decrees-2012 remain at the highest official status among existing strategic documents. Can it be accounted as a strategy? Formally and institutionally, it should not. The May Decrees-2012 are adopted beyond the existed by the moment legal framework for strategic routines, i.e., Federal Law №-115 and Decree №-536. So although it brings a set of goals for midterm and long-lasting horizon, formally it does not belong to the corpus of strategic texts. However, the May Decrees-2012 possess high political power, so it can be classified as a "manual" strategic management.

In 2014 the new round of revision of the Concept-2020 was initiated with the adoption of the Federal Law №-172. As for the mid-2017, the Concept-2020 remains in pre-crisis version. The deadline for its update was postponed till 2018 for the national level strategy revision and till 2019 for sub-federal level documents. The Federal Law No-210 "On the amendments to the Federal law" "Đžn the state strategic planning in the Russian Federation," dated June 23, 2016 (later in the text – the Federal law №-210), provides clarifications of the new deadlines. The new strategy is being developed.

## Organizational Design and Implementation of Strategic Management

The Federal Law №-172 settled a legal framework which unified the standards and created single rules and procedures of formulation of the documents of long-lasting planning. The current corpus of strategic texts on the national level includes 16 kinds of strategic documents on the national level, 7 kinds on the sub-federal regional level, and 5 kinds on the municipal level, though the list of strategic documents remains open-ended (Klimenko et al. 2016).

In public administration theory, strategic management cycle is comprised of three stages: strategy formulation, implementation, and evaluation. The Federal Law №-172 suggests an alternative terminology for the order in the strategic cycle: (1) target-setting stage, (2) prognosis stage, and (3) planning and programming stage. Thus, the Federal Law №-172 divides strategic documents into four groups: goal setting, forecasting (prognosing), programming, and planning. Goal-setting group consists of strategies of socioeconomic development (the running one is the Concept-2020), strategy of spatial development, strategies of socioeconomic development of macro-regions (macro-region should not be equaled to federal regions), and schemes of territorial planning on federal, regional, and municipal levels. Forecast group consists of the forecast of scientific-technological development of Russia and forecast of socioeconomic development for long-run period. Strategic planning group consists of state (national) programs, basic directions of government activities of the Russian Federation, and executive plans of federal authorities. The corpus also comprises midterm strategies. The prescribed set of strategic documents is equal for national, regional, and municipal levels. The Federal Law №-172 was aimed to establish clear interconnection inside the enormous corpus of strategies and relevant documents. However, this integrative and clarifying intention leaves much space for development.

The methodology of strategy formulation defines the president as a source of goal setting. Every year the president announces an annual presidential message which sets strategic goals for the strategic development of the country. Once in the long-term period of 12 years (what is equal to two presidential terms), the government, namely, department of strategic and territorial planning in the Ministry of Economic Development of the Russian Federation, other agencies and relevant structures in regional and municipal governments develop strategic documents. These documents base on the goals announced in messages and scenarios of long-lasting prognoses. The national level documents are approved by the president. Then the documents for implementation stage are developed. On the implementation level, the system implies formulation of state programs and plans of activities for executive bodies. Documents on implementation level connect strategic goals with the specific plan of activities, budget resources, and clarified time plan. Regions and municipalities as subnational levels of power perform similarly: their strategies reflect supreme national strategy and national and subnational prognoses.

Then, the Federal Law №-172 also established a centralized register of all strategic documents ever adopted in Russia (*State automatized information system Management or GAS Upravlenie*, later in the text – *GASU)*. However, the GASU does not provide an entire snapshot of strategic document corpus yet. As for the end of 2016, or one year since the GASU was launched, GASU reported 16 national level sectorial strategies (including conceptions and plans), 12 state programs, 16 sectorial (ministerial) strategies, and 9 plans of activities of federal executive bodies. Meanwhile as for September 12, 2016, the real corpus of strategic texts accounted 32 national level strategies including 5 strategies of federal regions (macro-regions of Russia which consists of several subjects of federation), 703 regional strategies, and 6900 municipal strategies (Klimenko et al. 2015). Officially there are at least 42 state programs adopted since 2010, at least 56 ministerial and sectorial strategies, and 14 concepts. The full picture of the existing corpus of strategic documents is expected in 2018 for the national level and 2019 for the regional and municipal levels.

What happens on the sub-federal levels of power? The Russian Federation consists of 7 federal districts, 85 regions, and about 24,000 municipalities. The corpus of strategic documents on regional and municipal levels is comprised of the equal elements and should reflect the content of the strategic documents on the national level. Before adoption of the Federal Law №-172, it was not mandatory, rather it was recommended to develop long-lasting strategies on the sub-federal level. However, the experience of regions and municipalities in formulation of long-lasting plans is vast. But these documents drastically vary by procedures of formulation and implementation, their content, even time horizons of planning, and titles.

In November 2016, 5 federal district strategies, 56 regional strategies of socioeconomic development, 54 regional state programs, 22 plans of activities, 20 long-term forecasts (till 2027 or 2030), and 93 midterm forecasts (till 2019) were reported by the regions to the register. Municipalities reported 553 strategies of socioeconomic development, 313 plans of activities on implementation of strategies, 26,300 municipal programs, and 207 long-term and 1635 midterm forecasts. With the requirements of the Federal Law №-172, all the corpus of sub-federal strategies of socioeconomic development should be updated to fit the requirements of the new legislation. Initially the law set a deadline to submit the version of the national long-lasting strategy of socioeconomic development and new sub-federal strategies till January 1, 2017. But the Federal Law №-210, dated June 23, 2016, set the new deadlines. Till January 1, 2018, the new national strategy of socioeconomic development should be submitted, and the strategies of sub-federal level should be brought into accordance with this document till January 1, 2019.

The current organizational scheme meets sound critics. First, the prescribed obligation for strategic documents of long-lasting planning to reflect annual presidential messages contradicts the philosophy of strategic view as such. Then, despite a big corpus of strategic documents, their normative power remains not enough clarified. A redundant variability in the kinds of documents, titles, and standards makes the organizational intention highly challenging. Third, the absence of sanctions for noncompliance of policies with strategic documents can be taken as an indicator of the weakness of strategic documents in the system of state decision-making. Fourth, in practice public policies are implemented through a parallel competing system of target programs and national priority projects, including the May Decrees-2012 themselves. Among all kinds of public documents, strategies of socioeconomic development remain declarative and not connected to financial resources. Finally, though strategic management system is vast, only implementation of the May Decrees-2012 is somehow audited. Although a big amount of strategic documents was adopted since 1995, so far the system of strategic management in Russia remains rather short-term oriented. As an outcome, strategic documents are prepared, but almost all of them remain unimplemented. An additional line of critic is addressed to the lack of methodological support which could help better synchronize unanimous strategic activities in numerous authorities at all levels. This lack disorients and demotivates public servants who are responsible for strategic management.

## Strategic Management as a Public Consensus on Strategic Goals

Contemporary theories of public management imply that efficiency of public services increases with its transparency to the public and involvement of various social actors into different stages of public administration. Contrary to this, in Russia, commitments to involve the public into strategic management reduced along the time. So far, from the possible ways to provide transparency of the strategic process and involvement, an obligation to publish drafts of strategic documents and get a public feedback is a maximum to what was achieved. However, public administrators did not have obligations to admit this feedback.

The Concept-2020, which remains officially in force, was formulated by majorly technocrats from the federal executive authorities (50% of

the participants) (Shubenkova 2014). Experts and, among them, academia had smaller representation (47% and 16% accordingly) (ibid.). Business actors, state enterprises, and NGO hardly participated in the Concept-2020 formulation. In 2011 the process of the strategy revision was much more representative and open. The expert community was granted with major control over the working groups (78% of the members, 44% of them from academia) (ibid.). State corporations and NGO officially participated, and, by share in representation, technocrats with business actors concluded the list. The May Decrees-2012 are nontransparent: they are formal presidential documents which were prepared by the presidential administration without institutionalized public involvement. The Commission for Monitoring Targeted Socioeconomic Development Achievement Indicators of Russia appeared in July 2012 to monitor implementation of the May Decrees-2012. Since appearance, the list of members was changed eight times: some members were included, other excluded, and titles were amended. As for May 2016, representatives of the federal or regional executive power comprised 91% of membership in the commission (ibid.). Among them, 89% of members were appointed at their post directly by the president (ibid.). Thus, actor analysis reveals that strategic management was initially shaped dependent on the president. In 2014 the Federal Law №-172 excluded public actors from the strategic management procedures: since then strategic texts can be published without any commitments to communicate with public stakeholders regarding this issue.

Summing up, normatively strategic management on the federal level in Russia remains institutionally and methodologically weak. By several iterations of regulatory changes, strategic management was established as a practice controlled by the president. Despite the well-studied claim that public involvement and accountability make political decisions more reflective to the public demands, and that reforms are more successful in more accountable government, in Russian strategic management, there are no commitments to consider public feedback or involve citizens in strategic goal setting. Formulation of the officially running Concept-2020 and the Commission for monitoring was headed by incumbents of the federal executive bodies, and technocrats, appointed directly by the president. Another running strategic document – the May Decrees-2012 – was formulated by the presidential administration. The strategic texts, written with the wide and diverse public involvement (the Strategy-2010 and the Strategy-2020), remain without a formal approval. By content, strategic texts are guided by presidential messages, which are formulated by technocrats of the presidential administration. Following the theory that while making political decisions actors are driven by their desire to conserve their control over resources and maximize their rents [Bueno de Mesquita] (De Mesquita and Smith 2009), Russian strategic management is studied in terms of imitative political institution. The observation that national strategies of long-term development did not connect with financing from the public budget gives an additional argument to this claim, questioning the capacity of strategic management in Russia to be an instrument of development.

## Conclusion and Policy Implications

Institutional description of Russian strategic management reveals three features. The strategic texts have weak policy enforcement; the texts do not oblige officials to shape policies in accordance with the strategic texts. Then, technocrats and incumbents of executive powers define the content of strategic documents, while other public stakeholders do not have an institutionalized access to this process. Monitoring of strategy implementation is also exclusive for the wide public. Finally, long-lasting goals and the content of strategic documents are defined by formal presidential decisions: annual presidential messages. Orientation of long-lasting strategic management on the annual presidential messages contradicts the notion of "strategic" in the managerial approach. Long-lasting focus stays under a risk to be revised by powerful actors of strategic management for their momentary political benefits and interests.

This institutional design was changing along the time, but principal features remained similar. Strategic management in Russia was under-institutionalized in the early 2000s and gradually concentrated political power over the strategic goal setting under the president's control, despite an implied interest of various social stakeholders in long-lasting agenda setting. The strategic management was formed within the vertical of power, with a comprehensive dependence from the president. The administrative system of Russia might have some persistence to strategic management, because of a long experience as a planned centralized economy as a successor of the Soviet Union. However, the political role of this procedure in the contemporary political regime in Russia remains under discussion.

Numerous organizational issues are more to solve. Managers of the process face challenge to design the procedures, provide methodological instructions to public servants, and legally guarantee its implication. Additional problems arise with necessity to synchronize all activities in timing and cycle length and provide interconnection of the documents, indicators, legal basis, inheritance, and succession. The further milestones are scheduled for 2018 and 2019. Strategic documents should be brought in accordance with the current legal framework, and the new strategy of Russia till 2035 is expected to arrive.

## References

De Mesquita BB, Smith A (2009) Political survival and endogenous institutional change. Comp Polit Stud 42(2):167–197

Klimenko A, Korolev V, Dvinskikh D, Slastikhina I (2015) On the harmonization documents of the state strategic planning. Working paper WP8/2015/01, National Research University Higher School of Economics. Higher School of Economics Publ. House, Moscow, 48 p (In Russian)

Klimenko A, Korolev V, Dvinskikh D, Rychkova N, Slastikhina I (2016) Strategic planning in Russian Federation: the state of methodological support. Analytical report (the results of monitoring of implementation of the Federal law №-172 "On the state strategic planning in Russian Federation" dated June 28, 2014). Working paper WP8/2016/02, National Research University Higher School of Economics. Higher School of Economics Publ. House, Moscow 60 p (In Russian)

Shubenkova A (2014) State strategies in public administration in Russia: an institutional analysis. PhD thesis, National Research University Higher school of Economics (In Russian)

# Strategic Retirement of Teachers in Sub-Saharan Africa

Elisha Obella[1], J. C. Munene Kigozi[2], Joseph Mpeera Ntayi[3] and James Kagaari[4]
[1]Makerere University, Kampala, Uganda
[2]Faculty of Graduate Studies & Research, Makerere University Business School, Kampala, Uganda
[3]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda
[4]Kyambogo University, Kampala, Uganda

## Synonyms

Adjustment; Happy aging; Pension; Retirement plan

## Definitions

**Adaptation** signifies a change which requires effort, resources, and knowledge about what to do when you retire or stop working in a school and begin working in the informal setting.

**Benefit plans** are a type of retirement arrangements in which employers promise to provide its employees with a retirement benefit based on a formula that takes into account the employee's age at the time of retirement, years of service, and final average earnings.

**Retirement** is defined as a complete and definite withdrawal from the labor market by older workers at a defined age.

## Background to the Study

Exit from formal employment is problematic yet employees are paying little attention to it in regard to their lives after formal employment. This has raised concern among individuals, organizations, and policy makers on how best to retire. Retirement is part of a life cycle and has been part of industrial society for more than a century. It is a real and inevitable stage in work life though it has been avoided and neglected thus affecting employees thereafter. Changes in life expectancy, changing attitudes towards age old and tenure in the labor market are worth taking note of from the argument of strategic retirement. A number of employees in the labor market does not have a clear understanding of their role in achieving successful retirement yet in spite of its importance to them including both schools (as employers) and teachers (as employees). Teachers are aware of these challenges related to their aging though they pay less attention to action plans towards living well after formal employment (Armstrong-Stassen 2008).

People are living longer than ever before and the number of older employees in the workplace is growing. It is projected that between 2005 and 2050, the share of the population aged 60 which is the average age of retirement and above is projected to increase in nearly every country in the world. The life expectancy for people aged 65 has increased by about a third in Europe since 1970 and is still on the rise (Will et al. 2010). As people tend to live longer, this necessitates preparing for successful retirement yet approximately a third of retirees find a number of challenges during life after formal employment. These challenges range from lack of housing facilities, paying bills relating to rent to medication and food for selves, family, and other dependents. The entire change in lifestyle from formal employment to life without paid work is not easy. This transitional process presents with mixed feelings of people looking forward to another stage in life and having some anxiety about the new life. It particularly disturbs the aging with socio economic challenges of modern times as retirees struggle to leave happily especially with the absence regular income.

Retirement is not an abrupt transition from a working to a nonworking life. People tend to continue participating in the labor market in some form or another after retirement. At the same time, however, there are signs that people embark on retirement long before they reach retirement age. This means that the day they retire constitutes the end of a gradual process of a mental withdraw from the active labor force engagement that began many years earlier. In this respect, a number of teachers fail to plan for this day in successful retirement in Uganda. As individuals age, exit from formal work becomes inevitable because they cease to be productive. They thus stop getting monthly earnings (salaries and allowances) that in most cases come with fringe benefits such as rewards. The savings in the long run get depleted rendering their survival hard. Their respect, self-worthy, praises from supervisors and colleagues, influence, and social networks diminish rendering survival in the informal sector hard. With limited resources, settling in the community and adjusting to the new unsalaried routine becomes challenging.

## Retirement of Teachers in Uganda

Uganda's education system is structured in a hierarchical order of 7-4-2-3 and comprises of pre-primary school education of 7 years; secondary education covering 4 years of ordinary level secondary, and 2 years of advanced level secondary; teacher education and business, technical and vocational education and training of 2–3 years; and tertiary education including university education for 3–5 years (Lugya 2017). The 2016 Ugandan Annual School Census places the total number of teachers in both government-aided and private primary schools at 202,617 and those in secondary schools are 58,100, bringing the total number of teachers in the country to 260,717. Uganda has failed the hard-working teachers who give all their service of teaching as some of them retire to nothing, simply because government and the ministry of public service has

messed up their pension. The Public Service pension scheme is the main retirement benefit scheme in Uganda that was set up to benefit employees in public service inclusive of public teachers who upon retirement are supposed to receive gratuity and life pension. It is not always rosy as cases of delayed pension or no pension, embezzlement of pension funds has become a common song, rendering many old retirees desperate and vulnerable to the unforgiving economic turmoil. Currently, the Ministry of Public Service has an outstanding pension and gratuity liability of Ugx 199 Bn. The rate at which gratuity and pension arrears continue to accumulate uncontrollably will soon be unsustainable. Relatedly, the National Social Security Fund (NSSF) covers all employers who have 5 or more employees between 16 and 55 years of age, with the exception of employees under the Government Pensions scheme. The NSSF Act requires a registered employer is required to pay contributions to the Fund for his/her employees every month during which he/she pays salaries. This includes teachers in private secondary schools who contribute to NSSF, though NSSF is equally poorly managed. Much as a number of retired teachers in private schools have benefited from NSSF, the Uganda National Teachers Union expressed concern over nonpayment of around 800 secondary school teachers' benefits and gratuity in 2018 without official explanation in different districts and municipalities.

## Theoretical Perspectives

The lessons derived from the action of retirement of Ugandan teachers from schools in the context of public administration calls for theoretical review. According to Reay and Whetten (2011), a good theory is one that explains practice or behaviors. There are a number of theories that could explain the action of transition of teachers from schools into retirement; Continuity theory, Development theory, Work Adjustment theory, and Role theory. A multi theoretical approach is adopted to explain strategic retirement in Uganda due to the inherent limitations in each theory.

The continuity theory (Atchley 1989) states that older adults will usually maintain earlier activities, behaviors, personalities, and relationships as they did in their earlier years of life so as to maintain their psychological well-being. According to the continuity theory of aging, individuals do not really change as they age, but become more of what they have always been. This theory holds that in making adaptive choices, middle-aged and older adults attempt to preserve and maintain existing internal and external structures; and they prefer to accomplish this objective by using strategies tied to their past experiences of themselves and their social world. The strength of this theory is that there is a continuity pattern of the activities currently performed by retired teachers which are closely related to their earlier tasks and duties they executed while in schools. These include counseling, chairing different community task forces, guiding the locals on different investment opportunities, and heading religious committees. This theory emphasizes maintaining similar pattern of activities to copy well with life in retirement which is not the case with some teachers who go into different livelihood like money lending and even end up succeeding. This theory has a weakness of failing to consider that retired people receive substantial reductions in resources during retirement. Again, this theory does not consider the multi-dimensional life of older people which include race, culture, multiple roles, and life events. The theory has a weakness of not explaining how teachers are prepared to leave schools and take on new sets of tasks and duties outside teaching institutions. In major life transitions of retirement, it is not necessarily continuity of specific activities that is important but rather that individuals achieve continuity in preferred levels of voluntary engagement in socially and cognitively meaningful activities that they regard as important of which the theory is silent about. The gaps in continuity theory are partially addressed by the theory of the Development theory.

The Development theory (Erikson 1968) is a comprehensive psychoanalytic theory that identifies a series of eight stages in which a healthy developing individual should pass through from

infancy to late adulthood. All stages are present at birth but only begin to unfold according to both a natural scheme and one's ecological and cultural upbringing. In each stage, the person confronts and hopefully masters new challenges. Each stage builds upon the successful completion of earlier stages. The challenges of the stages not successfully completed may be expected to reappear as problems in the future. However, masterly of a stage is not required to advance to the next stage. The outcome of one stage is not permanent and can be modified by later experiences. Erikson's stage theory characterizes an individual advancing through the eight life stages as a function of negotiating his or her biological forces and sociocultural forces. Each stage is characterized by a psychosocial crisis of these two conflicting forces. If an individual does indeed successfully reconcile these forces (favoring the first mentioned attribute in the crisis), he or she emerges from the stage with the corresponding virtue. Related to teachers, they are continuously trained and developed which lead them into their career growth. However, this theory is silent on the identity of a person after retirement. The Work Adjustment Theory comes in to address this weakness.

The Theory of Work Adjustment describes the relationship of the individual to his or her work environment (Rene 1964). The work environment requires that certain tasks be performed and the individual brings skills to perform the tasks. In exchange, the individual requires compensation for work performance and certain preferred conditions, such as a safe and comfortable place to work. The environment and the individual must continue to meet each other's requirements for the interaction to be maintained. The theory is applicable to people experiencing adjustments in their careers as is the case of teachers who struggle to adjust to the new life of unemployment. The theory does not explain the focus on the fit between the person and his or her new local environment without regular salaries/resources.

During career transitions particularly exiting from work, individuals deal with disruptions that involve loss of resources such as skills, relationships, and identity. They are tempted to minimize these losses through the use of different strategies. Role theory (Ashforth 2001) provides an explanatory framework of retirement intentions based on past work experiences. Role theory focuses on the role identity during the role transition process. Role identity is presented as a set of goals, values, beliefs, norms, interaction styles, and time horizons. Thus, identification is encouraged when the role occupant defines him or herself entirely or partially in terms of the perceived role identity. As passing from work to retirement can be viewed as a role transition, workers who identify themselves with their professional roles tend to take later retirements. This greatly affects teachers as they exit from schools into local communities. Therefore, if work role identity is central to an individual's identity, this person should be inclined to pursue a professional activity once retired from his or her career job, preferably in the dominant focus of identification. Otherwise, the transition should be oriented toward the extraprofessional roles that are valued at the time of retirement (i.e., associative activities or volunteering).

## Conclusion

This entry concludes that people who are happy; prepare, plan, set aside resources and facilities to assist them in transition to retirement life. It shows that enjoyable work and setting goals enhances strategic retirement of teachers into local communities. As teachers find their routine work interesting, they are remunerated and earn which income is used for investment in different ventures that they depend on after formal employment. The researchers also highlight the importance of educating children and close dependents who later on tend to assist retired teachers. For example, by the time the individual is retiring from teaching; those they spent on by schooling them are beginning to work thus taking care of the retirees who worked harder in educating them.

This study identifies that setting goals promotes successful retirement. Setting goals incorporates economic, social, environmental, and cultural features that enable individuals to live a meaningful and satisfactory life after formal

school employment lives. The individual avoids stress as he or she transits into the local community with home people. All in all, if a teacher planned and constructed his house and has resources to keep him or her moving; the local community will with easy be supportive in his or her adjusting in the new society thus leading to strategic retirement.

Conclusively, this entry demonstrates the relevancy of individuals striving to skilling themselves in possessing different attributes that are needed in life after exiting from university work. This entry demonstrates the need to have informal abilities other than technical and professional competencies so as to adjust in the local community. When people possess skills to survive in the local community, they will easily succeed in life during retirement because they can easily cope with the new life without formal employment. It can therefore be concluded that retirees find life interesting when they have required talents to survive on during retirement. However, scholars note that it is challenging for a number of older employees to have the talents to assist them in their new life as they begin living in a new society from schools.

The research observes that adaptation significantly improves successful retirement. While the study notes negative effects of leaving formal employment especially the monthly salaries and allowances, adaptation is still vital for successful teacher retirement. This entry concludes that coping with the changing world, like accepting to forfeit some privileges like free meals, medical facilities, transport, and other social amenities that are associated with teaching leads to successful retirement.

## Cross-References

► Public Service and Service Delivery

## References

Armstrong-Stassen M (2008) Organizational practices and the post-retirement employment experience of older workers. Human Resour Manag J 18:36–53

Ashforth BE (2001) Role transition in organizational life: an identity-based perspective. Lawrence Erlbaum Associates, Mahway

Atchley RC (1989) A continuity theory of normal aging. Gerontol Soc Am 29(2):183–190

Erikson E (1968) Identity, youth and crisis. W.W Norton, New York

Lugya FK (2017) User-friendly libraries for active teaching and learning. A case of business, technical and vocational education and training colleges in Uganda. Inform Learn Sci J 119(5/6, 2018):275–294. Emerald Publishing Limited 2398-5348. https://doi.org/10.1108/ILS-07-2017-0073

Rene DV (1964) A psychological theory of work adjustment. University of Minnesota Press, Minneapolis

Reay T, Whetten DA (2011) What constitutes a theoretical contribution in family business? Fam Bus Rev 24(2):105–110. The Author(s) 2011 Reprints and permission. http://www.sagepub.com/journalsPermissions.nav. https://doi.org/10.1177/0894486511406427. http://fbr.sagepub.com.SAGE

Will M, Helen H, Karen H (2010) The impact of working beyond traditional retirement ages on mental health: implications for public health and welfare policy

# Strategic Trade Policymaking

Suwastika Naidu
School of Management and Public Administration, Faculty of Business and Economics, The University of the South Pacific, Suva, Fiji

## Synonyms

International trade; National Export Strategy; Trade theories

## Brief Definition

National Export Strategy outlines the actions undertaken by the national government to achieve sustainable growth by enhancing the competitiveness of the trade sector.

National trade policy refers to policies governing the buying and selling of goods, mainly from the international markets.

## Introduction

Most people would agree that international trade is beneficial to the world economy. There are groups of individuals who argue that international trade has adverse implications on the world economy. Over the last century, numerous theories have been developed to examine why countries engage in international trade and the implications of international trade on the world economy (Krugman et al. 2020). The traditional trade theories assume that markets are perfectly competitive, with constant returns to scale and homogenous goods. The new international trade theory has challenged these assumptions (Krugman et al. 2020). This essay aims to discuss the new theory of international trade and its implications for designing and implementing trade policy in Fiji and Samoa.

## New Theory of International Trade

To begin with, the new theory of international trade assumes that markets are characterized by imperfect competition, increasing returns to scale, and product differentiation (Gounder 2020). The theory of imperfect competition acts as the primary basis for explaining the dynamics of the market structures moderating the exchange of goods and services in the modern economy (Krugman et al. 2020). In contrast to the arguments of the traditional trade theories, the new theory of international trade emphasizes that perfect competition is not likely to exist in the modern markets as aggressive competition would drive down prices of goods to marginal cost.

Unfortunately, firms that are not able to recover their losses are pushed out of the market. Eventually, this process will continue until the market reaches an imperfectly competitive equilibrium. Fiji's pharmaceutical sector is a critical case that can explain how powerful big players in the market are driving out small players to cut competition from the market. According to Kumar (2020), most of the pharmacies in Fiji are owned by two powerful businesses, and these powerful players are driving out competition from the pharmaceutical market. This new article also emphasizes that pharmacies are not adhering to the Pharmacy Profession Act. The Fiji Pharmaceutical Society President, Reenal Chand, emphasized that a non-competitive pharmaceutical market in Fiji will have adverse implications on consumer sovereignty and freedom of choice. The Pharmacy Profession Act 2011 specifies that a registered pharmacist should not own more than two separate pharmacies in Fiji to protect consumers. Individuals who do not comply with the Pharmacy Profession Act of 2011 will be convicted with a maximum penalty of $20,000 (Kumar 2020). One of the advantages of the new trade theories is that it incorporates two additional characteristics of the firms present in the real world. These assumptions are (1) product differentiation in most sectors and (2) variability in performance measures across firms. Fiji produces a range of products ranging from cosmetics, bottled water, clothing, gems, and beverages. The product differentiation level that may exist across these product ranges can be low to very high (Krugman et al. 2020).

Furthermore, the new theory of international trade offers several reasons that explain why government intervention may be beneficial for the economy. The modern world is characterized by second-grade optimum, which explains the reasons for government intervention to correct poor market results. According to Burnete (2007), free trade benefits should not be generalized as government intervention is necessary to correct the distortions that may arise from free trade.

## Strategic Trade Policy of Fiji and Samoa

Furthermore, the Ministry of Industry, Trade, and Tourism (MIIT) is primarily responsible for the formulation and implementation of Fiji's strategic trade policy. Importantly, the MIIT consults government and nongovernment agencies to formulate and implement Fiji's strategic trade policy (World Trade Organisation 2016). Holistically, there are many trade policy strategies that are simultaneously implemented to protect domestic

producers and enhance the international competitiveness of Fiji's export sector. To ensure that there is no duplication of the strategic trade policy efforts, the MIIT has to consult all the respective ministries to formulate strategic trade policies that create value for all sectors. Currently, two main strategic trade policy documents act as the guideline for the implementation of the trade policy instruments. These are the Fijian Trade Policy Framework (FTPF) and National Export Strategy (NES) (World Trade Organisation 2016).

Similarly, the Ministry of Foreign Affairs and Trade (MFAT) of Samoa is responsible for developing strategic trade policies. Currently, the responsibility for trade negotiations has been delegated to the Ministry of Commerce, Industry, and Labour (MCIL), with the National Working Committee (NWC) of Samoa meeting four times per year to discuss the trade arrangements. Two main policy documents guide the strategic trade policies of Samoa, and these are the Strategy for the Development of Samoa (SDS) and Trade, Commerce and Manufacturing Sector Plan (TCMSP) (World Trade Organisation 2019).

### National Export Strategy (NES) of Fiji and Strategy for the Development of Samoa (SDS)

Moreover, the NES of Fiji focuses on the diversification of Fiji's export sector in six priority areas, namely, (1) mineral water, (2) agro-business, (3) forestry, (4) audiovisual, (5) information computer technology, and (6) fisheries. It provides financial support to the exporters to procure value-adding machinery and equipment. The MIIT has clearly outlined that proposals from the exporters wishing to diversify their business in the six priority areas will be evaluated and accepted for funding (Ministry of Industry and Trade 2014). Table 1 shows that the total value of projects approved under the NES was FJ$2.2 million in 2015, FJ$1.075 million in 2016, and FJ$1.6 million in 2017.

**Strategic Trade Policymaking, Table 1** Value of projects approved under NES

| Year | Value ($) |
|---|---|
| 2017 | 1,600,000 |
| 2016 | 1,075,118 |
| 2015 | 2,200,000 |

Source: Ministry of Industry, Trade, and Tourism (2015a, b, c, 2016, 2017)

Similarly, the SDS for Samoa covers several priority areas, and increasing Samoan exports is one of the key outcomes of priority areas on economic development. The Samoa government recognizes that foreign trade provides income-generating opportunities for the locals. It is a way of providing long-term sustainability to local livelihoods. There are many schemes and programs developed by the Samoan government to support the local businesses. These are the Samoan Agriculture Competitive Enhancement Program and Samoan Agribusiness Programs (Government of Samoa 2016).

### Fijian Trade Policy Framework (FTPF) and Samoan Trade, Commerce, and Manufacturing Sector Plan (STCMSP)

Furthermore, the FTPF was launched in July 2015 to enhance Fiji's trade performance by aligning the trade policy to ten guiding principles. These guiding principles are (1) generation of employment opportunities, (2) adherence to national policies, (3) a proactive approach to economic development, (4) enhancing the standard of living for Fijians, (5) creating a conducive environment for private sector performance, (6) export diversification, (7) achieving a sound balance of payment position, (8) promoting international competitiveness of the export sector, (9) strengthening human capital and technical skills, and (10) environmental protection. Precisely, the trade policy instruments form an integral part of FTPF, and these instruments are antidumping, safeguards, countervailing measures, tariffs, export taxes, import permits, and duty suspension scheme (Ministry of Industry, Trade, and Tourism 2015a, b, c).

Similarly, the Samoan Trade, Commerce, and Manufacturing Sector Plan (STCMSP) plays a critical role in driving Samoa's trade reforms. Initially, the STCMSP 2012–2016 provided various strategies undertaken by the Samoan government to diversify the production base. The contemporary STCMSP 2017–2021 provides strategies for improving Samoa's export performance by facilitating private and public

partnerships. It specifically emphasizes reducing tariffs and the implementation of special economic zones (SEZs) to increase labor productivity and strengthen Samoa's export sector.

## Opportunities of the New Theory of International Trade on Strategic Trade Policy

Undoubtedly, the Pacific Island countries are members of the small, vulnerable economies (SVE) groups, whereby trade remains an important component of achieving sustainable economic growth. Fiji and Samoa's strategic trade policy documents have emphasized the numerous opportunities that trade offers to domestic firms.

First, the strategic trade policy aims at supporting the most efficient branches of the economy. The new theory of international trade postulates that the benefits from free trade should not be generalized as there can be possibilities of distortions resulting from free trade (Krugman 1987; Maha et al. 2012). The government can quickly intervene by using strategic trade policy instruments and policies to address these distortions. Undoubtedly, this provides numerous opportunities for trade policy formulation and implementation (Krugman 1987; Maha et al. 2012). The NES and SDS of Fiji and Samoa focus on key priority areas that act as the backbone of Fiji's and Samoa's economy. As Fiji and Samoa's firms engage in international trade, their interaction with customers and suppliers from the international markets helps them learn and enhance their key capabilities and competencies in production. The governments of these countries can intervene with trade policy instruments to protect local companies and promote trade (Krugman 1987). Consequently, this increases the total factor productivity needed to help Fiji and Samoa realize their growth aspirations. Table 2 shows that the number of project proposals approved decreased from 19 in 2015 to 11 in 2011. Government assistance under the NES is provided only for mineral water, fisheries products, agro-business, and forestry.

**Strategic Trade Policymaking, Table 2** National export strategy grant requests and project approvals

| Year | Number of companies requested grants | Number of proposals approved |
|---|---|---|
| 2017 | 26 | 11 |
| 2016 | N/A | 11 |
| 2015 | 53 | 19 |

Source: Ministry of Industry, Trade, and Tourism (2015a, b, c, 2016, 2017)

Second, the new international trade theory is based on the assumption of product differentiation, which explains how firms gain competitive advantage by changing the product's tangible and intangible attributes to make the products look superior compared to the competing products (Krugman 1987; Maha et al. 2012). This assumption of the new theory of international trade helps the policymakers identify the specific priority areas that Fiji and Samoa should focus on to help domestic firms differentiate their products and improve efficiency and competitiveness in the international markets. The NES of Fiji focused on sustainable development of Fiji's export sector by encouraging value addition and diversification in six product sectors (garments, mineral water, agro-business, forestry, marine products, and sugar) and seven service sectors (education and training, labor mobility, tourism, information computer technology, health services, financial services, and audiovisual). These are the sectors with a high potential for value-adding and improving the product and service quality via differentiation. Figure 1 shows Fiji's government grants to the National Export Strategy over the last 5 years maximized for the budget period 2018–2019 but significantly decreased for the budget period 2019–2020.

Similarly, the government of Samoa has implemented the Samoan Agriculture Competitiveness Enhancement Project to support 18,000 rural households by increasing the production of agricultural products to diversify the export base of Samoa (The World Bank 2012). This project is part of SDS to reduce Samoa's vulnerability to the oil price and global food shocks. This project's three essential components are livestock production and

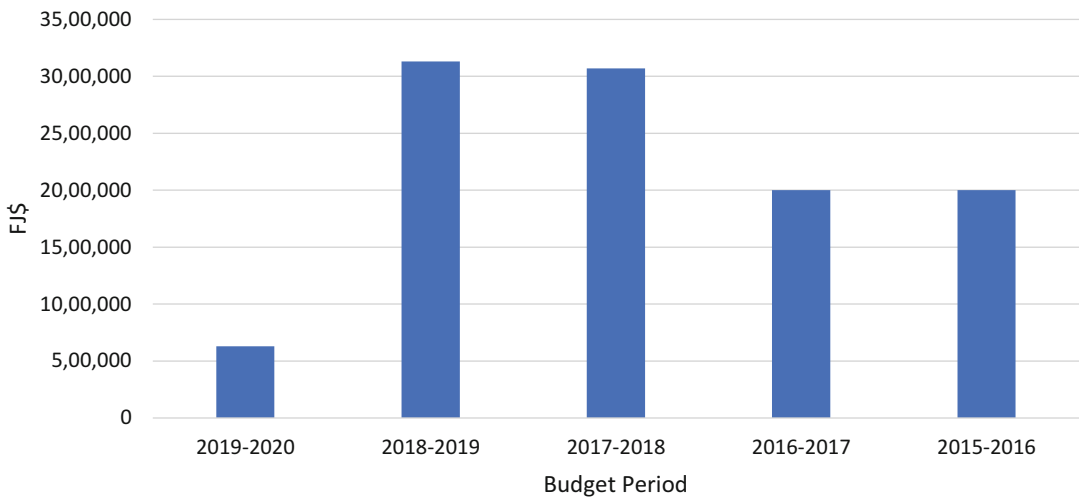


**Strategic Trade Policymaking, Fig. 1** Grants by the government of Fiji to the National Export Strategy. Source: Government of Fiji (2015, 2016a, b, 2019)

marketing, fruit and vegetable production, marketing, and institutional strengthening. This project is financed by an IDA Specific Investment Credit of US$8million and an additional US$5million by the World Bank (The World Bank 2012). The project's main focus under the SDS is to differentiate Samoan-grown agriculture products via high-quality value-adding.

Third, the new theory of international trade assumes that markets are imperfectly competitive, and firms' pricing policies are interdependent, whereby firms consider the responses from consumers and competitors before designing competitive strategies (Krugman 1987; Maha et al. 2012). This assumption of the new theory of international trade facilitates the design and implementation of strategic trade policy. It helps the policymakers use trade policy instruments to make the domestic exports more competitive in the international markets. The governments of Fiji have been supporting agriculture exports by providing subsidies for the production of agriculture commodities. Specifically, Fiji's government has been providing subsidies to the sugarcane farmers for fertilizers and weedicides. Figure 2 shows that Fiji's government has been consistently providing fertilizer subsidies to the sugarcane farmers, but weedicide subsidies have significantly declined from the year 2018 to 2020.

In comparison with Fiji, Samoa is far behind in providing export support and promotion activities to boost the trade sector's competitiveness. At the moment, Samoa is preparing the Export Development Scheme, which aims to develop high-quality value-added products for exports. This scheme also intends to offer credit guarantees to local exporters. Samoa's agriculture exports are substantially liberalized with no export subsidy support to the domestic farmers.

In addition, Fiji provides several export assistance and promotion schemes to boost the competitiveness of the export sector. The Short-Term Export Profit Deduction Scheme exempts income tax from the exported goods and services' net share. Exporters from Fiji have benefitted extensively from Export Finance Facility (EFF), Import Substitution Facility (ESF), Duty Suspension Scheme (DSS), and Tax-Free Region Incentives (World Trade Organization 2016).

## Challenges of the New Theory of International Trade on Strategic Trade Policy

The PICs are small island economies that are constrained by its population, landmass, availability of natural resources, and international trade

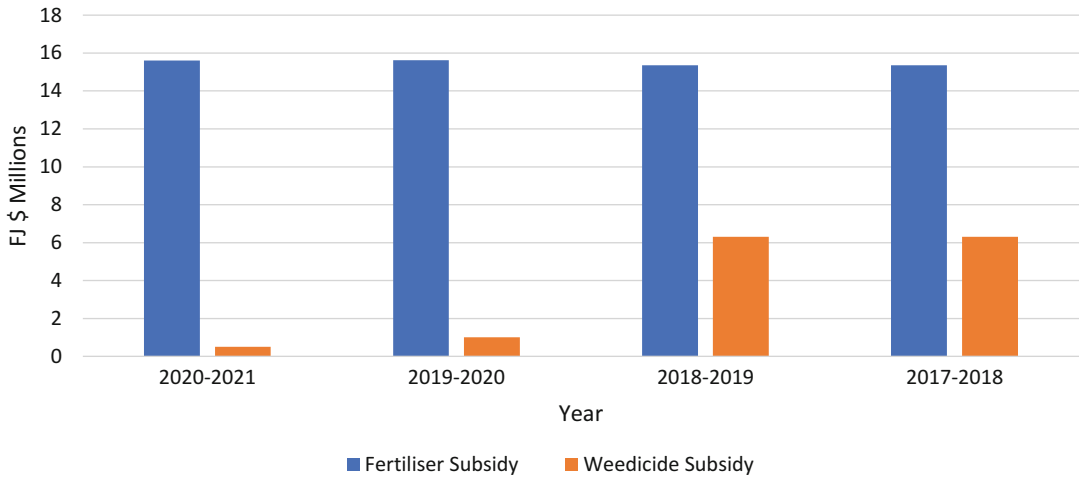


**Strategic Trade Policymaking, Fig. 2** Fertilizer and weedicide subsidies provided to sugarcane farmers. Source: Government of Fiji (2018, 2019, 2020)

share. These countries face unique socioeconomic and environmental vulnerabilities that are not faced by large developed and developing countries. Fiji and Samoa are not an exception to this (World Customs Organization 2020). Specifically, some of the constraints that inhibit Fiji's and Samoa's export capabilities are high communication costs, poor institutional environment, vulnerability to natural disasters, remoteness, and lack of connectedness to the global supply chains (Gounder and Prasad 2011). As a result of this, Fiji and Samoa are heavily reliant on imports, and their domestic markets are too small to provide significant economies of scale (World Customs Organization 2020).

Furthermore, there are numerous challenges that the new theory of international trade imposes on strategic trade policy formulation and implementation of Fiji and Samoa. First, increasing returns to scale cannot be achieved by exports from Fiji and Samoa as it is difficult for domestic exports to compete with high-quality exports from influential players in the global market. This imposes a major challenge for the trade policy formulation and implementation as export support schemes and programs may not boost the local exports' quality to a level that may enable local products to achieve economies of scale (Bureau of Statistics 2020). Figure 3 shows that Fiji's major exports are mineral water, gold, garments, and sugar. The exports of mineral water have been consistently increasing from the year 2015 to 2019, but the exports of gold, sugar, and garments are declining (Bureau of Statistics 2020). Fiji Water is the world's premium water. Fiji Water Bottling company can easily maximize its share of the international market. However, poor infrastructure quality and technical expertise inhibit Fiji Water from economies of scale.

Similarly, the major export items of Samoa are cocoa, kava, copra, beef, timber, copra, and coconut oil. However, it would be difficult for Samoa to achieve economies of scale in these product categories as it cannot compete with Indonesia, India, China, Australia, New Zealand, Brazil, and the United States in the export market of these commodities (Common Wealth Network 2020).

Second, the presence of imperfect competition imposes data challenges and empirical difficulties to formulate and implement strategic trade policies. Trade policymakers and economists do not have trustful models, and these models are subject to criticisms (Krugman 1987; Maha et al. 2012). In reality, firms in the imperfect competitive markets make decisions whereby their goals and objectives may be hidden from the policymakers. This lack of information on firms' behavior imposes major challenges on the design and

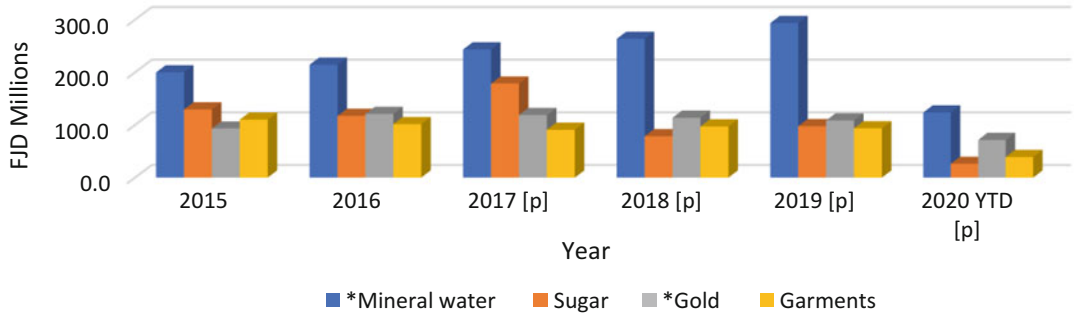


**Strategic Trade Policymaking, Fig. 3** Major exports of Fiji. Source: Bureau of Statistics (2020)

implementation of sustainable trade policies. For example, Fiji's government is prioritizing the export growth of specific sectors by financing tangible and intangible assets that are used directly for export purposes. The Export Credit Facility is only provided to businesses in key priority areas, such as mineral water, marine, forestry, agribusiness, audiovisual, and information computer technology (FDB 2020). These projects are approved based on a criterion that excludes the financing of traditional exports of molasses, green logs, sawn timber, and sugar. The assessment committee approves funding based on the information provided by businesses on their company. These companies may have ancillary goals that do not fit the criteria of the Export Credit Facility financing. However, their projects may be approved as these ancillary goals are not to be disclosed to the assessment committee members (Krugman 1987; Maha et al. 2012). Winners are producers in the key priority areas, and losers are producers outside the key priority areas.

Third, trade policymaking and implementation can lead to retaliation risk and commercial wars, and government intervention can be hijacked by certain interests. For instance, the imposition of tariffs, import permits, antidumping measures, and safeguard measures by the Fiji government can lead to retaliation from countries affected by this trade policy (Ministry of Industry, Trade, and Tourism 2015a, b, c).

Fourth, the government budget for the small island economies is limited and is subject to significant constraints that inhibit their ability to support all the sectors in the economy (Krugman 1987; Maha et al. 2012). It is difficult for small island economies to protect all its sectors by using interventionist policies. Any government intervention will lead to misallocation of resources, and these interventions are usually harmful. Limited financial budget imposes major challenges in designing and implementing trade policies. For example, the Samoan Agriculture Competitiveness Enhancement Project has limited funding to support only 18,000 households. The marine and fisheries products have greater export potential, but a high level of disparity is noticed in the Samoan government's funding for the fisheries and agriculture sector. The winners are households supported by the Samoan Agriculture Competitiveness Enhancement Project, and losers are the households who did not get an opportunity to be part of this project. This shows the existence of welfare disparities within and across different industries within the same economy (Krugman 1987; Maha et al. 2012).

## Conclusion

To conclude, the new theory of international trade has challenged the traditional role of the government. Most adherents of the new theory of international trade consider that the government should support those industries that have positive externalities and change the profits between national and foreign companies (Krugman 1987; Krugman et al. 2020). Undeniably, the

government's role is significant in boosting the competitiveness of the small island economies as these economies face numerous resource challenges that are not faced by large developed and developing countries. Therefore, the government's role in the small island economies is to intervene by using the strategic trade policies to transform Fiji and Samoa into an internationally competitive export-led growth-oriented economy. Fiji government is using antidumping measures, safeguards, countervailing measures, tariffs, export taxes, import permits, and duty suspension scheme as trade policy instruments, while Samoa is focusing on reducing trade barriers and liberalizing trade. Using the strategic trade policy tools to provide a competitive advantage to the domestic companies is a challenging task as empirical difficulties and lack of data availability imply that the use of the strategic trade policy tools will not achieve the desired results.

## Cross-References

► Globalization and Global Trade

## References

Bureau of Statistics (2020) Trade statistics: merchandise trade statistics. Available from: https://www.statsfiji.gov.fj/index.php/statistics/economic-statistics/merchandise-trade-statistics. Accessed 18 Oct 2020

Burnete S (2007) Elemente de economia şi politica comerţului internaţional. Editura ASE Bucureşti, Bucureşti

Common Wealth Network (2020) Find import and export expertise in Samoa. Available from: http://www.commonwealthofnations.org/sectors-samoa/business/import_and_export. Accessed 18 Oct 2020

Fiji Development Bank (2020) Export credit facility. Available from: https://www.fdb.com.fj/export-credit-facility/. Accessed 18 Oct 2020

Gounder N (2020) Imperfect competition and international trade. Available from: https://elearn.usp.ac.fj/course/view.php?id=5893. Accessed 18 Oct 2020

Gounder N, Prasad BC (2011) Regional trade agreements and the new theory of trade. J Int Trade Law Policy 10(1):49–63

Government of Fiji (2015) Budget estimates 2015–2016. Available from: http://www.economy.gov.fj/images/Budget/budgetdocuments/estimates/2015%20budget%20estimate.pdf. Accessed 18 Oct 2020

Government of Fiji (2016a) Budget estimates 2016–2017. Available from: https://www.fiji.gov.fj/getattachment/944500a8-490a-41b3-802c-372783f0fdc1/2016-NATIONAL-BUDGET%2D%2D-ESTIMATES.aspx. Accessed 18 Oct 2020

Government of Fiji (2016b) Budget estimates 2017–2018. Available from: http://www.parliament.gov.fj/wp-content/uploads/2017/03/Budget-Estimate-2017_2018.pdf. Accessed 18 Oct 2020

Government of Fiji (2019) Budget estimates 2019–2020. Available from: http://www.parliament.gov.fj/wp-content/uploads/2019/06/2019-2020-budget-estimates.pdf. Accessed 18 Oct 2020

Government of Fiji (2020) Budget estimates 2020–2019. Available from: http://www.parliament.gov.fj/wp-content/uploads/2020/07/Budget-Estimates-2020-2021_1.pdf. Accessed 18 Oct 2020

Government of Samoa (2016) Strategy for the development of Samoa 2016/2017–2019/2020. Available from: https://www.mof.gov.ws/wp-content/uploads/2019/08/SDS-1617-1920_Eng.pdf. Accessed 18 Oct 2020

Krugman PR (1987) Is free trade passé? J Econ Perspect 1(2):131–144

Krugman P, Obstfeld M, Melitz M (2020) International economics: theory & policy, 10th edn. Pearson, USA, California

Kumar K (2020) Pharmaceutical sector is heading towards becoming a monopoly. Available from: https://www.fbcnews.com.fj/news/pharmaceutical-sector-is-heading-towards-becoming-a-monopoly/. Accessed 18 Oct 2020

Maha LG, Donici AN, Maha A (2012) Limits and difficulties in implementing the strategic trade policy. CES Work Pap 4(4):736–746

Ministry of Industry and Trade (2014) Criteria for accessing funds via the national export strategy 2014. Available from: https://www.investmentfiji.org.fj/resources/uploads/embeds/file/NES%202014%20Criteria%20for%20Funding.pdf. Accessed 18 Oct 2020

Ministry of Industry, Trade and Tourism (2015a) Annual report. Available from: https://www.mcttt.gov.fj/wp-content/uploads/2019/06/Annual-Report-2015.pdf. Accessed 18 Oct 2020

Ministry of Industry, Trade and Tourism (2015b) Fijian trade policy framework (2015–2025). Available from: http://www.mitt.gov.fj/wp-content/uploads/2018/10/Fijian-Trade-Policy-Framework-min.pdf. Accessed 18 Oct 2020

Ministry of Industry, Trade and Tourism (2015c) Fiji's trade policy framework (2015–2025). Available from: http://www.mitt.gov.fj/wp-content/uploads/2018/10/Fijian-Trade-Policy-Framework-min.pdf. Accessed 18 Oct 2020

Ministry of Industry, Trade and Tourism (2016) Annual report. Available from: https://www.mcttt.gov.fj/wp-

content/uploads/2020/06/2016-17-Annual-Report-with-PN.pdf. Accessed 18 Oct 2020
Ministry of Industry, Trade and Tourism (2017) Annual report. Available from: https://www.mcttt.gov.fj/wp-content/uploads/2020/01/Annual-Report-2017-2018.pdf. Accessed 18 Oct 2020
The World Bank (2012) Samoa agriculture competitiveness enhancement project. Available from: https://www.worldbank.org/en/results/2012/04/26/samoa-agriculture-competitiveness-enhancement-project. Accessed 18 Oct 2020
World Customs Organization (2020) Small Island economies: the WCOs renewed focus. Available from: https://mag.wcoomd.org/magazine/wco-news-89/small-island-economies-the-wcos-renewed-focus/. Accessed 18 Oct 2020
World Trade Organization (2016) Trade policy review of Fiji: report by the Secretariat. Available from: https://www.wto.org/english/tratop_e/tpr_e/s330_e.pdf. Accessed 18 Oct 2020
World Trade Organization (2019) Trade policy review of Samoa: report by the Secretariat. Available from: https://www.wto.org/english/tratop_e/tpr_e/s386_e.pdf. Accessed 18 Oct 2020

# Strategically Agile Government

Yves Doz[1], Mikko Kosonen[2] and Petri Virtanen[2]
[1]INSEAD, INSEAD Europe Office, Fontainebleau Cedex, France
[2]The Finnish Innovation Fund Sitra, Helsinki, Finland

## Synonyms

Adaptive public policy and public organizations; Strategic insight

## Definitions

Strategic agility consists of adaptive strategic sensitivity, resource fluidity, and collective leadership commitment.

## Introduction

This conceptual paper aims to set out a new framework for public sector governance and leadership in order to help decision-makers to cope with increasing complexity and volatility. The difference between linear and complex way of policy-making is profound – it relates to the nature of policy-making, context of policy-making, and initial conditions that affect the policy process. Because of the increasing complexity of our societies, a recent OECD Public Governance Committee Report (OECD 2017) advocated the view that governments should find new systemic solutions to complex – or wicked – societal challenges to build more resilient and adaptive government and public administration structures that incorporate, rather than filter out, complexity. This paper aspires to provide a framework and some practical insights on how this could be done.

As for the background, it has been over quarter of the century since the publication of Hood's (1991) seminal work on the concept of New Public Management (later on referred as NPM). Pollitt (2007) sums up the development of New Public Management by arguing that the landscape of public sector organizations and organizational processes remained differentiated after the deployment of this doctrine: there was no substantive convergence among those national governments that advocated the doctrine simply because they, and the management systems they used, remained so different. This is due to the fact that public administrations vary a lot in terms of their political, economic, and organizational cultures. As a consequence, it was not very surprising that the NPM doctrine in fact encompassed a relatively brief and transitory phase before the emergence of the embryonic plural and pluralist tradition of the New Public Governance (later on referred as NPG) doctrine (Osborne 2006). NPG brought into the "management picture" the role of policy networks and decision-making based on organizational networks.

There are certain "hardy perennials" of contemporary public policy and public management literature. These "hardy perennials" include conceptual entities such as bureaucracy, network, decentralization, power, governance, and, we would like to add, strategy. Somewhat surprisingly, the last one of these, strategy has been an

unassailable concept in the management and public policy sciences for decades. This paper intends to fill this gap, and it builds upon the concept of public sector strategy and strategic agility in particular.

Over the last few years, strategic agility has gained popularity in management sciences and in academic public policy discourse because of its ability to link up with other theoretical concepts (e.g., Rosenberg Hansen and Botcher Jacobsen 2016). Moreover, it is somewhat surprising that the role of strategy and strategic insight has remained a rather unexamined research aspect within the plethora of recent public sector reform literature. Public sector reforms are typically hybrid, complex, and inconsistent, and they address usually permanent tensions between certain key elements in public policy – that of juxtaposition between centralization and decentralization, between coordination and specialization, between integration and fragmentation, and among efficiency, fairness, and resilience goals – but neglect the role of strategy aspects.

This paper proposes a new governance framework (and New Public Management doctrine) for public policy and public administration, based on the concept of strategic agility. Strategic agility refers to the ability to exploit or create to one's advantage changing patterns of resource deployment in a thoughtful and purposeful but also fast and nimble way rather than remain hostage to stable preset plans and existing action models (e.g., Doz and Kosonen 2014). The concept of strategic agility stems from research concerning the experience of large mature business corporations that have navigated major disruptions and systemic transformations (Doz and Kosonen 2008; Doz and Wilson 2018). Although relatively new, the strategic agility framework has been adopted and used successfully by the OECD in its country governance assessment work (OECD 2011) and further applied in empirical academic research on governments (e.g., Doz and De Clara 2013) and public policy (Virtanen and Stenvall 2018).

Over the years, there has been discussion going on about the specificity of public sector leadership vis-á-vis leadership in private sector. This paper builds upon the idea that the differences between private and public organizations are relative instead of absolute. This view holds that the specifics of a public organizations exist – e.g., the role of multiple organizational objectives as well as the fragmented focus with regard to accountability (e.g., Van Wart 2013) – but there are no absolute limitations or barriers for leadership competence transfer from private sector to public administration and vice versa.

This paper approaches strategic agility of an organization (public or private) from the interplay of three capabilities: strategic sensitivity (i.e., the capability for superior foresight and insight and for real-time strategic sensemaking), resource fluidity (i.e., the capability to reallocate resources to new opportunities and emerging challenges in a timely fashion), and collective commitment (i.e., the capability to make and implement decisions that mobilize multiple subunits toward sustained integrated action). The aim of the paper is to explore how the concept of strategic agility fits in within the domain of government, public policies, and administration. The paper builds upon the belief that there is a need for such a more holistic framework to help governments and public sector organizations to cope with increasing complexity and volatility in an integrated way. Strategic agility constitutes an important theoretical trajectory in the emerging public sector management ideology (e.g., Virtanen and Stenvall 2018).

This paper is organized as follows: firstly, it focuses on at the evolution of public sector management doctrines. Secondly, various types of rigidities that prevent proactive systemic and organizational changes in public policies and organizations are analyzed. Thirdly, the paper describes how strategic sensitivity, resource fluidity, and collective commitment function in the domain of public governance. Finally, the paper sets out the future research agenda with regard to strategic agility in government and public administration.

## The Complex World of Public Policies

The strategic as well as operational reality of the public sector has changed radically. Governments

and their public administrations face globally fundamental and pervasive transformation challenges to their policy-making and policy delivery. Public organizations will also be profoundly affected by this transformation. In this section we ask, what causes this transformation?

First, the world itself has changed. Demographics, technological revolutions, and geographic shifts make existing public policies unsustainable and call for more effective approaches. Nation states, their governments, and public policy delivery mechanisms need to respond to these challenges. Second, the vulnerability of the financial system and the high cost of its rescue, compounded and accelerated the structural adjustment crisis demographics, technology and globalization are driving, leading to unsustainable levels of public spending and borrowing. The need to reduce public expenditures now forces governments to rethink the value of their role and activities from a more strategic and more selective perspective.

Third, established public policies are meeting their limits: despite sustained efforts, and some measure of success, they are showing themselves unable to solve long-standing (so-called wicked) challenges stemming from complex and unpredictable cause and effect relationships unfolding over time such as juvenile delinquency and long-term unemployment and to address emerging challenges, such as health-care costs, service ecosystem planning, retirement benefits and longevity, or the difficult lifestyle changes global warming calls for. These problems are characterized by symptoms being felt in one domain of government action, true causes being found elsewhere, and potential solutions deployed in yet other domains. Committing more resources to address them in a "siloed" manner no longer leads to improvements. Their systemic nature calls for new conceptual understanding about human well-being (e.g., Hämäläinen and Michaelson 2014) and systemic public policy solutions in public service delivery (Doz and Kosonen 2010; Middleton 2010), i.e., well-integrated and coordinated actions in multiple policy domains, deployed in an adaptive fashion over long periods of time.

Fourth, in major OECD countries, past choices further exacerbate the need for better integration and unity of government actions. In the 1990s decentralized specialized "agency" models came to prevail, within the public sector management paradigm often referred to as the NPM, to provide focus, efficiency, and accountability to policy implementation. These agency models, often based on decentralization, fitted well to situations where policy areas were independent, and measures taken in one area had no impact on others. For systemic problems and even more so for "wicked" challenges which cannot effectively be decomposed into separate simple problems, they are clearly inadequate.

Fifth, in the spirit of enhancing democracy, a new policy formulation and implementation model came to be widely advocated. According to that model, which often was labeled as the NPG, policy formulation was the purview of the political process, whereas the implementation and policy delivery was still at the domain of the administrative process. However, when confronted with challenges from strategic states which take a much longer-term perspective, such as Singapore or China, and where the policy and governance processes are closely integrated, the shortcomings of that formulation/implementation dichotomy and the limits of the political process in making wise strategic commitments became painfully obvious. Historically, political strategies were motivated by ideologies, but the confrontation with reality has eroded and exhausted ideologies in favor of greater pragmatism.

Furthermore, modern information technologies make society more transparent and interactive, which challenges not only policy-making but also policy delivery mechanisms, highlighting, for instance, the role of various service co-creation models in public administration. Constant (social) media attention makes politics and policy planning alike even more shortsighted and fragmented than electoral calendars. This has called for faster and more intelligent policy-making. "Wicked" policy challenges demand long-term sustained integrated attention across a range of departments and agencies and patient commitment to coherent actions across these.

This takes much longer than the duration of a government, or even of a senior civil servant's tenure, not to mention the attention span of public opinion driven by media hype, social networks, and opinion polls.

## Strategic and Organizational Rigidities in Public Sector

In a research for incumbent companies (Doz and Kosonen 2008), and later in applying these research findings to public sector context (Doz and Kosonen 2014), three sources of organizational rigidity were pinpointed – strategic atrophy, resource imprisonment, and diverging commitments. All of these are critical impediments. In the absence of strategic awareness, sensitivity, and understanding, governments will keep acting inertly on a "default" course of more of the same. Resource imprisonment prevents the timely dynamic reallocation of resources to new demands and challenges and perpetuates legacy budgeting. Diverging commitments among politicians and civil servants render consistent and committed collective action impossible. These rigidities are discussed in the following:

**Strategic atrophy**. In stable conditions, continuous positive feedback from ongoing activities reinforces established assumptions, perceptions, behaviors, and values. These aspects filter the issues decision-makers perceive and constrain collective learning and policy-making processes by emphasizing confirmatory evidence and discounting challenging evidence. This leads to tunnel vision, the gradual narrowing of decision-makers' attention frames, with the range of alternative solutions considered restricted to the ones already practiced. A clear division of labor and lack of horizontal cooperation among public sector organizations further breed tunnel vision, each unit's attention being focused narrowly on its domain.

Second, both individuals and organizations suffer from shortsightedness. Public sector organizations must accommodate the rapidly evolving interests of their politically elected leaders. These interests rarely extend beyond the next elections or even the next opinion poll. Moreover, annual budgeting processes make major long-term commitments and investments difficult for policy-makers and provide no incentives for longer-term performance in providing better and more affordable services to the population.

Yet, public sector leaders seldom get rapid feedback from their decisions, and the results of public policies are often hard to assess, particularly when dealing with complex challenges given the limits of evidence-based policies. Achieving strategic sensitivity would require continuous policy analysis; strong foresight capabilities, evaluation, and learning; as well as a strong shared knowledge base (Fuerth and Faber 2012). Hardly any government has the necessary capacity for this at the strategic policy-making level. International praise for success in competitiveness, education, and well-being rankings are a poor proxy when consequences of policy choices are not well understood. Moreover, they may breed complacency and a dominance mind-set.

**Resource imprisonment**. A second group of factors causing rigidity restricts the mobility of resources between alternative uses. Decisions that would require resource reallocations become hard to make. Individual departments, and their leaders, hold tightly to their "established" resources in the budgeting process. Conventional "legacy" planning and budgeting as well as existing laws and regulations for fund appropriation may leave little flexibility for resource reallocation among different policy priorities. Highly specialized and tightly integrated service delivery systems may also become a constraint to resource fluidity: they do not support new types of activities nor benefit from the sharing of expertise and resources among different organizational units. Existing rules and regulations, union-driven work practices, specialized investments and equipment, and established management practices all get in the way. Efficiency and agility work at cross-purpose.

The infrastructure and processes of collaboration and flexibility such as common data and shared information and IT systems as well as job rotation and training are also either completely lacking or insufficient in many administrations,

and the processes for collaboration may be non-existent, making the development of trust and commitment to joint action fragile and tentative. Long-lasting relationships with various stakeholders may further reduce the flexibility of resource allocation processes. Social ties and alignment with specific interest groups tend to bind decision-makers. New areas with new relationships tend to receive less attention and resources than established areas with strong and familiar relationships.

New strategic directions may be inhibited by competence gaps with insufficient talent to support the new activities. New strategies tend to require new types of competences that may not be easily available and do take a long time to develop. The practice of NPM may have led senior civil servants to hone the very kind of skills that will hamper rather than help the implementation of more integrative policies. Competence gaps lead to a mismatch between the strategic goals of the organization and their feasibility.

In established bureaucratic government organizations, the day-to-day performance of separate ministries, departments, and agencies may lead their managers to slowly develop differences and divergences that make taking decisions toward new strategic directions difficult. Strategic analysis, when conducted separately in each ministry, may result in even stronger divergence. Creeping deviations in understanding and priorities over time are reinforced by separate partial strategic analysis in each ministry.

**Diverging commitments**. Stable environments and clear role delineations for ministries departments and agencies strengthen the established interests who would lose most from structural change and reinforce existing perceptions and interpretations. In addition, past success and stability deepen social bonds and networks, which become constraints to change (Seo and Douglas Creed 2002). Fear of social opprobrium may deter civil servants from risking to "rock the boat" with radical ideas or initiatives. The growing size and specialization of public sector organizations and the move toward focused decentralization tend to separate their managers from each other as their own organizational units demand more attention and personal incentives and ambitions focus their attention to subunit goals. Over time, they may perpetuate their own specific belief systems, ideologies, preferences, and educational backgrounds. Yet, addressing wicked challenges requires collaboration and commitment from all the key stakeholders. Such commitment is difficult to achieve if the leaders of relevant public sector organizations are too divergent, attached to their own political power, defending their budgets, reliant on their own expertise, or emotionally disengaged.

Furthermore hubris sometimes drives harmful organizational turf battles, in particular, when an overall scarcity of resources turns resource allocation into a zero-sum game or an organizational "truce" between competing claims (March and Olsen 1976). Inflated egos may also surround themselves with people who have similar values and backgrounds and become sycophants, decreasing the quality of dialogue. When strong specialized leaders each with a proven track record in his/her field constitute the leadership team, there may be too little dialogue and critical thinking among them, in particular, if they respect each other's expertise and organizational turf too much and avoid to engage each other. Such expert managers may not develop a shared agenda integrating their respective policies. Expertise-based separate career tracks and promotion criteria amplify this problem.

Country governance is also subject to increasing media and public scrutiny, calling for clearer and more visible legitimacy of decisions. A more innovative use of resources is more difficult to justify, to measure, and to assess under the media limelight, leading to a higher perception of risk – as compared to "more of the same" on the part of policy-makers. Their career, performance measurement, and incentives may have made them particularly risk-averse and sensitive to a narrow interpretation of laws and regulations. And making a visible error for the first time would bring higher personal costs than being right one more time brings benefits, thus encouraging inaction.

Differences among policy domains' stakeholders also make policy integration difficult.

Policy-making processes may differ. For example, environmental and sustainable development policies are usually shaped by international agreements, whereas innovation policies are usually national. Policy tools vary among policy domains. Subsidies are commonly used in innovation and industrial policy, whereas environmental policies often rely on fiscal incentives and regulation. Time frames across policy domains also differ. For instance, environmental policies have very long lead times, whereas cyber security policies have to be evaluated frequently due to fast technology evolution. Staffing may also differ, between domains where highly specialized competences are at a premium and domains where more generalist skills may be key. Last, the resources available to different public sector organizations (and other stakeholders) differ and may hamper joint actions: some have excess resources, others face tight constraints, and all cannot contribute equally. Finally, emotional apathy and complacency may become sources of rigidity when one takes pride in past success. It is hard to move away from a winning streak and start anew. This risk grows when future opportunities look less thrilling and more risky than past experiences.

In sum, a government's capacity to handle new challenges is seriously constrained by these three sources of rigidity: strategic atrophy, resource imprisonment, and leadership divergence. In the next three sections, we review how to overcome the resulting rigidity, along the dimensions of strategic sensitivity, resource fluidity, and collective commitment.

## Fostering Strategic Sensitivity

Strategic sensitivity requires early perception and recognition of emerging trends, a combination of foresight and insight, high-quality dialogue with internal and external key stakeholders, and an ability to frame strategic issues in a fresh and insightful way. Key factors that support strategic sensitivity are increased discrepancies between heightened ambition and the likely outcomes of current policies, sufficient cognitive diversity in inputs, and intensive communications.

**Heightened ambition**. Strategic sensitivity requires an ability to overcome complacency and routinized ways of thinking and acting (Schön 1973). Crises, or the mere reframing of performance against higher ambitions, often introduce contradictions that create a discrepancy in the minds of decision-makers between what is needed and what is achieved. The discrepancy encourages individuals and organizations to reflect on their current sensemaking and behavioral patterns and reframe their current situation and operating environment.

Ambition discrepancies can also be nourished by strategic intelligence activities – such as foresight work, strategic analysis research, scenario planning, evaluation, and benchmarking that identify and highlight the future inadequacy of current policies. The discrepancy between the current and the ideal or expected future state creates a cognitive contradiction that fosters new strategic insights. The strategic policy intelligence activities can be organized with various constellations of public, private, and third sector organizations, research institutions, and civil society stakeholders, in a spirit of inclusion and diversity.

Crises are not the only sources of discrepancies that prepare minds for new insights. Leaders of an administration can create dissonance that motivates reframing. First, they can use stretch goals to make a gap between actual achievements and heightened ambitions more visible and question the effectiveness of prevailing practices and behaviors. Such ambition can be reinforced by public announcements where the political leaders commit themselves and their government to major change and build a wider coalition for change. Second, beyond stretch goals, contradictory goals with multiple objectives that pull in different directions encourage civil servants to search for new creative solutions that go beyond routine responses, to think about and take into account multiple perspectives and priorities, and to transcend routinely accepted trade-offs.

Cognitive reframing can also be catalyzed through defining the core activities and goals of the organization more broadly and openly than just describing what it does today, in a more future-oriented strategic perspective with an

emphasis on the needs it serves and the functions it fulfills. Doing so may also encourage a more open and insightful dialogue, and a wider more creative framing, focused on future needs and functions, allowing new courses of action to be identified.

Experimental activities contained at a local or subunit level can also enact new realities with limited risks (Sabel and Zeitlin 2012). Small-scale pilot projects or simulations provide low-risk opportunities for testing alternatives to the established operating models and mechanisms. If an experiment or simulation works in a better way than the established approach, the resulting contradiction can spark a critical reevaluation of current practices and prepare ground for further discussion and development of alternatives. Searching for existing "positive variance" (outlier pockets of excellent performance) provides similar value without the need to set up a new experiment. Unfortunately, the prevailing culture and incentives of public sector organizations seldom support experimentation. The development of more experiments in the public sector would require new incentives and strong leadership support.

**Input diversity**. Major strategic insights often originate from combination or collision of different types of knowledge. They require input diversity, i.e., contributions from experts with various knowledge, background, and fields of expertise. Shared cross-functional and interorganizational visioning, strategy, and foresight processes provide effective platforms for combining diverse inputs. These should not only involve the top leadership and policy specialists. Wider participation from different levels of the state administration and from all corners of society brings more diversity. Furthermore, modern communication technologies and social media allow the opening of the strategy process to the general public, which widens the government knowledge base to the "wisdom of crowds" and improves the public commitment to new strategies.

**Intense dialogues.** Combining diverse knowledge sets in an insightful way requires rich and sustained communication in a dialogue (Bohm 2004). However, developing and maintaining a high-quality dialogue face many challenges.

Organizational boundaries and practices may separate the experts with potentially synergistic knowledge. Functional or hierarchical divisions may be too strong for fruitful interaction. Separate premises may also prevent creative exchanges, particularly serendipitous meetings and conversations, while shared physical premises facilitate effective face-to-face communication to meld diverse knowledge.

The language of experts can become an obstacle to high-quality dialogue in two different ways. If they all use the same jargon, building on similar backgrounds and knowledge, phenomena not associated with the usual discourse perspectives and concepts can easily go unrecognized. On the other hand, experts with very different languages may not understand each other. Using a more universal, abstract, and concept-rich language that allows for abstraction and analysis can alleviate these problems. However, this should not sacrifice contextual detail and meaning. Finally, most decision-makers are tied up with daily operational tasks and have very little time to analyze complex strategic issues. Hence, successful governments have created spaces for thought, learning, and reflection to focus on the longer-term issues.

The integration of new knowledge into decision-making processes can also be supported by the use of internal analysts, consultants, or facilitators. They provide the necessary analyses of relevant systems and their causal interdependencies as well as shared concepts and new frameworks that support rich interpretations of strategic questions. Some governments have set up specific strategy teams and units for this purpose.

## Enabling Public Sector Resource Fluidity

High levels of strategic sensitivity and collective commitment do not mean much if key resources, such as capital and people, cannot be effectively reallocated to new challenges. Multiple priorities across constituencies make rigorous comparisons of social return for alternative activities or

investments impossible. As a result, opportunities for beneficial resource reallocation are difficult to identify and defend analytically. The lack of clear value comparisons of the expected net benefits of alternative policies emphasizes the role of common priority-setting rules and shared ambition in resource allocation. Contextual interdependencies between policies, making their costs and benefits dependent on the complete policy mix implemented (where the "bundle" of policies brings more, or less, value than the sum of the policies it is comprised of), are even harder to assess, making it difficult to target multiple policies at complex problems effectively.

Even when resource reallocation opportunities with better aggregate public value can be identified, freeing public sector resources for new uses is not easy. Public sector hierarchies tend to jealously guard their "established" budget appropriations against alternative uses. Their management systems are usually designed for functional optimization of resource use, not for dynamic reallocation of resources among different functions or policy areas. The incentive systems of public organizations are often linked to performing specific activities and processes rather than achieving sustainable results. Governments may also have to face a strong reaction from specific interest groups if they attempt to make strategic changes that have major distributional effects.

**Flexible budgeting**. The key principle for flexible resource allocation is to dissociate the past performance of the organization's various activities from resource control and future commitments. Put differently, budgetary allocations should be closely tied to the government's strategic objectives and not hostage to "legacy" commitments. Furthermore, responsibility for resource use does not necessarily require resource control. Access trumps "ownership," and programs may call on resources from multiple ministries, department, and agencies to be mobilized. A multidimensional organization with units cultivating and contributing skills and other resources, such as, for instance, the territorial infrastructure, to implement policy programs across their domains would provide more flexibility.

**Modular organization structures.** Rapid changes in organizational structures are difficult for traditional public hierarchies. Highly specialized, tightly integrated, and idiosyncratic management systems make organizational reconfigurations even more difficult and the development of new activities slow. Shared operating processes and similar subunit models and management systems obviously contribute to resource fluidity. Modular organizational solutions can also be easily replicated if needed. Shared resources are important for both cost efficiency and transparency, and they facilitate the redeployment of talent and funds to new uses.

**Shared information systems**. Data transparency and economies of scale in public services are highly dependent on shared IT/IS architectures and standards. Common nationwide architectures and standards across the public sector allow decentralized application and service development without the fragmentation and multiplication of systems so typical to public sector in most countries. This requires a nationwide high-powered CIO function with the necessary mandate to set the standards and oversee their localized implementation nationwide.

**Talent pool.** Open job markets, showing new position openings, coupled with individual career counseling, honest performance feedback, and long-term training opportunities can also improve the effective dynamic reallocation of human capital. Creating a cadre of senior leaders whose development is directly supervised by the leadership team not only provides a flexible source of managerial talent for new strategic needs but also builds shared understanding and collaboration among senior civil servants.

**Budgetary pool**. A government may also keep a part of the public sector resources in a common pool used when new needs arise in different policy areas. This would reduce the path dependency in public sector budgeting by breaking the link between past activities and the allocation of new resources. A continuous planning process with appropriate strategic intelligence capabilities is needed to guide such "flexible" or "zero-based" budgeting.

**Reallocation of responsibilities.** Besides resources, organizational responsibilities can also be reallocated to improve resource utilization and break rigid "siloed" reporting relationships. The responsibilities of specific ministers and administrative units can be broadened or narrowed by reallocating tasks among them. The role of the more capable or productive organizations and units can grow over time relative to the poorly performing ones. In principle, such reallocation should not be very difficult in public services that typically involve low fixed assets. Greater resource fluidity, however, will only contribute to strategic agility if senior officials, politicians in power, and other influential stakeholders can agree on how to use the resources freed up from routine commitments and organizational imprisonment and commit to effective integrated actions. Short of such commitment, making resources more fluidly available would only lead to heightened rivalry and bureaucratic conflicts.

## Strengthening Collective Commitment

Collective commitment to joint government action results from a deep cognitive and emotional sense of unity. Beyond principles and policies such as cabinet responsibility, this emerges from repeated successful collaboration around implementing integrated policies across different stakeholders. Efficient cooperation and coordination require that key decision-makers understand each other's points of view.

**Mutual understanding and dialogue.** Mutual understanding and commitment result from high-quality dialogue. Such a dialogue is informal and continuous, and it does not try to avoid conflicts that reveal differences in underlying assumptions and cognitive frames. High-quality dialogue cannot develop without sufficiently overlapping areas of expertise, which can be created through programmed job rotation. Public sector leaders also need sufficient time and opportunities outside of meetings to get to know each other's personal motives, values, and drivers in life.

**Shared agendas and incentives.** Beyond mutual understanding achieving collective commitment requires shared incentives, and a cross-departmental agenda focuses the leadership attention to common challenges, and wicked issues, instead of just subunit agendas. Governments can use various organizational mechanisms to act on that common agenda, for instance, assigning two different roles to each key official: one as a subunit leader and the other a wider cross-organizational responsibility, allowing the same person to shift frames between individual hierarchical and collective lateral perspectives. The goals and targets of various government subunits should also be transparent and fair. One way of achieving this is to have open discussions about each member's targets in the cabinet and their fit into a wider, societal outcome-driven common agenda.

**The rotation of top management teams in civil service.** Among senior civil servants, holding the same position for too long often leads to declining dialogue and personal engagement. Hence, moving senior personnel between ministries within the government fosters collective commitment (as the evidence suggests, for instance, from Singapore and the Netherlands). New responsibilities give experienced leaders new challenges and force them to learn new skills and perspectives and to emphasize leadership and implementation skills over specialized substantive expertise. Such rotation occurs rarely among senior civil servants, in particular, in countries with multiparty coalition governments. The bipartisan political systems have more mobility at the higher levels of civil service due to sharper electoral majority changes.

**Shared ambition.** Shared ambitions and a concern for effective policy bundles allow the various decision-makers to make decentralized decisions with their best knowledge about local circumstances while, at the same time, knowing where the rest of the government is heading. The development of a common ambition benefits from involving participants from all groups contributing to and affected by the expected changes, including citizens and civil society non-governmental organizations. The active participation and contribution of all interested parties create the necessary acceptance and commitment

to the decision outcomes, as well as the behavioral, organizational, and institutional changes required by them. Many reforms have been poorly implemented or have failed because they did not involve some important stakeholders in their development.

## Discussion

In the postwar decades, strong economic growth and a relatively stable environment provided a fertile ground for organizational and institutional rigidities to grow in governments. First, governments adopted the hierarchical and divisionally structured governance model of large diversified business firms. This governance model emphasized top-down planning and performance measurement in addition to more traditional bureaucratic rules and regulations. Over time, however, the growth of welfare state functions led to increasing organizational specialization between ministries and between departments.

In the 1970s, stronger citizens' expectations for more integrated and comprehensive government services beyond traditional sovereignty functions of state administration showed the inadequacy of hierarchical coordination for delivering such integrated services in a by then taken for granted increasingly all-encompassing welfare state. Specialized activities of a neither stable and uniform routine nor of a well-contained programmatic project nature, often also characterized by growing systemic complexity, such as health care, the prevention of delinquency or the fight against unemployment, or even the promotion of housing and urban redevelopment could not be integrated into the effective delivery of comprehensive services by separate delivery agencies and ministries. In sum, public administration hierarchies came to be recognized as too rigid to meet the demands of citizens and the complex challenges industrialized societies face. In this paper we have asked how did such rigidity arise and how problems related to this rigidity can be solved.

Large hierarchical public sector organizations and their planning logic performed well in the stable socioeconomic environment of the postwar decades in Europe, capitalizing on reconstruction, growth, and favorable demographics and building the welfare state. However, the need to react rapidly to change presents a major challenge to these organizations. This challenge is not new to public governance scholars. Lindblom (1959), for instance, noted long ago that real policy-making processes are characterized by incremental analysis and decision-making – or "muddling through" – rather than rational, comprehensive analysis and major policy reforms. However, the practical difficulties he noted in implementing the "rational-comprehensive" approach have not prevented policy-makers from holding it as an ideal upon which they base their policy-making processes. The development of decision-making theory within the policy sciences during the latter half of the twentieth century – and especially the contributions by March (1978), introducing the idea of garbage can model of making public policy decisions – paved way for new understanding of the nature of public policy decision-making, highlighting the nature of knowledge in decision-making process but also underlining the irrational aspects of decisions concerning public policies.

The growing interest in "evidence-based policy-making" (EBP) is an example of this conviction. Despite increasing amounts of data and analysis, EBPs have not been able to meet the challenge of enduring wicked problems or of the increasing complexity and uncertainty of the socioeconomic environment. Integrative efforts to create combined evidence by policy domain or even wicked problem areas have generated greater insight. But in addition to new evidence (some of which might not be available anyway given how slowly the true and most important consequences of policies often unfold in complex contexts) and analysis, these governance challenges require new interpretative frames and theories from policy-makers. As important as gathering proper evidence is, EBP is at its best when applied to narrow policy questions in relatively stable policy fields. Although "muddling through" – sometimes referred also to the staggering of the drunkard – has often been more

effective than hierarchical planning in dealing with complex policy problems, it faces its own weaknesses in a rapidly changing environment. The focus on incremental changes inherent to "muddling through" leads to path dependency and sub-optimization when major changes in a society or its environment call for comprehensive and more fundamental adjustments in policy directions. "Grand issues" are usually simply left off the agenda.

It seems that "muddling through" relies heavily on competing interests to point out the relevant information for decision-making. This increases the risks of incremental path dependency. Since entirely new issues and policy approaches and directions tend to have weak or nonexistent interest groups, the policy-making process is usually dominated by established interests and focused on salient immediate issues. Moreover, the day-to-day struggle and mutual adjustment of different political interests often exclude long-term issues from the political agenda. Thus, the incremental policy approach reinforces the tendency for short-sighted policy-making. Finally, a reactive focus on incremental "ills to be remedied" one by one does not produce a broader positive ambition that could coordinate and energize the decentralized change efforts of numerous interdependent actors. As a result, the various change efforts may lack sufficient motivation and drive to succeed, and the mutual adjustment of interdependent actors may not converge into any coherent and synergistic whole.

A new more integrated framework for coping with complexity and unpredictability and addressing the grand challenges of our time is hence needed.

## Conclusions

The dynamism and complexity of the current challenges fundamentally question the policy processes and governance approaches of our current government policies and practice. Countries and regions that develop a coherent and well-functioning governance process for this new dynamic and integrated environment will most likely perform best in the upcoming decades. Conversely, governments that adjust their governance slowly or only in a piecemeal way are likely to face low productivity growth, poor economic performance, growing public debt, and social decline, which may ultimately lead to social unrest and political extremism.

Strategic agility sounds like an oxymoron and the idea of strategically agile governments as a utopia. Yet, a concerted holistic change effort deployed along the three key dimensions of strategic agility we outlined here is not beyond reach. Political leaders and top civil service should possess a mind-set of an architect, i.e., not being just a skillful and successful operator in today's system, but a reflective reformist designing a more strategically agile system for years to come. Short of such reforms, today's governance policies and practices may slide into irrelevance in the midst of growing economic, social, and environmental disturbances.

This paper sets out the following research agenda:

First, public sector reforms are a rather well-studied research topic in the academic public management literature. Despite this and in the light of this paper, there is a need to better understand the meaning of fostering strategic agility – empirically, and in the form of country case studies – in transformative reforms taking place in OECD countries throughout the globe. This research builds up on the contents and public sector reforms – bearing in mind that it is useful to build on upon the strengths of public sector institutions and organizations rather than running reforms that tear down all existing public sector organizational structures. Second, further conceptual and theoretical attention to the adoption of a strategic agility approach is needed to understand the logic under what circumstances the need for more strategic agility emerges. Third, this paper's analysis calls for more detailed cultivation of the strategic agility from the leadership and management perspective. The evidence of this paper suggests that the choices and practices in fostering strategic agility are complex and culture-bound and strongly anchored in existing organizational cultures.

## References

Bohm D (2004) On dialogue. Routledge, London
Doz Y, De Clara L (2013) Strategic agility in nations (A) & (B): the Scottish example, INSEAD case study
Doz Y, Kosonen M (2008) Fast strategy: how strategic agility will help you to stay ahead of the game. Wharton School Publishing, Harlow
Doz Y, Kosonen M (2010) Embedding strategic agility: a leadership agenda for accelerating business model renewal. Long Range Plan 43(2–3):370–382
Doz Y, Kosonen M (2014) Governments for the future. Building an agile and strategic state, Sitra publication 80. Sitra, Helsinki
Doz Y, Wilson K (2018) Ringtone: exploring the rise and fall of Nokia in mobile phones. Oxford University Press, Oxford
Fuerth L, Faber E (2012) Anticipatory governance practical upgrades: equipping the executive branch to cope with increasing speed and complexity of major challenges. National Defense University Press, New York
Hämäläinen T, Michaelson J (eds) (2014) Well-being and beyond. Broadening the public and policy discourse. Edward Elgar and Sitra, Cheltenham/Northampton
Hood C (1991) A public management for all seasons? Public Adm 69(1):3–19
Lindblom CE (1959) The science of "muddling through". Public Adm Rev 19(2):79–88
March JG (1978) Bounded rationality, ambiguity and the engineering of choice. Bell J Econ 9(2):587–608
March JG, Olsen J (1976) Ambiguity and choice in organizations. Universitetsforlaget, Bergen
Middleton P (ed) (2010) Delivering public services that work. Systems thinking in the public sector: case studies. Triarchy Press, Devon
OECD (2011) International workshop strategic agility for strong societies and economies, summary and issues for further debate. OECD Publishing, Paris
OECD (2017) Working with change: systems approaches to public sector challenges, GOV/PGC 2017/2. OECD Publishing, Paris
Osborne SP (2006) The new public governance? Public Manag Rev 8(3):377–387
Pollitt C (2007) Convergence or divergence: what has been happening in Europe? In: Pollitt C et al (eds) New public management in Europe. Adaptation and alternatives. Palgrave MacMillan, New York, pp 10–25
Rosenberg Hansen J, Botcher Jacobsen C (2016) Changing strategy processes and strategy content in public sector organizations? A longitudinal case study of NPM reforms' influence on strategic management. Br J Manag 27(2):373–389
Sabel CF, Zeitlin J (2012) Experimentalist governance. In: Levi-Faur D (ed) The Oxford handbook of governance. Oxford University Press, Oxford, pp 169–185
Schön DA (1973) Beyond the stable state. W.W. Norton and Company, New York
Seo MG, Douglas Creed WE (2002) Institutional contradictions, praxis, and institutional change: a dialectical perspective. Acad Manag Rev 27(2):222–247
Van Wart M (2013) Administrative leadership theory: a reassessment after 10 years. Public Adm 81(3):521–543
Virtanen P, Stenvall J (2018) Intelligent health policy. Springer, New York

# Street-Level Bureaucracy

Cheryl A. Camillo
Johnson-Shoyama Graduate School of Public Policy, University of Regina, Regina, SK, Canada

## Synonyms

Administrative discretion; Daily program operations; Day-to-day policy implementation; Day-to-day program operations; Frontline bureaucracy

## Definition

The day-to-day implementation of government policies, typically enacted via statute or regulation, by frontline public servants, often on a case-by-case basis and in contact with the public and employing discretion. Also, the government bureaucracies responsible for the day-to-day implementation of policies. In addition, the study thereof.

## Introduction

Governments are responsible for protecting the public, providing mandated goods and services and raising revenues to perform these activities. In carrying out these responsibilities, some government bureaucracies transact directly with organizations and individuals. Generally, within these bureaucracies the highest levels focus on making policy, while the lowest levels concentrate on implementing it.

*Street-level bureaucracy* is the practice by the lowest levels of government of implementing public (i.e., government) policies via direct day-to-day transactions with individual members of the public. As such, it is important and significant. Support for government usually depends on its performance because the street level is the face of government to most laypersons. Plus, the street level consumes substantial portions of public budgets because transactions are numerous, unending, and labor-intensive.

This entry provides an overview of the study and practice of street-level bureaucracy. It describes street-level bureaucrats, their working conditions, and behaviors. It also discusses the impact of recent management trends and technological changes on bureaucracies and bureaucrats. It concludes by suggesting new approaches for improving understanding of them, as well as their performance.

## Street-Level Bureaucracy

Government organizations have a variety of missions, some of which require, in whole or part, direct interaction with individual constituents. For example, revenue agencies raise funds by collecting and processing tax returns, police departments ensure public safety by enforcing criminal laws, and health, social services, and education departments promote the public welfare by providing financial or material benefits to beneficiaries or by delivering services like adoption counseling and mathematics instruction.

Nearly all government organizations, or bureaucracies, have multiple levels. Policies, especially complex ones, pass through the levels before they reach individuals or organizations in forms, such as property tax bills, traffic tickets, and school vaccination requirements. The level at which they reach the public is called the street level. The term *street level* was coined by American scholar Michael Lipsky (1969) at a time when social scientists in the United States were especially concerned about urban policy problems but refers to any level at which government bureaucrats interact with clients, regardless of the setting.

Bureaucracies at all orders of government – federal, substate, local, etc. – have street levels since all orders of government transact with citizens. For example, in the United States (USA), the federal government makes Social Security payments to beneficiaries, states issues licenses to qualified drivers, and local governments operate primary and secondary schools for children and teens, among their many responsibilities.

Street-level bureaucracies differ from other bureaucracies in that a significant proportion of their employees are *street-level bureaucrats*, "public service workers who interact directly with citizens in the course of their jobs, and who have extensive [impact and] discretion in the execution of their work" (Lipsky 1980). The classic example of a street-level bureaucracy is a welfare office in which eligibility workers process applications on a case-by-case basis under the supervision of unit managers.

## The Origins of the Study of Street-Level Bureaucracy

The study of street-level bureaucracies began in the late 1960s in the United States when researchers were striving to understand how governments could effectively alleviate, if not eradicate, poverty and other difficult social problems. The optimism inspired by the mid-decade enactment of the Civil Rights Act, Medicare, Medicaid, and other progressive legislation was waning as problems persisted. In 1967, political scientist James Q. Wilson wrote: "The federal bureaucracy, whose growth and problems were once only the concern of the Right, has now become a major concern of the Left, the Center, and almost all points in between... Now that everybody seems to agree that we ought to do something about the problem of bureaucracy, one might suppose that something would get done." The problem of bureaucracy, he argued, was fivefold: accountability and control, equity, efficiency, responsiveness, and fiscal integrity. In late 1968, Jeffrey Pressman and Aaron Wildavsky began their now-renowned

study (1973) of an Oakland, California economic development program they found so "tortuous" and "frustrating" that they subtitled their book: *How Great Expectations in Washington Are Dashed in Oakland; Or, Why It's Amazing that Federal Programs Work at All*. As Brodkin later reflected (2012), street-level bureaucracy research brought "a growing literature on bureaucratic discretion into direct conversation with an emerging literature on policy implementation," both of which "tended to portray public bureaucrats as villains resistant to managerial and political control and at fault for frustrating policy goals."

Lipsky's (1969) paper *Toward a Theory of Street-Level Bureaucracy* and 1980 book *Street-Level Bureaucracy: Dilemmas of the Individual in Public Services* deepened the understanding of bureaucracies and program implementation by humanizing them: in other words, by describing the work of their employees – street-level bureaucrats – from the inside out as opposed to the outside in, as previous critiques had done.

## Street-Level Bureaucrats

Drawing from material on police, teachers, and lower-court judges, Lipsky concluded that street-level bureaucrats' work experiences are affected by common conditions:

1. Relative unavailability of resources
2. Existence of clear physical and/or psychological threats
3. Ambiguous, contradictory, or unattainable role expectations
4. Nonvoluntary clientele
5. Clientele who do not serve as a primary reference group
6. Limited control over clientele performance, yet high expectations and demands concerning that performance

Due to large caseloads, time pressures, and/or lack of information, street-level bureaucrats are often unable to develop a comprehensive understanding of the cases in front of them. As a result, they make expedient decisions. Examples include a policeman detaining everyone at the scene of a crime for fear of letting an unidentified criminal get away or a caseworker rejecting an application for benefits from an otherwise eligible individual because that applicant did not provide required documentation by a specified deadline. Such expedient actions typically generate more work for bureaucracies because clients challenge or appeal the decisions or reapply for benefits.

It is difficult to assess street-level bureaucrats' performance because of conflicting goals, inadequate measures, or insufficient data. They implement public polices, which, by definition, are designed to satisfy the broader public (i.e., multiple stakeholders), so expectations can be vague or conflicting. For example, medical associations might believe that the role of caseworkers in a means-tested public health insurance program is to expand access to healthcare services, while fiscal watchdogs might perceive it to be to limit access to the truly needy. Furthermore, it can be difficult to translate policy goals into pertinent performance measures. The goal of a public health insurance program might be to improve clients' health, but the eligibility caseworker might only be responsible for assessing individuals' health upon application to the program, so it would be unfair to evaluate him/her on changes in clients' conditions. Even if relevant measures can be developed, it can be difficult to obtain data for them. For example, it would be impossible to collect data on whether a cop detected all crimes on his beat in a given week because criminals would not report their activities voluntarily.

Street-level bureaucrats might have difficulty relating to their clients. They are working-class or middle-class professionals who are trained in a particular skill (such as nursing or social work) or public program (such as public health or crop insurance). They might not live in the jurisdiction in which they work (many public employers do not require their employees to live within the jurisdiction). In most cases, they are hired or promoted under merit rules without regard to personal background. Their clients will generally come from all subgroups within the larger community or from subgroups that meet financial or

categorical eligibility requirements, such as having limited income or maintaining a working farm. As a result, street-level bureaucrats and clients might not share a common culture or language.

As frontline workers who make and communicate decisions as to whether clients receive vital services or benefits, street-level bureaucrats are presented with physical threats, as well as challenges to their authority, including, as described above, appeals to a higher level, or even another branch, of government for a reversal of the bureaucrat's decision. With few exceptions, street-level bureaucrats cannot choose or drop clients, even noncompliant or uncooperative ones, because public servants are obligated to serve all citizens.

To cope with these working conditions, street-level bureaucrats commonly employ, with the assistance of their managers, the following psychological and organizational strategies:

- Simplification and routinization
- Compartmentalization and transfer of responsibility
- Segmentation and control of the client population

They convert casework into a series of paper/data collection, compilation, and entry steps and rely upon checklists, standards, and/or automated calculations, rather than judgment, to decide outcomes. When faced with ambiguous circumstances, they transfer cases to managers or special units for disposition. Upon determining that a case is "political" (meaning that it is of interest to high-ranking public officials or influential stakeholders), they attempt to erase their traces. If pressed by clients about procedures or decisions, they claim to be bound by "the rules." However, they limit exposure to clients by using tactics like letting phone calls go to voicemail or scheduling back-to-back appointments. They may even erect barriers to client access, such as delays or rudeness, as a way of rationing services or benefits. They reconcile all of these strategies in their own minds by demonizing their clients or at least certain segments of the client population. For example, they tell themselves "these people don't deserve it."

Per Brodkin (2012), "a corpus of studies that investigate how public policies have been shaped by street-level practices in areas as diverse as child welfare, education, prison reform. . .. have provided empirical confirmation that the types of coping strategies Lipsky identified are both prevalent and plentiful." These behaviors explain how and why policy is sometimes implemented in unexpected and unintended ways and why bureaucracies can be inefficient, unresponsive, and unaccountable.

Recent international governance research (Moller and Stensota 2017), however, suggests that "frontline responses are also grounded in the problem conceptions provided by the welfare state regime and its organization of solidarity." In other words, the sociopolitical context could shape bureaucrats' responses to working conditions and clients leading, for example, Scandinavian welfare state workers to view clients as being shaped by societal structures, while Anglo-Saxon and US welfare state workers believe clients are products of their personal characteristics and choices.

## Recent Study

Emerging lines of research are exploring the impact of technological advances and new public management (NPM) – the application of business practices, such as contracting, to public administration – on street-level bureaucracies. According to Brodkin's (2012) survey, studies show that NPM's emphasis on management by performance measurement has intensified the dilemmas of street-level bureaucrats and squeezed discretion out of their work. Bovens and Zouridis (2002) argue that new information and communication technologies (ICT), which enable workers and clients to perform tasks without interacting, have transformed street-level bureaucracies into systems-level (also called screen level) ones, thus transferring power from frontline public servants to systems analysts and software engineers.

## Conclusion

New technologies and management approaches will continue to be introduced to public bureaucracies. Even if they result in the reduction of jobs or discretionary authority at the street level, there will continue to be a need for police officers, nurses, and other frontline public servants. Undoubtedly, clients, taxpayers, policymakers, and others will expect quality, responsive, efficient, cost-effective, and accountable services from them. Given that research has confirmed Lipsky's theory that street-level bureaucrats' work conditions shape their behavior, scholars and public administrators should address these expectations, which are often incompatible in times of abundance let alone scarcity, while they seek to improve street-level bureaucrats' ability to meet them. Most importantly, they should collaborate in doing so. There has been a dramatic reduction in collaborative work between researchers and practitioners in recent years (Ni et al. 2017), which means that practitioners' perspectives are not being heard. Too often, "data are obtained, civil servants thanked for their assistance, and scholarly articles written for publication" (2017). Policymakers and higher-level public administrators also do not consult street-level bureaucrats before formulating and implementing policy (Camillo 2012, 2014).

## Cross-References


- ▶ Administrative Autonomy of Public Organizations
- ▶ Authority in Organizations
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucratic Power
- ▶ Modernity and Bureaucracy
- ▶ Organizational Decision-Making
- ▶ Public Service Motivation


## References


Bovens M, Zouridis S (2002) From street-level to system-level bureaucracies: how information and communication technology is transforming administrative discretion and constitutional control. Public Adm Rev 62(2): 174–184

Brodkin EZ (2012) Reflections on street-level bureaucracy: past, present, and future [review of the book *Street-level bureaucracy: Dilemmas of the individual in public services*, 30th anniversary expanded ed. by M. Lipsky]. Public Adm Rev 72(6):940–949

Camillo CA (2012) Implementing eligibility changes under the Affordable Care Act: issues facing state Medicaid and CHIP programs. The Robert Wood Johnson Foundation State Health Access Reform Evaluation. Mathematica Policy Research, Washington, DC

Camillo CA (2014) Affordable Care Act (ACA) implementation: lessons from the front lines. Presented to the annual conference of the American Society for Public Administration, Washington, DC

Lipsky M (1969, September) Toward a theory of street-level bureaucracy. Paper presented at the annual meeting of the American Political Science Association. Institute for Research on Poverty at the University of Wisconsin, Madison

Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russel Sage Foundation, New York

Moller MO, Stensota HO (2017) Welfare state regimes and caseworkers' problem explanation. Adm Soc:1–30

Ni C, Sugimoto CR, Robbin A (2017) Examining the evolution of the field of public administration through a bibliometric analysis of *Public Administration Review*. Public Adm Rev. https://doi.org/10.1111/puuar.12737

Pressman J, Wildavsky A (1973) Implementation: how great expectations in Washington are dashed in Oakland. University of California Press, Berkeley

Wilson JQ (1967) The bureaucracy problem. Public Interest 6:3–9


# Street-Level Bureaucrats and the Exercise of Discretion


Franklin Akosa[1,3] and Bossman E. Asare[2]

[1]Department of Public Administration and Health Services Management, University of Ghana, Legon, Ghana

[2]Department of Political Science, University of Ghana, Accra, Ghana

[3]Department of Public Administration, University of Ghana Business School, Legon, Ghana


## Synonyms

Agents; Front-line workers; Sense of judgment; Street-level officials

S

## Definition

### Street-Level Bureaucrats

Street-level bureaucrats are "public service workers who interact directly with citizens in the course of their jobs, and who have substantial discreation in the execution of their work" (Lipsky 1980).

### Discretion

Michael Lipsky (1980) and Tony Evans (2010) define discretion as the "extent of freedom a worker can exercise in a specific context and the factors that give rise to this freedom in that context." Thus, the freedom or authority to make judgments and to act as one sees fit. Power to decide or act according to one's own judgment.

## Introduction

In his study "Street-level bureaucracy: Dilemmas of the individual in public services," Michael Lipsky in the 1980s argued about the behavior of front-line workers in policy agencies; the scholar (Lipsky 1980) referred to these front-line staff as "street-level bureaucrats." Street-level bureaucrats are considered pivotal players and front-line workers in the new public administration (Evans 2016). In actual fact they are de facto policymakers that informally construct or reconstruct their organizations' policies. They interact directly with the public and supply goods and services to the public though some scholars have argued that they usually have limited resources to do their job. They are public employees who deal directly with citizens and have substantial discretion in the execution of their duties. Examples of street-level bureaucrats are the police officers, teachers, general practitioners, and social workers (Tummers and Bekkers 2014).

Due to the complexity of most bureaucracies, their interpretations of organizational polices are key. It is, however, not surprising that some scholars have argued public policy that is not imposed top-down by senior managers. Rather, it is implemented and executed bottom-up by street-level bureaucrats (Tummers and Bekkers 2014). Street-level bureaucrats are to treat individuals in the society as clients; nevertheless the high demand for their services forces them to invent routines for mass processing.

The main argument underpinning this study is that street-level bureaucrats implement public policies (Tummers and Bekkers 2014). Nevertheless, they have to respond to citizens with a limited amount of information or time to make a decision. Besides, most of the times the rules the street-level bureaucrats have to follow do not link to the specific situation of the citizens involved. These have caused street-level bureaucrats to develop coping mechanisms to deal with the situation. They are able to do that because they have a certain degree of *discretion* or autonomy (Lipsky 1980).

The concepts, street-level bureaucrats and discretion have received wide attention in the policy implementation literature (Huber and Shipan 2002; Tummers et al. 2009). Despite the plethora of studies on street-level bureaucrats, a very limited literature has focused on how street-level bureaucrats (police) exercise their discretion in a positive or negative way (Sevä 2015). Moreover, scholars that have worked on the *concepts* have not explained enough theoretical proof regarding how street-level bureaucrats in the sub-Saharan Africa, Ghana, exercise their discretion.

It must be noted that the bureaucrats this study concerns about are the traditional Lipskyan street-level bureaucrats who have daily face-to-face contact with their clients/stakeholders such as police officers and teachers.

This study, drawing on the principal-agent theory, examines how police officers and teachers exercise their discretion. The chapter will shed light on the roles of the street-level bureaucrats (police officers and teachers) in maintaining law and order. The study will also focus on the comprehensiveness of the rules that the street-level bureaucrats implement.

## The Principal-Agent Approach

The principal-agent theory was developed in the early 1970s to assess congressional politics from

a positive theory perspective. However, Sekwat (2000) has indicated that in recent times, the principal-agent theory is growing rapidly in the areas of political science, sociology, health, organizational theory, finance, and accounting among others though it has its root in economics. The principal-agent theory is defined as "a contract under which one or more persons engage another person to perform some service on their behalf which involves delegating some decision making authority to the agent" (Jensen and Meckling 1976: 308). It must be noted that in the principal-agent approach, there is what Sekwat (2000) term as the "principal-agent relationship. This is manifested when principals' delegate works to the agents in return for reward or compensation. The principals depend on the agents to solve problems affecting the society. Moreover, the agents who meet the citizens (clients) or public directly are the street-level bureaucrats. They apply the rules that have been instituted by the state and exercise their discretion sometimes to suit the conditions on the ground.

Fleisher (1991) has specified in his study the conditions under which principals depend on agents to solve the problems affecting the society.

The first condition is that agents can perform the job they have been given more efficiently and at a lower cost than the principal.

Second, agents perform the work they are assigned to because the principals are not capable of performing certain tasks or lack the skills and expertise to provide the desired services.

Third, agents can serve as a symbolic signal to third parties and more importantly agents can act as an entrepreneur to resolve dilemmas requiring collective action.

## Linking the Principal-Agent Theory to Street-Level Bureaucrats and How They Exercise Discretion

Drawing lessons from the theory explained above, the *agents* in this study are the street-level bureaucrats (police, teachers, etc.). The *principals* are the officials or superiors who delegate responsibilities to the agents (street-level bureaucrats). The *clients* on the other hand are the individuals who receive services from the agents.

Tummers and Bekkers (2014) have submitted that certain amount of discretion by the agents (street-level bureaucrats) can increase the meaningfulness of a policy for clients (individuals in the society who receive directions and services from the agents).

To clarify this issue, a teacher who is a street-level bureaucrat (agent) could adapt the teaching method to the particular situations of the pupil (clients), such as his/her problems with long-term reading. However, this problem is eased when the teacher discusses the material to the pupil in groups. Through the teacher's discretion, he could devote more attention to the pupil's reading difficulties, thereby providing a more balanced development.

## Distinctive Features of Street-Level Bureaucrats

Hupe and Hill (2007) on street-level bureaucrats identified some characteristics to the concept.

The first feature is that street-level bureaucrats have discretion. Street-level bureaucrats have discretion because the nature of service provision calls for human judgment that cannot be programmed and for which machines cannot substitute. There is an interrelation between discretion and rules. Rules specify the duties and obligations of officials; discretion gives them freedom to act. Davis (1969) backed this assertion with this definition: "a public officer has discretion wherever the effective limits on his power leave him free to make a choice among possible courses of action and inaction."

Secondly, street-level bureaucrats are professionals. They are governed by "occupational or professional ideologies."

Street-level bureaucrats do their work in a micro-network or "web" of multiple, both vertical and horizontal, relations.

In the multidimensional micro-network of relations (web), street-level bureaucrats practice

multiple accountability. Within the variety of relations in the network that surrounds an individual street-level bureaucrat, specific clusters of accountability relations can be identified as ideal typically linked with various types of settings (Hupe and Hill 2007).

## Roles of Street-Level Bureaucrats

Keiser (2010) has stated that street-level bureaucrats play vital roles in influencing policy implementation through their attitudes and values. In a similar study at the US Forest Service, Meyers and Vorsanger (2007) have argued that personal attitudes and values of bureaucrats are important because it helps in understanding bureaucratic behavior.

Lipsky (1980) argues that street-level bureaucrats perform policy-making roles. These roles are built on two vital characteristics: relatively high degrees of discretion and a relative autonomy from organizational authority.

In Ghana, the Ghana Police Service act 350/70 has been enacted by Parliament to empower the police officers to perform five (5) traditional roles. They are indicated as follows:

(a) Protect life and property
(b) Prevention and detection of crime
(c) Apprehension and prosecution of offenders
(d) The maintenance of peace and order
(e) The enforcement of all laws with which it is directly charged

## How Comprehensive Are the Roles? Are They Ambiguous?

It appears the roles of street-level bureaucrats according to scholars (Matti and Sandström 2013; Sevä 2015) are comprehensive. Street-level bureaucrats focus on core beliefs, empirical and normative, which gives a comprehensive and detail picture of their roles. Supporting this assertion, Lipsky (1980) has stated clearly that street-level bureaucrats exercise their roles through a relatively high discretion and a relative autonomy. Sevä (2015) has also offered a more comprehensive framework for understanding the roles of the street-level bureaucrats.

However, due to bureaucrat's behavior toward policy preferences, it does not help explain their roles very well, and this makes their roles ambiguous (Keiser 2010). Policy goals by actors are strife with ambiguity; policy actors often have conflicting notions of what they seek to implement (Hill and Hupe 2002). This ambiguity is inherent in many public policy situations. There is ambiguity where multiple ways of thinking exist about the same circumstances or phenomena (Feldman 1989). With regard to street-level bureaucrats, there are several ways they can exercise their discretion on a policy. Thus, street-level officials have multiple meanings to a policy. This makes their roles conflicting and ambiguous. Under ambiguous policy roles, street-level bureaucrats may all work and yet still have variation in the decisions that they make because each street-level bureaucrat may have a different understanding of what he or she is supposed to do.

For example:

> Ghana police officer checking traffic on the road upon seeing a car, lorry or trotro (public transport van) may stop the vehicle to examine its roadworthiness. When the officer sees that the driver to the vehicle is not having an authorized driving license, loose tyres or the vehicle is in a blatant state of disrepair, the police officer may decide on the appropriate action against the driver. Some police officers may require the drivers to pay a fine; other officers may arrange the offenders to court. In some cases offenders would be given a warning or caution not to repeat the offense the second time.

It can be seen from this example that Ghanaian police officers have a particular way of enforcing the law. Some prefer to take money from the offenders; others also take the offenders to court. This shows the ambiguity in their roles. There is no one way of exercising their discretion; it is dependent on the kind of situation or circumstances at the time. The ambiguity of their (street-level bureaucrats or the police) roles causes civilians (clients) to criticize the meaning that they give to the law (Beek 2016).

## How Street-Level Bureaucrats Exercise Their Discretion

It has been established in the preceding page that street-level bureaucrat's roles may be comprehensive but ambiguous. Nevertheless, in performing their roles discretion is crucial. Lipsky (1980) has pointed out that, "Discretion provides opportunity to intervene on behalf of clients as well as to discriminate among them." Discretion can provide flexibility for bureaucrats, and limiting discretion can create as many problems as it solves. Through discretion police officers, for instance, can know the best way to handle a fight, when a neighbor threatens violence against another, when juveniles are suspected of vandalism among others. Discretion will also enable agents (police officers) to arrest, mediate, investigate, warn, laugh, or do anything.

It is important to note that discretion can be exercised through agents experience (Sherman 1984) and the kind of situation at hand (Bronitt and Stenning 2011).

## Experience

Why do street-level bureaucrats like the police exercise their discretion through experience? There is a saying that "experience is the best teacher." Experience helps street-level bureaucrats to give good judgment. Jay (2005) has posited that experience is the foundation of all empiricism and the antidote to superstition, dogma, or religion. It is the source of truth about the physical world. Experience can be direct and indirect. Scholars (Sherman 1984; Jay 2005) have argued that direct experience is better than the indirect, and both are better than assumption. Police and teachers have direct experiences with people's responses to their behavior. The police cannot credibly claim that experience is an adequate basis for their exercise of discretion when they are denied the information required to give them the necessary experience (Sherman 1984).

## Situation at Hand

The situation at hand can inform a street-level official on the kind of judgment to give on a case. Some of the techniques or mechanisms by street-level officials may be useful in a situation, other situations too it may not. Situations that confront street-level officials are unique, that cannot be generalized. An officer must interpret a situation in order to exercise appropriate discretion in respect to it. For example, in investigating a road crash, a police officer may decide whether the situation was a genuine accident or whether the circumstance leading to the incidence fulfils the requirement of an offense or careless driving by the drivers.

The discretion that street-level bureaucrats exercise according to Tummers and Bekkers (2014) can be positive and negative. They exercise their discretion positively when they have positive behavior intention toward the implementation of the policy. The positive behavior intentions exhibited by the street-level bureaucrats are as results of their professionality and expectations of discretion and autonomy when it contradicts the notions of bureaucratic control (Freidson 2001).

Negatively, street-level bureaucrats can discriminate or show favoritism to their clients when exercising discretion. When this happens, Sandfort (2000) has indicated that it can break public trust.

## Conclusion

The novelty of this study was to unravel the concept of street-level bureaucrats and how they exercise discretion. It underscores the importance of studying discretion. Through the principal-agent theory, the study explained the principal-agent relationship and how street-level bureaucrats exercise their discretion. The core dilemma of street-level bureaucrats is that their roles are comprehensive according to scholars but ambiguous due to their conflicting and contradictory nature. Street-level bureaucrats exercise their discretion through experiences and situations they come across. Research shows that discretion can be exercised positively and negatively based on behavior intentions of the agents. The analysis of

this chapter suggests (though not conclusively) that it would be appropriate if Ghana and other African countries reforms concentrate more on the activities of the street-level bureaucrats and how they exercise their discretion. The focus on the bottom-up approach to policy implementation which involves the street-level officials will help attain policy goals, and it will bring about development.

## Cross-References

► Street-Level Bureaucracy

## References

Beek J (2016) Producing stateness: police work in Ghana. Brill, Leiden
Bronitt SH, Stenning P (2011) Understanding discretion in modern policing
Davis KC (1969) Discretionary justice: a preliminary inquiry. LSU Press, Baton Rouge
Evans T (2010) Professional discretion in welfare services: beyond street-level bureaucracy, (Contemporary Social Work Series), Ashgate Publishing Ltd., Surrey, England.
Evans T (2016) Professional discretion in welfare services: beyond street-level bureaucracy. Routledge
Feldman MS (1989) Order without design: information production and policy making, vol 231. Stanford University Press, Stanford
Fleisher CS (1991) Using an agency-based approach to analyze collaborative federated interorganizational relationships. J Appl Behav Sci 27(1):116–130
Freidson E (2001) Professionalism: The third logic. Polity Press, London
Hill M, Hupe P (2002) Implementing public policy: governance in theory and in practice. Sage, Thousand Oaks
Huber JD, Shipan CR (2002) Deliberate discretion?: The institutional foundations of bureaucratic autonomy. Cambridge University Press, Cambridge
Hupe P, Hill M (2007) Street-level bureaucracy and public accountability. Public Adm 85(2):279–299
Jay M (2005) Songs of experience: modern American and European variations on a universal theme. Univ of California Press, Berkeley
Jensen MC, Meckling WH (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. J Financ Econ 3(4):305–360
Keiser LR (2010) Understanding street-level Bureaucrats' decision making: determining eligibility in the social security disability program. Public Adm Rev 70(2):247–257
Lipsky M (1980) Street-level bureaucracy: dilemmas of the individual in public services. Russell Sage Foundation, New York
Matti S, Sandström A (2013) The defining elements of advocacy coalitions: continuing the search for explanations for coordination and coalition structures. Rev Policy Res 30(2):240–257
Meyers MK, Vorsanger S (2007) Street-level bureaucrats and the implementation of public policy. In: Guy Peters B, Pierre J (eds) The handbook of public administration. Sage, London, pp 153–163
Sandfort JR (2000) Moving beyond discretion and outcomes: Examining public management from the front lines of the welfare system. J Public Adm Res Theory 10(4):729–756
Sekwat A (2000) Principal-agent theory: a framework for improving health care reform in Tennessee. J Health Hum Serv Adm:277–291
Sevä M (2015) The decisive role of street-level bureaucrats in environmental management. Doctoral dissertation, Luleå tekniska universitet
Sherman LW (1984) Experiments in police discretion: scientific boon or dangerous knowledge? Law Contemp Probl 47(4):61–81
Tummers L, Bekkers V (2014) Policy implementation, street-level bureaucracy, and the importance of discretion. Public Manag Rev 16(4):527–547
Tummers L, Bekkers V, Steijn B (2009) Policy alienation of public professionals: application in a new public management context. Public Manag Rev 11(5):685–706

# Street-Level Leadership

Michael Macaulay
Institute for Governance and Policy Studies, Victoria University of Wellington, Wellington, New Zealand

## Synonyms

Citizen orientation; Frontline leadership; Public-facing leadership

## Definition

Street-level leadership is exercised by frontline public service staff through their use of professional discretion.

## Introduction

The origins of street-level leadership can be found in Lipsky's (1980) *Street-Level Bureaucracy.*

Needless to say there are many different types of street-level bureaucrats/practitioners – police officers, firefighters, social workers, carers, etc. – all of whom face their own specific leadership challenges and issues. What unites them all is that they are the most public-facing of public servants: "[the] public service workers who interact directly with citizens in the course of their jobs, and who have substantial discretion in their work" (Lipsky 1980: 3). Although Lipsky's concept was initially treated with a degree of skepticism, it is now widely acknowledged as an irreducible arena of public service debate: as Dicke (2004: 248) suggests, "street level leadership occurs because it must." Its centrality in policy and public management discourse has only been strengthened by the continuing professionalization of such frontline services, which has resulted in the concept expanding to fit many new domains.

Street-level leadership is not just regarded as the customer face of public policy but often comes to be regarded by clients and service users as the *embodiment* of such policies. At its heart is the use of *discretion*; how such discretion intersects with a practitioner's legitimacy and authority forms the cornerstone of discussions around street-level leadership. The interplay between discretion, legitimacy, and authority can give rise to a number of interconnected issues of, for example, accountability, rule breaking, and ethical standards. As Vinzant and Crothers (1998: 73) suggest: "to portray the challenges and demands these workers face as being simply a matter of morality, ethics, institutional and regime values, bureaucratic responsibility, professionalism, or good judgement is incomplete. It is all those things simultaneously." This chapter will now attempt to unpack some of these thorny challenges, beginning with the nature and manifestation of discretion in street-level leadership.

## Discretion

To some extent, discretion must be exercised by all public servants at a variety of levels. Indeed it is not unreasonable to suggest that anybody involved in translating political and legal ideas into firm policies or management practices must use their individual and collective discretion (Sowa and Coleman Selden 2003; Evans and Harris 2004; Keiser 2010). Nevertheless discretionary power plays a central role in street-level leadership for a number of reasons that were initially identified by Lipsky (1980) himself.

Street-level practitioners find themselves in unusually complex daily environments and are required to react to unknowable stimuli. There can be no standard response for these various situations, even if there are consistent standards of conduct that may be drawn upon. To compound this, street-level leadership necessitates a specifically human response, as frontline public servants must engage in direct, physical relationships with people. Finally it is frequently the case that street-level practitioners are not in positions of direct supervision; they must fend for themselves and in so doing improvise around official guidelines and face-to-face reality. For all of these reasons, discretion and professional judgment are thus essential elements of street-level leadership.

As indicated above there are, of course, possible drawbacks to the role of discretion in street-level leadership, and the ethical dimensions have long been recognized (Loyens and Maesschalck 2010). One long-standing issue is the extent to which discretion can turn into, or at least be interpreted as, noncompliance and divergence from official procedures and protocols. Although similar these two variations are not synonymous: "noncompliance focuses more the *unwillingness* of street level practitioners to follow policy, divergence focuses more on the *actions* of street level practitioners and the gap between this action and policy" (Gofen 2014: 474). Another concern is that street level leadership can go beyond the limits of discretion and, consciously or otherwise, make decisions for their own rather than a public benefit (DeLeon 2005). Like discretion itself, divergence and noncompliance have been identified at all levels of public service, leading O'Leary (2010), for example, to coin the idea of "guerilla government."

The importance of divergence here, however, is that it directly impacts upon other crucial areas of street-level leadership: legitimacy and power. As Dicke (2004: 234) argues: "at the street-level, bureaucrats can be criticized for making decisions

based on the actual fact-based situations but rather on rules rigidly applied – being 'too bureaucratic.' Street-level practitioners ultimately lose some of their legitimacy whenever these conditions exist." Thus street-level practitioners are sometimes portrayed as simultaneously "powerful and helpless" (Arnold 2015: 310) in that they regularly are required to deal with situations that allow them the freedom to exercise their discretion, but are also are beset by competing and contradictory claims by clients and citizens. How, then, does this translate further into practice?

## How Is Discretion Exercised in Street-Level Leadership?

One way to distinguish between such competing claims is to recast the discussion in more traditional language. As Brodkin (2012) suggests, much of the discussion around discretion in leadership is in reality about *control*, at a variety of levels: the street-level practitioner trying to control a particular situation and environment but also managerial control to ensure that street-level practitioners act within their allotted authority. Inevitably, the fine judgment class that street-level practitioners use to exercise discretion can be open to ethics dilemmas.

Tummers and Bekkers (2014) argued that there is a positive correlation between discretion and policy implementation. They discovered that the higher the level of discretion that street-level practitioners can exercise over a policy, the more willing she or he is to implement it. Such observations relate back to Vinzant and Crothers' (1996, 1998) framework for the way in which discretion can be exercised. They identified both transactional (situational) and transformational (value) dimensions. Street-level leadership is situational in that it requires street-level practitioners to exercise discretion over *processes* (e.g., firefighters deciding the best way to tackle a blaze). Value-based aspects come through the utilization of discretion over *outcomes* and in particular whether or not to act at all (e.g., a police officer deciding whether or not to issue a speeding ticket). The transformational aspects of street-level leadership are aligned to notions of stewardship, which challenges the traditional view of transformational leaders residing at the pinnacle of organizational leadership structures (Vinzant and Crothers 1996: 468).

Plotting these two dimensions against the extent to which street-level practitioners could exercise discretion, Vinzant and Crothers (1996: 470) suggested that not all street-level practitioners could exercise high degrees of street-level leadership. Many could use little discretion in either process or outcome, and in these situations, street-level practitioners simply follow procedure rather than actively influence a policy. Those with substantial discretion over process but not outcomes were firmly in the situational leadership camp; conversely street-level practitioners who had high degrees of discretion over outcomes but not processes were aligned to transformational (values-based) leadership.

Yet in situations whereby street-level practitioners find themselves with considerable discretion over both process and results, they exercise both transformational and situational leadership, which has a number of further implications. Several commentators have suggested that one possible impact of such high degrees of street-level leadership is that street-level practitioners manage to cocreate solutions with clients and citizens, which makes those policy solutions more meaningful for both (May and Winter 2009). In turn this makes street-level practitioners feel that they are making significant positive differences to people's lives and are therefore more enthusiastic in implementing policies (Tummers and Bekkers 2014: 541). Arguably this transformative effect is something that can be traced back to Lipsky himself, who was promoting improvements in street-level leadership as much as he was trying to map its terrain (Brodkin 2012).

## The Increasing Ubiquity of Street-Level Leadership

Yet in recent discussions, there has been a slightly more circumspect approach to the benefits and limitations of street-level leadership with an

emphasis on how street-level practitioners try and fill public service gaps (Hupe and Buffat 2014). Much of this new emphasis is down to the ever-changing landscape of public policy and management. Our world is very different to the one in which Lipsky first offered up his ideas. Scholars have subsequently drawn attention to street-level leadership as a means by which street-level practitioners manage workloads (Brodkin 2011) or other occupational pressures (Hupe and Van der Krogt 2013).

New forms of governance have cast an increasing emphasis on hybridization, collaboration, and coproduction, all of which recast the role of street-level practitioners in numerous directions. One interesting discussion is what the role of technology will continue to play in the exercise of street-level leadership. As digital governance becomes increasingly prevalent, there have been countless shifts in the transactional relationships between citizens and government agencies that have brought the whole notion of a customer-facing public service into question: who can be classified as a street-level practitioner?

With the rise of outsourcing and externalization, for example, frontline workers could easily occupy call center positions. These street-level practitioners may have direct customer-facing relationships (even if these are via a phone call rather than face to face), but yet such workers have very little, if any, opportunity to exercise discretion. Questions also remain as to gaps between professionals and nonprofessionals in collaborative relationships (Tummers and Bekkers 2014) as well as the extent to which clients can successfully interpret the decisions of street-level practitioners or whether they are remain bound by the red tape of bureaucracy (Moynihan and Herd 2010).

A more positive recent development has been the recasting of street-level leadership in terms of street-level policy entrepreneurs who "seek to develop or adopt policy innovations intended to improve the implementation processes they prosecute and to entrench those innovations in the day-to-day activities of bureaucratic peers" (Arnold 2015: 309 also see Petchey et al. (2008)). In one sense this concept is a return to Vinzant and Crothers (1996, 1998) and the emphasis on discretion over policy outcomes. In another sense, however, it has echoes of Moore's (1996) public value, with its normative emphasis on public servants directly creating value for customers and clients especially at the street level, as demonstrated by his famous story of the local librarian and the after-school club (see Moore 1996: 8–13).

## Conclusion

What all of the above signifies is the ubiquity of street-level leadership crosses a range of different areas of public policy and public management. As Brodkin (2012: 943) suggests, street-level leadership research has covered the full spectrum of policy studies, providing "a corpus of studies that investigates how public policies are shaped by street-level practices in areas as diverse as child welfare, education, prison reform, health care, workplace safety, workforce development, welfare, juvenile justice, corrections, and more." Yet even this list barely scratches the surface; the exercise of discretion and its links with legitimacy and authority are constants, and looking forward within the broader context of leadership studies, this crucial interplay will doubtlessly reoccur again and again.

## Cross-References

► Authentic Leadership
► Ethical Leadership

S

## References

Arnold G (2015) Street-level policy entrepreneurship. Public Manag Rev 17(3):307–327

Brodkin EZ (2011) Policy work: street-level organizations under new managerialism. J Public Adm Res Theory 21(2):1253–1277

Brodkin EZ (2012) Reflections on street-level bureaucracy: past, present, and future. Public Adm Rev 72(6):940–949

DeLeon L (2005) Public management, democracy and politics. In: Ferlie E, Lynn LE Jr, Pollitt C, Ferlie E,

Lynn LE Jr, Pollitt C (eds) The Oxford handbook of public management. Oxford University Press, Oxford, pp 103–130
Dicke LA (2004) Street-level leadership in the public sector: a case study of the challenges. Int J Organ Theory Behav 6(4):231–251
Evans T, Harris J (2004) Street-level bureaucracy, social work and the (Exaggerated) death of discretion. Br J Soc Work 34(6):871–895
Gofen A (2014) Mind the gap: dimensions and influence of street-level divergence. J Public Adm Theory Res 24: 473–493
Hupe P, Van der Krogt T (2013) Professionals dealing with pressures. In: Noordegraaf M, Steijn B (eds) Professionals under pressure: the reconfiguration of professional work in changing public services. Amsterdam University Press, pp 55–72
Hupe P, Buffat A (2014) A public service gap: capturing contexts in a comparative approach of street-level bureaucracy. Public Manag Rev 16(4):548–569
Keiser LR (2010) Understanding street-level bureaucrats' decision making: determining eligibility in the social security disability program. Public Adm Rev 70(2): 247–258
Lipsky M (1980) Street-level bureaucracy; dilemmas of the individual in public services. Russell Sage, New York
Loyens K, Maesschalck J (2010) Toward a theoretical framework for ethical decision making of street-level bureaucracy: existing models reconsidered. Adm Soc 42(1):66–100
May PJ, Winter SC (2009) Politicians, managers and street-level bureaucrats: influences on policy implementation. J Public Adm Theory Res 19(3):453–476
Moore MH (1996) Creating public value. Harvard University Press, Cambridge
Moynihan DP, Herd P (2010) Red tape and democracy: how rules affect citizenship rights. Am Rev Public Adm 40(6):654–670
O'Leary R (2010) Guerrilla employees: should managers nurture, tolerate, or terminate them? Public Adm Rev 70(1):8–19
Petchey R, Williams J, Williams J, Carter YH (2008) From street-level bureaucrats to street level policy entrepreneurs? Central policy and local action in lottery-funded community cancer care. Soc Policy Adm 4291:59–76
Sowa JE, Coleman Selden S (2003) Administrative discretion and active representation: an expansion of the theory of representative bureaucracy. Public Adm Rev 63(6):700–710
Tummers L, Bekkers V (2014) Policy Implementation, street-level bureaucracy, and the importance of discretion. Public Manag Rev 16(4):527–547
Vinzant J, Crothers L (1996) Street-level leadership: rethinking the role of public servants in contemporary governance. Am Rev Public Adm 26(4): 457–475
Vinzant J, Crothers L (1998) Street-level leadership: discretion and legitimacy in front-line public service. Georgetown University Press, Washington, DC

# Strengthening Financial Accountability Through Budgeting

Maukesh Basdeo
Department of Political Science, The University of the West Indies, St. Augustine, Trinidad and Tobago

## Synonyms

Accountability; Budget process; Budgeting; Committees; Parliaments

## Introduction

> The finance of the country is ultimately associated with the liberties of the country. . . If the House of Commons by any possibility lose the power of the control of the grants of public money, depend upon it, your very liberty will be worth very little in comparison. That powerful leverage has been what is commonly known as the power of the purse – the control of the House of Commons over public expenditure.
>
> William Ewart Gladstone, 1891

In the last decade, focus has moved from a traditional focus on central governments or the executive to greater analysis of public and private governance structures. From the discourse on governance issues like transparency, accountability, responsiveness, and forward-looking policies, it soon became clear that legislatures are a vital part of the overall picture. Hence the need to strengthen the "real" power of parliaments. Informed and knowledgeable legislatures provide countries with comprehensible policy and legislation and also provide the legitimate democratic check on executive policies and actions. However, this is a period of time when parliaments are making great changes in the way they work. Perhaps the most important aspect of parliamentary oversight and, therefore, an area of intense interest is financial accountability through budgeting.

The budget can be considered as the most important economic policy tool of an executive and offers a broad statement of the priorities of a

country. Therefore, parliaments have important roles to play in guaranteeing oversight of the budget and the enforcement of financial accountability. Participation in the budget process institutes provides checks and balances that are essential for financial accountability of the executive and at the same time ensures efficient delivery of public services. Because as the representative institution of the people, parliaments are the fitting place to ensure that the budget optimally matches a country's needs with available resources.

This paper explores the relations between parliaments and fiscal accountability in the oversight of executive finances during the latter stages of the budget process. The paper uses the Trinidad and Tobago Parliament as the means to evaluate the linkages between parliament and financial accountability.

Given that executive presents spending programs to Parliament in order to exercise its mandate and implement set policies, explicit parliamentary approval is constitutionally required for these financial plans proposed by the government; parliament is vested with the unique opportunity to increase its influence and scrutinize those financial plans proposed by government effectively, in order to deliver value for money to all taxpayers whom they represent.

What is a budget and what purpose does it serve? The following sections bring together the definition of a budget and some interrelated core concepts.

## Definition of the Budget

The word budget is developed from the French word *bougette* or "small bag." The legal definition of the budget is contained in a French decree of 1862: "The budget is a document which forecasts and authorizes the annual receipts and expenditures of the State. . ." (Stourm 1917, p. 2). By the mid-1860s, France had developed an accounting system, which was applied to all executive departments together with the standard fiscal year. A system of reporting was similarly developed as a requirement for all executive departments to explain and account fiscally for funds which they were allocated. Henceforth, the budget emerged to become one of the executive's principal policy documents.

The term found its way to England where it came to be referred to as the leather bag in which ministers of the crown carried financial plans to parliament and eventually it became synonymous with its contents. However, British budgetary practices by the mid-1800s fell short of the technical features of the French budgetary system and lacked the reliability and universality of application that was central to the underlying public sector budget process. It was when William Gladstone served as Chancellor of the Exchequer and later as Prime Minister did him and other reformers incorporated several of the French budgetary procedures as a way of controlling executive finances. For instance, the establishment of the Public Accounts Committee in 1861 and the offices of the Comptroller and Auditor General in 1866 were created in England. Placing substantial emphasis on the notion of balancing the budget became the principal feature of Gladstone's budgets (Webber and Wildavsky 1986). Currently, the budget in the United Kingdom refers to the financial statement, which centers on taxation measures. In most countries, the term refers to the annual expenditure and revenue plans which is drafted by the executive and tabled in parliament for examination and authorization before the beginning of the fiscal year to which it applies.

## Contemporary Developments in Legislative Budgeting

If resources were unlimited, citizens could get whatsoever from the government making the need of a budget pointless. In actual fact, spending needs are unsurprisingly outside existing funding. Hence, governments have to make choices about the allocation of limited resources to meet contending needs in society. It is for this reason that budgeting takes place within a political arena and the outcome is a political document through which money is appropriated according to value

judgments by decision-makers to reflect the community's values, preferences, and priorities (Gildenhuys 1997).

The development of legislative fiscal power was at its pinnacle in the second half of the nineteenth century, when the House of Commons repeatedly modified expenditure and revenue proposals (Einzig 1959). The extension of parliamentary democracy during this period ensured that the principle of legislative endorsement of public revenue and expenditure turn into an ultimate constitutional principle across democratic countries. However, from a long-term perspective, the influence of national legislatures on budget policymaking has declined in most countries (Coombes 1976). The budgetary decline of parliament is perhaps most evident in the United Kingdom, where the House of Commons ceased to amend estimates almost a century ago.

A number of factors contributed to the reduction in legislative financial accountability of budgets (Schick 2002). One such factor was the advent of disciplined political parties which reigned in Member of Parliament independence. Moreover, decentralization of spending has chiseled away at the complete control of public funds by parliaments. Therefore, the development of public expenditure and the growing intricacy of public finances via executive budget proposal became the contradiction against which legislative action was measured. However, the decline of parliamentary scrutiny over budgets is not widespread. There are signs that some countries are attempting to bring back financial scrutiny of the budget. The resulting changes include a reclassification of the budget in order to support parliamentary oversight and an expansion of powers to amend expenditures (Chabert 2001).

## Legislative Approval of the Budget

The role of parliament in approving the budget differs sharply across different countries. As a general rule, legislative budgetary powers are described in country's constitution. In addition, the Standing Orders of a parliament which encompass internal rules and procedures contain provisions and also regulate the budget process. In the formulation stage, the executive power plays a predominant role in budget policymaking restricting parliament to a secondary role. Confronted with constitutional restrictions on their right to introduce financial legislation. Parliamentary scrutiny tends to be greater at the authorization stages of the budget process; this is where parliamentarians can propose amendments, adopt the budget, oversee its execution, and control performance. Therefore, parliament's main roles are to review and debate the government's draft ex ante budget and to authorize spending to implement the annual budget plan.

Legislatures founded on the Westminster tradition cannot initiate financial bills and have restricted powers to make changes to the government's financial proposals. Such parliaments may only decrease existing items proposed by the executive; its amendments cannot contain new items, nor can it cut funds, and cannot increase expenditure on a different item elsewhere in the budget. This arrangement was developed in the House of Commons, when it met to deliberate demands for subventions made by the crown. Its duty was to resolve whether and to what degree it would comply with the demand, rather than to initiate its own spending plans for the monarch. Many countries in the Commonwealth have embraced this arrangement.

## Strengthening Financial Accountability in Government Budgeting in Trinidad and Tobago

The national budget is possibly the most important and comprehensive policy for the Central Government in Trinidad and Tobago to implement its economic policies. It has an impact on every sector of the economy as well as every section of the population. The policies motivating the budget and implementation of the proposals have direct importance to the whole population. However, neither the budget process nor do the budget policies come under substantial public scrutiny. Thus, the need for establishing

accountability for budgets cannot be overstated in a country like Trinidad and Tobago.

## Budget Formulation

In parliamentary systems, the preparation of a budget is seen as an executive's fundamental responsibility. Following this tradition, the government in Trinidad and Tobago prepares the budget in accordance with Article 113 (1) of the constitution, which states that the Ministry of Finance shall cause to be prepared and laid before the House of Representatives before or not later than 30 days after the commencement of each financial year estimates of the revenues and expenditures for that year. Correspondingly, the Exchequer and Audit Act outlines the functions of the Ministry of Finance in relation to the management of the budget preparation process and the implementation of the budget. Across political systems there are variances as to the degree of consultation that might take place between the executive and the legislature. The question that needs to be answered is whether it is possible for the legislature in Trinidad and Tobago to have an involvement in budget preparation without compromising the core responsibility of the executive.

In Trinidad and Tobago, the time allotted for budget preparation commences with the issuance of the budget call circular, which initiates budget hearings typically lasting 8 weeks. Ministries are required to present their estimates of required annual expenditure by 30 April of each year. Following the submission of the estimate of needs, the Ministry of Finance and the ministries commence a consultative process. In addition, the executive holds some limited consultations with the public as part of its process of determining budget priorities. Once all the estimates are in, including those from wider society, the budget can be finalized and approved by cabinet. Yet, at no point is the parliament involved in the process. Should there be pre-budget discussions between the executive and the parliament?

The OECD recommends that a pre-budget report should be released not later than 1 month subsequent to the tabling of the budget proposal in parliament. The report should consist of the executive's long-term economic, fiscal policy objectives and the executive's economic and fiscal policy plans. Similarly, the OECD recommends that parliament must have the opportunity to effectively examine any fiscal report that it deems necessary. Still, the executive does not release a pre-budget report in Trinidad and Tobago.

Experience in other parliamentary jurisdictions validates the preparation of a per-budget report input to the budget process. In the United Kingdom were the budget had always been the prerogative of the executive. These days the UK Treasury Select Committee undertakes an examination into the pre-budget report which includes evidence from the chancellor and other officials and experts. As the Organisation for Economic Co-operation and Development (2002) best practices state "A pre-budget report serves to encourage debate on the budget aggregates and how they interact with the economy. As such, it also serves to create appropriate expectations for the budget itself".

There are additional examples within the Commonwealth that allows for legislative participation in the budget formulation process. The Finance Committee of the Ghanaian Parliament conducts pre-budget consultations with the Ministry of Finance. The same applies to the Parliament of Uganda which is given 3–4 weeks to report its views on the government's budget framework paper. In Canada, the House of Commons Standing Committee on Finance organizes public hearings on an economic and fiscal update that is presented by the government months ahead of the formal presentation of budget.

Thus far the Trinidad and Tobago Parliament has not been used as a means of injecting an element of public opinion into the formulation of the budget. As the 2008 Public Expenditure and Financial Accountability (PEFA) Report states, the legislature review covers fiscal policies and the details of revenue and expenditure estimates, but only at a stage where for all practical purposes detailed proposals have been finalized. As well as the lack of formal inputs, the parliament does not

appear to exercise any informal influence over the pre-budget process.

The lack of a pre-budget report does not inhibit the Trinidad and Tobago Parliament in taking the initiative to improve their own and the public's participation in the budget formulation stage. The new Joint Committee on Public Appropriation and Administration Committee could hold hearings on some of the relevant ministries' plans for the forthcoming year. This would ensure improved collaboration between the parliament, ministers, and bureaucrats, thereby allowing parliamentary committee to give advice and provide suggestions on the future direction of services and programs. This has proved possible in other small jurisdictions, e.g., Scotland and the over 5-year session of the Trinidad and Tobago Parliament can use the annual budget cycle to get civil society and the private sector to appear in front of a parliamentary committee to give evidence at some stage of the budget process, thereby enhancing scrutiny of budget formulation stage.

## Budget Approval

International experience recommends that a budget should also be tabled in the legislature well in advance of the commencement of the fiscal year to ensure financial transparency. The practice recommends that the budget should be tabled as a minimum 3 months prior to the start of the fiscal year. However, countless disparity occurs, e.g., in the United States, it must be submitted 8 months in advance of the fiscal year; in Denmark, Germany, and Norway, the time limit is 4 months; whereas 3 months is suggested in France and South Korea.

In Trinidad and Tobago, Article 114 (1) of the Constitution states that the budget must be presented 1 month prior to the commencement of the fiscal year. This practice is in keeping with many countries operating the Westminster system. Standing Orders 81–88 of the House of Representatives detail the procedures governing the budget approval process. Directly after the presentation of the appropriation bill, the Ministry of Finance is permitted to move the second reading which is the occasion for the budget speech. After the budget speech, the Ministry of Finance sets a date upon which the debate on the second reading shall be resumed which shall not be less than 3 clear days after the budget speech. The debate is restricted to 4 days and is confined to the financial and economic state of the country and the general principles of government policy and administration. Compared to the United Kingdom, the debate lasts for a week.

Subsequently after the debate is completed, the House of Representatives goes into Finance Committee of the whole House to consider the bill. The revised Standing Orders of the House of Representatives in 2014 permitted a considerable change and provided additional transparency and accountability in the budget process. For the first time in September 2014, for a period of 5 days, the Standing Finance Committee took up the task of examining the budget's 50 heads of expenditure. The Finance Committee House embarked on scrutinizing the budget, and for the first time, the opposition had the opportunity to decide the sequencing of questioning of government ministers and accounting officials. Though the budget review was conducted in camera before, following the review of the Standing Orders, the Finance Committee conducted the hearings in public and broadcasted live. Overall, the Finance Committee 2014, heard from over 400 government officials which provided information to the public.

To further strengthen the budget approval process, the Trinidad and Tobago Parliament seized the advantage to establish a Parliamentary Budget Office (PBO). With the assistance of the UNDP, a senior budget expert was recruited, who arranged the policy framework for the PBO (Draman 2015). It is envisioned that the PBO will make available excellence research that is autonomous of the executive and ministries in order to support members of parliament and committees of the House.

## Budget Implementation

Comprehensive monitoring of government expenditure by the Trinidad and Tobago

Parliament is to a certain extent lacking. This is partially because of lack of information; in-year reports providing a report of the budget's effects during the budget year are not produced, although there will be some media briefings to inform the public about actual revenues and expenditures.

The revised Standing Orders have fortified the powers of the PAC and PAEC. In particular, Standing Orders 99(2) and 100(2) empower both committees to consider whether policy is carried out efficiently, effectively, and economically and whether expenditure conforms to the authority which governs it. This is directly in line with the value for money audits. Hence, in theory both committees can consider issues of efficiency and economy of program implementation (Stapenhurst et al. 2013). Yet the practice of performance auditing and review of effectiveness of policies and implementation is only starting to be addressed in Trinidad and Tobago.

This paper further emphasizes the necessity to clearly differentiate the contribution of legislatures to budget policymaking in the different phases of the budget. Although the management of public expenditures should continue within the purview of the executive, the role of the legislature in Trinidad and Tobago is critical to ensure that the executive is held accountable for the manner in which it allocates, executes, and oversees public spending. Comprehensive economic governance calls for the effective and responsible oversight of the budget by the parliament. Besides, by strengthening the instruments of accountability in budgeting, legislative scrutiny of the budget is expected to develop, over time; the credibility of scrutiny of the budget provides effective restraints on executive discretion in public expenditure management.

## References


Ackermann J (2003) Co-governance for accountability: beyond 'exit' and 'voice'. World Dev 23(3):447–463

Argument S (2011) Legislative scrutiny in Australia: wisdom to export? Statute Law Rev 32(2):116–148

Caiden N (1994) Budgeting in historical and comparative perspective. Public Budg Financ 14(1):44–57

Chabert G (2001) The reform of the order of 1959 on the procedure budget: simple management technique or prelude to real upheavals? Views News 275: 13–25

Coombes D (ed) (1976) The power of the purse: the role of European Parliaments in budgetary decisions. George Allen and Unwin, London

De Vrieze F (2014) Baseline assessment of the committees in the parliament of Trinidad and Tobago. Published by the Parliament of Trinidad and Tobago

De Vrieze F (2015) Concept note on post-legislative scrutiny. Published by the Parliament of Trinidad and Tobago

Draman R (2015) Concept note for the establishment of a Parliamentary Budget Office (PBO) for the Parliament of Trinidad and Tobago, 10 p

Einzig P (1959) The control of the purse; progress and decline of Parliament's financial control. Secker & Warburg, London

Fish S, Koenig M (2009) The handbook of national legislatures: a global survey. Cambridge University Press, New York

Gildenhuys JSH (1997) Public financial management, 2nd edn. J.L. van Schaik Publishers, Pretoria

Halpin D, MacLeod I, McLaverty P (2012) Committee hearings of the Scottish parliament: evidence giving and policy learning. J Legis Stud 18(1):1–20

Longley LD, Davidson RH (eds) (1998) The new roles of parliamentary committees. Frank Cass Publishers, London

Norton P (1994) Select committees in the house of commons: watchdogs or poodles. Pol Rev 4(2):31

Norton P (1998a) Introduction: the institution of parliament. In: Norton P (ed) Parliaments and governments in Western Europe. Frank Cass, London, p 1998

Norton P (1998b) Nascent institutionalization: committees in the British parliament. In: Lawrence DL, Davidson RH (eds) The new roles of parliamentary committees. Frank Cass, London, pp 143–162

OECD (2011) Parliamentary budget officials network survey. In: 3rd annual meeting of OECD parliamentary budget officials, Swedish Parliament, Stockholm, 28–29 April

Organisation for Economic Co-operation and Development (2002) OECD best practices for budget transparency. OECD J Budget 1(3):7–14

Schick A (2002) Can national legislatures regain an effective voice in budget policy? OECD J Budget 1(3): 15–42

Staddon A (2012) Activities on strengthening parliamentary practices in Trinidad and Tobago. Study on parliamentary scrutiny and existing parliamentary practice, Port-of-Spain

Staddon A (2013) Activities on strengthening parliamentary practices in Trinidad and Tobago. Activity Report, Port-of-Spain

Stapenhurst R, Pelizzo R, Jacobs K (2012) Following the money. Comparing parliamentary public accounts committees. Commonwealth Parliamentary Association & World Bank Institute & Pluto Press, London

Stapenhurst F, Pelizzo R, Jacobs K (2013) Follow the money: a global study of PACs. Pluto Press, London
Stourm R (1917) The budget. D. Appleton for the Institute for Government Research, New York/London
Webber C, Wildavsky AB (1986) History of taxation and expenditure in the western world. Simon and Schuster Publishing, New York
Winetrobe B (2000) Shifting control? Aspects of the executive-parliamentary relationship. Research paper 00/92, House of Commons Library, London, 12 December

# Stress Management

Maureen Dollard, Amy Zadow, Silvia Pignata and Tessa Bailey
Asia Pacific Centre for Work Health and Safety, University of South Australia, Adelaide, SA, Australia

## Synonyms

Building psychosocial well-being; Improving psychosocial safety; Job stress prevention; Management of psychosocial factors at work; Managing work-related psychological distress; Occupational stress interventions; Preventing emotional exhaustion, burnout, anxiety, and depression at work; Preventing work-related mental disorders; Preventing work-related psychological injuries; Psychological health promotion; Psychosocial risk management; Psychosocial strain prevention; Supporting workplace mental health; Work stress prevention

## Definition

Work stress refers to the damaging physical and psychological reactions that occur when individuals are unable to manage work conditions, often due to high levels of work demands and insufficient job resources. Stress management refers to actions to address the causes of stress and its consequences at the individual, organizational, industry, and/or national level by reducing the stressor, modifying or changing the stress response, or by treating the stress-related health problem to reduce the detrimental impact of work stress on employee health and well-being. Psychosocial risks (or work stressors) are aspects of work that have the potential to cause stress such as a demanding workload, and low levels of job autonomy or social support and social relational aspects (e.g. bullying, harassment).

## Introduction

Stress management at work has received increasing attention as recognition builds that safe and healthy workplaces are a basic human right. National health and safety frameworks across the world have identified the need to address the causes of workplace stress (e.g., Psychosocial Risk Management Excellence Framework (PRIMA-EF) in Europe, the Guideline for Promotion and Maintenance of Mental Health of Workers in Japan, the Mental Health Commission in Canada, the Korea Occupational Safety and Health Agency Stress Management Guidelines, the Health and Safety Executive in the United Kingdom, the National Institute for Occupational Safety and Health (NIOSH) research program in work organization and stress-related disorders in the United States, and the Australian Workplace Barometer in Australia). Several theoretical models have been developed to explain how job design and work conditions affect workplace stress. More recently, the organization and system factors, such as the psychosocial safety climate (PSC) (Dollard and Bakker 2010), that precedes the work conditions have been identified. To examine approaches to stress management the models defining stressful work conditions will be described, then macro level and organizational stress management approaches will be outlined, followed by a review of stress management intervention approaches.

Work-related stress refers to the harmful physical and psychological responses that occur when demands at work exceed the capacity of individuals to cope, often because of inadequate job resources; in time these negative responses can

affect mental and physical health or well-being (International Labour Organization 2016). Research shows clear links between stressors and psychological health including emotional exhaustion, burnout, anxiety and depression, and physical health such as cardiovascular disease and musculoskeletal disorders (European Risk Observatory 2014). Increased demands for productivity in capitalist economies, increased global competition, technological advances, and changes in employment patterns, including the increasing role of precarious work and job insecurity, are placing increased pressure on workers (International Labour Organization 2016). Recent research across the globe indicates a significant issue, with an estimated 40 million workers in Europe reporting work stress (Eurofound 2007), and more than 65% of Americans reporting that work is a significant source of stress (American Psychological Association 2016). In the Asia Pacific, 70% of Chinese employees reported job strain, 61% of employees in Japan reported high levels of worry, anxiety, or stress at work, more than 31% of Korean workers reported that they experience stress at work, while in Australia, 19% of men and 28% of women reported being in high strain jobs (Kawakami et al. 2014). Global costs of work-related stress include costs to employers resulting from absenteeism and presenteeism, loss of productivity, health care costs, and social welfare costs in the form of disability benefit payments. Annual costs of work-related stress are estimated at €617 billion across the European Union, $285 to 634 billion in the United States, up to $11.7 billion in Canada, and $5.4 billion in Australia (European Risk Observatory 2014). Evidence shows that the incidence and severity of work-related stress is increasing (International Labour Organization 2016).

## Models of Workplace Stress

Early theoretical models of workplace stress typically begin with the design of the job to explain how work conditions affect psychological health. The most highly cited models examining the job design and impact on workplace stress are the job demands-control model (Karasek 1979), the job demands-control-support model (Johnson and Hall 1988), the effort-reward imbalance model (Siegrist 1996), the job demands-resources model (Demerouti et al. 2001), the demand-induced strain model (de Jonge and Dormann 2006), and psychosocial safety climate theory (Dollard and Bakker 2010).

The job demands-control model proposes that employees working in a high strain job combining high job demands and low job control experience the highest levels of workplace stress. Job control can moderate the negative effects of high demands on stress. This model was extended by adding the important role of social support. The expanded job demands-control-support model predicts the highest stress for workers when they experience high demands, low control, and low social support at work. Evidence for the models is usually found for the additive effects of job demands, job control, and social support on work stress although this relationship is more consistently supported in cross-sectional studies than in longitudinal data, and evidence for interactive effects is limited (Häusser et al. 2010).

More recently, the effort-reward imbalance model proposes that workers expend effort at work and expect rewards as part of a socially negotiated process. When an imbalance occurs between the level of effort and rewards obtained, work stress may develop. In this model, extrinsic efforts (job demands) and intrinsic efforts (over-commitment) are differentiated. Over-commitment is proposed to moderate or mediate the relationship between job demands and rewards. Most studies support the proposition that high effort and low reward creates higher levels of work stress particularly for workers with high levels of over-commitment (Van Vegchel et al. 2005).

The job demands-resources model combines a wider range of demands (e.g., work pressure, emotional demands) and resources (e.g., control, support, rewards, supervisor feedback) and proposes two processes: (1) poorly designed jobs or chronic job demands exhaust employees' mental and physical resources leading to workplace stress (health impairment process) and (2) workers with

high levels of job resources have high work engagement (motivational process). This model proposes that high demands require sufficient resources to offset the negative effects of the job demands.

The most recent model of work-related stress is the demand-induced strain model. This model is based on the triple match principle proposing that job demands, job resources, and job-related outcomes may contain cognitive, emotional, and physical dimensions where the strongest interactive relations between job demands and job resources are observed when demands, resources, and outcomes are based on similar dimensions (de Jonge and Dormann 2006). The triple match principle is a probabilistic principle, so while its effects are considered to be more likely, it is also anticipated that nonmatching effects will be evident; several studies show support for the principle (Van den Tooren et al. 2011). The practical interpretation is that to offset the negative effects of emotional demands resources in the emotional domain should be supported.

Psychosocial safety climate (PSC) theory, like the other theories, proposes that work stress is caused by poor quality work conditions but suggests that PSC is a leading indicator of these causes. PSC is therefore a precursor to other work stress theories (e.g., Owen et al. 2016). PSC reflects management philosophy and values in relation to worker psychological health and basic psychological needs and refers to the "organizational policies, practices, and procedures for the protection of worker psychological health and safety" (Dollard and Bakker 2010, p. 580). How management value and prioritize employee psychological health and well-being is reflected in four domains. These include senior management commitment to work stress prevention; management prioritization of worker psychological health over and above productivity outcomes; how policies and practices relating to stress management are communicated throughout the organization; and the level of active participation and involvement at all levels towards the protection of worker mental health. Despite its recent introduction there is significant evidence supporting PSC as an antecedent to a variety of stressors at work as well as their associated health, engagement and productivity outcomes. By measuring PSC, an organization can effectively predict levels of effort and rewards, job strain, bullying, and harassment (See Fig. 1 PSC model). Knowing levels of PSC can also indicate the probability of workers developing numerous health- and productivity-related outcomes including depression, anxiety, exhaustion, engagement, sickness absence, and presenteeism. Evidence further

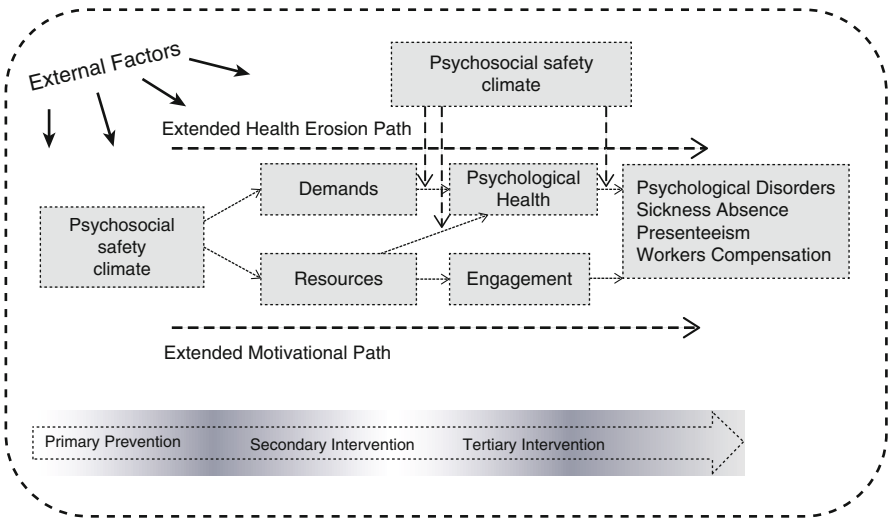


**Stress Management, Fig. 1** Psychosocial safety climate stress model

suggests that the success of any initiatives to reduce work stress will in part be determined by the preexisting levels of PSC (Dollard and Bailey 2014).

## Stress Management at a National Level

Managing workplace stress involves addressing individual, managerial, and environmental factors that have a detrimental impact on employee health and well-being. Strategies that involve policy and practices for the prevention and management of work stress exist at various levels, such as national, state, industry, organizational, management, team, and/or individual.

Most developed countries and many emerging economies have established legislation to ensure an employers' duty of care to provide a safe workplace. In general, this states that employers are legally required to ensure an environment free from risk to worker health and safety, which includes psychological well-being. While these laws exist with the aim to protect workers from harm, they create a focus on punitive aspects, such as the costs of illness or injury caused by stress work. Prevention requires focusing more on the causal aspects within the working environment such as psychological and social (psychosocial) risk factors that can have an impact on employee health and productivity.

An evaluation of European policy and practice regarding mental health in the workplace found some persistent issues including a lack of clarity and specificity in terminology. Also, many of the available instruments do not provide explicit information on managing risks to enable organizations to implement effective preventative programs (Leka et al. 2014). While safe work regulators and governing bodies actively provide guidance to employers on a wide range of factors that can contribute to stress at work, there is often a lack of clarity regarding how these psychosocial aspects are to be adequately evaluated and/or how adherence to safe levels of exposure can be enforced. In order to protect worker psychological health and well-being, best practice states that psychosocial factors need to be regularly measured so that risks can be targeted for prevention and hazards can be identified for intervention (Houtman et al. 2007).

Many countries have implemented national surveillance programs measuring psychosocial risk factors at work across the population and use this information to develop evidence-based strategies aimed at improving work conditions. For example, the European Working Conditions Survey and the Australian Workplace Barometer (AWB) have collected national surveillance data on working conditions to inform national policy. Surveillance can also be used to evaluate the implementation of national-, state-, and industry-based initiatives. Countries have implemented frameworks to manage psychosocial risks such as the Management Standards (Health and Safety Executive, 2007), the Psychological Health and Safety Management System (Mental Health Commission of Canada, 2013), the START Procedure (Germany, 2009), Work Positive (Scotland and Ireland, 2002), and the International Labour Organization Checkpoints Stress Prevention Manual (Geneva, 2012) (Potter et al. 2016).

## Stress Management Within Organizations

The work stress literature demonstrates the need for organizational stress management to have a holistic approach that goes beyond a focus on the individual worker to address both the causes of stress and its consequences on the worker. Thus, initiatives to reduce and/or manage stress should encompass primary, secondary, and tertiary approaches with a specific focus on the causes of work stress. The basic classifications and targets of stress management interventions; the design, implementation, and evaluation of interventions; and best intervention practices are discussed in the following sections.

Within organizations, stress management refers to activities, programs, and opportunities which focus on reducing work-related stressors or assisting individuals to reduce the negative outcomes of exposure to stressors (Ivancevich et al. 1990). The management of occupational

stress is important to employees and to organizations, particularly senior management and human resource (HR) practitioners, who are concerned with effective practices that promote worker well-being. Determining the relationship between psychosocial work factors (organizational factors and interpersonal relationships that may affect the health of workers) and specific organizational outcomes assists management to determine where to focus resources. However, the literature on organizational stress management remains underdeveloped in terms of the theoretical foundations that explain how changes occur in work stress interventions (Biron and Karanika-Murray 2014). There are two major approaches to stress interventions. The first one distinguishes among primary, secondary, and tertiary interventions, whereas the second approach focuses on the target of those interventions which may be individual workers, the organization, or the interface between the organization and its workers. These approaches are not mutually exclusive, but emphasize different aspects of those interventions that address the causes of stress and/or its consequences on workers and the organization.

## Primary, Secondary, and Tertiary Approaches

Three distinct classes of prevention strategies are employed to reduce or manage work stress. Primary approaches are long-term approaches that aim to eliminate, reduce, or alter stressors at work (i.e., reduce workloads, increase workers' decision-making authority). Secondary strategies aim to reduce or eliminate the effects of stress in workers who are showing signs of stress before they lead to health problems. These strategies modify or change the stress response to inevitable/unchangeable demands and include relaxation training, meditation, and exercise. Tertiary approaches provide remedial support and treat workers with serious stress-related health issues by providing professional medical treatment or psychological counseling to heal specific problems. Notice in the PSC model that primary prevention is even further upstream than job design which is the intervention focus in other stress frameworks.

## Targets of Stress Management

Stress management may target the individual, the organization, or both. Individual (person-directed) approaches focus on specific employees or groups and aim to improve their coping resources in order for them to deal more effectively with demanding situations or modify their appraisal of a stressor to reduce its threat. Individual approaches include exercise, relaxation training, meditation, cognitive-behavioral therapy, time management training, cognitive coping strategies, and employee assistance programs (EAP). The majority of individual-directed stress interventions are secondary, reactive approaches that comprise stress management and coping techniques. While these interventions may have positive effects on psychological and/or organizational outcomes, their effects appear short-lived; therefore, they should be complementary to work and organizational approaches as the dominant view is that work stress and the resulting mental health outcomes are more strongly related to aspects of the work environment than to personal or biographical factors (Maslach and Schaufeli 1993).

Organizational (work-directed) approaches are classified as primary strategies as they intend to reduce the sources of stress. They are referred to as stressor reduction processes and include addressing job demands and job resources; improving communication, training, and education programs; increasing workers' participation and decision-making authority; improving organizational structure; and enhancing the physical environment (Giga et al. 2003).

Individual/organization interface-directed stress management focuses on the interplay between individual workers and the organization. At the team or group level, this includes setting up coworker support groups to improve relationships

**Stress Management, Table 1**

| |
|---|
| **Individual (person-directed) stress management** |
| **Primary level** |
| Mediation and conflict resolution, peer support |
| **Secondary level** |
| Fitness, diet, lifestyle, massage, meditation, yoga, tai chi |
| **Tertiary level** |
| Employee assistance programs (EAP), counseling, therapies/treatment |
| **Organizational (work-directed) stress management** |
| **Primary level** |
| Build psychosocial safety climate<br>Job redesign, job restructuring, review workloads, enhance staff selection and placement processes |
| Awareness raising management training (stress awareness, performance management, critical incident stress debriefing, change management, interpersonal skills) |
| Employee management (vocational counseling, monitor absenteeism, implement career path, and succession planning) |
| Valuing people (increase recognition, personal development reviews) |
| Morale raising (social activities, reward schemes) |
| Corporate strategies (improve communication, increase trust and loyalty) |
| Basic management issues (review management reporting timeframes) |
| **Secondary level** |
| Training (time management, prioritizing work, stress management) |
| **Tertiary level** |
| Provision of EAP<br>**National, industry level**<br>**Primary level**<br>Preventative policies, practices, and procedures |

at work, improve person-environment fit, address work roles, and increase worker participation and autonomy. Research asserts that combinations of organizational and individual intervention strategies can have positive effects in reducing exposure to psychosocial risks; however, there is still a tendency for organizations to select reactive, individual-level interventions, because it is cheaper and less disruptive to the status quo. Table 1 illustrates examples of individual and organizational intervention strategies and the level of prevention.

## Designing, Implementing, and Evaluating Stress Management

In considering stress management implementation, a three-phase model of design, implementation, and evaluation used in workplace health and safety interventions is important to consider (Goldenhar et al. 2001). The design phase aims to produce knowledge that can be used to develop appropriate stress management strategies to reduce the prevalence of psychosocial stressors. This phase involves a risk assessment to identify workers at risk and the specific risks that they are exposed to. This information is then translated into action plans to address the problem(s). The implementation phase evaluates the intervention implementation process by systematically documenting the strategies implemented. This phase describes what types of changes were implemented, the difficulties encountered, and the target population. The evaluation phase demonstrates whether the intervention was successful in reducing the prevalence of adverse work factors and illnesses by evaluating the effects of the intervention on the prevalence of psychosocial stressors in the workplace, and on objective measures such as the prevalence of mental health problems and sickness absences (see also Pignata et al. 2014).

## Stress Management Best Practice

Karanika-Murray et al. (2012) outline best practice in developing and implementing organizational stress management. First, stress management should include multilevels that combine individual- and organizational-directed approaches. The second factor is a participative approach to ensure that people affected by the intervention are actively involved so that the interventions are tailored to the work context and their needs, and the development should be supported by workers, union members, and senior management (Nytrø et al. 2000). The intervention literature demonstrates that factors such as organizational structure, size, resources, culture,

and values determine the appropriateness of interventions, and both the strategy and process of implementing an intervention may be as important as its content in achieving an effective outcome. As knowledge is dispersed in an organization at three levels: individual workers who create, store, and use knowledge; group knowledge which is a key asset within a company; and organizational knowledge with its own specific structure and divisions of functions, it is important that workers, line managers, and senior management participate in the development and implementation of interventions. It is critical that knowledge and communication is exchanged at all levels of the organization so that all employees are kept informed about the intervention process to ensure commitment and success.

A clear implementation framework is required that specifies the aim of the stress management, the implementation strategy, the role of all stakeholders, and what is to be done and how. The framework for a well-implemented stress management approach requires specific, achievable, and measurable objectives; clear allocation of roles and responsibilities; clear communication plans; and ongoing monitoring and documentation of the intervention processes to assist in explaining the impact and effectiveness of the stress management.

A strong evidence base and an assessment of the needs are required to ensure that the relevant issues are targeted by the intervention (Jordan et al. 2003). According to Biron et al. (2010), the risk assessment should include details of the symptoms, psychosocial risks, stakeholders' readiness to change, and perceptions of the intervention process so that any potential barriers or facilitators to its implementation can be monitored. Since work stress is attributed to a range of working conditions, in particular psychosocial factors at work, organizations, employers, and practitioners need to focus methods for prevention on causal aspects in order to be most effective. Just as national initiatives benefit from strategies that are evidence based, so will those implemented within organizations. Psychosocial risk assessment can be conducted by collecting data on the levels of risk in a workplace using risk assessment tools such as the Australian Workplace Barometer. Results for the organization can be compared to industry, state, and national benchmarks. In the absence of a risk assessment process, some organizations will use data such as incidence reports or injury claims; however, this does not necessarily capture workplace conditions from whence hazards originate. Focusing on more causal aspects will optimize stress management strategies and outcomes. Since PSC is a "cause of the causes" of work stress, the most effective stress management strategy will therefore include a PSC measure as part of the initial evidence gathering and risk assessment phase. PSC can be measured using the PSC-12 scale (Hall et al. 2010). To more easily assimilate the concept within organizational health and safety policy and practice, benchmarks have been created. Scores of 41 or above place workers at low risk whereas scores 37 or below place workers at high risk for deleterious outcomes such as job strain and symptoms of depression (Bailey et al. 2015). If an organizational psychosocial risk assessment indicates low levels of PSC and/or identifies other hazards, action plans to address the issues need to be developed, preferably in consultation with representation from those that are directly affected.

A final factor is the need for stakeholders to have clearly defined roles, be led by a coordinating group with widespread participation and consultation, with adequate support and commitment secured at both local and organizational levels (Lewis et al. 2012). The intervention's success depends on combining a bottom-up participative approach with a top-down approach that is supported by senior management, thus, management, line managers, and unions need to be committed to making actual changes to the workplace, and ensuring that those changes are communicated throughout the organization. For an example see Dollard and Gordon (2014).

It is important to note that these best practices are manifestations of the key principles or domains of PSC, and when stress management is implemented along these lines, that PSC within organizations will increase. The PSC hierarchy of control (HOC) is a practical tool designed to assist safety practitioners and employers with managing

psychosocial hazards once they have been identified. It follows the underlying concepts captured by PSC and directs focus to the four PSC domains (organizational communication and participation, management priority and commitment). The PSC HOC breaks down each level to provide clarity, prompting communication and shared understanding when addressing these psychological and social issues. The hierarchy can be used to address low levels of PSC directly, or any other identified psychosocial hazard (Dollard and Bailey 2014).

## Conclusion

As a basic human right, organizations should provide work environments that are healthy places to work in and jobs that are designed to promote psychological health. Stress management is required in many workplaces and needs to be properly developed, implemented, and evaluated. Approaches should be participatory and involve and be supported by workers, unions, and senior management. Stress management should be multilevel (primary, secondary, tertiary) and combine individual and organizational-directed approaches. Stress management should be implemented to emphasize empowerment, worker involvement, and involve strategies that are tailored to meet the needs of the participants and the work context. Finally, stress management should have clearly defined risk assessment/monitoring components and be widely promoted throughout the organization, and evaluation should use multiple self-report and objective measures. If all of these objectives are achieved, the psychosocial safety climate of the organization should improve.

## References

American Psychological Association (2016 March 10). Stress in America. The impact of discrimination. Retrieved from http://www.apa.org/news/press/releases/stress/

Bailey TS, Dollard MF, Richards P (2015) A national standard for psychosocial safety climate (PSC): PSC 41 as the benchmark for low risk of job strain and depressive symptoms. J Occup Health Psychol 20(1): 15–26

Biron C, Karanika-Murray M (2014) Process evaluation for organizational stress and well-being interventions: implications for theory, method, and practice. Int J Stress Manag 21(1):85–111

Biron C, Gatrell C, Cooper CL (2010) Autopsy of a failure: evaluating process and contextual issues in an organizational-level work stress intervention. Int J Stress Manag 17:135–158

De Jonge J, Dormann C (2006) Stressors, resources, and strain at work: a longitudinal test of the Triple-Match Principle. J Appl Psychol 91:1359–1374

Demerouti E, Bakker AB, Nachreiner F, Schaufeli WB (2001) The job demands-resources model of burnout. J Appl Psychol 86:499–512. https://doi.org/10.1037//0021-9010.86.3.499

Dollard MF, Bailey TS (eds) (2014) Australian workplace barometer: psychosocial safety climate and working conditions in Australia. Australian Academic Press, Samford Valley

Dollard MF, Bakker AB (2010) Psychosocial safety climate as a precursor to conducive work environments, psychological health problems, and employee engagement. J Occup Organ Psychol 83(3):579–599

Eurofound (2007 December 3) Fourth European working conditions survey. Retrieved from http://www.eurofound.europa.eu/publications/report/2007/working-conditions/fourth-european-working-conditions-survey

European Risk Observatory (2014) Calculating the cost of work-related stress and psychosocial risks. https://doi.org/10.2802/20493

Giga SI, Noblet AJ, Faragher B, Cooper CL (2003) The UK perspective: a review of research on organisational stress management interventions. Aust Psychol 38: 158–164

Goldenhar LM, LaMontagne AD, Katz T, Heaney CA, Landsbergis P (2001) The intervention research process in occupational safety and health: an overview from the National Occupational Research Agenda Intervention Effectiveness Research Team. J Occup Environ Med 43:616–622

Hall GB, Dollard MF, Coward J (2010) Psychosocial safety climate: development of the PSC-12. Int J Stress Manag 4:353–383

Häusser JA, Mojzisch A, Niesel M, Schulz-Hardt S (2010) Ten years on: a review of recent research on the Job Demand-Control-Support model and psychological well-being. Work Stress 24:1–35

Health and Safety Executive (2007) Managing the causes of work-related stress: a step-by-step approach using the Management Standards. Retrieved from http://www.hse.gov.uk/pubns/books/hsg218.htm

Houtman I, Jettinghoff K, Cedillo L (2007) Raising awareness of stress at work in developing countries: a modern hazard in a traditional working environment: advice to employers and worker representatives. Protecting workers' health series No. 6. World Health Organization, Geneva

International Labour Organization (2016 April 28) Workplace stress. A collective challenge. Retrieved from http://www.ilo.org/wcmsp5/groups/public/%2D%2D-ed_protect/%2D%2D-protrav/%2D%2D-safework/documents/publication/wcms_466547.pdf
Ivancevich JM, Matteson MT, Freedman SM, Phillips JS (1990) Worksite stress management interventions. Am Psychol 45:252–261
Johnson JV, Hall EM (1988) Job strain, work place social support, and cardiovascular disease: a cross sectional study of a random sample of the Swedish working population. Am J Public Health 78:1336–1342
Jordan J, Gurr E, Tinline G, Giga SI, Faragher B, Cooper CL (2003) Beacons of excellence in stress prevention. Robertson Cooper Ltd & UMIST, Manchester
Karanika-Murray M, Biron C, Cooper CL (2012) Distilling the principles of successful organizational intervention implementation. In: Biron C, Karanika-Murray M, Cooper CL (eds) Improving organizational interventions for stress and well-being: addressing process and context. Routledge, London, pp 353–361
Karasek RA (1979) Job demands, job decision latitude, and mental strain: implications for job redesign. Adm Sci Q 224:285–307
Kawakami N, Park J, Dollard MF, Dai J (2014) National status of psychosocial factors at work in Japan, Korea, Australia, and China. In: Dollard MF, Shimazu A, Nordin RB, Brough P, Tuckey MR (eds) Psychosocial factors at work in the Asia Pacific. Springer, Dordrecht, pp 27–52
Leka S, Jain A, Houtman I, McDaid D, Park A, De Broeck V, Wynne R (2014) Evaluation of policy and practice to promote mental health in the workplace in Europe: final report. Directorate-General for Employment, Social Affairs and Inclusion, European Commission, Luxembourg
Lewis R, Yarker J, Donaldson-Feilder E (2012) The vital role of line managers in managing psychosocial risks. In: Biron C, Karanika-Murray M, Cooper CL (eds) Improving organizational interventions for stress and well-being: addressing process and context. Routledge, London, pp 216–237
Maslach C, Schaufeli WB (1993) Historical and conceptual development of burnout. In: Schaufeli WB, Maslach C, Marek T (eds) Professional burnout: recent developments in theory and research. Taylor & Francis, London, pp 1–16
Mental Health Commission of Canada (2013) National standard of Canada for psychological health and safety in the workplace. Retrieved from http://shop.csa.ca/en/canada/occupational-health-and-safety-management/cancsa-z1003-13bnq-9700-8032013/invt/z10032013?utm_source=redirect&utm_medium=vanity&utm_content=folder&utm_campaign=z1003
Nytrø K, Saksvik PO, Mikkelsen A, Bohle P, Quinlan M (2000) The role and effects of process in occupational stress interventions. Work Stress 14:213–225
Owen MS, Bailey TB, Dollard MF (2016) Psychosocial safety climate as an extension of ERI theory: evidence from Australia. In: Siegrist J, Wahrendorf M (eds) Work stress and health in a globalized economy – the model of effort-reward imbalance. Springer, Dordrecht
Pignata S, Biron C, Dollard MF (2014) Managing psychosocial risks in the workplace: prevention and intervention. In: Peeters M, de Jonge J, Taris TW (eds) People at work: an introduction to contemporary work psychology. Wiley Blackwell, Hoboken, pp 393–413
Potter RE, Fattori A, Dollard MF (2016) Organisational tools for psychosocial risk management: a criticial international review. In: Shimazu A, Bin Nordin R, Dollard MF, Oakman J (eds) 2nd Asia pacific book on psychosocial factors at work in the asia pacific: from theory to practice. Springer, Dordrecht
Siegrist J (1996) Adverse health effects of high-effort/low-reward conditions. J Occup Health Psychol 1:27–41
Van den Tooren M, de Jonge J, Dormann C (2011) The Demand-Induced Strain Compensation Model: background, key principles, theoretical underpinnings, and extended empirical evidence. In: Caetano A, Silvia SA, Chambel MJ (eds) New challenges for a healthy workplace in human services. Rainer Hampp Verlag, Mering, pp 13–59
Van Vegchel N, de Jonge J, Bosma H, Schaufeli W (2005) Reviewing the effort-reward imbalance model: drawing up the balance of 45 empirical studies. Soc Sci Med 60:1117–1131

# Stress of Vietnamese Working Adults

Quan H. N. Tran
School of Economics and Business Administration, Tartu University, Tartu, Estonia

## Synonyms

Occupational stress; Overload stress; Stress orientation

## Introduction

For such a long time, researchers have conducted many pieces of literature concerning stress (LePine et al. 2004; Shoaib et al. 2019; Tsai et al. 2009; Coetzee and De Villiers 2010). The findings highlighted that a high level of stress leads to several negative consequences, including employee's dissatisfaction, low commitment to organizations, and increased work–family

conflict. Stress is regarded as a root of psychical health issues in the working group (LePine et al. 2004; Shoaib et al. 2019). As a result, psychical health problems can lead to decreased employee's satisfaction, increased group tension, and work–family dispute (Tsai et al. 2009; Coetzee and De Villiers 2010). Thereby, it is necessary to investigate the implication of stress and its effects on organizations. Though several studies have researched multiple aspects of stress on organizational context, the majority of them have been only conducted in the Western context. As a result, its implication on the Asian context is questionable. Therefore, this study aims to fill this gap by examining whether the demographics as age, gender, and working experience have associations with stress. The findings showed that all demographics do not have any significant relationships with stress.

## Theoretical and Literature Grounding

### Vietnam and the Culture

The Socialist Republic of Vietnam is one of the countries in South-eastern Asian region. Its population is approximately 97 million people, of which more substantial than a half are from 15 to 64 years of age (69.3%). There are 58 provinces and 5 megacities including Hanoi (the capital) and Hai Phong in the North, Da Nang in the middle, and Ho Chi Minh and Can Tho in the south. Vietnamese is the universal language, whereas English and Chinese are officially considered as the second and third language. The Vietnamese government is referred to a communist party (Central Intelligence Agency 2014).

Vietnam has mixed and multiple cultures, which was shaped for a thousand years (Nguyen et al. 2012; Tran 2019a). The nation has a history colonized by Asian and Western countries such as China, Japan, France, and America, so Vietnam culture is a blend of cultures of these countries. As such, the country culture is regarded as power distance, collectivism, average uncertainty avoidance, and low masculinity (Quang and Vuong 2002; Ralston et al. 2006; Tran 2020).

### Occupational Stress

Occupational stress has been investigated in many studies over decades (Kottler and Chen 2008; Tsai et al. 2009). Several authors believed that stress is regarded as the main reason leading to employee's dissatisfaction, absenteeism, and low working efficiency (Shoaib et al. 2019; De Bruin and Taylor 2006). Stress is also considered as a psychological problem that needs to be solved (Kottler and Chen 2008). Stress could be divided into short-term and long-term types (Sikander et al. 2012). The former does not harm the individual's psychology seriously as it only happens in sudden accidents or risks. By contrast, the latter has a long detrimental effect on an individual over time as long-term stress could occur as a risk or threat happening in a long time. In detail, long-term stress often links to daily issues such as task difficulties, job changes, and work–family dispute.

Stress among working people has been a well-known topic for investigation in various literature across decades. Every employee experiences stress through daily tasks (Iqbal and Kokash 2011). Individuals regard causes of stress for organizations, and these stressors relate to overload tasks, financial difficulties, time management, and work–family conflict as they must find a way to balance work and family life. Nguyen and Mujtaba (2011) showed that Vietnamese adult people experience highly overload stress among all respondents.

The different aspects of stress on gender and age has been researched in many kinds of literature, and the results were diverse. Tajaddini and Mujtaba (2011) highlighted that Iranian male experience a higher level of stress than female, whereas German respondents cannot find any differences (Nguyen et al. 2012). In Iran, men and women have separated duties in the family and cause stress from different reasons. The stress for Iranian female mainly comes from personal health and family issues, whereas Iranian male has various causes of stress, such as job pressures, finances, personal health, and relationships. Also, Nguyen et al. (2012) showed that Germans who have more working experiences have a higher level of stress than those who have less

working experiences. By contrast, the study of Nguyen et al. (2014) highlighted not any differences within Dutch respondents. Altogether, an individual category of stress can be labeled as low, average, high, and none. The occupational stress, adapted from the study of House et al. (1979), can be selected to evaluate the level of stress among respondents. This questionnaire has 15 items, and for each item, the participant experiences a level of stress.

The detail hypotheses for this research are as follows:

- *Hypothesis 1:* There is a significant divergence in the stress score within the age of Vietnamese respondents.
- *Hypothesis 2:* There is a significant divergence in the stress score within the gender of Vietnamese respondents.
- *Hypothesis 3:* There is a significant divergence in the stress score within the working experiences of Vietnamese respondents.
- *Hypothesis 4:* There is significant interaction between gender and age in the stress score.
- *Hypothesis 5:* There is significant interaction between gender and working experiences in the stress score.
- *Hypothesis 6:* There is significant interaction between working experiences and age in the stress score.

## Methodology

The questionnaire has been sent to working adults in many enterprises of the two biggest and wealthiest cities of Vietnam, naming Hanoi and Ho Chi Minh. Hanoi city is the capital of Vietnam and is regarded as the oldest area with the history of thousands of years. As a politically central area in Vietnam, the majority of the population have worked in public sectors. However, the tendency has been moving as people are looking for jobs in private enterprises as well. With the history of being colonized by America for a few decades, Ho Chi Minh city is the largest, wealthiest, and most developing city in Vietnam. It also has a remarkable economy as the majority of service and manufacturing enterprises exist here with a range line of trade, production, sale, and marketing. People in here are dynamic, creative, and career-oriented.

**Stress of Vietnamese Working Adults, Table 1** Descriptive characteristic ($N = 276$)

| Background information | Frequency | Percentage |
|---|---|---|
| Age | | |
| 18–29 years old | 113 | 40.9% |
| 30–39 years old | 112 | 40.5% |
| 40–49 years old | 44 | 15.9% |
| Above 50 years old | 7 | 2.7% |
| Gender | | |
| Male | 134 | 48.2% |
| Female | 142 | 51.8% |
| Working experiences | | |
| Below 1 year | 23 | 8.3% |
| 1–10 years | 204 | 73.4% |
| 11–20 years | 43 | 15.5 |
| Above 20 years | 6 | 2.2% |

In the preceding two cities, several 500 questionnaires were collected from respondents. From the returned questionnaires, 224 surveys missed items and removed from the research. As a result, 276 surveys (55.2%) were selected for the final analysis. Demographic traits are an important index of many stressful results; thereby, they are analyzed by the scholar to define stress (Barbuto et al. 2007). The detailed demographical characteristic is displayed in Table 1.

For the reliability testing, the Cronbach alpha is required to be higher than 0.6 to guarantee the rationality of the factor loadings. As a consequence, Cronbach's scores of occupational stress are 0.841. These results indicate that the survey is acceptable in social science research.

## Results

As displayed in Table 2, there are no significant differences within gender (F = 0.298, $p = 0.827$), age (F = 0.799, $p = 0.372$), and working experiences (F = 0.353, $p = 787$). Thereby, hypotheses 1, 2, and 3 cannot be supported. Table 2 also indicates no significant correlations among age

**Stress of Vietnamese Working Adults, Table 2** Tests of between-subjects' effects

| Source | Type III sum of squares | df | Mean square | F | p | Partial eta squared | noncent parameter | Observed power |
|---|---|---|---|---|---|---|---|---|
| Corrected model | 17.693[a] | 19 | 0.931 | 0.473 | 0.971 | 0.034 | 8.989 | 0.344 |
| Intercept | 2644.12 | 1 | 2644 | 1343 | 0.000 | 0.841 | 1343.40 | 1.000 |
| Age | 1.760 | 3 | 0.587 | 0.298 | 0.827 | 0.004 | 0.894 | 0.107 |
| Gender | 1.572 | 1 | 1.572 | 0.799 | 0.372 | 0.003 | 0.799 | 0.145 |
| Working experiences | 2.082 | 3 | 0.694 | 0.353 | 0.787 | 0.004 | 1.058 | 0.119 |
| Age*Gender | 0.825 | 3 | 0.275 | 0.140 | 0.936 | 0.002 | 0.419 | 0.075 |
| Age*Working experiences | 6.064 | 4 | 1.516 | 0.770 | 0.545 | 0.012 | 3.081 | 0.246 |
| Gender*Working experiences | 3.330 | 3 | 1.110 | 0.564 | 0.639 | 0.007 | 1.692 | 0.166 |
| Error | 499.929 | 254 | 1.968 | | | | | |
| Total | 15568.7 | 274 | | | | | | |
| Corrected total | 517.621 | 273 | | | | | | |

[a]R squared = 0.034 (Adjusted R squared = −0.038)

and gender (F = 0.140, $p$ = 0.936), age and working experiences (F = 0.770, $p$ = 0.545), and gender and working experiences (F = 0.564, $p$ = 0.639). As such, hypotheses 4, 5, and 6 cannot be supported.

A proficient way to comprehend the divergence in independent variables or a correlation between variables is to test the observed power. As Table 2 pointed out, there would only be 10.7%, 14.5%, and 11.9% to find out statistical differences in mean scores for age, gender, and working experiences, respectively. Similarly, there would be 7.5%, 24.6%, and 16.6% chances of looking for significant interaction between age and gender, age and working experiences, and gender and working experiences on stress results, respectively.

## Discussion, Limitations, and Recommendations

In this research, the three demographic components of age, gender, and working experiences are investigated to explore their role in shaping stress. However, this research cannot explore significant divergences in stress scores based on these variables. The research also does not find out interactions between age and gender, age and working backgrounds, and gender and working experiences in stress. The data results conclude that stress cannot be defined by a single component or the combination of components. Vietnam like China and Japan has a collectivist culture where individual's behavior and personality are structured in conjunction with conventional and relationship factors, where people are forced to behave socially and responsibly (Hofstede 2012; Tran 2019b). Altogether, this study is the first exploration challenging the associations among gender, age, working experience, and stress in Vietnam.

All research exist within its limitations, and the scholar acknowledges that occupational stress is well-known constructs in the Western context, but its implication in South-East Asian context is questionable. Thereby, this study adds some values to this topic in Vietnam. Further research might compare stress in Vietnam and other South-East Asian countries. In addition, as the author does not find out any differences in stress in terms of age, gender, and working experiences as well as their interactions, further studies might continue to explore their differences.

## Cross-References

► Stress Management

## References


Barbuto JE, Fritz SM, Matkin GS, Marx DB (2007) Effects of gender, education, and age upon leaders' use of influence tactics and full range leadership behaviors. Sex Roles 56(1–2):71–83

Central Intelligence Agency (2014) World factbook: East & South East Asia: Vietnam, US Central Intelligence Agency, Washington, DC. www.cia.gov/library/publications/the-worldfactbook/geos/vm.html

Coetzee M, De Villiers M (2010) Sources of job stress, work engagement and career orientations of employees in a South African financial institution. South Afr Bus Rev 14(1):27–57

De Bruin GP, Taylor N (2006) The job demand-control model of job strain across gender. SA J Ind Psychol 32(1):66–73

Hofstede G (2012) The Hofstede Centre, 2012 database. Retrieved from http://geert-hofstede.com/russia.html

House JS, Wells JA, Landerman LR, McMichael AJ, Kaplan BH (1979) Occupational stress and health among factory workers. J Health Soc Behav 20: 139–160

Iqbal A, Kokash H (2011) Faculty perception of stress and coping strategies in a Saudi private university: an exploratory study. Int Educ Stud 4(3):137–149

Kottler JA, Chen D (2008) Stress management and prevention: applications to daily life. Thomas Wadsworth, Belmont

LePine JA, LePine MA, Jackson CL (2004) Challenge and hindrance stress: relationships with exhaustion, motivation to learn, and learning performance. J Appl Psychol 89(5):883

Nguyen LD, Mujtaba BG (2011) Stress, task, and relationship orientation of Vietnamese: an examination of gender, age, and government work experience in the Asian culture. Compet Forum 9(2):235–246

Nguyen LD, Boehmer T, Mujtaba BG (2012) Leadership and stress orientations of Germans: an examination based on gender, age, and government work experience. Public Org Rev 12(4):401–420

Nguyen LD, Mujtaba BG, Ruijs A (2014) Stress, task, and relationship orientations of Dutch: do age, gender, education, and government work experience make a difference? Public Org Rev 14(3):305–324

Quang T, Vuong NT (2002) Management styles and organisational effectiveness in Vietnam. Res Pract Hum Resour Manag 10(2):36–55

Ralston DA, Terpstra-Tong J, Maignan I, Napier NK (2006) Vietnam: a cross-cultural comparison of upward influence ethics. J Int Manag 12(1):85–105

Shoaib S, Mujtaba BG, Awan HM (2019) Overload stress perceptions of public sector employees in Pakistan: a study of gender, age, and education in South Asia. Public Org Rev 19(3):311–324

Sikander A, Mujtaba BG, Afza T (2012) Stress, task, and relationship orientations: analysis across two culturally diverse countries. Int Bus Manage 4(2):33–40

Tajaddini R, Mujtaba BG (2011) Stress and leadership tendencies of respondents from Iran: exploring similarities and differences based on age and gender. Public Org Rev 11(3):219–236

Tran QHN (2019a) A pilot study on measuring organisational culture in Vietnamese corporations in light of task and relationship orientations. Int J Export Market 3(1):20–34

Tran QH (2019b) The organisational culture of Vietnamese and Chinese corporations: do age and gender make a difference? Public Org Rev 1–14. https://doi.org/10.1007/s11115-019-00458-0

Tran Q (2020) Organisational culture, leadership behaviour and job satisfaction in the Vietnam context. Int J Organ Anal. https://doi.org/10.1108/IJOA-10-2019-1919

Tsai FJ, Huang WL, Chan CC (2009) Occupational stress and burnout of lawyers. J Occup Health 51(5):443–450


# Stress Perceptions in South Asia


Shandana Shoaib[1], Bahaudin G. Mujtaba[2] and Hassan Mustafa Awan[1]

[1]Institute of Management Sciences, Peshawar, Pakistan

[2]Huizenga College of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA


## Synonyms

Constraint; Distress; Anxiety; Strain; Overload; Overburden; Stress perception; viewpoint

## Definitions

- *Stress* can be anything of uncertainty to which the body reacts either in a positive manner (eustress) or negative manner (distress).
- *Perceived stress* is a condition subjectively experienced by respondents who ascertain a disparity between demands placed on them and the resources available to them to meet those demands.
- *Qualitative overload* refers to the tasks and responsibilities given to an employee beyond

his abilities, without adequate training or skill building to get it done effectively. *Quantitative overload* refers to additional responsibilities given to a person, without adequate time, to get them done in a preferable way.

- *Role overload* is the conflict of priorities resulting from expectations that a person performs a wide variety of tasks, which are impossible to complete within the given time limits.

## Introduction

The culture of a society has a strong impact on the organizational culture and stress of employees. Culture is defined by Geert Hofstede (2011) as a collective programming of the mind that differentiates members of one group of people from others. Hofstede (1981) has described culture as "the software of mind," which guides people. Cultural messages refer to the information shared by members of the in-group, and often the out-group members are unaware of it as they are not within that circle (LeBaron 2003). Culture plays an important role in the development of human thoughts and behavior. Ignoring cultural differences in an interaction can potentially signal trouble. Organizations that overlook the salient features of culture may sooner or later find themselves in trouble regarding communication, particularly when they are working as expatriates. Culture shapes our perceptions of almost everything in a society and unconsciously affects our daily lives by shaping our beliefs, thoughts, and convictions. Two things are essential features of any culture: cultures are dynamic, and they relate to the symbolic dimension of life (LeBaron 2003). LeBaron refers to the symbolic dimension as a phenomenon where individuals constantly give meanings to things, endorsing their identities. Societal cultures exist in the values of individuals in an unconscious manner, and it encompasses the broad tendencies of preferences of certain states of affairs over others. On the other hand, organizational cultures reside in a conscious way and can be seen from the practices of individuals that are reflective of their perceptions, of what goes on, in their organizational environment (Kahn et al. 1964).

A study by Kuhn in 1970 on the cultural paradigms inspired a number of other studies into the various dimensions of national culture. Some authors stress that culture is the consequence of finding a way out of problems, with the environment, time, and relationships. Globalization and workforce mobilization have influenced many researchers to conduct intercultural studies. Kagitcibasi and Berry (1989) are also of the opinion that there is a need to understand cultural differences as the world is shrinking and businesses are becoming less Western-oriented. In the absence of having an inclusive work environment for people of diverse cultures, employees might feel overly stressed, and consequently their work performance might suffer.

## Stress Perception and Performance

Extensive and diverse literature exists on the relationship between stress and performance. Kavanagh defined stress as a nonspecific response of the body to a stimulus or event (stressor). When an individual encounters a stressor, it will result in either psychological or physiological response of the body. Consequently, a psychological response is manifested in the form of stress, and if physical, it may be in the form of physiological changes in the body. There is increasing evidence of work stress, resulting in negative health outcomes, both psychological and physiological (Offermann and Hellmann 1996). Stress may be defined as a physiological response of the body to demands made upon it (Tajaddini and Mujtaba 2009). Stress can be anything to which the body reacts either in a positive manner (eustress) or negative manner. Matteson and Ivancevich (1987) refer to stress as an adaptive response that is moderated by differences in each person. Stress can be the consequence of any action, situation, or event that places undue demands or hardships upon an individual. The most popular accepted concept of stress is that there is at least one stressor (which can be anything) that triggers off or has a response to (stress) either eustress or distress (Selye 1956). Stress is a response to any outside force – the

stressor, which refers to any problem or concern an individual has to deal with in life.

Job stress may come from five major sources: task overload, uncertainty of what will happen, understaffing, lack of sufficient experience for the job, and personal problems (Teratanvat and Kleiner 2001). Stressors in the workplace are those conditions that have the potential to result in a person experiencing a situation as stressful. The degree of stress experienced and the ways in which a person reacts to it can be influenced by a number of other factors, such as personal characteristics, lifestyle, social support, and appraisal of the stressor, life events, and sociodemographic and occupational variables. Indicators, such as role ambiguity, work-life balance, workload, lack of leader or manager support, rewards, tools and equipment, job aspects, job security, lack of autonomy at workplace, and career advancement could be the potential stressors and may have an impact on employees' well-being and engagement in the workplace. All stressors tend to produce similar physiological responses within the body.

Stress is perceived only when the brain triggers a response to the stressor. Stressors can be any event – internal or external stimuli – which is perceived unacceptable or threatening by the mind; whereas, perception is the interpretation of those stimuli. If the stimulus is interpreted as threatening by the brain, it will result in stress; otherwise it will eventually adapt to that stimuli in a period of time. Stress can be all those feelings and perceptions in lack of time, ability, skill, or resources to effectively deal with personal or professional demands in a given time. Stress is all those real and perceived forces that encroach or are imposed on the individual. Perceived stress has been defined as a condition subjectively experienced by respondents who ascertain a disparity between demands placed on them and the resources available to them to meet those demands.

## Task Overload and Workplace Stress

Occupational stress is a harmful physical and emotional response incurred in the work environment due to the shift in the nature of jobs from manufacturing to service industries. Both physiological and emotional demands of work and workplace have increased, which often result to burnout. Research has indicated that the most common sources of job stress could be expected to have a significant impact on organizational activity and employees' sense of well-being and engagement in the workplace. The author defines workplace stress as a condition arising from the interaction of people and their jobs, which is characterized by changes within people that force them to deviate from their normal functioning.

Among other variables work overload has been identified as a major cause of stress. Workload refers to the amount of stress experienced by individuals due to the perception that they are unable to cope or be productive with the amount of work allocated to them. The authors assert that when individuals are expected to do more than the time and resources available permit them to do, they are likely to experience strain. Coetzer and Rothmann (2007) found that good relationships with the supervisors and leaders improve employees' satisfaction level and reduce work-related stress, while work overload results in employee frustration and increases their stress level. Work overload drains an employee's energy and results in mental exhaustion. If mental exhaustion exceeds a certain level, it can be converted into "burnout," thus, negatively affecting employees' performance.

Stress overload can be qualitative or quantitative (Hyde and Allen 1996). Qualitative overload refers to the tasks and responsibilities given to an employee beyond his abilities, without adequate training or skill building to get it done effectively. Quantitative overload refers to additional responsibilities given to a person, without adequate time, to get them done in a preferable way. Role overload is the conflict of priorities resulting from expectations that a person performs a wide variety of tasks, which are impossible to complete within the given time limits. Nelson (2003) conducted a survey, which indicates that 41% of the people cite workload issues

as the biggest source of stress, which may lead to lower job performance, resentment of supervision, boredom, low self-esteem, inability to concentrate and make decisions, apathy, short attention span, burnout, and job dissatisfaction. Stress can be a main contributor to performance decrements. In the presence of stressors, the time given for task completion is doubled. Stress that is created due to task overload reduces the quality of individual performance and increases the magnitude of the performance decrement as compared with the case in which the individual has only one task to perform.

Job demands, such as workload, exhaust the employee's energy, and in an attempt to cope with the resulting exhaustion, the employee withdraws mentally, decreasing their work engagement levels. Moreover, job demands can lead to burnout, which will in turn adversely impact an employee's engagement. Some of the adverse implications of stress are inferior quality of work, low productivity, and high absenteeism and turnover. Job resources, such as advancement, social support, organizational support (including relationship with superiors, role clarity, information, communication, and participation), and growth opportunities (including variety, opportunities to learn, and autonomy), are positively related to work engagement, whereas job demands, such as work overload, are negatively related to work engagement (Coetzer and Rothmann 2007). Mujtaba and McCartney (2007) differentiated between eustress and distress; the former is linked to good or positive things that happen, whereas the latter is linked to negative things. Stress, no matter by what name researchers refer to it, will always have an effect on employee performance. The authors of this study maintain that not all stressors are bad; some may be good, and it may still evoke a bad response.

These days all adults are surrounded by so many different factors, particularly at work, some of which include conflict, change, and stress. While it is not possible to control all the factors that cause stress, these can be controlled and managed properly to have a productive workplace.

## Task Overload in Employees

Stress is a term commonly used to describe feelings of tensions or exhaustion usually associated with work overload or overly demanding work (Sikander et al. 2012). Several stressors have been identified in the workplace, such as role ambiguity, work-life balance, task overload, lack of leader or manager support, rewards, tools and equipment, job aspects, job security, lack of autonomy at workplace, and career advancement that could cause potential stress and can affect employees' performance. Defines workplace stress as the condition arising from the interaction of people and their jobs, which is characterized by changes within people that force them to deviate from their normal functioning. Organizational stress is considered one of the criteria of organizational performance effectiveness. The manifestation of workplace stress can be seen in the form of inferior quality of work, low productivity, high absenteeism, high accident rate, low morale, and high turnover. Task overload can decrease motivation toward learning and work performance. Individuals react to different stressors in different ways, depending upon their personality traits and emotional intelligence. High task orientation coupled with a Type A personality can be a higher potential for stress, particularly in those individuals who do not maintain a balance between their personal and professional lives. Thus, all stressors have the potential to produce stress, but the level of stress perceived and the type of stress vary among individuals. Individual differences may cause some to interpret these stressors as positive stress or "eustress" (which stimulate them), while others experience negative stress or distress (which detracts from their efforts). Eustress can be referred to an experience that is psychologically healthy, and as a consequence, it promotes cognitive and behavioral performance, while distress is referred to an experience that is bodily and psychologically unhealthy and leads to a loss of productivity.

Stress can be either long-term or short-term. The former usually does not cause any serious physical or psychological problems; in fact it

keeps the body and mind active. The authors consider long-term stress to be detrimental and can cause psychological and physiological breakdown. Stress can be calibrated as low, moderate, high, and severe, but whatever the degree, it is important to be cognizant of the fact that consistently overloading oneself can be problematic.

## Conclusion

The study has provided an insight into the stress perception of employees due to task overload in a high-context culture.

Generally speaking, the fact that there is no difference in the level of stress perception of the male and female employees is interesting. Although, females are physically smaller to their male counterpart, however, when it comes to workplace, this difference seems to be leveled out. This is a good indication of evidence that females can be equal professionals when it comes to handling stress in the modern South Asian workplaces. The stereotype that female employees are unable to handle workplace stress is busted with empirical testing in different cultures. Moreover, this can also help in shattering the glass ceiling effect, which is very dominant in most South Asian countries and neighboring regions, hampering the upward movement of female employees in organizations. Managers should thus focus on the capabilities of the candidates rather than worry about their biological differences.

The workforce these days has become more diversified in terms of culture and demographics. Understanding the phenomenon of stress using these diversities will equip managers for proactive approaches toward managing it before becoming a distress for the employees. The current study hence provides real-world implications and recommendations for managers and practitioners for dealing with workplace stress of multitasking employees and employees facing overload.

Identification of stressors and responding to them in a proactive manner will have a positive effect on the organization's bottom line. As confirmed by and aligned with previous studies (Nichols 2008), this chapter emphasized that the impact of stress can be physical, emotional, mental, and behavioral. Moreover, its intensity can be low, moderate, or high and in worst case even burnout.

Studies on stress have confirmed that when employees encounter a stressor for a prolonged period of time, it will result in some sort of psychological or physiological response from the body, resulting in negative psychological and physiological outcomes for employees in the workplace. In terms of gender, the authors found no significant differences in stress level between males and females in South Asia, which were in conformity with the study findings of Afza et al. (2011) and Huang and Mujtaba (2010) but contrary to what Matud (2004) as well as Pines and Zaidman (2003) have reported. The workforce demographics over the last couple of decades have drastically changed, witnessing increased female employment and diverse workforce.

Moreover, with respect to age and qualification, the literature on stress contains mixed results. Young employees have more avenues to deal with stressful situations and are more energetic than the older employees. In an era of knowledge economy, access to and usage of web sources makes an individual resourceful. The younger employees are more resourceful in this regard, making them less prone to stress. Moreover, the level of stress increases even when an employee's qualification becomes higher, as people expect more, both in terms of quantity and quality of work, from those who are more qualified, which in turn may increase their level of stress.

## Cross-References


- ▶ Conflicts and Stress management
- ▶ Financial Health and Distress in Local Government
- ▶ Stress Management

## References


Afza T, Mujtaba BG, Habib N (2011) Stress perceptions of working adult Pakistanis and Americans. Int J Bus Soc Sci 2(5):32–40

Coetzer CF, Rothmann S (2007) Job demands, job resources and work engagement of employees in a manufacturing organization. South Afr Bus Rev 11(1):17–32

Hofstede G (1981) Management control of public and not-for-profit activities. Acc Organ Soc 6(3):193–211

Hofstede G (2011) Dimensionalizing cultures: the Hofstede Model in context. Online Readings Psychol Cult 2(1). https://doi.org/10.9707/2307-0919.1014

Huang KY, Mujtaba BG (2010) Stress, task, and relationship orientations of Taiwanese adults: an examination of gender in this high-context culture. Journal of International Business and Cultural Studies 3:1–13

Hyde D, Allen R (1996) Investigations in stress control, 4th edn. Pearson Custom Publishing, Boston

Kagitcibasi C, Berry JW (1989) Cross-cultural psychology: current research and trends. Annu Rev Psychol 40(1):493–531

Kahn R, Wolfe D, Quinn R, Snoek D (1964) Organizational stress: studies in role conflict and ambiguity. Wiley, New York

LeBaron M (2003) Bridging cultural conflicts: a new approach for a changing world. Jossey-Bass, San Francisco

Matteson MT, Ivancevich JM (1987) Controlling work stress: effective human resource and management strategies. Jossey-Bass, San Francisco

Matud MP (2004) Gender differences in stress and coping styles. Personality and Individual Differences 37 (7):1401–1415

Mujtaba BG, McCartney T (2007) Managing workplace stress and conflict amid change. Llumina Press, Coral Springs

Nelson B (2003) Work stress, can you handle it? Corp Meet Incent 22(8):34–36

Offermann LR, Hellmann PS (1996) Leadership behavior and subordinate stress: a 360° view. J Occup Health Psychol 1(4):382–390

Pines AM, Zaidman N (2003) Gender, culture and social support: a male-female, Israeli Jewish-Arab comparison. Sex Roles 49(11-12):571–577

Selye H (1956) The stress of life. McGraw-Hill, New York

Sikander A, Mujtaba BG, Afza T (2012) Stress, task, and relationship orientations: analysis across two culturally diverse countries. Int Bus Manag 4(2):33–40

Tajaddini R, Mujtaba BG (2009) Stress perceptions and leadership orientation of Malaysians: exploring their similarities and differences with Americans. Chin Bus Rev 8(8):26–43

Teratanvat R, Kleiner BH (2001) Stress reduction in small businesses. Manag Res News 24(3/4):67–71


# Structure and Reform of Local Government in Ireland


Petros B. Ogbazghi
Department of Public Administration, University of Asmara, Asmara, Eritrea


## Synonyms

Ireland; Local administration; Local authority; Local government; Local government reform

## Definition

Local government is generally defined as a sub-national government, comprising a complex set of democratically elected local councils and representative authorities that are created by constitutional or statutory parliamentary provisions for the purpose of providing and administering social services to the inhabitants of a particular local area or district, with a degree of autonomy and structural independence from the central government.

The concept of local government reform refers to the introduction of a comprehensive or incremental set of structural, institutional, attitudinal, and organizational strategic changes that are aimed at transforming, modernizing, and adapting the local government system to local social, cultural, political, economic, and environmental needs through the effective, efficient, and sustainable use of resources.

## Introduction

The immediate pre-independence Local Government (Ireland) Act, 1898 and the corollary events at the local level had far-reaching implications in terms, not only in establishing representative and democratic local government institutions for the first time but also played a significant role in the expression of brooding national identity and the local solidarity networks needed to realize

national sovereignty. When Ireland achieved its independence and *Sinn Fein* came to power in 1922, the new leaders drafted a new constitution, which closely mirrored the Westminster model of parliamentary democracy, where the executive arm of government was made up of the party that won majority in parliament. Similarly, they adopted a national macroeconomic plan that emphasized the crucial role of the state in the socio-economic transformation of Ireland.

The heavy stress placed on high state intervention was legitimated on ideological grounds that independence would enable Ireland to effectively control and manage its national resources and achieve a level of economic development that would make it possible to achieve domestic equity. To this end, the government intervened heavily in economic and social life of the newly founded nation by undertaking major projects related to the establishment of local hospitals, schools, road maintenance and construction, and other social infrastructures. Despite the transfer of power from London to Dublin, the new leaders were, however, reluctant to abrogate the political and institutional arrangements inherited by the British. As such, state institutions, in general, and the local government system, in particular, evolved in a context where there were no marked structural reforms to reflect the new political reality of independence.

## Local Government Reform in the Immediate Post-independence Period

At the local level incidents of corruption, jobbery, parochialism, and nepotism were so widespread that it evinced so much apathy on the part of *Sinn Fein* leaders who responded in somewhat drastic fashion. The measures they introduced had two components: increasing the level of local government centralization, while at the same time decreasing the number of local government units both at county and subcounty levels. Thus, for example, the introduction of the Local Government (Temporary Provisions) Act, 1923 saw the dissolution of 36 local authorities, including, 4 county councils and Dublin and Cork Corporations in the 8 years from 1923 to 1931 (Daly 2002, p. 75). Moreover, local government representation was abolished in many regions only to be replaced by what came to be known as local commissions.

Similarly, the second half of the 1920s witnessed some reforms, specifically, the introduction of the Local Government (County Boroughs and Adjustments) Act, 1926, which established the Local Appointments Commission (the equivalent of civil service administration at the national level), which sought to remedy corruption and endemic abuse of power in local government appointment practices. The new arrangements led to a more efficient and more accountable administrative system but this was achieved at the expense of local autonomy. Ironically, these developments led to a situation where councilors and backbench TDs began to complain about the growth of bureaucracy and the increase in central control in the same way the Boards of the Poor Law Guardians felt against the British who exerted stringent control from Dublin Castle (Daly 2002, p. 76).

Corollary reforms during this period related to the introduction of the County Manager system – a new genre of local government system, which originated in the United States and was practically unknown to Ireland and indeed to Europe in general. This landmark management-centered reform, which was implemented on a much greater scale by subsequent governments, was aimed to promote the effective and efficient coordination and execution of overall policy directives by appointed county managers, hitherto the prerogative of elected county boroughs and county councils. It had the secondary effect of undermining local self-government and the autonomy of elected representatives.

## Local Government Reform: 1930s–1940s

Enter the subsequent government of the *Fianna Fail*, local government reforms drastically curtailed even the limited powers that local governments had enjoyed in the aftermath of independence. In what came to hold true to what many had predicted that *Sinn Fein's* reform

measures would set a precedent on how future policy reformers would respond to prevalent cases of administrative inefficiency, between 1932 and 1942, *Fianna Fail* leaders abolished six county councils, with some even calling for the elimination of local government units altogether. Thus, for example, in 1933 Sean T.O. Kelly, the Minister for Local Government and Public Health, notified cabinet that local government councils had become "an expensive anachronism" and called for their abolishment (Chubb 1970, p. 271). Although the cabinet did not agree, the result was that local governments appeared to be subjected under much closer central control than they were under the Local Government Board or even during the immediate post-independence period.

Such drastic albeit negative policy attitudes and responses toward local governments had to be justified on ideological grounds in which local governments were insisted to have been the creation of the British with little or no meaningful context in the Irish Free State. Such cognitions unsurprisingly unleashed subsequent reforms that tended to centralize power at the national government level. But there were also pragmatic reasons that explain why the central government was too shy to vest more power on elected councilors than on a centrally appointed local manager, such as the need to stave off corruption and nepotism.

During the 1940s, however, the *Fianna Fail* government introduced a system of city management, which continued to prevail to this day. This particular reform was aimed at addressing the administrative shortcomings in the implementation and execution of local government policies, which, hitherto, were the prerogatives of the county boroughs and county councils. These so-called management reforms, which actually began in 1926, introduced the appointment of professional managers at the local level. Under this new management system (which by 1942 came to be fully implemented across the broad spectrum of local governments), responsibility for major executive decisions, including local government housing allocation and appointments to most junior offices, was transferred to the "County Manager." Senior posts, however, continued to be filled by the "Local Appointments Commission," which was in place since 1926.

Other local reforms during this period relate to the establishment of local development bodies known as County Development Teams. The objective of these local bodies was to articulate and coordinate development activities with the overall local government goals and priorities. Albeit innovative, the impact of the reform was shallow at best as their activities were bypassed by newly emerged state-sponsored bodies. Policy implementation now came to be nested with a variety of newly set up agencies, which operated parallel to local governments. The result was that the new arrangements not only undermined the democratic decision-making discretion of local governments but also fundamentally altered the role of local governments as agents of development. Ancillary reforms during this period saw the introduction of what came to be referred as Planning Programming Budgeting (PPB) systems that sought to restructure the hitherto rudimentary budgeting procedures. The goal was to integrate the overall local government budgets with specific department objectives and activities to which performance could be reasonably measured and attributed.

## Local Government Reforms of the 1960s–1980s

Yet another major reform area that sought to make up for the loss of local authority decision-making powers by enabling them exert greater control in the area planning, thereby allowing them initiate major development activities came with the Local Government (Planning and Development) Act, 1963. This reform was augmented by the establishment of nine planning regions in 1964 and the setting up of a commission in 1968 following what came to be known as the Buchanan Report on regions. With this reform in place, local authorities were now able to embark upon major infrastructure activities, including local government housing development as well as the construction of roads. As it appeared from the policy pronouncements, the ultimate goal of the 1963

reform was to align local goals with the national ones, which aimed at deregulation and opening up of the economy in a bid to attract foreign investment. Moreover, in order to realize equitable regional economic development, new investment firms were encouraged and sometimes forced to locate in peripheral regions.

The central government subsequently established regional coordinating agencies that were responsible to Dublin. However, although these so-called Regional Development Organizations that were created at the end of the 1960s (only to be abolished in the 1980s) were non-statutory bodies, they were strictly controlled by the central government, which granted them the consent to function at the local level. With scarcely adequate resources and less reliable or meaningful linkage with the local government bodies, local government activities both at the county and subcounty levels appeared to have been neither coordinated nor generated popular support to realize the much sought-after regional economic policy. With the reforms of the 1960s and the 1970s, some results were achieved in the way of reversing the highly top-down approaches. Such success during this period, which also coincided with the frequent postponement of local elections – a practice that survived long into the early 1990s – was, however, shallow as the reforms fell short of putting in place more decentralized and autonomous local government structures, nor were local authorities uniquely oriented to tackle regional imbalances for which the reforms were intended.

Other local reform issues that were not resolved during this period relate to finance. Indeed, prior and long after the reforms, the local government units – both county and city councils – remained ever dependent on the central government for transfer of funds: a situation which later triggered the introduction of what came to be known as development levies. This latter reform was aimed at enhancing local revenues by making up the shortfalls in the form of service charges. The discretionary powers of local governments in allocating resources they deem appropriate only applied in principle as local governments were subjected to strict financial scrutiny. In fact, the level of central control was so striking that even Dublin – the capital city with metropolitan responsibilities – was doubly irked that it had to run its affairs within the same local political framework, which neither encouraged organizational innovation nor helped mobilize the necessary resources (Bannon 2007, p. 224). Of course, the reforms did stipulate that local governments could raise their own revenues by directly participating in the market. On the ground, however, they largely depended upon direct government transfers as well as what later on came to be known as the Local Loan Funds. Especially from 1977 onward, with the abolishment of property tax, local government revenue further dwindled and what hitherto could fund local services through locally raised revenues came to shrink, diminishing with it too the limited discretion that local revenues bestowed. Prior to the abolishment of the property tax, local rates and central government grants represented about 40% and 43%, respectively (Komito 1985, p. 40). Local government rates from now on would continue to drop to mere 21%, while central government grants hiked to 61% (Chubb 1982, p. 298). Even then, the central government continued to determine the rate and base of local taxes. This drastically drained the limited fiscal autonomy that local governments had in terms of budgetary and revenue decisions, which had now been arrogated by the central government which instructs them in relation to how much money they could raise, how it was going to be spent, and what amount was needed from the coffers of central government.

## Local Government Reforms from the 1990s to the Present

Prior to 1991, Irish local authorities were constrained by the doctrine of ultra vires and were considered to be acting outside their powers if they performed any functions not specified in law. However, with the Local Government Act, 1991, local authorities were granted a general competence power to carry out general actions aimed at promoting the social, economic, and

community development of their jurisdiction. Similarly, following the Local Government Act, 1998, local authorities' financial position was substantially enhanced through a combination of two parallel fiscal sources: a centrally controlled and funded local transfers and motor tax proceeds. It was also during the 1990s that reforms known as Financial Management Systems were introduced. The objective was to reform the overall management of funds, including the introduction of accounting procedures, such as accruals, asset valuation, balance sheet, financial performance indicators, and cost accounting and auditing procedures. Much of the financial and budgeting reforms, however, proved unsustainable as they were severely constrained by internal administrative bottlenecks. These challenges pertained to the lack of highly skilled staff that could be available across the broad spectrum of local government in implementing and responding in accordance with the hitherto introduced institutional and financial reforms.

What is perhaps remarkable in terms of the reform agenda it prescribed and attempted to implement came under the "Better Local Government Act, 1996." This ambitious and more complex piece of legislation sought to enhance the policy-making role of local councilors, and it tried to achieve this by shifting attention externally toward community groups by developing more community-local authority linkages and by strengthening and empowering local communities to take active role in local governance. With the 1940s managerial reforms already serving as the forerunner, the local government reforms of the 1996 were attuned by more managerial ethos, which led to the setting up of auxiliary policy actors, referred to as Corporate Policy Groups (CPG). These newly established local government bodies, which were made up of both community groups as well as elected representatives were tasked with the provision of overall policy direction and coordination – under the guidance of local councilors – to specialized teams of policy subcommittees known as Strategic Policy Committees (SPC). The latter were, in turn, responsible for the formulation, implementation, and overall steering of their specific sectoral policies.

Following the Local Government Reform Act, 2014, currently, the local government system of Ireland comprises a total of 31 local authorities, which represents a marked reduction from an initial total of 114 local authorities. They are structured on a two tier system: whereas 26 county

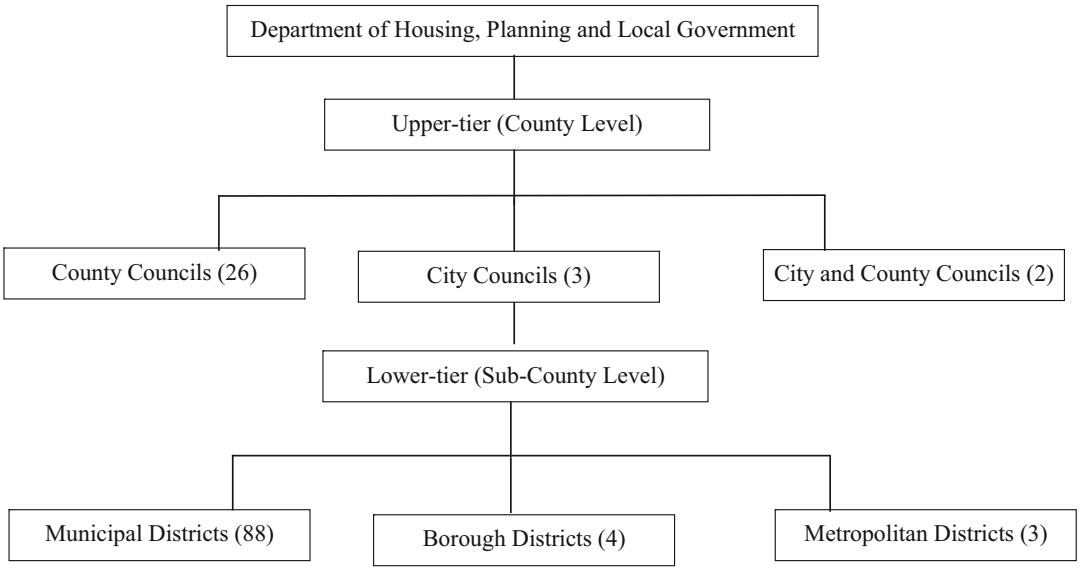


**Structure and Reform of Local Government in Ireland, Fig. 1** The current structure of local government in Ireland

councils, 3 city councils, and 2 city and county councils constitute the upper tier, 95 municipal districts (of which 3 are designated as metropolitan districts, while another 4 areas are known as borough districts) as the lower tier. The county and city councils, which continue to operate under elected local councilors, remain the nuclei of local political power and decision-making and are responsible for the provision of a relatively wide range of local services, including housing, road maintenance and safety, sanitation, water supply and sewerage, as well as environmental protection, sport and recreational amenities, and cultural heritage services. Unlike the local government units of many EC member states, however, responsibility for the provision of services in the areas of health, education, policing, and social welfare lies within the ambit of the central government (Fig. 1).

## Conclusion

When Ireland achieved its independence and set up a new government, its leaders intervened heavily in the economic and social life of the nascent state, which tended to gravitate toward highly centralized, hierarchical, and tightly controlled institutions. Indeed, the inherited local and national institutional forms continued to define the context within which the state and its institutions had evolved. Thus, the political landscape was shaped by a centralist tradition of decision-making and administration inherited by the British. Similarly, the pre-independence local government units were plagued by a deep-seated administrative malaise, which continued in the post-independence period to be a breeding ground for corruption, clientelism, and patronage of public office, especially in areas of recruitment and selection. These factors induced generations of Irish policy makers to embrace a more centralized approach to local government where the suspension or abolition of local councils was judged to be an acceptable and even a desirable option. Although this apathy was largely the result of the tortuous history of malfunctioning of local governments, ideological and political cultural factors, including attitudes of mistrust toward local councilors, could also be seen to have played an important role.

It was within these inherited cultural and structural political frameworks that consecutive Irish governments continued to embark upon what could be labeled as a litany of local government reforms. Despite strong emphasis on local elections and local democratic representation, in practice, however, the bulk of the reforms continued to erode local autonomy. This resulted in drastically curtailing the political autonomy of local councilors in policy-making and implementation. Especially, ever since the introduction of the county manager system, which was heavily influenced by the imperatives of efficiency and standardization in local service provision, local decision-making powers came to be vested in the hands of appointed professional managers, who were ultimately responsible to the central government rather than to elected local councilors. In the past, the impact of EU's regional and multilevel governance approaches, which Ireland enthusiastically adopted, seemed to have helped the government experiment with a far more innovative and effective approaches to local government. In more recent times, however, despite a more critical domestic public opinion and media coverage in response to the pronounced discrepancy between what the government formally declares and what it actually does in practice, the reform impetus toward the creation of more democratic and autonomous local government units seemed to have once again been offset by the economic crisis of the last decade, which triggered a shift of government priorities toward fiscal consolidation and restoration of sustainable public finance.

## Cross-References

► Local Government Structural Reforms

## References

Bannon M (2007) Ireland: metropolitan dominance – the challenge in achieving a balanced territorial development. In: van den Berg L, Braun E, van der Meer J (eds) National policy responses to urban challenges in Europe. Ashgate, Aldershot, pp 217–244

Chubb B (1970) The government and politics of Ireland. Longman, London
Chubb B (1982) The government and politics of Ireland. Longman, London
Daly M (2002) The state in independent Ireland. In: English R, Townshend C (eds) The state: historical and political dimensions. Routledge, London/New York, pp 66–94
Komito L (1985) Politics and clientelism in urban Ireland: information, reputation and brokerage. PhD thesis, Anthropology Department, University of Pennsylvania

## Structure of Bureaucratic Decisions

Juliana Abagsonema Abane[1], Maliha Abubakari[2] and Ernest Yeboah Asamoa[3]
[1]Department of Management Studies, University of Mines and Technology, Tarkwa, Ghana
[2]Department of Political Education, University of Education, Winneba, Ghana
[3]Rising Sun Montessori School, Sakunmono, Accra, Ghana

### Synonyms

Bureaucracies; Formal organizations; Hierarchies; Machine bureaucracy; Milgram's bureaucracy; Weberian state

### Definitions

Bureaucracy has been defined as "a continuous organization of official function bound by rules" (Weber 1947, p. 330). Rules, regulations, procedures, and standards are designed to achieve organizational goals. Control is a mechanism used in bureaucracies to ensure the orderly conduct of the behavior of staff. For example, in Weber's view, administrative acts, decisions, and rules are captured in writing (Weber 1947, p. 332).

Therefore, a bureaucratic structure is a rule-bound governmental and administrative system. Bureaucracies are seen as organizations in which tasks are divided among technical specialists who devote their full working capacity to the organization and whose activities are coordinated by rational rules, hierarchy, and written documents.

A bureaucratic structure can be termed as a formal organization, which has a hierarchical structure defining the various reporting relationship that exists between the members of a lower level and a high level. Therefore, a bureaucratic structure also denotes the rationalization of the social structure of the organization to bring about order and stability.

Therefore, the structure of bureaucratic decisions refers to the process of decision-making in a bureaucratic context, for example, the act of policymaking by the legislature or a government agency in which rules and procedures are followed in the formulation and implementation.

### Introduction

Bureaucratic structure implies a distinct organizational form that is hierarchical, formalized, and specialized with a clear functional division of labor and boundaries as well as standardized rules, and regulations (Olsen 2005, p. 1). A bureaucratic structure is intended to regulate the use of power because, it clearly demarcates the level of discretion a bureaucrat can exercise through the division of labor, functional specialization, merit-based promotion, and recruitment, impersonal relationships, etc. leaving little room for abuse of power by public officeholders.

Additionally, Haveman and Kluttz (2015, p. 1) seem to agree by explaining that bureaucratic structure is a planned division of labor shared among public officer holders whose regular activities and formal authority are governed by rules and regulations. It denotes a hierarchy of offices in which authority flows from top to bottom and information flows from bottom to top.

Burns and Stalker's study linked organizational structure to organizational effectiveness, which was the first empirical study on the bureaucratic structure (Burns and Stalker 1994). A further discussion on the support for a bureaucratic structure in organizations suggests that the empirical data published between 1960 and 1999 reveal that there is not one constant form for

bureaucratic structure, but there is a clear occurrence of bureaucratic control (Walton 2005). This indicates that the structure of organizations might differ, but the bureaucratic control remains consistent; while the structure is relatively flexible, there seems to be some sort of constant value carried out by these organizations.

Further, bureaucratic structure shapes and channels how it gathers information and makes decisions (Bendor and Hammond 2010, p. 638). Decision-making in organizations follows procedures and rules that bear semblance with bureaucracy, and hence, the decisions are taken based on the hierarchical arrangements that the structure provides. Weber saw bureaucratic organizations as technically superior to other forms of organizations; it is faster and cheaper in its decision-making than any other form of administration. The remainder of the discussion includes the features of the bureaucratic structure and the structure of decision-making using the policy approach, and then draws conclusions.

## Bureaucratic Structure

A bureaucracy according to Mintzberg (1993) is a predetermined or predictable behavior or standardized behavior. Matte (2017, p. 5) observes that five major elements or factors are important in Weber's model of bureaucratic structures. These factors are hierarchical order, rigid rules and procedures, impersonal relationships, bureaucratic transactional leadership, and bureaucratic transformational leadership. Similarly, Hummel (2008) notes that hierarchy and high structures are characteristics of bureaucratic structures as the most standard type of organization structures. Hummel opines further that "the chain of command goes straight up the chart with a decreasing lateral spread, like a triangle" (Hummel 2008, p. 76). However, the most compelling features of a bureaucratic structure include formalization of behavior and operating rules, centralization of authority, and planning and control systems (Ferrell and Skinner 1988, p. 104).

Formalization of behavior can take three forms: (1) formalization by position specification, (2) by workflows, and (3) rules (Mintzberg 1993, p. 34). The use of formalization is to regulate individual members' work and behavior. The result of this is a fully developed vertical specialization of jobs, which is skilled jobs. Additionally, formalization relates horizontal specialization with narrower unskilled jobs being simple and repetitive. The purpose of formalization is to "reduce its variability, ultimately to predict and control it" (Mintzberg 1993, p. 34). Also, once formalization takes place, it is easier to coordinate the activities of the different parts of the bureaucratic structure. Sometimes, formalization enables the structure to function like a machine, which leads to the efficient production of goods and services. Formalization can be used for other purposes such as ensuring fairness to clients, where the principles of "first come first serve" in government organizations are used to avoid the displeasure of service seekers.

Another feature of a bureaucratic structure is centralization. Centralization "refers to the hierarchical level that has the authority to make a decision" (Ferrell and Skinner 1988, p. 104). Also, the use of centralization is to achieve coordination and control. It is the power given to an individual to make decisions as a top executive and enforce its implementation through lower structures beneath it by supervision. Decision-making is affected by where it is coming from. For example, if the decisions come from the top-level, such authority is centralized; however, if it comes from the bottom of the structure, such decisions are decentralized. Centralized decision-making gives more power to a few individuals in the vertical structure who are found at the strategic apex of the organization while decentralized decisions come from both the horizontal and vertical structures. Here, decision-making is two-way traffic, from both upward and downward streams. Further, since centralization is closely linked to the exercise of the authority which is located in the formal hierarchy of the bureaucratic structure, two critical issues emerge (1) position in the organization rather than personal characteristics, and (2) the compliance of subordinates because they perceived that

superiors have a legitimate right to exercise authority (Ferrell and Skinner 1988, p. 104).

Control systems are another form of a bureaucratic structure and it refers to target setting, measuring, monitoring, and providing feedback on task performance (Brignall and Modell 2000). Action planning is a key component of a bureaucratic structure, which is used to set desired outputs. Control systems are needed in the structure because it is viewed as a tool to assess whether or not the targets are met. Control systems mostly consist of rules, standards, and internal procedures to guide individual behavior and workflows.

Bureaucratic structures affect decision-making in organizations. The structure of the organization in which decisions are made may affect whether the organization has a predisposition to be more lenient or more stringent in eligibility determinations (Keiser 2011).

Also, bureaucratic structures can be seen in all forms of governance at both the local and the national levels. Trondal (2010, p. 1) argued that studies suggested that international bureaucracies change world politics, affect power distributions across levels of government, and transform domestic democratic governance. Consequently, governance is built on public policy, and the decisions taken are closely tied to the bureaucratic structures found in government and state institutions. Based on this understanding, the next section will discuss the structure of bureaucratic decisions using the public policy approach.

## Bureaucratic Decisions: The Public Policy Approach

This section first discusses public policy and the actors within the bureaucratic structure that formulates policies followed by the models of decision-making in bureaucracies. The purpose is to understand the dynamic nature of decision-making in government bureaucracies.

Meier and Bohte (2006) defined policy as a purposive course of action followed by actors or sets of actors related to the government on a problem or matters of public concern. Public policy is "what governments choose to or not to do" (Dye 2016). Suzuki and Hur (2018, p. 1) have identified significant influences of bureaucracy in public policies, their implementation, and socioeconomic outcomes. In so doing, they create the public policy that the public actually experiences. Peters (2009, p. 7) asserts that the task of implementing public policy continues to be largely the same as it has been for decades or even centuries. The most remarkable change in the role of the public service and for governing, in general, is that there is much less predictability and there are often competing demands placed upon people at all stages of governing – from ministers through to the lowest level clerks (Peters 2009).

Theodoulou and Cahn (2013) identify several actors in the policy process. He identifies institutional and noninstitutional actors by exploring the functions and influence that policy actors exert in the policy process. Popoola (2016, p. 47) also categorizes the actors into official and unofficial policymakers. The "Unofficial policymakers" do not occupy formal public positions or political offices; they are interest groups that demand policymakers to address problems affecting their members while the "official policymakers" are those who possess the legal authority to engage in the formulation of public policy through the bureaucratic structure. The official actors, in this case, are summarized in the following:

> "Congress, the president, executive agencies, and the courts—and the non-institutional actors—parties, interest groups, political consultants, and the media. . . In addition, the vast network of organized citizen groups (parties, interest groups), as well as the rise of the electronic media, political consultants, and other image-making professionals, further complicates the process" (Theodoulou and Cahn 2013, p. 41).

## The Rational Decision-Making Model

A rational man is a decision-maker that takes the action, after some courses of regulation, that is, the definition of what is feasible and what is desirable, which are independent of each other (Matte 2017). A rational decision-making process is often suggested as the way in which decisions

should be made, and it involves following a strictly defined sequential process. Rationality in relation to decision-making refers to a process that is perfectly logical and objective, whereby managers gather information objectively, evaluate available evidence, consider all alternatives, and eventually make choices that will lead to the best outcomes for the organization.

The best known of the rational-comprehensive model was one developed by Herbert Simon. It is the most normative of the rational policy-making models. Tiernan and Morley (2013) observe further that most models of decision-making include six essential steps: (1) identify and diagnose the problem; (2) identify alternative solutions; (3) evaluate alternatives; (4) choose an alternative; (5) implement the decision; and (6) evaluate the decision. In explaining these processes further, Dye (2016) argued that "rationality assumes that preferences of society as a whole can be known and weighted" (Dye 2016, p. 3). It is also not enough to identify and weigh the values of some groups to the neglect of others, thus, the rational model assumes a complete appreciation of societal values. The rational model further necessitates information about alternative policies and the prognostic capacity of policymakers to forecast precisely the consequences of alternative policies as well as the acumen to compute with accuracy the ratio of costs to benefits.

"In the rational school of thought, Weber saw bureaucratic organizations as technically superior to other forms of organization; it is faster and cheaper in its strictest form than any other form of administration" (Weber 1947, p. 332). Olsen (2005) also posited that bureaucracy could be seen as a rational tool for executing the commands of elected leaders. In this perspective, it is an organizational apparatus for getting things done, to be assessed based on its effectiveness and efficiency in achieving predetermined purposes. Rationality is a very important part of the bureaucracy. This is highly demonstrated through Milgram's experiment. For Hummel (2008) reason rationalizes, modernizes, and creates the modern world. Others too share an opposing view. One of the limitations of bureaucracy is its power of obsession with what is called "rationalist thinking," an approach that prescribes utility and practical solutions to the challenges spotted (Shaikh et al. 2018).

## Bounded Rationality Model

According to Selten (1999), the term "bounded rationality" follows the tradition of Herbert Simon's view of decision-making in administrative settings. It refers to rational principles underlying the non-optimizing adaptive behavior of real people. Grune-Yanoff (2007) suggested that the notion of bounded rationality has recently gained considerable popularity in the behavioral and social sciences. Bryan (2003) argues that bounded rationality means that decision-makers are intendedly rational; that is, they are goal-oriented and adaptive, but because of human cognitive and emotional architecture, they sometimes fail, occasionally in important decisions. Grune-Yanoff (2007) opines that conceptually, however, the usage of the term often differs even within the same discipline. At least four important usages of "bounded rationality" can be distinguished:

(i) To criticize standard theory
(ii) To enrich behavioral models and theory
(iii) To provide appropriate rational advice
(iv) To explicate the concept of rationality

## Incremental Decision-Making Model

Lindblom (1959) developed the incremental model. Lindblom believed many small steps would likely lead to a good decision, or that at least minimal damage would be done because the change would be marginal. The incrementalist approach is more cognizant of the political challenges inherent in policymaking. Incrementalism according to Lindblom (1979), however, does not simply mean change occurring in small increments, it can be large increments that take place in the policymaking process. Dahl and Lindblom (1953) explained incrementalism as:

> . . . a method of social action that takes existing reality as one alternative and compares the probable gains and losses of closely related alternatives by

> making relatively small adjustments in existing reality, or making larger adjustments about whose consequences approximately as much is known as about the consequences of existing reality, or both. Where small increments will clearly not achieve desired goals, the consequences of large increments are not fully known, and existing reality is clearly undesirable, incrementalism may have to give way to calculated risks. Thus, scientific methods, incrementalism and calculated risks are on a continuum of policy methods. (Dahl and Lindblom 1953 cited in Bailey and O'Connor 1975)

## Process Decision-Making

Social and economic policy in any modern society has many dimensions. No policymaker, whether an autocrat or a democratically chosen legislature or executive, can implement policies directly. The tasks of collecting the requisite information, enforcing the rules, collecting revenues and disbursing payments, initiating and supervising public projects, and so on must be delegated to people and organizations that have or can develop special skills in these matters. Therefore a bureaucracy for policy implementation is unavoidable and the process model is an organizational decision-making tool used by bureaucrats which are often governed by rules and procedures.

## Political Decision-Making

The political model concentrates on the impact of organizational politics on decision-making. Power and politics play an important role in the decision-making process. Power is the ability to influence others. In the context of an organization, power can be viewed as the ability to exert influence over individuals, workgroups, or departments. There are five main types of power found in the organizational setting: coercive, legitimate, expert, reward, and referent. Verma (2014) argues that with the political model, decision-makers concentrate on many problems within an organization reflecting the personal goals of different subunits rather than focusing on a single issue. This model considers decision-making as a process of distinct resolution, building agreement, and decisions as a compromise among subunits.

## Challenges of Bureaucratic Decisions

Shaikh et al. (2018, p. 255) compared bureaucracies to an iron cage administered by closed-minded professionals who have almost no empathy and interest that can stretch outside their area of expertise. Several writers have a notion that bureaucracies are actually poor arenas for those who innovate. Also, the rationality of instructions illustrates how the instrument of bureaucracy can be used for good or bad of which, the bureaucracy is dependent on good instructions to do good work. Political interference, corruption, abuse of power, and nepotism are all challenges to bureaucratic decisions (Shaikh et al. 2018). Further, a formal organization can sometimes be a facade, and bureaucrats may not act in accordance with the institution's ethos and codes of conduct.

## Conclusion

The bureaucratic structure and its relevance to decision-making is a mouthful. Also, the bureaucratic structure continues to contribute to decision-making in government institutions as major policy choices are determined by the most national constitutions which set the regulations to direct public policy. Consequently, public policy models inform bureaucrats what kinds of rules and standards should be used to compare various policy options before adopting and implementing a set of alternatives.

## Cross-References


- ▶ Bureaucracy and Democracy
- ▶ Bureaucracy and Public Policy
- ▶ Bureaucratic Autonomy
- ▶ Bureaucratic Structure
- ▶ Rational Model of Decision-Making

## References


Bailey JJ, O'Connor RJ (1975) Operationalizing incrementalism: measuring the muddles. Public Adm Rev 35(1):60–66. https://doi.org/10.2307/975202

Bendor J, Hammond HT (2010) Choice-Theoretic Approaches to Bureaucratic Structure. USA: Michigan State University. https://doi.org/10.1093/oxfordhb/9780199238958.003.0027

Brignall S, Modell S (2000) An institutional perspective on performance measurement and management in the 'new public sector'. Manag Account Res 11(1999):281–306. https://doi.org/10.1006/mare.2000.0136

Bryan DJ (2003) Bounded rationality. Annu Rev Polit Sci 2(1):297–321. https://doi.org/10.1146/annurev.polisci.2.1.297

Burns T, Stalker GM (1994) The management of innovation. Oxford University Press, Oxford

Dye T (2016) Understanding public policy, 15th edn. Pearson, Boston

Dahl RA, Lindblom CE (1953) Politics, economics and welfare: planning and politico-economic systems, resolved into basic processes. New York: Harper & Brothers

Ferrell OC, Skinner J (1988) Ethical behavior and bureaucratic structure in marketing research organizations. J Mark Res 25(1):103–109

Grune-Yanoff T (2007) Bounded rationality. Philos Compass 2(3). https://doi.org/10.1111/j.1747-9991.2007.00074.x

Haveman HA, Kluttz DN (2015) Organizational populations and fields: ecology and institutionalism. In: Scot R, Kosslyn S (eds) Emerging trends in the social and behavioral sciences. Wiley. https://doi.org/10.1002/9781118900772.etrds0245

Hummel RP (2008) The bureaucratic experience: the postmodern challenge, 5th edn. USA: M.E.Sharpe

Keiser RL (2011) The impact of bureaucratic structure on government eligibility decisions. Public management research association conference

Lindblom C (1959) The science of muddling through. Public Adm Rev 19:79–88

Lindblom C (1979) Still muddling, not yet through. Public Adm Rev 39:517–526

Matte R (2017) Bureaucratic structures and organizational performance: a comparative study of Kampala capital city authority and national planning authority. J Public Adm Policy Res 9(1):1–16. https://doi.org/10.5897/jpapr2016.0377

Meier KJ, Bohte J (2006) Politics and the bureaucracy: policymaking in the fourth arm of government, 5th edn. USA: Cengage Learning

Mintzberg H (1993) Structure in fives: designing effective organizations. USA: Prentice-Hall

Olsen JP (2005) Maybe it is time to rediscover bureaucracy. J Public Adm Res Theory 16(1):1–24

Peters GB (2009) Still the century of bureaucracy?: The roles of public servants. Public Policy Adm 30:7–21

Popoola OO (2016) Actors in decision making and policy process. Global Journal of Interdisciplinary Social Sciences 5(1):47–51

Selten R (1999) What is bounded rationality? Bounded rationality Dahlem conference, May, 1–25. https://doi.org/10.7551/mitpress/1654.003.0004

Shaikh IA, Islam A, Jatoi BA (2018) Bureaucracy: Max Weber's concept and its application to Pakistan. Int Relat Dipl 6(4):251–262

Suzuki K, Hur H (2018) Bureaucratic structures and organizational commitment of senior public officials: evidence from a cross-national study of 20 European countries (No. 9; 2018)

Theodoulou SZ, Cahn MA (2013) Public policy: the essential readings. USA: Pearson

Tiernan SD, Morley MJ (2013) Modern management: theory and practice for students in Ireland. USA: Gill Education

Trondal J (2010) Bureaucratic structure and administrative behaviour. Lessons from international bureaucracies (No. 11). http://www.arena.uio.no

Verma D (2014) Study and analysis of various decision making models in an organization. J Bus Manag 16(2):171–175

Walton EJ (2005) The persistence of bureaucracy: a meta-analysis of Weber's model of bureaucratic control. Organ Stud 26(4):569–600

Weber M (1947) The theory of social and economic organization. USA: Martino Fine Books


# Structure of Nonprofit Organizations


Jeffrey Aulgur
Arkansas Tech University, Russellville, AR, USA


## Synonyms

Nonprofit design; Nonprofit frameworks; Nonprofit organization

## Definition

Structure is a system of explicit and implicit institutional rules, lines of authority, accountability, and rights and duties, which determine how organizational roles, power, and responsibilities are deployed to achieve a common goal.

## Introduction

An entity gains charitable status in the United States by application to the Internal Revenue Services, and, once granted, the organization is identified as tax exempt. The designation *nonprofit organization refers* to "agencies with nonprofit and charitable status, governed by a board of directors, delivering programs and services, and for the most part involving volunteers in the service of delivery" (Inglis et al. 1999, p. 155). In return for this tax-exempt designation, the charity must meet certain expectations with regard to its organizational structure.

The structure of voluntary and nonprofit entities in the United States is offered as one many across the global stage. In Japan, the Law to Promote Specified Nonprofit Activities created a class of corporations known as specified nonprofit entities. Such entities receive approval from the National Tax Administration Agency to received income tax donations (Japan NPO Center n.d.). Trusts, societies, and section 8 companies in India provide donors income tax and corporate tax benefits in India. The Income Tax Act of 1961 requires nonprofit organizations in India to be organized for religious or charitable purposes (NGOs India n.d.). In Brazil, the Civil Law Code allows two forms of private nonprofits, associations and foundations, both of which must be disallowed from distributing profits and must validate expenditures that are related to the respective mission. Unlike the majority of tax-exempt corporations in the United States, Brazilian law freely allows nonprofit entities to engage in legislative and political activities (Council on Foundations 2015a). In Germany, associations, foundations, and limited liability companies may receive tax-exempt status under federal civil law it is exclusively engaged in the pursuit of public benefit, benevolence, or religious-based purposes (Council on Foundations 2015b).

The structure of nonprofits worldwide may be examined through the domains of governance, administration, and programs. First, the governance standard requires an uncompensated board of directors to serve as the stewards of the public trust in exchange for its designation as a tax-exempt organization. The governing board must meet its fiduciary responsibility to the organization through the duties of care, loyalty, and obedience. Second, the board of trustees delegates its operational authority and accountability to the executive director (or chief executive officer). As the only employee directly employed by the board, the executive establishes an administrative structure designed to operationalize the organizations' mission. This structure is highly dependent on the resources, financial and otherwise, available. Finally, the wide array of services delivered by the nonprofit community is examined through the lens of four nonprofit archetypes: public charities, foundations, social advocacy organizations, and professional organizations and trade associations.

## Governance

The expected governance structure for nonprofit entities in the United States is long established. A board of directors is selected and empowered by the organization's articles of incorporation and operational bylaws. The article of incorporation, generally filed with the state in which the nonprofit is located, establishes the purpose of the charity. The board of directors adopts a set of bylaws as the organization's operational guidance. The board of directors (sometimes referred to as a board of trustees) has six main responsibilities: to provide adequate resources to sustain their organization's mission, to establish organizational policies and mission, to establish corporate operating procedures, to employ/terminate the executive director/chief executive officer, to accept a fiduciary oversight obligation with fiscal policy and boundaries, and to maintain a communication link to the community (Wolf 1999). The board of directors, as stewards of the public trust, is responsible for ensuring that the public interest is met and that organizational revenues are used to only support the charity's purpose as established in the article of incorporation. The board of directors of a nonprofit entity may delegate the day-to-day

work to the executive director and the operating staff, but it may not transfer its legal obligations or their responsibility for the nonprofit's operations. A fiduciary relationship is a relationship of trust and confidence designed only to meet the needs of the nonprofit entity. Nonprofit board members have three primary duties which establish the fiduciary foundation of nonprofit governance.

Duty of Care. Each board member has a responsibility to participate in the decision-making on behalf of the organization in the same manner as any reasonable and prudent person. These decisions must be informed, meaning the board member should seek any information necessary to make such a decision. Without active participation in governance activities, the board member cannot meet the duty of care expectation.

Duty of Loyalty. Board members must place the interests of the organization first, and all personal interests must be set aside, whether the philanthropic activity is in the present or the future. All transactions must have the best possible outcome for the organization. Nonprofit board members have a duty to disclose any existing or potential conflict of interest with the best interest of the organization.

Duty of Obedience. Board members must be obedient to the nonprofit's bylaws, policies, and mission of the organization and may never act or use organizational resources in a manner incongruent with the mission.

BoardSource, a national organization whose mission is to inspire and support excellence in nonprofit governance and board leadership, identifies the Ten Basic Responsibilities of Nonprofit Boards:

*Determine the mission and purpose*. It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served.

*Select the chief executive*. Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.

*Support and evaluate the chief executive*. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.

*Ensure effective planning*. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.

*Monitor and strengthen programs and services*. The board's responsibility is to determine which programs are consistent with the organization's mission and monitor their effectiveness.

*Ensure adequate financial resources*. One of the board's foremost responsibilities is to secure adequate resources for the organization to fulfill its mission.

*Protect assets and provide proper financial oversight*. The board must assist in developing the annual budget and ensuring that proper financial controls are in place.

*Build a competent board*. All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate their performance.

*Ensure legal and ethical integrity*. The board is ultimately responsible for adherence to legal standards and ethical norms.

*Enhance the organization's public standing*. The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community (Ingram 2008; BoardSource 2009).

Individuals who serve as members of a nonprofit board of directors are the organization's ambassadors, advocates, and community representatives who function as stewards of the public trust by exercising a legal and fiduciary responsibility (Kendall 2009; Wolf 1999). Nonprofit directors in the United States are, with few exceptions, unpaid volunteers with a commitment to the organization's mission. In the wake of recent mismanagement of nonprofit assets and resources, nonprofit boards of directors have reassessed their roles and the stewardship with which they are entrusted (Connelly 2004). Green and Griesinger (1996) found that most nonprofit

organizations lacked commitment to board member training and development. However, as the vast majority of nonprofit organizations in the United States are governed by a volunteer board of directors, the lack of time available for volunteers, combined with little or no emphasis on board member development, has contributed to a sector administered by individuals who often have little knowledge about nonprofit governance.

## Administration

The administration of nonprofit entities is as broad and varied as the services provided by the sector. For example, a newly established local food pantry may employ the executive director as the only paid employee, while a multinational hunger relief provider has hundreds of foreign employees fulfilling its mission. Regardless of the entity's size or scope, the board of directors is responsible for the employment of the executive director (or chief executive officer, as the terms are interchangeable). The executive director is responsible for implementing the policies, programs, and initiatives identified by the board of trustees through the day-to-day operational oversight. Their responsibilities of the executive director are staff management, development of management policies and programs, and serving as the staff liaison to the board of directors.

### Staff Management

As noted above, the only individual employed by a board of directors is the executive director; the executive director must then hire, supervise, and motivate the staff of the nonprofit. Entities of substantial size and resources often model team management in a form similar to a for-profit corporate structure. The terminology used to identify an organization's most senior executives is widely varied in the nonprofit sector (e.g., vice president, director, chief operating officer). For clarity, vice president is used as a representative title for all such critical nonprofit positions and their respective responsibilities identified below. The role and scope of these posts vary widely and, in many cases, are combined in nonprofits for purposes of efficiency. The hiring authority for the executive positions is, in most cases, the executive director of chief executive officer. The following positions and respective descriptions are typical of those found in corporately structured entities. For those nonprofit organizations smaller is size and scope, it is not unusual for one person to assume the responsibilities of multiple positions.

*Vice President for Development*. Responsible for acquiring third-party resources (financial or in-kind) for the support of the organizational mission. Fundraising initiatives may include annual giving initiatives, capital campaigns, major gift solicitation, planned giving, and grant proposals.

*Vice President for Finance*. In close collaboration with the executive director, this individual develops and implements the financial strategy for the nonprofit entity. She oversees all fiscal and fiduciary responsibilities of the organization.

*Vice President for Operations*. Oversees all program areas, including program development, delivery, and evaluation. This individual is critical to the mission success, as he or she must provide program leadership and management, cultivate and sustain external relationships, and ensure key products and outcomes are attained.

*Vice President for Planning and Marketing*. Responsible for the communication and branding strategy for the organization, while serving as the nonprofit's external ambassador. This individual oversees the production and sustainment of newsletters, websites, social media, print media, and all aspects of advertising.

*Vice President for Community Affairs*. This individual promotes the mission of the nonprofit by establishing broad-based and grassroots advocacy initiatives, interacting with government, coalitions, and constituent groups and communicating the organizational issues and priorities through community relations.

*Vice President for Human Resources*. Responsible personnel policies, human resources procedures and objectives, employee relations, performance management, wage and salary, and recruiting of future team members. Unique to the nonprofit sector, the Vice President for Human Resources may have the additional responsibility of volunteer management.

## Management Policies and Program

While the board of directors establishes the vision, mission, and policies of the nonprofit organization, it falls to the executive director to operationalize the directives and guidance of the governing body. The executive director guides the staff to achieve the nonprofits' charitable purpose. Due to the diversity of the nonprofit sector in size, scope, mission, and resources, it is recommended that management policies and programs are viewed through the lens of the respective organization. However, nonprofit organizations must manage several key domains.

*Fundraising*. One of the major differences between the for-profit and the nonprofit sector is the nonprofit organization's need to generate resources through donations. The relationship between the executive director, who must lead the team to the accomplishment of the mission, and the chief fundraising professional, who must find the resources to fund the mission, is critical to organizational success. While the executive director is organization centered, the development officer is donor centered.

*Financial Management*. The level of financial expertise varies from simple bookkeeping skills and cash flow management to complex multinational transactions with complicated tax reporting requirements. The key to successful nonprofit financial management is leaders with the appropriate level of expertise. The nonprofit organization must establish appropriate accounting procedures and controls to mitigate the risk of fraud, waste, and abuse. The general public has imposed a higher expectation on nonprofit organizations than for-profit entities because nonprofits are granted tax-exempt status by the government. Recent scandals and financial collapse in both sectors influenced the legislation in the United States commonly known as the Sarbanes-Oxley Act (formally the *American Competitiveness and Corporate Accountability Act*). While the Sarbanes-Oxley did not directly target the nonprofit community, two provisions do apply to the nonprofit sector: the protection of whistle-blowers and the destruction of litigation-related documents. Regarding the board of directors, the governing body does not have operational control of finances, but it is ultimately responsible as a part of its fiduciary responsibility.

*Public Relations*. It is critical for a nonprofit organization to develop a positive public image of the entity and its mission to achieve mission and goals. Organizations must create a short-term (1 year) and long-term (3–5 years) public relations plan which targets both those closest to the organization (internal audience) and those who are independent of the organization (external audience). The priorities of the public relations plan must be congruent with organizational mission, and it must contain the following components.

Key messages – What are the one or two most important ideas the organizations wishes to communicate to its audience.

Strategies – What grand design or overall approach should the organization adopt to reach its targeted audiences?

Tactics – What tools should the organization employ to carry out its strategies?

Timetable – What is the realistic period for developing and carrying out the strategies the organization plans to adopt?

Budget – What should the size and scope of the organization's public relations program be? (M Booth & Associates 1995).

*Lobbying*. Lobbying, in its most pure form, is the attempt to influence, defeat, or modify legislation. It is a common misperception that public charity organizations (i.e., 501(c)(3) entities in the United States) are forbidden from lobbying due to their tax-exempt status. Such entities may lobby as would any other corporation or individual with two restrictions imposed by the Internal Revenue Service. First, publicly supported charities are restricted to committing no more than an insubstantial amount of activity to lobbying (measured by either the facts of a particular case or the amount of organizational monies devoted to lobbying). Nonprofit entities engage in both direct lobbying (direct communication with a legislator or governmental entity) and grassroots lobbying (the attempt to influence the opinion of the general public). In the United States, the Internal Revenue

Service tax-exempt status establishes the limits, or lack thereof, of allowable lobbying activity. For example, a 501(c)(5) (Union) may use funds for political advertising; 501(c)(4) social welfare organizations, commonly referred to as super PACs, are allowed to participate in political activities as long as it does not exceed 50% of total expenditures (Internal Revenue Service n.d.).

*Strategic Planning and Strategic Thinking. BoardSource* (2010, p. 189) defines strategic planning and strategic thinking as follows:

- *Strategic thinking* – The ingrained practice of asking far-ranging questions to help clarify thorny problems, offer breakthrough insights on pressing issues, present new ways of thinking about challenges and opportunities, look at the ramifications of board decisions, and actively generate significant strategic ideas.
- *Strategic planning* – A process conducted in partnership with staff in which the board draws on an understanding of organizational strengths and weaknesses and environmental trends to articulate priorities and monitor progress against financial and programmatic goals.

Both the board of directors and the executive leadership must engage in strategic thinking and strategic planning to ensure organizational success. Strategic thinking requires only a forward-thinking leadership team and an engaged board of directors to be successfully deployed. Strategic thinking requires little in corporate resources other than time. Strategic planning may require a significant investment of time and money depending on organizational complexity. While a local homeless shelter may develop a strategic plan relevant to its needs in full day of work by the staff and the board of directors, a public university will likely commit an academic year to strategic planning involving multiple committees of faculty and staff, review and comment by the public, approval by the university president, and, finally, the adoption of the governing board of trustees.

*Quality and Evaluation*. Organizational effectiveness is a term with no single definition or scenario in relation to the nonprofit community; it is hard to define, much less measure, due to the wide disparity of the nonprofit community in the United States, including the varying types of nonprofit organizations and their wide range of financial capabilities, resources, and missions. That inconsistency in the nonprofit sector leads to a broad array of hypotheses in the nonprofit literature that would measure organizational effectiveness. Callen et al. (2003) argued that no single criterion of organizational effectiveness is viewed equally in the nonprofit community. Mwenja and Lewis (2009) stated that organizational performance is ultimately a social construct – one that, combined with poorly articulated goals, makes the development of a single model of measurement of nonprofit effectiveness virtually impossible.

Nonprofit stakeholders, including constituents, donors, and government, increasingly expect nonprofit providers to measure objectively the service provided and the efficient use of financial resources. Additionally, competition continues to grow for the nonprofit sector on two fronts: first, the for-profit sector has entered many markets generally considered nonprofit territory (e.g., proprietary institutions of higher education, hospitals); second, many communities now have multiple nonprofits providing equivalent services in direct competition (e.g., thrift stores operated by Goodwill, the Salvation Army, and others). Each organization must determine its standard of organizational success and effectiveness and develop an evaluation model to capture evidence and generate measurable results.

*Risk Management*. Regardless of the mission of the nonprofit organization, the risk is evident, and the nonprofit should implement appropriate and relevant risk mitigations strategies. Risk management and mitigation in the nonprofit sector are not limited to the direct provision of services. Risk, for example, exists in employment practices, facilities, financial practices, general liability, volunteers, workplace safety, technology, unrelated business activities, and partnerships with for-profit counterparts. Every organization should engage in risk management not only to protect its reputation and assets but to reduce the possibility of costly litigation. Risk management

begins by evaluating all aspects of the organization for potential risk and implementing strategies to minimize risk wherever possible. For example, nonprofit organizations must ensure they have all forms of proper insurance in place, including directors and officers insurance, general business insurance, workers' compensation insurance, and unemployment compensation insurance.

*Volunteer Management*. For many organizations, volunteers are necessary to accomplish mission-critical activities and to perform other day-to-day operational tasks that may not be otherwise affordable. Youth sports leagues, churches, and large-scale events (e.g., a marathon as a fundraiser) are not feasible without volunteer labor at multiple levels. Perhaps the most critical of volunteers for any nonprofit organization is the board of directors. While beneficial in most instances, the use of volunteers is not without challenges and risk. Potential volunteers expect a defined job with clear guidance and expectations. First, many nonprofits lack a dedicated volunteer manager, and volunteers are often directed to one service component or another to determine if their services are needed. Second, potential volunteers bring potential risk, and they must be appropriately vetted to mitigate risk, especially if services involve children, the elderly, or those with disabilities. Finally, volunteers are transient. Overall retention rates for volunteers is very low, and many do not stay as long as a single year. Each entity must evaluate the cost versus benefit of a volunteer program.

## Programs

Nonprofit corporations cover a broad spectrum of services and operations: 501(c)(3) charities, such as the American Cancer Society or the United Way; foundations, such as the W.K. Kellogg Foundation or the Arkansas Community Foundation; social welfare or advocacy organizations, such as the American Civil Liberties Union or the Southern Poverty Law Center; professional/trade associations like the Chamber of Commerce; religious organizations; and so on. Additional entity exemptions from federal income tax are identified in Section 501(c) and include, but are not restricted to, 501(c)(5) labor, agricultural, and horticultural organizations, 501(c)(6) business leagues, 501(c)(7) social and recreation clubs, and 501(c)(4), 501(c)(9), and 501(c)(17) employees' associations (IRS 2010). For clarity, four broad categories of nonprofit organizations are discussed: public charities, foundations, social advocacy organizations, and professional and trade organizations.

*Public charities*. Public charities are the entities most consider when presented with the word *charity*. Public charities provide social services, advocate for others, advancing religious causes, science, and education. According to Guidestar (2001), a public charity is a charitable organization that (a) has broad public support, (b) actively functions to support another public charity, or (c) is devoted to exclusively to testing for public safety. The public charity, as its primary purpose, must center on philanthropic goals. Public charities must rely on governmental funding and private philanthropic support to main its tax-free status.

*Foundations*. Unlike public charities, the primary purpose of a foundation is to provide financial assistance to independent organizations or institutions. Foundations are one of two types. A private foundation is established through the financial largesse of an individual, family, or corporation. A public grantmaking foundation, like public charities, receives financial support from a broad coalition of donors to provide grants to persons or other entities (e.g., educational scholarships, scientific research, building projects).

*Social advocacy organizations*. Social welfare or support organizations provide a vehicle for agencies and individuals to influence public policy affecting a mission, cause, or service which they find personally important. Advocacy is not lobbying; advocacy describes how an organization has assisted a group of people or a cause and educates stakeholders and public figures on the influence of public policy, whether positive or negative. Effective advocacy often includes identifying the right audience, having a persuasive message, and including an individual or local perspective. The American Civil Liberties Union (ACLU), the National Rifle Association (NRA),

and the National Association for the Advancement of Colored People (NAACP) are examples of social advocacy organizations.

*Professional and trade organizations*. Professional and business organizations are membership-based and serve the interests of the membership, whether the members are from a common profession (lawyers, doctors, accountants) or trade (membership of companies in a particular industry). Professional and trade organizations do not include labor unions. Professional organizations provide continuing education opportunities, networking, scholarships, and assistance in locating employment to its members. The American Medical Association is an example of a professional organization. Trade organizations, on the other hand, focus on the collaborative efforts of its member organizations. These collaborative efforts may include lobbying and political donations to gain favorable legislative or governmental support to influence public policy. Trade organizations also offer professional development and conference opportunities for individuals affiliated with member organizations.

## Conclusion

The nonprofit landscape is vast in size, scope, and mission. This diversity in the nonprofit sector is very apparent in the structure of nonprofit entities, whether they are a public charity, a foundation, a social advocacy organization, or a professional or trade organization. The structure of a nonprofit entity includes its governance, administration, and programs. The governance structure of any nonprofit entity is established by the strength of the governing body's commitment to its fiduciary responsibility, as expressed through the duties of care, obedience, and loyalty. As the only person directly employed by the board of trustees, the day-to-day management and operations of the organization are the domain of the executive director. She has the responsibility of successfully operationalizing the entity's mission while implementing the guidance of the governing board. The breadth and structure of management operations and administration are influenced by the size and scope of the organization. The range of nonprofit diversity in programs delivered by the sector is not easily classified. A detailed exploration of a single nonprofit organization may be necessary to understand the intricacies of nonprofit governance, administration, and programs.

## Cross-References

▶ Boards of Directors in Nonprofit Organizations
▶ Nonprofit Leadership

## References

BoardSource (2009) Ten basic responsibilities of nonprofit boards. Retrieved from www.bridgespan.org/getattachment/07as15ba-bf1a-48d5-89a3-b5a5db631515/Basic-Responsibilities-Nonprofit-Boards-aspx

BoardSource (2010) The handbook of nonprofit governance. Jossey-Bass, Hoboken

Callen J, Klein A, Tinkelman D (2003) Board composition, committees, and organizational efficiency: the case for nonprofits. Nonprofit Volunt Sect Q 32:493–520. https://doi.org/10.1177/0899764003257462

Connelly M (2004) The sea change in nonprofit governance: a new universe of opportunities and responsibilities. Inquiry 41(1):6–24. https://doi.org/10.5034/inquiryjrnl_41.1.6

Council on Foundations (2015a) Brazil. Retrieved from: www.cof.org/content/brazil

Council on Foundations (2015b) Germany. Retrieved from: www.cof.org/content/germany

Green J, Griesinger D (1996) Board performance and organizational effectiveness in nonprofit social service organizations. Nonprofit Manag Leadersh 6:381–402. https://doi.org/10.1002/nml.4130060407

Guidestar (2001) Just what are public charities and foundations, anyway? Retrieved from www.guidestar.org/articles.aspx?path=/rxa/news/articles/2001-older/just-what-are-public charities-and-private-foundations-anyway.aspx

Inglis S, Alexander T, Weaver L (1999) Roles and responsibilities of community nonprofit boards. Nonprofit Manag Leadersh 10(2):153–167. https://doi.org/10.1002/nml.10204

Ingram R (2008) Ten basic responsibilities of nonprofit boards, 2nd edn. BoardSource, Washington, DC

Internal Revenue Service [IRS] (2010) Tax-exempt status for your organization. Department of the Treasury, United States Government, Washington, DC

Internal Revenue Service [IRS] (n.d.) Social welfare organizations. Retrieved from https://www.irs.gov/charities-non-profits/other-non-profits/social-welfare-organizations

Japan NPO Center (n.d.) Legal framework. Retrieved from www.jnpoc.ne.jp/en/nonprofits-in-japan/legal-framework
Kendall K (2009) The importance of good governance to the ASQ board. J Q Particip 32(3):19–20. Retrieved from http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=3&sid=7a6224e1-1005-4cbf-9ceb-f947f3f739b5%40sessionmgr12&hid=28
M Booth & Associates, Inc (1995) Promoting issues & ideas: a guide to public relations for nonprofit organizations, 2nd edn. Foundation Center, New York
Mwenja D, Lewis A (2009) Exploring the impact of the board of directors on the performance of not-for-profit. Bus Strat Ser 10(6):359–365. https://doi.org/10.1108/17515630911005646
NGOs India (n.d.) NGO registration methods-2. Retrieved from http://www.ngosindia.com/Resources/ngo_registration1.php
United States Internal Revenue Service [IRS] (2010a) Tax-exempt status for your organization. Department of the Treasury, Washington, DC
United States Internal Revenue Service [IRS] (2010b) Exemption requirements – section 501(c)(3) organizations. Retrieved from http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html
Wolf T (1999) Managing a nonprofit organization in the twenty-first century. Fireside, New York

# Structured Program Improvement Approach

Michael A. Emmart
Professional Development Program, Rockefeller College, University at Albany, Syracuse, NY, USA
Regional Office Project Associate, New York State Office of Children and Family Services, Syracuse Regional Office, New York, NY, USA

## Synonyms

Program improvement planning; Strategic planning

## Definition

The Structured Program Improvement Approach (SPIA) provides a model for program improvement planning comprised of a six-step process for identifying themes emerging from regulatory assessment – recognizing underlying factors, developing responsive strategies, and defining accountability measures that can be monitored during periods of implementation.

## Introduction

Organizing the response to state and federal assessments creates significant pressures upon organizations that serve the public. Local school districts, county departments of social services, hospitals, universities, and mental health clinics are all subject to regular assessment of their services with evaluative instruments that seek to measure their work against industry best practice by auditors from licensing agencies.

The hierarchical relationship between the assessor and the organization being assessed is typically manifest in the requirement of a program improvement plan of some sort, a standardized effort at responding to each of the findings of said assessment. That said, the findings of most instruments are more likely to reveal symptoms of underlying problems, which creates a dilemma: does the organization plan address the symptoms or explore the underlying factors that influenced the findings that have been identified? Typically, agencies decide to address symptoms – largely because they lack a standardized way to document the connections that develop. Unfortunately, this limits the ability for improvement, and most organizations find themselves cited with the same findings in future assessments. The Structured Program Improvement Approach (SPIA) was developed to provide a standardized practice for (a) connecting assessment findings to underlying themes, (b) developing problem statements, (c) establishing strategies for improvement, and (d) documenting the process in a manner that is sufficient for auditors.

## Process

Initially designed to support child welfare agencies, the process suggested by SPIA recognizes the need for program improvement planning that is responsive to the significant strain within most

departments of social service – most of which have 7–10% (or more) of their positions unfilled, annual turnover rates of 20–40%, and 2-year turnover rates as high as 90% (Kim and Kao 2014). Facilitating improvement planning with such a stressed organization must allow for the development of interim, short-term, and long-term goals so that the process of change does not exceed the agency's capacity for change (Ahn et al. 2017). Such planning should begin with a review of the findings – the data that will be utilized in the crafting of goals – and include a cross section of staff so that workers at all levels understand the important performance indicators, which can be difficult given the aforementioned high turnover and potential for job stress to fracture relationships between frontline staff and agency leadership (Jolles et al. 2017). Involving all levels of staff during planning and implementation phases forestalls resistance and helps in not only the selection of change strategies but also the speed of their implementation (Kotter and Schlesinger 2008). Finally, the structure suggested recognizes that shifting conditions within a district or agency may call for plan revision, particularly since all identified issues cannot be simultaneously engaged. This is an important underlying principle that must be accepted by those performing the audit: requiring an agency to respond to each finding with an individual strategy is untenable – particularly when there may be a dozen or more findings following a given assessment. Organizations cannot incorporate dozens of new initiatives into practice; thematically grouping findings and creating strategies that address underlying issues impacting these categories is the only reasonable approach to support long-term change.

At its core, the Structured Program Improvement Approach is a process for the development of program improvement plans (PIPs). It relies upon the results of a formal assessment of practice to provide data identifying areas in need of improvement. This data may be qualitative, speaking to the interpretation of practice and lived experiences, or quantitative, such as considering the failure of a specific percentage of cases to meet an evaluative standard. While developed to support program improvement in child welfare, it is posited that application could be helpful in other disciplines as well.

The first step in this process allows for past performance data to provide a baseline for improvement, clearly tied to the gap analysis structure noted above, while also supporting hypothesis development and testing (Ahn et al. 2017; Lery et al. 2016). This focus continues within the process suggested by SPIA, with the results of any assessment serving as past performance data. Volkema's (1983) classic work on problem formation provided a clearly cogent argument for starting with a focus on results as data: "the process must begin with some sort of detection, discovery, or sensation that a need or opportunity exists" (p. 639). Therefore, the process described below is preceded by a presentation of the findings and a discussion to ensure their understanding. Those gathered to receive the presentation of data and develop the planned response should represent a cross section of the workforce within the organization, in order that differing levels of expertise and critical knowledge from throughout the agency are represented. Frontline workers must fully understand both the performance measures and the results for them to believe that change will be worthwhile and meaningful (Pulakos 2009). The involvement of supervisory and next-level management is similarly important, particularly when trying to employ a data-driven model within an outcome-oriented field such as child welfare, where families present with complex needs and day-to-day functioning often feels crisis-driven (Collins-Camargo and Royse 2010). This effort to capture a cross section of the workforce sets the foundation for productive evaluation of assessment results and better informs the practice improvement efforts that follow. If the effort doesn't have the "right people in the room," the product will be of limited use (at best) and runs the risk of being completely unimplementable.

### Organization of Findings

Following the presentation of findings, the first step suggested by SPIA would be the organization of these findings according to theme. In practice, I have prepared for this step by utilizing 5x7

Post-it notes containing the text of each finding that are placed on a wall in the order which they are (or will be) identified in the report – one finding per Post-it. Participants are asked to group these findings into themes on 25x30 newsprint hanging in the room – one theme per piece of newsprint. Practice to date has found that there are typically 4–6 findings per theme, although there is the potential for more – particularly if the assessment was broad and findings were closely connected.

### Development of Problem Statement

The findings having been organized by theme, the next task involves the creation of an overarching problem statement – one that will capture the prevailing theme suggested by the collection of findings on each piece of newsprint. It becomes important for the facilitator to keep in mind that within traditional process improvement undertaken by governmental agencies, there is a tendency for each of these findings to be addressed individually – which is why PIPs are often 20 pages or more. The product created within this step must address, at least in part, the data represented in each finding. Generally, this involves moving toward the development of a broader problem statement. Those assessment findings that don't clearly fit should be relocated to another theme or isolated unto themselves under a different category. Many times, the generation of this statement requires several iterations as participants work toward a statement that captures the concerns in a way that reflects their understanding of agency practice and capacity. When leading these exercises, I will usually write the statement atop the piece of newsprint containing the individual findings.

It is worth noting that participants should be directed on the need to differentiate that which isn't occurring from that which is occurring but not being documented. For example, the strategy required to address staff not meeting regulatory requirements for case contacts is different than the strategy for staff who are not contemporaneously documenting these contacts. This makes the clarification and applicability of the problem statement a critical point in this process.

### Exploration of Cause Related to Each Theme

The resulting problem statements having been created, the next step prescribed by SPIA would involve a structured brainstorming activity, in which small groups of those working on the project are asked to consider factors within their control that might contribute to the identified problem statement. The groups are encouraged to consider systemic issues, organizational values, relational dynamics, prioritization of tasks, and existing roles so to create a list of factors that, if addressed, would help to alleviate the present finding. These are understood to be individual pieces of the problem in its entirety. Vague characterizations of external issues and the assignment of blame are redirected to the extent possible.

Generally, I have attempted to divide those gathered into groups of four to six participants, encouraging for a variety of backgrounds to be represented within each group to allow for diversity of perspective on each of the problems. Groups are given 5 min to conduct the brainstorming activity before being asked to move to the next station, during which time they will repeat the steps until all groups have the chance to contribute to the list of contributing factors on each identified problem statement.

### Five-Whys Exercise

Upon reaching an effective thematic saturation of causal elements for each theme, the SPIA structure calls for utilizing the Five-Whys analysis described by Ohno (1988). Groups are encouraged to choose what they identify to be the most significantly contributing factor resulting from the brainstorm and employ Five-Whys to explore the potential underlying causes contributing to this factor. Depending upon the group's familiarity with Five-Whys technique, the facilitator may choose to guide the first effort and then let the group act autonomously thereafter. There may be occasions where those gathered don't grasp the technique, in which case the facilitator will be called upon to guide the process for each. Regardless of the facilitator's role, this step results in at least one Five-Whys exercise being engaged for each identified theme. Many forms used to capture program improvement planning call for the

identifying of "underlying factors" – when this is the case, the results of the Five-Whys exercise should be used in the completion of this section.

### Identification of Strategy

As eluded to above, if the most significantly contributing issue is chosen for analysis in Step 4, then the resulting Five-Whys exercise should provide the underlying factors related to the problem statement identified in Step 2. It is then posited that the development of a strategy to address one of these factors would have an impact upon the whole. This becomes the effort of Step 5. The small groups created during Step 3 are now dissolved, as the remainder of the exercise calls for a whole-group approach. The facilitator will review the results of the Five-Whys exercise(s) and help the group to identify one level to be addressed – typically that which the agency or district has the most control over. Here again, the group is reminded to consider existing strategies (what can be expanded?), previously identified strengths, systemic issues, organizational values, and other contextual or environmental factors that would need to be included within any plan for change.

As a matter of practice, I encourage groups to identify one strategy per theme. While I recognize that there is an inherent drive to address all the problems identified by any type of assessment, the more measured response is supported by research in the areas of program improvement and strategic planning as was detailed in the previous section.

### Establishment of Change Indicators

The final step in this structure is the identification of performance indicators that will allow for the monitoring and measuring of implementation prior to the next large-scale assessment. There are several different elements that could be identified here, including tools that need to be developed in support of the strategy, supervisory roles/responsibilities in support of implementation, and training needs. Items identified here should be understood as short-term goals that work to support the longer-term strategy identified above. As such, they should fit the parameters of the SMART goal paradigm (specific, measurable, achievable, relevant, and time bound). Monitoring efforts related to the larger goal are made possible through the monitoring of these change indicators.

## Benefits Provided by the Structure

Often, program improvement efforts in the aftermath of an assessment include findings identified solely by the assessing body listing off individual violations of regulation/administrative directive. This would be followed by the requirement that the body being assessed develops numerous strategies to improve in each finding. Since the assessment may have listed as many as 25 or 30 findings, the resulting plan could have upward of 100–150 strategies. This is overwhelming from an implementation perspective and proves impossible for the oversight agency to provide either oversight or support.

Agencies employing SPIA have indicated the opportunity to categorize findings and develop thematic problem statements that allowed them to focus more clearly on issues within their control while reminding them to leverage areas of program that were already high performing. The resulting plans were much less daunting, and their staff have received the findings in a manner that felt more collaborative; they did not feel persecuted by the results. The average number of findings has decreased, from 25–30 to 4–6; in some cases, 1 strategy has been identified as meeting the needs of more than 1 finding.

Those agencies conducting assessments have similarly reported the benefits of using SPIA in the development of required program improvement plans. The approach is clearly reflective of the CQI process; many agencies have sought to implement in recent years and allow for the establishment of a more reasonable number of strategies for which they have oversight and monitoring responsibilities. The overall structure, which includes the voice of staff at different levels and the discussion of the data that result from the assessment, models the partnership that is hoped for when working with those they serve. Finally, the careful development of change indicators (Step 6) helps to structure of oversight efforts.

Utilization of the process is also associated with increased efficiency in both the planning and implementation of strategies. Assessing agency leads have reported that utilizing SPIA saves an average of 2–5 h when compared to previous efforts to develop a program improvement plan following assessment; organizations being assessed have reported this savings as 4–8 h. The process also speeds up the implementation of strategies. Previously, the plan for improvement would develop over the course of weeks or months of back-and-forth efforts between the two parties; SPIA has allowed for the plan to be completed within one afternoon meeting, with little need for additional negotiations. This means that training needs can begin to be identified and supportive structures can be put in place much sooner: change is now months ahead of schedule. The inclusion of frontline staff also works to support the implementation of these strategies – their voice was included within the developmental process, making it more likely that staff buy-in can be assumed.

## Conclusion

Standardization in the performance improvement planning phase following assessment is critically important to large systems seeking to manage or provide oversight for several jurisdictions, particularly when the variables impacting upon performance required an individualized response. The Structured Program Improvement Approach allows for the streamlining of developing responses to assessment data by recognizing the limitation of organizations to implement numerous strategies, particularly when struggling to manage high turnover and budgetary limitations. It suggests a series of steps that allow for the thematic organization of findings, creativity in identification of underlying factors, and a manageable number of wide-reaching strategies that provide for clearly defined measurables.

While initially developed to support child welfare practice, it is suggested that SPIA has potential for application in other realms of social services, education, and public health. Although the strategies resulting from the application of this structure do not comprehensively address each finding resulting from programmatic assessment, it is suggested that requiring any organization to simultaneously prepare several strategies for dozens of findings is unrealistic and not monitorable. A broader approach that allows for the identification of themes associated with underlying factors is supported by research on organizational change and is in keeping with Continuous Quality Improvement and Appreciative Inquiry, both of which contributed greatly to the development of this model.

## Cross-References

► Comparative and Development Public Administration and Policy
► Public Policy and Politics

## References

Ahn H, Carter LM, Reiman S, Hartzel S (2017) Development of a quality assurance and Continuous Quality Improvement (CQI) model in public child welfare systems. J Publ Child Welfare 11(2):166–189

Collins-Camargo C, Royse D (2010) A study of the relationships among effective supervision, organizational culture promoting evidence-based practice, and worker self-efficacy in public child welfare. J Publ Child Welfare 4:1–23

Jolles MP, Collins-Camargo C, McBeath B, Bunger AC, Chuang E (2017) Managerial strategies to influence frontline worker understanding of performance measures in nonprofit child welfare agencies. Nonprofit Volunt Sect Q 46(6):1166–1188

Kim H, Kao D (2014) A meta-analysis of turnover intention predictors among U.S. child welfare workers. Child Youth Serv Rev 47(3):214–223

Kotter JP, Schlesinger LA (2008) Choosing strategies for change. Harv Bus Rev. Retrieved from https://hbr.org/2008/07/choosing-strategies-for-change

Lery B, Haight JM, Alpert L (2016) Four principles of big data practice for effective child welfare decision making. J Publ Child Welfare 10(4):466–474

Ohno T (1988) Toyota production system: beyond large-scale production. Productivity Press, Portland

Pulakos ED (2009) Performance management: a new approach for driving business results. John Wiley, Malden

Volkema RJ (1983) Problem formulation in planning and design. Manag Sci 29(6):639–653

# Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A

Sondang Erwin Siagian[1], Asep Sumaryana[2], Ida Widianingsih[2], Heru Nurasa[2] and S. Sri Mantalia[3]
[1]Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia and National Public Procurement Agency, Jakarta, Indonesia
[2]Public Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran, Bandung, Indonesia
[3]Universitas Terbuka, Pontianak, Indonesia

## Synonyms

Indonesia; Procurement; Public–private partnership

## Definition

Measurement of the satisfaction index of the Indonesian Public Private Partnership Procurement Regulation is conducted through the principles of forming good regulation.

## Introduction

Public Private Partnership (PPP) in Indonesia has been regulated since 1998 through the Presidential Decree (K*eppres*) Number 7 of 1998 regarding Cooperation between the Government and Private Business Entities in Infrastructure Development and or Management. In 2005, the government stipulated a Presidential Regulation (*Perpres*) Number 67 of 2005 regarding Cooperation between the Government and Business Entities in Infrastructure Provision to replace *Keppres* Number 7 of 1998 (Siagian, 2017).

In 2015, *Perpres* Number 67 of 2005 was replaced by the Presidential Regulation (the new *Perpres*) Number 38 of 2015 regarding Cooperation between the Government and Business Entities in Infrastructure Provision. Based on this new *Perpres*, 19 (nineteen) sectors, both economic and social infrastructures, can be conducted under PPP scheme (Article 5 Perpres 38 of 2015).

The new *Perpres* also divided the implementation of PPP project into three phases: the planning phase, the preparation phase, and the transaction phase. PPP Procurement is a part of the transaction phase.

To regulate the PPP procurement, the government has specified a Chairman of the National Public Procurement Agency of the Republic of Indonesia Regulation Number 19 of 2015 (*Perka*) regarding the Procedures For Implementation Of Business Entity Procurement in Public Private Partnership for Provision of Infrastructure.

Knowing how the PPP Procurement regulation is implemented for PPP projects in Indonesia is the aim of this study. It was conducted to measure the satisfaction of the stakeholders as *Perka* users.

## Concepts and Definitions

In formulating the design and research instruments, there will be a description of the concept of Public Private Partnership, *Perka*, and the Stakeholders Approach Model.

### Public Private Partnership

There are several aspects of public private partnership (PPP), namely: a partnership between the Government and a Business Entity in the Provision of Public Infrastructure (*Perpres* No. 38 of 2015), a long-term contract (WBI: 2012), the transfer of risk to the private sector (UNESCAP: 2011), government support, and return of investment (*Perpres* No. 38 of 2015).

As has been stated previously, PPP in Indonesia is regulated by *Perpres* No. 38 of 2015. This new *Perpres* has also mandated four implementing regulations, namely:

This paper is a part of Doctoral Dissertation.

1. The regulation of the procedures for the implementation of the government's cooperation with business entities in the provision of infrastructure, regulated by the National Development Planning Agency.
2. The regulation of payment for services availability within the framework of cooperation between the government and business entities in the provision of infrastructure that is sourced from the State budget, regulated by the Ministry of Finance.
3. Regulation of payment for services availability for the cooperation between the government and business entities in the provision of infrastructure that is sourced from the Regional budget, regulated by Ministry of Home Affairs.
4. Regulation of procedures for the procurement of the business collaborative entity of government and business entities in the provision of infrastructure, regulated by the National Public Procurement Agency.

### Stakeholders' Approach Model

Freeman et al. (2007) define stakeholders as "any group or individual who can affect or is affected by the achievement of a cooperation's purpose". Freeman et al. also classify stakeholders into two types, namely:

1. Primary stakeholders are those who are directly involved in the actions of an organization.
2. Secondary stakeholders are those who are not directly involved in the actions of an organization, but may affect or be affected by the actions/policies of an organization (Fig. 1).

Based on the opinion of Freeman et al. above, stakeholders in this study are defined as "an individual, group, or organization that participated involved, affected/impact, or that may affect the policies or regulations of *Perka*". By modifying these, the stakeholders are mapped as follows (Table 1):

## Satisfaction with *Perka*

The evaluation of the perceptions measurement of a regulation is different from that of the services performance or public satisfaction. For the measurement of the satisfaction index of *Perka* the indicator of principles forming good regulation mandated by Article 5 Law Number 12 Year 2011 on the Establishment of legislation is used, namely:

1. Clarity interest – every formulation of legislation must have a clear objective to be achieved.
2. Institutional or authorized/entitled agencies – any kind of legislation should be made by agencies/officials formers legislation authorized. Legislation may be reversed or annulled by law, when made by institutions/unauthorized officials.
3. Conformity between type and material content – in the establishment of legislation attention should really be paid to the substance of the right to the type of laws.
4. Can be implemented – every formation of legislation must take into account the effectiveness of legislation within the community, philosophically, juridically, and sociologically.
5. Usefulness and beneficiary – any legislation is made because it is necessary and useful in regulating the life of society, the nation, and state.
6. Clarity formulation – any legislation must meet the technical requirements of the preparation of systematic legislation and the choice of words or terminology, and the legal language must be clear and easy to understand, so that there is no variety of interpretations in the implementation.
7. Openness – the process of regulation formulation is started from the planning, preparation, preparation, and discussions are transparent and open. Thus, the whole society has the same opportunity to provide input in the processing of regulation.

In this study, six of the seven principles of forming good regulation – clarity interest; institutional or authorized/entitled agencies; conformity between type and material vontent; can be implemented; principle, usefulness, and beneficiary; clarity formulation – are used as indicators of the implementation of *Perka* (Table 2).

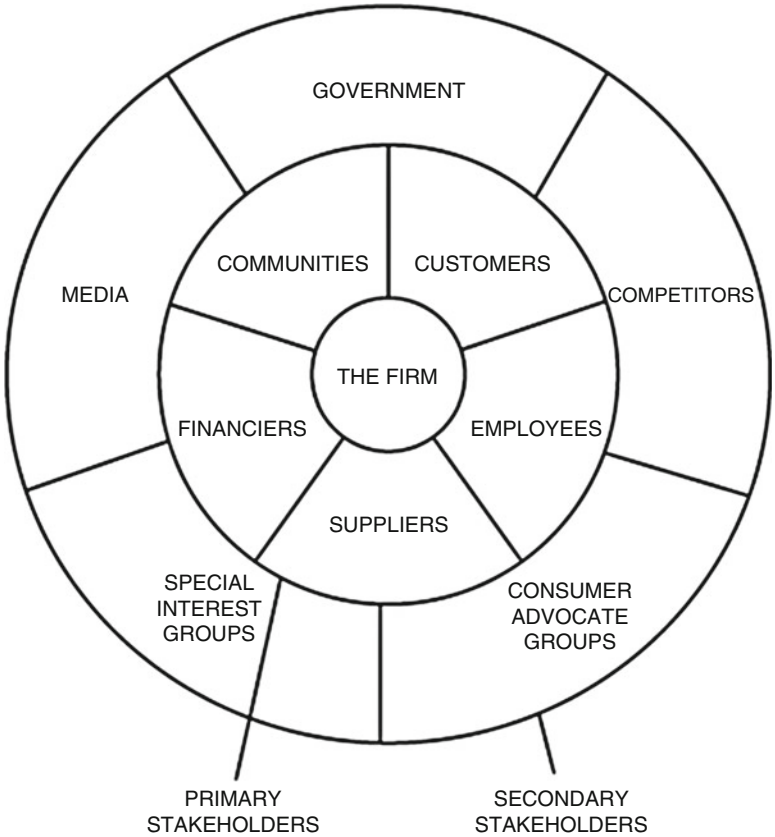


**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Fig. 1** The Freeman stakeholder model
Source: Freeman et al. (2007)

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 1** Stakeholder categories

| Primary stakeholders | Secondary stakeholders |
|---|---|
| Procurement committee | Central government |
| Government contracting agency | Local government |
| PPP team | Financial institutions |
| Business entity | Law enforcement officer |
| Guarantee agency | National/international agency |
| | Auditor |
| | Preparation consultant |

Source: adopted and modified from stakeholder model Freeman et al. (2007)

For the calculation of the index of perception of this survey a Likert scale was used, from the answer "Strongly Disagree" to "Strongly Agree." Then, for analysis, the weighting for satisfaction (Appropriate) and dissatisfaction (Inappropriate) were grouped into two categories (Table 3).

## Research Parameters

To optimize the study of stakeholders to *Perka*, the approach of the Knowledge, Attitude, and Practice (KAP) study was used. WHO (2008) says KAP survey as "a representative study of a specific population to collect information on what is known, believed and done in relation to a particular topic...". In this study is *Perka*. The attitude aspect of the KAP study was aimed at evaluating the behavior change of research objects; thus, in this study, the attitude was limited because the object of this study was a regulation that was intangible.

The KAP study used in this study was aimed at seeing that the perception problem of the *Perka* is

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 2** Perception indicators survey

| No. | Principles of forming good regulation | Perceptions index parameters |
|---|---|---|
| 1. | Clarity interest | *Perka* is required to manage the procurement of government goods/services that are not included in the scope of Article 2 of Presidential Decree Number 54 of 2010 and its amendment |
| 2. | Institutional or authorized/ entitled agencies | *Perka* that was issued by LKPP is implemented in accordance with the authority possessed |
| 3. | Conformity between type and material content | *Perka* has arranged the PPP procurement in a structured and systematic way |
| | | *Perka* has set requirements that must be owned by the parties involved in the PPP procurement process |
| 4. | Can be implemented | *Perka* can be implemented and become effective |
| 5. | Usefulness and beneficiary | The principles of procurement in *Perka* has pushed the achievement of results and quality of the optimal procurement |
| | | *Perka* facilitates the PPP procurement. |
| | | *Perka* encourages the use of domestic production/national business |
| | | *Perka* encourages the participation of small businesses |
| | | *Perka* promotes national economic growth |
| 6. | Clarity formulation | *Perka* is easy to understand (objectives, terminology and systematics clear); no multiple interpretations |

Source: Adopted from Law No. 12 of 2011

broader, which is to see the influence of stakeholder understanding of the *Perka* and the subsequent impact on the field of specialty for its implementation.

1. Knowledge is aimed at exploring the extent of the respondents' awareness and knowledge associated with *Perka* on the terms or related aspects. Here, the extent to which resources and or influence of LKPP (LKKP stands for *Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah* (English: National Public Procurement Agency)) socialization respondents is also seen.
2. Attitude is aimed at exploring respondents' attitudes to and perceptions of *Perka* and the juridical aspects involved, and the extent of the strength of the attitude of the respondent. For the measurement of the perception index, the indicator-forming principles described previously were used.
3. Practices are aimed at determining the respondents' behavior in favor of or involved in the implementation of *Perka*. This behavior has become part of the procurement process or recently reached the stage of awareness of values and attitudes alone.
4. Information and media factors are aimed at determining the intensity of information and media that is consumed/accessed by respondents that affects the understanding and perception, in addition to identifying the most effective media information to reach the stakeholders' target.
5. Environmental factors are aimed supporting the attitudes and behavior, either positive or negative, in influencing support for the application of *Perka* (Fig. 2).

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 3** Perception survey scale of *Perka*

| Scale | Perception of respondents | Analysis |
|---|---|---|
| 1 | Strongly disagree | Dissatisfaction (*Inappropriate*) |
| 2 | Disagree | |
| 3 | Somewhat disagree | |
| 4 | Somewhat agree | Satisfaction (*Appropriate*) |
| 5 | Agree | |
| 6 | Strongly agree | |

Source: Likert scale modified from Sugiyono (2010)

The third aspect of the KAP study can be explored and tested using statistical analysis. In

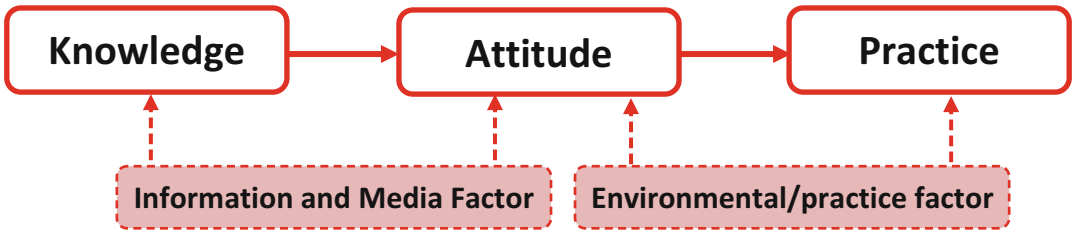


**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Fig. 2** Knowledge, Attitude, and Practice study Source: adopted and modified from Verstraelen et al. (2006).

addition to deepening, related matters can be explored as follows:

1. The main parameter index measurement using the parameters in a previous study by improving the question structure and distinguishing between *Perka*.
2. Additional information is limited by the priority, the adequacy of the question, and limitations in the survey.
3. Each index parameter and additional information are tailored to the criteria of stakeholders. Index parameters, policies, and additional information not experienced by or related to stakeholders were not requested in the questionnaire.

Questions on the understanding level or perception were measured using a Likert scale (1–6), which is easy for the public to understand (Table 4).

A specific understanding of the respondents was used. The measurement of the index can be made to facilitate the analysis and can be converted into a scale of 0–100. The results can be a percentage or a benchmark index periodically for the next survey. The Stakeholder Satisfaction Index or Category Respondents were measured by the average score (mean score) answer to the topic question as a parameter. This is because between categories of respondents, the parameters were assumed to have the same weight.

In the measurement index, there was a difference between the groups of stakeholders. The weight of the primary stakeholders' index was greater than that of the secondary stakeholders.

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 4** Likert scale survey

| Scale | Perception of respondents | Analysis |
|---|---|---|
| 1 | Strongly disagree | Dissatisfaction (*Inappropriate*) |
| 2 | Disagree | |
| 3 | Somewhat disagree | |
| 4 | Somewhat agree | Satisfaction (*Appropriate*) |
| 5 | Agree | |
| 6 | Strongly agree | |

Source: Likert scale modified from Sugiyono (2010)

The magnitude of the index weight of the primary and secondary stakeholders (60:40, 70:30, 80:20, or 90:10) was determined based on internal decisions. The weighting in this study was 60% for primary stakeholders and 40% for secondary stakeholders.

## Pre-Test Results

To examine the validity and reliability of the research instruments, testing of the questionnaire as a research instrument that will be used was carried out. In this research, the questionnaire itself functions as an instrument for obtaining information relevant to the purpose of the research and has a high level of reliability and validity. After the draft questionnaire passed the test of validity, the reliability test was then carried out. After both tests, the questionnaire was formed into a final survey.

The following stages of testing were carried out.

1. Validity test was used to test the content validity of the questionnaire questions, whether they were in accordance with the survey concept (goal), both the definition of the theoretical or literature, and the result of defining researchers and results from previous research.
2. Reliability was tested using Cronbach Alpha testing of the pre-test questionnaire.
3. The question that was tested was a question of perception index measurement, namely the question codes Q1–Q14
4. Cronbach Alpha test results against the pre-test questionnaire: Cronbach Alpha of the pre-test questionnaire survey *Perka* did not obtain significant results owing to the limited sample (four sample). Based on the pre-test survey approach, *Perka*, the points P1–P14 indicated that it was reliable or trusted as a research instrument.

## Research Findings

### Understanding of *Perka*

#### Source of Information

As has been mentioned earlier, this study involved primary and secondary stakeholders. Stakeholders said there are 3 (three) sources of information in understanding the *Perka*, namely: Training (48.5%), Direct Socialization (33.3%), and Printed Material (example: books, flyers, and so on) as many as 24.2%.

#### Adequacy of Information

Overall the number of stakeholders perceive that almost similar percentage in term of adequacy of information. 54.6% stakeholders assessed the information about *Perka* to be insufficient. 42.4% said that information about *Perka* was sufficient and only 3.0% said it was very sufficient.

#### Expected Media to Get Information on the *Perka*

In regarding of the expected media to get the information on the *Perka*, the stakeholders not only choose one media information. Stakeholders tend to choose variety of media information. 61.1% of stakeholders expected Direct Socialization of the LKPP to be media information about *Perka*. 50.0% of stakeholders expected Direct Socialization; 44.4% of stakeholders expected Printed Material; 22.2% of stakeholders expected Mass Media; and 5.6% of stakeholders expected Official Letters from government to be media information.

#### Knowledge Level on *Perka*

When identifying the level of knowledge of the major items in *Perka*, almost all stakeholders know enough. Matters concerning the stages of government cooperation with business entities were 100% understood by stakeholders. Furthermore, many respondents understand the Enterprises Procurement Executive (93.9%) and the purpose and objectives *Perka* (90.9%). Overall, each *Perka* item has been conceived by more than 50% of stakeholders; namelym the procurement organization (87.9%), values of *Perka* (81.8%), conflicts of interest (78,8%), the guarantee of jobs (75.8%), the procurement of the preparation agency (69.7%), and electronic procurement (54.5%).

### Satisfaction Perception of *Perka*

Overall, as many as 90.9% give a positive perception of stakeholders; namely, answering Agree and Strongly Agree to the points statement about *Perka*. This showed that in the perception of stakeholders, both primary and secondary, *Perka* is appropriate as regulatory support in the implementation of PPP. Although only 9.1% of stakeholders answered Agree Less or Disagree on a points statement about *Perka*, which can be seen completely in Table 5:

### Satisfaction Index of *Perka*

Satisfaction index was measured by stakeholders' agreement on good regulation aspects of *Perka*. Stakeholders rated *Perka* Satisfactory, with a score of 78.14. This shows the perception of the stakeholders, both primary and secondary, judging that *Perka* is appropriate as a

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 5** Satisfaction perception of *Perka*

| No. | Satisfaction perception of *Perka* | Percentage (inappropriate) | Percentage (appropriate) |
|---|---|---|---|
| 1. | *Perka* has set clear objectives. | 9.1% | 90.9% |
| 2. | By changing the articles, *Perka* is in conformity with the purpose of the issuance of regulations | 12.1% | 87.9% |
| 3. | *Perka* is issued pursuant to the authority possessed by the LKPP | 6.1% | 93.9% |
| 4. | The substance of *Perka* has been in accordance with the mandate *Perpres* no. 38 of 2015 on "Cooperation between the Government and Business Entities in Infrastructure Provision" | 9.1% | 90.9% |
| 5. | *Perka* is the effective benchmark in the implementation of PPP procurement in providing infrastructure | 24.2% | 75.8% |
| 6. | *Perka*: | | |
| | (a) Encourage and promote the cooperation between government and business entities in the provision of infrastructure and services based on fair business principles. | 0.0% | 100.0% |
| | (b) Realize the provision of quality, effective, and efficient infrastructure. | 6.0% | 94.0% |
| 7. | *Perka*: | | |
| | (a) Using a clear systematics | 3.0% | 97.0% |
| | (b) Using sentences that are easy to understand | 3.0% | 97.0% |
| | (c) No interpretations | 18.2% | 81.9% |
| | **Total** | **9.1%** | **90.9%** |

Source: Modified from Law No. 12 of 2011

regulatory support in the implementation of PPP (Table 6).

### Need for a Probity Advisor

Most stakeholders (87.9%) assess the need for Probity Advisor regulation in implementing business entities procurement and only 12.1% said that there was no need. Institutions most widely recommended were the Financial and Development Supervisory Agency, as much as 41.4%; LKPP, as much as 17.2%, and the rest were independent agencies or consultants.

## Conclusion

Based on the results of the data processing and analysis, a conclusion can be formulated as follows:

1. Stakeholders of *Perka* rated it Satisfactory, with a score of 78.14. This shows the perception of stakeholders, both primary and secondary, in that they said that *Perka* was appropriate

**Study of the Implementation of Indonesian Public Private Partnership Procurement Regulation, A, Table 6** Satisfaction index of *Perka*

| No. | Categories of respondents | Scale (6) | Scale 100 |
|---|---|---|---|
| | *Primary stakeholders (weight of 60%)* | | *78.47* |
| 1. | Procurement committee | 4.71 | 78.50 |
| 2. | PPP team | 4.80 | 80.00 |
| 3. | Implementing business entities | 4.50 | 75.00 |
| 4. | Enterprises bidder | 4.42 | 73.67 |
| 5. | National Financial Institutions | 4.57 | 76.17 |
| 6. | Guarantee institutions | 5.25 | 87.50 |
| | *Secondary stakeholders (weight of 40%)* | | *77.63* |
| 7. | Government/regulator | 4.36 | 72.67 |
| 8. | National institutions/ institutions/organizations | 4.35 | 72.50 |
| 9. | International institutions/ institutions/organizations | 4.50 | 75.00 |
| 10. | Consultant | 4.53 | 75.50 |
| 11. | Auditor | 5.55 | 92.50 |
| | Index Total | | *78.14* |

Source: adopted and modified from stakeholder model Freeman et al. (2007)

as a regulatory support in the implementation PPP.

2. Sources of information about *Perka* were insufficient; thus, there was the need to increase the diversity of media and information content. Thus, stakeholders expected that Direct Socialization, On LIne Media, and Printed Material (example: books, flyers, and so on) as sources of information.
3. The content of Perka that is assumed unclear by stakeholder is:
   (a) *Perka* is the effective benchmark in the procurement of implementing business entities for the provision of infrastructure (24.2%)
   (b) *Perka* was perceived to still have multiple interpretations (18.2%).
4. If a Probity Adviser is needed, it can be a new norm to be added into the new *Perpres* or *Perka* revision.

**Acknowledgment** Thank you to Lembaga Pengelola Dana Pendidikan (LPDP) for providing scholarship and to LKPP for providing data.

## References

Chairman of National Public Procurement Regulation Agency of Republic Indonesia Regulation Number 19 of 2015 regarding Procedures for Implementation of Business Entity Procurement in Public Private Partnership for Provision of Infrastructure

Freeman RE, Harrison JS, Wicks AC (2007) Managing for stakeholders: survival, reputation, and success. United States of America: Yale University Press

http://www.unescap.org/ttdw/ppp/ppp_primer/121_steps_in_ppp_project_development_and_implementation.html. Accessed 11 Sept 2017

Law Number 12 of 2011 on the Establishment of Legislation

Law Number 25 of 2009 on Public Services

Presidential Regulation Number 38 of 2015 regarding Cooperation between the Government and Business Entities in Infrastructure Provision

Siagian ES (2017) Public-private partnerships in Indonesia: a comprehensive legal framework of significance to action and analysis. Asia Pac J Public Adm: 39(1):72–78 https://doi.org/10.1080/0142159X.2017.1294395

Sugiyono. Metode Penelitian Kuantitatif, Kualitatif & RD (2010) Alfabeta. Bandung

United Nation Economic and Commission for Asia and the Pacific (2011) A guidebook on public-private partnership in infrastructure. Accesed on: http://www.unescap.org/resources/guidebook-public-private-partnership-infrastructure

United Nation Economic and Social Commission for Asian and The Pacific (2011) Guide book on promoting good governance in public-private partnership. Accesed on http://www.unece.org/fileadmin/DAM/ceci/publications/ppp.pdf

Verstraelen V, Roelens K, Egmond KV, Temmermen M (2006) A knowledge, attitudes, and practice survey among obstetrician-gynaecologists on intimate partner violence in Flanders, Belgium. Accessed at: https://www.researchgate.net/publication/6791364_A_knowledge_attitudes_and_practice_survey_among_obstetrician-gynaecologists_on_intimate_partner_violence_in_Flanders_Belgium

World Health Organization. A Guide to Developing Knowledge, Attitude, and Practice Surveys (2008). Accesed at http://apps.who.int/iris/bitstream/10665/43790/1/9789241596176_eng.pdf.

# Subgovernmentalism and Parallel Bureaucracies Within a State

Amir Forouharfar
Department of Public Administration, University of Sistan and Baluchestan, Zahedan, Iran

## Synonyms

Bureaucratic redundancy; Clandestine/hidden government(s); Cryptocracy; Deep state; Invisible government; Parallel bureaucracy; Secret government; Shadow government; Shadowy government; State within a state; Unofficial government

## Definition

Subgovernmentalism (sub-, beneath, under; government, official representatives at the executive branch in charge of public affairs' administration, supervision, regulation, and direction; -ism, condition, practice, manner) is any formation of unofficially bureaucratic powers where

secretive, shadow, and redundant executive powers emerge and interfere with the official duties and responsibilities of a state's official government/executive branch.

## Introduction

At least from the eighteenth century onward – the Age of Enlightenment – the concepts of power distribution and its decentralization have been emerged in political philosophy. Montesquieu, a French judge and political philosopher of the Age, proposed his concept of political power distribution among a state's principal entities or branches, as we call them today. This view of political power distribution is now so common and prevailing that approximately all the current states have adopted a system of power distribution which is called the "tripartite system," and it indicates distribution of political power among the executive, the legislative, and the judicial branches. This is to avoid any centralized unaccountable political power within a state, to prevent any potential power usurpation, and to make a condition of official power parallelism not only within a state but also among its de jure (based on laws; lawful) branches. However, always there is a possibility of mega- or large-scale bureaucratic power formations, which would not be recognized officially and usually pursue their intentions and goals secretively in reluctance to the national interests. If these islands of independent bureaucratic powers with their own bureaucracies interfere with the main, de jure, and officially recognized state's government – as the sole executive branch – then the result will be numerous policymaking outlets and prevention of sound governance. Metaphorically, the formation of a rival or multiple bureaucratic entity(s) that interrupt the normal functioning of the executive branch is analogous to the tumors in the governmental body. They gradually degrade, destabilize, and corrupt a political system and its governance. Therefore, there is a necessity for any student of administrative science to become familiar with the concept and the characteristics of subgovernmentalism.

## Subgovernmentalism as Subsystem Politics

Subgovernmentalism is an instance of subsystem politics. Subsystem politics is a phenomenon in the intrastate political atmosphere (Freeman and Stevens 1987). The term "subsystem" here indicates political relations among the influential entities in the policy areas that embrace various organizations and institutions in a larger system (Ibid.). For example the triangular relationship among the interest groups, the Congress, and the state bureaucracy could lead to an "iron triangle" which tries to fulfill the legislature's or the interest groups' interests but not the public. According to Forouharfar (2019), the case in point is an example of subgovernmentalism's iron triangle (Fig. 1); i.e., a situation that the complicated reciprocal relationship among some state entities makes an inescapable condition that inherently prioritizes the entities' interests' fulfillment over the public interests.

Roe (2013) places subgovernmentalism among a range of policy models from policy network to cabinet government. However, the usage of the term "subgovernmentalism" in this entry does not indicate a legal model for policymaking or, in overall, state administration. Thus, in order to have a clear mental image of subgovernmentalism, first it would be beneficial to get familiar with its characteristics.

### Subgovernmentalism Characteristics

Subgovernmentalism as a bureaucratic phenomenon could have one, some, or all of the following characteristics or results:

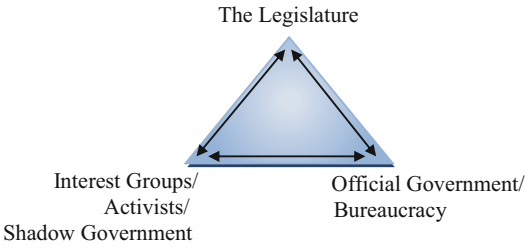


**Subgovernmentalism and Parallel Bureaucracies Within a State, Fig. 1** Subgovernmentalism's iron triangle. (Source: Initially, Freeman and Stevens' (1987) idea, modified by Forouharfar 2019)

1. It is usually unconstitutional, that is, its formation is not legally recognized in the constitution of most countries. However, there are some political systems that have some jurisprudential entities within their constitutions that are incongruous with the separation of power and distribution of political power among the executive, the legislative, and the judicial branches. If a constitution presumes an unaccountable power above or beyond the three branches, then always there is a possibility of subgovernmentalism formation.
2. It makes one or more parallel bureaucracy (s) within a state. Therefore, in the least case the state will be administered with a binary bureaucracy and in the worst case with multiple conflicting bureaucracies. The results are bureaucratic redundancy, overbureaucratization, and violation of the axiomatic rule in management: unity of command.
3. It is secretive and hence leads to shadow government, i.e., a non-publicly elected government that deals with covert activities to fulfill the self-interests of its members or its top entities. Therefore, its formation, members, and mechanisms are clandestine, and the members usually prioritize their own interests at the expense of violating the public and national interests.
4. It could constitute a deep state, i.e., a state within a state. Such a condition is using the bureaucratic facilities and posts of the official and legitimate government in order to make a bureaucratic coalition for nepotism (favoring relatives), cronyism (appointing political associates to official posts without considering their qualifications), connection, favoritism (showing special and exclusive favor toward someone or some group), and promotion of personal or collusive goals without respecting the consent of the governed, and hence it is illegitimate.
5. It could potentially lead to a cryptocracy (crypto-, hidden; -cracy, form of government) that is a form of hidden government with unknown bureaucrats pursuing clandestine goals in shadow.
6. It could have kleptocratic intentions and lead to a kleptocracy (klepto-, stealing; -cracy, form of government), that is, a form of unaccountable government with a bureaucracy in service of corrupt leaders and officials in pursuit of stealing national, local, or regional resources and facilities.
7. It is destructive and usually could lead to the interruption of sound administration of the public and the state and in severe cases would end in irreparable damages to the public and the state.

Then, the phenomenon could be classified based on the area(s) that it takes place.

## Subgovernmentalism Typology

At least there are three major types of subgovernmentalism:

1. One of the branches in the form of subgovernmentalism, i.e., the legislative or the judicial branches, is meddling with the state or the public executive affairs and procedures to the extent that they continually violate the national constitution of state or interrupt the government's autonomy. This type of subgovernmentalism could be called Branch Subgovernmentalism.
2. One of the agencies or departments or divisions of the official branches in the constitution (e.g., the executive, the legislative, and the judicial branches) covertly or obviously interferes with the executive affairs of the public or the state or encroaches on the duties of another branch's agency, department, or division. This type of subgovernmentalism according to the meddling entity could be called Agency Subgovernmentalism, Department Subgovernmentalism, or Division Subgovernmentalism.
3. The secretive and illegal coalition of bureaucratic entities from numerous branches, departments, agencies, public corporations, etc. in a state to usurp, violate, or take advantage of political power or pursue the coalition's self-interests via the state bureaucratic power. This type of subgovernmentalism could be

called Coalition Subgovernmentalism, and it is a very severe type of the phenomenon which originates from the cataclysmic corruption of the state's bureaucrats and its entities.

### Examples of the Subgovernmentalism Types

To elaborate the subgovernmentalism typology – presented above – the following broad examples are provided:

1. Branch Subgovernmentalism, e.g., the judicial branch interference in state's executive affairs
2. Agency Subgovernmentalism, e.g., the intelligence agencies covert meddling in state affairs
3. Department Subgovernmentalism, e.g., the defense department or military entities exertion of power in the affairs that are not assigned as their legal duties and responsibilities in the state laws
4. Division Subgovernmentalism, e.g., one of the administrative divisions or local governments in a federal state violates the collective rights of all the other states or territorial divisions in order to pursue its own divisional interests.
5. Coalition Subgovernmentalism, e.g., the horizontal coalition among some bureaucrats in the executive branch with some influential entities in another branch such as the legislative branch in order, for example, to violate, conceal, exempt, or promote, rules, embezzlement, accountability, or a scandal, respectively

### Some Potential Consequences of Subgovernmentalism

1. Emergence of parallel bureaucracies, since a bureaucratic structure in one branch, department, division, state entity, or governmental body acts in parallel with the de jure (lawful) executive organization officially in charge of the administration of the specific affair(s). The least result of parallel bureaucracies is multiple sources of de facto (actual although illegal) executive powers.
2. Intensification of bureaucratic corruption.
3. Endangering national and public interests.
4. Degradation of official/national government.
5. Expansion of "gray zone" of politics (i.e., secretive connections between state powerful actors and collective violence perpetrators (Auyero 2013); also subgovernmentalism could take the form of a "gray zone" conflict, i.e., taking advantage of national or subnational power entities and instruments via a complicated and obscure war with the intention of gaining specific and previously strategically defined objectives beneath the threshold of military war (Hoffman 2016).
6. Diminishing executive accountability.
7. Expansion of nepotism.
8. Expansion of favoritism.
9. Diminishing meritocracy.
10. Organization and formation of conspiracies.
11. Expansion of unethical politics.
12. Dominance of the state's bureaucrats who are aware of the pivotal state information on economy, politics, plans, etc. (taking advantage of information rents, i.e., the informational advantage that a governmental agent has acquired).
13. Formation of secret coalitions in the bureaucratic entities of the state.
14. Expansion of informal politics such as cronyism (appointment of the friends or associates to political posts).
15. Diminishing transparency in state affairs.
16. Intervention of military personnel in the state politics.

## Conclusion

Generally, subgovernmentalism indicates any furtive, shadow, and redundant bureaucracy or bureaucratically stemmed power in the politics or administration of the state or the public, which acts secretively, and within complicated coalitions or bureaucratic networks in shadow. Hence, the political and administrative science scholars have used some familiar and frequently used terms and phrases to explain different dimensions of the phenomenon such as a deep state, a shadow government, a hidden government, a state within a state, etc. Moreover, one of the logical outcomes of the increase in subgovernmentalism is the emergence of bureaucratic parallelism, which is a redundancy of bureaucracy once there is no need for such illegal

and secretive bureaucratization that usually feeds from the legal authorities' political or bureaucratic powers but for the fulfillment of unknown or hidden stakeholders' self-interests at the expense of violating the public and national interests. Furthermore, there are some potential consequences to subgovernmentalism including but not limited to bureaucratic corruption, gray zone politics, national government degradation, public interests violation, executive accountability reduction, favoritism and nepotism increase, meritocracy decadence, conspiracy formation, unethical politics expansion, information rent abuse, secret coalitions formation, cronyism expansion, transparency decrease, and military personnel intervention in the politics of the state. Moreover, in a broad classification, there are three possible types of subgovernmentalism: (1) Branch Subgovernmentalism, (2) Agency/Department/Division Subgovernmentalism, and (3) Coalition Subgovernmentalism. The justification for the abovementioned classification is classifying subgovernmentalism by its place of manifestation. Finally, the existence or emergence of subgovernmentalism and its mentioned pathological symptoms within a state or governmental body indicate an afflicted body that needs urgent cure through a systemic treatment originated from systems thinking (i.e., a holistic approach in analyzing the problems, which deals with the whole not the single constituent of the system).

## Cross-References

► Globalization and Subnational Governments

## References

Auyero J (2013) Gray zone of politics and social movements. In: The Wiley-Blackwell encyclopedia of social and political movements. https://doi.org/10.1002/9780470674871.wbespm467

Forouharfar A (2019) Zeitgeist analysis of globalization spirit: a philosophical approach. In: Faghih N (ed) Globalization and development. Springer, Cham, pp 93–134. https://doi.org/10.1007/978-3-030-14370-1_5

Freeman JL, Stevens JP (1987) A theoretical and conceptual reexamination of subsystem politics. Public Policy Adm 2(1):9–24. https://doi.org/10.1177/095207678700200102

Hoffman FG (2016) The contemporary spectrum of conflict: protracted, gray zone, ambiguous, and hybrid modes of war. The Heritage Foundation, Washington, DC, pp 25–36

Roe M (ed) (2013) Governance. In: Maritime governance and policy-making. Springer, London, pp 41–110. https://doi.org/10.1007/978-1-4471-4153-2_2

# Subjective Globalization

Richard J. Sutcliffe
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Cultural globalization; Global imaginary; Globality; Globalization

## Definition

Subjective globalization refers to the impact of globalizing processes on the human subject across political, cultural, and psychological domains in diverse sociocultural contexts.

## Introduction

The emergence of subjective globalization is a response to the overemphasis on material processes and transformations characteristic of conceptualizations of globalization. Subjective globalization is linked to the cultural dimensions of globalizing processes.

Globalization is a well-established theme in contemporary social scientific research and in academic and public discourses. The correlative notion of the global connectedness of human lives and social interrelationships has been broadly disseminated. Much of this has concentrated on the

material-objective (e.g., economic, technological) dimensions of globalizing processes rather than the subjective dynamics of transnational flows as these impact on the reshaping of identities and the "subjective plane of human consciousness" (Steger 2013: 15; Steger and James 2011: 53). Questions concerning the lived experience of globalization, including consciousness of the world as a single place (or *globality*), and on the reconfiguration of subjective experience within local contexts of social life remain underdeveloped concerns within the field of global studies (but see Kennedy 2010; Steger and James 2013).

The significance of trans-local horizons was recognized in the early 1990s (and earlier) by sociologists such as Robertson (1992), Beck (1992), and Giddens (1990, 1994). Critic Fredric Jameson asks, "How can culture and subjectivity not be transformed when opened to the vicissitudes of this vaster landscape and population which is globalization itself?" (Jameson 2015: 128–129).

This article focuses on the interrelated concepts of "subjective globalization" and "globality." It is essential to stress at the outset that this is an emerging domain of inquiry. Accordingly, a coherent theoretical framework and the elaboration of a shared methodological approach for research into subjective globalization remain desiderata. Outlined here is a preliminary survey of theoretical perspectives informing research into subjective globalization that highlights the key contributions to the literature while resisting the North Atlantic metropolitan bias of globalization discourse.

## Discourses of Globalization

The phenomena associated with the concept of *globalization*, and the concept itself, have received substantial attention over the last three decades. Kelly notes that the concept of globalization has acquired a global currency, "circulating through complex networks formed by multilateral institutions, broadcast, print and electronic media, academic exchange and the self-reflexive analysis of…'soft' or 'virtual' capitalism" (Kelly 1999: 380). Schäfer emphasizes the transcultural dimensions of globalization discourse (Schäfer 2007: 2). Although there are prefigurations in sociological writings from the 1960s, and in world systems theory, the term first emerges clearly in economic discourse (business journalism).

Through its expanded usage, and multiplicity of articulations, globalization has also become a radically contested notion. These contestations are closely connected to normative judgments about the "global" and "globalizing processes" and their major transformative force in shaping the contemporary world. Substantive disputation also occurs over how to define globalization. For example, which social processes and structural transformations are most salient for understanding its dynamics? Challenges to globalization also come from grassroots activism, indigenous political movements, environmentalist- and identity-based politics, transnational networks, and the institutional expansion of global civil society that coalesce broadly as "alter-globalization" movements.

Central to most conceptions of globalization is the idea of the intensifying and deepening integration, interdependency, interactivity, and increasing interconnectedness of the world as a whole. This points to the profoundly spatial dimensions of globalization in terms of both the processes involved and also as implied by the concept-metaphor itself. The technologically mediated compression of space enables the experience of the world as one place to be both more tangible and a constitutive horizon of social action, widely distributed among the global human population. These ideas are captured in one minimalist sociological definition of globalization as "the process by which the world is said to become a single space; globalization may be seen as the compression of space" (Abercrombie et al. 2006: 167).

What is novel in *subjective* globalization studies is the explicit thematizing of the subjective dimensions of this deepening interconnectedness and the ways in which the compressed "global world" is imagined. At the same time, new questions arise concerning actual experiences of globality. Specifically, "How can we document

and measure global reflexivity and consciousness?" (Schäfer 2007: 7). More generally, "How can we better understand globalization's powerful subjective dynamics?" (Steger and James 2011: 56).

## Globalization: Material Processes and Cultural Dimensions

The concept of subjective globalization has grown out of the increasing recognition of the significance of the cultural dimensions of globalizing processes, a theme that has been emphasized particularly in anthropological and sociological theorizing and research (and also in cultural and media studies).

In these terms, then, globalizing processes can be regarded as transcending purely economic changes and expanding to encompass widespread social and cultural transformations. This has important implications for understanding the relationship between cultural-subjective imaginaries and globalizing processes, opening also onto the recognition, "largely missing in the burgeoning globalization literature. . .of how various ideological articulations of the phenomenon have shaped its material designs and instantiations" (Steger and James 2011: 53). One of the key potentials of subjective globalization studies is their privileging of cultural-subjective imaginaries as a window onto the large-scale processes currently transforming human lives on a global scale. They also take seriously the need to engage in critical analysis of the strategies of representation mobilized by elite global actors within powerful institutional contexts (Steger 2013: 109). The nexus between these two dimensions is underlined by Steger's observation that "market globalism consists of powerful narratives that sell an overarching neoliberal worldview, thereby creating collective meanings and shaping people's identities" (ibid.: 117). Moore has also argued for a more reflexive approach that pays attention to the various contexts of globalization because particular "ways of conceptualizing the world bring about material consequences, and drive change" (Moore 2013: 4). Particularly significant is Moore's emphasis on "[both] the theories that social theorists put forward, and the kind of relationships they have with the theories of ordinary people" (ibid.).

The study of globalization as a radically inter- or transdisciplinary enterprise is further reflected in the emergence of global studies as a new field of research. Distinctive contexts and modes of globalization include economic globalization and the globalization of politics, law and norms, culture(s), religion, and sexualities. These domains reflect academic tendencies that distinguish broadly between the economic, political, and cultural aspects of globalization. Kelly suggests however that "the grouping together of economic, cultural, political and other spheres must surely also reflect the erosion of disciplinary boundaries in the social sciences and humanities, so that there is a growing sense of the interconnection of different spheres" (Kelly 1999: 380). Among recent analyses, Steger's is notable for its systematic coherence and distinguishes five main domains of globalization: economic, political, cultural, ecological, and ideological (Steger 2013).

The concept of globalization can be understood as encompassing phenomena ranging from worldwide economic restructuring to transformations of consciousness and subjectivity. That is, "globalization is best thought of as a multidimensional set of objective *and* subjective processes that resists confinement to any single thematic framework" (Steger 2013: xii). From a geographical perspective, these processes involve complex, uneven, and asymmetric transformations in the social production of scale and of socio-spatial power relations (Smith 1996; Kelly 1999; Short 2001; Amin 2002; Flew 2009). Despite recognition of the contestations over the meanings of globalization within academic and media discourse, relatively little research has been conducted into the meanings of globalization as represented in public imaginations and as constituted in everyday contexts of social life and identity formation (Moore 2013; Kennedy 2007, 2010). Consequently, inadequate attention has been paid to systematic conceptual theorizing about the cultural-subjective dimensions of globalization.

## Cultural-Subjective Dimensions of Globalization

Research that has explored the cultural-subjective dimensions of globalization is notably absent from the neoliberal economic doctrines that have been globalized through powerful international intergovernmental institutions, such as the IMF, and does not play a significant part in economic and financial analyses of globalizing processes (cf. Mazower 2012: 353–354). Economic definitions of globalization tend not to include any reference to politics or culture and may be so basic as simply to reference the "geographic dispersal" of the provision of goods and services. Nevertheless, both the complexity of global cultural flows and the significance of culture in mediating and shaping the dense interconnectivities and situated interactivities between global forces and local life-worlds have been strongly articulated in social scientific and cultural studies in recent decades (Hannerz 1992; Friedman 1994, 2002; Featherstone 1995; Appadurai 1996; Jameson and Miyoshi 1998; Kennedy 2007, 2010; Steger 2013: 74–86). Indeed, Steger observes that the "exploding network of cultural interconnections and interdependencies in the last decades has led some commentators to suggest that cultural practices lie at the very heart of contemporary globalization" (Steger 2013: 74). From this vantage, *cultural globalization* refers to "the intensification and expansion of cultural flows across the globe" (Steger 2013: 74).

Cultural globalization facilitated through technological innovation enables not only the increased integration of global flows of financial capital through world markets but also intensified interconnections between people through communications networks and the expansion of mediatized cultural flows on a planetary scale (Castells 1996–1998; Cohen and Kennedy 2007; Steger 2013). The possible impacts and consequences of an emergent global media culture on the relative autonomy and diversity of local contexts of social life have also become key elements within debates about globalization (Hannerz 1992; Tomlinson 1999; Flew 2009). Further ramifications are the density of interrelations in any specific global-local nexus, the complexities of evolving infrastructural spaces, and the asymmetries and disjunctures of cultural flows within the "global social organization of meaning" (Hannerz 1992: 219; cf. Cohen and Kennedy 2007: 49; Easterling 2014). These global cultural flows impact upon the lived contexts of human social life. Steger maintains that the "dominant symbolic meaning systems of our age. . .circulate more freely and widely than ever before. As images and ideas can be more easily and rapidly transmitted from one place to another, they profoundly impact the way people experience their everyday lives" (Steger 2013: 75). However, the other side of this process, stressed particularly in much anthropological and media studies research, is that people in local contexts interact with and reshape these global flows in the very processes of their reception, appropriation, and consumption. Hannerz has made this point forcefully, positing that arguments about the impact of the transnational cultural flow "would have to say something about how people respond to it. . . [t]he meaning of the transnational cultural flow is thus in the eye of the beholder: what he [or she] sees, *we generally know little about*" (Hannerz 1992: 243, emphasis added).

The problem of subjective globalization in contemporary global studies has its roots in the sociological approach to globalization developed by Robertson (1992). Here, problems of culture and consciousness are foregrounded as central to the study of globalization. For Robertson, both the *compression of the world* and the *intensification of consciousness* of the world characterize the global field (Robertson 1992: 8). He asserts, "[in] an increasingly globalized world there is a heightening of civilizational, societal, ethnic, regional and, indeed individual, self-consciousness" (ibid.: 27). The *compression of the world* and the *intensification of consciousness* are intrinsic to each other: each incorporating objective *and* subjective dimensions of globalization.

Robertson's term for the social condition in which globalizing processes are dominant is "globality." This is a complex notion, which to a certain extent is the marker of subjective globalization, leading some sociologists to appropriate

Robertson's terms to distinguish between globalization (objective) and globality (subjective). In Robertson's usage, however, the interrelationship would seem to be more complex (globalization has subjective dimensions and globality can be an objective condition). Robertson has recently reaffirmed this subtle interrelationship by indicating that both terms share the same essential characteristics: "The two most general features of the condition of globality are the same as those of globalization: widespread connectivity (or interconnectedness) and global consciousness" (Robertson 2007: 524). For Robertson, it is *the interrelationship of consciousness and world* that must be the primary basis for theorizing globalization. He thus introduced the distinction between *objective* and *subjective* globalization as a twofold process involving the compression of the world and the intensification of consciousness of the world as a whole (Robertson 1992: 8, 9).

At this level of abstraction, the world as a whole is at the core of subjective globalization. The thematization of the world as a whole (as a single place) as an increasingly significant aspect of contemporary consciousness and, moreover, the reflexive awareness of this situation of "globality" are posited as a context and horizon informing the thoughts and actions of social actors (Robertson 1992, 2001; Robertson and Inglis 2004). Steger suggests that "[w]ithout erasing local and national attachments, the compression of the world into a single place has increasingly made [the] global the frame of reference for human thought and action" (Steger 2013: 15). Yates refers to globality as "…a growing consciousness of both the world as a single place…and humanity as a single people" (Yates 2009: 7). Developing upon this idea of world consciousness, scholars have more recently begun to theorize the emergence of a "global imaginary" and the "globalization of the world picture" (Steger 2008, 2013; Yates 2009), as well as opening new questions concerning the phenomenon of "subjective globalization" as an irreducible dimension of contemporary social life on a planetary scale (cf. Robertson 1992: 9; Steger and James 2011, 2013; Steger 2013). As defined by Steger, the concept of a global imaginary refers to "people's growing consciousness of global connectivity" (Steger 2013: 10). This "thickening of the global consciousness destabilizes and unsettles the conventional nation-state within which people imagine their communal existence" (ibid.: 10–11). This dimension of globalizing processes has however received relatively little attention in academic and popular literature and urgently requires further research (but see Friedman 2002: 294).

## Approaches to Subjective Globalization

The most systematic approach to subjective globalization to date is that developed by Steger and James (Steger and James 2011, 2013). These authors follow Robertson's distinction between the "objective" and "subjective" dimensions of globalization (Steger and James 2013). Noting that the majority of research and publication energy around globalization has been devoted to the "objective phenomena of globalization," they set out to develop an analytical framework for approaching its subjective dimensions. This framework moves from ideologies, through imaginaries, to ontologies, all of which are understood as dimensions of lived consciousness and of subjective globalization (Steger and James 2011). Each is conceived as successively deeper than the previous level. Descending through each level, ideas, meanings, sensibilities, and subjectivities are contested (ideologies), felt (imaginaries), and embodied (ontologies) (ibid.: 56). Ideologies express underlying social imaginaries, which are in turn structured by more foundational ontologies that articulate the basic categories and structures of being. With each increase in depth, from ideologies through ontologies, the dynamics of transformation take place at a slower rate. In other words, there is more rapid variation at the surface level. Various ideologies express a "rising" global imaginary (one among others) that "rides" on a "slow-moving" ontology.

At the level of ideologies, Steger and James identify four kinds of "globalism": market globalism (which is hegemonic), justice globalism, religious globalisms, and imperial globalism.

Underlying these various globalisms is a constituent social imaginary that articulates a "convocation of the social whole," i.e., the *global imaginary* (Steger and James 2013: 30–32). This is described as "a generalizing, deep-seated imaginary of global connectedness" (Steger and James 2011: 60). Thus, although there are important variations in the different ideological globalisms, they rest on a shared global imaginary and, ultimately, are based on similar ways of imagining the world. For Steger and James, the global imaginary can be understood in contrast to other (and earlier) forms of the social imaginary, such as the nationalist imaginaries of the nation-state, and dominant modern political imaginaries (e.g., liberalism, socialism). In contrast to the national social imaginaries, with their characteristic ties to territorial space and identity formations, the global imaginary (that has been emergent for several decades) emphasizes increasing global interconnectedness. At the still deeper level of ontologies, Steger and James argue that the global social imaginary is structured by modern conceptions of space, time, embodiment, and performance (Steger and James 2011, 2013).

The most striking (and theoretically innovative) element in the Steger and James framework is this conception of the global imaginary, which draws upon Steger's earlier work on modern political imaginaries (Steger 2008). Steger and James graphically depict the global imaginary as erupting "with increasing frequency within and onto the familiar framework of the national, spewing its fiery lava across all geographical scales. . .this global imaginary destabilizes the grand political ideologies codified by social elites during the national age" (Steger and James 2013: 33). In this way, they hold that the internalization of the global imaginary has consequences for identity formation and that "our changing ideational landscape is intimately related to the forces of globalization" (ibid.).

Political subjectivization is central to Steger and James' theorization of the subjective dimensions of globalization. Their focus on subject position finds an echo in earlier globalization literature (e.g., Hay and Marsh 2000). Writing at the turn of the millennium, Hay and Marsh argued that the study of globalization was marked by an excessive focus on structures and processes and a corresponding neglect of subject position and agency (Hay and Marsh 2000). This tended to reify globalizing processes as transcending the sphere of human agency. Accordingly, they argue that it is necessary to include the subject position in the deconstructive analysis of the structuration of globalization (ibid.: 13–14; see also Poppi 1997).

The concept of subjective globalization opens into other, perhaps unexpected, arenas and potential avenues of research. For example, recent literature on globalization, culture, and psychology has focused explicitly on the way that globalizing processes impact on senses of the self and formations of identity (e.g., Melluish 2014). A recent issue of the *International Review of Psychiatry* sought to highlight the relative lack of attention to the relationship between globalization and psychology (see Tribe and Melluish 2014). Melluish seeks to clarify the "psychological and cultural dimensions of globalization" while inquiring into "how people around the world are impacted by it" (Melluish 2014: 538). In this context, globalization is understood primarily in relation to the themes of increasing interconnectedness, the shifting of social processes from nationality to globality, the centrality of power relations, and the issue of relative power asymmetries. This points to a link between subjective globalization and the findings of more psychologically oriented research into the lived impacts of global political economy.

Moore's analysis of the "global" as a concept-metaphor in anthropology (Moore 2003) also opens up research possibilities into subjective globalization. Her analysis positions the "global" as a trope or figure that does conceptual (cognitive-affective) work, not merely in academic theorization but also in the ways that "ordinary people" deploy it in their "imagined and engaged worlds" (ibid.). In more recent work, Moore argues that some of globalization theory's conceptual antinomies and binary classifications are misleading for research into local contexts and moreover that their superimposition can mask new and creative patterns of social relations and

forms of cultural production that are taking shape and structured through new forms of desire and satisfaction. Moore considers that analysis of such new forms (desires, satisfactions) should focus on the specificity of patterns of connections and relations as they are "lived, imagined, maintained, and transformed" (Moore 2013: 9). Taking the example of Indonesian fashion designers, she argues that while they understand themselves as interconnected global citizens, their vision is premised on "exploring affective and cognitive dispositions" and the "possibilities their connected world offers" for creating "new connections, new meanings, novel forms of relation" (ibid.).

A further approach is offered by Scholte (2002), who advocates taking greater account of the nature of social space and the globalizing of *transplanetary* and *supraterritorial* connections between people. This is necessary to challenge the tendency of globalization discourse to identify globalization with already recognized and understood concepts such as internationalization, liberalization, universalization, and westernization. For Scholte, these approaches lead to cul-de-sacs since they do not adequately grasp what is genuinely new in contemporary globalizing processes. While transplanetary "connectivity" has a long history, supraterritorial social relations are radically novel forms of social interconnection that "transcend territorial geography" and involve the condition of globality "in the sense of the world as a single social space" (ibid.: 17, 15). In this new world-as-a-whole view, the "global sphere" becomes "a social space in its own right" (Scholte 2002: 15).

## Potential Challenges for Subjective Globalization Studies

These promising approaches to subjective globalization and globality have been greeted by several cautionary caveats. First, Terry Flew, a media and communications specialist, has criticized globalization discourse around the "global media cultures thesis" arguing that this typically overstates both the influence of world media in various national contexts and the extent to which the largest media corporations actually constitute TNCs [i.e., their respective "degree of transnationality" (p. 5)] (Flew 2009). Flew also questions the metaphor of a scalar shift (from discrete national medias to a global mediascape dominated by a few transnational media corporations), suggesting that this assumption is not borne out by empirical research. He thus argues for a nuanced approach to the "relational dimensions of socio-spatial change" (ibid.: 4). This approach emphasizes the ways that "geographical locations can become 'clusters of overlapping network sites'. . .where there is an interlocking of activities across multiple planes of the global, the national, the regional and the local" (ibid.: 4–5). Flew proposes that globalization should be conceived in relational rather than scalar terms (ibid.: 4, 11). Eschewing the linear move from local to national to global, Flew underlines the mutually constitutive transformations of scale and scalar relations, ". . .that link to complex cultural and economic geographies of place" (Flew 2009: 11; cf. Amin 2002; Conti and Giaccaria 1998).

Given that Steger's theorization of the rising global imaginary is tied to a version of the global media culture thesis (e.g., Steger 2013: 82), as outlined above, Flew's critique of global media studies forms a critical supplement indicating the need for more refined conceptualizations of the multi-scalar relations involved in the production and consumption of mediatized cultural flows. If the "rise of the global imaginary is inextricably connected to the rise of the global media" (Steger 2013: 82), then future research on the globalization of experience and consciousness would do well to take account of Flew's call for greater attention to the spatial complexity of socio-spatial transformations including the role that geographical perspectives may play in the analysis of these (Flew 2009).

If recent research has tended to emphasize the unevenness, heterogeneity, plurality, and non-linearity of globalizing processes, it is necessary also to take seriously Moore's contention that it is "one of the paradoxes of globalization that it is not global. It exists as a partial condition that has no teleology of completion and cannot do so" (Moore 2013: 3). This has important implications

for the theorization of globality because it implies the partial and uneven distribution of the global imaginary as a horizon that both informs social action and structures multi-scalar relational networks of social interconnectedness (cf. Friedman 2002).

From a very different perspective, Schäfer has embraced a partial and non-teleological conception of globality and proposes a program for "lean globality studies" (as a "diagnostic tool to gauge how far given processes of globalization have spread in space and time") (Schäfer 2007: 6). Arguing that there has been a tendency to overload the meaning of globality, Schäfer both scales down and pluralizes the concept while placing it in a comparative-historical civilizational framework. He argues that "[r]esearch-oriented globality studies are served best if the conception of globality remains simple" (ibid.). Crucially, lean globality studies "do not require globality to be fully global" (Schäfer 2007: 7). This also implies that "globality is not coextensive with worldwide" (ibid.: 3). Moreover, Schäfer argues that full globality of the entire human world is unlikely to occur (ibid.). Accordingly, he asserts that we should not assume that globality is a singular condition; rather, *globalities* are plural and local: "One can speak about the globality of a city, nation, or region; and since there are many cities, nations, and regions, globalities are *plural*, *comparable*, and *measurable* and *historical*" (ibid.: 1, 7, emphasis added).

In this perspective, there is no single process of globalization. There are numerous individual globalizations with spatiotemporal limits that can be gauged (in terms of both historical trajectories and geographical range). Globalizations involve spatial expansions that "involve more of the globe," and research could focus accordingly on "agents and factors that increase the *geographical range* of things" (Schäfer 2007: 4). Globalizing processes have taken a variety of forms throughout human history. They unfold at hugely varying rates, each with "their particular dimensions and temporal dynamics; they are profoundly plural, spatial, historical, and uneven" (ibid.). The trajectories of recent globalizing processes constitute an "increasing confluence of globalizations" (ibid.). For Schäfer, globalities emerge from globalizations, each being "the local outcome of one or many processes of globalization" (ibid.: 5). This presence of one or more processes of globalization becomes the basic criteria of the minimal conception of globality (ibid.).

Schäfer thus proposes the heuristic assumption that the "globality of language, city, nation, or region is a local condition that can be determined" (ibid.: 7–8). On the basis of a critical review of earlier discussions of globality, he establishes a conception of globality as a local condition with four components: (1) one or more globalizations, (2) a geographical range, (3) a state of interconnectedness, and (4) a state of consciousness (ibid.: 5–7). These components also form the methodological basis for formulating sets of researchable problems that Schäfer suggests can reveal "the state of global consciousness – the reflexivity-dimension of globality – [which thus] becomes available for critical analyses and historical interpretations" (ibid.).

Schäfer's proposals for lean globality studies and the "local concept of globality" have significant implications for the study of subjective globalization. They seem to radically deflate conceptions of globality based on the total-set assumption. Schäfer's globalities are not complete, universal, worldwide, or singular. Significantly, however, this conceptualization of globalities does retain the dimensions of relative world consciousness and degree of interconnectedness, which Robertson originally ascribed to globality (Robertson 1992, 2007). This reduction of scales that the term globality implies is accompanied by the regionalization of the concept which radically pluralizes globalities across times and scales. This adds further complexity to globality as an object of research, and to the scope of global studies, by multiplying the contexts into which research exploring the degree and extent of globality could be pursued. Schäfer's theoretical outline of methodological research into globality is potentially useful here for further research design.

A further cautionary voice in the field of research into globality and subjective globalization is that of Kennedy, a sociologist, whose study

*Local Lives and Global Transformations* (Kennedy 2010) is one of the most detailed and sustained analyses of the meanings of global interconnectivities for various social actors. Taking as its main theme the contention that "people continue to live local lives despite, and perhaps partly because, of globalization," Kennedy finds "the continuing power and appeal of the local in the lives of most people in the face of globalizing processes" (Kennedy 2010: 27, 255, cf. 2007). This argument for the resiliency of the local implies both a relativizing critique of the hegemony of the global and a call for globalization theory to centralize the local, highlight the role of micro-actors, and draw on empirical research to confront ideal-typical models (ibid.: 7). Kennedy does not disregard the significance of global forces that impact local lives. He notes that we are already living global lives at the local scale, our fate bound up with "innumerable" others, despite "vast distances, cultural barriers and territorial boundaries" (ibid.: 3). He maintains however that there is a radical disjuncture between this objective situation and a tendency for people to be "unable or unwilling to act as if these globalizing processes and interdependencies affected us" (ibid.). This final point is the nub of Kennedy's contribution.

It is not possible to follow Kennedy's detailed and substantive arguments any further here. But two aspects of his work can be emphasized. The first is the resiliency of the local. The second is Kennedy's treatment of the concept of globality. This diverges from the minimalist approach to globality proposed by Schäfer (*supra*), seeking instead to "flesh out" the concept and focusing on certain of its dimensions, such as the cosmopolitan themes of the world as a single entity and the shared predicament of humanity as a single species facing globalized issues and risks (Kennedy 2010: 1–5; cf. Robertson 1992). Kennedy thus incorporates a concept of globality that takes up Robertson's theme of the emergence of a reflexive world society that could take action for itself (Kennedy 2010: 2–5, 15, 19).

Kennedy's analysis contains much that is instructive for the study of subjective globalization. His empirical research and nuanced theorizations of the phenomenological density of the everyday lived experience of local lives are significant. He also underlines the need for circumspection with regard to overenthusiastic proclamations regarding the scale and distribution of globality as a substantive horizon of experience for the majority of the world's people. It is however the empirical grounding of Kennedy's arguments that is most instructive for research into subjective globalization. Kennedy argues that "we need to take more account of how ordinary social actors perceive and experience globalization from 'below' rather than relying solely or mainly on academic theorizing which tends to overstate the impact of globalization on most people's lives" (Kennedy 2010: 7). By confronting social theory with concrete lived experience in this way, Kennedy's work bridges the sociology-anthropology nexus and opens a further window onto the micro-macro interrelations of globalizing processes. His work suggests a way to sharpen the focus of global studies. More specifically, he argues that it is insufficient to demonstrate the facticity of global interconnectivity as a horizon for social action in the absence of thick description that shows how people's attitudes toward it reveals regard or concern for that horizon.

## Conclusion

The emerging core problematic of subjective globalization and globality is a still largely open space awaiting well-focused research into these emergent dimensions of human social life in the early twenty-first century. Between the empirically grounded caution of Kennedy's argument that most people still inhabit predominantly local contexts of social life, and Steger's enthusiastic discernment of the rising global imaginary, there is considerable scope for more detail and refinement in understandings of the multi-scalar dimensions and densities of social interrelationships in the contemporary world. With this, too, arises the possibility of developing clearer understandings of the impacts of some of these transformations on the subjective dimensions of human social life in a differentially and unevenly interconnected world.

## Cross-References


- ▶ Culture and Organizations
- ▶ Global and International Politics
- ▶ Globalization and Culture
- ▶ Globalization and Globalism
- ▶ Globalization and Organizations
- ▶ Social Psychology of Organizations


## References


Abercrombie N, Hill S, Turner BS (2006) Globalization. In: Abercrombie N, Hill S, Turner BS (eds) The Penguin dictionary of sociology, 5th edn. Penguin Books, London, pp 167–169

Amin A (2002) Spatialities of globalization. Environ Plan A 34(3):385–399

Appadurai A (1996) Modernity at large: cultural dimensions of globalization. University of Minnesota Press, Minneapolis

Beck U (1992) The risk society: towards a new modernity. Sage, London

Castells M (1996–1998) The information age, 3 vols. Blackwell, Oxford

Cohen R, Kennedy P (2007) Global sociology, 2nd edn. Palgrave Macmillan, London

Conti S, Giaccaria P (1998) Globalization: a geographical discourse. GeoJournal 45(1/2):17–25

Easterling K (2014) Extrastatecraft: the power of infrastructure space. Verso, London

Featherstone M (1995) Undoing culture: globalization, postmodernism and identity. Sage Publications, London

Flew T (2009) Beyond globalisation: rethinking the scalar and the relational in global media studies. Glob Media J Aust Ed 3(1):1–22

Friedman J (1994) Cultural identity and global process. Sage, London

Friedman J (2002 [1998]) Transnationalization, socio-political disorder, and ethnification as expressions of declining global hegemony. In: Vincent J (ed) The anthropology of politics. Blackwell Publishing, Malden, pp 285–300

Giddens A (1990) Consequences of modernity. Polity Press, Cambridge, UK

Giddens A (1994) Living in a post-traditional society. In: Reflexive modernization. Polity Press, Cambridge, pp 56–108

Hannerz U (1992) Cultural complexity: studies in the social organization of meaning. Columbia University Press, New York

Hay C, Marsh D (2000) Introduction: demystifying globalization. In: Hay C, Marsh D (eds) Demystifying globalization. Palgrave Macmillan, Houndsmill, pp 1–17

Jameson F (2015) The aesthetics of singularity. New Left Rev 92:101–132

Jameson F, Miyoshi M (eds) (1998) The cultures of globalization. Duke University Press, Durham

Kelly PF (1999) The geography and politics of globalization. Prog Hum Geogr 23(3):379–400

Kennedy P (2007) Global transformations but local, 'bubble' lives: taking a reality check on some globalization concepts. Globalizations 4(2):267–282

Kennedy P (2010) Local lives and global transformations: towards world society. Palgrave Macmillan, London

Mazower M (2012) Governing the world: the history of an idea. Penguin/Allen Lane, London

Melluish S (2014) Globalization, culture, and psychology. Int Rev Psychiatry 26(5):538–543

Moore HL (2003) Global anxieties: concept-metaphors and pre-theoretical commitments in anthropology. Anthropol Theory 4(1):72–88

Moore HL (2013) Still life: hopes, desires and satisfactions. Wiley, Hoboken

Poppi C (1997) Wider horizons with larger details: subjectivity, ethnicity and globalization. In: Scott A (ed) The limits of globalization: cases and arguments. Routledge, London, pp 284–305

Robertson R (1992) Globalization: social theory and global culture. Sage, London

Robertson R (2001) Globality. In: Smelser NJ, Baltes PB (eds) International encyclopedia of the social sciences. Elsevier/Pergamon, Oxford, pp 6254–6258

Robertson R (2007) Globality. In: Robertson R, Scholte JA (eds) Encyclopedia of globalization, vol 2. Routledge, London, pp 524–526

Robertson R, Inglis D (2004) The global animus: in the tracks of world-consciousness. Globalizations 1(1):38–49

Schäfer W (2007) Lean globality studies. Global Stud J 7: 1–10

Scholte JA (2002) What is globalization? The definitional issue – again (CSGR working paper no. 109/02). Centre for the Study of Globalisation and Regionalisation, pp 1–34

Short J (2001) Global dimensions: space, place and the contemporary world. Reaktion Books, London

Smith N (1996) Spaces of vulnerability: the space of flows and the politics of scale. Crit Anthropol 16(1):63–77

Steger MB (2008) The rise of the global imaginary: political ideologies from the French revolution to the global war on terror. Oxford University Press, Oxford

Steger MB (2013) Globalization, 3rd edn. Oxford University Press, Oxford

Steger MB, James P (2011) Three dimensions of subjective globalization. Protosociol Int J Interdiscip Res 27:53–70

Steger MB, James P (2013) Levels of subjective globalization: ideologies, imaginaries, ontologies. Perspect Glob Dev Technol 12:17–40

Tomlinson J (1999) Globalization and culture. University of Chicago Press, Chicago

Tribe R, Melluish S (2014) Globalization, culture and mental health. Special issue of Int Rev Psychiatry 26(5):535–616

Yates JJ (2009) Mapping the good world: the new cosmopolitans and our changing world picture. Hedgehog Rev 11(3):7–27

# Supergovernmentalism and Parallel Global Bureaucracies over a State

Amir Forouharfar
Department of Public Administration,
University of Sistan and Baluchestan,
Zahedan, Iran

## Synonyms

Global bureaucracy; Global bureaucratic hegemony; Global bureaucratic power; Global governing body; Global influence; Superstate

## Definition

The implicit or explicit exertion of power from global organizations and superior global governments as superpowers that are able to enforce their will upon national governments that consequently leads to diminishing administrative and decision-making powers of the domestic governments.

## Introduction

*Supergovernmentalism* is a compound noun in politico-governmental discussions.

The prefix "super-" indicates dominancy, over and above. In addition, *governmentalism* is either "1. A theory advocating extension of the sphere and degree of government activity; [or] 2. The tendency toward extension of the role of government" (Merriam-Webster's Collegiate Dictionary 2002, p. 504) with its first known usage in English language that dates back to approximately 1841–1848. The second shade of meaning constitutes the concept in *supergovernmentalism*. That is, in combination (super- + -governmentalism), the term indicates any dominant – e.g., administrative, regulatory, policymaking, decision-making, etc. – superpower over the domestic government's power, which could violate national autonomy and national will embodied in a government. Nevertheless, *supergovernment* is broadly "a governing body that has power over other governments" (On-line Merriam-Webster's Dictionary 2019). Furthermore, its connotative meaning has dramatically changed from its first usage in 1911 to the present era of global bodies' dominance. If in the early to the mid-twentieth century supergovernment was usually embodied in the imperial superpowers before and after the two World Wars (I and II), the political arena and the formation of global entities such as the *United Nations* (UN) and its subsidiaries, besides some truly gigantic organizations in size, bureaucracy, and scope of operation such as *International Monetary Fund* (IMF), *World Trade Organization* (WTO), *European Central Bank* (ECB), etc., attributed new connotations – i.e., the feeling the term invokes – and indications to the term. The current usage of the term *supergovernment* induces feelings of global hegemony and influence. Even though some global organizations can impose their will on domestic governments, the phenomenon of supergovernmentalism does not always have a dark side. The establishment of the UN on 26 June 1945 was one of the greatest supergovernmental incidents in human history to compensate the vacuum of a unanimous global power which could have the consent of all members based on its Charter (Chapter 1, Article 1): "to maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace . . ." (UN 2019a). Hence, some global supervisory bodies such as the UN's entities for the protection of human rights (e.g., the *Human Rights Committee* and its *Centre for Civil and Political Rights*, CCPR) could have positive pressure over the suppressive governments that are violating their citizens' human rights. Therefore, broadly based on the domestic governments' type (i.e., autocratic or democratic), and their behaviors, the reactions to *supergovernmentalism* were either positive or negative.

## Globalization and Bureaucrcay

Globalization has had plethora of effects, influences, deformations, and reformations. Culture, politics, economy, environment, society, etc. had been the vast arenas of globalization evolutionary drive. However, the spirit and essence of administration, in other words bureaucracy, is also affected by the humongous force of globalization. However, the public who live day in, day out under these bureaucracies are not aware of the burden of global bureaucracies originated from the global bodies over their states. Metaphorically, bureaucracy could be seen as a living entity that lives in two large environments: the internal environment, which is a state's domestic government, and the external environments, which are global and supergovernmental entities. *Supergovernmentalism* is an effective phenomenon, which exists out of the borders of any state but could have tangible effects inside a state. A familiar example is an *Interstate System* such as the *European Union* (EU) that inevitably enforces some bureaucracies over the member states to govern, administer, and arrange the interstate affairs. There are plenty reasons for justifying the need for such umbrella states. The most important function of them is the need for global order. The devastating incidents of World Wars I and II catalyzed the necessity of the formation of supergovernmental entities as umbrella powers to be able to manage, regulate, supervise, administer, and in critical situations to react to the belligerent intrastate acts.

Thus, to know this ubiquitous global phenomenon, first we should know what its tangible and practical characteristics (functions) are, then how it emerges, and after that how it makes numerous vertical bureaucracies over a domestic bureaucracy that leads to global bureaucratization and finally get familiar with a pathological view of the phenomenon.

## Functional Characteristics of Supergovernmentalism

1. Acts as a superstate, i.e., as an extremely powerful governing body that subordinates, subjugates, or encourages cooperation among the underlying states. *Intergovernmental organization* (IGO) is a familiar example for *supergovernmentalism* acting as a superstate that is constituted around an agreed charter on issues of common interest; e.g., the *North Atlantic Treaty Organization* (NATO), the *Organization of the Petroleum Exporting Countries* (OPEC), and the *European Union* (EU). Such IGOs are always the result of an international treaty; otherwise, they are not recognized as an IGO in the international law (Harvard Law School 2019). The functional role of *supergovernmentalism* as a superstate constitutes one of the pillars of *Global Governance* (i.e., a modern phenomenon originated from the governance in the context of globalization that encompasses not only the administration and governance of transnational organizations but also the global-scale rules and laws designated for the facilitation and demarcation of international cooperation).
2. Exerts power through global governing bodies, that is, *supergovernmentalism* is globally considered legitimate as far as it is exerted via a globally accepted organization (e.g., the UN or in the case of more aggressive decisions or actions via the *UN Security Council* (UNSC)).
3. Potentially could function as an apparatus of global hegemony, in other words *supergovernmentalism* could lead to a preponderant influence in international relations and violate the autonomy, integrity, and independency of the states. Setting aside the urgency or the contingency for humanitarian causes, the incidents such as military interventions by intranational organizations or coalitions are the manifestations of *supergovernmentalism's* hegemonic function (e.g., on 17 March 2011 amid the rise of the Arab Spring, a NATO-led coalition started a military invasion to oust the Libyan dictator *Muammar Gaddafi*, and it ended on 31 October 2011 with his death).
4. Forms a global bureaucratic power, i.e., the superdominant bureaucracy of any supergovernmental entity could influence its bureaucratic power over the inferior states' bureaucracies. Broadly, by the emergence of

any supergovernmental body, its concepts of supergovernmental administration and hence supergovernmental bureaucracy that preside over the inferior governments/states emerge. To safeguard the sovereignty of member states against the super-bureaucratic function of *supergovernmentalism*, the globally governing bodies could condition the acceptance of their recommendations or resolutions originated from their organs with "the principle of sovereign equality" and the consent of the member states. For example, "…the United Nations was based on the principle of sovereign equality and, therefore, could, not be considered a "super-State" or "super-Government", it followed that its Members could not be bound by the resolutions or recommendations of its organs, save in certain exceptional and well-founded cases. Decisions could be binding only when taken in connexion with the maintenance of peace and security or in grave cases where Member States had consented to accept the necessary limitations concerning the exercise of their sovereignty; recommendations, on the other hand, were never binding" (UN Charter, Chapter 4, Article 10, p. 222).

5. Fosters global bureaucracies, i.e., supergovernmental bodies in charge of the administration of global affairs make their own bureaucracies relevant to the special issues they are going to deal with them. These IGOs usually organize their bureaucracies within their main organs in respect to their predefined missions and objectives (e.g., UN has six main organs. Five of them – the *General Assembly*, the *Economic and Social Council*, the *Security Council*, the *Secretariat*, and the *Trusteeship Council* – are based at UN Headquarters in New York. The sixth organ, the *International Court of Justice*, is located in the Netherlands).
6. Takes the shape of global influence, in other words, it is hard to imagine a superstate and not to consider its potential influences. The global influence in *supergovernmentalism* especially emerges with the pursuit of unilateralism (i.e., an idea, action, or policy that supports one-sided, nonparticipatory mannerism) especially in international affairs. Global regulatory power is one of the areas for *supergovernmentalism* influence. It usually emerges in the framework of "unilateral regulatory measures" (e.g., "… the European Union exerts considerable influence over worldwide markets through its regulatory and legal framework," Bradford 2013).

## How Does the Supergovernmentalism Emerge?

Different cases of supergovernmental entities – although they prefer to be called IGOs – have their own justifications not to be ascribed as a "superstate." For example, the UN Charter (Chapter 4, Article 10, p. 222) claims that it is not either a "state" – since it does not have the duties of a state – or a "superstate" (UN 2019b). However, "if the General Assembly could decide by a two-thirds majority to impose financial obligations on Member States, even on those which did not accept such obligations, it would indeed be a 'super-State'" (Ibid.). This situation clearly reveals one of the usual mechanisms that *supergovernmentalism* takes shape. Other mechanisms, which lead to the phenomenon, are mentioned in the following:

1. The globalization spirit itself and its unprecedented political, economic, social, etc. issues and problems in the global arena justify the advent of supergovernmental organizations.
2. Global dependency, i.e., the technical, economic, political, etc. dependencies among the member states or in the global scene, is another deep cause for *supergovernmentalism* (e.g., the *World Trade Organization* (WTO) or the *Organisation for Economic Cooperation and Development* (OECD)).
3. Global supervision, i.e., the need for supervision in plethora of global issues, was another reason for the emergence of supervisory supergovernmental bodies (e.g., the *Financial Action Task Force on Money Laundering* (FATF), the *International Organization of Securities Commissions* (IOSCO) for global investment, or supervising global human rights

violation, e.g., the UN committees (*Committee against Torture* (CAT), the *Committee on Economic, Social and Cultural Rights* (CESCR), the *Committee on the Rights of the Child* (CRC), the *Committee on the Elimination of Racial Discrimination* (CERD), etc.))

4. Global regulation: The need for global regulatory governance and global administrative laws has helped the emergence of supergovernmental regulatory entities (Kingsbury and Stewart 2008).
5. Global cooperation: Some global organizations such as the *Food and Agriculture Organization of the United Nations* (FAO), the *International Labour Organization* (ILO), the *International Monetary Fund* (IMF), and the *International Telecommunication Union* (ITU) have defined globally cooperative missions as the justifications for their establishment. The premise behind the justifications is the overwhelming conditions of global issues in the current world, which call for the cooperation of most of the states and their synergy for tackling them.
6. Global consultation and assistance: There are some global bodies, which assist the states to promote their global commitments (e.g., the *UN Office of the High Commissioner for Human Rights* assists governments to implement and fulfill human rights obligations and protection).

## How Does *Supergovernmentalism* Make Numerous Parallel Bureaucracies over a Domestic Bureaucracy?

Once a superstate governing entity emerges for the regulatory, supervisory, cooperative, etc. intentions, it definitely needs to devise, establish, and expand its own bureaucracy based on the predefined missions for that entity. Therefore, it is impossible to have the concepts of *Global Governance* and *Global Administration* without assuming the bureaucracies, which are necessary for the promotion of those governance and administration. In addition, by the expansion of the global governing entity either through operational diversification, i.e., varying its operations; complexity intensification, i.e., adding or differentiating its special activities or geographical branches/bureaus; and decentralization, i.e., transferring authority of decision-making from central and single administrative entity to local bureaus, myriads of super-bureaucracies emerge that may interfere or meddle with the domestic bureaucracies within the member states. To clarify the concept, the examples of *International Monetary Fund* (IMF) and the *World Bank* (WB) are two cases in point. There are plenty of researches and claims that their obscure global policies for the reduction of poverty and their policy imposition among the financial and monetary decision-making sections of state bureaucracies of the member states have generated plenty of economic wreckages and social problems and led to the support of dictatorships (Toussaint 2019).

Finally, pathologically the main threat of *supergovernmentalism* forms once a tripartite play emerges among a domestic government, the global entities, and the internal interest groups or in some cases the internal shadow government. It could make a situation that is "Supergovernmentalism Iron Triangle" (Forouharfar 2019). In this triangular condition, the domestic government under a global obligation – e.g., as a result of borrowed loan from the global financial institutions and the commitment to implement specific economic policies – inadvertently forgets the public interests and tries either to pursue the interests of the global entities or the internal interests of some groups or even the shadow government (Fig. 1).

**Supergovernmentalism and Parallel Global Bureaucracies over a State, Fig. 1** Supergovernmentalism Iron Triangle. (Source: Forouharfar 2019)

## Conclusion

*Supergovernmentalism* as a global bureaucratic phenomenon was described with its functionary manifestations: (1) superstate function, (2) power exertion function, (3) global hegemony function, (4) bureaucratic power function, (5) global bureaucracy fostering function, and (6) global influence function. Later the causal reasons for its emergence in the global arena were mentioned as (1) the globalization spirit, (2) global dependency, (3) global supervision, (4) global regulation, (5) global cooperation, and (6) global consultation and assistance. After that, the process of global bureaucratization via *supergovernmentalism* was discussed as the need for professional bureaucracies to administer the global regulatory, supervisory, cooperative, etc. intentions, which inherently lead to the establishment and expansion of the bureaucracies over member states based on the predefined missions of the global governing entities.

## Cross-References

► Global Administrative Reforms

## References

Bradford A (2013) The Brussels effect: the rise of a regulatory superstate in Europe. Columbia Law School. https://www.law.columbia.edu/media_inquiries/news_events/2013/january2013/brussels-effect

Forouharfar A (2019) Zeitgeist analysis of globalization spirit: a philosophical approach. In: Faghih N (ed) Globalization and development. Contributions to economics. Springer, Cham. https://doi.org/10.1007/978-3-030-14370-1_5

Harvard Law School (2019) Intergovernmental Organizations (IGOs). https://hls.harvard.edu/dept/opia/what-is-public-interest-law/public-service-practice-settings/public-international-law/intergovernmental-organizations-igos/

Kingsbury B, Stewart RB (2008) Legitimacy and accountability in global regulatory governance: the emerging global administrative law and the design and operation of administrative tribunals of international organizations. In: Flogaitis S (ed) International administrative tribunals in a changing world. Esperia, London

Merriam-Webster's Collegiate Dictionary (2002) Governmentalism, 10th edn. Merriam-Webster, Springfield

On-line Merriam-Webster's Dictionary (2019) Supergovernment. https://www.merriam-webster.com/dictionary/supergovernment

Toussaint E (2019) Series: 1944–2019, 75 years of interference from the World Bank and the IMF (Part 8): World Bank and IMF support to dictatorships. https://www.cadtm.org/World-Bank-and-IMF-support-to-dictatorships

United Nations (UN) (2019a) The United Nations Charter. https://www.un.org/en/sections/un-charter/chapter-i/index.html

United Nations (UN) (2019b) The United Nations Charter, Chapter 4, Article 10. https://legal.un.org/repertory/art10/english/rep_supp3_vol1_art10.pdf

# Supply Chain of Malarial Drugs in Africa

Oluka Pross Nagitta[1] and Marcia Mkansi[2]
[1]Department of Economics and Managerial Sciences, Uganda Management Institute, Kampala, Uganda
[2]Department of Operations Management, University of South Africa, Pretoria, South Africa

## Synonyms

Coordination; Drug delivery; Procurement; Supply chain management

## Definitions

| | |
|---|---|
| Coordination | Managing interdependencies between activities performed to achieve a goal. In the supply chain context, coordination can be viewed as an act of properly combining a number of objects (actions, objectives, decisions, information, knowledge, and funds) for the achievement of the chain goal. |
| Supply chain management | Management of flow of inventory, information, and money between the different members of a supply chain. |

## Introduction

Efficient and effective supply chains are critical to ensure timely supply and distribution of malaria drugs from supplier to the point of dispensing. The drugs are commonly known as Artemisinin-Based Combination Therapies (ACTs). These are the most affordable effective options to treat uncomplicated malaria in many Sub-Saharan countries, where widespread malarial parasite resistances to medicines are rife (Khera and Mukherjee 2019).

Supply chain management in a hospital setting creates value by providing excellent customer service through: procuring right goods, in the right quantity, delivered to the right place, at the right time, for the right cost, and to the right clients. Hospitals are the first referral points after the lower health centers and are in the downstream chain where actual delivery of the health service takes place. Dobrzykowski et al. (2014) observe that hospitals are still some of the major weak points in the healthcare supply chain management, despite the fact that they offer a big number of outpatient and inpatient services. In addition, they provide supervisory support to lower-level health facilities and maintain linkages with communities through community health departments.

Sub-Saharan Africa is very prone to malaria and attendant medicine shortages. Deliberate efforts have been made by several governments to reduce the malaria trends over the past decades. However, such efficiency is absent in terms of deliberate intervention alone. According to the United States Agency International Development, Centers for Disease Control and Prevention (2018), malaria is the leading cause of death in Uganda, accounting for over 27% deaths in the country. Therefore, availability of medicines, a crucial element of universal health coverage as per Sustainable Development Goal 3, is critical so as to curb this epidemic. Progress in regard to this goal is not happening fast enough since at least half of the global population does not have access to essential malarial drugs. However, achieving it presents a significant challenge, especially in low-income countries. Despite several interventions focusing on preventive and therapeutic approaches, malaria has remained one of the oldest and deadliest diseases of mankind in Africa (World Health Organization 2019). Currently, international efforts focus on malaria eradication by 2050, through roll outing new technologies and substantial growth in the political and financial commitment by countries, regions, and their global partners especially in Africa. However, before this ambitious plan is attained, the supply and distribution of ACTs must be efficient.

In Uganda, malaria is the leading human killer, especially among children under 5 years and expectant or pregnant mothers (Uganda Bureau of Statistics and ICF 2017). The same report shows that in Uganda, malaria kills around 350 children every day. Malaria is the main cause of infant mortality; it causes underweight and premature births. One out of every two children is admitted to the hospital due to malaria. This has had far-reaching negative consequences on the populace, especially patients' lives, including death. Similarly, the National Planning Authority – Uganda (2015) reports that in spite of the significant investments in malaria control, the malaria burden remains high, with rampant stock-outs of ACTs. There is unavailability, understocking, and or overstocking of ACTs in some hospitals. The growing importance of curbing malaria disease in the developing world seeks for possible solutions on making available best efficient drugs (ACTs). Availing medicines to the masses can easily be done by efficient supply chain for malarial drugs, particularly ACTs.



## Medicine Supply Chain in Uganda

Availability of medicine in health facilities is substantial to quality health care. In developing countries, where budgets for medicines are often tight, the supply chain needs to be well-managed to prevent all types of wastage, including pilferage, misuse, and expiry. This wastage reduces the quantity of medicines available to patients and, therefore, the quality of health care they receive. Still, reinforcement of service delivery in the health sector is not without complications,

especially given the many stakeholders in the sector. It necessitates a delicate balance of competing interests of the multiple stakeholders. Governments are in most cases faced with the challenge of developing current models for decision-making that cater for the divergent views of the various players across the supply chain, while maintaining the desired quality of medicines.

This largely led to the development of the National Health Policy in Uganda to inform the national development framework. This commits the government to deliver a package of essential interventions commonly referred to as the National Minimum Health Care Package (NMHCP). Most of these interventions depend on essential medicines, which necessitate having efficient supply chain coordination. Therefore, it attracts considerable efforts from international organizations, local nongovernmental organizations (NGOs), and government agencies to provide medical supplies to the sick populace.

Furthermore, the National Medicines Policy (NMP) aims at contributing to the attainment of a good standard of health of the population of Uganda, through ensuring the availability, accessibility, and affordability at all times of essential medicines of appropriate quality, safety, and efficacy and by promoting their rational use. Realization of the NMP aspiration continues to be challenging because of multiple factors. It is important, therefore, to have a systematic method for coordinating the supply chain of medicines. Uganda faces the barriers to affordability and accessibility of appropriateness in the use of malarial medicines. In the same regard, it is also regrettable that empirical interventions to improve the availability of medicines in Uganda to reduce eventual mortality rates have also not yet succeeded, as the applied frameworks are perceived to be notably inept (Uganda Bureau of Statistics and ICF 2017). To overcome this challenge, the government of Uganda put in place the National Medical Stores (NMS) through an Act of parliament to procure, warehouse, and distribute essential medicines and medical supplies primarily to public hospitals and other lower-level health facilities.

In terms of supply and distribution of medicines, the supply chain starts with individual hospitals that place procurement plans and orders with the National Medical Stores (NMS), which is responsible for delivering all medicines and supplies to all public health facilities on a bimonthly distribution schedule. Under the new pull system utilized by the NMS, all health facilities are supposed to have Drugs Therapeutic Committees, mandated to plan, forecast, aggregate requirements, procure, store, and dispense medical supplies. Despite such empirical efforts, poor management of interdependent multifaceted relationships between personnel in health facilities, Ministry of Health, donors, local governments, and NMS has further complicated the supply and distribution problem. The distribution of medical supplies to user units represents a key component of the hospital's internal supply chain. Large quantities of medical supplies are replenished on a daily basis. In Uganda, the methods of distributing supplies to nursing units can be classified according to whether decisions regarding the quantities to be replenished are centralized in the pharmacy department or decentralized in the nursing units themselves, based on established reordering policies. Given the complexity of the units involved, coordination is important.

## Supply Chain Coordination and Its Dimensions

The ACTs supply chain involves integrating key business processes to end-users through original suppliers. The chain comprises interdependent units within a firm and across units that belong to both downstream and upstream partners. Given the nature of the interdependence between units, coordination is a necessary prerequisite to integrate their operations to achieve the mutual goal of the supply chain as a whole as well as those of its units. Coordination of activities between units becomes important as firms focus on their core activities and outsource the rest. Thus, their success increasingly depends on their ability to coordinate their internal and external activities in the

value chain. Supply chain coordination encompasses every effort of identifying the tasks and dimensions such as information exchange and integration during the course of developing, producing, and delivering a product or service to end-users. In reality, the objectives and interests of different members along a supply chain are diverse and conflicting. Thus, supply chain coordination becomes so vital to the achievement of all-level consensus, through which different members along the supply chain can react to market requirements in highly congruent ways.

These members are dependent on each other to effectively transfer goods and information among themselves. However, a member's self-interest and myopic view of supply chain may lead the supply chain member to focus exclusively on their own goal. This self-interest of a member may hurt the performance of the other supply chain members and may result in degraded overall performance of the supply chain. For an efficient supply chain, it is expected that the supply chain members behave coherently to achieve a common goal. The centralized control of the supply chain assures efficient coordination but it may not be realistic. In a decentralized control, the supply chain members optimize local decisions without considering the impact of their decisions on the other members' performance and on the overall performance of the supply chain. Thus, top management commitment may be necessary to motivate the members to achieve coordination. Supply chain members are dependent on one another and these members need to be coordinated by efficiently managing dependencies among them. Soroor et al. (2009) conceptualized supply chain coordination to have the dimensions of responsibility interdependence, uncertainty, and inter-functional conflict. This relies on the availability of prompt and accurate information that is visible to all actors in the supply chain. Therefore, the dependencies between the supply chain members can be managed with the help of coordination mechanisms such as invoking supply chain contracts, information sharing, information technology, collaborative decision-making, meetings with supply chain members, and technical support. Therefore to appreciate the supply chain of malaria medicine, the theoretical underpinning is necessary as discussed in the subsequent section.

## Theoretical Viewpoint

The entry advocates for a multitheoretical approach to explain supply chain coordination: activity domain theory (Taxén 2011), resource dependency theory (Heath and Sommerfeldt 2014), and coordination theory (Malone and Crowston 1994). These theories serve as a reference point for articulating the theoretical perspectives of the construct of supply chain coordination in a Sub-Saharan African setting. The activity domain theory suggests that various actors should have a common meaning when coordinating activities. The theory looks at each activity as an empire which needs to be coordinated through networks of various actors with different mandates in each node to achieve the intended needs and motives of the activity. In Uganda, the medicine supply chain starts with individual hospitals that forecast, quantify, plan, procure and place orders with NMS, which is responsible for delivering all medicines and supplies to all public health facilities on a bimonthly distribution schedule. Accordingly, it explains the modes of coordination among chain actor. This is achieved through understanding coordination as a complex result of tool-mediated interactions, which bridges the gap between the individual subject and the social reality. It further enables one to identify emergent objects within and between systems, hence reconciling the essentials of nondynamic activity systems and recognizes interdependencies. In this regard, from the health care perspective, the supply chain denotes the flow of information, supplies, and finances involved in the acquisition and movement of goods and services from the supplier to the end-user. Typically, the hospital supply chain includes the internal chain (patient care units, hospital warehouse, patients, etc.), while the external chain consists of distributors, vendors, and manufacturers. Hospitals are bolstered by a range of healthcare supply

chain management activities such as forecasting, quantification, procurement, storage, and dispensing. Improving the efficiency of these activities can provide opportunities for health care institutions and health systems to increase the quality of care and improve medicine availability.

The resource-dependency theory (RDT) proposes that institutions are coalitions which alter their structures and patterns of behavior to acquire and maintain needed external resources. This is aimed at reducing environmental interdependence and uncertainty. The main premise of RDT is that firms will seek to reduce uncertainty and manage dependence by purposely structuring their exchange relationships by means of formal or informal linkages with other organizations – in this case, suppliers. Informal linkages include negotiated environments and inter-organizational arrangements that allow companies to handle environmental uncertainty and inter-organizational dependence. Therefore, hospital administrations should focus more on developing efficient feedback systems such as regular and frequent meetings and enhance the policy of redistribution both internally and externally, other than having stocks at one center which people cannot access. At the same time, NMS should draft easier ways of making deliveries during emergencies from the regional centers. Due to unavailability of real-time point of consumption data, bullwhip effects may occur along the hospital supply chains. Therefore, partners should try to ensure that supply and distribution information is available to all stakeholders and suppliers, which in turn helps in managing service delivery to the last hospital unit, inventory, and medicine quality.

Coordination theory posits that every organization must continually identify tasks with their interdependencies (referred to as coordination dimensions) among the different actors. It presupposes that coordinating the supply chain is a critical element that ensures that all activities are systematically glued together for the achievement of joint supply chain performance. This calls for deconstructing the supply chains to ensure timely supply and distribution of medicines (ACTs) from suppliers to the point of dispensing. This theory emphasizes balancing the different conflicting goals and interests of politicians, health workers, patients, and citizens. The Ugandan government often faces the dilemma of designing new appropriate decision-making models that balance the interests of the different supply chain players without compromising quality standards through policy shifts. The purpose of coordination is to collectively achieve goals that individual actors cannot meet, which is applicable in the supply of medicines by NMS to the Uganda citizenry. The implication is that at the national level, NMS must coordinate the procurement, warehousing, and distribution of ACTs up to the last mile. While the hospitals administration coordinate the internal hospital units either through a decentralized pharmaceutical department or decentralized to specific units who later account for the dispensing of the medicines.

## Conclusion

This entry contributes to philosophy by applying: activity domain, resource dependency, and coordination theoretical lenses to explain supply chain coordination using the case of the NMS. This case provides a theoretical guide for the efficient coordination of medical suppliers particularly from National Medical Stores to the end-users. Through this study, researchers conclude that the Ugandan masses are failing to attain maximum benefit from government medicines due to inefficient supply chain coordination. This is demonstrated in a multiembedded supply chain of ACTs that is weak or inappropriately distributed. On the basis of this, the authors believe that planning a better medical flow of medicines from NMS to the end-users is vital. It is necessary to realize the need and put in place an improved mechanism of delivering medicines from the NMS to the populace and optimize public resources.

## Cross-References

► New Public Management

## References

Dobrzykowski D, Saboori Deilami V, Hong P, Kim SC (2014) A structured analysis of operations and supply chain management research in healthcare (1982–2011). Int J Prod Econ 147(PART B):514–530. https://doi.org/10.1016/j.ijpe.2013.04.055

Heath R, Sommerfeldt E (2014) Resource dependency theory. In: Encyclopedia of public relations. https://doi.org/10.4135/9781452276236.n429

Khera A, Mukherjee R (2019) Artemisinin resistance: cause for worry? J Mar Med Soc 21(1):4. https://doi.org/10.4103/jmms.jmms_43_18

Malone TW, Crowston K (1994) The interdisciplinary study of coordination. ACM Comput Surv 26(1):87–119. https://doi.org/10.1145/174666.174668

National Planning Authority Uganda (2015) Second national development plan – Uganda 2015/16–2019/20. National Planning Authority Uganda, vol 1. https://doi.org/10.1111/j.1475-6773.2006.00624.x

Soroor J, Tarokh MJ, Shemshadi A (2009) Case study theoretical and practical study of supply chain coordination. J Bus Ind Mark 24(2) (November 2006):131–142. https://doi.org/10.1108/08858620910931749

Taxén L (2011) Modeling the intellect from a coordination perspective. In Computational Modeling and Simulation of Intellect: Current State and Future Perspectives (pp. 413–454). IGI Global. https://doi.org/10.4018/978-1-60960-551-3.ch017

Uganda Bureau of Statistics, ICF (2017) Uganda Bureau of Statistcs (UBOS) and ICF. In: Uganda demographic and health survey 2016: key indicators report. https://doi.org/10.2307/41329750

United States Agency International Development, Centers for Disease Control and Prevention (2018) Uganda: malaria operational plan FY 2019. Retrieved from https://www.pmi.gov/docs/default-source/default-document-library/malaria-operational-plans/fy19/fy-2019-uganda-malaria-operational-plan.pdf?sfvrsn=3

World Health Organization (2019) WHO Malaria report 2019. Retrieved from https://www.who.int/publications-detail/world-malaria-report-2019

# Supreme Court and Public Administration

Amy M. Magnus
University of California, Irvine, CA, USA

## Synonyms

Government; Implementation of law; Judicial decision-making

## Definition

Supreme Court: The US Supreme Court is the highest court within the US government. The court has nine justices appointed to lifelong terms by the President, which must also be approved by the US Senate. This court hears and reviews state case decisions that pertain to federal law in which an appeal is filed.

## Introduction

What is and should be the role of the US Supreme Court? What particular "services" does the Supreme Court provide? How do Supreme Court decisions in the name of "service" become executed on the ground? The US Supreme Court is a decision-making entity, and public administrators are some of the people who implement Supreme Court decisions. This entry articulates the relationship between these two entities and makes the case that the two are naturally intertwined but also face various challenges in achieving justice through writing and implementing legislation.

The term "public administration" is multifaceted. Generally, there are four definitions that represent the conceptions of public administration: political, legal, managerial, and occupational (Shafritz et al. 2016). Various academic disciplines interpret public administration in a political and/or legal frame when considering the implementation of US Supreme Court decisions. However, it is often discussed throughout the social science and socio-legal literatures in terms of the managerialization of justice and the occupations that individuals pursue to fulfill public administration initiatives (Shafritz et al. 2016). The managerialization of justice refers to public administration as part of a bureaucracy rather than a social service, treating the administration of justice as a structured entity with managers, employees, and consumers. In this vein, this paper presents foundational explanations for public administration situated within a more critical view of Supreme Court decisions and laws relating to social inequality and the challenges associated with their implementation.

## Overview of American Public Administration

Woodrow Wilson prompted one of the first conversations about the study of government entities and their decisions (Wilson 1887). Following Wilson's argument for the formalization of public administration, Leonard White wrote the first public administration textbook, which greatly influenced the field in the following decades. A major contribution of White's (1926) work is the articulation of public administration's primary tenets. Essentially, public administration is the implementation of policies, programs, and regulations enacted by the US government. This process often occurs by way of individuals filling occupational roles within organizations and institutions, human resources within employment settings, public resource management and allocation, and policy analysis (Shafritz et al. 2016; White 1926). Within the last century, however, public administration has taken on multiple identities including "government in action," a recognized profession, and an academic field of study (Shafritz et al. 2016; White 1926).

Four primary conceptualizations of public administration have persisted over time, including political, legal, managerial, and occupational. Political definitions state that public administration "is what government does" (Shafritz et al. 2016: 7–12). In essence, the political frame for public administration argues that government is a macrostructural force (an abstract or physical overarching institution/organization in society) that governs through policy. Legal definitions refer to public administration as "law-in-action," "regulation," and the giving of services and resources on behalf of the government through legislation and policy (12–16). Managerial definitions view public administration through a business management lens for the structures within lawmaking and implementation, seeing administration as a way of enforcing the decisions and mandates of the government (19). Finally, occupational definitions refer to the profession/employment category of "administrator" as well as the academic field. These four modes of conceptualizing public administration paint with a broad brush the many facets of public administration at work and the interdisciplinarity needed to address each conceptualization.

Public administration is an interdisciplinary entity, tapping into the realms of law, political science, business, and management, with some attention also paid to disciplines like criminology, social work, economics, and medicine. Scholarship within the academic field of public administration finds that interdisciplinarity is naturally interwoven within the practice and is vital for understanding the complex social problems that public administrators face at the organizational and individual levels (Willems 2016; Metzger 2014; Meek 2008; Meek and Newell 2005). One of these complex social problems includes social inequality and discrimination, and with this comes the implementation of higher level decisions from the US Supreme Court designed to address this social problem, such as the Civil Rights Act of 1964 and its proceeding amendments, like the Equal Employment Opportunity Act of 1972. Examining the relationship between US Supreme Court decisions and public administration has been a priority of public administration, socio-legal, and political science scholars alike. Bridging these disciplines, literatures on governance and the managerialization of law present a more concrete understanding of "government in action."

## The Role of Governance: Costs and Benefits of a Managerial Versus Political or Legal Frame in Public Administration

The multiple definitions and conceptualizations of how public administration should function under the rulings of the US Supreme Court allows for much interpretation of the law and how decisions should be implemented. Managerialism is one way to conceptualize the role of government and its relationship with public administration. Rooted in the tenets of organization theory, public administration has an organizational and institutional role within the larger landscape of the American legal system. Organization theory can be described as follows: (1) Organizations serve

"production-related" purposes and aim to achieve "economic goals," (2) "Systematic, scientific inquiry" is the most effective way to be productive, (3) "Production is maximized through specialization and division of labor," and (4) "People and organizations act in accordance with rational economic principles" (Shafritz et al. 2016: 236). More recent scholarship has expanded and even questioned this notion (Liesbet and Gary 2003; Lynn 2001). This recent scholarship argues that while organizations do serve these originally theorized purposes, they should also serve the people and work to ensure that the needs of both the organizations and citizens are met. Thinking of public administration in this frame aligns more closely with how it is perceived today – public administrators act on behalf of the larger justice system to serve the system as well as the people. However, scholarly debates regarding the gap between the law-on-the-books and the law-in-action find mixed results regarding the effectiveness of a managerial framework in the administration of justice (Wright et al. 2012; Liesbet and Gary 2003). Unlike the political and legal frames of public administration, the managerial frame treats public administration as a product of the market society rather than a pro-social civil service. Here, there is room for slippage between public administrators' roles in implementing social equity legislation while simultaneously working under a managerial framework. This phenomenon may help explain part of the gap that exists between the law-on-the-books and the law-in-action.

## US Supreme Court Decisions: Administrative Implementation and Social Equality

The US Supreme Court holds the unique power of deciding on legal quandaries and social problems that come before the bench. These decisions hold much authority in the American legal system and set the ultimate precedent for all other court decisions within the country. One subset of these quandaries heard by the US Supreme Court involves questions about social equity, or rather, "the principle that each citizen, regardless of economic resources or personal traits, deserves and has a right to be given equal treatment by the political system" (Shafritz et al. 2016: 454). This notion is, of course, the golden standard. Many lived experiences in addition to academic scholarship reflect the perpetuating social inequality that still impacts American society, especially with regard to race, gender, and class. This is a serious challenge for the US Supreme Court, public administrators, and the social fabric of American society.

Movements toward social justice, particularly around civil rights, have seen multiple successes from the legislative perspective. The Civil Rights Act of 1964 is one of the most critical advances toward social equity from a "formal legal equality" standpoint (Moore 2014). However, scholars from various fields question the extent to which formalizing civil rights changes societal attitudes about race, gender, and class, for example (Moore 2014; Alger 2013; Caldwell 1999; Chavez 1996; Crenshaw 1988, 1991). Moore (2014) argues that, through Supreme Court decisions designed to ameliorate inequality, the Supreme Court reifies racial inequalities by relying solely on the letter of the law to provide equal treatment. This is not to say that Supreme Court Justices, as people, are blind to the realities and deficiencies of the American political and legal system. Moore (2014) argues, however, that decision-making occurs with an "epistemology of ignorance" about legal power, which ultimately leads to "formal legal equality" instead of actual social equality. Referencing the political and legal frames of public administration, Moore's work extends to the practice of public administration. Public administration, in all forms, faces inherent struggles with implementing Supreme Court decisions related to improving social equality in America. The extent to which formal legal equality and actual social equality can mirror one another is limited, such that the law cannot always ameliorate – and sometimes goes so far as criminalizing – individuals in society (Alexander 2012, Aziz 2012, Gustafson 2011, Han 2015, Muhammad 2010).

## Racial Injustices: Who Exactly Are "We the People"?

Thurgood Marshall, among other Justices and scholars, presents a serious critique of the United States constitution in light of the country's colonization of Native American people and its participation in slavery. *Dred Scott v. Sanford* (60 U.S. 393, 1857) was among the first of US Supreme Court cases to address issues of racial inequality in the United States (Shafritz et al. 2016). Dred Scott was a slave in Missouri but was living in Illinois (a free state) when he decided to sue the federal government for his freedom. The Supreme Court ruled that Scott was a slave, and not a citizen according to the US Constitution, and did not have a right to sue for his freedom. In this moment, and in this Supreme Court decision, it was clear that "We the People" only referred to free, white men. While the Emancipation Proclamation came only 6 years later, the legacy of racial inequality persisted throughout American history, impacting this critical Supreme Court decision and its implementation.

*Plessy v. Ferguson* (163 U.S. 537, 1896) is another example of racial inequality coming before the court. This case established that railroad facilities that were separate based on race, yet considered equal in quality, were constitutional. Although the thirteenth, fourteenth, and fifteenth constitutional amendments were in existence, issues of race and inequality were still at the forefront of Supreme Court decision-making. Similar questions were presented throughout the following century. *Brown v. Board of Education* (347 U.S. 483, 1954) established that schools separating children by race were deemed unconstitutional and brought before the court a critical question about the legacy of racial inequality. From this began a social movement toward civil rights, which initiated the Civil Rights Act of 1964 – but not without a long fight. This moment can be considered one of the first to bridge US Supreme Court decision-making, law, and public administration's role in implementing social equity legislation.

## Affirmative Action, Equal Employment Opportunity (EEO) Policies, and Intersectionality

As a result of the civil rights movement and the Civil Rights Act of 1964, two major policies/concepts emerged in an effort to implement and maintain these rights: Affirmative Action and Equal Employment Opportunity (EEO). Although enacted outside of the US Supreme Court's power, various Supreme Court decisions have built upon and refined these policies including, but not limited to, *City of Richmond v. J.A. Croson Co.* (1989), *Metro Broadcasting v. FCC* (1990), and *Fullilove v. Klutznick* (1980) (Shafritz et al. 2016). Affirmative action was originally asserted to remove racial and gendered barriers to employment. Based on affirmative action principles, Equal Employment Opportunity (EEO) programs and legislation were designed to avoid systematically or "adversely" blocking women and minorities. Affirmative action and EEO policies and programs are examples of law being placed into action with the expectation that public administrators abide by and enforce these regulations.

Crenshaw (1989) argues that law cannot adequately address inequality and discrimination, especially multiple "axes" of inequality, because of the deep-rooted history of inequality that will not be remedied by "formal legal equality." Crenshaw (1991) furthered this discussion in her theory of intersectionality, which states that inequalities and layers of identity are not independent of one another but rather interconnected and bound together. In line with Crenshaw's contributions, Best et al. (2011) present empirical work to understand the realities of intersectionality in the workplace and the protections provided by EEO legislation. This work renders support for the idea that race and gender act in conjunction with one another to create a compounded experience of discrimination in the workplace. Additionally, Best and colleagues report a decreased ability for antidiscrimination law to protect claimants when multiple inequalities exist, as they can only file under one form of discrimination – for example, racial or gender discrimination, but not both. Issues of intersectionality, coupled with the slippage between "formal legal equality" and actual

legal equality, makes implementing social equity policies challenging for public administrators.

## Conclusion

This paper began with the following questions: What is and should be the role of the US Supreme Court? What particular "services" are provided by the Supreme Court? How do Supreme Court decisions in the name of "service" become executed on the ground? Exploring multiple conceptualizations and theoretical positions about public administration and its relationship with the US Supreme Court has provided a foundation for understanding how law, like affirmative action and EEO policies, gets implemented on the ground. Rooting this entry in a lineage of social inequality and social equity legislation raises questions about the extent to which public administrators can realistically implement this legislation (Moore 2014). While the gap between law enacted by the Supreme Court/larger government and the implementation of law on the ground by administrators poses a challenge, all is not lost. No society or justice system is perfect, but the move toward equality in the law is a good first step. Public administration and the US Supreme Court have critical roles in American society, and this paper serves as an entry point into understanding those roles and their many challenges.

## References


Alexander M (2012) The new Jim Crow: mass incarceration in the age of colorblindness. The New Press, New York

Alger J (2013) A supreme challenge: achieving the educational and societal benefits of diversity after the Supreme Court's Fisher decision. J Divers High Educ 6(3):147–154

Aziz S (2012) From the oppressed to the terrorist: Muslim American women caught in the crosshairs of intersectionality. Hastings Race Poverty Law J 9(1): 191–264

Best R, Edelman L, Krieger L, Eliason S (2011) Multiple disadvantages: an empirical test of intersectionality theory in EEO litigation. Law Soc Rev 45(4):991–1025

Brown v. Board of Education, 347 U.S. 483, 74 S. Ct. 686, 98 L. Ed. 873 (1954)

Caldwell P (1999) The content of our characterizations. Mich J Race Law 5:53–110

Chavez L (1996) Promoting racial harmony. In: Curry GE (ed) The affirmative action debate. Addison-Wesley, Reading, pp 314–325

City of Richmond v. JA Croson Co., 488 U.S. 469, 109 S. Ct. 706, 102 L. Ed. 2d 854 (1989)

Crenshaw K (1988) Race, reform, and retrenchment: transformation and legitimation in anti- discrimination law. Harv Law Rev 101:1331–1376

Crenshaw K (1989) Demarginalizing the intersection of race and sex: A black feminist critique of antidiscrimination doctrine, feminist theory, and antiracist politics. Univ Chic Leg Forum 8(1):139–167

Crenshaw K (1991) Mapping the margins: intersectionality, identity politics, and violence against women of color. Stanford Law Rev 43(6): 1241–1299

Dred Scott v. Sandford, 60 U.S. 393, 15 L. Ed. 691, 15 L. Ed. 2d 691 (1857)

Fullilove v. Klutznick, 448 U.S. 448, 100 S. Ct. 2758, 65 L. Ed. 2d 902 (1980)

Gustafson KS (2011) Cheating welfare: public assistance and the criminalization of poverty. NYU Press, New York/London

Han S (2015) Letters of the law: race and the fantasy of colorblindness in American law. Stanford University Press, Stanford

Liesbet H, Gary M (2003) Unraveling the central state, but how? Types of multi-level governance. Am Polit Sci Rev 97(2):233–243

Lynn L (2001) The myth of the bureaucratic paradigm: what traditional public administration really stood for. Public Adm Rev 61(2):144–160

Meek JW (2008) Adaptive intermediate structures and local sustainability advances. Public Adm Q 32(3): 415–432

Meek JW, Newell WH (2005) Complexity, interdisciplinarity and public administration: implications for integrating communities. Public Adm Q 29(3/4):321–349

Metro Broadcasting, Inc. v. FCC, 497 U.S. 547, 110 S. Ct. 2997, 111 L. Ed. 2d 445 (1990)

Metzger GE (2014) Administrative law, public administration, and the administrative conference of the United States. George Washington Law Rev 83(4/5): 1517–1539

Moore WL (2014) The stare decisis of racial inequality: Supreme Court race jurisprudence and the legacy of legal apartheid in the United States. Crit Sociol 40(1): 67–88

Muhammad KG (2010) The condemnation of blackness. Harvard University Press, USA

Plessy v. Ferguson, 163 U.S. 537, 16 S. Ct. 1138, 41 L. Ed. 256 (1896)

Shafritz JM, Russell EW, Borick C (2016) Introducing public administration. Routledge, New York

White LD (1926) Introduction to the study of public administration. University of Michigan/Macmillan Company, New York

Willems J (2016) Debate: should public management research be more interdisciplinary? Public Money Manag 36(2):76–78
Wilson W (1887) The study of administration. Polit Sci Q 2(2):197–222
Wright BE, Moynihan DP, Pandey SK (2012) Pulling the levers: transformational leadership, public service motivation, and mission valence. Public Adm Rev 72(2):206–215

# Sustainability Analysis on the Basic Medical Insurance for Urban Employees in China

Sabrina Ching Yuen Luk
Faculty of Management and Economics,
Kunming University of Science and Technology,
Kunming, China

## Synonyms

Employee insurance; Financial protection; Financial sustainability; Financially sustainable; Health insurance

## Introduction

Due to rapidly aging population and rising medical costs, governments in both developed and developing countries have strived to reform their health-care systems in order to finance health care in a better way. In China, the government since the mid-1980s has implemented a series of health-care financing reform to transform the free health-care system into a multilayered social health insurance system. In December 1998, the government implemented the Urban Employee Basic Medical Insurance (UEBMI) Scheme nationwide, which was a mandatory health insurance scheme requiring both employers and employees to make premium contributions. The UEBMI Scheme provides urban employees with outpatient and inpatient medical coverage. The government also implemented the New Rural Cooperative Medical System (NRCMS) for rural households in 2002, the Urban Resident Basic Medical Insurance (URBMI) for urban non-working population in 2007, and the Critical Illness Insurance Scheme for both NRCMS and URBMI participants in 2012. At present, the UEBMI Scheme is the only compulsory health insurance scheme and has the biggest number of participants in China. The implementation of the UEBMI Scheme is one of the measures to solve the problem of "difficult to see a doctor, expensive to see a doctor," which has plagued the Chinese health-care system for many years. It aims at providing urban employees with financial protection against illnesses. It can also ensure that there is a healthy workforce for continuous economic growth and prosperity.

## Free Health-Care System Before the Mid-1980s

Before the mid-1980s, China provided its population with free health care through the Labour Insurance Scheme (LIS) and the Government-funded Health Care Scheme (GHS). The LIS was implemented in 1951 to provide medical coverage for employees in state-owned and collective enterprises and their direct dependents. While the LIS covered costs of diagnosis, treatment, generic drugs, surgery, and hospitalization for eligible employees, it covered one-half of the costs of generic drugs and surgery for the direct dependents of employees. The LIS was described as an "insurance," but it was not an insurance in the real sense because it was financed by enterprises' payroll instead of premium contribution. Implemented in 1952, the GHS was financed by the state budget to cover outpatient and inpatient medical expenses for government employees and retirees; cadres; disabled military personnel; employees in cultural, educational, and health sectors; and students in colleges and universities. Before the mid-1980s, the provision of free health care was regarded as a welfare benefit to compensate for low wages in the centrally planned economy and to ensure a healthy workforce that was crucial to nation building and achieving socialism in China.

At first, free health care reduced the financial burden of both the LIS and GHS beneficiaries, improved their health status, and ensured that people had access to health care regardless of their financial means. Subsequently, however, free health care led to patients abusing medical services, which in turn increased medical costs. Meanwhile, China's transformation from a centrally planned economy to the market economy led to the government retreating from financing public hospitals. Public hospitals became responsible for generating revenues on their own. They began to run like profit organizations and charged patients more than they were required to through the overprescription of drugs, the provision of expensive or unnecessary medical treatment, surgeries, or tests. They drove up medical costs and put both the LIS and GHS under heavy strain. The eventual collapse of the LIS and GHS in the 1980s drove the government to reform the health-care financing system in order to make health care more accessible and affordable.

## Social Health Insurance System Since 1998

In the mid-1980s, local governments were encouraged by the central government to explore ways to reduce health-care expenditures, such as the out-of-pocket payment and different co-payment schemes. However, the result was not noticeable. In November 1994, the government implemented a pilot health insurance model in the cities of Zhenjiang in Jiangsu province and Jiujiang in Jiangxi province. Also known as the two-*jiang* model, this pilot health insurance model consisted of an individual Medical Savings Account (MSA) and a social pooling fund (SPF). Premium contributions were made by both the employers and employees, which in turn were split into the MSA and the SPF to pay for medical expenses of insured employees. In 1996, the two-*jiang* model was extended to 57 cities in China. Based on the local experience of implementing the two-*jiang* model, the central government decided to establish a social health insurance system to finance health care. In December 1998, the UEBMI Scheme was implemented after the promulgation of a decree known as *the Decision of the State Council Concerning the Establishment of the Urban Employee Basic Medical Insurance* (hereafter the 1998 Decree).

According to the 1998 Decree, the UEBMI Scheme was a mandatory scheme which required premium contributions from both the employers and employees in all urban work units, including the state-owned enterprises, collective enterprises, private enterprises, and foreign investment enterprises. While the employers annually contributed 6% of their total wage bills, employees annually contributed 2% of their total wage bills. Premiums were then split into the MSA and the SPF. The MSA paid for the general outpatient and emergency medical expenses and the charges for prescribed drugs of insured employees. The SPF paid for the inpatient medical expenses that were above the payment threshold or below the ceiling, with the rest paid by the UEBMI participants on their own. Meanwhile, retirees could join the UEBMI Scheme without having any premium contribution. Their medical expenses were covered by the SPF of the UEBMI Scheme. As stated in the 1998 Decree, the privilege of enjoying free health care was given to retired cadres, old Red Army, and disabled military personnel, with their medical expenses paid by the SPF of the UEBMI Scheme. To accommodate the implementation of the UEBMI Scheme, the government in 2000 issued *The Drug Formulary for National Basic Medical Insurance*, which specified essential medicines that could be partially or fully reimbursed by the UEBMI Scheme. Besides, it issued health insurance cards to all the UEBMI participants. The health insurance cards gave the UEBMI participants the right to seek medical treatment at designated medical institutions and enjoy medical coverage.

The government replaced the old LIS and GHS with the new UEBMI Scheme to finance health care of its population. The implementation of the UEBMI Scheme shows that health care is no longer a welfare benefit. Besides, it does not provide any medical coverage for the direct dependents of insured employees. But the UEBMI Scheme promotes two new ideas. The individual

MSA of the UEBMI Scheme emphasizes the new idea of individual responsibility and makes the patients more cost conscious when seeking medical treatment. Meanwhile, the SPF of the UEBMI Scheme emphasizes the new idea of social solidarity and facilitates risk pooling. Having the SPF to cover medical expenses carries the merit of reallocating funds from the healthy to the sick.

## Current Problems in the UEBMI Scheme

Since 1998, the UEBMI Scheme has become the new way of financing health care for urban employees. However, the current UEBMI Scheme contains three main problems. Firstly, the UEBMI Scheme contains the problem of inequality because it excludes the floating population, migrant workers, and temporary employees from participating in the scheme. These uninsured segments of populations have to pay out of pocket for medical expenses. Since many of them receive low salary, they may face heavy financial burden caused by seeking medical treatment. They have to borrow money from friends and relatives. They may fall into poverty or fall back to poverty due to illnesses. In order to save money, some of them do not seek medical treatment or delay seeking medical treatment. Some may practice self-medication or take leftover medicines, which can jeopardize their health.

Secondly, the problem of high medical expenses leads to a quick depletion of the UEBMI fund. Supplier-induced demand (SID) in health care is very prevalent in public hospitals in China. It occurs when doctors being motivated by their financial incentives manipulate their patients' demand for medical services. They provide the type and quantity of testing, treatment, or drugs that are beyond the patients' actual medical needs so as to earn more profits and receive more bonuses. In particular, doctors and public hospitals rely on drug sales as the main source of revenue. Due to the disorder of drug distribution system, drug prices are marked up for many times after going through the processes of drug manufacturing, wholesaling, and retailing. As the drug retailers, public hospitals are allowed to add a 15% markup over the drug wholesale price (Luk 2014). The drug retail price can be at least 30 times higher than the drug manufacturing price (Luk 2014). Unreasonably high drug prices impose heavy financial burden to both the insured and the uninsured people. In order to earn more money, many doctors favor prescribing unnecessary antibiotics or other drugs to the patients. In order to receive rebates from pharmaceutical companies, doctors in public hospitals are also incentivized to prescribe expensive medicines to patients. As a result, some patients end up paying out of pocket for drug expenses when they have used up all the money in the individual MSA or the amount of drug expenses is not covered by the SPF.

Thirdly, a substantial amount of money has been depleted in the SPF to cover the medical expenses of retirees and that of retired cadres, old Red Army, and disabled military personnel who enjoy free health care. Since the medical expenses of these groups of people are usually higher than that of working population, they drain away lots of money from the SPF. The SPF may not be financially sustainable in the long run. This put incumbent employees in a disadvantageous position because they are the main segment of population that pay premium contribution to the UEBMI but face the risk of receiving insufficient medical coverage in the future.

## Ways to Maintain the Financial Sustainability of the UEBMI System

To ensure the accessibility and affordability of health care in a context of rapidly aging population and tight fiscal constraints requires the Chinese government to make unremitting efforts to reduce drug prices and restrain the revenue-maximizing behavior of health-care providers. In order to discourage doctors in public hospitals from receiving rebates from pharmaceutical companies, the government since 2000 has implemented a centralized drug procurement system (World Health Organization 2011), which required public hospitals to purchase most of their drugs through a bidding process centralized

at the provincial level (Yang and Li 2010). Besides, public hospitals or health-care providers that are found to have overcharged patients will be financially penalized by the government, and their qualification for being an approved supplier for medical insurance will be placed in suspension status (World Health Organization 2011). The pilot zero-markup policy for drug has also been implemented since 2012 in some urban public hospitals, which does not allow public hospitals to add a 15% markup when selling drugs. But public hospitals are allowed to increase user charges and can receive subsidies from local government as compensation (Waldmeir 2015). These measures are expected to reduce drug prices through restraining the revenue-maximizing behavior of doctors and public hospitals. They help ensure that health insurance funds are used in a better way and can be financially sustainable in the long run.

## Conclusion

To conclude, the implementation of the basic medical insurance to finance health care of urban employees is better than the free health-care system because it promotes the ideas of individual responsibility and social solidarity. The URBMI Scheme can provide financial protection for urban employees against illnesses and ensure that there is a healthy workforce for continuous economic growth and prosperity. Under the circumstances of rapidly aging population and rising medical costs, the Chinese government should make unremitting efforts to maintain the financial sustainability of the UEBMI Scheme in the long run.

## References

Luk S (2014) Health insurance reforms in Asia. Routledge, New York

Waldmeir P (2015) China drug price reforms risk placing hospitals on life support (website of Financial Times). www.ft.com/cms/s/0/19d87eb8-0379-11e5-b55e-00144feabdc0.html#axzz44d1mr3Yx. Accessed 1 Apr 2016

World Health Organization (2011) Prevention not cure in tackling health-care fraud (website of World Health Organization). www.who.int/bulletin/volumes/89/12/11-021211/en/. Accessed 1 Apr 2016

Yang C, Li L (2010) Drug procurement bidding (website of China Business Review). www.chinabusinessreview.com/drug-procurement-bidding/. Accessed 1 Apr 2016

# Sustainability and Crisis Management

Craig Barham
Department of Urban and Public Affairs, University of Louisville, Louisville, KY, USA

## Synonyms

Continuity; Crossroads; Renewability; Resilience; Trauma

## Introduction

There is a growing consensus among many segments of society about the increasing importance of both sustainability and crisis management to the creation and maintenance of economically, politically, and environmentally sustainable communities at every social scale. In turn sustainability management and crisis management praxis is increasingly seen as an important collective and collaborative responsibility to be shared and practiced by all levels of government, the private sector, and individuals within an appropriate set of spheres of responsibility and scope of activities. The proposition that there is a growing consensus is borne out by a body of academic and professional literature, the efforts of the international community at the global level, and the promulgation of laws and regulations at national and local levels related to both issues. This consensus recognizes that our technologically dependent, and socially and economically interconnected world, is more prone to a wide range of risks, that the material demands of our growing global population is outstripping the regenerative capacity of

the earth's stock of natural capital, and that the actions of one set of actors has an impact (either positive or negative) on other actors which can constrain or expand their set of choices (Beck 1992; Pearson and Mitroff 1993). Mitroff (1994, p. 101) describes this emerging crisis-prone environment in which individuals, organizations, and communities must function as "global and complex and systemic."

## Sustainability and Crisis Management: Complementary Concepts

Traditionally the conceptions around, and practices related to, sustainability and crisis management were dealt with separately; however, evolving praxis is leading to a growing recognition that both issues can be enhanced by their joint consideration and that in reality these issues impact on each other in complex and systemic ways (Shrivastava 1993). A crisis is an acute event that can have long-term consequences on the sustainability of an organization, the economy, or the environment, while issues of sustainability can have profound policy, management and governance implications for business, government and the wider society that can precipitate a crisis (Starik and Kanashiro 2013). It is therefore proposed that sustainability and crisis management have many possible points of intersection: contemporary society faces a myriad of ongoing and often simultaneous social, political, cultural, moral, ethical, and environmental crises; models of economic and urban development of the past two centuries have been based on ecological assumptions that were flawed and unsustainable; and the survival of contemporary society with its complex material culture and abundant amenities depends on the continuity offered by sustainable institutions and sustainable natural ecosystems. Even if the world's population stabilized during this century, the demand for food, water, minerals, and energy will have to increase several fold just to provide basic and necessary amenities for projected population levels (Daily and Ehrlich 1992); and current methods and levels of resource extraction, resource transformation, economic production, distribution, and consumption are ecologically unsustainable and will likely lead to social and political conflict unless institutional, cultural, and technological changes are instituted (Starr 1996). The integration of the fields of sustainability and crisis management from ad hoc and fragmented disciplinary perspectives into a unified conceptual framework offers potentially fruitful avenues for unifying and reorienting praxis related to some of the most pressing issues currently facing human society. This restructured praxis will lead to more proactive, responsive, and effective government policy, more socially and environmentally responsible business practices, and greater public transparency and accountability that produces a better informed and empowered citizenry.

## Sustainability and Sustainability Management

The concept of sustainability is not settled, and there is no single, universally accepted, definition; however, there are themes that are broadly accepted that cut across disciplines and perspectives. Sustainability is an outgrowth of concerns for the natural environment, which goes back for many decades, and more recent concerns for corporate social responsibility (CSR), where organizations go beyond legal requirements and align their business models with ethical standards that advance the common good (Bowen 2013). Corporate social responsibility involves organizations recognizing that they have an impact on society – one that extends beyond the financial interests of shareholders and the consumption interests of consumers – which requires that organizations develop a relationship with a wider set of stakeholders and function in a manner consistent with the wider set of values (Elkington 1997; Coblentz 2002). Meeting the evolving expectations of a wider set of stakeholders is an attempt to build and maintain organizational reputations which are now considered valuable, intangible corporate assets. Many organizations now publish social responsibility reports, some of which are called sustainability reports, which reflects the

growing significance of sustainability as a CSR expectation.

A concept closely related to sustainability is "sustainable development" which is the integration of economic, environmental, and social considerations into a framework that recognizes the finite nature of many natural resources, limits to the regenerative and absorptive capacity of natural ecosystems, and the needs for future generations to have access to the natural capital of the planet so that they too may meet their own material needs. Sustainable development is also a contested concept, but the most frequently quoted and widely accepted definition can be found in the Report of the World Commission on Environment and Development: Our Common Future, also known as the Brundtland Report (World Commission on Environment and Development 1987). This report defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development 1987, p. 43). This report, which has been instrumental in helping to shape the international agenda and the international community's attitude toward economic, social, and environmental development, was endorsed at United Nations Conference on Environment and Development, also known as the Earth Summit, in Rio de Janeiro in 1992. The most important of the documents approved by world leaders at the 1992 conference was *Agenda 21*, which outlined comprehensive and ambitious commitments to ensure sustainable development which would impact all sectors and levels within implementing societies. The Rio Conference gave rise in many countries to action at both the national and local levels and among public, private, and civil society actors. Sustainability management is the organizational response, through policies and practices, to these trends by creating a balance between well-functioning ecosystems, organizations, and societies (Cohen 2011).

Sustainability has normative, governance, and management dimensions (Coblentz 2002; Starik and Kanashiro 2013). The normative dimension consists of a system of values and norms held by social agents who possess a purposeful collective vision with accompanying goals, objectives, and aligned activities. These are built around adaptive institutions and processes, which serve as a framework which ensures that an organization or community has the resilience and continuity to achieve its mission and realize its vision in the face of internal and external challenges. Sustainability is also a mode of governance by which social actors can collectively interrogate existing modes of social, political, and economic organization. This serves to identify destructive practices, transform the status quo, promote the development of more sustainable patterns of economic activity, and establish a standard against which existing institutions are to be judged and held to account. Sustainability also includes a management approach which eschews short-term, myopic, and wasteful behavior in favor of constant effort, continuous improvement, and unity of purpose.

All sustainable organizations or communities require strong and balanced institutional, financial, and ethical foundations to realize their vision and mission (Coblentz 2002; Cohen 2011). Institutional sustainability requires a guiding vision – which gives a common purpose and meaning – and a mission, from which flows strategies and plans. The mission also sets the boundaries within which the organization or community will function. Institutional sustainability is related to governance and management but with a recognition that sustainability depends less on formal plans and more on flexible processes capable of adapting to evolving threats, fleeting opportunities, environmental changes, or the cognitive limits of its actors. Institutional sustainability must be supported by collectively agreed policies and procedures, which provide guidance, and systems for monitoring, evaluation, and organizational learning, which support change (Peter and Swilling 2014). Financial sustainability ensures that the human and nonhuman resources and economic incentives are present to drive the processes and activities without compromising the vision and mission (Cohen 2011). A sustainable organization knows what resources it needs, when it needs them, and from which sources – internal or external – it is able to generate these resources.

Ethical sustainability ensures that an organization or community has the requisite culture that supports stakeholders – both internal and external – working together for the common good (Cohen 2011). Organizations with strong ethical foundations will possess a positive public image, which leadership will work assiduously to build and preserve, with or without external regulation and oversight.

Achieving sustainability is a project that requires the recognition that the challenges which produce unsustainable behavior, and the policies and actions that achieve sustainability, take place in a social, economic, and environmental system that is complex and systemic (Mitroff 1994; Peter and Swilling 2014); and the term sustainability, when embedded in the concepts in complexity and systems theory, seems to generally mean the capacity to maintain, endure, and adapt (Starik and Kanashiro 2013).

Systemic implies that the challenges of sustainability arise from the structure of the system, as opposed to originating exclusively from individual agents and elements, and affect the general behavior of the entire system; and solutions to correct unsustainable behavior require deep change to a system's structure as opposed to superficial or surface solutions (Meadows and Wright 2008). Complexity implies that a system will have a network of diverse actors or elements that interact with each other, allowing the overall structure of the system itself to adapt and evolve, and produce system level, as opposed to individual level, behavior; and systems tend to have permeable boundaries, are embedded into other systems, are not isolated from their wider environment, and can therefore influence or be influenced by other systems (Meadows and Wright 2008). Thus a complex system – through its feedback loops, self-organizing ability, and adaptive capacity – exhibits emergent or unexpected behavior that can support stability and continuity (sustainability) but also produce crisis; and crisis management is one response whereby organizations try to exert control over complexity and the uncertainty that often comes with systems. Systems through their robustness, resiliency, and redundancy exhibit adaptive and regenerative capacities which support long-term survival and therefore tend toward, but are not guaranteed to achieve, sustainability. Sustainability as a systemic concept must be approached with systemic thinking where social actors acquire knowledge and learn skills that allows them to influence the system, and make necessary trade-offs, to ensure the system has the capacity to endure in a complex and continuously changing environment (Peter and Swilling 2014).

Sustainability is thus a balancing act which requires an organization to simultaneously achieve market sustainability, which is the ability to maintain financial success over time, environmental sustainability, which is the ability to maintain compatibility between an organization's behavior and its natural environment, and social sustainability – which is the ability to maintain good relations with the widest possible cross section of stakeholders and support broader societal outcomes based on prevailing values and norms (Cohen 2011). Being embedded in economic, social, political, cultural, and biophysical systems that interact with each other requires that social actors pay attention to sustainability challenges, such as globalization, overextraction of resources, overproduction, overconsumption, overpopulation, and stressed ecosystems; and to related potential negative outcomes – such as climate change, pollution, biodiversity loss, human rights abuses, poverty and inequality, illiteracy, disease, war, and crime – that arise with complex relationships and with the decisions and actions of multiple organizational decision-makers across both time and space. Sustainability theory and practice must seek to focus significant attention on both natural and socioeconomic environments, ideally integrating, describing, and predicting their systemic existence and value; and prescribing both scientific and practical approaches which support the survival of both human and non-human systems without compromising the values of human connectivity, community cohesiveness and inclusiveness, individual freedom, equity, prudence, personal safety, stable employment and income, and continuous learning. Sustainability is the recognition that organizations and communities are not isolated entities but are part of a complex

network of interdependent, mutually-reinforcing and reciprocal relationships with other organizations, communities and the natural environment that affect socio-economic and socio-ecological outcomes along qualitative and quantitative dimensions now and in the future (Elkington 1997; Robinson 2004; Cohen 2011; Bowen 2013).

## Crisis and Crisis Management

The contemporary world is beset with many types of crises which often intersect with either social, economic, or environmental sustainability and which have the potential to threaten the long-term survival of organizations, communities, and even entire societies. The types of crises, their scale and scope, their frequency, and their potential impact are all increasing given greater technological dependence, economic interdependence, and demands on limited natural resources from a growing global population in need of food, water, energy, shelter, and transportation. The contemporary world can therefore be described as crisis prone and crisis laden, and this gives the impression that crises are omnipresent and proliferating, with an increasing number of segments of society facing damaging disruptions, upheavals, and restructuring.

There is no single and universally accepted definition of crisis but a widely accepted definition is offered by Coombs (2014, p. 3) who defines a crisis as "an unpredictable event that threatens important expectancies of stakeholders and can seriously impair the organization's performance and generate negative outcomes"; and crisis management as a structured "set of factors designed to combat crisis and to lessen the actual damage inflicted." Lockwood (2005, p. 2) similarly defines crisis management as "an organization's pre-established activities and guidelines for preparing and responding to significant catastrophic events or incidents in a safe and effective manner." The modern word crisis comes from the Greek word *Krisis*, which means a moment in need of a decision, and represents historical turning points where human choice could make a fundamental difference to the future. Crisis also has a meaning in medicine where it denotes the turning point of a disease, but one where external intervention and restructuring is required to avoid or reverse permanent damage. Crises are events that threaten the survival of the system but one from which the regenerative or recuperative functions of the system are insufficient or unable to pull it out of a crisis. A crisis therefore can be characterized as a disruptive event, where stakeholders have a heightened expectancy that must be carefully managed, which requires decision-making carried out with a sense of urgency, which has potentially large impacts to the organization as well as spillover effects to the wider society, and which requires restructuring to the system if it is to recover or emerge more resilient and more sustainable.

All crises have the potential to disrupt the operations of an organization and damage its reputation (Coombs 2006, 2014). With proper planning, precrisis training and rehearsals, and crisis management, most organizations can function normally during a crisis without disruptions to existing operations (Mitroff et al. 1987). In the absence of proper proactive measures, the long-term sustainability of the organization is jeopardized by distractions – from negative media attention and investigations by regulators – as well as from damage to the organization's reputation when stakeholders come to question the ethics and competence of organizational management. The management of expectations is essential to successful crisis management and recovery (Coombs 2006, 2014). Crisis can benefit an organization by providing the impetus or options for improving the organization's sustainability capacity, by identifying weaknesses that management has overlooked or ignored, and by forcing change in policies, procedures, and organizational culture. Thus while all crises present a challenge to organizations, they can present either opportunities or threats or both. An organization has a number of options for response to a crisis which can be pursued separately or in combination: accommodation, which involves incorporating unchanged the challenge into an organization's operations; adaptation, which

involves incorporating some variation of the challenge into an organization's operations; rejection, which involves maintaining the status quo; and redemption, which involves public acts of contrition by the organization for improper conduct leading to the crisis, or for mishandling the crisis response, but where the actions must demonstrate an actual rather than a symbolic commitment to correcting behavior (Coombs 1998, 2006, 2014). Accommodation and adaptation usually occur when the crisis can benefit the organization in some way and change is viable, while rejection risks an escalation of the crisis.

Like many human activities or issues, crises can be broken down into stages or phases which are a relatively identifiable, intelligible, and coherent sequence of events and reactions in a process of change or development. Fink's Crisis Life Cycle includes four stages: prodromal stage, where risk signals are often given off and the potential for crisis can emerge; acute stage, where a triggering event occurs and results in damage to an organization; chronic stage, where the organization suffers the lingering effects of a crisis and attempts to resume normal operations; and resolution stage, where the crisis is no longer of concern to stakeholders but where organizations with a focus on sustainability seek to learn from their experiences (Fink 1986). There is no set proportion of time for each of Fink's stages: each stage could last years or all four stages could run their course in a very brief period of time; however, all four stages must occur, although the acute stage is typically the shortest in duration and most intense and the chronic the longest in duration. The goal of any sustainable organization is to reach the resolution stage as quickly as possible, for organizations bogged down in the acute and chronic stages may find the burden of the crisis so overwhelming that they never reach the resolution stage.

Mitroff's Five Stages of Crisis Management include proactive and reactive stages which are: signal detection, where the environment is scanned for signals of potential or impending crisis so that timely and appropriate action can be taken; prevention/preparedness, where organizations undertake systematic planning, develop scenarios, and run simulations to test the quality of plans and the skills and competences of employees; containment, where the intensity and extent of the impact of a crisis is minimized; recovery, where the organization seeks to facilitate the speedy resumption of normal business operations; and learning, where the organization reflects on and examines the lessons from their own crisis experiences, as well as those from other organizations (Pearson and Mitroff 1993). While some contest the existence of "early warning signals," some research suggests that the majority of crises were "smoldering" or "creeping" crises that went undetected; and a minority of crises were "sudden onset" that would quickly and unexpectedly appear. Robust measures for prevention and preparedness cannot prevent all crises, but the chances of organizational survival will be increased and the degree of disruption minimized. If recognized and resolved early enough, prodromal events may never evolve into either triggering events or full-blown crises. During a crisis care has to be taken to ensure the accurate and timely flow of information so robust communication procedures and a clear communication strategy need to be in place (Coombs 2014). Good communication is key to protecting reputations. Learning is often the most overlooked phase as some organizations fear "opening old wounds" while others assign blame; however, this period is critical to sustainability as it facilitates the informed restructuring that is so necessary for sustainability. Organizations that put effort and resources into the proactive phases of signal detection, prevention, and preparedness are more likely to gain the reputation of being crisis prepared, while organizations that focus on containment and recovery are more likely to be crisis prone and tend to be less sustainable.

## Sustainability and Crisis Management: Drivers

An increasing number of organizations and communities are seeking to improve their capacity to deal with both crisis and sustainability. The drivers for this trend include a combination of

heightened media scrutiny, leading to increased public awareness, and strengthened government regulation regarding governance regimes for risk, driven by changing public attitudes in the wake of a constant stream of crises (Mitroff et al. 1987; Pearson and Mitroff 1993; Shrivastava 1993; Coombs 2014). Examples of recent crises that have had a long-term negative effect on several organizations, communities, and even nations include the Bhopal disaster at the Union Carbide chemical plant in India in 1984, the Space Shuttle Challenger explosion in 1986, the droughts of the US Midwest in 1987–1988, the Exxon Valdez oil spill off Alaska in 1989, the South-Asian tsunami in 2004, Hurricane Katrina which devastated New Orleans in 2005, and the BP-operated Deepwater Horizon oil spill in the Gulf of Mexico in 2010. Examples of organizations affected by crises which did not survive include Pan American Airlines in 1991, Enron in 2001, and WorldCom in 2002. Examples of organizations and communities that have faced crises and demonstrated resilience and sustainability include the tampering of Tylenol products in 1982, the turnaround of Apple Computers between 1997 and 2000, and the recovery of New York after the 9/11 terrorist attacks. Public responses to improve governance and risk management, and thus crisis management and sustainability, include the Sarbanes-Oxley Act of 2002, while private, voluntary initiatives include standards such as ISO 26000 for social responsibility and ISO 22301 for business continuity.

## Sustainability and Crisis Management: Joint Approaches

Organizations increasingly address crisis and sustainability issues in six ways:

1. First, by improving governance and organizational practices through risk management, environmental, and health programs, by adopting cleaner and leaner technologies, by carrying out preventative maintenance, by improving the safety and quality of products and processes, by redesigning products and packaging, by reducing polluting emissions, and by managing waste disposal (Mitroff 1994; Lehtonen 2004; Coombs 2010).
2. Second, by shifting organizational cultures from reactive responses to crisis issues to proactive approaches where crisis and sustainability management became an integral part of strategic management (Mitroff et al. 1987; Taneja et al. 2010). These cultures support the building of a sustained internal organizational capacity to deal with crises, with external expertise being called upon to address specific crisis-related tasks.
3. Third, by changing focus from a procedural orientation – which involves establishing emergency management procedures, crisis contingency plans, occupational health and safety procedures, and environmental audits – to broader crisis management skills where plans are continually tested and adjusted through drills and practice (Fink 1986; Mitroff et al. 1987; Pearson and Mitroff 1993). The presence of formal policies and procedures for crisis management is a necessary but not sufficient condition for organizations to be able to cope in actual crises.
4. Fourth, by changing from a public relations damage control orientation to a more proactive, comprehensive and substantive systems approach to crisis management (Coombs 2006, 2014). This shift is driven by good leadership and communication, which not only protects the image and reputation of the organization but also attends to the psychological and emotional needs of stakeholders.
5. Fifth, by recognizing that crises and sustainability are invariably implicated in complex power relations which are both internal and external to the organization (Shrivastava 1993; Robinson 2004; Cohen 2011). The nature and meaning of crisis and sustainability are contested and like any concept with a subjective component will be continuously subjected to the forces of politicization. Preparing the organization to avoid or weather crises and become sustainable often requires restructuring these power relationships, which will likely cause a reorientation of the existing

distribution of benefits and burdens, and gives rise to resistance to change that must be overcome.

6. Sixth, by recognizing the importance of far-sighted and ethical leadership which not only ensure that the plans, resources, and expertise is in place but which models the professional behaviors and communication styles necessary to succeed in a complex multi-stakeholder environment (Taneja et al. 2010).

## Sustainability and Crisis Management: Goals and Objectives

The goals and objectives of crisis management and sustainability are remarkably complimentary: with crisis management organizations and communities seek to avoid, minimize, or mitigate unfortunate events or capitalize on opportunities; with sustainability organizations and communities seek to ensure that social, economic, and environmental systems are stable, available, and replenishable in a way that supports the current organization while still being made available to the next generation of users (Shrivastava 1993; Lehtonen 2004; Crandall and Mensah 2008; Coombs 2010). Crisis management often focuses on one significant even at a time which poses an imminent threat to the survival of an organization or community; while sustainability tends to focus on macro level and systemic issues which connect economic growth to a wider range of concerns in the organization's environment that can include entire systems of firms, governments, and countries that must work together. One positive aspect that both sustainability and crisis management share is the promotion of learning and change at the organizational level, and history tends to suggest that much positive change occurs as a result of a crisis which overcomes organizational inertia and the power of vested interests. Crisis management is an important element of sustainability, and vice versa, and both should be incorporated into an organizations strategic plans because crises can restrict sustainability in the long term, and the maintenance and growth of organizations and communities can place demands and burdens on systems that can result in crises.

## Conclusion

At some point in its life, every organization or community will face a crisis or enter a phase where its ability to sustain itself is thrown into doubt. In the contemporary world, human-induced crises have reached the point where they could rival natural disasters in scale, scope, and impact, and even the human dimension of natural disasters is largely a result of human action or inaction, such as the choice of where to establish a community, the type of building codes for protection against hurricanes or earthquakes, or the decision when and where to evacuate in the lead-up to an event. Organizations and communities contribute to their level of crisis and also to their level of sustainability, and there is growing evidence that successful organizations – defined as those that consistently achieve their goals and objectives in the long-term – have an effective organizational design and robust institutions for both crisis management and sustainability. Crisis seems to be an inherent and ubiquitous feature of contemporary society and, together with the need for promoting sustainability, could be considered a normal part of modern life. Organizations imbued with a culture that embraces both crisis management and sustainability tend to be characterized by solidarity and cooperation among stakeholders, an improved alignment between the internal and external environments, a willingness to experiment and innovate, a receptivity to change and adaptation, and a belief that the organization serves some greater social purpose beyond the narrow pursuit of financial gain at all costs. Given the framework presented, an understanding of crises within the context of sustainability seems both plausible and necessary.

## Cross-References

► Evolution of Crisis Management
► Governance in Crisis Management

▶ Organizational Excellence
▶ Organizational Reputation
▶ Risk and Organizations

## References

Beck U (1992) Risk society: towards a new modernity, vol 17. Sage, London
Bowen HR (2013) Social responsibilities of the businessman. University of Iowa Press, Iowa City
Coblentz JB (2002) Organizational sustainability: the three aspects that matter. Washington, Academy for Educational Development. For ERNWACA's first strategy session, 2002, Dakar
Cohen S (2011) Sustainability management: lessons from and for New York City, America, and the planet. Columbia University Press, New York
Coombs WT (1998) An analytic framework for crisis situations: better responses from a better understanding of the situation. J Public Relat Res 10(3): 177–191
Coombs WT (2006) The protective powers of crisis response strategies: managing reputational assets during a crisis. J Promot Manag 12(3–4):241–260
Coombs WT (2010) Sustainability: a new and complex 'challenge' for crisis managers. Int J Sustain Strateg Manag 2(1):4–16
Coombs WT (2014) Ongoing crisis communication: planning, managing, and responding. Sage Publications, Thousand Oaks
Crandall WR, Mensah EC (2008) Crisis management and sustainable development: a framework and proposed research agenda. Int J Sustain Strateg Manag 1(1): 16–34
Daily GC, Ehrlich PR (1992) Population, sustainability, and Earth's carrying capacity. Bioscience 42(10): 761–771
Elkington J (1997) Cannibals with forks. The triple bottom line of, 21st century edn. Capstone Publishing Ltd, Oxford
Fink S (1986) Crisis management: planning for the inevitable. American Management Association, New York
Lehtonen M (2004) The environmental–social interface of sustainable development: capabilities, social capital, institutions. Ecol Econ 49(2):199–214
Lockwood NR (2005) Crisis management in today's business environment. SHRM Res Q 4:1–9
Meadows DH, Wright D (2008) Thinking in systems: a primer. Chelsea Green Publishing, Vermont
Mitroff II (1994) Crisis management and environmentalism: a natural fit. Calif Manag Rev 36(2):101–113
Mitroff II, Shrivastava P, Udwadia FE (1987) Effective crisis management. Acad Manag Exec 1987–1989: 283–292
Pearson CM, Mitroff II (1993) From crisis prone to crisis prepared: a framework for crisis management. Acad Manag Exec 7(1):48–59
Peter C, Swilling M (2014) Linking complexity and sustainability theories: implications for modeling sustainability transitions. Sustainability 6(3): 1594–1622
Robinson J (2004) Squaring the circle? Some thoughts on the idea of sustainable development. Ecol Econ 48(4): 369–384
Shrivastava P (1993) Crisis theory/practice: towards a sustainable future. Organ Environ 7(1):23–42
Starik M, Kanashiro P (2013) Toward a theory of sustainability management: uncovering and integrating the nearly obvious. Organ Environ 26(1):7–30
Starr C (1996) Sustaining the human environment: the next two hundred years. Daedalus 125(3):235–253
Taneja S, Pryor MG, Zhang L (2010) Crisis management: a strategic and tactical leadership imperative for organisational sustainability. Int J Sustain Strateg Manag 2(1):60–73
World Commission on Environment and Development (1987) Report of the World Commission on Environment and Development. Retrieved from http://www.un-documents.net/ourcommon-future.pdf

# Sustainability and Governance

Md Nurul Momen and Mst. Marzina Begum
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Coordination and effective governance; Governance and citizenship; Governance and regulations

## Definition

| | |
|---|---|
| Sustainability | It refers to balancing acts or conditions that show the ability constantly. |
| Governance | It means the political structures, systems, rules, and traditions that determine how decisions are made and how a government shares power and exercises authority and responsibility. |

S

## Introduction

United Nations (UN) member states agreed to adopt inclusive and transformative development approach that was decided through 17 Sustainable Development Goals (SDGs) in 2015. This flagship initiative was a major paradigm shift of the agreed countries to reaffirm international commitments to sustainable development. However, there have been agreements on sustainable development among the states at the United Nations (UN) platform, but still much differences of opinion with respect to the strategy and responsibilities about the process of implementation of SDGs (Scoones 2016). The process of governance and sustainability of development are highly contested issues in the contemporary social science research. It is stressed that sound political process and effective institutions require committed political leadership, clear direction, and appropriate strategic influence and the very fact that none of this will happen without a robust governance structure. However, there are growing debates and discussion with respect to the appropriate modes of governance for promoting sustainable development (SD). It is worth to mention that there is neither agreement on ways to meaningfully understand mode of governance that is required for SD. Despite the disagreements, there are approaches of the discourse "from government to governance" and "onward to adaptive governance" that adequately depict the paradigm shift and the complexity of governance structure (Lange et al. 2013). The aim of this entry is to critically examine the issues and concerns inherent in the mode of governance structure for the achievement of sustainability in development process.

## A Brief Outline of Sustainability

The concept of sustainability has been first invented in the case of sustainable forest management in Europe in the early eighteenth century; however the first ever nexus between sustainability and development was found in the late 1980s, when the Brundtland Commission operationalized the concept as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Scoones 2016; Hens et al. 2006). This definition shows responsibilities that concerned agencies must deal with; for instance, the first complexity relates to the importance of three important values at the same time, such as ecological, social, and economic values. It is also highlighted that human behavior and nature of public policy influences each of these three important values. Second challenges and complexities are identified about how to function in a multi-actor policy setting, because resources (e.g., money, information and knowledge sharing, support services) are required for successful policy implementation (Hens et al. 2006). However, some of these actors must represent the government because of the nature of public administration into the public policy processes. Apart from that, the involvement of other stakeholders must be from private spheres, such as the market and civil society (Hens et al. 2006). These actors, apart from the government, are crucial and influential in the policy cycle which tends to emphasize the dependency of the government; hence governments need to consult with private actors and involve them in policy formulation and its implementation and evaluation.

## Political Processes (Politics) and Sustainability

Both the term governance and politics are very important for understanding, analyzing, and shaping transformations toward sustainability. The first underlying reason is that governance has effects on the state efforts to transform toward sustainability; secondly, any transformations toward sustainability are deeply and unavoidably related with political dimension, which needs to be recognized as such (Patterson et al. 2017). However, despite the growing importance of the role of political process in governance in recent years, further explorative and empirical literature of understanding and analyzing the nexus

between governance and politics about transformations are not developed (Patterson et al. 2017).

Watts and Peluso (2013) highlights for a proper understanding of societal change that requires examining three kinds of regimes in order to understand political dynamics. The first kind of it is called regimes of truth, meaning who understands what and in which directions; however, for the first time, Foucault introduced the regime of truth through which he defined and analyzed knowledge and power. Such regimes of truth may evolve through scientific application, calculative devices, and practices, for instance, climate models explored by the environmental scientists that may provide scientific explanation, and its justification for actions is what needs to be done for future generations. On the other hand, Foucault defined the regimes of knowledge as the tools of governmentality, which is termed as the "conduct of conduct" that define the justified knowledge for sustainable transformations in society (Scoones 2016). Furthermore, regimes of truth are related with the notion that Watts and Peluso relate to regimes of rule, meaning who controls what and which forms of governance are used in this regard (2013).

It is observed that regimes of rule were often survived by some factors, such as strong core public sector institutions and its system, and exerting effective planning and control of the economy (Scoones 2016). Scott (1998) highlighted the concept as "Seeing like a state" (Scott 1998) that provided the basis for the efforts of the government to maintain order, control, and exercise authority over local communities by means of coercive measures. However, confronting with such power from private spheres is not easy; this is possible through popular support or greater public involvement and citizen's participation as what Gramsci calls as "wars of position" that comes from private spheres which is outside the current regime that seek to gain influence in the policy processes, and political transformations are defined in terms of the political struggles between states and citizens (Tilly and Tarrow 2006).

However, the power and influence of the states are now declining due to the adoption of liberalization policy and the incapacity of the state in itself. This condition has been termed as a "post-political" polity (Wilson and Swyngedouw 2015), which is largely dominated by non-state actors, such as civil society and large corporations. On the other hand, in fragile and conflict-affected high-risk areas across the globe, states have, in general, become fragmented in terms of limited political and administrative authority within their national territory. This happened due to roles of other actors from private spheres, such as private corporate groups, local powerful elites, militia outfit and rebel groups, drug cartels, or organized terrorist or insurgent groups which may put pressure, dominate, and have control in the designated territory (Ballve 2012). Finally, political transformations need to be related with respect to regimes of accumulation, and its regulation, which is regarded as the classical issue of political economy (who gets what and how resources are distributed) (Scoones 2016). In the logic of a capitalist economy, interests are reinvested to facilitate capital accumulation, which is highly influenced by the ideas of profitable capital accumulation, be it by the state or non-state groups (Hall 2012). It is also important to highlight Karl Marx's view of "primitive accumulation," by which he argued about the capital accumulation process which typically emerges as a social relation of power and exploitation based on the argument that laborers are forced to work for capitalists who are the control of means of production (Hall 2012).

## Institutional Structures (Polity) and Sustainability

In order to facilitate sustainability, it is highlighted to undertake changes in the institutional structures that successfully govern or act with purpose. There are two underlying logics or rationalities for changes in institutional structures in order to facilitate sustainability; firstly, sustainability needs to change the structure of institution from separating to integrating, and secondly adoption of cooperative rationality in institutions, which is away from exclusively

focusing on individual rationality (Vatn 2009). The institutional changes from individual to cooperative rationality are highlighted due to the complexities that human being is now facing at the globalized world. Institutional changes are justified on the basis of the relationship between fulfillment of human motivation and structure of the institutions (Vatn 2009). However, there are wide varieties of literature on political institutions on how to shape sustainability, for instance, positive political theory explains about sustainability and connects the concept mainly with respect to environmental governance (Dumas and Urpelainen 2014). On the other hand, political economists, generally, are not concerned with sustainability, rather they emphasize on economic growth or the provision of public goods (Dumas and Urpelainen 2014).

There are many debates and discussion about the institutional basis of sustainability. From a wide variety of literature, it is explored how institutions promote or hamper the achievement of sustainability. In case of international institutions, it is stressed how absence of appropriate institutional framework at the international level hampers to achieve adequate cooperation, thus the non-successful implementation of legally binding instruments (Dumas and Urpelainen 2014). At the national level, most literature emphasizes the positive role of decentralized nature of institutions in order to enhance sustainability. However, institutional sustainability has become a great challenge in most countries located at the south. It is worth to mention that powerful institutional structure may foster sustainable development and good governance principles. The contemporary governance literature also explores the role of policy-related networks and association, effective leadership, mutual trust, and organizational structure, highlighting adaptive management and social learning (Dumas and Urpelainen 2014).

## Attributes of Adaptive Institutions

Ecologists highlight the challenges of managing ecological balance; therefore they have developed the concept of "adaptive management" (Dovers n.d.) as experiments, along with strong monitoring mechanisms, flow of information, and providing continuous feedback to increase policy learning, thus improving plan of action in the policy process. Hence, it is emphasized to introduce the "adaptive" model of institutional framework and policy processes which act with purpose (Dovers n.d.). However, there is some logic or rationality by highlighting some attributes of an "adaptive institution" that tackle problems and support sustainability in development. Over the decades, there have been some sets of attributes that are contributed by institutional theory, the nature of uncertainties and complexities of sustainability, and learning experience from environmental management (Dovers n.d.) that are discussed as below:

*Persistence and longevity.* These attributes highlight the importance of sufficient time to learn and develop policy and management measures, and these measures need to be supported by regulatory framework, avoiding the so-called efforts of the government as "policy initiative."

*Purposive approach.* There is a need for accepted and purposive principles that strengthen policy. For instance, ESD is the statement of principles for the sustainable management of forests that was adopted by more than 178 countries, depicting the international commitment held in Brazil at the 1992 United Nations Conference on Environment and Development (UNCED).

*Information and knowledge sharing.* There is a need for scientific application and wider experiment of traditional and community knowledge, showing the relationship and interaction between environment and human, thus supporting the effectiveness of policy and management actions.

*Participation of multi-stakeholder.* It is highlighted the importance for the continuous involvement of relevant stakeholders and the concerned/affected communities in the policy cycle. This participation and involvement (PI) must be clear and transparent in terms of the responsibilities multi-stakeholders undertake over time.

*Experimental study.* This attribute is quite important for adaptive institutions, as applying policy learning and improving plan of action is emphasized. This highlights the positive role of organization about policy learning, and its effective management, and clear mandates for research and comparative analysis and use of innovative approaches.

*Coordinated and coordinating.* This helps organizations to be well-connected, structurally and functionally, to other parts of the organizational settings.

*Sufficient resources.* It needs financial resources, skilled human resources, and administrative capacity.

It is worth to mention that combining all of these attributes in one institutional arrangement is not an easy task; furthermore, all of these are always not necessary every time. Despite this fact, the above attributes of institutional arrangements perform well against social uncertainties and complexities, and this may create a basis for analyzing the current institutional arrangements whether it may support or hamper the achievement of sustainability in development.

## Conclusion and Summary for Governing Sustainable Development

In conclusion, the strategies for achieving sustainable development must be related to a form of governance, supported by a nonhierarchical nature which might be termed as "partnership," where both the public and private actors actively engage in the policy formulation and its implementation and evaluation (Hens et al. 2006); however, this form of nonhierarchical nature of governance contradicts the traditional model of hierarchical nature of governance. Under the traditional form of governance, the decision-making power was highly centralized, which was exclusively vested in one or a group of policy-makers at the center. Apart from the classical types of governance, two forms of governance are found, for instance, "multi-level" forms of governance which highlights the various tiers of government, such as local, regional, national, or supranational, and, on the other hand, "multi-actor" forms of governance, which reflects the participation of both public and private actors (Hens et al. 2006). It is important to note that in both cases "multi-sector" governance is necessary to facilitate sustainability in development, for instance, integrating environmental aspects in non-environmental policy settings and practices for greater use of sustainability objectives (Hens et al. 2006).

## Cross-References

▶ Decentralizing Governance
▶ Governance in Crisis Management

## References

Ballve T (2012) Everyday state formation: territory, decentralization, and the narco landgrab in Colombia. Environ Plan D Soc Space 30(4):603–622

Dovers S (n.d.) Institutions for sustainable development. http://www.regional.org.au/au/soc/2002/4/dovers.htm

Dumas M, Urpelainen J (2014) The institutional foundations of sustainability: what can we (not) learn from positive political economy? Columbia University, December 5, 2014 https://pdfs.semanticscholar.org/1f54/60dbc1f0df9629dc0c7502d93eaeb1136ca5.pdf

Hall D (2012) Rethinking primitive accumulation: theoretical tensions and rural Southeast Asian complexities. Antipode 44(4):1188–1208

Hens R, Carel D, Peter D (2006) Policy content (policy) and sustainability. Int J Sustain High Educ 7(1):34–56. https://doi.org/10.1108/14676370610639236

Lange P, Driessen PPJ, Sauer A, Bornemann B, Burger P (2013) Governing towards sustainability-conceptualizing modes of governance. J Environ Policy Plan 15(3):403–425. https://doi.org/10.1080/1523908X.2013.769414

Patterson J, Schulz K, Vervoort J, van der Hel S, Widerberg O, Adler C, Hurlbert M, Anderton K, Sethi M, Barau A (2017) Exploring the governance and politics of transformations towards sustainability. Environ Innov Soc Trans 24:1–16. https://doi.org/10.1016/j.eist.2016.09.001

Scoones I (2016) The politics of sustainability and development. Annu Rev Environ Resour 41(1):293–319. https://doi.org/10.1146/annurev-environ-110615-090039

Scott JC (1998) Seeing like a state: how certain schemes to improve the human condition have failed. Yale University Press, New Haven
Tilly C, Tarrow S (2006) Contentious politics. Oxford University Press, Oxford
Vatn A (2009) Sustainability and institutions and behavior. In: Beckmann V, Padmanabhan M (eds) Institutions and sustainability. Springer, Dordrecht
Watts M, Peluso N (2013) Resource violence. In: Death C (ed) Critical environmental politics. Routledge, London, pp 194–197
Wilson J, Swyngedouw E (eds) (2015) The post-political and its discontents. Spaces of depoliticisation, spectres of radical politics. Edinburgh University Press, Edinburgh

# Sustainability as Organizational Strategy

Haris Alibašić
Public Administration Program, College of Education and Professional Studies, University of West Florida, Pensacola, FL, USA

## Synonyms

Accountability; Administration; Ethics; Integrity; Leadership; Management; Organizations; Resilience; Strategy; Sustainability

## Definition

Sustainability as organizational strategy is applied in both the public and private sector organizations as a set of concrete efforts to reduce the negative impacts on the environment and the society as a whole from the operational activities in service provision and product creation.

## Introduction

Sustainability is defined through the set of active and efficient actions undertaken by organizations to positively impact societal issues, foster economic development and growth, reduce adverse environmental consequences, and improve overall governance, including accountability and transparency of operations. Over the past two decades, sustainability planning became an integral part of organizational strategies and strategic planning efforts. In private sector, sustainability is often utilized to supplement the strategic plan under the guise of corporate social responsibility or corporate responsibility. Cities and counties employ sustainability as an enabling and a multifaceted approach to the betterment of communities and improvement of operational efficiency. One of the overall goals is to provide for more accountability and transparency of service delivery.

In principle, organizations are engaged in sustainability with multiple benefits to the society as a whole, encapsulated through their ability to reduce adverse impacts from their operation on the environment and the society as a whole. Through active decision making and practical applications of sustainability, and developing succinct measures and objectives, organizational leadership designs an operational paradigm for the organization, while strengthening the core resiliency and adaptability to societal and environmental threats and opportunities. Fiscal constraints and the impact of a global economy on local governance and the ability to deliver outcomes are significant disruptions. Local governments engaged in sustainability can adapt, transform, and accept discontinuities as they continue to provide services without interruptions. In a crisis, sustainability-related efforts become an opportunity and a tool for local governments as then they need to change their priorities, reporting, measuring, and outcomes of the budget process.

## The New Normal: Strategic Management and Sustainability Planning

As the societal pressure shift, organizations use sustainability in pursuit of long-term strategic goals and an attempt to reduce the adverse environmental impacts from activities related to service delivery or production. While the strains differ from one sector to another, the external and internal pressures are exemplified through

the struggles that local governments face. For example, Martin et al. (2012) and Ammons et al. (2012) discussed the new normal for local governments and observed pressures pulling resources in multiple directions. This shifting of priorities and challenges facing organizations is consistent with the processes presented in sustainability planning. Ideally, organizations will use both strategic and sustainability plans or a sustainability plan with strategic management steps in the process.

Strategic management is a never-ending process, combining strategic planning and leadership with other management processes. As noted in Alibašić (2017), sustainability planning is "a set of effective and efficient actions taken by an organization, through good governance, to ensure the economic stability, growth, and financial success, with the most positive societal outcome and the least negative environmental impact" (p. 37). As such, in sustainability planning, organizations must take into consideration all four pillars of sustainability and integrate them effectively into their long-term goals and objectives. Leadership is critical to sustainability planning and implementation, as noted by Strand's (2014) review of corporate efforts to implement sustainability and the role that staff dedicated to sustainability play in the implementation of sustainability programs and opportunities.

In response to rapid changes occurring in the surrounding environment, an organizational leadership uses strategic management and sustainability planning. Koteen (1997) saw the strategic management as nonstatic, dynamic approach to addressing external and internal obstacles and for embracing opportunities. Strategic management is thus observed as a changing, progressive, and driving force applying to every level of organizational governance. Moreover, the strategic planning provides a methodology for organizations to address challenges and obstacles, and to plan for varying circumstances. Finally, Switzer (2008) offered the following definition of strategic thinking, as one involving "emerging trends, identifying whether or not they represent opportunities or threats to the organization, and developing an organizational response to take advantage of the potential opportunity or mitigate the threat" (p. 32).

Similar to sustainability planning, strategic management requires an overview of where the organizations are currently in their governance, their structural deficiencies, system approach to operations, and desired short-term and long-term outcomes. Concurrent to their sustainability planning, organizations may be deploying strategic planning following specific steps in the process as they seek to achieve certain goals and objectives. Answering particular strategic questions will conclusively lead to a change and step ahead in targeted efforts to meet mission, vision goals, and strategies. While historical crises, such as financial recessions, resource shortages, are cyclical in nature, new challenges and opportunities in modern era, including but not limited to changing trends in transportation modes, communication methods including the rise of social media, artificial intelligence, cybersecurity to name a few present nascent organizations with far more significant risk and challenges than in the past. Strategic management initiatives serve as guidance for administrators to navigate end-goals and predefined objectives.

## Sustainability Planning

Sustainability planning became a panacea for many organizations, seeking the long-term planning from an environmental, social, economic, and governance perspective, in a systematic and purposefully defined, interconnected realm of issues and responsibilities. As a relatively new concept, sustainability planning and strategic sustainability, there is a direct correlation between the strategic management practices. The difference is the sustainability planning and the focus Triple Bottom Line (TBL) or the expanded pillars of sustainability, the Quadruple Bottom Line. Similar to strategic management, sustainability planning processes are replicated from one sector to another. Sustainability planning may be defined as a set of initiatives, in a relatively designated space and time, which provides for long terms vision, planning, and implementation using a set of interconnected areas of concerns for the organizations, including but not limited to governance, economic growth and development, social impacts, and environmental concerns (Alibašić 2017).

Sustainability planning in local governments relates to the fact that organizations are interested not only in the issues of economic, social, and environmental significance but also are involved in the best and most efficient governance of the agency (Alibašić 2017). Furthermore, Alibašić (2017) posited and defined the Quadruple Bottom Line (QBL) "as the organizational capacity to embed and incorporate a set of definitive policies and programs to address economic, social, environmental, and governance aspects of sustainability, whereas governance, is defined through fiscal responsibility and resilience, community engagement for efficient service delivery, transparency, and accountability" (p. 41). Slavin (2011) posited the governance to be one of the critical elements of sustainable cities that include the design and management of operation with the lowest possible carbon footprint.

Sustainability planning design in local governments, including social, environmental, and ecological balance in mind, may be applied to any public service or private sector organizations. Moreover, Coyle (2011) highlighted the relevance of a low-carbon built environment in a resilient and sustainable community and the essential role organizations play in meeting the custodian role of resources. Elements of organizations using sustainability planning include a compact and bounded development pattern, a supporting system, including economic, energy, water, natural environment, transportation, and robust waste system. Such systems are not resource-dependent and are renewable resource-based, flexible, efficient, resistant, and durable. The primary focus of organizations with sustainability planning in place is the improved conservation and efficiency measures. The imperative of nascent organizations is seeking a balance between natural resources consumed and regenerated and potentially reused and repurposed (Fogel 2016).

## The Learning Organizations and Sustainability Planning

A learning organization, sustainability, and the priorities of a strategic manager are intertwined conceptually. Garvin (1993) proposed that organizational leadership must be committed to experimenting, transforming, learning, and solving problems systematically rather than implementing programs and policies alone (Garvin 1993). Ismail et al. (2014) furthered the notion of learning organizations suggesting that especially prominent organizations must use experimentation in their operations. Creating a learning and sustainable organization is an imperative the strategic manager. An essential element of good governance is the organization accountability towards stakeholders, accessibility, transparency, and ultimately the ability to transform (Alibašić 2017). The concepts of transformation, learning, and adaptability can be found in the learning; transformative organizations focused on sustainability. Garvin's (1993) view on systemic approach to problem-solving, including experimentation, is in line with Ismail et al. (2014) view of exponential organizations and the necessary for experimentation toward transformation. The emphasis placed on learning and flexibility is imperative to the longevity of the organizations. Furthermore, the learning organizations are concerned in promoting accountability in operations and ethical service delivery and production.

## Measuring Sustainability Efforts

The concept of sustainability-related measurements is often emphasized through the use of Triple Bottom Line (TBL) and the corresponding indicators in the environmental, social, and economic platforms. The nature of indicators is to provide a snapshot of measure over a period with the benchmark data to track the end goals for comparison purposes. While Bell and Morse (2008) explained the sustainability indicators and indices, Ramos and Caeiro (2009) evaluated the performance of sustainability indicators. Alibašić (2017) challenged the existing approach to sustainability measurements, the static nature of the Triple Bottom Line, and the use of indicators in sustainability reports.

In addition to economic, social, and environmental implications, the Quadruple Bottom Line

adds dimension to sustainability by focusing on governance. While most organizations use sustainability indicators in their reporting and have a separate sustainability plan from a strategic plan, there are examples of organizations using targets in sustainability plans and reporting and using sustainability plans as strategic plans. The performance monitoring, feedback, reporting, and reassessment or revision in strategic and sustainability planning are utilized in sustainable organizations for constant input for robust. Strategic and sustainability planning go beyond finding a solution to a problem and lead to the development of new ideas to confront an organizational threat, weakness, and challenges.

## Conclusion

Sustainability planning is the ability of organizations to create a state of an efficient and flexible system where all factors of its functions and operations can be sustained. A sustainable organization is designed to be resilient economically, environmentally, socially, remaining viable through time and the variations in governing structure ensuring accountability, transparency, and organizational integrity. While sustainability planning differs from strategic planning insomuch as the emphasis of sustainability planning is expanded beyond the financial and economic bottom line, the two are interconnected and interdependent.

## Cross-References

► Asset Management
► Ethics of Sustainability

## References

Alibašić H (2017) Measuring the sustainability impact in local governments using the Quadruple Bottom Line. Int J Sustain Policy Pract 13(3):37–45

Ammons DN, Smith KW, Stenberg CW (2012) The future of local government: will current stresses bring major, permanent changes? State Local Gov Rev 44(1):64S–75S. https://doi.org/10.1177/0160323X12454143

Bell S, Morse S (2008) Sustainability indicators: measuring the immeasurable? Earthscan, Sterling

Coyle SJ (ed) (2011) Sustainable and resilient communities: a comprehensive action plan for towns, cities, and regions. Wiley, Hoboken

Fogel DS (2016) Strategic sustainability: a natural environmental lens on organizations and management, 1st edn. Routledge, New York

Garvin DA (1993) Building a learning organization. Harv Bus Rev. Retrieved from https://hbr.org/1993/07/building-a-learning-organization

Ismail S, Malone MS, Geest YV (2014) Exponential organizations. Why new organizations are ten times better, faster, and cheaper than yours (and what to do about it). Diversion Books, New York

Koteen J (1997) Strategic management in public and nonprofit organizations: managing public concerns in an era of limits, 2nd edn. Praeger, Westport

Martin LL, Levey R, Cawley J (2012) The "new normal" for local government. State Local Gov Rev 44(1):17S–28S. https://doi.org/10.1177/0160323X12440103

Slavin MI (ed) (2011) Sustainability in America's cities: creating the green metropolis. Island Press, Washington, DC

Ramos TB, Caeiro S (2009) Meta-performance Evaluation of Sustainability Indicators. Ecological Indicators 10 (2):157–66

Strand R (2014) Strategic leadership of corporate sustainability. J Bus Ethics 123(4):687–706. https://doi.org/10.1007/s10551-013-2017-3

Switzer M (2008) Strategic thinking in fast growing organizations. J Strateg Leadersh 1(1):31–38

# Sustainability of NGO Project Benefits in Uganda

Pius Gumisiriza
School of Public Policy and Governance, Uganda Management Institute, Kampala, Uganda

S

## Synonyms

Communities; Nongovernmental organizations; Participation; Project benefits; Sustainability; Uganda

## Definitions

In this entry, the term sustainability is used to refer to people or communities' ability to build upon

benefits obtained from nongovernmental organizations after the latter's exit from those communities (Oxfam 1995). NGOs are defined in this entry as institutions that work to improve conditions of people with a nonprofit orientation, are formalized, and are not government owned (Anheier et al. 2007).

## Introduction

This entry discusses the challenges and the mechanism employed by communities to try and sustain project benefits in Uganda. Nongovernmental organizations (NGOs) both local and international such as World Vision, Save the Children, ActionAid, and Action Against Hunger Africa, among very many others, have made an enormous contribution toward well-being improvement through providing humanitarian, relief, and development needs of poor and vulnerable people in Uganda over the years. Most of these NGOs started to carry out relief and development work operations in Uganda after 1986 at the time when the country was recovering from repeated political conflicts and socioeconomic upheavals mainly to support education of orphans and rebuild social infrastructure (schools, health centers, water sources, and homesteads for people in Luwero Triangle). Since then, NGOs such as World Vision have worked with rural poor communities most especially the war-affected in the Northern region and areas where HIV and AIDS eroded livelihoods to build the capacities of families to move toward self-reliance on food security, peace building, and advocacy through an integrated, holistic, and transformational development approach that is community based and sustainable. The rise of international NGOs as the preferred channel for poverty reduction and service provision in poor countries was neither an accident nor a response to local initiatives or voluntary action. It was due to a development thinking organized around neoliberal principles and the argument that NGOs are cost-effective in reaching the poorest and better provide welfare services to those who cannot be reached through markets. It still has been documented by several organizations and academic studies around the world that a significant number of rural communities fail to maintain or improve upon the benefits achieved from NGOs after the latter's exit from their places. This in many cases has led most donors to demand NGOs to put a lot of emphasis on sustainability of their projects (see Edwards and Hulme 1997; Cannon 2002; Lockwood et al. 2003). Many NGOs, development practitioners, and scholars have advanced factors that may constrain or enhance sustainability of NGO project benefits in poor rural communities. This entry discusses how participation, empowering of local institutions, durability of project benefits, government support, partnership with private sector players, and addressing wider society development challenges such as poverty reduction and infrastructure development can help enhance sustainability of NGOs project benefits in Uganda with specific reference to World Vision Kakuuto Area Development Project in Kakuuto district.

## Participation

Participation has been emphasized by many scholars and development practitioners as one of the key factors that can first of all result into pro-poor projects and project benefits that can be easily sustained by the beneficiary stakeholders. The World Bank defined participation as a process through which all stakeholders influence and share control over development initiatives, decisions, and resources that affect their lives. However, participation like many other concepts within the field of development has become or been used as a catchword even by organizations that have little to do with people or participation itself and can be used to mean different things in different contexts. For example there is passive participation where people participate by being told what has been decided or already happened. There is participation by consultation where people participate by answering questions with no sharing in decision-making. Participation for material incentives where people participate in return for food, cash, or other material incentives and have no stake in prolonging benefits when incentives end and interactive

participation where all people with vested interests in the project are involved choosing, prioritizing their most pressing problem, planning projects, deciding location of project facilities, and encouraging them to provide contributions like labor, time, money, and materials toward construction of project structures arouse a sense of community ownership; reduce passiveness, resentment, conflict, and dependence; and enhance the desire and commitment of those people to sustain benefits after the NGO's exit (Khwaja 2006; Lockwood et al. 2003). Even in practice, many studies have indicated participatory approaches to development do not happen, and it has been argued that NGOs have never sustained faith in the ability of poor people to bring about their own transformation. As a result poor people are limited to relatively inconsequential areas of participation such as providing information, and in other cases participation is misconceived with or reduced to the use of community support for the implementation of preconceived, externally planned projects and priorities or to the inclusion of few stakeholders in decision-making (Burkey 1993). Other studies have described participation as induced, coerced, pseudo, or top-down form of forced labor where the poor were pressured into making far more substantial contribution than the rich, and this kind of participation leads to failure in sustaining project benefits. Even in projects with high levels of participation, outside agendas get expressed as local knowledge, and what is labeled as local knowledge is often a construct of the planning context that conceals the underlying politics of knowledge production and use. In many cases, participatory exercises are public and open-ended events where target groups create spaces to collude and manipulate projects to serve their own interest. Thus, what is reflected as local knowledge is strongly shaped by perceptions of what the project can deliver, local power relations, and the extent to which women are allowed to participate in project activities outside the home (Moser 1993). Because of all these factors, participation may not mean much toward sustainability unless questions of who participates (e.g., just an elite, women, men, leaders, governments representatives), what they participate in (e.g., initiating the project, implementation, decision-making, evaluation, or maintenance of resources), how they participate (e.g., as benefit recipients or as project designers), and for what reasons they participate (e.g., as a means toward other objectives or as an end in itself) are properly handled and understood (Brohman 1996). All these questions are very important, but in many instances they are not put under real consideration because NGOs put strong emphasis and value on donor accountability particularly because of the need to continue receiving funds or increase their flow (Edwards and Hulme 1997). In Uganda, World Vision has been hailed as one of the model NGOs whose projects involve stakeholders right from community problem assessment before project design and during the project design processes, implementation, monitoring, and evaluation stages. In every project that they implement, they establish project committees at village, parish, and subcounty levels and developed their competencies through training and equipping them with relevant skills to manage project facilities. These are planned during design and followed during implementation and maintained after WV departure from the community (Kakuuto 1990). Studies in other areas have also asserted that ideally, committee members should be accountable to the community, and this can be achieved through putting in place systems and procedures that ensure the community is fully informed of what the committees are doing and make them accountable. Committee members should be responsible for enforcing regular payments by community members, maintaining project facilities by addressing issues like vandalism and unauthorized utilization of facilities. Backing by the traditional leadership-power structure is also vital as these leaders can enforce regular payment and penalties for default more effectively, and their cooperation is essential in resolving conflicts and crises.

## Empowering Local Institutions

Many NGOs' project benefits have been known to fail because of lack of appropriate institutional support (see Harvey and Reed 2007). Empowering local institutions so that they can

take over management after the NGOs' exit is also an effective sustainability strategy. The process of empowering local institutions in poor communities goes beyond mere transfer of knowledge, technology, or skills and emphasizes aspects of capacity building that involves organizing, training, and orienting beneficiaries to assume responsibilities to run project facilities properly and autonomously (Robinson 2004). World Vision also identified, supported, and partnered with existing institutions and organizations such as faith-based organizations, community-based organizations, youth groups, women groups, and self-help groups and cultural institutions such as Buganda Kingdom and community care coalitions. These were enabled to undertake capacity building training courses in resource mobilization, community development, sanitation, hygiene, and disease prevention. World Vision endeavored to identify, partner, and collaborate with all available stakeholders already existing in the community and local government officials so as to ensure there was no conflict of interest (Kakuuto 1990). World Vision built physical structures such as boreholes and health center buildings with support and contribution from the community, equipped them, and handed them over to community management committees. The committees were supposed to oversee day-to-day maintenance of these structures and raise money in form of user fees and contribution from well-wishers to meet costs of doing repairs like painting, repairing floors, leaking in the roof, and other small damages. Local government would take responsibility for any other development, and the subcounty was entrusted to take responsibility for repairing major damages or renovations. In terms of the functionality of committees after World Vision's exit from Kakuuto, it has been found out that when World Vision left, the committees became dysfunctional because they had no basis for authority and were a duplication of what government has already put in place giving an example of World Vision village, parish, and subcounty health committees that were similar to voluntary counselling, testing and home packer distributors (for malaria treatment), technical planning, and parish development committees established by government.

## Durability of Provided Project Benefits

Sustainability of NGO project benefits may also be dependent on the quality and value of project facilities. If beneficiaries perceive that the project benefits are worth maintaining, they will put more efforts to maintain them. If the benefits are of less value, they are more likely to be irresponsible, resulting in failure and breakdown (Njonjo and Lane 2002). In Kakuuto district, World Vision worked hand in hand with the district health department to construct, equip, and standardize the existing health facilities as a way of accessing health services to the local people in accordance to the ministry guidelines. The project constructed 4 health unit buildings, 2 staff houses, 5 pit latrines, 1 maternity ward, drugs, and 5 water tanks, supported 11 health units with drugs and equipment, supported 7 health centers to conduct immunization, and provided antenatal and postnatal care to mothers. They trained 376 community health workers, 138 traditional birth attendants, and 150 malaria monitors. 3,950 treated mosquito nets were given out, and 35,360 vulnerable persons were supported to access medical treatment. However, World Vision evaluation reports indicated that save for the seven health centers constructed, the rest are not sustainable beyond their immediate beneficiaries. Even for the health center structures that were physically permanent structures, the physical assets' aspect of the sustainable livelihood framework cautions that if not properly planned, physical assets may not generate an improved flow of future services, and in this instance health center buildings constructed amidst people who cannot afford drugs represent a failed decision and unsustainable benefit. It has also been argued that improving health care does not necessarily mean providing health care itself because the health sector generally has little or no control over many of the most powerful influences on health, such as education, food supply, employment, transport, housing, and poverty (Braveman and Gruskin 2003). Project benefits such as mosquito nets are good for malaria prevention but cannot last beyond 1 year and cannot be extended to another beneficiary after that

time. Benefits like skills and expertise in traditional birth practices were sustainable at the individual level of trainees retaining skills. They decide utilizing their services at a cost to those that need them. In the circumstances this is tantamount to fact that the project was not sustainable beyond the individual level. The traditional birth attendants themselves are not supported by government, and thus many have given up the practice since they say it is of no benefit for them to work without payment, yet midwives in government health centers are paid and well facilitated.

## Addressing Broader Societal Problems

NGOs may be successful in implementing projects and leaving behind project benefits, but communities may fail to sustain them because of factors lying outside the project sector such as poverty, which calls for a paradigm shift from single sector service provision to an appreciation of the broader economic, social, and political realities. For instance, in Kakuuto district, like most Ugandan rural communities, over 80% of the population is engaged in substance agriculture and the remaining in petty nonagricultural activities such as brick laying, carpentry, brewing, fishing, and petty retail trade in various items like salt, food crops, household utensils, sugar, salt, and kerosene; absolute poverty remains acute affecting over 50% of the population. The place is poorly served with roads, and access to clean water, electricity, and hospitals is a big challenge. Thus, project activities such as giving mosquito nets to prevent malaria without addressing the cause of why people cannot afford to buy nets on their own leave them in a vulnerable position and make that benefit unsustainable. In such contexts, favorable government policies and support in strategic areas are needed to provide inputs and investment. The government of Uganda has in the last 10 years focused its energies on infrastructure development especially roads and electricity generation with the argument that these will facilitate easy movement of goods and reduce the cost of producing goods, create jobs, and facilitate industrialization, and in this way, both government and NGOs are reinforcing each other.

## Government Support

It has been noted that most democratically elected governments even authoritarian but poor governments do provide support to NGO projects at the start because they bring services to their people that the governments may be constrained to provide. However, it is also well known that most NGOs begin to conflict and have a tendency to compete rather than cooperate with local or national governments when they get established in the area, their projects remain largely isolated from government programs at field level, and communities supported by NGOs often pose challenges to local or national political interests as they get stronger. Other NGOs have been accused of working to promote social, economic, religious, and political interests of those funding them or their countries of origin. In recent years, such conflicts have escalated between some NGOs especially those involved in promoting human rights, advocacy, democracy, family planning, and the government of Uganda. President Museveni and his government have asserted that many NGOs are conduits for money and resources meant to undermine his government and Ugandan national interests. Because of this, a crackdown on NGO activities has been ongoing, and many such as ActionAid that advocates for good governance and human rights have had their offices and bank accounts closed. Recently an American NGO had promised to fund and implement a water project that aimed to provide 200 boreholes in Mityana district in central worth millions of dollars. The NGO had started implementing the project, and government was tipped off that actually part of the money was to finance political opposition activities and was subsequently cancelled. In other instances, where governments may not be conflicting with NGOs, other factors may limit their ability to sustain NGO project benefits. For instance, in Uganda, local governments depend on funds from the central government, which not only

come late most times but also are meager and in most case cannot run the district through the year. Therefore sustaining project benefits from big NGOs with a lot of funds is very difficult.

## Private Sector Players

Private sector players such as banks, telecommunication companies, education, and health providers, among others, have also been touted as a sector that can reinforce sustainability of NGO project benefits in communities because they deal directly with service provision and capital flow within an economy. It has been suggested that NGOs can create linkages with private sector players so that their services are efficient and essay to sustain once NGOs phase out projects. However, some scholars have argued that the key objectives of NGOs, which are mainly service provision, are antithetical with private sector objectives which are majorly profit making. Others have even argued that this suggestion is linked with the new policy agenda whose aim is to reduce the role of the state in the provision of services in developing countries while promoting the interest of private sector companies. In Uganda, the private sector is embryonic and is dominated by very petty business operators who are struggling to survive and cannot be relied upon to build on NGO benefits. In most places where NGOs operate, these small-scale private sector operators survive on the resources and opportunities provided by the NGOs. For the big players such as banks and telecommunications, there have been achievements and serious challenges. The much hyped private sector-led growth has been sluggish especially in the financial sector. When the government privatized the well-functioning Uganda Commercial Bank, the main argument was that it would bring down interest rates and better services to customers especially farmers. This has not happened, but instead there has been an increase in a number of private banks, all of which charge exorbitant interest rates (above 24% per year) and offer short-term loans that are not helpful to farmers. Without capital to improve their farms, most poor farmers cannot get an income to sustain most benefits gained from NGOs. One of the most recent and phenomenal innovations has been introduction of mobile money services to Ugandans by telecommunication companies Airtel and MTN. These have been able to connect most parts of the country and easing communication. Their mobile money services had also created a revolution in terms of how people can send and receive money for business purposes or from their loved ones. However, in the 2018/2019 budget, the government introduced several new taxes on mobile money operators and both people sending and receiving money. As a result, most low-income people in rural places cannot afford the increased taxes and costs associated with mobile money. There has been serious debate even in parliament and the general population that instead of taxing mobile money which was helping support people that even banks had failed to reach, government can raise money by reducing on its wasteful expending through a bloated parliament, cabinet, districts, and advisors and fighting grand corruption. By reducing those inefficiencies, government can better raise resources other than cripple its poor population.

## Conclusion

Sustainability of NGO project benefits is a very complex process influenced by many factors including those imbedded in how the project was designed and implemented in the first place, the stakeholders involved, government support, and empowering local institutions to also take the NGOs' exit. External factors outside the scope of most NGO projects such as road infrastructure, electricity, and Internet connectivity also influence greatly on whether communities may be able or not to sustain project benefits and should be worked upon by responsible stakeholders in the private sector and government. Most importantly, it is the beneficiaries themselves that hold the key on whether to build on the benefits of NGO projects or allow them go down the drain.

## Cross-References

▶ Collaborative Community Development
▶ Comparative Urban Development

## References

Anheier et al. (2007) What is an NGO? Cambridge University Press, New York
Braveman P, Gruskin S (2003) Poverty, equity, human rights and health. Bull World Health Org 81(7):539–544. Retrieved from www.who.int/bulletin/volumes/81/7/Braveman0703.pdf on 25 Sept 2018
Brohman J (1996) Popular development: rethinking the theory and practice of development. Blackwell, Oxford. Retrieved from www.worldcat.org/.../popular-development-rethinking-the-theory-and-practice-of-de on 26 Sept 2018
Burkey S (1993) People first. A guide to self-reliant, participatory. Rural development. St. Martin's Press, New York. Retrieved from https://lib.ugent.be/en/catalog/rug01:000311668 on 23 Sept 2018
Cannon L (2002) Defining sustainability. In: Edwards M, Fowler A (eds) NGO management. Earthscan, London
Edwards M, Hulme D (1997) NGOs, states and donors. Too close for comfort. MacMillan, London. Retrieved from https://www.palgrave.com/gp/book/9781137355140 on 26 Sept 2018
Harvey PA, Reed RA (2007) Community-managed water supplies in Africa: sustainable or dispensable? Community Dev J 42:365–378. Oxford University Press. Retrieved from https://www.jstor.org/stable/44259060 on 27 Sept 2018
Kakuuto ADP (1990) World vision Kakuuto ADP health project design document. Retrieved from www.ngocentre.org.vn/files/docs/wvsrg.doc on 23 Sept 2018
Khwaja AI (2006) Can good projects succeed in bad communities? Collective action in the Himalayas. Harvard University. Department of Economics, Cambridge. Retrieved from www.siteresources.worldbank.org/INTRANETSOCIALDEVELOPMENT/.../Khwa06.pdf on 23 Sept 2018
Lockwood H, Bakalian A, Wakeman W (2003) Assessing sustainability in rural water supply: the role of follow-up support to communities, literature review and desk review of rural water supply and sanitation project documents, interim product. Retrieved from www.citeseerx.ist.psu.edu/viewdoc/download;jsessionid...?doi=10.1.1.122.5372 on 12 Sept 2018
Moser C (1993) Gender planning and development: theory, practice and training. Routledge, London/New York. Retrieved from https://searchworks.stanford.edu/view/2745492 on 19 Sept 2018
Njonjo A, Lane J (2002) Rural piped water supplies in Ethiopia, Malawi and Kenya: community management and sustainability, water and sanitation program-Africa Region (WSP-AF), World Bank Kenya. Retrieved from www.documents.worldbank.org/curated/.../266330WSP0Blue0Gold0field0note0no1013.pd on 22 Sept 2018
Oxfam (1995) The Oxfam handbook of development and relief (vol 1), London. Retrieved from www.cabdirect.org/cabdirect/abstract/19961810147 on 25 Sept 2018
Robinson A (2004) Lessons learned from rural water supply projects in the Philippines, *identifying elements of sustainability,* field notes, water and sanitation program (WSP). Retrieved from www.wds.worldbank.org/external/default/WDSContentServer/ on 24 Sept 2018

# Sustainability Report in Local Governments

Davide Giacomini[1], Mario Mazzoleni[2] and Roberto Negri[2]
[1]Department of Economics and Management, University of Brescia, Brescia, Italy
[2]University of Brescia, Brescia, Italy

## Synonyms

Accountability in local governments; Accounting for sustainable development; Social reports

## Definition

The external reporting, together with the implementation of performance measures, is one of the strong points of the reform processes that have touched the public sector over the past decades (Marcuccio and Steccolini 2009). On the other hand, the issue of sustainability has increasingly imposed at the international level and the local governments are considered among the first actors called to implement the sustainable development practices. It is not surprising, therefore, that the combination of the two above mentioned trends leads to the growth of the importance of the sustainability report as a tool to promote sustainability.

## Introduction

Generally private and public organizations publish their sustainability activities by SR mainly in

order to: (1) evaluate the current status of Organization progress towards sustainable development; and (2) make known to those concerned the efforts and progress made in the different dimensions in which sustainability can be declined (Dalal-Clayton and Bass 2002).

The role of local governments for promoting the agenda of sustainability accounting and accountability is often not sufficiently considered. In the world of public sector organizations, local governments are the closest institutions to their communities and thus have a particularly important role to play in the pursuit of sustainability goals (Ball 2002; Sciulli 2011). For this reason, further research is still needed to understand if and how LGOs are reporting their activities to promote sustainable development.

## The Paradigm of Sustainable Development

Nowadays the paradigm of sustainable development (SD) is considered as one of the key research and policy issues (Brandon and Lombardi 2011). Nevertheless for terms like "sustainable development" and "sustainability" there are no universally accepted definition. The most frequently quoted definition is from Our Common Future, also known as the Brundtland Report of the United Nations World Commission on Environment and Development (WCED 1987); sustainable development is defined as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts*:

- *the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and*
- *the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs*.

*2. Thus the goals of economic and social development must be defined in terms of sustainability in* all *countries – developed or developing, market-oriented or centrally planned. Interpretations will vary, but must share certain general features and must flow from a consensus on the basic concept of sustainable development and on a broad strategic framework for achieving it*."

Twenty-five years ago at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in June 1992, about 170 governments agreed on a common commitment – defined Agenda 21 – including programs and aims in the field of social and environmental sustainability. Agenda 21 assigned a well-defined role to local governments because many of the issues addressed by Agenda 21 have their roots in activities at local level. More recently also the United Nations Conference on Sustainable Development (the so called Rio+20) emphasized the issues related with sustainability and the function of the PSOs (Public Sector Organization) in facing these challenges: "*Given the scale of the challenges, the international community will not make meaningful progress without much greater action by governments in the coming years and decades*" (Rio+ 2012, p. 23).

## Accounting and Accountability for Sustainability

While the private sector has devoted increasing attention to the issue of sustainability accounting, the public sector and not-for-profit sector only in recent years have increased the interest on the topic (Ball 2004; Dumay et al. 2010). In the private sector, sustainability reporting is often related to the pursuit of a "social license to operate," and sustainability reporting in the local governments and more generally in the public sector refers to legitimacy-seeking behaviors.

As previously mentioned, public sector organizations play a central role in delivering the sustainable *development* agenda (Ball 2002; Ball and Grubnic 2007; Larrinaga-Gonzalez and Bebbington 2001). The sustainability reporting could be provided to assist achieve these aims; it could be seen as a process that lead to different outcomes (in terms of organizational changes,

communication, and management) (Niemann and Hoppe 2017). According to Burritt and Schaltegger (2010), SR is a tool to help managers deal with sustainability decisions. However, there have been few researches on the link between sustainability reporting in Public Sector Organizations (PSOs) and Organizational Change Management for Sustainability (OCMS).

The last twenty years have seen an expanding attention to sustainability accounting. The adoption of sustainability reporting is not mandatory in many countries; nevertheless, several organizations produce such reports. The majority of researches in this field have centered their attention on the private sector (Guthrie and Abeysekera 2006; Parker 2005). Scarce attention has been dedicated at the reasons that drive PSOs do sustainability reporting (Burritt and Welch 1997; Guthrie et al. 2010). The literature on sustainability reporting is concentrated in particular on the results represented in report, but little research has focused on understanding the characteristics and reasons for the preparation in the context of public sector (Giacomini 2016). In this regard, Ball and Grubnic (2007) state that the economic dimension and the environmental impact and responsibilities would be expected to lead sustainability reporting in the PSOs. According to Gray (2006), institutions disclose their SD activities only if they are convinced that this increases the perceived value by the stakeholders.

Sustainability reporting tools can refer to different theoretical framework and reporting standards, among them the triple bottom line (TBL) reporting, where the three dimensions are social, economic, and environmental, or in other words people, planet, and profit. A good example of TBL's key strategic adoption is Raleigh's capital city of North Carolina. In fact, The City of Raleigh incorporated the triple bottom line in its 2030 Comprehensive Plan by including a commitment to sustainability: "*Raleigh's commitment to sustainability is a cornerstone of its vision for the future. That vision is broad and comprehensive and focuses on the interdependent relations of environmental stewardship, economic strength, and social integrity. These three elements define the vision and will serve to guide the choices and decisions that Raleigh will have to make as a 21st Century City of Innovation*."

At the same time, *global* organizations supporting sustainability reporting were founded. In this field, the most important is the Global Reporting Initiative (GRI), which has developed a voluntary sustainability reporting framework for private companies and also specific standard and guidelines for public sector organizations.

The adoption of the sustainability report is not simple for Local Governments. Often, the limited financial resources available and the lack of skills among *municipal* public servants lead to the result that the sustainability report is prepared only by bigger local governments. Even so, some local governments decide not to adopt real sustainability reports, but rather to use websites to publish some information about their strategy towards sustainability.

## Conclusions

More generally, the study of SR in LGOs can contribute to the *understanding* of the phenomenon of sustainable development, as municipalities are the institutions considered closest to the citizens. Despite the growing interest on sustainability reporting over the past decade, there are few empirical studies carried out in order to assess the degree of distribution among LGOs. This lack of sustainability research has to be filled to understand how public sector organizations should play a preeminent role in sustainability (Ball and Bebbington 2008).

The introduction of a compulsory sustainability report, as required for instance by the European directive 95/2014, may bring also small municipalities to *work* on the theme of sustainability thanks to the information inductance process started from the obligation of reporting. Information inductance is the process by which the behavior of an individual is influenced by the information that is required to disclose (Prakash and Rappaport 1977). Obviously the introduction of mandatory SR bring a concrete risk: as detected with the introduction of managerial accounting, a reform enforced by law tends to become a matter

of compliance rather than a mechanism for enabling change (Panozzo 2000).

## Cross-References

▶ Accountability and Democratic Administration
▶ Accountability and Ethics
▶ Corporate Social Responsibility

## References

Ball A (2002) Sustainability accounting in UK local government: an agenda for research. ACCA research report, no 78. Certified Accountants Educational Trust, London

Ball A (2004) A sustainability accounting project for the UK local government sector? Mapping theories of social, environmental and sustainability accounting and locating a frame of reference. Crit Perspect Account 15(8):1009–1035

Ball A, Bebbington J (2008) Editorial: accounting and reporting for sustainable development in public sector organizations. Publ Money Manag 28:323–326

Ball A, Grubnic S (2007) Sustainability accounting and accountability in the public sector. In: Unerman J, Bebbington J, O'Dwyer B (eds) Sustainability accounting and accountability. Routledge, Abingdon, pp 243–465

Brandon P, Lombardi P (2011) Evaluating sustainable development in the built environment, 2nd edn. Wiley-Blackwell, Chichester

Burritt RL, Schaltegger S (2010) Sustainability accounting and reporting: fad or trend? Account Audit Account J 23(7):829–846

Burritt R, Welch S (1997) Accountability for environmental performance of the Australian Commonwealth public sector. Account Audit Accountability J 10(4): 532–561

Dalal-Clayton B, Bass S (2002) Sustainable development strategies: a resource book. Paris. Earthscan Publications Ltd., New York

Dumay J, Guthrie J, Farneti F (2010) GRI sustainability reporting guidelines for public and third sector organizations. Publ Manag Rev 12(4):531–548

Gray R (2006) Social, environmental and sustainability reporting and organisational value creation? Whose value? Whose creation? Account Audit Account J 19(6):793–819

Giacomini D (2016) Accountability in Italian local governments: state of the art and future perspective. In: Cuadrado-Ballesteros B, García-Sánchez I (eds) Local governments in the digital era: looking for accountability, 1st edn. Nova Publishers, New York

Guthrie J, Abeysekera I (2006) Content analysis of social, environmental reporting: what is new? J Hum Resour Cost Account 10(2):114–126

Guthrie J, Ball A, Farneti F (2010) Advancing sustainable management of public and not for profit organizations. Publ Manag Rev 12(4):449–459

Larrinaga-Gonzalez C, Bebbington J (2001) Accounting change or institutional appropriation? – a case study of the implementation of environmental accounting. Crit Perspect Account 12:269–292

Marcuccio M, Steccolini I (2009) Patterns of voluntary extended performance reporting in Italian local authorities. Int J Publ Sect 22(2):146–167

Niemann L, Hoppe T (2017) Sustainability reporting by local governments: a magic tool? Lessons on use and usefulness from European pioneers. Public Manag Rev:1–23

Panozzo F (2000) Management by decree. Paradoxes in the reform of the Italian public sector. Scand J Manag 16(4):357–373

Parker L (2005) Social and environmental accountability research: a view from the commentary box. Account Audit Account J 18(6):842–860

Prakash P, Rappaport A (1977) Information inductance and its significance for accounting. Account Org Soc 2(1): 29–38

Sciulli N (2011) The views of managers from a local coastal council on sustainability reporting issues: an Australian-based case study. Qual Res Account Manag 8(2):139–160

United Nations (1993) Agenda 21: Earth Summit – The United Nations Programme of Action from Rio. United Nations, New York

WCED (World Commission on Environment and Development) (1987) Our common future. Oxford University Press, Oxford

# Sustainability Reporting at Universities

Sara Moggi and Bettina Campedelli
University of Verona, Verona, Italy

## Synonyms

Integrated reporting; Social accounting; Social reporting

## Definition

It is the process of disclosing the sustainable actions of a university including social, environmental, and economical measurements.

## Introduction

The increasing focus on sustainable development has driven the educational system to consider the main aspects of this issue that students could study throughout their education. Universities, as part of this pathway, have a pivotal role in shaping the minds of future generations as well as acting as a starting point for virtuous circles and responsible behavior (Cortese 2003). Embedding sustainability at universities involves taking a number of actions usually recognized as University Social Responsibility (USR) practices. The concept of responsibility has Latin origins (*responsum*) and means the responsibility to be answerable for one's behavior by accepting its consequences. Accordingly, USR considers enhancing sustainability in four main areas of action: teaching, research, governance, and the sharing of knowledge with the community. As part of a context (e.g., local, national), universities need to be both responsible and accountable for their actions.

At the same time, while riding the wave of the recent implementation of the new public management, universities are called on to be more accountable for the use of public and donated funds. The increasing range of actions that universities are required to carry out, and a wider range of stakeholders, have created new accountability needs that are not satisfied by the traditional tools, such as financial statements and budgets. Therefore, university sustainability reporting is attracting attention from practitioners and social accounting scholars. They have identified several forms of voluntary documents similar to sustainability reports, as well as several standards and numerous best practices that can shed the light on the reporting process and on how to embed this practice in universities' accounting systems.

Previous studies recognize several functions that sustainability reports can assume, such as improving the legitimacy of an organization, enhancing the organization's image, and assisting the external audit of results and goal achievement by stakeholders (Azizul Islam and Deegan 2008). In the public sector, social accounting has provided greater transparency, increasing both stakeholders' awareness of governance decisions and trust from communities. Sustainability reports have also increased the transparency of organizations' values, the use of available resources, and the results achieved through them (Vagnoni and Cavicchi 2015). These reports illustrate the mission of the organization, its efficiency, and management effectiveness, allowing stakeholders to audit the consistency between the organization's aims and its results. According to previous studies, sustainability reporting may assume different roles according to the organization that implements the process. In for-profit organizations, sustainability report serves to enhance the corporate image. In the nonprofit and the public sector, disclosing actions on sustainability may be helpful for legitimizing these organizations within the communities they serve.

Despite the growing attention on sustainability reporting by universities, social accounting studies underline that few researchers are investigating this accountability tool and that this practice is still in its infancy. Several steps must be taken to improve this process as part the accountability system at universities (del Mar Alonso-Almeida et al. 2015). This section provides a summary of the main issues related to sustainability reporting by universities that have been reported to date by scholars in this area.

## The Many Faces of Sustainability Reporting

If sustainability reporting is usually considered as the process of disclosing the sustainable actions of an organization, reports resulting from this process can vary in their forms, dimensions, and contexts. International studies have demonstrated that the three dimensions of sustainability can be differently disclosed in sustainability reports. On the other hand, reports with different titles (e.g., social reports, mandate reports) can provide information equivalent to that provided by a sustainability report. The following will describe some distinctions between these documents.

The social report (*bilan social* in France, *bilancio sociale* in Italy) assumes this title due to

its tradition in the state where it was developed. France and Italy have 40-year histories of the evolution of social accounting tools, and the social report has been one of the first examples of disclosure for stakeholders. In the past, these reports mainly contained information on social aspects; however, they now also provide data on the organizational environmental and economic performance. Despite this, they maintain their traditional name of "social report."

The environmental report highlights the sustainable nature of the university' actions, usually by referring to the Copernicus Charter. These environmental aspects are widely disclosed, for example, in Canadian universities (Fonseca et al. 2011), and embrace the measurement of performance on issues such as water consumption, green buildings, transportation, and mobility management.

Another type of report identified by Moggi et al. (2015) is the "mandate report" that is disseminated by the public universities and discloses information referred to as the "chancellor's mandate period." Comparing performance on sustainability from 3 to 5 years, this document offers a long-term view of the university's strategies and policies on teaching, research, and governance.

Sustainability reports provide disclosure for the triple bottom-line performance by considering economic, social, and environmental aspects of a university's actions. According to the literature on universities, the information provided is focused on the sustainable aspects of research, teaching, and knowledge transfer within the community. Research on sustainability usually considers the number of articles published on this stream of studies and the number and value of grants received to support projects on sustainability. Teaching aspects encompass the numbers of courses that disseminate knowledge on sustainability or general subjects including this issue. Finally, the third mission of the universities is focused on the transfer of knowledge related to environmental and social aspects and the goals that involve the local community and enhance the sharing of knowledge regarding sustainability among students, professors, and citizens.

In this sense, sustainability reporting is a valuable tool to engage stakeholders and subjects, who, once involved in the process, can increase their awareness of both their own and their universities' impacts on sustainability (Godemann et al. 2014).

## Sustainability Reporting Features and Motivations

Previous studies demonstrate that sustainability reporting at universities is an ongoing phenomenon that is still in its early days (Fonseca et al. 2011; del Mar Alonso-Almeida et al. 2015), and the universities that have developed this process are not always consistent in their implementation over time (Moggi et al. 2015). The features and contents of these documents differ widely between states, contexts, and the data disclosed. Performance is reported considering both fiscal and academic years, often not permitting a comparison between periods and universities. Sustainability reporting drives changes in the universities' accounting and reporting systems and, for this reason, takes time to become embedded in the traditional organizational procedures and processes. Data collection is a long process, usually lasting a year. For those involved in the reporting, this means that once a report is published, it is already time to start the data collection for the following year. The high level of commitment required can create resistance to change from employees, which hampers the development of this process. In addition, sustainability reporting is often not subject to specific government regulation, and the initiative to produce a sustainability report is left to the individual university. This means that the process begins with the willingness to produce such a document, usually driven by a person involved in the governance, which has expertise on sustainability and is aware of the importance of reporting their university's actions. On the other hand, when governance changes, the reporting process risks being hindered or ceased.

When seeking the reasons for sustainability reporting, the literature is wide-ranging (Azizul

Islam and Deegan 2008), but little is known regarding the higher education sector. A recent study by Moggi et al. (2015) of Italian universities underlines how the function recognized as sustainability reporting changes depending on the context of development, the nature of the university, and the evolutionary process the document undergoes within the organization.

Being transparent and communicating performance to stakeholders are two of the reasons that universities point out when describing their reports. Accounting for their actions permits the universities to create dialog with their stakeholders, in many cases giving them the opportunity to participate in the process or, more frequently, at the final reporting stage by asking for their feedback on the final document.

The literature emphasizes that many universities consider the potential of sustainability reporting in regaining legitimacy after the loss of public trust (Ntim et al. 2017). For universities, the sustainability report could be the answer to the request for increasing transparency in the use of public resources, giving stakeholders the ability to understand universities' social impacts, especially those affecting the local community and students. In this sense, the measurement required for building the social account is not limited to economic sustainability but also the broader social and environmental impacts.

It is important to note that the proper dissemination of these reporting tools strengthens the link with the region served by the university and the dialog with its stakeholders. Moggi et al. (2015) also underlined how this practice can stimulate the spread of a culture of social responsibility and sustainability in individual day-to-day actions by the people involved in the process.

## The Main Standards Applied

Sustainability reports present a methodological section where the main formal features of the document are described: the reporting period, the composition of the working group, the guidelines and the structure chosen, and the standards employed. Except for valuable recommendations issued by academic and professional organizations (see GBS 2008), there are no regulatory provisions by governments on sustainability reporting at universities.

Previous studies underline that several standards (both for the phases of the production process and for the document framework) are usually employed in creating a report. The simultaneous application of the few standards available for sustainability reporting demonstrates the incompleteness of each of them. The guidelines issued by the Global Reporting Initiative (GRI) G.4, together with Sector Supplement for the public agencies, are the most widely used framework (GRI 2005, 2013). The GRI standard is particularly useful in rationalizing through ratios the quantitative measurement of economic, social, and environmental performance. The set of indicators provided by the GRI and its implementation manuals allow the construction of each ratio.

The Copernicus Guidelines were instituted in 1993 and updated in 2006, and are considered a pivotal framework for European campuses, and extend to Canada and the United States. These guidelines aim to integrate higher education through strategies for sustainable development by providing a step-by-step path (Copernicus Campus 2006).

The Sustainable Campus Charter (GULF 2010) results from a collaboration between the International Sustainable Campus Network (ISCN) and the Global University Leader Forum (GULF) under the supervision of the World Economic Forum. The charter provides useful support for universities that approach sustainability reporting for the first time, because it presents a framework based on individual operational units of the university and is therefore easier to implement in a gradual way.

Another important role is played by the national guidelines, which are usually provided in the language of origin and are followed by the national universities. For example, in Spain, a manual on university social responsibility was published in 2011 (Vallaeys et al. 2011) providing insights both on how to develop actions for sustainability at universities and on their monitoring by measurement. In Italy, the Interest Group on

Social Reporting (GBS) proposes specific guidelines for universities (GBS 2008, 2013). This framework is easy to read and is usually used to define the general structure of the sustainability report and to describe relationships with stakeholders through a matrix stakeholders/actions. For the reporting process, the most widely diffused standard is AA1000, both in terms of the process phases and the specific stakeholder engagement actions (AA1000SES) (del Mar Alonso-Almeida et al. 2015).

## Conclusions

In the context of public and university reforms, and in which sustainability is becoming an important issue considered by university governance, sustainability reporting has contributed to strengthening the culture of measurement in higher education. This has increased awareness of universities' work, stimulated competition through comparison, and created moments for reflecting on university missions and plans.

Social accounting and its tools must be the result of a process that involves the entire organization. Further, according to the chancellors' declaration at the beginning of few university's sustainability report, the document is becoming an important management tool that permits the evaluation of results and supports strategic planning (Moggi et al. 2015).

From the previous studies, sustainability reporting is an ongoing phenomenon that is undergoing a continuous development. Sustainability reports and other social accounting documents are living tools that change and shape their content, and their functions and utility to the accounting and accountability systems continually evolve. Even in cases where published documents reveal an autoreferential approach, their development over time can enhance their conversion into helpful accountability and strategic planning tools for the evaluation of economic, social, and environmental sustainability performance over the long term.

There is no doubt that the continuity of reporting and the growing experiential curve will allow the process of internal and external data collection to advance, thereby reducing the effort required to produce the sustainability report in terms of resources spent. However, a turning point in the dissemination and quality of sustainability reports will require specific guidelines or legal provisions. This will be driven by a cultural change in the future generations, through the inclusion of sustainability issues into the academic program and universities' strategies. Governments, as well as internationally recognized organizations, will play a pivotal role in enhancing this change and forcing universities to broaden their accountability to stakeholders.

## Cross-References


- ▶ Corporate Governance and Sustainability
- ▶ Innovation in Public Sector Accounting
- ▶ Integrated Reporting
- ▶ Legitimacy in Public Administration
- ▶ Sustainability Report in Local Governments


## References


Azizul Islam M, Deegan C (2008) Motivations for an organisation within a developing country to report social responsibility information: evidence from Bangladesh. Account Audit Account J 21(6):850–874

Copernicus Campus (2006) Copernicus guidelines for sustainable development in the European higher education area. Available online. http://www.unece.org/fileadmin/DAM/env/esd/information/COPERNICUS%20Guidelines.pdf. Accessed 21 Aug 2017

Cortese AD (2003) The critical role of higher education in creating a sustainable future. Plan High Educ 31(3): 15–22

del Mar Alonso-Almeida M, Marimon F, Casani F, Rodriguez-Pomeda J (2015) Diffusion of sustainability reporting in universities: current situation and future perspectives. J Clean Prod 106:144–154

Fonseca A, MacDonald A, Dandy E, Valenti P (2011) The state of sustainability reporting at Canadian universities. Int J Sustain High Educ 12(1):22–40

GBS (The National Association for Scientific Research on Social Reporting) (2013) Standard GBS 2013. In: Principles and standards for social reporting, GBS. Giuffrè Editore, Milan

GBS (The National Association for Scientific Research on the Social Reporting) (2008) Research document no. 7: Social reporting at universities. (Documento di

ricerca N.7 GBS – La rendicontazione sociale nelle università). Giuffrè Editore, Rome
Global Reporting Initiative (GRI) (2005) Sector supplement for public agencies. GRI, The Netherlands
Global Reporting Initiative (GRI) (2013) Sustainability reporting guidelines version 4. GRI, The Netherlands
Global University Leaders Forum (GULF) (2010) Implementation guidelines to the ISCN-GULF sustainable campus charter. Suggested reporting contents and format. Version 27 Oct 2010
Godemann J, Bebbington J, Herzig C, Moon J (2014) Higher education and sustainable development: exploring possibilities for organizational change. Account Audit Account J 27(2):218–233
Moggi S, Leardini C, Campedelli B (2015) Social and environmental reporting in the Italian higher education system: evidence from two best practices. In: Leal F, Brandli K, do Paço F (eds) Integrative approaches to sustainable development at university level. Springer, Berlin, pp. 81–96
Ntim CG, Soobaroyen T, Broad MJ (2017) Governance structures, voluntary disclosures and public accountability: the case of UK higher education institutions. Account Audit Account J 30(1):65–118
Vagnoni E, Cavicchi C (2015) An exploratory study of sustainable development at Italian universities. Int J Sustain High Educ 16(2):217–236
Vallaeys F, de la Cruz C, Sasia PM (2011) *Manual de primeros pasos en responsabilización social universitaria. Construyendo ciudadanía en universidades responsables*: RED Etica y Desarrollo

# Sustainable Agriculture and Urban Food Security

Saima Khursheed[1] and Cheryl K. Simmons[2]
[1]Life and Health sciences, University of North Texas at Dallas, Dallas, TX, USA
[2]Science and Technology, USDA- NRCS Fort Worth Texas, Moscow, ID, USA

## Synonyms

Agriculture policies; Sustainable agriculture; Urban food security

## Definitions

Sustainable agriculture. **Sustainable agriculture** is **farming** in **sustainable** ways, an integrated system of plant and animal production practices having a site-specific application that will over the long **term** satisfy human food and fiber needs.

Urban food security. **Urban food security** is deeply interconnected with both income and non-income dimensions of poverty. For **urban** residents, access to **food** is primarily through market purchases; hence, affordability and accessibility are key.

## Introduction: History and Context

Much of the support and effort toward establishing sustainable agriculture has been focused on the traditional rural sector. Significant research has been undertaken on sustainable agriculture in traditional rural contexts. Although sustainable agriculture has thriven in the rural context, sustainable urban agriculture (SUA) is an emerging trend that is rapidly gaining ground even though there are differences of context and scale between the two contexts. In order to understand the symbiotic relationship between sustainable agriculture and urban communities, it is necessary to first understand the history behind these essential systems. Some proponents of sustainable agriculture theorize that sustainable agriculture dates back to early attempts by humans to grow their own food. Presumably, the rationale is that prior to the industrial revolution, sustainable agriculture was practiced because applications of modern fertilizers and other modern soil amendments were not used in early agricultural practices. However, sustainable agriculture practices are not simply characterized by the absence of dependence on fertilizers and related chemical compounds. Sustainable agriculture also embraces social resilience, sustainability, economic growth, environmental conservation, and ecological systems theory.

**The emergence of sustainable agriculture dates back to the nineteenth century. Organic agriculture practices** which embrace sustainable agriculture practices date back to as early as 1840 when Justus Von Liebig developed a theory that mineral salts where the only nutrients plants needed and claimed that mineral salts could

replace manure. However, even though Liebig's claim was not validated, his greatest accomplishment was the discovery of nitrogen as an essential plant nutrient (Pogash 2008). In the 1940s, Sir Albert Howard was accredited with establishing organic agriculture as a viable alternative to the rise of industrial agriculture. Howard wrote the definitive book titled *An Agricultural Testament*, which was well received when published in 1943. In the Preface of his book, Howard lamented that "Agriculture has become unbalanced: the land is in revolt: diseases of all kinds are on the increase: in many parts of the world Nature is removing the worn-out soil by means of erosion" (Howard 1943). He succinctly addressed the question "what are the main principles underlying nature's agriculture? These can most easily be seen in operation in woods and forests." In the twenty-first century, organic agriculture represents a model for sustainable agriculture practices. Unlike other variations of sustainable agriculture, organic agriculture is certified and regulated by the US Department of Agriculture (USDA). Organic agriculture principles and practices in the UK and the USA have clearly evolved and become established over many decades since the early days of agriculture sustainability. For this reason, they are proposed as a valid model for evaluating agriculture and urban community sustainability in the twenty-first century (Pogash 2008). In the USA, sustainable agriculture was officially recognized by the USDA in the 1985 Farm Bill (Natural Sustainable Agriculture Coalition 2016). Regardless, the first Farm Bill, the 1933 Agricultural Adjustment Act (PL 73–10), targeted specific references to environmental issues of significant relevance to agriculture in America during the Great Recession. Two years after the 1933 Agricultural Adjustment Act was implemented, the Federal Government also passed the Soil Conservation Act of 1935 (PL 74–46), which established the Soil Conservation Service and made funding available for farmers who embraced soil conservation practices (Cain and Lovejoy 2004). The term "sustainable agriculture" is broadly defined. There is significant evidence of sustainable agriculture practices (also referred to as "alternative agriculture") dating back to the mid-nineteenth century. There are many variations and permutations of sustainable agriculture. Many of these "sustainable" agriculture approaches exhibit similar common principles and practices. The National Sustainable Agriculture Coalition states that sustainable agriculture "as legally defined in US Code Title 7, Section 3103, refers to an integrated system of plant and animal production practices having a site-specific application that will over the long term satisfy human food and fiber needs." These site-specific applications include the following:

- Enhancing environmental quality and the natural resource base upon which the agricultural economy depends
- Making the most efficient use of nonrenewable resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls
- Sustaining the economic viability of farm operations
- Enhancing the quality of life for farmers and urban community societies as a whole (National Sustainable Agriculture Coalition 2016)

The basic goals of sustainable agriculture as practiced in the USA include achieving and sustaining environmental health, economic profitability, and social and economic equity sometimes referred to as the "three legs" of the sustainability "stool."

Sustainability rests on the principle that we must meet the needs of the present without compromising the ability of future generations to meet their own needs. Therefore, stewardship of both natural and human resources is of prime importance. Stewardship involves taking care of the land, supporting sustainable economies, and preserving/enhancing natural resources, community resilience, and environment health. Another asset of agricultural sustainability is the systems approach, which in its broadest sense is based on establishing direct, seamless connections from local farms to urban communities in a manner respectful of surrounding environmental contexts and the enhancement of ecological integrity.

A systems approach is based on the ecosystems model as a foundational principle of sustainable agriculture and the interconnections between farming, urban and rural communities, and complex characteristics of environment. Sustainable agriculture is fundamentally a process. All participants in the system, including communities, farmers, laborers, policymakers, researchers, retailers, and consumers, must adhere to the systems approach for this sustainable systems process to succeed.

Sustainable agriculture and urban food security are a natural link. Local foods, accessible processing, distribution, and local markets connect to healthy communities, jobs, and economic development. Government and nongovernmental underlying supports of farm and ranchland preservation, environmental performance, and social or human aspects all work to connect a fully functioning local area food system. Urban agriculture is part of the local food system where food is produced within an urban area and marketed to consumers within that area. Urban farming can also include animal husbandry (e.g., breeding and raising livestock), beekeeping, aquaculture (e.g., fish farming), aquaponics (e.g., integrating fish farming and agriculture), vertical farming, and nonfood products such as producing seeds, cultivating seedlings, and growing flowers. Urban farms can also contribute to the revitalization of abandoned or underutilized urban land, social and economic benefits to urban communities, and beneficial impacts on the urban landscape. USDA EPA urban farming operations represent a diverse range of systems and practices. They encompass large-scale innovative systems and capital-intensive operations, vertical and rooftop farms, hydroponic greenhouses (e.g., systems not using mineralized soil), and aquaponics facilities (e.g., growing fish and plants together in an integrated system). Urban farming also includes a range of operations such as vacant city lots, city parks, churchyards, schoolyards, backyards, and community gardens. This diversity has resulted in a lack of consensus about what constitutes an urban farm. In 2018, Congressional research service passed farm bill primer, which provides additional support for urban, indoor, and other emerging agriculture production, creating new programs and authorities and providing additional funding for such operations. The law also combines and expands existing programs that are run by US Department of Agriculture (USDA) to provide financial and resource management support for local and regional food production. In addition, urban agriculture can create a focal point on farming to increase food security, particularly in low-income neighborhoods, and includes community building and education.

## The Emergence of Urban Agriculture

The twenty-first century has often been described as "the first urban century." Unprecedented rural-urban migration has led to rapid urban growth. However, in 1900 a mere 13% of the world's population lived in urban areas. The world population will reach 9 billion by 2050. To meet the global food demands of an increasing population along with dietary changes, twenty-first-century agriculture needs to produce 60% more food. At the same time, roughly one-third of the food (1.3 billion tons per year) is lost or wasted throughout the supply chain with enormous financial and environmental cost (United Nations 2016). Furthermore, virtually all of this population growth over the next few decades will be absorbed by cities in low- and middle-income countries, thus increasing the pressure on urban resources and administrations that are often already exhausted. Up until the first half of the twentieth century, traditionally rural communities existed in a symbiotic relationship with agriculture. Small farmers relied on access to local services and markets, sustaining resilient rural communities. In the 1940s, industrial agriculture was introduced in the USA on a large scale. Sustainable agriculture was in many ways a push back on industrial agriculture (Howard 1943). To evolve farming systems that meet all of these demands, twenty-first-century international agricultural policy, research programs, and food markets need to shift away from emphasizing low-cost and high-production systems and return to a holistic perspective of how farms provide benefits to the

farmers and urban communities (The National Academies of Sciences, Engineering, Medicine 2010).

Today, US and UK farmers are under pressure to satisfy multiple, often competing demands such as producing more crops, less pollution, fulfilling consumer preferences, paying fair wages, and making a living – all with increasingly scarce natural resources such as land and water. Compounding these twenty-first-century challenges on agricultural practices, in the 1950s, urbanization of agricultural lands coupled with continued increases in population pushed urban development out from urban centers and into the rural countryside. From post-World War II to present, rapid urban growth in the USA has extensively encroached on agriculture lands, turning a significant number of square miles of farmland into pavement, homes, and shops.

However, in the 1990s, several promising new urban planning concepts emerged including landscape urbanism. Landscape urbanism borrows from and builds on the rich history of urban design in response to nature as practiced by Olmstead, Spirn, McHarg, and others. Landscape urbanism embraces urban and rural agriculture. The landscape urbanism planning concept is one of the several current and emerging urban planning theories that have influenced urban development over the last two decades. A common factor of all these urban planning concepts is the infusion of nature into the urban environment (Smith 2015). The current trend toward urban farming coincides with the emerging influence of these urban factors. The National Geographic reports that more people around the world are taking a look at urban farming, which offers to make food as "local" as possible. Growing what we need near where we live, we decrease the "food miles" associated with long-distance transportation. We also get the freshest produce money can buy, and we are encouraged to eat in season (National Geographic 2016). In the twenty-first-century USA, two solutions have been proposed and generally accepted as viable alternatives to industrial agriculture, these being (a) the incremental approach, in which ongoing endeavors to develop sustainable agricultural techniques are expanded, and (b) transformative approach, in which multiple research areas are brought together to design farming systems that balance the competing demands from the outset. These approaches are listed below:

1. **Incremental approach**: the incremental approach expands and enhances ongoing efforts to improve sustainability on all farms, irrespective of size or farm type. The goal is to identify and develop farming techniques that can improve specific aspects of sustainability, such as new strategies for water conservation, pest management, novel marketing approaches for increasing farm income, and accelerating their adoption (The National Academies 2010). One example is "conservation agriculture (CA)," which combines reduction in tillage practices with appropriate crop rotations to boost productivity and improve soil quality (Food Alliance 2016).
2. **Transformative approach**: this approach seeks to design farming systems that balance the four goals of sustainability from the outset (see Table 1). These systems might depart significantly from the present-day mainstream of agricultural production in the USA and would require new thinking about farming practices and the natural environment, food markets, and communities in which they are embedded. Multidisciplinary research on aspects of these novel farm systems would be needed to develop a knowledge base to inform future policies and practices. Some insights could be gained from examining the differences among existing farm types or practices (National Academies 2010). If a technology works to improve productivity for the farmers and causes no harm to the environment, it means that it has sustainability benefits (Pretty 2008).

Sustainability is a balancing act involving a balance between a range of agricultural and environmental goods and services. Sustainable practices enable sustainable agriculture practitioners to produce healthy, available, and affordable food and other goods for public consumption. In this manner, sustainable practices contribute to a range

of valued public goods, such as clean water, wildlife and habitats, carbon sequestration, flood protection, groundwater recharge, landscape amenity value, and leisure/tourism (Dobbs and Pretty 2004). Sustainability concepts embrace intensification of resources and conserve existing resources (e.g., land, water, biodiversity) and technologies. Intensification using natural, social, and human capital assets, combined with the use of best available technologies and inputs (best genotypes and best ecological management) that minimize or eliminate harm to the environment, is "sustainable intensification" (Conway and Pretty 1991).

Among the most pressing needs of any urban agglomeration is the question of urban food security and ensuring the right to food. Urban populations depend on the reliable and stable availability of food products, as well as affordable and convenient access to them. High levels of urban income poverty paired with rising food prices, however, often make the formal urban food supply system unaffordable and inaccessible to the urban poor. An informal supply system, consisting of street vendors, informal markets, home-based enterprises, as well as urban agriculture (UA), exists alongside formal interventions. These informal networks predominantly satisfy the urban poor's demand for easily accessible – though not often cheaper – foodstuffs.

## Urban Agriculture and Food Security

Urban agriculture is a much-celebrated part of the burgeoning local food movement aimed at improving food access among low-income communities in urban areas. Without understanding the actual links between UA and food security or which specific characteristics, models, or approaches reduce insecurity, it is not possible to initiate any solution.

UA is thought to increase food security through two main pathways: improved access to food and increased income (Mougeot 2005). Homegrown foodstuffs increase the total amount of food available to a household and thus can prevent hunger and malnutrition. At the same time, the availability of fresh, homegrown food products, in particular fruits and vegetables, advances the nutritional status of household members and thereby improves health. Direct access to food often allows particularly poor households to consume a more diverse diet than they would otherwise be able to afford. Especially, animal husbandry is believed to provide an important source of animal protein, which is commonly limited in poor households' diets due to income constraints. Recent studies on UA and its impact on nutrition focus on dietary diversity and kilocalorie consumption as two main aspects which influence the outcome of improved nutrition (Zezza and Tascotti 2010).

It is important to note that the potential for UA to improve food security under either of the two "opportunity cost" pathways listed above (and illustrated in Fig. 1) depends on the inefficiency within the current system to allow scope for improvements. It will not in all cases be more economically efficient for households to grow their own food as opposed to engaging in other productive activities or buying food from the market.

## Religion, Ethnicity, and Role of Women in Urban Agriculture

**Religion and ethnicity.** Sharing food is a fundamental part of many religions. Faith-based organizations have historically contributed to humanitarian aid worldwide, many of them with a focus on alleviating hunger and promoting food security. Food Tank is excited to highlight 24 faith-based organizations fighting food insecurity around the globe.

**Role of women in urban agriculture**. The number of women farmers has nearly tripled over the past 30 years, with most operating small farms in the fastest-growing segment of agriculture – specialty crops and livestock. When the National Young Farmers Coalition (NYFC) surveyed more than 3500 farmers under 40 in 2017, 60% of the farmer respondents were women. And in 2012, the US Department of Agriculture (USDA) Census of Agriculture found that 14%

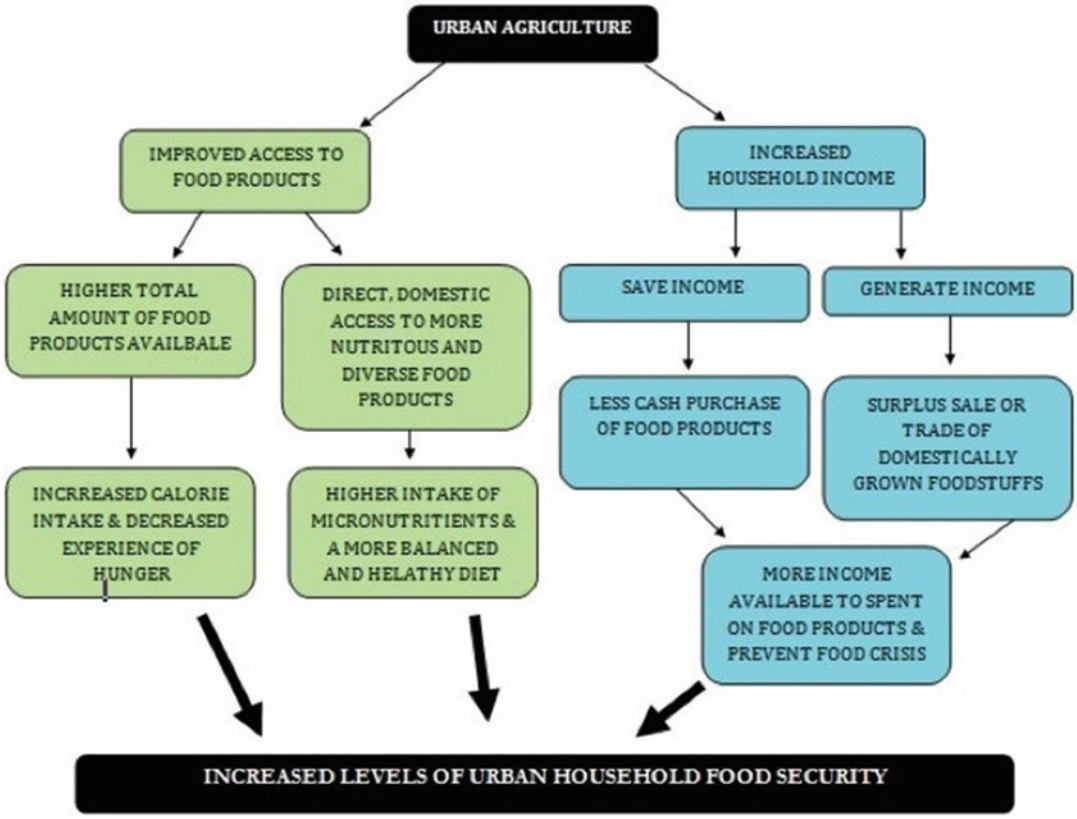


**Sustainable Agriculture and Urban Food Security, Fig. 1** Two key pathways for UA to food security (Environmental Evidence Journal 2014)

of principal farm operators were women, a nearly 300% increase since 1978, when it began counting women as farmers.

Local nonprofits are often the primary facilitators of urban agriculture. Nonprofits often perceive themselves as pioneers and are playing crucial roles in developing innovations. Along with community-based organizations, nonprofits have the closest relationship with, and are most supportive of, urban farmers, especially the poorest and most disenfranchised. Nonprofits can serve as links between farmers and the market, credit agencies, research institutions, and the government. They assist through a number of means – empowerment and general organization; technical assistance; extension and training; access to land, credit, insurance, and inputs; and organizing markets and market information. Similar to farmers' associations, nonprofits can remove constraints that hamper small-scale farmers and push governments and other institutions for policy changes (Fig. 1).

Many organizations see urban agriculture as a way to enhance food security. It also offers environmental, health, and social benefits. Although the full potential of urban agriculture is still to be determined, it has been found that raising fresh fruits, vegetables, and some animal products near consumers in urban areas can improve local food security and nutrition, especially for underserved communities.

Schools and youth organizations. FFA provides urban students with numerous positive outcomes which have been cited as important for urban youth according to urban youth development research (Larson et al. 2005; Wood et al.

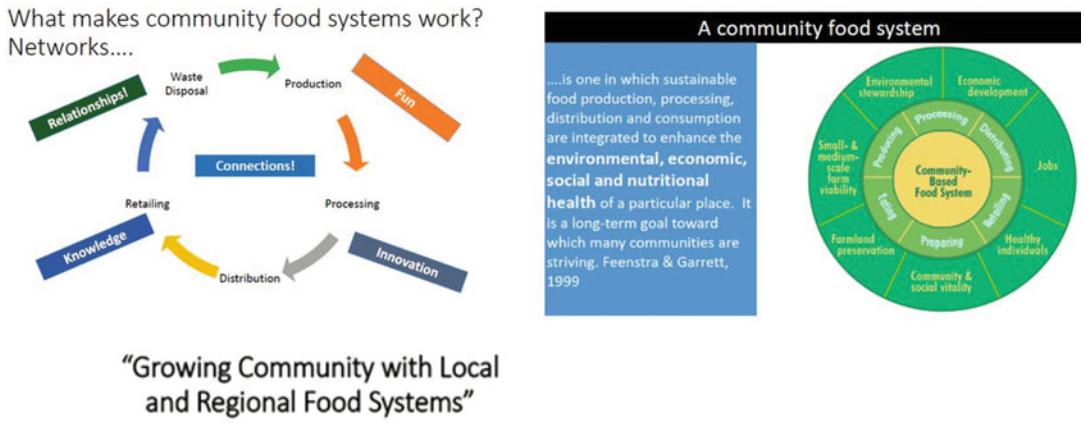


**Sustainable Agriculture and Urban Food Security, Fig. 2** Growing community with local and regional food systems (Environmental Evidence Journal 2014)

2009). Furthermore, school-based agriculture programs are designed to include classroom instruction, supervised agricultural experiences, and membership in the FFA (Phipps et al. 2008); thus, urban agriculture students who choose not to become involved in FFA activities may not be receiving the full benefits of the school-based agriculture experience. Like local farmland protections, zoning regulations to allow chickens and small animal production, Community gardens, food banks, and urban production strategies. Immigrant, religion and ethnic examples pushing local access and urban agriculture (Fig. 2).

## Case Study Example

In Texas, the natural resources program addresses educational needs related to the management, use, and sustainability of renewable and nonrenewable natural resources. Drawing on a variety of disciplines, these programs in many schools typically focus on such topics as soil, water, air, plant and animal life, forests, rangeland, and aquatic and other ecosystems. There are some programs, resources, and opportunities available through the Texas A&M AgriLife Extension Service, University of North Texas (UNT) at Dallas, Dallas community colleges, etc.

The urban horticulture research program led by UNT at Dallas Center focuses on developing production and best management practices to address challenges facing the emerging controlled environment agriculture industry for controlled systems in urban agriculture including greenhouses and indoor vertical farms. For the growing conditions such as light, temperature, and humidity fluctuate inside a greenhouse as seasons change and with these changes the crop performance and productivity. The aim of the program is to address all these variables in developing best management practices for major greenhouse production systems. These include nutrient film technique and deep water culture in order to seek and reduce energy costs, maximize productivity, and enhance produce quality.

Urban Agriculture and Renewable Resources is a new degree plan at UNT Dallas, which has a unique curriculum that gives students hands-on experiences in agriculture. The UNT Dallas degree plan is the only one in Dallas-Fort Worth that focuses on agriculture in an urban environment. The Urban Agriculture and Renewable Resources course work prepares students for careers that have a direct positive impact on peoples' everyday lives. A Bachelor of Applied Arts and Sciences degree allows students to easily transfer credits from community college, which makes this an affordable

pathway to pursue a bachelor's degree at UNT Dallas. UNT Dallas has partnered with El Centro College (Dallas County Community College District) to create a seamless transfer process.

## Conclusion

Sustainability is the achievement of a balance between social, economic, and environmental needs that will sustain the planet and its population for the foreseeable future. Sustainable agriculture addresses this balance by supporting and facilitating resilient social, economic, and environmental sustainability in urban contexts. Adopting and evolving a common baseline of parameters and principles can strengthen sustainable agriculture practice as a whole, enabling it to adapt and flourish in urban communities.

The traditional/macro perspective typically sees primary food production as a rural activity although food processing, distribution, and consumption may take place in cities and metropolitan regions. Urban agriculture is essentially a small-scale activity, involving backyard growing for personal consumption alongside community gardens, as well as a range of communal food-growing activities (including food swaps, guerrilla gardening, and permablitzing). While peri-urban market gardening may once have supplied a significant proportion of food for cities, the loss of peri-urban land to suburban expansion is accepted as an inevitable consequence of the growth of cities. From this perspective, there is little prospect of urban food production making a significant contribution to overall patterns of urban food consumption or to urban food security. Yet at the same time, the critical/micro perspective tends to attach greater significance to what already takes place under the broad heading of contemporary urban agriculture and to see greater potential for it to play a much more prominent role in the future as existing systems struggle to deal with increasing perturbations.

## References


Alliance F (2016) Soil and water conservation. cited 2016 Feb 15. http://foodalliance.org

Cain Z, Lovejoy S (2004) History and outlook for farm bill. Choices: the magazine of food, farm and resource issues. AEA Agriculture and Economics Association, Milwaukee

Conway G, Pretty JN (1991) Unwelcome harvest: agriculture and pollution. Earth Scan Publications, London

Dobbs T, Pretty JN (2004) Agri-environmental stewardship schemes and 'multifunctionality' rev. Agric Econ 2004:220–237

Environmental Evidence Journal (2014). https://environmentalevidencejournal.biomedcentral.com/articles/10.1186/2047-2382-3-21

Howard A (1943) An agricultural testament. Oxford University Press, New York. Preface; pp 1–2

Larson R, Hansen D, Walker K (2005). Everybody's gotta give: development of initiative and teamwork within a youth program. Organized activities as contexts of development: extracurricular activities, after-school and community programs, pp 159–183

Mougeot LJA (2005) Agropolis. The social, political and environmental dimensions of urban agriculture. IDRC, London

National Academy (2010) Towards sustainable agriculture systems in the 21st century. National Research Council of the National Academies. The National Academy Press, Washington, DC

National Geographic (2016) Urban farming is growing a green future. [cited 2016 Aug 21]. environment.nationalgeographic.com

National Sustainable Agriculture Coalition (2016) What is Sustainable Ag? [cited 2016 May 15]. sustainable-agriculture.net

Phipps LJ, Osborne EW, Dyer JE, Ball A (2008) Handbook on agricultural education in public schools, 6th edn. Thomson Delmar Learning, Clifton Park

Pogash K (2008) History of the organic farming and agriculture – 1840 to present. [cited 2016 Jan 20]. kennuncorked.com

Pretty J (2008) Agricultural sustainability: concepts, principles, and evidence. Philos Trans R Soc Lond B Biol Sci 363:447–465. Published 2008 Feb 12. The Royal Society Publishing

Smith GR (2015) Phytoremediation-by-design: community scale landscape systems design for healthy communities. Int J Sust Dev World Ecol 22:413–419

United Nations (2016) UN Food and Agriculture Organization. Sustainable Development Goals. [cited 2016 Feb 15]. fao.org

Wood D, Larson R, Brown J (2009) How adolescents come to see themselves as more responsible through participation in youth programs. Child Dev 80(1):295–309

Zezza A, Tascotti L (2010) Urban agriculture, poverty and food security: empirical evidence from a sample of developing countries. Food Policy 35:265–273. https://doi.org/10.1016/j.foodpol.2010.04.007

# Sustainable Development Administration

Hartmut Fünfgeld
School of Global, Urban and Social Studies, RMIT University, Melbourne, VIC, Australia

## Synonyms

Development administration

## Definition

The term "sustainable development administration" describes an aspect of public policy that is concerned with the application of the sustainable development paradigm to public administration structures, processes, and institutions. "Administration" here relates to a broad array of operational processes and discrete tasks that facilitate the development and implementation of public sector policies – though the term is also used in relation to private sector operations.

## Introduction

Aligned with the definition set out above, sustainable development administration primarily refers to the institutional and administrative structures and processes within public administration that facilitate and enhance sustainable development as the global development paradigm agreed to at the international scale at the Rio Earth Summit in 1992 and subsequently reiterated in Rio+20 (2012) and the Sustainable Development Goals (SDGs) agreed to by the member states in 2015.

From a contemporary vantage point, sustainable development administration can be considered as the administrative and operational side of the sustainable development agenda, as it is promoted and implemented through the SDGs, for example.

This view, however, ignores the origins of sustainable development administration in modernist paradigms of *development* and *development administration*, which emerged in the post–World War II world. Since the 1970s, international development has undergone a transformation towards more holistic approaches that not only take economic growth but also social development and ecological conservation into account, in line with sustainability thinking. Sustainable development administration therefore is not a new area of public policy but one that gradually emerged over the past three to four decades, as the international community tried to learn from past mistakes in international development while it, at the same time, embraced sustainable development as its new paradigm.

## Development Administration as a "Big Government" Instrument of Modernization

The origins of development administration can be traced back to the 1950s, as an area of practice and research within what can be termed *comparative public administration*. Beginning in the late 1940s, numerous countries in Africa, Asia, and Latin America achieved independence from colonial rule. The historical shifts that led to independent nations had raised hope for improved social and economic conditions under now liberated governments, while former colonial powers sought to maintain economic ties with their former colonies and (in some cases) provide support in the political transition process through international development aid. The majority of these "Third World" countries, however, were economically weak, with impoverished societies facing significant domestic political and social challenges that – such was the *Zeitgeist* of the time – could only be met with Keynesian economics and big government (Esman 1988). Strong and far-reaching government action, such as the one that led to the creation of the Marshall Plan in Europe, was considered the means of choice for tackling poverty and fostering social progress.

At the same time, the social sciences, which have expanded in significance since the 1950s, were dominated by a modernization paradigm that posited the universal validity of Western values, including individualism, instrumental rationalism, and enlightenment through science. Eventually, so the view, all peoples and nations around the world would adopt Western normative systems and reap the social and economic benefits of doing so, just as Europe and North America had. This assumed cultural supremacy of the West and the belief in a linear trajectory of development and change towards more Westernized societies with similar political and administrative system would take place through technical assistance from countries in Europe, North America, and Oceania, who would work with well-educated elites in developing countries, who in turn acted as "modernizers" that took Western, rational forms of planning, decision-making, and implementation from increasingly "modernized" urban centers to the rural periphery (Esman 1988).

In this setting, public administration using big government was considered the most important and most effective vehicle for guiding such a process of transition and achieving modernization. Hence, development administration was born as a specialized field within public administration, built on the fundamental assumption that the various manifestations of development *can* in fact be administered by building powerful bureaucracies. As developing countries strived towards the Western ideal of modernization, their actual administrative needs were considered different from those of developed countries – albeit not in a way that they were believed to differ significantly from one developing country to the next. All developing countries, it was argued, needed to rapidly mature their public administrative systems (including developing bigger government structures that could deal with the enormity of the task) in order to improve their social and economic conditions. Public administration in a developing country context, therefore, required dedicated modernization concepts, approaches, and administrative practices that were able to not only cope with but catalyze constructing national infrastructure, facilitate democratic planning and decision-making processes, ensuring the primacy of the rule of law, and raising the standard of living (Gant 2006). Development administration, therefore, took on an optimistic yet largely culturally insensitive perspective that viewed developmental problems as transient and inherently solvable – and effective public administration would need to play a major role in the task.

In this context of a global strive for modernization, development administration can have two different goals: to achieve the development of administration in developing countries or to administer development processes in developing countries (Riggs 1970). Throughout the 1970s and 1980s, the second focus become more prominent and the term development administration evolved into a synonym for the administration of development in developing countries.

In the 1970s and 1980s, the achievements of big government in developing countries stayed far behind its modernistic expectations and promises. Suffering from formalistic, bureaucratic, and vastly ineffective procedures that involved large numbers of often poorly skilled public servants, public administration became increasingly seen as the problem rather than the solution for developmental challenges. Development administration attracted critiques similar to those of the modernization model of development as such. In essence, public administrations were not able to act as effective agents that could carry social and economic progress into all geographic corners of a nation – rather, much development efforts were not reaching the majority of poor people, development projects were not reaching their objectives, and whole public sectors became mired in intransparency, corruption, and nepotism that amounted to being complicit in, if not directly responsible for, worsening socioeconomic conditions.

As a subdiscipline, development administration was never very clearly defined, beyond existing paradigms of modernization. Despite its direct emergence from theories of development, only few attempts were made within the field of development administration to define how it understood "development." The implicit interpretation inherent in most development

administration approaches and practices was one where economic development was foregrounded, often with the result that other conceptualizations of development appeared virtually nonexistent or considered radical and non-mainstream. The lack of theoretical engagement with the very foundation of the term also manifested in that development administration scholars and practitioners seemed to lack interest in critiquing the field from within. Mostly on the outside of the field, however, critics argued that development administration was a manifestation of Western hegemony of liberal-democratic values that it imposed onto non-Western cultures in unsuitable ways. Not only were Western administrative ideas at odds with traditional administrative and decision-making processes in developing countries; applying development administration to such countries also highlighted that the institutional structures and processes it relied on were far from perfect and often did not work as effectively and efficiently in developed countries to justify "exporting" them and convincing other countries to adopt them as best practices. Ultimately, the notion of development as a linear process that all countries or societies will undergo in a similar way was considered no longer tenable as there was little evidence in more developed countries that this was the case. This realization resulted in the rapid demise of the subfield of development administration.

## From New Development Administration to Sustainable Development Administration

In the late 1980s, after development administration as a professional subfield of public administration and area of research and training had all but disappeared, some scholars made an unsuccessful attempt of a rebirth by referring to *new development administration* (NDA; Esman 1988). Instead of providing alternative theoretical and conceptual approaches to the question of how public administration can achieve lasting change in developing countries, NDA mostly offered a reactive approach to changing economic and political paradigms towards neoliberal approaches that embraced minimal government, privatization, and deregulation.

The late 1980s, however, also saw the widespread adoption of the concept of sustainable development, catalyzed to the forefront of international development politics and public administration by the 1987 *World Commission on Environment and Development* (WCED 1987) report "Our Common Future" (widely known as the Brundtland Commission report). The Brundtland Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987). According to this most widely accepted definition, sustainable development is both sensitive to existing resources and their use, while also acknowledging that society has social and economic needs that are to be met.

The WCED identified six objectives of sustainable development that further spell out these needs:

1. Reviving growth
2. Changing the quality of growth
3. Meeting essential needs for jobs, food, energy, water, and sanitation
4. Conserving and enhancing the resource base
5. Reorienting technology and managing risk
6. Merging environmental and economic decision-making.

In summary, these objectives equate to two underlying goals, namely, that resource exploitation should be renewable and thus equal to regeneration rates and that the emission of different forms of waste should stay within the natural assimilative and absorptive capacity of ecosystems (Carley and Christie 1993). A core principle of this definition is intergenerational equity. Sustainable development thus clearly stretches the notion of development away from a sole focus on the present onto one that takes future resource availability and future societal needs into account.

The emerging sustainable development paradigm gave new impetus to debates about how development, now framed in terms of resource

efficiency, ecosystem health, and intergenerational equity, can be facilitated as a sustainable process. Sustainable development administration is no longer primarily focused on how (linear) development can be administered but what strategies can be employed to establish the ideal of sustainable development as a new and lasting practice. Sustainable development administration therefore signifies a move in public administration to support a holistic societal transition to sustainable practices, rather than being an approach for facilitating economic development. Inherent to this is the assumption that collective effort will be required across disciplines, sectors, and societies in order to devise more sustainable strategies and implement them in differing institutional contexts. To achieve structural and behavioral change towards more sustainable practices, sustainable development acknowledges cultural diversity and calls for culturally sensitive approaches developed from within a given cultural context, rather than promoting one-size-fits-all technocratic solutions.

As an important conceptual departure from previous paradigms of development with important global political implications, sustainable development applies to both developed and developing countries and sees learning and transfer of knowledge to occur in both directions – at least it is open to such cross-fertilization in theoretical terms even though the international development aid programs remain largely focused on transfer of sustainable technology and expertise in sustainable development from the global North to the South. While developed countries may harbor advanced economies and sophisticated administrations, they may be poorly developed in terms of resource efficiency and waste minimization, leaving behind degraded ecosystems for future generations. Therefore, sustainable development asks countries to limit and transform all practices that are harmful to ecosystems, including managing population growth, resource use, and the production of pollutants and other waste products. More recently, since the global acceptance of anthropogenic climate change, sustainable development also encompasses reducing global greenhouse gas emissions and ensuring that societies can adapt to changes in the global climate and avoid suffering severe consequences.

Sustainable development was adopted as the new global paradigm for development at the 1992 Earth Summit in Rio de Janeiro. At the Rio+20 conference in 2012, the United Nations member states renewed their commitment to sustainable development as the guiding principle for all development efforts across the globe, paving the way for a global agenda on sustainable development agreed upon by the global community in the form of the 17 Sustainable Development Goals (SDGs) in 2015, which are supported by 169 targets. The SDGs are:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable, and modern energy for all
8. Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient, and sustainable
12. Ensure sustainable consumption and production patterns
13. Tackle urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

15. Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

## Sustainable Development Administration: Invigorated Role for Public Administration Under the SDGs

The paradigm shift away from economic development and otherwise compartmentalized yet linear approaches towards trajectories of sustainable development that do not degrade natural resources and minimize harm to ecosystems and humans coincided with transformational social and technological changes, such as increasingly ubiquitous migration and mobility and the arrival of the Internet and fast and efficient means for global communication. If development administration – and public administration in general – was to shift towards achieving more holistic goals for development, it needed to change tack and capture the opportunities provided by increasingly networked societies, as well as come to terms with the inherent complexity and multiscalar, multiactor nature of sustainable development. This not only required gradual adjustment of existing administrative processes within governmental and other public sector institutions; beyond that, it called for significantly re-thinking the role of government itself in an increasingly connected and globalized world. At the same time, sustainable development administration is also bound by largely unchallenged paradigms of *new public management* that favors adopting private sector approaches to reduce overly bureaucratic processes, increase efficiency, and focus on providing effective end user services to citizens, who are considered "customers."

This complex set of institutional and social paradigms and trends was confounded by the difficulty of making sense of sustainable development as it related to public administration – beyond obvious sectors such as environmental and natural resource management where the principles of sustainable development can be readily applied. While development administration lacked theoretical depth and critical engagement with underpinning concepts, SDA grapples with the opposite problem: the broad conceptual focus of sustainable development and the translation thereof into operational practice, across sectors and institutions. The SDGs were useful in this regard: not only did they set the global policy agenda, they also placed boundaries around the meaning of sustainable development for different spheres of human and nonhuman life and, through defining concrete goals, articulated clear expectations on governments who were to implement and administer strategies through their public administrative systems. Subsequently, the Rio+20 conference output document provided important, overarching guidance on how public administration will be required to transform in order to become fully aligned with the SDGs and support their implementation. This guidance included the following principles (UN-DESA 2015: 77f):

1. Broad, active, and meaningful participation in decision-making, planning and implementation of policies and programs for sustainable development at all levels
2. Improved access to ICT, especially broadband networks, and access to government proceedings, regulations, data, and easy-to-understand procedures
3. National regulatory and policy frameworks that enable business and industry to advance sustainable development initiatives
4. Well-functioning institutions at all levels those are able to demonstrate transparency and accountability mechanisms as well as the capacity to achieve and demonstrate results
5. An integrated approach to planning and building sustainable cities and urban settlements, including strengthening local authorities and

the participation of urban residents in decision-making
6. Combatting corruption in all of its manifestations

These new principles for sustainable development administration represent both a reinvigoration of globally accepted standards for good public management and a shift of focus towards justice and security, regulatory control, and the delivery of services considered essential for enabling sustainable development. They also signify a far greater focus on people-centered administration and on noneconomic dimensions of development, including investing in human capital through education and health, and safeguarding natural assets through environmental protection and sustainable management of natural resources.

Inherently – and fully aligned with the spirit of the SDGs – these principles call for the ongoing development of public administration itself into more sustainable pathways that take ecological, social, and economic considerations into account. Capacity building of and for the public sector, it has been argued, can "become the key to transforming governance and integrity, improve skills, boost professionalism and mobilize citizens to become involved, thus generating a positive effect on democracy and development alike" (Zarrouk 2014: 2).

## Conclusion

Sustainable development implies a pluralist view of knowledge, where development approaches and programs devised are challenged to respond to local social, cultural, and economic circumstances in order to produce the desired results. Likewise, sustainable development administration needs to accept pluralist approaches, while adhering to globally agreed principles of good public administration and management. Since development administration evolved into a subfield of public administration after World War II, much has changed in the public administration of developmental processes across scales. The emergence and global adoption of sustainable development has brought about a shift towards more holistic thinking in administration, where social and environmental principles have a stronger weight than ever before – yet the principles of effectiveness and efficiency in using public funds continue to prevail.

Sustainable development administration faces many challenges, including how to contribute to transformation of sectors, organizations, and individual behavior while also satisfying criteria of resource efficiency and transparent and democratic decision-making. The tasks required of sustainable development administration have broadened in scope and remit when compared to the early days of development administration; at the same time, technological and communicative instruments that public authorities can use have multiplied and diversified. The interconnectedness of many of the problems at the heart of unsustainable development, however, demand that public administrators find innovative solutions for supporting and implementing politically and institutionally complex and increasingly multilayered processes. In this sense, it will not be sufficient for sustainable development administration to be merely about administering sustainable development; it will need to lift its game and develop in its own right in order to be able to address the most pressing global challenges, as they have been articulated in the SDGs.

## Cross-References

► Domains of Sustainability
► Modernity and Bureaucracy
► New Public Management

## References

Carley M, Christie I (1993) Managing sustainable development. University of Minnesota Press, Minneapolis
Esman MJ (1988) The maturing of development administration. Public Adm Dev 8(2):125–134
Gant GF (2006) The concept of development administration. In: Otenyo EE, Lind NS (eds) Comparative public administration (research in public policy analysis and

management). Emerald Group Publishing Limited, pp 257–285
Riggs FW (1970) Frontiers of development administration. Duke University Press
UN-DESA (2015) Responsive and accountable public governance DESA mission statement. United Nations, New York
WCED (1987) Our common future: report of the World Commission on Environment and Development. United Nations, New York
Zarrouk N (2014) Strengthening national and local capacities for sustainable development management. Paper for the Committee of Experts on Public Administration, Thirteenth Session, 7–11 April 2014. United Nations Economic and Social Council, New York

# Sustainable Development and the Social Consequence of Bureaucracy

Emmanuel C. Ogu
Department of Computer Science, School of Computing and Engineering Sciences, Babcock University, Ilishan-Remo, Ogun State, Nigeria

## Synonyms

Agenda 2030; Bureaucracy; Contemporary bureaucracies; Implications of contemporary bureaucracies; Public service bureaucracies; Sustainability; Sustainable development; Sustainable Development Framework (SDF)

## Definition

The global Sustainable Development Framework (SDF) published by the United Nations in December 2012 advanced in January 2016 into what has now become known as the UN Sustainable Development Agenda 2030 defining 17 universal goals and 169 targets for the pursuit and attainment of global sustainable development. However, the global sustainability journey has yet failed to advance at the pace that is otherwise expected, due to the co-action and interactions of many complex interrelated limiting factors and variables, in what some have rightly referred to as a "wicked problem." This research interrogates how modern bureaucracy and its social consequences bother on the full implementation of the global Sustainable Development Agenda while also discussing implications for the global sustainability challenge.

## Introduction

Bureaucracy, the often complex, convoluted, and centralized hierarchical administrative and decision-making structure that powers and regulates the activities of modern governments, corporations, commerce, and industry, has become an intricate feature of contemporary living, which effects can typically be felt rather tangibly across the personal, corporate, government, political, business, commercial, as well as other circles of twenty-first-century life. Even though the intentions behind establishing bureaucratic structures are sometimes justified by propositions of structure, optimization, order, and efficiency, unwitting and inadvertent malformations in contemporary bureaucratic structures and processes could render them dysfunctional and often portend tragic and far-reaching degenerative consequences for subsistence and sustainability across multiple fronts; and this, perhaps, explains why modern theories of management and administration seek to do away with bureaucracy or at best minimize it to only that which is necessary.

Modern bureaucracies often comprise a body of officials who are appointed to represent an elected government persona, as well as a group of administrative individuals that enact policies that aim to guide and organize the running of affairs within a polity and public service. When such bureaucracies assume a coercive, rigid, and immutable structure, the resulting stiffness is able to strangle empowerment and innovation, breed dissatisfaction by suffocating ingenuity, misrepresent policy and communication, engender negligence and irresponsibility, truncate personal and professional development, deflate trust, disable cooperative synergy, foster impunity and nepotism, and lead to festering acts of avarice,

selfishness, and exploitation across the various sectors of the public civil, military, and paramilitary service and in the long run maligning efforts at representative leadership and increasing resistance to progressive change. Because indeed, whether or not a particular transformative leadership process for progressive change within an organization would be embraced by the workforce and turn out successful depends greatly on the past and existing bureaucratic structure(s) in place within the organization, since it has been repeatedly confirmed that the far-reaching negative effects of rigid and coercive organizational bureaucracies effectively transcend and superimpose on the dynamic nature of administrative leaderships within such organizations.

A recent study that investigated the impact of bureaucratic structures in a national police force discovered the pyramidal organizational structure of the force, coupled with the inverted pyramidal flow of resources allocation to be the harbinger of various counteractive realities that hamper the progress and effective operations of the force's mandates. The situation being that few force officials at the top receive a vast preponderance of limited resources as bureaucratic allocations but yet are not directly involved in the actual execution of the daily dispatch operations of the force. The rigid abstraction of command also makes it impossible for subordinates to get access to the higher ranks of command except through supervisors who are only able to establish contingence between their direct higher-ranking superiors and lower-ranking subordinates. As a result, lower-level dispatch officers are left to bemoan challenges of mistrust, information and resource deficiencies, policy inconsistencies that become contradictory between promulgation and implementation, malicious misinterpretations of policies for malicious purposes, and worn-out channels and envoys of downward communication, among many other challenges, a situation where effective whistle-blowing against corrupt practices by superiors is almost circumspectly maimed (Wang 2015).

This scenario limpidly paints the rather disheartening reality of the extent to which contemporary bureaucracies are able to clog the wheels of subsistence, development, and sustainability in sectors of the modern public service, with consequences that could be far-reaching and indeed daunting.

In this chapter, the social consequences of contemporary bureaucracies are presented as contained in the existing body of knowledge while attempting to succinctly summarize the trail of existing knowledge on the effects of bureaucracies on modern societies, social structures, and the public service sectors; and then using a systematic and associative descriptive analysis, the implications for global sustainable development are also herein discussed in a bid to contribute progressively to contemporary discussions regarding how modern bureaucratic structures and processes impact on the global sustainability agenda. However, while the government public service sector, predominantly of Western civilization, would provide a contingent, widely available, and more accessible viewing lens for the discussions in this chapter, the argued realities remain germane and instructive of the wider and far-reaching implications, the more so for developing and underdeveloped civilizations that bureaucracies (viewed through any other lenses) and its social consequences could have on building sustainable societies that meet global standards.

## Sustainable Development Agenda 2030: An Overview

In December 2012, the United Nations (UN) published the draft document for a global Sustainable Development Framework (SDF), which among other goals seeks to foster and engender the adoption of sustainable means in the pursuit of humanity's various developmental ends. This framework called for the pursuit of sustainable development along the broad quadripartite panels of economic development, environmental sustainability, social inclusion, and good governance. Thus, we came to know sustainable development as the advancement of economic development that is not pursued at the expense of environmental sustainability and broad-based

social inclusion/equality while incorporating good governance. The propositions of this framework has been lauded and welcomed among other reasons because it takes into cognizance the realization that a society that seeks to progress at the expense of environmental subsistence, with disregard for social equality and repressed societal classes and with corrupt, impunitive governance, is bound to self-destruct on its own terms, sooner than later. Six years have now passed since the draft SDF was published by the UN, and 3 years have also passed since the Agenda 2030 defining the 17 goals for the pursuit and attainment of sustainable development went into force in January 2016. Figure 1 presents a graphical summary of the 17 universal goals of the Agenda 2030.

In summary, the global sustainability Agenda 2030 aims to end all forms of poverty around the world; improve nutrition and food security by promoting sustainable agriculture, toward ending hunger; pursue optimal health and well-being for every global citizen, regardless of age; ensure quality education that is inclusive and equitable, providing opportunities for lifelong learning for everyone; pursue gender equality and empowerment of female citizens; ensure that everyone has access to clean, portable water that is sustainably managed, as well as healthy sanitation practices; and avail access to clean energy for everyone, which is sustainable, affordable, and reliable, among 17 audacious goals that have formed the foundations of global sustainable development (United Nations 2018).

More relevantly to the focus of this chapter are goal numbers 10 and 16, which seek to bridge the margins of income inequality both within and among nations and foster societies that are peaceful and inclusive by upholding public systems of justice and building institutions that are accountable, effective, and inclusive at all levels. Hence, subsequent sections of this chapter proceed as follows. Section "Contemporary Bureaucratic Structures, Processes, Leadership, and Perspectives: A Pinhole View" reviews contemporary bureaucratic structures, processes, leadership, and perspectives, as well as their social consequences, before discussing how these impact on

**Sustainable Development and the Social Consequence of Bureaucracy, Fig. 1** Universal goals of the global Sustainable Development Agenda 2030. (Source: United Nations)

the pursuit and attainment of goal numbers 10 and 16 of the global sustainability Agenda 2030 from a broadened viewpoint.

## Contemporary Bureaucratic Structures, Processes, Leadership, and Perspectives: A Pinhole View

There exists a fairly general consensus among various contemporary sources that align with Weber's agelong proposition that ideal bureaucracies should be structured in such a way as to relate to a particular domain of activity that has to be guided by regulations; have a hierarchical organization; take action only as specified by well-defined rules, which action(s) must be preserved as documented records; necessitate expert training in certain (critical) areas of involvement; motivate officials into devoting their total capacity to meeting their bureaucratic responsibilities; and rely on general rules that are consistent and teachable, for managing the various operations of the bureau. These are provably the wider accepted features that contemporary bureaucratic structures are ideally expected to reflect (Weber 1958).

Through this viewing lens, many existing sources allude and give voice to one or more of three distinct classes or categories of contemporary bureaucracies, viz., (1) the *monopolistic* bureaucracy, where full powers are vested in a single bureaucratic institution, framework, or other persona for the administration or operation of particular roles, responsibilities, and mandates; (2) the *competing* bureaucracy, where multiple bureaucratic personas are substitutable in their roles, operations, and procedures, as specified by their mandates; and (3) the *complementary* bureaucracy, where the roles, operations, and procedures of multiple bureaucratic personas are mutually supportive and supplementary of multiple other bureaucratic personas within particular polities. However, contemporary societies often incorporate a mixed and sometimes encapsulated abstraction of these various bureaucratic categories across different depths and breadths of the government hierarchies and public service sectors.

According to these various existing sources, the aforementioned three contemporary bureaucratic classes/categories thrive across three panels of realities: *structure* (relating to the manner in which their agencies and institutions are organized), *operations/processes* (the nature of the activities and involvements that are mandated for such agencies and institutions), and *procedures* (the policies and regulations that guide the extent and validity of involvements of such agencies and institutions). The convolution of these three realities gives contemporary bureaucracies the resilience upon which they thrive; therefore, any attempts to take down such bureaucracies usually focus on dislodging these three realities. In some cases and jurisdictions, though, attempts made even by elected government principals to subvert the bureaucracies within such established agencies and institutions have often met with rigid impediments that are rather formidable.

These structures, with the associated processes and procedures that hold contemporary bureaucracies together, are intended to be a means to an end – the end of organizing and optimizing the quality and utility of services rendered to the general public within government frameworks (Shapiro 2017). But when these bureaucratic procedures, structures, and processes are taken out of their intended frameworks and made to become an end in themselves, they can become dysfunctional and misappropriated to the detriment of public service. Their operationalization becomes warped, in what sources have described as "bureaupathology" or "bureaupathy," where goals become obscured and displaced in the course of excessive routinization and conformity (Grant 2014); and organizations are unable to foresee, adjust, and respond proactively to changes in environmental variables.

Existing research has argued about the importance of bureaucratic autonomy, within contemporary bureaucratic structures, as a facilitator of the bureaucratic influence of an organization, be it endogenous or exogenous. Contemporary bureaucratic autonomies are perceived in terms of the autonomy of will (being able to autonomously develop bureaucratic preferences) and autonomy of action (the capacity to transform such

preferences into action) (Bauer and Ege 2016). The proposition that bureaucratic autonomy is able to facilitate the bureaucratic influence of an organization indeed holds practical measures of truth, especially when considered in light of the realities trailing the bureaucratic framework that has seen the rise and bloom of the Chinese economy in recent times. The fact that government and her agencies can autonomously envisage preferences that they consider to be in the best interest of the larger political system and greater public utility, and are able to autonomously mobilize and pursue progressive action toward the attainment of such preferences for the satisfaction of the general public interests that they envisage, could indeed be an effective catalyst for progressive change and development. Another fitting example here is the discretionary bureaucratic autonomies wielded by international governmental organizations and agencies in fulfilling the mandates of their political principals.

Max Weber propounded one of the earliest bureaucratic models of leadership since the nineteenth century, and the propositions of the model – hierarchical organization, top-down administration, and formal channels of accountability – still relevantly apply (Weber 1947). But in addition, contemporary researches now reflect a wider acceptance of the reality that bureaucratic leaderships must be established with regard for the crucial elements of experience, capacity, vision, skill, passion, patience, commitment, knowledge, maturity and emotional stability, integrity, character, and devotion, because bureaucratic followership counts on visionary and innovative leaderships to inspire, direct, and motivate in the pursuit toward the attainment of bureaucratic mandates, goals, and objectives. Indeed, leadership within bureaucracies requires the right application of available material and immaterial resources in the pursuit of specific ends while in the process also ensuring coherence and cohesiveness of the bureaucratic organization (Amanchukwu et al. 2015). It is a little wonder that, within contemporary bureaucratic leaderships, it is believed that part of the duties of elected public officers is to hold bureaucrats directly responsible for whatever outcomes are delivered by their designated agencies and institutions and rightly so because, ultimately, the elected officers are primarily culpable and answerable to the electorate for whatever bureaucratic dysfunctions are perpetuated under their watch.

In contemporary societies, however, these bureaucratic structures, processes, and perspectives are increasingly being challenged; particularly with respect to the bureaucracies within the public sector. Through interest representation, adherence to due process, effective management, policy analysis, the character of federalism, and stakeholder oversight, the American society has gradually been able to reform the bureaucracies in their public service sectors. In addition, organizational bureaucracies within the public service are also being reformed to see that appointments and recruitments are more merit-based, insulated from elected government tenures, and free from dismissals that may be politically motivated, so as to engender innovation and boost entrepreneurial and investment confidence in the capabilities and subsistence of the public sectors (Gormley 2014). Furthermore, there have also been resounding clamors that demand a fairly structured public sector bureaucracy that is insulted from impulsive restructuring and reorganization at the whims and caprices of elected government officials, so as to help preserve their operational and procedural mandates and avail the measure of autonomy that is necessary to deliver high-quality public service that is free from the influence of the sentiments, volatile propagandas, political grievances, and dogmas of elected officials.

Also, research has attempted to redirect attention of elected public principals to consider situational variables as more crucial determinants of organizational outcomes, as against perceptions of the responsibility of bureaucratic individuals, because bureaucratic dysfunctionalities, as with other forms of dysfunctionalities, cannot be objectively analyzed and interpreted from the perspective of a single viewpoint, due to the complex co-action and interaction of endogenous variables in tension. With the growing availability of bureaucratic performance data, especially relating to various sectors of the government public

service, elected officials can now more than ever easily attribute the responsibility for causal realities surrounding bureaucratic dysfunctionalities to appointed bureaucratic leaders. However, through interest group advocacy and wider stakeholder dialogues, it may be possible to influence how such performance data are interpreted and used and the extent to which they reflect the competencies of bureaucratic leaderships (Nielsen and Moynihan 2017a, b).

## Social Consequences of Bureaucracy

The notion that the quality of government has an effect on long-term social outcomes is well established in contemporary existing research. Bureaucracy and its formal institutions have been proven to have lasting effects on the social behaviors and trust relationships between a government and its citizens, especially with regard to corrupt practices within the government structures. The delineation of hierarchies, roles, and responsibilities within bureaucratic polities also differentiates the nature and quality of social services that would be ordinarily available and accessible to various classes of the citizenry, perhaps due to the structural accumulation of cliques, political parties, and privileged groups. In addition, such structures could have counterproductive consequences when the hierarchy that is responsible for dealing and interfacing directly with the lower social classes reflects a corrupt, arrogant, and treacherous disposition, regardless of the possible positive impressions that the higher echelons of the polity may be laboring assiduously to propagate.

In contemporary bureaucratic structures within the government public service, citizens elect government officials, who in turn appoint their best choices to head various sectors of the public civil service. The traditional notion being that the duration and influence that comes with the office of service of these appointed public officers is inextricably bound to the tenures of the higher-level elected government officials that appointed them. As such, the idea of occupational security is expunged. These appointed public servants may, in no distant time, begin to engage in certain impulsive behaviors and practices that are morally and operationally detrimental to the sustainability of the general public service and utility. They may thus begin to position themselves as rent-seeking middlemen in the path of public service contractors, redirect and misappropriate public resources to assuage their occupational insecurities, and engage in propagating malicious propaganda that seem to align with their reelection and reappointment motivations. In the long run, they often end up scaring off investors, strangling entrepreneurship, stifling innovation, and fostering impunitive corruption and nepotism.

When these bureaucratic structures happen to be further decentralized, the resulting consequences could be even the more petrifying. The World Bank has referred to the kind of corruption that could emanate from such decentralized bureaucratic setups as “the greatest obstacles to economic and social development,” especially within the context of developing countries (World Bank 2001). The cavalierly passing around of bribes and handouts becomes a fashionable way to make government officials look the other way, while the sanctity and very essence of public utilities within democratic polities are being violated in the most atrocious manners. Thus, and in the long run, having flooded the local market economies and public sector with much corruption-induced uncertainty, the spiral effects of huge, increasingly disproportionate and a priori indeterminable bribe burdens result in a situation where government revenue figures become distorted, unrealistic, and false; investor ROI projections become misleading; socio-infrastructural development projects are stalled; and reliant institutions, agencies, and corporations are rendered ineffective by a distasteful concoction of these concomitant consequences.

Furthermore, in such public civil service bureaucracies, where elected officials appoint the upper administrative circles of the service to administer and oversee the affairs, personnel, and activities of the public civil service, if not carefully and closely monitored by active,

independent, and effective representative and whistle-blowing structures, the outcome could result in situations of misappropriation, marginalization, impunity, trampled individual agency and autonomy, nepotism, and silencing of dissent, even within respected, gold standard democracies. The summative consequence of these realities is often a situation whereby elected officials are unable to establish contingence with the complaints and needs of the lowers classes of citizenry due to the bureaucratic abstraction of social hierarchies, as well as the nature and quality of the public service and utilities that are available and accessible to the various social hierarchies.

However, when bureaucratic leaderships are effective and progressive, they are able to engender innovation, stimulate ingenuity, encourage autonomy of thought and freedom of expression, and breed satisfaction among the followership in bureaucratic praxis. Lower-level bureaucratic followers might then be able to leverage the atmosphere of responsible autonomy availed by effective and progressive leadership as a foundation for occupational growth and development.

In addition, bureaucratic autonomies should be understood to be a double-edged sword. In the right hands, combination of the "autonomy of will" and the "autonomy of action" could lead to remarkable change and impressive transformation, especially when vision, ethics, and law are blended smoothly to guide operations. However, in the wrong hands, bureaucratic autonomy could become a tool for popularizing bureaucratic vices such as administrative bullying, propagandist interference with the public media, victimization of dissent, occupational harassment, and dictatorship, thereby trampling the propositions of democracy and certain human rights, even with the impunitive autocracy of powers arrogated to self.

## Implications for Global Sustainability

Global sustainability goal numbers 10 and 16 seek to bridge the margins of income inequality both within and among nations and foster societies that are peaceful and inclusive by upholding systems of justice and building institutions that are accountable, effective, and inclusive at all levels. One panel for pursuing these goals is by reducing the cost of doing business and import-export trade while also reducing the burden of taxes and levies that non-indigent workers have to shoulder in appropriating their earned income across various jurisdictions of the global society. Another panel involves stemming the tides of violence, crime, trafficking in persons, forced labor, and child abuse and building more reliable judicial systems that uphold democracy and the rule of law for peace, justice, as well as the sanctity of citizen rights, including the right to quality social services.

Evidently, the social consequences of bureaucracy presented in the preceding section of this chapter do portend critical implications for the global Sustainable Development Agenda 2030. One facet of these implications is evident in the attempts by national governments to capitalize on bureaucratic structures to suffocate the independence and autonomy of the public news media, as has been witnessed in countries like Egypt in recent time, as well as the propagandist dogmas that have helped to propagate the festering menace of canards and fake news in the public media in recent times. The global sustainability goal 16 advocates for peaceful societies; however, with the consistent waning and progressive erosion of the measures of trust that global citizens repose in the credibility and completeness of reported media information, democracy is bound to lose its effectiveness, and its wheels become immobilized as electorates would continue mooching in darkness, blind to the realities of the vices being propagated by elected officials. Although history has proven time and again that this is a simmering concoction for civil unrest, revolutions, and disruption of public peace; which is guaranteed to boil over sooner than later.

In addition, the clamors of the electorate for justice, infrastructural development, income equality, accountable leadership, good and responsive governance, and the responsible use of

public resources are likely to persist and linger unattended, especially within bureaucratic structures where varying qualities of public service are available and accessible to various cadres of the public citizenry. The appointed bureaucratic leadership of a public service who has access to high-quality medical care, even overseas, would not be able to contingently fathom the extent of dilapidation in national healthcare service delivery, just as the elected official who travels in an official chopper would be unable to understand the clamors for good road transport infrastructure by the citizenry. This reality is capable of frustrating efforts at bridging the gaps of inequality and restoring the vital trust between people and the government for global sustainable development.

Furthermore, corruption, extortion, and exploitation thrive more easily under the cloaks of public service bureaucracy. It is easier for public sector officers to hike the costs of public services so as to rake in some kickback profits for themselves at the expense of the public; and because channels for reporting such incidences are also clogged by the same bureaucratic plugs, it is difficult to hold these public officers accountable. Many researches have argued that spates of bribery and corruption that strangles developing economies and have weakened the underdeveloped economies of Africa and Asia thrive on this reality, and this research lends credence to that argument. Public officers who receive government remuneration from taxpayers' money would begin to demand and enforce the additional payment of gratuities from the citizens they serve for doing their jobs, confident in the fact that is very unlikely that they would be held accountable; no thanks to the bureaucratic bottlenecks that make very onerous the task and process of holding them to account. Preponderant open media reports document this reality as having pervaded the police, military, banking, civil service, state departments/ministries, and every other area of public service in various jurisdictions.

When the convolution of all these implications eventually succeed in bleeding to death the voice of democracy and permanently severing the bonds of trust between citizens and their government, which are essential for fostering inclusive, peace, and cohesive global societies, perhaps, then it may be said that our global society has begun to self-destruct, having been progressively amputated by the knives of her own bureaucracies.

## Summary and Conclusion

Indeed, bureaucracies, when carefully established and closely monitored with open, trusted, and reliable systems of accountability, representation, and whistle-blowing, could be a catalytic force for sustainable development across various frontiers. However, where cavalierly dispositions are left to maraud and fester unbridled under the shelters of bureaucratic structures and frameworks, the impact and implications for global sustainable development are far-reaching and daunting.

By beginning to restructure the bureaucracies within the government public service sectors, bearing in mind the realities presented and discussed in this chapter, it would then become more possible for the wings of the global sustainability Agenda 2030 to spread out and soar unhindered into the future that has been envisaged.

## Cross-References


- ▶ Abusive Leadership
- ▶ Accountability and Democratic Administration
- ▶ Accountability, Politics, and Power
- ▶ Accountability: Breaches and Trust
- ▶ Active Representation
- ▶ Administrative Autonomy of Public Organizations
- ▶ Administrative Discretion in Participatory Processes
- ▶ Administrative Ethics
- ▶ Administrative Politics: Context, Roles, and Process
- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and Public Policy

▶ Bureaucracy, Bureaucratic Politics, and Democracy
▶ Bureaucratic Accountability and Performance
▶ Sustainable Leadership
▶ Technical Advantages of Bureaucracy

## References

Amanchukwu RN, Stanley GJ, Ololube NP (2015) A review of leadership theories, principles and styles and their relevance to educational management. Management 5(1):6–14

Bauer MW, Ege J (2016) Bureaucratic autonomy of international organizations' secretariats. J Eur Publ Policy 23(7):1019–1037. https://doi.org/10.1080/13501763.2016.1162833

Gormley WT Jr (2014) Taming the bureaucracy: muscles, prayers, and other strategies, vol 984. Princeton University Press, Princeton

Grant MO (2014) The bureaucratic personality and implications for individuals and organizations. Department of Sociology, Psychology & Social Work, University of the West Indies, Mona. Retrieved 04 Nov 2018, from https://bit.ly/2RvTfoI

Nielsen PA, Moynihan DP (2017a) How do politicians attribute bureaucratic responsibility for performance? Negativity bias and interest group advocacy. J Pub Adm Res Theory 27(2):269–283. https://doi.org/10.1093/jopart/muw060

Nielsen PA, Moynihan DP (2017b) Romanticizing bureaucratic leadership? The politics of how elected officials attribute responsibility for performance. Governance 30(4):541–559. https://doi.org/10.1111/gove.12256

Shapiro S (2017) Structure and process: examining the interaction between bureaucratic organization and analytical requirements. Rev Policy Res 34(5):682–699. https://doi.org/10.1111/ropr.12245

United Nations (2018) About the Sustainable Development Goals. Retrieved 01 Dec 2018, from Official Website of the United Nations: https://www.un.org/sustainabledevelopment/sustainable-development-goals/

Wang X (2015) Coping with police social service role strain: findings of the paramilitary–bureaucratic structure and structural empowerment of the police organization. In: Wang X (ed) Empowerment on Chinese police force's role in social service. Springer, Berlin, Heidelberg, Berlin, pp 111–132. https://doi.org/10.1007/978-3-662-45614-9_6

Weber M (1947) The theory of social and economic organizations. Collier Macmillan, London

Weber M (1958) The protestant ethic and the spirit of capitalism. Charles Scribner's Sons [SA], New York

World Bank (2001) World development report 2002: building institutions for markets. Oxford University Press, Oxford. https://doi.org/10.1596/0-1952-1606-7

# Sustainable Energy Policy for State and Local Governments

Haris Alibašić
Public Administration Program, College of Education and Professional Studies
University of West Florida,
Pensacola, FL, USA

## Synonyms

Energy efficiency; Renewable energy; Sustainability; Sustainable energy

## Definition

Sustainable energy is defined as sufficient measure for energy management undertaken by organizations to reduce energy usage, increase the use of renewable energy sources in operations to reduce operational costs, decrease environmental impact from energy use, and impact society positively.

## Introduction: Sustainable Energy for Local and State Governments

The role of government is characterized by the ability to provide services to its constituents. As the societal paradigms shift, and sustainability gains new grounds and becomes an integral part of the organizational structure and function of the local and state governments, the issue of sustainable energy management as the system of good governance and cost control became more prevalent. State and local governments use sustainable energy policies in pursuit of long-term sustainability goals and to enhance resilience and long-term strategies. Energy use and its collateral damage have come to the forefront of some local government as part of their efforts to improve their sustainability efforts. As the pressures intensify on organizations over the cost of energy consumption, climate change threats, and financial

burden, sustainable energy management within the sustainability framework offers a focal point and opportunity for municipal and state government administrators. The effort to seek sustainable energy options in governmental operations is seen as an attempt to curb the cost of energy and to reduce energy demand.

Focusing on sustainable energy policies, programs, and projects at the local and state levels of government represents an inevitable challenge, but also a conceivable opportunity. The long-lasting impact on local and state governments and their delivery of services beyond the economic recession and downturn in the economy. In an era of unrelenting fiscal crises and permanent budgetary strains, cities and state government continue to struggle to provide essential services. As a result, cities and state government have begun utilizing sustainable energy practices, policies, programs, and projects as an organizational instrument to avoid costs, lessen budgetary strains, and realize full benefits of being fiscally, environmentally, and socially sustainable.

The efficiency of the local government's operations can have a positive impact on the local community. By incorporating sustainable energy management and similar strategies into their plans, programs, and projects, cities may become more fiscally sustainable, and socially and environmentally responsible, and provide better governance. Through sustainable energy policies, organizations efficiently impact their bottom line and provide positive social change through reduction in energy consumption, production of renewable energy, and efficient management of energy. In explaining the concept of sustainability, Nersesian (2006) focused on renewable energy sources as an essential aspect of sustainability (p. 305). Moreover, Meyar-Naimi and Vaez-Zadeh (2012) and Chen (2011) provided the critical reviews of the new energy policymaking frameworks and analytical framework for energy policy evaluation, through analysis of the energy system components and their interactions. The relevant objectives of sustainable energy policies must be viewed through the lens of the federal energy policy framework, with the United States lacking the national energy policy (Friedman and Cooke 2011; Geri and McNabb 2011).

## Local Governments Sustainable Energy Targets

Energy is the underlying denominator for many cities. While cities utilize varying energy strategies not only to cut costs but also as an attempt to increase the renewable energy in their overall energy consumption portfolio, there are several common elements to cities' sustainable energy strategies. Building awareness, support, and education of the importance of energy to the organization and community is one of the first steps in the successful implementation of sustainable energy policies. Another important aspect is the razor-sharp focus on energy efficiency and energy conservation. An increased renewable energy investment or pursuit of renewables is the more recent development of local governments. The EPA provides a regular update on the top 30 local governments either purchasing or producing electricity (EPA 2017). The list is growing as is the amount of renewable energy produced and purchased by local governments. At the 2017 US Conference of Mayors annual meeting, the US mayors passed the resolution to target 100% renewable energy by 2035, and subsequently, over 250 cities passed resolutions supporting the 100% renewable energy targets (USCM 2017).

Conventionally, municipalities are most concerned with their annual budgeting and less with influencing and impacting the energy consumption or policy related to energy management. Among many other researchers, Brownsword et al. (2004), Cumo et al. (2012), Droege (2006), Houck and Rickerson (2009), Hughes (2009), Keirstead et al. (2012), Kim et al. (2006), Lin and Huang (2009), Lior (2010) Mathiesen et al. (2010) all demonstrated the impact, opportunities, and challenges sustainable energy at local government level and the society in general. Moreover, Johnston et al. (2013) provided examples of energy conservation, renewable energy, building and land planning, transportation, and other sustainability

initiatives to promote fiscal and environmental soundness in Chicago, Ann Arbor, Vancouver, Houston, and other cities around North America. Local governments may use sustainable energy to assist them in reduction and avoidance of costs. Many communities use sustainable energy as an opportunity for savings, and ultimately for a more sustainable organization.

## States Renewable Energy Portfolio and Targets

Since Carley's (2009) review of the states' renewable energy policies effective, most states have been increasing their efforts to support renewable energy production and consumption. Most aggressive states utilize Renewable Portfolio Standards (RPS), which demands utilities to incorporate a certain percentage of renewable energy sold in their portfolio. While RPS varies from state to state, Durkay (2017) lists 29 states and the District of Columbia with the mandatory Renewable Portfolio Standards (RPS). The states of Hawaii and California have the most aggressive RPS, both with the 100% renewable energy target by 2045 with Hawaii setting up a target in 2015 and California in 2017. Vermont is another state with an RPS of 75% by 2032. Each state with the RPS has an incremental goal and specific percentages required to be met by utilities in the meantime.

**Additionally**, eight states have a voluntary renewable energy target. Finally, in addition to RPS, most of the state legislation include energy efficiency and energy consumption reduction goals as part of the requirements and in part to assist in achieving renewable energy targets. Reducing energy consumption enables a more natural attainment of the renewable energy target. While most policies behind RPS in states are due to increased constituents' demands for clean energy, and the economic development benefits from renewables, there are other motivating factors for adopting stricter mandates statewide for renewables. For instance, Yi and Feiock (2012) found the positive correlation between the supply-side policies and the demand-side policy innovation driving the adoption of the RPS at state levels of government.

## Measuring the Sustainable Energy Impact

The critical focus of sustainable energy policies at local government levels is reducing the negative impact of environmental damage from consumption of energy produced by fossil fuels. In addition to well-documented benefits of sustainable energy in local governments' operations and communities, cities require lowering annual Greenhouse Gas Emissions and meeting ecological and social goals (Burch 2010; Byrne et al. 2006; Lin and Huang 2009; MacKay 2009).

While social benefits are not immediately evident from the sustainable energy management, they may be inferred in the quality of life benefits. Energy is a significant cost driver for the entire organization, and by efficiently addressing energy cost, the city assures savings and reduces costs of operations, opening for reinvestment into the community. Ultimately, leading sustainable energy management practices can be applied it in the community, building successful programs and partnerships with other organizations using energy audits in homes and energy efficiency improvements.

The issue of using finite sources to power the energy needs of our society is as pertinent in the modern world as the impact of globalization, and increased competition for fossil fuels and other resources threatens the social and environmental balance of the world as a whole. The holistic system of interconnected elements of economics, sustainability, and energy-related resources represents a prospect to positively impact cities in a broader context of positive social change. It is imperative for organizations to be financially sustainable. However, it is also essential that they measure and report the overall environmental, governance, and social impacts beyond their economic gains (Alibašić 2017). The measurement of sustainable energy efforts is particularly imperative for the local and state governments, as they provide an immediate impact for their

constituents through service provision. As cities and communities across the globe attempt to implement sustainability program, policies, and projects, the future generations of policymakers need to be proficient in sustainability-related issues from the outset regardless of their desired career paths. Local governments involved in sustainability are committed to protecting environmental and social resources when seeking delivery of services most efficiently and efficiently. By actively pursuing sustainable energy options, including investments in the reduction of energy consumption, renewable energy production, and energy management, organizations attempt to impact their economic bottom line positively, and influence potential positive social and environmental outcomes, thus affecting positive social change.

## Conclusion

Local and state governments seek renewables, energy efficiency, and sustainable energy management to address budgetary constraints, constituents' demands, sustainability targets, and ongoing changes in energy markets. Cities and state governments use sustainable energy as a dynamic approach to long-term planning and countering negative economic, environmental, and social aspects of energy production and consumption. Sustainable energy policies and corresponding planning and policy implementation hold a promise of cleaner, more robust economic development driven energy production, with less cost and more benefits. Positive outcomes related to the successful deployment of sustainable energy platforms in cities have a ripple effect on communities and states, and vice versa.

## Cross-References


- ▶ Asset Management
- ▶ Ethics and Accountability
- ▶ Ethics of Sustainability
- ▶ Organizations and Environment


## References


Alibašić H (2017) Measuring the sustainability impact in local governments using the quadruple bottom line. Int J Sustain Policy Practice 13(3):37–45

Brownsword RA, Fleming PD, Powell JC, Pearsall N (2004) Sustainable cities– modeling urban energy supply and demand. Appl Energy 82:167–180. https://doi.org/10.1016/j.apenergy.2004.10.005

Burch S (2010) In pursuit of resilient, low carbon communities: an examination of barriers to action in three Canadian cities. Energy Policy 38:7575–7585. https://doi.org/10.1016/j.enpol.2009.06.070

Byrne J, Hughes K, Toly N, Wang Y (2006) Can cities sustain life in the greenhouse? Bull Sci Technol Soc 26:84–95. https://doi.org/10.1177/0270467606287532

Carley S (2009) State renewable energy electricity policies: an empirical evaluation of effectiveness. Energy Policy 37:3071–3081. https://doi.org/10.1016/j.enpol.2009.03.062

Chen C (2011) An analytical framework for energy policy evaluation. Renew Energy 36(10):2694–2702. https://doi.org/10.1016/j.renene.2011.02.023

Cumo F, Garcia DA, Calcagnini L, Rosa F, Cumo F, Sferra AS (2012) Urban policies and sustainable energy management. Sustain Cities Soc 4:29–34. https://doi.org/10.1016/j.scs.2012.03.003

Droege P (2006) The renewable city: dawn of an urban revolution. Bull Sci Technol Soc 26:141–150. https://doi.org/10.1177/0270467606287531

Durkay, J. (2017) State renewable portfolio standards and goals. National Conference of state legislators. Retrieved from: http://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx

Friedman K, Cooke A (2011) City versus national energy use: implications for urban energy policy and strategies. Procedia Eng 21:464–472

Geri LR, McNabb DE (2011) Energy policy in the U.S.: politics, challenges, and prospects for change. CRC press, Boca Raton

Houck J, Rickerson W (2009) The sustainable energy utility (SEU) model for energy service delivery. Bull Sci Technol Soc 29:95–107

Hughes K (2009) An applied local sustainable energy model: the case of Austin, Texas. Bull Sci Technol Soc 29(2):108–123

Johnston SA, Nicholas SS, Parzen J (2013) The guide to greening cities. Island Press, Washington, DC

Keirstead J, Jennings M, Sivakumar A (2012) A review of urban energy system models: approaches, challenges and opportunities. Renew Sust Energ Rev 16:3847–3866

Kim J, Han D, Na J (2006) The solar city Daegu 2050 project: visions for a sustainable city. Bull Sci Technol Soc 26:96–104

Lin QG, Huang GH (2009) A dynamic inexact energy systems planning model for supporting greenhouse gas emission management and sustainable renewable energy development under uncertainty – a case study

for the City of waterloo, Canada. Renew Sustain Energ Rev 13:1836–1853. https://doi.org/10.1016/j.rser.2009.01.021
Lior N (2010) Sustainable energy development: the present (2009) situation and possible paths to the future. Energy 35:3976–3994
MacKay DJC (2009) Sustainable energy: without the hot air. UIT Cambridge Ltd., Cambridge, England
Mathiesen BV, Lund H, Karlsson K (2010) 100% renewable energy systems, climate mitigation and economic growth. Energy 35(3):1381–13902
Meyar-Naimi H, Vaez-Zadeh S (2012) Sustainable development based energy policy making frameworks, a critical review. Energy Policy 43:351–361
Nersesian RL (2006) Energy for the 21st century: a comprehensive guide to conventional and alternative sources. M.E. Sharpe, Inc., Armonk/London
The United States Conference of Mayors (USCM) (2017) 2017 adopted resolutions. Energy. http://legacy.usmayors.org/resolutions/85th_Conference/proposedcommittee.asp?committee=Energy
The United States Environmental Protection Agency (EPA) (2017) Green power partnership top 30 local government https://www.epa.gov/greenpower/green-power-partnership-top-30-local-government
Yi H, Feiock RC (2012) Policy tool interactions and the adoption of state renewable portfolio standards. Rev Policy Res 29(2):193–206. https://doi.org/10.1111/j.1541-1338.2012.00548.x

# Sustainable Innovations in Ugandan Financial Institutions

Aziz Wakibi, Joseph Ntayi, Muhammad Ngoma, Isaac Nkote and Sulait Tumwine
Makerere University Business School, Kampala, Uganda

## Synonyms

Sustainable advances; Sustainable improvements; Sustainable inventions; Sustainable novelties

## Definition of Terms

Sustainable innovations: "the development of new products, processes, services and technologies that contribute to the development and well-being of human needs and institutions while respecting natural resources and regeneration capacities" (Tello and Yoon 2008, p. 165).

Organizational resilience: Organizational resilience has been defined as "the maintenance of positive adjustment under challenging conditions such that the organization emerges from those conditions strengthened and more resourceful" (Vogus and Sutcliffe 2007).

Self-organization: According to Kauffman (1993), self-organization is the spontaneous reallocation of energy and action and the creation of a coherent pattern and order out of local interaction through which autonomous and self-reinforcing organizational systems achieve a collective goal in a changing environment.

Institutional logics: Thornton et al. (2015, p. 2) define institutional logic as the socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences. **OR**

Cultural beliefs and socially shared rules that shape the cognition and behavior of actors, providing meanings for socially shared symbols and practices by providing legitimation criteria (Friedland and Alford 1991; Thornton et al. 2012).

Networks: Networks are treated as structures through which information and knowledge can be (unproblematically) transferred from suppliers to users so that the new "thing" can be adopted within the user firm. **OR**, Networks are referred to as dyadic relations and interdependence among actors (Gretzel 2001; Wasserman and Faust 2012).

## Background to the Study

The advent of the coronavirus disease pandemic in 2019 (COVID-19) never experienced before in our lifetimes has affected financial institutions especially commercial banks calling for rethinking, rebooting, and renewal of their internal processes to regain their consumers who have

changed the way they manage their finances (Shen et al. 2020a). The introduction of social distancing restrictions coupled with full or partial closures of government and private sector businesses to curb the spread of the corona virus disrupted significantly the way consumers manage their finances requiring commercial banks to change their innovation norms to suit the current uncharted business waters. The COVID-19 period characterized with widespread branch closures and shortened opening hours saw a number of reinventions among commercial banks. Although Uganda is slowly relaxing its COVID-19 confinement measures, mass gatherings are still not permitted and strict observance of hygiene practices like handwashing, wearing face masks, and the use of sanitizers remain in place. The increased quest to cope with the new normal requires financial institutions mostly commercial banks to comply with the Ministry of Health and World Health Organization Standard Operating Procedures for COVID-19 as demonstrated by Stanbic Bank Uganda Limited.

Stanbic Bank Uganda Limited (SBU), a subsidiary of Standard Bank of South Africa, started its operation in Uganda in 2002. This was after acquiring 90% of shareholding in Uganda Commercial Bank. It is among the 25 commercial banks licensed by Bank of Uganda under Tier 1. The bank has over 551,703 customers with 78 branches and 174 automated teller machines countrywide. The year 2019 closed with the emergence of COVID-19 pandemic which banks had not prepare for. The operations at the branches were interrupted by the implementation of COVID-19 pandemic standard operating procedures, which resulted into closure of most businesses. SBU witnessed low walk-in clients, less deposit, and withdrawal transactions, no more new account opening, low loan repayment, and less disbursed loans. This meant high cost of doing business in the financial services industry. However, due to the increased need for banking services under lockdown, SBU managed to rethink, renew its internal operations to continue providing services to its customers. The bank temporarily closed some branches and reorganized to ensure a rationalized operating capacity.

As an adaptive mechanism to cope with the scourge of COVID-19 pandemic, Stanbic Bank Uganda Limited redesigned the branches, put up new structures and processes like lining up while observing 4 meters social distance. Reducing the numbers of working staff and operating hours thus came up with new novelties of serving customers like online platform such as Stanbic App for online account opening (launched the Kwata-Kwata online account opening campaign) and other transactional services like contactless visa cards for payment at point-of-sale machines. Other innovations included forex trading, business online, enterprise online, flexipay, cash deposit machines, and hastened use of mobile banking, Internet banking, agent banking, and ATMs. The bank also upgraded its Microsoft systems, set up enterprise data office and learning platform, and invested in data capabilities through provision of Wi-Fi and modems to its staff to enable online banking and sessions.

The bank had to rethink and balance its stakeholder, professional, commercial, and social norms of doing business. It adopted measures that improve the well-being of the employees, clients, and external stakeholders. It put in place measures to ensure health and safety of its stakeholders, adhered to the necessary social distancing measures, supported government with protective gears for frontline workers, encouraged clients to wear face masks and ensure proper disposal of used ones, and networked with Ministry of Health to promote the "Tonsemberera" – Keep Your Distance campaign. The bank has also focused on developing sustainable programs that have a positive impact on communities through its corporate social investment (CSI) programs. Stanbic doubled its investment in corporate social responsibility to enhance all efforts to support vulnerable communities during the pandemic.

SBU offered credit relief programs such as loan holiday packages for its customers to redress the economic impact caused by COVID-19 and ensure that customer's businesses are sustained and the impact on the economy is minimized. The bank reduced on its prime lending rate to 16% on top of waiving loan facility fees and ensuring a guaranteed response time of 3 days

once clients apply for facilities. In partnership with UN, SBU established an Economic Enterprise Restart Fund (EERF) to restart the economy and drive growth by providing a syndicated fund to small and microenterprises and SACCOs, VSLAs, and non-deposit-taking MFIs to survive, recover, and thrive during and post-COVID-19 impact. Stanbic created a number of networks to survive the troubled business environment. In partnership with UNDP, Stanbic launched a Youth-4-Business Innovation and Entrepreneurial Facility intended to spur impact-driven entrepreneurship, foster innovation, and leverage business solutions to address the youth unemployment challenge, and enable micro, small, and medium enterprises (MSMEs) recover from the impacts of COVID-19. SBU partnered with Wamawo, a logistical agent in China. Stanbic clients now send specifications to Wamawo to source for them and facilitate everything and products are received in Uganda. They launched the trade-sure insurance to provide cover for goods in transit. It networked with mobile operators to protect customers from fraud on mobile banking platform.

The bank is protecting the environment and value environmental quality more than their institution comfort. SBU is promoting green energy to do away with deforestation. It has partnered with companies such as M-Kopa, to provide solar at a microlevel to light up schools and households, and Uganda Breweries Limited (UBL) in a new awareness campaign against deforestation by encouraging public to plant trees to stimulate sustainable development and save the environment. SBU signed an MOU with Kampala Capital City Authority (KCCA) to promote responsible use and recycling of plastic waste for sustainable environmental protection in Kampala. The bank is undertaking environmental research to better analyze credit risk. This has helped the bank with better ways to understand environmental and social impacts and incorporate these into their investment decisions. It started participating in green electricity programs, signed up for a carbon offsetting program, implemented electricity saving activities, and adapting the use of energy-efficient technologies such as light bulbs to reduce on energy consumption. They introduced paperless deposits.

Through its communication mix, SBU reached to its borrowers to understand their challenges, how COVID-19 has impacted their businesses, and to help advise them on how to revamp their businesses. This helped them to maintain relationship with existing stakeholders. Most businesses have picked up and are running again. SBU has worked under BOU which has provided a much-needed regulatory refresh to support innovations during this pandemic. The bank has also adhered to codes of best practices. The bank formed collaborations and alliances with actors involved in the community like KCCA, UBL, UN, and other government agencies to stress the relevance of measuring and monitoring sustainable development issues.

The bank has attained reasonable results from its interventions. The bank has increased its loan portfolio as a result of reduced interest rates by 5%. The number of customers has increased to over 552,000. A total of 1,059 new accounts were opened through the online platform. A great number of clients are now transacting via online. SBU investments increased by 15% to UShs 2.9bn from UShs 2.5bn in 2018, with over 374,169 beneficiaries. Loans disbursed in 2019 increased by 23% to UShs 2.1tn providing financial intermediation to various sectors. Further digitization: A 28% drop in paper consumption year on year. Energy efficiency: 5% drop in energy utilization and 9% drop in fuel consumption. Paper consumption dropped by 28%, following the recycling initiatives on archival boxes and implementation of paperless deposits, backed by continued momentum on digital and alternate channels (Stanbic bank annual report, 2019 page: 58–121). The bank offered credit relief to over 1,600 clients across business sectors. The bank has over 40,000 SME clients, and over 60% of its loan portfolio was restructured to provide financial relief to small and medium enterprises (SMEs).

The activities adopted by SBU have put back banking into the hands of clients wherever and whenever they are during the outbreak of COVID-19 pandemic. With over 2,700 active agents

across the country, it has demystified brick and mortar banking to create a win-win situation for the bank and its clients. This has resulted into cost-effectiveness of clients' touch points. SBU has been in position to attract new and maintain ongoing clients due to interventions. As a result of Internet and business online banking, over 85% of all the bank's transactions are now executed digitally. That is, there is a gradual increase of transaction activities through its innovative digital channels.

The success of Stanbic bank's activities during the outbreak of COVID-19 was accomplished when management of SBU evoked its major core values (institutional logics). This informed its interventions and predestined that the bank has to self-organize, develop adaptive and robust mechanisms, and interact and share information with other institutions through networking. As a result, SBU created a system which enabled them bounce back, absorb disturbance, and undergo change. SBU was able to survive, adapt, and transform through its innovations which are sustainable in the face of change and uncertainty. This is in agreement with Nkundabanyanga et al. (2020) who observed that for Uganda's financial institutions to survive, they must be highly innovative and resilient. Additionally, the bank has also uphold its entire business model (logics) which is based on trust, integrity, proactivity, working in teams, and servicing customer. They have done everything in their powers to ensure that customers are provided with products, services, and solutions to suit their needs. Therefore, the content of this reality can be elucidated by theory of institutional logics (Thornton and Ocasio 1999) and complexity theory (Goldstein et al. 2010).

The theory of institutional logics advanced by Thornton and Ocasio (1999) is based on the premise of understanding individual and organizational behavior by investigating in a social and institutional context, which ought to regulate behavior as well as providing opportunities for intervention and change. During the COVID-19 outbreak, sustainable innovations were attained through reevaluating the market, professional and stakeholder logics, and institution's core values but not limited to its norms, regulating roles, and practices. When SBU reduced its working hours and waved off transactional fees on digital services, it was implementing its internal and BOU's guidelines. These regulations and norms are deliberative construct of institutional logics. Thornton and Ocasio contend that institutional logics through market, professional, and stakeholder functioning in combination can withstand collaboration and enforce sustainable innovations in a recurrent game context. Therefore, this theory if adopted may affect positive actions of financial institutions in attaining sustainable innovations. However, this theory does not explain how the bank absorbed and bounced back from adversities, does not address adaptation, self-organization, and key features of networks such as ties, interaction, and interdependence which control the amount of information flow (Katz et al. 2005). Hence, this insufficiency could be addressed by complexity theory.

The complexity theory advanced by Goldstein et al. (2010) represents a framework for pre-existing order and structure in the system and within its ecology, such as constraints on the system and capabilities within the organization which are critical for the emergence of a new order. These new patterns and structures are capable of forming transformation and adapt to adversities through networking. Depicting from the reality in the story, SBU has been able to network, self-organize, and subsequently adapt by delivering on new several innovations for clients. These initiatives such as online account opening, mobile banking and lending, enhanced agent banking, and Stanbic App among others helped the bank to bounce bank and pushed the services in the hands of clients in such a multifaceted environment. These financial institutions are complex organizations with systems and processes that self-organize, adapt, and network in order to meet changing needs of the clients. If this theory is adopted it will form a comprehensive model to enhance sustainable innovation in the banks. This theory, however, is limited in explaining how agents and players with divergent commands can facilitate sustainable innovations in financial

institutions. This deficiency can be addressed by institutional logics theory. This study therefore advocates for the merger of the above two theories in explaining the phenomena.

Financial institutions worldwide are expanding their business continuity and sustainability teams in order to remain competitive and survive amid the COVID-19 outbreak, thereby creating a new normal for the post-corona period. There is growing evidence supporting the introduction and implementation of innovations (process, technology extra) in commercial banks in order to meet the needs of their financial consumers. However, the survival of firms in the post-COVID-19 era will require a fundamental shift from the traditional bank innovations approaches to sustainable innovations models (Wilson and Tyfield 2018). Moreover, research on sustainable innovations is still in its infancy and places excessive emphasis on corporate social responsibility rather than on the sustainability of business operations (Shen et al. 2020b). Extant literature has tended to focus its attention on process innovation (Tsinopoulos et al. 2018; Un and Asakawa 2015), product innovation (De Massis et al. 2015; Marzi et al. 2017), structural innovation (Geels 2004), technology innovation (Aruna and Santhi 2015), and social innovation (van Wijk et al. 2019; Alexander et al. 2020; Cuntz et al. 2020) with little emphasis on sustainable innovations especially in financial institutions. Most of these studies are steered from different theoretical perspectives of the resource-based view of the firm (Kang and Na 2020), resource dependence theory (Davis and Cobb 2010), stakeholder theory (Munodawafa and Satirenjit 2019), institutional theory (Pekkanen 2021), and agency theory (Cardoni et al. 2020). However, these theories offer only limited explanation of sustainable innovations. Additionally, those studies that have endeavored to include the element of sustainability have comprehensively focused on the economic and social components disregarding environmental perspectives (Seuring and Muller 2008). These scholars have studied innovations during stable periods not affected by any pandemic, thereby largely snubbing complexity theory. This results into undertheorization of sustainable innovations. Yet to achieve sustainability outcome through innovation activities, financial institutions need to broadly consider environmental aspect. Sustainable innovations is no longer a choice but a necessity, and it must be incorporated into the DNA of every activity and business especially in financial institutions. This paper adopts a multitheoretical approach combing complexity and institutional logics theories to explain sustainable innovations among financial institutions.

## Sustainable Innovations: Conceptualization and Antecedents

The sustainable innovations exhibited by Stanbic bank during COVID-19 pandemic can be explained by institutional logics of intuitional logics theory (Thornton et al. 2012), and constructs of self-organization, networks, and organizational resilience which are derived from complexity theory. Figure 1 reveals the relationship which exists between institutional logics, self-organization, networks, organizational resilience, and sustainable innovations.

As can be seen in Fig. 1, the conceptualization of sustainable innovations and the constructs predictability are guided by the complexity theory and the theory of institutional logics. The complexity theory and the theory of institutional logics offer metaphors which are used to build the conceptual model. Complexity theory provides an integrative and dynamic framework to understand the interaction patterns in networks of interdependent agents who interact and are bound by their common needs or objectives. It is therefore suggestive that through these vigorous interactions and adaptive orientation of systems new things, occurrences, and behaviors tend to emerge. We see new patterns developed and old ones changed as is the case of Stanbic bank. Complexity theory lies at the heart of what innovation scholars are interested to study: the dynamics and emergence of new order. Complexity theory seeks to investigate the properties and behavior of the dynamics of nonlinear systems and provides an opportunity to reexamine reductionist and mechanistic thinking, thereby

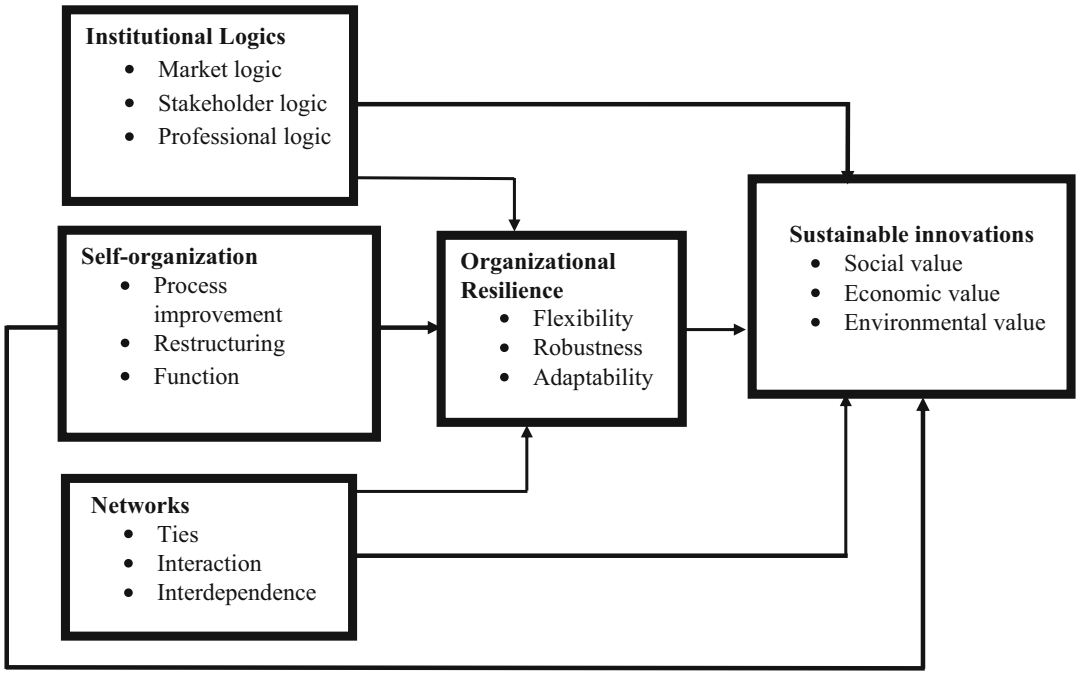


**Sustainable Innovations in Ugandan Financial Institutions, Fig. 1** Antecedents and dimensions of sustainable innovations

providing a more holistic view (Aritua et al. 2009). This theory demonstrates a link between complexity and sustainable innovations among financial institutions. This is supported by empirical work of Castells (2000), who found that emergence of the Internet and of the "network society" has been accompanied by the development of the "science of networks" (Watts 2003; Newman et al. 2005). However, the theory disregards the concerns connected with institutional logics to achieve sustainable innovations. This imperfection is addressed by the theory of institutional logics.

Institutional logics improve the space of sustainable innovations through the establishment of market and professional stakeholder that shape the behavior of actors through existing laws and regulations. Therefore, the theory of institutional logics has been incorporated in the model to predict sustainable innovations. Empirical evidence shows that sustainable innovations can occur in existing institutions, as they adapt to address new opportunities, changed environments, or new cultural sensibilities (Glynn and Raffaelli 2015).

Institutional logics is one of the ways through which FIs can self-organize and form networks. These networks that include ties, interactions, and interdependence boost great flow of information within strong and weak ties of agents (Katz et al. 2005). These networks eliminate bottlenecks and influence connections among key employees (Cross et al. 2007) who contribute to organizational functioning by supporting greater organizational communication and access to resources (Forret and Dougherty 2004). As a result, an organization can transform itself into a resilient organization by the best allocation of available resources to continuity and recovery plans (Ates and Bititci 2011; Boin and van Eeten 2013; Llorens et al. 2013). Building resilience in the workforce is key to adapting to the challenges ahead and banks are able to move mountains (Richardson and Ingoglia 2020) to cope, bounce back, and adjust in the face of this unprecedented

adversity (COVID-19). Consequently, this gives the FIs a superior hand in influencing sustainable innovations through creation of a resilient organization. This suggests that institutional logics role in influencing sustainable innovations is mediated by self-organization, networks, and organizational resilience. Table 1 provides a summary of the two theories reviewed for this paper.

**Sustainable Innovations in Ugandan Financial Institutions, Table 1** Summary of reviewed theories

| Theories | Theory summery/Focus | Weaknesses | Variables |
|---|---|---|---|
| **Complexity theory** Goldstein et al. (2010) | Provides an integrative and dynamic framework to understand the interaction patterns in networks of interdependent agents who interact and are bound by their common needs or objectives<br>The theory focuses on open dynamical systems that are able to self-organize their structural configuration through the exchange of information, energy, and other resources within their environment, and are able to transform these resources in order to support action<br>The theory focuses on systems that are adaptive, absorptive, and evolve while they self-organize<br>The theory explains agents whose interactions result in self-organization, emergence, and adaptation<br>The theory elucidates the world as being a complex system, with complex interactions and large networks of components with no central control and leadership<br>Studies the behavior of complexity interacting, interdependent, and adaptive agents under internal and external pressures. | There is a lack of integrated accounts of what complexity actually means in terms of sustainable innovation, and how complexity theory could be plausibly applied to studying innovation<br>Criticized for its overtly "creative" and metaphoric use of concepts derived from the natural sciences and for the inapplicability of its theories to the social context. In addition, scholars have demanded a stronger link between theory building, mathematical and computational modeling, and empirical evidence<br>The lack of novelty. Critics have argued that complexity theory represents little more than an elaboration of theopen systems paradigm<br>Lack of theoretical and methodological coherence. The use of complexity theory concepts and methods in organizational studies has led to unique epistemological features, lack of theoretical coherence, and, accordingly, to a number of misconceptions<br>It ignores the linear approximations and it is difficult to foresee emergent behaviors from the characteristics and relationships of the systems. | Self-organization<br>Networks<br>Organizational resilience |
| Institutional logics theory (Thornton and Ocasio 1999). | Contributes to institutional theory through its capacity to explain institutional change and agency. This is conditioned by the definition of institutional logics as different "sets of symbolic meaning and practices" which coexist and create friction in actors' perceptions of social reality. Because individual actors cannot readily reconcile the different logics, they must creatively find solutions to this friction<br>Institutional logics are deeply embedded in organizational members' cognition and preferences, and they influence how members of organizations interpret and act in their relationships with others<br>Institutional logics influence human attitudes and engage human behavior | Institutional logics tends to treat "all organizations as though they are the same" and therefore "ignore[s] the obvious heterogeneity of organizations." Instead, we need to theorize, say the authors, about the *differences* across organizations<br>The theory also ignores the existence of opportunistic behavior in the market place | Institutional logics |

## Discussion

This review adopts a multitheoretical approach to explain sustainable innovations and the section below discusses the variables of the conceptual model. It stipulates the relationships between variables in a theoretical approach and highlights existing empirical evidences related to these variables.

### Conceptualization of Sustainable Innovations

The concept of sustainable innovations is described as the development of new products, processes, services, and technologies that contribute to the development and well-being of human needs and institutions while respecting natural resources and regeneration capacities (Tello and Yoon 2008). According to Bos-Brouwers (2010), sustainable innovations is innovations in which the renewal or improvement of products, services, technological, or organizational processes not only delivers an improved economic performance, but also an enhanced environmental and social performance, both in the short and long term have the capacity to generate positive social and environmental impacts. Szekely and Strebel (2013) also described sustainable innovations as the creation of something new that improves performance in the three dimensions of sustainable development: social, environmental, and economic. Such improvements are not limited to technological changes, and may relate to changes in processes, operational practices, business models, thinking, and business systems. In addition, Adams et al. (2016) state that sustainability-oriented innovation relates to changing philosophy and organizational values, as well as products, processes, or practices, in order to attain the specific purpose of creating and realizing social and environmental value, beyond economic returns. Thus, sustainable innovations is company's strategic and systematic attitude regarding economic, social, and environmental aspects, and not only to isolated actions, such as the development of new environmentally responsible processes and products.

### Institutional Logics and Sustainable Innovations

Institutional logics (ILs) is considered as a socially constructed perspective (Thornton and Ocasio 1999). They postulate that ILs are both material and symbolic, provide the formal and informal rules of actions, interactions, and interpretation that guide and constrain decision-makers. In the recent works, major societal institutions (for example, family) often present conflicting logics (Thornton and Ocasio 1999). Hence, it is argued that sustainable innovations could be practiced in competition and during unprecedented situations with other logics (such as., commercial, growth) (Zhu et al. 2016; Ren et al. 2017). IL represents the beliefs, culture, and regulations that guide how individuals and organizations think and behave, (Durand and Thornton 2018) and the assumptions and values that undergird their social interactions. It can form a fixed cognitive framework and be a standard for measuring legitimacy (Thornton et al. 2012). Indeed, Jarzabkowki et al. (2016) argue that when building theoretical contributions, we add to the sustainable innovations literature by presenting an approach that foster sustainable actions and stimulates a transition to sustainability. We therefore conclude that *institutional logics affect sustainable innovations.*

### Self-Organization and Sustainable Innovations

In the complexity theory, self-organization refers to the phenomena or patterns that explain how sustainable innovation components interact without central control (Anderson 1999). Sustainable innovation consists of independent components whose interactions are governed by a system of recursively applied rules that naturally generate stable structures. They self-organize as the natural result of nonlinear interactions. As a consequence, self-organization is based on the firm's adaptability and its reaction to the transformation of sustainable innovation components, a natural result of nonlinearity but one that generates a new order and configuration of the sustainable innovation structure (McCarthy et al. 2016). Anecdotal evidence reveals that bank employees are now

increasingly engaged in informal and loosely structured arrangements that advance new ideas in the commercial banking industry. The non-linear interactions between various elements of the bank stakeholders have created new structures. These loosely structured arrangements have created interactive dynamics between bank employees and the commercial banking environment during different phases of the self-organization. Self-organization arose to address market deficits in meeting bank customers' changing needs or concerns that arose during COVID-19 pandemic. The coevolving relationships between the different bank stakeholders involved developing innovative products and technology collaboratively. *We can therefore conclude self-organization and sustainable innovations are related.*

### Networks and Sustainable Innovations

The concept of networks through the dimensions of ties, interaction, and interdependence promotes information flow about sustainable innovations on economic, social, and environmental aspects. In this way, networks allow firms to innovate more quickly and develop new useful knowledge that is beyond their individual competences. They need external knowledge, i.e., knowledge that is beyond their hierarchical control, in the innovation process (Ferreira et al. 2013). Relatedly, Bongomin et al. (2018) revealed that the dimensions of ties and interaction significantly explain financial inclusion but interdependence as a dimension of social network was not a significant predictor of financial inclusion of the poor in rural Uganda. In the same way, Karlsson et al. (2015) found that members of a network may develop joint knowledge and product-specific language over time which helps to reinforce these relationships. These linkages therefore provide a structure to the organization of these firms. The dynamics of these network links therefore have an important impact on the innovation processes. Moreover, Nunes and Lopes (2012) showed that firms need external knowledge to develop their innovation activities and establish cooperation with other organizations to obtain that extra knowledge. In addition, Nunes et al. (2017) suggested that when interactions are considered and firms increase the level of interaction, they obtain better innovation results implying that as firms increase the intensity of interaction, they can introduce all types of innovation (product, process, and organizational). We therefore conclude that *networks relate to sustainable innovations.*

### Organizational Resilience and Sustainable Innovations

The concept of organizational resilience is referred to as the organization's ability to effectively absorb, develop situation-specific responses to, and engage in transformative activities that capitalize on disruptive surprises that can potentially threaten organizational survival (McManus 2008; Lengnick-Hall et al. 2011; Duchek et al. 2019). For instance, Lengnick-Hall et al. (2011) argue that organizational resilience results from organizational capabilities, routines, practices, and processes. In this regard, organizational resilience is the capability of the organization to foresee and resist events by adapting to them and naturally recovering (Jaja and Amah 2014). Building organizational resilience is a strategic initiative that changes the way an organization operates (Sheffi and Rice Jr 2005). Recent research agrees that organizational resilience is a complex, multifaceted, and multidimensional construct; however, the utilized notions and definitions of resilience vary greatly depending on the particular research context. According to Lee et al. (2013), Prayag et al. (2019), and Fang et al. (2020), two dimensions are used to measure organizational resilience: planned resilience which involves the use of existing, predetermined planning and capabilities, as exemplified in business continuity and risk management planning; and adaptive resilience which involves organizations developing new capabilities through dynamically responding to emergent situations that are outside of their plans. Moreover, Barasa et al. (2018) establish that resilience is a system's ability to continue to meet its objectives in the face of challenges and that resilience is both a function of planning and preparing for future crisis (planned resilience), and adapting to chronic stresses and acute shocks (adaptive resilience).

Other scholars like Kantur and İşeri-Say (2012) study resilience improvement using three dimensions, namely robustness, integrity, and agility.

The concept of organizational resilience comes from the complexity theory which is concerned with the way in which systems are created in interaction of agents that follow collective rules of behavior (Holland 1995; Kauffman 1993; Mitchell 2009) and that it provides the analytic tools and concepts with which to study these dynamics. Complexity theory originates from the natural sciences, but there is now an increasing trend to study social organizations such as financial institutions as complex adaptive systems. From the complexity standpoint, Carlisle and Mcmillan (2006) describe organizations as dynamical systems. They are complex adaptive systems comprised of agents (people) who experiment, explore, self-organize, learn, and adapt to changes in their environments. Complex systems are thus open and adaptive systems consisting of agents, interactions, and an environment. Further, Duchek (2020) suggests that resilience is a fundamental organizational ability that is directed toward organizational advancement in terms of firms withstanding stresses, continuously innovate, and quickly adapt to changes. With regard to sustainable innovation, in the course of interactions, financial institution's agents will modify their behavior, upon reacting to and considering the behavior of other agents, which calls for adjustments in the behavior, implying high adaptability to any changes. We can therefore conclude that *organizational resilience affects sustainable innovations.*

## Conclusion and Directions for Future Research

From the ongoing we can conclude that institutional logics, self-organization, networks, and organizational resilience combine in multiple ways to explain sustainable innovations in commercial banks during a pandemic period. However, there is need to undertake empirical studies to prove the construct combinations, interactions, and mediations that occur to influence sustainable innovations. The empirical study is especially necessary since the concept of organizational resilience has emerged in numerous fields to measure organization's capacity to resist or manage stressful events and adapt to sudden unfavorable change or internal and external shocks. The COVID-19 pandemic has affected financial institutions in many ways requiring institutions to reengineer their processes. The SBU has worked extremely efficiently in a completely unfamiliar COVID-19 pandemic situation. This phenomenon could be explained by the various bank innovations which provided fast-paced adaptability to cope with the current COVID-19 pandemic and enable sustained growth.

Stanbic bank (SBU) offers a good example of reinventing their operations. Currently, a good number of clients are transacting business online. Benefits of innovations in SBIU include:

1. Energy efficiency: A drop in energy utilization and a drop in fuel consumption.
2. Paper consumption dropped, following the recycling initiatives on archival boxes and implementation of paperless deposits, backed by continued momentum on the banks digital and alternate channels (Stanbic bank annual report, 20,120).
3. All the branches are now operating and staff are back to work. This clearly indicates that financial business sentiment has been boosted.

Secondary, SBU had to quickly self-organize and adapt in order to serve its customers. COVID-19 period forced SBU to create connections among financial institutions and technology companies and regulators in new ways. The resulting interactions and innovations increased the pace of self-organization and the establishment of activities like business recovery and continuity planning, and crisis management which are vital for sustainable innovations. The web of networks established resulted in sustainable innovations. However, it is worth noting that some of the product, process, technology, and social innovations are incremental in nature and benefit from coordinating a stable network of alliances. I hope these networks will be

sustained, developed, and utilized. However, there is need to undertake empirical research to ascertain the link between the institutional logics (market logic, stakeholder logic, professional logic, social logic, and sustainability logic), network ties, resilience, and sustainable innovations in financial institutions.

Although the current economic and social impacts of the COVID-19 pandemic are detrimental, financial institutions may have to innovate and provide sustainable finance products to scale up their commitments toward engaging in environmental and social encounters in a responsible recovery. The digital economy is creating new business models with stronger emphasis on resource optimization. Engaging in partnerships and cocreating funding models will satisfy the needs of the current bank customers while ensuring meeting the needs of the future generation. Self-organization and adaptation has created green customers, efficiency, and cost savings in financial institutions. The need for office space has shrunk with work from anywhere being the norm of the day.

## Cross-References

► Social Innovation

## References

Adams R, Jeanrenaud S, Bessant J, Denyer D, Overy P (2016) Sustainability-oriented innovation: a systematic review. Int J Manag Rev 18(2):180–205

Alexander GC, Stoller KB, Haffajee RL, Saloner B (2020) An epidemic in the midst of a pandemic: opioid use disorder and COVID-19. Ann Int Med. https://doi.org/10.7326/m20-1141

Anderson P (1999) Complexity theory and organizational science. Organ Sci 10(3):216–232

Aritua B, Smith NJ, Bower D (2009) Construction client multi-projects – a complex adaptive systems perspective. Int J Pro Manag 27(1):72–79. https://doi.org/10.1016/j.ijproman.2008.02.005

Aruna S, Santhi P (2015) Impulse purchase behaviour among generation-Y. IUP J Market Manag XIV(1). Available at SSRN: https://ssrn.com/abstract=2805619

Ates A, Bititci U (2011) Change process: a key enabler for building resilient SMEs. Int J Prod Res 49(18):5601–5618. https://doi.org/10.1080/00207543.2011.563825

Barasa E, Mbau R, Gilson L (2018) What is resilience and how can it be nurtured? A systematic review of empirical literature on organizational resilience. Int J Health Policy Manag 7(6):491–503

Boin A, Eeten MJG (2013) The resilient organization. Public Manag Rev 15(3):429–445. https://doi.org/10.1080/14719037.2013.769856

Bongomin COG, Munene CJ, Ntayi MJ, Malinga AC (2018) Social network: testing the predictive power of its dimensions in explaining financial inclusion of the poor in rural Uganda. Afr J Econ Manag Stud 9(3): 388–406

Bos-Brouwers HEJ (2010) Corporate sustainability and innovation in SMEs: evidence of themes and activities in practice. Bus Strateg Environ 19(7):417–435

Cardoni A, Kiseleva E, Taticchi P (2020) In search of sustainable value: a structured literature review. Sustainability 12:615

Carlisle Y, Mcmillan E (2006) Innovation in organizations from a complex adaptive systems perspective. Emerege Complex Organ 8(1):2–9

Castells M (2000) Toward a sociology of the network society. Contemp Soc 29(5):693–699. Published by: American Sociological Association https://www.jstor.org/stable/2655234

Cross DE, McDevitt RM, Hillman K, Acamovic T (2007) The effect of herbs and their associated essential oils on performance, dietary digestibility and gut microflora in chickens from 7 to 28 days of age. Br Poult Sci 48: 496–506

Cuntz A, Foray D, Mostovova E (2020) On the economics of social innovation – a conceptual framework and its policy implications. Innovation 1–19. https://doi.org/10.1080/14479338.2020.1735394

Davis GF, Cobb J (2010) Resource dependence theory: past and future. Res Sociol Organ 28:21–42

De Massis A, Frattini F, Pizzurno E, Cassia L (2015) Product innovation in family versus non-family firms: an exploratory analysis. J Small Bus Manag 53(1):1–36

Duchek S (2020) Organizational resilience: a capability-based conceptualization. Bus Res 13:215–246

Duchek S, Raetze S, Scheuch I (2019) The role of diversity in organizational resilience: a theoretical framework. Bus Res 13:387–423

Durand R, Thornton P (2018) Categorizing institutional logics, institutionalizing categories: a review of two literatures, vol 12. Social Science Electronic Publishing, Rochester

Fang S (Echo), Prayag G, Ozanne LK, de Vries H (2020) Psychological capital, coping mechanisms and organizational resilience: insights from the 2016 Kaikoura earthquake, New Zealand. Tour Manag Perspect 34 (10063):2211–9736. https://doi.org/10.1016/j.tmp.2020.100637

Ferreira J, Raposo M, Rutten R, Varga A (2013) Cooperation, clusters, and knowledge transfer – universities and firms towards regional competitiveness. Advances in Spacial Science, Springer, ISBN: 978-3-642-33193-0. http://www.springer.com/economics/regional+science/book/978-3-642-33193-0?detailsPage=authorsAndEditors4

S

Forret ML, Dougherty TW (2004) Networking behaviors and career outcomes: differences for men and women? J Organ Behav 25(3):283–311. ABI/INFORM Global pg. 419

Friedland R, Alford R (1991) Bringing society back in: symbols, practices, and institutional contradictions. In: Powell W, DiMaggio P (eds) The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 232–266

Geels FW (2004) From sectoral systems of innovation to socio-technical systems insights about dynamics and change from sociology and institutional theory. Res Policy 33:897–920

Glynn MA, Raffaelli R (2015) Logic pluralism, organizational design, and practice adoption: the structural embeddedness of csr programs. In Institutional Logics in Action, Part B. Published online: 09 Mar 2015;175–197. https://doi.org/10.1108/S0733-558X(2013)0039AB019

Goldstein J, Hanzy JK, Lichtenstein BB (2010) Complexity and the nexus of leadership: leveraging nonlinear science to create ecology of innovations, 1st edn. Palgrave and Macmillan, United States

Gretzel U (2001) Social network analysis: introduction and resources. Technology Studies in Education

Holland JH (1995) Hidden order: how adaptation builds complexity. Free Press, New York

Jaja SA, Amah E (2014) Mentoring and organizational resilience: a study of manufacturing companies in Rivers state. IOSR J Bus Manage(IOSR-JBM) 16(10):1–9

Jarzabkowki P, Kaplan S, Seidl D, Whittington R (2016) On the risk of studying practices in isolation: linking what, who, and how in strategy research. Strateg Organ 14:248–259

Kang S, Na YK (2020) Effects of strategy characteristics for sustainable competitive advantage in sharing economy businesses on creating shared value and performance. Sustainability 12:1397

Kantur D, İşeri-Say A (2012) Organizational resilience: a conceptual integrative framework. J Manag Organ 18(6):762–773

Karlsson C, Johansson B, Stough RR (eds) (2015) Industrial clusters and inter-firm networks. Edward Elgar publishing, Cheltenham

Katz N, Lazer D, Arrow H, Contractor NS (2005) Applying a network perspective to small groups: theory and research. In: Poole MS, Hollingshead AB (eds) Theories of small groups: an interdisciplinary perspective. Sage, Newbury Park

Kauffman SA (1993) The origins of order: self-organization and selection in evolution. Oxford University Press, London

Lee AV, Vargo J, Seville E (2013) Developing a tool to measure and compare organizations' resilience. Natl Hazards Rev 14(1):29–41

Lengnick-Hall CA, Beck TE, Lengnick-Hall ML (2011) Developing a capacity for organizational resilience through strategic human resource management. Hum Resour Manag Rev 21(3):243–255

Llorens H, Saquete E, Navarro-Colorado B (2013) Applying semantic knowledge to the automatic processing of temporal expressions and events in natural language. Inf Process Manag 49(1):179–197. https://doi.org/10.1016/j.ipm.2012.05.005

Marzi G, Dabić M, Daim T, Garces E (2017) Product and process innovation in manufacturing firms: a 30-year bibliometric analysis. Scientometrics 113:673–704

McCarthy I, Tsinopoulos C, Allen P, Rose-Andersen C (2016) New product development as a complex adaptive system of decisions. J Prod Innov Manag 23: 437–456

McManus S (2008) Organisational resilience in New Zealand, Ph.D. thesis, University of Canterbury

Mitchell M (2009) Complexity: a guided tour, complexity. Oxford University Press, New York

Munodawafa RT, Satirenjit KJ (2019) A systematic review of eco-innovation and performance from the resource-based and stakeholder. Sustainability 11:6067

Newman MEJ (2005) Power laws, Pareto distributions and Zipf's law. Contemp Phys 46(5):323–351

Nkundabanyanga SK, Mugumya E, Nalukenge I, Muhwezi M, Najjemba GM (2020) Firm characteristics, innovation, financial resilience and survival of financial institutions. J Account Emerg Econ 10(1): 48–73

Nunes S, Lopes R (2012) The importance of external knowledge in the firm innovation process. In: Bernhard I (ed) 15th Uddevalla symposium 2012, entrepreneurship and innovation networks, Algarve University, Faro 14–16 June. Research reports 2012:02, University West, Sweden

Nunes S, Lopes R, Fuller-Love N (2017) Networking, innovation, and firms' performance: Portugal as illustration. J Knowl Econ 10(3):899–920

Pekkanen TL (2021) Institutions and agency in the sustainability of day-to-day consumption practices: an institutional ethnographic study. J Bus Ethics 168:241–260. https://doi.org/10.1007/s10551-019-04419-x

Prayag G, Spector S, Orchiston C, Chowdhury M (2019) Psychological resilience, organizational resilience and life satisfaction in tourism firms: insights from the Canterbury earthquakes. Curr Issue Tour 23(10):1216–1233

Ren H, Wang R, Zhang S, Zhang A (2017) How do internet enterprises obtain sustainable development of organizational ecology? A case study of LeEco using institutional logic theory. Sustainability 9:1375

Richardson J, Ingoglia C (2020) Best practices for telehealth during COVID-19 public health emergency. National Council for Behavioral Health, Washington. https://www.drugsandalcohol.ie/32019/. Retrieved on September 11, 2021

Seuring S, Muller M (2008) From a literate review to a conceptual framework for sustainable supply chain management. J Clean Prod 16:1699–1710

Sheffi Y, Rice JB Jr (2005) A supply chain view of the resilient enterprise. MIT Sloan Manag Rev 47(1): 41–48
Shen M, Peng Z, Xiao Y, Zhang L (2020a) Modelling the epidemic trend of the 2019 novel coronavirus outbreak in China. The Innovation. https://doi.org/10.1016/j.xinn.2020.100048
Shen T, Siraj A, Jiang H, Zhu Y, Li J (2020b) Chinese-style innovation and its international repercussions in the new economic times. Sustainability 12(5):1859. https://doi.org/10.3390/su12051859
Szekely F, Strebel H (2013) Incremental, radical and game changing: strategic innovation for sustainability. Corp Gov 13(5):467–481
Tello SF, Yoon E (2008) Examining drivers of sustainable innovation. Int J Bus Strategy 8(3):164–169
Thornton PH, Ocasio W (1999) Institutional logics and the historical contingency of power in organizations: executive succession in the higher education publishing industry. Am J Sociol 105: 1958–1990
Thornton PH, Ocasio W, Lounsbury M (2012) Institutional logics perspective. Oxford University Press, Oxford, UK
Thornton GC III, Rupp DE, Hoffman BJ (2015) Assessment center perspectives for talent management strategies, 2nd edition. Routledge, New York, NY
Tsinopoulos C, Sousa CMP, Yan J (2018) Process innovation: open innovation and the moderating role of the motivation to achieve legitimacy. J Prod Innov Manag 35(1):27–48. Product Development & Management Association
Un CA, Asakawa K (2015) Types of R&D collaborations and process innovation: the benefit of collaborating upstream in the knowledge chain. J Prod Innov Manag 32(1):138–153
Van Wijk J, Zietsma C, Dorado S, de Bakker FGA, MartiI (2019) Social innovation: integrating micro, meso, and macro level insights from institutional theory. Bus Soc 58(5):887–918
Vogus TJ, Sutcliffe KM (2007) Organizational resilience: towards a theory and research agenda. Paper presented at: ISIC. IEEE International Conference. https://doi.org/10.1109/ICSMC.2007.4414160
Watts RJ (2003) Politeness. Cambridge University Press, Cambridge, 318 pp. ISBN Hb 0 521 79085 9. Pb 0 521 79406 4. https://doi.org/10.1558/sols.v5i2.416
Wasserman S, Faust K (2012) Social network analysis: methods and applications. Cambridge University Press, London
Wilson C, Tyfield D (2018) Critical perspectives on disruptive innovation and energy transformation. Energy Res Soc Sci 37:211–215
Zhu Y, Rooney D, Phillips N (2016) Practice-based wisdom theory for integrating institutional logics: a new model for social entrepreneurship learning and education. Acad Manag Learn Educ 2016(15):607–625

# Sustainable Leadership

Bahaudin G. Mujtaba and Frank J. Cavico
Huizenga College of Business and Entrepreneurship, Nova Southeastern University, Fort Lauderdale, FL, USA

## Synonyms

Effective leadership; Ethics; Success; Sustainability

## Introduction

We define sustainability as long-term success in leading or influencing others toward some worthwhile vision and goals. The topic of success is something that has been part of discussion for thousands of years by human beings, especially business people, scholars, politicians, and spiritual leaders. In this entry, we focus on and reflect upon understanding sustainable success in leadership and its relationship to certain key pillars and values such as legality, morality, ethics, and social responsibility. If a person is a good decision-maker and is perceived as an effective leader for consistently acting legally, morally, and in a socially responsible and sustainable manner, then he or she likely to be a successful leader and will be able to sustain that success for the business, enterprise, and organization. However, before an individual can attain the status as a leader, one must first be a successful person. As such, we discuss some of the attributes and characteristics of the successful person for sustainable leadership. In this chapter, we present material on sustainable leadership as the main pillar of long-term success.

Success seems to have a different definition by each author writing this important topic depending on his or her needs, goals, desires, and circumstances. However, success is often seen as the progression toward certain goals. For

example, going to school and finishing the first grade is a sign of success as is graduating from middle school or high school and so on. The same can be applied to one's business, professional, or entrepreneurial life as well. One of the main reasons individuals do not embark upon the "road to success" in their professional lives is their personal concern that they will fail. This fear of failure, and believing that one will fail, can certainly increase the likelihood of failure. The reality of life is that one is likely to eventually become what she/he thinks about often as well as the way she/he pictures his or her life. For example, if one sees himself or herself as happy and healthy, then she/he is likely to be involved in "fun activities and endeavors" and eat foods and do activities that are healthy. On the other hand, if one sees himself or herself as an ineffective leader or entrepreneur, then she/he is likely to become ineffective or she/he will certainly avoid being put in such position where one is challenged. Therefore, the key to successful leadership and entrepreneurship is having a positive attitude and moving forward with a "can do" mentality. One should remember that it is important to love what you do because wealth and success are usually a natural corollary of doing what one loves. As you may have heard it, love what you do and you will surround yourself with the roots and branches to success and happiness in life.

## Success and Sustainability

According to Earl Nightingale, the motivational speaker, success is not necessarily the "destination," but rather success can be defined as the process of incrementally moving toward something that is predetermined to be worthwhile. One definition of success is that it is the progressive realization of worthwhile and predetermined goals which focuses on the process of working toward valuable ends. Of course, to be successful, you must set worthy and attainable goals. A person can naturally "aim high" and "think big," yet nevertheless one should start out modestly considering the "facts on the ground" and one's conditions, knowledge-base, and capabilities. If you set smaller and more modest, and thus more readily achievable objectives, and then attain them, and next set more achievable goals and attain them too, you will be "on the road" to a very positive, "onwards and upwards" journey to success and fulfillment and sustainable success. Of course, make sure your short-term objectives fit into your long-term goals and naturally be committed to achieving both short-term objectives and long-term goals.

A critical factor will be to develop and enhance your skills, knowledge, and expertise by a variety of methods – such as training, education, continuing education, workshops – seminars, and conferences as well as learning from traditional and online sources of knowledge and information. Of course, and the next point is obvious, make sure you have basic competencies in the "3-Rs": reading, writing, and arithmetic. You should strive to accelerate, expand, and improve your scope and rate of learning and knowledge acquisition beyond the basics. You should also be prepared to "re-tool" yourself if necessary in order to develop a new field of endeavor. In addition to acquiring and developing "hard skills" you should develop the "soft skills," such as speaking in public and communicating on a personal level with people. Yet what if a person is shy or diffident? Well, then, one should look for opportunities to speak publicly and to communicate and then force oneself to become active and engaged. It is important to be a good communicator (ideally in more than one language). You should have and be able to demonstrate strong collaboration skills and thus be able and willing to collaborate to achieve organizational strategies and goals through sustainable leadership (see Cavico 2014; Cavico et al. 2015; Mujtaba 2014; Thomas 2017).

One should always have a positive attitude as well as a good work ethic, and you must always act in an honest and ethical manner. Having a reputation for integrity is a critical factor to one's success.

You must be prepared to challenge conventional beliefs and perceived "truths" and be prepared to engage in critical thinking and analysis. Yet you should possess common sense as well as a "healthy dose" of realism. For example, find out

what you like to do and do well. Yet note that you do not have to be good in everything; as such, realize that others will be able to assist you in weak areas. Conversely, it is also important to find out what you do *not* like to do and do *not* do well. And do not worry if you are not sure what direction to take; be persistent when moving toward worthwhile goals and you will figure it out the rest by learning and adjusting. Recall the old maxim: "There is a person for every job, and a job for every person." So, if necessary, start part-time, be a temporary or entry-level employee, be an intern; but all the time you will acquire knowledge, skills, and experience and thus will be able to advance to full-time as well as to expand your knowledge and skills base.

Learn by doing and learn from your mistakes; and be able and willing to admit your mistakes. Admit that you may need to be educated and trained. Consequently, "own" your errors and then be willing and able to move forward from those miscues. The idea is to take responsibility for your actions, which is what trustworthy people and leaders do.

Naturally, look for role models; learn from successful people; seek their counsel; and learn from mentors and coaches. Accordingly, seek out the counsel and advice of these people (and do not be shy about it, yet do not be a "pain" either). Look for a leader who nurtures talent, who is willing to spend time with you, take an interest in you, and answer the questions you ask in an honest fashion. Look for someone who will "take a chance on you." The object is for you to achieve excellence, to become very good, to be recognized as being very good, at something, and to be recognized as a high-achiever. You also want to be regarded as a "go-to" person in your firm and organization; that is, you can solve problems, even if they technically are not in your job description, or you know the person who can solve someone's problems.

You must develop your leadership skills. As such, strive to be the leader of a team, department, division, and ultimately an organization. And in your role as a leader you should provide people with education, training, and skills for them (and concomitantly you) to be successful. Be a teacher of others; empower competent people; and as they rise you shall rise too. Look for hidden and untapped potential in employees and others and seek to draw them out into jobs or tasks you feel they would be good. Yet note that at times it can be a "hard sell" to push people into jobs or tasks they feel they are not qualified for or able to do. Consequently, you may have to encourage and motivate people and provide them with a sense of safety and security. The objective is to create and develop relationships where both parties receive value. Overall, you must create a culture of respect, mutual support, openness, and success, and as such you should strive to establish a nurturing and caring culture and one of fun too.

There is nothing wrong with self-interest, making money, and being successful financially, even very successful. There is, the authors emphasize, no substitute for the traditional "work ethic and "hard work," which will pay off in long-run. One should always attempt to save money, and for a young person starting the authors suggest 10% of one's earnings in case of a "rainy day." It is best to prepare a budget, keep track of expenses, and keenly know the difference between mere "wants" and "needs."

Yet in addition to all the hard work, you also should have a "family life," which will bring the proper balance to your life. The idea is to achieve a "work-life" balance and allow yourself time to relax, reenergize, reset, and have quality time with your family and friends. This balance will afford you the opportunity to build relationships with people, get counsel and "feedback" – from family, friends, co-workers, clients, and customers. And listen carefully to different points of view and weigh and measure opposing opinions.

It is critical for you to be successful, and ultimately at a high level, to be responsible, reliable, and dependable. It is also critical for you to develop a well-deserved reputation for integrity, ethics, honesty, and trust. You must demonstrate respect for people. The idea is for you to respect all and to be respected by all. Moreover, you should get engaged in the community and charitable and civic affairs; be socially and environmentally responsible (that is be "sustainable"); be a volunteer; and help others financially and with

your time and effort. Remember the old adage: "You can do well by doing good."

Have a positive attitude; be optimistic; have a "pleasant personality." Also, be forgiving and compassionate. Be modest and avoid arrogance and self-righteousness. As such, be willing to share credit for successes. Similarly, avoid negativity and negative people; associate yourself with positive people; and do not be negative with yourself; do not admonish yourself; do not upbraid yourself; and do not dwell on the past. Overcome any rejection, which is inevitable in life; do not take rejection personally. Therefore, learn from the past and move on – onwards and upwards. And this point seems very basic, but today it must be emphasized especially for young people: Do not use illegal or intoxicating drugs or substances for the purpose of simply getting drunk or a "temporary high." No one is going to hire you or keep you for long if you do drugs!

To be successful at some point, you will have to take some chances and risks, and do so but make educated and intelligent choices. Look for opportunities; take advantage of opportunities; and if need be you can try to create opportunities where you can apply and demonstrate your knowledge, skills, and capabilities. As such, be entrepreneurial, innovative, nimble, and adaptable; have a strategy for success and the tactics to achieve that strategy. Execute your strategy for success; have "to-do" lists (short-term and long-); have goals (again short-term and long-) and objectives; then achieve them, and, as pointed out previously, set more goals and objectives and achieve them, and proceed so-forth-and-so-on. To be a successful person, you need to take a long-term perspective as well as to be willing to undergo some short-term sacrifice and expense to maximize your own greater, long-term good. It is important in today's interrelated economy and global society for you to be aware of globalization and to be culturally mature and competent.

The idea is for you to be a "shaper" and not a mere "reactor"; and thus for you to be willing and able to spot and to respond to new circumstances. Also, be aware of your "blind-spots," that is, weak areas that you need to develop; but also be cognizant of "hidden-strengths," that is, the knowledge, talents, skills, and capabilities that you are not using or perhaps using but not adequately publicizing.

Naturally, it helps to have "good luck" and good fortune, that is, as Machiavelli said: "For the Goddess Fortuna to smile on you." Yet, the authors submit you can "make your own luck" by persistence and perseverance, empowering yourself, being competitive, taking advantage of opportunities, and making opportunities. As Machiavelli also said: "Fortune favors the young for the young are bold." That is, the "young" (including the "young at heart") will take more risks (perhaps because they have less or little to lose). Moreover, the authors also submit that the harder you work the luckier you will be.

So, to conclude this discussion of your personal success, the authors emphatically state that if you take heed of the authors' advice there is a great future for you out there!

Once you have become a successful person what must you do to be a successful leader? Very simply, on a foundation of your personal success and good and sound decision-making, you must be cognizant of and prepared to deal with certain values; these values will be your "pillars of success." A value is simply something that possesses worth. Accordingly, the authors will now examine the values of legality, morality and ethics, social responsibility, and sustainability in the context of leadership, particularly leadership in business.

This entry's discussion of values is not merely an "academic exercise"; rather, as will be seen these values have real-world implications, especially for a leader. These values, moreover, are not separate concepts; they are not academic "silos"; rather, these values must be applied and integrated into the activities, conduct, strategy, and tactics of a firm or organization. Along with sound and good decision-making, adherence to these values will be keys to success, and sustainable success, for the leader and his or her firm or organization. The goal is to effectuate positive and beneficial changes and to create long-term value and to sustain that value for yourself, family, business, organization, community, and society as a whole.

That is, for you to build on the pillars of success and to be a sustainable leader of a sustainable organization.

### Success is About Persistence

While speaking at the 1995 Society of Human Resource Manager's conference in Orlando, Barbara Bush told the audience that "Your success as a family, our success as a society, depends not on what happens in the White House, but on what happens inside your house." She is right because success comes often from ordinary individuals who are committed to the achievement of their dreams. As can be seen, some really amazing things happen to ordinary people. Extraordinary results can be achieved if you have meaningful goals that are accompanied by the right *knowledge*, ***e****ducation*, and a ***y****outhful* mentality (K.E.Y.) which symbolizes energy, risk-taking, and continuous growth.

There are many individuals, companies, and ideas that started without much success and did not look very promising at the beginning, but they turned out to be very successful because they had a vision of the future, set goals with determination to achieve, and stayed persistent to turn their goals into reality. The most consistent trait in all successful projects and individuals seem to be hard work and persistence. The following some examples of persistence and hard work.

1. *Ray Kroc* was an unsuccessful marketer of restaurant equipment and did not sell the first hamburger until the age of 52. That is when he founded McDonalds which is the largest food chain in the world.
2. *W. Edward Deming* was attempting to help American corporations in the area of quality, but found that companies in the United States were not interested in his ideas because Americans wanted quick solutions that turned high profits quickly. So, when he was helping the Japanese government with their census calculations and statistics, they asked him for help in the area of quality control techniques. Consequently, in the 1950s and beyond, he was able to help them win the world over because of quality and efficiency in their products.
3. *Alexander Graham Bell* offered to sell his telephone patent to Western Union for $100,000, but Western Union turned it down. They did not see much value in something that has literally and virtually changed how the world communicates today.
4. *Edwin Land* created the instant camera and tried to sell his idea to Kodak but was not successful. So, he started Polaroid Corporation which became very successful and a competitor to Kodak.
5. *Bruce Lee* was rejected for the television show called "Kung Fu" because he was not an experienced actor. So the directors of the show decided to use David Carradine as the star of the show. However, Bruce followed his dream and turned it into reality.
6. *Michael Jordan*, basketball star of the Chicago Bulls, did not make the first cut at his high school basketball team. However, he later became one of the best basketball players of the 1990s. He led his team to four NBA championships. It was announced that by the time he was 30 years of age, he had missed over 9,000 shots throughout his college and NBA basketball career; yet he was one of the best players of the decade because he kept setting higher goals and learned to make them happen by working hard and continuously learning.
7. The *Radial Tire design* was rejected by most of the auto tire companies because the cost was too high. Finally, Michelin started manufacturing the high-priced and better quality radial tires which gives them a competitive advantage in the industry.
8. *Walt Disney* was originally fired from his job at a newspaper company for lack of ideas. He went bankrupt many times before he began building Disneyland.

As can be seen from the above examples, hard work and persistency can pay off in the long run. Love, wealth, and success are all within reach both in one's personal and professional lives so long as one is working hard while being reasonably persistent. As a manager, and as a leader, one must continue to learn the best ways to create success for oneself and one's colleagues through

the pillars of legal, ethical, socially responsible, and thus sustainable leadership.

## Success Requires Knowing, Showing, and Leading the Way

As professionals, all managers and leaders should "romanticize" for better days if they are to be visionaries and futuristic. Besides knowing the way toward this idealistic future, successful leaders must go the way and show the way to designated and appropriate followers. Eva Gregory, coach and author, said "I see no point in looking back at what I didn't get done. I choose, instead, to acknowledge where I am and where I want to be; then determine what steps it will take to get me there." Wisdom comes from experiencing an event, an idea, a concept, or an endeavor; therefore, all failures can be seen as experiences which lead to knowledge and wisdom. Professional experts are good people and they are good because they have come to wisdom through experimentation and failure. Ralph Waldo Emerson said that "Bad times have a scientific value. These are occasions a good learner would not miss." There is very little wisdom in success. So, success should be judged accordingly as Robert Louis Stevenson, author, said "Don't judge each day by the harvest you reap. . . but by the seeds you plant."

Effective leaders plan for learning and success through experimentation, structure, progress, and prioritization. Napoleon Hill said "Reduce your plan to writing. . . The moment you complete this, you will have definitely given concrete form to the intangible desire." Professionals become leaders because they are able to commit to these tangible desires and convert them into action. The modern author and motivational speaker Anthony Robbins suggests that "Deciding to commit yourself to long-term results rather than short term fixes is as important as any decision you'll make in your lifetime." Ben Stein, actor and author says: "The indispensable first step to getting the things you want out of life is this: decide what you want." This hard work of spending time to make the right decisions about a specific direction can be very worthwhile. Author Ralph Marston said "The creativity and positive energy you put forth come back to you many times over. So do the hurt and destruction. Which would you rather get back?" Once a decision has been made, then put your heart into its achievement. Psychologist William James of Harvard University said "Most people never run far enough on their first wind to find out if they've got a second. Give your dreams all you've got and you'll be amazed at the energy that comes out of you." According to Professor James, "It is our attitude at the beginning of a difficult task which, more than anything else, will affect its successful outcome."

Instead of focusing on being more determined, some people are much too concerned about their competitors and the actions of others. Grace Lichtenstein, author, wrote that "Your opponent, in the end, is never really the player on the other side of the net, or the swimmer in the next lane, or the team on the other side of the field, or even the bar you must high-jump. Your opponent is yourself, your negative internal voices, your level of determination." Charles Kettering, inventor and businessperson, said the following about imagination: "Our imagination is the only limit to what we can hope to have in the future." Julian Simon, economist, put it nicely when he said: "The main fuel to speed the world's progress is our stock of knowledge, and the brake is our lack of imagination." Besides "Imagineering," a leader needs to envision the results and final outcomes. "Think and feel yourself there! To achieve any aim in life, you need to project the end-result. Think of the elation, the satisfaction, the joy! Carrying the ecstatic feeling will bring the desired goal into view" said author Grace Speare. Commitments must be aligned with one's actions and beliefs in order for progress and success to follow. Dorothea Brande, author, said "All that is necessary to break the spell of inertia and frustration is this: act as if it were impossible to fail. That is the talisman, the formula, the command of right- about-face that turns us from failure toward success."

Ralph Waldo Emerson encouraged everyone to "Finish each day and be done with it. You have done what you could; some blunders and absurdities have crept in; forget them as soon as you can. Tomorrow is a new day; you shall begin it serenely and with too high a spirit to be

encumbered with your old nonsense." Instead of being too focused on the past, current and aspiring leaders and managers need to be forward-looking and anchored toward the future that we all desire for ourselves and our children. Productive individuals and effective leaders are forward-oriented and, at challenging times, use professionalism to create synergy with people of diverse backgrounds, ethnicities, religions, and languages. *Professionalism* can be operationalized at all localities at the individual level by putting the needs of others in the community, organization, society and country above one's own through accountability, compassion, integrity, and mutual respect for all human beings and living creations in the society. Professionals can use good judgment to develop their colleagues, peers, employees, students, friends, and children as per the requirement of each task or situation and their level of readiness. These professionals can use inspirational, legal, ethical, and socially responsible leadership to positively influence the development of everyone around them.

As a professional, manager, or a leader, one must continue to learn the best ways to create success for oneself and one's colleagues. Of course, there are many ways to learn about leadership, management, ethics, and character. As such, one should not limit learning to formal education or specific leadership seminars. Regardless of where one learns about management and leadership, it is the effective application and execution of relevant concepts in each situation that can deliver results for managers and leaders. What is important is the understanding that one can chisel the character he or she desires for himself or herself over a lifetime. For effective leadership, it must be emphasized that building a strong character that is a symbol of integrity, honesty, and courage cannot be built overnight because it requires hard work, persistency, and progress toward a brighter future for all stakeholders.

## Leadership

Now that you have heeded the authors counsel, and as such once you have become a successful person, you should aspire to the lofty and noble role of the leader of an organization. Good people want to work with excellent leaders. People usually do not leave their jobs because of the organization or money, but they most often leave because of bosses and managers who are not seen as effective leaders. So to have a sustainable level of success in the long-term, one must be working toward effective leadership.

Leadership is often associated with integrity, vision, direction, and persistence. Overall, leadership is about leading people, teams, and colleagues toward a worthwhile and common goal by building strong relationships and developing them to be efficient and effective. According to Professors Gary McGrath and J. Preston Jones, at a presentation at an alumni gathering on November 4, 2017, in Fort Lauderdale entitled "*Leadership in Two Directions,*" "dictator" and "push-over" leaders are about 14% and 12% effective, respectively. However, leaders who exercise a balanced approach to leadership based on the needs of the situation and followers tend to be about 74% effective. Balanced leaders demonstrate the highest levels of accountability and compassion while building effective relationships to help everyone jointly achieve their common goals.

As emphasized by the authors, a leader must know the way, show the way, and lead the way. A leader must make sound business and public policy decisions and also he or she must be proactive, that is, become a "shaper" and not a reactor, thereby anticipating challenges, knowing the way, showing the way to solving them, and leading the way to solving these challenges. It is critical to the long-term success of the leader and his or her organization for the leader to embrace and demonstrate legal and moral behavior, that is, to establish corporate culture of legality, morality, and ethics. Society expects that business and other organizations today will act not "merely" legally, but also morally, and then, especially for business when a business reaches a certain size and stature, to act in a socially responsible and sustainable manner too, and thus have a positive impact on stakeholders, including society as a whole and the environment. Therefore, the leader must be

prepared for these issues and challenges; the leader must be concerned with not only the economic and legal performance of the business or organization, but also its moral and socially responsible performance. The objective is to achieve excellence in results; but to be able to sustain these positive results by acting in a legal, ethical, and socially responsible manner. As such, the first value that a leader must address after formulating a sound decision is legality. Yet as there are moral gaps in the law the leader also must go "above and beyond" the law and act in an ethical manner as well as a socially responsible manner.

## Purposeful Destinations

Let us emphasize that success in workplace leadership can be seen as being built on a foundation of legality, morality, and social responsibility and the premised on the progressive realization of worthwhile and predetermined goals through strong relationships with teams, employees, colleagues, superiors, and other relevant stakeholders. Whether is workplace success or personal success, people's greatest need in life is to find a purpose. Throughout our lives, we go through a number of different stages – birth, childhood, schooling, first job, career development, marriage, parenting, grand-parenting, retirement and at the end, without exception, death. During our lifespan, two very important questions tend to come up: (1) Who am I? (2) Why am I here? These questions take time to figure out. For some, it may take a few months; for others may take years; and for some, it may take the experience of a lifetime to determine one's individual purpose.

We need to remember that we are the only ones that have experienced our own lives. No one else has ever gone through our own unique trials, tribulations, and triumphs. Our task of defining our own individual power of purpose must come from within. It is not the definition that our spouse, parents, relatives, business associates, and friends have developed for us, but that of our own. To help find your true purpose, you and your teammates can reflect on the following questions:

1. How can I make a difference?
2. What skills can I build on to develop my career?
3. How can I find meaning in my life?
4. What is the best way I can contribute?
5. What can I best excel in?
6. What obstacles can I overcome and use my knowledge to help others?
7. What kind of legacy do I want to leave?
8. How may I receive eternal life?
9. What am I willing to sacrifice in the short-term in order to develop my long-term purpose?
10. What is the payoff for staying true to my purpose?
11. What possible recognition might I be able to receive?
12. Why is developing purpose important to me?

Remember that one of each leader's and each manager's purpose in life should be to help others develop, plan, implement, and achieve their very own dreams. As a balanced leader who exercises high accountability and compassion, you must always have the hindsight to know where you have been, the foresight to know where you are going, and the insight to know when you are about to go too far. If you can perceive and believe in success, then you are very likely to achieve it as well. The goal of sustainable leadership is to always achieve your purposeful personal and professional goals through legal, moral, ethical, and socially responsible means. These are the pillars of success and sustainable success.

Awareness of the law is, of course, essential for the leader of any business or organization today. Many laws today regulate conduct, especially business conduct. There are constitutions, statutes, administrative rules and regulations, and case law. The USA is a federal system, moreover, so there is national, that is, federal law and state and local law; there also exists the extraterritoriality of certain US statutory law, that is, its power to govern conduct in other jurisdictions. So, obviously, there is a lot of law to be concerned with, but there are naturally a great many lawyers to advise people, businesses, and organizations.

Yet, obeying the law is not enough, since, as emphasized, there may not be any law, or the law may be weak, or not enforced through bribery or other forms of corruption or threats. For the true leader, there is an additional expectation today that business and as well as other organizations and entities will act not merely legally but also morally. Morals and morality and what is "right" or "wrong" are concepts based on ethics, which is a branch of philosophy. Technically, ethics consists of the theories and principles that one uses to reason to moral decisions, morality, morals, and what is right or wrong. The ethical challenge and goal for the leader, therefore, is to formulate efficacious actions that advance one's self-interest and that of the firm or organization (Ethical Egoism), are culturally competent (Ethical Relativism), and achieve the greater good (and thus to strive for "win-win" scenarios for all stakeholders) (Utilitarianism), *but* do *not* demean or disrespect people or stakeholders (Kantian Ethics). And why should the leader act in such a moral manner. The rationale, quite simply, is Ethical Egoism, that is, to make good, legal, and moral decisions based on the preceding ethical theories will result in the long-term advancement of your self-interest and that of company or organization.

The role of a leader, as emphasized, is to know the way, show the way, and then go the way. In so doing there may be an educational function for the leader, at times to demonstrate to followers and "higher-ups" what is in their long-term self-interest. In the business realm, the leader may have to show the way to top management (the board of directors, and shareholders) that acting morally will benefit the company in the long-run. Another function for the leader is to create at one's organization a culture of ethics that fosters and supports moral behavior. The objective is to establish a well-deserved personal, corporate, or organizational reputation for integrity and trust. It should be obvious to all that once a reputation for trust is lost, it is very difficult to get back.

Another value that emerges as a challenge for leaders today is the concept of social responsibility. This is a societal expectation "above and beyond" the law as well as morality and ethics. In the business realm, the expectation is that a company or firm will be a "socially responsible" one and a good "corporate citizen," even though there may not be any legal obligation to be socially responsible. Social responsibility has been traditionally viewed in a charitable sense. That is, business, in particular, engages in charitable activities and philanthropy as well as civic and community activities, for example, from simply donating money to charities (and taking a tax deduction, of course) to a company releasing its employees to work in approved charities. Social responsibility is a broad enough notion to encompass sustainability as a *means* in the form of environmental conservation and protection as well as "green" energy production via solar and wind. One perhaps is familiar with the "3 Ps," that is, People, Planet, and Profits" as well as the "Triple Bottom Line" (Economic Prosperity, Environmental Stewardship, and Social Responsibility). Moreover, social responsibility can also include Social Entrepreneurship, for example, developing and selling hydrogen-fuel-cell-powered batteries for vehicles and equipment.

Sustainability is another important value, theme, and challenge for the leader today. Sustainability is a notion tied to the values of law, ethics, and social responsibility. More generally and broadly stated, sustainability can mean taking care of people's present needs without compromising future generations and the planet. Regardless of the exact definition today, it would be implausible for any global company or organization to exclude sustainability from its agenda, policies, and activities. Sustainability, therefore, has many dimensions, but this notion is based on a foundation of legality, morality, and social responsibility. We advise that sustainability should be viewed first as MEANS in the sense of environmentally responsible actions (such as conservation, protection, and "green" production of energy) and secondly as an ENDS, that is, by acting to have a sustainable planet for future generations as well as to achieve sustainable success for yourself as a leader and your company or organization.

## Conclusion

The authors have emphasized that there is an expectation today that business, organizations, as well as the public sector, must act legally, morally, and in a socially sustainable, and environmentally responsible manner. These are the pillars of success and sustainable success summarized from former publications (see Cavico 2014; Cavico et al. 2015; Mujtaba 2014; Thomas 2017). As such, the leader today must be prepared to recognize and deal with these "real-world" challenge, that is, to fulfill these expectations and to meet these challenges in an effective and efficacious manner. And what are the rationales for undertaking and meeting these challenges. The reasons are success – personal and organizational, and the sustainability of that success, that is, sustainability as an "ends." If you heed the authors' advice, we sincerely believe you will achieve success and will be able to sustain that success for yourself, your company, your community, for society as a whole, future generations, and for the planet.

The objective is to be a legal, ethical, and socially responsible global leader in business or the public sector. You naturally want to do well yourself, but also to make a positive contribution and have a positive impact on your firm, the community, and society. So, how do you achieve success? How do you sustain success? What is the formula? It is just to make sound decisions plus being a legal, ethical, socially responsible, and sustainable enterprise! That is the mindset! Those are the pillars. Or in other words for a business, very simply, to be a "good corporate citizen."

The formula for sustainable leadership and long-term success as an individual and a leader is to develop positive attributes and to make good and sound decisions, and then, most importantly, to ask and answer following questions when contemplating taking actions: Is it legal, moral, and what should a socially responsible and sustainable company/firm/organization be doing? Answering well those questions will form the pillars of your success. The ultimate goal is to develop yourself into a successful person and then to further develop yourself into a successful legal, ethical, socially responsible, and sustainable leader of a successful and sustainable business, firm, or organization. The authors trust that the advice and suggestions offered herein will help you achieve that success as a person and eventually as a leader of a successful and sustainable organization.

## Cross-References


- ▶ Leadership Development in Organizations
- ▶ Leadership Group Coaching
- ▶ Leadership in Organizations
- ▶ Organizational Environment
- ▶ Organizations and Environment
- ▶ Sustainability Report in Local Governments
- ▶ Sustainability Reporting at Universities


## References


Cavico FJ (2014) Corporate social responsibility and leadership. ILEAD Academy, Davie

Cavico F, Mujtaba B, Nonet G, Rimanoczy I, Samuel M (2015) Developing a legal, ethical, and socially responsible mindset for business leadership. Adv Soc Sci Res 2(6):9–26

Mujtaba BG (2014) Managerial skills and practices for global leadership. Florida, ILEAD Academy

Thomas A (2017) Straight talk about success. Sun Sentinel. p 5D


# Sustainable Procurement


Haris Alibašić
Public Administration Program, University of West Florida, Pensacola, FL, USA


## Synonyms

Purchasing; Resilience; Sustainability; Sustainable procurement

## Definition

Based on the quadruple bottom line principles, sustainable procurement may be defined as the acquisition of materials and services using the most effective and efficient means with application of the environmental, economic, social, and good governance significances. The ideals of sustainable procurement apply to both the public and private sectors with some minor differences in approaches, goals, and outcomes.

## Introduction

By default, sustainability incorporates the concept of value-added benefits to procurement with an emphasized focus on the environmental and social benefits of sustainable purchasing of goods and services. In explaining the concept of sustainable procurement fully, the basic postulates and principles of what purchasing it must be evaluated and understood. The acquisition is one of the core internal services inherent to almost any organization, in the public, private, and non-profit sectors. The intrinsic nature of purchase lies in its hierarchical position within the organization. Purchasing is at the core of the service delivery in governments, and the more effective procurement services are, the more efficient delivery of service is. Theron and Dowden (2017) argued in favor of strategic sustainable procurement practices by the private and public sectors. In most cases, the public and private sector conduct sustainable procurement practices to either meet mandates set by various levels of governments and enforced by governmental agencies. Sustainable procurement is in alignment with the environmental and social justice issues, social responsibility, and governance (Alibašić 2017, 2018a).

Additionally, sustainable procurement practices may be set in place as a result of voluntarily imposed policies, out of concerns for environmental degradation. For example, in discussing innovative climate action planning strategies, Bassett and Shandas (2010) raised the awareness of procurement and purchasing of recycled content, using products with minimal packaging. The authors included sustainable supply in transportation strategies, including purchasing of low carbon fuels, replacing vehicles with hybrid and electric cars in fleets, and other relevant greenhouse gas (GHG) emissions reduction strategies. In more recent years, out of social concerns, socially conscientious procurement policies have been put in place. Those include the strategy to be more inclusive of minority and women-owned businesses, veteran-owned firms, and companies owned by economically disadvantaged individuals in the procurement opportunities. Filho et al. (2019) analyzed various barriers to sustainable procurement practices in the UK, Canada, the USA, and Australia. In addition to cost, political pressures and differences are the main reasons for lack of organizational commitment to sustainable procurement.

## Good Governance of Sustainable Procurement

A long-term application of sustainable procurement necessities that all four elements of sustainability, environmental, social, economic, and governance are included in strict procurement policies. The ecological aspect of sustainable procurement entails understanding the impact of greenhouse gas (GHG) emissions and the environmental effects the purchasing has on communities, organizations, and society. In recent years, purchasing also includes socially conscientious elements such as cultural diversity and promotion of women and minority-owned businesses. Moreover, sustainable purchasing has different qualities necessary to promote diverse industries and diverse products and services. The economic pillar of sustainability is a crucial component of sustainable purchasing in organizations committed to sustainability and reveals the cost reduction as a defining element of sustainable purchasing.

All of these three elements are then tied together into the component of good governance, sustainable purchasing it has historically been viewed as environmentally friendly the way of delivering services and buying goods for public service organizations. However, sustainable

procurement is utilized in other organizations too, including the adoption of green purchasing in the private sector devised within supply chain or other aspects of business operations. Walker and Brammer (2009) reaffirmed sustainable procurement as good governance in organizations. Good governance, along with integrity, and transparency coalesce around policies focusing on bringing about positive social changes. Sustainable procurement policies have the potential of addressing climate change concerns and social concerns, allowing for the implementation of sustainability measures to counter the adverse impacts of environmental degradation and to create a more just, safer, and healthier society (Alibašić 2018b).

## Green Procurement

Most sustainable procurement policies are focused on the environmental benefits of such strategies. Shakya (2019) provided ample examples of green public procurement strategies focusing on environmental sustainability. Organizations interested in furthering environmental goals and reducing greenhouse gas emission are vital considerations in understanding sustainable procurement policies. In recent years, organizations embraced the ecological benefits of procurement, and greening of procurement embedded within organizations. Some examples of the green procurement practices include "energy-efficient computers, low energy buildings, recycled paper, cleaning services using environmentally friendly products, electric, hybrid or low-emission vehicles" (Theron and Dowden 2017, p. 45). Other leadership strategies include sustainable energy policies with renewable energy contract and energy efficiency improvements, as examined by Alibašić (2018a, c).

## Ethical Considerations of Sustainable Procurement

Ethics is an essential consideration in understanding strategic sustainable procurement plans. Reid (2009) viewed sustainability through an ethical framework. Climate change, social inequalities, poverty levels, access to health care, housing, environmental degradation, energy, and other crises crisis are among the most relevant issues facing the public and private sectors. The public sector agencies are taking a proactive approach to become self-sustained and sustainable, including investing in strategies for more sustainable procurement policies. Preuss (2007) discussed the changing paradigm of sustainable procurement as an investment in the future. Such system change and a new standard are needed for the actual implementation of sustainable acquisitions and sustainable investments within the public and private sectors.

The case of ethical consideration in sustainable procurement is essential to the preservation of the highest standards in providing services in the public sector. Such ethical considerations are consistent with the idea of long-term planning and ethical responsibilities discussed 600 years ago by Ibn Khaldun (1406, 1969), in his work *The Muqaddimah: An introduction to history*. Rooted in morality, faith, and ethics, sustainable procurement initiatives activities are consistent with the concerns over global stewardship over the earth. Zaidi (1981) pointed to the issue of justice in exploiting natural resources. Sustainable procurement policies lead to better environmental and social outcomes, with what Worrell and Appleby (2000) described as good stewardship of natural resources.

## Private Sector Sustainability in Procurement

The interconnectedness and dependency of procurement and purchasing transcend sectors. A relevant interaction of the public sector is its dependency on the efficient provision of materials and goods from the private sector organizations, local, national, and international firms and businesses. The foundations of sustainable procurement in the private sector can be traced back to the environmental goals of the private sector and the desire of private-sector

leadership to engage in sustainable practices through triple bottom line (TBL) initiatives. The more creative and dynamic efforts for sustainable procurement are linked to the supply chain and logistics of organizations, as evaluated and discussed by Wallace and Xia (2015). Theron and Dowden (2017) argued the private sector must adopt strategies of procurement from the public sector due to the fact that private sector organizations depend on billions of contracts in procurement from the public sector. Moreover, conceptually, private sector organizations are interested in the dynamic application of sustainable strategic purchasing decisions. Meehan and Bryde (2011) perceived sustainable procurement as a strategic opportunity for organizations.

From the very beginning of sustainability efforts, corporations and businesses played a leading role in supporting the notion of a just and equitable society through positive impacts in their communities. Importantly, sustainable procurement has been expressed in the context of the economic situation of an organization. According to Theron and Dowden (2017), "many companies also view the adoption of sustainable procurement practices as a means to gain market share and deliver better service provision," including "commercial opportunities driving sustainable procurement, improving brand value, increasing sales with 'ethical consumers', meeting corporate social responsibility objectives, avoiding negative publicity, and fostering stakeholder goodwill" (p. 65).

## Quadruple Bottom Line (QBL) Sustainable Procurement

Sustainable procurement is viewed as a tool policy for positive social change in the public and private sector and is essential for effective implementation of sustainability-related initiatives. Defining the effectiveness of sustainable procurement through the lens of the overall impact on internal and external services delivery, stakeholder engagement, and the impact are essential steps in ensuring the relevance of sustainable purchasing in an organization. The ethical norms and moral standards are applied in executing policies. The effectiveness of sustainable purchasing policies is relevant to economic growth and the long-term fiscal stability of the organization, as sustainability for organizations, regardless of the sector, begins with the financial impact, coupled with the community-wide benefits. The overall effectiveness of the quadruple bottom line (QBL) approach to sustainable procurement is evaluated using the standardized sustainability measurements with specific environmental, social, and economic outcomes against the firmly established benchmark data. To provide for better transparency and integrity of sustainable procurement policies, regular reports on outcomes and results are incorporated into standard purchasing strategies within an organization.

## Conclusion

Modern organizations in public and private sectors embrace the ideals and principles of sustainable procurement. The concepts of sustainable procurement are emphasized through the economic, social, and environmental elements of sustainability. However, the increased trends see organizations deploying sustainable procurement strategies to address societal ills and improve governance, using the quadruple bottom line (QBL) approach. Organizations involved in sustainable procurement and implementation of sustainable purchasing policies are rewarded with good governance and efficient and effective ways of delivering services, leading to better leadership and ownership through a holistic, system-wide approach. The inclusion of sustainable procurement policies strengthens all the parts of an organization's strategic planning, ensuring that sustainability efforts are thorough and implemented efficiently. The quadruple bottom line approach to sustainable procurement enables a robust framework for inclusion and measurement of procurement efficacy in the organization.

## Cross-References

- ▶ Asset Management
- ▶ Ethics and Accountability
- ▶ Ethics and Public Policy
- ▶ Ethics and Social Policy
- ▶ Ethics of Sustainability
- ▶ Global Ethics
- ▶ Governance
- ▶ Governmental Accountability
- ▶ Procurement Integrity
- ▶ Transparency

## References


Alibašić H (2017) Measuring the sustainability impact in local governments using the quadruple bottom line. Int J Sustain Policy Pract 13(3):37–45

Alibašić H (2018a) Sustainability and resilience planning for local governments: the quadruple bottom line strategy. Springer, Cham

Alibašić H (2018b) Paris climate accord sans the USA: the role of local governments in confronting the effects of climate change and increasing resilience. Glob Stud J 11(2):33–39. https://doi.org/10.18848/1835-4432/CGP/v11i02/33-39.

Alibašić H (2018c) Leadership strategies for embedding sustainability and resilience in organizations with an emphasis on sustainable energy. Creighton J Interdiscip Leadersh 4(1):17–26. https://doi.org/10.17062/cjil.v4i1.63

Bassett E, Shandas V (2010) Innovation and climate action planning. J Am Plan Assoc 76(4):435–450

Filho WL, Skouloudis A, Brandli LL, Salvia AL, Avila LV, Rayman-Bacchus L (2019) Sustainability and procurement practices in higher education institutions: barriers and drivers. J Clean Prod 231:1267–1280

Ibn Khaldun, A. A. bin M (1406,1969) The Muqaddimah: an introduction to history, 3 vols, Abridged edition (trans: Rosenthal F). Princeton University Press, Princeton

Meehan J, Bryde D (2011) Sustainable procurement practice. Bus Strateg Environ 20(2):94–106

Preuss L (2007) Buying into our future: sustainability initiatives in local government procurement. Bus Strateg Environ 16(5):354–365

Reid R (2009) The moral imperative for sustainable communities. Public Management (PM) magazine by ICMA, Washington, D.C.

Shakya RK (2019) Green public procurement strategies for environmental sustainability. Engineering Science Reference. World Bank, USA. https://www.igi-global.com/book/green-public-procurement-strategies-environmental/202761

Theron C, Dowden M (2017) Strategic sustainable procurement: law and best practice for the public and private sectors. Routledge, London. https://doi.org/10.4324/9781351274487

Walker H, Brammer S (2009) Sustainable procurement in the United Kingdom public sector. Supply Chain Manag: Int J 14(2):128–137

Wallace WL, Xia Y (2015) Delivering customer value through procurement and strategic sourcing: a professional guide to creating a sustainable supply network. Pearson FT Press PTG, Upper Saddle River

Worrell R, Appleby MC (2000) Stewardship of natural resources: definition, ethical and practical aspects. J Agric Environ Ethics 12(3):263–277. Retrieved from http://search.proquest.com/docview/196564943

Zaidi IH (1981) On the ethics of man's interaction with the environment: an Islamic approach. Environ Ethics 3(1):35–47


# Sustaining High Performing Bureaucracies


Andrew Ballard
National Center for Public Performance,
Rutgers University, New Brunswick, NJ, USA


## Synonyms

Effectiveness; Efficiency; Innovation; Maintaining; Performance measurement; Quality improvement

## Definitions

*Performance Management* is the process of integrating operational data that track a series of previously determined targets into the organizational decision-making process. Targets are created with the ideals of efficiency, effectiveness, and service quality in mind (Behn 2014). This differs from the process of *performance measurement* which refers to simply the collection and reporting of organizational indicators.

## Introduction

In an era of declining government revenues paired with ever growing calls from a diverse

constituency for improved services, the need for public organizations to deliver on their promises is vital. Current scholarship suggests that performance measurement has the potential to significantly contribute to improving the delivery of public services (Berman and Wang 2000; Rivenbark 2000; Schick 2001; Poister and Streib 1999; Sanger 2008). Performance-based management aids informed decision-making for public managers, the results of which are widely applicable for public programs at various levels of government (Hatry 2006; Kettl and Kelman 2007). Significant research exists examining what leads an organization to adopt a performance system and what type of organizations are most likely to do so; however, what is less known is how organizations can sustain these systems in the long term and avoid a boom-bust cycle of managerial reforms (de Lancer Julnes and Holzer 2001; Taylor 2011). This study explores the practitioners' use of performance information in government, by investigating the obstacles that prevent practitioners from building sustainable systems.

To be effective, a performance measurement system must go through three stages – i.e., adoption, implementation, and sustaining. Attention has essentially, with proper reasons, focused on factors influencing the use and the implementation of such systems, less attention paid to the development of sustainable practices. The process of utilization of performance systems includes two stages: adoption and implementation. "Adoption represents the development of measures of outputs, outcomes, and efficiency" (De Lancer Julnes and Holzer 2001, p. 695). On the other hand, "implementation refers to the actual use of performance measure for strategic planning, resources allocation, program management, monitoring, evaluation, and reporting to internal management, elected officials, and citizens and the media" (De Lancer Julnes and Holzer 2001, p. 695). In sum, to fully benefit from performance measurement systems, public entities must institutionalize the system as one fundamental element guiding business conduct. Doing so requires the advancement of a third component, sustainable practices, which in turn demands an understanding and analysis of practitioners' perspectives.

## Using Performance Information

### Human Resources Management

The use of performance information can significantly improve human resource management. The effects can be categorized into two major factions: (1) the effectiveness of human resource management and (2) employee motivation and commitment. In regard to the first dimension, organizations have exhibited improved assessment of the human resource needs for the organization. Performance systems help identify insufficiency in the workforce as the major cause for a department not reaching its objectives as well as a need for greater flexibility in employees' schedules to enhance the results obtained. In addition, performance measurement systems have enabled managers to enhance the scope and the focus of training programs that public organizations offer. One concern often expressed by employees is that performance information usage in budgeting and HR will just lead to cuts; however, research suggests that information is used in diverse ways by managers when considering employment levels and employee needs and that the usage of such information may enhance the experience of people working in the organization.

In the second dimension, performance can help progress in employees' motivation and commitment to organizational goals. This does not only apply to frontline employees but also to upper-level managers. The use of such a decision-making system can enhance collaboration, engagement, and creativity at all organizational levels.

### Communication

The use of performance measurement information produces numerous effects in the interaction of public institutions with their stakeholders. Improvements have been observed in the domains of transparency, accountability, and public trust. Performance systems help design of greater tool sets for citizen participation/input, increase

customer satisfaction, and increase transparency for customers and even bring stronger citizen confidence. The use of performance information has the feature of improving reporting to stakeholders, in particular to the executive and the legislature. The use of performance information enhances the internal communication between departments and between levels of government.

### Financial Resource Allocation

Budgeting is the third area in which result-based information frequently produces noticeable outcomes. These outcomes can be classified into two categories: (1) efficiency effects and (2) resources allocations. The use of performance information results in a significant reduction of the cost of operation and a more effective use of the resources allocated. These savings are often achieved through reductions in overtime expenditures, less wasteful spending, and access to increased funding from external organizations. The adoption of public performance systems allows public institutions to have a proactive approach to resource allocation.

## Barriers to Performance Use

### Capacity Limitations

The first limitation associated with sustaining a performance information regime is linked to the development of the system itself and to the challenges entailed in obtaining reliable information. In many instances, due to the complexity of the phenomenon at issue, it is difficult to quantify some of the elements in place as well as establish the causal relationship between input and output and outcomes. There appears to be a positive relationship between how well programmatic goals can be operationalized and the likelihood of a sustained performance effort. In addition, the debate over what is *important* versus *essential* or *measurable* versus *deliverable* seems to generate internal debate. This issue of usability does not exclusively rely on the accuracy of the measurement but also on the amount of information collected. There appears to be a frustration effect at play. Individuals working in these systems are exposed to a glut of data that are either improperly linked to desired outcomes or outdated upon arrival. It stands to reason that systems are likely to fade if they are perceived as ineffective.

Another fundamental barrier to using results-based information lies in the maintenance and the adaptation of the system. This seems to impose a particular burden on public managers to capture the rapid evolution of the environment and the context considering the limited human and financial resources: Likewise, it may not be appropriate to immediately use and integrate the information into the decision-making process if existing systems, especially in terms of technology, have not been upgraded. It is rare to see implemented technologies such as dashboards or mobile devices, which could continually improve the usability of the information. In general, capacity limitations result in a lack of ability to ensure the appropriateness of the system itself towards its objectives. One respondent deservedly stated. Paradoxically, a system that is intended to allow organizations to do more with less may actually lead to organizations doing less with the same.

### Knowledge Limitations

Knowledge limitations refer to the lack of experience and understanding of performance management principals within the organization to properly use results-based information. Although the information may be accurate and reliable, if decision-makers do not know how to integrate it into the decision-making process, improvements will not occur. Bureaucrats worry the communication that occurs among the different parties will be partially based on inaccurate analysis or interpreted with insufficient understanding. Public managers cite insufficient of knowledge of proper accounting principles and process design as recurrent barriers to result-based information use. Line staffs are rarely familiar with the concept of performance measurement, as the system does not directly relate to their daily tasks. This lack of clarity, as reported, creates a general skepticism towards data-driven decisions. Another element relates to the difficulty in setting appropriate targets for performance achievement. Comparing yourself against solely internal trends (internal

benchmarking) can sometimes be insufficient in motivating performance; however, finding appropriate external benchmarks is often beyond the abilities of organizations.

### Buy-In Limitations

This kind of limitation directly relates to the inducement of stakeholders to use result-based information. Some either refuse to accept the value of performance or they do not want to embrace the concept. Even if all the conditions are in place for proper use, if people deliberately disown the information, the system will not produce any improvements and will likely fade as time goes on. Individuals' unwillingness to buy in is often the result of three coexisting phenomena: the lack of strong leadership, the perception of perverse effects, and the resistance to organizational change. Half-hearted leadership on the part of top management is a fundamental barrier for maintaining these efforts. Research has emphasized the need to have internal champions who would strongly support the initiatives of performance measurement. It appears that public managers inadvertently maintain their *"natural"* output orientation soon after the change brought from the outsiders. This evidence would suggest a nuance to the existing literature examining the importance of leadership buy-in. Newly elected officials may be seen as outsiders looking to change things for the sake of change. Buy-in is needed from both elected leadership and internal management for these systems to take root.

Widespread negative perception of result-based systems seems to create another limitation. A common anxiety among staff is that the information available could be used wrongly against them. Public employees are often reluctant to share result-based data, as they worry about confidentiality and fear they will be blamed for poor outcomes or lack of progress. Finally, the unwillingness to incorporate performance information as a foundation of public organization administration seems to stem from an aversion to change in general. The hesitancy towards change was recognized both at the organizational and individual level along with a strong desire to maintain the status quo. Senior managers who have been in the organization for long are more reluctant to promote change and therefore, to habitually deny the validity of performance systems.

## Building a Sustainable Performance System

### Financial and Human Resource Factors: Addressing Capacity

The resources devoted to performance systems are a critical element, not only during the development and adoption stage, but also during life of the system. Sustaining such systems in the long run requires stable and adapted financial and human resources: This suggests that during times of fiscal strain, the value of performance systems may not be enough to justify the necessary expenditures needed to maintain them. Gathering, cleaning, and analyzing information can require significant time and effort, and sometimes department heads have to pull staff from their "normal" duties to provide data. Sustaining performance measurement systems is perceived as quite labor intensive.

High turnover in some organizations is one of the major elements influencing the ability to fully operate the system – collecting the data and analyzing the information. High turnover produces two major implications on the sustainability of performance systems. The departure of experts deprives the organization of their knowledge and proficiency in performance management. At the same, this turnover causes the organization to perpetually hire and train new employees, increasing the cost associated with the performance system and its effectiveness. The placement of staff into performance analyst positions on an ad hoc basis seems to hinder long-term success of these endeavors. These people are more likely to leave or relocate within the organization leaving a capacity gap.

## Technical Factors: Addressing the Knowledge Gap

Technical factors appear to contribute to a sense of consistency and accuracy of information.

A serious concern is a lack of an agreed upon common framework that guides the measurement development, data collection, analysis, and reporting.

The data collected in organizations are frequently limited to financial data, so the use of performance measurement information is largely constrained to things that are tracked by those existing platforms. The ability to include performance information within the decision-making process can be limited because that performance information source is constrained and the essential information for accurate improvement and reporting is not available in a timely fashion. Sometimes a tremendous effort has to be made to collect and verify data for specific projects which hindered efforts to make decisions in close to real-time. Another barrier this lack of robust data presented was the reliance on measures that may not be really measuring what the organization cares about. Analysts often have to pick data that are less than ideal and make do with what they have, resulting in a declining level of confidence in the conclusions.

Although the sustainability of performance systems depends on several technical factors, a key element relates to the cultivation of a "home-grown" system, which can better capture the unique needs of the organization. Indeed, the ability to make adjustments along the way is equally important in establishing a sustainable system. Public organizations deal with a diverse constituency placing various, and often conflicting, demands on them. Simply using an out-of-the-box system does not capture these nuances and the need to build one that is relevant to the specific needs of the organization is important.

## Cultural Factors: Addressing Buy-In

Cultural factors are the last component in sustaining performance systems. Organizational culture needs to be nurtured to support the effective use of performance information, especially in accommodating new perspectives in the decision-making process. Those who note success in maintaining a performance system over time were much more likely to suggest that a culture of performance and an integrated appreciation for data usage was engrained in every level of the organization.

The institutionalization of performance management relies on the likeliness of participants to intuitively use that information in their daily operations, relying on the willingness of few strong stakeholders. In government, one of the largest difficulties is sustaining the performance measurement effort across elections cycles. Change in leadership creates irregularity in the objectives pursued and on the affirmation to use result-based information. Therefore, promoting the use of performance information as part of the organizational culture lessens the influence exerted by officials. There exists a need for top management to use their discretion in the way of conducting business in public organization to overcome the lack of legal mandate to use performance information and to ensure the sustainability of those systems.

Leadership is not the sole factor in determining whether performance measurement can flourish in an organization; support and cooperation from every level of management is equally essential. A sustained performance system cannot be accomplished without front line employees. If the employees of an institution do not perceive any benefits from using the system, it will not be able to produce any improvements and will probably be abandoned. Management and employees alike can sometimes dismiss performance management practices because either they do not fully understand the purpose of the system of they have not been integrated into the system development process.

The diversity of goals and objectives government is pursuing makes it difficult to focus on a single policy or action. When performance measurement information is not institutionalized in an organization's operation, its commitment might be affected due to conflicting priorities. In sum, organizational culture should not only promote attitudes in favor of the use of performance information, but also promote process of decision-making that intuitively and enduringly incorporate the use of such system. Organizational culture must promote the knowledge and the benefits of performance system to overcome the fear that may exist.

## Conclusions

Barriers to the development and adoption of performance systems can be categorized into three dimensions: (1) capacity limitations, (2) knowledge limitations, and (3) buy-in limitations. These factors are often time interrelated. For instance, a culture that welcomes change and innovation can promote managers to allocate adequate resources and to sponsor supportive managerial practices and employees' training. On the contrary, the lack of support from lower management can obstruct the practice of collecting and analyzing data. Similarly, inadequate technical capacity may lead to negative user experience, thus, reduce people's confidence in using result-based information. Responses to these issues can be distilled into a few core recommendations. Having a dedicated data analyst for the performance system can prevent burdening existing staff and help the system achieve a scalable state. Relying on out-o-the-box software systems that come with "predesigned" measures can miss the nuances of your programs. Regular discussion of performance information will help engrain these practices into the culture of the organization. Relying too heavily on proxy/indirect measures and benchmarking can reduce confidence in the system's results. Significant time and effort should focus on the question "does this indicator really measure what we want it to?"

## Cross-References


- ▶ Data-Driven Management
- ▶ Performance Management
- ▶ Performance Management and Culture


## References


Behn RD (2014) The PerformanceStat potential: A leadership strategy for producing results. Brookings Institution Press. Washington, DC

Berman E, Wang XH (2000) Performance measurement in U.S. counties: capacity for reform. Public Adm Rev 60(5):409–420

De Lancer Julnes P, Holzer M (2001) Promoting the utilization of performance measures in public organizations: an empirical study of factors affecting adoption and implementation. Public Adm Rev 61(6):693–708

Hatry HP (2006) Performance measurement: Getting results. The Urban Insitute. Washington, DC

Kettl DF, Kelman S (2007) Reflections on 21st century government management. IBM Center for the Business of Government, Washington, DC

Poister TH, Streib G (1999) Performance measurement in municipal government: assessing the state of practice. Public Adm Rev 59(4):325–335

Rivenbark WC, Carter KL (2000) Benchmarking and cost accounting: the North Carolina approach. Journal of Public Budgeting, Accounting & Financial Management 12(1):125

Sanger MB (2008) From measurement to management: breaking through the barriers to state and local performance. Public Adm Rev 68(s1):S70–S85

Schick A (2001) Getting performance measures to measure up. In: Forsythe DW (ed) Quicker, better, cheaper: managing performance in American government. Rockefeller Institute Press, Albany, pp 39–60

Taylor J (2011) Factors influencing the use of performance information for decision making in Australian state agencies. Public Adm 89(4):1316–1334


# Systemics of Public Administration


Ani Matei and Andy Leoveanu
Faculty of Public Administration, National University of Political Studies and Public Administration (NUPSPA), Bucharest, Romania


## Synonyms

Systemic approach to public administration

## Definition

The systemic approach to public administration provides the grounds for a consistent and rigorous approach to an ideal model of public administration that sums up all the advantages – desires for any administration to incorporate, i.e., nationality, efficiency, optimal service to citizens, and so on (Alexandru 1996, p. 140).

## Introduction

In recent decades, there have been more and more important concerns of researchers and specialists, politicians or government officials, regarding the development of public administration models.

This entry aims to advocate in favor of the need to apply systemic analysis as a research method of the administrative phenomena and processes. As Professor I. Alexandru (2000) points out, "in order to specify the role of public administration in the rule of law, a more comprehensive systemic analysis is required, which – going beyond structural and functional analysis – aims to study the relationships between system elements, as well as between the system elements and its whole and the other elements of the social system. In this way it is possible to distinguish between the internal relations of the system (which are considered relatively stable, being enshrined, especially in legal norms) and the relations of the system with the social environment" (Alexandru 2000, p. 21). The entry is structured in three parts.

The first part scrutinizes the origins of systemism but also the precepts of systemic thinking. The second part of the entry reveals the arguments regarding the need for a systemic approach to public administration. The third part of the entry focuses on the subsystem of public administration – subsystem of the global social system.

The entry ends with a couple of brief conclusions.

## The Origins of Systemism and the Precepts of Systemic Thinking

The need for a general theory of systems is supported by the level reached by a series of branches of science but also by the possibility of unitary and modern approach to some classic controversies in the biological sciences, of its social behavior.

Until recently, the only reality that mattered was the physical one. The study of metaphysics has opened new horizons, and, over time, biology and the social sciences have come into their own. Under this framework, a generalization of scientific concepts and models has become necessary also triggered by the emergence of new disciplines in the traditional system of physics. One can also discuss the existence of a traditional approach that did not include concepts such as the organizational or teleological one. Anything that did not rely on classical principles was considered illusory, metaphysical (Bertalanffy 1993, p. 91).

Classical sciences would use models consisting of two variables, linear causal chains and a cause-effect, and sometimes models with several variables.

The general theory of systems is founded on new generalized concepts, based on the interdisciplinary approach, and integrates, in a modern way of thinking, branches and chapters of the relevant science. Among these, we list:

- Cybernetics, based on the principle of feedback, of the circular causal chains, in which the mechanisms follow a behavior focused on self-regulation.
- Information theory, which introduced the concept of quantifiable information through an isomorphic expression of negative entropy from physics and which develops the principles of information transmission.
- Game theory analyzes, in an original mathematical form, the rational competition, for a maximum gain or a minimum loss, between two or more opponents.
- Decision theory also looks into the rational ways of human organizing based on the examination of a given situation and its possible consequences.
- Topology, or the mathematics of relations, which considers nonmetric fields such as networks and graph theory.
- Factor analysis that, with the help of mathematical analysis, highlights factors in phenomena with several variables, such as those in psychology or in other fields.

The general theory of systems acquires the characteristics of a fundamental science; its correlates belong to the applied science, being sometimes known as the general science of systems.

The following areas can be distinguished in its evolution (Ackoff 1960, pp. 1–8):

- Systems technology, i.e., scientific training, scheme, evaluation, and construction of "human-machine" systems; this field relies mainly on cybernetics and information theory.
- Operational research, which involves scientific control of existing systems: human, machine, material, and financial systems. The tools used are linear programming and game theory.
- Human technique, which is equivalent to the scientific adaptation of systems to achieve maximum efficiency with a minimum cost in monetary or other factors.

The human technique, which deals with the capacity, the limits of psychology, and the inconstancy of the human being, uses among its tools biomechanics, psychological techniques, human factors, etc.

Studying the general theory of systems as a science marks a distinct stage in the evolution of a true current in scientific thinking: systemism or systemic thinking.

Systemism is a methodological approach to human knowledge, which includes theoretical and practical activity. Its evolution bears the imprint of overall scientific development, being forced, over time, to adapt its theoretical grounds, constantly approaching and becoming a scientific theory. The origins of systemism are found in ancient Greek philosophy, when the concept of system appeared in an embryonic form. We owe this to Aristotle, who gave the first definition of the notion of system, stating that "the whole is greater than the sum of the parts." Even if the precepts of Cartesian knowledge have become sophistry today, they need to be highlighted from the perspective of scientific rigor and the depth of knowledge, so necessary for the systemic approach (Niculescu and Lavalette 1999, pp. 307–308).

To rightly conducting his reason and seeking truth in the sciences, René Descartes founded the *Discourse on the Method* in 1637, which was the paradigm for much research before the systems approach, allowing former researchers to study the phenomena and the problems. This is known by the Cartesianism, since it is attributed to the philosophy and reasoning of Descartes.

The four precepts of the *Discourse on the Method* of René Descartes are as follows:

- The first was never to accept anything for true which I did not clearly know to be such, that is to say carefully, to avoid precipitancy and prejudice and to comprise nothing more in my judgment than what was presented to my mind so clearly and distinctly as to exclude all ground of doubt (Descartes and Veitch 2012).
- The second, to divide each of the difficulties under examination into as many parts as possible and as might be necessary for its adequate solution (Descartes and Veitch 2012).
- The third, to conduct my thoughts in such order that, by commencing with objects the simplest and easiest to know, I might ascend little by little and, as it were, step by step to the knowledge of the more complex, assigning in thought a certain order even to those objects which in their own nature do not stand in a relation of antecedence and sequence (Descartes and Veitch 2012).
- And, last, in every case to make enumerations so complete, and reviews so general, that I might be assured that nothing was omitted (Descartes and Veitch 2012).

To fully understand the principles of the Cartesian discourse, according to the Descartes' own words, "The long chains of simple and easy reasoning by means of which geometers are accustomed to reach the conclusions of their most difficult demonstrations, had led me to imagine that all things, to the knowledge of which man is competent, are mutually connected in the same way, and that there is nothing so far removed from us as to be beyond our reach, or so hidden that we cannot discover it, provided only we abstain from accepting the false for the true, and always preserve in our thoughts the order necessary for the deduction of one truth from another" (Descartes and Veitch 2012).

Recognizing the value of experimental knowledge, Descartes' precepts substantiate the systemic approach as a method of general theory of systems.

With a concept different to the Cartesian one, the French sociologist Claude Levi-Strauss explains the complex social structures by their dual, contradictory organization. The social community is conceived as a system divided into two halves, associated and opposed at the same time. Promoter of structural analysis, Claude Levi-Strauss states in *Structural Anthropology*: "No science today can consider structures arising from its field as being reduced to any arrangement by any party."

The reciprocal interaction between the human system and the environment is also present in Jean Piaget's scientific work. Using experimental research, Jean Piaget developed an original theory of the genesis and mechanisms of thought, called operational theory. Concerned with issues of psychology, biology, logic, and philosophy, Piaget argues that "any relationship between a living being and its environment has the specific character that the former, instead of being passively subjected to the latter, modifies it, imposing on it a certain structure of its own" (Piaget 1947, p. 31). A similar conception is promoted by the French geneticist François Jacob in *La Logique du vivant*, namely, "Every living organism is the result of the close interaction of the genetic program contained in its chromosomes and the environment." Elements of systemic thinking can also be found in the works of the Austrian philosopher and logician Karl Raimund Popper. He explains his thesis on objective knowledge through the existence of a third real world, which contains stories, explanatory myths, scientific theories, etc. This exerts an essential retroaction on the second world, of conscious or unconscious processes, and also, through the latter, on the first world, that of physical entities built by man. Worlds represent systems or subsystems on the interaction of which the construction of scientific theories is based. Promoter of the so-called hypothetical-deductive model, Popper bases his approach on the science of strictly deductive procedures, rejecting the method of induction. The concepts presented here, in an extremely succinct manner, underline and highlight the presence of the systemic approach in the work of renowned scientists in various fields of science. Of course, the analysis can continue, thus foreshadowing the trend of thought that systemism represents today.

In its evolution, systemism comprised two important phases. The first phase coincides with a so-called construction of the restricted theory of systems based on traditional knowledge of physics, mechanics, etc. The contributions of the thinkers of this period are subsumed to the development of the sciences or fields in which they manifested themselves. The second phase appears as a natural stage in a comprehensive evolution of systems theory in consensus with the general development of human knowledge. The beginnings of this stage correspond to the elaboration, in the middle of the twentieth century, by the Austrian biologist Ludwig von Bertalanffy, of a generalized conception of systems, known as the "general theory of systems."

General theory of systems is a program of research and direction in the philosophy of contemporary science, which aims to integrate different areas of knowledge with the help of a unified conceptualization and research methodology. Many representatives of the international scientific community have joined Bertalanffy's efforts. Among them, Jean-Louis Le Moigne deserves a special attention. He formulated the new precepts of systemic thinking consonant with T.G.S (Le Moigne 1977):

- The precept of relevance (the opposite of the Cartesian precept of evidence): Agreeing that any object we consider is defined in relation to the implicit or explicit intentions of the modeler. Never refrain from questioning this definition; if our intentions change, our perception of this object changes.
- The precept of globalism (the opposite of the Cartesian reductionist precept): Always consider the object to be known by our intelligence as an immersed and active part within a larger whole. To perceive it first globally, in its functional relationship with its environment without unduly sourcing to establish a faithful

image of its internal structure, whose existence and uniqueness will never be taken for granted.

- The precept of teleology or finality (the opposite of the Cartesian precept of causality): Interpreting the object not in itself, but by its behavior, without seeking to explain this behavior a priori by some law implied in a new structure. On the other hand, understand this behavior and the resources it mobilizes in relation to the projects that, freely, the modeler attributes to the object. Take the identification of these hypothetical projects for a rational act of intelligence and agree that their demonstration will very rarely be possible.
- The precept of aggregation (the opposite of the Cartesian precept of exhaustiveness): Agree that any representation is partisan, not by forgetting the modeler, but deliberately. Consequently, look for a few likely to guide the selection of aggregates considered to be relevant and exclude illusory objectivity from an exhaustive inventory of the elements to be considered.

## The Need for a Systemic Approach to Public Administration

The systemic approach of public administration offers the foundation of a consistent and rigorous approach for an ideal model of public administration that sums up all the advantages – desired for any administration, i.e., nationality, efficiency, optimal service of citizens, etc. (Alexandru 1996, p. 140).

In this entry, we will try to argue in support of the need to apply systemic analysis as a method of research of the administrative phenomena and processes. We will understand public administration as "that activity which consists mainly in organizing and ensuring the execution, but also in the direct implementation of the Constitution provisions, of all normative acts and of other legal acts issued by the authorities of the rule of law" (Negoita 1966, p. 21).

But, as Alexandru (2000) points out, "in order to specify the role of public administration in the conditions of the rule of law, a systemic analysis is needed, more comprehensive, which – beyond structural and functional analysis – aims to study the relationships between system elements and between these and the whole and the other elements of the social system. In this way it is possible to distinguish between the internal relations of the system (which are considered relatively stable, being enshrined, especially in legal norms) and the relations of the system with the social environment" (Alexandru 2000, p. 21).

The argument backing the need for a systemic approach to public administration is briefly presented in a series of recent studies belonging to well-known and recognized personalities in the field. Among them, we look into the work of the Greek professor J. M. Decleris *The Theory of Systems of Public Administration: The Main Problems* (Decleris 1992, pp. 149–153).

Decleris' conception reveals the following:

- A comprehensive theory of systems is extremely necessary in public administration. While private and nonprofit organizations were eager to receive and even experiment with general theory of systems, the public administration showed only a partial interest in it, by adopting and adapting to the real needs of systemic method and technique analysis, especially information management systems, decision support systems, policy analysis, evaluation methods, etc.

  It is noteworthy that this partial reception of the systemic approach took place in countries with a moderate tradition in public administration, such as the Anglo-Saxon ones, while the countries of the continent remained strongly attached to culture versus the "administrative law." Such a development at the time gave the impression that it was a matter of "general theory of systems" versus "administrative law," but the recent French "administrative renewal" (started in 1989) and the First Greek Program of Administrative Reform (1992) managed to convince that the systems approach was not incompatible with "administrative law."

- In fact, systemic analysis is very necessary in public administration due to the increasing complexity of public problems. Given their magnitude, the current public problems seem difficult at the moment, and many people speak of a new era of "ungovernability" and chaos or at least a persistent "adversity."

  However, this is not the case. The present uncertainty and confusion should not be attributed to a significant delay in the systematization of public administration. Complexity can be conquered by complexity, and systems theory is the only answer to the question: how can modern public administration live up to the expectations of service users?

  It is not an issue of reducing the areas of state activities, as some economists have considered, but it is an issue related to the improvement of administrative services with the help of systems science and technological innovations, i.e., information technologies.
- Referring to the problem of the "model" of public administration, Decleris (1992) considers that: "a valuable science of systems, which deserves its name, for public administration must start with a satisfactory system model thereof.

  We need to identify public administration in the broader system of government, known as the 'state' in the dictionary. This allows us to outline the boundaries of public administration and to describe its connections with the other subsystems of the state" (Decleris 1992, p. 149).

Such a model was proposed by Decleris (1986). According to this model, the public administration is the most important processor of value demands (inputs) in the system of government, demands that vary in relation to social complexity.

Such value demands are generated by public issues, and their processing is a type of conversion in quantity and/or quality through a series of public decisions.

In this series of decisions, which belong to the various components of the governance system, the decisions belonging to the public processor refer fundamentally to the implementation phase, which involves the development of small-scale policy and discretionary power.

However, the system model clearly shows the impact of public administration on the programming of processed applications, hence the interdependence of public policy development and implementation processes.

This fundamental observation offers the modern significance of the separation of powers in the state and reveals the importance of bureaucratic administration in complex societies.

Equally important are the interactions of the public administration with the Filter and Control components, verified by the media, interest groups (Filter), and the courts throughout the entire policymaking process (Fig. 1).

This basic model of public administration must be accompanied by a detailed model evincing:

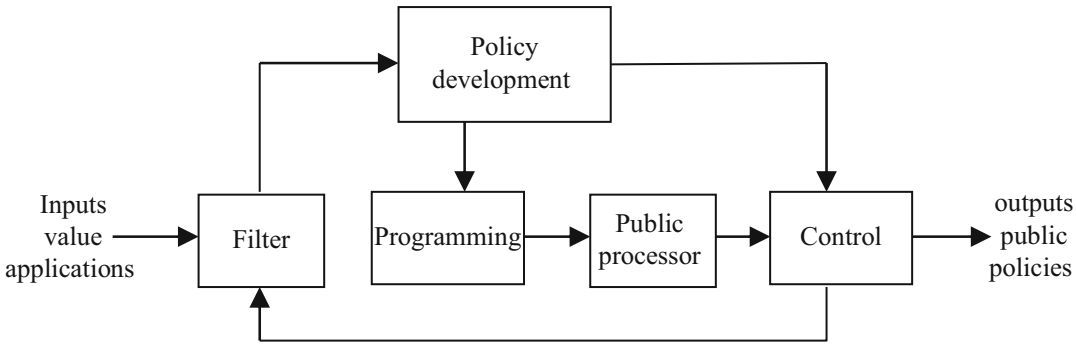


**Systemics of Public Administration, Fig. 1** Decleris systemic model of public administration. (Source: Matei 2000)

a. Its internal structure
b. The network of public policies, which are the object of a specific administration.
c. Both models can vary in space or time and are now in a continuous process of administrative reform.
   - For the design of the detailed structural models of a specific administration, the conclusions of the organizational theory can be taken into account. Decleris draws attention that "we must keep in mind that, although some organizational principles are valid in public administration, it is an organization with its own emerging qualities in which the pursuit of the public interest through appropriate means and procedures is the most important quality" (Decleris 1992, p. 150).

Other important emerging qualities of public administration are considered to be hierarchy and continuity.

The structural system models of the public administration must reflect its qualities. However, the integrity of the public administrative model is still lacking.

Existing structures have developed over the centuries in an empirical and fragmented way, and their totality is far from being a model for a national and coherent system of action.

Reform is needed not only in spatial systems (e.g., deconcentration) but also in the design and coordination of many public administration structures, mechanisms, and institutions, given the wide communication potential offered by information technology.

The present administrative structures are so numerous and large that only a system model can help to order the total conglomerate.

- The second category of systemic models required in public administration must be defined as functional, a term that refers to the aims and objectives of public policy development. In systems logic, functional models precede structural ones, which are designed only after functional ones are established.

The basic network of public policies to be implemented by the public administration is such a predominant functional model and aims to clarify the interrelationships between these policies.

The reality confirms that very few public administrations have an overview of their activities, translated into a meaningful model.

Consequently, few governments have a coherent idea of the real impact of their policies on society. Under such conditions, no effective control is operable.

Decleris (1991) proposed a simplified model of public policy, based on a seven-component system that includes:

- Value system (human rights policies, against crime, in favor of the arts, etc.)
- Social communication (education, science, research and technology policies, media, etc.)
- Social hierarchy (social policy, health, housing, etc.)
- Governance (state organization, budgetary and fiscal policy, administration reform, etc.)
- Environmental control (environmental policy, agricultural management, urban and regional planning, sustainable development, economic policy, etc.)
- Affective systems (family policy, ethnic policies, etc.)
- Personality (individual freedom, creativity, etc.)
- The third area of analysis of public administration systems refers to the procedural and methodological aspects of public policymaking. The "administrative codes" and the "administrative procedure," which establish the legal framework for the protection of citizens, are now complemented by policy analyses, forecasting and evaluation techniques, cost-benefit analyses, and a set of methods and techniques applied, centered on the concept of system, which aim to ensure effectiveness and efficiency in administrative action.

In this way, a scientific governance is achieved: public policies are no longer just the result of improvised compromises; they

tend to become the result of an elaborate systemic design.

- Systemic methods and techniques, based on the application of public law principles in the design and implementation of public policies, are now proliferating rapidly. "Public management" is a fashionable term now, which suggests a declared merger of public administration with management. It is a preferred alternative to the proclaimed uniqueness of management in all types of organizations. Again, the emerging qualities of the public administration system should not be overlooked in any policy model. In many cases, effectiveness in administrative action was ensured with coercion from the ruling power. This is no longer valid. Coercion remains the last argument of state action; the authority on public policymaking increasingly depends on rationality and net results.

Systemic methods and techniques are important because they tend to:

- Ensure the participation of citizens in the elaboration of public policies and their observance.
- Produce the desired results.
- Reduce the social cost of any policy (Decleris 1989, p. 89).
- Communication and information processing is the fourth area of public administration in which the science of systems is useful.

Due to their complexity, solving public problems requires the processing of huge amounts of information, otherwise impossible without technological support.

The contribution of systems science resides in software engineering, where a variety of programs are designed to rigorously handle impressive volumes of information. These represent something more than the successful dealing with quantity; it means that rationality and control in public policymaking are also effectively served. It is a rapidly evolving field of knowledge: from information management systems to decision support systems and beyond to expert systems and new neural networks – all these powerful means of support are available to decision-makers in public organizations.

A significant part of the problem-solving routine has been taken over by machines, while other smart equipment can enhance the creativity of public managers.

No matter how elaborate, systems models in public administration ultimately refer to the analysis of human beings, which by definition and due to their inherent autonomy have poor controllability, compared to man-made machines.

In order to activate any organization, not only the structure and activities of such a system should be rationally designed, but human action should also be involved.

Apparently, this was obvious in the past, and the public administration was content to develop civil servant codes that incorporated a rudimentary system of rewards and sanctions.

In today's society, more complex ways of human cooperation are being sought, and a true science of behavioral control systems is needed.

Cybernetics is an integral part of systems science and is extremely timely, a fruitful use of its principles. Currently, human resource management is based on a body of knowledge, borrowed from the social sciences, psychology, being supplemented by common sense recipes to ensure motivation, productivity, and leadership.

The task of systems science is to develop a coherent theory of behavioral control systems that has an applied character.

Public administration is the largest employer, and millions of people spend much of their lives in its many organizations. Life in public organizations and the relationships with the general public must be seriously studied before prescribing patterns of human behavior in the organization.

The fields with special preoccupations in the public administration refer not only to the maintenance of the authority relations in the society but also to the intelligent motivation of the performance of the public agencies.

Given the ubiquity of conflict, in and out of public administration, systemic models for conflict negotiation and management must be a priority for system designers and analysts.

Decleris has outlined the areas toward which the systemic approach must be oriented, so that a systemic model of public administration can be designed to provide the fundamentals for better governance in any society.

## Public Administration, Global Social System Subsystem

The public administration can be considered a subsystem of the global social system.

The environment of the public administration subsystem consists of the other subsystems of the global social system, of which we can list:

- The political subsystem
- The economic subsystem
- The legal-normative subsystem (Matei 2000, p. 131)

We can state that the public administration subsystem is a cyber-system with the following characteristics:

- It is an open system due to the fact that it has connections (inputs/outputs) with other systems and with its environment.
- It is a dynamic system because it evolves over time, changing its state, structure, and/or behavior as a result of internal or external causes.
- It is a complex system – understanding this in terms of dimensions, number of connections between elements, and the presence of the human element.
- It is a self-adjusting system – because it has the ability to react to the action of internal and external factors and to maintain control over different periods of time (Matei 2000, p. 93).

The inputs of the public administration system represent a consequence of its connections with its environment. These relate to the transfer from the environment or other subsystems of:

- Material resources:
  - Immovable and movable property
- Financial resources:
  - Taxes, duties, and in some cases donations and sponsorships
- Human resources:
  - Civil servants, contract staff, and elected positions

It is unanimously acknowledged that the value of an administration lies not so much in the material or financial means at its disposal but especially in its human potential (Alexandru et al. 2002).

The consequences of inputs can be highlighted by reducing the entropy of the system but also by disturbances in the system that can cause dysfunction and even disorganization.

The internal measures taken to protect the system from such possible disturbances lead to a process of filtering the inputs, and as a result the cybernetic-administrative systems can be considered semi-open systems:

- Information resources:
  - Information and information technologies
  - Decisions
  - Laws and other normative acts

The outputs of the public administration system ensure the transfer to the environment or other systems (subsystems) of:

- Material resources (public parks, road and railway infrastructure, etc.)
- Human resources
- Public services
- Information
- Action programs
- Own decisions, materialize in administrative deeds and contracts

The effects of the outputs on the public administration system are diverse, and sometimes even contradictory, as they can contribute to the increase/decrease of the system entropy as well as to the reduction/increase of the degree of organization and complexity.

These seemingly opposite effects are explained by the system connections.

For example, the simple reduction of staff can lead to an increase in the entropy of the system, but if this is accompanied by the implementation of modern information and communication technologies, the effect can be the opposite (Matei 2000, p. 93).

## Conclusions

In conclusion, we can state that the systemic approach of public administration has proved very useful in solving complex issues related to people and the socioeconomic environment.

Systemic analysis makes it possible that the effects of some changes are modeled and anticipated, given that this method involves performing a very detailed analysis of the system elements/components.

## Cross-References


- ▶ Administrative System of the European Union
- ▶ Civil Society Organizations
- ▶ Critical Theory of Organizations
- ▶ Systems and Complexity Theories of Organizations


## References


Ackoff RL (1960) Systems organizations and interdisciplinary research. Gen Syst 5:1–8

Alexandru I (1996) Structuri, mecanisme şi instituţii administrative/Administrative structures, mechanisms and institutions, vol I–II. Editura Sylvi, Bucharest

Alexandru I (2000) Curente de gândire privind administraţia publică/Currents of thought on public administration. Editura Economică, Bucharest

Alexandru I, Popescu-Slăniceanu I, Dinca D, Carausan M (2002) Drept administrative/Administrative law. Editura Economică, Bucharest

Bertalanffy L (1993) Théorie générale des systènes. Dunod, Paris

Decleris J (1986) Systems theory. Sakkulas, Athens

Decleris J (1989) Systems governance. Sakkoulas, Athens

Decleris J (1991) Handbook for systems science. UNESCO, Paris

Decleris J (1992) Systemic theory for public administration. Main problems, published in the volume "Deuxième école européene de systémique," Strasbourg, pp 149–153

Descartes R, Veitch J (2012) Discours de la Méthode (French-English bilingual edition) – sentence by sentence translation (French edition). Wolf Pup Books, New York

Le Moigne JL (1977) La théorie du système général: théorie de la modélisation, collection les classiques du reseau intelligence de la complexite, 1ère édn

Matei A (2000) Introducere în analiza sistemelor admministraţiei publice/introduction to the analysis of public administration systems. Editura Economică, Bucharest

Negoita A (1966) Drept administrative/Administrative law. Editura Sylvi, Bucharest

Niculescu M, Lavalette G (1999) Strategii de creştere/Growth strategies. Editura Economică, Bucharest

Piaget J (1947) La psychologie de l'intelligence. Colin, Paris


# Systems and Complexity Theories of Organizations


Francis Amagoh
Department of Public Administration, KIMEP University, Almaty, Kazakhstan


## Synonyms

Complexity theory; Organizational change; Organizational competitiveness; Organizational theory; Systems theory

## Definition

Systems theory focuses on structures, relationships, and interdependence between elements, while complexity theory refers to the heterogeneity in the various subsystems of an organization and how parts at a sublevel in a complex system affects the emergent behavior and outcome of the system.

## Introduction

Systems and complexity theories are theories of organizational change processes that seek to explain how organizations operate and sustain

themselves with their environments. General systems theory (GST) originated from the fields of biology, economics, and engineering and explores principles and laws that can be generalized across various systems. GST was first introduced by Ludwig von Bertalanffy in 1940 but only gained prominence in the 1960s (Bui and Baruch 2010). GST is primarily concerned with how systems operate and integrates a broad range of systems by naming and identifying patterns and processes common to all systems (Ceric 2015; Bausch 2002). Theoretically, a system is considered to have subsystems (or elements), whose interrelationships and interdependence move toward equilibrium within the system. The behavior of each subsystem has an effect on the behavior of the system; the behavior of the subsystems and their effects on the system are interdependent, and while the subsystems all have an effect on the behavior of the system, none has an independent effect on it (Skyttner 1996; Bui and Baruch 2010). Thus, according to Katz and Kahn (1978), the concept of systems theory can be summarized as a knowledge framework that focuses on structures, relationships, and interdependence between elements.

Aside from Ludwig von Bertalanffy, other pioneers in the field of GST include Kenneth Boulding, Daniel Katz, and Robert Kahn. In Boulding's view, GST studies all thinkable relationships abstracted from any situation or body of empirical knowledge (Boulding 1956). In his hierarchical framework of systems, Boulding arranged systems in order of their complexity (Veetil and Wagner 2015; Bausch 2002) and classified them into nine levels according to increasing levels of complexity (Ferreira 2014; Yoon and Kuchinke 2005). The hierarchical framework of systems was developed by Boulding for the purpose of studying systems' characteristics. The nine levels of the hierarchical framework of systems are as follows:

1. Static structure: This might be called the level of "frameworks." It is referred to as the geography and anatomy of the system (basically, it is the identification and relationship of parts).
2. Simple dynamic: Basic motions of the system within its environment (movement of parts).
3. Self-regulated: The concept of control as a system (the idea of the thermostat).
4. Open: The system is regarded as a cell (it is the self-maintenance factor in living systems).
5. Genetic-societal: This refers to the plant as a system (it is the predetermined patterns of growth and decay).
6. Animal: Animals are regarded as systems (increased mobility and self-awareness).
7. Human: The individual as a system (there is self-consciousness, learning, adaptation).
8. Social: The group or organization as a system (there are roles, perceptions, status, etc.)
9. Transcendental: This level consists of absolutes and ultimates (i.e., the unknowns) (Amagoh 2008; Martinelli 2001).

In addition, Boulding synthesized the GST frameworks into five categories as follows:

1. Order, regularity, and nonrandomness are better than disorder, irregularity, and lack of randomness.
2. Orderliness in the empirical world makes the world good, interesting, and attractive to systems theorists.
3. There is order in the orderliness of the external world (order to the second degree), a law about laws.
4. To establish order, quantification and the mathematicians are of high importance.
5. The search for order and law leads to the quest for the empirical referents of this order and law (Amagoh 2008; Sullivan 2004).

## Systems Theory and Organizations

Human organizations are considered as organic systems in which everything is related to everything else, and a change in one element of the system affects all other relationships in the system (Moeller and Valentinov 2012). Thus, any change in any elements of the system causes changes in other elements (Stewart and Ayres 2001).

An important aspect of GST is that it distinguishes between open and closed systems. While the closed systems approach consider the organization's interaction with the external environment to be irrelevant, in open systems the organizations' interaction with the external environment is important for organizational survival. The lack of coordination between the organization and its external environment in closed systems inhibit the organization's capacity to import sufficient energy from its environment for sustenance (Amagoh 2008).

Katz and Kahn (1966) identify the following nine characteristics of open systems as applied to organizations:

1. Open systems import energy from the external environment.
2. Open systems transform energy that is available to them.
3. Open systems export some products into the environment.
4. The pattern of activities of the energy exchange in open systems is cyclical in nature.
5. To survive, open systems must move to arrest the entropic process; they must acquire negative entropy.
6. All inputs are informative in character and provide signals to the structure of the systems about its own functioning in relation to the environment. Thus, negative information enables the system to correct its deviation from course. The nature of the functions performed by the system determines its coding mechanism, which in turn perpetuates this type of functioning.
7. The importation of energy to arrest entropy operates to maintain some consistency in energy exchange, so that the open systems that survive are characterized by a steady state.
8. Open systems move in the direction of differentiation and elaboration.
9. A system can reach the same final state from differing initial conditions and by a variety of paths (equifinality) (Katz and Kahn 1966; Amagoh 2008).

In open systems, the cycles of inputs, throughput, and output, which constitute organizational systems and subsystems, are carefully examined. Thus, organizational performance is best understood in terms of the entire system and management's ability to control the environment (i.e., balance resources) (Martz 2013). According to Katz and Kahn (1978), organizations are comprised of patterns of events which are interdependent, cyclical, consistent over time, and must therefore be understood in terms of their interaction with each other and with the external environment. Organizations exist in a turbulent environment characterized by increasing uncertainties taking place in the political and economic environment as well as changes in technology.

Organizations are affected by the industry in which they operate and other factors in the external environment. Thus, viewing an organization as an open system helps to better understand how it can better obtain resources such as raw materials and information, transform the resources by making better use of its social and technological components, and produce the best results. It is important to note that in open-systems theory, it is assumed that boundaries between organizations' input and output are distinct. As a result, the goal of transformation is to improve the horizontal and vertical fit between the subsystems within the organization and the fit between the overall organization design and its external environment. The open system model stresses the complexity and variability of the individual parts of the organization such as individual participants and subgroups and the looseness of connections among them. Thus, the survival of the organization depends on detecting the environment and adjusting itself to the changes taking place in the environment (Veetil and Wagner 2015).

## Critique of Systems Theory

Systems theory is not without its critics. According to Yoon and Kuchinke (2005), while the systems model talks about the input-throughput-output process, it fails to indicate when and how collaboration within the organization can address urgent issues. Further, the

systems model does not suggest what to do when there are existing or potential conflicts within or between organizational environments (Amagoh 2008; Veetil and Wagner 2015).

Second, it is difficult sometimes to differentiate boundaries and transformation when organizations have multiple nodes of interactions and communication lines. Thus, when the environment rapidly changes and tasks and group compositions become intermingled, the systems mode may be inadequate to provide answers on how organizations can address such complex situations (Martz 2013).

Third, when it comes to policy priorities, the systems model gives little guidance as to which aspects of the system should be manipulated to achieve policy objectives. In other words, it fails to provide a way forward when constituents of a system are in conflict with each other (Visser and Togt 2016; Stewart and Ayres 2001). Fourth, Kast and Rosenzweig (1973) cautions against the idea of comparing organizations to organisms too literally since while organizations may be considered as systems, they are not necessarily natural systems.

Finally, according to Martz (2013), a focus on maximizing the efficiency of subsystems may restrict the organization's ability to adapt to change. The emphasis on greater efficiency without consideration of organizational survival may lead to a myopic organization whose highly efficient system may become irrelevant to the long-run demands of the marketplace. Thus, an organization may be considered a high performer in the short run (i.e., the subsystems are optimized) even when it does not possess a comparative advantage in the long run. These criticisms of the systems model have led to a model of organizational change derived from the ideas of dynamic nonlinear systems. The complexities and uncertainties in organizational change processes seem to be better reflected in complexity theory of organizations.

## Complexity Theory

Complexity theory focuses on the heterogeneity or diversity in the various subsystems of an organization (such as customers, suppliers, socio-politics, technology, etc.) (Meek et al. 2007). It tries to explain how parts at a sublevel in a complex system affect the emergent behavior and outcome of the system (McKenzie and James 2004; Foster 2005). According to Ferreira (2014) a system should be considered complex when it is made of groups of elements with different functions and behaviors are in constant evolution and are influenced by events that cannot be foreseen with certainty. The information about the state of these elements cannot be completely known, and the elements are related by a great variety of interrelationships.

According to complexity theory, the most creative phase of a system lies between order and chaos. Complex systems evolve through phases of instability until they reach a stage where equilibrium is reached between the organization and its environments and itself (Sullivan 2004; Guevara and Posch 2015). According to complexity theory, systems that operate around the edge of instability (also called "the edge of chaos") tend to exhibit creativity and produce new and innovative behaviors (Price 2004). Thus, in the complexity paradigm systems are always evolving or self-organizing into something new (Ferlie 2007; Kuhn et al. 2015).

Complexity theory uses the concept of entropy, which is the ability of a system to move toward a chaotic or random state where there is no further potential for energy transformation (Byeon 2005; Farazmand 2003; Guevara and Posch 2015). Entropy is the disorder or randomness in a system. Thus, entropy (in complexity theory) has replaced the age of equilibrium (in systems theory). The theory is therefore regarded to better fully capture the uncertainties and complexities inherent in social phenomenon. This is in contrast to systems theory which focuses solely on the idea of equilibrium in social systems (Meek et al. 2007; Byeon 2005; Wallis 2013).

## Characteristics of Complex Systems

Complexity theory regards social systems as complex based on certain characteristics. First,

complex systems are characterized by non-linearity and feedback, which usually results in feedback mechanisms (Sherif 2006; Kuhn et al. 2015). Complex systems are structurally based on a feedback concept, which states that our current actions define future situations. According to Kuhn et al. (2015), actions change the state of the system and people react to reestablish the equilibrium. Positive feedback typically generates growth in the system, while negative feedback does the opposite, searching for balance. However, structures that mix both types generate diverse behavior.

Second, complex systems are dissipative structures. This means that they do not correspond to external pressures in a linear manner (Styhre 2002; Wallis 2013) and are far from equilibrium. The organization experiences fluxes in its environment, and these constitute issues that it needs to address. As the intensity of the fluxes in organizational environment increase, the system is moved far away from equilibrium towards the crisis stage. At the crisis stage, the organization's structure holds the organization together and dissipates the "fluxes of energy" coming into it (Paraskevas 2006; Foster 2005). For example, when a system operates outside of established rules or outside of the usual ways of working, it may arrive at a critical point and deteriorate to disorder or create some new order and organization. The organization may also be in a state which is neither stable nor instable but both simultaneously. In this state, there is instability because specific behavior is not predictable in the long term, but there is stability in the qualitative structure to this behavior and short-term results are predictable (Visser and Togt 2016).

Third, complex systems have the ability for self-organization and adaptation. This is called auto-organization, which is the spontaneous union of a group to accomplish a task. Because of the interactions between various parts of the system, parts of the system can self-organize rather than being subdued by a central control. Adaptation is the behaviors which allow the system to survive changes in its environment. It is the ability of the system to modify itself to environmental disturbances that threaten the system's efficiency. In complex systems, the concept of feedback mechanisms is one of the major elements that make self-organizing systems effective (McKenzie and James 2004; Wallis 2013).

Fourth, complex systems have the characteristics of connectivity and interdependence. This means that one element (or group) decision or action may affect related elements and systems. The degree of connectivity and interdependence between the elements of a complex system determines the level of relationships and transfer of information in the feedback process. According to Schwandt and Szabla (2013), the concept of coevolution comes from the mutual influence between the elements of the system. Coevolution emphasizes the relationship among the entities that coevolve (Kuhn et al. 2015).

Finally, complex systems exhibit emergent properties whereby patterns emerge which are due to the collective behavior of the system's components. The emergent properties are independently observable and empirically verifiable patterns (Ferlie 2007) and happen when the system is heading towards disorder. The disorder/crisis draws the organization in a particular direction (Price 2004; Foster 2005) and triggers changes in the organization. This is the stage where the organization reaches the threshold of "phase transition" (Paraskevas 2006). At the phase transition stage, the system may either break down leading to the demise of the organization or break through to one of several new states which will emerge from the self-organization of the organization's components. The experience of the organization from the crisis will become part of its organizational learning and consequently will influence its behaviors in the future (Paraskevas 2006; Kuhn et al. 2015).

## Organization as Complex Adaptive Systems

Systems that import information from the environment and produces stores of knowledge that can aid action are called "complex adaptive systems" (Price 2004). Organizations are complex systems because they consist of autonomous

entities that are interconnected in different ways and at different intensities (Martz 2013; Kuhn et al. 2015). These entities are self-organizing and self-generating entities and their behavior emerges because of the nonlinearity of the feedback structures. The structures also coevolve with the environment and have the potential to generate a new order after periods of instability. Unlike living beings, which are born with a structure and maintain it until the end of their life cycle, organizational structures can be renewed or altered. Thus, the growth pattern is within the organizational attractor of possibilities or within a certain level of complexity. When the threshold limit is reached, the organization has the ability to adapt by choosing a new structural (or cognitive) configuration that is appropriate for the new level of complexity (Guevara and Posch 2015).

Organizations experience periods of instability from time to time when it reaches its limit of complexity. In periods of relative stability, changes need to be made to preserve the organization against internal and external disturbances. However, over time if the changes are not made, the fundamental structure of the system will collapse because, according Schwandt and Szabla (2013), informal systems move the organization to a fragmented and disordered state. Some of the characteristics of the organization at this stage are of cultural diversity, conflict, weakly shared vision, ambiguity: all elements belonging to the cognitive subsystem. A system is considered mature when it adapts to the demands of its environment with a high enough level of complexity for its survival. The organization that is capable of doing what must be done to survive in its environment very well is considered a mature organization. When environments are volatile, organizations run the risk of becoming too rigid for future changes by trying to stabilize at a moment. Investigating how self-organization occurs in a given setting is key for the success of complex nonlinear systems. Thus, organizational learning and all forms of innovation tend to occur in organizations where there are interactions between their various adaptive parts (Foster 2005).

## Conclusion

System and complexity theories have contributed to recognition of the roles of individuals and subunits in the survival of organizations. As the subunits in an organization interact with each other and the outside environment, such interactions will cause the system and the environments to become more complex (Bui and Baruch 2010). Thus, improved understanding of a system by identifying the interactions between individuals and the various subunits in organizations will help managers find strategies to address complex situations. Systems and complexity theories have implications for organizational learning through the interactions of the subunits and the environment in responding to chaotic or complex situations. Systems and complexity theories are also important for strategy development because they can help managers understand the interactions between diverse subunits of an organization and the external environment. Such an understanding will help managers take a long-term view of the organization.

When organizations use subsystems, such as work groups or key individual performers as responses to rapid changes in the environment, complexity theory provides conceptual foundations for managers to prioritize system performance levels and examine how they proactively and collectively seek to solve and adapt solutions that will suit organizational strategy (Martz 2013; Schwandt and Szabla 2013). Changes in the external environment can lead to turbulence in the organization. To survive in a competitive environment, organizations have to adapt by changing their internal structures and processes. This can lead to organizational learning and enhance the long-term survival and competitive advantage.

## Cross-References


- ► Absenteeism in Organizations
- ► Authority in Organizations
- ► Equity Theory of Organizations
- ► Managing Conflict in Organizations

▶ Social Capital and Organizational Change
▶ Transformation Metaphor of Organizations

## References

Amagoh F (2008) Perspectives on organizational change: systems and complexity theories. Public Sect Innovat J 13(3):1–14

Bausch K (2002) Roots and branches: a brief, picaresque, personal history of systems theory. Syst Res Behav Sci 19(5):417–428

Boulding K (1956) General systems theory – the skeleton of science. Manag Sci 2(1):197–208

Bui H, Baruch Y (2010) Creating learning organizations: a systems perspective. Learn Organ 17(3):208–227

Byeon J (2005) A systems approach to entropy change in political systems. Syst Res Behav Sci 22:223–231

Ceric A (2015) Bringing together evaluation and management of ICT value: a systems theory approach. Elect J Info Syst 18(1):19–35

Farazmand A (2003) Chaos and transformation theories: a theoretical analysis with implications for organization theory and public management. Public Org Rev 3(4): 339–372

Ferlie E (2007) Complex organizations and contemporary public sector organizations. Int Public Manag J 10(2): 153–165

Ferreira S (2014) Sociological observations of the third sector through systems theory: an analytical proposal. Voluntas 25:1671–1693

Foster J (2005) From simplistic to complex systems in economics. Camb J Econ 29:873–892

Guevara P, Posch A (2015) Dynamic complexity, entropy, and coordination in educational systems: a simulation of strategic and exogenous interventions. Syst Pract Action Res 28:179–196

Kast F, Rosenzweig J (1973) Contingency views of organization and management. Science Research, Chicago

Katz D, Kahn R (1978) The social psychology of organizations, 2nd edn. Wiley, New York

Katz D, Kahn R (1966) The social psychology of organizations. Wiley, New York

Kuhn J, Courtney J, Morris B (2015) A theory of complex adaptive inquiring organizations: application to continuous assurance of corporate financial information. Knowl Manag Rev Suppl 30(3):265–296

Martinelli D (2001) Systems hierarchies and management. Syst Res Behav Sci 18(1):69–82

Martz W (2013) Evaluating organizational performance: rational, natural, and open system models. Am J Eval 34(3):385–401

McKenzie C, James K (2004) Aesthetic as an aid to understanding complex systems and decision judgement in operating complex systems. Emerg Compl Org Special Double Issue 6(1–2):32–39

Meek WJ, De Ladurantey J, Newell WH (2007) Complex systems, governance and policy administration consequences. Emerg Compl Org Special Double Issue 9(1–2):24–36

Moeller L, Valentinov V (2012) The commercialization of the nonprofit sector: a general systems theory perspective. Syst Pract Action Res 25:365–370

Paraskevas A (2006) Crisis management or crisis response system? A complexity science approach to organizational crisis. Manag Decis 44(7):892–907

Price I (2004) Complexity, complicatedness and complexity: a new science behind organizational intervention? Emerg Compl Org Special Double Issue 6(1–2):40–48

Schwandt D, Szabla D (2013) Structuration theories and complex adaptive social systems: inroads to describing human interaction dynamics. Emerg Compl Org 15(4): 1–20

Sherif K (2006) An adaptive strategy for managing knowledge in organizations. J Knowl Manag 10(4):72–80

Skyttner L (1996) General systems theory: an introduction. Macmillan Press, London

Stewart J, Ayres R (2001) Systems theory and policy practice: an exploration. Policy Sci 34(1):79–88

Styhre A (2002) Non-linear change in organizations: organization change management informed by complexity theory. Leaders Org Develop J 23(6):343–351

Sullivan T (2004) The viability of using various system theories to describe organizational change. J Educat Admin 42(1):43–54

Wallis S (2013) How to choose between policy proposals: a simple tool based on systems thinking and complexity theory. Emerg Compl Org 15(3):94–120

Veetil V, Wagner R (2015) Treating macro theory as systems theory: how might it matter? In: Coyne C, Storr V (eds) New thinking in Austrian political economy. Advances in Austrian economics. Emerald Group Publishing, Bingley

Visser M, Togt K (2016) Learning in public sector organizations: a theory of action approach. Public Org Rev 16:235–249

Yoon S, Kuchinke KP (2005) Systems theory and technology. Lenses to analyze an organization. Perform Improv 44(4):15–20

# T

## Tax Collections and Democracy in Developing and Developed Countries

Harun Rashid[1], Hussein Warsame[2] and Shahid Khan[3]
[1]California State University, Dominguez Hills, Carson, CA, USA
[2]University of Calgary, Calgary, AB, Canada
[3]The Pennsylvania State University, Reading, PA, USA

### Synonyms

Compatibility perspective; Conflict perspective; Democracy; Developed countries; Developing countries; Economic institutions; Emerging economies; Government revenue; Interest groups; Tax collections; Tax revenue; Transparency

### Definitions

Comparison of tax collections in developing and developed countries; differences of tax collections or tax revenues due to differences in democracy; impact of political regimes on tax collections or revenues

### Introduction

Democracy is an institutional arrangement that allows the people of a state to participate in political decisions through their voting power (Schumpeter 1942). Ideally, democracy is a process that guarantees civil rights to the citizens of a state, including freedom of expression and the right to private property (Rao 1984). It makes a government more transparent and accountable, leading to higher levels of public sector capacity and increased demand for public participation, redistribution, and provision of public goods. Hence, democracy should have a positive effect on macroeconomic activities, including economic growth and tax revenue. However, two competing theories predict different impacts of democracy on economic activities: the compatibility perspective and the conflict perspective. While the former considers that democracy facilitates economic growth, the latter proposes that democracy harms economic activities. These two theories allow one to compare the relationship between democracy and tax collections within the context of governments in developing countries versus developed countries (Rashid et al. 2020).

According to the compatibility perspective, democracy facilitates economic growth and promotes business investments because it protects civil liberties and basic freedoms and it increases free and fair political participation (Baum and

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

Lake 2003; Sirowy and Inkeles 1990). Tax collection is a part of macroeconomic regulatory activity that supports public expenditure, and democracy helps economic institutions in a country to achieve public policy objectives such as collecting tax revenue. Consistent with the compatibility perspective, democracy may have a positive impact on tax revenues, especially in developed countries that have mature economic institutions (Rashid et al. 2020).

On the other hand, the conflict perspective posits that democracy allows interest groups in a society to increase rent-seeking activities by means that include corruption and bribery. It also posits that governments allowing more political freedom are less effective at regulation (Baum and Lake 2003). These predictions are more applicable to developing countries where prevailing economic, legal, social, and institutional safeguards are weak. Consistent with the conflict perspective, Rashid et al. (2020) find that democracy has a weaker and, in some cases, even a negative relationship with various categories of tax revenue in developing countries when compared to developed countries.

There are four common categories of tax revenue: personal, corporate, indirect, and capital and property. The categories of corporate and capital and property taxes are commonly associated with wealthy social groups and/or increase or decrease in their collections may expose weaknesses in legal safeguards and institutional transparency. Rashid et al. (2020) find that democracy is positively associated with all four categories of tax revenue in developed countries and that this association is strongest (weakest) for the personal (corporate) tax revenue category. On the other hand, in developing countries the positive association weakens – or becomes negative for corporate and indirect tax revenues – when compared with developed countries.

Understanding the differential impact of democracy on tax revenue in developed and developing countries is important for making meaningful public finance policies. It is likely that because they have stronger democracies, developed countries also have stronger economic institutions and more resources for collecting higher levels of tax revenue as compared to the weaker economic institutions in weaker democracies in the developing world. In the developing world, tax revenue is an important growth engine for the economy, and Rashid et al.'s (2020) results contradict the common belief that democracy may have a positive effect on tax revenue especially on corporate tax revenue. Simultaneously, their findings show that democracy may have a positive impact on tax revenue in developed countries.

The organization of the rest of the paper is as follows. The "Conceptual Framework" section presents the conceptual framework. Section "Discussions on Data and Empirical Findings" discusses the data and empirical results. Section "Conclusion and Implications" offers conclusions and implications.

## Conceptual Framework

There is an ongoing debate on whether democracy impacts tax revenue positively or negatively. On one hand, according to legitimacy theory, stronger democracies are likely to enable governments to impose more taxes on their citizens so that they can offer citizens more property protection. With higher level of suffrage under democracy, citizens put pressure on governments for more services, which require additional government funding from tax revenue (Timmons 2005; Garcia and von Haldenwang 2016). Weaker democracies, on the other hand, may collect less tax because such governments may prefer to please business and political elites at the cost of more tax collection (Gerry and Mickiewicz 2008; Boix 2003). Conversely, weaker democracy may mean higher tax revenue because more authoritarian governments may use coercion to raise taxes (Olson 1993).

The two theories – compatibility and conflict perspective – help explain why democracy may have an opposing impact on tax revenue in developed and developing countries (Rashid et al. 2020). It is the prevailing level of maturity of economic, legal, and social institutional setup in a country that can make a difference in collections of tax revenue. The compatibility perspective posits that democracy facilitates economic growth

and promotes business investment because it ensures protection of civil liberties, basic freedoms, and increased free and fair political participation (Baum and Lake 2003; Sirowy and Inkeles 1990). These features are more likely to occur in developed countries that have mature economic, legal, and social institutions that effectively implement the changes under democratic systems. These factors help democracy achieve public policy objectives such as collecting tax revenue. Therefore, consistent with the compatibility perspective, it is expected that a stronger democracy would have a positive impact on tax revenue for developed countries (Rashid et al. 2020).

On the other hand, the conflict perspective proposes that democracy allows interest groups in a society to increase rent-seeking activities by means that include corruption and bribery (Baum and Lake 2003). Under democratic governments that allow more political freedom, politicians and bureaucrats in partnership with other interest groups try to maximize their share of the state's economic pie (Nelson and Singh 1998). In democracies, moreover, labor and trade unions may actively demand high wages that can result in strikes; consequentially the state may lose output. Further, the conflict perspective proposes that governments offering more political freedoms are less effective in a basic duty and responsibility: regulating the economy for smooth functioning. These predictions are more relevant to developing countries with democratic governments where the prevailing economic, legal, social, and institutional setups are weak and so cannot carry out effective changes under democracy. Hence, consistent with conflict perspective, it is expected that democracy would have a non-positive impact on tax revenue for developing countries (Rashid et al. 2020).

## Discussions on Data and Empirical Findings

### Data

The Economist Intelligence Unit (EIU) (2010, 2013) measures Democracy Index using five indicators: electoral process, functioning of government, political participation, political culture, and civil liberties. This is a new democracy proxy in the literature (Rashid et al. 2020). The commonly used proxies for democracy are Polity2 index that captures the political strength of democratic institutions (reported in the Polity IV dataset) and the civil liberties indicator reflecting the protection of civil liberties (found in Freedom House dataset). The 2003 World Bank classification of developing countries (those with per capita GDP lower than $9,206) may be used to identify the developing and developed countries (Gordon and Li 2009).

### Summary Statistics

The average total tax collections from all sources in developing countries and developed countries are 20.05% of GPD and 27.28% of GDP, respectively (Rashid et al. 2020). Figure 1 shows the difference between the average tax revenue of different types between developing and developed countries in percentage of GDP. The types of tax revenue are personal, corporate, indirect, and capital and property. The graph shows that the mean personal tax revenue for developed countries is four times as high as that of developing countries (7.27% vs. 2.96% of GDP). The size of this difference is not surprising. The majority of the population in developing countries has low income, while in developed countries, most taxpayers are middle-income. There seems to be little difference in corporate tax revenue between developing and developed countries: 2.91% of GDP in developed countries and 2.81% of GDP in developing countries. Figure 1 also shows that the average indirect tax revenue contribution to GDP in developing countries is 1.04% higher than that in developed countries. Last and least, capital and property tax revenues are lowest in both types of countries (1.65% of GDP in developed countries vs. 0.89% of GDP in developing countries). The average democracy scores for developing and developed countries are 6.54 and 7.89, respectively.

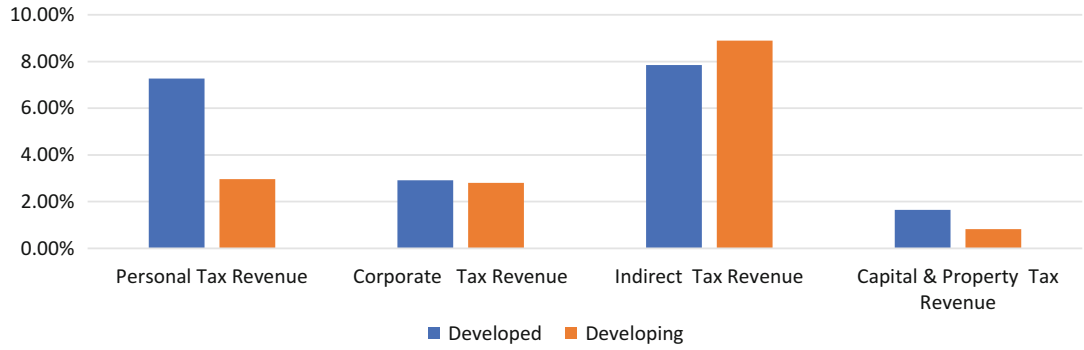


**Tax Collections and Democracy in Developing and Developed Countries, Fig. 1** Different categories of average tax revenue collections as a percentage of GDP in developed and developing countries. (Source: Authors' computation from the summary statistics of Rashid et al. (2020))

### Relation Between Democracy and Tax Revenue

In a comparative study, Rashid et al. (2020) find that, in general, democracy has a positive effect on total tax revenue. However, when contrasting the developing countries with developed countries, the effect of democracy on total tax revenue in developing countries is significantly lower than in developed countries. Findings are similar for all categories of tax revenue. In fact, the effect of democracy on corporate tax revenue and indirect tax revenue in developing countries is negative, relative to developed countries. However, for personal tax revenue, and for capital and property tax revenue, the net effect of democracy is positive in developing countries. Researchers used regression methods to control for other factors that may influence tax collection. This finding implies that corporate tax revenue is the main category in which democracy in developing countries fails to facilitate tax collection. In the developing world, corporations are more likely to avoid paying full taxes by taking advantage of the corruption in the economic, legal, and political institutions. The lack of confidence in the corrupt institutions acts as a deterrent to the willingness to pay taxes. Taken together, democracy may be associated with increased tax revenues in developed countries, whereas it may indicate lower tax revenue in developing countries, especially in the corporate and indirect tax revenue categories (Rashid et al. 2020).

## Conclusion and Implications

The objective of this paper is to discuss democracy's differing impact on tax revenues between developing and developed countries and on public policy implications. Two competing theoretical frameworks – the compatibility perspective and the conflict perspective – help explain the impact on tax revenue collection of democratic governments. The compatibility perspective proposes that higher economic development correlates with higher levels of democracy and hence predicts a positive effect on tax revenue. On the other hand, the conflict perspective argues that democracy interferes with economic growth because it allows interest groups to engage in unimpeded interference; it therefore predicts a negative effect on tax collection.

Consistent with the compatibility perspective, empirical evidence suggests that democracy has a positive association with all categories of tax revenues in developed countries (Rashid et al. 2020). Consistent with the conflict perspective, the negative effect of democracy on tax collection in developing countries is most pronounced for the corporate tax revenue category (Rashid et al. 2020). To offset the negative effects on tax collection for governments in developing countries, effective policies must be in place to counter the relationship between interest groups and politicians. An important policy solution is to actively increase

levels of transparency: about prevailing tax rates for different categories of tax revenue, about tax policies for the rich and poor, and about proposed tax changes. The government should allow the public to scrutinize the government's past performance.

## Cross-References

► Public Policy and Politics

## References

Baum MA, Lake DA (2003) The political economy of growth: democracy and human capital. Am J Polit Sci 47(2):333–347

Boix C (2003) Democracy and redistribution. Cambridge University Press, Cambridge, UK

Garcia MM, von Haldenwang C (2016) Do democracies tax more? Political regime type and taxation. J Int Dev 28(4):485–506

Gerry CJ, Mickiewicz TM (2008) Inequality, democracy and taxation: lessons from the post-communist transition. Eur Asia Stud 60(1):89–111

Gordon R, Li W (2009) Tax structures in developing countries: many puzzles and a possible explanation. J Public Econ 93(7):855–866

Nelson MA, Singh RD (1998) Democracy, economic freedom, fiscal policy, and growth in LDCs: a fresh look. Econ Dev Cult Chang 46(4):677–696

Olson M (1993) Dictatorship, democracy, and development. Am Polit Sci Rev 87(3):567–576

Rao V (1984) Democracy and economic development. Stud Comp Int Dev (SCID) 19(4):67–81

Rashid H, Warsame H, Khan S (2020) The differential impact of democracy on tax revenues in developing and developed countries. Int J Public Adm:1–13. https://doi.org/10.1080/01900692.2020.1741616

Schumpeter JA (1942) Capitalism, socialism and democracy. Harper & Brothers, New York

Sirowy L, Inkeles A (1990) The effects of democracy on economic growth and inequality: a review. Stud Comp Int Dev 25(1):126–157

The Economist Intelligence Unit, _____. Democracy index 2010: Democracy in retreat. *The Economist.* https://graphics.eiu.com/PDF/Democracy_Index_2010_web.pdf

The Economist Intelligence Unit, _____. Democracy index 2013: Democracy in limbo. *The Economist.* https://thepeoplesconvention.org/wp-content/uploads/2015/04/TheEconomist-DemocracyIndex2013.pdf

Timmons JF (2005) The fiscal contract: states, taxes, and public services. World Polit 57(04):530–567

# Tax Compliance

Say Youde[1] and Seunghoo Lim[2]
[1]General Department of Taxation, Ministry of Economy and Finance, Phnom Penh, Cambodia
[2]Public Management and Policy Analysis Program, Graduate School of International Relations, International University of Japan, Niigata, Japan

## Synonyms

Tax Avoidance; Tax Evasion

## Definitions

Tax compliance refers to taxpayers' decision to comply with tax laws and regulations by paying tax timely and accurately.

## Introduction: The Essential Roles of Taxation

Public finance issue can be characterized by the issue of tax compliance. However, the high rate of tax compliance could maintain healthy public finance without imposing tax burden. Taxation plays an essential role in financing public expenditures through income distribution. To ensure sustainable funding for the production and delivery of public services, different tax policies should be adopted. Tax enforcement is one kind of fiscal policy that enables governments to finance public programs. Ideally, tax revenue is an authentic source of government spending. As tax payments enable the government to redistribute wealth among citizens by offering better public goods and services, applicable approaches for enhancing tax collection and tax compliance should be considered. To enhance tax compliance and improve competence tax administration, taxpayers' intentions toward tax compliance must be understood (Hauptman et al. 2014). Thus, this chapter demonstrates (1) forms of tax compliance

and (2) contemporary fiscal policy and tax administration.

## Forms of Tax Compliance

The slippery slope framework has broadened and transformed research on tax compliance. This framework categorizes all possible factors – including voluntary or enforcement approaches and deterrence or psychological factors – into a single framework in order to analyze the possible effects on tax compliance (Kirchler et al. 2008). Tax compliance outcome can be reached by voluntary or enforced compliance. Voluntary compliance refers to taxpayers' voluntary actions with respect to dutiful obligation without revenue administrations' control, whereas enforced compliance generally means the coercive intervention of the revenue administration to increase tax compliance (Randlane 2016). Compliant taxpayers deserve voluntary approaches, including trust in the tax system or tax authority. The use of power and trust should be applied differently based on taxpayers' perspective toward tax compliance. Thus, policies based on voluntary actions and authority interventions provide guidance for tax administration to increase both tax compliance and tax revenue.

## Enforced Tax Compliance Perspectives

The earliest study on individual tax compliance by Allingham and Sandmo (1972) described how individuals may decide to comply with tax systems to avoid being investigated by tax agencies. Taxpayers decide to accurately pay their taxes or reduce the amount of taxes they pay after they are not investigated. Allingham and Sandmo (1972) also addressed policy instruments to eliminate tax evasion, such as the "tax rate, penalty rate, and probability of detection" (p. 338). People will stop evading taxes when they realize that the penalty and the detection rate are too high relative to the amount of money that they could save. Researchers describe deterrence approaches as the determinants of tax compliance (Park and Hyun 2003).

Recent studies confirmed that deterrence approaches provide the power of tax administration to functionalize enforced tax compliance (Muehlbacher and Kirchler 2010). Turner (2005) specified that the law authorizes tax officials with "coercive and legitimated power" to implement revenue collection (p. 8). By law, the tax authority has the power to enhance tax compliance. The tax authority also has the authoritative power to lawfully punish the illegal reduction in tax payments by conducting tax audits and imposing penalties. The absence of strict laws will cause the tax system to operate ineffectively (Bird and Davis-Nozemack 2018). To enhance tax compliance, the tax administration should be granted sufficient power to implement the monitoring and auditing roles by imposing penalties on tax evaders. Kirchler et al. (2008) found that the power of authority enhances compliance. Increasing the power of authority represents the enforcement approach. According to Slemrod and Bakija (2017), if the role of the Internal Revenue Service (IRS) in the United States were absent, free riders would continuously ignore their taxable obligations, while dutiful taxpayers would still remit their tax liabilities, demonstrating that the IRS plays the authoritative role in lawfully protecting legal taxpayers from being exploited by the tax evaders or free riders.

Tax audits sometimes result in penalties that require taxpayers to pay the amount of tax due in addition to a fine for evasion. Penalties have a negative effect on tax evasion (Park and Hyun 2003). That is, penalty regulations control people's behavior better than a voluntary approach. Park and Hyun (2003) noted that, in addition to penalties, the "tax rate and audit" help to promote tax compliance (p. 673). Based on theoretical assumptions, tax penalties serve two purposes: functional tools and definitional functions (Doran 2009). Doran (2009) noted that the functional tool of penalties enhances compliance, while the definitional function only defines tax compliance. In this regard, Devos (2013) addressed the importance of strict penalties, which minimize tax evasion intentions. Anderson

(2017) examined the utilization of nudges to alert taxpayers about the threats of fine and penalization upon tax law violations in the audit cases in Nebraska and indicated that twice two nudges could increase the probability of using tax reports and collecting more tax revenue. In the United States, taxpayers who fail to pay tax liabilities will encounter different types of penalties, and high level of fraud will also cause them to face legal challenges, including "criminal charges and jail sentences" (Slemrod and Bakija 2017, p. 252). Imposing such penalties could allow taxpayers to exhibit a dutiful responsibility for tax compliance.

In addition to law enforcement, the probability of detection also reflects the potentiality of tax authority to seek out fraud committed by tax evaders. The ability to identify taxpayer risk will help tax officials increase their level of detection. A high detection level indicates that the tax authority can detect wrongdoing. Increasing the probability of detection will increase tax audit. Thus, taxpayers may perceive that the probability of being caught is also high. The probability of detection is defined as the chance that the tax administration can deter non-compliant taxpayers and eliminate tax evasion. Taxpayers may decide to violate taxation law if there is zero probability of detection. Taxpayers who perceive a high level of detection will tend not to engage in tax evasion, which results in tax compliance enhancement (Hauptman et al. 2014).

## Voluntary Tax Compliance Perspectives

Psychological determinants also influence tax compliance. Luttmer and Singhal (2014) identified the importance of tax morale, which derives from taxpayers' intrinsic tax compliance beliefs. Moreover, the psychological aspect, including the strong bond between taxpayers and the government, could encourage taxpayers' desire to refrain from evading taxes and promote their honesty in settling tax liability (Yee et al. 2017).

Honest taxpayers should be treated by psychological approaches rather than deterrence approaches because of their voluntarism to pay tax. While some people are dissatisfied with this obligation required by law, others are willing to pay taxes; these individuals accept responsibility for their obligation (Brockmann et al. 2016). This psychological concept is called tax morale, which Torgler and Werner (2005) defined as "the intrinsic motivation to pay tax that affects compliance behaviour" (p. 460). Tax morale is influenced by others and by the motivation to pay taxes (Luttmer and Singhal 2014). For instance, taxpayers follow other compliant taxpayers once they realize that they are conducting business in a high-compliance environment. Tax morale is an essential element of tax compliance because it helps to increase tax compliance (Devos 2013; Luttmer and Singhal 2014). The study of tax compliance in China addressed the important role of Confucianism, which influences on the morale value that results in stimulating higher tax compliance (Young et al. 2016). In this case, Confucianism has existed for a long period of time because the influence of ancestral roots in Chinese society is such that the next generation adapts itself to this belief. For instance, in the past, the belief that evading taxes is wrong has been carrying on until the late generation. Furthermore, morale aspects also influence taxpayers' decision about whether they should comply with the current tax system or not, but their understanding of the immorality of being dishonest toward the current tax system tends to conversely contradict the evasion intention (Yee et al. 2017). Inherently, increased tax morals among the public could enhance tax compliance because the people's psychological views contribute to the promotion of voluntary compliance, instead of enforced compliance.

Another psychological aspect of tax compliance is known as trust in tax authority, referring to the attitude toward public authorities that can provide essential and beneficial services to individual or groups of taxpayers (Kirchler et al. 2008). In a synergistic tax climate, as described by Kirchler and his colleagues, tax authorities and taxpayers work cooperatively together in a high-trust condition, leading to the promotion of voluntary tax compliance. Additionally, Kogler et al. (2013) indicated that high trust and low trust in tax authorities increase and decrease tax compliance,

respectively. Kirchler et al. (2008) argued that, when tax officials have greater capacity to detect illegal taxpayers, taxpayer trust in officials' performance increases. Kirchler and colleagues introduced the slippery slope framework, which provides evidence that trust in tax authority influences voluntary tax compliance.

In addition to building mutual trust between taxpayers and the tax administration, stimulating taxpayer awareness becomes a critical catalyst to increase tax compliance (Yee et al. 2017). Accordingly, Youde and Lim (2019) pointed out that taxpayer awareness primarily refers to taxpayers' understanding of tax mechanisms and taxation law. Taxpayers' awareness regarding the tax system includes information about tax payments and the different types of taxes that they must pay, including the specific tax rates, tax bases, tax exemptions, and so on. Thus, taxpayer education is an effective instrument to enhance tax compliance (Park and Hyun 2003). Taxpayers voluntarily pay taxes if they understand the variety of taxes that they have an obligation to pay and how to benefit from their contributions. For instance, revenues derived from property taxes are utilized to finance local expenditures on education and health services in local communities. Tax education provides taxpayers information so that they have more knowledge and, consequently, comply with taxation law.

## Contemporary Fiscal Policy and Tax Administration

Psychological approaches become considerate inputs for the contemporary fiscal policy. Current tax administration reform intentionally encourages taxpayers to voluntarily comply before the forceful implementation of the tax law. Voluntary actions consume less cost in promoting tax compliance (Randlane 2016). Thereby, the creation of synergistic tax climate includes the complementary trust between the tax authority and taxpayers (Kirchler et al. 2014). However, tax compliance cannot be achieved without the enforcement approaches. The condition that voluntary mechanism is not practical to influence taxpayers' compliance perspective and law enforcement becomes the alternative mechanism. The current administration could advance legal regulations that impose a compliance burden on tax evaders. Promoting taxpayers' compliance perspectives through severe penalties could follow the enhancement of voluntary compliance in the initial step. Taxpayers will intentionally comply only if tax evaders are sanctioned by high penalties. A satisfactory level of tax compliance will be attained once credible sanctions are lawfully imposed on non-compliance taxpayers (Bird 2004). Therefore, achieving high compliance rate should integrate both psychological and deterrence approaches (Youde and Lim 2019). Developing countries with cities or regions that perform better than many other parts of the countries could face a common dilemma: how to "extract" as much tax revenue as possible from the regions that are sources of income without overburdening taxpayers with regulations and inspections (enforcement) or discouraging them from correctly (voluntarily) filing and paying taxes. Youde and Lim (2019) empirically revealed that both psychological and deterrence approaches, such as tax law enforcement and trust in tax authority, are significant determinants for increasing high-compliance perspective while mitigating low- and medium-compliance perspective of the medium taxpayers in Siem Reap Province, Cambodia.

## Conclusion

Tax compliance maximization must be achieved by the optimal combination of voluntary and enforced compliance approaches. Taxpayers need to be treated based on their intention to be compliant. Fear and penalization approaches are not applicable to impose on high-morale taxpayers, and these approaches may break their mutual trust in the tax authority. Because honest taxpayers perform a role as whistle-blowers on tax evaders, frequent suspicion and auditing should not be inherently conducted on this group that exhibits voluntary cooperation (Muehlbacher and Kirchler 2010). Otherwise, increasing the

probability of detection and audit should be immediately implemented in order to collect the loss of tax revenue upon the decline of tax compliance rate.

## Cross-References


- ▶ Administrative Discretion on Taxation
- ▶ Political Connections, Corruption, and Tax Practices
- ▶ Tax Evasion


## References


Allingham MG, Sandmo A (1972) Income tax evasion. J Public Econ 1(3–4):323–338

Anderson JE (2017) Paying the state use tax: is a "nudge" enough? Public Finance Rev 45(2):260–282

Bird RM (2004) Administrative dimensions of tax reform. Asia Pac Tax Bull 10(3):134–150

Bird R, Davis-Nozemack K (2018) Tax avoidance as a sustainability problem. J Bus Ethics 151(4):1009–1025

Brockmann H, Genschel P, Seelkopf L (2016) Happy taxation: increasing tax compliance through positive rewards? J Public Policy 36(3):381–406

Devos K (2013) Factors influencing individual taxpayer compliance behavior. Springer, Melbourne

Doran M (2009) Tax penalties and tax compliance. Harv J Legis 46:111–161

Hauptman L, Horvat M, Korez-Vide R (2014) Improving tax administration's services as a factor of tax compliance: the case of tax audit. Lex Localis 12(3): 481–501

Kirchler E, Hoelzl E, Wahl I (2008) Enforced versus voluntary tax compliance: the "slippery slope" framework. J Econ Psychol 29(2):210–225

Kirchler E, Kogler C, Muehlbacher S (2014) Cooperative tax compliance: from deterrence to deference. Curr Dir Psychol Sci 23(2):87–92

Kogler C, Batrancea L, Nichita A, Pantya J, Belianin A, Kirchler E (2013) Trust and power as determinants of tax compliance: testing the assumptions of the slippery slope framework in Austria, Hungary, Romania and Russia. J Econ Psychol 34:169–180

Luttmer EF, Singhal M (2014) Tax morale. J Econ Perspect 28(4):149–168

Muehlbacher S, Kirchler E (2010) Tax compliance by trust and power of authorities. Int Econ J 24(4):607–610

Park CG, Hyun JK (2003) Examining the determinants of tax compliance by experimental data: a case of Korea. J Policy Model 25(8):673–684

Randlane K (2016) Tax compliance as a system: mapping the field. Int J Public Adm 39(7):515–525

Slemrod J, Bakija J (2017) Taxing ourselves: a citizen's guide to the debate over taxes. The MIT Press, Cambridge, MA

Torgler B, Werner J (2005) Tax morale and fiscal autonomy: evidence from Germany. Public Finance Manage 5(4):423–452

Turner JC (2005) Explaining the nature of power: a three process theory. Eur J Soc Psychol 35(1):1–22

Yee CP, Moorthy K, Soon WCK (2017) Taxpayers' perceptions on tax evasion behaviour: an empirical study in Malaysia. Int J Law Manage 59(3):413–429

Youde S, Lim S (2019) The determinants of medium taxpayers' compliance perspectives: empirical evidence from Siem Reap Province, Cambodia. Int J Public Adm:1–12. https://doi.org/10.1080/01900692.2019.1591447

Young A, Lei L, Wong B, Kwok B (2016) Individual tax compliance in China. Int J Law Manage 58(5): 562–574


# Tax Compliance Policy and Administration in Nigeria


Robert Dibie
Department of Public Administration and Health Management, Indiana University Kokomo, Kokomo, IN, USA


## Synonyms

Accountability; Administrative reform; Compliance; Policy reform; Taxation

## Definition

The term tax is defined as a revenue generated by the federal or state or regional governments respectively to provide goods and services to its citizens and general public (Gruber 2019). Because of the problem of income inequality in any country, there may be a role for a government in solving the free-rider incidence by taxing its citizens to provide public redistribution of goods and services (Flores-Macias 2018; Gruber 2019). In addition, tax compliance is defined as the desire for citizens of a nation to comply with tax laws, policies, rules, and regulation as well as paying

T

annual tax timely as specified by law (Gruber 2019; Schiller 2018).

## Introduction

In Nigeria, tax policies have become the most common and relevant instruments for collecting revenue (Fagbemi and Abogun 2014; Foluso 2013). One of the major goals for the adoption of tax compliance administrative and policy reforms in the country is to provide resources needed for the provision and distribution of public goods services to the citizens (see Dibie 2018). Despite these very important policy objectives, the rate of tax compliance of the citizens of Nigeria has been very low (African Development Bank 2011; OECD 2012). According to Schiller (2018), the capacity of a political system to sustain disincentivizing self-aggrandizement behavior of political leaders has created a major governance reform concern for taxpayers.

According to Bird (2013), Flores-Macias (2018), and Prichard (2015), taxation is a link that galvanizes accountability between citizens and government to be more responsive in implementing administrative reform policies that could alleviate inequality in any country. Bird (2012) and Prichard (2015) contend that taxation could help to create a fiscal exchange between citizens and government in respect of the quality of public good, trust, and income. This is because some Nigerian citizens avoid paying taxes as a form of protest for the lack of quality public goods and services (see Alabede 2014; Fjeldstad 2014). The most common tax systems in Nigeria are payroll tax, individual income tax, corporate tax, and consumption tax such as sales or value-added tax or goods and services tax. Value-added tax as used in the chapter refers to tax that is added to the price of a service or product at each stage of distribution, production, or sale to the consumer or the person that purchases the product.

Some scholars have argued that adopting a direct tax system could enable citizens to pay according to their ability or progressively, this approach, however, has not been effective in Nigeria (see Kiabel and Nwokah 2009). Despite the fact that the direct tax system may be easier to collect, it may not ensure the desired distribution of the tax burden in Nigeria because of the problem of noncompliance. In the private sector, especially the retail business of the country, there is a high level of noncompliance (African Development Bank 2011; Bird 2013; Dibie 2018).

The literature on tax compliance and administrative reforms in Africa identifies economic recession, hyperinflation, natural disaster, high unemployment, safety, and security as barriers to plying taxes (see Alabede 2014; Bird 2013; Fjeldstad 2014; Jibao and Prichard 2015). In addition, low level of education, trust in government, and equity in the distribution of goods and services, corruption, and more structural factors tend to affect governments' ability to collect tax or enforce tax compliance (Fagbemi and Abogun 2014; Fjeldstad 2014; Jibao and Prichard 2015; Prichard 2015).

One of the major problems of government revenue generation in Nigeria through taxes is the incidence of non-tax compliance by some income earners for reasons best known to them (see Badara 2012; Kiabel and Nwokah 2009). Government employees were seen to be more tax compliant because their taxes are deducted directly from the source (PAYE).

Pay-as-you-earn tax or pay-as-you-go as used in this paper refers to deducting or withholding some percentage of income of an employee or staff of an organization as a form of direct government tax. Unlike those employees in the private sector that may manipulate their data in such a way that their tax burden becomes lower than required by law, federal, state, and local government staff do not have such option (Alabede 2014; Kiabel and Nwokah 2009). Unfortunately, the Government of Nigeria tends to use the adversarial approach for tax collection (see Fagbemi and Abogun 2014). Rather than promoting cooperation between taxpayers and tax administrators, suspicion of taxpayers often reveals detection of cheating by auditing as well as a variety of judicial and administrative reform measures (Alabede 2014; Vazquez-Caro and Bird 2011).

What is missing in the tax compliance and administrative reforms literature in Nigeria is the

gap between methods of solving the impediments or lack of compliance and appropriate actions that are needed to improve tax management in the country. This chapter investigates the factors that determine tax policy compliance and the impediments to effective tax administrative forms in Nigeria. The objectives are to determine (a) if there is a relationship between knowledge of tax laws and compliance in Nigeria and (b) if there is a positive relationship between corruption and tax compliance. It recommended a benchmark model that the Government of Nigeria and other African countries facing similar predicaments could adopt to prevent tax evasion. It prescribes the use of information technology and the provision of regular electricity in rural and urban regions of Nigeria. One of the goals of this paper is to go beyond the current literature on tax compliance policies.

## Conceptual Framework for Tax Compliance

In many countries there are different types of taxes which can be classified into four broad categories: (1) tax on corporate income; (2) individual income tax; (3) taxes on consumption; and (4) taxes on wealth (see Alabede 2014; Flores-Macias 2018; Gruber 2019). Most governments including the federal and state governments of Nigeria depend heavily on individual income taxes. Many other countries in Africa receive much of their tax revenue from consumption taxes such as VAT (value-added tax) (see African Development Bank 2011; OECD 2012).

The principal-agent models were propounded by Jansen and Meckling (1976). The model explains that reform policies could be most faithfully implemented when implementation is easy to monitor. Seljan (2014) and Weingast (1984) contend that information is the most important mechanism to modify agent's behavior. This is because if the principal gets that right information, he or she could anticipate the reaction of the agent at any time (see Bohren 1998). In respect of tax compliance administrative reforms, if information monitoring warrants coordination, taxpayers will not have a private incentive to expand resources to ensure compliance.

The benchmark approach and strategic practices have been recommended as one of the best methods for evaluating the performance of tax administration reforms (Flores-Macias 2018; Gruber 2019). According to Vazquez-Caro and Bird (2011), benchmarking is an effective way of establishing a timetable for tax compliance. The approach helps to set a clear and ideally measurable objective to determine tax compliance outcomes. The benchmark approach requires the setting of appropriate performance measure that strategically spells out the objectives that are expected (see Vazquez-Caro and Bird 2011). The benchmark approach is also referred to as the cooperative compliance model because it not only focuses on expanding tax collection but ensures that citizens pay their fair share of taxes (Baer et al. 2002).

Figure 1 shows the dynamics between taxation and policy makers in facilitating tax compliance administrative reforms. A tax system in any country should facilitate a better relationship between the government administrators (agent) and the citizens (principal). This relationship could also galvanize accountability between citizens and political leaders as well as make government to be more responsive in implementing policies that could alleviate inequality in any country. The figure also shows that the relationship between taxpayer and the government could create a major principal-agent predicament.

The concepts and theories discussed in this chapter support the need to have a positive relationship between tax payed by citizens and the amount of public goods and services received by taxpayers. The literature on taxation also reveals that citizens' trust in government is paramount to individuals, business owners' support, and tax compliance policy. One of the major arguments presented is that proactive tax administration reforms, pragmatic benchmarks, and considerable as well as sustained initiatives are required before tax administration, sustainable development, and nation-building goals could be attained in Nigeria (Dibie 2018; Jibao and Prichard 2015). In addition, the citizens of Nigeria may have to consider

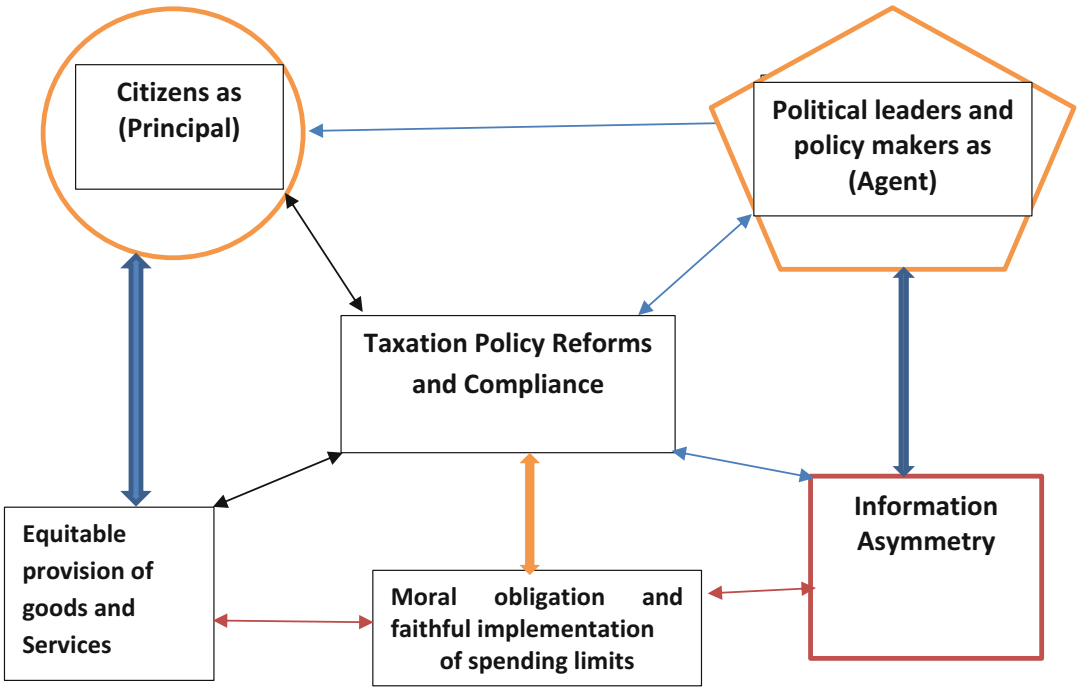


**Tax Compliance Policy and Administration in Nigeria, Fig. 1** The dynamics of taxation and citizens/public leaders relations. (Source: Designed by Robert Dibie 2020)

new tax administrative reform initiatives as legitimate before voluntary tax compliance will take place in the country.

## Research Method

The purpose of this paper is to investigate the factors that determine tax policy compliance and impediments to effective tax administration in Nigeria. A total of 5000 questionnaires were administered to citizens of Nigeria. A total of 3800 (76%) questionnaires were completed and returned by the respondents. Four hundred in-depth interviews were also conducted. The participants of the interviews include the same sample of respondents as those of the questionnaire. The participants of the study included many tax administrators working for the federal and state governments, private sole corporations staff, partnership corporation staff, retail outlet owners, nongovernmental organizations (NGOs) staff, suppliers and distributors, clerical officers, treasurer of civil society groups, law enforcement officers in companies, stakeholders such as vendors, and senior administrators of various companies**.** The participants were residents of Abuja, the national capital, and 16 states in the southern and middle regions of Nigeria.

The secondary data consists of the review of related government reports in Nigeria and academic and professional journals. The research was conducted between 2018 and 2019 in Nigeria. Data collected were analyzed with SPSS statistical tool and presented in correlations, tables, and percentiles.

The central research questions are: (1) "What do you think are the impediments to individual citizen's tax compliance in Nigeria?," (2) "Why are some business owners not paying taxes in Nigeria?," and (3) "Do you believe that the federal and state governments in Nigeria are effective in the administration of tax compliance in the country?."

The limitation of the study is that only states in southern and middle region of Nigeria were covered by this research. Federal, state, and local governments' employees were not covered in this study because their taxes are deductible in the form of "pay-as-you-earn progressive system" unlike those employees in some private sector. In addition, most of the state governments share almost the same characteristics except for a few that are located in rural regions and lack electricity. The dependent variable is tax compliance, and the independent variables are individual tax compliance impediments, business owners' tax impediments, and government tax administration impediments.

## Analysis of Data and Discussion

Demographic characteristics of the 3800 respondents that returned the completed questionnaires reveal that 56% were male, while 44% were female. About 38% were in the age range of 45–65 years old. While 34% were between 25 and 45 years old. The youngest group were 28% and between 19 and 24 years of age. The questionnaire was divided into three sections: (1) individuals, (2) small business owners, and (3) federal and state governments' tax administrators. One thousand three hundred twenty respondents in the private sector provided response to the first section. Another 1400 small business owners also completed the questionnaire. The third section of the questionnaire was completed by 1080 tax administrators at both the federal and several state governments, respectively.

The 400 in-depth one-on-one interviews were also conducted with respondents from the three sectors stated above: (1) individuals, 130 respondents; (2) small business owners, 150 respondents; and (3) federal and state governments' tax administrators, 120 respondents. Some of the comments of these interview respondents are provided in each of the three research questionnaire tables below. As stated previously in this paper, federal and state governments' staff were not included in the study of (1) individuals and (2) small business owners because they already pay their taxes through the PAYE system.

Research Question 1: What do you think are the impediments to individual citizen's tax compliance in Nigeria?

Table 1 shows the major reasons why individual respondents failed to comply with Nigeria's governments tax laws. Among the 1320 participants that responded to the individual section of the questionnaire, 88.4% indicated that they fail to comply because of the poor economic situation in the country. As a result of the non-caring attitude of the tax administrators and political leaders in the country, 81% of the respondents stated that they do not trust the Government of Nigeria because of the way it is handling the economy as well as the inadequate distribution of goods and services in the country. In addition, 81% of the respondents indicated that the reason why they do not comply with the tax laws in the country is because they are not satisfied with the inadequate goods and services provided by both the federal and state governments in Nigeria. Further, 79.5% of the respondents stated that they do not comply with tax laws because of inequitable distribution of goods and services in the country. Eighty-five percent reported that they do not trust tax administrators in Nigeria.

In addition, Table 1 also shows that 79% of the respondents indicated that they do not pay taxes either because they are not employed or they are concerned with the high rate of unemployment among university graduates in the country. Eighty-nine percent indicated that due to arbitrary corruption by both political leaders and senior public administrators, they do not wish to comply with tax laws in the country. On one hand, 88.4% questionnaire respondents reported that they do not pay taxes due to the bad economic situation in Nigeria. On the other hand, 79.4% of the respondents indicated that because of lack of constructive government and citizen relationship or engagement in Nigeria, they do not feel compelled to comply with tax policies. The mean of Table 1 data is Agree 81.5% and Disagree 17.1%, respectively.

Furthermore, 63% of the individual interview respondents indicated that they fail to pay taxes

**Tax Compliance Policy and Administration in Nigeria, Table 1** Why individual citizens fail to pay taxes

| No. | Questions | # of strongly disagree | # of disagree | # of neutral | # of strongly agree | # of agree | % of disagree | % agree | Total 1320 |
|---|---|---|---|---|---|---|---|---|---|
| 8 | Fail to pay tax because of inequitable distribution of goods and services in the country | 52 | 200 | 18 | 460 | 590 | 252 19% | 1050 79.5%* | 1320 |
| 9 | High unemployment rate | 43 | 212 | 21 | 433 | 611 | 255 19.3% | 1044 79%* | 1320 |
| 10 | Poor constructive government and citizen engagement | 113 | 144 | 15 | 298 | 750 | 257 19.5% | 1048 79.4% | |
| 11 | Lack of trust in government | 102 | 140 | 9 | 142 | 927 | 242 18.3% | 1069 81% | 1320 |
| 12 | Not satisfied with the inadequate goods and services provided by governments | 92 | 100 | 17 | 223 | 888 | 192 14.5% | 1111 84%* | 1320 |
| 13 | Do not have trust in tax administrators | 61 | 116 | 23 | 218 | 902 | 177 13.4% | 1120 85%* | 1320 |
| 14 | Arbitrary corruption by both political leaders and senior public administrators | 58 | 90 | 0 | 207 | 965 | 148 11% | 1172 89% | 1320 |
| 15 | Government fail to provide adequate safety | 77 | 120 | 9 | 411 | 703 | 197 15% | 1114 84.4%* | 1320 |
| 16 | My low level of education and knowledge of tax policy | 118 | 320 | 15 | 402 | 465 | 438 33.2% | 867 65.7% | 1320 |
| 17 | Poor economy situation in the country | 47 | 50 | 3 | 229 | 938 | 97 7.3% | 1167 88.4%* | 1320 |
| | **Mean** | | | | | | **17.1%** | **81.5%** | |

Source: Derived from field research in Nigeria in 2018 and 2019
* indicates positive but moderate significance of the correlation

because they cannot see what the government might be doing with the citizens' money that they collect as taxes. Another 34% of the interview respondents from this sector stated that one of the reasons why they do not pay taxes is because they believe that the federal and state governments' officials do not care about the welfare of the citizens. Another 94% of the individuals' interview respondents indicated that rather than Nigerian political leaders using taxpayers' money to provide goods and services for every citizen to benefit or enjoy, they would take the nation's money to Europe or the United States to enjoy with their family members while the poor people in the country suffers. Fifty-eight percent of the individual group interview respondents stated that they were not aware of some of the federal and state governments' tax laws in Nigeria.

Forty-nine percent of the respondents living in rural communities and are farmers stated that they have not paid taxes in their entire life. When the

individual respondents interviewed were asked about their perception of tax laws in Nigeria, 59% indicated that it is very bad. Another 22% stated that it is fair but it will require a lot of study time in order to attain better understanding. The remaining 29% indicated that because they are currently unemployed it would not be fair to rate the tax laws of the country. Below are some of the statements made by the interview respondents:

> Why should I pay taxes to the government of Nigeria while I provide my own electricity and water. The government of Nigeria has made all the citizens to become local governments by making us to be very individualistic in providing goods and services for ourselves. It is really a shame and sad.
>
> Corruption among Nigerian political leaders and senior public administrators has no doubt contributed to the ineffective utilization of tax revenue to address the needs of the citizens.
>
> I am a poor farmer why should I be asked to pay tax.
>
> The government does not feed me, despite the fact that I do not have a job, so why should I pay tax. Please do not bother me with tax issues. Nigeria is not the government for the people and by the people.

Coefficient:

$$r = \text{Correlation} \frac{(\Sigma^{xy}) - (\Sigma^{x})(\Sigma^{y})}{\sqrt{\left[{}^{n}(\Sigma_{X}{}^{2}) - (\Sigma^{x})^{2}\right]\left[{}^{n}(\Sigma^{y})^{2} - (\Sigma^{y})^{2}\right]}}$$

Table 2 shows the correlation matrix for tax compliance in Nigeria. The table also shows a very strong positive correlation (0.117) between non-tax compliance and poor economic situation in Nigeria. There is also a positive correlation between non-tax compliance and corruption by political leaders and tax administrators (0.116) in the country. Further, while there is a strong correlation between non-tax compliance and low trust in government (0.114), the relationship between non-tax compliance and low level of education is positive (0.124) but not as high. In addition, on one hand, there is a positive correlation between non-tax compliance and high unemployment rate (0.095), and on the other hand, there is also a positive relationship between citizens not satisfied with the inadequate good and services provided by the government and non-tax compliance (0.105) in Nigeria. In addition, there is a moderate positive correlation (0.076) between low level of education and non-tax compliance by the citizens The negative tax compliance is significant in all the factors that were examined by the questionnaire. *The data analysis confirms the major reasons why individuals in Nigeria do not comply with the tax laws of the country.*

Table 3 shows the major reasons why small business owner respondents failed to comply with Nigeria government's tax laws. Among the 1400 small business owners that responded to the questionnaire, 100% indicated that they do not use cash machine to monitor their business transaction or sales. As a result of this major impediment, they are unable to accurately calculate the profit and loss as well as the required percentage tax to pay each year.

Another 91% of the small business owner stated that because they operate in rural areas where there

**Tax Compliance Policy and Administration in Nigeria, Table 2** Correlation matrix for individual tax compliance

| Tax compliance factors | Index | Average agree factors in % | Average disagree factors in % |
|---|---|---|---|
| Tax Policy Index | 0.105 | 81 | 17. |
| Poor economy situation in the country | 0.117** | 88.4 | 7.3 |
| Not satisfied with the inadequate goods and services provided by governments | 0.105** | 81 | 15 |
| Arbitrary corruption by both political leaders and tax administrators | 0.116** | 88 | 11 |
| High unemployment rate | 0.095[a] | 79 | 19.3 |
| My low level of education | 0.076[a] | 65.7 | 33.2 |
| Do not have trust in government | 0.114** | 85 | 13.4 |

[a]Correlation is significant at the 0.05 level (two-tailed)
** Indicates positive but strong significance of the correlation

**Tax Compliance Policy and Administration in Nigeria, Table 3** Why some business owners not paying taxes

| No. | Questions | # of strongly disagree | # of disagree | # of neutral | # of strongly agree | # of agree | % of disagree | % agree | Total 1400 |
|---|---|---|---|---|---|---|---|---|---|
| 18 | Fail to pay tax because of difficulty in bookkeeping or poor record of revenue and expenditure cost | 94 | 260 | 90 | 560 | 406 | 354<br>25.3% | 966<br>69% | 1400 |
| 19 | Do not use cash machine to monitor sales | 0 | 0 | 0 | 930 | 470 | 0<br>0% | 1400<br>100%* | 1400 |
| 20 | Not aware of tax laws in the country | 312 | 100 | 8 | 580 | 400 | 412<br>29.4% | 980<br>70%* | 1400 |
| 21 | Small size of business | 230 | 209 | 41 | 249 | 671 | 439<br>31.4% | 920<br>66% | 1400 |
| 22 | High tax compliance cost | 150 | 166 | 14 | 500 | 570 | 316<br>23% | 1070<br>76.4%* | 1400 |
| 23 | Corruption by tax administrators | 150 | 266 | 10 | 376 | 598 | 416<br>30% | 974<br>69.6%* | 1400 |
| 24 | Business owners' low profit margin | 545 | 618 | 7 | 114 | 116 | 1163<br>83%* | 230<br>16.4% | 1400 |
| 25 | Low education level of small business owners | 480 | 556 | 15 | 141 | 208 | 1036<br>74% | 349<br>25% | 1400 |
| 26 | High cost of outsourcing tax work or cost of in-house time on tax accounting | 204 | 302 | 22 | 388 | 462 | 506<br>36% | 850<br>61% | 1400 |
| 27 | No accurate measure of annual profit and loss | 80 | 155 | 33 | 467 | 675 | 235<br>16.8% | 1142<br>82%* | 1400 |
| 28 | Rural location of business and no tax office nearby | 7 | 121 | 3 | 343 | 926 | 128<br>9% | 1269<br>91%* | 1400 |
| | **Mean** | | | | | | **32.5%** | **66%** | |

Source: Derived from field research in Nigeria in 2018 and 2019
* indicates positive but moderate significance of the correlation

are no tax offices nearby or where tax administrators do not check their activities, they have not been complying with the tax laws in Nigeria. In addition, 82% of the small business owners in cities and rural areas reported that they do not pay taxes because of the inability (poor bookkeeping skills) to accurately measure their annual expenses and profit. Another set of 76.4% of the small business owners' respondents indicated that previous high outsourcing tax compliance cost has discouraged them from paying their taxes. While 70% of the small business respondents reported that they were not aware of the tax laws in Nigeria, the same group of 70% of the respondents also stated that corruption by tax administrators constitute why they do not wish to pay taxes. In addition, 83% of the small business owners' respondents disagree that business low profit is not an excuse for non-tax compliance. The mean of Table 3 data is Agree 66% and Disagree 32.5%, respectively.

Research Question 2: Why are some business owners not paying taxes in Nigeria?

Among the 150 small business owners that were interviewed, 57% indicated that it was cheaper to pay tax inspector some bribe than to spend money on outsourcing all their business bookkeeping. They acknowledge that many tax administrators are more interested in negotiating with small business owners to reduce their tax payment in return for courtesy gift or bribe. To compound the above problem, 72% of the respondents that they were not aware that they are legally required to register their business with the in-land revenue tax office in Nigeria. Another 45% indicated that they do know that the law requires them to have a business license.

In addition, 27% of the respondents indicated that tax compliance issues are very difficult to handle due to the very small nature of their volatile business operations. Nineteen percent also reported that the fear of aggressive tax administrators who are not interested in negotiating bribe as well as weak enforcement of the law has made them to have mixed feeling whether to comply or not. When the small business owners' respondents interviewed were asked about their perception of tax laws in Nigeria, 88% indicated that it is very bad. This is because they struggle to understand the provisions of the tax form or how to calculate percentages. Below are some of the statements made by the interview respondents:

> Since government tax inspectors or administrators have never come to bother me, why should I go to their office to report myself or spend my hard-earned money to pay tax.

> Corruption associated with tax administrators or inspectors and their desire to achieve revenue target or extract bribe is a major impediment to tax collection in Nigeria.

Table 4 shows a strong positive correlation (0.260) of not using cash machine to monitor sales and non-tax compliance. There is also a strong positive correlation between no accurate measure of annual profit and loss (0.087) and non-tax compliance. The impediment of rural location of small business and no tax office nearby (0.175) reflects a positive relationship with non-tax compliance as well. Further, the small size of business has a strong positive correlation (0.058) with the non-tax compliance in Nigeria. The correlation analysis also shows that there is a negative correlation between non-tax compliance and business owners' profit margin (0.024). There is a negative correlation between low education level (0.026) of small business owners and non-tax compliance in the country. Small business owners' failure to pay tax because of difficulty in bookkeeping or poor record of revenue and expenditure cost (0.066) shows a positive correlation with non-tax compliance.

Some of the findings are consistent with the outcome of the research previously performed by Yesegat et al. (2017), in respect of tax compliance problems in developing countries. *The data analysis confirms the major reasons why small business owners in Nigeria do not comply with the tax laws of the country.*

**Tax Compliance Policy and Administration in Nigeria, Table 4** Correlation matrix for individual tax compliance

| Tax compliance factors | Index | Average agree factors in % | Average disagree factors in % |
|---|---|---|---|
| Tax Policy Index | 0.058[a] | 66 | 32 |
| Do not use cash machine to monitor sales | 0.260** | 100 | 0 |
| No accurate measure of annual profit and loss | 0.087[a] | 82 | 16.8 |
| Small size of business | 0.058[a] | 66 | 31.4 |
| Rural location of business and no tax office nearby | 0.175** | 91 | 9 |
| Business owners' low profit margin | 0.024 | 16.4 | 83 |
| Low education level of small business owners | 0.026 | 25 | 74 |
| Fail to pay tax because of difficulty in bookkeeping or poor record of revenue and expenditure cost | 0.066[a] | 69 | 25 |

[a]Correlation is significant at the 0.05 level (two-tailed)
** Indicates positive but strong significance of the correlation

Table 5 addresses research question 3 which focused mainly on finding out what tax administrators felt was affecting their ability to effectively administer tax compliance laws in the country. The questionnaire was administered to 1080 tax administrators at the federal and state governments' levels in the country. Seventy-seven percent of the respondents agree that federal and state governments are effectively enforcing tax compliance laws in the country, while 23.15% disagree. Further 97.2% of the respondents indicated that the lack of appropriate assessment of business owners' profit and loss constitutes sub-standard in the administration of tax policies in Nigeria. Ninety-one percent of the respondents also acknowledge that lack of government incentives

**Tax Compliance Policy and Administration in Nigeria, Table 5** Perception of the ability of federal and state effective taxes administration in Nigeria

| No. | Questions | # of strongly disagree | # of disagree | # of neutral | # of strongly agree | # of agree | % of disagree | % agree | Total 1080 |
|---|---|---|---|---|---|---|---|---|---|
| 29 | Government is effectively enforcing tax compliance | 150 | 100 | 0 | 602 | 228 | 250 23.15% | 830 77% | 1080 |
| 30 | Limited information about tax regulation and many citizens do not know the tax laws in the country | 124 | 75 | 23 | 340 | 518 | 199 18.14% | 794 79.4%* | 1080 |
| 31 | Corruption among some tax administrators | 83 | 214 | 9 | 308 | 466 | 297 27.5% | 774 72% | 1080 |
| 32 | Inadequate number of tax inspectors to enforce the tax laws | 72 | 116 | 0 | 560 | 322 | 188 17.4% | 882 81.6%* | 1080 |
| 33 | Lack of government incentives and poor working condition | 60 | 40 | 0 | 720 | 260 | 100 9.25% | 980 91%* | 1080 |
| 34 | Weak relationship between federal, state governments, and citizens | 90 | 210 | 0 | 504 | 276 | 300 27.2% | 780 72.2% | 1080 |
| 35 | Poor communication between governments and citizens | 127 | 68 | 7 | 274 | 611 | 195 18.1% | 885 82% | 1080 |
| 36 | Lack of appropriate assessment of business owners' profit and loss | 0 | 30 | 0 | 750 | 300 | 30 2.8% | 1050 97.2%* | 1080 |
| 37 | Government negligence of citizens living in rural areas of Nigeria | 100 | 116 | 70 | 428 | 366 | 216 20% | 794 73.5% | 1080 |
| 38 | Our office use information technology in tax administration | 600 | 370 | 7 | 50 | 53 | 970 86% | 103 9.5%* | 1080 |
| | **Mean** | | | | | | **25%** | **73.6%** | |

Source: Derived from Field research in Nigeria in 2018 and 2019
* indicates positive but moderate significance of the correlation

and poor working condition have affected the ability of tax administrators to work diligently in executing their functions. On one hand, 82% of the tax administrators' respondents stated that poor communication between the tax office (federal and state governments) and citizens is another major issue affecting the enforcement of tax compliance laws in Nigeria. On the other hand, 81.6% of the respondents reported that inadequate number of tax inspectors to enforce the tax laws in the country has contributed to lower revenue generation of the government. In addition to the above tax administration problems, 72% among the interviewed tax administrators alluded to the fact that corruption among some of their colleagues also negatively affects the administration of tax compliance laws in Nigeria.

Research Question 3: Do you believe that the federal and state governments in Nigeria are effective in the administration of tax compliance in the country?

In addition, 79.4% of the tax administrators that completed the questionnaire confirmed that limited availability of information about tax regulation and the fact that many citizens do not know the tax laws are other issues that make them to believe that the administration of tax laws in the country is not effective. Two other very important issues that were also confirmed by tax administrators in Nigeria are (1) weak relationship between federal, state governments, and citizens (72.2%) and (2) government negligence of citizens living in rural communities in the country. Eighty-six percent of the tax administrators indicated that there are some inspectors that are very corrupt. Furthermore, 86% of the tax administrators confirm that because staff are not provided with computers, it is often difficult for them to conduct their job faster and accurately. The mean of Table 3 data is Agree 73.6% and Disagree 25%, respectively.

An in-depth interview was conducted to 120 tax administrators at the federal and state government levels. Interview results show that 75% of tax administrators confirm that many citizens in Nigeria have negative perception about the fairness and competence of tax inspectors. As a result of this perception, 81% of the respondents believe that tax administrators do not accurately calculate citizens and small business organizations tax returns, respectively. In addition, 85% of the interviewed respondents in the federal and state tax offices, respectively, indicated that tax compliance law in Nigeria may not be perfect but it has had greater impact on companies and pay-as-you-earn (PAYE) system all over the country.

Further 61% of the interview respondents indicated that there has been positive difference since 1999 when the military administration handed power to a democratic elected government. The tax administrators also contend that there are more people paying taxes now than what it used to be before 1999. Another 83% of the tax administrators interviewed also acknowledge that there are many small retailers in the country that do not pay taxes. It is also very difficult to ask people that are very poor to pay taxes when they live with less than $US2 (two US dollars a day). In addition 58% of tax administrators' respondents indicated that many administrators often tend to disregard some aspects of the tax laws because they believe that some sections of the laws cannot be enforced to poor people in the country because of the relative tax compliance costs as a share of turnover in their business.

Table 6 shows that there is a low negative correlation between office use of information technology in tax administration (0.006) and effective administration of tax compliance in Nigeria. In addition, the lack of appropriate assessment of business owners' profit and loss (0.089) has positive correlation with ineffective administration of tax compliance. Another very important area is the positive correlation between lack of government incentives and poor working condition (0.080) and ineffective administration of tax laws. Furthermore, poor communication between local governments and citizens (0.073) has a positive correlation with ineffective administration with tax compliance. It is very interesting to note that there is a positive correlation between inadequate number of tax inspectors to enforce the tax laws (0.072) and ineffective tax administration

**Tax Compliance Policy and Administration in Nigeria, Table 6** Correlation matrix of effective in the administration of tax compliance

| Tax compliance factors | Index | Average agree factors in % | Average disagree factors in % |
|---|---|---|---|
| Tax Policy Index | 0.051 | 73.6 | 25 |
| Lack of appropriate assessment of business owners' profit and loss | 0.089** | 97.2 | 2.8 |
| Lack of government incentives and poor working condition | 0.080** | 91 | 9.25 |
| Our office use information technology in tax administration | 0.006 | 9.5 | 86 |
| Poor communication between federal and state governments and citizens | 0.073** | 82 | 18.1 |
| Inadequate number of tax inspectors to enforce the tax laws | 0.072** | 81.6 | 17.4 |
| Corruption among some tax administrators | 0.050[a] | 72 | 27.5 |

[a]Correlation is significant at the 0.05 level (two-tailed)
** Indicates positive but strong significance of the correlation

in Nigeria. Lastly, corruption has a moderate positive correlation (0.050) with ineffective tax administration in the country. *The data analysis confirms the major reasons why tax administrators are not effectively administering tax compliance in Nigeria.* In addition, the strong positive correlation between tax evasion and corruption results is also consistent with the findings of Coolidge's (2012) research in other developing countries.

## Tax Administration Reform Policy Recommendations

What can the Federal Government of Nigeria do to establish new standards for evaluating its tax administration performance? The answer to this question will be the basis for the following tax administration reform policy recommendations.

It is recommended that the Federal Government of Nigeria should explore a more pragmatic tax design method that could enhance or foster an equitable tax system for the citizen and all taxpayers in the country (Bird 2013; Fagbemi and Abogun 2014). According to Fjeldstad (2014), the best approach to achieve this new tax administration reform policy goal is to facilitate new information and communication technologies, adopt new taxpayer identification number, and move from a universal or national approach to a model that is organized around different industrial sizes and states or localities. This new user-friendly benchmark approach could make the collection of taxes to be simplified (OECD 2012). New tax initiative could also provide a fruitful avenue for further research on economic reform in Nigeria.

The Nigeria Government should adopt a benchmark tax administration reform system that could enable the government to allow local tax consultants and international agencies to collaborate to provide appropriate guidelines or objectives for appraisal of tax administration in the country (Vazquez-Caro and Bird 2011). This benchmark system of tax administration could also enable tax experts in the Nigeria to periodically collect appropriate data and analyze them to determine their compliance rate and other factors that could enable the government to improve on its tax administration functions (Alabede 2014; Fagbemi and Abogun 2014).

The Federal Government of Nigeria should also consider a web-based e-filing system in the country. It is important to note that one of the latest methods and best practice of tax administration are electronic payment and e-filling systems (see Vazquez-Caro and Bird 2011). The e-filling tax administration and electronic payment methods have also been identified as better methods for encouraging compliance and taxpayer service (see Manaf et al. 2010).

Furthermore, there is an urgent need to educate the self-employed about tax policies in the country. One of the strategies to accomplish the above goals is the simplification of the current tax structure and the abolishment of some taxes. In most cases developing nations that have adopted a customer-service, user-friendly, and one-stop tax administration reform initiatives have been more successful (Coolidge 2012; Flores-Macias 2018; Fjeldstad 2014).

## Conclusion

This chapter has examined the determinants of non-tax compliance among individuals and business owners in Nigeria. The data analysis confirms the major reasons why individuals and small business owners in Nigeria do not comply with the tax laws of the country. The study also confirms the major reasons why tax administrators are not effectively administering tax compliance in Nigeria. The utilization of modern technology and building more Inland Revenue (tax) offices in all local governments as well as providing constant electricity supply are possible solutions to the identified compliance problems. The governments in Nigeria must also be mindful that the enforcement of compliance governance reforms would require more tax inspectors in the country. New initiatives to stimulate economic development all over the Nigeria could also increase tax compliance in the country.

Tax policies and administrative reforms in Nigeria are not neutral and technical choice but the embodiments of citizens and ethical leaders as well as the promotion of economic development programs. The federal and state governments of Nigeria should establish simple and predictable tax systems that will not discourage private business owners' operation as well as minimize interference with market trends in the country. Future research should investigate how the Federal Government of Nigeria could better encourage citizens in the rural areas in the country to build trust and comply with the tax administrative reform laws.

## Cross-References


- ▶ Accountability
- ▶ Administrative Reform
- ▶ Auditing
- ▶ Ethical Values
- ▶ Performance Management
- ▶ Public Corruption
- ▶ Trust in Government


## References


African Development Bank (2011) Domestic resource mobilization for poverty reduction in East Africa: lesson for tax policy and administration. The Knowledge and Information Center (KVRC). African Development Bank, Tunis

Alabede OJ (2014) An exploratory analysis of individual taxpayers' compliance behavior in Nigeria: a study of demographic differences and impact. Int J Account Tax 2(2):39–64

Badara MS (2012) The effect of tax audit on tax compliance in Nigeria: a study of Bauchi State Board of internal revenue. J Financ Account 3(4):12–31

Baer K, Benon O, Toro JR (2002) Improving large taxpayers' compliance: a review of country experience. International Monetary Fund, Washington, DC

Bird R (2012) Taxation and development: what have we learned from fifty years of research? ICTD Working Paper #1, International Center for Tax and Development, pp 1–16

Bird R (2013) Foreign advice and tax policy in developing countries. International Center for Public Policy working paper, Andrew Young School of Policy Studies, Georgia State University, Atlanta, April, pp 13–27

Bohren O (1998) The agent's ethics in the principal agent model. J Bus Ethics 17:745–755

Coolidge J (2012) Findings of tax compliance cost surveys in developing countries. E-J Tax Res 10(2):250–287
Dibie R (2018) Business and government relations in Africa. Routledge/Taylor & Francis Press, New York
Dibie RA (2020) The dynamics of taxation and citizens and public leaders' relations. In Dibie RA, Dibie R (eds) Analysis of the determinants of tax policy compliance in Nigeria. J Public Admin Gov 10(2):34–62
Fagbemi TO, Abogun S (2014) Factors influencing voluntary tax compliance of small and medium scale enterprises in Kwara State Nigeria. Entrep J Manag Sci 32(1):98–127
Fjeldstad O (2014) Tax and development: donor support to strengthen tax system in developing countries. Public Adm Dev 34(1):181–192
Flores-Macias GA (2018) Building support for taxation in developing countries: evidence from Mexico. World Dev 105(1):13–24
Foluso F (2013) Nigeria tax companion. Hortosaf Associates Ltd Press, Lagos
Gruber J (2019) Public finance and public policy, 5th edn. Worth Publishers, New York
Jansen M, Meckling W (1976) Theory of the firm: managerial behavior, agency costs, and ownership structure. J Financ Econ 3(1):305–360
Jibao S, Prichard W (2015) The political economy of property tax in Africa: explaining reform outcomes in Sierra Leone. Afr Aff 114(456):404–431
Kiabel DB, Nwokah GN (2009) Boosting revenue generation by state governments in Nigeria: the tax consultant option revisited. Eur J Sci 8(4):17–36
Manaf NAA, Ishak Z, Sarayu A (2010) The acceptance of e-filling among individual taxpayer. Paper presented in the international tax administration conference (7-9, April) in Sydney, Australia
Organization for Economic Cooperation and Development (OECD) (2012) Tax and development: aid modalities for strengthening tax system (August). OECD Press, Paris
Prichard W (2015) Taxation, accountability, and responsiveness in sub-Saharan Africa: the dynamics of tax bargaining. Cambridge University Press, New York
Schiller AV (2018) Party system institutionalization and reliance on personal income taxation in developing countries. J Int Dev 30(1):274–301
Seljan E (2014) The limits of tax and expenditure limits: TEL implementation as a principal-agent problem. Public Choice 259(1):485–501
Vazquez-Caro J, Bird RM (2011) Benchmarking tax administrations in developing countries: a systemic approach. J Tax Res 9(1):5–37
Weingast B (1984) The congressional-bureaucratic system: a principal-agent perspective. Public Choice 44(1):147–192
Yesegat WA, Coolidge J, Corthay LO (2017) Tax compliance costs in developing countries: evidence from Ethiopia. J Tax Res 15(1):77–104

# Tax Evasion

Aleksey Balashov[1] and Anna Sanina[2]
[1]North-Western Institute of Management of the Russian Federation Presidential Academy of National Economy and Public Administration, St. Petersburg, Russia
[2]National Research University Higher School of Economics, St. Petersburg, Russia

## Synonyms

Tax avoidance; Tax dodging; Tax evasion

## Definition

Tax evasion: is the illegal evasion of taxes by individuals or organizations (corporations), commonly associated with the informal economy and sometimes with the criminal behavior of the entrepreneurs.

Tax avoidance: is a form of minimization of tax liabilities when a person is excluded from a category of payers of some tax by means of lawful acts and consequently does not pay the tax. Depending on the legitimacy of such actions, the methods of tax avoidance can be divided into those that are legal and illegal.

## Introduction: The Tax Evasion Problem

In the Russian practices of state administration, tax evasion is interpreted as the purposeful actions of a taxpayer allowing him to avoid or decrease, to a greater or lesser extent, his compulsory payments in the form of taxes, charges, duties, and other payments. From the point of view of the legislation, these actions are characterized by the following mandatory characteristics: firstly, the taxpayer's deliberate acts and secondly, their orientation at reduction of the taxation amount. At the same time, according to Clause 3 of the

Informational Letter of the Supreme Arbitration Court of the Russian Federation of November 23, 1992 No. S-13/OP-329, "About the practices of resolution of disputes related to application of the tax legislation," unintended or negligent actions in themselves (e.g., because of the accountants' negligence, inexperience, or a calculation error) resulting in reduction of tax payments cannot be considered as tax evasion methods.

According to the Federal State Statistics Service's data (http://www.gks.ru), the number of tax crimes detected in Russia in the 2000s demonstrated reductive dynamics, but nevertheless the number still remains high. For instance, in 2011, as compared to the year 2000, the number of tax crimes investigated under Article 198 of the Criminal Code of the Russian Federation, "Tax evasion by a physical person," decreased by 83.8%, and under Article 199 of the Criminal Code of the Russian Federation, "Tax evasion by an organization," by 84%. But at the same time, there is a tendency toward increase in the share of tax crimes committed on large and especially large scales, which explains the growth of budget losses from insufficient receipt of tax payments.

According to the Federal Tax Service's data (http://nalog.ru), about 16–17% of taxpayers pay their taxes diligently. About 60% of taxpayers pay taxes while attempting to minimize their tax liabilities in all legal and, more often, illegal ways. The rest do not pay taxes. According to recent data collected by officials, the amount of money lost from the state budget due to the tax evasion problem in Russia is 1325.8 billion rubles (about 22 billion dollars). Expert estimations of Russia's shadow economy vary, with the amount of income concealed from taxation between 20 and 40% of the national GDP.

In Russia, like in any other state, tax evasion is considered a problem with adverse effects both on the economy and on the state in general. The state budget receives fewer funds than it is due and is therefore forced to limit its expenses. The consequences of this include discontinuation of some government programs, nonpayment of public sector workers' salaries, and so on, all the way to applying the sequestration procedure. In addition, tax dodging can have serious economic consequences expressed in a breach of competition principles. For example, two identical companies that produce certain goods will experience unequal conditions if one of them evades tax payments. For this reason, combating tax evasion is a main area of activity for governmental authorities such as the tax inspectorate, the police, the Federal Financial Monitoring Service, and the Central Bank.

The social consequences of tax evasion are no less important. On the one hand, such actions signal problems in the social contract between the state and its citizens, and on the other hand, they are a force that shakes the foundations of loyalty to the state. Until quite recently, the Russian tax system was characterized by the principle of "stability in return for loyalty," in which the government guaranteed political and economic stability, while payment of taxes was evidence of the citizens' loyalty (Auzan 2010).

These days, such understanding is complicated by the increasing ephemerality of measurement of the goods provided by the state, as well as by toughening of legal and economic sanctions for violations of tax legislation. The situation, in which concrete financial resources are opposite abstract advantages and tangible sanctions, is quite logically viewed by people as unfair. Furthermore, despite taxes being the most important link between social and economic relations within the state, the nature of tax relations in many cases assumes the shape of tax voluntarism expressed by weak laws, in neglect of the legislative norms and rules in existence. As a consequence, distancing between the state and taxpayers happens, contributing to tax nihilism of different social groups and a decrease of citizen loyalty to the state.

## Forms of Tax Evasion

The rather numerous forms of tax evasion differ by legal nature. Combined into certain groups,

depending on the nature and content of the taxpayer's actions, tax evasion appears to be committed in three main forms: tax evasion as such, tax avoidance, and tax evasion without breaking the law (tax planning or tax optimization).

*Tax evasion as such* is accomplished by way of committing a tax offense or a crime through direct violation of the tax legislation. The taxpayer's actions are illegal and wrongful from the beginning. These actions may be aimed either at reduction of the amount of tax paid to the state or at complete nonpayment of the tax. Tax evasion is most often committed in the form of concealment of income, concealment or exempting of other items of taxation, falsification of accounting data, delayed filing of or failure to file documents required for calculation and payment of taxes, and unlawful use of tax exemption. As tax evasion is achieved by illegitimate and deliberate actions of the taxpayer, the legislation provides for different kinds of responsibility for committing them: civil, administrative, criminal, and tax responsibility. It is the purposeful violation of tax legislation that distinguishes tax evasion from tax planning or tax optimization.

*Tax avoidance* is a form of minimization of tax liabilities when a person is excluded from a category of payers of some tax by means of lawful acts and consequently does not pay the tax. Depending on the legitimacy of such actions, the methods of tax avoidance can be divided into those that are legal and illegal.

The first group of methods includes refraining from carrying out activities subject to tax, a legal person's carrying out of activities that are not subject to tax by virtue of law, or a legal or natural person's carrying out of activities, the incomes from which are not subject to tax. For example, in accordance with Article 145.1 of the Tax Code of the Russian Federation, an organization that has been granted the status of a participant in the project for research, development, and commercialization of results for the Skolkovo Innovation Center is eligible for waiver of taxpayer's obligations associated with calculation and payment of value-added tax within 10 years from the date when the relevant status was granted.

The second group of tax avoidance methods, comprised of unlawful methods that result in illegal reduction or avoidance of taxes, suggests straightforward tax evasion. This group of methods includes entrepreneurship without governmental registration or without registration with tax agencies.

*Tax evasion without violation of the law (such as tax planning or tax optimization)* is a form of reduction of tax liabilities by means of the taxpayer's deliberate lawful actions that take full advantage of all benefits provided by the law, and of other techniques and mechanisms, aimed at lawful avoidance of taxes. In other words, tax evasion without violation of the law involves organization of such enterprise activities where tax payments are minimized on legal grounds.

## The Reasons for Tax Evasion

The desire to avoid taxes is a peculiar reaction to the state's tax measures. This reaction seems natural to some extent, as it is conditioned by an attempt to protect, in one way or another, possessions, capital, and incomes from any infringements, even from those authorized by law. Several reasons urge the evasion of taxes: moral (ethical and psychological), political, economic, and technical (legal) reasons (Balashov and Rudakov 2015).

*The moral (ethical and psychological) reasons* mostly lie in and are generated by the nature of the tax laws. If the authority of any other law is based on its longtime and uniform application, which is most often conditioned by being common for everybody, constant, and impartial, then the tax law is neither common, nor constant, nor impartial, as tax benefits are granted to certain categories of taxpayers and not to others, with the result that certain groups are at an advantage. Additionally, continuous changes in the tax legislation, and the population's perception that the state makes tax laws solely for its own benefit, can contribute to a refusal to pay taxes on philosophical grounds.

*The political reasons* urge the taxpayer to evade taxes when the state begins using taxes

not only to provide for its functioning but also as an instrument of social or economic policy. Taxes are used as an instrument of social policy quite often; for example, the ruling class will use taxes to suppress other classes. Tax evasion here serves as a form of resistance to such suppression. Taxes play the role of an instrument of economic policy when the state raises taxes on some production branches in order to decrease their relative share in the economy and lowers taxes on other branches, which are more promising or less developed, for the purpose of their quickest development. In such a situation, the companies in branches for which taxes have been raised attempt to evade them, and the main purpose of this evasion is not only mercenary interest but also a desire to maintain the business, and the branch at large, at the same level.

*The economic reasons* urging the taxpayer to evade taxes can be divided into two types: the reasons that depend on the taxpayer's financial position and the reasons generated by general economic conditions.

The taxpayer's financial position often becomes the determinant for tax evasion. The taxpayer evaluates whether the profit from tax evasion will exceed the possible adverse effects. If evasion pays off economically, it is highly likely that the taxpayer will not pay taxes. In this case, the higher the tax rate, the stronger the desire to evade will be, because the profit obtained naturally increases. If the taxpayer's financial position is stable, he may choose not to commit tax evasion so as not to ruin his reputation, but if his financial position is critical, he may take this path without hesitation.

Economic reasons generated by general economic conditions show themselves during periods of both economic slump and boom. During economic recessions, as a rule, a parallel uncontrolled "shadow" market appears alongside the legal market, abiding by its own laws and functions in violation of rules set by the state. Transactions carried out in this market are not subject to taxation because they cannot be controlled by the state. On the other side, during economic booms and expansion of international economic exchange, the opportunities for entrepreneurs to conceal their incomes abroad thanks to free floating of capital will increase as well.

*The technical (legal) reasons* lie in the complexity of the tax system, which inhibits the effectiveness of tax control, with the result that the taxpayer can avoid paying taxes.

In most cases, the taxpayer does not take part in tax evasion for only one of the reasons listed above, but, most often, for several reasons which are not mutually exclusive. These reasons, forming a certain set, may sometimes force even law-abiding citizens to evade taxes.

## The Struggle Against Tax Evasion

The state uses several methods to combat tax evasion: the substance-over-form doctrine, the business purpose doctrine, the right of tax and other authorities to appeal transactions, the presumption of taxability, and filling gaps in the tax legislation.

*The substance-over-form doctrine* comes down to the fact that the legal consequences of a transaction are determined by its substance but not by its form. In other words, if the form of a transaction does not correspond to the facts, the transaction will be interpreted based on the legal relations that have been established in reality. In this context, Clause 1 of Article 45 of the Tax Code of the Russian Federation grants tax authorities the right to change the classification of transactions concluded by taxpaying business entities. For example, if the execution and accounting of a transaction do not correspond to the actual nature of the economic operation, tax authorities are entitled to reclassify commission agreements into product delivery contracts and independent work contracts into employment agreements. This will result in enterprises being charged arrears and penalties. Transactions between a branch and its head organization that have an effect on tax base reduction can be recognized as imaginary if the taxpayers' interdependence is proved to the tax authorities.

The essence of the business purpose doctrine is that a transaction that creates tax advantages is invalid if it does not achieve the business goal.

In other words, all actions taken by the transaction parties must be aimed either at making profit or enhancing the company's value. Actions (transactions) aimed solely at reduction of the company's tax payments are viewed as contradictory to the purposes of its creation and functioning. For example, a Russian company counted the amounts of agent commissions paid under agency agreements to a company registered in the British Virgin Islands (BVI), and to a number of others, as expenses reducing the tax base for profit tax. The court agreed with the tax inspectorate's conclusion that the taxpayer had no need to involve agents for the purpose of receiving commercial assistance services of search for potential buyers of his products in the territory of one of the CIS republics because information about such buyers was publicly available. Consequently, the expenses in the form of agent commission paid to the BVI company were not recognized as economically justified for the purposes of profit tax imposition, because the taxpayer failed to give evidence of the existence of a reasonable business goal for conclusion of agency agreements with the said organizations (decision of the Ninth Arbitration Appeal Court of April 16, 2013 in the case No. A36-4941/2012).

*The right of tax and other authorities to appeal transactions* is one of the main methods of struggle against tax evasion. Tax authorities have the right to appeal transactions carried out by legal and natural persons. According to Russian legislation, simulated and fraudulent transactions can be invalidated by the court. A simulated transaction is carried out only for the sake of appearances, without an intention to create the relevant legal consequences. Such a transaction, if rendered invalid, does not entail any legal consequences. If a transaction is rendered simulated, this can result in quite serious consequences for the enterprise. For example, a company provides charity support, the amounts of which are exempted from profit tax, but which exists only on paper (without actual transfer of the sums but with execution of the corresponding document). This transaction will be rendered invalid by the court, which in its turn will result in application of financial sanctions against the company.

A transaction will be rendered fraudulent if it has been carried out for the purpose of disguising another transaction. It will be subject to the rules which the parties had in view when performing the actual transaction. For example, a commission agreement can be passed off by the company as a purchase and sale agreement. If this agreement is rendered fraudulent, it will be subject to the provisions that govern commission relations, and consequently the results of the activities of one of the parties under the agreement will be liable to incremental rates of taxation.

*The presumption of taxability* assumes that all items of taxation must be taxed, except those expressly stipulated by law. Additionally, while in criminal law there is the principle of "presumption of innocence," in which the accused does not have to prove his innocence and the investigative authorities must prove his guilt; in tax law the "presumption of taxability" principle turns into the presumption of the taxpayer's guilt, which implies that the taxpayer must prove his innocence if the tax inspectorate charges an arrear.

*Filling gaps in the tax legislation* involves legislative bodies passing relevant amendments to tax laws in order to close various "loopholes" that allow for tax evasion. Such amendments are mostly passed based on the results of the tax authorities' practical activities, as well as on proposals brought to the parliament in connection with discovered cases of legal tax evasion committed because of vagueness and crudity of the laws. For example, in the early 1990s the amounts of material aid paid to employees of enterprises in Russia were not subject to income tax. Due to this, many companies started paying monthly material aid to their employees instead of salary in order to avoid paying the tax. Legislators passed amendments to the Law on Income Tax Levied on Physical Persons, according to which material aid is now exempted from income tax only within the 12-fold minimum wage amount.

The legislations of various countries provide administrative responsibility for tax evasion in the form of a fine and also criminal responsibility in certain cases.

## Tax Evasion and the Problem of Loyalty

If taxes are not only an economic instrument but also one of the possible instruments of communication between the state and its citizens, the problem of loyalty comes to the fore when tax evasion is considered (Sanina 2009). Today, it is clear that the existence of states is conditioned less by history than by the ways in which each new generation of citizens repeats their choice of state, identifies with it, and demonstrates loyalty to it.

In the macrosocial aspect, loyalty can be characterized as the "emotional link" (Connor 2007) that connects the individual and the social whole. Loyalty to the state contributes to a sense of co-belonging, to the state identity, and also to the individual's self-realization as a citizen of the state. On the other hand, loyalty is expressed in the actions and behavior of people who comprise a special social community: the state. Loyalty to the state is characterized by high stability as it is associated with all the elements of national and civil solidarity (Grodzins 1956). The language, the geography and history of the country, its traditions, holidays, and sports competitions – these as a whole support loyalty to the state. Loyalty emerges to give the individual the need for identification and sense of community and also for actions, such as paying taxes.

In 1773, Enlightenment philosopher Baron d'Holbach stated that the more the people love their government, the more they will trust it, and the more benefit the state gives its citizens, the more willing the people will be to sacrifice for the state. Justice, reasonable freedom, the ruler care for the subjects' interests, and provision for the nation's safety are the basic foundations for successful functioning of the taxation system; taxes are always commensurate with the government's kindness toward its citizens, with the people's wealth, and with the benefits and advantages they enjoy (Holbach 2001). In English philosopher Francis Bacon's opinion, written in 1625, taxes collected with the people's consent are always better for the society. He also believed that the matter is not the wallet but the heart; a tribute collected with the people's consent, or without it, may be the same for the wallets, but its impact on the people's spirit will not be the same (Bacon 1884).

These ideas illustrate the importance of the bilateral nature of justice in the formation of loyalty to the state. The fact that it receives no attention in the Russian state is demonstrated by the definition of tax in the Tax Code of the Russian Federation: Tax is a compulsory, individually non-refundable payment collected from organizations and natural persons in the form of alienation of monetary funds owned, controlled, or managed by them, for the purposes of financial support of the activities of the state and/or of municipal formations (Tax Code). The definition of tax as an individually non-refundable payment is the marker showing that observing the rules of exchange is not obligatory for the state, which, consequently, upsets the balance of loyalty. If the state obliges the taxpayers to give a certain percentage of their income to the public purse, the taxpayers are entitled to demand a certain return, such as a high quality of social security, an advanced social infrastructure, free education and healthcare, etc. An upset in the balance between investment and income feels like social injustice.

Tax relations are just one of the aspects of interaction between the state and society, but even a brief theoretical analysis suggests that the problem of loyalty occurs at the level of recognition of the existing governmental power by the individual and appears to be directly associated with justice in the interaction between the state and the society. According to Scottish philosopher David Hume, loyalty is a product of the mutual tacit agreement between the state and its citizens concerning provision for the stable situation and development of the society in general (Hume 1896). In this context, loyalty is directly associated with legitimacy in its broad social and political sense as recognition of the existing government's lawfulness by its own society and by other states.

Systematic violation of the "exchange rules" from the state's side contributes to an accumulation of the sense of social dissatisfaction and discontent in the population and, as a consequence, to a decrease in loyalty and motivation to pay taxes. This, in its turn, leads to transformation of

the taxpayers' behavior. Instead of exchanging concrete financial resources for abstract benefits, they prefer to avoid paying taxes (Sanina 2012). At the same time, the state does not use the positive type of exchange with the taxpayers (reward for reward), but the negative type (reward for fear of punishment). As a result, the social exchange relations in the tax sphere do not only become difficult but almost impossible over time, resulting in adverse consequences such as economic stagnation, breach of social relations, decrease of social and political stability in the society, and aggravation of the emotional and psychological climate. Accordingly, finding a solution to the problem of tax evasion is inseparably associated with the problem of forming the state identity, the "we image" as the base for everyday social, political, economic, and legal interactions.

## References


Auzan A (2010) Zaplati nalogi, no ne spi spokojno. Delovoj Peterburg, May 14th. (in Russian)

Bacon F (1884) The essays, or, counsels civil and moral of Francis Bacon, 2nd edn. George Routledge and Sons. Columbia University Libraries Digital Collection, London. http://www.columbia.edu. Accessed 16 Oct 2016

Balashov A, Rudakov G (2015) Pravovedenie, 6th edn. Piter, St. Peterburg. (in Russian)

Connor J (2007) The sociology of loyalty. Springer Science+Business Media, LLC, New York

Grodzins M (1956) The loyal and the disloyal. University of Chicago Press, Chicago

Holbach P-HTB (2001) The system of nature; or, laws of the moral and physical world, tr. H.D. Robinson (1835; rpt [2 vols.]). Batoche Books, Kitchener

Hume D (1896) A treatise of human nature, reprinted from the Original Edition in three volumes and edited, with an analytical index, by L.A. Selby-Bigge, Clarendon Press, Oxford. http://oll.libertyfund.org. Accessed 16 Oct 2016

Sanina A (2009) Uklonenie ot uplaty nalogov kak problema social'nogo upravlenija. Alians-Arheo, Moskva. (in Russian)

Sanina A (2012) Uklonenie ot uplaty nalogov kak faktor formirovanija otricatel'noj gosudarstvennoj identichnosti. Gosudarstvo i Pravo 9:65–71. (in Russian)

Tax Code of the Russian Federation. Unofficially translated by Ernst & Young. Available in English at https://www.nalog.ru. Accessed 16 Oct 2016


# Tax Evasion: Cases of Germany


Christian Haumann[1] and Natalia Ermasova[2]
[1]Ludwigsburg University of Public Administration and Finance, Hochschule für öffentliche Verwaltung und Finanzen Ludwigsburg, Ludwigsburg, Germany
[2]Public Administration, Governors State University, University Park, Chicago, IL, USA


## Synonyms

Evasion; Financial crime; Negligence

## Definitions

| | |
|---|---|
| Tax avoidance | It is an action taken to lessen tax liability and maximize after-tax income. |
| Tax evasion | It is an illegal and intentional actions taken by individuals' intentional illegal behavior leading to a direct violation of tax law to escape or to reduce their legally due tax obligations and hiding the real value of a legal contractor transaction to avoid or reduce fiscal liabilities. |
| Voluntary compliance | It is a system of compliance that relies on individual citizens to report their income freely and voluntarily, calculate their tax liability correctly, and file a tax return on time. |

## Introduction

Tax avoidance uses different methods to transfer profits, fortunes, and inheritances from Germany to one of the well-known tax havens in the Caymans, Panama, or other countries like the Netherlands and Ireland (Murphy 2019). The tax laws in these countries are the basis for the biggest companies of the world for transferring their

profits to tax havens instead of paying the full and regular taxes in Germany where the profits were made. It is a negative phenomenon that if the majority of taxpayers notice these tax avoidance strategies of the "big players" and realize that their own situation is completely different, then this situation has a psychologically disastrous effect.

In Germany, in addition to income tax evasion, the value-added tax (VAT) fraud is the most serious field of tax evasion. Value Added Tax (VAT) fraud is often initiated by internationally operating, and criminal structures and the damage by VAT tax evasion is gigantic. The difference between income tax and VAT fraud is that income tax fraud regularly leads to a deficit for the treasury in form of a lack of tax revenue, but VAT fraud, in some constellations, withdraws real money from the cash.

The majority of German individual taxpayers have almost no chances to optimize their tax payments. Even majority of small local companies are not able to use any tax avoidance concepts. Their tax data and payments are digitalized and automated. Germany is a high tax country where tax bill has a noticeable impact on the average taxpayer. According to OECD study (2018), Germany is one of the countries with the highest tax burden worldwide. Many tax concepts, originally designed as legal tax avoidance models, have been classified after tax auditing as tax evasion; some of the tax avoidance concepts were afterwards judged as criminal tax fraud. There is a fluent *transition* between tax avoidance and tax evasion in Germany.

## Tax Audit and Criminal Investigation

Tax evasion involves a fine or imprisonment of up to 5 years in Germany. For particularly serious cases, German law provides for imprisonment of 6 months up to 10 years. An evasion of more than €100,000 within 1 year is regarded as particularly serious.

In Germany, tax audit is implemented as the complex fiscal system. There are different regular *tax audit units*, operating in the legal field of tax law, and *tax investigation units* in cases of tax evasion. German system of tax audit is a complex, many-layered system that is regulated by the *federal structure* of the country. In addition, tax audit is in the jurisdiction of the 16 states of Germany. All states have their own tax audit units. However, the Federation has tax audit units as well in the field of taxes (for some special constellations) and – exclusively – in the field of customs.

Each German state has a considerable large number of local tax authorities. For example, North Rhine-Westphalia, the most populated state with Cologne as biggest city, has 104 *local tax offices*. Each of these offices has tax audit units. North Rhine-Westfalia has 15 *special authorities* whose competence is auditing the biggest companies in that area. In addition, there are 10 special authorities doing nothing but tax investigation audits.

There are a number of different approaches in local tax audit. There are six different approaches in local tax audit, and then that they are divided into two types. The most important type is the traditional tax audit. The auditing teams appear in a company to review past taxable periods. They review whether the tax declaration is complete and according to the tax law. If it is not, corrected tax assessments are addressed after the tax audit or, in the worst case, criminal investigations will be initiated. There are three different approaches in this traditional tax audit. The most important is the tax audit in the narrow sense (*Betriebsprüfung*). In this kind of tax audit, all types of taxes (especially income/corporation tax, value-added tax, and the communal trade tax) are target of the review.

In 2017, more than 13,500 auditors (in all 16 states) did tax audits of that type (Federal Ministry of Finance 2018a). They executed about 195,000 audits and obtained a total 17.5 billion euros surplus of taxes in 2017. In addition, there are further two approaches in the field of value-added tax (*Umsatzsteuersonderprüfung*) and the income tax on wages (*Lohnsteuerau-ßenprüfung*). Both approaches are limited to that respective type of tax. Tax audits reviewing VAT were executed in 2017 by 1,848 auditors who did around 83,000 audits and made a surplus of 1.53 billion euros (Federal Ministry of Finance 2018b). Finally, tax on wages audits lead to a surplus of

945 million euros. These audits were executed by 2,032 auditors in about 100,000 cases (Federal Ministry of Finance 2018c).

There is a second type in local tax audit and also three approaches that share one feature together. This type of tax audit is the inspection instead of audit. It is *not* a *backward* audit but the inspection's review of the *current period* of taxation. Inspections are the junction between tax audit and criminal investigation. Inspections take places if there is cause for suspicion, additional investigations are mounted. All three types of inspections can be moved easily into a criminal investigation. First of all, the VAT investigation was established already in 2002, followed by the inspection for tax on wages in 2013. In 2018, a special inspection was introduced. It is an inspection for cash desks/cash register systems. German tax authorities try to reduce their reaction time versus criminal attacks and to strengthen their effectivity. Using these inspections, German tax authorities try to implement a real-time defense against tax evasion in addition to the traditional backward tax audits.

In Germany, the persecution of tax evasion is a complicated, shared-competence solution split between tax authorities and the public prosecutors. The *prosecutors* are responsible for all investigations in relation with criminal offences. But the tax administration and the customs administration have their own prosecution units and police-like units. In case of *tax evasion,* the *tax administration* and *tax investigation unit* are responsible for investigation on first stage. There are tax investigation units in two different constructions. They are a department of a local tax office or – only in a few states – they are organized in separate tax offices. For example, at North Rhine-Westphalia, there are 10 tax investigation offices. Within the tax investigation units, there are two branches. First, there is a police-like unit (*Steuerfahndung*) that works like the regular criminal investigation department. But the members of this branch do neither have uniforms, nor weapons, nor are they called officers; they are civilians. Second unit is much smaller branch that is working similar to prosecutors (*Strafsachenstelle*) but does not have exactly the same competences. A prosecutor is authorized to evocate a case from this branch of the tax investigation unit.

The case numbers of the tax investigation units vary from year to year substantially. In 2017, approximately 2,500 tax investigators in Germany worked 100,000 cases. That resulted to a tax surplus of 2.9 billion euros from the fiscal point of view. On the other hand, their work resulted in 1586 years of imprisonment and millions of financial penalties (Federal Ministry of Finance, Germany 2018).

## Types of Tax Evasion and Tax Administration's Decisions

The tax audit units in Germany are one-dimensionally focused on a *surplus of taxes*. But there is another problem that is quite the opposite of tax evasion and could be detected by tax audit units as well: money laundering. It would be necessary to change the statistic guidelines to tax audit in Germany. At the moment, the only target the auditors are interested in is the result of more taxes. But the problem with money laundering is not a wrong tax declaration (maybe it is if *more* profit is declared to be paid tax on than truly was made), but the question is to discover the sources of money that was used to make an investment (into restaurants, real estate properties, or companies). German tax offices at the moment do almost not audit the *sources* of money – they are only interested in taxes. According to a lot of experts, it is a great weakness of the German tax audit system. A lot of tax experts consider that money laundry even more dangerous to a community than tax evasion. It will be a mission for the next years to discover money laundering structures in Germany and to improve the tax audit processes.

The decision of the Federal Court (*Bundesgerichtshof*) from May 20, 2008 sentenced a revolutionary interpretation of a very special detail of German tax evasion law. In Germany, it is possible to make a *self-denunciation* to receive impunity from a tax evasion. Until that decision, some criteria of § 371 AO (*Abgabenordnung* = the general fiscal code in

Germany), the rule that describes the requirements of a self-denunciation, were interpreted very extensively in favor of the tax evader. After that decision, the interpretation was much more restrictive. The German legislature took the chance and changed the whole paragraph according to that new strict interpretation. This was really an interesting and rare situation because in that case first there was the judges' interpretation and then the law was made according to the judgment.

The decision of the Federal Court from December 2, 2008 was treating a very sensible aspect of German penal law. And once more, the Federal Court took surprisingly a very restrictive position to the disadvantage of the accused. Within this decision, the Federal Court described its attitude towards the appropriate *level of penalties* on tax evasion. Tax evasion (§ 370 AO) has a range of penalties from financial penalty to imprisonment up to 5 years (in some cases 10 years). Sentencing Judge/Sentencing Court find the appropriate penalty sentence based on German penal law. The Federal Court was obviously deeply unsatisfied and annoyed about the penalties sentenced by the lower courts. But the Federal Court has no right to change the penalty sentence from a lower court – therefore this decision was quite a teaching lesson to the lower courts how to sentence tax evasion correctly. There is a very important frontier in German penal law: prison sentence up to 2 years are suspendable. The lower courts tended to suspend tax evasion sentences even with enormous damages of more than a million euros. The Federal Court pointed out that up to its opinion tax evasion of more than a million could not be on probation. It is typical for German judges to understand their judicial independence that this Federal Court judgment did not bother the lower judges at all.

## Cases of German Tax Evasion

The following cases provided examples of tax evasion which are classified under criminal law as German tax evasion. First of all, German law is not a case law but mainly based on *legislative acts*. Therefore, the meaning of a court judgment is not as important as it is in other legal systems. Especially in criminal law, more important than former judgments is the individual guilt of an accused person. Therefore, to talk about special *cases* in German tax evasion means to talk about either very large evasions or about very spectacular cases efficacious to the publicity. Only a few decisions could be called an important lead principle sentence. If in the following section, some cases will be presented, the first of them are such lead principles and the other ones represent very spectacular cases.

### Case 1

The most important example is the so-called Cum-Ex-Scandal. It was a question of using a tax statement indicating the deducible investment income tax twice (or more) even though the tax has been paid only once. The "trick" was to sell shares with (cum) and without (ex) dividend a few times around the day of dividend payment and to deduce a special tax a few times. The damages by this cum-ex method are estimated to 55 billion euros in the EU and 31 billion euros in Germany (Daubenberger et al. 2018). The first report on this concept and its suspected illegality was written in 1992. In 2012, a change in legislation took place and stopped those cum-ex deals. Especially during 2005 and 2012, it was the banking lobby that wrote one paper after the other to influence the Parliament and the Finance Secretary not to change legislation. These cum-ex deals were supposed to be tax avoidance at that time while nowadays by most of the experts and some of the first court decisions Cum-Ex is assumed to be an illegal tax conceptions and criminal tax evasions.

### Case 2

The decision of the City of Bochum district court from January 26, 2009 (Bochum District Court 2017) sentenced a German top manager, *Dr. Klaus Zumwinkel*, former CEO of Deutsche Post AG, one of Germany's biggest companies to 2 years imprisonment plus one million euros financial penalty. Dr. Zumwinkel was one of the first individuals whose data concerning income on capital investments unknown to the German authorities

were found on the so-called Liechtenstein-Switzerland-DVD. Since 2006, German authorities, e.g., the secret service, bought about a dozen DVD with thousands of persons' data on it who transferred their money to Switzerland and illegally did not unfold the yielded interests and capital incomes in their tax declarations. Dr. Zumwinkel was, bad luck for him, in the eyes of the prosecutors and the tax investigators the most prominent person on this data Liechtenstein-Switzerland-DVD and therefore he was arrested almost in front of TV cameras (obviously the information was given to the press). This spectacular event – Dr. Zumwinkel was consultant of the German Chancellor – should signalize the seriousness of the situation to the other individuals on the using of Liechtenstein-Switzerland-DVD. The intention was to provoke self-denunciations. And the idea was a phenomenal success. Up to now, more than 130,000 self-denunciations arrived at German tax offices. The volume of tax evasion was more than a billion euros.

### Case 3

The decision of the City of Munich district court from March 3, 2014 (Munich District Court 2014) was the tax evasion trial that had the biggest publicity ever in Germany. The accused in that case was *Ulrich "Uli" Hoeneß*, chairman of the supervisory board of Bayern Munich Football Club, World and European Champion as a player with the German national football team – a hero for millions. Hoeneß failed a last second self-denunciation and was sentenced for tax evasion of 28.5 million euros. The judgment was 3.5 years. Today he is back in his position as a football manager.

### Case 4

In the eyes of the author, the decision of the City of Bochum district court from October 5, 2017 (Bochum District Court 2017), the last one to be outlined here, was the most remarkable and strange tax evasion trial that has ever taken place in Germany. The accused person was *Werner Mauss*, also known as Claus Möllner, Dieter Koch, or Richard Nelson, who is described as a civilian employee to several national and international police and intelligence service authorities – he is a spy, a real-life version of James Bond. The Bochum court sentenced Mauss to 2 years (on probation) but the judgment is not definitive up to now because the Federal Court remitted the case to another district court.

## Conclusion

Tax administration has several tools to encourage voluntary tax compliance and enforce taxes in its arsenal. The most prominent of such tools are tax audits. By auditing taxpayer records, tax administrators detect taxpayers who fail to fulfill their tax obligations and impose penalties and fines. The effective audit programs induce voluntary tax compliance. During the last years, the EU founded an EU-prosecution unit (EPPO) (EU 2017) and – concerning customs – the EU established and extended another unit: OLAF – the European anti-fraud unit. For the national German tax system, the VAT is especially susceptible to fraud and the prime target to tax evasion. To improve this situation in German tax administration, the EU directives were transformed into national German law (European Commission 2019).

In addition to the effect of perceived probability of audit, there is a specific deterrence effect of audits on the audited. Individuals generally appear to alter their perceived probability of audit upwards in the few years following an actual audit, increasing reported wages, self-employment income, and other types of income for three to 4 years following the audit.

## Cross-References


- ▶ State and Local Governmental Accounting in the United States
- ▶ Tax Evasion
- ▶ Taxation and Governance

## References

Bochum District Court (2017). LG Bochum, Urt. v. 05.10.2017, Az.: II-2 KLs 365 Js 335/12 (8/16).
Daubenberger M, Polke-Majewski K, Rohrbeck F (2018) Cum-Ex. Der Coup des Jahrhunderts. Die Zeit, 18. Oktober 2018
European Commission (2019) Taxation and customs union. Existing EU legal framework. https://ec.europa.eu/taxation_customs/business/vat/existing-eu-legal-framework_en
European Union (2017). Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ("the EPPO"). Official Journal of the European Union L 283/1.
Federal Ministry of Finance (2018a) Analysen und Berichte. Ergebnisse der steuerlichen Betriebsprüfung 2017. https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/monatsbericht-november-2018
Federal Ministry of Finance (2018b) BMF-Schreiben v. 25.05.2018. Umsatzsteuer-Sonderprüfung führte 2017 zu Mehrergebnissen in Höhe von rund 1,53 Mrd. €
Federal Ministry of Finance (2018c) Analysen und Berichte. Verfolgung von Steuerstraftaten und Steuerordnungswidrigkeiten im Jahr 2017. Monatsbericht des BMF Sept. 2018 https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/monatsbericht-september-2018
Federal Ministry of Finance, Germany (2018). https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Taxation/Articles/2018-09-20-prosecution-of-tax-crimes-2017.html
Munich District Court (2014). LG München II, Urt. v. 13.03.2014, Az.: W 5 Kls 68 Js 3284/13
Murphy R (2019) Tax research UK. The European tax gap. A report for the Socialists and Democrats Group in the European Parliament. January 2019
OECD (2018). Taxing Wages 2018. OECD Publishing. Paris.

# Tax Evasion: Cases of the USA

Natalia Ermasova[1] and Laura L. Burke[2]
[1]Public Administration, Governors State University, University Park, Chicago, IL, USA
[2]Governors State University, Chicago, IL, USA

## Synonyms

Evasion; Financial crime; Negligence

## Definitions

| | |
|---|---|
| Tax avoidance | an action taken to lessen tax liability and maximize after-tax income. |
| Tax evasion | the illegal and intentional nonpayment or underpayment of tax leading to a direct violation of tax law to escape or reduce a legally due tax obligation. |
| Gross tax gap | the difference between the true tax liability for a given tax year and the amount that is paid on time. |
| Net tax gap | the portion of the gross tax gap that will never be recovered through enforcement or other late payments. |
| Voluntary compliance | a system of compliance that relies on individual citizens to report their income freely and voluntarily, calculate their tax liability correctly, and file a tax return on time. |

## Introduction

The American system of taxation is based on the premise that all income is taxable (which includes illegally earned income). The IRS (2019) reveals that in many instances, proving that a taxpayer willfully attempted to hide income from the federal government is an integral part of proving other criminal activities including fraud, money laundering, or Bank Secrecy Act violations. Criminal investigation continues to fulfill the important role of helping to ensure the integrity and fairness of our nations' tax system.

Tax evasion cases are taxpayers who either under- or misreport their income or deductions or hide money outside of the USA or simply choose not to file a tax return. Tax evasion occurs when taxpayers fail to accurately report their full tax liabilities on tax returns (i.e., underreporting), pay taxes due from filed returns (i.e., underpayment), or file a required tax return altogether or on time (i.e., non-filing) (Joint Committee on Taxation 2019).

There are multiple forms of employment tax evasion, which include pyramiding, employee leasing, paying employees in cash, filing false payroll tax returns, and failing to file payroll tax returns. The Internal Revenue Department (2018) explains "pyramiding" of employment taxes as a fraudulent practice where a business withholds taxes from its employees but intentionally fails to release them to the IRS. Businesses involved in pyramiding frequently file for bankruptcy to discharge the liabilities accrued and then start a new business under a different name and begin a new scheme. However, even if the business files for bankruptcy, they are not allowed to put "employee payroll taxes" (also known as civil penalties or trust fund recovery penalties) not paid into the bankruptcy.

A second scheme of employment tax evasion is known as "employee leasing" which the IRS (2018) discloses as the practice of contracting with outside businesses to handle administrative, personnel, and payroll concerns for employees. In some instances, employee-leasing companies fail to pay over to the IRS any portion of the collected employment taxes. These taxes are then spent by the owners on business or personal expenses, often leading to the demise of the company, leaving millions in employment taxes unpaid.

The third scheme known to the IRS (2018) is "paying employees in cash," a common method used to evade income and employment taxes, resulting in lost tax revenue to the IRS and future social security or Medicare benefits for the employee.

The tax gap is predominant in cash-related industries such as barbers, cosmetologists, waitress/waiters, and restaurant/bar establishment owners. This issue has been brought to the IRS's attention for a multitude of years, and the IRS acknowledged the issue with additional training provided by the IRS online for these industries. Yet in recent years, many legitimate taxpaying entities or organizations within these industries are seeking additional IRS assistance to help "shrink the tax gap" via the continuation of training both live and online to help heighten the awareness within these industries to avoid the pitfalls caused by the tax gap.

The main methods that commonly used to evade employment taxes are filing false payroll tax returns, understating the amount of wages on which taxes are owed, and failing to file employment tax returns. The income of self-employed individuals is not reported to the federal or state taxing authority by a third party. The lack of secondary income reporting among self-employed individuals could hinder the probability that this group would be detected by the IRS for tax evasion.

## Tax Evasion and Tax Gap

The main reason for the tax gap is tax evasion. According to IRS (2018), the gross tax gap is the difference between the true tax liability for a given tax year and the amount that is paid on time. It is comprised of the non-filing gap, the underreporting gap, and the underpayment gap. The net tax gap is the portion of the gross tax gap that will never be recovered through enforcement or other late payments.

In its analysis, the IRS estimates the size of the gross tax gap by type of tax, category of error, and degree of information reporting. The largest source of the tax gap is the individual income tax, followed by employment taxes and the corporate income tax. These are also the three largest sources of federal revenues, ranked in the same order by size (Joint Committee on Taxation 2019).

The US Internal Revenue Service (IRS) conducted detailed line-by-line audits of a stratified random sample of roughly 50,000 individual tax returns on a 3-year cycle via its Taxpayer Compliance Measurement Program (TCMP) from 1965 to 1988. These audits yielded an IRS estimate of the taxpayer's "true" income, which when compared to actual reported items allowed the IRS to calculate measures of income tax evasion (e.g., the "tax gap"). The TCMP was replaced by the National Research Program (NRP) in 2001. IRS examiners compared information return documents (W-2 s, 1099s, etc.)

with the actual tax return in order to identify discrepancies and also identify items that appeared large, unusual, or questionable. A tax gap – the amount of taxes legally due but not paid in full and on time – persists at both federal and state levels at about 16% of total taxes due in the USA. The tax gap for 2001 was $345 billion and for 2006 was $450 billion (Congressional documents USA 2012). In 2001, noncompliance took three forms: (1) underreporting ($285 billion – 82% of the tax gap); (2) underpayments ($33 billion – 10% of the tax gap); and (3) non-filing ($27 billion – 8% of the tax gap) (Rifkin 2008).

## Tax Audits and Criminal Investigation

IRS enforcement activities and late payments resulted in an additional $52 billion in tax paid, reducing the net tax gap for the 2008–2010 period to $406 billion per year. The voluntary compliance rate is now estimated at 81.7% compared to the prior estimated rate of 83.1%. After accounting for enforcement and late payments, the net compliance rate is 83.7% (IRS 2016). The IRS targets people who try to evade paying the taxes that they owe.

At the federal level, the IRS conducts two types of audits: correspondence audits and field audits or face-to-face audits. Correspondence audits are primarily generated as a result of information return matches. When the Compliance Center receives Forms 1099s and W-2 s, it matches them with a return. If there is an indication that not all income has been reported, a letter known as CP-2000 will be issued to the taxpayer. This letter requests that the taxpayer explain why particular income items were not reported on his return.

Face-to-face audits are examinations of high-income nonbusiness and business 1040 returns that are given a large score by an automated audit selection system, Discriminate Function System (DIF), and cannot be effectively dealt by a correspondence audit. There are office audits when a taxpayer is summoned to an IRS office for an interview with a tax auditor (or tax compliance officer) and field audits conducted by revenue agents.

In 2015, the IRS indicted only 1,330 taxpayers out of 150 million for legal-source tax evasion (H and R Block 2018). As a result of IRS criminal investigations in 2016, 2699 individuals were sentenced (79.9% of criminal investigations).

IRS Criminal Investigation (CI) is the only federal law enforcement agency with jurisdiction over federal tax crimes. CI was created in 1919 marking its 100-year anniversary in 2019 as a law enforcement agency. CI initiated 2,866 cases in fiscal YR 2018, with traditional cases accounting for 73% of the total and achieving a 91.7% conviction rate for fiscal year 2018 (IRS 2018).

### Cases of US Tax Evasion

The following cases provided examples of tax evasion which are classified under criminal law as US tax evasion.

#### Case 1

Case 1 depicts the downfall of Al Capone, an Italian American gangster who led a crime syndicate dedicated to smuggling, bootlegging, and numerous other crime activities during the Prohibition era of the 1920s and 1930s. Capone was accused of multiple crimes ranging from racketeering to murder and the subject of numerous high-profile investigations. Capone constantly thwarted prosecution attempts including allegations that he orchestrated the well-publicized St. Valentine's Day Massacre of 1929 in Chicago, IL. It was the Internal Revenue Service (IRS) that was able to finally take Capone down.

The IRS looked into Capone's hidden sources of income through crooked ramifications of underworld intrigue. The IRS's best agents were involved in the investigation of Al Capone, led by IRS's Chicago agent Frank J. Wilson that concluded and finalized the investigation. Capone's income was astronomically high; the investigation led by Wilson disclosed that he failed to report large profits from gambling, bootlegging, and various forms of racketeering. After IRS agents finalized their investigation while obtaining large amounts of evidence as

proof the government was ready to arrest Capone. He was brought to trial for tax evasion of income by using aliases, shell companies, offshore tax havens, and secret accounts in 1931. In 1931 Capone was indicted on 22 counts of tax evasion by the US Internal Revenue Service.

### Case 2

Case 2 looks at Walter Anderson, a wealthy telecommunications executive whose money helped underwrite private space exploration efforts, who became infamously known for tax evasion in what federal prosecutors called the largest personal income tax evasion case in the US history (McElhatton 2012). According to a US Tax Court filing (2011), Anderson owes the government nearly a quarter-billion dollars in taxes and penalties spanning the time frame of 1998 and 1999. For the tax year 1998, which was the year Anderson admitted to having earned more than $126 million, he claimed an income of $67,939 on his federal income tax return, for which he had paid only $495 in taxes.

Anderson pleaded guilty to two felony counts of evading federal income tax. The two counts of tax evasion, the first one for filing tax returns in which he failed to report over $126,303,951 of income for tax year 1998 and failure to report over $238,561,316 of income for year 1999 under 26 U.S.C. § 7201 and the second felony count for defrauding the District of Columbia under section 3221(a) of title 22 of the District of Columbia Code (United States Tax Court, 2008). As part of a plea agreement, Anderson admitted to hiding $365 million IRS alleges he paid $126 million; Anderson was sentenced to 9 years of jail time.

### Case 3

Case 3 provides the example when a movie actor Wesley Snipes was involved in tax evasion. In 2008 Snipes was convicted of three misdemeanor counts of failing to file tax returns which he received jail time for, reporting to McKean Federal Correctional Institution in Pennsylvania. On December 9, 2010, Snipes was placed in a Correctional Institution with roughly 290 white-collar inmates (Oldenburg 2013). He completed his sentence at a minimum security called Club Fed and was released in April 2013.

Snipes was convicted of tax evasion for avoiding taxes from 1999 through 2001; he evaded $7 million in taxes by listening to an accountant and anti-tax advocate who claimed "You did not legally have to pay taxes." It was during this time frame Snipes was making about $40 million (1999 to 2004) and not paying taxes. Snipes tax evasion continued over the course of 8 years. During 2013, the IRS made tax assessments dating back more than 8 years:

The IRS tax assessments imposed were:

- 1999 – $177,263.99
- 2001 – $2,573,977.70
- 2002 – $1,497,644.97
- 2003 – $4,576,925.66
- 2004 – $5,625,612.45
- 2005 – $3,526,946.38
- 2006 – $5,777,543.18

Snipes paid off his taxes in 1999 and 2002 as it was requested by the IRS, and he continued to take his case to tax court to seek solace for the remaining amounts owed by offering to pay $842,000 or 4% of the roughly $23.5 million tax debt.

### Case 4

Case 4 presents the case of tax evasion involving major league baseball player and manager for the Cincinnati Reds Peter Rose. In 1989, Commissioner Peter Ueberroth acted upon receiving allegations concerning Rose and announced he would begin an investigation of tax evasion and gambling by Rose; he appointed New York attorney John W. Dowd as special counsel to the case. Rose purportedly failed to report income from autograph and memorabilia sales and gambling wins. Rose pleaded guilty to federal tax evasion charges in 1990 and spent 5 months in prison; yet his troubles didn't stop as he continued to face close to a $1 million lien for unpaid back taxes in 2004.

The concerning facts were if it was determined that Rose bet on baseball, he would risk a 1-year ban; if he bet in connection with the Cincinnati Reds, the team he managed, he risked being banned from baseball for life.

### Case 5

Case 5 is the story of De Sousa, a Baltimore Police Commissioner who resigned after "failure to file" tax return charges were placed against him. The US attorney's office has alleged that De Sousa "willfully failed to file a federal return for tax years 2013, 2014, and 2015."

Federal prosecutors have charged Baltimore Police Commissioner Darryl De Sousa with three misdemeanor counts of failing to file federal taxes drawing an admission from him of wrongdoing (Duncan et al. 2018). In a statement to *The Baltimore Sun*, De Sousa declared "There is no excuse for my failure to fulfill my obligations as a citizen and public official, my only explanation is that I failed to sufficiently prioritize my personal affairs."

De Sousa was a salaried employee of the Baltimore Police Department in each of the three tax years not filed and currently faces up to 1 year in prison and a $25,000 fine for each of the three misdemeanor counts. His initial court appearance has not been scheduled as of late 2018.

### Case 6

Case 6 offers insight into USA Harvest founder, Hugh "Stan" Curtis, who was sentenced by Chief Judge Joseph H. McKinley Jr. in Louisville, KY, to serve 24 months in prison, followed by a 3-year period of supervised release and ordered to pay $183,354 in restitution, announced by the Department of Justice (2014). Restitution to the IRS will be handled independently by the civil division of the IRS, and the amount owed in taxes will be calculated independently by the IRS. Curtis pleaded guilty in US District Court in Louisville to a to a seven-count federal indictment charging him with mail fraud, money laundering, and filing false income tax returns with the Internal Revenue Service (IRS) on July 3, 2014 (Department of Justice 2014).

"As founder and sole officer of USA Harvest, Stan Curtis occupied a position of significant responsibility and trust. He abused that trust by diverting charitable donations intended for the poor and hungry," stated by US Attorney Hale. "Curtis will spend 24 months in prison and has been ordered to pay back the $187,354 that he stole from the foundation and used for his own personal benefit" (Department of Justice 2014).

## Conclusions

Tax administration has several tools to encourage voluntary tax compliance and enforce taxes in its arsenal. The most prominent of such tools are tax audits. By auditing taxpayer records, tax administrators detect taxpayers who fail to fulfill their tax obligations and impose penalties and fines. The effective audit programs induce voluntary tax compliance. The IRS uses tax audits as a way to detect and penalize noncompliant taxpayers, first using tax administration to encourage voluntary tax compliance and enforce taxes.

A taxpayer's perceived probability of audit is an important component of the taxpayer's decision to comply with a requirement to pay tax (Chirico et al. 2016). To the extent that actual audit rates affect taxpayer perceptions, actual audit rates may be an important deterrent to noncompliance. In addition to the effect of perceived probability of audit, there is a specific deterrence effect of audits on the audited. Individuals generally appear to alter their perceived probability of audit upward in the few years following an actual audit, increasing reported wages, self-employment income, and other types of income for 3–4 years following the audit (DeBacker et al. 2015).

## Cross-References

► Taxation and Governance
► Tax Evasion
► Tax Evasion: Cases of Germany

## References


Chirico M, Inman RP, Loeffler C, MacDonald J, Sieg H (2016) An experimental evaluation of notification strategies to increase property tax compliance: free riding in the city of brotherly love. Tax Policy Econ 30(1):129–161

DeBacker J, Heim BT, Tran A, Yuskavage A (2015) Once bitten, twice shy? The lasting impact of IRS audits on individual tax reporting. J Financ Econ 117(1):22–138

Department of Justice (2014) Founder of USA harvest sentenced to 24 months in prison for embezzling from the charity and tax fraud Western District of Kentucky. Accessed from https://www.justice.gov/usao-wdky/pr/founder-usa-harvest-sentenced-24-months-prison-embezzling-charity-and-tax-fraud

Duncan I, Rector K, Prudente T (2018) Baltimore Police Chief De Sousa charged with failing to file taxes, but mayor expresses confidence in him The Baltimore Sun. Accessed from www.baltimoresun.com/news/maryland/crime/bs-md-ci-desousa-taxes-20180510-story.html

H & R Block (2018) Who goes to prison for tax evasion? H &R Block. Accessed from https://www.hrblock.com/tax-center/irs/tax-responsibilities/prision-for-tax-evasion/

IRS (2016) Tax gap estimates for tax years 2008–2010. Accessed from https://www.irs.gov/newsroom/the-tax-gap

IRS (2017) Criminal investigation statistics. Accessed from www.irs.gov/compliance/criminal-investigation/current-fiscal-year-statistics

IRS (2018) The difference between tax avoidance and tax evasion. Accessed from https://apps.irs.gov/app/understandingTaxes/whys/thm01/les03/media/ws_ans_thm01_les03.pdf

IRS (2019) What criminal investigation does? Accessed from https://www.irs.gov/compliance/criminal-investigation/what-criminal-investigation-does

Joint Committee on Taxation (2019) Overview of the Tax Gap (JCX-19-19) Joint Committee on Taxation. Accessed from https://www.jct.gov/publications.html?func=startdown&id=5185

McElhatton J (2012) Nearing end of sentence, top tax evader still eyes vindication Washington Times Accessed from www.washingtontimes.com/news/2012/aug/30/nearing-end-of-sentence-top-tax-evader-still-eyes-/

Oldenburg A (2013) Wesley Snipes finishes prison time for tax evasion. USA Today. Accessed from https://www.usatoday.com/story/life/people/2013/04/05/wesley-snipes-finishes-jail-time-for-tax-evasion/2057455/

Rifkin D (2008) An overview of the "tax gap". Taxes 86(11):27–44


# Tax Expenditures as Social Policy


Meg Streams and Laurie Gavilo-Lane
Department of Public Administration, Tennessee State University, Nashville, TN, USA


## Synonyms

Revenue-side social program; Tax preference for social welfare

## Definition

A tax expenditure intended as social policy is here defined as the amount by which a jurisdiction voluntarily foregoes revenue otherwise owed by a set of taxpaying units via provisions in the tax code, which define the set by specifying criteria to be met by those units; the tax expenditure is explicitly rationalized by appeal to a social end rather than a basic principle of taxation or other government objective. There are variations in the specific definitions of the "tax expenditure" concept across analysts and countries, as well as in what is considered as a "social" end.

## Introduction

The general concept of tax expenditure has received extensive attention from analysts, scholars of public finance and economics, policymakers, and advocates of tax reform since being brought to the fore as a reform issue by Surrey (1970, 1973). Normative principles focused on efficiency in taxation emphasize application of a tax instrument to a base which is as broad as possible, thus allowing rates to be kept as low as possible while meeting the government's revenue requirement – and reducing the extent to which taxpaying unit behavior is distorted. Tax expenditures deviate from that theoretical goal,

because by definition they represent base *narrowing* in some way. Creation and maintenance of a tax expenditure may generate a clientele, which will defend its continued existence and potentially lobby for expansion. Narrowly defined tax preferences for targeted industries, for example, are often perceived as the outcome of special-interest politics, frustrating to the reformer yet as difficult to eradicate as any other adopted policy that benefits a group with the resources to oppose its elimination.

However, revenue policies of developed nations also typically contain many tax expenditures rationalized by goals that are overtly social in nature and whose beneficiaries comprise a larger segment of society. These tax expenditures have in some cases developed into large-scale social policies operating nearly entirely on the revenue side, such as the Earned Income Tax Credit (EITC) in the US federal personal income tax code (Eissa and Hoynes 2011). Designed in theory to assist poor households while simultaneously rewarding (or at least not overtly penalizing) work effort to the extent of some traditional forms of expenditure-side welfare policy, the EITC is often touted as a successful social program, despite or even because of its tax expenditure format. To supporters, the tax expenditure form allows the program to achieve desirable redistributive ends without the negative impacts of expanding special-purpose government bureaucracy. To others, the risks of obscuring the nature and cost of any government program via the complex and nontransparent provisions of the tax code rather than through the expenditure side of the budget process outweigh the benefits of the tax expenditure approach. Therefore, socially oriented tax expenditures can be seen as obstacles to tax system simplification and efficiency, leading to calls for reform (even apart from judgments regarding appropriateness of the social goal itself). Tax expenditure implementation, to the extent that it adds criteria to be met and documented by filers, also adds to the processing and auditing load of the revenue collection agency charged with making determinations of accuracy and validity regarding recipient claims. Hence, tax expenditures are often seen as violating the goal of administrative simplicity in taxation. While some types of tax expenditures that exclude a portion of the tax base that would otherwise require greater filing detail can be seen as improving administrative simplicity, social-goal tax expenditures often will not fall into that category. Ensuring eligibility is an essential part of the targeting implicit in the social program and must occur whether it is implemented on the revenue or expenditure side.

## Scope of Entry

Given the scale of the topic, this entry focuses specifically on explaining how tax expenditure policy provisions can be seen as revenue-side alternatives to expenditure-side social programs, which operate through statutory entitlement by formula or via the annual appropriations process. Design considerations are addressed along with some political dimensions of the use of tax expenditures for social ends. An overview of selected major examples of tax expenditures for social ends is presented, and the entry closes with a note on fiscal federalism/intergovernmental dimensions of tax expenditures for social policy.

The primary emphasis throughout will be conceptual with illustrations from US income tax policy, though the construct of tax expenditure for social ends is applicable in international settings as well (e.g., profiles of tax expenditures in ten higher-income nations included in Organisation for Economic Co-operation and Development (2010); tax expenditure reporting status reviewed for 36 high-, middle-, and low-income nations in Burton and Stewart (2011)). While issues of inefficiency and inequity will be included, the larger topic of structural reform of tax systems lies outside the scope of this entry. The tax expenditure concept is not intrinsically restricted to income taxes alone (as opposed to excise, property, or other types of tax instruments); nonetheless, income tax is the most common focus of its application and will be emphasized here. Furthermore, the precise categorization of which government functions or

objectives counts as "social policy" in the tax expenditure context is not always a matter of consensus, even within a single country (see discussion in Howard (1997)). Therefore, while some examples of policies that are generally understood as socially oriented tax expenditures, such as the US EITC, are included here, no attempt is made to exhaustively describe or account for the overall impact of social policy tax expenditures.

## Challenges of Measurement

In any discussion of the tax expenditure concept, it must be recognized that measurement and estimation of impact are not straightforward. The quantification of the budgetary impact of specific tax expenditures remains an active area of both academic research and practical policy analysis (Altshuler and Dietz 2011; Burman et al. 2008). Of course, such an estimate is bound to a particular jurisdiction's tax system at a particular point in time and is based on a variety of assumptions. To identify a tax expenditure and estimate its revenue impact were the enabling provision in the tax code eliminated, it is first necessary to establish the version of the tax structure to be used as the fundamental point of reference. Conceptions among analysts of what should constitute the underlying broad-based tax structure, from which standpoint the departure can be defined, can vary substantially regardless of whether their analytical lens is tax law or economic principles. Indeed, even the legislative and executive branch entities in the US national government that produce an annual estimation of federal tax expenditures do not use identical versions of the income tax structure as their point of departure (Joint Committee on Taxation of the Congress of the United States 2016; United States Office of Management and Budget 2016), and the list of tax expenditures they identify varies somewhat (for a discussion of differences, see Altshuler and Dietz 2011). This definitional variation both within and outside government sources is not simply due to lack of information or uncertainty per se, but rather arises from fundamental differences in agreement of what constitutes the appropriate model for an ideal tax system and in what ways that ideal can best be approximated by selected fundamental elements of an existing tax system – questions which are unlikely to be fully settled. The politically charged nature of labeling particular tax code provisions as tax expenditures also may influence variation between classifications internal and external to a government, given that the concept is often associated with perceived inefficiency, lack of transparency, and need for reform.

Estimating the cumulative impact of tax expenditures is not straightforward, because eliminating one may influence the scope of another. For example, if a particular tax expenditure provision is eliminated, as the taxable base increases for former claimants, some may be shifted into an income bracket subject to a different marginal rate of tax and may become thereby newly eligible, or ineligible, for some other kind of tax expenditure. More subtly still, taxation by its economic nature changes the relative prices of different types of taxed and untaxed activities, impacting the decisions of taxpaying units through the incentives it creates. A change to one element of the tax code alters the existing balance of costs and benefits, and it can be expected that behavior at the microlevel will shift in response with an effect on revenue outcomes. Society-wide, the cumulative effect of behavioral changes can alter macroeconomic outcomes as well. When those changes in the economy flow back through the revenue collection structure, yet additional effects on the revenue collected can result – all from elimination of a single tax expenditure provision. Neither of these latter two issues are taken into account in the estimates of tax expenditures published by the Office of Management and Budget (OMB) and the Joint Committee on Taxation of the US Congress (JCT), though scholars have attempted to address these and other complexities through analysis and simulation (e.g., Burman et al. 2008). Thus, an emphasis on conceptual elements rather than estimates of fiscal scale for socially-oriented tax expenditures is maintained here. With challenges of definition and estimation, the tax expenditure concept and its role in social policy are a continuing topic of debate and analysis on tax and spending behavior across countries and therefore are relevant to those interested in public policy and administration.

## Tax Expenditures as Substitutes for Traditional Expenditure-Side Social Programs

In the public finance literature, tax expenditures have come to be understood as a kind of parallel mechanism for policy implementation and as an alternative to the establishment of expenditure-side bureaucracies (Toder 2000). Creation of a traditional bureau-based social program entails, through the combined operation of the policy process including statutory and regulatory dimensions, at least the following:

1. The definition of a social goal argued to be amenable to government action through a public program.
2. Determination of the nature of the policy treatment (such as a payment or voucher) to be offered to a specified class or classes of beneficiaries through the program.
3. Definition of the criteria by which individuals, households, or organizations will be classified as beneficiaries of the new program.
4. Specification of the relationship between the result of beneficiaries' evaluation on the criteria and the type, scale, and duration of the policy treatment to be received (e.g., as crystallized in a statutory entitlement formula).
5. Identification of either an existing, or establishment of a new, bureaucratic entity or entities charged with certifying eligibility of potential beneficiaries, administration of the specified social program benefits to those individuals (possibly aggregated as households or organizations), and monitoring to limit benefits fraud.

In order to be enshrined in the tax code, a tax expenditure would still require choices to be made regarding (1) through (4) above. At (5), however, the revenue-side social policy (i.e., the policy administered through the tax collection system, focused on sources of funds) diverges from the traditional expenditure-side social policy (i.e., the policy administered through the spending side of the budgetary process, focused on uses of funds). Rather than the establishment of a new executive branch bureau for implementation of the policy, the existing agency responsible for revenue collection is charged with policy implementation.

Examples of other variations between tax expenditures and same-purpose social spending programs may relate to the relative emphasis on qualifying beneficiaries in advance (expenditure side) vs. post hoc verification/audit of claimants (revenue side) or whether the tax expenditure functions more like an expenditure-side entitlement with the total amount "spent" (i.e., revenues foregone) varying based solely on eligibility criteria and filer behavior and demographics or more like an expenditure-side appropriations program with the total amount spent determined annually through the budget process; yet in each of these potential differences, it is still possible to find examples of tax expenditures that fall into the pattern normally associated with the expenditure-side social programs (Toder 2000). The design of a tax expenditure for social policy, therefore, in theory may be made arbitrarily similar to the design of a social spending program. Nonetheless, one area of concern for social policies enacted through the tax code – particularly for policies aimed at poverty reduction – is the annual focus of the tax cycle. A typical tax expenditure has its impact for the taxpaying unit after the end of the fiscal year, after tax return filing and processing are complete. If the result is to increase the amount of a refund due, it will be issued to the filer at that point. Many have observed that for income- and credit-constrained households, this annual lump-sum pattern may be less beneficial than an expenditure-side traditional benefit program that could pay benefits monthly or on another schedule. For example, the lump-sum annual refund and EITC formula may in fact create a disincentive for individuals to save (Weber 2016).

Given this stylized overview, competing appeals to simplicity arise in discussions of tax expenditures as mechanisms for social policy. On the one hand, in light of the principle of administrative simplicity in revenue generation, the implementation, compliance, and enforcement costs of adding rules governing tax liability and payment could be seen as lowering the efficiency of the tax structure. On the other hand, establishment of new agencies for each social program is seen by those concerned by public sector growth

as potentially wasteful, and therefore the relative "simplicity" of operating such a policy through a pre-existing, general-purpose revenue collection mechanism with which nearly all households have potential interaction is seen as advantageous – particularly if the eligibility criteria for the program would involve measuring the recipient's level of the base of taxation anyway (e.g., income). Some complications to this latter argument arise when the nature of a social program administered as a tax expenditure is such that its beneficiaries would not necessarily interact directly with the tax collection system in the absence of the policy. An example can be seen in the US Federal EITC mentioned above, as potential beneficiaries do not always have enough personal income to owe a tax liability for a given fiscal year. Therefore, if they do not recognize the potential to receive a benefit from the EITC provision in the tax code, they may not file their federal return. In fact, it is estimated that a nontrivial proportion of households that are otherwise eligible for the EITC benefit do not file and thus lose the potential benefit. So the simplicity derived from the assumption that the tax apparatus of a society will typically reach all potentially eligible households is not necessarily fully realized.

## Designing Tax Expenditures for Social Policy

Once the decision has been made to utilize a tax expenditure approach for a social programmatic goal, an additional element (not relevant in the establishment of an expenditure-side social program) must be defined. That is, how will the tax expenditure provision be designed as a modification of the final tax liability of a household? There are multiple approaches. Fundamentally, a tax *liability* arises from the application of a tax *rate* to a tax *base*. Primary categories of tax expenditure policies operate through reduction of the base (*exclusions*, *exemptions*, and *deductions*); reduction of the rate otherwise applicable; reduction of the resulting tax liability directly, dollar for dollar (*credit*); or *deferral* of the tax liability. Of particular interest is the distinction between deductions and credits and between refundable and nonrefundable credits. A deduction permits the income subject to taxation to be reduced by some amount, either fixed by the policy or dependent on the behavior of the taxpaying household. For example, a US household that elects to itemize deductions rather than take the standard deduction (which does not require the additional filing detail and recordkeeping expected of "itemizers") is permitted to deduct charitable contributions recorded during the tax year. Some deductions are "above the line" (included in the calculation of adjusted gross income), meaning that even those taking the standard deduction may still make use of them; a US example is the deductibility of student loan interest paid during the tax year. Because deductions are taken off the base rather than off the tax bill itself, the amount of the benefit to the taxpaying household is dependent on the marginal rate of taxation to which the household is subject to given its income (that is to say, the rate assessed on the next currency unit of income earned given the amount of income already earned that tax year and the rate structure in place). As the US federal personal income tax has a progressive rate structure, households with higher incomes fall into higher tax brackets (until the highest bracket is reached). A household falling into a higher tax bracket receives a reduction in the tax liability equal to the deducted amount multiplied by the marginal rate applied at that income range. To the degree resulting from the progressivity of the tax structure, this means higher-income households derive a larger amount of reduction in tax liability from a deduction than do lower-income households.

The presence of a standard deduction in the US system potentially accentuates this differential benefit of deductions further. If there is an error in a filer's understanding or calculation of whether the benefit of itemized deductions would exceed the benefit of claiming the standard deduction in a given year, and the taxpayer decides to take the standard deduction, then the household will not benefit from the deductions available only to itemizers. Itemizing households tend to be wealthier on average, so this issue is a concern in terms

of (1) vertical equity, the principle of taxation which holds that households situated differently with respect to the base of taxation should be treated differently, and (2) the emphasis on ability to pay as a criterion for fair taxation. If similarly situated households differ in itemizing behavior via error or lack of understanding, horizontal equity is reduced as well (the principle of treating similarly situated households in a similar fashion with respect to tax liability).

In contrast, a tax credit design creates less differential treatment in theory because the amount of the credit received, as a "dollar for dollar" reduction in the tax *bill* rather than the *base*, will not depend on the taxpaying unit's tax bracket. An important additional issue, however, is that a credit may be defined as "refundable" or "nonrefundable." The more common nonrefundable design means that the credit reduces the household's tax liability by the maximum allowable amount of the credit, unless the liability is less than that upper bound, in which case the liability is zero after application of the credit. That is, a household with a tax liability smaller than the amount of a nonrefundable credit only receives a benefit equal to the amount of existing liability (which will be less than the credit maximum as defined in the tax code). In contrast, a refundable credit is more generous. If the household's liability is in excess of the credit amount, the refundable credit acts the same way as the nonrefundable credit, and the liability is simply reduced by the full credit amount. On the other hand, if the liability of the household is *less* than the refundable credit amount, the household actually receives the difference as a payment. Therefore, unlike a nonrefundable credit, the amount of a refundable credit received does not differ among households based on existing tax liability if they otherwise meet the same eligibility criteria. The EITC provides an example of a refundable credit, and this element of its design is a key to its major impact as a poverty-reducing program (Eissa and Hoynes 2011). Because the EITC is a *refundable* credit targeted to working poor households, many of which have little or no income tax liability, government expenditure on this program is made up not only of revenues foregone (as would be the case with a nonrefundable credit) but also of outlays; this latter component is the dominant component of the overall cost estimate of the EITC (Eissa and Hoynes 2011). Another example of a refundable credit, though temporary and required to be repaid under certain conditions, was the US first-time homebuyer credit initiated as a policy measure to stimulate the housing market in the period of the recession and its wake (2008–2010). Refundable credits are generally argued to be more generous and to make tax expenditures behave more like regular expenditure-side programs, whether that is considered desirable or not.

## Examples of Tax Expenditures for Social Policy

Given these varieties of design options for tax expenditures, examples of US tax expenditures for social policy ends include deductibility of charitable contributions; the Earned Income Tax Credit; exclusion of various types of pension contributions and retirement savings; exclusion of employer contributions for medical insurance premiums and medical care; exclusion of employee premiums on certain life, accident, and disability insurance; a wide variety of deductions and credits related to education, training, and employment; exclusion of employer-provided childcare benefits; and deductions for the blind and elderly (a non-exhaustive list; see U.S. OMB 2016; JCT, U.S. Congress 2016). Of the top five largest estimated income tax expenditures in projected revenue effect according to the US Office of Management and Budget for Fiscal Year 2017, the largest is a socially-oriented tax expenditure: the exclusion of employer contributions for medical insurance premiums and medical care (subsidizing a particular type of compensation/healthcare expenditure). Deductibility of mortgage interest on owner-occupied homes (subsidizing home ownership) and exclusion of defined-contribution employer plan contribution and earnings (subsidizing a particular type of compensation/retirement savings) are also among the top five (United States Office of Management and Budget 2016, p. 243).

## Political Dimensions of Tax Expenditures for Social Ends

Emphasis on fiscal stringency in the wake of the 2008–2009 global recession has heightened the attention given to public finance. Government operations at all levels and across borders are subject to critique with respect to the extent and efficiency of resource extraction from the private sector as well as the efficiency, scale, and effectiveness of fiscal, monetary, and regulatory policy. Pressure to curb expenditure-side programs may incentivize governments to seek program goals via foregone revenues instead, either to limit political conflict or external scrutiny by adding to already Byzantine tax codes or to reap the political advantages of labeling a "tax cut" what is actually functionally equivalent to a targeted spending program (Howard 1997; Toder 2000). This pressure may be even more acute for programs geared toward social goals than for other types of policies. It is often argued that if existing tax expenditure policies were widely understood and presented to the public as equivalently complex spending programs, they would not be supported in the same form. Slemrod and Bakija (2008, pp. 169–170) provide an illustrative example using deductibility of state and local taxes paid under the US federal personal income tax law (for itemizing households); similar arguments are possible for more explicitly socially-oriented tax expenditures.

As mentioned above, the fact that a new bureau is not established to operate a social program can be marketed as an additional advantage. Public perception about the desirability of a proposed social program may differ depending on whether it is presented as a tax expenditure versus a traditional spending program, with tax expenditure-style "framing" being viewed more positively (e.g., the experimental results of Faricy and Ellis 2013). Advocacy for a given tax expenditure in the social policy arena may sometimes arise more from third-party entities involved in provision of the subsidized service or good than from actual direct beneficiaries (Howard 1997). Estimates that cumulatively tax expenditures may actually have a regressive impact (i.e., benefit higher-income taxpayers more than lower-income taxpayers; Burman et al. 2008) generate concern regarding equity effects. Those equity implications may be obscured by the use of the tax code rather than the annual budget process (appropriations) or statute formula (entitlements) as the implementing mechanism. The lack of transparency involved and the differential political effects have led to the characterization of tax expenditures for social policy in the US system as a "hidden welfare state" (Howard 1997).

## Fiscal Federalism and Intergovernmental Implications of Social Policy Tax Expenditures

Tax expenditure policy for social ends is most frequently examined at the national level in the US case, with reference to the federal personal income tax code. There are logical reasons for this focus including its political saliency, the vast scale of revenue collections at that level, and the progressive bracket structure of the personal income tax, highlighting the risk of lowered progressivity and heightened income inequality when tax expenditures that favor higher-income groups are introduced (particularly in the form of deductions).

Nonetheless, tax expenditures for social purposes also exist at the subnational level. Indeed, from the point of view of lower-level governments, although the scale of the revenues foregone is small in comparison with central government tax expenditures, the amount may still be notable with respect to the subnational unit's own-source revenue and expenditure patterns. Policy choices to establish, maintain, or terminate the tax expenditure must still be made, and a class of beneficiaries once created at the subnational level will still resist alteration of the policy once established. While tax expenditure budget preparation has spread among the US state governments, for example, the extent to

which the information within these documents is serving as a guide to policy improvement may be limited (particularly for non-income tax instruments such as retail sales tax; Mikesell 2011). Interaction between federal, state, and even local policies may result from tax expenditures for social goals. The EITC provides a case in point. A number of US states have adopted their own earned income tax credits, which typically require that potential beneficiaries first apply for the federal EITC by filing a federal tax return, thereby encouraging the flow of these outside revenues for social welfare purposes to the state's poorer working residents.

## Conclusion

The definition, measurement, and effects of tax expenditures for social policy will continue to be debated inside and outside government. It is important that scholars and students of public policy and administration recognize that this avenue for social programs not only exists but is heavily utilized. The "bright line" dividing the revenue side with its focus on sources of funds, and the expenditure side with its focus on the use of funds, is not an impermeable barrier. Policy in pursuit of social goals can be implemented on either or both sides of the line, and there may be important distinctions in the degree of the public's understanding of policy when it is located on the revenue side of the border. Greater transparency and accountability in public finance must include continued attention to tax expenditure adoption and reporting, and scholars of public policy should continue to devote attention to social action built into tax codes as well as appropriations bills and entitlement statutes.

## Cross-References

► Fiscal and Financial Transparency

## References

Altshuler R, Dietz R (2011) Reconsidering tax expenditure estimation. Natl Tax J 64(2):459–489

Burman LE, Geissler C, Toder EJ (2008) How big are total individual income tax expenditures, and who benefits from them? Am Econ Rev 98(2):79–83. https://doi.org/10.1257/aer.98.2.79

Burton M, Stewart M (2011) Promoting budget transparency through tax expenditure management: a report on country experience for civil society advocates. Retrieved from Washington, DC: http://www.internationalbudget.org/wp-content/uploads/Promoting-Budget-Transparency-Through-Tax-Expenditure-Management.pdf

Eissa N, Hoynes H (2011) Redistribution and tax expenditures: the earned income tax credit. Natl Tax J 64(2): 689–729

Faricy C, Ellis C (2013) Public attitudes toward social spending in the United States: the differences between direct spending and tax expenditures. Polit Behav 36(1): 53–76. https://doi.org/10.1007/s11109-013-9225-5

Howard C (1997) The hidden welfare state: tax expenditures and social policy in the United States. Princeton University Press, Princeton

Joint Committee on Taxation of the Congress of the United States (2016) Publications on tax expenditures. Retrieved from https://www.jct.gov/publications.html?func=select&id=5

Mikesell J (2011) State tax policy and state sales taxes: what tax expenditure budgets tell us about sales taxes. Am Rev Public Adm 42(2):131–151. https://doi.org/10.1177/0275074011398957

Organisation for Economic Co-operation and Development (2010) Tax expenditures in OECD countries. Organisation for Economic Co-operation and Development (OECD), Paris

Slemrod J, Bakija JM (2008) Taxing ourselves: a citizen's guide to the debate over taxes, 4th edn. MIT Press, Cambridge, MA

Surrey SS (1970) Tax incentives as a device for implementing government policy: a comparison with direct government expenditures. Harv Law Rev 83(4): 705–738. https://doi.org/10.2307/1339837

Surrey SS (1973) Pathways to tax reform; the concept of tax expenditures. Harvard University Press, Cambridge

Toder EJ (2000) Tax cuts or spending – does it make a difference? Natl Tax J 53(3):361–371

United States Office of Management and Budget (2016) Chapter 14: Tax expenditures. In: Analytical perspectives, budget of the United States government, fiscal year 2017. United States Office of Management and Budget, Washington, DC, pp 225–265. Retrieved from https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/ap_14_expenditures.pdf

Weber C (2016) Does the earned income tax credit reduce saving by low-income households? Natl Tax J 69(1): 41–76

# Taxation and Governance

Noore Alam Siddiquee[1] and
Ahmed Munirus Saleheen[2]
[1]College of Business, Government and Law, Flinders University, Adelaide, Australia
[2]Ministry of Finance, Dhaka, Bangladesh

## Synonyms

Accountability; Good governance; Involuntary contribution; Public revenue; Representation

## Definition

Tax is a compulsory contribution imposed by a public authority. It is a payment which does not guarantee an exact amount of services to be rendered to the taxpayer in return. Governance, on the other hand, refers to the quality of governing usually characterized by accountability, transparency, fairness, participation, and responsiveness, among others.

## Introduction

The inevitability of taxes in human life has never been better expressed than by the popular aphorism of Benjamin Franklin that compared it with death. But unlike death, the other inevitable is not merely a personal experience; it has been indissolubly associated with the evolution of human civilizations. Raising revenue to finance government expenditure is the traditional function of taxation; it also plays an important role in the distribution of income and wealth and in economic stabilization (Musgrave and Musgrave 1989). Yet another equally important but often overlooked function of taxation is representation and state-building (Brautigam 2008). In contrast to its traditional role of revenue which has dominated tax literature until 1980s, the role of taxation in state-building has recently captured the attention of analysts who consider taxation as a political process through which citizens can demand accountability and good governance. They argue that taxation holds potentials to generate "governance dividend" in the form of improved accountability, responsiveness, and state capacity (Moore 2002). Known as the new fiscal sociological approach, it sees taxation as binding a contract between the state and its citizens and engaging the latter in a revenue bargain. In such a bargain, the citizens accept and comply with taxes in exchange for influence on public policy, effective provision of services, and enhanced accountability, among others. The bargain is mutually beneficial as the citizens receive improved services and governance while the government receives larger, more predictable, and easily collected revenue (Levi 1989). Since this bargain entails principles of good governance such as participation, transparency, and accountability required to improve mutual trust between taxpayers and the government, taxation and governance play a complementary role. This chapter unpacks the complex relationship between taxation and governance by explaining the nature of interface between the taxpayers and tax authorities and by comparing taxation with other sources of the state revenue.

## Taxation and Governance: Understanding Interdependent Relationship

The changing views and interpretations of tax over the ages reflect changes to people's attitude toward taxation and its place in societal relationships. Definitions such as "one sided transfers [ ] for meeting the expenses of government" (Ely 1888: 6–7, cited in Martin et al. 2009) or "unrequited, compulsory payments collected primarily by central governments" (World Bank 1988: 79) underscore the revenue function of taxes. On the other hand, the benefit or reciprocity aspect becomes prominent when tax is considered as something "we pay for the civilized society," as maintained by Justice Oliver Wendel Holmes Jr. (cited in Cordes et al. 2005: xv). The transition of tax from "unrequited

payment" to an instrument of reciprocal relationship between the state and its citizens is significant to understand the relationship between taxation and governance.

Taxation provides invaluable insights into how individuals relate to one another, to the government, and to the broader society. Paying taxes thus goes far beyond a personal experience as sociopolitical conditions influence tax compliance. Drawing on the history of taxation, Martin et al. (2009: 3) maintain that taxation provides fungible resources to the state as well as establishes one of the most widely and persistently experienced relationships that individuals have with their government. The ancient Indian epic poet Kalidasa touches upon the reciprocity of the relationship that taxes entail when he maintains that "the king receives taxes from his subjects only for the promotion of their welfare as the sun draws moisture from the earth to return it a thousand-fold in the shape of rain" (Kale 1922: Canto 1, verse 18). Multiplicity of this relationship transforms taxation from a monetary contribution into a social contract (Moore 2008). This is more so in the modern society than it used to be in the past. Tilly (2009: xii) highlights this by asking some fundamental questions about taxation: "How does tax compliance ever come about?" or "How do regimes compel or cajole their citizens to yield resources repeatedly?" The argument that underpins these questions is that taxation essentially involves a social and political process. Clearly, the "how" aspect of taxation is more insightful than its "what" dimension. This enables us to see taxation as a process rather than an end and makes the politics of taxation as overarching an issue as its economics. With this in mind, we will attempt to establish the relationship between governance and taxation drawing on three perspectives: taxation evolving as a social contract between the state and the citizen, taxation as a collective action problem, and taxation as embodying the continuum of coercion and persuasion.

## Taxation as a Social Contract

In an insightful analysis of taxation and the evolution of civilizations, Adams (2001) shows with examples and anecdotes how the vicissitudes of the great ancient and modern civilizations were tied to various aspects of taxation. He demonstrates how tax has remained an ever-present subject in the relations between the state and its citizens throughout civilizations spanning from the Egyptian, the Greek, and Roman eras through the British Civil War, the American and French Revolutions, to the modern days:

> The three roots of modern civilization – ancient Greece, Rome, and Israel – involve histories filled with drama centered on taxation. The biblical God, who repeatedly chastised his chosen people, selected taxation as his rod. (Adams 2001: xxii)

Based on the premise that depending on how a tax is devised and managed, it can be used for good or for evil, he emphasizes fair taxation and urgency on the relationship between the state and its citizens, as he draws an analogy between the tax and fire: "When we tax we are dealing with fire, and without proper controls and care, we can easily burn down everything we have built, and our hopes for a better world can go up in smoke" (Adams 2001: 3). It is believed that the transition from rulers' fiscal dependence on income from their own properties to general taxation gave rise to the tax state. What is important in this societal process is how taxation started as a coercive tool to extract a one-sided contribution from the citizens and, with the passage of time, evolved into a powerful instrument for bargain known as the "revenue bargain" (Moore 2008). In the past such revenue bargains were triggered primarily by interstate war-driven imperatives. On the other hand, the compelling demand for economic growth is now used to justify the need for more revenue. If one considers "war" as a metaphor, as is often used in describing a challenge, it is now the war against poverty and underdevelopment that prompts maximization of revenue especially in the developing world.

## Collective Action Problem: Coercion and Contract

Taxation is seen as a collective action problem as rulers try to maximize revenue while the ruled try to minimize it (Levi 1989). Given this paradox, a key question that has kept tax researchers

and analysts preoccupied is how the overarching goal of revenue generation can be achieved by mitigating the collective action problem.

Drawing on the history of taxation of the Republican Rome, medieval and renaissance France and England, eighteenth-century Britain, and the Commonwealth of Australia, Levi (1989: 3) presents a hypothesis that "rulers are predatory in that they try to extract as much revenue as they can from the population." An ancient Egyptian cartoon drawing shows the tax officials of the pharaoh snooping, inspecting, and recording everywhere, even surveying the nests of pigeons to count the eggs to make sure that the pharaoh received the tax due to him (Adams 2001: 8). The visual imagery of "plucking the goose as to obtain the largest amount of feathers with the least amount of hissing" depicts the ingrained juxtaposition of coercion and persuasion in taxation that has found numerous manifestations in the literature through ages. The interplay of coercion and contract that the tax continuum involves has evolved into a revenue bargain between the ruler and the ruled for their mutual benefit. The citizens and taxpayers comply with taxes in exchange of some influence over the level and form of taxation and how the tax revenue is utilized. The government receives what it expects: ease and predictability of generating sizeable amount of revenue. One can find clear and observable indicators of revenue bargains between the state and the taxpayers in modern states. These include the presence of revenue issues on the public policy agenda; collective action by groups of taxpayers around tax issues through electoral or other channels of representation; and the willingness of the government to interact with and respond to taxpayers' expressed or anticipated preferences in the public policy-making process (Moore 2008).

The close relationship between taxation and governance could be understood better when one considers taxation against two other financing tools, namely, aid and nontax revenue.

## Taxation, Aid and Accountability

Moore argues that "the greater the dependence of the state on earned income, the more likely are the state-society relations characterized by accountability, responsiveness and democracy" (2002: 85). On the other hand, aid dependence makes the recipients hostage to donors' conditionalities which limit their capability to focus on their own priorities. It also restricts citizens and legislatures to exercise effective control over the ways in which these states raise and spend money. Given that the influence of citizens over state revenue and expenditure lies at the heart of effective democracy, Moore argues that though official aid donors try to promote the values of democracy and good governance, paradoxically aid interventions undermine them. The argument extends to other unearned income such as income from natural resources. By paying taxes, a citizen acquires some rights to demand accountability from those responsible for making particular decisions on their behalf. On the other hand, the exogenous rents, such as oil or gas, relieve social pressure that might otherwise lead to demands for greater accountability (World Bank 2003). Evidence from the oil-rich countries of the Middle East and North Africa that do not tax their citizens much supports this line of argument (Choudhry 1997).

## Taxation and Corruption

The association of corruption with taxation seems almost archetypal as the image of a tax collector as a corrupt person has been usually encoded in different cultures over a long period of time. In an Italian folktale, tax collectors have been equated with thieves in the following manner: "'Stealing is a sin,' said the priest, 'unless you steal from thieves.' 'We steal,' explained the thieves, 'but we are not committing a sin, because we rob the tax collectors'" (Calvino 1982: 40). Recent empirical evidence shows that countries with a high level of corruption tend to have lower collection of tax revenue as percentage of GDP (Tanzi and Davoodi 2000). Corruption in tax administrations particularly in developing countries is often attributed to their complex tax and trade regimes including multiple discretionary exemptions, confusing and nontransparent procedures for tax compliance, and excessive discretionary power of tax

inspectors. When Klitgaard's (1988) framework (corruption equals monopoly plus discretion minus accountability) is applied, it is obvious that there are both incentives and opportunities for tax officials to engage in corrupt practices. The expected gains from corrupt behavior increase with the increase of monopoly and discretionary power. By contrast, lowering the levels of accountability and transparency reduces the cost of tax official's engaging in corruption. Corruption in tax departments not only means the loss of state revenue; among others, it reduces voluntary compliance with tax laws and regulations, demoralizes honest taxpayers, and creates an atmosphere of cynicism.

### Fair Taxation Versus Good Governance

Efforts to overcome the challenges posed by the paradoxical relationship of coercion and persuasion and the relative vulnerability of tax collectors to corruption gave birth to the idea of fair taxation. Academically, it started with the classical economist Adam Smith's maxims of good taxation: convenience, simplicity, cost-effectiveness, equity, and neutrality. Interestingly, Kautilya, a fourth-century BC Indian scholar, advocated a fair and efficient system of taxation which would advance the wealth as well as well-being of the realm – a tax system which would supply the king with tax revenue while not stifling economic growth. His figurative reference to plucking flowers without destroying the roots implies the emphasis placed on the enabling environment for taxation as well as the citizen's ability to pay. Contemporary writers like Musgrave and Musgrave (1989) underscored the imperative for fair and non-arbitrary administration. It is relevant to note that most of the criteria devised by economists for a fair tax system are in essence the principles of good governance.

### Governance and Tax Compliance

The relationship between taxation and governance ultimately rests on the compliance covenant which is characterized by reciprocal transparency, understanding, and trust in the relationship between taxpayer and the tax administration. As there is a direct relationship between the degree of tax compliance and the collection of revenue, creating a cost-effective compliance system is vital. Levi argues that rulers can make compliance cost-effective by promoting institutions and structures. While she admits the existence of what she calls "ideological compliance" – compliance out of moral obligation – she prefers "quasi-voluntary compliance." In her own words: "It is *voluntary* because taxpayers choose to pay. It is *quasi*-voluntary (italics in original) because non-compliants are subject to coercion, if they are caught" (Levi 1989: 52).

Levi's notion of quasi-voluntary compliance is also reflected in Kirchler's (2007) tax compliance model, at the heart of which is the mutual trust between taxpayers and the tax authorities. He says, "Trust is a critical factor in understanding the origins of civic engagement, cooperation with authorities and compliance. . .tax authorities' orientation towards taxpayers and their interaction style create a tax climate which fosters either resistance and individual profit maximization or taxpayers' trust in the authorities and the perceived legitimacy of authorities" (Kirchler 2007: 202). That is, the level of compliance is largely determined by the climate of interaction characterized by citizens' trust in authorities. In other words, the efficiency of a tax system hinges on the extent to which taxpayers "volunteer" to comply. Referring to the free-rider problem, he concludes that the level of voluntary compliance can be enhanced by improving governmental performance as well as by winning the trust of its people. This reminds us of the "psychological contract" (between taxpayers and tax collectors) which is obeyed not for the fear of sanction but for the mutual trust between the actors. The revenue bargain creates a climate conducive to better tax compliance. Needless to say that only a transparent and participatory environment can prompt such a revenue bargain.

## Conclusion

The above discussions highlight a number of important aspects of the linkage between

taxation and governance. It is obvious that tax is more than a monetary contribution that citizens make to the state; it is a tool for representation, accountability, and participation. It also serves as a mechanism to forge a relationship between the state and its citizens – a relationship of reciprocity characterized by mutual trust and cooperation which in turn helps to sustain tax compliance. Taxation also involves a revenue bargain between the state and its citizens, a bargain that is mutually beneficial on both sides. The government gets what it wants (higher compliance leading to increased revenue), and the citizens get the opportunity to engage politically. Citizens and taxpayers comply with taxes in exchange for influence over the level and form of taxation and the use of such revenue. Thus, taxation gives the citizens the handle to hold the government accountable and to demand transparency and responsiveness. The government in turn needs, in addition to developing an efficient system of bureaucracy, to respond to citizens' demands to sustain state revenue. Thus taxation and good governance complement and reinforce each other.

While there are a number of overlapping claims, it must be noted that the relationship between taxation and governance is not automatic. Much would depend on who is taxed, how is tax collected, and a wide variety of contextual variables. In situations where tax is levied coercively, it may damage the state-society relations thus reinforcing poor governance. Therefore it is asserted that taxation contributes to governance only when it is transparent and fair, accountable, and participatory in nature. Such features are critical for securing representation and for strengthening state-society relations. When tax system is geared with revenue maximization as the sole agenda, its representational role is virtually overlooked. This often leads to lack of or near absence of revenue bargain, i.e., negotiations between the state and society considered critical for a tax system to generate governance dividends. By implication this suggests that the governments seeking to improve governance through taxation must move beyond such a narrow perspective of taxation and consider ways for securing negotiations with citizens in tax matters. When the same logic is applied in different contexts, it is important to analyze and understand what makes taxation as a tool for governance and state-building in advanced economies. In this regard the Australian experience is instructive. The Australian government took stakeholders in confidence with its slogan "no new tax but new tax system" when it introduced the GST in 1998 (Brown 1999). Likewise, the guiding principle "as tax systems are adjusted, the community needs to be educated, persuaded and encouraged to cooperate, long after the vote is cast at the ballot box," as followed in Australia, serves as a useful reminder on how to secure tax payers' cooperation and compliance.

## References


Adams C (2001) For good and evil:the impact of taxes on the course of civilization. Madison Books, New York

Brautigam D (2008) Introduction: taxation and state-building in developing countries. In: Brautigam DA, Fjeldstad OH, Moore M (eds) Taxation and state-building in developing countries: capacity and consent. Cambridge University Press, Cambridge

Brown J (1999) The tax debate, pressure groups and the 1998 federal election. Policy Organ Soc Winter (18):75–101

Calvino I (1982) Italian folktales. Penguin Books, Middlesex

Choudhry KA (1997) The price of wealth: economics and institutions in the Middle East. Cornell University Press, Ithaca

Cordes JJ, Ebel RD et al (eds) (2005) Encyclopedia of taxation and tax policy. Urban Institute, Washington, DC

Kale R (1922) Raghuvamsa of Kalidasa. Gopal Narayan & Co., Bombay

Kirchler E (2007) The economic psychology of tax behaviour. Cambridge University Press, Cambridge

Klitgaard R (1988) Controlling corruption. University of California Press, Berkeley

Levi M (1989) Of rule and revenue. University of California Press, Berkeley

Martin IW, Mehrotra AK et al (2009) The thunder of history: the origins and development of the new fiscal sociology. In: The new fiscal sociology: taxation in comparative and historical perspective. Cambridge University Press, Cambridge

Moore M (2002) Death without taxes: democracy, state capacity, and aid dependence in the fourth world. In: Robinson M, White G (eds) The democratic developmental state: politics and institutional design. Oxford University Press, Oxford

Moore M (2008) Between coercion and contract: competing narratives on taxation and governance. In: Brautigam D et al (eds) Taxation and state-building in developing countries. Cambridge University Press, Cambridge

Musgrave RA, Musgrave PB (1989) Public finance: theory and practice. McGraw Hill, New York

Tanzi V, Davoodi HR (2000) Corruption, growth and public finances, WP/00/182. International Monetary Fund, Washington, DC

Tilly C (2009) Foreword. In: Martin IW, Mehrota AK, Prasad M (eds) The new fiscal sociology: taxation in comparative and historical perspective. CUP, Cambridge

World Bank (1988) World development report 1988. Oxford University Press, Oxford

World Bank (2003) Better governance for development in the Middle East and North Africa: enhancing inclusiveness and accountability. World Bank, Washington, DC

# Taxation Policymaking in Ghana

Mark Kwakye Frimpong[1], Bossman E. Asare[2] and Evans Aggrey-Darkoh[2]
[1]Department of Political Science, Concordia University, Montreal, QC, Canada
[2]Department of Political Science, University of Ghana, Accra, Ghana

## Synonyms

Advocacy coalition; Coalitions; Hurting stalemate; Taxation policy; Value-added tax

## Definition

Taxation: Taxation denotes a strategy by which governments raise money to undertake development projects and other government programs.

Policymaking: Policymaking suggests the making of laws or the setting of standards to regulate and provide direction for public policy.

## Introduction

This entry investigates the value-added tax policy change in Ghana by analyzing how the public influenced shifts in the original tax instrument. Using Sabatierâ€™s advocacy coalition framework, this entry argues that the adoption of low tax rate in the revised VAT was the result of a hurting stalemate and negotiated agreements in the 1996 multiparty parliament. The diachronic case study method is employed in studying the policyâ€™s initial abortive phase and the re-formation process. Basic empirical data is collected from reports of the media and NGOs. It is found that the low tax rate was largely a compromised position on the core beliefs of two coalitions: the Alliance for Change and the Cadres coalitions. It concludes that inclusion, participation, consensus-building, and compromise are indispensable in democratic policymaking since it is a political process that distributes benefits and burdens to the people.

In 1998, Ghana's tax policy experienced a landmark shift as the country adopted the value-added tax (VAT) policy after an initial attempt to implement same in 1995 dramatically failed largely due to the nature of the political regime as the ruling government adopted a posture of not listening to the concerns of organized labor and opposition political parties. An indirect tax on consumer goods and services, VAT, was formed as a uniform tax to replace the existing tax regimes including the Sales Tax, the Advertisement Tax, and the Entertainment Tax (Ayee 1997). These taxes were saddled with a plethora of policy and management problems (Ayee 1997; Agyei and Marfo-Yiadom 2012). On the policy side, the country's tax base was extremely narrow, excluding the booming sectors of the economy and yielding low revenue. In terms of management, revenue leakages were common due in part to

fragile checks and controls in the tax collection system (Chapman 2001). These shortfalls necessitated the enactment of the VAT. With the initial standard rate pegged at 17.5%, the VAT policy provided few exemptions for basic commodities and services such as foodstuffs, drugs, public transportation, education, and health care (Agyei and Marfo-Yiadom 2012). Interestingly, after a short lifespan of 3 months, the policy was truncated (Dordunoo and Dogbey 2002; Agyei and Marfo-Yiadom 2012). Revised and reintroduced in 1998, the new VAT policy contained a lower tax rate of 10%, compared to the initial 17.5%. How do we account for this change? How did the public influence the shift in the VAT policy? This entry examines how the tax instrument contained in the first VAT policy changed. The substantive focus is on the processes of taxation policymaking. Drawing on Sabatier and Weible (2007) advocacy coalition framework (ACF), this entry argues that the adoption of low tax rate in the revised VAT is largely attributed to a hurting stalemate and negotiated agreements in the 1996 multiparty parliament. It is further argued that the low tax rate was largely a compromised position on the core beliefs of two coalitions: the Alliance for Change coalition (Alliance) and the Association of Committees for the Defense of the Revolution (Cadres coalition).

This study builds on earlier works that have examined the political and economic factors that permitted taxation policy change in Ghana (Assibey-Mensah 1999; Osei 2000; Opoku 2005; Osei and Quartey 2005). Although this entry finds the existing studies informative, nevertheless, they are descriptive since they are not explicitly situated in mainstream policy theory. As a point of departure, this entry studies VAT with a theoretical perspective, grounding the analysis in the ACF. Using this framework offers a richer analysis of the processes that enabled taxation policy change in Ghana. It provides a detailed empirical analysis of how the opposing beliefs of the Alliance and the Cadres coalition ultimately influenced the revised VAT policy. By accounting for the policy beliefs of pressure groups, the ACF illuminates our understanding of the role of the public in taxation policymaking. Thus, the ACF finds utility not only in developed democracies but also in the context of emerging democracies. Providing rigorous analysis of the processes of the VAT policymaking through the lens of ACF, this study contributes to filling both empirical and theoretical gaps in the literature on taxation policy in Ghana.

The remainder of this entry is organized as follows. The first section examines the theoretical framework, which is ACF in which the analysis is situated. ACF assumptions, policy change mechanisms, and explanations of the policy process are discussed. Methodology is presented in section two. The next section details the policy context of VAT. Application of the ACF requires identification of the coalitions in a policy conflict. Therefore, in the fourth section, the coalitions that were dominant in Ghana's taxation policy subsystem and the impact of their resources are identified. The VAT adoption processes are analyzed in two separate sections in a temporal manner. The first unsuccessful attempt to establish the VAT policy is examined in the fifth section. The sixth section analyzes the second phase of the policy development when VAT was decisively adopted. The final section concludes the discussion and provides implications of the findings for policymaking in Ghana and other fledgling democracies.

## Theoretical Framework: ACF and the Policy Process

This entry uses the ACF to examine the formation of the VAT policy in Ghana. A critical survey of the VAT policy literature reveals that researchers have taken the theoretical underpinnings of the entire policy formulation process for granted. In addition, the ACF is not a popular framework among scholars investigating the policy process in Africa. In a stock taking study, Weible et al. (2009, p. 129) found that the ACF has been applied to only a single study in the whole of Africa, compared to numerous studies in North America and Europe. The reason for the limited number of ACF applications in Africa used to be a

shortfall in the framework itself. Because of its pluralist assumptions, the ACF was originally not applicable to closed and authoritarian regimes, which were highly prevalent in Africa. But the framework has utility in most parts of contemporary Africa in general and Ghana in particular. Originators of the framework have revised it, incorporating the political opportunity structures and two additional paths to policy change into the theory (Sabatier and Weible 2007). Furthermore, the present democratization process in Africa, particularly Ghana's iconic democracy on the continent, offers fertile grounds for applying the ACF now. Therefore, this entry uses the ACF to examine the processes that led to the establishment of the VAT policy in Ghana following an earlier botched attempt. The ACF is useful for comprehensively identifying and explaining coalitions and how they utilized their resources to get their beliefs reflected in the final policy.

Introduced by Sabatier and Jenkins-Smith, the ACF emphasizes advocacy coalitions' role within the policy subsystem (Sabatier and Weible 2007, p. 189). Policy subsystems, scientific and technical information, belief systems, and coalitions are central to the ACF. The framework contends that the policymaking process is complex in that there are a multiplicity of policy participants, uneven distribution of resources among actors, as well as nested and overlapping institutions. This complexity requires policy actors to specialize in a policy subsystem, where most policymaking takes place, if they are to be influential in producing policy change (Weible et al. 2009). The set of policymakers in a subsystem comprises the conventional policy actors including lawmakers, bureaucrats, judicial officers, leaders of interest groups, researchers, as well as journalists who specialize in a particular policy area. Being the unit of analysis of the ACF, a policy subsystem is defined by both geographic and functional dimensions (Weible et al. 2009). In this study, the territorial entity is Ghana while the substantive dimension is taxation policy. Ghana's policy subsystem was a nascent one at the time of the taxation policy. It had barely returned to civilian rule on 7 January 1993, after a protracted military dictatorship.

In addition, policy beliefs are an important variable in the ACF since it is inextricably linked with the formation of coalitions. As the driving force behind actors in the policy process, the ultimate desire of coalitions is to get their beliefs translated into a policy (Weible et al. 2009). According to Sabatier and Weible (2007), policy actors have a three-ladder belief system. At the summit of the ladder are deep core beliefs, which are the most stable and normative in nature and consequently difficult to change. Moderate in scope, core beliefs are in the middle of the hierarchical belief system. Coalitions are normally formed on policy core beliefs since they are specific (Weible et al. 2009). At the bottom are secondary beliefs, which are narrowest in both geographic and substantive scope and easiest to change.

Policy core beliefs constitute the fulcrum around which coalitions are created. A coalition is formed when a group of actors aligns with those who share similar policy core beliefs and coordinate in a nontrivial manner in order to get these beliefs reflected in a policy (Sabatier and Weible 2007). Policy actors jostle to have their beliefs translated into a policy ahead of their opposing actors. To be successful in the policy process, participants who share similar beliefs align and cooperate, thereby establishing coalitions. Similarly, resources constitute key determinants of the ability of coalitions to get their beliefs translated into a policy. They may use policy-relevant resources such as access to formal legal authority to make policy decisions, public opinion, information, mobilizable troops, finances, and skillful leadership to influence the policy process (Sabatier and Weible 2007).

Another significant aspect of the ACF is that it identifies four paths to policy change. These are policy-oriented learning, exogenous perturbations, internal shocks, and negotiated agreements (Sabatier and Weible 2007). This entry uses the negotiated agreements path to explain the VAT policy process in Ghana. Negotiated agreements specify that "professional forums provide an institutional setting that allows coalitions to safely negotiate, agree, and implement agreements"

(Weible et al. 2009, p. 124). Coalitions that were previously fighting each other reach agreements over policy core changes. Sabatier and Weible (2007, pp. 206–207) provide nine conditions that affect the likely occurrence of policy change through negotiated agreements. These are incentive to negotiate seriously (a hurting stalemate), leadership, funding, duration and commitment, the centrality of empirical issues, the importance of building mutual trust, and a relatively few number of alternative venues.

In particular, hurting stalemate, composition, and consensus-based decision rule were crucial to the Ghanaian case. Composition emphasizes the importance of including the representatives of all the relevant groups, including those that are perceived to be difficult to deal with, in the negotiation process (Sabatier and Weible 2007, p. 206). If some actors are excluded from the process, they may use alternative means to stymie the success of policy development. Consensus-based decision rule is at the heart of negotiated agreements. Consensus is necessary for preventing a disgruntled actor from undermining the implementation of an agreement (Sabatier and Weible 2007, p. 206). As discussed later in this entry, Ghana's VAT was successfully re-created following the need to negotiate with the minority in Parliament, inclusion of the opposition parties that were in the vanguard of the Alliance coalition and consensus reached among all the key policy participants.

## Methodology

This entry is a small-N qualitative study involving a single case (Lieberson 1991; Coppedge 1999). It is a case study of taxation policymaking in Ghana in the mid-1990s. The case study method is a detailed examination of an aspect of a phenomenon or historical episode in order to understand or shed light on the broader phenomenon (George and Bennett 2005). To understand policymaking in the period under consideration, this entry focuses on and intensively investigates taxation policymaking.

The diachronic type of the case study method is employed in this study (Gerring 2004, 2007). A diachronic case study is an intensive investigation of a single case across time, usually within two or more periods. It allows for within-case comparisons in a temporal manner (Gerring 2004, 2007). In this study of Ghana's taxation policy process, two phases are identifiable as the national assembly enacted the VAT policy at two different periods. The initial attempt to develop and implement VAT in 1995 constitutes the first phase. Government withdrew the policy and reintroduced it in 1998. This reformulation is the second phase of VAT policymaking in Ghana. These two periods are the focus of this research. Focusing on the initial abortive phase and the reenactment process, a diachronic case study enables us to collect a considerable amount of information over time to undertake a within-case comparisons of the VAT policy.

Empirical data is collected from reports of the media and NGOs. These data are analyzed using process tracing through an ACF lens. Process tracing is a method of within-case analysis to evaluate causal processes (George and Bennett 2005; Bennett 2010). It is useful for establishing causality by focusing on sequences of variables (Bennett 2010; Collier 2011; Mahoney 2012; Trampusch and Palier 2016). Employing this technique allows us to examine the pieces of evidence that have been collected about coalitions, events, conditions, and the processes leading to the final formation and adoption of the VAT policy. This is supplemented by field data of five elite interviews comprising individuals very familiar with the adoption of the VAT policy in Ghana. The interviewees were drawn from the academic community, civil society organizations, and the media.

## A Battle of Two Giants: The Alliance and the Cadres Coalitions

In Ghana's VAT policy formulation process, two contending coalitions are identified as the Alliance for Change (Alliance) and the Association

of Cadres for the Defense of the Revolution (Cadres). Formed on 26 April 1995, the Alliance coalition drew its membership from across a broad section of the public including leaders and stalwarts of the opposition New Patriotic Party (NPP) and the People's Convention Party (Frempong 2012, p. 68), businesses and their associations, journalists, and unemployed youth. The policy core belief of the Alliance was low tax rate, arguing that leakages and malfeasance were prevalent in the existing tax regimes that the government needed to address. The government, the Alliance believed, ought to carefully rethink its taxation policy. The Alliance coalition coordinated in a nontrivial manner to organize massive and fatal demonstrations in Accra and Kumasi (the two largest, commercial cities in Ghana). Although they were not official members, the Ghana Trades Union Congress (TUC) and the Civil Servants Association shared identical views with the Alliance on the VAT policy and participated in the protestations. The TUC in particular was at logger heads with the government over salary adjustments since real incomes had fallen. In a vehement opposition to the high tax rate, the TUC had described 1994 "as a year of frustration for organized labor" and labeled the 1995 budget as "a budget of despair" (Osei 2000, p. 269). An interviewee from the TUC indicated that "we joined forces with the opposition political parties to counter the introduction of the VAT largely because it had eroded the purchasing power of the generality of our members and rendered their standard of living poor. A withdrawal of the tax was seen as the only way to ameliorate the conditions of our members" (Interviews 2017).

Businesses' alignment and coordination with the Alliance coalition was particularly significant. Business and trade associations passionately resisted the 17.5% rate as being too high, claiming that its ruinous ramifications undermined the purchasing power of the Ghanaian consumer and will potentially kill their businesses. Instead, they proposed a low tax rate (5%) to be increased incrementally each year (Opoku 2005). The government, in an archetypical dictatorial fashion, dismissed their concerns as being politically motivated. In response to the government's snobbish attitude, members of the Ghana Union of Traders Association (GUTA) refused to open their shops for 5 consecutive days as a means of expressing their opposition to the high VAT rate. The Bureau of National Investigations (BNI) arrested and detained two leaders of GUTA for provoking anti-VAT sentiments among their members (Opoku 2005). Consequently, they strongly aligned with the Alliance coalition and joined the protest marches.

On the contrary, the Cadres coalition was mainly an amalgam of former cadres of the Provisional National Defense Council (PNDC), who were enthusiasts of the National Democratic Congress (NDC) government (Osei 2000). It sprang from the mobilization wing of the PNDC known as the Committees for the Defense of the Revolution, which had collapsed following the country's return to constitutional rule in 1992. Backed by state power, the Cadres coalition spontaneously resurfaced to oppose the Alliance coalition. It is suggestive that they might have been deployed by the government to counter the Alliance coalition's energetic resistance to VAT. The Cadres coalition's core belief was the maintenance of the original 17.5% standard rate of the VAT policy. The Cadres coalition coordinated with cadres of the PNDC revolution to organize counter-protests.

The two jostling coalitions had enormous policy-relevant resources. The Alliance coalition could boast of favorable public opinion. Several factors accounted for the public support it enjoyed. The 1995 budget, which was introduced barely 2 months before the formation of the VAT, had already increased prices of commodities including groceries. Prices of petroleum products increased by more than 20% (Ayee 1997). Apart from the sharp rise in the prices of commodities and services, the public was already experiencing severe food shortage owing to lean harvest in 1994. The public perceived the VAT as aggravating their existing economic perturbations. All this played to the advantage of the Alliance coalition (Interviews 2017).

Moreover, the Alliance coalition had access to information. Among its members was Kweku Baako, the editor of the *Guide*, as well as Kwesi

Pratt Jnr of the *Insight* newspaper, who published evidence about high economic and social costs of the policy. The Alliance coalition used this information to whip up public support for its cause. Additionally, the Alliance coalition was able to bring well-known personalities in the two political traditions in Ghana (Nkrumaist and Danquah-Busia-Dombo traditions) together in a way that sent clear message to the government of the day that the members were united toward a common agenda (Interviews 2017). The low tax rate was shared by the Centre for Economic Policy Analysis (CEPA), an independent economic policy think tank headed by Dr. Joe Abbey, an economic policy advisor to the PNDC *junta* and one of the main architects of Ghana's Structural Adjustment Program (Osei 2000). Low tax rate, Dr. Abbey maintained, would serve the government's revenue target better than a high tax rate, especially if the government was to ably broaden the tax base and widen the scope of the tax net. He recommended a rate between 10% and 12.5%. In sum, CEPA provided the benefit of an alternative tax rate, which further reinforced the position of the Alliance coalition.

In relation to mobilizable troops and skillful leadership, the Alliance coalition had key figures of the opposition parties and civil society organizations as leaders. Among its leaders was Nana Akufo-Addo, a renowned lawyer, human rights activist, businessman, and politician, who became the standard bearer of the main opposition NPP in the 2008, 2012, and 2016 presidential elections. Nana Akufo-Addo won the 2016 presidential election in Ghana after defeat in the previous elections. Others were Hawa Yakubu (one of the only two independent Members of Parliament) and Wereko-Brobbey, an engineer and industrialist (Osei 2000). They skillfully managed to capture public frustrations and organized mammoth demonstrations involving thousands of ordinary Ghanaians (Opoku 2005). Impliedly, the Alliance coalition gained access to formal legal authority to make policy decision when some of its leading members, including Nana Akufo-Addo, became Members of Parliament in 1997.

On the contrary, the Cadres coalition spontaneously emerged from the defunct Committees for the Defense of the Revolution (CDRs) to counter the Alliance coalition. The PNDC created the CDRs to involve the grassroots in public policymaking and implementation of government initiatives. The CDRs, Ray (1986) observes, were responsible for organizing revolutionary and ideological training at the local level, community mobilization, distribution of limited goods, and price controls. They also served as channels of communication between the government and the grassroots. Membership was open to all persons supportive of the revolution and its ideals, regardless of economic and social status, gender, ethnicity, or religion. This effectively excluded persons who opposed the 1981 revolution. Members of the CDRs were called cadres. Thus, the Cadres coalition was not new and had enormous resources because of its affinity with the NDC government. The government, Osei (2000) argues, intentionally deployed the Cadres coalition when it faced policy difficulties. First, it could count on the overwhelming support of the government and the NDC MPs who supported VAT's original standard rate. This implies that, unlike the Alliance coalition, the Cadres coalition ab initio had access to formal legal authority to make decisions and could also boast of financial resources. As a purported offspring of the NDC, they received government funding.

Nevertheless, public opinion seemed to be at odds with the Cadres coalition. Its public image was poor largely because it was seen as an oppressive instrument. Its association with the egregious human rights infractions that occurred in Ghana during the erstwhile PNDC regime (Osei 2000; Interviews 2017) was not lost on Ghanaians. It was remembered for rigid price controls, harassments, and public flogging of civilians in the heyday of the revolution. The Cadres coalition aggravated its negative public image when members attacked the Alliance coalition demonstrators and shot into the crowd in a counter-demonstration, killing four protesters and injuring several others (Green 1995). The shooting incident created legitimacy deficit for the "new" civilian regime. From all indications, it appeared that the Alliance coalition had more resources than the Cadres coalition, with the exception that the latter

enjoyed support of the government and the backing of the NDC-dominated Parliament (access to formal authority to make decision). Generally, the presence of several influential civil society groups on the side of the Alliance coalition ensured that they gained more acceptance among the masses than the Cadres coalition (Interviews 2017).

## The Policy Context of VAT

In Ghana, tax reforms constituted a major aspect of the World Bank and the International Monetary Fund (IMF) sponsored Economic Recovery Program (ERP) in 1983 (Osei and Quartey 2005; Von Soest 2008). Value-added tax, Opoku (2005) asserts, was the flagship economic policy of the government since the neoliberal reforms began. Adoption of the market-based reforms was triggered by Ghana's economic dire straits in the 1980s (Hutchful 2002). On the one hand, international reserves dwindled by about 12%; on the other hand, external debts soared by about 17% (Edjekumhene et al. 2001; Edjekumhene and Dubash 2002). Foreign exchange shortages and balance of payment difficulties were prevalent. Inflation skyrocketed to 142%, while the value of the country's local currency, the Cedi, was set on a downward spiral (Parfitt 1995). The ERP aimed at tackling these challenges and stabilizing the Ghanaian economy through market-oriented policies and loan facilities from the international financial institutions.

The government commenced moves toward forming the VAT policy in 1989, when it commissioned a feasibility study to be jointly conducted by the Harvard Institute for International Development and the Crown Agents of the UK (Terpker 1993). The report of the study recommended that the government should switch from the sales tax, which charged a standard rate of 15% to VAT. Accepting the recommendations of the report, the Minister of Finance ceremoniously announced government's intention to introduce the VAT policy in July 1993 (Ayee 1997). The purpose of the new tax policy was to ensure diversity in the country's sources of revenue by exploring domestic alternatives. It also aimed at generating additional revenues to address budget deficit and other fiscal challenges that confronted Ghana's stagnating economy (Assibey-Mensah 1999).

The Government of Ghana showed commitment to passing the tax reforms mainly due to the promised benefits of the policy. By avoiding cascading taxes and charging "only the value added by the person being taxed," Ayee (1997, p. 52) postulates, VAT promised to avoid "tax distortions and over-taxation." It was anticipated to eliminate obsolete tax incentives and tax burdens which yielded tax distortions (Osei 2000). The policy, again, promised the value of transparency (Ohemeng and Owusu 2015) by allowing for modern methods of documentation and record-keeping. Transparency was to be achieved through record-keeping in the form of an invoice trail created to provide mandatory records of transactions (Ayee 1997; Osei 2000). According to government, the policy had the potential to minimize revenue loss by curbing high rates of tax avoidance, tax evasion, and fraud. Tax leakages emanating from poor checks and fragile control measures were to be remedied (Ohemeng and Owusu 2015).

Moreover, VAT could potentially increase tax revenues by broadening the tax base and widening the scope of the tax net to cover previously untaxed sectors of the economy including wholesale and retail trade and services (Ayee 1997; Assibey-Mensah 1999; Osei 2000; Opoku 2005). Whereas these sectors were rapidly growing, they were not charged by the status quo tax regime. The tax net was expected to expand to cover more business outlets in the fast growing sectors of the Ghanaian economy with the introduction of VAT. The government flaunted economic efficiency as a rationale for the creation of the new tax policy (Opoku 2005; Agyei and Marfo-Yiadom 2012). It anticipated making the indirect tax system efficient, while lowering the burden of taxpayers, businesses and tax administrators (Osei 2000). Assibey-Mensah (1999) strongly contends that the policy assured of making the country's tax base simple for easy administration and compliance. Apart from economic efficiency, the policy had the advantage of more equity, fairness, and stability in tax revenues. The

VAT policy was to assist in reducing the country's overreliance on declining excise taxes on petroleum and export duties on primary commodities.

## First Creation of VAT: A Policy Debacle

Due to the potential benefits of VAT, the government sent the policy for legislative approval in accordance with Ghana's 1992 Republican Constitution, which vests law-making powers in Parliament. On 11 November 1994, debate on the policy started on the floor of the legislative assembly. The debate showed that Parliament, although dominated by the NDC and its allies in the Progressive Alliance (Assensoh and Wahab 2008), was deeply divided over the policy (Opoku 2005). Consensus was lacking: some MPs unflinchingly supported the policy, whereas others dissented. The Leader of the Minority expressed disgust at the taxation policy. Interestingly, he described VAT in a sarcastic language as "Very Augmented Trouble" (Ayee 1997). An NDC MP was more concerned about the political fortunes of the party and its MPs in the 1996 elections than the economic and administrative rationality of the policy. Parliament should, the legislator argued, reject the policy since the electorate will feel stabbed in the back and would not return them to the legislative chamber. But MPs who supported the policy fervently countered, contending that VAT was a tax instrument that would be useful for capital formation, providing funding for social services such as education, health, housing, and other critical sectors of the Ghanaian society (Osei 2000).

The controversy was not limited to the national assembly. The policy generated hullaballoo among the Ghanaian populace. Since the Alliance coalition had not been formed then, opposition parties, businesses, and other opposing forces resisted the policy from outside the legislature. Indeed, the opposition parties had boycotted the 1992 parliamentary elections (Green 1995; Frempong 2012), arguing that the presidential election held early on was fraught with malfeasance and massively rigged by Rawlings' NDC. They condemned the outcome of the election as a stolen verdict. Hence, the opposition did not have representation in the 1993 Parliament, with the exception of two independent candidates, as the NDC-led Progressive Alliance won 198 seats in the 200-member Chamber (Assensoh and Wahab 2008). Thus, they could not participate in the policy process in Parliament except from without. They initially lampooned the policy for its betrayal of the poor (Donkor 2013), claiming that the Rawlings administration had succumbed to the IMF's neo-imperialist taxation policy that overlooked the plight of the poor and vulnerable in society. Another criticism was that, in addition to the high standard rate contained in the policy, the government did not involve them in the policy formation process (Opoku 2005). Businesses and their associations such as GUTA, the Association of Ghana Industries (AGI), and the Ghana Chamber of Commerce did not spare the policy of condemnation.

Despite these controversies, VAT was approved under a Certificate of Urgency on 1 December 1994 at a standard rate of 17.5% (Assibey-Mensah 1999). The government dismissed public outcry and the concerns expressed by the opposition, the media, businesses, and civil society organizations as constituting political opportunism. Participation in the VAT policy process was not encouraged. Although it had changed from the PNDC military *junta* to constitutional rule, it still maintained its dictatorial ethos to policymaking. Prior to 1993, the PNDC considered expression of dissent to public policy as sabotaging public authority (Osei 2000), imposing a "culture of silence" in which free speech was muzzled. This lack of popular participation was to be the Achilles' heel of the VAT policy.

Following the legislative approval, the government commenced the implementation of VAT on 1 March 1995, though not without postponements. However, after a short lifespan of 3 months, the government was compelled to truncate the policy due to overt adversarial public reactions (Dordunoo and Dogbey 2000; Agyei and Marfo-Yiadom 2012). Prices of food and other commodities exempted by the new taxation policy soared as traders and businesses worsened the plight of

the Ghanaian public by passing on both the VAT charges and the hikes in transportation fares to consumers (Ayee 1997). As indicated previously, Ghanaians were beset with lean harvest in the 1994 farming season; food was in short supply in 1995. They were already reeling under increased prices of goods and services caused by the 1995 budget presented barely 2 months before the introduction of VAT. According to Osei (2000), the major concern of the public was steep price hikes. Inflation jumped from 24.2% to 56.5% in the same year, representing more than 100% increase. The banner headlines of newspapers were quite interesting. The state's newspaper, *Daily Graphic*, cautiously wrote: "VAT: Its effects on prices" and "VAT forces prices up" whereas the private newspapers critical of the NDC government cynically wrote: "VAT: People are charging VAT on VAT" and "VAT: The problem solver arrives in Ghana" (Osei 2000, p. 247).

It was in the midst of these public frustrations against price hikes that the Alliance coalition and the Cadres coalition emerged. As discussed earlier, the Alliance coalition maintained that the rate was too high and the government must rather address the numerous leakages and malfeasances in the country's tax administration. But the Cadres coalition passionately opposed the Alliance's policy belief, supporting the 17.5% standard rate of the new tax policy. The public outcry and agitations reached its crescendo on 11 May 1995, when the Alliance coalition organized a huge demonstration in Accra and later in Kumasi on 25 May 1995. The protests was code-named *Kume Preko*, literally, kill me once and for all. Protesters claimed they preferred to be killed fast rather than slowly through imposition of strangulating taxes. Thousands of ordinary Ghanaians participated in the demonstrations. Encouraged by public support, the Alliance coalition planned similar protestations across the remaining regional capital cities. The Cadres coalition organized a counter-demonstration. It was in this counter-demonstration that the Cadres fatally clashed with the Alliance. Four people lost their lives and several others were injured. This was comparable in numbers and casualties to the 1948 riots in the Gold Coast (Ghana's original name), which triggered nationalist passion, following the shooting incident that claimed three lives and caused injuries to several people at the Christianborg Castle in Accra (Frempong 2012).

Consequent upon the deadly protestations, the government panicked and reduced the rate to 15%. Nevertheless, the Alliance persisted for further reduction (Ayee 1997), efficiently using the information on the adverse effects of the high rate and favorable public opinion. Faced with legitimacy crisis and fearing political instability and defeat in the impending 1996 elections, the government withdrew the policy on 14 June 1995 (Ayee 1997; Osei 2000; Agyei and Marfo-Yiadom 2012) and the long-serving Finance Minister, Kwesi Botchwey resigned. This marked the futility and ignominy of a public policy process that defied popular concerns and disregarded the peculiarity of the people's economic and political circumstances. This policy debacle could be attributed to the unwavering persistence of the Alliance coalition and the efficient utilization of its resources. The government was to learn its lessons and revise the VAT policy in 1998.

## Reformulation of VAT: A Negotiated Compromise

As argued earlier, the negotiated agreements path to policy change in the ACF is useful for explaining the low rate contained in the revised VAT policy. In particular, three of the nine conditions that affect the likely occurrence of policy change through the negotiated agreements path are significant to the Ghanaian case. These are a hurting stalemate, consensus-based decision rule, and inclusion.

When the minister of finance, Kwesi Botchwey, abdicated his position in June 1995, he was replaced by Kwame Peprah. Contrary to public expectation, the new Minister of Finance immediately declared his intention to reintroduce the VAT policy (Osei and Quartey 2005). But the government pledged to revise the policy for adoption at a later time. In a sessional address to Parliament in January 1996, President John Rawlings informed Ghanaians of his

government's desire and commitment to reintroduce VAT. The government's unbendable commitment to this policy could be partly explained as an ingenious move to reduce the country's aid dependence syndrome by pursuing a local alternative source of tax revenues (Osei 2000). But Addison and Osei (2001) claim that the government was committed to VAT because an Economic Community of West African States' (ECOWAS) protocol enjoined member states to adopt the uniform tax policy by close of the year 1999. ECOWAS deadline loomed large.

Regardless of how the government's unbending commitment to the policy was perceived, it cannot be gainsaid that the NDC's overwhelming victory in the 1996 elections endowed the Rawlings government with political capital, which rekindled its commitment to reintroduce the policy. It is worthwhile that the NPP and other opposition parties fully participated in this election. Although the NPP's performance in the presidential election was abysmal, it won a significant number of parliamentary seats for the first time since the country's return to democratic rule (Frempong 2012, p. 71). Unlike the 1992 Parliament that approved the original VAT policy, the 1996 Parliament was an inclusive political institution. Among those who won parliamentary seats on the ticket of the NPP were some stalwarts of the Alliance coalition, including Nana Akufo-Addo.

The government's withdrawal of the policy and the anxiety that enveloped the 1996 elections could not douse the VAT debate. The electioneering stoked the flames of the debate alive as the opposition attempted to expropriate political gains from the policy debacle and the fallout of the *Kume Preko* demonstrations. But what gave the VAT debate more momentum were calls from a section of the business community for revision and reintroduction. The Private Enterprise Foundation and the Chairman of Uniliver Ghana Limited, Ishmael Yamson, argued strongly for a review and restoration of VAT. Their argument reinforced the policy core belief of the Alliance coalition as they clamored for a lower rate than the original standard rate. Joe Abbey of CEPA was unrelenting in his support for the Alliance's core belief in that he continuously shared the low tax rate view. His outfit believed that the government could still achieve its revenue target should it broaden the scope of the tax net (Osei 2000).

A National Economic Forum was held in October 1997 to discuss government economic policymaking and implementation in general. The Forum was attended by the policy community including the Alliance coalition, the Cadres coalition, and other stakeholders in the VAT policy. The Forum showed that, while there was a general support for or agreement on the VAT policy in principle, the high tax rate and financial malfeasance in the tax system were unacceptable to the opposition who would block the policy unless it was revised (Stapenhurst 2004). The Forum succeeded, among others, in bringing the policy community together to build consensus for VAT.

In February 1998, the government started a new policy process to remedy the earlier policy fiasco by reworking the VAT policy. This opened the opportunity for the Alliance coalition to fully participate in the policy process and to bring their influence to bear on the VAT policy. In accordance with the inclusion and consensus-based decision rules in the ACF's negotiated agreements path to policy change, the Alliance coalition took the opportunity that was opened by the NPP's presence in Parliament to shape the policy at its reformulation stage, instead of protesting at the implementation phase. Though the Cadres coalition appeared docile at this time, nonetheless, its backers were still in power. The Alliance had to contend with the NDC government and its majority in Parliament. While the Alliance seemed powerful, its members in Parliament did not have the required numerical strength to impede the policy from being passed. In line with the ACF negotiated agreements path, the inclusive elections in 1996 made Parliament a professional forum that provided an institutional setting for the Alliance and the government that backed the Cadres to safely negotiate, agree, and implement the VAT policy.

On 7 January 1998, the Minister of Parliamentary Affairs introduced the VAT policy in the legislative assembly on behalf of the Minister of Finance. The memorandum that accompanied the

revised policy contained a 15% rate. The Ministry of Finance considered this rate to yield a "revenue-neutral" position (Boadu et al. 2001). The Finance Committee of Parliament deliberated on the revised policy. The Committee's composition was significant for an inclusive policymaking process and negotiated agreements. It comprised 60% from the majority NDC that backed the Cadres coalition and 40% from the opposition that led the Alliance coalition. In a sharp contrast to the 1993 Parliament that passed the original VAT policy, the Alliance was represented in the 1997 Parliament by the opposition, thereby gaining access to formal decision making authority.

The Finance Committee invited submissions from the general public and organized public hearings. Civil society organizations that shared the core belief of the Alliance, including the TUC and the Ghana Civil Servants Association, submitted memoranda and participated in the proceedings of the Committee (Boadu et al. 2001). Businesses and their associations actively took part in the public hearings and consultation process. To improve understanding of the VAT policy and facilitate consensus building, several technical workshops were organized for the members of the Finance Committee (Chapman 2001) throughout the period of the Committee's deliberations. Being a neutral party in Ghana's politics, the country's development partners were highly instrumental in organizing the technical assistance workshops. The UK Department for International Development was useful in this regard (Chapman 2001).

The Committee, upon comprehensive discussions and public consultations, unanimously agreed on a 10% tax rate instead of the proposed 15%. Following the submission of the Committee's report to Parliament, the legislative chamber provided an additional institutional setting for debating the Committee's recommendation of 10% rate. The minority in Parliament efficiently used their resources in the debate by emphasizing the prospects of a low tax rate for an economy that has a wide tax net and an efficient tax administration. VAT was accepted in 1998 partly due to a change in opposition tactics: they were in Parliament after the 1996 elections, and thus took part in shaping the policy (Osei 2000, p. 273). In the words of Assensoh and Wahab (2008, p. 302), the policy "was debated and passed rather convincingly in 1998 by 105 to 55 votes." This was followed by extensive consultations between Parliament and the executive over the 10% rate (Chapman 2001). Consensus was ultimately built on the tax rate as the government was convinced to soften its earlier posturing (on 15%). In December 1998, the VAT policy was subsequently adopted and reintroduced at a rate of 10%, from an original higher rate of 17.5%. In tandem with the negotiated agreement path to policy change, the consultations between the two arms of government equally suggest that the two coalitions were caught in a hurting stalemate, which may have pushed them toward compromise. The 10% tax rate was a clear compromise between the coalitions. Neither coalition got exactly what they originally desired, but they found some common ground.

## Conclusion

This entry used the negotiated agreements path in the ACF to explain the VAT policy change in Ghana. Initially introduced at 17.5%, the Alliance coalition efficiently utilized its resources particularly public opinion, strong leadership, and information to get the policy terminated. But this did not happen without protestations and fatalities. During the re-formulation process, they fully participated in an institutional context that facilitated inclusion and consensus building. As the ACF holds, the smooth redevelopment of the VAT highlights the usefulness of inclusion and consensus-based decision rule in a democratizing policy environment. Contrary to the initial formation of VAT, the second policymaking process seemed seamlessly peaceful as it emphasized inclusion and consensus building. The Alliance coalition was previously alienated from the policy process. But they were included in the revision process and compromise eventually reached on the 10% rate.

A useful lesson learnt is that inclusion, participation, consensus-building, and compromise are crucial for policymaking since it is a political process that distributes benefits and burdens among actors with varying values. It is also learnt that, with effective leadership skills and information dissemination, opposition is capable of swaying public opinion against government initiatives.

Policymakers ought to address public concerns about proposed policies. Hopefully, Ghana's experience with VAT development would provide valuable lessons for other democratizing countries that are reforming their taxation policies. Lastly, this study might provide research opportunities for policy students interested in the application of theory to empirical policy problems including tax reforms in the context of developing countries.

**Declaration of Conflict of Interest** The authors declare that there is no conflict of interest.

## References


Addison T, Osei R (2001) Taxation and fiscal reform in Ghana, Discussion papers 97. World Institute for Development Economics (UNU-WIDER), Helsinki

Agyei D, Marfo-Yiadom E (2012) Performance review of value-added tax in Ghana: 1996–2006. J Small Bus Enterp Dev 1(1):10–27

Assensoh A, Wahab H (2008) A historical-*cum*-political overview of Ghana's national health insurance law. Afr Asian Stud 7:289–306

Assibey-Mensah G (1999) The value-added tax in Ghana. Public Budg Financ 19(2):76–89

Ayee JRA (1997) Policy management in Ghana: the case of the value-added tax. Afr J Public Adm Manag 8–9(2): 51–56

Bennett A (2010) Process tracing and causal inference. In: Brady H, David C (eds) Rethinking social inquiry: diverse tools, shared standards, 2nd edn. Rowman & Littlefield Publishers, Lanham, pp 207–219

Boadu F, Nyanteng V, Bimpong-Buta S, Nadler M (2001) Ghana: alternative institutions for promoting accountability, transparency and openness, African economic policy discussion paper 55. USAID, Washington, DC

Chapman E (2001) Introducing a value-added tax: lessons from Ghana, Premnote 61. World Bank, Washington, DC

Collier D (2011) Understanding process tracing. Polit Sci Polit 44(4):823–830

Coppedge M (1999) Thickening thin concepts and theories: combining large-N and small-N in comparative politics. Comp Polit 34:465–476

Donkor DA (2013) Selling the President: stand-up comedy and the politricks of indirection in Ghana. Theatr Surv 54(2):255–281

Dordunoo C, Dogbey G (2000) Globalization and economic reforms in Ghana. In: Bigman D (ed) Globalization in the developing countries: emerging strategies for rural development and poverty alleviation. CABI Publishers, Cambridge, MA, pp 104–123

Edjekumhene I, Dubash N (2002) Ghana: achieving public interest by default. In: Dubash N (ed) Power politics: equity and environment in electricity reforms. World Resources Institute, Washington, DC, pp 117–137

Edjekumhene I, Amadu MB, Brew-Hammond A (2001) Power sector reform in Ghana: the untold story. Kumasi Institute of Technology and Environment, Kumasi

Frempong ADK (2012) Electoral politics in Ghana's fourth republic. Yamens Press, Accra

George A, Bennett A (2005) Case studies and theory development in the social sciences. MIT Press, Cambridge, MA

Gerring J (2004) What is a case study and what is it good for? Am Polit Sci Rev 98(2):341–354

Gerring J (2007) Case study research: principles and practices. Cambridge University Press, Cambridge, UK

Green D (1995) Ghana's adjusted democracy. Rev Afr Polit Econ 22(66):577–585

Hutchful E (2002) Ghana's adjustment experience: the paradox of reform. UNRISD, Geneva

Interviews (2017) Beyedeen, Michael, Trades Union Congress, Accra; Jonah, Kwesi, Institute for Democratic Governance, Accra; Ephson, Ben, Editor-in-Chief Daily Dispatch (Newspaper), Accra; Frempong, Alexander, Senior Lecturer, University of Ghana, Accra

Lieberson S (1991) Small N's and big conclusions: an examination of the reasoning in comparative studies based on a small number of cases. Soc Forces 70: 307–320

Mahoney J (2012) The logic of process tracing tests in the social sciences. Sociol Methods Res 41(4):570–597

Ohemeng F, Owusu F (2015) Implementing a revenue authority model of tax administration in Ghana: an organizational learning perspective. Am Rev Public Adm 45(3):343–364

Opoku DK (2005) The politics of government-business relations in Ghana, 1982–2000. PhD thesis, School of Oriental and African Studies, University of London

Osei P (2000) Political liberalization and the implementation of value-added tax in Ghana. J Mod Afr Stud 38(2):255–278

Osei R, Quartey P (2005) Tax reforms in Ghana, Research paper 66. UNU-WIDER, United Nations University (UNU), Helsinki

Parfitt TW (1995) Adjustment for stabilization or growth? Ghana and the Gambia. Rev Afr Polit Econ 22(63): 55–72

Ray D (1986) Ghana: politics, economics and society. Lynne Rienner Publishers, Boulder
Sabatier P, Weible C (2007) The advocacy coalition framework: innovations and clarifications. In: Sabatier P (ed) Theories of the policy process. Westview Press, Davis, pp 189–220
Stapenhurst R (2004) The legislature and the budget. World Bank, Washington, DC
Terpker S (1993) The VAT challenge in sub-Saharan Africa: a case study. In: International VAT Monitor. International Bureau of Fiscal Documentation, The Hague
Trampusch C, Palier B (2016) Between X and Y: how process tracing contributes to opening the black box of causality. New Polit Econ 21(5):437–454. (Special issue: Process trading: the understandings of causal mechanisms)
Von Soest C (2008) Donor support for tax administration reform in Africa: experiences in Ghana, Tanzania, Uganda and Zambia, Discussion paper 2. German Research Institute, Bonn
Weible C, Sabatier P, McQueen K (2009) Themes and variations: taking stock of the advocacy coalition framework. Policy Stud J 37(1):121–140

# Teaching and Training in Nonprofit Organizations

Heather L. Carpenter
Notre Dame of Maryland University, Baltimore, MD, USA

## Synonyms

Charitable; Higher degree; Instruction; Leading; Learning; Lesson; Program of study; Schooling; Teaching; Training

## Introduction

This entry covers teaching and training in nonprofit organizations, specifically within the context of nonprofit management education (NME) within the university setting in the United States. The United States was selected due to more availability of published literature in NME. Therefore, this entry will explore the historical development of NME, location and types of degrees offered, faculty demographics, course topics, alumni outcomes, as well as current challenges and future opportunities for NME in the United States.

## Historical Development of NME

Although nonprofit organizations can be traced back to the beginning of the United States, the development of the academic discipline of NME began about 110 years ago. The earliest form of NME can be traced back to the Bachelor and Master of Humanics degree established by Springfield College in 1905 and the Bachelor of Association Science established by Chicago YMCA College in 1911 (Lee 2010).

In 1954, the American Humanics program was established to certify undergraduates and prepare them for careers within youth and human service organizations. Additionally, other colleges and universities established master's degrees in hospital administration. Even with the establishment of these early programs, there is widely held consensus that *formal* NME programs were not established until in the early 1980s and that the programs that were started earlier can be considered "industry-specific" education (O'Neill 2005).

Many graduate degree programs, such as master's degrees in public administration, social work, political science, sociology, and business started adding 1–2 nonprofit specific courses, then nonprofit specializations over time (which include three or more nonprofit specific courses). It is thought that University of Missouri, Kansas City, was the first university to offer a standalone nonprofit management master's degree program in 1981, then the Master of Nonprofit Management at the University of San Francisco was established in 1983 (Burlingame 2009).

During the mid-1990s and into the first decade of the twenty-first century, a few foundations channeled significant funding to NME programs. The establishment of the Nonprofit Academic Centers Council and the Independent Sector helped NME become established, as did the publishing of a variety of nonprofit books and journals (O'Neill 2005). Research

conducted since 2000 suggested the potential shortage of nonprofit professionals as the sector competed with the government and business sectors for talent (Cornelius et al. 2008). To meet these projected leadership needs, colleges and universities across the nation increased their undergraduate and graduate programs focused on nonprofit management and leadership.

## Location

NME courses, certificates, and programs then sprouted up in a variety of different disciplines and schools in universities across the United States. In fact, due to the many disciplines in which NME programs emerged, there has been much debate over where these NME degree programs should be housed. Typically, programs are housed within schools of arts and sciences, and the social sciences, such as public administration, business, and social work because of the home discipline of the faculty member who created the course, certificate, and/or degree program.

Scholars who argue for NME programs to be housed within schools of public administration tend to have background and doctoral education in public administration. There are some scholars that argue for NME programs to be housed within schools of social work or social welfare due to the social justice or social issues that are covered within such programs, and some argue that NME programs should be housed within business schools, stating that nonprofit is merely a tax status and nonprofits should operate like businesses. Table 1 shows research conducted by Mirabella and McDonald (2013) indicating the institutional location of NME master's degree concentrations and increases or decreases of locations over time.

As shown in Table 1, NME concentrations have remained steady in arts and sciences and increased tremendously within schools of public administration and schools of social work since 2006.

**Teaching and Training in Nonprofit Organizations, Table 1** Institutional Location of NME Graduate Concentration, 2006–2011. (Taken from Mirabella and McDonald 2013)

| School or College | 2006 | 2011 | % Increase (Decrease) |
|---|---|---|---|
| Arts and sciences | 48 | 46 | (4%) |
| Business | 22 | 14 | (36%) |
| Business and public administration | 13 | 8 | (38%) |
| Public affairs & administration | 13 | 39 | 200% |
| Social work | 7 | 20 | 186% |
| Other college or school | 22 | 29 | 32% |
| Total | 105 | 156 | |

## Types of Degrees Offered

Today there are over 340 universities in the United States that offer at least one course in nonprofit management (Mirabella 2016). Many of the universities offer undergraduate, graduate, and postgraduate degrees and certificates that focus on nonprofit management and nonprofit organizations. These degrees vary in nomenclature and course offerings.

There are approximately 150 universities that offer some sort of NME curriculum at the undergraduate level, which includes a course, certificate, or degree that focus on nonprofits. The following types of nonprofit-focused Bachelor degrees and certificates are offered: Bachelor of Art, Bachelor of Science, Bachelor of Business Administration, Bachelor of Public Administration, Bachelor of Nonprofit Management, and Certificate in Nonprofit Management, Certificate in Fundraising, etc. Table 2 shows the number of universities that offer nonprofit undergraduate course(s) and the number of universities that offer an undergraduate concentration in nonprofit management and the increase in NPM programs over time.

As shown in Table 2, there continues to be an increase in the number of undergraduate nonprofit courses and concentrations.

Today, there are over 250 universities that offer at least one master's level nonprofit course and

**Teaching and Training in Nonprofit Organizations, Table 2** Undergraduate nonprofit management education programs by year. (Adapted from Mirabella and McDonald 2013)

| | 1996 | 2006 | 2011 | 2016 |
|---|---|---|---|---|
| Universities offering NPM undergraduate courses | 66 | 117 | 136 | 150 |
| Universities offering NPM undergraduate concentration | 26 | 61 | 97 | N/A |

**Teaching and Training in Nonprofit Organizations, Table 3** Graduate nonprofit management education programs by year. (Adapted from Mirabella and McDonald 2013)

| | 1996 | 2006 | 2011 | 2016 |
|---|---|---|---|---|
| Universities offering NME graduate courses | 128 | 161 | 239 | 251 |
| Universities offering graduate concentration in NME | N/A | 105 | 156 | 210 |

over 210 master's degree programs that offer a concentration in nonprofit management (Mirabella 2016), which include approximately 25 standalone programs (a Master of Nonprofit Management or similar) The following types of nonprofit-focused master's degrees are granted:

- Master of Nonprofit Management or similar
- Master of Public Administration or similar
- Master of Social Work or similar
- Master of Business Administration or similar
- Master of Public Policy or similar
- Master of Human Services or similar
- Master of Philanthropic Studies or similar

Table 3 shows the number of graduate focused nonprofit management courses and concentrations by year.

Similar to undergraduate programs, there has been an increase in the number of NME graduate courses and concentrations since 1996.

There is very little information about NME focused PhD programs. The lack of research stems from the fact that few programs exist. Previous research explains there is a demand for PhD programs that focus on nonprofit management, but a few programs that supply the faculty, resources, and support needed to complete a nonprofit-focused PhD (Jackson et al. 2014). Although the number of nonprofit focused dissertations have increased, research shows that PhD students who focus on nonprofit management are primarily self-directed learners, which means they take 1–2 doctoral or master's level courses and write a nonprofit-focused dissertation (Allison et al. 2007). There is one program for PhD in Philanthropic Studies at Indiana University, Purdue University that is considered a "standalone" NME program. Standalone means that the entire IUPUI PhD program is focused on nonprofit and philanthropic studies. There are 44 other programs where students can take a few courses in NME during their PhD program and write a nonprofit-focused dissertation.

## Faculty Qualifications and Backgrounds

Faculty who teach in NME programs vary in their academic background, expertise, and full-time or part-time status. The ratio of full-time to part-time faculty varies by discipline. In 1998, it was reported that master's degree programs in public administration or business administration that offered a concentration in nonprofit management primarily had full-time faculty members teaching within the program, while other master's degree programs primarily had part-time faculty members teaching in the program. As the number of NME programs have increased, so have the number of full-time faculty members that teach in such programs. The ratio of full-time and part-time faculty members that teach in NME is also largely dependent upon if the program is accountable to a larger accrediting body. For example, a Master of Public Administration degree program that offers a nonprofit concentration must maintain the percentage of part-time faculty members less than 50%, due to requirements from NASPAA, the public administration education accrediting

body; whereas standalone programs have a much higher percentage of part-time faculty members who teach in the program.

Full-time faculties vary in their background and many do not have work experience outside the academy. Part-time faculties usually are recruited from their experiences managing a nonprofit and bring many community connections with them into the course and program. Generally, the full-time faculty member uses their network to recruit part-time faculty to teach courses within a nonprofit-focused degree program. A recent trend has seen more full-time faculty members coming out of schools of public administration, which is because of the large increase in schools of public administration that house PhD programs with nonprofit concentrations.

## Courses and Subject Areas

Due to the diverse academic disciplines where NME programs are housed, NME programs also vary on course content and topics covered within programs. Most programs tend to offer 1–2 nonprofit specific courses (such as nonprofit management or histories and theories of the nonprofit sector) and then several other nonprofit-related courses (such as public policy and fundraising). Many of the NME programs that are housed in schools of public policy tend to have policy-focused courses versus programs that are housed in business schools have management focused courses, and programs housed in public administration have courses that emphasize the relationships between government and nonprofits.

Much of the course content is degree and school specific due to the fact that up until now there has not been an accrediting body for NME. The Nonprofit Academic Centers Council (NACC) was created in 1991 with the mission to "support academic enters devoted to the study of nonprofit/nongovernmental sector, philanthropy and voluntary action" (NACC 2015). NACC created a set of curricular guidelines for nonprofit undergraduate and graduate programs in 2003, 2007, and most recently updated the curricular guidelines in 2015 along with voting to become the accrediting body for NME.

**Teaching and Training in Nonprofit Organizations, Table 4** NACC curricular guidelines 2015

| |
|---|
| 1.0 Comparative global perspectives on the nonprofit sector, voluntary action and philanthropy |
| 2.0 Scope and significance of the nonprofit sector, voluntary action and philanthropy |
| 3.0 History and theories of the nonprofit sector, voluntary action and philanthropy |
| 4.0 Ethics and values |
| 5.0 Nonprofit governance and leadership |
| 6.0 Public policy, advocacy and social change |
| 7.0 Nonprofit law |
| 8.0 Nonprofit economics |
| 9.0 Nonprofit finance |
| 10.0 Fundraising and resource development |
| 11.0 Financial management and accountability |
| 12.0 Leadership, management, innovation and entrepreneurship |
| 13.0 Nonprofit human resource management |
| 14.0 Nonprofit marketing and communications |
| 15.0 Information technology, social media and data management |
| 16.0 Assessment, evaluation and decision-making methods |

Table 4 shows a list of the NACC curricular guidelines at the master's level. Many NME programs include some of the curricular guidelines in their programs, but as stated above, there are only approximately 25 standalone nonprofit master's degrees within the United States that could fully utilize the curricular guidelines.

In an analysis of 1700 course syllabi of NME master's level courses, Mirabella and McDonald (2013) identified the frequency in which functional areas nonprofit management were being covered. Mirabella and Wish had previously identified three functional areas of nonprofit management including outside function, inside function and boundary spanning. These functional areas of nonprofit management were then compared to the 2007 and 2015 NACC curricular guidelines, which is shown in Table 5.

As shown in Table 5, 13 out of the 16 NACC curricular guidelines were covered functional areas of nonprofit management within master's level

**Teaching and Training in Nonprofit Organizations, Table 5** Frequency of nonprofit management function compared to 2007 and 2015 NACC curricular guidelines. (Adapted from Mirabella and McDonald 2013)

| Functional areas of NME | Frequency of functional areas of nonprofit management included in graduate course syllabi % (Mirabella and McDonald 2013) | 2007 NACC curricular graduate guideline categories | 2015 NACC curricular graduate guidelines categories |
|---|---|---|---|
| Outside function | | | |
| Philanthropy and the third sector | 10 | 1.0; 2.0; 3.0 | 1.0; 2.0; 3.0 |
| Advocacy, public policy, and community organizing | 12 | 6.0 | 6.0 |
| Fundraising | 17 | 10.0 | 10.0 |
| Marketing and public relations | 5 | 14.0 | 14.0 |
| Boundary spanning | | | |
| Legal issues | 3 | 7.0 | 7.0 |
| Strategic planning | 4 | 12.5 | 12.6 |
| Inside function | | | |
| Internal management skills (includes leadership, governance, information technology) | 33 | 5.0; 12.0; 15.0 | 5.0; 12.0; 15.0 |
| Financial management | 9 | 9.0; 11.0 | 9.0; 11.0 |
| Human resources (volunteer management) | 6 | 13.0 | 13.0 |
| Not included in course syllabi review | | | |
| Ethics and values | n/a | 4.0 | 4.0 |
| Nonprofit economics | n/a | 8.0 | 8.0 |
| Assessment, evaluation, and decision-making methods | n/a | 16.0 | 16.0 |
| Total | 1749 syllabi | 16 NACC curricular guidelines | 16 NACC curricular guidelines |

course syllabi. Internal management was the largest nonprofit management functional area covered within course syllabi. Ethics and values, nonprofit economics, assessment, evaluation, and decision-making methods were included in the NACC curricular guidelines but not covered extensively within the course syllabi. Mirabella and McDonald's work also shows that there has been an increase in programs in advocacy, public policy, fundraising, and social entrepreneurship. Also, there has been an increase over time in master's degrees including philanthropy history courses.

Other research shows the prevalence of experiential education within NME programs. A comprehensive review of 49 NME master's degree program websites, 405 course syllabi, and 12 qualitative interviews with program representatives, revealed master's level NME programs used a variety of experiential education approaches. These programs primarily used the experiential learning (i.e., a project within a course) approach but further analysis revealed low levels of interactions between students and community organizations.

## Alumni Outcomes

Much has been written about the benefits NME on students and alumni, primarily focusing on master's degree alumni (i.e., Altman et al. 2012; Carpenter and Siefert 2008; Fletcher 2005; Herman

and Renz 2007; Mirabella and Wish 1999). Altman et al. (2012) reported on the perceptions over 550 Nonprofit Leadership Alliance (formerly American Humanics) alumni. Alumni reported high satisfaction with the NLA programming and job prospects after graduation. Carpenter and Siefert (2008) reported outcomes of a longitudinal alumni survey of the M.A. in Nonprofit Leadership at the University of San Diego. The overall alumni satisfaction rate was 95%. Fletcher (2005) surveyed over 645 alumni from three standalone NME master's degree programs. Results showed high alumni satisfaction and more respondents indicating that the master's degree had a positive impact on their career. Herman and Renz surveyed 88 alumni from a master's degree in public administration with a nonprofit concentration. The majority of respondents reported high satisfaction to the nonprofit coursework aiding in their careers. Mirabella and Wish (1999) conducted focus groups with alumni, faculty, employers, and funders from 11 NME programs. Results showed positive effects of the master's degree on the nonprofit community.

In summary, NME alumni research shows that alumni have expressed high satisfaction with their NME experiences. They expanded their professional networks, increased their skill sets which resulted in raises, job promotions, and new job opportunities.

## Current Challenges and Opportunities for the Future of NME

There has been much growth of number of NME programs, number of full-time faculty teaching in such programs, as well as alumni satisfaction over the last twenty years; however, there are still many challenges and opportunities that lie ahead.

NME programs have been slow to integrate multiple disciplinary perspectives in its courses. Curriculum is primarily focused on the discipline in which the course, certificate, or degree program is housed (i.e., degree programs housed in schools of public administration are still very focused on public administration and rarely have a multisector or multidisciplinary approach).

In addition, scholars have discussed the tensions between teaching theory and practice and NME curricular content (Burlingame 2009). Burlingame emphasized that programs need to emphasize management and the liberal arts. He said,

> It is important to have a curriculum that provides the knowledge of philanthropy and the nonprofit sector, and the tools that lead students to appreciate the role society played by the organizations they work; how the organization mission is carried out effectively; and how resources –human and financial – are gained and applied to actualize the mission of the nonprofit. (2009, pp. 60–61)

There still remains a strong tension between programs housed within arts and sciences, public administration, and business. The tension stems from the balance of teaching the necessary skills needed to run nonprofit organizations and the theory behind why nonprofits operate the way that they do. Burlingame also said, "The curriculum feels like a hodgepodge of skills courses will a lot of things to do with little theoretical integration" (Burlingame 2009, p. 64). However, the counter argument that some business scholars believe is that the liberal arts has minimized teaching the daily operations of running an organization.

Another tension has to do between the ratio of full-time and part-time faculty members. As NME programs are becoming accredited, these programs are increasing the number of full-time faculty. The increased publication requirements for tenure, impact factor ratings, and required publishing in specific journals is causing full-time faculty to decrease their teaching focus and spend less time on collaborating with community, which is a digression from how many NME programs were created.

Another issue has to do with the fact that many programs provide little internationalization integration into the curriculum. International concepts and globalization discussion varies by program focus and program location. Although there are many international NME students, many degree programs lack integration of global concepts. In Burlingame's (2009) article, he said: "In 1999 John Palmer Smith predicted by 2016 we would still have a vital nonprofit sector in the USA but

that there would also be global expansion of the sector" (p. 66). Palmer Smith's assertions are correct but little has been done to seize globalization opportunities within the classroom setting. The majority courses and programs discuss running a nonprofit within the United States. The two main associations that nonprofit researchers and academics participate in, The Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) and the Society for International Third Sector Research (ISTR), have a strong international focus, but more can be done to integrate international nonprofit management concepts into NME curriculum.

In a recent article in the Nonprofit Quarterly, Millesen explains opportunities for the future of NME programs. She says:

> Today's programs lack attention to the broader context in which ... skills might be deployed to improve conditions in communities and accomplish real change. Programs need to teach students:
> 1. How to establish an organization's community value,
> 2. How change happens,
> 3. How to work in a group/collaboratively, and;
> 4. How to select organizational structure and business model that fits the situation. (2014)

She explains there is a large disconnect between the kind of learning NME students expect to emerge with and what is being taught. These "soft skills" of change are not taught in the majority of PhD programs. The NME programs that excel at teaching soft skills tend to bring in full-time and part-time instructors from other disciplines.

In summary, NME programs in the future must cross multidisciplinary and multisector boundaries. Programs also need to integrate theory and practice, adapt to the changing student population, and internationalize their courses. Furthermore, today's students want to be actively involved in their learning inside and outside of the classroom environment.

## Conclusion

This entry discussed the historical development of NME, location and types of degrees offered, faculty demographics, course topics, alumni outcomes, as well as current challenges and future opportunities for NME in the United States. In summary, over 340 NME courses, certificates, and programs that offer NME have emerged in the last 50 years. These programs are taught by faculty who vary in their academic background, expertise, and full-time or part-time status. In addition, these programs are housed in variety of different disciplines and schools in universities across the United States. The diversity of academic disciplines makes course content and topics vary within NME programs, and as a result, programs must be cognizant about how the discipline where the program is housed influences the course curriculum offerings. More multidisciplinary perspectives and a balance between part-time and full-time faculty may help mitigate the theory and practice tensions.

## Cross-References

► Professional Development and Training

## References

Allison L, Xiaolei C, Flanigan ST, Keyes-Williams J, Vasavada TS, Saidel JR (2007) Toward doctoral education in nonprofit and philanthropic studies. Nonprofit Volunt Sect Q 36(4):51–63. https://doi.org/10.1177/0899764007305054

Altman S, Carpenter H, Dietrick L, Strom SA, VanHorn T (2012) Impact of the nonprofit leadership alliance, an undergraduate competency-based nonprofit program, on alumni career paths. J Nonprofit Educ Leadersh 2(3):123–139

Burlingame DF (2009) Non profit and philanthropic studies education: the need to emphasize leadership and liberal arts. J public Aff Educ 15(1):59–67

Carpenter H, Siefert L (2008) Alumni perspectives: a evaluation of the nonprofit leadership and management masters degree program. Caster Family Center for Nonprofit and Philanthropic Research, San Diego

Cornelius M, Corvington P, Ruesga A, Murthy S, Turner N (2008) Ready to lead? Next generation leaders speak out. San Francisco, CompassPoint Nonprofit Services. Retrieved from http://www.cvnl.org/media/34584/readytolead.pdf

Fletcher KM (2005) The impact of receiving a master's degree in nonprofit management on graduates'

professional lives. Nonprofit Volunt Sect Q 34(4): 433–447. https://doi.org/10.1177/0899764005279762
Herman RD, Renz DO (2007) Nonprofit management alumni knowledge, skills, and career satisfaction in relation to nonprofit academic centers council curricular guidelines: the case of one University's Master's of public administration alumni. Nonprofit Volunt Sect Q 36(4):98–109. https://doi.org/10.1177/0899764007305049
Jackson SK, Guerrero S, Appe S (2014) The state of nonprofit and philanthropic studies doctoral education. Nonprofit Volunt Sect Q 43(5):795–811. https://doi.org/10.1177/0899764014549056
Lee M (2010) The role of the YMCA in the origins of the U.S. nonprofit management education. Nonprofit Manag Leadersh 20(3):277–293
Millesen JL (2014) Thoughts on the relevance of nonprofit management curricula. Nonprofit Q 22. https://nonprofitquarterly.org/2014/07/22/thoughts-on-the-relevance-of-nonprofit-management-curricula/
Mirabella RM (2016) Nonprofit management education: current offerings in university based programs. http://academic.shu.edu/npo/. Accessed 5 Apr 2016
Mirabella RM, McDonald M (2013) University based programs in nonprofit management and philanthropic studies: current state of the field and future directions. In: Burke RJ, Cooper CL (eds) Human resource management in the nonprofit sector: passion, purpose and professionalism. Edward Elgar Publishing, Northampton
Mirabella RM, Wish NB (1999) Educational impact of graduate nonprofit degree programs. Nonprofit Manag Leadersh 9(3):239–340
Nonprofit Academic Centers Council (2015) Mission statement. http://nonprofit-academic-centers-council.org. Accessed 15 May 2015
O'Neill M (2005) Developmental contexts of nonprofit management education. Nonprofit Manag Leadersh 16:5–17

# Teaching Ethics in Public Administration

Christine A. James
Valdosta State University, Valdosta, GA, USA

## Synonyms

Course material; Ethics; Pedagogy; Standards; Values

## Definition

Teaching of values and procedures that are relevant to the novice public administrator.

## Introduction

The teaching of ethics in public administration is a field that has grown considerably over the last 40 years. This is because of concerns within educational institutions that offer the Masters in Public Administration (MPA) and Doctor of Public Administration (DPA) graduate degrees, as well as the belief that citizens beyond the profession hold that public administrators must be accountable, must act in ways that are transparent and public, and must keep to a high standard of ethical behavior. To this end, professional organizations like the National Association of Schools of Public Affairs and Administration (NASPAA) have asserted the importance of ethics in the pedagogical structures of MPA, DPA, and PhD programs, and a large number of philosophy and political science departments offer undergraduate applied ethics courses on Ethics in Public Administration and Ethics in Public Policy. There are a variety of specific areas to consider: the student audience, the ethical theories and values that are included, and the case studies or dilemmas that students use to practice their decision-making methods and keeping the course relevant and current to the professional life of public administrators currently working in the field. Courses in ethics in public administration are frequently the first step to a broader sense of professionalization for the student, as well as an opportunity to address a deeper set of values and concerns beyond administrative or bureaucratic procedures.

## The Student Audience

There are a variety of students taking courses in public administration with a wide range of motivations. Some students will be future public administrators, working or elected into governmental organizations. Other students will be

future public administrators in private sector organizations. A third group of students are those interested in ethics and philosophy, seeking a new set of applications and ways to use ethical theories. There will also be students who are interested in pursuing careers as professors, academics, or researchers in higher education. At public state universities, all four groups frequently take upper level undergraduate and first year graduate student courses on Ethics in Public Administration. This heterogeneous variety of students in ethics in public administration reflects the growing popularity of Masters in Public Administration (MPA) and Doctor of Public Administration (DPA) graduate degree programs as a path for undergraduate majors in philosophy, political science, and business administration.

A historical timeline of Ethics in Public Administration:

| | |
|---|---|
| 1970s | Approximately 12 Masters in Public Administration graduate programs added ethics instruction and/or entire ethics courses into their curriculum |
| 1978 | US President Jimmy Carter signs the Ethics in Government Act, which addresses federal employee's standards of behavior and duties to serve the best interests of the American public The NASPAA member survey of MPA programs finds that 43.3% of programs that responded to the survey reported that their program includes one course on ethics |
| 1980s | Approximately another 10 MPA programs add ethics instruction and/or courses |
| 1984 | The American Society for Public Administration (ASPA) adopted an ethics code designed to raise ethical standards and practices among ASPA members |
| 1986 | First edition of David H. Rosenbloom's *Public Administration: Understanding Management, Politics, and Law in the Public Sector* |
| 1988 | The NASPAA created curriculum standards with specific language that public administration programs must "enhance the student's values, knowledge, and skills to act ethically and effectively" |
| 1988 | Major study of ethics in public administration courses, making a distinction and a progressive shift between courses focused on bureaucratic ethos and courses focused on democratic ethos |
| 1995 | NASPAA member survey of MPA programs finds that 60% of programs that responded to the survey reported that their program includes an offered ethics course |
| 1997 | The fourth edition of Simon's classic text entitled *Administrative Behavior* is published (50 years after the first edition) |
| 1997 | Studies completed on "conceptual diversity" in Ethics in Public Administration and on the significance of coursework in Ethics in Public Administration during the careers of public administration degree graduates |
| 1997 | Peer-reviewed literature provides specific case study methods for addressing ethical dilemmas in public administration |
| 1997 | H. George Frederickson publishes *The Spirit of Public Administration* |
| 2006 | The ASPA makes a special call to scholars and teachers of public administration via Public Administration Review to engage in a stronger research and education agenda to enact deliberative and participatory governance in the next generation of administrative leaders |
| 2009 | *Public Administration Review* publishes a special Supplement to volume 69 on Comparative Chinese/American Public Administration, including an article describing paradigm shifts in the teaching of public administration in the two countries by Xun Wu and Jingwei He |
| 2009 | Raymond W. Cox III publishes *Ethics and Integrity in Public Administration: Concepts and Cases* |
| 2010 | Public Administration Review includes a special volume on the "Future of Public Administration," recommending, for example, that the pedagogy of public administration must include values of environmental, economic, and social/political sustainability |
| 2014 | Eighth edition of David H. Rosenbloom's *Public Administration: Understanding Management, Politics, and Law in the Public Sector* with coauthors Robert S. Kravchuk and Richard M. Clerkin |
| 2014 | The American Society for Public Administration celebrates its 75th anniversary, having begun in 1939 |
| 2015 | As of September 2015, 192 programs in public administration at 178 schools are accredited by NASPAA |

As the variety of students in Ethics in Public Administration emerges, there are usually three different concerns for any particular course: (1) giving students a sufficient background in ethical theory and value theory, both from the perspective of the history of philosophy and the

context of political parties and their discussion of "values"; (2) addressing specific case studies, dilemmas, or examples of real practice in which ethics and values are relevant and helpful; and (3) helping students to connect ethics and values to "professionalization" as a future public administrator. Most professors who teach these courses will agree that there is no one right, or best, way to teach ethics. It follows then that a variety of different methods and approaches are often used over the course of a semester. This piece tries to clarify some of those different approaches and how they can be used to give future public administration professionals insight into their own careers and their own decision-making skills.

## The Ethical Theories and Values

One way to begin a course on Ethics in Public Administration is to begin with key terms and definitions from the history of philosophy. For example, a course might begin with a unit discussing Aristotle, Kant, and Mill. Note that some texts will discuss the philosophical ethical theories with relation to key terms, rather than individual philosophers' names: for example, Kant can be referenced in terms of deontological ethics and rules; Mill can be referenced in terms of the common good, consequences and results of policies, common goods, public good, or teleological ethics (Rosenbloom et al. 2014, 13, 521; Rushefsky 2013, 34–39). The key terms, and the central tests for ethical decision-making, in each theory are introduced and then related to situations involving public leadership. For example, Aristotle's discussion of virtue in the Nicomachean Ethics, and the concept of the Golden Mean, could be used to address a courageous decision on the part of a city councilman who must expose corruption. Immanuel Kant's categorical imperative and good will could be explained and then related to a mayor who has a duty to tell the truth about his community's budget, in spite of the possibility that her popularity will decline (Cox 2009, 18–19). The theory of utilitarianism discussed by John Stuart Mill, and its emphasis on the consequences and results of actions, could be used to address a local school system struggling to fund arts and music programs (Svara 2007).

In many courses, after the historical ethical theories are addressed, the theories can then be related to major political party positions on specific issues. For example, the first chapter of Rushefsky (2013) includes a discussion of liberal, conservative, libertarian, and populist views. Each view can be related to government intervention or nonintervention on social and economic issues. For example, conservatives might appeal to Aristotelian virtue theory when they argue in favor of government intervention on social issues. Liberals often appeal to utilitarian ethics for the sake of economic equity and progressive business practices. One strength of this approach is that a relationship between ethical theory and specific practices is set up from the beginning of the course. Two disadvantages to this approach can also occur: students who are already convinced of a particular point of view may simply disregard ethical theories that are not immediately associated with their political party of choice, and philosophy students may find that a quick introduction to Aristotle, Kant, and Mill is too shallow or inaccurate. This is certainly a pedagogical choice to be undertaken carefully, as there will undoubtedly be a major difference between a course applying ethics to public administration and a full course specializing on the ethical theory of Kant.

Another advantage to approaching Ethics in Public Administration with a brief introduction to a variety of different ethical theories is that such an approach preserves "conceptual diversity." A majority of scholars note that today's applied ethics courses do not, and should not, try to impart a set of moral truths. Rather, such courses are to give students a specific set of skills: to be perceptive about detecting ethical problems and disagreements, to be well acquainted with a variety of moral thoughts and perspectives, and to be able to use reason to analyze and address ethical dilemmas. In introducing a metaethical, comparative perspective between ethical theories, we invest the students in making arguments for and

against specific ethical virtues, duties, and consequences.

The useful concepts of moral equilibrium and reflective equilibrium are another benefit to the ethical theory approach. Reflective equilibrium involves a process of deliberative mutual adjustment, and moral equilibrium is this deliberation as it relates to our ethical choices and our ethical self-understanding. For future public administrators, this process is not only valuable but necessary. By introducing major historical ethical theories, the deliberative process regarding specific cases begins in a natural way. In terms of specific pedagogical techniques, A variety of specific pedagogical techniques, including in-class discussions, debates, and presentations can be created that require students to compare and contrast different ethical theories' solutions to dilemmas. For online courses, discussion boards can be set in which students post their own application of a theory to a dilemma and other students critique, grade, rate, or otherwise react to their fellow students' work. Such exercises provide not only an opportunity to discuss and reinforce specific ethical theories but also provide a chance for students to sharpen their own skills of self-expression and argumentation.

Some public administration texts, especially those that focus on the United States, also include discussion of pragmatism and public policy, coming from a perspective such as John Dewey's discussion of public education or William James on religious belief and psychology. Philosophers will note that such discussions often involve a conflation of "pragmatic" decision-making with "pragmatism," two closely related terms that actually refer to different practices. One can emphasize the significance of pragmatic thinking in specific traditions, and one can trace the history of the tradition to George Herbert Mead's discussion of the individual in their environment and to Aristotelian circumstantial ethics. The broad lesson that this approach successfully teaches is that specific circumstances and conditions should always be carefully enumerated and analyzed as a part of an administrator's decision-making.

A third popular approach to ethical theory as an entry point into public administration is the work of social contract theorists, such as John Rawls, and entitlement theorists, such as Robert Nozick. The Rawls approach has the advantage of taking the concept of justice and clarifying it directly with specific principles to be followed, such as equal access to specific opportunities and maximizing specific liberties and benefits to society, with intriguing thought experiments in the original position. Nozick has an appeal for students who are familiar with arguments against government intervention on economic issues and arguments against increases in taxation. The disadvantage of this approach is that both Rawls and Nozick are emphasizing "distributive justice," the way that economic status, goods, wealth, and other benefits are portioned out in society from the beginning. Their theories give less attention to retributive justice, in which wrongs are addressed, the guilty are punished, or some plan of reconciliation and restitution is reached. Since public administrators working in the context of government agencies will probably engage in policy decisions related to punishment (e.g., in the context of prisons and criminal justice policies and procedures), the inclusion of additional material related to retributive justice is recommended.

In any case, each ethical theory, or justice theory, can be used as a framework in which a variety of case studies or dilemmas can be addressed. The connection between theory and practice, between theory and cases or dilemmas, is a nearly universal feature in courses on ethics in public administration.

## The Case Studies or Dilemmas

Case studies or dilemmas are profoundly important in applied ethics coursework. In analyzing a case, we invite students to simultaneously take on the roles of the characters in the case study and address their ethical obligations, duties, and virtues. In the case of duties of beneficence and duties of non-malfeasance, a case highlights characters who are tempted to act in specific ways that would go against or serve such duties. We give the students a scenario in which they can give consideration to a point of view other than their own,

which engages the student in ways beyond memorization of theories, concepts, and facts. Student success often depends on the student's engagement and the feeling that the material of the course has relevance to the real world. Case studies or dilemmas are uniquely able to convey this for students in ethics in public administration.

Case studies or dilemmas for ethics in public administration courses can vary in complexity and length. It is recommended that such cases be written in a clear and direct narrative, with a set of events involving more than one administrative relationship. For example, a board of trustees member may be making a decision reviewed by other elected officials as well as a hired economic development director. Each character in the dilemma can have various interests, understand the end goal in different ways, and have different understandings of their relevant duties. Cases can also be written to be universal in terms of time and place (a hypothetical city in the recent past) or with a variety of specific details related to economic conditions at a particular place and time (e.g., the market crash of September 2008).

After a rich case is created, it is helpful to give a specific method with a series of steps that the students can follow in making an ethical resolution. There are a variety of exemplary methods for analyzing case studies in courses on ethics in public administration. Case studies address a variety of specific responsibilities, duties, and obligations. These obligations and duties can often come into conflict, a fact which the American Society for Public Administration acknowledged in 2006, calling for a stronger emphasis on deliberation and collective conflict resolution skills in public administration course work (American Society for Public Administration 2006, 169). In order to make students break out a set of specific constituencies and relevant obligations, a grid or matrix with specific decision points can be used, with students proceeding to fill in specific sections of the matrix. Certain duties to a state contractor may be referred to in one portion of the decision process, for example, and specific actions on the part of the public administrator can be compared with what the "normative matrix" says for that portion of the process. Within each portion, specific priorities can be established and ranked, which invokes a quantitative utilitarian approach to the dilemma. Frequently, cases and dilemmas include a detailed discussion of "cost-benefit analysis." In terms of philosophical theories of ethics, there is a distinct way in which costs relate primarily to utilitarian consequentialist ethics, and benefits relate to specific duties that particular administrators are expected to instantiate.

## Keeping Ethics in Public Administration Relevant to Professional Life

It is important to note that over the last 40 years, the number of programs granting the Masters in Public Administration and the Doctor of Public Administration degrees has increased dramatically, and the number of programs including ethics training and whole courses on ethics in public administration has also increased. The professional organizations like the NASPAA have made a concerted effort to endorse, support, and require such courses. The courses frequently include students who are philosophers, political scientists, as well as traditional MPA/DPA students. In terms of the professional value of the courses for the MPA/DPA, they give students a chance to address an ethical dilemma before they are in a position of sole responsibility for their decisions, and it gives them a methodology for addressing difficult situations when they arise in their professional life.

A perennial question in the literature on teaching ethics in public administration is whether or not teaching ethics makes a difference in the lives and careers of public administration graduates. Since the 1990s, there have been regular surveys and qualitative reports on past graduates of MPA programs to discover what ethical dilemmas they had faced in professional life and whether or not their ethics training had been helpful. A definite niche in public administration programs for ethics training has been established and that there is a positive difference being made, but it is limited. For example, in a 2009 article describing the different approaches to public administration courses in the United States and China, the variety

of approaches to public administration was argued to both increase the breadth of research in public administration and to also create intense debate between divergent paradigms (Wu and He 2009, S21). Frequently, social pressures and negative aspects of favoritism intrude on ethical deliberation. The concept of impartiality as discussed by Immanuel Kant can be difficult to overcome. Another set of influences comes by way of the Internet and social media, in which decisions of public figures are frequently discussed and criticized quickly and harshly. Accountability and transparency are two of the overarching and highly important values relevant to the career of any public administrator. Currently, professors teaching ethics in public administration must balance a variety of paradigms and theoretical approaches in order to impart professional skills and give their students the ability to adapt to the global and multifaceted environments in which they will use those skills (Wu and He 2009, S26).

In the 1990s, ethics in public administration courses were evaluated. Many courses were built around either a democratic ethos or a bureaucratic ethos. At the time, these approaches were seen as most relevant to the daily practice of public administrators in the workforce. The bureaucratic ethos upholds the standards and values of managers and the standards and values that managers appeal to in operating as government officials. The democratic ethos appeals to broader values, like constitutional values, the public interest, and social justice. One example of these two approaches in a textbook from the 1990s is H. George Frederickson's The Spirit of Public Administration, published in 1997. Although this distinction is still reinforced in many textbooks on ethics in public administration and ethics in public policy, there are a variety of other approaches or ethoses that are more specific and relevant given the current global context. For example, the concept of sustainability has been recommended by Daniel Fiorino as the necessary focus for the future of public administration as the field approaches to the year 2020. His argument attempts to be comprehensive by including both the concept of sustainability in the environmental sense and economic and social/political sustainability (Fiorino 2010, 583). The perceived tension between environmental sustainability and economic interests is one of the most significant challenges for future public administrators and scholars.

## Conclusion

The teaching of ethics in public administration normally includes a selection of ethical theories, political values, and specifically constructed case studies and ethical dilemmas. A well-constructed course includes a variety of information on ethical theories and a set of activities with specific processes and procedures that give students a chance to practice handling scenarios before they are in their professional role and individually responsible. For philosophy students, courses in ethics in public administration give an opportunity to apply ethical theories in unique conditions. For political science and public administration students, courses in ethics in public administration provide an opportunity to think beyond the level of bureaucratic policies and procedures and to address the vocation of public administration as a way to live out a deeper set of meaningful values and goals.

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Theory of Ethics
- ▶ Ethical Competence
- ▶ Ethical Frameworks
- ▶ Ethical Values
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Philosophy


## References


American Society for Public Administration (2006) A call to scholars and teachers of public administration, public policy, planning, political science, and related fields. Public Adm Rev (Special issue on collaborative public management) 66(S1):168–170

Cox RW III (2009) Ethics and integrity in public administration: concepts and cases. M. E. Sharpe, New York

Fiorino DJ (2010) Sustainability as a conceptual focus for public administration. Public Adm Rev 70 (The future of public administration in 2020):S78–S88
George Frederickson H (1997) The spirit of public administration. Jossey-Bass, San Francisco
Rosenbloom DH, Kravchuk RS, Clerkin RM (2014) Public administration: understanding management, politics, and law in the public sector, 8th edn. McGraw-Hill Education, New York
Rushefsky ME (2013) Public policy in the United States, 5th edn. Routledge, New York
Svara J (2007) Ethics primer for public administration in government and nonprofit organizations. Jones and Bartlett Publishers, Sudbury
Wu X, He J (2009) Paradigm shift in public administration: implications for teaching in professional training programs. Public Adm Rev 69 (Comparative Chinese/American Public Administration):S21–S28

# Team Coordination in Crisis Management

Melissa Pinke
Jacksonville State University, Jacksonville, AL, USA

## Synonyms

Activation; Emergency; Emergency response teams

## Definition

The ability to prepare, implement, and execute a committed, well-trained group, in response to an imminent or potential damaging situation to resolve problems and minimize impacts.

## Introduction

Employees engaging in emergency response activities must function as a team for effective results. Teamwork requires individuals to take on specific roles and to depend on each other fulfilling their obligations in that role while addressing a problem or a mission. A successful team, one that can respond to a crisis and create a positive outcome, is not difficult to create; however, it does take commitment, training, and the ability of the team members to develop skills together in order to function as a unit. This entry covers some of the key considerations to create, develop, and coordinate a successful emergency response team.

## What Is a Team?

A team is considered "An energetic group of people who are committed to achieving common objectives, who work well together, enjoy doing so, and who produce high-quality results" (2001, p. 124). According to experts, individual capabilities alone do not make a group a team (Walker 2009; Salas et al. 2008; Miller et al. 2008). There must be more than just putting employees in training classes or handing them a procedure manual and expecting that during an emergency, when potentially life-threatening situations are occurring, responders will both remember and be able to execute appropriate actions smoothly while under stress. In emergencies, responders each fill a unique role. Each person depends on the others performing their tasks. Problems develop if roles are unclear, or if more than one person assumes the same role, or if a role is not filled. Safety can be compromised and errors can increase.

Emergency management within an agency may be built on teams that manage the overall emergency plan or that deliver direct services to employees, like first aid or evacuation assistance. At the community level, public safety agencies operate as teams and may have specialized units like hazardous materials teams. At the state level, the National Guard responds as a team to enhance local capabilities or bring specialized competencies, such as medical response teams.

## Teamwork

Effective teamwork is not automatic (Burke et al. 2004). Sports teams go through extensive

training long before competitive games begin. While each individual must join the team with some basic talent and skills, there is more to teamwork than the individual application of tasks. Several scholars point out the value and necessity of ensuring that all members can function within a team. It is well established that teams make fewer mistakes than do individuals (Miller et al. 2008). Therefore, it is beneficial to develop emergency teams to be ready to respond to a crisis.

Often, during a disaster, the National Guard is called in to assist. Their strengths include their numbers, skills, and ability to work as a team to get things done. During a crisis, an emergency response team must be fully prepared, engaged, and able to respond as a unit to effectively deal with a situation, just like the National Guard, but with an emergency management approach at the organization level.

## Organizational Culture

Organizational culture also influences the ability of emergency teams to be prepared and function during response. The success of response is based on the teams' capabilities to assess and respond accordingly. Without a positive culture, there may be little availability or incentives for employees to participate in training to learn proper assessment and response capabilities or to participate in exercises to develop skills and knowledge. Without reinforcement with practical applications, employees may not develop skills necessary to carry out response measures or have confidence to make decisions to initiate response activities, especially if they are concerned with their own safety. Effective emergency team response and coordination is more likely to be achieved when there is a culture that supports learning and the use of a team for response capabilities.

Switching from an autocratic, dictatorship, or controlling management style where only a few people make decisions to allowing a team to respond and make decisions is often challenging. This first requires confidence in the team's leadership skills and abilities, along with the capabilities of the group to allow them to function independently. Having enough employees trained, prepared, and ready to respond with the right equipment in sufficient quantities is an essential component of emergency response team capabilities. It is unlikely to achieve this level of preparedness without the full commitment of senior management and a culture that supports and encourages program development and exercises.

Team sponsorship by a senior manager is also essential. This individual must also engage the team routinely and ensure that resources are available. This support is best if the senior manager has some accountability for the team results. Team review and recognition should be part of the meetings and the team development. Without senior management sponsorship, team effectiveness will be limited. High-performing teams are made (Burke et al. 2004), and teamwork is a necessary component (Burke et al. 2004). Senior management is responsible for ensuring that all team members are engaged and that teamwork is occurring. This will lead to better results.

## Team Leadership

The team leader has an essential role in the outcomes of the group. The team needs to be able to rely on the leader's actions and words as good intentions for the team, as well as between team members. If the team members do not believe that the leader has their best interest at heart, members are unlikely to carry out the roles specified. Leaders are often judged on past performance, and the reflection of the team is measured on the leader. Team member talent is also an important determinant of team performance (Dirks 2000).

The right leadership is needed throughout development to form into a successful team (Walker 2009). Leaders establish team norms, set performance guidelines, create a feedback mechanism, work with people from different backgrounds, take personal ideals into account, and foster a working environment so all members

feel free to state and discuss their opinions among the group, especially members whose opinions differ. Creating an environment where staff members can come to consensus to achieve the required end state is vital for a group to become a team. If a team is to be successful, unit proficiency will come from a well-developed process allowing members to understand tactics and can operate, move, and communicate together. A retired military leader emphasized this point, "Four good platoons do not make a good company, but the leader who can take those four good platoons and turn them into a team with a single purpose will have a great company" (p. 8). Team leaders establish the environment for productive group response capabilities.

## Team Knowledge and Skills

Ensuring that enough staff members have the right knowledge and skills to respond quickly can improve outcomes. There must be a sufficient number of employees trained and available to support response capabilities on all shifts. Team members must also have the ability to work well with others, and it is critical that frontline staff can identify the signs of a potential emergency situation and can take immediate steps to activate proper response measures and additional teams if an event occurs. While these individuals that identify triggers or potential situations may not be considered part of the team, they should be.

On an individual level, there are several attributes to consider when selecting team members. Skills, personal familiarity with past positive performance, cooperation, creativity, positive attitude, good work ethics, and willingness to learn or try new things are essential. Avoid those individuals who are combative or confrontational, even if this individual is the most skilled, as these attributes will negatively affect the team dynamics. For crisis or emergency response, the abilities for sound decision-making, rationalities, calm demeanor, and the willingness and ability to take actions are also essential to consider. In a crisis situation, problem-solvers, communicators, planners, and doers are needed.

Effective training must be a key component of the emergency plan so individuals can recognize indicators and take appropriate steps. This training must include methods to improve the team response approach. There is a need to integrate new skills and knowledge learned within the organizational emergency response program to ensure a basic competency, especially since large-scale events occur infrequently. Periodic exercises help maintain proficiency and confidence. This application and maintenance of skills and knowledge will reduce anxiety, improve response outcomes, and protect the employees, occupants, and facility during a large-scale or crisis event. It is necessary to train together for operability, understanding each other's roles and priorities for various types of events, and to prepare for the unexpected with those that are likely to be a part of the response process. Training must also include a clear definition of their role that everyone understands, including management and other employees. Everyone must know that the team exists, how they are activated, and their function and capabilities.

## Team Building

Team building is effective for improving team outcomes, processes, and performance. There is a positive relationship between team building and team functioning. Most importantly team building not only helps improve interpersonal relations within a team but also helps improve process. Team building is about building better and stronger relationships, developing a sense of a common purpose and unity, boosting morale and motivation, and encouraging communication, while supporting the psychosocial well-being of team members (Oxfam 2007).

Furthermore, teamwork is more than knowledge; it also includes behavior and attitudes. Therefore, team training must include more than conveying knowledge but also include time for either simulation or role-play of new

skills and developing interpersonal relationships. Team building is necessary to develop a comfort level and trust among members.

## Effective Teamwork

For a team to work effectively, the members need to be personally acquainted. Knowing each other's names, calling each other by name comfortably, and the ability to voice opinions to contribute to the group outcome without fear of reprisal are essential to team outcomes. Effective teamwork does not come from just sitting in a classroom but from developing working relationships. Team members must also have a feeling of confidence and understanding of both individual members abilities and limitations, as well as the capabilities of the group as a whole (Sheng et al. 2010).

Trust is a major component of successful emergency response teams. There are many definitions of trust. Spector and Jones (2000) state that trust is an expectation or belief that actions from another person will be motivated by good intentions. Costa (2003) states that trust is a willingness to be vulnerable, combined with the expectation of good behavior from others when there is task interdependence between individuals, which in turn, is related to the willingness to engage in cooperative actions and depend on others. Risk is often a prerequisite in the choice to trust, whereby the actions of others would be considered at least not detrimental and preferably beneficial (Costa 2003; Dirks 2000). Trust can also be described by a high degree of social conduct and frequent social interactions, whereby two parties care about each other, exchange information, and may even share personal information (Sheng et al. 2010). Trust is a key component in all interpersonal relationships and particularly important for emergency response teams (Oxfam; Sheng et al. 2010).

In the workplace, an employee's perception of his or her perceived status, individual identity, potential or actual involvement in contentious relationships, and/or acceptance can facilitate or hinder the ability to change the behaviors of others. People may completely refrain from discussing their ideas with the other group members because they are afraid that their knowledge may be inadequate or unimpressive and fear loss of ownership and/or the loss of individual competitive edge. The acceptance of an idea is dependent on the trustworthiness between the interpreter and potential recipient, and this knowledge transfer may be less effective if the exchange is unpleasant for both sides. Innovations may not be accepted simply because of the person who proposes them, rather than the content. This has been shown to be the case where newcomers bring ideas to the group; however they may not have earned the confidence and status of the group to convince them to change (Schilling and Kluge 2009). Personal trust is linked to cooperation, performance, and quality of communication in organizations. Working well together requires some degree of trust, and the type of work encounters that occur in today's organizations requires trust to be formed rather quickly.

Information is a critical component in emergencies, yet lack of trust will inhibit communication (Costa 2003). Especially for infrequent, high-cost events, response teams must be willing and able to speak up; this relies on trust that what they say or do will not cause reprimand or be held against them. This is especially important when team members do not all hold the same rank (Miller et al. 2008).

An essential foundation for trust between team members is competence in individual skills and roles, which comes from education, training, and practice. Training and practice improve skills, builds competence, and increases trust between team members. This is where an individual's skills become important; however, in order to ascertain if an individual has the proper skills, the skills must be demonstrated in action for the rest of the group members to see and affirm. The willingness of individuals to work with others is also measured during practice. Practice is a much better time to determine the workability of a group.

Trust is also a key factor for cooperation in teams. Where there is a lack of trust, there will

be failings in communication, delegation, quality, and empowerment (Erdem et al. 2003). While other variables impact team effectiveness, such as how long the team has been together, specific personal attributes, and the influence of organizational culture, unit cohesion needs time to develop. For employees to respond to an emergency, they need not only knowledge of procedures but also the ability to respond effectively as a team, functioning as part of the overall system of response. Building trust needs to be considered when developing policies, procedures, team selection, training, development, and supervision (Erdem et al. 2003).

## Team Activation and Response

Once a team has developed skills and can function as a single unit, they are ready for response. Activation procedures should be part of training and exercises. The team leader should be the one to activate members. Ideally a realistic alert should go out to members. If there is a potential for an emergency to develop, the team should be alerted and put on standby to respond. This can increase both their mental and physical ability to respond should they be needed. There should be a way to confirm that each team member received the message and can respond so there are no gaps left. With the need for redundancy, the notification must ensure that there is team coverage without duplication. Team response to the alert must be well known and practiced, including meeting points. Briefings and frequent updates should be made, both to active team members and those on standby. An official deactivation should also be made when the situation is over, so that it is clear that team response is no longer needed.

In a team, each member has a specific role to carry out, and trust is what allows each member to do so. It is the leader's responsibility to ensure that roles are being executed, communication is open, and difficulties are resolved. During activation, leaders too must evaluate team members for signs of stress or fatigue and initiate steps to ensure the well-being of each member.

After each event, whether a drill or real, the team should debrief. Reflection on personal feelings as well as performance needs to be considered to avoid burnout and make improvements. While most people will deny the need for assistance, ensure that there are outlets to release stress and talk about the situation. For individuals who appear to have more serious or long-lasting negative impacts, arrange for critical incident stress counseling. Recognizing the team is also important. Public recognition will go a long way to promote the team. Any lessons learned should be incorporated into policy and procedure and practiced by team members, thus ensuring the cycle of improvement.

## Conclusion

While many leaders assume their organization is equipped to bounce back after a disaster, without a focus, a team, and a plan, it is unlikely that resilience will happen. Effective team coordination for a crisis begins long before such an event occurs. There needs to be a true willingness by management to put the necessary components of an emergency preparedness program in place to support the team. The right people with the right skills and demeanor need to be included on the team. Training and skill development are needed, while a camaraderie must be fostered within the group. The ability for each member to trust and work with other team members is essential. Team response includes notification, activation, and use of necessary equipment. The team must be allowed to function within their role, with a strong leader in charge. Follow-up, recognition, and continued improvement are necessary to sustain team success.

## Cross-References

► Causes of Organizational Conflict
► Leadership in Organizations

▶ Organizational Communications
▶ Organizational Decision-Making
▶ Practical Aspects of Emergency Management
▶ Preparedness Measures' Implementation in Crisis Management

## References

Burke CS, Salas E, Wilson-Donnelly K, Priest H (2004) How to turn a team of experts into an expert medical team: guidance from the aviation and military communities. Qual Saf Health Care. https://doi.org/10.1136/qshc.2004.009829

Costa AC (2003) Work team trust and effectiveness. Emerald Research Center Personnel Rev 32(5): 605–622. https://doi.org/10.1108/00483 480310488 360

Dirks KT (2000) Trust in Leadership and Team Performance: evidence from NCAA basketball. J Appl Psychol 85(6):1004–1012l. https://doi.org/10.1037//0021-90I0.85.6.1004

Erdem F, Ozen J, Atsan N (2003) The relationship between trust and team performance. Emerald Insight 52(7):337–340. https://doi.org/10.1108/00438020310502633

Miller KK, Riley W, Davis S, Hansen HE (2008) In situ simulation a method of experiential learning to promote safety and team behavior. J Perinat Neonatal Nurs 22(2):105–113

Oxfam GB (2007) Building trust in diverse teams: the toolkit for emergency response. Emergency capacity building project in 2007. Bournemouth English Book Centre, Oxford

Salas et al (2008) Does team training improve team performance? A meta analysis. Human Factors: The Journal of Human Factors and Ergonomics and Society 50(6). Sage Journals. Retrieved from: https://doi.org/10.1518/001872008X375009

Schilling, Kluge (2009) Barriers to organizational learning: An integration of theory and research. Int J Manag Rev 11(3):337–360. https://doi.org/10.1111/j.1468-2370.2008.00242.x

Sheng WC, Tian YF, Chen MC (2010) Relationships among teamwork behavior, trust, perceived team support and team commitment. Soc Behav Pers 38(10):1297–1306. https://doi.org/10.2224/sbp.2010.3 8.10.1297. Society for Personality Research (Inc.)

Spector MD, Jones GE (2000) Trust in the workplace: factors affecting trust formation between team members. J Soc Psychol, 2004 144(3):311–321

Walker EH (2009) Developing successful teams. United States Marine Corps, Command and Staff College, Quantico

# Team Leadership

Ji Hoon Song[1], Shinhee Jeong[2] and Judith A. Kolb[3]
[1]Department of Educational Technology, College of Education, Hanyang University, Seoul, South Korea
[2]Human Resource Development, Texas A&M University, College Station, TX, USA
[3]Learning and Performance Systems Department, The Pennsylvania State University, College Station, PA, USA

## Synonyms

Contingencies in team leadership; Functional leadership; Team needs; Team process

## Introduction

Teams are prevalent in today's organizations. Very few weeks pass without the majority of employees spending time in collective effort. As today's knowledge workers are often involved in complex tasks that require multiple areas of expertise and intelligence, the use of teams has become inevitable in the workplace. Several studies have also demonstrated that the collective decisions are better than individual decisions. Organizations may choose different types of teams, such as project teams, virtual teams, cross-functional teams, or self-managed teams, depending on their needs and goals (Meyer 2015).

As teams have evolved, so too has team leadership. When teams have appointed leaders, often at the managerial level, these leaders may share leadership with members or take on a facilitative leader role. Other teams may be led internally by the members. This way of working requires skills in collaborative work practices. This chapter provides an overview of team leadership that includes team leadership functions and processes, contingencies and challenges, and recommendations.

Definitions of team and team leadership will be first presented in the following section.

## Definitions of Team Leadership and Its Emergence

A *team* can be defined as a group of two or more people with different sets of skills or functions who perform together collaboratively and interactively toward a common goal. According to this definition, a team needs to focus on two areas to lead to collaborative performance achievement: dynamic interaction and shared goals. Furthermore, teams as work-units need to be composed of a number of relatively independent individuals who have specific and unique competency to perform collaborative team outcomes (Garrison 2014).

It is notable that teams are different from groups in that team members share responsibilities and behavioral norms, have specified duties and roles, and interact and are interdependent to each other with the aim to accomplish collective goals, whereas a group can be formed simply due to the similar traits, characteristics, or interests of members (e.g., ethnic background, reading, and gardening clubs). Thus, not all groups are teams. The most effective teams (1) assign individual tasks based on a shared understanding of each member's strengths and weaknesses; (2) understand priorities and member tendencies; and (3) establish consensual processes for decision-making and conflict resolution (Chantham 2016).

Leadership is one of the most essential elements for maintaining and supporting overall work practice. Since teams are receiving more autonomy-related support from the organization, leadership is required to manage and support team practices. The term *team leadership* refers to the ability to direct and coordinate the activities of other team members; assess team performance; assign tasks; develop team knowledge, skills, and abilities; motivate team members; plan and organize; and establish a positive atmosphere (Sonesh et al. 2013, p. 213). Team leaders need to create favorable environments that satisfy critical team needs so as to enhance team effectiveness (Morgeson et al. 2010a).

In addition, one of the core team leadership factors is the integrative process, which helps align each individual's needs, expectations, goals, and competency based on the convergence of individual diversity. Ultimately, team leadership needs to utilize individual talents in ways that help to achieve collective goals. From this standpoint, team leadership could be categorized into two primary perspectives: vision sharing-based process effectiveness and collaboration-based member integration. Practically, any team member could take on the role of team leadership as long as these two emphases could be activated. However, working well together does not always, or even usually, come easily. Members need to develop skills in group facilitation (Kolb 2011).

According to these definitions and the core factors of team leadership, team leadership could be defined as a shared team role in a social influence process to promote effective team performance based on the integration of team members' specific characteristics, different expectancies, and various needs.

## Team Leadership Functions and Processes

### Team Leadership Functions

Effective team leadership processes involve defining collective goals/missions and structuring and managing the team, and those processes determine the effectiveness and the development of teams Functional leadership theory, one of the most well-known team leadership models, informs that, in order to maximize the team's success, a leader must perform leadership functions in four behavioral dimensions, implemented in a situated social context: (1) information search and structuring; (2) information use in problem solving; (3) managing personnel resources; and (4) managing material resources (Santos et al. 2015).

The first dimension of the leadership functions refers to the leader's actions to gather, organize, and evaluate accurate, useful, and relevant information in respect to goal establishment and achievement. The directives and guidance

decided upon, based on the gathered information, are also to be provided to team members with a sense of what results are expected and why those are important. The second dimension represents the leader's application of the acquired information to identify existing or potential problem areas, devise effective plans with others for problem-solving, and communicate information and plans to team members. The third and fourth dimensions are related to the leader's implementation of developed plans. The relevant actions include developing and motivating personnel resources and securing and maintaining material resources.

In their meta-analytical study, Burke et al. (2006) proposed a framework in which the leadership functions manifested by the specific leadership behaviors (i.e., task-focused and person-focused) influence team performance outcomes in terms of team effectiveness, team productivity, and team learning and demonstrated their positive associations. Person-focused leadership behaviors accounted for more variance than task-focused leadership behaviors in team performance outcomes. Notably, their subgroup analysis revealed that leaders' empowerment-related behaviors such as coaching, monitoring, and feedback explained 31% of the variability in team learning.

Team leadership processes are fundamentally oriented around working well collectively. It is important for leaders to comprehend team needs so that they can implement appropriate actions or interventions that change and affect team effectiveness. Functional leadership theory also suggests that the leadership role emerges from team needs. Regardless of the specific leadership sources (e.g., informal or formal and internal or external leadership), the purpose of team leadership is to satisfy or fulfill critical team needs. Several researchers (e.g., Morgeson et al. 2010b) have provided useful frameworks for understanding team processes or team needs in accordance with team performance cycles and for delineating the role of leadership in facilitating those processes.

## Team Processes and Needs

Teams perform over time in the temporal, recurring cycles of goal-directed activities that can be divided into the transition phase and action phase (Morgeson et al. 2010b). During the transition phase, the team is engaged in planning activities to accomplish a collective goal such as structuring the team and evaluating the team's performance. At this stage, the team needs to clarify missions and objectives; formulate task performance strategies, roles, and group norms; and identify resources and constraints. The action phases are times when the team is focused on implementing planned actions or activities that directly contribute to goal accomplishment. Needs arising from the action phase include monitoring progress toward task completion, tracking available team resources and environmental cues, and coordinating the sequence of actions with extensive team communication. Moreover, throughout the repetitive cycle of action and transition phases, interpersonal needs must be addressed for a team to be effective. Interpersonal needs include managing possible conflicts among team members and team emotions; generating motivation, accountability, and team cohesion; and building a sense of psychological safety.

Team leadership influences four types of team processes that need to be addressed for team effectiveness: cognitive, motivational, affective, and coordination (Salas et al. 2008). As for team cognitive processes, effective teams share a common understanding among team members that directs their individual/collective behavior patterns (i.e., shared mental models) and collectively monitor or reflect on the progress and outcomes of their group decision (i.e., collective metacognition). Regarding team motivational processes, group cohesion and collective efficacy are two representative engines to keep team members committed in teamwork. Group cohesion refers to the degree to which team members feel attracted to the group and hold a team unity against disturbing influences. Collective efficacy represents the members' beliefs and confidence in their team's capabilities. Team affective processes concern the emotional climate of the group that manages individual and group emotions, handles conflict, and creates a positive, psychologically safe atmosphere. Lastly, team coordination processes require team members to constantly

exchange knowledge and information of each other's resources and environmental conditions, clarify individuals' specific contribution or roles and the timing and pacing of task activities, and monitor team progress.

## Contingencies in Team Leadership and Challenges

Team leadership does not happen in a vacuum but rather operates in complex and dynamic environments and conditions. A number of team, organizational, and environmental characteristics affect the team's needs and challenge the effectiveness of leadership processes.

When it comes to the team characteristics, for example, team composition and work design may create distinct team needs and leadership functions. Team members not only have different sets of skills, abilities, and work experience but also possibly have various educational backgrounds, ethnicities, and ages. Such diversity brings in individuals' unique expectations and values to the team from the decision-making process, work ethics, perception on authority, and communication style, which are potentially threatening factors that cause conflicts among team members and hamper team cohesion. Furthermore, if team members are geographically dispersed and in different time zones (e.g., global virtual teams), this generates greater challenges for leaders to perform critical leadership functions, such as establishing a shared sense-making or understanding in the team and monitoring the team performance.

The organizational culture and structure within which a team operates can also bring some challenges to the team. For example, in organizations where a top-down hierarchical structure is dominant, team members are not likely to be involved in the decision-making processes, and diversity is not welcomed; thus, it might yield negative influences on motivation and accountability of each team member to pursue organizational goals. Moreover, when there is an organizational culture that spreads the silo mentality and that values and rewards individual-level efforts rather than team performance, team members are likely to avoid spending their energy and time on teamwork or exchanging information with each other. Organizations also need to strive to supply sufficient team resources and provide training and development for both the team leader and members in effective team functioning.

Additionally, different leadership sources are likely to perform the different leadership functions. For example, an external leader, who is not a member of the team and is outside the team's daily activities, is in a better position to manage a team's boundaries, whereas an internal leader who is a member of the team has better opportunities to observe the team members' day-to-day behaviors, provide feedback, and make interventions at the most appropriate time.

Changes in a larger environmental context, such as the economy, market conditions, and competitors can have a substantial impact on the entire organization including teams. Increasing team flexibility and adaptability has been greatly emphasized (Morgeson et al. 2010a); thus, the team leader is required to develop norms and procedures that prepare the team to respond proactively and reactively to the ever-changing environments.

## Recommendations for Effective Team Leadership

Team leadership could be learned through organizational interventions since team leadership is not an individual role but a collaborative shared mental model that influences the team's work process. Small group facilitators could be brought in to model effective group process behaviors and help members develop skills in this area (Kolb 2011).

A shared mental model is one of the most basic components of team leadership, and this could be developed using cross-training (Salas et al. 2008), which focuses on understanding the team members' roles, tasks, concerns, and responsibilities. During cross-training activities, team members could develop a mental model as one team based on a shared vision and common performance direction. Based on the developed shared team

mental model, team building could be one of the most effective interventions for team leadership. During this process, training could focus on developing a common goal-setting practice, shared vision, role clarification strategy, and collaborative problem-solving approaches.

Once team building has been developed along with a shared team mental model, practical interventions could be applied such as scenario-based team training (Barnett and Weidenfeller 2016). During this activity, team members would learn realistic case-based problem-solving practices that would include following specific steps for solving given issues including scenario generation, data collection, evaluation practice, and feedback. In this training period, all members could collaboratively achieve strategic solutions for possible realistic problems based on the developed shared team mental model and supportive team spirit.

### Organizational Support for Effective Leadership Functions

As has been mentioned, team leadership is an influence process by which team members achieve collaborative team performance. The primary criterion for effective team performance is the members' engagement, and team leadership will play a key role in improving members' work engagement. In order to support this behavioral work engagement, the organization needs to focus on the following: the level of team assignment, the recognition of team achievement, the members' professional development, and reduction of factors that hinder their effective and collaborative team process (Anantatmula 2010).

In addition, at the organizational level, the following matters need to be addressed: communication barriers, risk-taking tolerance, conflict management, technology-related challenges, and organizational fairness (Morgeson et al. 2010a). Members of a team need to have shared vision and performance direction, and the organization should minimize any hindering factors and maximize supportive components. Support at both the behavioral level and organizational level will lead to more effective team leadership, the co-leadership of all members of the team.

## Conclusion

Lencioni (2011) mentioned in his book that what gives the ultimate competitive advantage to organizations is not finance, strategy, or technology but team work, both because it is so powerful and so scarce. Team work is not natural, and effective team leadership makes team work successful. Due to the importance and scarcity of successful team work, team leadership has received a great deal of attention and is one of the fastest-growing fields in the relevant literature (Swan 2016). Team leaders should put efforts into converging knowledge and skills every and each member possesses, creating harmonious and positive work environments, and building a sense of engagement and commitment among team members to pursue common goals. This chapter has provided an overview of team leadership that may allow current and future team leaders to understand team needs, influential processes, contextual challenges, and possible organizational support that therefore may help them become better facilitators.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Theories of Leadership


## References


Anantatmula VS (2010) Project manager leadership role in improving project performance. Eng Manag J 22(1): 13–22

Barnett RC, Weidenfeller NK (2016) Shared leadership and team performance. Adv Dev Hum Resour 18(3): 334–351

Burke CS, Stagl KC, Klein C, Goodwin GF, Salas E, Halpin SM (2006) What type of leadership behaviors are functional in teams? A meta-analysis. Leadersh Q 17(3):288–307

Chantham A (2016) Coordination and collaboration in crisis management. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, pp 1–7

Garrison M (2014) Team Leadership theory. http://blogs.baylor.edu/mark_garrison/category/leadership-theories/

Kolb JA (2011) Small group facilitation: improving process and performance in groups and teams. HRD Press, Amherst
Lencioni P (2011) The five dysfunctions of a team: a leadership fable. Jossey-Bass, San Francisco
Meyer E (2015) What different types of teams are in the workplace. http://www.capsim.com/blog/what-different-types-of-teams-are-in-the-workplace/
Morgeson FP, Lindoerfer D, Loring DJ (2010a) Developing team leadership capability. In: Velsor EV, McCauley CD, Ruderman MN (eds) The center for creative leadership handbook of leadership development. Jossey-Bass, San Francisco, pp 285–312
Morgeson FP, DeRue DS, Karam EP (2010b) Leadership in teams: a functional approach to understanding leadership structures and processes. J Manag 36(1):5–39
Salas E, Goodwin G, Burke C (2008) Team effectiveness in complex organizations: cross-disciplinary perspectives and approaches. Routledge, New York
Santos JP, Caetano A, Tavares SM (2015) Is training leaders in functional leadership a useful tool for improving the performance of leadership functions and team effectiveness? Leadersh Q 26(3):470–484
Sonesh S, Rico R, Salas E (2013) Team decision making in naturalistic environments: a framework for and introduction to illusory shared cognition. In: Judgment and decision making at work. Routledge, New york, pp 199–227
Swan W (2016) Theories of leadership. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham, pp 1–7

# Technical Advantages of Bureaucracy

Mokgata Matjie
Industrial and Organizational Psychology Department, University of South Africa (Unisa), Pretoria, South Africa

## Synonyms

Body of officials; Bureaucratic; Bureaucratization; Bureaucrats; Civil service; Government; Max Weber theory; Office administration

## Definitions

*Bureaucracy*: is an organizational structure that is characterized by many rules, standardized processes, procedures, and requirements.

*Technical advantage*: refers to an incremental improvement in the known methods of production, such as the methodological and procedural methods of bureaucracy which are likely to result in greater chance of success.

## Introduction

Bureaucracy is a popular and complex governance system, which has been criticized and praised at the same time by scholars. For example, Weber argued for and against bureaucracy when he called it "a useful technique for ensuring that decisions are made on the basis of knowledge" and an "iron cage of reason" where rules rather than reasons are important (Weber 1958). Bureaucracy is the most efficient way to set up an organization, administration, and organizations. Max Weber believed it was better than traditional structures because in a bureaucracy, everyone is treated equal and the division of labor is clearly described for each employee.

Bureaucracy have been widely used worldwide with invidious meanings directed at governments and businesses since its inception. However, it appears that bureaucracy has an important role in shaping both public and private organizational performance. This perception stems from bureaucracy's technical superiority to all other forms of governance in terms of administration, coordination, and control (Weber 1958). Bureaucracy has also been popularly associated with "slow and inefficient, resistant to change, impersonal and unresponsive" by scholars due to layers of authority and red tape. Despite such criticism, some government or private institutions are effective and efficient at meeting their objectives amidst bureaucratic governance system (DiMaggio and Powell 1983).

The aim of this chapter is to highlight the technical advantages of bureaucracy enjoyed by organizations, which adopts bureaucratic governance system.

## What Is Bureaucracy?

The term "bureau" signifies a writing table, which means a place where officials work. The term

"cracy" is derived from Greek word meaning "rule." Concisely, bureaucracy means rule by the book. It is a social theory, conceived by Max Weber during the nineteenth century (1958). Weber argued that bureaucracy is the most efficient way to set up an organization, administration, and organizations, and based on the following three principles, (a) all regular activities within a bureaucracy can be regarded as official duties; (b) management has the authority to impose rules; and (c) rules can easily be respected based on established methods.

Bureaucracy is an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals. The concept dates back to seventeenth century as an illness causing havoc whereby public officials appointed where not serving the public interests, but it seemed as public interests were established so that public officials can exist. To curb this illness, Machiavelli proposed appointment of diligent, faithful, and competent public officials (who will follow rules strictly) who are also rewarded accordingly. The concept bureaucracy with its popularity is constituted as another type of government based on Greek classification of governments, namely, monarchy, aristocracy, and democracy (Albrow 1984).

Weber (1978) observed three types of power in organizations: traditional, charismatic, and rational-legal or bureaucratic authority. In traditional authority, people such as Chiefs and Lords, among others, are obeyed because of their traditional power. In charismatic authorities, people are followed because of their exceptional personalities, which command direct obedience from their followers as in case of Christ, Muhammed, and Napoleon. Weber, however, has emphasized that bureaucratic type of power is the ideal one. In a rational-legal bureaucracy, everyone is treated equal, and the division of labor is clearly described for each employee. This notion was widely supported by prominent scholars (Katz and Kahn 1978; Urdy 1959).

Bureaucracy is the basis for the systematic formation of any organization and is designed to ensure efficiency and economic effectiveness. It is an ideal model for management and its administration to bring an organization's power structure into focus. In an attempt to bring the power into focus, bureaucratic organizations have the following characteristic (Albrow 1984):

1. The staff members are personally free, observing only impersonal duties of their office. In addition, relations between superiors and subordinates are impersonal; thus superiors are formal in dealings with their subordinates.
2. There are clear hierarchy of office, characterized by downward delegation of authority. Each superior exercises control over his subordinates.
3. The rules and regulations pertaining regarding work behavior, rights, and duties of employee are laid down to ensure the consistency in work performance.
4. Selection and appointment of employees are based on the technical competence and professional qualification of employees, with training that is also provided to familiarize the employees with the rules and administrative procedures of the organization.
5. There is division of work on basis of specialization of jobs in bureaucratic organizations. Each employee performs his specialized work in a predictable manner. For example, in hospital, specific parts of patient care (the job) are assigned to different individuals or groups: nurses, dieticians, laboratory workers, and doctors all provide a part of care which the patient needs.
6. The official's post of his/her sole or major occupation thus may appropriate neither the post nor the resources that go with it. The official is subject to a unified control and disciplinary system.
7. There is a career structure with promotion possible based on merit or seniority and according to judgement of superiors, thus no room for favoritism.
8. There is predictability; thus the rules, regulations, specialization, structure, and training import predictability and thereby ensure stability in the organization.

9. There is conformity. Conformity to rules and roles in the structural framework bring about order to cope with complexity.
10. It enhances rationality prescribing in advance the criteria for decision-making in routine situations.
11. There is democracy: emphasis on qualifications and technical competence make the organization more democratic. Officials are guided by the prescribed rules, policies, and practices rather than by patronage or other privileged treatments.

The term bureaucracy has a negative connotation and is often linked to government agencies and large organizations. Nevertheless, the great benefit of a bureaucracy is the large organizations (private and public) with many hierarchical layers, because through bureaucracy, they can be structured for efficiency and their work coordinated effectively.

## Technical Advantages of Bureaucracy

As mentioned earlier, bureaucracy leads to slow and inefficient, rigid, resistant to change and innovation, impersonal and unresponsive, hampered by layers of authority, permeated with red tape, and subject to considerable goal displacement. Most of these challenges are compounded in public organizations given their political and institutional nature.

Bureaucratic system is not only used in public organizations but also in any larger and complex organizations that need secure coordination, cooperation, and control of all employees and to reduce conflict among vast employees considering the higher-level hierarchy. It is common understanding among scholars that high level of hierarchy may distort flow of information and communication within the organizations; thus decisions and actions delayed resulting in rigidity. In public organizations, politicians might also add to increased hierarchy levels because they also need to coordinate and control of their public agencies, thus reported to. For decades, an impasse existed between scholars who celebrated bureaucracy and its technical advantages and those scholars who criticized bureaucracy.

The following are the *technical advantages of bureaucracy* as identified by Weber and other scholars:

- Bureaucracy makes it easier for management to maintain control and make adjustments when necessary.
- Bureaucracy is especially inevitable in organizations where legislation plays an important role in delivering a consistent output.
- Weber argued that it is the "iron cage" that affords a level of efficiency that modern society cannot do without.
- The established rules and procedures allow for high efficiency and consistency in execution of work by all employees.
- Principles of bureaucracy facilitate management of large-scale and complex organizations through centralized policy setting and decentralized decision-making, thus leading to organizational competence.
- General rules and welfare services create trust in institutions of government and among citizens, when implemented in an impartial and incorrupt way (Weber 1958).

*Bureaucracy also*:

1. Protects employees from unfair rulings from leaders, which gives a greater sense of security to the employees.
2. Creates an opportunity for employees to become specialists or experts within one specific area, increasing the performance (effectiveness and efficiency) in each area of the organization.
3. Creativity and stability are promoted within their respective duties and sub-tasks.
4. Leads to consistency in employee's behavior through clearly defined duties and responsibilities and eventually the management process becomes easy.
5. Utilizes merit and expertise for selection and promotion procedures. Thus right people on

the right jobs and ultimately optimum utilization of human resources.

6. Bureaucracy benefits not only for operational performance and technical reliability of the organization but also the welfare of employees, clients, and broader public.
7. Bureaucracy can also be positively related to important economic, social, and political criteria. For example, merit-based bureaucracy fosters economic growth in developing countries and contributes to poverty reduction.
8. Bureaucracy is associated with low corruption, partly because a longer time horizon makes quick returns in terms of corruption less likely.
9. Bureaucratic rules, furthermore, contribute to democratic equality because they are (relatively) blind to the wealth and other resources of the citizens they serve.

## Conclusion

The German sociologist Max Weber argued that bureaucracy constitutes the most efficient and rational way in which organizations can organize the human activity and that systematic processes and organized hierarchies are necessary to maintain order, maximize efficiency, and eliminate favoritism. It has a series of characteristics such as precision, continuity, discipline, strictness, and reliability, which makes it technically the most satisfactory form of organization or government for both public and private sectors. Bureaucratization is an inevitable process because every organization (such as churches, governments, charity bodies, corporates, big or small businesses, voluntary organizations, interest groups) needs a set of rules and regulations, which will guide it, daily routines and strategic objectives.

Despite it being associated with rigidity, impersonality, and ineffectiveness, bureaucracy is still relevant today and its importance bound to increase; as such, it should not be neglected.

Bureaucratic leadership lends itself to structure, rules, and policies that should be strictly adhered to. However, to be effective, this leadership style should be used when an organization is staffed with by people who are comfortable knowing what to expect and what is expected of them and on organizations that depend on consistent results, as compared to those valuing autonomy, flexibility, creativity, innovation, and independence.

Bureaucracy might demotivate employees when they are unable to voice their opinion or influence decision-making. It might also lead to creative and entrepreneurial employees being rebellious due to the rigid rules and requirements. As a result, it is very important that bureaucratic organizations (such as financial institutions, government departments, etc.) properly inform employees well in advance about their approach to work and require them to accept this. Only employees who agree to this approach are suitable to work within a bureaucratic organization.

Despite all these setbacks or criticism, bureaucracy is still prevalent today in both public and private sectors around the world. Moreover, scholars have suggested that public organizations and organizational hierarchies are generally more highly efficient and effective. As a result, scholars acknowledge the contributions of bureaucracy and its organizational hierarchies on the successes within the public and the private organizations.

Still, critics might consider bureaucratic governance system structures as ineffective. However, notable is that there are countries, governments, and private organizations which operate effectively and efficiently using bureaucratic governance system. Nevertheless, the fact remains bureaucracy exists and is here to stay.



## Cross-References


- ▶ Bureaucracy and Cooperation
- ▶ Bureaucracy and Culture
- ▶ Bureaucracy and Efficiency
- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and Politics
- ▶ Bureaucracy and System Maintenance
- ▶ Bureaucracy Responsiveness
- ▶ Rewards in Bureaucracy and Politics

## References

Albrow M (1984) Bureaucracy. MacMillan Publisher Ltd, London

DiMaggio P, Powell W (1983) The iron cage revisited institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48: 149–160

Katz D, Kahn RL (1978) The social psychology of organizations. Wiley, New York

Udy SH Jr (1959) Bureaucracy and rationality in Weber's organization theory: an empirical study. Am Sociol Rev 24:791–795

Weber M (1958) From Max Weber: essays in sociology (trans: Gerth HH, Wright Mills C). Oxford University, New York

Weber M (1978) Economy and society: an outline of interpretive sociology. University of California Press, Berkeley

# Technological Justice and Job Satisfaction: Structural Equation Modeling

Samir M. Hammami[1] and Osama Hazzi[2]
[1]Department of Management Information Systems, Dhofar University, Salalah, Oman
[2]FrontiersToday, Vienna, Austria

## Synonyms

Job satisfaction; Structural equation modeling; Technological justice

## Definition

Technological justice (henceforth, TechJ), as the reference work entry in hand defines, is the one's perceptions about the fairness of using technological tools intended for work purposes and its sustainability. Concerning the latter, it expresses the ability of one to maintain at a certain level of using those tools (the ability to keep up with the changes).

## Introduction

Literature is rich with research on organizational justice and job satisfaction (henceforth, OJ and JS, respectively) and includes research that has studied the relationship between these variables in diverse cultures (e.g., Li and Cropanzano 2009; Vaamonde et al. 2018) and shown the extent to which OJ could influence JS at those working in educational institutions (e.g., Karakose 2014). Both variables are a significant concern for the organization-employee relation. Injustice can damage this synergistic relationship.

Nevertheless, the literature has not answered the question if TechJ, a new justice measure Hazzi and Hammami (2019) have coined, could influence JS. The current entry is an attempt to answer this question. The answer could open the door for new thinking on this justice from diverse cultures.

## Methodology

The current entry has applied the research at the academic staff (272 participants) working at 4 private universities found in 4 governorates in Oman to research how staff perceptions about the fairness of using technological tools intended for work purposes and their ability to maintain at a certain level of using those tools influence the JS (abridged Job In General scale, aJiG). The use of technology in education makes it critical that academic staff and authority figures concern about equitably allocating the teaching tools (including the technology-influenced teaching tools) and developing teaching skills to perceive justice and have a satisfactory teaching process.

Concerning the target sample, it is sufficiently large (>200), and the central limit theorem ensures that the distribution of the disturbance term is at approximate normality (Statistics Solutions 2013). The sample does not include the missing data. Table 1 shows a diverse sample.

The entry has used SPSS21/AMOS24 and applied partial least squares structural equation modeling (PLS-SEM) to test the intended hypothesis (i.e., TechJ influences JS). The entry included the factor loadings with values ≥0.5. Concerning

**Technological Justice and Job Satisfaction: Structural Equation Modeling, Table 1** Sample characteristics

| Variable | Choice | Frequency | % |
|---|---|---|---|
| **Nationality** | Omani | 45 | 16.5 |
| | Non-Omani | 227 | 83.5 |
| | | **272** | **100** |
| **Gender** | Male | 172 | 63.2% |
| | Female | 100 | 26.8% |
| | | **272** | **100** |
| **Academic rank** | Full professor | 16 | 5.9 |
| | Associate professor | 38 | 14 |
| | Assistant professor | 59 | 21.7 |
| | Lecturer | 159 | 58.4 |
| | | **272** | **100** |
| **Experience** | <1 year | 1 | 0.4 |
| | 1–5 years | 16 | 5.9 |
| | 6–10 years | 132 | 48.5 |
| | >10 | 123 | 45.2 |
| | | **272** | **100** |
| **Age** | 25–30 | 3 | 1.1 |
| | 30–39 | 52 | 19.1 |
| | 40–49 | 172 | 63.2 |
| | 50–59 | 44 | 16.2 |
| | ≥ 60 | 1 | 0.4 |
| | | **272** | **100** |

Note: the authors prepared this table

the latter value, the available data drove the entry to use it to have satisfactory findings.

## Conclusion

Tables 2 and 3 show the reliability and model's goodness of fit (GOF). Table 3 could work as basic GOF statistics for the measurement model.

The data also fulfill the construct validity. Factor loadings (≥ 0.5) and reliability (≥ 0.7) are a good rule of thumb and reliability, which indicate the convergent validity (Hair et al. 2014).

Figure 1 shows that the intended hypothesis is supported and that TechJ significantly influences JS (standardized B = 0.77 with an observed *p*-value <0.001 estimated); however, the entry had to delete the items with factor loadings <0.5, and this included items 1 and 5 from TechJ and 2, 6, and 8 from JS (Appendixes: Tables 4 and 5).

**Technological Justice and Job Satisfaction: Structural Equation Modeling, Table 2** Standardized factor loadings and Cronbach's alpha

| Construct | Construct items | Factor loadings | Cronbach's alpha |
|---|---|---|---|
| **TechJ** | TechJ2 | 0.667 | 0.712 |
| | TechJ3 | 0.571 | |
| | TechJ4 | 0.713 | |
| | TechJ6 | 0.613 | |
| **JS** | JS1 | 0.622 | 0.742 |
| | JS3 | 0.658 | |
| | JS4 | 0.545 | |
| | JS5 | 0.642 | |
| | JS7 | 0.557 | |

Note: authors prepared this table

**Technological Justice and Job Satisfaction: Structural Equation Modeling, Table 3** Goodness-of-fit statistics

| | Recommended | Observed |
|---|---|---|
| **Absolute fit indices** | | |
| Chi-square ($\chi^2$) | $p > 0.05$ (Hair et al. 2014) | 36.083 ($p = 0.07$) |
| Root mean square error of approximation (RMSEA) | Between 0.03 and 0.08 (Hair et al. 2014) | 0.04 with 90% confidence |
| Normed chi-square ($\chi^2$:*df*) (*df*: degrees of freedom) | 3:1 or less (Hair et al. 2014) | 1.44332 ($df = 25$) |
| **Incremental fit indices** | | |
| Comparative fit index (CFI) | > 0.90 (Hair et al. 2014) | 0.981 |
| Tucker Lewis index (TLI) | Approaches 1 (Hair et al. 2014) | 0.972 |
| **Parsimony fit indices** | | |
| Adjusted goodness of fit index (AGFI) | ≥ 0.90 (MacCallum and Hong 1997) | 0.949 |

Notes: authors' own compilation

T

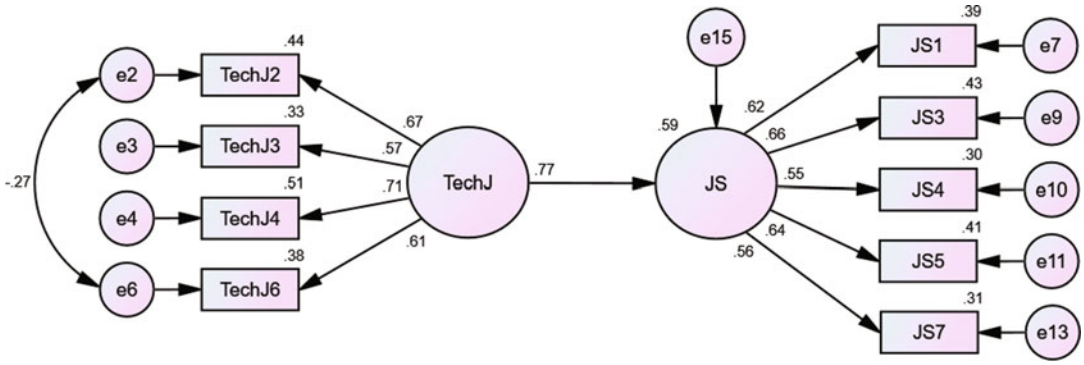


**Technological Justice and Job Satisfaction: Structural Equation Modeling, Fig. 1** Structural model

## Appendixes

**Technological Justice and Job Satisfaction: Structural Equation Modeling, Table 4** Technological justice (TechJ)

| Measure item – to what extent | |
|---|---|
| TechJ1 | Can you access the technological tools intended for teaching purposes? |
| TechJ2 | Can you consistently access those technological tools during the teaching process? |
| TechJ3 | Are those technological tools distributed equitably and in a timely manner among the lecturers during the teaching process? |
| TechJ4 | Are you able to express your views about the modernity of, and the problems of using, those technological tools? |
| TechJ5 | Does the university keep pace with new technological tools for teaching purposes? |
| TechJ6 | Does the university keep on training its academic staff in how to use the modern technological tools intended for teaching purposes? |

Note: authors formulated these items (see Hazzi and Hammami 2019)

**Technological Justice and Job Satisfaction: Structural Equation Modeling, Table 5** Job satisfaction (JS)

| | Job in General |
|---|---|
| JS1 | I feel that my work is good |
| JS2 | I feel that my work is undesirable |
| JS3 | I feel that my work is better than most |
| JS4 | I feel that my work is disagreeable |
| JS5 | I feel that my work makes me content |
| JS6 | I feel that my work is excellent |
| JS7 | I feel that my work is enjoyable |
| JS8 | I feel that my work is poor |

Note: Bowling Green State University granted permission to use this measure

## Cross-References


- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Organizational Justice
- ▶ Organizational Justice and Public Performance in Greece


## References


Hair JF, Black WC, Babin BJ, Anderson RE (2014) Multivariate data analysis: Pearson new international edition, 7th edn. Pearson Education Limited, London, Harlow

Hazzi OA, Hammami SM (2019) Exploratory factor analysis of technological justice: an evidence from the higher education sector in Oman. SAGE Open 9:1): 1–1): 8. https://doi.org/10.1177/2158244019838923

Karakose T (2014) The empirical study of organizational justice and job satisfaction for high school teachers in Turkey. Pak J Stat 30(6):1243–1250

Li A, Cropanzano R (2009) Do East Asians respond more/less strongly to organizational justice than North Americans? A meta-analysis. J Manag Stud 46(5):787–805. https://doi.org/10.1111/j.1467-6486.2009.00825.x

MacCallum RC, Hong S (1997) Power analysis in covariance structure modeling using GFI and AGFI. Multivar Behav Res 32(2):193–210. https://doi.org/10.1207/s15327906mbr3202_5

Statistics Solutions (2013) Normality [WWW document]. Retrieved from https://www.statisticssolutions.com/normality/

Vaamonde JD, Omar A, Salessi S (2018) From organizational justice perceptions to turnover intentions: the mediating effects of burnout and job satisfaction. Eur J Psychol 14(3):554–570. https://doi.org/10.5964/ejop.v14i3.1490

# Technology and Nonprofit Organizations

John G. McNutt
University of Delaware, Newark, DE, USA

## Synonyms

ICT of nonprofits; NGO technology; Nonprofit informatics

## Definition

Nonprofit technology refers to the application of information and communications technology (ICT) tools to the operation of nonprofit organizations.

## Nonprofits in a Digital Age

The overwhelming majority of organizations, including nonprofit organizations, make some use of technology tools. These tools provide the capacity to advance nonprofit organizational missions and create the ability to explore new areas of operation. While the possibilities offered by nonprofit technology are vast, many believe that the sector has lagged behind its counterparts in the public and commercial sectors in the adoption and use of these tools. Making generalizations about a large and varied group of organizations is difficult, and there are many signs that suggest that progress has been made.

The entry will review the current state of nonprofit technology, taking into account its historical development, range of current technologies, and future prospects. Each will be considered in turn.

The nonprofit sector is incredibly diverse. Even within the incorporated nonprofit community, there is considerable variation in size, funding, and mission. When you add to that the unincorporated voluntary associations, the amount of variation is noteworthy.

Organizations that differ in size, mission, and resources are also likely to vary in the types of technology used. Nonprofit hospitals, for example, are likely to have extensive technology arrangements that reflect the expectations of the health-care sector and maybe equal to what for profit hospitals employ. On balance, smaller organizations and voluntary associations may have a hard time marshaling the most basic technology. This might be reflective of the variation in other parts of the sector.

## Historical Development

Information and communication technology was principally the province of larger nonprofits (hospitals, universities, very large service agencies) until smaller computers developed. Early computers were very large and expensive and needed a large professional staff to maintain them. They are called mainframe or legacy technology today. Most of the original development of the technology happened in North America and Europe, but this changed as time went forward. Much of the technology had primarily military and industrial applications with some limited usefulness for public and nonprofit organizations.

The advent of smaller computers began in the 1970s and 1980s. Minicomputers (such as the Digital Equipment Corporation's Vax) brought computers to medium-size service agencies. These computers (including developments in Western Europe and Japan) offered a sea change in what was possible in nonprofit technology. Useful as they were, these computers were too large and too expensive for many nonprofit organizations. They did add to the international movement toward E-Government which affected nonprofit organizations indirectly. Both the United Nations and the International Bank for Reconstruction and Development (the World Bank) had major efforts in the area of e-government.

The development of personal computers or microcomputers meant that even small organizations could have technology. Many organizations

built their earliest technology on small but underpowered computers with limited software choices. As time went on, they became more powerful and more portable. This was a worldwide revolution that, combined with the growth of networking, changed many of the parameters of what was possible for nonprofits.

Computer networking was available before the Internet became available, but it was limited to a number of small networks. Connection speeds were limited but it represented a capacity that was unparalleled in the past. Community computer networks (also called Freenets) sprang up all over the USA and throughout the world to offer access to citizens and local actors (Schuler 1996; Bryan et al. 2002). Some of these networks were operated by the government but a significant portion was run by nonprofits. Both e-mail and discussion list software were developed before the Internet was widely available.

The Internet was a major development in the use of technology. A network of networks, the Internet was created by the Department of Defense's DARPA (Defense Advanced Research Projects Agency) as a way to connect mainframe computers (Hafner and Lyon 1996). While access was restricted in the beginning, eventually nonprofit had access. A limited number of non-university nonprofits had access to the Internet. This was a largely text-based environment with limited search and indexing capacity.

The limited reach of the Internet changed with the introduction of the World Wide Web and the growing commercialization of the Internet. The growth of technology in nonprofits was noteworthy (Burt and Taylor 2000, 2003; Princeton Survey Research Associates 2001). In very little time, even small nonprofits had websites. E-mail and discussion lists became ubiquitous. Much of the activity reflected the offline marketing that these organizations were doing (often referred to as brochure ware) without any appreciation of what technology could do. This period is often called Web 1.0 by technologists. Where technology really did help nonprofits was in the growing sophistication of databases and financial management technology. While most of these applications were designed for small businesses, nonprofit-specific technologies were beginning to emerge.

The growth of nonprofit technology coincided with the beginning of e-government and a number of fundamental changes in the nonprofit sector (such as privatization and contracting). This was a period in which small- and medium-size nonprofits struggled to use technology. A large-scale survey of US nonprofits conducted in 2001 by Princeton Survey Research Associates documented the limitation of nonprofit technology. A series of studies conducted in Pennsylvania documented progress in nonprofit technology growth (Finn et al. 2006). Burt and Taylor (2000, 2003) examined similar phenomena in Great Britain.

At this stage, consultants and other outside groups provide a lot of the technology support for the nonprofit sector. Circuit Riders, technology workers who helped nonprofits develop their technology, provided a sector-wide force for change (McInerney 2007). Another resource was nonprofit technology assistance providers (NTAP), local groups that provided technology assistance. The Nonprofit Technology Enterprise Network (NTEN) was founded in 2000. Funding from a variety of sources including NTIA's Technology Opportunity Program, the Rockefeller Foundation, the Mott Foundation, and the W. Alton Jones Foundation accelerated technology growth in the nonprofit sector. Groups like N-Power and TechSoup emerged. Community technology centers (CTCs) assisted a wide range of users, including nonprofits, develop the skills and access to close the digital divide (Miller 2013). The growth of e-development within the international NGO community brought technology to people in the poorest parts of the world (Quinones et al. 2015).

The next generation of technology was waiting in the wings. The development of blogs, wikis, social networking sites, podcasting, video and image sharing, microblogging, and a variety of other technologies changed the dynamic in technology. These technologies added to the interactivity of earlier technology, the Internet as

platform, user-created content, the sharing of collective intelligence, and the ability to combine applications in new and innovative ways (see O'Reilly 2005; Kanter and Fine 2010). Referred to as Web 2.0, social media, or social software, these technologies were quickly adopted by many organizations and a large number of individual users worldwide. Technology changed how people could interact with the Internet and what expectations people had for their online experience. The development of these technologies had a major impact on nonprofit advocacy (Guo and Saxton 2014), fundraising, and marketing (Dumont 2013). Facebook and Twitter are clearly the most well-known of these technologies. The emergence of Web 2.0 coincided with the development of hardware that became more portable, more capable, and to an extent more affordable. The ability of expanded wired and wireless communications has expanded substantial over the last two decades. Wireless applications and cell phones allowed many nations with underdeveloped technology infrastructures to evolve quickly to the information age.

In the past decade, we have seen progress to achieve parity in technology. Progress has been documented in study after study (McNutt and Barlow 2012; Geller et al. 2010; Hamann and Bezboruah 2013). The level of technology is, of course, a moving target. What is great technology today can be inadequate technology 3 years down the road. There is, again, substantial variation in the sector.

A number of trends are conspiring to write the next chapter in nonprofit technology. Certainly, the technology will improve and develop new capacity. Web 3.0, the semantic web, will revolutionize how we use technology. Massive amounts of available data and the development of predictive analytics will affect strategy and other aspects of nonprofit operations. The Internet of Things is already having an impact on nonprofit health care and is likely to quickly diffuse to a range of settings. The sharing economy will bring other aspects of technology into the sector. Civic technology could redefine the role of nonprofits vis-a-vis government technology. All of these forces will change the tools that nonprofits use but will also change how organizations are structured.

## How Nonprofits Use Technology

Technology varies from organization to organization. In general, it seems fair to say that sophistication in technology in most organization is probably consistent with what similar organizations are putting in the field. Probably the most important technology for most nonprofits is the database. Databases allow nonprofit organizations to manage information about employees, clients, donors, and a variety of other things. Databases are a critical part of enterprise management systems, management information systems, and constituent relationship systems. Larger organizations will have data warehouses and data marts. With the advent of data science and the collection of ever larger collections of data, the development of data centers and cloud-oriented data systems has emerged.

Related to databases is the emergence of efforts to create nonprofit dashboard. A dashboard gives a decision maker access to that data that he or she requires to make the best decisions. Some are very simple, while others allow a great amount of functionality. They provide data visualization capacity so that managers can appreciate the overall picture.

One of the areas that dashboards track is financial status and financial information. There are a range of software programs that support the financial management function. This includes spreadsheet programs, accounting programs, billing and credit card programs, and other more specific dedicated financial programs. Because of purchase of service contracting, financial systems might have supported governmental accounting approaches as well, and social enterprise efforts might need support or for profit accounting.

Data security and malware prevention are critical parts of any organization's management (see Hoy and Phelps 2009; Imboden et al. 2013). Federal and state laws such as the Health Insurance Portability and Accountability Act and the Family

Educational Rights and Privacy Act require some data to be securely protected. The consequences of data breaches can be extremely high and they are becoming more commonplace. Malware (viruses, ransomware, Trojan horse programs, and so forth) threatens the integrity of a nonprofit information system and makes it imperative for organizations to take security seriously. Larger nonprofit organizations are beginning to use the National Institute of Standards and Technology Security Framework as a guide to developing their own policies and practices.

Fundraising is central to most nonprofits and requires a great deal of information management capacity. In general, there are two general classes of technology tools. The first group supports traditional fundraising (planned giving, major gifts, special events, and so forth), while the second group raises money directly through technology.

Technology can automate prospect research, grant research, and donor development. It can also assist in managing the workflow that is generated by these processes. Other technology can support the creation of special events and face--to-face fundraising. While some of the technology is off the shelf applications, a substantial portion is designed specifically for nonprofit organizations and for these specific processes. These are often coupled with databases with information on potential prospects and grant opportunities.

The other group of technologies is designed to directly raise funds over the Internet. E-mail and website fundraising is an early form of technology-based fundraising which is still employed by most nonprofits that raise money online. In recent years this has been substantially augmented by social media/Web 2.0 efforts. Most of the major social networking sites allow for donations and promote fundraising. In addition, third party platforms have greatly enhanced the ability of charity malls to bring groups of nonprofits together. Click to give efforts create fundraising relationships with online retailers. Crowdfunding systems have developed substantially in the past few years (Stiver et al. 2015).

Text to give has emerged as a major online fundraising modality in the wake of its use in the Haiti Earthquake. Given the growth of mobile technology, it is clear that we have not seen the final potential of the technique.

Charity accountability efforts such as Guidestar (www.guidestar.org) and Charity Navigator (http://www.charitynavigator.org/) are sites that offer potential donors the ability to review information about nonprofits before they donate. They provide information on financial performance, mission, programs, funding, and so forth.

Technology has been an important addition to the marketing capacity of nonprofits. The amount of information available on the Internet complements the marketing research conducted by nonprofit organizations. Online databases combined with data from analytics and search results (e.g., Google Trends) make research accessible to even smaller nonprofits with limited data collection ability.

The range of technology-based marketing tools that are available is truly impressive. Websites and e-mail are probably the earliest online marketing techniques. Websites have evolved from a static website to highly sophisticated database-based sites using content management systems. E-mail has evolved as one tool of Constituent Relationship Management systems, and smart systems can efficiently narrowcast messages to a varied population of constituents.

The emergence of Web 2.0/social media has added a substantial capacity to the online nonprofit marketer's arsenal. Blogs, social networking sites, image and video sharing sites, wikis, and podcasts are just some of the possibilities for delivering information and creating online communities. In addition to the use of these sites, advertising can add to the reach of the organization. Typically, these advertisements can be targeted at likely populations. Analytics makes the evaluation of effectiveness more sophisticated. The incorporation of mobile technology into the area has greatly expanded the possibilities.

Volunteers are important to many nonprofit organizations. Technology assists in the

management and recruiting of volunteers. Online third party sites, such as volunteer match, can potentially open up new vistas for nonprofits. An exciting development is the role of technology in recruiting and managing short-term episodic volunteers. The technology has been used in disaster management, citizen science, and related areas. The growth of virtual volunteers over the past two decades has created a major new source of volunteer talent for the sector.

Advocacy is a process near and dear to the sector and one in which technology has made a significant difference. It is safe to say that over the past three decades, technology has revolutionized the practice of issue advocacy. Websites, e-mail, social networking, microblogging (such as Twitter), video and image sharing, and a host of related technologies have allowed nonprofits to research issues, educate and mobilize the public, and apply pressure to decision makers. In addition to incorporating technology developed for other uses, advocates have employed applications that were specifically designed to support advocacy efforts. In addition, technology developed for partisan political efforts have gravitated to use in nonprofit advocacy.

The data science revolution may be the next development in nonprofit advocacy. The application of large mass data to social problems, identify potential supporters and evaluate impact, is an exciting possibility. Coupled with data visualization approaches and sophisticated mapping tools, the technology can support much more precise campaigns.

Technology not only changes day-to-day work, it changes the way organizations function and how they are designed. Organizations with technology are different from those without and certain types of technology can change organizations radically. Technology changes the nature of work and work arrangement, alters structure, and creates a series of new possibilities. It also allows for the development virtual nonprofit organizations and virtual voluntary associations. These developments can create major change in the population of nonprofit organizations.

## Conclusions

Nonprofit technology has emerged from an uncertain past to a major asset of the nonprofit sector. Which parts of nonprofit technology are most important? At the very least, databases and financial management software have brought substantial change to how the core operations of most nonprofits pursue their missions. Nearly every nonprofit organization from the smallest association to the largest foundation depends on their capacity to manage information.

There are three major forces driving the evolution of nonprofit technology: the development of technology and its adoption in the general population, the changing environment of the nonprofit sector, and the efforts of nonprofit organizations to apply the capacity of technology to their organizations. These three forces help explain what has happened in the past and will help us understand what might happen in the future. As technology moves to the next phase, we can expect difficult choices and exciting possibilities.

## Cross-References

► Communication Within the Nonprofit
► Digital Media in Nonprofit Organizations

## References

Bryan C, Tambini D, Tsagarousianou R (eds) (2002) Cyberdemocracy: technology, cities and civic networks. Routledge, London

Burt E, Taylor JA (2000) Information and communication technologies: reshaping voluntary organizations? Nonprofit Manag Leadersh 11(2):131–143

Burt E, Taylor J (2003) New technologies, embedded values, and strategic change: evidence from the UK voluntary sector. Nonprofit Volunt Sect Q 32(1): 115–127

Dumont GE (2013) Nonprofit virtual accountability an index and its application. Nonprofit Volunt Sect Q 42(5):1049–1067

Finn S, Maher JK, Forster J (2006) Indicators of information and communication technology adoption in the nonprofit sector: changes between 2000 and 2004. Nonprofit Manag Leadersh 16(3):277–295

Geller SL, Abramson AJ, de Leon E (2010) The nonprofit technology gap–myth or reality. Listening Post Project, 20: John Hopkins University

Guo C, Saxton GD (2014) Tweeting social change: how social media are changing nonprofit advocacy. Nonprofit Volunt Sect Q 43(1):57–79

Hafner K, Lyon M (1996) Where wizards stay up late: the origins of the Internet. Simon & Schuster, New York

Hamann DJ, Bezboruah KC (2013) Utilization of technology by long-term care providers comparisons between for-profit and nonprofit institutions. J Aging Health 25(4):535–554

Hoy MG, Phelps J (2009) Online privacy and security practices of the 100 largest US nonprofit organizations. Int J Nonprofit Volunt Sect Mark 14(1):71–82

Imboden TR, Phillips JN, Seib JD, Fiorentino SR (2013) How are nonprofit organizations influences to create and adopt information security policies. Issues Inf Syst 14(2):166–173

Kanter B, Fine A (2010) The networked nonprofit: connecting with social media to drive change. Wiley, New York

McInerney PB (2007) Geeks for good: technology evangelism and the role of Circuit Riders in its adoption among nonprofits. In: Cortes RKM (ed) Nonprofits and technology: emerging research for usable knowledge. Lyceum, Chicago, pp 148–162

McNutt JG, Barlow J (2012) A longitudinal study of political technology use by nonprofit child advocacy organizations. In: Manoharan A, Holtzer M (eds) E-Governance and civic engagement: factors and determinants of E-democracy. IGI Books, Harrisburg

Miller PB (2013) From the digital divide to digital inclusion and beyond: update on telecentres and community technology centers (CTCs). Available at SSRN 2241167

O'reilly T (2005) What is Web 2.0 design patterns and business models for the next generation of software. http://www.oreilly.com/pub/a/web2/archive/what-is-web-20.html

Princeton Survey Research Associates (2001) Wired, willing and ready: nonprofit human services organizations' adoption of information technology. Independent Sector & Cisco Systems, Washington, DC

Quinones G, Nicholson B, Heeks R (2015) A literature review of E-entrepreneurship in emerging economies: positioning research on Latin American Digital Startups. In: Entrepreneurship in BRICS Policy and Research to Support Entrepreneurs. Springer, Cham, pp 179–209

Schuler D (1996) New community networks: wired for change. ACM Press/Addison-Wesley Publishing Co., Reading

Stiver A, Barroca L, Minocha S, Richards M, Roberts D (2015) Civic crowdfunding research: challenges, opportunities, and future agenda. New Media Soc 17(2):249–271

# Temporary Organizations

Elke Schüßler
Johannes Kepler University, Linz, Austria

## Synonyms

Temporary systems

## Definition

Temporary organizations form for the purpose of accomplishing an ex ante-determined task with a predetermined termination point. They can be intraorganizational, occurring within the context of a non-temporary organization, or interorganizational, comprising a number of organizations (cf. Kenis et al. 2009, p. 2).

## Introduction

Temporary organizations or systems are a prevalent and relevant organizational form, with projects being the most well-known exemplar. Some even speak of "project society" to highlight a broader societal shift from industrial society, marked by traditional organizations and work arrangements, toward a projectification, marked by temporary and often highly networked work arrangements (Lundin et al. 2015). These developments raise broad questions not only for the organization of work and management but also for institutions such as corporate and labor law. Critical perspectives problematize the implications of projectification for issues such as the work-life balance, gender equality, workplace democracy, or identity and control.

Temporary organizations differ from traditional organizational settings with regard to four key characteristics: tasks, teams, transitions, and time (Lundin and Söderholm 1995). The most important criterion is *time*, as temporary organizations – unlike conventional, non-temporary settings – have a built-intermination mechanism.

This does not mean that temporary organizations only exist for a short duration, however. In fact, many temporary organizations – such as mega-projects – outlive conventional organizations, and permanent organizations do not exist forever. The difference between the two forms lies in the ex ante definition of a predetermined duration for temporary organizations (Bakker et al. 2016). Temporary organizations typically depend on a limited number of clearly defined *tasks* and objectives. These objectives are of a nonroutine nature, unlike those of permanent organizational settings. A *team* is usually formed around the respective task in a customized fashion, and a purposeful *transition*, i.e., some form of transformation or change, is perceived to be the necessary outcome.

The main advantages of temporary organizations are their flexibility and adaptability to changing market demands. In this sense they are considered as a complement to permanent organizations that are usually to be valued for their permanence and stability. Very often, temporary organizations, such as projects, are formed in the context of permanent organizational settings and are embedded in structures such as networks, regional clusters, or organizational fields. The boundaries between temporary and non-temporary organizations are therefore quite fuzzy.

The ephemeral nature of temporary organizations has spurred intense research efforts in the field of organization and management studies, tackling, for instance, issues of knowledge management at the interface of temporary and permanent organizational settings, questions of human resource management and interpersonal trust, and questions regarding the unfolding of temporary organizations over time. This research spans a wide range of empirical settings such as theater productions, film making, big events, or construction efforts. In attempting a synthesis of this research, Bakker et al. (2016) outline three approaches toward studying temporary organizations: temporary organizing as form, temporary organizing as perspective, or temporary organizing as process. This distinction serves as a structuring device for discussing temporary organizations.

## Temporary Organizations as Forms: Different Types and Classifications

Given their fuzzy nature and boundaries, temporary organizations come in many different forms and with different characteristics. Bakker et al. (2016) distinguish three forms of temporary organizations based on whether the temporariness stems more from structures and organizing practices or more from actors and staffing practices. The first form they derive is called *temporary, ephemeral, or disposable organizations*, which best fit the criteria of temporary organizations outlined above in that both structures and actors are temporary. Such temporary organizations can form in the face of a disaster, for instance, or for the completion of a creative project such as a film production. Temporary organizations in this narrow sense are disbanded once the given task is completed. Such forms of temporary organizations are often interorganizational in nature, comprising members from different organizational backgrounds to collaborate for a limited period of time.

The second form is called *semi-temporary organizations*, referring to temporary systems that exist in the context of more permanent organizational structures. Here, the actors involved are more or less permanent, but the organizational structures that are created are temporary. One example is *project-based organizations* (*PBOs*), i.e., permanent organizations whose operations are almost entirely carried out in the form of projects. PBOs are found in a variety of industries, ranging from consulting and professional services to cultural production and construction. Another example of semi-temporary organizations is *project-supported organizations* (*PSOs*), typically innovation-oriented organizations that need projects for their research, development, and marketization activities. A third example is *project networks*, which are defined by the latent permanency of relationships among actors from different organizations that collaborate repeatedly over time. The defining feature of project networks – compared to interorganizational projects – is the embeddedness of such projects in more permanent contexts such as networks, regional clusters,

or organizational fields. Project networks might overlap with PBOs or PSOs in that such organizations can, of course, participate in project networks.

The third form is called *semi-permanent organizations with temporary employment*. Here the actors are temporary, but the organizational structures are more or less permanent. For instance, temporary work agencies are permanent organizations that temporarily draw on different contractors or employees that are then hired by customers, again often temporarily. One of the main aims behind such arrangements is to establish a more flexible workforce to react quickly to changing market demands.

Similar dynamics can be seen when looking at temporary organizations inside of hierarchical organizations. Here, projects potentially allow spaces for experimentation and innovation, because project teams are removed from their routine activities. Yet, it is precisely at the boundaries between temporary and permanent organizations where tensions for management and organization occur. For instance, project members typically remain embedded in their functional roles and departments and thus face conflicting performance targets. Additionally, there is often organization internal competition around being staffed on ambitious and interesting projects, which might threaten collaboration within functional or divisional departments.

## Temporary Organizing as Perspective: Unique Features of Temporary Organizations

Temporary organizations, by their nature, challenge some of the core principles of organizing such as coherence, long-term planning, and stable relationships. However, acknowledging that most temporary organizations are embedded in more permanent contexts, they are, albeit sometimes latently, surrounded by stable structures on which they draw. Grabher (2002) studied one such context in depth, the advertising industry in Soho (London, UK), and argued that the resulting organizing principle is best described as one of the heterarchy. He uses the term *project ecology* to denote multiple contextual layers of project organizing: a core team, an organization, an epistemic community, and personal networks that are temporally tied together for the completion of a specific project. Because collaboration is limited temporarily, actors maintain their differential identity and preserve a diverse spectrum of practices and organizational forms, thus avoiding forming a coherent and dominant view and becoming path dependent. The resulting rivalry, diversity, dissonance, and loose coupling between temporary organizations and contexts are considered as unique organizing principles related to temporary organizations.

## Temporary Organizing as a Process: Potentialities and Challenges

Temporary organizing as a process refers to practices that make use of temporariness to complete specific tasks or, more broadly, to get things done in or across organizations or even in wider organizational fields.

One example of such a form of temporary organization associated with getting things done on a field level are *field-configuring events*, defined as settings of limited duration where actors from different organizations with diverse purposes assemble temporarily in order to exchange information, announce new products, construct social networks, develop industry standards, recognize accomplishments, or transact business (Lampel and Meyer 2008). Common forms of field-configuring events are conferences, trade fairs, award ceremonies, or festivals – sites where members of an organizational field temporarily come together to negotiate or celebrate field-level structures and shape the further development of the field. The temporary nature of these settings is tied to particular interaction dynamics, such as the possibility for actors that do not normally cross paths to meet each other so that new relationships can be formed and new ideas can be developed.

In increasingly globally dispersed industries and organizational fields, the possibility for field actors to come together face to face temporarily is crucial for coordinating activities and building trustful relationships. Temporary organization in this sense provides opportunities that could not otherwise be provided through permanent organizations and provides a necessary complement to dispersed, often technologically mediated interactions. Such temporary interactions can take place in different spaces and places – organized ones such as trade fairs but also unorganized ones such as airports, train stations, or bars and cafes.

Likewise, projects as another form of temporary organization are associated with the capacity to catalyze action and change into a certain direction, for instance, through the setting of milestones and other practices of temporal pacing and structuring. A core managerial question in this regard is how linkages between different projects unfolding over time, either within or across organizations, can be established so that learning and knowledge sharing can take place. For this purpose, many organizations set up a *project management office* (PMO) that creates structures and practices for managing project portfolios, including standards for how projects are executed or databases for sharing information across projects.

A core challenge for interorganizational projects revolves around potentially colliding norms and institutions stemming from the various organizational backgrounds of members in the project team. Conversely, even interorganizational projects can be prone to path dependence, such as when project partners are selected merely on the basis of past collaboration experience. Such issues can be addressed through common practices of network management (Sydow et al. 2016), such as selecting partners who share similar norms and procedures or establishing common norms and informal practices of collaboration while at the same time systematically evaluating the performance and goal achievement of interorganizational projects.

Regarding the context of semi-permanent organizations with temporary employment, core challenges revolve around the management of work arrangements spanning across multiple employers. A pressing issue, for instance, is inequality of wages or working time regulations between core and peripheral employees that have to work together – at least temporarily – to complete certain tasks. Related to these inequalities are issues of culture, identity, and motivation that arise at the interface of multiple organizational boundaries.

## Conclusion

In sum, temporary organizations overlap with permanent organizational forms, but are associated with unique characteristics that also create unique challenges for management and organization. While a large literature on "project management" often stemming from an engineering tradition has provided functional advice for how to best manage a project – the most prevalent form of temporary organization – social science research has provided a more nuanced picture of the fuzzy nature of temporary organizations.

Core insights are that the term "temporary" is not to be equated with "short term," as many megaprojects such as those found in the construction industry last for years or even decades. Additionally, what is temporary and what is permanent in a given organizational setting often requires further specification and depends on one's perspective. The Olympic Games, for instance, are a temporary event from the perspective of a particular locality or for certain participants and visitors. At the same time, the Olympic Games take place annually and are coordinated by a permanent organization, the International Olympic Committee (IOC). One way of looking at the Olympic Games would be to study the event series as an annual interorganizational project comprising actors that have worked together in the past as well as annually changing local actors. Another way of looking at the Games would be to look at one particular event as a

temporary organization or a field-configuring event from the perspective of a given municipality. A third way would be to study the IOC as a permanent organization intersecting with different temporary organizations repeatedly over time.

## Cross-References


- ▶ Flattening Organizations
- ▶ Flexible Organizations
- ▶ Organizational Collaboration
- ▶ Organizational Learning


## References


Bakker RM, DeFillippi RJ, Schwab A, Sydow J (2016) Temporary organizing: promises, processes, problems. Organ Stud 37(12):1703–1719

Grabher G (2002) The project ecology of advertising: tasks, talents and teams. Reg Stud 36:245

Kenis P, Janowicz-Panjaitan M, Cambre B (eds) (2009) Temporary organizations. Edward Elgar, Cheltenham

Lampel J, Meyer AD (2008) Guest editors' introduction: field-configuring events as structuring mechanisms: how conferences, ceremonies, and trade shows constitute new technologies, industries, and markets. J Manag Stud 45:1025

Lundin RA, Söderholm A (1995) A theory of the temporary organization. Scand J Manag 11:437

Lundin RA, Arvidsson N, Brady T, Ekstedt E, Midler C, Sydow J (2015) Managing and working in project society. Cambridge University Press, Cambridge

Sydow J, Schüßler E, Müller-Seitz G (2016) Managing inter-organizational relations. Palgrave Macmillan, London


# Tenure and Public Administration


Amanda Swartzendruber
Illinois State University, Normal, IL, USA


## Synonyms

Permanent status

## Definition

The duration and circumstances of employment in civil, judicial, academic, and similar public sectors. After a probationary period, this job security is granted in these professions as a means of protecting those services from political influence.

## Introduction

The first administrative reforms in early American history aimed to remake public agencies free from political influence. The Pendleton Act was passed in 1883 to meet this goal by crafting competitive examinations for public servants as well as protections from termination for political reasons and from forced cooperation in political activities. Professionalization of the administrative branch was advanced with the development of merit systems to ensure qualifications and skills decided which candidates were hired and promoted. Today's American culture places great importance on work and rewards influential jobs with higher salaries, impressive perks, power, and prestige. Public employees are often engaged in activities that improve the lives of everyday Americans without these aforementioned enticements – bonuses, promotions, and even raises depending on the political climate. Job security tends to be the holy grail of public work with those in several sectors from judges to post office employees to university professors earning tenure at varying rates. To those outside of the public sector, this guaranteed employment may look like entitlement. To those in business, the concept that you may be stuck with a bad employee indefinitely could seem totally unacceptable. To those in public service, it may be the only thing keeping them there. Tenure is not unique to US public administration – it is utilized internationally to prevent government corruption and encourage agency effectiveness.

## Tenure

The term tenure is defined as the duration and circumstances of employment in civil, judicial,

academic, and similar public sectors. After a probationary period, this job security is granted in these professions as a crucial means of protecting those services from political influence. A tenured employee may only be terminated if serious misconduct or incompetence is considered by an overseeing body like a disciplinary committee or a university board. Internationally, tenure is generally granted to retirement age which varies from 50 to 60 years. To understand the argument for the need for tenure in the United States, it is important to first understand the way its bureaucracy is organized. Noted public administration scholar Richard Stillman breaks down five subsystems within the bureaucracy. First, political appointees serve with no tenure and are often appointed based on political loyalties (Stillman 2010). This includes positions which range from the Secretary of State to the director of FEMA. The president generally appoints those from his own party but may utilize a member of the other party to encourage bipartisanship which President Obama did when he appointed Republican Ray LaHood as Secretary of Transportation in 2008.

Next, there are professional careerists who have special expertise with positions based on advanced professional training (Stillman 2010). These individuals are tenured and can be further categorized into five groups. Professional elites are a core set of experts that control personnel and the organization (Stillman 2010). Line professionals carry out the day-to-day functions of the agency (Stillman 2010). Staff professionals are specialists and technical assistants who have specialized proficiency to carry out assigned duties of the agencies (Stillman 2010). Administrative professionals consist of budget officials, program officers, planning personnel, and finance, purchasing, auditing, and supply officials (Stillman 2010). They solve organizational problems and think about the agency's future. There are also paraprofessionals that are paid less but serve many of the same functions.

Unionized workers are civil servants whose employment is based on negotiated contracts between union representatives and management (Stillman 2010). These exist at every level of government – federal, state, and local. The union types range from the National Education Association to the National Rural Letter Carriers Association and represent everyone from airline pilots to engineers and public school teachers.

Finally, there are contractual employees who are untenured workers whose employment within government is directed by contracts (Stillman 2010). This group can include everyone from retail workers in federal buildings to defense contractors like Lockheed Martin.

The service requirement for career tenure is laid out in CFR 315.201 (a) service requirement – a person employed in the competitive service for other than temporary term or indefinite employment is appointed as a career or indefinite employment is appointed as a career or career-conditional employee subject to the probationary period required by subpart H of this part. Except as provided in paragraph (c) of this section, an employee must serve 3 years of substantially continuous creditable service as defined in paragraph (b) of this section to become a career employee (US Government 2005).

Tenure is an extraordinary job security – permanent status. The protections of civil service employment after a 3-year probationary period are automatically applied. These individuals can no longer be fired without good cause like absenteeism or documented incompetence. Even after termination, the employee can receive in-person hearings. If that fails, he can file an appeal with the independent Merit Systems Protection Board which is an independent quasi-judicial agency (Merit Systems Protection Board 2016). Hearings and appeals are not limited to terminations, but the board may also oversee appeals on demotions, reprimands, and appraisals (Merit Systems Protection Board 2016). In the case of permanent judges, conviction and impeachment by the legislature is the only way to end tenure although they may choose to retire early.

## Benefits of Tenure in Public Administration

First and foremost, the professionalization of the administrative branch including tenure

requirements benefits the public by protecting their public service delivery from undue political influence. Second, it ensures there are knowledgeable people in these positions of power. General civil service workers who are tenured have hierarchies based on tasks and responsibilities. They operate under the merit concept which promotes employees based on one's ability to perform a job rather than political connections. It aims to be more representative of the people it serves. Performance is measured by written tests. An open job has to be offered to one of the top three scores on the exam with more points going to veterans, and there is an absolute veteran's preference at the state level. Once hired, they are given job protection after the probationary period ends. Tenure generally encourages recruiting talent that may be superior to those already on the staff because employees are not threatened by a new hire. This, in theory, reduces infighting and allows for greater cooperation in the workplace.

Hiring through this merit system produces high-quality candidates. Tenure is used to entice these candidates to take an often lower-paying job than available in the private sector; it also encourages these more talented employees to deepen their knowledge and loyalty to the agency. This also provides agencies legitimacy and power to advocate for their administrative programs which benefit the public. For example, a leader in the agencies on aging has expertise in the needs of older adults, the budget constraints on programming, and the community impact of those programs. This gives him the ability to advocate strongly for the agency and the constituents – which can help retain agency power, sometimes expand it, and most importantly serve the public well.

This design also allows for a safe space between civil servants carrying out day-to-day needs and political appointees. In this space, regular workers are guaranteed the right to challenge the direction of leadership. This allows all parties to better represent an extensive assortment of public interests by providing a contentious, pluralistic decision-making process. As these agencies possess a great deal of power, this internal system of tenured employee versus appointee allows for a measure of checks and balances in accordance with national ideology that aims to foremost prevent despotism.

## Issues and Solutions

Of course any system that has such lofty goals and encompasses such a large nation and so many workers has a vast array of issues. It is very difficult to fire a tenured public employee even with cause. It usually takes a merit board 3–5 years to hear a case and that case can then be appealed. This process can take 12–18 years, and then they are often handed off to another agency. Political appointees are temporary, budgets change annually, and career mobility is lacking which causes challenges for organizational cohesiveness and unity. Most career employees spend 17–25 years in the same department. In public bureaucracies, many administrative officials hold position for life. Noted sociologist Max Weber contends that securing tenure does not always mean the official has improved his status; rather in some cases, he may feel stuck (Stillman 2010). This also creates a problem in the organization as there are limited opportunities to move up which prevents prime candidates from applying as they do not want to be stymied from advancement. A balance must be struck between officials having security in the position and opportunity for associates to advance (Stillman 2010). Other scholars contend that effectiveness of the agency provides these employees more job satisfaction than advancement (Boardman and Sundquist 2009). Norton E. Long contends that the structure of the administrative branch makes it both intent on growth and adverse to change. The agency must secure more power to ensure its survival, yet reorganization is difficult in part because of tenure (Stillman 2010).

Perhaps the most voiced issue is the fear of being stuck with a bad employee. Less than 1% of the federal workforce is fired for bad performance/conduct (Government Accountability

Office 2015). In a report to the Committee on Homeland Security and Governmental Affairs and the Senate, the Government Accountability Office made three suggestions to combat performance issues with civil servants that are able to obtain tenure: First, supervisors need training in performance management in order to better identify issues, communicate expectations, and address actual execution issues. Second, the 3-year probationary period needs to be better utilized to extract problem employees. And third, if there is an issue, the employee needs to be terminated during the probationary period as the process after it expires is convoluted at best (Government Accountability Office 2015). One bad apple spoils the bunch – if a bad employee progresses into tenure, he will negatively affect fellow employees, service delivery to the citizens, and even outward perception of government. It has a snowball effect that can negate the overall effectiveness of administrative programs and the future power of the agency.

## Conclusion

Most people in the American workforce do not have tenure and will never attain it. They must struggle to keep their organization, manager, coworkers, and customers contented in order to remain employed. There are constant public discussions about the need for a livable minimum wage – most government jobs, though not exceptionally lucrative, pay more than the minimum. Americans outside of this system may therefore view government jobs which provide what they see as unattainable wages and job security as entitlement and view tenure as unfairly applied. Government must better communicate to the public that keeping an internal set of checks and balances within public agencies by employing a mix of tenured and appointed workers prevents corruption.

Americans inside this system may feel unmotivated as tenured employees. They may become complacent and stop their personal professional development. If the individual feels stuck, is bored, and begins waiting to retire, the organization can become inefficient. These internal issues, however, are certainly not unique to the public sector. Organizational theorists find these issues in private industry as well. Any operation needs to offer professional development opportunities to increase the expertise of the long-term careerist and allow him to master his lifelong position as well as a mix of jobs that allow for promotion to meet the needs of a diverse talent bench with leadership aspirations. Regular performance management with goal setting and strategic planning sessions will help all varieties of employees stay on a successful career path. The job satisfaction that comes from working with an agency for a long time and serving the public good is also intrinsically motivating. Both the public and private sector benefit from continuing work in performance management training, skill development training, and the study of organizational behavior.

## Cross-References


- ▶ Civil Service Law and Public Personnel Management
- ▶ Hiring Regulation and Public Administration


## References


Boardman C, Sundquist E (2009) Toward understanding work motivation. Am Rev Public Adm 39(5):519–535

Government Accountability Office (2015) Federal workforce: improved supervision and better use of probationary periods are needed to address substandard employee performance. Report to chairman, committee on Homeland Security and Government Affairs US Senate. Government Accountability Office, Washington, DC

Merit Systems Protection Board (2016) U.S. Merit systems protection board. http://www.mspb.gov/index.htm. Accessed 28 Mar 2016

Stillman R (2010) Public administration concepts and cases. Wadsworth, Boston

U.S. Government (2005) Code of federal regulations. U.S. Government Publishing Office. https://www.gpo.gov/fdsys/pkg/CFR-2005-title5-vol1/xml/CFR-2005-title5-vol1-sec315-201.xml. Accessed 2 Feb 2016

# Termination of Nonprofit Organizations

Dorothy Norris-Tirrell
Academic Affairs and Research, Nonprofit Leadership Alliance, Kansas City, MO, USA

## Synonyms

Bankruptcy; Closure; Dissolution; Organization death; Organization failure

## Introduction

Private nonprofit organizations serve many purposes in modern society such as provision of a wide range of social and health services, advocating on behalf of special groups, and supporting research and community awareness around issues including historic preservation and disease prevention. Nonprofit organizations have worked collaboratively both with and alongside government for hundreds of years, often evolving to meet changing needs and environmental pressures and sometimes closing their doors. The closure of a nonprofit organization due to the successful resolution of the problem or issue targeted by its mission is the ultimate measure of success. However, nonprofit organizations can face termination for reasons other than success that may leave needed and desired services not provided or not provided sufficiently to meet demand or need (Norris-Tirrell 2001).

This entry focuses on understanding why nonprofit organizations end and how they can complete their work effectively. The first sections briefly examine the concept of organization termination and set it in the nonprofit context. The processes of nonprofit organization termination including opportunities for organization renewal and merger or consolidation are presented. The final section offers strategies for honorable nonprofit organization closure.

## Defining Organization Termination

Research on organization termination is found in a range of academic disciplines and subdisciplines, including public administration, business administration, and organization theory. Each brings a different focus to understanding why and how organizations end. Much of the literature for both for profit and public organization termination is useful to examining the nonprofit organization experience.

**Public Administration: Organizational Immortality.** Rooted in Herbert Kaufman's (1976) infamous question "are government organizations immortal?", the public administration literature examines policy, program, and organization termination by focusing on the causes of termination and why public institutions resist termination. For example, public organizations both passively and actively resist termination as the result of psychological reluctance, institutional permanence, dynamic conservatism, anti-termination coalitions, legal obstacles, and high start-up costs (de Leon 1983).

**Business Administration: Financial Failure.** Organization termination from a business administration perspective focuses on the avoidance of financial failure, typically defined as the dissolution of the private firm resulting from bankruptcy. Much emphasis is given to predicting bankruptcy through financial ratios and formulas that measure undercapitalization, excessive debt, decreasing profit margins or emphasis on short-term profits, and inadequate maintenance and depreciation.

However, the most widely quoted model of business failure argues that financial ratios indicate symptoms of business failure rather than causes (Argenti 1976). The more complex and dynamic models include a mix of variables including the interaction of managerial defects; poor, nonexistent, or manipulated financial information systems; levels of debt; and the occurrence of "normal business hazards" such as strikes or the loss of a large customer.

**Organization Theory: Internal and External Factors.** Two areas of organization theory examine organization termination. The first area, organization ecology, focuses on the impact of the external environment on organizations and the capacity of the organization to adapt. This capacity is influenced by the organization's age and size. A second area studies the various stages of organization evolution that mimic the human life cycle. While the chronology is argued to be flexible, organizations tend to follow a pattern of development: conception and organization birth; adolescence where the organization struggles with internal coordination; adulthood and mastering of the organization's environment; and finally, old age where choices are required regarding revitalization, atrophy, survival on the margin or death (Kimberly and Miles 1980). Limited research has examined the final life cycle stage, death.

## The Nonprofit Organization Context and Termination

While the three organization sectors (public, nonprofit, and for profit) share many characteristics and are influenced by many of the same internal and external factors, a few unique characteristics distinguish the nonprofit organization. The first characteristic is the volunteer board of directors that serves as the legally liable body of an incorporated nonprofit organization. This group is responsible for hiring and overs the executive director, ensuring the organization has the resources needed for mission implementation, and monitoring the organization's legal and financial status. The second identifying characteristic, the nondistribution constraint, explains that nonprofit organizations are not allowed to share their net earnings with its leaders. If the nonprofit is recognized by the US Internal Revenue Service, the organization's classification may provide additional unique characteristics. For example, nonprofits recognized under IRS Code 501(c)(3) can allow donors the opportunity to deduct their contributions on individual or corporate income tax returns.

These differentiating characteristics help explain the complex setting in which a nonprofit organization operates and dies. Like public organizations, termination is not a common event for nonprofit organizations. In fact, nonprofit organizations have been known to change their missions rather than dissolve the effective organization. The classic example is the March of Dimes. Founded in 1938 as the National Foundation for Infantile Paralysis with the mission to eradicate polio, the "March of Dimes" proved to be a successful model to fund research and medical intervention. In 1958, the Foundation changed its mission to birth defects prevention and in 1979 revised the corporate name to the March of Dimes Birth Defects Foundation.

Not every nonprofit organization, however, evolves in this way. The life cycle concept proves useful to understand the stages of a nonprofit organization's evolution and the pertinent structure, process, and outcomes associated. At each stage, nonprofit organization's key actors face a new set of challenges and opportunities:

- **Stage 1: Exploration** – Conveners initiate the option of a nonprofit organization as a means for meeting their goals.
- **Stage 2: Formation** – Initial structures and processes are developed as the group formally incorporates via state government. IRS recognition may be sought. Note: Nonprofit organizations are not required to incorporate but typically do so when the funding is needed.
- **Stage 3: Growth** – Organization actors struggle to build consensus on goals and implementation strategies.
- **Stage 4: Maturity** – Ideal state of the organization with successful goal achievement and resources available.
- **Stage 5: Ending** – The nonprofit organization's work is done and, ideally, celebrated.
  - **Stage 5a: Decline** – An intermediary stage that may lead to renewal or dissolution based on nonprofit organization actors and stakeholder perceptions.
  - **Stage 5b: Renewal** – Reinvention of structure, processes, and outcomes with the goal of re-entry into healthy organization lifecycle.

Important to recognize is that organizations do not necessarily follow the life cycle stages in the same order. Ending or dissolution can come during the growth stage, before the nonprofit organization has reached a point that might produce the best success story. The way in which leaders, volunteers, staff, and other participants transition from one stage to the next greatly influences the potential for survival and success. The transitions are not necessarily obvious, and the same tactics that produce success in one stage can create frustration and failure in the next.

Conceptualizing organizations as an evolutionary process offers nonprofit leaders fuller, deeper, and practical insights into planning and diagnosing organization issues. In addition, to the organization's life cycle, key actors must attend to the ongoing influence of the organization's context, particularly the environmental dynamics that continually impinge upon decision making and implementation.

## Decline: The Beginning of the End

What brings the nonprofit organization to the Decline Stage includes a range of internal and external factors. Internal factors typically center on poor management and leadership. External factors, while outside of the organization's direct control, may require the organization to adapt – again falling to the nonprofit's managers and leaders. The first type of external changes build from the dynamic environment in which nonprofit organizations operate including changes in their target population, trends in a given policy areas (e.g., housing or health care) or the primary staff disciplines critical to the organization's work such as psychology, social work, or nursing, technological advancements, and increasing competition for resources. In particular, competition among nonprofit organizations is growing due to the increased numbers of nonprofits and the decreased dollars available from government, corporations, and individual donors.

Another type of external driver focuses on the perceptions and demands of important organization stakeholders, in particular funders. For example, a funder may perceive that too many agencies serve the same population or provide the same service resulting in unnecessary duplication. While some duplication of services may assure that needs are addressed, extensive duplication confuses clients and funders – reinforcing the concept of competition among nonprofits for resources.

For many nonprofit organizations, the declining state is the beginning of the end. Most clearly evidenced by the lack of financial resources required for organization survival, decline can also be indicated by decreasing number of committed volunteers, an ongoing struggle to recruit board members and fewer appropriate clients. In this state, the organization may be approaching bankruptcy and actively discussing their future. The emphasis of meetings is on uncertain resources and survival with a status quo vision. In some cases, the organization may exist in "name only" with only a few board members maintaining a bank account. At some point in Decline Stage, revitalization or renewal may be attempted.

Revitalization begins with a discovery process to understand why the organization is failing, to examine the "pathologies" of the participants, processes, and external context. Open communication is essential in determining whether the organization should dissolve or renewal is a possibility. After the problems and barriers are recognized, organization leaders and participants must move beyond normative and "wishful" thinking to explore the possibilities of what can happen next. This potentially time-consuming step is necessary before a grounded decision about next steps can be made. Often "outside" experts or facilitators are needed early in Renewal Stage. Outsiders bring an important "neutral" perspective to identify barriers, problems, and opportunities. Deliberate and intentional decision making about the next step is critical to determine whether the organization will move to formal dissolution and closure or can a conscious and strategic effort lead to renewing the organization toward identified outcomes.

## Avoiding Termination: Merger or Consolidation

Funders and sector leaders have been supportive of nonprofit organizations combining as a strategy to serve more clients, increase administrative efficiency, and more effectively utilize limited resources. Others view nonprofit organizational merger or consolidation and the larger organizations that result as a threat to the core of the nonprofit sector – small, innovative, grassroots organizations that focus on a narrowly defined target population or niche. In a merger, one organization is the "host" accepting the assets and liabilities of the "merged" organization. In consolidation, both organizations are dissolved and a new consolidated entity is created. The motivations for merger or consolidation range from a strategy for an organization's programming to survive to a desire to grow or expand services horizontally or vertically. From an administrative efficiency perspective, merger may be seen as a mechanism to increase economies of scale, to reduce administrative costs, and to save money on everything from daily operational supplies to volunteer liability insurance. Effective merger processes are hard work and require attention to physical, legal, and psychological elements. The three short examples that follow illustrate the circumstances common to merger and consolidation in the nonprofit sector:

- Two nonprofit organizations who serve similar target populations but with different services decide to consolidate and create a new nonprofit organization. Both organizations legally dissolve and move their assets to the newly created organization. As a result, a larger pool of clients has access to increased scope of services while donors and funders can support an efficient and focused organization.
- An agency about to "go out of business" due to inadequate cash flow sought out a "savior" organization so that their clients would continue to be served. In this case, the agency that accepted the "mergee" acted as a host organization, gaining some financial assets and an increased scope of services to offer. The merged agency dissolved but was able to negotiate to keep the agency's name as a program, and at least in the short term, maintain a power base through board appointments.
- Although more common in the for-profit sector, nonprofit agencies can acquire other nonprofits. In this case, the transaction included money changing hands and the relinquishing of all autonomy and decision making authority. This type of merger follows the private sector strategy of bottom trawling, the practice of seeking weakened but salvageable competitors. The merged organization reduced competition and increased market share in terms of clients, staff experts, both important in a tight resource environment.

Merger can also be perceived as a negative if viewed as a loss of autonomy and identity for board members, staff, and volunteers who have invested energy and loyalty in the organization and its mission. The common fear of the unknown is coupled with a fear of losing job security and status. This type reactive mindset may prefer termination to merger.

## Wrapping up the Nonprofit Organization: Successful Termination

When the decision to end is imminent, nonprofit organization leaders have the opportunity to ensure that the organization does not fade slowly away with loose ends; instead leaders can take a proactive role to assure that termination, closure, and dissolution is handled appropriately and with care.

Organization dissolution or termination may result because the organization has successfully resolved the problem or issue that it was formed to address or organization actors determine that the current organization effort has gone as far as it can go. Regardless of why the nonprofit organization is ending, the organization's work should be celebrated with individual effort recognized and results broadly shared.

As a first step toward nonprofit organization dissolution, the organization's board of directors should make an intentional decision, evidenced

with a documented motion and vote, to terminate the organization by relinquishing its nonprofit charter and ceasing to exist, and to develop ending processes that reflect open, ethical decision making, and formalize closure. The processes include liquidation or transfer of all assets and liabilities. The organization's bylaws may clearly state the recipient of the assets in case of dissolution or may simply state that they will be distributed to a similar nonprofit organization. The process may take a few months and require the participation of the full board or an appointed subgroup.

As the dissolution decision is made, specific expertise may be needed including lawyers and accountants. Organization leaders should not hesitate to bring in needed knowledge and skill so that the ending process is handled with appropriate care.

To celebrate the work of the organization and document programs, processes, actors, and impacts in an accessible format. A local public library or a website may be appropriate locations for archival. Importantly, archival allows future interested parties to learn from the organization's work and avoid unnecessary pitfalls. In addition, events may be held to recognize key participants and to publicize the overall impacts of the organization's work. Finally, the organization's work should conclude with honor by informing current and past participants and stakeholders of the collaboration's dissolution, emphasizing positive impacts, lessons learned, and recommendations for future action.

The official processes of nonprofit organization dissolution are simple and straightforward. After the organization's board of director's vote to dissolve, the state office where the organization was incorporated should be notified of impending organization termination and a request for a certificate or articles of dissolution filed. Each state varies on the specific forms and procedures. If the organization is recognized by the IRS, a final IRS Form 990 should be filed, checking Box B on the first page to indicate Final Return/Terminated and including Schedule N, Liquidation, Termination, Dissolution, or Significate Disposition of Assets. Other state or federal agencies may need to be notified if the organization had employees or held licenses.

## Concluding Points

Some private nonprofit organizations intentionally dissolve their charter for very positive reasons. For example, when through the organization's efforts the issue for which the nonprofit was formed has been resolved. Others end their work because they run out of resources, such as revenue, clients, or volunteers willing to dedicate their time to the organization's mission. Still other nonprofits suffer a slow, potentially long decline as services or programs diminish and organization leaders ignore critical decisions about the organization's future.

The final and least studied stage of the nonprofit organization life cycle is organization death. The existing research argues that organization death is a natural consequence of the organization life cycle resulting from the organization's failure to adapt to its changing environments. The dynamic environment in which nonprofit organizations operate calls for leaders, both paid and volunteer, to respond to changes with wisdom and passion. However, when time is right, organization termination can and should be an option for ensuring that precious resources are used to effectively serve clients and constituencies.

## References

Argenti J (1976) Corporate collapse: the causes and symptoms. Wiley, New York

de Leon P (1983) Policy evaluation and program termination. Policy Stud Rev 2(4):631

Kaufman H (1976) Are government organizations immortal? Brookings Institute, New York

Kimberly JR, Miles RH (1980) The organizational life cycle. Jossey-Bass, San Francisco

Norris-Tirrell D (2001) Organization termination or evolution: mergers in the nonprofit sector. Int J Public Admin 24(3):311

# Territorial Fiscal Self-Rule

Franz Xavier Barrios-Suvelza
Faculty of Law, Social Sciences & Economics, University of Erfurt, Erfurt, Germany

## Synonyms

Fiscal autonomy; Fiscal decentralization; Fiscal federalism

## Definition

As a topic of public finance, territorial fiscal self-rule addresses the most decisive territorial fiscal balance point, in which so-called *internal* own revenues – i.e., a narrow subset of own revenues – back the spending needs derived from assigned functional responsibilities upon which the sub-state unit has real policy decision-making.

## Introduction

The concept of territorial fiscal self-rule (TFSR) differs from its closest cognates, such as fiscal federalism, fiscal decentralization, or financial autonomy. It is not burdened by the "federal bias" as the first concept is, nor distracted by the discussion whether "decentralization" encompasses deconcentration or other kinds of decentralization (political, administrative, and electoral) as in the second concept, nor is TFSR centered exclusively around the tax domain as in the third cognate concept. It is also not equal to the concept of "regional economic self-rule" (Sorens 2014), because TFSR's concern with the functional side is not reduced to economic affairs and, as will be shown below, gives some specific *transfers* a decisive role in achieving territorial self-rule. In any case, TFSR is not interested in whether the territorial fiscal arrangement of a country leads it towards market economy (Weingast 2014), liberalism, or, for that matter, towards democracy (but see Breton 1993).

While TFSR is not about the major issue of the "vertical structure of power" (Breton 1993), TFSR absorbs, in a condensed way, decisions taken upon this structure of power. In other words, TFSR not only relates to pure financial issues but also to the material side implied in functional (Bird 2005) or sectorial responsibilities, thereby considering the territorial organization and structure of the state, and the alternative regimes that regulate the relationships between financial issues and the material side. These different regimes also encompass the possibilities of substate units to override mechanisms that may limit their revenue and spending power, acknowledging the fact that to have no limits at all does not seem plausible.

In line with many scholars, the TFSR approach endorses the critique of how pointless it is to merely count revenues or spending amounts in substate units' hands relative to the total revenues or expenses of the whole public sector, without asking how much discretion these units really have upon their fiscal arrangement (Stegarescu 2005: 302; Hooghe et al. 2008: 127; Sorens 2014: 244; Gemmell et al. 2013: 1918). In contraposition to current approaches, however, TFSR first decouples fiscal self-rule from its anchoring mainly upon the tax capacity of territorial entities, and more specifically, upon own-source revenues. Second, the concept of TFSR is systematically linked to considering the domain of functions or "programatic autonomy" (Sorens 2014: 244) and asks, in a principled manner, how far is the authoritative reach of the territorial entities' decision-making over these functions. Third, the dimension of functional responsibilities is understood as something underlying, but not collapsing with, the spending side, which in itself has to be integrated into the concept of TFSR along with the revenue side. Fourth, based on these premises, TFSR is broken down into different types, built in search of the setting in which some kinds of own revenues match the domain of functional and spending responsibilities upon

which the territorial entity has real decision-making.

### Decoupling TFSR from Tax Power and Own-Source Revenues

TFSR is based on the category of territorial *own revenues*, whereby taxes directly applied by the corresponding territorial entity – in spite of all the positive incentives that they may trigger in terms of allocative and productive efficiency (Slack 2017: 3) – are only part of a multitude of resources that also confer some degree of fiscal freedom to the territorial substate unit and that are not absolutely bereft of incentives in terms of allocative and productive efficiency. The backbone of territorial own revenues are *unconditioned resources*. These are those, whose sectorial destination is not predecided through a territorial authority other than the one exercising the corresponding spending power. Since the criteria of unconditionality builds upon the silence on the part of the granting territorial entity concerning the sectorial destination of territorially granted resources, the definition of unconditioned resources endorsed here is not based (but see Yilmaz et al. 2012) on the rule-driven quality of allocation of such resources, nor on the use of objective parameters that define the criteria for their territorial imputation. Moreover, unconditioned resources should not be confused with resources of a general purpose (but see Stegarescu 2005: 309). The "general purpose" relates to the roles that revenues may play (other roles being lowering disparities, capturing externalities, to name a few) in the whole system of revenue assignment, whereas "unconditioned" relates to the quality of resources. Therefore, unconditioned recourses may finance equalization systems, thus ruling out their role as a means for backing general purposes of the territorial entity. In the opposite case, namely, conditioned resources, the predetermination of the sectorial destiny on the side of the granting entity may be broad (i.e., so-called block grants) or narrow, and the fulfillment of this destination is expected to be verifiable by the entity granting the resources to the executing substate unit. Because here the definition of conditionality is mainly linked to the sectorial destination of territorial resources, it does not encompass – as is usually the case in mainstream literature – several exigencies that may accompany the transfer of resources such as matching grants, administrative skills on the side of the recipient, or the presence of some socioeconomic indicators that qualify a recipient for these transfers. To understand the complete idea of TFSR, it is also important to underscore that conditionality ends when beyond the assertion of a sectorial destiny for granted resources, the granting entity interferes in operational and concrete processes implied in the expenditure dynamic through commands directed towards the recipient entity. If this were the case, not conditioned, but the even more constraining category of territorial *heteronomous* resources emerges.

According to all these premises, even transfers may count as part of own revenues of territorial entities if these transfers have the quality of unconditioned resources. It does not matter, in this context, whether transfers are classical ones (meaning already budgeted resources stemming from an upper territorial level), or transfers accruing to substate units following constitutional mandates that rule the apportionment of resources to the substate domain without intermediation of any previous politically bargained annual territorial current budgets.

Assuming the idea of own revenues based on unconditioned resources broadens the scope of the substate's fiscal self-rule in comparison to the strong tradition of scholarship in fiscal federalism to focus on own-source tax revenues as *the* reference for virtuous territorial revenue (so Slack 2017: 12). Some authors concede that "general purpose grants" may be classified as "own or free revenues", but are reluctant to base any kind of "financial autonomy" on them (Stegarescu 2005: 309). The view presented in this entry forces the observer to methodologically break down different components of territorial resources (own sources taxes being only one of them), to rescue unconditioned resources by contrasting them stronger against conditioned ones (Ladner et al. 2016: 327), and to scrutinize these unconditioned resources in order to

determine the varying degrees of *influence* (Hunter 1977) recipient territorial entities may exert upon the revenue assignment process in the state. The fiscal space of substate units expands to the extent that this influence becomes more decisive. Under some circumstances, the influence may even affect the amount of resources allotted, as may be the case when territorial entities bargain tax sharing quotas (Stegarescu 2005: 308; Gemmell et al. 2013: 1920). In other words, the phenomena of unconditioned resources seems to imply more than simply a future non-constrained sectorial spending, namely something that may even reach the generation of resources.

It could be argued that relying on this understanding of own revenues, which includes tax sharing, overlooks that the national level may behave strategically, frequently bringing the whole system of territorial revenue assignment into instability. However, taking a look at the historical records of several federal countries that over decades have financed their respective equalizations systems through unconditioned resources (Bird 2005), it becomes clear that a central government committed to steady unconditioned transfers is possible. To be sure, this stability is more likely the more such agreements are constitutionally entrenched, and the more the corresponding society has a tradition of "legal culture".

## The Rationale of TFSR

Drawing on the idea of own revenues, as those whose backbone are unconditioned resources, redirects the attention to the pragmatical needs of territorial entities to cope with their responsibilities with varying degrees of freedom, away from lamenting over the difficulties to match spending responsibilities only or mainly to own-source revenues. Thus, the question now is how territorial own fiscal decision-making may be achieved to different degrees even under circumstances of weak own-source revenues, and how a package of functional responsibilities can be assumed, differentiating those, whose content is decided at the substate domain; from those whose content is decided in an upper territorial level but the executing substate unit is free to administer the operational details; and from those upon which the upper level has both policy and administrative command upon the responsibilities delegated to the substate unit.

## The System of TFSR

As has already been suggested in recent literature on fiscal federalism and fiscal decentralization, the concept of TFSR also insists in considering both sides – revenue and spending – for approaching this topic more systematically (Gemmell et al. 2013: 1922). If necessary, "autonomy to borrow" and "budget autonomy" could be ascribed respectively to revenue and spending sides of TFSR. For assessing the degree of TFSR an evaluation of the quantitative magnitude of the different kinds of revenues that underlie TFSR, relative to the whole aggregation of territorial revenue available, is advisable (Ladner et al. 2016: 327; Stegarescu 2005: 309). Having said that, distinguishing specific types of TFSR starts by marking out in which fields the respective territorial entity enjoys a real capacity of policy-making, or in other words, "policy scope" (Hooghe et al. 2008: 126). In general terms, this capacity is best approached by simply asking where can the entity legislate, whereby legislation is narrowly understood in the sense of "primary legislation" (Baldwin 2003). Alternative terms such as "authoritative decisions" (Hooghe et al. 2008: 126), or "independent … decision making" (Ladner et al. 2016: 332) are not clear enough for the purpose here. Both terms can be applied to situations in which substate units are free from administrative supervision from an upper level, but are still unable to make decisions on policy. Because legislative capacity, in the sense of primary legislation, is normal in *composite* states – such as federal ones – as here substate units of the intermediate level enjoy true legislative capacities, the idea of TFSR applied to *simple* states demands closer clarification. With regards to simple states – conventionally known as "unitary" ones – one can substitute the demanding parameter of primary legislation with rulemaking of a *general* scope, despite the fact that the latter are rules below the scale of primary legislation.

Following these premises, eight types of TFSR are presented here, four on the revenue and

four on the expenditure side. On the expenditure side, the weakest alternative is named *fiscal self-administration,* in which those tasks are considered upon which the upper level decides the specific sectorial destination. Though weak, this scenario is considered as part of the whole system of TFSR because, as explained above, while the upper level determines the sectorial destination, it refrains from intruding upon the operational details of the spending process, leaving thus some decisional freedom for the executing territorial entity. The next scenario can be labeled *fiscal self-decision,* in which no specific sectorial exigency is expected from any upper level, granting the substate units much more fiscal freedom. A third scenario emerges if one looks at those functional responsibilities upon which a substate unit does have real influence on policy. In such a case, *fiscal self-determination* on the expenditure side arises. It is at this point where TFSR attains, as far as the spending side is considered, its most important expression. The last type is the extreme opposite to fiscal self-administration, namely, *fiscal self-prioritization*, meaning the spending on tasks of which can be assumed that consumers are explicitly willing to pay for their provision. For completing this system of types of TFSR on the expenditure side, it is now useful to see how the parameters on the revenue side dovetail to the just described parameters. The first parameter on the revenue side is called *fiscal leeway on the revenue side,* meaning some degree of fiscal maneuvering for the substate unit even if employing conditioned resources (Slack 2017: 4). The second is *fiscal independence,* meaning the possession of own revenues. This mirrors the situation described with fiscal self-decision on the spending side. It may be that some portions of own revenues have to be channeled towards areas of public policy upon which the respective substate unit has no policy-making decision, despite executing them without commands from the upper level. In fact, the mere existence of own revenues does not tell whether the territorial entity is financing mainly tasks upon which it has real decision-making. The third type emerges by subtracting those resources from the category of own revenues, which are absorbed for financing responsibilites over which the upper level has policy decision power. In such a case one reaches the category of *internal* own revenues, which underlie *fiscal self-government*. In this understanding of self-rule, one does not have to wait until the generation of own-source taxes is attained in order to speak of self-rule. True, this last category combines transfers, grants, and other revenues, which are both unconditional and not available for financing external policies. However, among these revenues are those upon which the territorial entity has the power to really decide – as in the case of own levied taxes – upon amount, the base, and/or the rate without depending on any upper level (Ladner et al. 2016: 335). The fourth scenario in which this is possible is called *fiscal autonomy* on the revenue side. As one can already see, as important as this last scenario might be for accomplishing many virtues concerning accountability, efficiency, and financial sustainability, seen from the perspective of the TFSR understood as a system, one has to consider many other different scenarios and combinations, whereby the ideal balance point is the one in which internal own revenues match those responsibilities upon which the territorial entity has real policy-making power. Before turning to this virtuous territorial fiscal balance point, the eight types of TFSR are presented in Fig. 1.

## Same Territorial Fiscal Balance with Counterintuitive Ratios of TFSR

The point at which internal own revenues match responsibilities upon which the entity has decision over policy-making (this point shall be named *alpha* balance point) represents the decisive balance point from the perspective of TFSR. But this is still only one territorial fiscal balance point among others, as, for example, one in which even delegated tasks from an upper territorial level are appropriately covered by reimbursement payments stemming from the delegating entity. The construction of TFSR as a system built by several revenue and spending types not only allows us to understand that TFSR is about degrees of financial freedom of the territorial substate unit but prepares us for the likelihood that the same balance point which is decisive for TFSR

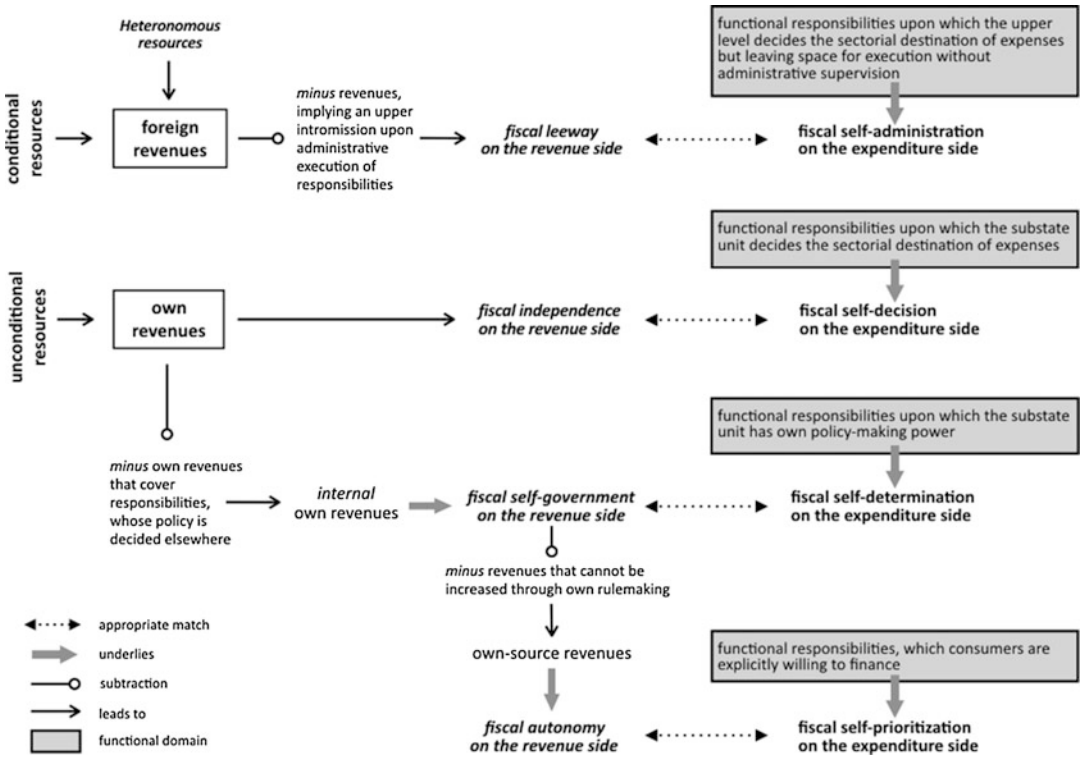


**Territorial Fiscal Self-Rule, Fig. 1** Types of fiscal self-rule on the revenue and expenditure side

may be achieved by combining counterintuitive ratios of the different types of TFSR. In other words, it could be that a substate unit has weak "fiscal autonomy" – if under fiscal autonomy only own-source revenues are considered (Slack 2017: 4) – but at the same time exposes a remarkable TFSR. Thus, the alpha balance point may be achieved in time $t+1$ by decreasing the ratio of own-source revenues relative to total revenues compared to time point $t$. For illustrating this phenomenon, a highly stylized example is presented in Fig. 2. Assume that in period $t$ a substate unit X exerts real policy-making power through own legislative power upon the field of education, but only executes (without any saying on policy matters) in the field of health. Assume further that for accomplishing these responsibilities in education and health unit X has received a massive amount of a portion of income tax collected by the national level in the form of unconditioned resources, which is constitutionally split between the national and the substate level which unit X is part of. Now assume that in period $t+1$, the constitution rules that in addition to education, the field of health also becomes a sector upon which unit X can legislate. Before this new arrangement is enforced, let us remember that both sectors were already financed by unit X with the only difference that in the education sector it had legislative power to regulate policies, whereas in the health sector it had not. Hence, because the new field represents costs that were already covered by unit X's financial structure during period $t$, no significant change in the financial needs of unit X arise. For rounding up this example, assume finally that in period $t+1$ unit X is able to slightly increase its own-source tax revenues, which are being reinvested for delivering better services in both education and health. Now, if one compares unit X in period $t$ to period $t+1$, the alpha balance point is achieved though under different ratios of TFSR. As can be seen in Fig. 2, while in period

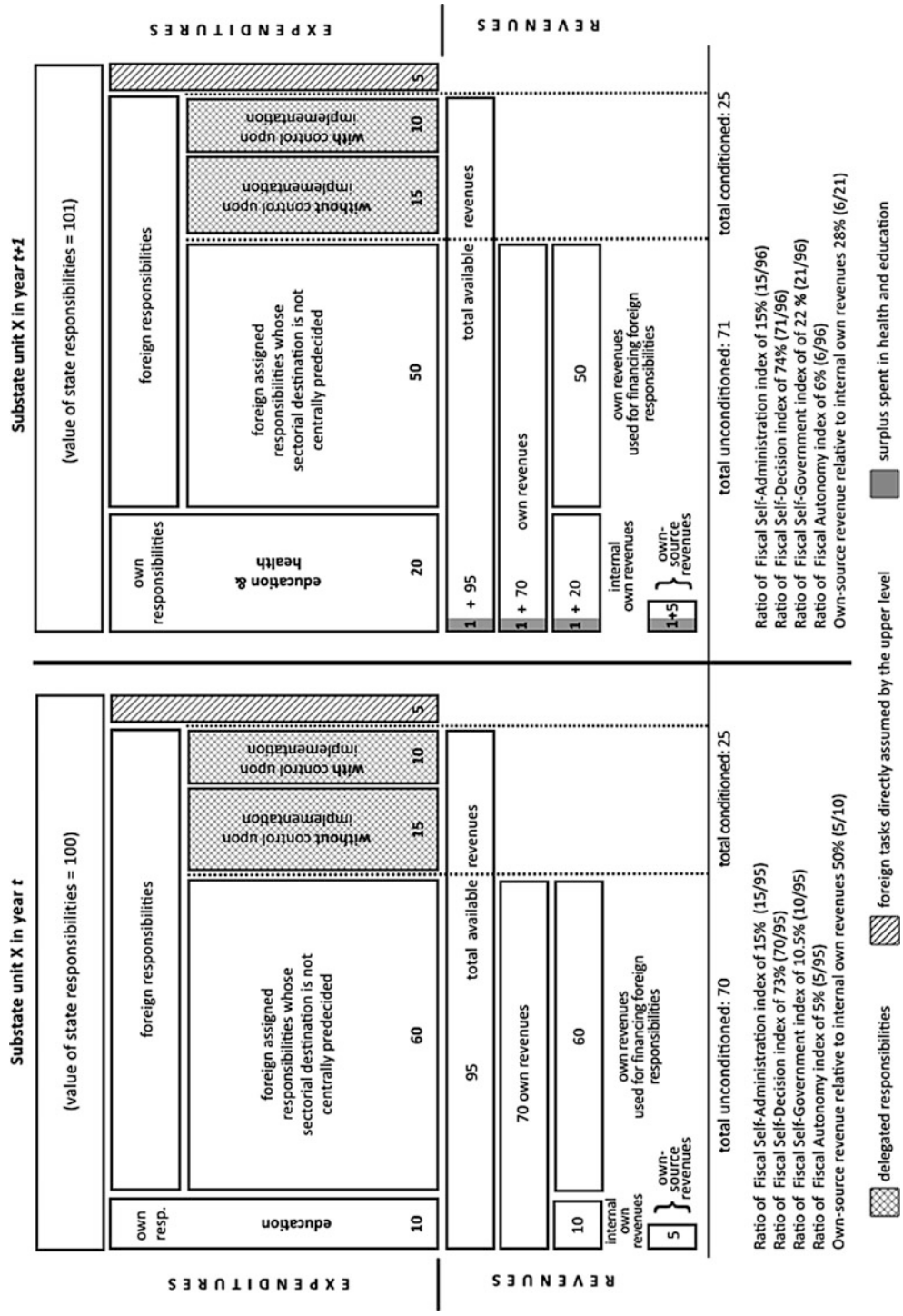


**Territorial Fiscal Self-Rule, Fig. 2** Modeling the generation of a balance point of type "alpha"

*t+1* the degree of fiscal self-government has markedly increased, the degree of fiscal autonomy has barely done so. The ratio of own-source revenues relative to the package of responsibilities upon which unit X exerts policy influence has even decreased. In sum, the attainment of a broader TFSR has been achieved even by a rather modest or decreasing development of own-source revenues.

### The Vertical Dimension of TFSR

The approach entailed in the concept of TFSR includes taking the fact into account that fiscal self-rule at the scale of each territorial entity is one thing, and another thing is the manifestation of TFSR considering whole territorial levels (Bird 2005). What each single territorial substate unit may receive in the form of revenues is often mediated by huge processes of revenue distribution that previously occur among territorial state levels. The prospects of territorial fiscal self-rule of each single entity may be thus partially prefigured in the way large masses of tax revenues are apportioned among levels before each entity gets its specific lot. Likewise, responsibilities are actually often distributed in the constitution, whereby whole packages of sectors are assigned per level.

### The Structural Dimension of TFSR

Depending on the territorial state form, territorial entities belonging to a respective territorial level possess diverging prospects of TFSR. In composite states, such as federal ones or so-called autonomic states like Spain or Italy, the predominant role of the intermediate level, under which the municipal level is made invisible, may trigger decisive constraints on the pattern of revenue assignment. Thus, the constitutional framework may not only influence TFSR because of being the mechanism through which responsibilities are assigned, or because in it lies one of the main sources for institutional predictability and constraint upon the national level to abide fiscal agreements, but because of the impact the state form itself exerts upon the revenue assignment system. The territorial state form influences, for instance, the status of major cities and their financial strength (Slack 2017: 4).

## Conclusion

The concept of TFSR entails a systemic view of the different ways and patterns of substate units' financial capacity for coping with their responsibilities, provided some degree of fiscal decisional freedom is detectable. It is distinguished from related concepts such as financial autonomy, fiscal federalism, and fiscal decentralization; because it is nonfederal-biased, it has a more realistic stance concerning own-source revenues, and it systematically considers regimes of state authority that link different components of revenues and spending to the distribution of functional and spending responsibilities. Future research may enhance this approach by increasing the supply of data covering details on the real decision-making power upon responsibilities (Stegarescu 2005: 326), and details concerning the costs implied in each functional responsibility.

## Cross-References


- ▶ Centralization and Decentralization
- ▶ Comparative Federalism and Law
- ▶ Federalism and Public Administration


## References


Baldwin R (2003) Legislation and rulemaking. In: Cane P, Tushnet M (eds) The Oxford handbook of legal studies. Oxford University Press, Oxford, pp 727–747

Bird R (2005) Fiscal federalism. In: Cordes JJ, Ebel RD, Gravelle J (eds) The encyclopedia of taxation & tax policy. Urban Institute Press, Washington, DC, pp 146–149

Breton A (1993) Fiscal federalism in a competitive public-sector setting. In: Maslove AM (ed) Taxation in a subnational jurisdiction. University of Toronto Press, Toronto, pp 44–80

Gemmell G, Kneller K, Sanz S (2013) Fiscal decentralization and economic growth: spending versus revenue decentralization. Econ Inq 51(4):1915–1931

Hooghe L, Marks G, Schakel A (2008) Operationalizing regional authority: a coding scheme for 42 countries 1950–2006. Reg Fed Stud 18(2):123–142
Hunter JSH (1977) Federalism and fiscal balance. Australian National University and Centre for Research on Federal Financial Relations, Camberra
Ladner A, Keuffer N, Baldersheim H (2016) Measuring local autonomy in 39 countries (1990–2014). Reg Fed Stud 3:321–357
Slack E (2017) How much local fiscal autonomy do cities have? IMFG perspectives 19: 2–15
Sorens JP (2014) Does fiscal federalism promote regional inequality? An empirical analysis of the OECD, 1980–2005. Reg Stud 2:239–253
Stegarescu D (2005) Public sector decentralization: measurement concepts and recent international trends. Fisc Stud 26(3):301–333
Weingast BR (2014) Second generation fiscal federalism: political aspects of decentralization and economic development. World Dev 53:14–25
Yilmaz S, Vaillancourt F, Dafflon B (2012) State and local government finance: why it matters. In: Ebel RD, Petersen JE (eds) The Oxford handbook of state and local government finance. Oxford University Press, Oxford, pp 105–136

# Territorial Governance

Irina Ilina and Evgenij Pliseckij
Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia
Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher School of Economics, Moscow, Russia

## Synonyms

Spatial organization of the territory; Territorial development policy

## Definition

A course of action undertaken in a particular region with jurisdiction and powers of public servants to organize the production, placement, and development of productive forces and improvement of ways of involving in economic circulation of resources of the territories, based on national economic interests.

## Introduction

Social and economic development of the Russian Federation is closely associated with the problems in spatial distribution of production inputs and spatial development management, given the huge area occupied by the country. One of the key issues of the national economy is a choice of the most suitable organizational and economic mechanisms for spatial (territorial) development. Following the principle of separation of functions and responsibilities between various levels of power, Russia retains spatial development policy design and associated resource distribution at the federal level. However, significant changes in the RF legislation since 1991 have modified an economic framework of the territorial governance. Regions have more opportunities now, along with higher responsibilities, for land and property management, investment mobilization, infrastructure maintenance, solution of social problems, and provision of public security.

***Territorial economic system (TES)*** may be defined as a sustainable combination of well-connected enterprises and sectors resulting from the distribution of the national production factors. Successful TES performance and development depend very much on the efficient use of territory's resources and regional specificities, the latter falling into three main groups:

1. Availability of natural resources, their diversity and stock, nature and climate, and environmental status
2. Availability of human resources, including total number of people, gender and age structure, workforce numbers and structure, education and qualification level, and regional distribution of the population
3. Economic and geographic advantages, defined through a proximity to the most developed internal and external areas and to the transportation infrastructure

Territorial governance may follow two main practically opposite approaches. The first approach seeks equalization of social and economic development of the areas through powerful government support of weaker regions; the second approach focuses on points, poles, or engines of growth. In a short-term perspective, Russia would inevitably remain a country of uneven spatial development, dooming artificial equalization of disproportions to ineffectiveness. Hence, the government territorial governance policy should create stimulating institutional framework for independent regional growth.

Governance of territorial organization and regional economic development with limited resources shall focus on points or poles of growth, capable of providing impetus to economic activities in larger areas. The Russian spatial development priorities shall be revised as soon as some policy objectives are achieved, taking into account the changing environment. A concentrated support at the initial stage of the most competitive sectors and territorial poles of growth would boost the economic growth. The poles of growth are seen as future catalysts for development of other territories.

Modern *forms of territorial organization of economy and population distribution* in Russia vary a lot and work in all the regions in various degrees. Many current forms emerged in the process of historic development of the country.

There are some key forms of spatial (territorial) organization of economy:

- ***Locality*** – an elementary unit, location (small territory) with one object situated there, that object being a settlement, a production, or infrastructure facility. Hence the typology of localities defined by their functions (settlement, production, recreation, etc.) Territorial combinations of localities generate population dispersion pattern and spatial economy distribution.
- ***Industrial hub*** – a combination of production facilities (belonging to one or interrelated industries) together with the supporting utilities and transport and social infrastructure facilities within a compact territory.
- ***Transportation hub*** – a node of transport arteries of various types (railroads, air traffic, automobile roads, etc.), usually in combination with major settlements.
- ***Territorial and production complex (TPC)*** is an aggregate of economically and technically interrelated production facilities regardless of forms of ownership and sector, within a specific area limited by administrative or natural geography boundaries, sharing resources and infrastructure. The TPC industrial focus and scope play an important role for interregional, national, and even global markets. The TPCs in Russia have resulted from the development of new areas with rich natural resources, being a good tool of saving on capital investments. The examples are Southern Yakutia and Sayany TPCs, specializing on power generation and nonferrous metallurgy, respectively.

Improvement of the territorial organization of the Russian economy is built upon the *territorial zoning* principles supporting:

- A balanced development of natural and urbanized areas
- Combination of intensive and functional use of areas justified from environmental, social, and economic points of view
- Development of a unified system for population distribution, natural and urbanized landscapes, and spatial environment
- Construction of low-rise buildings, business areas, technoparks, and so on

Territorial planning seeks to define prospective functions of territories in the relevant policy documents based on social, economic, environmental, and other factors to ensure their sustainable development, improvement of engineering, transport and social infrastructure, securing the interests of people and their associations, and the interests of the Russian Federation, its constituents, and municipalities.

Russia has been recently favoring a new form of territorial organization of production – clusters. Being a new form, in its substance it is very

similar to industrial hubs and territorial and production complexes.

Clusterization in this model is understood as a number and strength of meaningful cluster groups in the region, being a constructed replacement variable for the indicator of quantity and level of cluster development in the region.

*Territorial cluster is a geographically localized voluntary association of various entities (firms, banks, research institutions, universities, and the like), cooperating in different types of entrepreneurial activities (in manufacturing and service sectors) to improve competitive advantages of all its participants*.

A more focused understanding of a cluster is more popular in practice, where a cluster is understood as a constellation of economically related and closely situated firms of similar profiles, with vertical manufacturing relations concentrated around head firms or a group of their base enterprises, those firms specializing in manufacturing, delivery, or trade of products in a limited range of economic sectors.

Apart from major companies producing end-use products and making up a cluster core, it also involves medium and small businesses driving innovative aspect of cluster growth. Territorial clusters make a positive impact on the regional economy through employment and investment growth, accelerated implementation of innovative technologies, and so on.

A cluster has a number of common and special features. The common cluster feature is a geographic concentration of entities in a specific sector. Special cluster features include a presence of a critical mass of cluster participants and a high level of their connectivity and innovative activity.

The cluster development experience has proven that a cluster approach to economy management boosts the production efficiency because of interconnected and proportional development, implementation of joint projects, and cost savings.

Territorial tourist cluster, for example, includes transport companies, culture and entertainment facilities, hotels, restaurants, and museums, in addition to specialized travel agencies. Cluster approach provides a positive impact on labor productivity growth, promotes innovations, and simplifies their commercialization. Associations of small and medium handicraft businesses or domestic service providers may serve as examples of entities with high interconnectivity.

***Protocluster*** (potential cluster) is an aggregate of entities with some but not all cluster features.

A pilot program of innovative cluster development is currently under implementation. Aviation and space cluster in Samara Oblast, biotechnology cluster in Chernogolovka City of Moscow Oblast, and some others mobilized government support under the program.

Government regulation of territorial development from the federal center includes mostly the current and investment support of regions.

Global practice over the recent 40 years has proven that most of territorially diversified countries with high and sustainable growth rate got there through faster growth of a limited number of regions. Leading regions, being poles of growth, become centers of country development, involving innovative, investment, and social areas.

A new federal law is in line with the purpose of stimulation of territorial development and state support for promotion of entrepreneurial activities in the regions (FZ#392 of December 3, 2011, *On Zones of Territorial Development in the Russian Federation and on Amendments to Some Legislation of the Russian Federation*). The law defines ***zone of territorial development*** as "...a part of the territory of an RF constituent, where residents are provided with state support measures to expedite socio-economic development of an RF constituent through establishment of favorable conditions for attracting investments to the economy."

In 2013, the RF Government approved the list of 20 constituents of the Russian Federation to establish zones of territorial development there. (Resolution #326 of the RF Government dated April 10, 2013, *On Approval of the List of RF Constituents where Territorial Development Zones May be Established*.) The list includes *Republics of* Adygeya, Altai, Buryatia, Dagestan, Ingushetia, Kabardino-Balkar, Kalmykia, Karachaevo-Cherkessia, Karelia, Northern Ossetia – Alania, Tyva, and Chechen; Zabaikalskiy,

Kamchatskiy, and Primorskiy *Krais*; Amur, Ivanovo, Kurgan, and Magadan *Oblasts*, and the Jewish *Autonomous Oblast*.

Regions from the list are expected to submit a request to the RF Government to establish a territorial development zone and furnish a long-term socioeconomic development strategy for the RF constituent based on the organization of the said zone. The law allows establishment of a zone in the territory of one or several municipalities, where it can stay as such for 12 years. The law provides for the following measures of government support: budget allocations from the RF Investment Fund for investment project implementation and infrastructure development (transport and power sector), to be owned by the state and needed for business undertakings by residents. Residents may also rent state and municipal land; they may get tax exemptions and investment tax credits up to 10 years. Sovereign guarantees are also possible to secure credits to the residents, as well as subsidies for the regional budgets for further support of residents.

An RF constituent may qualify for the inclusion into the list of areas for territorial zone development based on the following indicators demonstrated for the period of 10 years preceding the list approval:

1. Share of workers in business partnership and companies, where securities (shares) in the joint-stock (pooled) capital do not belong to the Russian Federation, RF constituents, and municipalities
2. The level of estimated budget sufficiency of the RF constituent
3. Average annual industrial production development indicators
4. Average annual agricultural production development indicators
5. A value to characterize a per capita income to subsistence level
6. Migration gain value
7. Mortality rate of working age people
8. Share of dilapidated and substandard housing in the total housing stock
9. Long-term unemployment rate (more than a year)

Thus, the Russian government regional development policy, aimed at equalization of socioeconomic development of regions and primarily at the provision of social guarantees to the Russian citizens regardless of their place of residence, is currently changing its focus in spatial development. Polarized development policy is seen as the most effective, being based on concentration of all types of resources at the poles of growth and subsequent propagation of innovations throughout the country. "Backbone" regions shall become the foundation of Russian spatial transformations. Thus, the Russian government regional development policy seeking further integration of the Russian Federation into the global economy shall facilitate the development of new types of territorial formations: (1) innovative areas, integrating innovative and education components, and (2) technology transfer areas (processing and outsourcing areas) based on the settlements with qualified workforce and high living standards.

Spatial planning improvement in the country shall seek achievement of the following objectives:

- Preservation of the country's territory as a unified political and economic space
- Provision of conditions for sustainable socioeconomic development of the Russian Federation through more efficient spatial distribution of production factors and transition from commodity to the high technology focus of the economy
- Support of further integration of the country in the global market
- Enhancement of transport and communication connectivity of the country, boosting mobility of human resources and stimulating socioeconomic development

The Russian Government developed an environmental policy for federal *okrug*s (mega-regions) and RF constituents based on the Ecological Doctrine and approved socioeconomic development strategies for mega-regions until 2020. The strategies include main areas of environmental policy for the next 10 years. However, most of the eco-positive benchmarks are purely declaratory.

Future environmental scenarios for Russia, as well as for any other country, depend on a number of various factors, including the country's natural conditions and extent and quality of socioeconomic development in the upcoming decades.

The first scenario is *inertial*. Under this scenario, the economy would continue moving on the same track where primary industries play a key role. Russian integration into global economy would fix commodity focus of the national economy under the scenario, preserving the tough environmental situation in the country in general. The world economy's demand for Russian natural resources would prioritize the national economy policy on the most profitable sectors, that is, commodity oriented. Unfortunately, this was the focus of the Russian economic policy developments in the early twenty-first century. The current political processes in Russia and elsewhere, however, may change the prospects.

Environmental impact of the natural resource orientation might be hardest for the monocompany towns where the workforce had no choice of another way of earning their income and may continue not to have that choice in the future either. Environment would suffer proportionally to the scope of industrial development. Partial equipment upgrades would alleviate the problem but not solve it for good. The government in this case may address some environmental problems at the cost of buyers of mineral resources, but it can hardly expect those buyers to be committed to the Russian environmental agenda.

The second scenario is *neoindustrial*. Emphasis on the growth of manufacturing sectors looks more preferable than on hydrocarbons. However, the experience of China, India, and "Asian Tigers" in accelerated industrialization on the basis of most advanced technologies and production on a mass scale do not result in a high environmental quality of life comparable to that of developed countries. The reason may be a low social demand for a better environment in the countries of new industrialization where a relatively cheap labor force is the main driver of economic growth. Industries in these countries are notorious for using all sorts of tricks to save on environmental costs.

Environmental consequences for the Russian development under the second scenario would be ambiguous. Low environmental component in the cost prices of ferrous and nonferrous metal production (on average they are tree times lower than the US cost prices in the same sector) boosts metallurgy in Russia, attracting a considerable portion of foreign investments, being a meaningful access opener to the international markets for the relevant Russian metallurgy. On the other hand, modernization of outdated industries may reduce the environmental footprint and ease tensions in the hardest hit regions.

The third scenario is *postindustrial*. Opinions differ regarding the postindustrial (innovative) development of the Russian economy, but skepticism prevails. However, the most developed countries provide a lot of evidence in favor of postindustrialization playing a rehabilitating role in the economy. As mentioned above, environmental situation has been improving steadily in most EU countries, in the United States, Japan, and other countries of postindustrial type. Thus, from the environmental point of view, the third scenario for Russia is the most preferable one, in theory.

# Territorial Management Controller

Laurent Lavigne
Université de Lorraine, Nancy, France

## Synonyms

Business partner; Cost analyst; Cost killer

## Definition

The territorial management control organizes and controls economic management of a local public service, defining the objectives, business

indicators, and performance measurement. It optimizes financial profitability and helps locally elected officials to define the overall strategy.

## Introduction

Taking up the concept of the role coming from sociology, management sciences used it to study the territorial management controller, as an actor. The description of the role of the management controller takes more particularly the concepts of the theory of the agency, by articulating two approaches: the contractualist approach positions the controller as a supervisor of the indicators of the performance, like a cost killer, and the conventionalist approach places the role of the controller on the dissemination of information, as a business partner. The territorial management controller works in local government, municipalities, and local public establishments. It is generally attached to the general management or the financial department. It belongs to the category of territorial employment managers or territorial engineers, recruited in general by external and internal competition with conditions of diploma and/or examination of integration in the typology of jobs according to the countries. It is led to supervise a small team usually made up of executives (Lavigne 2019). Desired studies, the required qualifications are multidisciplinary; the origin of higher education and training is strongly related to finance, in any business school with a specialization in "management control" and "finance" at the master level. The territorial management controller is apprehended across its tasks, its relationships, and its image. Profiles are revealed to date according to the size of the local public service and the skills of the local administration (Lavigne 2019).

## Tasks

The territorial management controller is characterized by conviction, group work, listening, and the sense of contact. It adapts and is influenced according to the internal culture of the organization. The management controller can determine the nature and form of the information. Its role is characterized by its link with decision support, apprehended on two levels: on the one hand informational. It brings a battery of numbers and offers a justification to decision-makers in their choices; on the other hand, it calls into question implicit reasoning, certainty, or hypothesis. It accompanies the possible and impossible of managers. It is a pilot of the activity by objectives and indicators, guaranteeing a finality of management in the community. It is the creator of interservice cohesion and a search for overall performance, refining the criteria "objectives, means, and results" (Dupuis 1991). The territorial management controller thus integrates the concept of performance into the managerial schema. It is not a producer of mass information but detects the right information to determine what is performing (Desiré-Luciani et al. 2013). In addition, it is a "man of study." In his role of adviser, of pilot, referee instrumentalization of the piloting. Important factors are variable, first seen in the relations between the management controller and its interlocutors and, secondly, in relation to the investment of it in the degree of the taking of decision. The assignment of new tasks progresses in the increase of their authority, on the one hand on the analysis of the information, the internal council, and the participation in the decision-making "strategic" (Lavigne 2019) and on the other hand on performance evaluation, design and implementation of new information systems, and process improvement. However, the management controller territorial sees some of its important tasks is to restrict, in the process budget, including activities related to accounting and finance, and reduced recurring tasks, such as reporting and consolidation (Lavigne 2019). The territorial management controller thus recovered from new features such as a more consistent involvement in the strategic decision-making with the increase of his authority and of the centrality of its service. It is present at the center of the organization and in the implementation of new information systems such as ERP which deport his role toward management informatics (Lavigne 2019). Across these new roles, the management controller is repositioned

toward the strategy of the territorial organization. The role of the territorial management controller is to drive a culture of results, to control costs, to measure the quality of the public service, and to bring about a modernization of governance. Thus, to achieve its objectives, it focuses on analyzing the realized and perceived quality of a public service, effectiveness and relevance to citizens, the impact of actions, the monitoring action, and the social climate (Konrad 2018). It seeks to involve stakeholders in day-to-day management situations through the development of dashboards, the relevance of indicators, the instrumentation of performance, and the interpretation and dissemination of tools. Finally, the missions of the territorial management controller are to "prevent, measure, and act." His role, in the performance of its tasks, is to refine the dashboards so that they are contingent. Its usefulness only makes sense when it is crafted and used to finalize, animate, and control the performance of the organization (Gibert 2009).

## Relationships

The territorial management controller has a relational role (Bollecker 2007). It is thus in an unstable relationship within the framework of "knowledge/power" although it has knowledge that allows him to decide. The management controller is not neutral in the decision (Bollecker 2007). It uses a certain power to override the decision aid. It appropriates the decision-making power in place of operational managers or head managers. In the same way, his position can grant him a power of predominance in the change and the training of the agents. In fact, the management controller has a relation role of incentive, preparation for the future, and a role of a trainer (Godener et al. 2002). It does not stop with a simple desire to influence, but seeks an important position in the organization, employing strategies of actors (Bollecker 2007). Following on from these relational characteristics born the pedagogue managerial role individually and collectively. In an individual attitude, in other words, alone in its service, it is in close contact with the board in order to provoke in the operational and the manager "critical attitudes and challenged continuously, for example, in personnel management, or even stocks and investments." Collectively, the management controller pedagogue promotes teamwork in animation, "think tank," and management dialogue. The role of the controller is not to play a counter-power, but to serve the organization. Thus, depending on his hierarchical position, he integrates dominant/dominated strategies. It changes and adapts to allow a reorientation of the objectives of the organization. It uses its margins of freedom, to gain importance in the organization, through management tools by offering solutions to managers (Godener et al. 2002). The territorial management controller clarifies management's expectations. It gives the necessary advice by justifying his interventions: it is his organizational legitimacy (Desiré-Luciani et al. 2013). It is a man *under pressure*, and this pressure comes from the goals of the rudest directions (Desiré-Luciani et al. 2013). It makes a convincing explanation of the stakes of the organization and makes the operatives adhere to the objectives. It detects the problems and clarifies these same objectives. The relational positioning of the territorial management control is the responsibility of the general management. It depends on the weight of the organization (Desiré-Luciani et al. 2013). In order to consolidate the relational environment on territorial governance, the management controller designs the management dialogue. This dialogue thus refines information quality. Therefore, its approach is to exploit the objectives of the organization by representing an economic model. This economic model makes it possible to develop a mapping of the costs generated by local public services (Lavigne 2019).

## Image

The management controller is also defined in its image. The knowledge of the field is essential in the reliability of the dashboards (Desiré-Luciani et al. 2013). It is conceivable that the image of

the controller is trusted by his knowledge of the field. The image of the management controller is thus built on considering its action (Desiré-Luciani et al. 2013). It is perceived sometimes and perhaps rarely as a partner, a transparent man (Desiré-Luciani et al. 2013). More precisely, in this vision, the management controller becomes an organizational partner "business partner," a real support for central managers (Lavigne 2019). The justification of the image of a "business partner" is favored by the accompaniment of a quality information. The "business partner" profile directs the management controller toward decision support and assistance to operational staff, thus abandoning the bureaucratic tasks managed by the ERP (Lavigne 2019). It does not duplicate the operational staff in their activities but assists and advises them in the implementation of these activities (Bollecker 2007). The management controller has an image gatherer of profits in an optical optimization, secondly to show the expected or actual performance. It is therefore also an image of reciprocity (Bollecker 2007). In this vision, it embodies flexibility and solidarity especially in the difficulties encountered in the organization. It avoids using his power and seeks more conciliation through communication, although it can concentrate a significant amount of influence on decision-making because of his position as informational sponsor (Bollecker 2007). It can also acquire a conciliator image. The use of communication and not hierarchical power relations favors the maintenance of this positive image (Godener et al. 2002). In a more wait-and-see attitude, an image of "dirty work" (Morales and Lambert 2013) can be attached to it because the image it refers to is often altered in the organization by a bad understanding of sanctions that attract mistrust and distrust (Desiré-Luciani et al. 2013) and ultimately cost reduction. It has an image of "attenuator" plausible integration difficulties of this change. Nevertheless, his reported image is strongly influenced by his behavior in the improvement of communication and the increase of the motivations; it is more an incentive to the managers (Konrad 2018).

## Types of Territorial Management Controllers

Territorial management controller has a double face. It is at the same time a decision-making aid, therefore a "Business Partner"; and a major player in profitability, so in the first place focused on cost reduction ("cost killer"). This is broken down into four recently updated profiles (Lavigne 2019).

### The Territorial Management Controller Analyst

The management controller analyst is favored in the case of the recent establishment of a management control service. Its role is focused on financial reporting responsibilities. The analyst is primarily focused on cost analysis missions. This profile provides clarifications to senior management. It is heavily involved in the "audit mandate" but also to a lesser extent in "decision support" (Hopper 1980). It usually works in organizations local little worn on the evaluation of performance. The clients of this controller are mainly the financial and, to a lesser extent, senior management. The analyst is in a summary space to a single individual in financial services. The territorial analyst controller is more concerned with cost reduction ("cost killer") and monitoring (Lavigne 2019).

### The Territorial Management Controller Partner

It is a profile focused on explanatory approaches to the need of management control. The peculiarities of this type of management controller are based on a relational dominance, focused on partnership, and a support of services in management methods. It is an asset for decision support for operational staff (Lavigne 2019). It can influence strategic decisions but only acts as an advisor. The attitude of this controller is strongly involved in decision-making at the unit level. It focuses on the "audit mandate" for senior management (Hopper 1980) as well as for operational managers. It intervenes in decision support for the elected officials. This profile is advocated in a

commitment to ensure management control within the organization and provide operational support to the elected officials. It is also a controller present in cases where the local public structure is weakly constituted in terms of satellites (Lavigne 2019).

### The Territorial Management Controller Advisor

It's a management controller right next to head management with activities carried on a research performance. However, it has a mixed relationship with the elected officials. His role at the political level is not appreciated. On the other hand, his intervention in decision support brings little conflict. It plays an important role at the financial level. It would be closer to the General Directorate of Services, the advisor, and the flight attendant than to the facilitator (Lavigne 2019). It is often of diminished importance because it is presented as a cell with more diverse and less decision-making tasks. However, it has a strong involvement in the audit mandate and to a lesser extent in decision support. This controller is surrounded by a sharing of responsibilities by different operational agents, between internal control and decision support. It has little power over the general direction, whose advice is sought. It is also an expert in external control (Lavigne 2019). Moreover, it is a profile sought in the case where a local public service would have few technical services to manage. It is not worn on a substantial operating budget. However, it is sought for its competence in the management of small and important satellites; the controller of management would be more a partner ("business partner") and to a lesser extent positioned on the reduction of the costs ("cost killer") (Lavigne 2019).

### The Territorial Management Controller Strategist

The fourth profile is focused on the strategy and the evaluation of public policies. It has a strong involvement in the evaluation and optimization process. It is a management controller specializing in the analysis of costs and in the measurement of territorial activity. It is a correlation between management control and the search for performance, as well as an appreciation of its intervention both financially and organizationally (Lavigne 2019). The strategic management controller has extensive assignments in strategic projects, in the management dialogue, and as an organizational partner; Management controller contributes to the search for profitability of services allowing the realization of studies of aid to the strategic decision. This management controller profile is included in a "management control" function close to the general management. Organizational positioning favors an evaluation of public policies of elected officials and an assessment of analysis at the political level. His role as an expert emerges more in time. It participates in decision-making and animates it. The service itself is very powerful. More service, the greater the role of the management controller is legitimized in specialized areas, such as in reporting financial and internal control which are considered essential and under his responsibility. It is strongly involved in the "audit mandate" as well as in "decision support" (Hopper 1980). In addition, it focuses on large organizations with high technological potential. The strategic profile is a management controller that can be described as "centralized" or "headquarters." The strategist controller in the local public services is in a fair bipolarity between the partner ("business partner") and on cost reduction ("cost killer").

## Conclusion

The territorial management controller appears contingent on organizational factors such as the height of head management and local government specifications. On the whole, and regardless of its profile, the territorial management controller, regardless of the local administration of the country in which it works, provides decision support, it is an organizational partner (Lavigne 2019). It also contributes to the rationalization of means and aims at a local

performance, even if it describes themselves as partners. Embodying this function, the management controller contributes in this approach to performance management. It provides decision support based on the measurement of the activity of public goods and services combined with the analysis of their costs. In addition, the evaluation of public policies is the new standard of performance in local public services. It is presented as the guarantee of the good management and the good image of the organization. The territorial management controller is the main support of the head management, in the evaluation of public policies.

## Cross-References

► Mission, Vision, and Organizational Values

## References

Bollecker M (2007) La recherche sur les contrôleurs de gestion: État de l'art et perspectives. Comptabilité-Contrôle-Audit 13(1):87–106

Desiré-Luciani MN, Hirsch D, Kacher N, Polossat M (2013) Le grand livre du contrôle de gestion. Eyrolles, Paris

Dupuis J (1991) Le contrôle de gestion dans les organisations publiques. Presses universitaires de France, Paris

Gibert P (2009) Tableaux de bord pour les organisations publiques. Dunod, Paris

Godener A, Fornerino M, Deglaine J (2002) Implication des acteurs dans le processus decontrôle de gestion: influence des pratiques de communication orale des contrôleurs de gestion sur les attitudes et comportements des managers. Groupe ESC Grenoble, Grenoble, p 35

Hopper T (1980) Role conflicts of management accountants and their position within organisation structures. Acc Organ Soc 5(4):401–411

Konrad TS (2018) Management control in public-private partnerships: between international governmental actors and the private sector. Springer, Wiesbaden

Lavigne L (2019) Management control in local public administrations in France-typological construction and organizational determinants-the case of large intermunicipalities. Public Organ Rev:1–21- Electronic ISSN 1573-7098 - Print ISSN 1566-7170

Morales J, Lambert C (2013) Dirty work and the construction of identity. An ethnographic study of management accounting practices. Acc Organ Soc 38(3): 228–244

# Theories of Development

Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University School of Medicine & Yale New Haven Hospital, New Haven, CT, USA

## Synonyms

Development economics; Economic development; Economic growth; Human development; Social progress

## Definition

*Development* is a process of disproportionate growth of systems. In economics, development is a multidimensional process that generates economic, technological, social and institutional change to support wealth of nations and a comprehensive wellbeing of people in society.

## Introduction

Economic development is a process that generates economic, social and technical progress of nations. The fundamental elements of development in society are: the improvement of health, the growth of wealth, the creation of new knowledge and technology, etc. Economic development is fostered in appropriate social systems with high democracy and culture, good economic governance, efficient higher education system, and high innovative outputs (Coccia 2010, 2014, 2014b, 2018a). Economic development can be explained with different theories that are discussed in next sections (Fig. 1).

## Theories of Development in Economics

The study of economic development is one of the most important research fields in economics,

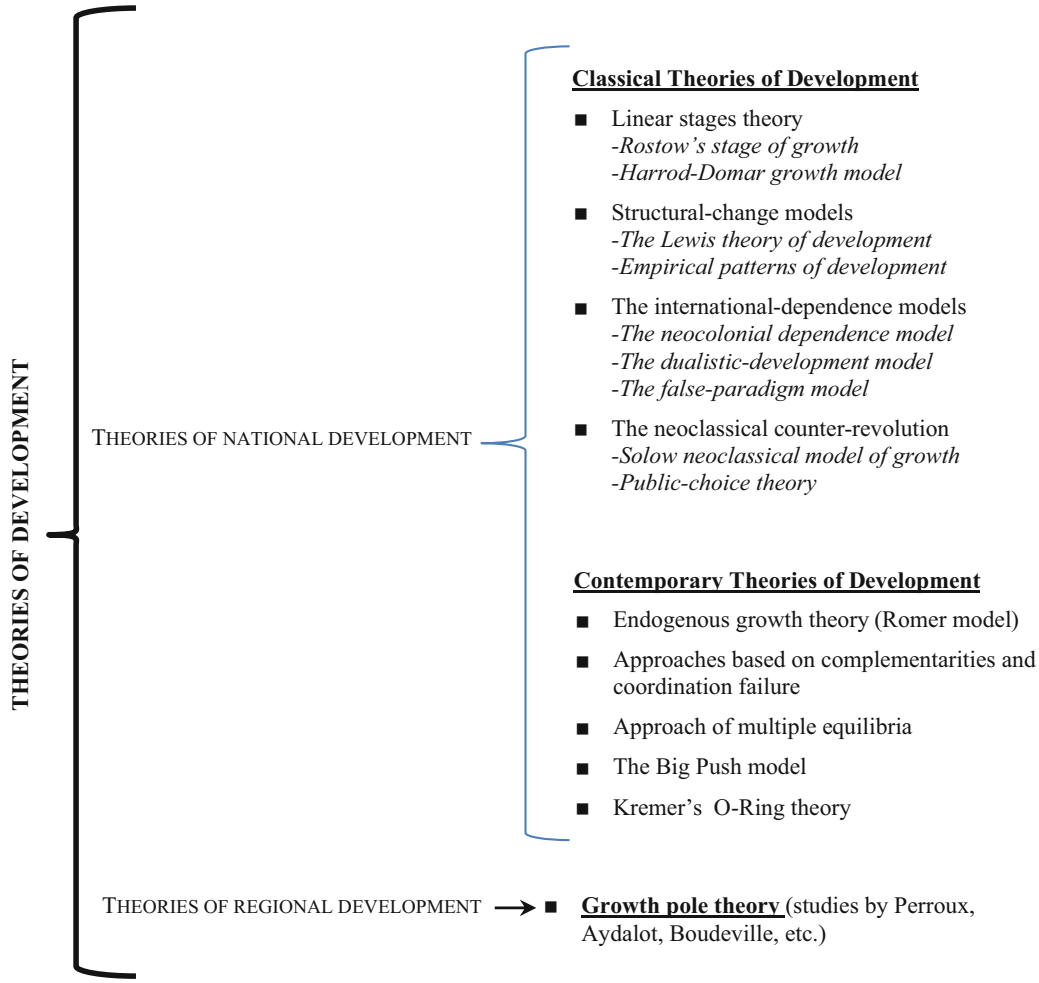


**Theories of Development, Fig. 1** Theories of Development in Economics

political economy, and other social sciences (Nafziger 2005). The schools of classical and neoclassical economics analyze the development in terms of the efficient allocation of scarce productive resources to support optimal growth, produce and expand the range of goods and services. Instead, new economic approaches explain the development with socioeconomic, political, and institutional factors that accelerate economic growth, improve the levels of living, and reduce poverty of population, income inequality between people, and violent crime in society (cf., Todaro and Smith 2003; Coccia 2017). A traditional economic measure of development is given by gross domestic product (GDP): the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. Contemporary studies and theories have added noneconomic indicators for measuring development in society, such as Human Development Index (HDI):

> a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. . . The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering

age. The standard of living dimension is measured by gross national income per capita (Human Development Reports 2018).

In this context, theories of development can be divided in two macro categories (cf., Fig. 1):

- Theories of development of national systems
- Theories of regional development

## Theories of Development of National Systems

### Classical Theories of Economic Development

- Linear stages theories are: Rostow's stages of growth and the Harrod-Domar growth model (cf., Todaro and Smith 2003). The theory of stage of growth suggests that more saving and investment can accelerate the rates of economic growth. However, the theory of stages does not clarify the economic development of poor nations, because suggested drivers (e.g., physical capital) are necessary but not sufficient factors for supporting economic growth. In fact, high investments of physical capital in many developing nations have not generated historical paths of economic development because of lack of other socioeconomic factors, such as, an efficient higher education system and good economic governance. European countries after World War II, by contrast, increased physical capital in a context with good institutions and high-skilled human resources, generating long-run economic growth.
- Structural change models. This approach focuses on mechanisms that transform economic structure of nations from traditional agriculture to industrial and service system. In particular, structural change approach is based on theories of neoclassical price and resource allocation. Two main approaches are: the model of two-sector surplus labor by Lewis (1954) and econometric analysis of the patterns of development by Chenery and colleagues (1975). The model of Lewis (1954) considers a process of modern sector self-sustaining growth and employment expansion that are assumed to continue until all surplus of rural labor is absorbed in new industrial sectors of urban areas. However, a limitation of the model by Lewis (1954) is the assumption of diminishing returns in industrial sector, whereas empirical evidence shows increasing returns in that sector (Todaro and Smith 2003).

  Empirical patterns of development consider the steady accumulation of physical and human capital, the change in consumer demand from food and basic necessities to manufactured goods and services, the growth of cities and firms associated with migration of people from farms and small towns to large cities, decline of family size and of overall rate of growth of population. However, economic policies based on this approach have not, in many cases, generated pathways of development within and between countries.
- The international-dependence models consider developing countries in a relationship of dependence with developed countries. Major approaches are: neocolonial-dependence, false-paradigm, and dualistic models. These approaches reject neoclassical theory of development designed to accelerate growth of gross national product; they also reject the empirical results by Chenery about some characteristics of development that poor countries should pursue (cf., Todaro and Smith 2003). These international-dependence models stress the imbalance of socioeconomic power between rich and poor nations. According to the American sociologist Immanuel Maurice Wallerstein, the world system has core and periphery regions, in which powerful and wealthy core societies dominate and exploit weak and poor peripheral societies. In particular, the strong nations reinforce and increase the flow of surplus because their governments provide economic assistance to capitalist classes on world market. The major weakness of this approach is the actual experience of Least Developed Countries (LCDs) that have had nationalization of firms and state-run production with negative effects on long-run patterns of economic growth.
- Neoclassical counterrevolution considers underdevelopment of LCDs as internally induced phenomena caused by government

intervention and bad economic policies. Neoclassical counterrevolution's approach suggests that market price and resource allocation usually produces better results than state intervention. Moreover, the liberalization of national markets generates additional domestic and foreign investments that increase the rate of capital accumulation. In this context, the neoclassical growth model by Solow (1956) expanded the Harrod-Domar model, adding to growth equation a second factor, labor, and inserting a third independent variable, technology. Solow's model shows diminishing returns to labor and capital separately and constant returns to both factors jointly. In this theoretical framework, technological progress is the residual factor that explains long-run economic growth (cf., Coccia 2011, 2018a, 2018b). The output growth is due to increases in labor quantity and quality (population growth and education), increases in capital (through saving and investment), and improvements in technology. Closed economies grow more slowly, whereas open economies have an income convergence at higher levels because capital flows from rich countries to poor countries where capital-labor ratios are lower and returns on investments are higher. However, free markets and open economies may also increase income inequality, violence, and public debts that may reduce the well-being of people in the long run (Coccia 2017, 2017a).

Contemporary Models of Development (cf., Todaro and Smith 2003)

- Endogenous growth theory argues that the growth of Gross Domestic Product (GDP) is determined by production processes within economic system, rather than by forces outside that system. This theoretical framework has been developed by Kenneth Arrow in 1962, Hirofumi Uzawa in 1965, Paul Romer in 1986, Robert Lucas in 1988, and Sergio Rebelo in 1991. Subsequently, Paul Romer in 1987, Philip Aghion and Peter Howitt in 1992, and Gene M. Grossman and Elhanan Helpman in 1991 incorporated imperfect markets and Research and Development (R&D) to endogenous growth model. This new growth theory endeavors to explain different growth rates across countries and factors associated with the rate of growth of GDP that are left unexplained and exogenously determined in the Solow neoclassical model of growth (i.e., residual factor; cf., Solow, 1956). In general, investments in human capital generate external economies and productivity improvements that offset to explain the existence of increasing returns to scale. Endogenous growth models also explain anomalous international flows of capital that generate wealth inequalities between rich and poor nations. However, economic literature shows that high rates of return on investment within developing economies (with low capital-labor ratios) are eroded by low levels of investments in education, infrastructure, and R&D (cf., Coccia 2011, 2018b). Especially, new growth theory depends on neoclassical premises that are inappropriate for LCDs. Finally, empirical studies provide a limited support to the predictions of endogenous growth theory (Todaro and Smith 2003).
- New theory of economic development stresses complementarities between several factors necessary for successful development of nations. Investments have to be done by many agents to produce results for any individual agent. When complementarities are present, an action taken by one firm, worker, organization, or government, it increases the incentives for other agents to take similar actions. In particular, complementarities involve investments whose returns depend on investments done by other agents. In this context, the model of Big Push suggests that production decisions by modern-sector firms are mutually reinforcing (cf., Todaro and Smith 2003). Another model in this theoretical framework is the Kremer's O-ring model (1993). This approach focuses on a production function with many tasks, which must be proficiency all completed to have a full value of product. Mistakes during the process of production can be extremely costly, reducing the product's value (the name O-ring comes

from the accident of the space shuttle Challenger that exploded because one of the components, the O-rings, failed). Underdevelopment of countries can be also due to a coordination failure: agents have inability to coordinate their behavior (choices), generating frictional factors for patterns of economic growth.

### Theories of Regional Development

Geoeconomic space with regional disparities can generate poverty, unemployment, social issues, income inequality, violent crime, etc. (Coccia 2009, 2017). The goal of the theory of regional development is to reduce regional disparities within a country to support a general development of nation as a whole system. In this context, development was defined by Perroux (1955, p. 308) as "a selective, cumulative process which does not appear everywhere at the same time but becomes manifest at certain points in space with variable intensity." Perroux (1955, p. 309) also argues that the growth does not appear everywhere at the same time and with the same intensity; it appears at specific spatial points or poles of growth with varying intensity of socioeconomic interaction; after that, it these poles spread economic activities along various channels, generating different effects on growth of regional and national economic systems. Growth pole theory was proposed for solving inequalities in economic growth of regions within nation. A critical factor of this approach is the concept of growth pole: a large cluster of firms and/or industries strongly related through input-output linkages to a leading industry (or propulsive) firm and/or industry. Propulsive industry and interrelated industries innovate and grow faster than other industries external to the pole, generating economic development in specific areas by their capacity to stimulate different forces within socioeconomic system.

The concept of growth pole was subsequently developed by Jacques Raoul Boudeville considering a set of expanding industries located in an urban area that induces the development of economic activitis throughout zones of influence. The essence of growth pole analysis is that spatial concentration of economic activities and agglomeration of population are the most efficient factors to support economic growth of regional systems.

Although agglomeration of industries is a key element in spatial organizational efficiency, of course, it is not the sole force supporting regional growth (Coccia 2009). Other factors, supporting economic growth associated with propulsive industry, are an efficient higher education system, low corruption and criminality, good economic governance, high innovative outputs and new technology in democratic contexts, etc. (cf., Coccia 2010, 2014, 2015a, 2015b, 2018a, 2018c, 2018d, 2019). Moreover, the growth pole has to be created in spatial areas with at least 250,000 people before the above mechanisms work within geoeconomic space for supporting regional growth. From the viewpoint of policymakers, the major advantage of these approaches is the opportunity for integrating industrial policy, physical planning, and inter-regional and intra-regional economic planning.

## Sustainable Development and Conclusions

The global and industrial society, driven by new technology, is generating economic growth rather than a sustainable development of nations (Coccia 2015). Scholars assert that one of the main effects of development on environment is pollution, which started with the Industrial Revolution in Europe and North America, driven by technical and economic change of steam engine, internal combustion engine, and other new technology (Coccia 2015). In general, economic development of the last decades is causing demographic, environmental, and climate change. In particular, European, North American, and Chinese development is generating socioeconomic progress and well-being of people but also the diffusion of some mutagens and genotoxic carcinogens from industrialization processes (e.g., pollutants, pesticides in agriculture, several chemicals, asbestos, processed or chemically preserved food, etc.; Coccia 2015). Hence, development of nations generates economic growth but also a general

pollution that has negative consequences on environment, health (e.g., cancers), and food safety in society (cf., Coccia 2015, p. 62; Coccia 2013, 2014a, 2016).

Overall, then, the concept of development is driven by the expanding content of human life interests, using new technology and science advances (Coccia 2019, Coccia and Wang, 2016). Human society should focus on patterns of sustainable development, rather than economic growth, for improving long-run environmental and social factors, and health of people. However, development is also affected by economic, social, psychological, anthropological, and perhaps biological factors that can generate uncertain and unknown long-term effects in environment and society.

## Cross-References

▶ Comparative Institutional Changes
▶ Comparative World-Systems Theories
▶ Revolutions and Evolutions

## References

Chenery HB, Syrquin M (1975) Patterns of development, 1957–1970. Oxford University Press, London

Coccia M (2009) A new approach for measuring and analyzing patterns of regional economic growth: empirical analysis in Italy. Ital J Reg Sci Sci Reg 8(2):71–95. https://doi.org/10.3280/SCRE2009-002004

Coccia M (2010) Democratization is the driving force for technological and economic change. Technol Forecast Soc Chang 77(2):248–264. https://doi.org/10.1016/j.techfore.2009.06.007

Coccia M (2011) The interaction between public and private R&D expenditure and national productivity. Prometheus Crit Stud Innov 29(2):121–130. https://doi.org/10.1080/08109028.2011.601079

Coccia M (2013) The effect of country wealth on incidence of breast cancer, Breast Cancer Research and Treatment, 141(2):225–229, https://doi.org/10.1007/s10549-013-2683-y

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36(1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002

Coccia M (2014a) Path-breaking target therapies for lung cancer and a far-sighted health policy to support clinical and cost effectiveness, Health Policy and Technology 1(3):74–82. https://doi.org/10.1016/j.hlpt.2013.09.007

Coccia M (2014b) Religious culture, democratisation and patterns of technological innovation, International Journal of sustainable society 6(4):397–418, https://doi.org/10.1504/IJSSOC.2014.066771

Coccia M (2015) The Nexus between technological performances of countries and incidence of cancers in society. Technol Soc 42(August):61–70. https://doi.org/10.1016/j.techsoc.2015.02.003

Coccia M (2015a) Patterns of innovative outputs across climate zones: the geography of innovation, Prometheus. Critical Studies in Innovation 33(2): 165–186. https://doi.org/10.1080/08109028.2015.1095979

Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry, Int. J. Knowledge and Learning 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052

Coccia M (2016) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems, Health Policy and Technology 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003

Coccia M, Wang L (2016) Evolution and convergence of the patterns of international scientific collaboration, Proceedings of the National Academy of Sciences of the United States of America, February 23, 2016 113 (8):2057–2061, www.pnas.org/cgi/doi/10.1073/pnas.1510820113

Coccia M (2017) A Theory of general causes of violent crime: Homicides, income inequality and deficiencies of the heat hypothesis and of the model of CLASH, Aggression and Violent Behavior, vol. 37, November-December, pp. 190–200, https://doi.org/10.1016/j.avb.2017.10.005

Coccia M (2017a) Asymmetric paths of public debts and of general government deficits across countries within and outside the European monetary unification and economic policy of debt dissolution, The Journal of Economic Asymmetries, vol. 15, June, pp. 17–31, https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2018a) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang 128(March):287–295. https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2018b) Optimization in R&D intensity and tax on corporate profits for supporting labor productivity of nations. J Technol Transf 43(3):792–814. https://doi.org/10.1007/s10961-017-9572-1

Coccia M (2018c) A Theory of classification and evolution of technologies within a Generalized Darwinism, Technology Analysis & Strategic Management, https://doi.org/10.1080/09537325.2018.1523385

Coccia M (2018d) A Theory of the General Causes of Long Waves: War, General Purpose Technologies, and Economic Change. Technological Forecasting & Social Change, vol. 128, March, pp. 287–295 (S0040-1625 (16)30652-7), https://doi.org/10.1016/j.techfore.2017.11.013

Coccia M (2019) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting, "https://www.sciencedirect.com/science/journal/00401625" \o "Go to Technological Forecasting and Social Change on ScienceDirect" Technological Forecasting and Social Change 141:289–304, https://doi.org/10.1016/j.techfore.2018.12.012

Human Development Reports (2018) Data. http://hdr.undp.org/en/content/human-development-index-hdi. Accessed December

Kremer M (1993) The O-ring theory of economic development. Q J Econ 108(3):551–575. https://doi.org/10.2307/2118400. JSTOR 2118400

Lewis WA (1954) Economic development with unlimited supplies of labor. Manch Sch 22:139–191. https://doi.org/10.1111/j.1467-9957.1954.tb00021.x

Nafziger EW (2005) Theories of economic development. In: Economic development. pp 123–164. https://doi.org/10.1017/CBO9780511805615.006

Perroux F (1955) Note sur la Notion de Pole de Croissance. Économie appliquée 8:307–320

Solow RM (1956) A contribution to the theory of economic growth. Q J Econ 70(1):65–94

Todaro MP, Smith SC (2003) Economic development. Parson Addison Wesley, Harlow

# Theories of Ethics

Mary McThomas
California State University, Channel Islands, Camarillo, CA, USA

## Synonyms

Ethical decision-making; Ethical frameworks; Moral principles; Normative analysis; Principled standards; Rights and duties; Rules of conduct

## Introduction

Theories of ethics provide frameworks from which to assess the probity of actions in a disinterested, consistent manner free from personal bias and self-interest. Public administration and public policy are often seen as practical disciplines, yet evaluations of ethical decision-making and good (not merely practical or efficient) policies rely heavily on normative theories of ethics. The different theories and ethical frameworks provide guidelines for determining the most ethical course of action. However, the different theories often lead to conflicting conclusions; thus, understanding the underlying philosophies is important when deciding which framework to utilize.

James H. Svara (2007) describes three distinct approaches to ethical decision-making: those which place emphasis on the proper moral character of the actor (virtue ethics), approaches that focus on the actions themselves with an eye to obligations and the application of rules (duty ethics), and approaches that judge the ethics of an action based on the results (consequentialism). This "ethical triangle" relies on three philosophies – virtue ethics, deontological or duty-based ethics, and consequentialism. However, there are additional and related theories of ethics that are important to explore as they influence our public philosophy and are integral to determining right actions and ethical policies. Thus, utilitarianism, rights-based theories, and the ethics of care will be discussed in addition to virtue ethics, deontological ethical theory, and consequentialism.

## Virtue Ethics

Virtue ethics focuses on the character of the moral agent with the idea that a virtuous person will not only have good intentions but, when trained properly, will reflexively act in an ethical manner. Virtue ethics is largely based on Aristotelian philosophy. Aristotle's ethical theory includes a process of habituation in which, through practice and repeated action, one is trained to be virtuous in the same way, for example, a musician is trained to be a virtuoso. Even those born with natural talent need training and practice. Similarly, even if human nature is generally good, individuals need the process of habituation to shape their character and to be truly virtuous. An individual of firm and unshakeable character will be able to

make virtuous choices even when the laws are silent.

In a similar vein, Terry Cooper (2004) describes virtue as "character understood as the predisposition to behave consistently with one's espoused values and principles" and states that it "is built slowly and consistently over time" (398). Cooper goes on to conclude that "virtue, or character, is clearly one of the elements of the normative foundations of public administration ethics" (398). In this understanding, an individual habituated slowly and steadily over time will be able to consistently perform in a virtuous manner, making ethical decisions and acting appropriately.

One of the criticisms of virtue ethics is that it requires a trainer. That is, in the same way the musician needs a teacher (initially at least), an individual needs some sort of guide or program in order to form a virtuous character. But who provides this guidance? For Aristotle, the state plays a key role in passing laws that will help its citizens to be good and aid in their character formation. In more particularized settings – such as professional ethics – parameters of expected and desired behavior can be provided through codes of ethics. However, both laws and ethical codes presume a universalized notion of right action that is correctly identified by the state or other governing body. A similar reliance on a universal notion of the good is found in deontological ethical theories.

## Deontological Ethical Theories

Deontological ethics holds that individuals are obligated to carry out certain ethical duties and moral actions. As such, this framework provides an array of moral duties and obligations we owe to ourselves and others. Deontological ethics is based on the philosophy of Immanuel Kant. In Kant's view, individuals should act in ways that are determined by universal rules of obligation. He termed this principle the "categorical imperative" – categorical because it is universally binding and imperative because it instructs individuals how to act (Kant 1994 [1785]). Using the categorical imperative, an individual can determine the morality of an act by her willingness to make it a universal law; that is, anyone else in a similar situation should act in the same way. Thus, if it is "right" for you to lie during business negotiations, it is equally ethical for others to lie to you in the same situation.

Duty-based ethicists believe that an ethical person is someone that binds herself by duties based on moral laws and considerations. Kant defines virtue as "the moral strength of a human being's will in fulfilling his duty" (Ibid, 54). He disagrees with virtue ethics reliance on habituation, stating instead "if the skill is a habit. . . then it is not a skill proceeding from freedom and accordingly not a moral skill" (Ibid, 66). A virtuous action must be freely chosen as the actor willingly takes on certain moral obligations and duties.

What constitutes moral duties can vary. Kant provides a rather extensive list, while other theorists are more selective. For example, Stephen Darwall (2003) supplies seven duties which include, for example, the duty of honesty (a Kantian favorite), the duty of reciprocity and fair play (similar to rights-based theories), and the duty of special care (seen in care ethics). In this framework, ethical behavior is not judged by the consequences of actions but rather on the intention of the actor and the actions themselves. Regardless of the results that emerge, it is the action taken – and observance of the rules – that is considered important. In contrast, consequentialism judges the merit of an action by the outcome.

## Consequentialism

Consequentialist ethics places the importance of achieving a desired consequence above duty and moral obligation. In this perspective, the ethics of an action is evaluated solely by the outcome, not by the action itself or the intention of the actor. In common parlance, the end justifies the means. If a decision leads to a positive outcome, it was the right decision even if made for unethical reasons. Conversely, an action that leads to a negative outcome, even if the actor's intentions were good, is considered problematic.

Consequentialist ethics can be divided into act consequentialism and rule consequentialism. Act consequentialism focuses on a singular decision in which one act at one time is chosen over other actions. Thus, ethical assessments made through the lens of act utilitarianism are limited to the act itself. If the consequences of an action are positive/negative, then the action was good/bad, regardless of the actor's intentions. An example often given provides a rather extreme scenario in which an individual believes that a train is going to go off the track. As a result of this belief, that person throws the switch that sends the train to an alternate rail. However, she inadvertently sends the train to a rail that is broken. As a result, the train goes off the track. Even though her intention was good, the result was bad – therefore making the action bad. Conversely, a different individual switches the train's route to purposely kill a family sitting on the tracks. This action inadvertently kept the train from proceeding on a broken track, saving 300 passengers. The intention may have been to kill the family of four, but the action saved 300 lives. It is, therefore, a good action.

In contrast, rule consequentialism takes into account the pattern of actions encompassed in a rule; thus, there is a greater focus on the impact over time if an act was consistently done and less on each individual action. Rule utilitarianism creates rules that are judged by the consequences of those rules when people follow them. Lying might be the best choice in one specific situation; but if lying is the rule, then contracts are undermined, and business and economic exchange as we know it is destroyed. Returning to the train example, the rule would be that it is, in fact, bad to switch train tracks in order to kill families even though the consequences in this particular case turned out to be good. The good consequences were an anomaly, and one the individual could not have foreseen. Therefore a pattern of making this decision would lead to bad consequences. The better rule is to not switch the track.

In either act or rule consequentialism, the focus is still on the action – not on the intention of the person. A "bad" person can do good things. If the result is good, the action is good. While an eye to consequences is important, if not crucial, for public administrators and policymakers, a purely consequential approach is not without its dangers. There are certain means that can never be morally justified. As a result, there is an appeal to avoid a purely consequentialist approach, calling instead for a combined perspective that includes deontological or virtue-based ethics (Pops 1994; Thompson 1992).

## Utilitarianism

Utilitarianism is often seen as a form of consequentialism as utilitarians similarly judge the rightness of actions and goodness of social arrangements by their consequences. John Stuart Mill (2001 [1863]), in *Utilitarianism*, explains that "the end of human action, is . . .the standard of morality" (10). Thus, the morality of an action is judged by the consequences of that action. Part of this has to do with an attempt to avoid moral disagreements based on intangible notions that cannot be proven either way. Who gets to decide what is moral, just, or true? If we disagree about first principles – which we often do – how then do we come to an agreement about the rightness of actions? Utilitarianism attempts to bring math to philosophy in order to provide a metric that does not rely on intangible, metaphysical notions. They use the utilitarian calculus to weigh costs against benefits in order to determine which policy would provide the greatest good for the greatest number of people.

The calculus attempts to remove personal sentiment, bias, and irrational passion and provide an objective, dispassionate, and provable way of determining the best action. We see this formulaic approach in cost-benefit analysis approaches to public policy. Some calculations are very straightforward: Policy A would help 100 people, and Policy B – for the same amount of money – would help 1,000 people. Policy B clearly provides the greatest good. However, the utilitarian calculus also accounts for levels of pain and pleasure. For example, what if Policy A helps the smaller group of 100 people by saving their lives, while Policy B gives 1,000 people one free meal a week? At that point, it is no longer about

bringing pleasure or avoiding pain to the greatest number of people. When the level of pain is death and the level of pleasure a free lunch, the people impacted by Policy A are given greater weight, possibly enough to swing the calculus in their favor.

Even with such calculations taken into account, a policy that kills one person in order to save two or more would be seen as ethical from a utilitarian point of view. But can the taking of a human life ever be justified? On one side, policymakers and administrators remind us that tough decisions have to be made, and if people are going to die, let us find the policy where the least amount of people will suffer. It is the best one can do in certain real-world situations and is, in fact, the most ethical solution. On the other side, rights-based theories of ethics argue that an individual's rights – especially the right to life – should never be traded away. Such rights are inalienable and cannot be sacrificed for the good of others.

## Rights-Based Theories

Classic liberal rights-based theories come out of the social contract tradition. Their premise is that each individual is born with inalienable rights. The role of government is to protect these fundamental rights. In this understanding, humans have rights by the mere fact of being born human. States do not create rights; they merely recognize they exist. States, therefore, cannot take fundamental human rights away. Classic social contract theorists, such as Hobbes, Locke, and Rousseau, describe a state of nature in which humans are rights bearers prior to the formation of society. At some point – and for a variety of reasons, depending on the theorist – people come together to create a political body. At that time, they agree to give up certain powers to the state – such as the power to judge and punish. However, the power of the state still comes from the people, and this popular sovereignty can be bestowed in another form of government if the current form violates or fails to protect the citizen's individual rights. In order to be legitimate and retain popular sovereignty, state power must be derived of the consent of the ruled, and the ruled must be the authors of the laws to which they submit. While the actual writing of the laws may be done by representatives, those representatives are democratically accountable to the people, and the resulting laws should be publicly acknowledged and indiscriminately applied.

In the US context, rights-based theory is clearly seen in the recognition of constitutional rights and the checks of a constitutional democracy in which fundamental rights may not be voted away by the majority. In public administration, this has been talked about in terms of the New Public Service model which reminds proponents of New Public Management (NPM) that those they serve are citizens and that any business model must privilege constitutional rights over efficiency (Denhardt and Denhardt 2002). In general, public administrators should adhere not to business values but to democratic values which recognize constitutional protections of individual rights. Rights-based theories are still the dominant paradigm in the United States. However, this framework has been challenged on a host of fronts including the call to recognize cultural rights and to appreciate communities as sources of identity and belonging. There has also been the criticism that the individualistic focus of rights-based theories discounts other more relational ethical frameworks, such as care ethics.

## The Ethics of Care

The ethics of care was first introduced by Carol Gilligan, and her findings that moral evaluations based on justice and rights are only one type of ethical consideration and that connections of care and networks of obligations also motivate moral reasoning (Gilligan 1982, 1995). The exemplar model of an ethics of care is the parent/child relationship in which parents have special obligations to their children that are privileged over normal ethical obligations we owe all humans. While rights are envisioned as individually held and universally applied, networks of obligation presume relationships among groups of

individuals that vary by situation. Instead of being universally applied, the ethics of care gives special dispensation to those in need, the vulnerable, and those within one's particular network of care. While premised on the parent/child model, these moral obligations based on care extend to other humans, relationships, and networks.

Within this ethical framework, the focus is more on responding to needs and avoiding harm than on recognizing rights. It changes the moral language from asserting separate, individualistic claims to a focus on the interconnected activities and obligations born of relationships. Instead of asking "what is just?" proponents of care ethics ask "who is in need and how should we respond?" In this latter understanding, one may be morally obligated to help the vulnerable merely because they are in need, regardless of whether their condition rises to the level of injustice under a rights-based framework. Using an ethics of care, an action is judged by its ability to meet the needs of those for which one is responsible. When applied to public policy, that group for which one is obligated to consider is quite large, and when policies are based on who is in need, the beneficiaries and outcomes may be quite a bit different than when they are based on who has a right.

## Conclusion

The above overview only scratches the surface of the varied theories of ethics and their intricacies, interpretations, and criticisms. Even in this thumbnail sketch, however, it is clear that different ethical frameworks lead to very different assessments of actions, decisions, and policies. Some focus on intention, others on results, still others on the character of the actor. They differ in their approach to duties, rights, and relationships and result in a different set of obligations. What they do all share, however, is a desire to operate within ethical guidelines. In order to establish these guidelines, theories of ethics urge us to assess our actions and decisions and continually ask "what is the right thing to do?"

## Cross-References


- ▶ Ethical Frameworks
- ▶ Ethics and Duty
- ▶ Kantian Ethics
- ▶ Philosophical Ethics
- ▶ Utilitarianism


## References


Cooper TL (2004) Big questions in administrative ethics: a need for focused collaborative effort. Public Adm Rev 64(4):395–407

Darwall SL (2003) Theories of ethics. In: Frey RG, Wellman CH (eds) A companion to applied ethics. Blackwell Publishing, Malden, pp 17–37

Denhardt JV, Denhardt RB (2002) The new public service: serving, not steering. M. E. Sharpe, New York

Gilligan C (1982) In a different voice: psychological theory and women's development. Harvard University Press, Cambridge

Gilligan C (1995) Hearing the difference: theorizing connection. Hypatia 10(2):120–127

Kant I (1994 [1785]) Grounding for the Metaphysics of morals. Hackett Publishing Company, Indianapolis

Mill JS (2001 [1863]) Utilitarianism. Hackett Publishing Company, Indianapolis

Pops GM (1994) A teleological approach to administrative ethics. In: Cooper TL (ed) Handbook of administrative ethics. Marcel Dekker, New York, pp 157–166

Svara JH (2007) The ethics primer for public administrators in government and non-profit organizations. Jones and Bartlett, Sudbury

Thompson DF (1992) Paradoxes of government ethics. Public Adm Rev 52(3):254–259


# Theories of Leadership


Wallace Swan
Walden University, Minneapolis, MN, USA


## Synonyms

Attribution leadership; Authentic leadership; Behavioral leadership theories; Complexity and integrative leadership; Great Man theory; Leadership; Online leadership; Performance-base leadership; Relational-based leadership theories; Situational and contingency leadership theories;

Team and participative leadership theories; Traits and skill-based leadership theories

## Introduction

The intent of this chapter is to talk about each of the major theories of leadership and discuss how they are related. Over the years, the field has since evolved into an array of leadership theories – with both striking differences as well as interrelationships between the theories.

**What is a theory?** According to Abraham Kaplan, "A theory is a way of making sense of a disturbing situation so as to allow us most effectively to bring to bear our repertoire of habits, and even more important, to modify habits or discard them altogether, replacing them by new ones as the situation demands" (Kaplan 1964, p. 295). Not all writing about "leadership" rises to the level of theory, so we shall attempt to eliminate a variety of material that does not meet these demanding criteria.

## Weberian Theory

**Weberian theory**: Max Weber talked about three types of leadership. The first type was *traditional* leadership, where the model of leadership was found in an organization that might be fairly static, possibly with leaders being chosen in hereditary fashion, and in a society that was not likely to be easily changed. Followers would be guided by the direction of the family, religious, or royal leader. The second type was the *rational-legal* leadership model. In this organization, the leader would be more likely to have been chosen by merit or political connection, and the organization would be hierarchical, with individuals occupying specific full-time roles for which they are paid. The *charismatic* leadership model is different, in that the leader would have power based upon their excellent powers of communication and influence, drawing people along by force of personality. **Charismatic leadership theory**, as further developed by Robert House, indicates followers who provide power to leaders based upon what they see as significant exceptional leadership capabilities (Robbins and Judge 2015, p. 375) and that these powers may be inherent in that person or may be learned. **Transactional and transformational leadership**: Drawing from the examples of differing types of leaders, James MacGregor Burns suggested that one can see several kinds of leaders. *Transactional* leaders are those who keep an organization stable by giving incentives, rewards, and punishments to employees to perform their tasks. They accomplish many or all of the functions of an existing organization, but do not necessarily push the organization forward to a higher level. By contrast, *transformational* leaders do pose challenges to their followers that move the followers and the organizations upward to a different level. An example would be Martin Luther King, Jr., who led the movement to ensure improved civil rights for African-American people. Building upon the earlier work of James MacGregor Burns, Bernard Bass developed this theoretical structure to include transactional, transformational, and laissez-faire leadership. **Laissez-faire leadership**: If one uses a continuum that begins with laissez-faire leadership on the lower left, and then with transactional leadership toward the middle, then one can visualize transformational leadership on the upper right-hand side of the continuum (Robbins and Judge 2015, p. 379). In laissez-faire leadership, the employees are trusted to do the work and give suggestions, and the leader simply does the cognitive work that is expected of them (Leadership Styles u.d.). If the employees are not self-directed, intellectual, and motivated, this style is not likely to work well. Northouse looks at this approach negatively, suggesting that the leader is not directive, does not interact effectively with employees, and does not challenge them to expand their horizons (Northouse 2013, p. 196).

## Great Person Theories

**Great Person theories**: The "Great Man" (or perhaps more aptly renamed as "Great Person," since many great leaders have been women) theory is based upon the examples of

major leaders in history. Examples range from Catherine the Great of Russia; Queen Elizabeth I; Peter the Great of Russia; Otto von Bismarck; George Washington; Abraham Lincoln; Indira Gandhi; Franklin Roosevelt; Ronald Reagan; Nelson Mandela; Martin Luther King, Jr.; and Alexander Hamilton, among many others. From examples such as these, and many others, one is able to draw out some characteristics of the leaders and develop theory about what characterizes their leadership capabilities. For example, Peter the Great went to Western Europe and came back to Russia with ideas about leadership and a determination to create an opening to the West that would modernize the country. Sometimes these characteristics might be *traits*, sometimes *skills*, and sometimes simply *style* or a mixture of the preceding ideas.

## Trait and Skills-Based Theories

**Trait leadership**: Drawing upon the idea that leaders have certain characteristics that make them leaders, and that leadership is a personal quality, trait theory seeks to identify the kinds of "traits" that are found in leaders. From Alexander Hamilton, one would draw the trait of financial acumen, from Otto von Bismarck one would draw the trait of organizational design, and from Franklin Roosevelt one would draw the trait of creativity in the face of financial collapse and wartime attacks. The early efforts involving testing for organizational roles sought out a list of these traits inherent in the applicants, who could then be evaluated, and candidates for positions could then be ranked on which traits they possessed or did not possess. Clearly *traits* and *skills* are closely related.

**Skills leadership**: The idea of skills leadership is just a bit different. Here the idea is that there are certain skills that are essential for a leader to have. The clear difference from the Great People theory, or the trait theory, is that the characteristics are not necessarily something the leader is born with. Instead, with a set of skills *that can be learned*, it is possible for a person to become a leader. Those skills would be human, conceptual, and technical, as Katz has noted (Northouse 2013, p. 44). At the level of a supervisor, technical skills are essential, as are human skills, with conceptual skills being less important. At the middle level of an organization, technical, conceptual, and human skills are more important. At the highest level of an organization, human and conceptual skills are vital, while technical skills are less important.

## Behavioral Theories

**Behavioral leadership theory**: Instead of looking at traits or skills, one looks at the behavior of the leader. Rensis Likert looked at two types of leaders: the *job-centered leader* (who focused upon the tasks to be accomplished) and the *employee-centered leader* (who focused upon the employees, their needs, and how to accomplish a desirable work environment). Ohio State research focused upon *initiating structure* which involved defining organizational structure to accomplish the job and *consideration* which created understanding between the leader and the employees (Gibson et al. 2006). The concept of *consideration* was basically derived from the same approach as *employee-centered leadership*.
**Style leadership**: This approach suggests that there are certain characteristics of a leader that might be described as their "style" of leadership. Everyone who has worked for a supervisor recognizes that there is a "style" of managing which a supervisor embodies. Northouse suggests that one can compact style into two variables: *task behaviors* which involve the functions or tasks that need to be done and *relationship behaviors* which are the relationships that people have in their workplace (Northouse 2013, p. 75). Visualize a continuum with task on one side and relationship on the other side. One could see this approach reflected in Blake and Mouton's managerial grid, in University of Michigan Survey Research Center studies of how the behavior of the leader had an effect upon groups, and Ohio State studies about how people behaved when performing leadership functions (including *initiating structure* and *consideration*). Some supervisors are good at task management, while others are good at relationship

management. The ideal boss is able to handle both effectively (Norhouse, pp. 76–82).

**Integrated global leadership**: As we move from a cultural base for leadership based solely upon the values of one country, into a more globalized context, it is important that we determine the characteristics of leadership that will better respond to that milieu. Geert Hofstede completed a study of one company (IBM) with employees in 53 countries and found four characteristics in common: "power distance, individualism-collectivism, masculinity-femininity, and uncertainty avoidance." Project GLOBE then expanded upon these characteristics using dimensions ("power distance, uncertainty avoidance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, humane orientation") and ranked countries as highest and lowest for each of these dimensions (Kinicki and Fugate 2012, pp. 66–68). In this way, it was possible to see how these country's cultures varied and what needed to be emphasized by managers as a way to be responsive to, and thrive in, these cultures. One might also look at the GLOBE (Global Leadership and Organizational Behavior Effectiveness) study, which looks at the ways in which the styles of leadership differ in each of the countries around the world (Robbins and Judge 2015, pp. 175–176).

**Multicultural diversity leadership theory**: Women as well as racial, ethnic, sexual orientation, and gender orientation/identity groups experience discrimination in the workplace (resulting in less than equal pay and unequal treatment). According to research by Bartunek, Walsh, and Lacey, women who are more directive are less effective than those who are less inclined in that direction, but Camilla Stivers and others suggest that the more nurturing styles of women may actually cover up the underlying hierarchical characteristics of systems (Denhardt and Catlaw 2015, p. 196). Subcultures in the society provide us with a number of challenging issues that need to be addressed – including the level of representation, what strategies can be used to include people from diverse cultures, and how to eliminate barriers to promotion and leadership. And increasingly the impact of the recognition of diversity of employees from a variety of world cultures has made dramatic changes in leadership theory.

## Relational-Based Leadership

**Relational-based leadership**: This theory emphasizes the capability of the leader to develop organizational relationships. The emphasis in this theory is not upon authority or hierarchy but instead upon interpersonal relationships (Drath 2001 cited in Uhl-Bien 2006, p. 672) and their capability to create new approaches and attitudes toward organizational issues (Uhl-Bien 2006, p. 654).

Deriving from the *relational-based leadership model* are **distributed approaches to leadership**: Emphasis upon the informal group came out of the human relations movement, which suggested that an organization was comprised of both the *formal* organization (as shown on an organization chart) as well as the *informal* organization which is comprised of the networks of relationships between employees. Increasingly today, emphasis is placed upon *informal leaders* who may help to move the organization in directions that management wants to achieve, as well as the role of *followers*. If top leaders in an organization work on transferring power to the followers as well as informal leaders, then these employees will develop an approach of thinking in ways that will accomplish the goals of the organization – without the leaders having to prescribe their goals and objectives (Van Wart 2012, pp. 93–103). The leaders and managers may also engage in **shared leadership**, which links together organizational units as opposed to the traditional hierarchical model (with silos of hierarchically distributed power that do not achieve organizational goals).

## Contingency and Situational Theory

**Contingency leadership**: In contingency theory, which may be viewed as one type of situational theory, the key issue is that what works in one context may not work in another. Writers such as

Fred Fiedler suggest that there must be linkage between the leader's style and how much they are able to control (or not control) the context in which they work (Robbins and Judge, p. 369). If they are not able to accomplish this match, they may need to move to a different role, where their capabilities are more effective in meeting organizational goals.

**Situational leadership**: This theory suggests that the leader needs to link their capabilities to the particular situation in which they find themselves. If there is not a linkage, there is not a good "fit." This theory indicates that the leader needs to select the correct leadership mode for the followers, which is in turn dependent upon the willingness of the followers to emulate the leader and perform the required task (Robbins and Judge 2015, p. 371). Another way of thinking about this is suggested by Kendra Cherry, who notes that in some circumstances, an authoritarian approach might be appropriate while in others a democratic model might be more useful (Cherry n.d.).

The **path-goal model** is based upon earlier work in expectancy theory which says that an employee will perform well if they see that a high level of effort will lead to a more positive outcome (Hodgetts 1979, p. 275). Victor Vroom originally developed a decision-making model based upon the use of decision trees. The path-goal model discusses four types of leadership (*directive leader*, *supportive leader*, *participative leader*, *achievement-oriented leader*) and discusses the ways in which one can determine the effectiveness of a leader in a variety of situations (Gibson et al. 2006, p. 326). By providing certain types of leadership and incentives, different goals can be achieved by the various types of leaders.

The **leadership participation model** proposed by Victor Vroom and Phillip Yetton developed a model, also based upon the use of decision trees, using a step-by-step process by which the leader could determine how much involvement by participants would be appropriate for a particular situation (Robbins and Judge 2015, p. 373).

One major form of relational-based theory (but also categorized as falling within contingency theory) is the **leader-member exchange** (LMX) theory which suggests that the leader must analyze each individual relationship and develop a unique working relationship dependent upon that situation (Northouse 2013, p. 161). The focus in previous leadership theories had been upon the leader and the characteristics of the person who functions in that role. In LMX theory, the key issue is in the "dyadic relationship" between the follower and the leader – with each such relationship being unique. Some types of dyadic relationships are more positive (the "in-group" works better with the leader) and other such relationships are more negative (the "out-group" that just comes to work and goes home). Later theory suggests that "leadership making" involves trying to develop effective dyads with all employees, rather than just those within the "in-group."

## Attribution Leadership

**Attribution leadership**: This is a reciprocal process. The employee looks at a leader to see what the leader's capabilities are, while the leader tries to interpret what the employee is doing (Wengrzyn n.d.). Van Wart and Suino note that in that way, expectations help to define both leadership as well as followership (Van Wart and Suino 2012, p. 134). This theory also suggests that people impute certain skills to leaders (Robbins and Judge 2015, pp. 388–389). For example, the belief that Barack Obama was going to bring "change" to Washington D.C. was later a source of great dissatisfaction among many people, because the meaning of "change" was different for each of the individual people who supported his efforts. **Substitutes**: If a leader is not able to create the needed level of support or structure, they may use their practical knowledge or learning to act as a substitute (Robbins and Judge 2015, p. 389). **Online leadership** is occasionally a difficult effort to accomplish because of the need to develop "identification-based trust" which is built upon a reciprocal interpersonal relationship between a supervisor and supervisee (Robbins and Judge 2015, p. 390).

**Psychodynamic leadership**: In its early stages, there were studies designed to look at the

psychological makeup of leaders, in order to determine how one might effectively understand the characteristics of a psychologically healthy (or unhealthy) leader; for example, one might look at Theodor Adorno's book on the *Authoritarian Personality*. More current thinking suggests that the personality is comprised of a variety of drives, feelings, and thought patterns. Amanda Taub's article "The Rise of American Authoritarianism" neatly summarizes the most recent work in this area (Taub 2016)

## Team and Participative Leadership Theories

**Team leadership**: Norhouse indicates that "team leadership" is one of the fastest-growing areas of leadership theory (Northouse 2013, p. 287). With the elimination of a large number of middle management positions, and the decision by top management to convene groups to solve ever-changing problems facing organizations, this is not surprising. The issue, however, is how to coordinate the activities of multiple teams and what type of leadership is most effective for this purpose. Stanley McChrystal, in his discussion of this subject, discusses three approaches that have been, or are being, used: (1) the hierarchical "command" model, where information flows up silos and back down again after being reviewed at the top level; (2) the "command of teams" where multiple teams are on a horizontal relationship, with one leader coordinating their activities; and (3) the "team of teams" model, where teams have a relationship among themselves that is like the person-to-person relationship within an individual team. In the latter approach, people on each team know members of the other teams so that the relationship between them is friendly and not competitive (McChrystal et al. 2015, pp. 128–129). This team of teams forms a network, in which the role of the leader is different. Rather than being a person who is tasked with knowing all of the answers, the leader of the network takes on the role of a "gardener" who is clearing out the weeds and underbrush (McChrystal et al. 2015, p. 226). In his particular example in Iraq, a daily operations and intelligence video teleconference was the mechanism by which this was accomplished. Patrick Lencioni suggests that there are "five dysfunctions" that must be addressed in teams: (1) absence of trust, (2) fear of conflict, (3) lack of commitment, (4) avoidance of accountability, and (5) inattention to results (Lencioni 2002). The use of an open and transparent videoconference is one means to eliminate these types of dysfunctions.

**Participative leadership**: Most of us are familiar with the kind of leadership that calls for a somewhat more democratic involvement of the people who are working in an organization. Instead of a top-down approach, wherein the leader sets out the goals, objective, and implementation strategies, the idea of participative leadership is that the leader builds in opportunities for employees to suggest directions for the organization as well as ways to accomplish the goals. The leader then provides a framework of overall direction as well as resources to accomplish the aims of the organization. This theory derives from the human relations theorists such as Elton Mayo and Mary Parker Follett, among others.

## Authentic Leadership

**Authentic leadership**: Robert Terry developed an "Authentic Action Leadership Wheel" that incorporated a variety of features leading to workplace fulfillment (Minard u.d.). The idea emerged more fully after the economic/social crises of the 1990s that a leader must be authentic in their relationships with co-workers and employees. The assumption is that this leader acts in a way which is honest and motivated by their own values, rather than by a desire for benefit to themselves (Minard u.d.). More recently, it has been suggested that authentic leaders know themselves, are transparent, and act upon what they believe (Robbins and Judge 2015, p. 381).

**Ethics-based leadership**: We have all seen the effects of a form of management that does not take into account any type of ethical standard. The British Petroleum (BP) incident in the Gulf of Mexico, the Enron experience with deceptive

accounting, as well as the Challenger explosion and the Hurricane Katrina experience all point to problems with lack of adherence to basic ethical constraints. Ethics-based management looks not only at the goals to be achieved by organizations but also the means by which they are to be accomplished. A variety of ethical models are proposed by Van Wart and Suino (2012, pp. 111–112). In their Model of Ethical and Exemplary Leadership, Van Wart and Suino define the characteristics of a "person of good character" and a "person of high character" (Van Wart and Suino 2012, pp. 125). One related approach of interest is that of M.E. Brown who attempts to relate charismatic and ethical leadership using **socialized charismatic leadership** which emphasizes a leader's relationship with others, as opposed to solely valuing themselves (Robbins and Judge, p. 383).

**Servant leadership**: The idea behind servant leadership is that the leader provides resources for, and is supportive of, the people that they manage. This is a radically different idea in that it does not presuppose that the leader supplies all of the energy and inspiration for the organization. Instead the group supplies many of the ideas, and the leader helps to enable the group to accomplish its goals. This approach assumes a level of humility on the part of the leader that is unusual in most organizations. Servant leaders listen to their followers and make sure that they develop the capabilities of their employees (Northouse 2013, p. 219).

**Trustworthy leadership**: This type of leader is compassionate and capable, ensures clarity of structure, and during a crisis situation does not hide the realities (Kramer 2014, p. 1). The *trustworthy leader* has the characteristics of integrity, benevolence, and ability (Robbins and Judge 2015, p. 385).

## Performance-Based Leadership

**Level 5 leadership**: Jim Collins (who created the concept of a "high-performance organization") is the developer of the Level 5 leadership theory which suggests the way that a company achieves greatness is by having a leader who exudes humility but who also has strong willpower (Collins 2005). The levels which lead up to Level 5 are as follows: "Level 1 Highly Capable Individual. . .Level 2 Contributing Team Member. . .Level 3 Competent Manager. . .Level 4 – Effective Leader. . ." (Level 5 Leadership Project Accelerator News, www.projectaccelerator.co.uk).

## Complexity and Integrative Leadership

**Complexity leadership theory**: As noted by Van Wart and Suino, this theory is premised upon the existence of chaos theory which recognizes the need for adaptation to change as well as awareness that even the smallest change may lead to the need for major organizational adjustment (Van Wart and Suino 2012, p. 145). In the complexity leadership model, there is considerable similarity to relationship theory since it suggests that including people from diverse backgrounds may allow for improved adaptation (Crowell 2011, pp. 3–4).

**Integrative leadership**: Most recently, the emphasis in public administration has been upon networks and collaboration. Networks are the web of connections between organizations, and collaboration is the process of working together on administrative problems that often cannot be dealt with by a single agency, especially in times when there are limited resources. Hence the idea of integrative leadership is to have different organizations and groups work together on an as-needed basis across traditional organizational lines (Crosby and Bryson 2010, p. 1).

## Conclusion

We have seen a wide variety of organizational theories in this chapter. Their value is to allow leaders (and potential leaders) a variety of frameworks to use when one is managing a small group, a division, a department, or a very large organization. The more recent models, especially integrative leadership, emphasize not only management of a single organizational unit but also efforts to

take advantage of the possibilities inherent in multiple organizations working together for the common good.

## References


Cherry K (n.d.) Leadership theories: the eight major leadership theories. psychology.about.com, http://psychology.about.com/od/leadership/p/leadtheories.htm

Collins J (2005) Level 5 leadership: the triumph of humility and fierce resolve. Harv Bus Rev.. https://hbr.org/2005/07/level-5-leadership-the-triumph-of-humility-and-fierce-resolve

Crosby BC, Bryson JM (2010) Integrative leadership and maintenance of cross-sector collaborations. Leadership Quart 21(2):211–230

Crowell D (2011) Complexity leadership: nursing's role in health care delivery. F.A. Davis Company, Philadelphia

Denhardt R, Catlaw T (2015) Theories of public organization, 7th edn. Cengage Learning, Stamford

Gibson J, Ivancevich J, Donnelly J, Konopaske R (2006) Organizations: behavior, structure, processes. McGraw Hill Irwin, New York, p 318

Hodgetts R (1979) Management: theory, process and practice. W.B. Saunders, Philadelphia

Kaplan A (1964) The conduct of inquiry: methodology for behavioral science. Chandler Publishing Company, San Francisco

Kinicki A, Fugate M (2012) Organizational behavior: key concepts, skills and best practices. McGraw Hill Irwin, New York

Kramer R (2014) How do trustworthy leaders behave? Insights by Stanford Business, 19 Sept 2014. https://www.gsb.stanford.edu/insights/roderick-kramer-how-do-trustworthy-leaders-behave

Leadership styles: important leadership styles. (u.d.) http://managementstudyguide.com/leadership-styles.htm

Lencioni P (2002) The five dysfunctions of a team: a leadership fable. Jossey-Bass:Wiley, San Francisco

Level 5 Leadership Project Accelerator News. www.projectaccelerator.co.uk, https://www.google.com/search?q=level+5+leadership&biw=1680&bih=949&tbm=isch&imgil=B32YhQqwvTEpeM%253A%253BDe8bk9ghUTueZM%253Bhttp%25253A%25252F%25252Fwww.projectaccelerator.co.uk%25252Flevel-5-leadership%25252F4387&source=iu&pf=m&fir=B32YhQqwvTEpeM%253A%252CDe8bk9ghUTueZM%252C_&usg=__gxZIqnSaVwoSOE0nXz8KWt9i-Fw%3D&ved=0CEAQyjdqFQoTCMKQluW7pscCFRcVkgodbI8BxQ&ei=McTMVYK0A5eqyATsnoaoDA#imgrc=B32YhQqwvTEpeM%3A&usg=__gxZIqnSaVwoSOE0nXz8KWt9i-Fw%3D

McChrystal S, Collins T, Silverman D, Fussell C (2015) Team of teams: new rules of engagement for a complex world. Portfolio/Penguin, New York

Minard R (u.d.) Authentic and transformational leadership styles. https://robertminard.wordpress.com/2012/11/10/authentic-and-transformational-leadership-styles/

Northouse P (2013) Leadership: theory and practice, 6th edn. Sage, Thousand Oaks

Robbins S, Judge T (2015) Organizational behavior, 16th edn. Pearson, Essex

Taub, A (2016) The rise of American authoritarianism. http://www.vox.com/2016/3/1/11127424/trump-authoritarianism

Uhl-Bien M (2006) Relational leadership theory: exploring the social processes of leadership and organizing. 1 Dec 2006 http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1018&context=leadershipfacpub

Van Wart M. with Paul Suino (2012) Leadership in Public Organizations: An Introduction. 2. M.E. Sharpe Inc. Armonk/New York/London

Wengrzyn R (n.d.) The attribution theory of leadership. http://study.com/academy/lesson/the-attribution-theory-of-leadership.html


# Theories of Revolution


Mario Coccia
CNR – National Research Council of Italy, Torino, Italy
Yale University, New Haven, CT, USA


## Synonyms

Coup d'état; Insurrection; Internal war; Political change; Rebellion; Social change; Structural change

## Definition

*Revolution* (originates from Latin *revolutiononis* = upheaval), in political science, is a phase of the historical evolution of nations that generates a rapid and radical (social, economic, and political) change in society.

## Introduction

Revolution is one of the most important phases of the historical evolution of nations, occurring in the

presence of socioeconomic and political issues. Revolution is: "change, effected by the use of violence, in government, and/or regime, and/or society. By *society* is meant the consciousness and the mechanics of communal solidarity, which may be tribal, peasant, kinship, national, and so on; by *regime* is meant the constitutional structure-democracy, oligarchy, monarchy; and by *government* is meant specific political and administrative institutions" (Stone, 1966, p. 159, original Italics). This definition allows to distinguish between the seizure of power that leads to a major restructuring of government or society with the replacement of the former elite by a new one, and the coup d'état involving no more than a change of ruling personnel by violence or threat of violence. In the 1960s, social scientists at Princeton University have changed the word "revolution" with the concept of "internal war" that is defined as any attempt to alter state policy, rulers, and/or institutions by the use of violence in society, where violent competition is not the norm and where well-defined institutional patterns exist (Rosenau 1964).

## Theories, Characteristics, and Causes of Revolution

Philosophy, history, and other social sciences have different approaches to explain revolution (see Fig. 1). In philosophy, Georg Wilhelm Friedrich Hegel suggests that revolution is equated with irresistible change represented by a manifestation of the world spirit in an unceasing quest for its own fulfillment. In this context, Karl Marx argues that revolution is a product of irresistible historical forces, which culminate in a struggle between bourgeoisie and proletariat. Arendt (1963) interprets the revolutionary experience as a restoration, whereby insurgents attempt to restore liberties and privileges, which

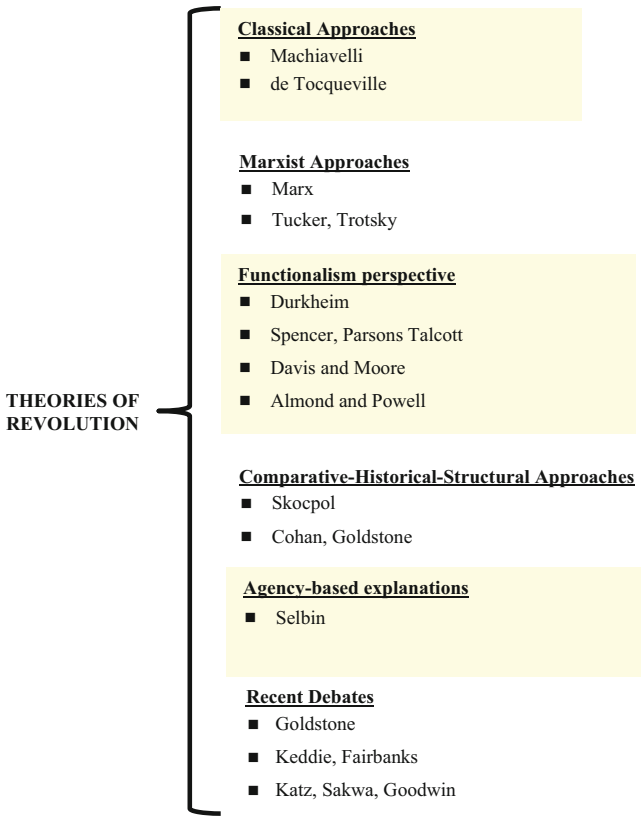


**Theories of Revolution, Fig. 1** Different approaches for explaining revolution in society

T

| | | Temporal duration | | | |
|---|---|---|---|---|---|
| | | *Long* | *Moderate* | *Short* | *Very Short* |
| **Mass participation / Domestic violence** | *High* | Mass Revolution e.g., France 1789 | | | |
| | *Moderate* | | Revolutionary coup e.g., 2017 Zimbabwean coup d'état | | |
| | *Low* | | | Reform coup e.g., 1955 in Argentina | |
| | *None* | | | | Palace revolution e.g., Venezuela 1948 |

**Theories of Revolution, Fig. 2** Types of revolution and some examples categorized with the level of participation of people, of violence and of temporal duration. Adapted from Tanter and Midlarsky (1967)

were lost because of government's temporary lapse into despotism. Instead, de Tocqueville (1955, p. 8) has defined revolution as an overthrow of the legally constituted elite, which initiated a period of intense social, political, and economic change.

Deutsch (1964, pp. 102–104) proposes four characteristics to differentiate the types of revolution (cf., Fig. 2):

(a) Degree of mass participation
(b) Duration
(c) Number of persons killed both during and after revolution (a measure of intensity)
(d) Intentions of insurgents and their eventual outcome

In this theoretical framework, a revolution may be due to a group of insurgents that illegally and/or forcefully challenges the governmental elite for the occupancy of roles in the structure of political authority. A successful revolution occurs when insurgents are able to occupy principal roles within the structure of political authority. Moreover, if successful insurgents are ideologically committed to certain goals, then they may initiate changes in societal structure to effect the realization of these goals. In general, the changes in the personnel of governmental elite are often the precondition for meaningful changes in the political and social structure of nations.

Determinants of revolution can be:

- Preconditions (long-run causes), which create a potentially explosive situation
- Precipitants (immediate, incidental factors), which trigger the outbreak and may be nonrecurrent, personal, and/or accidental

Brinton (1938) proposes a series of *universals* to explain the great Western revolutions (English, French, American, and Russian), such as economically advancing society, growing classes and status antagonisms, psychologically insecure and politically inept ruling class, and governmental financial crisis (cf., Gottschalk 1944).

Eckstein (1964) analyzes some conditions of revolution, moving from intellectual to economic (increasing poverty, rapid growth, income inequality, etc.), to social (resentment, conflicts due to the rise of new social classes, etc.), and to political factors (bad government, oppressive government, etc.). Moreover, other situational factors can affect the sources of revolution, such as a lack of harmony between state structure and society. Chalmers (1964) defines this situation *dysfunction*. In particular, if the process of change is slow and moderate, the dysfunction may not rise to dangerous levels. However, if the change is both rapid and profound, it may cause deprivation, alienation, and anomie in society, causing what Chalmers (1964) calls *multiple dysfunctions*. Hence, revolutions are due to a condition of multiple dysfunctions associated with intransigent elite.

Eckstein (1964) also suggests that each type of internal war and each step of each type can be explained with eight variables: four *positive* variables (elite inefficiency, disorienting social process, subversion, and available rebel facilities)

and four *negative* variables (diversionary mechanisms, available incumbent facilities, adjusted mechanisms, and effective repression).

According to behaviorist approach, a prime factor of revolution is the emergence of an obsessive revolutionary mentality. Talcott Parsons treats disaffection or "alienation" as a generalized phenomenon that may manifest itself in crime, alcoholism, drug addiction, religious enthusiasm, or serious political agitation. In general, causes of the alienation of revolutionaries and of the weakness of incumbent elite can be economic factors. In this context, Karl Marx states that popular revolution is due to increasing misery, whereas de Tocqueville (1955) claims that revolution is due to increasing prosperity. Olson (1963) argues that revolutions are the product of rapid economic growth, which creates both *nouveaux riches* and *nouveaux pauvres.* Davies (1962) argues that the fundamental impetus toward a revolutionary situation is generated by a rapid and long-run economic growth associated with a rising of the standard of living, followed by a short-term phase of economic stagnation (cf., Coccia 2010a, 2018a). In short, revolution creates new expectations by economic improvement, social and political reforms, and new patterns of technological innovation (Coccia 2010b, 2014, 2014a, 2015, 2015a, 2016a, b, 2017a, 2019), but subsequent economic recessions can increase the gap between expectations and real condition of population.

The reference group theory by Merton (1957) suggests that human satisfaction is related to the condition of a social group of reference against which the individual measures his current situation. Mass diffusion of information and communication technologies even among poor people of the world and the knowledge of high consumption standards elsewhere can induce alienation, distress, and psychopathology in poor society, generating instability and social issues; in fact, the reference group of nations may be other near countries, such as poor countries of North Africa versus rich European ones.

In general, Hopper (1950, pp. 270–279) explains revolution with four social stages:

1. The first is characterized by indiscriminate, uncoordinated mass unrest and dissatisfaction.
2. The next stage sees this unease beginning to coalesce into organized opposition with defined goals; an important characteristic is a shift of allegiance by intellectuals from incumbents to dissidents. Two types of leaders emerge in this stage: a) the prophet sketches the shape of new utopia upon which men's hopes can focus, and b) the reformer works methodically toward specific goals.
3. The third stage is the beginning of the revolution proper. Motives and objectives are clarified, organization is built up, and a statesman leader emerges. Subsequently, conflicts between the left and the right of revolutionary movement become acute, and the radicals take over from moderates.
4. The fourth and last stage is the legalization of revolution. The administrators take over, strong central government is established, and society is reconstructed on a structure that embodies elements of the old system.

## Classification of Different Typologies of Revolution

Brinton (1938, pp. 3–4) suggests a differentiation of revolution in which *a*) coup d'état generates the replacement of one elite by another one, whereas *b*) major revolution generates social, political, and economic change (cf., Fig. 2). Blanksten (1962, p. 72) also distinguishes between coup d'état and revolution, which both have profound consequences for the social structure of nations. Lasswell and Kaplan (1950, p. 252) present a further refinement in the classification of revolution using three categories: palace revolutions, political revolutions, and social revolutions. In this context, a type of revolution similar to palace revolution is the *caudillismo* (a common form of coup d'état in Latin America). These forms of revolution appear to generate an increasing degree of change initiated by successful insurgents and followed by increasing political and social change.

Instead, Rosenau (1964, pp. 63–64) suggests three categories of internal wars:

- Personnel wars: goal is the occupancy of existing roles in the structure of political authority. This concept is similar to palace revolution.
- Authority wars: insurgents compete for the occupancy of roles in the political structure and for their arrangement. Authority wars are struggles to replace dictatorships with democracies.
- Structural wars: goal of insurgents is the introduction of social and economic changes in society (structural wars contain elements of both personnel and authority wars).

In Rosenau's ranking, personnel wars are at the lowest rank position with regard to the degree of social change; instead, authority wars are at an intermediate rank, and finally structural wars are at the highest rank in the scale of social change.

Huntington (1962, pp. 23–24) has suggested a classification of revolution in four categories (cf., Fig. 2): mass revolution, revolutionary coup, reform coup, and palace revolution. The concepts of mass revolution and palace revolution are similar to Rosenau's structural and personnel wars, while revolutionary and reform coups can be included under the category of authority wars.

Finally, Chalmers (1964) categorizes revolution in six typologies:

1. The jacquerie is a spontaneous mass peasant rising, usually carried out in the name of traditional authorities (church and king) and with the limited aims of purging the local or national elites.
2. The millenarian rebellion is similar to the first type but with the added feature of a utopian dream, inspired by a living messiah, such as the revolution of Florence in Italy led by Savonarola, a religious and political reformer, in 1494.
3. The anarchistic rebellion is the nostalgic reaction to progressive change, involving an idealization of the old order, such as the Vendée Rebellion (1793–1796), counterrevolutionary insurrections in the west of France during the French Revolution.
4. The Jacobin communist revolution is: "a sweeping fundamental change in political organization, social structure, economic property control and the predominant myth of a social order, thus indicating a major break in the continuity of development" (Sigmund Neumann as quoted in Chalmers 1964). The goal here is the creation of a more efficient order on the ruins of the old structure of privilege, nepotism, and corruption.
5. The conspiratorial coup d'état is the planned work of a tiny elite fired by an oligarchic ideology. This is a revolutionary type only if it anticipates mass movement and generates social change, such as the Castro revolution in Cuba from 1953 to 1959; it is distinguished from palace revolt, assassination, dynastic succession-conflict, and other forms of political violence, which are all under the category of "internal war (cf., Coccia 2017)."
6. The militarized mass insurrection is a planned mass revolutionary war guided by dedicated elite. This guerrilla warfare is determined by political attitudes and rebels are dependent on popular support. This type of struggle is the insurrection in Vietnam, 1965–1973; Algerian War, 1954–1962; Afghan resistance, 1979–1989; etc.

A classification of manifold types of revolution is in Fig. 3.

## Conclusion

Revolution is a phase in the historical evolution of some nations that can generate a structural change in society. A distinct form of revolution, not included in previous studies, can be *terrorism* that has similar characteristics to revolution, such as violence, a desire for power, and the need to attract attention and send a message (Fig. 3). Terrorism, like revolution, emerges in the presence of social and political issues and of a group organized of people having a purpose related to these issues. Coccia (2018) argues that

- Coup d'état, Caudillismo in Latin America: replacement of one elite by another one
- Major or Mass Revolution: it generates social, political and economic change

- Palace Revolution
- Political Revolution (increasing degree of change)
- Social Revolution

- Personnel War: the occupancy of existing roles in the structure of political authority
- Authority War: the struggle to replace dictatorships with democracies
- Structural War: it contains elements of both personnel and authority wars

- Jacquerie: it is a spontaneous mass peasant rising
- Millenarian Rebellion: it is guided by a utopian dream, inspired by a living messiah
- Anarchistic Rebellion: it is a reaction to progressive change, involving an idealization of the old order
- Jacobin Communist Revolution: the creation of a more efficient order without nepotism and corruption
- Conspiratorial Coup d'état: it is the planned work of a tiny elite fired by an oligarchic ideology
- Militarized Mass Insurrection: it is planned mass revolutionary war guided by dedicated elite

- Terrorism: it has similar characteristics to revolution, such as violence, a desire for power, the need to attract attention and send a message.

**Theories of Revolution, Fig. 3** Different types of revolution in social and political sciences

terrorism (i.e., a distinct form of political violence with some characteristics similar to revolution) thrives in specific regions with high growth rates of population that generate income inequality and relative deprivation of people. In short, terrorism has many analogies with revolution (e.g., economic, social, political, and demographic determinants), and it can generate structural change in problematic societies, such that terrorism might be considered an additional and specific form of revolution (cf., Coccia 2018).

Overall, then, revolutions are due to instability of manifold economic, social, demographic, ethnic, anthropological, and perhaps religious factors in society. To conclude, revolutions are mainly linked to the question of what human beings truly need and how they seek to satisfy needs, solve social issues, and adapt to changing contexts and environmental threats in society.

## Cross-References


- ▶ Revolutions and Evolutions
- ▶ Role of Superpowers in Conflict Development and Resolutions, The
- ▶ Theories of Development


## References


Arendt H (1963) On revolution. Viking, New York

Blanksten G (1962) Latin American revolutions. In: The 1962 Carolina symposium: Today's revolutions. University of North Carolina, Chapel Hill, pp 71–79

Brinton C (1938) The anatomy of revolution. Vintage, New York

Chalmers J (1964) Revolution and the social system. Hoover Institution Studies, Stanford

Coccia M (2010a) The asymmetric path of economic long waves. Technol Forecast Soc Chang 77(5):730–738. https://doi.org/10.1016/j.techfore.2010.02.003

Coccia M (2010b) Democratization is the driving force for technological and economic change. Technol Forecast

Coccia M (2014) Socio-cultural origins of the patterns of technological innovation: what is the likely interaction among religious culture, religious plurality and innovation? Towards a theory of socio-cultural drivers of the patterns of technological innovation. Technol Soc 36 (1):13–25. https://doi.org/10.1016/j.techsoc.2013.11.002

Coccia M (2014a) Driving forces of technological change: the relation between population growth and technological innovation-analysis of the optimal interaction across countries. Technol Forecast Soc Chang 82 (2):52–65. https://doi.org/10.1016/j.techfore.2013.06.001

Coccia M (2015) Patterns of innovative outputs across climate zones: the geography of innovation, Prometheus. Crit Stud Innov 33(2):165–186. https://doi.org/10.1080/08109028.2015.1095979

Coccia M (2015a) General sources of general purpose technologies in complex societies: theory of global

leadership-driven innovation, warfare and human development. Technol Soc 42(August):199–226. https://doi.org/10.1016/j.techsoc.2015.05.008
Coccia M (2015b) Technological paradigms and trajectories as determinants of the R&D corporate change in drug discovery industry. Int J Knowl Learn 10(1):29–43. https://doi.org/10.1504/IJKL.2015.071052
Coccia M (2016a) Problem-driven innovations in drug discovery: co-evolution of the patterns of radical innovation with the evolution of problems. Health Policy Technol 5(2):143–155. https://doi.org/10.1016/j.hlpt.2016.02.003
Coccia M (2016b) Radical innovations as drivers of breakthroughs: characteristics and properties of the management of technology leading to superior organizational performance in the discovery process of R&D labs. Tech Anal Strat Manag 28(4):381–395. https://doi.org/10.1080/09537325.2015.1095287
Coccia M (2017a) A Theory of general causes of violent crime: homicides, income inequality and deficiencies of the heat hypothesis and of the model of CLASH. Aggress Violent Behav 37(November-December):190–200. https://doi.org/10.1016/j.avb.2017.10.005
Coccia M (2017b) The source and nature of general purpose technologies for supporting next K-waves: global leadership and the case study of the U.S. Navy's Mobile User Objective System. Technol Forecast Soc Chang 116:331–339. https://doi.org/10.1016/j.techfore.2016.05.019
Coccia M (2018) Terrorism driven by high population growth. Contemp Voices: St. Andrews J Int Relat 1 (1):1–13. https://cvir.st-andrews.ac.uk/131/volume/1/issue/1/) Available at SSRN: https://ssrn.com/abstract=3175185
Coccia M (2018a) A theory of the general causes of long waves: war, general purpose technologies, and economic change. Technol Forecast Soc Chang. 128 (March):287–295. https://doi.org/10.1016/j.techfore.2017.11.0131
Coccia M (2019) The theory of technological parasitism for the measurement of the evolution of technology and technological forecasting. Technol Forecast Soc Chang 141:289–304. https://doi.org/10.1016/j.techfore.2018.12.012
Davies JC (1962) Toward a theory of revolution. Am Sociol Rev 27(1):5–13
De Tocqueville A (1955) The old regime and the French revolution. Doubleday, New York
Deutsch KW (1964) External involvement in internal wars. In: Eckstein H (ed) Internal war: problems and approaches. Free Press of Glencoe, New York, pp 100–110
Eckstein H (1964) Internal war: problems and approaches. Free Press of Glencoe, New York
Gottschalk L (1944) Causes of revolution. Am J Sociol 50(1):1–8
Hopper RD (1950) The revolutionary process. Soc Forces 28:270–279
Huntington S (1962) Patterns of violence in world politics. In: Huntington S (ed) Changing patterns of military politics. Free Press, New York, pp 17–50
Lasswell H, Kaplan A (1950) Power and society. Yale University Press, New Haven
Merton R (1957) Social theory and social structure. Free Press of Glencoe, New York, Chap. 4
Olson M (1963) Rapid growth as a destabilizing force. J Econ Hist 23:529–552
Rosenau JN (1964) Internal war as an international event. In: Rosenau JN (ed) International aspects of civil strife. Princeton University Press, Princeton, pp 45–91
Stone L (1966) Theories of revolution. World Polit 18(2):159–176
Tanter R, Midlarsky M (1967) A theory of revolution. Confl Resolut 11(3):264–280

# Theories of Self-Determination

Coccia Mario
CNR – National Research Council of Italy, Torino, Italy
Yale School of Medicine & Yale New Haven Hospital, New Haven, CT, USA

## Synonyms

Autonomy; Behavioral Self-regulation; Competence; Intrinsic Motivation; Relatedness

## Definition

Self-determination Theory explains the factors of intrinsic motivation (autonomy, competence, and relatedness) and of extrinsic motivation (internalization and integration) that support personality development and behavioral self-regulation to improve personal wellbeing and performance of people in organizations and society.

## Introduction

In order to explain self-determination theory, it is important to clarify the concept of motivation that originates from Latin word *movere* = "to move."

The study of motivation focuses on factors that incite resources of a person to achieve goals and support rational choices in organizations and society. Scholars have developed different approaches to analyze and foster motivation in organizations (Mullins 1999). The early theories of motivation are based on hedonism by Locke, Bentham, etc.: individuals behave in a manner to maximize pleasure and minimize displeasure. The theories of motivation in management from 1910s to 1960s are affected by Frederick Taylor with the approach of *scientific management* and by Douglas McGregor with the *human relations movement*. Taylor's approach is directed to maximize labor efficiency of employees, which are motivated by more than money. Recent studies suggest that employees have a variety of needs, such as security, social fulfillment, and challenging job. In this research field, Douglas McGregor advanced two beliefs about human behavior: Theory X and Theory Y. *Theory X* has the following assumptions: (1) average human being has dislike of work; (2) people have to be coerced, controlled, and threatened with punishment to achieve goals; (3) average human being has little ambition. Theory X was a widely accepted managerial approach prior to the human relations movement (Ivancevich et al. 1977). *Theory Y*, by contrast, considers: (1) commitment to objectives is a function of rewards associated with their achievement; (2) average human being learns; (3) people can exercise self-direction and self-control to achieve goals; finally, (4) intellectual potential of the average human being is only partially utilized (cf., Ivancevich et al. 1977).

Contemporary theories of motivation have two directions: content and process theories.

*Content theories* of individual motivation identify people's needs, their relative strengths, the goals they pursue to satisfy these needs, etc. Main content theories are: Maslow's hierarchy of needs model; Alderfer's modified need hierarchy model; Herzbers's two-factor theory; and McClelland's achievement motivation theory (Mullins 1999).

*Process theories* of motivation focus on work-related factors that arouse employees to motivated behavior. Main process theories are: expectancy-based models by Vroom, Porter and Lawler; equity theory by Adams; goal theory by Locke and also the attribution theory by Heidler and Kelley (Mullins 1999).

Managers can apply these different theories to support specific situations and/or organizations. In this context, *Self-Determination Theory* (SDT) is a broad theoretical framework for the study of human motivation and personality in organizations and society (Deci and Ryan 2004; Ryan and Deci 2000). In fact, humanity has curious, vital, and self-motivated people that are inspired, striving to learn, wish to extend themselves, master new skill, and apply their talents responsibly (Ryan and Deci 2000; Deci and Ryan 2004). Next sections explain the characteristics of this general theoretical framework of SDT.

## Self-determination Theory (SDT)

SDT analyzes the factors of human motivation and personality with a metatheory that highlights the importance of humans' evolved inner resources for personality development and behavioral self-regulation of people in organizations (Deci 1980; Deci and Ryan 2004; Ryan et al. 1997). In general, human nature has the natural tendency to seek out novelty and challenges, to extend and exercise one's capacities, to explore, and to learn. In this context, the domain of SDT is the investigation of people's inherent growth tendencies and innate psychological needs that are the basis for self-motivation and personality integration. In particular, SDT focuses on positive developmental tendencies, and social environments that are antagonistic towards these tendencies, to explain factors that support or undermine self-motivation, social functioning, and personal well-being. SDT begins with an analysis of the determinants of intrinsic motivation and human tendency towards learning and creativity that support motivation, performance, and well-being of people in organizations, competition and society (Baard et al. 2004; Coccia 2014; Coccia and Cadario 2014; Coccia and Rolfo 2013). As a matter of fact, *intrinsic motivation* exists in the job itself and gives personal satisfaction to individuals, such as autonomy, recognition, expense preference (e.g., leeway to invest monetary resources), trust, and empowerment

(Benati and Coccia 2018; Coccia 2019, 2001). Especially, intrinsic motivation describes the natural inclination towards assimilation, mastery, spontaneous interest, and exploration that are essential factors to cognitive and social development for enjoyment and vitality throughout life of people (Ryan et al. 1997; Coccia 2019). O'Reilly et al. (1991) have suggested that intrinsic motivation may be more important for affective commitment and job involvement within organizations.

SDT is based on a subtheory called by Deci and Ryan (1985) *cognitive evaluation theory* (CET) that has the aim of specifying factors that explain intrinsic motivation. In particular, CET is framed in terms of social and environmental factors that facilitate intrinsic motivation *versus* factors that undermine it. CET also specifies that feelings of *competence* will not enhance intrinsic motivation unless accompanied by a sense of *autonomy*. Within SDT, autonomy is not to being independent, detached, or selfish but rather it is associated with the feeling of volition that can accompany any act, whether dependent or independent, collectivist or individualist. Studies show that autonomy supportive parents, rather than controlling parents, have children who are more intrinsically motivated (Grolnick et al. 1997). Autonomy and competence support intrinsic motivation in association with a third vital factor that is *relatedness*. According to CET, social environment can facilitate intrinsic motivation and people will be intrinsically motivated only for activities that hold intrinsic interest for them and that have the appeal of novelty and challenge. SDT also suggests that the basic needs for competence, autonomy, and relatedness must be satisfied across the life span for an individual to experience an ongoing sense of integrity and well-being (Ryan and Frederick 1997). Moreover, SDT suggests that the failure of supporting competence, autonomy, relatedness (not only of children but also of students, employees, patients, athletes, socializing agents, etc.), it can generate the possible effect of alienation and ill-being of individuals in society.

Within SDT, Deci and Ryan (1985) introduced a second subtheory, called *organismic integration theory* (OIT), to detail the different forms of extrinsic motivation and contextual factors that either promote or hinder internalization and integration of the regulation of behaviors. Fig. 1 illustrates the OIT taxonomy of motivational types, arranged from left to right in terms of the degree to which the motivations emanate from the self (i.e., they are self-determined). Internalization refers to people's *taking in* a value or regulation, whereas integration refers to the transformation of regulation into their own that, as a consequence, it will emanate from their *sense of self*.

SDT recognizes that extrinsically motivated actions can also become self-determined. In fact, individuals, with internalization and integration, can be extrinsically motivated and committed. These types of motivation are: external motivation triggered by outside rewards and punishments; introjected motivation based on internal rewards and punishments, such as guilt and self-esteem; identified motivation based on consistency with one's system of values; and integrated motivation based on assimilation into one's system of values (Ryan and Deci 2000).

## Public Management Implications of the Self-Determination Theory

SDT claims that conditions supportive of autonomy and competence can facilitate human growth tendency, whereas conditions of controlled behavior can undermine its expression. Baard et al. (2004) show that on the one hand, employees' experiences of the satisfaction of needs for autonomy, competence, and relatedness in the workplace support performance and well-being at work; on the other hand, excessive control and lack of connectedness can disrupt organizational learning, reducing initiative and responsibility, and also generating distress and psychopathology of individuals (cf., Coccia 2001; Coccia and Cadario 2014; see Fig. 2).

Experimental research inspired by self-determination theory suggests that monetary incentives generate two opposite effects: (a) they enhance extrinsic motivation (the *price effect*); (b) they threaten the need for autonomy,

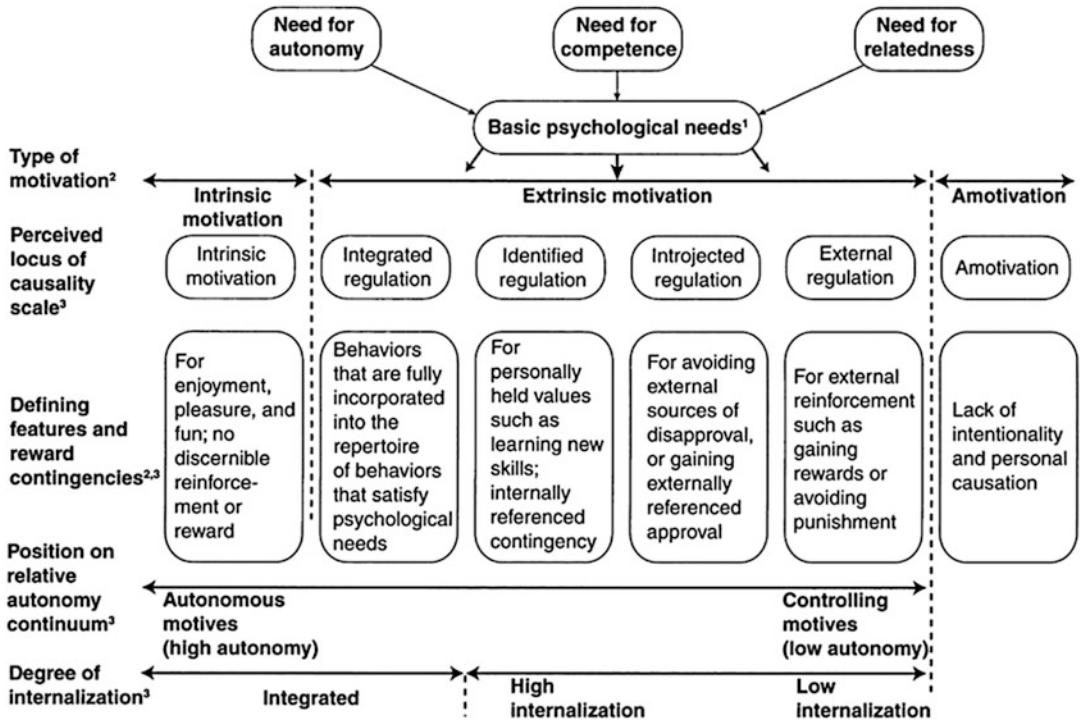


**Theories of Self-Determination, Fig. 1** Self-determination Theory. (Adapted from Ryan and Deci 2000)

competence, and relatedness, lowering intrinsic motivation – the *crowding-out effect*. Self-determination theory suggests that extrinsic rewards can be demotivating and dissatisfying to individuals (Deci and Ryan 1985). In particular, extrinsic rewards and motivations can undermine perceived autonomy because they have a negative effect on intrinsic interest in a task or job (Deci 1975). Moreover, goals for financial success can undermine well-being, because these goals represent a controlled orientation that interferes with the fulfillment of more enduring needs, such as self-acceptance or affiliation.

Self-determination theory also suggests that performing a task in anticipation of a reward, under surveillance, or within a time limit, it can decrease intrinsic motivation (Deci et al. 1999). In addition, self-determination theory argues that positive feedback, salary, unexpected bonus, competence, and personal growth do not undermine intrinsic motivation, but performance contingent rewards do (Deci et al. 1999). In fact, intrinsic motivation, under certain conditions, can be undermined by pay for performance: giving someone a performance-contingent monetary incentive to do something they already enjoy, it can decrease motivation to do it because the person can view its action as externally driven rather than as internally appealing. In short, extrinsic motivation satisfies personal needs indirectly, because it leads to separable outcomes, such as monetary compensation (Ryan and Deci 2000). In particular, money cannot produce direct utility, but it enables an individual to acquire desired products. Intrinsic motivation, by contrast, satisfies personal needs directly by creating an intrinsic reward for those who perform tasks. Hence, pay for performance can lead, under certain conditions, to a crowding-out effect on intrinsic motivation. For this reason, the performance of interesting tasks is likely to suffer in the presence of performance-related pay (Ryan and Deci 2000).

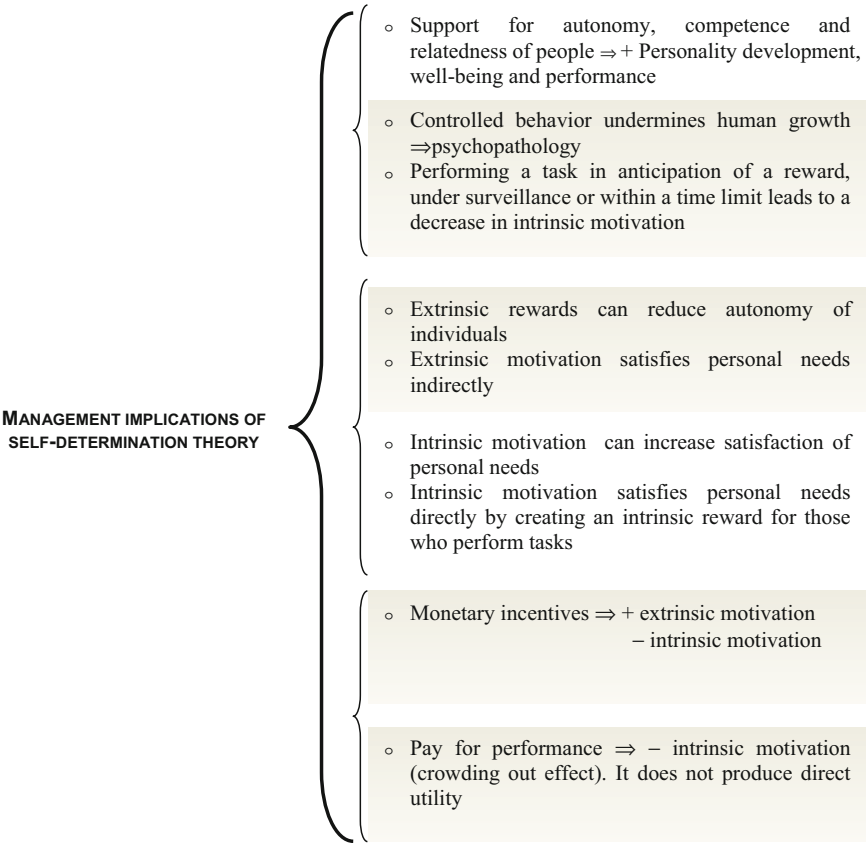


**Theories of Self-Determination, Fig. 2** Management implications of Self-Determination Theory. Note: + (plus) indicates *positive* effects; – (minus) indicates *negative* effects

## Conclusion

The self-determination theory (SDT) assumes that individuals may derive utility from the activity itself (Deci 1975). SDT suggests that employees are intrinsically motivated if they perform tasks based on loyalty, an internalized sense of duty, and/or enjoyment. Autonomy and competence support intrinsic motivation in association with a third vital factor that is *relatedness*.

These three elements support personality development and behavioral self-regulation, improving personal wellbeing and performance of people in organizations and society.

These predictions of SDT are supported by numerous experiments and field studies in management and psychological economics. Overall, then, STD seems to be an appropriate theoretical framework for explaining and supporting motivation and satisfaction of people and for designing best practices directed to improve their behavior and performance in organizations and society.

## Cross-References

► Comparative Incentive Systems
► Metabolism of Public Organizations
► Rewards in Bureaucracy and Politics

## References

Baard PP, Deci EL, Ryan RM (2004) Intrinsic need satisfaction as a motivational basis of performance and well-being at work: An application of cognitive

evaluation theory. J Appl Soc Psychol 34(10): 2045–2068
Benati I, Coccia M (2018) Rewards in Bureaucracy and Politics. In: Global Encyclopedia of Public Administration, Public Policy, and Governance –section Bureaucracy (edited by Ali Farazmand). Springer International Publishing AG, Cham. https://doi.org/10.1007/978-3-319-31816-5_3417-1
Coccia M (2001) Satisfaction, work involvement and R&D performance. Int J Hum Resour Dev Manag 1(2/3/4):268–282. https://doi.org/10.1504/IJHRDM.2001.001010
Coccia M (2014) Structure and organisational behaviour of public research institutions under unstable growth of human resources. Int J Services Technol and Manag 20(4/5/6):251–266. https://doi.org/10.1504/IJSTM.2014.068857
Coccia M (2019) Comparative incentive systems. In A. Farazmand (ed) Global Encyclopedia of Public Administration, Public Policy, and Governance, Springer Nature Switzerland. https://doi.org/10.1007/978-3-319-31816-5_3706-1
Coccia M, Cadario E (2014) Organisational (un)learning of public research labs in turbulent context. Int J Innovat Learn 15(2):115–129. https://doi.org/10.1504/IJIL.2014.059756
Coccia M, Rolfo S (2013) Human resource management and organizational behavior of public research institutions. Int J Public Admin 36(4):256–268. https://doi.org/10.1080/01900692.2012.756889
Deci EL (1975) Intrinsic motivation. Plenum, New York
Deci EL (1980) The psychology of self-determination. D.C. Heath Lexington, Lexington
Deci EL, Ryan RM (1985) Intrinsic motivation and self-determination in human behavior. Plenum, New York
Deci EL, Ryan RM (2004) Handbook of self-determination research. University of Rochester Press, Rochester
Deci EL, Koestner R, Ryan RM (1999) A meta-analytic review of experiments examining the effects of extrinsic rewards on intrinsic motivation. Psychol Bull 125(6):627–668
Grolnick WS, Deci EL, Ryan RM (1997) Internalization within the family. In: Grusec JE, Kuczynski L (eds) Parenting and children's internalization of values: a handbook of contemporary theory. Wiley, New York, pp 135–161
Ivancevich JM, Szilagyi AD Jr, Wallace MJ Jr (1977) Organizational behavior and performance. Goodyear Publishing Co., Santa Monica
Mullins LJ (1999) Management and organizational behaviour, 5th edn. Financial Times, London
O'Reilly C, Chatman JA, Caldwell D (1991) People and organizational culture: a profile comparison approach to assessing person-organization fit. Acad Manag J 34(3):487–516
Ryan RM, Deci EL (2000) Self-determination theory and the facilitation of intrinsic motivation, social development and well-being. Am Psychol 55(1):68–78
Ryan RM, Frederick CM (1997) On energy, personality, and health: subjective vitality as a dynamic reflection of well-being. J Pers 65:529–565
Ryan RM, Kuhl J, Deci EL (1997) Nature and autonomy: organizational view of social and neurobiological aspects of self-regulation in behavior and development. Dev Psychopathol 9:701–728

# Theorizing Household Wellbeing in Uganda

Harriet Kyokunda[1], Kigozi J. C. Munene[2], Joseph Mpeera Ntayi[3] and Samuel Mafabi[4]
[1]Makerere University, Kampala, Uganda
[2]Faculty of Graduate Studies & Research, Makerere University Business School, Kampala, Uganda
[3]Faculty of Economics, Energy and Management Science, Makerere University Business School, Kampala, Uganda
[4]Makerere University Business School, Kampala, Uganda

## Synonyms

Household; Local communities; Self-development; Social good; Welfare

## Definitions

**A theory** is a detail of reality presented through description and explanation of the complexity and dynamics of a phenomenon across contexts and over time.

**A household** is a group of persons who normally live and eat together.

**Wellbeing** is synonymous with good quality of life. It includes such dimensions as material wellbeing, often expressed as having enough bodily wellbeing which includes being strong, being in the right frame of mind, and looking good; social wellbeing which includes caring for and settling children, having self-respect, peace and good relations in family and community; having security, which includes civil peace, safe and

T

secure environment, personal and physical security and confidence in the future; having freedom of choice and action which includes being able to help others in the community.

## Introduction

Traditionally wellbeing has been linked to a single dimension; income. This approach enjoys the advantage of simplicity under the assumption that money is a "universally convertible asset that can be translated into satisfying all other needs." However, wellbeing goes beyond monetary indicators to include nonmonetary essentials. It is more than health, wealth, and happiness, and more than the absence of poverty measured as an individual's consumption capacity in dollars per day. Wellbeing is a holistic multidimensional condition encompassing personal, environmental, social, and economic features that are the foundation for an individual to live a dignified, meaningful, and satisfactory life. Many elements contribute to wellbeing including material living standards, employment and personal accomplishments, a sense of security and freedom, social relationships and opportunities to engage with others, heritage and culture, social welfare, and having a political voice (Douglas et al. 2018). The multidimensional nature of wellbeing has been found more relevant than the unidimensional methods that characterize traditional welfare economics. The plurality of human life advocates that wellbeing is addressed as much as possible in its multidimensional form in order to develop sustainable policy issues. There is thus a need to move from mainly income approach to the analysis of wellbeing to other dimensions of health, education, security, nutrition, and other quality of life dimensions.

Wellbeing remains one of the main goals of development efforts as evidenced by the adoption of the Millennium Development Goals by most developing countries and international agencies. Thus, there has been an ongoing debate about the elements that should be at the center of any wellness-enhancing strategy as no consensus is arrived at yet on the policy contents of such strategy. Experience of countries which succeeded in promoting wellbeing significantly, however, indicates the importance of sustained high growth in achieving wellness. Despondently, studies on wellness are replete with an equally important finding that high growth alone is not adequate. Beyond growth, the pattern and sources of growth as well as the manner in which its benefits are distributed are extremely important if growth is to mitigate lacking wellbeing. In this wise, many global initiatives have been implemented to advance wellbeing in a sustainable way by addressing persistent social, economic, and environmental challenges. Blundell and Preston (1998) argue that the use of current income in studies of inequality is problematic since income may not reflect the longer run level of resources available to a household or an individual. The study further notes that transitory high or low incomes – a situation all too common among families – may falsely characterize the true economic position of the household when borrowing or saving is allowed to smooth the stream of consumption across time.

A more reliable and a much-preferred indicator of economic welfare based on theoretical grounds, one which proxies for a household's unobserved permanent income level, is total household expenditures (El-Osta 2010). Consistent with this theoretical viewpoint, approximately 734 million people live on less than $2.50 a day worldwide meaning that over three billion people are deprived of basics. This is dominant particularly in the developing societies as compared to the developed world. For example, Africa has more than 800 million people living in 54 different countries and is by far the world's poorest inhabited continent. Around 27–28% of all children in developing countries are estimated to be underweight or stunted due to insufficient wellbeing in Sub Saharan Africa. About 72 million children of primary school age in developing countries were not in school in 2005 due to lacking funds particularly school fees and scholastic materials.

Socially, the better off household is respected and heard; whereas the poor is marginalized and considered as disabled, although communities

have ways of sharing wealth with the poor. The gap between the rich and the poor is at its highest level in decades. Most of the developing countries as well as development organizations have devoted much of their attention and budgets towards improving household wellbeing but to no avail. Again, despite the existence of Poverty Reduction Strategy Papers (PRSPs), Millennium Development Goals and the Sustainable Development Goals that succeeded the MDGs in 2015 and the New Partnership for Africa's Development, about 316 million in Africa still live below the US $1 dollar a day poverty line as do 1.2 billion people worldwide. The international poverty line has just been raised to US $ 1.90 a day but global poverty is unchanged. It is very difficult to point to a single group of African economies that have experienced wellbeing at household level. For instance, in South Sudan, 80% of the population is in extreme poverty, In Central Africa Republic, poverty remains pervasive and about 75% of the population live below the poverty line. This is similar to other countries like Burundi, Malawi, Niger, and a number of countries in sub-Saharan Africa. Most third world countries have increased income inequality by channeling development opportunities to the already privileged thereby marginalizing the underprivileged and eliciting feelings of relative poverty (Munene et al. 2011). The poor are illiterate, unemployed or unemployable, have a high fertility rate, and are ignorant of modern contraceptive methods. Other characteristics of the poor include; polygamy, geographical and social isolation and large number of orphans. In addition, these individuals are unable to voluntarily or involuntarily access formal financial services so as to attain economic development. Nevertheless, depending on the triggering factors, rural people are working harder to attain wellbeing as seen in the case of Mr. R.

The case of Mr. R. can be used to appreciate the construct of wellbeing or redefine it. The single case study is an opportunity to learn about the phenomenon and to reach theoretical generalization. Single case studies can help change our views about occurrence and tell good stories that have a theoretical sense. Additionally, case-based research can also help sharpen existing theory by pointing out gaps and beginning to fill them. This study searched for peculiar aspects of Mr. R. that needed to generate comprehensive theory (Stake 1998).

## The Case of Mr. R

Mr. R dropped out of UPE School in Primary four in 2008 as his humble parents could not afford his uniform, school lunch, the two brooms needed at the beginning of each term, and other scholastic materials. Back at home the parents could not afford the two meals taken a day. They had one meal in the evening and could sleep around 7 pm because of not having paraffin to use in the night. When he dropped out of school, he took the initiative of working in people's plantations on a daily basis at 1500 shilling per day. He did this for close to 2 years as he developed links with different people in his local community. Through these interpersonal networks created, he engaged with one Hakim who introduced him to selling yellow bananas to Muntuyera High School at break time. He later started employing himself by selling 3–5 bunches of bananas daily that he was buying from the local communities. He bought bunches of yellow bananas at around 500 shillings and sold them around 2000 shillings each making a profit of around 1500 shillings per bunch. The students and teachers of Muntuyera High School were his customers. He employed himself until 2013 when started selling pan cakes that fetched him profits and in 2014 he bought 4 pigs from his savings which he fed easily from Muntuyera school's kitchen. In December 2016, he had 21 pigs that he sold 16 of them and bought 4 calves (He sold each pig at 200,000 shillings and bought each calf at 600,000 shillings). He used part of the money from selling pigs to join a Savings Scheme where he paid membership, bought shares totaling to two hundred and sixty thousand shillings and was sensitized on how to save, acquire, and use a loan. After 1 month, he got a business loan and started a retail shop which also greatly changed and improved his livelihood. To date, his shop has grown and is the biggest shop in Rwashamaire town council. After 1 year,

he got an agricultural loan and went into crop farming by growing beans and millet on a large scale on a rented land. He persisted, paid, and completed the loan. He later acquired another boda boda in form of a loan which contributes a lot to paying school fees and increasing household incomes. He changed the livelihood of his parents by building them a simple house and improving their health, nutrition, and increasing their agricultural output as he employed two boys to cultivate for them regularly. Today, he is always networking and identifying opportunities to venture into so as to enhance his household welfare. Mr. R. is always mobilizing his village mates to employ themselves so as to move out of poverty. He continues to say that the network he made with Hakim & Muntuyera staff has propelled him and his family out of poverty (Personal communication with Mr. R, August 20, 2018).

## Theoretical Underpinning

The lessons derived from the action of Mr. R. in the context of public administration calls for theoretical review. According to Reay and Whetten (2011), a good theory is one that explains practice or behaviors. There are a number of theories that could explain this action of attaining wellbeing which include personal initiative, social capital theory, and the theory of minority. A multi theoretical approach is adopted to explain public interest in Uganda due to the inherent limitations in each theory.

The theory of personal initiative assumes that people engage in self-starting and proactive behaviors that overcome barriers on the way towards a goal (Frese et al. 1996). Relatedly, Mr. R. started selling yellow bananas and grew millet plus beans that fetched him profits after some time. He was also proactive by getting a loan from Muntuyera Scheme which he used to increase his agricultural output and also paid tuition for his children at the university. In line with Mr. R., the theory does not show how all the members of his household invested and profited from the money borrowed from Muntuyera Saving Scheme. The social capital theory comes in to address the short falls in the personal initiative.

Social capital theory (Putnam 1993) describes successful individuals as networking and trusting individuals who volunteer to help their neighbors and community with the expectation of long-term reciprocal benefit. This theory facilitates networking that is seen by Mr. R. connecting with Mr. Hakim and the teachers of Muntuyera High School thus benefiting from these networks. Mr. Hakim introduced him to selling yellow bananas as he sold them to teachers of Muntuyera School which made him enhance his household wellbeing. This theory attempts to alleviate or solve societal problems especially lacking household wellbeing that is not addressed in the personal initiative theory. Mr. R. networked with the teachers of Muntuyera, got a loan, and started saving with Muntuyera Saving Scheme. The pursuit of society's welfare often leads to reduction in resources. The access to extra resources possessed by other people is reduced and this theory is silent on the negative consequences of social networks.

The theory of minority influence argues that social change takes place when a member of a minority group influences the majority to accept the minority's beliefs or behavior (Moscovici and Personnaz 1980; Nemeth 1986). It is founded on the notion that a small group or an individual acts as an agent of social change by questioning established societal perceptions and proposing alternative, original ideas which oppose the existing social norms. Related to the case of Mr. R., as a poor person, he influenced social change with his innovative and proactiveness actions. Minorities propose new and original ideas that bring in innovation that creates household wellbeing. However, poor people are marginalized and the levels of minority differ from society to society which this theory is silent about.

## Conclusion

A number of people from poor backgrounds have struggled to create household wellbeing with not

so much success; however, Mr. R provides us with the opportunity of how he moved out of poverty. He came from a humble back ground, took the initiative of starting his small business and networked; he was able to persistently work harder then got into wellness. Three theories can explain Mr. R's act of moving into household wellbeing: personal initiative theory, social capital theory, and Minority influence theory. This is because no single theory can be independently used to explain Mr. R's act of moving into household wellbeing. Therefore, a multi theoretical approach is adopted to explain household wellbeing in Uganda.

## References


Blundell R, Preston I (1998) Consumption inequality and income uncertainty. Q J Econ 113(2):603–640

Douglas H, Eti-Tofinga B, Singh G (2018) Hybrid organisations contributing to wellbeing in small Pacific Island countries. Sustain Account Manag Policy J 9(4):490–514. https://doi.org/10.1108/SAMPJ-08-2017-0081. Emerald Publishing Limited 2040-8021

El-Osta H (2010) Inequality decomposition of farm family living expenditures and the role of the life cycle. Agric Financ Rev 70(2):245–266. https://doi.org/10.1108/00021461011065274. Emerald Group Publishing Limited 0002-1466

Frese M, Kring W, Soose A, Zempel J (1996) Personal initiative at work: differences between East and West Germany. Acad Manag J 39(1):37–63

Moscovici S, Personnaz B (1980) Studies in social influence. J Exp Soc Psychol 16:270–282

Munene JC, Schwartz SH, Kibanja GH (2011) Escaping from Behavioral poverty in Uganda. The role of culture and social capital. Fountain Publishers.

Nemeth CJ (1986) Differential contributions of majority and minority influence. Psychol Rev 43(1):23–32

Putnam RD (1993) Making democracy work civic traditions in modern Italy. Princeton University Press, Princeton

Reay T, Whetten DA (2011) What constitutes a theoretical contribution in family business? Fam Bus Rev 24(2):105–110. The Author(s) 2011 Reprints and permission: http://www.sagepub.com/journalsPermissions.nav. https://doi.org/10.1177/0894486511406427. http://fbr.sagepub.com. SAGE.

Stake RE (1998) Qualitative case studies. In: Denzin NK, Lincoln YS (eds) The sage handbook of qualitative research. Sage, London


# Theory of Commons Governance and Public Administration System


Alessandra Storlazzi[1] and Patrizia Pastore[2]

[1]Facoltà di Scienze della Formazione, Università degli Studi Suor Orsola Benincasa, Naples, Italy

[2]Department of Business Administration and Law, University of Calabria, Arcavacata di Rende (Cosenza), Italy


## Synonyms

Commons; Local collective goods; Multi-stakeholder governance; Polycentricity; Public goods; Self-organized collective action; Shared management; Strategic public management

## Definition

Cooperation and networking between public and private socioeconomic actors has gained increasing importance. Collective action and cooperative governance take the new public management paradigm of governance into account. In a context of crisis and lack of resources for the public sector, proactive strategies, robust alliances among public and governmental institutions, local communities, associations, and firms (as autonomous "rational resource users" with fixed identities and a common purpose) are moving away from the classical public-private, partnership model. Cooperation and networking improve public services access, provision, and efficiency and give direction on how to create value and economic potential for the local communities, particularly for those with a high degree of social cohesion.

## Introduction

Commons refer to shared natural or artificial resources, to physical infrastructures, immaterial resources (like public knowledge, public domain,

open science) or territories which are generally managed according to the "open access", and to the nonexcludability principles of any potential user. It is impossible to prevent consumers who have not paid for them from having access to them; this is hard yet not impossible (Ostrom 1990, p. 30).

According to Nobel prize winner Elinor Ostrom, neither the state nor the market are able to sustain long-term productive use of resources systems and to solve commons' problems (i.e., free-riding and commitment problems, mutual monitoring, supply, congestion, overuse, and potential destruction of the resources: Hess and Ostrom 2001, p. 54). In certain circumstances, specific local contexts or particular geographical areas, collective action (through forms of self-organization by the users themselves) and durable multistakeholder cooperative institutions (which organize, govern, and manage local public services, common-pool resources, and open access infrastructures) provide organizational solutions that are more efficient than direct private control (with its prerogative of admitting or excluding the members from the user group) or than the bureaucratic management by governmental institutions or state agencies (which are able to prevent the destruction of resource's value through over-exploitation) in providing responsiveness to local needs and better conditions for the development of local economies.

There is no longer one best way (if there ever was) to produce, allocate and manage the different types of commons, goods and services but a variety, not necessarily dichotomic, of possible solutions. Nevertheless, the outcome of the "in common solution" depends on the awareness of the relative community, on its degree of social cohesion, on its willingness to participate, and on its capacity to respect common rules (March and Olsen 1995).

New Public Management and Governance of the commons can make a significant contribution to shaping and optimizing of the interdependencies among public and private socioeconomic actors, particularly in a society which cooperatively attempt to produce public value (Kooiman 1999; Benz and Frey 2007). In particular, the *strategic public management* approach is coherent with the institutional approach of the *polycentric governance* and *self-governed collective action* theorized by Ostrom, since all governance processes take place within a broader network of interaction (involving a diverse array of public and private organizations, corporations, professional associations, nonprofit and community-based organizations) that sets the body of norms and rules by which different kinds of organizations are constituted and their processes of interaction defined and legitimated within the relevant communities. This holistic administrative policy approach, seeking to combine the strengths of the hierarchical bureaucracies into a hybrid (yet coherent) pattern of governance grounded on the networking governance, seems the most appropriate mode of governance for dealing effectively with complex issues (Kooiman 1993; Rhodes 1996, 2000; Peters 2000; Christensen 2012), because it improves policy integration, strengthening the strategic capacity of the public sector in terms of effectiveness, efficiency, and accountability (Steurer 2004).

## Commons, Self-Organized Collective Actions, and Shared Strategic Orientations

Commons refer to shared natural resources (such as watersheds, woodlands, irrigation systems, marine and coastal ecosystems, and the like) or the land tenure and use, it's to the historical-cultural and environmental heritage (in some cases, public goods can coincide with commons, for example, in the case of all historical and artistic goods, but also in the case of natural resources) to artificial resources, either physical infrastructures (like aqueducts, communication routes, urban commons such as apartment buildings, parking spaces, playgrounds, etc.) or computerized (internet or other network) or to immaterial resources (like public knowledge, public domain, open science, and the free exchange of ideas) within a given domain conventionally defined

(Frishmann 2012; Sacconi 2016). They are often governed by common property protocols (arrangements different from private property or state administration) based on the self-management by a local community whereby a particular relation arises between, on the one hand, those who supervise the resources and contribute to their maintenance, reproduction or development and on the other and their users. This relation is characterized by the resource's shared use or common appropriation, and by open and equal access to it, conditional only on the geographical (spatial) extension within which that resource is available, i.e. at local, national or international level, as the case may be.

According to this definition, the necessary characteristic for a resource or good to be considered common is the model of governance and management (that is, a set of rights and decision powers, with the consequent decision-making processes that regulate the resource's appropriation, use, maintenance and (re)production) does not permit the exclusion of any potential user from the resource within the territory in which it is available, that makes the good excludable. Many examples, from the remunicipalization of water (representing the material implementation of the horizontal subsidiarity), the self-management of cultural spaces to the free software and makers' movement illustrates collective practices that establish new spaces, institutions or norms of participative and democratic sharing. These examples represent practices of reappropriation and management of the common, new practices of labor, creation and production based on collaboration and sharing.

In other cases, new generation commons, as for example internet platforms, industrial districts (Pastore and Storlazzi 2017) or tourist areas (Storlazzi et al. 2017) provide grounds for new forms of collective self-organization and decision-making. Particularly, these examples clarify "*how a group of principals who are in an interdependent situation organize and govern themselves to obtain continuing collective benefits in situations where the temptations to free-ride, shirk and to break commitments or otherwise act opportunistically are substantial*" (Ostrom 1990: 29). Inside these contexts, the self-regulatory power is recognized by public authorities in order to ensure the use and the collective enjoyment of resources, infrastructures, and goods, addressing them to the fulfilment of those rights as well as the free development of the person and the safeguarding of future generations. Therefore, commons are the product of a social and institutional structure that demonstrates forms of governing and social cooperation that guarantee its production, reproduction, and spread (Rhodes 1997).. "*Self-governance requires collective action combined with knowledge and will on the one hand, and supporting and consistent institutional arrangements on the other hand*" (Hesse and Ostrom 2007: 5).

The self-organization of cooperation is therefore possible. The socially optimal level of cooperation can be achieved through self-governance, which does not mean tacitly and spontaneously, but through explicit agreements and pacts on the levels of investment and on the fines voluntarily imposed by the participants on the transgressors (Sacconi 2016: 20). In this respect, in these contexts, the self-regulatory power is recognized by public authorities in order to ensure the use and the collective enjoyment of resources, infrastructures, and goods, addressing them to the fulfilment of those rights as well as the free development of the person and the safeguarding of future generations. Therefore, commons are the product of a social and institutional structure that demonstrates forms of governing and social cooperation that guarantee its production, reproduction, and spread (Rhodes 1997).

Stable institutions of self-governance involving a diverse and cohesive set of public and private socioeconomic actors/agents are able to rationally interact (by identifying strategic objectives, implementing integrated actions, and solving collective problems) and to establish rules and institutions regulating access to commons, that is, the resource's appropriation, use, maintenance, and (re-)production and to have them applied on a voluntary basis (Ostrom 1990, 1998). This governance pattern provides access to important resources by involving those with a stake in a

particular issue; it promotes an interorganizational focus on the faced specific types of problems to be addressed and helps to finding widely accepted solutions by sharing of information.

These institutional systems grounded on the self-organization of common goods management via agreement on the rules and their self-imposition allow not only to achieve coordination between different public institutions, which is impossible to obtain only hierarchically, but also to associate organizations representing economic, social, and cultural interests. In this respect, New Public Management and Governance of the commons have shaped the public sector strategic management in the last 30 years in the attempt to improve efficiency and effectiveness in producing and providing public service, on the one hand, and to create value in terms of communities' access and use of commons (more than to ownership), emphasizing cooperation, democracy, and citizen participation, on the other hand.

## Communitarianism and Governance of Public Communities

The governance system of the commons is presented as a system that experiments successful organizational models, reinforces the operational arrangements of the reciprocity in the government of common goods and common services, and appears converging with the paradigm of the new public governance. The consideration about public governance is linked to the debate on communitarianism and on the value of the community.

The public governance requires the possibility of a government of the systems without necessarily having to resort to a form of authority over the parts and to a state of formal control (Manfredi 2013). Moreover, these theories provide interesting prospects for a renewed strategic governance of the public sector. On the one hand, the New Public Governance enhance negotiation at multiple levels, and foster interaction (Torfing and Triantafillou 2013), on the other hand, the "Network Governance" tradition draws attention to a "more plural and pluralist" state (Osborne 2010). As for Ostrom's institutional perspective, public goods, common pool of resources and commons call for an adequate organizational dimension, for an "institutional creation" or for a hybrid institution. Latter are institutional arrangements governing the interdependencies among public and private actors, actions, resources, and property rights in resource governance, either defined by structure (linkage among entities with jurisdiction over different property regimes) or by mode of governance (balance between self-organization and formal regulation as complementary instruments of governance).

The theory of commons and the self-organized collective action principles point out (Olson 1965; Ostrom 1990), by emphasizing the logic of membership and participation in interest groups, many similarities and are consistent with the new public governance logic. They contribute to define the institutional framework, which sets out the incentives and the effective organizational principles in the governance of commons.

The conceptual framework adopted to empirically analyze collective resource systems is called the Institutional Analysis and Development framework (IAD framework). The IAD framework (Ostrom 1990) is a conceptual map focused on the behaviors in diverse situations at multiple levels of analysis and concerns analyses of how rules, physical and material conditions and attributes of community affect the structure of action arenas, the incentives that individuals face, and the resulting outcomes.

According to self-governed action theory, only organizations with a few members do not need additional incentives to motivate the action of their members (Olson 1965). Everyone knows that the result of his action more than that of the others will result in an economic improvement divided by a small number of subjects, so the cost of individual action is generally not superior to economic return. Instead, in large organizations, the increase in well-being has to be subdivided into a large number of beneficiaries; so generally, the gain is significantly lower than the cost of the action (Olson 1965). The principle is that "only a separate and selective incentive" will stimulate a rational individual to act in an oriented way, so only a benefit strictly reserved to the

members of the group will motivate someone to participate and contribute to the group. For this reason, large organizations have to introduce incentives to stimulate individual participation in collective action. The problem of identifying incentives to motivate the community of citizens to take on behaviors of respect and safeguard is therefore central to the public sector process of strategic government.

The analysis of different systems through the IAD framework allowed the commons theory to compare the results obtained and to come up with the definition of a set of design principles based on very different collective resource systems. The so-called design principles are an essential element or condition that helps explain the success of these institutions in preserving collective resources and in getting the community that uses goods to comply with the rules adopted, generation after generation (Ostrom 1990). These principles, not defining precise rules, which may vary by case depending on the specific factors characterizing the system, outline the project conditions that must be considered for the design of sustainable governance systems of commons and of public commons. The design principles are: (Ostrom 1990)

1. *Clearly defined boundaries*: Individuals and families, who have the right to withdraw resource units from the common resource, must be clearly identified. This is to ensure that those who contribute to the management of the good are certain that their efforts will not be frustrated by the action of outsiders nor will they be allowed free-ride behaviors.
2. *Congruence between the appropriation and provision rules and local conditions*: Appropriation rules restricting time, place, technology, and/or quantity of resource units must be related to local environment they govern and to provision rules requiring labor, material, and/or money. For this reason, it is necessary to establish different regulations for different systems.
3. *Presence of agreements on collective rules, defining the ways in which the common good management policies are put in place*. Because self-government works, it is necessary that most individuals affected by the operational rules can participate in modifying the operational rules, in order to adapt them to contextual specificities and systemic changes that intervene in it. The fact that the rules are right does not, however, ensure that these will always be respected. It is therefore necessary to implement the agreement through an enforcement work and invest in monitoring and sanctioning.
4. *Monitoring*: Audit systems must be implemented. Moreover, members of the community must be accountable both to controllers and the whole community. Monitors, who actively audit commons conditions and appropriator behavior, are accountable to the appropriators or are the appropriators themselves. To this regard, robust institutions often have a system of monitoring and sanction that is not outsourced by society yet remains in the hands of the participants themselves.
5. *Presence of a gradual sanction system*: Punishment must be highly probable, even if graduated, for appropriators who violate operational rules (depending on the seriousness and context of the offense) by other appropriators, by officials accountable to these appropriators, or by both. It is necessary to trigger almost-voluntary compliance in the sense that compliance with the rule must be almost without coercion but through the so-called contingent behavior.
6. *Definition of a clear and inexpensive conflict-resolution mechanism: even a monitoring by-product is reached*: The latter being understood as an automatic monitoring system, in the sense derived from the same ways of using the good. Furthermore, usually the community member conducting monitoring activities receives social approval and sometimes also obtains private benefits. While the ones who broke the rule loses its status and prestige. In conclusion, once the community members have committed themselves to a contingent self-commitment, then these will be motivated to monitor themselves the behavior of other members (peer review).

7. *Recognition of rights to self-organize by external government authorities*: The rights of appropriators to set up their own institutions are not challenged by external governmental authorities.
8. *Presence of nested enterprises (where the common resource are part of a larger system)*: The processes of appropriation, provision, monitoring, enforcement, conflict resolution, and governance are organized in multiple layers of nested enterprises (Ostrom 1990: 101) or multilevel organizations. This is also the main message of Ostrom's central concept of polycentrism.

The IAD framework and the design principles of the governance of commons underline how important it is the presence of (spontaneous) organizations or institutions that arise to manage commons. In the government of public communities, asymmetric information and opportunism inevitably related to the traditional process of strategic formulation can be limited in the ability to engage citizens' communities. Initiatives of the type "adopt a monument," or "take care of a flowerbed," or even the establishments of neighborhood committees prefigure in part the presence of the design principles of the government of commons. Awareness of the limits of a rigid strategic approach and of the success of common property governance cases where the presence of a self-governing and mutually controlled community prevails can lead to an attitude that facilitates the introduction of similar logic even in the governance of public communities.

## Governance and Strategic Management of Commons in the Public Administration

Commons call for a new kind of "partner" state, people can work with to regulate for guaranteed access to essential resources, as well as for standards, sustainability, and fair distribution. It follows that new stronger forms of participatory democracy are essential to transform public institutions and to hold them to account. The logic of the self-organized collective action and the theory of commons seem to be able to point out an innovative context in the perspective of a strategic orientation to the government of public administrations. The logic of self-organized collective action and the theory of commons include the third pole made up of community of citizens who are not only the recipients of public policies but are also more actively involved in the definition of choices and in the participation in the process of delivering output and outcome.

In the IAD framework with the action arena is the social space where individuals interact, exchange goods and services, solve problems, dominate one another, or fight (among the many things that individuals do in action arenas).

In the public sector, the IAD framework seems to be characterized in a specific way. The logic of co-creation of value is at the center of action arena that corresponds to the process of delivering many public goods and services that are like a common. In this regard, specific conditions emerge in the public sector, such as:

- The diffusion of information and communication technologies
- Paths of democratization
- The co-participation of population in the definition of public policies and also in the provision of public services
- New organizational models that affect both the recognition of a good as a common and the purpose pursued

Local communities, for example, can organize themselves for the valorization of a tourist area and can attribute common value to the tourist destination and services (Storlazzi et al. 2017). With regard to the goals initially pursued, with the introduction of a logic involving citizens in the delivery of a public service, the value co-creation, maximizing the goals of efficiency and effectiveness are pursued.

The strategic orientation in the public sector brings closer to the pursuit of those goals known to be relevant even if it faces resistance both in the

implementation of strategic choices by the internal organizational structure and in the involvement of the community of citizens. The latter are only partially the recipients of public policies as they are increasingly involved in a process of co-creation of value.

The theory of self-organized action and the theory of commons governance emphasize the logic of membership and participation in interest groups and display many similarities with the new approach of public management.

In this regard, the *strategic public management* approach (Steurer 2004, 2007; Lega and Cristofoli 2009) provides an innovative perspective (compared to hierarchical and market-oriented ones which have dominated public sector practices) and encourages the growth of collaborative public management (Agranoff and McGuire 2003; Agranoff 2006) by governing shared public resources and regulating their use, access, preservation, and maintenance as a viable solution to collective action problems in the commons. Key features of this new governance approach are, for example, various forms of public-private partnerships (i.e., the disaggregation of public administration in particular agencies), or policy networks formed around policy issues or clusters of resources (i.e., sets of relatively stable relationships) which are of nonhierarchical and interdependent nature linking mutually a broad variety of societal actors (Jervis and Richards 1997; Börzel 1998; Christensen 2012).

## Conclusion

The commons both theoretically and empirically focuses on the deepening and analysis of the problems that communities need to solve and on the factors that facilitate or hinder them in the governance processes. These ideas emphasize the importance of participatory democracy, organized and self-organized civil society. Perhaps, in the governmental administration, formalism and determinism should be accompanied by the consideration and inclusion of informal collaboration mechanisms that should be foreseen and encouraged by coming to the definition of shared rules for the sustainable management of public resources. The same measure of outputs and outcomes could be shared with citizens' communities. Informal organizations are not antipublic to the public administration system but need each other to work efficiently and indeed can be particularly useful to limit phenomena related to asymmetric information and opportunism. What that here is underlined is not the application of self-government logic to the public administration system as a whole because in many cases the system would certainly not be governable. However, the success of some initiatives spontaneously born in the government of public goods leads to the reflection on the opportunity to introduce incentives to let communities of self-government emerge.

All this in the strategic government of public administrations translates into favoring a strategic orientation agreed between political sovereignty, governmental organs, and stakeholder concerned with public sector governance. It seems possible to achieve effective mutual sharing and harmony about the pursuit of institutional goals.

In terms of implications, it is possible to ascertain to what extent the model of governance, called to describe the dynamics of interrelations existing in the public system, is reflected in a participative reality of all involved and decision-making and management mechanisms.

In particular, it is necessary to ascertain whether, in the context of public strategic systems, interpreted in the light of an evolved business concept, it is possible to achieve a high degree of overall resonance of all possible stakeholders through the introduction of self-government logic that pursues both the effectiveness of the processes and the effectiveness of the operating structure. This approach is consistent with the pluralistic conceptions of enterprise that underline the shift from a concept of closed-type enterprise governed by input-output relationships to an evolutionary conception that takes into account the plurality of developers.

In the management of the public administration system, the subjects that determine the

development are numerous and varied. They create multiple exchanges, and at the same time, qualify those who contribute to the creation of public value and who are the users of the created value. Strategic management of the public administration system can only be carried out in the light of corporate pluralism, and the interpretation of developmental conditions cannot ignore a careful reflection on the contributing subjects and about those who benefit of the value creation process.

These institutional systems grounded on the self-organization of common goods management via agreement on the rules and their self-imposition allow not only to achieve coordination between different public institutions, which is impossible to obtain only hierarchically, but also to associate organizations representing economic, social, and cultural interests. This governance pattern provides access to important resources by involving those with a stake in a particular issue; it promotes an interorganizational focus on the faced specific types of problems to be addressed and helps to finding widely accepted solutions by sharing of information (Manfredi 2013).

## References


Agranoff R (2006) Inside collaborative networks: ten lessons for public managers. Public Adm Rev 66:56

Agranoff R, McGuire M (2003) Collaborative public management: new strategies for local governments. Georgetown University Press, Washington, DC

Benz M, Frey BS (2007) Corporate governance: what can we learn from public governance? The Academy of Management Review, 32(1):92–104

Börzel T (1998) Organizing Babylon – on the different conceptions of policy networks. Public Adm 76:253–273

Christensen T (2012) Post-NPM and changing public governance. Meiji J Polit Sci Econ 1:1–11

Frishmann BM (2012) Infrastructure. The social value of shared resources. Oxford University Press, Oxford

Hess C, Ostrom E (2001) Artifacts, facilities, and content: information as a common-pool resource. Presented at the conference on the public domain, Duke Law School, Durham, 9–11 Nov 2011

Hesse C, Ostrom E (eds) (2007) Understanding knowledge as a commons: from theory to practice. The MIT Press, Cambridge, MA

Jervis P, Richards S (1997) Public management: raising our game. Public Money Manag: 9–16

Kooiman J (ed) (1993) Modern governance. Sage, London

Kooiman J (1999) Societal governance: levels, modes and orders of social-political interaction. In Pierre J (ed) The governance debate: authority. steering, and democracy, Oxford University Press, Oxford

Lega F, Cristofoli D (2009) Strategic public management. Milano, Egea

Manfredi F (2013) Community governance. Roma, Cacucci Editore

March J, Olsen J (1995) Democratic governance. Free Press, New York

Olson M (1965) The logic of collective action: public goods and the theory of groups. Harvard University Press, Cambridge, MA

Osborne S (2010) The (new) public governance: a suitable case for treatment? In: Osborne S (ed) The new public governance. Routledge, London

Ostrom E (1990) Governing the commons: the evolution of institutions for collective action. Cambridge University Press, New York

Ostrom E (1998) Institutional analysis, design principles, and threats to sustainable community governance and management of commons. In: Berge E, Stenseth NC (eds) Law and the governance of renewable resources: Studies from Northern Europe and Africa. ICS Press, Oakland

Pastore P, Storlazzi A (2017) Commons and collective action in Italian industrial districts. In: Consiglio S, Mangia G, Martinez M, Mercurio R, Moschera L (eds) *Organizing in the shadow of power: voices from the Italian community of organization studies*. Editrice Minerva Bancaria, Roma

Peters BG (2000) Governance and comparative politics. In: Pierre J (ed) *Debating governance*. University Press, Oxford, pp 36–53

Rhodes RAW (1996) The new governance: governing without government. Polit Stud 44:652–667

Rhodes RAW (1997) Understanding governance: policy networks, governance, reflexivity and accountability. Open University Press, Buckingham/Philadelphia

Rhodes RAW (2000) Governance and public administration. In: Pierre J (ed) Debating governance. Oxford University Press, Oxford, pp 54–90

Sacconi L (2016) The commons, primary social goods and their co-operative democratic governance. Paper IRIS Network

Steurer R (2004) Strategic public management as holistic approach to policy integration. Berlin conference on the human dimensions of global environmental change: greening of policies – interlinkages and policy integration, Berlin, 4–6 Dec 2004

Steurer R (2007) From government strategies to strategic public management: an exploratory outlook on the pursuit of cross-sectoral policy integration. Eur Environ 17(3):201–214

Storlazzi A, Lunić D, Micera R (2017) Collective action for territorial identity in tourism: the case study of two UNESCO sites. Symphonia, Special Issue on Global Tourism Management 3:81–96

Torfing J, Triantafillou P (2013) What's in a name? Grasping new public governance as a political-administrative system. Int Rev Public Adm 18(2):9–25

# Theory of Policy Learning, China

Yanzhe Zhang
Northeastern Asian Studies College, Jilin University, Changchun, Jilin, China

## Synonyms

Globalization; Lesson-drawing; Policy-oriented learning; Policy transfer

## Definition

Policy learning is a common learning process whereby knowledge, policies, or administrative arrangements shift from one nation or policy domain to another.

## Introduction

The earliest formal identification by the Western world of policy learning is that of Aristotle in his *Nicomachean Ethics* in which he recommended that the Polis should engage in drawing positive and negative lessons from the development of great city states (see Evans and Marsh 2012). By the end of the twentieth century, scholars such as Common (2004), Carroll and Common (2013), Rose (2005), Evans and Marsh (2012), and Dolowitz and Marsh (1996) have used the concept of policy transfer as an umbrella term for defining a range of processes of learning which integrates different policy elements from different types of organization. Indeed, policy learning theory has increasingly been used as a practical tool for affecting "quick fix" and "short cut" solutions to policy problems.

## Debating Policy Transfer

There is nothing new about the concept and application of policy-oriented learning, policy transfer, and lesson-drawing. By the end of the twentieth century, scholars such as Rose (2005), Dolowitz and Marsh (1996), Evans and Marsh (2012), and Carroll and Common (2013) have used the concept of policy learning (or derivatives such as policy transfer and lesson-drawing) as umbrella terms for understanding a process in which knowledge about institutions, policies, or delivery systems at one sector or level of governance is used in the development of institutions, policies, or delivery systems at another sector or level of governance (Evans and Marsh 2012). Different forms of policy transfer such as bandwagoning (Evans and Marsh 2012) have been identified in a wide ranging and evolving literature which has attracted significant academic attention from domestic (Dolowitz and Marsh 1996), comparative (Wolman 1992), and international political scientists (Stone 2000), as well as public management experts (Common 2004; Carroll and Common 2013).

Policy learning and its derivatives are used as a container concept for quite different claims about why public organizations engage in this form of policy development. Why has there been an upsurge of interest in policy learning? There are at least six main reasons for this. First, processes of globalization both external to the nation state (e.g., through changes in the nature of geopolitics, political integration, the internationalization of financial markets and global communications) and the "hollowing-out" of the nation state itself have created new opportunity structures for policy transfer. There are four interrelated trends which illustrate the reach of this process: privatization and limiting the scope and forms of public intervention; the loss of functions by central government departments to alternative service delivery systems (such as special agencies) and through market testing; the loss of functions from the British government to European Union (EU) institutions; and the emergence of limits to the discretion of public servants through the new public management, with its emphasis on managerial accountability, and clearer political control created by a sharp distinction between politics and administration. One further dimension can be added to these

four – the global trend towards regionalization and devolution.

Second, policy learning is more likely to occur in an era of governance with the increasing pervasiveness of "self-organizing, inter-organizational networks," which compliment markets and hierarchies as governing structures for authoritatively allocating resources and exercising control and coordination. In times of uncertainty, policy-makers at the heart of networks will look to the "quick fix" solution to public policy problems that policy transfer can provide either through other governments or from other sectors (e.g., the Community Sector and social inclusion policy). In a sense, we can understand policy learning as evidence based policy-making on the hoof.

Third, ideological symmetry between governments provides a strong foundation for policy-oriented learning. For example, processes of learning across time and space characterized the flow of ideas between the Clinton, Blair, Rudd, and Gillard governments in the UK, the USA, and Australia particularly in the area of social policy reform. Prominent examples include: education (reduction of class sizes), crime (zero-tolerance, antitruancy drives), and welfare reform (welfare to work and creation of work incentives).

Fourth, for policy scientists it provides a rich source for investigating structures and processes of collaborative governance as policy transfer is often the outcome of collaborative activities between governmental and nongovernmental actors which have become increasingly salient in an era of governance.

Fifth, it is evident that structures of collaborative governance such as those that emerge to steer processes of policy learning can both extend and limit participation; empower and disempower affected societal groups. We shall see a little later that policy learning tends to be reserved for elite groups and actors. Only the select few can join in!

The sixth main reason why there has been an upsurge of interest in policy learning is that the securing of loans by developing countries from the International Monetary Fund and elsewhere has become conditional on the introduction of adjustment programs including initiatives such as privatization. Such programs are predicated on a western interpretation of "Good Governance" and give rise to negotiated processes of policy transfer.

## Conceptual Origins

The modern study of policy learning originates from a subset of the comparative politics literature; policy diffusion studies. Research in this area focused on identifying trends in timing, geography, and resource similarities in the diffusion of innovations between countries (and, in the USA, between states). However, the research revealed next to nothing about the content of new policies. In contrast, the contemporary literature on policy learning primarily focuses on voluntary learning between jurisdictions, identifying a process in which policies implemented elsewhere are examined by rational political actors for their potential utilization within another political system. More recently the literature has begun to address questions concerning coercive learning. As Rose (2005) puts it, "Every country has problems, and each thinks that its problems are unique. . .However, problems that are unique to one country. . .are abnormal. . .confronted with a common problem, policy makers in cities, regional governments and nations can learn from their counterparts elsewhere responded."

In sum then, the literature on policy learning analysis may be organized into two discernible schools: one which uses the label "policy transfer" but deals with different aspects of a process of policy-oriented learning or lesson-drawing using different nomenclature; and one which uses the concept directly. The former includes the literatures on: bandwagoning (Ikenberry 1990); convergence (Bennett 1991); diffusion (Majone 1991); evidence-based practice; learning (Greener 2001); and lesson-drawing (Rose 2005). The latter includes the work of domestic policy scientists (Dolowitz and Marsh 2000; Evans and Marsh 2012; Page 2000), comparativists' (Common 2004; Wolman 1992); and international policy scientists (Carroll 2013; Haas 1992; Stone 2000).

## Approaches

There are four main approaches utilized in policy learning analysis: policy transfer analysis, personal interaction approaches, policy diffusion studies, and inclusive approaches.

### Policy Transfer Analysis

Policy transfer analysis is used by policy scientists who focus on the process of policy transfer directly in order to explain the voluntary, or negotiated importation of ideas, policies or institutions. It has tended to be a predominantly interstate approach which emphasizes the role of state actors as active agents seeking solutions to policy problems rather than the passive agents depicted in pluralist or corporatist decision literatures. The role of the agent of transfer (e.g., policy entrepreneurs such as think tanks, knowledge institutions, or pressure groups) is also considered to be critical within this approach.

Two key applications of the concept can be identified within this approach. Bennett (1991) utilizes policy transfer as his key independent variable. In this sense, the process of transfer is used to explain why a particular policy was adopted. For example, Bennett's work on policy convergence focuses on the transfer of policy goals, content, and instruments (e.g., privatization programs). He has conducted empirical research on, among other areas, how and why evidence about the United States' Freedom of Information Act (FOIA) was utilized in Canada and Britain. He reveals that FOIA was used as an exemplar in Canada and the reverse in Britain.

Policy convergence reveals a process in which international solutions are implemented to solve domestic state problems. Bennett (1991) claims that the word "convergence" refers to the phenomenon of Policy A existing in many countries. He identifies three main phases of policy transfer: (1) the awareness of the program, (2) the utilization of knowledge, and (3) the adoption of the same program (Bennett 1991). In short, Bennett's policy convergence (1991) approach suggests that evidence of success in policy, administrative arrangements, and institutions in Country A leads to the adoption of policy, administrative arrangement, and institutions in Country B. By implication studies of policy convergence focus on structural factors such as policy outcomes as the products of institutions.

A second usage of the term can be found in the work of Richard Rose (2005). Rose uses policy transfer as a dependent variable. He attempts to explain why a policy transfer occurs and how lessons are incorporated into a political system through various processes of copying, emulation, hybridization, or inspiration. Rose (2005) emphasizes the role of the bureaucrat and the program itself.

### Ideational Approaches

If formal approaches focus on the structural aspects of policy learning rooted in institutional analysis, ideational approaches focus on agency. This approach argues that policy learning is almost solely based on the personal interaction between agents of transfer, bureaucrats and politicians within interorganizational settings. As Evans (2012) notes, "the study of policy transfer analysis should be restricted to action-oriented intentional learning: that which takes place consciously and results in policy action."

In these settings, there exists a pattern of common kinship expressed through culture, rules, and values. Hence, an emphasis is placed on analyzing the structure of decision through which policy transfer takes place and relationships between agents of transfer and their dependencies. Here ideas matter. For example, Carroll and Common's (2013, p. 4) impressive *Policy Transfer and Learning in Public Policy and Management* focuses on "the need to consider the processes within which policy ideas, techniques and practice are exchanged." Stone's work (2000), identifies think tanks as key agents of policy transfer within what are termed "epistemic communities." Epistemic communities are comprised of natural and social scientists or individuals from any discipline or profession with authoritative claims to policy relevant knowledge that reside in both national, transnational and international organizations. The function of these communities is to facilitate the emergence of policy learning that may lead to policy

convergence. The epistemic communities' literature has been used to explain how international policy has converged in areas such as GATT, food aid, financial regulation, and environmental issues through regime politics.

The social learning approach is also associated with the personal interaction approach. It focuses on the factors which influence how politicians and policy-makers learn how to learn and addresses problems such as when and how politicians, policy-makers, and societies learn how to learn. An emphasis is placed on seeking to understand the psychology of individual and group behavior as a trade-off between organizational and societal influences.

### Policy Diffusion Studies

A distinct categorization for policy diffusion studies may be identified because such studies, while not using the concept of policy transfer directly, seek to identify and quantify patterns of diffusion that are germane to the process of policy transfer itself. Such studies are common in the USA in relation to the diffusion of innovations across state jurisdictions (Weyland 2007) and local governments (e.g., Shipan and Volden 2008) in European Union studies (see Füglister 2012) and in international studies.

Peters (1997), for example, examines the diffusion of administrative reform policy transfers through the member countries of the OECD. He argues that policy transfer, or policy learning, is a common activity in governments around the world, but that there are differences in the rates at which countries are able to learn and adapt. These differences are explained by structural factors such as economic, ideological, cultural, and institutional commonalties. Those countries similar in these ways are more likely to transfer policy. He concludes that cultural variables play an extremely important role in the transfer of policy innovations among countries particularly in relation to geographical proximity and political similarity. However, another set of policy ideas, those associated with political parties and ideologies, appear to have much less of a relationship with the spread of managerialist reforms.

### Inclusive Approaches

Dolowitz and Marsh (1996, 2000) lead efforts within British political science to develop an inclusive model of policy transfer which draws on the work of Rose (2005), Bennett (1991), and Wolman (1992). In essence, they draw together a general framework of heterogeneous concepts including policy diffusion, policy convergence, policy learning, and lesson-drawing under the umbrella heading of policy transfer. Hence, policy transfer is used as a generic concept which encompasses quite different claims about the nature of policy development. Dolowitz and Marsh (1996, p. 357) provide an extremely useful framework which invites others to criticize and develop it, "[w]e have suggested a series of questions which can be used both to organise our current knowledge of the process and to guide future work." The framework developed by Dolowitz and Marsh is clearly designed to incorporate a vast domain of policy-making activity by classifying all possible occurrences of transfer, voluntary and coercive, temporal and spatial. Policy transfer is common in this scheme and processes such as the "rapid growth in communications of all types since the Second World War" have accelerated the process (1996, p. 343). This is not, however, a claim that policy transfer is all-pervasive and Dolowitz and Marsh make no comment on the difference between policy transfer and normal forms of policy innovation, nor whether policy transfer falls entirely within the parameters of policy succession.

## Understanding the Process of Learning and Globalization

Firstly, in all of the cases processes of globalization (e.g., WTO membership, global communications, adoption of international financial, property, strategic, or public management system) provided opportunity structures for learning to take place. There is no doubt that international organizations have had a growing influence in shaping domestic reform agendas. It is therefore no coincidence that the same discourses in terms of social, economic, and administrative reform can be found in completely dissimilar societies. This is due to a large extent to what Evans (2012) identifies as

"... a political process of global institution building..." that underpins the economic dynamic of globalization. But not only financial international organizations have a say in the definition of the reform agenda; international knowledge organizations such as the WTO also have a determinant role in the agenda setting process. However, it would be wrong to conclude that the increased internationalization of reform practices has limited the development of indigenous content in reform policies. As we have seen the reform processes in this study have not slavishly followed the international benchmark. In most of the cases, initially copying took place but then in the implementation process the objects of transfer were combined with indigenous lessons.

Secondly, it is equally clear that the political orientation of a country does not determine the adoption of certain reform ideas. Governments emanating from either left or right of the political spectrum are equally likely to be involved in introducing neoliberal market reforms.

Thirdly, in all of the cases, processes of social (demographic and cultural) change arising from economic reform (marketization – financial services, securities, real estate, social security) also provided opportunity structures for learning to take place. However, they also exposed fundamental sources of social antagonism between Party elites seeking to protect their privileges and reforming liberal elites striving for better policy. This observation was particular acute in the areas of banking, property management, and growth enterprises reform.

Fourthly, in all of the cases modernization processes also occurred due to citizen dissatisfaction with the existing quality of provision and increased expectation for better services. However, in all sectors of reform the Chinese government lacked expertise to embed new working norms and values and were therefore reliant on technical support from international organizations or overseas governments.

Fifthly, all of the cases represented a significant ideological challenge to the status quo and by implication provide a site of struggle between different conceptions of the public good – party accountability versus public accountability, communal property versus private property, state responsibility versus individual responsibility, and state monopoly capitalism versus neoliberalism. Hence, in most cases we see the reemergence of old elites in new class positions – former party bosses become property magnates.

### Agents of Policy Transfer

There are five observations about the work of these agents of learning that need to be highlighted here. Firstly, the utilization of the expertise of leading international knowledge and financial organizations has helped to legitimate the reform processes themselves. Policy-makers do not only turn to advanced countries experiences but to the guidelines and recommendations formulated by international bodies such as the WTO, IMF, the WB, OECD, and the UN among others (see also Ladi 2004 and Stone 2000). These organizations are increasingly important in shaping the character of transition states as they establish what is considered to be "best practice" in reforming the economy and the public sector. Certain international organizations have the necessary coercive means to force developing countries to adopt certain policies (e.g., the IMF and the WB) and others use moral coercion to pressurize countries to embrace certain reforms (e.g., OECD). In the case of China, the government clearly has greater autonomy in determining its own path to development although it needs to make certain concessions to international benchmarks along the way. Moreover, as international organizations are considered to be authorities in their particular area of expertise, policies, and programs based on their guidelines and principles have implicit international recognition of being in line with best practice.

Secondly, the main internal agents of learning are members of the Chinese bureaucratic elite who share a commitment towards the same policy objectives and have common norms and values. It is evident that this elite is committed to modernization and is relatively cohesive.

Thirdly, it is notable that in all our cases formal and informal institutional structures for policy learning including internal and external agents of

transfer were created to facilitate policy change whether it be a sophisticated policy hub.

Fourthly, the policy learning is characterized by the development of long-term relationships with external agents of transfer.

Fifthly, in all of our cases cohesive policy networks were created leading to fast track processes of learning. However, social conflict emerged in the implementation processes exposing a war of ideas between conservative party elites and neoliberal reformers.

## Barriers to Transfer

There are three broad sets of variables can be identified in the case study literature on policy transfer: "cognitive" barriers, "institutional" barriers, and "environmental" barriers (Evans 2012). These variables interact in complex and often unexpected ways and inform the process of policy transfer.

*"Cognitive" barriers* refer to the process by which public policy problems are recognized and defined in the predecision phase, the rationality of the search conducted for ideas, the receptivity of existing policy actors and systems to policy alternatives, and the complexity of choosing an alternative. The most significant cognitive barriers for agents of policy change to overcome at this stage of policy development are the prevailing organizational culture and the need for effective cultural assimilation. In my understanding, cognitive obstacles in the policy formulation phase of the process of policy transfer constrained policy development due to the absence of a genuinely evidence-based approach to evaluating the compatibility of the objects of transfer. Moreover, cognitive obstacles in the implementation phase of the process of policy transfer led to resistance from party elites until a strategy of elite renewal was crafted. In terms of institutional barriers, the absence of technical capacity to deliver the programs meant that an incremental approach to implementation took place underpinned by capability development programs. Moreover, certain reforms were characterized by organizational resistance to change at the middle management level due to the need for new skills, norms, and values to affect organizational change.

*"Institutional" barriers* refer to the normal technical implementation constraints that constrain or facilitate the process of lesson-drawing. This includes coherent and consistent objectives; the incorporation of an adequate causal theory of policy development; the sensible allocation of financial resources; hierarchical integration within and among implementing organizations; clear decision rules underpinning the operation of implementing agencies; the recruitment of program officers with adequate skills/training; sufficient technical support; and the use of effective monitoring and evaluation systems including formal access by outsiders.

*"Environmental"* obstacles refer to the absence of effective cognitive and elite mobilization strategies deployed by agents of policy change, the need for the development of cohesive policy transfer networks to ensure successful policy-oriented learning, the broader structural constraints (institutional, political, economic, and social) that impact and shape the process of lesson-drawing.

Environmental obstacles during the process of policy transfer constrained policy development particularly resistance from the Party until a strategy of elite renewal was crafted which led to the use of the nomenklatura system to affect control over the process of policy development. This suggests that it is crucial to build a societal consensus across elites on program imperatives in order to ensure the effective implementation of new programs.

## Measuring Success

How can we judge the success of these interventions? David Marsh and Allan McConnell (2010) provide us with the basis of a framework for evaluation. They develop a heuristic device for assessing success, focusing on three dimensions: process success; programmatic success; and political success. Process success is defined as "the stages of policy-making in which issues emerge and are framed, options are explored, interests are consulted and decisions made" (Marsh and McConnell 2010, p. 572). Central to Marsh and McConnell's conception of process success is the notion of legitimacy; understood here in terms of

due process and democratic values. Innovation and influence can also be measures of process success, irrespective of the particular policy outputs and outcomes. Innovation can also be based on policy transfer from another political jurisdiction (see: Dolowitz and Marsh 2000).

Programmatic success refers to the assumption that "programmatic" success is more likely if the policy process involves, and reflects the interests of, a sufficiently powerful coalition of interests (Marsh and McConnell 2010, p. 573). "Programmatic" success is often seen as synonymous with policy success and the contemporary focus among most Western democracies on evidence-based policy-making. And, finally Marsh and McConnell understand political success from two perspectives – from the perspective of government and civil society. For government, a policy may be successful if it assists their electoral prospects, reputation, or overall governance project. However, perceptions of the success of a policy will differ depending on your social location. This requires some reflection on the question: success for whom? As Bovens et al. (2006, p. 322) argue: uncontroversial instances, policy evaluations are entwined with processes of accountability and lesson-drawing that may have winners and losers. However, technocratic and seemingly innocuous, every policy program has multiple stakeholders who have an interest in the outcome of an evaluation: decision makers, executive agencies, clients, and pressure groups.

## Policy Learning in China

Theoretically, the previous analysis of policy learning termed as policy transfer and lesson-drawing, such as Rose (2005), Bennett (1991), Dolowitz and Marsh (1996) and others, has tended to concentrate on the approach of transferring policy, the method of the transfer, and the lessons derived from it (see: Evans and Marsh 2012). However, there is also an increasing interest in exploring what elements influence the success of policy learning (see Marsh and Sharman). This puzzle has become particularly salient with regard to the role of the Chinese state in steering a highly effective economic reform project in which policy learning appears to have played a fundamental role promoting the question – is China particularly adept at policy transfer and policy-oriented learning and if so why?

Chinese policy-makers are keen to learn about what works from overseas countries that they admire. It is noteworthy that Chinese interest in policy transfer is said to have predated the West. As early as 422 BC, the first historian Qiu Zuo, conjured with the idea of lesson-drawing as an idiom as "yin yiweijian" in his book named Guo Yu. The idiom of "Yin Yi Wei Jian" translated as "The overturning of the cart in front is a warning to the carts behind," which means a person or organization should be rational enough to learn positive and negative lessons from others. Fifty years later in 372 BC, the Chinese sage Mencius advocated "yīnjiànbùyuǎn" (Hulsewé 1979), which means you can learn lessons regardless of the space and time period. And the most famous Chinese philosopher Confucius also said: "line three, there must be someone better than me, learn the good from the one to replace my weakness, and avoid the negative lessons." These extracts from Chinese literature demonstrate a long history of lesson-drawing as a theory of praxis in Chinese policy-making.

In the course of the last three decades, processes of globalization (economic integration, geopolitics, communications, political integration) have created a great trading-pit in policy ideas with "ready-made", "off the shelf" solutions to policy problems. This supermarket approach to policy learning has inhibited rational policy learning in which policy-makers use credible instruments of policy analysis such as evidence-based evaluation methods to assess the costs and benefits of pursuing a policy drawn from a non-indigenous setting. The Chinese government has been particularly vulnerable to this approach as the "Reform and Open Door Policy" has provided a perfect environment for the application of "foreign" models to ease transition problems. Methods of adaptation, emulation, hybridization, synthesis and inspiration have played an integral role in economic and social reform. Although the results have often been impressive, there has been

a rising concern among academics and practitioners about why China has been so quick to learn lessons from Western exemplars rather than steer its own course or learn from states at a similar state of development.

## Policy Learning and the Rise of the New China

Since the implementation of "Reform and Open Door Policy" at the early 1980s, China has experienced a great and historical social change due to a progressive incremental reform that has delivered a result of shifting the country from a command to a market socialist economy and latterly to what may be termed a new authoritarian development state. Indeed, in order to meet the perceived imperatives of state transformation, Chinese government has launched a series of profound reform in its government sector and public institution, programmed to promote economic and social development, this has been termed the "reform and Open Door" policy has largely been facilitated through processes of policy learning.

The growth of policy learning has become an inevitable trend in Chinese administrative and policy development due to the increase of global economic pressures, the rapid internal growth communications technology and the increasing influence of international organizations in setting international policy agendas (Larmer 2005). Processes of economic globalization have galvanized the Chinese government into becoming more and more active in incorporating the policy experiences of developed countries into its domestic reform program. This is in keeping with two overlapping claims about the centrality of institution-building in development which have gained apostles in Chinese government in the past decade and which have had an important influence on institutional reform in particular. The first claim is that institutions matter in development because they provide stable governing parameters (Leftwich 2006); the second claim is that the achievement of good governance in "Chinese-style" public administration ensures that institutional rules remain both stable and effective. Hence, the deepening and consolidation of the reform of the administrative system is perceived by party elites to be of vital importance to ensure the continuation of the success of the economic reform project in China (Evans and Marsh 2012). Furthermore, there has been a sharp focus on New Public Management (NPM) type reforms, that is, the application of private sector methods and public choice precepts in the management and delivery of public goods. It is also observed that international cooperative programs have become the key instrument of policy learning in this area.

## Processes of Policy Learning in China

The cumulative effect of the interaction of pressures and ideas emanating from dynamic international and national structures and their interpretation by different agents create the necessary conditions for policy transfer to take place. In China, processes of opening-up, elite renewal and international pressures to conform are some of the myriad explanatory variables that prompted policy-makers to search overseas for solutions to the problems they are facing. However, it would be wrong to conclude that the increased internationalization of reform practices has limited the development of indigenous content in reform policies. As China have seen the reform processes in this study have not slavishly followed the international benchmark. In most of the cases, initially copying took place but then in the implementation process the objects of transfer were combined with indigenous lessons. In short, learning through doing occurred in the process of implementation. This demonstrates the pragmatic nature of Chinese policy learning in keeping with the Chinese political tradition. As Sitwell's observation so acutely observes, the genius of the Chinese national culture lies in its ability to assimilate overseas ideas and adapt them to their own needs and desires. It also highlights the interactive nature of structure and agency. Here the essential components of the national culture are preserved within the policy learning design and inappropriate foreign content is filtered out.

Besides, promoting an "Economy, Efficiency, and Effectiveness" administrative system must be prime objective in the economic transition. As Turner and Hulme (1997, p. 1) observe, "It seems that all are agreed on the proposition that the nature and performance of public sector

organizations are critical elements in determining developmental success." An successful administrative reform requires to build a strong, efficient and effective central administrative system which aims at improving efficiency, effectiveness and responsiveness. Indeed, countries such as South Korea, Singapore, Thailand, and Malaysia all have been witnessed by the most rapid and sustained development regarding to the highly effective public sector organizations, strong centers, entrepreneurial elites, relatively autonomous states, effective economic planning ministries, certain aspects of good governance, and have engaged in civil service reform (see Leftwich 2006).

Furthermore, the successful economic transition and administrative reform require engaging in progressive lesson-drawing and policy-oriented learning from international experience but that ultimately indigenous solutions must be found to indigenous problems. Public administrators must engage in international comparison and rational policy learning and draw on the most proper overseas expertise that fit their own circumstances.

In all of our cases long implementation processes were necessary to achieve effective outcomes. It is also noteworthy that public organizations are normally unlikely to engage in policy transfer if the policy is too complex and difficult to implement (Evans and Marsh 2012). However, in these cases, which all involved complex transfers, the Chinese government moved quickly to copy from overseas exemplars in the policy formulation process and then to hybridization in the implementation process. This is wholly in keeping with Chinese learning traditions and its emphasis on pragmatism and was also reflected in the dominant view that "state of development" issues were not central to evidence-based thinking in policy transfer. Selecting the most appropriate exemplar at a similar state of development is considered fatalism. Hence "to be the best you have to learn from the best."

## Measuring Success in China

The heuristic requires slight modification to each of the three dimensions to operationalize it effectively in the Chinese context. Firstly, in terms of process success, the concept of legitimacy as applied to liberal democracies is underpinned with reference to due processes of constitutional and quasi-constitutional procedures and values of democracy, deliberation, and accountability. This would not be the case in China where the notion of legitimacy in the formation of choices would be reproduced through due processes or procedures underpinned by Party norms and values. Moreover, reference to the passage of law rather than legislation would be more culturally apposite. In addition, given that the heuristic is being applied to a process of cross cultural learning; it makes sense to evaluate success in terms of how cohesive the policy transfer network was in facilitating the learning process (see: Marsh and Evans 2012). Moreover, it also makes sense to evaluate the effectiveness of the formal and/or informal institutions which were created to facilitate change.

Secondly, with reference to programmatic success, the importance of issues of rationality and policy compatibility suggest the need to also evaluate programmatic success in terms of whether the policy proposal was informed by the best evidence, whether it was relevant to China's state of development and, for whom the policy was successful or not.

Finally, in terms of policy success, the issue of government popularity remains an important proxy measure of success in terms of solidifying support for the "One China project" and in maintaining support for dominant party factions rather than in formal liberal democratic elections. In addition, the issue of international opinion is also important. If the policy is aligned with international benchmarks of best practice, it is more likely to be perceived a success regardless of its social impact.

## Avoiding the "Learning Paradox"

The empirical findings identified above provide practitioners with the constituent elements of a better practice framework for guiding processes of policy learning and by implication helping them to avoid what Mark Evans (2012) has termed "the learning paradox." In other words, lesson-drawing can be a rational and progressive learning activity but only if the program that is

transferred is compatible with the value system of the recipient organization, based on the best possible evidence, culturally assimilated through comprehensive evaluation, and, builds on existing organizational strengths. It suggests, following Marsh and McConnell (2010), three dimensions of success – process, programmatic, and political – but with additional indicators that provide a more comprehensive understanding of the learning process. In particular, our understanding of process success is enriched through recognition of the importance of agents (policy transfer networks) in creating ideational structures and diffusing innovative practices and that issues of institutional design are crucial to the generation of successful policy outcomes. Moreover, our understanding of programmatic success is advanced through developing evaluative tools for understanding what can and cannot be transferred (policy compatibility), what the key obstacles to effective policy transfer may be to ensure implementation and in whose interest the program has been developed. And, finally our understanding of political success is progressed through recognition of the importance of elite and cognitive mobilization strategies in winning the war of ideas. In short, evidence is not a sufficient criterion for affecting policy change; politics matters and communicative strategies are central to the achievement of policy success.

## Parting Shot of Policy Learning

Each of these applications has its merits. They are sound in their descriptive understanding of policy development and can be used to explain certain aspects of the process of learning. The existing research tells us who has relationships with whom and it can describe how these relations impinge on the making of policy (e.g., why some actors are central and others are not). However, most accounts lack the methodological tools necessary to provide a rigorous understanding of the movement of ideas from one setting to another. Moreover, their understanding of the process of policy learning are at best patchy and are vulnerable to the criticism that it is questionable that transfer has actually occurred at all. As Evans (2012) notes "it may be argued that policy transfer and by implication lesson-drawing does not advance an explanatory theory of policy development," or, as Ed Page (2000, p. 12) puts it, the researcher should not expect from the literature "firm guidance about how to frame the research questions or how to pursue them empirically" (see also: Dolowitz and Marsh 2000; Evans and Davies 1999). For example, the lesson-drawing and ideational approaches cannot provide a general theorization of policy change that accounts for all processes of lesson-drawing. It can only provide a partial account of policy change emanating from the relationship between the structure of the decision network and the agents operating within them and the network and the policy outcome. If applied in isolation from macro-analysis, this overlooks the potential for the existence of a causal relationship between the network and the environment in which it operates. Moreover, at the same time, the network is interpreted, reinterpreted, and constrained by participating actors. Hence, the complex, interactive relationship between network (structure) and agency needs to be analyzed in any study of policy learning. Moreover, finding the evidence that a lesson has been drawn demands excellent access to key informants in informal decision-making processes. Such access is not often possible either in developed or developing countries.

Two further shortcomings are evident. The first is that the study of policy learning would benefit from a reflection of how traditional organizations can become learning organizations. Rose (2005, pp. 104–5) himself argues that the strategic direction of public organizations are path dependent and characterized by "inheritance rather than choice" in the sense that "past commitments limit current choices." Hence a set of recommendations on how to break from the "wicked context" problem would be extremely useful (see: Common 2004). Secondly, a more detailed identification of potential obstacles to successful policy learning would provide important insights for practitioners into how to develop: (a) the type of learning organization conducive to the facilitation of successful lesson-drawing and (b) how to develop a model of prospective evaluation to guide effective lesson-drawing.

## The Way Forward

In summary then, what would be the properties of a rigorous approach to the study of policy learning? It is proposed here that an approach which: (1) is sensitized to the structure and agency problem; (2) recognizes that issues of institutional design (i.e., how policy networks are designed) are crucial to the achievement of effective policy outcomes; and (3) develops evaluative tools for understanding: (a) what can and cannot be learnt (policy compatibility) and (b) the key obstacles to effective policy learning as a method of prospective policy evaluation provides the way forward.

### The Structure/Agency Problem

Simply put, formal transfer analysis and the ideational approach tend to privilege either structure or agency factors in processes of policy transfer. Following Marsh and Smith's (2000) critique of policy network analysis, I seek to confront this problem by combining the strengths of formal transfer analysis and the ideational approach and integrating them into a coherent analytical approach. The new element which we can take from this approach is that policy transfer processes are driven by policy transfer networks that generate policy outcomes emerging from three interactive or dialectical relationships between: the structure of the network and the agents operating within them; the network and the context within which it operates; and the network and the policy outcome. It is also argued that macrolevel variables are interpreted by both actors and through network relationships and should not be seen as distinct from the object of enquiry – the process of policy learning.

As noted by Evans (2012) policy transfer should be understood as action oriented intentional learning – that which takes place consciously and results in policy action; hence the focus should be on the study of agency. This definition locates policy transfer as a potential causal phenomenon – a factor leading to policy convergence. Nonetheless, policy transfer should be distinguished from policy convergence in that the latter may occur unintentionally – for example, due to harmonizing macroeconomic forces or common processes. The element of intentionality in this definition of policy transfer makes both an agent and ideas essential to both voluntary and coercive processes. Intentionality may be ascribed to the originating state/institution/actor, to the transferee state/institution/actor, to both, or to a third party state/institution/actor.

### Designing Instruments of Policy-Oriented Learning

Recent studies of processes of policy learning have emphasized the role of policy networks as key instruments of policy-oriented learning (Evans 2012; Ladi 2002). These are collaborative decision structures comprised of state and nonstate actors that are set up with the deliberate intention of engineering policy change. It is argued that policy networks matter because they shape the nature of policy outcomes emerging from the process of learning. Moreover, the creation of a policy network provides an opportunity structure for the creation of further policy networks.

### Evaluative Methods: Determining the Success or Otherwise of Processes of Policy Learning

International organizations, knowledge institutions, and think tanks play a key role in facilitating policy-oriented learning through imparting technical advice, for the content of policy transfers normally reflect areas where indigenous state actors lack expertise. This observation has particular resonance in transition countries such as China as the content of policy transfers often takes the form of conditions imposed by, for example, the WTO in return for membership. Hence, transition countries can become dependent on the technical expertise and other resources of nonstate actors. Agents of policy transfer that can bridge the indigenous knowledge gap can become important players in policy transfer networks. However, the degree of autonomy that state actors can demonstrate from the expertise of nonstate actors tends to be broadly representative of their state of development. For example, in most instances, voluntary forms of policy transfer demonstrate the relative autonomy of state actors in decision processes, while coercive forms of policy transfer demonstrate the incapacity of a state to

maintain its national sovereignty over decision-making. Although in the Chinese context, the government has made concerted efforts to guard its autonomy. Nonetheless, the privileging of unaccountable agents of policy transfer within policy transfer networks can lead to cultural imperialism through the back door via the transplantation of international policy agendas that are at odds with indigenous policy systems. A necessary criterion for the development of effective policy transfer networks must therefore be to ensure that such reforms are compatible with indigenous policy systems and settings.

The issue of policy compatibility is, of course, not the only potential obstacle to successful policy learning. This thesis stresses the importance of developing a rigorous implementation perspective in policy transfer analysis to ensure that policy transfer has taken place. This will allow for the identification of the type of learning organization conducive to the facilitation of successful lesson-drawing and the development of a model of prospective evaluation to guide effective lesson-drawing. Here this thesis will draw on the work of Evans (2012) who has identified three broad sets of variables or obstacles to transfer which he derives from the case study literature: "cognitive" obstacles in the predecision phase, "environmental" obstacles in the implementation phase and domestic and, increasingly, international public opinion. These variables interact in complex and often unexpected ways and inform the process of policy transfer. "Cognitive" obstacles refer to the process by which public policy problems are recognized and defined in the predecision phase, the rationality of the search conducted for ideas, the receptivity of existing policy actors, and systems to policy alternatives and the complexity of choosing an alternative. The most significant cognitive barriers for agents of policy change to overcome at this stage of policy development are the prevailing organizational culture and the need for effective cultural assimilation of policy alternatives.

"Environmental" obstacles refer to the absence of effective, cognitive, and elite mobilization strategies deployed by agents of policy change, the need for the development of cohesive policy networks to ensure successful policy-oriented learning, the broader structural constraints (institutional, political, economic and social) that impact and shape the process of lesson-drawing and the normal technical implementation constraints that constrain or facilitate the process of lesson-drawing.

The latter would include: coherent and consistent objectives; the incorporation of an adequate causal theory of policy development; the sensible allocation of financial resources; hierarchical integration within and among implementing organizations; clear decision rules underpinning the operation of implementing agencies; the recruitment of program officers with adequate skills/training; sufficient technical support; and the use of effective monitoring and evaluation systems including formal access by outsiders.

## In Conclusion: Understanding Learning and Avoiding the "Learning Paradox"

In sum then, policy learning analysis describes, almost uniformly, a lateral ring of information "exchange" (Bennett 1991) that leads to policy change in a nonindigenous setting. The study of policy learning can only be distinctive from the analysis of normal forms of policy-making if its focuses on the movement of ideas between systems of governance in different countries. Policy learning is therefore best concerned with the study of features of contemporary policy change that are not otherwise explained. However, most accounts lack the methodological tools necessary to provide a rigorous understanding of the movement of ideas from one setting to another. Moreover, the understanding advanced on the process of policy learning are at best patchy and are vulnerable to the criticism that it is questionable that learning has actually occurred at all.

On the other hand, policy learning can be a rational and progressive learning activity but only if the program that is transferred is compatible with the value system of the recipient organization, based on the best possible evidence, culturally assimilated through comprehensive evaluation, and, builds on existing organizational

strengths. It suggests, following Marsh and McConnell (2010), three dimensions of success – process, programmatic, and political – but with additional indicators that provide a more comprehensive understanding of the learning process. In particular, our understanding of process success is enriched through recognition of the importance of agents (policy transfer networks) in creating ideational structures and diffusing innovative practices and that issues of institutional design are crucial to the generation of successful policy outcomes. Moreover, our understanding of programmatic success is advanced through developing evaluative tools for understanding what can and cannot be transferred (policy compatibility), what the key obstacles to effective policy transfer may be to ensure implementation and in whose interest the program has been developed. And, finally our understanding of political success is progressed through recognition of the importance of elite and cognitive mobilization strategies in winning the war of ideas. In short, evidence is not a sufficient criterion for affecting policy change; politics matters and communicative strategies are central to the achievement of policy success.

## References


Bennett CJ (1991) Review article: what is policy convergence and what causes it? Br J Polit Sci 21:215–233

Bovens M, 't Hart P, Kuipers S (2006) The politics of policy evaluation. In: Moran M, Rein M, Goodin RE (eds) The Oxford handbook of public policy. Oxford University Press, Oxford, pp 319–335

Carroll P (2013) Policy transfer and accession: a comparison of three international governmental organisations. J Comp Policy Anal Res Pract:2–17

Carroll P, Common R (eds) (2013) Policy transfer and learning in public policy and management. Routledge, Oxford

Common R (2004) Organisational learning in a political environment: improving policy-making in UK government. Policy Stud 25:35–97

Dolowitz D, Marsh D (1996) Who learns what from whom: a review of the policy transfer literature. Polit Stud 44: 343–357

Dolowitz D, Marsh D (2000) Learning from abroad: the role of policy transfer in contemporary policy making. Governance 13(1):5–24

Evans M, Davies J (1999) Understanding policy transfer: a multi-level, multi-disciplinary perspective. Public Adm 77:361–385

Evans M, Marsh D (eds) (2012) Policy transfer and policy translation. Policy Studies Routledge/Taylor and Francis

Füglister K (2012) Where does learning take place? The role of intergovernmental cooperation in policy diffusion. Eur J Polit Res 51(3):316–349

Greener I (2001) Social learning and macroeconomic policy in Britain. J Publ Policy 21:1–22

Haas PM (ed) (1992) Knowledge, power and international policy coordination. Special issue of International Organization

Hulsewé AFP (1979) China in Central Asia: the early stage 125 BC – AD 23: an annotated translation of chapters 61 and 96 of the history of the former Han dynasty. E. Brill, Leiden

Ikenberry G (1990) The international spread of privatization policies: inducements, learning and policy "Bandwagoing". Cited in Suleiman E, Waterbury J (eds) The political economy of public sector reform and privatization. Westview, Oxford, pp 88–110

Ladi S (2002) Promoting change through research. Joseph Rowntree Foundation, York

Ladi S (2004) Globalization, policy transfer and policy research institutes. Edward Elgar, Cheltenham

Larmer B (2005) The center of the world. Foreign Policy 150:66–74

Leftwich A (2006) Introducing politics. Polity Press, Jackedflap

Majone G (1991) Cross-national sources of regulatory policy making in Europe and the United States. J Publ Policy 11:79–106

Marsh D, McConnell A (2010) Towards a framework for establishing policy success. Public Adm 88(2): 564–583

Marsh D, Smith M (2000) Understanding policy networks: towards a dialectical approach. Polit Stud 48(1):4–21

Page EC (2000) Future governance and the literature on policy transfer and lesson drawing. Paper prepared for the ESRC future governance programme workshop on policy transfer, 28 January

Peters BG (1997) Policy transfer between governments: the case of administrative reform. West Eur Polit 20(4): 51–59

Rose R (2005) Learning from comparative public policy: a practical guide. Routledge, London

Shipan CR, Volden C (2008) The mechanisms of policy diffusion. Am J Polit Sci 52(4):840–857

Stone D (2000) Non-governmental policy transfer: the strategies of independent policy institutes. Governance 13(1):45–70

Turner M, Hulme D (1997) Governance, administration and development: making the state work. Palgrave, Basingstoke

Weyland KG (2007) Bounded rationality and policy diffusion. Princeton University Press, Princeton

Wolman H (1992) Understanding cross national policy transfers: the case of Britain and the US. Governance 5:27–45

Zhang YZ, Marsh D (2014) Learning by doing – the case of administrative reform. Policy Studies, Routledge, Taylor & Francis Group

# Theory of Program Evaluation, China

Chunhui Chen
Sino-Overseas Study Consultant Center, Nanning, China

## Synonyms

Performance appraisal; Performance assessment; Public governance evaluation

## Definition

Evaluation: A research, assessment, and appraisal of a program in order to identify the degree and efficiency of the implementation and outcome of the program. The research finding can usually help people to draw lessons from the program and to make better decision and judgment about future programming.

## Introduction

Program evaluation research has been developed rapidly after World War II since numerous large expenditure programs were launched and "consequently were accompanied by demands for knowledge of results" (Rossi and Freeman 1999: 11). As a result, two categories of evaluations were developed to meet different needs. One is implementation or process evaluation that is usually conducted to monitor "whether the program is delivered as intended to the targeted recipients" (Rossi and Freeman 1999: 190). The other one is the outcome or impact of evaluation which is used to assess whether the intended goals have been achieved and what effects have been produced (Sharp and Frechtling 1997: 1–2). Evaluation was defined by Weiss as:

> A type of policy research, designed to help people make wise choices about future programming. Evaluation does not aim to replace decision makers' experience and judgment, but rather offers systematic evidence that informs experience and judgment. Evaluation strives for impartiality and fairness. At its best, it strives to represent the range of perspectives of those who have a stake in the program. (Cited in Clarke 1999: 2–3)

An effective evaluation will be identified as the product of four main dimensions of activity: methodology, evaluation design, evaluation in the field, and evaluation report. As methodology is considered as the most influential factor in evaluation, an overview of the three approaches (scientific approach, narration, and participatory approach) will be provided in the first part of this chapter. However, none of these approaches can be used to conduct an effective evaluation independently. It will be argued that mixed method evaluations are the best way to conduct an effective evaluation.

This will be organized into four parts: the first part will begin with comparisons of the three main methods of evaluation and move to explain why mixed method design is the best approach of evaluation; the second part will focus on the other key integrates of effective evaluation, the evaluation design, implementation, and report; the third part will concentrate on the application of evaluation in China, especially on the public governance and public management evaluation; and finally, it will draw a conclusion on the key ingredients of effective evaluation.

## Evaluation Methodology

### An Overview of Competing Methods

#### The Scientific Approach

This approach can yield representative and broadly generalizable information using standardized methods from the data collected. Thus, by applying those systematic statistical analyses, it will invest the interpretation and the findings of evaluations with a higher level of credibility and confidence (Denscombe 1998: 204–205). Furthermore, it is replicable and can be analyzed using sophisticated statistical techniques especially with the aid of computer software. Therefore, the findings are more reliable and relevant to the decision

maker or stakeholders due to objective evidence which is based on numbers, percentages, and graphs (Denscombe 1998: 205).

However, quantitative analysis is not always as scientifically objective as it might seem to be theoretically (Denscombe 1998: 205). It seeks to control the context by using random assignment and multivariable analyses which tend to ignore small deviance. The techniques applied such as postal questionnaire surveys and laboratory experiments do not even require any contact with the people (Bryman 1996: 101). Quantitative researchers believe that some of the data collected may not be accurate or valid but choose to ignore the impact on the evaluation. Besides, the credibility of findings for the preferential evaluation designed for specific stakeholders is questionable. Hence, quantitative researchers only emphasize the quantity of data rather than quality of an evaluation (Bryman 1996: 94).

### The Narration Approach

As a contrast to the scientific approach, this approach will provide meaningful and in-depth information to evaluators, which is used it to interpret the finding from the clues obtained (Evans 2005: 10). Another merit of this approach is that it will reflect the social reality by classifying and analyzing the descriptive data (Denscombe 1998: 220). Besides, qualitative researchers emphasize the importance of understanding the context, and by studying the deviant cases, it will provide an important insight into the subject (Bryman 1996: 94–96). Furthermore, they often reject the idea of applying theory as a precursor to an investigation which may not reflect subjects' views and argue that there is no objective social reality. As a consequence, they are more concerned with the discovery of theory rather than the verification of theory (Bryman 1996: 97).

Nevertheless, qualitative analysis is often critiqued as unrepresentative and atypical due to it subjective findings which are constructed in line with the beliefs of the researcher (Marsh and Stoker 2002: 202). Thus, the insider standpoint will result in a situation in which "the researcher loses the awareness of being a researcher and is seduced by the participants perspective" (Bryman 1996: 96). Qualitative research will provide results which are neither replicable nor comparable (Marsh and Stoker 2002: 204). Furthermore, the meaning of the data may be lost or transformed by coding and categorizing during the analysis process (Denscombe 1998: 222). It also requires good staff skills and considerable supervision to yield trustworthy data whichever qualitative methods are applied. Hence, it may be even more time consuming on qualitative evaluation and any possible further exploration of evaluation and not even to mention the acknowledgement of social complexity (Denscombe 1998: 222).

### Participatory Approach

An evaluation need express not only the opinions of the decision-makers or funding body but also the other parties involved in the program. The emergence of the participatory approach has met the needs of finding out the views of stakeholder or expert knowledge to help decision-making (Gregory 2000: 180). The most commonly used models are stakeholder evaluation and participatory evaluation (Robson 2000: 18–22).

In the stakeholder evaluation model, the evaluators are the principal investigators, while the practitioners only act as consultants. Large numbers of stakeholders have an active role in "shaping and focusing the evaluation so that it links in with their interests and concerns" (Robson 2000: 18). However, the criticism points out that this model is ideal because it is impossible for everyone with a stake to take part in every stage of the evaluation process. If only key stakeholders can participate some stages, it undermines the participants' ability in planning and execution of the evaluation (Gregory 2000: 183).

In the participatory evaluation, while the evaluator still plays the major evaluative role, a small number of practitioners engage in the evaluation process as assistants to the evaluators. The connection between evaluators and practitioners is a joint responsibility that can help to maintain the rigorousness of evaluation after the program management or staffs take part in it. However, the first difficulty of this model is how to avoid the impact of power relations in the participation of the evaluation process. The second is that the practitioners

may feel greater "inhibitions" to their colleagues if the data and findings are negative (Robson 2000: 19–20).

## Mixed Method Evaluation

### Why Mixed Method Evaluation Is the Best Methodology?

It can be seen from the above comparison that any single method has its advantages and disadvantages in this and other respects. However, mixed method evaluations, "where two or more different data-collection methods are used when seeking answers to an evaluation question," exactly combine different strengths and weaknesses from different methods (Robson 2000: 81). As L. Sharp and J. Frechtling observe (Sharp and Frechtling 1997: 1–8):

> By using different sources and methods at various points in the evaluation process, the evaluation team can build on the strength of each type of data collection and minimize the weaknesses of any single approach. A multi-method approach to evaluation can increase both the validity and reliability of evaluation data.

In short, a mixed method design can not only address "all aspects of the research question" but also increase the validity of research by covering the drawbacks of each other (Marsh and Stoker 2002: 237).

### How to Combine Methods

First of all, methodological triangulation is considered as an advantage approach of the mixed method evaluation. It "combines two or more different research method in the study of the same empirical issue" (Marsh and Stoker 2002: 237). The aim of this approach is seeking to acquire reliable and accurate information by using multiple sources of information (Pierce 2004: 69).

Creswell also identified three basic models to integrate different methods. The first model is a two-phase design approach. This approach separates the research into a qualitative phase and quantitative phase in which the evaluators can "operate within the appropriate epistemological paradigm" (Marsh and Stoker 2002: 239). If the quantitative phase comes first, the findings of the survey can inform the context of the qualitative study. On the contrary, if the study starts from a qualitative analysis, the following quantitative phases will enhance the "the validity of the concepts, hypotheses and questions" (Marsh and Stoker 2002: 239–240).

The second is a dominant/less dominant model in which one method will dominate the overall study, while the other one just provides a supplement to the study. "The advantage of this method is that it retains a single consistent paradigm, but allows other data to be collected from a smaller or larger population, depending on which methodology is dominant" (Marsh and Stoker 2002: 240).

The third one is the mixed-methodology model that can be used at any stage of the evaluation process. This is the most popular approach because it "allows the researcher to take advantage of each research methodology" (Marsh and Stoker 2002: 240). Moreover, it uses both inductive and deductive approaches to offer a better reflection of research practice because there are no constraints of the sequence of the methods (Marsh and Stoker 2002: 240).

### Problems of the Mixed Method Approach

Although there is an increasing use of the mixed method approach in evaluation, there are some problems that need to be considered in practice. Firstly, the mixed-methodology design cannot avoid the problem that the evaluators' ontological and epistemological positions have an impact on methodology. Secondly, this approach has been questioned because different evaluators are likely to analyze the data in their own ways and to "make different claims about their results" (Marsh and Stoker 2002: 241). Thirdly, it requires considering that the evaluators need varied skills to deal with those approaches and how to allocate limited resources to cover different methods (Marsh and Stoker 2002: 242).

## Evaluation Design

There are three key components in evaluation design: evaluability assessment, evaluation

questions, methods, and sampling strategy. At the designing stage, the goals and program theory will determine the design of the evaluation questions. After that, the evaluators will select data-collection approaches and develop a sampling strategy according to the questions (Robson 2000: 79–80).

### Assessing Evaluability

Evaluability assessment is "a pre-evaluation appraisal of whether a program's performance can be evaluated" (Rossi and Freeman 1999: 187). The purpose of this assessment is to find out whether the program theory is well defined, or if not, what changes can be made to ensure the evaluation will attain its goals. It involves reassessing the goals and objectives of program, performance criteria, "stakeholders," and side effects (Rossi and Freeman 1999: 187; Shaw 1999: 124).

### Clarifying the Goals and Objectives and Program Theory

As Sabstier observes, ambiguous and inconsistent objectives will lead to the failure of policies or programs (Marsh and Rhodes 1992: 9). It is important to clarify the objectives of the program at the outset to provide guidance to the implementation and evaluation. Moreover, the assessment of the program theory is also important because it is difficult for a program to attain its goals if the program theory is weak or faulty (Rossi and Freeman 1999: 187).

### Identifying Stakeholder Interest in Evaluation Findings

Stakeholders can be individuals or groups of people that are "typically involved in, affected by, or interested in the evaluation" (*Rossi and Freeman* 1999: 55). Nine categories of stakeholders are identified by P. Rossi and H. Freeman: the policy-maker and decision-makers, program sponsors, evaluation sponsors, target participants, program managers, program staff, program competitors, contextual stakeholders, and evaluation and research community (Rossi and Freeman 1999: 55). Each group of people has their own interests in the program. The purpose of identifying stakeholders is to design different questions and select various evaluation research methods for a particular target (Hanberger 2001: 52).

### Formulating Evaluation Questions

The criteria for good evaluation questions are, can they "identify clear, observable dimensions of program performance that are relevant to the program's goals and represent domains in which the program can realistically be expected to have accomplishments" (Rossi and Freeman 1999: 116). The evaluation questions usually cover the following dimensions: the program design, implementation, management and enhancement, staff training and support, impact of policy output, etc. (Evans 2005: 9). In practice, the evaluators will set priorities among a set of candidate evaluation questions according to the concern of various stakeholders (Rossi and Freeman 1999: 117).

### Selecting Data-Collecting Methods

As mentioned above, mixed method evaluations combine the advantages of both quantitative and qualitative methods and can "yield richer, more valid and more reliable findings" (Sharp and Frechtling 1997: 3–7). There is no fixed formula for the mixed method design; however, some consideration should be taken in selecting methods. Firstly, it is important to develop sampling strategies which can ensure the sample is representative and the data collected are relevant to the evaluation questions. It can increase the accuracy by enlarging the sample size; however, this takes time and increases the costs. Secondly, costs are "the various inputs required to set up and run a program which determines the selection of methods, scale of evaluation and the quality of data" (Robson 2000: 136). Thirdly, the general rule of timing is to collect data before "an innovation is first introduced and after it has been in operation for a sizable period of time" (Sharp and Frechtling 1997: 3–8).

## Evaluation in the Field

Evaluation in the field is a process of collecting data and information. In order to get trustworthy answers to the evaluation questions, more attention should be paid to the quality of data. As the policies or programs may evolve in the implementation stage, many new aspects of the evaluation design will emerge during the fieldwork. So a flexible design will allow more room for modification of the questions during the evaluation (Robson 2000: 102–103).

Scriven has identified two categories of evaluation: formative evaluation and summative evaluation (Robson 2000: 50). The formative evaluations are usually conducted during the implementation of a program, whereas the summative evaluations are held after the program has been achieved. In the evaluation framework designed by A. Hanberger (2001: 49), different guidelines have been developed for these two types of evaluations.

### Process/Implementation Evaluation

- What line of action is followed in practice?
- How does the implementing organization work in practice?
- Is enough competence integrated?
- Are resources used effectively and in the right way?
- Do unexpected problems occur?

(Hanberger 2001: 49)

It can be seen from the above questions that a process evaluation generally provides the stakeholders with the information about whether the program is "delivered as intended to the targeted recipients" (Rossi and Freeman 1999: 231). This information involves the program operations, service delivery, resources' allocation, and unintended problems (Rossi and Freeman 1999: 231). Furthermore, process evaluation is precondition of conducting an impact evaluation. It provides information about the ways programs are implemented which can be integrated with findings of an impact evaluation (Rossi and Freeman 1999: 199).

### Impact/Outcome Evaluation

- To what extent are the intended goals reached?
- Are there any unexpected results?
- What are the effects?
- Who benefits from the policy?

(Hanberger 2001: 49)

The focuses of an outcome evaluation are on whether the program achieves the intended goals and the implications of the policy (Hanberger 2001: 50). The implications of the policy could address either the positive or negative side of the outcome: the positive side can be the benefits and effects, whereas the negative side involves the unexpected results.

Finally, two issues are considered as essential at this stage. One is that good communication skills are required for every evaluator to obtain good answers for the evaluation questions. The other one is that the evaluators should be rational in analyzing data and generating the findings.

## Reporting the Results of Evaluation

The final stage of evaluations is to report and communicate the findings. An evaluation report will draw the conclusions of what the evaluators have done during the whole processes, what experience or lessons they have learned, and "how others might benefit from this projects experience" (Sharp and Frechtling 1997: 7–1).

In order to write a comprehensive report, the following issues need to be considered. Before writing the report, it is important to identify the interests and needs of different audiences. The audiences can be the sponsors, stakeholders, program management and staff, etc. The evaluators can prepare various forms of report (executive summary, detailed report, or briefings tailored to special stakeholders) to satisfy different interests and needs (Sharp and Frechtling 1997: 7–2).

Additionally, the organization of an evaluation report usually consists of five parts. It will provide the background stating the goals and objectives of the program from the outset. This is followed by a description of the evaluation design with the evaluation questions and the methodology used to

collect and analyze data. The findings section is the most important part which "should provide a concise context for understanding the conditions in which results were obtained and identifying specific factors that affected the results" (Sharp and Frechtling 1997: 7–3). The final part will draw a conclusion of the findings, strengths, and weaknesses of the program and give recommendations for improvements (Sharp and Frechtling 1997: 7–4).

## The Application of the Theory of Evaluation in China

The policy learning of public governance evaluation by the Chinese Government and pubic organizations from the experience of the developed countries or international organization, such as United Nation, Word Bank, WTO, and etc., has started from the end of the twentieth century (Bao and Zhou 2009: P12). After nearly 20 years of development, government performance evaluation has been widely adopted by all levels of governments, central or local, as one of the most important tools to assess public management performance and efficiency (Wang and Lan 2012: P43).

The systematically study of the public governance evaluation theory and **criterion** can be concluded into four main streams. ***Firstly***, an evaluation system of public governance has developed by K. YU with 15 criterion, such as legislation, citizen participation in politics, political transparency, civil rights, party and government supervision, intra-party democracy and multiparty cooperation, etc. ***Secondly***, ten evaluation criteria were suggested by Z. HE from the perspective of good governance, which included equity, legitimacy, legislation, responsiveness, etc. (Bao and Zhou 2009: P12). ***Thirdly***, Chu (2008: P37) identifies that public governance assessments are examined by three core indicators: deployment of power, citizen participation, and degree of civil satisfaction. It is argued that "the deployment of power involves arrangement and balance of powers, citizen participation covers citizens' engagement in social affairs and public policies, while the degree of civil satisfaction includes the public's attitude to both the behaviors and the results of government" (Chu 2008: P37). ***Finally***, Bao and Zhou (2009: P12) provide an evaluation system to guide the practice of public governance evaluation with seven criteria, and each criterion has detailed guideline of assessment. The seven criteria are equity, legislation, sustainability, participation, transparency, accountability, and efficiency (Bao and Zhou 2009: P12).

As mentioned above, the **evaluators** are required to be rational and have good communication skills in the fieldwork. In China, the database of CNKI (China National Knowledge Infrastructure) 2005–2011 shows that 96.8% of the governance evaluation were conducted by the evaluators from the higher educational institutions, such as the scholars in the universities and colleges, whereas the research departments within all levels governments only accounted for 0.45% of government performance assessments studies (Wang and Lan 2012: P41). The third-party evaluation institutions, non-profit organization such as University of Lanzhou and commercial research institute such as Horizon Research Consultancy Group, are also introduced to be the leading participants in the public governance evaluations (Bao and Zhou 2009: P13).

The study of CNKI database 2005–2011 also identified the **sponsors** and **research funding** of public governance evaluation. The statistics shows that almost 85% of evaluation studies within the public sectors are volunteer research, and only 10% of the research funding are from the national level, for example, the National Social Science Fund, NSFC (Natural Science Foundation of China), and the China Postdoctoral Science Foundation (Wang and Lan 2012: P41).

To sum up, the awareness of the importance of public governance evaluation leads to gradually increasing researches getting involved in these areas. It is argued that the theoretical study, local research, and research fund of governance evaluation in China are comparatively inadequate (Wang and Lan 2012: P43). It is also suggested that intensive attention would be paid to the implementation of public governance evaluation,

which are the cultural differences between China and the West, the differences in foundation of governance, and regional development differences, in the further studies (Bao and Zhou 2009: P11).

## Conclusion

This chapter has examined four phases of the evaluation process – methodology, the evaluation design, fieldwork, and communicating the report – to identify the key ingredients consisting of an effective evaluation at each stage.

As the methodology is considered as the essential component of a successful evaluation, the first section of this chapter focuses on the selection of the evaluation approaches. By comparing the strengths and weaknesses of scientific, narration, and participatory approaches, it draws a conclusion that a mixed method evaluation which combines the strength of each single approach is the best approach in evaluation. There are three forms of the mixed method approach: two-phase design, dominant/less dominant model, and the mixed-methodology model. However, this evaluation requires that the evaluators have various skills and avoid the impact of personal ontological and epistemological positions on the evaluation results.

Apart from the methodology, three other main issues have also been identified at evaluation design stage. The evaluability assessment includes clarifying the goals and objectives of the program, reassessing program theory and performance criteria, and identifying stakeholders' interest and side effects. The evaluation questions need to be clear and relevant to the program goals, cover as many aspects as possible, and be flexible to allow the policy room to evolve. Mixed data-collection methods will be selected according to the types of question and the considerations of sampling strategies, costs, and timing.

The implementation evaluation and outcome evaluation have different goals and emphases in the fieldwork. The former focuses on the program operations, service delivery, resource allocation, and unintended problems, whereas the latter concentrate on whether the program achieves the intended goals and whether there are any unintended results. The evaluators are required to be rational and have good communication skills. After that, the final task of evaluation is reporting the results of evaluation. The report will summarize the findings, implications, and lessons of the program. Apart from considering the preferences of various audiences, an evaluation report is better to presented in the standard format.

Finally, the application of the theory of evaluation in Chinese public governance has been explored though the four categories of evaluation **criterion**, the evaluators from higher educational institution and the third-party evaluation organization, and the recourses of research funding.

In conclusion, an effective evaluation was determined by three dimensions of these activities: evaluation design, fieldwork, and reporting the findings. The selection of evaluation methodologies is the core of the evaluation process, which has significant impact on the validity and reliability of the data collected and the findings.

## References

Bao, Zhou (2009) Several problems of public governance evaluation in China. Chin Publ Adm 284(2):11–13

Bryman A (1996) Quantity and quality in social research. Routledge, London

Chu (2008) Core elements for the assessment of public governance in China. Chin Publ Adm 279(9):37

Clarke A (1999) Evaluation research: an introduction to principles, methods and practice. Sage, London

Denscombe M (1998) The good research guide for small-scale social research projects. Open University Press, Buckingham

Evans M (2005) Lecture notes of evaluation. University of York, New York, UK

Gregory A (2000) Problematizing participation: a critical review of approaches to participation in evaluation theory. Evaluation 6:179–199

Hanberger A (2001) What is the policy problem: methodological challenges in policy evaluation. Evaluation 7(1):s 45–s 62

Marsh D, Rhodes RAW (1992) Implementing Thatcherite policies: audit of an era. Open University Press, Buckingham

Marsh D, Stoker G (2002) Theory and methods in political Science, 2nd edn. Palgrave MacMillan, New York

Pierce R (2004) Handout of graduate research methods. University of York, New York, UK

Robson C (2000) Small-scale evaluation. Sage, London
Rossi P, Freeman H (1999) Evaluation: a systematic approach, 6th edn. Sage, Thousand Oaks
Sharp L, Frechtling J (1997) User-friendly handbook for mixed method evaluations. Available on-line at: http://www.ehr.nsf.gov/EHR/REC/pubs/NSF97-153/start.htm
Shaw I (1999) Qualitative evaluation. Sage, London
Wang, Lan (2012) Status and prospect of government performance evaluation research of China – an analysis based on CNKI 2005–2011 academic document database. J Inn Mong Normal Univ (Philos Soc Sci) 41(4): 41–43

# Third Gaps of SERVQUAL in Indonesia

Ilham Rifai Hasan
Public Administration, State University of Makassar, Makassar, South Sulawesi, Indonesia

## Synonyms

Service delivery; Service quality gaps model; Service quality

## Definition

"Third Gaps of SERVQUAL" is a theoretical terminology referring to the conception of gaps analysis-based service quality. The gaps profile in the conception consists of five categories; one of them is third gaps identified as "service delivery." In this context, service delivery gaps are interpreted as any gaps occurring in the phase of service delivery. Any aspects which potentially influence service delivery quality in this phase are identified as third gaps of SERVQUAL or service delivery gaps.

## Introduction

In public service provision, "service delivery" is a phase in which service performance and customers' perceptions meet. In this phase, the personnel in charge apply the SOP (standard operational procedure) which has been constructed based on the management perception of customers' expectation. The significance of service delivery gaps in influencing service quality theoretically occurs through three factors: structural, human, and facility-infrastructure factor (Parasuraman et al. 1985).

Anything leading to an obstacle in the service delivery process is supposed to be one aspect of any of the three factors. It may be one aspect of structural factor such as role conflict or role ambiguity; it can be that of human factor such as a teamwork weakness, supervisory weakness, or employee job fit; and it can also be that of facility-infrastructure factor such as technology job fit.

If the three theoretical factors are outlined into service delivery practice performed by one of the government networks managing the citizenship administration and civil registration in Indonesia, then the six imperative aspects in the service delivery concept should be examined. This may happen because of theoretical category of the service delivery concept, which is accurate enough to read realities (isomorphis), and the realities of service delivery in Indonesia, particularly in provision of citizenship administration service and civil registration, which still seems to be a general or even universal phenomenon through researchers' investigations. Yet, employing the same theoretical "glasses," this entry reveals the typical phenomena of service delivery gaps in Indonesia.

## Factual Realities of Service Delivery

### Office Supplies Job Fit Phenomenon

The factual condition of service delivery in the government networks managing the citizenship administration and civil registration throughout Indonesia has revealed some typical phenomena that can bar and even stop the service process. The reality that there are no more citizenship administration documents available, such as Citizen Identity Card and birth certificate, because the central office has not sent the stocks is a phenomenon

which can be verified through the six imperative aspects of the service delivery concept.

The phenomenon is due to implementation of *Peraturan Menteri Dalam Negeri Republik Indonesia* (Regulation of Home Affairs Minister of Republic of Indonesia) Number 9/2016. The minister regulation itself is implementation of the Constitution Number 23/2006 regarding citizenship administration in Indonesia. The regulation (Article 18, Verse 1) rules the special machine used to print the documents, the types of paper used for the documents, and the security design used on the paper. Accordingly, all the government organizational networks that organize the services of citizenship administration and civil registration experience this as an implication of the regulation implementation.

Empirically, the central government has the authority to produce the forms of Citizen Identity Card, birth certificate, and other documents of citizenship and civil registration. Consequently, it is so possible that the documents availability is not in line with the needs. When this is what really happens, the service delivery process gets stagnant without certainty when the central government will send the needed documents.

### Authorized Official Legalization Phenomenon

The above argument is also relevant to the second phenomenon, which is the reality that the citizenship and civil registration documents, such as Citizen Identity Card and birth certificate, cannot be given to the customers in the service delivery process since the authorized official, who has to sign the documents, is on an official trip. Here, "official trip" is such a common term referring to any official activities conducted by an official outside the office or even in another city or district; when on the trip, usually the officer cannot come back to the office at the same day. Practically, this situation can delay distribution of the documents to the customers since the documents have not had the official's "wet John Hancock" on them.

In Indonesia, the right and obligation to have an official trip essentially refer to authorization stuck on a civil servant's position in Indonesia as stated in *UU No. 5 Tahun 2014 tentang Aparatur Sipil Negara dan Permendagri* (Constitution No.5/2014 regarding the State Civil Servants) No. 29/2016 regarding official trips regulation. Implementation of the constitution is then ruled through the minister regulation for civil servants in the ministry sphere and the district regulation for those in districts.

The number one person in a government office can independently determine this task; he or she does not need special permission from the regent, mayor or governor as long as the official trip is still in the province area. Thus, this phenomenon is reconnected to the regulation, although it is not a regulation that specially rules the implementation of tasks and functions of public services.

## Policy Incoherence in Service Delivery Gaps In Indonesia

Regulation as the root of public service problems has considerably been identified in various scientific studies. Ashworth, Boyne, and Walker (2002) and Hood et al. (1998) mentioned that political authority determines scopes of policies which restrict bureaucracy acts despite the ability to overcome the problem through audit and inspection. This political control can increase accountability, integrity, and loyalty; yet, it can also harm bureaucracy creativity and impede innovative performance. According to the scholars, there have been some overlaps and "gray areas" roused by the regulation conception in this case. Implications of the overlaps and "gray areas" are what the researcher views as the phenomena which precede empirical facts of the regulations barring the delivery service process.

In the context of public administration provision in Indonesia, the situation remains an unavoidable determinant. A number of regulations obviously state the main tasks, functions and structural duties in Indonesia, therefore, such a task is an obligation. It is undoubtedly a description of contradiction between the regulation of citizenship and civil registration documents legalization through the official's signature as stated in

*UU No. 23 Tahun 2006* (Constitution No.23/2006) regarding citizenship administration and that of structural officials' tasks which has determined that the in-charge officials have the authority to leave the offices, where the services are provided. Accordingly, again, the analytical argument using the terminology "policy incoherence" (Wild et al. 2012) becomes relevant.

Although Lewis, Mcculloch and Sacks (2016) mentioned that Indonesia has switched to the use of various incentives to boost performance of district governments in service delivery, there are still some regulations that can directly trouble the delivery service process.

It has, however, been proved through many opinions that the feature of public management is the level of regulation by external bodies (Boyne 2002). Public service providers are not free to determine their own process and strategy; they have to work based on the policies issued by the highest political authority (Hood et al. 1998). On the other hand, it is so common that political interests defeat public interests. Actually, regulations can elucidate how to create quality public service prosess since the regulator apprehends how to increase services better than do local bodies as argued by Boyne (2002), yet, this seems "too good to be true" in Indonesia since the home affairs minister regulation, on the contrary, has the potential to create service barriers or even stop the services in a period of time that cannot be determined by the district office.

As mentioned by Boyne (2002), such a relationship can be mediated by regulator's proficiency. If the regulator understands how to improve the service better than do local bodies, then the regulation impact tends to be positive. Nonetheless, the regulation substance indicates that the regulator just lets the technical gaps open wide, hence, the services cannot be provided when there are no more citizenship administration and civil registration documents available. At the same time, this kind of service is organized by government agencies throughout the country. Thus, it can be inferred that the regulator's knowledge of quality public services is not better than the local bodies', or it is merely a political matter.

In the phenomenon of office supplies job fit, the factual problem due to this situation is the halt of service process lasting until the central government distributes the needed documents to the citizenship administration and civil registration offices. In Indonesia, this is such a common phenomenon. Firstly, this can be due to the geographical condition of the archipelago country; many districts in its administrative territory are situated far from the central government, and this can lead to the problem of distribution. Secondly, this may be due to the central government bureaucracy's late response towards districts' needs; this can be caused by the big volume of districts' logistic needs that must be distributed. The condition of supporting transportation infrastructure, either for sea or air transportation, also has given some influence. Up to now, the two kinds of transportation system still have the potential to contribute towards the delay. Unfortunately, instead of restructuring the regulation substances, which technically can lead to the service gaps, the current government is trying to overcome this problem only by planning the sea toll infrastructure development, which is projected to cover big logistic services.

The phenomenon of authorized official's legalization leads to the same factual problem, which is the civil and citizenship documents delivery delay. The delay continues until the official comes back from the official trip and puts his or her "wet John Hancock" on the documents. Absolutely, this situation impacts on customers' daily needs. The factual problem abstraction can be categorized as an aspect which emphasizes "service product legalization by authorized official".

Overall, the two situations become very crucial since they impact on citizens' daily needs. Such a delay or halt of service delivery process leads to customers' loss. In administrative framework, such a phenomenon is essentially a conflict of obligations in public service (Zeithaml et al. 1996; Bitner et al. 1997). In concrete, this finding is a matter of administration, yet, it occurs through level of policy incoherence (Wild et al. 2012), which is an aspect that emphasizes office supplies job fit due to the limitations created by policies.

## Theoretical Implication

If the finding is outlined into the conceptual formula of *service delivery gaps* (Parasuraman et al. 1985), then it can relevantly get into *facilities and infrastructure factors* as an additional aspect. Originally, this factor contains one aspect only, which is *technology job fit*, with an argument that technology incompatibility with job can bar service process; this is in line with the fact that quality service needs to be supported by the right technology. Conclusively, the finding is to reinforce the factor through its aspect enrichment.

If the second finding is outlined into *service delivery gaps* (Parasuraman et al. 1985), then it can relevantly get into *structural factors* as an additional aspect. Originally, this factor consists of two aspects: (1) *role conflict*, with an argument that role conflict can occur when employees think that they are unable to satisfy their boss or customers and (2) *role ambiguity*, which deals with employees' doubts in playing their roles. Conclusively, the finding is to reinforce the structural factor through its factors enrichment.

Contributions and positions of the two findings in the concept of *service delivery gaps* are elucidated in Fig. 1.

In the context of public administration provision in Indonesia, the two findings are still considered as ideal conditions. This is reinforced by a number of facts, such as the fact that the Home Affairs Minister Regulation No.9/2016 Article 18 Verse 1, which has determined the use of special machine to print the needed documents, is still considered necessary to be in the central government authority. So far, there have been no signs or situations, either political or technical, projecting delegation of the authority to the districts for effectiveness and efficiency.

In common, the two regulations, which determine the main tasks, functions and duties of structural officials in Indonesia, emphasize the "tour of duty" as a must-do task for structural officials despite the fact that administrative process design referred in Indonesia highly requires the presence of authorized officials in the service spots. Obviously, this is such a description of factual realities of public administration services in a developing country.

## Conclusion

The empirical evidence reveal that there are two specific phenomena which potentially lead to *service delivery gaps* in a "unique" way; the office supplies job fit and authorized official's legalization. Technically, the phenomenon of office supplies job fit occurs as an impact of the implementation of the Home Affairs Minister Regulation No.9/2016 Article 18 Verse 1 regarding the use of special machine to print the

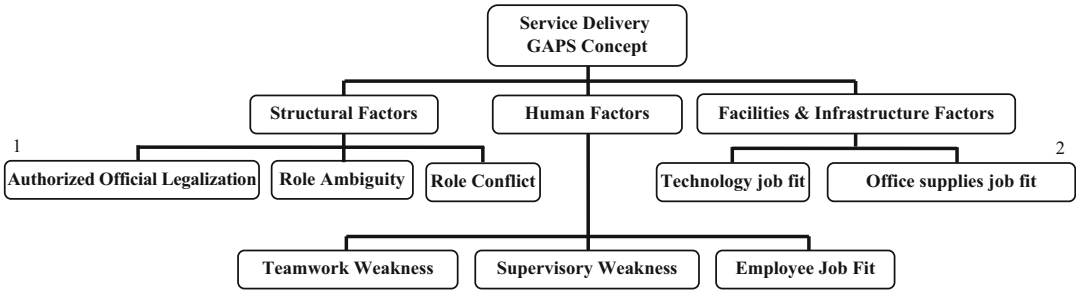


Keterangan:
1. Contributions and positions of empirical findings originating from authorized official legalization phenomenon
2. Contributions and positions of empirical findings originating from office supplies job fit phenomenon

**Third Gaps of SERVQUAL in Indonesia, Fig. 1** Empirical findings and contributions in the original formulation of the service delivery gap concept of SERVQUAL

documents of citizenship certificates and civil registration. This regulation potentially leaves a time gap between the documents availability and the documents supply from the central government. The phenomenon of authorized official's legalization occurs as an impact of the implementation of a number of regulations based on the Constitution No.5/2014 regarding the state civil servants and the Home Affairs Minister Regulation No. 29/2016 regarding official trip regulations. The regulation implementation creates service delivery gap, which is an implication of policy incoherence. Accordingly, it can be claimed that the two phenomena are service delivery gaps which are due to policy incoherence.

## References


Ashworth R, Boyne GA, Walker RM (2002) Regulatory problems in the public sector: theories and cases. Policy Polit 30(2):195–211. https://doi.org/10.1332/0305573022501647

Bitner MJ, Hubbert AR, Zeithaml VA (1997) Customer contributions and roles in service delivery. Int J Serv Ind Manag 8(3):193–205. https://doi.org/10.1108/09564239710185398

Boyne GA (2002) Public and private management: what's the difference? J Manag Stud 39(1):97–122. https://doi.org/10.1111/1467-6486.00284

Hood C, Scott C, James O, Jones G, Travers T (1998) Regulation inside government: waste-watchers, quality police, and sleaze-busters. Oxford University Press, Oxford

Lewis DB, Mcculloch N, Sacks A (2016) Measuring local government service delivery performance: challanges and (partial) solutions in Indonesia. J Int Dev. Published online 27 May 2015 in Wiley Online Library, 28, 808–817. https://doi.org/10.1002/jid.3106

Parasuraman A, Zeithaml VA, Berry LL (1985) A conceptual model of service quality and its implications for future research. J Mark 49. https://doi.org/10.2307/1251430

Wild L, Chambers V, King M, Harris D (2012) Common constraints and incentive problems in service delivery, working paper (Print) ISSN 1759 2909, ODI working papers (Online) ISSN 1759 2917, Overseas Development Institute 111 Westminster Bridge Road London SE1 7JD

Zeithaml VA, Berry LL, Parasuraman AV (1996) The behavioral consequences of service quality. J Mark 60(2). https://doi.org/10.2307/1251929


# Third-Generation University Governance Model Using Total Interpretive Structural Modeling


Habib Allah Ranaei Kordshouli[1], Moslem Alimohammadlou[2], Ghasem Salimi[2] and Seyed Moslem Alavi[2]

[1]Economics, Management, and Social Science school, Management Department, Shiraz University, Shiraz, Fars, Iran

[2]Shiraz University, Shiraz, Fars, Iran


## Synonyms

Third-Generation University; University Governance; University Governance dimensions

## Definition

The Third-Generation University Governance refers to a set of structures and processes through which a university would be governed by the assembly of the stakeholders' representatives (senate), the board of directors, academic staff, and administrators. The Third-Generation University would be effective when the bilateral and multilateral cooperation of stakeholders is strengthened by the governance procedures and contributes in a society.

## Introduction

The new millennium is an era of change and transformation. No organization, business or industry is exempt from transformation, and each one is required to adapt to the different needs of its stakeholders. Universities, like any other organization, must expose themselves to far-reaching structural changes especially those that can empower them in the areas of innovation, entrepreneurship, wealth creation, and succeed in a competitive world of higher education (O'Meara 2007). Parker (2002) points to the

results of the changes that have occurred in this field. Since the early 1990s, new topics such as entrepreneurial university, world-class university, university as an enterprise and, of course, the third-generation university have been introduced. A third-generation university is a multifaceted set of up-to-date education, research, and initiatives that responds competitively to the needs of the external environment and offers a kind of scientific and technological innovations in line with customer needs. Such a university serves as a link between the scientific and economic worlds through the establishment of science and technology parks, technology transfer centers, and incubators for young entrepreneurs (Maximova et al. 2016). In addition, these kinds of universities are wealth-creating and customer-oriented and hold an applied view of research; therefore, they have significant differences from previous generations in terms of governance models (Jarernsiripornkul and Pandey 2018).

In the field of higher education, university governance (UG), according to Trakman (2008), refers to a set of decision-making processes within a university. In a UG context, the university governing body is required to determine the policies, goals, and strategies and constantly monitor the extent of the university's success in achieving the goals. Despite the importance of the concept of UG and the necessity of changing the prevalent governance models in developing countries, especially Iran, previous studies were not able to provide a comprehensive and accurate picture of UG dimensions and illustrate the relationships among them. These issues are dealt with in the following sections.

## Theoretical Background

UG involves the adoption of policies and procedures for decision-making and controlling over leadership as well as management processes with a focus on effectiveness (Carnegie 2009). Similarly, Shattock (2006) views UG as a set of structures and processes through which the university is governed. According to him, governance is exercised through the assembly of the stakeholders' university representatives (senate), the board of directors, academic staff, and administrative, and it is strengthened by their bilateral and multilateral cooperation. In Iran, UG has a background of more than 80 years. The UG system in this country was something like an academic governance model before the Islamic revolution, but, after that, till the end of the 1980s, it changed to government-based governance. Since the 1990s, it has been practiced through boards of trustees and a low level of privatization and independence (Zaker Salehi 2013).

Numerous studies have been conducted on UG dimensions. Figure 1 shows these dimensions, and in Tables 1, 2, 3, 4, 5, and 6 their indicators are explained.

(A) **Independence**: it refers to the degree of discretion and freedom of action of the university in planning and decision-making in accordance with the capacities and environmental conditions. It depends on the extent of the authority of the university to determine its educational, research, technological, financial and administrative, and structural plans.

(B) **Stakeholder Participation**: it means any influence of various university stakeholders in the field of university governance, in such governance matters as decision-making and macro-policy of the university, developing university resources and capacities, and communication and investment in university plans.

(C) **Accountability**: University accountability refers to the degree of commitment of the university to the interests of the stakeholders and giving assurance to perform the duties and responsibilities of the university based on the methods and criteria agreed by the stakeholders. Furthermore, being accountable means being bound to answer questions about decisions or actions within the authority of university administrators.

(D) **Monitoring, Evaluation, and Quality Assurance**: Monitoring refers to the systematic review of the implementation of the approvals of the board of directors,

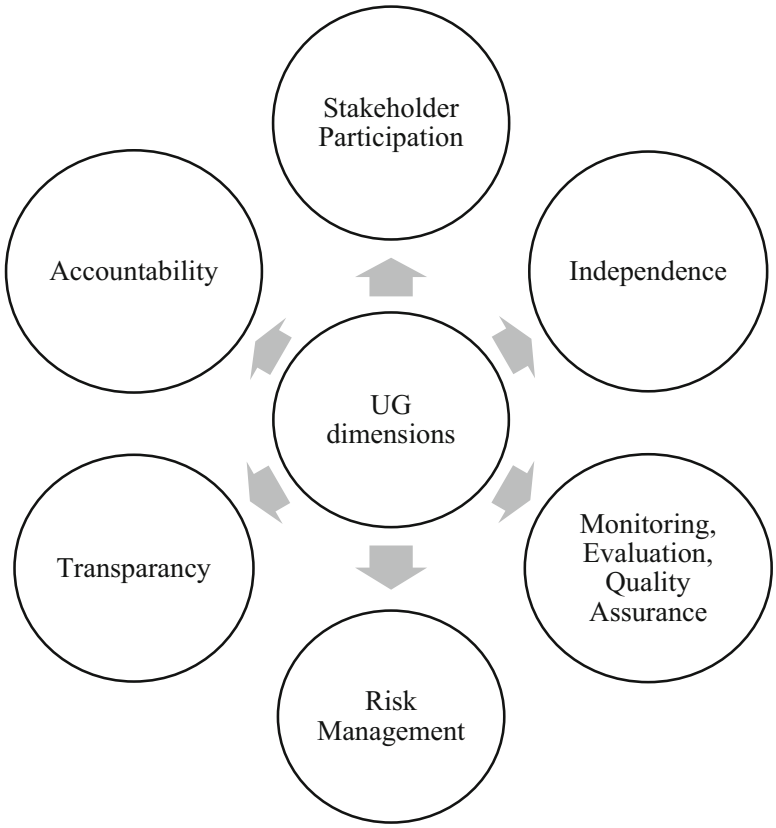


**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Fig. 1** UG Dimensions

instructions and executive regulations, and the existence of inspection and complaint management mechanisms in the university system. Evaluation involves judging the desirability of the final output and the outcomes with regard to the university goals, and quality assurance refers to the regular management of evaluation procedures to ensure the achievement of quality whether determined or improved, to provide a basis for the trust of stakeholders in the way the university is governed.

(E) **Transparency**: It means the level of stakeholders' access to university data, analyses, and reports. Transparency refers to the process of disclosing information about decisions, actions taken, and the quality of decision implementation. In other words, transparency is about being apparent. So, in a democratic framework, a university stakeholder is able to identify and understand what decisions, how, and based on what standards they are made and implemented in the university environment.

(F) **Risk Management**: Risk management refers to the process of identifying, evaluating, and prioritizing risks, followed by the coordinated and economical use of university resources to minimize, monitor, and control the likelihood or impact of accidents and maximize the opportunities arising from each risk.

In addition to the discussion of the dimensions of university governance, it is worth to understand how these dimensions affect a system of governance. Using Total Interpretive Structural Modeling (TISM), the direct and indirect relationships among the dimensions are shown in Fig. 1. It should be noted that educational, research, and technological independence can lead to the creation of new and more diverse revenues, given the positive impact they have on the development of

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 1** UG dimensions (independence)

| Indicators | Codes | Sources |
|---|---|---|
| Education, research, and technology | Defining the curriculum, determining the method of teaching and its language, evaluating students' performance and the scoring method, determining school and university research priorities, choosing appropriate research institutions, designing research projects, determining a mechanism for evaluating the educational quality, choosing among educational quality assurance institutions, formulating policies on national and international student admission and their numbers, introduce and terminate<br>Degree programs, determination of graduation requirements, granting academic freedom, establishing and developing university knowledge-based companies, joint cooperation of faculties and departments with no restrictions | Jaramillo et al. (2012), Sari et al. (2018), Ramírez and Tejada (2018), Westerheijden (2018), Pruvot and Estermann (2017), Quyên (2014), Dobbins and Knill (2017), Sedlacek (2017) |
| Financial | Deciding on Government budget without constraints on how to be allocated and ability to keep surplus, determining the university budget and its expenditures, authority for funds received from endowments and donors, utilizing tangible and intangible assets for wealth creation, charging student tuition and determining the cost of research services, possibility of borrowing money, ability to own buildings, possibility of offering security bonds for financing investment projects, investing university income in holding shares of knowledge-based companies, investing in the stock market, joint ventures with successful companies | |
| Administrative | Authority for determining the mission, vision, goals, and strategies of the university, designing and redesigning the organizational structure, creating and developing inter-organizational relations and cooperation, establishing public relations and improving the image of the organization, selection of human resources, determining the length of the term of the office, type of contract (permanent, fixed-term, temporary) and dismissal of board of directors, university president and senior managers, creating legal entity without constraints, designing and implementing human resource management processes for academic and administrative staff in the form of a human resource planning (recruitment, selecting, hiring, training, orientation, evaluation, compensation and promotion, succession and dismissal), determining the composition of the heads of faculties and departments and their executive teams | |

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 2** UG dimensions (stakeholder participation)

| Indicators | Codes | Sources |
|---|---|---|
| Academic staff | Representation in the university senate, board of directors, academic, research and administrative councils, school and department management, setting up and membership in university-based knowledge companies, designing and conducting university research projects, possibility of founding and acting in independent scientific, cultural, artistic, sport, and trade unions and associations of the university | Sabandar et al. (2018), Jaramillo et al. (2012), Sari et al. (2018), Quyên (2014), Dobbins and Knill (2017), Sedlacek (2017), Ramírez and Tejada (2018) |
| Students | Representation in the university senate, board of directors, academic and research councils, school and department execution committees, setting up and membership in university knowledge-based companies, designing and conducting the university research projects, possibility of founding and acting in independent scientific, professional, cultural, artistic, and sport associations of the university | |
| Administrative staff | Representation in the university senate, board of directors, academic, research, and administrative councils, setting up and membership in university-based knowledge companies, designing and conducting the university research projects, involving in the educational and research activities of the university, the possibility of founding and acting in independent scientific, trade, cultural, artistic, and sport associations of the university | |
| Government institutions | Requesting research projects, financing the theses and dissertations of postgraduate studies, supporting postdoctoral plans, requesting training courses, involvement of government managers in educational and research activities of the university, providing workshops and laboratory capacities, respecting the intellectual property rights of the university, participation in the establishment of knowledge-based companies, making representation in the board of directors, academic, research and administrative councils, providing government funds, monitoring the method of spending of state budget | |
| Business owners | Requesting research projects, financing the dissertations and theses of postgraduate studies, supporting postdoctoral plans, requesting training courses, providing research opportunities, involving the industrialists in educational and research activities of the university, providing workshops and laboratory capacities, participation in internship and job search projects, transfer of research and development units to the university, commercializing research outputs and transferring technology, respecting the intellectual property rights of the university, participation in the establishment of knowledge-based companies, financing, representation in the board of directors, university senate, academic, research and administrative councils, and school and department execution committees | |

(continued)

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 2** (continued)

| Indicators | Codes | Sources |
|---|---|---|
| Alumna | Representation in the university senate, board of directors, academic, research and administrative councils, and school and department execution committees, setting up and membership in university knowledge-based companies, designing and conducting university research projects, involving in educational and research services of the university, founding and acting in independent scientific, trade, cultural, artistic and sports associations of the university, donating, gifting and crowd financing of university projects | |
| Investors | Commercializing research outputs and transferring technology, investment in development projects, taking risky investments, participation in the establishment of knowledge-based companies, representation in the board of directors and school and department execution committees, founding and acting in independent academic associations | |
| Educational, research and technology institutes | Representation in the board of directors, cooperation in holding joint training courses, conducting joint research projects of student-professor exchange, registration of joint intellectual property rights, participation in ecological development programs, innovation, and technology (incubators, innovation center, accelerators, funds, science and technology parks, innovation factory, etc.) | |
| Other beneficiary groups | Donating, gifting, crowd financing of university projects, media participation to develop the scope of university organizational communication, pressing news and information in cultural, sport, and social projects, cooperation of nongovernmental organizations in the development of organizational communication, participation in cultural, sport, social, and environmental projects of the university, participation of citizens in cultural, sport, social, and environmental projects of the university | |

university services and products and regarding their roles to strengthen the university's communication with the business and market environment. Thus, they play a significant role in providing the financial resources needed by the university and increasing its financial independence. Moreover, educational, research and technological independence can increase the need for academic independence in administrative fields, which is due to the requirements imposed on the university to provide decent and consistent human resources. In the next step, administrative and financial independence can create more commitment to the management of risks in various functional aspects. This is owing to the greater authority and decision-making power of the university and its greater connection with the external environment. Risk management is naturally associated with new requirements in the field of evaluation, monitoring, and quality assurance of university performance; as a result, the level of the university accountability is expected to increase. In the next step, as a result of the increase in the university accountability, more tools are

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 3** UG dimensions (accountability)

| Indicators | Codes | Sources |
|---|---|---|
| Professional | Educational performance in terms of university reputation, ratio of academic staff to students, ratio of doctoral students to undergraduates, ratio of PHD students to academic staff, ratio of university income to academic staff, compatibility of students' knowledge and skills to industry needs, industrial, educational, and research equipment and facilities in the form of classes, workshops, laboratories, libraries, and information technology centers, national and international rankings, research performance in terms of research reputation, articles per student published in scientific journals indexed in reputable scientific databases, the volume of scientific citations, approved university research projects and the status of project implementation, technological performance in terms of the number of knowledge-based companies established, the volume of employment in knowledge-based companies, the number of registered intellectual property rights, the increasing rate of income of knowledge-based companies, utilizing organizational resources in terms of effective and efficient use of organizational resources including physical resources, financial resources, human resources, information resources, and intangible assets of the university | Sabandar et al. (2018), Jaramillo et al. (2012), Sari et al. (2018), Quyên (2014) |
| Hierarchy | Respecting organizational hierarchy and reporting to the superiors, formulation of appropriate organizational regulations focusing on comprehensiveness, justice, avoiding of conflict, transparency and comprehensibility, compliance with organizational regulations, interaction and cooperation between schools and university management units, including finance, organizational resources, etc. | |
| Legal | Behaving according to the laws and regulations set by the Iranian Supreme Council of the Cultural Revolution, the Supreme leader's representative's institute in the university, the executive branch including the Ministry of Education, Ministry of Labor, Welfare and Social Security, Ministry of Finance and Economy and so on, following the laws and regulations set by the judiciary, including the General Inspection Organization, the Court of Administrative Justice, observing the laws and regulations set by the legislature from the perspective of the Supreme Audit Court | |
| Social | Respecting and developing the values, culture and subcultures, local and national religions and rituals, avoiding discrimination and exclusion of stakeholders from university services, environmental responsibilities including green space management, management of natural resources and energy consumption, participation in joint environmental projects with the cooperation of government institutions and nongovernmental organizations, providing appropriate human resources tailored to industry needs, development of employment markets through cooperation agreements with various industries, scholarships, poverty alleviation, providing free education in deprived areas | |

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 4** UG dimensions (monitoring, evaluation, and quality assurance)

| Indicators | Codes | Sources |
|---|---|---|
| Monitoring | The establishment of a working group and specialized units of supervision in the university, supervising the strategic and operational plans of the university continuously, systematic monitoring of the progress of programs, supervising the quality of implementing council approvals, implementing the laws and instructions in all the areas of university activity, system inspection, designing a complaints management system, continuous monitoring to identify and deal with violations (embezzlement, unnecessary expenses, abuse of power, educational fraud, etc.), monitoring the level of cooperation among schools, monitoring the level of cooperation among departments | Kim (2008), Dobbins and Knill (2017), Loukkola and Zhang (2010), Van Dao and Hayden (2019), Yakubu et al. (2019) |
| Evaluation | Establishment of working groups of evaluation in the university, goal setting and planning to evaluate the educational, research, technology, infrastructure, cultural, social, student, sport, administrative, and financial performances of the university (by goals, criteria, indicators, standards, and length of evaluation periods), conducting purposeful evaluations, being process-oriented, evaluation independence, reporting the evaluations and doing the corresponding follow-ups, post-evaluation improvement plans | |
| Quality assurance | The establishment of quality assurance working groups or units in the university, determination of quality indicators and standards in the functional areas of the university, formulation of policies, instructions, and quality improvement processes in the functional areas of the university, implementation of quality audit services, setting up connections between the results of quality evaluation and the allocated budgets, receiving reports on the analysis of quality indicators from the educational, research, and technological units of the university, providing a suitable platform for external evaluation by specialized governmental and nongovernmental institutions, existence of executive instructions in order to guarantee the quality of the performance of the departments | |

expected to be used to make the university affairs transparent for the stakeholders, and these tools will have a positive effect on mutual accountability. In the final step, the general expectation is that, with the development of transparency tools, the scope and the quality of the transparency of the university increase. These factors, in turn, will affect the participation of the university stakeholders (Fig. 2).

## Conclusion

UG is of high importance in the competitive higher education market. Its dimensions need to be brought into the focus of decision makers and key governance bodies in third-generation universities. With regard to what is discussed in this entry, the issues brought up herein about a comprehensive and multidimensional model seem to

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 5** UG dimensions (transparency)

| Indicators | Codes | Sources |
|---|---|---|
| Transparent information | Timely, comprehensive, accurate, comprehensible, measurable, comparable to the past performance, valid, up-to-date, relevant information Dissemination by the university among stakeholders | Sabandar et al. (2018), Sari et al. (2018), Quyên (2014), Ramírez and Tejada (2018) |
| Transparency tools | Establishment and development of university public relations unit, websites, newsletters, social networks, newspapers, quarterly reports, mobile-centered university software, seminars, annual lectures, the existence of job descriptions, bylaws and executive instructions related to the work affairs of the schools and departments of the university | |
| Scope of transparency | Education and research (ratio of academic staff to students, ratio of PHD students to bachelor students, ratio of PHD students to academic staff, ratio of university income to academic staff, the ratio of students' knowledge and skills to industry needs from the perspective of industry managers, educational and research equipment and facilities in the form of classrooms, workshops, laboratories, libraries, information technology centers, number of fields and faculties, curricula, ranks and academic positions of professors, university entry requirements, methods of evaluating student performance and length of courses, national and international rankings, approved university research projects, the status of project implementation, per capita articles published in scientific journals indexed in reputable scientific databases, rate of scientific citations), technology (number of knowledge-based companies established, number of registered intellectual property rights, rate of employment of knowledge-based companies, income of knowledge-based companies), infrastructures (civil engineering, technology management, Intranet and Internet), culture and sports (cultural halls and centers, participation in cultural programs, rituals, celebrations, customs, cooperation with people-oriented cultural institutions, sports facilities, sports equipment), society (scholarship, employment rate, poverty alleviation), environment (green space management, natural resources and energy consumption management), students (dormitory management, food supply, system), Approved university budget, revenue management, financial investments, loans and bonds in the form of independent auditor reports, annual internal audit reports in terms of the number, timing and content of reports) | |

be of novelty, compared to the previous studies just conducted on risk management and monitoring, evaluation and quality control. According to the findings of this study, UG dimensions can be considered at six hierarchical levels. Among these dimensions, the fundamental one is independence. As it has emerged, the most important component of university independence is educational, research, and technological independence. Furthermore, the stakeholder participation

**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Table 6** UG dimensions (risk management)

| Indicators | Codes | Sources |
|---|---|---|
| Financial | Reduction of financial resources, reduction of diversity of financing methods, reduction of government budget, failure to allocate government budget on time, investment resulting in devaluation of university funds | Huber (2011), Brewer and Walker (2011), Soin et al. (2014), Yudianti (2015) |
| Reputational | Possible abuse of the university brand, staff and student strikes, anti-university movements in the cyberspace by students, political and social consequences of staff behavior | |
| Operational | Entry of new educational or research competitors, legal ban on offering new training courses, decline in the quality of education (in terms of teacher mastery, appropriate curriculum and use of educational technologies) in accordance with the needs of the industry, educational fraud, bribery, reduced industrial relations and industry distrust of the university, incomplete research contracts and legal problems, reduced student demand for educational services, endangering the lives of animals and humans as a result of laboratory research, scientific fraud in academic research, lack of protection for university intellectual property, lack of cooperation and interaction among colleges and departments | |
| Administrative/ organizational | Selecting an unqualified human resource (including academic staff, administrative staff, researchers, managers), natural outflow of qualified human resources (including key managers, prominent academic staff, academic research specialists, and administrative staff), quitting jobs by qualified human resources (including key managers, top academic staff, academic research professionals, and the departure of academic staff), insufficient supervision and guidance of the departments in implementing the instructions of the risk management system, risks in construction projects, maintenance of buildings and equipment, information networks and web security risks, equipment theft, interruption or failure in the provision of electronic services and the Internet, risks within the university environment (transportation system, fire, contaminated food, use of alcohol and drugs, raping, murder, suicide) | |
| Environmental | Natural environment (all natural disasters), health (infectious diseases), legal issues (changing laws and regulations of the government and the ministry), political issues (political changes including revolution, coup and insurgency, sanctions and lack of access to information resources, no macro-organizational relations and joint academic educational and research projects, improper use of the available human resources and the human resources resignations due to political differences as a result of partisan changes), social issues (lack of freedom of speech in the university environment, change in the society's attitude toward buying university educational and research services), technology (lack of access to the latest educational and research facilities in the world), economic issues (recession, inflation, exchange rate fluctuations) | |

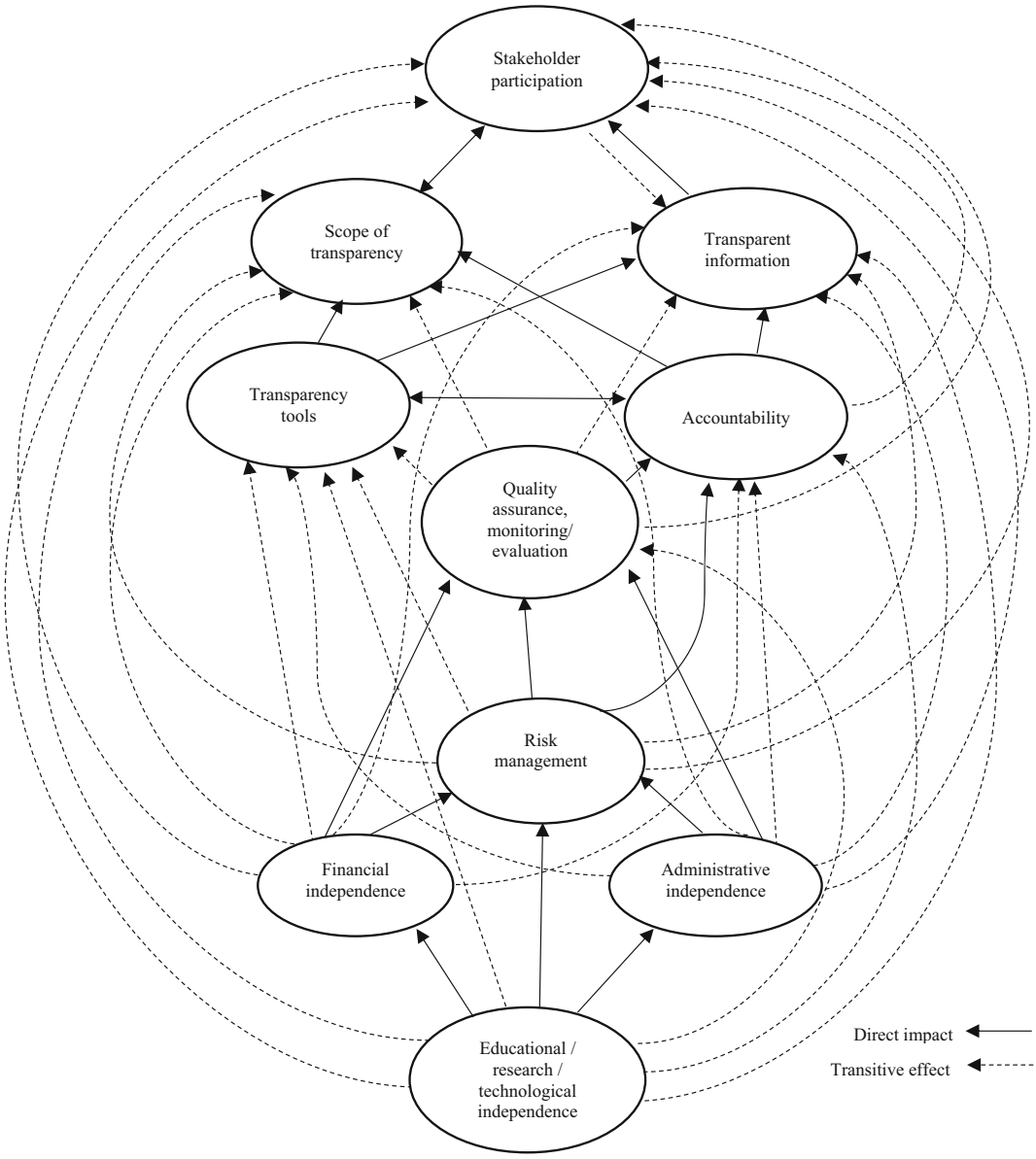


**Third-Generation University Governance Model Using Total Interpretive Structural Modeling, Fig. 2** Total Interpretive Structural Modeling of UG in third-generation universities

dimension and the scope of transparency and transparent information are found to be under the strong influence of the other components in the governance model. This implies that, in order to measure the effectiveness of the governance model of a third-generation university, the main indicators to consider are the level of the stakeholder participation in the governing body of that university, the scope of transparency and the amount of transparent information provided to the stakeholders. The study also suggests that educational, research and technological independence

can affect the process of monitoring, evaluation, and quality assurance of the university performance by helping the process of risk management. It is further found that monitoring, evaluation, and quality assurance indicators can enhance the level of accountability and, consequently, the scope of transparency as well as the quality of information available to the stakeholders.

## Cross-References

▶ Accountability
▶ Entrepreneurial Mind, The

## References

Brewer A, Walker I (2011) Risk management in a university environment. J Bus Contin Emer Plan 5(2): 161–172

Carnegie GD (2009) The ABC of University Governance. Campus Rev 19(9):8–14

Dobbins M, Knill C (2017) Higher education governance in France, Germany, and Italy: change and variation in the impact of transnational soft governance. Polic Soc 36(1):67–88

Huber M (2011) The risk university: risk identification at higher education institutions in England. CARR Discussion Papers (DP 69). Centre for Analysis of Risk and Regulation, London School of Economics and Political Science, London

Jaramillo A et al (2012) Universities through the looking glass: benchmarking university governance to enable tertiary education modernization in MENA. World Bank Publication, Washington, DC

Jarernsiripornkul S, Pandey IM (2018) Governance of autonomous universities: case of Thailand. J Adv Manag Res 15(3):288–305

Kim T (2008) Changing university governance and management in the UK and elsewhere under market conditions: issues of quality assurance and accountability. Int Econ 2(4):33–42

Loukkola T, Zhang T (2010) Examining quality culture: part 1 – quality assurance processes in higher education institutions. European University Association

Maximova O, Belyaev B, Laukart-Gorbachevaa O, Nagmatullinaa L, Hamzinaa G (2016) Russian education in the context of the third generation universities' discourse: employers' evaluation. Int J Environ Sci Educ 11(16):9101–9112

O'Meara K (2007) Striving for what? Exploring the pursuit of prestige. In: Smart JC (ed) Higher education: handbook of theory and research, vol XXII. Springer, pp 121–180

Parker L (2002) It's been a pleasure doing business with you: a strategic analysis and critique of university change management. Crit Perspect Account 13(5–6):603–619

Pruvot EB, Estermann T (2017) University Autonomy in Europe III, The Scorecard 2017. https://eua.eu/downloads/publications/university%20autonomy%20in%20europe%20iii%20the%20scorecard%202017.pdf

Quyên DTN (2014) Developing university governance indicators and their weighting system using a modified Delphi method Procedia. Soc Behav Sci 141: 828–833

Ramírez Y, Tejada A (2018) Corporate governance of universities: improving transparency and accountability. Int J Discl Gov 15(1):29–39

Sabandar SY, Tawe A, Musa CI (2018) The implementation of good university governance in the private universities in Makassar (Indonesia). Spacios 39(2): 1–13

Sari M, Qorib M, Harahap SH, Jufrizen (2018) Good governance in private university in Medan city. Int J Res Bus Soc Sci 7(4):21–29

Sedlacek J (2017) The impact of governance on the research performance of European universities in cross-country comparisons. Rev Econ Perspect 17(4): 337–362

Shattock M (2006) Managing good governance in higher education. Open University Press, Maidenhead, Berkshire

Soin K, Huber C, Wheatley S (2014) Management control and uncertainty: risk management in universities. In: Otley D, Soin K (eds) Management control and uncertainty. Palgrave Macmillan, London

Trakman L (2008) Modeling university governance. High Educ Q 62(1–2):63–83

Van Dao K, Hayden M (2019) Vietnam's progress with policies on university governance, management and quality assurance. In: Nguyen N, Tran L (eds) Reforming Vietnamese Higher Education. Education in the Asia-Pacific region: issues, concerns and prospects, vol 50. Springer, Singapore

Westerheijden DF (2018) University Governance in the United Kingdom, the Netherlands and Japan: correlates of varieties of NPM and academics' power in universities. Nagoya J High Educ 18: 199–220

Yakubu NR, Laar S, Ansoglenang G (2019) A governance approach to the management of quality assurance in the University for Development Studies, Ghana. J Res High Educ 3(1):61–86

Yudianti FN (2015) Internal control and risk management in ensuring Good University Governance. J Educ Vocat Res 6(2):6–12

Zaker Salehi GH (2013) Study of the legal capacities of academic independence in Iran. Iran High Educ 5(4):23–55 (in Persian)

# Threats to Free Expression in the Digital Age

Md Nurul Momen
Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

## Synonyms

Comparative digitalization; Digital governance

## Definition

Free expression is a principle that supports freedom of an individual or a community to share their opinions without any fear, or legal censorship.

Freedom of expression includes freedom to hold opinions and ideas and to receive and impart information without restrictions by state authorities [Article 10: Freedom of expression].

Freedom of speech tolerates those with minority views and opinions that often speak to its performance on human rights more generally [Human Rights Watch].

## Introduction

Domestic constitution or national human rights law, generally, provides protection for free speech. Despite the protection of free speech through the regulatory framework, the increased use of the Internet in the recent times raises the question whether the traditional approach of protecting free expression is adequate (Joyce 2015). However, authoritarian regime has realized the potential of the Internet for citizens' empowerment; therefore from time to time, despotic government has worked to create a culture of fear in the Internet domain. It is worthy to note that the development of the Internet and the changing nature of media landscape has become an important place for global communication. However, the entry is to highlight the importance of free expression and its threats in the contemporary digital age.

## Freedom of Expression in the Digital Age

Global governance institutions and governments in the world have accepted the principle of freedom of expression and opinion as a fundamental human right (Dutton et al. 2011), which is also enshrined in Article 19 of the Universal Declaration of Human Rights (UDHR). However, freedom of speech is now under threat around the world. Autocratic governments, to various degrees, put restrictions or censorship on what is acceptable to say and what is not. On the other hand, ordinary citizens and activists demand that their voices should be heard in the digital age (Bollinger 2012).

Freedom House has identified three possible ways through which freedom of expression on the Internet can be censored (Dutton et al. 2011). First, obstacles or restriction to access to the Internet might be imposed by governmental regulation or economic conditions, such as absence of supportive Internet infrastructure; second, limits to digital content through the censorship of the government, or self-censorship imposed by the Internet industry itself; third, sanction on the rights of Internet users through (un)lawful disruption of Internet services (Dutton et al. 2011).

## Digital Age and the Conditions for Freedom of Expression

Revolution in the digital technologies has changed the global communication channel and impacts on freedom of speech. Under the authoritarian regime, the state often makes controversial principle with respect to free speech. Revolution in the digital technologies includes the development of communication networks and widespread availability of technologies that connect every part of the world for the purpose of distributing digital content (Balkin 2004). However, different laws for free speech in the digital age have created debates within academics, policy makers, and practitioners about the challenges and its implications (Mutu 2018). Advocates for the free speech on the Internet have raised questions over how regulatory framework obstructs freedom of expression

(Dutton et al. 2011). The autocratic government always does not see the benefits of the Internet for their political regime (Joyce 2015), thus limits free speech in the name of national security. It is stressed that the state needs to make a balance between freedom of expression and national security and it is further highlighted that freedom of expression will establish a more secure and stable community.

Internet surveillance is now observed in many authoritarian regimes, such as China, Iran, Bangladesh, etc., but also many countries across the world that have been the so-called promoter to the right of freedom of opinion and expression on the Internet. It is now revealed in the context of global communication platforms that show the widespread surveillance about citizen's affairs. The violations of human rights practices have, in fact, damage the credibility of free speech on the Internet (Joyce 2015). Due to surveillance of citizen affairs under authoritarian regimes in different parts of the world, it is stressed that the state actor must promote the international agenda on Internet freedom in society. In order to make borderless world, the state actors need to limit the expenses of the Internet uses as an affordable and must ensure citizens access to the Internet as global public good. As it is noted earlier, Internet freedom assists citizens to improve their global communication around the world (Joyce 2015). Looking at the cyberattacks by Russia on independent regional states and the surveillance of the NSA on citizens' affairs in the USA, in 2014 it has been highlighted the Internet freedom in society by the former UN Secretary-General, Ban Ki-moon, opined in a forum on Internet security in Estonia that:

> I am disturbed by how States abuse laws on Internet access. I am concerned that surveillance programs are becoming too aggressive. I understand that national security and criminal activity may justify some exceptional and narrowly-tailored use of surveillance. But that is all the more reason to safeguard human rights and fundamental freedoms. Some argue that they need to curtail freedoms to preserve order. I say they need to protect freedom or they will undermine order. (Video message to the fourth Annual Freedom Online Coalition Conference: Free and Secure Internet for All, 28–29 April 2014. www.un.org/sg/statements/index.asp?nid=7634)

The Arab Spring using social media network through the use of the Internet have illustrated the capacities for a successful political movement and social change (Hintz 2012). However, it is found new sets of policy and legal framework introduced around the world that confronts with the Internet freedom in society. More specifically, online social communication across the world now challenges to authoritarian regime; therefore, the illiberal democratic countries make surveillance through the content restrictions. Furthermore, defenders to free speech are always under pressure by the authoritarian state, they are being challenged for their free speech through physical violence, brutality, and other forms of political repression.

However, citizen-based journalism is not a new phenomenon in the world today. Community and groups have created online platform, blogging sites, community radio and TV, and the other forms of communicative network, such as posters, music, video, theater, etc. Furthermore, there are many cases found in the world that have played a significant role in political and social movement for positive changes at local level. For instance, incidence of the cassette tapes in the earlier stage of digital revolutions in the Middle East, and the Samizdat movement in the former Soviet bloc, can be provided as example (Hintz 2012). Over the past decade, different social media network advances democratization process, thus political and social changes have been observed around the world. For instance, at the early stage of digital revolution, the use of SMS for democratic movement in Spain and in the Philippines in the early 2000s and social networking platform, such as Twitter and Facebook in Iran, Moldova, and others (Hintz 2012), have shown that social network creates a frustration to the authoritarian regime. Furthermore, during the Arab Spring, in Tunisia, Egypt, and elsewhere, social media claims for citizen's movement (Hintz 2012). It is pointed out that social media and other forms of the uses of online platform supports "citizens to report news, expose wrongdoing, express opinions, mobilize protest, monitor elections, scrutinize government, deepen participation, and

expand the horizons of freedom" (Diamond 2010, p. 70).

In the current democratic protests in Hong Kong started in June 2019, young adults use the Internet, social network platform, and mobile communication that have been an important tool for citizens' movement. The Internet allowed citizens for the establishment of different civic forums for shared criticism over the social and political environment (Khamis and Vaughn 2011). The Internet supports in mobilizing citizens' movement, organizes their activities, and generates an avenue for developing criticisms against any undemocratic decisions or practices. Thus, the Internet and social media have become an effective tool for any social and political changes. It is stressed that the Internet trigger for a free society. Given the conditions, an Egyptian activist, Wael Ghonim: "If you want to free a society, just give them Internet access" (Khamis and Vaughn 2011), although some political analysts and commentators are quite cautious and skeptical about the Internet freedom, pointing to a "functional differentiation" (Wagner 2011).

It is always highlighted the freedom of opinion and expression in society for democratic changes in authoritarian countries. As it is commented by Gunilla Carlsson, Swedish Minister for International Development Cooperation that "net activists are the new democracy fighters" (Christensen 2011: 234), therefore, many development partners or organizations to the third world countries have shown their strong commitment for promoting freedom of expression for global democratic changes (Christensen 2011). It is important to note that staying in a long distant place, international observers are sometime quite aware about local events than local people; therefore, many conservative regime around the world is used to tight their grip on power using online surveillance to detect and arrest anti-government activists (Hofheinz 2011).

*Polarization, Intimidation, and Harassment of the Internet Users.* Many governments in the world have introduced regulatory measures for bloggers and journalists in order to legitimize their crackdowns in online free speech. Shahbaz (2018) ranked Egypt as the third in the world for the number of journalists who have been imprisoned. As a part of restriction in online expression, new law passed in 2017 requires all social media users with more than 5,000 followers to manage permission from the Higher Council for Media Regulation. In the same tune, in Cambodia, as a part of the requirement of the directive passed in July 2018, all web addresses must be registered with the Ministry of Information, if any violation of the directive, users might be imprisoned up to 2 years for citing fake news online. In case of social media, in June 2017, China introduced new legislative framework that block some accounts of social media from further posting anti-government news, while in the same year, Telegram groups in Iran with over 5,000 followers are now required to register with the concerned regulatory agency (Shahbaz 2018).

Over the 12 months (January–December, 2018), many repressive regimes used to cut off Internet access on the ground that user are spreading fake news and hate speech. Especially, there are many instances in the South Asia of temporal shutdown of Internet access or blocked social media sites (especially Facebook) during the protests of the opposition, justifying that the measures were necessary to stop the online incited outbreaks of violence. It is of worth to note that India has been the highest number of Internet shutdown country in the world, with more than 100 reported incidents of the Internet shutdown in 2018 alone (Shahbaz 2018).

On the other hand, social media can also motivate citizens into polarized environment; as a consequence, it fuels the hostile environment. False and partisan information online may produce a significant impact on polarized environment. For instance, social media accounts were polarized with false news during the presidential election campaign held in 2016 in the USA, when Russian-controlled social media accounts was involved in providing false information for predominantly supporting to Donald Trump over Hillary Clinton. However, in January 2017, the US intelligence agencies found that Russia intervened the presidential election campaign which undermines integrity of 2016 election. The US intelligence agencies also concluded that Russian intelligence unit had illegally targeted

and hacked into some of the US web domain of important organizations which maintain voter rolls; however, later on, Russian intelligence unit leaked the hacked information to third parties (Freedom House 2017).

Many countries in the world have moved toward digital authoritarianism by adopting the Chinese model of the Internet censorship. Based on the consecutive 3 years report (2016, 2017, and 2018) from Freedom House that many authoritarian governments have introduced criminal penalties for the expression online of what they perceive fake news. For example, in the Middle East, South Asia, and North Africa, online activists often faced intimidation, in extreme cases; they even faced political repression, brutality, torture, and enforced disappearance (Momen 2019). In 2018, 13 countries in the world prosecuted dissident individuals for citing information which went against the regime (Shahbaz 2018). Added to that, in 2016 alone, at least 38 journalists were imprisoned in China, 34 of whom contributed and shared ideas and information online (Committee to Protect Journalists 2016). However, Article 35 of the Chinese constitution guarantees freedoms of expression, but this right is said to be vested with the Chinese Communist Party's (CCP) power; furthermore, the constitutional right to freedom of expression cannot generally be challenged in the judiciary (Momen 2019).

## Conclusion

Freedom of expression in the digital age is now getting less free globally; as a consequence, democratic consolidation process is under threat. Many individuals under the authoritarian regime have been imprisoned for their dissent views on the Internet, including members of opposition parties, human rights defenders, and religious and ethnic minorities. Many governments around the world restrict freedom of opinion and expression on the Internet. Especially authoritarian regime creates *obstacles to access* Internet by introducing legal and ownership control and establishing regulatory bodies. Authoritarians also limit on the Internet content by blocking or technical filtering of web addresses, which violate freedom of expression online.

## Cross-References

► Digital Social Innovators
► Digital Transparency and Open Data

## References

Balkin JM (2004) Digital speech and democratic culture: a theory of freedom of expression for the information society. N Y Univ Law Rev 79(1):1–55

Bollinger L (2012) Defending free speech in the digital age. Foreign Policy (English Magazine), November 26, 2012. Retrieved from https://foreignpolicy.com/2012/11/26/defending-free-speech-in-the-digital-age/

Christensen C (2011) Discourses of technology and liberation: state aid to net activists in an era of "twitter revolutions". Commun Rev 14(3):233–253

Committee to Protect Journalists (2016) 2016 prison census: 259 journalists jailed worldwide. December 1, 2016. Retrieved from https://cpj.org/imprisoned/2016.php

Diamond L (2010) Liberation technology. J Democr 21(3):69–83

Dutton WH, Dopatka A, Hills M, Law G, Nash V (2011) Freedom of connection-freedom of expression: the changing legal and regulatory ecology shaping the internet. UNESCO, Division for Freedom of expression, democracy and peace, Paris

Hintz A (2012) Challenges to freedom of expression in the digital world: lessons from WikiLeaks and the Arab spring. J Commun Stud 5(1(9)):83–105

Hofheinz A (2011) Nextopia? Beyond revolution 2.0. Int J Commun 5(2011):1417–1434

Joyce D (2015) Internet freedom and human rights. Eur J Int Law 26(2):493–514. https://doi.org/10.1093/ejil/chv021

Khamis S, Vaughn K (2011) Cyberactivism in the Egyptian revolution: how civic engagement and citizen journalism tilted the balance. Arab Media Soc 14(3):1–25

Momen MN (2019) Myth and reality of freedom of expression on the internet. Int J Public Adm 43(3):277–281. https://doi.org/10.1080/01900692.2019.1628055

Mutu A (2018) Freedom of expression and pluralism in the digital age: the role of national media authorities. Retrieved from http://cmpf.eui.eu/freedom-of-expression-and-pluralism-in-the-digital-age-the-role-of-national-media-watchdogs/

Shahbaz A (2018) Freedom on the net 2017. Freedom House, New York. Retrieved from https://freedomhouse.org/report/freedom-net/2017/china

Wagner B (2011) I have understood you: the co-evolution of expression and control on the internet, television and mobile phones during the Jasmine revolution in Tunisia. Int J Commun 5(2011):1295–1302

# Three Hundred Sixty-Degree Assessment

Chaitra M. Hardison
Pardee RAND Graduate School, RAND Corporation, Santa Monica, CA, USA

## Synonyms

360-degree assessment; Multi-rater assessment; Multi-rater feedback; Multisource assessment; Multisource feedback

## Introduction

Put simply, 360-degree feedback is employee performance feedback information collected from multiple sources, such as superiors, subordinates, peers, and customers. It serves as one way for employers to provide employees with a better understanding of how they are performing on the job. The basic premise behind 360-degree feedback is that by soliciting feedback from multiple sources an employee receives a more complete picture of their performance. This assumes that direct supervisors are not able to view all aspects of an employee's performance and that others who regularly interact with the employee can offer unique and valuable insights. For supervisory, management, or leadership positions, where interpersonal interactions with peers and subordinates are a central component, the views from below, for example, can be particularly relevant.

Three hundred sixty-degree assessments, having grown in popularity over the last few decades, are now in use in many organizations in some form or another. Matching that rise in popularity, there is now no shortage of 360-degree assessment tools being marketed to organizations, but not all are worth the investment. Although there is no single appropriate form for a 360-degree assessment to take, researchers have identified a series of important design considerations when developing 360-degree assessments. Careful attention to those design features is vital for ensuring the feedback is sound and effective. The following sections describe several of those design features. They also provide greater detail on typical features of 360-degree assessments, discuss some of the controversy surrounding the use of 360-degree assessments, and explore why 360-degree assessments are not always a worthwhile investment.

## Defining 360-Degree Feedback

A defining feature of 360-degree feedback is that the feedback has been solicited from multiple points of view, not just the employee's direct supervisor, as is typical of more traditional employee performance assessments. Although the term 360-degree feedback is often used interchangeably with multisource (or multi-rater) feedback, some (e.g., Foster and Law 2006) have argued that 360-degree feedback should be viewed as merely one type of multisource feedback. Under this stricter definition, multisource feedback that includes fewer sources (such as just peers and supervisors) or alternative sources (such as customers or clients) would not technically constitute 360-degree feedback. That is, 360-degree feedback would be limited to only feedback that is solicited from self, peers, superiors, and subordinates, as illustrated in Fig. 1. Nevertheless, many organizations and researchers continue to use the term 360-degree feedback to refer to all multisource feedback tools even when it strays from this strict definition.

## Design Considerations

There is no ideal 360-degree feedback design. Nevertheless, there are features of the design process that clearly distinguish well-designed 360-degree assessments from poorly designed

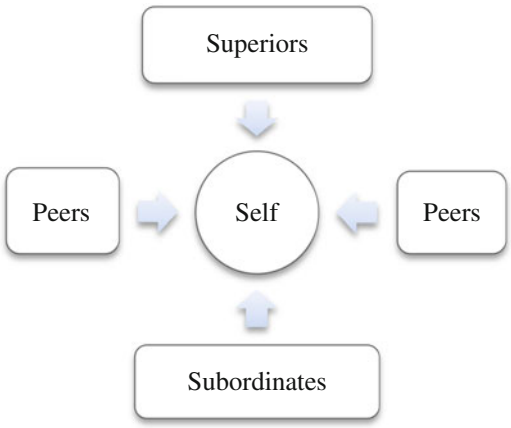


**Three Hundred Sixty-Degree Assessment, Fig. 1** Traditional sources of 360-degree feedback

ones. For example, well-designed 360-degree assessments are built with careful attention to the following:

- *Linking assessment content to a job analysis*. Which dimensions are most appropriate to include in the 360-degree assessment should be determined, at least in part, based on what dimensions are required on the job. This is especially relevant when the feedback will be used for personnel actions.
- *Aligning it with the organization's goals and values*. For example, if the organization aims to use the tool to develop their leaders, the design features selected should support that use (e.g., keeping ratings anonymous, keeping feedback confidential, offering one-on-one coaching). Additionally, if the organization has a clearly specified set of values it expects leaders to follow, including items, evaluating a leader's adherence to those values would make sense.
- *Establishing buy-in from leadership, raters, and ratees*. If the culture and climate in an organization is not supportive of a 360-degree assessment, it will likely not prove useful.
- *Designing valid and reliable survey items*. Psychometric measurement properties of the assessment should be considered and explored during the development process.
- *Pilot testing the instrument*. A pilot test can help improve the tool and identify potential problems before it is officially launched. For example, it can be used to explore how much time raters spend completing it, user reactions to the tool, poorly worded or confusing items, gaps in content, or dimensions that are not applicable to the job in question.
- *Measuring effectiveness*. As discussed further below, not all 360-degree assessments are successful at improving behavior. Including measures of the impact of 360-degree feedback on performance can be critical to determining whether the tool is a success.

There are also numerous design decisions that need to be made along the way. In many cases, some approaches or design features are more strongly supported by experts than others, but the best choice will also often depend on the organization's goals for the 360-degree assessment. The following are just a few examples of the types of design decisions that need to be made:

- *Purpose (developmental vs. evaluative)*. An organization should decide in advance whether the assessment is going to be used for development, personnel actions, or both. Experts are generally more likely to recommend using 360-degree assessments for development than for evaluation. However, it is possible to use 360-degree assessments for evaluative purposes. See below for more discussion on this.
- *Performance dimensions to be assessed*. The dimensions of performance to be assessed in the 360-degree assessment should be clearly defined and items should be designed to tap those dimensions. The dimensions identified should be job relevant (i.e., they should apply to the job in question), observable by others, and (as noted above) tied to the organization's goals for the assessment.
- *Number of items*. The number of items should depend on the number of performance dimensions to be evaluated as well as the total time to complete the rating tool. There should be

enough items such that each dimension is measured adequately, but the tool should not be so long that raters are unwilling to complete it thoughtfully.

- *Rater selection*. Raters are commonly selected randomly, nominated by an employee's supervisor or nominated by the ratee. When used in personnel actions, random selection or selection by a supervisor can help ensure fairness of the ratings. For developmental 360-degree assessments, however, allowing the supervisor or ratee to nominate others can be useful especially if they choose people who they believe will have constructive or informative responses. Nonrandom selection does, however, make comparison of average ratings across ratees less informative, as each ratee or supervisor may use different criteria to select the raters. Regardless, raters who have had sufficient opportunity to observe the individual's performance in the domains of interest should be targeted.
- *Minimum number of raters*. Three hundred sixty-degree assessments often require a minimum number of subordinate or peer raters before results will be disclosed to the ratee. This serves two purposes. First, if anonymity is being promised to raters, then establishing a minimum number of raters can help protect that anonymity. Second, raters – even within the same rater type (e.g., multiple subordinates or multiple peers) – often disagree about a ratee's performance. This can occur for any number of reasons (not having had an adequate chance to observe their performance, observing different aspects of their performance, interpreting the rating scales differently, etc.). As a result, ratings from multiple raters are typically collected and averaged to achieve a more reliable and ultimately valid impression of someone's performance. Although establishing a minimum is recommended, there is no clear consensus on what that minimum number of raters should be.
- *Coaching*. The goal of coaching in a 360-degree assessment is to help the employee use the feedback to create lasting improvements in their performance. Experts agree that one of the keys to ensuring that 360-degree assessments are effective at improving performance is to include the use of trained coaches, regardless of who provides the coaching. Some 360-degree feedback efforts offer one-on-one coaching with someone external to the organization, some provide in-house trained coaches, and some rely on supervisors to serve as the coaches.

## Using 360-Degree Feedback for Development Versus Evaluation

Three hundred sixty-degree feedback was originally designed for the use as a development tool; however, increasingly organizations are using it for personnel actions (such as pay raises, promotion decisions, annual performance reviews, etc.) as well. This runs counter to recommendations by experts who typically strongly advise against using 360-degree feedback for personnel actions and instead recommend that it continue to be used solely for developmental purposes.

The primary reason that experts advise against using 360-degree assessments for personnel actions is that it can undermine people's willingness to provide honest feedback. If raters do not feel comfortable providing honest feedback about an employee, then the feedback may end up being useless. When performance ratings are provided from the top down, as in traditional performance appraisal systems, there is far less concern that honesty will be impacted. However, when peers and subordinates are asked to provide ratings they know will lead to high-stakes personnel actions (such as changes to the person's pay or potential for promotion), they may be motivated to alter their ratings to varying degrees.

In some cases, the resulting ratings may be too lenient, and in other cases, they may be too harsh. For example, peers might inflate ratings of those they consider friends; on the other hand, they might rate employees that they view as

competition more negatively. Ratings by subordinates face similar issues. For example, they may provide higher ratings out of fear of retaliation or to earn a supervisor's favor. Alternatively, they may provide excessively harsh ratings to retaliate for a supervisor's actions against them. Given these ulterior motives, when ratings from these sources are intended for use in high-stakes decisions, they are questionable at best.

In spite of the expert cautions, however, many organizations do use 360-degree feedback for more than just development. For example, a 2013 survey of organizations that use 360-degree assessments (see 3D Group 2013) suggests that while very few use them exclusively for personnel actions, about a third use them for both development *and* personnel actions. And such mixed use (i.e., use for both development and personnel actions) can be even more problematic than using it for personnel actions alone.

For example, it can be especially problematic when an organization starts out offering 360-degree assessments solely for development but changes the purpose later. Employees often grow to like 360-degree assessments for development, when they trust that the results will be used solely for that purpose. If, however, employees believe that a 360-degree feedback tool is being used for developmental purposes, only to discover later that the company intends to use it for more than that, they can feel that their trust has been violated. Once that trust in the process is lost, raters may be less likely to provide honest ratings or to provide ratings at all. Such loss of trust in the process is one way that 360-degree assessments lose their value over time. Once that trust has been lost, it can be very difficult to regain it, even if the organization decides to return to a development only model.

## Arguments Against Using 360-Degree Feedback

Although their use is widespread, there are several legitimate reasons that an organization may opt not to pursue a 360-degree assessment. First, as noted previously, there are strong criticisms of the use of 360-degree feedback for personnel actions, some of which center on the fact that rater honesty can be compromised. As discussed above, when results of 360-degree assessments are high stakes (e.g., when they factor into annual performance reviews or are used for raises, bonuses, or promotions), raters may manipulate their ratings of others out of fear of retaliation or for personal gain. Supervisors can also attempt to even the score with subordinates who provide negative ratings in a variety of ways – demoting them, transferring them, giving them less desirable assignments, or even firing them.

Keeping ratings anonymous can help mitigate these issues; however, it cannot eliminate them. For example, some may still fear that their ratings will be identifiable by inference, even if rater identities are not disclosed, and toxic leaders may still take punitive action against suspected subordinates, regardless of whether or not they did, in fact, provide negative ratings. In addition, when ratings are anonymous, it can be difficult for an employer to successfully defend a personnel action, in the event that it is challenged.

But, even for development, their value is not always guaranteed. As a result, experts caution that 360-degree assessments need to be designed and used thoughtfully. The biggest issue experts point to when cautioning against overuse of 360-degree assessments or use of poorly designed ones is cost.

Using off-the-shelf tools can help defray some of those costs; however, they may not be aligned with an organization's unique culture or goals, which could reduce the relevance and usefulness of the tool and undermine buy-in from participants. As a result, many organizations choose to build their own. But creating the tool – building the survey interface, deciding how to display the results, etc. – can be expensive.

There are also administration costs. Requests for rater inputs, assistance with an online interface, monitoring the rating process timeline, establishing policies to protect anonymity, training raters, fielding questions, etc. – these are all examples of factors that have to be managed as part of a 360-degree feedback effort.

Another cost consideration is coaching. One-on-one coaching for a few employees could be a reasonable expense; however, as the number of employees receiving 360-degree feedback increases, the cost of coaching increases as well. For that reason, many organizations forgo one-on-one coaching. Unfortunately without such coaching, 360-degree feedback may be ineffective at encouraging behavior change, which would make justifying the other, potentially very large costs associated with the tool difficult.

But by far, the largest cost incurred during the administration of 360-degree assessments is the time spent by the raters. The process of completing a 360-degree feedback form can be time intensive, particularly when it solicits written comments in addition to numerical ratings and when the raters take the time to be thoughtful in the ratings and review comments. Add to that the fact that multiple peers, supervisors, and subordinates are asked to contribute to each person's 360-degree assessment, and the number of man-hours spent on reviews can add up quickly.

## Effectiveness

Although many organizations have adopted 360-degree assessments, research suggests they may not always be effective at changing employee behavior (Bracken and Rose 2011). While experts recommend that organizations measure effectiveness of their 360-degree feedback efforts, most organizations do not follow through on that recommendation. That is, 360-degree assessments are often designed and implemented without a plan for evaluating their success. As a result, data are not typically available to explore this issue. Instead, most organizations focus their evaluation efforts exclusively on whether users (raters and/or ratees) are satisfied with the process. Research does show that employees typically respond positively to 360-degree assessments that are well designed, aligned with the organizations goals, and administered for developmental purposes. They tend to respond more negatively to them when they are used for personnel actions or are excessively time-consuming and burdensome for raters to complete.

## Conclusion

Three hundred sixty-degree assessment can be a useful form of employee developmental feedback; however, its effectiveness can hinge on how carefully the tool is designed and how well it is tested. The sections above included examples of several key design features to attend to and decisions to be made about them. Given that such design features can ultimately make or break the success of a 360-degree feedback effort, involvement of experts – especially those knowledgeable about psychological measurement principles (i.e., validity and reliability) – in the design process is important for ensuring a successful 360-degree feedback effort. Implementation of 360-degree assessments for personnel actions is generally not recommended, at least not until an organization has thoroughly considered the consequences and challenges that come with such an implementation.

Given the expense associated with a well-designed instrument, when organizations do decide to implement them, they should use them sparingly, especially if effectiveness of the tool has not yet been demonstrated. This issue of cost is particularly relevant for consideration in public administration contexts as taxpayer dollars are at stake and good stewardship of resources is expected. On the other hand, well-designed 360-degree feedback tools could, in fact, provide unique and valuable insights for developing our public servants. As such, the potential benefits of 360-degree feedback in public administration contexts should not be dismissed simply because it can be expensive. Instead, the cost of a 360-degree assessment should be one of many factors weighed in the decision to proceed.

## Cross-References

► Ethical Leadership
► Executive Development

▶ Leadership Development
▶ Performance Audits and Performance Appraisals

## References

3D Group (2013) Current practices in 360-degree feedback: a benchmark study of North America Companies. 3D Group, Emeryville

Bracken DW, Rose DS (2011) When does 360-degree feedback create behavior change? And how would we know it when it does? J Bus Psychol 26(2):183–192

Bracken DW, Timmreck CW, Church AH (eds) (2001) The handbook of multisource feedback. Jossey-Bass, San Francisco

Foster CA, Law MR (2006) How many perspectives provide a compass? Differentiating 360-degree and multisource feedback. Int J Sel Assess 14(3):288–291

# Total Quality Management

Patria de Lancer Julnes
Penn State Harrisburg, Middletown, PA, USA

## Synonyms

Quality management; Total quality control

## Definition

TQM is an organization-wide, integrative effort to continuously improve the quality of an organization's products or services and fully satisfy the needs and wants of their customers/clients.

## Introduction

Total quality management (TQM) has a long but spotty history, filled with false starts and great achievements that can be traced back to the American factories of the early 1900s. The emergence of mass production and concomitant need for standardization and cutting waste drove factories to emulate laboratories testing the scientific approach to improve productivity and efficiency. This era saw the emergence of both Frederick Taylor's brand of scientific management and quality control (QC), the forerunner of TQM. However, unlike scientific management, the QC approach concepts and techniques received only sporadic attention in the United States (USA). QC figured prominently in the USA at the height of military production during World War II but then declined. It was in post-World War II Japan that QC was first widely implemented.

QC remained underdeveloped in the USA not evolving into TQM due in part to lack of involvement of management. The perception was that ensuring quality products was the exclusive responsibility of quality control departments with heavy emphasis on statistical controls (Deming 1982; Feigenbaum 1951). It wasn't until the 1980s, with more than 20 years of accumulated success in the Japanese industry and fear that the Japanese would overtake American industry, that a more management-based version of quality control, TQM, gained a broader audience in the USA. The most prominent figures in the history of QC, and subsequently TQM, are in the USA, Walter A. Shewhart, W. Edwards Deming, Joseph Juran, and Armand Feigenbaum and in Japan, Kaoru Ishikawa.

In the public sector, the implementation of TQM coincides with the rise of the New Public Management (NPM) movement in the 1980s. This movement emphasized private sector approaches to increase government performance.

### What Is TQM?

The term TQM is believed to have been first introduced by Armand Feigenbaum in 1983. This modern-day version of quality control efforts is now understood as a process and a philosophy for ensuring the quality of an organization's products and services and can be characterized as follows:

- Total: implies that everyone, every department, and every function in the organization are involved and focused on improving the quality of all the organization's activities.

- Quality: implies conforming to and exceeding all requirements. These requirements are set by the customers, who are the ultimate judges of quality.
- Management: implies that achieving total quality does not happen by accident. Instead, it requires deliberate and continuous efforts at all stages of the production process and is led by management.

What follows describes the evolution of TQM from its QC foundation to modern times. This evolution is presented in chronological order and shows the major actors, events, concepts, and ideas that led to this management philosophy.

## From Quality Control to Total Quality Management

### Foundation: Quality Control 1900–1940

TQM was born out of the application of statistical quality control systems (QC), including control charts and the quality circle, developed by Dr. Walter A. Shewhart. He was a statistician, physicist, and engineer who started his work in 1918 at the Western Electric Company's Hawthorne plant in Cicero, Illinois, and remained there until 1927 when he went to Bell Laboratories.

Shewhart recognized that the quality of a product is inherently attached to the value that the consumer gives to the product and so is based on the characteristics of the product that consumers perceive as important. Accordingly, these perceptions should guide organizations to standardize their products and maintain the standards of quality toward which they would strive. For Shewhart and those who followed, statistical control methods, including measurement and sampling as well and the isolation of causes of variability, can help industry ensure quality, improve productivity, and reduce cost. This initial application of statistical methods to address these issues in industry is marked by Shewhart's introduction of the quality control chart in 1924, which allows for the plotting of data to study how a process changes over time in relation to preestablished tolerance limits of variation. The use of the quality control chart also sealed the importance of data in quality management – for analysis, prediction, presentation of results, and decision-making.

In his book *Economic Control of Quality of Manufactured Product*, first published in 1931, Shewhart laid the foundation for defining quality, the scientific basis for controlling quality, the economic advantage of controlling quality, and the application of statistical methods for achieving quality control and, ultimately, achieving customer satisfaction. Shewhart believed that through the application of statistical methods to routine systems of production, industry could fulfill its purpose of meeting human wants in an economical way. Key to this was the need to minimize variability of the products by setting up quality control thresholds at every stage of the production process, from start to finish. This would then reduce the cost of product fluctuation, inspection, and rejection.

In 1939 Shewhart introduced the three steps of control – specification, production, and inspection or "judgement of quality," which he believed represented "a dynamic scientific process of acquiring knowledge" (Shewhart 1939, p. 45). These steps came to be known as the Shewhart cycle and later popularized as the Deming cycle in Japan (Deming 1986).

Further, Shewhart was an important influence on both W. Edwards Deming and Joseph Juran and often collaborated with Deming. Both Deming and Juran worked at the Hawthorne plant. Remarkably, this was the same plant where the scientific management studies that led to the Human Relation School were conducted.

The use of statistical methods for quality control continued to develop and disseminate through the 1930s as manufacturing became more complex, increasing the need for skilled individuals to perform quality inspections and to learn to minimize variation throughout the production system. Looking back, history shows Deming playing an important role in the dissemination of statistical methods training. While he was in charge of math and statistics courses at the graduate school of the US Department of Agriculture, he invited some of the luminaries of statistics to give lectures. One of

these was Shewhart, who was interested in making statistical control techniques accessible to workers and focused his training on the practical use of statistics in the production process.

### Quality Control During World War II (the 1940s)

The ideas about quality improvement were elaborated and received a tremendous boost during World War II when American manufacturing personnel received training on the use of statistical methods to improve the quality of military products and processes. Both the training in these methods and the war figure prominently in the evolution toward TQM. Key actors during the 1940s included the War Production Board whose work focused on promoting and supporting training to American industries and Deming, who was among those who provided the training.

Also during this time, after leaving Western Electric Company, Joseph Juran, another proponent of the use of statistical controls, joined the government's Land Lease Administration. In this capacity he improved the efficiency of processes so that oversea allies could receive supplies in a timely manner. Others also focused on promulgating statistical controls including Ellis Ott, Harold Dodge, Harry Romig, and Eugene Grant (Watson 2005).

Moreover, during World War II a 23-year-old Armand Feigenbaum supported the war effort and continued to build the foundation for what would become TQM. Feigenbaum was made manager of quality control at the General Electric's (GE) Schenectady plant in New York. This plant built the bulk of the propulsion equipment required during the war for cruisers, aircraft fighters, vessels, and submarines (Watson 2005; Schenectady Public Library 2015). Through his work here, Feigenbaum expanded and further refined the QC concepts to develop what he came to call total quality control (TQC), described below.

### Post World War II: Total Quality Control and Reconstruction in Japan

A 1950s version of QC methods with a more holistic approach, closely mirroring some of the characteristics of modern TQM, was total quality control, TQC, a system-engineering approach introduced by Armand Feigenbaum in his 1951 book *Quality Control*: *Principles, Practice and Administration*. The TQC approach was later refined and elaborated in the Feigenbaum (1961, 1983) republication of this book with the title *Total Quality Control*. Feigenbaum (1951) introduced a set of 37 principles for establishing quality control programs based on "experiences with total quality control" (p. 1). The first principle was a definition of TQC as "an effective system for integrating the quality-development, quality-maintenance, and quality improvement efforts of the various groups in an organization so as to enable production and service at the most economical levels which allow for full customer satisfaction" (1951, p. 1). Watson (2005) summarizes the basic tenets of Feigenbaum's approach to quality as follows:

- Quality is an organization-wide process.
- Quality is what the customer says it is.
- Quality and cost are a sum, not a difference.
- Quality requires both individual and teamwork zealotry.
- Quality is a way of managing.
- Quality and innovation are mutually dependent.
- Quality is an ethic.
- Quality requires continuous improvement.
- Quality is the most cost-effective, least capital-intensive route to productivity.
- Quality is implemented as a total system connected to both customers and suppliers.

Feigenbaum continued to develop and implement TQC as a senior executive at GE, both in the USA and in Europe and Japan. Concurrently, Edwards Deming and Joseph Juran conducted training on the application of statistics to quality improvement for Japanese industry workers, managers, researchers, and engineers (1950 and 1954, respectively). The Japanese Union of Scientists and Engineers (JUSE), which focused its efforts on the reconstruction of Japan's economy after the war, invited them to deliver lectures and provide training on QC.

By the time Deming and Juran arrived, the Japanese had already begun to study quality and the application of statistical methods for quality control of customer goods. They had been exposed to "the men from the Bell Laboratories [who] explained to members of JUSE that statistical methods had improved accuracy of American weapons" (Deming 1982, p. 100).

When Deming visited Japan in 1950, he delivered numerous lectures across Japan. It was during one of his lectures with top management that Deming also introduced a chart showing production as a system and argued that quality improvement involves the entire production line (Deming 1982). It was also during this time that he popularized the use of the Shewhart cycle referenced earlier.

In his 1982 book *Quality Productivity and Competitive Position* (later refined and republished as *Out of the Crisis* in 1986), Deming lamented that while the application of statistical methods gained great importance in Japan's reconstruction efforts and eventually led to the unparalleled success of the Japanese economy, in America by 1950 the "Brilliant applications burned, fizzled, and died out" (p. 101). Discussion of quality control and improvement in mainstream America had to wait until the 1980s. Nevertheless, the American Society for Quality Control (ASQC), now the American Society for Quality (ASQ), was born in 1946 out of the quality efforts implemented during World War II and has continued in existence since then with a mission to uphold standards of quality and promote innovation in quality.

For his part, Juran spread the philosophy that achieving quality required both technical and managerial involvement but that the main responsibility for quality lies on upper management and their application of the management process based on "the quality trilogy": planning, control, and improvement (Juran 1988, p. 35G.8). This philosophy was a radical departure from previous quality improvement practices, which assigned the responsibility for quality control to specific quality control departments and was confined to manufacturing and quality inspection.

After the visits of Juran and Deming, and between the periods of 1955 and 1960, Kaoru Ishikawa introduced the term company-wide quality control (CWQC), a version of total quality control (Ishikawa 1985). This version decentralized quality control and spread the responsibility on the entire organization. With CWQC, Japanese companies started to deemphasize the application of statistical methods and techniques as the main approach for quality improvement in favor of a broader approach that combined these methods with organizational-wide strategies and managerial methods (Strang and Kim 2009). The lectures by Juran led to the expansion of the concept of quality control to all the areas and branches of the company (Juran 1988). Thus, a main difference from Feigenbaum's version of TQC, as explained by Ishikawa (1985), was that while Feigenbaum advocated TQC be conducted by QC specialists, in Japan all units and employees became involved (p. 90).

Moreover, building on the teachings of Deming and Juran, in the early 1960s, Ishikawa also introduced quality circles, which became a component of the quality improvement practices in Japan and later in the USA. These were small groups of employees (5–10) that performed similar jobs, coming together periodically to study and discuss production-related problems, identify causes of the problems using simple statistical techniques, including the Ishikawa diagram (fish and bone diagram), and suggest and carry out solutions to increase productivity and quality. By combining the application of statistical methods/tools with employee participation in the company's decision-making process, this made quality control "everybody's business in an organization" (Sengupta 1987, p. 54).

Quality control circles, as initially dubbed by Ishikawa, were characterized by voluntary participation (*jishusei*, Lillrank and Kanö 1989) in that workers were not coerced or mandated to participate but by themselves "initiated and sustained the effort" (Ishikawa 1985). The groups were often led by a foreman or supervisor. Through its magazine *Quality Control for the Foremen*, JUSE promoted the approach among Japanese workers,

adopting the slogan "QC circle members – Let's study!" (Ishikawa, preface to the original edition, 1986), providing instructional material for studying and training on quality control methods, and organizing lectures and conventions where workers could learn from each other. The number of registered QC with JUSE went from three in 1962 to a staggering 148,106 by 1982 and 1,205,780 registered members in the late 1980s, spreading rapidly throughout Japan's industry at a registration rate of about 1000 circles a month (Cole 1980; Juran 1988).

### 1980s Onward: Rebirth of the Quality Movement in the USA and Emergence of Total Quality Management

The ideas and methods for improving quality, first developed in the USA and then elaborated and applied in Japan with spectacular results, circled back to the USA at a time when American manufacturing was in decline. The rebirth of the quality movement evolved into the concept we now know as TQM. Although TQM is often associated with Deming, the first person to use the term TQM to describe an inclusive organizational-wide approach to quality control was Feigenbaum (Watson 1995). In the 1983 version of his *Total Quality Control* book, Feigenbaum described the organization-wide impact of a total quality control approach as one that "deepens the work and the very concept of quality control. . .. [P]ermits what might be called *total quality management* [emphasis in original] to cover the full scope of the product and service 'life cycle' from product conception through production and customer service" (p. 14).

Through the years a number of American companies and government organizations had experimented, with varying degrees of success, with the different strategies of the quality movement widely popularized in Japan. However, by all accounts, the reemergence of the interest in quality improvement in the USA was an attempt to respond to the success of the Japanese quality revolution (Juran 1988).

By the 1980s this "revolution" in Japan threatened American manufacturers and the national economy. By then it was widely believed that American products were no longer competitive (Deming 1982). Investing in producing quality products, reducing the cost of "unquality things," and implementing zero defects began to be promulgated as a way to improve profits (Crosby 1979, p. 1). Similar to the 1900s, the 1980s were characterized by a need to reduce waste. By turning waste into better product and services, the company would unleash a chain reaction that would result in "lower cost, better competitive position, happier people on the job, jobs, and more jobs" (Deming 1986, p. 2). Also, though not a new idea, the notion that everyone in the organization, all the way from top management to frontline employees, has a role in quality improvement finally started to take hold in business strategy.

Sounding the clarion call for the need for transformation of management in American industry to stay competitive, Deming (1982, 1986) proposed a set of 14 points. These have now become equivalent to TQM, though not originally presented as such (Deming 1982, pp. 16–17, p. 30):

1. Create constancy of purpose toward improvement of product and service.
2. Adopt the new philosophy.
3. Cease dependence on mass inspection.
4. End the practice of awarding business on the basis of price tag.
5. Constantly and forever improve the system of production and service.
6. Institute modern methods of training on the job.
7. Institute modern methods of supervision (leadership).
8. Drive out fear.
9. Break down barriers between staff areas.
10. Eliminate numerical goals for the work force.
11. Eliminate work standards and numerical quotas.
12. Remove barriers that hinder the hourly worker.
13. Institute a vigorous program of education and training.
14. Create a structure in top management that will push every day on the above 13 principles.

These 14 points share similar ideas as the 37 principles promulgated by Feigenbaum. According to Deming (1982), these points formed the basis of the system of management implemented in Japan post World War II.

The imperative for American firms to implement such quality management systems was elevated when in 1987 the US Congress established the Malcolm Baldrige National Quality Award. This award, equivalent to the Deming Prize established in Japan by JUSE in 1950, recognizes excellence in seven quality management domains: leadership; strategic planning; customer focus; measurement, analysis, and knowledge management; human resource development and management; process management; and results.

The management literature suggests that the adoption of TQM in the USA was rapid and widespread from the mid-1980s through its peak in the mid-1990s and then experienced a rapid decline in popularity (Strang and Kim 2009). TQM was enthusiastically endorsed in industry and government by President Bush who touted the approach as "'Reasserting our leadership'" (Carr and Littman 1990, p. 2, quoted in Swiss,1990, p. 356). But the efforts to promote TQM in government did not go unopposed.

One of the most oft-cited critiques of TQM was delivered by Swiss (1992), who argued that Deming's version of TQM, which he called "orthodox TQM," was not suitable for application to the public sector. Swiss believed that the manufacturing foundation of TQM made it difficult to adapt to organizations that produce services. Furthermore, unlike private companies, government cannot readily identify its customers. As such, the basic tenet of customer satisfaction could not be fulfilled. Swiss also worried that Deming's orthodoxy, with its emphasis on inputs and processes, would lead to goal displacement. Finally, Swiss argued that the turnover of high-level government executives made it difficult to create a culture of continuous quality improvement, a requirement for successful implementation of TQM. However, Swiss recognized some value in TQM. He encouraged public sector organizations to implement a modified version of TQM that retained customers' feedback, the tracking of performance, continuous improvement, and employee participation as guiding principles. Swiss may as well have been foretelling the fate of TQM in the public sector. TQM per se was enveloped in the New Public Management movement.

Although the principles and values identified by Swiss continue to be promoted, the language of TQM in government has been replaced by practices promulgated by the National Performance Review, with its emphasis on a citizen/customer orientation in government and cutting waste; the Government Performance and Results Act (GPRA) of 1993, reauthorized in 2010 as Government Performance and Results Modernization Act, with its emphasis on performance measurement, strategic management, and stakeholder involvement; as well as the Sarbanes-Oxley Act of 2002 (SOX), with its emphasis on accountability and accuracy in financial practices.

The private sector TQM appears to have been replaced by the Six Sigma method. This method, first developed by the Motorola company engineer Bill Smith in the mid-1980s, seeks to improve performance through the reduction of defects. The approach harkens back to the practices of the QC movement, with its emphasis on statistical analysis, Shewhart cycle, quality circles, and the qualitative methodology introduced by Ishikawa (Folaron 2003). It also encompasses some of the values of TQM and the ISO 900 and QS 1200, such as the focus on satisfying customers' desires. General Electric, once again, played a crucial role in the dissemination of the Six Sigma method when in 1995 CEO Jack Welch discovered it and successfully adopted it to improve performance and financial performance (Watson 2001).

## Conclusion

The history of TQM is firmly grounded in a foundation that consists of the application of statistical methods to quality control (QC). Though not always discussed, early QC efforts were also based on an underlying logic of a system perspective where all aspects of the production process

needed intervention to ensure products that satisfy customers' needs and reduce waste. That QC was practically abandoned in the USA after playing center stage during World War II may have been due to the fact that for the most part, quality control was viewed as the responsibility of quality departments, engineers in particular, and not managers.

Although the teachings of Juran and Feigenbaum emphasized the important role managers play in the improvement of quality, the realization in Japan that quality was everybody's job helped post-World War II Japan become a major industrial economy. Only then, in the 1980s, were the principles of TQM, often associated with Deming, adopted in the USA not only in manufacturing but also in service organizations, including healthcare. In the public sector, where TQM was received with skepticism by some, it became part of the larger New Public Management discourse. While some of the values espoused by TQM have been maintained, TQM as such has largely faded from both the public and the private sectors.

## Cross-References

► New Public Management

## References

Cole RE (1980) Work, mobility, and participation: a comparative study of American and Japanese industry. University of California Press, Berkeley

Crosby PB (1979) Quality is free: the art of making quality certain. McGraw-Hill Book, New York

Deming WE (1982) Quality, productivity and competitive position. Massachusetts Institute of Technology. Center for Advanced Engineering Study, Boston

Deming WE (1986) Out of the crisis. MIT Center for Advanced Engineering, Cambridge, MA

Feigenbaum AV (1951) Quality control: principles, practice and administration. McGraw-Hill, New York

Feigenbaum AV (1961) Total quality control: engineering and management. McGraw-Hill, New York

Feigenbaum AV (1983) Total quality control, 3rd edn. McGraw-Hill, New York

Folaron J (2003) The evolution of six sigma. Six Sigma Forum Mag ASQ 2(4):38–44

Ishikawa K (1985) What is total quality control? The Japanese way. Prentice Hall, London

Ishikawa K (1986) Guide to quality control, 2nd rev., for clarity. ed. Quality Resources, White Plains

Juran JM (1988) Quality control handbook, 4th edn. McGraw-Hill, New York

Lillrank PM, Kanoì N (1989) Continuous improvement: quality control circles in Japanese industry. Center for Japanese Studies, The University of Michigan, Ann Arbor

Schenectady Digital History Archive (2015) Schenectady county, New York contributions in World War II. http://www.schenectadyhistory.org/military/worldwar2/esaw.html

Sengupta AK (1987) Made in Japan: quality circles come to India – some observations. Decision 14(2):53. Retrieved from http://search.proquest.com.ezaccess.libraries.psu.edu/docview/1297754615?accountid=13158

Shewhart WA (1931) Economic control of quality of manufactured product. Van Nostrand/Macmillan, New York/London

Shewhart WA (1939) Statistical methods from the viewpoint of quality control. The Graduate School, U.S. Department of Agriculture, Washington, DC

Strang D, Kim Y (2009) The diffusion and domestication of managerial innovations: the spread of scientific management, quality circles, and TQM between the United States and Japan. Oxford Handbooks Online. Retrieved 19 Feb 2016, from http://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780199299249.001.0001/oxfordhb-9780199299249-e-10

Swiss JE (1992) Adapting total quality management (TQM) to government. Public Adm Rev 52(4): 356–362

Watson G (2001) Cycles of learning: observations of Jack Welch. Six Sigma Forum Mag ASQ 1(1):13–17

Watson G (2005) Feigenbaum's enduring influence. Qual Prog 38(11):51–55

# Tourism Policy

María Velasco
Universidad Complutense de Madrid, Madrid, Spain

## Synonyms

Public tourism objectives; Tourism government decisions or nondecisions; Tourism public action; Tourism public planning

## Definition

Tourism policy is a set of discourses, decisions, and practices driven by governments, sometimes in collaboration with private or social actors, with the intention to achieve diverse objectives related to tourism.

## Introduction

Tourism is a relatively young phenomenon which involves the development of a singular and important economic sector. From the very beginning, that economic dimension of tourism has been the main priority for governments, and this has also been reflected in the tourism policy research. In fact it is very common considering tourism policy as a part of the economic policy, but tourism is much more than an economic sector. Tourism is probably one of the most determinant influences on our societies, and it will remain AS a key issue in the future.

The aim of the present text is to contribute to the debate on the nature, content, and instruments of tourism policy by expanding the scientific approaches to this issue and furthering the understanding of public decisions related to tourism.

The analytical perspective of policy analysis is used to propose an operative definition of tourism policy, enumerate the constitutive elements of this type of public action, and describe the instruments available to public decision-makers in order to reach the intended objectives.

### A Public Policy for a Multifaceted Phenomenon

Tourism is a key economic sector. It has positive impacts on economy due to the fact that it could be an interesting surplus on the balance of payments and that it is a very labor-intensive sector (WTO 2012a, b). The employment development related to the activity has also benefited from the continued growth of domestic and international demand during the last 50 years. However, tourism also has some negative economic impacts, like the increase of prices in tourist destinations, the unequal distribution of the benefits, strong international inflows, economic inequality between population of tourist destinations (Wall and Mathieson 2006), and the quality of employment has different problems (ILO 2010). In this case the rationality of public policies had to be explained through the market's failures with regard to public assets. Effectiveness efficiency become the reference values.

Tourism is also a key cultural factor. It has become a fertile mechanism to make different cultures come together, to fostering communication, and to allowing people to understand the richness of our diversity. Tourism had increased the awareness about heritage, and investment in conservation had been made due to the interest of more people. On the other hand, problems of authenticity had been highlighted by different researches (MacCannell 2013); tourism can cause an intense acculturation process, especially towards fragile cultures. Much of the investment in culture attractions is not intended to be oriented to citizens, but to foreign tourist (McKercher and Du Cros 2002).

Something similar occurs if to the environment dimension is considered. Tourism had been a crucial element to unfold more effective environmental protection policies, but there is a deep controversy about the negative impact of the activity related with the uncontrolled tourism development, the urbanization of natural areas, and the overconsumption of natural resources (Gössling 2002).

If we look at the research dimension, we also find complexity. The different fields of knowledge emphasize specific dimensions of the issue and overshadow others. To advance in the study of the tourism policy, it is better to assume that:

1. Tourism has a multifaceted nature. It is no possible to build a universally accepted definition of tourism, but rather definitions which make sense to each one of the related scientific fields which may engage in the analysis of the issue. Only if we have significant definitions to our scientific field it will be possible to improve our understanding.

2. Tourism can be studied from a range of different disciplines, and the sum of all these contributions will enrich the resulting analysis.
3. Tourism is an issue that has only recently come to the fore and thus has to compete for the attention of a scientific community which is focused on dealing with far more established study objectives. Notwithstanding this tension, tourism is an important issue in all disciplines now.

### A Broader Definition of Tourism Policy

Tourism policy has been the subject of extensive research over the past decades (Hall 1994, 2011; Hall and Jenkins 1995; Branwell 2006; Burns and Novelli 2007; Branwell and Meyer 2007; Dredge and Jenkins 2011), and there have been relevant efforts to incorporate the main discussions in the field of public policy to the subject of tourism policy (Hall 2005; Scott 2011); nevertheless, "the field is not as well served as it could be" (Hall 2014:537), and many issues regarding tourism policy still need to be addressed.

A broader definition of tourism should be adopted to be able to extend the analytical boundaries of the tourism policy arena. This definition should considerer the issue from a dynamic and reticular viewpoint, admitting tourism policy is about dispute between interests which have different power, ideologies, and values. Is that a complex reality, which perfectly fits into the image of "wicked problem," which requires the design and implementation of public actions?

Tourism creates a wide variety of interactions and relationships deriving from the processes whereby citizens are attracted to, stay, and take up occasional residence in a particular territory. Considering that, tourism policy could be defined as a set of discourses, decisions, and practices taken by governments, sometimes in collaboration with private or social actors, with the intention to achieve diverse objectives related to tourism.

Tourism policy is an intentional course of action which goes beyond the level of theoretical reflection and political intention materialized into real actions, involving the use of public resources. It is also integrated by consistent actions or, at least, actions which were designed to be consistent.

Governments should be a central actor; nevertheless, tourism policy does not necessarily have to be promoted and implemented exclusively by public actors. Precisely the opposite, it is essential to involve private and social actors in the process. This is an issue connected with the rich and interesting raise of the studies focused on governance, which rightly question the role of the government nowadays (Hall 2011; Bramwell and Lane 2013).

### Tourism Policy Objectives

Tourism policies combine in a diverse manner five major objectives related to the nature of the phenomenon and their different dimensions (Velasco González 2004). There are differences in intensity and degree on the government aims depending on the political system, the level of overall economic development, and the level of tourism development of the destination.

The first objective is to pursue tourism growth or remain competitive, in the case of mature destinations. Whereas in new or emerging tourist destinations, the governments usually consider the following objectives:

1. To promote the destination trying to improve internal and external tourism demand.
2. To achieve international tourism growth and increase foreign currency income to support the balance of payments.
3. To establish public institutions, national tourism administrations in terms of WTO (1997), to stimulate tourism growth and to do so in a sustainable manner.
4. To increase awareness of the importance of the activity among entrepreneurships and private sector in order to make tourism more attractive for private investment. It has also been a common practice to attract public companies in order to have a demonstration effect.
5. To support the right to travel and move freely as laid out in the Universal Declaration of Human Rights. Tourism can be an instrument stated of peace since it encourages people to become closer and means a better understanding of other cultures.

In the case of mature destinations, the major objective should be to maintain the level of international competitiveness through marketing and international promotion and to modernize and reassess programs.

The second objective is related to spatial dimensions of tourism and its impacts on land use dynamics. Here the central concept is the idea of planning, a precess to achieve a better spatial distribution of tourism activities, promoting the use of untapped resources, or improving local participation in decision-making process related to sustainable strategies. Some common aims are:

1. To formulate development strategies and programs.
2. To invest in better mobility systems in the tourism areas to help manage tourism flows and build of tourism-related infrastructure (like marinas or theme parks).
3. To invest public budget in tourism-related resources, for instance, in order to make accessible new coastal areas or investing in cultural and natural heritage restoration.
4. Recently, as the tourism has own objectives related to the reinforcement of the coexistence between tourists and locals have started to appear. In some destinations, the problems that local communities are suffering – disrespectful behavior or noise – lie at the heart of the public debate.

Thirdly, as tourism is also an experience or service consumed by people, there are objectives related to provide a safe, satisfying, and fulfilling experience for visitors. Common aims could be:

1. To protect tourism-consumer
2. To improve the regulation framework across different tourism subsectors through the adoption of regulations concerning safety levels in accommodation, travel intermediation, as well as new products such as active tourism
3. To promote actions to improve quality standards of tourism products and customer attention, usually through training programs.

In the fourth place, coordination appears to be a central need due to the transversal nature of the issue. In tourism, policies often appear, as objectives:

1. To stablish coordination bodies to coordinate actors from different backgrounds and different subsectors (culture, environment, infrastructure, etc.).
2. To create Destination Management Organizations (DMO, in WTO terms) involving public and private sector and other different stakeholders.
3. To stimulate business platforms, as clusters or product clubs to pursue better competitiveness.
4. Finally, tourism is considered a young phenomenon which is in a process of constant change.

In order to intervene on the tourist market with a strategic vision, it is necessary to have updated information and have expertise that can be applied by various actors.

The tourism sector is comprised mostly by small and medium enterprises. Typically, these business structures cannot bear the cost of research and produce knowledge, although they are the ones who have daily contact with the reality of the activity. The dynamics of the phenomenon makes public decision-making difficult.

Therefore, one of the classic goals in tourism policy is to invest in research and production of knowledge and ideas and to create tools that enable innovation and improvement spread. This objective is carried out through:

1. Establishing institutes or research entities and analysis to have a more precise knowledge of the tourism phenomenon and its changes
2. Generating knowledge that will help manage business decisions, like new management tools
3. Disseminating information to help business decision-making, like data conjuncture of sending countries or new market niches
4. Supporting innovation process sector

### Policy Instruments for Tourism Policy

Any of the above objectives can be achieved by using some of the instruments that governments have. Instruments can be defined as the techniques or means through which governments attempt to attain their goals (Howllet 2001).

One of the most cited typology of instruments was initially proposed by Hood (1986; Hood and Margetts 2007) and completed by Howlett (2011). This typology contains the following categories:

- Organization: By using both human and material resources, different organizations allow the government to act on a particular matter. These organizations can be traditional bureaucratic organizations, public enterprises, or other hybrid entities.
- Authority: Regulations control or prevent some types of behavior and are usually used to confer rights or impose obligations.
- Treasure: Different measures attempt to align the goals of nonpublic actors with objectives that are fixed by the policy. These measures may fundamentally relate to economic incentives but can also be honorific.
- Knowledge and information: Provision and diffusion of knowledge and information.

By adapting these categories to the tourism arena, we propose to consider that there are five differentiated categories of instruments which can be used by public decision-makers: organizational instruments, regulatory instruments, incentive and promotion instruments, improving knowledge instruments, and communication instruments (Velasco González 2004).

1. Organizational instruments. Institutions who design, implement, or merely act on tourism policy. For the development of any policy, program, or action, it is always necessary to have some institution who manages programs and actions using both human and material resources. The institutional framework is a key element in any policy and thus in tourism policy. There are three basic types: the traditional administrative political structures, the executive structures dependent of the formers and usually related to marketing and destination promotion, and structures of cooperation between public and private actors.
2. Norms or regulations of a compulsory character. They confer rights or impose obligations related to tourism and they stablish direct or indirect government regulation.
3. Incentive and promotion instruments. Instruments that seek to stimulate private actors to be aligned with the goals of tourism policy, usually through economic stimuli that are articulated through grants, soft loans, subsidies, and tax credits. It could also honorific.
4. Improving knowledge instruments. Related to the need to generate relevant data on tourism, the importance for investigations in this field, and the willingness to help tourism knowledge. An example would be plans or programs that seek to promote R + D + i in tourism or generate information systems to support decision-making.
5. Communication tools. The use of mass media could be both for raising awareness of specific values, as hospitality, and for supporting promotional campaigns of tourism destinations.

There are subsets of policy tools that are more feasible and appropriate at a given time. Not all of these instruments need to be used, or used at the same time, although the conclusions of other analyses indicate that the combination of several is usually more fruitful than the use of a single instrument. This is because each instrument has its own distinctive character and is geared to a specific objective being pursued by a government through its tourism policy (Table 1).

## Conclusion

There is no doubt that the analysis of tourism policy could be conducted from an economic perspective. However this is not the only perspective that should be taken into account when governments are facing designing tourism policy; they must also consider culture, environment, and social dynamics. In this sense, it is necessary to

**Tourism Policy, Table 1** Instruments for tourism policies

| Instruments | Nature | Purpose |
|---|---|---|
| Institutional arrangements | Binding for the government | Self-organization |
| Regulatory instruments | Compulsory | Regulation and control |
| Incentive and promotion instruments | Voluntary for those involved | Promotion and encouraging |
| Instruments for improving knowledge | Voluntary | Dissemination of knowledge, training, and information |
| Communication instruments | Symbolic | Dissemination of values |
| | | Promotional campaigns |

Source: Velasco González (2011)

use a broader definition of tourism and tourism policy. It may be helpful and necessary to consider the issue from the perspective of the dispute between interests which have different power, ideologies, and values. Growing importance of conflicts emerge, and the tourism policy cannot stand aside.

There remains a need to advance in terms of research by addressing some of the central questions facing the tourism policy today: how to combine a steadily growth with sustainable principles; how to achieve cohabitation between tourist necessities and local, or which is the role of the tourism policies in a better balance between costs and profits to local societies.

## Cross-References

► Ethics and Public Policy
► Stakeholder Analysis and Wicked Problems

## References

Allen MD, Edgell DL, Smith G, Swanson J (2007) Tourism policy and planning, 1st edn. Butterworth-Heinemann, Amsterdam

Bramwell B, Lane B (2000) Tourism collaboration and partnerships: politics, practice and sustainability, 1st edn. Channel View Publications, Clevedon

Bramwell B, Lane B (2013) Tourism governance: critical perspectives on governance and sustainability. Routledge, Hoboken

Burns PM, Novelli M (eds) (2007) Tourism and politics. Taylor & Francis Ltd., GB, London

Deegan J, Dineen DA (1997) Tourism policy and performance (1 Publ. ed.). Internet, Thomson Business Press, London.

Dredge D, Jamal T (2015) Progress in tourism planning and policy: a post-structural perspective on knowledge production. Tour Manag 51:285–297. https://doi.org/10.1016/j.tourman.2015.06.002

Dredge D, Jenkins J (eds) (2011) Stories of practice: tourism policy and planning. Ashgate, Burlington

Edgell DL (2015) International sustainable tourism policy. Brown J World Aff 22(1):25

Edgell L, Swanson J, Allen D, Smith G (2013) Tourism policy and planning, 2nd edn. Routledge Ltd - M.U.A, GB, London. https://doi.org/10.4324/9780203113332

Gössling S (2002) Global environmental consequences of tourism. Glob Environ Chang 12(4):283–302

Hall CM (1994) Tourism and politics: policy, power and place. Wiley, Chichester

Hall CM (2008) Tourism planning: policies, processes and relationships, 2nd edn. Pearson Education M.U.A, GB, New York

Hall CM (2011) A typology of governance and its implications for tourism policy analysis. J Sustain Tour 19(4):437–457. https://doi.org/10.1080/09669582.2011.570346

Hall CM (2014) Introduction to tourism policies, planning, and governance. In: Lew AA, Hall CM, Williams AM (eds) The Wiley Blackwell companion to tourism. John Wiley & Sons, Ltd, Oxford

Hall CM, Jenkins JM (1995) Tourism and public policy (1 publ. ed.). New York, Routledge

Hood C (1986) The tools of government. Chatam House, Chatam

Hood C, Margetts H (2007) The tools of government in the digital age. Palgrave Macmillan, London

Howlett M (1991) Policy instruments, policy styles, and policy implementation. Policy Stud J 19:1–21

Howlett M (2011) Designing public policies: principles and instruments. Routledge, Abingdon

ILO (2010) Developments and challenges in the hospitality and tourism sector. http://www.ilo.org/wcmsp5/groups/public/%2D%2D-ed_dialogue/%2D%2D-sector/documents/meetingdocument/wcms_162202.pdf

Jeffries D (2001) Governments and tourism, 1st edn. Butterworth-Heinemann, Oxford

Jenkins JM, Dredge D (eds) (2011) Stories of practice: tourism policy and planning. Ashgate, Farnham/Burlington

Johannesson GT, Ren C, Duim van der R (eds) (2015) Tourism encounters and controversies: Ontological

T

politics of tourism development. Ashgate, Farnham/Burlington
Johnson P, Barry T (1992) Perspectives on tourism policy. Continuum International Publishing Group, London
MacCannell D (2013) The tourist. a new theory of the leisure class (With a new introduction). University of California Press, New York
McKercher B, Du Cros H (2002) Cultural tourism. Haworth Hospitality Press, New York
Moufakkir O (2012) Controversies in tourism. CABI, Wallingford
Scott, N (2011) Tourism policy: a strategic review. http://www.goodfellowpublishers.com/free_files/fileTourismPolicy.pdf
Velasco González M (2004) La política turística. Gobierno y Administración Turística en España, Tirant Lo Blanch, Valencia
Velasco González M (2011) La política turística una arena de acción autónoma. Cuadernos de Turismo 27: 953–969
Wall G, Mathieson A (2006) Tourism: change, impacts, opportunities, 2nd edn. Pearson Education M.U.A, GB, New York
WTO (1997) Towards new forms of public-private sector partnership: the changing role, structure and activities of national tourism administrations. World Tourism Organization, Madrid
WTO (1999) The future of national tourism administrations. World Tourism Organization, Madrid
WTO (2012a) Exploring the full economic impact of tourism for policy making. http://cf.cdn.unwto.org/sites/all/files/unwto_paper_t20_france.pdf
WTO (2012b) Positioning tourism in economic policy: evidence and some proposals. http://www2.unwto.org/es/node/30786

# Toxic Policy-Making in Iran

Tayebe Amirkhani[1] and Fateme Hematiyan[2]
[1]Department of Public Administration, Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran
[2]Allame Tabataba'i University, Tehran, Iran

## Synonyms

Poisonous policy-making; Self-interested-based policy-making; Unethical policy-making

## Definition

Toxic policy-making is the system of policy-making that sets the stage for the spread of discrimination, corruption, and injustice in the society and does not meet the public interest. Instead, in this policy-making system, the main concern of policy-makers is to protect individual and group interests. Corruption, injustice, discrimination, and misapplication of laws are the main consequences of toxic policy-making system.

## Introduction

As the oldest country on earth, Iran has an ancient glory of governance, culture, and administrative achievements. But modern Iran has dropped back in the process of progress to higher levels of governing and public administration despite the brilliant background of governance (Farazmand 2002). So that today this country does not have a good position in terms of many indicators of development and progress. Renani and Moa'yedifar (2013) discussed the following statistics in Iran:

The highest mortality rate of traffic accidents, the average increase in the number of prisoners over the last 30 years from 138 per million prisoners to 2100 per million, the low average life of roads as it is 25 years in other countries while it is only 5 years in Iran, reduction in the production rate and employment, and high rates of corruption, immigration, addiction, and suicide. Renani and Moa'yedifar (2013) stated that the answers to all these statistics lie in the concept of social capital, and they claimed that social capital in Iran has a declining trend. Since the policies in the public sector are designed, developed, and implemented to solve social problems (Knoepfel et al. 2007), one of the reasons why this country and other similar countries are dealt with such situations can be found in the quality of policies and policy-making system. For example, Moaddab (2013)

stated that the quality of policy-making system in Iran is far from what it should be. Danaee Fard et al. (2015) discussed that what has happened as a result of the policy-making process in Iran has led to the waste of material and spiritual resources, a decrease in public trust, national opportunity loss, and ruining the reputation of the policy-maker.

Explaining this issue, it should be noted that in the modern and complex world, policy-making is applied to all areas and forms a significant part of our environment. Nonetheless, many of these policies are not formulated and implemented in a rational model but in a political or garbage can model; thus, it can have negative consequences for the societies (Dye 2013). Moreover, in the absence of regulatory and restrictive institutions, the policy-makers may act within the framework of public choice theory and distance themselves from ethical and community-based behavior to maximize self-interest. Therefore, the policy-making can have dark faces, which can be detected by signs such as political behaviors, injustice, political conflict, narcissism and authoritarianism, and relation-based behaviors rather than rule-based behaviors (Thissen and Walker 2013). Therefore, the question arises whether it can be said that the policy can be considered toxic to its target community.

Toxication is one of the concepts that has been recently considered in some areas of management such as leadership and decision-making. Maitlis and Ozcelik (2004) defined the concept of toxic decision-making and stated that it is a process with results that cause negative emotions in the organization. Since decision-making is the focus of policy-making, the present study hypothesized that policy-making can also have toxic features. This concept has been studied in Iran. The findings of the present study are the results of interviews with policy-making experts in Iran. Therefore, the basic theoretical foundations have been discussed first, and then toxic policy-making, its background and causal conditions, and finally the consequences have been investigated in detail.

## Theoretical Roots of Toxic Policy-Making

### The Concept of Toxication

Toxication is one of the concepts that have been studied in different areas such as organizations (Appelbaum and Roy-Girard 2007), leadership (Mehta and Maheshwari 2013; Pelletier 2010), and decision-making (Maitlis and Ozcelik 2004). This phenomenon includes the human systems and is considered as an inevitable reality in social life (Goldman 2008). The features of toxic organizations are as follows: inability to fulfill operational goals and commitments, fear-based problem solving processes that rarely result in effective decisions, poor internal communications, frequent repetitions, and interpersonal relationships based on deception and selfishness (Appelbaum and Roy-Girard 2007). Besides the toxic organizations, the concept of toxic leaders has been examined as well (Mehta and Maheshwari 2013; Pelletier 2010). Milosevic et al. (2019) explained that toxic leaders may lack the required leadership competencies; in this regard, their main goal is to hide their incompetencies in order to keep their control position. Milosevic et al. (2019) showed that the toxic leaders create ambiguity in this regard through up and down influence tactics and ruin the opportunities of performance appraisal because this may reveal their incompetencies. This can lead to feelings of powerlessness, fear, frustration, and inability to do things in followers.

Maitlis and Ozcelik (2004) defined the concept of toxic decision-making as a process of decision-making that causes extensive negative emotions in the organization. The words of negative emotions are used to explain intense unpleasant feelings such as fear, embarrassment, apprehension, and rage. In this context, it should be noted that the concept of toxic decision process connects high-intensity negative affect and decision-making in organizations.

Toxic decision-making contradicts the concept of ethical decision-making, which means determining the facts, identifying ethical issues, setting practical ethical standards, seeking required input/expertise, maintaining objectivity and

transparency in decision-making, and reflecting on outcomes (Singh 2018).

### Public Choice Theory

The theory of public choice in line with standard economic analysis assumes that political and administrative staff rationally maximize their interests. The basis of individual interest negates direct attention to others' well-being. According to this theory, individuals pay attention to others' well-being or concern for justice to the extent that it does not have any negative effect on their own interest.

In the political domain, this assumption entails organized interest groups including self-interested government officials to pursue policies that advance the former's interests in return for benefits.

According to this theory, the logic of collective action indicates that relatively small and homogenous groups are more effective than the public at large in advancing their limited interests. Based on the assumption of this theory that the staff in the public sector, whether elected or appointed, have the purpose to maximize their competencies rather than the public interest, it is assumed that the staff in the public sector form coalitions to support stakeholders and adopt policies that benefit these groups in return. However, in situations where individual interest is of paramount priority for policy-makers, the disproportionate power of interest groups to influence the present and future well-being of staff in the public sector may lead to the adoption of policies that are limited to narrow interests and take advantages to the public interest. The resulting wealth shifts are neither effective nor fair (Zamir and Sulitzeanu-Kenan 2018).

## Theorizing Toxic Policy-Making

In describing the features of toxic policy-making system, as the first feature, a policy-making system can be called toxic when policies lead to the spread of discrimination and injustice in the society and do not meet the public interest. In such a system, corruption, injustice, discrimination, and misapplication of laws prevail. Then, evil administrative actions appear and lead to suffering for people in administrative affairs (Balfour and Alibašić 2018). In this situation, the policy-makers ignore the national interest, and, therefore, an illegal bubble is formed. The policy-makers do not have a clear attitude and understanding of the situation, making them unable to solve problems. In this policy-making system, there is no specific mechanism to analyze the available options, and this results in disorder in affairs, and everyone provides a point of view to select the options based on his/her personal judgment. In addition, there is no specific mechanism for supervision, which can, in turn, lead to chaos and unlawfulness. Due to unfamiliarity with policy theories and failure to apply planning logic, the policy-makers adopt policies that contradict each other and double the chaos. In such circumstances, the policy discourse is not formed, which in turn causes a misunderstanding before forming a policy. The issue of policy learning is not considered, and organizational knowledge will not be updated. The discriminatory policies will increase the nation's distrust and deepen the gap between the government and the nation, which in turn will lead to a misunderstanding of the situation and an incorrect and poor analysis of the situation in the country because the public demands will not be of priority for the government.

### The Context of Toxic Policy-Making

Regarding the features of toxic policy-making, the following categories have been recognized as the context of toxic policy-making in Iran: "poor democracy and weak civic institutions in Iran," "high power distance," and "the rentier government."

Iran is one of the countries with a long history of fighting with tyranny (Katouzian 2007), and there has been no democratic governance in Iran, in the sense of what is seen in developed countries.

In this regard, the regime of Iran can be probably authoritarian because according to Prysmakova (2018), it is a type of state administration whose main objective is supporting its rule and protection against any possible damage caused by the power-threatening elements.

Prysmakova (2018) refers to the government control over policy-making and implementation, the limited autonomy of an organization in representing its members and constituents, and creating obstacles for citizens to define and articulate their priorities as prominent characteristics of the authoritarian regime. Therefore, an authoritarian state is supposed to restrict the freedom of associations. This is true about Iran as the Iranian regime imposes severe restrictions on the activities of civil society organizations. The lack of freedom of civil society and the media has prevented the proper reflection of the problems truth as well as the process of solving them to the public. The lack of relationship between people and the government alienates the two, and the absence of parties makes the situation worse.

In this regard, the high power distance in Iran exacerbates the situation. This has institutionalized a kind of behavior in the form of tyranny and selfishness between the policy-makers and decision-makers and the executive agents, which leads to disregard for national interests and disbelief in expert work. Advancement of affairs with negligence expands the process to the level of the people and finds root as a great sociocultural problem. When the people of a country become accustomed to this process of negligence, there will be no more protests, and the foundations of this lawlessness will be firmer.

The rentier government and the government's dependence on oil revenues have in turn worsen the situation because the government's dependence on oil revenues and the relative independence of taxes have led to increased independence of the government from the nation, which in turn reduces transparency and accountability and fosters the authoritarian spirit in the government. Therefore, the rentier government in Iran sets the stage for the weakening of democracy and civil society, which in turn can reduce the role of citizens in policy-making and intensify the process of toxic policy-making process in Iran.

## The Causal Conditions of Toxic Policy-Making

The causal conditions of toxic policy-making system have been recognized as follows: "dominance of individual interests over public interests," "lack of attention to science and rationality in managing affairs," "lawlessness and defects in the existing laws," "politicization of the decision-making and policy-making system," "poor supervision and regulatory mechanisms," "disregard for meritocracy in governing the society," "multiplicity of decision-making institutions in the country," "lack of formation of the concept of citizen," "viewing the citizens as subjects by the government," and "inappropriate electoral system." Each is briefly explained in the following.

One of the main reasons for the formation of toxic policies is the dominance of individual interest over a public one. As stated in the public choice theory, the policy-makers can seek to maximize their self-interest, and once an authority defined his/her main goal based on his/her individual and personal interests, the public interest has no position; this is the case for the policy-makers in Iran. Explaining this issue, Sari-ul-ghalam (2015a) stated that Iranians have so far had no experience different from authoritarian diversity and have moved from one authoritarian system to another. According to Sari-ul-ghalam (2015a), one of the consequences of the authoritarian system is the shortening of people's thoughts, ideas, plans, and lives. "People cannot think for long-run plans and everything relies on judgment, demands, priorities, and the desires of the central system of governing" (p. 45). This shortened period, in turn, leads politicians and decision-makers like the public to prioritize individual interests over national interest; this is the main foundation of toxic policy-making.

It can be explained, in this regard, that the experience of living under authoritarian regimes for centuries has led to the dominance of the spirit of in-group collectivism in Iranians and reflects "the extent to which individuals are attached to their families and circles of friends" (Javidan and Dastmalchian 2003, p. 130) – rather than institutionalized collectivism which measures the extent to which members of societies respect broader societal interests versus individual interests (Javidan and Dastmalchian 2003, p. 130), which in turn exacerbates the adoption and implementation of policies maximizing individual and group interest rather than the public interest.

Another factor causing toxic policies is "disbelief in science and lack of commitment to rationality." That is, managers and politicians in Iran regard themselves as experts, and it is frequently revealed that although they have a high degree in a particular field, they reject the relevant scientific findings and prefer their previous knowledge that is in many cases rooted in tradition. This is reflected in the form of poor specialization, disregard for knowledge of policy evaluation and analysis, disregard for global experience and scientific theories, and lack of any connection between the university and the system of governing.

Another causal factor underlying the toxic policy-making is "lawlessness and defects in the existing laws." Lawlessness has been emphasized as one of the Iranians' cultural features (Sari-ul-ghalam 2015b), and the nascent institution of law exacerbates it; the first constitution of Iran was adopted 114 years ago, and before that, the king's orders and decisions were considered to be laws. Moreover, even after the enactment of the laws, authoritarianism rooted in the Iranian political system has led to the superiority of the individual to the law. The law is always influenced by those in power, and this in turn undermines the rule of law and the equality of citizens to it. Further, it provides the policy-makers with the courage to break the law and makes the ground for the emergence of toxic policies. This feature in turn has led to "poor regulatory mechanisms in Iran"; that is, there is no supervision, control, and indication for supervision in Iran.

Apparently, in such circumstances, meritocracy is not formed, and this in turn decreases the quality of government. Quality in government reflects what taxpayers obtain in return for their taxes. Accordingly, the quality of government indicates its good performance. The performance of the government also reflects the ability of its administrative system to deliver products and services to citizens efficiently, effectively, and economically, which is possible through the presence of professionals in governmental organizations. Taking this into account, low-quality governments are supposed to have a very negative impact on the health and well-being of citizens (Reichborn-Kjennerud 2018). Therefore these conditions in turn exacerbate the toxication of the policy.

"Politicization of the decision-making and policy-making system" is another category identified as a causal factor in creating the toxic policy-making system. This is reflected in the following forms: marginalization of specialized commissions and replacement of fractions (political organizations of representatives), politicization in the field of policy-making, ineffective legal issues due to the ambiguity of the political space, the prevalence of political behavior in the organization, the change of government and policy-making system into a trophy-dividing system, and politicized culture of choosing a policy-maker. The political immaturity of the people intensifies this politicized atmosphere.

"Multiplicity of decision-making institutions in the country" is another category identified as a causal condition. Governance in Iran consists of two parts: appointed and elected. Due to dual governance in Iran, the elected institutions do not accept the responsibility of policy outcomes, and there is no accountability mechanism for the appointed institutions; thus, irresponsibility is evident in the country.

Perhaps, one of the most effective causes of the formation of toxic policies is inappropriate electoral system in Iran, which in turn is originated in the weakness of democracy. In the absence of organized parties and party-based elections and the existence of a very weak civil society, only the people who meet the criteria set by the Guardian Council that is an appointed body are eligible to be candidates in elections. However, these criteria that are determined by a small number of people (12 people) have never been put to a vote by the people and only examine the extent to which the individual conforms to the official goals and ideology of the government. Therefore, there is no attention to the people's professional and specialized competencies; furthermore, people lose the power of a real election and can only choose among the people who have been approved by the 12-member appointed council.

The form of relationship between the government and citizens is another cause of the formation of toxic policy-making system in Iran.

As Vigoda-Gadot (2018) points out, the meaning of citizenship and citizenship behavior has changed according to the mindset of modern societies. From this perspective, the government has no longer the monopoly of reforms and policy-making, but it rather depends on the motivation of volunteer groups, citizens, and the third sector, in general, to carry out tasks, which was previously the responsibility of public officials and politicians.

Iran is known as a country that government has had a higher position in the society over its long history, which can be considered to be rooted in the lack of popularity of liberal philosophy in Iran. Iran's geographical location has also strengthened the government's superior position. Thus, in the absence of a valid legal system, governments have always acted in the form of authoritarian regimes (Prysmakova 2018), and the citizens have been always subjects of the government which has been considered to be the ruler. Although in the last 120 years, two revolutions have occurred in the direction of democracy and the realization of civil rights in Iran, and there has been no considerable change in the position of citizens and the government and their relationship. This may be due to the lack of change in the basic assumptions of the Iranians since the majority of people are unfamiliar with the new political ideas, so that they are more seduced by appearance and structures in the developed world and are unfamiliar with the intellectual foundations of these structures.

In this context, it can be said that most Iranian citizens do not have the characteristics of a citizen who participates in the administration of affairs, including a long-term attitude to the public administrative issues, prospection, and preference of public interests over individual interests, concern for the development of the society (Denhardt and Denhardt 2015), and the government does not attempt to provide the required ground to empower the citizens. As Vigoda (2002) stated, though nowadays citizens and the government are considered as partners with a relationship in the form of collaboration and, in Iran, citizens are in the position of voters and government is regarded as trustees, citizens are considered as subjects in reality, who have no rights. In fact, the government does not consider itself accountable to the citizens, and as described, the people do not consider themselves citizens and do not know the rights and duties of a citizen; such a mutual relationship has strengthened the toxic policy-making system in Iran.

### Strategies of Toxic Policy-Makers

This part deals with what activities toxic policy-makers do in the toxic policy-making process in order to achieve their goals or what strategies they choose to use to pursue their goals.

One of the strategies used by toxic policy-makers is populism and adopting a short-term view. They seek people's short-term satisfaction and do not seek long-term achievements; according to the public choice theory, the decision-making situation in these circumstances will be subject to a shortsightedness effect. Therefore, decisions will be made in a way that entails short-term political benefits and long-term economic costs.

Adopting an island and unscientific view is another strategy used by toxic policy-makers; so, such policy-makers don't have a systematic view and view the policies in an island and linear way. They ignore organizational knowledge and try to resolve the side complications and signs rather than find the roots of problems. Inoperative and inexperienced decisions, sudden and unplanned changes, and lack of systematic views are other categories identified in the description of this category.

Ignoring public interests is another strategy identified in this regard. The pursuit of individual goals, factional and group views, irresponsibility, and lack of attention to national values and social norms are the most important micro categories that explain the strategy of ignoring national interests.

In addition to the mentioned cases, rent-seeking and monopoly are other strategies used by toxic policy-makers in this regard. They take measures such as eliminating competitors, party-based employment and discrimination, extravagance in using public funds, corruption, and rent-seeking to easily achieve their goals. Since these policy-makers try to maximize their self-

interests, they seek for various rents, and the atmosphere of monopoly certainly facilitates it.

## The Consequences of Toxic Policy-Making System

Reduced economic growth, increased Gini coefficient, and the waste of resources or lack of optimal use of resources, increased the country's costs, and the rapid and intense increase of corruption are the most important economic consequences of such a policy-making system. The loss of social capital and public trust and the deep gap between the people and the government have been identified as the most important social consequences of such a policy-making system, which in turn will lead to the lack of collaboration of people with the government and will make the running process of the country very difficult.

Discrimination due to the toxic policy-making system makes a group of people feel that they are deprived from certain advantages; this is reflected in the form of explosive behaviors, which in turn will cause negative cultural and moral consequences for the country.

The decrease in the legitimacy of the government and the political system is one of the most important political consequences of this policy-making system. At the management level, the coordination between units and the mobilization of resources will be lost. Accountability, transparency, and participation decrease, and the feelings of inefficiency and despair will prevail, and not only the public problems will remain unsolved, but also new problems will be created.

This will cause poor international relations at the international level, resulting in knowledge and political isolation. The inability to adapt to the external environment is another consequence of toxic policy-making system at the international level.

The negative consequences of toxic policies can also have negative effects on an individual

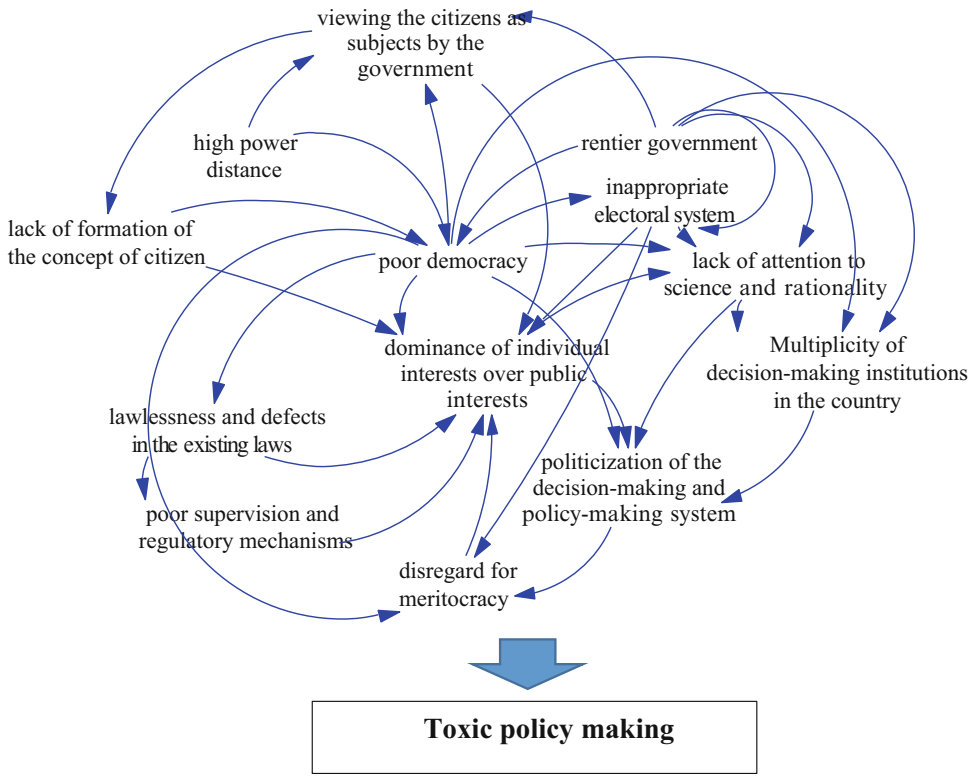


**Toxic Policy-Making in Iran, Fig. 1** Toxic policy-making system

level, so that frustration with reform and improvement and distrust in the government direct the citizens to utilitarian behavior with a short-term sight; this can cause numerous harms to the country in various areas.

Moreover, learned helplessness in citizens leads to frustration, social isolation, and brain drain, indicating why Iran is in the first rank of brain drain in the world.

## Conclusion

The present study investigated the toxic policy-making, its context and conditions, and consequences as well as the strategies of toxic policy-makers. In this regard, the following figure shows the relationship between the underlying factors and consequences (Fig. 1).

As shown in this figure, the underlying factors of toxic policies interact with each other, and one-way and linear relationship cannot be considered between them. Once these conditions are created, the various factors reinforce each other, and loops are formed between them, which are difficult to get out of. For example, in a context where democracy and civic institutions are weak and the rentier government is dominant, meritocracy becomes weak, which in turn leads to the dominance of individual interest over public interests. The dominance of individual interests over the collective interests reinforces the politicization of the policy-making system, and politicization in turn can exacerbate the weakness of meritocracy. Further, weakness in meritocracy can in turn strengthen the politicization of policy-making system. The formation of such loops exacerbates the toxication of policies and causes more negative consequences for the countries entrapped in these conditions. Providing the required ground for downsizing the government, reducing the government's dependence on oil revenues, and taking the first step to strengthen the democratic aspect of the system, such as granting the right for free activities to the parties, media, and NGOs, are considered as the first steps to break these intertwined loops.

## Cross-References


- ▶ Accountability and Ethics
- ▶ Administrative Evil
- ▶ Bureaucracy and Democracy
- ▶ Dictatorships and Nonprofit Organizations
- ▶ E-Governance and Ethical Leadership


## References


Appelbaum SH, Roy-Girard D (2007) Toxins in the workplace: affect on organizations and employees. Corp Gov: Int J Bus Soc 7(1):17–28

Balfour D, Alibašić H (2018) Administrative evil. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 197–201

Danaee Fard H, Heydari MM, Azar A, Gholipour R (2015) Concept of public policy termination in Iran (A research based on grounded theory). Strateg Manage Thought 9(1):85–120. (In persian)

Denhardt V, Denhardt B (2015) The new public service: serving rather than steering. Public Adm Rev 75(5): 664–672

Dye T (2013) Understanding public policy. Pearson Education

Farazmand A (2002) Reorganization, reform, and revolution in contemporary Iran. In: Farazmand A (ed) Administrative reform in developing nations. Praeger Publisher, pp 125–149

Goldman A (2008) Company on the couch unveiling toxic behavior in dysfunctional organizations. J Manag Inq 17(3):226–238

Javidan M, Dastmalchian A (2003) Culture and leadership in Iran: the land of individual achievers, strong family ties, and powerful elite. Acad Manag Exec 17(4): 127–142

Katouzian H (2007) Iranian history and politics, the dialectic of state and society. Routledge, London/New York

Knoepfel P, Larrue C, Varone F, Hill M (2007) Public policy analysis. University Press, Bristol

Maitlis S, Ozcelik H (2004) Toxic decision processes: a study of emotion and organizational decision making. Org Sci J 15(4):375–393

Mehta S, Maheshwari GC (2013) Consequence of toxic leadership on employee job satisfaction and organizational commitment. J Contemp Manage Res 8(2): 1–23

Milosevic I, Maric S, Loncar D (2019) Defeating the toxic boss: the nature of toxic leadership and the role of followers. J Leadersh Organ Stud 27(2):1–21

Moaddab M (2013) An analysis of public policy inadequacies in Iran. Manage Stud Dev Evol 47:161–178. (In Persian)

Pelletier K (2010) Leader toxicity: an empirical investigation of toxic behavior and rhetoric. Leadership 6(4):373–389
Prysmakova P (2018) Dictatorships and nonprofit organizations. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 1396–1404
Reichborn-Kjennerud K (2018) Accountability and ethics. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 42–49
Renani M, Moa'yedifar R (2013) Cycles of decline of ethics and economy, social capital and development in Iran. New Design, Tehran. (In Persian)
Sari-ul-ghalam M (2015a) Iranian authoritarianism in the Qajar era. Farzan-e-Rooz, Tehran. (In Persian)
Sari-ul-ghalam M (2015b) Rationality and development of Iran. Farzan-e-Rooz, Tehran. (In Persian)
Singh A (2018) E-governance and ethical leadership. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 1596–1607
Thissen A, Walker E (2013) Public policy analysis: new developments. Springer
Vigoda E (2002) From responsiveness to collaboration: governance, citizens, and the next generation of public administration. Public Adm Rev 62(5):527–540
Vigoda-Gadot E (2018) Bureaucracy and democracy. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer International Publishing, pp 532–543
Zamir E, Sulitzeanu-Kenan R (2018) Explaining self-interested behavior of public-spirited policy makers. Public Adm Rev 78(4):579–592

# Trademark Governance in Bangladesh

Shaleh Akram Somrat
Supreme Court of Bangladesh,
Dhaka, Bangladesh

## Synonyms

Bangladesh; Intellectual property; Intellectual property rights; Trademark; Trademark enforcement

## Definition

Trademark includes a device, brand, heading, label, ticket, name, signature, word, letter, symbol, numeral, figurative elements, combination of colors, or any combination thereof. A trademark also includes service marks and certification marks.

## Introduction

Bangladesh, being one of the world's most densely populated countries, has the biggest concentrated business market but is yet to be a place for smooth business operations when it comes to intellectual property rights (IPR). It is commonly assumed here that the intellectual property rights (trademarks, patents, industrial designs, copyrights, etc.) protection mechanism is introduced by the Western world to satisfy the manifestation of developed countries to establish the way of modern colonization over the developing or least developed countries. Hence, it is strongly advocated by the developed countries that the intellectual property rights (IPR) mechanism is necessary to ensure secure foreign investment by implementing sound technology transfer and knowledge sharing. Nevertheless, at the time of becoming a member of the World Trade Organization (WTO), Bangladesh endorsed the terms of "Uruguay Round" accepting the memorandum in respect of the "Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)" where a minimum global standard of IP protection was fixed for the first time of history. Article 19 of the TRIPS agreement demonstrates details in relation to the signs, symbols, logos, etc. which may be protected as trademark as well as what should be the minimum standard of trademark protection.

## Theoretical Framework

This paper emphasizes toward articulating an impression regarding the governance of trademark affairs in Bangladesh. This article aims to frame a clear picture of how the domestic authority is approaching toward realizing international obligations and standards, how the concerned ministries are designing their governance mechanism, and in response, what is the

practical scenario from the perspectives of an intellectual property rights practitioner. This article may not provide solution to any trademark conflict; rather it will draw an idea as to how trademarks and its related affairs function in Bangladesh.

## Historical Context of Trademark Governance

It is commonly misconceived that TRIPS has made it compulsory for Bangladesh to provide trademark protection in a larger scale. Indeed, TRIPS can be marked as a new era of trademark governance mechanism in Bangladesh despite the fact that the legal draftsmen seem insightful of protecting intellectual property rights, especially the trademark rights, since a long time. Among the existing laws of Bangladesh, reference can be made from 150 years back, i.e., the Penal Code 1860 which contains provisions for protecting trademark rights. Sections 478–489 under Chap. XVIII containing the heading of "Trade, Property, and Other Marks" clearly define trademarks, property marks, and false use of these marks along with punishment for using a false trademark or property mark, punishment for counterfeiting a trademark or property mark used by another, punishment for counterfeiting mark used by public servant, and some other relevant offenses thereof.

However, the scientific and technological development conferred the intuition that the provisions of the Penal Code 1860 might not be sufficient to protect the right of a trademark owner in the sociocultural situation of Bangladesh for some reasons. Firstly, the Penal Code is not illustrative in respect of the types of trademark rights; secondly, there is no guideline for procedural protection mechanism; and thirdly, the draftsmen might have failed to foresee the future of multidimensional aspects of trademark rights.

Nevertheless, sooner it was found that the popular marks using for merchandise purposes are fraudulently used by others escaping the obligations under the Penal Code 1860, and therefore, the draftsmen came to the understanding that new law for protecting merchandise marks should be enacted to amend the law relating to fraudulent marks on merchandise. In such a perspective the Merchandise Marks Act 1889 was enacted, but it failed to demonstrate adequate legal protection for merchandise marks holders. However, the state of business affairs made it clear that along with the Merchandise Marks Act 1889, a separate law for governing the trademark affairs is necessary, and in response, the Trade Marks Act 1940 [Act No. V of 1940] was passed with the objective of providing the registration and more effective protection of trademarks in Pakistan (Bangladesh was under the British regime in that period). This Act contained 85 (eighty five) sections prescribing the types of trademarks, conditions for trademark registration, registration procedure, duration of registration, effect of registration, assignment and transmission of trademark, rectification and correction of trademark register, and other practical issues for smooth functioning of trademark affairs. The Revised Trade Marks Rules 1963, Trade Marks (Invalidation and Summary Registration) Act 1950, and Trade Marks (Invalidation and Summary Registration) Rules 1950 are some other laws governing the trademark affairs at that time.

After liberation (1971) from Pakistan, the said three major laws, i.e., Penal Code 1860, Merchandise Marks Act 1889, and Trade Marks Act 1940, continued to be in operation to govern the affairs relating to trademarks until the enactment of the Trademarks Act 2009 [Act No. XIX of 2009] repealing the Merchandise Marks Act 1889 and Trade Marks Act 1940 but with some reservations. However, on February 14 of 2008 Trademark Ordinance was promulgated, complying with the requirements of the TRIPS agreement during the period of the Caretaker Government of Bangladesh. At present, the entire trademark governance mechanism is dominantly governed by the Trademarks Act 2009 (as amended in 2015) along with the Trademarks Rules 2015. However, the provisions of Penal Code 1860 still exist to give an extra hand to the Trademarks Act 2009 (as amended in 2015) in applicable cases.

## Domestic Implications of International Treaties and Agreements

The influence of international treaties and agreements on trademark governance in Bangladesh is mention worthy. All the new laws in respect of trademarks have been drafted focusing its compatibility with international treaties and their guidelines. The Paris Convention for the Protection of Industrial Property 1883 (which includes trademarks, patents, industrial designs, etc.) can be traced as the fundamental treaty for setting out an international trademark protection mechanism. The only international institute that, however, introduced the most effective mechanism to implement international IPR governance in Bangladesh is the World Trade Organization (WTO) which has dominant command over the international business relationship as well as management of globalized trade market on its member states. It sets out some duties and obligations for Bangladesh to be complied with while dealing with industrial and commercial matters. After the accession to the WTO, the government felt the necessity of amending some existing laws governing trademark-related affairs in Bangladesh as to adjust with the rules governing the areas of international trade and negotiation as directed by WTO compliance. To be more specific, some provisions of the TRIPS agreement possess dominant influence over the provisions of Trademarks Act 2009 and its supplementary Rules 2015. Influence of international treaties and agreements has also been allowed by some judicial decisions. In the case of Sunil Kumar Das v Canon Kabushiki Kaisha and another [57 DLR (2005), P 93–100], the Division Bench of the High Court Division of the Supreme Court of Bangladesh comprising their Lordships Mr. Justice Syed Amirul Islam and Mr. Justice AKM Shafiuddin directly considered the influence of Article 6 of Paris Convention in respect of trademark conflicts.

## Operational Dimensions of Trademark Governance in Bangladesh

The Ministry of Industries is the body governing the registration mechanism of a trademark. The ministry controls the trademark application, examination, journal publication, registration, certification, objection, rectification, cancellation, and other similar natured registration mechanism through its Department of Patents, Designs and Trademarks **(DPDT)**. This department is a specialized department for maintaining records of intellectual properties. DPDT has several units, i.e., the trademarks unit, the patents unit, the design unit, the geographical indication unit, etc. To be honest, among these units, the trademarks unit is the most active and busy one. Nevertheless, there is a registrar for the department who governs and supervises all the units, but there are separate deputy registrar, assistant registrars, and examiners for each unit.

The DPDT mainly keeps records of trademarks. It receives new trademark applications, examines, as well as gives and ceases registration (in applicable cases). It also works as a tribunal in limited cases, i.e., at the time of hearing objections and oppositions. Nevertheless, the Act 2009 has given power to the courts to interfere and pass necessary orders in certain situations. A brief discussion of the enforcement procedure will be made in subsequent portion of this article.

In order to draw a clear picture in respect of trademark governance in Bangladesh, it is pertinent to scrutinize the Act 2009. This Act was enacted to add new altitude in the registration, governance, and protection mechanism of trademarks in Bangladesh. The Act contains 128 - sections categorized into 11 chapters that include and prescribe the purpose of enactment of the Act, introduction and description of the trademark office, registration mechanism, result of registration, assignment and transmission of trademarks, correction of register, different types of trademarks, offenses under the Act and punishment thereof, forum to stop breach of trademark rights, appeal procedures, conventional priorities, and other necessary provisions to govern and protect trademark rights.

Before we move on, the readers must be satisfied regarding the concept of trademark. Section 2 subsection 8 of the Act 2009 defines trademark in relation to offenses, penalties, and procedures as "(i) a registered trademark or a mark used in

relation to goods for the purpose of indicating a connection in the course of trade between the goods and the person having the right as proprietor to use the mark (ii) a mark used in relation to a service so that it may be indicated that the person has the right as proprietor to use the mark in the course of trade" and in relation to other affairs as "a mark used or proposed to be used in relation to any service or goods indicating a connection in the course of trade between the goods and the person having the right, either as proprietor or as registered user, to use the mark; and also certification mark." Basically, a trademark is a sign devised distinctively to identify particular goods or services as manufactured, marketed, produced, or provided by a specific person, institution, company, or enterprise. A trademark helps the consumers to identify or purchase a product or service of a unique trademark as its kind, nature, and quality meet their needs.

## Trademark Registration: Why Important?

In Bangladesh a trademark can be registered as trademark for goods, trademark for services, certification mark, associated mark, collective mark, protective mark, etc. To get the protection under the existing law, registration is mandatory requirement as section 24 of the Act 2009 states that "No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trademark." However, right of passing off is also recognized by the law but within a very narrow scope.

## Trademark Governance: From Filing to Registration

An application for registration of a trademark is to be made before the registrar of the trademarks. The applicant must be the proprietor of the trademark. The Bangladesh trademark office follows the international classification for filing trademark application, i.e., the international classification according to the NICE Agreement concerning the International Classification of Goods and Services for the purpose of registration of marks. Nevertheless, multiclass application is not permitted in Bangladesh. Separate applications shall be made in respect of every class of goods or services, and the applications are considered by the trademark office according to the serial of receipt. However, the registrar has given exclusive jurisdiction to accept or reject any trademark application. In accepting or rejecting a trademark application, the registrar considers the guideline provided by the Act 2009. Nevertheless, no mark shall be registered as a trademark if it comprises or consists of any obscene or scandalous matter, if the use of mark conflicts any provision of any existing law of the time being, if the use may deceive or cause confusion to the consumers, if the mark contains any matter which is likely to hurt the religious belief of any citizen of Bangladesh, or if the mark, without proper authorization, contains name, official sign, hallmark, map, flag, sign, or anything that resembles to these creates confusion in relation to any country, international association, or any association or office established through any international convention or treaty which is identical with or an imitation of or contains element of armorial. In addition, using names of chemical materials or using identical or deceptively similar trademarks is prohibited for registration. On the other hand, it is encouraged to insert the name of the company or individual of firm with the mark, one or more invented words having no direct reference to the character or quality of the goods or services, and to devise the mark distinctive. Nevertheless, it is wise to apply for registration without any claim of color as the law prescribes that so far a trademark is registered without defining any color and it shall be deemed to be registered for all colors.

As per section 119 of the Act 2009, Bangladesh accepts the rules of priority application. Priority application is such an application which provides retrospective registration effect to a trademark application, subject to some conditions. States which are listed under the Paris Convention and World Trade Organization (WTO) may enjoy the privileges of priority

application. Where a person has made an application for the registration of a trademark in a convention country which is a member of Paris Convention or a member of WTO, that person or his legal representative or assignee may make an application for the registration of a trademark in Bangladesh within 6 (six) months after the date in which the application was made in convention country together with the full particulars and certified copy of the priority application, and the trademark shall, if registered under the Act 2009, be treated to have its registration as of the date on which the application was made in the convention country and that date shall be deemed to be the date of registration in Bangladesh.

Schedule I and II of the Trademarks Rules 2015 provides specific trademark forms for all types of applications to be made to the registrar and to be used for official purposes. Applications in any other form shall not be accepted by the trademark office.

Before providing registration, the trademark office follows a law-stipulated mechanism that examines an applied mark in several stages. After filing of a trademark application, upon receipt of the application, the trademark office issues official filing receipt to the applicant. The receipt copy contains all relevant filing details of the trademark, e.g., application number, date of application, the amount of remittance, the trademark, name of receiving staff, and other necessary information. New trademark applications are examined by the trademark examiner within 2–4 months of filing. If trademark application satisfies all requirements, then the respective examiner, on behalf of registrar, shall issue a letter of acceptance for the mark to be advertised in the Trademarks Journal. If Trademark application does not satisfy all requirements, then the examiner will issue objection notice. Any objection given by the examiner may be dissolved in two ways, i.e., reply of objection and objection hearing. After the representation or hearing, if the office is satisfied, then the next step will be publication to the Trademarks Journal. Otherwise, the original TM application will be treated as rejected, and the trademark is denied to be registered by the authority. However, subject to the deposition of publication fees, the accepted mark is to be published in Trademarks Journal. Nevertheless, when a trademark is advertised in the Trademarks Journal, any person may oppose registration of the mark within 2 months from the date of such publication. In such a case, the matter will be referred to the trademark tribunal whose decision will be final, subject to the filing of appeal before the High Court Division of the Supreme Court of Bangladesh. If no opposition is filed against the published trademark, then the applicant will be asked for depositing registration fees. Upon receiving the registration fee, the registrar will issue the registration certificate within 2–6 months from the date of depositing of registration fees. Furthermore, any person who is aggrieved may file rectification case in the prescribed manner against the impugned registered trademark either before the Registrar of Trademarks or before the Hon'ble High Court Division of the Supreme Court of Bangladesh to cancel the registration of the same.

The validity of trademark in Bangladesh is a frequently asked question. Initially, a registered trademark is valid for 7 (seven) years from the date of filing of application and renewable thereafter for periods of 10 (ten) years in each term to an indefinite period, subject to the condition of depositing proper renewal fee.

## Governance in Action: From Violation to Judicial Protection

A registered proprietor of a trademark in respect of any goods or services enjoys the exclusive right to the use of the trademark in relation to those goods or service. Thus, he can bring infringement action against any unauthorized use, and in such a case the Trademarks Act 2009 and the Penal Code 1860 both provide legal recourses. Authorized use can be ensured by licensing, permission, assignment, or transmission. Nevertheless, a registered trademark may lose its approval if the

proprietor fails to use such trademark in any bona fide purpose within 5 (five) years from getting the registration. Nevertheless, on application of any aggrieved person, the High Court Division of the Supreme Court of Bangladesh or the Registrar of DPDT may pass order to cancel, correct, or rectify any registered trademark, which is subject to the satisfaction of certain terms and conditions as prescribed in the Act 2009.

However, despite having practical challenges in respect of enforcement mechanism of trademark rights, the draftsmen of the Act 2009 tried to include all possible ways of infringement. I personally consider the Chapter X of the Act 2009 as the most important part of the Act as it defines offenses and prescribes penalties for such offenses and procedures to stop such infringements. A trademark right may be infringed by applying false trademarks or trade description, by selling goods to which a false trademark or trade description is applied, or by falsely representing an unregistered trademark as registered or by unintentional contravention of the law relating to trademarks or abatement of any infringement committed out of Bangladesh.

The Act 2009 provides both civil and criminal remedies for the breach of trademarks. A case for trademark infringement can only be filed within 3 (three) years of commission of the offense or within 2 (two) years of discovery of such infringement, whichever is earlier. Sections 73 and 74 provide criminal action/remedy for using or applying false trademark and false trade description, for example, selling goods to which a false trademark or trade description is applied, that is imprisonment for a period which may extend to 2 (two) years but not less than 6 (six) months or fine of taka, the amount of which may extend to tk. 200,000/- (two lac) but not less than tk. 50,000/- (fifty thousand), or both. In addition, for repeating the offense, punishment may extend to 3 (three) years but not less than 1 (one) year or fine of taka, the amount of which may extend to tk. 300,000/- (three lac) but not less than tk. 100,000/- (one lac), or both. In addition, the Act also prescribes penalty for falsely representing a trademark as registered which is imprisonment for a period which may extend to 1 (one) year but not less than 6 (six) months or fine of taka, the amount of which may extend to tk. 100,000/- (one lac) but not less than tk. 50,000/- (fifty thousand). For getting recourses under theses sections, an aggrieved trademark owner or his representative has to file criminal case to the concerned police station or, in appropriate cases, to the court of judicial/metropolitan magistrate or first class magistrate with proper jurisdiction. Nevertheless, the court may order forfeiture of goods where a person is convicted or acquitted of an offense under sections 73 or 74 of the Act 2009. In addition to the provisions of the Act 2009, the provisions of Penal Code 1860 as mentioned before are still in operation, and any interested person may take aid of those sections as well. The Code of Criminal Procedure,1898, subject to some limitation, shall be applicable in respect of trial and procedure of criminal cases initiated under the Act 2009.

Nevertheless, a registered trademark owner or an unregistered trademark user (passing off) subject to some limitations may file civil suit before the Court of District Judge claiming order of injunction, damages, accounts of profits, delivery of any infringing labels and marks for destruction, or removal from deceptive products. In such a case, the procedure prescribed in the Code of Civil Procedure 1908 shall be applicable.

However, a person sued under the Act 2009 may take defense that all reasonable precautions to prevent infringement were taken by him, his activity is the ordinary course of his business which he is employed on behalf of any other person, or in applicable cases, he may file application to the High Court Division challenging the validity of the trademark and praying for rectification of trademark register in respect of the goods. In addition, appeal may be filed to the High Court Division challenging any decision of the trademark officer or the registrar.

Furthermore, to give an extra hand to the trademark rights protection mechanism, the Customs Act 1969 provides some prohibitions on goods

imported to Bangladesh by air or land or sea. Section 15 restricts entry of counterfeit coin, forged or counterfeit currency notes, goods having applied thereto a counterfeit trademark within the meaning of the Merchandise Marks Act 1889, goods made or produced outside Bangladesh and having applied thereto any name or trademark being or purporting to be the name or trademark of any manufacturer, dealer or trader in Bangladesh, etc., while section 16 gives the authority power to restrict entry of any specified trademarked goods.

Therefore, it is apparent that theoretically Bangladesh has been trying to design a comprehensive mechanism of good governance of trademark-related issues to give an investor confidence in respect of his intellectual property rights protection.

## Rhetoric Versus Reality: Perspectives from a Practitioner

Theoretically trademark affairs are well governed by the existing laws, but the practice reflects a different picture. In comparison with the sociocultural practice as existed in Bangladesh, the laws are yet to ensure a standard protection mechanism toward trademark infringement. Offences of trademark infringements are disproportionately treated, by both the general people and the administrative or law enforcing agencies, comparing with other punishable offenses. As Bangladesh is still struggling with its economic ossification, brand responsiveness is a rarely prioritized issue. Brand value and quality fade away in terms of availability and price of any product or service, offering scopes to local businessmen to imitate or use popular and well-known trademarks. Though the recent legislations provide specific recourses to stop infringement of trademarks, a trademark infringer can take advantage of its weak enforcement mechanism. Being a regular IP law practitioner, I have found that the administration and also the judiciary are not well prepared to provide instant aid to trademark infringement. TRIPS persuasion successfully compelled Bangladesh to enact new laws, rules, and regulations, but it was not considered whether Bangladesh has the infrastructure to maintain the compliance or whether Bangladesh needs strict IPR protection at this stage. Apart from the most debated conflict of interest between the developing countries and strict IPR administration, it must have taken into consideration that whether the government employees are duly trained and educated on these issues, whether the customs authority is practically advanced to conduct necessary inspection, whether the international dispute resolution mechanism in context of Bangladesh is well adjusted. Nevertheless, the hurried implication of IPR compliance led to a practical disorder in its enforcement process. From filing to registration and from violation to judicial protection, the practical scenario is different. The trademark office is succumbing with its very poor logistic support to tackle the loads of trademark files and ultimately leading toward unreasonable delay in file processing, responding queries, providing official decision to facilitate enforcement mechanism, and hence, creating an impasse at the very beginning of right enforcing practice. In addition, the judiciary seems very weak and elastic in dealing with trademark infringement cases. It takes years in resolving cases, be it civil or criminal in nature, when a week's infringement may have serious consequences in terms of loss of reputation or goodwill. Furthermore, the government fees prescribed from filing to registration is over charged in context of the socioeconomic condition of the country, which is impliedly creating prima facie hurdle for the small-ranged investors.

Apart from irregularities in effective IP governance mechanism, the reason for non-responsive tendency and lack of promptness of the law enforcing agencies in the event of trademark infringements, in my opinion, is that copying well-known trademarks is yet to be considered as morally wrong in Bangladesh. This implies the need for creating awareness from the very root of the society. Guaranteeing a complete and effective trademark protection mechanism requires huge investment and social revolution. The price for implementing strict trademark

protection mechanism in a developing country like Bangladesh will be very high as it involves the need to set out a complete IP protection mechanism, while the threat of hindering development process of the developing countries by obtaining privileged entrance to its market by the developed countries still subsists.

The duration from trademark infringement to enforcement of right needs to be minimized in order to uphold the spirit of the TRIPS agreement by creating an effective trademark governance system. Alternative approach may be adopted by either developing own enforcement facilitating force of the Department of Patents, Designs and Trademarks (DPDT) or by delegating cognizance power to the law enforcing agency in cases of trademark infringement.

## Conclusion

Despite the stack of limitations, Bangladesh always adopts progressive measures and has been embracing challenges coming with the fruits of globalization. Trademark is now a commonly known concept, and the recent business laws are indicating technical improvements in enforcing a sustainable trademark protection mechanism. Moreover, lots of recent judicial works in explaining the trademark rights are going on. For example, registration of a "phonetically identical trademarks" was examined in the case of Mr. Electric Ltd. vs. Mozammel Hoque (Md), Trading as MK Electrical Industries and others [60 DLR (2008), P 53–59]. Similarly, the right of passing off was endorsed in the case of Dominous Pizza and others vs. Domino's Pizza Inc. [61 DLR (2009), P 780–788], and the meaning of "use of a registered trademark" was scrutinized in the Case of Managing Director, Baghdad Vegetable Oil Industries Ltd. vs. Van Den Heghs and others [66 DLR (2014), P 450–457]. Nevertheless, many more judicial instances can be drawn as examples to make a strong argument that the entire legal system is trying to present a sustainable trademark governance mechanism to make our laws compatible with the provisions of international treaties and agreements. Furthermore, the DPDT is now a profit-making wing of the Ministry of Industries. To facilitate fruitful outcome, WIPO is funding training to trademark examiners and government employees. In addition, brand awareness is witnessed by the emergence of many prominent Bangladeshi brands. To sum up, it is to say that the laws for trademark governance system in Bangladesh are broadly comprehensive and actively operational, thus presenting a strong trademark protection mechanism for the trademark right holders in Bangladesh.

## References

Bangladesh country profile – BBC News

Cornish W (2010) Cases and materials on intellectual property, 5th edn. Sweet & Maxwell (South Asian Edition)

Jamal Abdul Naser Chowdhury (Registrar, DPDT, Ministry of Industries), Article on "Intelletual Property and Economic Development in Bangladesh." Publication on World Intellectual Property Day, 26 April 2014: Intellectual Property Association of Bangladesh (IPAB)

Kamal BM (Registrar, DPDT, Ministry of Industries), Article on Intellectual Property (IP) System in Bangladesh. Publication on World Intellectual Property Day, 26 April 2012: Intellectual Property Association of Bangladesh (IPAB)

Mahbubul Ahsan AFM [Deputy Registrar (Trademarks), DPDT, Ministry of Industries], Article on "Protection of Well-Known Marks in Bangladesh." Publication on World Intellectual Property Day, 26 April 2010: Intellectual Property Association of Bangladesh (IPAB)

Md. Elias Bhuiya (Deputy Registrar (Patents and Designs), DPDT, Ministry of Industries), Article on "IP and DPDT." Publication on World Intellectual Property Day, 26 April 2011: Intellectual Property Association of Bangladesh (IPAB)

Mohammad Monirul Azam, Intellectual Property WTO and Bangladesh, 2nd edn. TRIPS agreement and protection of the Interest of Developing Countries

Morcom C, Roughton A, Quintin ST (2016) The modern law of trade marks, 5th edn. Lexis Nexis

Muhammad Ferdoush Hasan [Examiner (trademarks), DPDT, Ministry of Industries], Article on "Passing of action and Trademarks Law." Publication on World Intellectual Property Day, 26 April 2012: Intellectual Property Association of Bangladesh (IPAB)

Narayanam P (1991) Law of trade marks and passing off, 5th edn. Eastern Law House

Relevant Acts (i.e., The Penal Code, 1860; Merchandise Marks Act, 1889; the Trade Marks Act, 1940, The Customs Act, 1969; The Trademark Act, 2009, etc.)

Wikipedia: Department of Patents, Designs and Trademarks

# Trait Theory of Leadership

Wallace Swan
Walden University, Minneapolis, MN, USA

## Synonyms

Attributes of leaders; Characteristics of leaders; Five-factor trait dimension/domain model of personality; Great person theories; Inborn traits; Relationship between trait and situation; Traits resulting from training

## Definition

Montgomery Van Wart suggests that the basic idea of "trait theory" is that there are certain kinds of attributes that leaders have which improve the functioning of organizations as well as improving the stature of the leader (Van Wart and Suino 2012, p. 54).

## Introduction

The concept of trait theory draws its origins from the "Great Man" theories, as propounded by Thomas Carlyle in his 1841 book *On Heroes, Hero-Worship, and the Heroic in History*. This book suggests that one can learn how to do leadership if one studies the lives of great men. Some of the first versions of this approach emphasized the idea that if people demonstrated masculine traits and dominant behavior, then they could become leaders (Kinicki and Fugate 2012, p. 365).

## Summary of Theories

Of course, the problem with "Great Man" theories is that they embody both an assumption that a leader is a *man*, which involves overlooking the lists of traits and accomplishments of women like Catherine the Great, Margaret Thatcher, Indira Gandhi, and hundreds of distinguished female, as well as LGBT, leaders.

And it is interesting that these male traits are found to be a positive characteristic, not only by male respondents but also by female respondents as suggested John W. Fleenor in a 2006 article published in the *Encyclopedia of Industrial and Organizational Psychology* (Cherry 2016, p. 1).

If one were to create a less male dominated approach to leadership that involved characteristics of men and woman, as well as LGBT people, it would not be a major leap from "Great Person" theories to a somewhat more advanced trait theory, wherein one would look at the great leaders of all types and figure out what leadership traits they might have had.

In order to differentiate the traits possessed by leaders who are effective, Kinicki and Fugate noted that earlier research indicated one could tell a leader from a nonleader using a specific list of traits (Kinicki and Fugate 2012, p. 365).

An analysis by Richard Hodgetts in *Management: Theory, Process, and Practice* (1979) suggested that trait theory during the 1970s looked at people from the viewpoint of what specific attributes make a person a good leader (Hodgetts 1979, p. 289). Hodgetts cited two studies that identified problems with trait theory: (1) a 1940 study by Byrd looked at twenty traits that presumably characterized leaders, *but* different traits appeared on different lists and (2) Jenkins looked at studies of different kinds of groups and found that there was no particular group of traits that identified a person as a leader when that list was contrasted with a list of traits of people who were not leaders (Hodgetts 1979, p. 289). Northouse pointed out that Stogdill in 1948 did a study which said that there was no list of traits that could distinguish leaders from nonleaders, so as a result "situation" was the determining factor (Northouse 2016, p. 19) but later (1974) indicated that one needed to take a broader view to determine the type of the relationship between leadership, the particular organizational situation, and traits (Northouse, p. 20).

One also needs to think about whether the selected traits of a positive leader are inborn or developed through training and experience. It turns out that these traits may be both: Leaders may be characterized by being intelligent, extraverted, being risk-takers, as well as being able to take advantage of the context they are in and adapting to it (Riggio 2009). The type of intelligence needed appears to be social intelligence, which needs to be teamed up with empathy (along with the other traits listed above) – according to Riggio. However, James Alcock and Stan Sadava suggest a slightly different set of traits of leaders, several of which would appear to be inborn traits (Alcock and Sadava 2014, pp. 383–384).

Barbara Kellerman indicates that there are certain traits which are possessed by bad leaders (Kinicki and Fugate 2012, pp. 366–367). One need only look at a wide variety of recent leaders, including presidents of countries, to find examples of people with these characteristics. Thus a set of key positive traits has emerged, by process of elimination from this body of literature, according to Kinicki (Kinicki and Fugate 2012, pp. 368).

Besides the origins of trait theory in "Great Man" theories and the interrelationship of traits with situational aspects, another problem has been that an assumption was posited that a person is born with certain traits that make them more likely to become leaders. The only problem with this assumption is how one would go about determining which people are "leaders at birth" and which people are not. One would be hard-pressed to find a measurement technique that would allow one to determine which people are leaders at birth, *unless it might be one's social and economic status*. Clearly a person might be more likely to exhibit the traits of a potential leader if they have access to a family that has money sufficient to provide an expensive quality education. The Brookings Institution's "Hamilton Study" indicates that household incomes have decreased for many families with children; the United States is increasingly suffering from income inequality combined with lack of social mobility and that children may have the same ability but be limited by the amount of opportunity that they have (Brookings 2013).

Clearly, if the family of a potential leader has the financial resources to ensure that their child receives a university as well as a graduate level education, during the course of that process of education, the student will have access to training that will enhance any leadership traits that they may already have developed.

More recently, Northouse has noted the renewed importance that trait theory has been given due to the way in which visionary and charismatic leadership has recently been emphasized. In 2006 Jung and Sosick determined that leaders have a number of traits that relate well to their charismatic characteristics (Northouse 2016, p. 20). A synthesis of all of these characteristics was then assembled by Peter Northouse, who suggests that there are five major leadership traits (Northouse 2016, p. 23).

In the 1990s, studies had added to this research on trait leadership by exploring to the concepts of "emotional intelligence" and "social intelligence."

We know that *intelligence* involves our ability to learn about knowledge and utilize it in our experience. By contrast, *emotional intelligence* involves the ability of a person to monitor and control their emotions (Cherry n.d.). A somewhat different concept, *social intelligence*, involves the relationships that develop when we interact with other people. Leaders with both emotional and social intelligence skills would seem to have a decided advantage in their supervisory and managerial activities.

Another new direction is indicated by Montgomery Van Wart who suggests that recently the use of basic trait theory approach has been supplemented by analysis of information about employees and the culture of the organization, among several other factors (Van Wart and Suino 2012, p. 56).

Another new direction is that involving the development of a five-factor trait dimension/domain model of Fleenor (2005, p. 831) which suggests that leadership must involve an interaction between the traits of the leader and the situation. For instance, a person with a certain set of

traits might work well in a government or nonprofit organization that requires those skills, while conversely a manufacturing environment might require a manager with a significantly different set of traits.

Finally, Kinicki suggests that there are two useful features of trait theory, as it is currently studied, including using assessments of traits and personality when picking managers, as well as building programs of management training which presumably would emphasize how one might develop leadership traits (Kinicki and Fugate, p. 367).

## Conclusion

Trait theory has gone through quite a few evolutionary changes. It started with traits of a "great man" (which were more recently critiqued in such a way as to yield "traits of great people"). But a major problem with traits was that it was difficult to see if there were any lists of traits that were different when applied to nonleaders as opposed to leaders. This approach then evolved into a more situational approach: A particular set of traits would be necessary in one specific situation, but a different set of traits might be required in another situation. Then it was necessary to sort out those traits which were given at birth, as opposed to those traits which have been enhanced by a person's wealth and status. The theory of charismatic and visionary leadership then intersected with trait theory, and we found that there were certain traits that were more characteristic of charismatic and visionary leaders, as opposed to other kinds of leaders. More recently, competency approaches and the five-factor dimension/domain model of personality have led to studies of the relationship between traits and organizational performance. As a result of this overall process of development, we have developed an enhanced and more in-depth theory of how traits relate to leaders.

## Cross-References

► Leadership Development

## References

Alcock J, Sadava S (2014) An introduction to social psychology: global perspectives. Sage, Los Angeles. https://books.google.com/books?id=4LqICwAAQBAJ&pg=PA383&lpg=PA383&dq=Leaders+are+taller+than+followers&source=bl&ots=D3FadFKeAq&sig=Bfat0QIBkY6GBVUmDdNx2cYB_2I&hl=en&sa=X&ved=0ahUKEwimzK3x_uPNAhUDVj4KHfJxAWgQ6AEIPDAE#v=onepage&q=Leaders%20are%20taller%20than%20followers&f=false

Brookings: The Hamilton Project, Thirteen economic facts about social mobility and the role of education, June 2013. http://www.brookings.edu/research/reports/2013/06/13-facts-higher-education

Cherry K (2016) What is the trait theory of leadership, Very Well, 9 May 2016. https://www.verywell.com/what-is-the-trait-theory-of-leadership-2795322

Cherry K (n.d.) What is emotional intelligence: definitions, history, and measures of emotional intelligence. http://psychology.about.com/od/personalitydevelopment/a/emotionalintell.htm

Fleenor J (2005) Trait approach to leadership. In: Encyclopedia of industrial and organizational psychology. https://www.researchgate.net/publication/272491910_TRAIT_APPROACH_TO_LEADERSHIP

Hodgetts R (1979) Management: theory, process and practice, 2nd edn. W.B. Saunders, Philadelphia

Kinicki A, Fugate M (2012) Organizational behavior: key concepts, skills and best practices, 5th edn. McGraw-Hill, New York

Northouse P (2016) Leadership: theory and practice, 7th edn. Sage, Los Angeles

Riggio R (2009) Leaders: born or made, 18 Mar 2009, psychologytoday.com. https://www.psychologytoday.com/blog/cutting-edge-leadership/200903/leaders-born-or-made

Van Wart M with Suino P (2012) Leadership in public organizations: an introduction, 2nd edn. M.E. Sharpe, Armonk

# Transactional Leadership

Wallace Swan
Walden University, Minneapolis, MN, USA

## Synonyms

Leadership by metrics; LMX theory; Management by exception; Managerial grid theory; Path-goal leadership; Situational leadership; Transactional leadership; Virtual leadership

## Definition

The concept of transactional leadership would appear to have been derived from juxtaposition with its opposite, transformational leadership. One could define the term "transactional leadership" by saying it is leadership that involves managing necessary transactions with and between employees, while keeping organizational arrangements the same.

## Introduction

Transactional leadership was really quite popular in the 1960s through the 1980s and reflected an increased interest in the human relations model, closed-systems thinking, as well as including the viewpoints of the workers. It has now become surprisingly relevant due to the evolution of our workplace in the direction of virtual leadership.

## Major Theories

According to Montgomery Van Wart, it took a variety of forms, including:

- Blake and Mouton's managerial grid theory, which relates interest in people with interest in production.
- Hersey and Blanchard's situational leadership, which suggests four different approaches to leadership dependent upon the specific situation.
- Path-goal theory, which sets up an employee path to the attainment of organizational goals.
- Leader-member exchange theory, which looks at several different ways of analyzing the relationship between the leader and the follower (Van Wart 2012, pp. 58–69).

James MacGregor Burns, in his 1978 book on leadership, discussed transformational leadership which is an approach that leads to positive change in an organization and is often accompanied by charismatic leadership. But he also discussed transactional leadership.

Peter Northouse further distinguished transactional from transformational leadership by suggesting that the transaction between the leader and the follower just involves a mere interaction, using either a *contingent reward* (where the management provides a reward for something the employee does) and *management by exception* (which involves management taking action if something out of the ordinary occurs) (Northouse 2016, p. 171).

There is a difference between a transaction where a leader gives the employee something in exchange for their work effort and a situation where the leader provides a transformative direction for the employee. A good example of this would be the difference between a North American Treaty Alliance that is based solely upon which nations pay in order to receive military aid from the United States (transactional relationship); and a vision in which the United States provides regional leadership by ensuring that an attack upon one country constitutes an attack upon all with the United States as a power guaranteeing nuclear superiority (which is a transformational vision).

Bernard Bass did perhaps one of the best descriptions of the theory of transactional leadership using data that he collected: He found 44 behaviors that he characterized as helpful management behaviors; and identified two factors that are characteristic of modern management – accomplishing the work and taking care to appreciate the work that the employees perform (Bass 1990, p. 20). Bass does not paint a positive picture of transactional management, especially if it suggests that the manager only gets involved when standard practices are not being implemented. If and when the leader has control of performance incentives, then they can use these to ensure that the employee is rewarded for following procedures or penalized financially when they do not (Bass 1990, p. 210).

However, as Bass indicates, transformational leadership has always seemed to be the more interesting of the two concepts. It seems to be the province of leaders who are able to dream about the future and provide a picture of an environment one would want in an ideal world.

Clearly one would like to be the Nelson Mandela, the Martin Luther King Jr., or the Mother Theresa of their generation. However, the nature of our changing economy is modifying the relationship between transformational and transactional leadership.

We all should know that *leadership* for this type of society is not the same as *management*. Leadership sets directions, works on cultural change, and provides mentoring and guidance to employees. Management works on the implementation of goals and objectives. It takes the direction that has been set and makes it become real. So that almost leads one to think that "transactional leadership" is more like "transactional management." What type of transactions might a leader engage in, given this distinction? It could be a form of leadership where all of the necessary actions required of a manager to make an organization function are reinforced.

One of the issues identified by Van Wart is that transactional theory counts upon an environment characterized by stability (Van Wart 2012, pp. 58–69). One of the problems, however, is that we are now going through a period of immense social change as identified by the urban theorist Richard Florida. As he has noted, we are going through what he calls "the Great Reset." Our society is changing from a service and corporate society to one based upon mega-cities, which attract skilled and highly productive people. Since the 1908s, we have had 30 million new jobs created (artists, entrepreneurs, scientists, and tech people). According to Richard Florida, these jobs constitute 50% of the wages, with 1/3 of the workforce producing ¾ of the discretionary income; and an economic engine producing three trillion dollars. Twenty cities now produce 50% of the new jobs in the United States. And capital formation is located in only a few cities. San Francisco, for example, produces 45% of all venture capital start-ups (Florida 2016).

This change is reflected in differences among generations in our society. Bruce Tolgan has done considerable research on generational shifts with special emphasis upon how retention may be accomplished among millennials. As part of his research, he finds that the workforce is changing because of the pressure of doing more with less and that leaders from the baby-boomer generation want the work to be done without a lot of explanation. He also notes that millennial employees have many "hard skills" or computer and technical skills, but they are deficient in having "soft skills" or people skills (Tolgan 2016).

Organizations these days have to be quite flexible and adaptive. Leaders of these organizations have purposefully set up the organizations in this way in order to compete in a globalized economy. Regional and international trade agreements have resulted in lower wages and required that jobs become very flexible in order that corporate entities might compete.

Instead of job security, organizations now offer jobs to independent contractors; hence the concept of the "gig economy." Perhaps 30% of the corporate employees in the United States are compensated in this way, and the forecasts are that much higher percentages will be in the offing (Small Business Labs 2014).

Employees work on a particular project, for a set period of time, and they receive payment for that – oftentimes with no benefits. It is not just in the corporate sector that we find this type of "gig" employment. For instance, in academia today, a large percentage of teaching faculties are often hired for a single course, paid a set amount, and have no benefits (AAUP undated).

This approach by management to the hiring of employees is spreading, and it is dramatically changing the way in which employees deal with their management, even in governmental and nonprofit agencies. These employees have short-term objectives, have their work measured using metrics, and see their work as *transactional* (Tolgan 2016).

Tolgan suggests some approaches that highlight the kind of transactional leadership that is needed to manage this new generation of Millennials: (1) teach them the basics of leadership and management, (2) spend time with them, (3) teach them how to follow, (4) since they are used to structure, one can show them how they can set themselves up for successes, (5) spell out expectations, (6) tell them how to puzzle through a problem and figure out where they fit, and (7) lay out the expectations and keep score (Tolgan 2016).

The nature of the new "virtual workplace" makes these transactional leadership skills even more important. (MBA/UNC undated). Because of the way in which activities are increasingly linear, virtual, and very highly detailed, it is important that managers and employees have the kinds of relationships in their organizations that are *transactional* in nature. Certainly at the very highest levels of management "transformational leadership" is important, but for most managers and employees, "transactional leadership" is surprisingly necessary in our new economic and technological environment.

## Conclusion

Transactional leadership began as the opposing theory to the more exciting transformational leadership model. It was seen as the kind of mundane relationship that one experiences in working with their supervisor; e.g., "if one completes this task, one's employer may reward one with another task to complete, and if many of these tasks are completed, one will be paid for them." As our society has changed to an increasingly digital society, and toward a "gig economy," transformational leadership is reserved for the very few upper middle and upper class leaders and professors who are paid handsome salaries and receive benefits for their work in contrast to the employees and adjuncts that do their work. By contrast, transactional leadership has become more and more important – because that is the way that a large and increasing number of lower and middle income people make their living.

## Cross-References

► Transformational Leadership

## References

AAUP (undated) Background facts on contingent faculty. https://www.aaup.org/issues/contingency/background-facts

Bass B (1990) From transactional to transformational leadership: learning to share the vision. http://discoverthought.com/Leadership/References_files/Bass%20leadership%201990.pdf

Florida R (2016) Keynote address. Government Finance Officers Association, Toronto

MBA/UNC (undated) The characteristics of effective virtual teams. https://onlinemba.unc.edu/research-and-insights/developing-real-skills-for-virtual-teams/the-characteristics-of-effective-virtual-teams/

Northouse P (2016) Leadership: theory and practice, 7th edn. Sage, Los Angeles

Small Business Labs (2014) Small businesses hiring more independent workers. http://www.smallbizlabs.com/2014/11/small-businesses-hiring-more-independent-workers.html

Tolgan B (2016) Generational shift: how to manage millennials and bridge the soft skills gap in the workplace. Government Finance Officers Association, Toronto

Van Wart M (2012) Leadership in public organizations: an introduction. M.E. Sharpe, Armonk

# Transference Teachers to Administration/Finance Positions

Mihail Diakomihalis[1] and Eleni Bolovinou[2]
[1]Department of Accounting and Finance, Technological Educational Institute (T.E.I.) of Epirus, Preveza, Greece
[2]Ministry of Education/Primary Education, Preveza, Greece

## Synonyms

Finance or administration officer; Job satisfaction; Professional development; Public sector employees; Teachers; Transference

## Definitions

"Transference is a form of mobility of employees and it means essentially resigning-leaving a job and re-hiring to a new working position."

"Every transfer from one job to another, either within the public sector, or between the public and the private sector, or between the public sector and international organizations, is a form of mobility."

"Professional Development is the improvement of the functioning of the organization along with the growth and increasing capabilities of employees through specific strategy and policy (i.e., education, training, etc.)."

"Job satisfaction expresses the feeling of employees regarding specific aspects of work such as physical and material working environment, administrative structure, organization and support, interpersonal relations between colleagues and management, salary, prospects, and development."

## Introduction

Transference is a form of mobility of employees, and it means essentially resigning-leaving a job and rehiring to a new working position. Mobility may be applied so much in the public as in the private sector.

Transferences do not constitute a new procedure since they have been institutionalized for many years, during which they were a deliberate choice of workers. During the last decade, transferences of different nature have arisen, by which employees transferred either unintentionally and under the threat of being fired from their work, or "intentionally and unintentionally" under conditions of uncertainty about their work in the future. In the context of restructuring and reorganizing the public sector in Greece, redundant teachers moved by changing their professional position in order to fulfil the need for administrative staff for various public services and education administrative offices.

Conceptually, there are two types of transference in the public sector: those taking place in the education sector on the basis of an institutional framework due to a change in educational levels and those made mandatory, or almost mandatory, in the context of administrative restructuring of public administration. The result of both forms of transference is the modification of the professional status of employees, and it occurs as the issue of whether and what kind of professional rehiring there is and what the consequences are. This entry focuses on mobility within the public sector and the findings of the empirical study presented concern the primary and secondary school teachers' transference from the class room to administration and financial positions.

The aim of this entry is to try to give answers on why some teachers either select or are being forced (?) to transference in different work position than teaching, which is the position they have been hired initially. Besides, the difficulties encountered with the decision of teachers to transfer as well as the opportunities for their professional development, irrespective of whether the decision was unintentional or deliberate, and ultimately their job satisfaction in the new administrative or financial positions are issues that need to be answered in this study.

Furthermore, this contribution aims to investigate the reasons which incited teachers to take the decision to transfer to administration/finance positions in primary and secondary education, but also the difficulties and problems arising from this exercise, whether the host organization applies policies for improving and increasing capabilities of transference teachers and what are they (education, training, etc.), to verify how easy or difficult the adaptation of the transference teachers is and if they feel welcomed and satisfied into their new working position. The degree of job satisfaction, irrespective of whether the decision for transference was deliberate or not, is the issue to be investigated in this study.

Taking all these into consideration, it is realized that it would be appropriate and interesting to investigate the issue of the existence of a policy frame for the transference teachers in their new duties, or transference is simply considered as an emergency solution without the providence to promote the professional satisfaction and development of teachers as administration officials neither the development of the organizations (Diakomihalis et al. 2017, 2018).

The issue of job satisfaction of transference teachers is another subject of this entry. Transference teachers, regardless of the reasons which have led them to this decision, after their transference belong to the administrative staff of the Education Administrative offices and pursue a new profession. Thy have expectations from their new

profession and engage in satisfying their needs. The achievement of these will affect, and at the same time will be affected by, the degree of satisfaction from the new working environment. The contribution of this entry refers to the investigation of whether and to what extent transference teachers are satisfied, what are the factors that cause satisfaction (salary, relations with colleagues, administrative support, prospects), taking into account their demographic characteristics, such as gender, age, marital status, years of work experience, academic qualifications, specializations, and level of education. Besides, the possibility of transference teachers to return to their previous professional status is a subject this entry is concerned about (Diakomihalis and Bolovinou 2017, 2018).

From the perspective of the organizations, professional satisfaction is a matter of major interest, and this is justified by the fact that human resources is a very important factor for their operation. This is because professional satisfaction is linked to their performance, leading to economic and organizational development of the organizations themselves.

From the perspective of the employees, professional satisfaction is also very important for themselves, if we consider that an employee devotes a large part of the day and his life in his/her working premises. Besides, labor matters frequently concern the employees beyond the working environment and the working period.

From the data collection and processing the views of the transference teachers about the reasons which led them to decide their transference, creating a wider concern for the conditions behind such a "decision of life," will be recorded.

On the basis of the above mentioned issues and the individual objectives of this entry, the following arisen questions are expected to be answered:

(a) For what reasons (professional, economic, personal) the teachers have chosen the transfer.
(b) What is the treatment of transference teachers by the host institution? (colleagues, supervisors)
(c) What are the adaptation difficulties encountered in their new position?
(d) To what extent their professional development is supported.
(e) With what procedures the organization supports their professional development.
(f) The degree of satisfaction and the problems they face.
    - Is there business satisfaction with specific aspects of work? (physical and material working environment, administrative structure and organization, interpersonal relations developed both between colleagues and between workers and management).
    - Is there an overall professional satisfaction after transference?

## Literature Theories

Each shifting from one job to another, either exclusively in the public sector (internal mobility), or between the public and the private sector (external shifting), or even between the public sector and international organizations is considered as mobility. Mobility can be applied to structures of the same hierarchical level (horizontal) or to shifting from a higher to a lower hierarchical level and vice versa (vertical). It may also be voluntary or obligatory, refer to functional diversification of working position or even be a geographical shift, with the aim of the best possible use of human resources. In certain cases, personal needs of workers might be satisfied through some forms of mobility. By reviewing the pertinent studies, it has been realized that there is no relevant research to study transference of officials and in particular, the issue of teachers' transference to administrative positions has not been investigated. However, many studies regarding the abandonment of a profession and career change in general, as well as for school teachers, have been found. There are also many studies which are mainly aimed at the reception and integration of newly recruited and adjunct teachers into school units, and their professional satisfaction and development, while there is no such study for

teachers which after some years decide or are "forced" to decide to serve the education sector through a different role and position. In the present entry, the reasons that incited school teachers to quit their teaching profession and "decided" to transfer into educational administration will be investigated, with the ultimate aim of contributing to the fulfilment of the research gap in the existing literature.

### Professional Development

Professional development of personnel is considered an essential factor for both the development of the organization and the development and personal fulfilment of the employees. The increase in the qualifications and skills is undoubtedly beneficial for the utilization of the employees within the organization.

Several studies regarding the practical vocational development of human resources, comparing workers from different periods and from different working environments, have demonstrated the significance of personal motivation and coaching of workers. The conclusion in these kind of studies was that the main sources of learning come from the daily work procedure and the experience acquired by the workers through their cooperation with their closest-direct supervisors.

One of the objectives studied in this entry is the evaluation of transference in relation to the environmental and individual factors, and to what extent their needs and expectations are fulfilled.

### Job Satisfaction

The degree of satisfaction or dissatisfaction of school teachers who quit their profession and "decided" to transfer into educational administration, with the ultimate aim of contributing to the fulfilment of the research gap in the existing literature is also a subject to be investigated and presented in the present entry.

In several studies, salary and benefits as well as the confidence of the profession seem to have little relevance to the satisfaction, while autonomy has greater relevance. The working conditions are also related to the satisfaction of teachers is administrative support and leadership. The highest percentage of the most satisfied teachers of public schools indicate the existence of assistive administration. The lack of participation in decision-making seems to increase the degree of lack of satisfaction. Cooperation with colleagues is a positive experience for teachers (Klassen and Chiu 2010; Perrachione et al. 2008; Zembylas and Papanastasiou 2004). Even the possibilities of improving qualifications and skills (Perrachione et al. 2008) are positive experiences related to satisfaction.

However, in order to investigate the existence or not of job satisfaction for transference teachers, it is appropriate to refer to the factors contributing to this and to focus on some of them.

## The Methodology Followed in This Entry

This entry aspires to contribute to Public Administration and Public Policy issues by revealing the findings from primarily quantitative researches, i.e., a form of social researches based on surveys. The researches' tool is the structured questionnaire and has as a target group the transference teachers in administrative positions in Education Administration offices in Greece.

## The Findings

The findings of the researches presented in this entry could contribute to a strategy for improving the functioning of the organizations while ensuring the development, growth, and development of employees. The professional development of workers is extremely beneficial for the organizations themselves. Therefore, the organization should follow strategies to promote achievement of professional satisfaction and professional development, in order to support and use effectively their human resources.

### Reasons for the Decision to Transfer

Transference teachers were asked to indicate whether the transfer was a decision for voluntary or compulsory and then to express the degree of

agreement in a series of proposals relating to the reasons which led to the transfer.

It seems that 70% of the transference teachers took the decision to shift from the education voluntarily and 30% said that they have been forced to this decision. It is interesting to note that 70% of the transference teachers declare that the choice of transfer is considered voluntary despite the fact that some of the recent years transferences are characterized by the state itself as mandatory.

The main reasons which led to transfer from teaching are mainly economic and family. In particular, the main reason that led the teachers to transfer was to reduce the distance from the place of the family residence. For two-thirds of the transferred teachers, the reduction of the distance from the place of residence played a very important role in the decision to transfer. The second key factor for the decision of the teachers to transfer was the reduction of cost of living, such as, for example, the avoidance of rent. The possibility of dismissal from the education was also a reason leading teachers to transfer. In particular, almost 60% of teachers believe that the possibility of dismissal from the education had affected "a little" to "very much" their decision to transfer to administrative positions. Finally, it is interesting that 60% of teachers has chosen to shift from the classroom because of their interest in the administration position. The reasons for transference "prospects for professional growth and development" in the new work, "lack of satisfaction from the teaching profession," "limited prospects of education" and the "workload" in education seems to have influenced teachers "a little" in their decision to transfer. The lack of satisfaction as a factor for shifting depicts a small percentage.

### Difficulties and Problems in the New Work

The transference teachers were invited to express their opinion referred to the difficulties and the problems they encounter in their new position as administrative officers.

The greatest difficulties faced by transference teachers in their new working position have to do with "working hours," "paid holidays," and "workload." As to the subject of the new job, teachers do not seem to have serious problems since the majority of the respondents indicate that the new subject of their new work creates "not at all" to "a little" problems. It is important to mention that the majority of transference teachers declares that there is "not at all" difficulties in relation to colleagues, the supervisors, and the public transactors. The material environment and the natural environment of the new work appears not to create difficulties for transference teachers.

The results show that one-fourth of total transference teachers consider that there is no differentiation in their treatment from officials in their new working position. This diversification is mainly a result of the different culture between "old" and "new" employees (60%) and of the different culture between transference teachers and administrative personnel (47%). In addition, teachers who believe that they receive different treatment from current administrative employees (30%) consider that this behavior is due to the lack of administrative knowledge of transference, while 20% of them believe that the existence of this differentiation is due to the treatment by the head of the department and 20% believe that this is due to other reasons, such as the different educational level between old and new administrative staff.

### Professional Development

The views of the teachers regarding the educational factors of professional development in their new job as well as the method and frequency with which their professional development is promoted by the host institution were investigated in this analysis.

The factor which obtains the highest percentage and the first ranking place is the "cooperation with colleagues." Obviously, transference teachers believe that good cooperative relations in the workplace will help them learn better their duties and achieve their professional development.

The factors "continuing education and training," "cooperation with colleagues," and "introductory education and training" are considered by the teachers very important for their continuous professional development, as their ranking in the first three positions of the hierarchy reveals. The

next important factor is the "guidance by experienced colleague in the particular work," since the highest evaluations of this factor appear in the second, third, and fourth place. The "guidance from the supervisor" is also a significant factor for the teachers professional development, since it is ranked in third, fourth, and fifth position from about 50% of the responders. The factor "personal investigation on the subject of work" ranks in fourth and sixth place, indicating a moderate significance for the teachers. The factors "participation in scientific events," "search for knowledge on the internet," and "attending a master's program" rank in the last three positions of the hierarchy, proving they are not considered important for the professional development of transferred teachers. This finding might be related to the fact that workers do not seek the acquisition of theoretical knowledge but the application of theory in practice. The classification of a "master's program" in the last positions may be associated with both the previous finding and with the current economic situation, since most of the available programs require fee payment. Another reason could be the long time required for a master's program study, since teachers seem to prefer educational programs of short duration.

### Job Satisfaction

The findings of previous conducted researches (Koustelios 2001; Mondal 2015) supported the existence of an overall job satisfaction for school teachers, a result that is confirmed by the present analysis. Some of these indicate that teachers are not satisfied with salary, promotion opportunities, and the possibility of professional development as well as with the excessive demands of the profession (Mahmood et al. 2011).

The areas in which the teachers declare as most satisfied are those referring to communication, cooperation, and recognition from colleagues, the head and the public. The highest average value displays the variable "communication and cooperation with my colleagues," which means that teachers declare that they are "much" to "very much" happy with the relationship with their new colleagues. The areas in which the transference teachers declare as less satisfied, i.e., show lower average prices, are "promotion of professional development," "economic rewards," and "working time." The lowest average value shows the variable "promotion of professional development of workers," which means that teachers are "a little" to "not at all" satisfied with the prospects and development offered in their new work. This finding may mean either that they do not expect to improve their knowledge or are not pursuing an occupation of higher administrative position.

The results of transference school teachers' overall satisfaction from their current job show that about 50% of the respondents are rather satisfied by their current work and only 15% indicated to be fully satisfied. "Rather dissatisfied" to "very dissatisfied" from their new job declare the 37% of the transference teachers.

## Conclusion: Discussion

The results of the research showed that the transference teachers driven this option for personal, family, and economic reasons, among which is the distance from the place of residence and the living cost. The feeling of security against the fear of dismissal, the interest for the new object desk is in addition to the reasons of the venture.

In accordance with the survey results, it is obvious that personal, family, and economic reasons, such as the distance from the place of residence and the living costs, play an important role for the decision to transfer. The transfer-retirement of workers seem to be linked to the general economic situation in Greece, as well as the sense of security of transference, since the fear of dismissal played a role to their shifting from one operation to another. The interest for the new working position is another reason which contributed to the decision to leave education. The lack of satisfaction from the teaching profession and the workload influenced very little their decision to transfer. The prospects for professional growth

and development in the new task and the limited development prospects of teaching are also factors which led to the transfer. Professional development has been underlined by other researches as a factor related to the decision of abandoning the profession.

The teachers of primary education show more interest in the administration while their decision has influenced by the lack of satisfaction from the teaching profession, the limited prospects, the many requirements of teaching, and the workload. At this point, it should be noted that the teachers and preschool teachers have chosen deliberately to leave the profession without being affected by the process of the recent transferences. The reasons for shifting from the classroom are also mentioned by other researchers (Klassen and Chiu 2010), as the lack of satisfaction and opportunities for promotion, the desire to change career, family, personal reasons, the workload and requirements in teaching, as well as governmental and economic policy.

The reduction in the cost of living and the distance from the place of residence of the family were the decisive reasons for transference by the secondary education school teachers.

Regarding the reasons on the voluntary or compulsory choice of transfer, it is found that the voluntary versus compulsory has more to do with the lack of satisfaction, the many requirements of teaching and the workload in the education and the interest for the subject of administration. The reduction of the distance from the place of residence of the family and the reduction in the cost of living, were the greater incentives for teachers who have applied for voluntary transfer compared to teachers who have been forced to shift from the education. The compulsory transfer is relating more to the possibility of dismissal. Once again it seems that teachers who were forced to transfer have taken this decision with the fear of being dismissed.

The factor which obtains the highest evaluation and ranks first in significance for the professional development of teachers is "cooperation with colleagues." Very important factors considered "continuing education and training" and "introductory education and training," with the majority of the participants ranking them in the first three positions of the hierarchy. "Cooperation with colleagues" is a convenient strategy for development of the organization staff, rather effective and certainly inexpensive. The officials on the other hand perceived the "cooperation with colleagues" as more important because the colleagues seem to be almost the only experienced in the new working environment. However, both, "continuous" as well as the "introductory training," are strategies, each organization should apply because these may expand the professional horizons of the employees. "Guidance from experienced colleague" and "guidance from supervisor" are important factors, while "personal investigation on the subject of work" is of medium importance. "Participation in scientific events," "search of knowledge on the internet," and "attending a master's" are ranked in the last positions.

So much in the empirical researches analyzed in this entry, as in the research of Zaleska and de Menezes (2007), "guidance from experienced colleague" and "guidance from the supervisor" are important factors for professional development. "Continuing education and training" holds a leading position in the present study. In the same survey, "cooperation of colleagues" is only a very small percentage, while the factors in the lower evaluations for professional development are the same in both surveys.

It is worth at this point to point out that transference teachers believe that their professional development will be achieved mostly with the "cooperation with colleagues." This may be due to the fact that they have not previous experiences, neither any general information for the functioning of the organization, the working conditions and the new duties of work, making them to rely mainly on the good will and the "diligent" of colleagues. It should be kept in mind that education of new hired colleagues is not an additional cost for the organization, on the contrary, it is

considered a very constructive as in-service training.

The most frequent method applied by the host institution for the professional development of transference teachers, is "guidance from experienced colleague" and "guidance from supervisor." "Introductory education and training" was not applied in almost any case. It is worth repeating that about 95% of transference teachers stated that "education and training programs" and "participation in scientific events" are applied rarely to never. About 80% declared that "introductory education and training" has never been applied.

Organizations must provide incentives to meet the expectations of transference teachers and to keep in their new positions.

The organization is required to apply strategy for professional development of workers and support of employees career with the introduction of specific methods based on the real needs of every employee, in order to earn organizational commitment. Finally, the results of the present analysis show that "interpersonal relations in the working environment" is a significant factor for professional development. The organization should "exploit" talented and experienced staff by strengthening the mentoring and coaching.

Another issue the research is dealing with is the determination of the problems faced by transference teachers. It has been recognized that the "work schedule," the "paid holidays," and "workload" are the main factors considered difficult and keeping skeptical the administrative officials.

The majority of transference teachers does not address any difficulties at all in their relations with colleagues, supervisors, and the transacted public. The "few" difficulties attributed to "material and the natural environment" of the new job are rather related to the overall logistical state of public services in Greece, taking into account the present economic circumstances of the country which have further reduce the associated operational costs. The researches of this entry reinforce the aspect that administrating offices suffer from lack of logistics.

To a large extent, transference teachers declare that there is no differentiation in their treatment by the permanent employed staff in the administration. However, the percentage of teachers which indicate that there is treatment diversification, believe that it is attributed mainly to the existence of a different culture between "old" and "new" officials and between transference teachers and administrative officials. This diversification is likely to be related to the fact that teachers have a more people-centered approach due to their studies and to their relation to children in contrast to the employee attitude of the administrative personnel toward common adults. Another reason to this diversion, even for a lesser extent, is the lack of administrative knowledge of transference and the treatment by the supervisor. The reception of new employed to the organization seems to be positive, and this explains to a large extent the positive view of the transference teachers.

The treatment differentiation regarding to gender is associated with the "problems with colleagues," where women are facing more in relation to men. It is very possible that this is attributable to the different perception and treatment of relations and, more generally, to different characteristics of the personality of the two sexes. Transference teachers who have 3–5 years are facing greater difficulties with their colleagues, compared to those who have more or less years of administrative experience.

A statistically significant difference in the opinions regarding the "workload" has been detected in respect to the age of transference teachers. Those under 50 indicate that the workload creates a greater problem compared to those older than 50 years. Employees with at least 6-year experience in administrative posts judge "workload" as a lower significance problem.

Transference teachers in the secondary education administrative offices face greater difficulties regarding the "natural working environment" compared to those employed in primary education, probably because the logistical conditions are obviously worse in the secondary. The teachers of primary education face more problems with the transacted people compared to other disciplines.

The problems in the administrative position regarding the choice of transfer (optional or

mandatory) appear to be related to the "natural environment" and are experienced to a greater extent by those who were forced to transfer and those who serve mainly to secondary education administrative offices. Perhaps this shows that the conditions in the primary education offices are better as it depicted in the previous finding.

The degree of satisfaction among transference teachers in various sectors of the new job does not differentiate statistically significant regarding the gender. The transference teachers without work experience or experience 1–2 years in managerial positions are more satisfied with the cooperation with their colleagues and the supervisor in relation to the transference teachers having from 3 to 5 years of experience in administrating positions. Also the transference teachers with over 21 years total service are more satisfied by the subject of their new work compared to those who work fewer years. This may be due to the experience they have gained over the years.

Regarding the demographic factors, not statistically significant difference was found. A marginal statistically significant difference appears as to the specializations of the teachers, with those of the Primary education showing greater professional satisfaction in relation to the others.

It has been realized that the teachers who decided voluntarily their transference are more satisfied overall with their new work as well as with the specific factors of their new working position. This perhaps is due to the fact that they were prepared at least psychologically and that they have been informed of their new duties.

The type of transference is also linked to the teachers' intention to return to their prior professional position. The mandatory transference school teachers are more positive to this possibility. Finally, regarding the intention of the transference teachers to return to the classroom, great interest is shown by the particularly high rates of those who declare that "rather" and "certainly" will return, and that is a result perhaps of mandatory and unintended transference which did not satisfy them in all levels.

The dedication in many cases lowers the tendency for resignation even when the disappointment is obvious. In this entry, it is a clear finding that even when the satisfaction is apparent in some cases, the resignation is not unavoidable. In conclusion, the voluntary transference depends on the particular circumstances prevailing and must be examined in any case. The clearly voluntary option of a transference may lead to greater organizational commitment and reduce dissatisfaction from the new job.

Transference as a form of mobility of employees, by resigning-leaving a job and rehiring to a new working position, is a means of reorganizing the public administration. This massive movement of workers through transference could contribute to reduction as well as to the reformation of the public sector, if there is concern for employees redistribution based on the needs of organizations, on the qualifications, skills, and the needs of the employees.

## Cross-References

► Cash Accounting
► Financial Management for Local Government

## References

Diakomihalis M, Bolovinou E (2017) Job satisfaction of the transference teachers to administrating/financial positions. 16th annual conference of the Hellenic Finance & Accounting Association (H.F.A.A.) Athens University of Economics and Business, 15–16 December 2017

Diakomihalis M, Bolovinou E (2018) Job satisfaction of transference teachers to administration/finance positions. Int J Acad Res Bus Soc Sci 8(5):102–122. https://doi.org/10.6007/IJARBSS/v8-i5/4088

Diakomihalis M, Bolovinou EC, Papageorgakis PE (2017) Professional development of transference teachers to administrating/financial positions. 3rd international conference on business and economics (ICBE) of the Hellenic Open University, Titania hotel, Athens, 21–22 April, 2017

Diakomihalis M, Bolovinou E, Papageorgakis P (2018) Professional development of transference teachers to

administration-finance positions. Int Journal of Academic Research in Business and Social Sciences 8(6):270–289
Klassen R, Chiu M (2010) Effects on teachers' self-efficacy and job satisfaction: teacher gender, years of experience, and job stress. J Educ Psychol 102(3): 741–756
Koustelios A (2001) Personal characteristics and job satisfaction of Greek teachers. Int J Educ Manag 15(7):354–358. https://doi.org/10.1016/j.tate.2014.02.005
Mahmood A, Nudrat S, Asdaque M, Nawaz A, Haider N (2011) Job satisfaction of secondary school teachers: a comparative analysis of gender, urban and rural schools. Asian Soc Sci 7(8):203–208
Mondal B (2015) Job satisfaction of secondary school teachers in relation to gender, educational level and residence. Int J Sec Educ. Special Issue: Recent Concerns in Secondary Education 3(1):14–19. https://doi.org/10.11648/j.ijsedu.s.20150301.13
Perrachione B, Rosser V, Petersen G (2008) Why do they stay? Elementary teachers' perceptions of job satisfaction and retention. Prof Educ 3(2):313
Zaleska K, De Menezes L (2007) Human Resource development practices and their association with employee attitudes: Between traditional and new careers. Human Relations Volume 60(7):987–1018. https://doi.org/10.1177/0018726707081155
Zembylas M, Papanastasiou E (2004) Job satisfaction among school teachers in Cyprus. J Educ Admin 42(3):357–374

# Transformation Metaphor of Organizations

Paul C. Nutt
Fisher College of Business, The Ohio State University, Columbus, OH, USA

## Synonyms

Changing public organizations; Reforming public organizations

## Definition

Transforming public organizations is when a strategic process and strategic leadership are used to change public organizations.

## Introduction

In recent years, public organizations have been called upon to make radical, transformational changes (Osborn and Gaebler 1992). This call has been made before and is repeated anew, seemingly with each new budget crisis (Wechsler and Backoff 1986; Nutt 2004a). Budget crises are coming more frequently so calls for transforming organizations are coming more frequently. The question is whether such demands are feasible: Can public organizations truly make radical and transformational, changes? What constitutes a transformation? And under what conditions would transformations be possible? This chapter offers some insights into these and related questions.

The primary focus is the general-purpose bureau or agency found in federal, state, county, and city governments (Nutt 2004b). The intent is to identify conditions that make altering current practices and fashioning new ones feasible in such organizations. The ideas should extend to the private/nonprofits such as hospitals, port authorities, and regional planning commissions, as well as many other types of organizations. The many large in number but small in size voluntary organizations are not considered in this entry.

## Distinguishing Types of Change

Two types of change are considered: repositioning and transformation. Repositioning focuses on current clients and their needs, which limits its scope. A transformation deals with the future clients and their predicted needs. To transform, leaders create greater variety, additional skill, and enhanced ability to serve customers/clients in new and different ways (Pauchant and Mitroff 1992). Leaders must go beyond using maintenance and control activities to improve efficiency and effectiveness. A transformation requires new ways of thinking that alter taken-for-granted and often hidden organizational rules, which limit how people think about change (Wilber 1982; Pribam 1983; Fisher and Torbert 1991). Repositioning alters current practices, ruling out radical change sought by a transformation (Wheatley 1992).

Public leaders reposition by asking hard questions about how to improve their *current* strategy (Nutt 2005). This involves altering current services, customers served today, current service provision channels and skills, the basis for today's collaborative advantage, current sources of funding, and image (Hamel and Prahalad 1994; Quinn and Cameron 1988). To carry out a transformation, a leader seeks to answer these same questions put in a *future* context. A leader fashions a vision that suggests what *future* services, customers, channels, skills, bases for collaborative advantage, sources of funding, and persona might look like (Nutt and Backoff 1997; Wheatley 1992). Transformation goes beyond tinkering with today's strategy, projecting today's thinking into the future, to imagining what a desired future would look like. This takes place when radical and coherent changes in the services, clients, etc. that make up the organization's current strategy are integrated with core capabilities (Nutt 2005).

For instance, the Ohio Department of Natural Resources (ODNR) was transformed with a vision to incorporate critics into its programs to build joint interests. Conflicts between sportsmen and environmentalists were managed by opening up new hunting and fishing areas and using fees for hunting and fishing licenses and park use to support wildlife, environmentally threatened areas, and state parks. Cooperation between historically antagonistic groups, representing sportsmen and environmentalists, was created and resulted in broad support for tax-based funding to protect endangered areas and wildlife and to support recreation programs. Recreational areas were expanded. The increased revenue from user fees provided the funds to support other initiatives. The synergy of protection and use programs leads to an ODNR budget that relied on the state funding for less than one-third of its programs, making it take on the characteristics of a private-nonprofit organization. The transformation allowed ODNR to move to a higher order of complexity in which change, such as new services, was not just added on but emerged from the integration of old and new services. As a result, a transformed organization is able to respond in new and different ways to the emergent demands and opportunities found in turbulent environments. Public organizations with a vision that anticipates client needs can use these needs to make changes in their core services and procedures and produce a similar result. Synergy between the organization's new and old services and other aspects of its strategy increase flexibility and adaptability (Levine 1980).

Note how transformations go beyond fostering growth, which adds to existing capability by serving the current stable of clients more efficiently or effectively, incorporating new ideas into the organization's strategy (Weisbord 1988; Bass and Avolio 1990). Novel ways to meet the needs of new clients are integrated with current services, channels, etc. which make up the organization's strategy. A successful integration provides a quantum jump in the capacity of the organization. The transformed public organization brings these new capacities to bear as services for clients that can be internal or external to the organization turning upside down traditional notions of who is a customer or a client.

## Change in a Public Organization

Change calls on public leaders to review how their organization responds to its clientele, noting whether this stance inhibits change. Factors that appear to block change are enumerated. The leader asks if strategic repositioning can be carried out and then if transformation is feasible.

### Organizational Stance and the Prospects of Change

Some public organizations have limited capacity (resources) and/or little responsiveness to perceived missions (Levine 1980; Nutt and Backoff 1993; Ingram 2001). Capacity erodes by years of budget cutting, limitations on prerogatives, rule making by legislatures, and assignment of duties to other agencies. Motivated staff leave, further limiting capacity. As capacity declines, complacency sets in making change difficult (Alter and Hage 1993). Buffeting by events the organization is unable to manage also limits change prospects. Demands can be experienced at a rate that exceeds the organization's ability to understand, let alone cope with expectations, creating learned

helplessness. Elaborate rationales for avoiding action supplant building capacity to meet demands.

The susceptibility to change is governed by the prospects of growing organizational capacity to enhance organizational responsiveness (King 1982; Nutt and Backoff 1997; Bozeman 1987; Rainey 1997). Capacity sums up resources available. Due to the labor-intensive nature of public services, this is given by the numbers and skill levels of key people and the prospects of adding additional capacity (Levine 1978; Lawrence and Dyer 1983; Gailbreth and Schendel 1983; Thompson and Strickland 1996). A perceived lack of capacity prompts organizations to resist change, fearing that the new demands will expose shortcomings (Eichholtz and Rodgers 1964; Zaltman et al. 1973; Nutt 1987). Capacity is measured in a comparative manner, indicating per capita funding of organizational types such as university hospitals corrected for patients served by severity or business schools adjusted by undergraduate, MBA, and PhD enrollments. High-capacity agencies would be well above the median and low-capacity ones would fall below it.

In the private sector, initiative springs from demands emerging in a market (e.g., Miles and Cameron 1982; Lawrence and Dyer 1983; Porter 1985). In the public sector, responsiveness stems from the extent client needs are met. Here, oversight bodies that regulate client fees and supply funds as budgets act as the market. Instead of selling to end users, the public organization must sell an oversight body on the need to increase its responsiveness. Oversight bodies can be very fickle about expected levels of responsiveness (Levine 1980). After a long period of low expectations, the organization may suddenly pop up on a political agenda. Demands are made and responsiveness expected. The prospect of change is given by the extent to which public leaders find themselves committed to being responsive to oversight bodies. Change is held back by certain types of commitments and facilitated by others. Such latent demands can be elusive and several measures are needed to capture them. An index of responsiveness suggests the amount of agency initiative, given by the level of services offered less those *not* being offered. For a given type of organization, service demand is inferred by agency mission changes under discussion and new services proposed, measuring the number of clients to be served.

A public organization changes when it moves toward increased capacity and increased responsiveness. This is shown by a path that moves up the diagonal in Fig. 1, running from the lower left to the upper right, as indicated by the arrows. The path along the diagonal first to the buffeted and then to the proactive zone identifies a sequence of conditions that are created to enlarge the scope of change. A public organization with an imbalance in responsiveness to its constituencies and its capacity will find it difficult to engage in change. Change is feasible when responsiveness and capacity are balanced.

## Organizations That Resist Change

Stable types of public organizations have little motivation to change (Fig. 1). Stability arises, somewhat paradoxically, when capacity and responsiveness are badly out of balance. Because either building capacity or responsiveness dominates, attention is focused on the maintenance of capacity or on responsiveness and not on using capacity to provide responsiveness.

*Professionally Dominated Organizations* – Professionally dominated public organizations have high capacity, real or perceived by outsiders, and little responsiveness. Activity is directed by professional values with little responsiveness beyond the imperatives embraced by such values. Political, legal, and economic forces that ordinarily direct and channel organizational energies and ensure accountability are not in place. Typically, such organizations have considerable prerogative to act in a prescribed arena and use connections to protect its budget and resource base.

The FBI under Hoover and the IRS are examples. Departments of taxation and the attorney general's office provide examples in state government. Public organizations that rely on highly skilled and self-regulated staff members to provide key services can also become professionally dominated organizations. Examples include: state-run mental health hospitals, public acute care hospitals, university medical centers,

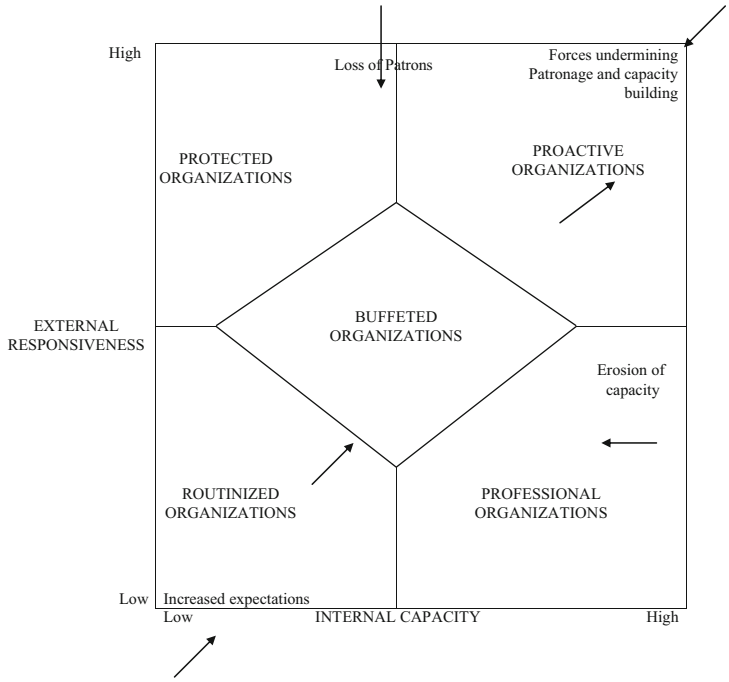


**Transformation Metaphor of Organizations, Fig. 1** Change forces for types of public organizations

university facilities, social work agencies, public defender offices, and the state architect office. Such organizations are dominated by professional elite who control the terms of services provided. The periodic release of selective data and testimonials is offered to measure success.

Change, prompted by a leader or an outsider, is very difficult when professionals can maintain this degree of control over what the organization does. A professionally dominated bureau or agency can ignore client preferences and the political agenda of reformers and may even be insulated from budget cutting. In some instances, the professionally dominated organization can turn aside legal mandates and judicial orders.

*Protected Organizations* – A protected organization can be created, or it may evolve a protective posture. An example can be found in state departments of development (DOD). Recently, Republican-controlled state legislatures contend such departments can spur economic growth and create jobs. The leader of a DOD carefully maintains an old-boy network, made of supporters in the legislature, in part to harness forces that would normally call for accountability in growth and job creation. When a critic asks how many new jobs have been created by a DOD and how much tax base has been given away, the network is mobilized to deflect such questions and make them seem politically motivated.

Some public organizations slip into a protected posture to survive. The impetus stems from stress as leaders attempt to respond to increased demands without the means to do so. To cope, such a leader seeks an island of stability that provides safety. Public organizations singled out for reform often find themselves in this position as mandates are added without the funding to carry them out. Cities struggling with unfunded mandates in federal legislation provide an example. To respond, available funds would be spread too thin to accomplish much making any attempt seem futile. The organization copes by resorting to strategic posturing.

For instance, state and federal laws call on state departments of education (DOE) to institute educational reforms. Oversight bodies use these mandates to lean on a DOE to carry out competency-based education, insure financial equity across school districts, implement new funding formulas, adhere to federal regulations for special education, reconcile the demands

made by life skills and back-to-basics curriculums, and still others. A DOE may have neither the competence nor the funds to do all this. To survive, leaders resort to image management, talking about what they have done and not what they will do.

If oversight bodies reject a "K-Mart" solution that would let an agency deliver low quality to all comers, responsiveness is limited, doing only what the oversight body asks. To demonstrate responsiveness, leaders determine the agenda of key people on the oversight body and focus the agency's limited resources on doing what these individuals want. For example, a bureau of workers' compensation (BWC) narrowed its responsiveness to survive. Oversight bodies of a BWC are often polarized, with different views of the key client. Clients, represented by labor unions among others, want assurances that injured workers will be taken care of. However, small business representatives often dominate the oversight body of a BWC. Small business interests want to reduce their fees that fund compensation benefits. A BWC is often forced to choose reducing fees over benefit provision. To survive, such organizations cultivate patronage that will endorse its actions. When successful, this allows the overstressed organization to move from a threatened to a protected position.

To become protected there is a shift in responsiveness from broad to narrow. If successful, this allows the overstressed organization to move from an unstable position to a protected one. To develop the required patronage, leaders ferret out the views of opinion leaders that control funding and the terms of service, such as fees and co-payments. Public leaders can become very clever at identifying the agenda of key people in an oversight role and then giving them what they want.

Such leaders look for an opportunity to carve out a new domain in which their organization has an exclusive right to act, creating a "protected" environment. Legislation can even be written to give exclusive rights or responsibilities. For example, the Iowa Legislature gave the University of Iowa Medical School exclusive rights to provide all tertiary health care, statewide. In a protected organization, old-boy networks are carefully maintained to deflect criticism and routine accountability and to harness the forces that would normally be used to monitor actions. The leader exploits values that have become legitimized and no longer subject to challenge. No one questions the massive shift in funds to county governments for MRDD. Levies pass routinely, even though patients are still warehoused, albeit locally, and the inefficiency of county governments is well known. Organizational leaders carefully manage the old-boy network that supports their periodic levies to insure continuing funding. Control of turf in this way creates little incentive to improve capacity and makes the organization quite political.

*Routinized Organizations* – Public organizations with few demands and low capacity often become highly routinized, developing codified routines that are rigidly followed. Because no one questions its products, the organization continues its low-value processing with little accountability. Examples include bureaus of motor vehicle licensing, contract activities in departments of transportation, claim processing in bureaus of workers' compensation, and service departments such as travel and records in universities. Former students who complain about poor service, such as delays in getting a transcript, are ignored by university leaders and oversight bodies who have more important things to do. Delays in receiving compensation benefits fall on deaf ears, charges of unfair or unethical contracting for highways are ignored, and questions about the time and cost to do things and the inability to deal with the most trivial exception go unanswered by the motor vehicle bureau. Oversight bodies find little reason to think about the agency, let alone question its practices, allowing such an agency to drift toward a change-resistant posture.

## The Forces for Change

The protected, professional, or routinized public organization is pushed toward change by a loss of patrons and/or a loss in capacity. When this occurs, the organization experiences buffeting and feels pressure to reconsider its strategic

commitments. This movement can occur in three ways as shown by the arrows in Fig. 1.

### Change for a Professionally Dominated Organization

Change in a professional organization can be blocked unless capacity is thought to be declining. This blocking may continue even when the call for increased responsiveness is clear and compelling. Only perceptions of diminished capacity push the professionally dominated organization toward change.

The strategy of a professional organization rests on maintaining its perceived capacity. Capacity erosion forces change. The FBI's reputation following Hoover's death, and again after 9/11, went into eclipse forcing the FBI to reexamine its role with new strategic positioning. The first move is to defend past practices, coupled with some small-scale adaptations of the practices. Sustained pressure is required to force the agency to consider larger-scale change. Such pressure can force an organization to rebuild its image of competence as new practices are forged and adopted. For example, the IRS, stung by reports that they unmercifully harass taxpayers, confiscate the bank accounts of the children with parents in arrears, and give inaccurate tax advice, reformed its procedures and then engaged in damage control.

Pressures may not be sufficient to move an organization out of a professional posture. The Army Corps of Engineers, following Katrina, was faced with severe criticism. The levies supposedly constructed to hold back 100-year flood waters were unable to contain storm surge. Locals, who had predicted likely levy failure for years, were given new attention, and questions about agency practices were posed by national media. A clamor for change, however, proved to be short-lived, and the Corps returned to its professional posturing. Budgets and projects were routinely approved, with little questions about the safety factors. Performance accountability, beyond those accepted by Corps Values, continues to be ignored. The Atomic Energy Commission went through a similar sequence of questioning followed by a return to business as usual following the Three Mile Island meltdown.

### Change for Protected Organizations

Protected organizations are found in the upper left corner of Fig. 1. Here, resources are devoted to cultivating patrons in an oversight body in place of building capacity to serve clients. For example, the oversight body for an economic development agency may have an agenda that ignores the public and their needs. Legislators that appoint the oversight members are often drawn to flashy projects, such as arenas and convention centers. These projects do little to create local jobs or enhance local quality of life but take precedence over projects that do. Leaders that jump on board and push arena and convention center ideas can cultivate patrons. This makes the organization highly responsive in a very narrow way. Such leaders never question the oversight body or its values and assume that clients are being served by the demands being made. This may not be so, but is never questioned. The strategy is to maintain the old-boy network and other arrangements that protect turf.

Change is unlikely unless these arrangements erode. Erosion of prerogatives occurs when patrons lose elections or leave office or when an old-boy network ceases to function, pushing a protected organization into the buffeted zone. The political agenda of newcomers or a shift in power among stakeholders can prompt a call for better client services. To increase capacity to meet these new demands, the organization moves toward the diagonal in Fig. 1.

After a new governor took office, Ohio's Department of Public Welfare experienced such a shift moving from a protected position to one of increased expectations. This status quo was no longer acceptable and a posture of change was adopted. The welfare department abandoned practices that required clients to respond as directed and moved toward practices that emphasize helping clients (Fig. 1). The loss of a protected status may also prompt an increase in scrutiny, which illuminates low capacity. When low capacity is exposed, it often prompts rapid action to improve matters, increasing the prospect of change.

A change in leadership often results, which leads to new practices.

### Change for a Routinized Organization

Public organizations with very limited capacity can be ignored for decades. Until there is a shift in expectations, such organizations go about low-value processing routines with little accountability. For instance, decades of complaints about long waits and inept staff reached a breaking point and prompted change in a bureau of motor vehicles. Funds were provided for systems that allowed mail-in license plate renewals that separated taxpayers and staff, reducing both dysfunctional agency contacts with the public and the time involved. Note how complaints from consumers had to become intense before action was taken to increase competence (new systems).

New organizational stakeholders often introduce new expectations. If these expectations gather good currency, they spill over a threshold to become requirements. Usually, this stems from a galvanizing event: a patient escapes from a mental health institution and kills someone, a child is abused in a foster home, or the head of a state teacher retirement plan claims that the money in the system does not belong to the teachers. This makes questions permissible. People in oversight roles question practices such as mental health patient furloughs, the number of children being served by the Family Service Agency, or the wisdom of giving teacher retirees 13th month pay checks, which started during better economic times. This threshold will vary with agency visibility and the current economic situation. The agency is pushed into the buffeted zone when the threshold is breeched.

## Prompting Change

Organizations on the diagonal in Fig. 1 have balanced capacity and responsiveness. Questions are posed about how an organization's capacity can be used to increase responsiveness, altering the organization's strategy to produce hoped-for outcomes. This questioning can arise externally through the expressions of stakeholder preferences, shifts in political agendas, erosion of public support, budget shortfalls or windfalls, and legal rulings. It can also arise internally with a shift in the views of agency insiders about the value of their service practices or by changes in leadership. Internal and external pressures combine to lower the barriers erected by the protected or professional posture. This creates two new types: the buffeted and the proactive organization.

*The Buffeted Organization* – An erosion of competence and/or increased demands to better serve their clients creates buffeting for professional, protected, and routinized organizations. The can stem from fickle public support, changing legal mandates, shifting political agendas, new client expectations, and a loss of key benefactors. As mandates shift, budget support can decline prompting questions about how limited resources are used. As budgets are cut, priorities shift providing moving targets that lead to frustration and turnover. More scarce resources bled away as turnover forces investments in training. Organizations experiencing such a buffeting become susceptible to change, questioning responsiveness and how organizational capacity is being used.

Consider the IRS after the disclosures in the late 1990s. Two steps were taken. Responsiveness was increased in several ways including new forms of agency oversight, shifting burden of proof from the taxpayer to the IRS, and changes in IRS staff prerogatives that prohibited them from taking property without due process. This was followed by attempts to shore up its image, showing how agency resources were being put to better use by upgraded computer systems, monitoring employee behavior, and taking steps to increase the accuracy of advice given to taxpayers.

Strategic change helps the buffeted organization cope. Capacity to act is built by finding ways to increase responsiveness. This new responsiveness can lead to happier and more challenged staff and reduce turnover. As capacity is built new client responsiveness becomes feasible, increasing an interest in strategically repositioning the agency to better serve their clients.

*The Proactive Organization* – High capacity balanced with high responsiveness creates a "proactive" environment. For a transformation to

emerge in a proactive environment, a leader must clearly understand needs and potentials to act. To illustrate, the leader of the Ohio Department of Natural Resources (ODNR) saw an opportunity to become proactive. Key stakeholders who had expressed criticisms were folded into task forces to deal with important issues such as wildlife protection, natural areas, hunting and fishing rights, waterways, and recreation. Programs were identified and funds sought to operate them through licensing the use of wild areas, through park use programs, and through new types of fishing and hunting licenses. The fees collected were turned back to fund program development, which produced more fee-generating activities until two-thirds of the ODNR's funding was outside the state's budget process. By responding to stakeholders in this way, the ODNR became a self-sustaining proactive state department that is highly responsive to stakeholders as well as high in action. Previously, allowable actions have been limited to changing organizational practices to correct faults. Here, the leader can seek out unmet needs and alter the delivery of services so that these needs can be meet.

## Mutualist Leadership and Transformations

A dramatic increase in needs calls for strategic repositioning to alter current strategy. Changes are made in information about needs, services, service provision channels, resources (human and physical), collaborative arrangements, sources of funds, and image. At least one change (e.g., services) is required, tracing ripple effects through the other strategy elements.

If needs are not meet, a transformation will be entertained. This calls for posing the same questions as repositioning with a future focus. For example, future clients are imagined asking how they might be served (e.g., services, channels, etc.). To carry out such an effort, leaders must become "mutualists" (Nutt and Backoff 1995). A "mutualist leader" creates collaborative arrangements to meet needs that are expected to arise. To carry out mandates that exceed the prerogatives of a single agency, capacity is sought beyond the leader's organization. Consortia such as the National Kidney Foundation and the Highway Safety are formed. Attempts by the Ohio Department of Mental Health to fold county mental health boards into a partnership to pursue quality care and better insurance coverage describe a contemporary effort of a CEO to become a mutualist leader.

Mutualist leadership takes shape as a quest, which mounts new initiatives to realize a grand vision. This requires (1) forming a consortium to draw together key stakeholders into an umbrella organization, (2) subordinating personal and organizational interests, (3) guiding stakeholders away from competition toward cooperation, (4) focusing effort on meeting needs, (5) creating a vision to meet key needs, and (6) seeking win-win arrangements (Nutt and Backoff 1995).

The mutualist leader substitutes collaboration for competition. The best outcome from a competitive posture would have each agency serve people thought to fall under their jurisdiction. Such an approach can prompt jurisdictional squabbles that leave important needs unmet or undeserved and prompts duplication. Collaborative approaches call for negotiation with taxing and budgeting authorities and sister agencies to parcel out service areas so that all service responsibilities can be met. This is done with the resources and programs drawn from many sources. The self-interests of these programs and their supporters are subordinated to the greater interest of servicing needs. The mutualist leader forms an umbrella organization to proactively guide the effort.

This requires vision, commitment, and leadership. Vision is required to anticipate emergent needs with a transformational strategy (Vail 1989). Commitment is required to set an example for others (Bennis 1989). To set the tone called for by a mutualist leader, personal aims and parochial interests are sacrificed. Leadership skill is needed to strike a posture that avoids being pretentious but takes a moral position to call for collective action. Many are apt to interpret such a posture as a clever way to promote one's interests. Success depends on putting things into a frame in which

mutualist values are believable so others will adopt and emulate these values. Many may aspire to be a mutualist leader, but few get the endorsements needed to create a proactive organization that can realize this aim.

Before a transformation can be mounted, a mutualist leader must gain the support from several sources. Leaders need authorization to begin an interagency initiative from each agency's oversight bodies. If given, a leader must then get concurrence from other agencies that must cooperate to meet needs. A proactive organization emerges when the need for interagency cooperation is endorsed by all of the cooperating agencies. Securing this magnitude of cooperation can be a daunting task. And creating a proactive organization is essential, but not sufficient. Before settling on a transformational move, key players in the cooperating organizations offer up their pieces to the puzzle, and the mutualist leader must integrate them and fill in missing pieces.

This makes a transformation difficult to mobilize and even harder to sustain. A mutualist leader must be in place when the opportunity for a transformation arises. The organization must be buffeted, making it susceptible to change. Experimenting with repositioning must have been carried out. The need for still more pervasive change must be recognized and supported by oversight bodies from cooperating agencies. Leaders of cooperating agencies must be given the latitude to act by their oversight bodies. The likelihood of all this seems remote, making transformation a rare event. As a result, leaders may have to be satisfied with changes in current strategic arrangements and not future ones.

This may explain why substantive change and transformation are rare. By their actions, if not their public pronouncements, governors supporting only small-scale efficiency improvements, such as TQM, seem to fear strategic repositioning and duck the commitments required for a transformation. As a result, leaders can only rethink a current strategy. For example, the Ohio Department of Mental Health has long been guided by a vision of treating people in the least restrictive setting, close to family and friends, which has been called "deinstitutionalization." A new vision of integrated care that merges acute and mental health care and their insurance coverage frightens state politicians, who have blocked such initiatives. Until such a vision is endorsed, only changes in a current strategy are feasible.

## Conclusion

This chapter explored one of the enduring dilemmas of organizational renewal: the resistance to change and how to cope. External forces that pose limits on initiating change and limit its magnitude were considered. The forces were examined to reveal timing, when action is possible, and how to find essential steps to initiate and sustain change when forces are favorable.

Professionally dominated, protected, and routinized public organizations were noted as organizational types resistant to change. This resistance stems from an imbalance between responsiveness and capacity or little responsiveness and capacity. To lead such organizations toward change, its leaders must be given the latitude by oversight bodies to show how responsiveness can increase, capacity be built, or both. Pushing the ideas forward suggests that a message that arises internally must be brought externally and vice versa. External demands for responsiveness can be brought to insiders who are shown how capacity must be changed or augmented to meet the new demands. Internal demands for more capacity must be brought to oversight bodies to show what must be changed to be truly responsive to the needs of clients, such as more funding or better staff. Transformation was linked to creating a culture of high responsiveness and finding the needed capacity in a consortium of agencies, replacing independent organizations with a proactive consortium.

Transformation seems possible, but only when these conditions are present. The prospects of initiating and sustaining a proactive organization to fashion a transformation improve when participating agencies have mutualist leaders supported by their oversight bodies. The many difficulties in creating such arrangements may explain why the

transformation of public organizations is so rare. If so, elected officials that call for radical change create impossible expectations. This clamor for the impossible is a disservice to those the agency is to serve and to the public that funds them.

## References


Alter C, Hage C (1993) Organizations working together. Sage, Newbury Park

Bass B, Avolio B (1990) The implications of transactional and transformational leadership for individual, group, and organizational development. In: Research in organizational change and development, vol 4. JAI Press, Greenwich, pp 231–272

Bennis W (1989) Why leaders can't lead. Jossey Bass, San Francisco

Bozeman B (1987) All organizations are public. Jossey-Bass, San Francisco

Eichholtz G, Rodgers M (1964) Resistance to the adoption of audio-visual aids by elementary teachers. In: Miles M (ed) Innovations in education. Columbia University Teachers College Press, New York

Fisher D, Torbert WR (1991) Transforming managerial practice: beyond the achiever stage. In: Research in organizational change and development, vol 5. JAI Press, Greenwich, pp 143–173

Gailbreth C, Schendel D (1983) An empirical analysis of strategic types. Strateg Manag J 4:153–173

Hamel G, Prahalad CK (1994) Competing for the future. Harv Bus Rev 72(July-August):122–128

Ingram C (2001) Seminar for the public policy and management at the Ohio State University

King WR (1982) Using strategic issue analysis. Long Range Plan 15(4):45–49

Lawrence PR, Dyer DM (1983) Renewing American industry. Free Press, New York

Levine CH (1978) Organizational decline and cut-back management. Public Adm Rev 38:316–325

Levine CH (1980) Managing fiscal stress: the crisis in the public sector. Chatham House Publishers, Inc., Chatham

Miles R, Cameron K (1982) Coffin nails and corporate strategy. Prentice Hall, Englewood Cliffs

Nutt PC (1987) Identifying and appraising how managers install strategy. Strateg Manag J 8:1–14

Nutt PC (2004a) Prompting the transformation of public organizations. Public Policy Manag Rev 27(4):9–33

Nutt PC (2004b) Prospects and problems in the transformation of public organizations. Public Policy Manag Rev 27(4):51–66

Nutt PC (2005) Organizational de-development. J Manag Stud 41(7):1083–1103

Nutt PC, Backoff RW (1993) Organizational publicness and its impact on strategic management. J Public Adm Res Theory 3(3):209–231

Nutt PC, Backoff RW (1995) Strategy for public and third sector organizations. J Public Adm Res Theory 5(2): 189–211

Nutt PC, Backoff RW (1997) Organizational transformations. J Manag Inq 6(3):235–254

Osborn D, Gaebler T (1992) Reinventing government. Addison-Wesley, Reading

Pauchant TC, Mitroff II (1992) Transforming the crisis prone organization. Jossey Bass, San Fransisco

Porter ME (1985) Competitive advantage. Free Press, New York

Pribam KI (1983) The brain, cognitive commodities, and the enfolded order. In: Boulding K, Senesch L (eds) The optimum utilization of knowledge. Westview Press, Boulder

Quinn RE, Cameron K (1988) Paradox and transformation. Ballinger, Cambridge, MA

Rainey HE (1997) Understanding and managing public organizations. Jossey Bass, San Francisco

Thompson A, Strickland A (1996) Crafting and implementing strategy, 6th edn. Irwin, Chicago

Vail PB (1989) Managing as a performing art. Jossey Bass, San Francisco

Wechsler B, Backoff RW (1986) Policy making and administration in state agencies: strategic management approaches. Public Adm Rev (July/August):321–327

Weisbord MR (1988) Towards a new practice theory of OD: notes on snapshooting and movie making. In: Research in organizational change and development, vol 2. JAI Press, Greenwich, pp 59–96

Wheatley MJ (1992) Leadership and the new science. Behrett-Kohler, New York

Wilber K (1982) The holographic paradigm and other paradoxes, bolder, col., shambola

Zaltman GR, Duncan R, Holbook J (1973) Innovation and organizations. Wiley, New York


# Transformational Leadership


B. Parker Ellen III
D'Amore-McKim School of Business,
Northeastern University, Boston, MA, USA


T

## Synonyms

Charismatic-inspirational leadership

## Definition

Leadership that inspires and motivates followers to achieve outcomes beyond expectations and

helps followers grow and develop by responding to their individual needs.

## Introduction

The introduction of transformational leadership generally is credited to James MacGregor Burns (1978) who used the term to distinguish between those who led through the exchange of performance for rewards (i.e., transactional leaders) and those who led by inspiring followers to aim for and achieve ambitious goals (i.e., transformational leaders). This development in leadership thinking signaled the beginning of a shift to what has become known as new-genre perspectives that focus on more interpersonal, inspirational, and visionary leadership. Burns (1978) argued that transformational leaders develop followers as individuals and as future leaders by empowering them and responding to their needs. As a result, transformational leadership results in high levels of follower commitment and job satisfaction and promotes performance that exceeds expectations by aligning followers' goals with those of the leader, the group, and the larger organization (Bass 1985; Bass and Riggio 2006).

## Overview

Transformational leadership is defined as leadership that inspires and motivates followers to achieve outcomes beyond expectations and helps followers grow and develop by responding to their individual needs. Since its introduction, transformational leadership has become, and has remained, the most-researched leadership theory (Barling 2013). Its argued effects have been tested and supported across medical, military, educational, governmental, professional, and industrial contexts, as well as across international cultures (Bass and Riggio 2006). Although there is some debate about the exact number of dimensions that underlie the concept, scholars generally agree that transformational leadership is a multifaceted construct. The most commonly accepted structure of transformational leadership suggests it is comprised of four subdimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass 1985).

## Idealized Influence

Idealized influence captures transformational leaders' tendency to behave in ways that generate admiration, trust, and respect from followers. Because of idealized influence, transformational leaders establish themselves as role models to followers and cause followers to want to identify with and emulate leaders. Further, this facet of transformational leadership often results in followers attributing extraordinary capabilities to leaders.

## Inspirational Motivation

The inspirational motivation facet of transformational leadership refers to leader speech and behaviors that provide meaning and challenge to followers' work. Through inspirational motivation, transformational leaders communicate enthusiasm and optimism for a compelling vision of the future. As a result, followers are motivated to achieve high expectations and realize the desired future state.

## Intellectual Stimulation

Intellectual stimulation refers to transformational leaders' behavior that encourages followers to be creative and innovative by challenging assumptions and attempting to view problems through new and different perspectives. In this way, transformational leaders encourage followers to take risks and establish an environment where it is safe to make mistakes as a result of trying something new. Further, intellectual stimulation captures leaders' encouragement of followers' ideas that might differ from those of the leader. Thus, innovative solutions to problems are more likely because follower creativity is not stifled.

## Individualized Consideration

Developing followers as future leaders is one of the hallmarks of transformational leadership (Bass and Riggio 2006), and individualized consideration captures transformational leaders' attention to followers as individuals with differing needs and desires. More specifically, transformational leaders are cognizant of followers' need for growth and development and act as a mentor or coach, working with followers to develop them further based on their individual differences in needs and desires. Thus, transformational leaders' individualized consideration for followers results in a supportive and developmental climate.

## Similar Leadership Perspectives

Often, transformational leadership is considered synonymous with, or at least heavily related to, other new-genre leadership theories that capture leaders' inspirational and motivational tendencies. In fact, charismatic and transformational leadership often are used interchangeably. In some ways, this is understandable, as there are notable similarities between the two styles of leadership. This largely is due to the idealized influence and inspirational motivation dimensions of transformational leadership, which, in combination, capture admirable behavior that causes followers to identify with the leader, similar to the effects of charisma (Bass and Riggio 2006; Bono and Judge 2004). However, charismatic and transformational leadership are distinct concepts, as charismatic leadership does not account for intellectual stimulation and individualized consideration.

## Outcomes

Decades of research on transformational leadership has established its effects on a number of important individual, group, and organizational outcomes. More specifically, transformational leadership has demonstrated beneficial effects on followers' attitudes, behaviors, and performance (Judge and Piccolo 2004). Because of its focus on followers as individuals, transformational leadership has been positively related to follower self-efficacy, satisfaction, commitment, perceived fairness, trust, and identification with the leader and negatively related to follower turnover. Additionally, transformational leadership has been shown to positively affect group-level constructs such as potency (i.e., the belief that the team can be effective across a range of tasks and domains) and cohesion (i.e., the positive emotional bond between team members).

Further, because of the inspirational vision of the future provided, and encouragement to think differently, transformational leadership has been positively related to a number of follower performance outcomes, including motivation, task performance, extra-role behavior (i.e., performance beyond expectations noted in the job description), creativity/innovation, and group/organization performance (Judge and Piccolo 2004). In addition to effects for followers, transformational leadership also has beneficial consequences for leaders. More specifically, transformational leadership has been positively related to ratings of leader's job performance and ratings of leadership effectiveness.

## Full Range Model of Leadership

As a result of the decades of research supporting transformational leadership's effects on such a wide range of outcomes, it is considered one of the most active and effective forms of leadership. In fact, it has been positioned at the top of a hierarchy of leadership styles in the full-range model of leadership (Bass and Riggio 2006). In this perspective, styles of leadership are positioned from least to most active and effective. The low end of this leadership spectrum is occupied by laissez-faire leadership. Following this are three styles of transactional leadership: passive and active management by exception and contingent reward behavior. Finally, transformational leadership represents active and effective leadership beyond those styles previously listed.

Laissez-faire leadership captures the avoidance of leadership altogether, where those in leadership ignore responsibilities, fail to make decisions, and

put off necessary actions. Management by exception is considered a transactional form of leadership because it involves an action undertaken as a response to an error or mistake. With passive management by exception, leaders wait for an error to occur before stepping in to provide guidance and direction. Conversely, active management by exception involves leaders actively monitoring follower effort to identify potential need for corrective action. Contingent reward captures the most common conceptualization of exchange, where leaders provide rewards or punishment based on follower performance.

Upon its initial introduction to the literature, transactional and transformational leadership were considered to be somewhat conflicting styles. To some degree, scholars argued that the exchange-based form of transactional leadership should be eschewed in favor of the more motivational style of transformational leadership. However, the full range model of leadership recognizes that transactional styles also can be effective approaches for follower motivation. Thus, the full range model suggests that leaders attempt to employ a profile of leadership behaviors that is more heavily weighted to the active and effective styles (i.e., contingent reward and the transformational dimensions) and includes less frequent use of laissez-faire and management by exception (Bass and Riggio 2006).

Further, although research consistently has supported claims that transformational leadership is more effective (Judge and Piccolo 2004), many scholars have found support for an augmentation argument (Bass 1985). In this view, transactional leadership is considered the base of effective leader behavior, upon which transformational leadership builds and extends leader effectiveness. Thus, leadership scholars have argued that the incremental effectiveness of transformational leadership not be interpreted in a manner that ignores the efficacy of other leadership styles.

## Antecedents

Given the effectiveness of transformational leadership, a natural question is whether there are identified predictors of the behaviors associated with this leadership style. Despite expectations that personality factors (i.e., the Big Five taxonomy of openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism) would predict individual dimensions of transformational leadership, as well as the overall construct, aggregate results across 20 studies were relatively weak. More specifically, only extraversion (i.e., the tendency to be outgoing and emotionally expressive) and neuroticism (i.e., the tendency to be anxious and moody) were consistently related to the individual transformational leadership dimensions (i.e., extraversion was positively related and neuroticism negatively related). Further, only extraversion was associated with the overall transformational leadership construct. These results, combined with research demonstrating the effectiveness of transformational leadership training interventions (Barling 2013), indicate that transformational leaders are more "made" than "born."

## Conclusion

In conclusion, transformational leadership is one of the most widely researched and accepted theories of leadership. Its impact is further evident by the increasing research attention it receives each year. Through countless studies across varying cultural and employment contexts, it has been positively related to a number of important follower, leader, group, and organizational outcomes. Although this approach to leadership is not without criticism (e.g., van Knippenberg and Sitkin 2013), it clearly is important to our understanding of leadership. Further, because research has indicated that it is a style of leadership more likely to be developed than genetically driven, it remains an attractive area of both research and practical inquiry.

## Cross-References

► Leadership Effectiveness
► Motivation and Leadership

▶ Personality and Leadership
▶ Theories of Leadership
▶ Transactional Leadership

## References

Barling J (2013) The science of leadership: lessons from research for organizational leaders. Oxford University Press
Bass BM (1985) Leadership and performance beyond expectations. Free Press/Collier Macmillan, New York
Bass BM, Riggio RE (2006) Transformational leadership, 2nd edn. Lawrence Erlbaum, Mahwah
Bono JE, Judge TA (2004) Personality and transformational and transactional leadership: a meta-analysis. J Appl Psychol 89(5):901–910
Burns JM (1978) Leadership. Harper and Row, New York
Judge TA, Piccolo RF (2004) Transformational and transactional leadership: a meta-analytic test of their relative validity. J Appl Psychol 89(5):755–768
Van Knippenberg D, Sitkin SB (2013) A critical assessment of charismatic – transformational leadership research: back to the drawing board? Acad Manag Ann 7(1):1–60

# Transformational Leadership Fostering Organizational Change in the Public Sector: Perspective from Bangladesh

Shah Md Azimul Ehsan
Department of Public Administration, Faculty of Social Sciences, Jagannath University, Dhaka, Bangladesh

## Synonyms

Organizational change; Organizational change in public sector; Transformational leadership in Bangladesh; Transformational leadership in public sector

## Definition

Transformational leadership refers to such type of leadership that has the capacity to inspire and motivate the followers in order to achieve outcomes that might be beyond expectations. Such a leadership also makes the followers well equipped and developed so that they can respond to their individual needs.

Organizational change refers to the changes that an organization deliberately brings in its structure, process, culture, methods, strategies, technologies, and a range of other things for the sake of enhancing organizational efficiency and effectiveness.

## Introduction

Change is inevitable for every organization, be it public or private. The urgency for organizational change has become even more pervasive in this era of globalization and digitization to cope with the increasingly volatile environment (Warrick 2011; Harb and Sidani 2019). However, it is often observed that employees neither in public nor in private organizations gladly embrace the change initiatives, rather they tend toward path dependency and resist the innovations. In such a scenario, many scholars (Kirkpatrick and Locke 1996; Yousef 2000; Bass and Riggio 2006; Chou 2014) have asserted the role of leadership style as an instrumental factor in navigating the organizational change. This is because the leader through setting the specific goals and creating a favorable work environment for accepting change can influence the introduction, acceptance, and adoption of new ideas (Sarros et al. 2008). More specifically, Bass and Riggio (2006) have advocated for transformational leaders who can help organizations and employees for overcoming the proclivity by establishing a shared vision, goals, and culture that connect and empower workers and promote innovation and commitment (Stazyk and Davis 2020). On the contrary, a few scholars have raised a pessimistic overtone regarding the fact that although transformational leadership can facilitate organizational change in the private sector; the unique organizational context of the public sector which is often characterized by machine bureaucracy creates a constraining situation for the transformational leaders in initiating change or innovative measures.

Against this backdrop, this chapter attempts to understand, explore, and analyze whether transformational leadership can foster organizational change within the specific context of the public sector. Having set the scene in the introductory part, the next section starts with conceptualizing transformational leadership and organizational change. The following section critically analyzes the claim from both groups of scholars regarding the fact that if transformational leadership can bring organizational change in the public sector or not. Drawing on a case study from Paba Upazila (a local government tier) of Bangladesh and explaining it with the existing literature, the study argues that transformational leaders can positively contribute to facilitating organizational change in the public sector.

## Conceptualizing and Theoretical Underpinnings

### Transformational Leadership

For almost four decades, transformational leadership has been central to leadership and organizational behavior literature. The term transformational leadership was first coined by a political scientist Burns (1978). It was later developed and conceptualized by Bass (1985) as the ability of a leader in transforming the energies deployed by his/her collaborators with the intention of motivating them in achieving the desired results and objectives not only individually but also organizationally. In other words, transformational leaders motivate behavior by changing their followers' attitudes and assumptions in contrast to transactional leadership, which is mostly based on individual gain and the exchange of rewards for effort (Wright and Pandey 2010). Warrick (2018) noted that this sort of leadership additionally promotes innovative thinking and creativity.

According to Bass (1985), Avolio et al. (2009), and Wang et al. (2011), there are some key elements of transformational leadership viz. – inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration that facilitate them in inspiring their employees to go beyond their personal interest in working for the common good of the organization. First, by inspirational motivation, transformational leaders develop and articulate an appealing vision along with encouraging and facilitating their followers to work towards that vision (Bass and Bass 2008). Second, through idealized influence, these leaders function as a role model, that is, act coherently with the stated vision that triggers imitation and identification behaviors among their collaborators (Bass and Riggio 2006). Third, through intellectual stimulation, they provoke their followers to challenge old assumptions about organizational problems and practices and thereby assist them to achieve the missions. Thus, by using these crucial factors, transformational leaders essentially direct, inspire, and empower their employees (Wright and Pandey 2010). Despite the common notion about the dichotomy between transformational and transactional leadership, Bass and Riggio (2006) have argued that there are empirical findings that suggest transformational leadership augment the use of transactional behaviors along with transformational ones.

## Organizational Change

The term organizational change is a broad and ambiguous concept. As a result, scholars have defined it from different perspectives. For Lewin (1947), organizational change is a process moving from one fixed state to another which involves a series of predictable and pre-planned steps. While for Dawson (1994), it is a period of transition within the organization that is characterized by confusion, disruption, and unforeseen events that emerge. When it comes to public organizations, organizational change is often viewed from public management reform perspective which focuses on "the deliberate changes to the process and structures of public sector organizations with the aim of running them with more effectiveness" (Pollitt and Bouckaert 2004: 8). Irrespective of the nature of the organization, the rationale behind the organizational change is to ensure that they remain relevant in the ever-changing environment.

Organizational change strategies differ across organizations depending on the nature and the context of the organization where they are being applied (Burke 2010). Broadly, these have been categorized into two types – planned change and emergent change. According to Burnes (1996, 2004 cited in Van der Voet 2014), planned change occurs through a process of rational goal-setting in which objectives for change are framed in advance and the implementation follows a top-down approach. This means that in order to successfully shift to the desired state, the organization must go through a number of stages. On the contrary, the emergent change appears spontaneously. More specifically, either internal factors (distribution of knowledge, games of power, and uncertainty) or external factors (political, economic, and competition) induce such changes (Starbuck 1983; Stacey 1993 cited in Harb and Sidani 2019).

Whatever be the type of change, the instrumental factor that determines the success of organizational change is the support of employees (Bartunek et al. 2006; Herold et al. 2007). The employee support for organizational change is contingent on both the content of the change and the process through which the change is facilitated (Armenakis and Bedeian 1999; Self et al. 2007). This implies that organizational change is something that can be managed (Van der Voet 2014).

## Can Transformational Leadership Promote Organizational Change in Public Sector? A Critical Review

A substantial amount of literature exists, notably (Pawar and Eastman 1997; Shamir and Howell 1999; Herold et al. 2008; Liu 2009), where scholars have opined that transformational leadership can emphatically contribute during the phase of organizational change. Arguing in the same vein, Den Hartog et al. (1997) stated that transformational leadership can ultimately transform the organization by defining the need for change, creating new visions, and mobilizing commitment to these visions. Some scholars have also related the critical elements of transformational leadership which help those leaders to facilitate change in the organizations. For instance, Kanter et al. (1992) and Kotter (1996) expounded that through inspirational motivation, transformational leaders may initiate change by developing an appealing future vision for the organization, which is generally seen as a first and fundamental step in the implementation of a planned change. While Eisenbach et al. (1999) asserted that through intellectual stimulation, transformational leaders can contribute to the implementation of change by formulating challenging objectives and the stimulation of new ways of thinking. Meanwhile, Higgs and Rowland (2011) noted how transformational leaders through idealized influence can foster the implementation of planned change.

Again, for any change to be successful in organizations, employee support is a must. One of the common scenarios during organizational change is that organizations often face employee resistance to change. During such crisis time, the role of transformational leaders becomes even more critical. A number of empirical studies, notably (Bommer et al. 2005; Nemanich and Keller 2007; Herold et al. 2008; Chou 2014; Van der Voet 2014), suggest that transformational leaders, not only can help in reducing such employee resistance to change but also can reinforce the employee support for change by dint of their leadership skills.

Interestingly though, there is a plethora of literature, for instance (Shamir et al. 1993; Rainey and Watson 1996; Howell 1997; Pawar and Eastman 1997; Shamir and Howell 1999; Coram and Burnes 2001; McNulty and Ferlie 2004; Bass and Riggio 2006; Burnes 2009; Stazyk and Goerdel 2011; Isett et al. 2012; Davis and Stazyk 2015), where a pessimistic overtone has been raised regarding the effectiveness of transformational leadership, particularly in the public sector. Such a proposition emanates for a number of reasons. Firstly, the public managers operate mostly with legal-rational authority as proposed by Weber (1948) and are subject to bureaucratic control mechanisms. Secondly, they have to operate under a strict legal framework which further constrains them by political and financial checks and balances. Thirdly, their actions are tied by

public policies of the political governments. Therefore, such a bureaucratic organizational structure and control mechanisms provide less flexibility and discretion to leaders in the public sector that transformational leaders usually require. As a matter of fact, these challenging factors make it difficult for public managers to emerge or behave like transformational leaders and facilitate the change process in the public sector.

Contesting such claims, another stream of literature (Lowe et al. 1996; Wofford et al. 2001; Dumdum et al. 2002; Trottier et al. 2008) exists, which argue in favor of transformational leadership's effectiveness in public organizations. In fact, Wright and Pandey (2010) have challenged such pessimistic claims, stemming from mainstream management literature, regarding bureaucratic stereotyping. Echoing on other public management scholars (Rainey and Steinbauer 1999; Moynihan and Pandey 2005; Pandey et al. 2007; Andrews et al. 2009), Wright and Pandey (2010) stated that public organizations and their leaders can overcome structural constraints and exhibit the behavior of transformational leaders. In a recent literature, Stazyk and Davis (2020) also asserted that many public employees along with other extrinsic motivations, self-select into the public sector because of altruism which is viewed as a core element of transformational leadership. The argument is also consistent with the advocates of New Public Management (NPM), which has been a paradigmatic shift in the management of public sectors since the 1980s. In other words, NPM proponents have also urged for altruism and motivation for public managers.

All these arguments suggest that the desire to be a transformational leader can be particularly prevalent in the public sector (Stazyk and Davis 2020). It also implies that transformational leadership is not only the purview of private or non-governmental organizations rather they can be very effective in the public sectors. The following case study will help to better understand how transformational leadership of a bureaucrat can contribute to the change management process in the public sector.

## Evidence of a Transformational Leader Facilitating Organizational Change in Bangladesh Public Sector

This case study is taken from Paba Upazila, a local government tier in Bangladesh. It is about the story of Shahadat Hossain, who served as an Assistant Commissioner (Land) at Paba Upazila of Rajshahi district from 2013 to 2015. The case will shed light on how Shahadat Hossain, outperformed through transformational leadership to foster remarkable changes in the land management system at Paba Upazila, despite remaining in the public realm and serving within the bureaucratic structure. Before discussing what change initiatives were introduced and implemented by him, it is important to give a brief flashback regarding the service delivery mechanism of the AC (land) office before he took over the charge. This will help to compare the earlier scenario and the current one to better comprehend his role as a transformational leader.

For availing various land-related services like land mutation (*namjari*), record of rights (*Khatiyan*), *Khas* land-related issues, and settlement of land-related disputes, people in Bangladesh usually go to the land office. The AC (land) office is headed by Assistant Commissioner (AC), a junior level bureaucrat of Bangladesh Civil Service (BCS). Earlier, one of the common pictures of these land offices was that they were teemed with agents or middlemen. Those agents literally swarmed around any service recipient arriving at the land office, and they used to introduce themselves as officers and staff of AC (land) offices. The situation did not end there. Rather, those service recipients were often forced to give speed money to those middlemen even before they could enter the AC (land) office. However, the services were not received as promised by those so-called middlemen. Rather, those service recipients had to pay repeated visits to the land office for finding a record or a land deed which resulted in more cost and more time (even years) (Azad 2018). In a nutshell, the situation was in disarray!

When Shahadat Hossain joined as an Assistant Commissioner (land) of Paba Upazila in 2013, he found a similar scenario as discussed above. On

top of that, he had to remain occupied entertaining a section of the elite class of the society who used to visit his office frequently during office hours. He was pondering what could be done to mitigate the deplorable situation because bringing change is always faced with resistance. Being aware of the situation, he opted for a planned change. At first, he identified the dysfunctions in the existing system. He realized that there were many middlemen in front of the AC land office as there is a lack of interface between the service recipients and the real service providers. He also found out that the delay in receiving the land-related service was also because of the poor condition of record rooms (a room where land-related documents are kept). Having identified the loopholes, he started making incremental changes.

First, he decided to organize the record rooms and arrange the relevant land-related documents in such a way so that they could be fast-tracked. This was a very challenging task and it could not be done overnight. So, he progressed slowly and selected the weekends for that rearranging purpose. He led his team from the front and through consolidated efforts for 1 year, they gave the record room a new shape. Arranging them chronologically, he named them "*Prothoma*," "*Ditiya*," and "*Tritiya*." Once he was done with the updating of record rooms, he moved his attention to the middlemen issue. He realized that if the interface between the service recipients had to improve, then there should be such a platform where the service seekers could directly approach him with their queries. So, his second move was even more bold, unique, and innovative. He set up a booth just beside the main office building (i.e., AC land office), exactly where the agents used to gather. He named it "*Matir Maya.*" He himself sat at that place daily from 10 am to 11 am every day. He called people waiting for service one by one by their names, and in many instances, he solved their minor problems immediately. However, in the case of complex issues, he forwarded the file to the concerned officer with specific delivery dates (Azad 2018).

Along with these fundamental changes, he also made the existing citizens' charter functional and effective by increasing its visibility. Shahadat Hossain also introduced a help desk for resolving the queries of service seekers. Moreover, he also used digital platforms quite robustly to expedite land-related services. For instance, mobile messages were used to keep the concerned service recipients informed about the dates of land mutation and land dispute cases. Again, provisions were made to apply for land mutation and file cases related to land disputes via a website of the Upazila office. Furthermore, through the Facebook page of the AC land office, any complaint could be filed to Shahadat Hossain for prompt action (Azad 2015).

The implications of these innovative initiatives have been quite spectacular. Azad (2015) noted that using the new mechanisms, providing service and advice to service recipients increased two times, while the resolution of land-related disputed cases enhanced five times, compared to previous records. A special report about the "*Matir Maya*" program was published on 17 October 2015 by *Prothom Alo*, a reputed national daily in Bangladesh. That turned up to be a wake-up call for the national-level administration. Cabinet Division of Bangladesh Government not only applauded the efforts of Shahadat Hossain but also issued letters along with a copy of the *Prothom Alo* report to all assistant commissioners (land), district commissioners, and divisional commissioners across the country so that they could draw lessons from the case and implement the same through remodeling (Azad 2018).

It is evident from the above discussion that the "*Matir Maya"* program has been successfully launched and implemented only because of the transformational leadership of Shahadat Hossain. Through inspirational motivation, he created a vision on how to improve the land-related service at Paba Upazila. He knew his journey would be daunting but through idealized influence, he led from the front as a role model to turn the vision into reality. Moreover, through intellectual stimulation, he got his supporting staff on board. He opted for planned change and approached incrementally rather than expecting to transform everything within a blink. Another crucial factor behind his success was properly communicating his vision and mission with the top-level management

that aided him to get their cooperation. Helaluddin Ahmed, the then Divisional Commissioner of Rajshahi district in particular, provided inspiration and support for this cause. A question might arise why a senior bureaucrat like him encouraged the innovative measures of Shahadat Hossain. This did not happen overnight. It is the result of the several efforts that the Bangladesh government has put, (for instance Managing at the top, MATT-I and MATT-II, and other change management training courses), with the assistance of development partners for making the senior mid-level bureaucrats pro-change minded.

One might be wondering that what Shahadat Hossain did was perhaps more because of his charisma and it might not be able to be remodeled or replicated elsewhere. His successor Nurul Hai Mohammad Anas, the current AC (land) of Paba Upazila, proved that this sort of pessimistic thinking is rather irrelevant. Following the legacy of his predecessor, he initiated a mobile application to provide eight types of services to the clients. Land development tax can be paid through this application. The new slogan that he added is "AC land in people's pocket" (Azad 2018). This case study gives a message that days have gone by for viewing the public sector from the lens of traditional public administration. Changes are happening in the public arena and most of these are the brainchild of bureaucrats like Shahadat Hossain.

## Conclusion

This chapter aimed to understand and analyze whether transformational leaders can facilitate organizational change within the specific context of the public sector. The study found that most scholars have expressed optimistic views regarding the role of transformational leadership in navigating changes in organizations. Their line of argument is that installing innovative measures usually instigates employee resistance. During such complex situations, transformational leaders can prove to be hyper-effective. By dint of their inspirational motivation, idealized vision, intellectual stimulation, and individualized consideration, they can get everyone on board. Despite such a congruence of opinions, there is divergence among the scholars regarding its feasibility in the public sector. However, this study, echoing with Wright and Pandey (2010) and other mainstream public administration scholars, challenges such bureaucratic stereotyping and concludes that transformational leadership can be effective in the public sector as well. The case study, discussed in the previous section, succinctly revealed how Shahadat Hossain being a bureaucrat brought remarkable changes in land management of Paba Upazila in Bangladesh. The case also solidifies the argument that the bureaucratic structure does not necessarily hold back a bureaucrat to operate like transformational leaders. Nonetheless, this study acknowledges the fact that its limitations because of reliance on a single case study derived from secondary sources. Therefore, this opens the scope for further investigation into this topic with empirical data taking multi-case studies.

## Cross-References


- ▶ Leadership and Innovation
- ▶ Leadership Behavior for Successful Change Management
- ▶ Leading Organizational Change
- ▶ Models of Organizational Change
- ▶ Resistance to Organizational Change
- ▶ Theories of Leadership
- ▶ Transformational Leadership


## References


Andrews R, Boyne GA, Law J, Walker RM (2009) Centralization, organizational strategy, and public service performance. J Public Adm Res Theory 19:57–80

Armenakis AA, Bedeian AG (1999) Organizational change: a review of theory and research in the 1990s. J Manag 25(3):293–315

Avolio BJ, Walumbwa F, Weber TJ (2009) Leadership: current theories, research, and future directions. Annu Rev Psychol 60:421–449

Azad AKM (2015) Matir Maya of AC land. The Prothom Alo (Bengali version). Retrieved from https://earchive.prothomalo.com/view/dhaka/2015-10-17/1

Azad AKM (2018) A new lease to land management. The Prothom Alo. Retrieved from https://en.prothomalo.com/bangladesh/A-new-lease-to-land-management

Bartunek JM, Rousseau DM, Rudolph J, DePalma JA (2006) On the receiving end: sensemaking, emotion and assessments of an organizational change initiated by others. J Appl Behav Sci 42(2):182–206

Bass BM (1985) Leadership and performance beyond expectations. Free Press, New York

Bass BM, Bass R (2008) The Bass handbook of leadership: theory, research, and managerial applications, 4th edn. Free Press, New York

Bass BM, Riggio RE (2006) Transformational leadership, 2nd edn. Lawrence Erlbaum Associates, Mahwah

Bommer WH, Rich GA, Rubin RS (2005) Changing attitudes about change: longitudinal effects of transformational leader behavior on employee cynicism about organizational change. J Organ Behav 26(7):733–753. https://doi.org/10.1002/job.342

Burke WW (2010) Organization change: theory and practice. Sage Publications, Thousand Oaks

Burnes B (1996) No such thing as . . . a "one best way" to manage organizational change. Manag Decis 34(10): 11–18

Burnes B (2004) Emergent change and planned change – competitors or allies? The case of XYZ construction. Int J Oper Prod Manag 24(9):886–902

Burnes B (2009) Organizational change in the public sector: the case for planned change. In: By RT, Macleod C (eds) Managing organizational change in public services: international issues, challenges and cases. Routledge, London/New York

Burns JM (1978) Leadership. Harper & Row, New York

Chou P (2014) Does transformational leadership matter during organizational change? Eur J Sustain Dev 3(3): 49–62

Coram R, Burnes B (2001) Managing organizational change in the public sector: lessons from the privatization of the Property Service Agency. Int J Public Sect Manag 14(2):94–110

Davis RS, Stazyk EC (2015) Developing and testing a new goal taxonomy: accounting for the complexity of ambiguity and political support. J Public Adm Res Theory 25(3):751–775

Dawson PM (1994) Organizational change: a processual approach. Paul Chapman Publishing, London

Den Hartog DN, Van Muijen JJ, Koopman PL (1997) Transactional versus transformational leadership: an analysis of the MLQ. J Occup Organ Psychol 70(1):19–34

Dumdum UR, Lowe KB, Avolio BJ (2002) Meta-analysis of transformational and transactional leadership correlates of effectiveness and satisfaction: an update and extension. In: Aviolio BJ, Yammarino FJ (eds) Transformational and charismatic leadership: the road ahead. JAI Press, New York, pp 35–65

Eisenbach R, Watson K, Pillai R (1999) Transformational leadership in the context of organizational change. J Organ Chang Manag 12(2):80–88

Harb B, Sidani D (2019) Transformational leadership for organizational change in the Lebanese public sector. Probl Perspect Manag 17(2):205–216

Herold DM, Fedor DB, Caldwell S (2007) Beyond change management: a multilevel investigation of contextual and personal influences on employees' commitment to change. J Appl Psychol 92(4):942–951

Herold DM, Fedor DB, Caldwell S, Liu Y (2008) The effects of change and transformational leadership on employees' commitment to change: a multilevel study. J Appl Psychol 93(2):346–357

Higgs MJ, Rowland D (2011) What does it take to implement change successfully? A study of the behaviors of successful change leaders. J Appl Behav Sci 47(3): 309–335

Howell JM (1997) Organization contexts, charismatic and exchange leadership, Kellogg leadership studies monograph. Center for Political Leadership and Participation, University of Maryland, College Park

Isett KR, Glied SAM, Sparer MS, Brown LD (2012) When change becomes transformation: a case study of change management in Medicaid offices in New York City. Public Manag Rev 15(1):1–17

Kanter RM, Stein BA, Jick TD (1992) The challenge of organizational change. The Free Press, New York

Kirkpatrick SA, Locke EA (1996) Direct and indirect effects of three core charismatic leadership components on performance and attitudes. J Appl Psychol 81(1): 36–51

Kotter JP (1996) Leading change. Harvard Business School Press, Boston

Lewin K (1947) Frontiers in group dynamics: concept, method and reality in social sciences; equilibrium and social change. Hum Relat 1(1):5–41

Liu Y (2009) When change leadership impacts commitment to change and when it doesn't. A multi-level multi- dimensional investigation. Doctoral dissertation, Georgia Institute of Technology

Lowe KB, Kroeck KG, Sivasubramaniam N (1996) Effectiveness correlates of transformational and transactional leadership: a meta-analytic review of the MLQ literature. Leadersh Q 7(3):385–425

McNulty T, Ferlie E (2004) Process transformation: limitations to radical organizational change within public service organizations. Organ Stud 25(8):1389–1412

Moynihan DP, Pandey SK (2005) Testing how management matters in an era of government by performance management. J Public Adm Res Theory 15(3):421–439

Nemanich LA, Keller RT (2007) Transformational leadership in an acquisition: a field study of employees. Leadersh Q 18(1):49–68

Pandey SK, Coursey DH, Moynihan DP (2007) Organizational effectiveness and bureaucratic red tape: a multimethod study. Public Perform Manag Rev 30(3): 398–425

Pawar BS, Eastman KK (1997) The nature and implications of contextual influences on transformational leadership: a conceptual examination. Acad Manag Rev 22(1):80–109

Pollitt C, Bouckaert G (2004) Public management reform. A comparative analysis. Oxford University Press, Oxford, UK

Rainey HG, Steinbauer P (1999) Galloping elephants: developing elements of a theory of effective government organizations. J Public Adm Res Theory 9:1–32

Rainey HG, Watson SA (1996) Transformational leadership and middle management: towards a role for mere mortals. Int J Public Adm 19:763–800

Sarros JC, Cooper BK, Santora JC (2008) Building a climate for innovation through transformational leadership and organizational culture. J Leadersh Org Stud 15(2):145–158

Self DR, Armenakis AA, Schraeder M (2007) Organizational change content, process and context: a simultaneous analysis of employee reactions. J Chang Manag 7(2):211–229

Shamir B, Howell JM (1999) Organizational and contextual influences on the emergence and effectiveness of charismatic leadership. Leadersh Q 10:257–283

Shamir B, House RJ, Arthur MB (1993) The motivational effects of charismatic leadership: a self-concept based theory. Organ Sci 4:577–594

Stacey R (1993) Strategic management and organizational dynamics. Pitman Publishing, London

Starbuck W (1983) Organizations as action generators. Am Sociol Rev 48(1):91–102

Stazyk EC, Davis RS (2020) Transformational leaders: bridging the gap between goal ambiguity and public value involvement. Public Manag Rev 22(3):364–385

Stazyk EC, Goerdel HT (2011) The benefits of bureaucracy: public managers' perceptions of political support, goal ambiguity, and organizational effectiveness. J Public Adm Res Theory 21(4):645–672

Trottier T, Van Wart M, Wang X (2008) Examining the nature and significance of leadership in government organizations. Public Adm Rev 68(2):319–333

Van der Voet J (2014) The effectiveness and specificity of change management in a public organization: transformational leadership and a bureaucratic organizational structure. Eur Manag J 32(3):373–382

Wang G, Oh IS, Courtright SH, Colbert AE (2011) Transformational leadership and performance across criteria and levels: a meta-analytic review of 25 years of research. Group Org Manag 36(2):223–270

Warrick DD (2011) The urgent need for skilled transformational leaders: integrating transformational leadership and organization development. J Leadersh Account Ethics 8(5):11–26

Warrick DD (2018) The need for transformational leaders that understand organization development fundamentals. Org Dev Pract 50(4):33–40

Weber M (1948) Max Weber: essays in sociology (trans and eds: Gerth HH, Mills CW). Routledge/Kegan Paul, New York

Wofford JC, Whittington JL, Goodwin VL (2001) Follower motive patterns as situational moderators for transformational leadership effectiveness. J Manag Issues 13: 196–211

Wright BE, Pandey SK (2010) Transformational leadership in the public sector: does structure matter? J Public Adm Res Theory 20(1):75–89

Yousef DA (2000) Organizational commitment and job satisfaction as predictors of attitudes toward organizational change in a non-western setting. Pers Rev 29(5): 567–592

# Transformational Leadership: Role of the Public Administration Training Institutes

Gaurav Marathe[1], Roopak Kumar Gupta[2], A. S. Ramachandra[3] and Ram Kumar Kakani[2,4]
[1]Indian Institute of Management (IIM) Ranchi, Ranchi, India
[2]Indian Institute of Management (IIM) Kozhikode, Kozhikode, India
[3]Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie, India
[4]National Centre for Leadership Development & Competency Assessment (NCLDCA), LBSNAA, Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie, India

## Synonyms

Administrative leadership; Administrative school; Administrative training; Capacity development; Civil service; Nurturing; Performance; Personality; Public administration; Public leadership; Public management education; Training; Transformational leadership

## Definition

| | |
|---|---|
| Transformational Leadership | A leadership that focuses on adequately meeting followers and other stakeholders' needs, inspiring in them a "vision" for future goals, questioning their assumptions about |

| | |
|---|---|
| | work models, and positively reinforcing them for offering innovative solutions to problems. |
| Personality | Relatively stable traits, characteristics, and qualities that shape the unique and distinctive individuality. |

## Introduction

The functionality of elected representatives within a democracy is heavily dependent on the competencies of public administrators. They are responsible for managing systems with numerous employees, coordinating across departments, and advising policymakers for an effective and efficient functioning of the administration. Given the dynamic nature of these functions, and ever-increasing expectations of both the government and the public, the functional competency of public administrators hinges on their own competing values and dispositions for a given role. Hence, nurturing public administrators with the right attitude and values is paramount for effective and efficient administration. Public administrators thereby need to integrate their skills for governance along with those of leadership and management. Instead of focusing only on *doing right things in the right way*, public service leaders also need to make sure *right people are doing things right* and so primarily comes to their leadership talent of *doing the right things*. Nevertheless, with globalization and digitalization in the public administration processes, civil servants need to be flexible with both time and resources, be adaptive with situations, and have a creative bent of mind for problem-solving. These demands warrant that administrators should be concerned and prepared for tackling a variety of issues. On the other hand, public administrators, despite knowing the standard processes and procedures, may differ in their capacity to function due to personality-driven dispositional differences. In this context, this entry highlights that individual differences are important and have to be considered. However, they need to be harnessed; civil service training academies should tweak the induction programs to this effect.

## Idea of Transformational Leadership and Public Administration

Leadership literature (Bass and Riggio 2006) stated that unlike transactional leadership, which focuses largely on leading followers to maintain work norms in exchange of reward, praise, and resources (as well as sanctioning errors and deviances when they occur in the system), transformational leadership focuses on adequately meeting follower's and other stakeholder's needs, inspiring in them a vision for future goals, questioning their assumptions about work models, while positively reinforcing them for innovative solutions to problems. In the wake of changing environmental demands and recent administrative reforms, theorists have argued that the role of public leadership has gradually been shifting from transactional to transformational leadership to better connect with the public welfare, as the latter is more effective and efficient (Pandey et al. 2016).

Under the public administrative setup, transformational leaders not only inspire but also stimulate followers to think beyond what is evident in some difficult situations. Besides, they can act as role models through their work standards and can persuade through performance systems, goal clarifications, and crafting and managing organizational culture that enables decision-making. Thus, the image of the transformational leader has a direct infusing influence and a convincing indirect influence on employees, as they make use of public values in organizational decision-making (Pandey et al. 2016; Marathe and Kakani 2020). It is vital for authorities to understand that training programs at leadership academies or learning centers should focus on inculcating transformational leadership values in public administrators, as these competencies are critical for the broader interest of society. This approach suggested is in line with Cummings and Oldham's (1997, p. 23) finding, which stated "employing people with lots of creative potentials will only

have an impact on creative outcomes if the context is set up to nurture and encourage that creative potential."

## Are We Nurturing the Right Personality (Nature)?

Innate personality traits tend to be unique to leadership potential and are not uniformly distributed in the population (Bono and Judge 2004). Thus, in leadership training programs, the assessment and development interventions could be better served if the individual personality of the public administrator is borne in mind (Seidle et al. 2016). Personality-based developmental programs have increasingly gained momentum with executive coaches, practitioner trainers, and leadership assessment centers. However, trainers are often at a loss to understand what mechanism or framework could explain the transfer of transformational leadership training (nurturing) to administrators' potential (nature), so that transformational outcomes are realized in real situations.

To address this interaction of nature versus nurture in public administration training program, the authors adopted a mixed-method study on 169 public administrators in a training academy, which nurtures potential leaders. Further, they chose Myers-Brigg Type Indicator (MBTI) framework, defined in literature of "personality types." They were keen to understand whether public administrative training programs do effectively nurture the right talent, given that there has been a paradigm shift in public leadership requirements from transactional administrators to transformational administrators.

## MBTI Framework and Interaction of Nurture vs. Nature

MBTI (Myers et al. 1998) drawn from Jung's theory of personality types sorts people into four dichotomies – extrovert (E) vs. introvert (I), sensing (S) vs. intuition (N), thinking (T) vs. feeling (F), and judging (J) vs. perceiving (P). These dichotomies indicate how we get energy (extroversion vs. introversion), how we collect or become aware of information (sensing vs. intuition), how we decide or agree to a conclusion about that information (thinking vs. feeling), and how we deal/transact around the world (judging vs. perceiving). To understand how this framework could add knowledge for better outcomes to achieve this goal, the authors hypothesized the likely impact of nurturing transformational leadership across four dichotomies.

Under the dichotomy (introvert vs. extrovert), researchers reasoned that if one is an introvert, one tends to focus on the inner world to draw energy by being quiet, reflective on receiving information, and listening attentively to acquire deepness in knowledge. The extrovert is more expressive and sociable, likes taking initiatives, and is active and enthusiastic, with a focus on the outside world to draw energy (Myers and Myers 2010). Prior meta-analytical research has identified that extraversion is the most consistent and strongest correlate of transformational leadership (Bono and Judge 2004). The new paradigm today advocates nurturing transformational leadership through extroverts. The researchers had hypothesized that public administrators with extraversion disposition are better nurtured and would show greater improvement during training as compared to introverts. However, Marathe and Kakani (2020) study results showed that performance improvement is independent of the personality type – extrovert vs. introvert.

In the second dichotomy, the authors questioned that in public administration training, in order to train on how information has to be gathered, who would get nurtured better "sensing" or "intuiting?" Sensing-type administrators are people who trust facts and details, believe in present realities, and are systematic while maintaining traditionality in perception. In contrast, Intuitive types are imaginative, working for possibilities in future, conceptual, unconventional, and theoretical, and have a sixth sense. In public administration, real-life situations are complex, and one needs to be intuitive, innovative, and theoretical. Thus, training systems should focus on one's intuitive skills. The researchers

hypothesized therefore that administrators whose intuitive skills are far developed would perform better than those with sensing skills. Earlier research too has reported positive correlations of intuitive leaders with transformational leadership (Bass and Riggio 2006). Marathe and Kakani (2020) study shows a different picture; it was revealed that training academies still rewards "sensing" disposition. Hence, academies have to plan better to come to realistic leadership development.

For the third dichotomy (thinking vs. feeling), the thinking type of people focus on logical and objective decision-making by questioning assumptions. Feeling type of people focus on decision-making; they're more characterized by having compassion through person-centered values and prefer an accommodative approach to create harmony (Myers and Myers 2010). Prior research suggests that leaders who have "feeling-type" preferences were better associated with transformational leadership, while "logic-driven" decision-makers were better associated with administration (Myers et al. 1998). However, under the changing paradigm today, leaders have to be articulate and inspirational. They need a "vision" to "lead" integrating followers of multiple activities; "feeling" nature would thereby be a better predictor in job performance. The researchers hypothesized thereby that administrators whose feeling skills are far developed would perform better than those with thinking skills. Extant research concurs with the same by affirming that there are positive correlations of intuitive leaders with transformational leadership (Bass and Riggio 2006). However, Marathe and Kakani (2020) study results indicate that training rewards and performance improvement is better for those with thinking style rather than feeling, both during induction and during mid-career training programs. This set of findings is insightful as training academies are still rewarding people with thinking-type personality in comparison to feeling which would be better in long-run.

Under the fourth dichotomy (i.e., judging vs. perceiving), judging type of people are the ones who focus on being systematic and orderly; they're early starters. Perceiving types are characterized as being flexible, open-ended, spontaneous, and emergent with their options (Myers and Myers 2010). The current administrative situation demands the administrators to be spontaneous and emergent, which is positively associated with the proclivity for transformational leadership (Bono and Judge 2004). Under the circumstances of change, perceiving types are considered better to manage stress and considered more enterprising. Compared to this, old paradigm would nurture administrators to handle situations methodologically with a set process and routine. In the context of training, public administrators need to be familiarized with being open, flexible, and spontaneous with followers, systems, and situations. The researchers thereby hypothesized that administrators whose perceiving skills are far developed would be better performers than those with judging skills. However, the findings of Marathe and Kakani (2020) indicate that training academy preferences for judging skills are rewarded more than perceiving skills. Thus it is insightful to understand that training academies in public administration reward trainees with judging skills, which is in contrast with what skills (perceiving) would be more realistic in real situations.

## Practitioners' Insights

New-generation public service leaders are expected to digitize with highest data governance, have speedy processes yet empower the millennial employees working mostly off-site, and, lastly, provide outcomes beyond potentials by transforming the assumed boundaries of bureaucracy. However, this study suggests that in public administration training institutes, starting from the initial induction training, the administrators are recognized more for linear transactional bearings than enormous nonlinear transformational potential. Administrative competencies get affected by value conflict, precisely in terms of what is discoursed and what is formally valorized and rewarded. Assessments and encouraging and valorizing transactional behavior compared to transformational behavior would negatively impact the

demonstration of budding transformational personalities into being actual transformational leaders. There is an urgent need to build necessary training systems that would nurture the use of the feeling function as a preferred way to make decisions and approaching the world using a perceptive style that is adaptable and spontaneous. That would mean strong corresponding support from relevant shifts and modifications in content, delivery, and evaluation of the respective training pedagogy and systems.

## Conclusion

The millennial generation of public administrators need to be transformational leaders who would bring energy in the entire system by creating awareness about the core purpose of administration. While public administration training schools/academies pledge toward producing transformational administrative leaders, the researcher's extensive public administrative training experience suggests assessment systems are still not aligned with the larger objective.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and the New Public Management
- ▶ Comparative Capacity Development
- ▶ Human Resource Management Problems and Public Sector Management
- ▶ Theories of Leadership


## References


Bass BM, Riggio RE (2006) Transformational leadership. Psychology Press, New York

Bono JE, Judge TA (2004) Personality and transformational and transactional leadership: a meta-analysis. J Appl Psychol 89(5):901

Cummings A, Oldham GR (1997) Enhancing creativity: managing work contexts for the high potential employee. Calif Manag Rev 40(1):22–38

Marathe G, Kakani RK (2020) Recognizing innate transformational traits in public administrative services: are we doing right? Int J Public Adm 43(7):587–598

Myers I, Myers P (2010) Gifts differing: understanding personality type. Nicholas Brealey Publishing, London

Myers IB, McCaulley MH, Quenk NL, Hammer AL (1998) MBTI manual: a guide to the development and use of the Myers-Briggs Type Indicator, 3rd edn. Consulting Psychologists Press, Palo Alto

Pandey SK, Davis RS, Pandey S, Peng S (2016) Transformational leadership and the use of normative public values: can employees be inspired to serve larger public purposes? Public Adm 94(1):204–222

Seidle B, Fernandez S, Perry JL (2016) Do leadership training and development make a difference in the public sector? A panel study. Public Adm Rev 76(4):603–613


# Transition in Nonprofit Organizations


Pamela Ransom
Metropolitan College of New York, New York, NY, USA


## Synonyms

Change; Conversion; Passage; Transformation

## Definition

A transition is generally understood to involve the process of passing from one state, stage, place, or subject to another or movement across boundaries. A number of different meanings connected with the term include that of passage, some type of alteration or conversion, the concept of change, and also a connection to what follows.

## Introduction

Nonprofit organizations experience a range of transitions linked to the myriad of changes that are an inevitable part of organizational life. Transitions in organizations are slightly different from the general concept of change because a transition involves not only the change itself but also the psychological process of people adapting or

coming to terms with change (Bridges 1980; Hinden and Tebbe 2003). This is an internal process that involves both mental and behavioral adjustments to change for the individuals involved. Specific phases of a transition include first the ending, or the phase of finishing or bringing closure to the existing situation or status quo; a secondary period, that is, the unsettled phase between what is the existing and the new condition; and then the final period of new beginnings indicative that a change has finally occurred or been completed (Bridges 1980).

During the initial ending phase of a transition, the primary challenge is to get rid of old patterns and identity. This phase often engenders a range of reactions for involved participants that accompany uncertainty. This second phase involves a variety of steps related to the process of readjustment to new forms of operation, while in the final phase, the new identity or condition is formed and/or reaffirmed. To make a new beginning successful, it is suggested that there are four essential components including communication of the purpose, creation of a clear picture or vision, formulation of a plan, and finally determination of the part that individuals who are involved need to play (Bridges 2009). Critical tasks in the process of successful transition are those involved in appropriate management and anticipation of the many small adjustments that change incurs, since those not properly managed increase the level of difficulty involved.

One theory links transitions in organizations to two drivers, or what are called "motors" at the individual and organizational level (Cule and Robey 2004). These are related to either managerial actions, called the teleological motor, or at the organizational level, a dialectic motor, that includes factors both supporting and opposing change. Three phases of transition include creation, destruction, and unification. At each of the phases of transitions, it is clear that strong organizational leadership can play an important role, helping individuals not only face and acknowledge problems but also find the necessary spirit of motivation to face the road ahead.

## Transitions and Nonprofit Organizational Stages

With respect to nonprofit organizations, there are a number of stages in the life of most organizations which involve a range of transitional adjustments and reconfigurations. Many of these are linked to the natural life cycle of organizations and impacts on the individuals involved. All nonprofit organizations move through the stage of formation, through a phase of ongoing operation and functioning, and finally through the stage of eventual closure, transformation, or institutional death. It is useful to think of seven phases of the organization including the initial idea, start-up, growth, and maturity, followed by eventual loss of relevance, movement into new directions, and/or decline (Stevens 2001). Mapping involved organizational stakeholders would find that adjustments and ongoing transitions are part of each phase. These often relate to role transitions as individuals move into new positions or change orientation to roles previously held (Ashforth 2001). Each transition involves rites of passage related to separation, transition, and finally incorporation linked to role exit, movement between roles, and finally entry when a new role or status is defined (Ashforth 2001; Kralik et al. 2006). Most transitions are also accompanied by a range of complex and sometimes contradictory emotions, both negative and positive, including feelings such as anxiety, frustration, sadness, shock, denial, or anger, as well as those of excitement or peace (Adams 2010).

One of the first major transitions for all nonprofit organization involves moving through the early phases involving the process of formation. During this period, individuals, including the organizational founder or head, are taking on new roles as organizational systems are shaped. The phase demands those with a special type of entrepreneurial spirit, some propensity toward risk taking, and ability to address problems with new ideas. Thus, a blend of commitment, tenacity, vision, and skills in articulation of the nonprofit mission is key. Successful transition through this early phase often involves some community outreach and tapping resources of volunteers. Most

nonprofits face a challenging environment with fierce competition often due to high density of organizations. Survival is enhanced by navigational ability, scoping of regional attitudes toward philanthropy, clear identification and focus on relevant policy, and enough viable sources of funding for the organization to survive. During this stage, because most nonprofits are small with minimal operating systems and budgets, some degree of passion of the initial founder and other involved actors is key.

For this phase of transition to run smoothly, it is important to balance the development of administration, programs, and governing strategies (Stevens 2001). There are useful tools for diagnostic assessment of capacity and organizational readiness to move through this developmental stage. These include a range of elements including articulation of the idea, development of a program, market and operational organization, core group expertise, commitment, motivation, and relations with beneficiaries. During this phase, individuals new to the organization are undergoing a process of role socialization and adjustment to unfamiliar work role demands. The person-environment fit theory defines the dual adjustment processes to new work environments that are taking place that involve both reactive adjustments of individuals learning to fit the environment and active mode adjustments as the environment adapts to individuals involved (Niessen et al. 2010).

For nonprofit organizations a variety of other types of transitions also take place during later operational phases as the organization continues to thrive and grow. This is a stage in which sustainability requires adjustments and role reconfigurations to ensure leadership competence, management capability, and appropriate levels of financial management skills. Accountability to boards, community served, and those with resources often requires a range of periodic transformations, both large and small. In some sense, transitional processes continue to reverberate through the organization as a result of ongoing adjustments to major changes in location, leadership, management, and policy. Sometimes these involve shifts in focus or internal versus external orientation, for example, as service is broadened, narrowed, or redefined.

Successful transitions of this nature necessitate systemic thinking, thoughtful planning and preparation for a wide range of ramifications that may result. Careful consideration should be given to strategies to increase communication, cooperation, transparency, and the necessary resources, with implications for leaders, managers, and the board (Kreutzer 2009). Transitions linked to the operational phase may even include introduction of new or major changes to existing equipment and technology. This involves consideration of issues such as differential levels of staff knowledge, training, levels of technology anxiety, as well as impacts on decision-making, security, privacy, or even budgetary considerations where technology plays a role. There are a variety of helpful resources including information technology resource centers, guides or consultants for nonprofits available to provide help.

## Leadership Transitions

Leadership change*s* are one of the most critical and sometimes traumatic, internal transitions that most nonprofits face at some point in time. These are impacting an increasing number of nonprofits for a variety of reasons including the large number of retirements among aging baby boomers (Bell et al. 2006). Transitions in governance are sometimes the result of voluntary retirements and departures or because of involuntary reasons such as firing, sickness, or death. These transitions sometimes take place swiftly with little time for adjustment or at other times quite slowly with a great deal of lead time before the change (Board Source 2010). Although leadership transitions are often traumatic with potential to threaten the very existence of the organization, they can also provide important opportunities for new transformation and increased vitality if the process is handled well (Chapman and Vogelsang 2005).

Impacts from leadership transitions are particularly severe when these individuals are the

original organizational founders or have been with the organization for long periods of time. Some leaders have special qualities of charisma that have shaped and defined the character of the organization and key relationships with stakeholders over many years. They may also have a long memory of the organizational history which is uniquely their own. The period before departure or replacement of the organizational head may lead to a range of subtle disruptions with respect to staff, funders, and key stakeholders, sometimes generating high level of fears and anxiety about change and organizational collapse. These anxieties are better managed if they are anticipated and addressed well in advance. Boards tend to discount the significance of the process of transition to new leadership and the myriad number of tasks where they may need to get involved. Thus, many fail to take advantage of important opportunities to move the organization forward to new levels of strength (Allison 2002). It is suggested that a critical period is the initial five day period after departure of a long-standing leader. A successful transitional process requires a five-step process of engaging in organizing, stabilizing, understanding, planning, and finally executing (Board Source 2010). Others have divided the executive leadership transitional process into three phases including the stages of preparing, pivoting, and thriving (Adams 2010).

While less than half the nonprofits have succession plans in place, these can be important tools which help with the adjustment process of transitional preparation. Succession planning is all too often ignored for a range of reasons including costs, time involved, as well as fears about administrative issues involved in coordination. Planning initiatives can either be those that are departure defined, as a result of an emergency, or part of the process of ongoing leadership development (Adams 2010). These plans involve commitments to basic building blocks of transition including identification of the need for leadership change, appropriate preparatory assessments including formulation of time frames, and roles necessary for the process to run smoothly (Hinden and Tebbe 2003). If time and circumstances permit, steps in the period before the departure may include coaching of the exiting leader or director as well as taking steps to formally recognize and celebrate their past contributions. Various types of succession and transition management assessment tools are available, with several quite easy to use (Adams 2010).

In the phase to begin the transition to new leadership, it is helpful to create a transition committee or team. The board can take this step to help ensure there is appropriate oversight of the subsequent transitional process including providing guidance for the hiring process to replace the former director. A transition consultant may also play a useful role. The field of individuals with this expertise is growing into a new area called ETM or executive transition management (Hinden and Tebbe 2003). Planning the transitional process can be further formalized through the creation of a transition plan. This provides an opportunity for consideration of the range of activities that need to be worked through including preparation for outreach and communication, organizational assessment, developing job descriptions, and interim management strategies to ensure that organizational knowledge transfer about various systems including financial systems takes place. Consultants work with organizations as part of the transitional process to develop a more well-defined sense of strategic direction and organizational work plan.

It is recommended that major leadership changes in roles such as that of an executive director should be a process that is approached gradually. For example, bringing on board an interim director who is not a candidate for the full-time role is useful to help guide the organization through the phase before the actual formal replacement of the executive director. The permanent full-time role should only be filled after a more careful process of planning, consultation, and multi-stakeholder involvement in the assessment of requirements for the job. After completion of a more comprehensive search, a new director should then be brought on board. The first year generally involves a period of combined help from the transition consultant and committee

working together to lay out expectations. It is useful for the transition consultant to facilitate communication through clarification of concerns and expectations between the board and executive director in a meeting that takes place a few months after they are brought on board. Because transitional processes can be complex, consideration should also be given to seeking specialized grants or funding to help with resources during this period to ensure that the organization is fully prepared (Allison 2002).

## Endings and Transitions

The phase of ending major programs or the organization as a whole includes other important transitions for many of those involved. This phase usually involves job layoffs for staff who must also undergo a variety of critical transformations related to ending and starting anew. Organizational resizings also have a range of transitional implications for remaining staff who often struggle with what has been characterized as the layoff survivor syndrome. They often feel increased pressure from additional amounts of work, new levels of uncertainty about roles, as well as a reduced sense of security, confidence, and trust. Similar to the steps involved in preparation for leadership transitions, it is useful before the actual closure or downsizing for the organization to spend time in reflection on previous processes related to termination to consider how to handle layoffs with new levels of dignity and respect (Bridges 2009).

Failure or closure of nonprofits, particularly in the human service field, is often influenced by factors including age, size, or the organizational focus. Nonprofits in the human service sector with missions focused in certain areas such as emergency management may be less likely to fail, while, not surprisingly, those with smaller assets may be more likely to undergo closure. Organizations between 5 and 9 years are also more likely to fail than those in existence for over 20 years. Flexibility in the use of volunteers may be a buffering factor. Problems that lead to failure come from organizational inability to control procedures or finances or a wide range of external issues including reputation, regulations, or changes in the market for the services the organization provides. Some nonprofits, particularly those involved with social service, sometimes overcome challenges of self-sufficiency by introducing various types of commercial ventures. Higher levels of income can sometimes contribute to an organization's ability to survive.

Irrespective of the factors leading to closure, failure, or endings, this phase of organizational life touches many stakeholders, each with a variety of transitional issues playing a role. Closing a nonprofit usually is not a quick process, often taking several months to unfold. Utilization of outside resources to help with the transitional process can help reduce the level of pain and anxiety for involved participants and ensure that the process moves smoothly. However, even when closures are announced well in advance, this begins a period of significant anxiety and uncertainty for all involved, and there may be times when employees have difficulties facing the realities at hand. It is also important to recognize that most of these uncertainties will lessen over time and that increased flexibility in coping is linked to better adaptation.

Four natural phases of role exits include that of grappling first with doubts, then alternatives, reaching a turning point, and then a final phase of adjustment to the ex-role (Ebaugh 1988). Leadership in the ending phase of a transition is always key, and acknowledgment of the situation by marking endings can also help. The process of closure or failure can often be particularly stressful for the organizational leader or head. Formulation of a core group of trusted advisors and time for appropriate self-care are useful as the process unfolds. Dissolution planning is recommended which involves establishing and moving toward specific goals and objectives to ensure the process unfolds in a strategic way. This includes careful consideration and implementation of steps related to the necessity for dealing with assets, the organizational legacy including interest group outreach, and appropriate levels of stakeholder communication.

## Conclusion

Each of the stages of nonprofit organizational life involves a variety of complex transitions with important implications for the various impacted individuals. Transitions involve important stages of ending, being in-between, and new beginnings that touch many stakeholders who are part of organizational life. There are a wide variety of triggers for staff who undergo role entries or exits characterized by a myriad of physical or psychological adjustments and changes that occur (Ashforth 2001). The process of individuals entering new roles involves a wide range of subtle negotiations between the individual and organization as new forms of identity are forged. This involves accompanying phases of self-definition, shaping of new meaning, and establishing control as well as a sense of belonging. Role exits on the other hand that occur because of downsizing, firing, closures, or even managerial changes are characterized by complex processes of disengagement that can be either voluntary or involuntary, depending upon the circumstances. A critical component of most successful transitions involves core components including careful planning, good communication, and implementation of systems to ensure the process moves smoothly.

## Cross-References

► Life Cycles of Nonprofit Organizations
► Uncertainty Management

## References

Adams T (2010) The nonprofit leadership transition and development guide. Proven paths for leaders and organizations. Jossey Bass, San Francisco
Allison M (2002) Into the fire: boards and executive transitions. Nonprofit Manag Leadersh 12(4):341
Ashforth BE (2001) Role transitions in organizational life: an identify-based perspective. Lawrence Erlbaum, Mahwah
Bell J, Moyers R, Wolfred T (2006) Daring to lead: a national study of nonprofit executive leadership. Compass Point Nonprofit Services, San Francisco
Bridges W (1980) Transitions: making sense of life's changes. Addison-Wesley, Reading
Bridges W (2009) Managing transitions: making the most of change. Da Capo, Philadelphia
Chapman T, Vogelsang J (2005) Executive director transitions: an organizational development approach. J Nonprofit Manag 9(1):2–9
Cule PE, Robey D (2004) A dual motor constructive model of organizational transition. Organ Stud 25(2): 229–261
Ebaugh HR (1988) Becoming an ex: the process of role exit. University of Chicago Press, Chicago
Hinden D, Tebbe D (2003) Managing executive leadership transitions in nonprofits. Public Manag 32: 16–18
Kralik D, Visentin K, Van Loon A (2006) Transition: a literature review. J Adv Nurs 55(3):320–329. https://doi.org/10.1111/j.1365-2648.2006.03899.x
Kreutzer K (2009) Nonprofit governance during organizational transition in voluntary associations. Nonprofit Manag Leadersh 20(1):117–133. https://doi.org/10.1002/nml.244
Niessen C, Binnewies C, Rank J (2010) Disengagement in work-role transitions. J Occup Organ Psychol 83(3):695–715. https://doi.org/10.1348/096317909X470717
Source B (2010) Essential texts for nonprofit and public leadership and management: the handbook of nonprofit governance. Jossey-Bass, San Francisco
Stevens SK (2001) Nonprofit lifecycles: stage-based wisdom for nonprofit capacity. Stagewise Enterprises, Wayzata

# Transnational Capitalist Class, The

Leslie Sklair
London School of Economics and Political Science, London, UK

T

## Synonyms

Capitalist class

The transnational capitalist class (TCC) is defined as the group of dominant capitalists comprising those who own and/or control major corporations and their allies in the political, technical, and culture-ideology spheres.

## Introduction

The capitalist class has traditionally been defined as those who own the means of production and act directly or indirectly as a ruling class. While the original theory of the capitalist class as elaborated by Marx and Engels in the middle of the nineteenth century saw this as an international phenomenon, scholarly research has tended to concentrate at the level of the nation-state, particularly in large and economically powerful countries. With the rise of globalization and neoliberalism as new features of the economic, political, and cultural spheres in the second half of the twentieth century, attention started to focus more and more on what were then most commonly labeled multinational corporations, and a stream of studies emerged that began to "internationalize" the capitalist class. Novel theories abounded around ruling classes and elites (Scott 1990), and new concepts multiplied, for example, the international managerial bourgeoisie, international networks of banks and industry, networks of corporate power, intercorporate relations, and triple alliance of multinational, state, and local capital. Around this time, a key source of insight into a global ruling class also began to emerge from the Gramscian turn in International Relations, introducing ideas of global and regional class structures. The concept of the transnational capitalist class (TCC) within the global capitalist system can be seen as an attempt to build on this rich literature – a step toward consolidating the theoretical link between capitalist globalization and the ruling class and providing some evidence that these concepts have genuine empirical referents. This implies, conceptually, that the state (represented by the state fraction of the TCC) is only one, albeit important, level of analysis and empirically, that state actors are losing power in some key areas of economic, political, and culture-ideology decision making to non-state global actors – a transition from the international to the transnational mode of analysis.

## Theory and Research

Since the 1960s capitalist globalization has changed the structure and dynamics of the capitalist class and made it necessary start to explore the question of the extent to which the transnational capitalist class is the ruling class in the global system. The theory of the transnational capitalist class conceptualizes class in capitalist society in terms of ownership and/or control of the means of production, distribution, and exchange; resists the neo-Weberian attempt to separate class, status, and command; and highlights the central role of the capitalist class in the struggle to commodify everything. TCC theorists generally focus around three working hypotheses. First, a transnational capitalist class is emerging that is beginning to act as a global ruling class in many spheres; second, that the key feature of the globalization of the capitalist system in recent decades has been the profit-driven culture-ideology of consumerism organized by this class; and third, that the TCC is working consciously to obfuscate the effects of the central crises of global capitalism, namely, the simultaneous creation of increasing poverty and increasing wealth within and between countries and the ecological unsustainability of the global capitalist system (Sklair 2002).

Despite its relatively short history, there are already several ways of conceptualizing the transnational capitalist class. Prominent among these are the materialist approach of Robinson and Harris (2000) and the network-oriented approach of Carroll (2010). The global system approach introduced by Sklair (1995) is elaborated in a four fractions model of the TCC (Sklair 2001). These are (1) those who own and control the major transnational corporations and their local affiliates (corporate fraction), (2) globalizing politicians and bureaucrats (political fraction), (3) globalizing professionals (technical fraction), and (4) merchants and media (consumerist fraction).

In all versions of transnational capitalist class analysis, the most important members of these groups constitute a global power elite, ruling class or inner circle in the sense that these terms

have been used to characterize the class structures of specific countries, with Robinson and Harris emphasizing the broader elements of Marxist political economy, Carroll emphasizing interlocking directorates and networks of power and influence, and Sklair (expanding the classical Marxist definition of class) emphasizing the leading role of the corporate elite and the central role of the culture-ideology of consumerism.

The transnational capitalist class is generally held to be transnational (or global) in the following respects:

(a) The economic interests of its members are increasingly globally linked rather than exclusively local and national in origin. This follows directly from the shareholder-driven growth imperative that lies behind the globalization of the world economy and the increasing difficulty of enhancing shareholder value in purely domestic firms. While for many practical purposes the world is still organized in terms of discrete national economies, the TCC increasingly conceptualizes its interests in terms of markets, which may or may not coincide with a specific nation-state or group of them, and the global market. There is overwhelming evidence to show that the global corporation of today is not the same as the multinational corporation of the past (Sklair 2001).
(b) The TCC seeks to exert economic control in the workplace, political control in domestic and international politics, and culture-ideology control in everyday life through specific forms of global competitive and consumerist rhetoric and practice. The focus of workplace control is the threat that jobs will be lost and, in the extreme, the economy will collapse unless workers are prepared to work longer and for less in order to meet foreign competition. This is reflected in local electoral politics in most countries, where the major parties have few substantial strategic (even if many tactical) differences, and in the sphere of culture-ideology, where consumerism is rarely challenged.
(c) Members of the TCC have outward-oriented global rather than inward-oriented local perspectives on most economic, political, and culture-ideology issues. The growing corporate and international institutional emphasis on free trade and the shift from import substitution to export promotion strategies in most developing countries since the 1980s have been driven by members of the TCC working through government agencies, elite opinion organizations, and the media. Some of the credit for this apparent transformation in the way in which big business works around the world is attached to the tremendous growth in business/management education since the 1960s, particularly in the USA and Europe, but increasingly all over the world.
(d) Members of the TCC tend to share similar lifestyles, particularly patterns of higher education (increasingly in business schools) and consumption of luxury goods and services. Integral to this process are exclusive clubs and restaurants; ultra-expensive resorts in all continents, private as opposed to mass forms of travel and entertainment; and increasing residential segregation of the very rich secured by armed guards and electronic surveillance, from Los Angeles to Moscow, from Manila to Beijing, and from Lagos to Mumbai.
(e) Finally, members of the TCC seek to project images of themselves as citizens of the world as well as of their places of birth, generating corporate global visions. The concept of the transnational capitalist class implies that there is one central inner circle that makes system-wide decisions and that it connects in a variety of ways with members of the TCC in each locality, country, and region. While the personnel in this inner circle may change (there may even be several overlapping inner circles at any one time), the TCC is a class with identifiable leaders.

What the inner circle of the TCC does is to give a unity to the diverse economic interests, political organizations, and cultural and ideological

formations of those who make up the class as a whole. As in any social class, fundamental long-term unity of interests and purpose does not preclude shorter-term and local conflicts of interests and purpose, both within each of the four fractions and between them. The culture-ideology of consumerism is the fundamental value system that keeps the system intact, but it encourages a wide variety of choices to satisfy the needs of the different actors and their constituencies within the global capitalist system. The four fractions of the TCC in any geographical area – community, city, country, and region – perform complementary functions to integrate the whole. The achievement of these goals is facilitated by the activities of local and national agents and organizations which are connected in a complex network of global interlocks (Carroll 2010).

A crucial component of this integration of the TCC as a global class is that virtually all senior members of the TCC will occupy a variety of interlocking positions, not only the interlocking directorates that have been the subject of detailed studies for some time in a variety of countries but also connections outside the direct ambit of the corporate sector, the civil society as it were servicing the state-like structures of the corporations. Leading corporate executives serve on and chair the boards of think tanks, charities, scientific, sports, arts and culture bodies, universities, medical foundations, and similar institutions. It is in this sense that the claims "the business of society is business" and "the business of our society is global business" become legitimated in the global capitalist system. Business, particularly the transnational corporation sector, then begins to monopolize symbols of modernity and post-modernity like free enterprise, international competitiveness, and the good life and to transform most, if not all, social spheres in its own image.

The concept of the transnational capitalist class is controversial and has been criticized on theoretical and empirical grounds, particularly by those who are skeptical of the claims of globalization researchers in general and those of Marx-inspired global system theorists in particular. Theoretically, those who reject the primacy of class as a mode of analysis of individual countries or the global system as a whole obviously will not find the idea of a transnational capitalist class useful. Many who are more open-minded about the issue, especially those influenced by the Marxist tradition of class analysis, will be unwilling to expand the class concept beyond the direct owners of the means of production, as in the four fractions model. However, the parallel expansion of the concept of money capital to include cultural and other forms of capital, especially in the era of capitalist globalization, has broadened this debate, and research into the role of the TCC in the fields of education, religion, architecture, and global cities, for example, suggests that at the very least the expansion of the class concept throws up some interesting researchable questions. Empirical research into the substantive foundations of the concept, focusing around the issue of the extent to which the TCC is evolving from a class in itself to a class for itself, will always be challenging. While few question the economic power and reach of the corporate elite, globally and locally, the political and sociological consequences of this power and reach are difficult to establish clearly and unambiguously. While network and corporate interlock research documents connections, it is often difficult to specify exactly what the results of these connections are.

## Conclusion

It is no exaggeration to say that there is now a flourishing community of scholars largely but not exclusively connected with the Network for Critical Studies of Global Capitalism (NCSGC), who are building a substantial foundation for research on the transnational capitalist class all over the world, further details of which can be found in the ever-expanding NCSGC bibliography https://drive.google.com/open?id=1SzooNM4_4pQUkPPK-vIwYSGE46ijFlTqRVGsMMgAAH0.

## References

Carroll W (2010) The making of a transnational capitalist class: corporate power in the 21st century. Zed, London

Robinson W, Harris J (2000) Towards a global ruling class? Globalization and the transnational capitalist class. Sci Soc 64(1):11–54
Scott J (ed) (1990) The sociology of elites. Edward Elgar, Aldershot, 3 volumes
Sklair L (1995) Sociology of the global system. Johns Hopkins University Press, Baltimore
Sklair L (2001) The transnational capitalist class. Blackwell, Oxford
Sklair L (2002) Globalization: capitalism and its alternatives. Oxford University Press, Oxford

### Further Reading

Evans P (1979) Dependent development: the alliance of multinational, state and local capital in Brazil. Princeton University Press, Princeton
Sklair L (2017) The icon project: architecture, cities, and capitalist globalization. Oxford University Press, New York
Stokman FN, Ziegler R, Scott J (eds) (1985) Networks of corporate power: a comparative analysis of ten countries. Cambridge University Press, Cambridge
Useem M (1984) The inner circle. Large corporations and the rise of business political activity in the US and UK. Oxford University Press, New York
van der Pijl K (1984) The making of an Atlantic ruling class. Verso, London

## Transparency

Alex Ingrams
School of Public Affairs and Administration, Rutgers University – Newark, Newark, NJ, USA

### Synonyms

Openness; Open government

### Definition

Transparency is the principles and practices that enable organization insiders and outsiders to obtain accurate information about organizational activities.

### Introduction

Transparency in public administration is a concept that describes the principles and practices that enable organization insiders and outsiders to obtain accurate information about organizational activities. The principles and practices of transparency involve different types of information which lend themselves to different types of transparency. Transparent information can be detailed data such as accounting figures; it can be aggregated metainformation about policy plans or forecasting; alternatively, it can be information about the rules or laws that govern the system of organizing information.

One characterization of transparency by Albert Meijer (2014) moves beyond the information components of transparency to the behavioral facts: Transparency is a behavioral *virtue* of governments or politicians, a style of *relationship* between a political actor and a public forum, and a *system* of formal and informal rules. Lack of transparency may result from deliberate concealment of information or functional, systematic, failure to communicate the relevant information. Transparency can be revealed with different mechanisms. Within a governmental system, transparency can be passive, proactive, or forced. That is, it can be brought about by mechanisms such as freedom of information (FOI) (*passive*), organized through public websites and open data (*proactive*), or initiated anomalously through the system in whistle-blowing or leaking (*forced*).

Transparency is also viewed as a practical matter of efficiency that arises when public policy makers seek to share information for better decision-making and coordination. An approach to transparency that underlies decision-making or metaphors about abstract ideas such as "public value" or "democracy" is a *modernist* or *rational* approach to transparency. The rationalist approach takes information as the building block of conscious goal setting by actors in government. However, transparency underlies other types of metaphors of public organizations. For example, the premodern and postmodern metaphors of Meijer (2009). The premodern metaphor emphasizes the immediate, person-to-person openness of the citizen-government relationship and is exemplified by the affective and cognitive attributes of citizen trust of government. On the other hand, the postmodern transparency metaphor

accepts the mere simulation of truth often resulting from transparency. The postmodern approach focuses on the aesthetic dimensions of computer-mediated systems and platforms of transparency.

Within the broadly *modern* perspective of transparency as rational design, the process of transparency may be divided into three kinds: (1) informational transparency where the new data used to inform policy making is transparent; (2) decision-making transparency when the content and the actors involved in making policy decisions are known and identified; and (3) policy outcome transparency where the actual policy consequences and their causal dependency is transparent to public and other decision makers. Each of these stages in the transparency process may have a different set of professional, legal, and administrative contexts with attendant organizational tasks and challenges.

## History of Transparency

Historically, transparency emerged as a principle of democratic government in the British liberal school of philosophy in the 1800s frequently under the term "publicity." Jeremy Bentham (1748–1832) can probably lay claim to being the first author to use the word "transparency" in its modern sense. However, related ideas abound in political thought from much earlier dates. Christopher Hood (2006) traces the history of transparency to ancient Athens and Sparta (c. 500 BC–c. 400 BC) in the West and Shen Pu-Hai (400 BC–c. 337 BC) in China. In both worlds, the ideal functioning of government was viewed as adherence to clear and fixed rules. Theories about the virtues of open public discussion and the inner workings of political power can be found in the works of John Locke (1632–1704), Jean-Jacques Rousseau (1712–1778), and Immanuel Kant (1724–1804) and were influential in the Republican revolutions in Europe and the American colonies. Rousseau believed that lack of transparency, or "opacity" as he called it, was the root of political evil, while James Madison (1822) famously wrote that "popular government, without popular information, or the means of acquiring it is but a Prologue to a Farce or a Tragedy; or perhaps both."

With these varying influences, theory about transparency has become a contested arena. Transparency can at once be a self-evident good and a multifaceted concept with vague boundaries. Different disciplines view transparency differently. Economists view it as a condition for open markets, political scientists view it as a condition for public participation, and legal scholars view it as a condition for administrative legality (Meijer 2014). In the area of public administration, the most far-reaching transparency reforms were the freedom of information laws created in the 1960s and 1970s in North American and European countries. However, today, transparency policies extend to many different levels of government and program areas as well as procedural or metaphorical aspects. Thus transparency can be seen as a public good in public choice economics or as a regime value in the sense of a formal practice of government in the way that John Rohr put forward (Piotrowski 2014). To the extent that transparency is viewed as a public value, it also suffers from challenges associated with public management of traditional public values such as equality or security. That is, alternative public sector goals such as efficiency may overshadow them. The tension is apparent in the new public management (NPM) reform initiative of which transparency policies have been a part. NPM aimed to achieve greater customer satisfaction, market competition, and decentralized decision-making through more open information systems.

## Antecedents of Transparent Practices

A further barrier to the attempts of researchers to grasp the practical purposes and principles of transparency is the complexity of causal theory linking antecedents to the practice of transparency. Varying antecedents and causal explanations accompany the stages of the transparency process in policy decision-making. These causal influences relate to different areas of external

pressure that emerge during the stages of the transparency process. Thus policy information transparency is engendered through dependency on the main agent of information production in society: the media. The decision-making process transparency often depends on the political environment, and, notably, the influence of left leaning political parties. The transparent outcomes of the policy making and implementation of policies may be given open disclosure by sustained pressure from actors and actor networks that are most interested in such consequences, namely, organized citizens and civil society organizations (CSOs). While there is not much difference in levels of transparency between conservative and progressive countries, one consistent predictor of higher levels of transparency is lower dependence on foreign aid.

External environments are not the only drivers of transparency as internal resources and decisions must also be taken into account. Transparency must be managed and given adequate resources, and it requires a strong internal organizing capacity. In general, strong transparency policies are found in governments that already have strong democratic institutions. If government is plush with resources and has reliable tax income streams, the government is more likely to open itself up to more internal transparency and scrutiny. Further, to the corollary of left leaning political environments, left leaning politicians are also associated with more transparent regimes. Though, it should be noted that transparency is not a uniquely left wing policy approach and is often advocated by rightist or centrist politicians. The political stripe of decision-makers is therefore not as important as the general democratic persuasion of political institutions. The explanation for the association of democracy and transparency is that in democracies public officials have the incentives and institutionalized accountability culture to promote transparency by providing credible information to the public.

As transparency is a process mediating between a government that is transparent and an observer (the citizen, CSO, or other third party), the role of third parties is a dual one. That is, the third party is both a driver of transparency adoption and an ongoing participant in monitoring and scrutiny. For this reason, transparent political regimes while requiring a necessary level of economic, professional, and technological input rise or fall depending on the density and energy of the CSO sector. Transparency is coextensive with the rise of civil society and the growth of democracies as forums of informal and publically engaged citizens. CSOs and informed members of the public demand greater transparency. Given the right incentives, politicians are likely to comply. However, while third parties play an important role in delivering or supporting transparency, the boundaries between the government and the third parties must be clear for transparency policies to be functionally sustainable. A clear demarcation between the private and public sectors is necessary for transparency.

Such third party analysis is often provided by principal-agent theory. In research on transparency, the organizational mechanism of principal-agent dynamics is political competition. In representative democracies, elected politicians choose to adopt transparent administrations to capitalize on political superiority provided that party political competitors are also subject to such transparency. Here, transparency creates both the cost of greater scrutiny and the possible cost of negative publicity. However, the alternative risk of being viewed as an antidemocratic government or party is viewed as a greater cost than accepting (and championing) such transparency. Political antecedents of government transparency therefore also involve the trade-offs of secrecy and monitoring in competitive party politics. However, such a principal-agent analysis does not hold in all country contexts. In authoritarian regimes increased transparency laws do not necessarily lead to improved accountability because local decision-making is strongly centrally controlled and a weakened civil society can make very little difference.

Another important antecedent in internal organizational capacity is technological capacity as transparency is increasingly reliant on digital forms of information disclosure. Today, as a result of technological development and political will, transparency policies are proliferating all over the world.

## International Organizations, CSOs, and Other Third Parties Involved in Transparency

Networks of CSOs that advocate for increased transparency cross over national boundaries and have established a global sphere of influence. Such global influence is leading to a convergence of transparency regimes and practices between countries. Once transparency policies have been adopted, CSOs play a key role in supporting accountability through transparency, especially when there are existing deficiencies of accountability in government administrative systems. CSOs fill this gap by accessing and distributing information as well as demanding accountability and creating an environment to monitor public officials and politicians.

Another third sector pressure at the global scale is effected by multinational regulatory organizations such as the World Bank and the International Monetary Fund (IMF). The pressure on governments to raise transparency levels has been strongest in the area of financial transparency where global regulation is tightest. Financial stabilizing agencies such as the IMF make opening the accounting books of governments to public scrutiny a condition of funding often at the expense of other governmental priorities such as political development, public faith in legitimacy, and data privacy concerns. Indeed, multilateral organizations can themselves be conspicuous in their lack of transparency. International organizations such as the World Trade Organization (WTO) are much more likely to open up on areas that are relevant to economic liberalization but not on other areas of organizational transparency. MDBs, while open to information flows with the public that help to foster support, are internally conflicted because they have different agreements of diplomatic confidentiality with different countries.

Further, there are inherent shortcomings in the extent and quality of the reach that CSOs have over government transparency. While CSOs play an important role in the transfer of transparency policies, they are frequently incentivized to promote the lowest common denominator of transparency policy standards in order to increase the chances of the government actually adopting the policies. The government is reluctant to adopt increased transparency and therefore, as pragmatic advocates, CSOs enter into strategies of complicity and gradual change in the form of "iron triangle" politics. Transparency policy change typically happens incrementally.

## Benefits and Costs

The benefits of transparency cover a wide gamut of important governmental domains. Countries with transparent governments tend to have higher GDP and lower levels of corruption. Transparency alleviates information asymmetry in public-private partnerships and is therefore a strong predictor of government contracting success. Budget transparency in particular has become a prerequisite for fiscal balance, fewer electoral cycles, and long-term economic development. One growing area that recognizes the benefits of transparency is evidence-based policymaking, where policy development is enhanced by taking advantage of the increase in governmental data and information.

The benefits of transparency are such that it is unlikely that any modern democracy would not have the core features of transparent regimes such as FOI and public participation. However, despite the numerous benefits of transparency, scholars widely recognize that transparency can be a double-edged sword. Transparent government regimes have the benefit of increased third party involvement in policymaking, but as a result the policymaking process itself is sometimes slow and ineffectual. Internal processes of deliberation are sluggish, hampered by red tape and political and media interference. Privacy can be endangered which both adds to the potential for costly legal delays and breaches of citizen confidence. Further, citizen confidence can be damaged by the perception that difficult government decisions about confidentiality and publicity are simply evidence of government duplicity and hypocrisy.

While the pressure to bring about transparent policy reform may lead to politicians being accused of selective release of controversial

information, there are logical reasons to hypothesize that transparency may itself bring about certain sorts of undesirable behavior. In particular, the healthy habit of politicians to act properly in order to avoid blame may be turned into a game of tinkering and spinning of information in order to generate favorable public opinion. Similarly, politicians might be less likely to make decisions in the interests of their constituents if their policy choices and information are completely transparent because politicians will inevitably be attracted by the need of spending time and resources convincing of their own (the politician's) credibility.

Another unintended consequence of transparency is that perceptions of political ineptitude or corruption magnified to the collective level of public opinion may trigger unpredictable political reactions. Minor misdemeanors may blow up to catastrophic proportions or false information may become ingrained in the social consciousness. A further danger is that citizens or civil society actors may decide to withdraw, resign, and disengage from politics as a response to political dysfunction rather than producing the behavior of remedial political action that theorists of transparency assume.

Considering these problematic aspects of transparent information and communication costs, researchers are almost unanimous in their conclusion that transparency should not be viewed as an unalloyed administrative good, political panacea, or intrinsic public value. Indeed, as the capacity of governments to gather information on citizens and foreign citizens grows through IT innovation, the principle of government transparency becomes ever more fraught with the challenge of balancing good kinds of transparency such as political accountability and public participation with dangerous kinds of transparency such as surveillance and invasions of personal privacy. Some scholars have identified a critical tipping point in this balance with the arrival of nonstate actors into the delivery of political transparency (e.g., Roberts 2006). Notably, the evolution of one perspective on organizational transparency represented by the organization known as WikiLeaks is about immediate transparency of large amounts of information that circumvents the separation of public and security interests shown in FOI kinds of transparency.

## Citizen Views of Transparency and Effects on Trust

Perhaps the most contentious topic of transparency costs and benefits is the impact of transparency on citizen trust and attitudes towards the legitimacy of government action. The relationship between transparency and government legitimacy in the eyes of citizens is complicated. It is conditional on several different factors and is accompanied by several mediating variables relating to individual and social differences (Grimmelikhuijsen and Meijer 2014). The relationship between transparency and perceived trustworthiness is mediated by a person's existing level of trust of the government and their knowledge of the given policy or information area. More specifically, citizens who believe that they can have a positive influence on decision-making tend to have more favorable views of government transparency, and in public services decision-making that uses citizen engagement, citizens are enabled to draw positive inferences about the responsiveness and legitimacy of government activities.

Another important variable in the relationship between transparency and trust is culture. Different administrative cultures take different policies towards types of information sharing. Culture shapes how people perceive and interpret the results of transparency. Some recent research shows that the level of information that citizens require to make favorable assessments of transparency is low. Citizens seem to value the quality of information rather than quantity. From the general citizen perspective, it is sufficient that policy makers justify their decisions even if the proceedings and protocols involved in the decision-making are themselves not known to the public. Such meta-information is viewed as superfluous in practical terms by citizens, but citizens are reassured by proactive attempts to explain and justify the political, economic, and legal background of decisions (Licht 2014).

## Conclusion

Practices of transparency can be seen in many different principles and practices of government. Transparency fundamentally changes the governmental landscape of accountability and has wide ranging impacts on third party organizations such as CSOs and citizens. Transparency practices are deeply rooted in history and are today growing worldwide. However, while scholars and public administrators alike herald its advantages in democracy systems of government, the empirical research about the benefits and costs of transparency is mixed. It is clear that there are conditions under which transparency is most effective. Moreover, there must be limits placed on the availability of public information.

The lack of a clear consensus on scientific knowledge of transparency is also evident in the evidence of its long-term effects on government and society. Transparency may shift patterns of discourse and enable organizations to be more open to the public in the long term. However, distinguishing the desirable effects of transparency from the undesirable effects is a difficult task especially in a rapidly shifting environment of information and technological innovation. The further to the future that researchers set the scope of their empirical analyses, the more difficult the analysis becomes. Nevertheless, longitudinal studies of transparency regimes have started to raise the importance of addressing questions and testing hypotheses regarding long-term effects. As transparency policies become more widespread around the globe, such effects will become an increasingly important area of public administration and public policy research.

## Cross-References


- ▶ Accountability
- ▶ Corruption
- ▶ Data-Driven Ethics Monitoring
- ▶ Ethics in Government Finance
- ▶ Public Attitudes and Corruption
- ▶ Whistleblowing


## References


de Fine Licht J (2014) Policy area as a potential moderator of transparency effects: an experiment. Public Adm Rev 74(3):361–371

Grimmelikhuijsen SG, Meijer AJ (2014) The effects of transparency on the perceived trustworthiness of a government organization: evidence from an online experiment. J Public Adm Res Theory 24(1):137–157

Hood C (2006) Transparency in historical perspective. In: Hood C, Heald D (eds) Transparency: the key to better governance? Proceedings of the British Academy. British Academy

Madison J (1822) Letter to William T. Barry. In: Rakove J (ed) (1999) James Madison, writings. The Library of America, New York, pp 790–798

Meijer A (2009) Understanding modern transparency. Int Rev Adm Sci 75(2):255–269

Meijer A (2014) Transparency. In: Bovens M, Goodin RE, Schillemans T (eds) The Oxford handbook of public accountability. Oxford University Press, New York

Piotrowski SJ (2014) Transparency: a regime value linked with ethics. Adm Soc 46(4):181–189

Roberts A (2006) Blacked out: government secrecy in the information age. Cambridge University Press, Cambridge


# Transparency and Accountability in the Philippine Local Government


Laila Castro Castillo[1] and Arneil Garcia Gabriel[2]

[1]City Government of Cabanatuan, Cabanatuan City, Philippines

[2]Department of Public Administration, Nueva Ecija University of Science and Technology, Cabanatuan City, Philippines


## Synonyms

Actual observance; Continuum of transparency; Good governance; Open government; Seeing through government operation; Twin governance principles

## Definition

As a practice, transparency is an act of allowing the internal and external forces of governance to

inquire into, have access to, and influence to a certain extent the government operations.

As a concept, transparency embraces accountability. It is linked to and provides the enabling environment for greater accountability and is therefore presumed operating in a continuum. The effectiveness of transparency is measured on the degree of accountability that it would provide to government personnel. Transparency is a matter to open up government and governance to public scrutiny and encourage greater citizens' participation.

## Introduction

The organizational practices of government personnel are central to building public trust and confidence. It cannot be denied that work ethics and organizational culture prevailing in the Local Government Unit (LGU) are reflections of public sector performance which in turn creates an impression on how a particular government office performs. Alongside with the development of desirable work ethics and good governance practices is the institutionalization and observance of transparency practices. The core significance of transparency and its relationship with personal and organizational accountability have been established in many studies. The need for transparency in governance is globally recognized (Lindstedt and Naurin 2010; Olsen 2015; World Bank 2017; Gabriel 2017). For instance, a greater degree of transparency creates a higher level of accountability in government operation. According to Ingrams (2016), transparency is the principle and practice that enables organization insiders and outsiders to obtain accurate information about organizational activities. Within the governance system, transparency can be passive, proactive, or forced. In international context, transparency is the accurate mode of assessing the openness, accessibility and value of government, and monitors the internal workings or performance of an organization having impact on the social, political, and economic realities of the community (Heemsbergen 2016; Gabriel 2017). Transparency is a critical matter to open up of government and governance to inform scrutiny and participation. They need to be embedded in the culture of local governance and it is something which politicians and administrators alike should invest considering the key role local governments perform towards countryside development (Gabriel 2017). For an institution to become accountable it has to be transparent; and if an institution is transparent, it is likely that it is accountable as it has nothing it wants to hide. The more transparent the government is, the more accountable the officialdom. The pressure to become accountable arises from the knowledge of the citizens of the standard of services they deserve and should receive (Gomez and Mudlong 2017; Gabriel and Gutierrez 2017; De Leon 2016; Calina 2015; Republic Act 9485, 2007). Transparency transforms the rights of consumers under the New Public Management (NPM) Model, to political and legal rights of citizens in Public Governance model (Reyes 1994). Lower degree of accountability in the government encourages systemic corruption which would likely cause not only decay of the governmental system resulting in the loss of trust and confidence of the public to public institution abandoning in the process the Constitutional mandate that "public office is a public trust" (Bernas 1996; Brillantes and Fernandez 2011; Cucciniello and Nasi (2014). Transparency is a mechanism to minimize negative bureaucratic behaviors in the government. According to Benito (2016), it is the act of providing the public reliable information needed to make informed decisions on matters affecting the operation of government. It creates trust among citizens, enhances citizens' engagement with the government, improves internal efficiency, and promotes open government on a global scale (Orelli 2016). Transparency is among the most effective deterrents to corruption in public procurement (OECD 2014).

Transparency is often associated and conflated with "good governance" in Malaysia and Singapore (World Bank 2017; Gabriel and Gutierrez 2017), a variable to increase local legislative performance and a means to improve the quality of legislative service commensurate to public money (Gabriel and Ong 2018). However, incongruence

of knowledge on the need for transparency and accountability and actual adherence is recorded; yet, the twin principles remain effective tools for good governance practice (Gabriel 2017; World Bank 2006).

This chapter measures the transparency and accountability practices of 56 department heads and 662 personnel from two cities and five municipalities in the Philippines within the domains of: decision-making; procurement; and access to information are from *"almost always"* to *"always"* and equated to high observance of accountability practices. Applying Mann Whitney U test and Kruskal-Wallis test, there was no significant difference in terms of observance of transparency practices in access to information and decision-making. But significant difference is found in the transparency practices on procurement.

## Hypothesis

The observed transparency practices in city and municipal LGUs do not significantly differ on decision-making, access to information, and procurement.

### Analysis of the Chapter

The framework of analysis is shown in Fig. 1 which suggests that transparency per se is not effective without its observance in the day to day operations of government. The relationship between transparency and accountability is direct. The effectiveness of transparency depends on making the information available, accessible, and actionable. The chapter asserts that effectiveness of information can be measured by the manner and degree they are observed by the leaders and government personnel themselves who have the power and prerogative to publish and make the information known to the public clients.

The interface of transparency and accountability is in a continuum. Transparency creates accountability in practice. Thus, the measure of transparency practices equates that of accountability. The chapter analyzes three domains of transparency: domains of decision-making or administrative transparency; the procurement system or financial transparency, and access to public information (political transparency) in the local setting (Armstrong 2005).

## Transparency Practices of LGU Personnel on the Three Domains

### Domain of Decision-Making

It is observed that not all personnel are consulted in making decisions in the LGUs. The inputs arrived at in the lower level during consultation in the department and area are escalated by the respective department heads to the higher ups. On legislative matters, the *Sanguniang Bayan* (Municipal Council) recommends to the LGU Chief the decision arrived at in their level for final decision. This finding is supported by the assertion of Ingrams (2016) which in effect states that transparency does not always require a clear – all – conditions. Data show that LGUs of two cities and five municipalities observed almost similar practices in making decisions in their

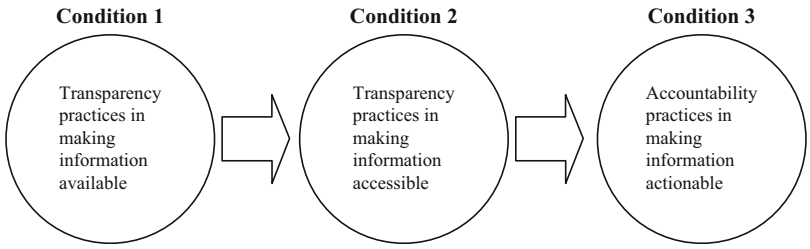


**Transparency and Accountability in the Philippine Local Government, Fig. 1** Three conditions for the effectiveness of information initiatives. (Source: World Bank (2017, p. 248) based on Naurin (2006) adopted in Gabriel (2017))

units. Majority of the personnel in the LGUs said that *"no consultation practice"* was least observed. This implies that, autocratic decision-making is not apparent as any decision made comes from the inputs of the other personnel on the lower echelon. Participatory governance in decision-making is somehow observed. No other practice in decision-making was cited by the respondents.

### Procurement

In the domain of procurement, the governing principles are embodied in RA 9184. One of these principles is transparency in the procurement process and in the implementation of procurement contracts (RA 9184). Fiscal transparency has been the focus of international initiatives and standards, which includes the importance of using public available information for financial decision-making or accountability purposes (Seiwald 2016; Sirotkina and Pavlovskaya 2016). The cities LGU found that 14 procurement practices embodied in RA 9184 are all observed by the personnel. It is their common and foremost practice to establish their Bids and Awards Committee (BAC). Before procurement is made the personnel concerned see to it that procurements to be made are within the approved budget of the local government (LG) and undertaken in accordance with the approved Annual Procurement Plan (APP). Bidding of contracts are made open to qualified bidders.

Invitations to bid are extended through different forms of media like websites newspapers and the Philippine Government Electronic Procurement System (PhilGEPS). BAC meetings are all held within the premises of the LGU. During biddings, a representative of the Commission on Audit (COA) is invited to witness or participate in the proceedings. Minutes of meetings and any decision made by the BAC are recorded, documented, and posted in a prominent place within the vicinity of the LGU. After the bidding, the authorized person in the LGU notifies the winning bidder to proceed not later than 7 days from the date of approval of the contract.

It can be implied from the gathered data that there is observed transparency in the procurement procedure in the city LGUs and the procedural process is in compliance with the mandated procurement law. There is openness and general consensus of BAC on the procurement rules that can be regarded in implementing transparency. Public participation plays an important role in public management. It helps the government to respond proactively to the public's concern, hence, making the public management more dynamic (Greitens 2016). The public includes the nongovernment and civil society organizations. The principal-agent relationship of the people and government officials in-charge of the bidding process must be observed, thus maximum participation of the principal(citizens) in the process should be worked out not only for increase transparency but also for a higher degree of government accountability (Vyas 2017).

Meanwhile, all the five municipality LGUs BAC is duly created and the meetings are held in the municipal hall premises. Procurement was undertaken in accordance with the Approved Procurement Plan and invitations to bid contracts were undertaken under competitive bidding procedures. The respondents claimed that the process in the implementation of procurement contracts was made known to public. In the five municipalities, minutes of meetings are complete and decisions made are kept on record. The BAC in the municipal level is also inviting a representative from COA during their meetings. The provision "All bids is accompanied by Bid security" was the practice least observed. Public monitoring of the procurement process and the implementation of awarded contracts, deliberation of the agenda, and other information are expected to have been deliberated upon by the committee at least 1 week before the holding of such meetings were also practices least observed. These findings tend to imply then of the shortcomings of the municipal LGUs procurement system. In short, respondent LGUs, transparency in the procurement process is "no clear picture," as the implementation process has been undermined by several uncertainties like the public monitoring of the transaction. However, there are more reasons to believe than to doubt that transparency was observed.

The LGUs followed the procedural process of procurement.

### Access to Public Information

The Annual budget and finance is the area where access to information is most likely to attract attention of citizens not only because it is something that interest them but also because it is where the tax payers' money goes.

The Annual Budget Operations (BOM) for LGUs is embodied in Circular No 112 issued in 2016 by the Department of Budget Management (DBM), which took effect in 2017. The BOM is the definitive guide of the LGUs in the entire budget process including preparation of annual and supplemental budgets (DBM 2016). The Circular aimed at systematizing methods, techniques, and procedures employed in the preparation, execution, and accountability in local budget operations pursuant to Section 354 of RA 7160.

The city and municipal LGUs, practiced participation of the CSOs in the planning and budgeting process. The budget plan is expressed in financial terms the sources and uses of funds. It also includes the financial and policy decisions that the local government will implement during a fiscal year. All LGUs practiced similar strategies on budget planning and preparation. Information on the results of the budget process, allocation, and expenditures can be accessed by the public. The strategies utilized to access information on budget and finance were through memorandum circular, by posting in bulletin boards and other conspicuous places, and pronouncement in programs, assemblies, meetings, and similar gatherings. The community which is the direct beneficiary of the LGUs services is the least informed of the budget processes and finance of the LGU. Only few members of the community are informed on the process.

Based from the given observation, it can be construed that valid and reliable measures of budget and finance transparency are difficult to come up with. This supported by the pronouncement of the Philippine Budget Secretary Boncodin (2007);

> *the budget process is generally not open to public scrutiny except during Parliamentary debates, and the budget performance tracking system is poor.*

> *The engagement of the citizens in the budget process is important, as their participation may improve budget allocation and facilitate fund distribution procedures, and prevent financial corruption and enhance accountability.*

The municipal LGUs employ traditional mode of disseminating information on decisions made by their LGUs especially on financial matters. However, there is already a technological change through the aid of social media that can speed up the availability and safety of public documents.

## Extent of the Observance of Transparency Practices in LGUs

The extent of observance of transparency practices in the city and municipal LGUs show that the personnel of the different LGUs **Almost Always** observed the practices in the three domains with transparency. In city LGU A, the numerical ratings on procurement, access to information, and decision-making ranging from "always to almost always." In the municipal LGUs, the same three domains were rated with similar extent of observation by the personnel with the addition of participation and consultation in on municipality.

Municipal LGUs have lower ratings on procurement. Not all employees, especially those assigned in other offices, were informed of the outcomes of "bids and awards" the reason why some have still doubts on the process. They still hold on to the belief that corruption on the awarding of contracts especially in projects on infrastructure still exists. When the quality outcome of the project is poor or below expectation, the notion is that graft and corruption took place. Table 1 shows the comparison in the observance of transparency. It presents the result of the statistical analysis made on the comparison of the observed transparency practices in three domains in city LGUs. Results show that city LGUs do not differ significantly in their transparency practices on decision-making and access to information but not in the procurement function.

The two LGUs differed on their observed practices on procurement of equipment and materials,

**Transparency and Accountability in the Philippine Local Government, Table 1** Comparison on the observed transparency practices in city LGUs

| Domain | Computed statistic | P value∗ | Decision |
|---|---|---|---|
| Decision-making | −1.156 | 0.248 | Not significant |
| Procurement | −4.504 | 0.000 | Significant |
| | −1.121 | 0.262 | |
| Access to information | | | |
| Decision made | −1.610 | 0.107 | |
| Budget and expenditure | −1.610 | 0.107 | |
| Bids and awards of projects | | | Not significant |
| Procurement of equip. & mat. | —0.365 | 0.715 | |

$*p < 0.05$

**Transparency and Accountability in the Philippine Local Government, Table 2** Level of accountability of the LGUs on decision-making

| LGUs | Extent of transparency Practices observed | Accountability level |
|---|---|---|
| **City** | | |
| **A** | Almost always | High |
| **B** | Always | Very high |
| **Municipality** | | |
| **C** | Always | Very high |
| **D** | Always | Very high |
| **E** | Always | Very high |
| **F** | Almost always | High |
| **G** | Always | Very high |

and hiring and promotion of personnel. There are no significant differences noted on the LGUs practices on consultation and participation, and access to information. Significant differences are noted on practices in procurement although the two LGUs abide with the Procurement Law, some personnel still believed that projects are awarded to the "elite" and "behind the scene influence" still prevails. Meanwhile the Table 2 below depicts the comparison on the observed transparency practices in municipal LGUs reveal that the personnel transparency practices on decision-making, consultation and participation in activities, and access to information did not differ significantly in the five municipalities. There are significant differences on their practices on procurement.

In both city and municipal LGUs, practices on decision-making, consultation, and participation are not significantly different. In the study of Neupane et al. (2012), public e-procurement technology plays a role to reduce corruption in government procurement. The results showed that public e-procurement system indicated anti-corruption capabilities particularly in the automation and audit trail and can potentially increase transparency and accountability of the government procurement process. The procurement procedure in Philippine government goes electronic through PhilGEPS, to promote transparency and efficiency in the procurement system. It serves as the primary source of information on all government procurement. But according to Neu et al. (2015), the e-procurement system may have limitation on internal control and monitoring practices in corrupt contexts.

## Accountability Level of the LGUs in Relation to the Extent of Observance of Transparency Practices

### In Decision-Making

Table 2 shows the data on the accountability level of the LGUs in decision-making based on the extent of transparency practices observed.

Generally, the LGUs have high and **very high** level of accountability in decision-making.

The practice of participative and consultative decision-making is always practice in the LGUs.

### In Procurement

Table 3 presents the data on the accountability level of the LGUs based on the extent of the observed practices on procurement. Data suggests the high and very high level of the LGUs based on the practices observed on procurement.

The participation of concerned personnel mandated by the Rules on Procurement during the bidding process is noted. Some personnel believe, however, that the practice of *palakasan* still holds at times. Indeed, stakeholders are encouraged to participate in the formulation of Annual Procurement Plan, as well as to observe the bidding process. The integration of public participation led transparent, competitive, and accountable bidding processes in all government agencies.

### In Access to Public Information

Table 4 presents the data on the accountability level of LGUs on access to public information based on the extent of practices observed.

The two city LGUs and three municipal LGUs have high level of accountability on their practices on access to public information. Two municipal LGUs are very highly accountable in their practices. As disclosed by some employees, information dissemination is always done, but some clients have difficulty in accessing public documents from some offices.

## Concluding Notes

The observed transparency practices in city and municipal LGUs do not significantly differ on decision-making and access to information but not in the domain of procurement.

Majority of the subject LGUs are observed to include the participation of the department heads in decision and policy-making. They are often consulted and their suggestions matter in every decision. The practices of transparency and accountability of government personnel in the Local Government Units of Nueva Ecija, Third Congressional District, was *highly* observable. It is noticed that the concerned LGUs still follow the traditional method of public information. With the recent advancement of technology, they must take advantage of the social media and other modes of publication as means providing information of interest to the constituents. In the accountability levels of the LGUs, procurement is the most

**Transparency and Accountability in the Philippine Local Government, Table 3** Level of accountability of the LGUs on procurement

| LGUs | Extent of transparency practices observed | Accountability level |
|---|---|---|
| **City** | | |
| **A** | Almost always | High |
| **B** | Almost always | High |
| **Municipality** | | |
| **C** | Always | Very high |
| **D** | Always | Very high |
| **E** | Always | Very high |
| **F** | Almost always | High |
| **G** | Almost always | High |

**Transparency and Accountability in the Philippine Local Government, Table 4** Level of accountability of the LGUs on access to public information

| LGUs | Extent of transparency practices observed | Accountability level |
|---|---|---|
| **City** | | |
| **A** | Almost always | High |
| **B** | Almost always | High |
| **Municipality** | | |
| **C** | Almost always | High |
| **D** | Always | Very high |
| **E** | Almost always | High |
| **F** | Almost always | High |
| **G** | Always | Very high |

argued domain. It is a sensitive subject to be addressed, and their responses are bare interpretations and understanding. Although there are gray areas in some of the government operations, the effort of government officials to comply therein are observable.

The practice of transparency and accountability differs from country to country and is affected by the levels of government, regime types, and cultural context. It is also the foundation of the public trust to the public sector organization. The chapter showed that transparency and accountability practices may differ from one local government unit to another although similar in many aspects. The variances in some matters and parameters measured would justify the necessity for the government in the local level to invest in the measurement of the twin principles. Not only to lessen incongruence between theory and practice but also to ensure that sustainable, participative, and inclusive local development is maintained. Standardization of observance is called for. The LGU being the nearest to the people in the countryside and the nexus to democracy, public service delivery must at all times be guided by the dictum "public office is a public trust," which in itself is the benefit of observing transparency and accountability in the local level.

## Cross-References


- ► Accountability
- ► Fiscal and Financial Transparency
- ► Principles of Good Governance, The
- ► Transparency


## References


Armstrong E (2005) Integrity, transparency and accountability in public administration: Recent trends, regional and international developments and emerging issues. Department of Economic and Social Affairs, United Nations 1–10

Benito (2016) Accountability and corruption, Europe. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Bernas JG (1996) The 1987 constitution of the Republic of the Philippines: a commentary. Rex Bookstore, Manila

Boncodin ET (2007) Citizen engagement in budgeting and public accountability. 6th session committee of experts in Public Administration. United Nations, New York

Brillantes AB Jr, Fernandez MT (2011) Restoring trust and building integrity in government: issues and concerns in the Philippines and areas for reform. Int Public Manag Rev 12(2). www.ipmr.net 55IPMR2011

Department of Budget and Management (DBM) (2016). Budget operations manual for local government units 2016 edition under the project "Support to the local Government Units for more effective and accountable Public Financial Management (LGU PFM 2 project)". http://unpan1.un.org/intadoc/groups/public/documents/un/unpan025773.pdf

Calina EL (2015) Citizens charter: an assessment of contributions to frontline service delivery. Philipp J Public Adm LIX(1):34–58

Cucciniello M, Nasi G (2014) Transparency for trust in Government: how effective is formal transparency? Int J Public Adm 37(13):911–921. https://doi.org/10.1080/01900692.2014.9497

De Leon PC (2016) Assessing the citizen's charter formulation and implementation at the Bureau of Customs Port of Clark and the Clark Development Corporation. J Manage Dev Stud Open Univ 1–15

Gabriel AG (2017) Transparency and accountability in local government: levels of commitment of municipal councilors in Bongabon in the Philippines. Asia Pac J Public Adm 39(3):217–223. https://doi.org/10.1080/23276665.2017.1368902

Gabriel AG (2018) Bureaucratic red tape in the Philippines. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham

Gabriel GA, Gutierrez MP (2017) Praxis in local legislative governance: measure of organizational effectiveness of the component cities in Nueva Ecija, Philippines. http://www.apjmr.com/wp-content/uploads/2017/04/APJMR-2017.5.2.02.pdf

Gabriel AG, Ong DU (2018) Linking transparency and accountability to local legislative performance in the province of Nueva Ecija in the Philippines. J Public Adm Gov 8(2):384–396

Gomez J-AF, Mudlong JKP (2017) Assessing the implementation of theAntiRed Tape Act (ARTA) in a higher education institution in the Philippines. Imp J Interdiscip Res 3(12):23–31

Greitens TJ (2016) Citizen participation in public management. In: Farazmand A (ed) Global encyclopedia of

public administration, public policy, and governance. Springer, Cham
Heemsbergen LJ (2016) Transparency measures in an international context. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Ingrams A (2016) Transparency. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Lindstedt D, Naurin M (2010) Transparency is not enough. Making transparency effective in preventing corruption. Int Polit Sci Rev 31:301–332
Neu D, Everett J, Rahaman AS (2015) Preventing corruption within government procurement: constructing and disciplined and ethical subject. Crit Perspect Account 28(C):49–61, Elsevier
Neupane A, Soar J, Vaidya K, Yong J (2012) Role of public e-procurement technology to reduce corruption in government procurement. In: International public procurement conference, pp 304–334
Organisation for Economic Co-operation and Development (OECD) (2014) Accountability and democratic governance: orientations and principles for development. OECD Publishing, Paris. https://doi.org/10.1787/9789264183636-en
Olsen JP (2015) Democratic order autonomy and accountability. Governance 28:425–440
Orelli RL (2016) E-Government, accountability, and performance. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Republic Act No. 9485 (2007) Anti-red tape act of 2007. Accessible at: https://www.officialgazette.gov.ph/2007/06/02/republic-act-no-9485/
Reyes DR (1994) Reinventing government and bureaucracy in the Philippines: old themes and a new image? Philipp J Public Adm XXXVIII (2):77–97
Seiwald J (2016) Fiscal and financial transparency. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Sirotkina N, Pavlovskaya S (2016) Public control as a mechanism of the openness of public procurement: case of Russia. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Vyas L (2017) Gaps and transparency challenges in contract outsourcing. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance, https://doi.org/10.1007/978-3-319-31816-5_3118-1
World Bank (2006) Management strategy for local government to strengthen transparency in local governance. Washington, DC: World Bank. Accessible at: https://www.odi.org/projects/1286-world-governnace-assessment
World Bank (2017) Governance and the law. World development report. World Bank, Washington, DC

# Transparency in South American Central Governments

Paola M. Hermosa[1], Susana Jorge[2], Elena Urquía-Grande[1] and Cristina del Campo[1]
[1]Universidad Complutense de Madrid, Madrid, Spain
[2]Research Centre in Political Science (CICP) and Faculty of Economics, University of Coimbra, Coimbra, Portugal

## Synonyms

Accountability; Corruption; Socioeconomic development; Transparency

## Definition

The term "transparency" in economics and finance is defined very broadly as a process by which information about existing conditions, decisions, and actions is made accessible, visible, and understandable. Transparency is understood as the effective flow of information or as the process in which the information is prepared and disclosed in a safe, understandable, and timely manner (IMF Working Group 1998; Kopits and Craig 1998; Vishwanath and Kaufmann 1999). In particular, transparency is the opposite of secrecy (Florini 2000). One of its main underlying assumptions is that transparency is always closely connected to accountability.

Transparency in public administration gives greater openness about political and economic decisions and promotes the accountability of organizations (ibid.). Therefore, the need to establish transparency mechanisms is essential to improve public managers' decision-making and to optimize the information then disclosed to the citizens. Finally, economic development and transparency go together. Logically, transparency is negatively correlated with corruption and positively correlated with economic development.

Corruption and socioeconomic development indicators help analyze how countries have evolved and how they are positioned relatively to each other, to support transparency. It is important to realize how these countries have behaved and the main differences because the best transparency practices can serve as example for the others.

In the last two decades, South American countries' indicator interrelationships with transparency towards accountability have displayed several differences (del Campo et al. 2020). Regarding the contextual issue and the analyzed indicators, Uruguay and Chile can be identified as the best performing countries, while Venezuela leads the list of the least transparent countries. The Human Development Index (HDI) shows that Chile and Argentina have very high human development. In recent years, Chile, Uruguay, Brazil, and Colombia have presented a progressive growth.

## Introduction

Currently, at an international level, governments are making great efforts to reduce and control certain economic variables to improve public services performance (Heinrich 2002; Propper and Wilson 2003). There is also a need to establish transparency mechanisms to improve public managers' decision-making and to optimize the information then disclosed to the citizens (Meijer 2013).

The importance of information for effective democracies is essential (Hood and Heald 2006; Stiglitz 2002) as well as transparency promotion (De Simone et al. 2017; Florini 1999). Therefore, the disclosure of key indicators and their comparability is crucial, as it reinforces the democratic relationship between governments, citizens, and international communities, contributing to increase the citizens' trust and their feeling of safety (Rodríguez et al. 2015).

In the same line, in the contemporary global discourse, large questions of legitimacy, effectiveness, and accountability of governance matters are raised (Backstrand 2008). The appropriate arrangement to assure the public financial sustainability "value for money" is transparency of information in governments (Jaeger and Bertot 2010). The key to achieve a better governance is recognizing the importance of information for effective governance democracies (Stiglitz 2002) and the role of the international financial institutions in promoting fiscal transparency (Vishwanath and Kaufmann 1999).

Transparency in public administrations gives greater openness about political and economic decisions and promotes organizations' accountability (Bushman and Smith 2003). The key to enhance transparency is to pay attention to incentives to disclose basic information because if there are incentives for information disclosure, the actors' behavior can be modified and adjusted toward best practices (Florini 1999).

Academic literature has highlighted transparency as a requisite toward accountability (Lourenço 2015; Fox 2007). Furthermore, previous research identifies accountability as the concept intertwined with transparency that implies actors being held responsible and having obligations to act in ways that are consistent with accepted standards of ethical behavior (Schedler 1999). Thus, mechanisms for appropriate accountability must adhere to the delegation and participation of public managers (Grant and Keohane 2005).

The disclosure of corruption indicators is crucial as a best practice of transparency toward accountability. When studying abuse of power, the democratic governments of the world demand adherence to transparency in their management (Han and Demircioglu 2016).

While there seems to be a wide range of literature addressing management transparency and accountability issues at the organizational level within the public sector, there is scarce research about the link between countries' performance and transparency and accountability. This paper aims at contributing to fulfill this gap, as it addresses countries' corruption and socioeconomic indicators' relationship toward transparency and accountability. In particular, considering the context of South American

(SA) countries, this research analyzes trends and main differences between countries regarding corruption and socioeconomic development indicators.

## Transparency, Accountability, and Socioeconomic Development

There are academic research and world institutions' reports addressing interrelationships between corruption and socioeconomic development indicators, toward transparency and accountability. According to those, it is expected that less corruption and better socioeconomic contexts will favor transparency pushing for improved accountability.

Transparency is researched as a cause for greater efficiency and effectiveness. When the economic development increases, citizens expect to receive better services and require more information to assure that their taxes are being used effectively. Filgueiras (2016) points out that a transparency policy perspective through normative arguments, principles, and rules for the construction strategy in the accountability concept toward stronger public management processes improves the quality of information.

At the same time, when studying the way in which corruption affects transparency, the democratic governments demand adherence to transparency in their exercise, as "corruption" is undoubtedly the biggest obstacle in the delivery of aid and development (Mauro 1995). It has been demonstrated that reducing corruption has a significant impact on economic development and investment. Important evidence about corruption was presented in a study on the Corruption Perception Index (CPI) by Transparency International (2018), ranking 180 countries and territories by their perceived levels of public sector corruption (according to experts and business people). This index uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. Currently, still more than two-thirds of countries score below 50 on this year's CPI, with an average score of just 43.

In order to achieve accountability, public administrations' transparency is one of the major issues (Romzek 2000). In this context, Guthrie et al. (2010) address the concept of sustainable accountability, arguing that it that plays an important role in the provision of public services. Transparency, as a requisite for accountability, should help users to evaluate the capacity of an entity to meet its sustainability commitments. In a different line of research, other authors (Alcaraz-Quiles et al. 2018) have pointed out that transparency is positively linked to the levels of Internet access, electronic government, and sustainable economic development. Evidence of governments' ICT efficiency shows that they are improving its transparency and accountability (Pina et al. 2007, 2010).

Several international organizations, such as the G-20 and the International Federation of Accountants (IFAC 2013), have demonstrated the need to increase transparency and accountability in public administrations to achieve sustainable development. Factors, such as public administration organization, the size of the jurisdiction, and the audit of financial information by private firms, can influence on Internet Financial Reporting practices in the public sector (ibid.). Rodríguez et al. (2015) find that the international financial reporting standards through the use of new accounting models, as the introduction of the fair value accounting, aim to improve governmental transparency and accountability.

Some studies associate accountability as a human right of public value creation (Douglas and Meijer 2016; Hood 2010). Accountability and transparency as principles of governance complement one another smoothly to produce countries' good governance. Observers often cite transparency as a response to the accountability concerns of global actors and how the disclosure and openness affect their behavior and their actions to be transparent (Hale 2008). Other researchers relate accountability with corporate social responsibility reporting platforms, enabling transparency for accountability (Bauhr and Grimes 2014).

The worldwide increase in access to information laws reflects a growing concern for

transparency, accountability, and participation in the economic and political mechanisms. Calland and Bentley (2013) conclude that the Freedom of Information (FOI) legislation often plays an important part in state- or citizen-led transparency initiatives as access to information is having an impact on socioeconomic conditions.

To assess commitment of transparency and accountability in public sector, Radcliffe et al. (2017) propose administrative control by asking five questions about the level of disclosure to citizens by public sector organizations and governments regarding financial and performance reports; how taxes are being spent; organizations' or governments' achievements and what remains to be done; and how citizens are being affected by specific programs.

The idea underpinning the studies about accountability practices on performance is that they permit meaningful cross-country comparisons as well as monitoring over time, using aggregate and individual indicators. Additionally, the study of accountability is a challenge that public administrations must face. The advantages of considering transparency and social accountability strategies to improve the lives of marginalized groups are increasingly being used in an effort to expand basic public services (Joshi 2017).

Likewise, the use of digital technologies through online and offline tools can bring policy making and accountability of public decision-making to be more participatory in developing countries. A recent evidence of online participation through civic technology and e-democracy platforms is presented by Rumbul (2016), who identified how citizens use civic technologies and how these platforms shape their attitudes and opinion concerning their respective governance structures; the author found the number of users believing that such civic platforms enable them to hold governments and politicians to account was extremely high across all surveyed platforms. In addition, Rautiainen et al. (2017) suggest that different governments have incorporated the promotion and development of advances in information and communications technologies (ICTs). This adoption, such as developing websites for public entities, data portals, social media tools, and online meetings, has caused a significant change in the relationship between governments and their different stakeholders in order to promote government transparency toward the countries' growth.

## South American Countries' Context

This section provides a review of the recent academic and professional literature addressing practices and issues related to the aforementioned topics, in the South American countries' setting, that include concepts such as social accountability (Joshi 2017), e-government (Bayona and Morales 2017), the perception of corruption (Relly 2012), the public sector reform (Gálvez et al. 2012), and financial accountability (Rodríguez et al. 2015).

The promotion of ICTs by governments toward transparency and accountability is significant and has gained an increasing weight with authors proposing accountability indexes applied to SA governments (Hermosa et al. 2019). Several South American countries, such as Argentina and Venezuela, have applied the model of e-government development, where urban information and interaction are the most developed components but not transactions and e-democracy, being transaction services one of the most sensitive aspects of the development of official web pages (Bayona and Morales 2017). The analysis about e-democracy and trends suggests that all governments have developed portals and have a strategic and/or action plan. For example, the creation of a sectorial forum has been promoted in Bolivia; virtual legislative programs in which citizens may participate have been created, such as the virtual parliament in Peru and virtual senator in Chile, which allows people to know and discuss bills; virtual mailboxes have been implemented to write to the president in Paraguay; the strong use of ICTs was the constitutional convention in Ecuador. However, there is a great difference among actions (Welp 2010).

The perception of corruption is an issue related to the lack of governance. Canache and Allison (2005) argue that Latin America countries are quite aware of the seriousness of corruption in

their countries. The negative side of mass opinion on corruption is that pervasive misconduct can trample public sentiment toward democratic politics. Inadequate anti-corruption strategies may affect users' economic decisions and efficiency (Relly 2012). As a result, it should be considered the examination of the determinants of corruption (Berthin 2008) as well as the influence of information access on the control of corruption and the capacity to design and implement transparency (Relly 2012) together with the anti-corruption strategies' design that can be useful to articulate a long-term vision against corruption.

Gálvez et al. (2012) describe that experience in self-regulation is the factor that most influences in the requirement of transparency. Using the public sector reforms, Ramio (2008) explains the positive association between innovation strategies and more effective and efficient public services, although there are important risks related to the introduction of institutions based only on private sector values.

In this modernization process of the public sector, a key concept is accountability, which can influence the success of public administration reforms (Schedler 1999). There has been a great advancement of public finance systems, namely, by the issuance of a series of public sector accounting standards (IPSASB 2017) in order to increase the quality of financial statements to improve financial transparency (Rodríguez et al. 2015).

Transparency and accountability practices have been analyzed by a number of academic and professional studies in many South American countries, although no studies or reports were found about Suriname and Guyana.

In the case of Argentina, the renegotiation of the external debt, the inability of political parties to represent large sectors of the citizenry, and the weak judiciary system are some of the factors that are undoubtedly reflected in the budgetary resources allocated to the public sector and threaten the very foundations of a minimally civilized social coexistence. Currently, there are a growing number of organizations responsible for measuring the degree of transparency and ethics of public bodies at international, regional, and national levels (Aldao et al. 2015; Carmona et al. 2013).

In **Bolivia** the level of public information disclosure is still low. There has been an overall absence of a culture of transparency, which has not been able to advance due to little democratic experience, bureaucratic inefficiency, tradition in corruption with more or less intensity in the different governments, absence of a democratic culture in citizenship with the principle that people have the right to demand accountability, and public official giving in to inefficiency (Apaza 2012).

Five main transparency measures stand out in **Brazil:** in 1997, the possibility of following up remote biddings by any citizen through the Purchasing Portal of the Federal Government Purchases (www.comprasnet.gov.br); in 2000, initiatives to inform citizens about public decisions or as tools to improve governance, such as the promulgation of the fiscal responsibility law and municipal public finances law; in 2004, the creation of the federal government transparency portal (www.portaldatransparencia.gov.br); and in 2007, the creation of a computerized system of management "siconv" (http://portal.convenios.gov.br), for the process of voluntary decentralization of resources toward the states, municipalities, and non-profit private entities; and) Law 5228/2010 of access to public information (Moreira and Claussen 2011).

In **Chile**, the institutional transformation represented by a policy of transparency was complex, since it implied the modernization of the state and a change in the way of doing things. Among several initiatives, there were the creation of the National Commission on Public Ethics in 1994, Law 20285/2008 on access to public information, progress in reforms of state regulations to social control – the law of lobby (www.infolobby.cl), the probity of public officials (www.infoprobidad.cl), the financing of political parties, hiring of the state and public works awards, Law 20128/2011 of fiscal responsibility, the improvement of factors such as the functioning of public services, public sector contracts, and innovation in making data visually accessible in contexts of

limited digital management (Zalaquett and Muñoz 2008; Sousa 2010; Moya et al. 2012).

**Colombia** has been a pioneer in the hearings and public disclosure of the preliminary projects of administrative acts, namely, in the Constitution of 1991. Since then there were the issuance of laws to incorporate new technologies: Law 962/2005 that structures the online government strategy, the Decree 1151/2008 of electronic government, the creation of the Anticorruption Statute in 2011, and the creation of an open public purchase system, the Decree 4170/2011 – the portal Colombia Compra Eficiente (Gómez and Montesinos 2014).

In **Ecuador** there has been some progress in laws on access to public information (Organic Law on Transparency and Access to Public Information – LOTAIP – 24/2004) that establishes the publication on the Internet of, e.g., the budget, information on salaries and benefits of public servants, concessions, permits and contracts, subsidy programs, and results of audits of the internal and external control bodies (Cunill 2006; Jara 2017).

In **Paraguay** there have not been significant measures, although it has begun the construction of bases for the fight against corruption, with the National Integrity Plan (PNI) of 2002, and the creation of the Transparency International Paraguay chapter (Velázquez and Pereira 2008). More recently, there was also the creation of the National Anti-Corruption Secretariat (SENAC) by Decree 10144/2012 and the National Corruption Prevention Plan of 2016, and, within the policy of greater transparency of information, the country entered the Open Government Partnership initiative in 2017 (Andrade et al. 2019).

**Peru** started promoting citizen's participation in the monitoring and control of public administration with Law 2630/1994 and Law 27806/2002 of access to public information and its regulation. The implementation of the Standard Transparency Portal was approved to Public Administration entities (DS 063-2010-PCM), and the Directive 001-2010-PCM/SGP established "Guidelines for the Implementation of the Portal of Standard Transparency in Public Administration Entities," setting the obligation to have certain information in the standard transparency portals. Lately, the country entered the Open Government Partnership, and there was a specific initiative, at national and regional level, for Transparency in Extractive Industries (Da Cruz et al. 2016).

In **Uruguay**, the application of ICTs in government, namely, e-government, has been considered an important strategy for government reform, highlighting the possibility of transforming the fundamental relationships between government, citizens, companies, and other interest groups. The country has passed anti-corruption measures, such as Law 17060/1998 on anti-corruption of officials or the "Crystal Law," the creation of the Transparency and Public Ethics Board (JUTEP) by Law 17.060/1998, recent advances in a retributive justice, judges more liberals and more receptive presidents, the creation of the Consultative Council by Law 18250/2007, which is composed by the Judicial Branch, the Legislative Branch, the Public and Prosecutor's Office, the academy and the civil society, and the creation of the Law on the Right of Access to Public Information LDAIP, Law No. 18.381/2008 (Skaar 2013).

**Venezuela** has been in an emergent situation; eradicating corruption requires re-engineering in the justice system, comptrollers, and police. So far, there is no law on access to public information, so citizens should demand the approval of such a law because in no case must it depend on the will of an official or a political leader (Belloso and Primera 2015).

These above-referred studies highlight that, in the majority of the South American countries, there has been an accelerated progress in regulations and laws on access to public administration information, especially referring to critical issues, the budget being the most important. Those countries have ratified international conventions, created anti-corruption offices for criminal responsibility, and established bodies for the protection of whistle-blower corruption reporters. Some case studies highlight experiences and situations in South America that are related to transparency and the fight against corruption.

## Data and Methodology

This paper uses data from the 12 South American countries for the period of 1996 to 2016. These countries are, in alphabetic order, Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Peru, Paraguay, Suriname, Uruguay, and Venezuela.

Given that the objective is to analyze how countries behave in terms of certain indicators, associating these with transparency and accountability issues, secondary official sources of data have been used. Accordingly, the indicators used in the study were collected from the together: "databases" of Transparency International (2018), the United Nations Development Programme (2016), and the World Bank (2016). It must be noted that some data for Suriname, Guyana, Paraguay, and Brazil were missing. Missing data are a serious problem for any study and can compromise the integrity of the analyses. A common approach to account for a large number of missing data in many analyses is to exclude the years for the indicators that have any missing data. However, as the missing values for indicators in the present study along the different years were less than 3%, those values could be estimated using linear regression.

Through the present analysis, the best countries in terms of corruption and socioeconomic development indicators and how they have evolved in the last decades toward better transparency and accountability have been identified. This analysis could also encourage a benchmarking behavior among governments of the countries considered, pushing for continuous improvements. Based on the previously described indicators, groups of SA countries that present similar characteristics are identified, trying to determine what are their most important features and their role in the whole territory of the SA continent.

## Results

Results show that the indicators such as Control of Corruption (COCO) and Corruption Perception Index (CPI) together with Gross Domestic Product (GDPPPS) present very low levels in most of the SA countries. There is a declining trend that depicts possible problems in transparency. Uruguay is perceived as the least corrupt with the best evaluation of the South American countries, followed by Chile according to the results. On the other side of the spectrum, Venezuela ranks among the 20 most corrupt countries in the world (Transparency International 2018).

The Control of Corruption (COCO) is part of the set of the two corruption indicators together with CPI. It captures the perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption. In general, the tendency of the Control of Corruption indicator in every SA country is relatively stable with the passage of time, that is, the country that has a high COCO keeps it high all the time, while a country that has a COCO low stays with the COCO low almost all the time. It is observed that the average of the *Control of Corruption* (COCO) indicator for the region of 45.05. The lowest values are in Venezuela and Paraguay, whereas the highest values are in Uruguay and Chile.

The countries with the best indicator are Chile and Uruguay, while Venezuela is the country with the lower COCO (see Fig. 1). Ecuador and Paraguay have had an improvement in the indicator in recent years, although they have low values throughout the study period.

Argentina has an initial value of 54 in 1996, which decreases smoothly with small undulations, to grow a little at the end of the study period, standing at 46 in 2016. **Bolivia** has a highly variable behavior in the indicator, starting at the value of 24 and, after several ups and downs, settling at 28 in 2016, with a slightly upward trend. **Brazil** begins the study period, at 56 and after having alternately an ascent, a descent, and a smooth ascent, it reaches a maximum value of 62 in 2011, after which it descends continuously down to 38 in 2016. **Chile** is a country with a good COCO value, which maintains a value of 90 almost all the time, with the exception of values of 85 in 2003 and 88 and 82 in 2015 and 2016, respectively. It is expected that the country will recover from the small dip in the last 2 years

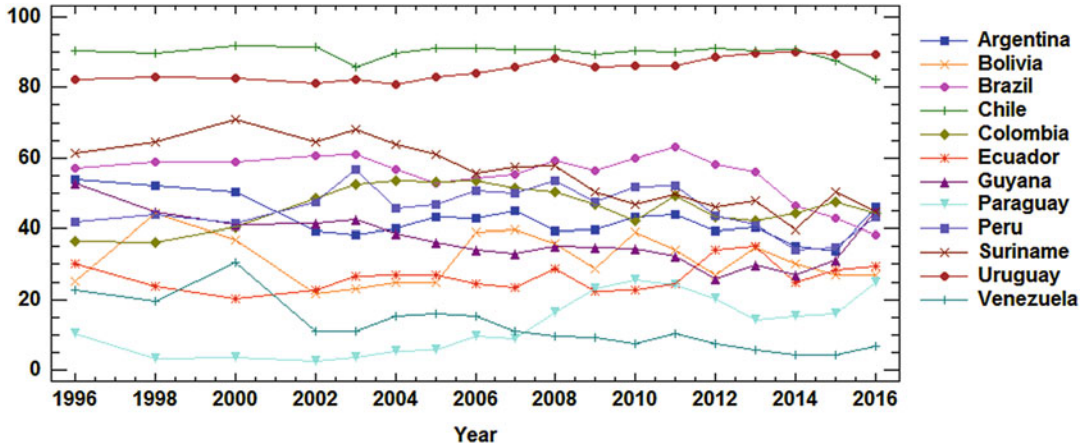


**Transparency in South American Central Governments, Fig. 1** Control of Corruption for the 12 South American countries, 1996–2016

and have again values equal to or greater than 90. **Colombia** starts with the indicator at 36 in the year 1996, and after having slight ascending and descending variations, it is placed at the value 44 in 2016. **Ecuador** index begins on 30 in 1996, has minor ascents and descents, and is placed at almost the same value of 29 in 2016. **Guyana** begins in 52 in the year 1996 and then descends continuously until reaching its minimum at 26 in 2012, rebounding year after year to finish at in 45 in 2016. **Paraguay** is one of the countries that has the lowest indicator. It starts in 10 in 1996 and drops to 2 in 1998. Since then it began a recovery behavior until reaching a maximum of 24 in 2010, then progressively decreases to 14 in 2013, and ends with a rising behavior until it reaches the value of 24 in 2016. **Peru** begins its behavior in the value of 42 in 1996 and, after gradually increasing, reaches a maximum value of 56 in 2003. After having a descent and then several ups and downs, it reaches a minimum value of 32 in 2014. It finally manages to have a slight recovery and is placed at the value of 44 in 2016. The behavior of COCO is surprising in **Suriname**. It starts at 61 in 1996, reaches a maximum value of 70 in 2000, and then has a progressive decline, with small recoveries, until it reaches its minimum of 40 in 2014. It has a small recovery in 2015 and then falls to a final value of 42 in 2016. There are weaknesses that perpetuate corruption including inadequate institutional structures, mechanisms, and processes; weak enforcement such as regulation, political governance, and citizen access to information; and limited participation of the civil society. Legislative reform is necessary. **Uruguay** COCO's behavior is very good. The indicator has been almost continuously increasing from 82 in 1996 to reach the value of 89 in 2016. **Venezuela** started with an indicator of 22 in 1996, fell a little in 1998, and then reached its peak of 30.46 in 2000. Since then the tendency has been mainly downward, standing at the end of the analyzed time period at the value of 8.

The Corruption Perception Index (CPI) is an index published by Transparency International (TI) which ranks countries by their perceived level of public sector corruption, where a score of 100 indicates that no corruption is perceived in the considered country. The trends show that ten South American countries have high levels of corruption (see Fig. 2). Their global average is only 36.22 without making significant progress in their struggle against corruption despite the fact that there are now laws and mechanisms to counteract the phenomenon. Only Uruguay and Chile are better performers in the corruption conflict.

Countries such as Argentina, Bolivia, Colombia, Ecuador, Guyana, Paraguay, and Peru

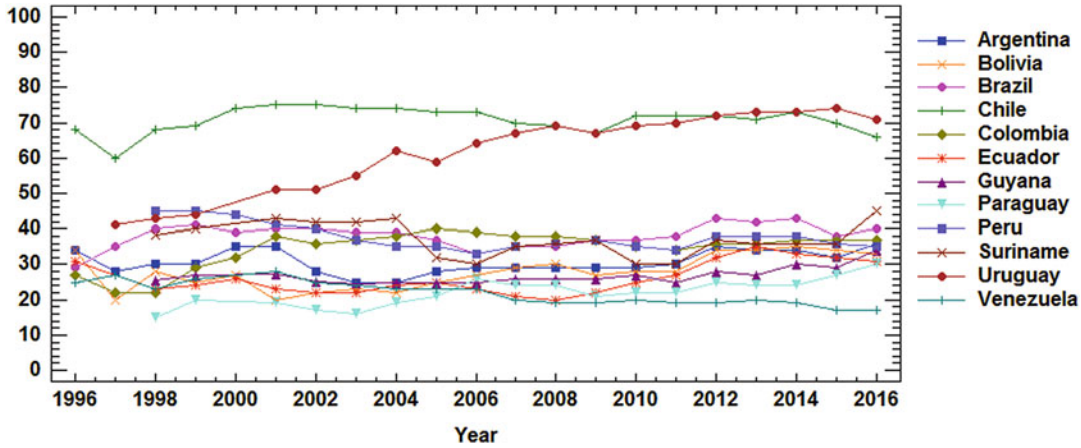


**Transparency in South American Central Governments, Fig. 2** Corruption Perception Index for the 12 South American countries, 1996–2016

obtained a qualification between 30 and 35, still very far from the best world qualified countries, for example, Canada with 82. Additionally, Brazil and Suriname obtained a qualification between 40 and 41; however, Venezuela performs worst every year. More detailed analysis follows below. It has to be noted that some values are missing at the beginning of the study period for Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

Argentina begins on 34 in 1996, has minor ascents and descents, and is placed at almost the same value on 36 in 2016. **Bolivia** starts in 34 in 1996, drops to 20 in 1997 and 2001, rises to 22 in 2002, and then has a linear ascending behavior until it achieves a value of 41 in 2016, with small ups and downs at the end. Bolivia has undertaken significant efforts to enhance transparency. Evo Morales declared "zero tolerance" against corruption, and his government has created an institutional and legal framework that appears robust. Yet, despite these positive initiatives, Bolivia still performs below global and regional averages in most governance areas, including corruption. The lack of capacity and resources undermine new institutions, while low salaries, lack of training, and a burdensome bureaucracy continue to create opportunities and incentives for corruption. **Brazil** obtained a qualification of 29 in 1996. It has small ups and down through the study period and is placed at the value of 40 in 2016. **Chile** standing at 66 in 2016 has lost qualification with respect to 2014 and 2015, although it has had a similar score since 1996. **Colombia** received the score of 37 in 2016 with an average rating of 34.55. The lack of adequate regulation and accountability mechanisms is a cause for concern. **Ecuador**, despite being at low levels, starts with a rating of 31 and improves the rating since 2009. It has an average rating of 26.10. **Guyana** starts at 30 and has an almost flat behavior during most of the study period whose global average stands only at 27.33. **Paraguay** begins on 15, has minor ascents and descents, and is placed at the value of 30 in 2016. **Peru** has a slight downward tendency since 1997. It has a global average of 37.74. **Suriname** starts at 38 and then has a small increase at the end of the study period, standing at 45 in 2016. **Uruguay** hovers close to Chile in South America, with a score of 71 in 2016, reaching an all-time high score of 74 points in 2015 and a record low of 43 points in 1998. **Venezuela** maintains the lowest result of 17 in 2016, with an average value of 21.84, a value that reflects the systemic and persistent corruption that exists in the country.

In terms of socioeconomic indicators, the Human Development Index (HDI), elaborated by the United Nations Development Programme (UNDP), is a summary measure of the average achievement in three key dimensions of human

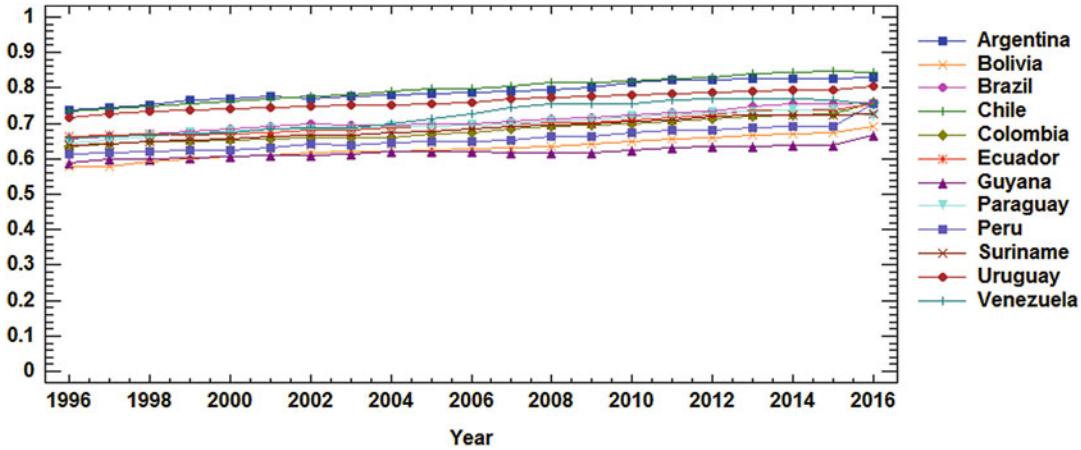


**Transparency in South American Central Governments, Fig. 3** Human Development Index for the 12 South American countries, 1996–2016

development: a long and healthy life, being knowledgeable, and having a decent standard of living. It emphasizes people and their capabilities as the ultimate criteria for assessing the development of a country, not the economic growth alone.

The average values of the HDI approximate countries in the SA region; still, the lowest average value of 0.62 is in Guyana, and the highest of 0.79 is in Chile; the regional average is 0.70. The trends show that most countries have a similar behavior in the form of an increasing almost linear behavior (see Fig. 3). Venezuela departs slightly from this behavior, especially at the end of the study period, in which its values have a very slight tendency to decrease. The average increase value of the indicator in the period varies between 0.08 and 0.11; only Guyana differs from this behavior, since its average growth is just 0.04.

Argentina ascending line begins at 0.74 and ends at 0.83, with a sustained increase between the starting and the ending point of 0.09. The only decrease occurs in 2002. **Bolivia** increasing curve begins at 0.58 and ends at 0.67, with a sustained growth value of 0.09. **Brazil** ascending curve starts at 0.66 and ends at 0.75, with a sustained growth value of 0.09. **Chile** continuously increasing tendency begins at 0.74 and finishes with 0.85, with a sustained growth value of 0.11. **Colombia** ascending curve begins at 0.63 and ends at 0.73, with a sustained growth value of 0.10. **Ecuador** ascendant trend begins at 0.66 and ends at 0.74, with a sustained growth value of 0.08. The only slight decline occurs in 1999. **Guyana** continuously ascending curve starts at 0.59 and ends at 0.63, with a sustained growth value of 0.04, the smallest of all SA countries, as it was already mentioned. **Paraguay** linear ascending curve begins at 0.65 and ends at 0.74, with a sustained growth value of 0.09. **Peru** linear ascending curve begins at 0.61 and ends at 0.69, with a sustained growth value of 0.08. **Suriname** continuous increasing curve begins at 0.62 and ends at 0.73, with a sustained growth value of 0.11. **Uruguay** linear rise starts at 0.71 and ends at 0.79, with a sustained growth value of 0.08. **Venezuela** ascending curve begins at 0.66 and ends at 0.77, with a sustained growth value of 0.11. As it was previously mentioned, it is the only curve that has some undulation, with a slight descending behavior at the end of the study period.

Finally, the Gross Domestic Product per capita in Purchasing Power Standards (GDPPPS) is a widely used indicator which refers to the total gross value added by all resident producers in the economy, as the World Bank states. This indicator will be analyzed from 1996 to 2016 as well. The trend shows that the countries experiencing the greatest expansion in 2016 are Chile and Uruguay (see Fig. 4), which also have the highest average throughout the study period with

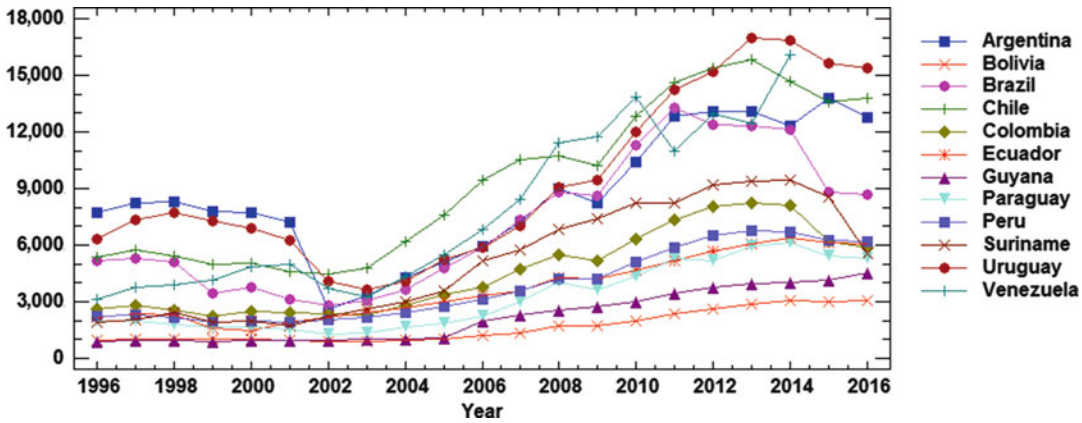


**Transparency in South American Central Governments, Fig. 4** Gross Domestic Product (PPS) for the 12 South American countries, 1996–2016

$9,320.34 and $9,357.03, respectively. However, several SA countries registered a negative growth in the last few years. For example, Brazil's economy has been growing negatively since 2011, and Colombia and Suriname present negative growth value since 2014.

Argentina starts with a value of $7,721.35 in 1996 and, after having ascending and descending variations, is placed at the value of $12,790.24 in 2016. Bolivia starts with the indicator at just $950.86 in 1996, and, after having slight ascending variations, it is placed at $3,076.66 in 2016. Bolivia has the lowest GDPPPS of all SA countries. Brazil starts at $5,166.16 with a downward trend that changes to upward between 2002 and 2011. However, in the last few years that trend has turned down again with a value of $8,710.09 in 2016. Chile started the study period with an indicator of $5,349.80 and maintains a quite steady upward tendency up to 2013. In 2016, it shows a slight upward trend again finishing with a value of $13,753.59. Colombia started with an indicator of $2,620.54 reaching its peak in 2013, since when it has had a downward trend finishing with a value of $5,871.22 in 2016. Ecuador starts with value of $2,155.52. After growing steadily almost the entire period, it reaches the value of $6,060.09 at the end. Guyana begins on just $927.19 in 1996, has a slim upward trend, and is placed at the value $4,542.62 in 2016. Paraguay has a slight ascending behavior during the whole study period but for the last 2 years. It starts with $2,002.69 in 1996 and ends in $5,319.41 in 2016, with an almost continuous growth in its annual values throughout the study period. In spite of the almost linear rise for Peru from $2,232.08 in 1996 to $6,756.75 in 2013, the value has sunk in the last few years to a value of $6,204.99 in 2016. Suriname starts at $1,921.88 and has an ascending behavior until its peak in 2014 with $9,472.01. It ends in $5,539.07, in a quite abrupt downward trend. Uruguay starts with the indicator at $6,317.57 in 1996, and, after having ascending and descending variations, reaches its peak at $16,973.67 in 2013. It is placed at $15,387.14 in 2016. Venezuela starts at $3,151.27 in 1996 and has many upward and downward variations to finish.

After the analysis of these indicators, contrasting cases can be clearly identified, where Venezuela and Paraguay seem to be in the worst situations and Chile and Uruguay in the best. Across the SA region, the main differences are in corruption perception and control indicators, in GDPPPS. These differences reflect different routes countries have been following in order to improve transparency toward accountability.

The case of Chile seems to be derived from the fact that it has signed and ratified international treaties regarding corruption, money laundering, intellectual property, and tax crimes, seeking to

increase the catalog of crimes that generate a type of criminal responsibility (Moya et al. 2012; Sousa 2010; Zalaquett and Muñoz 2008).

The findings regarding corruption are rather curious for the countries with lower values (Venezuela and Paraguay), especially when looking to the other indicators too. On the one hand, their population indicates a lower perception of corruption in the public sector, and, on the other hand, perhaps because of this perception, they have lower level or control of corruption. However, Venezuela presents high values in the socioeconomic development indicators, compared to the average of the region – HDI of 0.72 above the average of 0.70 and GDPPPS of $7,702.89 well above the $5,531.47 average of the region.

Accordingly, these countries should look to their neighbors' practices, so as to reach some accountability improvements.

## Conclusions

The findings presented above show how SA countries have evolved in the last two decades, seeking for better transparency and accountability. The analysis was based on key variables of each country's institutional context, in relation to anti-corruption policies, socioeconomic conditions, and the effectiveness of the government within the legal framework. Considering indicators representing these issues, countries were compared in the last 21 years, trying to determine their most important features and their role in the SA continent. As became evident, there are countries assuming a clear leading role, hence pushing for transparency toward accountability, whereas other countries still have a long way to run.

The previous results show that the indicator in which SA central governments have achieved a better general performance is the Human Development Index (HDI). However, Control of Corruption (COCO), Corruption Perception Index (CPI), and Gross Domestic Product per capita (GDPPPS) present very low levels in most SA countries. Namely, there is a declining trend and that depicts possible problems in the governance according to the reported figures, although more attention and study are needed.

Although in general SA countries have improved, data analyzed from 1996 to 2016 shows that in relation to Control of Corruption and Corruption Perception Index (CPI), most SA countries have not improved in the last two decades except for Uruguay, Chile, and Guyana. The highest average value in Control of Corruption was in Chile and the lowest was in Venezuela. Contrary to the index name, the higher the value is, the more transparent and clean the country is, so the highest average value in Corruption Perception Index was in Chile and the lowest average value was in Venezuela, ranking among the 20 most corrupt countries in the world (Transparency International, 2018). Regarding the performance of the socioeconomic indicators, the GDPPPS highest average value was in Uruguay and the lowest average value in Bolivia. The highest average HDI value was in Chile and the lowest average value in Bolivia. Regarding trends, Uruguay is perceived as the least corrupt with the best evaluation of the South American countries, followed by Chile, according to the results. Countries such as Argentina, Bolivia, Brazil, Ecuador, Paraguay, and Peru and Venezuela present difficulties in the tendency of most of the governance indicators. Regarding GDPPPS, the trend shows that the countries experiencing the highest expansion with the best average are Chile and Uruguay. However, Brazil, and Suriname are countries that registered a negative growth in more recent years. Human Development Index (HDI) trend shows that all countries have an almost linear ascending behavior. However, Venezuela decreases slightly at the end of the study period.

Regarding the contextual issue and the CPI, Uruguay and Chile can be distinguished as the countries with the better performance evaluation, while Venezuela heads the list of the least transparent countries. It is important to highlight that the levels of public debt have been reduced in recent years mainly in countries such as Chile, Paraguay, and Ecuador, while Brazil, Argentina, and Colombia still tend to have a high level of indebtedness.

Additionally, it can be observed that there are countries in South America, such as Chile and Uruguay, that have the best values for their CPI and economic variables. Oppositely, Venezuela has the lowest values in most indicators. Colombia, Peru, Bolivia, Guyana, Ecuador, and Paraguay only differentiate in the GDP values, while Argentina, Brazil, and Suriname have a quite high GDP and average values in the remaining variables.

Our research is in line with Piotrowski (2009) and Filgueiras (2016), as economic development and transparency go together. In the same stream, transparency must be negatively correlated with corruption and positively correlated with economic development. Accordingly, the main findings in this study point out that better performing countries in terms of the analyzed indicators must also have better accountability. When corruption decreases and socioeconomic development increases, countries also enhance their transparency level toward accountability.

During the last decades, most SA governments have expanded their presence on the Internet with integrated platforms, so initiatives have been developed on open government in order to facilitate citizens' access to accountability processes. These results show that SA leaders in implementing those practices are following those of world leader countries, such as New Zealand, Australia, and Canada (Pollitt and Bouckaert 2004), consequential in trends toward better transparency, accountability, and socioeconomic development.

The results of this study show how countries have evolved, as a consequence of initiatives related to transparency, online availability of information, and citizen's participation, which have been relevant to improve transparency and accountability in the SA continent. Evidence was found of significant differences across countries, which tend to reflect the level of implementation of New Public Management (NPM) reforms. However, in the better performing group, there are countries in which NPM has been implemented to a lesser extent. The worst performer overall is Venezuela, which is also the country with lower implementation of NPM and of initiatives promoting corruption control and transparency toward accountability.

Transparency and interactivity are critical elements for the accountability function of a government. Citizens are not able to hold their government accountable if they do know about government financial information and performance report and what is doing in specific public administrations' programs and their impact. Whereas there is evidence that the best SA countries (Chile and Uruguay) have already adopted some of these good practices, the worst performers (e.g., Venezuela and Paraguay) might have to follow the leaders if they want to improve their transparency and accountability levels.

Countries such as Chile and Uruguay have high Control of Corruption and Political Stability, indicating that these countries respond to citizens' demands for similar information. However, in Venezuela, Paraguay, Ecuador, Bolivia, Suriname, Argentina, Guyana, Peru, Colombia, and Brazil, the levels of accountability do not compensate for the traditional low levels of responsiveness.

With the e-government evolution, citizens demand to reduce the time spent on administrative tasks, especially if routine governmental transactions are possible online (Pina et al. 2009). In SA, most governments have web sites that publish reports and services, transforming the relationship between administration and citizens. The implementation of reforms, such as those carried out in Chile, Colombia, Peru, Argentina, and Brazil, has helped countries to improve corruption control and to boost socioeconomic development. E-government can be compatible with all bureaucratic administrations styles, therefore being expected that, sooner or later, all countries, even less progressive, come to adopt it.

This paper contributes to the theoretical and empirical framework by making three important advances. First, it shows the SA countries according to corruption and socioeconomic development indicators. Second, it compares the countries to each other regarding performance in the past two decades and provides information of value for the practitioners in the form of reliable

indicators and their interrelationships with transparency. Third, it creates the opportunity to advance in theoretical concepts resulting from the interrelationship between the analyzed corruption and socioeconomic development indicators. These three advances provide an international comparative perspective, which is practically nonexistent in the SA region.

## Cross-References


- ▶ Accountability, Politics, and Power
- ▶ Anti-Corruption Policy in Regional Governments, Latin America
- ▶ Corruption, Brazil
- ▶ Ethics and Public Administration in Latin America
- ▶ Measures for Police Performance in Spain and Finland


## References


Alcaraz-Quiles FJ, Urquía-Grande E, Muñoz-Colomina CI, Rautiainen A (2018) E- government implementation: transparency, accessibility and usability of government websites. In: Alcaide ML, Rodríguez BM (eds) International e-government development. Palgrave Macmillan, pp 291–306

Aldao M, Astrada G, Benicio A, Bivilaqua E, Camacho González L, Carrer L, Frontera M (2015) Administración Financiera gubernamental. Un enfoque comparativo entre la Nación y la provincial de Córdoba, Argentina. [Government financial administration. A comparative approach between the nation and the province of Córdoba, Argentina]. Ministerio de Finanzas, Córdoba

Andrade J, Vianna A, Reis E (2019) Transparency and public information on the internet: investigating accountability in the legislative and judicial branches in the south american scenario. In: 6th International Conference on e-Democracy and e-Government (ICEDEG), Quito, Ecuador, pp 297–302

Apaza C (2012) Ensuring accountability and transparency through integrated public management systems. PS: Polit Sci Polit 45(3):435–441

Backstrand K (2008) Accountability of networked climate governance: the rise of transnational climate partnerships. Glob Enviro Polit 8(3):74–102

Bauhr M, Grimes M (2014) Indignation or resignation: the implications of transparency for societal accountability. Governance 27(2):291–320

Bayona S, Morales V (2017) E-government development models for municipalities. J Comput Methods Sci Eng 17:47–59

Belloso N, Primera N (2015) Usability of websites to transparency of management in municipalities. Telos Rev Interdiscip Cienc Soc 17(3):418–437

Berthin S (2008) Strengthening the capacity to design and implement transparency and anti-corruption policies in Latinoamérica. Rev Centro Latinoam Adm para el Desarro (CLAD) 41:141

Bushman R, Smith A (2003) Transparency, financial accounting information, and corporate governance. Econ Policy Rev 9(1):65–87

Calland R, Bentley K (2013) The impact and effectiveness of transparency and accountability initiatives. Freedom of information. Dev Policy Rev 31(51):569–587

Canache D, Allison M (2005) Perceptions of political corruption in Latin American democracies. Latin Am Polit Soc 47(3):91–111

Carmona S, Donoso R, Reckers P (2013) Timing in accountability and trust relationships. J Bus Ethics 112(3):481–495

Cunill N (2006) La transparencia en la gestión pública ¿Cómo construirle viabilidad? *Estado, Gobierno, Gestión Pública*. Rev Chilena Admin Púb 8:22–44

Da Cruz N, Tavares A, Marques R, Jorge S, Sousa L (2016) Measuring local government transparency. Public Manag Rev 18(6):3–28

De Simone E, Gaeta GL, Mourão PR (2017) The impact of fiscal transparency on corruption: an empirical analysis based on longitudinal data. BE J Econ Analy Policy 17(4)

Del Campo C, Hermosa P, Urquia E, Jorge S (2020) Country performance in the south American region: a multivariate analysis. International Journal of Public Administration, forthcoming

Douglas S, Meijer A (2016) Transparency and public value - analyzing the transparency practices and value creation of public utilities. Int J Public Adm 39(12):940–951

Filgueiras F (2016) Transparency and accountability: principles and rules for the construction of publicity. J Public Aff 16(2):192–202

Florini A (1999) Does the invisible hand need a transparent glove? The politics of transparency. Conferencia Anual del Banco Mundial sobre Economía del Desarrollo, April 28–30, 1–40. Retrieved from http://ink.library.smu.edu.sg/soss_research/2092

Florini A (2000) The end of secrecy. In: Finel BI, Lord KM (eds) Power and conflict in the age of transparency. Palgrave Macmillan, New York, pp 13–28

Fox J (2007) The uncertain relationship between transparency and accountability. J Dev Pract 17(4–5):663–671

Gálvez M, Caba M, López M (2012) How self-regulatory nongovernmental organizations perceive transparency: comparative analysis of Latin America versus Europe and the United States. Lat Am Res Rev 47:179

Gómez M, Montesinos V (2014) Gobierno electrónico y transparencia financiera y presupuestal de los


T

departamentos en Colombia. Rev Venez Gerencia 68:670–698
Grant R, Keohane R (2005) Accountability and abuses of power in world politics. Am Polit Sci Rev 99(1):29–43
Guthrie J, Ball A, Farneti F (2010) Advancing sustainable management of public and not for profit organizations. Public Manag Rev 12(4):449–459
Hale T (2008) Transparency, accountability, and global governance. Glob Gov 14(1):73–94
Han Y, Demircioglu MA (2016) Accountability, politics, and power. In: Farazmand A (ed) Global encyclopedia of public administration, public policy, and governance. Springer, Cham
Heinrich C (2002) Outcomes-based performance management in the public sector. Public Adm Rev 62(6): 712–721
Hermosa P, del Campo C, Urquia E, Jorge S (2019) Designing an accountability index: a case study of South America central governments. Central Eur J Public Policy 13(2):1–14
Hood C (2010) Accountability and transparency: Siamese twins, matching parts, awkward couple? J West Eur Polit 33(5):989–1009
Hood C, Heald D (eds) (2006) Transparency: the key to better governance? Oxford University Press, New York
IMF Working Group (1998) Report of the working group of transparency and accountability. International Monetary Fund, Washington, DC
International Federation of Accountants, IFAC (2013) Reporting on the long-term sustainability of an entities finances. Retrieved from https://www.ifac.org/system/files/publications/files/IPSASB_RepLong-Term_Sustainability_of_Public_Finances.pdf
IPSASB (2017) Handbook of international public sector accounting standards. Cols I and II. IFAC, New York
Jaeger P, Bertot J (2010) Transparency and technological change: ensuring equal and sustained public access to government information. Gov Inf Q 27:371–376
Jara I (2017) Comparative analysis of public policies and best practices of transparency in Ecuador 2004-2014. Rev CLAD Reform Democr 67:197–226
Joshi A (2017) Legal empowerment and social accountability: complementary strategies toward rights-based development in health? World Dev 99(November): 160–172
Kopits G, Craig J (1998) Transparency in government operations. International Monetary Fund (IMF), Occasional paper 158
Lourenço R (2015) An analysis of open government portals: a perspective of transparency for accountability. Gov Inf Q 32:323–332
Mauro P (1995) Corruption and growth. Q J Econ 110(3):681–712
Meijer A (2013) Understanding the complex dynamics of transparency. Public Adm Rev 73(3):429–439
Moreira I, Claussen M (2011) Políticas de transparencia en la administración pública Brasileña. Rev Centro Latinoam Admin Desarro 51:129–152
Moya E, Ortíz P, Soto V, Murden A, Atton V (2012) Transparencia y rendición de cuentas en organizaciones sin fines de lucro. Transp Int, Chile
Pina V, Torres L, Royo S (2007) Are ICTs improving transparency and accountability in the EU regional and local governments? An empirical study. Public Adm 85(2):449–472
Pina V, Torres L, Royo S (2009) E-government evolution in EU local governments: A comparative perspective. Online Inform Rev 33(6): 1137–1168
Pina V, Torres L, Royo S (2010) Accountability as a differentiated value in supranational government. Am Rev Pub Adm 40(6):742–760
Piotrowski SJ (2009) Is transparency sustainable? Public Adm Rev 69(2):359–361
Pollitt C, Bouckaert G (eds) (2004) Public management reform: a comparative analysis. Oxford University Press, USA
Propper C, Wilson D (2003) The use and usefulness of performance measures in the public sector. Oxf Rev Econ Policy 19(2):250–267
Radcliffe V, Spence C, Stein M (2017) The impotence of accountability: the relationship between greater transparency and corporate reform. Contemp Account Res 34(1):622–657
Ramio C (2008) Technocratic public management, transparency and accountability: Spaniards perceptions on public administration. Extrapolable reflections to Latin American public institutions. *Rev CLAD Reform Democr* 41:111
Rautiainen A, Urquia E, Muñoz C (2017) Institutional logics in police performance indicator development. A comparative case study of Spain and Finland. Eur Account Rev 26(2):165–191
Relly J (2012) Examining a model of vertical accountability: a cross-national study of the influence of information access on the control of corruption. Gov Inf Q 29(3):335–345
Rodríguez M, Navarro A, Alcaide L (2015) Governance, transparency and accountability: an international comparison. J Policy Model 37:136–174
Romzek B (2000) Dynamics of public sector accountability in an era of reform. Int Rev Adm Sci 66:21–44
Rumbul R (2016) ICT and citizen efficacy: the role of civic technology in facilitating government accountability and citizen confidence. In: Mata F, Pont A (eds) ICT for promoting human development and protecting the environment. WITFOR 2016. IFIP advances in information and communication technology, vol 481. Springer, Cham
Schedler A (1999) Conceptualizing accountability. In: Schedler A, Diamond L, Plattner M (eds) The self-restraining state: power and accountability in new democracies. Lynne Rienner Publishers Inc., London, pp 13–28
Skaar E (2013) Wavering courts: from impunity to accountability in Uruguay. J Lat Am Stud 45(3): 483–512

Sousa J (2010) La experiencia de Chile en la transparencia y acceso a la información: el cambio institucional del gobierno central ante las nuevas disposiciones normativas. Universidad de Chile. Magister en Gestión y Políticas Públicas. Retrieved from http://repositorio.uchile.cl/handle/2250/102479

Stiglitz J (2002) Transparency in government. In: Islam R, Djankov S, McLeish C (eds) The right to tell: The role of mass media in economic development. World Bank Institute Development Studies, Washington, DC, pp 27–44

Transparency International (2018) Corruption perception index (CPI) 2018. Retrieved from https://www.transparency.org/cpi2018

United Nations Development Programme (2016) Human Development Index (HDI). Retrieved from http://hdr.undp.org/en/content/human-development-index-hdi

Velázquez A, Pereira N (2008) Experiencias de políticas públicas de transparencia y una propuesta para el caso de Paraguay. Inves Adm 102:64–80

Vishwanath T, Kaufmann D (1999) Towards transparency in finance and governance. World Bank, Washington DC

Welp Y (2010) ICT's for democracy in Latin America? Lecture notes in computer science. Electron Participation 6229:42–53

World Bank (2016) Gross Domestic Product per capita (GDPPPS). Retrieved from https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD

Zalaquett J, Muñoz A (eds) (2008) Transparencia y probidad pública. Estudios de casos en América Latina. [Transparency and public integrity. Case studies in Latin America]. Universidad de Chile. Facultad de Derecho. Centro de Derechos Humanos, Chile

# Transparency Measures in an International Context

Luke Justin Heemsbergen
School of Social and Political Sciences, Melbourne School of Government, The University of Melbourne, Melbourne, VIC, Australia

## Definition

Contextually accurate modes of assessing the openness, accessibility, and value of government and third-party disclosures which can shape political, economic, and social realities.

## Introduction

While transparency continues to be, prima facie, tied to good governance, accountability, and democratic process itself, current debates have shifted to efficacy and questioning the political assumptions baked into what transparency is and how it is accomplished in specific contexts. That is to say that specific forms that transparency takes in governance vary considerably in both normative and methodological planes depending on the context. Contextually accurate modes of assessing the openness, accessibility, and value of government and third-party public disclosures, which can shape political, economic, and social realities, are at the core of international measures of transparency. However, the unique forms of transparency and how to measure them remain a complex question and one that this entry covers in abbreviated fashion.

## Measuring Spectra of Transparency

The idea(l) of universal – or even comparable – measures of transparency is fraught with complexity. Indeed, even without a miscellany of various international approaches or actors, David Heald cautioned against the construction of indexes of transparency as whatever algorithm of aggregation is used will poorly interpret the "multiple directions and varieties of transparency and the mediating effects of habitat" (2006, p. 41) that exist in practice. Employing Heald's language to measure of upward, downward, inward, and outward transparency, both in terms of organizational inputs, outputs, and out comes (i.e., performance) and in terms of transformation processes (i.e., the workings of government), make for overly complex and sometimes conflicting measures. A key problem is that the political, administrative, institutional, cultural, and demographic contexts vary considerably where transparency is constructed and when it is measured.

The point is that practitioners cannot ask and design around if there is too little or too much

transparency, but instead seek to discern what the desirable mix of transparency outcomes or practices are that serve specific purposes of good governance in specific contexts. The comparative contextual and political forces considered in international measures of transparency shift the debate once again to acknowledge that there might be multiple desirables created within/through transparency in terms of expectations of governance that practitioners are trying to account for; not all political process are equal, even if "transparency" is valued across them.

This, at worst, makes international transparency indexes risk-prone to organizations "gaming" them for international clout even if their measures are contextually ineffective. Further, countries can become stuck in reinforcing networks of measurements, activities, and outcomes as many index scores leverage the findings of another that create reinforcing feedback loops that may be based on narrow methodology or theoretical hubris. That is to say that the empirical understanding and function of transparency differs across cultures and publics, and thus its measurement instruments must also vary.

A brief review of the evolution of transparency as a measurable concept (what is this an instance of, that we are trying to measure?) introduces the practical history of international transparency measures. This entry then turns to modern and expanded measures of transparency that are currently shaping the way we govern. While transparency continues to be, prima facie, tied to good governance, financial accountability, and democratic process itself, current debates have shifted to questions of efficacy and acknowledging the contextual political assumptions baked into what transparency is and how it is accomplished. The goal of current scholarship on transparency measures in the international context is to recognize specific uses, contexts, and outcomes and how these affect governance.

This entry first points out that traditional metaphors that are used to understand organizational performance and process transparency such as opening windows, shining lights, or lifting veils of secrecy, mix with assumptions of accountability through public forums (Bovens 2010) in relation to measures. In this sense, transparency mechanisms and their measures must have both an abundance of quality information disclosure and ways that this information can hold governors in account. For example, a free and/or widely distributed press is often cited as a predominate forum for government accountability, and this measure is backed up empirically across international contexts that show it correlates with lower corruption. Tying transparency to accountability incites solving an information problem by citizens in the classical liberal sense, where powerful actors are contained by the public disclosure of their actions in forums where they might be constrained through law, shame, or other forms of social control. This, however, does not tie measures of transparency positively to measures of trust. Numerous experimental results suggest that transparency can have negative effects of trust and that these effects are largely decided by context and culture. The accountability assumptions put to transparency may also increase pressure for watchdog expansion, moral entrepreneurship, and "shock-horror self-dramatization" (Meijer et al. 2015), all of which offer good examples of ways to erode trust. This accountability-based measure of transparency – regardless of trust valence – always functions as a fatalist control-based form of government and does not speak to positive productive or participatory outcomes and measures of governing.

In other words, while an interest in accountability might be necessary to think of how transparency functions in democracy, it is not sufficient. If increased transparency is to offer increased "citizen social control" (Attard et al. 2015), then we must also consider other modes of interaction transparency affords. This entry offers two more (of possibly many) ways to measure based on productive and participatory outcomes of transparency that stem from contextually accurate modes of assessing the openness, accessibility, and technical value.

Productive uses of transparency hinge on open data initiatives and other activities that widely distribute public information being put to social and commercial use in a way that adds value. Such productive transparency encourages innovative

and participatory uses by the public sector and private enterprises. Measurement here must consider what is made available for whom and how it is utilized – issues not of access but of accessibility and the resulting utility of social outputs. Further, in this consideration are whether the performance metrics are made – or even considered – by local publics or are they offered solely for international bodies and key private actors such as credit rating agencies with less local democratic legitimacy? Here, scholars such as Erkilla (2012) provide the example of how shifting toward a solely economic perception of transparency might conflict with local democratic assumptions of public access to government information. Further, proprietary commercial use of public data offers some lines of criticism linked to new forms of digital divides in well-developed open data and civic tech movements.

Past productive uses and measures, transparency can enable participatory governance processes such as participatory budgeting that allow citizens to govern not only by limiting their agents in new ways (as above) but by using forms of public disclosure of both government output and citizen input to construct new modes of direct democracy. Think here of measures concerned with the successes of participatory budgeting at local levels that might not be captured by more abstract indexes of transparent national accounts.

Finally, these three avenues of accountable, productive, and participatory concepts for measurement intersect with the technical mediation of the information to be made transparent. One can of course hope for complete and timely data to feed into the above three concerns, but also has to remember that there is no such thing as raw data. All communications are crafted (to) in form. Any chosen medium is laden with a set of affordances that lend certain uses over others. Often there is an assumption that transparency data is digitally distributed to/for citizens or those abroad. Some literature finds corollaries in measurement for the ways in which transparency data are mediated between sender and receiver and Tim Berners-Lee's (2006) strata of linked data. Specifically, in ascending order, data should be available on the web, in a machine-readable format, that is nonproprietary, that uses open standards for interoperability, and finally, that is linked to/through other sources of data. This entry will now survey a brief history of international transparency measures before highlighting some of the specific approaches and inclusions international transparency indexes have made in the current years.

## Historical Trajectory

Acknowledging how shifts of expectations are tied to the continued development of transparency measures brings into focus two inflection points in good governance more generally. In the 1980s, as NPM and other international market-oriented metrics interfaced with the idea of good governance, the idea of transparency was being reinforced with mass mobilizations against corruption in developing countries and the so-called BRICs. International market entry meant discussion of previously taboo topics like corruption could occur more easily.

Then in the mid-1990s, the international community and regional organization saw the need to form new ways of meeting emerging governance needs vis-à-vis transparency. Transparency was mostly referenced by international organizations as a way to control corruption. The Organization of American States (OAS) Inter-American Convention Against Corruption (1996), the Organisation for Economic Co-operation and Development (OECD) Convention Against Bribery (1997), the Council of Europe's Criminal and Civil Conventions (1999), the African Union Convention on Preventing and Combating Corruption (2003), and the UN Convention Against Corruption (2003) provide examples.

This decade saw Transparency International (established 1993) as an opportune organizational breakaway from the World Bank, while South Africa saw it fit to have a requirement for transparency written into their new constitution. Transparency International developed methodologies around integrity that spanned society across nine "pillars" including the executive, civil society, private sector, champions of reform, judiciary, enforcement agencies, media, watchdog agencies,

and parliament. South Africa's 1996 constitution stated "transparency must be fostered by providing the public with timely, accessible and accurate information. . .in administration in every sphere of government; organs of state; and public enterprises." The South African case highlights the need for transparency measures to be implemented and understood at the local level and through local cultural contexts.

A shift to measures of transparency that attempt to apply local knowledge and experts (rather than western observers' perceptions) offered a revitalization to the democratic authority of transparency measures. These "second-generation" governance measures overlook global perception data and instead opt for local researchers and experts to rate their own countries according to more clearly defined and broken down measures. For instance, in the OECD's case, officials in charge of implementing openness measures in country provide the data. However, this does not alleviate the problem of contextually specific expectations, including multiple desirables of transparency.

## New Interpretations

Rather than calculative indexes that aggregate transparency positions, interpretive frameworks offer more latitude to match context and culture, while discerning transparency across political, economic, and social criteria. Meijer et al.'s (2015) work offers the state of the art in this thinking, though other heuristics have offered more detailed disaggregation in the past. For instance, Eijffinger and Geraats' (2006) approach distinguishes economic transparency in terms of data, models, and forecasts; political transparency in terms of policy accessibility or openness of objectives; policy transparency in terms of timely explanation of policy design and outcome goals; procedural transparency in terms of how decisions are made; and operational transparency in terms of how those decisions are operationalized and affected by facts on the ground. Attard et al. (2015) expand on methodologies of measurement across technical, policy/legal, economic, organizational, and cultural concerns, all of which function through independent variables that can affect the use and utility of data that is passed to the public.

Other modern approaches to measuring transparency offer less diversity and instead add value by zeroing in on one indicator or proxy value to considerable depth. Some examples include measuring the timeliness with which countries report data to the international institutions or, instead of timeliness, quantity measures of collection and dissemination of aggregate data at the national level once certain quality metrics are passed. Other measures of global governance have come to include transparency as key indicators. The World Bank's global competitiveness report asks whether businesses find it easy to "obtain information about changes in government policies and regulations" that affect their activities, pointing out again that even for business, corruption is not the sole function nor measure of transparency.

## Conclusion

Measures of transparency that are both simple and exhaustive seem destined to failure when implemented in the international context. Differences in democratic political assumptions, methods of governing, and targets of reportage offer a miscellany of preferred approaches – for both normative and positivistic reasons. Utilizing measures of transparency in the international context requires discerning which conceptual impact of transparency is being considered, finding accurate and exhaustive local proxies that can measure this, and remembering to consider the factors and actors that are not made visible in the political landscape that transparency measures are shining a light on.

## Cross-References

► Transparency

## References

Attard J, Orlandi F, Scerri S, Auer S (2015) A systematic review of open government data initiatives. Gov Inf Q 32(4):399–418

Berners-Lee T (2006) Design issues: linked data. Retrieved from https://www.w3.org/DesignIssues/LinkedData.html

Bovens M (2010) Two concepts of accountability: accountability as a virtue and as a mechanism. West Eur Polit 33(5):946–967

Eijffinger SC, Geraats PM (2006) How transparent are central banks? Eur J Polit Econ 22(1):1–21

Erkilla T (2012) Government transparency: impact and unintended consequences. Palgrave Macmillan, New York

Heald D (2006) Varieties of transparency. In: Hood C, Heald D (eds) Transparency: the key to better governance? Proceedings of the British Academy, vol 135. Oxford University Press for The British Academy, Oxford, pp 25–43

Meijer A, 't Hart P, Worthy B (2015) Assessing government transparency: an interpretive framework. Adm Soc. https://doi.org/10.1177/0095399715598341

# Trust in Government

Christophe Alaux[1] and Tonya T. Neaves[2]
[1]IMPGT: Public Management and Territorial Governance Institute, Aix Marseille University, CERGAM, Puyricard, France
[2]School of Policy, Government, and International Affairs, George Mason University, Fairfax, VA, USA

Trust is a key concept in many social scientific fields. A cross discipline review of the concept emphasizes the economist vision as "either calculative (. . .) or institutional" and the psychologists' vision to "assess trust in terms of attributes of trustors and trustees" (Rousseau et al. 1998, p. 393). In marketing, trust was listed as a core concept of relationship marketing to maintain fruitful relationships between partners (Morgan and Hunt 1994).

The cross discipline vision for the concept of trust wouldn't be "so different after all." Rousseau et al. state that "confident expectations and a willingness to be vulnerable are critical components of all definitions of trust reflected in the articles" (Rousseau et al. 1998, p. 394).

As a consensus administrative sciences suggest, a recent definition of trust as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of an actor" (Karens et al. 2016, p. 3).

In public administration, recent researches focus on the role of trust in government in public policy performance. However the relationship between trust in government and performance of services is not so direct, and it raises issues with causality (Van de Walle and Bouckaert 2003). Indeed, "it is obvious that performance of the public administration has a certain impact on trust in government, but existing levels of trust in government may also have an impact on perceptions of government performance" (Van de Walle and Bouckaert 2003, p. 891).

## Trust in Government: Concept and Dimensions

According to previous definitions, trust in government refers to the confident expectations and the willingness to be vulnerable from citizens toward government (as a body, its individuals or its policy). Trust is not viewed as an attribute but as a perception of the trustworthiness of another (Grimmelikhuijsen et al. 2014). For trust in government, it encompasses the general relations of trust between citizens and individual politicians, between citizens and the global governmental organization (global governmental body), and between citizens and policies.

In the literature, trust is often seen as a multidimensional concept (Karens et al. 2016). Grimmelikhuijsen and Meijer insist on a three-dimensional comprehensive measure of trust (Grimmelikhuijsen et al. 2014):

– Benevolence refers to the ethical perception of the government who really follows policy in the interest of citizens.

- Perceived honesty of government depends on its ability to tell the truth and maintain its commitments.
- Competence refers to "whether people perceive a government organization to be capable, effective, skillful, or professional in making decisions" (Grimmelikhuijsen et al. 2014, p. 8).

## Trust as a Variable of Public Performance

Trust in government is a central concept for public performance on its "competence dimension." A deepening of scientific knowledge about the performance of public policies has focused on the question of trust in the relationship between the governors and the governed. Its relations with public performance require to deepen the concept of public performance.

As a complex topic, discontinuities in public performance of policies may be related to erroneous assumptions on which they are based. The latter may relate to the factual starting situation but also to the probability of generating the desired future state. Cognitive approaches to public policy have thus revealed that public decision-makers sometimes ignore the reality on which they intervene and that they possess a truncated representation of the behaviors they seek to modify (Sabatier and Schlager 2000). Moreover, this effectiveness can cause adverse effects. Indeed, although effective, policy instruments can produce unexpected consequences; which can lead to uneffectiveness of public policy.

The concept of trust is a key variable in many social sciences. It's often operationalized as an independent variable (causal), an intermediate variable (moderating or mediating), or a dependent variable (consequence). For instance Morgan and Hunt identified trust as a key mediating variable in relationship marketing between companies (Morgan and Hunt 1994). Karens et al. focused on trust as a consequence of a branding policy at the European Union level (Karens et al. 2016).

Trust in government can be viewed as a consequence and a determinant of public policy performance. The broad spectrum of performance offers different evaluation criteria for an efficient public sector. It makes it possible to concentrate on efficiency criteria by costs and outputs or on effectiveness criteria that more specifically concern the societal production function. Outside this perimeter of performance, the proposed extension to confidence focuses on the relationship between performance and inputs, outputs, and outcomes (Bouckaert and Halligan 2008). In the management of public policies, this broad spectrum of performance makes it possible to envisage different perimeters of the performance according to the different objectives pursued.

Following the first extension of the performance appraisal to the effects produced, a second extension of the perimeter thus extends the concept of performance to trust. Effects are not an end in themselves in the public sector, as the ultimate goal is to ensure a level trust by citizens toward all institutions and public organizations (Bouckaert and Halligan 2008). Thus, the outputs of public action must generate effects that will generate trust in governments (Van de Walle 2004). Indeed, an effective school, health system, or security police can generate a level of trust in these policies and systems. Trust can then be seen as a consequence of effective public policies.

In a circular way, these levels of trust will also contribute to the achievement of higher "outcomes" that will ensure the effectiveness of the public policy implemented. The link between effects and trust is the second "Grand Canyon" of the public sector (Fig. 1).

Assuming that effects can positively influence confidence is, however, a weak assumption that has not been corroborated by theories or empirical studies (Van de Walle and Bouckaert 2003). Nevertheless, it is recognized that nonmarket organizations need the trust of their publics for their "legitimacy, effectiveness, and non-financial or financial support" (Bryce 2007).

This relation between effects and trust thus presents a circular causality in which trust can also produce effects according to a "moderate opposite causal relationship" (Van de Walle and Bouckaert 2003). Indeed, trust can be an input for the public sector and not just an outcome. The effectiveness of public environmental policy can

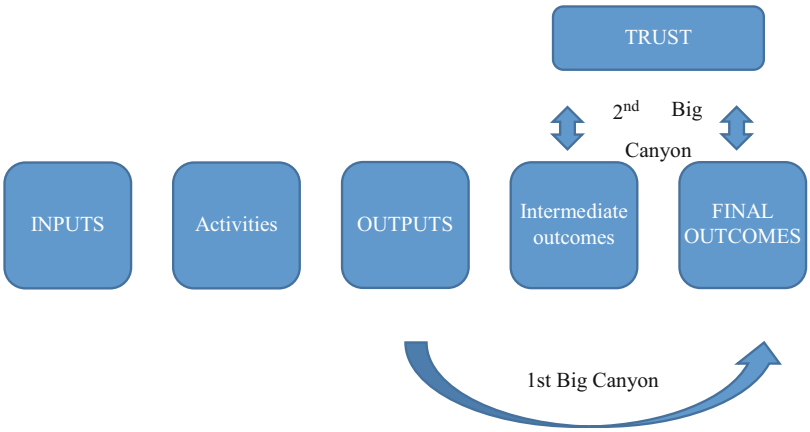


**Trust in Government, Fig. 1** The canyons of public performance. (Adapted from Bouckaert and Halligan (2008))

thus depend on the confidence that is sought to be increased through citizen participation and consultation (Collins et al. 2003).

The degree of public confidence in public organizations contributes, in fact, to their effectiveness. Indeed, trust levels can also have an impact on the level of outputs and satisfaction, but also outcomes (Bouckaert and Halligan 2008). For example, in the field of coproduction of a public service, trust is essential to enable the same quantity and quality of outputs to reach higher levels of efficiency. Moreover, it also contributes to the legitimacy of the organization. Transposed to the management of public policies, this confidence can also impact the "outcomes" because it will guarantee the effectiveness and especially the efficiency of the outputs. Indeed, the different instruments of public policy are all the more effective than they are based on a relationship of trust between governments who implement them and the governed who must comply with them. This conformation will therefore be facilitated by high levels of trust in instruments aimed at orienting the behavior of the target groups.

From a scientific point of view, theories of public sector management should increasingly integrate topics such as expectations management and perception management, which is a combined form of public sector marketing, as well as trust (Bouckaert and Halligan 2008). Models need to bridge these gaps between management concerns internal and external to the public sector. As long as there are gaps between public policy intentions and perceptions, citizen satisfaction and trust will remain key elements in achieving public policy performance. Actions must therefore be taken by public policy actors and researchers in the field in order to understand the impact of confidence on improving the outputs and outcomes of public action.

It constitutes a combined form of public marketing and trust management applied to the meso-performance of the public sector. However, this concept of trust is difficult to measure with indicators of satisfaction or governance (Van de Walle 2005). Indeed, public production is more frequently evaluated by its cost than by its capacity to meet expectations (Bureau and Mougeot 2007). Trust has thus been measured by more or less general scales of opinions, which are often difficult to relate to the outputs and outcomes observed.

Trust in government is a central concept for reforms of public policies based on performance.

Perceived in its ethical, commitment, or competence dimensions, trust in government is not a steady concept. It can be viewed as a cause or as a consequence of public performance. From a practitioner perspective, it can be considered as a mean or as an objective. This circular vision might reflect the reality and the complexity of public administration. Managing trust in government is similar to managing the three main objectives of public performance: efficiency and quality of outputs and effectiveness of outcomes. It can be a very helpful integrated concept to improve citizen orientation of managerial practices in public administration.

## References

Bouckaert G, Halligan J (2008) Managing performance: international comparisons. Routledge, London
Bryce HJ (2007) The public's trust in nonprofit organizations. Calif Manag Rev 49:112
Bureau D, Mougeot M (2007) Performance, incitations et gestion publique, C.A.E, vol 66. La Documentation Française, Paris
Collins J, Thomas G, Willis R, Wilsdon J (2003) Carrots, sticks and sermons: influencing public behaviour for environmental goals. Demos/Green Alliance Report for DEFRA, London
Grimmelikhuijsen SG, Bijlhouwerstraat G, Utrecht ZC (2014) The effects of transparency on the perceived trustworthiness of a government organization: evidence from an online experiment. J Public Adm Res Theory 24(1):137–157
Karens R et al (2016) The impact of public branding: an experimental study on the effects of branding policy on citizen trust. Public Adm Rev 76(3):486–494
Morgan RM, Hunt SD (1994) The commitment-trust theory of relationship marketing. J Mark 58(3):20–38. Available at: http://flora.univ-cezanne.fr:2177/stable/1252308
Rousseau DM et al (1998) Not so different after all: a cross-discipline view of trust. Acad Manag Rev 23(3): 393–404
Sabatier PA, Schlager E (2000) Les approches cognitives des politiques publiques: perspectives américaines. Revue française de science politique 50(2):209–234
Van de Walle S (2004) Perceptions of administrative performance: The key to trust in government? Doctoral dissertation, University of Leuven, Belgium
Van de Walle S (2005) Peut-on mesurer la qualité des administrations publiques grâce aux indicateurs de gouvernance? Revue française d'administration publique 3:435–461
Van de Walle S, Bouckaert G (2003) Public service performance and trust in government: the problem of causality. Int J Public Admin 26(8):891–913

# Trust in Government and Income Inequality

Nurgul R. Aitalieva
Department of Public Policy, Indiana University – Purdue University Fort Wayne, Fort Wayne, IN, USA

## Synonyms

Confidence; Economic inequality; Evaluation of government performance; Perceptions; Public opinion

## Definition

Political trust is an evaluative orientation of citizens toward their political system, or some part of it, based upon their normative expectations.

Income inequality is the extent to which income is distributed in an uneven manner among a population.

## Introduction

In the mid-1960s, Americans had confidence in their political institutions. However, between 1964 and 2017, the percentage of Americans who trusted that the government in Washington would do what was right "most of the time" or "just about always" fell from 76% to 20% (Pew Research Center 2017). A number of comparative studies examined whether other Western democracies experienced a similar reduction in trust of their political institutions. These studies revealed that declining trust in government was not unique to the United States. Indeed, diminished levels of trust in government were happening simultaneously in countries with different political systems and cultures (Houston et al. 2016). As trust in politicians and institutions decline, support for democracy did as well. Thus, declining trust is one of the central problems in modern politics. Another recurring topic that has emerged in both academic literature and popular culture is increasing income inequality. The literature suggests that the gap between the rich and the poor has been rising not only in the United States but also around the world. Income inequality is an important indicator of government performance. Studies show that high levels of income inequality decrease citizens' trust in government across various countries around the world.

## Definition of Political Trust

The concept of trust is both simple and complex. It is simple because it is used in daily language. Yet, it is inherently complex because it is used to explain a wide variety of social concepts. Houston and Harding (2013) define trust as "a willingness

to rely on others to act on our behalf based on the belief that they possess the capacity to make effective decisions and take our interests into account" (p. 55). These scholars distinguish two dimensions of trust: competence and care (trustworthiness). The competence or cognitive dimension is based on rational judgments about the ability of the trustee to accomplish a stated goal and act consistently. On the other hand, trustworthiness is an effective dimension. It is grounded on the belief that the trustee's action is not motivated by self-interest but rather takes into account the interests of the trustor. LaPorte and Metlay (1996) describe it as "the belief that those with whom you interact will take your interests into account, even in situations where you are not in a position to recognize, evaluate, and/or thwart a potentially negative course of action by 'those trusted'" (p. 342).

Levi and Stoker (2000) suggest that a definition of trust entails elements described below. Trust is a belief about the future actions or inactions of others and their outcomes. Trust is relational: X trusts Y to do A, in doing so, X makes him/herself vulnerable to Y. Thus, trust involves risk since there is no certainty about the future outcomes. Trust is a judgment. One can trust or distrust the other, or trust or distrust to a certain degree. Trust judgments inspire a course of action. Distrust may inspire vigilance in and monitoring of a relationship. Thus, trust judgments reflect a fundamental belief about the trustworthiness of other people, groups, or institutions. The aforementioned definitions of trust entail to some extent interpersonal trust which is trust one person places in another individual. In contrast, political trust is the trust that people place in political institutions or their leaders.

## Importance of the Trust

Why is trust so important? According to Putnam (2000), "Honesty and trust lubricate the inevitable frictions of social life" (p. 135). In many ways, trust acts as a facilitator for solving the shared collective problems of a pluralist society. Trust links citizens with the government and institutions that represent them therefore trust enhances both the legitimacy and the effectiveness of democratic government. No government can have the absolute trust of its citizens because the power of any government represents a threat to individual freedom and welfare. Notwithstanding this affirmation, government should have a minimum level of confidence of its citizens to operate effectively. Trust is fundamentally important for a healthy and functioning democracy (Mishler and Rose 2005). It engenders citizen compliance with public policies, encourages political participation, and contributes to perceptions of governmental legitimacy (Levi and Stoker 2000).

At stake is the efficacy and stability of democratic government, its ability to represent interests, and solve social and economic problems. Institutional trust translates into diffuse political support and is critical for "the survival and the effective functioning of democratic institutions" (Mishler and Rose 2005, p. 1051). Trust encourages the public's acceptance of democratic values and ideals. To the contrary, political distrust undermines government legitimacy, threatens political stability, and facilitates support for undemocratic regimes (Mishler and Rose 2005). Further, trust stimulates citizen participation in political life (Uslaner 2002). Citizens who trust the government are more likely "to vote, follow politics, feel a sense of civic duty, and have high levels of political knowledge" (Mishler and Rose 2005, p. 1068). According to Gamson (1968), political mobilization and activism are driven by political trust. In the context of government, political trust influences whether or not citizens view the state as being politically legitimate, determines to what degree citizens will consent to government demands, and impacts the levels of political participation undertaken by citizens. Simply put, political trust is essential for the proper functioning of democratic governance.

In order for a democratic state to wield its authority in a productive fashion, it must be judged by its citizens as being legitimate. As Tyler (1998) declares, "Beyond being able to secure compliance, authorities need to be able to gain voluntary acceptance for most of their decisions. Legal, political, and organizational theorists have long recognized that voluntary acceptance of the decisions and rules of

organizational authorities is important to the ability of those authorities to function effectively" (p. 271). As trust in politicians and institutions decline, so too could support for democracy itself. Without trust, citizens are less likely to pay taxes and support government policy (Yang and Holzer 2006).

Trust is especially important for generating public support for programs that entail some perceived risk or sacrifice (Hetherington 2005). Specifically, political trust is significant for the support of redistributive programs, such as welfare and food stamps, and race-targeted policies. When trust is high, the "haves" are more likely to make the sacrifices necessary to assist the "have-nots." Hetherington observes that public policy making in the United States has become more conservative since the 1960s. However, public attitudes in American society have not become more conservative since this time. Hetherington explains this seeming contradiction by demonstrating a strong link between political trust, public opinion, and policy outcomes. Generally speaking, when the public is more trustful, the government responds with more liberal public policy. In contrast, when the public is more distrustful, the government responds with more conservative public policy.

At the same time, "a certain amount of rational distrust is necessary for political accountability in a participatory democracy" (Barber 1983, p. 166). In the extreme case, one can argue the public choice view of government as a Leviathan. Citizens should mistrust their government as this would be a natural position for them to defend themselves against a Leviathan. Distrust could be interpreted as a realistic view of government. However, this view fails to explain why the level of confidence was high in the past.

## Declining Trust in Government

During the last several decades, many countries have moved from a nondemocratic government to a democratic one. However, it seems paradoxical that the geographical spread of democracy has been followed by "erosion" of its essential elements in old advanced democracies on both sides of the Atlantic. Crozier et al. (1975) define this phenomenon as a "crisis of democracy" in the nations of North America, Europe, and Japan. The main symptoms of weakening democracy are "erosion" of confidence in political institutions and the leaders of those institutions (Hetherington 2005). Decades of responses to the same survey questions show diminished political trust in government in a number of advanced industrial democracies (Levi and Stoker 2000).

The erosion of confidence has common traits across nations. First, the erosion of confidence is not a one-time phenomenon that is attached only to a particular economic or political event. The analysis of several surveys conducted since the 1960s has demonstrated that it is rather a persistent phenomenon that has been observed over the last three or four decades. For example, the decline in trust in the USA in the 1960s and 1970s was triggered by citizens' reactions to the war in Vietnam, Watergate, and civil rights initiatives; however, the level of trust did not increase as the politicians associated with these events left political office (Levi and Stoker 2000). Such research findings suggest that declining trust is reflective of more than simply dissatisfaction with incumbents in office (Levi and Stoker 2000).

Second, the decline of public trust is an international phenomenon. It has been observed across the North American and European nations. Third, the decline of trust is structural in nature by permeating all political and social strata. Citizens lost confidence not only in political institutions but also in unions, big businesses, churches, televisions, and printed mass media as well as a decline in social capital (Putnam 2000). Lastly, the disenchantment is rather pragmatic and not of an ideological nature which has worsened with the economic difficulties in the nations.

## Importance of Studying Income Inequality

There are two different types of distribution of income: absolute deprivation and relative income inequality. Absolute deprivation is the amount of

income that the poor have relative to some measure of "minimally acceptable" income. For example, in the United States, the standard for measuring absolute deprivation is the poverty line. The relative income inequality is the amount of income that the poor have relative to rich. One can argue that once the poor reach a bare essential level of consumption, it should not matter how much money the rich have. Accordingly, why does income inequality matter? Should citizens care about how much the poor have relative to the rich? Does income inequality have a negative effect on trusting attitudes?

Social capital literature demonstrates that social polarization in the form of income inequality reduces generalized trust (Bjørnskov 2007). Thus, public trust is likely to decrease when the social distance between the citizens in a nation increases. In other words, the decline in confidence originates from greater polarization among citizens (otherwise known as the heterogeneity hypothesis). To illustrate the social polarization hypothesis and explain the decline in confidence, it is useful to discuss the median voter theorem. According to this theorem, a majority rule voting system will lead to the outcome most preferred by the median voter. The main assumptions of this theorem are that two candidates (or parties) are rational actors, they care only about winning, and they do not have policy preferences of their own. The full convergence of two candidates' platforms will ensue regardless of the distribution of voters' preferences. Figure 1 illustrates three different distributions that share the same median voter position. In other words, for all three preference distributions, the equilibrium policy is the same.

In example A, the distribution of voter preferences is relatively tightly clustered around the median. In example B, the distribution is much more spread out as compared to example A. Thus, two randomly chosen people from distribution B will be further from the median voter position, i.e., further from the selected policy. Therefore, dissatisfaction with government among citizens will be higher in example B. A similar argument could be applied to example C. The distribution in this case is bimodal. The median distance from the policy choice for a randomly chosen person is higher for example C as compared to example A. As the median distance from the policy choice increases, the level of trust in government decreases. Thus, the level of trust in government may be different in countries with different voter populations. In more homogeneous countries (example A), the level of trust is higher. In more heterogeneous countries with preferences distributed as in example B and example C, the level of trust is lower.

There has been an increase in the number of studies on the effects of societal heterogeneity on trust. Investigators have found that societal heterogeneity has a negative impact on trust: the more homogeneous a country is, the higher its trust, and vice versa. The explanation is that societal heterogeneity is conducive to the development of bonding trust in individuals of the same ethnicity, religion, and language at the expense of generalized (or bridging) trust. The previous research demonstrates that diverse societies are often challenged in generating and sharing public goods, trusting each other, and establishing well-functioning public institutions (Delhey and Newton 2005).

A homogenous society is more likely to induce a feeling of solidarity. Uslaner (2002) argues that "what matters is not *how rich a country is*, but *how equitable is the dispersion of income*" (p. 181; italics in original). Studies show that the level of inequality in society is negatively associated with measures of well-being. Luttmer (2005)

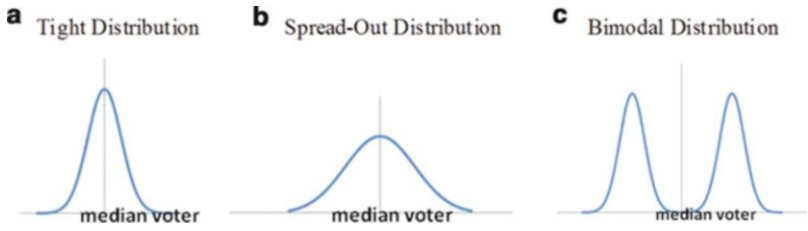


**Trust in Government and Income Inequality, Fig. 1** Distribution of voter preferences over a single policy issue

finds that individuals' self-reported happiness rises as their own income rises, but falls as the earnings of others in the area rise. Thus, relative income, and not absolute income, determines well-being.

There is ample theoretical and empirical evidence in the literature that wealthier citizens have different preferences when it comes to redistribution than poorer citizens and the wealthy have a disproportionate influence on government policies in democracies (with the implication that as inequality increases, the wealthy's influence will increase as well). In addition, more affluent citizens have a broad understanding of the state of the economy and will hold the government accountable for the condition of the economy (Gilens 2005, 2012; Bartels 2009).

## Multilevel Models for Cross-National Analysis

Multilevel models (also known as hierarchical models or mixed models) refer to models with a nested data structure (Hox 2010). Generally speaking, the individuals and the groups to which they belong are conceptualized as a hierarchical system of these individuals and groups, with individuals and groups each defined as a separate level of this hierarchical system. Thus, the sample data are viewed as a mutlistage sample from this hierarchical population. In educational research, for example, the population is schools and students nested within each school. Other examples include cross-national studies where the respondents are nested within their countries, or organizational research with workers nested within their firms.

Traditional regression methods only allow analyzing data on one level. Therefore, historically, multilevel data were either aggregated or disaggregated to one single level and then analyzed using either an ordinary multiple regression routine or any other "standard" statistical method. Aggregation involves moving variables at a lower level to a higher level, for example, by assigning to the countries the country mean of the respondents' income levels. Disaggregation refers to moving variables to a lower level, for example, by assigning to all respondents in the countries an unemployment rate of the country they belong.

However, analyzing variables from different levels at one common level is inappropriate for two reasons. The first problem is statistical. First, aggregation leads to the loss of information and as a result to a loss of the statistical analysis power. On the other hand, disaggregation generates from a small number of country-level variables a lot of individual-level variables leading to an increase of the sample size of the data. However, the proper sample size for these data is a number of higher-level units, i.e., the number of countries. Ordinary statistical methods treat all these disaggregated data values as if all observations are independent from each other. As a result, statistical analyses produce "significant" results that are simply spurious (Hox 2010).

The second problem is conceptual. If researchers analyze data at one level but formulate conclusions at another level, they commit the fallacy of the wrong level. The ecological fallacy refers to interpreting aggregated data at the individual level. For example, Robinson (1950) finds that states with larger immigrant populations tend to have higher literacy. It is invalid to draw a conclusion that immigrants tend to be more literate than those born in the United States. In contrast, using relationships between variables on the level of the individuals to make conclusions about groups leads to the atomistic fallacy. For example, a study of individuals may find that an increase in income leads to an increase in trust. If it is inferred from these data that countries with higher gross domestic products have higher trust, then the atomistic fallacy is committed.

In the past, multilevel data were analyzed using conventional multiple regression analysis with one dependent variable at the lowest level and a set of independent variables from all available levels (e.g., Boyd and Iversen 1979; Van den Eeden and Huttner 1982). However, this approach leads to all of the statistical and conceptual problems discussed above. Standard statistical tests assume the independence of the observations. However, pooling hierarchically structured data into one sample violates this assumption. It is

expected that two randomly selected individuals from the same group tend to be more alike than individuals selected from different groups. For instance, if a country experienced a major breach of public trust shortly prior to the administration of the survey, respondents in this country are likely to be watching the same news reports, reading the same newspaper account, reading the same editorials, and even talking with one another about the event. Thus, these respondent attitudes are not independent of one another as is assumed by OLS. Failing to account for this effect among respondents in distinct clusters (i.e., groups) results in OLS standard errors that are smaller than they should be and making it more likely that the null hypothesis of no relationship will be rejected. Hence, it increases the likelihood that a Type I error is made. In the extant literature, this effect of cluster sampling is known as a "design effect" (e.g., Kish 1987, 1995).

There are two ways to correct this lack of independence among respondents in a cluster (i.e., group unit). One is to report clustered standard errors. Cluster adjustment assumes that observations within groups are correlated but observations across groups are independent. These standard errors allow for a general form of heteroscedasticity but do not allow for errors to be correlated across or within groups (Huber 1967; White 1982). Thus, clustered standard errors account for both a general form of heteroscedasticity as well as for any intra-cluster correlation.

However, combining variables from different levels in one statistical model requires more complicated technique than estimating and correcting for the design effect. Multilevel models are designed to analyze variables from different levels simultaneously. It is the more sophisticated approach to addressing the issue caused by clustered cases. Multilevel models allow for simultaneous estimation of relationships at individual and country levels. They also allow for the relationships at the individual level to vary across countries. Furthermore, multilevel models permit the inclusion of cross-level interactions – i.e., examining how country-level factors influence individual-level relationships. In sum, multilevel modeling enables measuring the effect of different variables and explaining variation both within and across countries (Gelman and Hill 2007; Goldstein 2011; Raudenbush and Bryk 2010; Steenbergen and Jones 2002).

## Conclusion

Dahl (1947) argues that comparison is what helps public administration achieve scientific status. Comparative studies of political attitudes are especially fruitful when they combine the particular political context in which people form those attitudes with critical individual-level variables. It leads to a more general model and comprehensive understanding of the forces that shape citizen political behavior. More and more comparative studies in public administration have started to examine politically and culturally diverse set of countries. Numerous studies have demonstrated and examined a declining level of trust in government and income inequality. Studies indicate that when inequality rises and trust in government falls, individuals may be less willing to support the maintenance and/or expansion of those features of government that have been found in the literature to reduce income inequality: public employment and certain types of welfare spending (Pontusson et al. 2002; Bradley 2003).

## Cross-References


- ▶ Bureaucracy and Public Trust
- ▶ Global Poverty and Inequality
- ▶ Governance and Trust
- ▶ Inequality in Income and Wealth in Russia
- ▶ Trust in Government


## References


Barber B (1983) The logic and limits of trust. Rutgers University Press, New Brunswick

Bartels LM (2009) Unequal democracy: the political economy of the new gilded age. Princeton University Press, Princeton


T

Bjørnskov C (2007) Determinants of generalized trust: a cross-country comparison. Public Choice 130(1–2): 1–21
Boyd LH, Iversen GR (1979) Contextual analysis: concepts and statistical techniques. Wadsworth Pub. Co., Belmont
Bradley DE (2003) Distribution and redistribution in post-industrial democracies. World Politics 55(2):193–228
Crozier M, Huntington SP, Watanuki J (1975) The crisis of democracy: report on the Governability of Democracies of the Trilateral Commission. New York University Press, New York
Dahl RA (1947) The science of public administration: three problems. Public Adm Rev 7(1):1–11
Delhey J, Newton K (2005) Predicting cross-national levels of social trust: global pattern or nordic exceptionalism? Eur Sociol Rev 21(4):311–327
Gamson WA (1968) Power and discontent. Dorsey Press, Homewood
Gelman A, Hill J (2007) Data analysis using regression and multilevel/ hierarchical models. Cambridge University Press, Cambridge
Gilens M (2005) Inequality and democratic responsiveness. Publ Opin Q 69(5):778–796
Gilens M (2012) Affluence and influence: economic inequality and political power in America. Princeton University Press, Princeton
Goldstein H (2011) Multilevel statistical models. Wiley, New York
Hetherington MJ (2005) Why trust matters: declining political trust and the demise of American liberalism. Princeton University Press, Princeton
Houston DJ, Harding LH (2013) Public trust in government administrators: explaining citizen perceptions of trustworthiness and competence. Public Integrity 16(1):53–76
Houston DJ, Aitalieva NR, Morelock A, Chris S (2016) Citizen trust in civil servants: a cross-national examination. Int J Publ Adm 39(14):1203–1214
Hox JJ (2010) Multilevel analysis: techniques and applications. Routledge, New York
Huber PJ (1967) The behavior of maximum likelihood estimates under nonstandard conditions. In: Le Cam LM, Neyman J (eds) Proceedings of the Fifth Berkeley symposium in mathematical statistics and probability. University of California Press, Berkeley pp 221–233
Kish L (1987) Statistical design for research. Wiley, New York
Kish L (1995) Survey sampling. Wiley, New York
LaPorte TR, Metlay DS (1996) Hazard and institutional trustworthiness: facing a deficit of trust. Public Adm Rev 56(4):341–347
Levi M, Stoker L (2000) Political trust and trustworthiness. Annu Rev Polit Sci 3(1):475–507
Luttmer E (2005) Neighbors as negatives: relative earnings and well-being. Q J Econ 120(3):963–1002
Mishler W, Rose R (2005) What are the political consequences of trust? A test of cultural and institutional theories in Russia. Comp Polit Stud 38(9):1050–1078
Pew Research Center (2017) Public trust in government remains near historic lows as Partisan Attitudes Shift. (Data File and Codebook). http://www.people-press.org/2017/05/03/public-trust-in-government-remains-near-historic-lows-as-partisan-attitudes-shift/
Pontusson J, Rueda D, Way CR (2002) Comparative political economy of wage distribution: the role of partisanship and labour market institutions. Br J Polit Sci 32(2):281–308
Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon & Schuster, New York
Raudenbush SW, Bryk AS (2010) Hierarchical linear models: applications and data analysis methods. SAGE, Thousand Oaks
Robinson WS (1950) Ecological correlations and the behavior of individuals. Am Sociol Rev 15(3):351–335
Steenbergen MR, Jones BS (2002) Modeling multilevel data structures. Am J Polit Sci 46(1):218–237
Tyler TR (1998) Trust and democratic governance. In: Braithwaite V, Levi M (eds) Trust and governance. Russell Sage Foundation, New York, pp 269–294
Uslaner EM (2002) The moral foundations of trust. Cambridge University Press, New York
Van den Eeden P, Huttner HJM (1982) The multi-level approach. Curr Sociol 30(3):26–38
White H (1982) Maximum likelihood estimation of misspecified models. Econometrica 50(1):1–25
Yang K, Holzer M (2006) The performance – trust link: implications for performance measurement. Public Adm Rev 66(1):114–126

# Trust in Public Institutions in Greece and Turkey

Mehmet Ali Özçobanlar
Department of Psychology and Sociology of Management at Faculty of Management, University of Warsaw, Warsaw, Poland

## Synonyms

Culture; Greece; Public institution; Trust; Turkey

## Definitions

**Public institution** is an organization founded by governmental units, with duties and liabilities framed by the law, which provides public services to the citizens.

**Trust** is to be confident about something or to have confidence on others or to believe in someone or something.

## Introduction

The public institutions are vital agencies for the functioning and the continuation of a state. Besides this crucial fact, the purpose of these institutions is to provide the public services which are essential to facilitate the citizens' everyday life. Though there is not a commonly accepted definition for the public institution, it may be understood as an institution which has the authority to access the public sources and to utilize them in favor of the public welfare.

As it has been rightly observed (Thoenig 2003) for a long time, "public institutions were taken for granted. They were neither an issue for knowledge, nor a problem for action." Although during the 1970s the topic got a wriggle on, the significance of public institutions came into prominence in the 1980s.

Thoenig (2003), "*considering institutions as dependent variables as well as autonomous actors*," claims that "*the public institutions has become less normative and more empirical*." It should be also taken into consideration that the background of public institutions may differ in each country and could have its own particular structure. There can even exist differences from one public agency to another within the same country.

Scholars have tried to define what exactly public intuition means, or how it could be classified. Darbel (1972) wrote that the form and structure of public institution, as well as the tasks which are assigned to them, could shape and allocate them. Institutions' relative state, or the stage in their progress, could be also considered as one of the fundamental elements to delineate the public institutions. Public institutions are also leading factors for the processes to function the public tasks normally. Therefore they are indispensable. Often the power of public institutions may determine the country's operations, and they play a crucial role in its future.

The fact is that the public institutions are considered as public proctors producing a physical effect appropriate in their particular area of interest, which contributes values and concern in the civic union. The mutual correlation between the local communities and the public institutions may affect the decision-making process and adopting strategies of these institutions. Thoenig (2011) sees a certain fragility in public institutions because, although they are "action-oriented systems," they are "the non-intended outcomes of permanent collective tinkering." Solomon and Flores (2001) clarify that each one of these institutions is also an organization. Thereof every one of them has a set of established forms and specific criteria of how to achieve the goals assigned to them and provide the public services that they ought to. The public institutions were identified as fundamental principles of political assortments, as a result of social assessments and self-assembled social systems. One also should bear in mind that any changes of public institutions spread over a comparatively long time.

In this research, trust in public institutions is examined in between Greece and Turkey. The results of social support and relation, trust to other people, political participation, and trust in public institutions analyses are given and shown by tables. The important public institutions in Greek and Turkish societies are evaluated in terms of trust factor. The difference between Greek and Turkish participants is found to be statistically significant ($p < 0{,}05$). The study is based on research that was carried out in Greece and Turkey within the framework of the "Third European Quality of Life Survey Questionnaire" – European Quality of Life Survey, 2011–2012.

## Culture: Institutions

The reciprocal relation of culture and public institutions has always drawn the attention of academic researchers in the field of sociology. What kind of a configuration type is peculiar to these public institutions? Do they exert the service which it is asserted to be for the public good in favor of folks? Do the activities that these

institutions are engaged with have an influence on their public identity or not? Such questions emerge when one strives to understand the logic behind the institutions. The outward way, in which public institutions act, especially toward civic has been delved in relation to the culture. Patterson (2011) assigns to Bourdieu (1993) thinking the observation that "the field of cultural production is a collective product of all cultural institutions. Any particular cultural institution, no matter how powerful, must work within the established rules of the field – in this case, conventional Western ideologies of high culture. By reinforcing these rules, they reinforce their own base of power."

The influence of the public institutions, as a significant component of culture, should not be undervalued. DiMaggio (1997) argues that the culture passes through institutions. The role of public agencies is a decisive factor pertaining to the essence of a society. In the research of Patterson (2011) are outlined the public institutions as falling within four categories: legal, normative, economic, and class-based. It is a certain fact that public agencies are not the same as private entities or profit-based businesses. Public institutions have their legal statutes within the frame of public functioning. Relative to normative approach is the efficiency of public institutions, the social responsibilities they have, and whether they possess the ability and the necessary skills to respond to the social aims and expectations. From the economic perspective, public institutions, although they present an affinity to certain forms of cultural production, still, when examined from a sociological perspective, leave many researchers with unanswered questions. Di Maggio suspects "*that public institutions facilitated class reproduction by enshrining the cultural tastes of the upper class as naturally superior and more refined*." Pierre Bourdieu has classified this as "misrecognition": "public institutions exist to recreate class divisions by fostering a sense of misrecognition that leads all classes to accept bourgeois tastes as superior" (Bourdieu 1984; DiMaggio 1982; Patterson 2011).

Institutions, by maintaining, suppressing, or spreading information, may influence and shape the public opinion in favor or against a particular person, or a form of artistic expression (Fine 1996; Griswold 1986; Lang and Lang 1988). The impact of public institutions as the key determinants of culture can result to changes in the lives of the citizens of the country. Almond and Verba (1980) believe that "culture affect public and political life, but does not determine societal structures and dynamics."

## Trust: Institutions

One of the recognized key drivers of network commitment is trust. Some authors define trust as the aspect of relying on partner's confidence; others define trust as a confidence of exchange in partner's reliability, as well as integrity. It's important to believe that one's partner is reliable and has a high level of integrity (Geyskens et al. 1996; Gounaris 2005). Thomas (1998) questions the whole conception of trust by arguing that trust is based on beliefs, rather than expectations. Erikson (1951) speaks about "basic trust" as a personality trait, which is in the form of trust in others and oneself, as feelings of inner goodness and optimism, while Rosenberg (1956, 1957) argued that "trust in people" scales as a single form. Weber identifies trust as a faith. However the social-psychological approach has the apparent restriction that changes in trust among large segments of a country's population cannot be explained; nevertheless it influenced the shaping of the literature on trust.

The society's expectations on public services appear as one of the vital aspects for the identical equation of public institutions. Trust factor is very much associated with that. Each public institution differs from the other, and of course every citizen of a country has different prospects from institutions. Due to this fact, trust value may differ regarding to every single institutions' liabilities and responsibilities. It could be seen that the people feel more trust for some institutions than for others because of the public duties assigned to it and the way this institution performs. The public institutions responsible for national security, such as police, or military, may have more trust by

citizens. The reason behind it is that they want to feel safe and secure. It may also be argued that the legal authorities may have as much trust as the institutions which operate in security, because people want to believe in justice. The means by which beliefs, practices, traditions, laws, religious practices, and customs such as cultural phenomena, as well as the history of a nation, should also be considered as trust factors for the public institutional agencies.

According to Thomas (1998), trust is inferred from three specific instances. The fiduciary trust, such as the trust in a professed expertise, is an important component of public trust in government, which may lead to "asymmetric relationships and attendant opportunities for malfeasance" (Barber 1983; Kass 1994).

The mutual trust refers to relations between persons. The relations between people are established upon mutual trust and develop interpersonal relations. The last conception is that social trust which is embedded within institutions. It is also considered as social capital by scholars. Social trust can be found in a group of many individuals. Intentionally giving false information or using the power incorrectly and deliberately giving apocryphal statements may cause the loss of trust and may make peoples to not trust the public officials who are responsible for such discreditable cases. This may also be considered as betrayal of trust and cause the loss of citizen's confidence in public institutions. Therefore public officials are one of the leading actors to produce the public trust, to bring it forth in public, and to preserve the trust and spread it between the people. In addition to all these, officials may overtake the responsibility to re-establish public trust.

## Trust in Public Institutions: The Reality

An indication of what really happens today is given by the results of a relative research in two neighboring but different countries, Greece and Turkey. The people of the two countries lived together for about four centuries, during the Ottoman Empire, but for the past two centuries follow independent roads. Turkey and Greece are similar in ethic and religion homogeneity and are also similar in religiosity since, according to the Eurobarometer 2005, 95% Turks and 81% Greeks believe that there is a God, thus ranking among the most devoutly religious countries (Eurobarometer 225 2005; CIA Word Factbook 2011). The main difference is that in Turkey the predominant religion is Muslim and in Greece the predominant religion is Christian Orthodox. The different religion and the different historical background formed different cultures; nevertheless in both countries, the results of the research show that trust in public institutions reflects the current political situation.

Putnam (1993) and Fukuyama (1995) consider social trust as a cultural feature engrained in all members of a regional or national society. However trust and reliance on institutions as governments, markets, and corporations – the socio-political dimension – seem to be reserved, reluctant, and limited. Although institutions are human entities, the appeal to them is not personal, face-to-face. Reliable institutions may influence the character of civil society, build trust, make the citizens more "trustworthy," and contribute to the coherence of the society.

The social and cultural model, developed as an alternative to the social-psychological theory, argues that human being's existence conditions and experiences, involvement in a group of people with a cooperative culture, and participation in voluntary activities create social trust and collaboration, civic-mindedness, and reciprocity between individuals. The above is an important factor for the creation of successful social organizations and institutions, including political groups and governmental institutions in which people can invest their confidence. Confidence in political institutions depends on the governmental performance in the same way as trustworthiness of others and willingness to trust them, which are based on the experience of how others behave (Hardin 1996). The institutional performance model is a systemic one to be tested with aggregate data for nation-states. It is neither a psychological nor a social-cultural one.

Table 1 gives an indication of the social trust in Turkey and Greece. The question asked to both countries' participants was: "*If you needed advice about a serious personal or family matter, from whom would you get support?*" Although in both countries most of the participants choose to get help from their family members, or relatives, Turkish participants are excessively keen to get support from other people more than Greek participants. One of the answers to this question was about choosing a service provider, institution, or organization for support. The results show that Turkish participants are more willing to get an advice from institutions than the Greeks. There is an obvious difference in between the two countries. The difference between participant groups was statistically significant ($p < 0{,}05$). Thus, it may be argued that social relations in Turkey are stronger than in Greece.

These results indicate that the participants trust that these institutions can provide them with a solution to their problems, so they ask support from these institutions. Another social trust indicator can be seen in the trust on people. People are living in a society and are surrounded by people. Public institutions are organizations administrated and directed by people from the same society. Trust to people rises as a core value in this research. Regarding this crucial factor, the question "*Would you say that most people can be trusted? (in a scale of 1 to 10)*" *was* asked of the participants from both countries (Table 2).

The answers given to the question indicate that Greeks have less trust point (4, 28 ± 2, 31) than Turkish participants (4, 88 ± 2, 55). Analysis results showed that the difference between participant groups was statistically significant ($p < 0{,}05$). Thus, it may be argued that Turkish participants trust other people more than Greeks do. People who trust each other are also more inclined to trust public and private institutions (Table 3).

The question measures the voluntary work for political parties: "*How often did you attend/did voluntary work for Political parties, trade unions in the last 12 months?*" Again a statistically significant difference between Turkey and Greece regarding the frequency of participation in political parties or trade unions is observed. It is seen that Turkish participants volunteer more for

**Trust in Public Institutions in Greece and Turkey, Table 1** Social support and relation

| | Greece | | Turkey | | | |
|---|---|---|---|---|---|---|
| | n | % | n | % | $X^2$ | p |
| *Q: If you needed advice about a serious personal or family matter, from whom would you get support?* | | | | | | |
| Member of your family/relative | 814 | 81.6 | 1352 | 66.9 | 72.31 | 0.000 |
| A friend, neighbor, or someone else, who does not belong to your family or relatives | 151 | 15.1 | 528 | 26.1 | | |
| A service provider, institution, or organization | 7 | 0.7 | 26 | 1.3 | | |
| Nobody | 25 | 2.5 | 114 | 5.6 | | |

Source: Own source
n = people, % = percentage

**Trust in Public Institutions in Greece and Turkey, Table 2** Trusting of other people results

| Country | | N | Mean | Std. Deviation | T | p |
|---|---|---|---|---|---|---|
| *Q: Would you say that most people can be trusted? (in a scale of 1–10)* | Greece | 1000 | 4,28 | 2.313 | −6,28 | 0,000 |
| | Turkey | 2004 | 4,88 | 2.548 | | |

Source: Own source
n = people, Mean = percentage

**Trust in Public Institutions in Greece and Turkey, Table 3** Political participation

| Question | Country | Every week | | Every month | | Less often/occasionally | | Not at all | | $X^2$ | p |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | n | % | n | % | n | % | n | % | | |
| Q: | Greece | 4 | 0,4 | 4 | 0,4 | 18 | 1,8 | 978 | 97,4 | 39,82 | 0,000 |
| | Turkey | 15 | 0,8 | 37 | 1,9 | 113 | 5,9 | 1751 | 91,4 | | |

Source: Own source
n = people, % = percentage

**Trust in Public Institutions in Greece and Turkey, Table 4** Political participation

| Question | Country | Yes | | No | | $X^2$ | p |
|---|---|---|---|---|---|---|---|
| | | N | % | n | % | | |
| Q23a-meeting | Greece | 32 | 3,2 | 961 | 96,8 | 0,402 | 0,526 |
| | Turkey | 74 | 3,7 | 1939 | 96,3 | | |
| Q23b-protest | Greece | 126 | 12,7 | 868 | 87,3 | 98,471 | 0,000 |
| | Turkey | 66 | 3,3 | 1949 | 96,7 | | |
| Q23c-demonstration | Greece | 39 | 3,9 | 953 | 96,1 | 14,133 | 0,000 |
| | Turkey | 34 | 1,7 | 1981 | 98,3 | | |
| Q23d-contacting | Greece | 41 | 4,1 | 953 | 95,9 | 3,232 | 0,072 |
| | Turkey | 58 | 2,9 | 1955 | 97,1 | | |

Source: Own source
n = people, % = percentage

political party or trade union participation. This could also be seen as an indicator to measure the trust factor to political parties, because people rather prefer to support, attend, and do the voluntary work for the political parties which they trust. Nevertheless there are also a large number of people who rather prefer not to attend/participate in any kind of political parties or voluntary work (Table 4).

People voluntarily congregate to discuss local issues and public interactions, so high social trust is associated with a dense and vibrant network of social capital. The social-cultural model shows that trust in people and confidence in institutions are associated with the social position, cultural identity, and personal life experiences of an individual. Citizens who are most active in voluntary organizations and community associations would develop the social trust and cooperative habits that lead to confidence in public institutions. Breuskin (2012) observes that Berman, attempting to bridge the political gap in social capital literature, discerned the interrelation between "civicness" of society and the strength of political institutions: "a strong government can generate social trust among groups by involving various associations in the realisation of services beneficial to the whole society."

The participants were also asked the questions: (Q23a) "*whether one attended, over the last 12 months, a meeting of a trade union, a political party or a political action group*," (Q23b) "*whether one attended a protest*," (Q23c) "*whether one attended a demonstration, signed a petition, including an e-mail or on-line petition*," and (Q23d) "*whether one contacted a politician or public official over the last 12 months*."

According to the results of the analysis, most of the participants did not attend a meeting of a trade union, a political party, or a political action group in both countries ($p > 0{,}05$). Similarly, most of the participants did not contact a politician or a public official in both countries ($p > 0,05$). On the other hand, attending a protest or demonstration and signing a petition, including an e-mail or online petition distributions, showed statistically

**Trust in Public Institutions in Greece and Turkey, Table 5** Trust in public institutions

| | Greece | | | Turkey | | | |
|---|---|---|---|---|---|---|---|
| Institution | N | X | SD | N | X | SD | p |
| Q28a-parliament | 992 | 2,31 | 1,81 | 1964 | 6,17 | 3,15 | 0,000 |
| Q28b-legal system | 979 | 3,30 | 2,23 | 1945 | 5,84 | 3,13 | 0,000 |
| Q28c-press | 984 | 2,98 | 1,98 | 1955 | 4,56 | 2,90 | 0,000 |
| Q28d-police | 998 | 4,88 | 2,66 | 1982 | 6,71 | 3,07 | 0,000 |
| Q28e-government | 988 | 2,11 | 1,82 | 1969 | 6,38 | 3,29 | 0,000 |
| Q28f-local authority | 991 | 3,59 | 2,31 | 1964 | 5,90 | 3,15 | 0,000 |

Source: Own source
n = people, X = percentage

significant differences between participant groups ($p < 0{,}05$). According to these results, Greek people attended more protests, demonstrations, or political events than Turkish people. Recently, Greece was faced with a serious financial crisis. Due to the crisis, many Greek people protest against the government. For this reason, findings may be affected by recent developments. It should be also considered that recent political issues in Turkey led to a cognitive change on results.

The question Q28 is "How much you personally trust each of the following institutions?" The trust in the following institutions was evaluated: national parliament, legal system, press, police, government, and the local (municipal) authorities.

As seen in the Table 5, all political institutions are considered more trustful in Turkey, a fact that is related to "trust in people," since if people trust each other, they are also more inclined to have confidence in the authorities who enforce the law. All differences between countries are statistically significant ($p < 0{,}05$). In this respect, it may be argued that participants in Turkey are more conservative than in Greece. In addition, it is seen that both participant groups think that police is the most trustful institution of the country.

## Conclusions

Trust is an important element in any kind of association. To trust in people and to trust in institutions are basic pillars of representative democracy and society. Therefore to develop a trustful atmosphere in institutions and between people is an essential factor for maintaining an efficient society.

As it was mentioned above, the public institutions which operate in national security may have more trust by citizens. The results of the analysis indicate citizen's intentional cognitive behavior. Turkish participants have shown more respect to the legislative power, which is the parliament, in terms of trust factor. After a referendum accepted by voters with a small difference, the latest constitutional change, which allows Turkey to have a presidential system of governance, will be implemented after the 2018, June 24, elections. Some concerns regarding the form of the power of legislation have been voiced. Until legislation was exercised by the parliament, but after the implementation of the new presidential system, it will pass to the President.

One of the more noticeable differences between the two countries is government trust. In Turkey, more people trust the government than in Greece. The financial crisis in Greece, which goes on for more than a decade, and the economic austerities may be reflected on these results. The administration of public funds that led to this crisis may be the cause why Greek citizens do not consider the government institution as a trustful agency.

After a very dramatic economic crisis in 2001, in Turkey, the results of the following elections showed that the citizens lost their trust to all parties that had governed the country till then. Somehow the trust factor was restored in between the citizens and public institutions. Here, it should be taken into consideration that the personality of

public officials and welcomed reforms may have a positive effect in increasing trust to the public institutions.

Greeks consider the police, the local authorities, and the legal system as trustable institutions. This could be due to the fact that people in Greece feel closer to their local authorities and because they are better able to decide about themselves in their small own territory, for instance, by electing a mayor that they know. Legal system takes the third place in trust factor. It may be argued that the Greek citizens are deeply attached to their principles and they have a high trust to their judicial system.

Many aspects can have a negative effect, resulting to the loss of trust for institutions. Social and political institutions, which have managed to acquire the social trust, are usually effective means for the governments in order to carry out their policies more successfully. Therefore governments encourage confidence in civic institutions. Since trust is going to be one of the major issues of today's world, the policy makers strive to restore respect for values in Greece and to rebuild the trust at the top. In Turkey the recent demonstrations regarding the corruption in government, a fact which could create an extensive social distrust, are taken seriously into consideration by policy makers who strive to rebuild an atmosphere of stability in the country. The failed coup attempt of July 2016 intensified the mistrust of people to the army and created a strong, although short-lived, coherence in the country. For the first time, Turkey's ruling party and the opposition parties were united in condemning the coup attempt. A few days after the coup, supporters of different parties congregated together in huge demonstrations in support of "Republic and Democracy." However a year later, the opposition leader claimed that it was a "controlled coup," eliciting strong reactions from the leading party.

## Cross-References

► Accountability
► Ethics and Accountability

## References

Almond AG, Verba S (eds) (1980) The civic culture revisited: an analytic study. Little Brown, Boston

Barber B (1983) The logic and limits of trust. Rutgers University Press, New Brunswick

Bourdieu P (1984) Distinction: a social critique of the judgement of taste. Harvard University Press, Cambridge, MA

Bourdieu P (1993) The field of cultural production. Columbia University Press, New York

Breuskin I (2012) Social capital and governmental institutions. Living reviews in democracy, vol 3. Center for Comparative and International Studies (CIS), Zurich, pp 1–11

CIA World Factbook 2011 Nation Master 2011. NationMaster is a vast compilation of data from such sources as the CIA World Factbook, UN, and OECD. http://www.nationmaster.com/index.php

Darbel (1972) Tréanton Jean-René. Darbel A., Schnapper D., Les agents du système administratif. Revue française de sociologie 13–3:441–444

DiMaggio P (1982) Cultural entrepreneurship in nineteenth-century Boston: the creation of an organizational base for high culture in America. Media Cult Soc 4 (1):33, 50

DiMaggio P (1997) Culture and cognition. In: Annual review of sociology, vol 23. Annual Review, Palo Alto, pp 263–287

Erikson, H., Childhood and society, New York, Norton, Science, 113 (2931), 1951, 253

Eurobarometer 225 (2005) Eurobarometer on social values, science and technology 2005, p 11. http://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs_225_report_en.pdf. Retrieved 20 May 2017

Fine GA (1996) Reputational entrepreneurs and the memory of incompetence: melting supporters, partisan warriors, and images of President Harding. Am J Soc 101:1159, 93

Fukuyama F (1995) Trust- the social virtues and the creation of prosperity. Simon & Schuster, New York

Geyskens I, Steenkamp JBE, Scheer LK, Kumar N (1996) The effects of trust and interdependence on relationship commitment: a trans-Atlantic study. Int J Res Mark 13(4):303–317. Amsterdam, Elsevier

Gounaris SP (2005) Trust and commitment influences on customer retention: insights from business-to-business services. J Bus Res 58(2):126–140. Amsterdam, Elsevier

Griswold W (1986) Renaissance revivals: city comedy and revenge tragedy in the London theatre, 1576–1980. Chicago Press, Chicago

Hardin R (1996) Trustworthiness. Ethics 107(1):26–42. Chicago, The University of Chicago Press

Kass HD (1994) Trust, agency and institution building in contemporary American democracy. Adm Theory Praxis 16:15–30

Lang GE, Lang K (1988) Recognition and renown: the survival of artistic reputation. Am J Sociol 94:79,109

Patterson M (2011) The public institution. Understanding the logic of cultural production in the public sector. (individual.utoronto.ca) https://www.academia.edu/895422/The_Public_Institution. Retrieved 20 May 2018
Putnam RD (1993) Making democracy work: civic traditions in modern Italy. Princeton University Press, Princeton
Rosenberg M (1956) Misanthropy and political ideology. Am Sociol Rev 21(6):690–695 New York, SAGE
Solomon R, Flores F (2001) Building trust in business, politics, relationships, and life. Oxford University Press, New York, pp 73–74
Thoenig J (2003) Institutional theories and public institutions: traditions and appropriateness. Handbook of Public Administration, Sage. https://halshs.archives-ouvertes.fr/halshs-00139954/document. Retrieved 14 Mar 2018
Thoenig J (2011) Institutional theories and public institutions: new agendas and appropriateness. Handbook of Public Administration, Sage. https://halshs.archives-ouvertes.fr/halshs-00638348/document. Retrieved 14 Mar 2018
Thomas CW (1998) Maintaining and restoring public trust in government agencies and their employees. Adm Soc 30(2):166–193 New York, SAGE

# The Turkish Presidential Model: A Hybrid System?

Mustafa Altunok
Public Administration Department,
Abant İzzet Baysal University, Bolu, Turkey

## Synonyms

Comparative management and policy reviews; Parliamentary system; Political systems; Presidential system; Semi-presidential system; Systems of government

## Definitions

The Turkish Presidential Model is the latest system of government that entered into force in Turkey. This system can be expressed as a Hybrid Model because it can not be explained by one of the theoretically discussed main systems. Since it is a model that does not suit to the pure version of the main prominent democratic systems (parliamentarism, presidency and semi-presidency), but has some common characteristics with all of them, it may be regarded as a hybrid system. This new model brings into force such a system that may be defined as a *strong presidential system based on the parliamentary.*

## Introduction

Democratic systems are mainly divided into three groups which are the presidential system (American model), the semi-presidential system (French model), and the parliamentary system (British model). It is not quite possible to locate the political system preference of the Republic of Turkey within this classification. It would be appropriate to look at the development process of the political system in Turkey in order to see through the historical background of the current system and understand the progress made without mentioning the remarkable aspects of the model of the system introduced by the 2017 referendum and named as the Turkish Presidential system. In this chapter, the traits of the Turkish Political System as of the years of the Ottoman Empire, with a focus on the current systemic change will be evaluated.

## The Historical Development of Government Systems in Turkey: The Years of the Ottoman Empire

The positions of legislative, executive, and judicial powers, known as the three main power of the political system, in relation to each other and their relationship with each other help the political system acquire its quality. Within this context, Turkey's democratization adventure that began in last period of the Ottoman Empire advanced with constitutional developments and different political models were encountered within this process.

The name of the first model encountered can be expressed as a *parliamentary monarchy.* Although it bears qualities of the structure and

functioning of a great many Eastern and Western state organizational structures, the state structure of the Ottoman Empire can not be said to be the same as the Western monarchs in the classical sense, especially with the Byzantine. Westernization, which started in the late period of the empire, and attempts to be a part of the modern world in terms of the political system first manifested itself in 1876 Constitution. This Constitution, known as *Kanun-ı Esasiye* (The Ottoman Basic Law), separated execution from the legislative body and a dual parliamentary structure was formed with the name of the *Heyeti Ayan* (The Chamber of Notables or Senate) and the *Heyeti Mebusan* (The Chamber of Deputies). Members of *Heyeti Mebusan* were determined by a limited election, whereas Members of *Heyeti Ayan* were personally elected by the Sultan. In this system where the executive power was possessed by the Sultan, the Sultan was using the authority with the Committee of Ministers (Gözübüyük 1997). However, it is not possible to talk about the existence of a parliamentary system as in the English system, since the Committee was solely accountable to the Sultan and not to the Parliament.

## From The Parliamentary Government System to Presidential Parliamentarism

The 1921 Constitution adopted a parliament-centred government system called *the Parliamentary Government* since it coincided with Independence War years and since the new state was not formally established at that time. In this model, legislative and executive powers were gathered in the Grand National Assembly of Turkey. There were no official ministries and presidential mechanism in the system where parliamentarians were appointed by the parliament and taken out of office. The consecutive 1924 Constitution adopted a mixed system as a transition to the parliamentary system. In this model, called the *Unity of Powers and Separation of Duties System* because of its mixed nature, there is a government composed of the president and ministers, although the Assembly is still very strong (Özbudun 1998: 20–33).

The 1961 and 1982, Constitutions are based on the parliamentary system. As is known, the moderate separation of legislative, executive, and judicial powers is essential in this system. In essence, both implementations are referred to as parliamentary systems because the parliamentary system, besides the separation of the moderate forces, bears some other characteristics, most of which are available in the systems introduced by the 1961 and 1982 constitutions (Gözler 2007: 45–53). For example, as generally adopted in the parliamentary system, the execution has two headings: a politically responsible and executive prime minister and a ministerial board in coordination with him; on the other hand, there is a politically irresponsible president or representatives of dynasty who have the authority to represent the state. Moreover, in this model (where they may be exceptions), the president, who is generally objective, neutral, and above party member identity, is elected not by the people directly but by the parliament. While the 1961 Constitution foresees a model closer to the pure state of the parliamentary system, the constituent power which prepared the 1982 Constitution preferred to strengthen the execution and especially the presidency, which is executive's irresponsible wing, due to some problems experienced in the pre-1980 period. Therefore, according to this system, the determinant power of the presidency increased in terms of the installations and the executive system. It seems that the presidential authority, which is the irresponsible wing of the execution, became stronger with three basic mechanisms as 1982 Constitution adopted. These can be listed as the Secretary General of the Presidential Office, the Presidential Decree, and the State Supervisory Board and their characteristics. In addition to these installations, the Presidential Office was given the right to determine the majority of the heads and members of the constitutional institutions. For this reason, some authors state that this system is stronger than the semi-presidential system and even call it *presidential parliamentarism*. Despite all these features, according to the first version of the 1982 Constitution, the president was elected by the parliament, not directly elected by the people. With the constitutional amendments enforced in 2007, this situation was changed and the

procedure of electing the President directly by absolute majority of people was introduced and the level of representation was further increased. Thus, a model which is named parliamentary system but which approaches the presidential system more closely emerged.

## The State of Affairs After the 2017 Constitutional Referendum

By the year 2017, the system obtained its final state with a new constitutional referendum. First of all, overwhelming majority of the provisions introduced by the 2017 constitutional amendment will enter into force after 2018. The name of the new implementation put forward by these constitutional amendments is called *Turkish Type Presidential System* or *Turkish Presidential System*. Regardless of the changes introduced with the referendum and the features of the new system, it should be noted that this system was not anticipated; however, it developed as a result of the exceptional circumstances experienced in the aftermath of the 15 July coup attempt. For that reason, it is difficult to say that the system is prepared with a long enough public debate and an achieved consensus. On the other hand, despite some incomplete and problematic aspects, this constitutional amendment and the basic features of the new system were not created under the control of a military structure like the previous constituent powers, but by the support of purely civilian political parties.

The old system had significant problems. As a result of the fact that the President is elected by the people, among the responsible and irresponsible wings of the execution there occurred the risk of system blockage due to development of disagreements regarding subjects such as the establishment of the ministerial board, senior appointments, the approval of the legislation, and so on. In such a systematic crisis, the government, which constitutes the performative wing of the execution, and the president, who is the irresponsible wing holding the handbrake of the executive wing, often confronted. Taking into consideration that in the past serious problems were experienced between the presidents and governments with the same political tradition and even from the same political party, it would be almost impossible to carry out the work if the president and the government with very different political ideologies were in the same office. In case of dissidence that would be encountered when both the prime minister and is a parliamentarian elected by the people and the President is elected by the people it would be inevitable to question who will be held responsible or whose legitimacy is bigger.

One of the most decisive elements in the Turkish political system, which is specified in the 1982 Constitution, is the obligation of organizing the *election laws* in a way that will conform to the principles of *justice in representation* and *stability in administration*. This, on the one hand, aims to promote democratization but, on the other hand, aims to ensure administrative stability. When we look at the issue in terms of the parliamentary system as one of the representative democracy and as a system it embodies, politicians frequently express that it is difficult to achieve both at the same time and that it is necessary to renounce from one to prefer the other. Because providing justice in representation requires the removal of the electoral threshold or the reduction of the election threshold to a very low level. Otherwise, political parties that receive millions of votes are either unable to represent themselves in the parliamentor they are not adequately represented because they are hindered by the minimum election threshold. On the other hand, if there is no electoral threshold or if it is too low, justice is achieved in the representation, but this time parliament is faced with a multi-component structure. As a result, it becomes almost impossible to have a strong ruling party, and coalition governments that are difficult to establish and easy to disperse quickly become inevitable. In this respect, it is seen that the parliamentary system in Turkey has been debated and criticized for a long time. On the other hand, it is fair to say that Turkey has been managed by a parliamentary system for decades, and it has a political experience in this context. In addition, the entire political and administrative organization is structured in line with the characteristics of the parliamentary system. From this point of view, it is undoubted that a system change

will be accompanied by material and moral disadvantages. One of the main arguments highlighted in the 2017 referendum is the idea of providing justice in the representation and stability in administration together. Besides, the administrative structure of the *presidency system* brought forward is also advocated because it will be able to benefit from the administrative functioning quickly and effectively. What kind of system is this system in the first place?

The characteristics of the new system can be summarized as follows: In this system, which is called the presidential system, the presidential election procedure does not change much from the last application. The previously accepted referendum procedure will also apply to the new system. Citizens who meet the basic requirements for nomination can be nominated by the parties who have received 5% of the current votes or 100 thousand signatures. The president who takes office for 5 years may have the right to be elected for the second time. As the head of the state and the government, the president can use the executive power on its own, and the dual-headed administration in the parliamentary system ends because the prime ministry and the council of ministers are abolished in this model. Another change in the system is the increase of the number of parliamentarians in parliament from 550 to 600. In addition, the president is given the authority to appoint their deputies, ministers, and all senior public officials. Moreover, the system has been changed in such a way that the President directly elects the four of the members of Supreme Council of Judges and Public Prosecutors, where the Minister of Justice and his undersecretary will become natural members, whereas seven of them will be selected by the Grand National Assembly of Turkey. Similarly, three members of the Constitutional Court, whose number of members has been reduced to 15, will be appointed by the Assembly and the remaining 12 members will be selected by the President. As it is evident, the determinant power of the President has been further increased with regard to senior appointments.

With the amendment made, the party presidential model has been adopted. In this model, the obligation to cut off the connection with the party of the President, which had a more symbolic meaning in the previous application, has been lifted. It is called symbolic because although in the old system since many presidents have been chosen as candidates for the party they have established and they have officially cut off their ties with their parties, it is difficult to say that they cut their ties completely in reality.

As it is known, according to the 1982 Constitution, while the parliamentary system is in effect, there is a Presidential Decree application. However, in that implementation, while the Presidential Decree was limited to the foundation of the General Secretariat of the Presidency, its organization and functioning rules, and the appointment of personnel, the scope of the decree to be enforced by the Presidency in the new system has been expanded. Accordingly, the President may issue a presidential decree on issues regarding executive power. However, a restriction has been made in this matter, and a provision has been adopted that the presidential decree cannot be issued in matters that are clearly laid down in the Law. In addition, fundamental rights and freedoms and political rights and freedoms are excluded from the scope of decree of the president. This regulation has two meanings: Firstly, in case there is not a relevant law or there is a legal gap, the President may issue a presidential decree having the power of law, which may be considered as a legislative function in a sense. The second dimension of the matter is related to whether this regulation is law or not. To be more precise, since the Presidential decree is not a law in a formal sense, the parliament may terminate the enforcement of these decrees by enforcing laws.

With this arrangement, it is aimed to ensure that the president as a head of the execution can make decisions more quickly and effectively. It is argued that this regulation will bear some risks as it will surely accelerate the functioning of things. With a similar arrangement, the authority to issue statute, which was the duty of Council of Ministers, was abolished, and the President was given the authority to issue regulations for the execution of laws. The Regulation is already a type of legislation present in the system and the actual application of the laws in the existing system is ensured

by means of statutes. Therefore, the statute is placed higher than the regulation in the hierarchy of norms. Since the statute has been lifted in the new practice and the application of the regulation in the classical sense continues, it is possible that the regulations that will serve as statues may cause some confusion and difficulties. In this sense, even if the name is not a statute, there is a need for a regulatory procedure separate from the classical regulations that will replace it.

Another regulatory authority granted to the presidency is the state of emergency issue. This authority previously enjoyed by the Council of Ministers has now been transferred to the President. The President is now authorized to declare a state of emergency if the conditions set forth in laws are fulfilled. The presidential decrees to be issued during the state of the emergency period will not be subject to the restrictions in the ordinary period. Therefore, the president will be able to issue a decree on fundamental rights and freedoms and the presidential decrees to be issued during the state of emergency period will not be taken to the Constitutional Court for cancellation.

In the new system, there is also a difference in the supervision of the President. Since previously the parliamentary system adopted the concept of irresponsible presidency of the parliamentary system, the President could not be put on trial except for treason. With the new amendment, in view of the allegation that the President has committed a crime, it will be possible to start an investigation about the President with the proposal that the absolute majority of the Assembly members presents. However, in order to make the decision of the investigation 3/5, and in order to bring it to the Supreme Court 2/3 majority is stipulated. As in the previous procedure, parliament can exercise its authority of supervision by means of "parliamentary inquiry, general meeting, parliamentary investigation and written question." But the application of "no confidence" has been terminated.

Another very significant change concerns the organization of the Turkish Grand National Assembly and presidential elections. With the amendment brought by referendum, parliamentary and presidential elections will be held on the same day every 5 years. In addition, the President can decide on the renewal of the parliamentary elections without any justification and condition. Likewise, parliament will be able to decide on the renewal of the elections with a majority of 3/5 of the total number of members. This arrangement is striking because, as it is known, the principle of distinctive or solid separation of powers in the classical presidential system is determinant; neither legislation can put an end to the legal entity of the execution nor execution can annul the legislative body and hold new elections. In the parliamentary system, however, the government can be dismissed from the duty by the legislative body by motion of non-confidence before the period of office comes to an end. The arrangement introduced here makes both ways clear. Also, since the balance-balance mechanism is evident in the presidential system, parliamentary elections and presidential elections are often held in different times and for different periods. It is predicted that the forces will balance each other accordingly. However, in this model, as can be understood from the arrangement made, elections are held for the same duration and together.

## Conclusion

To summarize briefly, a new model called the Turkish-type presidency or presidential system was introduced with the 2017 referendum. The demands in this regard are not new but currently things are the result of the extraordinary circumstances in the country. It cannot be said that the system is neither a presidential model nor a parliamentary system. It is possible to say that it is a *strong presidential system based on the parliamentary system* in terms of its main features. This system is likely to face many problems in the course of time. The first important issue in this sense is adapting the public administration apparatus to the new system by enforcing the harmonization laws as soon as possible since it is

necessary to make changes in hundreds and perhaps thousands of the laws.

## Cross-References

▶ Comparative Administrative Reforms
▶ Comparative Evaluation Systems
▶ Comparative Political Elites

## References

Altunok M (2014) Cumhur'a Başkan Seçmek ve Seçim Yönetmek. Türk Yurdu Dergisi 103(325):25–29
Gözler K (2007) Türk Anayasa Hukuku Dersleri. Ekin Kitabevi Yayınları, Bursa
Gözübüyük Ş (1997) Anayasa Hukuku. Turhan Kitabevi, Ankara
Özbudun E (1998) Türk Anayasa Hukuku. Yetkin Yayınları, Ankara
Türkiye Cumhuriyeti Anayasası (2018) https://www.tbmm.gov.tr/anayasa/anayasa_2018.pdf, (Erişim Tarihi: 24.07.2018)

# Turnover at the Top: Causes and Consequences of Leadership Change in Public Agencies

James C. Clinger
Department of Political Science and Sociology, Murray State University, Murray, KY, USA

## Synonyms

Executive tenure; Exit; Leadership rotation; Managerial change

## Definition

This essay will define leadership turnover as change and replacement of the occupants of formal, non-elected executive and managerial positions within public agencies.

## Introduction

Since at least the time of the Volker Report (The National Commission on Public Service 1989), the phenomenon of personnel turnover in the federal civil service, particularly at or near the top of agencies, has been regarded as a problem. Comparable issues of turnover in state and local government agencies have also been recognized as a matter of some concern, with articles by scholars and practitioners and speeches by politicians and interest group leaders expressing concern over this trend. Whether we see this as a "quiet crisis" (see Lewis 1991; Light 2008) or simply a natural, manageable problem, the issue deserves careful examination. This essay surveys the scholarly literature that examines the causes and consequences of leadership turnover within public agencies. The focus of the essay is not turnover among elected leaders, or of rank-and-file personnel, although some of the research on those topics may be instructive. The focus is upon turnover in occupants of formal executive and managerial leadership positions. The research in the business literature on turnover among CEOs and boards of directors may also be of interest but is not the essential issue to be studied.

The essay proceeds as follows. The first section very briefly summarizes the research on the causes of turnover. Of necessity, this section relies to a great degree on literature covering rank-and-file employee turnover. The next section discusses research on the implications and consequences of executive turnover. Finally, the concluding section discusses how and why the meaning and significance of turnover is context specific and dependent upon opportunity structures of not only agencies but of the entire labor market.

## Causes of Turnover

In public organizations and in many private ones, leaders can be evaluated based upon the performance of the programs that they lead. If their programs appear to be successful (e.g., if a coach's team wins ball games), leaders are retained and

even rewarded. In the political science literature, an argument about the way that voters make decisions about candidates (particularly presidential candidates) has been based upon this tendency. The political science scholarship describes this phenomenon as "retrospective voting" (Fiorina 1981). According to this argument, voters evaluate the incumbent based upon the performance of the government that he/she leads. In most of the research, the incumbent who is examined is the incumbent president, and the major focus of the voters' evaluation is the state of the economy. There is considerable evidence that these retrospective models do explain quite a bit of the variance in citizen evaluations of the president and the vote share obtained by incumbent presidents and the presidential candidates of the incumbent's party. Nonetheless, the near-exclusive focus on the state of the economy offers a somewhat incomplete view of the concerns of all voters, since most voters care about a wide variety of other issues (see also Berry and Howell 2007).

Public agency leaders may not be held accountable by the public in general (although there are many executive agencies at the state level that are chosen through election). Nonetheless, the biggest problem in evaluating many agency leaders is the multiplicity of the tasks that they perform and the difficulties in measuring and monitoring their performance. Most of the evaluation of these leaders is done by elected officials and administrative superiors in their organizational hierarchy. In practice, though, much of the research literature, particularly in public administration and human resource management, does not view turnover as primarily a function of unfavorable evaluations of performance, but as a result of unfavorable conditions within the workplace. In other words, much of the research explains turnover as a choice made by dissatisfied employees. This tendency may be attributable to the prevalence of civil service rules that make dismissal difficult. However, agency leadership would not normally be covered by those rules.

One of the notable characteristics of much, although not all, of the literature is the usually unstated premise that turnover is something to be avoided (see, e.g., Lewis 1991; Light 2008). For that reason, the research seems dedicated to the quest of identifying variables that tend to reduce the frequency with which public employees or officers leave office. Much of the research is quantitative, with regression-based analyses that predict turnover or turnover intention among public employees for a given set of agencies within a particular period of time. In some cases, the research does not aim to account for individual turnover or turnover intentions but instead attempts to explain a rate of turnover among personnel within an organization, management team, or program leadership structure. To a great extent, with some notable exceptions, there is not much elaborate and elegant theorizing in this research. For the most part, the literature tests the importance of a number of favorable inputs (i.e., nice stuff to have) that might discourage personnel from leaving their agencies. In general, better pay and benefits (Lee and Whitford 2007), friendlier co-workers, on-site child care (Selden and Moynihan 2000), and better relationships with superiors all tend to discourage turnover (Whitaker and DeHoog 1991). Sometimes a measure of fiscal stress in a community is a strong predictor of turnover (e.g., Tekniepe and Stream 2012). Some behavioral indices of attitudes, such as organizational commitment, organization-person fit, and public service motivation, as well as aggregated indicators of supervisor practices, are also negatively associated with turnover, although somewhat surprisingly opportunities for "voice" are not significantly related to turnover (Moynihan and Pandey 2008; Selden and Sowa 2015). Some research indicates that turnover diminishes as employees are supervised by someone of their own race or gender (Grissom et al. 2012). It does appear that turnover may be greater in rural locations than in urban or suburban locations, perhaps because the rural areas are not as attractive for some households (Grissom and Andersen 2012). However, Watson and Hassett (2003) find that some of the longest serving city managers are located in small, homogenous towns. It also seems to be the case that public university presidents have much shorter tenures than private university presidents (Monks 2012).

Agency leaders who came up through the ranks appear to stay longer in their positions than leaders who were recruited from outside the organization (Grissom and Andersen 2012). Ironically, managers with higher education may have shorter tenures than those with less (Mani 2014).

There are some troubling aspects of this literature. In addition to the generally low quality of theorizing, there is only occasionally a distinction made between voluntary and involuntary turnover. It also is not clear whether turnover reflects a departure from the agency or simply a move to another unit within an agency. Also, there tends to be a focus on variables that pertain to agency or supervisor characteristics. The environment outside the organization in most instances does not get as much attention. It is also the case that institutional arrangements regarding particular positions (e.g., employment contract length, vesting rules within pension systems, post-termination restrictions on employment) are often unexamined, perhaps because the large-N survey-based studies do not include items regarding those issues on their questionnaires.

## Consequences of Turnover

Just as much of the literature seems implicitly aimed at reducing turnover, much of the research on the consequences of turnover presumes that the results are bad. Turnover can reduce, at least temporarily, the workforce available to do agency tasks. It can involve a loss of human capital, agency expertise, and institutional memory (Duffield et al. 2011). It may affect the time horizons and the capacity of the agency to make credible commitments to fulfill long-term commitments, such as municipal bond issues and service contracts of long duration (Clinger et al. 2008). However, the research also finds that the results of turnover may be contingent upon what kind of turnover is involved and how the agency was performing prior to turnover. Ironically, involuntary turnover may be associated with improved organizational performance, while voluntary turnover appears linked to performance declines (Boyne et al. 2011). Furthermore, turnover in general seems to lead to improved performance in agencies that had been performing poorly, while turnover seems to be followed by performance declines when an agency had been performing well. In some cases, moderate turnover is associated with performance improvements, but very high turnover is associated with declining performance (Meier and Hicklin 2008). Whether these relationships are actually causal or just a statistical artifact, a "regression toward the mean" is not clear. But it does seem likely that a badly performing organization is not likely to improve unless some changes are made.

## Recommendations Regarding Understanding Turnover

Understanding turnover in personnel at the top, middle, and bottom of an organization should be enhanced by the accountability movement that is manifested at all levels of government now in the form of organizational report cards, Program Assessment Rating Tool (PART) evaluations, performance measurement, etc. Perhaps most obviously, in the realm of education, school leaders will be scrutinized on the basis of how their students perform. That does not mean that dismissals will take place immediately after a poor showing on standardized test. It does mean that elected officials, citizens, and the media will begin to ask some questions. Resistance to this scrutiny could lead to "voluntary" turnover, even if involuntary dismissals do not take place.

One aspect of the research that is mostly lacking is a recognition that agency leaders are often participants in a national or at least regional market. Some scholars, such as Grissom et al. (2016), have emphasized this aspect of the employment of agency leaders, but many other researchers ignore it. When viewed in this way, turnover is a phenomenon that should increase as job opportunities for advancement exist in other agencies, often in other states and sometimes in other levels of government. Such opportunities may also exist with nonprofit organizations, think tanks, and for-profit firms. Research that only examines workplace variables or the

behavior of immediate supervisors will miss the significance of the broader labor market. When examining these market effects, researchers should take care to take into account the agency-specific or position-specific human capital that agency leaders bring to a job (or take away from a job) should they leave their present positions. Opportunities outside current agencies are going to be much more numerous and lucrative for certain individuals than for others. Of course, some of the human capital that agency leaders have is not just technical. Some may have more general administrative capability or personal political connections than other agency leaders. Whether "who you know or what you know" is more important is a promising question for research to answer.

More research should also be focused on formal policies that agencies use to discourage turnover or at least shape behavior after leaders leave office. For example, many agencies have policies regarding post-termination employment. Specifically, regulatory agencies may forbid their employees form going to work for the firms that they formerly regulated. This presumably promotes a more ethical stance by the regulators and prevents conflict of interest. Perhaps it was assumed that with more restricted employment opportunities available after working for the agency, staffers and commissioners would remain with the agency longer. Ironically, research by Law and Long (2012) indicates that these post-employment restrictions by state utility commissions lead to the recruitment of employees with weaker credentials who subsequently serve shorter tenures with the government. The implications of restrictive employment rules of this kind deserve to be explored.

Currently, little attention has been paid to the question of whether turnover has different implications in different task environments or in positions with different professional specialties. Monks (2012) does find that university presidents with degrees in social science, business, medicine, or law are more likely to leave office for "non-presidential" positions than are presidents with other backgrounds. It is not clear if this is because of greater job opportunities for those with these specializations or if these kinds of presidents are not as eager to pursue a presidential career. It is also not clear whether turnover in a more technical as opposed to a managerial position has different kinds of repercussions for agency performance. One might presume that turnover of leaders with highly specialized, highly scarce, and highly valued skills would have more detrimental consequences for the organization than would turnover among individuals whose skill set was not as unique or in such high demand.

Finally, it would be interesting to learn whether turnover in positions for which there was substantial succession planning was as significant as it might be in organizations that had done nothing formally to respond to the departure of agency leaders. Unfortunately, there is a substantial number of articles written on succession planning, but most are very anecdotal and prescriptive (see, e.g., Pynes 2004; Rothwell and Poduch 2004; Gothard and Austin 2013). Very little empirical analysis of the consequences of succession planning for leadership turnover exists.

## Conclusion

Leadership turnover in public agencies has various causes and consequences. Some of the causes of leadership turnover have their origins in the attributes of individual leaders. Other causes exist at the level of the organization or the work unit within the organization where leaders are located. Finally, some turnover is caused by factors at the societal level, particularly involving market opportunities or opportunities for advancement in other agencies. Unfortunately, much of the research has focused upon factors at only one level rather than looking at the issue more holistically. To the extent that public administrators perceive turnover to be a problem, they must consider all the factors that are pertinent. Some factors may not be subject to control. They are embedded in a political and economic context that public administrators can only modestly influence.

Turnover among agency leaders may not be something that, from a normative standpoint,

should be reduced. Whether or not turnover is a matter of concern should depend upon the consequences that it will have for public service. In general, the research does not find that leadership turnover necessarily results in lower performance in organizations. Often turnover in poor-performing organizations is followed by better subsequent performance. Turnover in high-performing organizations, not surprisingly, is often followed by lower performance. Leadership turnover may in some cases lead to decisions that reflect the different preferences of the new occupants of those offices. Consequences of turnover may also reflect different levels of competence between the new and old leaders. In short, turnover's impacts will depend upon who has been replaced and who has been chosen as the replacements.

No matter what the quality of the new occupants of leadership positions, it is likely that extremely high levels of turnover will cause certain kinds of difficulties for public agencies. Uncertainty in organizational functioning may be created, and long-term commitments with employees, contractors, and political superiors may result. Such uncertainty may be more problematic for certain functions and for certain agencies than for others. For example, high turnover might be unacceptable for agencies that are concerned with long-term commitments, such as pension fund management, capital project programming and finance, and comprehensive planning. Turnover might be much less of a problem in functions where the environment is more fluid, and responsiveness to market or political conditions is valued. For example, leadership turnover among individuals involved in economic development, human services administration, and emergency services may be an advantage. In these areas, leaders must respond to changes in policy or circumstances that are outside the control of their agencies. This responsiveness may be easier to achieve with new leaders than with those accustomed to the status quo. In short, the consequences of leadership turnover, both empirically and normatively, vary according to the circumstances in which the turnover occurs.

## Cross-References

▶ Politics and Bureaucracy

## References

Berry CR, Howell WG (2007) Accountability and local elections: rethinking retrospective voting. J Polit 69(3): 844–858

Boyne GA, James O, John P, Petrovsky N (2011) Top management turnover and organizational performance: a test of a contingency model. Public Adm Rev 71(4): 572–581

Clinger JC, Feiock RC, McCabe BC, Hyung-Jun P (2008) Turnover, transaction costs, and time horizons: an examination of municipal debt financing. Am Rev Public Adm 38(2):167–179

Duffield C, Roche M, Blay N, Thoms D, Stasa H (2011) The consequences of executive turnover. J Res Nurs 16: 503–514

Feiock RC, Stream C (1998) Explaining the tenure of local government managers. J Public Adm Res Theory 8(1): 117–130

Gothard S, Austin MJ (2013) Leadership succession planning: implications for nonprofit human service organizations. Adm Soc Work 37(3):272–285

Grissom JA, Andersen S (2012) Why superintendents turn over. Am Educ Res J 49(6):1146–1180

Grissom JA, Nicholson-Crotty J, Keiser L (2012) Does my boss's gender matter? Explaining job satisfaction and employee turnover in the public sector. J Public Adm Res Theory 22(4):649–673

Grissom JA, Viano SL, Selin JL (2016) Understanding employee turnover in the public sector: insights from research on teacher mobility. Public Adm Rev 76(2): 241–251

Law MT, Long CX (2012) What do revolving-door laws do? J Law Econ 55(2):421–436

Lee S, Whitford AB (2007) Exit, voice, loyalty, and pay: evidence from the public workforce. J Public Adm Res Theory 18:647–671

Lewis GB (1991) Turnover and the quiet crisis in the federal civil service. Public Adm Rev 51(2): 145–155

Light PC (2008) A government Ill executed: the depletion of the federal service. Public Adm Rev 68(3):413–419

Mani BG (2014) Determinants of a city manager's tenure in office: the person, job, municipality, and election system. SAGE Open 4(1):1–16

Meier KJ, Hicklin A (2008) Employee turnover and organizational performance: testing a hypothesis from classical public administration. J Public Adm Res Theory 18(4):573–590

Monks J (2012) Job turnover among university presidents in the United States of America. J High Educ Policy Manag 34(2):139–152

Moynihan DP, Pandey SK (2008) The ties that bind: social networks, person-organization value fit, and turnover intention. J Public Adm Res Theory 18(2): 205–227
Pynes JE (2004) The implementation of workforce and succession planning in the public sector. Public Pers Manag 33(4):389–404
Rothwell WJ, Poduch S (2004) Introducing technical (not managerial) succession planning. Public Pers Manag 33(4):405–419
Selden SC, Moynihan DP (2000) A model of voluntary turnover in state government. Rev Public Pers Adm 20(2):63–74
Selden SC, Sowa JE (2015) Voluntary turnover in non-profit human service organizations: the impact of high performance work practices. Hum Ser Org Manag Leadersh Govern 39(3):182–207
Tekniepe RJ, Stream C (2012) You're fired!: county manager turnover in large American counties. Am Rev Public Adm 42:715–729
The National Commission on the Public Service (1989) Leadership for America: rebuilding the public service. GPO, Washington, DC
Watson DJ, Hassett WL (2003) Long–serving city managers: why do they stay? Public Adm Rev 63(1): 71–78
Whitaker GP, DeHoog RH (1991) City managers under fire: how conflict leads to turnover. Public Adm Rev 51: 156–165

# Turnover of Personnel in the Federal Government

Jennifer Symonds Morrison
Department of Political Science and Sociology, Murray State University, Murray, KY, USA

## Synonyms

Intent to turnover

## Definition

A voluntary or involuntary movement across the membership boundary of organization through quits, transfers, layoffs, promotion, reduction in force, deaths, or retirement.

## Introduction

Employing 2.2 million workers over 100 agencies, the US federal government is one of the largest employers in the country. Employee turnover has been an issue since the early days of the government (White 1948). While a loss of employees can have positive effect on an organization, negative consequences, including loss of human and knowledge capital, morale, and productivity, and increased costs for replacements, can be problematic for governance (Bertelli and Lewis 2012; Kim and Fernandez 2017). Research conducted by the US Senate, the National Commission on Public Service, the Society for Human Resource Management, and the Office of Personnel Management found that the rate of turnover in the federal government was higher than in other industries. This article reviews the scholarly literature on various definitions of turnover, as well as theories, causes, and consequences. While the focus of the article is on turnover in the federal government, general turnover is vital to this discussion.

The first section will review definitions and types of turnover. The next section will review theories and models used to explain turnover. The third section will discuss many determinants and consequences of turnover. The final section will discuss the impact of turnover on the federal government and future trends.

## Definitions

Researchers have been unable to agree on one definition of employee turnover. Definitions range from "movement across the membership boundary of an organization" (Price 1997, p. 532) to the withdrawal, leaving, or physical separation from an organization or the labor force (Mobley 1982; Mobley et al. 1978, 1979). Turnover applies to quits, transfers, layoffs, promotions, deaths, and retirement (Becker et al. 1977; Borjas and Rosen 1980; Borjas 1982). Bluedorn (1978) and Allen (2008) referred to two types of turnover: involuntary, initiated by the organization, and voluntary, initiated by the

employee. Turnover may not be leaving an organization, but a change in the relationship with the organization, specifically separations, moving out of the organization, and accession, moving within the organization (Bluedorn 1978; Kirschenbaum and Weisberg 2002).

Intention to leave, or turnover intention, is the probability of a purposeful intent to leave, not necessarily an actual turnover. This is a conscious decision and the last step in the cognitive process of withdrawing from the organization (Cho et al. 2009). The intention to stay is the cognitive decision to remain (Tett and Meyer 1993).

## Theories

Various theories have been proposed to explain turnover, with many based on motivation theory:

**Herzberg's Two-Factor Theory of Satisfaction and Motivation**: proposes that certain factors, defined as motivators (recognition, achievement, responsibility, job advancement, and job growth), are effective in motivating employee performance, leading to job satisfaction, commitment to the organization, and less intent to turnover. Hygiene factors, such as company policies, pay plans, and worker conditions, foster dissatisfaction in employees and are more likely to lead to turnover.

**Vroom's Expectancy Theory**: assumes that employee behavior and performance result from conscious choices, beliefs, values, and attitudes. Individuals who are satisfied with their job are more likely to remain, as long as the rewards (pay, etc.) satisfy their wants and needs.

**Models of Intrinsic and Extrinsic Work Motivation**: hypothesizes that performance leads to either intrinsic (feelings of accomplishment, achievement, personal growth, and skill enhancement) or extrinsic (pay raises, promotion, status, and security) rewards, which will determine job satisfaction and intent to turnover.

**Kahn's Theory of Engagement**: states that when an employee is engaged in and derived meaning, usefulness, and value from their work, they are less likely to leave the organization.

**Social Exchange Theory**: presumes that employees feel a sense of obligation to employers who are supportive, addressing their social and financial needs. In exchange for this support, employees feel obligated to perform effectively, a sense of organizational commitment, and less desire to leave.

## Working for the Federal Government

Before determining why employees leave, it is necessary to understand why they choose to work for the federal government. According to Lewis and Frank (2002), "preferences for government or business jobs reflect not only their own job priorities, but their perceptions of which sector will better satisfy their needs" (p. 396). It is assumed that people who place a priority on pay generally choose private sector positions, whereas those who prioritize job security and public service motivation choose government jobs. This leads to the conclusion that the better educated, minorities, veterans, older workers, and those with public sector contacts are more likely to prefer public sector jobs.

There has been some discussion regarding the wages and pensions of federal workers. Ippolito (1987) argued that low turnover rates in the federal government meant that wages were too high. However, the low turnover rates may be because early retirement leads to the loss of pension. Federal employees may choose to delay retirement due to anticipated pension wealth.

Another issue is the differences between private sector and federal government pension funding. Private sector employers are not required to provide pension plans, but for those that do, standards set by Employer Retirement Income Security Act of 1974 must be followed. One standard is employer prefund pension obligations that protect "employees who have earned the right to receive a pension, even if the firm goes out of business" (Issacs 2015, p. 2). While it is

unlikely that the federal government will go out of business, the Federal Employment Retirement System (FERS) requires all pensions be fully prefunded, ensuring recognition of the costs in the agency budgets.

The US House of Representatives Committee on Oversight and Government Reform Subcommittee on Federal Workforce reviewed differences between federal workers and "workers at large private sector firms as to the best salaries and benefits" (Biggs 2010, p. 3), reporting that:

- The federal salary is 10–20% over similar private sector salaries.
- New hires (1st year) in the federal government received salaries 8% higher than similar jobs in the private sector.
- Federal workers receive benefits equivalent to 36% of their salaries; benefits in the private sector equal 40%.
- Federal employees average 41 days of paid leave, compared to 32 in the private sector.
- Job security in the federal government is equivalent to an extra 29% of pay or 11% of compensation.

The Congressional Budget Office (CBO) compared the wages, benefits, and compensation of federal and private sector employees from 2011 to 2015, finding:

- Federal employees, on average, earned approximately 3% more than comparable private sector employees did.
- Benefits for federal workers cost approximately $26 per hour worked, compared to $18 for private sector employees.
- "Federal civilian workers whose highest level of education was a bachelor's degree earned 5 percent more, on average, in the federal government than in the private sector."
- "Federal civil workers with no more than a high school education earned 34 percent more, on average, than similar workers in the private sector."
- "Federal workers with a professional degree or doctorate earned 24 percent less, on average, that their private-sector counterparts."
- "Average benefits were 52 percent higher for federal employees whose highest level of education was a bachelor's degree than for similar private-sector employees."
- "Average benefits were 93 percent higher for federal employees with no more than a high school education than for their private-sector counterparts."
- "Among employees with a doctorate or professional degree average benefits were about the same in the two sectors."
- "Among workers whose education culminated in a bachelor's degree, the cost of total compensation averaged 21 percent more for federal workers than for similar workers in the private sector."
- "Among workers with a high school diploma or less education, total compensation costs averaged 53 percent more for federal employees."
- "Total compensation costs among workers with a professional degree or doctorate were 18 percent lower for federal employees" (Falk 2012, pp. 2–3).

## Causes

There has been a great deal of research on the causes of employee turnover in the public and private sectors, and for the most part, there is a lot of similarity. Ting (1997) proposed that "the job satisfaction of federal employees is determined by three sets of variables: job characteristics (i.e., pay satisfaction, career growth, task clarity, and significance), organizational characteristics (i.e., organizational commitment, relationship with coworkers and supervisors), and individual characteristics (i.e., public spirit, age, education, race and sex)" (p. 313). Pitts et al. (2011) concurred, dividing the factors into three categories: demographic, workplace satisfaction, and organizational factors.

Demographic factors are frequently studied in terms of turnover in the public and private sectors. Research has found that the older a person, particularly women, the less chance of turnover. Family size and responsibility have a greater

turnover impact on women than on men. Tenure research has had conflicting results, as well as research on personality characteristics.

Generational differences and turnover have been studied. The 2017 Federal Employee Viewpoint Survey defines the four generations currently working for the federal government: 1% are Traditionalists, born 1945 or earlier; 43% are Baby Boomers, born between 1946 and 1964; 42% are Generation X, born between 1965 and 1980; and 14% are Generation Y, born 1981 or later (Management 2017c). In 2018, the youngest Traditionalists will be 73 years old, and the youngest Baby Boomers will be 54; babies born in the new millennium are turning 18 and entering the workforce. Different generations working together lead to age and value issues, resulting in workplace tension and stress, which can lead to turnover (Derrick and Walker 2006). As the values (job security, importance of family, and leisure time) of the generations differ, turnover will result in the loss of knowledge and talent from the older generations and the loss of new ideas and innovation from the younger generations.

Research on workplace factors or job characteristics is common. The theory is that the job satisfaction, regardless of personal factors, is significantly affected by job characteristics. If an employee is satisfied with their job, leaving is less likely to be considered. Person-Organization Fit (P-O Fit) is defined as the compatibility between the individual and the organization. Kristof (1996) illustrates P-O Fit as the relationship of the basic traits between the organization and the individual. A high level of P-O Fit is negatively related to intention to quit; lower levels are predictive of intention to leave.

Organizational characteristics, or relational factors, including public management reform, incentive structures (i.e., performance-based rewards), management techniques (i.e., performance-supporting supervision), employee empowerment, relationships with management and coworkers, person-organization fit, and justice climate have been researched from the human relations perspective. This perspective hypothesizes that the environment of the organization plays a role in job attitude, leading to job satisfaction and then to turnover or intent to turnover.

Attitudinal factors, such as stress, job satisfaction, and commitment to the organization, influence turnover. Research has examined the influence of commitment on work behavior, turnover intention, and turnover. Organizational commitment "can be characterized by three factors: (a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain a membership in the organization" (Mowday et al. 1982, p. 27). Commitment and support decrease intention to leave.

One factor that separates turnover in the private sector from turnover in the public sector is public service motivation (PSM). Perry (1996) defined PSM as "an individual's predisposition to respond to motive grounded primarily or uniquely in public institutions" (p. 368). This means that an individual who works in the public sector is likely to be intrinsically or altruistically motivated by the idea of public service due to public morality or spirit, a desire to serve the public interest, loyalty to duty, or social equity (Perry and Wise 1990). Scholars have found that not only is PSM associated with public employees' work preferences but that those with high levels of PSM are less interested in financial opportunities and more interested in satisfying intrinsic or higher-level needs (Bright 2009, 2011). Naff and Crum (1999) proved that there is a statistical significance between PSM and job satisfaction in the federal government.

## Consequences

What are the consequences of turnover and why is it so important in the federal government?

In the private sector, replacement costs can run from 50% to 200% of one employee's annual salary, depending on rank, rate, seniority, specialization, performance level, and training (Partnership for Public Service and Booz Allen Hamilton 2010). According to Cascio (1991), the cost of turnover is equal to separation costs plus

replacement costs plus training costs (p. 23); however, this does not include the costs of lost productivity, employee morale, administration costs, loss of talent and knowledge, and governance (Bertelli and Lewis 2012), which cannot be fixed with a dollar amount.

Reducing turnover can have negative consequences. While this may occur due to a lack of growth or opportunity in an organization, for an individual the result may be a positive upward career move. There may be increased earnings, career advancement, better person-organization fit, as well as use of skills, and increased self-development and esteem (Mobley 1982; Dalton and Todor 1979). In the long term, this may be economically beneficial as it "reduces inequitable distribution of income, contributes to the long-term growth rate of the economy, and reduces market "stickiness" (Dalton and Todor 1979, p. 229).

Not all consequences of turnover are dysfunctional, negative, or undesirable to the organization. For example, it can increase the effectiveness of the organization by allowing new blood and ideas, as well as balance the cost of turnover with the cost of retention. In some instances, it costs more to retain an employee who is a poor performer than to have that employee separate from the organization, either voluntarily or involuntarily. On the other hand, it may cost more to lose highly trained employees (Abelson and Baysinger 1984) than to lose a poor performer.

## Current Trends

Raw data from OPM on turnover numbers show that 130,344 people quit, retired (RIF), were terminated or removed, or died from federal service between January 1 and September 30, 2017. Approximately 38% quit, 32% retired, and 2% died. Regardless, quit, retirement, and death accounted for 72% of the federal turnover rate for the first 9 months of 2017.

The Department of Veterans Affairs had the greatest number of separations in 2017. The cause for these high numbers is unknown; however, since 2009, the VA has experienced incidents of employee misconduct. Medical issues include exposure to HIV and hepatitis B and C at a dental clinic in Wisconsin; outbreaks of Legionnaire's disease in 2011, 2012, and 2014 at facilities in Pennsylvania; and exposure to infectious diseases during dental procedures in St. Louis. Furthermore, a scheduling scandal was uncovered in 2014 in which employees were manipulating appointments and wait times. An audit revealed that between 2004 and 2014, thousands of veterans were either never seen by a doctor or never scheduled for appointments, and more than a thousand had died due to lack of medical care or malpractice (CNN.com). By November 2014, 5600 employees had been disciplined. This may have played a role in the high number of separated VA employees in 2017, even though the number of terminated employees is relatively low.

The Partnership for Public Service posted articles in late 2017 regarding federal employees related to turnover.

- Federal News Radio reported that OMB is encouraging agencies to not just consider improving employee engagement but take action.
- Bestplacestowork.org posted the Best Places to Work Agency Rankings for 2017. Using the question from the OPM Federal Employee Viewpoint Survey, rankings show that in large agencies (i.e., Cabinet-level agencies), NASA is ranked number 1, while the VA is ranked 17th out of 18, with DHS ranking 18th.
- In January 2017, President Trump ordered federal agencies to cut staff immediately in order to shift funds to the military. However, between January 1 and September 30, 2017, federal civilian jobs only declined by 6000 (Lange 2017).
- Finally, in early December 2017, NBC News reported that morale in the federal workforce is up this year; however, the State Department, the FBI, and other intelligence community organizations are experiencing lower

morale. A decline in moral, or job dissatisfaction, could lead to turnover in these organizations.

## Conclusion

Turnover can cost an organization financially in terms of recruiting, selecting, hiring, and training new employees, loss of productivity by the departing employee as well as other members of the organization, decrease of employee morale, loss of human capital, and loss of knowledge.

Research in the twenty-first century acknowledged that the federal government will experience retirement waves in the 2010s (Lewis and Cho 2011; Tobias 2011; Cho and Lewis 2011). Retirement-eligible employees and new hires are the most likely to leave the federal government. However, a loss of employees at either end of the workforce can affect the remaining employees. According to the GAO, these losses influence the number of "middle-level career bureaucrats to pass this institutional knowledge to new hires and organizational performance can suffer" (US Government Accountability Office 2009). The federal government would be wise to determine the necessary steps that would generate a greater retention rate with the younger workers.

## Cross-References

► Public Service Motivation
► Social Network Theory

## References

Abelson MA, Baysinger BD (1984) Optimal and dysfunctional turnover: toward an organizational level model. Acad Manag Rev 9(2):331–241

Allen DG (2008) Retaining talent: a guide to analyzing and managing employee turnover. Retrieved from SHRM Foundation Effective Practice Guidelines series, pp 1–43

Becker GS, Landes E, Michael RT (1977) An economic analysis of marital instability. J Polit Econ 85:1141–1187

Bertelli AM, Lewis DE (2012) Policy influence, agency-specific expertise, and exit in the federal service. J Public Adm Res Theory 23(2):223–245. https://doi.org/10.1093/jopart/mus044

Biggs AG (2010) Are federal workers underpaid. Retrieved from American Enterprise Institute for Public Policy Reseach, Washington, DC

Bluedorn AC (1978) A taxonomy of turnover. Acad Manag Rev 3(3):647–651

Borjas GJ (1982) Labor turnover in the U.S. federal bureaucracy. J Public Econ 19(2):187–202

Borjas GJ, Rosen S (1980) Income prospects and job mobility of younger men. Res Labor Econ 3:159–181

Bright L (2009) Why do public employees desire intrinsic nonmonetary opportunities? Publ Pers Manag 38(3):15–37

Bright L (2011) Does public service motivation affect the occupation choices of public employees? Publ Pers Manag 40(1):11–24

Cascio WF (1991) Costing human resources: the financial impact of behavior in organizations, vol 21. South-Western Educational Publishing, Cincinnati

Cho YJ, Lewis GB (2011) Turnover intention and turnover behavior: implications for retaining federal employees. Rev Publ Pers Admin 32(1):4–23. https://doi.org/10.1177/0734371X11408701

Cho S, Johanson MM, Guchait P (2009) Employees intent to leave: a comparison of determinants of intent to leave versus intent to stay. Int J Hosp Manag 28(3):374–381. https://doi.org/10.31016/j.ijhm.2008.10.007

Dalton DR, Todor WD (1979) Turnover turned over: an expanded and positive perspective. Acad Manag Rev 4(2):225–235

Derrick KS, Walker KH (2006) Talkin' 'bout my generation. Publ Manag 35(2):63–66

Falk JR (2012) Comparing benefits and total compensation in the federal government and the private sector. BE J Econ Policy Anal 12:1–37

Ippolito RA (1987) Why federal workers don't quit. J Hum Resour:281–299

Issacs KP (2015) Federal employees' retirement system: budget and trust fund issues. Retrieved from Congressional Research Service, Washington, DC

Kim SY, Fernandez S (2017) Employee empowerment and turnover intention in the U.S. federal bureaucracy. Am Rev Publ Adm 47(1):4–22. https://doi.org/10.1177/0275074015583712

Kirschenbaum A, Weisberg J (2002) Employee turnover intentions and job destination choices. J Organ Behav 23(1):109–125. https://doi.org/10.1002/job.124

Kristof AL (1996) Person-organization fit: an integrative review of its conceptualizations, measurement, and implications. Pers Psychol 49(1):1–49. https://doi.org/10.1111/j.1744-6570.1996.tb01790.x

Lange J (2017) Trump's push to cut federal jobs has modest impact, mostly in defense. Reuters. https://www.reuters.com/article/us-trump-effect-federal-employment/trumps-push-to-cut-federal-jobs-has-modest-impact-mostly-in-

T

defense-idUSKBN1E61DK?utm_source=Partnership+for+Public+Service+Emails&utm_campaign=379feb035c-EMAIL_CAMPAIGN_2017_07_05&utm_medium=email&utm_term=0_3aed0f55fc-379feb035c-213571269

Lewis GB, Cho YJ (2011) The aging of the state government workforce: trends and implications. Am Rev Publ Admin 41(1):48–60

Lewis GB, Frank SA (2002) Who wants to work for the government? Public Adm Rev 62(4):395–404

Management, U. S. O. o. P (2017c) FedScope: federal human resources data: separations. Retrieved from https://www.fedscope.opm.gov/

Mobley WH (1982) Employee turnover: causes, consequences, and control. Addison-Wesley, Reading

Mobley WH, Horner SO, Hollingsworth AT (1978) An evaluation of precursors of hospital employee turnover. J Appl Psychol 63(4):408–414

Mobley WH, Griffeth R, Hand HH, Meglino BM (1979) Review and conceptual analysis of the employee turnover process. Psychol Bull 86(3):493–522

Mowday RT, Porter LW, Steers RM (1982) Employee-organization linkages: the psychology of commitment, absenteeism, and turnover. Academic, New York

Naff KC, Crum J (1999) Working for America: does public service motivation make a difference? Rev Publ Pers Admin 19(1):5–16

Office, U. S. G. A (2009) Older workers: enhances communication among federal agencies could improve strategies for hiring and retaining experienced workers (GAO-09-206). Retrieved from Government Accounting Office, Washington, DC

Perry JL (1996) Measuring public service motivation: an assessment of construct reliability and validity. J Public Adm Res Theory 6(1):5–22

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373

Pitts D, Marvel J, Fernandez S (2011) So hard to say goodbye? Turnover intention among U.S. federal employees. Public Adm Rev 71(5):751–760

Price JL (1997) Handbook of organizational measurement. Int J Manpow 18(4/5/6):305–558. https://doi.org/10.1108/014377297101822

Service, P. f. P, Hamilton BA (2010) Beneath the surface: understanding attrition at your agency and why it matters. Retrieved from Partnership for Public Service, Washington, DC

Tett RP, Meyer JP (1993) Job satisfaction, organizational commitment, turnover intention, and turnover: path analyses based on meta-analytic findings. Pers Psychol 46:259–293

Ting Y (1997) Determinants of job satisfaction of federal government employees. Publ Pers Manag 26(3)

Tobias RM (2011) An aging workforce: a time of opportunity or a time of calamity? Publ Manag 30(2):27–30

White LD (1948) The federalists: a study in administrative history. Macmillan, New York

# Types of Local Governments' Intervention to National Politics/Central-Local Cooperation and Antagonism by Political Parties and Government

Ken Victor Leonard Hijino
Graduate School of Law, Kyoto University, Kyoto, Japan

## Synonyms

Intergovernmental relations/dynamics; Local and national government policy coordination and conflict

## Definitions

Coordination over policy that is shared or overlapping across levels of government; administrative and partisan channels of interaction/coordination between central and local government.

## Introduction

An important element of intergovernmental relations (IGR) in modern democracies are the various channels by which different levels of government coordinate over policy that is shared or overlapping across levels. The need for greater coordination, vertically between local, national, and supranational governments, has been driven by trends affecting most states. These include an expanding welfare state, the standardization of public services across regions, increasingly interdependent and complex policy areas which cannot be exclusively dealt with by one level alone, and demands for greater policy autonomy and ownership from local governments (Bolleyer 2009; Loughlin 2007; Bolleyer et al. 2014).

A range of formal/informal and administrative/partisan channels exists by which local governments engage with the national policy-making process. They include, for example, secondary chambers in national legislature which directly represent local governments and give them veto powers over national laws affecting local governments (such as the German Bundesrat); regular meetings of executives and bureaucrats from different levels of government (such as the Canadian First Minister's conferences); mechanisms to resolve disputes across government levels (such as the UK Joint Ministerial Committee); or procedures in which local governments provide feedback and express preferences over national policy (such as the Swedish *remiss* system). Various informal (nonstatutory), personal interactions between individual actors at different levels of government can also play a significant coordinative role.

In addition to these administrative channels, local actors resort to partisan routes to exert influence in the national arena. These can be formal intraparty channels and arenas which link local politicians and party organizations to the national level of the party. In addition, less formal interactions through personal connections between national and local party officials can lead to coordination of decisions over policy decisions at both levels.

This entry, then, briefly describes and explains the recent evolution of such IGR dynamics in Japan. Specifically, it looks at the various routes by which Japanese local governments participate in the national political arena. It will explain how local governments possess both administrative and partisan channels to influence national policymaking in Japan. It argues that decentralization and increased multilevel partisan incongruence (where different parties control different levels of government) in recent decades have led to more conflictual relations between central and local governments. This trend has been accompanied with the establishment of new formal mechanisms of IGR and an expanded role for more traditional channels and fora linking the two levels.

## Traditional Administrative and Partisan Routes of IGR in Japan

Japan's modern constitution (Articles 92–95) guarantees local autonomy and the establishment of local government authorities with directly elected executives and legislatures that exercise administrative and legislative power within the scope of national law. The Local Autonomy Act, adopted simultaneously with the Constitution in 1947, further specifies the basic organization and operation of these local governments. The law specifies two tiers of local authorities – prefectural and municipal governments, of which in 2017 there were 47 and 1,718 respectively.

The Constitution and Local Autonomy Act stipulate a number of mechanisms by which local governments may express their preferences over and indirectly influence national policymaking. The following are what can be considered the more traditional mechanisms of local participation in national policy-making, which have been complemented by new mechanism which emerged around the mid-1990s.

First, Article 95 of the constitution requires the central government to conduct a local referendum if it seeks to enact special laws applicable only to a specific local government. This provision gives local communities an opportunity to reject national policy which affects them exclusively. Such special laws requiring local referendums, however, have not been enacted since 1952.

Second, Article 99 of the Local Government Act grants Japanese local legislatures to pass "written opinions" (*ikensho*) on matters relating to the public good of local government. WOs are passed by prefectural and municipal legislatures, and are addressed and submitted to the Diet (usually to the Lower House and/or Upper House chairman) and/or the executive (usually to specific ministries and ministers). Oftentimes these written opinions express local support or opposition to national decisions that are being planned or have been legislated. Although not legally binding, these WOs tend to be reported in the media and signal to the general public the reservations or support a local legislature may have for national policy (Hijino 2017).

Third, Article 16 of the Constitution stipulates the right to petition for all individuals and legal entities, including local governments. Diet Act no. 77 grants local governments the right to formally appeal to national legislature and ministries (Narita 1979, 5). These petitions, submitted by local government chief executives or chairpersons of local assemblies, are screened by relevant legislative committees in Diet or within ministries, and for those selected, the government must report on how it processed the appeals. There is no legal requirement for public bodies to act upon the contents of these petitions, however (Harada 2010, 127).

Fourth, there are a number of ad hoc channels by which local governments and their representatives are asked to provide comment over national policy matters. Certain laws (such as city planning or pollution controls) have included provisions which oblige central government ministries to conduct hearings of affected local governments before policy implementation. Local government representatives are also invited to provide testimony and comment in national advisory councils (such as the Local Government System Research Council) relating to local government issues as experts or affected parties (Narita 1979).

Besides these channels of IGR, various partisan channels have linked national and local governments, providing a more influential route for local preferences to be reflected in national policy-making.

Muramatsu (1988) indicates how local actors drew out benefits from the center by participating in a bottom-up and inclusive policy-making process. This bottom-up dynamic involved a "rugby scrum" linking local politicians, local governments, local Diet members, and national-level bureaucrats (Muramatsu 2010). Policy demands were channeled upward to the ruling party and coordinated among ministries and various sectional interest groups. Local governments, through local politicians representing these areas, competed among each other in "horizontal political competition" to capture a greater share of expanding governmental spending to various regions (Muramatsu 1988).

Local politics influenced national policy not only through such vertical linkages within the ruling party at national and local level, but also in providing an arena for opposition parties to challenge the center. During the mid-1960s and 1970s, local governments controlled by leftist governors and mayors challenged local and national conservatives on a platform questioning unregulated growth (Flanagan et al. 1980). These Socialist and/or Communist-backed governors implemented local ordinances expanding welfare services and enforcing pollution regulations which superseded or even contravened national laws and regulations. Many of these initiatives were then copied by other local governments or were co-opted into national standards. Local opposition thus served to alter national policy by representing policy preferences which could not emerge nationally.

These partisan channels were particularly important through much of the post-war period, enabling local preferences to shape national policy even though the state was administratively and fiscally centralized. A notable feature which enabled such strong bottom-up influence from local level into national policy-making was the highly decentralized, but vertically integrated nature of the ruling party (Fukui and Fukai 1996) as well as the fact that the same party (the Liberal Democratic Party, LDP) dominated many of the national and local legislatures in the post-war period, especially in rural areas (Scheiner 2006). The LDP's national network provided formal coordinative arenas over policy (such as the prefectural policy research councils) as well as informal vertical linkages connecting national and local politicians. These linkages helped transmit local demands into national policy, both programmatic and particularistic.

## Evolving Channels of IGR Since the 1990s

These key features shaping IGR in Japan were altered considerably since the late 1990s, however. Hijino (2017) identifies several trends leading to a decoupling of traditional multilevel

linkages during this period. Decentralization reforms since 2000 expanded local autonomy and an overall reduction in central government grants and subsidies to local governments (prominently between 2000 and 2006) reduced fiscal links to the center. Electoral system reforms (1994) at national level and municipal mergers (2000–2003) weakened vertical intraparty linkage between national and local politicians. And an overall increase in electoral volatility nationally as well as the rise of independent governors since the mid-1990s have led to more partisan incongruence between national and local levels of government.

As local government autonomy expanded and partisan links weakened across levels, various new channels of formal IGR have emerged to coordinate between levels.

First, as part of the Omnibus Decentralization Act implemented in 2000, a Central and Local Government Dispute Management Council was established to arbitrate between national and local governments, along with rules of how local governments can sue the central government over interference (Local Government Law Article 250:7–20, 251:5). The system was established as a way to protect local government autonomy from unwanted encroachment and interference from central government ministries. Since its implementation, only three local governments (Yokohama city, Niigata prefecture, and Okinawa prefecture) have sought dispute arbitration through this system, although in two of these cases the committee rejected the request for arbitration.

Second, an arena of discussions between central and local government representatives was established between 2004 and 2006 on an ad hoc basis to negotiate over the highly contested content of fiscal decentralization policy. Following this initial experiment, local government representative (led by the National Governors Association) sought to institutionalize the "forum of discussions between central government and regions." In 2011, the Democratic Party of Japan administration passed a law to institutionalize these meetings. The committee consists of the cabinet chief secretary and ministers, but not the prime minister, and the representatives of the six local government organizations. The six organizations are national associations representing governors, city mayors, town and village mayors, as well as prefectural, city, and town/village assemblies. Topics have covered a range of topics from tax and welfare, local economic revitalization and finances, as well as decentralization measures.

Evaluations of how effectively local governments have been able to collectively bargain for their interests in this forum remain divided. The earlier forums, having no legal basis and thus unable to bind policy decisions, became merely an informal place for local governments to express preferences, rather than a place where decisions took place (Kanai 2008). Even after being regularized and institutionalized since 2011, the outcomes of discussions in these fora do not bind central government behavior. Yet there are signs that some local government demands were reflected in eventual policy in the round of meetings in 2011 (Oosaka 2012). In addition, there are concerns as to whether the diverse interests between wealthier urban local governments and smaller, poorer rural local governments among other divisions can be effectively represented by these national umbrella organizations.

Third, there has been a further expansion of channels in which local governments can express opinions on national policy. The addition of Article 263:3–2 in the revision of Local Government Law in 1993 provides the right to the six national local government associations to collectively express opinions to the cabinet or Diet on matters affecting local government. This channel was further strengthened in 2000 with an addition of a clause requiring the central government to provide relevant information prior to formulating laws or cabinet orders which affect local governments. Likewise in 2000, Article 17.4 was added to the Local Allocation Tax Law giving local governments right to provide opinion on how local grants are calculated. Thus far the local government national organizations have submitted comments through the Article 263:3–2 mechanism to the central government only twice.

Fourth, the collective bargaining role of the National Governor's Association changed

considerably since the mid-1990s. NGA meetings were traditionally politically neutral and ceremonial, but these became more active in negotiations over fiscal decentralization reforms under the Koizumi administration (2000–2006). For example, the NGA meeting hosted by Gifu prefecture in 2003 was unofficially but popularly called "the NGA which fights." During this meeting, prepared statements were replaced by free debates and the rules for selecting the NGA chairman was changed from discussion to majority vote. NGA meetings increased in frequency under the Gifu governor who became the first NGA chairman to be selected under the new election procedure. The central government also began since 2003 to host annual "government-hosted NGA meeting," regularizing these collective discussions with governors.

The NGA also has been more active in publically pressuring the central government over various national policy decisions. The NGA has increasingly passed resolutions and made public appeals (many of them labeled "emergency" appeals or demands) against national policy since 2000 (Hijino 2017). The association for governors also stepped away from maintaining strict partisan neutrality in the 2005 general election by assessing and ranking party platform promises relating to decentralization and local government. The NGA has continued with this practice of evaluating party manifestos.

Fifth, although not intended as a mechanism for local governments to engage in national policy, the emergence of local referendums based on bylaws since the mid-1990s have been used to signal local preferences on national projects. Non-binding local referendums on the siting and usage of nuclear power plant and military base facilities have been implemented by various municipalities since the first such referendum occurred in 1996 (Hitomi 2008) (Table 1).

Finally, not only have these new and expanded forms of IGR emerged since the 1990s, but there is also evidence of more active use of traditional forms of IGR. Hijino (2016) traces an increase in the passing of written opinions by local prefectural assemblies since the mid-1990s, as local politicians (both from the ruling and opposition parties) opposed various top-down national policies seen to damage local interests. In particular,



**Table 1** List of formal IGR channels by which local governments engage in national arena in Japan

| IGR channel | Relevant law | Year law was implemented |
|---|---|---|
| Local referendums for national laws affecting only specific local governments | Constitution, Article 95 | 1947 |
| Right of local legislatures to submit written opinions | Local Government Law, Article 99 | 1947 |
| Right to petition | Constitution, Article 16 | 1947 |
| Ad hoc laws obliging consultation with local representatives | Various | Various |
| Participation in government committees | Various | Various |
| National/local Dispute Resolution Committee | Local Government Law, Article 250:7–20, 251:5 | 2000 |
| Forum of Discussion between national and local governments | Law concerning the Forum of Discussion between national and local governments | 2011 |
| Local government national organizations' right to submit opinions | Local Government Law, Article 263:3–5 | 1993 (expanded in 2000) |
| Right to submit opinions on local grant calculations | Local Allocation Tax Law, Article 17.4 | 2000 |
| Local referendums based on bylaws | Various local bylaws | 1996 |

Compiled by author

there was a surge of such written opinions during the administration of the Democratic Party of Japan, which resulted in widespread partisan incongruence between national and local levels between 2009 and 2012. Even under congruent conditions, local party organizations, legislatures, and governors have challenged major national policy projects to defend territorial interests through a variety of channels. This has taken place through administrative routes such as written opinions, but also by diverging from and campaigning against national policy platforms (Hijino 2016, 2017).

## Conclusion: The Dynamics of Decentralization, Partisan Incongruence, and IGR

Although the effectiveness of these new institutionalized channels for securing local government interests are ambiguous, these developments in IGR can be interpreted as a reaction to growing tensions between national and local governments since the 1990s. From below, local governments have reacted to undesired national policy (such as the reduction in redistributive grants through fiscal decentralization) by politicizing its national associations. They have also called for greater participation in national policy, particularly in collective multilateral fora, rather than through bilateral channels. From above, central governments have been trying to contain this tension by setting up new IGR channels and institutionalized fora. These mechanisms are based on the decentralization principle of "discussion on equal footing," but fall short of providing actual vetoing power to local governments over national policy.

Finally, it is notable that this expansion of more institutionalized and multilateral fora of IGR in Japan echo some comparative findings in countries like the United Kingdom and Italy which have similarly undergone decentralization since the 1990s.

In the United Kingdom, devolution in 1999 moderately heightened intergovernmental and intraparty tensions between the central government and the devolved regions of Scotland, Wales, and Northern Ireland. Under initial conditions of multilevel partisan congruence, coordination was achieved primarily through informal intraparty channels. Formal mechanisms of IGR – including the Joint Ministerial Committee (JMC), a key executive body set up to coordinate between levels following devolution – were rarely used. Following the 2007 regional elections, however, multilevel congruence was lost which led to a moderate increase in the use of more formal and institutionalized channels of the JMC (McEwen et al. 2012). As in Japan, however, the continued dependence of regional governments to the center for both policy and fiscal resources and the lack of a constitutional basis for regional governments to effectively challenge the center has dampened overt conflicts. Pragmatic actions prevailed with IGR becoming moderately more institutionalized and more multilateral, though informal bilateral negotiations between levels continued to be prevalent (Bolleyer et al. 2014).

In Italy, which underwent significant decentralization reform since the 1990s, local actors sought to expand their engagement in the national policy process through formal and more multilateral channels. Palermo and Wilson (2014) find that formal channels of intergovernmental coordination were overall weak, although new channels were created and others were made more institutionalized and prominent following decentralization, such as the State-Region Conference. Under the new context, territorial leaders have also sought to coordinate their negotiating position with the central government through collective lobby groups representing regions and municipalities. Despite some movement towards greater multilateral fora to defend local interests against the center, interactions tend to be dominated by informal, bilateral negotiations. Partisan incongruence was limited in Italy for most periods since the late 1990s, thereby largely limiting partisan-based conflicts between national and regional governments.

Despite these new intergovernmental channels and substantial decentralization reforms, local governments in all three states share difficulty in ensuring that local interests are reflected in critical

national policies which affect them. This underlines the ultimately consultative nature of these engagement mechanisms in unitary states: local governments may be invited to speak, but there are no guarantees to be heard when legislation is made.

## Cross-References

► Decentralization and Governance

## References

Bolleyer N (2009) Intergovernmental cooperation: rational choices in federal systems and beyond. Oxford University Press, Oxford

Bolleyer N, Swenden W, McEwen N (2014) Constitutional dynamics and partisan conflict: a comparative assessment of multi-level systems in Europe. Comp Eur Polit 12(4–5):531–555

Flanagan SC, Krauss ES, Steiner K (eds) (1980) Political opposition and local politics in Japan. Princeton University Press, Abingdon

Fukui H, Fukai SN (1996) Pork barrel politics, networks, and local economic development in contemporary Japan. Asian Surv 36(3):268–286

Harada M (2010) Chihō kyokyō dantai no kokusei sanka wo meguro giron [Debates around the partcipation of local public bodies in national politics]. Refarensu 716. 2010.9

Hijino KVL (2016) Local politics in Japan. Asian Surv 56(5):879–904

Hijino KVL (2017) Local politics and national policy: multi-level conflicts in Japan and beyond. Taylor & Francis, Abingdon

Hitomi T (2008) "Chiho jichi no kokusei sankaken sairon" [Revisiting debates on the participation of local governments in national government processes] Goi keisei to chiho jichi. *Consensus formation and local self-government*. Nihon Jichi Gakkai (eds) Tokyo: Keibundo:3–21.

Kanai T (2008) Kuni to chihō no kyōginoba' no seiritsu to satetsu [The establishment and setbacks of the forum of discussions between central government and the regions]. In: Morita A, Kanai T, Taguchi K (eds) Bunkenkaikaku no dōtai (Seiji kūkan no henyō to seisaku kakushin) [The dynamics of decentralization reform: transformation of political space and policy innovation]. Tokyo daigaku shuppankai, Tokyo

Loughlin J (2007) Reconfiguring the state: trends in territorial governance in European states. Reg Fed Stud 17(4):385–403

McEwen N, Swenden W, Bolleyer N (2012) Intergovernmental relations in the UK: continuity in a time of change? Br J Polit Int Relat 14(2):323–343

Muramatsu M (1988) Chihōjichi [Local power in the Japanese state]. Tokyo daigaku shuppankai, Tokyo

Muramatsu M (2010) Seikansukuramugata riidāshippu no hōkai [Collapse of the politico-bureaucratic scrum-type leadership]. Toyo keizai shimposha, Tokyo

Narita Y (1979) Chiho kokyo dantai no kokkusei sanka (chu-1) [Particpation of local public bodies in national politics]. Jichi Kenkyu 55(11):3013

Oosaka S (2012) Kyogi no ba wa kuni to chiho no kankei wo kaetaka? [Did the forum of discussions change central-lcoal government relations]. Shisei 61:14–16

Palermo F, Wilson A (2014) The multi-level dynamics of state decentralization in Italy. Comp Eur Polit 12(4–5):510–530

Scheiner E (2006) Democracy without competition in Japan: opposition failure in a one-party dominant state. Cambridge University Press, New York

# Typology of Agency Models of Corruption

Andrei Ivanov
Graduate School of Management, St. Petersburg University, St. Petersburg, Russia

## Synonyms

Bureaucratic corruption; Corruption; Efficient corruption; Principal-agent model

## Definition

The corruption is acts in which public power is used for personal gains in a manner that contravenes the rules of the game (Jain 2001, 73). It is the principal-agent model that is most often used as a methodological framework for modeling corrupt behavior. In the principal-agent model, the payoff to the principal depends on an action taken by the agent. The mainstream of the corrupt behavior modeling is model of bureaucratic corruption, which considers agent as potential bribee and examines its behavior for given regulation.

## Introduction

From a great many definitions of corruption, we select the typical one: "The corruption is acts in which public power is used for personal gains in a manner that contravenes the rules of the game" (Jain 2001, 73). The above-cited author suggests that there are two forms of corruption, each occupying extreme positions on a scale of corrupt activities: "grand corruption" generally refers to the acts of the political elite by which they exploit their power to make economic policy and "bureaucratic corruption" refers to corrupt acts of the appointed bureaucrats in their dealings with either their superiors (political elite) or with the public (Jain 2001, 73–75, 2011, 3).

In this article, we will prove that despite of the fact that all corrupts can really be divided on political elite and appointed bureaucrats, this approach is not sufficient to construct the typology of the corruption models. To do so, we will use the approach, which is based on the applying of the principal-agent or agency model to the examination of corrupt behavior (Ivanov 2015).

It is the principal-agent model that is most often used as a methodological framework for modeling corrupt behavior: "Pathologies in the agency/principal relation are at the heart of the corrupt transaction" (Rose-Ackerman 2008, 330).

This model has been developed for describing processes in the private sector and understands the agency relationships as "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent" (Jensen and Meckling 1976, 308). Accordingly, the principal faces the task of shaping a system of incentives for the agent, in which agent's preference relation, defined on a corresponding set of alternatives, coincides with (or, in extreme case, equal to) preferences of the principal.

In turn, the starting point for modeling public sector processes is the assumption that to meet public needs the political elite (principal) delegates some decision-making authority to government agencies or other public entities or, other words, to appointed bureaucrats (agents). In this case, we can see that all core assumptions of the original principal-agent model are true or can be redefined very close to original ones. Actually, the agent takes an action that determines a payoff to the principal, the principal can readily observe the outcome but not the action of the agent, the agent's preferences can be assumed to differ from the principal's ones (asymmetry in preferences), and so on.

However, in contrast to the private sector, the applying of the principal-agent model in the public sector has its own specifics related to the fact that in a democracy the political elite, in turn, is an agent, who is elected by the populace for the achievement of social objectives. Thus, the ideal preferences in this case are not the preferences of political elite but society's preferences, and we have some reasons to denote the society as a basic principal. Hence, there are three *dramatis personae* in the model, and this property can be considered as an attribute of public sector principal-agent model.

In the paper, the correspondence of the preferences of the principal and the agent to the basic principal's preferences lays in the base of suggested typology of corruption models.

## The Typology's Basics

Let us consider some set of alternatives $\Omega$, fix alternatives $x$ and $y$ from this set, and assume that for basic principal (principal, agent) alternatives, $x$ is strictly better than $y$ or indifferent to it: $x \succcurlyeq_{BP} y$ ($x \succcurlyeq_{P} y$, $x \succcurlyeq_{A} y$). The set of pair $x$ and $y$ ($x$, $y \in \Omega$), for which basic principal considers $x \succcurlyeq_{BP} y$, we will call the preference order (or preferences) of basic principal, defined on the set $\Omega$, and denote it as $\succcurlyeq_{BP}$. The preferences of the principal and the agent ($\succcurlyeq_{P}$ and $\succcurlyeq_{A}$) are introduced the same way.

Assume that on the same set of alternatives, the preferences of the basic principal, the principal, and the agent are defined.

**Definition 1** We call that the principal (agent) is *mala fide* if its preference order is different from

T

the basic principal's preference order, $\succcurlyeq_P \neq \succcurlyeq_{BP}$ ($\succcurlyeq_A \neq \succcurlyeq_{BP}$), and bona fide if otherwise.

If we construct the typology of models of corrupt behavior or corruption models on the base of the Definition 1, we will find that theoretically five models can be created depending on the combination of the *bona/mala fides* of principal and agent.

The applying of given approach to the modeling of corrupt behavior is connected with the identification of bona fide*s* of principal and agent. It appears that the first step of assessment is to determine the bona fide*s* of the principal. Indeed, if the principal is bona fide, the vesting of agent with principal's preference order will inevitably lead to the achievement of public objectives and, otherwise, will not allow of achieving them.

To determine the bona fide*s* of the principal is necessary (Ivanov 2015):

1. To put forward assumptions about the properties of society's preferences and build up a model of basic principal's preference order
2. Then, based on the proposed regulation, to model the principal preference order
3. And, finally, to find out whether they match or differ

In the paper, if otherwise stated, we confine discussion to matching given typology of corrupt behavior models with public procurement issues. We will designate policy-makers, legislators, and other people and bodies, who are responsible for the public procurement regulation development and enforcement, as a principal, and contracting authorities (or public buyers), who are acting in the framework of given regulation rules, as an agent.

In the paper, we will use simplified way of the principal's *bona fide* identification: we will say that principal is *mala fide* if the proposed regulation goes against international practice, which is concluded in the clauses of UNCITRAL Model Law on Procurement of Goods, Construction and Services (UNCITRAL Model Law 2011) (hereafter: Model Law) and *bona fide* if otherwise.

In turn, the agent's *bona fides* can be identified on the base of accumulated enforcement practice.

From the five models, main hypotheses of which are given in Table 1 are well-known two ones: the model of bureaucratic (or administrative, according to the World Bank's terminology) corruption (#2) and the model of efficient corruption (#3). In the next sections, we will consistently consider all models and give the rest of them absent titles.

## The Models with Bona Fide Principal

In this section, we assume that the discussed regulation lies in the framework of the clauses of Model Law, and, respectively, the principal is bona fide.

### Conflict-Free Model

If the accumulated legal practice does not give us reasons to consider agents as *mala fide*, we obtain the model that is trivial in terms of the agency relationships ($\succcurlyeq_P \equiv \succcurlyeq_A \equiv \succcurlyeq_{BP}$). Let us call this model the conflict-free one: agent has the opportunity to choose and is prone to selection of the optimal alternative for the society.

When the assumptions for conflict-free model are true, the researchers tend to focus on the study of the efficiency of public contracts, trying to identify the most exact sources of agency costs

**Typology of Agency Models of Corruption, Table 1** The main directions of corrupt behavior modeling

| # | Principal | Agent |
|---|---|---|
| 1. | Bona fide $\succcurlyeq_P = \succcurlyeq_{BP}$ | Bona fide $\succcurlyeq_A = \succcurlyeq_{BP}$ |
| 2. | Bona fide $\succcurlyeq_P = \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}$ |
| 3. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}(\succcurlyeq_A \neq \succcurlyeq_P)$ |
| 4. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}(\succcurlyeq_A = \succcurlyeq_P)$ |
| 5. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Bona fide $\succcurlyeq_A = \succcurlyeq_{BP}$ |

and assess their value (Laffont and Tirole 1993; Moszoro Spiller 2012).

## Model of Bureaucratic Corruption

Assume that the law enforcement practice allows us to identify the existence of agents, who violate the rules and, possibly, policy of the regulation: $\succcurlyeq_A \neq \succcurlyeq_P$. They are obviously *mala fide*: $\succcurlyeq_A \neq \succcurlyeq_P \equiv \succcurlyeq_{BP}$. Models based on the assumption of principal's *bona fides* and agent's *mala fides* ($\succcurlyeq_P \equiv \succcurlyeq_{BP}$, $\succcurlyeq_A \neq \succcurlyeq_{BP}$) are called models of bureaucratic or administrative corruption.

Models of bureaucratic corruption are most frequently arisen in the studying of public procurement issues. Actually, in this case, the agent is endowed with a discretionary power and a certain budget to carry out procurement. In this situation, two of the three necessary conditions of corrupt behavior arise (Aidt 2003, F633): the relevant public official possesses the authority to design or administer regulations and policies in a discretionary manner, and this discretionary power can allow him the extraction of existing rents or creation of rents that can be extracted.

In the pioneer research, based on the assumptions of principal's *bona fides* and agent's *mala fides*, Rose-Ackerman examined the situation in which a private individual attempts to corrupt a bureaucrat in order to obtain a government contract (Rose-Ackerman 1975, 187). In this case, the agent is considered as a potential "bribee," and the actual level of corruption is determined by how well the institutions governing the (corruptible) bureaucracy are designed (Aidt 2003, F635).

Modern studies of bureaucratic corruption develop ideas of Rose-Ackerman's paper and are usually associated with the modeling agency costs and/or analysis of the specificity of the asymmetry of information between involved parties (Lambert-Mogiliansky et al. 2007).

The question is, is there some room for bureaucratic corruption in the country's public procurement system? For developing countries, the answer gives the data of Business Environment and Enterprise Performance Survey (BEEPS), a joint initiative of the European Bank for Reconstruction and Development (EBRD) and the World Bank (http://data.worldbank.org/data-catalog/BEEPS).

Let us consider the World Bank data concerning the assessment of countries' corruption level (http://www.enterprisesurveys.org/data/exploretopics/corruption). The data on Russian public procurement corruption, selected from the surveys BEEPS II–BEEPS V, look like as follows.

Thus, the data of Table 2 give the evidence of bureaucratic corruption existence in Russia and, moreover, let to assess the scale of it. The data dynamics is fit with the fact that intense economic reform (in Russia: beginning 1990–beginning 2000) is objectively accompanied by growth of corruption (Huntington 1968, 59).

## The Models with *Mala Fide* Principal

Bureaucratic corruption model implicitly assumes that the political elite has developed regulatory rules relying solely on the interests of its principal, the society. At the same time, consideration of the political elite as an agent hired by the society naturally leads us to perceive politicians as "...maximizing agents who pursue their own selfish interest rather than as benevolent agents seeking to maximize aggregate welfare" (Grossman and Helpman 1994, 48). Corruption, directly related to activities of the political elite, was above called "grand corruption," unlike "petty

**Typology of Agency Models of Corruption, Table 2** The assessment of the corruption level in Russian public procurement

| Economy | Year | Percent of firms expected to give gifts to secure government contract |
|---|---|---|
| All countries | | 26.1 |
| High income: nonOECD | | 10.6 |
| Russian Federation | 2002 | 28.9 |
| Russian Federation | 2005 | 30.1 |
| Russian Federation | 2009 | 47.0 |
| Russian Federation | 2012 | 30.9 |

corruption," which is treated in the bureaucratic model.

Thus, in the model of grand corruption, the principal is *mala fide* ($\succcurlyeq_P \neq \succcurlyeq_{BP}$). There is another source of principal's *mala fides*, his bounded rationality (Simon 1947, xxiv), caused by some specific features of country's institutional environment.

In the modern information-transparent world, the corruption in the public procurement inevitably reflects in the mass media in the form of the numerous corruption cases and creates the demand on the strong anti-corruption policy, which had been formed in Russia by the beginning of 2000. However, due to lack of experience in the public procurement area and weak institute of Regulatory Impact Assessment, Government and Legislator had chosen tools, which are rarely used in international practice; in particular, the electronic price reverse auction was selected as the main procurement method. This selection is against international experience, since Model Law recommends applying electronic reverse auction (hereafter: ERA) to simple and off-the-shelf goods and standardized services only (Guide 2014, 226). Thus, we consider principal as *mala fide* ($\succcurlyeq_P \neq \succcurlyeq_{BP}$) in spite of there are no reasons to suspect grand corruption in ERA promotion.

In the assessment of the legal act, involving the use of regulatory tool for which there is certain enforcement practice, improvement of the regulation rules, and, possibly, regulatory policy is heavily dependent on the specific of agent behavior.

If we reject the assumption of principal's *bona fides*, assume him *mala fide* ($\succcurlyeq_P \neq \succcurlyeq_{BP}$), and continue to consider *mala fide* agent ($\succcurlyeq_A \neq \succcurlyeq_{BP}$), then, depending on whether the agent is prone to break the existing regulation ($\succcurlyeq_A \neq \succcurlyeq_P$) or not ($\succcurlyeq_A \equiv \succcurlyeq_P$), we must distinguish between two types of models.

## Model of Efficient Corruption

In the "queue model" and the "auction model" (Aidt 2003, F634), corrupt bureaucrats try to correct preexisting government failures. In these models, agent's actions violate accepted rules of regulation that allows us to identify differences in preferences of the principal and agent ($\succcurlyeq_A \neq \succcurlyeq_P$) and, correspondingly, the agency problem existence.

The models of this type, based on assumptions of *mala fides* of both a principal and an agent, form the class of "efficient corruption" models ($\succcurlyeq_P \neq \succcurlyeq_{BP}, \succcurlyeq_A \neq \succcurlyeq_{BP}, \succcurlyeq_A \neq \succcurlyeq_P$) (Ibid, F633).

As an example of this kind of corruption, J. Nye viewed corruption of some factory managers in the former Soviet Union, which gave some flexibility to the centralized planning system (Nye 1967, 420), and Laffont and Tirole some instructions of the US Department of Defense (Laffont and Tirole 1993, 476).

It seems that in the case of an efficient corruption, the modeling of agent's behavior must be primarily aimed at the identification and elimination of the sources of regulation's inefficiency and, accordingly, to the conversion of efficient corruption into the bureaucratic one. In this case, the modeling is aimed at a changing of both regulatory legal acts and regulatory policy.

## Model of Totalitarian Corruption

Nevertheless, the principal can create a system of incentives for the agent, which prevents him from any actions in opposition to existing regulation. This model ($\succcurlyeq_P \neq \succcurlyeq_{BP}, \succcurlyeq_A \equiv \succcurlyeq_P$) we suggest to call a model of totalitarian corruption.

After the theoretical background of totalitarian corruption had been discovered, the case of it was found in the Russian regulation of single-source procurement. Following the Model Law propositions, the modern Russian public procurement law – Federal Law #44 "On the contract system in the procurement of goods, works and services for state and municipal needs," which came into force from 2014 – permits single-source procurement for small contracts (up to 100,000 rubles, 1 ruble is about US $0.015 on July 2017) but only if the total amount of such purchasing is not more than 2,000,000 rubles.

Thus, the contracting authority that has spent the quota and need to buy something very cheap has to apply open tender (ERA or contest) to do it. And actually, the Russian unified information system in the field of procurement gives many examples of very small purchasing by means of the ERA, including contracts for one ruble! In this case, the principal is obviously *mala fide* and agent *mala fide* too, because she has no chance to avoid of open tender providing.

Thus, in the case of a totalitarian corruption, the modeling is aimed at the identifying of what underlies the ineffective regulation: grand corruption (Jain 2001, 73–74) or bounded rationality. It should result in a changing of regulatory policy and practices of regulation, especially in terms of the expansion of discretionary powers and responsibilities of agents.

## Quasi-Corruption Model

Let us consider the last model from Table 1 (#5), which is based on the assumptions of principal's *mala fides* and agent's *bona fides* ($\succcurlyeq_P \neq \succcurlyeq_{BP}$, $\succcurlyeq_A \equiv \succcurlyeq_{BP}$).

**Definition 2** Bona fide agent's actions violating the rules of regulation created by the *mala fide* principal will be called quasi-corrupt behavior. The model, which examines bona fide agent's behavior in institutional conditions created by *mala fide* principal, will be called quasi-corruption model.

It follows from the Definition 2 that in conditions of quasi-corruption agents have discretionary power broader than in totalitarian case. Therefore, analysis of the applying of this power may enable us to determine the main directions of the changing of regulatory policy and, respectively, regulation rules.

The question is how it is possible to identify fact of quasi-corrupt behavior. Actually, the quasi-corruption model was constructed on the survey of Russian public procurement in 2011.

In the Russian Federation in 2011, the open outcry auctions were replaced completely with ERA for the all types of public procurement bodies. The government was convinced that applying e-auctions would help suppliers to become involved in the procurement process, to ensure reducing corruption, and to hinder the possibility of collusion by suppliers, which would subsequently lead to improved competition in auctions and increase the size of price reductions.

However, the reaction of the system was unpredictable: the competition in auctions had significantly decreased, and, moreover, according to the data of the Federal Antimonopoly Service, at least 60% of e-auctions in that period did not take place due to the receiving of one bid only.

Thus, the sharp decline in competition in auctions and the significant number of failed auctions cannot be explained by anything other than unscrupulous actions by public buyers restricting competition in favor of a preselected "favorite."

At the same time, the different surveys, including the BEEPS survey, showed that the level of corruption in the Russian Federation, in total, and in public procurement, in particular, was significantly lower (Table 2). One possible hypothesis for explaining identified inconsistencies involves assuming the existence of "quasi-corrupt" behavior of the contracting authority. In this hypothesis, competition may be restricted by both, the *mala fide* and bona fide public buyers, to avoid of attributive auction risks (Ivanov 2015). The first seeks to obtain bribes (efficient corruption); the second tries to obtain effectiveness in public procurement (quasi-corruption).

## Conclusion

As it was mentioned above, A. Jain, trying to develop the typology of corruption models, offers to dispose the cases of corrupt behavior in between bureaucratic corruption and grand corruption – two extreme forms, restricting the scale of corruption activity. We have seen that this linear approach is not quite satisfied for constructing the typology due to, in particular, different forms of models connected with grand corruption.

The introduction of quasi- and totalitarian corruption models allows us to complete the construction of a typology of corrupt behavior

**Typology of Agency Models of Corruption, Table 3** The typology of agency models of corruption

| # | Principal | Agent | Model title |
|---|---|---|---|
| 1. | Bona fide $\succcurlyeq_P = \succcurlyeq_{BP}$ | Bona fide $\succcurlyeq_A = \succcurlyeq_{BP}$ | Conflict-free model |
| 2. | Bona fide $\succcurlyeq_P = \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}$ | Bureaucratic corruption |
| 3. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}$ ($\succcurlyeq_A \neq \succcurlyeq_P$) | Efficient corruption |
| 4. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Mala fide $\succcurlyeq_A \neq \succcurlyeq_{BP}$ ($\succcurlyeq_A = \succcurlyeq_P$) | Totalitarian corruption |
| 5. | Mala fide $\succcurlyeq_P \neq \succcurlyeq_{BP}$ | Bona fide $\succcurlyeq_A = \succcurlyeq_{BP}$ | Quasi-corruption |

models, which is based on the methodology of the agency relationships (Table 3).

In the paper, we have complemented grand corruption as the source of inefficient regulation with the bounded rationality and demonstrated that based on the agents' reaction, grand corruption (and bounded rationality as well) can bring one of the three corruption forms: efficient, totalitarian, or quasi-corruption.

On the one hand, the introduced typology let us construct a corresponding public policy aimed at the prevention of some type of corruption and substitution of some types of corruption with other ones. On the other hand, the introduced corruption models (quasi-corruption and totalitarian corruption) point out the new area of corrupt behavior examining and give us the chance to forecast the consequences of public policy and regulation improvement in a more detailed way.

## Cross-References


- ▶ Corruption
- ▶ Integrity and Corruption
- ▶ Political Corruption
- ▶ Principal-Agent Theory of Organizations
- ▶ Public Corruption


## References


Aidt T (2003) Economic analysis of corruption: a survey. Econ J 113(November):F632–F652. Royal Economic Society

Grossman G, Helpman E (1994) Protection for sale. Am Econ Rev 84(4. (Sep.)):833–850

Guide to Enactment of the UNCITRAL Model Law on Public Procurement. – UN, N-Y (2014)

Huntington S (1968) Political order in changing societies, 7th printing. Yale University Press, New Haven. 1973

Ivanov A (2015) Quasi-corruption in public procurement: the case of Russian Federation. In: Corruption, economic growth and globalization, Routledge studies in the modern world economy. Routledge, London, pp 112–130

Jain A (2001) Corruption: a review. J Econ Surv 15(1): 71–121

Jain A (2011) Corruption: theory, evidence and policy. J Inst Comp 9(2, Summer)

Jensen M, Meckling W (1976) Theory of the firm: managerial behavior, agency costs, and ownership structure. J Financ Econ 3:305–360

Laffont J-J, Tirole J (1993) Theory of incentives in procurement and regulation. The MIT Press, Cambridge, MA

Lambert-Mogiliansky A, Majumdar M, Radner R (2007) Strategic analysis of petty corruption: entrepreneurs and bureaucrats. J Dev Econ 83:351–367

Moszoro M, Spiller P (2012) Third-party opportunism and the nature of public contracts, NBER working papers 18636. National Bureau of Economic Research, Inc

Nye JS (1967) Corruption and political development: a cost-benefit analysis. Am Polit Sci Rev 61(2 (June)):417–427

Rose-Ackerman S (1975) The economics of corruption. J Public Econ 4:187–203

Rose-Ackerman S (2008) Corruption and government. Int Peacekeeping 15(3, June):328–343

Simon H (1947) Administrative behavior. Macmillan, New York. (2nd edn, 1961)

UNCITRAL Model Law on Procurement of Goods, Construction and Services with Guide to En-actment (2011)

# U

## Uncertainty in Crisis Management

Thomas W. Haase
Department of Political Science, Sam Houston State University, Huntsville, TX, USA

### Synonyms

Naturalistic models of decision-making; Participative decision-making and crisis management; Policy making and crisis management; Rational model of decision-making

### Definition

Uncertainty is a sense of doubt that inhibits a decision-maker from acting.

### Introduction

A crisis is an event that poses a "serious threat to the basic structure or the fundamental values and norms of a system, which under time pressures and highly uncertain circumstances necessitates making critical decisions" (Rosenthal et al. 1989, 10). During such events, public administrators must be aware of, and seek to reduce or manage, the uncertainties present in their operational environment. While the meaning of uncertainty has been explored in fields such as mathematics, economics, statistics, and philosophy, decision-making and organizational theorists define uncertainty as a sense of doubt that blocks or delays action (Lipshitz and Strauss 1997). This definition frames the subsequent discussion of uncertainty.

To ensure clarity, a distinction must be made between the concepts of uncertainty and complexity. Complexity relates to the characteristics of a system and its components and subcomponents. By way of example, complexity can refer to the number of actors in a system, the way these actors are organized, and the number and nature of the interactions exchanged among these actors. In contrast, uncertainty does not relate to a system's characteristics or behavior but, rather, to a specific level or state of knowledge.

The sections that follow begin with an overview of the sources of uncertainty, which can stem from the characteristics of the problem under consideration, the availability and characteristics of the information connected to the problem, or both. The focus then shifts to the types (or dimensions) of uncertainty that exist in a decision-making environment: objective uncertainty and perceived uncertainty. Finally, references will be made to the rational and naturalistic decision-making literatures, which provide insights into how decision-makers might manage uncertainty.

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

## Sources of Uncertainty

The presence of uncertainty in decision-making situations is often attributed to problems of information quantity and quality. Lipshitz and Strauss (1997) identified three specific information problems that can constrain decision-makers. One problem is the lack of information. This constraint occurs when a decision-maker does not have any information or when a decision-maker has incomplete information. The two other problems relate to issues of information quality. For instance, the information possessed by a decision-maker could be ambiguous. This ambiguity means that a decision-maker has information, but the information causes the decision-maker to become overwhelmed by the "abundance of conflicting meanings that [the information] conveys" (Lipshitz and Strauss 1997, 151). Alternatively, a decision-maker could hesitate to act because the available information has created a conflict. In such instances, the uncertainty is not caused by the presence of multiple meanings, but rather, by the presence of information that provides the decision-maker with multiple, and equally attractive or unattractive, alternatives (Lipshitz and Strauss 1997, 151). The uncertainties caused by problems of information quantity and quality can inhibit decision-makers from taking action, whether as individuals, as managers of an organization, or as members of an organizational network.

## Types of Uncertainty

A separate line of inquiry considers the types, or dimensions, of uncertainty that occur in decision-making situations. Scholars involved in this line of inquiry suggest that there are two categories of uncertainty, objective and perceived, both of which relate to a decision-maker's relationship with the operational environment. Scholars who focus on objective uncertainty consider uncertainty to be an intrinsic property of the operational environment. Robert Duncan (1972, 317), for example, suggests that environmental uncertainty can be conceptualized as three different problems. The first problem is that decision-makers are not able to predict the outcome of a certain event. The second problem is that decision-makers do not have sufficient information to generate conclusions about cause and effect relationships. The third problem is that decision-makers cannot assign probabilities to events that will happen in the future. Although they approach the problem of uncertainty differently, these conceptualizations are unified in that the source of the uncertainty is both objective and outside the direct control of the decision-maker.

The second category of uncertainty is called perceived environmental uncertainty. Scholars who fall into this category consider environmental uncertainty to be contextual, meaning that uncertainty is a result of the subjective perceptions of individual decision-makers. Frances Milliken (1987) suggests that a decision-maker can experience three types of perceived environmental uncertainty. The first is state uncertainty, which occurs when a decision-maker perceives some part of the operational environment to be uncertain. This situation can occur when a decision-maker does not understand the actions taken by others or, more broadly, when a decision-maker does not understand that the operational environment has begun to shift from one state to another. The second is effect uncertainty, which refers to a decision-maker's inability to predict how an event or shift in the environment will affect his own organization. As suggested by Milliken (1987, 137), while one might know that a hurricane is approaching his home, this does not mean that he knows exactly how that hurricane will affect his specific home. The third is response uncertainty, which Milliken (1987, 137) refers to as "a lack of knowledge of response operations and/or an inability to predict the likely consequences of a response choice." In such cases, a decision-maker may not understand what should be done during a crisis, or they may not understand the "value or utility" of the available response options.

The preceding discussion focused on decision-making and perceived uncertainty at the individual and organizational levels. There also scholars who investigate decision-making and perceived uncertainty in networked systems. In a networked

system, decision-makers can adopt different frames of reference as they work, both individually and collectively, to interpret and respond to problems. Joop Koppenjan and Erik-Hans Klijn (2004, 37) argue that the emergence of such divergent frames of reference is the result of "an excess of ambiguity." This ambiguity can become problematic for decision-makers who must address wicked social problems, which are problems that are complex, technically complicated, and cross-jurisdictional and sectoral boundaries. For example, in a crisis management or disaster response system, which is comprised of a collection of decision-makers who have to operate as a networked system that crosses jurisdictional boundaries, an excess of ambiguity can create uncertainties that inhibit or constrain collective action. In such circumstances, decision-makers may disagree about the nature of a problem, the means that are available to solve a problem, and their desired or expected outcomes. Regardless of how a problem is framed, decision-makers can also deviate from each other in terms of how they perceive the status or adequacy of the information and knowledge that is generated about a problem. When a network of individual decision-makers encounter ambiguities such as these, they can end up participating in a never-ending series of asymmetric debates about a problem's source, nature, and solution (Koppenjan and Klijn 2004, 37).

The distinction between objective and perceived environmental uncertainty enables decision-makers to understand the source of doubt that has blocked or delayed their action. By extension, this distinction also suggests that decision-makers may be able to manage or avoid some types of uncertainty, especially during periods of stability. This distinction, however, provides decision-makers with little insight into how they might manage uncertainty.

## Management of Uncertainty

In the crisis management context, decision-makers must protect the structures, values, and norms of the system that has come under threat. Whether acting individually or collectively, decision-makers must not only recognize that uncertainties may exist, they must also take steps to reduce or eliminate the uncertainties that might block or delay their ability to act. To this end, scholars have explored the strategies that decision-makers use to manage conditions of uncertainty. Although the strategies discussed below are directed toward the sources of uncertainty, they may also be instructive for the management of both objective and perceived environmental uncertainty.

## The Rational Model

Decision makers could use the rational model of decision. Making to manage uncertain conditions during a crisis situation. The rational model of decision-making suggests that an appropriate decision can be reached by those who follow a sequence of established steps. These steps include identifying the problem, collecting all relevant information, establishing a decision criterion, developing a comprehensive set of alternatives, and choosing the alternative that maximizes utility (Lindblom 1959). Despite being the touchstone for the analysis of economic and social problems, the utility of the rational model of decision-making has been called into question.

Herbert Simon, a prominent critic of the rational model of decision-making, argued that the rational model has three limitations. According to Simon (1997, 93–97), the model was built upon the assumption that decision-makers operate in conditions where information is complete and attainable. Simon further noted that the model assumes that decision-makers will be able to develop a comprehensive set of alternatives and that decision-makers will be able to accurately anticipate their future preferences and the consequences of their choices. Recognizing that the assumptions of the rational model would be difficult, if not impossible, to meet in the real world, Simon maintained that decision-makers operate according to the principles of bounded rationality, meaning their decision-making processes are bounded by their cognitive limitations and the

constraints present in the decision-making environment. In making this argument, Simon does not suggest that decision-makers make irrational decisions, but rather, they satisfice (Decision-makers that satisfice take into consideration only those factors that are relevant and crucial to the problem at hand and then select the best of the available alternatives (Simon 1997, 119)) by selecting a course of action that is "good enough" for the circumstances (Simon 1997, 119).

## Naturalistic Models

Building upon Herbert Simon's insights, other scholars developed naturalistic models of decision-making, which describe how decisions are made in real-world contexts. The naturalistic models of decision-making have been used to explore the decision-making processes of individuals (Klein 1998), teams (Weick 1993), organizations (Weick and Sutcliffe 2001), and systems (Hutchins 1995). While the naturalistic models differ in terms of their specific areas of attention, they are unified in that they seek to specify how decision-makers navigate uncertain and high-risk situations.

As an illustration, Lipshitz and Strauss (1997, 156–157) indicate that decision-makers use five strategies to cope with uncertainty. These strategies are employed by decision-makers in response to the type of uncertainty that is encountered. For instance, if the uncertainty relates to a lack of information, decision-makers use assumption-based reasoning and rely on their mental models about the situation, which can evolve after a shift in assumptions or the discovery of new information. If the uncertainty relates to the lack of understanding, decisions-makers reduce the uncertainty by searching for new information, soliciting advice, or following standard operational procedures. If the uncertainty relates to a conflict among alternatives, decision-makers weigh the pros and cons of their potential decision, seeking to evaluate the gains and losses connected to a course of action. In response to all three types of uncertainties, decision-makers may also choose to use forestalling or suppression strategies. To forestall uncertainty, a decision-maker will delay action until additional information clarifies the situation. To suppress uncertainty, decision-makers will ignore the uncertainty, act on intuition, or gamble that their choice of action is the correct choice. While not comprehensive, these five strategies may provide decision-makers who encounter uncertainty the ability to overcome the sense of doubt that can block or delay action.

## Conclusion

The decision-makers responsible for the management of a crisis event must have the capacity to take the rapid and effective action that is needed to save lives, protect critical infrastructure, and bring the crisis to an acceptable resolution. The ability of decision-makers to take such actions, however, can be blocked or delayed by uncertainty (Lipshitz and Strauss 1997). The uncertainties that occur during crisis management situations can come from a variety of sources, including the lack of information, ambiguous information, the inability to predict outcomes, the inability to generate conclusions about cause and effect relationships, and perceptional disagreements about social problems and information adequacy.

During a crisis, a decision-maker should neither ignore these sources of uncertainty nor succumb to the consequences of uncertainty. Rather, a decision-maker should face the uncertainty that exists within their operational environment and, by extension, take steps to eliminate or manage this uncertainty. As an initial step, a decision-maker must improve their awareness of the situation by identifying the source and type of the uncertainty that inhibits their ability to act. Once the source and type of uncertainty are identified, a decision-maker can then adopt a strategy that will help them to manage the uncertainty. These strategies can include satisficing, the reduction of uncertainty, the acknowledgment of uncertainty, and the suppression of uncertainty. The use of these strategies does not guarantee that all uncertainty will be eliminated or that a crisis will be brought to an acceptable resolution. What these strategies can do, however, is help a decision-

maker involved in the management of a crisis to overcome, or at least reduce, the sense of doubt that can block or delay their ability to act when their actions are needed most.

## Cross-References

► Governance in Crisis Management

## References

Duncan RB (1972) Characteristics of organizational environments and perceived environmental uncertainty. Adm Sci Q 17:313–327
Hutchins E (1995) Cognition in the wild. MIT Press, Cambridge, MA
Klein G (1998) Sources of power: how people make decisions. MIT Press, Cambridge, MA
Koppenjan J, Klijn E (2004) Managing uncertainties in networks. Routledge, New York
Lindblom CE (1959) The science of 'muddling through'. Public Adm Rev 19(2):79–88
Lipshitz R, Strauss O (1997) Coping with uncertainty. Organ Behav Hum Decis Process 69(2):149–163
Milliken F (1987) Three types of perceived uncertainty about the environment: state, effect, and response uncertainty. Acad Manag Rev 12(1):133–143
Rosenthal U, Charles MT, 't Hart P (eds) (1989) Coping with crises: the management of disasters, riots and terrorism. Charles C. Thomas, Springfield
Simon HA (1997) Administrative behavior: a study of decision-making processes in administrative organizations, 4th edn. Free Press, New York
Weick KE (1993) The collapse of sensemaking in organizations: the Mann Gulch disaster. Adm Sci Q 3: 628–652
Weick KE, Sutcliffe KM (2001) Managing the unexpected: assuring high performance in an age of complexity. Jossey-Bass, San Francisco

# Uncertainty Management

Michael W. Kramer
University of Oklahoma, Norman, OK, USA

## Synonyms

Ambiguity; Equivocality; Meaning-making; Sensemaking

## Definition

Uncertainty management is the process by which individuals create meaning or understanding in situations in which something unpredictable, unusual, unexpected, or out of the ordinary occurs and when there is a need to determine the appropriate meaning.

## Introduction

Employees and volunteers in nonprofit organizations frequently experience uncertainty. They experience uncertainty when something unpredictable, unusual, unexpected, or out of the ordinary occurs. Uncertainty management is the process by which an organization's members create meanings in situations involving uncertainty and when there is a need to determine what course of action to take in response to the uncertainty. To understand uncertainty management, this entry begins with a brief explanation of the concepts of uncertainty reduction and uncertainty management. Then it focuses primarily on uncertainty management from the perspective of individuals by exploring how organizational members, including volunteers and employees, experience and manage uncertainty about aspects of their work. Then it briefly examines how decision makers in nonprofit organizations experience uncertainty about the environment and their relationships to others.

## Uncertainty Reduction and Uncertainty Management

The study of uncertainty as a personal experience began in interpersonal communication research. The seminal study in this area focused on how individuals responded to the uncertainty they experienced when they met someone new. According to the initial theoretical conceptualizations of uncertainty reduction theory (URT), when faced with uncertainty, individuals are motivated to seek information to reduce uncertainty, and then as their uncertainty decreases, their liking

increases (Berger and Calabrese 1975). So for example, when an employee of a nonprofit organization meets a new volunteer for the first time, the employee experiences uncertainty about the new volunteer and will be motivated to seek information about that volunteer. Then the employee will like the new volunteer more as uncertainty is reduced by gaining additional information about the volunteer. As research on URT accumulated, a number of adjustments were made to the initial theory when it became apparent that individuals are not always motivated to seek information in the face of uncertainty and that information seeking can actually result in an increase in uncertainty and reductions in liking. Recent, comprehensive summaries of the interpersonal research on uncertainty exist elsewhere.

Given the accumulative evidence regarding URT, research on uncertainty management has focused on the various ways in which individuals may potentially respond to uncertainty. For example, research in health contexts found that patients faced with uncertainty about their health-related conditions did not always seek information. In some instances, patients actually avoided new information that could confirm or disconfirm their diagnosis because reducing their uncertainty about their illness could prevent them from being hopeful and make it impossible to deny their situations (Brashers 2001). This and other research illustrated that people may prefer to maintain their current level of uncertainty, or even increase uncertainty, rather than reduce it. For example, a hospice volunteer may choose not to seek updated information about a patient because maintaining rather than reducing uncertainty about the patient's prognosis allows the volunteer to remain positive in interactions with the patient and family members.

Various forms of uncertainty management theory (UMT) have contributed to developing an understanding of how individuals manage uncertainty rather than seeking information in order to reduce it. There is evidence that individuals frequently manage their uncertainty by employing various internal cognitive processes without seeking new information (Kramer 2004). For example, a volunteer may deny that the uncertainty exists by thinking "I can figure this procedure out on my own." Another volunteer may simply tolerate or accept the uncertainty as inevitable by assuming that "no one else knows when we will get a new volunteer coordinator, so why ask?" Alternatively, a volunteer may manage the uncertainty by comparing it to previous experience and think, "since we handled this problem in a particular way at my last place, this is probably how I should handle it here." Finally, volunteers may imagine the information they will likely receive if they seek information, such as, "I'm sure the volunteer coordinator would tell me to do it this way." Accordingly, individuals often persist in managing uncertainty without attempting to obtain any new information about the uncertainty in a situation, even though their efforts to manage the uncertainty may be based on inaccurate assumptions or thoughts.

According to UMT, even when an individual is initially motivated to seek information, several factors may prevent them from following through. Research found that an individual's motivation to pursue new information depends on their awareness and interpretation, of the discrepancy between the amount of uncertainty they are actually experiencing and the amount of uncertainty they are willing to tolerate (Afifi and Weiner 2004). As such, individuals consider the cost and efficacy of seeking information and compare that to the potential benefits. Thus, in many situations, a nonprofit employee may simply accept the level of uncertainty they are experiencing if the employee believes either that it will require too much effort to obtain the necessary information or that they are not likely to find useful information despite their efforts. There are other competing motivations such as impression management or social appropriateness that may also supersede efforts to reduce uncertainty through information gathering (Kramer 2004). For example, experienced volunteers may be embarrassed to ask about something that they think they would be expected to already know or have learned, causing them not to ask out of a fear of appearing incompetent. An employee may feel that asking for certain information should be done privately, so it is inappropriate to request the information in

front of the volunteers at a meeting and so fail to seek information.

In sum, when employees and volunteers experience uncertainty as part of their involvement in nonprofit organizations, they are often motivated to manage, rather than reduce, that uncertainty. Unlike initial conceptualizations of URT which suggested that they would always seek new information to directly confront uncertainty, UMT suggests that people are often inclined to manage their uncertainty using internal cognitive processes. If those cognitive processes are unsuccessful in reducing their uncertainty, they still may not seek information due to the perceived costs and benefits of seeking information, impression management concerns, or the social inappropriateness of seeking information. Balancing these various choices and goals makes managing uncertainty a complex problem for organizational members.

## Uncertainty at the Individual Level in Nonprofit Organizations

Much of the exploration of how organizational members manage uncertainty has focused on new members whether they are volunteers or employees. The research has helped to identify and categorize different types of uncertainty individual experiences, strategies, and sources for seeking information to reduce uncertainty and important outcomes related to managing uncertainty. These efforts have expanded to include investigations into how more experienced or established organizational members manage uncertainty.

**Types of Uncertainty** New employees and volunteers experience various types of uncertainty. In an effort to reduce these to a manageable level, these are categorized into four main types of uncertainty newcomer's face including task, relational, organizational, and power uncertainty (Kramer (2010). *Task uncertainty* concerns knowing what one's job duties and how to complete them. For example, new traveler's aid volunteers at an airport information desk needed to learn the information about the airport and the proper way to answer questions from airport patrons (McComb 1995). *Relational uncertainty* addresses developing and maintaining relationships with other organization members, and possibly customers or clients as well. For example, volunteers working with at-risk youths have to develop relationships with each other but also had to determine the appropriate relationship to have with the youth they serve (Haski-Leventhal and Bargal 2008). *Organizational uncertainty* involves knowing and understanding the organization's culture and norms. For example, new community choir volunteers needed to understand the rehearsal and performance norms to reduce their anxiety about preparing for their first concert (Kramer 2011). Finally, *power or political uncertainty* relates to understanding who is in charge and who has real influence in the organization. For example, volunteers in human services nonprofits were unclear which organizational policies and directives the leaders mentioned needed to be followed closely and which could be ignored because there was no real power behind them (McAllum 2013). Taken together, it is clear that nonprofit employees and volunteers experience a great deal of uncertainty about tasks, relationships, the organization, and power within the organization. To manage their uncertainty, they rely on certain information-seeking strategies and a range of communication sources.

**Information-Seeking Strategies** Employees and volunteers have a variety of strategies at their disposal when seeking new information to alleviate uncertainty. These strategies include asking overt questions, employing indirect inquiry, resorting to third-party inquiry, observing for specific information, surveying for general information, and testing (Miller and Jablin 1991).

When asking *overt questions*, an individual makes a direct request for information to the source of uncertainty. For example, an employee or volunteer could ask a supervisor in the nonprofit organization, "how often should I report to you about my progress on this job?" This direct approach should result in the maximum amount of uncertainty reduction, assuming the supervisor

does not provide an ambiguous answer, but it also involves the greatest potential for losing face if the supervisor believes this information has been given out previously.

Two somewhat similar strategies are *indirect inquiry* and *disguising conversations*. In indirect inquiry, a volunteer might ask at supervisor a non-interrogative question like, "I keep wondering if I should report to you more than once a week." In disguising conversation, the volunteer only hints at a question. The volunteer might say, "the last place I volunteered, I reported my progress to my supervisor only after I completed a job." Both of these strategies involve interacting with the source of uncertainty, the supervisor in this example. Both of them allow the volunteer and supervisor to do some impression management because neither demands a response. Of course, because they do not demand a response, it is possible that the volunteer will not receive information to reduce uncertainty.

Two alternatives to interacting with the source of uncertainty involve *third-party inquiry* or *alternative source inquiry*. Third-party inquiry involves asking someone other than the source of uncertainty for information. For example, the volunteer could ask another volunteer, "how often do you think should I report to my supervisor about my progress." Of course, there is the possibility that the third party may provide incorrect information. The advent of technology has made alternate source inquiry an increasingly viable option for obtaining information. Volunteer and employee handbooks are more readily available online, making it possible for a volunteer to search one of these alternative sources instead of interacting with anyone to reduce uncertainty. If the information is available, it may describe the formal practices of the organization, but not the informal norms.

Two other alternative information-seeking strategies do not involve direct interaction with the sources of uncertainty. *Observing* involves watching the source of uncertainty for information. For example, a volunteer may watch to see if the supervisor responds to text messages while at work to determine the norm for cell phone use. *Surveillance* involves watching for information without any specific purpose. A volunteer may notice rather accidently that all the volunteers leave about 15 min before they are scheduled to end their shifts and conclude that it represents the norm of the organization. In both of these situations, there is no real cost to seeking the information, but there is a risk that the information gained is incorrect because it represents an exception rather than the norm.

The final strategy, *testing*, is the least commonly used strategy for obtaining information. *Testing* involves trying to intentionally break organizational norms in order to gain information. For example, a nonprofit employee might be uncertain about the time allowed for lunch even after observing other employees for a number of weeks. Using a testing strategy, the employee could first take a 45-minute lunch. If no one comments on this, the employee could try a 60-minute lunch. If no one says anything, the employee could try a 70-minute lunch. If that results in negative comments or reprimands, the employee learns that 60 minute for lunch is acceptable, but beyond that it is a problem. Volunteers could use a similar strategy. Of course, the potential consequences for a volunteer using this strategy are limited compared to an employee who could be in trouble for violating the rules of employment.

Together these strategies for information seeking provide a wide variety of methods for gaining information for managing uncertainty. Depending on the importance of gaining accurate or complete information and various competing motives, like impression management and costs, different strategies are more advantageous than other.

**Information Sources** In addition to a variety of strategies for seeking information, researchers have identified a variety of sources of information that employees consult. The most common sources are workgroup members including supervisors, peers, and even subordinates for those in supervisory roles as employees or volunteers. These individuals are easy to approach due to their proximity, but there are greater potential costs or impression management concerns if they think that the person should already know the information. In addition to workgroup members, volunteers and employees may consult other organizational members such as a trusted mentor or

staff member. Because they are not directly related to the workgroup, there are fewer impression management concerns, but the individuals may not have information that is accurate. The remaining options are all external to the organization, so there may be little concern over asking for information. In some cases, they may provide better information, but they may also be uninformed. They may also consult with individuals associated with the organization such as customers, suppliers, or clients. Family members and friends can also provide information, if, for example, the uncertainty is about an interpersonal conflict between volunteers. Given the multitude of potential sources, the employee or volunteer may choose to consult more than one source, and the choice of those sources may depend on the likelihood of gaining accurate information and the costs involved in being vulnerable by asking.

**Outcomes of Uncertainty Management** The research findings for uncertainty management are fairly consistent. In the case of new employees, managing uncertainty by acquiring information is associated with various positive outcomes. For examples, newcomers who reduce their uncertainty are more satisfied, more knowledgeable, and more likely to remain in their organizations (Kramer 2010). Women entering male-dominated occupations who are involved in acquiring information through overt requests, third-party inquiries, and indirect inquiries experience more role clarity (Holder 1996). Volunteers in a community choir who manage their task and relational uncertainty are more satisfied with their participation, identify more with the choir, and are more likely to recruit other choir members and invite people to concerts (Kramer et al. 2013). Overall, then, managing uncertainty is associated with positive outcomes for employees and volunteers.

**Uncertainty Management and Experienced Employees** Although the previous sections focus on the uncertainty management of newcomers, it should be apparent that employees and volunteers must manage their uncertainty throughout their time in their organizations. For example, they experience task uncertainty when their duties change, relational uncertainty when there are personnel changes around them, organizational uncertainty when aspects of the organization's structure or culture change, or political uncertainty when the people in powerful positions change positions or behaviors. Two less obvious areas of uncertainty for experienced organizational members have received particular attention.

Volunteers turnover at an estimated rate of 20–40% per year. This high turnover rate leads to two special cases of uncertainty for established employees and volunteers. First, because volunteers are not necessarily replaced immediately, if at all, their departure creates uncertainty as the established employees and volunteers consider how this change will affect them. For example, even though they felt understaffed before a volunteer quits, they may be expected to take on additional duties to cover for the individual's departure. If the person leaving had supervisory roles, it may create opportunities to move up in the organization's hierarchy, or it may mean adjusting to a new supervisor. These are just some of the uncertainties that the departure of a volunteer or employee create for others.

When replacements are found, those newcomers are also sources of uncertainty for experienced employees and volunteers. They experience uncertainty concerning the newcomers' backgrounds and skills, the ways which the newcomers' work habits will influence their own job duties, as well as the type of relationships they will have with the newcomers (Gallagher and Sias 2009). The high turnover rate of volunteers means that experienced employees and volunteers in most nonprofit organization are routinely managing their uncertainty due to the departure of volunteers and then the arrival of new ones taking their positions in their organizations.

## Uncertainty at the Group or Organizational Level in Nonprofit Organizations

Whereas the previous discussion has focused the ways that individual employees or volunteers may

experience and manage their uncertainty as members of nonprofit organizations, uncertainty is also felt collectively, particularly by decision makers at the group or organizational level. Groups in organizations experience uncertainty concerning the resources available to them and their relationships to other groups they work with interdependently among other uncertainties. Group leaders can assist in managing these uncertainties. Leaders can serve as boundary spanners to other groups or organizations, can serve as representatives of the group who shape and mold how those outside the group view it, can coordinate and negotiate resources with others, and can filter information that may unnecessarily increase group members' uncertainty or by providing information to reduce their uncertainty (Ancona and Caldwell 1992).

At the organizational level, nonprofits, like for-profit businesses, face an uncertain environment where it can be difficult to accurately access the available resources, as well as the short-term and long-term effects of various decisions. In the same way that group leaders serve as boundary spanners within the organization, organizational leaders assist in managing uncertainty for the organization by serving as boundary spanners to the larger environment. A common way for leaders to manage uncertainty in this larger environment is to develop collaborations with other nonprofits to create access to additional resources and coordinate activities with funding agencies and other nonprofits (Guo and Acar 2005). Uncertainty management at the organizational level involves broader concerns than at the individual level but still involves gathering and understanding information.

## Conclusion

Managing uncertainty is a nearly constant concern for employees and volunteers of nonprofits. They routinely experience uncertainty about the roles, their relationships to others including power, their organization, their relationship to other groups within the organization, and their relationship to the environment beyond their organization. Rather than always trying to reduce uncertainty, they attempt to manage their uncertainty to acceptable levels by seeking information through a range of strategies from a variety of sources. New and established employees and volunteers who are able to manage their uncertainty are more likely to be satisfied with their participation in the organization and remain in their positions. As organizational members leave and are replaced by others, established employees and volunteers continue the need to manage their uncertainty as they adjust to a changing organization. Group leaders and organizational leaders must also manage uncertainty between groups within the organization and with other organizations.

## Cross-References

► Expectancy Theory in Organizations
► Organizational Socialization

## References

Afifi WA, Weiner JL (2004) Toward a theory of motivated information management. Commun Theory 14: 167–190. https://doi.org/10.1111/j.1468-2885.2004.tb00310.x

Ancona DG, Caldwell DF (1992) Bridging the boundary: external activity and performance in organizational teams. Adm Sci Q 37:634–665. https://doi.org/10.2307/2393475

Berger CR, Calabrese RJ (1975) Some explorations in initial interaction and beyond: toward a developmental theory of interpersonal communication. Hum Commun Res 1:99–112. https://doi.org/10.1111/j.1468-2958.1975.tb00258.x

Brashers DE (2001) Communication and uncertainty management. J Commun 51:477–497. https://doi.org/10.1111/j.1460-2466.2001.tb02892.x

Gallagher EB, Sias PM (2009) The new employee as a source of uncertainty: veteran employee information seeking about new hires. West J Commun 73:23–46. https://doi.org/10.1080/10570310802636326

Guo C, Acar M (2005) Understanding collaboration among nonprofit organizations: combining resource dependency, institutional, and network perspectives. Nonprofit Volunt Sect Q 34:340–361. https://doi.org/10.1177/0899764005275411

Haski-Leventhal D, Bargal D (2008) The volunteer stages and transitions model: organizational socialization of volunteers. Hum Relat 61:67–102. https://doi.org/10.1177/0018726707085946

Holder T (1996) Women in nontraditional occupations: information-seeking during organizational entry. J Bus Commun 33:9–26. https://doi.org/10.1177/002194369603300104
Kramer MW (2004) Managing uncertainty in organizational communication. Lawrence Erlbaum, Mahwah
Kramer MW (2010) Organizational socialization: joining and leaving organizations. Polity, Cambridge
Kramer MW (2011) A study of voluntary organizational membership: the assimilation process in a community choir. West J Commun 75:52–74. https://doi.org/10.1080/10570314.2010.536962
Kramer MW, Meisenbach RJ, Hansen GJ (2013) Communication, uncertainty, and volunteer membership. J Appl Commun Res 41:18–39. https://doi.org/10.1080/00909882.2012.750002
McAllum K (2013) Challenging nonprofit praxis: organizational volunteers and the expression of dissent. In: Kramer MW, Lewis LK, Gossett LM (eds) Volunteering and communication: studies from multiple contexts. Peter Lang, New York, pp 383–404
McComb M (1995) Becoming a travelers aid volunteer: communication in socialization and training. Commun Stud 46:297–316. https://doi.org/10.1080/10510979509368458
Miller VD, Jablin FM (1991) Information seeking during organizational entry: influences, tactics, and a model of the process. Acad Manag Rev 16:92–120. https://doi.org/10.2307/258608

# Unconditional Transfers and Fiscal Autonomy

Rogelio Alicor L. Panao
Department of Political Science, University of the Philippines Diliman, Metro Manila, Philippines

## Synonyms

Central-to-local subsidy; Fiscal decentralization; Fiscal grants; Fiscal transfers; Intergovernmental grants; Intergovernmental transfers; Internal Revenue Allotment (IRA); Public transfers

## Introduction

Intergovernmental transfers supposedly usher development and address fiscal imbalance in favor of under-resourced local governments. When transfers are unconditional, however, what happens to fiscal autonomy? Does it have any bearing on social expenditure?

Most policy debates on decentralization focus their attention on issues such as efficiency and governance and only slightly on the contextual and institutional features of decentralization policies that affect developmental outcomes. There may be a need, however, to reexamine the debate as more and more governments in fledgling democracies deliberate on the most suitable system of transferring authority and responsibility for the delivery of public goods to citizens. In the Philippines, for example, the question of whether there is need to adopt a federal form of government almost inevitably accompanies any discourse on regional inequality and ethno-religious conflicts. This is in spite of local autonomy being constitutionally guaranteed and decentralization having been statutorily enshrined as early as 1991.

As contribution to the literature on decentralization and public administration theory and practice, this entry underscores both the ambivalence of fiscal transfers as vector of fiscal governance and the inclination in developing economies toward transfer dependency. The analysis focuses mainly on the Philippines, but the findings can well apply to any developing economy that is democratizing, or with at least a quasi-democracy as a defining feature of the political system.

Overall, this short piece gives a brief empirical validation of apprehensions raised against unconditional transfers as mode of fiscal decentralization. It proceeds as follows. First, a short glossary is introduced for some of the most important concepts readers will encounter all throughout. This is followed by a short overview of the theoretical motivations behind intergovernmental transfers and whether or not these are supported in the literature. Afterward, the piece gives a brief comparison of transfers and revenue decentralization as fiscal devices and their respective effects on subnational expenditure. The article then proceeds to discuss the limitations of transfers as a mode of fiscal decentralization in developing countries, citing the experience of the Philippines as case. Unconditional fiscal transfers in the Philippines are shown to produce at least two undesirable outcomes. First, it gives local governments

a disincentive to improve local revenue generation, consequently making them overly reliant on central government for expenditure financing. Second, local governments which are more dependent on central government grants also tend to spend less on social expenditures, suggesting that the unconditional nature of transfers dilutes electoral accountability and has welfare consequences. The article concludes by reiterating the important observations and their implications on local governance.

## Definitions

We first define key concepts which will appear throughout the discussion.

**Local fiscal autonomy** refers to the capacity of subsidiary government units to create sources of revenue independent of central government infusion, as well as to decide on expenditure policies without need for central government's authorization. A broader term is fiscal decentralization, which contemplates a governance setup in which some responsibilities for expenditure and revenue are shifted to lower tiers of government. In this entry, both fiscal autonomy and fiscal decentralization are taken as synonymous. Fiscal autonomy has become a defining feature of legislative reforms in many parts of the world in order to reduce the situation in which revenues do not match expenditures at the local level. Fiscal autonomy is also thought to enhance the delivery of public services and make politicians more responsive to the needs of the citizens. In practice, however, complete fiscal autonomy is illusory, and subsidiary governments normally do not operate solely on the basis of locally generated income. In the experience of many countries, local fiscal autonomy is effected through a system where the central government subsidizes expenditures and finance local programs through intergovernmental transfers.

**Intergovernmental transfers or grants**, on the other hand, refer to any resource flow from one level of government to another, including, but not limited to, a portion of national tax collections shared by a central government authority to local governments (e.g., provinces, cities, or municipalities). These grants can be thought of as a compromise between revenue powers and expenditure responsibility. The central government authority would have the prerogative to keep on levying key tax bases but guarantee subsidiary units their reasonable share in the collection.

**Social expenditure**, meanwhile, refers to redistributive allocations intended to have substantial direct or indirect benefits across households in a locality. This can be construed as the amount of resources in money terms committed to policies or programs related to education, culture and sports, manpower development, health and population control, labor and employment, housing and community development, and social services and welfare.

**Local revenue generation** is the capacity of subsidiary governments to raise their own sources of income. Revenue-generating capacity is an important indicator of fiscal autonomy in both developed and developing countries. Usually, this is effected through policies that allow taxing powers for municipalities so they can fund public services such as local kindergartens, public parks, and garbage collection. Taxes can come in many forms including levies on property, sales, licenses, and, in some cases, even income.

**Local development** refers to the use of resources and the endogenous potentialities of a community, city, or locality through the provision of local infrastructure and the delivery of public goods or services.

Typically, there is disparity in the capacity of subsidiary government units at various levels and across regimes to produce infrastructure and services necessary for productive inputs. As such, grants have become familiar to almost all countries with a multi-layered government structure as a means of stabilizing and equalizing the provision of public services. In advanced economies such as those in the OECD, for instance,

intergovernmental grants are used to transfer money from national to subnational governments and practically finance about a third of subnational expenditures (Broadway and Shah 2009). Central government grants given to local governments, such as fiscal transfers, for instance, are known to address intergovernmental mismatch by subsidizing the revenue-generating process and equalizing the challenge of meeting basic national priorities at the local level (Kim and Smoke 2002). Be that as it may, many studies raise attendant problems that come with this, such as distributional inequality, inefficiency in tax administration, and a subsidy-dependency effect among recipient subsidiary governments.

## Do Intergovernmental Transfers Work?

Theoretically, there are important motivations for why governments ought to consider transfers as fiscal device. The most immediate is to ensure vertical balance, that is, to use transfers to fill the gap between what is available as revenue for subnational governments and their actual expenditure needs. Because expenditure needs can be practically limitless, the amount of intergovernmental transfer is usually based on a designated minimum, central budget constraint, or a fixed formula as in the Philippines. Equity is another consideration, especially where there is wide disparity in the economic and human resource makeup of component municipalities. Naturally, municipalities that are less endowed cannot be expected to provide public goods at the same level and magnitude as its more affluent neighbors. Transfers are also used to offset the externalities that result when fiscally autonomous subnational governments underspend on policies that are generally desirable (e.g., spending on health, education, and the environment). Supposedly grants, especially when they are conditioned to target specific social expenditures, can guarantee spending for these important policies. Administrative efficiency is another reason for the inclination toward intergovernmental transfers as a mode to effect fiscal decentralization. According to this view, it is more efficient for central governments equipped with better administrative capacity to simply collect taxes and then distribute the revenues to local governments through transfers.

Whether or not these outcomes are achieved in practice though is another story. Empirical evidence based on the experiences of several countries seem to indicate that the relationship between fiscal transfers and their developmental objectives is inconclusive at best.

While transfers may have a role in facilitating the implementation of government policies at various government levels, the developmental outcomes are mixed and mired with distributional inequities. In Africa and Asia, there is evidence of complementary benefits between fiscal transfers and local revenue capacity (Masaki 2018). Similarly, in Russia regional dependence on intergovernmental fiscal transfers from the federal center is positively associated with economic growth (Yushkov 2015). Meanwhile in Turkey, Gbafi and Sarucs (2004) find that local managers tend to match intergovernmental grants such that municipalities that have higher population and higher grant increase rates exert more revenue effort for financing local expenditures.

On the other hand, transfers are also known to be susceptible to political capture, especially in poorer areas. Intergovernmental transfers are also prone to local overfinancing and fiscal misapprehension. At the level of citizens, they are known to dilute voters' bargaining power. At the level of communities, there are studies that suggest they can exacerbate regional poverty (Reinikka and Svensson 2004). Transfers as distributive component of fiscal decentralization is also likely to deteriorate and lead to uneven income distribution (Aslim and Neyapti 2017). Not only are fiscal transfers likely to be unsustainable in the long run, they do not seem to remedy fiscal imbalance and even create a common pool problem at the county level (Jia et al. 2014). A common pool problem happens when a resource that supposedly benefits a group of people is being used up or is enjoyed only by a few individual because everyone else overuses it but no one is willing to pay for its upkeep. There are studies contending that transfers have mixed effects on regional

inequality, depending on the target of the fiscal device and the incentives made available to local governments. However, an analysis of fiscal spending in Mexican municipalities suggests that dependence on transfers induces overreliance and binds local governments to finance public goods that in the future may be very difficult to sustain (Sour 2013).

## More Transfers or More Locally Sourced Revenue?

There is already ample evidence, based on the experience of OECD countries, that fiscal autonomy improves when subsidiary governments are less reliant on transfers. This suggests that being able to independently raise revenue and reduce the share of expenditure financed by transfers can be good in the long run. However, there remains to be sparse empirical introspection on the impact of intergovernmental transfers on fiscal autonomy with respect to developing countries. Moreover, studies examining the impact of decentralization in fledgling economies largely focus on the implication on electoral accountability, public infrastructure, and poverty reduction. Within these, a small but important strand of literature implies a negative correlation between fiscal autonomy and inequality when municipalities are not highly dependent on transfers for their programmatic expenditures. Evidence thus far suggests that fiscal decentralization minimizes income inequality conditional on the capacity of subsidiary governments to engage in redistributive government spending and mechanisms by which local governments are made to rely more on self-generated revenue sources instead of transfers.

In many developing countries, however, despite the devolution of service provision, the taxing authority of subnational units is limited. Consequently, intergovernmental transfers comprise the largest funding source for social expenditures.

The Philippines, where local fiscal autonomy has both constitutional and statutory basis, is an interesting case to examine further the implications of fiscal transfers on local autonomy. Under the Local Government Code passed in 1991, the transfer originating from the central government is known as Internal Revenue Allotment (IRA). This Philippine variety of central-to-local intergovernmental transfer is automatic, derived based on an exogenous formula, and makes up a large part of local budget that it practically subsidizes the entire operation of certain local government units. Philippine local governments' overdependence on the IRA is attributed to at least two limitations that the law failed to address. First, even though in paper, subsidiary government units in the Philippines are encouraged to create their own revenue sources; in practice the bulk of productive tax bases is still restricted to the national government. However, since LGU type also determines IRA share, local governments are motivated to vie for reclassification into cities to attract more IRA amidst apparent lack of fiscal capacity. Interestingly, the splitting of provinces into cities is also an opportunity to create political spaces for budding political families and out-termed politicians. A new local government is entitled to a local executive and council members. If it is a new province or independent city, a new local government unit is even entitled to at least one district congressional seat. Second, despite decades after the law's implementation, many LGUs still fail to make full use of their already limited taxing powers and tend to be lukewarm about exploring possible tax bases under the law. For instance, many provinces and cities have yet to update the schedules of market values for real property within their jurisdiction despite a law prescribing this be done every 3 years.

## What Does the Philippine Case Suggest?

In the Philippines, the average locally sourced income in cities is more than three times the average for provinces. If this amount is construed as what local governments can theoretically excise, there is clearly imbalance in revenue capacity. The most tax efficient city according to

the data has a revenue-generating capacity nine times bigger than the most financially capable province.

The magnitude of Internal Revenue Allocation (IRA) received by local governments also invites a number of insights. The average internal revenue allotment for provinces is already almost double of what cities receive. If the proportion of IRA over total income is construed as gauge of fiscal dependence, then provinces are practically sourcing a whopping 82% of their income from the national government. There are even provinces which depend completely on central government financing for their day-to-day operations. While cities are less dependent on these lump sum automatic grants, the degree of fiscal dependency for cities is still high at 64% on average.

An empirical examination of election turnout and annual fiscal spending data for 81 provinces and 144 cities in the Philippines from 1992 to 2016 (Panao 2020) suggests that unconditional fiscal transfers tend to dampen local revenue generation, particularly among provinces. According to the study, a 10% additional increase in IRA as a proportion of total income among provinces decreases local revenue by 45.3%. This effect is almost twice as large as that for cities (24.7%). In fact, the relationship between local income generation and IRA is consistently negative across tested models. The findings also suggest that the crowding out effect of transfers on local revenue generation is more substantial for provinces than cities. Whereas a percent increase in IRA as a proportion of total income crowds out local revenue generation by somewhere between 3% to 5% in provinces, it is just within 3% for cities.

If transfers are automatic anyway, why should citizens worry about their municipalities not raising enough of their own sources of income?

An interesting takeaway in Panao's (2020) study is evidence tying local revenue generation to social spending. The study seems to suggest that subnational governments which depend less on central government and generate more local revenue also tend to spend more on social expenditures – education, culture and sports, manpower development, health and population control, labor and employment, and the like. However, this effect seems to hold only for local governments which have substantial taxing capacity like cities. Also, the study notes that given the distributive nature of social expenditures, their release could also be strategically manipulated to coincide with elections and used as a vote-buying device.

## Conclusion

A scant but emerging literature in developing economies suggest that revenue decentralization correlates positively with efficient public service delivery, particularly if local governments rely more on self-generated revenue sources instead of transfers. The Philippines' experience with fiscal transfers suggests that when these grants are allocated unconditionally, they create a common resource pool problem, giving local policymakers a disincentive to improve their revenue-generating capacity. In contrast, local government units that are less reliant on unconditional transfers not only seem to exert more effort generating their own financial resources, they also tend to allocate more for social expenditures.

The findings lend credence to doubts raised in previous studies about the welfare consequences of transfers in developing countries when they are provided unconditionally. Redistributive allotments are tricky but at the minimum, fiscal administration to be efficient must consider widening the tax-raising power of local governments and rationalizing, not outright increasing, central government subsidy.

Overall, the findings suggest that in developing countries a balance between intergovernmental transfers and fiscal decentralization induces optimal service delivery.

## Cross-References


- ▶ Decentralization and Governance
- ▶ Fiscal Federalism and Sub-national Bond Yield Spreads: The Swiss Case
- ▶ Fiscal Federalism in the USA

## References

Aslim EG, Neyapti B (2017) Optimal fiscal decentralization: redistribution and welfare implications. Econ Model 61:224–234
Broadway R, Shah A (2009) Fiscal federalism: principles and practices of multiorder governance. Cambridge University Press, Cambridge
Gbafi SS, Sarucs NT (2004) Intergovernmental transfers and the flypaper effect in Turkey. Turk Stud 5(2):79–92
Jia J, Qingwang G, Zhang J (2014) Fiscal decentralization and local expenditure policy in China. China Econ Rev 28:107–122
Kim YH, Smoke P (2002) The role and challenges of intergovernmental transfers in Asia. In: Smoke P, Kim YH (eds) Intergovernmental fiscal transfers in Asia: current practice and challenges for the future. Manila, Asian Development Bank, pp 1–19
Masaki T (2018) The impact of intergovernmental transfers on local revenue generation in sub-Saharan Africa: evidence from Tanzania. World Dev 106:173–186
Panao RAL (2020) Beyond flypaper: unconditional transfers and local revenue generation in the Philippines, 1992–2016. Int J Public Adm. https://doi.org/10.1080/01900692.2020.1759628
Reinikka R, Svensson J (2004) Local capture: evidence from a central government transfer program in Uganda. Q J Econ 119(2):679–705
Sour L (2013) The flypaper effect in Mexican local governments. Estud Econ 28(1):165–186
Yushkov A (2015) Fiscal decentralization and regional economic growth: theory, empirics, and the Russian experience. Russ J Econ 1:404–418

# Underground Railroad as Social Policy, The

Victor Eno
Department of History and Political Science, Florida Agricultural and Mechanical University, Tallahassee, FL, USA

## Synonyms

Emancipation; Freedom struggle; Social engineering

## Definitions and Keywords

Underground Railroad – the informal process through which enslaved African Americans escaped the bondage of slavery from the South and northern slave states into freedom in northern Free states such as Ohio, Indiana, and Illinois,- and as far away as Canada; Fugitive Slave Act; Harriet Tubman; Emancipation Proclamation; Thirteenth Amendment, etc.

## History

Imagine this scenario: Close your eyes and imagine having to hold your breath and being fearful of who to trust. Afraid that at any given moment someone could come and turn you in and the world as you knew it could come to an end. Now, open your eyes and you see yourself a free individual in another state or country! The Underground Railroad was the process through which enslaved African Americans escaped from the South and northern slave states into freedom in northern Free states and as far away as Canada. The process brought with it a lot of trepidation and the feeling of terror about the unknown -the escapees were terrified by the prospect of being caught by slave hunters and bounty seekers under the Fugitive Slave Act passed by the U.S. Congress in 1850. But at the same they were spurred by the thought and expectation that, upon attaining freedom or Liberty, they would never be in bondage again and never be whipped again.

African American slaves had to continuously endure these conflicted feelings on their route to freedom. As Kathryn Schulz notes in an article in the *New Yorker* magazine (August 22, 2016 issue), slavery itself as an institution, and the arduous efforts made to recapture and re-enslave African Americans who struggled to wrest themselves from bondage, was a moral disaster for the United States and a terror for fugitive slaves. The obligation to return slaves to their owners was enshrined in the Constitution and in subsequent legislations (the third paragraph of Article IV of the U.S. Constitution stated that No person held to Service or Labor in one State, under the Laws thereof, escaping into another, shall, in Consequence of any Law or Regulation therein, be discharged from such Service or labor, but shall

be delivered up on Claim of the Party to whom such Service or Labor may be due). This constitutional provision was further codified in 1793 and enhanced by the Fugitive Slave Act of 1850. The 1850 Act was one of the most draconian laws ever enacted in the U.S. It rendered impotent any Northern ordinances (that is, legislation enacted in the Northern states) that were designed to protect fugitives. It compelled citizens to assist in capturing escaped slaves and set harsh civil and criminal punishments for failing to do so. The Fugitive Slave Act also created a legal document that ordered a specific fugitive to be returned to his or her master that could not be challenged in any court of law, and established a fee system (or incentive) whereby judicial and law enforcement officials adjudicating fugitive-slave cases earned ten dollars if they decided in favor of the owner and five if they decided for the slave.

The Thirteenth Amendment did not result in the cessation of the institution of slavery nor did it immediately clean off the dark marks of the vestiges of slavery. The Amendment, which was ratified on December 6, 1865, following the end of the Civil War, stated in Section 1 [Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction]. However, traces of slavery as an institution remained especially in the Deep South, and it took strict and vigilant implementation of the Amendment to completely abolish the practice of slavery and slaveholding. The Underground Railroad tells the story of the pain, anguish, courage, and bravery of enslaved black men and women who attempted to free themselves from the chains of bondage and the incredible faith and goodwill of a few white people who assisted them to attain Freedom and Liberty.

It is not known when the Underground Railroad movement first began but it most likely began in the early 1800s. The term Underground Railroad began to be used in the 1830s but no one really knows who coined the term. Some people attributed the term to a thwarted slave owner and yet others said it was first used by a runaway slave. It first appeared in print in an abolitionist newspaper in 1839, at the end of a decade when railways had come to symbolize prosperity and progress, and three thousand miles of actual track had been laid across the United States. In a formal sense, Frederick Douglass used a similar term in his 1845 autobiography – where he lamented that indiscreet abolitionists were turning it, (that is, the discrete and risky enterprise of helping enslaved Africans gain freedom) into an *upperground* railroad. Harriet Beecher Stowe used the term in 1852, in her book, *Uncle Tom's Cabin*, when one slave-catcher cautions another against delaying pursuit of a fugitive "till the gal's been carried on the underground line." In 1853, the *New York Times* reported that the term had come into very general use to designate the organized arrangements made in various sections of the country to aid fugitives from slavery into freedom.

The Underground Railroad consisted of homes and businesses that harbored runaways and provided them an avenue and escape route into freedom. These homes and businesses were known as "stations" or "depots" and were run by "stationmasters." "Conductors" moved the fugitives from one station to the next. The Underground Railroad's "stockholders" (who included free black men and women as well as sympathetic white people) contributed money or goods. The latter sometimes included clothing so that fugitives traveling by boat or on actual trains would not give themselves away by wearing their worn work clothes. Once the fugitives reached safe havens – or at least relatively safe ones – in the far northern areas of the United States, they received assistance to find lodging and work. Many went on to Canada. It was the case that sometimes a "conductor" pretending to be a slave would go to a plantation to guide the fugitives on their way. Among the best known "conductors" is Harriet Tubman, a former slave who returned to slave states 19 times and brought more than 300 slaves to freedom including her parents – using her shotgun to threaten death to any who lost heart and wanted to turn back. Harriet Tubman had emancipated herself from slavery in 1849 at age 27 after which she become a conductor of the "Underground Railroad". Tubman became such an iconic figure during that era that Massachusetts'

governor sent her, at the beginning of the Civil War in 1861, to spy on the South where her duties including serving as a hospital nurse and a support for the Union armies. Along the way she earned the name "Moses" for helping or facilitating freedom from bondage of so many black people. Another iconic figure in the Underground Railroad enterprise was William Still, a free black man who lived in New Jersey and also helped free a significant number of slaves from bondage.

The fugitives who participated in the Underground Railroad were people desperate of emancipation. The Underground Railroad went undetected because it was a network that operated in secrecy. Most of the information on the Underground Railroad was found out through word of mouth. The railroad consisted of trails and shelters for runaway slaves from the southern United States to the North or Canada during the Civil War. It is unknown as to how many people were involved or escaped fugitives but it was estimated that more 3,200 "railroad workers" (or fugitive slaves) escaped from the northern states to Canada between the late 1840s and the formal abolition of slavery via the Thirteenth Amendment in 1865. It should be noted again that slavery was a historic tragedy and it took the Civil War to end it. As Christopher Densmore, the Curator of Friends Historical Library of Swarthmore College, has argued, slavery was ultimately extinguished by blood – the Civil War Densmore (n.d.).

Many of the Underground Railroad routes crossed several free northern states including Ohio, Indiana, and Illinois. Swamps and rivers provided escape routes for the fugitives (Bial 1999). One watchword used by participants was: "Keep your eye on the North Star." By keeping their eye on the star in front of them, the runaway knew that they were heading North (as in the northern free states of the United States as well as Canada to the far north). The movement was made up of abolitionists who opened their homes and barns as safe places for runaway slaves. Some of the earliest abolitionists were Quakers, although side by side with Quakers were abolitionists who were more secular in orientation such as William Lloyd Garrison, one of America's leading white anti-slavery activists. The Quakers were a religious minority who belonged to the Society of Friends who had once owned slaves but very early on changed their stance on slavery and slave-holding and viewed it as an evil institution. The Quakers generally received the most credit for resisting slavery with secondary acknowledgment going to the wave of evangelical Christianity that spread across the United States during the first half of the nineteenth century, in the movement known as the Second Great Awakening. However, not much attention has been given in the Underground Railroad narrative to the role of the independent black church movement in the fight against slavery and how it promoted the Underground Railroad. Historians have paid scant attention to the African Methodist Episcopal Church, which was established in 1816, in direct response to American racism and the institution of slavery, and which played a significant role in raising money, aiding fugitives, and helping former slaves who had found their way to freedom make a new life (Schulz 2016).

The prominence of the Quakers as helpers in the Underground Railroad was on account of their very early position that slavery was evil; and even though they did not believe in activist intervention to stop the practice, they felt that they had a religious duty or obligation to do something to help the enslaved. Densmore records that even before the adoption of the U.S. Constitution in 1787, which while avoiding the use of the word "slave" required that "fugitives from labour," meaning enslaved people, escaping from one state to the another, must be returned to their so-called owners (Article IV), and also more than a century before the infamous *Dred Scott v. Sanford* Supreme Court ruling of 1857, in 1754, the Philadelphia Yearly Meeting of the Religious Society of Friends told its members "To live in ease and plenty, by the toil of those whom violence and cruelty have put in our power, is neither consistent with Christianity nor common justice." By the 1770s, all of the Quaker Yearly Meetings in North America were united on the proposition that the enslaved had a "natural and just right of liberty" and no Quaker should think to claim a human being as property.

## Mechanism of the Underground Railroad

The participants and operators in the Underground Railroad faced enormous difficulties and dangers: being caught in a slave state while aiding runaways was much more dangerous than being caught within the Free states in the North. One of the methods for facilitating the escape of enslaved persons was by hiding them in attics of homes, in barns, and other secret locations from prowling bounty hunters who were hired by slave owners. The punishments included prison, whipping, or even hanging – assuming that the accused made it to court alive instead of perishing at the hands of an outraged mob. White men caught helping slaves to escape received harsher punishments than white women, but both could expect jail time at the very least. The harshest punishment-dozens of lashes with a whip, burning or hanging-were reserved for any blacks caught in the act of aiding fugitives. If someone living in the North was convicted of helping fugitives to escape he or she could be fined hundreds or even thousands of dollars, a tremendous amount for the time; however, in areas where the anti-slavery movement was strong, the "secret" railroad operated quite openly. Stephen Myers of upstate New York, a former slave, wrote in his own newspaper, *Northern Star and Freemen's Advocate*, about his work helping other slaves escape. Myers became the most important leader of the Underground Railroad in the Albany area. "Vigilance committees" that formed within communities for the purpose of aiding runaways sometimes openly advertised their meetings. (In other eras of American history, the term "vigilance committee" often referred to citizens groups who took the law into their own hands, trying and lynching people accused of crimes, if no local authority existed or if they believed that authority was corrupt or insufficient).

In a nutshell, it took courage almost everywhere in pre-Civil War America to actively oppose slavery, and according to Schulz, some white abolitionists paid a price. A few were actually killed; some died in prison; others, facing arrest or worse, fled to Canada. But these were the exceptions. Most whites faced only fines and the opprobrium of some in their community, while those who lived in anti-slavery strongholds, as many did, went about their business with near-impunity. Black abolitionists, on the other hand, always put their life and liberty on the line: If caught, free blacks faced the possibility of being illegally sold into slavery, while fugitives turned agents faced potential re-enslavement, torture, and murder. Harriet Tubman indeed deserved to be called a legend or heroine of the Underground Railroad because of how boldly she faced those risks: first when she fled slavery herself; then during the roughly twenty return trips she made to the South to help bring others to freedom; and, finally, during the War, when she accompanied Union forces into the Carolinas, where they disrupted supply lines and, under her direction, liberated some 750 slaves. By that time, slaveholders in her home state of Maryland were clamoring for her capture, dead or alive, and even, publicly debated the different cruel devices by which she would be tortured and put to death when caught.

In addition to the heroic roles played Harriet Tubman, William Still, Stephen Myers, Frederick Douglass, and a large number of other black abolitionists in the Underground Railroad, two Quakers, Levi Coffin and his wife Catherine, also played a pivotal role in the Underground movement. It is estimated that the couple single handedly assisted over 3000 slaves and escapees within a short span of time. Levi Coffin is sometimes referred to as the president of the Underground Railroad. He and his wife used their eight-room Indiana home as a "station" before they moved to Cincinnati. Their home is now a National Historic Landmark in Fountain City near Ohio's western boundary.

## Social Policy

As a social policy, the Underground Railroad metamorphosed into a historic movement that liberated thousands of African Americans from the bondage of slavery. To the extent that the courage and perseverance of black people

undergirded the movement there is a need to acknowledge and credit their place in history. Gara (1961) observed that the historical record of the Underground Railroad was always almost focused exclusively on the assistance given to freedom seekers by whites, particularly Quakers, and ignored the larger story of African Americans liberating themselves and the role of African American institutions and communities in assisting the fugitive. He called for refocusing the story on the freedom seekers and role of African American communities and institutions, north and south. This is because the Underground Railroad was not merely a physical structure but an interweaved network of persons with the heart and conviction to take risks to either initiate the risky enterprise of escape or help the enslaved to attain freedom. The lesson for social policy is that the courage and resilience and strong spirit of people can be harnessed to achieve common goals. Also, the institutional support of the black church was critical to the success of the movement. There is no doubt that the black church has been a place of gathering that, historically, had brought succor, comfort, and hope to suffering black people. The black church built solidarity and keen spirit among the enslaved and has been a powerful force and resource for social service delivery for vulnerable and disadvantaged people and it also served as a platform for political education and participation of black people in the political process.

## References

Bial R (1999) The underground railroad. Houghton Mifflin Harcourt, New York

Densmore C (n.d.) Quakers and the underground railroad: myths and realities. In: Quakers of slavery. http://trilogy.brynmawr.edu/speccoll/quakersandslavery/commentary/organizations/underground_railroad.php. Accessed 19 Oct 2016

Gara L (1961) The liberty line: the legend of the underground railroad. University of Kentucky Press, Lexington

Schulz K (2016) The Perilous Lure of the underground railroad. New Yorker, August 2016 issue. http://www.newyorker.com/magazine/2016/08/22/the-perilous-lure-of-the-underground-railroad. Accessed 20 Oct 2016

# Understanding and Operationalizing Financial Accountability in Government Contracting Systems

Soojin Kim
Public Policy and Global Affairs Programme, School of Social Sciences, Nanyang Technological University, Singapore, Singapore

## Synonyms

Contracting performance; Financial accountability; Government contract

## Definition

Financial accountability in government contracts refers to the cost control in the proper use of financial resources, protection of assets against financial corruption, and transparent financial reporting and billing.

## Introduction

Over the past few decades, there has been a spike in research activity regarding government contracts (also known as public procurement) in the area of public administration and policy. Notably, despite such progress in research, what is commonly acknowledged in past and recent scholarship is that, as governments have increasingly relied on goods and services provided by private contractors over time, government contracts have been more associated with fraud, abuse of taxpayers' funds, conflicts of interest, and general waste (Kim 2017; Prager 1994; Savas 2000; Van Slyke 2009). From a conventional (normative) standpoint, research dealing with transaction-cost theory and principal-agent theory has argued that the problem is due to information asymmetry between government and the self-interested contractors (subcontractors). Given that government contracts are easily vulnerable to financial corruption and ethical

mismanagement issues based on contractor's opportunistic behavior, there is no doubt that the production of public goods and the delivery of public services are barely handled in an effective and accountable manner. In the end, it is more likely that many government agencies will struggle with incomplete contracts or contract failure (Prager 1994; Savas 2000).

To limit the contractors' ability to behave opportunistically, many researchers have attempted to identify and examine a variety of different organizational, managerial, and contextual factors affecting contracting performance (e.g., see Amirkhanyan et al. 2007; Brown and Potoski 2003a; Fernandez 2007, 2009). However, they failed to provide a deeper discussion of the *financial* aspects of contracting performance in general. Particularly, they tend to be devoid of analysis around the contracting financial performance beyond generally accepted cost-saving rationales (Kim 2017), acknowledging that more research is needed. In other words, there has been little research, to our knowledge, of which factors (conditions) matter for spending and managing public funds in an accountable and transparent manner throughout the entire contracting process. In this sense, there is a need to widen and deepen our understanding of the rationale of financial accountability as a proxy for contracting financial performance, including factors that help minimize unexpected opportunism and financial corruption by contractors and instead produce certain financial benefits and related performance gains.

## Operationalizing Financial Accountability as Contracting Financial Performance

Unlike cost-effectiveness (total cost savings), as noted above, research on contracting out seems to have overlooked a potentially important dimension of contracting financial performance – *financial accountability* – in the accompanying analyses. This requires us to broaden and sharpen our focus of inquiry by espousing several sources of accountability mentioned in the public administration literature.

In the public sector, accountability has long been regarded as answerability for one's actions or behavior, often to a higher legal or organizational authority in a formal, bureaucratic, or inter-organizational chain of command (Dicke 2002; Kearns 1995). Importantly, such a definition raises the question of exactly who is answerable, to whom, and for what. Applying the definition to the contracting schemes, Dicke (2002, 456) suggested that "[t]he 'who' [that is] usually identified as answerable is an agent (a contracted provider) to a principle (a government agency) and the 'for what' responsibilities are identified in the provisions of the contract."

Accountability ranges from "an obligation for keeping accurate records of property, documents, or funds" to "a wide spectrum of public expectations and performance standards that are used to judge the performance, responsiveness, and even morality of government organizations" in a broad manner (Kearns 1995, 7). If this is true, one can argue that the basic rationale of accountability should also apply to financial accountability. As stated by Dicke (2002, 456), "when accountability methods fail, public funds may be used inappropriately and service clients can be placed at risk for harm, neglect, or exploitation – especially when they are ill, frail, or vulnerable." In the specific context of government contracts, scholars also have responded to the issue, arguing that without proper safeguards, contracting governments could face difficulties in managing public funds and overseeing contractor performance (Kim 2017). In short, it is likely that contracting financial performance declines as time goes by because public funds are not properly used according to the contract. In the literature, the improper use of public funds, for example, tends to be described as the risk of fraudulent or criminal use of funds by contractors, including abuse (mismanagement), conflicts of interest, and waste of taxpayers' funds (cost overruns) (Prager 1994; Savas 2000; Van Slyke 2009). To tackle these problems, contracting governments must thus ensure that assets are adequately protected against fraud, waste, and abuse by contractors, because they are responsible for protecting public interests.

On the whole, it is reasonable to assume that financial accountability reflects the managing of public resources against financial corruption (e.g., fraud, waste, and abuse) in general and thus encompasses transparency, integrity, honesty, and legal compliance along with ethical managerial mandates. Financial accountability also seems to embed relatively less straightforward and more complex aspects of contracting management and performance. No single dimension could describe and define the central underlying logic of financial accountability. Accordingly, ensuring financial accountability in the context of government contracting can be viewed in one of the following ways:

1. Cost control in the proper use of financial resources
2. Protection of assets against financial corruption (fraudulent or criminal risks)
3. Transparent financial reporting/billing for delivery of goods and services

More importantly, two different aspects of contracting financial performance – cost-effectiveness and financial accountability – do not necessarily reflect certain managerial trade-offs since they both present concrete and specifiable organizational financial outcomes. They can thus complement each other both theoretically and empirically. While cost-effectiveness focuses on the outcomes of financial resources measured by perceived total cost savings, financial accountability places greater value on procedural aspects of good management based on compliance with contract requirements and standards, integrity, and transparent use of public funds. In short, cost-effectiveness and financial accountability implicitly deal with "how much public money is spent" and "how public money is spent" throughout the entire contracting out process, respectively.

## Factors Ensuring Financial Accountability in Government Contracts

It is also important to note a set of organizational, managerial, and even relational factors embedded in the government contracting process, believed to increase the likelihood of achieving financial accountability.

### Contract Specificity

Ensuring that contractors will produce what they are being paid for is not easy to predict due to asymmetric information. Thus, there is a need to design a clear and specific Request for Proposal (RFP) in the contracting out process. Scholars have argued that tight contract specifications (clarity) will be helpful not only to protect risk-averse principals (here, the government) from untrustworthy agents (here, contractors) during the period of negotiation prior to the awarding of the contract (Amirkhanyan et al. 2007; Savas 2000), but also to hold the contractors accountable for their performance (Fernandez 2009; Kim 2017). Thus, when the government prepares to advertise contract bids, the solicitation package representing the contract's anticipated tasks, scope of work, and evaluation steps/tools should be specified and, if possible, should include procedures (e.g., payment and evaluation), rules, penalties, and incentives in clear language (Kim 2017; Fernandez 2009).

### Competition in the Bidding Process

The extensive literature on government contracting has highlighted that injecting competition into the bidding stage can reduce the risk of bureaucratic monopoly and the threat of corruption. Each private vendor might have an incentive to offer its services at the lowest possible price and, in addition, be required to reveal honest information about its experience, expertise, or performance capabilities to win the contract (Fernandez 2007). Thus, whether the bidding process is fairly opened and frequently available for potential contractors seems to matter (Brown and Potoski 2003b). In practice, government agencies have used a wide range of solicitation channels to release information, for example, advertising in media (i.e., major newspapers, relevant trade journals, and agency websites), public hearings, electronic bid databases (e-commerce), etc.

### Monitoring

In the contracting out literature, monitoring is well known as a critical managerial tool to ensure contract success. By increasing the chance that contractors' behaviors will be detected, monitoring helps replace their utility-maximizing, opportunistic behaviors with goal-sharing with governments (Fernandez 2007, 2009; Savas 2000; Witesman and Fernandez 2013). In practice, however, direct site visits by government representatives or separate auditing work by agencies seldom take place and instead, contracting governments tend to rely heavily on contractors' self-reporting (e.g., monthly or quarterly financial reports) (Kim 2017, 761). In this situation, a contracting government could be more vulnerable to contractors' opportunistic behaviors (e.g., fraud, waste, and abuse of public money), which in turn lead to lower levels of contracting performance at the end. Given such challenges, governments thus need to conduct their monitoring efforts more frequently and regularly (and, sometimes, unexpectedly) and further employ more rigorous methods based on the viewpoints of diverse stakeholders, such as citizen or client feedback (satisfaction or complaints), the media, an Ombudsman policy, and additional independent audits (Kim 2017).

In addition to the intensive and frequent use of performance-monitoring methods to gather adequate contract information, the extent to which governments fairly and appropriately monitor and evaluate the performance of contractors matters for overall contracting performance. It has been mentioned in the literature that although a nonprofit contractor's performance is not easily observed and measured compared with that of its for-profit counterparts, nonprofit contractors are likely to be monitored less than for-profit ones (see Brown and Potoski 2003b; Fernandez 2009; Witesman and Fernandez 2013). If these arguments are valid and the phenomena described common in the contracting out process, contracting governments could find it harder to ensure financial accountability over time. To overcome this challenge, as Amirkhanyan et al. (2007, 709) argued, well-designed monitoring tools are necessary to meet the requisites for validity and reliability and be free from bias. Indeed, procedural fairness (appropriateness of measurement) that shapes the monitoring efforts employed by governments seems to be a critical part of effective contract management and further performance.

### Use of Rewards and Sanctions

Scholars have drawn on principal–agent theory, stewardship theory, and incentive theory to explain that appropriately designed sets of monitoring-based incentives and penalties, the so-called "carrot and stick" approaches are useful in curbing contractors' opportunistic behaviors (Girth 2012). Such monitoring-based incentive provisions may work as contractors are frequently confronted with different levels of risk in the *ex post* monitoring process. The literature indicates that extrinsic rewards for satisfactory performance typically include contract renewal (extension), gain sharing, and financial rewards (e.g., fees and bonus payments), whereas intrinsic rewards include trust, enhanced reputation and involvement in goal setting and program evaluation, discretion, stability, tenure, and mission alignment (e.g., Fernandez 2007; Girth 2012). The sanctions for inadequate performance seem to range from less severe sanctions, including written document and monetary penalties, temporary suspension, threat of contract termination, and being prohibited from future bidding, to more severe sanctions like legal litigation (Brown and Potoski 2003b; Girth 2012). Based on these distinctions, it is reasonable to expect that rewarding satisfactory, strong performance, and sanctioning poorly performing contractors (e.g., via the threat of financial sanctions or loss of the contract/termination) will be feasible strategies, since such incentives help motivate contractors to avert risks and maximize contract performance.

### Government Capacity

The importance of a government's in-house capacity in effectively managing the entire contacting-out process – beyond simply monitoring contractor performance – has elicited a significant amount of discussion in the literature (Brown and Potoski 2003a, b). From make-or-buy decisions and the designing and

implementing of contracts to the monitoring and evaluating of contracting performance in order to bestow rewards or impose sanctions (penalties), such capacities are broad and critical to contract success.

Interestingly, scholars have constructed several different measures of government capacity through a variety of criteria in their empirical research. For example, Brown and Potoski (2003b) classified government capacity into three phases, the first being feasibility assessment capacity, which refers to the capacity to determine whether a particular good or service is appropriate for contracting and has sufficient market competition. It may include hiring trained staff and forming legislative study groups (Brown and Potoski 2003b, 138). The second phase is implementation capacity, which involves the issues of contract bidding, vendor selection, contract negotiation, and contract writing. The third phase is evaluation capacity, which concerns monitoring and evaluating the contractor's performance to determine whether the contractor has fulfilled its responsibility.

Liu et al. (2007) framed the topic more simply by stating that, to a large extent, government purchasers need two basic capacities – financial capacity and managerial capacity. Financial capacity includes sufficiency and sustainability of financing, financial-management capacity, and timely payment to providers. On the other hand, managerial capacity includes procurement, oversight, performance assessment, and problem-solving capacity. Such differentiation seems to be in line with the arguments by Amirkhanyan et al. (2007), who noted that the contracting government agency needs to have enough financial resources to be able to hire staff qualified to perform the required monitoring tasks and to ensure that staffing levels are adequate (709). Adequate administrative capacity is also required to ensure that resources are efficiently distributed (716).

### Contractor Capacity

As one of the main parties in government contracts, contractors, regardless of their sector status (nonprofit or for-profit), are expected to meet or exceed performance expectations both before and after the awarding of the contract (Witesman and Fernandez 2013). Although the issue of contractor capacity has not received as much attention in the literature as government in-house capacity, with regard to the aspects and dimensions of contractor capacity, a variety of criteria have been suggested in the literature. For instance, drawing upon a conceptual framework of contracting out at the health-system level, Liu et al. (2007, 203) argued that the capacity of contracted service providers could contain the capacity to deliver specified services, the level of autonomy of individual providers (particularly financial autonomy), contract-management capacity, motivation, and the capacity of the providers to implement performance self-monitoring. Likewise, in more recent studies (Amirkhanyan et al. 2012; Fernandez 2009; Witesman and Fernandez 2013), it has been argued that contractor capacity may include the staffing capacity and financial capacity (financial health or dependency on government funding) needed to complete government contracts effectively. Analyzing over one hundred childcare centers and Head Start agencies in Ohio, Amirkhanyan et al. (2012) divided contractor capacity into two categories – internal management capacity and environmental conditions (financial autonomy from the contracting public agency) – and found that although a contractor's financial autonomy was somewhat negatively associated with a collaborative contracting relationship between the government and the contractor, its internal management capacity was positively associated with that relationship. In other words, effective contracting out may depend on how many skilled managers contractors have or how much time and energy they invest in improving the process (Amirkhanyan et al. 2012, 345). Interestingly, Fernandez (2009) and Witesman and Fernandez (2013) extended this perspective to the contractor's financial viability, technical capacity, cost of service delivery, reputation, and total previous experience performing the work, as well as the previous performance of other contractors with governments.

### Contract Length

Government contracting is based on the contractual relationship between governments and contractors over a certain period of time. Interestingly, empirical evidence of the relationship between contracts of longer duration and contracting performance has been unclear in past and recent literature. For example, in Fernandez's two empirical studies (2007, 2009), it was found that duration of the contract appeared to have no effect on overall contracting performance. On the other hand, more recently conducted research by Amirkhanyan et al. (2012) found a positive relationship, albeit somewhat limited, between the length of the contracting relationship and accountability effectiveness of government contractors. The findings may suggest that contractors are more likely to cooperate in the implementation of long-term contracts, thereby, at least, keeping contractor performance constant during this period (Amirkhanyan et al. 2012).

Despite such inconsistent findings, the existing literature mostly tends to argue that long-term contracting relations help contracting governments to overcome opportunistic behavior by contractors and provide greater opportunities for the parties to develop mutual understanding and trust by facilitating learning with each other (Fernandez 2007, 2009; Witesman and Fernandez 2013).

### Extensive Two-Way Communication

The communication gap (poor communication) between government and contractors can be a huge barrier to effective contract management and satisfactory performance. For instance, based on interviews with public and private managers engaging in local government contracts in New Jersey, Kim (2017) found that government employees seemed to be less familiar with the tasks of contractors and even the demands of the community. When facing complex issues or problems, the so-called purchasing hierarchy (contracting government) is likely to rely on third parties such as judges, mediators, attorneys, and arbiters rather than confront the issues by communicating with their counterparts (contractors) (Kim 2017, 763–764). In addition, after monitoring contract performance and tracking wrongdoing, government agencies tend to bestow rewards or impose sanctions on contractors in top-down fashion, which tends to create a somewhat unpredictable atmosphere where sharing interests and feedback is concerned.

However, for successful government contracts, extensive and open communication can help reduce information asymmetry by offering more opportunities for parties to familiarize themselves with each other and predict each other's behavior in the future (Fernandez 2009, 75). In this vein, Amirkhanyan et al. (2007, 710–711) stated that in situations where there are cooperative norms or shared beliefs that two parties have to work together for contract success, miscommunication problems between the two are more likely to be reduced. In turn, the contracting governments are more likely to reduce transaction costs because of the reduced need for rigorous screening or monitoring work (Witesman and Fernandez 2013, 690). Ultimately, the move toward "collaborative contracting" and "relational contracting" will be helpful not only to hold stakeholders accountable for their decisions and subsequent outcomes, but also to yield better performance results (Amirkhanyan et al. 2007; Van Slyke 2009; Witesman and Fernandez 2013).

## Conclusion

In today's uncertain and complex environment, ensuring financial accountability in government contracts appears to be one of the key issues in the field of public administration and policy. To advance the study and practice of successful government contracting, much has to be learned about the financial accountability. In order to better understand how government can exercise financially accountable contract management, accompanied with satisfactory performance, scholars and practitioners should continue to discover the conditions (strategies) and factors that lead to improved financial outcome of contracts and decreased corruption.

## Cross-References

▶ Privatization
▶ Public Procurement

## References

Amirkhanyan AA, Kim HJ, Lambright KT (2007) Putting the pieces together: a comprehensive framework for understanding the decision to contract out and contractor performance. Int J Public Adm 30(6–7):699–725
Amirkhanyan AA, Kim HJ, Lambright KT (2012) Closer than "arms length": understanding the factors associated with collaborative contracting. Am Rev Public Adm 42(3):341–366
Brown TL, Potoski M (2003a) Managing contract performance: a transaction costs approach. J Policy Anal Manage 22(2):275–297
Brown TL, Potoski M (2003b) Contract-management capacity in municipal and county governments. Public Adm Rev 63(2):153–164
Dicke LA (2002) Ensuring accountability in human services contracting: can stewardship theory fill the bill? Am Rev Public Adm 32(4):455–470
Fernandez S (2007) What works best when contracting for services? An analysis of contract performance of local governments in the U.S. Public Adm 85(4):1119–1141
Fernandez S (2009) Understanding contracting performance: an empirical analysis. Adm Soc 41(2):67–100
Girth AM (2012) A closer look at contract accountability: exploring the determinants of sanctions for unsatisfactory contract performance. J Public Adm Res Theory 23(3):1–32
Kearns KP (1995) Accountability and entrepreneurial public management: the case of the Orange County investment fund. Public Budg Financ 15(3):3–21
Kim S (2017) Lessons learned from public and private contract managers for effective local government contracting out: the case of New Jersey. Int J Public Adm 40(9):756–769
Liu X, Hotchkiss DR, Bose S (2007) The impact of contracting-out on health system performance: a conceptual framework. Health Policy 82(2):200–211
Prager J (1994) Contracting out government services: lessons from the private sector. Public Adm Rev 54(2):176–184
Savas ES (2000) Privatization and public-private partnerships. Seven Bridges Press, New York
Van Slyke DM (2009) Collaboration and relational contracting. In: O'Leary R, Bingham LB (eds) The collaborative public manager: new ideas for the 21st century. Georgetown University Press, Washington, DC, pp 137–156
Witesman EM, Fernandez S (2013) Government contracts with private organizations: are there differences between nonprofits and for-profits? Nonprofit Volunt Sect Q 42(4):689–715

# Understanding Governance Challenges in Africa

Harrison Adewale Idowu
Adekunle Ajasin University, Akungba-Akoko, Nigeria
Obafemi Awolowo University, Ile-Ife, Nigeria

## Synonyms

Crises; Government; Leadership; Shortfall

## Definitions

| | |
|---|---|
| Challenge | This refers to a barrier, a draw back to the ability to achieve certain set goals and objectives. It is the difficulty facing the accomplishment of a task. |
| Governance | This refers to the act of policymaking and implementation to drive the affairs of the state. It involves providing political leadership to the people and the country at large. |

## Introduction

In Africa, governance remains a major and critical challenge facing the continent. The people have been denied and are continuously being denied good governance over the years. Whereas, the continent has freed itself from the shackles of colonization several decades ago, yet it has not been able to really chart a path for undisputable and functioning governance structure for itself. The potentials for development that decolonization was envisaged to bring has been jeopardized and missed in the face of governance failure. Hence, rather than make significant progress, many African states look worse off when compared to their colonial days. While only a few have made some level of progress, others have retrogressed significantly, raising questions over justification for their independence, when actually

they cannot take charge of their affairs and people. The continent seems to have been placed under a curse of governance failure and irresponsible governance.

It is no doubt that governance rules the affairs of the state and set the pace for human and capital development. The circumstance, therefore, that Africa is significantly lagging behind in terms of quality governance explains the resultant lack of human and capital development so visibly rampant on the continent. Challenges like corruption, democratic erosion, insecurity, electoral violence, conflicts and manipulation, and state capture of institutions, among others, continue to ravage the prospects of quality and good governance in Africa. Africans have continued to be governments for themselves, striving to provide for themselves services and public goods which are ordinarily the sole responsibilities of the state. Nothing could better describe governance failure. The series of challenges which continue to beset the continent – infrastructural decay, dilapidated schools and hospitals, educational challenges, and increasing crime rates, among others – speak to the high level of governance failure in Africa.

Despite the fact that Africa is blessed with massive mineral and natural resources, with huge population of highly industrious people, the continent continues to languish in developmental challenges, poverty, hunger, and debt (Antonio 2010). The absence of quality governance to coordinate this caliber of population and exploit the abundant resources to drive development has led to conflicts of various dimensions across the continent. Given this governance challenge, natural resources have thus become a curse rather than blessing for Africa, often spiking violent conflicts, most of which have last through several decades and impede development among countries. Glaringly, Africa has continued to struggle with the political and governance institutions and practices that were passed on to it by colonial masters, which completely do not fit into the African system (Afegbua and Adejuwon 2012). These institutions and practices have hence, not been able to resolve the many governance challenges on the continent. Over the years, African post-independent state continue to struggle with the challenges of finding and building the right political and governance institutions and practices that best fit the peculiar challenges on the continent.

How then do we interpret and give meanings to these governance challenges in Africa for clearer understanding of the enormity of these challenges as a first step toward addressing them? This is the concern of this entry – to paint these critical governance challenges vividly and how they reflect and impact on governance in Africa. However, the entry does not claim an exhaustive approach to these issues. The entry thus provides an insight into how corruption, insecurity, democratic erosion, leadership challenge, and state capture of relevant institutions continue to pose serious challenges to governance on the continent. It discusses the interrelatedness of these challenges and governance under performance in Africa. Understanding the governance challenges in Africa is important as it is the first crucial step toward addressing these challenges and taking them heads on. This is correct to the extent that understanding a problem increases the prospects of finding tenable solution to the problem and vice versa.

Following this introduction, the next section addresses the governance challenges in Africa – again these challenges are not exhaustive but are deemed critical among other numerous challenges. The subsequent sections present these challenges systematically, while the final section provides a conclusion for the entry.

## Governance Challenges in Africa

Five critical governance challenges besetting Africa are discussed in the following sections.

### Corruption

Arguably, corruption remains the greatest bane of governance and development in Africa. Corruption spans through every aspects and facets of society in Africa. From followers to the leadership, including public officers, corruption permeates the continent. The gross diversion of public funds by those who have been saddled with the

responsibility to govern has left Africa largely underdeveloped. The menace of corruption runs through most government institutions that it has become practically impossible to transact in any public space without having to give bribes in Africa. Politicians who are privileged to get into public offices steal money and export them to be stashed in bank accounts abroad. This has occurred in wantonly and frightening levels, so much so that the natural resources which the continent is so blessed with now amounts to naught. For instance, 22 years after the rule and death of the military dictator General Sani Abacha of Nigeria, the country keeps receiving repatriated billions of US dollars and Euros stashed in bank accounts abroad by the one-time Head of State. This speaks volume of the rate of mass looting of state treasury going on in Africa. Money and resources that could have been deployed for socioeconomic, infrastructural, and human capital development have been siphoned into private individual pockets. This has left public roads, hospitals, schools, and other public services in a devastating state in Africa.

Corruption has affected every facets of life in Africa – economic, political, and social – causing a major drawback in these aspects of life. It is with no doubt one of the biggest governance challenge on the continent, as its adverse effect on governance inadvertently impacts on other aspects of society. It has impacted on the well-being of societies, families, and individuals, causing many households to be plunged into hunger and poverty. This is correct to the extent that resources which could have been directed toward socio-capital development of citizens and families end up in the pockets of those in whose hands such resources have been entrusted. For instance, the covid-19 pandemic has further unraveled the awful state of public health facilities in Africa. Many years of corruption and embezzlements of public funds have resulted in the diversion of funds meant for health research institutes and upgrading medical facilities in Africa. The adverse effect of this has been brought to the open by the covid-19 pandemic, which is now revealing more glaringly the devastating state of healthcare system in most parts of the continent.

With respect to corruption in public institutions, most Africans think that corruption is rising fast on the continent, with more than one in four Africans having to give a bribe to access public services like healthcare, Police, and education services (Transparency International 2019). This corruption in government institutions ensures that the poor is continuously deprived unlimited access to public services and are made to spend their meager savings on bribes to access these essential services where available. Corruption has crept into every government institutions – from the Police to other institutions. The Police has been found to be the most corrupt government institution across Africa (Transparency International 2019). In fact, the Nigerian Police now gives smaller denomination of the naira (change) to citizens who give them higher denominations as bribes because they have no smaller denominations. They confidently practice this on Nigerian highways in the glare eyes of the public and none has been convicted or dismissed for such act. A show of some confidence that those at the top of the hierarchy are in support of their sharp practices.

Given the spate of corruption in Africa, including its ravaging effects, it has been correctly captioned as the AIDS of democracy on the continent which has continued to destroy the hope and future of many societies (Hope and Chikulo 2000). The greatest contribution and enhancement to corruption in Africa could be explained in the politicization of bureaucracy on the continent. This has allowed a sort of agreement between politicians and bureaucrats to loot the treasury dry. This has continued to advance corruption in Africa. Until bureaucracy is depoliticized in Africa, corruption may continue unabated and consume the continent. In African Parliaments, parliamentarians receive kickbacks to sponsor and pass bills in favor of certain big firms and corporate bodies, including the executive. While they do this, they continue to receive bogus pay from public treasury for which they deliver no significant development to the respective constituencies which they claim to represent. Where and when they ever execute projects in their constituencies, contracts are awarded in the most corrupt

manner to the highest bidder of contractors who can give the highest kickback and not necessarily those who can do the job better.

At citizen level, while Africans continue to complain about corrupt politicians and those in public offices (elected or appointed), citizens themselves involve in corrupt practices, cheating one another. In the market places, business owners simply increase prices to catch in on any situation, without any increase in production cost. Transporters hike transport fares even when there is no increment on Premium Motor Spirit (PMS). These are only but a few of such citizen corruption going on, on a large scale in Africa. The engagement in the production of counterfeits to make quick money is on the increase by the day. Counterfeits of consumables are produced without recourse to how this poses threat to the health of fellow citizens who may end up consuming them – this is corruption indeed.

Quite undeniably, African politicians and elites have been involved in massive corruption and looting of state treasury, nevertheless, citizens themselves are not spared of the corruption pandemic going on in Africa. This has posed and continue to pose serious challenge to the governance on the continent.

### Insecurity

The increasing spate of acts of insecurity in Africa constitute yet another governance challenge on the continent. Over the years, Africa has continued to deploy huge resources that could have been directed toward socioeconomic development on addressing security challenges. African budgets have seen an increasing rise in security allocations, far higher than what have been allocated to other critical sectors like health, education, and infrastructural development. Boko Haram in the Lake Chad Basin, activities of the Islamic State in West Africa (ISWA), kidnappings, and farmer/herder clashes in Sudan and Nigeria, proliferation of local wings of Al Qaeda and ISIS, banditry in most parts of the continent, small arms proliferation across Africa, among others, are serious challenges to governance. Besides, as the resources insecurity is currently gulping in Africa, the needed attention that government should give to other critical governance issues is being diverted to address serious security issues capable of tearing the continent apart. Where insecurity thrives, as in Africa currently, development, peace, and stability are jeopardized (Afolabi and Idowu 2019). This explains the lack of significant development, the chaos, and instability ravaging most parts of the continent. For example, the destructive activities of Boko Haram terrorist sect in the Lake Chad Basin have resulted in retarded and distorted economic, social, and political developments, especially in North Eastern region of Nigeria.

The farmer/herder crises ravaging most parts of Sudan, Nigeria, and other parts of Africa constitutes a serious drawback for governance and development. The series of intrastate conflicts going on in Africa is another source of concern for the prospects of good governance on the continent. The ravaging effects of wars and ethnic conflicts in Nigeria, Somalia, Ethiopia, Eritrea, Burundi, Angola, Democratic Republic of Congo (DRC), Sudan, Liberia, Sierra Leone, and Rwanda have ensured stunted socioeconomic and political growth in the countries. While years of civil and ethnic wars may sometimes pass, the devastating effects they leave behind continue to pose threat to good governance. Years of resource commitment are required to rebuild the effect of such wars and insecurity. For economic, social, and political development to be achieved in such society, states must deploy huge and expensive resources to rehabilitate the society. This is often at the expense of resources that could be utilized to provide better life for citizens and improve public services to midwife societal development. It suffices to add that while the world is currently directing all its resources toward containing the Covid-19 pandemic, some African countries are faced with insecurity challenges to deal with alongside the pandemic. This is as terrorist groups and bandits have continued their deadly terror attacks on towns and villages. This diverts both attention and resources from the Covid-19 pandemic which currently demands full scale global attention.

The point must, however, be made that while insecurity negatively impacts governance in

Africa, often times, insecurity is a product of governance failure. Whereas most governments have failed to carter for citizen's welfare – education, jobs, and healthcare, among others –, citizens give the excuse of poverty, neglect, and marginalization to get involved in acts that threaten state security. For instance, the Niger Delta militant groups in Nigeria took up arms against the Nigerian state, citing years of government's total neglect as reason for their actions. While the Niger Delta region produces the main stay of the Nigeria's economy – oil –, the region have suffered years of neglect and marginalization over the years. Although politicians steal money accrued from oil exploration from the region, they stash these money abroad and build luxury houses at the nation's capital, leaving the region in abject poverty, gross infrastructural decay, and environmental degradation. To attract government's attention, therefore, several militant groups have emerged in the region, causing serious security challenge to date. The Boko Haram, ISWA, and other terrorist groups in Africa have also enjoyed broad and easily enticed membership recruitment, thanks to governance failure on the continent. With so many impoverished and out of school children in Africa, these terror groups find it quite very easy to recruit men against the state that has abandoned them and caused their predicaments.

The autocratic and greedy nature of African leaders has led to conflicts and ethnic crises on the continent. The major conflicts in Sierra Leone, Guinea-Bissau, Liberia, and Cote d'Ivoire over the past decade are traceable to leadership autocracy and greed (Adebajo and Rashid 2004). The antidemocratic practices and ethnic favoritism of African leaders, which often alienate and threaten certain groups and pitch them against one another or to take up arms against the state, constitute a major trigger of insecurity in Africa. Lopsided and highly politicized appointments into public positions, ethnic and tribal favoritism, nepotism, complacency, and strategic marginalization of certain groups have instigated dissatisfied groups to take up arms against the state. Such marginalized groups see it justifiable, therefore, to instigate violence and conflicts against the state. The secessionist groups that such acts of leadership produce often threaten peace, stability, and development. In the end, serious resources are directed toward quailing these crises and putting an end to the destructive actions of such groups. Resources could be deployed more reasonably to other aspects of governance. The point must be made, therefore, that while good governance is critical for peaceful and stable society, so is a stable and peaceful society crucial for good governance.

All the insecurity challenges, whether naturally created or those that arise from governance failure, obviously mitigate sustainable and all-round development in Africa.

### Democratic Erosion

Democracy spread across the African continent in the early 1990s, albeit there is so much pessimism about the actual practice of democracy across the continent today. This is because many African leaders have continued to hide under the guise of democracy to engage in autocratic practices. This has denied the continent of good governance. Evidences abound across the continent where critical democratic tenets of rule of law, separation of powers, periodic, free and fair election, constitutionalism, and human rights have been subjected to gross abuse. In most parts of Africa, laws are made for the poor and ordinary masses; the rich, politicians, and highly influential personalities continue to breach the law and go scout free. Politicians are especially seen flouting court orders and going against the law in Africa. Also, the executive arm of government continue to lord over the judicial and legislative arms. In most parts, legislature merely projects and executes the whims and caprices of the executive. The judiciary still takes orders from the executive arm in Africa, in strict deferment of separation of powers. For instance, in most parts of the continent, appointment and dismissal of chief justices of countries still rest in the hands of the president who can fire them whenever he deems fit or they refuse to dance to his tune of music.

In Africa, elections still remain largely a veneer which politicians use to keep themselves in power (Idowu and Mimiko 2020). Elections are consistently and grossly manipulated in favor of

incumbent presidents just to remain in power. The democratic constitutional term limit in Africa remains constantly under threat. While several attempts have been made to tinker with constitutional term limits on the continent, 15 countries have succeeded in this regard since 2000 (Stremlau 2016: 23). Human rights abuses are still very rampant in Africa; with citizens (especially those belonging to opposition governments) being continuously intimidated and detained in prisons. The Police and other state institutions in Africa have continued to disrespect the rights of citizens in gruesome manner. These have continued to impede good governance on the continent.

The undemocratic attempts and actualization of unconstitutional change in term limits or age limits is a serious governance challenge in Africa. In 2015, for instance, Rwanda and Burundi succeeded in tinkering with the constitutional term limit for the office of the president, just to keep the incumbent president in power. In 2018, Uganda succeeded in adjusting the presidential age limit and extended parliamentary term limit. This was a sought of bargain between incumbent President Yoweri Museveni and parliamentarians to allow him contest in the 2020 presidential elections, while also allowing those parliamentarians whose term limit would have reached by the next election to be eligible to contest. Currently, President Alpha Conde of Guinea is lobbying the country's parliament to adjust the constitutional term limit to enable him contest in the next election at the expiration of his second term. Togo, Gabon, Chad, Cameroon, Djibouti, DRC, Sudan, Eritrea, and the Republic of Congo have also gone the way of extension or outright removal of constitutional term limits. The likes of Gambia, Ethiopia, Lesotho, and Morocco never have any term limits in place. Attempts to tinker with presidential term limit have failed elsewhere in Africa – Nigeria (2005), Burkina Faso (2014), Niger (2009–2010), and Zambia (2001) (The Conversation 2018). These practices, no doubt, weakens good governance on the continent as they continue to prevent capable hands who can propel Africa out of its numerous challenges from taking over at the helm of affairs, while those who continue to plunge the continent into its current awful state are maintained in power. This has continued to promote and sustain mediocrity in governance, resulting in poor leadership and poor governance.

While popular participation by the people in the decision-making process of the state usually via elections constitute an important aspect of good governance, in Africa, elections are largely not the "people's business" and are not for the people to decide who is elected leaders over them. Indeed, in Africa, those who vote decides nothing, those who count the vote (electoral management bodies largely compromised by incumbents) decides everything. Incumbents and politicians continue to manipulate the electoral process and resort to any acts including violence to come out "victorious" in the process. This hampers good governance on the continent. The democratic erosion or pseudo democracy which has become prominent in Africa, results in poor governance currently demonstrated by poverty, hunger, economic backwardness, corruption, frequent crises, wastefulness, lack of patriotism (Diamond 2002: 6), incompetence, and complacency. Good governance cannot exist where, in fact, those indices which suggest it are missing. The rule of law, constitutionalism, free and fair elections, and respect for human rights are epitome of good governance; where they are lacking, there is governance deficit.

## Leadership Challenge

Leadership and good governance are intrinsically intertwined. One cannot talk of governance without the mention of those at the very helms of governance structure – leaders. Leadership demands high level of charisma and discipline, including intelligence and a foresight. Where the leadership of any country is lacking of these, governance will most certainly encounter some challenges. Most of Africa's leaders lack the leadership charisma capable to provoke good policies which are necessary for good governance. While some of them have claimed all sorts of qualifications to enable them to be eligible to stand for elections, some have simply been "packaged" and presented to the people by those who want to

benefit from their leadership. In actual terms, most of them lack the requisite training and experience to provide quality leadership. Hence, most African leaders continue to face the critical question of fitness for leadership. To a very large extent, Africa seems to lack the type of decisive and charismatic leadership needed to propel good governance and socioeconomic and political development currently eluding the continent.

The bulk of Africa's governance challenges has been of leadership failure. Most political leaders on the continent are not innovative to think or work out the solutions to the numerous challenges bequeathing the continent, rather they are much interested in state capture and taking control over state resources. This underscores the willingness of African political leaders to do just about anything to get to power and remain there. No clear-cut ideologies among leaders, they are mainly driven by power; as such, African leaders align wherever they can fetch themselves political power and not to any specific ideology. This has resulted in "vision-less" African leaders. In the midst of lack of vision and ideology to make the right policies and take the right decisions to drive good governance, the prospects of development become bleak in Africa. Political power and rule has been largely personalized by African leaders, thus having significant consequences and adverse impacts on robust public policymaking capable to drive good governance and development (Hyden 1992: 23).

African continent continue to lack, to a very large extent, truly patriotic leaders with genuine intentions for the people and the state. The leaders have mostly sought personal gains to the detriment of the people and the state. While the people remain in abject poverty and are denied access to quality life and public services, African political leaders loot the state treasury and make themselves comfortable. They seem to be least concerned about the future of their countries and people, provided they can get luxury life for themselves and their families. This points clearly the lack of patriotism on the part of these leaders. The political will to do good both to the state and the people is grossly inadequate and, in some cases, is out rightly missing among African political leaders.

African leaders have also taken toward autocratic tendencies, presenting themselves as demigods that all state institutions must bow to. Leadership has simply been personalized and deployed for self and personal aggrandizement, rather than for national development. There is, indeed, outright poverty of leadership on the continent, hence everyone tend to behave the way they like. This has been a major governance challenge in Africa. Indeed, Africa needs more Nelson Mandela, Kwame Nkrumah, Obafemi Awolowo, and Julius Nyerere with the right leadership insight to drive good governance and the much desired development.

### State Capture of Relevant Institutions

In Africa, another critical governance challenge has been the one of strategic state capture of relevant institutions that were ordinarily designed to act as watchdogs to the state. African leaders continue to oppress, intimidate, and suppress these relevant institutions critical to force state to implement development driven and progressive ideas and polices. The media and civil society which were supposed to mount pressure on government and criticize its policies that are anti-people and anti-developmental have been pocketed by most African leaders. This creates a situation which has left the continent with a proliferation of governance style and policies that are largely anti-people and lack the requisite rigor to drive development. While some of these institutions have been suppressed, others have simply been bought over by state governments.

Press freedom has been dealt a blow in Africa via the continuous use of imprisonment, pressure, and acts of harassment to suppress independent reporting on the state of governance on the continent (Freedom House 2015). Only a few Africans live in a country where there is free media reporting on government activities and independently playing the watchdog role for effective governance. Also, opposition governments are nonexistent in Africa. Whereas opposition government is another relevant institution expected to put the incumbent government on its toes, in terms of delivering good governance and development, sadly, opposition has been largely silenced in

Africa. Incumbent governments continue to harass, intimidate, and suppress opposition groups on the continent. This is grossly inimical to governance and development as the watchdog role of the opposition is eliminated by these acts.

Nongovernmental Organizations (NGOs), democratic groups, civil society groups, and human rights defenders have suffered and continue to suffer harassment and suppression form state governments in Africa. This has resulted in the silence of most of the groups in their course to ensure that the government delivers good governance and development to the people. It is also correct, however, that some African governments have simply bought some of these groups over, sometimes creating and funding their own groups. These groups, the ones bought over and those created by the state, do no longer see anything wrong with whatever the government does. Their ability to provide constructive criticism to the government has, thus, been dashed a huge blow. For good governance and development to be achieved in Africa, these relevant institutions must be allowed to play their roles freely and independently.

## Conclusion

This entry has been able to shed light on critical governance challenges in Africa. While the challenges presented in the entry are not exhaustive, they are, however, considered the most delicate and the most disturbing governance challenges which currently confront the continent. If the continent must make significant progress in governance and development, these challenges must be addressed heads on and holistically. By so doing, Africa will be set on the path of greatness again.

## References

Adebajo A, Rashid I (2004) West Africa's security challenges: building peace in a troubled region. A project of the International Peace Academy. Lynne Rienner Publishers, Inc. 1800 30th Street, Boulder

Afegbua S, Adejuwon KD (2012) The challenges of leadership and governance in Africa. Int J Acad Res Bus Soc Sci 2(9):141–157

Afolabi OS, Idowu HA (2019) Insecurity and the feasibility of democratic governance in West Africa. In: Ani KJ, Eesuola K (eds) International relations and security politics in Africa: essays in honor of Professor Victor Ojakorotu. Academica Press, Washington/London, pp 107–140

Antonio D (2010) The challenges for Africa: a culture of peace, good governance and people-centered development. Asia Pac Rev 8(1):63–74

Diamond L (2002) Elections without democracy: thinking about hybrid regimes. J Democr 13(2):21–35

Freedom House (2015) Five governance challenges in Africa. https://freedomhouse.org/article/5-governance-challenges-africa. Accessed 7 May 2020

Hope KR, Chikulo B (eds) (2000) Corruption and development in Africa. Palgrave Macmillan, Houndmills

Hyden G (1992) Governance and the study of politics. In: Hyden G, Bratton M (eds) Governance and politics in Africa. Lynne Rienner Publishers, Boulder/London

Idowu HA, Mimiko NO (2020) Election management systems and peaceful alternation of power between incumbent and opposition governments in Ghana and Nigeria. Politikon 44:88–111

Stremlau J (2016) Africa's democracies: promises, progress and prospects. Electoral Institute for Sustainable Democracy in Africa, Johannesburg

The Conversation (2018) Presidential term limits: slippery slope back to authoritarianism in Africa. The Conversation, May 17. https://theconversation.com/presidential-term-limits-slippery-slope-back-to-authoritarianism-in-africa-96796. Accessed 7 May 2020

Transparency International (2019) Citizens speak out about corruption in Africa. Transparency International Survey, July 11. https://www.transparency.org/news/feature/citizens_speak_out_abput_corruption_in_africa. Accessed 7 May 2020

# Understanding Performance Appraisal

Benati Igor
CNR – National Research Council of Italy, Torino, Italy

## Synonyms

Employee appraisal; Performance assessment; Performance evaluation

## Introduction

Human resources are a relevant productive factor within any organization, whether public or private

U

(Boudreau and Ramstad 2007). That is why the improvement of employee's performance is a crucial issue in management science. Performance appraisal (PA), the formal management system that provides for the evaluation of the quality of an individual's performance in an organization, is a fundamental step along this path. In concrete terms, PA is the process by which an observer, often a supervisor, assesses an employee's work performance (DeNisi et al. 1984), comparing current performance with explicit or implicit standards, and then providing feedback.

PA is a key tool used in public or private companies to measure employee performance and ensure proper and efficient personnel management. The first experiences of performance appraisal are very old and can be traced back to the Chinese Han dynasty (206 BCE–AD 220), where PA was used to determine public officials' careers. However, its institutionalization in modern times is linked to the industrial revolution. The first large-scale use of PA took place in Scottish cotton mills to measure organizational efficiency. Nowadays, PA is widespread in companies and public administrations and is often part of broader performance management systems (PMS). PMS is the set of activities, approaches, and tools that enable organizations to achieve their goals efficiently and on time by aligning resources and measuring performance (Harris et al. 2003). The complete understanding of an appraisal performance system goes through the illustration of its purposes, methods, process, and actors.

## Purposes of Performance Appraisal

PA can have different aims within organizations. It can be used to communicate, make decisions, and motivate (Ikramullah et al. 2012). PA system must ensure all three objectives to achieve real growth and development of employee potential. Communication between managers and employees is essential within an organization, and it must be bidirectional, from manager to employee and from employee to manager (Johlke and Duhan 2001). Using a PA system, managers can communicate to the employee the characteristics of the expected performance and the company's greater or lesser satisfaction with the employee's specific performance. At the same time, a sound PA system should allow the employee to express problems that limit their productivity.

PA systems can also enable management to make decisions about employees (Aggarwal and Thakur 2013). Accurate information on employee performance is necessary to redesign organizational processes and increase productivity. Information from PA is useful to reward the best employee by distributing prizes or rewards, such as salary increases and promotions. At the same time, PA can stimulate lower-performing employees to improve their productivity, allowing punitive measures such as downgrades and dismissals.

Finally, a PA system can also motivate employees to improve their performance, helping them know and share their organization's goals (DeNisi and Pritchard 2006). PA can be useful in spreading awareness among employees of the goals of an organization and how to achieve them properly, stimulating them to review their professional behaviors and increase their propensity to perform adequately. In other words, the PA, through the provision of professional behavior standards, can help create a shared organizational culture.

## The Process of Performance Appraisal: Steps and Actors

Performance appraisal is a process, which takes place cyclically in organizations, involving different actors. The performance appraisal process is highly variable based as much on the organizational context as on management choices. However, at least six typical steps can be identified:

1. Establishing performance standards
2. Communicating established performance standards to employees
3. Measuring the actual performance of employees by administering suitable methods
4. Comparing actual performance with standard performance

5. Communicating and discussing appraisal results
6. Rewarding for best and taking corrective actions for poor performers

In the first step, performance standards must be established for the work or assignment under observation. Standards can be formulated in different ways, but they have to be realistic and measurable. Products, results, or skills related to a role can all be used as a standard. The standards can be decided by the management of the organization either autonomously or jointly with the employees.

In the second step of the process, performance standards have to be communicated. The communication of standards serves to ensure that the employees of an organization know in advance what measures will be used to trace their performance to comply with the organization's expectations and goals. Standards must be correctly communicated by management: written form is most often appropriate, but standards may also be communicated orally in some cases.

The third step of the process deals with measuring the performance of the employees. Measurement can be carried out using qualitative and quantitative techniques, choosing the most suitable one for a specific working situation: it can be done on the basis of information obtained from written, oral, and statistical reports, as well as through personal observation.

The fourth step is to compare the employee's actual performance with the expected or standard performance. The employee's performance may be below or above/equal to expectations so that the result of the comparison can be negative or positive.

The fifth step deals with discussing the results of the appraisal. In this step, managers or supervisors have to communicate the feedback of appraisal to employees, discussing the employees' gaps in performance. This can be done on a one-on-one basis or in a collective manner.

The appraisal process's final step coincides with rewarding for best and taking corrective actions for low performers. At this stage, the supervisor provides rewards (promotions, salary increases, bonuses) to compensate good employees' performance and punishments (demotions, layoffs, penalties).

As stated in the definition, performance evaluation is a multi-stage process, usually involving at least two actors: the evaluator (employer, manager, head office) and the person being evaluated (employee, worker). Often those who judge the performance of the worker are the closest responsible in the hierarchy of the organization (supervisor), but sometimes the evaluation can be conducted by external evaluators, peers, or even customers.

## Methods and Techniques of Performance Appraisal

Human resource management employs a variety of performance appraisal methods built over time based on public and private organizations' needs. PA methods are classified in different ways. The most relevant classifications of PA methods are based on three elements: nature of data used, subject of the appraisal, and term of comparison. Concerning the nature of data used, methods can be grouped into subjective and objective (Daley 1992). The former type is based on information collected on employee's achievements at work and the latter on subjective judgments on employees' performance expressed by people within or outside the organization (customers, colleagues, managers). Regarding the object of analysis, the PA can be based on two distinct elements: behaviors and employee results. Behaviors subject to evaluation can be an expression of mental activities (such as synthesis, analysis, abstraction, diligence), technical and organizational activities (control skills, human resource management), and relational activities (leadership, communication skills, sales skills). Employee results used in PA may differ from one case to another, changing according to the sector and the employee's role under review.

Concerning the term of comparison, PA can be based on absolute references or relative ones. In PA based on absolute references, employee assessment is based on a priori defined performance standards. Evaluations based on relative

references, on the other hand, compare the employee's performance with those of the average of other employees.

A more widely used classification, which comprises the three perspectives described above, is a chronological one that distinguishes appraisal methods into two categories: traditional and modern (Deb 2006). Traditional methods emphasize the subjectivity of the appraiser's judgment, while modern methods are more objective and worthwhile. A short list of methods includes the following:

**Traditional Methods**

1. Ranking
2. Graphic Rating Scale
3. Critical incident
4. Narrative essay

**Modern Methods**

1. Behaviorally Anchored Rating Scale
2. Management by objectives
3. 360-degree appraisal

Among traditional methods, ranking is probably the simplest way to appraise performance. It consists of ordering employees from best to worst on a particular trait, choosing highest, then lowest, until all ranked. The ranking method is simple and easy to use, but it is suitable for a small workforce because strengths and weaknesses cannot be easily determined for a large number of workers (Aggarwal and Thakur 2013).

The Graphic Rating Scale is a checklist that a manager can use to assess performance on a scale. Scale continuum structures the judgment from the lowest performance level to the highest performance level and can be qualitative (excellent, good, average, fair, and poor) or quantitative (e.g., from 1 to 5). The main problem of this method is that the single characteristics on which the evaluation is built have all the same weight in determining the final judgment.

The critical incident method is a method based on the written recording of an employee's positive and negative performance throughout the observation period. The evaluator has to record the way an employee performs a task, positive or negative, underlying the elements that have worked or that should be changed in his performance. Although critical incidents are commonly used for development decisions, they are also used to evaluate retention or dismissal purposes.

In the narrative essay method, the rater compiles a document detailing the employee's strengths and weaknesses, often including reasoning about the employee's past performance and overall potential. The method is simple to use and provides good feedback to the employee, but the main criticisms are related to the fact that it is very much tied to the rater's writing ability and that the information that goes into it is almost exclusively qualitative in nature.

Among modern methods, the Behaviorally Anchored Rating Scale (BARS) measures an employee's performance by describing ways to perform a work task along a continuum, ranging from least desired to most desired. Descriptions of the employee's specific behavior are also paired with numerical scores to provide a quantitative reading of the data. Providing a true description of performance for each rating along the continuum, rather than a simple word (excellent, good, fair), overcome the problem of subjectivity by the rater.

The management by objectives (MBO) is a method in which employee performance is detected on the basis of professional objectives. Most of the time, an MBO chart is an operational translation of a company's or a public administration's strategic plan into an implementable program. The achievement of these objectives is periodically controlled by supervisors, who reward employees based on results. This method requires to define individual goals and plans for each worker or working unit. Objectives can be set by managers or jointly with employees. The measurement of employee performance takes place against their goals. In this method, employees should receive continuous feedback on how they are doing, usually during meetings at scheduled time intervals.

360 degree is a method in which employees can receive performance feedback from multiple subjects within the organization as well as external. The ratio is that the employee's performance must be assessed from different perspectives to be

truly objective. Sources of the appraisal can be supervisors, peers, staff members, co-workers, and customers. The method is based on feedback forms, which include questions measured on a rating scale. 360-degree method allows managers to have a better understanding of the strengths and weaknesses of their organization.

## Conclusions

Performance appraisal is an essential evaluation tool because it ensures organizations the best utilization of human resources to achieve their goals and objectives. Empirical evidence has demonstrated that performance appraisal leads to improved productivity, job satisfaction, and trust (Guthrie 2001; Chiang and Birtch 2010; Kuvaas 2008; Mayer and Davis 1999; Pettijohn et al. 2001).

The presence of performance appraisal systems helps managers in their work, but it is also a guarantee for workers, to the extent that such a system specifies the expected characteristics of job performance and provides an instrument for professional growth.

Performance appraisal tools, however, must be carefully and expertly constructed to ensure their effectiveness. The abstract models need to be adapted to the individual operating contexts and characteristics of organizations. Performance metrics, in particular, must be very accurate. For this reason, modern PA systems are increasingly careful to ensure the objectivity of measurement, leaving less room than in the past for subjective judgments.

## Cross-References


- ▶ Managerial Performance Appraisal
- ▶ Performance Audits and Performance Appraisals


## References


Aggarwal A, Thakur GSM (2013) Techniques of performance appraisal – a review. Int J Eng Adv Technol 2(3): 617–621

Boudreau JW, Ramstad PM (2007) Beyond HR: the new science of human capital. Harvard Business Press, Boston

Chiang FF, Birtch TA (2010) Appraising performance across borders: an empirical examination of the purposes and practices of performance appraisal in a multi-country context. J Manag Stud 47(7):1365–1393

Daley DM (1992) Performance appraisal in the public sector: techniques and applications. Quorum, Westport

Deb T (2006) Strategic approach to human resource management. Atlantic Publishers & Dist., New Delhi

DeNisi AS, Pritchard RD (2006) Performance appraisal, performance management and improving individual performance: a motivational framework. Manag Organ Rev 2(2):253–277

DeNisi AS, Cafferty TP, Meglino BM (1984) A cognitive view of the performance appraisal process: a model and research propositions. Organ Behav Hum Perform 33(3):360–396

Guthrie JP (2001) High-involvement work practices, turnover, and productivity: evidence from New Zealand. Acad Manag J 44:180–190

Harris H, Brewster C, Sparrow P (2003) International human resource management. CIPD Publishing, London

Ikramullah M, Shah B, Khan S, ul Hassan, F. S., & Zaman, T. (2012) Purposes of performance appraisal system: a perceptual study of civil servants in district Dera Ismail Khan Pakistan. Int J Bus Manage 7(3):142

Johlke MC, Duhan DF (2001) Testing competing models of sales force communication. J Pers Sell Sales Manag 21(4):265–277

Kuvaas B (2008) An exploration of how the employee–organization relationship affects the linkage between perception of developmental human resource practices and employee outcomes. J Manag Stud 45:1–25

Mayer RC, Davis JH (1999) The effect of the performance appraisal system on trust for management: a field quasi-experiment. J Appl Psychol 84:123–136

Pettijohn CE, Pettijohn LS, d'Amico M (2001) Characteristics of performance appraisals and their impact on sales force satisfaction. Hum Resour Dev Q 12(2): 127–146


# Understanding Political Dowry in Iran's Public Administration


Hassan Danaeefard[1] and Masoumeh Mostafazadeh[2]

[1]Tarbiat Modares University, Tehran, Iran

[2]University of Tehran, Tehran, Iran


## Synonyms

Political gear; Political privilege

U

## Definition

Privilege a manager promises to bring by himself/herself to an organization.

## Introduction

The behaviors of political and executive managers and experts in public sector have always attracted the attention of theorists and practitioners of public administration area. Political sciences, public policy-making, and public administration are the domains of attempt to theorize the actions of political managers, employees, and political and executive institutions in different political systems in a variety of ways. Theories, models, and frameworks are the instruments used to describe and explain the actions and activities. Thus, each of these domains transfers the knowledge produced about each of the aforementioned phenomena through administrative degrees (BA, MA, and PhD) and administrative events (workshops, seminars, and conferences) to ensure efficient, effective, and fair administration based on human rights. Although a few authorities from these domains claim their theories, models, and frameworks are universal, the reality is that, most of the produced knowledge is context- and culture-oriented, and it may not be used in other contexts. Thus, comparative public administration tries to promote belief in local public administration models of the public sector and public policy-making, although it follows the design of general theories in its essence.

Based on this, comparative public administration researchers have developed certain models for explaining managerial behaviors in the public sectors of developed and developing countries. In referring to "political dowry" in third-world countries, the authors in this study attempt to describe this phenomenon by relying on interdisciplinary theories. Our belief is, in countries with more political approach to public administration, this phenomenon is popular. Political officials with a dominant role over the highest state officials maintain strong control over those senior civil servants who after the onset of political functions are not replaced, which creates a strong (political) pressure and ultimately reduces professional independence (Čehovin and Haček 2015, 139). Prismatic society theory, cooptation theory, public managers' displacement theory (Danaeefard and Alvani 2007), and new public administration theory could be noticed as theoretical foundation of this phenomenon. Reviewing these theoretical foundations, we will talk about some mechanisms of this phenomenon in third-world countries.

## Theoretical Roots of Political Dowry

### Prismatic Society Theory

Fred Riggs one of the most famous of scientist of public administration, tried to explain local models and theories in developing countries. His theory of prismatic society and the Sala (administrative subsystem) model of administrative systems have a certain place in scientific studies on comparative public administration. In the theory of prismatic society, he places fused, diffracted, and prismatic societies in one class, where prismatic societies are between the two other types. According to him in a fused society with a structure (king, leader, etc.), governors perform all governance tasks, and citizens and people are absolute servants of governors and do not seek any reward or compensation in lieu of serving the governors. In these societies, the government is not responsive to people, but the people have certain moral commitments in terms of obeying the government's regulations. Furthermore, intrasocietal relationships are so weak, and the relationship between the nation and the government is of the lowest level. A diffracted society is so disintegrated (in terms of structure, behavior, and process) that its degree of differentiation is considered the criterion for its development. In such societies, specialization governs, and every structural element' performances and functions are integrated. All structures are somehow designed there on from rational considerations. Economic systems are based on the market axis and affect other aspects of society. Fred Riggs used the term "marketized society" to refer to such societies. In such societies, the government

shows some sensitivity toward people's demands and defends their rights. Public authorities do not have absolute power, and people are expected to obey regulations. The third type of society that is intermediate to the two aforementioned types is the prismatic society. According to Riggs, this society combines the features of two other types of societies. There is a certain level of differentiation along with specialization of necessary roles for administration and new technology. However, in terms of social integration, there are some difficulties. Although such a society is not fused, it is not completely diffracted (Riggs 1964).

### Cooptation Theory

In the realm of environmental administration, various theories, mechanisms, and strategies have been proposed for managing turbulent environments. One of the theories of Philip Selznick (1949, 1996) the father of institutionalization is the cooptation theory. According to this theory, managers try to manage their environments in various areas by communicating with critics and key influencing factors. By establishing aggregations (committee, council, commission, etc.) in their organizations and inviting these critics, managers try to direct organizational players toward turbulent areas to alleviate any environmental crisis in the organization that can threaten the organization. Instead, the organization makes these people members of the board of directors, committees, and commissions, and such people try to bring some kind of dowry to the organization. The dowry brought by each individual might differ. Sometimes, through these individuals, the organization gets loans, facilities, foreign trips, and wins bids or competitions for various projects. For example, a few research organizations try to acquire research projects of organizations in which these individuals are members by attracting said individuals to their high councils of research and guaranteeing their survival.

### New Public Administration Theory

Each of the managerial movements in the public sector has its own managerial approach (Danaeefard 2012). One of the managerial movements in the public sector is new public administration that is based on the political approach toward administration in the public sector (Frederickson 1980). According to some researchers, politics is the main axis of the administrative system in this approach. Sayer (1978) effectively referred to this point. He believed public administration is in fact a part of main core of political theory. The fundamental issue in democracy is the responsibility toward public control. Thus, the responsibility and organization and administrative bureaucracy's sensitivity toward selected authorities has central importance and the government emphasizes severely on imposing discretionary power by administrative organizations."

Appleby (1945) refers to this issue and considers public administration as policy making. In Big Democracy, he refers to three main features of public managers: territory and the effect of action, public responsiveness, political behavior and attributes.

In the linkage between democracy and bureaucracy, according to some authors, a democratic society requires democratic organizations. So when executive power is in control of the winning party, said party hands over the control of all managerial and key positions to its fans and members because it believes that people have voted for the values of their intended winning party. Thus, the selected government is required to change managers and bureaucrats to implement its agenda. In this case, the political approach toward administration in the public sector shows itself in the form of change or displacement of managers, deputies, and even top managers, and somehow, in the lowest rung of people in the public sector organizational pyramid. Political rationale and party-oriented strategies are the specifications of this approach toward administration in public sector and competency is not the only initial and main index of managers and employees.

## Theorizing the Political Dowry Theory

When a society has the characteristics of Fred Riggs' prismatic society, a Sala-like administrative system is formed. Moreover, when the

political approach to administration governs the public sector and the theory about displacement of public managers confirms the transfer and displacement of public managers and the cooptation theory governs the managerial styles of managers in the public sector, the administrative system will witness behaviors appropriate to such communities. Top civil servants form the organizational link between elected political executives and the administrative hierarchy that forms the backbone of the public sector (Christensen et al. 2014, 217). In such an administrative system, any public manager tries to show its performance in terms of good public opinion instead of focusing on real and democratic performance. Thus, managers seek different ways of presenting the organization as being good and effective. In this political market that governs the public sector, various displacements occur across various organizations. Some individuals attempt to promote their professional and specialized roles within political games and by transferring from a low-level organization to a higher organization. Since these individuals have obtained high places through political interactions and there is the possibility that these places can be taken back after political revolution, they try to find positions in certain professional and specialized centers to remain safe. Thus, by resorting to higher authorities, they create the grounds for transfer to target organizations. Because it is likely that these individuals do not have the required professional competencies and the main body of the target organization contradicts with their entrance, they enter the target organization by appealing to political pressures and inattentiveness to service regulation. Moreover, since the managers of organizations and specialized institutions are selected through such a political managerial style, they try to place their party members in their organizations. However, they expect compensation from the newcomers. In other words, an individual with high political and managerial place enters such organizations and brings a dowry to the organization that the authors call "political dowry." Such dowry has different forms and shapes. The volume and significance of such dowry depends on the target position and the individual's influence on the national and executive policy-making in the country. The allocation of certain budgets, receiving of land and public facilities, linking of target organization with power centers, paying debts, and receiving surplus budgets are a few examples of such dowry. The severity and duration of this phenomenon is different in different government functions (economic, cultural, and educational). Meanwhile, in explaining the incidence of this phenomenon, one could say that governance in the political approach to public sector administration increases the inclination toward achieving public treasury in political players because in this case, the possibility that they return to political power is in doubt. Thus, the winning political party tries to strengthen its roots in various managerial sectors so that it cannot be withdrawn easily. By contrast, the next winning party will not be able to dominate other professional and political centers. Furthermore, because the professional and specialized centers have good face in society and protect the abilities of professional individuals and the possibility of rapid confrontation with experts in such centers is slightly problematic, politicians try to obtain certain professional and specialized places after losing their political positions to be able to enter political realm at any given opportunity and to stay in public consciousness.

Accordingly, such individuals try to promise heavy dowry to target organizations, usually by quoting their political status, to gain entry into the target organization by persuading the manager of the organization. Because such an opportunity is not always available to them, they try to allocate the professional and specialized positions to themselves when their party is in power. Political opportunity-seeking defines such individuals because after departure of their political party from the political and executive administration of the country, the possibility for them to enter such organizations is low. The destructive and negative outcomes of this phenomenon include showing the country environment as based on rent, building of revolutionary spaces in organizations, pessimism toward parties and politicians, questioning meritocracy, degradation of the spirit of law and regulation in society, increase in the

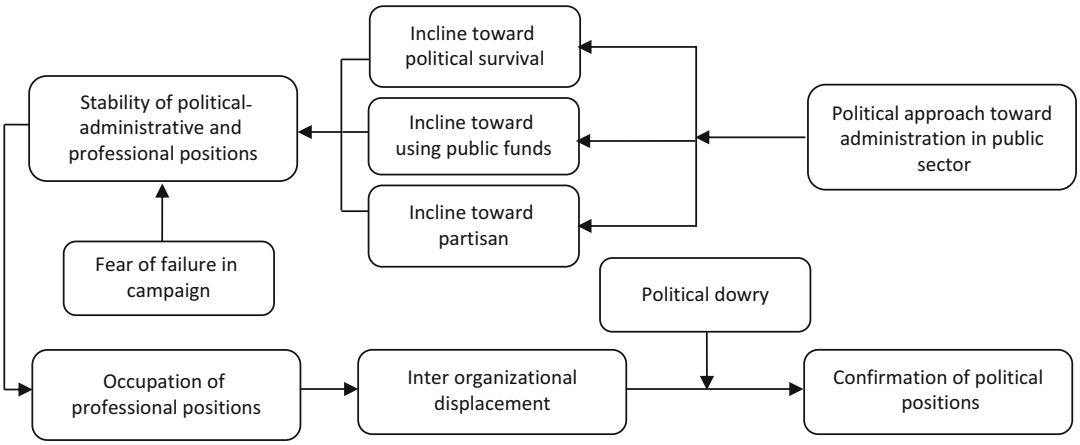


**Understanding Political Dowry in Iran's Public Administration, Fig. 1** Political dowry phenomenon

avarice of other political players in using political positions when in power, diminished public trust in the trusteeship of politicians, politicization of professional and specialized organizations, disappointment in society – based on the fact that without party dependency, progress is difficult – destruction of national motivation of experts in said organizations, and pessimism and distrust of managers in said organizations. In Islamic society, where policy based on religious guidelines, this phenomenon seems to be strange because "political opportunities" in such a society is a divine trusteeship, where unfaithfulness has religious consequences. Figure 1 shows the incidence of political dowry graphically.

Figure 1 shows that when the political approach governs the entire political system and public sector administration, winning party is willing to guarantee its political survival through different ways and by appealing to various mechanisms. Thus, the inclination toward political survival is very high in the winning political party, and it tries to make maximum use of national assets (political, economic, cultural, professional, and specialized) to sustain its survival. The drive to use public facilities is very high, and the party in power tries to increase partisanship in all aspects of life, including sociocultural, politico-economic, legal, as well as professional and specialized administration. Accordingly, the inclination toward partisanship is high. The link between three mentioned dominant inclines leads party players to stabilize and occupy the political, managerial, and professional positions. Thus, they try to focus on obtaining professional and specialized positions that have higher survival in society. Based on this strategy, professional-specialized interorganizational transfers occur in the public sector, and a phenomenon called political dowry facilitates the confirmation of political positions.

Notably, the authors focus on transfers in professional-specialized organizations. However, because the political space governs such transfers and displacements, it is likely that even the individuals transferred to such organizations do not honestly declare the amount of their dowry; however, the manager of target organization wishes to gain some advantages for the organization before the entrance of such an individual because of knowledge about the political place of that individual or because the individual clearly creates the impression in the manager of the target organization that his entrance will benefit the organization. However, some individuals might enter target organizations after presenting their dowry. Overall, the following states are possible:

- An individual first enters the organization and then offers dowry to the organization; however, the speed of dowry injection to organization might vary. It might happen that such an individual would not succeed in bringing

dowry but benefit from membership of the organization.
- Before entrance to the organization, an individual submits dowry to the organization and might not enter the organization because of changes in the situation.
- Manager inducts an individual into the organization expecting to receive dowry, and by entrance of the individual, the organization may or may not benefit from the dowry offered.

## Mechanisms of Political Dowry

### Receiving Public Loans or Public Budgets

Managers of public organizations present their prestige and extent of administration by increasing their credits and budget because one of the indicators of public managers' success is obtaining greater financial resources and a larger share of public budget. Any public sector manager who can increase the inflow of funds into an organization seems to be more effective. To fulfill such an aim, a public manager should be powerful in budget brokerage within or outside the relevant ministry or should be able to supply finance through beneficiaries. The dowry of these individuals might be the injection of major or average budgets into such organizations; however, the injection of such dowry happens legally. For example, such individual can directly or indirectly (as a member of government) inject a major budget by approval of the government and authorities or enter a big load into the organization by approval of the government or other related communities.

### Acquisition of Public Buildings

In the revolution era of organizations' activities, considering rapid spread of public organizations' activities, one of the issues confronting public organizations is the physical structure of such organizations. Undoubtedly, the spread of activities in some organizations requires physical places, including various uses of employees and managers' training, the participation of the children of managers and employees of the target organization in sporting and cultural events, and use of recreational complexes. Based on this, an individual who enters a target organization might acquire some buildings of other public sector organizations to give it to the target organization, delegate recreational centers to the target organizations, attach certain research centers to the target organization, or assign sporting facilities to the target organization.

### Land and Public Facilities

One of the dilemmas facing public organizations is a lack of physical space and weakness in presenting welfare services to employees and managers. There are various ways of acquiring such lands and increasing the number of recreational centers available to employees. However, land and public facilities are the main conditions of political dowry placed on an individual to be transferred from an organization or a political position to the target organization.

### Linking of Target Organization with Power Centers

Occasionally, the political dowry of an individual who enters a target organization involves building some relation between the target organization and power centers, policy makers, and executive managers of the country and many organizations try in different ways to communicate with certain centers. A dowry that a person can bring to the organization is "the link of the organization with such centers," including major economic projects (dam, bridge, and power plant construction) and research projects, public buildings, and land and government facilities. At times, such links prevent destruction of the target organization because the entrance of such a person into the target organization might bring with it increased budget and other facilities for the organization.

### Debt Relief or Tax Exemption

Undoubtedly, one of the success indices of managers is debt reduction or receipt of postponed budgets and tax exemption. In this regard, managers try to achieve success in different ways, for instance through legal reasons and by justifying the specialty of activities and delegations of their organization in a given area. One mechanism that

managers employ is attracting influential individuals who can settle the organization's debt legally, reduce them, or fulfill financial demands via other organizations. These individuals try to achieve this by means of their influence in executive, regulatory, and judicatory systems. This phenomenon is called political dowry because of what the individual brings to the organization directly or indirectly.

### Transaction of Public Policies

Any society depends on the government's policies for its survival. When general policies emerge, they do not always benefit of all people in a society or an organization. General policies create some constraints and increase the freedom available to individuals, organizations, and various communities. There are various ways in which influential groups try to change policies to their benefit or to prevent their constitution. One of the key mechanisms of these influential groups is to supply individuals who can fulfill these aims. Sometimes, by attracting these individuals, organizations try to delegate such "transaction of national policies" to these individuals in order to encourage policy-making centers to develop policies that are beneficial to the organization or prevent policies that are detrimental to organization. This is the heaviest component of the dowry that such individuals bring to target organizations.

## Conclusion

The authors have tried to describe and explain "political dowry," its foundation and its mechanism. We do not claim our theorizing of this phenomenon and its process of operation is perfect and accurate but we tried to understand a common phenomenon in some countries. Although, political dowry has various forms, its financial implication on the public treasury is important. In the political approach toward administration in the public sector, de-politicization of policies and administration creates the ground for various political activities in administrative systems of countries. The new public administration theory confirms the prismatic nature of such systems. Governing political parties try to make use of various instruments and mechanisms to remain in power. Using the public treasury in legal and illegal ways is one of these mechanisms. In this approach, although the civil servant is a person who is employed into the civil service and should not be a political or judicial office holder and his remuneration should be solely paid out of government funds (Briggs 2007, 144), political managers try to takeover specialized areas, so they try to guarantee their entrance to professional-specialized areas through the injection of political dowry.

Authors propose serious studies on "political dowry" in public administration in all countries because this is a dangerous reality that could cause irreparable damage to governments. Injection of this phenomenon to public administration domain in academic level could lead to more studies and researches.

## Cross-References

▶ Political Appointees and Political Executives
▶ Public Policy and Politics

## References

Appleby PH (1945) Big democracy. Alfred A. Knopf, New York

Briggs IN (2007) Nigeria: mainstreaming trade policy into national development strategies. African Trade Policy Centre (ATPC) working in progress no. 52, Economic Commission of Africa

Čehovin M, Haček M (2015) Critical analysis of civil service politicization in Slovenia. World. Pol Sci 11(1):133–155

Christensen JG, Opstrup N, Klemmensen R (2014) Politicization and the replacement of top civil servants in Denmark. Governance 27(2):215–241

Danaeefard H (2012) Challenges for public Administration in Iran. SAMT Publications, Tehran

Danaeefard H, Alvani SM (2007) Metaphorical reasoning strategy in building theory: a new theory of administrative system. Manag Res Iran 52(11):107–136

Frederickson HG (1980) The lineage of new public administration. In: Bellone CJ (ed) Organization theory and the new public administration. Allyn & Bacon, Boston, pp 33–52

Riggs FW (1964) Administration in developing countries. Houghton Mifflin Company, Boston
Sayre WS (1978) Premise of public administration: past and emerging. In: Shafritz JM, Hyde AC (eds) Classics of public administration. Moor publishing, Oak Park
Selznick P (1949) TVA and the grass roots: a study in the sociology of formal organization. University of California Press, Berkeley
Selznick P (1996) Institutionalism 'Old' and 'New'. Adm Sci Q 41(2):270–277

# Unintended Consequences of the Public Sector Reforms in KZN, South Africa

Zamazulu Mthembu and Sybert Mutereko
School of Management, IT and Governance, University of KwaZulu-Natal, Durban, South Africa

## Synonyms

Contracting out; Privatization; Procurement; Tendering

## Definition

Outsourcing refers to the procurement of goods and service from external sources by private or public organizations based on contractual agreements. Market reforms refer to applying market/business models to public administration and governance in South Africa.

## Introduction

The state had widely been recognized as an instrument of socioeconomic development from 1948 to 1970, and the effective administration was viewed as the primary agent in the formulation and implementation of programs and development plans (Bertucci 2009). The public sector represented by the executive and its bureaucracy constituted the key apparatus for the execution of the functions of the state. Up to the 1970s, the state became a direct investor, in not only the infrastructure and public utilities such as water, electricity, housing, and telecommunications but also in the operation of industries, agriculture, banking, marketing, and various commercial activities. Increases in governmental activities led to a bloated public sector, and it became clear that the state was working on far too many activities. By the 1970s the state began to be weak and inefficient and this facilitated the need to reform the public sector by shifting from the state and public sectors to the private sector (Bertucci 2009; Dzimbiri 2008).

Using a case study of the outsourcing of cleaning services in a South African government department to understand the lived experiences and perceptions of workers employed by outsourced companies, this study adopted a qualitative analysis of outsourced workers and examined the reasons for outsourcing cleaning services.

Following this introduction, the next two sections provide a brief background of public sector reforms and review-related literature on outsourcing of services in order to establish the context of the study. The sections will explore the stated reasons and management of outsourcing as well as examine its impacts. The fourth section outlines the research methods that the study adopted in order to glean empirical data for this study. This is followed by the fifth section which shows how outsourcing impacts on workers in a KwaZulu-Natal government department. The sixth and last section draws together prominent trends to articulate an emerging framework for the impact of outsourcing of workers.

## Public Sector Reforms: A Brief Background

The new public management (NPM) emerged in the1980s to improve public sector efficiency through the application of private sector management techniques. The main drivers of the reform were to reduce the direct involvement of the state in economic activities, to create an environment for the enhancement of the growth of the private sector, and to develop public-private sector

partnerships. During the era of NPM, many African countries had to cut their civil services drastically and some public enterprises were sold to the private sector. The state ceased from being the single vehicle in social development and economic growth, and there was greater reliance on the market forces in solving most development problems (Bertucci 2009: 3). Dzimbiri (2008) maintains that the NPM promoted greater reliance on the private sector, on service delivery through contracting out and outsourcing, on public-private partnerships, on competition and reliance on market forces, and on the creation of an enabling environment for the growth of private enterprise, which led to increased outsourcing.

Outsourcing combines the resources of government with those of private agents in order to deliver the goals of the society. It includes contracting out of services, business management of public entities, and the design of hybrid organizations for risk sharing and co-production between government and private agents. Governments can choose to realize societal goals directly through public employees or indirectly by means of business and nonprofit organizations. Outsourcing was introduced to improve service delivery, reduce costs, increase efficiency, and to create job opportunities (Cali et al. 2015).

While the NPM narrative is theoretically sound and defensible, outsourcing has had a negative and unintended impact on all parties involved. One criticism against outsourcing and by extension NPM is that there is minimal evidence to support the claim that outsourcing reduces cost (Petersen and Hjelmar 2014). It is difficult to determine whether or not outsourcing improves quality of care compared with a direct provision of services, as quality has been either not defined or inconsistently defined across different contracted projects. There has been a harmful effect on the community that has been brought about by contracting out of public service including worsening of inequality and lowering wages instead of helping the government to save (Heires 2014). Furthermore, Heires's (2014: 3) study reveals that private providers cut their spending by lowering the wages and benefits of workers and this occurs at a great cost to the community. Heires adds that "these private providers face pressure from the government to keep costs low and flexibility high while at the same time they have to prove the value of their service compared to their competitors." Over and above this, there is the lack of unions and collective bargaining institutions to negotiate better wages and working conditions for the outsourced workers. Thus, private providers control the issue of wages and working conditions unilaterally (Doellgast and Pannini 2015). Outsourcing is thus viewed as an exploitative practice (Luckett and Mzobe 2016). The public sector is presently experiencing problems of violent protests by outsourced employees demanding that the government should do away with outsourcing.

Despite this glaring empirical evidence of the unintended effects of outsourcing, it has remained one of the main mechanisms of service delivery in South Africa. Frustratingly, there is a dearth of scholarship on the impact of outsourcing in the South African public sector. Although there have been studies on the effectiveness of outsourcing in reducing the costs to the public sector (Petersen and Hjelmar 2014), researchers have paid little attention to the effects of outsourcing on workers who are retrenched and later hired by the new private providers. One major weakness of such studies is that they fail to consider the short- and long-term effects of outsourcing on workers who are at the coalface of service delivery. As a result, our understanding of the lived experiences of such workers is based on speculation, which does not help in evidence-based decision-making.

## The New Public Management: The Theoretical Argument for Outsourcing

Outsourcing draws on the NPM approach. According to Alonso et al. (2015), NPM tries to incorporate the management ideas from business and the private sector into the public services. Furthermore, they suggest that NPM is a two-tiered phenomenon consisting of an inspiration to enhance the public sector and a set of policies and practice to reform the public sector. A further definition of NPM is provided by Simonet (2015), and in concurrence, with other scholars like

Dzimbiri (2008), he describes NPM as relying greatly on the market forces in providing public services and by promoting competition at all levels. Further, Simonet (2015) maintains that there is competition between local units and communities with private providers over talent and resources for the purpose of fulfilling government's mission where public providers are incapable of handling the demand.

A number of studies have looked into the impact of NPM. For example, Alonso et al. (2015) evaluate the effects of NPM on the public sector size. Due to the budget deficit experienced by the government across the European Union, the government had to cut its expenditure; therefore, in their paper NPM is portrayed as a means to reduce the public sector budgets. Moreover, NPM is regarded as a drive to slim down the size of the public sector by applying management techniques borrowed from the private sector. In particular, their study focused mainly on two major policies associated with NPM, namely, outsourcing and decentralization. The study concluded that government outsourcing in Europe did not reduce the size of the public sector neither did it lead to a reduction of government expenditure. However, decentralization led to a smaller public sector and ultimately reduced government expenditure.

This entry on the NPM theory makes the argument that some of the main drivers of the public service reform in South Africa were to reduce the direct involvement of the state in economic activities, to enhance the role of the private sector, to create an enabling environment for the growth of the private sector, and to develop public-private sector partnerships. NPM promoted greater reliance on the private sector, on service delivery through contracting out and outsourcing, on public-private partnerships, on competition and reliance on market forces, and on the creation of an enabling environment for the growth of private enterprise. NPM's theory conceptualizes outsourcing and privatization as generative for achieving public sector partnerships with the private sector in public service delivery. Alonso et al. (2015) state that outsourcing was introduced as part of the NPM movement from the 1980s to reduce the size of the public sector and to curtail government expenditure. NPM theory is of value for informing the reasons why institutions undertake outsourcing which among other things is to improve quality of care, reduce costs, and increase efficiency (Cali et al. 2015). NPM's emphasis on cutting government expenditure as the reasons for outsourcing is especially useful to this study's analysis of the impacts of outsourcing on workers as it allows one to think through whether or not outsourcing does guarantee public service efficiency.

## Reasons for Outsourcing Services

Most researchers agree that the common reasons for outsourcing are to reduce the operating costs, improve quality of service delivery, and to improve performance. For instance, in a study that sought to establish the cost and benefit of outsourcing cleaning services at a hospital in Botswana, Cali et al. (2015) reveal that in the private sector, managers will be in a position to cut costs, introduce new methods for delivering services including new technology. However, literature around outsourcing support services is not conclusive as to whether or not contracting out actually reduces the cost of service delivery and increases efficiency (Cali et al. 2015). Similarly, the decision to outsource is often based on the fact that new companies can realize efficiency through specializing and investment in new technologies (Doellgast and Pannini 2015). This argument is also supported by Taponen and Kauppi (2017) who assert that outsourcing is the best option for all of the organization's noncore functions to minimize the risks and to maximize cost efficiency.

However, critics of NPM and outsourcing have argued that while reducing costs is most frequently the reason for outsourcing; savings are on average trivial and generally total costs are greater when performed by private contracting companies than they are when they are performed internally. For instance, Heires's (2014) study shows that savings are short-term and over time they are reduced due to lack of competition and other factors (Heires 2014). In another study, Cali et al. (2015) report that outsourcing was more

costly when including indirect costs such as pension contribution, although it provided great value for money in that there was improved quality of services.

In support of outsourcing, Cali et al. (2015) point out that even if outsourcing may be more costly than providing the service in-house, it may still be justified if it delivers a significant increase in the level of quality of the service. Consistent with this argument, Alonso and Andrews (2016), after examining how privatization affected public service quality, determined that there was no deterioration of quality following the privatization of prisons in England and Wales. Another study by Agrawal et al. (2016) showed that there was an improved performance and access to health care due to outsourced supply chain logistics from private operators. They report that incidence of commodities running out of stock was no longer experienced after supply chain logistics were outsourced to the private providers. In their paper, they further mention that the success of service delivery managed by the private providers depends on the strong commitment of government, roles that are clear, accountability mechanisms, and effective collaboration of the various stakeholders (Agrawal et al. 2016). All these studies provide a comprehensive theoretical as well as empirical analysis of the benefits of outsourcing, but they fail to provide a holistic view. One criticism of much of the literature on outsourcing is that it fails to show how workers' lives are affected by such privatization. Our knowledge of how outsourcing affects these workers emotionally as well as financially is based largely on conjecture except for the studies mentioned in the next section.

## The Impact of Outsourcing

A few studies have convincingly demonstrated the impacts of outsourcing on workers. In a recent study, Luckett and Mzobe (2016) illustrate how, in order to reduce public spending for tertiary institutions, universities in South Africa had embarked on extensive retrenchments and contracting out of all support services such as security, catering, cleaning, maintenance. Their study shows that with outsourcing, some workers went from being university employees to being outsiders providing a service. Outsourced services were "noncore" services which required low skills, while the core services were rendered by skilled workers and were mostly white and middle class. In the post-apartheid South Africa, this outsourcing reinforced apartheid-like social and economic divisions; therefore, outsourcing had a negative material impact on workers (Luckett and Mzobe 2016). When comparing the wages before and after outsourcing, workers earned more before outsourcing, the study revealed. Similarly, contracting out of public services has a negative impact on the community. This argument emerges from the fact that contracting out has the effect of lowering wages of employees, and it worsens inequality in the community at large. This is consistent with Heires's (2014) assertion that private service providers often achieve savings by lowering the salaries and benefits of employees, and this happens at a great cost to the society. Similarly, Doellgast and Pannini (2015) observed that a major source of cost saving is the ability of private contractors to save cost through the adoption of a lower structure of wages and unilateral control of the flexibility and intensity of labor deployment. In their study that examined the impacts of outsourcing on job quality for call center workers in the telecommunications and call center subcontractor industries, Doellgast and Pannini discovered that wages for in-house employees were 18% higher than the subcontractors' employees. There were also differences in the quality of the work because subcontractors employed a large number of part-time and temporary workers. There were higher turnover and dismissal rates suggesting lower levels of job security.

Although literature cites different reasons for working conditions and wage disparities, Doellgast and Pannini (2015) present some of the reasons behind this. Firstly, they argue that subcontractors face pressure from their clients to keep cost low and flexibility high while at the same time they have to prove the value of their service compared to their competitors. Secondly, call centers have very weak or no collective

bargaining mechanisms; therefore, subcontractors avoid applying collective agreements, giving them unilateral control over pay and conditions, and the characteristics of call centers make it difficult for unions to organize workplaces or to use collective actions to improve pay and working conditions.

The literature on the effects of outsourcing on workers is scarce, and it does not give a clear perspective of the effect on workers. Most of such studies fail to consider the views of the workers as they normally focus on quantifiable variables. This study, that adopted an interpretivist perspective, was able to unlock and elicit the views and understandings of the workers regarding outsourcing.

## Managing Outsourced Services

While the argument for outsourcing sounds practically and financially attractive, management of such a process is not always easy. A number of researchers emphasize the importance of management making an assessment, before taking the decision to outsource (cf. Cali et al. 2015; Roberts et al. 2013; Kahouei et al. 2016; Taponen and Kauppi 2017). Roberts et al. (2013), for example, hold the view that before the senior leadership takes a decision to outsource, they must consider the reasons for doing so, the best practices to outsource, the obstacles to outsourcing, and the implications to management of the hospital or other organization. It is crucial to identify the tasks to be outsourced and to understand how the institution can best utilize the services of the private contractor. Through analyzing the risks of outsourcing, the risk manager plays a vital role in selecting and implementing the tools for risk reduction which influences the success or otherwise of the decision to outsource (Kahouei et al. 2016). If the decision to outsource services is reached, management must conduct a cost-benefit analysis, noting direct and indirect costs before and after outsourcing. The risk manager can also provide advice to government departments that are considering outsourcing on how to conduct an in-depth, cost-risk-benefit analysis (Agrawal et al. 2016). In the same vein, Taponen and Kauppi 2017 suggest three skills that are crucial in managing outsourced services: (i) feasibility assessment of outsourcing, (ii) transferring the service production from in-house to an external supplier, and (iii) monitoring and evaluation of the service delivery. While this management advice provided may be sound, in theory, it overlooks the impact outsourcing has on the workers and how this should be managed. This inconsistency may be attributed to the focus on reducing costs on the side of government departments and on increasing profits on the side of private providers.

## Approach

To get a deeper insight into the experiences of outsourced workers, this study adopted a qualitative research design that allows the researcher to get an in-depth understanding of the views and understandings of workers as it deals with the underlying qualities of subjective experiences and the meanings associated with the effect of outsourcing on workers (Du Plooy-Cilliers et al. 2014). The enquiry in this study was to gain an in-depth understanding of the views and opinions of outsourced workers and management of a cleaning company that provides cleaning services. A case study approach was used to gain an in-depth understanding of the reality of the experiences of the workers. A total of 10 workers and the manager of the company subcontracted to provide cleaning services to a government department in KwaZulu-Natal was purposefully recruited to participate in the study.

Prior to undertaking the study, an ethical clearance certificate was obtained from the University of KwaZulu-Natal Ethics Committee and permission was granted by the gatekeepers. One focus group interview, which lasted approximately 1 h, with five low-skilled workers of the cleaning services company, was conducted. This method was useful in determining the attitudes, behavior, preferences, and dislikes of participants who were interviewed by a facilitator (Du Plooy-Cilliers et al. 2014). The focus group interview was also important in gleaning an understanding of how

the workers feel or think about outsourcing and its effects (De Vos et al. 2005) as were the in-depth interviews as a means to collect data. The first question for the focus group and for the one-on-one in-depth interviews focused on what the workers and management perceived to be the reasons why the government resorted to outsourcing support services. The second and third questions sought to ascertain how outsourcing has benefited the workers as well as the cleaning company. The fourth question allowed all participants to suggest recommendations to address the challenges of outsourcing services.

To solicit the perception of the strategies to manage contracts by management within the public sector, the study conducted a 1-h in-depth one-to-one interview with one purposefully selected manager of the cleaning company. All participants in the focus group discussion and in the one-on-one interview were asked to clarify each issue in the interview schedule and in the focus group schedule and to provide a more detailed explanation, therefore it allowed for more flexibility in the research process (Du Plooy-Cilliers et al. 2014:188). The interview was useful in giving the interviewers a good understanding of the workers' situation as well as in obtaining a deeper insight than surveys and other methods would have provided. The data obtained from the interview and from the focus group were rich and enhanced the researchers' insight by providing more relevant details.

Audio-recorded data from the focus group and from the in-depth interview were transcribed verbatim. Data from the focus group produced four single-spaced A4 pages while that from the in-depth interview produced two and half pages (Du Plooy-Cilliers et al. 2014: 236). This was followed by basic coding of all data that were to be analyzed. The study developed a coding scheme from the raw data that reduced the huge amount of data to manageable and understandable text using individual words in order to develop manageable chunks. In an iterative process, the study rechecked the consistency with which the coding was conducted in order to draw conclusions from the data by interpreting themes or categories identified and by juxtaposing them with existing theories and previously conducted research. Additional analysis was done using Nvivo, software for qualitative data analysis.

## Findings

### Reasons for Outsourcing

The first set of questions sought to understand the perceptions of the workers on the reasons for outsourcing cleaning services. The participants were asked to explain what they thought and believed to be the reasons for outsourcing services. A general sentiment from the focus group was that the reason for outsourcing services such as cleaning was for the government to create employment opportunities in particular for the black people. Respondents from the focus group noted:

> The purpose is to enable people to get bread (FGP1)
>
> To help each other as black people to develop (FGP2)
>
> To create more opportunities for employment (FGP3)
>
> To help black people to be free and be independent and extend assistance to other people (FGP4)
>
> To open employment opportunities for people and be able to get food (FGP5)

Taken together, these results suggest that most outsourced individuals view outsourcing in the context of empowerment of the previously disadvantaged groups in the post-apartheid South Africa. However, it is not clear why these workers concluded that employment in contracted companies would empower them more than direct employment by the government department. Responding to the same question, a slightly different perspective emerged in the interview with management. The interviewee noted:

> To keep the building clean. People employed by the government are not dedicated to doing their job like outsourced workers because we know we are not permanent.
>
> Operating costs have risen instead of decreasing because the government pays a lot of money to the contractors. If the government were to employ these people, operating costs would be lower.

Two main themes can be identified from these statements. First is a general perception by people

and largely proponents of NPM that government and its workers are inefficient. This response seems to affirm such a narrative. The second and important theme relates to costs. Although literature seems to suggest that one of the main reasons for outsourcing is lowering cost, the response from the interviewee suggests the opposite. Because of the exorbitant payment costs charged by contracting companies, government departments end up paying more than they would if they were insourcing. This discrepancy could be attributed to a lack of full understanding of full costs such as bonuses, pension contribution, and medical insurance that the government would have to bear if they were to employ these workers. Anecdotal evidence seems to suggest that most of the contracted companies do not pay such benefits. What could be gleaned from this discussion is that, on the one hand, the response on the reasons for outsourcing of services shows that workers perceived the reasons for outsourcing to be the creation of employment opportunities and empowerment for the black workers to be independent. On the other hand, management response relates to the improved quality of cleaning. To illustrate, in the interview one interviewee noted:

> The government saw the quality as low as the in-house provision of cleaning service, which is why he decided to outsource. The government would not have given the work to private companies if the employees were doing a good job. The government considers the quality of work.

Although the efficacy of outsourcing can be debated, this statement clearly indicates that the private contractors provide quality services that could be better than those that can be provided in-house.

Under the theme of management strategy, the study intended to understand the perception of management of the cleaning company of the strategies of the government department in managing contracts. A question was asked during a one-on-one interview relating to what the departments consider when making decisions about which type of services to outsource and which ones to provide in-house. The study found that government saw the quality as low for the in-house provision of cleaning services, which is why it decided to outsource. The government would not have given the work to private companies if the employees were doing a good job. The government considers the quality of work.

Again, the study aimed at understanding the perception of management on how the departments make a decision to outsource and whether or not they make a preliminary assessment of the benefits and risks of outsourcing services. The participant responded that

> . . .the government discusses and make a decision to take the service outside maybe due to the things that did not go well while the service was in-house.

The last question under this theme sought to understand the perception of management on whether or not the government departments have the strategies in place to manage contracts. The participants perceived that management does well as contractors are paid on time although there are days where there are delays. They also want workers to be in uniform and to be paid by their employer on time.

> If there is a problem between the contractor and its employees they are able to intervene and solve the problems at hand.

There was a positive response from the participant on the questions relating to the management strategy of the government department on outsourcing of cleaning services.

## Outcome of Outsourcing

One important theme that emerged from this study is the intended and unintended effects of outsourcing on workers of the contracted companies. The first set of questions under this theme intended to determine the benefits of working for contracted companies. Unfortunately, in all cases, the participants reported that they are not satisfied with their wages. The wages issue was a central problem for all the respondents. Text query using a Nvivo analysis illustrates the centrality of the issue of wages among the workers of the contracted companies as shown in Fig. 1.

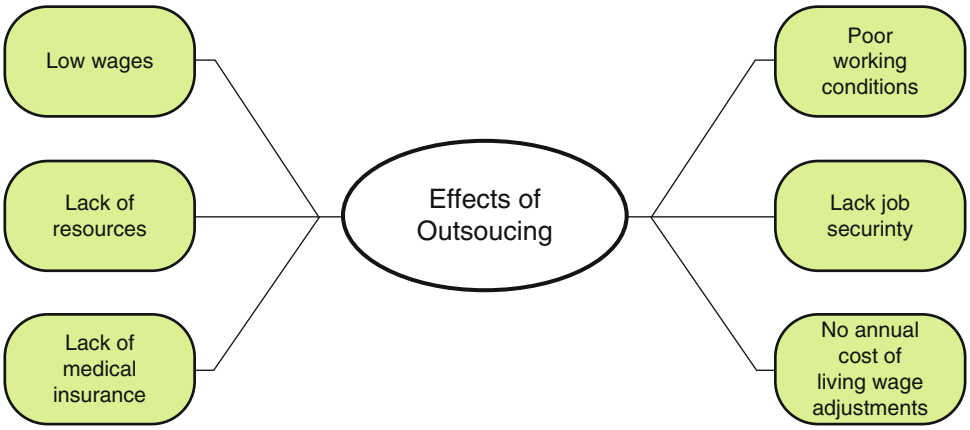


**Unintended Consequences of the Public Sector Reforms in KZN, South Africa, Fig. 1** The effects of outsourcing on workers of contracted companies

From Fig. 1 we can see that wages were a recurrent theme among all the respondents. Although these issues varied from respondent to respondent, one common view was that the wages were significantly lower than what they thought they would have received had they been employed by the government directly. Some respondents noted:

> Monies are deducted from our wages but are not paid back. We have medical aid deductions but we cannot benefit from it. We use public health facilities (FGP1).
>
> . . . we receive our wages not on the date as agreed on the employment contract (FGP2).
>
> According to the contract we are supposed to be earning R3000 but the actual wage is R2000. We are supposed to get salary increment in April of every year but this year 2017 it did not happen. If we ask he keeps on promising to increase out pay (FGP3).
>
> I am not happy with our wages. Our employer is selfish. Monies are deducted from our wages but we are not benefitting from them. For example, I was admitted to the hospital and ideally was supposed to compensate for admission as the money for such is deducted from my wages. They only pay us on the date which suits them and not according to contract. Wages have been reduced. (FGP5)

These responses seem to suggest that the wages issue seems to be the main problem as it overshadows or is connected to other issues. It can be seen from these findings that contracted workers' concerns are around medical insurance, job security, unfair labor practice, and a lack of annual cost of living salary adjustments in the face of inflation. However, this finding may be surprising if one considers that the South African labor is unionized and that there are labor-friendly laws that exist in the country. However, some respondents pointed out that their employer does not like unions and he threatens to fire them because the unions always fight to protect the workers' rights.

Another issue commonly thought to be problematic in contracted companies is the provision of resources and equipment necessary for workers to perform their work. Both manual and Nvivo analysis did not yield conclusive results. Figure 1 shows how resources were a major issue workers complained about as it emerged from a Nvivo analysis. Although unconfirmed reports often state the shortage of resources and equipment for workers of out-sourced companies, the current study did not find anything to confirm this. In fact, a Nvivo analysis shows that resources and equipment were not among the prominent concerns of respondents in the study as it was mentioned only nine times with a weighted percentage of 0.43. Only one respondent was not satisfied with the resources. However, it was clear that the resources were not sufficient and sometimes it took ages to receive them. An explanation for this discrepancy is not clear, but it can be attributed to differences that exist among outsourced companies.

The study further intended to establish whether or not the workers are provided with resources to perform their duties. Turning to the interview with

the management representative, the study sought to understand management's view on the impact of outsourcing on the workers. Interestingly, the response from management was positive. The management interviewee pointed out that the wages were good as workers are able to do a lot of things like buying food, take kids to school, pay school fees, pay bus fare, buy clothes, and contribute to *stokvels*. However, in comparison with the workers that are employed by the government department, the interviewee conceded that workers were not happy with the wages, but for them, it is better when comparing with other contractors, although it is not satisfactory. Management was also asked a question relating to the benefits of outsourcing. The question sought to examine how outsourcing has benefitted the contractor. In terms of the government's policy of economic transformation and empowerment, the interview respondent seemed to suggest that the contractor is benefitting as this firm is growing and has been in service for a while. A comparison of the views from the workers and management on the outcome of outsourcing reveals that workers are not satisfied with the wages they are receiving from the employer while the employer seems to be satisfied with the outsourcing policy.

A general view among the respondents was that there is a need to be employed by the government, not by the private contractors. Some of them noted:

> The government must take us. We will go to pension empty-handed. Always when the new contractor comes, it comes with its own people to employ. (FGP2)
>
> To be insourced by the government and there will be a difference. When the contract ends, you have a problem because you had an account that you had opened like clothing and furniture. (FGP3)
>
> Respondent 4: We must go back to employed by the government. When the contract ends, you are not sure if the next contractor will take you. We cannot take our kids to the universities but we are thankful for the cent that we can get. We will be happy to be under the government at least we will have a pension when retirement comes. When the contracts end you get nothing, yet you have been contributing. (FGP5)

A common view among the participants shows that they are not happy with working for the contractors and they wish to be employed by the government. All participants from the focus group and one-on-one interview recommended that the government should do away with outsourcing. At the center of their concern are the issues of job security and conditions of service. One key question is whether or not it is feasible for the government to rehire the employees and terminate the contracts with private providers. This might be complex but recent trends have shown that most contracts between public universities in South Africa and private providers have been terminated after militant protests which were supported by student bodies. It is difficult to know if this can also happen in the government departments in South Africa.

## Discussion

### Reasons for Outsourcing

The preliminary question in this study sought to determine the perceptions of outsourced workers of the reasons for outsourcing cleaning services. This study established that the government outsourced cleaning services for creating employment opportunities for people to enable them to put food on the table which is in line with the broad government policy on economic empowerment of previously disadvantaged people. The finding is contrary to that of Cali et al. (2015), who found that the most frequently cited reasons for outsourcing; besides improving service delivery is to create job opportunities. The primary argument put forward for privatization and outsourcing by the proponents of NPM is that of efficacy, but views from respondents seem to point in the direction of redress of historical marginalization of black people. However, respondents' views on the importance of outsourcing in improving quality of cleaning are barely distinguishable from Cali et al.'s (2015) findings when they evaluated the effectiveness of outsourcing primary health services in Botswana. Their study established that outsourcing resulted in improved services by reducing the time and effort and adherence to hospital guidelines. Most researchers, consistent with the tenets of NPM, argue that one of the

top reasons for outsourcing services is that it reduces the operating costs to the organization (cf. Heires 2014; Cali et al. 2015). For instance, Luckett's and Mzobe (2016) study reports that in order to cut public spending for tertiary institutions, universities in South Africa engaged in extensive retrenchments and outsourced all support services such as cleaning, security, catering, and maintenance. Contrary to expectations, respondents in this study reported that outsourcing of services has increased the operating costs to the government. Nevertheless, these views seem to provide a different perspective rather than a refutation of the earlier findings.

### Impact of Outsourcing Cleaning Services

While it is undeniable that outsourcing may have a positive impact on service delivery such as in a Senegalese case in which it resulted in improved access to health facilities by outsourcing supply chain logistics to private operators (Agrawal et al. 2016), it is important to observe and note its impact on the workers. This theme that emerged quite strongly from the data has intended and unintended effects of outsourcing on workers. This study found that outsourcing of cleaning services has not benefitted the workers of Xolisisizwe. In many ways, outsourcing has had negative effects on workers of the contracted companies particularly in the area of wages. Consistent with Luckett's and Mzobe (2016) findings, this study established that workers were not receiving their wages timeously in accordance with the employment contract they signed with their employer. Marobela's (2008) Botswana outsourcing case study is illustrative of this impact of outsourcing on the workers. Like Marobela's findings which confirm that outsourcing was associated with low pay and poor working conditions, this study established that wages were paid on the day and time that suits the employer, annual cost of living adjustments were never implemented, and there were other forms of employee exploitation that the in-house government employees never experienced. This case study of outsourcing in South Africa seems to invoke the capitalistic exploitation of workers if it goes unchecked. Regarding the impacts of outsourcing on workers, the International Communist Current (2006) provocatively argues that it is a way of coercing the proletariat to make sacrifices, while those with capital impose conditions of exploitation by reducing the cost of labor through lowering the wages. Consistent with this argument and the findings of this study, more recently, Luckett and Mzobe (2016) and Doellgast and Pannini (2015) assert that workers of the outsourced contractors earn less than they would if they were direct government employees. Doellgast and Pannini's (2015) findings show that the variance was 18% in favor of government employees. These findings match that of Luckett and Mzobe (2016) who found that, when comparing the wages before and after outsourcing, workers earned more before outsourcing. He observed that, as mentioned earlier, a major cost saving is the ability of contractors to adopt lower structures of wages and unilaterally to control the flexibility and intensity of labor deployment compared to their clients. Again as mentioned earlier, wages for in-house employees were 18% higher than the subcontractors' employees. This concurs well with Heires's (2014) findings which extend the analysis to illustrate the unequal impact of outsourcing on people of different gender and racial backgrounds. Heires (2014: 3) notes: "wage disparity between men and women, and between blacks and white, a reduction [of] middle-class jobs and an increase in the dependency on public services." This assertion is particularly worrying in the South African context where the issues relate to inequalities which, to some extent, are a legacy of apartheid and remain a controversial challenge. To support this argument, Luckett's and Mzobe (2016) study of outsourcing in South African public universities established that "noncore" services were mostly rendered by blacks, while the core services which were rendered by skilled workers were mostly white and middle-class workers. This argument appears to support the assumption that outsourcing reinforced apartheid-like social and economic divisions, although this is not explicit in the findings of the current study. This may explain why the powerful leftist *Congress of South African Trade Unions* (COSATU) has raised concerns about

outsourcing in favor of direct government employment.

Going forward, the respondents in this study expressed a lack of hope for workers employed by government contracted companies. Having observed successful demonstrations against outsourcing in public universities in South Africa (see Luckett and Mzobe 2016) most respondents wished government through its various departments could employ them. Consistent with Luckett's and Mzobe (2016) objections, the main grievances they have are a lack of job security, no pension fund, no medical insurance, low wages, and poor working conditions.

## Conclusion

It is common knowledge that outsourcing in the public sector is inalienable from the NPM. The issue in this entry is not so much about the efficacy of outsourcing in the developing world or the manner in which it reduces the cost to the government while improving service delivery. Important as these issues may be in the broader discourse of NPM, the central focus of this entry was to illustrate the impact outsourcing has on the workers of the companies that are outsourced to the government. Drawing on a case study of a company contracted by the South African government to provide cleaning services to one of its departments in KwaZulu-Natal province, this study explored the impact of outsourcing on workers, an issue that is often ignored or is given little attention by researchers and public policy practitioners. By examining, the nuances of the experiences and perceptions of the workers themselves this study established that low wages, poor working conditions, and a lack of job security are some of the major unintended effects of outsourcing in South Africa. Naturally, workers of government-outsourced companies yearn to be employed by the government without any middlemen, a phenomenon called "labor broking" in South Africa. This is not just wishful thinking as there are cases when public institutions have reemployed workers who worked for outsourced companies. In the South African context, where there are glaring inequalities between the rich and the poor, direct government employment is a matter of social justice. In the absence of laws and mechanisms to enforce them, the problems of workers employed by government contracted companies are not likely to end. This study has serious implications for government, policymakers, and government contracted companies. Unless the South African government adopts strict regulations and minimum standards on working conditions for the workers of contracted companies as a condition for awarding tenders, these problems are unlikely to end on their own. However, the generalizability of the findings of this study should be exercised with caution bearing in mind certain limitations. For instance, this study draws on a single but rich case study. A cross-sectional study would be useful to determine the understandings and perceptions of workers from different companies, departments, and provinces. Notwithstanding this limitation, this study presents a crucial initial step toward enhancing our understanding of the impacts of outsourcing on workers who are at the coalface of service delivery.

## Cross-References


- ▶ Bureaucracy and Outsourcing
- ▶ Gaps and Transparency Challenges in Contract Outsourcing
- ▶ Privatization of State-Owned Enterprises in Indonesian Manufacturing Industry
- ▶ Public-Private Sector Readiness and Sustainability of Privatization and Strategic Partnership
- ▶ Public Procurement
- ▶ Public Service and Service Delivery


## References


Agrawal P, Barton I, Bianco RD et al (2016) Moving medicine, moving minds: helping developing countries overcome barriers to outsourcing health commodity distribution to boost supply chain performance and strengthen health systems. Glob Health Sci Pract J 4:359–365

Alonso J, Andrews R (2016) How privatization affects public service quality: an empirical analysis of prisons in England and Wales, 1998–2012. Int Public Manag J 19:235–263
Alonso J, Clifton J, Diaz-Fuentes D (2015) Did new public management matter? An empirical analysis of the outsourcing and decentralization effects on public sector size. Public Manag Rev 17:643–660
Bertucci G (2009) The contribution of the United Nations to the improvement of public administration a 60-year history economic & social affairs. United Nations Publications, New York
Cali J, Cogswell HA, Buzwani M et al (2015) Cost-benefit analysis of outsourcing cleaning services at Mahalapye hospital, Botswana. J Hosp Adm 5:114–124
De Vos A, Strydom H, Fourche' C, et al. (2005) Research at Grass roots, for the Social Sciences and Human Service Professions, Van Schaik Publishers, Pretoria
Doellgast V, Pannini E (2015) The impact of outsourcing on job quality for call centre workers in the telecommunications and call centre subcontractor industries. In: The outsourcing challenge: organizing workers across fragmented production networks, European Trade Union Institute (ETUI), Brussels, pp 117–136
Du Plooy-Cilliers F, Davis C, Bezuidenhout R (2014) Research matters. Juta and Company, Cape Town
Dzimbiri B (2008) Experiences in NPM in Africa: The case of Performance Management Systems in Botswana. Afr Dev 33(4):43–58
Heires GN (2014) Contracting out public services worsens inequality and lowers wages. New Crossroads. Online http://www.thenewcrossroads.com/2014/04/14/contracting-out-public-services-worsens-inequality-and-lowers-wages/ Accessed 24 Jan 2018
International Communist Current (2006) Outsourcing illustrates the laws of capitalist exploitation. Online http://en.internationalism.org/wr/295_outsourcing_02 Accessed 24 Jan 2018
Kahouei M, Farrochi M, Abadi ZN et al (2016) Concerns and hopes about outsourcing decisions regarding health information services at two teaching hospitals in Semnan and Iran. Health Inf Manag J 45:36–44
Luckett T, Mzobe D (2016) Global Issues #OutsourcingMustFall: the role of workers in the 2015 protest wave at South African universities. Glob Labour J 7(1):94–99
Marobela M (2008) New public management and the corporatisation of the public sector in peripheral capitalist countries. Int J Soc Econ 35:423–434
Petersen OH, Hjelmar U, Vrangbæk K (2014) Contracting out and consequences for price and service quality: A systematic review of studies from 2000–2014. Paper presented at the 6th NormaCare Meeting. Online http://www.forskningsdatabasen.dk/en/catalog/2261671095 Accessed 22 Jan 2018
Roberts GJ, Henderson JG, Olive LA et al (2013) A review of outsourcing of services in health care organisations. J Outsourcing Organ Inf Manage 2013:1–10
Simonet D (2015) The new public management theory in the British health care system: a critical review. Adm Soc 47:802–826
Taponen S, Kauppi K (2017) Forget "blind leading the seeing"– improving public service management. Int J Public Adm 40:1114–1128

# United Nations and Crisis Management

Bok G. Jeong[1] and Jungwon Yeo[2]
[1]Department of Public Administration, Kean University, Union, NJ, USA
[2]School of Public Administration, University of Central Florida, Orlando, FL, USA

## Synonyms

Intergovernmental organizations and crisis management; International organizations and crisis management; Transnational organizations and crisis management

## Definition

The United Nations is an international organization, made up of its member states, and founded in 1945 as a replacement for the League of Nations after World War II. The purposes of the UN include maintaining international peace and security and achieving international cooperation in solving international problems of political, economic, social, cultural, human rights, and humanitarian issues.

## Introduction

The United Nations (UN) has been involved in crisis management in a comprehensive range of fields and at multiple stages in disaster responses through its principal organizations and subsidiary entities including programs, funds, commissions, and specialized agencies. Crisis management

cannot be defined by a single dimension or by a single UN agency's activities because of the exigency, multiplicity, and complexity of humanitarian crises, including human-caused and natural disasters. Crisis management affects the health, safety, and well-being of a community or a country. The geographical coverage of humanitarian crisis varies. It could be local, national, and international. The duration of the emergencies and the time required to cope with the damage of disasters cover a wide spectrum of time scales, ranging from weeks, to months, to years, and to decades. Examples of humanitarian crises include natural disasters (such as earthquakes, volcanic eruptions, tsunamis, hurricanes, tornadoes, floods, droughts, wildfires), human-caused disasters (such as armed conflicts, oil spills), combined consequences (such as forced migration, famines), and other emergencies (such as epidemics).

## UN's Approach to Crisis Management

The UN's crisis management system focuses on humanitarian crises. The UN defines humanitarian crisis as "an event or series of events that represents a critical threat to the health, safety, security, or well-being of a community or other large group of people usually over a wider area (UNISDR 2009)." Traditionally, the UN identified crises caused by hazardous events, such as natural disasters or conflicts. However, the UN has recently been including diverse vulnerable social conditions – e.g., health, energy, security, water security, food security, urbanization, population growth, poverty, inequality, and climate change – as emerging drivers of crises and has taken account of complex interactions among these new causes in improving and adapting its crisis management systems.

The UN approach to crisis management shifted from "disaster management" to "disaster risk management." The UN's ultimate goals of risk management are to enhance "(a) resilience–the ability of people, societies and countries to recover from negative shocks, and (b) prosperity–derived from successfully managing positive shocks that create opportunities for development (UNISDR 2009)." This indicates that the UN's risk management approach is not limited to providing disaster relief services to the victims during post-disaster situations, but includes "assessing the risks of crises, reducing the probability and size of loses, preparing for them coping with their effects (UNOCHA 2015)." Along the functional lines, UN agencies have engaged in the risk management through various activities, including developing multi-hazard contingency plans, creating goods stockpiles, and administering vaccinations. In addition, with its member nations, the UN has developed and adopted the disaster risk management framework, "Sendai Framework, and its several global targets and four priorities of actions, which have been endorsed by the UN general assembly. The framework aims to provide international stakeholders across sectors and jurisdictions a further impetus to global disaster risk reductions.

## UN System for Crisis Management

The most comprehensive humanitarian relief and emergency responses of the UN system are centered on the Office for Coordination of Humanitarian Affairs (OCHA). The UN Security Council is mainly in charge of maintaining international peace and security, especially when threats to peace are brought to their attention, such as armed conflicts, wars, and epidemic crises. UN subsidiary bodies and specialized agencies, such as the International Organization for Migration (IOM), United Nations High Commissioner for Refugees (UNHCR), United Nations Development Programme (UNDP), United Nations Environmental Programme (UNEP), World Health Organization (WHO), United Nations International Children's Emergency Fund (UNICEF), UN Food and Agriculture Organization (FAO), and World Food Programme (WFP), are responsible for addressing crises related to their specialized areas or subpopulation groups.

## Office for Coordination of Humanitarian Affairs (OCHA)

The OCHA is the main office for humanitarian relief and emergency responses in the UN Secretariat. OCHA's main responsibility is to make sure that all humanitarian efforts by various actors are coordinated in a coherent and unified platform. The main missions of OCHA include the following: (1) mobilizing and coordinating humanitarian actions in response to disasters and emergencies in collaboration with multi-level actors, including national and international ones, (2) advocating the rights of needy people, (3) preparing for and preventing emergency situations, and (4) developing and implementing sustainable solutions.

### Guiding Principles

The General Assembly of the United Nations places emphasis on humanitarian assistance as the cardinal task for assisting the victims of natural disasters and other emergencies (UN 1991, A/RES/46/182, Section I. Article 1). Humanity, neutrality, and impartiality are the main principles in the UN's humanitarian assistance. The UN's humanitarian assistance work is provided on the fundamental ground of sovereignty, territorial integrity, and national unity of states. The UN understands that management of natural disasters and emergencies falls under the affected state's responsibility. Therefore, UN's humanitarian assistance is only implemented with the consent of and appeal by the affected country. The initiation, organization, coordination, and implementation of humanitarian assistance are deemed as the primary role of affected states (A/RES/46/182, Section I. Article 4). The reasoning behind international cooperation led by UN in emergency management is that the magnitude and duration of emergencies are in many cases beyond a single country's capacity for response and resolution. The UN's emergency measures aim to ensure transition from relief to rehabilitation and development (A/RES/46/182, Section I. Article 9).

### Organizational Arrangement and Responsibilities

1. **The Under-Secretary-General and Emergency Relief Coordinator (ERC)** is in charge of the oversight of humanitarian assistance by the United Nations. The ERC serves as the central focal point for governmental, intergovernmental, and non-governmental relief activities.
2. **The Inter-Agency Standing Committee (IASC)** is the interagency forum that aims to coordinate and develop policies and make decisions on humanitarian assistance in collaboration with the United Nations and non-United Nations actors (UN 1991, A/RES/46/182, Section VI. Article 33). The IASC was established in June 1992 in response to resolution 46/182. By the General Assembly resolution 48/57, the IASC was affirmed as the primary mechanism for the interagency coordination of humanitarian assistance of the UN.

The IASC is under the leadership of the Emergency Relief Coordinator. Primary objectives include the following: (i) to develop system-wide humanitarian policies; (ii) to allocate responsibilities among agencies in humanitarian programs; (iii) to develop a common ethical framework for all humanitarian activities; (iv) to advocate common humanitarian principles to parties outside the IASC; (v) to advocate for the full respect for the rights of the individual in accordance with laws including international human rights law, international humanitarian law, and refugee law; (vi) to identify lack of operational capacity in disaster management; and (vii) to resolve disputes or disagreements about and among humanitarian agencies on system-wide humanitarian issues.

The IASC members are comprised of the heads or their designated representatives of the UN operational agencies including United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), United Nations High Commissioner for Refugees (UNHCR), United Nations World Food Programme (WFP), Food and Agriculture

Organization (FAO), World Health Organization (WHO), United Nations Human Settlements Programme (UN-HABITAT), and OCHA. In accordance with the UN General Assembly Resolution 46/182, standing invitees include International Organization for Migration (IOM), International Committee of the Red Cross (ICRC), International Federation of Red Cross (IFRC), the Office of the United Nations High Commissioner for Human Rights (OHCHR), United Nations Population Fund (UNFPA), the Special Rapporteur on the Human Rights of IDPs, and the World Bank. Additional invitees on a permanent basis include the NGO consortia ICVA, InterAction, and the Steering Committee for Humanitarian Response (SCHR).

## UN Security Council

The Security Council is the organizational body in the UN system that takes actions when a threat to peace exists. Main functions and powers of the Security Council include maintaining international peace and security in accordance with the principles and purposes of the United Nations. The UN Security Council investigates disputes and situations that lead to international friction and determine the existence of a threat to peace or acts of aggression and to recommend actions. The UN Security Council has the authority to take military action to prevent or stop aggression. The Security Council collaborates with regional and subregional organizations in maintaining international peace and security.

When a threat to peace is brought to its attention, the Security Council makes an attempt to bring about an agreement by affiliated parties. The Security Council sets forth principles for these agreements, undertakes investigation, dispatches a mission, appoints special envoys, and requests the Secretary-General to make efforts for a peaceful settlement of the dispute. When a dispute leads to hostilities, the Security Council tries to bring the hostile situation to an end by issuing ceasefire directives or dispatching military observers or a peacekeeping force. The Council may consider enforcing measures such as economic sanctions, arms embargoes, financial penalties, severance of diplomatic relations, blockade, or even collective military action.

UN Security Council Resolutions address the following issues or incidences: refugee crisis including Syria (Resolution 2254 (2015)), cross-border trafficking (Resolution 2195 (2014)), sexual violence in conflict (Resolution 2106 (2013)), response to terrorist attacks (Resolution 2309 (2016)), response to the HIV/AIDS epidemic in Africa (Resolution 1308 (2000)), response to the Ebola outbreak in Africa (Resolution 2177 (2014)), and impact of armed conflict on children (Resolution 2143 (2014)).

## UN ECOSOC

The UN Economic and Social Council adopted a resolution (E/RES/2012/3) that reaffirms the principles of neutrality, humanity, impartiality, and independence for the provision of humanitarian assistance. In this resolution, building and strengthening resilience at the local, national, and regional levels is emphasized as a critical element in reducing the impact of disasters. This resolution also stresses the need for continued investment in preparedness, prevention, mitigation, and response capacity. The ECOSOC Resolution reaffirms the significance of ensuring a smooth transition from relief to rehabilitation, reconstruction, and development.

## UN Subsidiary Bodies and Specialized Agencies

### International Organization for Migration (IOM)

The International Organization for Migration (IOM) is committed to assisting in meeting the growing operational challenges of migration management and upholding the human dignity and well-being of migrants. IOM intends to provide solutions to migration problems and humanitarian assistance to migrants in need (e.g., refugees or displaced persons). IOM's activities mainly include nonemergency situation duties;

promotion of international migration law, policy debate, and guidance; and protection of migrants' rights, migration health, and the gender dimension of migration.

### United Nations High Commissioner for Refugees (UNHCR)

The United Nations High Commissioner for Refugees (UNHCR) aims to protect refugees who have fled their homes due to violence, conflicts, and persecution. UNHCR provides shelter, food, water, medical care, and other lifesaving assistance to refugees. UNHCR sends relief supplies and deploys its trained staff as a response to emergency needs. The number of emergency missions carried out by UNHCR specialists totaled 441 in 2014.

In terms of health and sanitation, UNCHR, in collaboration with its partner organizations, provides clean water and nutritious food, sets up sanitation programs, and ensures that refugees have access to basic health care services. The vaccination campaigns to protect refugees from polio and measles conducted by UNHCR are exemplary projects in the health area. UNHCR is committed to ensuring the rights of displaced civilians before and after emergencies. UNHCR provides legal and protection assistance to minimize threats of violence, including sexual assault, exploitation, persecution, and other human rights abuses.

In addition to emergency relief efforts, UNHCR has also been focused on empowering refugees from a long-term livelihood and capability perspective. UNHCR works on improving access to learning for young refugees by supporting teacher training and funding education supplies. It also supports distance learning programs and ensures academic degrees obtained in host countries are recognized in their home country after their return.

UNHCR also supports marginalized women (e.g., unaccompanied women, single mothers, victims of gender violence, and pregnant, disabled, or older women) for their empowerment by providing them equal access to humanitarian assistance and training them with new skills. The special programs – aiming at increasing young women's enrollment in secondary education and building their leadership, life, and vocational skills – have been operated by UNHCR.

### United Nations Development Programme (UNDP)

The United Nations Development Programme (UNDP) has the Emergency Response Division as its operational responsibility for this task. UNDP utilizes its extensive country office network, including offices in all crisis countries, for United Nations-led crisis prevention and recovery activities. In carrying out these activities, UNDP mobilizes partnerships within and beyond the United Nations system, including the Department of Political Affairs, the Department of Peacekeeping Operations, the Office for the Coordination of Humanitarian Affairs, and Bretton Woods Institutions (UNDP 2002).

The main focus of UNDP's projects is to build resilience to conflicts and disasters. Compared to other agencies' work, UNDP's projects have longer-term development objectives, including, but not limited to, helping countries prevent armed conflict, alleviating the risk and effects of disasters from natural hazards, and rebuilding the community. UNDP and its partner agencies address the underlying causes of violence, reinforce governance and the rule of law, support livelihoods, and empower local people to rebuild infrastructure after disasters. UNDP established the Thematic Trust Fund for Crisis Prevention and Recovery that was intended for UNDP's effective and timely response to crisis prevention and recovery needs.

### United Nations Environmental Programme (UNEP)

UNEP has been working on emergency preparedness and response. It has also focused on facilitating the transfer of knowledge for sustainable development. UNEP undertakes environmental causes and consequences of natural hazards and environmental emergencies and attempts to reduce their impacts on vulnerable communities and countries. UNEP's work on prevention aims at reducing ecosystem degradation and utilizing ecosystem services in a sustainable manner for risk and vulnerability reduction.

UNEP project has encompassed both natural and technological hazards and environmental emergencies. UNEP's emergency responses are also aligned with its efforts to implement ecosystem-based adaptation (EBA) measures. EBA measures intend to reduce vulnerability and build ecological and social resilience to climate change risks. UNEP has also implemented the Sustainable Buildings and Climate Initiative in which the UNEP has developed sustainable building guidelines. UNEP's work on Disaster Risk Reduction has focused on early warning, risk, and vulnerability assessments, disaster preparedness and contingency planning for environmental emergencies, disaster prevention, sustainable recovery, and adaptation to climate change-related risks.

The Joint UNEP/OCHA Environment Unit (JEU) was created to address the environmental impacts of disasters and accidents by coordinating international efforts and mobilizing response partners. It mobilizes over 15 different networks and partnerships as well as regional organizations and member states. Although this partnership encompasses the private sector, industry groups and academic and research institutions are also well represented among JEU partners. The JEU aims at enhancing the preparedness of communities, disaster responders, governments, and industries against the potential risks and impacts of environmental emergencies.

### World Health Organization (WHO)

WHO is the principal actor that helps Member States in their emergency responses with regard to public health issues. WHO also serves as the Health Cluster Lead Agency in the Inter-Agency Standing Committee (IASC). WHO established a Global Emergency Management Team (GEMT) to provide overall strategy and management guidance for WHO's emergency response tasks. This team developed the Emergency Response Framework (ERF) in order to clarify WHO's roles and tasks in emergency responses.

WHO has identified its main obligations associated with emergency response as follows: (i) develop an evidence-based health sector response strategy, plan, and appeal; (ii) ensure adapted disease surveillance, early warning, and response systems; (iii) provide up-to-date information on the health situation and health sector performance; (iv) promote and monitor the application of standards and best practices; and (v) provide relevant technical expertise to affected Member States and all relevant stakeholders.

### United Nations International Children's Emergency Fund (UNICEF)

UNICEF is in charge of humanitarian and developmental assistance to children and mothers in developing countries. UNICEF was originally created as the focal point to provide humanitarian assistance to children living in war-torn countries after World War II.

UNICEF's humanitarian actions encompass not only immediate relief responses to save lives but also efforts to cope with underlying causes of vulnerability to disasters, fragility, and conflict. For example, health, nutrition, hygiene, child protection, education, and HIV/AIDS prevention and response are approached both from short-term emergency response and long-term remedy to address their underlying causes.

The focal point for emergency assistance of UNICEF is the Office of Emergency Programmes (EMOPS). EMOPS is in charge of humanitarian assistance and policies, as well as strategic coordination with external humanitarian partners both within and outside the United Nations system. It externally supports interagency early warning and preparedness activities. It internally develops UNICEF's own warning system, enhances preparedness tools, and operationalizes preparedness plans at country, regional, and headquarters.

### UN Food and Agriculture Organization (UN FAO)

UN Food and Agriculture Organization (FAO) focuses on reducing people's vulnerability to hazards by incorporating risk assessment, risk reduction, emergency response, and rehabilitation. FAO's work contributes to recovery and rehabilitation with an emphasis on the resilience of livelihoods. Through longer-term interventions, FAO intends to facilitate transition from relief to development.

FAO's approach incorporates emergency response and post-disaster recovery strategies. This integrated approach was reflected in the FAO's Regional Framework for Disaster Risk Management (DRM). The objective of the Regional DRM Framework is to reduce the impacts of hazards and enhance community resilience, with a focus on establishing food security and developing sustainable food and agriculture systems. The Regional DRM Programme has two main aspects: internally within FAO and externally with all involved stakeholders and partners (such as NGOs, FAO, UN agencies, research institutes, ministries).

### The World Food Programme (WFP)

In the early days of an emergency, Emergency Assessment teams measure the demand for food assistance and work out a delivery plan, followed by drafting of an Emergency Operation (EMOP), which includes a plan of action and a budget. As a next step, an appeal to the international community for funds and food aid is launched by WFP. As funds and food flow in, WFP's logistics team works to transport food to emergency areas. Partnering with governments and non-governmental organizations, WFP delivers food to the needy.

WFP has one of the most comprehensive Early Warning Systems, collecting and analyzing information on natural and human-caused hazards. WFP aims to feed more than 90 million people annually. WFP's scientific partners produce a Rapid Impact Analysis when disaster occurs. Satellite imageries are used to demonstrate the situation on the ground, and computerized modelling is employed to predict change. WFP's mapping specialists add information to create a multilayered picture of the disaster situation.

## Current Challenges and Future Direction for the UN's Crisis Management

In spite of the dedication to risk reduction and active involvement in humanitarian crisis management around the world, the UN and its special agencies have faced problems. The UN agencies have been confronted with intraorganizational coordination issues. The challenge includes lack of formal leadership and monitoring systems among UN organizations involved, functional divisions without proper coordination among the agencies, lack of secure internal funds for crisis management, and continuing interagency rivalries focused on institutional survival. These problems may impede the effectiveness of a UN disaster relief operation in practice. The separated system confused their international and local NGO partners that deliver direct relief services to affected communities and contributed to a series of delays and ultimate failures in overall relief operations in practice.

Existing challenges provide future directions for the UN organizations to improve in their crises management system. One of the major needs is to build an intra-coordination and communication system among the UN agencies involved in disaster relief. This will improve information and resource exchanges among the agencies, identify common goals, prevent unnecessary redundancies and waste of resources, build trust relationships, and ultimately strengthen the UN's disaster response capacity. In addition, the UN organizations can establish a unified decision-making authority. The leadership can monitor, counsel, and support both individual and collaborative efforts across UN relief organizations. Through the roles, the unified authorities will be able to facilitate both intra-UN coordination and support their extended partnership with external organizations and ultimately contribute to improvement of overall UN crises relief operation.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Global Agenda for Crisis Management
- ▶ Global Civil Society or Networked Globality
- ▶ Global Governance
- ▶ Globalization and Organizations
- ▶ Globalization and Public Administration
- ▶ Governance in Crisis Management

▶ Governance of Disaster Management
▶ Nongovernmental Organizations and International Nongovernmental Organizations

## References

Kapucu N, Özerdem A (2011) Managing emergencies and crises. Jones & Bartlett Publishers, Boston

Natsios AS (1995) NGOs and the UN system in complex humanitarian emergencies: conflict or cooperation? Third World Q 16(3):405–420

Pearson L, Pelling M (2015) The UN Sendai framework for disaster risk reduction 2015–2030: negotiation process and prospects for science and practice. J Extreme Events 2(01):1571001

Reindorp N (2002) Trends and challenges in the UN humanitarian system. The new humanitarianisms: a review of trends in global humanitarian action HPG Report, 11

Stephenson M Jr (2006) Toward a descriptive model of humanitarian assistance coordination. Volunt Int J Volunt Nonprofit Org 17(1):40–56

United Nations High Commissioner for Refugees (UNHCR) (n.d.) Emergency relief efforts. UNHCR, Washington, DC. http://www.unrefugees.org/what-we-do/emergency-relief/

United Nations (1991) Strengthening of the coordination of humanitarian emergency assistance of the United Nations, A/RES/46/182. UN General Assembly, New York. http://www.un.org/documents/ga/res/46/a46r182.htm

United Nations Development Programme (2002) Update on the role of UNDP in crisis and post-conflict situations: organizational changes. First regular session 2002, UNDP business plans, 2000–2003. UNDP, New York

United Nations International Strategy for Disaster Reduction (UNISDR) (2009) UNISDR terminology on disaster risk reduction. UNISDR, Geneva. http://www.unisdr.org/we/inform/terminology

United Nations Food and Agricultural Organization (2011) FAO regional programme framework for disaster risk management 2010–2013. Emergency operations and rehabilitation division (TCE), UN FAO, Nairobi. http://www.fao.org/emergencies/resources/documents/resources-detail/en/c/170051/

United Nations Economic and Social Council (2012) Strengthening of the coordination of emergency humanitarian assistance of the United Nations. Resolution adopted by the Economic and Social Council (2012/3). UN ECOSOC, New York. http://www.un.org/ga/search/view_doc.asp?symbol=E/RES/2012/3

United Nations International Children's Emergency Fund (UNICEF) (2013) UNICEF's role in humanitarian action. UNICEF, New York. https://www.unicef.org/emergencies/index_68708.html

United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) (2014) Saving lives today and tomorrow: managing the risk of humanitarian crises. OCHA policy and studies series. UN OCHA, New York. www.unocha.org/saving-lives

United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) (2015) OCHA on message: crisis risk management. UN OCHA, New York. https://www.unocha.org/sites/unocha/files/OCHA%20on%20message%20CRM.pdf

World Food Programme (n.d.) Responding to emergencies. WFP, Rome. https://www.wfp.org/our-work/emergencies

World Health Organization (2013) Emergency response framework, World Health Organization. WHO Press, Geneva. http://www.who.int/hac/about/erf/en/

# United Nations and Governance

Neetu Choudhary
School of Human Evolution and Social Change, Arizona State University, USA

## Synonyms

Development governance; International governance; United Nations system

## Definition

"United Nation and governance" indicate the approach and role of the United Nations system in and toward the issue of governance.

## Introduction

The United Nations officially came into existence in October 1945 during the congregation of representatives from 50 countries of the world. United Nations emerged as a system of international governance based on inter-country consensus on the issue of international peace, justice, equality, aide, and development among others. The United Nations is the largest, most internationally represented, and most powerful intergovernmental organization in the world. Its strength

lies in its member states whose assessed and voluntary contributions provide finances for functioning of this organization. As an institution of global governance, the objectives of the United Nations have been to maintaining of international peace and security, promotion of disarmament and human rights, fostering of social and economic development, environment protection, and extension of humanitarian aid in circumstances of famine, natural disaster, internal struggle, and armed conflict.

Over the years the United Nations has consistently been working to promote these issues with greater focus now being on the developing and less developed countries. Along with peacekeeping and rebuilding, development of the developing and least developed countries has been one of the United Nations' central agenda, and several departments dedicated to address different development issues have been created to support and encourage those issues at country level, for example, the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Entity for Gender Equality and Empowerment (UN Women), and so on. There have also been separate specialized agencies established under the aegis of the United Nations, such as the Food and Agricultural Organization or the International Fund for Agricultural Development, among others, to deal with specific dimensions of development governance. However, the role and approach of United Nations in international governance have been variable in terms of approach and significance at different points of time. It has been influenced by changing global political context in particular, and the United Nations' involvement in global governance has undoubtedly been shaped by political conflicts and systemic power relations (Therien 2015).

## United Nations and Governance in the Cold World Era (Since Inception Until 1990–1991)

Since its inceptions there are many achievements that the world owes to the United Nations. The number of people dying in conflicts has declined rapidly since 1945 – worldwide, justice has been established, the number of famine deaths has significantly declined, and nuclear disarmament got encouragement among others (Spencer 2015). One of the major achievements of the United Nations was decolonization. The United Nations has been fairly effective in providing a platform to developing countries to formulate and share their agenda and coherent ideas, showing the acceptance of sovereign equality (Krasner 1985).

However, the power clash and divide between the USA and United Soviet Socialist Republics (USSR) until 1990–1991 considerably constrained the organization's ability to function effectively and objectively. Each of the two superpowers focused on preserving order and stability in its own sphere of influence while respecting the other's bloc (Cassese 2005). In fact, the United Nations was practically able to intervene only in conflicts that were distant from the two countries and their great divide, so as to avoid the allegations of bias and further confrontation (Meisler 1995). Moreover, the United Nations' mission to preserve world peace was complicated in its early decades by the Cold War between the USA and Soviet Union and their respective allies. Major coercive exercises were undertaken by the United Nations which are also said to have been influenced by the Cold War including those in Korea, Egypt, and Congo (Weiss et al. 1994). In fact, the UN's deployment of United Nations Operation in the Congo (UNOC) in 1960, which happened to be the largest military force of UN until then, is criticized as having become an enforcement army created through Western support (Weiss et al. 1994). The period between 1956 and 1990 was characterized by a long list of unilateral uses of force by the major powers (Higgins 1995).

Subsequently, many of the United Nations peacekeeping interventions, for example, in the Middle East, Vietnam, and Kashmir, witnessed visible failures (Spencer 2015; Meisler 1995). Due to this and with an increasing Third World presence, the United Nations increasingly brought a shift in its priority to different goals of development governance and cultural exchange. It was

under this move that many more specialized organizations were created by the United Nations. By the 1970s, the United Nations' budget for social and economic development was far greater than its peacekeeping budget. However, the United Nations was not a complete disaster, and undoubtedly the Cold War world was better off with than without it (Weiss and Daws 2007: 11). In fact, it did make important achievements in fields other than the maintenance of peace and security and the settlement of disputes (Cassese 2005: 323)

## United Nations and Governance in the Post-cold World Era and Globalization (1990–1991 Onward)

Since the end of the Cold War, there has been a marked decline in the unilateral use of force by the USA outside of the United Nations, and in the peace and security area, the talk was now of peacemaking, peace-building, peace enforcement, and humanitarian assistance (Higgins 1995). Today, United Nations' intellectual leadership is consistently influenced by not only the views and actions of the major Western powers (the USA, the UK, and France, among others) but also those of the emerging countries (Brazil, Russia, India, China, and South Africa or BRICS, among others), and their combined political clout is undeniably greater than that of all the other member states (Therien 2015). After the Cold War, the United Nations witnessed a significant expansion in its role in peacekeeping and democratization in international governance with varying degrees of success. The role of United Nations Transition Assistance Group (UNTAG) in Namibia and United Nations Observer Mission to in Verify the Electoral Process in Nicaragua (ONUVEN) at the end of the decade met with a substantial success (Higgins 1995). However, there were major failures in performance of these duties in Somalia, Srebrenica, Haiti, Mozambique, Burundi, and Sierra Leone – by the United Nations for which it also received much criticism (Henderson 2015; Meisler 1995). In the late 1990s and 2000s, international interventions authorized by the United Nations took a wider variety of forms, wherein other international agencies such as North Atlantic Treaty Organization's (NATO) role become prominent in (forceful) action. In the year 2003, the Iraq action of the USA without the approval of United Nations Security Council resolution for authorization reinforced the questioning of the United Nation's effectiveness. In fact, the United Nations' practice of governance was suddenly restricted to post-conflict rehabilitation and nation rebuilding, police management, and humanitarian operations where its logistical and institutional apparatus, its ability to work closely with nongovernment organizations, and the know-how of some of its specialized agencies (like the United Nations High Commissioner for Refugees, the World Health Organization, and the Department for Humanitarian Affairs) became desirable (Debrix 2005). It was in this context that the issue of reforms in the governance and functioning of United Nations came at the forefront. The then Secretary-General of United Nations, Boutros Boutros-Ghali (1992–1996), kick-started a reform scheme within the United Nations Secretariat. This was taken forward further by his successor Kofi Annan (1997–2006).

Subsequently, the United Nations reworked and almost redefined its agenda to address contemporary challenges of the world and retain its relevance in this regard. The United Nations' activities since have often been illustrated through the metaphor of a triangle of development, freedom, and peace, and more recently the triangle is reconstructed as the three interconnected pillars of human security, human development, and human rights (Therien 2015). Taking a cue from this triangle, as of now the United Nations may be seen to concentrate its functioning along the following issues of global governance.

### Human Security

While in the Cold War era national security was the central notion of security for the United Nations, this notion got weakened with declined probability of conflict between two superpowers after the collapse of the USSR. The quest to redefine human security came to be expressed in 1994

through UNDP's Report titled "New Dimensions of Security." The report argued that individuals rather than states should be the referent of security, that threats to security are not just military but multidimensional, and that security should aim both to protect and empower populations (UNDP 1994).

"The notion of human security is based on the premise that the individual human being is the only irreducible focus for discourse on security. . ..The claims of all other referents (the group, the community, the state, the region, and the globe) derive from the sovereignty of the human individual and the individual's right to dignity in her or his life" (MacFarlane and Khong 2006: 2). The United Nations has implemented its new approach through two types of global policies, i.e., those resulting from a narrow perspective on human security and those emanating from a broad perspective, wherein the narrow perspective is associated with the traditional view of security centered on "freedom from fear" (Therien 2015). Human security now is perceived not just as freedom from armed threat but also as freedom from threats such as food insecurity. Under its various innovations to address nontraditional security threats, the United Nations created Human Security unit and also developed a global strategy for food security.

### Human Rights

Although the United Nations' Charter proclaims the objective of "promoting and encouraging respect for human rights," for a long time human rights stayed on the periphery of the organization's work, and their importance was not fully acknowledged until the 1990s, when communism lost the Cold War against capitalism (Therien 2015). The 1993 Vienna Declaration on "All human rights for all" reflects the shift in United Nations' priority toward human rights issues. Human rights are now considered as cutting across all missions of United Nations and serve as a universal character guiding all other actions. Promotion of human rights and fundamental freedoms to all individuals irrespective of their race, sex, linguistic background or religion, or any other such ground has been a concern of the United Nations, despite several ups and downs that it witnessed in its position since its inception. However, human rights have now come to occupy the center stage of United Nations development design – the driving force that has given a big push to the approach of human rights to development. The agenda got concrete force with the creation of the United Nations Commission on Human Rights in 1993 to oversee human rights issues for the United Nations, following the recommendation of the World Conference on Human Rights. Boasting much greater resources than those devoted to human rights during the Cold War, the Office of the High Commissioner for Human Rights has considerably enlarged the United Nations' stake in the promotion of human rights (Oberleitner 2007).

In addition, the United Nations has been rather proactive in protection and promotion of the rights of the vulnerable groups such as women and child, and separate declarations/obligations have been created to address concerned dimensions under its aegis. However, it should be kept in notice that it was during the Cold War itself that the foundations were laid for post-Cold War initiatives directed at women and children in conflict along with others, e.g., the Convention on the Prevention and Punishment of the Crime of Genocide (1948), the Convention Relating to the Status of Refugees (1951), the Declaration of the Rights of the Child (1959), the Convention on the Rights of the Child (1989), the Declaration on the Elimination of All Forms of Racial Discrimination (1963), the International Convention on the Elimination of All Forms of Racial Discrimination (1965), the Declaration on the Elimination of Discrimination Against Women (1967), the Convention on the Elimination of All Forms of Discrimination Against Women (1979), and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984) (MacFarlane and Khong 2006). Again, the United Nations' agenda of human rights has not been free from criticism. The emerging developing countries have perceived United Nations' interference in the name of human rights protection as neocolonialism and threat to their sovereignty. These countries have tended to dissuade

United Nations' human right-related interventions on the ground of being their internal matter.

### Human Development Sustainable Economic Development

Another important current area of active engagement for the United Nations is the achievement of international cooperation in resolving international problems related to economic, social, cultural, or humanitarian character. For long, the United Nations went ahead with mainstream development presumption and policy that tended to focus on economic growth as the key objective and the major means for raising living standards. However, persistent poverty and deprivation under neoliberalism in several developing and less developed countries despite decent economic growths brought forth the lacuna in growth-oriented development strategy. By the end of the 1980s and early 1990s, the United Nations began to vouch for growth with a human face (UNDP 1994) and underlined the argument that growth is meaningful only if it results in greater well-being of people. Accordingly, efforts were begun in the direction to be able to better assess the progresses of the nations. It was in this context that the UNDP brought out the first Human Development Report (HDR) in 1990. The development of this approach was largely based on the works of economist – Mahbub ul Haq and Amartya Sen. The HDR defined human development as a "process of enlarging people's choices. The most critical of these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect" (UNDP 1994: 1; United Nations 1994). Clearly, the United Nations emphasis on security in multidimensional sense got reflected here as development as a multidimensional process. Grounded in the belief that global capitalism and social inclusion can be reconciled, human development gradually emerged as the United Nations' alternative to the development model fostered by the Bretton Woods Institutions (Therien 2015).

In 2000, the United Nations held its Millennium Summit with the prime objective to reflect upon its role and relevance in the twenty-first century. The summit resulted in the adoption of the Millennium Development Goals (MDGs), by all member states of the United Nations. These goals represented global commitment to achieve international development in areas such as poverty reduction, gender equality, and public health. Undoubtedly, this development gave a new direction to the role of United Nations in international governance. For this the already-existing United Nations Development Programme (UNDP) was given the leading role. Monitoring and tracking of development and dealing with human rights violations emanating from the denials of right to live with dignity, including the right to food, health, safe environment, etc., are the key activities of United Nations today. Of course, there has been huge inter-country variation in achievements of these goals, and there have been more failures than successes. Yet Millennium Development Goals (MDGs) have been able to engage countries simultaneously on relevant development agenda. Subsequently, the Sustainable Development Goals were launched in 2015 to succeed the MDGs, under which various countries are expected to strive for specified targets under these goals.

The UNDP publishes the Human Development Report annually wherein it brings out a comparative measure ranking countries by poverty, literacy, education, life expectancy, and other factors. Alongside, organizations such as the UNICEF (the United Nations Children's Fund), which was created in 1946 to aid European children after the Second World War, are now increasingly visible in developing and less developed country working with nation states to provide right to health and full growth to their children in the light of the Convention on the Rights of the Child.

Within the expanded notion of development with sustainability, climate change has come up as a crucial issue where convergent action and cooperation from various countries are indispensable. Given that environment protection and mainstream development practices often conflict with each other, working for the former has been considered as a compromise on the latter. Obviously therefore, despite global climate being a

common issue, countries have been reluctant to show required willingness in adopting environment protection norms. The role of the United Nations became important in the light of the need for a platform to negotiate this issue and to bargain on taking necessary steps for reducing climatic change such as carbon cuts, etc. The United Nations Framework Convention on Climate Change (UNFCCC) has been a milestone guideline coordinating and building consensus on country initiatives for low carbon emission, despite recurrent disagreements between countries (Bulkeley and Newell 2010).

## United Nations on (Development) Governance

The UN has also become an active advocate for democracy after 1990–1991. Going well beyond electoral assistance, United Nations' programs have sought to reinforce the transparency and the accountability of governance in developing countries (Newman and Rich 2004). With the end of the East–West conflict, the intensification of globalization, the third wave of democratization, and the rise of transnational actors, United Nations' leaders have gradually come to see democracy as a new legitimizing principle of global governance. This also converged with the neoliberal agenda which needs democracy to facilitate the implementation of market-oriented policies.

As the emergence of neoliberalism tended to minimize the role of state, institutions of United Nations particularly the United Nations Development Programme (UNDP) joined the popular discourse which has been speaking more of "quality government" than "all government." This implied that in a liberal economic framework, scope for government interference should be limited and it is the "quality" of the government that should be the prime concern. Quality of governance in turn highlights the instrumental role of government, i.e., it means a manner of governance that facilitates efficient implementation of market reform through effective political institutions. While on one hand global forces pushed the state for minimal interference in market mechanism, on the other, they expect the state to indulge in good development governance. The latter in terms of the World Bank and the UNDP also means supporting donor agencies' work through enabling the civil society. The UNDP (1997) even conceptualized the empowerment of civil society as the true guardians of democracy and good governance everywhere. This simply means that the state has to depend upon and partner with various stakeholders – national and international civil society – to fulfil its various development goals. In fact, on the transnational level, the United Nations has set up a range of procedures to increase the participation of NGOs and other non-state actors in the decisions of all United Nations' bodies, including the Security Council (Therien 2015).

As the United Nations system now is engaging more in promoting development and curbing human rights violations emerging from development deprivation, encouraging the notion of governance or good governance has been its recent tool to seek desired action from its member states. The contention underneath is that development requires limited but good government and rest can be taken care of by the market. The era of Millennium Development Goals and now Sustainable Development Goals laid down by the United Nations has been founded on the philosophy of right to development wherein governance is considered to be the most important requirement for the achievement of these goals. Such governance in turn is based on efficient and effective administration, and elimination of corruption is certainly an important component of good governance. This framework of development governance converges with United Nations' growing partnership with the civil society, particularly the nongovernment organizations which have come to play key role not only in development within countries but also in rehabilitation activities in post-conflict areas.

Moreover, with the advent of globalization, the United Nations laid fresh emphasis on effective governance based on human rights and the rule of law through sound institutions, which are critical to combat corruption. Subsequently, the United Nations General Assembly adopted the United

Nations Convention against Corruption in 2003. The convention endorsed that accountable and transparent institutions are the vehicle for delivering services according to human rights and rule of law principles, whereas corruption diverts resources needed for development and undermines the public trust in institutions.

The United Nations has also created space to engage with corporate in its campaign for good governance. Under this, various companies can engage with the UN Global Compact on the three critical governance topics: anti-corruption, peace, and rule of law. As its website illustrates, the expectation behind the UN Compact project is that at the micro level, companies can enhance good governance by integrating corporate sustainability principles into their own operations and relationships, allowing for greater transparency, accountability, and inclusiveness. At the macro level, companies can contribute to the development and implementation of international norms and standards, for instance, as part of their commitment to the UN Global Compact.

The United Nations also established its United Nations Project Office on Governance (UNPOG) headquartered in the Republic of Korea, to assist its member states improve their governance capacity. Since its inception, the UNPOG has conducted research and capacity-building activities and disseminated global and local best practices on participatory, transparent, and effective democratic governance. The Seoul Declaration of UNPOG calls for policy measures to increase transparent and participatory governance, as ends in and of themselves, and also to ensure that the global community can achieve sustainable human development for the benefit of people in all societies.

## Criticisms of the United Nations System

As noticed earlier, the United Nations system has also invited criticism for apparent failures in achieving desired goals. Often, member states have shown reluctance to achieve or enforce Security Council resolutions, which has repeatedly constrained United Nations' ability to fulfil the role it is created for, particularly in conflict management and peacekeeping. This has resulted in failure in several peacekeeping activities, and in fact the United Nations' own investigations into its failure to prevent mass killings in Rwanda, Srebrenica, and Sri Lanka all identified serial weaknesses, both political and institutional (Ross 2016). Similarly, inertness on the part of the United Nations owing to systemic issues has been held responsible for its failure to complete the peacekeeping operations in 1992–1993 during the Somali Civil War (Meisler 1995). In addition, United Nations' peacekeeping team members have also been accused of child rape, soliciting prostitutes, and sexual abuse during various peacekeeping missions in the Democratic Republic of the Congo and other places as well (Spencer 2015; Lynch 2004).

The divide between the views of the countries in the North and the South has also been problematic in United Nations governance system wherein the Southern nations tend to favor a more empowered United Nations with a stronger General Assembly, allowing them a greater voice in world affairs, while Northern nations prefer an economically laissez-faire United Nations that focuses on transnational threats such as terrorism (Fomerand 2009). Tensions between Western governments, which see the United Nations as bloated and inefficient, and developing countries, which regard it as undemocratic and dominated by the rich, have rippled across the organization as ballooning costs drive the push for reform (McGreal 2015).

It is also argued that the council's founding premise of a world ordered by states no longer holds and the security council has failed to adapt to the changing world where conflicts involving al-Shabaab, Boko Haram or Islamic State originate from particular local circumstances but often have regional and global reach and consequence (Ross 2016). Further, the United Nations system has also been criticized for practices of corruption, for example, in 2004 the United Nations faced accusations that its Oil-for-Food Programme under which Iraq was to trade oil for basic needs to relieve the pressure of sanctions had widespread corruption in it (Spencer 2015). In fact,

the traditional multilateral institutions, including the United Nations and the Bretton Woods Institutions, are increasingly criticized for being very bureaucratic, inefficient, and representative enough (McGreal 2015).

The United Nations, however, has begun to respond to these criticisms through various reforms as discussed above, though consensus on a reform agenda and design has been challenging as well. It has been trying to improve its accountability and democratic legitimacy, and in doing so it has begun to engage more with civil society to foster a global constituency. In an effort to enhance transparency, in 2016 the organization held its first public debate between candidates for Secretary-General (Falk 2016). In 2005, the Human Security Report documented a decline in the number of wars, genocides, and human rights abuses since the end of the Cold War and presented evidence, albeit circumstantial, that international activism – mostly spearheaded by the United Nations – has been the main cause of the decline in armed conflict in that period. Various political initiatives and innovative processes have been underway though they do not yet appear to have been fully integrated in the organizational- as well as task-related outfits of concerned United Nations agencies and bodies (Rechkemmer 2005). However, as Michael Fullilove (2012) states, the United Nations is both flawed and indispensable, and its security council is the world's preeminent crisis management system.

## References


Bulkeley H, Newell P (2010) Governing climate change, London, p Routledge

Cassese A (2005) The role of the United Nations in international law, 2nd edn. Oxford University Press, New York

Debrix F (2005) The United Nations and global governance: a pre and post-September 11 reflection. Ritsumeikan Int Aff 3:39–61

Falk P (2016) Can U.N. regain trust with an experiment in transparency? July 13, CBS News. Accessed from https://www.cbsnews.com/news/un-secretary-general-candidate-debate-united-nations-trust/

Fomerand J (2009) The A to Z of the United Nations. Scarecrow Press, Lanham

Fullilove M (2012) Expert contribution, the United Nations and the future of global governance. Council on Foreign Relations, New York. Accessed from https://www.cfr.org/expert-roundup/united-nations-and-future-global-governance

Henderson, Barney (2015). What have been the successes and failures of UN peacekeeping missions? The telegraph, 28 Sept. Accessed from http://www.telegraph.co.uk/news/worldnews/europe/bosnia/11729436/Srebrenica-20-years-on-What-have-been-the-successes-and-failures-of-UN-peacekeeping-missions.html

Higgins R (1995) Peace and security: achievements and failures. Eur J Int Law 6:445–460

Krasner S (1985) Structural conflict: the third world against global liberalism. University of California Press, Berkeley

Lynch, Colum (2004). UN sexual abuse alleged in Congo peacekeepers accused in draft report, Washington Post, Page A26, Dec. 16, www.washingtonpost.com/wp-dyn/articles/A3145-2004Dec15.html

MacFarlane SN, Khong YF (2006) Human security and the UN: a critical history, Bloomington and Indianapolis. Indiana University Press, Bloomington

McGreal C (2015) 70 years and half a trillion dollars later: what has the UN achieved? The Guardian, 7 Sept. Accessed from https://www.theguardian.com/world/2015/sep/07/what-has-the-un-achieved-united-nations

Meisler S (1995) United Nations: the first fifty years. Atlantic Monthly Press, New York

Newman E, Rich R (eds) (2004) The UN role in promoting democracy: between ideals and reality. United Nations University Press, Tokyo

Oberleitner G (2007) Global human rights institutions: between remedy and ritual. Polity, Cambridge

Rechkemmer, Andreas (2005) Global governance and UN reform: challenges and opportunity for environment and human security, InterSections No 3, UNU Institute for Environment and Human Security, Bonn

Ross C (2016) The UN is failing. Is it heading the way of the league of nations? The Guardian, 10 Mar. Accessed from https://www.theguardian.com/commentisfree/2016/mar/10/un-failing-league-of-nations-isis-boko-haram

Spencer R (2015) UN at 70: five greatest successes and failures, the telegraph, 15 Sept. Accessed from http://www.telegraph.co.uk/news/worldnews/europe/switzerland/11700969/UN-at-70-Five-greatest-successes-and-failures.html

Therien J-P (2015) The United Nations ideologies: from ideas to global policies. J Polit Ideol 20(3):221–243

UNDP (1994) Human development report 1994: new dimensions of human security, United Nations development programme. Oxford University Press, New York

UNDP (1997) Re-conceptualizing governance, Discussion Paper 2. Management Development and Governance Division, Bureau of Policy and Programme Support, United Nations Development Programme, New York

United Nations (1994) An agenda for development: report of the secretary-general. United Nations, New York

Weiss TG, Daws S (2007), The Oxford Handbook on the United Nations, Oxford University Press, New York
Weiss T, Forsythe D, Coate R (1994) The reality of UN security efforts during the cold war. In: The United Nations and changing world politics. Westview, Boulder

# United Nations Programme on Public Administration, History of

Guido Bertucci
Governance Solutions International, New York, NY, USA

## Introduction

Since its creation in 1945, the United Nations has been concerned not only with the maintenance of peace and security but also with the promotion of economic and social development (Preamble of the United Nations Charter).

Along with the history of the United Nations, the concept of development has evolved from the strict emphasis on economic development to the concept of sustainable development encompassing the three dimensions of economic, social, and environmental.

The capacity of public administration to function effectively and efficiently was recognized from the early days as a key element in helping all countries in the path to development.

The following is a brief history of the contribution of the United Nations Programme on Public Administration to the development process.

## The Early Days

At the very beginning of the history of the United Nations, special emphasis was placed on the needs of those developing countries emerging from colonial rule. They required special assistance in building their government institutions and in training public officials in a number of key capacities.

The specific role of the United Nations Secretariat in providing technical assistance to governments in public administration received its first legislative mandate by the General Assembly in resolution 246 (III), adopted on 4 December 1948. This date is thus officially recognized as the beginning of the "United Nations Programme in Public Administration" (heretofore referred to as the "Programme") (United Nations 1948).

During the first years, it was deemed more desirable to introduce activities to support the development of public administration capacity in most development programs. However, soon the need emerged to ensure coordination of these activities and to create a hub with the capacity to provide substantive support and guidance in public administration to all the development programs.

The need also emerged to design and implement specific technical assistance programs in public administration. A "Revised Programme on Public Administration" was approved by the General Assembly in 1953 in its resolution 723 (VIII), where the Assembly, "Recognizing the increasing important role of governmental administration. . . .for the promotion of economic and social development," approved "a revised United Nations programme in public administration comprising

(a) The provision, at the request of governments, of technical assistance related to public administration, including training for public service, through:
   I. The advisory services of experts;
   II. Fellowships and scholarships;
   III. Training institutes, seminars, conferences, working groups and other means;
   IV. The provision of technical publications
(b) The collection, analysis and exchange of technical information in the field of public administration, in collaboration, where appropriate, with the International Institute of Administrative Sciences and other appropriate

Note: All documents quoted in this paper are available at www.unpan.org

institutions, and assistance to governments to promote, by all suitable means, sound public administration, in relation to economic and social development" (United Nations 1953).

By that resolution, the General Assembly created the comprehensive program responsible for research, analysis, training, exchange of knowledge, and technical assistance in public administration that has lasted for more than 60 years, and it is still operating today.

During the following years, the Programme experienced a rapid growth of its activities, due to its renewed mandate, but also to the growing size of the United Nations technical cooperation activities. In addition to the organization of conferences and of training seminars, large assistance projects were formulated and executed with experts assigned to countries in need of building their public administration institutions and of creating a competent and capable public service.

One of the major achievements of the Programme in the 1950s was the creation of national and regional public administration centers responsible for providing training and capacity building to public officials. These centers were initially established through the implementation of technical assistance projects and subsequently became independently run, relying on the contributions of Member States and individual members. The United Nations was instrumental in establishing the Brazilian School of Public Administration in Rio de Janeiro, in strengthening the Public Administration Institute of Turkey and in establishing national public administration centers in Argentina, Burma (now Myanmar), Colombia, Egypt, El Salvador, Iran, Nepal, Peru, Sudan, and Venezuela. It also provided support to 24 existing centers through advisory services and training.

Inspired by the principle of "Economic Cooperation among Developing Countries (ECDC)", enunciated by the General Assembly, the Programme focused its attention on the exchange of knowledge and capacity in public administration among developing countries and supported the creation of the African Training and Research Center in Administration for Development (CAFRAD), based in Tangiers, Morocco; of the Latin American Center of Administration for Development (CLAD), based in Caracas, Venezuela; and of the Arab Center for Development Administration (ARADO), based in Cairo, Egypt. These regional centers are still very active today and continue to serve as important facilities for exchange of knowledge among the countries of their respective regions.

For a number of years, the General Assembly (GA) and the Economic and Social Council (ECOSOC) provided general policy directions to the Programme on an ad hoc basis through their resolutions. It was felt, however, that more technical and substantive guidance was required to steer the activities of the UN in public administration.

One first step to this end was taken by the Director General of Technical Assistance Administration in 1950, who formed a Special Committee to "prepare a document which could serve as a guide for surveying the status of the public administration of an underdeveloped country; for identifying the steps that can be taken by a newly organized country in establishing its administration; and for determining the measures which might be considered by an older and more established country in endeavoring to its administrative system."

The Committee in 1951 finalized its report entitled "Standards and Techniques of Public Administration with Special Reference to Technical assistance for Developing Countries" (United Nations 1951).

The published report became for a decade an important guide on public administration for development experts, practitioners, and academicians.

## The Consolidation of the Programme

It was followed in 1961 by the publication of "A Handbook of Public Administration: Current Concepts and Practices with Special Reference to Developing Countries." This publication also served for more than a decade as an important guide for government officials and development cooperation experts involved in public

administration institution building and in administrative reforms (United Nations 1961).

A second step to provide substantive guidance to the Programme was taken in 1967 by the creation of the "Group of Experts of the United Nations Programme on Public Administration," which met on a biennial basis to review the activities of the Programme and to make recommendations on its future directions. The Group reported to the Economic and Social Council. Although it reported to the Council, the Group did not have the formal status of "Functional Commission" of the Council, a status enjoyed by other United Nations programs such as those on population, statistics, social development, etc.

Only in 2001, the Group was converted into a full-fledged subsidiary body of the ECOSOC and renamed "United Nations Committee of Experts on Public Administration" meeting on an annual basis (*United Nations* 2001a).

During the decades of the 1950s and 1960s, the theory and practice of public administration focused heavily on the role of the state institutions in the development process. It was a time when many newly independent countries were building their institution and creating a cadre of qualified public officials. The centralized planning and management of the economy was adopted by a large number of countries, some of which also adopted socialist political and economic systems.

The Programme provided extensive assistance in the process of institution building, but also realized that the massive intervention of the state in all facets of the economy and of service delivery chain could give rise to overinflated and costly bureaucracies, operating in a slow and inefficient manner.

The concept of "administrative reform" was therefore introduced in the technical assistance activities in public administration. Projects were thus developed and advisory service provided to improve the efficiency of the administration, to reorganize and streamline the state apparatus, and to improve the competence of civil servants. During the period from 1960 to 1969, more than 2000 experts in public administration were fielded by the United Nations.

## The Effects of the Structural Adjustment Programs and the New Public Management (NPM)

The cost and weight of the growing state apparatus in many developing countries created serious financial deficits that could only be filled through external multilateral aid, such as that provided by the IMF and the World Bank. These organizations began thus requiring as a "conditionality" for the approval of financial aid the implementation of "structural adjustment programs" aimed at reducing the cost and size of the public sector. These programs, although inspired by very valid considerations, were often applied without thorough analysis of the effect they would have on the ability of a country to provide basic social services to their citizens. The capacity of public administration to deliver programs in education, health, housing, and social welfare was drastically diminished, thus creating major social problems and increasing the poverty levels (Bertucci and Alberti 2005).

The United Nations Programme in Public Administration continued to advocate the importance of maintaining and straightening the capacity of public administration to develop and implement economic and social programs. It therefore provided assistance to developing countries in reforming systems and processes to be able to deliver services in a more efficient and effective way, reducing thus the cost of the administration.

In 1975, the Programme issued the publication "Development Administration: Current Approaches and Trends" which became a major reference document for experts and practitioners in the field.

The attack on public administration implicitly contained in the "structural adjustment policies" of the Bretton Woods institutions was further compounded by the emerging "New Public Management" movement. As it is well known, the proponents of the movement considered the state as an obstacle to development and therefore brought forward an agenda of downsizing, deregulation, outsourcing, and privatization.

If the NPM agenda was relatively useful in countries with well- established state institutions

and administrations to promote efficiency, the hollowing-out of the state and the emphasis on the private sector and the market as engines of development further weakened the policy making and service delivery capacity of developing countries still grappling with the problem of lack of institutional capacity.

The Group of Experts on Public Administration during its annual meetings continued to emphasize the crucial role of the state and of public administration in the development process, while at the same time recommending that the Programme assist governments in implementing efficiency measures, in improving the performance of public administration, and in accelerating devolution and decentralization processes. At its 12th meeting, held in 1995, it outlined the important role that public administration should play in the various facets of the development process as well as an agenda for strengthening the public administration capacity of developing countries to fulfill such role.

The United Nations legislative bodies, namely, the General Assembly and the ECOSOC, remained quite dormant during the 1970s and the 1980s with respect to public administration. They were quite involved in addressing major thematic issues such as environment, population, social development, women, human settlements, etc. A series of global conferences on the above themes were organized in the early 1990s that adopted far-reaching agendas in which peripheral mention was made of the role of public administration in implementing such agendas.

## The Historic Special General Assembly Session on Public Administration and Development

The time was ripe to hold a global gathering on public administration. Upon recommendation of the members of the African Group, the General Assembly decided to meet at the highest level for 1 week to discuss the theme of "Public Administration and Development."

The Special General Assembly Session was held in September 1996 in New York and was attended by a large number of heads of government and ministers. The then Secretary-General of the United Nations, Boutros Boutros-Ghali, and the then President of the General Assembly made key introductory interventions outlining the connection between public administration capacity and the implementation of the agendas of the major United Nations conferences.

The Assembly, adopted the landmark resolution 50/225 which reestablished awareness of the centrality of public administration in development by stressing that: "effectiveness of government requires an efficient and effective public administration in all countries that is responsive to the needs of the people, promotes social justice, ensures universal access to quality services and productive assets and creates an enabling environment for sustainable people-centered development" (United Nations 1996).

It acknowledged that "the role of United Nations activities and programmes in public administration and development is to assist Governments, at their request, to improve their responsiveness to meet the basic needs of all, as well as to achieve sustainable development in all countries."

While underlying the key role of the public sector in development, the Assembly realized that administrations could not continue to work as in the past but should adopt some of the efficiency measures promoted by the NPM movement and should work in cooperation with the private sector and the civil society in delivery public services.

In fact it recognized "that there is a need for public administration systems to be sound, efficient and well equipped with the appropriate capacities and capabilities through, inter alia, capacity-building, promotion of transfer, access and utilization of technology, establishment or improvement of training programmes for public service, strengthening of partnership of the public sector with the private sector and civil society, as well as providing an enabling environment for private sector activities."

By that resolutions, the Assembly not only set a global agenda for governments, financial institutions, and development agencies but also

indicated very specific directions for the work of the United Nations in the field of public administration.

This agenda was formulated taking into account the changing environment of international technical cooperation. National execution of development projects was being adopted by multilateral and bilateral donors requiring fewer project personnel and more technical advisors providing external support to governments. The government required access to best practices, opportunity for networking among practitioners, and capacity building for public officials.

The Assembly therefore requested that "the United Nations should carry out these activities through pooling and facilitating access to information in public administration, promoting training and research in public administration and finance at all levels, advocacy and exchange of experiences, advisory services, technical assistance, capacity-building and human resources development."

The substantive discussion in the General Assembly and the resulting resolution had a profound effect on the thinking of the role of the state in the development process. In the following year, 1997, the World Bank devoted its annual report to the theme "The State in a Changing World" in which it underlined the importance of state institutions in promoting growth, in facilitating the operations of the private sector, in fighting poverty, and in protecting the environment. The conclusions of the report somehow contradicted the tenets of the so-called Washington Consensus, accepted by the major donor agencies, which stated that market-like mechanisms, such as trade and private investments, were the key factor in promoting development and that the role of the state should be reduced to that of allowing these mechanisms to function properly (World Bank 1997).

Although the General Assembly did not address specifically the concept of "governance," because of the opposition on the part of a number of countries, concerned about possible interference by the United Nations in their internal political affairs, it clearly stated, upon strong pressure from the European countries, that "Governments in all countries should promote and protect all human rights and fundamental freedoms, including the right to development, bearing in mind the interdependent and mutually reinforcing relationship between democracy, development and respect for human rights, and should make public institutions more responsive to people's needs."

## The Reinvention of the United Nations Programme on Public Administration

Therefore, in reinventing itself to fulfill its new and expanded mandate, the Programme viewed the role of the state in the wider context of governance, addressing thus all institutions and mechanisms involved in the formulation of public policies and in the provision of public goods.

At the same time, it incorporated into its activities the growing awareness of the strict link between development and sustainability advocated by Earth Summit +5 of 1997 in New York and by subsequent resolutions of the General Assembly (Bertucci and Alberti 2005).

The new and revitalized United Nations Programme on Public Administration developed a multipronged strategy along the following lines:

- Institutionalization of the intergovernmental discussion on public administration
- Development of quality analytical and policy tools
- Promotion of innovation and best practices in governance and public administration
- Promotion of knowledge and information sharing
- Building a common understanding on emerging governance and public administration issues
- Assistance to interested governments in public sector capacity building

## Institutionalization of the Intergovernmental Discussion on Public Administration

The momentum gained by the historic Special Session of the General Assembly should not be

lost and the Secretary-General in 2001 submitted for review of the General Assembly a five-year report on the implementation of resolution 50/225, recommending that the Assembly take up on a regular basis the theme of public administration.

It also submitted a proposal to upgrade the status of the Group of Experts in Public Administration to that of full-fledged subsidiary body of ECOSOC. The latter approved the proposal in its resolution 2001/45 of 20 December 2001, creating the new "Committee of Experts in Public Administration" which along the years would provide to governments, through the ECOSOC, useful policy advice on key and emerging issues of governance and public administration. Comprised of 24 members who meet annually at the UN Headquarters in New York, the Committee is responsible for supporting the work of ECOSOC concerning the promotion and development of public administration and governance among Member States, in connection with the UN Millennium Development Goals (United Nations 2001b).

The first meeting of the Committee in 2002 was devoted to the theme "Enhancing the Capacity of Public Administration to Implement the United Nations Millennium Declaration." This agenda would inspire the work of the Programme for the following 15 years.

## Development of Quality Analytical and Policy Tools

In order to improve its research and analysis capacity, the Programme strengthened the core staff dedicated to this function and availed itself of internationally known experts in the topics under discussion.

### The World Public Sector Report

The first substantive output produced after the General Assembly Session was the publication "Rethinking Public Administration: An Overview," issued in 1998. The publication presented a new model of public administration that recognized the critical role of the state, but at the same time incorporated some of the positive NPM approaches into public sector operations and stressed the importance of strong partnership between state and non-state actor in the context of healthy governance systems.

In 2001 the Programme launched the "World Public Sector Report" (WPSR), a "unique publication that provides policy-makers, scholars and civil society at large with relevant research findings, information and data on emerging questions related to the public sector" (note). The 2001 WPSR was dedicated to the topic "Globalization and the State." The 2003 issue was entitled "E-government at the Crossroads"; the 2005 issue was entitled "Unlocking the human Potential for Public Sector Performance." The 2008 issue was entitled "People Matter: Civic Engagement in Public Governance." The 2010 report was entitled "Reconstructing Public Administration After Conflict"; and the 2015 issue was entitled "Responsive and Accountable Public Governance" (https://publicadministration.un.org/en/Research/World-Public-Sector-Reports).

### The UN e-Government Survey

Given the number of countries embarking in the development of e-government, the Programme launched a project of reviewing the progress made in all United Nations member countries and developed the index of e-government readiness. This index has become the most useful tool utilized by policy makers and researchers around the world. The results of the annual analysis of e-government development at the country level are featured in the biennial issue of the "UN E-Government Survey." The survey, in addition to featuring data and statistics on e-government, reviews an emerging topic related to e-government and offers policy advice to governments on the same.

The 2001 issue of the survey was entitled "Benchmarking E-Government: A Global Perspective." The 2004 issue was dedicated to the topic "Towards Access for Opportunity." The 2005 issue was entitled "From E-Government To E-Inclusion" and the 2008 issue "From E-Government to Connected Governance." In the 2010 issue, the topic of "Leveraging

E-Government at a Time of Financial and Economic Crisis" was discussed. The 2012 issue dealt with the theme of "E-Government for the People" and the 2014 issue with the theme "E-Government for the Future We Want." Finally, the 2016 issue was dedicated to the topic of "E-Government in Support of Sustainable Development" (https://publicadministration.un.org/en/Research/UN-e-Government-Surveys).

## Promotion of Innovation and Best Practices in Governance and Public Administration

Upon recommendation of the Secretary-General, the General Assembly in its resolution 57/277 of 20 December 2002 designated 23 June as the "United Nations Public Service Day" to "celebrate the value and virtue of public service in the community; highlight the contribution of public service in the development process; recognize the work of public servants; and to encourage young people to pursue careers in the public sector."

To encourage and reward innovation in public administration in member countries, the Economic and Social Council in the year 2000 endorsed a recommendation of the Programme to establish the "United Nations Public Service Awards," a competition open to all organizations implementing innovative practices. This is the most prestigious international competition rewarding creativity, responsiveness, and excellence in public service. The awards are bestowed every year during a high-level ceremony held at the United Nations Headquarters or in a country interested in hosting the event.

The practices receiving the awards are subsequently summarized in a "Knowledge Base of UN Public Service Awards" made available on UNPAN (Bertucci 2006).

## Promotion of Knowledge and Information Sharing

The General Assembly resolution highlighted the key role of the United Nations Programme on Public Administration in favoring the access to and exchange of information and documentation on public administration among countries.

To achieve this goal, the Programme created a global Internet platform "The United Nations Public Administration Network (UNPAN)," which links through a powerful research engine international, regional, and national organizations working in the field. Through UNPAN, which receives several million hits a month, public officials and researchers have access not only to documentation and information posted by the United Nations but also to that posted by all of organizations that are members of the network. It is considered a very effective capacity development tool for developing countries (http://www.unpan.org/).

## Building a Common Understanding on Emerging Governance and Public Administration Issues

The Programme has facilitated the meetings of high-level officials responsible for public administration to discuss and reach a common understanding on key issues facing public administration.

As an example, it cooperated in the organization of Conferences of African Ministers of Public Service and promoted the adoption of the *African Charter of Public Service* and of the *Ibero-American Charter of Public Service*.

The Programme was also instrumental in supporting the organization of several meetings of the "Global Forum on Reinventing on Reinventing Government," the largest global meeting for senior government officials and experts to discuss emerging issues in governance and public administration. The first global forum was organized in 1999 by the Office of the Vice-President of the United States of America.

The Programme cooperated in the organization of the second global forum held in Brasilia, Brazil, in 2000 on the theme "Democratic States and Governance in the 21st Century"; of the third forum held in Naples, Italy, in 2001 on the theme "Fostering Democracy and Development through E-Government"; of the fourth forum held in Marrakech, Morocco, in 2002 on the

theme "Citizens, Businesses and Governments: Partnership for Development and Democracy"; of the fifth forum held in Mexico City in 2003 on the topic "Innovation and Quality in 21st Century Government"; and of the sixth forum held in Seoul, Korea, in 2005 on the theme "Towards Participatory and Transparent Governance." I finally organized the seventh global forum in 2007 in Vienna on the theme "Building Trust in Government" (https://publicadministration.un.org/en/globalforum).

Regrettably, after the last edition, the United Nations Programme has discontinued its support to the organization of the global forum.

The legacy of the global forum has been taken up by the Office of the Prime Minister of the United Arab Emirates which has been organizing the annual *World Government Summit* since 2013 (https://worldgovernmentsummit.org).

## Assistance to Interested Governments in Public Sector Capacity Building

The international development assistance scenario changed dramatically in the late 1990s involving a reduction of the resources available and a marked shift toward national execution of projects. Consequently, the Programme needed to adapt its approach to the changed circumstances. Very few field projects remained to be implemented, thus eliminating the need to keep field personnel.

Emphasis was placed on advisory services and on the organization of workshops and seminars for government officials at the country and the regional level. These events exposed the participants to the most recent trends and developments in public administration and served as a means to develop guidelines for developing countries that were disseminated widely as a means to strengthen their capacity. Hundreds of such seminar and workshops have been organized since 1996.

Through UNPAN, the Programme also began to offer online training courses and materials.

In partnership with the International Association of Schools and Institutes of Administration (IASIA), the Programme established a *Joint Task Force on Standards of Excellence for Public Administration Education and Training*. The goal of the task force was to assist development countries in improving the capacity to train their public officials. In 2015, a publication on "Approaches to Enhancing the Quality of Public Administration Education and Training" was issued jointly with the IASIA (United Nations 2015a).

## The Role of Public Administration in the Implementation of the United Nations Millennium Declaration

In the year 2000, the General Assembly adopted at its millennium session a historic declaration (A/RES/55/2) by which "member states and the international community committed themselves to achieve specific development goals by the year 2015" (Millennium Development Goals of MDGs). The entire United Nations system focused its activities in assisting developing countries to achieve such goals, namely, to eradicate extreme poverty and hunger; to achieve universal primary education; to promote gender equality and empower women; to reduce child mortality; to improve maternal health; to combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; and to develop a global partnership for development.

In 2001, the General Assembly specifically requested the Programme to focus its activities on assisting developing countries to achieve the MDGs. The Committee of Experts on Public Administration in the years 2002 and 2003 and subsequent years discussed and made specific recommendations on how to enhance the public administration capacity of developing countries to achieve the MDGs. In particular, it emphasized the importance of developing multi-sectoral programs aimed at addressing several goals at the same time (United Nations 2002).

The Programme, therefore, enhanced its work in the area of human resources development in the public sector, in civic engagement in policy making and service delivery, and in information technology capacity building.

A major publication on the theme "Implementing the Millennium Development

Goals; Challenges and responses for Public Administration" was issued in 2007 (United Nations 2007).

### Participatory Governance and Civic Engagement

The issue of civic engagement in the achievement of the MDGs became a key area of study and of assistance on the part of the Programme. The Committee of Experts in 2007 discussed in depth the theme and stressed the importance of involving citizens in the policy making processes, in budgeting, in the implementation of service delivery, and in auditing the goals achieved. The Programme widely disseminated findings and guidelines emerging from a number of technical seminars it organized. A major publication entitled "Participatory Governance and the Millennium Development Goals (MDGs)" was issued based on a Expert Group Meeting held in 2006. It also organized a major conference on "Engaging Communities" in Brisbane, Australia, in 2005 in cooperation with the Government of Queensland (United Nations 2008).

As mentioned above, the 2008 World Public Sector Report was dedicated to the theme of "Civic Engagement in Public Governance."

## The Role of Public Administration in the Achievement of the Sustainable Development Goals (SDGs)

The United Nations General Assembly on 25 September 2015 convened at the summit level and, having taken note of the progress made in the achievement of the MDGs, adopted the far-reaching agenda "Transforming our World: the 2030 Agenda for Sustainable Development" (*United Nations* 2015b).

The Agenda set 17 Sustainable Development Goals and 169 targets integrating three dimension of sustainable development: the economic, social, and environmental.

### Sustainable Development Goals

Goal 1. End poverty in all its forms everywhere.

Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

Goal 3. Ensure healthy lives and promote well-being for all at all ages.

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5. Achieve gender equality and empower all women and girls.

Goal 6. Ensure availability and sustainable management of water and sanitation for all.

Goal 7. Ensure access to affordable, reliable, sustainable, and modern energy for all.

Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Goal 10. Reduce inequality within and among countries.

Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable.

Goal 12. Ensure sustainable consumption and production patterns.

Goal 13. Take urgent action to combat climate change and its impacts.*

Goal 14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

Goal 15. Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

In the same month, the General Assembly adopted resolution 69/327 on "Promoting inclusive and accountable public services for sustainable development," echoing the tenets of goal 16. The resolution "reaffirmed that the United Nations has a central role to play promoting international cooperation in strengthening public institutions and public services for sustainable development." It

also requested the Secretary-General, through the Programme, to provide assistance to public administrations in developing countries to achieve the SDGs (United Nations 2015c).

As a result, the Committee of Experts on Public Administration, at its 2016 session, discussed the issue of "Transforming Public Institutions for the Implementation and Monitoring of the SDGs."

The recommendations of the Committee were endorsed by the Economic and Social Council Assembly in July 2016 in its resolution 216/26 and constitute a working agenda for the Programme for the next decade (United Nations 2016).

Currently therefore all the activities of the Programme under its major operational lines are focused on providing assistance to public administrations in developing countries in the implementation of the SDGs. These include the United Nations Public Service Awards Competition, under the theme: "Accelerating Public Service Innovation for Agenda 2030," the 2017 UN E-Government Survey under the theme "E-Government in Support of Sustainable Development," as well as a number of capacity building workshops and seminars and publications.

In April 2017, the Committee of Experts in Public Administration will discuss the main topic of "Ensuring Effective Implementation of the Sustainable Development Goals: Leadership, Action and Means" and will provide further recommendations for the future activities of the Programme.

## Conclusion

By constantly reinventing itself and adapting its activities to changing global priorities and needs of developing countries, the Programme has been to provide useful assistance to building the public administration capacity of developing countries.

"Public administration in the years to come will continue to be the main instrument of the State to define policies, to implement programmes and to ensure that security, safety and quality services are provided to its citizens. It will also be a key factor in enabling countries to accelerate their economic and social development and to meet their development goals.

In order to maintain its relevance and usefulness to Member States in the next decades, the United Nations Programme on Public Administration needs to advise on and provide solutions to crucial issues facing public administrations around the world, especially those relevant for developing countries. It must also deal with challenges internal to the functioning of the economic and social sector of the United Nations.

Another challenge for the Programme will be to re-emphasize this important role of public administration and to ensure that the study and practice of public administration are given the proper space within the economic and social sector of the United Nations" (United Nations 2009).

## References

Bertucci G, Alberti A (2005) The United Nations programme in public administration: reinventing itself to help reinvent public administration. Int Rev Adm Sci 71(2):337–353

Foreword by Guido Bertucci (2006) to "Innovations in governance and public administration: replicating what works", ST/ESA/PAD/SER.E/72. United Nations Department of Economic and Social Affairs, p iii

https://publicadministration.un.org/en/globalforum

https://publicadministration.un.org/en/Research/UN-e-Government-Surveys

https://publicadministration.un.org/en/Research/World-Public-Sector-Reports

https://worldgovernmentsummit.org/

http://www.unpan.org/

United Nations (1948) General Assembly resolution 246 (III) of 4 December 1948. International facilities for the promotion of training in public administration. Official records of the General Assembly, third session

United Nations (1951) Standards and techniques of public administration with special reference to technical assistance for under-developed countries, report of the Special Committee on Public Administration Problems (New York) (United Nations publication, Sales No. 1951.II.B.7)

United Nations (1953) General Assembly resolution 723 (VIII) of 23 October 1953. Technical assistance in public administration. Official records of the General Assembly, eighth session

United Nations (1961) A handbook of public administration: current concepts and practice with special reference to developing countries (ST/TAO/M/16) (United Nations publication, Sales No. 61.II.H.2)

United Nations (1996) General Assembly resolution 50/225 of 19 April 1996. Official records of the General Assembly, fiftieth session

United Nations (2001a) Economic and social council resolution 2001/45 of 20 December 2001. Official records of the economic and social council, annex
United Nations (2001b) Economic and social council resolution 2001/45 of 20 December 2001. Official records of the economic and social council
United Nations (2002) General Assembly resolution 56/213 of 28 February 2002. Official records of the General Assembly, fifty-sixth session
United Nations (2007) In: Bertucci G, Rosenbaum A (eds) Implementing the Millenium Development Goals: challenges and responses for public administration. United Nations, New York
United Nations (2008) Participatory governance and the Millennium Development Goals (MDGs). United Nations, New York
United Nations (2009) The contribution of the United Nation to the improvement of public administration. Section VI by Guido Bertucci. United Nations, New York
United Nations (2015a) In: Rosenbaum A (ed) In quest of excellence: approaches to enhancing the quality of public administration education and training. NISPAcee Press, Slovensko
United Nations (2015b) General Assembly resolution 70/1 of 21 October 2015. Official records of the General Assembly, seventieth session
United Nations (2015c) General Assembly resolution 69/327 of 6 October 2015. Official records of the General Assembly, sixty-ninth session
United Nations (2016) Economic and social council resolution 2016/16 of 18 August 2016. Official records of the economic and social council
World Bank (1997) The State in a changing world (World Development Report). Oxford University Press, New York

# University Governance Models Among Developing and Developed Countries

Habib Allah Ranaei Kordshouli and Seyed Moslem Alavi
Economics, Management, and Social Science School, Management Department, Shiraz University, Shiraz, Iran

## Synonyms

Higher education; University governance; University governance models

## Definitions

One of the most widely accepted definitions of University governance is that provided by Trakman (2008). According to this definition, university governance is a set of decision-making processes in an educational institution through which one can determine its policies and goals, achieve them, and improve its progress.

## Introduction

Higher education has undergone significant changes since the late 1980s. Since university governance is one of the most important structural dimensions of higher education and has important implications for educational and research activities, developments in these areas have been significantly influenced by governance changes (Sporn 1999). In many countries, modifying the governance model of higher education has become a top priority. A significant consequence of this administrative reform is the emergence of a flexible and environmentally friendly organizational structure that can quickly respond to the needs of today's business environment and, in terms of revenue generation, create a competitive advantage for universities, thus promoting their position among other universities (Dill 1999).

Due to these changes and despite the existence of a wide range of governance models in education systems throughout the world, many higher education systems, especially those in Europe and Asia, have adapted themselves to American models, which seem market-oriented and income-generating (Sporn 1999). This tendency is such that Clark (1998) believes universities should be organized and managed like business companies and, thus, become entrepreneurial universities. For this reason, professional management in the university environment has emerged as a key principle. The higher education environment faces increasing competition for the attraction of students and research funds and the recruitment of the best staff. This competitive nature has become more desirable for

governments and funding institutions. Therefore, universities must set priorities for the activities that can make them successful in a competitive environment.

According to the above discussion, the first purpose of this entry is to conduct a comprehensive review of the literature on the concept of governance in universities. Another goal is to identify different models of university governance, examine the strengths and weaknesses of each model, and compare the models as precisely as possible. Finally, the entry seeks to compare the current models of governance at the level of universities in the selected countries and present recommendations in that regard.

## Literature Review

### Concepts of Governance and University Governance

Governance is a way of exercising power and authority in organizations with the aim of allocating and managing organizational resources. This process involves decision-making and adoption of policies and procedures aimed at effective organizational management (Carnegie 2009). According to this definition, Harris and Cunningham (2009) argue that university governance is about oversight, control, disclosure, and transparency. Also, as Considine (2004) states, it affects the university structure, decision-making and delegation, planning, organizational cohesion, and orientation. Trakman (2008) defines university governance as a set of decision-making processes in an educational institution through which one can determine its policies and goals, achieve them, and improve its progress. Finally, in a more comprehensive definition, university governance is intertwined with determining the core values of the university; strengthening decision-making systems and resource allocation; determining the mission and goals of the university; designing power patterns and hierarchy, and paving the way for the university relationships with other educational systems, governments, business markets, and communities.

### Distinctive Models of University Governance

#### State-Oriented Governance

In this model, the governance of the university is in the hands of government officials who are appointed by the government for a certain period of time. These people are the independent and nonexecutive members selected from higher institutions and accredited institutions rather than the university staff. As members of the university governing board, they set the strategic path of the university and its macro-policies; as a result, they make the macro-decisions of the university. As the name of this model of governance suggests, the government plays the most influential role as a superior institution. This role includes determining the method of student enrollment, the courses to be offered and the educational calendar, selecting the faculty members, evaluating the academic quality, and so on. What is of great importance is that the philosophy of establishing a university is to meet the needs of the government, industry, and society based on the government's programs.

#### Academic Governance

The academic model implemented in German, French, and Spanish universities is the one in which the faculty members serve as the university council and the governing body dealing with the affairs related to strategic planning, macro-policies and management. They have control over the finance and the performance of the university. In this model, faculty members are placed at the head of the university as the governing body. Indeed, such important organizational positions as the president of the university, the board of the directors, the university council, the deans of the faculties, and the heads of the departments are chosen among faculty members. These members are elected, not appointed. In addition to the fact that all the university decisions lie within the authority of the faculty members, the representative of the university staff plays a role in making key decisions. It should be noted that, based on the academic experience in the United Kingdom, for example, at the University of Cambridge, and Germany, the representatives of the students,

industries, social and educational institutions, and the like are also relatively involved in making major decisions.

### Market-Oriented Governance

The presentation of a market-oriented model is rooted in the new public management theory, and the emphasis of this management model is on bringing the structure of government organizations closer to business-oriented enterprises (Vigoda-Gadot and Meiri 2008). This model is a kind of translation of the principles of corporate governance at the university level. It emphasizes the importance of the presence of professional managers as a key factor in increasing university productivity (Marinas and Prioteasa 2015).

The market-oriented governance model is based on the idea that universities act as a company; they offer their training services to different buyers in different places, manage complex budgets, and have a variety of profit and loss centers (Trakman 2008). This model of

**University Governance Models Among Developing and Developed Countries, Table 1** Strengths and weaknesses of the three models of university governance

| | | |
|---|---|---|
| **State-oriented model** | **Strength** | Strategic thinking in macro-organizational decisions<br>Spending more time to participate in major organizational decisions<br>Use of communication and trust-based channels in discussing the financing needs of the university<br>Maintaining organizational trust, maintaining university resources, and paying maximum attention to the expectations of higher institutions<br>Lesser conflict of interests<br>Less likely thinking of an island compared to the model of university governance |
| | **Weakness** | Lack of proper knowledge of students' problems, educational calendar, and staff issues<br>Less motivation to promote the university brand<br>Low level of creativity and innovation in the university environment<br>Relying on limited government funding, charities, and NGOs |
| **Academic model** | **Strength** | More knowledge of the governing board members about the mission and vision of the university and how to achieve it<br>Improving the quality of educational programs<br>Promoting the educational and scientific reputation of the university and help the branding process based on the role of eminent professors<br>Establishing better communication with students and student councils |
| | **Weakness** | Paying no attention to the important issue of university income generation, the budget deficit, and the imbalance of accounts<br>Lack of knowledge of faculty members in making managerial decisions, especially governance, finance, human resources, and marketing<br>Spending limited time to participate in major organizational decisions<br>Island thinking as well as collegial and departmental thinking<br>Lack of strategic thinking |
| **Market-oriented model** | **Strength** | Paying attention to the important issue of university income generation, account balancing, and higher efficiency<br>Better response to market needs<br>The more competitive nature of the university against competitors<br>Increasing the level of creativity and innovation in the university service process<br>A stronger connection between industry and university<br>The entry of experts knowledgeable in finance, marketing, and human resources in the governing board of the university<br>Greater transparency and accountability to various university stakeholders<br>Reducing the university's dependence on government budgets |
| | **Weakness** | Insufficient attention to all the stakeholders of the university<br>Commodification of education<br>Moving away from the basic knowledge production process and placing too much emphasis on applied knowledge |

university governance views the university as a service provider whose "output of its activities (i.e. skills, knowledge, and innovation)" should be "sold" to "interested and diverse" buyers in a competitive market. Of course, in this model, university goals are still pursued and the university does not fully operate as a profitable company. According to the model of corporate governance, the budget obtained from the profitable activities of the university is spent to achieve new academic goals and enhance the production of advanced knowledge.

According to the above explanations, the strengths and weaknesses of each model of university governance are presented in Tables 1. Furthermore, based on the findings of Dobbins and Knill (2017), the three aforementioned models are compared.

### Amalgam Model of University Governance

A look at the models presented in this entry shows that, when the basic philosophy of the university emphasizes financial value creation and efficient and effective use of resources, the governance model takes on a market-oriented nature. In this context, the student is seen as a customer and education as a product (Carnegie and Tuck 2010). If the value of accountability and the ensured survival of the university become the bases of affairs, the model begins to be something like public governance. Also, in the case of educational innovation, educational quality, and academic reputation, the model of academic governance gains emphasis. Figure 1 illustrates this classification. The solid lines show the specific functions of the models in the realization of the corresponding goals, while the dotted lines indicate their general functions – which are, of course, just slightly effective in the achievement of specific goals.

To identify the dimensions of university governance, some highly cited studies including Trakman (2008), Carnegie and Tuck (2010), and Dobbins and Knill (2017), were used. In their study conducted in France, Italy, and Germany, Dobbins and Knill (2017) found the comprehensiveness of the dimensions appropriate to compare the models of university governance. In addition, Sari et al. (2018) and Ramírez and Tejada (2018) discussed the dimensions of governance in detail in connection with finance, accountability, stakeholder participation, management structures, and human resources. The indicators presented in these three studies were used as a basis for comparisons. If any other dimension was identified in other studies, it would be added to the mentioned dimensions for comparison.

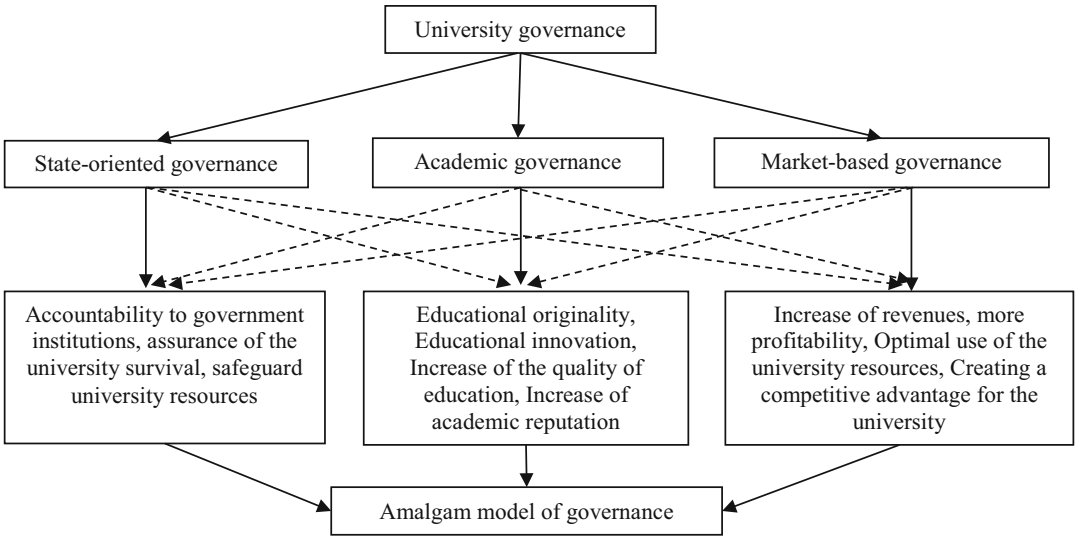


**University Governance Models Among Developing and Developed Countries, Fig. 1** An amalgam model of university governance (Carnegie and Tuck 2010; Trakman 2008)

**University Governance Models Among Developing and Developed Countries, Table 2** University governance models of France, Italy, Germany, and Iran

| Dimensions | Country | 1984 | 1999 | 2014 |
|---|---|---|---|---|
| Dominant decision-makers | France | State | State | State, university management, university professors |
| | Italy | State, academic community | State, academic community | State, university management, academic community |
| | Germany | Länder/academic community | Länder/academic community | Länder/academic community (strengthened with university management) |
| | Iran | State | State | State |
| Dominant management approach | France | Bureaucratic, collegial | Bureaucratic, collegial | Bureaucratic, collegial → entrepreneurial |
| | Italy | Bureaucratic, collegial | Bureaucratic, collegial | Bureaucratic, collegial |
| | Germany | Collegial | Collegial | Collegial (with stronger management tendencies) |
| | Iran | Bureaucratic | Bureaucratic | Bureaucratic with a minimal look at the entrepreneurship debate |
| Who controls/ evaluates? | France | Ministry | Ministry | Quasi-governmental evaluation body |
| | Italy | Peer review | Quasi-state evaluation agency and internal peer review | Quasi-state evaluation agency and internal peer review |
| | Germany | Peer review | Peer review | Accreditation body (Länder) and internal peer review |
| | Iran | Ministry | Ministry | Ministry |
| What is controlled/ evaluated? | France | Academic processes | Academic processes | Quality of academic products/ research output, publications |
| | Italy | Academic processes | Academic products | Quality of academic products |
| | Germany | Quality of research output, publications | Quality of research output, publications/ex-ante process control – Länder ministries | Quality of research output, publications/quality of academic "products" |
| | Iran | Academic processes | Academic processes | Academic processes, publications |
| When does evaluation take place? | France | Ex-ante | Ex-ante | Ex-post |
| | Italy | Ex-ante | Ex-ante/Ex-post | Ex-ante/ex-post |
| | Germany | Non-systematized, university-dependent | Non-systematized, university-dependent | Ex-ante (Länder) and ex-post |
| | Iran | Ex-post | Ex-post | Ex-post |
| State control instruments | France | "System-design" | "System-design," incentives for competition and quality improvements | "System-design," incentives for competition and quality improvements |
| | Italy | "System-design" | "System-design" | Incentives for competition and quality improvements |
| | Germany | Financial, legal framework | Financial, legal framework | Financial, legal framework conditions/incentives for quality improvements, goal- |

(continued)

**University Governance Models Among Developing and Developed Countries, Table 2** (continued)

| Dimensions | Country | 1984 | 1999 | 2014 |
|---|---|---|---|---|
| | | | | oriented steering (via target agreements) |
| | Iran | Financial, legal framework | Financial, legal framework | Financial and legal framework with little change toward competitiveness |
| Funding base | France | State | State | State |
| | Italy | State (university budget integral part of state budget) | State budget (with own university budget) + state-capped tuition | State budget (with own university budget) + state-capped tuition |
| | Germany | State: with own university budget (+third-party research funds) | State: with own university budget (+third-party research funds) | State: with own university budget (+third-party research funds) |
| | Iran | State | State | State and miscellaneous revenues |
| State funding approach | France | Itemized (little financial leeway for universities) | Itemized (little financial leeway for universities) | Lump-sum |
| | Italy | Itemized (low budgetary discretion for universities) | Lump-sum | Lump-sum |
| | Germany | Itemized | Itemized | Lump-sum |
| | Iran | Itemized (little financial leeway for universities) | Itemized (little financial leeway for universities) | Itemized (relative financial leeway for universities) |
| Mode of budget allocation | France | Input-based (objectives defined by state) | Input-based → output-based (objectives defined by state via contractualization) | Input-based → output-based (objectives defined by state and university management by contractualization) |
| | Italy | Input-based (goals defined by state) | Input-based → output-based | Input-based → output-based |
| | Germany | Input-based | Input-based | Primarily input-based (partially output-based) |
| | Iran | Input-based | Input-based | Input-based with slight change to output-based |
| Dominant body in recruiting of high-level academic staff | France | State | State | University management |
| | Italy | State/professoriate | State/professoriate | State/professoriate |
| | Germany | Professoriate | Professoriate | Professoriate |
| | Iran | State/professoriate | State/professoriate | State/professoriate |
| Professional background of rectors | France | Public administration | Public administration | Public administration → management |
| | Italy | Academic | Academic | Academic |
| | Germany | Academic | Academic | Academic |
| | Iran | Academic | Academic | Academic |
| Participation of academic staff in administrative management | France | High | High | Moderate |
| | Italy | High | High | Higher before Gelmini law, moderate since Gelmini law |
| | Germany | High | High | High |
| | Iran | High | High | High |

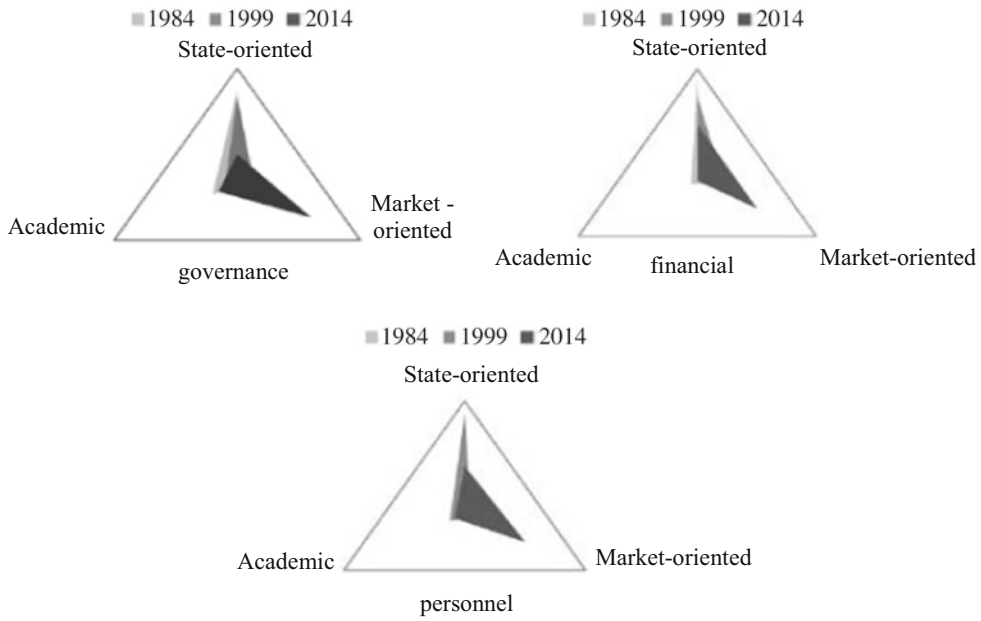


**University Governance Models Among Developing and Developed Countries, Fig. 2** Governance model of French universities (Dobbins and Knill 2017)

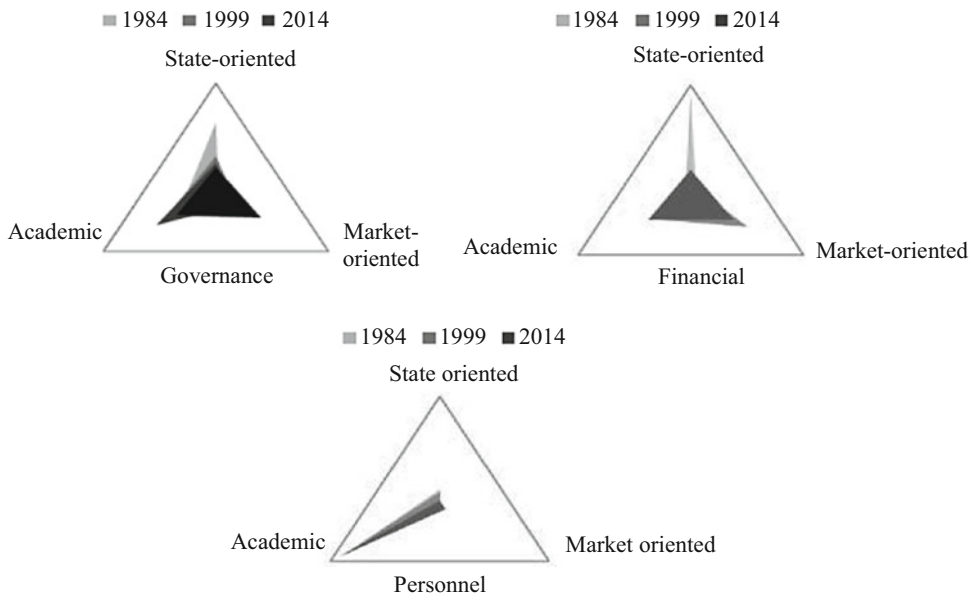


**University Governance Models Among Developing and Developed Countries, Fig. 3** Governance model of Italian universities (Dobbins and Knill 2017)

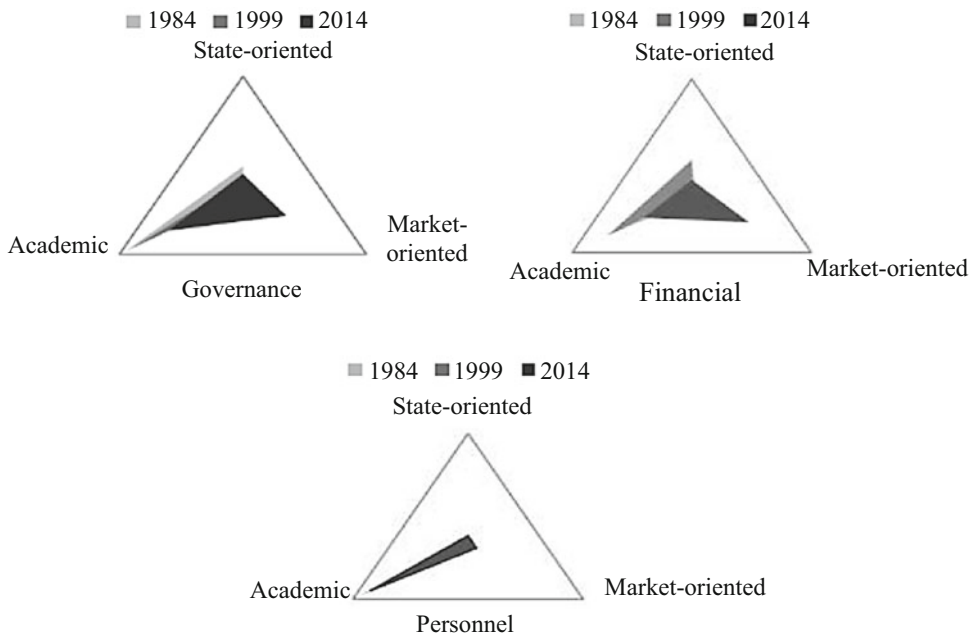


**University Governance Models Among Developing and Developed Countries, Fig. 4** Governance model of German universities (Dobbins and Knill 2017)

Overall, 12 dimensions of university governance were selected to compare different models of university governance.

As shown in Table 2, after the identification of 12 different dimensions of university governance, the models were compared together in the 4 countries.

Based on the studies of university governance by Dobbins and Knill (2017) in Germany, France, and Italy, the comparative findings for the three countries are presented below (see Figs. 2, 3, and 4). As it has emerged, in terms of evolution, the university governance models in France have become more state-oriented in nature over the past decades, but, in the course of time through the second decade of the twenty-first century, they have become market-oriented.

Contrary to the models of university governance in France, the dominant one in Italy in recent years has largely tended to be an academic model. This trend is more significant in terms of personnel.

Similar to the model of university governance in Italy, the dominant model of university governance in Germany has tended toward being an academic model in recent years. Of course, in the financial dimension, this trend is closer to market-oriented university governance models.

In this dimension of comparison, although there is no accurate information about the transition of university governance models in Iran, it can be predicted according to the probability of the trend of models over the past decades. The prediction is as follows (Fig. 5):

## Conclusion

The findings of this entry show that, over the past 30 years, the governance of higher education systems in some countries, especially the United States, Australia, and most European countries, has undergone a transition from government-

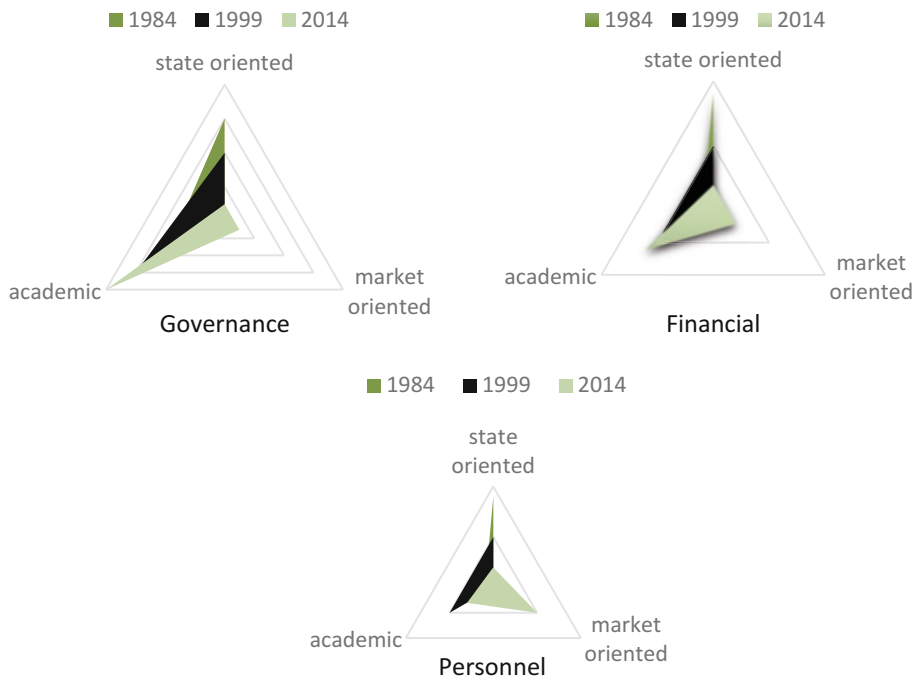


**University Governance Models Among Developing and Developed Countries, Fig. 5** Governance model of Iranian universities (Study Findings)

based to market-based models. In such countries as Germany and the United Kingdom, this trend is slow and the academic model is more common. In Iran, there are signs of the movement of the higher education system into a period of change and the transformation of domestic universities into third-generation universities whose governance is more market-oriented and somewhat hybrid in nature. However, the higher education system has not changed much of its government-centered and, of course, academic-centered nature yet. To achieve this goal, it is necessary to meet the legal prerequisites and make university administrators considerably change their minds in favor of applying business methods and privatizing the field of university management.

## Cross-References

► Higher Education Governance and Reforms

## References

Carnegie GD (2009) The ABC of university governance. Campus Rev 19(9):8–19

Carnegie GD, Tuck J (2010) Understanding the ABC of university governance. Aust J Public Adm 69(4): 431–441

Clark BR (1998) Creating entrepreneurial universities: organizational pathways to transformation. IAU Press/Pergamon, Oxford/New York/Tokyo

Considine D (2004) University governance, corporations and cultures: the impact of corporate law on the development of appropriate regulation, compliance and recognition of diverse university cultures. Paper presented at the Quality in a Time of Change, Adelaide, Australia

Dill DD (1999) Academic accountability and university adaptation: the architecture of learning organization. High Educ 38:127–154

Dobbins M, Knill C (2017) Higher education governance in France, Germany, and Italy: change and variation in the impact of transnational soft governance. Polic Soc 36(1):67–88

Harris J, Cunningham G (2009) The times are changing: a call for governing boards of universities to awaken to Sarbanes-Oxley and practice of good governance. Decision Line 40(5):21

Marinas LE, Prioteasa E (2015) Challenging university governance in Europe: impact of diversification of

university funding. In: Proceedings of the 9th international management conference, November 5th–6th, 2015, Bucharest, Romania
Ramírez Y, Tejada A (2018) Corporate governance of universities: improving transparency and accountability. Int J Discl Gov 15(1):29–39
Sari M, Qorib M, Harahap SH, Jufrizen (2018) Good governance in private University in Medan City. Int J Res Bus Soc Sci 7(4):21–29
Sporn B (1999) Adaptive university structures: an analysis of adaptation to socioeconomic environments of U.S. Universities. Jessica Kingsley, London
Trakman L (2008) Modelling university governance. High Educ Q 62(1/2):63–83
Vigoda-Gadot E, Meiri S (2008) New public management values and person-organization fit: a socio psychological approach and empirical examination among public sector personnel. Public Adm 86(1):111–131

# Unplanned Change and Crisis Management

Mahauganee Shaw
Miami University, Oxford, OH, USA

## Definition

Unplanned Change – Organizational changes that are not foreseen prior to the need to change, often made necessary by shifts in the organizational environment.

Crisis Management – The process of preparing for, mitigating, responding to, recovering from, and learning from emergency incidents.

## Introduction

Organizational crises "forward the awkward dimension of 'un-ness': unexpected, unscheduled, unplanned, unprecedented and definitely unpleasant" (Rosenthal and Pijnenburg 1991, p. 1). In both their onset and their impact, crises are inherently unpredictable. Despite the unexpected, unscheduled, and unplanned nature of crises, people in positions of power are expected to respond in a manner that is both scheduled and planned. The general public expects that leaders will have a written response plan to consult, and the ability to offer regular scheduled updates, in the midst of a crisis response. Herein lies a conflict: expectation, scheduling, and planning as a desired response to an event that is unexpected, unscheduled, and unplanned. This conflict – meeting the sudden onset or escalation of a crisis with the general expectation that the crisis will be efficiently managed – requires flexible thinking by those attempting to manage the impact of crises. Essentially, this conflict requires a knowledge of change processes and a willingness to engage in the challenges of unplanned change.

## Managing Unplanned Organizational Change

Organizational change processes are typically planned through the gathering and assessment of current data on organizational operations and using the results of that assessment to construct a vision of how to improve or increase productivity. While it is possible to have an overall crisis management plan, the actual occurrence of a crisis does not allow for this type of planning to guide the response phase. Crisis response – the actions taken in the immediate aftermath of a crisis to mitigate further damage and ensure business continuity – is a largely intuitive process that requires fast-paced decisions and knowledge of available resources. It is in this response phase of crisis management that unplanned changes are most likely to occur. A few change management theories are helpful in understanding how the crisis management process can result in unplanned change.

### Change Management Theories

Organizations experience three stages during the change process: present state, transition state, and future state (Mayhew 2006). Somewhat intuitively, the present state describes the organization as it exists in a current state; the transition state describes "the structure, processes, people, and environment of an organization as it undergoes change" (p. 108); and "the future state is a destination" that describes the organization as it will exist when "most, perhaps all, of the problems

besetting [the] present state are gone" (p. 108). In subsequent change processes, what was once a future state becomes the new present state. A crisis unlocks an organization from the present state and plunges the organization into the transition state. Once the crisis response is complete, organizations can begin to move toward a new future state. These three states suggested by Mayhew may be easily overlaid with a three-stage theory of change proposed by Kurt Lewin.

Lewin (1951) proposes a three-stage change cycle of unfreezing, changing, and refreezing. Although Lewin's theory is classified as a human processual theory and focuses on the process of changing the attitudes and behaviors of group members regarding an impending change, it is applicable to crisis management. Crisis management is as much about managing the human aspect of an emergency as it is about the organizational aspect (Cintrón et al. 2007; Harper et al. 2006; Hemphill and LaBlanc 2010; Pauchant and Mitroff 1992). The change cycle described by Lewin offers an explanation for the process that happens during the transition state described above. Lewin suggests that unfreezing is aided by the presentation of new information that provokes employees to consider the need for change. In the case of organizational crises, the crisis unfreezes (a) the status quo of organizational structure and operations and (b) the perceptions stakeholders have about the organization and its vitality. Upon unfreezing, an organization is ready to undergo the changes that are characteristic of crisis response. When changes have been made, Lewin's theory maintains that employees must refreeze into a mode of acquiescence with the newly implemented organizational changes. If a post-crisis organization fails to refreeze after changes have been implemented, it will continue to operate in the uncertainty and high anxiety that characterizes the crisis response phase.

## Organizational Change as a Result of Disruption

Two theories on change processes within organizations account especially for change that is propelled forward by a sudden disruption. Michael Tushman, William Newman, and Elaine Romanelli (1986) describe this type of change as a pattern of convergence and upheaval, while Connie Gersick (1991) labels it the punctuated equilibrium paradigm. Both of these follow the idea that major change occurs during a temporary period of deep and far-reaching change that is both preceded and followed by extended periods of organizational stability. In convergence/upheaval, an organization is characterized as having long periods of convergence that are interrupted by the need for change. During the periods of convergence, an organization is experiencing incremental change that is aligned with and reinforces existing organizational operations. *Convergence* is disrupted by an *upheaval* or organizational reorientation – a period of discontinuous, frame-breaking change made either in anticipation of changes in the organizational environment or in response to such changes in the environment. This upheaval or need for organizational reorientation can be caused by a crisis (Shaw 2012). Upheaval can be both reactionary and anticipatory, made in response to a recent crisis – either one personally experienced or one that has affected a neighboring or comparable organization – and the anticipation of its recurrence.

Gersick (1991) describes the punctuated equilibrium paradigm as a generalization of the convergence/upheaval theory and others like it that emanate from the scholarship in various fields. Punctuated equilibrium describes the change process that occurs when longer periods of organization stability, known as *equilibrium*, are *punctuated* by short periods of major change. When the organizational equilibrium is punctured, it allows change to occur in an organization's deep structure. Organizations with deep structures are noted to have differentiated parts and contain units that interact with the organizational environment in ways that are based on and maintain this differentiation (1991). For example, higher education institutions are divided into academic and student affairs divisions. Each division is further separated into some combination of schools, departments, programs, functional areas, and offices. The component parts of an institution share information as needed to

continually operate individually and to contribute, both individually and collectively, to the overall operations of the institution. Organizational systems with deep structures, such as institutions of higher education, are susceptible to experience the punctuated equilibrium paradigm. Similar to Tushman et al.'s (1986) convergence, the consistency of the equilibrium period is maintained by making incremental changes that help to sustain organizational operations without disrupting the deep structure. Consistent with what happens during the upheaval process, interactions between an organization's separate units are unpredictable and susceptible to change during punctuation.

Both the convergence/upheaval and punctuated equilibrium models describe processes by which major changes may be made quickly to an organizational structure that has previously been considered stable and sustainable. A crisis can send an organization into a period of upheaval or punctuation; during this period of disruption, change happens to an organizational system. This is different than the convergence or equilibrium states, during which incremental change is occurring *in* an organizational system, rather than to the system itself.

## Organizational Change in the Midst of Crisis Management

Figure 1 provides a visual representation of the interaction between the change theories described above and the crisis management process. There are two layers included in Fig. 1, described here in ascending order. The bottom layer shows the three states of change – present, transition, and future – and how Lewin's three stages of the change interact with the transition state. The top layer is a depiction of the convergence/upheaval theory and the punctuated equilibrium paradigm as applied to crisis response. The lines connecting the convergence/equilibrium periods that precede and follow the occurrence of an organizational crisis represent institutional operations. The dotted lines are representative of the unplanned changes during the upheaval/punctuation period in which an organization is attempting to respond to a crisis and regain a state of convergence/equilibrium. The multiple versions of the dotted lines are indicative of the multiple possible pathways an organization may follow to achieve equilibrium after punctuation; the four pathways depicted were created at random to emphasize the variety of options.

## Leading Major Changes After a Crisis

An understanding of how organizations change can assist with handling the changes that are embedded in the management of a crisis. The change theories described above are those that focus on large-scale change – the types of change that "destabilize the organization and elicit fundamental changes in operations" (Bess and Dee 2008, p. 811). Large-scale change has been called by several names in the research literature: frame breaking (Tushman et al. 1986), radical (Simsek and Louis 2000), comprehensive (Kezar and Eckel 2002), transformational (Bess and Dee 2008), and revolutionary (Gersick 1991; Simsek and Louis 2000). This type of change is defined as discontinuous by several researchers (Gersick 1991; Simsek and Louis 2000; Tushman et al. 1986). It is characterized by "simultaneous and

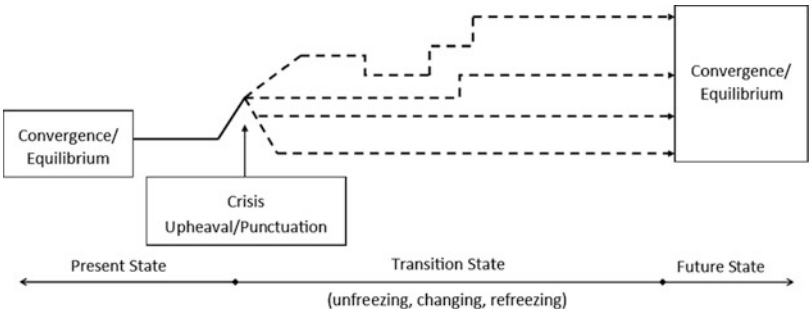


**Unplanned Change and Crisis Management, Fig. 1** Organizational change models. This map is a visual representation of the interactions between the change theories described above during a crisis management process. (Adapted from Shaw (2012))

sharp shifts in strategy, power, structure, and controls" (Tushman et al. 1986). Working through large-scale changes that are sparked by crisis, and thus unplanned, requires leaders with a willingness to engage in the mental exercise and physical practice of deconstructing organizational norms.

Deconstructing organizational norms is a difficult process for every member of the organization, from the leaders down to the employees on the lowest levels of the organizational chart. Organizational leaders who are typically charged with developing and maintaining norms may have a difficult time unfreezing their vision that guides this process. Depending on the changes required, lower-level employees who are not directly involved in the crisis management process may have a difficult time unfreezing their understanding of either how their positions fit within the organization or how their typical strategies for fulfilling their responsibilities need to shift. For this reason, the process of deconstructing norms is both a mental exercise of envisioning a different pathway toward organizational goals and a physical practice of bringing organizational employees along the pathway to change. In order to guide organizational members through this process, leaders must first be willing to participate in the mental exercises of abandoning norms and considering revised pathways toward achieving organizational mission and goals.

The second step in guiding this process is for leaders to make decisions and take actions that will move the organization from Lewin's unfreezing phase firmly into the change phase. Leadership competencies most used in the crisis response phase are decision-making under pressure, effective communication, and risk taking (Wooten and James 2008). After a crisis, there is often limited information available. Thus, leaders are unlikely to have all of the information desired or needed to make a sound decision; nonetheless, decisions are necessary and integral components of any change process. During crisis management, the need for innovative solutions may more readily lead to decisions that involve some amount of risk. Any decisions that may influence organizational status and processes should be communicated as early as possible to organizational stakeholders, including all employees, constituents, clients, and any others with a vested interest in the organization's viability.

Employees often find it difficult to adapt to changes in organizational processes and strategies (Eckel et al. 1999). Resistance is a typical response to organizational change; however, unplanned change after a crisis may evoke different responses. The uncertainty that exists after a crisis can make it easier for employees to absorb the unplanned changes imposed by organizational leaders during crisis response (Shaw 2012). Adding the element of emergency operations to a change process can encourage organizational commitment and loyalty, resulting in employee support of the crisis response process and thus the changes that are made during that process.

## Conclusion

Crisis events unfreeze an organization's operational and procedural norms, making it necessary for organizational leaders to consider and implement changes that can be refrozen as the organization approaches a new period of equilibrium/convergence. During the period that the operational profile is unfrozen, an organization must implement changes that allow for an effective response to the crisis event and the insurance of organizational viability. Organizational changes made during crisis response are often unplanned and directive, guided by the foresight of organizational leaders. It is after the immediate threat of harm to organizational resources is absolved that planned changes can be made through participative processes.

## Cross-References


- ▶ Coordination and Collaboration in Crisis Management
- ▶ Disaster Response Management
- ▶ Emergency Operations Plan
- ▶ Leadership and Emergency Management

▶ Organizational Structure and Crisis Management
▶ Sustainability and Crisis Management
▶ Uncertainty in Crisis Management

## References

Bess JL, Dee JR (2008) Understanding college and university organization: theories for effective policy and practice. Stylus, Sterling
Cintrón R, Weathers ET, Garlough K (2007) College student death: guidance for a caring campus. University Press of America, Lanham
Eckel P, Green M, Hill B, Mallon W (1999) Taking charge of change: a primer for colleges and universities. American Council on Education, Washington, DC
Gersick CJG (1991) Revolutionary change theories: a multilevel exploration of the punctuated equilibrium paradigm. Acad Manag Rev 16(1):10–36
Harper KS, Paterson BG, Zdziarski EL II (eds) (2006) Crisis management: responding from the heart. National Association of Student Personnel Administrators, Washington, DC
Hemphill BO, LaBlanc BH (eds) (2010) Enough is enough: a student affairs perspective on preparedness and response to a campus shooting. Stylus, Sterling
Kezar A, Eckel PD (2002) The effect of institutional culture on change strategies in higher education: universal principles or culturally responsive concepts? J High Educ 73(4):435–460
Lewin K (1951) Field theory in social science: selected theoretical papers. Harper & Brothers, New York
Mayhew E (2006) Organizational change processes. In: Jones BB, Brazzel M (eds) The NTL handbook of organizational development and change: principles, practices, and perspectives. Wiley, San Francisco, pp 104–120
Pauchant TC, Mitroff II (1992) Transforming the crisis-prone organization: preventing individual, organizational, and environmental tragedies. Jossey-Bass, San Francisco
Rosenthal U, Pijnenburg B (eds) (1991) Crisis management and decision making: simulation oriented scenarios. Kluwer Academic, Norwell
Shaw MD (2012) Crisis begets change: hurricane recovery at gulf coast institutions. Doctoral dissertation, Available from ProQuest Dissertations and Theses database
Simsek H, Louis KS (2000) Organizational change as paradigm shift. In: Brown MC III (ed) ASHE reader series: organization & governance in higher education, 5th edn. Pearson, Boston, pp 550–565
Tushman ML, Newman WH, Romanelli E (1986) Convergence and upheaval: managing the unsteady pace of organizational evolution. Calif Manag Rev 29(1):29–44
Wooten LP, James EH (2008) Linking crisis management and leadership competencies: the role of human resource development. Adv Dev Hum Resour 10(3): 352–379

# UPSC Examination Papers on Public Administration in India

Alasdair Roberts[1] and Aroon P. Manoharan[2]
[1]School of Public Policy, University of Massachusetts Amherst, Amherst, MA, USA
[2]Department of Public Policy and Public Affairs, John W. McCormack Graduate School of Policy and Global Studies, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Bureaucracy; Civil services; Comparative; Curriculum; Entrance exams; International; Public administration; Recruitment

## Definitions

| | |
|---|---|
| UPSC | Union Public Service Commission, the premier recruiting department for civil services in India. |
| Entrance examinations | The examinations undertaken by the aspirants to join the civil services or public administration at the federal and state levels. |

## Introduction

Every year, thousands of young Indians undertake the civil service entrance examinations for admission into the prestigious All India Services or one of the Indian central government's 22 specialized services. Examinees may choose to complete optional tests – called papers – on the subject of public administration. The papers have a significant influence in shaping the academic discipline of public administration in India, and they illustrate the current boundaries of the discipline. Although many organizations such as universities, textbook publishers, and for-profit coaching programs are concerned with preparing students for success in the civil service examinations, their judgments about what matters in the field of

public administration are influenced by what is asked in the Union Public Service Commission's (UPSC) optional papers on that subject.

This research note analyzes the content of these optional papers over the last decade and presents three conclusions. First, there is an unusual and probably excessive focus on American public administration in the theory component of the papers. Second, the papers overlook a substantial amount of important scholarship from the United States and other countries produced over the last 30 years. Third, there is a significant mismatch between the theoretical work covered in the papers and the practical challenges confronting Indian government. Adjustments to the content of the optional public administration papers are desirable but will be difficult because these adjustments will disrupt settled routines among many organizations.

## Background

Civil service examinations have been widely adopted in many nations for recruitment and promotion in their administrative systems. The meritocratic recruitment of public administrators through examination is an important component of civil service reform and has positive implications for economic growth and corruption reduction (Evans and Rauch 1999; Dahlström et al. 2012; Sundell 2014). In the United States, competitive examinations introduced as part of the Pendleton Act of 1883 were effective in significantly reducing patronage as the civil service system expanded across the nation (Sundell 2014). The British Civil Service Commission, established in 1855 following the Northcote–Trevelyan Report, advocated open competitive examinations over patronage in recruiting candidates for civil service positions (Edwards 2011). Such formal procedures are often more prevalent in "closed systems" along with lifelong tenure, special employment regulations, and protection from political pressures (Dahlström et al. 2012). Such mechanisms have been argued to keep bureaucracy more public and prevent the possibility of nepotism in appointments to administrative positions (Dahlström and Lapuente 2012).

In India, the civil service system is classified into two centrally administered categories. The first category comprises the All India Services – the Indian Administrative Service (IAS), the Indian Forest Service (IFS), and the Indian Police Service (IPS) – whose members work in central or state governments. The second category comprises 22 functionally specialized services whose members work only for the central government. In general, all of these services operate on the same two principles: recruiting young people and administrating an examination process. The first is that individuals should be recruited into a service at a young age – generally, between 21 and 32 – and spend their careers advancing through positions of increasing responsibility within it. The second is that admission into the services should be determined by a competitive examination. These principles were set in the 1850s, when the British government established the Indian Civil Service, and they have been continued, albeit with significant modifications, ever since. These two principles are explained in the 1854 Northcote-Trevelyan report (Northcote and Trevelyan 1853, pp. 8–16). While this report made proposals for Britain's home civil service, earlier reforms in the Indian civil service were a model.

The entrance examinations are now administered by the UPSC in two phases: preliminary and main examinations. The four hour preliminary examination is held in June of each year. In 2016, 459,659 people wrote this examination, of whom 15,452 were found to be qualified for the main examination (Union Public Service Commission 2019, Appendix 9). The main examination, held in October, comprises nine papers, each three hour long. Seven are on subjects set by the UPSC. Examinees must also write two papers selected from a list of 26 optional subjects given by the UPSC. Almost all of the people who qualified to write the main examination did so; of these, 2,956 advanced to an interview and 1,209 were recommended by the UPSC for appointment to the civil services (Union Public Service Commission 2019, Appendix 9).

**UPSC Examination Papers on Public Administration in India, Table 1** Number of candidates writing main examination and optional papers in public administration

| Year | Number appearing for CS (M) exam | Number appearing for PA papers | Number recommended | Success rate (%) |
|---|---|---|---|---|
| 2011 | 11,237 | 6,276 | 497 | 7.9 |
| 2012 | 12,190 | 7,077 | 359 | 5.1 |
| 2013 | 14,178 | 2,840 | 176 | 6.2 |
| 2014 | 16,286 | 2,852 | 151 | 5.3 |
| 2015 | 14,642 | 1,795 | 151 | 8.4 |
| 2016 | 15,149 | 1,506 | 160 | 10.6 |

Source: Annual reports of the Union Public Service Commission

Public Administration is one of the 26 optional subjects. It was the most popular optional subject in 2011 and 2012; the second most popular in 2013 and 2014; and the third most popular in 2015 and 2016. In 2016, 1,506 examinees selected this optional subject (Table 1). A summary of topics that may be addressed in the optional papers, referred to as the syllabus, is published in the *Gazette of India* several months before the main examination. The 2019 Syllabus for Public Administration, released in February 2019, is reproduced in Table 2. It has not changed in at least 6 years. The first paper examines "Administration Theory" while the second explores "Indian Administration." Each paper typically has eight questions, and many are divided into subquestions. Examination papers are publicly released following each examination.

This analysis looked at the optional public administration papers for the 10-year period of 2009 to 2018. These 20 papers – two per year – included 492 questions or sub-questions. A spreadsheet containing all the questions is available at http://bit.ly/UPSCexams. Textual analysis of the papers was conducted using NVivo. The study also consulted popular examination preparation books and textbooks on Indian public administration.

## Focus on American Theory

As noted, examinees opting to write on public administration must complete two papers – Paper I on Administration Theory and Paper II on Indian Administration. The separation of themes is not always clear, however. The questions were coded according to our own appraisal of whether they related to theory or practice, and identified 45 questions in Paper II that could be construed as theory questions as well. In some instances, these were theoretical questions that are important in India but neglected in the scholarly literature that forms the basis of Paper I. Examples of such questions are below:

Comment on the view that despite different contexts, administrative maxims of Kautilya's Arthashastra bear considerable similarity with features of Weber's ideal bureaucratic model. (2009 Paper II, Question 1(b))

"Gandhian model of decentralization is similar to the process of reinventing governance." Analyse in the context of good governance. (2013 Paper II, Question 6(a))

"Neighbourhood management provides an appropriate glocal strategy of dealing with social exclusion in the urban development scenario." Comment. (2018 Paper II, Question 7(c).)

Paper I (Administration Theory) draws predominantly on the literature of American Public Administration. This is suggested by the Syllabus (Table 2) and demonstrated by Table 3. The research identified every individual referenced in a question in Paper I and counted the number of references to each individual (variations such as Weberian or Taylorism were included). Of the 58 individuals who are referenced, 41 are American. Many of the non-Americans are politicians

**UPSC Examination Papers on Public Administration in India, Table 2** Syllabus for public administration papers, 2019

| |
|---|
| The following text is reproduced from the *Gazette of India*, February 19, 2019. Typographical errors have not been corrected |
| Paper I: Administration theory |
| 1. Introduction: meaning, scope, and significance of public administration, Wilson's vision of public administration, evolution of the discipline and its present status. New public administration, public choice approach; challenges of liberalization, privatization, globalization; good governance: concept and application; new public management |
| 2. Administrative thought: scientific management and scientific management movement; classical theory; Weber's bureaucratic model its critique and post-Weberian developments; dynamic administration (Mary Parker Follett); human relations school (Elton Mayo and others); functions of the executive (C.I. Barnard); Simon's decision-making theory; participative management (R. Likert, C. Argyris, D. McGregor) |
| 3. Administrative behavior: process and techniques of decision-making; communication; morale; motivation theories content, process, and contemporary; theories of leadership: traditional and modern |
| 4. Organizations: theories systems, contingency; structure and forms: ministries and departments, corporations, companies; boards and commissions; ad hoc, and advisory bodies; headquarters and field relationships; regulatory authorities; public-private partnerships |
| 5. Accountability and control: concepts of accountability and control; legislative, executive and judicial control over administration; citizen and administration; role of media, interest groups, voluntary organizations; civil society; citizen's charters; right to information; social audit |
| 6. Administrative law: meaning, scope, and significance; dicey on administrative law; delegated legislation; administrative tribunals |
| 7. Comparative public administration: historical and sociological factors affecting administrative systems; administration and politics in different countries; current status of comparative public administration; ecology and administration; Riggsian models and their critique |
| 8. Development dynamics: concept of development; changing profile of development administration; "antidevelopment thesis"; bureaucracy and development; strong state versus the market debate; impact of liberalization on administration in developing countries; women and development the self-help group movement |
| 9. Personnel administration: Importance of human resource development; recruitment, training, career advancement, position classification, discipline, performance appraisal, promotion, pray and service conditions; employer-employee relations, grievance redressal mechanism; code of conduct; administrative ethics |
| 10. Public policy: models of policy-making and their critique; processes of conceptualization, planning, implementation, monitoring, evaluation and review, and their limitations; state theories and public policy formulation |
| 11. Techniques of administrative improvement: organization and methods, work study and work management; e-governance and information technology; management aid tools like network analysis, MIS, PERT, CPM |
| 12. Financial administration: monetary and fiscal policies: public borrowings and public debt budgets types and forms; budgetary process; financial accountability; accounts and audit |
| Paper-II: Indian administration |
| 1. Evolution of Indian administration: Kautilya Arthashastra; Mughal administration; legacy of British rule in politics and administration Indianization of public services, revenue administration, district administration, local self-government |
| 2. Philosophical and constitutional framework of government: salient features and value premises; constitutionalism; political culture; bureaucracy and democracy; bureaucracy and development |
| 3. Public sector undertakings: public sector in modern India; forms of public sector undertakings; problems of autonomy, accountability and control; impact of liberalization and privatization |
| 4. Union government and administration: executive, parliament, judiciary-structure, functions, work processes; recent trends; intra-governmental relations; cabinet secretariat; prime minister's office; central secretariat; ministries and departments; boards; commissions; attached offices; field organizations |
| 5. Plans and priorities: machinery of planning; role, composition, and functions of the Planning Commission and the National Development Council; "Indicative" planning; process of plan formulation at Union and State levels; Constitutional Amendments (1992) and decentralized planning for economic development and social justice |
| 6. State government and administration: union-state administrative, legislative and financial relations; role of the finance commission; governor; chief minister; council of ministers; chief secretary; state secretariat; directorates |
| 7. District administration since independence: changing role of the collector; union-state-local relations; imperatives of development management and law and order administration; district administration and democratic decentralization |

(continued)

**UPSC Examination Papers on Public Administration in India, Table 2** (continued)

| |
|---|
| 8. Civil services: constitutional position; structure, recruitment, training, and capacity building; good governance initiatives; code of conduct and discipline; staff associations; political rights; grievance redressal mechanism; civil service neutrality; civil service activism |
| 9. Financial management: budget as a political instrument; parliamentary control of public expenditure; role of finance ministry in monetary and fiscal area; accounting techniques; audit; role of controller general of accounts and comptroller and auditor general of India |
| 10. Administrative reforms since independence: major concerns; important committees and commissions; reforms in financial management and human resource development; problems of implementation |
| 11. Rural development: institutions and agencies since independence; rural development programs: foci and strategies; decentralization and Panchayati Raj; 73rd constitutional amendment |
| 12. Urban local government: municipal governance: main features, structures, finance and problem areas; 74th constitutional amendment; global-local debate; new localism; development dynamics, politics, and administration with special reference to city management |
| 13. Law and order administration: British legacy; National Police Commission; investigative agencies; role of central and state agencies including para military forces in maintenance of law and order and countering insurgency and terrorism; criminalization of politics and administration; police-public relations; reforms in police |
| 14. Significant issues in Indian administration: values in public service; regulatory commissions; National Human Rights Commission; problems of administration in coalition regimes; citizen administration interface; corruption and administration; disaster management |

such as Nehru, Annan, and Napoleon, or bureaucrats such as Nolan and Whitley, rather than academics.

In fact, one can think of Paper I and Paper II as exercises that relate to two different countries. We coded all of the examination questions where we saw explicit references to laws or practices of specific countries. However, the nationality of individuals was not considered in this analysis. As one may expect, 211 questions, almost all from Paper II (Indian Administration), referred to India. Only two other countries were directly referenced in any examination question in either paper: the United Kingdom in ten questions and France in one. The United States was never explicitly referenced in any question. But Paper I, as we have seen (Table 3), presents a predominately American view of the field of public administration.

## An Outdated View of Theory

The view of American public administration that is suggested by Paper I is also outdated. This is best illustrated by looking at the Syllabus in Table 2, which largely reflects an American public administration curriculum of the late 1960s or

**UPSC Examination Papers on Public Administration in India, Table 3** People referenced in paper I

| Name | References | Nationality |
|---|---|---|
| RIGGS Fred | 8 | USA |
| BARNARD Chester | 7 | USA |
| SIMON Herbert | 6 | USA |
| TAYLOR Frederick | 6 | USA |
| WEBER Max | 5 | Germany |
| WILDAVSKY Aaron | 5 | USA |
| DROR Yehezkel | 4 | USA |
| FOLLETT Mary Parker | 4 | USA |
| McGREGOR Douglas | 4 | USA |
| DICEY A.V. | 3 | UK |
| WALDO Dwight | 3 | USA |
| WILSON Woodrow | 3 | USA |
| ARGYRIS Chris | 2 | USA |
| GOULDNER Alvin | 2 | USA |
| HEADY Ferrel | 2 | USA |
| LIKERT Rensis | 2 | USA |
| NAPOLEON | 2 | France |
| PARETO Vilfredo | 2 | Italy |
| VICKERS Geoffrey | 2 | UK |
| AL-RODHAN Nayef | 1 | Saudi Arabia |
| ANNAN Kofi | 1 | Ghana |
| APPLEBY Paul | 1 | USA |
| BACHRACH Peter | 1 | USA |
| BARATZ Morton | 1 | USA |
| BENNIS Warren | 1 | USA |
| BLAKE Robert | 1 | USA |

(continued)

**UPSC Examination Papers on Public Administration in India, Table 3** (continued)

| Name | References | Nationality |
|---|---|---|
| CUSHMAN Robert | 1 | USA |
| DENHARDT Kathryn | 1 | USA |
| DEUTSCH Karl | 1 | USA |
| DOWNS Anthony | 1 | USA |
| DRUCKER Peter | 1 | USA |
| EASTON David | 1 | USA |
| FESLER James | 1 | USA |
| GIBBON Edward | 1 | UK |
| GRAMSCI Antonio | 1 | Italy |
| GULICK Luther | 1 | USA |
| HERZBERG Frederick | 1 | USA |
| KAHN Robert | 1 | USA |
| KATZ Daniel | 1 | USA |
| KETTL Donald | 1 | USA |
| LENIN V.I. | 1 | USSR |
| MARX Karl | 1 | Germany |
| MASLOW Abraham | 1 | USA |
| MORRISON Herbert | 1 | UK |
| MOUTON Jane | 1 | USA |
| NEHRU, Jawaharlal | 1 | India |
| NIGRO Felix | 1 | USA |
| NIGRO Lloyd | 1 | USA |
| NISKANEN William | 1 | USA |
| NOLAN Michael | 1 | UK |
| PRESSMAN Jeffrey | 1 | USA |
| ROSENBLOOM David | 1 | USA |
| SACHS Wolfgang | 1 | Germany |
| SCHEIN Edgar | 1 | USA |
| URWICK Lyndall | 1 | UK |
| WARING Stephen | 1 | USA |
| WEIDNER Edward | 1 | USA |
| WHITLEY J.H. | 1 | UK |

1970s. There is heavy emphasis on overall organization and functions such as personnel and financial administration. The approach to comparative or development administration is guided by the 1960s-era work of Fred Riggs and Ferrel Heady. In fact, Riggs is the most commonly referenced individual in Paper I (see Table 3). Questions that mention policy draw on debates about rationality and incrementalism involving scholars such as Lindblom, Dror, and Vickers, also from the 1960s. Similarly, questions about work processes and administrative behavior focus heavily on concepts such as Taylorism or participative management, and techniques such as PERT, CPM, and MIS, that were most influential up into the 1980s.

The problem of outdatedness also extends to test preparation materials, as evident in the list of American texts recommended in one exam-preparation book (Kalinjar Publications 2016, pp. 9–10):

Heady, Ferrel (2001). *Public Administration: A Comparative Perspective*. New York, Marcel Dekker. 6th edition.

Nigro, Felix A. and Lloyd G. Nigro (1989). *Modern Public Administration*. New York, Harper & Row. 7th edition.

Stahl, O. Glenn (1983). *Public Personnel Administration*. New York, Harper & Row. 8th edition.

White, Leonard D. (1955). *Introduction to the Study of Public Administration*. New York, Macmillan. 4th edition.

The more recent developments in American public administration theory which appear to be neglected but might be relevant to modern India are:

- The substantial shift toward a "public policy" focus by many universities after the mid-1970s. This includes an emphasis on action, techniques of policy analysis, and processes of policy formulation, decision-making, and implementation (Yates 1977; Stokes 1989).
- The rapid growth of literature in the domains of Public Management and Non-Profit Management after the mid-1980s.
- The expanded literature on outsourcing, public-private partnerships, and "networked" forms of service delivery after the 1990s.

It should be noted that outdatedness has some advantages. The UPSC syllabus for Paper I notes the importance of "historical and sociological factors" affecting administration, administrative law, and microlevel questions of motivation and behavior. Contemporary American scholars have criticized their field for neglecting these topics in recent decades and called for renewed emphasis on them (Christensen et al. 2011; Olsen 2015;

Milward et al. 2016). In this sense, the UPSC syllabus may find itself ahead of the curve rather than behind it.

## Mismatch between Theory and Practice

A more fundamental question is whether the heavy emphasis on American public administration in Paper I makes sense, given the distinctive context of Indian public administration and the range of challenges that are emphasized in Paper II.

This question can be approached in several ways. First, we can question the relevance of some of the material canvassed in Paper I. For example, examinees have been asked several times over the last decade to reflect on Woodrow Wilson's views about public administration. In 2017, examinees were invited to comment on the proposition that Wilson's 1887 essay on administration "continues to have great relevance even today." But it is doubtful that Wilson's essay ever had any relevance in India, except as material for examination. In 1887, the administrative systems laid down in India – by the British East India Company, and the British government – may have been more elaborate than those of the American federal government. Appleby (1955) further notes that the administrative experience in India enriched the United Kingdom government in several ways. Moreover, these administrative systems were developed without any reference to American experience. British and Indian writers were engaged in the systematic study of administration well before Wilson entered the field (Stokes 1989). But the extensive British literature on colonial administration is not included in the syllabus for Paper I, although these topics are referenced in the syllabus for Paper II.

Much of the American public administration literature written in the twentieth century took certain facts for granted: that the population was mostly urbanized, middle class, and literate; that the economy was mainly industrialized; that most of the territory was just recently settled; that there was no long history of religious division; that the colonial legacy was long past and (by comparison to India) relatively benign. This may explain why many topics that are emphasized in Paper II are not given much emphasis in Paper I. Unintended as it is, this is a stark example of the age-old lament that theory does not inform practice in public administration.

To appreciate the gaps between Papers I and II, consider Table 4. The text of each question was coded inductively and then aggregated these codes into 37 topics. Table 4 shows the number of references to each of these topics for questions contained in Papers I and II. We can see some areas in which there are clear disparities between the two, notably state and local government, internal security, the Cabinet system, corruption control, and disaster management. These appear to be topics that are important in practice but which are not addressed by the theoretical literature in public administration, as it is currently defined for the purposes of Paper I.

If the aim of Paper I is to survey a scholarly literature that is relevant to the practical problems identified in Paper II, then it would be desirable to draw on a broader array of sources. For example:

- Other Westminster systems such as the United Kingdom, Australia, New Zealand, and Canada deal with similar problems relating to the interaction of senior bureaucrats, ministers, and parliaments. There is an extensive scholarly literature on these problems that could be addressed in the syllabus of Paper I.
- There is also a substantial literature in the field of statebuilding and development studies that addresses problems of state fragility and economic and social development. Much of this literature draws on the experiences of complex polities that have more in common with India than the United States, such as China, Brazil, South Africa, Indonesia, and Nigeria.
- There is also an extensive literature on the problems of federalism, and also a growing European literature on multilevel governance.
- Finally, there is also a growing literature that is relevant to problems of transparency, ethics, corruption control, and the application of new information technologies for improved service delivery.

**UPSC Examination Papers on Public Administration in India, Table 4** Topics in papers I and II

| Topic | Paper I | Paper II |
|---|---|---|
| A: Organization theory | 41 | 4 |
| B: Administrative systems and reform | 17 | 26 |
| C: Local government | 4 | 33 |
| D: Leadership and management | 28 | 3 |
| E: Civil services | 6 | 21 |
| F: Public participation and control | 14 | 13 |
| G: Budgeting, financial administration, and auditing | 14 | 10 |
| H: Accountability and corruption control | 5 | 15 |
| I: Comparative and development administration | 15 | 5 |
| J: Internal security | 0 | 19 |
| K: Decision-making | 15 | 0 |
| L: Administrative and constitutional law | 10 | 6 |
| M: Development and development programs | 8 | 9 |
| N: Role of the state and government | 12 | 5 |
| O: Economic policy, economic reforms, regulation | 7 | 8 |
| P: ICT, e-government, and e-governance | 13 | 3 |
| Q: Administrative ethics | 9 | 6 |
| R: Performance-based control | 8 | 5 |
| S: Public administration theory | 14 | 0 |
| T: Civil society and media | 8 | 5 |
| U: District administration | 0 | 13 |
| V: Federalism and fiscal federalism | 0 | 13 |
| W: Judiciary and its role | 1 | 9 |
| X: Planning and coordination | 3 | 10 |
| Y: President, Prime Minister, Ministers, Cabinet | 0 | 13 |
| Z: Governance and good governance | 6 | 6 |
| AA: Politics and administration | 3 | 9 |
| AB: British and precolonial legacies | 1 | 10 |
| AC: Gender and social exclusion | 5 | 5 |
| AD: Parliament and its role | 3 | 5 |
| AE: Disaster management | 0 | 8 |
| AF: Policy analysis and policy process | 8 | 0 |
| AG: Policy implementation | 5 | 3 |
| AH: State government | 0 | 6 |
| AI: Rule of law and human rights | 4 | 1 |
| AJ: Environmental policy and climate change | 0 | 2 |
| AK: Foreign policy and national security | 0 | 2 |

Table 4 also suggests that there may be subjects that deserve more attention in both Papers I and II. For example, little attention is paid to administrative problems associated with climate change and to problems of international relations as well as supranational and transnational administration.

## Reform Opportunities and Challenges

How did twentieth-century American public administration theory find its way into India's civil service exam? Perhaps because the newly formed government of independent India wanted to distance itself from the colonial administration

of the British Raj, beginning with the transformation of the Indian Civil Services (ICS) to the present-day IAS. The government even invited Professor Paul Appleby of Syracuse University to conduct an extensive study of the government's administrative structure. His concluding report recommended significant reform measures in recruitment, training, and daily functioning of administrative personnel. Additionally, the civil service began reorienting towards development administration, along with a focus on professionalization for the efficient management and implementation of development programs (Mathur and Mathur 2017). Administration was seen as a great instrument of change and there was increasing support for comparative administration and development administration, notably the funding from the Ford Foundation to the Comparative Administrative Group of the American Society for Public Administration (ASPA). Furthermore, many of the early administrative development theories in the 1950s were written by Americans. The United States was not perceived as a colonizing power, and American literature might have represented more of a "break" with colonial literatures. The USA, at that time, was also the recognized leader of the West during the Cold War, thus, a need to "learn" about new states to ensure they did not become communist.

These are plausible theories, but they do not explain why the UPSC's syllabi have not kept up to date. Why have new developments in American public administration theory remained stuck in the mid-1970s? This was perhaps a result of the declining interest in comparative administration work in the USA due to the fall in funding for such work after 1973. The study of comparative administration began to diverge from conventional American public administration and increasingly establish itself as a distinct subfield in political science, economics, and related disciplines (Jreisat 2005). Thus, along with the new emphasis on MPA degrees in the early 1970s in the USA, and the concurrent split of public administration from political science, comparative administrative learning effectively stopped (Gulrajani and Moloney 2012). Also, the study of public administration in India remained largely confined to political science departments, and there were few interlinking bridges or professional pathways between the academic and practical domains in the field. Such factors have may resulted in this overwhelming orientation towards American public administration of a certain era. Even though American public administration has moved forward considerably, the Indian civil service papers remain in the past.

In brief, there appear to be opportunities to revise the optional papers in public administration so that they are more relevant to contemporary challenges of administration in India. Adjusting the optional papers would have important consequences. It would require changes in textbooks, coaching programs, and university curricula. Several state public service commissions appear to use UPSC syllabi as templates for their own examinations, and a change at the center might imply changes at the state level as well. But change will also be difficult, precisely because so many different actors have made commitments to the current way of doing things. Added to this is the understandable desire of examinees to know what they will be tested on.

There is a conflict here between the dynamics of scholarly work and the needs of an expansive and highly bureaucratized examination system. On the one hand, the academic literature is always changing, adopting new priorities, inventing new ideas, and abandoning old ones. On the other hand, the examination system depends on predictability and requires coordination of expectations. The problems of adjustment in today's examination system are much more substantial than they were in the nineteenth century, because the system is much larger and more complex. Still, a better compromise between adaptability and predictability seems necessary as a considerable part of the syllabus for public administration is not well suited to India's current conditions and future challenges.

## Cross-References

► Civil Service Reform and Ethics
► Ethics and Public Administration

▶ Governance and Corruption in India
▶ High-Tech Age and Public Sector HRM, The
▶ Max Weber and Organizational Theory
▶ Professional and Business Associations
▶ Public Administration Theory
▶ Public Employment and Representative Bureaucracy
▶ Public Policy and Governance: Theory and Practice
▶ Skill Requirements for City Administrators

## References

Appleby PH (1955) Comparative public administration. Indian J Public Adm 1(1):3–7
Christensen RK, Goerdel HT, Nicholson-Crotty S (2011) Management, law, and the pursuit of the public good in public administration. J Public Adm Res Theory 21(Suppl 1):i125–i140
Dahlström C, Lapuente V (2012) Weberian bureaucracy and corruption prevention. In: Holmberg S, Rothstein B (eds) Good government: the relevance of political science. Edward Elgar, Cheltenham, pp 150–173
Dahlström C, Lapuente V, Teorell J (2012) Public administration around the world. In: Holmberg S, Rothstein B (eds) Good government: the relevance of political science. Edward Elgar, Cheltenham, pp 40–67
Edwards JR (2011) Professionalising British central government bureaucracy c. 1850: the accounting dimension. J Account Public Policy 30(3):217–235
Evans P, Rauch JE (1999) Bureaucracy and growth: a cross-national analysis of the effects of "Weberian" state structures on economic growth. Am Sociol Rev 64:748–765
Gulrajani N, Moloney K (2012) Globalizing public administration: today's research and tomorrow's agenda. Public Adm Rev 72(1):78–86
Jreisat JE (2005) Comparative public administration is back in, prudently. Public Admin Rev 65(2), 231–242
Kalinjar Publications (2016) UPSC public administration mains examination topicwise question analysis 1987–2014. Kalinjar Publications, Delhi
Mathur K, Mathur N (2017) Assessing administrative reform in India. Chin Polit Sci Rev 2(1):40–55
Milward B, Jensen L, Roberts A, Dussauge-Laguna MI, Junjan V, Torenvlied R, Boin A, Colebatch HK, Kettl D, Durant R (2016) Is public management neglecting the state? Governance 29(3):311–334
Northcote S, Trevelyan CE (1853) Report on the organization of the permanent civil service. Her Majesty's Stationery Office, London
Olsen AL (2015) "Simon said," we didn't jump. Public Adm Rev 75(2):325–326
Stokes E (1989) The English utilitarians and India. Oxford University Press, New York
Sundell A (2014) Are formal civil service examinations the most meritocratic way to recruit civil servants? Not in all countries. Public Adm 92(2):440–457
Union Public Service Commission (2019) 68th annual report (2017–2018). Union Public Service Commission, New Delhi
Yates DT (1977) The mission of public policy programs: a report on recent experience. Policy Sci 8(3):363–373

# Urban Administration

Irina Ilina and Evgenij Pliseckij
Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia
Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher School of Economics, Moscow, Russia

## Synonyms

Municipal management; Municipality

## Definition

The administration, organization, and planning performed for cities or towns, particularly the process of converting farmland or undeveloped land into offices, businesses, housing, and other forms of development.

## Introduction

According to the database of the Russian Federal Statistics service from 1 January 2016, there are 1112 cities/towns in Russia. Each of them represents a specific locale differentiated by the peculiarities of their economic and geographical position, structure of economy, development of engineering, transport, and social infrastructure and also the tendencies of the demographical development. The UN estimates that by the year

2050, the mankind life quality will be determined by the quality of the city development, and the entire frame of the municipal economy will be aimed at the sustainable advancement of the cities. The leading factor in this is efficient city administration according to which there are four groups of cities in the Russian Federation:

1. A city as a constituent territory of the Russian Federation divided into districts which are not municipalities. The districts are divided into districts which are municipalities, so-called intracity municipal units of the city with federal status (Moscow).
2. A city as a constituent territory of the Russian Federation divided into municipal districts, intracity municipal units of the city with federal status (St. Petersburg).
3. A city as a municipal unit divided into districts which are not municipalities.
4. A city as a municipality without administrative territorial division.

Due to such division of a city, a lot of local issues are possible to be solved:

- Construction of a scheme to manage the city's property and creation of estate objects
- Functioning of the cadastre and registration of estate property rights
- Budget formation and financing the estate objects from the city's funds
- Distribution of municipal enterprises and establishments
- Pricing formation peculiarities, etc.

The city territorial administrative object is:

- City lands regardless of the property type
- Estate objects (buildings, constructions)
- Utility systems (ground, overground, and underground networks and communications)
- Elements of amenities and landscaping
- Other objects and elements forming a city's infrastructure
- Local budget resources, in particular, the funds flowing into the city budget
- Municipal (city) property – the asset portfolio of a city as a municipal unit

Within a municipality unit, there are the objects significant for fostering and catering the population's needs (running water and electricity, city roads and squares, engineering networks and constructions, fossil fuels) and the objects of cultural and historical heritage (valuable landscapes, monuments of architecture, etc.) and also:

- Local budget funds, municipal extra-budgetary accounts
- Assets of self-governing authorities
- Municipal lands, local natural resources
- Municipal economic entities
- Municipal banks and credit cash companies
- Municipal housing facilities and nonresidential premises
- Municipal sociocultural enterprises
- Other movable and immovable property

Municipal property serves as a base for effective work of local self-government bodies and solution of the key problems of city population well-being; it allows to provide the population with the necessary service, get extra income and decrease the expenses of the local budget, contribute to the creation of a favorable social environment, and tackle the social issues of a city. The local budget resources are significant for a city's efficient territorial administration, especially the money coming to the city budget. Land resources of a city are its territorial, special, and natural ecological and economical basis of the population dwelling. The parts of land matters are:

1. Providing legal rights on land to all the land users
2. Managing the land resources of a city
3. State economical regulations

The following are the objects of land matters in a city.

1. Municipal lands of fixed square within the borders of a municipal unit

2. Territorial zones and areas of special regime of use
3. Land units
4. Parts of land units

The constituent territory of the city territory administration is the population of a municipal settlement and the local self-governing bodies that are legally permitted to sort out economic, financial, social, and other problems at the level of its region. Wealth and administrative rights and responsibilities on behalf of the population can be executed solely by the local self-governing bodies.

The city administration system defines:

- Urban administration structure: its apparatus and managing bodies and their branches and manning table
- Order of the apparatus formation, managing authorities, and municipal (district) services of the city administration
- Order of differentiation of executive and executive and operating functions, distribution of duties among the deputies of the municipality leader, and the apparatus headquarters and managing authorities

The Russian Federation Legislation (Legislative Act from 06.10.2003 N 131-FL "Concerning the General Principles of the Organization of Local Government in the Russian Federation") establishes the following types of municipalities that can be entitled as cities/towns:

- Municipal unit as an urban or rural settlement, municipal district, urban district, urban district with intra-urban division, intra-urban region, or intra-urban town site of federal importance
- Urban county as an urban settlement which is excluded from the municipal district and the bodies of local self-government
- Urban county with intra-urban division as an urban county where according to the law of the constituent territory of the Russian Federation are formed intra-urban districts as intra-urban municipal units
- Intra-urban district as an intra-urban municipal unit on a part of the territory of an urban county with intra-urban division

The division criteria for the urban districts with intra-urban division into intra-urban districts are set by the laws of the constituent territory of the Russian Federation and the regulations of such a county.

The administration of cities as municipalities is executed by the population and/or through the local authorities considering their interests, historical, and other local customs as well as by the federal and regional authorities in the scope of the valid legislation of the Russian Federation regarding the bodies of local self-government.

The majority of cities are, on the one hand, considered to be municipal units but, on the other hand, are elements of the administrative and territorial system of a constituent territory of the Russian Federation. Due to this, the possible problems are solved on the regional level: the laws of constituent territories of the Russian Federation provide the characteristic of a territory; in the laws of administrative and territorial division, there is a description of borders with the procedure of their setting and changing.

The administration of the cities of federal importance in Moscow and St. Petersburg is different in several ways. These cities have the governing authorities of the regional level. Everything is executed complying with the constitution of the Russian Federation, by their citizens – the citizens of the Russian Federation (through elections, referendums, etc.) – or by the public bodies of the government (legislative, executive, judicial). In the cities of federal importance according to the regulations inside these constituent territories of the Russian Federation local self-administration is run by the authorities in the intra-urban areas. In Moscow, there are over 120 of such areas and fewer than 100 in St. Petersburg. The districts are created with regard to the historical, geographical, city-planning peculiarities, the population amount, location of road and traffic network, engineering infrastructure, etc.

Moscow is the only city in the Russian Federation that has three levels of executive power. Along with the municipal districts, there are more than 12 bigger administrative intra-urban districts. On average, these include 12 regions. The districts bear geographical names (Northwest administrative district, East administrative district, and so forth.) Districts – also known as prefectures – are not the elements of local self-government. They are created for managing some certain territories. Formation, change, abolishment of administrative districts, giving them titles, and border alteration are executed by the largest official in Moscow (a constituent territory of the Russian Federation) – the mayor of the city.

The three-level system of the executive power in Moscow includes:

1. Moscow City Council – the highest and only legislative (representative) body of the government
2. Mayor of Moscow – the highest official of the city who heads the largest executive body of the state government of Moscow
3. Moscow Government – the highest executive authority of the state power
4. Moscow government, industries, functional, and territorial executive bodies that perform the executory and regulatory functions in certain industries and administrative spheres of the city are the executive authorities of Moscow

The governing institutions of Moscow has the right to decide the following:

- Passing and changing the law and other statutory acts of the city and controlling the abidance of these
- Territorial organization of the city
- Establishment of the system and order of the governmental bodies and officials of Moscow work
- Regulation of the local self-administration regarding the features of Moscow as a city of federal importance
- Property, funds, and intra-budget funds of Moscow
- Fines, payments, and taxes excluding the federal ones
- Social order and safety control
- Fire safety
- Complex socioeconomic and cultural development of Moscow
- Problems with education, upbringing, science, healthcare, social security, and support of the population
- Development and support of entrepreneurship
- Governmental establishments organization in Moscow and their produce and service price formation
- Support of housing and nonhousing stock, utility provision, and power industry
- Welfare
- City transport and communications
- Trade and catering
- Utilization and recycling of industrial waste and consumption
- Funeral arrangements
- Mass media
- Architecture
- Other constituent territories not contained in the Constitution of the Russian Federation

Each of the governing bodies owns this authority and performs the role due to their forms of organization and methods of work.

The Moscow City Council is comprised of 35 officials elected through the direct vote by the Moscow dwellers – citizens of the Russian Federation according to the main principles of the federal election franchise. It is eligible to pass laws and make other decisions if the number of the elected officials is not less than two thirds of the stated population amount. A council official has a tenure (receives salary from the state budget) and is prohibited from doing any other activity except for teaching, conducting scientific research, or any other creative job. They are free to resign before their term ends. The Council is run by the Head and his deputies that are elected by means of secret voting from the pool of officials. In the Council, there may be created the so-called fractions (unions). Moscow City Council has exceptional authority, i.e., it is a sole decision-maker in some certain matters. For

example, adopting the city's rules, laws, and bills; confirming the budget, intra-budget funds, and reports about their completion; establishment of regional (Moscow) and local (for the local self-government) taxes and charges; approval of the general plan of Moscow's development; gathering of the Council and making changes in its structure, committees, and labor groups; realization of legislation rights in the City Council of the Russian Federal Assembly; election of the Council's member for the Federation Council and appointment of another member from the executive authority in Moscow; law interpretation (except for the Statute of Moscow which is performed by the Charter Court of Moscow); appointment of the head of the Moscow Chamber of Control and Accounts, their deputies, and auditors; appointment of statutory and magistrate judges according to the mayor's will; setting the Council elections date; establishment of the procedure and the date of Moscow's referendum; signing agreements with the governmental bodies of other constituent territories in the Russian Federation and foreign countries; creation, uniting, and abolishment of municipal units in Moscow; setting the order or work and administration of the territory social self-government; and laying administrative responsibility concerning the constituent territory's authority (in this case, Moscow) and other issues.

The Statute of Moscow and its amendments are to be approved by at least two thirds of the votes, the laws by not less than a half of the Council members' number. The bills concerning taxes, changes in the city's financial responsibilities, and other bills about the budget of the city are addressed upon the mayor's order or based on his opinion.

Moscow City Council operates by calling the regular committees, organizing the work of officials, and in other ways. It makes independent decisions on the administration, legal, information, utility, and finance levels.

Moscow City Council can make a decision about its own dismissal. The mayor of Moscow can also do this in case the court has found its statutory act contradicting the Constitution of the Russian Federation, Moscow City regulations, or the federal law, and the Council has neither abolished nor altered such an act within the period of 6 months.

The highest constantly acting collective executive of Moscow is Government of Moscow. It possesses general competence and fosters smooth work of other authorities in the city. The head of the government is the mayor of Moscow who is, at the same time, the head of the constituent territory of the Russian Federation (Moscow City). He is at power just like all other officials in the Russian Federation, which is by entitlement of the City Council according to the will of President of Russia. The mayor directly or through other executive bodies is responsible for solving the issues with social and economic development of the city, representing Moscow and speaking on its behalf, and approving and declining laws passed by the Council (the mayor's decision can be rejected by not less than two third of the Council). He forms the Moscow Government and designates its representative from the executive power of Moscow in the Federal Council as well as his own deputies in Moscow City Council and other authority bodies. He has the right to cancel statutory acts of the executive power and magistrates of Moscow (except for the orders of the Moscow Government). The mayor enacts statutory acts and orders.

Apart from the mayor, the Moscow Government includes the vice mayor, mayor deputies of the Government (including the first deputies), the Mayor and the Moscow Government Apparatus Leader as the first mayor's deputy in the Moscow Government, ministers of the government, and administrative districts' prefects in the rank of ministers of Moscow. The Moscow Government makes rulings if they are voted for by more than a half of the government members.

Also, the Moscow Government operates via industrial and functional bodies of the executive power (administrative departments, directorates, offices, etc.) that perform in varied spheres of urban administration and management (city's property, finance, transport, etc.). The heads of these are designated and dismissed by the Moscow Government.

On sites – in administrative districts and boroughs – territorial bodies of executive power are

created. They are prefectures in the districts and councils in the boroughs. Prefects are appointed by the mayor and the council board by the Moscow Government. Prefectures and councils control, coordinate, and pass orders on the assigned territories according to the legal acts of Moscow. Prefects and council boards are the representatives of the executive power in Moscow. They have their own executive personnel there.

Local self-administration takes place in the districts of Moscow that are considered municipality units. The system of municipalities is regulated by the Statute and a special law. Organization and methods of self-administration in Moscow correspond to the general principles of local self-government in the Russian Federation which are established by the federal law. Apart from the bodies of local self-administration, in Moscow districts, there are also administrative bodies called councils.

The representative self-governing body in each district of Moscow is a municipal assembly elected by the district's residents – Russian citizens (regardless of the time spent in Moscow). The number of its members depends on the district's population amount and usually fluctuates between 10 and 20 officials. A municipality unit's official in Moscow does not get money for their work from the municipality budget. In the municipal assembly's scope of exceptional authority lies the following duties: statute enforcement and its implementation, local budget, management order and usage of municipal property, plans and programs of municipal unit approval, decisions about conducting local referendums, and other tasks typical for self-governing bodies (they are described in detail below). The work of the municipal assembly is regulated by its chairman who is elected by the officials.

The executive-administrative body of a district is the municipality. It is run by the chief of the municipal unit who is elected by citizens for the same term as the municipal assembly (not more than 5 years) simultaneously with the assembly elections but for separate candidacies. The head of the district is in charge of the local self-administration in the district and passes executive-administrative orders. He is entitled to handle all the issues of local importance except for the ones in the exceptional authority of the municipal assembly. He is responsible for the personnel of the municipality. The head of the council issues regulatory decrees and – in case of organization – orders.

As a management tool to control a municipal district, some certain forms of voting are used. These are referendums, territorial community administration, etc. The same ones are implemented by other municipal units as well.

Similar to Moscow, St. Petersburg has its own legislative body (legislative assembly) and the head of this administrative constituent territory of the Russian Federation – the governor. According to the law of St. Petersburg No 411–68 from 25 July 2005 "about the territory organization of St. Petersburg," the territory of the city is divided in 18 districts. There are 111 intra-urban municipal units situated within the district borders: 81 municipalities (some of them were immediately given titles, some got their names later, but some bear only numbers even now; but number 43 is skipped since it used to be assigned to the town called Krasnoye Selo), 9 cities, and 21 rural settlements (intra-urban territories of St. Petersburg).

The head of a municipality unit is elected by the officials of the municipal council from their own staff. He/she creates his/her administration. Unlike Moscow, St. Petersburg does not have any administrative districts.

It should be pointed out that in all the cities including the ones which are the constituent territories of the Russian Federation, along with this or that form of municipal administration, there is also some governmental industrial management represented by territorial bodies of the executive power of the state or, sometimes, of the constituent territory itself such as ministries, offices, departments, and agencies that take care of the issues of the state importance.

Russian cities' development is obstructed by the imperfection of the taxation system, absence of qualified personnel, and interaction of authorities on different levels to achieve goals. To tackle these problems, it is necessary to reconsider the principles used in budget distribution. Firstly, the

municipal level of urban administration should be enforced; the mechanism of social finance must be improved; small- and medium-sized businesses, healthcare, and education are to be helped more actively. Moreover, it is vital to simplify the procedure of interaction between the levels of authority and to establish a unified system of priorities on the joint programs.

The current administration system is built in such a way that the majority of the income is concentrated within the federal level and in regions, whereas the minority stays on the spots. Whereby, it is the municipalities being in charge of the "work on land" having more than 40 kinds of authority (according to 131-FL) that possess the least amount of the budget funds, and due to this, up to 80% of the revenues can be spent on sorting out the current tasks. Budget resources distribution should be performed in proportion to the passed authority. It is sensible to expand the municipalities' tax base and stimulate implementation of the partnership mechanisms between the government and municipality properties. The main directions of reformation are launching mid-term budget planning, program budget, and risk management.

One of the features of the Russian administration is a very common practice of delegating power. Formally, this or that authority remains federal, and its financing comes from the federal budget, but the direct execution is performed by the regional governments. The same is applied to the relationships of the regions and municipalities. The efficiency analysis of the authority delegation instrument for the past 10 years shows that not for every sphere is this method the most optimal one. Underdevelopment of the self-government hinders the interaction of the power and society.

It is necessary to speak about the overall principles of local self-government organization and to develop the financially viable authority in place.

Urban residents have very limited opportunities to influence any kind of administrative decisions. As a result, it appears impossible to use the potential of civilian's volunteer and participation, to lower the rate of avuncular vibes, to fully consider the changes of social priorities, or to determine the division between the duties of the authority and the community. It should also be mentioned that Moscow, St. Petersburg, Samara, and a bunch of other cities are agglomeration centers that define the spatial development of the territory of a certain constituent territory in the Russian Federation. Nowadays, the real Moscow agglomeration encompasses most of the territory of Moscow region and impact on some other constituent territories in the Central Federal District. Worldwide, Moscow is virtually the only global city with no agglomeration administration system of its own. Therefore, when it comes to administration of these cities, it is crucial to take into account the urge to organize some efficient agglomeration administration.

In most constituent territories of the Russian Federation, the executive power is one level. The authority usually consists of the industrial sectors that follow the orders of the State in the cities of the Russian Federation. There is no need to create coordinating and territorial bodies because their role can be played by the head of the municipal unit.

In many small and medium-sized Russian cities, there is a so-called two-headed administration model, i.e., the authority is divided between the mayor and a designated city manager. However, in the present, the system that would cause a lot of conflicts in the cities, their administration will change into a traditional municipality administration system where the city mayor and the main administrative leader are in the same hands. It is mostly applied to "closed" towns whose laws must comply with the demands of the new version of the federal law "about the closed administrative and territorial unit." According to the amendments made, the city mayor and the city manager of a closed settlement as one person are going to be elected by a contest committee that had been formed by the governor, the state corporation "ROSATOM," and the city parliament. As a result, it is the local officials who are to confirm the committee's decision. With the change of the administration model, the structure of the local administration should also be partly reformed. Besides, it is planned to redesign the deputy corps election principles: if in the past, one half

of it was elected by name and the other half by party lists – now that politics is excluded from the procedure and the elections are going to be run only by majority voting – the Parliament will include only the candidates who individually got the largest number of votes in their electoral wards.

It should be mentioned that the continuing reformation of the local self-government organization principles leads to their necessity to function in the conditions of constant instability. The situation is aggravated by the lack of their budget and systematic redistribution of both the powers and tax liabilities.

Along with this, urban settlements created and executed their first programs of development when the main institutional units on the municipal level did not exist yet nor was there any judicial or organizational environment for local self-administration; the mechanisms regulating the land markets, property, and estate were not launched either, as well as legal regulation of interbudgetary relations, etc.

Considering strategic planning of social and economic development, the key mechanism of competitiveness of municipal units and its rise administration, it is worth mentioning that the law passed in June 2014 "about strategic planning of social and economic development of the Russian Federation" promotes the planning at the three levels of administration: federal, regional, and municipal.

The documents reflecting the strategic planning on the level of municipal units are:

1. Strategy of social and economic development of a municipal unit
2. Event plan to implement the strategies of the social and economic development of a municipal unit (road map)
3. Midterm or long-term forecast of the social and economic development of a municipal unit
4. Long-term budget forecast of a municipal unit
5. Municipal program

There is an increase in the interest toward the social and economic strategic development in the municipal sphere. The fast pace of municipal units growth serves as evidence of it. These units participating in preparation of complex programs of varied kinds are trying to develop independently by means of the strategic approach.

Dozens of cities in Russia nowadays live and evolve according to the established complex programs, strategic plans, and projects in the frame of the social and economic development. However, when it comes to execution, all that is done is controlling whether the made decisions have been fulfilled or the planned activities have been run.

# Urban Agriculture and Public Policy

Melissa Patterson, Jerrod Tynes,
Ashleigh Tynes and Noureen Khan
University of North Texas at Dallas, Dallas, TX, USA

## Synonyms

Agricultural regulations; Peri-urban agriculture; Urban farming

## Definitions

Urban agriculture – Agricultural activities that occur within the city limits

Peri-urban agriculture – Agricultural activities that occur within or close to an urban environment

## Introduction

Urban agriculture is not a new practice and has a long history in the United States of helping city dwellers in times of need. Also, urban agriculture is important because it benefits people living in cities in several ways including economic, educational, environmental, health, and social. However, despite the benefits, there are public policy challenges to implementing urban agriculture programs. Many American cities have successfully

overcome public policy challenges and are currently producing food within city limits. All around the world, urban agricultural activities occur in cities with varying government support and success.

In addition to the spatial distribution of countries with varying policies, urban agriculture exists at three different scales, macro, meso, and micro. The macro level is generally government policies and regulations, and the meso level is the economic and social infrastructure that bridges policy to the micro level of producers and consumers. Governments and countries, at the macro level, create policies in response to the meso and micro levels, which in turn can either support or deter urban agricultural activity. It is important to consider the scale when exploring issues of urban agricultural policy. This entry is structured as follows: the history of urban agriculture, the benefits of urban agriculture, regulatory challenges, case studies of cities in the United States, urban agriculture around the world, and future research and issues in urban agriculture.

## The History of Urban Agriculture

The first agricultural revolution made it possible for human beings to give up their nomadic hunter-gatherer lifestyles and create stationary villages, towns, and cities. Yet as cities expanded, their relationship with agriculture has changed over time. Public policy has pushed agriculture out of cities and at times drawn it back into the urban environment in response to difficult circumstances. Few historical works exist on the topic of urban agriculture, but an overview of the literature provides context for current urban agriculture policies (Glasser 2017). This section describes short-lived gardening initiatives in American history that have supported the use of urban agriculture to address societal needs.

### War Gardens

**World War I**. During World War I, farmers became soldiers and could not harvest crops or slaughter livestock. This period of global conflict brought about Liberty War gardens, which were planted within city limits to support the war efforts and alleviate civilian food shortages. Many of these gardens were community gardens in which US citizens worked together in shared gardens to produce fruits, vegetables, and herbs (Ghimire 2008).

**World War II**. Similar to liberty gardens utilized during World War I, during World War II in the 1940s, Americans planted victory gardens to increase the availability of food and stretch household budgets. Some gardeners even produced enough fruits, vegetables, and herbs to feed their families and sell the surplus to donate the profits to war relief efforts. Victory gardens were widespread and productive, and in 1944 20 million gardeners grew 40% of the nation's produce (Brown and Jameton 2000).

### Economic Downturns

**The Great Inflation of the 1970s**. During the 1970s the United States experienced an economic downturn due to losses in the stock market, weak economic growth, and oil prices. At a senate subcommittee hearing of the House of Representatives about a proposed legislation to distribute seeds and plants to combat food inflation, several representatives commented on the need for urban vegetable gardens. State Representative George Brown of California testified that the cost of food had increased 45% from 1972 to 1975 in his state, so home gardens were needed for citizens to be self-sufficient. In addition, State Representative Charles Carney for Ohio spoke in favor of "Inflation Gardens," and Representative James Burke of Massachusetts reported that average gardeners could produce $240 worth of produce from $9 of supplies. However, the legislation did not pass due to pressure from seed companies and agribusiness (Brown and Jameton 2000).

Two years later, in 1977, legislation was passed which created the Urban Gardening Program to support community gardening in six cities in the nation through $1.5 million of funding. Eventually, the program grew to 23 cities and $3.6 million in funding in 1993 (Brown and Jameton 2000). Although the Urban Gardening Program was successful, it was discontinued due to a lack of political support (Brown and Jameton 2000).

**Urban Agriculture in the Twenty-First Century**. Unlike war gardens of the past, during the twenty-first century, there has not been widespread federal government initiatives to increase the number or size of urban gardens in response to events that have impacted American food security. Increased interest in urban gardening originated at the household level out of fear of not being able to afford fresh food or threats to the food supply.

The economic recession in America that began in 2008 when the housing market collapsed created an increased interest in gardening due to economic instability and food insecurity. In 2008, 36 million households participated in food gardening, and by 2013 42 million Americans were producing their own food, an overall increase of 17% in 5 years. The millennial generation (aged 18–34) had the greatest increase in food production participation, increasing 63% in 5 years (National Gardening Association 2014). During the 5 years that followed the start of the economic recession, community garden participation increased by 200% adding an additional two million households. Most of the gardens planted in response to the recession were planted at suburban homes (National Gardening Association 2014).

The Coronavirus Pandemic of 2020 also inspired people to grow their own food due to possible threats to the food supply chain, economic uncertainty, and as a direct result of spending more time sheltering in place at home. People utilized monikers like "Victory over Coronavirus gardens," "Doomsday Garden," and "Stick It to The Virus Garden" to describe their newly planted plots and pots (Higgins 2020). Gardens ranged in size from herbs or sprouts in small planter boxes or jars on an apartment window seal to several acres where space allowed. These gardens provided people with several benefits during a difficult time, including a sense of control over their lives, socially distant outdoor exercise, decreasing the pressure on the national food chain, and fresh food to share with neighbors (Higgins 2020).

The pandemic posed challenges for community gardens in urban environments because social distancing orders prevent volunteers from working closer than six feet apart, and shelter in place orders prohibited Americans from working in community gardens at all. However, providing food in low-income communities to people at high risk for complications from COVID-19 became very important so community gardens increased food production and developed ways to keep their volunteers safe while still serving their community (Wharton 2020).

## Benefits of Urban Agriculture

Urban agriculture has many economic, educational, environmental, health, and social benefits. Globally, urban agriculture complements the food system by increasing access to fresh produce, reducing reliance on the food supply chain supported by traditional production methods, and preventing a strain on natural resources. Locally, urban agriculture builds community networks, promotes healthy lifestyle choices, and provides opportunities for employment and vocational skill development.

### Economic

The economic benefits of urban agriculture are apparent at multiple scales. Individual participants enjoy a reduction in household grocery bills and income generation when supported by the sale of surplus products at local marketplaces. On a larger scale, urban farms supply employment opportunities and provide an expanding consumer population with access to fresh produce. The innovative cultivation techniques associated with urban agriculture often result in larger yields per cubic foot of space when compared to traditional production practices. For example, vertical farming is a practice often used by producers to overcome space limitations in urban environments. This innovative system involves the distribution of plants in stacked layers which results in the production of up to 75 times more crops when compared to an operation that employs traditional practices in the same amount of growing space. Urban agriculture activities eliminate transportation costs associated with product distribution due to the localized nature of such supply chains. This combination

of efficient production methodology and lowered costs associated with decreased distance from farm to fork results in economic growth (Pawlowski 2018).

### Educational

The educational benefits of urban agriculture are twofold. First, a growing body of literature supports the notion that participation in urban agriculture production practices increases proximity between consumer and product. This accessibility to the food chain provides the former with the ability to learn about the nutritional value of different food options apart from the marketing ploys that typically distort this information for profit gain in the business sector. Second, urban agriculture creates opportunities for the development of educational and vocational training programs for adult and youth participants. These programs promote a greater understanding of the food supply chain and provide participants with the means to acquire skills that may enhance personal well-being. Urban agriculture ultimately removes barriers that often prevent individuals from establishing a connection to the food system (Pawlowski 2018).

### Environmental

The use of urban agriculture practices, as opposed to traditional farming methods, contributes to the efficient management of resources and waste at several points of the supply chain. Cultivation is primarily sustained by fewer resources in the urban environment, thereby limiting energy consumption. For example, rooftop gardens established in urbanized areas eliminate the need for conventional heating systems to regulate soil temperature and provide the building with insulation that results in lower energy costs associated with heating and cooling. Additionally, the production and sale of produce in the same area may reduce the need to rely on fossil fuels for transportation purposes, thus reducing the carbon footprint of associated products (Pawlowski 2018).

### Health

The health benefits of urban agriculture are also noteworthy. First, urban agriculture promotes the adoption of positive lifestyle choices concerning food consumption by increasing the availability of fresh produce that constitutes a significant portion of a healthy diet. Second, involvement in urban agriculture activities encourages individuals to engage in physical exercise as opposed to being sedentary. Participation in these projects also positively affects children's health by allowing them to gain a better understanding of the food system and motivating them to spend time outdoors (Brown and Jameton 2000).

### Social

Studies show that urban agriculture builds human and social capital through the formation of supportive networks in local communities. These groups consist of producers that share resources in the form of knowledge, money, and products. For example, the Siyazama Community Allotment Gardening Association (SCAGA) of Cape Town, South Africa, is comprised of residents that utilize their combined assets to facilitate the production of fresh fruits and vegetables. These products are consumed, distributed, or sold based on the perceived needs of the community by members of the group. All funds derived from the sale of these goods at local marketplaces are shared among association affiliates for personal utilization or loaned to external parties. This unique partnership is the epitome of social capital resulting in practices that have benefited the members of the group as well as the localized community by way of engaging in urban agriculture activities. The efficient functioning of social groups that share an apparent set of informal values is also evident in the increasing number of community garden associations established as a result of a localized need that affects a percentage of the region's population in which it exists (Olivier and Heinecken 2017).

## Urban Agriculture and Regulatory Challenges

Urban agriculture has the potential to make a significant positive impact on cities and their

citizens across the globe. However, the application of outdated regulatory practices that directly associated activities has prevented the growth of the industry in affected areas. Municipalities must identify obstacles to urban agriculture practitioners that originate from their regulations and enact amendments to support the implementation and protraction of these activities in their communities.

Here, we summarize examples of animal and land regulatory practices that routinely present barriers to urban agriculturalists. This section is not meant to be exhaustive but, instead, to provide an overview of common regulations that practitioners are likely to encounter when conducting or proposing urban agriculture activities.

### Animal Regulatory Issues

Municipalities have historically overregulated or proscribed animal care and use practices in urbanized areas largely due to pragmatic concerns related to public health and well-being. These regulatory ordinances often include the solicitation of neighbor consent, permit acquisition, restrictions related to the type and quantity of livestock and poultry, and established guidelines concerning the requirements for containment and shelter structures. The vast quantity of regulations concerning animal husbandry practices within cities has substantially impacted the growth of urban agriculture operations by limiting their scope with respect to animal care and use practices (Meenar et al. 2017).

### Land Regulatory Issues

Municipalities are increasingly recognizing the importance of urban agriculture in their communities. However, dated and inequitable zoning regulations often prevent these activities from occurring. For example, such regulations can restrict residents from cultivating crops on certain tracts of land, raising and maintaining livestock and poultry in specific zoning districts, or selling products produced through urban agriculture practices. Thus, the revision of zoning regulations has the potential to promote urban agriculture activities within metropolitan areas for the benefit of its residents (Voigt 2011).

Urban agriculture practitioners require regular access to production sites to maintain their commodities. However, some municipalities view urban agriculture as a temporary activity that can be terminated at any time due to an array of circumstances such as development initiatives and contemporary planning proposals. Short-term access to land limits the lifespan of the operation and minimizes its positive impact on the community (Meenar et al. 2017). Studies show that the elimination of these sites due to matters of land tenure in large metropolitan areas across the United States unequally affects marginalized populations by removing access to fresh produce that is otherwise absent from their communities apart from the existence of urban agriculture operations (Irazábal and Punja 2009; Schmelzkopf 2002).

## Overcoming the Obstacles of Urban Agricultural Policy Challenges

Guidelines and policies over the years have inadvertently placed restrictions on urban agriculture production and development. Some of these barriers include restrictions on gaining access to public land, utilization of municipal facilities, transportation and distribution of products, construction of structures, and the housing of livestock. While there are federal- and state-level guidelines, specifics of urban agriculture often fall under the umbrella of municipal codes as outlined by cities or counties within a state. Some localities have ordinances that are difficult or unclear to understand and interpret. Success stories of urban agriculture within a city can be highly dependent on the unique local ordinances and regulations (Castillo et al. 2013).

### Success Stories

**Chicago, Illinois**. The infrastructure, creation of government programs, and changes to public policy in Chicago has allowed for the development of urban agriculture farms and gardens. NeighborSpace is a city-funded organization created by the Chicago City Council. This organization can purchase land and protect it as a "green

space," which includes community gardens. Growing Home, another Chicago-based organization, has secured long-term land for urban agriculture after working to obtain the land through The McKinney Act (Hagey et al. 2012). In 2003, Chicago's mayor began a city-wide green roof initiative that included rooftop gardens on multiple city and municipal buildings (Ghimire 2008). Regulatory reform in 2011 altered the Chicago permitting process, which allowed for agriculture-related structures such as greenhouses to be more easily built. In 2020 Chicago also saw a zoning change that permitted large-scale multi-use blocks which promotes the blending of commercial and residential land use and has the potential to positively impact urban agriculture production in the city (Castillo et al. 2013).

**Cleveland, Ohio**. Several changes to public policy have increased the ability of Cleveland's residents to participate in urban agriculture. The city of Cleveland recognized that there is a fiscal burden of roughly $1,000 to maintain vacant lots within the city limit. This led the local city government to convert empty lots into urban agriculture sites to offset the cost of vacant lot maintenance. Cleveland has recently worked to alter health and zoning codes to increase land security and allow for things like on-site sales and altered both fencing and livestock hosting requirements. To promote water access for urban agriculture projects within the city of Cleveland, the Water Department has created several strategic programs. The Cleveland Water Department offers low-cost community garden water permits and hydrant permits to provide access to water from fire hydrants to water plants in community gardens. Cleveland's government also offers serval specific grants to promote urban agriculture and help with the cost to start a community garden (Hagey et al. 2012).

**Detroit, Michigan**. Detroit's municipal leaders supported urban agriculture by changing outdated policies to make their city more sustainable. In 2009, the Detroit Food Policy Council, an advisory committee for Detroit's City Council, spearheaded policy reform to promote inner-city urban agriculture in Detroit. The City Planning Commission also oversees the work of the Urban Agriculture Work Group which strives to adjust city policies to make them more "farmer"-friendly (Hagey et al. 2012). In 2013, Detroit saw another move towards city sustainability with a new urban agriculture ordinance that worked to define and regulate the sale of urban agricultural products. This ordinance allowed for the direct selling of harvested produce on location for urban gardens of less than one acre and also allowed urban farms to bring their produce to the local farmers' markets or sale to Whole Foods.

**Dallas, Texas**. While Dallas is not a new large-scale urban city, urban agriculture is a relatively new concept for the municipality. For years strict restrictions limited multiple aspects of urban agriculture in Dallas; however, these restrictions were lightened in 2015 when the Dallas City Council narrowly passed several ordinances that allowed gardeners the privilege to sell what they grow on-site in commercial districts and off-site if grown in residential districts. Limitations on what could be grown and raised in the city were also lifted, allowing for a greater diversity of agricultural products available to citizens. This new ordinance allowed for farmers to raise chicken and fish on-site and clarified the differences between raised beds and other additional structures on a property. Currently, the City of Dallas Code Compliance team and the newly formed focus group known as the Agricultural Stakeholder Group are working to further clarify these ordinances to create more opportunities for inner-city growers. This group is also working to redraft the current ordnance in a language that can be more easily understood by individuals who would be starting urban agriculture projects in the city.

## Marketing of Urban Agricultural Goods

Marketing for urban agriculture produce varies greatly based on food distribution means. Typically marketing chains in urban agriculture production are short, and in some cases, the producer (farmer) is the individual who sells directly to the consumer. Additionally, the producer may sell to a

retailer or a distributor before it reaches the consumer (Hagey et al. 2012).

The Agriculture Marketing Service (AMS) is a branch of the USDA that works to administer programs that ensure the fair marketing of agriculture products produced in the United States such as fiber, food, and other crops (USDA 2020). These programs are often regulatory by design and create standards through the federal rulemaking process. The Fruit and Vegetable Marketing Orders are one set of regulations that greatly impact the marketing of urban agricultural products.

## Urban Agriculture Certifications

### Organic Certifications

The USDA Organic Certification is the most well-known certification that can be obtained by an urban agriculture producer or facility in America. The process of becoming a certified organic operation begins with the organization selecting a USDA-accredited certifying agent and submitting an application. This application outlines the practices used by the agricultural operation and is reviewed by the certifying agent. After this process, an inspector conducts a thorough on-site inspection of the agricultural operation and writes a report that is reviewed along with the initial application. If the agricultural operation complies with the USDA organic regulations, then an organic certificate is issued. At this point, the urban agricultural operation can label their produce and product as USDA Certified Organic (USDA 2020). There are also state and private organic certifications that can be obtained such as the Oregon Tilth Certified Organic and California Certified Organic Farmers.

### Livestock-Related Certifications

The USDA also recognizes several different certifications associated with animal welfare and livestock. These are third-party certifications that have their own strict and rigorous standards for producers to uphold. The United Egg Producers certification and The Food Alliance certification are two examples of certifications that are relevant to urban agriculture. A Greener World, an independent nonprofit certifier, offers both Animal Welfare Approved and Salmon Welfare certifications for sustainable practices and general animal housing conditions (USDA 2020).

## Urban Agriculture around the World

### Asia

Asian countries have the highest urban agriculture participation rates of any region on the globe in part because they have a long tradition of urban agriculture and the highest level of government support. Due to the long-standing culture of urban agriculture in Asian cities, the government allocates land to food production, develop seeds and tools specifically for the urban environment, and provide information and training to urban gardeners. In 1996, the United Nations estimated that 80% of families dwelling in Asian cities were involved in agriculture (Brown and Jameton 2000). In Taiwan, which is mostly urbanized, half of the families participate in farm associations to produce their own food (Lesher 2006).

### Africa

In contrast to Asian Countries, urban agriculture is not supported by the governments or official agencies in African nations despite long-standing agricultural practices (Lesher 2006). European colonization disrupted urban agricultural traditions because farming that had traditionally occurred on community land now required a legal title of land ownership which limited access for many people. In addition, European colonizers envisioned "clean" cities without agricultural activities. After independence, people returned to urban agriculture, but the complicated land title system continues to hinder progress. Today the benefits of urban agriculture are underappreciated by regional development planners which limits people's access to the potentially lifesaving ability to produce food (Lesher 2006).

### Latin America

Latin American countries had long-standing urban agricultural traditions until European

colonization disrupted traditional practices (Lesher 2006). After independence, however, urban agriculture reemerged primarily in the poor communities on the outskirts of former colonial cities. Having lost their own traditions, urban growers in Latin America attempted to adopt European agricultural practices, but these methods were not successful in a different climate. Asian immigrants brought intensive farming to Latin America, and international humanitarian organizations introduced French agricultural practices to successfully increase yields. In 1995, the Latin American Urban Agriculture Network was formed to help people produce food in large cities. However, Latin America is the least sophisticated region in terms of urban agriculture, but many developing nations are exhibiting large amounts of growth (Lesher 2006).

Havana, Cuba, was one of the most successful cities in urban agriculture out of necessity during the United States embargoes in the 1990s. Unlike other countries, Havana's gardeners were men (91%) and spent 3 h gardening a day compared to 3–4 h a week in other countries (Lesher 2006). The Communist Cuban government during this period supported the urban farms; however, they did not educate their citizens, so people learned from relatives who had grown up in rural areas (Lesher 2006).

### Europe

Due to the increased food security in developed nations, urban agricultural policy and gardeners are driven by doing the right thing for the environment and progressing the green movement (Lesher 2006). Throughout European cities, gardeners use allotments of municipal land to grow crops. For example, in Germany, 80,000 farmers tend municipal land, while 16,000 are on a list waiting for an allotment. Former communist countries have great potential for urban agriculture because the cities were planned with densely packed high rises and ample green space (Lesher 2006). In Moscow, Russia, the number of residents participating in urban agriculture increased dramatically from 20% to 65% between 1970 and 1991 (Brown and Jameton 2000).

## Future Issues and Research

The state of urban agricultural policy is growing and changing, so it is fertile ground for further research. There is a current need for future policy and regulation studies regarding diversity inclusion in policy discussions. Additionally, further studies into federal agriculture-related programs such as SNAP need to be ongoing with inputs and ideas from diverse groups and women. Throughout the world, there is a great opportunity for comparative studies between countries with different numbers of regulatory policies.

In addition to future research at the macro level, issues of race, gender, and economic status on the micro level should be explored in greater detail. Both food purchasing and production are impacted by individuals' demographics and economic status within a cultural context. Due to the increasing necessity of urban agriculture to feed humanity, policies and regulations will continue to be a worthy area of study.

## Conclusion

Throughout history, urban agriculture has been an important resource during difficult times, which demonstrates its persistent value to society. Regardless of historical happenings, people benefit from urban agriculture beyond food production. A reoccurring challenge that urban food producers, city planners, and policymakers face is finding space for agricultural activities in crowded cities. Public policy can either hinder or help the development of urban agriculture within city limits. The USDA has certifications that regulate the production of plants and animals for consumption in the United States that apply to both rural and urban farmers. Urban agriculture is an important part of city life across space and time and will continue to be. Policymakers and city planners should pass regulations that allow for agricultural activities in and around cities to improve the quality of life for their residents.

## Cross-References


- ▶ Addressing Food Insecurity: Role of Community Mapping
- ▶ Cities and Climate Change
- ▶ Community-based Organizations
- ▶ Human Ecology: Integrating Urban and Natural Environments
- ▶ Urban Food and Urban Community: A Case for Reinvention
- ▶ Urban Innovation


## References


Brown KH, Jameton AL (2000) Public health implications of urban agriculture. J Public Health Policy 21(1):20–39. https://doi.org/10.2307/3343472

Castillo SR, Winkle CR, Krauss S, Turkewitz A, Silva C, Heinemann ES (2013) Regulatory and other barriers to urban and peri-urban agriculture: a case study of urban planners and urban farmers from the greater Chicago metropolitan area. J Agric Food Syst Community Dev 3(3):155–166

Ghimire SP (2008) Urban agriculture in the urban landscape: an analysis of successful urban agriculture in the US. Doctoral dissertation, University of Cincinnati

Glasser R (2017) The farm in the City in the Recent Past: Thoughts on a more inclusive Urban History. Urban and Community Studies Faculty Writting.1. https://opencommons.uconn.edu/ucsfacultywritting/1

Hagey A, Rice S, Flournoy R (2012) Growing urban agriculture: equitable strategies and policies for improving access to healthy food and revitalizing communities. PolicyLink. https://www.policylink.org/sites/default/files/URBAN_AG_FULLREPORT.PDF

Higgins A (2020, April 6) How to Grow your own food in a Modern-day Victory Garden. The Washington Post. Retrieved August 1, 2020, from https://www.washingtonpost.com/lifestyle/home/how-to-grow-your-own-food-in-a-modern-day-victory-garden/2020/04/05/6a0fa7f0-737f-11ea-a9bd-9f8b593300d0_story.html

Irazábal C, Punja A (2009) Cultivating just planning and legal institutions: a critical assessment of the south central farm struggle in Los Angeles. J Urban Aff 31(1):1–23. https://doi.org/10.1111/j.1467-9906.2008.00426.x

Lesher CW Jr (2006) Urban Agriculture: A Literature Review (pp 1–95) (Unites States of America, United States Department of Agriculture, Agricultural Research Service). Alternative Farming Systems Information Center National Agricultural Library, Beltsville

Meenar M, Morales A, Bonarek L (2017) Regulatory practices of urban agriculture: a connection to planning and policy. J Am Plan Assoc 83(4):389–403. https://doi.org/10.1080/01944363.2017.1369359

National Gardening Association special report: Garden to table a 5-year look at food gardening in America (pp 1–13). (2014). National Gardening Association, Jacksonville

Olivier DW, Heinecken L (2017) The personal and social benefits of urban agriculture experienced by cultivators on the cape flats. Dev South Afr 34(2):168–181. https://doi.org/10.1080/0376835X.2016.1259988

Pawlowski TZ (2018) From food deserts to just deserts: expanding urban agriculture in U.S. cities through sustainable policy. J Affordable Housing Community Dev Law 26(3):531–573

Schmelzkopf K (2002) Incommensurability, land use, and the right to space: community gardens in New York City. Urban Geogr 23(4):323–343. https://doi.org/10.2747/0272-3638.23.4.323

U.S. Department of Agriculture (2020) Organic certification and accreditation. Agriculture marketing service. https://www.ams.usda.gov/services/organic-certification

Voigt KA (2011) Pigs in the backyard or the barnyard: removing zoning impediments to urban agriculture. Boston College Environ Affairs Law Rev 38(2):537–566

Wharton R (2020, April 10) 'If all the stores close, we need food': community gardens adapt to the pandemic. The New York Times. Retrieved 1 Aug 2020, from https://www.nytimes.com/2020/04/10/dining/community-garden-coronavirus.html


# Urban Agriculture as an Opportunity for Local and Regional Governance


Russell J. Fricano
Urban & Regional Studies Institute, Minnesota State University Mankato, Mankato, MN, USA


## Synonyms

Community gardens; Cultivation; Institutional farming; Local agriculture; Urban farming

## Definition

Urban agriculture can be defined as the cultivation of crops, ornamental plants, and raising livestock within urban and peri-urban areas primarily intended for local consumption. Urban agriculture

U

can be practiced on private or publicly owned land under a lease holding or on land dedicated for that purpose through a trust.

## Introduction

Urban agriculture is the cultivation of land for crops, ornamental plants, and raising livestock within a municipal jurisdiction and adjacent areas. The scope of urban agricultural practices is broad enough to include the location for conducting agricultural activity in cities and sometimes suburban areas; the stage of production, including harvesting, processing, marketing, and distribution; and the purpose of production, for personal consumption or consumption by others (Kaufman and Bailkey 2000). Urban agriculture is practiced in three capacities: (a) community-oriented crops grown for neighborhood consumption and community-supported agriculture; (b) entrepreneurial farming: cultivating crops or raising livestock for small business development and job training; and (c) institutional farming taking place in public parks, municipally owned land, public housing, and educational institutions (Hodgson et al. 2011).

With a focus on government oversight in these activities, it is important to define urban agriculture more narrowly, putting it in the public domain and making it commensurate with community food security planning. Priority is given to food production over growing ornamental plants. In this fashion urban agriculture is "organized" cultivation of land for production of crops or raising livestock within a municipal jurisdiction and adjacent areas. The term "organized" distinguishes these activities, which are community-oriented in nature, from households growing produce for personal consumption in private backyard or apartment patio planter boxes, which are normally permitted accessory uses. Organized activities also include government, non-profit and entrepreneurial farming. Within this scope, urban agriculture also includes legally permissible gardening, but not activities of "guerilla gardeners" or squatters. Further, it does not include demonstration or "one-shot" projects. The scope of urban agriculture is also extended to suburban areas immediately adjacent to the jurisdictions and still close enough to be accessible to inner-city residents.

Urban planning literature is generally favorable to urban agriculture for promoting food security as well as environmental, social, and economic benefits; these benefits include recreational activities, removal of blight, entrepreneurial opportunities, and environmental benefits associated with green open space. For all these reasons, urban agriculture is valued as a sustainable land use practice. However, it can also be controversial, mainly due to land tenure, disjointed and restrictive policies, and regulation and competing land uses. This entry will explore these issues by examining the historical foundations of urban agriculture, factors in its success, barriers, and governmental solutions.

## Historical Foundations of Urban Agriculture Practices

Farming land within cities is not a new concept. In the United States, urban agriculture was practiced in different forms and for different purposes throughout the nineteenth and twentieth centuries. Urban agriculture was first practiced as a form of charity for the unemployed during the Depression of 1893. Later, as a form of social reform, school gardens provided a means of introducing nature into congested urban areas. Urban gardening was also consistent with the City Beautiful movement of the late nineteenth and early twentieth centuries, with its emphasis on aesthetic standards and landscaping. During the 1920s, community gardens were promoted as a form of civic improvement, and during the Great Depression, state and national governments implemented gardening for both food consumption and work relief. Perhaps the best known historic urban agriculture programs were the "War Gardens" of World War I, revived in the "Victory Gardens" of World War II. Both provided civilians with food supplements in the face of wartime food rationing (Lawson 2005).

The stage for more contemporary urban agriculture was set in the 1970s through activism to counteract urban decline. The suburbanization

movement following World War II left the urban poor abandoned in the central cities. As the middle-class population migrated to the suburbs after the war and left the poor behind, city governments faced declines in economic activity, revenue, and services. Abandonment led to deterioration and blight. Urban agriculture became a means of revitalizing abandoned neighborhoods (Lawson 2005).

The concept of sustainability also provided further support for urban agriculture practices in general and specific ways. Sustainable development recognizes the interdependence of environmental, social, and economic systems and promotes equality and justice through citizen empowerment and a sense of global citizenship (Beatley and Manning 1997). Urban agriculture fits snugly into this paradigm in a number of ways. In an environmental sense, agricultural use promotes green open space, which enhances carbon sequestration and the reduction of greenhouse gases associated with climate change. It also reduces impermeable surfaces, which contribute to storm water runoff.

From an equity standpoint, urban agriculture supplements the urban food supply with nutritional produce and provides social benefits to inner-city areas. Devoting urban land to agricultural use also reduces urban blight and provides recreational opportunities (Kaufman and Bailkey 2000; Schukoske 2000).

Economically, a growing market demand exists for locally grown produce, especially for Direct to Consumer (DTC) farmers' markets, community-supported agriculture, and restaurants; this demand offers an entrepreneurial opportunity for low-income urban farmers. According to the US Department of Agriculture, farms with gross cash farm income below $75,000 accounted for 85% of local food farms. Local food farms that distribute their products through DTC marketing channels were also more likely to remain in business (Low et al. 2015).

Studies conducted at state-wide levels found that consumers of local grown foods were generally better educated and more affluent (Carpio and Isengildina-Massa 2009; Martinez et al. 2010). In their study of consumers of locally grown products in South Carolina, Carpio and Isengildina-Massa (2009) also found that consumers of state-grown foods were willing to pay a premium for produce and animal products. Higher profitability enhances the long-term viability of farm operations and food system sustainability (Conner et al. 2010).

Urban agriculture also implements sustainable practices in more specific ways. First, urban agriculture corresponds to a number of smart-growth practices that implement sustainable principles. These include neighborhood revitalization, provision of landscaping and open space, and community-oriented recreation.

Second, sustainability applies to an adequate food supply, with poverty as the main factor in food insecurity. Households with income near or below the poverty level also reported higher rates of food insecurity (Coleman-Jenson et al. 2018). As food supply issues have great relevance to urban areas, there has been a call for policies that enhance food security (Pothukuchi and Kaufman 2000).

Urban Agriculture practices are classified in Table 1. Urban agriculture is a complex topic because of the diversity of projects and supporting organizations.

As shown in Table 1, the extent of urban agriculture practices ranges from cultivation of a small portion of a school lot to a climate-controlled vertical farming tower that utilizes hydroponic systems. Urban agriculture programs can also overlap. For example, a neighborhood park may have land allocated to urban agriculture use for local residents, with special plots assigned to senior citizens.

Changing economic and environmental priorities provide greater opportunities for urban farming. Recently, the stagnancy of the housing market slowed construction activity and lessened pressures to develop vacant land. As the United States shifted to a post-industrial economy, cities in the Rust Belt experienced population declines. Consequently, footprints of Rust Belt cities outgrew the development needs of existing populations, leaving a wake of abandoned buildings and vacant lots. Green building practices that prioritize reducing the carbon footprint of cities and enhancing local food production provide further justification for urban agriculture.

**Urban Agriculture as an Opportunity for Local and Regional Governance, Table 1** Functional definitions of urban agriculture (Based on Hodgson et al. (2011); American Community Gardening Association (1998)

| Project | Description |
|---|---|
| Community garden (neighborhood-serving) | Agriculture conducted by neighborhood residents on vacant neighborhood land or in a local park |
| Community-supported agriculture | Community sharing of interest and risks in an agricultural project. Community shareholders serve as growers and consumers of produce. |
| Experimental research projects | Innovative agricultural projects conducted on an experimental basis (i.e., vertical agriculture towers) |
| Job training | Agriculture conducted for the purpose of developing farming and entrepreneurial skills |
| Livestock husbandry | Raising of animals for their byproducts. This includes chickens, beekeeping. And aquaculture |
| Mental health centers and group home projects | Cultivation of land as a therapeutic activity for mental health patients and group home residents |
| Peri-urban agriculture | Cultivation of land adjacent to urbanized areas on the urban fringe |
| Public housing gardens | Farming of land within a public housing project (e.g., rooftop or courtyard) |
| School gardens | Cultivation of land on a school campus for educational purposes |
| Small business development (commercial farm sites) | Production of crops and livestock within an urban setting for distribution and sale |
| Youth enterprises | Developing of farming and entrepreneurial skills of inner-city youth |

## What Makes Urban Agriculture Successful?

As a suitable beginning for discussing factors behind successful urban agriculture, public officials must consider what a community needs to establish and maintain it. The American Planning Association listed various prerequisites to urban agriculture. Prerequisites relate to site conditions, entrepreneurial/agricultural expertise, and ownership and include not only physical and environmental characteristics but also land, labor, capital, consumer demand, and distribution channels (Hodgson et al. 2011).

### Available Land

Urban agriculture needs sufficient vacant land for growing crops and raising livestock. This is especially evident in former industrial cities that have outgrown their footprint. Former industrial cities, all located within the "Rust Belt," serve as prime examples of how industrial land can be converted to urban agricultural use on a wider scale (Colasanti et al. 2012). This process also includes remediation of contaminated sites or cultivating crops on raised beds (Kaufman and Bailkey 2000). Arable land also needs the proper delivery of services, including water delivery for irrigation and trash collection.

### Regional Coordination

Urban agriculture serves as a component of a food system. A food system consists of networks of farmers, food processors, distributors, consumers, and waste disposal. The extent of food production is delineated by a foodshed, an area in which agriculture and other components of the food system serve a city. Foodsheds can extend to adjacent counties that provide agricultural products to the city, up to a 100-mile radius. If land for urban agriculture is lost, cities could rely more on farms in peri-urban areas, which fits within the geographic context of a foodshed. Planning at the scope of a foodshed requires forms of intergovernmental coordination.

Figure 1 depicts a schematic of regional and local government coordination of urban agriculture policies and programs. There are three ways to extend regional coordination of urban agriculture: Traditional Regional Governance, Multi-jurisdictional Commissions, and Joint Powers Agreements.

**Traditional Regional Governance.** Urban agriculture can be coordinated at a regional level

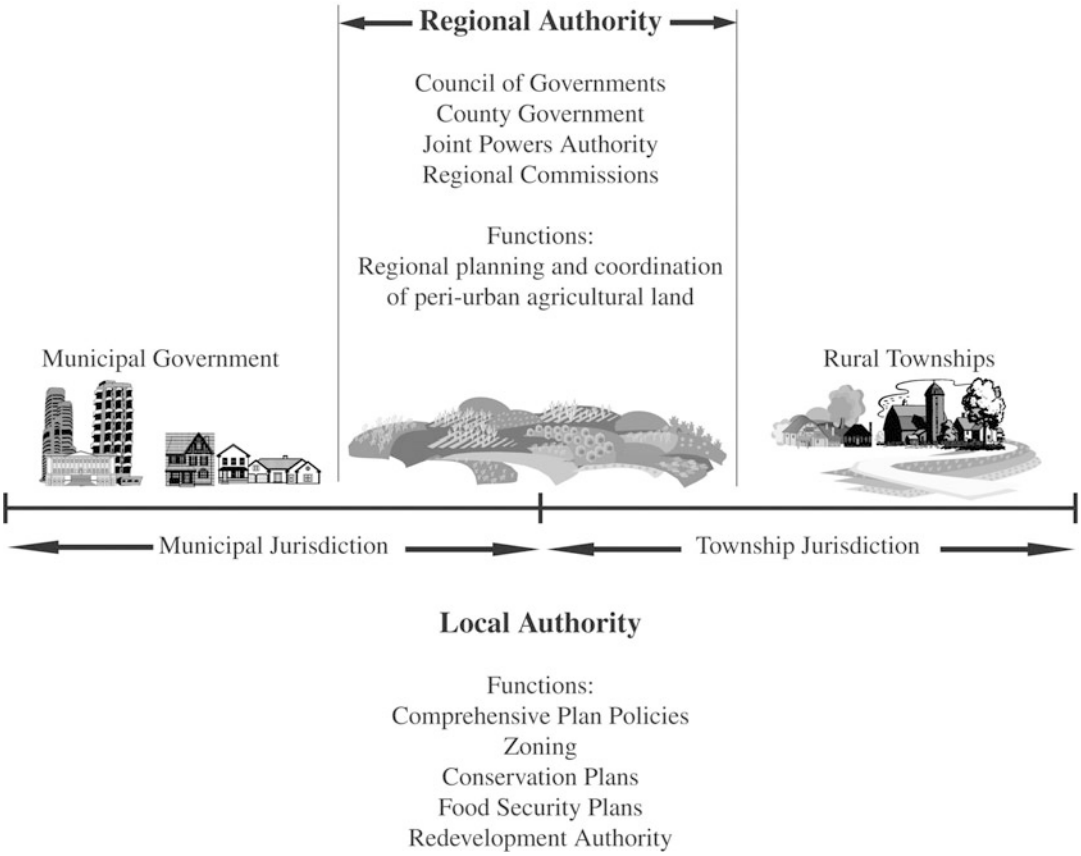


**Urban Agriculture as an Opportunity for Local and Regional Governance, Fig. 1** Regional and local government coordination of urban agriculture

through agencies that conduct environmental planning at this scale through county government or a Council of Government (COG). County governments traditionally implement functions such as public health on a regional scale. A stronger form of regional governance could potentially integrate environmental, economic, and social policies on a metropolitan scale. This is useful in resolving issues requiring a regional perspective such as interjurisdictional land use issues and locally unwanted land uses. With a new focus on sustainability, especially planning for the reduction of greenhouse gas emissions, coordination by regional governance has become crucial (Bollens 1997).

**Multi-Jurisdictional Commission.** Multi-jurisdictional commissions such as the Pinelands Commission in New Jersey or the Tahoe Regional Planning Agency in California were established to address resource conservation issues. Similar entities can be formed for the purpose of identifying and conserving urban and peri-urban agricultural land.

**Joint Powers Agreement.** The sharing of decision-making authority between two or more local jurisdictions. Joint Powers agreements focus on urban agriculture issues and provide a forum for stakeholders. This arrangement designates agricultural areas in land adjacent to two or more jurisdictions which mutually serve residents in each.

## Community Participation, Education, and Training

Extensive urban agriculture programs have come to fruition through major collaborative programs formed by urban agriculture stakeholders.

Detroit's Garden Resource Program Initiative coordinates a wide range of city, state, and individual initiatives. It provides resources necessary to extend community gardening opportunities. In a similar manner, Baltimore's Community Greening Resource Network coordinates the efforts of a variety of stakeholders, including environmental protection and greening groups, schools, city agencies, charitable foundations, and volunteer organizations. The network converts vacant lots to community garden sites and provides gardening supplies and education programs to prospective urban farmers (Krones and Edelson 2011).

Community participation also provides an opportunity for public education, which shapes perceptions of urban agriculture and provides training to prospective urban farmers. Public education can inform the community of advantages and opportunities provided by urban agriculture. It also provides counter-arguments to Not in My Backyard (NIMBY) perceptions of those who question the legitimacy of urban agriculture and associate its practice with lawless behavior and farm-related nuisances such as pesticide contamination, odors, and truck transport (Covert and Morales 2014).

### Appropriate Land Use Regulation

Properly handled, regulation of urban agriculture can provide guidance to urban farming operations. Cities such as Detroit have standalone urban agriculture ordinances. Aside from a specific ordinance, zoning districts could be modified to make vacant parcels conducive to multifunctional agricultural use (Lovell 2010). Planners may also want to promote more intensive agriculture as permitted uses but limit the extent of the uses through a conditional use permit process to avoid nuisances (Mukherji and Morales 2010).

### Inclusion in the Comprehensive Plan

Cities can also promote urban agriculture through comprehensive planning policies. Urban agriculture policies normally are used as a means to fulfill broader goals such as open space preservation and food access. These policies can also be in sync with regional planning approaches. Noted examples include the cities of Richmond, California; Madison, Wisconsin; and Waterloo, Ontario (Hodgson et al. 2011; Mazereeuw 2005).

### Land Management

Vacant land results from the relocation of industry and residents from the central city. Municipal governments can effectively manage vacant land through land inventory systems, acquisition and disposition, land banking, eminent domain, and comprehensive neighborhood planning.

Integrated land records databases or an inventory that is easy to access can be created. To avoid fragmentation, one central authority should create and maintain it. Cities that identify an inventory urban land for potential agricultural use also integrate urban agriculture into planning policy. In their study of the land inventory process in Portland's "Diggable City" program, the Vancouver Urban Agriculture Inventory found that these programs were instrumental in linking urban agriculture to sustainability programs and policy directions (Mendes et al. 2008).

Cities also acquire and dispose of vacant lots. Acquired lots can include abandoned and tax delinquent lots. However, the process can be complex and inefficient due to lack of interagency coordination, indiscriminate sale of city-owned lots and the inability to acquire properties quickly because of legal and regulatory restrictions. If cities sell property to the highest bidder, nonprofits cannot compete. It is advised that cities should exercise more discretion by sending RFPs instead.

Tax delinquent properties can also be landbanked for redevelopment. As an example, the city of Cleveland aggressively seized tax delinquent properties, shortening the term in which owners could redeem their land, and streamlined the foreclosure procedure. Municipalities can also acquire land through eminent domain, though it may not be feasible in every state due to constitutional issues. The banking of vacant land also raises issues of the cost of maintaining it (Bonham et al. 2002).

The allocation of vacant land works best in a systematic manner, through comprehensive neighborhood planning. Using this approach,

vacant land is treated as a resource in the context of a larger community revitalization strategy. This would also avoid issues concerning competing uses of vacant land spurred by lack of interagency coordination.

## What Impedes Urban Agriculture?

Despite these opportunities the practice of urban agriculture has encountered various barriers throughout its history. Barriers in urban agriculture fall into six main categories: site-related, restrictive policies and regulations; lack of entrepreneurial/agricultural expertise; ownership-related; Organizational/Institutional Coordination; and perceptual.

### Site-Related Obstacles

Site-related obstacles pertain to physical characteristics of the site; barriers include scarcity of land, soil contamination, irrigation, and vandalism (Hodgson et al. 2011; Kaufman and Bailkey 2000; American Community Gardening Association 1998).

### Restrictive Policies and Regulations

Restrictive policies and regulations can be imposed on urban agriculture by zoning and policies of the comprehensive plan. Restrictive regulations impede urban agriculture practices or fail to consider them altogether. Comprehensive planning policies can also promote sustainable development, including redevelopment, urban forestry, and other forms of land use that compete with urban agriculture practices (Lovell 2010).

### Lack of Entrepreneurial/Agricultural Expertise

Urban agriculture operations can also fail due to lack of entrepreneurial/agricultural expertise. This limitation arises from the inability of urban farmers to make urban agriculture a productive and profitable enterprise, due to shortcomings in agricultural expertise and business acumen, as well as waning interest of the urban farmer. This can stem from lack of qualified and experienced staff, educational programs, and training (Bleasedale et al. 2011).

Considering entrepreneurial activity and economic viability, the ability of urban farmers to live off the revenue of their operation is a related concern: In a survey conducted by Oberholtzer et al. (2016), 60% of the farms were sustained with off-farm income, and approximately 33% of the primary farmers derived their income from the farm; most urban farmers reported income of less than US$10,000. The small size of sites precluded large-volume operations. Further areas of concern reported by stakeholders included policy differences, profitability, financing, and farm labor. Respondents also expressed needs for business education and technical assistance (Oberholtzer et al. 2016).

### Ownership Related

Urban agriculture operations often exist precariously on public and private land, as owners commonly lease out urban agriculture sites intended as placeholders for vacant lots until opportunities for further development emerge. The purchase and acquisition of vacant land through local governments, land trusts, and other nonprofit or private organizations specifically dedicated to urban agriculture remains the most effective means of preserving urban farming sites. In the absence of these programs, the urban farmer leases land from a public or private entity on a temporary basis (Kaufman and Bailkey 2000). Under these circumstances, the urban farmer has no assurance of the continued use of the site for urban cultivation. Even in cases where replacement sites are available, the costs of moving from one site to another after lease expiration can be prohibitive (Castillo et al. 2013).

### Organizational/Institutional Coordination

Organizational/Institutional obstacles include competing priorities with other projects, jurisdictional issues over which governmental organization regulates community gardens (i.e., parks, planning), and independent urban agriculture programs that conduct operations without strong institutional support and coordination (Lovell 2010).

### Perceptual

Urban agriculture can face resistance due to perceptions of negative agricultural impacts and

questions over the legitimacy of agricultural use within city boundaries as a non-formalized process. American urban agriculture emerged for different reasons throughout its history. However, perceptions concerning the legitimacy of urban food production changed after World War II.

First, the same policies that discouraged open-air markets and food production in cities after World War II can also defeat urban agriculture. Planners eager to develop inner-city areas considered outdoor food markets and related uses unhealthy, inefficient, and underperforming types of real estate. Redevelopment was intended to enhance property values and espouse the middle-class values of the time. Cities relegated food processing and related uses to industrial zones, with food markets shifting to the retail supermarket chains (Donofrio 2014).

These perceptions have persisted to contemporary times regarding potential nuisances and lawless activities. As urban agriculture advocates propose projects or implement projects, residents develop a NIMBY attitude toward urban agriculture, which can obstruct project approval or the adoption of urban agriculture ordinances (Covert and Morales 2014).

## Facilitating Urban Agriculture Through Local and Regional Government Strategies

### Institutional Arrangements

Institutional arrangements serve important local and regional roles in community food linkages. This includes functions of central intelligence, pulse-taking, policy clarification, strategic planning, and feedback review.

Local government planning agencies have the advantage of direct interaction with constituents. In this sense, they are in the best position to coordinate the efforts of NGOs and assist these organizations. Planners offer expertise in data collection and organization, community participation, conflict resolution, land use planning and economic development, and identification of agricultural opportunity areas.

### Integration of Planning Functions

Planning departments can also integrate planning functions into a framework of existing municipal responsibilities. For example, the planning department can provide direction to a housing authority or social services department in identifying ways their projects can promote urban agriculture practices (Pothukuchi and Kaufman 2000).

### Interagency Coordination

Another strategy extending the role of local government participation in urban agriculture involves interagency coordination, including cooperation of housing authorities, school districts, and other city departments (e.g., public works, parks, and recreation). The Seattle P-Patch program accomplished these objectives. P-Patch started as a private loaning of farmland to a community gardening program. In 1973, the city of Seattle purchased land from an owner and allocated it for agricultural production. First housed in the Department of Health and Human Services, the program was transferred to the Department of Neighborhoods. In this fashion community gardening was implemented by a department which strengthens community development. P-Patch later changed its articles of incorporation and transitioned to a community gardens land trust (Schukoske 2000) (Fig. 2).

### Food Security Element

A fourth strategy incorporates a food security element in the comprehensive plan. This ensures that food planning issues are directly addressed in the planning process, and that goals and policies are set implying commitment from local government. The comprehensive plan identifies agricultural preservation areas in cities where urban agricultural activity is established on a more permanent basis by land trusts and other organizations. The introduction of a food security element attracts urban agriculture stakeholders to the planning process. Lacking such an element, local governments can address food security issues in related comprehensive plan elements such as social services and open space. Food planning can also take the form of a functional plan focused on food security and urban agriculture issues.

**Urban Agriculture as an Opportunity for Local and Regional Governance, Fig. 2** Seattle's Picardo Farm, the original P-Patch community garden. Photograph by Nicole Kistler

## Conflict Resolution

As urban agriculture poses controversy as a land use that competes with other "green" uses, planners strive to establish a common middle ground. They are suited to follow procedural paths, which include conflict resolution, land use and design and bioregionalism. These strategies, outlined below, are based on Campbell (1996).

Conflict resolution can be conducted through an inclusive community outreach process and strategies that redefine the language of conflict and provide mediation. Outreach must include all stakeholders in the urban agriculture process: landowners, parties interested in cultivation, and supporters of alternative forms of land use.

Sustainability issues are not bounded by city limits. Stakeholders may not be limited to those residing or owning property within city jurisdictions. The boundary is not fixed but rather a dynamic and contested boundary between mutually dependent forces. Sustainable planning policies that address issues such as climate change and land conservation lend themselves to interjurisdictional and regional approaches.

Redefining the language of conflict and bridging the divide between economics, environmentalism, and social justice require planners' skills in communication and mediation. In this fashion, planners translate community values between divergent groups and interests. The multidisciplinary skills and perspectives of planners are conducive to this process. Further, mediation involves arrangement of procedures for making decisions. This involves the arrangement of forums and facilitated meetings to engender collaborative solutions.

Land use planning and design practices balance building needs with the natural environment. For example, cluster development, compact design, higher densities, and conservation easements are methods which conserve arable land resources with a more efficient arrangement of land use.

Bioregionalism integrates two phenomena, natural and social. Planners integrate

environmental phenomena by defining planning scale to reflect the natural environment. This involves planning at a regional level. Planners consider social phenomena such as neighborhood and jurisdictional boundaries and market areas. As urban agriculture sometimes requires interjurisdictional coordination, tools such as Geographic Information Systems (GIS) can also integrate planning on these different scales.

### Promotion of Peri-Urban Agriculture

Peri-urban agriculture is discussed in literature focusing on developing countries but rarely in literature involving American urban agriculture. This may be due to perceptions of urban agriculture as strictly a neighborhood activity within a radius of one-quarter to one-half mile. As stated earlier, the environmental, economic, and equity issues of sustainable practices do not recognize boundaries. These include not only neighborhoods but city limits. If agriculture in metropolitan areas is discussed, it is more from the perspective of urban encroachment and farmland conservation.

Another reason may include a NIMBY attitude toward agricultural projects in the suburbs due to odors, chemical spraying, or other impacts (Heimlich and Barnard 1992). Regardless, the problems of land tenure and limitation in land supply call for a review of potential agricultural opportunities in adjacent suburban jurisdictions.

Agriculture on the urban fringe should not be considered a marginal activity but rather as part of an urban area's expanding food production system. As an urban area grows, agriculture can grow concurrently as the urban periphery expands and new development takes in agricultural sites. Peri-urban agriculture can improve prospects for urban agriculture in three ways.

First, increased availability of land leads to greater participation and opens more farming opportunities. While not immediately located in inner-city neighborhoods, suburban farming opportunities still lie close enough for access through public transit, paratransit programs, and automobiles.

Second, suburban farming makes sense from the standpoint of placing agricultural uses in appropriate locations. High-value crops such as vegetables and fruits are perishable and need to be grown in locations closer to urban clients, including restaurants and farmers' markets (Heimlich and Barnard 1992). Proximity to urban areas can provide access to a larger pool of seasonal or part-time labor needed to cultivate and harvest these types of crops. While crop production poses nuisances, these impacts are less intensive than nuisances associated with raising livestock. With the exception of aquaculture, chickens and other forms of livestock generate objectionable odors and vermin. Animal waste creates problems with storm-water runoff contamination and sewerage systems. These sorts of uses are best conducted on larger lots, which are more readily available in suburban rather than urban areas.

Third, peri-urban agricultural products also meet increasing demand for locally grown food for DTC and food service establishments. Locally grown food is perceived as higher quality and fresher. Proximity also allows a better working relationship with the producer and an opportunity to purchase a specialty product (Food Processing Center 2003).

Finally, suburban farming can help prevent sprawl. If enough land is allocated in a given region, the potential exists for an agricultural greenbelt, reminiscent of Ebenezer Howard's Garden City, extending around the suburban area. One of the purposes of the greenbelt design was to prevent the encroachment of development into the hinterland.

## Conclusion

While the planning literature supports urban agriculture as a sustainable activity, it is implemented in a fragmented and sometimes impermanent fashion and competes with other forms of urban use. This is due to conflicts with related sustainable "Smart Growth" land use practices, generally weak government coordination, and perceptions that limit urban agriculture as a practice to be conducted solely within neighborhoods or city boundaries.

Planning practices and programs are only as effective as the policy guiding them. A comparison of successes and shortcomings of urban agriculture indicates that urban agriculture occurs most successfully when coordinated by government and conducted deliberately, with a well-defined purpose, mainly for food production. It follows that the success of urban agriculture depends upon the extent to which food security and urban agriculture are placed on the planning agenda. This requires better specification in the comprehensive planning process, accompanied by augmentation of programs, which focus more attention on urban agriculture implementation. By giving urban agriculture greater stature on the planning agenda, it can benefit from knowledge and skills that planners bring to the table, primarily in outreach, problem definition, and conflict resolution.

Extending the role of government planning for urban agriculture also means extending the scope of planning beyond a neighborhood or city. While urban agriculture is mostly practiced at the neighborhood level, its implementation should not be treated parochially. First, cities differ in land available for agricultural production. Rust Belt cities may offer more land for this activity than New York or Boston. For cities with land constraints, this extends the search for arable land beyond city limits. Further, as sustainable planning considers issues such as agricultural resource conservation, these problems are not limited to neighborhood and municipal boundaries.

Further research should explore ways that the government planning function can be extended and strengthened. This includes surveying and interviewing local and regional government planning agencies to assess how they implement food security and urban agriculture policies. Attention should be devoted to models of successful implementation and how they may be adapted to the specific needs of a community. Planners can benefit from lessons learned from environmental conservation programs and the experiences of developing countries, where more acute food shortages foster greater resourcefulness.

## Cross-References


- ▶ Food Security
- ▶ Sustainability and Governance
- ▶ Sustainable Development Administration


## References


American Community Gardening Association (1998). National Community Gardening Survey

Beatley T, Manning K (1997) The ecology of place: planning for environment, economy and community. Island Press, Washington, DC

Bleasedale T, Crouch C, Harlan S (2011) Community gardening in disadvantaged neighborhoods in Phoenix, Arizona: Aligning programs and perceptions. Journal of Agriculture, Food Systems, and Community Development 1(3):99–113. https://doi.org/10.5304/jafscd.2011.1.013.007

Bollens SA (1997) Fragments of regionalism: the limits of Southern California governance. J Urban Aff 19(1):105–122

Bonham B, Spilka G, Rastorfer D (2002) *Old cities, green cities. Communities transform unmanaged land* (PAS report 506/507). American Planning Association, Chicago

Campbell S (1996) Green cities, growing cities, just cities? Urban planning and contradictions of sustainable development. J Am Plan Assoc 62(3):296–312

Carpio C, Isengildina-Massa O (2009) Consumer willingness to pay for locally grown products: the case of South Carolina. Agribusiness 25(3):412–426

Castillo S, Winkle C, Krauss S, Turkewitz A, Silva C, Heinemann E (2013) Regulatory and other barriers to urban and peri-urban agriculture: a case study of urban planners and urban farmers from the greater Chicago metropolitan area. Journal of Agriculture, Food System and Community Development 3(3):155–166. https://doi.org/10.5304/jafscd.2013.033.001

Colasanti K, Hamm M, Litjens C (2012) The city as an "agricultural powerhouse"? Perspectives on expanding urban agriculture from Detroit, Michigan. Urban Geogr 33(3):348–369

Coleman-Jenson A, Rabbitt M, Gregory C, Singh A (2018) Household food security in the United States in 2017 (Economic research report no. 256). Retrieved from https://www.ers.usda.gov/webdocs/publications/90023/err-256.pdf?v=0

Conner D, Colasanti K, Ross R, Smalley S (2010) Locally grown foods and farmers markets: consumer attitudes and behaviors. Sustainability 2:742–756

Covert M, Morales A (2014) Formalizing city farms: Conflict and conciliation. In Mukherji V, Loukaitou-Sideris A (Eds), The informal American city. Beyond taco trucks and day labor (pp. 193–208). Cambridge, MA: The MIT Press

Donofrio G (2014) Attacking distribution: obsolescence and efficiency in the age of urban renewal. J Plan Hist 13(2):136–159

Food Processing Center (2003) Approaching food service establishments with locally grown produce. Institute of Agriculture and Natural Resources. University of Nebraska- Lincoln, (June), p.4

Heimlich RE, Barnard CH (1992) Agricultural adaptation to urbanization: farm types in northeast metropolitan areas. Northeastern Journal of the Agriculture and Research Economics 21(1):50–60

Hodgson K, Campbell M, Bailkey M (2011) Urban agriculture: *Growing healthy, sustainable communities* (planning advisory service report no. 563). American Planning Association, Chicago

Kaufman J, Bailkey M (2000) *Farming inside cities: Entrepreneurial urban agriculture in the United States.* Working paper WP00JK1. Lincoln Institute of Land Policy, Cambridge, MA

Krones S, Edelson S (2011) Building gardens, rebuilding a city: Baltimore's community greening resource network. Journal of Agriculture, Food Systems and Community Development 1(3):133–149. https://doi.org/10.5304/jafcsd.2011013.005

Lawson L (2005) City bountiful: a century of community gardening in America. University of California Press, Berkeley

Lovell S (2010) Multifunctional urban agriculture for sustainable land use planning in the United States. Sustainability 2(8):2499–2522. https://doi.org/10.3390/su2082499

Low S, Adalja A, Beaulieu E, Key N, Martinez S, Melton A, Perez A, Ralston K, Stewart H, Suttles S, Vogel S, Jablonski B (2015) Trends in US local and regional food systems, AP068. US Department of Agriculture, Economic Research Service (January). Retrieved from https://farmersmarketcoalition.org/wp-content/uploads/2015/02/Trends-in-U.S.-Local-and-Regional-Food-Systems.pdf

Martinez M, Hand M Da Pra S, Pollack K, Ralston T, Smith S, Vogel S, Clark L, Lohr L, Low S, Newman C (2010) Local food systems: concepts, impacts, and issues, ERR-97, US Department of Agriculture, Economic Research Service, (May). https://www.ers.usda.gov/webdocs/publications/46393/7054_err97_1_.pdf?v=0

Mazereeuw B (2005) Urban agriculture report. Region of Waterloo Public Health, Waterloo

Mendes W, Balmer K, Kaethler T, Rhoads A (2008) Using land inventories to plan for urban agriculture: experiences from Portland and Vancouver. J Am Plan Assoc 74(4):435–449. https://doi.org/10.1080/01944360802354923

Mukherji N, Morales A (2010) Zoning for urban agriculture. Zoning Practice, 3(March), 2–7. https://www.planning.org/zoningpractice/

Oberholtzer L, Dimitri C, Pressman A (2016) Urban agriculture in the United States: baseline findings of a nationwide survey. National Center for Appropriate Technology. https://attra.ncat.org/attra-pub/summaries/summary.php?pub=558

Pothukuchi K, Kaufman J (2000) The food system: a stranger to the planning field. J Am Plan Assoc 66(2):113–124

Schukoske JE (2000) Community development through gardening: state and local policies transforming urban open space. NYU Journal of Legislation and Public Policy 3(2):351–392

# Urban Community College's Role in Addressing Income Disparity, The

Anthony Cruz[1], Franklyn Taylor[2] and Kaley Buck[2]
[1]Miami Dade College, USA, Miami, Florida, USA
[2]St. Louis Community College, St. Louis, MO, USA

## Synonyms

Earnings differentials; Economic equality; Income gap; Income inequality; Wage gap

## Definition

Income disparity is the degree to which total income is distributed unevenly throughout the population.

## Legacy of the Urban Crisis

More than 50 years have passed since the Johnson Administration's Great Society programs were instituted, and the income disparity between the rich and poor in US urban areas has continued to grow. Income disparity has been exacerbated by the 2020 pandemic and economic turbulence. Civil unrest in many major US cities and the social justice movement have highlighted how differences in economic opportunity and working conditions are having a detrimental impact on the lives and well-being of urban residents.

Despite the best efforts of school districts and higher education institutions, income gaps have intensified because of higher levels of educational inequity for people of color in most of our urban centers. Community colleges have been at the center of the struggle to provide educational access to these communities. Community colleges have consistently been at the forefront of creating innovative transfer- and career-focused programs that create economic mobility for its graduates. This paper will explore the efforts community colleges have made to decrease urban income disparity and what their role will be in the future as the economy and the needs of the urban workforce continue to evolve.

## Mission of Community Colleges

Higher education has numerous missions. These missions include producing graduates to serve the community's needs. Bowen et al. (2005) state that a central purpose of higher education is preparing students to live productive lives in their communities, create human capital, and prepare students for a career.

Bailey et al. (2013) state that community colleges are responsible for educating over ten million students in the United States. They suggest that because of their open- door nature, they serve anyone who is seeking an opportunity to attend college. Their mission is to provide postsecondary education, and this serves as the foundation for economic growth and upward mobility in American society. These colleges serve minorities, recent immigrants, and students from lower socioeconomic backgrounds (Bailey et al. 2013).

The need for community colleges emerged during the early twentieth century due to the access challenges faced by 4-year colleges and universities. They lacked the adequate resources and capacities to face the growing need for access and equity (Sydow and Alfred 2013).

## The Urban College Student

Urban-serving institutions are often also minority-serving institutions, with minority populations ranging from 45% to 98%. A sample population provided here allows a glimpse of the diverse student population: 26.8% African American, 25.1% Hispanic, 11.7% Asian, and 23.2% White students with the remainder of the population being categorized as other, two or more races, or unknown (Cruz and Taylor 2019, p. 39). A discussion must also take place about the struggles of minority populations in higher education. At urban-serving institutions, 30% to 40% of students are first-generation with limited knowledge of the cost of attendance, necessary college preparation, and income support (Cruz and Taylor 2019). With this basic knowledge, the description of an urban college student is complex, each with unique and varied personal histories (Cruz and Taylor 2019).

When thinking about this complex population of students, we must also consider Maslow's (1943) hierarchy of needs. Urban-serving community colleges must consider all the needs of a student. From food insecurity to campus involvement, the urban community college must provide all services for all students to ensure academic success and decrease the achievement gap.

## The Achievement Gap

The achievement gap, defined here as the persistent disparity or inequality of academic performance, is present in all levels of education. If students struggle academically before they enter high school, catching up to grade-level performance will be a constant challenge. A report titled "Advance Illinois" (2016) displays key milestones for k-16 students. The report highlights these milestones and provides statistical evidence of low-SES students performing at lower rates than higher-SES students ("Advance Illinois," 2016). The milestones included in the report are kindergarten readiness, fourth grade reading, eighth grade math, college readiness (based on ACT scores), postsecondary enrollment, and postsecondary completion ("Advance Illinois," 2016). While the goal for the state of Illinois is to reach 60% of working adults holding a minimum of an associate degree by 2025, attaining that goal may

be more difficult than it appears. Current percentages per milestone indicate that 35% of fourth graders reading at grade level, 32% of eighth graders doing math at grade level, 38% of high school seniors scoring college ready (SAT/ACT scores), 64% enrollment in postsecondary education, and 28% completion of a postsecondary program ("Advance Illinois," 2016). To reach the state's degree attainment goal, Illinois must increase the number of students meeting key milestones which would mean increasing resources to all students and at-risk populations.

Students who struggle academically before entering college, including urban community college students, will likely have halted academic momentum. According to Davidson and Blankenship (2017), academic momentum can be used to describe the rate of completion of attempted credit hours by a student. The authors studied a single cohort, 2005–2012, of first-time in college, full-time (enrolled in 12 or more credit hours) first-year college students (Davidson and Blankenship 2017). Through the study, the relationship between enrolled and completed hours became directly correlated to a student's length of time in college (Davidson and Blankenship 2017). Students of low socioeconomic status (SES) are less likely to gain academic momentum as they enroll in and complete fewer credit hours per semester than their higher-SES counterparts (Davidson and Blankenship 2017). In addition, students attending a community college are also less likely to gain academic momentum, also enrolling and completing fewer credit hours than students attending a 4-year institution (Davidson and Blankenship 2017). With this collection of data, the authors can, within a reasonable doubt, infer that students attending a community college and of low SES have the least amount of academic momentum of all students attending college.

## Sense of Belonging as It Relates to Access and Equity

Sense of belonging has always been at the center of the student college experience, and that includes the urban institutions. Income, access, and equity have played a role and impact in this regard. Kuh (1995) focused on quantifiable student engagement and involvement, while Astin (1984) suggests that what matters is quality involvement. These writings lead us to Vincent Tinto's (1975, 1993) work on student departure from college, suggesting that if students are not engaged or involved in some activity outside the classroom, they will have a much more difficult chance at succeeding and hence will leave college. These writings shed light on the income disparity of students who attend urban colleges. Often, these students who are on the lower end of the income scale cannot afford the luxury of time and money to be involved and engaged in college. Most of these students have multiple and complex identities that do not allow such involvement. In some cases, money and time are the ingredients for participation and engagement in college activities. Many times, urban students are not offered these luxuries.

Creating a sense of belonging and engagement in this environment should be done with direction. Realizing that not all urban students are in the low socioeconomic status, in regard to providing academic equity and addressing income disparity, institutions should make sure engagement and belonging opportunities are planned purposefully and intentionally. Faculty, staff, families, and the community should be involved in creating programs which are well planned and cost-effective and are available at times when the most students are able to attend. Institutions should develop strategies to meet the needs of urban students.

## Equity and Access to College

Only 30% of children from families in the bottom income quartile are expected to attend college, while 80% from the top income quartile (Bailey and Dynarski 2011). This difference in access and opportunity results in an acceleration of disadvantages for those at the lower-income levels. Those disadvantages are further amplified as individuals grow older and lose out on better-paying jobs and promotions because they lack the necessary credentials. Fortunately, community colleges are

open-access higher education institutions that do not require SAT/ACT scores or superior high school grades. They educate students of all ages and backgrounds while providing comprehensive student support services. Community colleges also offer a variety of credit and noncredit academic programs of different lengths to meet the unique needs of students. These community college programs offer many urban adults an opportunity to greatly reduce the educational disparities that they inherited from the socioeconomic status of their parents.

## Challenges and Opportunities

Income disparity at community colleges has a direct impact on access. Although community colleges are open-access and reasonably priced, students primarily from lower socioeconomic backgrounds struggle to fund their education despite the funding from the federal government and scholarships provided by the urban institutions. The increase in population of low-income students creates a challenge, but also an opportunity for colleges and urban governments to assist and increase the skills and capacity of its citizenry.

As previously mentioned, low-income students are challenged to be involved and engaged in activities at their institutions. Most have families with dependents and some leading single-income households while working multiple jobs. This renders itself a challenge to involvement. As such urban students have limited time and opportunity to participate in activities. An increase in the opportunity for students to participate in these programs allows for students to thrive and succeed. Community colleges need to provide more student programming activities in the evenings and in virtual formats. Another aspect of income disparity and challenge that many urban students face has to do with food insecurities. The income disparity has compounded this problem in all institutions across the board, particularly low-income students. Urban institutions are constantly dealing with this challenge.

There is a great opportunity for urban communities to work with community colleges to close the income disparity gap. In the areas of subsidies, grants and cooperation with these community colleges can alleviate this challenge. This can also come in the form of direct assistance to the students in these urban areas. This may be currently occurring, but a more coordinated effort is needed.

Community colleges are working hard to face the challenges that are associated with poverty and the income disparity. Higher levels of student success will be achieved and realized when the barriers of low income are removed. Across the country, community colleges are aware of these barriers and make every effort to eradicate them by being intentional in programming, policies, and procedures. The income and equity gaps impact the student success rates because they increase the time it takes students to complete their degrees, which ultimately leads to more students dropping out. The goal of community colleges is to increase graduation rates.

Although community college tuition rates are the lowest in American higher education and students receive tuition assistance and federal financial aid, some students still cannot afford college because of the hidden costs associated with food, shelter, childcare, and unpaid debts. Some states, namely, Tennessee, are experimenting with the concept of free college. This is a novel concept that other states are contemplating to alleviate the income gap and equity challenge.

## Community Colleges' Response and Role in Addressing Income Disparity

Urban community colleges play a vital role in responding to the income disparity challenge. Several community college services and initiatives need to be expanded including expanding college transfer pathways, closing the skills gap, empowering low-income and first-generation students, strengthening partnerships with k-12 schools, and increasing virtual learning opportunities.

### Expand College Transfer Pathways

Community colleges have historically served a critical role in providing accessible and affordable

transfer pathways to 4-year colleges and universities. Approximately 40% of all US college students begin their higher education journey at community colleges (Shapiro et al. 2015). These transfer pathways have resulted in millions of graduates who have ultimately received professional undergraduate and graduate degrees. Community colleges continue to develop new and innovative approaches to increase the transfer pipeline. In Maryland, Prince George's County Public Schools, Prince George's Community College, and University of Maryland University College have developed a transfer initiative that provides a more affordable accelerated pathway that results in a bachelor's of science degree. Students pay less than $10,000 to earn a Bachelor's of Science in criminal justice, computer networks and cybersecurity, or business administration (AACC 2018).

While many institutions have collaborated to advance transfer pathways, an unintended consequence has been a loss of credits after undergraduate students transfer from a community college to a 4-year college or university. Monaghan and Attewell (2015) determined that the greater the loss of credits, the lower the chances of completing the 4-year degree. The loss of transfer credits can be greatly diminished by establishing more formal transfer agreements between institutions. These transfer or articulation agreements protect students by detailing transfer policies and specifying which courses will transfer to the senior institution. States like Massachusetts, California, and Florida have created strong statewide articulation agreements to provide a seamless process that guarantees university admission and the acceptance of transfer credits for those students who complete associate of arts degrees at their community colleges.

## Close the Skills Gap

There are over 5,000,000 jobs that go unfilled because people do not have the appropriate skills or training to fill those jobs (U.S. Department of Labor 2020). Income disparities are increasing not because there are not enough good-paying jobs, but because urban communities do not have enough people with the skills to fill these positions. Urban community colleges are poised to address this skills gap because they are nimble enough to start new programs that meet the needs of employers. There are many community colleges in urban areas who are partnering with local industry to deliver the specific training that is needed.

Many times, the skills gap can be reduced by providing short-term technical noncredit programs that lead to living wage jobs. Since 2007, St. Louis Community College has been collaborating with Boeing to provide short-term training to residents of St. Louis County. These 4- and 8-week noncredit accelerated programs prepare participants to work for Boeing as Sheet Metal Assemblers or Composites Mechanics. Those who complete one of the programs are guaranteed an interview with Boeing for a full-time position. Those who are hired have the opportunity to continue their education and receive promotions along the way. In addition, Miami Dade College has partnered with Tesla Corporation to offer a Tesla Technician Career Technical Certificate. The 15-week electric vehicle service training program is designed to provide students with the skills necessary for a successful career with Tesla. Both examples demonstrate the importance of urban community colleges partnering with industry to increase skills and provide good-paying jobs to residents in their communities.

## Empower Low-Income and First-Generation Students

Since the inception of federal financial aid programs in the late 1960s, urban colleges and universities have had an influx of low-income and first-generation students. Community colleges in particular with their open admission policies disproportionately serve more first-generation and students of color than 4-year colleges and universities (CCRC 2020). As a result, urban community colleges have a long history of providing the student support services necessary to help underserved students succeed. Now more than ever, community colleges must empower its students to overcome the economic challenges they and

their families face. Community colleges need to connect their lower-income and first-generation students to college organizations and services where they can receive support from peers and institutional allies. Empowering students will increase degree completion and thus increase their ability to earn a living wage and decrease the income disparity.

### Strengthen Partnerships with K-12

Most urban community college students come from underfunded public school systems that are overcrowded and lack the support services needed by their students (The Education Trust 2015). Many of these students arrive on the community college campuses lacking the academic preparation and social skills to be successful (U.S. Department of Education 2016). Unfortunately, many of these students will not graduate from college and will lack the education and training to get high-paying jobs. The partnerships between community colleges and public primary and secondary schools need to be strengthened. Too often, the first connection is made in 11th or 12th grade. In the last several years, community colleges have steadily increased their presence at high schools by providing dual enrollment classes. These dual enrollment classes count both toward high school and college credits. While dual enrollment classes are undoubtedly valuable, the relationship between these students and the community colleges needs to start at the elementary school level. Community colleges can help students identify career interests earlier and set them on a path to take the necessary classes in math and science to adequately prepare them for educational programs. This type of early guidance and planning will help urban students enter the workforce sooner in higher-paying jobs that will decrease the income disparity.

Career-technical education (CTE) partnerships between community colleges and high schools have been encouraged through federal and state funding. "Since 1990, federal funds have been set aside for Tech Prep programs as part of the Carl D. Perkins Vocational and Applied Technology Education Act and its re-authorizations" (Barnett and Hughes 2010, p. 5). These Tech Prep programs aim to improve the link between the last 2 years of high school and the first 2 years of college. According to Barnett and Hughes (2010), over 900 Tech Prep partnerships have been created throughout the country. Sinclair Community College, in Dayton, Ohio, and the Miami Valley Tech Prep Consortium are nationally recognized as a leading Tech Prep program. Students pursuing the pathway in engineering technology eventually earn an A.S. degree in engineering science from Sinclair Community College. This type of career-technical partnership puts high school graduates on a fast track to earn a credential in a technical area that does not require a bachelor's degree. More public funding is needed to expand these career-technical education partnerships in our urban communities.

### Increase Virtual Learning Opportunities

According to a 2016 national distance education survey, "eLearning enrollments have accounted for nearly all student enrollment growth at community colleges during the past eleven years" (Lokken 2007, p. 31). One of the biggest equalizers in higher education could be the increased use of virtual learning modalities. Virtual or online learning allows lower-income students who need to work multiple jobs and have childcare needs the opportunity to earn a credential irrespective of class time frames or college campus location. The COVID-19 pandemic has forced community colleges to reexamine their technical capabilities and instructor training to effectively deliver more classes virtually. This reexamination also includes surveying the technical needs of its students and making sure they have the appropriate access to online platforms. The digital divide continues to be a challenge for urban citizens. According to the Census Bureau, three times as many households in urban areas remain unconnected as in rural areas (Levin and Downes 2019). Community colleges need to make sure that they are offering the right mix of online short-term training opportunities. In addition, the digital divide is exacerbated by the cost of electronic textbooks and other materials.

Maricopa Community Colleges, in Phoenix, is working on ways to leverage digital resources for their students. They are using open educational resources (OER), through the Maricopa Millions OER Project, to reduce the cost of virtual learning (Kater et al. 2016).

## Summary

Despite the best efforts of school districts and higher education institutions, income gaps have been exacerbated by higher levels of educational inequity for people of color in most US urban centers. Through discussion of the mission of community colleges, the urban college student, and overall access and equitable education, this chapter outlined the urban income disparity crisis as it pertains to education. Community colleges have made efforts to decrease income disparity by attempting to combat educational inequity. These efforts include expanding college transfer pathways, closing the skills gap, empowering low-income and first-generation college students, strengthening K-12 partnerships, and increasing virtual learning opportunities. The future of urban college students lies with community colleges. The role of community colleges will continue to evolve with the changing student needs. Community colleges have served their students and will continue to be at the center of the struggle to provide educational access to their communities.

## References


Advance Illinois (2016) Every student counts: the state we're in 2016–2017. Advance Illinois

American Association of Community Colleges (2018) Aligning for student success: how community colleges work with k-12 to improve college and career outcomes. https://files.eric.ed.gov/fulltext/ED591961.pdf

Astin AW (1984) Student involvement: a developmental theory for higher education. J Coll Stud Pers 25(4):297–308

Bailey MJ, Dynarski S (2011) Inequality in postsecondary education. In: Duncan G, Murnane R (eds) Wither opportunity. Russell Sage, New York, pp 117–132

Bailey TR, Jaggers SS, Jenkins D (2013) Redesigning America's community colleges. Harvard University Press. Harvard University, Cambridge, MA

Barnett E, Hughes K (2010) Issue brief: community college and high school partnerships [Prepared for: the white house summit on community college]. Community College Research Center

Bowen WG, Kurzwell MA, Tobin EM (2005) Equity and excellence in American higher education. University of Virginia Press, Charlottesville

Community College Research Center (CCRC). (Accessed 2020). Community college FAQs. https://ccrc.tc.columbia.edu/Community-College-FAQs.html

Cruz A, Taylor F (2019) The urban college student. In: Ortiz AM (ed) Student affairs in urban-serving institutions: voices from senior leaders. Taylor & Francis, New York, pp 38–55

Davidson JC, Blankenship P (2017) Initial academic momentum and student success: comparing 4- and 2-year students. Community Coll J Res Pract 41(8):467–480

Kater S, Soza R, Young L (2016) E-learning, the digital divide, and student success at community colleges. Educause Rev 2016:58–59

Kuh GD (1995) The other curriculum: out-of-class experiences associated with student learning and personal development. J High Educ 66(2):123–155

Levin B, Downes (2019) Cities, not rural areas, are the real internet deserts. The Washington Post.

Lokken F (2007) Trends in eLearning: tracking the impact of eLearning at community colleges. Distance Education Survey Results, Instructional Technology Council

Monaghan DB, Attewell P (2015) The community college route to the bachelor's degree. Educ Eval Policy Anal XX(X):1–22

Shapiro D, Dundar A, Wakhungu PK, Yuan X, Harrell A (2015) Transfer and mobility: a national view of student movement in postsecondary institutions, fall 2008 cohort. Signature report, no. 9. National Student Clearinghouse Research Center, Herndon

Sydow D, Alfred R (2013) Re-visioning community college. Rowman & Littlefield Publishers, Inc., Boulder

The Education Trust (2015) Funding gaps 2015: too many states still spend less on educating students who need the most. https://edtrust.org/wp-content/uploads/2014/09/FundingGaps2015_TheEducationTrust1.pdf

Tinto V (1975) Dropout from higher education: a theoretical synthesis of recent research. Rev Educ Res 45(1):89–125

Tinto V (1993) Leaving college. University of Chicago Press, Chicago

U.S. Bureau of Labor Statistics, U.S. Department of Labor. (Accessed 2020). https://www.bls.gov/news.release/jolts.t07.htm

U.S. Department of Education (2016) Remedial coursetaking at U.S. public 2- and 4-year institutions: scope, experience, and Outcomes [Statistical analysis report] (NCES 2016-405). National Center for Education Statistics. https://nces.ed.gov/pubs2016/2016405.pdf

# Urban Food and Urban Community: A Case for Reinvention

Kelly Varga and Hunter Marion
Department of Biological Sciences, University of North Texas at Dallas, Dallas, TX, USA

## Synonyms

Central; Citified; Civic; Metropolitan; Municipal; Non-rural; Public

## Operational Definitions of Key Concept

**Food insecurity:** a household-level economic and social condition of limited or uncertain access to adequate food (USDA 2020).

**Socioeconomic status (SES):** the social standing or class of an individual or group... measured as a combination of education, income, and occupation (American Psychological Association 2020).

**Food deserts:** regions of the country (featuring) large proportions of households with low incomes, inadequate access to transportation, and a limited number of food retailers providing fresh produce and healthy groceries for affordable prices (Deener 2017).

**Food swamps:** a spatial metaphor to describe neighborhoods where fast food and junk food inundate healthy alternatives (Cooksey-Stowers et al. 2017).

**Morbidity:** the state of being symptomatic or unhealthy for a disease or condition... usually represented or estimated using prevalence or incidence (Hernandez and Kim 2020).

**Chronic diseases:** conditions that last 1 year or more and require ongoing medical attention or limit activities of daily living or both... such as heart disease, cancer, and diabetes (Centers for Disease Control and Prevention 2020).

**Cardiometabolic disease (or cardiometabolic syndrome):** a combination of metabolic dysfunctions mainly characterized by insulin resistance, impaired glucose tolerance, dyslipidemia, hypertension, and central adiposity (Saljoughian 2017).

**Stigma:** stereotypes or negative views attributed to a person or groups of people when their characteristics or behaviors are viewed as different from or inferior to societal norms (Ahmedani 2011).

**Food system:** an interconnected web of activities, resources, and people that extends across all domains involved in providing human nourishment and sustaining health, including production, processing, packaging, distribution, marketing, consumption, and disposal of food (Grubinger et al. 2010).

**Food justice:** seeks to ensure that the benefits and risks of where, what, and how food is grown, produced, transported, distributed, accessed, and eaten are shared fairly... represent a transformation of the current food system, including but not limited to eliminating disparities and inequities (Food Secure Canada 2020).

## Introduction

It is projected that nearly two-thirds of the world's population will be considered urban dwelling by 2050, a near 15% increase beyond the already four billion people currently inhabiting urban areas (Ritchie 2018). Yet in the face of rapid, confined population growth, the term "urban" remains rather ambiguous within the literature. This ambiguity begets a need for understanding how the urban environment is demarcated (spatially and temporally), what current resources are available, and how allocation of said resources will meet an ever-growing demand and landscape (Bloom et al. 2008). While the link between urbanization and economic growth appears to be well-documented (Dutt and Ros 2008; Henderson 2003), micro- versus macro-assessment of urban amalgamation requires a deeper assessment. Importantly, as urban context is tightly interwoven within neighborhoods, community members, and residential well-being, it is essential to clarify how socio-dynamics may lead to the development and sustainability of the urban environment.

Misunderstanding urbanity is an emerging crisis concerning the public health sector, medical communities, and those of lower socioeconomic status (SES). Particularly worrisome is the impact of food insecurity on the urban populace. Defined in the literature as a lack of economic and social well-being leading to uncertainty around food access, food insecurity is often associated in the urban core and characterized by higher racial and economic inequality (USDA 2020; Dutko et al. 2012). Food-insecure communities are often further categorized into "food deserts," which are based upon a poverty rate exceeding 20% and inhabitants experiencing a consistent lack of access (measured by distance: 1 mile in urban communities versus 10 miles in rural communities) and utilization of affordable healthy or nutritious foods (USDA 2019, 2020). In the most recent report of *Food Insecurity by the Numbers*, the USDA claims that nearly 35.3% of households that fell below the federal poverty line were food insecure, including those with low and very low food security (USDA 2019). Food insecurity, however, does *not* explicitly denote the lack of access to food. Unhealthy fast or cheap foods are instead the typical alternative. This reliance on less healthy, energy-dense foods is why urban food insecurity is symptomatic to a plethora of morbidities, particularly obesity.

Unhealthy eating in the United States currently accounts for one of the largest obesity epidemics to date, with average Americans eating a more than 20% higher caloric intake over the past 17 years (Public Health 2020). Furthermore, research by the World Health Organization found that fast-food sales correlate with rising BMIs – a marker for obesity in adults (De Vogli et al. 2014). These unhealthy eating behaviors are compounded by the fact that adults are not consuming the appropriate daily amount of fruits and vegetables, leading to poor diet and an increase in preventable nutrition-related diseases such as heart attack, stroke, and type II diabetes (Moore et al. 2015). Along this line, research has shown that Blacks and Hispanics are more likely than Whites to be obese with poverty compounding to significantly increase this likelihood (Ogden et al. 2010). Moreover, food insecurity and poverty are heavily associated with contributing to higher psychological stress in racially and ethnically diverse populations (Allen et al. 2018; Becerra et al. 2015). Thus, understanding the complex, multidimensional intersection between poverty, food insecurity, and access to healthy food and nutrition presents a unique and daunting challenge that is not readily understood under the current context of public health.

At present, COVID-19 has deeply intensified this problem. Consistent reporting shows that under-resourced groups and Black and Hispanic neighborhoods are some of the hardest hit by the pandemic (Thebault et al. 2020). Collectively, these groups suffer from higher rates of illnesses typically associated with COVID-19 complications or have limited access to quality health care (Shadmi et al. 2020). This point was highlighted by research revealing that of all COVID-19-associated deaths within the first ten weeks of the pandemic, most were largely associated with poorer and urban communities (Finch and Hernandez-Finch Finch and Hernández Finch 2020). Moreover, this burden is compounded by school and childcare closures, whose feeding programs provided children in poverty access to healthy eating (Van Lancker and Parolin 2020). Since its onset, COVID-19 has accelerated food insecurity's status as a social crisis within the United States. Forecasting models predict that more than 54 million people (of which 18 million are children) will experience COVID-19-related food insecurity by the end of 2020 (Feeding America 2020).

Thus, how does triage of food insecurity begin, and how quickly will resources be provided for those who need it most? Regardless of economic stimulus programs like Supplemental Nutrition Assistance Program (SNAP) and Electronic Benefits Transfer (EBT) programs (Bauer 2020), food insecurity remains a multidimensional problem unique to each community it affects. Therefore, each community needs an appropriate response. Here, the aim is to provide a high-level overview of how food insecurity is traditionally reported, consideration of missed metrics and stigma associated with food insecurity, and finally how now, more than ever, is the time to reinvent community empowerment.

## Factors Contributing to and Exacerbated by Food Insecurity

### Food Deserts

Measurements of food insecurity and subsequent food deserts frequently fail to consider the ambiguous factors that perpetuate urban food insecurity beyond the traditional metrics (Fitzpatrick et al. 2015; Jiao et al. 2012; Shannon 2016; Wright et al. 2016). First, fresh-produce-selling grocers are often present within food deserts; however, they are routinely ignored or discredited by residents due to having poor produce quality or being more expensive than nonlocal supermarkets (Wright et al. 2016). These perceptions push residents to shop at more middle-class or ethnically White stores further away, which both inhibits the profitability of local stores and stimulates the growth of corporate competitors (Ragulina and Rogovskaya 2018; Shannon 2016). Residents' racialized meta-narratives and negative place comparisons likewise stigmatize the ownership of ethnic-serving stores (Howerton and Trauger 2017), thus encouraging locals' avoidance of poor- or minority-associated businesses. This can ultimately force stores to adopt whitewashing and gentrification in order to re-attract local clientele or close indefinitely (Howerton and Trauger 2017).

Second, measures of food access (availability and usage) are extensively criticized as being misleading. Critics state that assessment metrics do not fully account for the various factors that lead to food insecurity, such as concentrations of low SES groups or the failure of structuralized governance (Ver Ploeg et al. 2015). Although noncontentious food desert origins have yet to be readily identified, a recurring and controversial finding is that low-income residents usually do have access to healthier foods but choose *not* to purchase them. This may be due to factors such as rising food prices, familiarity with unhealthier foods, or backgrounds prioritizing a less healthy diet (Wright et al. 2016). Interestingly, some reporting has discredited the correlation between living in a food desert and the presence of food insecurity. For example, one study's sample proclaimed stable access to groceries and transportation via their social networks yet admitted to mainly eating canned or frozen meals (Lewis et al. 2018). As residential self-perception impedes upon the academic categorization of food deserts, critics have suggested switching from impersonal, area-level measurements to more personalized individual- and household-level aggregations of data (Ver Ploeg et al. 2015). Additional suggestions include tracking supermarket affordability, proximity to groceries (via walking or transit), median household income, and the costs of grocery stores divided by tier (Jiao et al. 2012).

### Life Span

Individual and neighborhood-associated SES is a key indicator for measuring mortality within a given area (Hussein et al. 2016; Signorello et al. 2014). Since food security and poverty are closely intersected, investigating how food access and life expectancy translate into social mobility within the urban environment is necessary. Recent findings indicate that neonatal and gestational health can be compromised by inadequate nutrient consumption (Augusto et al. 2020), resulting particularly in adverse health effects for young children (i.e., emotional or psychological distress; Cook et al. 2004). Furthermore, biologically chronic psychosocial stress experienced in childhood is linked to higher rates of disease burden and mortality via a cellular process known as telomere length (TL) shortening. In summary, telomeres are an important genetic mechanism which protects DNA during cellular division in adulthood but are highly susceptible to accelerated shortening under conditions of high cellular stress and inflammation (Blackburn 2000; Blackburn 2005; von Zglinicki 2002). Of note, the largest associations of TL shortening in adults were between childhood SES and early life adversity events (such as exposure to conflict or violence, family instability, and traumatic life events; Rentscher et al. 2020). Beyond childhood, midlife or "middle-age" (between 40 and 45 through 60–65 years of age) appears to be a timeframe of increased vulnerability to food insecurity (Coleman-Jensen et al. 2013; Ory et al. 2014), which also exacerbates premature aging (Miller et al. 2020). Taken collectively, research in this

area is continuously needed to understand how the cumulative effects of lifelong hardships associated with food insecurity might equate to mortality.

### Chronic Diseases

Food insecurity and chronic disease development are bidirectional, with each experience interchangeably influencing the other's progress or termination. For instance, rates of cardiometabolic diseases (e.g., diabetes, coronary heart disease, congestive heart failure) and food insecurity in the United States have simultaneously doubled since the Great Recession in 2007 (Berkowitz et al. 2017). This rise has seen a positive correlation between food insecurity and the onset of cardiometabolic disease, obesity, and hypertension (Berkowitz et al. 2017; Jih et al. 2018), a trend even reflected among other high-income nations (Essien et al. 2016).

Along this line, food insecurity has been shown to drive lower-income individuals to prioritize cheap fast-food and high-energy meals. Moreover, "food swamps" (concentrations of fast food associated with area-based chronic disease development) are more clustered in blighted, low-income, and racially diverse urban areas than in homogenous suburban areas (Balcaen and Storie 2018). As race can compound overall health risks, Black and Hispanic people are disproportionately more likely to develop cardiometabolic disease than White and Asian people (Mangini et al. 2018; Mendy et al. 2016; Ro and Orbison 2018). Furthermore, chronic allostatic stress, as experienced by those enduring extensive hunger, exacerbates allostatic overload. This can heighten vulnerability to respiratory illnesses like lung cancer and asthma (Hill et al. 2019). Also, kindergarten- to elementary-age children of food-insecure and depressed parents are 55% more likely to sustain asthma well into the 8th grade (Mangini et al. 2018), indicating how paramount early intervention is.

Although food insecurity is repeatedly emphasized as being a key contributor to cardiometabolic disease and obesity, the etiology of obesity is quite complicated. Overweight and obesity can result from easier-access to ready-made food in urban areas and a cultural transition from physical labor to sedentary service work, but these factors are not wholly responsible. Surprisingly, little research has found a correlation between the urban-built environment, soft drink-promoting policies, or genes that potentially predispose weight gain and obesity (Alston et al. 2016; Alviola et al. 2013). Behaviors like sedentariness, non-produce consumption, and minimally preprogrammed epigenetics are conducive to obesity within an obesogenic environment, but defining such an environment remains elusive (Ulijaszek and Lofink 2006). Regardless, food swamps are considered a major link between diet-related diseases among urban populations, as high positive correlation exists between regional obesity and a lack of local grocery stores (Cooksey-Stowers et al. 2017). Blaming obesity on fast food, however, minimizes the many other contributing factors, such as low SES and neoliberal agricultural standards (Headey and Martin 2016).

### Mental Illness

Lack of proper nutrition combined with severe hunger can generate toxic stress resulting in poor cognitive development, learning and self-regulation difficulties, and aggression (especially among children; McEwan and McEwan 2017). The literature supports a strong association between food insecurity and the development of mental illness, especially depression and depressive disorders (Becerra and Becerra 2020; Compton 2014). Through this nutritional deprivation, an individual's mental state might be primed for vulnerability later in life. Elevated expressions of mania symptoms were present among food-insecure adults with mood disorders (possibly due to lower intakes of essential micronutrients, vitamin C, and protein; Davison and Kaplan 2015).

Food insecurity is shown to be particularly injurious to adolescent girls' and women's mental health. National data indicates a higher incidence of food insecurity (17%) among women-led households (Coleman-Jensen et al. 2016), which is linked to increased women's morbidity, stress, and depression (National Research Council 2006; Weiser et al. 2011). Other findings report a

heighted link between domestic violence and women who are at risk of or living with HIV during periods of food insecurity (Conroy et al. 2019) and a potential association between food insecurity and obesity in HIV-positive women (Sirotin et al. 2014). Multiple studies spanning India, Canada, and the United States have also found that urban conditions (such as cramped or slum-like residency, work stress, menial labor, and an early abandonment of schooling) can contribute to expressions of depression, anxiety, and psychological distress among teenage girls and young adult women (Muldoon et al. 2013; Maynard et al. 2018; Rani et al. 2018).

Research has shown that maintenance of a strong social network can improve mental stability. Elderly people who lived with a spouse, close to a child, or in a retirement community were much less inclined to develop depression or anxiety (Mesbah et al. 2020). In support of this, observed strong Black networks regularly pooled resources, cooked together, and helped one another grocery shop, while weak Black networks exhibited greater levels of stress, anxiety, and shame about using food assistance (Myers et al. 2019). Taken collectively, understanding how context-specific culture-, gender-, and sex-based policies may relate to food insecurity vulnerability among urban communities is needed.

### Stigma

Lastly, social stigma and the projected damage feelings of shame, helplessness, and social isolation play a major role in food insecurity. According to sociologist Ervin Goffman, stigma is the result of "status incongruity" or when specific individuals violate the status quo and are therefore shamed, harassed, or isolated by the community (Weaver and Trainer 2017). Under this logic, individuals who are viewed as obese or food insecure (impoverished) are perceived as being unequal with society's standards and may suffer internalized stigma (feeling ashamed of themselves) and/or externalized stigma (being shamed by others). Weaver and Trainer's (2017) work in rural Brazil and urban United Arab Emirates (UAE) found that food insecurity – while negatively viewed – could be relatively hidden from others. However, obese individuals were not able to hide their weight and were readily exposed to humiliation or reproach. Makowski et al. (2019) add that stigma against overweight and obese people may even reinforce preexisting inequalities due to low SES and/or sex, possibly worsening weight gain or depressive symptoms and discouraging future adoption of exercise or produce consumption. Stigma can also increase the risk of developing opportunistic infections or fungal mycoses among food-insecure immunodeficient or HIV-positive people, particularly women (Shin et al. 2018). Even food-insecure, low-income Australians would only sign up for food assistance as a last resort due to the shame perceived by using it (Booth and Pollard 2020).

Of particular importance is the stigmatization of those who use federal food assistance, such as Women, Infants, and Children (WIC) or SNAP. SNAP is the largest food safety net available in the United States (with more than 40 million Americans using it each month; Bleich et al. 2020). Shame associated with SNAP intervention is a common misconception and seen as a governmental "handout" for failures. This type of social morality has expanded over the years due to negative political rhetoric and mixed research over SNAP's alleged inefficacy and suggested link with higher rates of obesity (Howlett et al. 2016). SNAP participation is often an arduous, bureaucratic, and highly time-consuming process to navigate. From backlash via public officials and burned-out caseworkers to impatient grocers and opinionated shoppers, stigma can be exhausting and lead to executive functioning overload among already stressed-out individuals (Gaines-Turner et al. 2019). Along this line, SNAP participation fails to account for stagnated wages or provide sick leave options and can be seen as invasive in its automatic dropout policy if participants lose a job or make too much money (Gaines-Turner et al. 2019). Suggestions to alleviate stigma and encourage participation have included universal basic income and stigma-targeted training of community health-care workers, social workers, and public health servants (Barnidge et al. 2017; Gottlieb et al. 2017; Stenmark et al. 2018). Bleich et al. (2020) have created a list of initiatives to strengthen

SNAP's policies, such as restricting soft drink purchases, incentivizing the purchase of fruits and vegetables, promoting healthier consumption in all stores, and increasing the allotment and its disbursement frequency. Interestingly, an association has been found between using SNAP and elevated obesity, especially when participants shopped at more expensive supermarkets (Howlett et al. 2016), yet the authors admitted to participants possibly being unaware of which stores accepted SNAP. While SNAP can provide positive short-term effects, long-term results involving micronutrient deficiency or susceptibility to stigma are still ambiguous (Bitler and Seifoddini 2019). Finally, it needs to be emphasized that SNAP does not lift a family from food insecurity; instead, it helps people endure it until they can secure a sustainable income.

Alternatively, there are observed positive effects of SNAP (and other food assistance programs) in alleviating food insecurity. Research has shown that participation can be associated with improved childhood health, testing, and life adjustment, reducing maternal stress, low birth weight, and children's susceptibility to attention-deficit/hyperactivity disorders (Bitler and Seifoddini 2019). Additionally, it has shown to decrease financial burdens among families (Bitler and Seifoddini 2019). SNAP use may also effectively improve health in all age groups, especially in birth outcomes, child health, allowing the elderly to pay for needed medications or avoid hospitalizations, and incurring an average of $1400 per year less in health-care expenditures compared to nonparticipants (Seligman and Berkowitz 2019). Thus, the stigma and associated hurdles of SNAP are daunting challenges, but a comprehensive review of the literature reveals that SNAP benefits are more reliable than food banks or church pantries at regularly providing fresh food due to their haphazard operations and lack of produce options (Seligman and Berkowitz 2019).

## Urban Food Systems and Urban Food Justice

Urbanization itself seems to be a monolithic contributor to food insecurity. This is not a phenomenon localized to the United States. In Tanzania, Cockx et al. (2018) marked a distinguishable switch from healthier foods to high-sugar fast foods among residents who newly transitioned to urban life from suburban or exurban locations. The authors conclude that this might be because healthy foods that were once cheap in nonurban areas (e.g., nuts, fruits, vegetables, and fish) were considerably more expensive in urban areas. This coincides with the common belief that over time, globalization has increased urban food prices, which prevents the urban poor from affording fresh produce (Robinson 2018). However, research of these claims has provided mixed results. One review posited that higher global food prices actually provided a long-term benefit by decreasing the wage gap between the rural and urban populations (Headey and Martin 2016). In contrast, Parker and Johnson (2019) noted how globalization decreased the diversification of crop yields and incentivized hyper-neoliberal food distribution policies. One such policy is the galvanization of "big box" stores in crowding out the smaller competitors in urban neighborhoods. Because of this, urban areas have seen a gradual phasing out of independently owned grocers. This transition has mostly eliminated the diverse ecosystem of local grocers, abandoned people dependent on singular food institutions, and inhibited new small grocers from reoccupying the huge spaces left by the former superstores (Parker and Johnson 2019).

As urbanization continues to expand, it seems imperative to consider how urban planning will incorporate the urban food system. An approach to address food insecurity beyond the traditional brick-and-mortar grocery is the installment of urban agriculture and urban food production systems. Aside from direct urban access, urban agriculture gives the potential for food justice. Food justice is the local- and community-led response to food inadequacy and economic hardship influencing the lack of access to healthy, nutritious, and culturally important foods (Alkon and Agyeman 2011). Community engagement focusing on locally sourced urban agriculture and planning can help foster food justice by generating societal benefits (Horst et al. 2017). Results of

this type of planning include increased healthy food consumption per neighborhood (Barnes et al. 2019) and participation in community-supported agriculture (CSA) programs that expand vegetable exposure and intake (Hanson et al. 2017; Quandt et al. 2013; Wilkins et al. 2015). While these studies potentially justify urban food system planning, proper assessment of whether or not urban agriculture correlates to food justice in food-insecure or socioeconomically disadvantaged communities still proves challenging.

Alternatively, food *injustice* can occur through a multitude of overlooked parameters including ongoing marginalization, perpetuated systemic inequalities, and gentrification (Horst et al. 2017). In her book *Feeding the Other* (2019), Rebecca de Souza expands upon the aspects of neoliberal stigma and food insecurity associated with donation-based feeding, such as food pantries. Her research attempts to understand how anti-hunger programs (i.e., food pantries, food banks, hunger coalitions) and large-scale donation-based advocacy (e.g., Feeding America) commodify the poor by exacerbating the "up by bootstraps" mentality. As pointed out by public health researchers, the USDA, for decades, has collected and published yearly data regarding national food insecurity statuses, yet food insecurity continues to rise (Chilton and Rose 2009). Thus, food injustice is just as critical to consider. Ease of access to basic human rights, increased wages, and community-championed neighborhood-specific policies are a few entitlements that food desert communities should be privy to (De Souza 2019). Additionally, factors of strategy, money, time, and resources need to be included in the collective conversation when considering urban planning and agriculture in local food movements (Alkon and Agyeman 2011; Allen 1999).

## Community Intervention, and Reinvention

As urbanization continues to expand, urban planning will need to closely consider what works best for the communities it aims to serve. Because of this, the path from food insecurity to food security (and subsequently social mobility) needs to provide an array of personalized and community-led solutions. Seligman and Berkowitz (2019) have generated a broad overview of coping strategies that are implemented at the individual, household, and community level as a resource of potential intervention. In brief, individual-level mitigation can include shifts in diet (i.e. eating cheap caloric-dense foods and trans fats; Darmon and Drewnowski 2015), severe dietary restriction, end-of-the-month financial triage (Bhattacharya et al. 2003), and even drastic measures including engagement in risky behaviors such as transactional sex for money or food (many of the above are also witnessed at the household-level; Conroy et al. 2019; Ivers et al. 2009; Weiser et al. 2011). At the community level, resources can include friends, family, and faith-based organizations (Connell et al. 2005). Food donations from local food banks, pantries, and meal programs through community centers, local schools, and shelters are likewise prized resources (An et al. 2019). These outlets can also be platforms introducing programs about safe sex practices, alleviating joblessness, and household concerns with food insecurity. However, not all community members seek out or even have local access to these outlets. Thus, the community has the opportunity to provide a two-way, stopgap measure between the individual and policy implementation in providing access to wraparound services.

A promising community alternative is the mobile farmer's market model (Zepeda et al. 2014; Zepeda and Reznickova 2017). This resource offers an immediate response to challenges associated with the urban environment, including transportation and supply to fresh, local fruits and vegetables (Blondin et al. 2016; Rose and Richards 2004; Walker et al. 2010). Moreover, dollar match programs and health-care-supplemented prescriptions (or "veggie-scripts") demonstrate sizable community support and increased participation (Cavanagh et al. 2017; Lindsay et al. 2013; Saxe-Custack et al. 2020; Ylitalo et al. 2019). Research indicates that positive community engagement like the interventions

above in collaboration with support of local businesses is important for community buy-in to mobile produce units (Ylitalo et al. 2019). This point suggests that hyper-local response efforts need to be perceived as *by* and *with* the community *for* the community.

Another invaluable resource could come from local university engagement in personalizing the urban response effort. As more than half of universities are located in and around the urban environment (Ehlenz 2015), they are perfectly positioned to research, serve, and foster neighborhood interventions (Hodges and Dubs 2012; Silverman et al. 2015; Yamamura and Koth 2018). Viewed in the light of its intellectual capital, partnership between universities and neighborhoods can provide great potential in advancing urban innovation. Furthermore, engaging students with "real-world" problems firsthand via mentored research, capstone projects, experiential learning, or volunteering could manifest opportunities by which urban students (who might have personalized experiences with food insecurity) can actualize revitalization and social justice within their own communities (Checkoway 1997; Harkavy 2006). Because current research cites lack of education, cooking familiarity, and knowledge of basic public health principles as preventing community members from obtaining or maintaining healthy diets or lifestyles (Walker et al. 2010; Ylitalo et al. 2019; Zepeda et al. 2014; Zepeda and Reznickova 2017), universities could provide student-coordinated solutions suited to these barriers. Furthermore, community and participant/respondent evaluation of mitigation efforts encourages local voices to be heard while providing a foundation of community trust and participation (Huckfeldt 1979; Nikolaus et al. 2019), thus creating a more holistic move toward food justice.

## COVID-19's Impact on Urban Food Insecurity

At the time of this reporting, COVID-19 has incurred dramatic social and economic implications, including school closures, substantial job loss, and economic downturn (Bauer 2020; Fitzpatrick et al. 2020; Niles et al. 2020). Early reporting suggests that household food insecurity has risen to dire levels in just a few months (2018 reporting: 11%–38% in March 2020) with indicators pointing to continued rises (Bauer 2020; Fitzpatrick et al. 2020). Recent reporting has identified that households who are food insecure at the time of economic drop experience a greater magnitude of food insecurity even after economic recovery – in other words, food insecurity is more severe and longer-lasting (Balistreri 2016). Moreover, Black and Hispanic communities in the United States are disproportionately experiencing food insecurity in the wake of COVID-19 (Wolfson and Leung 2020). More importantly, consideration needs to be given to the fact that food is often politically charged (Seligman and Berkowitz 2019; Souza 2019; Walker et al. 2010) and that current societal pressures unknowingly tie class identity to food access. This is especially relevant in the current state of pandemic as families (including those in the middle class) are potentially trying to manage class slippage or even new class location. Federally, the CARES (passed on March 27, 2020) and Families First Coronavirus Response (passed on March 18, 2020) acts were passed with intention of providing unemployment expansion benefits and as a temporary stopgap measure (CARES Act 2020; Families First Coronavirus Response Act 2020). Long-term solutions, however, are imperative as urban structure is drastically changing during this time. Given that some communities are already experiencing lag in emergency food response systems (school feeding programs, local food banks, etc.; Kulish 2020), the time for personalized, urban response is more pressing now than ever.

## Closing Remarks

Food insecurity in the wake of growing urbanization is of grave concern. As population expansion continues and the demarcations of rural and suburban become less distinct, how urban space and planning will adapt is paramount. As

individuals in food-insecure household face a myriad of unique hurdles, close attention to polices which embrace compassion, create opportunity, consider essential needs, and promote knowledge and empathy can help provide community-led intervention (Taylor et al. 2018) generating and leading to holistic sustainability. Finally, investment into the use of social capital could help to inform policy maker, public health officials, and community leaders about the current state of their local urban landscape (Martin et al. 2004) and, ultimately, foster the flourishment of urban food security.

## Cross-References


- ▶ Environmental Injustice in Urban Settings
- ▶ Governance
- ▶ Public Policy and Politics
- ▶ Social Entrepreneurship
- ▶ Sustainable Agriculture and Urban Food Security
- ▶ Urban Administration
- ▶ Urban Agriculture and Public Policy


## References


Ahmedani B (2011) Mental health stigma: society, individuals, and the profession. J Soc Work Values Ethics 8(2):1–16

Alkon A, Agyeman J (2011) Cultivating food justice: race, class, and sustainability. MIT Press, Cambridge, MA

Allen P (1999) Reweaving the food insecurity safety net: meditating entitlement and entrepreneurship. Agric Hum Values 16(2):117–129

Allen N, Becerra B, Becerra M (2018) Associations between food insecurity and the severity of psychological distress among African-Americans. Ethn Health 23(5):511–520

Alston J, MacEwan J, Okrent A (2016) The economics of obesity and related policy. Ann Rev Resour Econ 8:443–465

Alviola P IV, Nayga R, Thomsen M (2013) Food deserts and childhood obesity. Appl Econ Perspect Policy 35(1):106–124

American Psychological Association (2020) Socioeconomic status. American Psychological Association. Retrieved from https://www.apa.org/topics/socioeconomic-status

An R, Wang J, Liu J, Shen J, Loehmer E, McCaffrey J (2019) A systematic review of food pantry-based interventions in the USA. Public Health Nutr 22(9):1704–1716

Augusto A, de Abreu Rodrigues A, Domingos T et al (2020) Household food insecurity associated with gestational and neonatal outcomes: a systematic review. BMC Pregnancy Childbirth 20(229)

Balcaen M, Storie J (2018) Identifying food swamps based on area-level socioeconomic patterning of retail food environments in Winnipeg, Canada. Can J Urban Res 27(1):14–23

Balistreri K (2016) A decade of change: measuring the extent, depth and severity of food insecurity. J Fam Econ Iss 37:373–382

Barnes TL, Lenk K, Caspi CE, Erickson DJ, Laska MN (2019) Perceptions of a healthier neighborhood food environment linked to greater fruit and vegetable purchases at small and non-traditional food stores. J Hunger Environ Nutr 14(6):741–761

Barnidge E, LaBarge G, Krupsky K, Arthur J (2017) Screening for food insecurity in pediatric clinical settings: opportunities and barriers. Journal of Community Health 42(1):51–57

Bauer L (2020, May) The COVID-19 crisis has already left too many children hungry in America. The Brookings Institution. Retrieved from https://www.brookings.edu/blog/up-front/2020/05/06/the-covid-19-crisis-has-already-left-too-many-children-hungry-in-america/

Becerra M, Becerra B (2020) Psychological distress among college students: role of food insecurity and other social determinants of mental health. Int J Environ Res Public Health 17(4118):1–12

Becerra B, Sis-Medina R, Reyes A, Becerra M (2015) Association between food insecurity and serious psychological distress among Hispanic adults living in poverty. Prevent Chronic Dis Pub Health Res Prac Policy 12

Berkowitz S, Berkowtiz T, Meigs J, Wexler D (2017) Trends in food insecurity for adults with cardiometabolic disease in the United States: 2005–2012. PLoS One 12(6):1–14

Bhattacharya J, DeLeire T, Haider S, Currie J (2003) Heat or eat? Cold-weather shocks and nutrition in poor American families. American Journal of Public Health 93:1149–1154

Bitler M, Seifoddini A (2019) Health impacts of food assistance: Evidence from the United States. Annu Rev Resour Econ 11:261–87

Blackburn E (2000) Telomere states and cell fates. Nature 408(6808):53–56

Blackburn E (2005) Telomeres and telomerase: their mechanisms of action and the effects of altering their functions. FEBS Lett 579(4):859–862

Bleich S, Moran A, Vercammen K, Frelier J, Dunn C, Zhong A, Fleischhacker S (2020) Strengthening the public health impacts of the Supplemental Nutrition Assistance Program through policy. Annu Rev Public Health 41:453–80

Blondin K, Orta-Aleman D, Woodward-Lopez G (2016) Review of the evidence: health promotion strategies for retail food shopping venues. Nutrition Policy Institute, Berkeley

Bloom D, Canning D, Fink G (2008) Urbanization and the wealth of nations. Science 319(5864):772–775

Booth S, Pollard C (2020) Food insecurity, food crimes and structural violence: an Australian perspective. Australian and New Zealand Journal of Public Health 44 (2):87–88

Cavanagh M, Jurkowski J, Bozlak C, Hastings J, Klein A (2017) Veggie Rx: an outcome evaluation of a healthy food incentive programme. Public Health Nutr 20(14):2636–2641

Centers for Disease Control and Prevention (2020) About chronic diseases. Centers for Disease Control and Prevention. Retrieved from https://www.cdc.gov/chronicdisease/about/index.htm#:~:text=Chronic%20diseases%20are%20defined%20broadly,disability%20in%20the%20United%20States

Checkoway B (1997) Reinventing the research university for public service. J Plan Lit 11(3):307–319

Chilton M, Rose D (2009) A rights based approach to food insecurity in the United States. Am J Public Health 99(7):1203–1211

Cockx L, Colen L, de Weerdt J (2018) From corn to popcorn? Urbanization and dietary change: evidence from rural-urban migrants in Tanzania. World Dev 110:140–159

Coleman-Jensen A, Nord M, Singh A (2013) Household food security in the United States in 2012. US Department of Agriculture, Economic Research Service, Washington, DC

Coleman-Jensen A, Rabbitt M, Gregory C, Singh A (2016) Household food security in the United States in 2015: ERR-215. U.S. Department of Agriculture Economic Research Service

Compton M (2014) Food insecurity as a social determinant of mental health. Psychiatr Ann 44(1):46–51

Connell C, Lofton K, Yadrick K, Rehner T (2005) Children's experiences of food insecurity can assist in understanding its effect on their well-being. J Nutr 135:1683–1690

Conroy A, Cohen M, Frongillo E, Tsai A, Wilson T, Wentz E et al (2019) Food insecurity and violence in a prospective cohort of women at risk for or living with HIV in the U.S. PLoS ONE 14(3)

Cook J, Frank D, Berkowitz C, Black M, Casey P, Cutts D, Meyers A, Zaldivar N, Skalicky A, Levenson S, Heeren T, Nord M (2004) Food insecurity is associated with adverse health outcomes among human infants and toddlers. J Nutr 134(6):1432–1438

Cooksey-Stowers K, Schwartz M, Brownell K (2017) Food swamps predict obesity rates better than food deserts in the United States. Int J Environ Res Public Health 14:1–20

Coronavirus Aid, Relief, and Economic Security (CARES) Act. Public Law 116–136 (2020)

Darmon N, Drewnowski A (2015) Contribution of food prices and diet cost to socioeconomic disparities in diet quality and health: a systematic review and analysis. Nutr Rev 73:643–660

Davison K, Kaplan B (2015) Food insecurity in adults with mood disorders: prevalence estimates and associations with nutritional and psychological health. Ann General Psychiatry 14(21):1–7

De Souza R (2019) Feeding the other. Amsterdam University Press, Amsterdam

De Vogli R, Kouvonen A, Gimeno D (2014) The influence of market deregulation on fast food consumption and body mass index: A cross-national time series analysis. Bull World Health Organ 92(2):99–107A

Deener A (2017) The origins of the food desert: urban inequality as infrastructural exclusion. Soc Forces 95(3):1285–1309

Dutko P, ver Ploeg M, Farrigan T (2012) Characteristics and influential factors of food deserts. USDA Economic Research Service

Dutt A, Ros J (2008) International handbook of development economics (2 Volume Set). Edward Elgar Pub

Ehlenz M (2015) Neighborhood revitalization and the anchor institution: assessing the impact of the University of Pennsylvania's West Philadelphia initiatives on University City. Urban Aff Rev 52:714–750

Essien U, Shahid N, Berkowitz S (2016) Food insecurity and diabetes in developed societies. Cur Diab Rep 16(79):1–8

Families First Coronavirus Response Act. Public Law 116–127 (2020)

Feeding America (2020) The impact of Coronavirus on food insecurity. Feeding America. Retrieved from https://www.feedingamericaaction.org/the-impact-of-coronavirus-on-food-insecurity/

Finch WH, Hernández Finch ME (2020) Poverty and Covid-19: rates of incidence and deaths in the United States during the first 10 weeks of the pandemic. Front Sociol 5:47

Fitzpatrick K, Greenhalgh-Stanley N, ver Ploeg M (2015) The impact of food deserts on food insufficiency and SNAP participation. Amer J Agr Econ 98(1):19–40

Fitzpatrick K, Harris C, Drawve G (2020) The consequences of COVID-19 fear. ASA 19(4):42–45

Food Secure Canada (2020) Food justice. Food Secure Canada. Retrieved from https://foodsecurecanada.org/community-networks/food-justice

Gaines-Turner T, Simmons J, Chilton M (2019) Recommendations from SNAP participants to improve wages and end stigma. AJHP 109(12):1664–1667

Gottlieb L, Wing H, Adler N (2017) A systematic review of interventions on patients' social and economic needs. American Journal of Preventative Medicine 53:719–729

Grebitus C, Printezis I, Printezis A (2017) Relationship between consumer behavior and success of urban agriculture. Ecol Econ 136:189–200

Grubinger V, Berlin L, Berman E, Fukagawa N, Kolodinsky J, Neher D, Parsons B, Trubek A, Wallin K (2010) University of Vermont transdisciplinary research initiative spire of excellence proposal: food systems. University of Vermont, Burlington

Hanson K, Kolodinsky J, Wang W, et al (2017) Adults and children in low-income households that participate in cost-offset community supported agriculture have high fruit and vegetable consumption. Nutrients

Harkavy I (2006) The role of universities in advancing citizenship and social justice in the 21st century. Educ Citizen Soc Justice 1(1):5–37

Headey D, Martin W (2016) The impact of food prices on poverty and food security. Ann Rev Resour Econ 8:829–851

Henderson V (2003) The urbanization process and economic growth: the so-what question. J Econ Growth 8(1):47–71

Hernandez J, Kim P (2020) Epidemiology morbidity and mortality. StatPearls Publishing, Treasure Island

Hill T, Jorgenson A, Ore P, Balistreri K, Clark B (2019) Air quality and life expectancy in the United States: an analysis of the moderating effect of income inequality. SSM Popul Health 7:1–7

Hodges R, Dubb S (2012) The road half traveled: University engagement at a crossroads. Michigan State University Press. East Lansing, MI

Horst M, McClintock N, Hoey L (2017) The intersection of planning, urban agriculture, and food justice: A review of the literature. Journal of the American Planning Association 83(3):277–295

Howerton G, Trauger A (2017) "Oh honey, don't you know?" The social construction of food access in a food desert. ACME Int J Critic Geogr 16(4):740–760

Howlett E, Davis C, Burton S (2016) From food desert to food oasis: the potential influence of food retailers on childhood obesity rates. J Bus Ethics 139:215–224

Huckfeldt R (1979) Political participation and the neighborhood social context. Am J Polit Sci 23(3):579–592

Hussein M, Diez Roux A, Field R (2016) Neighborhood socioeconomic status and primary health care: Usual points of access and temporal trends in a major US urban area. Journal of Urban Health: Bulletin of the New York Academy of Medicine 93(6):1027–1045

Ivers LC, Cullen KA, Freedberg KA, Block S, Coates J, Webb P, et al. (2009) HIV/AIDS, undernutrition, and food insecurity. Clin Infect Dis 49(7):1096–102

Jiao J, Moudon A, Ulmer J, Hurvitz P, Drenowski A (2012) How to identify food deserts: measuring physical and economic access to supermarkets in King County, Washington. Am J Public Health 102(10):32–39

Jih J, Stijacic-Cenzer I, Seligman H, Boscardin W, Nguyen T, Ritchie C (2018) Chronic disease burden predicts food insecurity among older adults. Public Health Nutr 21(9):1737–1742

Kulish N (2020, April 14) "Never seen anything like it": cars line up for miles at food banks. New York Times Retrieved from https://www.nytimes.com/2020/04/08/business/economy/coronavirus-food-banks.html?referringSource=articleShare

Lewis F, Mandal A, Stevens A, Jones C (2018) Food deserts and food insecurity: a case study in Jacksonville, Florida. J Behav Soc Sci 5:41–49

Lindsay S, Lambert J, Penn T, Hedges S, Ortwine K, Mei A, Delaney T, Wooten W (2013) Monetary matched incentives to encourage the purchase of fresh fruits and vegetables at farmers markets in underserved communities. Prev Chronic Dis 10:E188

Makowski A, Kim T, Luck-Sikorski C, von dem Knesebeck O (2019) Social deprivation, gender and obesity: Multiple stigma? Results of a population survey from Germany. BMJ Open https://doi.org/10.1136/bmjopen-2018-023389

Mangini L, Hayward M, Zhu Y, Dong Y, Forman M (2018) Timing of household food insecurity exposures and asthma in a cohort of U.S. school-aged children. BMJ Open. https://doi.org/10.1136/bmjopen-2018-021683

Martin K, Rogers B, Cook J, Joseph H (2004) Social capital is associated with decreased risk of hunger. Soc Sci Med 58(12):2645–2654

Maynard M, Andrade L, Packull-McCormick S, Perlman M, Leos-Toro C, Kirkpatrick S (2018) Food insecurity and mental health among females in high-income countries. Int J Environ Res Public Health 15(1424):1–36

McEwan C, McEwan B (2017) Social structure, adversity, toxic stress, and intergenerational poverty: an early generational childhood model. Annu Rev Sociol 43:445–472

Mendy V, Vargas R, Cannon-Smith G, Payton M, Enkhmaa B, Zhang L (2016) Food insecurity and cardiovascular disease risk factors among Mississippi adults. Int J Environ Res Public Health 15:1–8

Mesbah S, Sulaiman N, Shariff Z, Ibrahim Z (2020) Does food insecurity contribute towards depression? A cross-sectional study among the urban elderly in Malaysia. Int J Environ Res Public Health 17(3118):1–9

Miller L, Tancredi D, Kaiser L, Tseng J (2020) Midlife vulnerability and food insecurity: Findings from low-income adults in the US National Health Interview Survey. PLoS ONE 15(7):e0233029

Moore L, Dodd K, Thompson F (2015) Using behavioral risk factor surveillance system data to estimate the percentage of the population meeting US Department of Agriculture food patterns fruit and vegetable intake recommendations. American Journal of Epidemiology 181:979–988

Muldoon K, Duff P, Fielden S, Anema A (2013) Food insufficiency is associated with psychiatric morbidity in a nationally representative study of mental illness among food insecure Canadians. Soc Psychiatry Psychiatr Epidemiol 48:795–803

Myers N, Sood A, Alolayan Y, Broussard B, Fox K, King K, LoGalbo E, Thompson L, Compton M (2019) Coping with food insecurity among African

American in public-sector. Community Ment Health J 55:440–447

National Research Council (2006) Food insecurity and hunger in the United States: an assessment of the measure. National Academies Press

Nikolaus CJ, Ellison B, Nickols-Richardson SM (2019) Are estimates of food insecurity among college students accurate? Comparison of assessment protocols. PloS one 14(4):e0215161. https://doi.org/10.1371/journal.pone.0215161

Niles M, Bertmann F, Morgan E, Wentworth T, Biehl E, Neff R (2020) Food access and security during coronavirus: A Vermont study. University of Vermont: College of Agriculture and Life Sciences Faculty Publications. Burlington, VT

Ogden C, Lamb M, Carroll M, Flegal K (2010) Obesity and socioeconomic status in adults: United States, 2005–2008. Retrieved from http://www.cdc.gov/nchs/data/databriefs/db50.pdf

Ory M, Anderson L, Friedman D, Pulczinski J, Eugene, N, Satariano W (2014) Cancer prevention among adults aged 45-64 years: Setting the stage. American Journal of Preventive Medicine 43(3, Supplement 1):S1–S6

Parker C, Johnson H (2019) From food chains to food webs: regulating capitalist production and consumption in the food system. Ann Rev Law Soc Sci 15:205–225

Printezis I, Grebitus C (2020) College-age millennials' preferences for food supplied by urban agriculture. Front Sustain Food Syst 4(48)

Public Health (2020) Why are Americans obese? Retrieved from https://www.publichealth.org/public-awareness/obesity/

Quandt SA, Dupuis J, Fish C, D'Agostino RB, Jr (2013) Feasibility of using a community-supported agriculture program to improve fruit and vegetable inventories and consumption in an underresourced urban community. Preventing chronic disease 10:E136

Ragulina M, Rogovskaya N (2018) Food desert and foodscape: spatial categories of food security. Astra Salvensis VI:627–634

Rani D, Singh J, Acharya D, Paudel R, Lee K, Singh S (2018) Household food insecurity and mental health among teenage girls living in urban slums in Varanasi, India: a cross-sectional study. Int J Environ Res Public Health 15(1585):1–15

Rentscher K, Carroll J, Mitchell C (2020) Psychosocial stressors and telomere length: a current review of the science. Annu Rev Public Health 41(1):223–245

Ritchie H (2018) Urbanization. Retrieved from https://ourworldindata.org/urbanization

Ro A, Orbison B (2018) Exploring dietary factors in the food insecurity and obesity relationship among Latinos in California. J Health Care Poor Underserved 29:1108–1122

Robinson G (2018) Globalization of agriculture. Ann Rev Resour Econ 10:133–160

Rose D, Richards R (2004) Food Store Access and Household Fruit and Vegetable Use among Participants in the US Food Stamp Program. Public Health Nutrition 7 (8):1081–1088

Saljoughian M (2017) Cardiometabolic syndrome: a global health issue. US Pharmacist Retrieved from https://bit.ly/2FcArdF

Saxe-Custack A, Sadler R, LaChance J, Hanna-Attisha M, Ceja T (2020) Participation in a fruit and vegetable prescription program for pediatric patients is positively associated with farmers' market shopping. Int J Environ Res Public Health 17(12):4202

Seligman H, Berkowitz S (2019) Aligning programs and policies to support food security and public health goals in the United States. Annu Rev Public Health 40(1):319–337

Shadmi E, Chen Y, Dourado I, Faran-Perach I, Furler J, Hangoma P et al (2020) Health equity and COVID-19: Global perspectives. International Journal for Equity in Health 19(1):1–16. https://doi.org/10.1186/s12939-020-01218-z

Shannon J (2016) Beyond the supermarket solution: linking food deserts, neighborhood context, and everyday mobility. Ann Am Assoc Geogr 106(1): 186–202

Shin S, Carpenter C, Ekstrand M, Yadav K, Shah S, Ramakrishnan P, Pamujula S, Sinha S, Nyamathi A (2018) Household food insecurity as mediator of the association between internalized stigma and opportunistic infections. AIDS and Behavior 22:3897–3904

Signorello L, Cohen S, Williams D, Munro H, Hargreaves M, Blot W (2014) Socioeconomic status, race, and mortality: A prospective cohort study. American Journal of Public Health 104(12): e98–e107

Silverman R, Patterson K, Yin L, Wu L (2015) Neighborhood characteristics and the location of HUD-subsidized housing in shrinking cities: An analysis to inform anchor-based urban revitalization strategies. Community Development 46:632–651

Sirotin N, Hoover D, Shi Q, Anastos K, Weiser S (2014) Food insecurity with hunger is associated with obesity among HIV-infected and at risk women in Bronx, NY. PLoS ONE 9(8)

Stenmark S, Steiner J, Marpadga S, Debor M, Underhill K, Seligman K (2018) Lessons learned from implementation of the food insecurity screening and referral program at Kaiser Permanente, Colorado. Permanente Journal 22:18–093

Taylor H, Luter D, Miller C (2018) The university, neighborhood revitalization, and civic engagement: toward civic engagement 3.0. Societies 8(4):106

Thebault R, Ba Tran A, Williams V (2020, April 7) The coronavirus is infecting and killing black Americans at an alarmingly high rate. The Washington Post. Retrieved from https://www.washingtonpost.com/nation/2020/04/07/coronavirus-is-infecting-killing-black-americans-an-alarmingly-high-rate-post-analysis-shows/?arc404=true

U.S. Department of Agriculture (2019) USDA economic research service. USDA Economic Research Service. Retrieved from ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-security-and-nutrition-assistance/
U.S. Department of Agriculture (2020) Definitions of food security. USDA Economic Research Service. Retrieved from https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/definitions-of-food-security.aspx
Ulijaszek S, Lofink H (2006) Obesity in biocultural perspective. Annu Rev Anthropol 35:337–360
Van Lancker W, Parolin Z (2020) COVID-19, school closures, and child poverty: a social crisis in the making. Lancet Publ Health. Retrieved from https://doi.org/10.1016/S2468-2667(20)30084-0.
Ver Ploeg M, Dutko P, Breneman V (2015) Measuring food access and food deserts for policy purposes. Appl Econ Perspect Policy 37(2):205–225
von Zglinicki T (2002) Oxidative stress shortens telomeres. Trends Biochem Sci 27(7):339–344
Walker R, Keane C, Burke J (2010) Disparities and access to healthy food in the United States: a review of food deserts literature. Health Place 16:876–884
Weaver J, Trainer S (2017) Shame, blame, and status incongruity: health and stigma in rural Brazil and the urban United Arab Emirates. Cult Med Psychiatry 41:319–340
Weiser S, Young S, Cohen C, Kushel M, Tsai A, Tien P et al (2011) Conceptual framework for understanding the bidirectional links between food insecurity and HIV/AIDS. Am J Clin Nutr 94(6): 1729S–1739S
Wilkins J, Farrell T, Rangarajan A (2015) Linking vegetable preferences, health and local food systems through community-supported agriculture. Public Health Nutrition 18(13):2392–2401
Wolfson J, Leung C (2020) Food insecurity and COVID-19: disparities in early effects for US adults. Nutrients 12(6):1648
Wright J, Donley A, Gualtieri M, Strickhouser S (2016) Food deserts: what is the problem? What is the solution? Society 53:171–181
Yamamura E, Koth K (2018) Place-based community engagement in higher education: a strategy to transform universities and communities. Stylus Publishing, LLC, Sterling
Ylitalo K, During C, Thomas K, Ezell K, Lillard P, Scott J (2019) The veggie van: customer characteristics, fruit and vegetable consumption, and barriers to healthy eating among shoppers at a mobile farmers market in the United States. Appetite 133:279–285
Zepeda L, Reznickova A (2017) Potential demand for local fresh produce by mobile markets. US Department of Agriculture
Zepeda L, Reznickova A, Lohr L (2014) Overcoming challenges to effectiveness of mobile markets in the US food deserts. Appetite 79:58–67

# Urban Hispanic Pre-service Teachers' Science Self-Efficacy: Science Museum-University Partnership Impact

Ratna Narayan[1], Lori L. Petty[2] and Thomas Close[3]
[1]School of Education, University of North Texas at Dallas, Dallas, TX, USA
[2]Amarillo College, Amarillo, TX, USA
[3]CVS Health, Irving, TX, USA

## Synonyms

Aplomb; Confidence; Self-assurance; Self-belief; Self-efficacy; Self-motivation

## Definition

Self-efficacy is defined as one's belief in one's ability to succeed in specific situations or accomplish tasks (Bandura 1989).

Dallas is an urban metropolis in North Texas and a commercial and cultural hub of the region. While there are several institutes of higher education in the Dallas-Fort Worth (DFW) area, the University of North Texas at Dallas (UNTD) is the only public university based within Dallas city limits. With over 48% of the student body being Hispanic, UNTD was designated as a Hispanic-serving institution (HSI) in 2019. The School of Education at UNTD partners with local school districts in certifying teachers, offering both undergraduate and graduate programs through the teacher education program. Students enrolled in the pre-service teacher education program hail primarily from the surrounding urban communities.

This qualitative, empirical case study explores how participating in a novel science museum-university partnership impacted the science self-efficacy of four urban, Hispanic pre-service teachers. The article is written to appeal to practitioners and informal science educators, as well as educational researchers.

## Overview of Relevant Literature

The literature review explores some of the issues in urban school systems before delving specifically into problems elementary pre-service science teachers exhibit and encounter while in teacher education programs. At the outset, it must be stated that not all urban school systems face the same challenges. Urban school districts are frequently characterized by high poverty and greater rates of racial and ethnic diversity (Kincheloe 2004). Ahram et al. (2011) report that urban school systems have both structural and cultural challenges to contend with. They describe structural challenges as school policies and practices impeding student success such as low student achievement, lack of instructional coherence, inexperienced teaching staff, low expectations of students, and a poorly functioning business plan. The authors examine cultural challenges as predominant cultural beliefs that contribute to low performance and academic achievement. When these cultural beliefs are harbored by low-income and racial/ethnic minorities, it may result in those students feeling a sense of stereotype threat and vulnerability to failure.

Science education research has consistently shown that elementary teachers have low science teaching self-efficacy (Erik 2009) and often avoid teaching science altogether (Appleton 2007). Several reasons have been posited to explain this phenomenon, including having naïve views about science (Abd-El-Khalick and BouJaoude 1997), science anxiety (Ramey-Gassert et al. 1996), and a lack of formal reasoning skills (Anderson and Mitchener 1994). According to Butts et al. (1997), inadequate science knowledge is a key factor leading to negative attitudes about science. Inadequate preparation coupled with a lack of interest in teaching science, especially among elementary teachers, has negative implications both for their own students and the pre-service teachers assigned to those teachers as mentees. Jarrett (1999) reports that pre-service teachers' confidence to teach science depends on the number of science courses they have taken in college and on their own elementary school science experiences. Atwater et al. (1991) suggest that poor content preparation could contribute to the development of low science teaching self-efficacy. Low self-efficacy toward teaching elementary sciences may result in avoidance of teaching science and a reduced quality of science instruction by those teaching science (Riggs and Enochs 1990). These issues are further compounded by the problems encountered in urban schools described earlier.

While the importance of practicum in learning to teach science has been well-established (Cannon 1999) interactive, inquiry-based science or the use of culturally relevant pedagogy is not often evident, especially in urban schools. Wilson (1996) promoted the notion of improving the teaching of science with inquiry-based, hands-on activities early in pre-service field experiences, allowing pre-service teachers to practice presenting science information, to use science materials, and to learn to manage equipment, as well as to observe educators who model these teaching practices and reflect on their own practices. Lederman (1999) posits that pre-service teachers need to actually "see" science at work to internalize science and understand the extent to which it is a part of our everyday lives. Wilson and Berne (1999) caution that the structure of pre-service teachers' coursework and preparation impacts their future science teaching efficacy once in the classroom. Toward this end, we propose a need to incorporate well-designed out-of-school practicum experiences that meet the needs of pre-service teachers as part of the teacher education program.

Alternative informal sites such as natural history/science museums and nature centers show promise (Jung and Tonso 2006) as venues for these out-of-school practicum experiences. It is widely assumed that field-based experiences are necessary and useful components in pre-service teacher preparation programs. There is a growing support for the use of out-of-school and informal science settings for educating prospective teachers – most often in conjunction with elementary science methods courses. In a small study in Taiwan, researchers found that including museum resources in science methods courses helped pre-service teachers learn to teach science

and that such resources were later incorporated into their own teaching (Chin 2004). A small-scale pre-service teacher preparation program partnership between a university and a field study (nature) center revealed the program benefited the participants, increasing their science knowledge and confidence in their science teaching ability, even after working only 8 h there (Ferry 1995).

Urban school districts face a number of challenges related to poverty and diversity. Some of these urban schools have inexperienced teaching staff and low expectations from their students (Ahram et al. 2011). As a result, minority students can harbor feelings of being "less than" and are more vulnerable to failure. When students who are products of such urban schools enroll in teacher education courses to be certified as elementary teachers, they carry these perceptions with them. Science is a subject many elementary teachers struggle with. It is well documented that elementary pre-service teachers have low self-efficacy in teaching science due to their prior science learning experiences in urban schools. Sending elementary pre-service teachers with low science content knowledge and low confidence in their science teaching ability back into the urban school environment is less than ideal and has the potential to perpetuate the cycle of failure. We know that teachers' attitudes toward teaching science are important as these attitudes influence their teaching, which in turn affects student achievement and interest in science (Crooks et al. 2008). The problem can be further compounded when minority pre-service teachers have not had the preparation that helps them overcome their low science efficacy.

Based on the need to provide pre-service teachers with positive science experiences that will increase their science teaching self-efficacy, the instructor of the science methods course required for all elementary pre-service teachers at UNTD designed a 20-h hands-on, interactive, novel field experience at the Perot Museum of Nature and Science. The rationale for the incorporation of the Perot Museum field experience component was based on observed inadequacies in the elementary classroom assignments students participated in. For example, the science lesson observations completed at local urban schools were often uneventful with the pre-service teacher passively watching the lesson progress from the back of the room with little or no interaction with the teacher or students. The methods course instructor could not be sure that all students enrolled in the science methods class were able to observe or experience good science teaching at the urban schools to which they were assigned.

Toward this end, the research question investigated was:

- What effect did participating in the novel science museum-university field experience have on the science self-efficacy of four urban, Hispanic pre-service elementary teachers?

## Theoretical Framework

For this project Bandura's notion of perceived self-efficacy was used as the theoretical framework. According to Bandura (1989), self-efficacy is "beliefs in one's capabilities to organize and execute the courses of action required to produce given attainments" (p. 3). The principles of self-efficacy operate on human behavior through cognitive, affective, and motivational mediating processes (Bandura 1989). Two central constructs with regard to his theory are self-efficacy and outcome expectancy. Bandura (1977) believes that the construct of self-efficacy has more to do with the perceived capability than the actual capability and is situation specific. Outcome expectancies are behavior related and are judgments about the likelihood of outcomes (Bandura 1977, 1986).

Bandura identifies four factors that influence self-efficacy: (1) experience or enactive mastery where success raises self-efficacy and failure lowers it; (2) modeling or vicarious experience where seeing others' success raises our own self-efficacy and witnessing others' failure leads to self-doubt setting in and lowers self-efficacy; (3) social persuasion where direct encouragement from another person increases one's self-efficacy and direct discouragement lowers it; and (4) physiological factors such as exhibiting symptoms of having butterflies in one's stomach before

speaking in public, fear, fatigue, or nausea which are interpreted by a person with low self-efficacy as an inability to complete a given task (Bandura 1977, 1986). Palmer (2006) identified three additional factors impacting an individual's self-efficacy in a science curriculum course for elementary pre-service teachers: cognitive content mastery, cognitive pedagogical mastery, and simulated modeling. According to Palmer, cognitive content mastery "involves success in understanding something rather than doing something" (Palmer 2006, p. 6). Cognitive pedagogical mastery refers to the understanding and mastery of how to teach science effectively. Simulated modeling involves a type of vicarious experience where the professor and the students simulate conditions in an elementary class through role-playing. In his research study with 193 pre-service teachers, Palmer found that the main source to enhance self-efficacy was cognitive pedagogical mastery.

It was hoped that the Perot Museum field experience would provide the opportunities that would improve content mastery while, at the same time, allowing scenarios that exposed the participants to social interactions and role-playing that reduced anxiety about teaching science.

## Context of the Study

This study was set at a small, urban, 4-year university located in a high needs, low socioeconomic status area in Dallas, Texas. The university is the first public university within Dallas city limits. Participants were four Hispanic pre-service elementary teachers enrolled in a science methods class EDEE 4330, "Teaching Science EC-6 Grades" in the Fa11 2018 semester for pre-service teachers seeking an EC-6 generalist certification. The science methods course was one of the four methods courses students enroll in for the semester prior to student teaching. The science methods course had a 20-h field experience requirement at the Perot Museum of Nature and Science and 5 h of field experience at a local urban school.

The Perot Museum of Nature and Science is located in downtown Dallas, 11.2 miles from the University of North Texas at Dallas campus. The massive six-story institution opened its doors to the public on December 1, 2012, and is a tourist mainstay with cutting-edge technology that allows visitors to feel the shaking grounds of an earthquake or try to outrun a dinosaur. It has 5 floors which are accessible to the public and houses 6 learning labs as well as 11 permanent exhibit halls: Children's Museum, Sports Hall, Discovering Life, Being Human, Engineering and Innovation, Dynamic Earth, Gems and Minerals, Energy, Life Then and Now, Expanding Universe, and the Birds Hall. The building was conceived as a large cube floating over a landscaped base and is designed to inspire awareness of science through an immersive and interactive environment. It has a stone plinth roof which features a landscape of drought-tolerant greenery inspired by Dallas surroundings.

## Participants

**Participant Profiles** At the start of the fall 2018 semester, volunteers were asked to participate in the project. Five pre-service teachers volunteered; however, one dropped the class due to a medical emergency. Two participants, Maria and Ana, were enrolled in the morning section of the science methods class, and Louisa and Nellie were in the evening section of the class. Pseudonyms have been used to protect participant identities. Participant profiles are in their own words from their introductory reflection papers:

> My name is Maria, I am in the EC-6 Program, I am also getting a bilingual certification. I am the first in my family to go to college. I am married and have two children. Being bilingual I do not think It will be difficult to get a job. I am worried about the science portion of the certification test. I don't like science. I have science-phobia. I have never liked it, for a second language learner like me it is full of difficult terms. I take care of my kids and go to school. I have been to the Perot museum as a chaperon with my son's class.
>
> I am Ana, EC-6, ESL. I am expecting my first child and I live with my partner and my parents. My parents never completed their schooling and cannot speak English. I used to like science in elementary school, then in middle school it became more boring and harder and in high school I hated the dissections. I would like to teach Kindergarten to second grade at the oldest. I used to work at a local eatery. I have been to the Perot Museum once.

> My name is Louisa. I tried to transfer to the other section of the course so I would not have to go to the Perot, but that did not work. I am an aide at a local school and am bilingual. Science and social studies are the hardest subjects, all the laws and formulas in science and all the dates in social studies. I just never seemed to be good in science and always dreaded the subject. My mother is also a teacher, but she teaches high school math.
> Nellie here, I live by myself and have 3 cats and a dog. I work at a packaging company. I started school as a nursing major, but the upper level biology and chemistry courses were too much for me, so I am getting certified EC-6 and special education. I don't see much point to the field experience at the museum because I don't think there will be any special needs children there.

### Study Design

The field experience at the Perot Museum was well integrated into the science methods course and structured and divided into several phases over a 13-week period. Each pre-service teacher was assigned specific exhibit halls where all their museum assignments were based. After completing each phase, participants had to respond to open-ended reflection questions regarding their experience. Three major hands-on, interactive, differentiated assignments had to be designed, implemented, reflected on, and improved during the field experience. The three assignments included a vocabulary activity, a discovery cart activity, and a science game. The vocabulary activities and the game were performed individually, while the cart activity was a group endeavor. Materials for the discovery cart activities were provided by the museum.

Participants signed up to go to the museum at dates and times as per their convenience and always with a partner. Participants were treated as volunteers and were provided free entry and parking at the museum. Like other volunteers, participants adhered to the dress code and donned the Perot Museum apron and name badge prior to going to their exhibit halls. Bilingual participants able to communicate effectively in other languages could wear a special badge indicating their ability to speak in that language. Bilingual participants were encouraged to create a Spanish version of the games and activities they created.

As part of the field experience, participants had to shadow a Gallery Experience Presenter (GEP), the museum's science educators in the exhibit halls they were assigned to, and communicate with them. Several of the GEPs assigned to participants were from varying ethnic minorities, and several did not have a degree in science. The GEP assigned to the energy hall was a high school student who had achieved docent status.

All activities were first field tested in class at the university before they were used at the museum. Timely feedback was provided by peers, the course instructor, and the museum's educators. The games and cart activities could be improved upon at the museum. All participants attended an orientation at the museum during which they were introduced to the museum and its practices and were guided on how to respond to museum guests and what to do if they did not know the answer to a question. Grades were based on the game and cart activity documents and reflections and not the actual enactment, making the Perot Museum field experience truly experiential.

The 20-h field experience was divided into four phases.

Phase 1 was the orientation at the museum. During this session, participants were encouraged to explore the exhibit halls of the museum. They were also informed about procedures with regard to entering and exiting the museum, parking, dress code, and signing in and signing out after their shift. Former students demonstrated games they had created in the previous semesters, and participants had the opportunity to interact with Gallery Experience Presenters (GEP) from various exhibit halls who demonstrated their cart activities.

Phase 2 involved shadowing a GEP in the cart activity hall and designing a vocabulary activity for the hall and interacting with the museum visitors using the vocabulary activity.

Phase 3 was the game phase and had two subphases. During the first P3 subphase, participants shadowed a GEP in the game hall to which they were assigned and individually designed a hands-on, interactive game differentiated according to age/grade levels. Participants had the opportunity to test out their games in a university showcase

event, get feedback from their peers and the GEPs, and make changes prior to taking them to the museum and using them to interact with the visitors there. Participants were partnered with their peers from the same exhibit hall. During the second P3 subphase, participants were paired up with a peer from a different game hall than theirs. Prior to P3 subphase 2, participants worked with their partners to learn about their game. Participants split their time between two exhibit halls and jointly presented both games in each hall.

Phase 4 was the discovery cart activity phase. The design and implementation of the cart activity were a group endeavor. Each group had to submit a budget to the museum who provided the materials for their activities. Once the materials were purchased, the activities were assembled and tested at the university prior to presenting them at the museum. Like phase 3, phase 4 also had two subphases. In P4, subphase 1 participants presented their cart activities to the museum visitors partnering with a peer from the same exhibit hall. Prior to P4, subphase 2, participants were paired up with a peer from a different cart activity hall. They worked with their partners in class to learn about the cart activities prior to presenting the cart activities in two different exhibit halls.

## Data Collection and Analysis

A qualitative narrative approach was selected because narratives are how we make sense of the world. The narrative-telling approach not only enabled participants in monitoring the development of their own self-efficacy but also helped them understand and appreciate it.

Data consisted of pre- and postqualitative surveys using SurveyMonkey that contained questions about participants' experiences with science teaching and learning in both formal and informal settings. Course assignments and the corresponding reflections constituted a major part of the data. Focus groups were conducted after every phase and also at the end of the semester. The final focus group interview used a semi-structured interview protocol during which participants discussed their experiences with science and science teaching in the museum setting as well as identified factors that impacted those experiences.

All interviews were transcribed and reflections coded. During this process, data underwent constant comparison (Glaser and Strauss 1967) and "theoretical questioning" (Charmaz 2005, p. 511), for assuring trustworthiness and rigor. Patterns in the data were classified and catalogued into themes that were further developed. Themes were identified by "bringing together components or fragments of ideas or experiences, which often are meaningless when viewed alone" (Leininger 1985, p. 60). According to Seale (1999), "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (p. 266). Credibility and trustworthiness in our research study were achieved through methodological triangulation of the data (Denzin and Lincoln 1998).

## Results and Discussion

In the first reflection, written after the phase 1 orientation, all the participants expressed they were worried about the field experience. Louisa inquired if she could be moved to another section of the class, if possible, to avoid the Museum field experience. The participants did not comprehend how the museum field experience tasks related to teaching science at an elementary school. Louisa remarked she was training to be an elementary teacher, not a volunteer at the museum. In a focus group interview soon after their orientation, participants created a "Fears List" about the museum field experience in order of importance:

(a) Being Hispanic in what they perceived as a "white" area, participants mentioned in their initial visit to the museum that the only people who looked like them were the janitorial staff.
(b) Feelings of being out of place because of their notions as to who did science at such sites. "The people who work here are probably doctors from China or Japan or somewhere. They must all have degrees in science." Ana

(c) Participants expressed they felt no one would listen to them because of who they were. Nellie shared, "Look at me, I am short, and I am fat. I don't think anyone is going to listen to me. They might ask me where the restroom is."
(d) Lack of familiarity with the museum, Maria said "I have never been to a museum. We never go to museums. If we are on holiday we go to a beach or a park, not to a museum."
(e) Fear of saying the wrong thing or not knowing the answer to someone's question.

As the semester progressed, and participants became more involved with their tasks at the museum, the researchers discussed the Fears List with each of the participants individually. It became very quickly evident to participants that many of their fears were unfounded. In a focus group interview, the researcher broached the issue of being Hispanic in what they perceived as a "white" area. Participants responded with the following:

> Nellie: "I had driven past the building many times, it has a weird shape and with the sun falling on it, it glows white and knowing it was a science museum, I didn't think it was for me."
> Louisa: "It was different for me, all my teachers in school were Anglo, all the scientists we studied about were white, to me science was white and so a place like a science museum would also be white."
> Researcher: And now that you have been to the museum several times?
> Maria: "I don't think it's got anything to do with Hispanic or white or black, Science is science. It's got nothing to do with race."
> Ana: "It's about whether you know your content or not, not your ethnicity."
> Louisa: "Initially I didn't want to be here. But I am finding I really like it. There should be more Hispanics here, there are not. . .."
> Ana: "I counted 17 Hispanics during my Phase 2."
> Louisa: "They are not here, but I AM, and I can do this just as well as anyone else can!"

During their field experience, participants experienced all four factors that Bandura (1977) described that impacted self-efficacy: (a) enactive mastery, (b) vicarious experience, (c) social persuasion, and (d) physiological factors. The Museum field experience tasks were deliberately designed to challenge yet scaffold participants' efforts. They were not penalized for errors made and had the opportunity to improve on their ideas through feedback and reflection. Participants had to present their activities to their peers and the GEPs prior to presenting it to the museum visitors. Observing other students just like themselves achieve success with their activities was a strong indicator that they could be successful, too. Participants specifically highlighted examples of how social persuasion impacted their self-efficacy.

Nellie explained: "The game I designed for the Engineering Hall consisted of building and testing catapults, and I had all kinds of materials for the kids and they loved it. Even though my session ended at 3:30 pm, I stayed till the museum closed at 5 pm because it seemed everyone wanted to do the activity."

Louisa relayed that a teacher had stopped by her table and played her game, took a lot of photographs, and mentioned she would use Louisa's activity in her class. The greatest social persuasion came from the children and adults who flocked to their stations to do the activities. Initially all the participants were nervous about their activities and presenting them at the museum. As the field experience progressed, they grew more confident and their positive physiological state impacted their self-efficacy.

Interestingly, participants also described social persuasion that started at the orientation in which they were welcomed to the "Museum family" and received the same benefits as other volunteers did (free parking and entry, discounts at the café and store). Ana said "I felt so official putting on the apron and talking to the visitors in my exhibit hall. Everyone was so supportive and friendly. I thought I would stand out like a sore thumb, but I didn't. I felt very much a part of the museum and am proud of it."

Maria, a bilingual participant, also described her experiences in talking in Spanish with a visitor. "The first time I communicated in Spanish with a visitor I was so thrilled I was able to help them, they kept coming back and asking me questions and I loved it though I realized I needed to practice my Spanish delivery so I went home and practiced."

Achieving success in their field experience helped participants confront their perceptions with regard to science teaching in three broad categories: cultural, pedagogical, and personal. Before the field experience, several participants revealed they were intimidated and apprehensive because they believed volunteer opportunities came only to a group of very knowledgeable individuals in a largely "white domain." Nellie's reflection with regard to what she learned about the cultural aspect was most telling. She notes:

> I am a young Hispanic female, and I did not see anyone that looked like me upon arrival. I did feel a sense of being out of my element. However, throughout the day, even though I still did not see a majority of people that looked like me, there was also so much else there to experience that I lost sight of being out of place. . .. I learned that there is no 'museum-type' person. I learned that I fit in this environment just as much as an old Caucasian man with glasses on his nose, wearing a cardigan, and penny loafers. Nellie (P4 reflection)

Pedagogically, participants reported gains through their assignments (games and cart activities). Learning through their interactions with children was a big theme that emerged. All participants reported shock and amazement at how much the children knew, "The children know more about the exhibits than I did. Many of the children came up to the activity cart telling the volunteers information they already know. I was in Life Then and Now for P3 and this little five-year-old was naming all the dinosaurs in the hall and others that I had never heard of" (Maria). Through trial and error, participants learned what to do and say pedagogically to achieve success with the games and hands-on activities they designed while interacting with the museum visitors.

With respect to science content, participants described the informal teaching experiences at the museum as opportunities to relearn the science content relevant to their certification in a manner that was engaging and an environment that was stress-free. Initially participants identified lack of science content knowledge as one of the biggest hurdles preventing them from being effective science teachers. However, in postinterviews, participants unanimously reported an increase in their science teaching self-efficacy, identifying an enhanced understanding of relevant pedagogical issues as the cause.

On a personal level, participants reported that they learned much about themselves and their abilities to teach science. All participants indicated on the pre-survey and/or the orientation reflection that to teach science, you must know everything about science. They were terrified at not being able to answer someone's questions. Through interaction and experiences with the visitors, volunteers, and GEPs, participants began to realize that no one knew everything about science, but that one has to be willing to learn. Having the ability to say "I don't know, but let's find about it together" is of vital importance to these pre-service teachers and is a critical self-efficacy builder that goes a long way in changing participants' perception about teaching science.

## Summary

In this qualitative case study, we explored the impact that participating in a novel university-science museum partnership had on four Hispanic elementary teachers' science self-efficacy. Initially, all four participants reported negative attitudes about science teaching and learning, associating them with descriptors such as "boring," "difficult," "abstract," and "memorization." However, after the field experiences, participants described positive experiences with science teaching and displayed greater science self-efficacy. Participants offered several reasons for this including knowing the science content they were presenting very well; designing interactive, hands-on activities that attracted children and adult participation; the practice sessions and the feedback obtained from their peers and GEPs, and that it was an unsupervised and truly experiential, where there performance was not graded.

From initially wondering what elementary science teaching had to do with a museum full of "old stuff," participants were able to appreciate that each exhibit at the museum was not only TEKS (Texas Essential Knowledge and Skills)

mapped but also served as an individual science teaching-learning opportunity. Participants also gained a better understanding of how an informal science site such as a museum could serve as a valuable resource to bridge and facilitate student learning at both formal and informal settings, building on the strengths and resources of both.

The greatest impact of the museum experience was on participants' self-efficacy. Initially none of the participants believed they would be successful with the Museum field experience because of their ethnicity and lack of science content and pedagogical knowledge. Participants not only successfully completed the Museum field experience but have completed the teacher education program at UNTD and are currently employed as elementary teachers in local urban schools. Maria teaches fifth grade science at the elementary school she attended as a child. Ana and Louisa teach fourth grade science and math, and Nellie teaches in a self-contained second grade classroom. Maria, Nellie, and Louisa attended the STEM summer Institute for in-service teachers held at the Perot Museum. Ana gave birth to her child and plans to attend the Institute in the near future.

## Implications

Though this small case study has its own limitations, the findings have implications for elementary science teacher preparation. More teacher education programs should include introductions and collaborations with informal learning institutions in their vicinity and have access to their resources, pedagogies, and expertise, enabling transfer of practice and content learning. Informal science settings offer an array of resources usually unavailable in schools (Neathery 1998). In their official position statement on informal science education, the National Science Teachers Association states: "Informal science learning experiences offer teachers a powerful means to enhance both professional and personal development in science content knowledge and accessibility to unique resources" (National Science Teachers Association 1998, p. 17). Urban schools are rife with problems, and often new teachers do not receive the support they need to succeed. Teacher attitudes and actions can leave an indelible impression on students, impacting their lives and career paths. Appropriate changes, such as community partnerships with informal learning institutions, must be made to teacher education programs to improve the content and pedagogical knowledge of pre-service teachers so that they can develop into effective science teachers and hence "Science for All Americans" will not be a pipe dream but a reality.

## Cross-References

▶ Community-Based Organizations
▶ Epistemology

## References

Abd-El-Khalick F, BouJaoude S (1997) An exploratory study of the knowledge base for science teaching. J Res Sci Teach 34(7):673–699

Ahram R, Stembridge A, Fergus E, Noguera P (2011) Framing urban school challenges: The problems to examine when implementing response to intervention. Retrieved 22 July 2020 from http://www.rtinetwork.org/learn/diversity/urban-school-challenges

Anderson RD, Mitchener CP (1994) Research on science teacher education. In: Gabel DL (ed) The handbook of research on science teaching and learning. Macmillan, New York, pp 3–44

Appleton K (2007) Elementary science teaching. In: Abell SK, Lederman NG (eds) Handbook of research on science education. Lawrence Erlbaum, Mahwah, pp 493–535

Atwater MM, Gardener C, Kight CR (1991) Beliefs and attitudes of urban primary teachers toward physical science and teaching physical science. J Elem Sci Teach 3(1):3–11

Bandura A (1977) Self-efficacy: toward a unifying theory of behavioral change. Psychol Rev 84(2):191–215

Bandura A (1986) Social foundations of thought and action: a social cognitive theory. Prentice-Hall, Englewood Cliffs

Bandura A (1989) Human agency in social cognitive theory. Am Psychol 44(9):1175–1184

Butts DP, Koballa JTR, Elliot TD (1997) Does participating in an undergraduate elementary science methods course make a difference? J Elem Sci Educ 9:1–17

Cannon JR (1999) Influence of an extended elementary science teaching practicum experience upon preservice elementary teachers' science self-efficacy. Sci Educ 8(1):30–35

Charmaz K (2005) Grounded theory in the 21st century: applications for advanced social justice studies. In: Denzin NK, Lincoln YS (eds) Handbook of qualitative research, 3rd edn. Sage, Thousand Oaks, pp 507–535
Chin C-C (2004) Museum experience: a resource for teacher education. Int J Sci Math Educ 2(1):63–90
Crooks T, Smith JK, Flockton L (2008) Science: assessment results, 2007. Educational Assessment Research Unit, Otago
Denzin NK, Lincoln YS (eds) (1998) Collecting and interpreting qualitative materials. Sage, Thousand Oaks
Erik CJ (2009) Tailoring national standards to early science teacher identities: building on personal histories to support beginning practice. J Sci Teach Educ 20:135–156
Ferry B (1995) Enhancing environmental experiences through effective partnership among teacher educators, field study centers and schools. J Exp Educ 18:133–137
Glaser BG, Strauss AL (1967) Discovery of grounded theory: strategies for qualitative research. Aldine, Chicago
Jarrett OS (1999) Science interest and confidence among preservice elementary teachers. J Elem Sci Educ 11(1):49–59
Jung ML, Tonso KL (2006) Elementary preservice teachers learning to teach science in science museums and nature centers: a novel program's impact on science knowledge, science pedagogy, and confidence teaching. J Elem Sci Educ 18:15–31
Kincheloe JL (2004) Why a book on urban education? In: Steinberg S, Kincheloe J (eds) 19 urban questions: teaching in the city. Peter Lang Publishing, New York, pp 1–32
Lederman NG (1999) Teachers' understanding of the nature of science and classroom practice: factors that facilitate or impede the relationship. J Res Sci Teach 36(8):916–929
Leininger MM (1985) Ethnography and ethnonursing: models and modes of qualitative data analysis. In: Leininger MM (ed) Qualitative research methods in nursing. Grune & Stratton, Orlando, pp 33–72
National Science Teachers Association (1998) An NSTA position statement: informal science education. J Coll Sci Teach 28:17–18
Neathery MF (1998) Informal learning in experiential settings. J Elem Sci Educ 10:36–49
Palmer HD (2006) Sources of self-efficacy in a science methods course for primary teacher education students. Res Sci Educ 36(4):337–353
Ramey-Gassert L, Shroyer MG, Staver JR (1996) A qualitative study of factors influencing science teaching self-efficacy of elementary level teachers. Sci Educ 80(3):283–315
Riggs IM, Enochs LG (1990) Toward the development of an elementary teacher's science teaching efficacy belief instrument. Sci Educ 74:625–637
Seale C (1999) Quality in qualitative research. Qual Inq 5(4):465–478
Wilson JD (1996) An evaluation of the field experiences of the innovative model for the preparation of elementary teachers for science, mathematics, and technology. J Teach Educ 47(1):53–59
Wilson SM, Berne J (1999) Chapter 6: teacher learning and the acquisition of professional knowledge: an examination of research on contemporary professional development. In: Iran-Nejad A, Pearson PD (eds) Review of research in education. American Educational Research Association, Washington, DC

# Urban Innovation

Albert Meijer
School of Governance, Utrecht University, Utrecht, Netherlands

## Synonyms

Collaborative innovation; Public innovation; Smart city

## Definition

Urban innovation is a dynamic process through which public problems and challenges in urban environments are defined, new and creative ideas are developed, and new solutions are selected and implemented. It entails the collaborations between local governments, companies, NGOs, citizens, research institutes, and various other actors.

## Introduction

More than half the world's population lives in cities and these concentrate both problems and innovative capacity. Due to technological, economic, and demographic development, cities around the world face a broad set of challenges that are related, among others, to economic growth, sustainability, safety, mobility, and welfare. These problems are often "wicked" and require creative approaches. For these reasons, innovation in cities is high on the public, political, and administrative agenda: "everybody" talks about smart cities (Townsend 2014).

At the start top-down approaches based upon strong corporate involvement were presented, but now participatory bottom-up approaches to urban innovation have been proposed. These approaches build upon notions such as public innovation (Borins 2014), collaborative innovation (Sørensen and Torfing 2011), and user innovation (Von Hippel 2005). While "urban innovation" is a hot topic in academic research and administrative practice, the governance of urban innovation is hardly explored (for an exception, Dente et al. 2005).

This paper enhances our understanding of urban innovation by building upon theories about innovation systems. Innovation systems should be understood as all the different actors that engage in urban innovation, the relations between them, the tools and instruments they use, and the institutional rules that guide their actions and decisions. On the basis of a review of the literature, five key functions for the governance of urban innovation are identified: mobilizing, experimenting, institutionalizing, balancing, and coordinating. This model can form the basis for urban policies aiming at strengthening the climate for public innovation in cities.

## Theoretical Building Blocks

### Public Innovation

Public innovation is linked to the challenging policy agendas of governments who try to find answers to wicked problems in the domains of security, climate change, and the global financial crisis. While the study of private innovation focuses on artifacts and technologies, the domain of public innovation is broad and encompasses process, product, services, governance, and conceptual innovations. Borins (2014) distinguishes innovations that entail new collaborations in government and external collaborations, information technology, process improvement, new forms of citizen empowerment and innovative uses of volunteers and market incentives, and change of public attitudes.

A key theme in the study of public innovation is the tension between the dynamics of entrepreneurial activity on the one hand and the stability – or inertia – of democratic and administrative institutions on the other. This entrepreneurial activity is praised by some but criticized by others. Borins (2000), however, emphasizes that public innovators combine initiative and creativity with respect to the law and due process. This observation is now widely accepted, and innovation in government is largely regarded as a desirable way to enhance the production of public value.

Sørensen and Torfing (2011) highlight that public innovation increasingly takes the form of collaborative innovation. In line with the governance perspective, the outcomes of public innovation should not be attributed to single actors but rather to collaborations between a variety of public and private actors. Most work on collaborative innovation, however, focuses on specific collaborations and not on the boarder ecosystem. This paper aims to contribute to our understanding of public innovation by bringing in a theoretical perspective that helps to position public and collaborative innovation within a broader innovation system.

### Innovation Systems

The perspective of the innovation system has been developed by historians to account for different approaches to and trajectories of innovation in different countries. Freeman (1995) defines an innovation system as the network of institutions in the public and private sectors whose activities and interactions initiate, import, modify, and diffuse new technologies. This system approach challenges the assumption that differences between countries should be understood on the basis of quantitative R&D comparisons and proposes that institutional differences are crucial to understand these differences.

Hekkert et al. (2007) build upon Freeman's work but put an emphasis on processes or functions in innovation systems rather than on the structural features. He stresses that these functions are highly important to the performance of innovation systems: "If we knew what kind of activities foster or hamper innovation – thus, how innovation systems 'function' – we would

be able to intentionally shape innovation processes." These activities can be labeled as functions when they contribute to the goal of innovation systems which is to generate and diffuse innovations.

## Model of Urban Innovation

On the basis of these different bodies of literature, we can identify the following components for a model of governance of urban innovation:

- Local government engages in processes of collaborative innovation with various actors, and the outcomes of urban innovation should be understood as network outcomes. For this reason, assessing the contribution of local government to urban innovation should focus on the way local government governs the urban innovation system.
- The governance of an urban innovation system can be modeled as a functional activity: several key functions can be identified that are crucial to the flourishing of the urban innovation system. Mobilizing, experimenting, institutionalizing, balancing, and coordinating were identified as core functions.

A generic perspective on the evolution of innovations forms our starting point for identifying the functions. Based on the main principles of evolutionary economics – variety, selection, and retention – we can develop a general overview of three functions: generation of novelty leading to diversity, selection among alternatives, and retention and transmission of information. Translated to the public sector, these functions can be labeled as mobilizing, experimenting, and institutionalizing. Two other functions need to be added to cover the normative issues involved in innovation (balancing) and the coordination between the different functions in the urban innovation system (coordinating). Our model thus stresses that local governments need to fulfill five functions – mobilizing, experimenting, institutionalizing, balancing, and coordinating – to govern the urban innovation system (see Fig. 1).

It is important to realize that the different functions can interact and generate feedback loops. Successful test situations (experimenting) or demonstrated uptake in work routines (institutionalizing) may, for example, result in easier mobilization of new stakeholders. Or lack of sound coordination may result in a disconnect between experimenting and institutionalizing and, consequently, a decline in engagement of stakeholders (mobilizing).

## Zooming in on the Functions

*Mobilization*. The first function, mobilization, means stimulating other actors to engage in innovation processes as the starting point for processes of collaborative innovation. The most obvious group of actors to mobilize are civil servants. Bason (2010, p. 118) highlights that innovative organizations must leverage the innovation capacity of all civil servants and not just dedicated project teams or R&D departments. The urban innovation system, however, entails much more than just the government organization, and mobilization of external actors is a key difference between collaborative and single-organization innovation processes. Dente et al. (2005) stress that the mobilization of a variety of actors contributes to the innovation potential since more

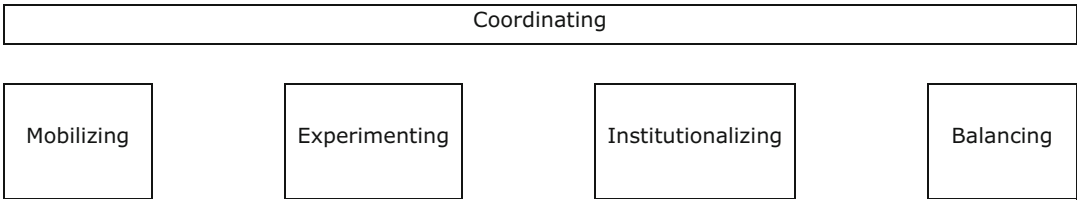


**Urban Innovation, Fig. 1** Functional model of urban innovation

complex innovation networks result in a better performance of the local innovation system. This means that mobilizing the ideas, knowledge, (financial) support, and operational capacity of other actors is a crucial requirement for successful urban innovation systems. Mobilizing can consist of stimulating action, contracting actors for specific activities, building new networks, etc.

*Experimenting.* Innovation is a challenge to urban governments and other bureaucratic organizations such as certain large companies since it challenges the stability that is a key feature of these organizations. This means that another approach is needed than normally applied in bureaucratic organizations: experimenting instead of planned implementation. Bason (2010, p. 121) emphasizes that setting up safe space and environments where experimentation and learning is encouraged is crucial to innovation. The elaborate literature on strategic niche management emphasizes the need to develop innovation in friendly "incubation rooms" or "niches" before they are implemented in the "real world" (Hoogma et al. 2002). Creating robust and fertile conditions that allow for experimentation is crucial to success. There is a growing body of literature on urban experimentation. This literature acknowledges the importance of citizen-centric living labs to facilitate social learning. Sengers et al. (2015) indicate that urban experiments involve a broad coalition of actors that engage in social learning related to a socio-technical configuration to generate both proprietary and public knowledge.

*Institutionalizing.* While the niches or incubation rooms create opportunities for developing and testing new ideas, their large-scale value can only be established if these experiments are translated into organizational practices. The notion of institutionalizing highlights that innovation is not only about doing something new but also about connecting these new practices to established practices with the aim of improving – institutionalizing – these practices. The literature on strategic niche management highlights that niches should follow the dynamics of the surrounding environment to be adopted in a larger network. As Kemp (2010, p. 293) stated: "New technologies may remain stuck in these niches for a long time (decades) when they face a mismatch with the existing regime or landscape". Public innovation means that in the end the practices need to become institutionalized. This may happen at the specific site of the experiment (longitudinal diffusion) but also – after a process of horizontal diffusion – at other sites. Finally, institutionalization can also occur at a higher level of government after a process of vertical diffusion. Institutionalizing entails a set of activities that start with evaluating experiments and "packaging" the innovation for dissemination, upscaling, embedding, and institutionalization. Securing long-term collaboration with partners is also a key challenge for this function.

*Balancing.* Balancing means deliberately weighing the different interests and values involved in the process of urban innovation and choosing the option that contributes most to societal desirable outcomes. Balancing is different from the other functions in the sense that balancing does not seem to be a necessary condition for advancing the innovation process. Balancing might even halt or slow down the processes by bringing in extra considerations and difficult issues. At the same time, balancing is crucial to realizing responsible innovation in the sense that the innovation does not harm stakeholders or neglect key interests and to ensure desirable and acceptable research outcomes (Stahl 2013). Responsible innovation can be defined as "a transparent, interactive process by which societal actors and innovators become mutually responsive to each other with a view to the (ethical) acceptability, sustainability and societal desirability of the innovation process and its marketable products in order to allow a proper embedding of scientific and technological advances in our society" (Von Schomberg 2013, p. 19). Balancing entails identifying risks, disadvantages, and tensions and discussing these to make deliberate choices. A public debate about sensitive issues is important, and ethical leadership is needed to generate fruitful interactions and support for choices. Finally, the capacity to mediate conflict is important to deal with the tensions that may emerge around urban innovations.

*Coordinating.* Coordinating is about managing the connections, interfaces, and relations between

the various functions in the innovation system. Important are, for example, the connection between experimenting interesting experiments and using these to strengthen existing systems. Coordinating the innovation system also entails the provision of certain generic functions. For one thing, not only creatives and "tinkerers" are needed but also sponsors and champions are crucial to innovation (Bason 2010, p. 203). At a more general level, innovation leadership is crucial to stimulating a climate of innovation in the city. The culture of innovation needs to be nurtured to provide support for civil servants, citizens, and other actors who take risks in their attempt to develop new and promising approaches to wicked problems. In addition, framing the general innovation process, specific experiments, and outcomes of experiments is crucial to the process of innovation (Bason 2010, p. 175). This framing is also important for obtaining support from the institutional environment – legal, politics, administrative, and societal – for the innovations. Bason (2010, p. 254) stresses that an organization – or an innovation system – needs to have a "license to innovate": the (institutional) environment needs to be supportive to innovation.

## Conclusions

While urban public innovation is increasingly regarded as collaborative innovation, the role of local government in innovation is still crucial since local government is the only actor who can assume responsibility for the innovation ecosystem. Not all public innovation needs to be developed by local government, but local government has a key task for governing the local system of innovation by mobilizing actors, by stimulating and facilitating the testing of new practices, by ensuring that the lessons from successful tests are applied in "normal practice," and by weighing the different (weak) interests and public values. In the model of governance of urban innovation, these functions have been labeled as mobilizing, experimenting, institutionalizing, balancing, and coordinating.

The key theoretical contribution of the paper to the literature is the model of urban innovation. This model integrates the literature on innovation ecosystems, smart cities, and public innovation and presents a functional perspective on the governance of urban innovation. The functional perspective helps to analyze why urban governments are or are not successful in stimulating public innovation in their cities. More specific contributions include the identification of specific activities such as managing the institutional environment, managing internal connections, and managing the technological infrastructure as important activities in the governance of urban innovation systems.

The model that we developed has direct value for urban governance. The first value lies in benchmarking and comparative learning. Hekkert et al. (2007, p. 420) highlight that the innovation systems perspective facilitates a comparison in terms of performance between innovation systems with different institutional setups. Differences between cities can be measured, and these differences can form a starting point for mutual learning. The second value is reflexive learning: the model can be embedded in a learning process in a city and help the authors to make better choices for optimizing the performance of the urban innovation system. Hekkert et al. (2007, p. 420) stress that the functional perspective has the potential to deliver a clear set of policy targets as well as instruments to meet these targets.

## References

Bason C (2010) Leading public sector innovation: co-creating for a better society. The Policy Press, Bristol

Borins S (2000) Loose canons and rule breakers, or enterprising leaders. Some evidence about innovative public managers. Public Adm Rev 60(6):498–507

Borins S (2014) The persistence of innovation in government. Brookings Institution Press, Washington, DC

Dente B, Bobbio L, Spada A (2005) Government or governance of urban innovation? Plan Rev 41(162):41–52

Freeman C (1995) The 'national system of innovation' in historical perspective. Camb J Econ 19(1):5–24

Hekkert MP, Suurs RAA, Negro SS, Kuhlman S, Smits REHM (2007) Functions of innovation systems: a new approach for analysing technological change. Technol Forecast Soc Chang 74(4):413–432

Hoogma R, Kemp R, Schot J, Truffer B (2002) Experimenting for sustainable transport: the approach of strategic niche management. Spon Press, London
Kemp R (2010) Eco-innovation: definition, measurement and open research issues. Econ Polit 27(3):397–420
Sengers F, Berkhout F, Wieczorek A, Raven R (2015) Experimenting in the city: unpacking notions of experimentation for sustainability. In: Evans J, Karvonen A, Raven R (eds) The experimental city. Routledge, Milton Park
Sørensen E, Torfing J (2011) Enhancing collaborative innovation in the public sector. Adm Soc 43(8):842–868
Stahl BC (2013) Responsible research and innovation: the role of privacy in an emerging framework. Sci Publ Policy 40(6):708–716
Townsend AM (2014) Smart cities: big data, civic hackers, and the quest for a new utopia. W. W. Norton, New York
Von Hippel E (2005) Democratizing innovation. MIT Press, Cambridge, MA
Von Schomberg R (2013) A vision of responsible research and innovation. In: Owen R, Bessant J, Heintz M (eds) Responsible innovation. Wiley, New York, pp 51–74

# Urban Local Government Finance in Bangladesh

Tahmina Ferdous Tanny
Department of Public Administration, Jagannath University, Dhaka, Bangladesh

## Synonyms

Financial system of City Corporation; Local government fiscal system; Revenue structure of urban bodies

## Definition

Urban local government finance is the income and expenditure pattern in Paurashava and City Corporation areas of Bangladesh.

## Introduction

Local government is a representative institution which serves the local community in a particular geographical area. As a government organization in proximity to masses, local government provides essential services to its citizens on behalf of central government that requires sufficient sum of finances. Urban local government finance is integral in countries like Bangladesh where high population growth and increasing rate of urbanization simultaneously putting pressure on urban authorities make the task daunting to fulfill multifarious functions in urban area. To ensure proper arrangement of basic amenities followed by the better discharge of utility services, the urban authorities put in charge of utilizing their resources to collect funds. Besides, they accrue money from government projects and international donors. However, the process is not as smooth as it looks, as a developing country, the urban local government in Bangladesh intensely needs bulk of revenues to meet the expenditures on local service delivery.

Hence, the local government responsibility implies making the living better: physically, economically, socially, and culturally through the rendered services (Siddique 2005); the efficiency of actions is determined by the level and nature of finance (Bhattacharya et al. 2013). The urban local bodies in Bangladesh lag in resource mobilization despite prospectus sources of earning, while inadequate tax and other fees collection from existing sources result in dependency toward government and international grants. Although measures have been taken from time to time to reforming municipal finances, it emerged as a challenge for political economy concerns. Unlike many developing countries, the efforts have been dismissed for absence of political commitment to decentralize tax structure and the negation of the local political authorities to utilize the revenue sources for loss of popular support.

## Structure of Urban Local Government

In Bangladesh, the local government operates under the Ministry of Local Government, Rural Development, and Cooperatives (LGRD & C), continuing its operation in rural and urban local government. The urban local government splits into Paurashava/municipalities and City

Corporation. At present, there are 12 City Corporations in large cities, while the number of Paurashavas are 328 in small towns/urban centers. The Paurashavas classify into three categories based on their financial capability from own source income in the last three years: category A denotes having an annual average revenue income above 6 million BDT (Bangladeshi Taka); category B denotes income above 2.5 million to 6 million BDT; and category C denotes income above 1 million to 2.5 million BDT.

## Urban Local Government Finance: Background and Legal Framework

The local government system dates back from British period when the formal structure planted to collect revenue and maintain law and order in Indian subcontinent. Nevertheless, it was the Local Self-government Act which allowed the urban local government bodies power to impose house tax so that it may serve basic civic amenities. Afterward, the act of 1919 expanded the taxation opportunity to have more financial autonomy in urban local units. During Pakistan period under the Basic Democracies Order, 1959, the promulgation of Municipal Ordinance 1960 specified 26 types of taxes, rates, and fees that the municipalities could collect. After independence, the Local Government Ordinance of 1976 specified the financial management of local bodies into three sections: construction of local fund, division between tax and nontax revenue, and the expenditure. A notable endeavor was the Paurashava Ordinance 1977, which first permitted that all City Corporations could sanction their own budget prepared by themselves (Siddique 2005:194–199). Although Paurashava Ordinance 1977 has been abolished, at present the financial and other administrative functions in Paurashavas and the City Corporations operate under the Local Government (Paurashava) Act 2009 (amended in 2010); and Local Government (City Corporation) Act, 2009 (amended in 2011) accordingly. The municipal (Paurashava) authorities can charge on 28 items to collect revenue as per the Paurashava Standard Tax Schedule 2014. Similarly, in terms of City Corporation the items are 26 as per City Corporation Ideal Tax Schedule 2016 (Pramanik et al. 2018).

## Urban Local Government Income and Areas of Expenditure

A sustainable fiscal structure at the local level bodies is the key to financial freedom; maximum collection of funds through user charges and fees let the municipalities undertake innovate projects through self-budget for urban development. The adequacy of own revenues not only addresses a city's improved capacity to deliver goods and services but also shows that the local officials are accountable to their constituents (UN-HABITAT 2015). Article 60 of the constitution of Bangladesh empowers the local bodies to impose taxes using local resources, plan budget, and implement effectively to pursue local needs. So, the local government organs in the urban areas of Bangladesh get mandates to practice the constitutional directions for greater autonomy and better service assurance to its citizens.

The major resources of Paurashavas and City Corporations accumulated from two sectors: from own sources and from other sources, for instance government grants, development funds, and loans. Income from self-source are two types: nontax revenue and tax revenue. The nontax revenue implies fees tolls, collected from specific purposes, and rents, profits received from market, and other places. The tax revenue includes different taxes imposed and gathered from citizens. Although revenue sources in the tax schedules contain a broad list, the significant elements from which colossal sum of money is collected put here (Fig. 1).

## Nontax Revenue

### Fees and Tolls

1. **Issuing certificates:** City Corporations and municipalities issue certificates based on the applications to register birth, death, marriage, and adoptions; citizens under the jurisdiction

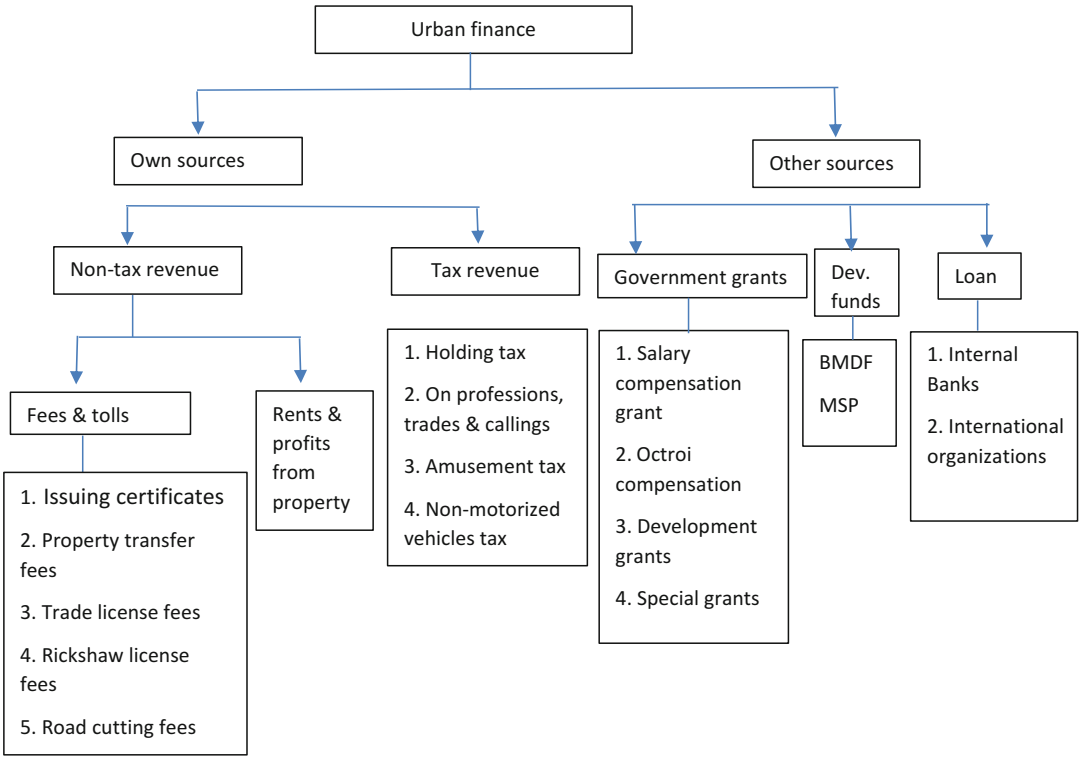


**Urban Local Government Finance in Bangladesh, Fig. 1** Income sources in urban local government. Source: Author

of any Paurashava or City Corporation need to pay an amount of fee fixed by the government. The fees vary according to the subject of registration or increase with time.

2. **Property transfer fees:** It imposes when any sale or other transfer of immovable property (land, building, etc.) takes place within the City Corporation at 2% of the value of the property, which is collected by the agencies under the Ministry of Land and after deduction of collection charges passed on to the corporation concerned. This is not a local tax. It is levied and collected along with a variety of stamp duties. The government has cut the IPTT (Immovable Property Transfer Tax) to 1 % from previous 2 % for companies in three City Corporations of Dhaka (Dhaka North City Corporation and Dhaka South City Corporation) and Chattogram, amending the City Corporation Model Tax Schedule 2016 (The Financial Express 2020).
3. **Trade license fees:** Trade license fees are one of the nonproperty taxes levied on various trades (shopkeepers, businesses, and companies) to legalize their business.
4. **Rickshaw license fees:** Although rickshaws contain the prime sector among widely used transports in cities for many people, most of those rickshaws running on the streets are unlicensed. The statistics of two City Corporations suggest there are only 79,554 licensed rickshaws and rickshaw vans in the capital, while the actual number is over one million (The Daily Bangladesh 2020). After 32 years of suspension in rickshaw license issuance of Dhaka City Corporation, Dhaka South City Corporation in 2020 has restarted to issue and renew licenses for nonmotorized rickshaws with nonrefundable BDT 100, while Dhaka North City Corporation is yet to decide (The Daily Bangladesh 2020). Some argue syndicates of police, ruling party, and union

leader's men take advantage of illegal rickshaws taking tolls, piled on the street (The New Age 2020).

5. **Road cutting fees:** An important fee in many municipalities/City Corporations is charged to institutions that provide utility services who cut roads for purposes like laying the pipelines and setting pillar for electricity or cable lines. Such revenues, however, compensate for the costs of repairing the roads and, therefore, we cannot regard it as a major net revenue source.
6. **Tolls collected from bridges and flyovers:** Tolls impose as a road pricing like whoever uses the road will have to pay fees except authorities with exemption. Tolls serve two purposes: to recoup the expenses over the construction of bridges or flyovers and to surge the City Corporations' earnings.

### Rents and Profits from Property

Rental income generates particularly from shops and markets owned by the City Corporations, also through leases of government properties under its jurisdiction (Samad 2009; Rahman 2019). To avail profits municipal bodies require physical assets such as landed property, community halls, marketplaces, rent houses etc. coupled with the commercial schemes like construction of new markets and community halls, to increase incomes (Siddique 2005).

## Tax Revenue

1. **Holding tax**: Holding tax defines a kind of property tax that is levied based on the value of the buildings followed by the location of the land where the buildings are located. It comprises the house tax, lighting rate, water, and conservancy rate. Since the emergence by the District Municipal Improvement Act, 1884, the holding tax keeps the most significant and stable source of municipal revenue, with maximum potential for growth (Samad 2009). Two-third of total tax revenue in municipalities attained from holding tax (Huda and Hasan 2009). According to Ideal Tax Schedule, 2016, the City Corporations can collect up to 30% of tax that includes 7% holding tax for building, 7% for waste removal, 5% for street lighting, 3% for water supply, and 8% for health. As the City Corporations exercise considerable freedom to fix holding tax, there is glaring disparity in 12 City Corporations irrespective of income, residents, and value of buildings, resulting in approximately a 15% gap in payment of holding tax from one City Corporation to another commented by local government expert Dr. Tofail Ahmed. Consequently, Dhaka City Corporation being in the capital of Bangladesh determines the holding tax at only 12% while it is 27% for Rajshahi and Barishal City Corporations (Rahman 2017).
2. **On professions, trades, and callings:** The local government bodies impose taxes on professions, trades, and callings on professional persons engaged in trades or vocations within this jurisdiction. It has fixed different rates for different professions through government notifications.
3. **Amusement tax:** This kind of tax is crucial, as it allows both central and local governments charge simultaneously. The central government is responsible to collect entertainment tax on cinema, theatrical shows. However, the municipalities are authorized to collect 15% surcharge on the admission fees (Siddique 2005, p. 208).
4. **Taxes on nonmotorized vehicles:** The vehicles including cycles, rickshaws, bullock carts, handcrafts, and carriages, etc. are taxable sources in urban locality for City Corporation income. The tax is initiated to reduce congestion in busy roads and restrict the use of these vehicles in the municipal areas.

## Government Grants

1. **Salary compensation grant:** This grant assists the municipalities provide their staffs and officials salaries when the local authorities are in deficiency of budget. The local bodies would put in risk unless they get financial aid for salary compensation.

2. **Octroi grant**: Octroi tax applied to those goods entering a particular urban area (Paurashava/City Corporation) for consumption or sale, collected at terminal points (Siddique 2005). Such tax has been repealed from 1981–1982 since a grant as a compensation equivalent to estimated annual income renders to the City Corporation by Local Government Engineering Department (LGED), that is quite nominal (Samad 2009).
3. **Normal development grant**: Every year City Corporation applies to the government for funds related to infrastructural development projects such as construction of roads, flood protection, sewerage, and drainage system while government allocates budget under Annual Development Program (ADP) to finance these projects upon the sanction. Frequent donor assistance also covers the finance of different projects under national government ministries/agencies. Local bodies in Bangladesh extensively depend on government aids due to their limited resource availability to pursue any plan.
4. **Special grant:** Special grant from government includes dearness allowance for local government bodies financial security, public importance scheme like antimosquito eradication program, environmental cleaning program to lessen infectious disease, and president's special grant (Bhuiyan 2017).

**Development Fund** Bangladesh Municipal Development Fund **(**BMDF**),** a government owned company established in 2002, provides financial support to urban local bodies (ULBs), channeled through IDA, World Bank, to improve urban environment, strengthen the institutional capacity of selected municipalities and City Corporations as well as improve resource allocation and fiscal discipline (Rahaman et al. 2014). Municipal Service Project (MSP) is also a World Bank initiative that finance in environmental and service delivery affairs in urban areas.

**Loan** The urban local government can take loan from internal financial institutions such as commercial banks and international organizations such as ADB (Asian Development Bank), JICA (Japan International Cooperation Agency), and UNDP (United Nations Development Program) so that it may ensure proper investment in several agenda implementation.

## Urban Local Government Expenditure

The spending of City Corporation and Paurashava is determined by the annual revenue earned. After allocating the recurrent expenditure the development and maintenance programs are undertaken (Samad 2009), and expenditure charged on the salaries of government employees excluding the ones who are posted on deputation. An important task is to bear the expenses on maintenance and services of the properties of City Corporation while perform acquisition and purchase of lands. The surplus revenue remaining after all these tasks assigned is transferred to the development fund of concerned authority. The City Corporation also uses their fund for the repayment of loans, meeting establishment charges, cost of credit, or any other establishment charges maintained by government on account of their works (Bhuiyan 2017, p. 7).

## Challenges in Urban Local Government Finance

***Avoidance in Holding Tax Reassessment*** The most valuable source of income in City Corporation and Paurashava the holding tax's general assessment abstained frequently despite the legal obligation to revise the tax at five years interval keeping pace with existing market rate. The revision of holding tax had been carried out last in 1989, whereas the assessment does not reflect the market condition (Samad 2009). Besides, regular assessment is also seldom carried out, to check new constructions, additions, and alterations to identify taxable payments. Such an information gap makes adversity in charging additional tax on someone even though the amount has turned due to him (Huda and Hasan 2009).

***Tax Evasion*** Holding tax: A major source of revenue for urban local bodies is hardly facilitating to administer. A significant portion of city dwellers intend to underassess the valuation of the holdings that consequently increases evasion. It is common practice that rich and influential people mostly evade taxes while entitled as defaulters in paying holding taxes. However, building illicit collusion with the assessor the taxpayers also get the rental value per unit of building arbitrarily instead of jurisdictional application (Huda and Hasan 2009). On the contrary, the implicit tax system results resentment and reluctancy to taxpayers while the canon of certainty principle of taxation is totally infringed for tax evasion causes in Bangladesh local government.

***Negligence in Resource Utilization*** Unlike the property assessment, rates and fees collected as nontax revenue are not clearly stated while these fees not even grow according to the property values or business transactions growth, resulting in potential revenue loss in City Corporation and municipal area. Sometimes the local government officials and few brokers take benefit from this situation, charging arbitrarily to the low educated, poor segment of the city population.

***Unresponsive Political Intervention*** The local representatives owe to motivate people regularly to pay taxes and also identify potential revenue sources. The scenario is opposite in Bangladesh, where elected representatives play neutral role in tax collection to retain excellent reputation in the constituencies. As regular reassessment would certainly increase tax burden on the Paurashava holdings, exerting pressure for the collection of arrears from influential people would lose their support in future elections and popularity will be at stake if tax rate is increased.

***Untimely and Unrevised Budget*** Dependency of the local government on central government ministries make it complex to perform shared responsibilities which also cause delay in public functions. City Corporation shows reluctancy to submit budget to the ministry on time, does not take actual income and expenditure patterns into account while projecting the budget, and instead follow a 10% increase over the previous year. Consequently, local authorities fail to implement citizens expectations of public services that could better improve cities for a better living condition.

## Conclusion

The increasing role of local government in urban places puts the municipalities and City Corporation in financial difficulties to construct infrastructure; ensure smooth civil utilities, arrange accommodation for poor. The probable solution is to make the best potential use of the resources for maximization of revenue, directed towards city's development, so that a win-win situation prevails between city authorities and the citizens. As the local government fiscal system in Bangladesh rounds around changes and reforms since British era till date, in line with political promises it does not pace with emerging urbanization challenges. Thus, it is left with the policymakers to formulate legislative acts and their subsequent amendments to ensure political and financial autonomy of local government institutions.

## Cross-References

▶ Urban Administration
▶ Urban Policy

## References

6,45 lakh rickshaw license applications sold in 10 days (2020) The New Age Bangladesh. Retrieved from https://www.newagebd.com/files/sitesetup/1_3.jpg

Bhattacharya D, Monem M, Rezbana US (2013) Finance for local government in Bangladesh: an elusive agenda. (CPD-CMI Working Paper No. 6). Dhaka: Centre for Policy Dialogue. Retrieved from https://cpd.org.bd/wp-json/

Bhuiyan AD (2017) Dhaka south city corporation: structure, finance, and personal management. Retrieved from https://www.slideshare.net/Ahasanthegreat/dhaka-south-city-corporation-structure-finance-and-personal-management

DSCC to register non-mechanical vehicles. (2020) The daily Bangladesh. Retrieved from https://www.googletagmanager.com/gtag/js?id=UA-147962361-1

Huda MS, Hasan MR (2009) Problems and prospects of municipal holding taxation system: a study on Bhairab Pourashava. J Bangladesh Inst Plan *2*:126–135. https://doi.org/10.3329/jbip.v2i0.9573

Land transfer tax halved in Dhaka, Chattogram (2020 The Financial Express. Retrieved from https://thefinancialexpress.com.bd/css/bundle.123.css

Pramanik AKM AH, Khan AFM A, Haque QM F (2018) Municipal public finance scenario in Bangladesh. Retrieved from https://www.unescap.org/sites/default/files/BANGLADESH_presentation.pdf

Rahaman K, Dhar T, Hossain M (2014) Bangladesh Municipally Development Fund: A success story for sustainable urban development. Manag Res Pract *6*(1): 46–64. Retrieved from https://www.researchgate.net/publication/316276430_Bangladesh_Municipally_Development_Fund_A_Success_Story_for_Sustainable_Urban_Development_Management_Research_and_Practice_6_1_pp_46-64

Rahman S (2017) Holding tax varies from city to city. The Prothom Alo. Retrieved from https://en.prothomalo.com/bangladesh/Residents-face-disparity-in-holding-tax-rates

Rahman SH (2019) Fiscal decentralization and municipal finances in Bangladesh: realizing the untapped potential. Retrieved from https://www.unescap.org/sites/default/files/Day%201%20Session%202_Sultan%20Hafeez%20Rahman_Municipal%20Finance%20in%20Bangladesh.pdf

Samad RB (2009) Strengthening financial capability of a municipality: a case study of Dhaka City Corporation. J Bangladesh Inst Plan *2*:136–144. https://doi.org/10.3329/jbip.v2i0.9574

Siddique K (2005) Local government in Bangladesh, 3rd edn. The University Press Limited, Dhaka

UN-HABITAT (2015) The challenge of local government financing in developing countries. Retrieved from www.unhabitat.org

# Urban Local Government Service Delivery in Post-Mugabe Zimbabwe

Sylvester Marumahoko
Department of Politics and International Relations, University of Johannesburg, Johannesburg, South Africa

## Synonyms

Local authorities; Local councils; Local public service delivery; Service provision; Urban councils; Urban government; Urban local government

## Definitions

**Urban local government** – It is the lowest tier of government responsible for the administration of local affairs and service provision in cities, towns, and smaller urban settings. Above it is provincial and metropolitan councils and national government.

**Service delivery** – It is the statutory duty of urban councils to provide services such as road construction and maintenance, primary health care, water supply, and waste management. The process of making these services available to urban dwellers is called service delivery.

**Post-Mugabe Zimbabwe** – President Robert Mugabe, a man who ruled Zimbabwe since 18 April 1980 was removed from office on 17 November 2017 in a process involving the military, members of the ruling ZANU-PF party, the opposition, and ordinary Zimbabweans. The period following Mugabe's ouster from the office is referred to as post-Mugabe Zimbabwe.

## Introduction

After more than three decades of socioeconomic and political upheavals characterized by economic instabilities, isolation, diminishing international capital arrivals (including transmittals), and infrastructure blockages and transnational company closures, Zimbabwe is undergoing a renewal as it seeks to reengage fully with the international community, attract foreign direct investments (FDI), and restore confidence in the economy (African Development Bank Group 2019). On the political front, President Robert Mugabe, a nationalist who led Zimbabwe since 18 April 1980 stepped down on 18 November 2017 after bruising factional fighting in which he lost control of the governing Zimbabwe African National Union-Patriotic Front (ZANU-PF) party and government. Thereafter, Emmerson Dambudzo Mnangagwa (ED) became the second President of Zimbabwe and consolidated his grip on power by winning the presidential election held on 30 July 2018.

Committing toward reinvigorating the Zimbabwean economy, with the "Zimbabwe is open for

business" and "Vision 2030" narrative, the ED-led ZANU-PF governing party signaled its intention to address fiscal excesses, corruption, and uneven implementation of reforms and hyperinflation. In adopting "Vision 2030" which seeks to transform Zimbabwe into a middle-income country by year 2030 and the "Ease of Doing Business policy," the ED-led government signaled that it appreciated the central role played by developmental states in realizing national development, industrialization, and economic growth. Despite envisioning a capable state as the only viable response to deteriorating socioeconomic and political fundamentals, it is, however, unclear how the government that promised to break with an ugly past in which its policies are blamed for Zimbabwe's decline intends to address the service delivery challenges facing the country.

The entry seeks to understand urban service delivery inefficiencies in post-Mugabe Zimbabwe and propose possible solutions to diminishing devolved urban service delivery at a time of great need and expectation. Given that a major effort is required to rebuild Zimbabwe after almost four decades of Mugabe's ruinous policies, detailed and up-to-date diagnoses of service delivery challenges and their possible solutions are essential for effective planning, development, and exploitation of scarce financial resources, as well as effective management of local public service delivery. By focusing on the contribution of urban local authorities in service infrastructure development, the entry recognizes the important role played by urban government in Zimbabwe in facilitating socioeconomic recovery, efficient service provision, and human development. Through bottom-up strategies, mass community involvement in public affairs and infrastructure investments inspired by public consultation, democratic principles, norms, and values, urban councils are silently contributing toward socioeconomic development, national economic recovery, employment generation, and efficient devolved public service delivery.

The remainder of the entry is structured as follows: a brief discussion of the history of urban service delivery is presented to demonstrate the need for revitalization, general issues around inefficiencies, and problems surrounding local service provision. Thereafter, the entry discusses the legislative provisions for service delivery. This is followed by a discussion of the possible strategies for overcoming urban government service delivery inefficiencies. In this regard, the entry focuses on four service delivery areas of particular interest: water supply, road construction and maintenance, primary health care, and solid waste management. It wraps the discussion with concluding remarks.

## Urban Service Delivery History in Brief

In Zimbabwe, the urban local authorities are divided into the following 30 administrative units: (a) 2 metropolitan cities, (b) 10 municipalities, (c) 8 town councils, (d) 6 city councils, and (e) 4 local boards. They are classified hierarchically in ascending order as follows: local boards, town councils, municipalities, and cities (Marumahoko and Fessha 2011). All urban councils, including local boards and town councils which are inferior councils in the hierarchy of urban local governments, have a statutory requirement to deliver the 54 service functions outlined in the Second Schedule of the Zimbabwe Urban Councils Act (Chapter 29:15). The functions include key urban service delivery responsibilities such as water supply, road construction and maintenance, primary health care, and solid waste management.

Before independence the success of urban local authority systems in Zimbabwe was most evident in the effective capacity demonstrated by the cities and towns in supplying, operating, and maintaining infrastructure services over the years. The absorption of the large shifts in population to the urban areas, and the steady performance of the industrial sector, which was able to rely on dependable and efficient urban services, is attributable to the independence and self-sufficiency of the urban local councils.

Furthermore, the impressive performance of the local governments could be traced to a resource-rich period for the urban sector, when public investments favored the cities at the

expense of the rural areas. Substantial depth in bulk infrastructure capacity and in standards and levels of supply was established. As a result, the urban population enjoyed satisfactory access to water supply, sanitation, road networks and public transportation facilities, drainage, and solid waste management. With the postindependence period of emphasis on redressing imbalances in the rural areas, investment in real terms in urban infrastructure suffered deterioration. At risk was an erosion of the depth in infrastructure capacity as intractable service deficiencies emerged. Mugabe's obsession with centralized planning and top-down deconcentrated models of development facilitated urban government inadequacies characterized by discernible regression in local public service. There was a marked decline in the provision of basic services such as water provision, road construction and maintenance, and primary health care. The reasons for the degeneration include waning public sector investment, shrinking government investment in urban service delivery, development asymmetries, and policy lapses.

## Legislative Provisions for Local Service Delivery in Zimbabwe

The deterioration in service delivery was attributed to the fact that subnational urban councils were deconcentrated entities of central government that derived their authority from the Ministry of Local Government. They operated within the framework of the mandate entrusted to them by national government, and their autonomy was restricted by government action, public policy, and the law (Marumahoko and Fessha 2011). In 2013, however, this setup changed when the country adopted a new Constitution providing for a three-tier cooperative government structure made up of national government, provincial and metropolitan councils, and local authorities broken down into urban councils and rural district councils (Section 264 of Zimbabwe's 2013 Constitution).

Composed of cabinet ministers appointed by the president, national government as the first tier of government provides public services of a national character and also sets service delivery standards. Provincial and metropolitan councils as the second tier of government (they are still to be established 7 years after adoption of the Constitution) are responsible for service delivery implementation at provincial and metropolitan city levels (Section 268 of the 2013 Zimbabwe Constitution). They are composed of a mixture of directly elected representatives and those that are chosen based on the party-list system of proportional representation. Directly elected by local voters, ward councilors are responsible for policy-making functions relating to the management of decentralized local public service delivery (Section 277 of the 2013 Zimbabwe Constitution). Urban councils (together with rural district councils) form the third tier of government commonly referred to as local councils.

The Constitution imagines the three devolved tiers of government, through strategic intergovernmental relations and collaboration, working together to facilitate public service delivery. A key feature of the intergovernmental system in devolved service provision is that the tiers of government "inform, consult, harmonise and co-ordinate" (Moyo and Ncube 2014). Through full council resolutions, urban local governments represent and manage the service delivery functions and other affairs of the urban dwellers (Section 277 of the Constitution as read with Section 274 of the Urban Councils Act). As mentioned earlier, the Second Schedule to Zimbabwe's Urban Councils Act (Chapter 29:15) outlines 54 service delivery functions of decentralized urban local councils.

With only one authority responsible for the affairs of each area, the primary concern of the urban councils is the provision of water supplies, sewerage systems, road and transport-related infrastructure, low-cost housing, and street lighting, as well as health, educational, and welfare services. Each authority is autonomous in directing its own affairs and virtually all service delivery programs are the responsibilities of the local authorities which they finance mostly out of local revenues generated from utility and service tariffs, fees, and property taxes in the form of rates. Through the subnational structures, it is

imagined that the voices of local citizens will be heard in the decision-making processes that affect not only local service delivery but community development as well.

## Addressing Zimbabwe's Urban Local Service Delivery Challenges

For almost four decades into majority independence, the decline of Zimbabwe politically, economically, socially, and even constitutionally is a sad phenomenon associated mostly with perceived misrule under Mugabe's government. At the time Mugabe resigned public office (or was ousted in a military coup as some would say), the country once considered in many ways an example for the rest of Africa was in the full grip of unprecedented socioeconomic and political challenges. It was suffering through populist policies, policy misalignment, political conflict, international isolation, disease, poverty, near economic collapse, and underdeveloped public service delivery.

With Mugabe's resignation from office toward the end of 2017, a window of opportunity for change tentatively opened. Mnangagwa (ED) succeeded Mugabe amid euphoria and the optimism that things may change for the better. There was great expectation that the inbound self-styled reformist president would bring back ailing urban service delivery from the brink; reform the bloated bureaucracy to make it more effective, efficient, and responsive; accelerate the reconfiguration of the governance system from centralization to devolution; champion local development needs; and prevent the complete erosion of local public service delivery.

Three years after Mugabe unceremoniously departed office with some of the reasons for his departure including inefficient governance, backsliding state capacity, ruinous policies, and unproductive implementation strategies, decentralized urban service delivery has not improved significantly but instead suffered unprecedented regression. Even though Mugabe is no longer in office, the service delivery challenges associated with his legacy refuse to go away. In fact, if anything, the failures of local government are increasingly mirroring those in national government decline, reflecting a much bigger problem underlying public sector inefficiencies across all three tiers of government. The service delivery situation under the Second Republic led by ED is as undesirable as it was during the First Republic led by Mugabe. The question then arises what needs to be done to turnaround the undesirable situation.

The entry suggests how, through cooperative management, local government can work together with provincial and metropolitan councils and national government to improve public service delivery. Specifically, the entry, in the context of facilitating good policy formulation, implementation, monitoring, and evaluation of devolved government, recommends what can be done to restore key elements of effective urban service delivery. In this regard, the entry focuses on water supply, road construction and maintenance, primary health care, and solid waste management as the key service delivery functions of urban government. In doing so, the entry assesses the scale and scope of the challenges, opportunities, and needs in Zimbabwe's devolved urban service delivery systems.

## Water Supply

It goes without saying that water is life. The improved sources of water that urban local authorities are unable to deliver satisfactorily comprise (a) piped water, (b) public taps, (c) stand pipes, (d) tube wells, (e) boreholes, (f) protected dug wells and springs, (g) rainwater, and (h) bottled water (AFDB 2019). As a result of inadequate supplies of safe drinking water, urban dwellers now face a situation where there may be a serious public health risk from people drawing water from substitute supplies that are unsafe such as polluted river water and unprotected wells. In fact, the severity of the problem is evident. In 2018, 2019, and early 2020, the neglect of the water infrastructure was a major factor in the outbreak of cholera and other waterborne diseases reported in Harare, Chitungwiza, and Gweru, among other

major cities and towns. Sustainability of human urban settlements through water supply is undermined by the country's domestic inflation rate; standard water prices set by government and meager investment into this area remain a primary concern as there is a big gap between the demand for water and its supply. Currently, urban councils' cost of supplying water vastly supersedes the revenue they generate from its customers (AFDB 2019).

Urban councils also have to contend with erratic, inefficient, and at times chaotic national government review of water supply policies. A case in point is when the Mugabe-led ZANU-PF government transferred in 2004, without consultation, rigorous policy review, and comparative analysis, the water supply function from opposition-run cities and towns and bequeathed it to the Zimbabwe National Water Authority (ZINWA), an inefficient, corruption-ridden, and bureaucratic state enterprise. After 4 years of infrequent water supply, stagnated capital development, and declining service, water supply reverted back to urban local government in a process characterized by chaos, confusion, and lack of accountability. In both instances, the transitions were "carried out without adequate preparatory work that led to both loss of more production capacity and a further deterioration of the services" (Mapfumo and Madesha 2014). Even after water supply returned to urban councils, there is still overlapping responsibility and lack of clarity between the ZINWA and local boards (the lowest classification of urban councils in Zimbabwe) over who is responsible for water service provision at this level. Eight ministries are also involved in the issue of water supply at this level.

The other problem is that national government encroachment and politicization of urban water supply is making an already bad situation desperate. At the height of elections campaign in 2013, former ZANU-PF Local Government minister Ignatius Chombo issued a directive ordering local councils to write off water bills and other charges amounting to US$2 billion in revenue owed by city dwellers for the period between February 2009 and June 2013 (Zaba 2013). This negatively affected scheduled expansion of water supply and sewer reticulation, and urban councils are still hurting from the consequences of that impromptu policy. Worsening the situation is that national government forbids local councils to apply efficient water pricing policies (Marumahoko and Fessha 2011).

It helps that urban water supply is guided by the neoliberal values of cost recovery, liberalization, and deregulation as good bases for ensuring that water services can be provided to all citizens at an affordable price and that there is water quality protection. It is also important that water pricing is increasingly seen as an acceptable and viable instrument of public policy underpinned by good governance, the rule of law, and accountability. In particular, the main objectives of water pricing should include the following: (a) creation of incentives for efficient water use, (b) cost recovery in the water sector, and (c) financial sustainability for urban water supply systems (Rosegrant and Cline 2002). The overall objective is to enable cash-strapped urban councils to raise sufficient funds for necessary infrastructure development and expansion of services to meet intergenerational demand for efficient water supply.

## Road Construction and Maintenance

It is the function of a good road network to facilitate mobility; reduce the cost of transportation; develop trade; promote economic linkages; assist in the integration of various regions within a city; accelerate growth; reduce poverty; and contribute to economic development. The substandard poor state of urban road network is characterized by potholed roads, a lack of maintenance, and a dire shortage of financial resources to build new roads. As a result of the sorry state of the road infrastructure, transporters are losing a lot of money through vehicle maintenance, cars are depreciating at a faster rate, and goods meant for production are being delayed (Zikhali 2017).

Up until 2009, using vehicle license fees, urban councils supported efficient, reliable, and safe transport services. After vehicle licensing was

removed from local councils and given to the Zimbabwe National Roads Administration (ZINARA), a state-owned enterprise created by national government, the capacity of urban councils to invest in the urban road network system suffered decline. The ZINARA has turned out to be an inefficient state-owned enterprise in which huge amounts of money meant for road projects have been lost to inefficiency, corruption, and sleaze. A common complaint is that the ZINARA is not remitting enough money to urban councils for the planning, development, construction, and maintenance of the road network (Nyakudya 2016). Without vehicle license fees and in the face of limited financial resources, local authorities have been struggling in road construction and maintenance. It is important that the collection of vehicle license fees reverts to urban councils to facilitate transparency, accountability, efficiency, and effectiveness in devolved road infrastructure construction and maintenance as was the case before 2009. It is also worthwhile exploring public-private partnerships for urban road construction, rehabilitation, and maintenance.

## Primary Health Care

As the tier of government closest to the people, urban local authorities run health clinics as part of their responsibility to provide essential services and projects for the people and communities at the grassroots level. This is a concurrent function that local government performs in collaboration with national government. Primary health care is encountering many challenges. The difficulties range from health fees that are not cost-reflective to declining spending on the maintenance and refurbishment of infrastructure that is below the required levels.

The deterioration in the primary health-care infrastructure over the past three decades stems from the lack of maintenance of these assets, the review of fiscal policy, and a reduction of government support which saw grants reduced to a trickle and eventually dry up. In the same vein, policy differences, a deterioration of relations with countries from the West, and ill-advised policies saw development partners and non-governmental organizations withhold funding for expanding local health services. Urban councils that were historically reliant on grants supporting devolved health care suddenly found themselves grappling with huge unfunded mandates. An unfunded mandate refers to national legislation that imposes a requirement on state or local governments and fails to provide funding for the cost of implementation or compliance. National government should not offload responsibilities to another tier of government without providing the funding.

The implication is that urban local authorities will need to increase the price charged for health services to cover operating costs that include realistic levels of maintenance spending on health-care infrastructure while at the same time continuing to generate financial surpluses that cover some of the capital costs of these programs. It helps to encourage urban local councils to apply the cost recoverability method used in business to local health-care delivery. A major risk and uncertainty associated with this method despite its potential to reduce the decline in devolved health investment is that the setting of local health fees is subject to regulation by central government.

Even as urban councils provide services at subeconomic levels, national government's thinking seems to be that it is protecting the poor from being excluded in the health-care system (Marumahoko and Fessha 2011). The provision of health services to city dwellers at heavily subsidized rates has serious consequences for the financial position of the utilities, given that national government does not compensate urban local authorities for the subsidized prices. Through financial support from national government, urban local authorities can complement funds from own source revenue so as to guarantee sustainability of service delivery.

## Urban Solid Waste Management

The failure of urban councils in solid waste management is on full display for all citizens to see across the country. It manifests, among other

things, in overspilling public bins, heaps of uncollected rubbish in street corners, clogged drainage systems, infrequent refuse collection, and chronic shortages of refuse collection equipment. This has created an environment where disease-causing vectors thrive, contributing to soil, water, and air pollution and emitting greenhouse gases that cause global warming (Gogo 2018). The problem was evident during Mugabe's rein but appears to have gotten worse under ED's rule.

In general, the capacity of all local authorities, including rural councils, to deliver sustainable service provision has suffered additional decline. The reasons for the sharp degeneration seemingly include worsening economic woes, inflation, depreciation of the Zimbabwe dollar against major foreign currencies, and the rampant closure of companies and associated loss of jobs worsening the unemployment situation. Furthermore, an increase in urban population and solid waste generation has not been matched with sound waste management systems, posing environmental and health hazards particularly to the urban population (Gogo 2018).

The situation is compounded by the fact that both national government and local government are slow in introducing effective policies to address the constraints facing the urban sector in solid waste management The adoption of an inverted pyramid type of management that prioritizes waste reduction, reuse and composting, recycling, and disposal would go a long way in addressing the challenge. Key elements of the strategy could include (a) partnering with non-governmental organizations to increase public awareness of new innovations to engage the challenge such as reuse and recycling; (b) strengthening the capacity of urban local authorities without adequate financial resources by procuring them refuse equipment; and possibly, (c) outsourcing.

Going forward, it is also important that three particular concerns are addressed if devolved service provision is to return to the state it was before independence and, possibly, the early years of majority rule. The first is fixing the weak financial position of urban local authorities through making them more accountable for their own fiscal autonomy, revenue-raising powers, expenditure responsibilities, and borrowing powers, among other measures. In addition, it helps to restore intergovernmental fiscal transfers, unconditional grants, and conditional financial support. Alongside this intervention is the need for the renewal of obsolete equipment and infrastructure to spur service provision. Secondly, policy and institutional initiatives will require support for capacity building. Currently, many service delivery projects and related policies and programs are poorly integrated and not well coordinated and failed in their implementation. It helps to improve the capacities for planning, monitoring, and oversight of all service provisions. Thirdly, there is a need to implement all the constitutional provisions on local government in the 2013 Constitution of Zimbabwe, the objective being to strengthen capacities for service delivery, prioritization, and management.

## Conclusion

Urban local authorities (along with rural councils) are the tier of government closest to the people in the context of decentralized management of local public service delivery. In that vantage position, they are better placed to respond to urban service delivery challenges; design and deliver service provision policies that respond to the needs and interests of people under their jurisdiction; harness localized knowledge to address local challenges; and increase public accountability for the management of urban government public service delivery initiatives. In post-Mugabe Zimbabwe, reforming sluggish urban service delivery is an issue that requires intergovernmental cooperation, support, and solidarity among the three tiers of government following three decades of ruinous local government policies pursued by the former president Mugabe.

Several "dividends" accrue from strengthening the capacity of urban councils to respond to the challenges posed by declining service delivery in cities and towns. First, it increases the image of government as an institution that is

working again following four decades of service erosion and decay. Secondly, through investment in service infrastructure such as roads, primary health-care, water supply, and sewer reticulation systems, urban local councils increase the possibility of the realization of the national policy goals to reduce poverty and increase the quality of life set in the "Vision 2030" policy document. Thirdly, national government support for subnational entities including urban councils is in line with the 2013 Constitution which imagines the three tiers of devolved government working together in collaboration, harmony, solidarity, and cooperation to realize decentralized service delivery, national unity, and economic development.

## Cross-References

► Public Service and Service Delivery

## References

African Development Bank Group (AFBG) (2019) Zimbabwe infrastructure report 2019, Harare. http://www.afdb.org/en/countries/southernafrica/zimbabwe/. Accessed 28 Feb 2020

Gogo J (2018) What could solutions to Zim's garbage problem look like? https://www.herald.co.zw/what-could-solutions-to-zims-garbage-problem-look-like/

Mapfumo A, Madesha WT (2014) Challenges for urban water supply: the case of Masvingo municipality in Zimbabwe. Int J Econ Res 513:1–5

Marumahoko S, Fessha TS (2011) Fiscal autonomy of urban councils in Zimbabwe: a critical analysis. Law Democr Dev 15:1–22

Moyo P, Ncube C (2014) Devolution of power in Zimbabwe's constitutional order: opportunities and constraints. Law Democr Dev 18:289–304

Nyakudya M (2016) Zinara not remitting vehicle licence money to councils. https://www.newsday.co.zw/2016/11/zinara-not-remitting-vehicle-licence-money-councils/

Rosegrant MW, Cline S (2002) The politics and economics of water pricing in developing countries. Water Res Impact 4(1):6–8

Zaba F (2013) Zanu PF's populist policies disastrous. https://www.theindependent.co.zw/2013/09/13/zanu-pfs-populist-policies-disastrous/

Zikhali W (2017) Potholes in Zimbabwe: a hindrance to economic development. Eur J Res Soc Sci 15(2):59–70

# Urban Nonprofit Strategy, Understanding a Mission- and a Market-Based Perspective for

Umar Ghuman
Department of Political Science, Public Administration and Leadership Studies, California State University, Stanislaus, Turlock, CA, USA

## Synonyms

Communities of color; Neoliberalism; Non-governmental organizations (NGO); Third sector organization; Urbanization

## Definitions

Nonprofit organization: A tax-exempt organization that utilizes its revenue and funds towards furthering a social cause and providing a public benefit

Organizational mission: A composed and widely distributed organizational statement by which the organization communicates its purpose to external and internal stakeholders

Marketization: A set of principles and narratives that promote a business and entrepreneurial approach to an organization's strategy

## Introduction

This essay examines the divergent strategic orientations for nonprofit organizations and argues for an equal emphasis on a market-based strategy, rather than just a primary focus on a mission- and values-based strategic perspective for nonprofits that function in diverse, competitive environments with limited resources. Past scholarly research on traditional nonprofit strategy has proposed that strategy should be focused primarily on the mission, vision, and values of the organization, especially since nonprofit organizations

(NPO) are seen as the preservers of society's cultural norms and value systems. Such scholars have argued against recent strategic trends in which nonprofits have increasingly conformed to the requirements of a neoliberal agenda, i.e., they have adapted a market-based business orientation. However, in an increasingly competitive environment for scarcer resources, new research demonstrates the need for a strategic incorporation towards a market-based perspective in which the nonprofit operates in and responds to a multiplicity of environmental pressures, especially for those nonprofits that serve diverse, urban populations and communities of color. Nonprofit organizations in such settings must continually examine their organization's strategies of growth, mission creep, and a shifting external environment to better position themselves from short- and long-term strategic perspectives such that the organizations maintain their strategic advantage and position. Recent research and articles on the topic have begun to emphasize the growing importance of integrating a market-based perspective, one that adopts a more business-oriented strategy while trying to remain aligned with the mission, vision, and values of the organization. This essay will examine both perspectives and argue that, for urban nonprofits working within communities of color, a reconciled approach may be the best option.

## A Mission/Vision/Values-Based Perspective

Nonprofits exist when individuals seek to make a difference in their community. Pandey et al. (2017) cite passion as a crucial component of why leaders seek to start a nonprofit; passion around a particular cause motivates leaders to create an organization that is centered around and promotes the causes associated with that passion (Pandey 2017). The mission of the organization helps in the articulation of this passion. The mission statement thus becomes the means by which the nonprofit communicates its passion to external and internal stakeholders. It is the organization's call to action, its *raison d'etre*. Worth (2012) states:

> Nonprofit organizations are driven by their missions, and those that work in them, as staff or volunteers, are often motivated primarily by their passion for the social purpose that the organization serves. (Worth 2012, p. 167)

Phills (2005) adds emotional and psychological components to the mission. He states "it is the reason why people get up in the morning and go to work in a nonprofit" (Phills 2005, p. 22). Phills (2005) mentions how the mission is instrumental in creating and propagating the social value that in inherent in the mission of the organization and that social value "– whether it is spiritual, moral, societal or aesthetic, intellectual or environmental – is that it transcends economic value. Thus, it is inextricably linked to fundamental human values, which are the basis for intrinsic worth and importance" (Phills 2005, p. 22).

This concept of mission, as the essence of the organization, is different from an organization mandate. Mandates are what the organization is required to perform in order to fulfil its mission or its purpose (Worth 2012). The mission of an organization also forms the basis for the organization's values and vision (Frumkin and Andre-Clark 2000).

Values and vision are initial phases of the strategic planning process and allow the organization to shape future strategy. The vision of an organization is a statement of an idealized, future end state. While this end state may or may not be fully achievable, the vision allows the organization to work towards and plan for a strategic means by which they will accomplish the mission (Frumkin and Andre-Clark 2000). Along with the vision, an organization also makes explicit the concept of a "values system." Values can be considered the "guiding principle" and the "fundamental assumptions" that the organization will have while striving towards its vision (Allison and Kaye 2005). For example, a community arts center and a national symphony may have the same vision and mission, i.e., promoting the performing arts, artistic excellence, and education, but one may value a greater emphasis on local community outreach and development than the other (Worth 2012).

These three key components, mission, vision, and values, establish the prelude to the

organization's long-term strategy and assist the organization in clarifying and cementing organizational mandates, goals, and future milestones (Bryson 2004). This values perspective and the concepts of the values and the mission that the organization ascribes to and informs all aspects of the nonprofit: from leadership development; to employee recruitment; to board development, marketing, and communications; and to capacity and collaboration.

In short, the mission allows leaders to develop aligned short- and long-term strategies that address issues critical to the organization's survival and promotion of its goals. It allows the nonprofit board and the members of the organizations to structure their motivations, their actions, and their strategic interventions such that they support mission-related organizational development. The mission also allows external stakeholders recognize, evaluate and endorse the organization and the causes for which it stands, and provide support (Eikenberry and Kluver 2004).

This values-based outlook is the traditional, de facto strategic position for nonprofit organizations. Nonprofits exist to provide mission-based service/products that market-based for-profit or government organizations either cannot fulfil or do not completely address. They tend to operate in an environment of market failure, i.e., providing goods and services that have either been deemed economically unfeasible from a profitable standpoint. They may also provide necessary goods and services that government entities do not have the expertise, resources, or political will to properly provide.

This above perspective also fuels the argument that nonprofits are more than just organizations that provide much needed advocacy and services to their clientele and the community at large. Eikenberry (2009) argues that nonprofits have become the arbitrators of the values and norms of the society in which they operate. Utilizing resource dependency theory and institutional theory, Eikenberry and Kluver (2004) argue that nonprofit organizations are embedded in "multi-layered and interactive dependencies or the blurring of boundaries among the nonprofit, government and market sectors" (Eikenberry and Kluver 2004, p. 133; Ostrander and Langton 1987). This embeddedness implies that nonprofits continuously interact and coordinate with the political-legal and societal value systems in which they operate (Ostrander and Langton 1987). The relationship is an interdependent one, in which the nonprofits uphold cherished societal norms and value systems and society provides support and legitimacy to the actions of the organization. Due to this reciprocal, interactive, and dynamic relationship, nonprofit organizations affect their internal and external stakeholders in ways more significant than just being organizations that provide care and advocacy. Nonprofits are considered progenitors of cultural values and norms: that their influence is instrumental in society maintaining its cultural norms and values systems (Eikenberry 2009). Nonprofits provide expression to the "social, philosophical, moral or religious values of their founders and supporters" (Jeavons 1992, p. 403; Eikenberry and Kluver 2004). As a result, nonprofits become "guardians and promoters of values that are esteemed in the societies in which they exist and operate" (Eikenberry and Kluver 2004). Their service and their advocacy are responsible for upholding such values and their interactions with the systems in which they operate make them more than just service organizations (Jeavons 1992).

Scholars that advocate for the above-described mission/vision/values-based perspectives feel that the perspective that will be discussed next in this essay, the marketization-based perspective, is at odds with and diminishes the societal values impact that nonprofits create and maintain. Additionally, scholars aligned with such an approach have assumed that a marketization approach may actually decrease philanthropic spending and philanthropic contributions, as they continually move away from mission (mission creep) and focus on building market share and enhancing performance. However recent data about the state of philanthropic giving suggest that giving has consistently increased over the years (Giving Statistics 2018). In fact, according to the website philapthropyroundtable.org, charitable giving in the USA is seven times larger in 2016 than it

was in the in1950s. Even after adjusting for inflation, per capita, the average American household gives twice as much in charity now than it did in the 1950s. During this time the onus has been on nonprofits to adopt pro-market strategies and engage in higher levels of social enterprise (Rainey 2014; Kesler 2011; Drucker 1990). This implies that there may be some value to examine the marketization perspective of the nonprofit sector.

## Nonprofit Marketization

Eikenberry (2009) and Simpson and Cheney (2007) define marketization as a set of principles and narratives that promote a business and entrepreneurial approach to an organization's strategy; marketization encourages organizations to adopt capitalist, for-profit-like strategies in order to create funding and revenue streams that allow the organization to fulfill its mission-based strategic objectives. According to some, marketization may be a necessary "evil"; public and nonprofit organizations operating in highly marketized environments must react to prevailing "market" forces by adapting their strategies, frameworks, and structures to environmental pressures in order to survive and thrive. Such an approach implies that the organization adapts and responds to normative and mimetic isomorphic pressures, i.e., the pressure on organizations to conform to the current organizational "standard of success" (Dimaggio and Powell 1983). Consequently in a capitalist, pro-market environment, organizations may implement business-based strategic approaches (marketization practices) that legitimize their actions, and legitimize the organization (Eikenberry and Kluver 2004; Stivers 2000; Deephouse 1996, 1999; Meyer 1991).

Stivers (2000) argues that the prevailing belief and faith in capitalism is governed by a neoliberal agenda that is becoming increasingly prevalent in the current public and nonprofit environment, an agenda in which a capitalist, free market emphasis on organizational activity and strategy is endorsed and promoted. Nonprofits that embed themselves in a neoliberal ideology become focused on demonstrating their business acumen and business-like growth strategies and engage in funding activities that encourage transactional behaviors with their donors, so that donors receive goods or services in exchange for donations; in other words revenue is generated that is not just a one-sided donation by a benefactor but implies an economic transaction. In this neoliberal environment, nonprofits are being encouraged to engage in greater levels of social entrepreneurship, i.e., the creation of goods and services that allow nonprofits to create additional revenue streams from the sale of the aforementioned goods and services and to use those revenue towards their operational and strategic mission activities.

The theoretical underpinning of why nonprofits become more market-like in their actions, structures, and philosophies can also be attributed to resource dependency theory where organizations react to prevailing market forces by adapting their strategy, structure, and processes to reduce environmental uncertainty and dependance on the external environment (Hillman et al. 2009). Thus, when faced with increased competition for scarce resources (such as donors), organizations take actions to manage these resources as best as they can. In a neoliberal environment, where business like practices are seen as positive and emulative, nonprofits organizations may have little choice but to adopt them to survive.

Scholars argue that a normative agenda of neoliberalism has pervaded both the public and nonprofit sectors, such that the adoption of "business-like" practices has become a requirement; thus, the institutionalization of the business environment necessitates conformity so as to receive support and legitimacy. This is an important issue to recognize because it lays bare the inherent tension that nonprofit organizations must face: to remain true towards their internal mission and vision constraints and yet respond to external normative pressures of conformity and required institutional isomorphism.

Eikenberry 2009, Stivers (2000) urges nonprofits not give in to such a perspective. Past scholarship on marketization of the public and nonprofit sector has theorized the following negative consequences:

- Since marketization emphasizes a neoliberal agenda, it is detrimental to democratic values. Marketization places a focus on entrepreneurialism, and the individual self-interest, which is incompatible with democratic citizenship and collective action for public interest.
- Marketization and commercialization trends compromise the civil society roles of the nonprofit sector as guardians of values as service advocates and as builders of social capital.
- It is also detrimental to the collaborative relationship that nonprofits build between the citizen and public administration. Nonprofits serve as a training ground for citizenship and promote the idea of the collective good. Adopting a market-based perspective compromises this view of citizenship and does not build the values of citizenship and collective goodwill that are inherent to nonprofits and the public sector.
- Marketization would blur the boundaries of the public, private, and governmental sectors, further obscuring nonprofit missions and values.

## The Necessity of a Market-Based Perspective

Current trends of increased competition and scarcity of resources indicate that nonprofits seeking to maintain viability may actually benefit from adapting to these new realities in which increasing competition for market share and resources and a focus on demonstrating organizational survival and success drives resultant strategy (Drummond et al. 2000). Nonprofits face a quandary in which they must stay focused on the values and norms they seek to share and propagate and at the same time have the strategic ability to adapt to shifting external environment, and changing funding and resourcing trends that require faster strategic reconceptualization, and also possess a focus on responding to a market-normed environment (Hwang and Powell 2009; Cooney 2006). As Sanders (2015) and Weisbrod (1998) point out, nonprofits tend to operate in an environment of competing responsibilities that are at odds with each other, i.e., "maintaining and unprofitable social mission alongside the constant and often stringent imperatives or operating within a market economy" (Sanders 2015, p. 205). Sanders (2012, 2015) goes far enough to add that such a tension is an integral feature of the nonprofit and that resolution of such a tension may only occur if the sector either compromises its nature or breaks with the requirement to be financially solvent. Sanders (2015) frames this dilemma as a "mission-market tension" and emphasizes that it is a salient issue that nonprofits grapple with on a constant, almost daily basis.

In addition to the mission-market tension, there are a number of reasons why nonprofits are increasingly adopting organizational strategies that require both higher levels of professionalization of practices (also known as rationalization) and more of a business-like approach. One of the main reasons is that nonprofits exist and operate *within* a for-profit market environment, i.e., in environments which require regular transactions with for-profit enterprises (Drummond et al. 2000). In such an environment, "images of successful organization are based on enterprise and corporate practice" (Sanders 2012; p. 207), and these images, attitudes, and practices become the normative understanding of what constitutes a successful organization. In order to practice within an environment that values such corporate customs, nonprofits adopt a strategic orientation and mode of professionalism that imitate the normative standard. Dimaggio and Powell (1983) term such behavior as "mimetic isomorphism," i.e., when an organization imitates another's structure/strategy paradigm because of the assumption that such imitation of the latter organization is beneficial to the former's survival.

Maier et al. (2016) mention the tension in the nonprofit sector between the two positions of the values orientation and the marketization perspective:

> Scholarly attitudes towards these changes diverge. On one hand management and organization studies play a decisive role in promoting the adoption of business-like practices. On the other hand, researchers criticize the mission drift and the loss of idealism. Literature on this topic is fragmented, because research is conducted under a multitude of similar, yet distinct concepts (e.g. commercialization,

> managerialization, professionalization). The range and complexity of these concurrent notions make it challenging for scholars to position their work in a larger context, to build on previous findings, and to identify research gaps. (Maier et al. 2014, pp. 64–65)

Another main reason is that the distinctions between private, nonprofit, and governmental organizations continue to become increasingly blurred and vague, i.e., a blurring of the sectors (Rainey 2014; Weisbrod 1998; Weisbrod 1997). An increasing number of nonprofit organizations perform functions that were previously performed by government entities, and conversely a number of for-profit organizations have entered into arenas that were previously held by either government or nonprofit organizations, or a combination of the two (Rainey 2014). The implications of these increasingly blurred boundaries between the sectors are that nonprofits cannot rely on certain markets exclusively being their operational domain and thus not have the ability to establish dominant norms and values of normative practice, procedure, and strategy. In this blurred environment, nonprofits must compete with each other and with for-profit enterprises for government or private funding, i.e., an increased competition for scarcer resources. Additionally, as Rainey (2014) points out:

> Like government agencies, many nonprofits obviously have no profit indicators and often pursue social or public service missions, often under contract with the government (Weisbrod 1997). To further complicate the picture, however, experts on nonprofit organizations observe a trend towards commercialization of nonprofits, by which they try to make money in businesslike ways that may jeopardize their public service missions (Weisbrod 1998). (Rainey 2014, p. 59)

## Dilemma of Nonprofit Organizations in Urban Environments

The role of the nonprofit in urban environments, i.e., cities with large, highly diverse populations, requires that nonprofits address the needs of the urban center within which they operate while competing for limited resources with other organizations such as other nonprofits as well as private organizations (Barman 2002; Frumkin and Andre-Clark 2000). For nonprofit organizations navigating mission, strategy, and increased competition for resources can be especially challenging. Hula and Jackson-Elmoore (2000) consider the case of the cities of Baltimore, Detroit, and Los Angeles. All three cities are large urban centers with significant African-American populations. African-Americans make up the majority race demographic in Baltimore and Detroit and are over 20% of the population in Los Angeles. Hula et al. (1997) showcase that nonprofits in these communities had to strategize in a multiplicity of methods, moving away from just defining and promoting social value and social missions, but also incorporating a broad policy and economic strategy agenda that involved working with public and business agencies to define values, promote urban and economic development, and provide advocacy to both social issues and issues of urban and economic development. These organizations had to be more than just nonprofits. They had to navigate and straddle not just their immediate operating environments but encompass the understanding that they were now working in those "blurred sectors" that Rainey (2014) points towards. They could no longer just operate on their core mission and core competencies but had to incorporate political and economic contexts. Hula et al. (1997) and other scholars have pointed to a "shrinking of the public sector": that the lack of urban and economic development, the lack of economic opportunities, and the reduction of services provided by the public sector in urban communities of color have required that nonprofits that serve these communities work to address gaps caused as a result of the failure of the private and public sector. Nonprofits in such urban environments become more than just entities fulfilling societal needs and promoting values that result from market failure. They also have to do more than promote and uphold the communities' social norms and values. They are responsible for the urban and economic development of these communities. Such a responsibility implies that they approach their core mission and competencies for both a values-based and a market-based perspective.

Thus, Hula et al. (1997) were able to demonstrate that nonprofits in complex urban environments need to respond to dynamic environmental markers such that the nonprofit shifts away from its traditional roles as an organization that endorses and promotes societal values and shifts towards a more encompassing role that includes urban development, including the development of local businesses and promoting policy change. Hula et al. (1997), Salamon (1987), and Salamon and Anheier (1992) point out that the role of nonprofits have evolved in societal development as a response to market and governmental failure. They (Hula et al. 1997) state:

> It is hardly surprising that there appears and increasing interest in having the nonprofit sector engage long term and short-term economic problems, given widespread capacity cynicism about the capacity of government. Such cynicism is particularly strong in our nation's large cities, which are viewed by many cities as citizens as essentially ungovernable.

Additionally, McKinley-Floyd and Shrestha (2008) mention that philanthropy for communities of color is sophisticated and segmented. African-Americans tend to engage philanthropy in four key strategic avenues: education, sociopolitical empowerment, racial equality, and socioeconomic empowerment. The goals while promoting societal values also demonstrate that engaging philanthropy in communities of color focuses on developing education infrastructure, promoting civil rights, and also stimulating increased business and economic development. Nonprofits that seek to engage communities of color in urban environments need to be cognizant of such segmentation and engage in persuasive and marketization strategies that demonstrate their ability to positively affect such goals: through the strategic involvement of their organizations in such causes. Thus this paper proposes a multipronged approach that includes both an emphasis of values but also one where market-based strategy and outcomes may be better options for nonprofits working with communities of color in urban environments.

The above implies that the nonprofits in urban communities of color need to have more sophisticated messages and strategies. Messages that encompass a values-based outlook, and a strategic orientation that is able to respond to the needs of the community, especially as they relate to economic development. As mentioned earlier in this paper, such dynamic environments require an equally dynamic conceptualization of nonprofit strategies. Strategies that maintain a focus on the social mission but concurrently operate within the requirements of the market economy. As this paper has noted, scarcity of resources and dynamic environments require attention on responding to marketization (Hwang and Powell 2009; Cooney 2006). Sanders' (2015) "mission-market tension" is a salient issue in these environments and one that such nonprofits must continually address.

## A Reconciled, Multipronged Approach for Urban Nonprofits

Urban nonprofits need a strategic response that encompasses both a values-based and a market-based perspective. Recently scholars have been proposing that nonprofit leadership move past a mission-versus-marketization approach, but instead appreciate the value of both perspectives. Some have called for the recognition of other factors that may unavoidably steer the organization towards a more marketized perspective. For example, Hwang and Powell (2009)'s study on the professionalization practices in nonprofit organizations demonstrated that if an nonprofit has a mission that requires higher levels of expertise and professionalization (such as a large hospital), it may then be that the organization has to work within a market-based environment and as a result be more driven towards business-like practices. Similarly, larger organizations that may require highly levels of bureaucracy and professional practice tend to adopt greater levels of managerial professionalism and rationalization of practice (i.e., act in a more corporate manner). A quote that Hwang and Powell (2009) use from their interview with the director of a large art museum reveals the need for a marketized perspective:

> I had to surround myself with people who came from business. I have a deputy who has a very strong business background. He used to be a banker. And then the younger people I have been hiring come from the new wave of MBAs that are getting into the nonprofit sector and are very strategic in terms of how you set your mission, your vision, your goal. (Hwang and Powell 2009, p. 285)

Hwang and Powell (2009) also point out that organizations that receive funding from foundations also face institutional and normative pressures of isomorphism. Funding from such organizations (a number of which receive substantive funding from or are linked with private organizations) comes with sets of structural and reporting requirements. These requirements may necessitate a more business-like, market-forward strategic approach to demonstrate viability such as long- and short-term strategic planning, market outreach, fundraising portfolio, and other means of measuring if the nonprofit will utilize funds granted in an efficient and effective way, in other words a measure of the ROI (return on investment) for the foundation.

The above issues elaborated in this and past sections of this essay necessitate the understanding that nonprofits need to reconcile both their mission-based and market-based strategies. Recent scholarly research has begun to point towards such a perspective. Maier et al. (2016) review 599 articles on the issue of nonprofits becoming "business-like," and they find that there is an increasing prevalence of business-like strategic orientations in nonprofits. They advocate for a measured approach: one where each nonprofit examines its external and internal environments, its internal structure, and processes and adapts its strategic mix of mission- and market-driven approaches to a combination that best suits it. A reconciled approach in which the nonprofit recognizes the positive as well as the tradeoffs of each of the two strategic orientations (mission and market based) and creates a more nuanced, resultant strategy. Current trends of rapidly increasing competition and environmental change in the nonprofit sector have created the sense that in order to survive, nonprofits have had to focus on values that were more aligned with the private, for-profit sector, i.e., competition for scarce resources, a "customer-centric" responsiveness, market capitalization, and a streamlined, lean, and pro-efficiency perspective. This new landscape implies that nonprofits must continually reexamine their strategy, their environments, and their organizational structure such that they are congruent with the evolving needs and expectations of their stakeholders. Nonprofits should be able to critically examine their mission, vision, and value statements, as well as other critical competencies and align them with current and anticipated needs. Additionally, the increased use of social entrepreneurship strategies among nonprofits and their increased relationships with for-profit organizations imply that nonprofits have had to proactively implement marketization strategies that include increased commercial revenue generation and results-oriented economic ROI (return on investment)-oriented patterns of behavior. As the above demonstrates, recent research and data trends tend to no longer support that marketization is a negative strategy that ought to be avoided, but one that is strategically utilized towards the organization's mission and long-term survival. It needs to be noted that the reconciled approach that this essay advocates for does not imply that nonprofits abandon their mission orientation, their vision, or the set of values that make them unique and essential to societal impact and the preservers of cultural norms. Instead, it calls for a measured, relativistic approach, where nonprofits recognize the value of both perspectives.

## A Reconciled Approach to Training for Minority Nonprofit Leadership

One of the implications of a reconciled approach for nonprofit strategy is the issue of developing training programs for minority employees interested in leadership positions. There is a large area of research that demonstrates that minorities and POC (people of color) working at nonprofit organizations have encountered differences in the amounts of training they receive and as a result are at a disadvantage when they try to move into

leadership and top management team positions. The Race to Lead project (Project 2019) states that there is a substantive racial gap in leadership in nonprofit organizations. The project research demonstrates that the percentage of people of color (POC) in executive leadership has remained at under 20% for the past 15 years, even though the USA continues to become an increasingly diverse nation. Past research has shown that nonprofit staff that self-identify as people of color (POC) and ethnic minorities have consistently rated that they receive less training than their white counterparts. Thomas-Breitfeld and Kunreuther (2017) point out that compared to staff that are white, minority staff regularly report receiving less levels of training especially in leadership and development. According to the authors, the same staff report that they feel that the largest gaps in training are in fundraising, staff development, and board development such that the board was able to connect the organization to greater sources of revenue (Yung et al. 2008). Yung et al. (2008) also point out a similar issue. In their assessment of 659 organizations that served ethnic minority groups, the authors found that the most substantive need was in "revenue-generating activities, marketing and public relations, information technology training, program evaluation, and board leadership development. The limited ability of these organizations to pay for the needed assistance creates challenges for planning approaches to meet these vital needs" (Yung et al. 2008, p. 382). Such results suggest that leadership training and development for minorities not only address racial gaps but that the training include both a values-based and a market-based approach that allows trainees to recognize the importance of fundraising, revenue generation, and board development.

Contextualizing the above arguments for leadership training in an urban context is furthered by research that demonstrates that nonprofits in communities of color are already beset by less access to financial and other resources. As Adetimirin (2008) points out:

> With public funding cuts, minority-led nonprofits face the additional challenge of serving a population that has fewer financial resources to contribute to organizations that serve them. Moreover, recent studies show that foundation grantmaking for ethnic minorities is low and is not growing at the same rate as overall giving. (Adetimirin 2008)

Thus a lack of adequate leadership training and training in a market-based growth and sustenance approach for minority nonprofit leaders has severe implications for communities of color and urban environments where nonprofits tend to have leaders that reflect the ethnic diversity of the populations they serve. Providing minority leaders with training in both mission-based and market-based approaches would be beneficial for the communities they serve as well as promoting greater diversity among nonprofit leaderships and nonprofit boards.

## Conclusion

This essay proposes a reconciled model of the strategic process for nonprofit organizations. It examines past critical literature on strategic orientations and evaluates the works of past scholars who have dissected and critically analyzed the process from either a pro-marketization or a pro values perspective. It recommends a reconciled model allowing organizations to critically assess both sides of the proverbial coin. Thus, this paper explores the examination of marketization issues such as the relevance of current MVVs (mission/vision/values), core competencies, and efficiencies and yet also recognizes value and social advocacy factors that need to be synchronously studied during the strategic process. The paper acknowledges the inherent structural tension within current nonprofit organizations: as to whether to become entities of marketization and examine issues of reinvention and strategic adaptation on a continual basis (Durst and Newell 2001; Akingbola 2006) or maintain their traditional and lauded role of being "value guardians," generators of social capital, and proponents of service and advocacy (Eikenberry 2009). The author posits that by examining both such conceptualizations, organizations can exploit this inherent tension for their own benefit in formulating a model and an ensuing strategy that allows

for the absorption of the key elements of both approaches. Such an approach is especially salient in urban environments that are affected by dwindling resources and a crisis in trained leadership. Based on the reconciled model, the paper also proposes how to adjust and advance leadership training for minority employees in the nonprofit sector.

## References


Adetimirin AG (2008) Crisis in black nonprofits. Network J 15(9):10

Akingbola K (2006) Strategy and HRM in nonprofit organizations: evidence from Canada. Int J Hum Resour Manag 17(10):1707–1725

Allison M, Kaye J (2005) Strategic planning for nonprofit organizations. Wiley, Hoboken

Barman EA (2002) Asserting difference: the strategic response of nonprofit organizations to competition. Soc Forces 80(4):1191–1222

Bryson J (2004) Strategic planning for public and nonprofit organizations, 3rd edn. Jossey-Bass, San Francisco

Cooney K (2006) The insitutional and technical structuring of nonprofit ventures: case Stidy of a U.S. hybrid organizations cauight between two fields. Voluntas 17:143–161

Deephouse D (1996) Does isomorphism legitimate? Acad Manag J 39:1024–1039

Deephouse DL (1999) To be different, or to be the same? It's a question (and theory) of strategic balance. Strateg Manag J 20(2):147–166

Dimaggio P, Powell W (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48:147–160

Drucker P (1990) Managing the nonprofit organization: principles and practice. HarperCollins, New York

Drummond G, Ensor J, Laing A, Richardson N (2000) Market orientation applied to police service strategies. Int J Public Sect Manag 13(7):571–587

Durst SL, Newell C (2001) The who, why, and how of reinvention in nonprofit organizations. Nonprofit Manag Leadersh 11(4):443–457

Eikenberry A (2009) Refusing the market: a democratric discourse for voluntary and nonprofit organizations. Nonprofit Volunt Section Q 38:582–596

Eikenberry AM, Kluver JD (2004) The marketization of the nonprofit sector: civil society at risk? Public Adm Rev 64(2):132–140

Frumkin P, Andre-Clark A (2000) When missions, markets, and politics collide: values and strategy in the nonprofit human services. Nonprofit Volunt Section Q 29:141–163

Giving Statistics (2018) Retrieved from charity navigator: your guide to intelligent giving. https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=42

Hillman AJ, Withers MC, Collins BJ (2009) Resource dependence theory: a review. J Manag 35(6): 1404–1427

Hula RC, Jackson-Elmoore C (eds) (2000) Nonprofits in urban America. Greenwood Publishing Group, Portsmouth

Hula RC, Jackson CY, Orr M (1997) Urban politics, governing nonprofits, and community revitalization. Urban Aff Rev 32(4):459–489

Hwang H, Powell WW (2009) The rationalization of charity: the influences of professionalism in the nonprofit sector. Adm Sci Q 54(2):268–298

Jeavons TH (1992) When the management is the message: relating values to management practice in nonprofit organizations. Nonprofit Manag Leadersh 2:403–417

Kesler G (2011) What business can learn from the nonprofit (and vice-versa): drucker revisited. People Strategy 34(3):40–44

Maier F, Meyer M, Steinbereithner M (2016) Nonprofit organizations becoming business-like: a Systemartic review. Nonprofit Volunt Section Q:64–86

McKinley-Floyd L, Shrestha N (2008) Segmentation strategies for non-profits: mining the emerging market of "black gold". Journal of Business & Industrial Marketing

Meyer JW (1991) The new institutionalism in organizational analysis. In: The new institutionalism in organizational analysis. University of Chicago Press, Chicago, pp 41–62

Ostrander SA, Langton S (1987) Shifting the debate: public/private sector relations in the modern welfare state. Transaction Books, New Brunswick

Pandey KP (2017) Do mission statements matter for nonpfrofit performance. Nonprofit Manag Leadersh 27: 389–410

Pandey S, Kim M, Pandey SK (2017) Do mission statements matter for nonprofit performance? Insights from a study of US performing arts organizations. Nonprofit Management and Leadership 27(3):389–410

Phills J (2005) Intergrating mission and strategy for nonprofit organizations. Oxford University Press, New York

Project BM (2019) Race to lead revisited: obstacles and Opportunities in Addressing the Nonprofit Racial Leadership Gap. Retrieved from www.racetolead.org: https://racetolead.org/race-to-lead-revisited

Rainey H (2014) Understanding and managing public organizations. Jossey-Bass, San Francisco

Salamon LM (1987) Of market failure, voluntary failure, and third-party government: Toward a theory of government-nonprofit relations in the modern welfare state. Journal of voluntary action research 16(1–2):29–49

Salamon LM, Anheier HK (1992) In search of the nonprofit sector. I: The question of definitions. Voluntas: International Journal of Voluntary and Nonprofit Organizations 3(2):125–151

Sanders M (2012) Theorizing nonprofit organizations as contradictory enterprises: understanding the inherent tensions of nonprofit marketization. Manag Commun Q 26:179–185

Sanders ML (2015) Being nonprofit-like in a market economy: understanding the mission-market tension in nonprofit organizing. Nonprofit Volunt Sect Q 44:205–222
Simpson M, Cheney G (2007) Marketization, participation and communication within New Zealand retirement villages: a critical-rhetorical and discursive analysis. Discourse Commun 1:191–222
Stivers C (2000) Bureau men, settlement women: constructing public administration in the progressive era. University Press of Kansas, Lawrence. KS
Thomas-Breitfeld S, Kunreuther F (2017) Race to lead: confronting the Nonprofit Racial Leadership gap. Retrieved from www.racetolead.org: https://racetolead.org/building-movement-project
Weisbrod B (1997) The future of the nonprofit sector: its entwining with Private Enterprise and government. J Policy Anal Manage 16:541–555
Weisbrod B (1998) The nonprofit mission and its financing: growing links between nonprofits and the rest of the economy. In: Weisbrod B (ed) To profit or not to profit: the commercial transformation of the nonprofit sector. Cambridhe University Press, New York, pp 1–24
Worth MJ (2012) Nonprofit management: principles and practice. Sage, Thousand Oaks
Yung B, Leahy P, Deason L, Fischer R, Perkins FC, Sharma M (2008) Capacity building needs of minority Helath nonprofits. Eval Program Plann 31(4):382–391

# Urban Planning Environment in Haiti: Pre and Post 2010 Earthquake

Natacha J. Yacinthe
Administration Seaport Planning at Broward County Port Everglades, Hollywood, FL, USA

## Abbreviations

| | |
|---|---|
| AFD | French Development Agency |
| ARC | American Red Cross |
| CHF | Cooperative Housing Foundation (currently Global Communities) |
| CIAT-ST | Inter-ministerial Commission for Regional Planning – Technical Secretariat |
| CNUEH-Habitat | United Nations Center for Human Settlements-Habitat |
| CONADEP | National Planning Development Council |
| FRH | Haiti Reconstruction Fund |
| IBIDAA | IBI Group Daniel Arbor and Associates |
| IDB | Inter-American Development Bank |
| IHSI | Haitian Institute of Statistics and Computer Science |
| MICT | Ministry of the Interior and Territorial Communities |
| MPCE | Ministry of Planning and External Cooperation |
| MTPTC | Ministry of Public Works, Transport and Communications |
| SODADE | Planning and Development Company |
| SPU | Urban Planning Service/MTPTC |
| UCLBP | Housing and Public Building Construction Unit |
| UNDP | United Nations Development Program |
| UN-Habitat | United Nations Habitat Organizations |
| USAID | United States Agency for International Development |
| WB | World Bank |

## Synonyms

City planning/town planning; Expansion; Growth; Haiti; Improvement; Urban design; Urban development; Urban planning

**Urban Planning**, also referred to as, **urban and regional planning**, **regional planning**, **town planning**, **city planning**, **rural planning**, **urban development**, **physical planning**, **urban management** or a similar combination in various areas worldwide, is a technical and political process that is focused on the development and design of land use and the built environment, including air, water, and the infrastructure passing into and out of urban areas, such as transportation, communications, and distribution networks.

Typically, there are three actors that have main roles in urban planning, namely the decision-makers/policy makers, the technician/planners, and the users/community stakeholders.

**Planned city/community** is any community that was carefully planned from its inception and is typically constructed on previously undeveloped land. Some examples include Gaborone, Botswana, Wolfsburg, Germany, Sparta, Greece, and Saint Augustine, FL.

## Introduction

Haiti is a densely populated island nation located in the Caribbean, and unequivocally Haiti is the first Caribbean island planned community/country created and developed by freed slaves beginning in the late 1700s to the present day.

It took over a decade for the Haitian people to obtain their independence after the slave revolt and soon after what begin was a movement toward country unification. This process, movement, collaboration among the almost slaves can be identified as planning, although not in the traditional sense but nonetheless it was a form of planning with intent. What begin was over 215 years of what I would coin as passive/intentional conscious planning. The collective acceptance of the Haitian people to create a nation that possess all the required survival apparatuses at that that time. In Haiti, Planning had been analogous to top-down and centralized. It was not until the forced 19-years invasion and subsequent occupations of the United States from July 28, 1915, to August 1, 1934, did the Haitian people lose their autonomous decisions on where land uses, such as housing, road, and other infrastructure will be built. The invasion embodied the complete control and decision-making of international forces of planning in the island. Planning for the next 17 years will then become multicultural with the American forces selecting and appropriating public policies of development and to some extent zoning. When the American invasion ended, numerous rules, statues, orders, decrees, and mandates that were passed remained that were completely ineffectual to the masses and benefited the affluent and the Haitian citizens. There were also public policies embodied in the Haitian constitution that prohibited foreign land ownership. Under the United States invasion, permitted without the mass consent of the Haitian people, foreigners became able to purchase both residential as well as commercial properties.

In as much as American, European, and other nation's commercial industries were located, dominated, and prevailed in Haiti, planning was not bottom-up process and remained an international and centralized activity throughout the nineteenth and part of the twentieth centuries.

The effect of the invasion was specifically impactful to the growth and urbanization of the capital city, Port-au-Prince. Haiti was primally rural with its major economic activities distributed among several seaports where commerce during that time flourished. After the 1915 invasion by the United States, the Americans facilitated the centralization of trade activities to/in Port-au-Prince. A move which has economic and developmentally affected the country due to rapid urbanization of the capital and economic and social reconcentration of rural regions. According to World Bank, today, more than half of Haiti's population lives in the country's cities and towns, a major shift from the 1950s, when approximately 90% of Haitians lived in the countryside/rural regions (Taylor 2018).

Haitian institutions whose mandate relates to planning exist and have changed over time. Physical and territorial planning tools have been developed over the past three decades. Some have been applied, and others have become outdated and ought to be updated and better adapted. Haiti needs to change the paradigm it uses for planning if it is to tackle new urban challenges and confront the issues facing it in the twenty-first century. The entry aims to highlight the most important experiences in the field of town planning and urban development in Haiti before and after the earthquake of January 12, 2010. It discusses traditional thinking and studies on town planning and urban development, before moving on to look at some achievements and success stories as well as presenting the flaws and limits to the existing planning system in Haiti.

## Procedural Theories/Conceptual Framework of Urban Planning Approaches

Urban planning theories/approaches are typically considered procedural since they generally concern itself with the process of planning that occurs and whether the processes are valid. Urban planning processes are either top-down, bottom-up, or sustainable approach. There are nine topmost procedural theories of modern urban planning today consisting of the Rational-Comprehensive approach, the Incremental approach, the Transformative Incremental approach, the Transactive approach, the Communicative approach, the Advocacy approach, the Equity approach, the Radical approach, and the Humanist or Phenomenological approach.

Rational-Comprehensive Planning- The reference framework of urban planning as an approach was consolidated and applied to various disciplines, among them regional and urban development and the so-called Rational-Systemic approach of knowledge being dominated by economists, architects, and planners. The rational planning model is a model of the planning process involving several rational actions or steps. According to Taylor (1998), five steps involve in the rational model, as follows:

- Definition of the problems and/or goals
- Identification of alternative plans/policies
- Evaluation of alternative plans/policies
- Implementation of plans/policies
- Monitoring of effects of plans/policies

The rational planning model has been central in the development of modern urban planning and transportation planning. One key limitation of this model is particularly the lack of guidance on involving stakeholders and the community affected by planning, and other models of planning, such as collaborative planning.

Also referred as the Blueprint model, the Rational Planning movement (1890–1960) emphasized the improvement of the built environment based on key spatial factors. Examples of these factors include exposure to direct sunlight, movement of vehicular traffic, standardized housing units, and proximity to green space. To identify and design for these spatial factors, rational planning relied on a small group of highly specialized technicians, including architects, urban designers, and engineers. Other, less common, but nonetheless influential groups included governmental officials, private developers, and landscape architects. Through the strategies associated with these professions, the rational planning movement developed a collection of techniques for quantitative assessment, predictive modeling, and design. Due to the high level of training required to grasp these methods, however, rational planning fails to provide an avenue for public participation. In both theory and practice, this shortcoming opened rational planning to claims of elitism and social insensitivity.

**Synoptic theory** of planning followed rational comprehensive planning, Lane (2005) describes synoptic planning as having four central elements:

> (1) an enhanced emphasis on the specification of goals and targets; (2) an emphasis on quantitative analysis and predication of the environment; (3) a concern to identify and evaluate alternative policy options; and (4) the evaluation of means against ends. (page 289)

Public participation was first introduced into this model. However, the problem was that the idea of a single public interest still dominated attitudes, effectively devaluing the importance of participation because it suggests the idea that the public interest is relatively easy to find and only requires the most minimal form of participation.

**Participatory planning**- Conscious Participation in planning/participatory planning is an urban planning paradigm that emphasizes involving the entire community in the strategic and management processes of urban planning; or, community-level planning processes, urban or rural. It is often considered as part of community development (Lefevre et al. 2000). Participatory planning aims to harmonize views among all its participants as well as prevent conflict between opposing parties. In addition, marginalized groups have an opportunity to participate in the planning process.

**Incrementalism**- Beginning in the late 1950s and early 1960s, critiques of the rational paradigm began to emerge and formed into several different schools of planning thought. The first of these schools is Lindblom's incrementalism. Lindblom describes planning as "muddling through" and thought that practical planning required decisions to be made incrementally. This incremental approach meant choosing from small number of policy approaches that can only have a small number of consequences and are firmly bounded by reality, constantly adjusting the objectives of the planning process, and using multiple analyses and evaluations.

**Transactive planning**- Friedman (1973) identifies transactive planning as a radical break from previous models. Instead of considering public participation as a method that would be used in addition to the normal training planning process, participation was a central goal. For the first time, the public was encouraged to take on an active role in the policy-setting process, while the planner took on the role of a distributor of information and a feedback source. Transactive planning focuses on interpersonal dialogue that develops ideas, which will be turned into action. One of the central goals is mutual learning where the planner gets more information on the community and citizens to become more educated about planning issues.

**Advocacy planning**-Formulated in the 1960s by lawyer and planning scholar Paul Davidoff (1965), the advocacy planning model takes the perspective that there are large inequalities in the political system and in the bargaining process between groups that result in large numbers of people unorganized and unrepresented in the process. It concerns itself with ensuring that all people are equally represented in the planning process by advocating for the interests of the underprivileged and seeking social change. Again, public participation is a central tenet of this model. A plurality of public interests is assumed, and the role of the planner is essentially the one as a facilitator who either advocates directly for underrepresented groups directly or encourages them to become part of the process.

**Radical planning**-Grabow and Heskin (1973) provided a critique of planning as elitist, centralizing and change-resistant, and proposed a new paradigm based upon systems change, decentralization, communal society, facilitation of human development and consideration of ecology. John Friedmann, in 1987, entered the fray with *Planning in the Public Domain: From Knowledge to Action*, promoting a radical planning model based on "decolonization," "democratization," "self-empowerment," and "reaching out." Friedmann described this model as an "Agropolitan development" paradigm. In "Toward a Non-Euclidian Mode of Planning" (1993) Friedmann further promoted the urgency of decentralizing planning, advocating a planning paradigm that is normative, innovative, political, transactive, and based on a social learning approach to knowledge and policy. Radical planning is a stream of urban planning which seeks to manage development in an equitable and community-based manner.

**Bargaining model**- The bargaining model views planning as the result of giving and taking on the part of a few interests who are all involved in the process. It argues that this bargaining is the best way to conduct planning within the bounds of legal and political institutions. The most interesting part of this theory of planning is that it makes public participation the central dynamic in the decision-making process (McDonald 1989). In the bargaining approach to urban planning, decisions are made first and foremost by the public, and the planner plays a more minor role.

**Communicative Approach**-The communicative approach to planning focuses on using communication to help different interests in the process to understand each other. The idea is that everyone will approach a conversation with his or her own subjective experience in mind and that from that conversation shared goals and possibilities will emerge. Again, participation plays a central role in this model. The model seeks to include a broad range of voice to enhance the debate and negotiation that is supposed to form the core of actual plan making. In this model, participation is fundamental to the planning process happening. Without the involvement of

concerned interests, there is no planning. Bent Flyvbjerg and Tim Richardson developed a critique of the communicative approach. Lane (2005) argues that public participation is largely influenced by how planning is defined, how planning problems are defined, the kinds of knowledge that planners choose to employ, and how the planning context is set.

These primary theories of planning approaches to urban planning are tools that have been used for good practice. However, arguably they may be predominately western based. In Haiti, urban planning processes are highly subjected to central political influences and institutional structures. The process of planning involving many stakeholders, akin to the participatory or communicative approaches, is minimal. Urban planning remains highly central, and the Haitian government including government planners does produce plans while not as publicly available. Development planning in Haiti remain top-down Rational-Systemic approach, where planning is concentrated/centralized and participation by international funding agencies, such United States Agency for International Development (USAID) for project development. The results of the process were directed to the selection of an optimal proposal that would show lower costs and cover the outlined purposes, where the decision was centralized, and the participation of the population was practically null.

## Urban Planning in Haiti Between 1975 and 2005

The institutions in charge of economic and social planning in Haiti are the Ministry of Planning and External Cooperation (MPCE), together with other planning bodies and local government authorities. Under Article 61 of the 1987 Constitution, Haiti's units of local government are defined as the communal section, the commune, and the department.

Planning the physical development of urban areas is the responsibility of the Ministry of the Interior and Local Government (MICT), the Ministry of Public Works, Transport and Communications (MTPTC), the Urban Planning Service (SPU), and local authorities.

The first attempts at formal, deliberate planning by the Haitian authorities responsible for town planning and urban development began during the period from 1975 to 2005. With funding from UNDP and the Haitian state, high-quality urban planning studies made it possible to highlight urban dynamics and the way Haiti's capital and the rest of the country operated. During that period, the Haitian state prioritized urban development of the Port-au-Prince region. The town in Haiti: a concept yet to be defined. It is a paradox that while the town in Haiti has a physical and spatial reality which differentiates it from rural settlements, it is not recognized in law. Nonetheless, it is worth noting that according to official statistical estimates, 52% of the population lived in urban areas in 2015 (IHSI, Population Estimates: 2015). Based on an analysis of satellite images that included identification of the urban foot printing built-up areas, Haiti had an urban population of more than six million people in 2018, equivalent to approximately 64% of its total population (WB: 2018). Hence, the urgency of setting criteria to define towns in the country of Haiti to ensure better control over urbanization. **Town planning and urban development documents**- The key studies marking the beginning of urban development and land use planning in Haiti date back to the *Port-au-Prince Development Plan* (1975–1977, CONADEP-PNUD), the *Land Use Outline* (MPCE-PNUD: 1981), and the 1988 *Port-au-Prince Development Plan* (MPCE – Lavalin).

These urban development and national planning documents were funded by bilateral donors. The quality of the work arises from the fact that they contain the first urban assessments of Port-au-Prince and its metropolitan region, along with strategic recommendations and ways forward for the development of Port-au-Prince and surrounding areas. The 1981 *Land Use Outline* (MPCE-PNUD: 1981), which was drawn up on the basis of urban surveys and an assessment of the use of physical space, was the first review of local assets, development potential and constraints, and of the way urban and rural land is used, carried out at a national level.

This period was therefore one of growing interest at the national level in conducting studies on urban development and land use planning in Haiti which as aimed primarily at highlighting the importance of spatial planning in promoting the coherent and integrated development of Haiti's territory.

In addition to this interest in regional planning promoted by the MPCE, the Ministry of Public Works, Transport and Communications (MTPTC) and the Urban Planning Service (SPU) produced plans for the development and expansion of major Haitian cities such as Cap-Haitian and Gonaïves in the period between 1982 and 1994. In the metropolitan area of Port-au-Prince, development and infrastructure plans were drawn up for the urban areas of Carrefour, Delmas, and Frères. However, it is important to stress that these studies only provided outlines.

Haiti's cities, the administrative centers of each department and several medium-sized towns have, since 1996, benefited from development and expansion plans drawn up during projects supporting municipalities or decentralized cooperation between twin towns. From 1996 to 1998, the *Priority Support to Municipalities project, HAI/94/003* of the United Nations Development Program (UNDP)/United Nations Centre for Human Settlements (UN-Habitat) oversaw the development of urban plans for a number of towns and cities such as Cap-Haitian, Fort-Liberté, Port-de-Paix, Gonaïves, Saint-Marc, Hinche, Miragoâne, Jacmel, Cayes, and Jérémie, although some of the plans, specifically those in Gonaïves, in 2005–2007, and Jacmel, in 2007, were revised a few years later.

Between 2001 and 2003, the *Port-au-Prince Metropolitan Area Development Plan and Program/Urban Initiatives Program for Port-au-Prince* prepared by the Haitian Government and the Interdevelopment Bank (IDB) made it possible to draw up a master plan for the Development of the Metropolitan Area of Port-au-Prince and a Strategic Development Plan.

Between 2005 and 2007, following the flooding of Gonaives brought about by Hurricane Jeanne in September 2004, the town's government drew up the Local Urban Development Plan for the Town of Gonaïves in partnership with the Ile de France Region and CRESFED.

## Town Planning and Urban Intervention After the January 12, 2010, Earthquake

The January 12, 2010, earthquake in Haiti drew attention to the country's extreme vulnerability in the Caribbean region. Following the extensive damage caused by the earthquake, urban planning in Haiti focused on land-use planning for the whole country and post- disaster development plans for the affected towns and areas. A new approach to urban planning in Haiti was developed. Greater importance was attributed to taking natural risks into account as well as to exercising control over land use through the involvement of local communities in the process of planning and local development. Regulatory frameworks were also developed to ensure sustainable and up to standard interventions in the affected neighborhoods. National planning documents were drawn up over this period, including the *PSDH –Haiti Strategic Development Plan/Emerging Country 2030.* (MPCE, IBIDAA: 2015). After the January 12, 2010, earthquake, the national government designed a new framework for urban development and land use management in Haiti. This vision for an emerging country by 2030 and the strategic development guidelines were presented in the Haiti Strategic Development Plan (PSDH). Its objective was to guide public action over the course of 20 years based on four major fields of operation: territorial, economic, social, and institutional reform.

As a follow-up to this, the Ministry of Planning and External Cooperation (MPCE) drew up a *National Land Use* Plan-SNAT (MPCE: 2016). After carrying out a land use assessment and highlighting development challenges, the document presents strategic priorities, each broken down into several objectives. The SNAT serves as a reference document for all planning interventions after the earthquake.

Another report, *"Haiti tomorrow"* (World Bank/ST-CIAT:), is the outcome of strategic thinking about the development of regional plans

for the country. It offers a frame of reference for regional planning and development interventions in Haiti.

These general and strategic documents all point to the importance of Port-au-Prince at the national level, and the role it is envisaged to have in years to come. They also propose decentralization away from the city of Port-au-Prince and moving toward the development and strengthening of regional capitals and medium-sized towns.

*Outline for the Urban Development of the Metropolitan Area of Port-au-Prince* (MPCE/IBIDAA, 2013) is a conventional urban planning document, including an action plan with strategic priorities and projects that should be carried out. It proposes local development actions aimed at ensuring the coherence of urban planning initiatives in Port-au-Prince and its metropolitan area.

**Reconstruction of the administrative center of Port-au-Prince.-**The 2010 earthquake affected downtown Port-au-Prince very seriously, with the destruction of the presidential palace, among other important buildings. The downtown area, which had been the economic, commercial, and administrative heart of the city, was emptied of activity, which moved instead to more peripheral areas.

Though the country is still recovering from the 2010 earthquake, many of Haiti's landmarks dating back to the early nineteenth century remain intact. To address planning, since 2010, a number of studies have been carried out. They include *The Downtown Port-au-Prince Reconstruction Plan* produced by the Prince's Foundation for the Built Environment with technical support from the architectural firm Duany-Plater-Zyberk (DPZ), the outlines of urban plans for 18 towns and plans for 6 development poles produced by the firm IBI/DAA, as well as various proposals for the development of neighborhoods in the Port-au-Prince metropolitan area, the City of Jacmel-Marigot area, and the regions of Les Palmes (Léogane, Petit-Goâve, and Grand-Goâve).

The Unit for the Construction of Housing and Public Buildings (UCLBP), a body which reports to Haiti's Prime Minister, was set up after the earthquake to take charge of the reconstruction of government buildings that were destroyed during the earthquake as well as the construction of new, up to standard housing in Port-au-Prince. As the designated contracting authority, UCLBP has been assigned responsibility for planning, coordinating, and implementing the Port-au-Prince "Administrative City" project.

The Administrative City will once again house the buildings of the vast majority of Haitian government and state institutions in areas declared to be of public utility (DUP of May 20, 2012) in downtown Port-au-Prince – *La Cité Administrative of Port-au-Prince – MPCE-UCLBP-IBIDAA planning guidelines*, 2012.

To assist with implementation of the Port-au-Prince Administrative City project, CIAT's technical secretariat, together with the UCLBP, the MTPTC and Port-au-Prince City Hall have developed regulatory guidelines called a *Minimal Framework for the Development of the Old City Center of Port-au-Prince, Haiti to Protect its Architectural, Urban and Landscape Heritage. (Old center of the city of Port-au-Prince/Regulatory guidelines – CIAT- Port-au-Prince City Hall-MTPTC-UCLBP, 2012/Annotated and illustrated regulatory guidelines, 2013).* These guidelines, issued by Port-au-Prince City Hall, were drawn up to provide a framework for planning and construction projects in the old city center of Port-au-Prince.

The main components of the regulatory guidelines for the old Port-au-Prince city center include regulations to ensure preservation of land that is of national interest. It serves as a reference point for planning the physical reconstruction of the historic center of Port-au-Prince. It represents a considerable step forward in the field of regulation of the reconstruction process that is of interest to the whole nation. As to urban planning at the level of Port-au-Prince district, after the January 12, 2010, earthquake, the main concern was to draw up detailed development plans for certain neighborhoods in the Port-au-Prince area. Post-earthquake development plans for these districts were drawn up jointly by the Haitian state, nongovernmental organizations (NGOs), and bilateral financial institutions. Many studies were carried out with community participation, emphasizing integrated

planning and implementation of priority ad hoc projects.

The *Canaan Upgrading and Community Development Program (CUCD) – Urban renewal for the center of Canaan and its outlying districts/ Project Identification* managed by USAID, the American Red Cross, *Global Communities* and SODADE with the town halls of Varreux and Croix des Bouquets (2016–2017)**,** made it possible to carry out a post-disaster technical assessment of land in the Canaan study area, located on the northern road out of Port-au-Prince. A participatory social assessment, which included strategic planning workshops involving the communities of Canaan, Jerusalem, Onaville, and Saint Christophe opted for the development of a joint urban restructuring plan for the center of Canaan. Priority projects designed in accordance with community expectations were identified and implemented over a 2-year period.

The City of *Delmas 32 Post-Disaster Redevelopment and Restructuring Initiative, Urban Project for Participatory Development – Operational Urban Planning Plan for the City of Delmas 32 (PRODEPUR)* is another program managed by the Ministry of Economy and Finance and the Bureau of Monetization of Development Aid Programs (BMPAD), with the initial study carried out by SODADE (2010–2011). The project made a post-disaster assessment of the Delmas 32 district and put forward a development model based on residents' participation in the planning and urban restructuring process for their neighborhood. Projects for the provision of local services were identified and implemented with the intention of revitalizing the economy and boosting the resilience of the community in Delmas 32.

*The Town of Léogane Communal Development Plan* coordinated by the Economic and Social Assistance Fund (FAES: 2011) provided a post-disaster assessment and detailed review of the social needs of the population of the town and its communal sections, and included strategic guidelines for the relevant communes. Some basic local services were introduced as a result.

Between 2010 and 2018, neighborhood planning studies were carried out, presenting detailed urban assessments of various neighborhoods in the commune of Port-au-Prince: Desprez, Quartier Ti Savann, Christ Roi, Zone Fort National, Grand Ravine, Martissant, Haut de Turgeau, Bas Canapé Vert, Villa Rosa and Sainte Marie, Haut de Turgeau, and Debussy. It is worth noting that these neighborhood development plans cover a significant proportion of the municipality (almost 60%) (UrbAyiti- Expertise France, MICT: 2018). The process of drawing up these neighborhood plans required the support of local community associations, and trust had to be built with the local population while they were being conducted.

One of the most important neighborhood development plans is the *Martissant Development Plan,* produced by the firm ACT-LGL (2012) as part of an AFD project aimed at restructuring Martissant and Baillergeau. Another, the *Carrefour Feuilles Participatory Urban Planning Project*, is an example of a participatory urban development project, which was drawn up in 2012 by UN-Habitat with funding from the Haiti Reconstruction Fund (FRH).

Analysis shows that these neighborhood plans were developed with physical and spatial restructuring and urban planning needs in mind. However, given the level of poverty in some of the neighborhoods studied, implementation became a cosmetic exercise, papering over other serious issues. It is also worth pointing to the fact that the interventions contained in the neighborhood plans were sometimes developed in isolation, without any links to the city of Port-au-Prince. Some of the projects in these local plans have been carried out, while others have not moved beyond the design phase.

## Conclusions: A Change Paradigm to Move into the Twenty-First Century

It is essential that the institutions responsible for urban planning and development define public policies in this field over the medium term, to ensure that the physical development of Haiti's towns and cities becomes more resilient and is up to standard. Moreover, the concept of towns and

their boundaries in Haiti, as well as that of urban space, are based on extremely vague criteria. As a result, it is essential for them to be defined in law as to be able to cope with new urban challenges. Given the extreme vulnerability of the Haitian capital and the hazards to which the country's cities are widely exposed, the Haitian state should, over the short and medium term, continue to plan and implement the urban improvements laid out in the reconstruction plan for Port-au-Prince's Administrative City.

Indeed, the largest reconstruction project in Haiti after the earthquake, the reconstruction of Haiti's National Palace, is due to be carried out at the heart of the capital's Administrative City. To ensure better control of urban management, Haitian municipalities should be provided with an operational planning tool for use in urban settings. In the case of Port-au-Prince, this will involve integrating the new social and land-use challenges facing the city, taking into consideration the studies, and thinking already carried out. The objective of such an approach is to ensure, on the one hand, a coherent, integrated, and operational urban development for the city of Port-au-Prince over the medium and long term; and, on the other, to consolidate the authority of the Port-au-Prince municipality, and of municipal governments in general, over the long-term in matters of urban development.

The competent bodies in the field of urban development should, over the medium and long term, define a framework and procedures to supervise implementation of the new building construction code, which was renewed and consolidated by the MTPTC after 2010. It is also essential to capitalize on social gains made in the practice of participatory urban development in Haiti since 2010. Community participation and involvement in urban and land-use planning processes facilitates greater ownership of urban projects by local people in the medium and long term.

There was legislation on urban development and town planning in Haiti which dates back to June 6, 1963. It is important to highlight the relevant legislation on urban development and town planning establishing special regulations relating to housing and town and country planning with a view to promoting urban development. The law provides a framework allowing for the expansion and development of Haiti's towns. It also proposes a structure for establishing zoning. Although it was passed in 1963, it still provides the legal reference point that is used today in urban planning and development in Haiti. It has become obsolete. It may be of significance if it is updated and adapted to fit the new issues that have emerged and current challenges in the field of planning in urban regions of Haiti.

## Recommendations to Move into the Twenty-First Century

Haiti needs to change the paradigm it uses for planning if it is to tackle new urban challenges and confront the issues the urban areas are facing in the twenty-first century which worsened after the 2010 earthquake due to overpopulation and rapid urbanization.

It may be of significance if it is updated and adapted to fit the new issues that have emerged and current challenges in the field of planning in urban regions of Haiti. Haiti needs to change its urban planning approach. Top-down external funding focus if it is to tackle these urban challenges, namely, the urban planning efforts potential to confront infrastructure gaps and investing in basic services.

- Government planners should involve the residents, citizens, and other stakeholders the decision-making of projects and development of urban plans.
- Determine opportunities and urban planning initiatives post-Covid-19 pandemic era. While to date few cases have been reported for the island nation, urban planners should consider the future development approaches to prepare adequate facilities to handle a potential or similar outbreak.
- Develop and establish governmental, commercial/commerce centers, and mixed-use

development in peripheral areas where there are opportunities and available land.
- Promote/establish an indicative planning approach between government and private sector.
- Adjust the traditional top-down planning towards a bottom-up proposal.
- Decentralize the capital city to provide infrastructure and development along the outer peripheries.
- Haiti has a major and available labor pool. Government should capitalize on that benefit by working to promote, internationally, products such as Haitian art, knowledge, the unique skills, and talent from the populace.

## References

Davidoff P (1965) Advocacy and pluralism in planning. J Am Inst Plann 31(4):331–338
Friedman J (1973) Retracking America: a theory of Transactive planning. Anchor Press/Doubleday, Garden City
Grabow S, Heskin A (1973) Foundations for a Radical Concept in Planning
Lane MB (2005) Public Participation in Planning: an intellectual history. Aust Geogr 36(3):283–299
Lefevre P, Kolsteren P, De Wael M-P, Byekwaso F, Beghin I (2000) Comprehensive participatory planning and evaluation (PDF). IFAD, Antwerp. Retrieved 21 October 2008
Lherisson G (2015) Ministry of Planning and External Cooperation (MPCE) – United Nations Development Program (UNDP). Principles, regulations, and operational tools of Haitian legislation on urban development. Prepared by Garry Lherisson. August 5, 2015
Lindblom CE (n.d.) The Science of 'Muddling Through'. Public Adm Rev. 19 (2): 79–88
McDonald GT (1989) Rural land use planning decisions by bargaining. J Rural Stud 5(4):325–335
Ministry of Planning and External Cooperation (MPCE) (2012) Haiti Strategic Development Plan (PSDH) Emerging countries in 2030
Taylor N (1998a) Urban planning theory since 1945. Sage, Los Angeles, p 3–4. ISBN 978-0-7619-6093-5
Taylor N (1998b) Urban planning theory since 1945. Sage, London, pp 67–68
Taylor N (2018) World Bank. Haitian cities: actions for today with a look at tomorrow – Overview
Taylor N (n.d.-a) Haiti: investir dans l'humain pour combattre la pauvreté Thoughts for informed decision-making, 2014
Taylor N (n.d.-b) 2015. Ministry of Planning and External Cooperation (MPCE) United Nations Development Program (UNDP) Principles

# Urban Policy

Jing Wang
Department of Political Science, California State Polytechnic University, Pomona, CA, USA

## Synonyms

Social policy; Urban governance; Urban management; Urban politics; Urban program

## Definition

Urban policy refers to the cluster of policies that are aimed at influencing the development of urban areas and urban lives. It could be fragmented and diverse in practice due to the fragility of social needs and political institution.

## Introduction

Urban policy is a broad category of policies tackling public problems in urban areas. In the USA, the understanding of "urban area" has been evolving as being reflected in the US Census Bureau's definitions in decennial censuses. For the 2010 Census, "urban(ized) area" is defined as "a statistical geographic entity consisting of a densely settled core" and "contiguous qualifying territory that together have a minimum population of at least 50,000 persons" (p. 15). However, the US Census also gives a more general identification of "urban" as the "densely developed territory, encompassing residential, commercial, and other nonresidential urban land uses within which social and economic interactions occur" (US Census 2010, p. 15). Today, more than half of the world's population are living in urban areas. With the rapid development of urban settlements around the world, it is projected that 70% of the world population will be living in cities by 2050 (UN-Habitat 2014).

The global process of urbanization, which is about the spatial concentration and growth of the

urban population, has presented important opportunities as well as major challenges to many countries. We could list a series of urban problems ranging from distressed public housing to poor transportation, from public health crises to inequitable urban education, and from high crime rate to concentration of poverty; and the list continues. To address these problems, governments of different levels have developed policies and programs to accommodate and manage the process of urbanization in their respective countries. Due to its urban context, history, culture, and other features, each country's urbanization process is different, with varying goals and unique challenges.

There is little shared understanding about what constitute urban policy. The discussion of urban policy has been covering numerous initiatives and programs to create opportunities and welfare outcomes in urban setting (Cochrane 2007a). Because of the complex nature of the urban problems to which urban policies are expected be applied, there is hardly one urban policy that fits all scenarios. However, these ambiguities and inconsistencies give urban policy its importance, as well as reflect the critical role of the cities in social and economic development (Cochrane 2007b). This article explores the definitions and scopes of urban policy, outlines typology of urban policy, and addresses its current trend and challenges, as well as discusses its future development.

## A Coherent Urban Policy?

Urban policy evolves along with the urban development process around the globe. The definition of urban policy is elusive in part because it appears so self-explanatory. It is a cluster of policies that are aimed at influencing the development of urban areas and the lives of those living in urban areas (Cochrane 2007b). Many public and social policies directly affect urban areas (such as housing, transportation, and education), but not all of them are labeled as "urban." What is missing is a clear cut or simple definition that helps determine what makes urban policy "urban" or the nature of urban policy that distinguishes it from other policies.

There is hardly a widely adopted definition of urban policy, "at least in Western society, a chaotic conception" (Atkinson and Moon 1994, p. 20). The content and scope of urban policy vary across the countries at different developmental stages. In the Western world, the birth of urban policy has been located in Johnson's declaration of "War on Poverty" and his promise of a "Great Society" (Cochrane 2007a; Ross and Levine 2012). It marks the first time in American history that large-scale federal policies are created specifically for urban areas. Followed by that was Carter's proposal of "New Partnership to Preserve America's Communities" which targeted local communities with financial assistance and job creation. Carter was the first, and the last, president to propose a coherent, explicit national urban policy in the USA. His pledge has smashed against a constituent-protectionist congress (Ross and Levine 2012).

Unfortunately, the development of urban policy from these early attempts did not take a continuing learning process with a clear and consistent set of aims and practices. If we define urban policy as nation-state's self-conscious intervention into urban lives and spaces, it could be fragmented and diverse in practice due to the fragility of social needs and political institution. While postindustrial countries, such as in the USA and UK, are searching for approaches of coherent national urban policy, decision-makers in China are dealing with social equity issues in the rapid process of urbanization. Meanwhile, much attention has been paid on lifting peoples up from slums in many regions in Africa and South Asia.

The complexity of existing social and political arrangement makes it almost impossible to find a universal definition of a coherent urban policy. It makes more sense to understand "the process by which the urban policy develops and defines itself in practice" (Cochrane 2007a, p. 2). In essence, discussions should start with identifying the urban problems and issues that deserve resource inputs and policy interventions.

The social construction of "urban deprivation" is important for understanding these urban

problems and issues. "Urban deprivation" refers to a social problem in urban area which requires policy intervention. Scholars have criticized the "muddling thinking" with regard to "urban deprivation" which in decision-makers' ideas is an umbrella of causally related social issues and problems (Cochrane 2007a; Edwards and Batley 1978). In practice, the urban policy could be any policy intervention for those problems with "urban label", such as delinquency, poverty, and unemployment.

Another distinctive feature shared by various urban policies is that they have had "a territorial or area focus" (Cochrane 2007a, p. 3). Urban policy has been and will continue to be preoccupied with "spatial targeting" (Burton 1997, p. 430). By spatial targeting, an urban policy focuses on spatially delimited (urban) areas or the groups of people associated with these areas. For policy makers, the value of the spatial identification of urban policy is that it can be used to isolate and symbolize particular clusters of problems and to apply specific interventions to these clusters. However, this approach of urban policy identification has also been criticized for its simplicity. Cox (2001) warns that we need to use the term "urban" with great caution. It can be just another spatial category (similar to "region," "rural," "local," and "global") being used to "carve up the world" without substantial distinctions (Cox 2001, p. 761).

The questions remain, are we able to define a coherent urban policy? And is it necessary to have a coherent urban policy? There are no simple answers to these questions. Just as Downs (1999) criticizes, there is not a single formal strategic decision-maker in US urban policy. Instead, current practice of urban policy has resulted almost entirely from "a combination of market forces plus political policies aimed at goals other than how metropolitan economies ought to develop" (p. 15). No matter what scale and emphasis a particular urban policy initiative has, we define it as "urban" as its purpose is primarily improving physical and economic conditions within specific areas and therefore ameliorating the quality of life and opportunities of advancement (Burton 1997).

## Types of Urban Policy

Regardless of the controversy of defining a coherent urban policy, most discussions of urban policy seem to have no problem to go from there and identify the major types of urban policy. Over the years, urban experts have suggested a number of typologies based on the normative ideas by which urban policies are initially designed. They may take a variety of perspectives and criteria, but most of the typologies suggest the distinction between policies focusing on economic development and those for others.

Urban policy is usually a collaboration of national and urban governments. In terms of economic development, the national and urban interests are not always consistent (Hanson 1983). The tension intensifies when the growth rates are low or negative. In particular, when some regions are growing and others are declining, urban interests may be conflicting with one another, as well as with the national interests. In this case, Hanson (1983) believes national urban policy should encourage the adjustments in economic structure and meanwhile stabilize the most adversely impacted urban economies and societies. Therefore, most of the urban policies are located in these two categories: (1) those that encourage economic development and (2) those that provide stable environment for those areas and people left behind (Hanson 1983).

A spectrum of economic development models, from pure free market to heavy central planning, has been applied to urban places round the globe. Leaving the future of urban areas entirely to the market will jeopardize social equity and other profound values of urban society, while the centrally planned economy tends to ignore the principle of market as a device to allocate resources efficiently. Therefore, the best approach is to craft urban policy in a way to understand and reinforce the market. Policies should be able to "provide reasonable options for dealing with economic transformation" (Hanson 1983, p. 172).

Many have criticized the economic dominance of urban policy (Hanson 1983; Lake 2005). According to Lake (2005), the predominant influence of the historical context to current US

national urban policy is the subordination of urban and social policy to the needs of economy. The economic dominance is an ideological position with far-reaching consequences for urban policy. The government's commitment to urban policy subordinates to its concern with economic development, as being reflected in its obsession with tracking economic indicators such as the unemployment rate. Instead of defining policy goals based on the social needs of urban populations and places, government's attention is limited to those urban priorities that are compatible with the needs of growing and stabilizing the economy. The most recent manifestation of the economic dominance, as Lake (2005) argues, is the financialization of urban policy. The financialization of urban policy entails the redesign and implementation of urban policy as a financial instrument which is governed by the needs of a finance-based economy, rather than the social or urban problems that need to be addressed.

Despite the critiques of economic dominance, studies have noticed the shifting of urban policy strategies and patterns within the economic focus and beyond. Ward (2014) observes that the strategies of urban policy have been transformed from collective consumption to economic development. Collective consumption strategies tend to emphasize inward investment, physical regeneration, and residential gentrification in urban places (Cox and Jonas 1993). Economic development strategies are more about holistic programs and initiatives to promote urban development, including those of education, health, social services, and transportation (Ward 2014). By examining the political logic and evolutionary path of US urban policies, Kantor (2013) illustrates that urban policy has "two faces": social and developmental. Each of them follows quite different political dynamics within specific policy boundaries, and developmental face does not necessarily overshadow the social face (Kantor 2013). The social face refers to the urban initiatives and programs that are perceived as essentially redistributive in its social impact and are addressing social inequalities associated with the urban system. In contrast, the developmental face of urban policy largely concerns policies and programs that impact the growth and economic competitiveness of business and population comprising the urban system. It is highly pragmatic and politically stable and is firmly rooted in sustained public sector intervention. Kantor (2013) believes this dual reality fundamentally shapes the context of initiating new directions in urban policy. Although in history the support to the developmental face appeared more resilient, significant shifts in urban policy are now at play.

While the economic versus social dimension has received most of the research attentions on urban policy typology, even more systematic approach has been taken to include other significant dimensions of urban policy, including public versus private and people versus place (Holland 2015). Drawn from American context, Holland (2015) uses these dimensions as the key criteria that categorize the strategies behind national urban policy development. The measurements of these criteria are the intended outcomes and the historical results of implementing an urban initiative or program.

The first dimension of criteria echoes the previous works on economic versus social in the design of urban policy. In Holland's (2015) definitions, an urban policy is "economic driven" if it generates or reduces income; and it is "social driven" if it reflects the creation or destruction of community institutions. However, one should also recognize the hybrid nature of this parameter. In his illustration, the expansion of childcare for working parents creates both economic (generating income for the parents) and social (creating a new community institution) outcomes.

For the public versus private dimension, the criteria can be generally defined as to whether it is a public or private initiative. In the public initiative, the government uses public resources to initiate a proposed set of programs to stimulate and leverage private investment. In contrast, in the private initiative, the private sector makes the first move to intervene in the urban places with the expectation of profit maximization in the proposed action (Savas 1983). However, due to the mixed economy in the USA, there is hardly any "pure" free market or government action in urban investments.

The last dimension is the people versus place which is likely the most traditional contention in urban policy. People-oriented strategies include those initiatives that seek to develop human capital, increase household resources, or support entrepreneurial activities and self-employment. Rather than targeting directly urban population, place-oriented policies include those programs which have a fixed or location-centric focus. The focuses of these programs can be to improve the level and quality of public infrastructure, to enlarge the supply and availability of affordable housing, or to build new community facilities (Holland 2015). Despite of its wide adoption, the "people versus place" is a false dichotomy, as being clarifies by Holland (2015). In practice, the outcomes of urban policies inevitably affect both people and places.

With these three dimensions (economic vs. social, public vs. private, and people vs. place) concurrently at play, Holland (2015) suggests urban policies fall into eight categories:

1. Public led, place based, and social
2. Public led, people based, and social
3. Public led, place based, and economic
4. Public led, people based, and economic
5. Private led, place based, and social
6. Private led, people based, and social
7. Private led, place based, and economic
8. Private led, people based, and economic

Holland's (2015) another contribution is to depict the typology visually in a geometric form (see Fig. 1). By illustrating the range of options within these policy spheres, this typology helps to identify the elements that a comprehensive urban policy might potentially consider.

## Challenges to Urban Policy

In the current global process of urbanization, the concentration of vast numbers of people into densely packed areas creates enormous policy challenges. Urbanization potentially generates substantial benefits of economic development, social improvement, and effective use of resources. However, high density also exposes cities to greater risks of social disorder and environmental degradation. Urbanization also affects domestic and international migrations, the

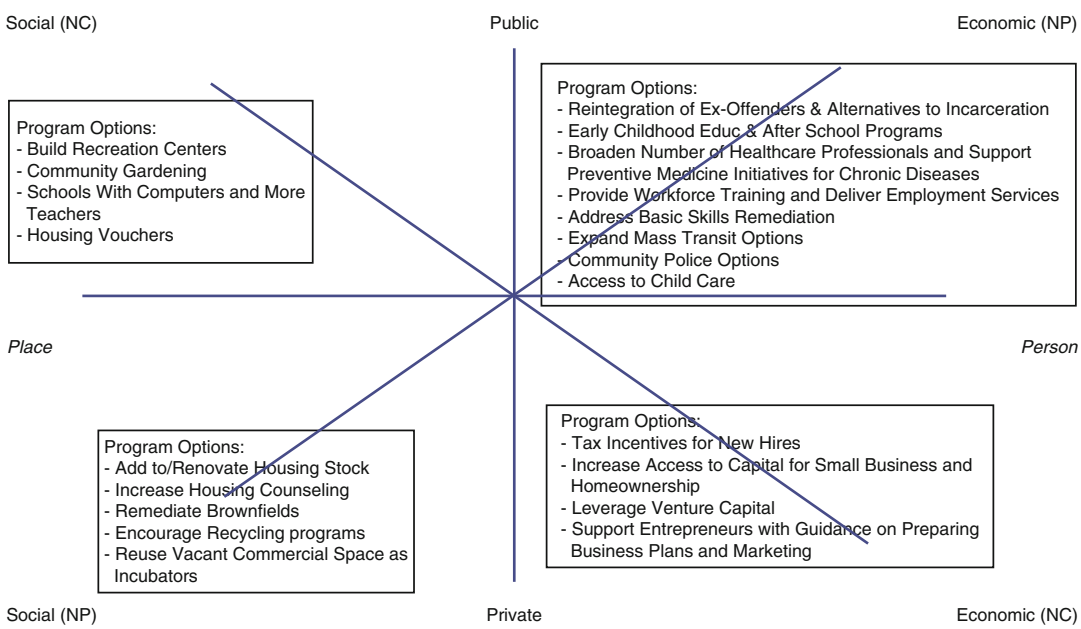


**Urban Policy, Fig. 1** The map of urban policy continua. (Source: Holland 2015, p. 128)

stability of the international society, and the resilience and sustainability of the global ecosystems. In the context of climate change and resource scarcity, there is little doubt that urban growth over the next few decades will have a major bearing on the well-being of several billion people (UN-Habitat 2014). There are ongoing global debates on the proper policy responses to the urban challenges. Among these debates, Glaeser (2012) believes the most expressing tasks of urban policy making include the optimal degree of centralization, private versus public provision of urban services, optimal land use regulation, appropriate spatial policies, and the use of engineering and economics approaches to reducing the negative consequences of density.

None of these challenges are close to being addressed, but researchers have generated a number of useful insights on them. For example, Peck and Tickell (2002) have summarized the "global common sense" of "neoliberal competitiveness" approaches to address the challenges, which include but not limited to "a 'growth first' approach to urban development," "a commitment to 'lean government, privatization, and deregulation,'" and a "naturalization" of the market as the model for decision-making and distribution (pp. 394–395). Learning from previous urban policy failures, Imbroscio (2016) suggests a paradigm shift of urban policy from "meritocratic paradigm" to "community paradigm." The former paradigm leads to liberal policy approaches to lessen the barriers in the social environment that prevents meritocratic outcomes from being realized. In the community paradigm, social equity must be woven more tightly and more harmoniously into the very fabric of the paradigm itself (Imbroscio 2016). The establishing of good governance and the removal of bureaucratic barriers are also at the center of the discussion (Kellar 2015). While national governments obtain more resources to address urban problem, local governments have a greater sense of urgency to make better communities for their people. Will cities become the new centers of power around the world to develop more strategic approaches to these challenges? And will national governments give them the authority and resources to tackle the problems? Many questions remain to be answered. The next section focuses on the controversial role of national urban policy and the current trend of global urban policy.

## From National to Global Urban Policy

A national urban policy refers to a coherent set of urban policies made from a deliberate government-led process of coordinating and rallying various actors for a national vision and goal (UN-Habitat 2014). The vision and goal is usually about to "promote more transformative, productive, inclusive and resilient urban development for the long term" (UN-Habitat 2014, p. III). The urban problems and opportunities across different nations are very contextually different. As a result, the policy strategies need to vary accordingly. A nation's urban policy strategy is determined by many factors, including whether it is in rapid process of urbanization, the resources it has to invest in urban infrastructure and services, and its social, economic, and institutional capabilities. While the last attempts of explicit national urban policy during Carter's administration in the USA have been unsuccessful within its fragmented federal system, many other national governments are taking aggressive top-down approaches to steer the urbanization process.

The demand of coherent national urban policy has been intensified in the global process of urbanization. National governments are more interested in urban policies today due to both negative and positive effects of urbanization. On one hand, large-scale urbanization causes all kinds of problems and pressure to urban spaces that requests the guidance and resources from higher-level governments. On the other hand, the "agglomeration economies" of urbanization is attracting increasing attention from the government (Cochrane 2007a; Turok and Parnell 2009; World Bank 2009; Jha et al. 2013). "Agglomeration economies" of urbanization refer to the economic gains from improved productivity, job creation, and higher living standards because of the geographical concentration of population and

economic activities (Buck et al. 2005; Glaeser and Joshi-Ghani 2013; Duranton and Puga 2004).

A nation's urban policy is an interactive and contested process with its own institutional dynamics and historical path. UN-Habitat (2014) summarizes the broad trajectory of urban policy evolution shared by many countries. It starts with simple reaction to urban problems by providing essential public services and infrastructure, followed by efforts to control and manage growth due to the challenges of congestion and overcrowding. Social and environmental programs are then made to ameliorate the effects of urban decline and poverty. These programs are usually the starting points of the efforts of renewal, reinvestment, and regeneration; there follows a new cycle of urban growth and development.

Nevertheless, the levels of urban development and the approaches of urban policy are contextually specific in each country. There is no universal model with a standard approaches and outcome that can be replicated in different scenario. A national urban policy must be tailored to fit the specific situations of the country. While considering the unique features of their own urban challenges, countries can definitely learn from lessons of other countries and societies. Based on the best practices of urban policies worldwide, several principles of urban policy are presented by UN-Habitat (2014) for many countries to follow. Firstly, the national urban policy should have "a forward-looking developmental agenda"; second, cross-cutting policies are needed to support each city and town which is on the frontline of urbanization; third, local institutions should be strengthened to plan and manage urban growth; and fourth, robust legal and financial instruments should be provided for the effective implementation of the urban policies.

While governments across the countries are devoted to addressing urban issues of their own, the globalization of urban policy has become a phenomenon. In the global age, the significance of national and local borders is eroding. Cities exist in a global system of interconnections. They may be impacted, both socially and economically, by forces originating from abroad out of their controls (Ross and Levine 2012). "Global cities" emerge as large cities from Pacific Asia to Oceania and from the USA to Western Europe become important nodes in the global economic system. These cities have a concentration of corporate headquarters and international financial institutions which control the networks of the global economic output and growth. In this sense, urban policy is no longer an aggregation of nationally or locally distinctive urban programs and initiative. Instead, there are active learning processes and elements of urban policy that are shared between different regions and nations (Cochrane 2007a).

The learning processes have accelerated the emergence of a global urban policy. A global urban policy emphasizes the economic importance of cities and urban places as "engines" of economic growth and social capacity building. In this sense, instead of being concentrations of social problems, entrepreneurial and competitive cities "become the basis on which prosperity and well-being may be constructed" (Cochrane 2007b, p. 665). There has been a major shift away from a vision of the state as regulator of the market to one in which the state is defined as agent of the market who provides the infrastructure for efficient production rather than welfare support to those left behind by the market. Many transnational organizations, such as World Bank, UN-Habitat, and OECD, have promoted programs and initiatives to create models of urban policy that can be applied across national borders. The basic approach has been creating "innovative" models for urban areas' economic and social regeneration. A specific example would be the World Bank's vision of "sustainable cities." In this vision, four policy themes are highlighted for countries to follow: livability, competitiveness, good governance and management, and financial sustainability (World Bank 2000, pp. 46–52). These are all key components of a successful "global city" which builds its capacity based on its economic advancement. However, it is not an easy job to achieve all of them especially when the country is facing economic turbulence, social transition, and resource scarcity. What's more questionable is the extent to which these global common sense have been able to build up

global template of effective urban policy (Cochrane 2007a). As mentioned earlier, the nationally distinctive urban situation is always an important consideration of urban policy making. Therefore, the "localized" expression of the global urban policy will be a challenging but crucial step for states to take.

## Conclusion

Although different countries may take various paths of urban transition and economic development, it is evident that urbanization is an inevitable company of the global-wide development process (UN-Habitat 2008). Urban policy is a broad category of social policy that tackles specific issues and challenges. Living in an increasingly urbanized society, it is difficult for us to identify urban policy among other social policies. Urban policy is pervasive in our daily lives and will continue to be so.

National or local urban policies have transformed driven by the rapid process of globalization. Meanwhile, the process and dynamics of globalization are also impacted by the progresses of urban policy. Today, the nature of the urban problems has been interpreted differently. Instead of a catalog of "social deprivation," which urban policy needs to address, urban places have become centers of growth, innovations and entrepreneurialism (Cochrane 2007a). As a result, the urban "welfare" has been redefined as it stresses the economic success of cities and the access to employment and other resources for urban residents. The major challenge for the government becomes how to get the most out of the growth, innovations, and entrepreneurialism and bring social and economic benefits for those who are living in urban places.

As nations and places respond to their challenges and opportunities in novel ways, new urban policies are constructed with the emphasis of urban comparativeness. The new generation of urban policy is more aware of "the gravity of the issues at stake, more ambitious in scope, and more integrated in approach" than earlier generations (UN-Habitat 2014, pp. 4–5). The approaches are twofolded. One involves achieving the political and institutional support for collective efforts to shape the path of urban growth, and the other is about developing legal frameworks, financial resources, and technical capabilities of instruments to implement the policies consistently. The substantial tools include but not limited to mining of big data for mega projects, the re-imagination of cities as green and sustainable, and the restructure of political institution for better governance, as being marked in urban places from Asia to Americas and to Europe.

The complexity of urban policy transformation means it cannot be accomplished by one single organization or system. The management of change and transformation is best achieved through "networks" of organizations and individuals working with each other, pooling resources and tackling the same problems (Stoker and Young 1993). This has been reflected by the emergence of various partnerships among public, private, and voluntary organizations, especially networks of global agencies (such as the Word Bank and UN-Habitat) seeking to build models for urban initiatives and programs. Moreover, as well as focusing on current needs, the policy making must also anticipate future changes. Social and economic changes need to be monitored and met by developing specific strategies for future needs (UN-Habitat 2014).

The complexity and ever-evolving nature of urban society also highlight the importance of research on urban policy. We cannot assume that urban policy necessarily increases urban well-being. Urban policies and programs should always be monitored, and their outcomes should be analyzed critically, with the benefits and costs evaluated. Moreover, urban policy cannot be studied without consider politics and "the whole question of who wins and who loses as a result of policy decisions" (Wolman and Goldsmith 1992). While researchers have discovered important facts about urban policy, the knowledge of this field is incomplete and keeps evolving. These under addressed concerns in the context of urbanization will keep challenging the researchers as long as there is a demand of services and policies for the urban society.

## References


Atkinson R, Moon G (1994) Urban policy in Britain: the city, the state and the market. Macmillan, London

Buck I, Gordon I, Harding A, Turok I (eds) (2005) Changing cities: rethinking urban competitiveness, cohesion and governance. Palgrave Macmillan, London

Burton P (1997) Urban policy and the myth of progress. Policy Polit 25(4):421–437

Cochrane A (2007a) Understanding urban policy: a critical approach. Blackwell, Oxford, UK

Cochrane A (2007b) Urban policy. In: Ritzer G, Ryan JM (eds) Blackwell encyclopedia of sociology. Blackwell, Oxford, UK

Cox K (2001) Territoriality, politics, and the "urban". Polit Geogr 20:745–762

Cox K, Jonas AEG (1993) Urban development, collective consumption and the politics of metropolitan fragmentation. Polit Geogr 12:8–37

Downs A (1999) Contrasting strategies for the economic development of metropolitan areas in the United States and Western Europe. In: Summers A, Cheshire P, Senn L (eds) Urban change in the United States and Western Europe. Urban Institute, Washington, DC, pp 16–56

Duranton G, Puga D (2004) Micro-foundations of urban agglomeration economies. In: Henderson V, Thisse J (eds) Handbook of urban and regional economics, vol 4. North Holland, Amsterdam, pp 2063–2117

Edwards J, Batley R (1978) The politics of positive discrimination. An evaluation of the urban programme 1967–1977. Tavistock, London

Glaeser EL (2012) The challenge of urban policy. J Policy Anal Manage 31(1):111–122

Glaeser E, Joshi-Ghani A (2013) Rethinking cities: towards shared prosperity, Economic premise, vol 126. World Bank, Washington, DC

Hanson R (ed) (1983) Rethinking urban policy. National Academies Press, Washington, DC

Holland B (2015) Typologies of national urban policy: a theoretical analysis. Cities 48:125–129

Imbroscio D (2016) Urban policy as meritocracy: a critique. J Urban Aff 38(1):79–104

Jha AK, Miner TW, Stanton-Geddes Z (2013) Building urban resilience: principles, tools and practice. World Bank, Washington, DC

Kantor P (2013) The two faces of American urban policy. Urban Aff Rev 49(6):821–850

Kellar EK (2015) The challenges of managing global urbanization. Retrieved January 5, 2016 from http://www.governing.com/columns/smart-mgmt/col-cities-challenges-managing-global-urbanization.html

Lake RW (2005) The financialization of urban policy in the age of Obama. J Policy Anal Manage 37(1):75–78

Peck J, Tickell A (2002) Neoliberalizing space. Antipode 34(3):380–404

Ross BH, Levine MA (2012) Urban politics: cities and suburbs in a global age, 8th edn. M.E. Sharpe, New York

Savas ES (1983) A positive urban policy for the future. Urban Aff Rev 18(4):447–453

Stoker G, Young J (1993) Cities in the 1990s. Longman, London

Turok I, Parnell S (2009) Reshaping cities, rebuilding nations: the role of national urban policies. Urban Forum 20(2):157–174

UN-Habitat (2014) The evolution of national urban policies: a global overview. Retrieved March 26, 2016 from http://www.citiesalliance.org/sites/citiesalliance.org/files/National%20Urban%20Policies.pdf

UN-Habitat (United Nations Human Settlement Program) (2008) The state of the world's cities 2010/2011 – bridging the urban divide. Earthscan, London

Urban Area Criteria for the 2010 Census; Notices. Federal register. Department of Commerce, Census Bureau. Web. 24 Aug 2011

Ward K (2014) Splintered governance: urban politics in the twenty-first century. In: Davidson M, Martin D (eds) Urban politics: critical approaches. Sage, London, pp 42–54

Wolman H, Goldsmith M (1992) Urban politics and policy: a comparative approach. Basil Blackwell, Oxford, UK

World Bank (2000) Cities in transition: World Bank urban and local government strategy. World Bank, Washington, DC

World Bank (2009) World development report 2009: reshaping economic geography. World Bank, Washington, DC


# Urban Policy, Russia


Irina Ilina and Evgenij Pliseckij
Department of Public Administration, Faculty of Social Sciences, Insitute for Regional Studies and Urban Planning NRU HSE, Moscow, Russia
Department of Public Administration, Faculty of Social Sciences, Institute for Regional Studies and Urban Planning, Spatial Development and Regional Studies, Higher school of economics, Moscow, Russia


## Synonyms

City management; City policy; Urban management

## Definition

A course of action adopted and pursued by government, business, or some other organization,

which seeks to improve or develop cities or towns through land use planning, water resource management, central city development, policing and criminal justice, or pollution control.

## Introduction

Urban population was 73.7% of the total population in the Russian Federation in 2016. The highest urban population rates occur in the North-Western Federal Okrug (83.5%); very similar rates were recorded in the Central Federal Okrug (81.3%), with the lowest rates found in the North Caucasus Federal Okrug (49.1%). The most urbanized constituents of the Russian Federation are Magadan and Murmansk Oblasts (regions) with respective rates of 95.4% and 92.8%.

At one point, the industrial revolution and industrialization prompted establishment of new industrial cities in Russia. Even today, all major cities, including Moscow, are also large industrial centers. Production efficiency is achieved through exogenous economies of scale in major cities. Innovation diffusion, however, may move the production facilities to peripheral areas, where labor costs are lower. Easier transport and communication links facilitate fragmentation of production but remain insufficient for making access to the markets from remote areas easier.

Another driver of big cities further growth is the availability of a large range of public services, absent for residents of smaller settlements. Dense and efficient transportation and communication networks play a decisive role, because better connectivity is the main urban function. Social infrastructure facilities may serve a big number of users, while a larger local tax base facilitates their funding. In other words, cities in general may be considered as a local public good, attracting users as magnets.

**Forms of Settlement** Usually one distinguishes between urban and rural settlements. The main criterion of telling an urban settlement from a rural one is the number of residents, employed primarily outside the agricultural sector. The current definitions of a city integrate functional and legal properties. Federal Law #131-FZ *On General Principles of Organization of Local Self-Governance in the Russian Federation* defines a concept of a city (urban settlement) as a city or a town where the population executes local self-governance itself and/or through elected and other local authorities. Regardless of a city category, its economy is a unity of city-forming and city-servicing entities.

Cities are broken down into categories by the number of functions (*poly- or monofunctional*) and by the character of special functions: industrial, transportation, research, historic, and multisectoral). City's functions may change over time because of geopolitical reasons, the city's role, and importance in the national economy.

Rural settlements in the Russian Federation have mostly retained their traditional forms, determined by the natural and climatic, historic and cultural, as well as ethnic properties of the Russian regions. The Central European parts of Russia have mostly crop and livestock farming rural settlements, while villages in Northern Europe are mostly dependent on fishing and forestry, and Urals townships are traditionally dependent on mining sectors. The rural settlements are going through a transitional stage now.

The Russian Federation is traditionally favoring large urban developments. More than half of the RF population lives in 130 cities with more than 100,000 residents each. The Russian Statistics Agency registered 12 cities with 1 million + inhabitants in 2010: Moscow, Saint Petersburg, Nizhny Novgorod, Novosibirsk, Yekaterinburg, Samara, Omsk, Ufa, Chelyabinsk, Kazan, Rostov-on-Don, and Volgograd. In 2011, Perm recovered its status of a city with 1 million + inhabitants, and in 2012, Voronezh and Krasnoyarsk joined the list. As of 2016, Russia has 15 cities with 1 million + inhabitants.

Development of cities with one million + inhabitants is known to result in agglomerations involving all settlements around big cities into the area of its economic activities through better connectivity. Strengthening of various links facilitates rural agglomerations. The latter are more sophisticated forms of population concentration, dominating the landscape of developed countries and the modern world in general.

***Agglomeration*** is a territorial and spatial formation including constellations of human settlements connected by transport, economic, and cultural links. Urban agglomerations concentrate large number of people and industries (e.g., Moscow and Saint Petersburg agglomerations).

Experts and managers use a number of approaches to define an agglomeration. According to V. Glazychev, the Russian research community has not worked out a well-defined agglomeration term yet and still operates its Soviet interpretation. The Soviet tradition understood an agglomeration as a "clustering of settlements, mostly urban ones, sometimes merging with each other, united by intensive economic, labor and cultural links."

Given the current trend in regulation of this area at the federal level, it would be appropriate to give an official definition of the term used in the Russian Federation:

**Urban agglomeration** is a set of municipalities (townships and urban districts) with a number of settlements, mostly urban ones, situated within the boundaries of a set of municipalities, united into a complex dynamic developing system with intensive production, infrastructure, social, and economic links, sharing the use of adjacent areas and development resources. (Recommendations on selection of pilot projects for pilot testing and improvement of governance mechanisms of urban agglomeration development in the Russian Federation. They were approved by Decision No.1 of the Interagency Working Group on Socioeconomic Development of Urban Agglomerations on March 21, 2014. Link: http://www.minregion.ru/uploads/attachment/a5ee9fc5-6dd4-4ec9-a712-02635c77a469.pdf).

In Russia, Moscow agglomeration is followed by Saint Petersburg one, while Samara-Togliatti agglomeration ranks the third. There are 936 cities in Russia (out of total 1100) with less than 100,000 residents, but the prevailing majority of the urban Russian population (67%) lives in the cities with 100,000 people or more. The number of people in such cities in 2010 was almost two million more than in 2002. (Preliminary outcomes of the Russian Census of 2010: Statistical Digest/Rosstat. M.: Statistics of Russia, 2011. – 87 p.)

Concept for Long-Term Socio-Economic Development of the Russian Federation until 2020 (Concept for Long-Term Socio-Economic Development of the Russian Federation until 2020, approved by Instruction #1662-r of the RF Government of November 17, 2008. (version of 08.08.2009). Link: http://www.economy.gov.ru/wps/wcm/connect/e150a080409c1cf38861e92c73e16b99/rp_1662_p.doc?MOD=AJPERES&CACHEID=e150a080409c1cf38861e92c73e16b99) treats agglomerations as centers for socio-economic development of the RF constituents, federal mega-regions, and the country as a whole.

There are 22 most populated urban agglomerations in Russia, with about 200 cities where almost 45 million people live: Moscow, Saint Petersburg, Rostov, Samara-Togliatti, Nizhny Novgorod, Novosibirsk, Yekaterinburg, Kazan, Chelyabinsk, Volgograd, Ufa, Krasnodar, Omsk, Vladivostok, Voronezh, Krasnoyarsk, Perm, Novokuznetsk, Saratov, Naberezhnye Chelny (Nizhnekamsk), Irkutsk, and Tula-Novomoskovsk.

Urban agglomerations are rightfully seen as a policy tool for comprehensive territorial development to benefit both the core city of an agglomeration and its periphery. Moving manufacturing facilities outside the city boundaries, unification of transport and communications infrastructure, and improvement of sociocultural space promote the life quality and comfort and attract qualified labor resources to support high economic growth rate in the agglomeration. These developments boost the peripheral capacity building and involvement.

Notwithstanding all the benefits of large city agglomerations, there are some issues and limitations to their development, on the one hand, and some types of growth do not depend on the city size and number of its residents, on the other. High technology sectors require knowledge, creativity, innovations, and favorable business environment.

Agglomeration governance processes play a key role. Some attempts to build agglomeration management systems took place in the later part of the twentieth century, but the conceptualization and practical implementation of them still do not meet the current requirements. In 2013, the

Ministry of Regional Development of the Russian Federation prepared a roadmap of agglomeration development in Russia and specified conditions for selection of agglomerations for pilot project implementation.

Draft roadmap of agglomeration development in Russia includes the following milestones:

- Development of proposals on government regulatory and support measures for urban agglomerations.
- Development of mechanisms for urban agglomeration governance.
- Development of proposals on draft regulations to address the urban agglomeration challenges.
- Preparation of analytical information materials and promotion of best practices to improve urban agglomeration development.

The roadmap under review contains its mission: "to initiate and merge organizational, regulatory and institutional measures to streamline and accelerate agglomeration development as a basic condition for postindustrial economy development in Russia in the mid-term (6 years)," and "to remove restrictions and smooth out disproportions in the development of existing agglomerations, to develop urban communities and real self-governance". (Draft action plan (roadmap) Development of Agglomerations in the Russian Federation, para. 1// Link: http://www.minregion.ru/uploads/attachment/445f2dd6-dc64-49be-b4ee-118ae5abce04.docx).

The main purpose of this roadmap is to attach the status of agent (Draft action plan (roadmap) Development of Agglomerations in the Russian Federation, para 2, p.2 // link: http://www.minregion.ru/uploads/attachment/445f2dd6-dc64-49be-b4ee-118ae5abce04.docx) of development to agglomerations, including definition of the concept of urban agglomeration, its place in the system of government policy and territorial planning, incorporation of agglomeration in the Master Plan for Population Distribution in the Territory of the Russian Federation, and update of the regulations to facilitate agglomeration formation.

The roadmap calls for the development of a conceptual government program *Agglomeration Development in the Russian Federation*. It should result in the alignment of government regulatory and support measures related to agglomeration development.

The Ministry of Regional Development selected 14 pilot projects in 2014 to test and improve the agglomeration governance mechanisms.

While focusing on mechanisms of governance, it is important to remember that they relate mostly to the infrastructure development of territories and institutional frameworks of the main markets. Three priority areas of such development are as follows:

- Development of economic advantages of agglomerations, growth of labor productivity.
- Development of transport infrastructure to support the territorial connectivity.
- Development of public utilities and social infrastructure, to support higher living standards and comfort.

Concentration of spatial economic activities would drive further development of agglomerations. At the same time, concentrated development of agglomerations would result in higher interregional differentiation.

Experiences from most countries reveal considerable spatial variations resulting from development of regional agglomerations. The Russian Federation is no exclusion from the rule: Moscow, occupying 0.1% of the total area of Russia, produces more than 21% of the gross regional product (as of 2015), having less than 8.4% of the total population and leading among all other RF constituents. Saint Petersburg ranks second with its 4.6% share in GRP and 3.2% of the RF population.

In line with its long-term plans, the Russian Federation needs to strengthen the exoskeleton of settlement and distribution of productivity factors based on major urban agglomerations where innovative and investment activities are concentrated. Agglomerations combined with transport communications and border areas of Russia promote the establishment and development of backbone regions that may save the growth points (zones)

even in the situation of economic crisis, depopulation, and lack of labor resources. Functions of backbone regions should be defined depending on the international market situation, national and regional development priorities, production capacity, and territorial specialization.

## Urban Sanitation: Optimizing Private Sector Involvement

Emmanuel Lartey[1], Albert Ahenkan[1], Emmanuel Yeboah-Assiamah[2] and Peter Adjei-Bamfo[1]
[1]Department of Public Administration and Health Services Management, University of Ghana Business School, Accra, Ghana
[2]School of Public Leadership, Stellenbosch University, Stellenbosch, South Africa

### Synonyms

Local government; Public-private partnership; Sanitation; Service delivery; Urban governance; Waste management

### Definitions

**Urban sanitation:** It entails institutional arrangements and policies by city authorities aimed at the provision of facilities and services for safe collection, disposal, and management of all forms of waste: both solid and liquid. Poor measures and facilities for managing waste have been a cause of disease worldwide, and improving sanitation is regarded to have significant health impacts.

**Private sector involvement:** Entails ceding the responsibility for sanitation service delivery from city authorities to a nonstate actor or a partnership/contractual arrangement between city authorities or local government and a waste management contractor (s) for the purpose of urban sanitation service delivery. It also connotes the opening up of public monopoly to allow nonstate actors to intervene in the collection, disposal, and general management of urban waste.

**Optimization:** Making the best of private waste contractors under the agreed terms of contract in terms sanitation service delivery. In contemporary times, most city authorities have partnerships with private actors to facilitate sanitation service delivery. Optimization refers to the processes, mechanisms, and interventions to ensure private engagement yields appreciable outcomes in terms of efficiency, effectiveness, and economy.

### Introduction

Sanitation remains a pressing issue across the globe and more pronounced in the developing world (Faniran et al. 2017). Developing countries face greater challenge owing to rapid increase in solid waste generation triggered by uncontrolled urbanization, proliferation of manufacturing, and speedy population growth [United Nations Department of Economic and Social Affairs (UNDESA) 2014]. For instance, Africa is estimated to be about 56% urban by 2050 (Ibid). Compounding this problem is the fact that Africa witnesses only 54% access to improved sanitation (AfDB Group 2012). In the sub-Saharan Africa, there is a very slow improvement in sanitation as the 30% coverage does reflect only a 5% point increase from the year 1990 (Yeboah-Assiamah 2015). About 44% of the region's population uses either communal or unwholesome facilities, and 26% are estimated to be practicing open defecation (UNDESA 2014). Like other developing countries, Ghana experiences sanitation challenge in its cities. In Accra, for instance, the Environmental Protection Agency (EPA) reports that about 2800 metric tons of solid waste is generated, out of which only about 2200 metric tons (78%) is collected and disposed, leaving a backlog of about 600 tons (21%) in open drains and water bodies (EPA 2014). According to World Bank's Water and Sanitation Programme, the existing poor sanitation situation costs the Ghana Government about US$ 290 million every year (WSP 2015).

Considering the impact of environmental sanitation, the role of local government authorities

cannot be over emphasized as they provide services from *cradle* to *grave*. Developing countries actively involve local governments in the provision of sanitation service (Chong et al. 2016; Faniran et al. 2017). For instance, local governments in Indonesia have had primary responsibility for delivering various services, including sanitation (Chong et al. 2016). Similarly, in Nigeria, local governments have been actively involved in ensuring proper sanitary practices among their respective citizens. For instance, Ibadan municipality in the Oyo State of Nigeria enforces monthly environmental sanitation exercise during which citizens are enjoined to participate in activities such as storing, collection, and disposal of solid waste (Faniran et al. 2017).

This situation is not different from the Ghana case where local governments are tasked to provide inter alia environmental services (Nsarkoh 1964). Section 10 (3e) of Ghana's Local Government Act 1993 (Act 462) provides that the local government is responsible for the development, improvement, and management of human settlements and the environment (including sanitation) in the district. This study focuses mainly on sanitation aspect of environmental services provided by local governments. In order to realize sustainable sanitation, sanitation system needs not only be socially acceptable, economically viable, as well as technically and institutionally appropriate, but should also safeguard the environment and the natural resources within it. Goal six (6) of the Sustainable Development Goals (SDGs) is to ensure the sustainable management and availability of water and sanitation for all. Among other targets, the goal seeks to assist and strengthen the involvement of local communities in improving sanitation management, which Ghana seems to struggle with (G-MDGs Report 2015). In spite of the tremendous progress made during the past years regarding environmental laws, policies and programs such as Environmental Protection Agency (EPA) Act 1994 (Act 490) and the National Environmental Sanitation Policy (NESP) of 1999, reports, and studies show that waste management process in Ghana continues to experience a number of obstacles (Oteng-Ababio et al. 2013; WaterAid 2015). For instance, although Ghana was on track to meeting the MDGs target of halving the proportion of population using improved drinking water source, same could not be said for sanitation (G-MDGs Report 2015; WaterAid 2015). Thus, while the MDGs target for improved sanitation coverage was to be 53%, the national coverage for improved sanitation, nonetheless, only marginally increased from 4% to 13% between the 1990 and 2015 periods, respectively, which suggests a huge deficit (WaterAid 2015). High levels of rural-urban migration have triggered poor sanitation in cities, especially in Accra, Ghana's capital. This is against the backdrop that wherever people gather, waste is produced. More than 15,000 children die in Ghana annually of sanitation-related diseases before attaining the age of five (5) (UNDP 2014). Such sanitation-related diseases include Malaria, Typhoid, Cholera, and Diarrhoea. Other common diseases related to poor sanitation but not often mentioned in hospitals include bilharzias, ascariasis, hookworm, and fungal infections (Prüss-Üstün et al. 2004). The Ghana Millennium Development Goals Report highlights that although the country observed a decline in under five mortality (from 108 in 1998 to 80 in 2008 per 1000 live births), its progress was 60 deaths per 1000 live births as at 2014. This progress was still halfway behind the MDG target of 39.9 per 1000 live births (G-MDGs Report 2015). The report, among other things, links the high prevalence of under-five mortality to diseases and complications that are traceable to poor sanitation practices as listed above (Ibid).

The foregoing suggests that local governments who are primarily charged with waste management are faced with myriads of challenges, which overwhelm their capacity to contain the amounts of waste generated posing a greatest health risk in Ghana. For instance, WaterAid (2015) reports that 80% of all diseases in Ghana are caused by unsafe water and poor sanitation. In the latter part of 2014, the country experienced its worst cholera outbreak hitting a record of about 17,000 cases with 150 deaths (http://www.myjoyonline.com/news/2014/October-1st/ghanas-cholera-outbreak-worse-in-30-years.php). The crises informed the launch of a National Sanitation Day in November

2015 by the Ministry for Local Government and Rural Development, to create awareness. With this, first Saturday of every month is set aside for general cleaning, which seeks participation of community members, *albeit*, poorly patronized. This chapter discusses the sanitation experience of one peculiar local government [La Dade-Kotopon Municipal Assembly (LaDMA)] in Ghana with a view to unpacking how the local authority addresses sanitation situation in its jurisdiction. A critical review of the Ghanaian Times Newspaper from August to October of 2014 [sanitation crisis period] reveals that the La Dade-Kotopon Municipality was tagged the hardest hit local government in terms of cholera outbreak which suggests greater laxities in its sanitation management systems. LaDMA alone recorded 1726 cholera cases with 16 deaths compared to the national 17,000 cases and 150 deaths for the same period (Ghanaian Times 2014). Paradoxically, this local government has in place various private actors and contractual arrangements for waste management. A main question underpinning this study is: *to what extent does the involvement of private actors shape urban sanitation service delivery? What interventions are required of city authorities to optimize gains from private sector involvement in urban sanitation management?* The rest of this chapter has been organized into the following sections: brief review of relevant literature; the research approach; data results and presentation; and it ends with conclusion and policy implication.

## Literature Review

Copious studies have attempted to address the urban sanitation phenomenon. Some of such studies include satisfaction of public service delivery in the Sedibeng district of South Africa (Akinboade et al. 2012), a global review of solid waste management (Hoornweg and Bhada-Tata 2012), and private actors involvement in urban sanitation services provision (Domfeh 2002; Yeboah-Assiamah 2015). These studies acknowledge that sanitation service space in most developing and developed nations is opened up for other actors towards promoting efficiency and effectiveness in public service delivery. In many jurisdictions including Ghana, sanitation service delivery is principally the task of the local authorities (albeit try to involve private actors through various arrangements) who have been given such mandate through decentralization and local governance. Local government provides services such as basic health care and education, social welfare, internal transport, maintaining laws and order, local works and housing, firefighting and other emergency services, traffic regulation, streetlight maintenance, water supply, environmental services, and garbage collection/waste management among others (Akinboade et al. 2012). Regarding waste management, Hoornweg and Bhada-Tata (2012), in their global review of solid waste management, identified landfills, damp, compost, recycling, and incineration as some solid waste disposal methods. They also noted solid waste collection methods as house-to-house, community bins, curbside pick-up, self-delivered, and contracted or delegated service. Table 1 briefly explains each of these waste collection methods.

Hoornweg and Bhada-Tata (2012) observe that municipalities often license private operators and may designate collection areas to encourage collection efficiencies, an arrangement which is termed by scholars as public private partnership or privatization of public service (Yeboah-Asiamah 2015; Hoornweg and Bhada-Tata 2012).

## Research Approach

The case study design within qualitative research approach was employed for analyzing and discussing the study findings. With this approach, the study presents in-depth insight into the participants upon understanding the context of the social phenomenon and the subjective meanings assigned to them by local actors (Klein and Myers 1999). The case of La Dade-Kotopon Municipality was adopted, as it was the most affected municipality by the 2014 cholera outbreak in Ghana (Ghanaian Times newspaper 2014). The Municipality was created in 2012 with an

**Urban Sanitation: Optimizing Private Sector Involvement, Table 1** Waste collection methods.

| Waste collection method | Description |
|---|---|
| House-to-house | Waste collectors visit each individual house to collect garbage and the user generally pays a fee for the service. |
| Community bins | Users bring their garbage to community bins that are placed at fixed points in a neighborhood or locality and the waste is picked up by the municipality, or its designate, according to a set schedule. |
| Curbside pick-up | Users leave their garbage directly outside their homes according to a garbage pick-up schedule set with the local authorities (secondary house-to-house collectors not typical). |
| Self-delivered | Generators deliver the waste directly to disposal sites or transfer stations, or hire third-party operators (or the municipality). |
| Contracted or delegated service | Businesses hire firms (or municipality with municipal facilities) who arrange collection schedules and charges with customers. |

Source: Adapted from Hoornweg and Bhada-Tata (2012 p. 13)

estimated population of about 465,620 (GOG 2013). It has 10,372 houses and 30,925 households. As shown in Fig. 1, the municipality covers an area of 360sq km and is located on Longitude $05^0$ 35'N and on Latitude $00^0$ 06 W. The study used both primary and secondary data for purposes of validity and reliability. Primary data involved 11 in-depth interviews from administrative officials and private operators involved in the municipal waste management service. This includes a purposive sample of the three biggest private waste management operators working within the municipality and 8 officials of the LaDMA whose positions and roles are relevant to sanitation management: the head of Environmental Health and Sanitation Department (EHSD), the Director of Health Services, 4 Environmental Health Officers, and 2 Health Promotion Officers.

In addition, 93 semi-structured questionnaires were administered to residents who were randomly selected from strata of household heads, teachers, market women, traders, hawkers, and restaurant operators. The stratified sampling method was adopted to capture the different perspectives of community members in their waste management and disposal practices.

Primary data were complemented with secondary data from peer-reviewed journal articles, government publications, and periodic reports on urban sanitation and waste management. All interviews were transcribed and analyzed thematically, and in the course of discussions, direct narratives are used to support the arguments. Questionnaires were coded using the Statistical Package for Social Sciences (SPSS) to generate frequencies and generate bar and pie charts to ascertain general experiences of citizens on sanitation in LaDMA.

## Results and Data Presentation

### Biodata

It was observed that out of the 93 respondents, a majority representing 36.5% were within the ages of 21–30 years, indicating a comparatively youthful population in the municipality. In addition, 19.8% each was recorded for respondents of 31–40 and 41–50 years, while the 51–60 years composed of 17.7%. Same data also showed 3.1% of the respondents being below 21 and above 60 age groups.

Data on gender distribution reveal a wide gap: 67 representing 69.8% of female respondents and 30.2% for male respondents (see Fig. 2). It is plausible to suggest that during the time of data collection, majority of females were available and agreed to respond to questions. Regarding occupational distribution of respondents, market women recorded the highest participants constituting 20.8%, followed by traders (15%) and teachers (10.4%). The rest were restaurant operators, students, artisans, civil servants, drivers, fishermen/fishmongers, hawkers, security personnel, cleaners, and pensioners. The unemployed constituted the least, in a descending order.

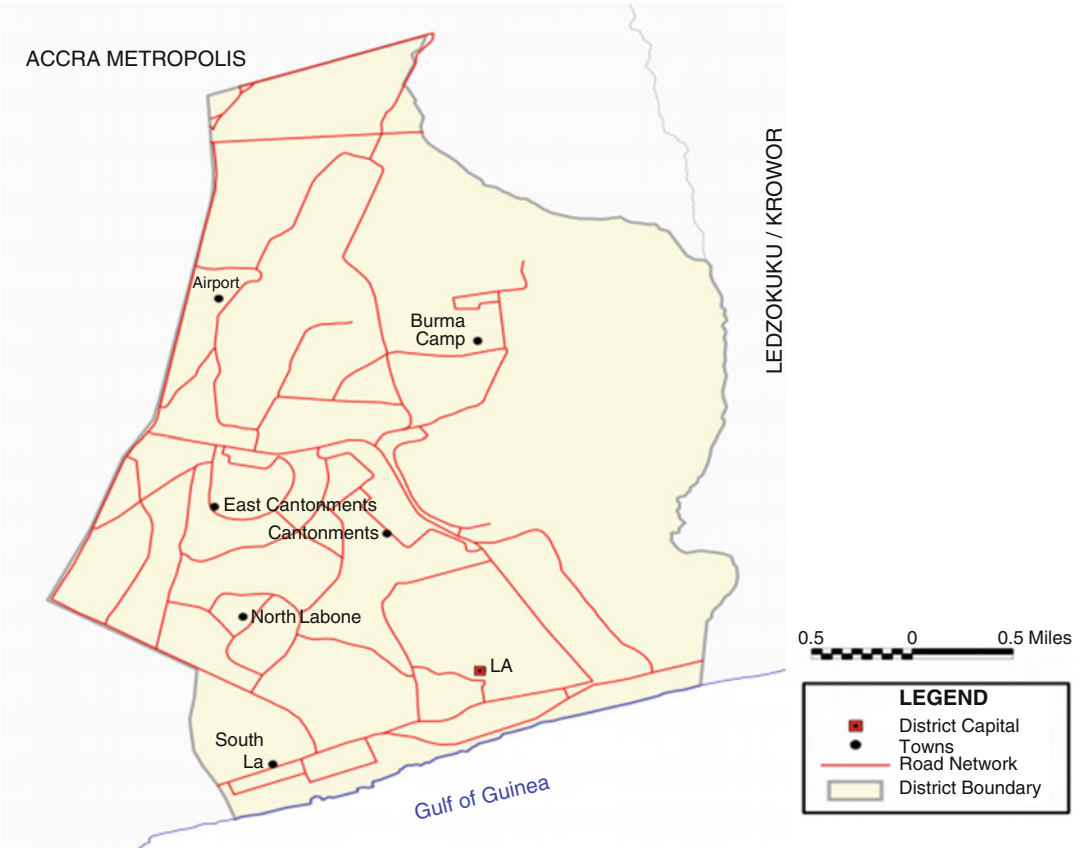


**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 1** Map of La Dade-Kotopon Municipality (Source: GSS (2014). 2010 PHC District Analytical Report, La Dade-Kotopon Municipality)

## Local Government Partnership with Private Actors

### Lessons from an Old Burdensome System

Previously, solid waste contractors used to convey solid waste on behalf of the Assembly for subsequent payment by the latter through its internally generated fund (IGF). However, with this system, huge sums of money were owed to the waste collectors. An official who has been working with the Assembly for the past ten years when it was a submetro and later gaining a municipal status in 2012 explained:

> . . . Solid waste contractors used to collect the refuse to their final disposal sites on behalf of the Assembly and the Assembly paid them per ton. This got to a time the Assembly owed the contractors billions of cedis. This was so much of a burden to the Assembly.

Another informant added:

> we ran to Local Government Service and Central Government for support. About 80% of the population in Accra or La community were not paying for refuse except the developed communities like Labone and Cantonment.

He further explained:

This necessitated a franchise system that came with different payment arrangements.

With a feeling of relief, another official provided support to the point:

> A rethinking of the whole situation brought about this franchise system. Now the current system compels anybody who generates waste to pay for its disposal. This is called the polluter pay system.

It has been explained that the old sanitation system resulted in huge debts owed to the waste collectors by the Assembly. This made the system

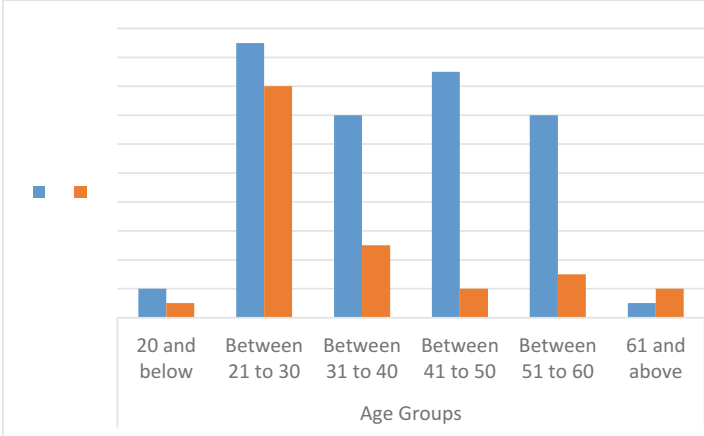


**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 2** Age and Gender Distribution (Source: Field data 2016)

clearly problematic and unsustainable. It therefore became plausible to resort to an alternative system. Meanwhile, it is advanced by scholars that sanitation service provision by local authorities is faced with dissatisfaction of service and that inclusion of private companies becomes helpful notably for the sake of efficiency and quality service delivery (Domfeh 2002; Yeboah-Assiamah 2015). A new sanitation system, the Polluter Pay System, was introduced to fill the loopholes in the previous system. The Polluter Pay System is an arrangement that enjoins households to pay for sanitation service or waste collection based on the extent of service or the volume of waste generation. This is a strategy for effective cost recovery and a candid means of imposing charges accepted by most countries, both developed and developing (Lindhout and Van den Broek 2014). This means that the citizens in the Assembly pay based on the volume of waste they generate and dispose. The Polluter Pay System identified in the study comprises the Door-to-Door System (DDS) and Central Container System (CCS), an arrangement that involves private actors in the sanitation service.

### Door-to-Door System

With the DDS, waste management companies are contracted by the Assembly to transport waste from the households of residents and even corporate organizations to final disposal sites at a fee. The fee currently ranges between $6 and $13 per month. A waste management official explained:

> The Assembly has franchised waste management to some private companies including Daben Cleansing Company Ltd, the official door-to-door waste contractor. This involves charging of monthly fees by contractors because of high cost of transporting the refuse or containers from the communities to the final disposal sites at the landfills

Another official added:

> . . . such cost includes fuel, trucks as well as dumping fee which is now about $3.7 per ton. Because of these costs, they need to be charging fees otherwise the Assembly would have to be paying the contractors. Due to the franchise with the DDS, we have enough time to concentrate on the CCS.

This finding however confirms the curbside pick-up and contracted or delegated service method noted by Hoornweg and Bhada-Tata (2012) and Oduro-Kwarteng (2011).

### Central Container System (CCS)

The CCS on the other hand involves the stationing of large containers at convenient places where residents dump their refuse at a token. This again is aligned with the community bins or self-delivered method identified in the global study of Hoornweg and Bhada-Tata (2012). An official from LaDMA explained the rational for the CCS:

> Due to inaccessibility, central containers are placed at vantage points into which residents can reach and dispose their refuse

With the CCS, people are hired to sit at the container to receive payment from citizens for dumping the waste into the container, and out of the

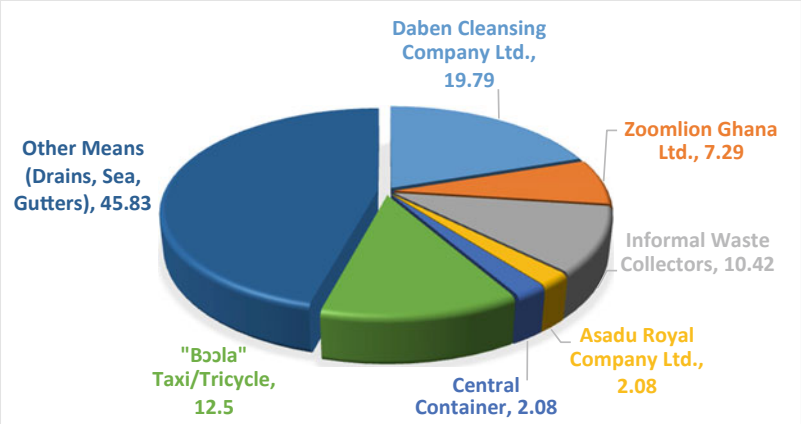


**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 3** A Pie Chart of Solid Waste Collection at LaDMA (Source: Field data 2016)

amount earned, payment is made to the private contractor who transfers the refuse to the disposal site.

### Community Members' Engagement with Private Waste Collectors

Figure 3 indicates that almost half (45.83%) of the respondents dispose their waste through other means (drains, sea, gutters, etc.), which serves as evidence for the indiscriminate disposal of waste in the municipality. Approximately 20% identified Daben Cleansing Company Ltd. as their private waste management company, while 7.29% and 2.08% noted Zoomlion Ghana Ltd. and Asadu Royal, respectively. This corroborates data from the Municipal management that waste collection has been outsourced.

The study found that almost all the residents from Green Court and Kojo Sardine areas including the elite communities dispose their solid waste in dustbins (64%), while the rest (36%) from other suburbs dispose solid waste by burning, CCS, sacks/cartons, recycling, at beaches and on compound. The choice for these alternative forms of solid waste disposal may be due to high collection fees charged by waste collectors. Only a few individuals collect and sell their plastic waste to rubber manufacturing companies for recycling.

Also, 25% of the respondents majority of whom confirmed collection of their solid waste by "Bɔɔla Taxis" also use Central Containers (CC) and informal waste collectors (most of whom are junkies), at a fee. Figures 4, 5, and 6, respectively, present pictures of a "*Bɔɔla*" Taxi, Tricycle, and a Central Container site. The operations of the informal waste collectors replicate the house-to-house method noted by Hoornweg and Bhada-Tata (2012).

**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 4** "Bɔɔla" Taxi (Source: Field data 2016)

### Factors for the Poor State of Sanitation

According to the Composite Budget of LaDMA for the 2013 Fiscal Year, total solid waste generated in the Municipality in a month is 2045.45 tons out of which the Assembly, through private contractors, was able to collect only about 1200 tons. The waste generated by the municipality was largely constituted by organic substances, which can easily decompose. Other solid waste included inert material comprising of plastics, rubbles, and debris generated within the municipality and

along the beaches. Most of this waste is dumped at the Tema and Abokobi landfill sites. This suggests that private sector engagement in solid waste management in the municipality has not necessarily solved the sanitation crisis. This subsection discusses the lingering challenges militating against effective sanitation service delivery.

### Indiscriminate Dumping of Waste

The study identified indiscriminate dumping of waste as a major challenge confronting the municipality's sanitation department. Indiscriminate dumping of refuse comprised those disposed in open spaces, which later enter the drains as well as open defecation along the beach and into some of the big drains.

**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 5** Tricycle (Source: Field data 2016)

A principal officer informed with grief:

> People dump waste and openly defecate along the beaches and into some of the big drains like the Cemetery drains, Wangara drains, the Roman School drains and around the Central Containers. These sites are used as transfer stations because these are places where containers are sited

Another added:

> . . . we thought this could be a result of inadequate number of public toilets, I recommended to the Assembly to provide public toilets at such places. Since the Assembly is very sensitive to such things, it has provided two public toilets aside the Ghana at 50 public toilets which have not been commissioned yet

However, the indiscriminate dumping of waste by citizens thwarts the effort of the local government. It also leads to the spread of diseases like malaria. This creates major burden. It was remarked by a key officer at the local government premises:

> The dumping of refuse and open defecation are inimical to our effort as an assembly and these contribute to the outbreak of diseases like malaria. It is a real issue of concern.

### Uncollected Waste by Private Waste Collectors

A key factor for the poor sanitation situation in LaDMA is the fact that in some circumstances the private waste contractors leave some of the waste uncollected. On some occasions, some of the waste containers are left full, contributing to the bad state of sanitation. However, the study

**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 6** A Central Container site for some communities along the sea (Source: Field data 2016)

observed that this anomaly was attributable to the fact that the dumping site was distant, coupled with the challenge that the waste contractors are not permitted to dump waste during the nights and on Sundays, which often experience less traffic on the roads. Meanwhile, the charge at the dumping site is often high. A staff at a private waste company hinted:

> The dumping sites are at Tema and Abokobi, and they are a bit far. Even the Abokobi site is full. Apart from that, the charge is high-it has been increased from UD$3.00 to US$3.75 per ton. Meanwhile, over there, night and Sundays dumping when there are less traffic in town is not allowed. These also affect our schedule for collecting waste sometimes. So at times, we are not able to collect some waste in time.

The observation above was given support by sections of citizens who bemoaned why at times their waste containers at home get full up yet the private waste contractors fail to empty these on time. One female put forward:

> . . .. there are times the waste container gets full but they will not be coming for it until vultures and other animals scatter the waste around the compound.

This was given support by another respondent who explained:

> . . ..When the bin gets full, we have no place to put rubbish, so we put in polythene and lean it to the waste bin thinking the contractors will come for them on time, but at times no, dogs and birds will scatter these waste all over the area.

### Limited Work Force/Labor

Another factor responsible for the poor sanitation state in LaDMA is limited staff. The sanitation department is challenged with limited number of skilled personnel. At the time of the study, the sanitation unit of the Assembly had only 49 laborers and the Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) program had 190 of the laborers. These numbers are insignificant especially considering the fact that the Assembly has graduated from submetro to the status of municipality, which comes with improved services, increased population, and economic activities. The result is that the limited sanitation staff are unable to contain the increasing volumes of waste generated, leaving some of the waste in the municipality uncollected.

An official unequivocally voiced:

> We also don't have enough laborers. The GYEEDA programme has almost 190 of the laborers while my section in the Assembly has 49. But you know because we have moved from a sub-metro to a municipal assembly, there are certain areas that we have had to acquire. AMA was formerly claiming some part (public space) and now that we are collecting revenues from those parts, it implies we should also be responsible for sanitation in those areas. However, because our staff are limited, we are unable to collect some of the waste.

This clearly impedes the department's efforts at providing improved sanitation condition in the municipality.

### Inadequate Logistical Support

Inadequate logistical support and equipment is another key factor for the poor state of sanitation in the municipality. The study revealed that LaDMA is challenged with logistical constraint such as compaction trucks, shovels, rakes making the sanitation exercise an onerous task.

> We don't have enough equipment like shovels, rakes, "Bɔɔla taxis" and compaction trucks which would have helped us a lot during weekends when most assembly men wish to organize clean up exercise for their communities

Since very few containers are stationed at central points, people who have not subscribed with private waste collectors have to move several meters with wheelbarrows to dump their refuse. Raising these wheelbarrows to dump refuse into the container sometimes becomes daunting. In their frustration, these people are tempted to throw waste away indiscriminately and at times in the drains.

### Informal Waste Collectors

Although waste pickers/scavengers do help to clear the homes of refuse, they sometimes dump it illicitly within the town, adding up to the poor sanitation state. It was remarked that:

> These boys are a 'necessary evil' because they contribute to refuse collection in the third class communities but some of them dump this rubbish at wrong places during the night. In the fullness of time, this act results in improper waste management and poor state of sanitation.

It could clearly be observed that about 10% of the respondents, a considerable section indicated that their waste is collected by informal waste collectors (see Fig. 3). This observation may explain why the indiscriminate waste dumping attitude of these collectors contributes to poor sanitation in the municipality.

### Laxity in Sanitary Inspection (SI)

In the municipality, Environmental Health Officers randomly embark on door-to-door inspection of households to ensure safe and proper sanitary practices. These officers have power to caution and serve households with fines and notices meant to improve their sanitary conditions. However, the study observes that sanitary inspection is rare in the municipality. Figure 7 presents a bar graph of frequency of sanitary inspection of households. It was evident that 40.6% of respondents recorded no SI visits, while 6.3% of the total respondents were uncertain about the frequency of sanitary inspection by the Municipal Assembly's environmental health officers. Infrequent visits by the sanitary inspectors trigger households to relax over issues of sanitation leading to improper sanitary practices by residents and the poor sanitation state.

## Enhancing Private Collection of Waste

To ensure proper waste collection to improve the sanitation situation in LaDMA, the municipality has resorted to inspecting the tour schedules and is planning to register the informal waste collectors.

### Inspection of Tour Schedules

The sanitation department inspects waste collection by waste management contractors. The Assembly supervises tour schedules of waste management contractors for adherence. The staff at the sanitation department of the local government drive within the communities to find out whether or not the private waste collectors have performed their function of collecting the waste from households that have subscribed to the service. They inspect the households and the containers situated at vantage points to be sure the waste contractors have collected the refuse. With this, they are able to find out any lapses for themselves and interrogate the waste collectors accordingly.

A staff at the sanitation department illustrated:

> If the contractors go to Labone and Cantonment on Mondays, we go there late Monday afternoon or on Tuesday morning to see what they have been able to do. Normally, every household knows collection days, so they wheel out the 240 letter bins and put them at the gate, lock the doors and go out or a security man may be left behind to see to it that they are emptied. Since the bins are seated in front of the house, contractors just empty them on their arrival and go away

She added:

> During monitoring, if we drive within the community and see so many containers standing at the gate not emptied, it means that they (the contractors) have not been able to work

Based on the observations of the sanitation department, a monitoring form is filled. The Assembly further interrogates the private waste contractors should they default in adhering to their schedule.

**Urban Sanitation: Optimizing Private Sector Involvement, Fig. 7** Sanitary Inspection of Household (Source: Field data 2016)

The contractors may have developed mechanical fault or just could not complete collection in that area on a specific day, in which case the landfill site might have been closed or they were distracted by rains. The use of this inspection instrument or model is to help to provide quality service by regularly picking up the waste to ensure cleanliness of the vicinity as espoused by Schulte, Gellenbeck, and Nelles (2017) who conducted a study on operationalizing service quality in waste collection.

### Registration of Individual Solid Waste Contractors

Informal solid waste contractors, in their attempt to help collect the waste, end up contributing to the poor sanitation state in the municipality largely because their activities are not regularized or recognized by the Assembly. However, should they get registered, given recognition and as well as monitoring, they would be very helpful in enhancing the sanitation state in the municipality. They are useful in moving from door to door to collect waste. Studies on solid waste management have revealed that informal waste collectors play a key role in collecting solid waste from households particularly the poorer segments of the population (Katusiimeh et al. 2013; Oteng-Ababio and Amankwa 2014). The municipality, having identified this potential, has deliberated on ways to register these individuals and link them to specific waste management contractors (with consideration of location), who would then receive the waste collected and send it to designated disposal sites. An official of the sanitation department vividly demystified:

> . . .we are planning to meet and register all the individual solid waste collectors within the communities so we could channel each of them to solid waste contractor with considerations to their various local areas. This would mean placing central containers, not too large at certain points within the town where they can collect their money and dump there for the contractor to also transfer to final disposal sites when they are full. With this, they will be controlled from dumping outside their outskirt and be tracked as well. They would also police themselves in the case of unregistered individual solid waste collectors.

By this approach, these individual waste collectors would serve as a check on each other against indiscriminate dumping of waste to ensure enhanced sanitation within the municipality.

### Institutional Strengthening (by-Laws)

Another way by which the municipality intends to enhance waste collection is to step up the implementation of sanitation-related by-laws and introduction of regulations that will levy fines on persons who illicitly dispose waste. The Assembly also intends to provide a regularized system for the operation of informal waste collectors and to register such individuals. A key official at the sanitation department hinted:

> . . . My colleague and I have been working on some documents to be considered as by-laws by the Assembly. When approved and endorsed, the by-laws will facilitate the incorporation of informal waste collectors into waste collection by registering them. The laws intend to look at the punitive measures for people who dump waste into sea, drains and other unwarranted places. In fact, we intend to dedicate one court to handle such cases in case of default

The decision to assign a court to deal with sanitation cases has been mandated by Section 10 (3 g) of the Local Government Act 1993 (Act 462) which provides that the "District assembly shall ensure ready access to Courts in the district for the promotion of justice." In addition, concerning the making of by-laws to tackle waste collection and sanitation challenges, Section 79 (1) states, "A District Assembly may make by-laws for the purpose of a function conferred on it by or under this Act or any other enactment." In this context, the proposed by-laws and special courts are set to enhance sanitation in the municipality.

## Discussion

This chapter unpacked how LaDMA addresses its sanitation challenges. Previously, the system in place was such that private waste contractors collected the waste on behalf of the assembly for subsequent payment. This system proved unsustainable, as the assembly was heavily indebted to the waste contractors. That regard, upon reaching a "crises point" of indebtedness, the Assembly had to alter its sanitation institutional arrangement towards one that adequately collaborates with other private stakeholders

towards effective and sustainable waste management (Yeboah-Assiamah et al. 2017). This problem with the old system triggered a new sanitation system, the Polluter Pay System, which was introduced to fill the loophole in the previous system. The Polluter Pay System is an arrangement that enjoins persons to pay for sanitation service or waste collection based on the extent of service or the volume of waste generation (Mauerhofer et al. 2013). This means that the citizens in the Assembly pay based on the volume of waste they generate and dispose. Oduro-Kwarteng (2011) argues that monthly flat fee charge per household may not be appropriate for all communities especially those with low incomes and high illiteracy rate. Hence, the classification of communities into first, second and third class for effective implementation of the new payment policy. Additionally, Domfeh (2002) is of the view that such franchise system of waste collection will only be feasible in communities where the entire household can be educated to understand its need for public health and sanitation.

On the part of informal waste collectors, this study found that this category is very instrumental and helpful in clearing households of refuse generated although in some instances, yet they appear to be problematic. In other words, the informal waste collectors serve as "two-edged sword"; they contribute significantly to effective waste collection, yet this chapter observes that informal actors could also be a nuisance to effective waste management. The first part of the finding affirms an earlier study by Oteng-Ababio et al. (2013) that informal waste collectors are very useful in collection waste from households. The second part of this present study finding reiterates a need to regularize activities of informal waste collectors and to merge them with formal waste collectors to optimize comprehensive waste management system especially in terms of wider waste collection coverage and proper final disposal. Realizing this benefit, India as at 2010 made a resolution that saw formalization of informal sector waste collection to effectively regulate their operations (see Oteng-Ababio and Amankwa 2014).

Notwithstanding the partnership with the private sector, there remained challenges in the sanitation situation where waste may be left unattended to which exacerbated the poor sanitation situation. This observation provides empirical support to a postulation by Yeboah-Assiamah (2015) that it is not the merely involving private actors that helps improve sanitation but the nature of their engagement. He puts it "the processes before, during and after engagement of the private sector in service provision are imperative for the efficiency and effectiveness of the process... if city authorities after engaging private sector coil back in their shelves and sit on the fence may render privatized services poorly provided" (ibid, p. 284). Yeboah-Assiamah further admonishes urban administrators that "private sector involvement in urban waste services should be effectively monitored through appropriate institutional arrangements so that the private entities do not engage in activities or actions that reduce effectiveness and efficiency" (p. 284). What appears problematic is that most local governments engage private actors but fail to monitor them well which has been a major challenge why in spite of many public-private partnerships in sanitation service delivery yet the sanitation challenges seems to be lingering around in many jurisdictions (see also Yeboah-Assiamah et al. 2017). Although private actors have been incorporated in the waste collection in the municipality, there appears to be lapses in the waste collection, which the municipal authorities are endeavoring to tackle.

## Conclusion and Policy Implication

The study observes that private sector participation is essential to effective sanitation service delivery as this brings about a renewal in how waste is collected and finally disposed. Observations and discussions in this study highlight that without strengthening the monitoring and supervision mechanisms, private sector engagement for urban sanitation service delivery will not yield any significant improvement in waste management. In other words, it is not just about private involvement in sanitation services, but the "how," and "what" goes into the contract agreement and

more importantly "how" and "what" occurs after the involvement of private actors. The study contends that putting private actors to task or making private involvement worthwhile requires a formidable monitoring system as well as a performance appraisal mechanism that reviews activities of private actors periodically. A policy implication is that city authorities need to be very meticulous in their engagement with private actors and should provide active monitoring mechanisms and regular checks to ensure these are on track per the contract.

The study also concludes that informal solid waste collectors serve as "facilitators for" and "detractors of" effective sanitation service delivery. Although they help in waste collection and disposal, they nonetheless pose a major challenge to the efforts of local government sanitation service delivery if their activities are left unregulated. In that regard, the study maintains that to optimize the role of informal waste collectors, the assembly should register them and assign specific places to them where they would be responsible for collection of waste generated by the households.

For effective compliance to details, coordination and effectiveness in waste collection, the study recommends increase in the frequency of sanitary inspection to deal with insanitary practices in households and communities, especially in urban slums. The Assembly should also develop periodic educational programs on public health and environmental sanitation to sensitize residents. Again, there should be increased distribution and placements of waste bins and stringent punishments meted to culprits of indiscriminate waste disposal. It is also expedient for the assembly to intensify its supervisory role on the private waste collectors in order to keep up with their regularity and punctuality in collecting refuse to ensure quality service delivery.

## Cross-References


- ▶ Comparative Studies
- ▶ Comparative Urban Development
- ▶ Privatization
- ▶ Public Versus Private Sector


## References


African Development Bank Group (AfDB) (2012) Urbanization in Africa. Available at: www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/urbanization-in-africa-10143/. Accessed 18 May 2017

Akinboade AO, Kinfack CE, Mokwena PM (2012) An analysis of citizen satisfaction with public service delivery in the Sedibeng district municipality of South Africa. Int J Soc Econ 39(3):182–199

Chong J, Abeysuriya K, Hidayat L, Sulistio H, Willetts J (2016) Strengthening local governance arrangements for sanitation: case studies of small cities in Indonesia. Aquatic Procedia 6:64–73

Domfeh KA (2002) Private sector participation in solid waste management in greater Accra Metropolitan Assembly. Thesis submitted to the University of Ghana, Legon

Environmental Protection Agency (2014) The challenges of waste management in Ghana: EPA's perspective. Available at http://www.todaygh.com/challenges-waste-management-ghana-epas-perspective/. Accessed 15 Aug 2017

Faniran GB, Faniran GB, Afon AO, Afon AO, Dada OT, Dada OT (2017) Solid waste management during monthly environmental sanitation exercise in Ibadan municipality Nigeria. Management of Environmental Quality: An International Journal 28(6):868–878

G-MDG Report (2015) Ghana Millennium Development Goal Report 2015. Available at http://www.gh.undp.org/content/dam/ghana/docs/Doc/Inclgro/UNDP_GH_2015%20Ghana%20MDGs%20Report.pdf. Accessed on 14 Sept 2017

Hoornweg D, Bhada-Tata P (2012) What a waste: a global review of solid waste management. World Bank, Washington, DC

Katusiimeh MW, Burger K, Mol AP (2013) Informal waste collection and its co-existence with the formal waste sector: the case of Kampala, Uganda. Habitat Int 38:1–9

Klein HK, Myers MD (1999) A set of principles for conducting and evaluating interpretive field studies in information systems. MIS Q 67–93

Lindhout PE, Van den Broek B (2014) The polluter pays principle: guidelines for cost recovery and burden sharing in the case law of the European court of justice. Utrecht Law Review 10:46–59

Mauerhofer V, Hubacek K, Coleby A (2013) From polluter pays to provider gets: distribution of rights and costs under payments for ecosystem services. Ecol Soc 18(4): 41–53

Nsarkoh JK (1964) Local Government in Ghana. The Camelot Press Ltd., Great Britain.

Oduro-Kwarteng S (2011) Private sector involvement in urban solid waste collection: performance, capacity, and regulation in five cities in Ghana. CRC Press, Belkema

Oteng-Ababio, M., Arguello, J. E. M., & Gabbay, O. (2013). Solid waste management in African cities: Sorting the facts from the fads in Accra, Ghana. Habitat International, 39, 96–104.

Oteng-Ababio MM, Amankwaa EF (2014) The e-waste conundrum: balancing evidence from the north and on-the-ground developing countries' realities for improved management. African Review of Economics and Finance 6(1):181–204

Prüss-Üstün A, Kay D, Fewtrell L, Bartram J (2004) Unsafe water, sanitation and hygiene. Comparative Quantification of Health Risks: Global and Regional Burden of Disease due to Selected Major Risk Factors 2:1321–1352

Schulte NA, Gellenbeck K, Nelles M (2017) Operationalisation of service quality in household waste collection. Waste Manag 62:12–23

United Nations Development Programme (UNDP) (2014) Human development report 2014. Sustaining human progress: reducing vulnerabilities and building resilience. Available at https://www.compassion.com/multimedia/human-development-report-2014-undp.pdf. Accessed 6 June 2017

United Nations Department of Economic and Social Affairs (2014) International decade for action: 'Water for life' 2005–2015. Available at www.un.org/waterforlifedecade/sanitation.shtml. Accessed 10 Nov 2017

Wateraid (2015) Where we work – Ghana. Available at http://www.wateraid.org/us/where-wework/page/ghana, http://www.wateraid.org/us/where-we-work/page/ghana. Accessed 10 Nov 2017

WSP (2015). Poor sanitation costs Ghana USD290m yearly. Available at: https://www.ghanaweb.com/GhanaHomePage/health/Poor-sanitation-costs-Ghana-USD290m-yearly-World-Bank-351180. Accessed 15 September 2017

Yeboah-Assiamah E (2015) Involvement of private actors in the provision of urban sanitation services; potential challenges and precautions. Management of Environmental Quality: An International Journal 26(2):270–287

Yeboah-Assiamah E, Asamoah K, Kyeremeh TA (2017) Decades of public-private partnership in solid waste management: a literature analysis of key lessons drawn from Ghana and India. Management of Environmental Quality: An International Journal 28(1):8–93

# US Foster Care Administration

Rebecca H. Padot
PRRUCS, University of Pennsylvania, Philadelphia, PA, USA
Department of Government and History, Misericordia University, Dallas, PA, USA

## Synonyms

Child welfare administration; Child welfare policy; Foster care implementation; Foster care policy; Foster care public administration

## Definition

| | |
|---|---|
| Foster Care | The US Department of Health and Human Services defines foster care as "24-hour substitute care for all children placed away from their parents or guardians and for whom the title IV-E agency has placement and care responsibility. This includes but is not limited to placements in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities, child care institutions, and preadoptive homes" (Code 2018). |
| Administration | Public administration, bureaucracy, public organizations, public policy implementation, public management. |

## The Foster Care Children

In FY2017, 691,000 children were served by the foster care system in the United States with 443,000 children in care on the last day of FY2017 (U.S. Dept., Trends, 1). The number of children served declined consistently from 750,000 in 2008 to 635,000 in 2012 but then steadily increased again through 2017 with 691,000 children (U.S. Dept., Trends, 1). This increase is partially attributable to the opioid epidemic (Radel et al. 2018, Substance Use, 1).

The median amount of time a child spends in foster care is 14.3 months as of FY2017 (U.S. Dept., Foster Care, 7). In FY2017, approximately one-third of children reside in foster care homes with relatives (U.S. Dept., Foster Care, 2), which is termed kinship care. An additional 45% of foster children are placed in nonrelative foster family homes, 7% in institutional care, 6% in group homes, and the rest are in various other categories (U.S. Dept., Foster Care, 4). Between FY2008 and FY2017, the number of adoptions has hovered between approximately 50,000 and

60,000 annually (U.S. Dept of Health and Human Services n.d.).

The Fostering Connections to Success and Increasing Adoptions Act of 2008 raised the age states are permitted to seek Title IV-E funding (reimbursement from the federal government) from age 18 up to age 21 (The National Conference of State Legislatures 2017). Half the states have chosen to extend foster care through this Act (The National Conference of State Legislatures 2017).

## The Foster Care System

Akin to some government by proxy systems (Kettl 1988) in the United States, foster care involves funding from both the federal government and state and local governments. The primary vehicle by which foster care is funded federally is Title IV-E. The federal government provides approximately $5 billion in federal spending via this vehicle (U.S. Dept, Fiscal Year 2016, 7) along with another at least $4.1 billion in annual state and local spending (Radel, personal communication, August 25, 2009) (Note: The $4.1 billion mentioned here only refers to the HHS reported amount of state spending (including local spending) on foster care. State and local spending is significantly higher when including foster care expenses for non-Title IV-E eligible claims. HHS does not report overall data for state/local funded foster care, which is non-Title IV-E eligible.). However, state and local spending is higher when including foster care expenses from non-Title IV-E eligible claims. Less than half of all foster care cases receive partial funding from the federal government because they are not eligible for Title IV-E (Padot 2015, 9). In these cases, the states become financially responsible and, in some cases, shift the costs to their sub-governments (Padot 2015).

In addition to funding foster care, the federal government requires reporting via the Adoption and Foster Care Analysis and Reporting System (AFCARS) (U.S. Department of Health and Human Services 2012) from states such as reducing abuse, reducing time to reunification, and reducing placements of young children in group homes. The author (2015, 146) found the federal government had increased its focus on measuring the performance of state programs, thereby acting as a monitor of state agencies.

The states operate as grantees who receive some of their foster care funding from the federal government. Each state oversees the foster care program in their state, and some states sub-grant authority to regions in their state. As part of this government by proxy system, some states will administer the foster care programs themselves, and others will sub-grant out to counties or regions and/or nonprofits to conduct the foster care placements themselves. For instance, in Delaware the state oversees foster care and licenses the foster homes, but nonprofits also produce matches to connect foster children with foster parents (Padot 2015, 46). Whereas, in New York, foster care is state administered, but county implemented in that the counties manage their own foster care programs. New York City, which includes five boroughs, has approximately two-thirds of the foster care caseload for the state (Padot 2015, 68). In general, the bulk of the foster care work is produced at the state level or by its sub-governments, and there is a significant on-the-ground involvement by the nonprofit sector (Padot 2019) including obtaining foster parents for foster children.

## The Effectiveness of the Foster Care System

There has been one well-known self-assessment of a foster care program, the Casey Young Adult Survey, conducted by a foundation affiliated with their own foster care programs (Havalchak et al. 2008). In addition, there have been three major foster care effectiveness initiatives launched, including two produced by academics and one by the federal government.

The US Department of Health and Human Services started measuring foster care outcomes via their Child Welfare Outcomes Reports (U.S. Dept., Child Welfare 2006). This federal department collects data from the states on foster care outcomes via AFCARS and via the Child and Family Services Review (CFSR). An example of outcome measure 1.1 is the following: "Of all the

children who were victims of substantiated or indicated child abuse and/or neglect during the first 6 months of the reporting period, what percentage had another substantiated or indicated report within a 6-month period?" (U.S. Dept., Child Welfare 2006). Whereas, outcome measure 4.1 reads, "Of all children who were reunified with their parents or caretakers at the time of discharge from foster care, what percentage was reunified in less than 12 months from the time of entry into foster care?" (U.S. Dept., Child Welfare 2006). This data shows how each state has performed on each of several outcomes and then allows states to track themselves against the national median and to potentially increase their performance on foster care outcomes over time. This report measures foster care effectiveness while children are in the foster care system and tracks their reentry within 1 year thereafter.

The Chapin Hall Center for Children at the University of Chicago produced the Midwest Evaluation of the Adult Functioning of Former Foster Youth study that tracked 700 foster care youth after they exited from foster care from 2002 to 2011 (Courtney et al. 2011). This study found that approximately 20% of these former foster youth did not have a GED/high school diploma versus 6% of the control group. Nearly one-third of these former foster youth reported being homeless or couch surfing. 28% noted they did not have enough money for rent versus 6% of the control group. 38% reported they were worried about running out of food. Two-thirds of the young men and nearly half of the young women had been involved in some way with the juvenile or criminal justice system although some of this likely occurred while in the foster care system (Courtney et al. 2004). In other words, the study looked at how the foster system was preparing foster youth for long-term success, and the result showed the system needs improvement.

The author (2015) released a study on what variables are producing foster care administration effectiveness in the stronger performing foster care states. This four-state public administration study looked at two top-performing and two bottom-performing foster care states that were selected by the author based on their performance on a variety of foster care outcomes in the Child Welfare Outcomes Reports, as well as, other variables. The goal of the study was to understand the variables that might be associated with positive foster care practices and performance. The study found that "better foster care administration is produced by public managers who operate as principled agents to develop networks, partnerships, and strategies within and outside their states" (Padot 2015). The study offers case examples of the practices these public managers performed to produce better foster care results that can be replicated by other foster care systems.

However, another finding (Padot 2015) was that the foster care system is largely measuring the progress of foster children while in care via the Child Welfare Outcomes Reports, but not tracking the former foster youth to see how they are performing once they transition to adulthood post-care. Even the top-performing foster care states had weaker long-term outcomes for former foster youth. In other words, effective foster care administration which means lower abuse rates in care, more placement stability, etc. does not equate to long-term success for these former foster youth. Many former foster youth, even in the stronger performing states, end up homeless, incarcerated, or with food and/or financial insecurity. The author encourages (1) more support for these foster children for a longer period and (2) more government, nonprofit, faith-based, community, and individual involvement to support these foster youth as they make the permanent transition to adulthood.

## Cross-References


- ▶ Bureaucracy and Leadership
- ▶ Bureaucracy and Service Delivery
- ▶ Nonprofit Organizations and Social Policy


## References


Code of Federal Regulations (2018, October 1) Appendix E to Part 1355-Data Standards. Retrieved from https://www.govinfo.gov/content/pkg/CFR-2018-title45-vol4/xml/CFR-2018-title45-vol4-part1355

Courtney M, Terao S, Bost N (2004) Midwest evaluation of the adult functioning of former Foster youth:

conditions of youth preparing to leave state care. Chapin Hall at the University of Chicago, Chicago
Courtney M, Dworsky A, Brown A, Cary C, Love K, Vorhies V (2011) Midwest evaluation of the adult functioning of former Foster youth: outcomes at age 26. Chapin Hall at the University of Chicago, Chicago
Havalchak A, White CR, O'Brien K (2008, March 26) The Casey young adult survey: findings over three years. Casey Family Programs, Seattle
Kettl DF (1988) Government by proxy: (Mis?) managing federal programs. CQ Press, Washington, DC
Padot R (2015) The politics of foster care administration in the United States. Routledge research in public administration and public policy series. Routledge, New York
Padot R (2019, February 15) How government and community nonprofit collaboration and non-collaboration affects public sector outcomes. Int J Public Adm. https://doi.org/10.1080/01900692.2019.1575851
Radel L (2009, August 25) U.S. Department of Health and Human Services. Office of the Assistant Secretary for Planning and Evaluation. Division of Child and Youth Policy. Senior Social Scientist. E-mail Correspondence
Radel L, Baldwin M, Crouse G, Ghertner R, Waters A (2018, March 7) U.S. Department of Health and Human Services. Office of the Assistant Secretary for Planning and Evaluation. ASPE Research Brief. Substance use, the opioid epidemic, and the child welfare system: key findings from a mixed methods study. Retrieved from https://aspe.hhs.gov/system/files/pdf/258836/substanceusechildwelfareoverview.pdf
The National Conference of State Legislatures (2017, July 28) Extending Foster care beyond age 18. www.ncsl.org/research/human-services/extending-foster-care-to-18.aspx
U.S. Department of Health and Human Services (2006, August 10) Administration for Children and Families. Administration on Children, Youth, and Families, children's Bureau. child Welfare Outcomes 2003: Annual Report. Safety, Permanency, Well-Being. Retrieved from http://www.acf.hhs.gov/programs/cb/pubs/cwo03/cwo03.pdf
U.S. Department of Health and Human Services (2012, July 8) Administration for Children and Families. Administration on Children, Youth and Families, Children's Bureau. Adoption and Foster Care Analysis and Reporting System (AFCARS). Retrieved from http://www.acf.hhs.gov/programs/cb/systems/afcars/fedguid.htm
U.S. Department of Health and Human Services. Fiscal Year 2016 budget in brief. Administration for Children and Families: Mandatory Programs. Retrieved from https://www.hhs.gov/about/budget/budget-in-brief/acf/mandatory/index.html
U.S. Department of Health and Human Services (n.d.) Administration for Children and Families. Administration on Children, Youth, and Families. Children's Bureau. Trends in foster care and adoption – FY 2008–FY 2017. Retrieved from https://www.acf.hhs.gov/cb/resource/trends-in-foster-care-and-adoption
U.S. Department of Health and Human Services (n.d.) Administration for Children and Families. Administration on Children, Youth, and Families. Children's Bureau. Child Welfare Information Gateway. Foster Care Statistics 2017. Retrieved from https://www.childwelfare.gov/pubPDFs/foster.pdf

# US Office of Government Ethics

Robert N. Roberts
James Madison University, Harrisonburg, VA, USA

## Synonyms

Administrative ethics program; Compliance-based ethics management; Public integrity management

## Definition

US Executive Branch agency responsible for the oversight of the federal executive branch administrative ethics program including the confidential, public financial disclosure and standards of conduct programs.

## Introduction

In the aftermath of the Watergate scandal (1972–1974), which led directly to the resignation of President Richard Nixon and the criminal convictions of a number of his closest White House aides, Congress passed the Ethics in Government Act of 1978 in an effort to restore public trust in the federal government (Gilman 1995; Roberts 1988; Walter 1981). The Ethics Act embraced much stricter compliance-based ethics regulation as the solution for the restoration of public trust in government. Advocates of compliance-based or rule-driven ethics argue that providing government employee with clear rules governing their

conduct is the most effective way to deter official misconduct and to maintain public trust in government.

Due to growing concerns over the impact of financial conflicts of interest on public trust of the federal government, between 1961 and 1968, Congress and the presidential administrations John F. Kennedy and Lyndon Johnson put in place much stricter criminal public corruption and conflict of interest restrictions as well as new administrative standards of conduct directed at regulations for federal executive branch employees. In 1965, President Lyndon Johnson issued Executive Order 11222 that established new standard of conduct regulations for federal executive branch employees and officials and requiring tens of thousands of executive branch officials to file annual confidential financial disclosure statements. The new ethics directives dealt with issues such as acceptance of gifts and other non-criminal conflict of interest issues. Subsequently, each federal agency and department adopted their own standard of conduct rule patterned on the guidelines established by Executive Order 11222. However, these reforms did not prevent the Watergate scandal and an explosion in serious conflict of ethics controversies involving high-level executive branch employees and officials. Elected to the presidency in 1976, Jimmy Carter had pledged to restore trust in the federal government. The Ethics in Government Act of 1978 (Ethics Act) passed Congress with strong support from President Carter. With the goal of increasing the financial transparency of high-level executive branch officials, members of Congress, and federal judges, the Ethics Act required high-level officials in all three branches of the federal government to file annual public financial disclosure statements and also to restore trust in criminal investigations of high-level executive branch officials, including the President of the United States.

In 1989, President George H. W. Bush signed Executive Order 12674 that replaced individual agency standards of conduct with a single set of ethical standards applicable to federal executive branch employees. On August 7, 1992, the USOGE issued the first set of comprehensive executive branch standard of conduct regulations. These were codified in 5 C.F.R. Part 2635.

## The Responsibilities of the US Office of Government Ethics

The Ethics Act of 1978 and subsequent executive orders gave the USOGE responsibility for (1) the oversight of the existing confidential financial disclosure program, (2) the oversight of the new public financial disclosure program for high-level executive branch officials, (3) providing interpretations of presidential standard of conduct executive orders, (4) the issuance of advisory opinions regarding the application of standard of conduct rules and regulations, (5) the approval of blind trust to resolve potential financial conflicts of interest issues, and (6) the oversight of agency ethics programs. Of particular importance, Congress did not give the USOGE any authority to investigate or prosecute possible violations of criminal public corruption or conflict of interest laws.

A presidential appointee subject to Senate confirmation serves as the Director of the USOGE. The Director of USOGE serves a 5-year term. One hundred and thirty federal organizations appoint their own designated agency ethics officials (DAEOs) to assist some 2.7 million executive branch employees in identifying and resolving potential conflicts of interests. Presently, some 5,600 full-time and part-time ethics officials work to educate employees regarding ethics rules and regulations and help employees to recognize and resolve actual and potential conflicts of interest. The USOGE has a staff of 80 full-time equivalent employees and a budget of $15 million. In comparison to other executive branch public integrity units, the USOGE is a small organization. As a result, the USOGE relies heavily upon agency DAEOs to handle the day-to-day management of agency ethics programs. Even though the USOGE provides extensive training for agency DAEOs, the USOGE lacks the authority to appoint or remove agency ethics officials.

The USOGE devotes much of its resources on the oversight of the executive branch confidential

and public financial disclosure systems. In 1965, President Lyndon Johnson issued Executive Order 11122, prescribing standards of ethical conduct for government officers and employees. Besides establishing new standards of conduct for executive branch employees, the executive order put in place a confidential financial reporting program for tens of thousands of federal employees. The order delegated to each federal agency or organization responsibility for collecting and reviewing confidential disclosure statements. Pursuant to the requirements of the 1978 Ethics Act, agency ethics officials annually collect and review some 384,000 confidential financial disclosure statements and 26,000 public financial disclosure statements. Of these forms, the USOGE only has responsibility for reviewing public financial disclosure statements filled by presidential appointees subject to Senate confirmation.

## The Resolution of Financial Conflicts of Interest and the Presidential Nominee

Prior to the passage of the Ethics Act of 1978, the Senate system for reviewing the financial affairs of presidential appointees for financial conflicts of interest effectively broke down. Senate committees responsible for reviewing the qualifications of presidential nominees lacked uniform standards for identifying and resolving actual or potential financial conflicts of interests the resolution of financial conflict of interest. This situation seriously complicated efforts by presidential administrations to recruit individuals to serve in crucial policy-making positions. Rules regarding the establishment of blind trusts did not exist. Presidential nominees needed to negotiate recusal or divestiture agreements with individual committees.

To speed up the review of the financial affairs of presidential appointees subject to Senate confirmation, Ethics Act of 1978 assigned to the USOGE the responsibility for reviewing the public financial disclosure statements of presidential appointees subject to Senate confirmation and to make sure that nominees took appropriate steps to resolve and financial conflict of interest issues. Subsequently, Senate committees adopted a policy of not proceeding with the confirmation of presidential nominees until the USOGE informed the committee that it had reviewed their public financial statements and the nominee had agreed to resolve any actual or potential financial conflict of interest involving the nominee and the spouse and or minor children of the nominee. The system has proven remarkably successfully in the resolution of financial conflicts of interest which might otherwise derail a nominee's effort to obtain Senate confirmation.

Under the present system, a presidential nominee submits their public financial form to the DAEO of the agency or department they will serve. The DAEO then conducts an independent review of the financial affairs of the nominee for any actual or potential financial conflicts of interest and negotiates with the nominee how to resolve any conflicts. The agency DAEO then forwards the nominee' financial disclosure statement to the USOGE for a second review. In consultation with the nominee and the appropriate agency ethics officials, the USOGE works to resolve any financial conflict of interest not taken care of satisfactorily at the agency level. Historically, the USOGE has relied upon a number of different remedies. Some nominees agree to recuse or disqualify themselves from participating in certain matters in which the nominee or immediate family member has a financial conflict of interest. Recusal agreements, however, have a major disadvantage of making it more difficult for a nominee efficiently perform their official duties. To deal with this problem, some nominees decide a blind trust to resolve financial conflict of interest issues without having to sell off any financial holdings. Blind trusts must meet strict statutory requirements.

Between the enactment of the Ethics Act of 1978 and the late 1980s, complaints increased that it worked an undue financial hardship to force nominees to sell of certain financial holdings or carry the expense of setting up and managing a blind trust which might subject them to substantial capital gains taxes. To lessen the burden on nominees and other executive branch employees and

officials required to sell off certain financial assets, the Ethics Reform Act of 1989 granted the Director of the USOGE the authority to issue a so-called certificate of divestitures which permits officials to defer capital gains taxes on assets sold to comply with financial conflict of interest rules and regulations.

During a presidential transition, not surprisingly, the role of the USOGE in the review of the financial affairs of presidential nominees becomes much more important. A new administration wants to get their nominees through the confirmation process as quickly as possible. To accomplish this objective, the USOGE must process hundreds of public financial disclosure forms and negotiate often complex ethics agreements over a particularly short period of time. The USOGE has proven remarkably successful in meeting these extremely tight timetables. From Republican to Democratic administrations or Democratic to Republican administrations, the USOGE established a reputation of professionalism in the resolution of complex financial conflict of interest issues.

## Employee Standards of Conduct Oversight and the USOGE

The management of the executive branch standards of conduct program constitutes the second major responsibility of the USOGE. During the 1990s, the USOGE took the important step of issues detailed regulations dealing with a number of important standards of conduct issues covered by a series of executive branch standard of conduct executive orders (5 C.F.R. Part 2635). The USOGE issued the new regulations with the goal of establishing a uniform set of administrative ethics rules for all executive branch employees. Executive branch employees found responsible for violating these rules face disciplinary action but do not face criminal sanctions. Some of the topics dealt with by these standard of conduct regulations include (1) gifts to executive branch employees from outside sources, (2) gifts between executive branch employee, (3) conflicting financial interests involving executive branch employees, a spouse or minor child, (4) impartiality in performing official duties, (5) executive branch employees seeking outside employment, (6) misuse of position by executive branch employees and officials, and (7) outside activities by executive branch employees. Significantly, the USOGE has limited authority to enforce these standards of conduct regulations or order corrective action by federal executive branch employees. The Ethics Act of 1978, the Ethics Reform Act of 1989, and a series of executive orders place responsibility for the enforcement of standards of conduct regulations on individual agencies and departments.

The regulation of the acceptance of gifts and private hospitality by executive branch employees constitutes one of the most difficult standards of conduct issue dealt with by federal agencies and departments and the USOGE. Regulations issued by the USOGE prohibit executive branch employees and officials from accepting most gifts or private hospitality from prohibited sources. Gift acceptance regulations prohibit all executive branch employees and officials from accepting most types of gifts and private hospitality from a "prohibited source." A "prohibited source" includes anyone seeking business with or official action by an employee's agency and anyone substantially affected by the performance of the employee's duties. Exceptions to the gift acceptance prohibition include unsolicited gifts worth less than $20 per occasion, gifts motivated by a personal or family relationship and entertainment, and food and refreshments at certain widely attended gatherings.

Federal agency ethics officials also devote considerable time to the management of financial conflicts of interest. Standards of conduct ethics regulations prohibit executive branch employees "from participating in an official government capacity in a matter in which he has a financial interest or in which his spouse, minor, child, employer, or any one of several other specified persons has a financial interest." Regulations issued by the USOGE give agency DAEO's broad authority to resolve financial conflicts of interest including requiring employees and officials to sell certain financial interests or to acquire

certain types of financial interests. Again, the USOGE does not have a direct role in the resolution of the vast majority of financial conflict of interests involving executive branch employees. This responsibility rests with individual agencies and federal departments.

The regulation of the outside activities of executive branch employees has also proven a difficult public ethics issue for federal agencies and departments and the USOGE. The Hatch Act, for instance, places limits on the on political activities by off and on duty federal executive branch employees. Also, standards of conduct regulations permit federal agencies to require employees to obtain prior approval from their agency before engaging in outside activities that may create a financial conflict of interest (5 C.F.R. 2635.801). An employee of the Environmental Protection Administration, for example, receives a promotion. The employee's new position will require the employee to write new hazardous waste disposal regulation. The employee also serves as a president of a nonprofit environmental organization that routinely submits comments on such regulations. Federal standards of conduct regulations would prohibit the EPA officials from continuing to serve as the president or officer of the nonprofit environmental organization (5 C.F.R. 2635.802).

Executive branch standards of conduct regulations also prohibit federal employees from misusing their public positions for private gain. This includes misuse of nonpublic information, misuse of government property and equipment, and making use of work hours to engage in activities unrelated to the employee's official responsibilities and a range of other activities (5 CFR Part 2635).

## The USOGE and the Restoration of Public Trust in Government

When one looks at the size of the USOGE, one might assume that it has a minor role in protecting public trust in the integrity of executive branch employees and officials. This would not be an accurate assessment of the role played by the USOGE since its establishment by the Ethics Act of 1978. In fact, it has emerged as one of the most effective federal public integrity units. First, the USOGE has proven remarkably successful in helping to eliminate financial conflicts of interest as a major barrio to the Senate confirmation of presidential nominees. The USOGE has worked effectively with both Republican and Democratic administrations to remove barriers to Senate confirmation. The USOGE has proven remarkably successful in working effectively with both the White House and Senate committees with respect to the Senate confirmation process. This has proven to be a remarkable achievement in the light of the problems created by financial conflict of interest issues prior to the passage of the Ethics in Government Act and the establishment of the USOGE.

Second, the USOGE has succeeded in putting place a uniform set of ethics guidelines dealing with a number of common conflict of interest issues that has the ability to seriously erode public trust in government. The existence of a uniform set of ethics guidelines has made it much easier for agency ethics officials to put in place ethics training programs directed at helping executive branch employee avoid conflict of interest controversies that have the potential to destroy their government careers and reduce public trust in government. As a result, the adoption of a uniform set of standard of conduct regulations has proven successful in reducing intentional and inadvertent standard of conduct violations.

Third, the USOGE plays a crucial role assuring the every federal agency takes seriously the importance of operating effective government ethics programs. The USOGE constantly monitors and evaluates the effectiveness of agency ethics programs. Even though the USOGE does not have the authority to appoint or remove agency ethics officers, it does have the authority to order federal agencies to make changes to their ethics programs if they do not meet standards established by the USOGE.

Fourth, the USOGE directly and indirectly provides the ethics officials of federal agencies education and training essential to the effective

operations of agency ethics programs. As part of this mission, the USOGE provides agency ethics programs with up-to-date interpretations of standard of conduct regulations. With this information, agency ethics officials have a much higher probability of preventing federal employees from violating ethics rules. As a result, the USOGE places a high priority on the education and training of agency ethics officials in an effort to provide them the tools to work with large numbers of federal executive branch employee to avoid inadvertent violations of standard of conduct regulations.

## Conclusion

Many critics of compliance or rule-driven ethics argue that there is little increase of public trust in government (Huddleston and Sands 1995). Although rule-driven ethics may not be the only way to restore public trust in government, it has a major role to play. The history of the USOGE demonstrates that effective public integrity management has the ability to reduce conduct that seriously undermines public trust in government (Roberts 2007).

## Cross-References


- ▶ Administrative Ethics
- ▶ Administrative Responsibility
- ▶ Code of Ethics
- ▶ Compliance Versus Ethical Capacity
- ▶ Corruption
- ▶ Ethical Competence
- ▶ Ethical Risk Management
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics Officers
- ▶ Ethics Training
- ▶ Integrity and Corruption
- ▶ Integrity in the Public Service
- ▶ Integrity Management
- ▶ Law and Public Administration Ethics
- ▶ Public Corruption


## References


Gilman SC (1995) Presidential ethics and the ethics of the presidency. Ann Am Acad Pol Soc Sci 537:58–75

Huddleston MW, Sands JC (1995) Enforcing administrative ethics. Ann Am Acad Pol Soc Sci 537:139–149

Roberts R (1988) White house ethics: the history of the politics of conflict of interest regulation. Greenwood Press, Westport

Roberts R (2007) History of the legalization of executive branch ethics regulation. Public Integr 9(4):313–332

United States Office of Government Ethics. Mission and responsibilities. Retrieved August 23, 2016. https://www.oge.gov/web/oge.nsf/Mission%20and%20Responsibilities

Walter JJ (1981) The ethics in government Act. Conflict of interest laws and presidential recruiting. Public Adm Rev 41(6):659–665


# US Trends in Public Corruption Prosecutions


Kristine Artello and Jay S. Albanese
Wilder School of Government and Public Affairs, Virginia Commonwealth University, Richmond, VA, USA


## Synonyms

Bribery; Embezzlement; Fraud; Foreign Corrupt Practices Act (FCPA); Government monopoly; Kickbacks; Misappropriation

## Definition

Public corruption is defined as the misuse or abuse of an individual's public office for private gain. In contrast, commercial corruption is the use of a private or business position of trust for one's personal gain. While both types of corruption involve misuse/abuse of one's position, public corruption affects everyone because it involves public trust and/or money, whereas commercial corruption affects only those doing business with the individual or firm.

## Introduction

Corruption has been broadly defined as "the use of public office for private gain" or "the abuse of entrusted power for private gain" (Rose-Ackerman and Palifka 2016; Transparency International 2017; World Bank 2017). However, broad definitions are not useful to understand the exact behaviors result in liability and public corruption prosecutions. The modern era of US prosecution of public corruption might have started in 1970, when Herbert Stern, US Attorney for New Jersey, convicted on Hugh Addonizio, mayor of Newark, for conspiracy and extortion in exploiting his role as mayor to take money illicitly – a clear quid pro quo exchange of money for awarding public contracts (Stern 2012). In 1976, following Watergate, the US Department of Justice created the Public Integrity Section to oversee public corruption prosecutions across the country. This unit must review and approve prosecutions against judges, governors, and other elected officials. The 94 US Attorneys Offices, distributed across the United States, conduct all federal prosecutions. There has been a rise in prosecutions and convictions for public corruption over the last 30 years.

Most public corruption prosecutions occur at the federal level in the US. Cordis and Milyo (2016) examined all newspaper and newswire coverage from 1986 to 2014 and found a total of 17,362 cases, once they were screened to include only cases involving public employees. The overwhelming majority of cases (n = 16,452) were prosecuted in federal court. In contrast, only 910 convictions involving public corruption were brought in state courts, consisting primarily of local government employees, such as thefts by public school teachers and administrators, local police, and firefighters. The remaining portion involved state employees, most frequently motor vehicle licensing bureau clerks selling licenses, or thefts by university employees, state police, and prison guards (Cordis and Milyo 2016). Therefore, according to these data, approximately 94% of all public corruption convictions in the US occur by federal prosecutions in the federal courts (but a substantial number of those convicted in federal court involved state and local officials).

**US Trends in Public Corruption Prosecutions, Table 1** Corruption convictions in federal court, 1986–2015

| Year | 1986 | 1996 | 2006 | 2015 |
|---|---|---|---|---|
| Prosecutions | 1949 | 2214 | 1541 | 1222 |
| Convictions | 464 | 552 | 590 | 474 |

Source: TRAC

The reporting of cases as public corruption did not occur in a systematic way until 1989. TRAC (Transactional Records Access Clearinghouse) collects information via FOIA (Freedom of Information Act) requests to gather data on the activities of the executive branch of government. The analyses by TRAC have been found to be more accurate than the reports published by individual government agencies themselves (Cordis and Milyo 2016). The last 30 years has seen a steady climb in public corruption convictions from 1986 to 2001, and then dropping somewhat. Table 1 illustrates trends in the number of cases in which at least one defendant was charged and found guilty of corruption. A leveling off follows an upward trend. A sustained high level of convictions is evidenced year-to year; however, as there has been more than 460 federal convictions for public corruption offense every year since 1986.

## Prosecution Charges

When examining the record of prosecutions, four main types of illicit conduct are found: bribery, extortion, fraud, and conspiracy. Bribery, typically recognized as quid pro quo, is a common corruption offense, because it involves a voluntary exchange of a benefit to influence an official act. Both parties, the bribe giver and receiver, are liable under law. In contrast, extortion involves a threat of some kind of future harm to obtain the

property (usually money). Bribery is distinguished from extortion in that bribery occurs when the payer received "better than fair treatment," while extortion occurs when the payer must pay "just to be treated fairly." In both cases, there is a corrupt exchange (Arrieta 2016).

Fraud occurs when either a private citizen or public official obtain government money or property using false representations. The Public Integrity Section of DOJ includes any type of fraud perpetrated against the government or its programs (e.g., false claims for medical procedures). Therefore, some of these cases more closely resemble white-collar crimes of fraud, but they are considered corruption because public funds are involved. Embezzlement of public funds occurs when a public official or public servant misuses their authority to steal money from the government. Conspiracy punishes the planning to commit a crime. It occurs when two or more persons agree to commit a crime, so it can be used for a variety of planned crimes involving multiple people, such as organized crime, corruption, and some white-collar crimes (Albanese 2015). An expansion of conspiracy law to criminal enterprises, the "Racketeer Influenced and Corrupt Organizations," (herein RICO), was enacted in 1970, making it unlawful to acquire, operate, or receive income from an enterprise through a pattern of racketeering activity. An individual or group (an "enterprise") who commits two or more indictable offenses ("racketeering activity") within a 10-year period (a "pattern") is subject to 20 years' imprisonment, fines up to $25,000, and forfeiture of any interest in the enterprise, as well as civil damages and dissolution of the enterprise itself (Urbina and Kreitzer 2004). The RICO law targets the enterprise behind the illicit behavior and was designed to combat organized crime infiltration of legitimate businesses, although it has since been employed to prosecute criminal activities by government agencies and corporations (Blakey 2006).

An examination of all federal prosecutions that resulted in convictions from 1986 to 2015 were analyzed to examine how public corruption was prosecuted in practice. Fifty-eight different statutory charges were brought in these cases, but only ten statutes comprised nearly 60% of all the public corruption cases. The list below summarizes the top 10 federal statutes used to prosecute corruption cases.

18 USC 201 – Bribery of public officials and witnesses
18 USC 666 – Theft or bribery in programs receiving Fed funds
18 USC 1951 – Hobbs Act (extortion)
18 USC 1001 – Fraud/false statements or entries generally
18 USC 641 – Public money, property or records
18 USC 1341 – Mail Fraud – frauds and swindles
18 USC 371 – Conspiracy to commit offense or to defraud US
18 USC 287 – False, fictitious or fraudulent claims
18 USC 1343 – Fraud by wire, radio, or television
18 USC 1962 – RICO – prohibited activities

These 10 statutes reflect the three major types of underlying behavior: bribery, fraud, and extortions, well as a fourth behavior, identified as conspiracy and racketeering, found in larger and more systematic corruption schemes. The relationship between these underlying behavior and corruption is summarized in Table 2.

Therefore, over 30 years of federal prosecutions indicate that these cases rely on a small number underlying forms of misconduct: bribery, fraud, extortion, and conspiracy (Albanese et al. 2018).

## Types of Corrupt Behavior and Governmental Level

Public corruption behaviors appear to vary by level of government. For example, in cases involving federal defendants, the mixture of charges brought differs than for cases involving state and local public corruption defendants. Fraud-related corruption charges underlie most cases overall, as well as in cases involving federal defendants. At the state and local level, however, fraud behaviors were second most common after bribery (in local

**US Trends in Public Corruption Prosecutions, Table 2** Behaviors underlying federal prosecutions

| Offense description | Connection to corruption |
|---|---|
| Bribery is a voluntarily exchange (solicitation or acceptance) of any benefit to influence an official act (18 USC 201, 666) | A corrupt exchange between a public official and a private business or citizens that benefits both parties. It subverts a lawful process (e.g., pay to avoid a ticket, pay to get a permit, pay a kickback to obtain a government contract). |
| Fraud is theft by deception, often funds obtained or misused without authorization for their personal enrichment or benefit (18 USC 1001, 641, 1341, 287, 1343) | The government is deceived in obtaining public funds through false documentation, false statements, or purposeful avoidance of procedures that are required by law. |
| Extortion involves obtaining property, using threats of future harm (18 USC 1951) | The person soliciting the property is liable due to the threats made to extract payment from the victim who has been placed under duress. |
| Conspiracy and racketeering - organized or ongoing efforts to violate the law in systematic fashion (USC 371 and 1962) | Conspiracy punishes the planning to commit a crime by two or more persons. Racketeering targets the enterprise behind ongoing or systematic criminal behavior. |

Source: Developed through authors' analysis

cases) and extortion (in state cases). The lower-levels of fraud-related corruption at the state and local level may be the result of DOJ's Public Integrity Section's inclusion of frauds perpetrated against federal programs, including no public official or employee participated in the fraud. Bribery was the second most common underlying behavior overall but was found to be the most common charge in local cases. At the state level, corruption charges involving extortionate behavior were the most common. Overall, 54% of corruption cases over 30 years cases involved federal defendants, 30% involved local defendants, and 16% involved state-level defendants.

Federal defendants were most often charged with following offenses (in order of most to least): bribery, fraudulent statements/entries, theft of public funds, conspiracy and fraudulent claims. However, state and local defendants were more likely to be charged with a different ordering of offenses: extortion, theft from government programs, mail fraud, and conspiracy for state defendants and theft from government programs, extortion, mail fraud, and bribery for local defendants in the last 30 years.

## Conclusion

Though federal corruption cases have been brought under 58 lead charges over the last 30 years, only 10 of these charges account for nearly 60% of all cases made. These 10 charges target four types of underlying behavior, which, together, form the operational meaning of corruption in practice. At the federal level, fraud is the most common corrupt behavior prosecuted. In contrast, state and local officials more often accept money or gifts for actions either through bribes (offered at the local level) or extorting payments for access (at the state level). The majority of prosecutions are occurring against public officials at the state and local level. In addition the level of the prosecution effort against corruption has been consistent over the years with some drop-off after 2001. The drop may have resulted from a shift in resources to focus on national security after 9/11 attacks, a change in behavior as people are deterred because of high profile cases or a change in behavior to avoid detection. The future of public corruption convictions may be more determinative based on the recent Supreme Court decision of *McDonnell v.* US that exclusively defines public corruption as the quid pro quo in the conduct of official acts which is a limited view on corrupt behaviors (136 S. Ct. 2355, 2016). Court decisions have also curtailed use of the honest service doctrine in the federal mail fraud statute to prosecute state and local officials on public corruption charges. In addition, Congress has been reluctant to enact statutes that provide clear authority to investigate state and local officials for offenses that do not involve a direct quid pro quo (Heilman 2017). It remains to be seen whether the federal prosecution effort will be sustained in the face of

increasing judicial and legislative limitations, or whether corruption prosecutions will occur more often at the state level.

## Cross-References

- ▶ Corruption
- ▶ Corruption Management in Africa
- ▶ Government and Corruption in Context of Growth
- ▶ Integrity and Corruption
- ▶ Political Corruption
- ▶ Public Attitudes and Corruption
- ▶ Public Corruption
- ▶ Shell Companies and Government Corruption

## References

Albanese JS (2015) Organized crime: from the mob to transnational organized crime. Routledge, London

Albanese JS, Artello K, Nguyen LT (2018) Distinguishing corruption in law and practice: empirically separating conviction charges from underlying behaviors. Public Integr Adv Online Publ:1. https://doi.org/10.1080/10999922.2018.1423859

Arrieta LB (2016) Attacking bribery at its core: shifting focus to the demand side of the bribery equation. Public Contract Law J 45:587–612

Blakey GR (2006) RICO: the genesis of an idea. Trends Organized Crime 9(4):8–34. https://doi.org/10.1007/s12117-006-1011-x

Cordis AS, Milyo J (2016) Measuring public corruption in the United States: evidence from administrative records of federal prosecutions. Public Integr 18:127–148. https://doi.org/10.1080/10999922.2015.1111748

Heilman D (2017) A theory of bribery. Cardozo Law Rev 38(6):1947–1992

Rose-Ackerman S, Palifka BJ (2016) Corruption and government: causes, consequences, and reform, 2nd edn. Cambridge University Press, Cambridge

Stern H (2012) Diary of a DA. Skyhorse Publishing, New York

Transparency International (2017) What is corruption? Retrieved from http://www.transparency.org/what-is-corruption

Urbina MG, Kreitzer S (2004) The practical utility and ramifications of RICO: thirty-two years after its implementation. Crim Just Policy Rev 15:294–323. https://doi.org/10.1177/0887403403252669

World Bank (2017) What is fraud and corruption? http://www.worldbank.org/en/about/unit/integrity-vice-presidency/what-is-fraud-and-corruption. Accessed 28 Apr 2018

# Use of Debt Relief for the Education Sector in the DRC

Danny Cassimon[1], Tom De Herdt[1], Wim Marivoet[2] and Karel Verbeke[1]
[1]Institute of Development Policy (IOB), University of Antwerp, Antwerp, Belgium
[2]West and Central Africa Office (WCAO), International Food Policy Research Institute, Dakar, Senegal

## Synonyms

Debt cancellation; Debt forgiveness; Debt-for-education relief; Government education spending

## Definition

Debt relief granted to a debtor government, such as in the case for the DRC, may result in more public resources available and, through the conditions attached to receiving the debt relief, can lead to increased social sector spending, in general, and higher education sector spending, in particular, and may also, given particular other conditions fulfilled, cause improved effectiveness of this spending in terms of improved outcome and impact indicators for education.

## Introduction

On July 1, 2010, the Executive Boards of the IMF and World Bank jointly announced, under the so-called heavily indebted poor countries (HIPC) and multilateral debt relief initiatives (MDRI), to irrevocably grant the Democratic Republic of the Congo (DRC) external debt relief of about 12.3 billion USD (IMF 2010). Initiated in 1996, these debt relief programs basically aim to act as a mechanism to help eligible countries not only restore debt sustainability but also increase macroeconomic stability, improve governance of public service provision, and reduce poverty. They intend to do so in two ways: first, they increase

the country's available resources. Whereas savings on current and future debt service provide for a direct budget increase, the elimination of "debt overhang" also has an indirect positive effect on both domestic (through higher economic growth) and foreign resource availability (through more aid and foreign private investment). The second and maybe more important channel works through conditionalities attached to the deal, which focus on structural reforms to spur economic growth and reduce poverty, for example, by improving the governance and quality of basic health care, education, or other public services (IMF 2015).

When the debt relief was granted, the IMF considered these aims to be accomplished (IMF 2010: 1). Now, 8 years after the completion point, the IMF's claims on improved governance and service delivery can be reassessed with the benefit of hindsight. We focus on two questions in particular. We first question how and to what extent the HIPC debt relief program increased the availability of resources entering the public budget and how it triggered, reshaped, and sustained budgetary policies and priorities (Cassimon and Essers 2017). The second question asks how and to what extent the HIPC debt relief impacted on education, both in terms of sectoral resources and their allocation to schools and teachers and regarding the educational attainment of Congolese pupils. Our choice for education stems from the priority given to this sector by the Congolese government in the allocation of HIPC resources. Therefore, if any impact is to be expected, then it would become visible *there first*.

## The DRC's History of Debt

The origin of the Congolese debt burden can be traced back to the period between 1973 and 1975. Totalling 544 million USD at the start of this period (representing 25% of the country's GNI and yielding a debt service of around 5% of the country's exports), the overall debt stock rose nearly sixfold, and debt service doubled within only 2 years. This increase can be mainly attributed to four major projects: INGA I, INGA II, and INGA Shaba (800 million USD), the Tenke Fungurume Mining Company (320 million USD), Maluku/SOSIDER (182 million USD), and the Cimenterie Nationale (100 million USD) (Marysse et al. 2012). As none of these projects realized its potential, especially after the nationalization policy introduced by Mobutu in 1973, debt servicing problems emerged very early in the DRC.

In June 1976, Zaire (as the DRC was then called) was the first African country to conclude a deal with the bilateral creditors of the Paris Club. However, as the authorities did not respect the stipulated repayment schedule, new deals followed, and penalty interests kept inflating the debt stock. Although this snowball effect was briefly halted in the early 1980s (when structural adjustment programs prioritized debt repayment over social spending, resulting in severe budget cuts to education and health care), poor economic and fiscal governance soon returned to Zaire, which further eroded the formal economy and did anything but prevent further debt accumulation during the last decades of the twentieth century. When Joseph Kabila took power in 2001, the new president inherited a total external debt of nearly 13 billion USD in nominal terms, nearly three quarters of which were arrears and additional debt service arrears adding 700 million USD per year.

## Did the Process of HIPC Debt Relief Increase Resources?

In the case of the DRC, the process of debt relief was indeed accompanied by "new" resource inflows. These new resource inflows were quite limited, however, and they were only to a limited extent channeled through the Congolese government or state administration. Instead, the indirect resource effect has proved to be much more powerful: through the elimination of debt overhang and by stabilizing the macroeconomic landscape, which was partly a result of the country's pacification, partly triggered by the conditionalities attached to the HIPC deal, the country has managed to substantially broaden its fiscal base.

Furthermore, a part of this increased Congolese budget has been successfully earmarked to social sectors, of which education received the biggest share. Figure 1, which displays the evolution of two key macroeconomic indicators, shows that the adjustment program implemented between June 2001 and March 2002, succeeded in breaking the vicious cycle of hyperinflation. Since 2002, the DRC has further managed to keep inflation at relatively low levels, except for 2009 when the global economic crisis hit Africa. Moreover, the economic reforms resulted in the first positive economic growth rates in 13 years, a trend which continued and was only interrupted again in 2009. As a result of this global crisis, economic growth between 2008 and 2013 was lower than forecasted by the IMF growth models but still positive and resuming its upward trend in 2012. Even if we cannot fully attribute this economic trend shift to the process of debt relief, it is clear that the prospect of debt being cancelled was an important "carrot," which has helped produce this macroeconomic performance and attract attention from the donor community.

The resumption of economic growth and macroeconomic stability, combined with the pacification of the country, also had large effects on the evolution of the Congolese budget and the inflow of new aid. Figure 2 shows that the state budget, including aid resources registered on the budget, witnessed an impressive, almost sixfold increase over the period 2003–2013, from around 1 billion USD to nearly 6 billion USD in 2013. Compared with the additional funding obtained through aid (including the HIPC Initiative), the increase in tax revenues from merely 400 million USD to more than 4000 million USD, partly as a result of higher economic growth, is the most salient.

As such, significantly more resources have become available for public spending in general.

## How Did the Debt Relief Process Impact on Education?

The success story of debt relief in the DRC needs to be curtailed halfway, and here we part ways with the IMF's conclusion: based on the data available for the education sector (where its effect should have been most visible), the debt relief process did *not* result in improved public service delivery. True, at the level of the Ministry of Education, the HIPC initiative and its conditionalities have reversed the downward trend and contributed to a sustained increase in budgetary resources. However, this increase was still insufficient to reach the average level of state expenditures allocated to education in other sub-Saharan

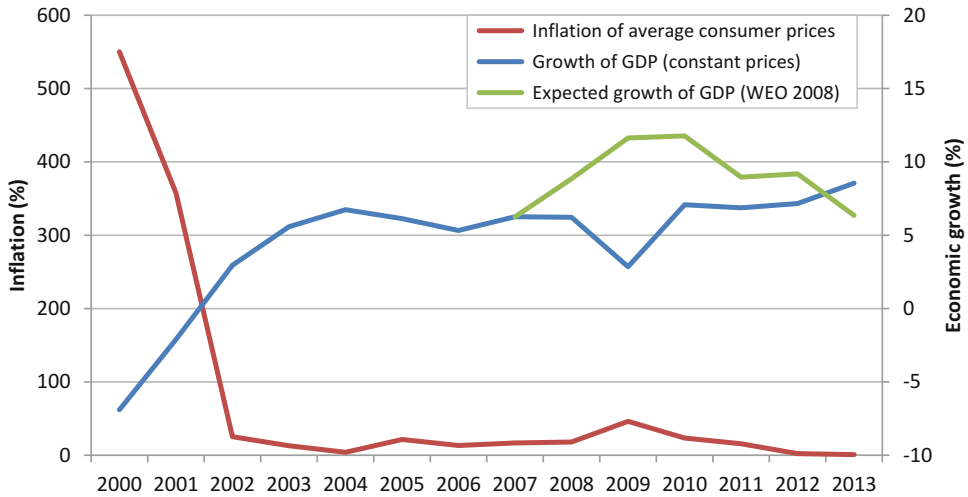


**Use of Debt Relief for the Education Sector in the DRC, Fig. 1** Evolution of inflation and economic growth (%), 2000–2013. (Source: based on the World Economic Outlook databases (IMF 2008, 2014))

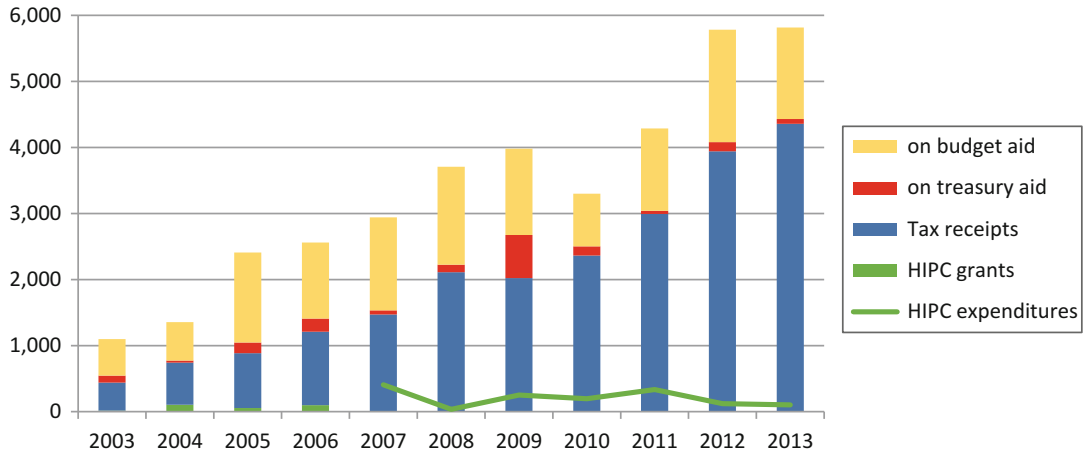


**Use of Debt Relief for the Education Sector in the DRC, Fig. 2** Evolution of tax receipts, aid, and HIPC resources (in current million USD), 2003–2013. (Notes: HIPC grants and HIPC expenditures refer to HIPC debt relief resources. Aid is considered to be "on budget" when its intended use is reported in budget documentation. Aid is considered to be "on treasury" when it is disbursed into the main revenue funds of the government and managed through government's systems. Source: Authors' calculations based on the government's budget execution reports (Etats de Suivi Budgétaire, ESB))

African countries or to regain its pre-structural adjustment level of 1982.

Table 1 documents the sector's performance in the first decade of the twenty-first century. The evolution in gross enrolment rates of children between 5 and 18 years of age indicates a substantial increase in school participation between 2005 and 2012, from 55% to almost 70%. On the flip side, when considering disparities in school enrolment, we observe that they remain important in general, despite being (slightly) reduced in some respects. More specifically, boys still have a higher probability to be enrolled in school compared to girls, the urban sector is doing better than the rural, and richer households continue to outperform the poorer in terms of school participation of their children.

Furthermore, according to a recent World Bank study, three problems of internal efficiency seem to persist. First, most children continue to enter school relatively late: they enter the system around the age of 9. Second, and related to the first problem, the percentage of children abandoning school remains about as high as before. And third, there is practically no change in the repetition rate, which amounts to approximately 10% in primary school (World Bank 2015). Finally, when it comes to the quality of education, there is not much reason for optimism either. Indeed, even though the data do not allow for an accurate comparison of literacy rates over time (the principal reason being the varying methods used by different surveys conducted in the DRC), some systematic but geographically limited studies report alarming figures. A study carried out in a series of primary schools in Katanga in 2011 reported that more than two thirds of the pupils from the second to the fourth grade were unable to read 10 words of text, and of those who could, only less than 10% actually understood what they were reading (Torrente et al. 2011). Another study, carried out in several schools in Bandundu, Orientale, and Equateur in 2010, reported that no less than 23% of the sixth grade children were unable to read a "single" word of French text (RTI International 2010: 2).

## Mind the Political Economy of Debt Relief

In other words, there is quite some contrast between, on the one hand, the substantial increase

**Use of Debt Relief for the Education Sector in the DRC, Table 1** Evolution in gross enrolment rates (age 5–18 years) by sector, gender, and consumption deciles (%), 2005–2012

| | 2005 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Deciles | Urban | | Rural | | Total | Urban | | Rural | | Total |
| | Boy | Girl | Boy | Girl | | Boy | Girl | Boy | Girl | |
| **1** | 56.9 | 56.7 | 47.6 | 44.7 | 48.8 | 63.1 | 55.2 | 65.5 | 57.5 | 61.0 |
| **2** | 64.3 | 57.8 | 53.2 | 43.5 | 51.8 | 68.2 | 62.2 | 68.7 | 61.8 | 65.2 |
| **3** | 65.0 | 62.5 | 47.3 | 42.9 | 50.2 | 77.0 | 73.9 | 67.7 | 59.9 | 68.4 |
| **4** | 61.2 | 60.6 | 51.0 | 46.0 | 52.4 | 80.2 | 74.5 | 67.8 | 59.0 | 69.1 |
| **5** | 69.6 | 66.5 | 57.1 | 41.0 | 55.0 | 80.9 | 79.8 | 64.7 | 62.0 | 70.6 |
| **6** | 68.7 | 67.9 | 56.2 | 42.2 | 55.4 | 84.0 | 84.6 | 68.8 | 62.4 | 72.6 |
| **7** | 71.7 | 73.6 | 57.8 | 48.8 | 59.4 | 80.0 | 83.1 | 70.7 | 57.8 | 71.4 |
| **8** | 77.2 | 73.6 | 55.7 | 40.8 | 57.1 | 83.6 | 83.8 | 68.7 | 63.9 | 73.0 |
| **9** | 79.9 | 70.0 | 58.9 | 44.6 | 59.5 | 84.5 | 87.3 | 72.5 | 63.3 | 74.3 |
| **10** | 79.9 | 72.4 | 61.9 | 35.9 | 60.1 | 87.9 | 83.9 | 69.1 | 62.0 | 72.5 |
| **Total** | **69.7** | **66.6** | **53.9** | **43.3** | **54.7** | **78.9** | **77.4** | **68.2** | **60.8** | **69.5** |

Notes: The deciles were derived from consumption levels per equivalent adult expressed in Kinshasa prices of 2012, using the BCC price index and a series of 56 price zones. All survey data results benefit from a stabilized sampling frame
Source: Authors' calculations based on the 1, 2, 3 surveys (République Démocratique du Congo 2008, 2014)

of funds geared toward the education sector, and, on the other, the persisting disparities in schooling as well as the sector's poor performance in addressing internal efficiency and quality.

To understand this contrast, we need to disentangle the interests and logics of various stakeholders within the education sector. First and foremost, as the lion's share of overall resources spent on education is still directly provided by the parents through the payment of school fees, the education sector remained very much dominated by a market logic, with schools being accountable to the parents rather than to the education administration. As a result, private income inequalities are translated into disparities in schooling, despite the increase of the state education budget. Apart from this key explanation, the policy leverage to pursue larger degrees of schooling inclusiveness is further jeopardized by tensions within the good governance agenda as well as in relation to short-term political rent-seeking strategies. Whereas myopic reforms and the adoption of generic blueprints might produce some superficial results and maintain donor loyalty in the short run, they will most probably hinder the promotion of a more structural and domestically driven policy process in the longer run.

## Conclusion

Replication of the IMF exercise for the process of debt relief in the DRC connects to a broader debate about whether it is possible to stimulate good governance from the outside, if country ownership is considered to be such a crucial ingredient. Indeed, the HIPC debt relief process builds on an aid architecture that considers country ownership as a basic building block for improved governance, and the Paris Declaration (2005) and Busan Conference (2011) reaffirmed this view. Several scholars remarked, however, that country ownership may be at odds with other commitments, such as managing for results or with good governance in general. First, the institutional weakness in various countries constitutes a chicken-and-egg problem (Gisselquist and Resnick 2014): the final outcome of a sector reform fully owned by a recipient country ultimately depends on the institutional capacity of the sector to conduct such a reform in the first place. In this respect, one should also mention the considerable administrative workload, manifest in the multiple restrictive and implicitly imposed M&E formats that accompany such reforms. Second, the tacit assumption behind

the pursuit of increased country ownership is that political leadership is development-oriented, which is argued to be often in tension with countries' "short-term clientelistic strategies for gaining votes and seeking legitimacy" (Booth 2011: 15).

Given the varying degrees of institutional quality and diverse political incentives, it is thus unclear whether and to what extent foreign aid, in any particular setting, will be able to advance good governance and good policies. To address this issue, the generic answer is often to take context more seriously when designing, implementing, and monitoring reforms (Booth 2011; Gisselquist and Resnick 2014). Put differently, donors should "learn how to play local politics. If they want to be successful, they cannot refuse to be drawn into local events, despite their desire to appear neutral and giving only technical advice" (Marenin 2014: 159).

Now that we can judge with hindsight, our study of the debt relief process in the DRC teaches us what donors risk when they refuse to play local politics. Indeed, it is important to remark that our conclusions diverge from the IMF's assessment of 2010, particularly at the point of engaging in a local political economy analysis. A mere technical analysis of macro-level results and micro-level outcomes, especially in a context with data of debatable quality, clearly does not suffice to make a final judgment of the effectiveness of aid in improving governance. In this respect, we can only concur with Marenin's conclusion that if they want to be successful, donors should have a clearer idea about the intended effects of their actions on the beneficiary country's political economy.

## Cross-References


- ▶ Development Administration
- ▶ Governance and Aid
- ▶ Governance and Development
- ▶ Public Policy and Governance: Theory and Practice


## References


Booth D (2011) Aid effectiveness: bringing country ownership (and politics) back in (Working paper no. 336). Overseas Development Institute, London

Cassimon D, Essers D (2017) A chameleon called debt relief: aid modality equivalence of official debt relief. In: Biekpe N, Cassimon D, Mullineux A (eds) Development finance: innovations for sustainable growth. Palgrave Macmillan, London, pp 161–197

Gisselquist RM, Resnick D (2014) Aiding government effectiveness in developing countries. Public Adm Dev 34:141–148

IMF (2008) World Economic Outlook Database April 2008. Retrieved from http://www.imf.org/external/pubs/ft/weo/2008/01/weodata/index.aspx

IMF (2010) Democratic Republic of the Congo: enhanced initiative for heavily indebted poor countries – completion point document and multilateral debt relief initiative paper (Report no. 10/360). International Monetary Fund, Washington, DC

IMF (2014) World Economic Outlook Database October 2014. Retrieved from https://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx

IMF (2015) Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative, IMF factsheet. Retrieved 17 Sept 2015, from www.imf.org/external/np/exr/facts/hipc.htm

Marenin O (2014) Styles of policing and economic development in African States. Public Adm Dev 34:149–161

Marysse S, Tshiunza Mbiye O, De Herdt T, Cassimon D, Verbeke K, Visser M (2012) A clean slate – what next? Evaluation of debt relief to the Democratic Republic of Congo (2003–2010). Main Report. Ministry of Foreign Affairs, Policy and Operations Evaluation Department (IOB) and Kingdom of Belgium, Ministry of Foreign Affairs, Foreign trade and Development Cooperation, Special Evaluation Office (SEO), The Hague

MEPSP (several years) Annuaire Statistique de l'Enseignement Primaire, Secondaire et Professionnelle. Ministère de l'Enseignement Primaire, Secondaire et Professionnelle, Kinshasa

République Démocratique du Congo (several years) Etats de Suivi Budgétaire (ESB). Ministère du budget, Kinshasa

République Démocratique du Congo (2008) Enquête 1-2-3, Résultats des Enquêtes sur l'Emploi et sur la Consommation des Ménages/2004–2005. République Démocratique du Congo, Kinshasa

République Démocratique du Congo (2014) Enquête 1-2-3, Résultats de l'Enquête sur l'Emploi, le Secteur Informel et sur la Consommation des Ménages/2012, Rapport Global Final. République Démocratique du Congo, Kinshasa

RTI International (2010) PAQUED: DRC EGRA Pilot for PAQUED Baseline Assessment, DRC. USAID, Kinshasa

Torrente C, Aber JL, Shivshanker A, Annan J, Bundervoet T (2011) Opportunités pour un accès

plus équitable à une éducation de base de qualité (OPEQ), Rapport de l'évaluation initiale des habiletés fondamentales précoces en lecture/écriture et mathématiques et les données démographiques des élèves des écoles primaires de la province du Katanga, République démocratique du Congo. USAID, International Rescue Committee, New York University, Kinshasa

World Bank (2015) Democratic Republic of Congo: Education Sector Public Expenditure Review (PER), Rapport Final. The World Bank Group – Education, Washington, DC

# Utilitarianism

Charles D. Kay
Philosophy Department, Wofford College, Spartanburg, SC, USA

## Synonyms

Cost-benefit analysis; Expected utility; Expected value

## Definition

Utilitarianism is a consequentialist theory of ethics which states that actions are morally right to the degree that they tend to promote the greatest good for the greatest number. Utilitarianism is a consequentialist theory of ethics which states that actions are morally right to the degree that they tend to promote the greatest good for the greatest number.

## Introduction

Utilitarianism is the best-known version of consequentialist ethics. Consequentialist ethical theories evaluate the morality of actions strictly on the basis of their outcomes, setting aside any consideration of the agent's motives or other circumstances. As such utilitarianism is readily distinguished as the opposite of deontology, which evaluates actions solely on the basis of moral duty and the will of the agent. Since it focuses on the morality of individual actions, utilitarianism is also distinct from theories of virtue which are concerned with the moral character of agents rather than actions. Although forms of utilitarianism have been put forward and debated since ancient times, the modern theory is most closely associated with the British philosopher John Stuart Mill *(1806–1873)* who developed the theory from a plain hedonistic version put forward by his mentor Jeremy Bentham *(1748–1832)*.

The basic principle of utilitarianism is deceptively simple: Actions are morally right to the degree that they tend to promote the greatest good for the greatest number. The simplicity is deceptive since the statement suggests several crucial questions: what is "the good"? and who is to be included as a stakeholder in "the greatest number"? The statement also implies that there will be degrees of right and wrong and seems to presuppose that the action that is right to the highest degree is the one that should be performed.

Furthermore, in the classic form of the theory, the utilitarian principle is taken as defining the ethical or moral "right." It is the promotion of such consequences that actually *makes* an action right, rather than merely identifying what is right. That establishes utilitarianism as a theory of ethics. But it is also possible to regard the principle as only a guide to action. In that case, it would help to identify the right course of action, but not explain what it is that makes the action right. Such an approach would then need to be supplemented by both a different theory of the nature of "the right" and an explanation of the necessary connection between consequences and the moral right. (As already indicated, deontology rejects such a connection.) Here, utilitarianism is discussed as a theory of ethics which defines the nature of the right (Darwall 2003).

## What Is "the Good"?

First, it should be indicated that within the utilitarian principle, "the good" is not identical with "the right"; otherwise, the principle would be

nearly tautological. Instead, the moral "right" of an action is determined by the measurable, material "good" it produces. For Bentham, this good was simply hedonistic: pleasure and the absence of pain. For Mill and most later thinkers, however, the good also includes more abstract and intellectual benefits – indeed anything that would contribute to either individual well-being or the general welfare. Mill also insisted on qualitative as well as quantitative differences in the good, famously claiming that "It is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied" (Mill 1861). Both Mill and Bentham maintained that utilitarianism provided a more objective and scientific approach to morality than older views that invoked notions of duty, God, or personal motives. The introduction of qualitative assessments of the good raises difficulties for the theory's professed objectivity.

## Who Is Included in "the Greatest Number"?

Consequentialist theories cover the full range of possibilities for the inclusion of stakeholders, from a single individual to everyone. Egoism, for example, defines the right in terms of the greatest good for the self alone. In contrast, utilitarianism is an altruistic theory: it includes others along with the self. As stated by Bentham, "each person is to count as one, and no one as more than one." Clearly, however, it is not possible in any practical way to consider the consequences of an action as it may impact *all* people. Utilitarian considerations are therefore generally confined to those who are identifiably affected in a meaningful or significant degree within the broadly inclusive goal of altruism. Such a limitation is justifiable given the generally quantitative nature of the theory. The good or harm for those who are more distantly affected by an action adds little to the overall calculation, but care must be taken to be sure to include all of those who are affected in a significant way, and this in itself is not a simple matter.

Decisions are made from among a variety of alternatives available, and according to utilitarianism, actions are right to the degree that they tend to promote the greatest good for the greatest number. A means to measure and compare the consequences of possible actions is therefore required if utilitarianism is to be of any practical use in identifying the best course of action. The immediate problem appears to be how to measure the quantity – and perhaps quality – of pleasures, pains, or well-being. Bentham imagined a "hedonistic calculus" which directly compared quantity of pleasure – measured in "hedons" – resulting from different courses of action. But for the application of utilitarianism, the task is in fact far less daunting than it at first appears because all that is required is a comparative, rather than absolute, measure. It is rather more like judging the temperature of a room rather than the quantity of heat it might contain. There is no need to quantify "good" per se, only "better" or "worse."

Without a means of objective determination of "the good," even a comparative determination remains problematic, however. Even if an overwhelming majority of human opinion may be in agreement, there will still be areas of disagreement. This has led to the development of *preference utilitarianism* according to which the "greatest good" can be simply defined by the collective preferences of all parties concerned. This has the distinct advantage of not prejudging any of the different viewpoints involved and is likely to lead to the greatest level of total satisfaction in the outcome. It does, however, have the seemingly counterintuitive feature of admitting *all* preferences – including those of the bigot, the saint, the mass murderer, and the zealot – in the initial calculations.

Given a reasonable definition of the scope of relevant stakeholders, and some applicable definition of the nature of the comparative good, it is possible to evaluate the consequences of a given action in terms of the goal of "the greatest good for the greatest number." The procedure appears to reduce to something approximating a cost-benefit analysis: factoring the benefits of an action by the number of people receiving those benefits and subtracting the costs factored by the number of

people paying those costs. In different language, utilitarianism thus defines morality in terms of the maximization of net expectable utility for all parties affected by a decision or action. As such it has acquired popularity among many economists and seems well suited to matters of public policy. In fact, Bentham presented his ideas under the title *An Introduction to the Principles of Morals and Legislation* (1789), reflecting the great similarity he perceived between the two processes.

According to the utilitarian principle, actions will always possess varying degrees of right (or wrong) depending on their consequences. One of the greatest advantages of the theory is the flexibility this permits. Without moral absolutes, utilitarianism avoids the moral dilemmas that trouble theories like deontology. Within a framework of moral absolutes, the deontologist may be presented with the dilemma of being required to perform two distinct actions (or refrain from both) even if that is not physically possible. In contrast, if two alternatives appear to yield the same expected value, the utilitarian is free to choose either one since both are equally good.

As a guide to action, utilitarianism is not without its own complications, however. This is especially true when seeking guidance for future actions. While it is possible with the given procedure to evaluate a past action in a fairly straightforward way based on present consequences, it is quite a different matter to consider a future action since the outcomes are as yet unknown. In that context, utilitarian calculations take on at best a probabilistic character. Moreover, the work of finding guidance for future action is further compounded by the fact that in order to choose the best course of action, as required by the theory, available alternative future actions would also need to be evaluated and compared. Choosing the right thing to do appears to take on all of the complexities of a feasibility study. In a similar way, even though the evaluation of a past action appears to be rather straightforward, evaluating a past *decision* would require comparison of the action taken with the possible outcomes of alternatives not chosen. Of course the inability to correctly predict the future is not unique to utilitarianism, but deontology, for example, does manage to avoid such problems by disregarding consequences altogether when evaluating the morality of actions.

## Moral Objections

While utilitarianism does encounter several difficulties in implementation, it is not obviously worse off than many other ethical theories in that regard. There are several moral objections raised against it, however, and these are often reflected in the general disapproval of the notion that "the ends justify the means." In particular, the results of utilitarian calculations run contrary to commonly recognized moral intuitions regarding distributive justice, rights, and special duties.

Since the greatest good for the greatest number is described in aggregate terms, that good may be achieved under conditions that are harmful to some, so long as that harm is balanced by a greater good. It is not hard to imagine a distribution where the benefits accruing to a majority from a particular course of action are sufficiently high to justify even a substantial harm to a minority. An often cited example is the proposal to save the lives of five individuals in need of organ transplants by sacrificing one, *unwilling* donor. The number of lives saved in such a scenario greatly exceeds the number of lives lost. Assuming a reasonable parity between the costs and benefits ascribable to survival or death in the case of each individual, a utilitarian calculation appears to heavily favor sacrificing the one to save the many. Of course sacrificing one's life to save many is typically identified as a heroic deed. The problem for utilitarianism is that it is not obvious that the theory requires that this be a voluntary act. On a larger scale, the enslavement of a minority in order to serve the good of the majority could, under the right conditions, apparently be justified on utilitarian grounds. In each of these examples, common moral intuitions appear to be at variance with the conclusions derived from utilitarianism.

By defining right and wrong as a matter of degree, utilitarianism avoids the moral dilemmas created by moral absolutes. However, since there are no absolutes at all within utilitarianism, there is also no room for the recognition of "rights": the theory admits no line that cannot be crossed for the sake of the greater good. If life, liberty, and property are all subject to the greatest good for the greatest number, there are obvious political consequences, and the failure to acknowledge basic rights as inviolable – or at least possessing very special status – is yet another way in which the consequences of the utilitarianism seem to run contrary to widely held moral intuitions. On the face of it, even the torture and murder of an innocent person would seem to be condoned by the theory if it served the good of the greater number.

Finally, the impartiality of the utilitarian principle can also lead to counterintuitive results. While Bentham's slogan "each person is to count as one, and no one as more than one" seems quite appropriate in the context of democratic politics, its application to personal relationships does not. Friendship and family typically involve special duties and commitments. For example, parents appear to have special duties toward their own children beyond those toward other children in distant lands. Impartiality may be required in certain circumstances, but it hardly seems a matter of indifference whether one feeds one's own children or someone else's. In addition, it is commonly held that individuals may create special duties and obligations through promises and contracts, but the only utilitarian reason for keeping a promise is to promote the greatest good, not to fulfill a duty. Thus, it would appear that if breaking a promise produces a greater good than keeping the promise, that will be not only permissible but morally preferable.

The utilitarian may simply respond to such criticisms by asserting that if the results of the theory conflict with common moral intuitions, that is so much the worse for those intuitions. It has frequently occurred in history that intuitions need to be revised as moral traditions develop and improve. Extreme and borderline cases often challenge broadly held intuitions. Is it wrong to murder someone in their sleep – even if it is Adolph Hitler? Is torture always wrong – even if it reveals a terrorist plot to kill hundreds? Such actions could have utilitarian justifications, and even if controversial there would be general satisfaction with their outcomes (consider Hiroshima).

On the other hand, there have been many attempts to revise utilitarianism in order to accommodate the conflicting moral intuitions, but it is quite difficult to do so in a nonarbitrary way. Most supplements to the basic principle have tended to be ad hoc rather than emerging from the same basic approach as the theory. The one revision that has been widely proposed and originates most closely from the same principle as the original is rule utilitarianism.

## Act and Rule Utilitarianism

According to the classical form of utilitarianism, each individual action is to be evaluated in terms of the utility principle. This is known as act utilitarianism. In contrast, rule utilitarianism seeks to establish a set of rules which, if followed, will tend to promote the greatest good for the greatest number. This revision of the theory has several potential advantages (Brandt 1979).

Rule utilitarianism can been put forward as a means of addressing some of the most serious moral objections raised against the theory. It is suggested that a collection of rules, justified by the basic utility principle, could be established to promote special relationships and protect rights. On this approach, a system of property rights, for example, could be shown to promote the greatest good for the greatest number. Similarly, keeping promises, caring for family, fulfilling contracts, and protecting the innocent might all be shown to generally promote the greatest good. The problem lies in the fact that the ultimate justification of each rule is the utility principle itself, and if in any given situation the violation of a rule would promote a greater good, the rule should be violated. So long as the ethical theory defines the good in terms of the utility principle, it appears that no subordinate rule would have sufficient authority to preclude exceptions.

Given the time and information required to perform accurate utilitarian calculations, it is not possible to evaluate the alternatives for every action to be undertaken. A system of rules could codify the wisdom of past experience and preclude the need for constant calculation. In this sense the rules would serve as convenient advice, saving time and requiring less information. It seems likely that following traditional rules like "Do not steal" and "Do not murder" is likely to promote the greatest good for the greatest number.

Rule-following could also be especially helpful for those who, regardless of available time and information, are otherwise incapable of performing the necessary calculations. On this view, the theory of utilitarianism, although it correctly describes the ultimate sanction of moral principles, is best reserved for the minority that are capable of applying it. The greatest good is best served by the masses when they follow rules out of duty and leave the difficult and subtle calculations to those in authority.

## Other Issues

Three further puzzles that arise for utilitarianism deserve mention. None is in any way fatal to the theory, nor do they point to the superiority of an alternative approach to ethics. They are, however, illustrative of the work yet to be done in spite of the more than century and a half since Mill first presented it in its classic form.

A surgeon may scrupulously adhere to proper techniques, committing no error in judgment or procedure, and yet the patient may die on the table. All things being equal, this is clearly an unfortunate outcome. How is utilitarianism to handle such a case? A lifeguard may swim out to save a drowning child and through some combination of circumstances herself also drown. Two lives were lost instead of one, but would it have been better if the lifeguard had stayed out of the water and watched the child drown? If we assume that such negative outcomes were neither foreseeable nor the result of poor choices are the corresponding actions nevertheless somehow not "right"? In other words, are all failures moral failures?

As a consequentialist theory, utilitarianism evaluates the morality of an action in terms of its outcome. But the appraisal of an outcome may change with time. Does the moral value of an action actually change as the implications of the consequences change? Would saving a child from serious injury or death cease to be a good thing if the child grows up to be a mass murderer? (If so, when does that happen?) Or should the morality of an act only be evaluated in terms of the immediate, or nearly contemporary, consequences? (Is there a clear justification for such a restriction?)

Finally, although utilitarianism has been criticized for apparently permitting certain abuses and not going far enough to protect basic rights, it may in some other senses be too demanding. The greatest good for the greatest number is better served by working at the soup kitchen than watching television. It is better served by money donated to charity rather than spent on a gourmet dinner. In fact, for anyone living *above* poverty and subsistence level, there is apparently some amount of time or other resources that would be best spent assisting those *below* that level – especially those very far below.

As an ethical theory, utilitarianism presents a standard for the moral evaluation of actions that is generally clear and usually easy to apply. It is not without its problems and limitations, but neither are the alternative ethical theories. Attempts to resolve the theory's difficulties – especially through the introduction of rule utilitarianism – have met with very limited success. It nevertheless remains a very useful approach in the analysis of practical and policy decisions.

## Cross-References

► Administrative Ethics
► Ethical Risk Management
► Ethical Values
► Philosophical Ethics

## References

Bentham J (1789) An introduction to the principles of morals and legislation. Clarendon Press, Oxford
Brandt RB (1979) A theory of the good and the right. Oxford University Press
Darwall S (ed) (2003) Consequentialism. Oxford Blackwell Publishers
Mill JS (1861) Utilitarianism. London

# Utility and Consumer Behavior Theory

Suwastika Naidu
University of the South Pacific, Suva, Fiji Islands

## Synonyms

Consumer choice; Consumer satisfaction

## Definitions

**Consumer Behavior Theory**: These theories consider a range of factors that influence the choices of the consumers.
**Intrinsic Properties**: These are the internal properties of the object.
**Neoclassical Microeconomics**: This is the branch of economics that examines consumer utility.

## Introduction

Economic theories on consumer behavior have always fascinated microeconomists and policy makers. Understanding the way consumers behave is a challenging task as each consumer has unique characteristics and they respond differently to different situations (Bovi 2009). Economists have used different approaches to explain consumer behavior. The main aim of Samuelson's (1938) study was to examine utility as a psychological construct, while analyzing issues related to the marginal rate of substitution and how consumers behave to with changes in price. Samuelson (1938) extended Georgescu-Roegen's (1936) study of the pure theory of consumer behavior. Later, the works of Samuelson (1938), Debreu (1959, 1960), and Morishima (1959) were extended by Lancaster (1966). There are three ways in which the new approach to consumer theory is different from the traditional theory of consumer behavior. Firstly, goods do not provide direct utility to the consumers. It is the characteristic that the good possesses that provides direct utility to the consumers. Secondly, one good has many characteristics and different goods may have similar characteristics. Thirdly, composite goods may have different characteristics than individual goods.

The main aim of this paper is to review the seminal works of Paul Samuelson and Kelvin Lancaster in the field of consumer behavior. Both of their studies on the theory of consumer behavior are still very much alive in the academic literature. This paper is divided as follows. Section on "Literature Review Related to Samuelson's and Lancaster's Work on Consumer Theory" will review the literature that is related to Samuelson's and Lancaster's work on consumer behavior. Section "Critical Analysis of Samuelson's (1938) and Lancaster Study" will critically examine Samuelson's and Lancaster's work on consumer theory. Section on Logical Analysis of Samuelson (1938) Study will provide a logical analysis of Samuelson's and Lancaster's work on consumer theory. Section on Logical Analysis of Lancaster Study will present empirical evidences from studies that have applied Samuelson's and Lancaster's consumer theories. Section on Policy Implications will present policy implications, and section on Conclusion will provide conclusions and possible directions for future research in the field of consumer theory.

## Literature Review Related to Samuelson's and Lancaster's Work on Consumer Theory

There are many studies that have been published in the field of consumer theory. Studies conducted by Georgescu-Roegen (1936) inspired

Samuelson's studies on consumer theory, while studies conducted by Samuelson (1938), Debreu (1959, 1960), and Morishima (1959) inspired Lancaster's work. There are very few studies that have directly tested the hypotheses related to consumer theories that are proposed by Samuelson and Lancaster. There are two reasons attributed to this. First, lack of availability of time series data restricts testing the hypotheses proposed by Samuelson and Lancaster (Holländer 2001). Second, Samuelson and Lancaster have proposed the hypotheses related to consumer theory; however, what type of data that is needed to test these hypotheses is still not clear. Third, different studies have used different measures to test the hypotheses proposed by Samuelson and Lancaster. Therefore, comparing research findings across different studies may be biased.

To begin with, before Samuelson's work on consumer theory was published, extant literature on consumer theory was scarce. Two authors who dominated the field of study on consumer theory were Slutsky and Pareto. Slutsky (1915) criticized Pareto's theory that proposes that utility is independent from all psychological aspects (Pareto 1897; Pareto and Sensini 1906). Slutsky proposed that the pleasure an individual derives from consuming a unit of commodity is entirely a psychological concept. In his paper, Slutsky (1915) derived three important hypotheses. These three hypotheses were as follows: (1) the utility function and its first two derivatives should satisfy the continuity axiom of rational choice (If an individual prefers option A over B, then all choices closer to A should be preferred over B), (2) the characteristics of the utility function do not change with reference to the period concerned, and (3) if an individual's utility function increases or decreases as he or she switches from one good to another, the mode of this transition does not affect the utility function. Johnson (1913) and Brown (1952) proved that time lags have an impact on the behavior of consumers by using time series data from Canada.

Furthermore, Donnea (1972) introduced the concept of time constraint in the study of consumer behavior. According to Donnea (1972), an individual maximizes his or her utility based on two constraints. These two constraints are the budget constraint that relates to the income level of the individual and the second constraint is the time constraint. All decisions that individuals, businesses, and governments make are time bound. Dittmar and Drury conducted a survey of 32 consumers in the UK and found that each consumer is unique in terms of the choices he or she made. In addition to the preferences and low-cost choices, there are other factors that affect the choices made by consumers. These are advertising and pressure from peer groups. Holländer (2001) supported one of the propositions of Lancaster (1966) that emphasizes that utility based on personal preferences is a subjective choice by using data from Germany. He also concluded that measuring utility is a challenging task due to lack of data available on microeconomic measures.

Furthermore, Bovi's (2009) study used data from 10 European countries for 22 years and confirmed that consumer's utility is a psychological concept. The psychological factors are key factors that distort consumer's choice and behavior. Bovi debunked Pareto's theory on consumer choice that utility is independent on psychological factors and judgments. Park et al.'s (2011) exploratory study emphasized that two intrinsic characteristics of e-books make it lucrative for the current e-generation of consumers. These two intrinsic characteristics are ease of access and technology friendly. Albeit this study was not directly on testing Lancaster's hypotheses about consumer theory, it provides a strong basis for proving the primary basis of Lancaster's work that emphasizes that the intrinsic properties of goods provide utility to the consumer. Blumkin et al. (2012) argued that taxes on commodities and income tax affect consumers psychologically, and this has a negative impact on their utility. Income taxes have greater impact on consumption as compared to commodity taxes. Valin et al. proved Samuelson's hypothesis that prices of goods and income are two major constraints in the utility function of households. Valin's global study showed that demand forecasting models need to account for the prices of goods and income of households. Becchetti et al. (2016) used the

Cobb-Douglas production function and developed the theoretical framework that emphasized that some individuals get educated because they want to contribute positively towards the society while others get educated because they want to earn good wages. Different individuals get different intrinsic value from education. Table 1 provides the summary of studies reviewed for this paper.

Moreover, a close analysis of the studies reviewed above shows that there are very few studies that have tested the hypotheses proposed by Samuelson (1938) and Lancaster. Studies that have tested the hypotheses proposed by Samuelson (1938) and Lancaster have used different constructs and analysis techniques. This makes it difficult to compare research findings across different studies. According to Frey and Stutzer, incorrect predictions of utility can have an adverse impact on economic welfare. Therefore, due care should be taken while proposing the utility function. Authors should outline the theoretical framework but at the same time try to test it with empirical data for specificity and robustness purposes.

## Critical Analysis of Samuelson's (1938) and Lancaster's Study

### Criticisms of Consumer Theory Provided by Samuelson (1938) and Lancaster

There are many criticisms of consumer theory that has been provided by Samuelson (1938) and Lancaster. There are three important criticisms of consumer theory provided by Samuelson (1938). First, he believed that even though microeconomics has disintegrated utility from the psychological behavior of consumers, utility is a psychological concept. He criticized the field of study on consumer choice as it ignores the impact of consumer psychology on utility maximization (Current studies on consumer choice focus mainly on the analysis of utility by using budget constraints, indifference curves, and price ratios between two goods). Second, he questioned the concept of the increasing rate of marginal substitution and emphasized that there should be no reason for one to believe in the concept of increasing rate of marginal substitution. The increasing rate of

**Utility and Consumer Behavior Theory, Table 1** Summary of literature review

| No. | Studies | Utility function | Prices of goods | Income | Intrinsic characteristics |
|---|---|---|---|---|---|
| 1 | Georgescu-Roegen (1936) | √ | | | |
| 2 | Debreu (1959, 1960) | √ | | | |
| 3 | Morishima (1959) | √ | | | |
| 4 | Uzawa (1960) | √ | | | |
| 5 | Holländer (2001) | √ | | √ | |
| 6 | Slutsky (1915) | √ | √ | √ | |
| 7 | Pareto (1987, 1897) | √ | | | |
| 8 | Pareto and Sensini (1906) | √ | √ | √ | |
| 9 | Johnson (1913) | √ | | | |
| 10 | Brown (1952) | √ | | | |
| 11 | Donnea (1972) | √ | √ | √ | |
| 12 | Dittarmar and Drury (2000) | √ | | | |
| 13 | Frey and Stutzer (2014) | √ | √ | √ | √ |
| 14 | Bovi (2009) | | | | √ |
| 15 | Park et al. (2011) | | | | √ |
| 16 | Blumkin et al. (2012) | √ | | | |
| 17 | Valin et al. (2014) | √ | √ | √ | |
| 18 | Becchetti et al. (2016) | √ | √ | √ | √ |
| 19 | Samuelson (1938) | √ | √ | √ | |
| 20 | Lancaster (1960) | √ | | | √ |

Source: Developed by the author of this paper (2016) by summarizing existing studies

marginal substitution leads to downward sloping demand curve which satisfies Eq. 1:

$$QD = 200 - 50P \quad (1)$$

In Eq. 1, QD is quantity demanded and P is the price of the product. According to Samuelson (1938), the increasing rate of marginal substitution satisfies the properties of the downward sloping demand curve. Third, Samuelson (1938) criticized that the notion that utility is a very important concept that has been ignored by the field of study on consumer choice. He highlighted in his study that the concept of marginal rate of substitution should incorporate the psychological factors that affect utility. Otherwise, any analysis involving the use of the marginal rate of substitution is ambiguous and abstract that does not capture the real-world phenomenon effectively.

There are two criticisms of the conventional consumer theory by Lancaster (1966). First, the intrinsic properties of goods have not been accounted for by the theory of consumer behavior. For instance, if we compare gold with water, we know that water has greater value in use while gold has lesser value in use. However, gold is a scarce resource and water is not scarce; therefore, the exchange value of gold is greater than the exchange value of water. The intrinsic property of goods captures the real-world phenomenon. Organizations also market their products based on the intrinsic value that consumers get from certain products (In marketing terms, this intrinsic value that consumers get by consuming certain products is called unique selling point of their products.). Second, in the recent decade, consumers respond very quickly to new product development and quality issues. The traditional consumer theory does not take into account these issues. The rest of the criticism of the conventional consumer theory and how Lancaster's theory has addressed the limitations of the conventional consumer theory is provided in Table 2.

## Criticisms of Samuelson's (1938) and Lancaster's Work by the Author of This Paper and Existing Authors

There are two criticisms of Samuelson's (1938) work by the author of this paper and existing authors. First, in Eq. 2a,b,c, Samuelson (1938) assumed that an ideal individual will always select the same goods under given conditions. This assumption is abstract and too far from what the real-world phenomenon is. Each individual is unique, and the goods that he or she will select will differ based on his or her tastes, cultural influences, and peer pressure. Second, Samuelson (1938) had proposed three axioms, but how these three axioms will be measured and the techniques that will be used to test these three axioms are not clear. Holländer (2001) also emphasized in his paper that due to lack of data availability and specificity on the measures and techniques, it is difficult to test the propositions of Samuelson (1938). Third, in the current decade, the currency in which the prices of goods are expressed has a lot of impact on the purchasing decisions of consumers. For example, some consumers from developing countries may not purchase goods in US dollars because they believe that it will be expensive, irrespective of whether the good is expensive or not. Fourth, time variable is a

**Utility and Consumer Behavior Theory, Table 2** Criticisms of the conventional consumer theory and contributions by Lancaster's theory

| No. | Contributions by Lancaster's theory | Criticisms of the conventional theory |
|---|---|---|
| 1 | Goods with similar intrinsic properties can be substituted | No clarification is provided |
| 2 | Some goods can be completely wiped out of the market due to changes in prices | No clarification is provided |
| 3 | There is a pattern in an individual's choice between labor and leisure | There is no such pattern observed. Labor and leisure choice is determined only by an individual's preference |

Source: Lancaster (1966)

constraint on utility maximization that has not been accounted for by Samuelson (1938). According to Donnea (1972), time is one of the important factors that affect consumers' utility. This has not been accounted for by Samuelson's (1938) study.

Similarly, there are three criticisms of Lancaster's (1966) work by the author of this paper and existing authors. First criticism is that Lancaster (1966) states that there is one-to-one relationship between goods and economic activity. However, this may not be true as the intrinsic properties of goods can have a number of characteristics and can be related to numerous economic activities at the same time. For instance, there are some consumers who may purchase goods for direct consumption while there may be others who may purchase goods both for direct consumption and also for further processing or value adding. Second, in a complex economy, the relationship between different intrinsic properties of goods may be very difficult to analyze. A combination of goods may have numerous close substitutes and complements. Third, Lancaster (1966) did not discuss about substitution effect that may arise from deceptive advertising of a good. Deceptive advertising may lead to changes in consumer taste in favor of the good that has been advertised in the media. This will lead to substitution effect, but the degree of substitution effect will be lower for advertising as compared to decrease in prices of the good that is advertised.

## Logical Analysis of Samuelson's (1938) Study

Samuelson (1938) embarked on his study immediately after four restrictive constraints were removed from the study of consumer theory. These four constraints were as follows: (1) marginal utility is a linear function, (2) utilities are independent, (3) utilities can only be measured cardinally (Cardinal utility function emphasizes on ordering utilities based on consumer preferences so that it is measurable like any other mathematical variables), and (4) consumer choice is integrated with preference elements. Unlike the classical economists, such as Adam Smith (1776), who believed in the concept of consumer sovereignty and *homo-economicus* man, Samuelson did not believe that humans are always rational. He assumed that human beings are not necessarily *homo-economicus*. They do engage in altruistic behavior quite often. Samuelson proposed three axioms in his paper.

The first axiom proposed that an individual's choice on the number of goods to purchase at any point in time is determined by the prices of goods and his or her given income. This can be noted mathematically as follows:

$$\delta_1 = f(p_1, p_2, p_3 \ldots p_n, I) \tag{2a}$$

$$\delta_2 = f(p_1, p_2, p_3 \ldots p_n, I) \tag{2b}$$

$$\vdots$$

$$\delta_n = f(p_1, p_2, p_3 \ldots p_n, I) \tag{2c}$$

In Eq. 2a,b,c, $\delta$ represents quantity of n goods purchased, $p_n$ shows the prices of these goods, and I denotes income. Samuelson (1938) assumed from Eq. 2a,b,c that an ideal consumer will choose the same goods under any given conditions.

Second axiom proposed that the currency or units in which the prices of goods are expressed do not affect an individual's purchasing decision. The quantity of goods purchased is not affected if we multiply all income and prices with the same positive number (Therefore, the function that we are considering here is the homogeneous function.). According to Samuelson (1938), the total cost of the goods purchased is given as follows:

$$\delta p = \sum_{j=1}^{k} \delta_j p_j \tag{3}$$

In Eq. 3, the cost of the bundle of goods produced, $\delta_j$ is the quantity of good $j$ purchased and $p_j$ is the prices of good $j$. If the prices of goods were lower for this batch of goods in period one and this individual does not prefer to purchase these goods in period one but purchased it in period two when the prices were higher, this implies that this individual prefers batch one over batch two given his

or her level of income. Here, Samuelson (1938) incorporates the psychological effects of utility on the purchasing behavior of consumers. A consumer, who prefers batch one good over batch two goods, has the greater psychological satisfaction from batch one as compared to batch two. This effect can be captured by the following equation:

$$\delta_1 > \delta_2 \tag{4}$$

Equation 4 clearly shows that goods purchased in batch one are preferred over goods purchased in batch two.

Third axiom states that there is consistency in human behavior. For example, if an individual prefers batch one over batch two in period one, this individual cannot prefer batch two over batch one at the same time. This axiom is captured by Eq. 5a,b as follows:

$$\delta_1 > \delta_2 \tag{5a}$$

$$\delta_2 \not> \delta_1 \tag{5b}$$

In Eq. 5a,b, if batch one is preferred over batch two, consumers cannot prefer batch two over batch one at the same time.

## Logical Analysis of Lancaster's (1966) Study

Similarly, Lancaster's (1966) study extended the existing literature by proposing that the intrinsic characteristics of the goods provide direct utility rather than the good itself. Utility ordering seeks to rank goods based on the attractiveness of the characteristics of the good to the consumer. In his new model of consumer theory, Lancaster 1966 assumed that the relationship between economic activity and goods consumed during an economic activity is linear. This is captured in Eq. 6 below:

$$y_k = \sum_l b_{kl} x_l \tag{6}$$

In Eq. 6, $b_{kl}$ captures the intrinsic characteristics of the goods and $x_l$ is the goods consumed during the economic activity. Lancaster (1966) also assumed that individual ranking of intrinsic properties of goods leads to ordinal utility function (Ordinal utility function specifies that measuring utility is not possible) given by U(z). The relationship between intrinsic characteristics of goods, quantity of goods available to the consumer, and economic activity is indirect. This is in contrast to the assumptions of the traditional consumer theory which assumes that the relationship between these three factors is direct.

### Consumption Technology and Consumer Behavior

Furthermore, Lancaster (1966) further emphasized that consumption technology affects consumer behavior. There are few important assumptions made by Lancaster (1966) while analyzing the role of technology in consumption and consumer behavior. The first assumption is that there is one-to-one relationship between goods and the level of economic activity. The second assumption captures three scenarios. These are as follows: (1) number of goods is more than the characteristics of the goods, (2) number of goods is less than the characteristics of the goods, and (3) number of goods is more than the number of characteristics in goods. Given the price of the goods, the consumer will choose the combination of goods that will maximize his or her utility and at the same time has minimized his or her cost. A consumer's characteristic frontier is convex to point (0,0). Figure 1 captures how the characteristic frontier of four goods with two unique characteristics will look like.

A consumer's composite set of choices can be divided into two parts. The first is the efficiency choice where the consumer will select the efficient combination of goods. This efficient combination of goods consists of those goods that can be attained at minimal cost. The second is the private choice where the consumer may choose goods based entirely on his or her preference. Efficiency choice is subjective, while personal choice is an objective choice. The characteristic frontier expands and contracts based on changes in consumer's income proposes two relationships between number of goods and economic activity

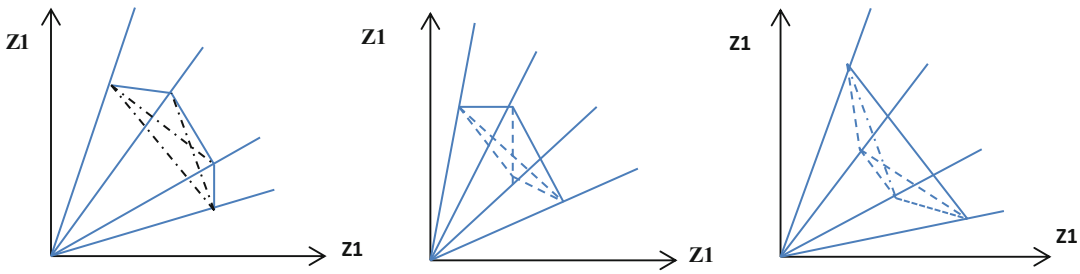


**Utility and Consumer Behavior Theory, Fig. 1** Characteristics frontier with four goods and two unique characteristics (Source: Lancaster 1966)

that is parallel to the properties of the Marshallian demand curve. These two relationships are as follows: (1) if the number of goods available in the market is less than the number of economic activity, then not all goods will be attainable by consumers at different prices and (2) if the number of goods available in the market is more than the number of economic activity, then all goods will be attainable by consumers at different prices. Goods that are scarce will be expensive, and all consumers will be able to purchase these goods. On the other hand, goods that are abundant in supply will be cheap and can be easily afforded by consumers.

## Efficiency Substitution Effect, Intrinsic Substitutes, and Intrinsic Complementary Goods

Lancaster (1966) assumed that as a result of the one-to-one relationship between goods and economic activities, there will be a total shift from the consumption of one differentiated product to another differentiated product due to the efficiency substitution effect (Consumers make consumption choices entirely based on the cost of the good. If the cost of the good is high, efficiency substitution effect implies switching to another good that is cheap.). Further, if there are many relationships between goods and economic activities, then efficiency substitution effect will not result in a complete shift in consumption from one good to another. The substitution effect will cause the quantity demanded of the good to fall. Therefore, this good will not completely wiped out of the market. The efficiency substitution effect (Objective means not based on consumer's opinion.) is objective, whereas the private substitution effect is subjective (Subjective means based entirely on consumer's opinion and preferences.). It is notable that the efficiency substitution effect is independent of the private substitution effect. In a complex economy, it is expected that both will incur simultaneously and the effect of one will reinforce the effect of the other.

In contrast to the characteristics of the modern economy, the simple economy has fewer characteristics and the efficiency substitution effect may not present in the simple economy at all. According to Lancaster, the two important characteristics that will be present in the simple economy will be Griffen's goods (Goods that may be consumed more as the price of the good rises) and lower price elasticity demand (Change in the price leads to less than proportionate change in quantity demanded.). Two factors that differentiate consumers who are part of the complex economy are consumption technology and income levels of consumers.

Intrinsically related goods are goods from the same commodity groups that may have same or similar intrinsic properties, and they are called intrinsically related goods, and goods that may be from the same commodity bundle and do not share similar intrinsic properties are called intrinsically unrelated goods. This can be effectively explained by considering matrix 1:

$$A \equiv \begin{bmatrix} A_1 & 0 \\ 0 & A_2 \end{bmatrix} \tag{7}$$

In Eq. 7, A is the economic activity, $A_1$ is the intrinsic properties of good 1, and $A_2$ is the

intrinsic properties of good 2, and then if $A_1$ and $A_2$ share similar intrinsic properties, they will be called intrinsically related, and if they do not share similar intrinsic properties, they are not intrinsically related. If the rise in the price of good $A_1$ will lead to more units of $A_2$ to be purchased, then they are called intrinsic substitutes. If a rise in the price of $A_1$ will reduce the consumption of both $A_1$ and $A_2$, then these two goods can be called intrinsic complements. In a complex economy, there will be more substitutes and complementary goods as compared to a simple economy. Deceptive advertising that does not provide information in a simplified manner leads to substitution effects, and economists do not like this as it causes inefficiency. According to economists, advertising should provide simple and right information to consumers.

### Labor, Alternative Employment Choice, and Leisure

In addition to the above arguments, suppose an individual chooses occupation one $O_1$ over occupation two $O_2$; this implies that this individual prefers more leisure as compared to work. Therefore, this individual will be on the indifference curve $M_1$. Alternatively, if an individual prefers more work over leisure, then this individual will be on the indifference curve $M_2$ (see Fig. 2).

In Fig. 2, *l* shows the leisure, Z1 is economic activity one, and Z2 is economic activity two. The individual who chooses occupation two is better off than an individual who chooses occupation one because he or she will be earning more money by working and enjoying less leisure.

In summary, Lancaster's consumer theory can be summarized in Fig. 3. Figure 3 shows the combination of intrinsic properties of the goods that can be purchased from the combination of goods a, b, and c. Some individuals will purchase goods at U1 in order to maximize economic activity D1, while others may purchase at U2 to maximize economic activity D2.

## Policy Implications

Furthermore, the studies conducted by Samuelson and Lancaster (1966) have implications for policy makers. There are two policy implications of this study. First, policy makers can use the propositions of Samuelson's study to design policies in order to prohibit the consumption of certain products, such as drugs, marijuana, and tobacco. According to Samuelson and Lancaster (1966), it is the goods and the intrinsic properties of these goods that provide utility to consumers. If they want to change the taste of consumers, they can use simple advertising and disclose the negative repercussions of these products in order to reduce the consumption of these commodities. Second, policy makers can also promote the consumption of commodities that may provide similar intrinsic properties as unhealthy products so that consumers can easily substitute unhealthy products with healthy ones. For example, increasing taxes on the consumption of unhealthy soft drinks will reduce the consumption of soft drinks and increase the consumption of healthy drinks.

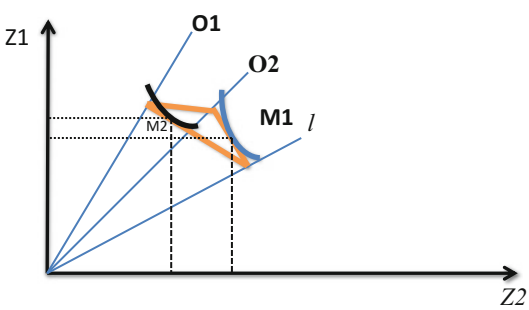


**Utility and Consumer Behavior Theory, Fig. 2** Labor and leisure indifference curve

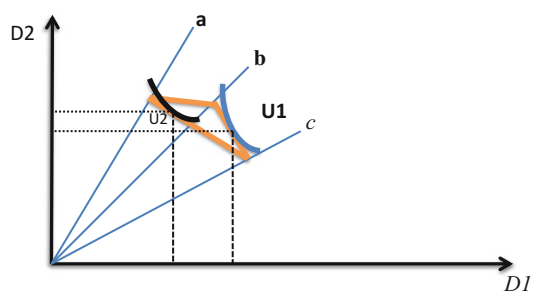


**Utility and Consumer Behavior Theory, Fig. 3** Lancaster's consumer theory on linear attributes model

## Conclusion

The main aim of this paper was to review Samuelson's and Lancaster's work on consumer theory. The review of this study shows that Samuelson's and Lancaster's work complement each other. Lancaster has expanded the work of Samuelson by arguing that the good itself does not provide utility but it is the intrinsic properties of the goods that provide utility. Studies that have applied the propositions of Samuelson and Lancaster have supported their argument that utility is a psychological concept. Future researchers should conduct studies that try to integrate more aspects of a real-world phenomenon in the utility function. First, the linear utility function of Lancaster is very complex and needs to be expressed by using budget constraint line and indifference curve. Testing this theory by using real-world data is close to impossible. Second, in the Lancaster's paper, future researchers should also look at how the unfavorable intrinsic properties of the goods can affect consumer's choice.

## References

Becchetti L, Solferino N, Tessitore ME (2016) Education not for money: an economic analysis on education, civic engagement and life satisfaction. Theor Econom Lett 6(01):39

Blumkin T, Ruffle BJ, Ganun Y (2012) Are income and consumption taxes ever really equivalent? Evidence from a real-effort experiment with real goods. Eur Econ Rev 56(6):1200–1219

Bovi M (2009) Economic versus psychological forecasting. Evidence from consumer confidence surveys. J Econ Psychol 30(4):563–574

Brown TM (1952) Habit persistence and lags in consumer behaviour. Econometrica 20(3):355–371

Debreu G (1959) Theory of value, Cowles foundation monograph. University of Chicago, USA

Debreu G (1960) Topological methods in cardinal utility theory. In: Arrow KJ, Karlin S, Suppes P (eds) Mathematical methods in the social sciences. California University Press, Stanford, pp 50–76

Donnea FX (1972) Consumer behaviour, transport mode choice and value of time: some micro-economic models. Regional Urban Econom 1(4):355–382

Holländer H (2001) On the validity of utility statements: standard theory versus Duesenberry's. J Econ Behav Organ 45(3):227–249

Johnson WE (1913) The pure theory of utility curves. Econ J 23(92):483–513

Lancaster KJ (1966) A new approach to consumer theory. J Polit Econ 74(2):132–157

Morishima M (1959) The problem of intrinsic complementarity and separability of goods. Metroeconomica 11(3):188–202

Pareto V (1897) The new theories of economics. J Polit Econ 5(4):485–502

Pareto V, Sensini G (1906) Applicazioni della matematica all'economia politica. Giornale degli Economisti 33(1):424–453

Park HY, Rha JY, Widdows R (2011) Toward a digital goods consumer competence index: an exploratory study. Fam Consum Sci Res J 40(2):184–199

Samuelson PA (1938) A note on the pure theory of consumer's behaviour. Economica 5(17):61–71

Slutsky EE (1915) On the theory of the budget of the consumer. Giornale degli Economisti 51(1):1–26

Smith A (1776) Wealth of nations. Methuen & Co, London

# V

## Value Congruence

Anthony D. Molina
Kent State University, Kent, OH, USA

### Synonyms

Person-environment fit; Person-group fit; Person-job fit; Person-organization fit

### Definition

Value congruence refers to the degree to which an individual's values match the values found in their work environment.

### Introduction

Research on value congruence focuses on the degree to which an individual's personal values match the values they encounter in their work environment, as well as the behavioral and attitudinal outcomes that result from varying degrees of agreement between these values. Different types of congruence explored in the literature include person-organization, person-job, person-group, and person-supervisor congruence (Kristoff-Brown et al. 2005). Scholarly attention to value congruence is relatively recent, with much of it emerging in the last two to three decades. A notable exception here is found in the work of Chester Barnard (1948) who emphasized the importance of values in integrating individuals into the organization. Similarly, Argyris (1964) was an early proponent of the idea that organizational effectiveness depended on successfully integrating individuals with the organization through the establishment of goal congruence and argued that incongruence led to employee behavior that undermined the organization's ability to achieve its goals.

The purpose of this entry is to provide a concise overview of what is known about the role that value congruence plays in shaping the attitudes and behaviors individuals in the workplace. It begins with a discussion of theoretical perspectives that inform our understanding of value congruence as a psychological construct and the role it plays in the development and maintenance of organizational culture. It then turns to an overview of the effects that value congruence is known to have on employee and organizational performance and practical considerations related to managerial practices that foster it. Finally, it concludes with an overview of what is known about the nature and role of value congruence in the context of public service organizations.

### Theoretical Perspectives

Shared values in the workplace influence attitudes, behaviors, and relationships between

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

individuals. This occurs through the creation of a shared understanding of acceptable behavior and the use of predetermined value scripts that facilitate decision-making (Paarlberg and Perry 2007). Value scripts allow individuals to make decisions and take actions in the workplace without consciously considering the values that are in play. In cases where value conflicts exist, however, the use of value scripts is disrupted and the competing values come into focus for the individuals involved. Liedtka (1989) has argued that image theory provides a theoretical framework for understanding how individuals act and make decisions in these circumstances. In short, image theory maintains that people make decisions about a particular course of action by assessing the degree of congruity between it and their own self-image, which is rooted in and reflective of their value system. In cases where an individual's personal values lack congruence with the values of the organization in which they work, ongoing conflict results (Liedtka 1989). This conflict is experienced by individuals as an internal disequilibrium that results in mixed emotions and anxiety over choosing the right course of action.

In contrast, value congruence between individuals and the organizations in which they work results in a number of beneficial outcomes, the most common of which are associated with positive attitudes and behaviors. In addition to image theory, a number of other theoretical perspectives have been used to explain the relationship between value congruence and positive work attitudes, including fit theory, self-concept theory, and the attraction-selection-attrition (ASA) framework (Bao et al. 2012). Fit theory maintains that individuals prefer environments that are consistent with their perceived personal attributes. This leads to higher levels of motivation and effort and lower levels of stress, conflict, and cognitive dissonance. Similarly, self-concept theory maintains that individuals seek to maintain a positive self-image and that this is facilitated more easily when their surrounding environment is consistent with their values.

The ASA framework holds that individuals are attracted to organizations whose values they perceive to be similar to their own (Schneider 1987). Likewise, organizations are more likely to recruit and select individuals who share values that are similar to those of its existing members. In cases where these perceptions are wrong and the values between the person and organization are not well matched, individuals are likely to leave the organization. As a result of this attrition, the values of those who belong to an organization become more congruent over time. This leads to the development of an organizational culture with a dominant value system that guides decision-making and behavior within the organization.

Importantly, values refer to normative beliefs about how a person ought to behave and not *necessarily* the manner in which a person actually wants to behave or how they behave in practice (Meglino and Ravlin 1998). In other words, values constitute elements of how we conceptualize our "ideal self." Acting contrary to established values can cause feelings of guilt and cognitive dissonance within the individual and result in social censure and punishment from others. Therefore, insofar as they refer to internalized norms about socially acceptable behavior in specific contexts, values exert a powerful influence on an individual's attitudes, decisions, and personal conduct in the workplace.

Kristoff-Brown et al. (2005) distinguish three types of approaches that can be used to assess value congruence: (1) perceived fit, (2) subjective fit, and (3) objective fit. Perceived fit is an assessment made by an individual regarding how congruent their values are with the environment. This is accomplished by simply asking the individual to rate how similar they perceive their values to be to those of an organization or a work group. Closely related, subjective fit is an assessment that is made by comparing the person's reported values with organizational values as reported by the same person. In this case, the person makes two assessments, first of their own values and then of the values of the work environment. Both perceived fit and subjective fit measures may be incorporated into the same instrument since they are reported by a single source.

Objective fit measures, on the other hand, evaluate the congruence between individual and environmental values by making comparisons

between assessments made by different sources. In this case, organizational values are assessed through document analysis or the reports of senior executives or, in some cases, outside stakeholders. The researcher then compares the two independent assessments in order to analyze the degree of congruence using statistical methods. According to Kristoff-Brown et al. (2005), perceived fit and subjective fit measures are likely to provide a more holistic and consistent assessment than objective fit measures alone. Additionally, they are also likely to be more strongly related to attitudes and behaviors in the work environment since it is the individual's perception of congruence that most directly influences these outcomes.

## Effects of Value Congruence

As noted above, value congruence produces a number of effects in the workplace. When individuals share similar value systems, they are more likely to perceive, interpret, and respond to events in a similar way (Meglino and Ravlin 1998). This has the effect of facilitating communication between individuals and makes it easier for them to coordinate activities by making their interactions more predictable. In turn, this reduces interpersonal conflict and role ambiguity. Taken together, these effects of value congruence enable individuals to be more successful in achieving their common goals.

Along these lines, increased levels of value congruence have been positively associated with increased employee satisfaction and other factors that affect organizational performance (Posner 2010). Posner and Schmidt (1993), for example, found that managers with higher levels of congruence both within and between their personal and organizational values systems reported more positive attitudes about the ethical practices of their colleagues. In contrast, those with lower levels of congruence within and between values systems reported less positive attitudes about the ethical climate within their organization. Moynihan and Pandey (2007) found that a higher level of person-organization value congruence resulted in lower levels of employee turnover. Posner (1992) found a positive relationship between value congruency and positive work attitudes, but no evidence of a relationship between value congruency and demographic factors such as age, gender, ethnicity, position, or tenure. Managers with higher levels of value congruence report increased motivation, lower levels of work-related stress and anxiety, and more positive perceptions of the organization (Posner 2010).

Edwards and Cable (2009) found that the outcomes related to value congruence are mediated through a set of interrelated variables, the most important of which are communication, attraction, and trust. Value congruence promotes communication because it establishes a set of shared standards about what is important, as well as a common framework for making sense of events that occur within the organization and in the external environment. Value congruence also directly leads to increased attraction among employees in terms of likeability and friendship but also indirectly increases attraction through increased communication. Finally, value congruence directly leads to increased levels of trust between members of an organization by fostering perceptions of integrity but also indirectly promotes trust through increased communication and attraction (Edwards and Cable 2009; Ren 2010). In turn, these three mediating variables are positively associated with increased levels of job satisfaction and organizational identification – that is, a sense of belonging – both of which increase the likelihood that an individual employee intends to stay with an organization. Therefore, the primary value of value congruence lies in the effect it has on increased levels of trust and communication (Edwards and Cable 2009).

Notwithstanding these positive effects, it is important to note that the effects of value congruence are not always beneficial in terms of organizational performance (Meglino and Ravlin 1998). As part of an organization's culture, values play both an external adaptation function and an internal integration function (Schein 2010). The external adaptation function consists of values that specify the behaviors that are appropriate in order for the organization to thrive in its

environment. The internal integration function of values, on the other hand, facilitates interactions between individuals within the organization by fostering similarities between their individual value systems. Importantly, the values that are responsible for internal integration may not be the same as those that are required for external adaptation. In other words, while value congruence may facilitate interactions between the members of an organization, these very values, though shared, may nevertheless come into conflict with those that are necessary for it to perform effectively in its environment.

## Managing Value Congruence

Given the positive effects of value congruence, managerial strategies that can be used to foster it have received increasing attention by scholars in recent years. Generally speaking, two tactics can be used to achieve value congruence between organizations and their employees: (1) pre-entry and (2) post-entry strategies (Bao et al. 2012). Pre-entry staffing strategies attempt to identify job candidates with values similar to the organization with the assumption that these candidates will be a better fit. Problems with this strategy relate to the extent to which candidates can have full information about an organization's values and the extent to which an organization can accurately assess a candidate's values.

Post-entry strategies, on the other hand, focus on socialization processes that are intended to increase value congruence over time. This approach is consistent with scholarly writing on organizational leadership going back many decades. Phil Selznick (1957), for example, famously argued that institutional leadership consists of infusing an organization with values that extend beyond mere technical requirements. From his perspective, the primary role of the executive is to define the mission of the organization and build a sense of purpose into its social structure. As such, organizational leaders act as agents of institutionalization that are "expert in the promotion and protection of values" (Selznick 1957, p. 28).

In a similar vein, values-based leadership in which leaders work to bring about value congruence by transmitting values that resonate with their employees is a popular theme in the study of leadership (Brown and Trevino 2009). However, because values are stable, it can be difficult for leaders to change the values of organizational members. Therefore, a number of scholars have investigated which types of leadership styles are more effective in achieving value congruence between leaders and their employees. For example, Brown and Trevino (2009) found that, while the socialized charismatic leadership style does tend to result in higher levels of value congruence, the extent of this relationship depends on the type of values that are being transmitted. In particular, occupational roles can contribute to the stability of values in individual making them less prone to change. This suggests that occupations with a strong set of professional values such as nursing, accounting, journalism, and social work may be less affected by the influence of particular leadership styles.

Along these lines, Paarlberg and Perry (2007) have argued that in order for organizational goals to be motivating for employees, they must be aligned with the zone of existing values that they already hold. Their study of managers in a Department of Defense installation found that, in high-performing work units, middle managers play a key role in aligning the values of employees and the organization by interpreting organizational values in a way that is resonant with their personal values and day-to-day work routines. Of particular importance was the ability of high-performing managers to link unit activities to important social contributions made by the organization. Whereas low-performing managers, for example, focused on the needs of institutional customers and purchasing agents, high-performing managers were focused on meeting the needs of "war fighters" within the armed forces. In this way, managers can facilitate a process of integration wherein employees are able to recognize how their efforts contribute to the accomplishment of important organizational goals in ways that appeal to their individual values.

Research suggests that, in general, transformational leadership styles are more effective in achieving value congruence than transactional styles of leadership. According to Bass (1985), transactional leadership consists of clarifying what actions employees must take in order to meet their responsibilities and then specifying what employees can expect to receive in return for satisfactory performance. In contrast, transformational leadership consists of fostering an employee's self-awareness of their personal values and motives, highlighting how the organization can satisfy those values and motives, and inspiring them to place the mission and goals of the organization above their personal interests. In effect, transformational leadership works by promoting the internalization of organizational values by group members.

Research has also found that managers must pay particular attention to value congruence during periods of organizational change. Higher levels of value congruence generally result in higher levels of support for organizational change, but perceived levels of congruence can either increase or decrease as a result of the change itself (Lamm et al. 2010). The concept of a psychological contract illustrates why fluctuations in the perception of value congruence warrant close attention by managers. A psychological contract refers to an employee's understanding of what they should expect from the organization and what the organization should expect from them in return (Bocchino et al. 2003). In exchange for performing their job responsibilities and complying with organizational policies and procedures, for example, an employee may expect salary increase, benefits, the opportunity to request for cash advance, and other intangible goods such as the ability to do work that they find fulfilling.

The development of a psychological contract takes place in the context of a set of values, which means that employees may feel a sense of anger and betrayal if the contract is violated (Bocchino et al. 2003). Research shows that employee perceptions of such violations negatively affect job satisfaction, trust, and loyalty toward the organization. In more extreme cases, violations of the psychological contract can even result in acts of violence or sabotage. Periods in which the organization is undergoing change are particularly prone to employee perceptions that the psychological contract has been violated. Therefore, managers should be particularly attentive to perceptions of value congruence during periods of organizational change (Bocchino et al. 2003).

Edwards and Cable (2009) suggest that managers should not focus exclusively on value congruence itself, but should also utilize strategies that positively affect communication and trust within the organization since these conditions mediate the effects of value congruence. To that end, managers should work to ensure that both formal and informal systems of communication are open, consistent, and regular. Similarly, initiatives to increase trust should include good practices such as giving the reasons that lie behind organizational decisions, providing frequent opportunities for question and answer sessions between employees and senior managers, and ensuring fairness in the systems used to manage and assess performance.

## Value Congruence in Public Service Organizations

Public service organizations present a specific context for understanding the conditions under which value congruence is fostered. In particular, research on public service motivation (PSM) provides important insights for understanding the nature of values in public service organizations. PSM refers to predispositions on the part of individuals to be motivated by the work, values, and goals that are found in public organizations (Perry et al. 2010). Furthermore, research shows that PSM is related to positive work outcomes such as productivity, managerial practices, accountability, and trust (Brewer et al. 2000). However, as Wright and Pandey (2008) point out, not all public organizations provide equivalent opportunities to satisfy the public service motivation needs of their employees. In other words, just because an organization is in the public sector does not mean that its members will be able to perform work that satisfies their desire to serve the public.

The foregoing suggests that organizational leaders should not take the effects of PSM for granted. Rather, they should utilize effective communication, performance feedback, and other supporting conditions that help highlight how the organization's values are congruent with those of the employee, as well as how their work with the organization contributes to the realization of goals that are in the public interest (Wright and Pandey 2008). Christensen and Wright (2011) caution, however, that leaders may do best to focus on the effects of person-job fit and not solely on the effects of person-organization fit. They point out that people with PSM are likely to be attracted to particular organizations because they offer jobs that are consistent with their motivations, rather than because they find the mission and values of the organization itself attractive. Therefore, in order to understand the positive outcomes of PSM, it is necessary to consider the extent to which an organization actually offers jobs that provide opportunities for individuals to act upon and satisfy their public service values and motivations.

Some organizations may be in a better position to foster PSM and value congruence than others. Along these lines, Peng et al. (2015) have argued that the institutional context of nonprofit organizations gives them an advantage in fostering value congruence. Because nonprofit organizations have lower levels of externally imposed political controls, they exercise fewer internal controls over the day-to-day work of employees and managers. This leads to a more decentralized organization in which there is more clarity among members regarding organizational goals and in which members exercise a higher degree of work autonomy. Taken together, these factors facilitate the internalization and integration of organizational values. As a result, their research found that members of nonprofit organizations report a higher level of perceived value congruence (Peng et al. 2015).

## Conclusion

This entry has provided an overview of what is known about value congruence and the role that it plays in shaping the attitudes and behaviors of individuals in the workplace. It began with a discussion of theoretical perspectives on value congruence such as image theory, fit theory, self-concept theory, and the attraction-selection-attrition framework. Because values consist of internalized norms about socially acceptable behavior in specific contexts, they exert a powerful influence on attitudes, decisions, and behaviors in the workplace. Next, the entry turned to a discussion of the effects of value congruence. When individuals that work together share similar values, they perceive, interpret, and respond to events in similar ways. This facilitates communication, builds trust, and makes it easier to coordinate activities between individuals. In turn, these effects of value congruence make it easier for the organization to achieve its goals.

This entry also discussed managerial strategies used to foster value congruence. These include pre-selection strategies that seek to recruit individuals with values similar to those found in the work environment and post-selection strategies that seek to facilitate congruence after the individual has joined the organization. Given the stability of values and difficulties in assessing them, either approach poses challenges. Research indicates, however, that strategies associated with values-based or transformational leadership styles are most effective in facilitating increased levels of value congruence. Finally, considerations specific to the institutional context of public service organizations were discussed. As research into PSM demonstrates, individuals are often motivated to work in public service organizations because of the values, work, and goals that are intrinsic to public institutions. Importantly, however, organizational leaders should not take the effects of PSM for granted. To facilitate the positive outcomes associated with PSM, it is important for organizational leaders to utilize communication, performance feedback, and other strategies in order to highlight ways in which the organization's values are congruent with those of the employee, as well as how their work contributes to the achievement of goals that are in the public interest.

## Cross-References


- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Integrating Values in the Public Sector
- ▶ Mission, Vision, and Organizational Values
- ▶ Organizational Values
- ▶ Public Values in Public Organizations


## References


Argyris C (1964) Integrating the individual and the organization. Wiley, New York

Bao Y, Simon D, Shay T (2012) Value congruence in organizations: literature review, theoretical perspectives, and future directions. ESADE working paper number 239. ESADE working paper series. http://ssrn.com/abstract=2154976. Retrieved 15 Jan 2016

Barnard C (1948) The functions of the executive. Harvard University Press, Cambridge, MA

Bass B (1985) Leadership: good, better, best. Organ Dyn 13(3):26–40

Bocchino C, Hartman B, Foley P (2003) The relationship between person-organization congruence, perceived violations of the psychological contract, and occupational stress symptoms. Consult Psychol J Pract Res 55(4):203–214

Brewer G, Selden SC, Facer R (2000) Individual conceptions of public service motivation. Public Adm Rev 60(3):254–264

Brown M, Trevino L (2009) Leader-follower values congruence: are socialized leaders better able to achieve it? J Appl Psychol 94(2):478–490

Christensen R, Wright B (2011) The effects of public service motivation on job choice decisions: disentangling the contributions of person-organization fit and person-job fit. J Public Adm Res Theory 21: 723–743

Edwards J, Cable D (2009) The value of value congruence. J Appl Psych 94(3):654–677

Kristoff-Brown A, Zimmerman R, Johnson E (2005) Consequences of individuals' fit at work: a meta-analysis of person-job, person-organization, person-group, and person-supervisor fit. Pers Psychol 58:281–342

Lamm E, Gordon J, Purser R (2010) The role of value congruence in organizational change. Organ Dev J 28(2):49–64

Liedtka J (1989) Value congruence: the interplay of individual and organizational value systems. J Bus Ethics 8:805–815

Meglino B, Ravlin E (1998) Individual values in organizations: concepts, controversies, and research. J Manag 24(3):351–389

Moynihan D, Pandey S (2007) The ties that bind: social networks, person-organization value fit, and turnover intention. J Public Adm Res Theory 18:205–227

Paarlberg L, Perry J (2007) Values management: aligning employee values and organizational goals. Am Rev Public Adm 37(4):387–408

Peng S, Pandey S, Pandey S (2015) Is there a nonprofit advantage? Examining the impact of institutional context on individual-organizational value congruence. Public Adm Rev 75(4):585–596

Perry J, Hondeghem A, Wise LR (2010) Revisiting the motivational bases of public service: twenty years of research and an agenda for the future. Public Adm Rev 70(5):681–690

Posner B (1992) Person-organization values congruence: no support for individual differences as a moderating influence. Hum Relat 45(4):351–361

Posner B (2010) Another look at the impact of personal and organizational values congruency. J Bus Ethics 97: 535–541

Posner B, Schmidt W (1993) Values congruence and differences between the interplay of personal and organizational value systems. J Bus Ethics 12:341–347

Ren T (2010) Value congruence as a source of intrinsic motivation. Kyklos 63(1):94–109

Schein E (2010) Organizational culture and leadership, 4th edn. Jossey-Bass, San Francisco

Schneider B (1987) The people make the place. Pers Psychol 40:437–453

Selznick P (1957) Leadership in administration: a sociological interpretation. University of California Press, Berkeley

Wright B, Pandey S (2008) Public service motivation and the assumption of person-organization fit: testing the mediating effect of value congruence. Adm Soc 40(5): 502–521


# Value Measurement


David J. Ciuk
Department of Government, Franklin and Marshall College, Lancaster, PA, USA


A value, according to traditional psychological theory, is an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite mode of conduct or end state of existence (Rokeach 1973). Values, however, rarely act in isolation; rather, they work in a "comparative and competitive" fashion. Therefore, it is useful to think in terms of value systems, which are defined as enduring organizations of beliefs concerning preferable modes of conduct or end states of existence

along a continuum of relative importance (Rokeach 1973). According to Schwartz (1992), values (1) are beliefs (2) that refer to desirable goals. They (3) transcend specific situations, (4) are ordered by relative importance, and (5) serve as standards or criteria. Finally, (6) it is the *relative* importance of the set of relevant values that guides action.

Values play an important role in research across a wide array of social science disciplines. In political science, for example, values are used to explain changes in political culture (Abramson and Inglehart 1995; Inglehart 1977), they structure the debate on the American welfare state (McClosky and Zaller 1984), and they may be at the root of polarization (Jacoby 2014). Additionally, values are connected to political attitudes in post-9/11 America (Ciuk 2016; Davis 2007; Davis and Silver 2004), they relate to ideology and partisanship (Feldman 1988; Rokeach 1973), and they affect attitudes on social welfare policy (Feldman and Zaller 1992), abortion policy (Alvarez and Brehm 1995), campaign finance reform (Grant and Rudolph 2003), government spending (Jacoby 2006), and climate change policy (Stoutenborough et al. 2014). Outside of political science, values play an important role in psychology (Oyserman et al. 2002), sociology (Hitlin and Piliavin 2004), consumer choice (Pepper et al. 2009), music (Gardikoitis and Baltzis 2012), sports (Lee et al. 2008), and vocational interests (Sagiv 2002).

Though it is quite clear that values play an important role in culture, attitudes, behavior, and decision making, the measurement of value preferences has long been a topic of debate. In this chapter, I discuss the two most often used techniques to measure value preferences – rankings and ratings – as well as the benefits and consequences that come with the researcher's choice of one technique over the other. I then review empirical work on value measurement, highlighting the instances when one technique may prove more appropriate than the other. I close by urging those pursuing research on values to consider the goals of their research, determine the tradeoffs that they are willing to make, and design an appropriate set of measures when making decisions about value measurement.

## Ranking Measures: Milton Rokeach, the RVS, and Critiques

Modern research on human values began in psychology with the influential and pioneering work of Milton Rokeach. In terms of measurement, Feldman (2003) notes that if Rokeach's first major contribution to the literature is his conceptualization of value systems, then his second contribution must be his thoughts regarding measurement. The Rokeach Value Survey (RVS) consists of two separate 18-item sets (one set for terminal values and the other set for instrumental values) for which respondents are asked to rank the items based on their personal importance as guiding principles in life (Rokeach 1973, p. 27). In asking respondents to rank order all 18 values in each set, the RVS effectively captures the comparative and competitive aspect of values while simultaneously avoiding problems with "end piling," which occur when respondents rate all values highly, producing a measure (or a set of measures) that suffers from a lack of variance (see Figs. 1, 2, and 3 for an illustration of end piling).

Although there are several practical and theoretical benefits using ranking techniques like the RVS to measure value preferences, a substantial body of research indicates that these measures are flawed for three reasons: (1) the RVS takes too long and is too demanding for most respondents, (2) ranking items create problems for traditional methods of analysis, and (3) the RVS produces measures that lack reliability.

First, scholars argue that ranking each item in two 18-item sets takes too long and is too cognitively demanding for most survey respondents. In other words, the lengthy ranking tasks stretch respondents' cognitive ability and focus, and over the course of the survey, the respondents grow tired. In the end, respondent error due to survey fatigue becomes a concern (Braithwaite and Law 1985; Feldman 2003; Schwartz 2007). In response to these critiques, modern work on values avoids these types of problems by

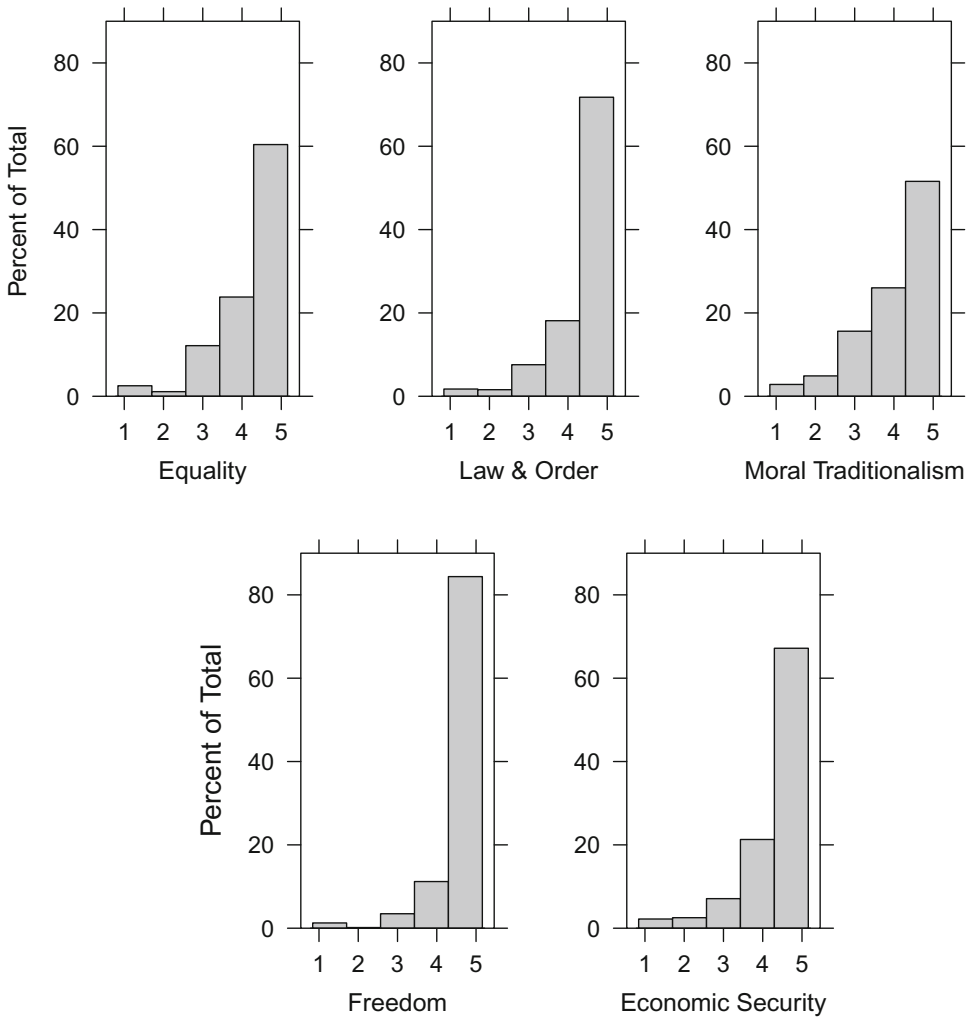


**Value Measurement, Fig. 1** Distributions of Ratings. These data are from a 2010 experiment funded by the Time-sharing Experiments for the Social Sciences program (principle investigators Jeremy Freese and Penny Visser). Value importance is coded from 1 (least important) to 5 (most important). Readers should note the modal response for all five values is 5 or "most important"

trimming the full battery of two 18-item sets to a subset of values that are immediately relevant to the behavior in question (Abramson and Inglehart 1995; Hofstede 2001; Kohn 1977). On one hand, the shorter batteries do cut down response time and measurement error. On the other, the smaller batteries limit the breadth and scope of the search for explanations on the behavior of interest.

Second, ranking procedures create ipsative scales that are problematic for traditional forms of econometric and psychometric methods. Briefly, ipsative scales are those that sum to a particular number. That is, if a survey asks respondents to rank a set of five values (e.g., values A, B, C, D, and E) from most important to least important where the most important value is coded 5, the second most important value is coded 4, and so on so the least important variable in the set is coded 1, the sum across each of the five columns in the data set (e.g., rank of value A, rank of value B, rank of value C, rank of value D, and rank of value E) will be 15. If the researcher then wants to use preferences on all five values to explain variance on some type of behavior, then

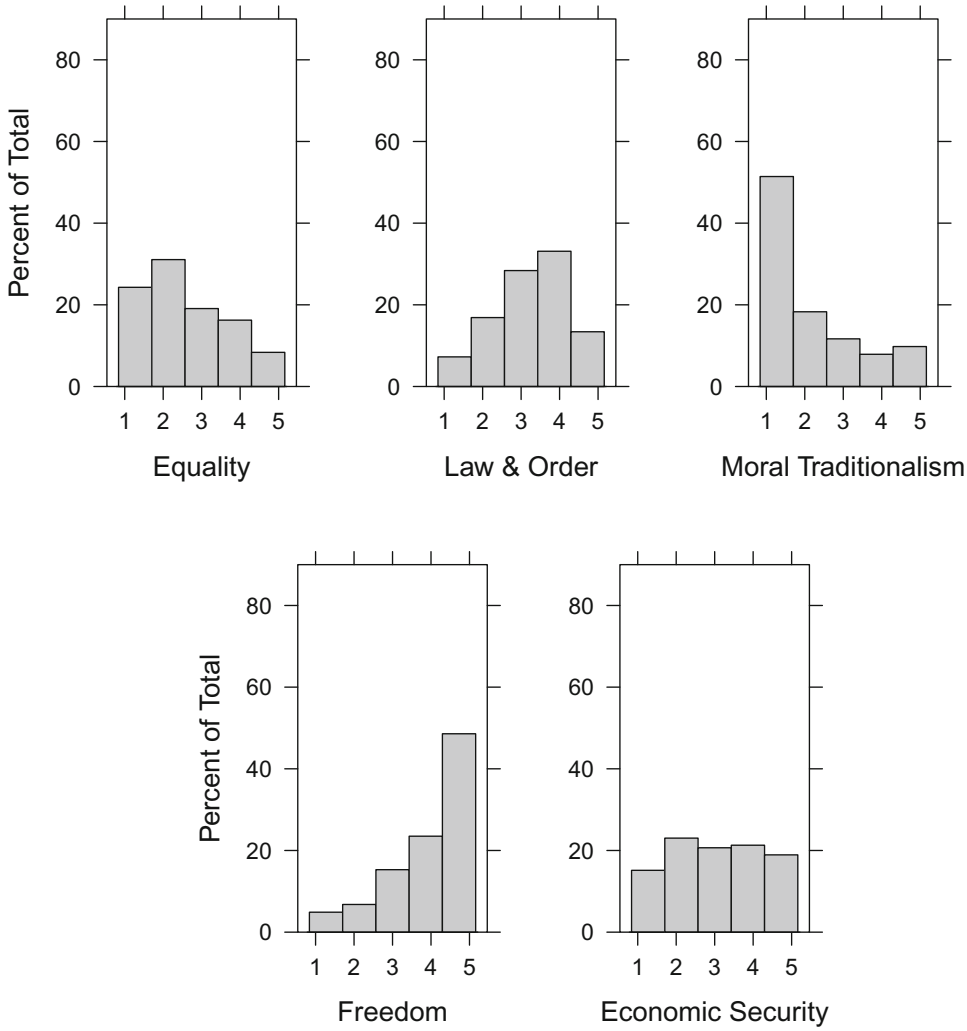


**Value Measurement, Fig. 2** Distributions of Rankings. These data are from a 2010 experiment funded by the Time-sharing Experiments for the Social Sciences program (principle investigators Jeremy Freese and Penny Visser). Value importance is coded from 1 (least important) to 5 (most important). Readers should note that end piling does not occur here. Responses are more evenly distributed here, relative to Fig. 1

traditional econometric methods such as ordinary least squares regression or generalized linear models (e.g., logit, probit, etc.) are ill equipped to handle such data due to perfect collinearity in the five variables. Often-used data reduction tools (e.g., factor analysis) also are ill equipped to handle such data (Davis and Davenport 1999; Inglehart and Abramson 1999). Methodological advances have quelled these concerns to some extent (Borg and Groenen 2005; Jackson and Alwin 1980). Another way to avoid such problems is to include only a subset of the value preference variables into the empirical model. Not only does this allow one to estimate a regression model (or something similar), but it also increases the parsimony of the model. At the same time, however, one must choose the "right" values to add to the model to avoid misspecification, and one might also consider checking the extent to which model results are sensitive to a particular specification.

Last, while concerns on length, complexity, and ipsative measures are certainly important, the critique that might cause the most concern

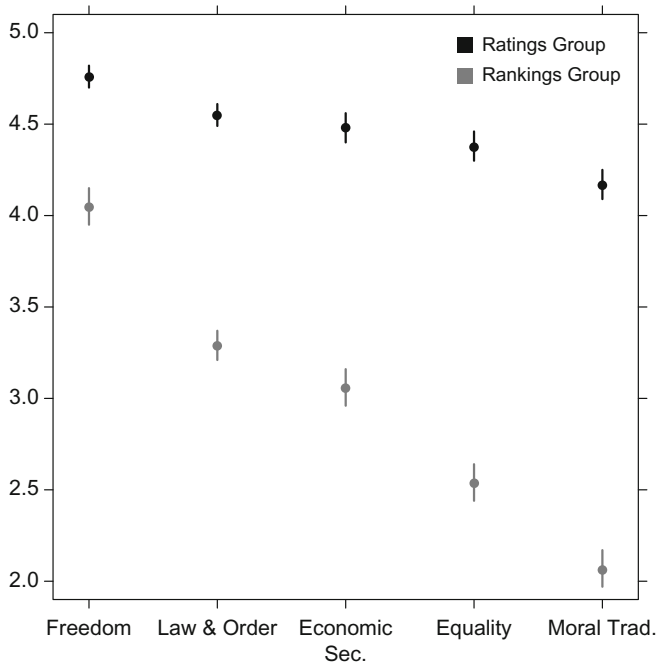


**Value Measurement, Fig. 3** Mean Ratings and Rankings. Again, these data are from a 2010 experiment funded by the Time-sharing Experiments for the Social Sciences program (principle investigators Jeremy Freese and Penny Visser). Value importance is coded from 1 (least important) to 5 (most important). *Dots* represent means, and *error bars* represent 95% confidence intervals. Readers should note the uniformity with which respondents *rated* all of the values. There is much more variance in recorded preferences among those that were asked to *rank* values in terms of importance

deals with whether or not ranking instruments like the RVS produce unreliable data. The root cause of this concern has to do with whether or not people make consistent choices when ranking one value over another. Maio et al. (1996) argue that the RVS and similar batteries force respondents to make choices between two values toward which they are indifferent or ambivalent. When asked to justify their value choices, some research suggests that people often question their choices and reverse them (Bernard et al. 2003; Maio and Olson 1998). In a similar vein, Braithwaite and Law (1985) raise concerns regarding ranking instruments forcing respondents to make ad hoc choices between values of roughly equal importance, behind which there is no systematic preference. In short, this body of research argues that, under some circumstances (e.g., ambivalence, indifference, when the respondent has not thought about a particular value comparison before), the RVS and other ranking procedures require respondents to perform a series of "mental coin flips" when completing the questionnaire, thus leading to a set of measures that is riddled with error. And, though some empirical work does address ranking instruments and measurement error (Miethe 1985), this is still a relatively active debate.

## Rating Measures: Shalom Schwartz, the SVS, and the PVQ

Rating instruments, the main alternative to rankings, are widely used in values research (Goren 2005; Goren et al. 2009; McCann 1997; Schwartz et al. 2010), and the most often-used "flavors" of rating batteries are both closely related to Shalom Schwartz: the Schwartz Value Survey (SVS) and the Portrait Values Questionnaire (PVQ). The SVS was the first instrument created specifically to measure value preferences according to Schwartz's theory of basic human values, which posits that there are ten basic values important to human life (self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism) that guide behavior and choice (Schwartz 1992, 1994). Briefly, when completing the SVS, respondents are given two lists – the first has 30 items that describe potentially desirable end states as nouns and the second has 26 or 27 items (the earlier version has 26, the later version has 27) that describe potentially desirable end states as adjectives – and asked to rate how important each item is "as a guiding principle in MY life" on a 9-point scale that goes from "of supreme importance"

(coded 7) to "opposed to my values" (coded −1). The "non-symmetrical" scale is used because respondents tend to rate most value items on the high end of the scale. In order to protect against measurement error, multiple items are used to measure each of the ten basic human values. Schwartz's theory and measures are very successful with some scholars describing the "circumplex" structure of values as a "nearly universal system of values" (Piurko et al. 2011, p. 540).

Despite it being widely used, Schwartz notes that the SVS is imperfect – that it was not made to measure value preferences in non-Western societies and that people with little or no education had trouble completing the questionnaire (Schwartz 2007). The PVQ was designed to remedy such problems by presenting respondents with more concrete, less cognitively demanding tasks than the SVS. The PVQ includes very short, verbal "portraits" of different people. Each portrait details "a person's goals, aspirations, or wishes that point implicitly to the importance of a single value type" (Schwartz 2007, p. 273). For example, an item that measures the importance of self-direction offers the following description: "Thinking up new ideas and being creative is important to him/her. She likes to do things his/her own original way" (Schwartz 2007, p. 273). Respondents are asked "How much like you is this person?" And, responses are recorded on a 6-point scale ranging from "very much like me" to "not like me at all." There are 20-, 29-, and 40-item versions of the PVQ. All question wordings are gender matched to the respondent. Briefly, it is worth noting that respondents are asked to compare the person in the description to themselves rather than themselves to the person in the description. This is thought to keep the respondent focused on the value-relevant parts of the description, and it discourages the respondent from making comparisons outside the context of the question (Schwartz 2007).

Though these instruments are very often used to measure value preferences, they are not without flaws. First, respondents often engage in end piling (i.e., rating all values in the set very highly) (Rokeach 1968, 1973), which results in a set of measures that lack variance. Second, rating instruments, in and of themselves, cannot account for the "comparative and competitive" aspect of values. In other words, rating items consider values in isolation, and they do not tap the *relative* importance of values. Scholars argue that one can "correct" for this shortcoming by treating each respondent's mean response to each scale item (e.g., each item that measures the importance of self-direction) as a covariate in the analysis (Schwartz 1992). Alternatively, one can mean center each respondent's answers to all items in the survey. In either case, it is not the measure (or measures) that accounts for *relative* importance. Rather, *relative* importance is accounted for later in the analysis stage.

To summarize, ranking and rating instruments are both often used in values research. While rankings clearly capture the comparative and competitive aspects of values, there are drawbacks as well. Rating instruments, the main alternative to rankings, are very widely used, but there are tradeoffs here too. In the following section, I discuss empirical research that deals with the measurement qualities and characteristics of the two above-discussed techniques.

## Rankings Versus Ratings: Empirical Work on Value Measurement

As stated above, there are many scholars that prefer ranking batteries to rating batteries and vice versa. There are also scholars that advocate for hybrid measures that combine the two approaches (e.g., McCarty and Shrum 2000). The more complete picture is less black and white, however. First, the diversity of scholarly opinion reflects the complex nature of value measurement. Second, advocates of ranking batteries and advocates of rating batteries agree that, when assembled carefully, either type of measure is *mostly* accurate. The groups split on the issue of which technique is *more* accurate when respondents are faced with hard choices – when they are forced to make distinctions between two values under conditions of ambivalence or indifference or when survey fatigue is setting in. On one hand,

psychological theory suggests that values work in a comparative and competitive fashion (Rokeach 1973) and that it is the *relative* importance of relevant values that guide thought and action (Schwartz 1992, 1994), suggesting that ranking batteries are perhaps a more theoretically sound measure. On the other hand, ranking batteries are long, cognitively demanding, and difficult to administer during a telephone interview (Krosnick and Alwin 1988), and rating instruments alleviate these concerns. Empirically, which type of measure performs better?

As stated above, the body of research is split. Miethe (1985), for example, argues that value-preference data collected via rankings have less measurement error than preference data collected with other techniques. Coming to a similar conclusion, Krosnick and Alwin (1988) note that data collected via ratings are obscured by those that have trouble differentiating between values of roughly equal importance. Reaching opposite conclusions, scholars argue that because rating instruments allow people to rate two values equally, they better measure preferences for low-education respondents and those that are ambivalent or indifferent to particular value pairs. In other words, rating instruments do not force certain people to perform "mental coin flips" and choose one value over another for no systematic reason (Bernard et al. 2003; Maio and Olson 1998; Maio et al. 1996; Schwartz 1992).

Recent research makes these concerns central in an attempt to make clear the measurement qualities and characteristics of each technique. Jacoby (2006) tests the extent to which individuals have hierarchical value preferences. Briefly, if scholars that suggest rankings force respondents to choose randomly between two values about which they are ambivalent or indifferent, thus creating error-prone measures, then their value choices should not exhibit any systematic structure. On the other hand, if there are systematic preferences behind these choices, then value preferences should be transitive and exhibit a clear, hierarchical structure. Using the multi-investigator study, which asks respondents to rank order four values central to American political culture (economic security, liberty, equality, and social order), Jacoby finds that the large majority of respondents make transitive choices and have clearly structured, hierarchical value preferences. Further, he finds that when respondents do make intransitive choices, they are mostly due to low political sophistication and indifference rather than ambivalence.

In another thorough examination of the measurement characteristics of rankings and ratings, Ciuk and Jacoby (2015) assess (1) transitivity in value choices, (2) causes of transitivity/intransitivity, and (3) the predictive validity of rankings and ratings. Using a split-half experiment funded by the Time-sharing Experiments for the Social Sciences (TESS) program in which half of the respondents' value preferences are measured with ratings and half with rankings (more specifically, with the method of triads), the authors find that the vast majority of respondents make hierarchically structured value choices and have transitive preferences. Further, there are no significant differences between preferences on most and least important values – the rate at which respondents make hierarchically structured choices is roughly uniform across all five values in the survey. Next, the authors present evidence that suggests white respondents and those with more formal education are more likely than others to have completely transitive preferences. Finally, the authors estimate models of partisanship, ideology, presidential approval, and vote choice to the data. They find that the models fit to the "triads" data fits significantly better than the models fit to traditional ratings data. The author concludes that rankings data collected via the method of triads outperform ratings data, but they also note that the number of items needed to use the method of triads increases geometrically such that surveys become long and difficult to administer if the researcher is interested in examining the effects of preferences on more than five values on some form of behavior. Subsequent work, however, suggests that the method of triads produces data similar to other ranking strategies that take up less space on a survey (Ciuk 2016; Jacoby 2011).

## Conclusions and Recommendations

Clearly, there are benefits and drawbacks to both often-used techniques to measure value preferences. When making decisions on which technique to use, researchers ought to think about goals of the particular project, determine which tradeoffs they are willing to accept, and design the set of measures according to those considerations. For example, if one simply wants to examine the effects of a small number of value central to American political culture on voting behavior, policy preferences, presidential approval, or something similar, some form of ranking technique might be suitable. The data will allow the research to look at a full list of rank-ordered preferences for each respondent assembled in line with psychological theory. On the other hand, if only four or five values are of interest to a researcher and there is ample room on a survey, rankings via the method of triads is possible. In this case, in addition to obtaining a full list of rank-ordered preferences for each respondent, the research can also examine the structure of respondents' preferences. If the researcher is engaged in a larger-scale project where preferences on dozens of values will be used as independent variables, rankings battery may be too time-consuming and too complex for respondents, and, thus, ratings may be more appropriate. Whatever the case, researchers working on values have a wide range of tools available with respect to measurement, and, as the field continues to make progress, the properties of value measurement continue to improve.

## Cross-References

► Ethical Values
► Organizational Values
► Public Value Dynamics

## References

Abramson PR, Inglehart R (1995) Value change in a global perspective. University of Michigan Press, Ann Arbor

Alvarez RM, Brehm J (1995) American ambivalence towards abortion policies: development of a heteroskedastic probit model of competing values. Am J Polit Sci 39:1055–1082

Bernard MM, Maio GR, Olson JM (2003) Effects of introspection about reasons for values: extending research on values-as-truisms. Soc Cogn 21:1–25

Borg I, Groenen P (2005) Modern multidimensional scaling: theory and applications, 2nd edn. Springer, New York

Braithwaite VA, Law HG (1985) Structure of human values: testing the adequacy of the Rokeach Values Survey. J Pers Soc Psychol 49:250–263

Ciuk DJ (2016) Americans' value preferences pre- and post-9/11. Soc Sci Q 97:407–417

Ciuk DJ, Jacoby WG (2015) Checking for systematic value preferences using the method of triads. Polit Psychol 36:709–728

Davis DW (2007) Negative liberty: public opinion and the terrorist attacks on America. Sage, New York

Davis DW, Davenport C (1999) Assessing the validity of the postmaterialism index. Am Polit Sci Rev 93: 649–664

Davis DW, Silver BD (2004) Civil liberties vs. security: public opinion in the context of the terrorist attacks on America. Am J Polit Sci 48:28–46

Feldman S (1988) Structure and consistency in public opinion: the role of core beliefs and values. Am J Polit Sci 32:416–440

Feldman S (2003) Values, ideology, and the structure of political attitudes. In: Sears DO, Huddy L, Jervis R (eds) Oxford handbook of political psychology. Oxford University Press, New York, pp 477–508

Feldman S, Zaller J (1992) The political culture of ambivalence: ideological responses to the welfare state. Am J Polit Sci 36:268–307

Gardikoitis A, Baltzis A (2012) Rock music for myself and justice to the world!: musical identity, values, and music preferences. Psychol Music 40:143–163

Goren P (2005) Party identification and core political values. Am J Polit Sci 49:881–896

Goren P, Federico CM, Kittilson MC (2009) Source cues, partisan identities, and political value expression. Am J Polit Sci 53:805–820

Grant TJ, Rudolph TJ (2003) Value conflict, group affect, and the issue of campaign finance. Am J Polit Sci 47: 453–469

Hitlin S, Piliavin JA (2004) Values: reviving a dormant concept. Annu Rev Sociol 30:359–393

Hofstede G (2001) Culture's consequences: comparing values, behaviors, institutions, and organizations across nations. Sage, Thousand Oaks

Inglehart R (1977) The silent revolution: changing values and political styles among western publics. Princeton University Press, Princeton

Inglehart R, Abramson PR (1999) Measuring postmaterialism. Am Polit Sci Rev 93:665–677

Jackson DJ, Alwin DF (1980) The factor analysis of ipsative measures. Sociol Methods Res 9:218–238

Jacoby WG (2006) Value choices and American public opinion. Am J Polit Sci 50:706–723
Jacoby WG (2011) Measuring value choices: are rank orders valid indicators? Annual Meetings of the Midwest Political Science Association, Chicago Presented at the Annual Meetings of the Southern Political Science Association
Jacoby WG (2014) Is there a culture war? Conflicting value structures in American public opinion. Am Polit Sci Rev 108:754–771
Kohn ML (1977) Class and conformity: a study in values, 2nd edn. University of Chicago Press, Chicago
Krosnick JA, Alwin DF (1988) A test of the form-resistant correlation hypothesis: ratings, rankings, and the measurement of values. Public Opin Q 52:526–538
Lee MJ, Hatzigeorgiadis A, Whitehead J, Ntoumanis N (2008) Relationships among values, achievement orientations, and attitudes in youth sport. J Sport Exerc Psychol 30:588–610
Maio GR, Olson JM (1998) Values as truisms: evidence and implications. J Pers Soc Psychol 74:294–311
Maio GR, Roese NJ, Seligman C, Katz A (1996) Rankings, ratings, and the measurement of values: evidence for the superior validity of ratings. Basic Appl Soc Psychol 18:171–181
McCann JA (1997) Electoral choices and core value change: the 1992 presidential campaign. Am J Polit Sci 41:564–583
McCarty JA, Shrum LJ (2000) The measurement of personal values in survey research: a test of alternative rating procedures. Public Opin Q 64:271–298
McClosky H, Zaller J (1984) The American ethos: public attitudes toward capitalism and democracy. Harvard University Press, Cambridge
Miethe TD (1985) The validity and reliability of value measurements. J Psychol 115:441–453
Oyserman D, Coon HM, Kemmelmeier M (2002) Rethinking individualism and collectivism: evaluation of theoretical assumptions and meta-analysis. Psychol Bull 128:3–72
Pepper M, Jackson T, Uzzell D (2009) An examination of the values that motivate socially conscious and frugal consumer behaviours. Int J Consum Stud 33:126–136
Piurko Y, Schwartz SH, Davidov E (2011) Basic personal values and the meaning of left-right political orientations in 20 countries. Polit Psychol 32:537–561
Rokeach M (1968) Beliefs, attitudes, and values: a theory of organization and change. Jossey–Bass, San Francisco
Rokeach M (1973) The nature of human values. Free Press, New York
Sagiv L (2002) Vocational interests and basic values. J Career Assess 10:233–257
Schwartz SH (1992) Universals in the content and structure of values. In: Zanna MP (ed) Advances in experimental social psychology. Academic Press, New York
Schwartz SH (1994) Are there universal aspects in the structure and content of human values? J Soc Issues 50:19–46
Schwartz SH (2007) Value orientations: measurement, antecedents, and consequences across nations. In: Jowell R, Roberts C, Fitzgerald R, Eva G (eds) Measuring attitudes cross-nationally: lessons from the European social survey. Sage, Los Angeles
Schwartz SH, Caprara GV, Vecchione M (2010) Basic personal values, core political values, and voting: a longitudinal analysis. Polit Psychol 31:421–452
Stoutenborough JW, Bromley-Trujillo R, Vedlitz A (2014) Public support for climate change policy: consistency in the influence of values and attitudes over time and across specific policy alternatives. Rev Policy Res 31: 555–583

# Vendor Diversity in Public Sector Purchasing

Christopher L. Atkinson
University of West Florida, Pensacola, FL, USA

## Synonyms

Disadvantaged business enterprises; Minority- and women-owned business programs; Small business programs; Supplier diversity

## Definition

Vendor Diversity in Public Sector Purchasing refers to public procurement programs and systems that foster inclusiveness and the potential particularly for small and disadvantaged businesses to compete for and win public sector contracts (also, the state of diversity in such a program or system). A diverse purchasing program reflects the business ownership of a community, region, state, or nation of the government entity and shows commitment to opportunity and capacity building for all vendors interested in government contracting.

## Introduction

Procurement has strategic value in public sector organizations, because of its ability to satisfy

broader needs, like innovation and diversity, in addition to sourcing products and services (Loader 2016). Vendor diversity programs are a particular subset of a larger movement toward inclusiveness in purchasing. There is an awareness among policymakers that public purchasing can drive employment, and as a result purchasing can be made to serve economic development ends; there is also an increasing mindfulness of the barriers that business owners, particularly from historically underserved groups, may face in approaching public sector contracting. Direct policies, such as preference programs, and indirect tactics, such as general support for small business communities through technical assistance, capacity building, knowledge sharing, lessening or removing administrative burdens, and loan programs, may all serve to support vendor diversity in the public context. Even where competition is desired, the predicament of small businesses in responding to the challenges of the government contracting environment is not understood as well as might be hoped (Ancarani et al. 2019).

This entry examines vendor diversity in public purchasing, by first discussing inclusion as a procurement policy and then examining the interests of government in providing for inclusion. The entry concludes with an examination of challenges and opportunities associated with supplier diversity and inclusion programs in the public sector.

## Inclusion as Procurement Policy: Distribution, Accountability, and Development

Qiao et al. (2009) identify three forms of preference in their survey of state and local procurement preference programs: to protect against competition from outside an area, to improve the ability of vendors to compete, and "to achieve particular social policy goals" (p. 373). They identify various socioeconomic programs, including set-asides for "small, minority, disadvantaged, veteran-owned, or women-owned businesses," as well as programs that require purchasing from "the developmentally disadvantaged such as the deaf and blind" (p. 374). Programs like the US AbilityOne Program, under the Javits-Wagner-O'Day (JWOD) Act, have allowed employment opportunities for exceptional individuals, with a primary market of products being government (US AbilityOne Commission 2019). Business certification has been offered for lesbian, gay, bisexual, and transgender business owners (Klocek et al. 2014). The range of eligible groups and programs designed to improve inclusion shows understanding of the barriers faced by some groups but also recognition of their potential to contribute to public needs in fulfilling government's requirements for products and services.

In keeping with Lowi's policy types (1972), vendor diversity and inclusion programs in public procurement may encompass a range of tactics as solutions to past and present societal problems or as aspirational models to highlight political ideals. Increasing competition in procurement is a regulatory matter and is widely accepted as achieving positive returns for government. Solicitations that encourage greater participation not only increase the potential for competition, with direct economic benefits to the government entity realized in savings, but also improve the chance that a given purchase may afford economic development benefits, through local purchasing and a multiplier effect in spending in a distributive policy model. Loan programs for marginalized businesses may take from the whole to afford assistance and protection to businesses in need in a redistributional policy approach, when the commercial lending market fails to serve these businesses. The establishment of agencies to respond to the need for inclusion represents a constituent-based policy (Lowi 1972).

For minority- and women-owned business programs, the purely capitalistic model may have resulted in overrepresentation of firms from certain groups, leaving other groups disadvantaged; inclusion programs may seek to correct a past "general sin" against businesses that have seen discrimination. The inclusion program would serve as a response to market failure to provide equitable opportunity (indirect, passive discrimination) or on the part of the government entity

itself (direct, active discrimination), in actively keeping firms from certain groups from participating in government contracting. Discrimination may exist through acts of commission or omission and can be difficult to thwart through means other than direction for the institution to act in certain ways and prohibiting offensive behaviors. Inclusion programs are not simply statements of institutional values in these instances: they are a form of compensatory justice (Kellough 2006), seeking to resolve problems caused by government or to ameliorate private sector discrimination and its negative effects on communities as a balancing factor.

Inclusive policy solutions are interventions in scenarios where the market has failed on its own to afford public value, as defined by political actors. A common theme is that government sees the market and its outcomes as suspect, necessitating value-driven policy solutions to provide for accountability in public spending. Even where they provide measurable benefit, inclusion programs are essentially coercive unless strictly voluntary, in that they often force systems and vendors to respond to public tenders in a manner responsive to the ideals of the government entity (Lowi 1972).

Inclusion programs may have unintended consequences, in reducing the pool for competition, for example, or driving up the price from an artificial limitation on offerors. The decisions made, by virtue of these policies, are not purely capitalist, and they may not always arrive at options that are the lowest price. However, regardless of one's agreement with the usefulness of inclusion programs in addressing past injustices, these programs can provide benefit in improving competition, reducing the potential for procurement that funnels projects to preferred vendors, and affording economic development benefits.

## Vendor Diversity as a Government Interest

Ram and Smallbone (2003) identified two major types of supplier diversity initiative: those driven by the buyer and business-to-business arrangements. Internationally, "equal treatment" in purchasing and economic renewal are compelling rationales for supplier diversity. There is attention to the potential for government purchasing, in particular, because of the scope of government purchasing and the volume of procurement (Ram and Smallbone 2003). Worthington et al. (2008) identified legislative actions, economic goals, stakeholder pressure, and "ethical influences" as shaping the need for supplier diversity programs. Social responsibility of the government enterprise remains an important aspect, as accountability and transparency contribute to the legitimacy of the whole. Procurement, as an important intersection between public and private purposes, is an obvious point where expectations exist for representative service.

While public sector purchasing is essentially a business function, the responsibility of public sector entities in providing accountability and transparency goes well beyond the business activities of a private sector organization (Arlbjørn and Freytag 2012). Government often seeks to represent the diversity of the public in which firms receive public money and, as a result, has interest in not only employment outcomes but fair distribution of contracts as a "social objective," where the private sector would be more focused on a profit motive (Mphela and Shunda 2018). There are reasons for this difference in focus. Diverse businesses represent a growing segment of the economy, yielding impressive cumulative annual sales and significant potential for the addition of new jobs. Successful supplier diversity programs can create strong relationships with community partners, such as inclusive chambers of commerce and third-sector organizations (Klocek et al. 2014).

As a matter of providing fair access, it is reasonable enough to suggest that all firms that possess capacity to perform or provide products, which are interested in pursuing government contracts, should be allowed an equal potential chance of winning such contracts. Encouraging diversity has benefits beyond just addressing past shortfalls – it can improve community capacity and better work performance; non-discrimination programs on their own potentially

do not respond forcefully enough to address injustice (Kellough 2006). In practice, though, other considerations such as years of experience and previous related or relevant work with government may hold sway in decisions, as government seeks to reduce the potential for failure in performance. In a highly competitive environment, inclusion and diversity exist along with competing priorities; market limitations can result in allegations of reverse discrimination or benefits accruing to other-than-disadvantaged individuals as a result of diversity programs. Despite the root in positive intentions, participation in diversity programs can stigmatize vendors, in that they are asking for help by participating; this may lead other businesses to assume a lack of capacity or undercut fair appraisal of their qualifications (Kellough 2006).

While there is government interest in responding to past injustice, and the inclusiveness of diversity programs justified on those grounds, inherent in programs that give additional benefit to certain groups over others is that they exclude some groups and individuals from full participation. A goal for the targeted group is seen as a prejudicial quota by ineligible groups. Policy in this area can be helped by avoiding overreach, responding only to the identified problem and offering a solution for it, and creating programs to equalize opportunity without creating undue hardship to ineligible vendors, lest there be accusations of unfairness in what are supposed to be impartial, business-driven practices (Goldman 1977). A major issue is that there is no universal conception of fairness in public procurement; given this, the entity making procurement choices must understand available options and deploy them in the most appropriate way given the context. Stakeholder views vary on inclusion and diversity in procurement, but stakeholders themselves may not be the source of a great program that best fits the context. Public sector leadership is needed to choose the options for inclusion that might work best given program goals. For programs to be effective, regardless of what options are chosen, there is a need for efforts to be well-explained and documented, with periodic reporting of benefits attained and challenges experienced.

## Challenges and Opportunities

Diversity and inclusion programs set out to afford a range of benefits to the public, and their considerable variety and range of implementation suggest strongly their ongoing appeal for governments. There is nevertheless a need to evaluate the performance of initiatives, to ensure that they function as desired. While attention to the main eligibility criteria for a business to be considered diverse is important, this alone does not help a business compete for and win contracts. Flynn and Davis (2017) found that "procedural capability has a significant effect on number of tenders submitted and value of contract sought," so training is warranted to help businesses understand government processes; "buyer engagement strategies" can improve communication with small businesses (p. 449). Procurement staff members with an awareness of the importance of diversity can assist with driving the success of programs; the benefits of sourcing choices (such as increased employment for a local economy or for people with exceptional needs) can be considerable (Preuss 2011).

Not all programs work as desired. Even with the presence of a program, small businesses, including diverse businesses, find barriers in finding out information about government contracting, dealing with impenetrable government systems, and responding to solicitations (Ram and Smallbone 2003). Employees that work in supplier diversity programs can feel a tension between program goals (inclusion) and the goals of the larger organization, such as efficiency in project completion (Preuss 2011) and cost. Orser et al. (2019) found that gender-based certification programs had little effect on the bidding process, in driving either bid frequency or achievement of contract awards.

Immigrant entrepreneurs pose special challenges for public sector supplier diversity programs. In addition to economic trials, these diverse business owners may face barriers of "information, advertising, human resources, and undercapitalization," and they may not be aware that public sector diversity programs even exist or that they will provide legitimate benefit (Kordestani et al. 2017, p. 1).

## Conclusion

It might be argued that pursuing the intention of inclusion in public procurement through what are incomplete and restricted performatives (e.g., goals on contracting) ignores larger considerations of free involvement and access to government for marginalized groups generally. Programs that require a high burden of proof for certification of diverse status, for example, may marginalize affected groups further, through a process of "othering" (Kamali 2009). Traditional assumptions of the superiority of large businesses, and of firms owned by privileged elites, serve to reinforce existing assumptions about what is possible in public contracting settings. There is thus a need to disrupt the prevailing narrative of eligibility certification and enforcement and a natural government preference for large businesses as vendors, which possibly limits the potential for attainment of true inclusion and opportunity. This is especially true when procurement systems are themselves not entirely open and remain beholden to elite expectations. Institutional evolution may be slow in responding to such profound concerns.

Instead of providing opportunity, the value in supplier diversity programs and other statements of social responsibility could exist and remain in the realm of the symbolic, unless inclusion and appreciation of diversity is a central organizational value supported at top levels of management and embraced throughout all levels. The elimination of "we" and "they" in public contracting may, as in other examples of inclusive policy, indicate a transformational moment for society, benefitting the whole with real and attainable prospects. Otherwise, programs may keep one foot firmly planted in modernity, with decidedly racist undertones and limited results (Kamali 2009), serving largely predetermined and predictable outcomes.

Even with cynicism about positive growth and change in organizations seemingly rampant, social responsibility programs have had positive effects in the private sector (Pope and Wæraas 2016). Supplier diversity programs in the public sector evidence at least a normative commitment to social responsibility. Expectations for public sector supplier diversity programs, to create positive change for affected groups and individuals, should be set high and remain a point of engagement. The need for tough responses to complex problems can be understood by a sophisticated public, assuming clear communication with stakeholders and consistent implementation by regulators. Without communication and commitment, there is the potential for programmatic entropy, resistance to implementation, and a loss of a sense of mission, leading to a less diverse public procurement system and decreased public benefit.

## Cross-References


- ▶ Differences in States' Procurement Practices
- ▶ Disparity in Government Procurement
- ▶ Economic Context of Public Procurement
- ▶ Gender Equality in Public Procurement
- ▶ Public Procurement and Accountability
- ▶ Public Procurement and Public Trust
- ▶ Public Procurement and Social Justice
- ▶ Putting Public Values in Public Procurement Agenda


## References


Ancarani A, Di Mauro C, Hartley T, Tatrai T (2019) A comparative analysis of SME friendly public procurement: results from Canada, Hungary and Italy. Int J Public Adm 42(13):1106–1121

Arlbjørn JS, Freytag PV (2012) Public procurement vs private purchasing: is there any foundation for comparing and learning across the sectors? Int J Public Sect Manag 25(3):203–220

Flynn A, Davis P (2017) Investigating the effect of tendering capabilities on SME activity and performance in public contract competitions. Int Small Bus J 35(4):449–469

Goldman AH (1977) Affirmative action. In: Cohen M, Nagel T, Scanlon T (eds) Equality and preferential treatment. Princeton University Press, Princeton, pp 192–209

Kamali M (2009) Racial discrimination: institutional patterns and politics. Routledge, New York

Kellough JE (2006) Understanding affirmative action: politics, discrimination, and the search for justice. Georgetown University Press, Washington, DC

Klocek P, Dayib H, Mukherjee R, Crespo E (2014) Supplier diversity: from "checking the box" to developing a trusted and valued partner. J Am Water Works Assoc 106(9):30–36
Kordestani A, Sattari S, Peighambari K, Oghazi P (2017) Exclude me not: the untold story of immigrant entrepreneurs in Sweden. Sustainability 9:1–22
Loader K (2016) Is local authority procurement supporting SMEs? An analysis of practice in English local authorities. Local Gov Stud 42(3):464–484
Lowi TJ (1972) Four systems of policy, politics, and choice. Public Adm Rev 32(4):298–310
Mphela T, Shunda JPW (2018) Can small, medium and micro enterprises survive in public procurement? Lessons from Botswana. J Public Procure 18(2):90–110
Orser B, Riding A, Weeks J (2019) The efficacy of gender-based federal procurement policies in the United States. Int J Gend Entrep 11(1):6–37
Pope S, Wæraas A (2016) CSR-washing is rare: a conceptual framework, literature review, and critique. J Bus Ethics 137:173–193
Preuss L (2011) On the contribution of public procurement to entrepreneurship and small business policy. Entrep Reg Dev 23(9–10):787–814
Qiao Y, Thai KV, Cummings G (2009) State and local procurement preferences: a survey. J Public Procure 9(3–4):371–410
Ram M, Smallbone D (2003) Supplier diversity initiatives and the diversification of ethnic minority businesses in the UK. Policy Stud 24(4):187–204
U. S. Ability One Commission (2019) History. Retrieved from https://www.abilityone.gov/abilityone_program/history.html
Worthington I, Ram M, Boyal H, Shah M (2008) Researching the drivers of socially responsible purchasing: a cross-national study of supplier diversity initiatives. J Bus Ethics 79:319–331

# Vertical and Horizontal Tax Competition in the USA

Julius A. Nukpezah[1] and Michael R. Overton[2]
[1]Department of Political Science and Public Administration, Mississippi State University, Starkville, MS, USA
[2]Department of Politics and Philosophy, University of Idaho, Moscow, ID, USA

## Synonyms

Horizontal tax externality, Interlocal competition; Vertical tax externality, Multilevel tax competition

## Definitions

*Vertical tax competition* refers to competition among overlapping governments, such as federal and state governments or state and local governments, for mobile tax base where the adoption of a tax policy or a change in tax rate by one elicits or prevents action in the other. *Vertical tax competition* occurs among federal, state, and local governments.

*Horizontal tax competition* refers to competition among neighboring subnational governments such as counties, municipalities, special districts, and school districts, generally over a mobile tax base or occasionally over tax rates. *Horizontal tax competition* occurs among similar levels of local governments.

## Introduction

Local governments in the USA exist in a polycentric system where multiple legally independent governments interact with one another in a shared regional economy (Ostrom et al. 1961). The decisions made by one local government are not completely internalized, but instead, ripple out impacting neighboring jurisdictions (Overton 2017), in both a short-term competitive and a long-term interdependent economic relationship (Overton and Nukpezah 2019). The presence of multiple legally independent local governments results in tax base and tax rate competition among subnational, or local, governments.

Tax competition among local governments can manifest as either horizontal competition among similar types of local governments or vertical competition among overlapping governments that share jurisdiction over a common geographic area (Wu and Hendrick 2009). While local governments compete over a variety of things – mobile capital, political prestige, firm location, and state and federal funds – this chapter entry focuses on *horizontal and vertical* competition among local governments over tax bases and tax rates.

This entry examines the research on tax competition as it pertains to the USA. First, it discusses the levels of governments within the

federal system. Second, it reviews the fundamentals of taxation to better understand competition. Third, the theoretical underpinnings of horizontal tax competition through two theoretical foundations are reviewed. Fourth, tax rate competition is discussed. Fifth, the theoretical framework and empirical support for vertical tax competition is presented. Finally, the benefits and the challenges of horizontal and vertical tax competition are enumerated followed by a conclusion.

## State and Local Governments in American Federalism

The Constitution of USA created a federal arrangement that establishes state and federal governments as sovereign entities. However, as an arbiter over subnational affairs in the realm coupled with the power of the US Congress to create laws deemed necessary, the constitutional authority of the federal government supersedes those of the states and, therefore, the relationship among the federal and state governments is a superior-subordinate relationship.

Local governments in the USA are creatures of the state where they are located and derive their authority from respective state Constitutions and statutes. The autonomy of a local government is highly dependent on the state where it is located. Some local governments, *Dillon's Rule local governments*, have little discretion apart from what the state directly authorizes while others, *Home Rule local governments*, have broad autonomy apart from the state.

Local governments are characterized as either general-purpose or single-purpose governments. General purpose governments provide multiple services such as public safety and emergency management services and include counties and municipalities (cities, towns, and villages). Single-purpose governments, on the other hand, perform only one function and include special districts, and independent school districts, which provide only educational services as examples.

Horizontal tax competition occurs among neighboring local governments of the same type. Vertical tax competition occurs among subnational, state, or federal governments that overlap. Most vertical tax competition that happens at subnational level occurs among counties, municipalities, school, and special districts that share jurisdiction over a common geography (Wu and Hendrick 2009; Burge and Piper 2012).

## Tax Instruments and Competition

Tax competition occurs when governments (federal, state, and local) compete over a tax base or a tax rate. A tax base is "the object or transaction to which a tax is applied" (Bland and Overton 2019) and a tax rate is the percentage applied to a tax base to determine tax revenue or liability. In the USA, there are three primary tax bases: income (personal or corporate), consumption (sales and excise), and wealth (property). Income taxes are taxes applied to individual income or corporate income; consumption taxes are taxes generally applied to transactions like purchases/sales; wealth taxes are taxes applied to assets like land and their improvements.

Generating tax revenue requires a well-defined tax base on which governments have legal authority to apply a tax rate. Most tax competition is over a mobile tax base – a tax base that can relocate with minimal costs or is perceived as able to relocate with minimal cost. The relative mobility of a tax base is determined by how costless it is to change taxable base.

## Subnational Governments and Horizontal Tax Competition

Horizontal tax competition occurs when neighboring local governments compete over the location of a mobile tax base or to set a tax rate. Local governments compete in a local market for public goods over a mobile tax base by either (1) differentiating the bundle of goods and services (BGS) they offer from neighbors thereby attracting residents and businesses (Tiebout 1956; Overton 2017) or by offering a similar BGS as their neighbor, but at a lower tax rate (Brennan and Buchanan 1980). A local market for public goods is analogous to a private market where cities in a polycentric system of governments

compete to attract households, and businesses, which ultimately form a local government's taxable base through increased property values, capital location, wages, and consumption activity. Local governments act like producers in a private market but provide local public goods, which are public goods with geographically bounded benefits (Bland and Overton 2016). Households and businesses "shop" for public goods by locating in communities that match their BGS at the lowest relative cost (Tiebout 1956; Brennan and Buchanan 1980).

### Theoretical Context: Allocative and Productive Efficiency

Horizontal tax competition is normatively argued to improve government expenditures and provide more efficient public services. Local governments act strategically to either provide a unique BGS that match the mobile tax base's preferences or by offering a similar bundle of goods and services as neighboring cities at a lower tax rate. These two strategic actions are rooted in different theoretical traditions that are often used interchangeably albeit, incorrectly. To understand these two traditions, it is important to define allocative and productive efficiency and apply them to local government competition.

### Allocative Efficiency and Tiebout

Allocative efficiency refers to who gets what or ensuring that resources are disbursed and used in a social optimal manner (Bland and Overton 2019). While a local market for public goods approaches the competitiveness of a private market, many of the idiosyncratic characteristics of local markets for public goods limit the allocative efficiency of the market, reducing it to something closer to a quasi-market. In 1954, Samuelson first articulated the distinction between private goods and public goods. A pure public good is non excludable (i.e., it is difficult to prevent individuals from consuming the good or service) and non-rivalrous (i.e., one person's consumption of the good or service does not prevent another person's consumption of the good or service) while a private good is excludable and rivalrous. Samuelson (1954) posited that public goods, unlike private goods, cannot be provided at a Pareto optimum level because pure public goods are indivisible. Thus, governments cannot provide varying quantities of pure public goods in order to accurately meet consumer demand.

Because pure public goods are non-excludable and non-rivalrous, rational consumers hide their true preferences and attempt to free ride on other taxpayers. Markets for public goods are inefficient resulting in under provision relative to consumer demand because no mechanism for accurate preference revelation exists in a local market for public goods.

In response to Samuelson (1954), Tiebout (1956) argued that, as long as citizens can move freely between local municipalities and have accurate information, citizens will locate in municipalities that best approximate their desired BGS. The idea is simple: no price mechanism is needed to achieve an efficient local market for public goods because citizens and businesses reveal their preferences by "voting with their feet." If a citizen is dissatisfied with a local government's BGS, they can relocate to a municipality that offers a BGS that parallels a citizen's unique preferences. Horizontal tax competition in the Tiebout (1956) tradition suggest local governments compete over a mobile tax base through the creation and promotion of a BGS.

*Empirical support:* Horizontal tax competition as outlined in the Tiebout (1956) tradition does exist under certain conditions, local government competition over a mobile tax base citizens or businesses to reveal their preferences for public goods by exiting communities whose service-tax package they do not prefer (Tiebout 1956), and entering communities whose bundle of goods align with their unique preferences. Evidence suggests that individuals do enter and exit communities based on the specific service-tax package offered. Similarly, Overton and Nukpezah (2019) find evidence of tax competition among Texas principal cities and their neighbors with regards sales tax revenue in the short-run and suggest that the relationship between principal cities and neighboring cities is highly dynamic and interdependent in the long run.

### Productive Efficiency and Public Choice

Productive efficiency refers to producing goods and services at the lowest per unit rate (Bland and Overton 2019). Public choice scholars have argued that competition prevents abuse of power by government officials and prevents governments from behaving like private sector monopolies (Brennan and Buchanan 1980). The Leviathan hypothesis argues that local governments behave like monopolistic private firms, and given the revenue maximizing behavior of bureaucrats, will spend more than is preferred by the median voter (Brennan and Buchanan 1980). However, local government competition over a mobile tax base can mitigate the monopoly power held by one local government through market-like competition (Brennan and Buchanan 1980). The unstated assumption of the public choice perspective is that governments offer the same bundle of goods and thus location decisions are made based on competing tax burdens.

Support for horizontal tax competition as outlined by the public choice tradition is mixed. First, businesses are sensitive to both a city's tax rate and the tax incentives it offers (Overton and Bland 2014), especially when making their final location decisions. Second, some scholars find evidence in support of lower government expenditures and collected revenues from government competition (Craw 2008). Third, Other scholars have found evidence that government competition does not lead to more productively efficient outcomes (Berry 2008).

Why are there conflicting results? Craw (2008) found that once the political process or "voice" was taken into account, local government competition resulted in lower spending levels. Yeung (2009) concluded from a meta-review that the unit of analysis mattered when determining decentralization's impact on revenues and expenditures. Studies where decentralization was measured as fragmentation (e.g., Berry (2008) were more likely to find that increased competition results in increased government expenditures while studies utilizing local governments as the unit of analysis are more likely to find that increased competition results in decreased government expenditures (e.g., Craw 2008).

### Movement Towards a Unified Theory of Competition

Missing from these theoretical traditions is an understanding that competition among local governments is not binary, but a continuum. The degree of competition among local governments is reflected in their strategic choices resulting from changes in the behavior of neighboring governments. (Overton 2017) merged these two traditions by applying product differentiation theory to the public choice and Tiebout theories of competition.

Differentiation refers to the similarity of the BGS offered by local governments. Local governments with undifferentiated BGS offer similar BGS and are sensitive to tax rate changes in neighboring local governments. These governments compete in a quasi-marketplace where location of a mobile tax base is determined by relative productive efficiency similar to that articulated by public choice scholars. Local governments providing differentiated BGSs are different from their neighbor's BGSs and compete in a quasi-marketplace where location of a mobile tax base is determined by preference matching rather than the lowest tax rates similar to Tiebout's (1956) theory. Both undifferentiated and differentiated local markets for public goods exist simultaneously often in the same local market for public goods, resulting in different competitive behaviors depending on the degree of differentiation of the local government's BGS (Overton 2017).

## Tax Rate Competition

Sometimes, tax competition occurs not over a tax base, but over the tax rate itself. Local politicians are sensitive and knowledgeable about the tax rate of neighboring jurisdictions. This occurs because in an undifferentiated local market for public goods, a lower tax rate provides a competitive advantage, but also because a lower tax rate is politically popular (Overton 2017). Local governments adopt similar tax rates as their neighbors because voters evaluate the efficacy of local policies by comparing the policies adopted by neighboring governments to their local government

(Besley and Case 1992). While manipulation of a tax rate is often a tool used to attract a mobile tax base, it can also serve as a political goal itself for local government officials.

Tax mimicry – the adoption of tax policies and rates similar to that of neighboring jurisdictions – enhances the nuance of tax competition theory (Zhao 2005; Sjoquist et al. 2007). Local governments are incentivized to adopt similar tax rates as their neighbors because voters evaluate the efficacy of local policies by comparing the policies adopted by neighboring governments to their local government (Besley and Case 1992). This theory is corroborated by Luna (2004) who finds that the sales tax rates of Tennessee counties are influenced by the sales tax rates of neighboring counties.

An important extension of the tax mimicry literature is the proximate polity theory. The proximate polity theory states that economic development policy is provided at a level determined by politicians to decrease their risk of policy failure (Minkoff 2012). Specifically, these decisions are made by considering the spending decisions of neighboring cities. Because politicians fear the exit options of citizens and businesses, they will provide a level of goods and services approximating the level provided by their neighbors. The proximate polity theory frame spatial proximity as an important economic and political influencer on local government competition. Using spatial regression analysis on a sample of 1,500 cities, Minkoff (2012) shows that local government expenditures are associated with their neighboring city's expenditures (gross spending, not per capita), median income, and population. These results imply that local governments make development decisions by considering the development decisions of their neighbors in order to minimize the risk that mobile businesses and residents will relocate to competing areas.

Empirical evidence has validated the relevance of the proximate polity theory repeatedly (Stokan 2013). From a survey of 109 municipalities in the Twin Cities metropolitan area, Goetz and Kayser (1993) determine that a city's level of perceived competition increases the likelihood that it would need to pursue more aggressive economic development policies. The study finds that a city's greatest perceived competitors are those cities with shared borders, similar absolute revenues, and similar population sizes (Goetz and Kayser 1993).

Moreover, competition between jurisdictions is not simply one between neighbors because neighbors do have different influences within a geographic area. For example, Rogers (2004) finds that county seats and higher populous urban areas report higher revenues with increases in local option sales tax (LOST). Perhaps, this is because larger urban areas and county seats are attractive and provide political, social, and economic benefits to the entire region. This idea is further substantiated by Burge and Rogers (2016) who created a leadership index with which they designated early adopters of state LOST policy as leaders and the other governments as followers. Their study observed that followers were more likely to increase their LOST rate when leaders have done so. However, followers were less likely to do so if the increase had come from another follower. Moreover, Burge and Rogers (2016) observe that leaders respond to LOST rate changes only when it is by a parent county and by local governments at state border.

## Multilevel Governments and Vertical Tax Competition

Vertical tax competition occurs when overlapping governments, governments that share jurisdiction over a common geography, compete over a shared tax base or tax rate where a change in tax policy by one level of government elicits a change in another level of government (Wu and Hendrick 2009; Burge and Piper 2012; Esteller-Moré and Solé-Ollé 2001). Vertical tax competition exists because either the tax base or tax rate of the shared geographic area is somehow limited. Berry (2008) argued that vertical fragmentation resulted in increased "overfishing" of a fiscal common (i.e., the shared geography). In this case, vertical competition for a limited tax base resulted from multiple overlapping governments.

### Theoretical Context: The Leader and Follower Hypothesis

Even though states are jurisdictionally independent of each other, they are all contained within federal jurisdiction and constrained by federal authority. The same unequal type of relationship exists among states and their local governments. Burge and Rogers (2016, 2018) draws on this unequal relationship to propose a leader and follower relationship, which provides the theoretical context in understanding vertical tax relationships. Because of the constitutional authority of federal and state governments as sovereigns, they have at their discretion the tools to make laws and policies and to address challenges that result making them leaders in policy initiation. The subservient governments within them follow with a variation of the policies made at the higher government level.

*Empirical support:* Extant research suggests that vertical competitive relationships exist between US federal and state governments regarding excise tax rate setting for gasoline and cigarettes (Besley and Rosen 1998). The research suggests that there is a positive response to federal excise tax rate changes by the states. For instance, when federal tax rate on gasoline increases by 10-cents per gallon, it leads to states increasing theirs by 3.2-cents per gallon, and vice versa, controlling for other variables such as youthfulness of the population and democratic control of the government that were found to be related to higher tax rates.

Also, analysis of vertical income tax competition between federal and state governments confirms that a positive competitive relationship exists between federal tax rates and state responses (Esteller-Moré and Solé-Ollé 2001). The authors find that a 1-point increase in the effective federal income tax rate is associated with a 0.1-point increase in state taxes.

There is evidence of vertical tax competition between state and local governments regarding taxes. For example, Burge and Rogers (2018) find that the adoption of LOST by Oklahoma local governments usually follows a variation of state adoptions. Similarly, Fox et al. (2015) find that state tax rate Granger causes local tax rates.

Given that property tax is a major source of revenue for local governments, it is a major source of strategic interactions among tiered local governments such as counties, municipalities, and special districts where changes in tax rates by one local government, such as counties lead to adoption of similar policies by other tiered governments such as school districts and counties (Wu and Hendrick 2009). For example, Wu and Hendrick (2009) find that an increase in property tax rates by Florida counties lead to a reduction in the rate of municipalities because both are general purpose governments serving the same base and provide substitute goods and services. However, municipalities increase their tax rates when school districts increase their rates because they provide complementary services.

## Benefits of Tax Competition

Local government competition has the following theoretical and empirical benefits:

1. Increased productive efficiency through lower tax rates and lower government expenditures (Brennan and Buchanan 1980).
2. Increased allocative efficiency through better preference matching among local government BGS and a mobile tax base (Tiebout 1956).
3. Increased political responsiveness to relatively high tax rates (Besley and Case 1992).

Benefit of vertical competition, which is driven by leader-follower hypothesis include:

1. Subnational governments benefit from tax innovations created by higher tiered governments and therefore do not have to reinvent the wheel.
2. It also provides a means through which higher tiered governments (federal and state) exercise control over lower tiered governments.

## Demerits of Tax Competition

Tax competition does have adverse consequences.

1. Increased zero sum games because a mobile tax base chooses one location at the expensive of all other neighboring local governments.
2. Increased opportunities for a race to the bottom where competing governments undercut one another in an attempt to attract a mobile tax base (Oates and Schwab 1988).
3. Increased pandering of BGS to businesses and higher income residents at the expense of redistributive services out of fear of mobile tax base flight (Peterson 1981). It should be noted that the empirical work on this detriment generally does not focus on tax competition specifically.

Vertical tax competition also has adverse effects, which include:

1. When multi-layered governemnts tax the same base, it increases the tax burden of residents leading to tax payer fatigue.
2. It could limit tax innovativeness when lower tiered governments have to look to policy innovations of a "leader" institution to enact their own policies.

## Conclusion

This chapter entry has discussed horizontal and vertical tax competition among subnational governments of the USA. Neighboring (horizontal) or overlapping (vertical) local governments compete over a mobile tax base in a local market for public goods. Horizontal tax competition can have positive political effects through tax mimicry or result in increased productive and allocative efficiency in the provision of public goods and services. However, tax competition could lead to a race to the bottom where governments undercut one another leading to impoverishment for all governments in a metropolitan area because of lower taxes. Consequently, while there are benefits of competition, governments can benefit by collaborating in multi-organizational arrangements to solve problems that cannot be solved or easily solved by independent organizations.

## Cross-References

▶ Fiscal Federalism in the USA
▶ Local Governments and the Property Tax in the USA
▶ Local Sales Taxes

## References

Berry C (2008) Piling on: multilevel government and the fiscal common-pool. Am J Polit Sci 52(4):802–820
Besley T, Case A (1992) Incumbent behavior: vote seeking, tax setting and yardstick competition (no. w4041). National Bureau of Economic Research, Washington, DC
Besley TJ, Rosen HS (1998) Vertical externalities in tax setting: evidence from gasoline and cigarettes. J Public Econ 70(3):383–398
Bland RL, Overton M (2016) Assessing the contributions of collaborators in public–private partnerships: evidence from tax increment financing. Am Rev Public Adm 46(4):418–435
Bland RL, Overton M (2019) A budgeting guide for local government, 4th edn. ICMA Press, Washington, DC
Brennan G, Buchanan JM (1980) The power to tax: analytic foundations of a fiscal constitution. Cambridge University Press, New York
Burge GS, Piper B (2012) Strategic fiscal interdependence: county and municipal adoptions of local option sales taxes. Natl Tax J 65(2):387–416
Burge GS, Rogers CL (2016) Leaders, followers, and asymmetric local tax policy diffusion. J Reg Sci 56(2):313–331
Burge GS, Rogers CL (2018) Do state sales taxes crowd out local option sales taxes? BE J Econ Anal Policy 18(3):1–9
Craw M (2008) Taming the local leviathan institutional and economic constraints on municipal budgets. Urban Aff Rev 43(5):663–690
Esteller-Moré Á, Solé-Ollé A (2001) Vertical income tax externalities and fiscal interdependence: evidence from the US. Reg Sci Urban Econ 31(2–3):247–272
Fox WF, Hill BC, Murray MN (2015) Vertical Competition, Horizontal Competition, and Mobile Capital: An Empirical Investigation. Public Financ Rev 43(4):431–457
Goetz EG, Kayser T (1993) Competition and cooperation in economic development: a study of the twin cities metropolitan area. Econ Dev Q 7(1):63–78
Luna L (2004) Local sales tax competition and the effect on county governments' tax rates and tax bases. J Am Tax Assoc 26(1):43–61
Minkoff SL (2012) The proximate polity: spatial context and political risk in local developmental goods provision. Urban Aff Rev 48(3):354–388

Oates WE, Schwab RM (1988) Economic competition among jurisdictions: efficiency enhancing or distortion inducing? J Public Econ 35(3):333–354
Ostrom V, Tiebout CM, Warren R (1961) The organization of government in metropolitan areas: a theoretical inquiry. Am Polit Sci Rev 55(4):831–842
Overton M (2017) Sorting through the determinants of local government competition. Am Rev Public Adm 47(8):914–928
Overton M, Bland RL (2014) The great recession's impact on credible commitment: an analysis of private investment in tax increment financing districts. State Local Gov Rev 46(4):282–297
Overton M, Nukpezah J (2019) Investigating sales tax revenue competition among principal cities and their neighboring cities in Texas. Int J Public Adm 1–12. https://doi.org/10.1080/01900692.2019.1661433
Peterson PE (1981) City limits. University of Chicago Press, Chicago
Rogers CL (2004) Local option sales tax (LOST) policy on the urban fringe. J Reg Anal Policy 34(1):27–50
Samuelson PA (1954) The pure theory of public expenditure. Rev Econ Stat 36(4):387–389
Sjoquist DL, Smith WJ, Walker MB, Wallace S (2007) An analysis of the time to adoption of local sales taxes: a duration model approach. Public Budg Financ 27(1):20–40
Stokan E (2013) Testing Rubin's model 25 years later: a multilevel approach to local economic development incentive adoption. Econ Dev Q 27(4):301–315
Tiebout CM (1956) A pure theory of local expenditures. J Polit Econ 64(5):416–424
Wu Y, Hendrick R (2009) Horizontal and vertical tax competition in Florida local governments. Public Financ Rev 37(3):289–311
Yeung R (2009) The effects of fiscal decentralization on the size of government: a meta analysis. Public Budg Financ 29(4):1–23
Zhao Z (2005) Motivations, obstacles, and resources: the adoption of the general-purpose local option sales tax in Georgia counties. Public Financ Rev 33(6):721–746

# Village Model for Aging in Place

Meena Subedi
Florida Atlantic University, Boca Raton, FL, USA

## Synonyms

Aging; Arrangement; Retirement community; Senior citizen

## Definition

The Village Model is a membership-driven grassroots organization that underlines the provision of supportive services such as transportation, home maintenance, and companionship (Greenfield et al. 2012). It is a consumer-driven approach with a goal of encouraging "aging in place" through member supports, service referrals, and consumer engagement (Scharlach et al. 2011).

"Aging in place" is defined as the preference of an older adult to live in the residence of their choice as they age and being able to have necessary support system and service as their needs change with the age.

## Introduction

Policymakers have long supported and focused on several concepts and initiatives regarding aging in place, livable communities, and long-term care services. The Administration on Aging (AOA), Center for Disability (CFD), and Center for Aging and Community have combined to become the advocates for community living. "Aging in place" promotes the ability of older adults to remain in their homes and neighborhoods even in the face of functional decline. An increase in the disability-free life expectancy has enhanced the desire of elders to remain in their own homes and community for as long as possible rather than living in residential care (Crimmins et al. 2009). The Village Model emerged as an approach to aging in place with goals of encouraging and allowing older adults to become empowered, active, and engaged in their communities (Scharlach et al. 2011; AARP 2011). The Village Model offers community-based initiatives that have addressed the longing of elders to age in place.

## Village Model

The Village Model is an organized grassroots community approach to helping older adults remain in their own homes in the face of frailty

or disability (Scharlach et al. 2011; AARP 2011). Member supports, service referrals, and consumer engagement (Scharlach et al. 2011) are key factors of the Village Model. Villages are created and administered by the people of the community where the volunteers and paid staff manage the services. This community effort is a critical aspect of making aging in place an effective possibility and eventual success. The Village concept of community preparedness for an aging population provides support systems, companionship, and educational and recreational opportunities that enable senior people to age at home with dignity (Scharlach 2012) and has the potential to reduce unnecessary institutionalization of elders (Thomas and Blanchard 2009).

The Village Model concept emerged in 2001 with the establishment of Beacon Hill Village (BHV). The BHV was started by a group of seniors living in the Beacon Hill neighborhood of Boston, MA, in search of a way of helping each other to stay in the neighborhood for as long as possible (Greenfield et al. 2012). The Village Model concept captured the attention of policymakers, community developers, and the people located on the periphery very quickly. By 2012, there were about 180 Village Models nationwide out of which approximately 50 were in their developmental phase (Village-to-Village Network, 2013). Currently 231 Village Models are operating in the United States, and 86 are in their developmental phase (Village-to-Village Network, 2018*)*. The national Village-to-Village Network is an online system that supports and updates the development of Village Models. Most of the Village Models are in bigger cities such as Boston, MA; Los Angeles, CA; and Washington, DC. The studies on aging preferences and available resources to aging have offered the feasibility of the Village Model.

## Village Model Initiation in Oxford, Ohio

In the small college town of Oxford, Ohio, almost 6% of the population of 21,371 is 65 and older (US census, 2010); the population skews young because of the presence of the university. Efforts to enhance aging in place took place in Oxford because of the strong desire of elders to maintain independence for as long as they could and to avoid institutionalization. Some entities that were concerned about "aging in place" for the City of Oxford were the Ohio Department of Aging (ODA), area Senior Centers, the Council on Aging of Southwestern Ohio, Inc. (an Area Agency on Aging), local providers of health and social services, housing entities, community development organizations, and others. The City of Oxford is a relatively small town seasonally dominated by a 20+ age cohort which made the city very challenging regarding its development as a retirement community. However, many people expressed their preference to live in Oxford in their older age either due to retiring from positions within Miami University or because of the well-established resources at the University. Resources from Miami University such as the Institute for Learning in Retirement (ILR), the fitness and recreation center, transportation services, and libraries were ideal to community-dwelling older adults.

In the process of taking steps toward making Oxford a more comfortable place to grow old and a more attractive place to retire, Oxford Senior Citizens, Inc. (OSC) initiated the idea of establishing a Village Model in 2013. OSC collaborated with the City of Oxford and multiple community groups to explore The Village Model. The concept of aging in place played a vital role in the Village Model project because its goal was to allow individuals to stay in their home as long as possible by creating a network of resources. The finding from the exploratory study conducted by the OSC suggested that the elders from Oxford enjoy the intergenerational and diverse community in which they were living and yearn for the continuity of such a society.

The Oxford Village Model envisioned a network of service providers and activities that would flex and grow with the members' needs. This network is made available through telecommunication, and virtual means and members can access services such as transportation, home repairs, social and educational activities, and other day-to-day concerns on an "as needed" basis. Telecommunication has been a significant part of life for younger generations, but its use and

significance are not limited to one age category because it is ubiquitous (Vanderheiden 2006). Although advanced technology is not typically user-friendly to older generations, the enthusiasm of many older adults to learn advanced technology has encouraged organizations to rely on virtual and telecommunication options.

## Aging in Place

In the United States, people over the age of 65 constitute almost 13% of the entire population (US census, 2010). This figure is expected to increase to 20% by the year 2030 (Applebaum et al. 2009). Meanwhile, in the trend of aging in place, a network of support systems to an aging individual has arisen to support older adults in their desire to remain in comfort of their own home regardless of potential disability (Gardner 2011). As baby boomers begin to retire in large number, they will have different expectations than those of their parents and grandparents. Many of these changes have to do with the fact that today's retirees expect to live much longer than their parents or grandparents (Fowels and Greenberg 2011).

Aging in place is a social network which helps older adults in maintaining well-being and quality of life (Gardner 2011). It is also defined as remaining in the community, either in their family homes or in supported accommodations with some level of independence, rather than having to move into residential care (Davey, Nana, de Joux, and Arcus 2004). Aging in place is getting popular in recent years, and much of this shift is due to the general increase in home and community-based services. The availability of support systems such as transportation, meal programs, and home repairs, social and educational activities strengthens the ability to retain independence and fulfills the need to grow old gracefully. Aging in place embraces much broader concepts than just being able to live at home at an older age because it is related to a sense of identity both through independence and autonomy and through caring relationships and roles within the places people live (Davey, Nana, de Joux, and Arcus 2004)."It is the ability to continue to live in one's home safely, independently, and comfortably, regardless of age, income, or ability level" (http://www.ageinginplace.org). Aging in place represents a "fit" between individuals and their social and physical environments (Greenfield et al. 2012). Therefore, policymakers are seeking better opportunities to increase services and to reach a broader population of older adults and assist them in remaining independent and healthy in the comfort of their homes for as long as possible.

Most of the studies on aging in place have concluded that land use, transportation, and housing policies all contribute to the livability of a community. For example, land use policies may include the establishment of shopping centers or medical facilities within walking distance of residential areas. Transportation policies could involve improving traffic laws that protect pedestrians and establishing affordable public transportation services. Housing policies may promote the building of accessible and age-friendly housing. Such changes and efforts can help older adults achieve their desired goal to remain independent and in their own homes as they age.

### Disability and Aging in Place

While physical health declines with age, it does not necessarily mean that getting older means being incapacitated or severely disabled. Disability in older age is commonly measured by the ability to perform activities of daily living (ADLs) and instrumental activities of daily living (IADLs) (Crimmins et al. 2009). Aging in place could be a practical and appealing alternative to people with physical limitations or disabilities with some adaptations to the physical environment and support systems that facilitate activities of daily living. These include age-friendly/handicapped accessible houses, efficient public transportation for disabled, pedestrian accessibility, and home health-care services (Ball 2010). Moreover, the creation of a network of community-based services and supports that focus on individuals' needs, values, and preferences can enhance the ability of elders to age in place.

The reports of declining rates of disabilities among the aging population (AARP 2011) have not only reinforced the preference of people with disabilities to age in place but also have led to optimism in refining and defining the policies on aging for elders. Despite experiencing a late-life disability, most elders feel they are successfully aging when they mature at home (Romo et al. 2012). However, mobility disability is one of the most feared impairments among older adults because this disability limits a person's movement from one place to another, which in turn becomes an obstacle for independent aging.

## Conclusion

The institutional bias of long-term care has placed a massive burden on state budgets. The trend of taking care of older citizens is shifting toward a more preventive and proactive perspective. "The institutionalization to cope with the needs of frail older people is gradually being seen as morally unacceptable" (Thomas and Blanchard 2009, P.16). Therefore, aging in place with the help of The Village Model has grown as a feasible notion.

## Cross-References

► Network Structures

## References

AARP Public Policy Institute & National Conference of State Legislatures (2011) Aging in place: a state survey of livability policies and practices. AARP Public Policy Institute, Washington

Applebaum R, Payne W, Straker J (2009) Aging & long-term care issues in Ohio (Ohio LTC Research Project). Oxford, OH: Scripps Gerontology Center

Ball, S. (2010) *Aging in Place: A Toolkit for Local Governments*. AARP, Community Housing Resource Center and Atlanta Regional Commission

Crimmins E, Hayward M, Hagedorn A, Saito Y, Brouard N (2009) Change in disability-free life expectancy for Americans 70 years and older. Demography 46(3):627–646

Davey J, Nana G, de Joux V, Arcus M (2004) Accommodation options for older people in Aotearoa/New Zealand. Wellington, NZ: NZ Institute for Research on Ageing/Business & Economic Research Ltd, for Centre for Housing Research Aotearoa/New Zealand

Fowels G, Greenberg S (2011) A profile of older americans. Administration on Aging(AoA), U.S. Department of Health and Human Services

Gardner P (2011) Natural neighborhood networks- important social networks in the lives of older adults aging in place. J Aging Stud 25(3):263–271

Greenfield E, Scharlach A, Lehning A, Davitt J (2012) A conceptual framework for examining the promise of the norc program and village models to promote aging in place. J Aging Stud 26:273–284

Romo R, Wallhagen M, Yourman L, Yeung C, Eng C, Micco G, Perez-Stable E (2012) Perceptions of successful aging among diverse elders with late-life disability. Gerontologist

Scharlach A (2012) Creating aging-friendly communities in the united states. Aging Int 37(1):25–38

Scharlach A, Graham C, Lehning A (2011) The "village" model: a consumer-driven approach *for* aging in place. Gerontologist 52(3):418

Thomas W, Blanchard J (2009) Moving beyond place: aging in community. J Am Soc Aging 33(2):12–17

Vanderheiden G (2006) Potential impact of new technologies on telecommunication for elders. Generations 30(2):9–12

# Violence Against the Transgender Community: An Epidemic

Al C. Johnson-Manning[1] and Lauren Slade[2]
[1]School of Economic, Political and Policy Sciences, The University of Texas at Dallas, Dallas, TX, USA
[2]LGBTQ and HIV Programs and Services, Resource Center, Dallas, TX, USA

## Synonyms

Anti-trans Violence; Hate Crimes; LGBTQ Violence; Murder of Transgender Women of Color; Transgender Murder Epidemic; Transphobia

## Definitions

The following definitions, as adapted from a glossary of terms or other materials provided publicly

by Human Rights Campaign unless otherwise noted, hold relevance to this chapter.

- **Transgender**: An umbrella term for people whose gender identity and/or expression is different from cultural expectations based on the sex they were assigned at birth. Being transgender does not imply any specific sexual orientation (HRC).
- **Cisgender**: A term used to describe a person whose gender identity aligns with those typically associated with the sex assigned to them at birth (HRC).
- **Gender identity**: One's innermost concept of self as male, female, a blend of both or neither – how individuals perceive themselves and what they call themselves. One's gender identity can be the same or different from their sex assigned at birth (HRC).
- **Sex assigned at birth**: The sex (for example male, female, or intersex) given to a child at birth, most often based on the child's external anatomy. This is also referred to as "assigned sex at birth" (HRC).
- **Hate Crime**: Also known as a bias-motivated crime, occurs when the perpetrator intentionally selects the victim because of a bias or prejudice (HRC).
- **Transphobia**: The fear and hatred of, or discomfort with, transgender people (HRC).
- **Misgendering**: To use the wrong pronouns or other gender-specific words when referring to or speaking to someone, especially a transgender person (Cambridge English Dictionary).

## Introduction

Members of the lesbian, gay, bisexual, transgender, queer/questioning (LGBTQ) community are victims of ongoing emotional, physical, structural, and sexual violence. While this often-fatal trend has appropriately caught the attention of some scholars and policy makers, there are significant gaps in academic knowledge and practitioner application. Specifically, while scholars begin to build a knowledge bank regarding violence based on sexual orientation, a similar collection based on gender identity is lagging (Mckay et al. 2019). However, violence towards transgender and gender nonconforming individuals proves to have deadly consequences, especially for Black transgender women living within urban areas. The alarming, ongoing rate at which the transgender community faces violence is a Public Administration issue that warrants timely attention. The root causes of ongoing anti-transgender physical, emotional, and structural violence are identified in this chapter in accordance with well-established professionally published reports and knowledge reflective of those professionals and academics who advocate for the transgender community.

## Background, Limitations, and Relevance to Public Administration

The high rate of transgender murders in the United States (primarily transgender women of color) has been deemed an epidemic (HRC 2017–2019; Mckay et al. 2019). On a global scale, this issue has been deemed a "public health crisis" constituting "genocide of a vulnerable community" (Kidd and Witten 2008). Both advocates and scholars call for implementation of LGBTQ-affirming administrative policies to address the crisis (HRC 2016–2019; Mckay et al. 2019; Kidd and Witten 2008). Despite this, the anti-transgender violence epidemic remains under-researched in the field. Even among existing diversity and inclusion research, transgender representation is limited. Work by Public Administration scholars including that of Elias (2013) draws attention to this absence by highlighting the field's limited view of diversity, demonstrated through research on the benefits of representative bureaucracy. While academics agree that there are numerous benefits of a public arena reflecting the diversity of its governed, Elias asserts that the scope of diversity is dangerously limited as it stands. As societal understanding of diversity expands, so must the academic application of the concepts which lay the foundation of representation theory (2013). Pioneering research that reflects the United States' transgender community

is therefore that of specialized practitioners, most reputably the Human Rights Campaign (HRC).

States that do track violent crimes do not always regard antitransgender violence as a hate crime or accurately recognize the societal effects that act as a catalyst to violence. An additional limitation is caused by not properly recognizing an individual's transgender identity when tracking violence rates. The most recognized calculation of antitransgender fatal violence within the LGBTQ community has thus become the HRC annual Fatal Anti-Transgender Violence reports. Additionally, Transgender Day of Remembrance has been observed annually in the United States since 1999 as a day on which to count and recognize those community members lost to fatal anti-transgender violence (GLAAD n.d.). Professional nonprofit advocacy organizations like the HRC have calculated impactful data which recognizes harmful trends within communities leading to victimization at epidemic rates.

## Physical and Emotional Violence

### Homicide

The murder of transgender individuals is the most frequently discussed manifestation of anti-transgender violence. These ongoing violent crimes are often not categorized as hate crimes, as there is not always a clear connection between the victim's gender identity and the homicide. Mirroring the gap in criminal reporting, Public Administration research is similarly deficient. Based on an extensive review of literature highlighting anti-LGBTQ violence, Mckay et al. (2019) identify that the field's work can best be categorized in the following two areas: "Perpetration Research" an approach rooted in anti-LGBTQ stigma that is employed to justify the idea that protecting LGBTQ individuals will harm the cisgender/heterosexual community and "Victimization Research" which identifies trends among cases of LGBTQ victimization, heavily saturated with that concerning LGB individuals, while often excluding concerns of the transgender subsection of the community. Despite the gap in substantial quantitative evidence which validates the connection between gender identity and violent attacks, it is essential to understand that stigmatization and lack of opportunities for transgender individuals in the United States significantly contributes to the hardships. Thus, transgender individuals may lead lives that heightens their risk of violence, including homicide. While this fact does not justify violence, it does highlight the fatal consequences of transphobic structural violence and stigma-based biases.

In their ongoing annual reports titled *A National Epidemic: Fatal Anti-Transgender Violence in the United States*, the HRC reveals that transgender murders are still prevalent and require urgent attention from public administrators. Additionally, trends within the epidemic are equally as concerning. At the time of the 2019 report, at least 22 transgender and gender nonconforming individuals were killed in the USA since that January: 91% were Black women, 81% were under the age of 30, 68% lived in the South. At the time of the 2018 report, at least 22 transgender and gender nonconforming individuals were killed in the USA since the start of the year: 82% were women of color, 64% were under the age of 35, 55% lived in the South. In 2017, 25 transgender and gender nonconforming individuals were murdered in in the United States at the time of the November report, up from at least 23 in 2016, 22 in 2015, 13 in 2014, and 19 in 2013 (HRC 2017–2019).

While a significant portion of fatal anti-transgender violence likely meets the colloquial understanding of a hate crime, many US states do not officially label these events with the term. However, states that do recognize antitransgender violence as hate crimes have significantly lower rates of antitransgender fatal violence (HRC 2017–2020). The effect of this policy and protection is a Public Administration concern, especially in urban municipalities. While it is not possible to provide academic statistical evidence proving that rates of antitransgender violence or antitransgender hate crimes are more pervasive than violence against cisgender (or nontransgender) individuals, it is well documented that the "mere existence" of a transgender person is enough to render one

vulnerable to high degrees of possibly fatal violence (Kidd and Witten 2008). Additionally, trends of reported "visceral disgust" by perpetrators towards their victims due to the victims' gender identity combined with the level of brutality and frequency of these incidents warrants further action from public administrators in identifying and mitigating antitransgender violence regardless of the inconsistency of appropriate hate-crime-labeling (Kidd and Witten 2008).

### Suicide

In addition to homicide, the transgender community often suffers from fatalities via suicide. Due to the harsh realities faced by transgender individuals such as stigma and lack of opportunities, transgender individuals are at higher risk for suicide, evinced in the 2015 US Transgender Survey. The survey revealed that 81.7% individuals responding stated they'd seriously contemplated suicide throughout their lifetimes, while 48.3% had seriously considered it in the past year. When asked about suicide attempts, 40.4% of respondents reported attempting suicide at some point in their lifetimes, and 7.3% stated that they had attempted suicide in the past year (Herman et al. 2019). Additionally, gender dysphoria (or feeling of discomfort/distress that might occur in people whose gender identity differs from their sex assigned at birth) negatively affects mental health and can be dangerous if unaddressed. Individuals experiencing severe gender dysphoria are often unable to seek affirming support due to a variety of outside factors including lack of access to healthcare, lack of familial support, and/or lack of financial stability due to stigma. By excluding this subsection of citizens from administrators' understanding of diverse representation, gaps in representation are often filled with stigma-laden messages asserting that transgender individuals are unwelcome or excluded from utilization of key services, which might otherwise be employed to mitigate vulnerabilities.

Cavalcante (2018) highlights the detrimental effects of isolation felt by the transgender community as a result of societal stigma and administrative exclusion. Additionally, she emphasizes the importance of community support within the transgender community often obtained through the use of online resources. The transgender community's predilection for seeking supportive resources via the Internet exemplifies the strength of this medium while conversely demonstrating the detriment of societal barriers. This preference for virtual engagement ultimately enhances this community's isolation and eliminates the idea of in-person resources as viable options. This process further increases the risk factors of those transgender individuals with limited access to online communities, including those facing economic hardship, housing insecurity, and youth who are not able to utilize the Internet to seek help for fear of outing (exposing) themselves as transgender. These additional challenges must be taken into consideration as public administrators assess strategies to meet the needs of the community in order to maximize efficacy of solutions.

### Sexual and Family Violence

LGBTQ-related literature overwhelmingly suggests that this population of individuals are at significant risk of being victimized by emotional and physical violence from not only strangers, but family members, and acquaintances, even within supposed safe-spaces such as school. HRC (2019) has reported that over half of the transgender individuals killed between 2013 and 2019 were killed by someone close to them (an acquaintance, friend, family member, or intimate partner). Additionally, Stotzer (2009) revealed that between 13% and 86% of gender minority adults have experienced sexual assault victimization in their lifetime. Consistent with the trend of transgender individuals being excluded from important risk-factor mitigating resources, the transgender community's needs and experiences are often absent from violence-prevention education. Furthermore, when faced with intimate partner violence or family violence, transgender individuals are significantly less likely to call for police assistance due to the police force's ongoing marginalization of transgender women (Sakamoto et al. 2009, as cited in Ecker, Aubry, Sylvestre 2019). This isolating effect extends beyond treatment from law enforcement to additional safety nets

and services such as domestic violence shelters which are often gender-segregated and unwilling to house a transgender individual in a shelter which aligns with their gender identity (Spicer 2010, as cited in Ecker, Aubry, Sylvestre 2019).

Victims of domestic violence already face immense barriers when considering leaving an abusive situation. Beyond this difficulty, transgender victims must further grapple with the potential loss of a partner who otherwise understands and affirms their identity. The consequence of leaving an abusive relationship forces the victim to choose a potentially isolated life devoid of gender affirmation or to remain and tolerate the violence. The decision is often an arduous one, as victims typically do not have familial support and/or societal acceptance. Affirmation of their gender identity, in this case, becomes a bargaining chip, used to manipulate a transgender individual into enduring trauma. Similarly, LGBTQ youth face the danger of abuse, rejection, and manipulation not only from intimate partners, but from unsupportive caregivers. This level of trauma at such an early age has long-term effects on self-esteem, ability to establish support networks, and overall health, thereby increasing risk factors for countless challenges moving into adulthood (Ryan et al. 2010, as cited in Elias 2018).

### Bullying

Antitransgender stigma leads to bullying of transgender individuals at school and places otherwise assumed to be safe spaces for youth. LGBTQ youth report being subjected to acts of bullying in their school environment, at home, in religious environments, places of public recreation, public transportation, and within online environments (Mishna et al. 2009). Outing transgender kids, teasing them, intentionally misgendering, and deadnaming them (referring to a transgender individual by their incorrectly gendered birth name, rather than their gender-affirming chosen name), excluding them from activities or groups, isolating them in social spaces, or targeted torment from peers are examples of transgender youth bullying. Effects of this bullying are often linked to self-harm/suicide and bullying: each episode of LGBTQ victimization (e.g., physical or verbal harassment or abuse) increases the likelihood of a self-harming behavior by 2.5 times (The Trevor Project 2017). These instances of bullying may have dire and long-lasting consequences for transgender youth throughout life, as antitransgender school victimizations are also linked to mental health issues and an increased risk for contracting HIV.

Schools that do not make intentional efforts to address antitransgender bullying nor train staff to be gender affirming are especially dangerous for transgender youth. This lack of affirmation towards LGBTQ youth may additionally stem from administrators and teachers. Educators who refuse to affirm transgender youths' gender identity are perpetrating bullying, as those who do not address youth-on-youth bullying are complicit. Transgender youth are particularly vulnerable in gendered youth spaces like summer camps, locker rooms, sex-education class, and bathrooms. Transgender bullying in the workplace or other adult spaces often occur as microaggressions. Transgender adults who are causally excluded from opportunities within the workplace, parent groups, etc., as well as enduring transphobic slights in conversation are common in addition to overtly being treated with bias based on their gender expression or identity.

HRC's *Gender Expansive Youth Report* (2018b) states that 84% youth who identify as transgender do not consistently feel secure within the school environment. Public administrators should continue to work with Department of Education and school officials to implement and ensure intentionally inclusive school district policies towards transgender students, explicitly identifying transgender students as individuals protected from bullying and discrimination in academic environments.

## Structural Violence

### LGBTQ Panic Defense

The "LGBTQ panic" defense is a tactic utilized to justify a defendant's violent reaction to a victim's gender identity and/or sexual orientation. While not a standalone defense to criminal liability, it is

utilized to supplement other defenses (The LGBT Bar n.d.). When a defendant defers to an "LGBTQ panic" defense, they are stating that a victim's gender identity and/or sexual orientation caused the attack and that they should not be held legally responsible for their actions, nor should they suffer criminal repercussions. By fully or partially acquitting violent perpetrators, this defense implies that LGBTQ lives are insignificant and the violence or death that befalls them is of little consequence. This defense demonstrated the case of Matthew Shepard: in 1998, Matthew Shepard was beaten to death by two men. The defendants employed the "LGBTQ panic" defense to explain and justify the murder. Despite widespread criticism and public outcry, the defense is still utilized today in many states across the USA. Though the American Bar Association approved a resolution in 2013 that would eradicate this defense, implementation of this ruling has resulted in only some US states, including California, Colorado, Connecticut, Hawaii, Illinois, Maine, Nevada, New Jersey, New York, Rhode Island, and Washington banning the "LGBTQ panic" defense (Holden 2020).

## Antitransgender Legislation (Housing, Employment, Healthcare)

Evidence demonstrates that experiencing gender minority-based economic discrimination is the highest predictor of later experiencing harassment or violence (Lombardi et al. 2001). These results bolster the theory that policy-related discrimination increases the risk of gender minority-based violence. In addition to the challenges faced by housing-unstable individuals, LGBTQ individuals confronting them experience amplified vulnerabilities due to the intersectionality of physical and mental health challenges. These challenges are further exacerbated due to this subsector's increased risk of experiencing HIV or substance abuse. Homeless transgender individuals face elevated risks when navigating administrative resources for housing insecurity due to heightened likelihood of violence, stigma, and exclusion from affirming services (Ecker et al. 2019). Antitransgender laws in USA such as healthcare refusal, employment policies, bathroom laws, and gender marker restrictions, etc., unequivocally contribute to lack of opportunities, poor mental health, antitransgender stigma, and increases in risk factors for victimization of antitransgender violence (HRC 2019).

### Misgendering Following Death

It should be noted that even after death, transgender individuals continue to face stigmatization and misgendering. Police reporting and journalism covering their deaths often use incorrect pronouns as well as the deadname of the individual. This is harmful to the individual who passed, their friends and family grieving their memory, and the community at large (HRC 2017–2019). This postmortem lack of affirmation further drives a wedge of mistrust and misunderstanding between the targeted transgender community and law enforcement, journalists, and society as a whole.

## Moving Forward

When the social status quo reaches a tipping point and a catalyst of events and factors spark a shift in historical trajectory, society experiences what is deemed by social-consciousness-scholar Sendoval as a "punctum." Phillips (2006), while reflecting on the historical Stonewall Rebellion of 1969 which ignited the community's stand against anti-LGBTQ brutality, mark the moment as an undeniable punctum. However, 50 years after this pivotal catalyst, the transgender community that stood on the front lines of the civil rights movement at Stonewall, continues to fall victim to the same stigma-based root causes of violence today. Beyond recognizing the antitransgender violence epidemic, public administrators can make considerable efforts to include the transgender community in diversity and inclusion research, thereby normalizing the conversation of transgender rights and safety. Additionally, policy discussions should take into account that these issues lie beyond the sphere of diversity and inclusion and that there are key structural changes that must occur in order to protect this particularly vulnerable population. To

properly advance this issue, public administrators can address the following areas: root causes (stigma, lack of opportunities, increased risk factors) as well as the amplifying impact of intersectionality issues in the United States (HRC 2019).

## Identifying/Addressing Root Causes

### Eliminating Antitransgender Stigma

Antitransgender stigma saturates day-to-day life, including hostile anti-LGBTQ sentiments as well as cultural marginalization and invisibility. This often leads to lack of family acceptance and ultimately an absence of or stunted integration into society. Antitransgender violence begins with the dehumanization of transgender individuals. This incites discord by implying that life of transgender individuals is less important than those of cisgender individuals. This dangerous implication highlights a key concern: policy prioritization based on stigma can have devastating and immeasurable consequences. An extensive review conducted by Kidd and Witten (2008) of Public Administration literature, crime rates, and survey data pertaining to antitransgender violence demonstrates that the ongoing violence towards the transgender community is not only a crisis but exhibiting the patterns of genocide. Academics and practitioners are urged to address the epidemic by establishing access to LGBTQ affirming public education and public policies thereby minimizing violence through normalization and intentionally demonstrated solidarity.

In order to move forward in addressing this Public Administration crisis, policymakers must first address, diffuse, and demystify antitransgender stigma throughout medical and social climates of the United States. Academics in particular can begin to bridge this gap within the scholastic environment. The stigma faced by the transgender community begins at a young age and perpetuates misunderstandings and falsehoods about transgender individuals, which further encourages antitransgender political agendas and messaging (HRC 2019). These stigma-laden messages cause barriers at every level of society and render societal integration and acceptance nearly impossible. Additionally, stigma can have long-term effects on transgender individuals' mental and physical health and lead to instability in housing and employment. Finally, the intensity of family and social rejection often renders individuals without support systems or core networks to help them navigate these increased challenges. Public administrators can address antitransgender stigma through the inclusion of gender issues within the academic sphere of diversity, equity, and inclusion, representative bureaucracy, policy discussions, organization theory, and education administration. By normalizing these topics through the inclusion of transgender issues within the sphere of academic discussion, antitransgender violence can become understood as Public Administration concern rather than merely a fringe special academic interest.

### Launching Opportunities

Denial of opportunities prevents transgender individuals from fully participating in society. Transgender individuals face increased barriers if they are immigrants and asylum seekers who now must navigate biased policy in criminal justice systems. Additionally, antitransgender stigma in school environments cause setbacks in transgender students' education which later leads to employment discrimination within the workplace (HRC 2019). Furthermore, there are various changes a transgender individual must undergo in order to have their legal identification match their gender identity. The complexity of these administrative changes oftentimes leaves transgender individuals excluded from health care and social services. In order to prevent spikes in antitransgender violence, public administrators can address the equity chasms in terms of policies and procedures to ensure the possibility of transgender individual's full participation and acceptance in society. Furthermore, these absences of opportunity are often rooted in unequal formal laws and policies.

### Reducing Risk Factors

Antitransgender violence is rooted in increased risk factors for transgender individuals, which are directly caused by dehumanization and antitransgender stigma, as well as indirectly by way of denied opportunities (HRC 2019). Additionally, transgender individuals are at increased risk for intimate partner violence and sexual assault.

Furthermore, employment opportunities that are denied to transgender individuals often cause increased engagement in sex work. Policymakers, employers, and other public administrators should recognize that despite the clear presence of hate-related motives behind murder in transgender communities, structurally reinforced, bias-inducing risk factors and sweeping transphobic societal sentiments are dangerous and often unavoidable public stances that may have dire effects on the transgender community. This lack of acceptance frequently results in transgender individuals engaging in high-risk activities and/or lifestyles to cope with the limited avenues available that would allow them to survive and thrive in modern society.

Stigma and lack of opportunities further result in higher risk of homelessness among the transgender community. This is compounded by the disparate physical and mental health issues facing transgender individuals. The same risk factors, which lead towards a disproportionate rate of homelessness in the transgender population (e.g., homophobia, transphobia, discrimination), systemic inequalities (e.g., inadequate legal protections), interpersonal problems (e.g., familial conflict, relationship breakdown), intrapersonal problems (e.g., mental illness, addictions), and evictions (Caton et al. 2005; Gaetz et al. 2013 as cited in Ecker et al. 2019), make it exponentially more difficult for transgender individuals to access and utilize public resources. Transgender individuals thus become a part of the "hidden homeless" population, being unable to utilize homeless shelters due to the danger of being outed or due to exclusive and harmful policies which are openly discriminatory towards transgender individuals (Ecker et al. 2019, p. 303).

While Public Administration research has already identified that these types of risk factors can lead to disproportionately stunted success in society, it is important for public administrators to understand and identify reasons why this community's specific risk factors increases their susceptibility to violence. In order to end the epidemic of antitransgender violence, public administrators can recognize, address, and eliminate antitransgender structural violence in these aforementioned key areas. This imperative link between risk factors and violence must be accounted for when collecting Public Administration data. A key first step to identifying, addressing, and reducing these risk factors is the urgent re-consideration of how the Public Administration community defines diverse representation. With this definition in place, public administrators may commence diversifying and restructuring policies that are inclusive of the needs of these citizens (Elias 2018).

Public administrators can pursue this through intentional preemptive (rather than reactionary) inclusion of transgender individuals within the United States census as well as in municipal, state, and federal government policy, homelessness counts, HR guidelines and protections, and official government language, as well as subsequent research of policy impact. Finally, it is important to note that historically, federal protections for transgender individuals have been created exclusively as extensions to existing policies which protect sexual minorities (individuals with a sexual orientation other than heterosexual), and not gender minorities (individuals with a gender identity other than cisgender). While instances like these may be due to a lack of understanding surrounding the distinction between sexual orientation and gender identity, it is erroneous that LGBTQ protections that are slightly modified to include transgender individuals will meet the unique needs of this community and the complex social stigma they continue to face (Taylor, Lewis & Jacobsmeier 2012, as cite in Elias 2017).

### Addressing the Amplifying Impact of Intersectionality

Antitransgender violence is most frequently endured by Black transgender women (HRC 2019). Transgender women of color are stigmatized both for their gender identity and for being a racial minority. Because of these biases, transgender women of color face heightened risks of physical and/or life-threatening violence. Beyond grappling with possible discrimination and violent repercussions from their own families as well as from the Black community, transgender women are more likely to be living in poverty. 30.8% of queer Black people are living in poverty, compared to 25.3% of Black people outside the

LGBTQ community (The Williams Institute 2019). Furthermore, transgender women of color often lack support systems, which may lead to a sense of hopelessness and an increase in high-risk behavior such as unprotected sex (thus increasing risks for contracting HIV and STIs), psychological distress, depression, alcohol consumption, aggression, and suicide. Through recognizing the risk factors unique to the Black transgender community, (poverty, violence, higher likelihood of substance abuse, etc.), public administrators have the opportunity to create positive and lasting change in the sphere of antitransgender violence by first addressing these disparities within the Black community.

## Conclusion

Victimization of the LGBTQ community, in particular emotional, physical, structural, and sexual violence against the transgender community, has reached and maintained epidemic status in the United States. This chapter outlines the key manifestations and root causes of violence towards transgender and gender nonconforming individuals, highlighting deadly consequences as well as the disproportionate rate of victimization faced by Black transgender women, often within urban areas. These root-causes, risk factors, and violent occurrences warrant timely attention from the field of Public Administration.

## Cross-References

▶ Inclusive Senior Housing: Meeting the Needs of LGBTQ Older Adults

## References

Cavalcante A (2018) Struggling for ordinary: media and transgender belonging in everyday life. New York University Press, New York

Ecker J, Aubry T, Sylvestre J (2019) A review of the literature on LGBTQ adults who experience homelessness. J Homosex 66(3):297–323. https://doi.org/10.1080/00918369.2017.1413277

Elias N (2013) Shifting diversity perspectives and new avenues for representative bureaucracy. Public Adm Q 37(3):331–372. Retrieved from http://www.jstor.org/stable/24372111

Elias NMR (2017) Constructing and implementing transgender policy for Public Administration. Administration & Society 49(1):20–47. https://doi.org/10.1177/0095399716684888

GLAAD (n.d.) Trans Day of Remembrance. Retrieved from www.glaad.org: https://www.glaad.org/tdor

Herman JL, Brown TN, Haas AP (2019, September). Suicide thoughts and attempts among transgender adults. Retrieved February 09, 2021, from https://williamsinstitute.law.ucla.edu/publications/suicidality-transgender-adults/

Holden A (2020) The gay/trans panic defense: what it is, and how to end it. Retrieved from American Bar Association: https://www.americanbar.org/groups/crsj/publications/member-features/gay-trans-panic-defense/

Human Rights Campaign (2017) Fatal violence against transgender people in America 2017. Retrieved from www.hrc.org: http://assets2.hrc.org/files/assets/resources/A_Time_To_Act_2017_REV3.pdf

Human Rights Campaign (2018a) Fatal anti-transgender violence in the United States in 2018. Retrieved from www.hrc.org: https://assets2.hrc.org/files/assets/resources/AntiTransViolence-2018Report-Final.pdf?_ga

Human Rights Campaign (2018b) Gender expansive youth report 2018. Retrieved from www.hrc.org: https://assets2.hrc.org/files/assets/resources/GEreport1.pdf?_ga=2.259622467.874412688.1543844371-970217541.1539701136

Human Rights Campaign (2019) Fatal anti-transgender violence in the United States in 2019. Retrieved from www.hrc.org: https://assets2.hrc.org/files/assets/resources/Anti-TransViolenceReport2019.pdf?_ga=2.149143990.1285352774.1604020016-1978957467.1595359310

IMPACT (2010) Mental health disorders, psychological distress, and suicidality in a diverse sample of lesbian, gay, bisexual, and transgender youths. Am J Public Health 100(12):2426–2432

Kidd JD, Witten TM (2007/2008) Transgender and transsexual identities: the next strange fruit – hate crimes, violence and genocide against the global trans-communities. J Hate Stud 6(31):31–64. Retrieved from http://www.people.vcu.edu/~tmwitten/GLBTIQ/Publications/JHateCrimes.pdf

Lombardi EL, Wilchins RA, Priesing D, Malouf D (2001) Gender violence: transgender experiences with violence and discrimination. J Homosex 42: 89–101

Mckay T, Lindquist C, Misra S (2019) Review of understanding (and acting on) 20 years of research on violence and LGBTQ + communities. Trauma Violence Abuse 20(5):665–678. https://doi.org/10.1177/1524838017728708

Mishna F, Newman PA, Daley A, Solomon S (2009) Bullying of lesbian and gay youth: a qualitative investigation. Br J Soc Work 39(8):1598–1614

Phillips L (2006) Sylvia Rivera: fighting in her heels: stonewall, civil rights, and liberation. In: Olugbala S (ed) The human tradition in the civil rights movement. The Human Tradition in America. Rowman & Littlefield, Lanham. 1115593468 842775508

Stotzer RL (2009) Violence against transgender people: a review of United States data. Aggress Violent Behav 14:170–179

The LGBT Bar (n.d.) LGBTQ+ "panic" defense. Retrieved from www.lgbtbar.org: https://lgbtbar.org/programs/advocacy/gay-trans-panic-defense/

The Trevor Project (2017, September 20). Facts about suicide. Retrieved from https://www.thetrevorproject.org/resources/preventing-suicide/facts-about-suicide/

# Virtual Employee Management: Mitigating the Impact of COVID-19 at the Workplace

Robert Frank Kyagaba[1] and Peter Kayiira Byansi[2]
[1]Faculty of Business and Administration, Ndejje University, Kampala, Uganda
[2]Uganda Martyrs University, Kampala, Uganda

## Synonyms

Digital platforms; Virtual employee management

## Definition

Virtual employee management associates with handling organizational workers who work remotely from different geographical locations to ensure effective institutional performance.

## Introduction

Toward the end of 2019, a global catastrophe befell the world, ostensibly originating from Wuhan, China. This was the novel coronavirus which causes a disease called COVID-19. This would eventually become one of the most impactful, universal distractions of the world during current times. In a period of 4 months, the virus had traversed the globe, resulting into millions of infections, some of which turned fatal triggering one of the sharpest economic declines of modern times. These were partly caused by inevitable continued work absenteeism arising out of the total and partial lockdowns imposed by different governments. The continued absenteeism if not put under control could end up producing adverse effects to the economies of the concerned organizations and countries at large (De Blasio et al. 2012). In order not to be swallowed up by the catastrophe, institutions sought means of remaining competitive and relevant during this period. A number of challenges emerged, such as fragile economies, instability of different currencies' exchange rates, and the demands for change in addressing the disruptions, put the working space settings in a critical condition. It called for transformation which if not embarked on would threaten institutional stability. The transformation resulted into an emergence of complex working conditions that required innovativeness to address the ensuing dynamisms (Winasis et al. 2020).

Interestingly, institutions had capital, equipment, time, and marketing resources in abundance but lacked the critical resource, i.e., human capital since most of it was locked up in homes in fear of contracting COVID-19. The most logical solution was to turn to institutional human resources management (HR) departments to create strategies to neutralize the catastrophe. Scholars including Snell et al. (2002) and Ulrich et al. (2017) have argued the importance of a strategic HR approach during such challenging times as essential in ensuring institutional competitiveness. Accordingly, institutions turned their attention to virtual employee management (VEM) as an alternative to the traditional system of employment management. According to Henderson et al. (2016), at such a time, the adoption of VEM becomes mandatory so as to facilitate collaboration across isolated employees and stakeholders. These are defined as codependent groups of persons living in different places and relying on communication technology to undertake institutional tasks. Wherever they may be located, VEM permits

employees to execute responsibilities together in order to reduce travel and other related expenses, time, stress, and the spread of contagious diseases as is the case with COVID-19 today. It became necessary for institutions to adopt this method since it had been in existence since the times of the industrial revolution.

## Historical Perspective of VEM

VEM is not a new phenomenon, and according to Liu et al. (2007), it was primarily the scarcity of resources that would eventually lead to the emergence of virtual teams at the place of work. The concept originates from the notion of remote workplace which dates back to the preindustrial revolution when families worked from home. Residential structures would be partitioned into living as well as work space quotas. The industrial revolution dramatically changed the working models and arrangements where manufacturers drew people from their homes to work in factories and construction sites. At the turn of the twentieth century, local governments zoned places to separate residential from commercial areas and industrial sectors, geographically separated from work and home activities.

Several innovations took place, and in 1938 the US Navy invented an electromagnetic computer which paved the way for the current microprocessors that are important to the virtual systems of the day. The innovations gave birth to Jack Nilles' telecommuting of the 1970s during the OPEC oil crisis. It had become expensive to travel to work due to rising oil prices, and workers were compelled to work from the comfort of their homes as a way of reducing the cost of driving to work.

VEM became popular as Perkins (2018) argued that the estimated number of employees working in offices would decrease by almost 13% between 2009 and 2011. At the same time, it was projected that by 2020 employees working from geographically apart locations would be at about 90%. It is important to note that this did not envisage the circumstances under which the world is operating today.

## The VEM Concept

Unlike the traditional organization where employees relate physically with colleagues and managers, the virtual workplace incorporates a tripartite arrangement with employees and the organization on either side, mediated by information technology. The separation of employees geographically is an important factor in describing the virtuality of the engagement (Snell et al. 2002). Under this arrangement, individuals work toward a common goal, but without centralized buildings, physical plant, or other characteristics of a traditional organization. Institutions on their part design unique management systems that maximize the benefits of divergent individuals that are not geographically in one location but share the uniqueness of working toward achieving organizational goals and aided by the power of information technology (IT) (Staples et al. 1999). Accordingly, the manner in which it is utilized has significant impact not only on business outcomes but also on the relationship between the employee and employer (Kovács and Kot 2017). The method of operation introduces us to the strategies that need to be put to use.

## VEM Attributes

The concept of virtual employee management (VEM) is an alternative to the traditional system of employment management. Henderson et al. (2016) commend that institutions desire to turn at times of necessity as was the case when the COVID-19 pandemic struck world economies. In order to understand it, there are basically three perceptions that can be applied to effectively comprehend the concept: employees, institutional structures, as well as legal frameworks under which to operate.

## Employees

There are a number of aspects to consider while dealing with organizational employees at such times of natural calamities, e.g., epidemics and the

sudden transformation from the traditional way of doing things to a new world all together. It is important to note that employees need to be prepared psychologically to handle the ensuing variations as they occur in the employment world. The psychological readiness of employees would work as the genesis of effective work performance to avert issues associated with nonperformance, noncompliance to work procedures, and avoidance of feelings of being isolated, among others. Adamovic et al. (2016) argues that there is a great need for flexibility not only among managers but the institutional employees as well. In a related development, Snell et al. (2002) argued that employees on regular basis need to go through some form of change and urges institutional HR departments to spearhead the process since they act as epicenters of organizational changes be they structural or otherwise. They further contend that the pressures imposed on individual employees need to be handled professionally so as to avert any crisis that may arise. This in effect will facilitate institutional transformation to support broader organizational reinventions. Institutional intellectual capital does not work in isolation but supplemented by other factors including information technology.

## Information Technology

The concept of virtual employee management cannot be completed without the component of information technology (IT). Computers as storage and processing devices need to be availed in a bid to compete the job. These need to be supplemented by the accessibility of suitable soft- and hardware for use at any appropriate moment. Acquiring these is not enough but needs to be complemented with appropriate training in the use of the acquired technology to implement the remote working. Training must be conducted in the use of the different off-the-shelf digital platforms such as TEAMs, Zoom, Skype, Navision, and WhatsApp. Some institutions go to an extent of developing tailor-made ones, but even in such circumstances, employees need to be conversant with their use. These need to be complemented with enough Internet bandwidth to facilitate remote working. Putting in place systems to handle employees and information technology is not enough in VEM, but the inclusion of structural frameworks is very necessary if work is to be conducted without any problem.

## Institutional Legal Framework

Organizations the world over are duty bound to operate in a legal framework as a way of not only protecting their interests but to also work in accordance with what might be termed as the public good. Working in a legal vacuum creates a lot of challenges for institutions and their stakeholders (Staples et al. 1999). At the onset of VEM, institutions are duty bound to ensure that there is protection of the business interest in terms of competition, observance of confidentiality, and workers' rights. It is important to observe that many institutions already had policies to employee with the traditional work systems which could not be simply applied at this time of the COVID-19 pandemic owing to the dynamics that were associated with the working conditions of the time. Legislative considerations are important not only for competiveness but for data protection, taxation, labor, and antidiscrimination laws. The landscape of virtual workers is dissimilar, and a lot of considerations must be put into play (Kovács and Kot 2017).

## Strategies

It is important to understand that when pandemics and other natural calamities arise unannounced, such kind of occurrences when they happen always cause a lot of disruptions as well as confusion (De Blasio et al. 2012). Bearing this in mind, the advent of the COVID-19 affected a number of global economies forcing them into full and partial lockdowns. This necessitated institutions to seek for alternative ways of being strategic, flexible, and cost-efficient and deliver the necessary services (Snell et al. 2002). This led to a surge in virtual work across the world necessitating a shift from the traditional form of

employment to working from home and for extended hours. This impacted organizations in terms of teamwork, interpersonal relationships, and managing the workforce differently (Levin and Kurtzberg 2020). Virtual work management is therefore one of the biggest challenges of traditional managers. They find it difficult to coordinate and control autonomous workers when they operate. Working separately from coworkers, supervisors, and other organization members leads to feelings of isolation, greater need for self-organization, and sometimes stress which necessitates a paradigm shift of organizational restructuring, system changes, and individual perceptions that lead to maximum utilization of resources for institutional benefits (Raghuram et al. 2000).

It is important to note that when the pandemic surfaced, not many organizations were ready to handle the situation. Institutions did not have structures in place, including the required technology, competencies and legal frameworks necessary for such challenges (Kovács and Kot 2017). If institutions had to operate, it was obligatory for them to observe and adhere to the known HR principles since a host of them retained their staff. Roles including staffing, development, staff welfare, and compensation, among others, needed to be handled effectively to ensure institutions benefitted out of the arrangement. In this regard, organizations readied and equipped themselves to address the challenge. They put in place in place frameworks to address issues of confidentiality, rules of engagement with not only the employees but other stakeholders, as well as identifying the best and most appropriate digital platforms to employ.

## Challenges

One of the biggest challenges associated with managing virtual employees at this time related to employee handling in a bid to achieve organizational goals. The emergency of COVID-19 and the unprecedented lockdown measures caused a lot of uncertainty and anxiety among employees in different organizations. These as espoused by Levin and Kurtzberg (2020) caused a lot of anguish in terms of unbalanced psychological, physical, and mental health instability. Feelings of isolation from colleagues, team members, and supervisors were a daily occurrence among institutional employees. The sudden change from active life to being confined at home and in some cases getting overworked without realizing it caused uncertainty the future of jobs and lives in the process affecting relationships among employees, employers, and other stakeholders. Since employers were not in direct contact with employees, tendencies of employee neglect surfaced as evidenced by Adamovic et al. (2016) that tend to affect institutional performance. Whereas there are challenges associated with human capital, there were other challenges associated with ensuring effective virtual work engagements, and this is the availability of appropriate technology for the job.

Scholars have underscored the importance of information technology in operations of virtual teams, and Wang et al. (2019) argue that it plays a significant role in ensuring information sharing, knowledge transferability, and institutional transformation which made incumbent for institutions to utilize it. However, it is important to note that when COVID-19 struck, many organizations had only utilized the computer and related software for office work ranging from working with figures, emails, and other routine tasks, and as such few had experienced the beauty of working with a computer beyond the said boundaries. Working remotely created more challenge among which included the procurement of either additional or upgrading of hardware and/or software in form of computers, laptops, mifis, modems, and computer programs for easy access. Some of the institutions did not have financial resources to handle this, and yet work is needed to be done. Secondly, employees and managers lacked training in the use of the associated technology. This was also coupled with the related safety of not only the equipment but the information relating to the institutions. This meant that issues of confidentiality could not be guaranteed. Additionally, institutions experienced erratic Internet upsurges in addition to the clogging of popular digital platforms including TEAMs, Zoom, Skype, and

WhatsApp on a frequent basis which often times compromised performance and the quality of work. These could not operate in a vacuum and needed legal frameworks to guide their operation.

Whereas institutions needed IT infrastructure and some human resources, they were not ready with institutional legal frameworks to guide the operation of virtual systems too. Although some institutions had necessary policies to guide the processes, many did not have anything in place at all. This kind of situation put institutions in precarious circumstances where they could face litigations arising out of misuse of IT either knowingly or otherwise. The absence of such frameworks meant that business confidentiality was compromised in addition to employee procedures since the ones in place could not be transferred to the virtual world automatically.

## Recommendations

Employers need to concentrate on monitoring employee in order to ensure not only their psychological stability but also achievement of results. There is a need for managers to put in place systems that make employees accountable for their performance, the performance of their teams, and their psychological well-being. This can be attained by holding regular virtual meetings and performance reviews, transparent and clear communication, provision of regular and constructive performance feedback to individuals and teams, and recognition of excellent individual and team performance. These strategies will increase manager-employee communication, minimize feelings of alienation, improve employee motivation and commitment, and ensure that managers and their teams not only assess progress but also address challenges as they arise and achieve agreed performance targets and meet stakeholders' expectations. Furthermore, managers should invest in appropriate digital and information technology solutions as these form the backbone for VEM.

There is need for institutions to ensure that IT applications are constantly available for use on a daily basis. Their perception toward the phenomenon needs to ensure readiness to apply the systems on a daily basis and allocate financial resources for hard- and software in addition to constant trainings associated with the dynamic applications of the IT world. Reliable Internet providers too need to be procured so that the intermittent irregularities associated with the services are handled once and for all. Lastly there is need to put in place legal frameworks to regulate virtual application for the good of institutions, employees, and other associates.

Institutions need to ready themselves with appropriate policies and legal frameworks to guide the application of virtual systems. Institutions need to protect themselves from competitor intrusion, observe employee safety and compliance to organizational procedures, as well as make sure there is value for money in the work provided. Whereas there are already policies associated with the workplace, it is important for institutions not to assume that they can be adopted without any changes and expect them to work and hold employees by them. This is expecting too much from employees and other stakeholders, yet the inevitable changes continue to appear on a daily basis.

The absence of such frameworks meant that business confidentiality was compromised in addition to employee procedures since the ones in place could not be transferred to the virtual world automatically.

## Conclusion

The emergency of COVID-19 upended both individual and organizational processes, structures, and systems. Most importantly, it put a spotlight on possible new ways of working. While working from office was the dominant mode, the emergence of the pandemic taught the world that working from home is a new reality. Employees may not wish to forfeit their newfound freedom of working remotely from the plying eye sight of the employer. In addition, it has also amplified the importance of technology infrastructure and being technology savvy in a changing world of employment. Remote working during this COVID-19 period has put a

spotlight on the importance of flexibility, shared purpose, self-care, and self-accountability as important approaches to managing remote workers and enhancing their commitment and performance.

## References


Adamovic M, Gulyas A, Olsen JE, Gahan P, Shallcross D, Mendoza A (2016) Explaining the take-up of virtual work: The role of virtual self-efficacy and virtual work climate. In: Academy of management proceedings (vol. 2016, no. 1, p. 15250). Briarcliff Manor, NY 10510: Academy of Management

De Blasio BF, Xue Y, Iversen B, Gran JM (2012) Estimating influenza-related sick leave in Norway: was work absenteeism higher during the 2009 a (H1N1) pandemic compared to seasonal epidemics? Eur Secur 17(33):20246

Henderson LS, Stackman RW, Lindekilde R (2016) The centrality of communication norm alignment, role clarity, and trust in global project teams. Int J Proj Manag 34(8):1717–1730

Kovács G, Kot S (2017) Economic and social effects of novel supply chain concepts and virtual enterprises, J Int Stud, v10 n1: 237–254

Levin DZ, Kurtzberg TR (2020) Sustaining employee networks in the virtual workplace. MIT Sloan Manag Rev 61(4):13–15

Liu J, Zehnder AJ, Yang H (2007) Historical trends in China's virtual water trade. Water Int 32(1):78–90

Perkins MJ (2018) Organizational leadership activities that positively influence virtual employee engagement

Raghuram, S., Wiesenfeld, B., & Garud, R. (2000). Adjustment to telecommuting: role of self-efficacy and structuring. In: Academy of management proceedings (vol. 2000, no. 1, pp. C1-C6). Briarcliff Manor, NY 10510: Academy of Management

Snell SA, Stueber D, Lepak DP (2002) Virtual HR departments. Human resource management in virtual organizations. JAI Press, Greenwich, pp 81–101

Staples DS, Hulland JS, Higgins CA (1999) A self-efficacy theory explanation for the management of remote workers in virtual organizations. Organ Sci 10(6):758–776

Ulrich D, Kryscynski D, Ulrich M, Brockbank W (2017) Competencies for HR professionals who deliver Outcomes 2017Wiley Periodicals, Inc. Published online in Wiley Online Library (wileyonlinelibrary.com). DOI https://doi.org/10.1002/ert.21623

Wang J, Zhang R, Hao JX, Chen X (2019) Motivation factors of knowledge collaboration in virtual communities of practice: a perspective from system dynamics. J Knowl Manag

Winasis S, Wildan U, Sutawidjaya, AH. Impact of digital transformation on employee engagement influenced by work stress on Indonesian Private Banking Sector. In: Proceedings of the 5th NA International Conference on Industrial Engineering and Operations Management, IOEM, United States, 2020, no. August


# Virtual Volunteering and Nonprofit Organizations


Pamela Medina
University of Colorado Denver, Denver, CO, USA


## Synonyms

Cyber service; Digital volunteering; E-volunteering; Online volunteering

## Definition

Virtual volunteering, also known as online volunteering, involves completion of long- or short-term volunteer assignments off-site through the use of an Internet-connected device.

## Introduction

Virtual volunteering is a means of providing volunteer service activities online. Under this scenario, public agencies utilize the Internet to recruit, distribute information, communicate, and engage with volunteers in an online setting. Volunteers are also able to complete assignments, in part or in full, through the Internet. Volunteering without physical presence has been used for many years; however with the advent of new technology, including increased use of mobile technology, additional opportunities are presented to diminish barriers present with traditional volunteering (Murray and Harrison 2002). Like traditional in-person volunteering, there are a variety of benefits that can be linked to service for the individual volunteer, the community, and the mission of a public agency. Moreover, concrete volunteer management skills are necessary in order for virtual volunteering to be effective and beneficial in the three aforementioned areas. This entry seeks to introduce the concept of virtual volunteering and provides a discussion of benefits to public agencies and volunteers and a

description of current participation, practice, and management challenges.

## Benefits to Public Agencies

As governments reduce the direct provision of services, the nonprofit sector has seen an increased demand for volunteers, which are critical components contributing to the success of the organization (Hossli 2001). Virtual volunteering, or online volunteering, has been increasing in the past decade with a unique ability to add flexibility to the volunteer experience for both individual volunteers and public agencies. One of the major benefits of virtual volunteering for agencies is the wide scope of services that can be provided by volunteers in an online setting, providing an opportunity for more expansive recruitment. In this case, public agencies searching for volunteers are no longer confined to recruitment from the pool of available volunteers in a local area but can recruit with diminished geographic boundaries in order to select volunteers best suited for the requested activities. These activities include, but are not limited to, conducting online research, writing budget reports, drafting grant proposals, electronically visiting clients, providing online mentoring and tutoring, developing websites, providing consulting services to agencies, developing brochures and other materials, conducting outreach, and translation. Indeed, virtual volunteering is widely used in education because of the ease of access and convenience for providing online tutoring services with unlimited geographic boundaries. The virtual component not only links volunteers with the needed skills to provide expert service but also reduces lost opportunity costs for volunteers in terms of time required to deliver service.

In an American study of virtual volunteer service, it was noted that approximately 45% of virtual volunteers created or maintained websites for an organization. To date, most data on virtual volunteering reflects this finding, with volunteering tasks highly tied to assignments related to technology. This can be highly beneficial to resource constrained public agencies as they are able to be more flexible in setting expectations for volunteer time, particularly for those activities which involve a greater level of technical skills and expertise. In the same study, it was noted that approximately 31% of the agencies that used online volunteers were focused on technology as part of their organizational mission (Cravens 2000). This can also be beneficial to public agencies utilizing social media, which has experienced a steep increase in use, as volunteers are able to update content remotely.

Volunteer assignments can also be a hybrid of online and in-person service, combining services to the benefit of both the agency and the individual volunteer. A unique feature of this is the capability to recruit volunteers that are best suited for the needs of the agency, without being limited by physical and geographic boundaries. For instance, expert volunteers with disabilities or home-based obligations may have been previously restricted from volunteering due to personal or time-based restrictions (Cravens 2000). A study of virtual volunteering and aging in the United States noted that among older online volunteers, approximately half of participants had a chronic illness and acknowledged the convenience of being able to complete their volunteering assignments from home (Mukherjee 2010). Virtual volunteering opens up a new avenue of recruitment for those that may be homebound. This is beneficial to the agency which can rely on the greater experience of retirees, particularly with technically oriented projects such as budgeting, reporting, and consulting, without having to place an additional burden of travel on the volunteer.

Research on traditional volunteering has noted that episodic volunteering is growing in popularity, particularly for those who would not otherwise volunteer (Hustinx and Lammertyn 2003; Handy et al. 2006). Episodic volunteering reflects the demand for short-term and flexible volunteering opportunities (Macduff 2005). This makes online volunteering an attractive option for recruits, who can volunteer as their needs and availability change. This provides an added benefit for agencies, who can call on episodic volunteers when their skills are needed, making them feel valued while also working within the time constraints of the individual. Current literature continues to explore episodic volunteering management

challenges, more often for traditional in-person volunteering, as managing these types of volunteers presents additional difficulties for retention (Hyde et al. 2016).

However, while virtual volunteering presents an alternative to in-person volunteering for those who may have geographic boundaries, it should not be considered as an alternative for those who do not have the time commitment to complete volunteer activities. Time commitments for virtual volunteers are reduced not because of a reduction of commitment to activities but a reduction of travel time and expenses which may deter a volunteer with certain restrictions from being able to participate in causes that they care about. Moreover, reducing this limitation also increases the ability of the agency to recruit mission-driven volunteers that they may otherwise not have access to.

More recent literature expands on this concept of episodic volunteering online in terms of looking at opportunities for completing micro-tasks. Micro-tasks are small assignments which can be completed in a short time, often in one sitting. This can include short translation, small-level research, editing, short feedback or consulting, analyzing one set of data, etc. (Cravens 2016). For agencies that are committed and capable of effectively managing online volunteering, these tasks can also be completed through the use of mobile technology including tablets and smartphones. Although this is not necessarily a benefit for all organizations, as few small nonprofits may have the capacity to manage this type of volunteering, it does present an additional benefit in reduced time for delivery of materials to the agency, as well as flexibility in time for completion for the volunteer. As the use of mobile technology expands for additional purposes, this feature may be highly sought out by potential volunteers who are comfortable and familiar with using mobile technology to complete work-related tasks or activities.

## Benefits to Volunteers

Existing literature on volunteering notes varied motivations and benefits to volunteers for providing service. Some of these motivations range from altruistic motives of mutual aid to more individual expected benefits including developing job skills and a social network. In a traditional environment, volunteering can improve career benefits and help individuals and communities develop social capital (Stukas et al. 2016). Data on virtual volunteering parallels these traditional motivations. In a study analyzing reasons for volunteering online, it was discovered that volunteers were frequently motivated by personal support of the mission of the agency they volunteered for (Cravens 2000). This is well reflected in the literature on volunteering, noting that volunteer satisfaction is also directly related to the match between their motivations and the ability of the organization to satisfy the needs of the volunteer (Stukas et al. 2016). Virtual volunteering has the capacity to take this satisfaction further, by providing a broader range of volunteer opportunities more well suited to the needs and abilities of their recruits. This opportunity is unique in that volunteers have the flexibility to apply for volunteer positions that match their interests and expertise and can be completed during hours that are most convenient for them.

Crowdsourcing, utilizing distributed intelligence for problem-solving, is an emerging area for a nontraditional type of virtual volunteering. Crowdsourcing essentially harnesses the expertise of a crowd in order to gather information or complete a task. In its current form, this is often seen in fund-raising. This concept is not new and in fact was used in the production of the Oxford Dictionary through an open call for contributions. However, the accessibility of crowdsourcing is inextricably linked to the rise in the use of Internet-assisted technologies. For this reason, crowdsourcing is also a potential mechanism for episodic volunteering. In this scenario, an agency can request for substantive technical, managerial, or service delivery questions, and experts in the topic area can provide quick online responses in an open feed. Crowdsourcing has seen increased use in the public sector, primarily through government services such as SeeClickFix, allowing citizens to submit issues related to public works and relying on citizen feedback rather than local surveillance. Although not a commonly used

mechanism for virtual volunteering, this is an emerging opportunity that would present increased ease of access for the episodic volunteer.

As noted in the study on older online volunteers, the online setting allows for those that may be homebound to participate in activities within the community (Mukherjee 2010). Traditional research on volunteering demonstrates that volunteering is of great benefit, particularly for senior citizens, as it provides them with a sense of purpose and allows them to interact with others. When managed appropriately, virtual volunteering presents a new opportunity for those who may otherwise be restricted in their capability to be physically present for volunteer fieldwork.

Current virtual volunteers are also focused on time-limited volunteering, which utilizes their existing skills and allows them to gain new ones (McClintock 2002). For example, the UN Online Volunteering service clearly lists the time commitment required to participate in certain activities, ranging from completion of one project to participation in a long-term ongoing project, as well as inclusion of expected hourly commitments to complete tasks. Online volunteering is beneficial to both agencies and individuals in its ability to allow for more flexible and time-restricted activities.

Finally, due to the vast number of online opportunities presented throughout the globe, virtual volunteers have the added benefit of gaining skills in cultural competence. This is both a benefit to the individual, in that skills are developed which could improve potential career options by providing critical global experience that may not otherwise have been possible, but it is also an important community benefit. Unlike other local experiences, virtual volunteers who work with agencies around the world are also improving understanding across cultures and contributing to increased global relationships and understanding of diversity.

## Participation

Although virtual volunteering is not heavily researched from an academic perspective, evidence shows that it has existed at least as long as the Internet, and participation in virtual volunteering is quite expansive in its various formats. According to research by the Virtual Volunteering Project, online volunteers often support local organizations in person, as well as through their online commitment (Cravens 2006). Additionally, studies have noted that contrary to conventional wisdom, people of all groups participate in online volunteering, with the median age of participation at 31 in the United States. Most online volunteers also participate in face-to-face volunteering and note that scheduling flexibility and convenience are the most cited reasons for volunteering online. Interestingly, agencies also get a large number of online volunteer recruits from those that live within their own communities (Cravens 2000).

The first major study of virtual volunteering was initiated out of an overwhelming number of requests from potential volunteers wishing to provide service on Impact Online, now VolunteerMatch.com, an online database of volunteer opportunities. As a result, the Virtual Volunteering Project was launched in 1996 to further understand differences in virtual volunteering and to encourage and provide resources for agencies interested in pursuing virtual volunteers (Cravens 2000). Currently, VolunteerMatch lists over 5000 virtual volunteering opportunities across the globe, an increase from approximately 3000 in 2010.

The United Nations Volunteers (UNV) hosts the largest virtual volunteering database, known as UN Online Volunteering, launched in 2004. This database includes registered nonprofit and public agencies from around the world, with volunteering opportunities presented for various assignments in various languages. Through the online portal, agencies are able to recruit, engage, and monitor volunteer activities online. These two examples demonstrate the growth in the use of virtual volunteer options and the likelihood that it will remain in use for years to come.

## Practice and Management Challenges

As a relatively new field of opportunity, there are limited academic studies of virtual volunteering,

and evidence-based practices are largely unexplored. Among the existing works, many of the practical recommendations for managing online volunteers reflect best practices for managing volunteers in a traditional setting. For example, it is noted that organizations utilizing volunteers online should provide clear goals for volunteers with fully articulated assignments and maintain regular communication. However, virtual volunteers also require an additional focus on communication from both managing organizations and other volunteers (Bezmalinovic Dhebar and Stokes 2008). This presents an additional management challenge for agencies working with virtual volunteers. As the prior study noted, volunteers did not need daily communication and micromanagement but did want to know that what they understood and interpreted the organization's instructions correctly and that they were on the right track when it came to completing assignments. This is also true for in-person volunteers; however, feedback on volunteer activities may be easier to provide on the part of the volunteer manager if they are working directly with the volunteer in their physical location.

Moreover, similar to in-person volunteering, agencies struggle with trying to recruit, manage, and involve any volunteers in an effective manner. Thus, in order to make improvements in virtual volunteering practice, agencies need training on general volunteer management as well as an additional focus on what may change in the online setting. This can include general instruction on the benefits of utilizing volunteers, advantages to the community, as well as micro-practices of volunteer communication. Cravens provides a list of attributes necessary for host organizations to successfully utilize online volunteers. This includes excellent literacy, comfort with working online, comfort with following protocol, stable staffing, basic volunteer management skills, a delegated responsible party for managing online volunteers, a commitment to support volunteers, an openness to diverse working styles, and a broad understanding of community stretching beyond their immediate area (Cravens 2006).

Although virtual volunteering provides more flexibility in completion of assignments, special attention is required on the part of the volunteer manager or coordinator in order to ensure that virtual volunteers are participating effectively. Virtual volunteering is unique in that assignments and communication are usually completed in writing. As such, volunteers and volunteer managers are accustomed to working with online communication. In addition to maintaining frequent and open channels of communication, virtual volunteers should also be able to provide feedback on their levels of satisfaction with their experience in order to ensure that volunteers are retained. While retention is a challenge in both the traditional and virtual settings, this is potentially amplified when communication is lacking between the manager and the volunteer. With written communication as the norm, this presents an opportunity for volunteer managers to understand whether volunteers are satisfied with their work and their communication and evaluate their experiences for volunteer managers to improve how they interact with volunteers. This internal monitoring can be embedded into the volunteer practice and could potentially assist with improving retention rates of volunteers as well as increasing the number of services provided by a volunteer which has already developed a strong relationship with the agency. Retention of virtual volunteers is particularly important in the virtual setting due to increased effort on the front end in recruiting volunteers, who are not subject to the same forms of social pressure which often impact intentions to volunteer (Penner 2002).

Volunteering, in general, does not stand alone as an action that only benefits an individual and a host agency. Rather, volunteering has been highly linked with improvements in community-level civic engagement (Putnam 2000). This is in part because volunteering allows individuals to connect with others, develop social skills, and take a vested interest in issues that affect their communities. Volunteers may learn about social problems, engage in political discussion, and learn critical political and social skills that are acquired through these types of discussion while volunteering. In these cases, volunteering increases political efficacy and improves opportunities for deliberative democracy. However, it is

unclear whether online volunteering is capable of producing the same developments in social capital as volunteering in person, particularly when the host agency is not well versed in volunteer management involving consistent communication and relationship development. As academic research on virtual volunteering expands, practical advice could be provided to understand if management strategies for developing volunteer social capital in an offline setting are effective when they are mimicked in an online setting. Currently, few large-scale surveys that aim to measure social capital and civic engagement focus on the effect of online volunteering on overall community-level engagement measures.

## Conclusion

Virtual volunteering is able to utilize technology in order to advance public agency goals by providing a new means for volunteers to provide service. This feature provides agencies with increased capacity by recruiting highly skilled volunteers, diminishing geographic boundaries, and opening recruitment efforts to those who may be more interested and vested in the mission of the organization. As the use of the Internet and mobile technology expands worldwide, virtual volunteering management practices will become highly sought after skills for success of public agencies.

## Cross-References


- ▶ Digital Media in Nonprofit Organizations
- ▶ Giving and Volunteering
- ▶ Volunteers and Volunteer Management


## References


Bezmalinovic Dhebar B, Stokes B (2008) A nonprofit manager's guide to online volunteering. Nonprofit Manag Lead 18(4):497–506

Cravens J (2000) Virtual volunteering: online volunteers providing assistance to human service agencies. J Technol Hum Serv 17(2–3):119–136

Cravens J (2006) Involving international online volunteers: factors for success, organizational benefits, and new views of community. Int J Volunt Adm 24(1):15–23

Cravens J (2016) Microvolunteering and crowdsourcing: not-so-new (but important) trends in virtual volunteering/online volunteering. http://www.coyotecommunications.com/volunteer/microvolunteering.shtml

Handy F, Brodeur N, Cnaan RA (2006) Summer on the island: episodic volunteering. Voluntary Action 7: 31–46

Hossli W (2001) Competition in the voluntary sector. Front Centre 8:16

Hustinx L, Lammertyn J (2003) Collective and reflexive styles of volunteering: a sociological modernization perspective. Voluntas 14:167–187

Hyde M, Dunn J, Bax C, Chambers S (2016) Episodic volunteering and retention: an integrated theoretical approach. Nonprofit Volunt Sect Q 45(1):45–63

Macduff N (2004) Episodic volunteering. Macduff/Bunt Associates Publishers, Walla Walla

Macduff N (2005) Societal changes and the rise of the episodic volunteer. In: Brudney J (ed) Emerging of areas of volunteerning, vol 1(2). Association for Research on Nonprofit Organizations and Voluntary Associations, Indianapolis, pp 49–61

McClintock N (2002) Where have all the volunteers gone. Front Centre 9(1):11

Mukherjee D (2010) Participation of older adults in virtual volunteering: a qualitative analysis. Aging Int 36: 253–266

Murray V, Harrison Y (2002) Virtual volunteering: current status and future prospects. Canadian Centre for Philanthropy, Toronto

Penner LA (2002) Dispositional and organizational influences on sustained volunteerism: an interactionist perspective. J Soc Issues 58:447–467

Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon & Schu, New York

Stukas A, Hoye R, Nicholson M, Brown K, Aisbett L (2016) Motivations to volunteer and their associations with volunteers' well-being. Nonprofit Volunt Sect Q 45(1):112–132


# Virtue Ethics


Chris Russell
Salt Lake City, UT, USA


## Synonyms

Character; Goodness; Integrity; Nobility

## Definition

Aristotle defined virtue as "a purposive disposition, lying in a mean that is relative to us, and determined by a rational principle, and by that which a prudent man would use to determine it. It is a mean between two kinds of vice, one of excess and the other of deficiency" (as cited in Van Hooft 2006, p. 60).

## Introduction

This entry focuses on virtue ethics as a branch of moral philosophy. It provides an overview of virtue theory, definition of key terms, and an account of its relevance to contemporary public administration. Many different theories have resulted from virtue theory, but this entry does not attempt to account for them. Not all virtue theory emanates directly from Aristotle – for example, ancient Persian philosophy emphasized virtue ethics in both public and private life (Frye 1975). While this entry's account of virtue comprises largely of Aristotelian concepts, it does, occasionally, refer to ancient Persia's model of virtue ethics. Furthermore, in distinguishing virtue from consequentialist and deontological ethical theories, it is important to understand that the line of demarcation between the three approaches is now more blurry than distinct. They need not necessarily be seen as rival approaches.

## Overview

Up until the latter half of the twentieth century, moral theory consisted largely of consequentialist theories and deontological theories. The former seek to prescribe correct action in terms of producing good consequences, while the latter seek to prescribe correct action through the agent's motives and intentions. In other words, consequentialists focus on the results of an action, whereas deontologists focus on what was intended by an action, particularly if the agent acted according to duty (Oakley and Cocking 2001). Both theories are based on the application of rules. Overtime, certain philosophers began to question such reliance on simple rules.

The ancient Greek philosopher Aristotle found questions of morality to be complex and not easily captured in rules. Problems pertaining to ethics are complex and diverse and may vary depending on each person and situation. Virtue theory, thus, emerged as an alternative to seemingly endless debates about achieving morality through either desirable results or duty to rules. This approach recognizes the complexity of ethical matters, and it accepts that the kind of ethical guidance necessary will depend on the nature of the situation (Athanassoulis 2012).

Rather than simply following an ethical procedure or process, virtue ethics emphasizes developing the right character. It does not ask the question, "What should I do?" Instead, for virtue ethicists, the question becomes, "How should I live my life?" or "What kind of person should I be?" (Athanassoulis 2012). It seeks to answer questions not by consulting principles, norms, or policies that pertain to a given situation. Rather, it considers the agent's character along with other morally salient features of the situation. Virtue ethics does not deem rules or results to be unimportant, but it asserts that they cannot replace the central role of character; character allows one to flourish by doing well and achieving happiness (Oakley and Cocking 2001).

## Unpacking Virtue and Other Key Terms

Virtue theory considers character to be more important than whether an action is regarded as right or wrong. In other words, virtuous acts are not merely acts that bring about certain consequences. These result from particular states of character, virtuous states of character (Athanassoulis 2012). In order to understand the ethics of virtue, one needs to understand the notion of character.

Character is the predisposition to behave consistently with one's espoused values and principles (Cooper 2004). Character reveals who people are through their commitments and by the attitudes and behaviors through which they identify.

The process of character formation may be gradual, subject to change, experimentation, and discovery, but the settled state of one's character is stable and dependable (Athanassoulis 2012). Character develops through daily practice. Thus, daily intentional exercise of virtue enhances the probability of appropriate behavior when it is time to make a difficult choice (Hart 1992).

Virtue refers to excellence of character and typically encompasses traits such as goodness, honesty, courage, and modesty (Van Hooft 2006). For example, in the ancient Persian Empire, good thoughts, good talks, and good deeds were key virtues (Frye 1975). Virtues as dispositional character traits are shaped and developed over a long period of time and subject to the influence of numerous factors (Athanassoulis 2012). Virtue theory holds that a good human being is one who is good at being a human being, living as a human being excellently. Yet humans are not born with virtue. They acquire it through learning from others and forming virtuous habits.

One's friends and communal relations contribute informally to cultivating virtue. Friends not only provide for a full and happy life, but they typically reflect one's own virtue (Van Hooft 2006). Moreover, friends and other community members model important behavior in certain situations and contexts. These role models provide necessary learning experiences, even if their conduct is not altogether virtuous. In doing so, they model behaviors of how to be (or not to be), rather than provide precise prescriptions of what to do (Athanassoulis 2012).

Although humans must practice virtue in order to acquire it, they must also internalize the habit. This means that, at a certain point, they must want to act in a certain way. For example, one with virtue wants to tell the truth not out of a sense of duty but because that person loves telling the truth and simply desires to do so (Van Hooft 2006). Thus, developing a virtuous character requires more than just doing. It requires an integration of both thought and feeling (Cooper 1992).

Developing a virtuous character requires one to perceive the particulars of a situation when making a choice. In other words, the decision-maker must perceive the morally salient features of the situation in order to decide properly concerning the right course of action. The Doctrine of the Mean exemplifies such perception in decision-making. One fulfills the Doctrine of the Mean when they utilize their feelings and actions in order to render a decision that avoids excess and deficiency. A commonly referenced example of this concept is choosing to act courageously in a risky situation while avoiding extreme actions of either foolhardiness or cowardice. Each situation requires a slightly different assessment and choice of action.

To illustrate, suppose one day somebody comes across their best friend and notices that something is not right with that person. Based upon the close relationship and the ability to perceive the particulars of the friend's body language, this person perceives that she cannot greet her friend in the usual sarcastic tone. Instead, she inquires what the matter is and then listens to her friend's response. The ability to empathize and be sensitive to context concerning the friend's current struggles determines the appropriate course of action. In this particular case, the Doctrine of the Mean may call for listening carefully to the friend's feelings but also giving that person some space to work things out. Either way, perceiving the right action trumps adherence to simple rules or formulas.

In addition to perceiving the particulars of a situation, one must possess the judgment to know why an action is good and to choose accordingly. Practical wisdom is the disposition to make correct emotional judgments in choices relating to the noble and the good. It equips the agent to understand not merely what should be done but how and why a course of action should be followed. Practical wisdom is not a simple application guide that is mechanically applied when a dilemma emerges. Rather, it provides practical judgment, inducing one to detect and pursue the good path in whatever situation presents (Athanassoulis 2012).

Suppose a comparison is made between one utilizing practical wisdom and another mere cleverness (Van Hooft 2006). Both parties enter into a situation where they can obtain a certain amount of money to donate to a worthy cause. They

properly scan the situation, assessing the contextual factors and respective options. Drawing upon their knowledge and motivations, both parties successfully obtain a certain amount of money.

The clever one, though successful, does not exhibit virtue because he decides to donate the money to himself. In this case, the clever party uses his knowledge and experience successfully to obtain the money but only enriches himself. The party exercising practical wisdom also uses her skills to obtain the money. However, she notices a need for the money in the community, and this need motivates her to impart the money to the appropriate cause.

In sum, the virtuous man develops his character and draws upon it to guide how he should be or what he should do in this life. Character is developed overtime through habituation. Virtuous character traits seek to uphold excellence and are developed throughout life by interacting with and learning from others. Internalizing virtuous traits involves more than merely completing certain tasks. It involves the ability to perceive important moral factors of a situation in order to make measured, careful decisions. Finally, in various situations, the virtuous man uses his judgment to determine and pursue the good and noble path.

## Renewed Interest in Virtue in Public Administration

Throughout most of the twentieth century, virtue was an afterthought in discussions of philosophy. The idea of virtue had long lost favor to more rule-based philosophies, largely as a result of the influence of Christian theology (Cooper 1992). By the 1970s, early scholars of administrative ethics focused heavily on ethical reasoning. Such reasoning resulted in the theorizing of cognitive strategies designed to rectify ethical dilemmas.

However, a few scholars began to question such an approach in the 1980s. In the aftermath of Watergate and other public scandals, these researchers questioned placing too much trust in the rational analysis of ethical reasoning. Such reliance on cognitive strategies could result in the training of administrators to rationalize whatever behavior suited them in the moment (Cooper 2004). Thus, prioritizing reason at the expense of character jeopardizes the noble and good.

The end of the twentieth century also marked a dramatic decline of the public's trust and confidence in its leaders, particularly in the USA. Being led by leaders neither trusted nor admired risks undermining the future welfare and freedoms of society. Absence of trust impairs the leaders' ability to govern, invoking public skepticism, condemnation, and hostility (Hart 1992). While a certain amount of skepticism regarding public leaders may not be unusual, finding leaders of good character seems just as important today than ever.

In response to these concerns, researchers began to call attention to virtue as a significant component of administrative ethics. In particular, they emphasize the need to focus on and cultivate the development of character in public service. Potential ways to foster such an ethic reside in education and training, gradually building an ethos in public organizations centered on virtue (Cooper 2004). For example, in ancient Persia, formal educational systems assisted in developing virtuous citizens (Frye 1975). Research further encourages reflecting on and assessing the character of others in the public realm through stories and biographical histories (Cooper 2004).

Virtue theory's contribution to administrative ethics lies in its basic focus on seeking the good and establishing practices that cultivate nobility. It need not rely upon convoluted schemes or formulas to bring about the "right" course of action. In this sense, it is quite intuitive and not difficult to understand or to detect. As a result, it is an attractive compass for providing guidance to complex and diverse challenges. Some guidance may come from moral exemplars, contemporary or historical, which can be sought out, celebrated, and emulated. Virtue may not be a sufficient protection for democracy, but neither should it be minimized (Hart 1992).

Virtue ethics is not without certain flaws. More recent criticism, in particular, challenges the notion that people possess stable character traits. Citing various empirical studies, certain

researchers assert that situational pressures dictate a person's behavior, not character traits (Harman 2003). In other words, when a difficult dilemma arises, people fail to draw upon a stable disposition of character. In such challenging circumstances, even good people succumb to situational pressures, displaying a fragmented character and often failing to do well.

An oft-cited example of such behavior is Stanley Milgram's experiments in the 1960s. Milgram created a basic organizational structure in a scientific laboratory setting where subjects received conflicting instructions from an authority figure. He found that the experiment induced obedience from large numbers of people. At a certain point, subjects displayed willingness to administer powerful and dangerous electrical shocks to other human beings. The majority of the subjects followed orders from their superiors even while protesting that they were imposing horrific shocks on other participants in the experiment. Such experiments do show that situational factors can and do shape people's behavior at certain points in time.

Notwithstanding, subsequent research rebuts the notion that virtue traits do not exist. Upon examining empirical evidence, some scholars find that such evidence does not prove sufficiently the nonexistence of character traits. Empirical data do not consistently support the thesis that situations rule behavior. Furthermore, the contrived contexts of such experimental studies do not resemble that of the natural world. While human beings can be morally weak when confronted with difficult situations, such evidence does not discount character and virtues (Alzola 2007). History provides evidence that many people in positions of trust do the right thing when confronted with difficult dilemmas, drawing strength from character (Hart 1992).

Other weaknesses attributed to virtue theory include a sense of ambiguity and a less than straightforward plan of action (Oakley and Cocking 2001). Not everyone agrees concerning the definition of virtue, nor how such an approach should be implemented. While virtue theory alone may not be enough to carry administrative ethics in the twenty-first century, its value should not be underestimated. The theory's appeal to basic virtues and its search for goodness presents a fresh, albeit, important perspective to modernism's complex challenges and agendas. Virtuous leaders invite trust and provide a buffer to manipulation through ethical rationalizations. After all, ethics in public administration means very little without the character to do what one professes to do (Cooper 2004).

## Conclusion

As briefly stated in the Introduction, divisions between virtue and consequentialist and deontological theories may be less distinct than originally thought. Still, significant differences set virtue theory apart and highlight its value. Rule-based ethics may remind some of their duty and bring to pass certain positive outcomes. Yet, as discussed previously, morality is complex and not easily captured in rules. Moreover, so-called positive outcomes resulting from rule-based ethics may not be positive for all interests and concerns involved. Adhering to one's duty may not ultimately serve noble ends.

In response to these concerns, virtue theory is a viable alternative approach to ethics in the twenty-first century. Virtue ethics does not ignore the value of rules, but it challenges one to probe the purpose of their life and to qualify their thoughts and actions in order to live a meaningful, worthy life. Key tenets involve individual character development and organizational cultivation of an ethos of virtue. Virtue theory is not without weaknesses, as stressful dilemmas can undermine virtuous behavior in certain situations. Yet people can and do act with virtue, particularly leaders in public administration. Education and training are necessary components in the continual process of establishing virtue in government.



## Cross-References


- ► Ethical Leaders
- ► Ethics Exemplars
- ► Leadership, Ethics, and Decision-Making
- ► Philosophical Ethics

## References

Alzola M (2007) Character and environment: the status of virtues in organizations. J Bus Ethics 78:343–357
Athanassoulis N (2012) Virtue ethics. Bloomsbury Academic, New York
Cooper TL (1992) Prologue: on virtue. In: Cooper TL, Wright ND (eds) Exemplary public administrators: character and leadership in government. Jossey-Bass, San Francisco, pp 1–8
Cooper TL (2004) Big questions in administrative ethics: a need for focused, collaborative effort. Public Adm Rev 64(4):395–407
Frye R (1975) The golden age of Persia: the Arabs in the east. Weidenfeld and Nicolson, London
Harman G (2003) No character or personality. Bus Ethics Q 13:87–94
Hart DK (1992) The moral exemplar in an organizational society. In: Cooper TL, Wright ND (eds) Exemplary public administrators: character and leadership in government. Jossey-Bass, San Francisco, pp 9–29
Oakley J, Cocking D (2001) Virtue ethics and professional roles. Cambridge University Press, Cambridge, UK
Van Hooft S (2006) Understanding virtue ethics. Routledge, New York

# Vocational Rehabilitation System in the USA, A Brief Labor History of

Andjela H. Kaur
University of North Dakota, Grand Forks, ND, USA

## Synonyms

Public vocational rehabilitation; Rehabilitation counseling; State-fed rehabilitation

## Definition

The US vocational rehabilitation system is a network of interdependent services contributing to gainful employment of persons who experience barriers to finding work. Historical development of this system has been driven largely by the formation of vocational rehabilitation agencies funded by the federal and state governments. At the center of the historical and contemporary vocational rehabilitation process is the recognition of the labor power of disabled people through legislative action and scientific research. There are three tenets of the vocational rehabilitation system: labor and rehabilitation legislation, expert knowledge exchange, and utilization of disabled people's labor. These foundational elements were incrementally set in place during the eighteenth, nineteenth, and early twentieth centuries and have since continuously provided the structure for the ongoing development and maintenance of the vocational rehabilitation system in the USA.

## Introduction

The state-federal vocational rehabilitation program serves approximately one million people a year, costs the nation $2.5 billion annually (78.7% of whose budget comes from the federal government), and has in 2014 had a success rate, as measured by employment of its clients, of 60% (Chan et al. 2014). The 50 US states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands all have vocational rehabilitation agencies, totaling 80 agencies nationwide. Historical development of the US vocational rehabilitation system correlates with the evolution of the federal labor, rehabilitation and disability laws and policies, the emergence of vocational rehabilitation professions, growth of rehabilitation industry, and the creation and expansion of a particular class of workers—disabled workers. The continuous interdependence of these factors can be examined across three distinct periods in the history of vocational rehabilitation: early development (1800s–1940s), professionalization (1950s–1990s), and marketing (1990s to the present).

## Early Development (1800s–1940s)

In its early development in the eighteenth, nineteenth, and early twentieth centuries, vocational rehabilitation was not a nationally centralized

effort. Nonetheless, the belief that persons could be rehabilitated through work was prevalent in the early settlements in the Northeast, and the practice of rehabilitation through work was common. Modeling the relief practice on the Elizabethan Poor Laws, which included Old Poor Laws of 1594 and 1601, as well as the Law of Settlement and Removal of 1662, British colonists in Massachusetts used locally collected funds to provide support for the poor residents of their townships. The relief was restricted to the residents who were marked either as vagrants (drunkards and criminals) or the involuntarily unemployed and helpless (orphans, elderly, and disabled). The most common forms of relief were poorhouses (also called almshouses) and outdoor relief, the predecessors of the contemporary institutional care and welfare payment systems. Although neither form of relief explicitly mandated that the recipients of aid must work in order to get the relief, the managers of these relief institutions habitually auctioned the unemployed poor as farm hands and domestic servants or rented them out for other kinds of occasional and temporary labor. While the need for paid work was a matter of sustenance for the poor, the idea that learning a vocational skill may lead one out of poverty was an important component of the public justification for the existence of these early relief institutions.

Another, and perhaps more direct, influence on the formation of the system of vocational rehabilitation in the USA is found in the establishment and the expansion of the workhouses in the 1700s and 1800s. Workhouses, also called houses of correction, were built with the dual purpose: to provide the poor with work opportunities and to imprison "the vagrants" and "the insane" and put them to work for the benefit of the institution and the community. Whether the inmates were imprisoned due to poverty, criminality, or for being labeled "lazy" (capable but unwilling to work), they were all expected to rehabilitate through work. Strict discipline, rigid daily routines, and working in silence were the most commonly imposed means of rehabilitation in these early rehabilitation institutions (Rothman 1971).

The advancement of eugenics at the turn of the twentieth century further influenced the development of vocational rehabilitation in the USA. Eugenic science simultaneously built its case in favor of genetic explanations for intellectual and psychiatric disabilities and provided a rationale for the separation of inmates on the basis of the disability criterion (Ferguson 2013). This segregation of disabled inmates led to the establishment of asylums, a distinct type of workhouse which provided scientific justification for both therapeutic treatment and vocational rehabilitation of its residents. Superintendents of these institutions shared their knowledge on the topics of institutional management and vocational training through annual reports. These reports usually contained information on the prescribed daily routines for the residents, types of vocational training mandated by the institution, as well as the best practices in the management of inmates' labor (Walter 1893). The latter were promoted as the central tenet of successful rehabilitation of inmates through work.

Contradictory justifications for the use of unpaid labor of disabled inmates were common in these reports: the early proponents of the vocational rehabilitation system viewed disabled workers simultaneously as capable of "rehabilitative" work and incapable of mastering the skills they learned through the very same labor which was rehabilitating them and sustaining the institutions. Consequently, many unemployed persons labeled as disabled were institutionalized, the use of their labor for the upkeep of the institutions was normalized, and their institutionalization remained permanent (Rothman 1971). Indeed, their uncompensated labor was primarily represented by the vocational rehabilitation experts of the time as itself a means of rehabilitation and secondarily as the inmates' payback to the system of publicly and privately funded institutional rehabilitation.

The early development of the vocational rehabilitation system is also marked by the establishment of public education which popularized manual training and vocational education. In the late 1800s and early 1900s manual and vocational training emerged as a possible way to address the increasing need for skilled labor in the emerging industries of the new industrial economy.

Superintendents from both institutional backgrounds—asylums and public schools—united in their advocacy for the Smith-Hughes Act of 1917, which established the Federal Vocational Board and provided federal funds for state vocational education programs (Steffes 2012). Three years later, the Smith-Fess Act (1920) established the basis of the federal-state vocational rehabilitation system by mandating the formation of federal and state entities to oversee the state efforts and matching federal grants, thus setting the foundation for the state-federal vocational rehabilitation program. The funds provided by the Vocational Rehabilitation Act of 1918 which enabled free access to occupational training for disabled veterans additionally supported the growth of the vocational rehabilitation system (Berkowitz 1987).

By the onset of the Second World War, and during the labor shortages that preceded it, disabled workers were mainly employed for the upkeep of the institutions that housed them. The war made an important difference to these workers. Due to the war-induced labor shortages, unemployed people who were labeled disabled were given jobs that made apparent their industriousness to the national leaders. Consequently, legislative interest in vocational rehabilitation increased, as did the funds for the development of the public-private system of vocational rehabilitation (Ditchman et al. 2013).

Publicly funded state offices managed the enrollment of unemployed persons marked as disabled into the rehabilitation programs, and these programs, private non-for-profit enterprises, managed their labor (Solomon 1972). This allocation of public funding and the priority given to vocational training set in motion the development of the system of community-based vocational rehabilitation aimed at training and retraining of disabled people for jobs in the growing industries and simultaneously supported the growth of the rehabilitation industry itself. In the next phase of growth of the VR system, the elements central to the system—supporting legislation, expert knowledge exchange, and utilization of disabled people's labor—came together to create a vibrant rehabilitation industry and establish the rehabilitation counseling profession as an important factor in the field of vocational rehabilitation and disability employment (Switzer 1970).

## Professionalization (1950s–1990s)

The next phase in the history of the vocational rehabilitation system is characterized primarily by the rehabilitation and disability legislation that established the need for expert-based management of disabled people's labor power and prompted the growth of the rehabilitation industry. Central to the professionalization of vocational rehabilitation and the structuring of its enterprise were the laws that provided funds for the establishment of the rehabilitation counseling profession, as well as the legislation which enabled subminimum wage for disabled workers, namely the Fair Labor Standards Act of 1938.

Due to its inception as a legally mandated and government-funded profession, the professionalization of rehabilitation counseling has been closely related to the structures put in place by the legislation that was to carry out federal aid at the state level. As noted, the Smith Fess Act of 1920 called for the formation of federal and state entities to oversee the state efforts and matching federal grants setting the foundation for the state-federal vocational rehabilitation program. After the passage of the Social Security Act of 1935 the state-federal program became a major employer of rehabilitation counselors, and the enactment of the Rehabilitation Act Amendments of 1954 has gained the profession, both the financial backing from the government and the status as an occupation responsible for the training and employment of disabled workers (Wright 1980).

The Rehabilitation Act Amendments of (1954) provided the first federal dollars for the support of education of vocational rehabilitation professionals which prompted a rapid development of rehabilitation counseling profession as a field of expertise in employment of those unemployable due to disability. This act provided the funds for (a) expansion of rehabilitation programs and services; (b) research and training programs; (c) preservice training of rehabilitation personnel;

and (d) expansion of the existing and development of new rehabilitation facilities, such as sheltered workshops. Following the 1954 amendments, rehabilitation legislation continued to expand service provisions in terms of specific disabilities covered and the types of services supported as it continued to refine the requirements for a quality education of rehabilitation professionals (Parker and Boland 2012).

According to the Rehabilitation Service Administration (the federal agency that oversees funding for vocational rehabilitation in the USA), in 2015 the US federal government allocated 30 million dollars to training related to vocational rehabilitation. The greatest number of grants were appropriated for the graduate-level training of rehabilitation counselors. Some graduates of accredited graduate-level rehabilitation counseling programs choose to take a national Certified Rehabilitation Counselor (CRC) exam which has since 1974 been regulated by the Commission on Rehabilitation Counseling Certification (CRCC). Presently there are 16,000 Certified Rehabilitation Counselors in the CRCC database (CRCC nd). It can thus be said that the goal of the 1954 Act to establish quality education for rehabilitation counseling professionals has been met and sustained for decades.

While the legislative activity in the 1950s and 1960s was largely focused on the expansion of the vocational rehabilitation system through research, professional education, and diversification of service delivery, legislative priorities have significantly shifted in the 1970s. Historians of vocational rehabilitation in the USA mark the Rehabilitation Act Amendments of 1973 as a fundamental change in the government's approach to disability employment, from an economic-return philosophy to a disability rights philosophy, and as a turn to the politics of individual choice for the consumer of rehabilitation services (Brubaker 1981). This legislative change came at the time of the emergence of the disability rights movement and a simultaneously increased interest on the part of the state in reducing public spending on rehabilitation and involving the private sector in the process of rehabilitation. While promoting the individual rights of disabled persons, the government transferred some of the financial responsibility for rehabilitation onto the private sector. This change created an increase in employment for disabled workers in community-based segregated settings (as opposed to the prison-like institutions in which many had previously lived and worked), and benefited the private rehabilitation businesses by virtue of subsequently adopted subminimum wage laws.

Fair Labor Standards Act (FLSA) of 1938 tied the wage to worker productivity within the system of existing charitable rehabilitation organizations and of human service providers who provided vocational rehabilitation services. The provision in the Section 14 (c) of the FLSA is the foundation for the subsequent legislation on the subminimum wage and the creation of segregated work spaces for disabled people, sheltered workshops and work activity centers. During the period between 1938 and 1986, the number of sheltered workshops and work activity centers grew steadily. A study on the treatment of disabled workers under the subminimum wage law of 1938 reveals that in 1978, according to the Wage and Hour Administrator at the Department of Labor, 163,000 workers were employed in 3511 certified sheltered workshops, and that, in a hearing in 1980, the Assistant Secretary for Employment Standards reported that there were 4000 certified workshops employing nearly 180,000 workers. While private sector rehabilitation was booming, disabled workers were paying the price for their own "rehabilitation": for fiscal years 1977–79, Department of Labor reported that 317 (or 60 %) of the 524 private workshops investigated in the report to Congress in 1981 had underpaid 11,482 handicapped workers by about $2.7 million, even with the subminimum wage provisions in place (Crawford and Goodman 2013; Beckwith 2016).

Vocational rehabilitation professionals, particularly members of the then-newly established rehabilitation counseling profession, were integral to the staffing of these private enterprises (Asfahl 1971). For example, vocational rehabilitation professionals often helped management staffs decide on the standards of workers' productivity, which was a necessary step in filing applications for subminimum certification prior to 1986 FLSA

Amendments, and subsequently for determinations of the commensurate rate. Commensurate rate replaced the statutory subminimum wage floor of 50% and reaffirmed the power of the shelter workshop management to determine rates based on worker productivity with no wage floor considerations. The commensurate rate is calculated as the portion of the wage of nondisabled workers who are doing the same work in the geographic vicinity of the sheltered workshop or work activity center which employs persons with disabilities ("prevailing wage") adjusted for a measured productivity deficit. The commensurate rate calculations are carried out by vocational rehabilitation experts through time studies and piece rate determinations (Whittaker 2005).

Due to the confluence of dual interests—the rehabilitation industry's impetus to grow the rehabilitation business and the governmental mandates for successful vocational rehabilitation of disabled people—this period in the history of vocational rehabilitation is also marked by a clear division between the interests of the employers/management and those of the employees/disabled workers. The records of congressional hearings show that workers' groups challenged the subminimum wage and the representatives from the National Association of Rehabilitation Facilities defended its rationale, which was that due to lower productivity of disabled workers, their wages should be lower than the wages of those not marked as disabled. Legislators repeatedly favored the professionals' arguments, so the FLSA and its subsequent amendments were for years tailored to the needs of the rehabilitation industry and against the financial well-being of disabled workers (Whittaker 2005).

After three decades of political advocacy and multiple legal challenges posed by disability advocacy groups, in 2015 the Workforce Investment and Opportunity Act (WIOA) established some limitations on the use of subminimum wage and mandated integrated competitive employment as the preferred type of employment outcome of vocational rehabilitation. The phrase "competitive integrated employment" was used over the years in connection to the effort to obtain a minimum wage for persons with disabilities, especially those labeled intellectually and developmentally disabled. This struggle for equal pay is illustrated by several class action suits which over time led to firmer constraints on subminimum wage licenses and the introduction of the language of "competitive integrated employment" into the legislation, both of which are explicit in the WIOA. This stated prioritization of integrated competitive employment reflected in the law and advocated for by the disability rights activists has prompted the next phase of the development of the vocational rehabilitation system in the USA. This phase is characterized by the marketing of the vocational rehabilitation system and disabled workers as partners to businesses.

## Marketing (1990s to the Present)

In response to the advocacy efforts that led to the legislating of integrated competitive employment, the rehabilitation counseling profession has since the early 1990s been reorganizing its practices to build an image of itself as a business partner with exclusive access to these quality workers and their labor (Buys and Rennie 2001; Habeck et al. 2010; Luecking 2008). Consequently, it has also been building the case of the disabled worker as a competitive labor commodity.

A body of research in a field scientist of vocational rehabilitation broadly termed "employer relations" has been developed to help rehabilitation counselors make a compelling case for this competitive product of vocational rehabilitation. In 2014, a seminal study on business case engagement and the employment engagement strategies funded by the US Department of Labor's Office of Disability Employment Policy to help vocational rehabilitation professionals strengthen their arguments in favor of the competitiveness of disabled workers in the contemporary job market proposed two main strategies to market the labor of disabled people. The first was constructing a solid and inclusive brand for people with disabilities that can be marketed to employers and provoke positive emotional, cognitive, and behavioral

responses. The second involves conceptualizing the private employment sector as a market comprising different segments with distinct levels of interest in employing people with disabilities, varying levels of knowledge, and particular technical assistance requirements. To satisfy these recommendations, the professionals must show that the labor of disabled people is competitively branded to appeal to businesses which have various needs (ODEP 2014).

With the help of mobile Internet technologies, state agencies have been able to employ this marketing strategy in disseminating a business-friendly narrative about what kind of labor persons with disabilities can offer. Many state vocational rehabilitation agencies have created business relations departments, and most agencies foreground their participation in this trend on their websites, as do several national web portals related to employment of people with disabilities (e.g., NET, the TAP, and the disABLEDperson.com). On these websites, vocational rehabilitation experts often make the business-friendly case for disability employment by representing the labor of disabled people as a special kind of commodity that comes with perks, such as substituted wages through on-the-job training programs or tax credits. This kind of representation, however, poses a problem for disabled workers because the potential employers may choose to hire them only to obtain the perks (DeLeire 2000). Nonetheless, some research data indicate that the state-federal vocational rehabilitation system and rehabilitation counseling professionals have continued to participate in the employment of disabled people with success.

According to the reports issued by the Rehabilitation Service Administration, for the past 22 years state agencies have claimed successful employment outcomes for an average of 205, 335 workers annually, with the highest outcome of 236, 143 in 2000 and the lowest of 171,964 in 2010; the median number served in this period was 205,619 (RSA 1989–2012). Further data show that disabled workers who obtained jobs through the state VR in the period 2008–2104 had the most success finding employment in the Office and Administrative Support Occupations (Zhang et al. 2018), and that the income for consumers of vocational rehabilitation services, relative to the poverty threshold, increased to 185% at the time of successful closure to vocational rehabilitation services due to employment, compared to 57% of the poverty threshold which applied for all surveyed clients at application for services (Walls and Dowler 2015).

Simultaneous with the reports on successes and importance of the vocational rehabilitation system, research, often financed by federal funds provided through the previously mentioned legislation, repeatedly emphasizes the need to improve employment rates for people with disabilities. According to the Bureau of Labor Statistics (BLS) unemployment report issued in January 2017, only 6.8% of working-age disabled people were employed in December 2016, whereas the employment–population ratio for nondisabled persons was 22.8% for the same period (BLS 2018). Further, research has shown that people with disabilities who count as employed by the BLS measures are more likely to participate in "nonstandard jobs" or "alternative work arrangements" such as part-time, telecommuting, temporary, flexible schedules, and self-employment work (Shur 2003). Such positions traditionally pay lower wages (on average 10% less an hour), rarely offer employer-sponsored training, and come with no or fewer benefits than full-time positions. People with disabilities looking for work are less likely to obtain jobs than their able-bodied counterparts and are more likely to earn less on average than workers labeled as able (Shur et al. 2013). In addition to its significant historical contributions to the employment of disabled workers, the vocational rehabilitation system in the USA is likely to continue to evolve to meet the needs of disabled workers, the mandates of the profession, and the conditions of the labor market.



## Conclusion

Vocational rehabilitation and labor legislation, rehabilitation science and industry, and disabled people's labor are constitutive elements of the vocational rehabilitation system in the USA. The

system began to organize itself in the eighteenth century around the philosophy of rehabilitation of the poor and unemployed through work. Subsequently, in the nineteenth and early twentieth century, it evolved into a network of institutions which, based on eugenic science, specialized in the rehabilitation of disabled persons. These institutions exploited their inhabitants under the pretext of vocational education and rehabilitation. Following the Second World War, the vocational rehabilitation system was tied to the development of vocational rehabilitation legislation that established rehabilitation counseling professionals as the leading experts in the rehabilitation of disabled workers. In the period between 1940s and 1990s, both rehabilitation professionals and disabled workers interacted with the system of privately owned sheltered workshops that paid subminimum wages to their disabled employees. The twenty-first-century disability and rehabilitation employment laws discourage subminimum wage and encourage rehabilitation professionals to market themselves and disabled workers as partners to employers. Vocational rehabilitation in the USA has through its history contributed to the employment of persons with disabilities and it will continue to develop to better serve disabled workers in the future.

## Cross-References

► Economic Development Policy

## References

Asfahl RC (1971) Systems approach: sheltered workshop management. J Rehabil 37(5):12–17

Barnow BS (2008) The employment rate of people with disabilities. Mon Labor Rev:44–50. https://www.bls.gov/opub/mlr/2008/article/employment-rate-of-people-with-disabilities.htm

Beckwith RM (2016) Disability servitude: from peonage to poverty. Palgrave Macmillan, New York

Berkowitz ED (1987) Disabled policy: America's programs for the handicapped. Cambridge University Press, Cambridge

Brubaker D (1981) Identity and organizational problems in professional rehabilitation. J Rehabil 43(1):50–56

Buys NJ, Rennie J (2001) Developing relationships between vocational rehabilitation agencies and employers. Rehabil Couns Bull 44(2):95–103

Chan JY, Wang C-C, Ditchman N, Kim JH, Pete J, Chan F, Dries B (2014) State unemployment rates and vocational rehabilitation outcomes: A multilevel analysis. Rehabil Couns Bull 57(4):209–218

Commission on Rehabilitation Counseling Certification. About CRC certification. https://www.crccertification.com/about-crc-certification

Crawford M, Goodman J (2013) Below the minimum: a critical review of the 14(c) wage program for employees with disabilities. Hofstra Labor Emp Law J 30(2):591–631

DeLeire T (2000) The wage and employment effects of the Americans with disabilities act. J Hum Resour:693–713

Ditchman N, Wu M-Y, Chan F, Fitzgerald S, Lin C-P, Tu W-M (2013) Vocational rehabilitation. In: Strauser D (ed) Career development, employment, and disability rehabilitation: from theory to practice. Springer Publishing, New York, pp 343–361

Emener WG, Patrick A, Hollingsworth DK (1984) Selected rehabilitation counseling issues: a historical perspective. In: Emener WG, Patrick A, Hollingsoworth DK (eds) Critical issues in rehabilitation counseling. Charles C. Thomas Publisher, Springfield, pp 4–12

Employer Engagement Strategy: Workforce Inclusion. Office of Disability Employment Policy, 2014; https://www.dol.gov/sites/dolgov/files/odep/pdf/20140604businesscaseengagementwhitepaper.pdf

Ferguson P (2013) The development of systems of support: intellectual disability in middle modern times (1800–1899). In: Wehmeyer ML (ed) The story of intellectual disability. Brookes Publishing, Baltimore, pp 79–117

Habeck R, Allan H, Colleen Head R, Kregel J, Chan F (2010) Employee retention and integrated disability management practices as demand side factors. J Occup Rehabil 20(4):443–455

Luecking RG (2008) Emerging employer views of people with disabilities and the future of job development. J Vocat Rehabil 29(1):3–13

Parker RM, Boland J (2012) Rehabilitation counseling: basics and beyond, 5th edn. PRO_ED, Austin

Persons with Disability: Labor Force Characteristics 2017, Bureau Of Labor Statistics (June 21, 2018) https://www.bls.gov/news.release/disabl.nr0.htm

Rothman DJ (1971) The discovery of the asylum: social order and disorder in the New Republic. Little, Brown and Company, Boston/Toronto

Schur L (2003) Barriers or opportunities? The causes of contingent and part-time work among people with disabilities. Ind Relat 42(4):589–622

Schur L, Kruse D, Blanck P (2013) People with disabilities: sidelined or mainstreamed? Cambridge University Press, New York

Solomon J (1972) Public private pact. J Rehabil 38(1):21–25

Steffes TL (2012) School, society, and state: a new education to govern modern America, 1890–1940. University of Chicago Press, Chicago
Switzer ME (1970) The cutting edge of rehabilitation. J Rehabil 36(5):46–50
U.S. Department of Education, Office of Special Education and Rehabilitative Services, Rehabilitation Services Administration Reports for Fiscal Years 1989–1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012
U.S. Department of Education, Office of Special Education and Rehabilitative Services (2018) Rehabilitation services administration report 2014–2015. Published April 2018, 56, https://www2.ed.gov/about/reports/annual/rsa/2014-15/rsa-2014-2015-annual-report.pdf
Walls RT, Dowler DL (2015) Disability and income. Rehabil Couns Bull 58(3):146–215
Walter EF (1893) Description of American institutions. In: Rosen M, Clark G, Kivitz M (eds) The history of mental retardation: collected papers (1:324). University Park Press, Baltimore, 1976
Whittaker WG (2005) Treatment of workers with disabilities under Section 14(c) of the Fair Labor Standards Act. Congr
Wright GN (1980) Total rehabilitation. Little, Brown and Company, Boston

# Volunteer Motivations and Nonprofit Organizations

Robert A. Stebbins
University of Calgary, Calgary, AB, Canada

## Synonyms

Motive; Nonprofit organization; Serious leisure perspective; Volunteer; Volunteer motivation; Volunteering

## Introduction

The scientific literature on the motives to volunteer is awash with general statements on this proclivity, which is, however, highly personal and individual. Perhaps the best known of these is the altruism/self-interest motive: people volunteer for both altruistic and self-beneficial reasons. This proposition is a well-known part of what Musick and Wilson (2008) call the "functional theory of motives" for volunteering. This theory, they note, "is based on the assumption that all persons have the same basic psychological needs" (p. 34). The goal of research done in the name of the functional theory is to determine these needs as they lead people to volunteer. Motives as needs are thus viewed as antecedents to volunteer action.

After reviewing some of the main points of the functional theory, Musick and Wilson present the sociological position on the motive to volunteer. They hold that motives to volunteer should also refer to particular outcomes such as serving on a board of directors, providing information to visitors in a museum, or reading stories to children at a day-care center. The sociologists also raise questions about the resources available to would-be volunteers (e.g., they must use a car, have familiarity with a certain activity, or possess knowledge of a foreign language). Nevertheless, this sociological position, though headed in the right direction, needs badly to be fleshed out. That is, much more remains to be said about outcomes and resources among other features of the social side of volunteering. In short, volunteer motivation can be defined as the sum of the antecedents and consequents that stimulate a person to take up and continue to engage in a particular volunteer activity.

This chapter presents a leisure study approach to these matters, showing in the process what the outcomes look like in volunteering and the nature of the personal resources and social organization needed to achieve them. First, a set of basic concepts is discussed. In the main section, volunteering is framed in the serious leisure perspective (SLP). The final section centers on the volitional versus the economic definitions of volunteering, both of which bear profoundly on the motive to volunteer.

## Conceptual Foundation

The three foundational concepts for this chapter are defined as follows. The first is volunteering. Definitions of it abound, with the version underlying this chapter being the following "volitional definition":

> un-coerced, intentionally-productive, altruistic, helping activity framed in a distinctive context and engaged in during free time. It is also altruistic-helping activity that people want to do and, using their abilities and resources, actually do in either a satisfying or a fulfilling way (or both). (Stebbins 2015, p. 21)

Stebbins (2015) describes the development of this definition based on previous work along these lines. The volitional definition is consonant with the SLP and hence with the sociological perspective set out above. An economic definition of volunteering will be introduced in a later section.

Motive is defined here in symbolic interactionist terms as "the reasons and purposes on the basis of which people steer their conduct" (Albas and Albas 2003, p. 349). This conceptualization harmonizes well with the sociological position (i.e., outcomes sought) and, as will become evident, the serious leisure perspective. More purely (functional) psychological definitions of motive treat of it as an antecedent to action ("a mainspring to action"), instead of part of action as does the above definition.

The definition of leisure guiding discussion in this chapter is the one developed over the years in the SLP: "un-coerced, contextually framed activity engaged in during free time, which people want to do and, using their abilities and resources, actually do in either a satisfying or a fulfilling way (or both)" (Stebbins 2012, p. 2). That it bears a close resemblance to the preceding definition of volunteering is no accident, for volunteering is conceived of here as one of three principal forms of leisure.

## The Serious Leisure Perspective

The serious leisure perspective provides the theoretical and empirical foundation for what may now be the most widely accepted classification of leisure activities presently available (see, e.g., Gallant et al. 2013). In line with the extensive exploration that underlies the perspective, its three forms (serious, casual, and project-based leisure) considered together there are not conceived of, however, as necessarily encompassing all possible leisure activities. For one or more new forms could be discovered or existing forms substantially changed. Over 40 years of research and theoretic work on leisure in the name of the SLP have resulted in a typological map of the world of leisure. A full discussion of the theory and research undergirding this map, the three forms, and the six distinguishing qualities of serious leisure (considered shortly) is available in Stebbins (2007b, 2015) and Elkington and Stebbins (2014).

The serious form comes in two varieties: serious leisure and devotee work. Because of their similarity, they will where appropriate be referred to together as the serious pursuits. *Serious leisure* (as opposed to casual leisure and project-based leisure) is the systematic pursuit of an amateur, hobbyist, or volunteer activity. Participants find it so interesting and fulfilling that, in the typical case, they launch themselves on a (leisure) career centered on acquiring and expressing its special skills, knowledge, and experience.

*Devotee work* is activity in which participants feel a powerful devotion, or strong, positive attachment, to an occupation that they are proud to be in. Devotee work was introduced by Stebbins in 2004 and subsequently elaborated by him in 2014 (Stebbins 2004/2014). In such work the sense of career and achievement is high, and the core activity is endowed with such intense appeal that the line between this work and leisure is virtually erased. Thus, one way of understanding this level of appeal is to view devotee work as serious leisure from which a full or partial livelihood is possible. For evidence supporting this proposition, see Walker and Fenton's (2013) study of productive leisure researchers.

The term *career* is used broadly in these definitions, being based on Erving Goffman's (1961) elaboration of the idea of "moral career." Such careers are available in all substantial, complicated roles, including especially those in work, leisure, politics, religion, volunteering, and interpersonal relationships. George Floro (1978) discussed over 35 years ago the possibility of finding a career in volunteer work. The adjective "serious" (a word Stebbins' research respondents often used) embodies such qualities as

earnestness, sincerity, importance, and carefulness. This adjective signals the importance of these three forms of activity in the everyday lives of participants, especially in that pursuing the three eventually engenders deep self-fulfillment.

*Casual leisure* is immediately intrinsically rewarding, relatively short-lived pleasurable activity requiring little or no special training to enjoy it (Elkington and Stebbins 2014). It is fundamentally hedonic, engaged in for the significant level of pure enjoyment, or pleasure, found there, evident in its several types set out in Fig. 1. Casual leisure is further distinguished from serious leisure by six characteristics of the latter to be presented shortly.

*Project-based leisure* is a short-term, moderately complicated, either one-shot or occasional, though infrequent, creative undertaking carried out in free time (Elkington and Stebbins 2014). It requires considerable planning, effort, and sometimes skill or knowledge, but for all that is neither serious leisure nor activity intended to develop into such. Nor is it casual leisure. The adjective "occasional" describes widely spaced, undertakings for such regular occasions as art festivals, sports events, religious holidays, individual birthdays, or national holidays. The adjective "creative" indicates that the undertaking results in something new or different, showing imagination, and possibly routine skill or knowledge. Though most projects would appear to be continuously pursued until completed, it is conceivable that some might be interrupted for several weeks, months, or even years. As will be noted later, volunteering may also be of the casual or project-based variety.

## Distinguishing Qualities

Serious leisure is further defined and thereby separated from casual and project-based leisure by six distinguishing qualities (Stebbins 2007b, 2015). One is the occasional need to *persevere*. It is clear that some positive feelings about the activity come from sticking with it through thick and thin, conquering adversity. A second quality is finding a leisure (nonwork) *career* in the serious leisure role. Careers in serious leisure commonly rest on a third quality: significant personal *effort* based on specially acquired knowledge, training, experience, and/or skill. Fourth, several *durable benefits*, or broad outcomes, of serious leisure have been identified so far, mostly through research on amateurs. They are self-development, self-enrichment, self-expression, regeneration or renewal of self, feelings of accomplishment, enhancement of self-image, social interaction and belongingness, and lasting physical products of the activity (e.g., a painting, scientific paper, a piece of furniture). Self-gratification, the combination of superficial enjoyment and deep fulfillment, is a further benefit and also one of the main benefits of casual leisure, where, however, one experiences enjoyment only. Of these benefits, self-fulfillment – realizing or having realized to the fullest one's gifts and character and one's potential – is for many participants the most powerful of all.

A fifth quality of serious leisure is the *unique ethos* that develops with reference to each activity. That is, a broad subculture eventually emerges around it consisting of special beliefs, norms, events, traditions, moral principles, and, where appropriate, performance standards. The structure holding these diverse elements together is a parallel social world, wherein participants can pursue their free-time interests. Unruh (1980) developed the following definition:

> A *social world* must be seen as a unit of social organization which is diffuse and amorphous in character. Generally larger than groups or organizations, social worlds are not necessarily defined by formal boundaries, membership lists, or spatial territory. . .. A social world must be seen as an internally recognizable constellation of actors, organizations, events, and practices which have coalesced into a perceived sphere of interest and involvement for participants. Characteristically, a social world lacks a powerful centralized authority structure and is delimited by. . .effective communication and not territory nor formal group membership. (p. 277)

The sixth quality revolves around the preceding five: serious leisure participants tend to *identify* strongly with their chosen pursuits. In contrast, casual leisure is too fleeting, mundane, and commonplace for most people to find a distinctive identity there.

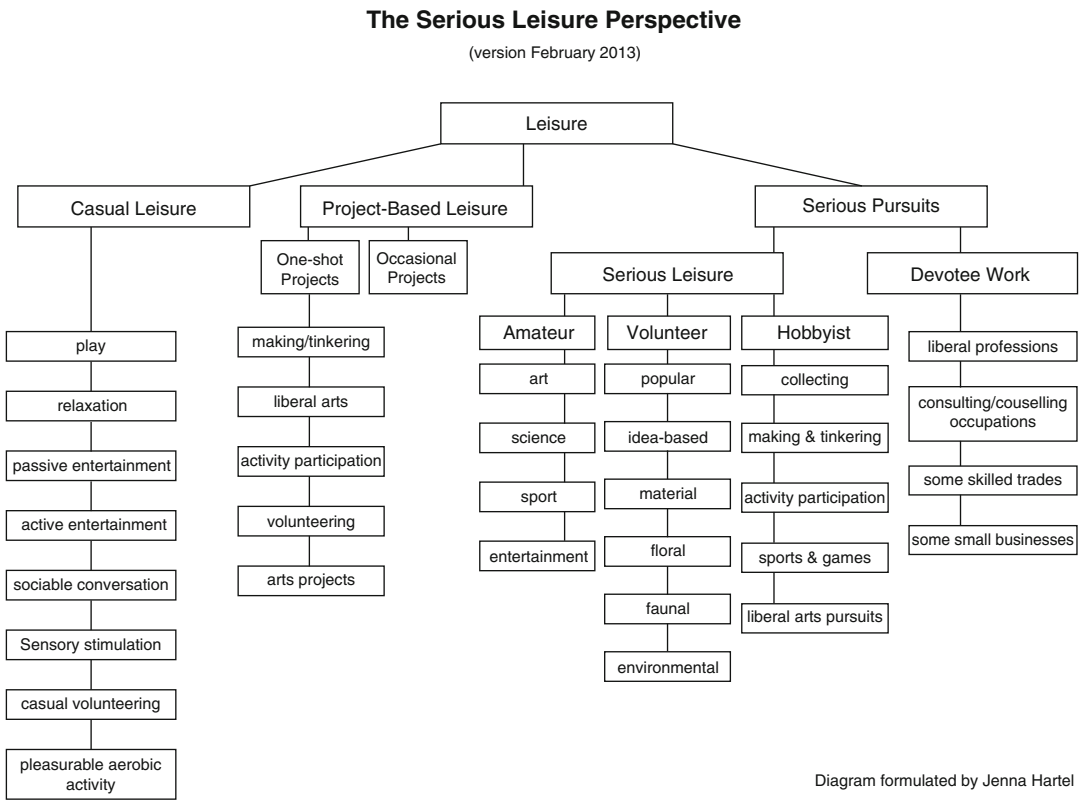


**Volunteer Motivations and Nonprofit Organizations, Fig. 1** Source: http://www.seriousleisure.net/Diagrams

In the field of leisure studies, these three types and their subtypes are considered together under the heading of the serious leisure perspective. Figure 1 offers a diagrammatic view of their interrelationship. It shows well how volunteering as serious, casual, and project-based activities fit in the larger world of leisure opportunities. It further shows that people have many activities to choose from (within their limits of time, money, capability, availability, and the like), which indicates that volunteering often has to compete with other attractive free-time opportunities.

## Motive and Activity

At the center of the definitions of volunteering and leisure presented above lies the concept of un-coerced activity. An activity is a type of pursuit, wherein participants in it mentally or physically (often both) think or do something, motivated by the hope of achieving a desired end. Psychologically, an activity is a set of behaviors sufficiently coordinated to reach the end. Life is filled with activities, both pleasant and unpleasant: sleeping, mowing the lawn, riding the train to work, having a tooth filled, eating lunch, playing tennis matches, running a meeting, and on and on. Activities, as this list illustrates, may be categorized as work, leisure, or as nonwork obligations. They are, furthermore, general. In some instances they refer to the behavioral side of recognizable roles, for example, commuter, tennis player, and chair of a meeting. In others we may recognize the activity but not conceive of it so formally as a role, exemplified in someone sleeping, mowing a lawn, or eating lunch (not as patron in a restaurant).

The concept of activity is an abstraction, and as such, one broader than that of role. In other words

roles are associated with particular statuses, or positions, in society, whereas with activities, some are status based whereas others are not. For instance, sleeper is not a status, even if sleeping is an activity, and at times, a prized leisure activity at that.

Any particular activity, leisure or otherwise, is pursued to achieve an end or an outcome referred to earlier as part of the sociological position. In other words, a main motive for performing a volunteer activity is to find satisfaction in volunteer casual leisure or durable benefits in career volunteering or a volunteer leisure project. Satisfaction is equated here with hedonic pleasure (e.g., relaxation, entertainment, gratitude stemming from doing a volunteer activity), but what about durable benefits?

To find these in a serious pursuit or a leisure project is to experience self-development, self-enrichment, self-expression, feelings of accomplishment, enhancement of self-image, social interaction and belongingness, and so on. These are the benefits of a given leisure or devotee work activity, which are so powerful that its costs are seen by the participant as more or less insignificant by comparison. This is at once the meaning of the activity for the participant and that person's motive for engaging in it.

## Economic Vis-à-Vis Volitional Definitions of Volunteering

This section begins with the general idea of work, which Applebaum (1992, p. x) says has no satisfactory definition, since the idea relates to all human activities. That caveat aside he sees work, among other ways, as performance of useful activity (making things, performing services) done as all or part of sustaining life, as a livelihood. Some people are remunerated for their work, whereas others get paid in kind or they directly maintain body and soul with the fruits of their labor (e.g., subsistence farming, hunting, fishing). Volunteering as unpaid but productive work, sometimes known as the economic conception of such activity, is commonly defined as an absence of payment that would go toward making a livelihood, be that payment in money or in kind. But since it contributes little or nothing to the volunteer's livelihood, it is certainly not work as Applebaum defines it. Despite the illogical relationship of these two ideas, the economic conception dominates in nonprofit sector studies, where it is often used to describe volunteering in formal organizations. The origins of this concept seem to stretch far back into the history of economics as a discipline, and as Musick and Wilson (2008) observe, the concept has appeal as an easy measure carried out with empirical indicators.

Today, many definitions of volunteering include the element of unpaid work or unpaid productive work as one of several constituting a more complete definition. In other words, the champions of these broader statements are arguing that the economic definition is in itself incomplete and, some scholars would argue, also partial (i.e., biased). Musick and Wilson (2008) state in their assessment of this definition that it "tells nothing about the diverse meaning of volunteer work, nor does it explain why productive work is, in this case, unpaid. We need to remain open to the possibility that volunteerism is defined, in part, by its motivation" (p. 12).

And when speaking of motivation, another problem emerges, one rooted in the use of "productive" in the economic definition. For volunteering is not always productive, in the sense that it inevitably adds value to the target of benefits, be it an individual, group, flora, or fauna. That is, volunteering does not always result in the effect intended by the volunteers or their managers and, indeed, may even have a negative impact (Grotz 2011). Moreover, volunteers themselves are sometimes disappointed with the results of their efforts, suggesting that those efforts may have been partially, even totally, ineffective. In short, productiveness fails as an element in the definition of volunteering that can be used to distinguish volunteering from the activities in work where productivity is also absent at times (e.g., where workers loaf, are poorly directed, lack necessary tools).

What is unique, however, is the attitude or motive that volunteers *intend* to be productive. For this reason the economic definition has been

modified in the following way: *volunteering is intentionally productive unpaid work* (Stebbins 2013). From the standpoint of this definition, it matters little whether the volunteering is actually productive, only that volunteers engage in the activity with the intention or, at minimum, with the hope of it turning out to be productive. Further, to escape the illogicality of volunteer "work," it will shortly be replaced with volunteer "activity."

Thus Stebbins (2013) argues that the first is, in part, descriptive; it portrays volunteering as, at bottom, intentionally productive unpaid work. But the problem with this blanket qualification is that by no means all such "work" is voluntary, as the domain of nonwork obligation so clearly shows (activities in this domain are by definition disagreeable, the agreeable ones being essentially leisure – see the next two paragraphs). Moreover, some other kinds of unpaid work hardly resemble paid work, since they are essentially leisure. Is it not true, then, that a principal attraction of this economic conception is its capacity to steer attention to an important sphere of life situated beyond employment, beyond livelihood?

What is the domain of nonwork obligation? On the *activity* level, the great proportion of everyday life can be conceptualized as being experienced in one of three domains: work, leisure, and nonwork obligation (Stebbins 2009, 2012). Obligation outside that experienced while pursuing a livelihood is seriously understudied. The problem is that much of it falls under the heading of family and/or domestic life, while obligatory communal involvements are also possible. Moreover, obligation is sometimes seriously misunderstood, as exemplified in coerced "volunteering." To speak of obligation is to speak not about how people are prevented from entering certain leisure activities – the object of much of research on leisure constraints – but about how people fail to define a given activity as leisure or redefine it as other than leisure, as an unpleasant obligation. Obligation is both a state of mind, an attitude – a person feels obligated – and a form of behavior, he must carry out a particular course of action and engage in a particular activity. But even while obligation is substantially mental and behavioral, it roots, too, in the social and cultural world of the obligated actor.

Obligation fits with leisure in at least two ways: leisure may include certain agreeable obligations and the third domain of life – nonwork obligation – consists of disagreeable requirements capable of shrinking the leisure space. Agreeable obligation is very much a part of some leisure, evident when such obligation accompanies positive commitment to an activity that evokes pleasant memories and expectations (these two have been identified as essential features of leisure, Kaplan 1960). On the other hand, disagreeable obligation has no place in leisure, because among other reasons, it fails to leave the participant with a pleasant memory or expectation of the activity. Rather, it is the stuff of the third domain: nonwork obligation. This domain is the classificatory home of all we must do that we would rather avoid that is not related to work (including moonlighting). So far I have been able to identify three types: unpaid labor, unpleasant tasks, and odious self-care (for examples, see Stebbins 2012).

Another key quality of the economic definition is that the unpaid activity in question is sometimes described in the intellectual circles oriented by this definition as *intentionally* productive. In volunteering, volunteers intend to generate something of value for both self and other nonfamily individuals, including group or community, if not a combination of these three. The various examples offered two paragraphs ago attest to both this intention and, in these instances, its productive outcome.

Now, the concept of intentionally productive unpaid work occupies some common ground with the SLP. The latter, particularly in its serious leisure and project-based forms, includes following Stebbins (2007b, 2015) a set of ten personal and social rewards that participants may realize through participation in the activities that forms subsume (the rewards are presented later). In other words, unpaid volunteer work, when productive, leads to these benefits for self (i.e., intrinsic "psychic benefits" and possibly extrinsic instrumental payoffs) as well as for other individuals, groups, or the community as a whole.

It is this second quality of the idea of unpaid work as intended productivity that carries it beyond description into explanation. Such work is supposed to produce results, thereby showing the utility of volunteering. Furthermore, now on the explanatory level, the definitional ball gets passed to leisure studies.

Thus Stebbins (2013) proposes following definition of the work–leisure axis of volunteering, on which we find the economic–volitional puzzle. Volunteering is *un-coerced, intentionally productive, altruistic, helping activity framed in a distinctive context and engaged in during free time. It is also altruistic-helping activity that people want to do and, using their abilities and resources, actually do in either a satisfying or a fulfilling way (or both)*.

If people are compensated, the payment in cash or in kind is significantly less-than-market-value. "Activity" (and core activity) is substituted for "work" in this definition, because the first is the more precise term for what people do in and get from their leisure and volunteering. The adjective "intentionally productive" is added to distinguish the beneficial social consequences of volunteering, which are absent in some other kinds of leisure (e.g., walking in a park, reading for pleasure or self-improvement, watching people from a sidewalk cafe). And the adjective "altruistic" includes the generally accepted proposition that all such activity is also functionally motivated by self-interested considerations (Stebbins 1996). The locution "less-than-market-valued," which now replaces "unpaid," admits quasi-volunteering to the definition. When performing it, people help reach a public service goal, are recognized socially as a type of volunteer, and receive an in-cash or in-kind compensation significantly less than the market value of the labor provided (e.g., a stipend for Peace Corps volunteers, an honorarium for a president of a nonprofit board of directors) (Smith 2000).

In this regard, Rochester et al. (2010) frame in a unique way serious leisure volunteering and its related perspectives. They integrate it with activism and unpaid work or service diagramed as three overlapping sets. To understand volunteering fully, one must also consider this broader picture. That is, volunteering may be seen as a combination of unpaid (i.e., less-than-market-valued) work and activism, a combination of activism and serious leisure, a combination of serious leisure and unpaid work, and as a combination of all three perspectives. This conceptualization is consistent with the economic–volitional definition just presented.

## Theoretic Typology of Volunteers and Volunteering

Earlier, Stebbins (2007a) developed an SLP-driven, two-dimensional, theoretic typology of volunteers and volunteering. His informal observations made over the years suggested that volunteer activities are motivated, in part, by one of six types of interest: interest in activities focused on (1) people, (2) ideas, (3) things, (4) flora, (5) fauna, or (6) the natural environment. Each type offers its volunteers an opportunity to pursue, through an altruistic activity, a particular kind of interest. But volunteers and volunteering cannot be explained by interest alone; other theoretic elements are needed. They come from the SLP, the three forms of which make up the second dimension of this typology. This perspective sets out the motivational and contextual (sociocultural, historical) foundation of the resulting 18 types.

### Popular Volunteering

Examples of career, or serious leisure, volunteering with people include ski patrol, search and rescue, emergency medical worker, trained/experienced hospital volunteer, and tutor of second-language learners. The worldwide volunteer organization the Guardian Angels, which safeguards against crime and violence in neighborhoods and schools, and now, cyberspace, further exemplifies this type. Casual volunteering with people is seen in, among other activities, ushering, handing out leaflets, collecting donations (including fund-raising), giving directions, and serving in community welcoming clubs. Popular volunteering in leisure projects is evident in the various people-oriented roles volunteers fill at conferences, art festivals, children's festivals, and sporting tournaments.

### Idea-Based Volunteering

Volunteering centered on ideas often gets expressed in a service of some sort. Serious leisure examples are legion: pro bono legal service, volunteer consulting, volunteer retired business people advising on business, and political party volunteers working on strategy or policy. Not conceivable as a service, however, is advocacy volunteering (including protest activity), which nonetheless requires manipulating ideas, in this instance, to persuade a target group. Moreover, for those wanting only a limited volunteer experience, any of these could also be carried out as leisure projects. Finally, there appear to be no instances of casual volunteering using ideas and perhaps for good reason. Casual leisure is fundamentally hedonic and, as such, not idea-based volunteer activity as conceived of here.

### Material Volunteering

It is possible that volunteer work with human-made things is the arena for the largest amount of project-based leisure in this typology on volunteering. Some material volunteers organize their work for Habitat for Humanity as a project, as do those who donate their trade skills to fix a plumbing or electrical problem at their church, prepare food for the needy on Thanksgiving Day, or help construct the set for a high school play. Examples of material volunteering as serious leisure include regular volunteers who repair and restore furniture and clothing donated to the Salvation Army, prepare meals for the indigent, and perform secretarial or bookkeeping services for a nonprofit group. Volunteers providing water filters and electrical lighting to Third World countries are engaging in serious leisure material volunteering, as are volunteer firefighters (when not rescuing people). Casual material volunteering refers to such activities as regularly stuffing envelopes for a nonprofit group mailing, picking up trash along beaches or roadsides (could also be classified as environmental volunteering), and keeping the score at adolescent sporting matches.

### Floral Volunteering

Career volunteering here occurs as, for example, gardening (flowers, shrubs), say, for a church, town square, friend, or neighbor. Vegetable gardening for the needy also falls into this category, as does planting each season trees and shrubs to beautify a park or community organization. As with idea-based volunteering, any of these might also be pursued as leisure projects. The casual floral volunteer performs for church, community, charitable organization, and the like such altruistic activities as raking leaves, watering lawns and plants, and weeding gardens. To constitute leisure volunteering, these must, however, be seen by the volunteer as agreeable, not as an unpleasant obligation.

### Faunal Volunteering

Faunal volunteers work with animals, including birds, fish, and reptiles. Career volunteers in this type serve, among places, at the Society for Prevention of Cruelty to Animals, in animal rescue units, at the local zoo, and in animal rehabilitation services. Knowledgeable people who care for someone's pet (outside the volunteer's family) on a regular basis (serious leisure) or as a one-off service (project-based leisure) are also part of this type. Volunteering only to feed a holidaying friend's bird or cat or walk that person's dog, assuming this experience is enjoyable, are instances of casual leisure in the area of faunal volunteering.

### Environmental Volunteering

Environmental volunteering entails either monitoring or changing a particular set of external conditions affecting the people, flora, or fauna living in them. The change striven for is not always defined as favorable by everyone it may affect (e.g., mountain hikers might oppose a campaign by dirt-bikers' for new trails in areas where the former have enjoyed exclusive use). Career volunteering here includes maintaining hiking trails and trout streams as well as creating, organizing, and conducting environmentally related publicity campaigns (e.g., anti-smoking, clean air, clean water, anti-logging or mining, access to natural recreational resources such as lakes, forests, ocean frontage). Any of these could also be pursued as leisure projects. The casual volunteer also finds opportunities in these examples, seen in

**Volunteer Motivations and Nonprofit Organizations, Table 1** A leisure-based theoretic typology of volunteers and volunteering (Stebbins 2007a)

| Leisure interest | Type of volunteer | | |
|---|---|---|---|
| | Serious leisure (SL) | Casual leisure (CL) | Project-based leisure (PBL) |
| Popular | SL popular | CL popular | PBL popular |
| Idea-based | SL idea-based | CL idea-based | PBL idea-based |
| Material | SL material | CL material | PBL material |
| Floral | SL floral | CL floral | PBL floral |
| Faunal | SL faunal | CL faunal | PBL faunal |
| Environmental | SL environmental | CL environmental | PBL environmental |

door-to-door distribution of leaflets promoting a clean air campaign and picking up litter in a park or along a highway.

Cross-classifying the two dimensions resulted in Table 1. Not surprisingly, perhaps, some volunteers pursue two even three interests during the same activity.

## Conclusion

Some readers might argue that the foregoing definition of the work–leisure axis and its bearing on the motive to volunteer, because it forms part of the larger incomplete definition of volunteering as a whole, is itself premature. Yet, all scientific definitions are subject to revision according to the data and theory at hand. All are actually or potentially incomplete. That is, we must still pursue a variety of research questions whose answers will facilitate theorizing in this area. One is the motivational foundation of marginal volunteering. Answering it does not mean that the more particular work–leisure definition put forward in this article is therefore inadequate. Rather, what is at stake is the scope of the concept of volunteering (and hence that of the volunteer), as defined here. Can marginal volunteering eventually find a place in this work–leisure definition? Likewise, research is needed on the motive to engage in stipended volunteering and in altruistic activity in families and how these two may be defined as volunteering. For those interested in these questions and others the answers to which might extend the scope of our definition, some ground remains to be covered. Most broadly, there is need to study further Grotz's (2011) "third principle," which is his slogan for the twin phenomena of negligible and actually harmful volunteer effect. We must improve our understanding of intentionally productive volunteer activities that flop. As Musick and Wilson (2008, p. 12) put it, "we need to remain open to the possibility that volunteerism is defined, in part, by its motivation." And that even when the motives involved fail to produce the desired outcome.

## Cross-References


- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Social Entrepreneurship


## References


Albas CA, Albas DC (2003) Motives. In: Reynolds LT, Herman-Kinney NJ (eds) Handbook of symbolic interactionism. AltaMira, Lanham, pp 349–366

Applebaum H (1992) The concept of work: ancient, medieval, and modern. State University of New York Press, Albany

Elkington S, Stebbins RA (2014) The serious leisure perspective: an introduction. Routledge, London

Floro GK (1978) What to look for in a study of the volunteer in the work world. In: Wolensky RP, Miller EJ (eds) The small city and regional community. Foundation Press, Stevens Point, pp 194–202

Gallant K, Arai S, Smale B (2013) Serious leisure as an avenue for nurturing community. Leis Sci 35:320–336

Goffman E (1961) Asylums: essays on the social situation of mental patients and other inmates. Doubleday, Garden City

Grotz J (2011) We need to think about volunteering: the flawed third principle of volunteering. Institute of Volunteering Research, London
Kaplan M (1960) Leisure in America: a social inquiry. Wiley, New York
Musick MA, Wilson J (2008) Volunteers: a social profile. Indiana University Press, Bloomington
Rochester C, Paine AE, Howlett S, Zimmeck M (2010) Volunteering and society in the 21st century. Palgrave Macmillan, Houndmills
Smith DH (2000) Grassroots associations. SAGE, Thousand Oaks
Stebbins RA (1996) Volunteering: a serious leisure perspective. Nonprofit Volunt Sect Q 25:211–224
Stebbins RA (2004/2014) Between work and leisure: the common ground of two separate worlds. Transaction, New Brunswick (paperback edition with new Preface, 2014)
Stebbins RA (2007a) A leisure-based, theoretic typology of volunteers and volunteering. Leis Stud Assoc Newsl 78: 9–12. Also available at http://www.seriousleisure.net – Digital Library, "Leisure Reflections no. 16"
Stebbins RA (2007b) Serious leisure: a perspective for our time. Transaction, New Brunswick. (published in paperback in 2015 with new Introduction)
Stebbins RA (2009) Personal decisions in the public square: beyond problem solving into a positive sociology. Transaction, New Brunswick
Stebbins RA (2012) The idea of leisure: first principles. Transaction, New Brunswick
Stebbins RA (2013) Unpaid work of love: defining the work-leisure axis of volunteering. Leis Stud 32: 339–345
Stebbins RA (2015) Leisure and the motive to volunteer: theories of serious, casual, and project-based leisure. Palgrave Macmillan, Houndmills
Unruh DR (1980) The nature of social worlds. Pac Sociol Rev 23:271–296
Walker GJ, Fenton L (2013) Backgrounds of, and factors affecting, highly productive leisure researchers. J Leis Res 45:537–562

# Volunteerism in Nonprofit Sector in Palestine

Moh'd Awad
Higher Institute for Sustainable Development, Al-Quds University, Bethlehem, West Bank, Palestine

## Synonyms

Nonprofit organization

## Introduction

During its history, Palestine has passed through many historical and political stages that have affected their voluntary sector, also known as civil work. According to Harb (2003), civil work in Palestine was both formed and impacted during the following political stages. First, the Turkish Ottoman Empire (1517–1917) controlled Palestine for 400 years. Second, during the British Mandate (1918–1948), voluntary associations, political parties, and labor organizations were first established. Third, the period of 1948–1967 was marked by two wars. In 1948, the first Arab-Israeli war took place, and 77% of Palestine was occupied. In 1967, the second Arab-Israeli war took place and ended with the occupation of the rest of Palestine, i.e., the West Bank and Gaza. Voluntary work in this period, as it had taken place under the British Mandate, declined and voluntary work occurred in a secret manner with a political dimension. After 1967, voluntary work was connected to what became known as the Palestinian National Question, and the Palestinian political parties were part of this work. Fourth, in the 1970s, voluntary work increased when Palestinian university students and instructors were involved, primarily due to a prerequisite for each student before graduation from any of the Palestinian universities to finish a total of 120 voluntary hours. Fifth, the 1980s witnessed an increase in voluntary work with more diverse civil organizations entering the sector and with funding sent from international organizations to civil society organizations.

People's reliance on agriculture helped in strengthening voluntary attitudes, and this happened from the Ottoman era to Jordanian times in Palestine. After the Israeli occupation, Israel worked to evacuate the farmers from the land by turning them into laborers inside Israel. The Palestinian Ministry of Agriculture indicated that 15.6% worked in agriculture in 2008, and the Palestinian Labor Force Report 2015 indicated that only 9% of the Palestinian labors work in agriculture.

## Volunteerism and Funding

Harb (2003) classified the development of the voluntary sector and the accompanying funding issue into three stages:

1. 1970s – funding was not available at all, which resulted in self-reliance in terms of human and financial resources.
2. 1980s – where the voluntary work was evident in Palestinian society, and the funding was only considered as an auxiliary tool to motivate the voluntary work.
3. 1990s – what had been purely voluntary became a partial paid work arrangement which had the unintended consequence of limiting the incentive of volunteers.

Professional organizations with high-salaried executives became commonplace as a result of the international funding of nonprofits from sources such as the United States Agency for International Development (USAID) or the European Union (EU). During this period, the number of nongovernmental organizations proliferated, and foreign funds increased as well.

Funding to NGOs also affected the voluntary spirits by making it less likely for people to agree to work under the donors' conditions, so NGOs had to shift from using volunteers to using paid employees. People's values have changed because the original values were more oriented to volunteerism. For example, this orientation was evident in years past when one built a house to find all neighbors there to assist in the construction.

Funding has had a negative effect on volunteerism. The problem is that those nonprofits that have to implement funded projects have to expend money in any way possible, and this means that they pay for all services they gain from former volunteers. This shifted the role of participants in NGO initiatives from volunteers to employees with salaries and benefits.

There has not been enough planning for nonprofit initiatives, and this also influenced the voluntary spirit since the results were not strong enough to encourage volunteering.

It is noteworthy mentioning that not all donors are the same; there are donors with transparent missions and others with hidden agendas. The USAID was classified as a donor that breaks the Palestinian law with its funding conditions. For example, Palestinian NGO law, number (1), year 2000, article (32), states that Palestinian NGOs are eligible for unconditional support and assistance to their missions. The USAID Antiterrorism Certificate (ATC) contradicts the cited article of the Palestinian law, according to NGOs understanding, where each NGO has to sign the ATC before obtaining any fund from the USAID.

Volunteering has its influence only on the field in which one volunteers. This depends on the way funds are expended; if there is effective planning, then external funding is positive. If it is unplanned and spontaneous, then the funding has a negative impact on social capital. Work has become conditional on the availability of funds; that is, if there are funds, people volunteer, but if there are not funds, nobody works. Strategically, voluntary work should not rely on external funding, and it must be self-reliant. External funding has been instrumental in damaging social values.

### Decline in Voluntary Sector

Volunteerism in Palestine has deteriorated for different reasons, including the construction of a physical separation wall and its economic effects as well as the military closures in the occupied Palestinian territories (OPT). Under these economic conditions, residents placed all their efforts in job seeking to secure the necessary income for their daily existence, which immediately dampened their voluntary spirits. Volunteerism was also influenced by establishing nongovernmental organizations (NGOs) that changed voluntary work into paid work. If one made a comparison of volunteerism before and after the establishment of the Palestinian National Authority (PNA), he/she will find out that volunteerism deteriorated after the PNA since many organizations have their own agendas and, therefore, have to pay people to work with them to achieve those agendas.

In the first Intifada, Uprising, which started in 1987, Israeli soldiers broke the locks of Palestinian shops on general strike days, while Palestinian

youth volunteered to guard burgled shops from theft. In the first Intifada, the occupying forces closed schools and universities and banned education, while social schooling and education appeared to be the response to this aggression. All factors pushed toward the deterioration of volunteerism which forms an important component of social capital.

Between 1967 and the emergence of the PNA, voluntary work was not affected, and local leadership of the community was formed from unions and voluntary bodies. However, after the PNA, the official government assumed this role, and, accordingly, much of volunteerism disappeared. Many jobs emerged after the PNA was established, and this influenced social work because government employees focused on their paid jobs. The PNA weakened public participation and shifted all public works to contracts and bids.

Many of the NGOs did the same as the PNA in employing people, who were paid for all their initiatives, even conducting workshops and discussion groups. NGOs paid for hotels, per diem expenses, and other costs for participants in workshops, and they allocated large amounts of money for their board members' travel.

The whole community is moving to the pure capital direction according to economic factors that affect volunteerism. It is not easy to manage between life needs under difficult economic life and volunteering. The difficult economic situation in Palestine forces people to place high priority on paid work and think of their own personal interests. This comes at the expense of volunteering since people cannot volunteer while they are consumed with enhancing their incomes under difficult economic situation. Searching for paid work at the expense of volunteering has become a mindset in the whole community.

Since 1990, volunteering deteriorated, as there are economic, political, and social reasons for the deterioration in volunteering. The last 25 years entailed an economic transition, and this influenced people's interest in volunteering.

One of the major components of civil society is the political movement and political parties. Between 1972 and 1987, the Israeli army arrested volunteers and pressured volunteers. The voluntary movement in Palestine was completely integrated in the political movements, where leaders of voluntary organizations were also political activists. Voluntary work during that period was implemented in a secret manner. Therefore, voluntary activities at that time considered as political activities and were forbidden by the Israeli army. Many of the voluntary movement's leaders were arrested and placed in Israeli jails because of their voluntary activities, which were considered political activities by Israeli army.

The weak results of nonprofit initiatives form clear evidence of the weak planning for these initiatives. The weaker planning is, the weaker results are. The NGOs are controlled from external funders without internal strategies; this makes funding conditional upon donors' priorities and desires. Even if the NGOs have their own strategies, they remain ineffective and unimplemented, while donors' visions dominate local priorities and strategies.

External funding has an effect on motivation for volunteering, while the priority afforded voluntary work has become very limited and even absent in the people's minds. In one of the NGOs, a budget surplus was spent on refurnishing of the NGO premises and purchasing high-tech devices. Donor's monitoring of funds given to NGOs is not enough. Spending of funds is also not wise enough inside NGOs and this discouraged voluntary spirits.

The extent of external funding has an effect on the shape and nature of voluntary work; payment to trainers who would have otherwise volunteered has dampened the voluntary spirit. In spite of huge funding, board members and steering committees do not receive financial benefits in the form of salaries, but they do have budgets for their travel. Participants offered different views on these benefits. Executive employees receive high salaries in NGOs. In effect, first-line leaders in NGOs have become executives with large salaries, and this has led to deterioration in the voluntary movement.

Volunteers have become unwilling to attend a workshop or activity with an NGO that pays its employees large salaries while not offering to pay participants' transport costs. In paid jobs at

voluntary bodies, an employee works for a direct supervisor and is subject to the supervisor's directions and instructions. Volunteering becomes more difficult under such conditions.

Payments for executives in NGOs have created an imbalance in society; for example, a school teacher is paid US $700 per month, while his graduate student gets four times this payment at an NGO. The benefits given to employees, such as cars, salaries, and mobile phones, were all means for shifting employees' interests from voluntary work to personal benefits, especially with the lessening of political interests caused by the decrease in status of parties.

The reality that leaders of political parties are not democratic and each leader seeks power has negatively affected voluntary work in Palestine. In all developed countries, the president is in office for four to 8 years by law, while in Palestine even a trade unionist remains in the position of leadership all his life.

Homes, schools, universities, and worship houses play an important role in spreading volunteerism in the Palestinian community. The family is the nucleus of the community. If each family spread the seeds of volunteerism, the school then could complete this effort. However, there are no laws and regulations that support this thought. The family must be aware of voluntary work, especially after the fears some of the families have expressed about volunteering with organizations that have external funding.

At the social level, there are still occasions where volunteering is present, such as wedding parties, olive harvesting, funerals, and condolences. There is a generation gap in understanding the concept of volunteering, and there must be a revision of this thinking in order to encourage volunteering among younger citizens. It is also important that a volunteer is asked to assume a role in something he/she likes in order to strengthen the spirit of volunteering.

As for worship houses, sometimes they are viewed as politicized. As for mosques, some visitors to mosques undertake voluntary works for religious reasons related to their faith and not for political motivations. Others use mosques for their personal, political, or social agenda. The role of worship houses in voluntary work could not be ignored. Although worship houses have a positive role, they divide the community between those committed to worshiping in mosques and those uncommitted.

Universities consider voluntary work in their curricula, but the problem is that some host organizations give students certificates without real volunteering. Universities must take practical measures to follow up on the volunteering and community service process and make it as effective as possible. Student unions in universities serve specific political movements, which result in students disliking voluntary work. Universities do not have a diverse range of voluntary programs, but rather they have the official community service modules, which require volunteering and link it to students' graduation requirements.

Voluntary work is a major pillar of social capital which could be strengthened through awareness-raising and supportive legislation and regulations. Logically, voluntary work enriches social capital, but currently there are political objectives behind volunteerism. The role of voluntary work is clearer in Palestinian rural communities than it is in urban communities. Voluntary work also serves the volunteer himself since it helps in building a useful network of contacts. As far as voluntary work is politicized, this will have its effect on social capital.

Most of the NGOs adhere to donors' priorities and their policies, while others work as mediators between the donors and beneficiaries. The ministry of planning does not consider the public interest in this regard, and does not play an effective role in dealing with funding organizations. Some NGOs that were established after the PNA take the form of profit centers because their main objective is fundraising. Most of the NGOs weakened social capital for these reasons. An excessive number of licenses were given to NGOs when the PNA was in power, especially in 2009, when hundreds of youth organizations were registered. So there is much funding for NGOs, but there is limited control and monitoring of it.

The deterioration of voluntary work and the establishment of the PNA were not coincidental,

but it was the relationship between the reason and the result. Appearance of the PNA directly affected volunteerism. There are different reasons behind that conclusion, such as the following:

- PNA salaries became a target for most people, and this resulted in limited productivity, ignorance of volunteering, and loading ministries with unneeded employees. The social cadre was employed at the PNA offices.
- The PNA did not involve the public in its procedures and works, while legislation was not used to serve the social needs of the citizens.
- The PNA focused on securing funds from donors to cover salaries, and this was at the expense of voluntary work. A huge percentage of donors' money went to PNA salaries which do not serve voluntary work, where 54% of the PNA' budget for 2016 was allocated as salaries.
- Employees' personal motivations and attitudes toward volunteering were dampened by the influence of salary and benefits.
- Bureaucracy in PNA organizations forced employees to go through a long and de-motivating process, if the employee expressed an interest in volunteering. Any employee in any PNA ministry who wishes to volunteer must obtain the minister's personal approval. To get the approval, the employee must apply through his/her direct supervisor, and the letter moves slowly through bureaucratic channels to the minister's office. In parallel, the request must be sent to the General Employment Bureau at the PNA, and this takes a long time to process. Even after this lengthy process, approval from the minister and the General Employment Bureau is not guaranteed.
- The internal political crisis between the PNA in West Bank – Ramallah and the Hamas government in Gaza made people angry about volunteering and, accordingly, avoided it by all means. The rift taking place between the West Bank and Gaza is demoralizing to the citizens of both sectors. People feel negatively toward public works and sometimes made them lose hope about the future.
- Accountability and transparency are crucial in voluntary work, but they seem unlikely to be achieved under the current political situation, especially after the rift between West Bank and Gaza.
- PNA leaders returned from different countries (Jordan, Lebanon, Egypt, and Tunisia) with different backgrounds and perspectives on voluntary work. Some of them believed in strict control over voluntary work.

The benefits young people receive from their paid jobs affect their motivation to volunteer. If a young person is to choose between a paid job and a volunteering opportunity, surely he/she will choose the paid job. However, good will on the part of youths to volunteer is present, but it needs enhancement and leadership to make use of it. With wise leadership, youth will volunteer in different ways even if they do it in order to gain experience while looking for jobs.

## Difficulties that Face Volunteers

There are several difficulties that face volunteers in Palestine on the community, political, social, and financial levels. The community, especially in rural areas, is doubtful about the intentions of volunteers as a result of traditions and norms. Also there is no appropriate understanding of the spirit of voluntary work, i.e., the community does not understand the essence of volunteering. It is noteworthy mentioning that, on community level, there are negative alternatives for potential volunteers, such as youth turning to theft and drug dealing.

Other difficulties are political difficulties in which the volunteers might be arrested by Israeli forces, since Israelis consider volunteerism as political activity. The concern of the parents on their sons and daughter of being arrested might cause the parents to discourage their sons and daughters to participate in voluntary activities.

Volunteering is centered in major cities, especially Ramallah, and there is not a linkage between major cities and remote rural areas in voluntary fields which limit the scope and size of

volunteerism. The type of the voluntary work – specialty and the nature of voluntary work, for example, asking young women to clean the streets – could limit volunteering.

Financial difficulties due to life expenses and the financial needs of volunteers and the strong linkage between volunteering and financial benefits result in making volunteerism even weaker.

## Conclusions

It is obvious that the volunteerism in Palestine is deteriorating, especially after the increase in the number of the Palestinian NGOs and the establishment of the PNA in 1994. In order to enhance the voluntary work and encouraging young generation to volunteer, the following are recommended: promote the culture of volunteering though the family and schools; strengthen the appreciation of voluntary work in schools; preserve the original positive values in the society; center voluntary work on youth, and not through bureaucrats; respect the cultural, ideological, and intellectual aspects of voluntary work; highlight the positive results of voluntary work on the community, involving the elderly in the voluntary work, especially ones with experience; and have a superior view of volunteering because volunteering was prevalent when they were young.

On the legislation, government, and third sector levels, it is recommended to enact legislation for civil service that regulates the relationship between the volunteer sector and the authorities without any contradiction and competition, establish bridges of trust between voluntary organizations and other bodies as well as directly with volunteers, limit external funding of voluntary work to basic costs only, reject and eliminate conditional funding, allocate part of the government budget for voluntary work, and establish a national commission for volunteering, i.e., a regulatory body.

It is also recommended to accredit voluntary experience as work experience from the proposed national commission for voluntary work, where a national commission for voluntary work should be formed. This commission should accredit and certify any voluntary experience for persons to enable them to have it placed on their curriculum vitae (CVs) and resumes.

## References

Harb J (2003) Al'amal Altatawo'i fi Almojtama' Alfilastini: Tatawor Am Tarajo' [The Voluntary Work In Palestine: Development or Decline]. Alaswar 25

# Volunteers and Volunteer Management

Christopher J. Einolf
DePaul University School of Public Service, Chicago, IL, USA

## Synonyms

Altruists; Interns; Unpaid staff

## Definition

Volunteering is an unpaid non-compulsory work, that is, the time individuals give without pay to activities performed either through an organization or directly for others outside their own household.

## Introduction

Volunteering is an important phenomenon worldwide. Volunteers provide essential social services, create and promote arts and culture, and contribute to associational life. Volunteering is an important form of social capital; volunteers contribute to civil society; volunteers form social movements and carry out political advocacy. Volunteers form an important part of the workforce, and in poor countries volunteers are an important part of economic development; the International Labor

Organization has recognized the importance of volunteering and is the source of the definition above (Butcher and Einolf 2016). In addition to being a means to these ends, volunteering is an end in itself, as it brings people together in relationships of solidarity and gives people a sense of purpose, meaning, and belonging.

This entry first discusses the prevalence of volunteering in the United States and other countries. It then answers the question of who volunteers and why, dividing causes into demographic characteristics, resources, motivations, and social networks. The third section discusses best practices in the management of volunteers, and the last section focuses on volunteers who work for government agencies.

## Prevalence of Volunteering

The most recent US Current Population Survey calculates that 24.9% of Americans volunteer. Other developed countries collect statistics on volunteering, but accurate cross-national comparisons are difficult because different countries use different survey methods and the wording of questions on volunteering can greatly influence how people respond. One study of 36 countries found that volunteer rates ranged from less than 1% of the population in Japan, Mexico, and Pakistan to a high of 52% in Norway, with most countries reporting rates between 5% and 20%. In general, economically developed countries reported a greater percentage of the population engaged in formal volunteering than poor countries. Another study found volunteer rates to be highest in North America (37.0%), followed by Western Europe (24.2%), Africa (21.7%), Latin America and the Caribbean (21.4%), Asia (21.4%), Eastern Europe (17.3%), and the Middle East (11.2%) (Butcher and Einolf 2016).

## Types of Volunteer Organizations

Voluntary organizations can be divided into three types: functional ones that provide services to clients, moral ones that advocate for the betterment of the community, and interactive ones that bring people together to pursue leisure activities and support each other psychologically. Functional organizations include homeless shelters, food banks, social services agencies, hospitals, universities, museums, and performing arts nonprofits. Functional organizations also include membership organizations and associations. Most of the literature on volunteer management addresses functional organizations that have a small number of volunteers and a large number of paid staff.

Moral and interactive organizations probably make up the majority of volunteer organizations, but they are little studied, and there is almost no research on the best practices of management within them. Moral organizations advocate for the betterment of the community, and these include political groups, issue advocacy groups, and neighborhood citizens' groups. Interactive organizations foster social interaction through sports, hobbies, and other leisure activities and also include 12-step self-help groups such as Alcoholics Anonymous.

## Who Volunteers and Why

There is an extensive literature on who volunteers and why (Einolf and Chambré 2011; Musick and Wilson 2008), and the correlates of volunteering can be divided into four broad categories: demographic factors, resources, motivations, and the social environment. The social environment can be further subdivided into social context, social roles, and social networks.

Certain demographic characteristics are associated with volunteering. In the United States, women are more likely to volunteer and volunteer more hours. Volunteer participation tends to increase with age, decreasing only in late old age as health issues force people to cut back on volunteering. Married people volunteer more than single people, although the difference lies almost entirely in volunteering with religious congregations. Couples with school-aged children volunteer more than couples without children. Whites are the most likely to volunteer, followed

by Native Americans, African-Americans, Hispanics, and Asian Americans, but, among those who do volunteer, African-Americans volunteer the most hours (Musick and Wilson 2008).

Resources include the health and free time that make volunteering possible, and the education and skills that make someone a more effective volunteer. People in poor mental or physical health are less likely to volunteer. Retirees and people who work part time are more likely to volunteer than those who work full time because they have more time during the work day to volunteer. People who are paid a salary instead of an hourly wage are also more likely to volunteer because they can take off work to volunteer without losing wages for the lost time, and because salaried employees generally have more control over their work schedule. Skills are also important resources in volunteering, so that educated people are more likely to volunteer than less-educated people (Musick and Wilson 2008).

Volunteer motivations include self-enhancement, career development, the desire to understand the world, the desire for social relationships, protecting oneself against negative feelings, and prosocial values such as empathy, altruism, and a sense of moral obligation. Religious people tend to volunteer more, although scholars disagree on whether this is due to the altruistic values that are preached by religions or the social networks that come with religious participation. Personality traits that correlate with volunteering include resilience, extraversion, self-efficacy, and low levels of neuroticism. After a person volunteers for a while, she develops a role identity as a volunteer, thinking to herself that "I am the kind of person who volunteers," and "volunteering is an important part of who I am," and this role identity explains why some individuals continue volunteering throughout their lives (Einolf and Chambré 2011).

The fourth type of causal factor that affects volunteering is social environment, which includes social context, social roles, and social integration. Participation in volunteering varies widely among countries due to differences in culture, religion, the history of volunteering, government policies, the economy, the role of the welfare state, and the size of the nonprofit sector (Butcher and Einolf 2016). Within the United States, the level of volunteer participation differs among states, cities, counties, and neighborhoods. Major events, such as the AIDS epidemic of the 1980s and the terrorist attacks of September 11, 2001, can cause volunteer rates to increase as people step up to meet a new challenge (Einolf and Chambré 2011).

A social role is a set of norms and behaviors that go with a particular social identity, and these norms and behaviors can sometimes encourage volunteering. For example, the role of parent carries with it the expectation to volunteer at a child's school, religious congregation, and leisure activities. Other social roles, such as member of a religious congregation, community group, or professional association, can include expectations of volunteering (Einolf and Chambré 2011). Participation in volunteering can compensate for the loss of other roles, and role replacement is one of the main reasons that some people increase volunteer participation after they retire.

Social networks hold a strong influence over people's volunteering. Most people volunteer because someone asked them to, and people with broad social networks are more likely to be asked. Social networks can build trust, and people who have a strong sense of trust feel more solidarity with other people and feel more inclined to help them. Some social networks, such as those that exist in religious institutions and service clubs, provide external norms that favor volunteering. These external norms motivate people to volunteer even when they are not intrinsically motivated to do so, because other people in their group expect it of them.

## Managing Volunteers

Compared to the extensive literature on who volunteers and why, the literature on effective volunteer management practices is small. Much of this literature is written by practitioners and consultants, but there are some scholarly articles that use scientific methods to test the effectiveness

of volunteer management practices (for a comprehensive review, see Studer and Von Schnurbein 2013). Much of the best practices, literature for managing volunteers follows a human resources management (HRM) approach, treating volunteers as a special category of staff and assuming that nonprofits should manage volunteers in a similar way to managing paid employees. The first half of this section defines the HRM approach and discusses the literature that tests it, and the second half discusses alternatives.

## The Human Resources Management (HRM) Approach

The majority of the literature on volunteer management takes a human resources management (HRM) approach, assuming that volunteers are similar to paid labor and should be managed in similar ways. Many versions of the HRM approach have been proposed over the years, but these different versions all include the same core functions of job design, recruitment, placement, orientation and training, supervision, evaluation, and recognition.

A practical guide applying the HRM approach makes these recommendations for managing volunteers (Brudney 2012):

1. Plan the volunteer program carefully by considering the costs and benefits of participation, setting reasonable expectations, establishing a rationale and goals, and involving paid staff in the program's design.
2. Write policies for volunteer management.
3. Purchase liability insurance for volunteers.
4. Designate who will manage volunteers.
5. Create written job descriptions.
6. Recruit volunteers.
7. Interview potential volunteers to screen out undesirable volunteers and to match volunteers with suitable assignments.
8. Hold an initial orientation and training session.
9. Give follow-up training and professional development opportunities.
10. Keep records of volunteer hours and activities.
11. Supervise volunteers closely and communicate with them frequently.
12. Evaluate volunteers' individual performance and evaluate the volunteer program as a whole.
13. Recognize volunteers' contributions.

Dozens of studies have tested the HRM approach and supported some of its features. No study has found that having written policies (step 2), writing job descriptions (step 5), or keeping good records (step 10) makes it easier to recruit volunteers or less likely that volunteer will quit. No study has tested what type of volunteer manager position works best (step 4). A few studies have found that planning (step 1), liability insurance (step 3), screening and matching (step 7), and evaluation (step 12) lead to better volunteer recruitment, satisfaction, and retention. Studies have found strong support for the importance of effective job design (step 5); recruitment (step 6); orientation and training (steps 8 and 9); supervision, communication, and support (step 11); and recognition (step 13).

The first step in working directly with volunteers is recruiting them. Matching recruitment messages to potential volunteers' motives makes them more likely to volunteer. People are more likely to volunteer when they anticipate feeling pride in the organization, expect to be treated with respect, and feel that the organization welcomes newcomers. People are more likely to volunteer when they feel that their labor is needed and when they expect public recognition for their efforts. Recruiting a diverse workforce of volunteers is more effective when organizations acknowledge and point out the value of diversity (Boezeman and Ellemers 2014). Organizations that budgeted adequate funds for supporting volunteers, had staff who believed in the importance of working with volunteers, and took the time to train and supervise volunteers had more success with recruitment. The most effective way to recruit new volunteers was to ask current volunteers to recruit their friends and colleagues.

One of the best supported features of the HRM approach is the importance of effective job design. While the mere existence of job descriptions (step 5) is not enough, creating good volunteer jobs makes volunteers happier and more likely to keep volunteering. Volunteers who understood the role of their job in the organization and its relationship to the organization's goals were also more likely to continue. A volunteer job is most appealing if "(1) the job involves several nonrepetitive tasks; (2) the job involves a complete process; (3) tasks are chosen by oneself; (4) jobs have clearly defined objectives; (5) the ultimate purpose of the job is known; (6) the job is useful for others; (7) the job can be done with great autonomy; [and] (8) the job requires cooperation with others" (Hidalgo and Moreno 2009, p. 598).

Preparing volunteers for their work through orientation and training encourages volunteers to work more hours, do better work, and continue volunteering (Hager and Brudney 2004; Hidalgo and Moreno 2009). Recognizing and thanking volunteers for their work also encourages them to keep volunteering. Volunteers who have positive perceptions of the supervision, communication, and support they receive from the organization volunteer more hours and are more likely to continue volunteering. However, the more often volunteer managers supervised and communicated with their volunteers, the less likely the managers were to have adequate numbers of volunteers. It seems that volunteers like freedom and autonomy and prefer to be managed with a light touch, while volunteer managers may overdo things out of a desire to stay in touch and in control.

## Alternatives to the Human Resources Management Approach

There are other ways to manage volunteers besides treating them like unpaid staff in a conventional bureaucracy. These approaches include fulfilling the terms of an unwritten psychological contract, fostering good experiences among the peer group of volunteers, treating volunteers as a natural resource, and adopting a decentralized, non-bureaucratic management structure that allows volunteers' maximum autonomy.

Volunteers may not want to be treated like paid employees, as the HRM approach dictates, but want their experience to fulfill needs for meaning, connection, and emotional support. This expectation is part of the unwritten psychological contract that volunteers make with the agencies where they work. Volunteers therefore want "appreciation and a caring management approach," that is, "limited in autocratic and bureaucratic interactions" (Stirling et al. 2011, p. 324). Ironically, volunteer managers who follow the HRM approach may be turning the volunteer experience into exactly the type of work-like, bureaucratic experience that volunteers are trying to avoid. As the organization's management style becomes more professional and bureaucratic, its volunteers may feel that their psychological contract to receive caring, connection, and support is being violated, which may cause them to feel dissatisfied and quit.

Volunteers may seek connection, belonging, and support from paid staff but primarily seek these rewards in their relationships with fellow volunteers. Volunteers who report strong support from and a good relationship with other volunteers donate more time and are more likely to continue volunteering (Hidalgo and Moreno 2009). In addition to the social support and friendly interactions that may make volunteers happier, close relationships with peers can lead to the development of external norms or shared values that make one feel obligated to continue volunteering.

Another interesting alternative to the HRM approach is one that conceives of volunteers as a natural resource. Too many nonprofits exploit the volunteer resource without concern for replenishing it, concentrating on recruitment rather than management and retention. Volunteer managers should instead treat the pool of volunteers as a renewable resource, making sure that they do not "overfish" the pool through aggressive recruitment. They should also be careful not to overwork or mismanage current volunteers,

which may cause them to be so burned out and disaffected that they leave the pool of potential volunteers entirely.

Finally, it is possible to manage volunteers successfully using an approach that avoids work-like bureaucracy altogether. An insightful case study of a volunteer organization that organized leisure activities in a public park found that the organization used a very loose type of management, exercising little control over its volunteers. Instead, it integrated its programs with volunteers' values, passions, and interests and adopted an informal structure that allowed for maximum volunteer autonomy (Barnes and Sharpe 2009).

## Public Sector Volunteers

While most scholars associate volunteers with the nonprofit sector, public sector volunteers, most of whom work for local government bodies, make up about 25–30% of the volunteer labor force in the United States (Gazley and Brudney 2005). State and local government agencies tend to use fewer of the human resources approach best practices than nonprofit organizations. Most local governments in the United States use volunteers, with the most common areas being fire departments, parks and recreation, economic development/ planning/ tourism, libraries, and arts/culture/museums. At the state level, governments most often use volunteers for work with the environment, health, hospitals, natural resources, parks and recreation, and public welfare.

While many theorists suppose that government staff and volunteers would come into conflict, empirical research has found only limited evidence of this. A longitudinal analysis of the work of stipended volunteers within the US Small Business Administration found no evidence of staff-volunteer conflict or the substitution of volunteers for paid staff. One would expect that unionized employees would oppose the use of volunteers for fear that they would take away work from paid employees, but having large numbers of unionized staff did not make state agencies less likely to use volunteers.

## Volunteering, Social Capital, and Citizenship

Volunteering has consequences not only for the people and organizations served but also for volunteers themselves and for society in general. For individuals, volunteering is associated with better mental health, physical health, and happiness and can lead people to better career opportunities (Musick and Wilson 2008). For society, volunteering is important for its contributions to social capital and civic engagement.

Social capital, defined as norms, networks, and trust (Putnam 2000), is important for the functioning of the economy and democracy. Volunteers join networks with others which reinforce norms of cooperation and helping and develop trust. Many forms of volunteering create bridging social capital, bringing people from different walks of life together in a common group. Bridging social capital is thought to be particularly important in supporting a healthy democracy (Putnam 2000).

Volunteering can also lead individuals to become better citizens. Volunteering builds trust, encourages people to think beyond their own needs, makes them aware of issues, and "makes them more aware of the structural nature of social problems and the need for political solutions" (Musick and Wilson 2008, p. 461). Volunteer work also teaches civic skills such as writing, speaking, planning, and running meetings, which are useful in political participation. However, volunteering can lead to pursuing apolitical solutions to social problems, helping one person at a time, rather than looking at problems systemically and advocating for social change.

## Conclusion

Volunteering is important in providing social services, contributing to social capital and civic participation, and supporting political engagement. About 25% of Americans do volunteer work, making the United States one of the most active volunteer societies in the world. Current scholarship on volunteering has gone far to explain who

volunteers and why, as well as the effects of volunteering on social capital, civic participation, and civil society. However, current scholarship has only begun to test which volunteer management practices are most effective.

The causes and correlates of volunteering can be divided into demographic factors, resources, motivations, and the social environment. In the United States, women, whites, married people, people with children, and people who are middle aged or in early old age are more likely to volunteer. Education, income, health, and free time are all resources that correlate positively with volunteering. Motivations for volunteering include altruistic values but also include self-oriented motives such as the desire to learn new things, make friends, and advance one's career. The social environment has a powerful influence on individuals' decisions to do volunteer work, and social environment includes the social context, social roles, and social networks to which individuals belong.

Most guides to managing volunteers assume a human resources management (HRM) approach that treats volunteers as similar to paid staff. These guides advise managers to adopt professional practices in recruiting, selecting, orienting, training, placing, supervising, and evaluating volunteers. Support for the HRM approach has been mixed, with the strongest support existing for the value of recruitment, job design, orientation and training, supervision and support, and recognition. Other approaches look at psychological contracts, support from fellow volunteers, treating volunteers as a renewable resource, and using a loose, non-bureaucratic structure that allows volunteers' autonomy.

Volunteers in the public sector make up about 25–30% of the labor force in the United States. Public agencies are less likely than nonprofits to adopt HRM best practices in managing volunteers, but concerns about conflicts between paid staff and volunteers seem not to be justified.

Volunteering has a number of positive effects both on individuals and on society. Volunteers tend to be both mentally and physically healthier and happier than non-volunteers, and volunteering can lead to career opportunities. Volunteering contributes to social capital and can encourage good citizenship and political participation. The promotion and effective management of volunteerism is therefore an important task for public administrators and nonprofit managers, and a continuing challenge for scholarly work.

## Cross-References

► Citizen Participation and Nonprofit Organizations

## References

Barnes ML, Sharpe EK (2009) Looking beyond traditional volunteer management: a case study of an alternative approach to volunteer engagement in parks and recreation. Voluntas 20(2):169–187

Boezeman EJ, Ellemers N (2014) Volunteer recruitment. In: Yu KYT, Cable DM (eds) The oxford handbook of recruitment. Oxford University Press, Oxford, pp 73–87

Brudney J (2012) Preparing the organization for volunteers. In: Connors TD (ed) The volunteer management handbook: leadership strategies for success. Wiley, Hoboken, pp 55–80

Butcher J, Einolf CJ (2016) Introduction. In: Butcher J, Einolf CJ (eds) Perspectives on volunteering: voices from the south. Springer, New York

Einolf CJ, Chambré S (2011) Who volunteers? Constructing a hybrid theory. Int J Nonprofit Volunt Sect Mark 16:298–310

Gazley B, Brudney JL (2005) Volunteer involvement in local government after 9/11: the continuing question of capacity. Public Adm Rev 65(2):131–142

Hager MA, Brudney JL (2004) Volunteer management practices and retention of volunteers. Urban Institute, Washington, DC

Hidalgo MC, Moreno P (2009) Organizational socialization of volunteers: the effect on their intention to remain. J Community Psychol 37(5):594–601

Musick M, Wilson J (2008) Volunteers: a social profile. Indiana University Press, Indianapolis

Putnam RD (2000) Bowling alone: the collapse and revival of American community. Simon & Schuster, New York

Stirling C, Kilpatrick S, Orpin P (2011) A psychological contract perspective to the link between non-profit organizations' management practices and volunteer sustainability. Hum Resour Dev Int 14(3):321–336

Studer S, von Schnurbein G (2013) Organizational factors affecting volunteers: a literature review on volunteer coordination. Voluntas 24:403–440

# Volunteers in the Public Sector

Jeffrey L. Brudney, Joseph L. Harris and Hayley K. Sink
Department of Public and International Affairs, University of North Carolina Wilmington, Wilmington, NC, USA

Volunteers are not usually thought of in the context of government. Indeed, most volunteers donate their time to nonprofit organizations rather than public agencies. Yet, citizens contribute a surprisingly large amount of labor to governments at all levels. Accordingly, this chapter examines the involvement of volunteers in the delivery of services funded and provided by public agencies. Given our focus on service delivery, we do not cover citizen involvement in public policy making, for example, sitting on a government board or oversight committee, or citizen participation in government in other ways, such as by attending public meetings, council proceedings, legislative hearings, or the like; contacting public officials, whether elected or appointed, to raise a complaint, concern, or issue; or engaging in additional political behaviors, including voting, displaying a yard sign, wearing a political button, etc. Although these forms of citizen participation in governmental affairs are important and deserving of attention, they lie outside the boundaries of this chapter on volunteering to assist governments in the delivery of publicly provided services.

Notwithstanding the limited scope of this definition, the involvement of citizens as volunteers in the delivery of public services is substantial. Based on the 2015 US Bureau of Labor Statistics (BLS) (2016) report, *Volunteering in the United States*, as well as other surveys pertaining to volunteer involvement in government (Corporation for National and Community Service 2015; Independent Sector 2016), we can extrapolate the number of Americans donating time to public service annually. Surveys of volunteer behavior dating back to the late 1990s show that between 20.0% and 28.9% of all volunteers donate time to government organizations, which would amount to some 12.5–18.1 million people assisting government in service delivery in 2015. They donate between 1.3 billion and 2.1 billion hours, with an attributed dollar value between $30.0 billion and $48.4 billion. As these data displayed in Table 1 show, not only is this volume of labor contributed by citizens to government significant in its own right, but it also provides a large pool of the human resources used to deliver important public services, such as education, libraries, culture and the arts, recreation, and public safety.

**Volunteers in the Public Sector, Table 1** Volunteer involvement in government in the USA

| Volunteer involvement | Measurement |
|---|---|
| Percentage of volunteers donating time to government | 20.0–28.9% |
| Number of individuals who assist government in service delivery | 12.5–18.1 million |
| Number of hours volunteered to government | 1.3–2.1 billion |
| Assigned dollar value of hours volunteered to government | $30.4 billion to $48.4 billion |

Source: Adapted from the US Bureau of Labor Statistics (2016) report *Volunteering in the United States*, Corporation for National and Community Service (2015), and Independent Sector (2016)

This chapter on volunteer involvement in the public service consists of four parts. To guide our understanding of the topic, we begin with a general definition of volunteers that has been developed and accepted in the academic literature; we also describe the volunteer population in the USA. In the next section, we show that the definition of volunteers in the public sector draws from the general definition but is more restrictive. Given our definition we next provide a more detailed examination of the magnitude and scope of volunteer involvement in public service delivery, followed by an examination of the institutional and legal environment for volunteers in government. We conclude with a treatment of the consequences of our discussion for the management of volunteers in the public sector.

## Volunteers: Who and What

The identification of who a volunteer is and what a volunteer does is constantly evolving. Although individuals have come together voluntarily to identify and meet the needs of communities for centuries (Cnaan et al. 1996; Karl 1984), the terms "volunteering" and especially "volunteer management" were not widely studied until the late 1960s and early 1970s (Brudney et al. 2016; Naylor 1967).

Volunteerism, or the act of volunteering, has many definitions. Broadly, volunteering can be viewed as an action that aids a person, group, or cause in which the volunteer gives her or his time with or without personal benefit (Wilson and Musick 1999).

The US Bureau of Labor Statistics (2016) annually collects data on the extent and demographics of volunteering in the USA. The BLS defines volunteering in the following item: "This month, we are interested in volunteer activities, that is, activities for which people are not paid, except perhaps expenses. We only want you to include volunteer activities that you did through or for an organization, even if you only did them once in a while."

By this definition, the Bureau of Labor Statistics (2016) found that one-quarter of the US population (24.9%) volunteered through or for an organization in the year ending in September 2015. The volunteer rate for women (27.8%) surpassed that for men (21.8%). The rates of volunteering were highest among 35–44-year-olds (28.9%) and 45–54-year-olds (28.0%); the rate was lowest for 20–24-year-olds (18.4%). Whites volunteered at a rate of 26.4%, Blacks at 19.3%, Asians at 17.0%, and Hispanics at 15.5%. About 30% of married individuals volunteered (29.9%), compared to about 20% of people who have never been married (19.9%). In addition, parents with children under the age of 18 volunteered at a higher rate (31.3%) than persons without children under this age (22.6%). Individuals with more formal education volunteered at a higher rate relative to those with less. About 40% of those holding a bachelor's degree volunteered (38.8%), compared to 26.6% of persons with a college or an associate's degree, 15.6% of high school graduates, and 8.1% of persons who did not complete high school. Among the employed, 26.3% of full-time workers volunteered, versus 31.1% of people who worked part-time. In comparison, unemployed persons and those not in the labor force volunteered at lower rates, 23.3% and 21.4%, respectively.

In an effort to synthesize the various definitions of "volunteer," Cnaan et al. (1996) identified and reviewed 11 common definitions of volunteering, including those presented by the US President's Task Force on Private Sector Initiatives in 1982, the Fair Labor Standards Act and Regulations (1985), the Independent Sector in 1986, and the National Association of Counties in 1990. Although Cnaan et al. (1996) found no one "correct" or universally accepted definition of the term volunteer, they concluded that underlying all definitions lie four important dimensions that characterize volunteer activity: free choice, remuneration, structure, and intended beneficiaries. The free choice dimension ranges from free will to choose to volunteer, to a relatively uncoerced volunteer experience, to an obligation to volunteer. The remuneration dimension ranges from no remuneration expected or received, to no remuneration expected, to expenses reimbursed as allowed, and finally to a stipend or low pay received. Structure refers to whether the volunteer activity occurs under the auspices of an organization (formal volunteering) or is undertaken outside such auspices (informal volunteering). Intended beneficiaries range from a volunteer experience that benefits and helps strangers, to one that benefits and helps friends and relatives, to a volunteer experience that benefits oneself. Table 2 presents the four dimensions.

According to Cnaan et al. (1996), people are more likely to label an activity as volunteering when it entails free choice, no remuneration is received, the act is conducted within a formal organization structure, and the benefit is focused on helping others not known to the individual. Although a particular activity may still constitute volunteering under some definitions, people are less likely to perceive acts as falling under this label when the reverse of these dimensions holds

**Volunteers in the Public Sector, Table 2** The four key dimensions of volunteerism

| Dimension | Description | Interpretation of volunteer dimensions | | | |
|---|---|---|---|---|---|
| | | Pure-strict ← | | → | Moderate-loose |
| Free choice | Dimension ranges from free will to choose to volunteer, an uncoerced volunteer experience, to an obligation to volunteer | Free choice | Relatively uncoerced | Obligation to volunteer | – |
| Remuneration | Dimension ranges from no remuneration expected or received, no remuneration expected, expenses reimbursed, to a stipend or low pay | None at all | None expected | Expenses reimbursed | Stipend/ low pay |
| Structure | Dimension ranges from formal (organizationally based volunteering) to informal (individually based volunteering) | Formal structure | – | Informal structure | – |
| Intended beneficiaries | Dimension ranges from a volunteer experience that benefits and helps strangers, benefits and helps friends and/or relatives to a volunteer experience that benefits self, friends, relatives, and others known by the volunteer | Benefits/ helps strangers | Benefits/ helps friends and/or relatives | Benefits/helps self, friends, relatives, and others known by the volunteer | – |

Source: Adapted from Cnaan et al. (1996)

the "volunteer" activity entailed obligation, the individual received a stipend or low pay, the activity did not occur as part of an organization but informally or alone, and the individual benefitted directly from the activity.

The most stringent or "purist" definition of volunteer (Cnaan et al. 1996, p. 370) refers to those who give their time freely (free choice), with no remuneration (remuneration), in a formal organization (structure), and with the volunteer activity benefitting strangers or other people (intended beneficiaries). By contrast, people who give their time under the converse conditions would be considered members of the volunteer pool only under more generous definitions. Observers would be less likely to consider as volunteers who have some obligation to volunteer (e.g., people mandated by the legal system to conduct community service without compensation), who receive some stipend or low compensation (e.g., members of AmeriCorps, VISTA, or PeaceCorps), or who give their time in an unorganized setting or alone (e.g., watching a neighbor's child at a park) or benefit themselves (e.g., students obtaining job experience through an internship). The purpose of the dimensional framework is not to include or exclude people from falling under the definition of a volunteer but to recognize that the term has a variety of meanings and interpretations that should be taken into account for both research and practice. In the next section, we elaborate the definition of one segment of the volunteer universe: those who donate their time to assist government agencies in delivering services.

## Defining Volunteers in the Public Sector

To understand the nature, scope, and magnitude of volunteers involved in public service delivery, we must define the term more specifically. With reference to the dimensions of volunteering presented by Cnaan et al. (1996), Brudney (1999) identifies the following characteristics of volunteers in the public sector:

- **Free choice**: the volunteer's time must be offered freely, instead of mandated or coerced.
- **Remuneration**: although volunteers in the public sector do not receive remuneration for contributing their time and labor, they are

entitled to compensation for the out-of-pocket expenses associated with volunteering, such as mileage, meals, and parking (Fair Labor Standards Act 1985).
- **Structure**: the volunteer activity occurs in a formal setting, that is, in an organization.
- **Intended beneficiaries**: the volunteer activity is intended to benefit the clients of government agencies ("strangers"), although volunteers may receive nonmonetary benefits.

Brudney (1999) clarifies further the definition of volunteers in the public sector:

- **Service delivery**: public sector volunteer programs place participants in positions with continuing responsibilities for service delivery or organizational maintenance. This characteristic distinguishes service delivery volunteers from other participants in government, such as members of citizen commissions, boards, panels, committees, etc., who participate in government in a policy-making capacity (see above).
- **Organizational auspices**: the volunteer activity is sponsored and housed under the auspices of a government agency. As members of a government organization, volunteers may receive additional or different benefits and may be subject to more protections as well as more restrictions on their behavior than volunteers in other settings (see below).

Based on this definition, the next section describes the magnitude and scope of volunteer involvement in the public sector in the USA.

## Volunteer Involvement in the Public Sector: Magnitude and Scope

Brudney examined volunteer participation in the delivery of services funded and provided by public agencies in his 1990 book, *Fostering Volunteer Programs in the Public Sector: Planning, Initiating, and Managing Voluntary Activities*. The book documented the increase in volunteer participation in the public sector throughout the 1980s.

Brudney's (1990) research showed that in 1985, 13.2% of the American populace – about 23 million people – volunteered to assist in the delivery of publicly provided services at the local, state, or federal levels of government. According to Weisbrod (1988, p. 202), in 1985 volunteers supplied public organizations with a substantial amount of productive labor, the equivalent in total hours to 1.2 million full-time employees. Based on surveys of service delivery approaches used by cities and counties, the International City/County Management Association (ICMA) estimated that in 1982 more than half (56.5%) of localities with populations over 4500 involved volunteers in at least one program or policy domain. By 1985 the figure had risen to 72.6% (Brudney 1990). In 1988 the extent of volunteer participation reported by cities and counties ranked second only to contracting as an alternative means for government to deliver services with respect to both the number of service domains where the method is utilized and the proportion of local governments that have adopted it (Brudney 1990).

Through the reporting of results of five surveys conducted by the Gallup Organization between 1988 and 1999 on the level of volunteering by the American public, Weitzman et al. (2002) were able to update some of these findings. These surveys showed a high level of volunteering in the public sector, especially in 1988, 1990, and 1992, ranging between 26.6% and 28.9% of all volunteers in the USA. The results from the last 2 years in which the survey was administered suggest a decline in those rates, but still attest to substantial levels of volunteering to government agencies: 20.0% of all volunteers in 1996 and 20.2% in 1999 (such a sharp "decline" suggests to us a change in survey methodology, but we are not able to verify this surmise). Table 3 presents the detailed findings.

In sum, evidence available from population surveys leads us to estimate that between 20% and 30% of all volunteers in the USA donate time to a government agency. This estimate is remarkably consistent with Brudney's (1990) conclusion that a "significant amount of volunteer labor is directed to public agencies: U.S. government agencies operate as many as

**Volunteers in the Public Sector, Table 3** Extent of volunteering to government

| Year of survey | Percentage of volunteers donating time to government | Percentage of all volunteer hours donated to government | Assigned dollar value (billions) |
|---|---|---|---|
| 1999 | 20.2 | 16.4 | $37.0 |
| 1996 | 20.0 | 17.2 | $34.7 |
| 1992 | 26.6 | 25.3 | $55.1 |
| 1990 | 27.7 | 26.2 | $43.9 |
| 1988 | 28.9 | 22.7 | $34.0 |

Source: Adapted Weitzman et al. (2002)

**Volunteers in the Public Sector, Table 4** Areas of volunteer activity in government

| Area of activity | Percentage of volunteers to government |
|---|---|
| Education | 43.4 |
| Adult recreation | 25.5 |
| Youth development | 21.6 |
| Human services | 18.9 |
| Environment | 18.2 |
| International and foreign affairs | 15.9 |
| Health | 14.5 |
| Arts, culture, and the humanities | 13.7 |

Source: Adapted from Weitzman et al. (2002)

20–30% of all organized volunteer programs, and perhaps another 20–30% of these programs are associated with the public sector" (p. 2). Similarly, based on analysis of ICMA surveys on alternative service delivery approaches used by local governments, Nesbit and Brudney (2013) found that although the use of volunteers by cities and counties declined from 1988 to 2007, in 2007 over one-quarter (27%) of local governments involved volunteers in the delivery of public services. Nesbit and Brudney (2013) reported that the population size of a locality is related to the type of public services volunteers provide: smaller jurisdictions are more likely to use volunteers in public safety, and larger jurisdictions are more likely to use them in health and human services and cultural and arts programs.

Weitzman et al. (2002) also provided estimates of the share of volunteer hours donated to government agencies in the USA over the 1988–1999 period. The share of hours volunteered to government fluctuated from a low of 16.4% of all hours volunteered in 1999 to a high of 26.2% of total hours in 1990. Regrettably, since the time that these data were collected, the Gallup Organization (as well as other survey organizations) has not fielded more contemporary surveys that allow firm estimation of the percentage, size, and monetary attribution of the pool of volunteers donating time to government. Nevertheless, based on these earlier surveys, we can provide rough estimates of the likely size of this pool in the mid-2010s. Assuming that the percentage of all volunteers donating time to the public sector has remained comparable to the 1988–1999 period at between 20.0% and 28.9% of all people volunteering in the USA, we project that as of 2016, the level of volunteer involvement in government to deliver services ranges between 12.5 million and 18.1 million US citizens annually, donating approximately 1.3 billion to 2.1 billion hours, valued at $30 billion to $48.4 billion (as enumerated in Table 1).

Table 4 shows the percentage of volunteers to government who donated time in different public policy domains in the year ending in March 1999 (the most recent data available). Education commands the most volunteers, with over 40% (43.4%). Adult recreation follows with one-quarter of the volunteers to government (25.5%), and youth development has nearly as many with just over one in five volunteers (21.6%). Human services (18.9%) and environment (18.2%) attract nearly identical percentages of volunteers to government, with international and foreign affairs (15.9%), health (14.5%), and arts, culture, and the humanities (13.7%) closely behind. Because volunteers to government might contribute their time in multiple service domains, the percentages sum to more than 100.0.

Another area in which government has a particular interest in enlisting citizen volunteers is fire, emergency, and first responder services. The International Association of Fire Chiefs (2005) found that an estimated 800,000 volunteer firefighters serve 73% of the fire departments in the

USA (19,224 of a total of 26,354 departments). An additional 4892 departments are comprised of a combination of volunteer firefighters and paid firefighters. Though volunteer firefighters represent the majority of firefighters in the USA, since 1995 the total number of volunteer firefighters has decreased by 10%. Across the USA, although 39% of fire departments provide no emergency medical services, 46% provide basic life support, and an additional 16% provide advanced life support (Haynes and Stein 2016). Additionally, volunteer emergency responders are mobilized in communities through the Federal Emergency Management Agency's (FEMA) Community Emergency Response Team (CERT), to be better prepared for disaster response. In 2016 more than 2600 CERT volunteer programs existed in the USA, (Department of Homeland Security 2016).

## The Institutional and Legal Environment of Volunteer Involvement in the Public Sector

Given our definition of volunteers in the public sector, and the fact that these volunteers fall under the federal Volunteer Protection Act (VPA) of 1997 (42 U.S.C. Sections 14501-14507, 1997), the provisions of the VPA merit attention, especially in relation to their consequences for the management of volunteers in government. Although the Act is intended to shield all volunteers from liability under certain conditions (see below), whether donating time to a government agency or to a nonprofit organization, we might expect to see it institutionalized more regularly in government. The Act protects volunteers from liability under specific conditions; however, liability is transferred rather than abrogated: the government (or nonprofit) organization sponsor or host can be held liable for the actions of its volunteers. In addition, Groble and Brudney (2015) find that in court cases involving them, volunteers have had mixed success in invoking the protections conferred by the VPA.

Section 4 of the Volunteer Protection Act (1997) establishes the criteria relating to protections of volunteers from liability for their actions while donating time to a nonprofit or government organization. Section 4 of the VPA states:

> No volunteer of a nonprofit organization or governmental entity shall be liable for harm caused by an act or omission of the volunteer on behalf of the organization or entity if –

1. The volunteer was acting within the scope of the volunteer's responsibilities in the nonprofit organization or governmental entity at the time of the act or omission.
2. If appropriate or required, the volunteer was properly licensed, certified, or authorized by the appropriate authorities for the activities or practice in the state in which the harm occurred, where the activities were or practice was undertaken within the scope of the volunteer's responsibilities in the nonprofit organization or governmental entity.
3. The harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.
4. The harm was not caused by the volunteer operating a motor vehicle, vessel, aircraft, or other vehicles for which the state requires the operator or the owner of the vehicle, craft, or vessel to:
   (A) Possess an operator's license
   (B) Maintain insurance

The VPA provides the foundation for the treatment and protection of volunteer liability for host organizations. Moreover, the provisions of Section 4 set a baseline for volunteer administration practice.

The first criterion of Section 4 specifies that the volunteer must have job responsibilities as a protection from liability, as most clearly articulated in a job description or job guide for assigned duties. We might anticipate that volunteers in government agencies would be more likely to work under a job description since their exposure to liability is lessened with this precaution. The second criterion of Section 4 states that if training or certification is required to perform the duties assigned to the volunteer, the volunteer must

demonstrate these qualifications to merit protection under the VPA. As with paid employees, good ("best") practice suggests that volunteers be deployed in positions for which they have the relevant training and/or certification. The third criterion establishes that the volunteer must not act consciously or willfully to violate the rights, safety, or health of clients, employees, and other volunteers. Because no organization would countenance such behavior, the associated human resource management precaution is screening volunteer applications and monitoring volunteer behavior to prevent abuses (Freyss and Behrens 1994, p. 1). The last criterion of Section 4 maintains that if an operator's license for conveyance, such as for an automobile, vessel, or aircraft, is required to perform the assigned duties, the volunteer must have the mandated licensure and insurance coverage. The organization must check that the volunteer meets the requirements. As Freyss and Behrens (1994) point out, "Volunteers Require More Than Amateur Status," as demonstrated in part by necessary planning and precautions for risk management pursuant to the Volunteer Protection Act.

## Human Resource Management of Volunteers in the Public Sector

The foregoing analysis suggests that volunteer management in government organizations, versus nonprofit agencies, will have distinctive characteristics for two primary reasons. First, government organizations are enmeshed in a legal setting that draws its legitimacy from the public jurisdiction and ultimately the governed. As a result, it is likely that the legal provisions and structure surrounding the involvement of volunteers will feature more rules, processes, and procedures than in nonprofit organizations, which operate outside of public authority and auspices. In addition, government organizations are typically older and larger than most nonprofits; Brudney and Sink (2017) maintain that such entities call for more formal supervision, oversight, and structuring of volunteer activities. Second, since government is accountable for the lawful and appropriate expenditure of public funding as well as proper exercise of authority, one can also expect the management of volunteers in public sector agencies to exhibit more paperwork, clearances, sign-offs, and procedures than required or manifested in most nonprofit organizations. Consequently, we would expect management of volunteers in the public sector to be subject to greater checks, precautions, and rules and regulations than in the typical nonprofit.

As opposed to nonprofit organizations, which have greater autonomy with respect to volunteer involvement and activities, statute law and/or government policy can impede or even prevent volunteer participation in the public sector. The most significant example is a federal regulation that prohibits national agencies from accepting the services of volunteers "except for emergencies involving the safety of human life or the protection of property (31 U.S.C. 1342)," unless a law has been established specifically exempting the agency (Brudney 1990, p. 123). State and local governments can exercise their own restrictions and regulations on the involvement of public sector volunteers. Legal cases brought before US courts illustrate the administrative environment surrounding volunteers in the public sector.

In *Garcia v. San Antonio Metropolitan Transit Authority* (1985), Garcia and other employees brought suit against the San Antonio Metropolitan Transit Authority to recover overtime pay owed to them. The court held that congress has the power under the Commerce Clause to extend the Fair Labor Standards Act (FSLA) to protect wage and hour requirements of state and local government employees through the provision of overtime pay. Congress later amended the Act to provide an exemption for volunteers from coverage under the FLSA in response to complaints from state and local government agencies that the FLSA was too rigid and expensive to implement.

In *Mendel v. City of Gibraltar* (2015), "volunteer" firefighter Paul Mendel received what was considered a "substantial hourly wage" from the City of Gibraltar for his service, which resulted in a legal case to determine if the classification of Mendel's position was justly that of a "volunteer"

or "employee" under the Fair Labor Standards Act and the Family and Medical Leave Act (FMLA). Following the termination of Mendel's employment, Mendel and his attorneys argued that his rights had been violated under the FMLA; the case was brought before the US District Court and the US Court of Appeals. Although the District Court ruled in favor of the City of Gibraltar, the US Court of Appeals ruled that the firefighters were employees, as opposed to volunteers, citing 29 U.-S.C. Sections 2601-2654 (FMLA 1993,) and, in fact, are covered under the FLSA and FMLA, despite the volunteer nature of this government service delivery.

Given the interest of the courts in personnel matters relating to volunteers serving in government, we would expect to find a greater amount of supervision and oversight of volunteers in the public sector. Brudney (1990) suggests that leaders and managers in government may view volunteers more as unpaid workers who contribute micro-bits of time to the public sector (the typical volunteer contributes about 2–4 h per week) rather than as citizen participants who want to promote their policy preferences or seek involvement in public affairs. Accordingly, we would expect to find more procedures in government surrounding the "employment" and use of volunteer workers, such as application forms, background checks, hierarchical chain of command, documentation, etc., as well as orientation emphasizing the particular values of public service, such as confidentiality, non-discrimination, and efficiency. Indeed, in her pioneering book on volunteer administration, Harriet H. Naylor (1967), who worked as the national director of the Office of Volunteer Development at what was formerly known as the US Department of Health, Education, and Welfare (HEW), proposed personnel management procedures for volunteers that were similar to those for paid employees.

Finally, if our surmise is correct that volunteers in the public sector work in a more rule-bound, structured, and "bureaucratic" organizational environment, we must consider the special challenges created not only for human resource management but also for volunteer motivation. No evidence exists that volunteers are motivated by the "opportunity" to contribute their time in an environment that resembles the paid workplace; by contrast, ample data and studies support the converse notion that through their service, volunteers seek to meet their higher-order needs for such intrinsic rewards as personal identity, individual fulfillment, and self-actualization (Musick and Wilson 2008). In addition, organization mission areas tend to be more circumscribed in government than in the nonprofit sector: a government volunteer working in the area of homelessness, for example, might be tasked with meeting the needs of the homeless for shelter, while a nonprofit volunteer in the same mission area might be encouraged to assist with the full range of needs of the homeless, including but not limited to housing, counseling, nutrition, medical care, etc. Volunteer job descriptions in government can be more limited, thus potentially robbing the job of some of its intrinsic incentives. If so, managers in government organizations will face greater challenges in motivating volunteers than their counterparts in nonprofit organizations, which typically feature greater flexibility and fewer restrictions than public agencies in motivating, inspiring, and directing volunteers. As a result, we might expect to encounter greater difficulty in recruitment and retention of volunteers in the public sector.

## Conclusion

This chapter focuses on volunteers in the public sector. The chapter began by considering the definition of volunteers in general and then provided a more restricted definition based on volunteer involvement in the public sector. Based on this foundation, we generated estimates of the extent or magnitude of volunteer participation in public agencies, as well as the particular policy areas in which volunteers are active. Finally, we turned to the institutional and legal environment of volunteers in the public sector and commented on special needs for effective human resource management in relation to volunteers in the public sector.

Although this chapter draws on the most recent data and analysis to support our observations, unfortunately much of the most "current" information is dated. For example, we can derive estimates of volunteering in the public sector for the contemporary period, but we must also point out that they are based on data that emanate from survey research undertaken in 1988 through 1999. To our knowledge, since the publication of Brudney's *Fostering Volunteer Programs in the Public Sector* in 1990, no systematic research has followed to ascertain or replicate the size, scope, management, results, implications, and so forth of volunteer involvement in the public sector. Moreover, even though we presented justification for our argument that the organizational environment of volunteers differs for government versus nonprofit agencies, scant research has examined systematically the existence, let alone, the degree of such differences. We commend to further research both evaluating and updating the conclusions presented in this chapter. We have no doubt that such inquiry would shed important, new light on a neglected topic: volunteers in the public sector.

## References


Brudney JL (1990) Fostering volunteer programs in the public sector. Jossey-Bass, San Francisco

Brudney JL (1999) The effective use of volunteers: best practices for the public sector. Law Contemp Probl 62(4):219–255. Retrieved from http://www.jstor.org/stable/1192274

Brudney JL, Sink HK (2017) Volunteer management: it all depends. In: Word JKA, Sowa JE (eds) The nonprofit resource handbook: from theory to practice. Taylor and Francis, New York

Brudney JL, Lee YJ, Ockenden N, Bin Afif SA (2016) Volunteer service programs in nonprofit organizations, businesses, and government agencies. In: Smith DH, Rochester C, Stebbins RA, Grotz J (eds) The Palgrave handbook of volunteering and nonprofit associations. Palgrave Macmillan, New York

Cnaan RA, Handy F, Wadsworth M (1996) Defining who is a volunteer: conceptual and empirical considerations. Nonprofit Volunt Sect Q 25(3):364–383

Corporation for National & Community Service (2015) Volunteering and civic life in America, 2015. Retrieved 16 Mar 2016 from http://www.volunteeringinamerica.gov

Department of Homeland Security. Federal Emergency Management Agency. Community Emergency Response Teams. Retrieved 14 July 2016 from https://www.fema.gov/community-emergency-response-teams

Freyss SF, Behrens PI (1994) Volunteers require more than amateur status. PA Times 17(1):1–2

Garcia v. San Antonio Metropolitan Transit Authority, 469 U.S. 528 (1985)

Groble P, Brudney JL (2015) When good intentions go wrong: immunity under the volunteer protection act. Nonprofit Policy Forum 6(1):3–24. https://doi.org/10.1515/npf-2014-0001

Haynes HJG, Stein GP (2016) U.S. fire department profile. National Fire Protection Association. Retrieved 14 July 2016 from http://www.nfpa.org/news-and-research/fire-statistics-and-reports/fire-statistics/the-fire-service/administration/us-fire-department-profile

Independent Sector (2016) National value of volunteer time, 2014. Retrieved 16 Mar 2016 from https://www.independentsector.org/volunteer_time

International Fire Chiefs Association (2005) Leading the transition in volunteer and combination fire departments. The Red Ribbon Report. Retrieved 14 July 2016 from http://www.iafc.org/files/1VCOS/vcos_RibbonReportRed.pdf

Karl BD (1984) Lo, the poor volunteer: an essay on the relation between history and myth. Soc Serv Rev 58(4): 493–522. Retrieved from http://www.jstor.org/stable/30011758

Mendel v. City of Gibraltar. 14 Mi.6thd 1789 (2015)

Musick MA, Wilson J (2008) Volunteers: a social profile. Indiana University Press, Bloomington

Naylor HH (1967) Volunteers today: finding, training and working with them. Association Press, New York

Nesbit R, Brudney JL (2013) Volunteer use in local government service delivery. In: The municipal year book 2013. ICMA Press, Washington, DC

U.S. Fair Labor Standards Act, 29 U.S.C. SS201-219 and 29 CFR S553.100-106 (1985)

U.S. Family and Medical Leave Act, 29 U.S.C. §§ 2601-2654 (1993)

U.S. Volunteer Protection Act, 42 U.S.C. §§14501-14507 (1997)

United States Bureau of Labor Statistics (2016) Volunteering in the United States, 2015. Retrieved from http://www.bls.gov/news.release/volun.nr0.htm

Volunteer Protection Act of 1997 (1997) Section 4. 42 U.S.C. SS14503-139. Retrieved from https://www.congress.gov/105/plaws/publ19/PLAW-105publ19.pdf

Weisbrod BA (1988) The nonprofit economy. Harvard University Press, Cambridge, MA

Weitzman MS, Jalandoni NT, Lampkin LM, Pollak TH (2002) The new nonprofit almanac and desk reference: the essential facts and figures for managers, researchers, and volunteers. Independent Sector, Washington, DC, pp 80–81

Wilson J, Musick M (1999) The effects of volunteering on the volunteer. Law Contemp Probl 62(4):141–168. Retrieved from http://www.jstor.org/stable/1192270

# W

## Weber, Max, and the Civil Servant

Siegrun Fox Freyss
Department of Political Science, California State University, Los Angeles, Los Angeles, CA, USA

### Synonyms

Administrator; Analyst; Expert; Manager; Professional; Specialist

### Definition of Public Servant

Public sector employee with broad qualifications required for effective professional and managerial work in government.

### Introduction

The profession of the public administrator emerged in the late 1800s. The new best practices and new professional principles associated with public service were combined under the terms merit system or civil service and widely adopted by national, state, and local governments. Max Weber, a scholar and practitioner of public administration, provided detailed descriptors to make the new personnel policies transparent, their benefits, as well as their darker side.

### The Professional Civil Servant

Servants in fiefdoms versus public servants in nation-states – Weber used this contrast to distinguish between rulers and their servants under premodern, agrarian conditions versus government officials in modern, industrial countries. Weber, 1864–1920, was instrumental in identifying the core features of the efficient, modern bureaucracy, as well as the ideal characteristics of public-sector employees. Even though Weber wrote a 100 years ago, his observations are still relevant in the twenty-first century (Waters and Waters 2015).

Weber was a prolific writer with a broad historical and spatial sweep (Mommsen 1992). Being part of the Section on Public Personnel Administration, this chapter focuses on his thoughts on public bureaucrats and less on the organizational aspects of bureaucracies. The chapter will first summarize Weber's own arguments and then place them in the context of organization theory. One caveat, Weber was not rigorous in his definitions and categorizations, and this chapter retains these weaknesses and does not gloss over them.

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

To understand Weber's vision of the modern administrator in its ideal form, one has to identify Weber's vision of the public bureaucracy. In abbreviated form, the characteristics of the modern bureaucracy are:

I. Fixed and official jurisdictional areas
   1. Regular activities distributed as official duties
   2. The authority to give instructions strictly delimited by rules
   3. For regular fulfillment of official duties, employment only of persons with the right qualifications
II. Office hierarchy and graded authority
   1. Firmly ordered system of superior and subordinate ranks
   2. Supervision of lower offices by higher ones
   3. Once established, the office is to continue its existence and outlast its incumbents
III. The management of the modern office based on written documents and records
   Sizeable staff required to make copies and keep the files organized
   (Gerth and Mills 1991, pp. 196–197)

Separation of the official's workplace from his private home is another important historical change. This includes keeping public monies and equipment apart from the official's private property. The government job should not be exploited for private gain. Furthermore, the position demands the full working capacity of the official. In contrast, in the past, government functions were given a lower priority than personal business interests (Gerth and Mills 1991, pp. 197–198). The term "fiefdom" implies exploitation of the land and of people living on the land.

In the subsequent section, Weber continues describing the characteristics of the modern official's position:

I. Office holding should be treated like a vocation:
   1. This requires a firmly prescribed course of training, ending in a rigorous examination.
   2. Accepting an appointment obliges the office holder to faithfully manage the functions of the office.
   3. In return for his dedication to the agency, the official will have job security.
   4. Under feudal relations, loyalty is bestowed onto a person of superior birth, while under rational-bureaucratic conditions loyalty binds the incumbent to an impersonal office (Gerth and Mills 1991, p. 199).
II. Depending on his rank and responsibilities, the modern official can enjoy social esteem.
   1. Traditionally, esteem was tied to persons of a superior social and economic stratum. However, great demand for new competencies and for trained experts in the modern, industrial age changes the nature of esteem.
   2. Officials are appointed to their positions, not elected.
   3. The official is employed with tenure for life. This provision is supposed to guarantee that dismissals are based on objective criteria.
   4. The official should receive a fixed salary and a pension in old age.
   5. When first appointed, officials embark on a career, and they can expect regular promotions (Gerth and Mills 1991, pp. 199–203).

Success or the competent fulfilment of the public servant's responsibilities depends on the historical, political, and constitutional framework of the state. Weber distinguishes between three types of governmental powers separated by different levels of legitimacy:

1. Traditional powers/domination
2. Charismatic powers/domination
3. Legal-rational powers/domination

Traditional powers, also called domination in English translations, are derived from long-standing practices, such as patriarchies. Authority and obedience are derived from unwritten norms and passed on from one generation to the next. In contrast, the charismatic leader emerges unexpectedly, and his authority creates a following

and support. Since power and legitimacy are tied to one person, his achievements are not likely to survive his demise (Gerth and Mills 1991, pp. 206 and 246).

In Weber's view, the modern, secular, and increasingly complex state and the capitalist economy are best served by legal and rational authority, not tradition or charisma. The legal framework of bureaucracy generates efficiency, precision, speed, and other benefits for society and the economy. Other advantages of compliance with written rules are conformity, continuity, consistency, and predictability. In general, bureaucratic organizations have technical advantages, in that their output can be measured (Gerth and Mills 1991, p. 214).

In paradigmatic terms, Weber's contribution to organization theory falls under the mechanistic school of thought. He sees the potential of well-managed bureaucracies as machine-like. For the individual official, the process of enculturation starts with education and training, followed by tests and examinations. Once hired, employees are asked to give their full attention to the job, but "his obligatory time in the bureau may be firmly delimited" (Gerth and Mills 1991, p. 198). Unlike in fiefdoms, under modern, democratic conditions, senior government officials should not exploit their subordinates nor should government jobs be exploited for private gain.

Civil servants are expected to adapt and become efficient cogs in the bureaucratic machine. In Weber's own words, "The individual bureaucrat cannot squirm out of the apparatus in which he is harnessed. . . he is only a single cog in an ever-moving mechanism. . ." (Gerth and Mills 1991, p. 228). Interestingly, Weber did not like this possibility since it showed the individual as dehumanized. Weber wrote his observations during fundamental political changes, when Germany was transitioning from aristocratic rule to fledgling democracy (Gerth and Mills 1991, pp. 32–44). Weber himself was active in democratic politics, and he recognized that a well-functioning bureaucratic machine could be a threat to individual freedom and other democratic values, calling it *stahlhartes Gehäuse*, originally translated as iron cage and more recently as a "shell as hard as steel" (Lassman 1994, p. xvi; Allen 2004, p. 134).

Weber was influenced by socio-economic theorists of his time, such as Émile Durkheim and Karl Marx, and vice versa, he had substantial influence on European and American sociologists and organization theorists. It is noteworthy that his arguments on the modern public servant dovetailed with arguments in the United States on the merit system and civil service, which were first codified at the federal level by the Civil Service Act of 1883, also called Pendleton Act, (Van Riper 1958; Johnson and Libecap 1994, pp. 1–11).

## Conclusion

The profession of the public administrator or public employee received a scholarly and practical foundation with the work of Weber. His insights are still relevant, in modern, industrialized countries where corruption and self-dealing can occur anytime, as well as in developing regions where poverty cannot be erased because powerful people run their territories like fiefdoms.

## References

Allen K (2004) Max weber. A critical introduction. Pluto Press, London, UK

Gerth H, Mills C (eds) (1991) From max weber. Essays in sociology, Routledge, London, UK

Johnson R, Libecap G (1994) The federal civil service system and the problem of bureaucracy. University of Chicago Press, Chicago

Lassman P (ed) (1994) Max Weber's political writings (trans: Speira R). Cambridge University Press, Cambridge, UK

Mommsen W (1992) The political and social theory of max weber. University of Chicago Press, Chicago, Collected essays

Van Riper P (1958) History of United States civil service. ABC-Clio/Greenwood Publishing Group, Santa Barbara

Waters T, Waters D (2015) Weber's rationalism and modern society. Palgrave Macmillan, New York

# Welfare Effects, Government Policies, and Deadweight Loss

Suwastika Naidu[1] and Yashnita Naicker[2]
[1]School of Management and Public Administration, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands
[2]School of Economics, Faculty of Business and Economics, University of the South Pacific, Suva, Fiji Islands

## Synonyms

Deadweight loss; Fiji; Monopoly; Samoa; Welfare effects

## Definitions

| | |
|---|---|
| Monopoly | There is one seller or provider of product or service |
| Welfare effects | Refers to the impact of the actions by an economic unit on the well-being of individuals in society |

## Introduction

One of the important roles of the government is to provide public goods to the society. The state tries to provide those goods that may be difficult for the private sector to provide in a way that maximizes public welfare (Schmitz 2015; Jack and Recalde 2015). Globally, there are many state-owned monopolies that have been entrusted with this task. Monopolies exist due to various reasons associated with technical and legal barriers to entry. There are many advantages of state-owned monopolies. First, state-owned monopolies can undertake research and development with the aid from the government. It has been noted in many studies that innovative activities carried out by monopolies enhances social welfare (Yao and Gan 2010; Li and Wang 2010; Chu et al. 2012; Spulber 2013). Second, the state-owned monopolies can incur a low marginal cost over a wide range of output. This leads to technical barriers to entry while benefitting consumers in the long run. In the developing countries, it is difficult to find monopolies whose benefits to the society outweigh the costs that they have on the society.

Moreover, there are many disadvantages of having a state-owned monopoly. First, monopolies generate deadweight loss. When exploring market structures, specifically monopoly market, inefficiency is an aspect that is usually associated with this market structure (Amir et al. 2016; Carlton and Keating 2015). Deadweight loss is generated when the consumer surplus that is present in the competitive market is transferred to monopoly profits. In this case the consumers lose while the monopoly benefits. Second, monopolies provide high tax revenue to the government by charging higher prices to consumers. Third, state-owned monopolies have strong government support, and these disincentives them to be less accountable and transparent to the taxpayers.

The main aim of this entry is to estimate and examine the deadweight loss generated by state-owned monopolies in Fiji and Samoa. The two state-owned monopolies that were selected in this entry were Fiji Electricity Authority (FEA) and Samoa Electric Power Corporation (SEPC). (The selection of these two companies was done entirely on the availability of data.) These two state-owned entities play a crucial role in the provision of electricity to Fijians and Samoans. The performance of these two companies comes under limelight due to inefficiency factor. Additionally, this entry also seeks to examine the impact of government policies on the deadweight loss generated by monopolies.

There are two reasons why this entry needs to be conducted. First, none of the existing studies to date has examined the economic inefficiency generated by state-owned monopolies in Fiji and Samoa. Second, none of the existing studies have examined the impact of government policies on the deadweight loss generated by monopolies. This study extends the existing literature by filling these two gaps in the existing literature.

This study contributes to the existing literature in two ways. First, it emphasizes that deadweight

loss is not the only loss or economic inefficiency generated by the monopoly. There are welfare losses that arise due to misallocation of public funds by the government to help the monopolies. Second, it also tries to emphasize that the monopolies will try to maximize their profits even if their profit goal is constrained by government regulation. This will distort the impact of government policies on the social welfare. (Government provides subsidies to state-owned monopolies, and these monopolies should reduce their prices so that consumers can benefit. However, these monopolies may not reduce their prices to balance off the cost that is subsidized by the government. They may reduce their prices slightly.)

This entry is divided into six sections. Section "Overview of Fiji Electricity Authority (FEA) and Samoa Electric Power Corporation (SEPC)" provides an overview of FEA and SEPC. Section "Theoretical Framework and Literature Review" outlines theoretical framework and reviews the existing literature. Section "Data Collection and Model Specification" outlines data collection and model specification. Section "Research Findings and Discussions" presents and discusses the research findings. Section "Conclusions, Theoretical Contributions and Policy Implications" outlines the conclusion, theoretical contributions and policy implications of this entry.

## Overview of Fiji Electricity Authority (FEA) and Samoa Electric Power Corporation (SEPC)

One of the key roles of national government is to effectively and efficiently deliver basic utilities to the general public. In order to effectively undertake this role, the government usually establishes state-owned enterprises and provides monopoly power to these state-owned enterprises. State-owned monopolies usually arise due to legal barriers to entry, whereby the state favors its enterprises in a number of ways. Some of these ways are providing unwarranted tax benefits and subsidies. This phenomenon is present in the utility industry of Fiji and Samoa.

### Fiji Electricity Authority

The FEA is a fully owned government entity in Fiji that is regulated by the Electricity Act of 1966. The primary role of the FEA in Fiji's economy is to generate and provide electricity to the people of Fiji (Fiji Electricity Authority 2016). The power sector of Fiji has experienced structural changes in two specific time periods. These two specific time periods were in late 1990s and from year 2001 to 2013 (Dornan 2013). The initial plan of the government was to privatize the power industry, but this has never happened. In the second phase of the reform, FEA was only corporatized, and it was noticed that their performance improved because they adopted good practices from the private sector (Dornan 2013). Figure 1 shows that the production of electricity is more than the quantity consumed in Fiji.

Figure 1 shows that the production of electricity by the FEA increased from 835,168,583 kWh in 2010 to 794,874,155 kWh in 2014. The consumption of electricity also increased from 764,232,031 kWh in 2010 to 794,113,640 kWh in 2014. Figure 2 shows that FEA's profits, total revenue, and total costs have been volatile from year 2010.

Figure 2 shows that the tax benefits provided to FEA in 2012 have pushed after tax net profits up.

### Samoa Power Corporation (SEPC)

The SEPC was setup in 1972 with the main goal of provision of electricity to the general public of Samoa. This company has been in existence for the last 44 years and is governed by the Power Electric Act of 1980 (Samoa Electric Power Corporation 2014). The main goal of the SEPC is to provide electricity at affordable prices to the Samoans. The SEPC focuses on delivering its services by using sustainable and innovative practices. There are many problems faced by SEPC. Some of these challenges are managing electricity tariffs, natural disasters, volatility of fuel prices, and human resources (Samoa Power Corporation 2014). The government of Samoa has been supportive of the role that SEPC plays in the economy of Samoa. In an attempt to support the SEPC, the government of Samoa has exempted SEPC from paying taxes on its profits and provided annual

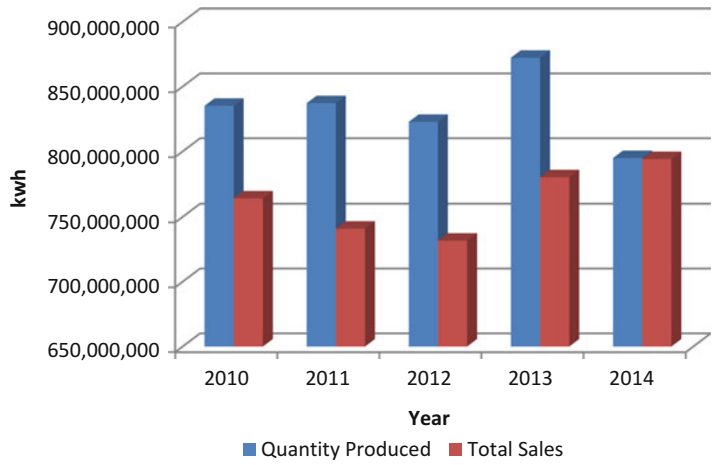


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 1** Production and consumption of electricity by FEA. (Source: Created by the authors of this paper by using data from the Fiji Electricity Authority (2010, 2011, 2012, 2013, 2014))

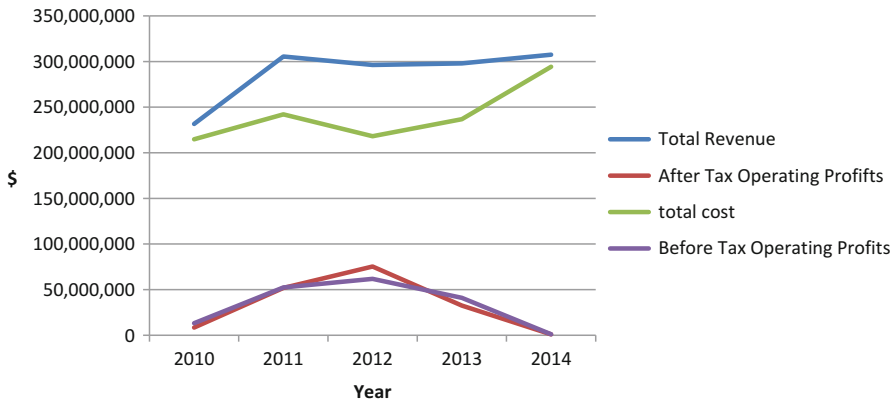


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 2** Total revenue, profits and costs of FEA. (Source: Created by the authors of this paper by using data from the Fiji Electricity Authority (2010, 2011, 2012, 2013, 2014))

subsidies for the provision of electricity. Figure 3 shows the production and consumption of electricity by SEPC. Figure 3 shows that the electricity produced is more than the electricity consumed in Samoa.

Figure 3 shows that the production of electricity by the SEPC increased from 111353960 kWh in 2010 to 124985632 kWh in 2014. The consumption of electricity also increased from 91699781 kWh in 2010 to 106280682 kWh in 2014. Figure 4 shows that SEPC's profits, total revenue, and total costs have been volatile from year 2010.

Figure 4 shows that the gap between the marginal cost and marginal revenue of the SEPC is very low. Therefore, the profits made by SEPC are low.

The next subsection will outline the theoretical framework used in this entry.

## Theoretical Framework and Literature Review

It has been randomly emphasized by the existing theoretical models on welfare losses generated by monopolies that the society losses when government tries to provide unjustified benefits to the monopoly. These benefits can be in two forms (Posner 1975; Shleifer 2005; Solis and Maudos

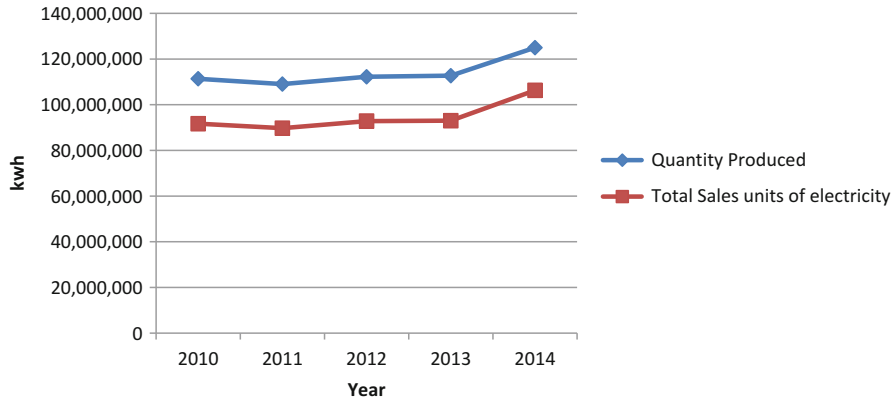


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 3** Production and consumption of electricity by the SEPC. (Source: Created by the authors of this paper by using data from the Samoa Electric Power Corporation (2010, 2011, 2012, 2013, 2014))

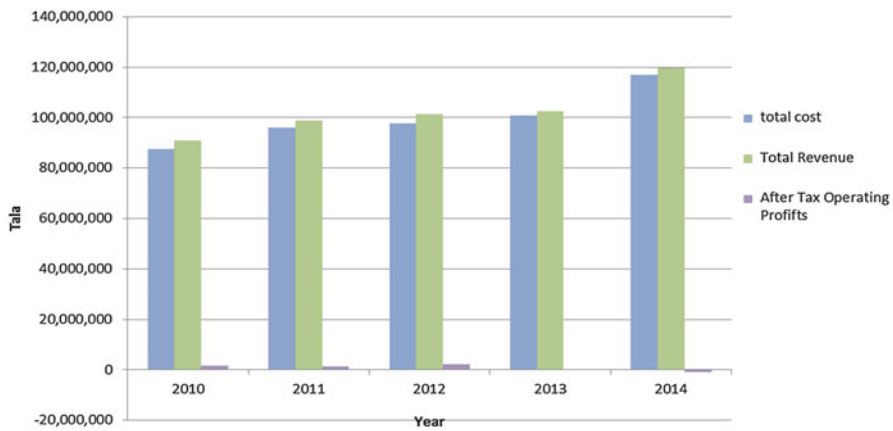


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 4** Total revenue, profits, and costs of SEPC. (Source: Created by the authors of this paper by using data from the Samoa Electric Power Corporation (2010, 2011, 2012, 2013, 2014))

2008). First, the government allows the monopoly to charge higher prices than what competitive firms would charge. This results in deadweight loss resulting in market inefficiency. Figure 5 illustrates how deadweight loss is generated by a state-owned monopoly.

In Fig. 5, point A represents the price charged by the monopoly, and point B represents the price charged by the competitive market. Area ABC in Fig. 5 shows the deadweight loss. Second, there is opportunity costs associated with government pumping financial resources for the improvement of the overall welfare of the monopoly at the expense of public welfare. All these factors need to be incorporated while analyzing the welfare loss associated with the state-owned monopolies. Capturing these two transmission mechanisms in the welfare loss function, we get:

$$WL_{mt} = f(\pi_{mt}, TR_{mt}, TC_{mt}; R_{mt}) \qquad (1)$$

In Eq. 1, $WL_{mt}$ is the welfare loss generated by the monopoly in period $t$, $\pi_{mt}$ is the profit of the monopoly in period $t$, $TR_{mt}$ is the total revenue of the monopoly in period $t$, and $TC_{mt}$ is the total cost of the monopoly in period $t$. The welfare function

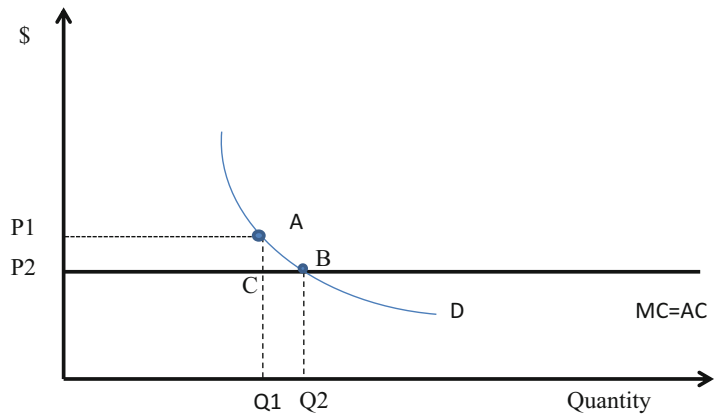


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 5** Deadweight loss generated by a state-owned monopoly. (Source: Developed by the author of this paper (2016) by using information from Posner (1975))

is constrained by government regulations. Changes in government regulation have an impact on the degree of welfare loss experienced by the citizens. Therefore, $R_{mt}$ is the regulation of the monopoly in period $t$. Rewriting Eq. 1 in its specific form we get:

$$TR_{mt} = p_1 f(k, l) \tag{2}$$

In Eq. 2, $p_1$is the price per unit of output of the monopoly, and $f(k,l)$ is the output produced.

$$TC_{mt} = p_2 k + p_3 l \tag{3}$$

In Eq. 3, $p_2$is the price per unit of capital, $p_3$ is the price per unit of labour, $k$ is capital, and $l$ is labor. From Eqs. 2 and 3, monopoly profits can be calculated as follows:

$$\pi_{mt} = p_1 f(k, l) - (p_2 k + p_3 l) \tag{4}$$

The rate of return on capital investment of a firm can be calculated as follows:

$$\mathrm{RRKI}_{mt} = (p_1 f(k,\ l) - p_3 l)/k \tag{5}$$

Assuming that the rate of return on capital investment by the monopoly is constrained by government regulation denoted by $m$, so the monopoly Lagrangian expression subject to government regulation constraint is given as follows:

$$\mathcal{L} = p_1 f(k, l) - (p_2 k + p_3 l) + \lambda(p_3 l + mk - p_1 f(k,\ l)) \tag{6}$$

Differentiating Eq. 6 with respect to $l$, $k$, and $\lambda$ and equating the first differential equal to 0, we get:

$$\frac{\partial \mathcal{L}}{\partial l} = p_1 f_l - p_3 + \lambda(p_3 - p_1 f_l) = 0 \tag{7}$$

$$\frac{\partial \mathcal{L}}{\partial k} = p_1 f_k - p_2 + \lambda(m - p_1 f_k) = 0 \tag{8}$$

$$\frac{\partial \mathcal{L}}{\partial \lambda} = p_3 p_2 + mk - p_1 f(k, l) = 0 \tag{9}$$

Equations 7, 8, and 9 capture the effect that a monopoly will try to maximize profits in the midst of regulatory constraints. There are two ways how monopolies will be able to foster this. First, if the government is charging higher taxes on profits, monopoly will try to reduce the burden of the tax by increasing their marginal revenue per unit of output and reducing marginal cost. Second, if the government provides subsidy to the monopoly, it may choose to continue to charge the same price as it has the market power to do so. Alternatively, the monopoly can also reduce the price if the government pressures them to do so.

There are two ways how this entry contributes to the existing literature. First, it emphasizes that deadweight loss is not the only loss or economic inefficiency generated by the monopoly. There are welfare losses that arise due to misallocation of public funds by the government to help the state-owned monopolies. Second, it also tries to emphasize that the monopolies will try to maximize their

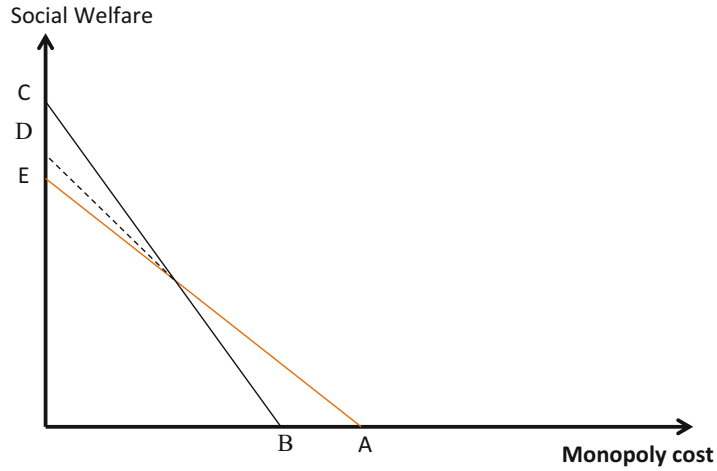


**Welfare Effects, Government Policies, and Deadweight Loss, Fig. 6** Effect of subsidy on welfare of monopoly and social welfare. (Source: Created by authors of this paper (2016))

profits in the midst of regulatory constraint. This will distort the impact of policies on the social welfare. Figure 6 captures this by using the budget constraint framework.

Figure 6 shows that if the government provides subsidy, the production cost of monopoly should decrease, and economic welfare should increase from E to C. However, monopolies can still charge higher prices because they have total control of the market. This results in the graph to shift from E to D causing less increase in social welfare.

## Literature Review

There have been many notable debates in the academic literature on the impact of monopoly on the national economy (Hałaburda and Yehezkel 2013). One of the notable issues highlighted in the existing studies is that monopolies cause deadweight and price discrimination (Wang and Chen 2012). This leads to economy inefficiency and loss of economic welfare. Undoubtedly, the topic on deadweight loss and price discrimination is a notable one, but to date much hasn't been done to estimate deadweight loss (Wang and Chen 2012). The existing literature on the effects of monopoly on national economy can be divided into two categories. First is the economic inefficiency caused by monopolies (Flynn et al. 2009; Morita and Waldman 2010; Hałaburda and Yehezkel 2013; Kim and Lee 2014) and the second is the impact of regulation on the welfare losses generated by the monopoly (Goolsbee 2006; Liu and Lu 2015). This subsection will review existing studies on these two categories.

### Deadweight Loss and Monopoly Behavior

Deadweight loss is an economic inefficiency that arises when monopolies charge higher prices to consumers, resulting in the transfer of consumer surplus to the monopoly profits (Flynn et al. 2009; Morita and Waldman 2010). Chen and Sappington (2011), Hałaburda and Yehezkel (2013), and Kim and Lee (2014) found that deadweight loss from a state-owned monopoly may be high as compared to a monopoly from the private sector. Private sector monopolies tend to be more transparent in disclosing information to public and may face strict government regulation, while the state-owned monopolies are supported and backed by the government; therefore there is less incentive for them to disclose information to public. Wang and Chen (2012) argued that there are many countries around the world that have been implementing reforms in the energy sector to improve the efficiency of the energy sector. During the 1980s, the government of China encouraged the private sector to invest in the energy sector because there was a massive shortage of electricity supply in China. In the recent years, the private sector is losing interest in the energy sector of China with the government-owned monopoly becoming stronger day by day.

Wang and his colleague argued that the development of this relative monopoly may be harmful to the interest of the general public. (Relative monopoly is also known as imperfect monopoly. A relative monopoly is one where the product sold by the monopoly does not have a close substitute but may have a remote substitute. For example, the remote substitute of mobile phones may be landline phones.) Yao and Gan (2010) analyzed the impact of monopoly innovation on the welfare of consumers. Yao and his colleague emphasized that previous studies have used partial equilibrium model to assess the welfare impact of monopoly and found that monopoly innovation leads to greater welfare loss. This study also found that technological advancement increases social welfare. Cowan and Vickers found that a monopolist's third-degree price discrimination has ambiguous effects on social welfare. Neumann (1999), Lee (2006), and Reksulak et al. (2008) found that welfare loss tends to increase as the monopoly exercises greater power over innovative activities. Kahana and Katz (1990) examined the welfare loss that arises from the rent seeking behavior of a price discriminating monopolist. This study found that price discrimination increases social welfare loss as some consumers are better off than others (see Table 1 for the summary of these studies).

### Impact of Government Regulation on Monopoly Behavior

Harberger (1954) and Worcester (1973) considered the notion of quantifying allocation of resources and welfare impact of monopoly. By using data from various industries, this study found that misallocation of resources that may be induced by government policies increases welfare loss of the consumer by 0.1%. Building on these students, Jenny and Weber (1983) found that welfare loss ranged from 0.85% to 7.39% of the GDP. Goolsbee (2006) found that when the taxes on monopoly profits increases, the deadweight loss will also increase as consumers will be charged higher prices to offset the losses that monopoly's experience by paying the government taxes on profits. Darby and Zucker (2006) debunked the myth that technological advancement may only benefit consumers under competitive market but not under monopoly market. Viani (2007) used data from 74 countries to determine the reasons for the rise of monopoly in different countries. This study found that some of the factors that give rise to the monopoly are financial constraint of the government, political notion, and election preference. When government grants companies monopoly rights, they are able to increase their revenue by 66%. Lakdawalla and Sood (2009) study on the US and European pharmaceutical industry found that there is an opportunity cost associated with providing monopolies with unwarranted government financial support. The financial resources invested in the state-owned monopolies can be rechanneled to other priority areas of the nation because these monopolies generate deadweight loss at the expense of public funds. Lin and Jiang (2011) found that by eliminating subsidies for the electricity industry of China, the demand for electricity will significantly fall as the prices of electricity will increase. Crawford et al. (2011) found that monopoly power leads to deterioration of the quality of service delivery in the cable industry when the government provides unjustified support for the monopoly. Liu and Lu (2015) argued that cutting taxes on the profits of the US monopolies will improve social welfare (see Table 1 for the summary of these studies).

A close synthesis of the above literature shows that there are many studies that have proposed models for deadweight loss generated by monopoly. However, very few studies have constructively applied these models and calculated deadweight loss generated by state-owned monopolies. Similarly, the impact of government regulation on the behavior of monopoly has been applied at the macro level rather than at the micro level. This study contributes to the existing literature in two ways. First, none of the existing studies have examined the welfare loss generated by monopolies in the Pacific Island Countries. This study examines the welfare loss generated by monopolies in Fiji and Samoa. Second, this entry used the Harberger (1954) framework for estimating deadweight loss that was later polarized by Worcester (1973), Jenny and Weber

**Welfare Effects, Government Policies, and Deadweight Loss, Table 1** Summary of studies reviewed for this paper

| No | Study | Theme | | | | | |
|---|---|---|---|---|---|---|---|
| | | Welfare loss | Innovation | Regulation | National economy | Deadweight loss | Price discrimination |
| 1 | Hałaburda and Yehezkel (2013) | √ | | | √ | | |
| 2 | Wang and Chen (2012) | | | | | √ | √ |
| 3 | Flynn et al. (2009) | | | | | √ | |
| 4 | Morita and Waldman (2010) | | | | | √ | |
| 5 | Kim and Lee (2014) | √ | | | | | |
| 6 | Goolsbee (2006) | √ | | √ | | | |
| 7 | Liu and Lu (2015) | √ | | √ | | | |
| 8 | Chen and Sapping (2011) | | | | | | √ |
| 9 | Yao and Gan (2010) | √ | √ | | | | |
| 10 | Cowan and Vickers (2007) | √ | | | | | √ |
| 11 | Neumann (1999) | √ | √ | | | | |
| 12 | Lee (2006) | √ | √ | | | | |
| 13 | Reksulak et al. (2008) | √ | √ | | | | |
| 14 | Kahana and Katz (1990) | √ | | | | | √ |
| 15 | Harberger (1954) | √ | | √ | | | |
| 16 | Worcester (1973) | √ | | √ | | | |
| 17 | Jenny and Weber (1983) | √ | | | | | |
| 18 | Darby and Zucker (2006) | | √ | | | | |
| 19 | Viani (2007) | | | √ | | | |
| 20 | Lakdawalla and Sood (2009) | | | | √ | √ | |
| 21 | Lin and Jiang (2011) | | | | √ | | √ |
| 22 | Crawford et al. (2011) | √ | | √ | | | |

Source: Developed by the authors of this paper by using information from existing literature

(1983), and Reksulak et al. (2008). Harberger (1954) framework is one of the most popular and cited studies in the existing literature. Using this framework in this study will enable research findings to be compared with existing studies.

## Data Collection and Model Specification

### Data Collection

The main aim of this entry is to estimate and examine the deadweight loss generated by state-owned monopolies in Fiji and Samoa. This entry also seeks to examine the impact of government policies on the deadweight loss generated by monopolies. Two monopolies were selected in this entry. These two monopolies were the FEA and SEPC. The selection of the companies to be studied in this entry was done entirely on the availability of data. To determine the economic inefficiency generated by monopolies before and after regulation, we needed data on price, quantity produced, profits and cost. We collected data from the annual reports of FEA and SEPC. Data from the year 2010 to 2014 were collected, and deadweight loss for each period was calculated. The

marginal revenue and elasticity were held constant on annual basis.

### Model Specification

In this entry, Harberger (1954) framework for estimating deadweight loss that was later polarized by Worcester (1973), Jenny and Weber (1983), and Reksulak et al. (2008) will be used for estimating the deadweight loss. For estimating deadweight loss after regulation, we will equate marginal revenue (MR) equal to marginal cost (MC). Constant marginal cost on annual basis is given by *mc*. (This may include the combination effect of both taxes and subsidies.) The demand curve of the monopoly with the constant price elasticity of demand is captured by Eq. 10 below:

$$Q = p_1^{e_{q,p}} \tag{10}$$

In Eq. 10, $q$ is quantity, $p_1$ is the price, and $e_{q,p}$ is the price elasticity of demand. The elasticity of demand was calculated by using the following equation:

$$e_{q,p} = \left(\frac{Q_2 - Q_1}{P_2 - P_1}\right) * \left(\frac{P_2}{Q_2}\right) \tag{11}$$

In Eq. 11, $Q_1$ and $Q_2$ are the quantities of the respective periods, and $P_1$ and $P_2$ are the prices from the respective periods. The first step involved in estimating the deadweight loss is to compare the consumer surplus of monopoly with consumer surplus of the competitive market. The ratio of consumer surplus is given as follows:

$$\frac{\text{CONSUM}}{\text{CONSUC}} = \frac{1}{1 + \left(\frac{1}{e_{q,p}}\right)}^{e_{q,p}+1} \tag{12}$$

In Eq. 12, CONSUM is consumer surplus for the monopoly, and CONSUC is consumer surplus for the competitive market. Dividing the profit function of the monopoly (see Eq. 4) with CONSUC and simplifying we get:

$$\text{DWL} = \frac{\pi_{mt}}{\text{CONSUC}} = \frac{e_{q,p}}{1 + e_{q,p}}^{e_{q,p}} \tag{13}$$

In Eq. 13, DWL represents deadweight loss.

## Research Findings and Discussions

Table 2 shows that the consumer surplus ratio for monopoly to competitive market increased from −0.19 in 2011 to 0.48 in 2014. The deadweight loss also increased from −1.28 to 0.27 in 2014. In 2013, 81% of consumer surplus that may be present in the competitive market was transferred into monopoly profits. In 2014, 48% of consumer surplus that may be present in the competitive market was transferred into monopoly profits.

Table 3 shows that consumer surplus ratio for monopoly to competitive market increased from −0.33 in 2011 to 0.34 in 2014. The deadweight loss also increased from −1.31 in 2011 to 0.40 in 2014. In 2012, 20% of consumer surplus that may be present in the competitive market was transferred into monopoly profits. In 2014, 34% of consumer surplus that may be present in the

**Welfare Effects, Government Policies, and Deadweight Loss, Table 2** Elasticity, marginal cost, monopoly and competitive market consumer surplus ratio and deadweight loss for FEA

| Year | Elasticity | MC=AC | M:CM | DWL |
|---|---|---|---|---|
| 2011 | −0.132380204 | 0.326742491 | −0.19 | −1.28 |
| 2012 | −0.695476356 | 0.298089833 | −1.28 | −0.56 |
| 2013 | −1.084923055 | 0.303485746 | 0.81 | 0.06 |
| 2014 | −2.229784542 | 0.370580463 | 0.48 | 0.27 |

Note:
MC is marginal cost
AC is average cost
M:CM: monopoly and competitive market consumer surplus ratio
DWL: deadweight loss

**Welfare Effects, Government Policies, and Deadweight Loss, Table 3** Elasticity, marginal cost, monopoly and competitive market consumer surplus ratio and deadweight loss for SEPC

| Year | Elasticity | MC=AC | M:CM | DWL |
|---|---|---|---|---|
| 2011 | −0.198631946 | 1.06997636 | −0.33 | −1.31 |
| 2012 | 0.557045635 | 1.053348163 | 0.20 | 0.56 |
| 2013 | −0.161116437 | 1.083862504 | −0.25 | −1.3 |
| 2014 | 5.049770304 | 1.101390702 | 0.34 | 0.40 |

Note:
MC is marginal cost
AC is average cost
M:CM: monopoly and competitive market consumer surplus ratio
DWL: deadweight loss

competitive market was transferred into monopoly profits.

Table 3 shows that the consumer surplus ratio for monopoly to competitive market increased from −0.33 in 2011 to 0.34 in 2014. The deadweight loss also increased from −1.31 in 2011 to 0.40 in 2014. This entry noted that FEA and SEPC recorded positive deadweight loss during the periods when transfer of consumer surplus to monopoly profits was high. There are a number of factors that have caused the increase in the deadweight loss generated by these two companies. One of the factors that have increased the deadweight loss is the inelastic demand for electricity. Due to fluctuations in fuel prices, the cost of fuel in Fiji and Samoa has been highly volatile. As compared to the price of electricity, the price of fuel is much higher. Therefore, people cannot easily substitute the need for electricity with other alternative commodities. Another factor that has caused inflexibility in the demand for electricity in Fiji and Samoa is the growing demand for electricity by manufacturing and business warehouses. The tourism industry of Fiji and Samoa has facilities for electricity use; therefore if the price of electricity increases, they are not able to substitute it with other products. Alternatively, some consumers in Fiji and Samoa have solar panels, but setting up the solar system is very expensive and requires large amounts of capital investment that may not be easily affordable by ordinary consumers.

The findings from this study is similar to the findings of the studies conducted by Chen and Sappington (2011), Wang and Chen (2012), Hałaburda and Yehezkel (2013), and Kim and Lee (2014). The transfer of consumer surplus estimated in this study from consumers in a competitive market to monopoly profits is relatively high. These two state-owned monopolies may be getting unwarranted support from the government to charge high prices to consumers so that the government can maximize its revenues. Wang and Chen (2012) found that the relative state-owned monopoly in China in the energy sector has strong government support, and this has maximized the social welfare loss.

### Impact of Tax on Deadweight Loss

Table 4 shows that deadweight loss in dollars increased from −$120051968.3 in 2011 to $403777.9327 in 2014.

Table 5 shows that deadweight loss in dollars increased from −$118868096.1 in 2011 to $352625.4723 in 2014. Comparison of Tables 4 and 5 shows that tax on profits reduces deadweight loss generated by the monopoly.

Table 6 shows that deadweight loss in dollars increased from −$931140.6386 to $2861615.975.

The SEPC does not pay tax on its profits. In the case of Fiji, the FEA pays taxes to the government of Fiji. When government charges tax on its profits, it is able to reduce deadweight loss. By charging taxes, the government of Fiji has reduced the deadweight loss by 0.99% in 2011, 20.58% in 2013, and 12.67% in 2014. By charging tax to the FEA, the government of Fiji can use tax collections for priority areas in the country that needs greater attention. Some of these priority areas are

**Welfare Effects, Government Policies, and Deadweight Loss, Table 4** Elasticity, competitive market consumer surplus and deadweight loss for FEA before tax on profits

| Year | Profit | Competitive price=marginal cost | Elasticity | Competitive market surplus | Deadweight loss $ |
|---|---|---|---|---|---|
| 2011 | 52,427,000 | 0.326742491 | −0.132380204 | −0.436702544 | −120051968.3 |
| 2012 | 61,836,000 | 0.298089833 | −0.695476356 | −2.271460897 | −27223008.8 |
| 2013 | 41,024,000 | 0.303485746 | −1.084923055 | 13.03025127 | 3148365.994 |
| 2014 | 1,113,000 | 0.370580463 | −2.229784542 | 2.756465645 | 403777.9327 |

**Welfare Effects, Government Policies, and Deadweight Loss, Table 5** Elasticity, competitive market consumer surplus and deadweight loss for FEA after tax on profits

| Year | Profit | Competitive price=marginal cost | Elasticity | Competitive market surplus | deadweight loss $ |
|---|---|---|---|---|---|
| 2011 | 51,910,000 | 0.326742491 | −0.132380204 | −0.436702544 | −118868096.1 |
| 2012 | 75,345,000 | 0.298089833 | −0.695476356 | −2.271460897 | −33170282.65 |
| 2013 | 32,581,000 | 0.303485746 | −1.084923055 | 13.03025127 | 2500412.258 |
| 2014 | 972,000 | 0.370580463 | −2.229784542 | 2.756465645 | 352625.4723 |

**Welfare Effects, Government Policies, and Deadweight Loss, Table 6** Elasticity, competitive market consumer surplus and deadweight loss for SEPC for before tax on profits

| Year | Profit | Competitive price=marginal cost | Elasticity | Competitive market surplus | Deadweight loss $ |
|---|---|---|---|---|---|
| 2011 | 1,226,656 | 1.06997636 | −0.198631946 | −1.3173692 | −931140.6386 |
| 2012 | 2,081,001 | 1.053348163 | 0.557045635 | −0.6963767 | −2988326.776 |
| 2013 | 369,998 | 1.083862504 | −0.161116437 | −1.2753741 | −290109.3906 |
| 2014 | −848,415 | 1.101390702 | 5.049770304 | −0.2964811 | 2861615.975 |

**Welfare Effects, Government Policies, and Deadweight Loss, Table 7** Elasticity, competitive market consumer surplus and deadweight loss for SEPC before fuel levy subsidy

| Year | Profit | Competitive price=marginal cost | Elasticity | Competitive market surplus | Deadweight loss $ |
|---|---|---|---|---|---|
| 2011 | −5,273,344 | 1.06997636 | −0.198631946 | −1.3173692 | 4002935.541 |
| 2012 | −4,418,999 | 1.053348163 | 0.557045635 | −0.6963767 | 6345702.397 |
| 2013 | −6,130,002 | 1.083862504 | −0.161116437 | −1.2753741 | 4806434.479 |
| 2014 | −7,348,415 | 1.101390702 | 5.049770304 | −0.2964811 | 24785443.16 |

health, education, poverty alleviation, and natural disaster management. The findings from this study contradict with the findings from the study conducted by Liu and Lu (2015). This study argues for taxing monopoly on their profits while Liu and Lu (2015) argue against taxing monopoly on their profits.

## Impact of Fuel Levy Subsidy on Deadweight Loss

Table 7 shows that by eliminating fuel levy subsidy, deadweight loss generated by SEPC will increase from $4002935.541 in year 2011 to $24785443.16 in 2014. By providing fuel levy subsidy, the government has significantly

**Welfare Effects, Government Policies, and Deadweight Loss, Table 8** Percentage change in deadweight loss by providing fuel levy subsidy to SEPC

| Year | DWL before fuel subsidy | DWL after fuel subsidy | % change |
|---|---|---|---|
| 2011 | 4,002,936 | −931,141 | −123.261445 |
| 2012 | 6,345,702 | −2,988,327 | −147.092136 |
| 2013 | 4,806,434 | −290,109 | −106.035854 |
| 2014 | 24,785,443 | 2,861,616 | −88.454449 |

**Welfare Effects, Government Policies, and Deadweight Loss, Table 9** Percentage change in deadweight loss by charging taxes on profits for FEA

| Year | DWL before tax on profits | DWL after tax on profits | % change |
|---|---|---|---|
| 2011 | −120051968.3 | −118868096.1 | −0.98613 |
| 2012 | −27223008.8 | −33170282.65 | 21.8465 |
| 2013 | 3148365.994 | 2500412.258 | −20.5806 |
| 2014 | 403777.9327 | 352625.4723 | −12.6685 |

DWL represents deadweight loss

reduced the deadweight loss generated by the monopoly.

Table 8 shows that by providing fuel levy subsidy, the government of Samoa has reduced the deadweight loss by 123% in 2011, 147.09% in 2012, 106.03% in 2013, and 88.45% in 2014.

Table 9 shows that by charging taxes, the government of Fiji has reduced the deadweight loss by 0.99% in 2011, 20.58% in 2013, and 12.67% in 2014. The deadweight loss increased in the year 2012 because the government provided tax benefits to FEA and this increased by 21.85%.

The government of Samoa provides fuel levy subsidy to SEPC. From year 2012 to 2014, the government of Samoa provided fuel levy subsidy to SEPC amounting to a constant amount of $6,500,000 per year. By providing fuel levy subsidy to SEPC, the government of Samoa has reduced the deadweight loss by 123% in 2011, 147.09% in 2012, 106.03% in 2013, and 88.45% in 2014. Deadweight loss decreased when the government of Samoa provided subsidy to SEPC. By subsiding electricity production, the government of Samoa reduced the cost per unit of electricity; therefore, Samoans could enjoy provision of electricity at cheaper prices. This finding from this study is similar to the findings of the studies conducted by Harberger and Worcester (1973). These two authors argued that misallocation of resources will increase the welfare loss generated by the monopoly. Albeit, the government of Samoa is subsiding electricity production, the SEPC is still charging higher prices to consumers. Prices could have been further reduced, but, due to strong monopoly power, the monopoly may not opt to reduce prices. These are opportunity costs associated with subsiding SEPC. For instance, the fiscal stimulus provided by the government of Samoa to SEPC could have been spent on other sectors of the economy that need more attention, such as, health, and education.

## Conclusions, Theoretical Contributions and Policy Implications

The main aim of this entry is to examine the deadweight loss generated by state-owned monopolies in Fiji and Samoa. This entry also seeks to examine the impact of government policies on the deadweight loss generated by monopolies. The findings from this entry showed that the deadweight loss generated by the FEA increased from −1.28 in 2011 to 0.27 in 2014. In the case of SEPC, the deadweight loss also

increased from −1.31 in 2011 to 0.40 in 2014. By charging taxes, the government of Fiji has reduced the deadweight loss by 0.99% in 2011, 20.58% in 2013, and 12.67% in 2014. By providing fuel levy subsidy to SEPC, the government of Samoa has reduced the deadweight loss by 123% in 2011, 147.09% in 2012, 106.03% in 2013, and 88.45% in 2014.

There are two important theoretical contributions of this entry. First, this entry emphasizes that deadweight loss is not the only loss or economic inefficiency generated by the monopoly. There are welfare losses that arise due to misallocation of public funds to help the state-owned monopolies. There are many ways in which public funds are misallocated in Fiji and Samoa. Some of these ways are providing tax benefits to monopolies and exempting taxes on the profits of the state-owned monopolies. The government of Samoa has been providing the SEPC with subsidies. If these subsidies are subtracted from the revenues, SEPC will go in loss. Alternatively, if the government of Samoa does not provide any subsidies to SEPC, it can use these subsidies to invest in other priority areas of the nation that needs urgent attention from the government.

Second, this entry also tries to emphasize that the monopolies will try to maximize their profits even if their profit maximization goals is constrained by government regulations. This will distort the impact of government policies on social welfare. Taxes can constrain monopoly profits, while subsidies will maximize monopoly profits. If taxes on profits are high, the monopoly can recover from this loss by increasing marginal revenue and minimizing marginal cost.

There are five important policy implications of this entry. First, the government in the Pacific Island Countries lacks financial resources to improve the welfare system of their respective countries. In these countries, providing monopolies with too much support may be damaging to the public interest. In order to improve social welfare, government should tax monopolies profits. The government of Samoa should tax the profits of the monopoly and channel these funds to other areas of the economy that need fiscal stimulus for growth. Second, the government of Samoa is providing large amounts of subsidies to SEPC. It is very essential for policy makers to analyze the opportunity cost of investing large amounts of public revenue for the benefit of the monopoly. A cost-benefit analysis needs to be conducted before the government of Samoa takes a decision on the amount of subsidy they should provide to SEPC. Third, the government should regulate the prices charged by the state-owned monopolies. This will minimize the social welfare loss and enable public to enjoy electricity services at cheaper prices. Fourth, due to inefficiency generated by the state-owned monopolies in the electricity sector of Fiji, the government of Fiji should open up markets for the private sector. This will foster competition and regulate the prices of the electricity in Samoa and Fiji. This study found that the existence of monopoly has social welfare implications in the form of loss of consumer welfare. Hence, deregulation of the market is an aspect that tends to be an attractive route to enhance consumer welfare, as it would incite competition and reduce prices. Fifth, renewable energy is a notion that has been factored in many Pacific Island Countries, where government tends to provide grants business wishing to set up renewable energy papers. The government needs to encourage investment in other forms of renewable electricity generation.

There are two limitations of this entry. First, marginal cost and elasticity were held constant on annual basis. Second, it is difficult to generalize the findings from this study to other Pacific Island Countries as this study is based on only two Pacific Island Countries. These two Pacific Island Countries are large small island countries in the Oceania region.

Future researchers can build on this study by using alternative deadweight loss estimation models that have flexible marginal cost and elasticity. Future researchers can also conduct similar studies in other small island countries in the Pacific so that findings from this study can be compared with future studies.

## References


Amir R, Jin JY, Pech G, Tröge M (2016) Prices and deadweight loss in multiproduct monopoly. J Public Econ Theory 18(3):346–362

Carlton DW, Keating B (2015) Antitrust, transaction costs, and merger simulation with nonlinear pricing. J Law Econ 58(2):269–289

Chen Y, Sappington DE (2011) Exclusive contracts, innovation, and welfare. Am Econ J Microecon 3:194–220

Chu AC, Cozzi G, Galli S (2012) Does intellectual monopoly stimulate or stifle innovation? Eur Econ Rev 56(4):727–746

Crawford GS, Shcherbakov O, Shum M (2011) The welfare effects of monopoly quality choice: evidence from cable television markets. Working paper. University of Warwick, Coventry

Darby MR, Zucker LG (2006) Innovation, competition and welfare-enhancing monopoly. Cambridge. Retrieved from http://www.nber.org/papers/w12094

Dornan M (2013) Reform despite politics? The political economy of power sector reform in Fiji, 1996–2013. Energy Policy 67:703–712

Fiji Electricity Authority (2010) Annual report. Suva, Fiji Islands

Fiji Electricity Authority (2011) Annual report. Suva, Fiji Islands

Fiji Electricity Authority (2012) Annual report. Suva, Fiji Islands

Fiji Electricity Authority (2013) Annual report. Suva, Fiji Islands

Fiji Electricity Authority (2014) Annual report. Suva, Fiji Islands

Fiji Electricity Authority (2016) About us. Retrieved from http://www.fea.com.fj/about-us/

Flynn S, Hollis A, Palmedo M (2009) An economic justification for open access to essential medicine patents in developing countries. J Law Med Ethics 37(2):184–208

Goolsbee A (2006) The value of broadband and the deadweight loss of taxing new technology. BE J Econ Anal Policy 5(1):1–31

Hałaburda H, Yehezkel Y (2013) Platform competition under asymmetric information. Am Econ J Microecon 5(3):22–68

Harberger AC (1954) Monopoly and resource allocation. Am Econ Rev 44(2):77–87

Jack BK, Recalde MP (2015) Leadership and the voluntary provision of public goods: field evidence from Bolivia. J Public Econ 122:80–93

Jenny F, Weber A-P (1983) Aggregate welfare loss due to monopoly power in the French economy: some tentative estimates. J Ind Econ 32(2):113–130

Kahana N, Katz E (1990) Monopoly, price discrimination and rent-seeking. Public Choice 64(1):93–100

Kim K, Lee FZX (2014) Information acquisition in a war of attrition. Am Econ J Microecon 6(2):37–78

Lakdawalla D, Sood N (2009) Innovation and the welfare effects of public drug insurance. J Public Econ 93(3): 541–548

Lee Y-HA (2006) Student scholarship papers. Retrieved from http://digitalcommons.law.yale.edu/student_papers/19?utm_source=digitalcommons.law.yale.edu%2Fstudent_papers%2F19&utm_medium=PDF&utm_campaign=PDFCoverPages

Li C, Wang J (2010) Licensing a vertical product innovation. Econ Rec 86(275):517–527

Lin B, Jiang Z (2011) Estimates of energy subsidies in China and impact of energy subsidy reform. Energy Econ 33(2):273–283

Liu Y, Lu Y (2015) The economic impact of different carbon tax revenue recycling schemes in China: a model-based scenario analysis. Appl Energy 141:96–105

Morita H, Waldman M (2010) Competition, monopoly maintenance, and consumer switching costs. Am Econ J Microecon 2(1):230–255

Neumann M (1999) Monopoly welfare losses in the long run. Empirica 26(1):1

Posner RA (1975) The social costs of monopoly and regulation. J Polit Econ 83(4):807–828

Reksulak M, Shughart WF, Tollison RD (2008) Innovation and the opportunity cost of monopoly. Manag Decis Econ 29(8):619–627

Samoa Power Corporation (2010) Annual report. Apia, Samoa

Samoa Power Corporation (2011) Annual report. Apia, Samoa

Samoa Power Corporation (2012) Annual report. Apia, Samoa

Samoa Power Corporation (2013) Annual report. Apia, Samoa

Samoa Power Corporation (2014) Annual report. Apia, Samoa

Schmitz PW (2015) Government versus private ownership of public goods: the role of bargaining frictions. J Public Econ 132:23–31

Shleifer A (2005) Understanding regulation. Eur Financ Manag 11(4):439–451

Solis L, Maudos J (2008) The social costs of bank market power: evidence from Mexico. J Comp Econ 36(3):467–488

Spulber DF (2013) How do competitive pressures affect incentives to innovate when there is a market for inventions? J Polit Econ 121(6):1007–1054

Viani BE (2007) Monopoly rights in the privatization of telephone firms. Springer Science+Business Media, New York

Wang Q, Chen X (2012) China's electricity market-oriented reform: from an absolute to a relative monopoly. Energy Policy 51:143–148

Worcester DA (1973) New estimates of welfare loss to monopoly, United States: 1956–1969. South Econ J 40(2):234

Yao S, Gan L (2010, February 16) Monopoly innovation and welfare effects. Retrieved May 7, 2016, from http://www.economicsejournal.org/economics/discussionpapers/2010-1

# Whistleblowers in Organizations

Anna Marie Schuh
Department of Political Science and Public Administration, Roosevelt University, Chicago, IL, USA

## Synonyms

Informant; Whistle-blower

## Definition

Whistleblower: Someone who discloses information about organizational improprieties. Such improprieties may involve violation of law, malpractice, corruption, or health and safety vulnerabilities. Whistleblowers can come from inside or outside of the organization as long as they have access to explicit information about the impropriety. Disclosure may be within or outside of the organization. External disclosure may be to regulatory agencies, media, or the public at large.
Retaliation: Actions taken against an individual who discloses information about an impropriety
Pretaliation: An enforcement action taken by an oversight agency before whistleblower retaliation occurs

## Introduction

Whistleblowing has been around for a long time. For example, it has been almost 500 years since Martin Luther functioned as a whistleblower by nailing his 95 theses outlining corruption in the Catholic Church to the Wittenberg All Saints Church on October 31, 1517, which resulted in the Protestant Reformation. Protection of whistleblowers also has a long history. For example, in 1777 the Continental Congress passed a law protecting two naval officers who disclosed torture of British prisoners. The US Internal Revenue Service whistleblowing award system goes back to 1867. More contemporary whistleblowers such as Edward Snowden and Bradley Manning have raised compelling issues through whistleblowing. In these latter cases, the individuals raised the issues at significant personal cost, and the disclosures have sparked national debates. Whether such disclosures are accurate or appropriate or whether they are motivated by personal good or the greater good, whistleblower disclosures impact organizations.

Fung notes that whistleblowers are important because democracies and organizations are not perfect. Whistleblowers raise issues that the public may overlook. Whistleblowers make politicians and policy makers act because of their disclosures. Whistleblowers allow the voters to understand issues and exercise an informed franchise. Whistleblowers provide information that the press can use to hold the government accountable.

Fung adds that whistleblowers can cause serious damage to democracies and organizations. Whistleblowers take on the role of judge in determining what information to disclose, and yet whistleblowers may be fallible judges making determinations with inadequate information or understanding. Whistleblowers often disrespect the rule of law when they go outside the system without even attempting to work with the system. Whistleblowers can degrade democracy when they override the judgements of elected and appointed officials (Fung 2013).

In a specific example, Moran notes that the 1970s was a difficult time for the Central Intelligence Agency (CIA) and its whistleblowers. Both the CIA and the whistleblowers were wounded in many ways. Because the agency mishandled the initial whistleblowers through intimidation, spying, and stealing whistleblower manuscripts, citizens became suspicious of the CIA. At the same time, because of the CIA tactics, Moran notes the whistleblowers were devastated psychologically and financially (Moran 2015).

From an overall perspective, effective whistleblowers have a role in a healthy society because they shed light on problems and provide opportunities for change. However, both the individual whistleblower and the home organization

face serious challenges during the whistleblower process.

Two questions help frame the challenges in the whistleblower discussion. The first question involves whether the individual is truly a whistleblower or disgruntled employee. Scholars and citizens debate whether those disclosing private information are providing a public service, betraying a trust, looking for a reward, merely avenging a wrong, or even being used as a pawn by another person or organization. Whistleblowers can be any of these things or several of the things at the same time. However, motivation is a key factor in discerning whether or not the disclosure act is both honest and honorable.

With respect to motivation, Gundlach et al. (2008) suggest that both cognitive and emotional responses affect the whistleblower's decision-making. They add that anger with the organization can translate the whistleblower's cognitive assessment of the situational facts into a whistleblower decision of wrong doing whether or not there is actual wrongdoing. They add that open, transparent communication is a way to insure an accurate organizational assessment.

The second question is whether whistleblowing helps or hinders organization operations. One position is that internal whistleblowing surfaces problems and enhances problem resolution. Dhamija proposes an internal whistleblower hotline followed by an internal audit is the best way to control fraud in an organization suggesting that whistleblowing can be part of an accountability system. A second position is that internal whistleblowing is a means to hide problems from the public (Dhamija 2014). As Leifer et al. suggest, when whistleblowing is handled internally, the problem and resolution are not transparent and the public does not receive the benefits of public disclosure. This lack of transparency can diminish public trust. A third position is that public disclosure only makes it more difficult to govern or manage. From an operational perspective, some issues such as labor relations or human resource management problems are more readily solved without public scrutiny during the resolution period. Also, as Leifer et al. note, both business and public organizations can lose the public confidence because of open whistleblowing disclosures. Such lack of public confidence may reduce program effectiveness as was the case in the intelligence-gathering efforts mentioned earlier (Leifer 2014).

## Whistleblower Types

Webster notes that government deals with two types of whistleblowers: whistleblowers about internal government practices (public) and whistleblowers about business practices that violate government law (private). From an internal perspective, organizations both inside and outside the government have an interest in encouraging internal whistleblowers for two reasons: maintaining public integrity and solving problems at the lowest possible level. To do this, organizations need internal whistleblower programs that are both effective and safe for the whistleblower.

As Hastings indicates, in dealing with business practice whistleblowing, government as the overseer has to balance the tension between supporting internal reporting so that the organization can fix the problem and the need to protect external whistleblowing for those fearful of organizational retaliation (Hastings 2015). External whistleblowing is particularly important when the potentially offending organization does not want to solve the problem. In rule making, oversight agencies need to navigate the tension between legitimate organizational anti-disclosure rules and legitimate employee fears of retaliation for wrongdoing disclosure. One way to do that is to adopt a consistent and transparent policy about information sharing between the oversight agency and the organization.

Business practice whistleblowing is further complicated by legislation that provides rewards for whistleblowing. Organizations such as the Internal Revenue Service or the Securities and Exchange Commission (SEC) have such legislation. Archambeault and Webber note that when whistleblowers seek awards, whistleblowers also seek anonymity.

Archambeault and Webber identify three categories of SEC whistleblowers by the level of desired anonymity: those who allow disclosure of name and contact information, those who only provide an attorney's name and contact information, and those who want no disclosure at all. The latter group rarely provides information that results in successful whistleblowing because investigators do not have access to source information which hinders development of the wrongdoing case (Archambeault and Webber 2015).

## Whistleblower Legislation and Enforcement

The first major law addressing US whistleblowers came during the Civil War. In 1863, President Abraham Lincoln introduced the False Claims Act which targeted the sale of fake gunpowder to the Union. This law provided that whistleblowers could collect up to 50% of the money the government collected from the enforcement of this law. In 1947 the law was amended to limit awards to information the government did not already have. In 1986, the law was again amended to protect whistleblowers from threats, harassment, or other acts of retaliation. In 1978, the Civil Service Reform Act singled out federal employee whistleblowers by providing them with protections for disclosing legal violations or gross mismanagement. In 1989, the Whistleblower Protection Act was passed to improve the 1978 federal employee protections (Peffer et al.).

In 2002 as a result of the collapse of several major organizations such as Enron and World Com, the Congress passed the Sarbanes-Oxley Act which highlighted the importance of whistleblowers in preventing financial crises. This was followed by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 which further highlighted the role of whistleblowers in the financial arena (Leifer et al.).

Unfortunately legislation supporting whistleblowers has not been particularly successful. Peffer et al. note that the vast majority of cases under the Whistleblower Protection Act are found in favor of the agency (Peffer et al. 2015). Leifer et al. indicate that the Sarbanes-Oxley Act has neither encouraged whistleblowers nor adequately rewarded them (Leifer 2014). However, Korb does find that whistleblowing after Dodd-Frank did increase by 20% between 2012 and 2014 (Korb 2015).

As Hastings suggests, the dilemma of oversight agencies is to maintain a balance between protecting the public policy and protecting the whistleblower (Hastings 2015). Early intervention deprives the organization of a chance to right the wrong through its own efforts; however, late intervention allows an organization to make more serious violations. At the same time, early disclosure by whistleblowers may result in more serious retaliation by the offending organization. Consequently, both employers and employees need to feel safe in the context of disclosure.

While monetary awards can increase whistleblowing activity, Webster notes that there are risks to monetary awards. Some of the more problematic risks include:

- Increased disclosures for personal gain
- Increased employer suspicion of whistleblowers
- Deferred reporting to secure financial reward
- Employee focus on policing the employer
- More difficult working environments
- Greed rather than principled actions (Webster 2015)

Hastings adds that some organizations try to circumvent whistleblower rules through employer/employee agreements that make it difficult for employees to exercise their whistleblower rights. Such rules attempt to restrict communication with the oversight agency. For example, employers might require employees sign employment, confidentiality, and severance agreements that prohibit employees from communicating organizational problems directly with the oversight agency. These agreements may also limit employee rights with respect to independent counsel and whistleblower awards. Such

agreements may also prohibit sharing information with a third party (Hastings 2015).

While the purpose of such agreements may be merely to encourage internal reporting and to protect confidential information, often the agreements are intended to intimidate and ultimately have a chilling effect on whistleblowing. As Hastings further notes, many of these agreements are unenforceable; however, the signer does not know that. Enforceability is not always clear because it relates to such factors as the clarity of the agreement language and the way in which the agreement was explained. While employees have an unwaivable right to report violations as well as to receive rewards for reporting inappropriate employer actions, preemployment agreements can raise employee concerns about these rights (Hastings 2015).

Pretaliation action by the oversight agency is one way to address this problem. Hastings offers an example of such SEC enforcement of Dodd-Frank with respect to KBR, Incorporated (KBR). In this example, as a result of SEC court action, KBR disclosed the preemployment agreements, indicated that the agreements could not prevent the employee from exercising whistleblower rights, and subsequently revised all future agreements (Hastings 2015).

## Good Practices That Support Whistleblowing

Miceli et al. highlight the fact that whistleblower concerns are typically organizational ethical problems (Miceli et al. 2009). As noted previously, healthy organizations want strong whistleblower policies so that problems can be surfaced and resolved early. Early resolution mitigates more serious complications. Early resolution often means that the public never becomes aware of the problem allowing the organization to avoid harmful publicity. Respectful employee whistleblower policies encourage better employee morale. Comprehensive whistleblower policies can be an effective tool in encouraging strong individual and organizational performance management.

Dworkin and Near provide a broad list of essentials for organizational whistleblower policies. More specifically, they advocate the following:

1. A Written Policy (A written policy provides clarity to the operation of the process. In addition, clarity both highlights for employees the importance of whistleblowing to organizational management and it reassures employees that whistleblowing is an acceptable employee behavior.)
2. Compliance Training (Training highlights the perspective that management wants the process to work. It provides an opportunity to clarify the policy so that all supervisors and employees have the same understanding. It provides supervisors and employees an opportunity to raise concerns about the policy, and these concerns can lead to process improvements.)
3. Top Down Policy Development (When top management initiates the policy, supervisors understand that the policy is an integral part of organizational business. This makes supervisors more responsible to the policy and increases policy credibility with employees.)
4. Anonymous Reporting (No policy is trusted by all employees. Anonymous reporting allows employees to raise issues even if those employees do not trust management.)
5. Alternate Reporting Chain (Trust is the primary concern in any whistleblowing policy. Forcing reporting through the same supervisory chain in which the problem occurs diminishes trust. An alternate reporting chain increases trust.)
6. Consistent Management Monitoring (Visible management monitoring of the system and the resolution of problems surfaced by the system signals to employees that management supports whistleblowing as an organizational improvement mechanism.)
7. Employee Feedback (Feedback from employees who report problems is an essential component to a credible system. Such feedback reinforces to employees the notion that any reporting risk incurred is justified because

the employer takes the report seriously by following through on the concern.)

8. Employee Evaluation for Compliance (Using compliance with the organization's whistleblower policy as a performance management criterion confirms to employees that the organization considers whistleblowing an essential organizational practice (Dworkin and Near 1997)).

From an oversight perspective, Webster offers good practices that the government agency can initiate to support whistleblowers. The first practice relates to clear government guidance on the disclosure processes. Potential whistleblowers are more likely to come forward when they understand the disclosure process, what it requires, and how it protects them from organization retaliation. The second effort relates to publication of best practices so organizations can learn from each other. The third initiative involves government provision of clear information about the awards process so that potential whistleblowers can know what to expect from a disclosure. Finally, the oversight agency should provide annual reporting on disclosures results. This is additional information that the potential whistleblower can use to assess usefulness of pursuing the process (Webster 2015).

## International Approaches

Miceli et al. note that whistleblower concerns affect all countries and they identify documented cases in 25 countries during the period 1996 through 2008 (Miceli et al. 2009). Countries have dealt with those concerns in very different ways. In September 2014, Transparency International Australia issued a study jointly conducted by the University of Melbourne and Griffith University on Whistleblower Protection laws in the G20 countries. This study (Wolfe et al. 2014) reviewed the G20 public and private sector whistleblower systems countries against 14 criteria (i.e., coverage, wrongdoing, definition of whistleblowers, reporting channels, external reporting channels, thresholds, anonymity, confidentiality, internal disclosure procedures, breadth of retaliation, remedies, sanctions, oversight, and transparency) that the evaluating group developed specifically for the study.

From an overall perspective, the USA was the only country that had some coverage in both the public and private sector for all 14 elements. Australia had some coverage in all 14 elements for the public sector while Canada had some coverage in 13 of the 14 elements for the public sector. The UK, South Korea, and France had some coverage in 11 of the 14 elements in both the public and private section. On the other end of the spectrum, Saudi Arabia had partial coverage in only one element in either the private or public sector. Russia has no coverage in the private sector while Canada, India, and Italy cover only one element in the private sector.

From an element-specific perspective, the study found that most countries did not have several important whistleblower features. More specifically, many countries lacked a three-tiered reporting system that included the legislature, the media, and outside supportive organizations such as labor or nonprofit organizations. Most countries did not have anonymous channels for reporting wrongdoing. Most countries did not adequately protect internal disclosure procedures. Finally, most countries did not have transparent and accountable enforcement of whistleblower laws.

## Conclusion

Whistleblowers are complex individuals who disclose organizational secrets about potential wrongdoing for a range of reasons. Whistleblowers are important to organizational health because they can raise problems early which in turn can foster early resolution. However, whistleblowers also can create serious organizational problems when they misunderstand an organization's actions and bring costly scrutiny to an otherwise appropriate situation.

Public administrators need to develop safe, effective, and transparent systems that allow

whistleblowers to raise issues as early as possible. Such systems foster accountability and can allow quick problem resolution, particularly if employees trust both management and the system.

## Cross-References

▶ Accountability
▶ Performance Management

## References

Archambeault D, Webber S (2015) Whistleblowing 101. CPA J 85(7):60–64
Dhamija S (2014) Whistleblower policy – time to make it mandatory. Glob Bus Rev 15(4):833–846
Dworkin T, Near J (1997) A better statutory approach to whistle – blowing. Bus Ethics Q 7(1):1–16
Fung A (2013) Citizen Snowden. Boston Rev 38(5): 12–15
Gundlach MJ, Martinko MJ, Douglas SC (2008) A new approach to examining whistle-blowing: the influence of cognitions and anger. SAM Adv Manag J 73(4): 40–50
Hastings K (2015) Keeping whistleblowers quiet: addressing employer agreements to discourage whistleblowing. Tulane Law Rev 90(2):495–527
Korb J (2015) Whistleblower claims under the Dodd-Frank Act: highlights from the SEC's annual report to congress for the 2014 fiscal year. Utah Bar J 28(4): 24–31
Leifer SC (2014) Protecting whistleblower protections in the Dodd-Frank Act. Mich Law Rev 113(1): 121–149
Miceli MP, Near JP, Dworkin TM (2009) A word to the wise: how managers and policy-makers can encourage employees to report wrongdoing. J Bus Ethics 86(3): 379–396
Moran C (2015) Turning against the CIA: whistleblowers during the 'time of troubles'. History 100(340): 251–274
Peffer SL, Bocheko A, Valle RE, Osmani A, Peyton S, Roman E (2015) Whistle where you work? The ineffectiveness of the federal whistleblower protection Act of 1989 and the promise of the whistleblower protection enhancement Act of 2012. Rev Publ Pers Adm 35(1):70–81
Webster A (2015) Developments in whistleblowing. Bus Law Int 16(1):65–75
Wolfe S, Worth M, Dreyfus S, Brown AJ (2014) Whistleblower protection laws: priorities for action. University of Melbourne and Griffith University. Transparency International Australia, Melbourne

# Whistleblowing

Anna Chacko
Department of Telehealth, John A. Burns School of Medicine, University of Hawaii, Honolulu, HI, USA
Boston University Medical Center, Boston, MA, USA

Whistleblowing has been defined as disclosure to those in authority by a person (usually an employee) of mismanagement, corruption, illegality, or other wrongdoing (The Free Dictionary by Farlex – Whistleblowing).

In most instances, the whistleblower is motivated by a sincere desire to improve the functioning of the entity that he may be complaining about. However, whistleblowers rarely get closure, restitution, or recognition of acts requiring daunting effort and courage.

Mankind evolved from a raggle-taggle bunch of cavemen into groups, starting as villages and tribes into kingdoms, democracies, theocracies, plutocracies, and finally globalized market states. This has been accompanied by a concomitant increase in world population and wealth: agencies, and bureaucracies have emerged to allocate resources to accommodate increasing demands and requirements. Agencies were designed to administer the government/corporate expenditures in a prudent if not honest fashion; however, they can and do fail sometimes. Bureaucrats and businesses take advantage of the (limited) oversight established by the agencies, bringing about wide-scale cheating, overbilling, thieving, and defrauding taxpayers/stakeholders and jeopardizing the well-being of the organization. This unchecked misconduct has brought about the development of laws and writs in order to expose and discourage unchecked malfeasance; punitive measures and disincentives for scofflaws have been established. Once incentives had been established for exposing wrongdoing, a whole new set of scenarios has developed whistleblowers, false claims acts, qui tam suits, etc.

The congress has repeatedly refined or reversed the Whistleblower Protection Act/Law with several amendments. Whether this has made a difference to protect the whistleblower remains to be seen. It is important to review the history (Statutes of the realm 12 Edward II, Ch. 6 (1318), 177–178. Quoted by Charles Doyle for the Congressional Research Service (2009), 2.) and evolution of whistleblowing in order to understand the circumstances under which whistleblowing and whistleblower protection became law. A recounting of the history of whistleblowers will bring to light their sagging plight and wavering support provided by those in power, and leadership's efforts to expose and expunge wrongdoing, or to collude with the "perp."

The idea of exposing wrongdoing is surprisingly ancient. The English Crown's recognition of malfeasance among contractors led to the establishment of what is now known as the qui tam suit (Britannica.com (http://britannica.com/) Withred King of Kent last updated 7-3-2007 *qui tam pro domino rege quam pro se ipso in hac parte sequituri* = he who sues in the matter for the king as well as for himself.). The earliest known account of whistleblowing and qui tam suits was in AD 695 in the Kingdom of Kent, in England, when Wihtred of Kent, an Anglo-Saxon King, sets the precedent of providing incentive for informers who exposed those who had committed the sin of working on the Sabbath (Whistleblowersinternational.com (http://whistleblowersinternational.com/) The birth of Qui Tam in Medieval England, Qui Tam A definition: A history: Whistleblowingprotection.org (http://whistleblowingprotection.org/)).

In 1318 qui tam laws (Britannica.com (http://britannica.com/) Withred King of Kent last updated 7-3-2007 *qui tam pro domino rege quam pro se ipso in hac parte sequituri* = he who sues in the matter for the king as well as for himself.) were enforced during the reign of Edward II to reward the commoner who exposed fraud involving the commerce of wines. This writ was actually formalized in England following the Glorious Revolution of 1688. This was the revolution bringing about the overthrow of James II known for his Catholic leanings. This resulted in the establishment of a decidedly protestant monarchy with the protestant Dutch William of Orange and his English wife Mary who became joint monarchs. It also established the authority of the British Parliament over the king. This period saw the quasi formalization of the qui tam writ, where a "commoner" was given a reward of £100 for the apprehension of any Roman Catholic priest, breeding a class of people – common informers who harassed the priests for gain, even when the government would not have. In England, increased qui tam provisions saw a proliferation of professional informers who were given the unsavory appellation of "viperous vermin" by Edward Coke in his work at the Institutes of the Laws of England.

In the 1600s, colonists coming to America brought the concept of qui tam along with them. This became law in 1686 (From the Colonial Laws of Massachusetts (1686) Qui Tam: The False Claims Act and Related Federal Statutes by Charles Doyle for the Congressional Research Service (2009), 2.) and was put in to effect in the colony of Massachusetts over the fraudulent sale of bread.

In 1863, during the Civil War, Abraham Lincoln and his congress became concerned that suppliers of goods to the Union Army were defrauding the Army. Lincoln spoke out against those who would jeopardize the safety of the Union soldiers, saying "Worse than traitors in arms are the men who pretend loyalty to the flag, feast and fatten on the misfortunes of the nation while patriotic blood is crimsoning the plains of the south." The congress then enacted the Federal *False Claims Act* (FCA) (The False Claims Act, 31 U.S.C. §§ 3279–3733). The FCA was also called the Lincoln Act because it was enacted at President Lincoln's request. It was originally to recover monies from unscrupulous contractors who sold the Union Army decrepit horses, mules in ill health, faulty rifles and ammunitions, rancid rations, and provisions. At this time a successful whistleblower was able to collect 50% of the money recovered by the government.

The administrations of Republican presidents Theodore Roosevelt (1902) and William Howard

Taft (1909) prohibited employees from communicating with the congress without authorization from their supervisors. The measure originating from these two Republican administrations gutted any measures that would protect whistleblowers from retaliation, reprisal, and retribution, making them afraid and impotent against a corrupt leadership. Even if the whistleblowers might not say anything, the fact they had to seek permission from their supervisors who might have been the scofflaws, the potential whistleblower could be targeted for retaliation. Despite the First Amendment, there was no protection for federal employees/whistleblowers from retaliation even dismissal. Senator Robert M. La Follete (R) of Wisconsin, known for his progressive views and support of reform legislation, made seminal changes to the Act. The changes proposed by Sen. La Follette and Rep. Lloyd conferred job protection rights to federal employees who accessed the congress to register complaints about their supervisors guilty of fraud, misconduct, or corruption. The law declared it "the duty of all persons in the service of the USA, as well as all other inhabitants thereof, to give the earliest information to the congress or any other proper authority of any misconduct, frauds, or misdemeanors committed by any officers or persons in the service of these states, which may come to their knowledge." The language in this act was placed in the Civil Service Reform Act of 1978 and codified in 5 USC § 7211. This act was the first federal law enacted specifically to protect whistleblowers.

During WWII AG Francis Biddle asked the congress to repeal the qui tam provisions of the FCA on the grounds that these had "become mere parasitical actions, . . . solely because of the hope of a large reward" (The False Claims Act: It's more than just healthcare. Grubman Scott R. Georgia Defense Lawyers Association – 2015 Law Journal.) In 1943, the act was amended to reduce the relator's share of the recovered procedure to 10–25%. An amendment also added a "government knowledge bar" which prevented whistleblowers from filing a qui tam suit if the lawsuit was based on information already known to the government. This brought about the near demise of the FCA. However, the FCA limped along until President Reagan came into office.

In 1985, a government report detailed in NYT, several powerful companies including General Dynamics, General Electric, and Rockwell International pleaded guilty to multiple counts of fraud ("The Trouble with Defense Contractors", Richard Halloran: New York Times Dec 8, 1985.). Although reparations were made, complete with assurances of contrition and corrective action, there do not appear to be any reports on precluding these companies from bidding on defense contracts in the future. It was opined that these fraudulent practices were costing the taxpayers $10–100 billion annually. Iowa Senator Chuck Grassley authored several major amendments to the FCA that "restored the teeth and breathed new life into a law that was designed to do nothing but to protect all American taxpayers." The congress moved to increase the penalties and the whistleblowers' share of recovered money.

In 2009 Fraud Enforcement and Recovery Act (FERA) was signed into law when the congress moved to fortify the False Claims Act securing a recovery of $27 billion in taxpayer money. This strengthened the FCA as the government's fraud-fighting statute of choice.

In "Truth be Told," a GAP feature, Bea Edwards includes a commentary by renowned attorney Matthew Parish on accountability at the United Nations. He opines that exposing wrongdoing and penalizing perpetrators is challenging and controversial. The solution, he says is to "create an institutional culture that promotes exposure of the wrongdoing that inevitably occurs by virtue of the moral frailties of humankind." Parish states that the bureaucratic structure at the UN is labyrinthine and so complex that only insiders, knowledgeable of the blizzard of regulations, would be able to wend their way through the morass of deception and fraud. An outsider or an outside investigative body would be ill-equipped to uncover fraud. It would have to be an insider who could expose wrongdoing. The UN is by design a kleptocracy, and insiders who could be whistleblowers are bound to secrecy. "Bureaucracy that is incomprehensible to outsiders loses its incentive for self-restraint. . .by elaborating

more labyrinthine structures, managers acquiring greater authorities, managing higher budgets and more staff, and acquiring increasing prestigious emoluments of office" ("The Trouble with Defense Contractors", Richard Halloran: New York Times Dec 8, 1985.).

Unfortunately this secret underbelly of bureaucracies is not characteristic of just the UN. It is present, although in a far more clandestine manner, with government agencies and possibly the private sector.

Corrupt leaders devise draconian methods to silence whistleblowers and cover up their own complicity in deception and fraud. Within government agencies in the USA, other than the Department of Defense, there is rarely an explicit gag order to muzzle whistleblowers. The agencies resort to using multiple weapons in their armamentarium to deal with "unquellable" whistleblowing employees – some examples are as follows:

- One of the weapons is to refuse a FOIA request or making an FOIA response completely unusable.
- Under the FOIA, documents can be requested and released to anyone including a whistleblower.
- The agency frequently responds by sending out redacted documents, white pages completely covered with black ink that are of no value.
- Another fallback mechanism is to refuse to release documents under the pretext of personnel/personal information.
- Demoralizing the whistleblower is a frequently used tactic.

In the Department of Veterans Affairs, for instance, it is not uncommon to see that scofflaws are rarely ever prosecuted, even when they lie to the congress while under oath. They are often promoted or hidden from public view (like the idiot child sequestered in the attic) and allowed to retire. When the clamor from the proletariat becomes intolerable or threatening to the leadership, these scofflaws are encouraged to retire with sizeable retirements and pensions. This serves to dissuade all except the most resolute and persistent potential whistleblower.

Although regulations state that a retiring employee in leadership may not work for a contractor and use his prior office to secure profitable contracts with his erstwhile employer – i.e., the government – it is not uncommon to find that there is an active revolving door strategy in effect and even officials who have left the agency under a cloud secure very lucrative employment with government contractors. To the onlooker as well as the whistleblower, the agency has rewarded the wrongdoer.

Another ploy employed by government agencies or their leadership is to secure or establish territories gradually so that the denizens of their immediate environment come to believe that their malfeasance is merely the way things are – a creeping acceptance of the hugely unacceptable becoming palatable when taken in small doses.

If the whistleblower decides, imprudently to take on the government or other behemoth, his monetary resources dwindle at an alarming rate, he is labeled a trouble-maker and unable to secure jobs commensurate with his training or education, and unless he is made of sterner stuff, he, his family and friends, falls prey to a PTSD of sorts.

The majority of FCA cases are in areas other than healthcare. A fairly long list is provided by GAP titled "Timeline of Whistleblowers" reveals a very large list of whistleblowers – most of whom are not involved in healthcare. With the "attempted" repeal of the Affordable Care Act, it is conceivable that healthcare issues will come under closer study. Whether this will result in meaningful improvement in healthcare delivery is debatable.

Blowing the whistle on corrupt or dangerous practices can and should become an integral part of good governance. Ideally, society itself and its governments ought to rely on whistleblowers to act as deterrents to fraud and abuse, making them an important tool for keeping control on destructive avarice and mendacity. Whether or not the government utilizes this tool is often unpredictable being based on politics and expediency.

# Whole of Government Accounting

Giuseppe Grossi
Department of Business Administration and Work Science, Kristianstad University, Kristianstad, Sweden

## Abbreviations

| | |
|---|---|
| AASB | Australian Accounting Standards Board |
| CFS | Consolidated financial statement |
| FASAB | Federal Accounting Standards Advisory Board |
| GASB | Governmental Accounting Standards Board |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IFRS | International Financial Reporting Standards |
| IPSAS | International Public Sector Accounting Standards |
| IPSASB | International Public Sector Accounting Standards Board |
| NPM | New Public Management |
| SCMA | Swedish Council Municipal Accounting |
| SNFMA | Swedish National Financial Management Authority |
| WGA | Whole of Government Accounting |

## Synonyms

Consolidation; Group accounting; Reporting

## Definition

The Whole of Government Accounting (WGA) refers to a view of the overall financial position of the government of a particular jurisdiction and is prepared via the consolidation of the financial statements and transactions of all entities controlled by the jurisdiction's government (Guthrie 1998, p. 2).

## Introduction

During the last decades, public sector organizations in several countries have undergone enormous changes. One of the most notable initiatives has been the externalization of public services through corporatization, contracting out, agencies, public and private partnerships, and privatization of activities and entities not at the core of public administration. All these initiatives are part of New Public Management (NPM). Definitions of NPM vary, but it is often taken involving downsizing, privatization, corporatization, competition, and devolution (Gruening 2001; Reichard 2002; Wollmann 2004).

The growing diffusion of decentralized (public, private, and nonprofit) has profoundly modified public governance. This process involves not only the authority to produce public services but also the need to create stronger communication in order to coordinate, steer, and control the corporations. Governance is not just about corporate management and marketization but also about the changing nature of government and how to understand such changes (Tricker 1994; Kettl 2000).

The increasing use of market-like mechanisms, and the growth of public and private partnerships of a variety of public services in different countries, has blurred the boundaries between the public and private sectors (Osborne and Gaebler 1992; Bovaird 2004). The creation of decentralized entities with respect to government renders the themes of control and adequate definition of internal and external accountability relationships to a position of critical importance (Chan 2003). Accountability relationships between the corporations and the government may be regarded as "internal accountability." Accountability relationships between the government and its stakeholders may be considered as "external accountability."

The ownership of a public service organization often is still within the government ownership,

who cannot ignore its social objectives or satisfaction of the needs and development of the community. "However the recent changes have indeed been geared to moving certain activities and organizations out of public ownership. These will not be excluded from this consideration, as there are often important residual accountabilities which link these organizations to governments. The organizations are still closely associated with the public sector and they are, principally, staffed by the same employees who were there previously. They provide a mirror in which the changes in the organizations which have remained in public ownership can be reflected and compared" (Broadbent and Guthrie 1992, p. 24).

The wider concept of accountability is related to the need to be accountable for the global results achieved by the different activities within the government responsibility and provided internally by the government and externally by decentralized entities. The traditional financial reports of the government are tools that are being used to be accountable to particular activities realized within the organization. The Whole of Government Accounts (WGAs) are full accrual-based accounts covering the whole public sector to be audited by the National Audit Office (Olson et al. 1998). The aim of WGA is to produce a single financial report that encompasses all government activities and entities within its area of authority, i.e., city, region, or central government in a country (Grossi and Newberry 2009).

Internationally there are two different conceptions about the role that a WGA can perform (Heald and Georgiou 2011). In Australia as well as in other several countries (i.e., New Zealand, the USA, Canada, Sweden, etc.), WGAs are really particular jurisdictions (i.e., commonwealth and each state/region/city). In contract, the WGA was conceived in 1998 in macroeconomic terms and is the consolidated financial statements for the whole of the UK public sector, showing what the UK government spends and receives, and what it owns and owes. The UK WGAs are the most comprehensive set of audited consolidated government accounts published globally, comprising all 5500 public entities in the UK public sector. These include central government departments and arm's-length bodies, local government bodies, the health sector, and public corporations such as the Bank of England. WGA provides details of the government's revenue and expenditure, assets, and liabilities, using IFRS-based policies (CIPFA 2015).

## Multiplicity of the Consolidation Approaches

Grossi and Pepe (2009) analyze consolidation approaches in the public sector in six countries (Sweden, the UK, the USA, Canada, New Zealand, and Australia) highlighting differences and similarities. Several countries compile the consolidated financial reporting in their public sector (whole, federal/central, state, or local government), but only few countries (Sweden, the UK, the USA, Canada, New Zealand, and Australia) have already established consolidation standards, in addition to IPSASB. The authors identified two diverging trends. The first trend, mainly in the Anglo-Saxon countries (the UK, Australia, and New Zealand), consists of the convergence of the accounting standards toward a private sector approach. The second trend, present only in some countries (the USA, Canada, and Sweden), is characterized by an influential role of the government, and the accounting standards are modified for application to the public sector (p. 255). Their article has identified two main features of the development of WGA. First, the dynamics of WGA continue to change; thus, nothing should be considered stable. Second, while the convergence process has brought harmonization, comparison, and homogeneity, there still remains the problem of finding the appropriate combination of private and public sector approaches (p. 256).

The International Public Sector Accounting Standards Board (IPSASB)'s approach to consolidation is based on the concept of control mostly like the International Accounting Standards Board (IASB). According to IPSAS 35, the definition of control focuses on an entity's ability

to influence the nature and amount of benefits through its power over another entity. According to IPSAS 35, the main driver behind government consolidation is the criterion of control, drawn on IAS 27 and IFRS 10 that clearly adopted a principle of control with a wide meaning of direction plus benefit. This means that also in the case of IPSAS, some related parties (e.g., entities that are significantly funded by the government budget or have almost exclusive contract with it, but are not "controlled" by the government according to the control criterion) are not included in the area of consolidation (Grossi and Steccolini 2015). In this sense, it is worth underling that the IPSASB approach is mainly based on the decision-making approach, similar to what occurs in the private sector, while a different approach, based more on the criterion of financial accountability as the Governmental Accounting Standards Board (GASB) 14, would be more useful with the characteristics of the public sector organizations (Tagesson and Grossi 2012).

Bergmann et al.'s (2016) comparative study presents an overview of the different consolidation approaches in Organisation for Economic Co-operation and Development (OECD) countries and focused on the methods applied and the guiding multiple principles and perspective (control, budgetary, organizational and legal, statistical, and risk) followed to define the perimeter of consolidation. Their study shows that a trend toward accrual accounting and the presentation of consolidated financial statements according to International Accounting Standards is obvious. Moreover, countries that are explicitly following International Accounting Standards, like Australia, Canada, Estonia, New Zealand, the UK and, in the near future, Spain and Chile, seem to be clearly oriented toward the control criterion (p. 11). Countries with a looser link to international standards by tendency show a scope of consolidation that can rather be explained by historical developments or that has been defined later on (e.g., Denmark, Sweden, and the USA) and therefore lacks the stringency and taxonomy that it would have following accounting standards (p. 11).

## The Usefulness and the Users

WGA has been numerous and substantial, with emphasis placed on the resulting accounting system providing better information for decision-making at all levels of government and for many forms of governmental activity (Chow et al. 2007, p. 27). WGA may serve to increase accountability and transparency toward internal and external stakeholders. Otherwise, internal and external users of financial information would not be able to base their decisions on reliable and relevant information about the financial position, financial performance, and cash flows of the "whole" government, or they might find it more difficult to form an idea on it.

Bergmann et al. (2016) identified several internal and external users of WGA in general.

Internal stakeholders, namely, politicians and public managers, consider WGA and consolidated financial statements as useful tools for steering and controlling the direct and indirect provision of public services. They are a relevant tool for public decision-making in programming and controlling the different public policies (p. 4). According to Chow et al. (2015), an important factor determining the use and usefulness of consolidated government accounts is the political buy-in at the outset. "Politicians' use of public accounts is heavily biased toward the budgetary process, which is the main arena where contests for resource allocation take place. Parliamentary scrutiny, which theoretically could benefit from the implementation of consolidated government accounting, is also conditional on greater financial literacy among politicians, which limits such work to specialist members of parliament" (p. 4).

WGA might also to be considered useful by external stakeholders (e.g., citizens, voters, taxpayers, suppliers, other public administrations, international organizations, banks, financial institutions, and rating agencies) since WGA help to give a comprehensive view of the "whole" government and its publicly owned corporations. In particular, banks are interested in WGA in order to understand the real and effective opportunities of creditworthiness of the governments and their owned corporations. Moreover, WGA could be a

useful and informative tool for rating agencies to determine Bergmann et al. (2016)). Chow et al. (2015) have different opinion regarding the usefulness of WGA for financial markets, credit rating agencies, and other analysts. They stated that "credit rating agencies prefer global statistical reporting frameworks based on universal standards such as the UN/EU statistical accounts rather than consolidated government accounts" (p. 4).

## International Experiences

According to the new study of Bergmann et al. (2016), internationally there are two experiences of WGA (the UK and Estonia) and several experiences (Australia, Canada, New Zealand, Spain, Sweden, Switzerland, and the USA) of implementation of consolidated financial statements in the central or federal and local government.

In the UK WGA means that consolidation comprises all state levels (central government and all local governments) and public corporations. The parliament, the National Audit Office, and the nationalized banks are excluded by WGA. The UK focus was initially to bring together, via the WGA-UK consolidation program, the various central government accounts along with those of local government and public corporations (Chow et al. 2015).

The case of Estonia seems to be especially remarkable as both the National Bank and other entities with a strong balance sheet are consolidated at the highest level, with two CFSs reflecting, on the one side, the public sector without public enterprises and financial institutions (GGS) and, on the other side, the total of the public sector with all controlled entities (p. 14). Since 2004, a full accrual accounting and reporting system in accordance with IPSASs has been implemented throughout the whole government in Estonia. The Estonian accounting and reporting system provides data on assets, liabilities, revenues, expenses, commitments, and payments, and the Ministry of Finance compiles a consolidated financial statement (CFS) for the whole government, including all government levels and their decentralized entities (Argento et al. 2016).

Australia consolidates the individual accounts according to the standards of Australian Accounting Standards Board (AASB) for commonwealth (federal) government, each of six states and two territory governments (e.g., New South Wales, Victoria), and all local government municipalities. Australia doesn't consolidate the whole of government as a single entity (Chow et al. 2015).

Canada consolidates according to the standards of Canada's Public Sector Accounting Board (PSAB) for federal government, each of the ten provincial and three territorial governments (e.g., Ontario, Yukon), and all local governments. Government business enterprises (GBEs) are excluded by the consolidation. Canada doesn't consolidate the whole of government as a single entity (Chow et al. 2015).

New Zealand compiles consolidated reports for central government (including Crown entities, state-owned enterprises, all three offices of the parliament, and the Reserve Bank of New Zealand) and all local governments according to the NZ PBE standards. Local government accounts are not included in the central governments accounts because they are not controlled by the central government. New Zealand doesn't consolidate the whole of government as a single entity (The Treasury 2005, 2016).

In Spain, recently it has been passed a new regulation that requires the preparation of consolidated statements for public sector entities (Orden 1489/2013, standards for the preparation of consolidated accounts in the public sector). The standards are applicable for the central and the local government, which are based on the IPSASs, but for the local government, its implementation is expected in 2017. Full consolidation is applicable for controlled entities and proportional method for joint ventures, while the equity method is applicable for associates (Brusca et al. 2016).

In Sweden government accounts are consolidated according to the standards of the Swedish National Financial Management Authority (SNFMA) using the equity method, and local government accounts are consolidated according

to the standards of the Swedish Council on Municipal Accounting (SCMA) based on proportional method. Sweden doesn't consolidate the whole of government as a single entity (ESV 2013; Tagesson and Grossi 2015).

The Swiss federal government has prepared its federal consolidated financial statement since the financial year 2009 mainly according to IPSAS. The Swiss federal government has adopted a pragmatic approach to define the area of consolidation that includes the central federal administration as parent entity, the decentralized federal administration, entities that present separate financial statements, and entities of decentralized federal administration with their own financial statements. The consolidation also includes other entities which discharge public sector functions and are closely linked to the federal budget, such as social insurance funds with their own accounts, the unemployment insurance (ALV), compensation fund, Swiss Federal Railways (SBB), or Swiss Post (Argento et al. 2012).

The USA consolidates the federal government accounts according to the standards issued by the Federal Accounting Standards Advisory Board (FASAB) and state and municipal accounts according to the standards issued by the Governmental Accounting Standards Board (GASB). The USA standards to define the area of consolidation are mainly based on the concept of financial accountability that it is significantly different from the IPSAS approach based on control. The USA doesn't consolidate the whole of government as a single entity (Grossi and Pepe 2009).

## Conclusions

Our findings suggest that WGA and consolidated financial statements in the public sector may serve to increase accountability and transparency toward internal and external stakeholders (politicians and public managers, citizens, voters, taxpayers, suppliers, other public administrations, international organizations, banks, financial institutions, and rating agencies).

Previous scholars identified emerging international trends in terms of consolidation approaches (Grossi and Pepe 2009). The first trend, mainly in the Anglo-Saxon countries (the UK, Australia, and New Zealand), consists of the convergence of the accounting standards toward a private sector approach. The second trend, present only in some countries (Canada, Sweden, and the USA), is characterized by an influential role of the government, and the accounting standards are modified for application to the public sector.

Even if control criterion based on IPSAS is still dominating in the consolidation in the public sector especially in some countries, there are interesting alternatives or better integrative solutions based on budgetary criterion that could help to overcome the criticalities arising from the implementation of IPSAS (Grossi & Steccolini). Only few countries implemented a full WGA in the public sector (Estonia and the UK), but there is a growing number of experiences (Australia, Canada, New Zealand, Spain, Sweden, Switzerland, and the USA) of implementation of consolidated financial statements in the central or federal and local government based on international and national standards.

## Cross-References

▶ Accountability
▶ Accounting Principles
▶ Outsourcing Public Services

## References

Argento D, Grossi G, Vollenweider P (2012) Explaining the consolidation of financial statements in the Swiss Federal Government. In: Yearbook of Swiss Administrative Sciences. Swiss Society of Administrative Sciences, Zurich, pp 11–22

Argento D, Peda P, Grossi G (2016) The role of institutional entrepreneurs in the accounting change of a transitional economy. Paper to presented at the EIASM conference in Lisbon, 6–8 Sept 2016

Bergmann A, Grossi G, Rauskala I, Fuchs S (2016) Consolidation in the public sector: methods and approaches in OECD countries. Int Rev Adm Sci 82(3). https://doi.org/10.1177/0020852315576713

Bovaird T (2004) Public-private partnerships: from contested concepts to prevalent practice. Int Rev Adm Sci 70(2):199–215

Broadbent J, Guthrie J (1992) Changes in the public sector: a review of recent "alternatives" in accounting research. Account Audit Account J 5(2):3–31
Brusca I, Montesinos V, Vela JM (2016) Public sector accounting and auditing in Spain. In: Brusca I, Caperchione E, Manes Rossi F (eds) Public sector accounting and auditing in Europe – the harmonization challenge. Palgrave Macmillan, London, pp 191–207
Chan J (2003) Government accounting: an assessment of theory, purposes and standards. Public Money Manage 3(1):13–20
Chow D, Humphrey C, Moll J (2007) Developing whole of government accounting in the UK. Financ Account Manage 23(1):27–54
Chow D, Day R, Baskerville R, Pollanen R, Aggestam C (2015) Consolidated government accounts: how are they used? Assoc Charter Cert Account (ACCA)
CIPFA (2015) Whole of government accounts. Delivering their full potential. CIPFA briefing, Mar 2015
ESV [Swedish National Financial Management Authority] (2013) Report to the swedish government. Comp Int Account Stand ESV 21
Grossi G, Newberry S (2009) Theme. Whole-of-Government Accounting. International trends. Public Money Manage 29(4):209–218
Grossi G, Pepe F (2009) The concept of consolidation in the public sector: a cross-country comparison. Public Money Manage 29(4):251–256
Grossi G, Steccolini I (2015) Pursuing private accounting and accountability in the public sector. Applying IPSAS to define the reporting entity in municipal consolidation. Int J Public Adm 38(4):325–334
Gruening G (2001) Origin and theoretical basis of new public management. Int Public Manag J 4(1):1–25
Guthrie J (1998) Application of accrual accounting in the Australian public sector – rhetoric or reality? Financ Account Manag 14(1):1–19
Heald D, Georgiou G (2011) The macro-fiscal role of the UK Whole of Government Account. Abacus 47(4): 446–476
Kettl DF (2000) The global public management revolution. A report on the transformation of governance. Brookings Institution, Washington, DC
Olson O, Humphrey C, Guthrie J (1998) International experiences with "New" Public Financial Management (NPFM) reforms: New world? Small world? Better world? In: Olson O, Humphrey C, Guthrie J (eds) Global warning: debating international developments in new public financial management. Cappelen Akademisk Forlag As, Oslo, pp 17–48
Osborne D, Gaebler T (1992) Reinventing government. Addison Wesley, Reading
Reichard C (2002) Marketisation of public services in Germany. Int Public Manage Rev 3(2):63–79
Tagesson T, Grossi G (2012) The materiality of consolidated financial reporting – an alternative approach to IPSASB. Int J Public Sect Perform Manag 2(1):81–95
Tagesson T, Grossi G (2015) Public sector accounting and auditing in Sweden. In: Brusca I, Caperchione E, Manes Rossi F (eds) Public sector accounting and auditing in Europe – the harmonization challenge. Palgrave Macmillan, London, pp 209–225
The Treasury (2005) A guide to the Public Finance Act
The Treasury (2016) Financial statements of the Government of New Zealand for the ten months ended
Tricker R (1994) International corporate governance: texts, readings and cases. Prentice Hall, New York
Wollmann H (2004) Local government reforms in Great Britain, Sweden, Germany and France: between multi-function and single-purpose organisations. Local Gov Stud 30(4):639–665

# Women and Politics Under Bureaucracy Section

Ellen Abakah
Faculty of Arts and Social Sciences, School of Education, University of Technology Sydney, Sydney, NSW, Australia

## Synonyms

Decentralization; Local governance; Political participation

## Definitions

**Local governance:** the active involvement of local population in the political, social, and citizenship activities within the territorial boundaries of a local government

**Political participation:** a direct and indirect form of participation where citizens cast votes, elect representatives with mandates to make and executive public policies, and have a right to contest and win public elections (Wagle 2006)

**Decentralization:** the devolving of political authorities from the central to the local levels of government

## Introduction

The continual underrepresentation of women in national and local politics marks a fundamental

deficit in governance that has raised concerns for international, national, and local actors in democratic societies. Consequently, the past decades have seen diverse implementation strategies aimed at redress. For instance, the international conferences on women (Mexico 1975, Copenhagen 1980, Nairobi 1985, and Beijing, 1995) and the ratification of international conventions (CEDAW, MDGs, SDGs) have all championed calls for women's equal participation on the basis of equality, legitimacy, and democracy.

Ghana as a signatory to many international gender conventions has over the years streamlined women issues in national developments and instituted practical measures to address the gender disparity that exists in governance and other social life. The country has made steady progress in increasing the visibility of women in leadership and governance roles through appointments in parliament, ministries, and judiciary and other public institutions. However, while few women are gradually breaking the "glass ceiling" to make their presence felt in politics and governance, traditional patriarchal societies are such that women are put back in their "proper place" (Tamale 2000, p. 12). Consequently, very few women are able to permeate the entrenched masculinity of the very nature of the political institution in Ghana.

At the local district assembly level, the situation is not much different. While the implementation of the decentralization policy, the Local Governance Act, and the district assembly concepts has aimed to reposition participation as a bottom-up approach in order to ensure more women's active involvements in politics (Ahwoi 2010; Ofei-Aboagye 2004), decades after implementations, a review of women's status persistently is low (see Table 1). At best, women's political participation hinges on voting in electoral processes without contestation for political positions (Tagoe and Abakah 2015). This paper thus takes a dive into the status of women in local politics in Ghana while arguing for possible consideration of empowerment framework to enhance participation.

## The Status of Women in Local Politics in Ghana

Women's participation in politics in Ghana has witnessed only a steady growth over the past decades. This is in spite of the many efforts to encourage more women's participation in politics and other decision-making roles. Women's formal participation in political activities could be traced to the First Republic when women supported the activities of the Convention People's Party (CPP) and participated in the political process as members of the National Assembly (Parkes 1992). Hence, between 1960 and 1966, there were ten women elected to the National Assembly (Akuffo 1992). However, subsequent governments after the CPP could not do much to ensure women's visibility in political activities. Thus it was not until the 1980s that women began to organize themselves into a political force through the activities of the 31st December Women's Movement with the ultimate aim of helping women to

**Women and Politics Under Bureaucracy Section, Table 1** Women representation in district assemblies in Ghana from 1994 to 2015

| | Contested | | | Elected | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Female | Male | Total | Female | % | Male | % | Total |
| 1994 | N/A | N/A | NA | 122 | 2.9 | 4082 | 97.1 | 4204 |
| 1998 | 547 | 14,696 | 15,243 | 196 | 4.1 | 4624 | 95.9 | 4820 |
| 2002 | 965 | 12,625 | 13,590 | 341 | 7.4 | 4241 | 92.6 | 4582 |
| 2006 | 1772 | 13,084 | 14,856 | 478 | 10.1 | 4254 | 89.9 | 4732 |
| 2010 | 1376 | 15,939 | 17,315 | 412 | 7.95 | 5681 | 92.05 | 6093 |
| 2015 | 1182 | 17,756 | 18,938 | N/A | N/A | N/A | N/A | N/A |

Source: Adapted from ABANTU for Development Ghana (2013), Agyare-Kwabi (2013), Ofei-Aboagye (2000)

become more visible and have their voices heard in society (Tagoe and Abakah 2015).

Hitherto, the establishment of the National Commission on Women and Development (NCWD), in 1975, gave some impetus for the mobilization of more women for political engagements (Boateng and Kosi 2015). The NCWD was tasked to ensure that Ghana is committed to the achievement of the objectives of the International Women's Year and that of UN Decade for Women. Accordingly, between 1975 and 1986, Ghana initiated and implemented programs, projects, and activities to increase women's participation in public life at the local and national levels. These activities aimed to enhance women's access to formal education and professional training and improve upon their standard of living and their status in society by increasing their income earning capacity to assist in the development of their individual communities (Awumbila 2001; Odame 2010).

To further encourage more women, the Provisional National Defence Council (PNDC) in 1987 introduced the decentralization, local governance, and the district assembly concepts to increase the tempo of women's political engagements in the country. This shifting of the locus of power to the grass root was to pave the way for ordinary citizens to participate in local politics on a nonparty basis. In so doing, women would have equal chances as men to participate in local politics. For instance, the "ordinary residence" requirement in the qualification criteria for district assembly elections, the free and state-sponsored local government elections, and the nonpartisan character of the local government elections have all been designed to ensure not just participation but to encourage more women's engagements in political decision-making at least at the local level (Ahwoi 2010). In addition, the government directive of 30% reservation of seats for women in local government was done in a bid to encourage a more inclusive form of participation at the local level.

However, in spite the implementation of these significant policies under the decentralization structures, women continue to be marginalized because of economic, religious, social, and educational factors. Due to these factors, women continue to be heavily underrepresented in the District Assemblies in Ghana (see Table 1).

Since 1994, none of the district assembly elections have recorded more than 10% of female representation. The 2006 district assembly elections recorded the highest so far with 10.1% women representation with a decline during the 2010 district assembly elections. While women's participation in terms of contesting and getting elected in the district assembly elections is marginal, women's appointments into the assembly regardless of the 50% quota are equally low. Meanwhile, in 2002, the government of Ghana increased the quota of female appointed members at the district level from 30% to 50% resulting in women constituting 35.5% of appointed members for 97 out of the 110 districts (men constituting 1188 and women 655). Yet this figure even fell short of the 40% target set by the National Plan of Action and 50% that the government aspired to achieve (Agyare-Kwabi 2013). In 2013, out of the 216 District Chief Executives, only 11 were women. Currently, there are only 36 women Metropolitan, Municipal and District Chief Executives (MMDCEs) appointees in Ghana (The Ghanaian Times 2015), a figure still below the United Nation standard of 33%.

## Factors That Affect Women's Political Participation

The essence of local governance is to ensure a more participatory approach to governance of local communities by integrating and giving opportunity to more women to equally have a say in matters that affect them at that level. Therefore if local governance is to ensure that there is improvement in participation, then no one should be left on the periphery of the decision-making process. However, rural-urban inequalities, rural poverty, and inequalities among individuals limit the capacity of most Ghanaians, especially women to participate effectively in politics at the local government level.

The high level of poverty experienced by Ghanaian women strips them of any power to participate fully in the decision-making process at the

household, community, and national levels. According to the Ghana Human Development Report in 2009, Ghanaian women live in absolute poverty resulting from restrictions in their access to the services and jobs needed for a minimal standard of living (UNDP 2009). This low employment level gives poverty a stronghold in the household of women, as they do not get enough income to support themselves and their families, let alone to finance any political activity. Therefore with a highly commercialization of the political processes in Ghana, most women are found outside the space for meaningful political engagements. Likewise, the lack of opportunities to participate fully in politics is reenforced by structural and attitudinal barriers. The gender division of labor places the burden of household work on women and limits their time and ability to participate in formal political activities.

In addition, patriarchal beliefs and structures continuously persist in traditional societies in Ghana, which recognizes women as inferior to men in almost all aspects of social, political, and economic life. Culturally, women are not allowed to participate in the political space freely as men, as the act of public participation has been observed as the reserved for men. The male preference of leadership and male control of resources place men ahead of women in terms of their political participation. Surprisingly, such customs and laws have been used in rationalizing and perpetuating these beliefs to the extent that women themselves seem to have accepted and internalized them. Consequently, women who open up to contest for political positions are described with names and branded insolents, wanting to defy the normal.

Another factor worth mentioning is women's education. Indeed, there are as many females (2.7 million) than men (1.4 million) with no formal education in Ghana (Ghana Statistical Service (GSS) 2014). It is also very likely for men to obtain secondary of higher education than their women counterpart (UNDP 2009). Formal education offers the civic skills, knowledge, and attitudes needed for effective political engagements. It also provides the network of association from which social capital could be drawn for political participation. Therefore the lower levels of women's education imply that women do not only lack the requisite confidence and skills for participation but also will miss out of potential friends and associates who could recruit them into politics. Boateng (2017) observed that culturally unlike women, men have more established ways of networking widely, while women need to strategically garner social capital in ways that are beneficial to contesting for political seats at the district assembly level.

Finally, the creeping partisan nature of district assembly elections deters most suitable candidates from contesting. Even though, constitutionally, the local politics is to be devoid of partisanship, Ofei-Aboagye (2004) observed the gradual politicization of district assembly elections which tends to affect women's involvement. Political parties are seen endorsing, sponsoring, and offering platforms to their preferred candidates which most of the times happen to be men. Also, the issue of vote buying and selling attitude in the district assembly elections to canvass votes affects women contestation as men are more resourceful with economic power than women to "buy" votes from the electorates. Vote buying and selling come in many facades such as offering and demanding material and monetary gifts to influence the voters.

## Empowerment as a Strategy for Enhancing Women's Political Participation

Considering the minimal impact of the decentralization process in increasing women participation at the local level, the paper proposes the consideration of empowerment framework to enhance women's participation in local politics. Empowerment can be seen as a process, which offers the capacity and enables one to gain power, authority, and influence over themselves, institutions, and societies (Hur 2006). Therefore women empowerment refers to the process of awareness creation and capacity building leading to greater participation, greater decision-making power and control, and to transformation action (Karl 1995). From the feminists'

perspective, women empowerment process should lead to the liberation of women from false value systems and ideologies of oppression (Oxaal and Baden 1997). It should lead to a situation where each one can become a whole being regardless of gender and use their fullest potential to construct a more humane society for all (Akhtar 1992 quoted in Batliwala 1994: 131).

Using empowerment framework to enhance participation involves five processes: welfare, access, conscientization, participation, and control (UNICEF 1993). The welfare level requires the elimination of all gender gaps between women and men in development issues. However, the framework emphasizes that improving women's welfare alone will only make them passive participants without influence. There must be in place other empowerment levels. The access level emphasizes the need to give women the right to obtain services, products, and commodities. At the level of conscientization, awareness is created among women of their discrimination to enable them take actions to overcome those obstacles. Participation level on the other hand enables women to take part and have a share in resource and power allocation, while the level of control allows women to direct and influence events to protect their interest.

From the framework, the major step to empower women for increased political participation at the local level is to provide the facilities needed devoid of gender biases. Increasing the limited access of women to resources, which includes education, their access to credit facilities, and equal opportunities to leadership within the political and other institutional structures, could also enhance women's participation. In this case, the quota system must strictly be implemented to see more women appointments into the local district assemblies.

Also, awareness must be created through capacity building programs among women on the need for their participation in local governance activities for national development. The National Commission for Civic Education (NCCE) can liaise with the district information offices to regularly organized programs aimed at sensitizing women on the need to engage actively in politics. This can help decolonizing the long-held view that politics is for only men. When women are aware of their marginalized situation, they can then take and initiate actions toward their participation. This notwithstanding, women must be given equal control in decision-making while eliminating the male domination through more women appointments to equally provide avenue for women's presence to be felt.

Finally, there must be both individual and collective efforts toward women's empowerment for effective participation (Hur 2006). Individually, women themselves must take initiatives to develop their abilities and capabilities in order to acquire the requisite skills and the civic attitudes needed for their political participation. It is at this point that women's education has a role to play. Political education must also be given to women to equip them with requisite knowledge, skills, and attitudes needed for effective participation.

At the community level, women must be encouraged to participate in group activities to develop their awareness and the ability to organize to take action and bring about desirable change. Development agencies and civil society organizations (CSOs) can support women's collective empowerment by funding women's organizations, which work to address the causes of gender inequalities in local politics in Ghana. They can also foster dialogue between those in position of power and organization with women's empowerment goals. Empowerment policies and programs must also build on women's strength to facilitate their personal empowerment through mentorship.

Women empowerment is more than simply opening up access to women in decision- making. It must include the processes that lead women to perceive themselves as able and entitled to occupy that decision-making space. It must also be personal and collective approach in a bid to bring out the possible results of increasing women representation within the political space.

## Conclusion

Although Ghana as a country has made remarkable strides in women representation within

the political space, there continues to be serious issues that challenge women's contestation into meaningful political roles. At the local level, even though participation is repositioned as a bottom-up approach to encourage more women's involvement, women's participation so far cannot be said to be encouraging. As a way forward, Ghana needs to consider alternative implementation strategies by using women's empowerment framework as a panacea to address the gender deficits in local governance participation. Ghanaian women must be resourced educationally and empowered through other nonformal educational activities to raise awareness on the need for more women's active engagements in politics. Bottlenecks associated with political institutions must be purged to increase women's trust and interests for political participation. Women also must be sensitized to delineate the long-held misconception that politics is men's business.

## Cross-References

▶ Local Politics
▶ Politics and Gender

## References

ABANTU for Development Ghana (2013) Barriers to Ghanaian women in politics. Retrieved from http://learningplatform.pathwaysofempowerment.org/resources/barriers-to-ghanaian-women-in-politics/text

Agyare-Kwabi P (2013) Policy brief gender, social inclusion (GESI) and education in Ghana. STAR Ghana, Accra

Ahwoi K (2010) Local government & decentralisation in Ghana. Unimax Macmillan, Accra

Akuffo A (1992) Towards increasing the participation of women in politics. Paper presented at the 43rd Annual New Year School Report, Commonwealth Hall, University of Ghana

Awumbila M (2001) Women and gender equality in Ghana: a situational analysis

Boateng JS (2017) Women in district assemblies in Ghana: gender construction, resistance and empowerment

Boateng JS, Kosi I (2015) Women's representation and participation in district assemblies in Ghana: analysis of supply-side and demand-side framework. Int J Sci Res Publ 5:1–6

Ghana Statistical Service (2014) *Ghana Living Standard Survey Report of the 6th Round(GLSS 6)*. Accra: GSS

Hur MH (2006) Empowerment in terms of theoretical perspectives: exploring a typology of the process and components across disciplines. J Community Psychol 34(5):523–540

Karl M (1995) Women and empowerment participation and decision making

Odame FS (2010) Women in politics in Ghana: a study on local government in the Greater Accra Region. Ghana J Dev Stud 7(1):1–14

Ofei-Aboagye E (2000) Promoting the participation of women in local governance and development: the case of Ghana. ECDPM, Maastricht

Ofei-Aboagye E (2004) Promoting gender sensitivity in local governance in Ghana. Dev Pract 14(6):753–760

Oxaal Z, Baden S (1997) Gender and empowerment: definitions, approaches and implications for policy. Institute of Development Studies, Bridge

Parkes K (1992) The role women have been playing in politics in Ghana. Paper presented at the 43rd Annual New Year School Report., Commonwealth Hall, University of Ghana

Tagoe M, Abakah E (2015) Issues of women's political participation and decision-making in local governance: perspectives from the central region of Ghana. Int J Public Adm 38(5):371–380

Tamale S (2000) 'Point of order, Mr. Speaker': African women claiming their space in parliament. Gend Dev 8(3):8–15

The Ghanaian Times (2015) Low turn-out recorded at district assembly elections. Retrieved from http://www.ghanaiantimes.com.gh/low-turn-out-recorded-at-district-assembly-elections/

UNDP (2009) Ghana Human Development Report (GHDR). Accra: Combert Impressions

UNICEF (1993) The empowerment framework in women and girls advancement. UNCEF, Washington, DC

Wagle UR (2006) Political participation in Kathmandu: Who participates and why it matters. South Asia: J Southe Asian Stud 29(3):369–393

# Women and Work-Life Balance in Federal Law Enforcement

Helen H. Yu
University of Hawai'i at Manoa, Honolulu, HI, USA

W

## Synonyms

Family-friendly policies; Gender; Policing; Work-family conflict; Work-life programs

## Definitions

Work-life balance is the practice of reducing work-family conflict by providing workplace flexibilities to help employees balance the needs of their families and the responsibilities of their jobs, resulting in maximized organizational performance. Key workplace flexibilities include work-life programs and family-friendly policies such as flexible work schedules, telework, worksite health and wellness, employee assistance programs, and dependent care.

## Introduction

Continuous changes in employee demographics, as well as the shifting nature of family arrangements, make work-life balance an important issue in public administration. For example, the percentage of women in the federal workforce rose from 34% in 1990 to 44% in 2015 (US Office of Personnel Management 2016). In addition, the percentage of women in the labor force with children under the age of 18 increased from 47.4% in 1975 to 69.9% in 2015 (US Department of Labor 2017). Furthermore, the percentage of unmarried women in the labor force with children under the age of 18 was higher in 2015 than married women with children in the same age span (US Department of Labor 2017). Altogether, these changes can negatively impact work-life balance. As the largest employer in the United States, the federal government has paid attention to the demographic shift and has implemented work-life programs in response. Unfortunately, not all workgroups in the federal government have benefitted from these programs. This chapter focuses on one such workgroup and highlights the challenges women face in federal law enforcement for achieving work-life balance.

## Background

### Federal Work-Life Programs

The federal government serves as a model employer for maintaining a healthy work-life balance. Many family-friendly policies are codified in legislative and executive actions and include: part-time employment (*Federal Employees Part-Time Career Enhancement Act of 1978*); alternative work schedules (*Federal Employees Flexible and Compressed Work Schedules Act of 1982*); leave for family responsibilities (*Family and Medical Leave Act of 1993* and the *Federal Employees Family Friendly Leave Act of 1994)*; telecommuting (*Telework Enhancement Act of 2010*); and commitment to workplace flexibilities and employee health (Presidential Memorandum [June 23, 2014] on *Enhancing Workplace Flexibilities and Work-Life Programs* and Presidential Memorandum [January 15, 2015] on *Modernizing Federal Leave Policies for Childbirth, Adoption and Foster Care to Recruit and Retain Talent and Improve Productivity*).

In addition, the US Office of Personnel Management (2018a) is responsible for providing work-life guidance and tools to help federal organizations develop and manage key work-life programs to meet the needs of their workforce. Six work-life programs are available to the federal workforce: alternative work schedules (e.g., flexible work schedules – latitude in determining when employees start and end their workday – and compressed work schedules – increase of hours in a workday but less workdays in a workweek); telework (e.g., permissibility to perform work from home or any other location less the workplace); worksite health and wellness programs (e.g., health education, physical activity promotion, and lactation support); employee assistance programs (e.g., assessments, counseling, and referrals); childcare assistance programs (e.g., onsite daycare services, referral services, and childcare subsidies); and elder care programs (e.g., support groups and emergency backup care).

### Research and Managerial Support for Work-Life Balance

In response to the changing demographic makeup of our workforce, much research has been conducted to verify the impact of family-friendly policies and work-life programs. For example,

Caillier (2016) found a positive relationship with both alternative work schedules and childcare assistance programs with reduced turnover intentions, suggesting that if organizations are perceived to care about the personal lives of their employees, as well as their family obligations, then employees will reciprocate by remaining with the organization. Moreover, in the 2015 Federal Employee Viewpoint Survey, satisfaction with work-life programs is rated very high among women who participated (US Office of Personnel Management 2016).

Managerial commitment plays a prominent role in placing work-life programs into practice. Nishii and Wright (2007) describe a three-level analysis on variability which suggests that the goals of agency leaders who approve human resource practices (e.g., family-friendly policies) do not necessarily transfer to supervisors and middle managers that execute and implement these policies. In turn, supervisors and middle managers fail to enact the policies as designed or apply discretionary equitability across the workforce, creating inconsistent outcomes from employees who are to receive such benefits. This appears to be true for supervisors and middle managers in federal law enforcement since they appear to be resistant to these programs or feel mission obligations override work-life balance. This is not surprising. Recruitment literature from many law enforcement agencies describe the position of a federal officer as more than a job but a calling with great responsibilities. Despite the implication, federal law enforcement agencies are not short on applicants. For example, the Federal Bureau of Investigation (2016) received 22,692 applications for 543 special agent vacancies in fiscal year 2011; however, they also acknowledged the lack of women [and minorities] from joining the agency and "described it as a crisis that can undermine investigations and keep the agency out of touch with the communities it serves" (Goldman 2016, p. 24). Although they have a recruitment plan to increase the overall number of female officers, the capacity for reducing turnover intentions will continue to be at risk if family-friendly policies and work-life programs are not incorporated as part of the solution.

## Federal Law Enforcement

Over 90 federal law enforcement agencies exist across the entire federal domain, employing over 120,000 sworn officers authorized to make arrests and carry firearms (Federal Law Enforcement Training Centers 2018; Reaves 2012). Although women account for just 15.5% of those officers, federal law enforcement is an attractive career option for women because it offers a wide range of job opportunities beyond those of traditional policing to include criminal investigation, inspections, corrections and detention, security and protection, and court operations (Reaves 2012). Two distinct career requirements separate federal officers from their state and local counterparts: law enforcement availability pay (LEAP) and workplace mobility.

Unlike local or state policing, federal law enforcement officers automatically work beyond the standard 40-h workweek. By law, federal officers classified in the GS-1810/1811 job series receive LEAP – supplemental compensation equal to 25% of the officer's basic pay – because of the large amount of overtime that these officers work and the expectation to carry their firearm and exercise their arrest authority whenever necessary (US Office of Personnel Management 2018b). Federal officers are required to submit to an annual certification attesting that they meet the requirements for the upcoming 1-year period (US Office of Personnel Management 2018b). Most agencies incorporate LEAP into the work schedule and require their officers to work 10-h days while still being on call after standard working hours and on weekends. The extra 2-h a day (not including commute time) can be a detriment to all officers with family responsibilities, especially those with young children.

Likewise, federal law enforcement officers are subject to travel and mobility requirements. Unlike local and state policing where workplace jurisdiction is set, federal law enforcement agencies operate in all 50 states plus territories, the District of Columbia, and in an ever-increasing number of foreign countries (Reaves 2012). As a

result, many federal law enforcement agencies mandate frequent transfers for career advancement and officer professional development, creating geographical separations from children and spouses that do not desire or are unable to relocate with the federal officer (Yu 2015, 2019). In addition, refusing a transfer can delay or block future promotional opportunities. Altogether, such unique occupational requirements in federal law enforcement can impede family obligations and family cohesiveness with the demands of mission requirements.

## Women and Work-Life Balance in Federal Law Enforcement

Decades of research have chronicled women's struggles to integrate into all levels of law enforcement – local, state, and federal. Male officers' resistance to female officers has been well documented, and the literature on law enforcement culture continues to describe a distinct subculture that celebrates masculine values and a social structure that exists purposely and specifically to oppress female officers (Dick and Jankowicz 2001; Martin and Jurik 2006). Although the masculine work culture and lack of support from male colleagues can create harmful workplace experiences that impact women's professional well-being, it does not appear to play a major role with turnover intentions. In other words, female officers cannot be intimidated. In Yu's (2015) exploratory study of the challenges women face in federal law enforcement, an overwhelming 90.5% of the women in her study would not depart federal law enforcement due to male or cultural negativity. The same cannot be said with work-life balance. In Yu's (2019) exploratory study of family-friendly policies for reducing turnover intentions among women in federal law enforcement, over half (54.9%) the women cited lack work-life balance as cause for departure and identified four family-friendly policies for improving family obligations and family cohesiveness while reducing turnover intentions. Although some of these policies have been incorporated by some agencies, they require discretionary approval by a supervisor or middle manager. Others are new policy proposals in response to a specific occupational workgroup.

Paid maternity leave is the top family-friendly policy proposal for improving work-life balance in federal law enforcement (Yu 2019). The United States is the only developed country in the world that does not mandate paid maternity leave for its working mothers, and despite the federal government's representation as a model employer for achieving work-life balance, they have yet to pass such legislation. Women in federal law enforcement often deplete 2–3 years of sick and annual leave to have a baby and bond with it for 6–12 weeks, leaving no remaining days for medical appointments or health and vacation days for the next 12 months. Some women are having children later in their careers in order to accumulate sick and annual leave while others make the decision to either forego children or only have one or two as a result of occupational demands. Until Congress passes such legislation, federal agencies should allow the transference of sick and annual leave between spouses (and same sex spouses) that work within the same agency, demonstrating compliance with the latest Presidential Memorandum (January 15, 2015) on modernizing federal leave policies.

The next two most cited family-friendly policy proposals for improving work-life balance are flexible work arrangements (e.g., alternative work schedules and part-time agent program) (Yu 2019). As mentioned previously, most federal officers are required to maintain a 50-h work schedule (plus 24/7 availability) to fulfill occupational requirements for mandated availability pay. Although some federal law enforcement agencies offer alternative work schedules for its federal officers, nearly all require lower-level approval from the officer's supervisor or middle manager who appears to respond in an inconsistent discretionary fashion. With the exception of national emergencies, there is no reason to deny any requests to work an alternative work schedule. Another consideration for a flexible work arrangement is the part-time agent program. This program reduces officers' work hours from the mandated 50-h work schedule to somewhere between 20 and 32 h per week for up to 10 years and does not alter retirement dates, while supporting US Office of Personnel Management (2018c) guidelines that encourage part-time

employment to retain highly qualified employees or those with special skills unable to work a full-time schedule. However, akin to alternative work schedules, the downside to the part-time agent program is its discretionary implementation by supervisors or middle managers and its perceived occupational acceptance. While middle managers may approve any individual to participate in the part-time agent program, they can also revoke its status at a moment's notice, and some divisions within an agency are reported to have blanket policies prohibiting federal officers from participating, particularly the "operational" divisions. Furthermore, part-time status does not appear to be career enhancing or looked favorably upon by fellow coworkers. Since the vast majority of those who utilize the part-time agent program are women, they are likely disproportionately impacted by promotional opportunities as well. Despite the drawbacks, women in federal law enforcement are fully aware of the conditions that are associated with part-time employment and are willing to forego promotional opportunities if it improves work-life balance. Supervisors and middle managers appear to be guilty for not implementing the policy in accordance with the agency's intent for providing a flexible working environment.

Finally, the fourth most cited family-friendly policy proposal for improving work-life balance are flexible transfer policies. Women in federal law enforcement report a mandatory relocation policy to their agency's headquarters in the District of Columbia for promotions and inflexible office transfers as impediments to family obligations and family cohesiveness. In order to promote into a managerial position (GS-14 and higher), agency leaders require their federal officers to submit to a transfer to headquarters for officer professional development and career enhancement. In addition, managerial positions have a term limit that require federal officers to either step down at the end of the term or submit to relocation to headquarters. As a side note, federal officers are not required to pursue managerial promotions and can choose to have a career in federal law enforcement having never achieved a grade beyond GS-13, commonly attained after 5 years of service. Many of the female officers in Yu's (2019) study report bypassing promotional opportunities because they did not want to transfer due to family considerations. Despite changes in employee demographics, women continue to be the primary caregiver and will often sacrifice their career for children, elderly parents, and their spouse, making employment with frequent transfers more difficult (Sabharwal 2015). The reluctance to relocate is reported to effect male officers in a different manner. The perception is that male officers have spouses that are either stay-at-home wives or have careers in mobile occupations (e.g., nurse, teacher, and retail). In addition, men officers are perceived to accept family separations as par for the course if the family is unwilling or cannot transfer to another location. The family arrangement is different for female officers. It is rare for female officers to have stay-at-home husbands as nearly all have careers of their own. In addition, children of divorced or single parents often remain with the mother and they are often subjected to child custody arrangements that do not allow a child to permanently move across state lines. Unless agency leaders limit the number of transfers for promotions and/or consider spousal and child custody arrangements, the current mobility requirement will continue to impede family obligations and family cohesiveness and disproportionately impact women for managerial positions.

Achieving work-life balance will continue to be a factor for retaining women in federal law enforcement. Employee turnover is an extremely costly problem for all public organizations not just law enforcement agencies. They can harm an organization directly in terms of human resource actions (e.g., recruitment, selection, and training) and indirectly by loss of productivity, transferring employees to fill key vacancies, and disruptions in employee social networks that build morale. However, as federal law enforcement agencies increasingly have to compete for quality candidates in order to reflect the diversity of the communities they serve, they must understand the challenges female officers encounter with maintaining work-life balance and implement courses of action to minimize the costs of turnover.

## Conclusion

Federal law enforcement agencies have not kept pace with other federal organizations when implementing family-friendly policies in the workplace despite the US Office of Personnel Management providing guidance and tools to help develop and manage key work-life programs to meet the needs of their workforce. In addition, supervisors and middle managers in federal law enforcement appear less adaptive to family-care needs and implement these policies in a discretionary manner since the role of law enforcement officer is expected to supersede any other commitment. However, any effort for increasing the presence of women in federal law enforcement must take work-life balance into account and promote family-friendly policies.

## Cross-References


- ▶ Bureaucracy and Gender
- ▶ Employee-Friendly Practices: Fashionable, Flexible, and Fickle
- ▶ Gender Representation in the Public Sector
- ▶ Work-Life Programs


## References


Caillier JG (2016) Does satisfaction with family-friendly programs reduce turnover? A panel study conducted in U.S. federal agencies. Public Pers Manage 45(3): 284–307

Dick P, Jankowicz D (2001) A social constructionist account of police culture and its influence on the representation and progression of female officers. Policing 24(2):181–199

Federal Bureau of Investigation (2016) Today's FBI: facts & figures 2013–2014. U.S. Department of Justice, Washington, DC

Federal Law Enforcement Training Centers (2018) Learn about FLETC. Retrieved from https://www.fletc.gov/learn-about-fletc

Goldman A (2016, October 23) F.B.I. is fighting a return to an old boys' club. The New York Times, A24

Martin SE, Jurik NC (2006) Doing justice, doing gender: women in legal and criminal justice occupations. Sage, Thousand Oaks

Nishii LH, Wright PM (2007) Variability within organizations: implications for strategic human resource management. CAHRS working paper #07-02. Cornell University, Center for Advanced Human Resource Studies, Ithaca

Reaves BA (2012) Federal law enforcement officers, 2008. Bureau of Justice Statistics Bulletin June 2012, NCJ 238250. US Department of Justice, Washington, DC

Sabharwal M (2015) From glass ceiling to glass cliff: women in senior executive service. J Public Adm Res Theory 25(2):399–426

U.S. Bureau of Labor Statistics (2017, November) Women in the labor force: a databook. Report 1071. Retrieved from https://www.bls.gov/opub/reports/womens-databook/2017/pdf/home.pdf

U.S. Office of Personnel Management (2016) Women in the federal workforce. https://www.opm.gov/policy-data-oversight/diversity-and-inclusion/women-in-the-federal-workforce-infographics.pdf

U.S. Office of Personnel Management (2018a) Work-life. https://www.opm.gov/policy-data-oversight/worklife/

U.S. Office of Personnel Management (2018b) Pay and leave, fact sheet: availability pay. https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/availability-pay/

U.S. Office of Personnel Management (2018c) Hiring information: part-time and job sharing. https://www.opm.gov/policy-data-oversight/hiring-information/part-time-and-job-sharing/

Yu HH (2015) An examination of women in federal law enforcement: an exploratory analysis of the challenges they face in the work environment. Fem Criminol 10(3):259–278

Yu HH (2019) Work-life balance: an exploratory analysis of family-friendly policies for reducing turnover intentions among women in federal law enforcement. Int J Public Adm 42(4):345–357


# Women in Parliamentary Politics: Comparing the Barriers to Their Participation in Australia and Bangladesh


Fardaus Ara[1] and Jeremy Northcote[2]

[1]Department of Public Administration, University of Rajshahi, Rajshahi, Bangladesh

[2]Murdoch University, Perth, WA, Australia


## Synonyms

Gender in national politics; Women and political participation; Women in electoral politics; Women's representation in the national legislature

## Definition

Women in parliamentary politics refer to the group of women elected to a national legislature through direct or indirect election who try to influence government and lawmakers to address gender needs and make women-friendly laws and policies.

## Introduction

Women comprise a little more than half of the world's population. Although they have contributed substantially to the social and economic development of societies, their participation in formal political structures and processes remains marginal globally (Bari 2005) regardless of the level of modernization within countries. On average, women occupy 25% of seats in national parliaments (Inter-Parliamentary Union [IPU] 2020). Except in countries that feature legislated quotas, there is no country either developed or developing where women are represented in politics in proportion to their population. However, it is generally the case that women have higher rates of participation in national politics in developed countries than in developing ones.

Classical sociological approaches (Verba and Nie 1972; Wolfinger and Rosenstone 1980; Lipset 1959; Rostow 1960; Deutsch 1961; Bell 1976; and Inkeles and Smith 1974) contend that modernization heightens women's opportunity for professional development and thus generating a superior pool of women eligible to serve the political office. Furthermore, scholars like Kenworthy and Malami (1999), Reynolds (1999), Rule (1981), and Alexander and Welzel (2007) argue that higher levels of economic development allow more social amenities to assist women in society, as the expenses of labor and time of child-rearing and household work decrease and consequently women get more free time for social activities. Likewise, Inglehart et al. (2002) claim that various levels of modernization change cultural attitudes toward women in society and bring gender equality.

However, there are controversies among academics regarding the assumption that modernization leads to gender parity in society. Esther Boserup (1970) criticizes the traditional notion that technology gives women freedom. She claims that the modernization of technology rather makes women dependent on men. Moreover, Nilsson (2004) has identified modernity as a patriarchal construction, which creates processes and outcomes that support men.

Several studies have tried to explore the causes of underrepresentation of women in politics across countries at the international level. However, global studies on women's political representation comparing developed and developing countries are mostly quantitative in nature. In this context, this research tries to identify the barriers to the participation of women at the parliament to compare if there are commonalities or differences regarding the barriers between developed countries (with Australia employed as a case example) and developing countries (with Bangladesh used as the case example).

## Methodology

This study investigates the barriers to women's participation in the national parliament using a qualitative, comparative case study approach. Using qualitative data derived from interviews with female politicians in Australia and Bangladesh, it is argued that for the most part, the barriers experienced by women in both countries are similar, despite immense differences between Australia and Bangladesh in terms of modernization. It is found that modernization does not remove patriarchal barriers to women's participation but changes their form.

All serving federal Australian Labor Party (ALP), Liberal Party (LIB), and Greens (GRN) women Members and Senators (2013–2016 period) in Australia were contacted for interviews, with 14 accepting face-to-face or phone-based interviews, 11 from the ALP, 2 from the GRN, and one from the LIB. In Bangladesh, 12 parliamentary female representatives (2014–2019 period) were interviewed in person, including

6 from the Awami League (AL), 4 from the Bangladesh Nationalist Party (BNP), and 2 from the Jatiya Party (JP). The interview questions were designed to collect background information of the women representatives first and then continued to extract information about their experiences in the political career ranging from involvement in politics, pre-selection, party membership, experience in political office, and the barriers to their political careers.

The two countries suited the unique comparison that the researchers wanted to investigate. They stand at the opposite ends of the modernization continuum. Australia ranks sixth on the Human Development Index (HDI), while Bangladesh ranks 135 (UNDP 2019). These two countries are situated in two different geographical locations with differences in GDP, education, and socioeconomic context. Australia was the first country to grant political rights (to vote and stand) to women in 1902, while women in Bangladesh were first allowed voting rights in 1935 while Bangladesh was under colonial rule, known as East Bengal. However, Bangladesh emerged as an independent country in 1971, and since then women are allowed to vote and stand in elections.

Australia (ranked 48th) is ahead of Bangladesh (ranked 99th) regarding the percentage of women in the Lower House of parliament (IPU 2020), although Bangladesh's participation rate is flattered somewhat by the quota system, which has led to 50 out of the 72 female members in the 11th parliament appointed by parties to women-only positions (Anik 2019).

However, there is one indicator where Bangladesh is ahead of Australia. Australia only recently had its first female Prime Minister with Julia Gillard (2010–2013), who claims to have experienced a variety of difficulties on account of her gender. In contrast, Bangladesh has been governed by the female head of state since 1991, with both major parties headed by women who have exchanged positions of Prime Minister during that time. However, the situation with female political leaders in South Asia (including Pakistan, India, Sri Lanka, Myanmar, and Thailand) is that, without exception, they are widows, daughters, or sisters of prominent male politicians who preceded them and in this sense are representatives of political dynasties rather than rank-and-file female candidates.

The choice of comparing a developing country (Bangladesh) with a developed one (Australia) marks a departure from the majority of prior research, which has either focused on Western industrialized democracies or on developing countries only, with few studies comparing countries from opposite ends of the development spectrum. However, considerable caution must be exercised in terms of treating these countries as a representative of developing and developed countries in general, and in this respect, the findings should be regarded as suggestive rather than as conclusive concerning issues around modernization.

## Political Participation of Women in Australia and Bangladesh

The Commonwealth of Australia is a federation of six states: New South Wales, Queensland, South Australia, Tasmania, Victoria, and Western Australia, along with two territories, Northern Territory and Australian Capital Territory. National political organizations in Australia mirror the British legacy (Australia being a former British colony) and the impact of North American federalism. The party or coalition with the majority of seats on a preferred basis in the election in the Lower House or House of Representatives (150 members) forms the government. Bills need to be approved by the Senate or the Upper House (consisting of 76 members, 12 from each of the 6 states and 2 from each of the mainland territories) to become laws. At the federal level, the government normally rotates between ALP and a coalition of the LIB and the Nationals (NAT). Other parties like the GRN and Independents regularly win seats in the Senate but seldom in the House of Representatives (McAllister 2006). Women in Australia have enjoyed the right to vote in elections and hold public office as federally elected representatives since the early twentieth century, but it is only since the 1980s that

**Women in Parliamentary Politics: Comparing the Barriers to Their Participation in Australia and Bangladesh, Table 1** Percentage of females standing and elected for Australian Parliament

| Senate | | | House | | |
|---|---|---|---|---|---|
| Year | Candidates (%) | Elected (%) | Year | Candidates (%) | Elected (%) |
| 1974 | 14.7 | 6.7 | 1974 | 9.4 | 0.8 |
| 1975 | 14.8 | 9.4 | 1975 | 6.4 | 0.0 |
| 1977 | 20.0 | 9.4 | 1977 | 9.7 | 0.0 |
| 1980 | 19.2 | 15.6 | 1980 | 14.9 | 2.4 |
| 1983 | 19.2 | 20.3 | 1983 | 17.0 | 4.8 |
| 1984 | 26.7 | 18.4 | 1984 | 17.4 | 5.4 |
| 1987 | 26.7 | 22.4 | 1987 | 17.8 | 6.1 |
| 1990 | 29.6 | 23.7 | 1990 | 17.8 | 6.8 |
| 1993 | 31.6 | 21.1 | 1993 | 23.6 | 8.8 |
| 1996 | 34.9 | 30.3 | 1996 | 27.9 | 15.5 |
| 1998 | 30.7 | 28.9 | 1998 | 27.0 | 22.3 |
| 2001 | 32.7 | 30.3 | 2001 | 27.7 | 25.3 |
| 2004 | 32.4 | 35.5 | 2004 | 27.5 | 24.7 |
| 2007 | 36.8 | 35.5 | 2007 | 25.8 | 26.5 |
| 2010 | 35.5 | 39.5 | 2010 | 27.1 | 24.7 |
| 2013 | 27.0 | 36.8 | 2013 | 27.5 | 26.0 |
| 2016 | 36.1 | 40.0 | 2016 | 31.4 | 28.7 |

Source: Australian Electoral Commission (https://www.aec.gov.au/Elections/FederalElections/2016/index.htm); McCann and Wilson (2014); Van Tassell (1981)

women have begun to stand for office and win office in reasonable numbers (Table 1).

The ALP has exercised a 40:40:20 quota that guarantees that at least 40% of Labor seats are filled by women and a minimum of 40% by men. The rest may be filled by either gender (McAllister 2006). Later on, a target of 50% within a decade has instituted in 2015. The coalition parties (LIB and NAT) do not have any quota system claiming that quotas are discriminatory toward men and the nomination of candidates should be based on merit (McAllister 2006; McCann and Wilson 2014). They argue that more women may get the opportunity to join electoral politics by mentoring, training, and networking sessions (Drabsch 2007). In Australia, the ALP has the highest share of women in parliament credited by many to the Labor's quota policy. Among the current coalition government's 96 MPs and senators, there are just 20 women, and for Labor, of the 95 MPs and senators, 44 are women (Mcllroy 2019).

In the federal election of 2016, women represented 36.1% of candidates for the Senate and 31.4% of candidates for the House of Representatives (Table 1). Of the 150 seats in the Lower House, women were elected in 43 electorates (28.7%), while in the Senate, 30 seats out of 76 seats (40%) were won by female candidates (Table 1).

Although women have started to participate in federal parliament in growing numbers, this is not always reflected in their elevation to more powerful positions within political parties and government, such as party leaders and Cabinet (Drabsch 2007). However, since the 1980s women have started to consistently gain party leadership positions. As of 6 February 2020, the second Morrison ministry of the LIB/NAT coalition government has six women with a full ministerial rank (Prime Minister of Australia 2020).

The situation of women in national politics in Bangladesh is somewhat different from the Australian experience. Bangladesh, officially known as the Peoples' Republic of Bangladesh, is the seventh most populated country in the world and the fourth largest Muslim-majority nation. The major political parties in Bangladesh are the

AL, BNP, JP, and the Jamaat-e-Islami (JI). Since 1990 either the AL or coalitions of the BNP and the Islamic fundamentalist party JI have been ruling the country.

The Parliament of Bangladesh is a single chamber (unicameral), consisting of 300 directly elected members from single territorial constituencies through the "first-past-the-post" system for a term of 5 years. In addition to 300 general members, there are 50 reserved seats for women in parliament who are elected by the elected general members of the parliament (Jahan and Amundsen 2012). General seats are more important than the reserved seats in terms of power and status.

Despite the right to vote and the two major political parties being led by two female leaders since 1990, the number of women standing for election and elected to the general constituencies has been very low, less than 3% before 2008. Since the ninth parliament, the proportion of female candidates and elected representatives has increased but remains below 7% (Table 2).

Seemingly contradicting the low representation of women in Bangladesh parliament is the curious situation whereby the position of Prime Minister has rotated for the past 18 years between two women who have served as leaders of the two main parties, Sheikh Hasina of AL and Khaleda Zia of BNP. However, it seems that voters in Bangladesh voted these particular women as political party symbols. Their emergence as leaders of two major political parties in a male-dominated political environment can be explained by their kinship linkages to male authority, not as reflecting any advances toward gender equality. Very few women have served as senior ministers

**Women in Parliamentary Politics: Comparing the Barriers to Their Participation in Australia and Bangladesh, Table 2** Women representation in different parliaments in Bangladesh

| Parliament | Female candidates in general seats | | Number of elected women members in general and reserved seats | | | Women elected in general seats (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| | Total | (%) | General seats | Reserved seats | Total MPs | | |
| 1st Parliament (1973–75) | 02 | 0.3 | 0 | 15 | 15 | – | 4.8 |
| 2nd Parliament (1979–82) | 13 | 0.9 | 2 | 30 | 32 | 0.7 | 9.7 |
| 3rd Parliament (1986–87) | 15 | 0.3 | 5 | 30 | 35 | 1.7 | 10.6 |
| 4th Parliament (1988–90) | 7 | 0.7 | 4 | – | 0 4 | 1.3 | 1.3 |
| 5th Parliament (1991–95) | 39 | 1.5 | 4 | 30 | 34 | 1.7 | 10.3 |
| 6th Parliament (1996–96) | N/A | N/A | 3 | 30 | 33 | 1.0 | 10.0 |
| 7th Parliament (1996–01) | 36 | 1.4 | 8 | 30 | 38 | 2.7 | 11.5 |
| 8th Parliament (2001–06) | 37 | 1.8 | 6 | 45 | 51 | 2.0 | 14.8 |
| 9th Parliament (2009–14) | 53 | 3.8 | 19 | 45 | 64 | 6.3 | 18.6 |
| 10th Parliament (2014–19) | 27 | 5.0 | 20 | 50 | 70 | 6.7 | 20.0 |
| 11th Parliament (2019–) | 38 | 2.04 | 23 | 50 | 73 | 7.6 | 20.9 |

Source: Bangladesh Election Commission (http://www.ecs.gov.bd/English/index.php); Democracy Watch (2009); IPU (2020)

in Bangladeshi parliament. There is only one woman with full ministerial rank in the current parliament. Usually, the election is a "political game" to capture state power. Party leaders do not gamble by selecting female candidates in national elections as they have little confidence in women to win. Therefore, it is tough for female candidates to succeed in elections against male competitors in Bangladesh (Chowdhury 2002; Panday 2013).

## Barriers to Political Participation of Women

### Family Responsibility

The scarcity of time for public life due to the crisis of balancing family and professional responsibilities is the most often cited hindrance to the political participation of women around the world (Shvedova 2005). The Australian parliamentary participants identified family responsibility as the major impediment to political participation of women in Australia, as women, particularly with young children, suffer due to lack of time to spend in politics. Furthermore, lack of support from husbands or partners and other family members, lack of time to balance between family and politics, and extensive travelling that are closely related to family responsibilities hinder the participation of women in politics. This is a finding that emerged in other studies (Mcllroy 2019; O'Flaherty 2005; Sawer and Simms 1993).

Similarly, the parliamentary participants in Bangladesh identified family responsibility, particularly looking after children, as an impediment to the political participation of women. Much like the Australian participants, lack of support from the family members and difficulty in balancing time for family and politics hinder their participation in politics.

### Lack of Finance

Worldwide, women generally have less financial assets than men; around the world, men earn more than women, and women are engaged predominantly in inadequately paid and unprotected jobs, as well as in the informal sector and migrant labor pools. Consequently, women face financial challenges that become extreme during the process of gaining a nomination. Nomination costs require a huge amount of money essential to building name recognition, touring, attending party meetings, arranging a campaign team, and establishing an electorate. Public financing might commence, party support may increase, and visibility may be more prominent that will help in attracting additional supplies of financial assistance only after securing the nomination (Sidhu and Meena 2007).

All the Australian participants admitted the necessity of finance. According to them, candidacy costs lots of money, and fund-raising is a difficult job for women as they often do not have the contacts in business or the trade union sector to collect donations. Thus, if they do not have personal wealth, fund-raising can be a challenge for women, as previous research has found (Drabsch 2003).

Parliamentary participants in Bangladesh recognized the importance of finance for participating in politics, a factor also cited by Ahmed (2008) and F. D. Chowdhury (2009). Often the financial status of the candidate and their connections with wealthy donors is a key consideration in attracting party support. The financial status enables politicians to be less corrupt in two ways: first, it means that politicians do not need to leverage money off others to finance their nomination; secondly, it means that politicians are less tempted by financial incentives during the course of their duties. Although women technically receive rights to family property through inheritance law, the emphasis on patrilineal wealth means that in practice men often exercise control over financial resources. A woman who is single or who does not have the support of their partners may find accessing financial support for their political careers extremely difficult in Bangladesh.

### Violence, Harassment, and Security

Harassment and violence against women lecturing in public, protecting human rights, or looking for political office are not uncommon in the world,

particularly in conflict-affected or politically unstable states or regions (True et al. 2012). Violence against women and girls, along with the increasing incidence of electoral violence and insecurity, affects women's economic, social, civil, and political rights and discourage women to participate in public life including politics (Chowdhury et al. 1994; True et al. 2012).

Perhaps not surprisingly, none of the participants at the federal level in Australia mentioned political violence as a deterrent to political participation, which would seem to reflect the relatively strong state of security that exists in Australia. However, three participants identified sexism and bullying in Australian politics as an impediment to women's participation in politics. While such behavior is, to some extent, part and parcel of the rough and tumble nature of political life in Australia, it can easily slip into a condescending and misogynist tone (or can readily be interpreted as such) when it takes place between politicians of the opposite sex (O'Flaherty 2005). It could also reflect the fact that more men occupy positions of seniority in politics and hence are in a position to bully female juniors, but this would still be an indirect outcome of gender inequality.

In contrast, violence in elections and politics are ingrained in Bangladesh. In Bangladesh, both "money and muscle" are essential to gain party support for the candidacy. Women are also more vulnerable to violence than men, and hence they are reluctant to involve themselves in – let alone build an entire career on – a career that may attract violent behavior (Ahmed 2008; Chowdhury 2009; Paasilinna 2016).

### The Nature of Politics

The culture of politics refers to the attributes of the political arena that are deemed either attractive or hostile to women. Shvedova (2005) finds that politics often incorporates the hypermasculine ideas of "winner and loser," contest, and conflict.

All the federal participants mentioned the intimidating nature of politics as a serious impediment to the participation of women in politics. Politics is an area of confrontation, and it is an aggressive place. Women generally do not like aggressiveness and avoid it.

Likewise, parliamentary participants in Bangladesh indicated rivalry and dirty competition in politics as a discouraging factor for many women. In reality, politics is full of conflict and confrontation that many women do not like to get involved in. Furthermore, vote-buying is a common practice in the elections. Women, in general, try to avoid such conflicting environment.

### Role of Political Parties

It is difficult to be elected without the patronage of a political party, particularly at a national election. Therefore, women seeking entry into electoral politics generally join political parties (UNDP 2005). This means that party strategies to encourage and support women's involvement and their way of incorporating gender parity issues are vital to political empowerment of women (Shvedova 2005).

All the parliamentary participants in Australia identified the support and selection processes related to political parties as a major determinant to the political participation of women. Participants recognized the pre-selection process as a vital factor, remarking that parties tend to allocate women to marginal seats that are difficult to win. Because of the affirmative action, women in the ALP are now selected in greater number than before. However, most of the time, safe seats are not given to female candidates.

All the parliamentary participants in Bangladesh identified the role of political parties as a deterrent to the political participation of women. The most significant barriers noted are the candidate nomination process, lack of support by the male politicians, and lack of initiatives to ensure increased women participation in the party organizations. However, all the parliamentary participants in Bangladesh supported the quota or seat reservation for women in politics.

### Socio-Cultural Barriers

Culture can be broadly described as the values, norms, traditions, and outlooks common to society in general (Liu et al. 2011). Culture defines women's work and men's work. However, the explanations may differ and change across societies and over time.

Traditional norms and practices globally specify women's key roles as mothers and homemakers and place them in the private arena of home and men in the public sphere. Because women are inextricably associated with the private domain, women need to bargain for their entry into the public sphere depending on the accessible resources in a given culture and society (Bari 2005; Shvedova 2005).

All the Australian parliamentary participants recognized the traditional gender division of labor as a major barrier to women's participation in politics as it keeps women busy at home. For those women who do enter politics, they must continue to contend with these traditional cultural expectations. The attitude of the general community is the key, and there are conservative attitudes from men as well as women that remain in Australia, although these norms have undergone much change in the past few decades. The federal participants in Australia identified the socialization of girls in the family and society as a vital factor that influences the political participation of women. The way girls grow up has a substantial impact on them. A lot of women grow up very shy and do not express their passion or interest to be a politician. Besides, women who are in politics sometimes feel guilty, especially if their children are sick at home.

In Bangladesh, the traditional gender roles, allocation of resources and responsibilities result in an uneven position of men and women in the society (Halder 2004) and keep women isolated from politics. Additionally, due to social expectations and household activities, women usually feel hesitant to join politics.

All the parliamentary participants in Bangladesh mentioned the impact of traditional gender roles in Bangladeshi society as a major deterrent to the political participation of women. The traditional gender role, social system, and parochial mentality create obstacles for women to advance in politics. The interviewees feel that they are judged more critically than men when participating in politics, with the sense that men do not feel that women properly belong in the political sphere. It is also important to note that Bangladesh is a Muslim-majority country, and conservative and/or fundamentalist religious beliefs are seen to reinforce traditional notions that a woman's proper place is within the domestic sphere, not the public place.

### Self-Confidence

Related to the issue of socialization is self-confidence in public. It follows that if women are brought up to feel out of place in public life – even shame in some respects – then this will impact on their self-confidence. Additionally, if men are prone to be condescending and overly critical of women who participate in political life, then this will also impact on their self-confidence. In Australia, many women suffer due to a lack of confidence that acts as a barrier to joining politics. In addition, some women do not think that they have the skills to survive in politics.

Parliamentary participants in Bangladesh did not mention self-confidence as a barrier, but high self-confidence is probably implied in the emphasis that participants placed on overcoming criticism and the aggressive nature of politics in Bangladesh, which involves considerable bravery. The lack of reference to self-confidence might reflect cultural differences between Bangladeshi and Australian women, whereby Bangladeshi women are not as prone to expressing personal traits in individualistic psychological terms as much as their Western counterparts.

### The Role of the Mass Media

Mass media plays a significant role in shaping public attitudes (Shvedova 2005). The way the media portrays women most of the time and female politicians, in particular, has a significant influence on their participation in politics.

In Australia, repeated negative reporting on Julia Gillard, Australia's first (and only) female Prime Minister, is said to have had the impact of trivializing her political career (Sawer 2013; Woodward 2013). Australia's first female attorney-general Nicola Roxon suddenly retired from politics in early February 2013 to be at home for her young girl. She frequently mentioned that questions on how she balanced being a Cabinet minister and a wife and mother annoyed

her a lot as her male colleagues who were husbands and fathers were never asked the same question (Summers 2013).

The federal representatives in Australia mentioned the treatment of women by the media as a negative factor for women in politics. The media is very critical toward women. However, media treatment was not a factor cited by parliamentary participants in Bangladesh, who are, in general, not the subject of attention by the media, which comes from a tendency to ignore women in general.

## Conclusion

It is apparent that women representatives in Australia and Bangladesh face similar barriers that hinder their political participation, despite the starkly different cultural and socioeconomic development that separate women in the two countries. There are of course some key differences (such as violence and security) that are specific to the socio-historical context of the countries and variations in the degree to which certain barriers (such as support from relatives and marital status) present themselves. However, prima facie, it appears as if patriarchy or the traditional culture of male domination is responsible for the similarities of barriers to women in the two countries irrespective of differences in the level of modernization.

The participants identified several barriers to their way of participation in the electoral politics that are commonly associated with patriarchal societies. Domestic and reproductive roles of women; lack of finance; violence, harassment, and insecurity; the aggressive nature of politics; lack of support by the political parties; the process of socialization of girls and boys; and treatment of media toward women are direct or indirect outcomes of the male-dominated social and political system. All the female participants recognized patriarchy as one of the prime factors for the low participation of women in politics.

Additionally, there are contextual differences that exacerbate gender-specific challenges. In Australia, the contextual factors can be broadly categorized as person-centered (e.g., confidence, privacy) and environmental (travel distance) and in the case of Bangladesh as socio-cultural (religion, political instability, social instability). The societal factors affecting women's political participation in Bangladesh are characteristic of societies lagging behind in modernization. Modernization arguably decreases security issues (due to less corruption, separation of religion from the State, and more peaceful civil order) that otherwise indirectly heightens the gender divide but also leads to new barriers as a result of the lack of traditional support networks. In either case, regardless of whether the main issues are basic security or personal anxieties, women seem to suffer disproportionately from these challenges more than men.

Modernization brings a number of opportunities in the lives of women. However, modernization does not appear to completely erase traditional attitudes toward women concerning their duties in the home and occupational gendering (such as the view that politics is a "boys club"). Instead, its effects are directed more toward public acceptance of women as part of public life in general, placing a double set of expectations upon women that are difficult for them to balance and reconcile. This is consistent with a range of studies (Boserup 1970; Nilsson 2004; Scott 1995) that demonstrate that women in modernized societies are increasingly participating in the labor force (as part of public life) but are retaining their responsibilities for home duties and are being selective in their career choices based on persistent gender stereotypes.

Further, by and large, the barriers experienced by women in both countries studied are similar, although it is probably true to say that women in Australia are better placed to overcome them than women in Bangladesh due to greater empowerment (particularly in terms of anti-discrimination legislation and a more egalitarian climate). Modernization cannot be relied upon alone to foster the desired gender parity in society and politics. A combined effort by international agencies, women organizations, and government agencies, may also be necessary to help ensure gender equality in politics.

One limitation of this study needs highlighting, namely, that participants who were interviewed had successfully entered politics. Those who have successfully navigated their way into their political careers obviously had less difficulty overcoming various barriers than those who failed. It might also be the case that those who failed experienced different barriers than those who succeeded. More fine-tuned comparative qualitative research into the nature of barriers facing women in developed and developing countries carried out with women at different stages of their political careers, including those thinking of entering, should help shed further light on these issues and help fill in gaps on the effects of modernization.

## Cross-References

▶ Political Leadership and Gender (In)Equality
▶ Politics and Gender

## References

Ahmed KU (2008) Women and politics in Bangladesh. In: Iwanaga K (ed) Women's political participation and representation in Asia-obstacles and challenges. NIAS – Nordic Institute of Asian Studies, Copenhagen, Denmark. pp 276–296

Alexander AC, Welzel C (2007) Empowering women: four theories tested on four different aspects of gender equality. Paper presented at the Annual meeting of Midwest Political Science Association. Palmer House Hotel, Chicago. Retrieved from http://www.democracy.uci.edu/files/docs/conferences/grad/alexander.pdf

Anik SSB (2019) Bangladesh likely to see highest ever number of female MPs. Dhaka Tribune. Retrieved from https://www.dhakatribune.com/bangladesh/election/2019/01/02/bangladesh-likely-to-see-highest-ever-number-of-female-mps

Bari F (2005) Women's political participation: issues and challenges. Paper presented at the United Nations Division for the advancement of women expert group meeting: enhancing participation of women in development through an enabling environment for achieving gender equality and the advancement of women. Bangkok. Retrieved from https://pdfs.semanticscholar.org/5692/9580a608ee4677031f77c86309e2468fefd2.pdf

Bell D (1976) The coming of post-industrial society: a venture in social forecasting. Penguin Books, Harmondsworth/London

Boserup E (1970) Woman's role in economic development. St Martin's P, New York

Chowdhury N (2002) The implementation of quotas: Bangladesh experience dependence and marginality in politics. Paper presented at the Implementation of Quotas. Asian Experiences, Jakarta. Retrieved from http://static.quotaproject.org/CS/CS_Bangladesh.pdf

Chowdhury FD (2009) Problems of women's participation in Bangladesh politics. Round Table 98(404):555–567. https://doi.org/10.1080/00358530903151748

Chowdhury N, Nelson BJ, Carver KA, Johnson NJ, Loughlin PLO (1994) Redefining politics: patterns of women's political engagement from a global perspective. In: Nelson BJ, Chowdhury N (eds) Women and politics worldwide. Yale University Press, New Haven, pp 3–24

Democracy Watch (2009) A survey on representation and violence against women in politics in Bangladesh. Retrieved from www.dwatch-bd.org/vawip.pdf

Deutsch KW (1961) Social mobilization and political development. Am Polit Sci Rev 55(3):493–514

Drabsch T (2003) Women in parliament: the current situation. (Briefing paper no 9/03). NSW: NSW parliamentary library research service. Retrieved from https://www.parliament.nsw.gov.au/researchpapers/Documents/women-in-parliament-the-current-situation/09-03.pdf

Drabsch T (2007) Women, parliament and the media. (Briefing paper no 5/07). NSW: NSW parliamentary library research service Retrieved from https://www.parliament.nsw.gov.au/researchpapers/Documents/women-parliament-and-the-media/WomenParliamentMediaFinal.pdf

Halder N (2004) Female representation in parliament: a case study from Bangladesh. N Z J Asian Stud 6:27–63

Inglehart R, Norris P, Welzel C (2002) Gender equality and democracy. Comp Sociol 1(3):321–345

Inkeles A, Smith D (1974) Becoming modern: individual changes in six developing societies. Harvard UniversityPress, Cambridge, MA

Inter-Parliamentary Union [IPU] (2020) Percentage of women in national parliaments: ranking as of 1st March 2020. Retrieved from https://data.ipu.org/women-ranking?month=3&year=2020

Jahan R, Amundsen I (2012) The parliament of Bangladesh-representation and accountability, vol 2. Centre for Policy Dialogue (CPD) & Chr. Michelsen Institute (CMI), Dhaka

Kenworthy L, Malami M (1999) Gender inequality in political representation: a worldwide comparative analysis. Soc Forces 78(1):235–268. https://doi.org/10.1093/sf/78.1.235

Lipset SM (1959) Some social requisites of democracy: economic development and political legitimacy. Am Polit Sci Rev 53(1):69–105

Liu S, Volčič Z, Gallois C (2011) Introducing intercultural communication: global cultures and contexts. Sage, London

McAllister I (2006) Women's electoral representation in Australia. In: Sawer M, Tremblay M, Trimble LJ (eds)

Representing women in parliament: a comparative study. Routledge, London, pp 27–46
McCann J, Wilson J (2014) Representation of women in Australian parliaments 2014. Parliament of Australia, Canberra. Retrieved from http://apo.org.au/files/Resource/representationofwomeniinaustralianparliaments2014_jul_2014.pdf
McIlroy T (2019) Gender equality a priority for Labor Party, says Linda Burney. Financial Review. Retrieved from https://www.afr.com/politics/gender-equality-a-priority-for-labor-party-says-linda-burney-20190102-h19m8h
Nilsson M (2004) The paradox of modernity: a study of girl discrimination in Urban Punjab. Master's thesis. Lund University, Sweden. Retrieved from http://www.ekh.lu.se/media/ekh/legs/forskning/mfs/9.pdf
O'Flaherty VA (2005) A very dim light, a very steep hill: women in the Victorian Branch of the Australian Labor Party. PhD, Victoria University, Melbourne. Retrieved from http://vuir.vu.edu.au/1481/1/OFlaherty.pdf
Paasilinna S (2016) Women's reserved seats in Bangladesh: a systemic analysis of meaningful representation. Retrieved from https://www.ifes.org/sites/default/files/2016_ifes_womens_reserved_seats_in_bangladesh_a_systemic_analysis_of_meaningful_representation.pdf
Panday PK (2013) Women's political participation in Bangladesh: institutional reforms, actors and outcomes. Springer, New Delhi
Prime Minister of Australia (2020) Your government. Retrieved from https://www.pm.gov.au/your-government
Reynolds A (1999) Women in the legislatures and executives of the world: knocking at the highest glass ceiling. World Polit 51(4):547–572. https://doi.org/10.1017/S0043887100009254
Rostow WW (1960) The stages of economic growth: a non-communist manifesto. Cambridge University Press, New York
Rule W (1981) Why women don't run: the critical contextual factors in women's legislative recruitment. Polit Res Q 34(1):60–77. https://doi.org/10.2307/447890
Sawer M (2013) Misogyny and misrepresentation: women in Australian parliaments. Policy Sci 65(1):105–117
Sawer M, Simms M (1993) A woman's place: women and politics in Australia, vol 2. Allen & Unwin, North Sydney
Scott CV (1995) Gender and development: rethinking modernization and dependency theory. L. Rienner Publishers, Boulder
Shvedova N (2005) Obstacles to women's participation in parliament. In: Ballington J, Karam AM (eds) Women in parliament: beyond numbers, vol 2. International Idea, Stockholm, pp 33–50
Sidhu GL, Meena R (2007) Electoral financing to advance women's political participation: a guide for UNDP Support. Retrieved from https://www.ndi.org/files/Electoral%20Financing.pdf
Summers A (2013) The misogyny factor. NewSouth, Sydney
True J, Niner S, Parashar S, George N (2012) Women's political participation in Asia and the Pacific. Paper presented at the SSRC Conflict Prevention and Peace Forum. Retrieved from http://iknowpolitics.org/sites/default/files/undpa-womens-political-participation-in-asia-and-the-pacific.pdf
UNDP (2005) Women and elections- guide to promote the participation of women in elections. UNDP, New York. Retrieved from http://www.un.org/womenwatch/osagi/wps/publication/WomenAndElections.pdf
UNDP (2019) Human development report 2019: beyond income, beyond averages, beyond today. United Nations Development Programme, New York. Retrieved from http://hdr.undp.org/sites/default/files/hdr2019.pdf
Van Tassell GL (1981) Recruitment of women in Australian national politics: a research note. Aust Q 53(3):334–342. https://doi.org/10.2307/20635131
Verba S, Nie NH (1972) Participation in America. Harper & Row, New York
Wolfinger RE, Rosenstone SJ (1980) Who votes? vol 22. Yale University Press, New Haven
Woodward ME (2013) Ditch the witch: Julia Gillard and gender in Australian public discourse. Honours thesis, University of Sydney, Sydney. Retrieved from http://ses.library.usyd.edu.au/bitstream/2123/9554/1/Woodward%20M_GCST_HonoursThesis_2013.pdf

# Women in the Middle East

Hmoud S. Al-Olimat and Amal ElGammal
Social Sciences Department, Qatar University, Doha, Qatar

## Synonyms

Preface; Prologue

## Introduction

"The Arab Region comprises 22 states that are members of the Arab League, is defined by complex set of issues including the Arab Israeli conflict and its repercussions, unstable economic conditions and trends, population-resource imbalances and environmental stress" (Al Maaitah et al. 2012). In addition, currently several of the Arab states are witnessing internal wars and conflicts, which is resulting in

mass destructions, deaths, and massive floods of displaced people. According to Al Maaitah et al. (2012), democratization in the Arab region remains a slow process, which faces various setbacks including regional instability and conflicts, economic imbalances, and the lack of freedom to engage in meaningful democratic process. Al Maaitah et al. (2012) added that such setbacks not only hindered the democratization process but have also delayed efforts aimed at promoting women's empowerment and equal participation in decision making.

While most of the Arab countries either signed or ratified various conventions on the rights of women and issued national laws on that effect, however, these efforts did not reach their full fruition in the real world. According to the Arab Organization for Human Rights (2013), the situation of Arab women in all of the Arab world is characterized with various degrees of weak participation in public life, decision-making centers, economic participation, and in the social and family sphere. Women in general, are disproportionally represented in political life. Globally, women occupy only 25% of senior management positions, but this is still much higher than in Arab countries (UNDP 2015).

According to the Arab Development Report (UNDP 2002), the lack of women empowerment is the main factor of the Arab world's backwardness. It stated that "the utilization of Arab Women's capabilities through political and economic participation remain the lowest in the World in quantitative terms, as evident by the very low share of women in parliaments, cabinet, and the workforce, and in the trend toward the feminization of unemployment" (UNDP 2002).

The situation of women in the Arab world and probably in similar situation is influenced by social and cultural norms. The traditional roles of women are more of homemakers and home-carers for all family members. These cultural norms limit the scope of women's socio-economic and political participation. This situation varies from one country to another. In some countries, women made significant progress in the public sphere, while in others they are not. The progress of women in some countries is spearheaded by strong political support of the ruling families, such as the case in Jordan, where women assume most of their high rank positions by royal appointment not by election, although the parliamentary quota had significant impact on women's participation in the Council of Representatives.

On the other hand, the situation of women in specific countries is not so pleasant, for example, women in Libya experience difficult situations, which resulted in weakened participation of women in political, social, economic, and cultural activities of their country (Algmati 2014). The situation in Saudi Arabia is even weaker especially in the decision-making process and public life in general (Abdurrahim 2014). Recently, Saudi Arabia has made significant advances in women's participation in public institutions including the Consultative Council (Majlis Al-Shura) and municipalities.

## Education and Illiteracy

There has been strong regional progress toward gender parity in education, a crucial step to create equal opportunities for women and men. Many more girls now go to primary school in the region (UNDP 2015). Statistics show that the situation of women education is relatively improving in the Arab world with variations among countries and urban-rural societies. For example, in Jordan women illiteracy rate was 24% in 1990 and has dropped to 10% in 2010, and in Bahrain it dropped from 28% in 1990 to 8% in 2010, and in Tunisia it dropped from 48% in 1990 to 28% in 2010. However, some other countries witnessed an increase in women illiteracy rate; these include Sudan from 40% in 1990 to 60% in 2010, and in Mauritanian it increased from 61% to 71% for the same period. While in some other countries, the rate has dropped slightly; however it still is considered very high (e.g., Egypt from 40% to 38%, Yemen from 85% to 60% (Arab Women Organization (AWO) 2010).

## Economic Participation

While women have made significant progress in education, in several of the Arab countries, females outnumber male students in university level especially in arts and social sciences. However, they are disproportionally represented in the labor market. The Arab region has the lowest labor force participation rate among all regions, mainly due to the low participation of women, as men's labor force participation rate is almost identical to the global average of 77%. Although many Arab countries witnessed an increase in women's labor force participation rate in the past two decades, it reached only 26% in 2010, which is the lowest rate among all regions and half the global average of 51%. The region has made progress on educational attainments for both boys and girls, but gains in women's education did not significantly raise their participation in the labor force. Women's employment to population ratio increased slowly, from 16% in 1991 to 19% in 2011. However, it remained the lowest among all regions and much lower than the world average (UNDP 2015).

The low economic participation rate of Arab women is due to several sociocultural and economic factors. The prevailing masculine culture gives priority for males to have jobs. Women's work may be considered as costly because of women having more time off due to marriage, pregnancy, and maternal leaves. Some companies and employers express it bluntly that they hire only singles, and if new female employees get married within a certain period, their contract will be terminated. In addition, the Arab labor market is not creating enough jobs for its youth population, either males or females, and women are those who are affected adversely in this situation. These conditions sharply limit job opportunities for women (see Al-Makhzoumi 2010). Women's work has a positive impact on women's role in family and society, and the economic progress of women and their contribution to the welfare of their families enhance their roles in their families and communities (Olaimat and Al-Louzi 2008; UNFPA 2014).

## Political Participation

Arab women's political participation is below expectations. Despite the progress made in education, health, and relative improvement in their economic participation, the achieved progress is not reflected in their political presence. Arab women's political participation even is lower than their economic participation. If we take some measures, we find that women participation in higher government positions (ministers) in Jordan was 4.7% in 1990 and increased to 9.7% in 2010; in Algeria it was 11% for both periods; in Egypt, it reached 3.9% in 2005. With regard to parliamentary participation, still it is relatively very low compared to the population of women and their improved education. For example, in Jordan the percentage increased from 0% in 1990 to 10.8% in 2010; in Egypt the percentage is low (5.7%) as it was in 2005, increased to 9% in 2012, and decreased to 5% in 2015 (AWO 2015; and The Regional Center for Strategic Studies 2015, see also Olimat 2010). For the Arab world as a whole according to the Inter-Parliamentary Union (2016), as of 1st of August, 2016 women in parliaments worldwide represent) 22.8%), compared to (16.8%) a decade ago (in 2006).

The paradox is that while women have gained constitutional and legal rights, including political rights, however, these gains remain attached to their traditional roles in general. Their political participation despite the promises of the Arab Spring where women were active partners in it is around 10.7% in 2011 (UN Women 2014).

UN Women report (2014) states that only in Arab countries with all the promises, the percentage of women in parliaments did not exceed 30%, and if we compare women participation between 2011 and 2012, we notice a decline. However, the only promising development is that some countries have allocated quota for women's participation such as in Morocco and Jordan. Therefore, women currently constitute around 16.7% of house representatives.

Women's representation in parliaments is rising, but the region is still far behind the rest of the world. Their share of seats rose from 2.6% in 2000 to around 12.7% in 2013 compared to 20% globally and 18% in developing regions (UNDP 2015).

The low level of political representation of Arab women is a result of cultural norms and stereotypes, as well as unstable political situations posing specific security risks. Arab women generally lack experience in leadership and campaigning skills and have a limited presence in political parties. Political systems in Arab countries have long discouraged broad participation for both males and females: many were characterized by either one-party rule or a simple majority electoral system, rather than proportional representation (UNDP 2015). The political participation in general is lacking in most of the Arab countries; this is why in several of these countries, they are prematurely put down by counterrevolutions orchestrated by political regimes in the region. Arab people are striving for freedom and dignity, and they long for democratization. However, the oppressive regimes in general responded to these legitimate aspirations by force and mass killings.

## Arab Spring and Women

Arab women played a major role in Arab Spring in all of its aspects. They were among the first who stand up for freedom and among the first to sacrifice their lives. They spare no efforts in igniting the Arab Spring and providing all the masses needed for the movement. Unfortunately, the peaceful movement toward freedom and dignity has faced a brutal and fierce counterrevolution. The counterrevolution prompted by local and regional players has succeeded in altering at least temporarily the movement of history toward more freedom of the Arab people. These setbacks affected all people and women were affected adversely the most. Aladely (2011) argue that Egyptian women as their aftermath of their participation in the revolution have witnessed more discrimination and their political participation has dropped sharply, and even women activists were excluded from playing their role in major social policies and activities in their traditional fields of childhood and families. Moreover, government policies and actions show more discrimination toward women in employment and fair wages; consequently unemployment among women has increased, and the presence of women in political parties has diminished sharply.

## Recommendations

There are numerous suggestions, proposed to create, an enabling environment for Arab women to have their fair share in socioeconomic development and high profile presence in political and public life. For example, Ben Ezzedeen (2010) calls for the formulation of an inclusive and integrative strategy in legislation to foster women organizations and to create opportunities for women to be an active partner in rights and obligations. Al Maaitah et al. (2012: 24) argue that the integration of women in public and political life requires solid political interventions aiming at empowering women and raising the awareness of men and women in the Arab world about the values of women's role not only in the private but also in the public sphere. That is because the challenges that are facing women in politics are immense, requiring the consolidation of all efforts with great belief in women's capabilities as human beings who are able to lead and shoulder the responsibility in the building and sustaining of their nations (Al Maaitah et al. 2012: 24 and see Al Maaitah et al. 2011).

On the other hand, Khuzam (2011) suggests that several measures should be opted in order to improve the situation of women in society and foster social stability and peace; these include joint efforts by government and civil society organizations, in order to empower women socially, economically, politically, and culturally. Advancing the whole situation of women in society is the crucial step in building a just, advanced, and stable society (see also, Al-Mashhadani 2012).

Specific women populations need a special kind of help. For example, Palestinian women under occupation need more help from international organizations. The needed assistance is in the form of increasing projects and activities aiming at women empowerment, building global women networks, ensuring women's participation in it, and the importance of ensuring financial transparency and honesty in the work of women organizations (Judah 2012).

Abdulmuhsin (2012) argues that women empowerment is not through laws and legislations of women, rather it is through women gaining confidence in themselves and being aware that they are capable of entering the labor market. In addition, he argues that due to state withdrawals from providing basic services and letting market forces shape the scene, without adequate protection, working women suffered the most. In contrary, Shargawi (2009) recommends formulating policies and laws that tackle the issue of discrimination. This is because the essence of social, economic, and political disparities are embedded in laws and policies that are not in the favor of women, although women's confidence in themselves is a decisive factor in their progress in work and public sphere. However, this confidence needs to be grounded in a solid basis of enabling legal, social, and economic environments (see also UNDP 2014; World Bank 2003).

ElGammal (2011, 2013) calls for the implementation of the quota for prolonged election period. This is in order to help in creating a critical mass of women who are used to elections and political participation. In addition, she added to increase training and awareness raising for women, to increase microcredit project for women, and to support women's economic activities in general (see also Olimat 2010; Center for Political and Strategic Studies 2005; Elgammal 2009; Olimat 2009).

## Cross-References

► Politics and Gender
► Women Leaders

## References

Abdurrahim S (2014) The developmental conditions of Arab women: an analytical study of the educational and health conditions, Cairo

Al Maaitah R, Al Maaitah H, Olaimat H, Gharaeibeh M (2011) Arab women and political development. J Int Women's Stud 12(3):7–26

Al Maaitah R, Oweis A, Olimat H, Altarawneh I, Al Maaitah H (2012) Barriers hindering Jordanian women's advancement to higher political and leadership positions. J Int Women's Stud 13(5):101–122

Aladely NM (2011) The impact of revolutions on women's rights: comparative study of Egyptian revolution 1952, and Polish revolution 1989. The National Council for Women, Cairo

Algherbawi Y (2015) The continued marginalization of Egyptian women in 2015 Parliament. The Regional Center for Strategic Studies (RCSS), Cairo

Algmati H (2014) A study of the case of Libyan women. In: Abu Ghazaleh H (ed) Arab women and demogracy-2013. Arab Women Organization, Cairo

Al-Mashhadani F (2012) "Women's empowerment" programs and obstacles see Social Educational and Psychological Sciences. Policies, Iraq

Arab Organization for Human Rights (2013) A scene change in the Arab world, the number (30). Cairo

Arab Women Organization (2010) Gender and the dimensions of women empowerment. AWO, Cairo

Arab Women Organization (2015) The Arab women: empowerment, achievements and challenges- bi annual report. AWO, Cairo

Ben Ezzedeen R (2010) The role of legislation in combating difficulties and in activating women participation in achieving sustainable development. The National Administration for Tunisian Women, Tunisia/Tunis

Center for Political and Strategic Studies (2005) The Arab strategic report 2004–2005 Arab women's empowerment: general features and dilemmas. Al-Ahram Cairo Foundation C

Elgammal A (2009) The priorities of social work in the women's associations, programs to modernize the role of women in development. A PhD unpublished, Faculty of Social Work, Helwan University

Elgammal A (2011) Exploring the parliamentary representation of women in the Egyptian parliament in light of the quota system. Research publication, twenty-fourth International Conference of Social Work, Helwan University

Elgammal A (2013) Social programs for civil society organizations and the economic empowerment of women prisoners of poverty. Hum Soc Sci J, Faculty of Social Work, Issue, C

Inter-parliamentary Union (2016) Women in National Parliaments. Available at: www.ipu.org/wmn-e/world-arc

Judah W (2012) The impact of international organizations working in the area of the Palestinian women's empowerment, political conditions, Palestine

Khuzam M (2011) Planning to meet the qualitative discrimination of women as an entry point for social security. J Soc Work Hum Sci Stud. Egypt, No. (31)

Mohsen Ahmed (2012) Empowerment of Iraqi women in the areas of development. The Gulf Economic Journal Arab Gulf Studies Center, Basra, GS University. 23, p 115

Olaimat H, Al-Louzi S (2008) Empowering rural women through income-generating projects: a case study in Jordan. Jordan J Soc Sci 1(1):153–168

Olimat MS (2009) Women and politics in Kuwait. J Int Women's Stud 11(2):199–212

Olimat HS (2010) Social projects aiming at advancing Arab women: the case of Jordan. http://www.arabwomenorg.org/Content/surveystudies/Jordan.pdf
Shargawi (Al) M (2009) The successful Arab experiences on the role of women in sustainable development. The Arab Organization for Administrative Development and the General Union for Sudanese Women, AL Khartoum/Sudan
UN Women Training Centre (2014) Gender equality capacity assessment tool for assessment of capacity in promoting gender equality and the empowerment of women for the UN system and other partners. UN Women Training Center, New York
UNDP (United Nations Development program) (2015) The burden is balanced, indeed, on the shoulders of women and adolescent girls, chapter, 2, p 45
United Nation Population Fund (UNFPA) (2014) The state of world population: the power of 1.8 billion-adolescents, youth and the transformation of the future. UNFPA, New York. https://www.unfpa.org/sites/default/files/pub-pdf/EN-SWOP14-Report_FINAL-web.pdf
United Nations Development Programme (2014) Human development report 2014: sustaining human progress: reducing vulnerabilities and building resilience. Retrieved from http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf
United Nations Development Programme (UNDP)/Regional Bureau for Arab States (RBAS) and Arab Fund for Economic and Social Development (2002) The Arab human development report 2002: creating opportunities for future generations. UNDP (RBAS), New York. http://www.arab-hdr.org/publications/other/ahdr/ahdr2002e.pdf
World Bank (2003) Report on the development in the Middle East and North Africa, "Gender and Development in the Middle East and North Africa," women in the public sphere. . . www.worldbank.org

# Women Leaders

Erin Wolf[1] and Elizabeth M. Boyd[2]
[1]Women's Leadership Center, Michael J. Coles College of Business, Kennesaw State University, Kennesaw, GA, USA
[2]Women's Leadership Center, Kennesaw State University, Kennesaw, GA, USA

## Synonyms

Gender and leadership; Gender diversity in leadership; Glass ceiling; Leaky pipeline; Women in management

## Introduction

Perhaps the most important issue relating to women leaders today is that although they represent half the population, women continue to be dramatically underrepresented within leadership roles around the world. Women's underrepresentation in leadership worsens toward the top of almost any organizational, governmental, or educational power structure. The underrepresentation of women in leadership is of critical importance due to the fundamental roles leaders play in relation to society. Leaders within business, law, government, education, and other arenas determine laws, make decisions about what consumers will see on shelves, and help to define societal norms. As a result, women's continued underrepresentation as leaders presents an important ethical issue. This entry reviews factors related to women's underrepresentation within leadership.

## Background

Within the USA and most other modern societies, the current landscape for women is vastly different than it was in the 1950s and 1960s. Thanks to the passage of legislation such as Title IX in the USA as well as worldwide human rights movements such as feminism, women are expected to receive a formal education and now make up roughly equal proportions of college and professional school students. In addition, with the exception of the science, technology, engineering, and math (STEM) disciplines, women now graduate with advanced degrees at roughly equal rates as do men.

These represent great strides from the position of women in modern society in the middle of the twentieth century, as well as from the current position of women within the developing world. Women within many developing countries still do not have access to basic education at the same rates as do men given that the burden of care and domestic work is expected to fall to them. As a result, access to education continues to be a primary predictor of social mobility for women and their children within the developing world.

With respect to the workforce, women make up approximately half of the entry-level workforce within the USA and many other developed countries. Similarly, women are now relatively well-represented within the lowest levels of leadership in organizations, such as first- and mid-level management. As a result, it is now common within modern society to encounter women as supervisors, professionals, educational leaders, and politicians. However, the proportion of women leaders drops precipitously when considering higher levels within business, government, law, education, or any other professional sphere. For example, within business women currently make up 4% of CEOs of large companies within the USA (Catalyst 2016). This relative proportion does not vary significantly when considering other domains; for example, only four women have been Supreme Court Justices within the USA out of 112, for a proportion of 3.6%. Although some countries have had women as President or Prime Minister (e.g., Germany, Brazil, Britain), for most developed countries, a woman has never served as Head of State (e.g., the United States, Russia). Given the fact that leaders at the very top tend to have a disproportionate influence on decisions that affect many others, the dramatic underrepresentation of women is a key ethical issue as identified by the United Nations (UN 2016) and many other human rights groups.

## Stereotypes and Unconscious Bias

Before women's educational attainment was equivalent to that of men, many speculated that a primary reason for women's lack of advancement to leadership roles was the fact that they were less educated than their male counterparts. However, given the fact that women in the developed world are now equally as educationally prepared as are men, under-preparation is no longer a valid explanation for women's underrepresentation within leadership. The fact of women's equivalent educational attainment has not been met by a change in stereotypes regarding their achievement, however.

It is a popular belief that humans are judicious decision-makers, weighing the available evidence and making decisions accordingly. However, decades of social science research suggests instead that people are subject to numerous decision-making errors that reduce the effectiveness of their decision-making processes and increase their susceptibility to bias (Hoppe 2007). One of these errors is a reliance on mental shortcuts. At any given time people are subject to far more stimulation than can be effectively processed by the brain. As a result, cognitive shortcuts are developed in an effort to conserve cognitive resources. One such shortcut is known as stereotypes. Stereotypes are simplified ways of viewing particular sets of people and are so ubiquitous and efficient that they often operate without the conscious knowledge of the person within whom they are operating.

Stereotypes save time and mental effort because instead of having to evaluate individuals on their own characteristics and merits, stereotypes allow people to make instant judgments about others based on their membership in particular groups. Stereotypes allow for the assumption of a wide variety of traits (preferences, habits, language, and customs) from very little information (race, gender). These assumptions are problematic, however, in that by definition they are incomplete and inaccurate in relation to any one individual.

When they are applied to women, stereotypes around the world are strikingly similar with the exception of those intersectional stereotypes applied to women of different races, which are outside the scope of this entry. For example, stereotypes regarding women almost universally contain content relating to the birth, care, and education of children. Women are generally thought of as being more capable of and interested in these pursuits than men. Further, stereotypes regarding women almost universally contain content relating to nurturance, caring, sweetness, and kindness. Women are generally also thought of as being weaker, quieter, less aggressive, less competitive, and more submissive than men, which generalizes to the workplace where they are expected to make less money. The stereotype is also that women are the more beautiful of the two sexes and are the gatekeepers of love and

sexuality. Few gender differences exist in stereotypes regarding women; that is, both men and women tend to view women similarly. On the other hand, men are stereotypically viewed as being poor caregivers but excellent workers. The stereotypical view of men is that they are expected to be breadwinners, caring for family by earning money through work. Men are stereotypically assumed to be independent, status striving, violent, sexually aggressive, and materialistic.

Ideal prototypes regarding leaders are remarkably similar worldwide and contain little content that overlaps with stereotypes related to women. For example, research from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) program has established that leaders who are honest, inspirational, visionary, performance and team oriented, decisive, and competent are viewed as being effective around the world (Kahneman et al. 2011). Moreover, decades of research within the social sciences has demonstrated a stark contrast between stereotypes of women (which tend to focus on care and communion) and stereotypes of leaders (which tend to focus on agency and task orientation). Indeed, the stereotypes of leaders overlap significantly with stereotypes for men. Researcher Virginia Schein first dubbed this phenomenon "think leader, think male."

The incongruity between stereotypes regarding women and stereotypes regarding leaders has held women back from attaining leadership roles in many ways. First, decision-makers who fail to replace stereotypical information about an individual with content relating to that person specifically are likely to view women as incongruous with leadership roles and to make selection and promotion decisions accordingly.

When stereotypes are elicited automatically, the activation of the stereotypical content can have an impact on decisions made by that person without their knowledge. This is known as unconscious bias. Because it results from stereotypes that are learned from and shared within everyday society, even people who are consciously committed to equality and who work deliberately to behave without bias may still behave with unconscious bias. Even those who are members of a group (e.g., women) possess stereotypes about that group and may make biased decisions as a result, without even knowing it. Unconscious bias can affect areas other than the hiring or selection context as well. For example, supervisors may give fewer challenging assignments to women as compared with men based on the stereotypical assumption that women are overburdened with care and domestic work. Coworkers might also be more formal or polite with women on the assumption that women are more delicate or sensitive. At first blush these actions may seem benevolent; however, they can serve to impede the advancement of women. In the first case, providing fewer challenging assignments to women gives them less developmental opportunities and less experience in the long run. In addition, it may begin or add to a vicious cycle where women are viewed as contributing less to the organization. In the second case, women may either feel as though they are or may in reality be excluded from informal social networks within the workplace if their treatment is different from that of others.

Second, women who do achieve leadership roles face a precarious dilemma. To behave in such a way as to confirm stereotypes regarding women, or to behave in such a way as to be an ideal leader? Research suggests that acting in a manner that is incongruous with stereotypes regarding one's group leads to negative consequences. However, such behavior is ostensibly rewarded within the workplace and is likely the only way to achieve higher leadership positions. Women who therefore act like prototypical leaders experience negative social sanctions, whereas those women who act in accordance with more stereotypical views of women are viewed as having less leadership potential. This tension is often referred to as the *double bind* (Catalyst 2007). The double bind is a powerful barrier for women, because it creates a behavioral impasse wherein no course of action will result in entirely positive, personal, or career consequences. Caught between impossible choices, in order to succeed, women leaders must try to conform to traditional – i.e., masculine – leadership behaviors while also exhibiting just enough

feminine traits to be perceived as likeable. The cognitive load induced by such mental work can be very taxing, and making errors can reduce others' evaluations of women's potential or likeability.

Another example, the gender discount, describes how the behavior of men and women is perceived differently in relation to their social positions and stereotypes regarding their behavior. For example, men who help a colleague with work are perceived as going over and above the duties of the workplace because such behavior violates the role expectations of a man (i.e., helping is not a stereotypical behavior men engage in). By contrast, women who help colleagues with work or spend extra time helping out around the office are not perceived as going above and beyond expectations because such helping behaviors are congruent with the gender role for women. Similarly, if a father leaves the office early because he is coach of his child's sports team, he is applauded for being a good parent. If a woman leaves early for the same reason, research demonstrates that she is not only not commended but is likely to be viewed as not as committed to her career. Taken together, stereotypes regarding women, men, and leaders result in a number of strong but invisible threats to women leaders or those who aspire to lead.

## Mentoring, Sponsoring, and Networking

A great deal of research has established that mentoring and sponsoring are essential to move up within the leadership hierarchy within nearly any sphere. Although selection processes for positions at the bottom of most modern organizations are highly routinized and processes for minimizing bias exist, procedures for hiring or promoting at the top levels of leadership are vastly different and rely greatly on the social networks of those within power. As a result, it is essential for those wishing to obtain leadership positions to cultivate effective networks of mentors, sponsors, and coaches.

Workplace mentoring is a behavior characterized by mutual respect, social support, advice, and counseling. Though typically thought of as occurring between a more senior and a more junior colleague, mentoring can occur between two peers, reciprocally between two individuals of any career stage, or upward from a less advanced to a more advanced individual. Sponsorship is a slightly different behavior that is often related to mentoring and that can occur within the same relationship. In the workplace, a sponsor uses his or her influence to advocate for another person. This often results in the junior person being able to leapfrog his/her career over peers.

Gender differences exist in access to high-quality mentoring and sponsoring, particularly as women move up the leadership hierarchy. Men tend to have more mentors, dramatically more sponsors, and a higher proportion of men mentors and sponsors than do women. It stands to reason that these men sponsors have more power and organizational clout than female sponsors, which begs the question: why is it that men receive more attention from upper-level men than women do? One answer is that men tend to seek out mentorship and sponsorship more frequently than women do. Women are more apt to believe that hard work and diligence are the characteristics that get them promoted rather than networking.

Another answer may lie partly in the fact that most people, unconsciously, tend to favor and be attracted to others who are similar to them. When senior leaders are in search of mentees or people to sponsor, research shows they may look for people who remind them of themselves. This "similar to me" effect thus results in a perpetuation of the racial and gender characteristics currently represented within leadership.

Within the professional sphere, networking involves making connections with others who may be helpful to one's career. Women's networks tend to be smaller and to contain more women than the networks of men, partially as a result of the influences just discussed. However, building a professional network also requires self-promotion, which women tend to be less comfortable doing. Self-promotion tends to be viewed as bragging, self-aggrandizing, or boasting when done by women. In reality, self-promotion is essential for success in the business world. As was discussed above, although it is widely believed that promotion and hiring decisions are

made based on objective information such as one's work experience and education, humans are imperfect decision-makers. Research has shown that reputation and personal brand can have a strong impact on one's career trajectory given that these factors can influence the decisions made about promotions and hires. As a result, the differences in men's and women's networks and self-promotion strategies are also likely to be affecting the proportion of women in leadership.

### Opting Out and the Leaky Pipeline

The terms *opting out* and the *leaky pipeline* both refer to the fact that women are retained and promoted at lower rates than men in virtually every career path. The leaky pipeline term tends to be used more specifically within the STEM disciplines or areas where the differential rates of promotion and retention are more severe. However, both describe the notion that women are increasingly missing from the promotion pipeline as it moves upward. At times, and within this section, the terms will be used specifically to refer to instances where women are perceived to leave of their own volition.

Initially, the term opting out was introduced and described as though professional women were voluntarily leaving the workforce in large numbers to stay home with children. However, additional research showed that many women who had engaged in so-called opting out had actually done so as a result of strong social and personal forces. As a result, the opt-out phenomenon came to be understood as a strongly imposed choice. That is, it is true that many women leave the workforce at least part time for at least some amount of time within their careers, either to raise children or to care for elderly relatives. However, this choice is highly constrained by factors such as societal norms around who should provide care and salary differences between partners in dual-income homes. Specifically, the devaluation of care work within most societies leads to strong pressures for women to leave, and men to stay, within the workforce.

Care work is a specific type of labor that is essential to the future of the human race. It is work that is done in service of others who are either temporarily or permanently not capable of caring for their own personal health and well-being. For example, children, people with disabilities, and the elderly are often the recipients of care work. In addition to the association of women with care and domestic work and the dissociation of leaders with caring and communal characteristics, within many modern societies the work associated with the care of children and other dependents is located not within the formal (paid) economy but instead within the realm of the home.

As a result, this labor is expected to be performed without remuneration. Given the amount of care work that is necessary in order for society to operate (children require care work around the clock for many years and many people with disabilities do as well), this devaluation of care work results in a great deal of unpaid labor being added to the informal economy. Given the association of women with care work and the stereotypes regarding men's inability to perform care work satisfactorily, unpaid work most often falls to women. In combination, these factors contribute both to systematic economic inequality (the gender pay gap) between men and women and to the dearth of women leaders within organizations.

For example, when men and women begin working, they often do not yet have care responsibilities given their age and social position (they are often young and unmarried). As their career progresses, men and women often get married, begin families, and start to care for aging relatives. Given the social pressure for men to remain in the workplace to earn a breadwinning wage (as stereotypes and social roles would prescribe) and the social pressure for women to provide unpaid care for children and others within their social sphere and the lack of social pressure for women to remain in the workplace, research shows that women leave the workforce more often than men before ascending to leadership roles. However, in some countries such as Denmark and Sweden, care work is considered to be a part of the formal economy such that individuals who are caring for children or other dependents are paid for doing so. As a result, there is evidence that the devaluation of care

work is an impermanent or unnecessary feature of society and that the future may hold changes in this realm.

## Conclusion

Overall, women make up roughly half of the human population yet are dramatically underrepresented at the topmost levels of world leadership within business, government, education, and nearly all other areas. In many areas women are absent or nearly absent from leadership within these realms. In the developed world, women's educational preparation is equal to that of men, yet stereotypes and social norms regarding women's roles persist and have a strong influence on women's ability to achieve top leadership positions. In addition, women's access to high-quality mentoring and sponsoring affects their ability to move into leadership roles at the same rates as men. Finally, the devaluation of care work within society results in an overload of necessary labor that falls to women as a result of their societally prescribed roles, leaving a disproportionate amount of men within the promotion and leadership pipeline. These factors combine to create a dramatic underrepresentation of women leaders in the world today.

## Cross-References


- ▶ Authentic Leadership
- ▶ Bureaucracy and Leadership
- ▶ Constructivist Theories of Leadership
- ▶ Ethical Leaders
- ▶ Ethical Leadership
- ▶ Implicit Leadership Theories
- ▶ Leadership and Social Justice
- ▶ Leadership and Society
- ▶ Leadership Development
- ▶ Leadership Effectiveness
- ▶ Leadership Failures
- ▶ Leading Governmental Reform
- ▶ Leading the Ethical Organization
- ▶ Managerial Leadership
- ▶ Power and Leadership


## References


Catalyst (2007) The double-bind dilemma for women in leadership: damned if you do, doomed if you don't. http://www.catalyst.org/system/files/The_Double_Bind_Dilemma_for_Women_in_Leadership_Damned_if_You_Do_Doomed_if_You_Dont.pdf. Retrieved 3 Feb 2016

Catalyst (2016) Pyramid: women in S&P 500 companies. http://www.catalyst.org/knowledge/women-sp-500-companies. Retrieved 4 Feb 2016

Hoppe MJ (2007) Culture and leader effectiveness: the GLOBE study. http://www.inspireimagineinnovate.com/pdf/globesummary-by-michael-h-hoppe.pdf. Retrieved 3 Feb 2016

Kahneman D, Lovallo D, Sibony O (2011) Before you make that big decision. Harv Bus Rev 89(6):50–60

United Nations (2016) UN Commission on the status of women. http://www.unwomen.org/en/csw. Retrieved 4 Feb 2016


# Women's History and Governance


Maria Rosaria Pelizzari
University of Salerno – Interdepartmental Observatory for Gender Studies and Equal Opportunities (OGEPO), Salerno, Italy


## Synonyms

Female leadership; Gender equality; Gender history; Women and power; Women's rights

## Definition

The history of women is a field of historiography created to counteract the classical epistemology of history that attributes to males a character of universality. Its roots can be traced back to 1970 with the spread of feminism and the recognition in historical research methodology of the interplay between anthropology and the history of mindsets, social history, and popular memory research. Above all, its focus on women at the center of research and reflections on women's history, identity, and gender relations, highlight,

above all, issues arising from social and political issues of the past and their impact on the present. Furthermore, its status as an independent field of research and the definition of issues for study have made the subject an integral part of women's claims on political and social grounds. The declared aim of early research on the part of feminist historians was that of filling a void: the absence of women from history (Scott 1991). Between the mid-1970s and mid-1980s, studies prevalently of middle-class white women became the interpretative point of reference. From the mid-1980s onward, the analysis of female diversity became core through categories such as class, race, ethnicity, and religion. In addition to debate on these categories were the impact on identity of regional, local, and national perspectives and the boundaries between the public and the private sphere.

## Introduction

Scientific acknowledgment of women's studies was sanctioned in particular initially, in the United States. In American universities, in fact, between the late 1960s and 1970s, various sections of women's studies were set up. In 1974, the Congress of the American Historical Association officially approved the history of women. The subject found space in feminist and historical journals such as *Feminist Studies* (1972) and *Signs* (1977) and became the emblem of that disciplinary pluralism that characterized the departments of women's studies. From the second half of the 1970s, research also flourished in France, England, and Italy. However, academic recognition was far slower. Notwithstanding, women's experience and relative recourses could not be analyzed independently taking into account their relational nature. The history of women, thus, became linked to the history of gender. The term "gender" refers to the way in which masculinity and femininity are socially-culturally constructed and departs from the biological determinism inherent in the term "sex" or in sexual status (Zemon Davis 1976). The new discovery of gender as a useful category of historical analysis has opened up new possibilities for knowledge on women's past and a significant understanding of multiple identities. Gender and sex were no longer perceived as merely natural phenomena but intended historically as extremely variable dimensions. The combination of gender with that of class and race has finally enabled feminist studies to emerge from both the uni-racial and the biracial approach, which highlighted the differences between women: mistress and slave, immigrant and reformist, and assistant and social worker. A third mode, i.e., the multicultural approach, has thus been created that includes aspects of cultural contact and transformation. Research has expanded its boundaries by overcoming the traditional feminine spheres (family, reproduction, sexuality, and emotions) and has crosscut the areas of politics, work, relationship with the state, and power (Scott 1986). A strong impetus for gender history, for example, has also come from the Annales School. Since 1989, *Gender & History* remains one of the leading international journals for research on the history of femininity and masculinity and gender relations in different epochs and continents.

## Governance in Women's History

In a preliminary phase, feminist criticism in history, strongly marked by ideological intentions, insisted on denouncing the exclusion of women from all spheres of authority and command, depicting them as perennial victims of male overthrow. Subsequent research has, however, highlighted the circuits in which, historically, women have exercised powers and capacity for influence (Alberti 2002). Female presence has, therefore, been identified in different contexts and periods in the management of trades, typical of urban systems of the modern age; in the commitment to founding, from the seventeenth century, charities and charitable structures; and in the ability to weave, between the eighteenth and nineteenth centuries, opinions and destinies, at court and in social circles. In this respect, we should speak in the plural of "female powers."

Such powers, right up to and throughout the modern age, were informal, exercised in daily experience, and excluded from codification. Only by the twentieth century (defined not by chance as the Century of Rights, but also as the Women's Century), women, underpinned by formal legal status, achieved recognition of their abilities up to then only explicated in social practices. Delving into the past has brought forth many "invisible protagonists" who have played important roles in the management of power.

## Background

Within the more general framework of ancient cultures, women lived mainly in a state of subordination to men. Nevertheless, they were endowed with discreet economic and juridical autonomy (dating back to the Sumerians, Babylonians, Minoans, Phoenicians, Etruscans) and enjoyed respect and authority within the family (Chinese and Indian civilization of the origins) or access to a basic culture. In Greece, women, excluded from public life, were legally subject to the authority of their fathers or husbands and were therefore essentially linked to domestic roles and that of educators of children and young people. Between the sixth and fifth century BC, the cultural importance gained by women was remarkable (e.g., the poet Sappho, priestess of Lesotho), marking the opening of modest social, political, and religious spaces to the initiatives of the female aristocracy. The position of Roman (especially aristocratic) women was distinguished by greater autonomy and influence, especially in the private sphere. However, Roman law, not recognizing women's legal personality, prevented them from gaining access to public office. They would later become protagonists by virtue of the spread of Christianity that made no substantial distinctions between the sexes.

Late Roman times and the Early Middle Ages have handed down the memory of queens and regents of the empire or of the Roman-barbaric kingdoms who supported Christianity from a politically influential position.

## Medieval and Modern Age

In the feudal society, women were bound to the private and domestic sphere, confined to the traditional biological tasks of brides, mothers, and educators. The family institute was regulated on male authority (patriarchy) and the monogamous union between man and woman. Distances from the Greek and Roman traditions were established by abolishing the institution of divorce and with a firmer control of sexuality. Such control included the exaltation of early chasteness with the rise of convictions, including criminal ones, against adulterous wives. However, through case studies, it has emerged that the wives of feudal lords were permitted to intervene in the economic management of the feud during the absence of their husbands engaged in war.

In Western culture, female emancipation was a slow and uneven process. From the seventh century, the status of nun was complementary, as opposed to alternative to that of mother-wife. The convent and taking vows represented, in fact, an important tool for the preservation of aristocratic wealth, to the benefit both of family inheritance – an exclusive right of male children – and dowries given to daughters destined for their wedding.

However, the convent was not just a place of segregation. Religious life was also an opportunity, in the first place, for literacy as well as for cultural enrichment, with the consequence that some convent communities exerted considerable economic and political influence on the curia and courts. During the Age of Catholic Reform, following the Council of Trent, the pedagogic initiatives and assistance promoted by female religious orders increased. At the same time, the limited space within which women's initiative could unfold, the family or the convent, was extended and strengthened. Between the late Middle Ages

and the Renaissance period, women succeeded in gaining partial spaces of autonomy. The female presence was significant in shop and court life. They were pilgrims, healers, and even warriors. However, they were not permitted to study. In antithesis to the positive model inspired by the Madonna gradually emerged the negative one of witches. Witch-hunts, a phenomenon characterized by antique social and cultural implications, some of pagan ancestry, reached its pinnacle in Central-Northern Europe (fifteenth to sixteenth century). It particularly affected women living on the edge of village communities and was counterbalanced to the rise of local powers (inquisitors, bishops, administrators) whose purpose was to suppress female behavior considered deviant, i.e., damaging to the constituted social order.

In this overall context, it can be affirmed that over the centuries the conviction, more or less explicitly stated, was consolidated never to assign to women any task of government seeing as it was considered unnatural and constituted a reversal of the proper social and civil order. Yet, even in the *ancient regime*, women attributed themselves such powers, nullifying, de facto, the laws and customs that prohibited them from grasping power. In France, for example, in the centuries preceding the Revolution, various queens had decided their own status. Although dynastic succession was governed by Salic law (containing the principle of exclusion of women and their descendants from succession to the crown), Caterina and Maria de'Medici exercised the institute of regency. Moreover, in England and Sweden, where there was no Salic law, Elizabeth I and Cristina Vasa ascended the throne, reigning in the total absence of a monarchic male figure, and, furthermore, rejected the obligation to marry to guarantee the crown a direct descendant.

Alongside the queens – often at the same time and in antagonism with them – their current lovers, exerting great influence on the internal and external stability of the monarchy, exercised extraordinary, yet discreet, authority.

## From the French Revolution to the Present Time

The first important period of political protagonism for women of the bourgeoisie came during the French Revolution with Olympe de Gouges, author of the *Declaration of the Rights of Woman and Citizen (1791)*, the first document to invoke the legal and juridical equality of women. She was guillotined (1793), for opposing the execution of Louis XVI and, probably, for attacking the Public Health Committee.

During the Napoleonic Age and Restoration, most of the civil rights, conquests of the revolutionary period, were rescinded. Yet, during that same period, the process that brought many women to important positions in the political and cultural battle was starting, in particular, during the nineteenth century and the early twentieth century, linked to the workers' movement. The list of bourgeois women in the United States and Europe involved in party governance claiming the right to citizenship is considerable. Notwithstanding, it was only at the end of the First World War that women gained the right to vote in the United States and Great Britain, the two major economic powers in which, since the late eighteenth century, female labor had contributed significantly to the development of the industrial system and where battles for suffrage had most involved public opinion. During the First World War, women became aware of their new economic, social, and political weight, especially because of the profound upheaval of war that had led them to occupy the most diverse, albeit subordinate, male roles. Straight after the Second World War, all Western countries adopted universal suffrage. In this regard, it is significant to mention the paths pursued for the conquest of civil rights. The first country to recognize citizenship to women was Australia (1902). In Europe, the way was paved by Finland and Norway (1906 and 1907), followed between 1915 and 1922 by 17 other countries in the world, including the United States. In 1931, it was the turn of Portugal and Spain. In France, female suffrage was

introduced in 1944, in Italy in 1945, in Greece in 1952, and in Switzerland in 1971. In the field of education, the process of equality was even slower and more difficult. In France, parity between female and male secondary education was sanctioned in 1924. In England, universities allowed women entry in the mid-nineteenth century, but the faculties of medicine and jurisprudence excluded them for an extremely long period. Even when women gained access to universities, they were not admitted to the professional orders. In Italy, the profession of judge has been accessible to women only since 1963. With universal suffrage, the female status was by law equal to that of males. The social, cultural, economic, and political implications of this process have changed the face of the West itself, from the history of consumption to that of the family. However, the issue of effective gender equality is different. To date, that goal has not been reached, and the status of women lags far behind and involves millions of women, especially in Africa and Asia.

## Conclusion

The evolution of the female state, in its relation to power and governance, has never followed a linear path. It can neither be described as a continuous process of development over time nor configured as a uniform phenomenon in space. A useful point of reference could be the conquest of citizenship rights, understood as the set of civil, political, and social rights that belong to individuals as citizens of a particular country. This conquest is, at present, an irreversible achievement within the most important twentieth-century constitutions. For "emancipation" means the process by which women are no longer subject to the legal treatment reserved to those who are mentally incapable and subject to severe legal and social interdictions. Until the second half of the last century, even in advanced countries like Britain, women, considered on a par with minors or the mentally ill, could not sue in court. Many legal and social interdictions preventing women from gaining access to the professions and lifestyles, a male prerogative, have since fallen by the wayside. In the governance of the major institutions (from legal to economic ones), women now hold increasingly apical roles. The International Monetary Fund and the Federal Reserve are pertinent examples. Yet, it should be understood why women have had and still have less favorable opportunities than men even in democratic systems. As it is undeniable that significant, albeit incomplete, emancipation has been achieved, the factors that have facilitated it and the variables that favor and will continue to favor more equal conditions for men and women should be identified. Finally, in the perspective of completing the process, the main policy strategies for equality, both those already in act and those merely at the proposal or consideration stage, can be determined. The existence of undeniable inequalities has in fact highlighted the inadequacy of the recognition of purely formal equality and has led government institutions to undertake action programs and policies for equal opportunities. The two main strategies which have been called "state feminism," *mainstreaming* and *empowerment*, were defined in the 1995 Beijing UN Conference. The first aims to produce a profound transformation in government culture, incorporating the gender perspective into all relevant issues, such as the quality of development and major social reforms. The second provides for the allocation of greater power to women by removing the obstacles to their active participation in all spheres of public life. The instrument of these strategies, i.e., "positive actions," consists in concrete measures taken to accelerate the establishment of equality. In particular, the persistent marginalizing of women in parliaments and public offices has led to positive actions in favor of equal representation of women and men in all government offices. To this end, reform of electoral mechanisms is required to integrate women in public offices in equal proportions and on the same level as men. In companies, leadership still has the main characters typical of masculinity. In fact, the features that are rewarded consist in those that in our common imagination, based on widespread stereotypes,

distinguish men: assertiveness, strength, and ability to dominate. Organizational language frequently or directly uses warlike idioms (e.g., competitive attack, price war, take-over, action plan, etc.). The scarcity of women managers or women at the top in business is just the tip of the iceberg (Stainback and Kwon 2012). The absence of the "feminine dimension" is found, above all, in the founding values of enterprise, its leadership model, incentive systems, and the creation of "high-potential" profiles and roles that define the characteristics necessary for success (Mora 1992).

Notwithstanding, according to recent surveys, the "macho" paradigm is in crisis, and, in countries where women's thinking has entered governance, the quality of life has improved and GDP is higher (Gerzema and D'Antonio 2013). Masculinity and femininity are seen now not as two opposing elements, but as the extremes of a single entity continuum, "the human being." Diversity is a value not only in terms of numbers but also in the share of voice. It has to be included in the mix of resources for a truly inclusive culture that unites the two elements – male and female – by overcoming the contrasts and seeing the two components as necessary and complementary within a healthy and quality performance environment.

## Cross-References


► Globalization and Gender Frontiers
► History of Organizations
► Women Leaders


## References


Alberti J (2002) Gender and the historian. Longman, Pearson Education, London

Gerzema J, D'Antonio M (2013) The Athena doctrine: how women (and the men who think like them) will rule the future. Jossey-Bass, San Francisco

Mora B (1992) Gender differences in leadership. Libr Trends 40(3):475–491

Scott JW (1986) Gender: a useful category of historical analysis. Am Hist Rev 91(5):1053–1075

Scott JW (1991) Women's history. In: Burke P (ed) New perspectives on historical writing. Polity Press, London, pp 42–66

Stainback K, Kwon S (2012) Female leaders, organizational power, and sex segregation. AAPSS 639: 212–235

Zemon Davis N (1976) "Women's history" in transition: the European case. Fem Stud 3(3/4):83–103


# Women's Representativeness in Government and Politics, Korea


Soojin Kim
Public Policy and Global Affairs Programme, School of Social Sciences, Nanyang Technological University, Singapore, Singapore


## Synonyms

Gender equality in the public sector; Women and politics; Women's representation in government

## Definition

Women's representativeness in government and politics refers to the presence of more women in the civil service and political arena, as well as increasing women's access to leadership positions in the public sector.

## Introduction

Over the past few decades, South Korea has rapidly developed from being an agricultural country toward industrialization and economic modernization alongside Asian countries. In the process, it became the 11th largest trading country in the world by the mid-1990s (Hermanns 2006). Despite dramatic progress in economic development, the representation of more women in the civil service and political arena has not increased correspondingly. In other words, compared to men, women have been relatively disadvantaged

in opportunities to enter areas of governance, including government agencies, legislative bodies, and political parties, as well as in roles of power and authority. This ongoing gender imbalance in Korean society was also reflected in the Global Gender Gap Report 2017. According to this annual report that places greater value on gender equality, measured by the degree of women's economic participation and access to opportunities, their educational attainment, health and survival, as well as political empowerment, South Korea ranked 118th among 144 countries, faring worse than other Asian countries (i.e., China ranked 100th; India ranked 108th; Japan ranked 114th) (World Economic Forum 2017).

A large body of research has responded to this issue, arguing that the different gender roles and expectations embedded in Korean society, especially the subsequent inferior political status of women, may have originated from the country's Confucian legacy (e.g., Hermanns 2006; Kim 2013). Traditionally, Korean men have been relatively well-educated and naturally given better opportunities of access to economic and political activities. On the other hand, Korean women have tended to be raised within the household (or minimally educated) to fulfill the role of being good wives and mothers. In short, women's roles were simply private and domestic (e.g., child-rearing and practices of housework) (Chin 2004; Hoffman 1995; Kim 2013). Such a passive and apolitical image of Korean women could be expressed in the following Korean proverb: "When the hen clucks, the family will be ruined" (Chin 2004, 299). Arguably, this unique conservative ideology (also known as Korea's patriarchy) has long been related to culturally defined categories of male and female (role differentiation) in social systems, which in turn made the empowerment and political participation of Korean women even more difficult (Hoffman 1995; Kim 2013).

However, it should be noted that, since its transition from the military regime to democracy in the late 1980s, Korean society has experienced marked changes in political ideology, societal and cultural expectations in the governance system, as well as policy initiatives and decisions toward greater gender equality (Nam 2000). It is thus undeniable that Korean women's current social status and rights, accompanied with their political participation and leadership roles, have vastly improved from the past. Given this situation, it is worth exploring which factors have largely influenced women's representativeness in the public sector and how these historical trends and features have been shaped by factors within the context of Korean government entities and politics.

## The Road Toward Women's Rise to Power in the Public Sector

It has been argued that enhancing women's participation and representativeness in the public sector is largely attributable to changes in socioeconomic conditions, institutional factors, and political culture (Chin 2004; Kim 2013; True et al. 2014). Focusing on cases of Asia-Pacific countries (i.e., China, Japan, Taiwan, and South Korea), a recent report by True et al. (2014) addresses the following factors as key common enablers as well as obstacles pertaining to women's political engagement: (1) rapid economic and human development, (2) economic opportunities, (3) education, (4) electoral systems (e.g., gender quotas and temporary special measures), and (5) culture and civil society. It should be noted that in practice, such factors are intertwined with one another rather than perform independently. In light of this viewpoint, there is a need to have deeper discussion of the impact of a few critical factors on Korean women's social and political empowerment within the historical context.

First, spurred by the growing number of economically active female human resources and women's increased education levels, a significant proportion of Korean women began not only to enter the public service workforce but also to become equipped to politically represent themselves. Obviously, while Korea's rapid path to economic growth and urbanization owed a great deal to women's labor (Lee and Chin 2007), it also has greatly expanded employment opportunities

for women in the labor market, regardless of sector. This socioeconomic change has positively influenced women's educational attainments. For example, according to Lee and Chin (2007, 1212), average years of schooling were approximately 6 years for males and 4 years for females in the mid-1960s, whereas those increased to approximately 11 years for males and 9 years for females in the 1990s. In addition, with regard to the rates of women attending high school and institutions of higher education, the figures increased from 24% to 85% and 4% to 24%, respectively, over the period 1970–1990. This evidence shows that through education, Korean women and men have been trained more equally, which in turn made women more qualified than before to work outside, including the public sector (Kim 2013).

Meanwhile, the apolitical image of Korean women has gradually faded. Specifically, the issue of gender imbalance at all levels of society, resulting in part from women's awareness of (opposition to) sex discrimination in the workplace (e.g., gender-based recruitment, pay gaps, and promotions), has received much attention, which began in the 1980s (Nam 2000). Citizen demands for equal opportunities and empowerment, regardless of gender, have been growing, and in turn, many women have begun to actively engage with the government and its politics, rather than by simply voting, to better voice their views and preferences pertaining to public policies. Although almost every female candidate was defeated in local elections in the 1980s and 1990s, due to the predominant social prejudice that "women would not be able to do politics" (Kim 2013, 1851), such a belief has been challenged in practice since the 2000s. Notably, in 2004, all the three main political parties began to designate a female speaker, with the main opposition party (the Grand National Party) electing a female party president, Park Geun-hye (Hermanns 2006). In 2006, the first female Prime Minister, Han Myeong-sook, was appointed under the Roh Moo-hyun administration; and on December 19, 2012, South Korea saw a historical moment in having its first female leader, Park Geun-Hye, elected the as 18th President. Given long-standing male-dominated politics, Park's success of winning the presidential election was a symbolic event in Korean history, as well as in other Asian countries. This event did trigger visible changes of the female power in Cabinet positions. Under the Park administration, two female ministers were appointed, and under the subsequent administration, led by Moon Jae-in, the 19th and current President of South Korea since 2017, more than eight female ministers have been appointed, which is deemed the highest figure in Korean history.

Second, it is notable that electoral systems, accompanied by their gender quotas, have affected the extent to which Korean women become political representatives. True and his colleagues (2014, 8–9) argued that it is likely in proportional electoral systems for women's political representation to be higher, compared to majority or plurality systems, because proportional systems directly allow for quotas of the number of female candidates on the party list. They further stated that, "[i]ncreasing the number of women representatives in legislatures and parliaments at all levels will lead, in turn, to the appointment of women to leadership or executive positions such as party leaders or heads of governments" (True et al. 2014, 11). South Korea has not been spared from this rationale of gender quotas in the electoral system. In 1995, to lower women's entry barriers to run for elections as well as increase women's parliamentary representation, Korean government adopted the obligatory quota system for female candidates in proportional representation (PR) (i.e., for female nomination for seats in the legislative elections) (Soh 2011). Under the 2002 amendment to the Political Party Act, 50% of nominations are to be reserved for female candidates running for local constituency seats and 30% of nominations for those running for national constituency seats (in the National Assembly), respectively (Lee and Lee 2013, 48). As a result, the political party-registered PR election system was carried out, starting with the 2004 general election (Suh et al. 2011). Later, under the 2010 amendment to the Election Act for Public Offices, a compulsory legal quota in the candidate selection process of local councils' constituencies was first

introduced, so that more than one female candidate per general constituency can be nominated by each political party (Soh 2011, 100). Indeed, such institutional and legal changes have played a critical role in motivating political parties to nominate female partisan elites to attract young female voters (Hermanns 2006; Kim 2013). On the other hand, this has enabled women to be given more political opportunities to run for legislative seats, thereby leading to an increase in the number of female lawmakers in national and local legislatures (Hermanns 2006; Kim 2008; Suh et al. 2011).

Third, government-led (public) organizations and citizen-led (civil society) organizations, especially nongovernmental organizations (NGOs) supporting gender equality and feminist ideology, have influenced the likelihood of achieving higher levels of women's representativeness in the public sector (Hermanns 2006; Kim 2013). In terms of public organizations, for instance, the Korean government established the Korean Women's Development Institute (KWDI) in 1983, the Presidential Commission on Women's Affairs in 1998, and the Ministry of Gender Equality in 2001 (renamed as the Ministry of Gender Equality and Family in 2005). These organizations have allocated gender-oriented policy budget and implemented the related action plans, such as a rule to prevent one particular gender from exceeding 60% in the membership of a government committee, a plan for the expansion of women's participation to achieve the 40% target in government committees, training and education programs to support for reemployment of career-interrupted women (Article 13 of the Act on Promotion of Economic Activities of Career-Interrupted Women), and family-friendly policies in the workplace (e.g., expansion of maternity and parental leave, flexible working hours, workplace childcare centers).

With respect to NGOs, for example, there exist the Young Women's Christian Association (YWCA), the Center for Korean Women and Politics, the Korean Institute for Women and Politics, and the Korean League of Women Voters (Kim 2013; Lee and Chin 2007; Lee and Lee 2013). According to Lee and Lee (2013, 46), in the early 2000s, more than 3500 women-related organizations have been created to support or push for government policies in promoting improved gender balance in the social context and women's political access, which was a striking change within civil society, having risen from 2000 organizations in 1989, and only 23 in the 1960s. Such organizations have directly and indirectly contributed to institutional and legal changes by the Korean government. As a few representative cases, the Gender Equality Employment Act in 1987 (modified to the Act on Equal Employment and Support for Work-Family Reconciliation in 2007), the Act on Women's Development in 1995, and the Gender Discrimination Prevention and Relief Act in 1999 were enacted (Kim 2008; Lee and Lee 2013). Furthermore, in line with the efforts toward better employment environments and outcomes for women, since 2003, public institutions and universities have started hiring female applicants with a target quota of 30% employment.

## Trends and Features of Women's Representativeness in Government and Politics

### Women in the Civil Service

In response to the improved social and political status of Korean women, the number of female public officials and lawmakers has been gradually growing. As Fig. 1 shows, in the late 1990s, women comprised approximately 20% of all public employees working at local autonomous entities, but since the mid-2010s, women made up more than 35% of them. The governance structure of Korean local autonomous entities generally includes a total of 16 prefectures, including the Seoul special metropolitan city, 6 metropolitan cities (Busan, Daegu, Incheon, Gwangju, Daejeon, and Ulsan), 8 provinces (Gangwon, Kyonggi, Chungbuk, Chungnam, Gyeongbuk, Gyeongnam, Jeonbuk, and Jeonnam), and the Jeju special province. In such a broader array of local governments, this increase is expected to continue.

In addition, in terms of the proportion of women public servants at level 5 and above,

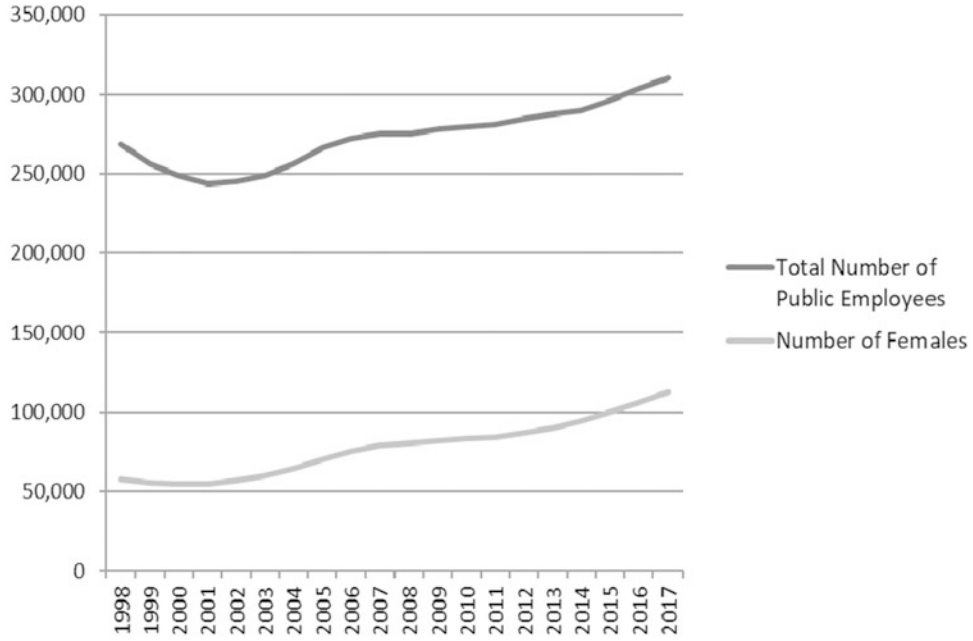


**Women's Representativeness in Government and Politics, Korea, Fig. 1** Female public employees in local autonomous entities. (Source: Statistics Korea (n.d.))

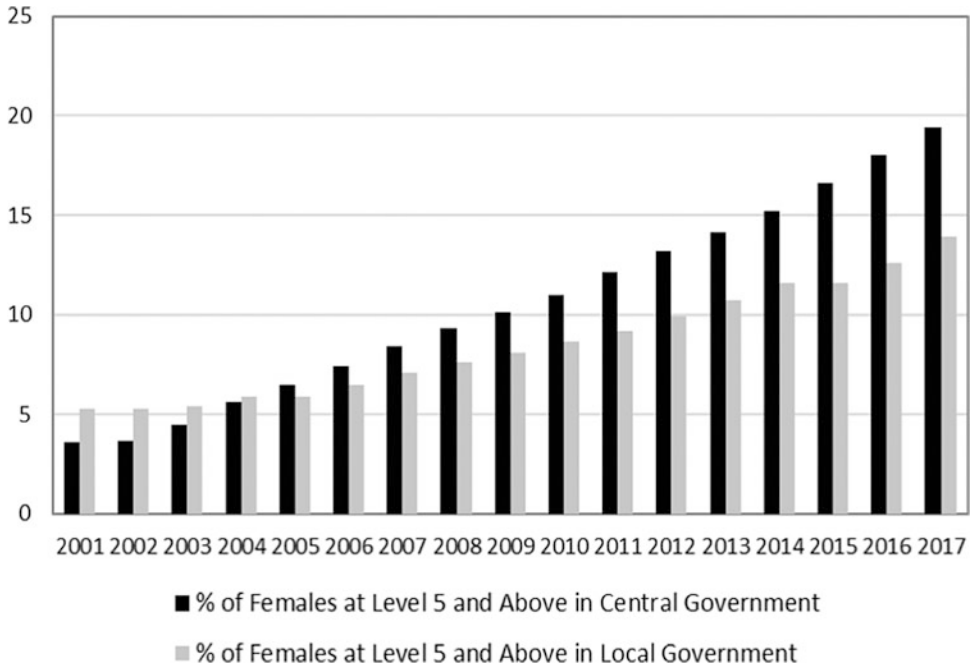


**Women's Representativeness in Government and Politics, Korea, Fig. 2** Female public employees at level 5 and above. (Source: Statistics Korea (n.d.))

there has been quite a notable change. In the Korean civil service system, the open recruitment exams can be classified into three types: level 5, level 7, and level 9. For the ranking or employment grade, level 5 ranks higher than the latter two. Aside from them, high-ranking public officials over level 4 are considered senior (executive-level) civil servants. As Fig. 2 shows, over the past decade, from 2001 to 2014, the percentage of female employees in central and local governments has increased, from 3.6% to approximately 15% and 5.3% to approximately 12%, respectively. It is notable that until the early 2000s, a relatively much smaller portion of high-ranked female employees has tended to work in central government than in local government, but since 2005, the proportion of women who place in higher positions in central government has exceeded that of local government.

## Women in Politics

In history, political suffrage was granted to women in South Korea on July 17, 1948, after the first Presidential election on May 10 in the same year. Since then, Korean men and women have both been legally entitled to vote and participate in national elections (e.g., Presidential election and National Assembly election) as well as local ones. As a result, a few pioneering female politicians (i.e., Yim Yong-sin, Pak Sun-chon, and Pak Hyon-suk) were able to work in the first government of South Korea and the National Assembly in the late 1940s and 1950s. However, most of them were not elected leaders, but instead as political appointees (Park 1999, 433). It should not be surprising that compared to their male counterparts, very few female candidates had been nominated nor popularly supported in the previous Korean cabinet and electoral system.

Since the 1970s, however, in increasing voters' support for female candidates running for the legislative elections, the ratio of female political leaders has considerably grown over time. As Table 1 shows, the proportion of female legislators (lawmakers) in the National Assembly increased steadily, from 0.5% in the 1st National Assembly to 5.9% in the 16th elections. Subsequently, the number of women serving in cabinet positions rose dramatically, comprising 17% out of the total of 300 members in 2016. Likewise, the number of female lawmakers elected directly has increased since the 2000s (see parentheses in Table 1). Since the 16th general election, due to the quota system for women, each political party has nominated female candidates more often than before (Hermanns 2006; Kim 2008). Consequently, there have been 194 female politicians in total between 2000 and 2016, which is two times more than the number (a total of 77 women lawmakers) between 1948 and 1996.

**Women's Representativeness in Government and Politics, Korea, Table 1** Statistics of the National Assembly elections

| Election | Total seats | Number of females | % of females |
|---|---|---|---|
| 1st (Constitutional Assembly, 1948) | 200 | 1 (1) | 0.5 |
| 2nd (1950) | 210 | 2 (2) | 1 |
| 3rd (1954) | 203 | 1 (1) | 0.5 |
| 4th (1958) | 233 | 3 (3) | 1.3 |
| 5th (1960) | 291 | 1 (1) | 0.3 |
| 6th (1963) | 175 | 2 (1) | 1.1 |
| 7th (1967) | 175 | 3 (1) | 1.7 |
| 8th (1971) | 204 | 5 (0) | 2.5 |
| 9th (1973) | 219 | 11 (2) | 5.8 |
| 10th (1979) | 231 | 8 (1) | 3.5 |
| 11th (1981) | 276 | 9 (1) | 3.3 |
| 12th (1985) | 276 | 8 (2) | 2.9 |
| 13th (1988) | 299 | 6 (0) | 2 |
| 14th (1992) | 299 | 8 (1) | 2.7 |
| 15th (1996) | 299 | 9 (3) | 3 |
| 16th (2000) | 273 | 16 (5) | 5.9 |
| 17th (2004) | 299 | 39 (10) | 13 |
| 18th (2008) | 299 | 41 (14) | 13.7 |
| 19th (2012) | 300 | 47 (19) | 15.7 |
| 20th (2016) | 300 | 51 (26) | 17 |

Note: Numbers in parentheses are elected legislators (lawmakers) from electoral districts (proportional representatives were excluded)
Source: National Election Commission, Republic of Korea, Election Statistics (National Assembly) & Kim (2008), Table 6.3: Rate of Females elected in previous elections

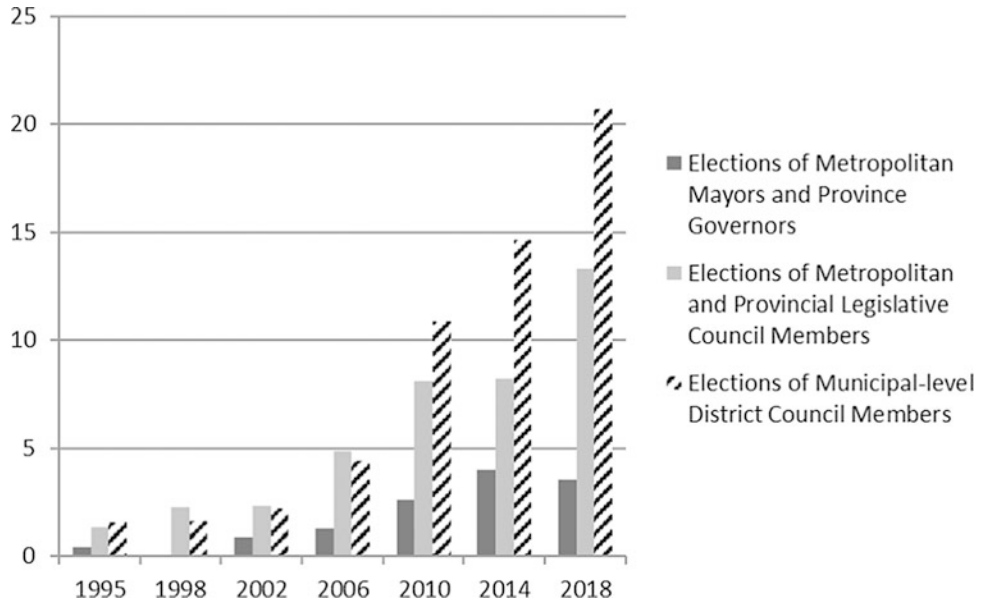


**Women's Representativeness in Government and Politics, Korea, Fig. 3** Rate of women elected in local elections (%). (Source: National Election Commission, Republic of Korea (n.d.))

In line with this surge of female elites in the national elections, the results of local elections also coincide with women's increased political participation. Figure 3 shows the proportion of female metropolitan and municipal-level government heads and legislative members historically elected in local-level elections. It was observed that the percentage of female candidates elected has increased at all levels of government. Notably, female members occupying municipal-level district council seats increased from 1.59% in 1995 to 20.7% of the total members in 2018, which is a huge change across the three different types of local elections.

## Conclusion

Despite women's increased social and political empowerment within the historical context, a male-dominated culture, stemming from a patriarchal tradition, still somewhat remains in the current Korean governance system. Until recently, compared with other Asian countries, only a marginal number of Korean women had access to leadership roles in the public sector. Possibly, one of the challenges faced by female public officials and lawmakers might be perceived glass ceiling, especially at the upper levels of government organizations and legislative bodies, not to mention discrimination in pay and promotion. Therefore, there is a continuous need to push for a change in women's underrepresentation in government and politics. The government should make more visible efforts toward gender equality in the public sector. It is critical to not only design various women-friendly institutions and policies that help enhance women's participation in the civil service and political sphere but also to motivate political parties to engage more talented women, beginning with the candidate selection process of national and local elections through continued support in their electoral success.

## Cross-References


- ▶ Political Leadership and Gender (In)Equality
- ▶ Politics and Gender
- ▶ Women's History and Governance

## References

Chin M (2004) Reflections on women's empowerment through local representation in South Korea. Asian Surv 44(2):295–315

Hermanns H (2006) Women in South Korean politics: a long road to equality. Portal J Multidiscip Int Stud 3(2):1–21

Hoffman DM (1995) Blurred genders: the cultural construction of male and female in South Korea. Korean Stud 19:112–138

Kim W-H (2008) South Korean women's political status and future challenges. In: Iwanaga K (ed) Women's political participation and representation in Asia: obstacles and challenges. Nordic Institute of Asian Studies (NIAS) Press, Copenhagen, pp 130–148

Kim M (2013) Women's political participation in Korea. Int Scholarly Sci Res Innov 7(6):1848–1852

Lee A-R, Chin M (2007) The women's movement in South Korea. Soc Sci Q 88(5):1205–1226

Lee A-R, Lee H-C (2013) The women's movement in South Korea revisited. Asian Affairs Am Rev 40(2): 43–66

Nam J-L (2000) Gender politics in the Korean transition to democracy. Korean Stud 24:94–112

National Election Commission, Republic of Korea (n.d.) Election statistics. http://nec.go.kr/engvote_2013/05_resourcecenter/07_01.jsp

Park K-A (1999) Political representation and South Korean women. J Asian Stud 58(2):432–448

Soh E (2011) Ten years' experience of gender quota system in Korean politics. GEMC J 4:98–105. https://www.law.tohoku.ac.jp/gcoe/wp-content/uploads/2011/03/gemc_04_cate3_5.pdf

Statistics Korea (n.d.) The number of female public employees in local autonomous entities. http://www.index.go.kr/potal/stts/idxMain/selectPoSttsIdxSearch.do?idx_cd=1762 and the percentage of female employees at level 5 and above in central and local governments. http://www.index.go.kr/potal/stts/idxMain/selectPoSttsIdxSearch.do?idx_cd=4064&stts_cd=406402

Suh CS, Oh ES, Choi YS (2011) The institutionalization of the women's movement and gender legislation. In: Shin G-W, Chang PY (eds) South Korean social movements: from democracy to civil society. Routledge/Taylor & Francis Group, New York, pp 151–170

True J, George N, Niner S, Parashar S (2014) Women's political participation in Asia and the Pacific. Social Science Research Council (SSRC), Conflict Prevention and Peace Forum. Working papers on women in politics: no. 3. http://webarchive.ssrc.org/working-papers/CPPF_WomenInPolitics_03_True.pdf

World Economic Forum (2017) The global gender gap report 2017. http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

# Work from Home in the Public Sector Context Post-Covid-19: Challenges and Barriers

Mohamed Mousa[1] and Hala A. Abdelgaffar[2]
[1]WSB University, Dabrowa Gornicza, Poland
[2]Estonian Business School, Tallinn, Estonia

## Synonyms

COVID-19; Flexibility; Work from home

## Crisp Definitions of the Key Title Words

WFH is defined as "an alternative work arrangement in which employees perform tasks elsewhere that are normally done in a primary or central workplace, for at least some portion of their work, using electronic media to accomplish their duties and interact with others inside and outside the organization" (Lee and Sirgy 2019).

WFH is also defined as "a work practice that involves members of an organization substituting a portion of their typical work hours (ranging from a few hours per week to nearly full-time) to work away from a central workplace—typically principally from home—using technology to interact with others as needed to conduct work tasks" (Allen et al. 2015).

Flexibility is defined as "ceding control to workers over the circumstances of their work by enabling them to vary those circumstances to address personal and family needs and uncertainties" (Evans et al. 2004, p. 2).

## Introduction

The on-going repercussions of Covid-19 are altering where, how, and whether people can work. As of mid-April, 2020, to contain the spread of the

pandemic and maintain physical distancing while saving the economy, governments across the globe have encouraged employers to allow work from home particularly for nonessential face-to-face processes. Workplace closure and restrictions on mobility have forced businesses to close or rapidly adopt digitalization and managerial innovations. Resorting to telework to enable workers to perform work assignments during lockdown may not end with the pandemic, but should become part of "the new normal" and be supported with advanced technology, management systems, and well-prepared human resources.

## Work from Home

Work from home (WFH) is not a new concept; it was first introduced after the international oil crisis in the early 1970s by Jack Nilles and his colleagues who used "telework" or "telecommuting" to refer to the use of computing technology combined with telecommunications to enable work to be conducted away from the conventional workplace (Nilles et al. 1976). At the time, telework was perceived to be a solution to the problems of congestion and pollution in major cities. Over time, the concept evolved with the changes in work culture, social responsibility, and environmental protection to serve various ends. Moving from the neoclassical emphasis on efficiency and productivity, to the economic globalization requirements of competitive production and flexible collaborative work processes, to the sustainable development demands of environmental and social well-being and work-life balance, telework served as an innovative solution.

WFH has been used interchangeably with various terminology such as "telework," "telecommuting," "remote work," "flexible work," "distributed work," "virtual team work," "online work," and "e-business" to refer to slightly different but basically similar work done away from the employer's premises in any location in the world. However, there have been inconsistent definitions of WFH ranging from "parttime or fulltime remote work" that accounts for 50% of the week or the equivalent of 2.5 days to "virtual workspace" that allows employees to consecutively and collaboratively work on the same project exclusively in online mode from different countries or regions such as in the case of global virtual software development teams (Pyöriä 2011).

Evolution and widespread use of communication and information technology from the 1990s onward opened diverse venues for WFH. Throughout the past couple of decades, companies have invested in a variety of technological infrastructure (e.g., Internet connections, mobile communication devices, and VPN bandwidth and licenses) and software such as cloud computing software (e.g., Google Cloud, IBM Cloud, Microsoft Azure, and Oracle Cloud), video conferencing and chat platforms (e.g., Zoom or Microsoft teams), cybersecurity tools (e.g., network security, antivirus, firewall, and encryption tools), and project management tools to facilitate remote work. Integral to the structural changes to facilitate remote work are investments in human resource management of digital workforce to prepare skilled virtual professionals capable of transforming business models and organizational practices (Mousa et al. 2017).

With the global outbreak of the Covid-19 pandemic in 2020, millions of workers worldwide shifted to WFH to join others who had been working from home for decades (Mousa 2021). However, the sudden rise in WFH numbers brought urgency to the need to research and understand this work mode and its implications for both workers and organizations, The International Labor Organization defines WFH as "work carried out by a person . . . (i) in his or her home or in other premises of his or her choice, other than the workplace of the employer; (ii) for remuneration; (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used" (ILO 2021).

ILO further differentiates between three categories of WFH: (a) *industrial home-work* or goods made by artisans for or replacing factory production; (b) *telework* or technology enabled remote work as described in the definition; (c) *digital platform work* or home-based service-sector tasks executed according to employer specifications by "crowdworkers" who do not have the economic independence or autonomy of independent workers. Industrial home-work is mostly prominent in labor intensive domestic supply chains (e.g., electronics, apparel, and houseware) in developing countries, particularly in Asia. Telework is white-collar work to support service industries like banking, tourism, and insurance across the world. Crowdworkers are paid by project or tasks outsourced through digital platforms offering flexible, cost and time efficient advantages to employers. However, these definitions do not capture the idea of lack of time boundaries in the WFH setting, an issue that most teleworkers complain from especially with the restrictions on mobility imposed by the Covid-19 outbreak. WFH offers telecommuters flexibility to use their time and energy more efficiently, adjust priorities, and engage in multiple social roles (Lee and Sirgy 2019).

The world after the pandemic no longer resembles the world before. With the Covid-19 restrictions on mobility and social activities, WFH is defined as flexible work processes that are unbounded by time or geographic location, and aided by technological innovations to partially or fully perform job responsibilities from home or other nonconventional workspaces. This definition conforms with ILO definition of telework and does not include occasionally work from home or work online to complete job-related tasks after employees serve required working hours on-site.

WFH is no longer considered a privilege or matter of flexibility but rather a standard operational mode adopted by enterprises globally to maintain work processes and survive the economic downturn. Before the Covid-19 pandemic, 7.9 % or approximately 260 million workers of the global workforce engaged in WFH on a permanent basis and 56 % (147 million) of these workers were women, while after the outbreak WFH employees jumped to 20–30 % of the labor force depending on the country (ILO 2021). The pandemic outbreak accelerated WFH, which evolved from being a strategic solution to some enterprise, societal, and environmental issues, to a globally practiced mode of work practiced in both public and private sectors.

## Challenges of Remote Work in the Public Sector

While the Covid-19 shock slowed down economic activity worldwide, it has invariably impacted different sectors and work processes. Although WFH was a common practice in the public sector, the pandemic has fast-tracked the implementation of teleworking modalities in public sector organizations around the world (ILO 2020). Basically, transitioning to full or partial WFH in the public sector depends on the professional demands of the job tasks. Jobs that rely on interacting face to face with the public or operating equipment such as healthcare, construction, manufacturing, agriculture, transportation, and tourism are not likely to transition to WFH, whereas service professions like ICT, finance, insurance, public administration, and education are more likely to mobilize the potential benefits of WFH. And even in "white-collar" and knowledge-oriented jobs, the feasibility of switching to remote work necessitates changes in work processes and procedures and can be hindered with the need for physical presence or proximity to the workplace or to clienteles for certain job functions. Given the confidentiality of information and security issues in the public sector, in-person work is most necessary in many job functions. Accordingly, many governments allow civil employees working in "essential" public services, authorities, or bodies to alternate between WFH and flexi-time shifts at their work premises while maintaining mandated social distancing and hygiene procedures. The degree to which formal work activities are impaired by shutdown and social distancing measures mostly depends on the capacity of each organization to

maintain work processes while its employees WFH. It can be reasonably argued that the public sector ability to adapt to and adopt WFH processes is challenged by its ability to comply to institutional arrangements, performance management, and human resource management requirements.

### Institutionalizing Work from Home

Fundamental institutional arrangements required by the public sector to transition to WFH are to (a) equip the workforce with digital devices, software, and online connectivity; (b) secure access to business-critical applications and networks; (c) set WFH guidelines; (d) adapt work processes and use remote communication and collaboration tools; and (e) adjust management practices to remote working and supervision (Milasi et al. 2021). However, these requirements may be especially challenging and costly for organizations which have limited previous adoption of digitalization and innovation, no previous experience with WFH, and greater difficulties in accessing technologies (OECD 2020). Barriers to instituting WFH arrangements in government agencies include management resistance, lack of funding, nature of the work processes, and technological support (Choi 2018). Though public sector organizations are adopting supportive legislative policies to regulate and allow full to partial WFH, concerns about cybersecurity, privacy, confidentiality of information, and legal recognition are plausible obstacles to considering WFH as a fully operative mode in this sector (ILO 2021). Moreover, WFH supportive infrastructure, technological literacy, and employee readiness can pose a challenge for the government in many countries. Civil employees, in developing countries for example, are especially likely to encounter difficulties in accessing essential WFH resources, such as electricity supply, digital technology, or Internet connectivity to work effectively (Schuster et al. 2020).

### Performance Management of Work from Home

WFH arrangements require reconfiguration of bureaucratic structures of control, funding, accountability, and patterns of oversight (Schuster et al. 2020). Although WFH is arguably more effective in flatter organization structure that allow flexibility, deregulated work, and autonomy than in bureaucratic organizations with hierarchical structures, empirical research has shown that WFH can be effectively implemented in government organizations under certain conditions (Taskin and Edwards 2007). For "white-collar" job functions to be effectively adapted to WFH mode, Taskin and Edwards (2007) demonstrated the need for three conditions: (a) professional workers with high levels of autonomy; (b) strategic support from management and effective and transparent communication; and (c) modification of organization policies and regulations. Successful WFH in the public sector requires an effective performance management approach by setting clear and consistent WFH guidelines, policies, and expectations, strategically aligning and securing work processes, and supporting and engaging employees. It also involves measuring productivity of the remote workforce using objective metrics, which may be assumably easier than measuring that of physically present workers or "time in the work premises." However, WFH poses a challenge to the need for predictability, accountability, and management control as it entails functions characterized by being unforeseen and multifaceted, and thus not easily accountable for when compared to control of on-site work functions, which depends on visibility and physical presence of employees. Therefore, Taskin and Edwards (2007) stress that managing WFH processes should not contradict with innovative means of control whether trust-based as employee self-control, social control, or performance oriented as electronic-based tools.

### Human Resources Management of Work from Home

Equally pertinent to effective WFH is human resources management of the quality of employee and organizational life. WFH literature highlights several advantages of flexible work arrangements at the organizational level including productivity, cost-efficiency, talent management, work climate, reduced costs, absenteeism, and turnover, as well

as at the individual level, including autonomy higher productivity, well-being, work-life balance, motivation, satisfaction, and reduced work-family conflict and stress (Allen et al. 2015). Conversely, WFH can have detrimental effects on employee productivity, wellbeing, and sense of belonging when telework hours are too long and opportunities for formal and informal interaction are limited (Pyöriä 2011). Benefits of WFH, in terms of flexibility, higher control over job functions, and reduced turnover intention among public sector teleworkers, can be undermined by negative impact of professional isolation and less organizational commitment, though higher leader–member exchange can alleviate these negative outcomes (De Vries et al. 2019). Other challenges to teleworkers include reduced interpersonal relationships and informal networking, lower visibility to managers to ensure career advancement, and reduced sense of belonging, and these require government agencies to invest in development of technology, resources, managerial skills, support mechanisms and to demonstrate more understanding of employee-family demands and teleworker psychosocial wellbeing (Choi 2018). In addition, contrary to on-site employees, public sector teleworkers may not necessarily have control over the temporal boundaries of their work and are assumably available and reachable at any time, a matter which contradicts with the ILO international standards on working time of 48 regular hours of work per week, with a maximum of 8 h per day. And although technology creates telepresence and facilitates supervisor-subordinate interactions, which may have positive work outcomes, it allows constant accessibility of teleworkers. This is further reinforced by remote surveillance or monitoring applications that screen employee daily activities across applications like calls, mail, documents, and calendar and that is argued to be intrusive, intimidating, and alienating of teleworkers from their homes especially during lockdown.

### Enhancing Online Civic Service

Owing to the life altering changes induced by the Covid-19 crisis, it would be unreasonable for public sector organizations to simply return to "business as usual" as the world and workplace practices are no longer what they were. In the era of digital governance and a knowledge-based society, enhancing WFH or telework coupled with the next-generation technologies is necessary to serve citizens and businesses. Therefore, it is necessary to reassess the drivers, constraints, and opportunities available to strategically plan and develop WFH practices and online civic performance. This entails continuous evaluation and enhancement of the tools and arrangements for institutionalizing, managing, and supporting public sector teleworkers during WFH. Public sector management plays a key role in supporting WFH by providing civil teleworkers with the necessary resources, training, support, social integration, and organizational direction to ensure they work safely and productively. WFH can cause stress and isolation and blur the temporal, physical, and psychological boundaries between work and home, a matter that can be detrimental to employee work-life balance, family obligations, and psychosocial wellbeing. Therefore, in the absence of face-to-face contact, it is practical to replace the "command and control" style of management with a results-based management approach and reasonable timeframe for tasks to ensure productivity while building mutual trust between teleworkers and leadership during WFH. Moreover, exploring the experiences, attitudes, and behaviors of civil servants, as agents in government response during states of emergency and crisis, is crucial to benchmark good practices, identify and resolve WFH challenges, set corrective procedures, support work processes, and secure public sector employees' health and wellbeing.

## Conclusion

Precautionary measures to manage and limit the pandemic spread have caused disruptions in traditional modes of work and enforced the need for WFH. Governments are leading by example and allowing public sector employees to WFH. This chapter touches on the conceptual development of WFH and offers relevant definitions of the term

before highlighting the three key areas that challenge the public sector potential to maintain work processes while its employees WFH. It ends with suggestions to challenges in complying to institutional arrangements, performance management, and human resource management requirements necessary to enable public sector employees to continue to WFH.

## Cross-References


- ▶ Culture and Organizations
- ▶ Globalization and Organizations
- ▶ Human Rights Organizations
- ▶ Institutional Theory of Organizations
- ▶ Occupational Safety and Health in Organizational Strategy
- ▶ Organizational Justice


## References


Allen TD, Golden TD, Shockley KM (2015) How effective is telecommuting? Assessing the status of our scientific findings. Psychol Sci Public Interest 16(2): 40–68

Choi S (2018) Managing flexible work arrangements in government: testing the effects of institutional and managerial support. Public Pers Manage 47(1):26–50

De Vries H, Tummers L, Bekkers V (2019) The benefits of teleworking in the public sector: reality or rhetoric? Rev Public Pers Adm 39(4):570–593

Evans JA, Kunda G, Barley SR (2004) Beach time, bridge time, and billable hours: the temporal structure of technical contracting. Adm Sci Q 49(1):1–38

ILO (2020) Teleworking during the COVID-19 Pandemic and beyond: a practical guide. International Labor Organization, Geneva. [online] Available at: https://www.ilo.org/travail/info/publications/WCMS_751232/lang%2D%2Den/index.htm. Accessed 18 Mar 2021

ILO (2021) Working from home: From invisibility to decent work. [online] Available at: https://www.ilo.org/global/publications/books/forthcoming-publications/WCMS_765806/lang%2D%2Den/index.htm. Accessed 18 Mar 2021

Lee DJ, Sirgy MJ (2019) Work-life balance in the digital workplace: the impact of schedule flexibility and telecommuting on work-life balance and overall life satisfaction. In: Thriving in digital workspaces. Springer, Cham, pp 355–384

Milasi S, González-Vázquez I, Fernández-Macías E (2021) Telework before the COVID-19 pandemic: trends and drivers of differences across the EU, OECD Productivity Working Papers. OECD Publishing, Paris

Mousa M (2021) Responsible management education (RME) post COVID-19: what must change in public business schools? J Manag Dev 40(2):105–120

Mousa M, Sai AA, Salhin G (2017) An exploration for the motives behind enhancing senior banker's level of organizational resilience: a holistic case study. J Int Manag 9(4):141–163

Nilles JM, Carlson FR, Gray P, Hanneman G (1976) Telecommuting-an alternative to urban transportation congestion. IEEE Trans Syst Man Cybern 2:77–84

OECD (2020) Coronavirus (COVID-19): SME policy responses. OECD policy responses to coronavirus (COVID-19). Updated: 15 July. [online] Available at: http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/

Pyöriä P (2011) Managing telework: risks, fears and rules. Manag Res Rev 34(4):386–399

Schuster C, Weitzman L, Sass Mikkelsen K, Meyer-Sahling J, Bersch K, Fukuyama F, Paskov P, Rogger D, Mistree D, Kay K (2020) Responding to COVID-19 through surveys of public servants. Public Adm Rev 80(5):792–796

Taskin L, Edwards P (2007) The possibilities and limits of telework in a bureaucratic environment: lessons from the public sector. N Technol Work Employ 22(3): 195–207


# Workers' Mental Health Knowledge


Vincent Ekow Arkorful
Department of Government and International Studies, Hong Kong Baptist University, Kowloon Tong, Hong Kong, China


## Synonyms

Accessing mental health service and health and mental stability; Mental health knowledge; Mental health policy; Work and mental health; Workers mental health

## Definition

Mental health knowledge is conceptualized as the individual consciousness and understanding

of the mental, social, and physical well-being, based on which the individual can realize his/her potentials, cope with the excesses of life, progressively work, and contribute productively.

## Introduction

With approximately one in every four people suffering from mental health, the phenomenon is reportedly one of the leading causes of disability around the globe (WHO 2001). Susceptibility to mental health increases individual's risk to infections and chronic diseases – which collectively accounts for more than 30% of years of life lost globally (Prince et al. 2007). The wide-ranging deleterious ramifications of mental health around the globe, more particularly in low-income developing countries, are enormously inestimable (Siddiqi and Siddiqi 2007; Arkorful et al. 2020). In spite of the widespread reports of mental health incidence around the globe, discourses and research within the Ghanaian context has not received much priority (Adu-Gyamfi 2017). The few seminal studies conducted, including Sipsma et al. (2013), empirically investigate the national prevalence of the phenomenon, and its correlates. In another study, Adu-Gyamfi (2017) conducts a review of mental health studies and further confirms the impoverished state of research regarding the field.

That notwithstanding, as impoverished as the situation stands, it is significant to note that, the Government of Ghana has began demonstrating commitment towards tackling mental health issues. Essentially, through a concerted collaboration with nonstate development actors, the Mental Health Act 846 was implemented by the government of Ghana in the year 2012. This marked a significant step in the light of the pursuit of the binary global goals composed of; the Global action on workers' health (2008–2017), and the Mental Health Action Plan (2013–2020). These set of goals which signaled the phenomenal dawn of a new era, most importantly accentuated in clear terms, benchmarks, and blueprints for pursuing mental health. Among other things, these policy pair directives enjoin governmental and nongovernmental organizations to implement mechanisms targeted at advancing good mental health whiles forging strong coalitions to enhance best practices. Moreover, the need to reduce mental health–related stigmatization and discrimination to the barest minimum level received priority. Part of the measures to promote good mental health consequently led to the prioritization of the need to empower people and reduce negative attitudes towards mental health patients at the same time.

Taken together, these commitments glaringly underscore the relevance of mental health to building a healthy, productive, and prosperous nation. Overall, the well-being of a population and the pursuit of development (i.e., infrastructural and human) are to a greater extent premised on the state of mental health. By extension, so far as work and workers' well-being is concerned, mental wellness remains very essential in corporate settings (Time to Change 2014; Mindful Employer 2016). Situating workers mental health within the spectrum of a progressive results-oriented corporate working space – one that places not only employees under enormous pressure, but further drives them to work tirelessly to meet short-, medium- to long-term goals – highlights the possible precarious situation of workers. In the same vein, the melding of work and corporate obligations, altogether with social and other household demands, sharply projects the effects of pressures on the quality of life of employees and their mental health conditions. The deleterious effects of increasing work on employees are corroborated by Graf (2018) and Collins et al. (2011). In their views, the impact of mental health problems in the workplace has serious consequences for individuals and productivity. Precisely, the state of employee performance, rates of illness, absenteeism, accidents, and staff turnover, all have significant correlations with employees' mental health such that it affects functional and working capacities in numerous ways.

Against the backdrop of the upsurge in mental health incidence, Brundtland (2000) and Wittchen et al. (2011) aver that the urgency to reduce incidence of work-related accident to the

barest minimum level while pursuing sustainable development in its varying dimensions has, like never before, engendered a much-invigorated global commitment to population sensitization. The effects of mental health transcend the individual to affect interpersonal-level relationships. Demonstrating the realities of mental health relative to corporate work, Wedegaertner et al. (2013) reveals in a seminal study that 13% of people with depression prematurely retire. Also, mental challenges precipitate frequent sick leave and absenteeism more than cardiovascular diseases and musculoskeletal disorders (Krankenkasse 2012). Muschalla and Linden (2012), Stansfeld et al. (2012), and Dewa et al. (2014) also observed that the mental health–related sick leave accounted for as twice more than six leave within a space of over 60 days.

In view of these dire consequences of mental health challenges, it is therefore not surprising that employers, insurers, and health-care service providers are equally shifting attention to the phenomenon (Mezerai et al. 2006). Hannon et al. (2012) corroborates the significance of workplace health because of its bearing on employee morale improvement, increased productivity, reduction in absenteeism, and promotion of corporate image. These benefits notwithstanding, there still remains a general dearth of research focus on mental health, particularly of workers (Adu-Gyamfi 2017). It is in view of the benefits of pursuing workplace mental health that the pertinence and urgency to assign some degree of paramountcy to workers and workplace mental health is emphasized. In recent times, Ghana's economy has experienced a nosedive – one that has caused not only investment dips, but also currency depreciation. This situation has elicited various responses. Parts of the efforts to diagnose the potential cause(s) have stirred mixed responses primarily anchored on bad economic policies, bad leadership, and a general instability of the global economy.

Whereas others ascribe the situation to a dearth of workers incentivization, some other group school of thought have laid the argument on the pervasive, yet unappealingly addressed state of mental health, generally impetused by a deficit in workers' mental health knowledge. Considering the relevance of mental health to general social welfare, this study sets out to explore workers' mental health knowledge. As there is not a well-developed body of empirical research critically investigating mental health among workers in Ghana, the study will provide insights into the phenomena of workers' mental health. The findings of this study will highlight priority areas for mental health research in Ghana, and also serve valuable insights to employers, clinicians, researchers, policymakers, and other stakeholders. The remaining part of the paper is organized as follows. Section "Method" covers methodology; section "Presenting Data" presents the results from the data; section "Discussion of Findings" presents discussion of the study; and section "Conclusion and Recommendations" concludes with recommendations and study implications for future studies.

## Method

### Study Site

The study was carried out among some selected workers in the Kumasi Metropolis of the Ashanti Region of Ghana. The Kumasi Metropolis, one of the thirty (30) districts in Ashanti Region is located between latitude 6.35°N and 6.40°S and longitude 1.30°W and 1.35°E. The Metropolis is elevated 250–300 m above sea level and shares boundaries to the north with Kwabre East and Afigya Kwabre districts; Atwima Kwanwoma and Atwima Nwabiagya districts to the west; Asokore Mampong and Ejisu-Juaben municipality to the east; and Bosomtwe district to the south. The metropolis has about 36.2% of the region's populations. Out of the total population of 1,156,647 persons aged 15 years and older in the Metropolis, 769,381 or about two-thirds (66.5%) are economically active (Ghana Statistical Service 2014).

### Study Design and Purpose

The data for this study was drawn from workers – with the help of a human resource outsourcing companies. Pescud et al. (2015) posits that

workers knowledge on mental health is essential in influencing productivity, health, and overall well-being. For this reason, exploring workers' knowledge of mental health in this study is expected to create awareness while helping to fill gaps between scholarship, policy, and practice. In response to the deficit in workers mental health in Ghana, a qualitative study was designed to elicit responses. The study employed the interpretive phenomenology approach to analyze responses. Interpretive phenomenology, unlike descriptive phenomenology, aids in presenting unbiased and objective views of study participants. Interpretive phenomenology converges around the notion that humans are restrained in both thinking and position, for which reason it becomes utterly impossible to illuminate on all experiences and thoughts (Shaw and Anderson 2018). In carrying out the study, prior ideas and experience of the author who had served in human resource (HR) outsourcing entities as an intern helped in data interpretation. This experience actually provided the insight and initial idea of exploring workers' mental health knowledge. In analyzing data, to eschew the tendency of imposing researchers' initial knowledge and interest, codes that were developed in tandem with participants responses were further shared and discussed to confirm their accuracy. This was consistent with the recommendation of Shenton (2004) who underscores the relevance of member checking, thus presenting data to participants for corroboration. The interpretive phenomenology was employed to guide development of interview questions and discussion of findings. This aided the analysis of data within the precincts of literature and assumptions relative to the topic under review.

## Eligibility Criteria

The study bordered on workers' mental health knowledge. Therefore, study participants included full-time workers outsourced by HR entities to corporate agencies registered under the Trade Unions Congress (TUC) of Ghana. Participants had worked within the selected organizations for a minimum of five (5) years. Generally, registered workers, both blue- and white-collar job workers were recruited for the study. Given the inclusion criteria set, part-time workers, and workers with less than 5 years working experience, working in organizations with no working partnership with the selected HR firms were not considered.

## Recruitment

The conduct of the study was preceded with establishing initial contact with the human resource management department of the HR firms in January, 2019 to introduce the study and seek relevant information on procedures to secure ethical approval. From the initial contact and the subsequent explanation of the study, assistance was sought from the department members to recruit participants. After the issuance of institutional approval, some department personnel were asked to serve as gatekeepers because of their relevance in facilitating the introduction of researchers and their study to study participants (Given 2008). In this regard, gatekeepers and the researchers worked together to inform participants about the study, its relevance, the need for them to participate, and how interview sessions were going to be held. Acquaintance with the study and potential participants took 3 weeks during which the gatekeepers went around with the research team to the workplaces of potential participants. During the same time, the gatekeepers used the opportunity to interact, receive participation consent, and finally, recruit study participants. In the end, 120 participants consented to participate in the study.

## Ethical Considerations

The research team sent a formal letter to the heads of department of the HR outsourcing firms to seek approval to conduct the study. In seeking for ethical approval, research instruments were submitted to the departments for vetting. Also, pilot interviews were conducted with some 10 worker participants selected by the departments. This was part of measures to get the departments involved, while enabling them to know how the interview sessions with participants was to be held. In agreement with ethical guidelines on human subjects–based research, formal consent was elicited

from participants who agreed to participate. Participants were served an informed consent form to corroborate their participation. The consent form covered participants' rights and research purpose. In-depth explanation was provided to study participants before obtaining formal consent. Participants were informed of their liberty to withdraw at any stage of the interview. Participants were assured of confidentiality and anonymity. On this account, names of participants were detached from interview transcripts during analysis. Also, data was not shared with the departments of HR bodies. And finally, prior to interviewing, participants were assured that their participation in the study will not impair their working relations with the HR outsourcing firms and their clients as well.

### In-Depth Interviews

The study used a semi-structured in-depth interview guide to elicit data. Interviews lasted for approximately 50 min. Data collection took approximately three (3) months (10th February to 15th May, 2019). The study used a semi-structured interview guide because it aids in exploring various issues and perspectives of research participants (Marvasti 2004). To aid in gathering deeper perspectives from participants, open-ended questionnaires were used. Some of the questions posed included: "What do you know about the mental health?," "How do you understand mental health?," etc. Among some of the probing questions posed to gather much deeper insights to enrich data included: "Can you explain further?," "Can you give some practical instances or examples?," etc. The interviews were held in offices at the working places of participants using the Twi local language, a widely spoken language spoken in the study area. The researcher and the three research assistants were also fluent in the language. Interviews were conducted by the researcher, ably assisted by the research assistants engaged purposely for this study. The study anticipated the difficulty of participants to reflect on issues relating to the subject matter under investigation, so the research team was provided with sufficient training to engage and draw data from participants. Audio-recorded interviews were stored in a password-protected laptop procured for the research project.

### Coding of Interview Data

Audio-recorded interviews were transcribed verbatim using Nvivo 11 Plus software. The transcripts were compared with the audios to validate their precision and exactness. This was followed by coding of the agreed-upon transcripts to identify commonalities in narratives and responses of participants. The coding was manually done in agreement with Saldaña (2012). Initially, the researchers thoroughly read through the data to get acquainted. Common patterns were then pre-coded while the researchers maintained memo records to help reflect on meanings, interpretations, and consequences (Saldaña 2012). The research team again maintained a framework to bring together codes developed by research team members. The framework was partitioned into code names, frequency, and meaning. Further, a consistency check was performed to match and integrate codes with unified meanings within the developed framework (Saldaña 2012). In this process, codes with low frequencies and as such with insignificant bearing on the study were discarded. Comparing and contrasting of code to develop final codes were done, after which final codes were refined and developed. Thereafter, themes and subthemes were drawn for reporting purposes. The recommendations of Braun and Clarke (2019) on reflexive thematic analysis were followed.

## Presenting Data

### Study Participants

The study involved workers (77 males and 43 females) drawn from both formal and informal sectors. Twenty-five and ninety-five participants were formal and informal workers, respectively. On education, while 35 have had primary education, 45 also had secondary education. Another 15 and 25 also had tertiary and no formal education, respectively. On income levels pegged at an exchanged rate of 1 USD – 5 Ghana, 16 earned

<200 ghc, 48 earned between 200 and 500 ghc, 27 earned between 600 and 900 ghc, and 19 earned 1000–1300 ghc. Another 10 participants earned between 1400 and 1500 ghc and 15 also earned 1500 ghc and above, as presented in Table 1. The study developed following themes from the in-depth interviews and focus group discussions with participants: (1) Mental health knowledge; (2) Mental health challenges; (3) Coping mechanisms; and (4) Mental health needs and support systems (Table 2).

## Mental Health Knowledge

In meeting the study objectives, participants were interviewed on their knowledge about mental health. Knowledge as expressed in individual responses and during focus group discussions signified varying dimensions. On the whole, and to a larger extent however, study interaction revealed a general dearth of knowledge among participants. The responses gathered resonated with feedbacks from focus group discussion. Quite interestingly, it was apparent that, even among some highly educated and top brass corporate executives interviewed, mental health knowledge levels were generally low. Participants appeared uninformed on the subject matter. When asked about mental health knowledge, some participants said that

> If you ask me about this, it would be very difficult for me to tell you. I don't know what it is, neither do I know how it feels. This is my first time of hearing this. I am sorry, I have no idea.

> Honestly, with my level of education and top position in this corporate setup, I have no knowledge about mental health. Perhaps it is a much bandied around phenomenon, yet abstract. That is what I think my brother

Others emphasized that

> I feel ashamed to say this. But I won't deceive you. I have no knowledge about the discourse. Don't be surprised

> I sometimes hear my friends talk about mental health. Personally, I know nothing about it. I'm ignorant of this whole thing

**Workers' Mental Health Knowledge, Table 1** Respondents sociodemographic characteristics

| Variable | Category | Frequency (*n*) | Percentage (%) |
|---|---|---|---|
| Age | <30 | 40 | 33 |
| | 31–40 | 35 | 29 |
| | 41–50 | 25 | 21 |
| | 51+ | 20 | 17 |
| Gender | Male | 77 | 64 |
| | Female | 43 | 36 |
| Education level | Primary | 35 | 29 |
| | Secondary | 45 | 38 |
| | Tertiary | 15 | 13 |
| | No formal education | 25 | 20 |
| Marital status | Married | 65 | 54 |
| | Single | 45 | 37 |
| | Divorce | 7 | 6 |
| | Widow | 3 | 3 |
| Affiliate sector | Formal | 25 | 21 |
| | Informal | 95 | 79 |
| Residence | Rural | 5 | 4 |
| | Urban | 40 | 33 |
| | Peri-urban | 75 | 63 |
| Income level (ghc) | <200 | 16 | 13 |
| | 200–500 | 48 | 40 |
| | 600–900 | 27 | 23 |
| | 1000–1300 | 19 | 16 |
| | 1400–1500 | 10 | 8 |
| | 1500+ | 15 | 13 |

## Mental Health Challenges

The study went further to explore workers' mental health challenges. By mental health challenges, the research sought to understand work-induced psychological difficulties encountered. Generally, though it was apparent that mental health knowledge levels among participants appeared low, there however were some few respondents who were aware of mental health. These few

**Workers' Mental Health Knowledge, Table 2** Characteristics of focus group discussants

| Group category | Gender | | Participants (*n*) |
|---|---|---|---|
| | Male (*n*) | Female (*n*) | |
| A | 5 | 5 | 10 |
| B | 4 | 3 | 7 |
| C | 4 | 6 | 10 |

participants admitted having ever faced mental health difficulties in their life. In exploring some of the challenges, some participants indicated workplace stress and pressure, among others. Others also cited their inability to deliver on targets as some of the mental health challenges they contend with. During interaction, some participant had this to say:

> On some occasions, I experience difficulties with work. It normally happens when I am under pressure to deliver my task or when I feel scared with work load and cannot deliver on assigned targets

Another stated that

> I am aware of mental health challenges. There are times I feel like I am undergoing stress and other difficulties. Even though it is too heavy to bear, I rarely pay attention to it because I have no idea about how to handle it

In trying to find out some of the challenges, some mentioned depression, anxiety, among others. Moreover, in the process of trying to further explore some of the possible causes of the challenges, some respondents identified pressure from superiors and supervisors, threats of retrenchment, perceived task inadequacy, unfriendly work space/workplace phobia, and assignment work failure. A respondent recounted that

> The unfriendly working space ignites unfriendliness. When there is much pressure from supervisors and other superiors, because they are expecting much, and I cannot deliver as expected, it becomes difficult for me to bear

It was also identified that workspace policy changes like retrenchment or downsizing essentially affects the mental health of workers. A participant indicated that

> Overtime, whenever there is news of labour force retrenchment, mentally, it affects workers. Out of fear of who would survive the storm, people are left thinking and feeling vulnerable. This affects mental health and work output because it saps the zeal and passion to work better

## Coping Mechanisms

The research also explored how workers coped with challenges of mental health encountered either at the workplace or through work relations. Generally, it was obvious that the level of mental health across the diverse category of participants' sociodemographic background was not impressive. In identifying coping mechanisms, participants outlined a myriad of factors. Whereas other admitted withdrawing from the public space into solitude, other participants also revealed that they try to take rest. A handful of respondents claimed they visited a psychologist at their own cost. Majority of participants admitted resorting to traditional and nonclinical means. As part of study inquisitions, most participants resorted to prayers, consulting counselors, engagement in social activities, and listening to music to assuage the difficulties brought about by mental health challenges. Others also confessed smoking, drinking alcohol, and engaging in sex as a means to ameliorate the effects of mental health challenges. Interaction with participants elicited the following responses:

> When I feel am undergoing stress or any form of mental health difficulty, I pray. From my religious point of view, I think some of these things are more spiritual than clinical. The bible makes me to believe that, we are not fighting against flesh and blood. Explicitly, this attests to the fact that, there is more to issues of mental health beyond the clinical and physical realm

> I don't waste time when I feel mentally unwell. I quickly consult to my church counsellor. He has been of immense help in this regard I think

Others testified that

> Whenever I think I am mentally stressed, sometimes I call my prophet or any of my church pastors or elders to pray for me. Mental issues are more spiritual I think

> I am neither a Christian nor a Moslem. I am a traditionalist. At any point in time in my working life, when I feel psychologically unwell, I pray to my gods to intervene on my behalf. This world is made up of so many things. Evil forces fight against our wellness. So, it's always advisable to consult the gods for protection

Some of the participants also said that they engage in social and other entertainment activities to save themselves from the effects of mental unwellness. Interaction drew the ensuing responses:

> What has been working for me is listening to music. Temporarily, it aids in making me quite better. I think it pulls the magic for me

Another emphasized that

> I go to night club to listen, sing and dance to good tunes. Admittedly, it relieves me of burdensome thoughts and stress for a while. With no long-lasting alternative at hand, I think this is good for me. What do you think?

Quite surprisingly, some participants made stunning revelations about how they coped with mental health challenges. Below are accounts of some participants.

> I feel I am in this alone. When I think my situation is breaking me down, I get some spiritous liquid to drink. When I get tipsy, I get relieved of the challenge and life goes on as normal for me. In all this discomfort life, I must confess it doesn't help me in any way. After some hours, when the alcohol wears off, I get back to my previous state.

Others also disclosed that

> Hmm, it has not been easy. Until the realities of mental health challenges dawns on you, never knew its consequences. Let me tell you the truth. In my difficulties, I do what I despise very much. I smoke. Afterwards, take a shower and relax my body

A couple of participants also confirmed the following:

> Often times, I have sex to reduce the intensity of mental health difficulties. One might think it is very stressful though. In as much as it is, the enjoyment has always been a therapy

### Mental Health Needs and Support Systems

After identifying some of the mental health challenges encountered by workers, the study proceeded to investigate some mental health needs. With regards to this study, participants mental health needs were classified as the necessary things required to enhance workers' mental or psychological wellness to be able to function efficiently and effectively at work. Even though the study recorded a low level of mental health knowledge, the few participants who had knowledge on the phenomenon were able to identify and catalogue needs required to enhance workers' mental wellness. Also, interaction further revealed that, whereas some few employees had been provided with mental health needs and support system at the workplace, majority of the participants have no such benefits. Below are some accounts of participants.

> Employers need to provide employees with clinical psychologist to assist challenged workers

> I think there is the need for management of corporate institutions to put in place measures to periodically sensitize workforce on the realities of mental health and its deadly ramifications

> In my interactions with my colleagues at the workplace, there are times I realize they are experiencing mental health challenges. But unfortunately, because they are not aware of the realities and complexities brought about by such feelings, they consider it as spiritual and as such resort to seeking for spiritual solutions from spiritualist and sometimes from their godfathers and mother. There is the need for education on this I think

## Discussion of Findings

Workers mental health is confirmed as significant to corporate workplace and productivity. Therefore, it is significant to stress that workforce wellness and familiarity with mental health constitutes a sine qua non to ensuring higher productivity levels in corporate settings. Given that low-level mental wellness among workers can induce losses and plummeting in productivity, it is essential that employers attach a high degree of pertinence to workers' mental health. The results from this study provide sufficient pointers and insights to guide and research policy and health promotion practices. As a consequence, it is incumbent on health practitioners, government and labor organizations, policymakers, and other stakeholders alike to exert efforts towards motivating managements, heads of organizations, employees, and other human resource regulatory authorities into taken action on mental health. On the same threshold, it is significant to initiate advocacies meant to devise strategies that will create and enhance improvements in employee health benefits. As much as these research findings are more practical and applicable in the Ghanaian context, given the global applicability, pertinence, and the bourgeoning trends in the

implementation and promotion of workplace health and well-being programs, this study will contribute to making insightful contributions, specifically with regards to exposing the realities and depth of workers knowledge level about mental health. This study revealed interesting results.

To unravel the wide-ranging challenges that workers undergo, the study revealed that due to the responsibilities placed on workers, coupled with the need to meet certain daunting corporate production targets, workers come under enormous pressure. This significantly invokes psychological instability, which further takes a toll on workers' mental health. Among some of these challenges include emotional exhaustion brought about by feelings of perceive failure. This is consistent with the findings of Lu et al. (2013a, b). Oppolzer (2010) confirms that though workers undergo a series of mental health difficulties as a result of the need to meet corporate demands, the larger part of the excessive load of work placed on workers, sometimes beyond their capabilities and capacities, substantially takes a toll on their mental health and wellness. Confirming this assertion, participants were almost unanimous in their response as they indicated that the situation becomes more compounded, more especially when expectations and targets are unmet overtime. Under this situation, participants confirmed the work-related anxieties they have had to go through as a result of ideations of perceived insufficiency and incompetency. From the perspectives of participants, all these expose workers to mistakes and woeful failings at the workplace.

Also, the study further confirmed pressure from superiors and workplace supervisors as one of the mental health challenges workers undergo. Most participants emphasized on corporate controls and sanctions as some of the factors that contribute to heaping pressure on workers. This is in agreement with Panse and Stegmann (2007). Some participants also raised worries about unfriendly working spaces or workplace phobia as a potential source of mental health challenges. Workplace phobia is another form of work-related mental health challenge. The World Health Organization (1992) asserts that individuals have workplace phobia by either "*approaching, being at, or simply imagining the work-place leads to acute physiological arousal that amounts to a panic reaction*." Some expressed the view that overcrowded working spaces come with challenges such as unhealthy rivalry between workers. This is confirmed by Stroebe et al. (2014) and Thomas and Hynes (2007).

Additionally, some workers complained of bullying and discrimination. This is also confirmed by McDonald (2012) and Morgan et al. (2013). Some participants also expressed concern about workplace uncertainties as some challenges they encounter. More specifically workers identified retrenchment and downsizing initiatives as sources of mental health challenges. Forcella et al. (2007) confirm that far-reaching changes like anticipated company closure or merger have challenges to workers mental health (Campbell and Pepper 2007). This may be as a result of the varying impact of work loss which is confirmed by Elst et al. (2014) and Mohr and Otto (2011). The concept of work-related mental health challenges has been developed in psychosomatic rehabilitation, a setting in which people with workplace-related mental health problems are over-represented (Muschalla and Linden 2009).

The study made efforts to explore workers' ways and means of coping with mental health challenges. By coping mechanisms, the study sought to investigate how workers either countervail or contend with challenges brought about by the phenomena. Coping research (Carver and Scheier 2001; Lazarus and Folkman 1984) emphasizes the relevance of cognitive, emotional, and behavioral reactions to work demands. The specific nature of individual coping reactions to stress determines whether those individuals stay healthy or become ill. Transactional stress theory defines coping as "constantly changing cognitive and behavioral efforts to manage specific external and/or internal demands" (Lazarus and Folkman 1984). Krause et al. (2012) identified behavioral strategies used by employees to cope with work-related mental health situations.

Given the challenges workers encounter, the study revealed that some participants have devised coping mechanisms which included praying, consulting counselors, engagement in

social activities, and listening to music. Some of these functional behaviors are consistent with Krause et al. (2012). Others resort to smoking, drinking alcohol, and engaging in sex as a means to reduce the intensity of mental health challenges. This confirms the research findings of Grebner et al. (2010) and Wirtz (2010) who assert the detrimental reactions of workers to mental health–related challenges. This further demonstrates that coping measures ameliorate the effects of work-related mental health challenges on workers' well-being (Lazarus and Folkman 1984). Mental health challenges brought about by work demands like high workload and the ways in which individuals deal with these demands contribute to the genesis of mental and physical illnesses (Lohmann-Haislah 2012).

As a result of the wide-ranging challenges workers endure at the workplace, through interaction, the study identified a myriad of workers' mental health needs and support systems. Key among the needs was institutional priority and leadership. In the views of participants, a leadership that places much premium on advancing workers' mental health needs is cardinal to workers' well-being. A well-developed organization-wide health-focused leadership complemented with good general leadership skills tailored to protect employees' psychological and physical health is equally essential. In this regard, Kelloway and Barling (2010) confirm leadership as a potent intervention in occupational mental health. Cooper and Roden (1985) confirm the negative ramifications of autocratic leadership on workers' health. Laschinger et al. (1999) for instance assert the impact and potency of leadership on workers' wellness.

Some participants also expressed concern about a cooperative, tolerant, and receptive supervisorship as important to promoting workers' mental health. In the views of workers, since supervisors are key architects responsible for designing and organizing workplace schedules and engagement as well as enforcing workplace rules, they are invariably key players in facilitating workplace mental health through their role as rule enforcers. By this, leadership of supervisors set the atmosphere and condition for mental wellness or otherwise. This is consistent with Stadler and Spiess (2003) and Quick et al. (2007) who have demonstrated the degree of influence of supervisors on employee's well-being and health. Actually, an encouraging behavior from supervisors could have a positive impact on employees' well-being by reducing workplace tension, enhance wellness, and increase efficiency and effectiveness.

Among other mental health needs and support systems, the study revealed that social support from colleagues, leadership, and sometimes from immediate supervisors is imperative to workers' well-being. Also, a germane social relationship is a sufficient source of support for challenged workers. On how ensure and promote mental health and knowledge among workers, some participants suggested the inception of health groups, periodically screening workers' health and undertaking regular medical checkups. These are essentially steeped in the concept of social support (Podsiadlowski et al. 2013).

## Limitations of the Study

Though the study has strengths, like others, it also has limitations which need to be highlighted to help guide policy, and the conduct of future research. The study was restricted to a sample of 120, within the Kumasi Metropolis of the Ashanti Region of Ghana. As such, replication of findings in diverse settings among a larger population must be done diligently, altogether with caution. As much as these do not in any way invalidate the study findings, the study strongly recommends the conduct of further studies with much larger sample, to draw further relevant insights into the subject matter under investigation. This study employed the qualitative approach. On this basis, the study urges future research to employ either a quantitative or mixed method approach to further investigate the subject matter under review. Future research taking into cognizance these diversities would help reveal subtleties and variations underlying the study, thereby enriching the discourse and contributing significantly to policy and practice.

## Conclusion and Recommendations

This study reveals the dearth of mental health knowledge among workers. In addition to identifying challenges and various coping mechanisms employed by participants, the study also reports on workers' mental health needs and support systems. Against this backdrop, it is instructive to emphasize that as far as workers' plight is concerned, issues of mental health are important. As such, it is relevant that, as a matter of urgency, corporate organizations make mental health an integral part of corporate priorities and practices. To better achieve the objective of not only entrenching, but also increasing mental health knowledge among workers, the study therefore recommends the following:

Firstly, corporate entities should institute health promotion leadership at the workplace to provide the needed resources to ensure a balance between work and wellness. In this vein, employee-oriented and health-conscious leadership is very essential. As part of a broader short-, medium- to long-term plan, organizations should also promote employee well-being as part of measures to maximize the attainment of long-term goals while fostering high-quality workplace performance.

Secondly, corporate entities must endeavor to design and implement work and organizational processes, as well as favorable working conditions. Not ending there, health promotion management committed to entrenching health as an organizational culture must be promoted. These can help promote cooperative action, health consciousness creation, and the development of a sustainable workplace support system. Anchoring these within organizational visions and guidelines for personnel development will contribute to the overall workforce well-being.

Moreover, organizations must regularly organize medical checkups and screenings, make changes to the workplace, carry out stress management programs, and also institute health-oriented leadership models through leadership seminars, workshops, and control trainings. In this regard, organizations should train leaders in health-focused leadership behaviors. For example, institutions can organize training workshops to sensitize leaders on their responsibility to advance workers' mental wellness and overall well-being.

Besides, organizations should engage professional clinical psychologist at the workplace to offer essential services to psychologically challenged workers. At the same time, these psychologists should regularly hold mental health education sessions for workers. When suitable measures are implemented, good health will lead to higher levels of employee happiness and strong organizational commitment.

Furthermore, organizations and stakeholders alike should invest in work-related mental health research to help identify new developments on the incidence and prevalence of mental health. This would provide a sound basis for mental health policymaking and implementation. At the national front, the Government of Ghana, health sector players, and the regulators of the national health insurance scheme should expand the scope of the insurance scheme to include the provision of clinical psychology service, as part of an overall primary health-care system. Finally, labor-based organizations, (for example, the Trade Unions Congress) should prioritize and advocate for mental health services for their members.

## Cross-References


- ▶ Comparative and Development Public Administration and Policy
- ▶ Governance and Public Administration


## References


Adu-Gyamfi S (2017) Mental health service in Ghana: a review of the case. Int J Public Health Sci 6(4):299–313

Arkorful VE, Mohamed AA, Jama O, Pokuaah S, Basiru I, Hammond A, . . . Latif A (2020) Caregivers of mentally ill patients: a cross-sectional need-based assessment of social workers in post-conflict Somalia. Practice 32(1):21–41

Braun V, Clarke V (2019) Reflecting on reflexive thematic analysis. Qual Res Sport Exerc Health 11(4):589–597
Brundtland GH (2000) Mental health in the 21st century. Bull World Health Organ 78(4):411
Campbell R, Pepper L (2007) Downsizing and social cohesion: the case of downsizing survivors. New Solut 16(4):373–393
Carver CS, Scheier MF (2001) On the self-regulation of behavior. Cambridge University Press, Cambridge
Collins PY, Patel V, Joestl SS, March D, Insel TR, Daar AS (2011) Grand challenges in global mental health. Nature 475(7354):27–30
Cooper CL, Roden J (1985) Mental health and satisfaction among tax officers. Soc Sci Med 21(7):747–751
Dewa CS, Loong D, Bonato S (2014) Work outcomes of sickness absence related to mental disorders: a systematic literature review. BMJ Open 4(7):e005533
Forcella L, Di AD, Coccia U, Tamellini L, Di LG, Grapsi M, . . . Boscolo P (2007) Anxiety, job stress and job insecurity among teachers with indefinite or definite time contract. G Ital Med Lav Ergon 29(3):683–686
Ghana Statistical Service (2014) 2010 Population and housing census, district analytical report, Kumasi Metropolitan. Accra
Given LM (ed) (2008) The SAGE encyclopedia of qualitative research methods, 1st edn. SAGE, Los Angeles
Graf A (2018) 23 Selbstmanagement-Kompetenz in Unternehmen nachhaltig sichern–Leistung, Wohlbefinden und Balance als Herausforderung. In: ManagementWissen. Springer Gabler, Wiesbaden, pp 255–267
Grebner S, Berlowitz I, Alvarado V et al (2010) Stress bei Schweizer Erwerbstätigen. Zusammenhänge zwischen Arbeitsbedingungen, Personenmerkmalen, Befinden und Gesundheit [Stress in Swiss workers: relations between working conditions, personality characteristics, well-being, and health]. Staatssekretariat für Wirtschaft SECO, Bern (in German)
Hannon PA, Hammerback K, Garson G, Harris JR, Sopher CJ (2012) Stakeholder perspectives on workplace health promotion: a qualitative study of midsized employers in low-wage industries. Am J Health Promot 27(2):103–110
Kelloway EK, Barling J (2010) Leadership development as an intervention in occupational health psychology. Work Stress 24(3):260–279
Krause A, Dorsemagen C, Stadlinger J et al (2012) Indirekte Steuerung und interessierte Selbstgefährdung: Ergebnisse aus Befragungen und Fallstudien. Konsequenzen für das Betriebliche Gesundheitsmanagement [Indirect control and self-endangering behavior]. In: Badura B, Ducki A, Schröder H, Klose J, Meyer M (eds) Fehlzeiten-Report 2012. Gesundheit in der flexiblen Arbeitswelt: Chancen nutzen – Risiken minimieren. Springer, Berlin, pp 191–202 (in German)
Laschinger HKS, Wong C, McMahon L, Kaufmann C (1999) Leader behavior impact on staff nurse empowerment, job tension, and work effectiveness. J Nurs Adm 29(5):28–39
Lazarus RS, Folkman S (1984) Stress, appraisal, and coping. Springer Publishing Company, New York
Linden M, Weidner C (2005) Arbeitsunfähigkeit bei psychischen Störungen. Der Nervenarzt 76 (11):1421–1431 (in German)
Lohmann-Haislah A (2012) Stressreport Deutschland 2012. Psychische Anforderungen, Ressourcen und Befinden [Stress report Germany 2012: psychological demands, resources, and well-being]. Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, Dortmund (in German)
Lu L, Cooper CL, Yen Lin H (2013a) A cross-cultural examination of presenteeism and supervisory support. Career Dev Int 18(5):440–456
Lu L, Lin HY, Cooper CL (2013b) Unhealthy and present: motives and consequences of the act of presenteeism among Taiwanese employees. J Occup Health Psychol 18(4):406
Marvasti A (2004) Qualitative research in sociology, 1st edn. SAGE, London/Thousand Oaks
McDonald P (2012) Workplace sexual harassment 30 years on: a review of the literature. Int J Manag Rev 14(1):1–17
Mezerai M, Dahane A, Tachon JP (2006) Dépression dans le milieu du travail. Presse Med 35(5):823–830
Mindful Employer (2016) Making work work. http://www.mindfulemployer.net/files/4014/2692/7677/Making_work_work.pdf. Accessed 24 June 2019
Mohr G, Otto K (2011) Health effects of unemployment and job insecurity. In: Antoniou AS, Cooper C (eds) New directions in organizational psychology and behavioral medicine. Gower Publishing, Surrey, pp 289–311
Morgan WB, Walker SS, Hebl MMR, King EB (2013) A field experiment: reducing interpersonal discrimination toward pregnant job applicants. J Appl Psychol 98(5):799
Muschalla B, Linden M (2009) Workplace phobia–a first explorative study on its relation to established anxiety disorders, sick leave, and work-directed treatment. Psychol Health Med 14(5):591–605
Muschalla B, Linden M (2012) Specific job anxiety in comparison to general psychosomatic symptoms at admission, discharge and six months after psychosomatic inpatient treatment. Psychopathology 45(3):167–173
Oppolzer A (2010) Psychische Belastungsrisiken aus Sicht der Arbeitswissenschaft und Ansätze für die Prävention. In: Fehlzeiten-Report 2009. Springer, Berlin/Heidelberg, pp 13–22
Panse W, Stegmann W (2007) Angst–Macht–Erfolg. Erkennen Sie diemacht der konstruktiven angst. Volk, München
Pescud M, Teal R, Shilton T, Slevin T, Ledger M, Waterworth P, Rosenberg M (2015) Employers' views on the promotion of workplace health and wellbeing: a qualitative study. BMC Public Health 15:642

Podsiadlowski A, Vauclair CM, Spiess E, Stroppa C (2013) Social support on international assignments: the relevance of socioemotional support from locals. Int J Psychol 48(4):563–573
Prince M, Patel V, Saxena S, Maj M, Maselko J, Philllips M, Rahman A (2007) No health without mental health. Lancet 370:859–877
Quick JC, Macik-Frey M, Cooper CL (2007) Managerial dimensions of organizational health: the healthy leader at work. J Manag Stud 44(2):189–205
Saldaña J (2012) The coding manual for qualitative researchers, 2nd edn. SAGE, Los Angeles
Shaw SC, Anderson JL (2018) Phenomenological research in medical education: an overview of its philosophy, approaches, and conduct. SAGE, London
Shenton AK (2004) Strategies for ensuring trustworthiness in qualitative research projects. Educ Inf 22(2):63–75
Siddiqi K, Siddiqi N (2007) Treatment of common mental disorders in primary care in low- and middle-income countries. Trans R Soc Trop Med Hyg 101:957–958
Sipsma H, Ofori-Atta A, Canavan M, Osei-Akoto I, Udry C, Bradley EH (2013) Poor mental health in Ghana: who is at risk? BMC Public Health 13:288
Stadler P, Spiess E (2003) Psychosoziale Gefährdung am Arbeitsplatz (Psychosocial endangerment in the workplace). Wirtschaftsverlag NW GmbH, Bremerhaven
Stansfeld SA, Shipley MJ, Head J, Fuhrer R (2012) Repeated job strain and the risk of depression: longitudinal analyses from the Whitehall II study. Am J Public Health 102(12):2360–2366
Stroebe W, Hewstone M, Jonas K (2014) Einführung in die Sozialpsychologie. In: Sozialpsychologie. Springer, Berlin/Heidelberg, pp 1–28
Techniker Krankenkasse (2012) Gesundheitsreport 2012. Band 27 Teil 1: Arbeitsunfähigkeiten. Techniker Krankenkasse, Hamburg (in German)
Thomas M, Hynes C (2007) The darker side of groups. J Nurs Manag 15(4):375–385
Time to Change (2014) National attitudes to mental illness. https://www.time-tochange.org.uk/news/survey-shows-greatest-improvement-public-attitudes-mental-health-decade. Accessed 24 July 2019
Vander Elst T, De Witte H, De Cuyper N (2014) The job insecurity scale: a psychometric evaluation across five European countries. Eur J Work Organ Psy 23(3):364–380
Voß GG (2002) Subjektivierung von Arbeit (Vol. 2). Hampp
Wedegaertner F, Arnhold-Kerri S, Sittaro NA, Bleich S, Geyer S, Lee WE (2013) Depression-and anxiety-related sick leave and the risk of permanent disability and mortality in the working population in Germany: a cohort study. BMC Public Health 13(1):145
Wirtz A (2010) Gesundheitliche und soziale Auswirkungen langer Arbeitszeiten. Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, Dortmund
Wittchen HU, Jacobi F, Rehm J, Gustavsson A, Svensson M, Jönsson B, … Fratiglioni L (2011) The size and burden of mental disorders and other disorders of the brain in Europe 2010. Eur Neuropsychopharmacol 21(9):655–679
World Health Organization (1992) International statistical classification of diseases and related health problems: 10th revision (ICD-10). http://www.who.int/classifications/apps/icd/icd
World Health Organization (2001) Mental health: new understanding, new hope. In: World Health Report. Edited by World Health Organization. http://www.who.int/whr/2001/en/whr01_en.pdf

# Working from Home in the Australian Public Sector Before, During, and Post-COVID-19

Neale Slack, Shavneet Sharma, Asheefa Aiyub and Gurmeet Singh
School of Business and Management, The University of the South Pacific (USP), Suva, Fiji

## Synonyms

Telecommuting; Telework; Virtual work; Working remotely

## Definition

| | |
|---|---|
| *Coronavirus disease (COVID-19)* | An infectious disease caused by a newly discovered coronavirus. |
| *Pandemic* | An epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting many people. |
| *Public sector* | Government and all publicly controlled or funded entities that deliver public programs, goods, or services. |
| *Telework/ Teleworking/ Telecommuting ("working from home")* | A flexible work arrangement where employees perform all or a substantial part of their work while physically separated from their employer's location. |

## Introduction

Based on the number of cases of coronavirus (COVID-19) outside China having "increased 13-fold . . . more than 118,000 cases in 114 countries, and 4291 people having lost their lives, and thousands more fighting for their lives," the World Health Organisation (WHO) declared on 11 March 2020 that COVID-19 was a pandemic (WHO 2020). The COVID-19 pandemic continues unabated to wreak havoc across the globe, with the confirmed count of COVID-19 infected cases at 132,046,206 (including 2,867,242 deaths) on 8 April 2021 (WHO 2021). Global interventions adopted to stem the spread of COVID-19 have resulted in international and state border closures, cessation of international and domestic flights and transit, supply chain disruptions, mass closures of businesses and employee layoffs, panic buying, social distancing, enhanced personal hygiene practices, and mandatory and self-isolation. These interventions have individually and collectively dramatically affected the way people typically work and live their lives (Sharma et al. 2020). Governments across the world have also been forced to make timely and what could be perceived as apparently contradictory decisions, policy changes, nationwide broadcast messages, and advice notifications. Understandably, such apparent contradictions have been contingent on the ever-changing, latest available information regarding the increasingly wide-ranging impact of COVID-19, the identification of mutated and more virulent strains of the virus, and the availability and effectiveness of vaccines (Williamson et al. 2020).

When the COVID-19 pandemic was declared, national and state governments, employers, employees, and citizens generally remained optimistic that the impact of COVID-19 on "life as we knew it" would be minimal. Governmental messages such as "to go about . . . regular life and business as much as possible" were issued to the general public and reinforced such optimism (Morrison 2020a). However, in very quick succession, those messages were replaced with governmental requests to remain at home, and if possible, work from home (Morrison 2020b). Across the globe, business sectors, including the public sector, directed their employees on a previously unimaginable scale, and at short notice, to commence working from home, in what has been toted, the "world's largest work-from-home experiment" (Banjo et al. 2020). In 2020, it is suggested that "a veritable revolution happened in global job markets," which has continued into 2021, where it is currently estimated that "55% of businesses globally offer some capacity for remote work," and 18% of the workforce work from home on a full-time basis (Marinova 2021). Notwithstanding, a survey in 2020 of the Australian Public Service agencies, which employed 1.2 million public servants (Burton 2020), identified that "64% of public servants were working from home" (Dingwall 2020).

As a result of the COVID-19 pandemic and the associated "lockdowns" globally, millions of public servants have been working from home. Many of those affected public servants, governments, academics, and news media outlets have questioned and speculated whether widespread working from home could become the post-pandemic "new norm" (FourNet 2020). This chapter investigates the working from home history, perceived benefits and challenges, and the likelihood that widespread working from home could occur in the Australian public sector post-COVID-19. In this chapter, the terms "working from home," "teleworking," and "telecommuting" are used interchangeably.

## History of Working from Home

While teleworking was considered by employers in the 1950s, until the introduction of affordable personal computers and portable modems in the early 1970s, the practical application of teleworking was not feasible (Hill et al. 1998). From the 1970s and into the 1990s, teleworkers that worked from home typically were under an arrangement with their employer to accommodate the integration of work and family care responsibilities (Hill and Fellows 2014). With increased availability, portability, and use of computing and

communications equipment, and a corresponding dramatic reduction in cost, the emergence of teleworkers on a larger scale materialized (Hill et al. 1998). However, despite flexible working practice adoption in the new millennium (Cassidy and Parsons 2017), employers remained disinclined to sanction working from home due to uncertainty as to whether gains would outweigh losses (ABS 2019). Such uncertainty stemmed from contradictory findings regarding performance and productivity improvement (Martin and McDonnell 2012) and perceived challenges associated with employee isolation, communication and supervision, and questionable employee commitment (de Vries et al. 2018). Hence, pre-COVID-19 adoption of teleworking had been restricted in the Australian Public Sector and was atypical, as evidenced by only 10% of public servants in Australia in 2013 teleworking, and by 2019 less than 15% (APSC 2019).

## Perceived Benefits of Working from Home

As with any change in working conditions (such as working from home), motivations, perceived benefits, and drawbacks exist for both employers and employees and need to be balanced in favor of both parties, lest this work arrangement would not survive long. A range of benefits have been purported to interest public sector employers sufficiently to consider allowing employees to practice teleworking. Such benefits have been identified as reduced organizational expenses (rent, telephones, utilities, equipment, etc.), enhanced workforce productivity due to "lack of interruptions, increased concentration, increased motivation, employee satisfaction, a better employee dedication, increased work energy by reducing time and disruptive elements," reduced absenteeism due to "diseases, family events, and adverse weather conditions," and mitigation of the risk of spreading contagious diseases throughout the workforce resulting in productivity loss and business disruption (Lupu 2017, 696).

Research has identified that 86%of employees have expressed a preference to work from home (Stahl 2018). Therefore, it is important to understand what factors have motivated such a high level of employee preference for working from home. One of the most important factors (benefits) mentioned by employees that motivated them to desire to work from home has been the autonomy and opportunity for flexible scheduling of their daily activities and to work according to their personal needs (Lupu 2017, 696). Further, as a result of not being required to commute to/from the office, commuting time was eliminated (time-saving) and commuting stress reduced, resulting in more available time to spend with the family and be productive. Financial benefits have also been identified as accruing to employees who worked from home, such as savings on fuel, other forms of transportation, parking fees, and preschool/child care, etc. It is also important that mothers provide family support while still working (Wienclaw 2019), and employees living great distances from their employer were still able to be employed (Lupu 2017, 695).

## Perceived Challenges of Working from Home

Fear persists among many managers in the public sector regarding telecommuting "despite the mounting evidence that shows telecommuting is beneficial to both employers and employees." Those fears tend to stem from a number of factors. Management perceives that telecommuting is unchartered territory; therefore, it will be unmanageable and daunting. Notwithstanding, informally, telecommuting has already been underway for years in most organizations, with employees using their mobile phone and computer at home to check emails, finish work at home, make and take work-related phone calls to/from work, etc. "The fact is that we're already working remotely because of the integration of technology and mobility in our lives, but we (employers and employees) are just not formally acknowledging it as such." Realistically, "nobody only works at their desk in their on-site office anymore." Management also perceives that telecommuting only benefits employees.

Notwithstanding, studies have clearly identified that both employers and employees benefit from such flexible working arrangements, in spite of setup costs in equipping employees and adequacy of technology to work from home, trust, productivity and performance "issues," and the "growing pains" experienced. Generally, those perceptions have been shown to be unfounded, and costs to be far outweighed by reduced operating costs, increased productivity, reduced absenteeism, and increased staff and organizational flexibility (Sutton 2014).

While public sector managers' fears are noted, it is pertinent to acknowledge that manifold challenges exist for employees when teleworking, none the least being that they are unsure as to what to expect and what to do, as no clear-cut rules typically exist. Further compounding this significant challenge is that employees commonly report that from day 1 of working from home, they are confronted with technology glitches such as unreliable Wi-Fi, reduced Internet speed, frequent disconnections from corporate networks, poor quality video meetings, and printers and scanner that malfunction, all which adversely affect employee productivity and promote immense frustration (Leprince-Ringuet 2020).

Many teleworking employees also strike trouble maintaining a structure in their day and working normal business hours; hence, they find themselves not completing required work during the day and then being forced to work evenings or weekends. Further, no clear division exists between workspace and personal space, with employees often feeling that their home is no longer "a place of relaxation, safety and security" where one can slip out of "work mode" and into "relaxed mode" and "switching off," because there is always the sense of necessity to "finish one last thing" or "check one more email." Working from home, employees also find themselves surrounded by distractions such as TV, household chores, family, and friends, which all prove challenging and can affect their productivity. As well, employee supervision and direction from superiors dramatically reduced with limited guidance provided as to what to do, feedback on progress, reprioritization of goals, and the like. Employees often find themselves craving guidance from the bosses they use to complain about (Davis 2021).

Communication and coordination can also be challenging when working from home. While it is difficult enough undertaking productive face-to-face meetings and coordinating a team of employees' efforts, when employees are working from home, those activities become that much more difficult. Because of the heavy reliance on nonverbal cues in communication, when working from home, those nuances are removed when communicating via email, phone, video conferencing, and the like; hence misinterpretation and conflict can result. When working from home, the whole work dynamic has changed. So, how is an employee's performance to be monitored and measured and against what standard? Because many managers lack answers to this question, they tend to resort to a basic tracking metric of how long the employee has logged onto their computer. The length of time an employee physically sits at a desk does not necessarily equate to output and goal achievement. Employees who work from home require very clear and simple performance indicators to guide and monitor their performance (Davis 2021).

Social isolation when working from home each and every day takes its toll. Because human beings are social by nature, without the opportunity to socialize they can become lonely and starved for communication. Also, when working from home and not surrounded by ambitious colleagues, it is easy "to slip into a rut," feel comfortable, and lose the motivation, drive for and sight of important objectives. In summary, while employee telecommuting comes with a myriad of perceived benefits, "with every benefit comes a challenge" (Davis 2021).

## Working from Home and Returning to the Workplace during the Pandemic

Shortly after the WHO's declaration of the COVID-19 pandemic in March 2020, state governments across Australia required public

servants to work from home. Each state adopted differing approaches to employees working from home. In some instances, states were generous in providing extensive online resources, funding consumables and utilities, and management of employee fatigue, and if the whole job could not be undertaken from home, accrued annual leave was not required to be used. Conversely, other states were less generous and adopted more hardline approaches requiring that if an employee "could not be fully productive, they should take leave," implemented "working from home on a trial basis," and instructed that "employees with young children could not work from home, but could work less than full-time work hours." The disparate responses provided by state governments demonstrate the differing degree of "acceptance or resistance to the practice of working from home" (Williamson et al. 2020). Further, "the timing and messaging of the transition out of the pandemic also indicated resistance" with Australian Government advices appearing to be contradictory (Williamson et al. 2020) – on 8 May 2020, a roadmap was released which encouraged employees to continue to work from home (Australian Government 2020), and the same day, an advisory was issued for employees to plan the transition back to their workplaces (Australian Public Service Commission 2020). In May and June 2020, state governments staged the return of employees back to their regular workplace based on the workplace being deemed COVID-safe, a "hierarchy of need," decisions by agency heads based on whether the employee delivered a critical service, and the employee's preference to continue working from home (Williamson et al. 2020).

## Conclusion

The Australian public sector (as with many public sectors across the globe) has a history of being risk-averse and notoriously slow (resistant) to change, and when change has occurred, it typically has been incremental (and "safe") and not radical ("higher risk"). It is also commonly reported that pre-pandemic considerable resistance was evidenced by Australian public sector management to employees working from home and other flexible working arrangements; while in contrast, employees were generally desirous of working from home. Such resistance by management has been openly espoused to be founded on concerns regarding technical difficulties of working from home, employee productivity and performance, and an absence of a culture of trust (Williamson et al. 2018, 2020). However, with the rapid and wide-ranging impact of the COVID-19 pandemic requiring an immediate, radical response from the government, management resistance to employee's working from home was for necessity and expediency sake somewhat "side-stepped," and working from home for employees was implemented across the Australian public sector. It is suggested that once the immediacy of the pandemic has passed, normalization of public servants working from their workplaces, and restricted pre-COVID-19 levels of employees working from home, will be reinstated. It is further suggested that for any major consideration by the government for employees to work from home, extensive governmental review of managers' and employees' experiences with working from home pre, during, and post-COVID-19 would be required, and necessary policies needed to be developed, therein delaying any possible consideration for operationalization or extension of prior work practices. Finally, because the concept and practice of working from home are such radical diversions from perceived "normalized" public sector work practices, and continue to be resisted by management, it is considered questionable as to whether large numbers of public sector employees would post-COVID be offered the opportunity to work from home. This then begs the question as to how the government expects to "put the genie back in the bottle"? Public sector employees have received the liberating "taste" of working from home, and then under instruction, are simply expected to return to the bureaucratic "norm" of their workplace, as though nothing had happened or changed. It will be interesting to see how this scenario pans out. . .

## Cross-References

- ▶ Coordination and Collaboration in Crisis Management
- ▶ Employee-Friendly Practices: Fashionable, Flexible, and Fickle
- ▶ Flexible Organizations
- ▶ Leadership in the Remote, Freelance, and Virtual Workforce Era
- ▶ Organizational Ergonomics
- ▶ Organizations and Environment
- ▶ Work-Life Programs

## References


Australian Bureau of Statistics (ABS) (2019) Characteristics of employment, Australia, August 2019 (cat. no. 6333.0). Commonwealth of Australia, Canberra

Australian Government (2020) Roadmap to a CovidSafe Australia. https://www.pm.gov.au/sites/default/files/files/covid-safe-australia-roadmap.pdf

Australian Public Service Commission (APSC) (2019) State of the service report 2018–19. Australian Government, Canberra

Australian Public Service Commission (APSC) (2020) Circular 2020/5: preparing for a COVID-safe transition for APS workplaces. https://www.apsc.gov.au/circular-20205-preparing-covid-safe-transition-aps-workplaces

Banjo S, Yap L, Murphy C, Chan V (2020) The coronavirus outbreak has become the world's largest work-from-home experiment. Time, February 3. https://time.com/5776660/coronavirus-work-from-home/

Burton T (2020) Up to 1.2 million public servants waiting to work from home. Australian Financial Review, March 16. https://www.afr.com/politics/federal/up-to-1-2-million-public-servants-waiting-to-work-from-home-20200316-p54ag6

Cassidy N, Parsons S (2017) The rising share of part-time employment. Reserve Bank of Australia, Sydney. https://www.rba.gov.au/publications/bulletin/201

Davis BG (2021) 12 Biggest challenges of working from home – how to overcome them. Money Crashers, January 21. https://www.moneycrashers.com/challenges-working-home-business-avoid-failure/

de Vries HA, Tummers LG, Bekkers VJJM (2018) The benefits of teleworking in the public sector: reality or rhetoric? Rev Public Pers Adm 39(4):570–593

Dingwall D (2020) Public sector informant: the public service's working-from-home experiment has turned political. Canberra Times, September 1. https://www.canberratimes.com.au/story/6900297/the-public-services-working-from-home-experiment-has-turned-political/

FourNet (2020) Remote working: the new normal. Coronavirus lockdown gives a glimpse of the future. https://www.bapco.org.uk/resources/resource/remote-working-the-new-normal/download/

Hill EJ, Fellows KJ (2014) Telework. In: Michalos AC (ed) Encyclopedia of quality of life and well-being research. Springer, Dordrecht. https://doi.org/10.1007/978-94-007-0753-5_2990

Hill EJ, Miller BC, Weiner SP, Colihan J (1998) Influences of the virtual office on aspects of work and work/life balance. Pers Psychol 51:667–683

Leprince-Ringuet D (2020) Remote work is the new normal. But the tech problems won't go away ZDNet.com, July 21. https://www.zdnet.com/article/yes-remote-work-is-the-new-normal-but-the-tech-problems-wont-go-away/

Lupu VL (2017) Teleworking and its benefits on work-life balance. Int Multidiscip Sci Conf Soc Sci Arts 2(1): 693–700. https://doi.org/10.5593/sgemsocial2017/12/S02.087

Marinova I (2021) 28 Need-to-know remote work statistics of 2021. Review42.com, February 11. https://review42.com/resources/remote-work-statistics/

Martin B, McDonnell R (2012) Is telework effective for organizations? A meta-analysis of empirical research on perceptions of telework and organizational outcomes. Manag Res Rev 35(7): 602–616

Morrison S (2020a) Media release: advice on coronavirus. https://www.pm.gov.au/media/advice-coronavirus

Morrison S (2020b) Media release: update on coronavirus measures. https://www.pm.gov.au/media/update-coronavirus-measures-24-March-2020

Sharma S, Singh G, Sharma R, Jones P, Kraus S, Dwivedi YK (2020) Digital health innovation: exploring adoption of COVID-19 digital contact tracing apps. IEEE Trans Eng Manag. https://doi.org/10.1109/TEM.2020.3019033

Stahl A (2018).Why you should let your employees work remotely. Forbes, November 27. https://www.forbes.com/sites/ashleystahl/2018/11/27/why-you-should-let-your-employees-work-remotely/?sh=5e19b3d21a7e

Sutton S (2014) Why are companies still scared of telecommuting?. FlexiJobs. https://www.linkedin.com/pulse/20141031193914-60144-why-are-companies-are-still-scared-of-telecommuting/

Wienclaw RA (2019) Telecommuting. Salem Press Encyclopedia. http://search.ebscohost.com/login.aspx?direct=true&db=ers&AN=89185784&site=eds-live&scope=site

Williamson S, Colley L, Foley M, Cooper R (2018) The role of middle managers in progressing gender equity in the public sector. UNSW Canberra, Canberra. https://unsw.adfa.edu.au/sites/default/files/documents/Middle-Managers-and-Gender-Equity.pdf

Williamson S, Colley L, Hanna-Osbourne S (2020) Will working from home become the "new normal" in the public sector? Aust J Public Adm 79(4): 601–607

World Health Organisation (WHO) (2020) WHO Director-General's opening remarks at the media briefing on

COVID-19, March 11. https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19%2D%2D-11-march-2020
World Health Organisation (WHO) (2021) WHO coronavirus (COVID-19) dashboard. https://covid19.who.int/

## Working Style Assessment (WSA): The Gender Difference in Thai Population

Nanta Sooraksa
School of Human Resource Development, National Institute of Development Administration, Bangkok, Thailand

### Synonyms

Career exploration tool; Occupation-oriented assessment; Worker-job oriented assessment

### Definition

The Working Style Assessment (WSA) is a career exploration tool for an individual conducting by means of self-administration, self-score, and self-interpretation. The gender difference refers to variances between male and female which include biological, social and culture attributes.

### Introduction

Work styles are essential to both employees and managers. Work styles also reflect the outcome and quality of training program. In case of the job applicants hold similar qualification, especially functional competency, it is work styles that offer a way to distinguish candidates that are most suitable for the job and organization culture. In addition, work styles assessment can effectively help with promotion decision, as employees with higher levels of work styles tend to be more efficient in their current jobs and work behaviors.

Measuring work styles will allow an organization to keep track of the level of effort being enacted by its employees over time and compare the amount and quality of effort to what is required. In addition, work styles are not static but are influenced by a wide range of variables through policy, structural change, and environmental transformation. It is noted that employee work styles may be constructively adjusted (Bayl-Smith and Griffin 2015).

Work styles can be of practical use to professionals in human resource and organizational development. To characterize a person's work style, the WSA was developed (Messer and Ureksoy 2014). The WSA is an assessment or a career tool for finding a person's personality traits that are involved to effective job performance. The development of the work style taxonomy was based on the review and integration of several well-established personality taxonomies. Essentially, it was established based on the Hogan Personality Inventory (Hogan and Hogan 1992), big five-traits and job performances (Barrick and Mount 1991), and the Occupational Personality Questionnaire (Saville and Holdsworth 1990).

The collection of the work styles taxonomy was based on a number of resources: a review of the relevant personality literature, empirical data informing of the work styles and higher-order factors, as well as constructs that have been displayed to associate with work-related behaviors. The finding was a good number of qualifications that explain the vital personality requirement essential to successful career development.

The WSA was derived from Occupational Information Network (O*NET) work style traits and adding two new scales that are relevant to a variety of occupations. Based on O*NET work style traits, the questionnaire was constructed based on the five global constructs and the 18 individual working styles. The five global constructs were: 1) drive; 2) interpersonal skill; 3) adjustment; 4) responsibility; and 5) problem-solving skill.

The standard version of WSA was administered to the US population. The samples of 739 individuals (49% male and 51% female) ranging in age from 17 to 70 years were selected.

According to demographic characteristics of the WSA standardization sample, percent of race and ethnicity were 62.8, 12.8, 16.1, and 8.3 for Caucasian, African American, Hispanic, and other, respectively (Messer and Ureksoy 2014). Although the reliability and validity of the assessment were highly statistical significance, it was wondered whether the assessment would still be applicable to the cross-cultural groups.

With users from different cultural backgrounds, the use of cross-cultural version of assessment needs to be validated. The purpose of this entry is to provide: (i) a guideline to carry out an existing procedure used for conducting WSA research in another country than the one in which it was originally designed; (ii) issues on gender difference within a single country differ from each other in ethnic or cultural background even using the same assessment procedure.

In this entry, the Thai version of WSA was provided as an example to underline forms of cross-cultural assessment for certain gender issues about the cross-cultural comparability and limitation. The outlines will be as follows. A brief review of original WSA version will firstly be presented, followed by Thai WSA development, participants, translation and cultural adaptation, and context of gender differences. Finally, concluding remark will provide a context of gender differences on comparison with the US original version.

## Original WSA Version

**Development.** The original WSA developed by Messer and Ureksoy (2014) had 5 global constructs and the 18 individual working styles. The five global constructs were: (1) drive; (2) interpersonal skill; (3) adjustment; (4) responsibility; and (5) problem-solving skill. Drives consists of four working styles: achievement, initiative, persistence, and confidence. Interpersonal skill consists of four working styles: leadership, cooperation, concern for others, and social orientation. Adjustment consists of self-control, stress tolerance, and adaptability. Responsibility consists of dependability, attention to detail, integrity, and conscientiousness. And problem-solving skill consists of independence, innovation, and analytical thinking.

**Reliability.** Reliability refers to the degree to which an assessment consistently measures whatever it measures. There are many ways to examine reliability. For the WSA, inter-scorer agreement, internal consistency, and test-retest reliability and were considered. It revealed that high inter-scorer agreement was found.

To calculate the degree to which item in a scale measure the same construct, internal consistency for the working styles was carried out by using Cronbach's alpha (1990) for each of the four age groups (17–25, 26–34, 35–54, and 55–70 years) and by gender. The coefficients were high, ranging from 0.61–0.92 throughout all age groups.

To determine which test scores still stable over time, a pilot group of 102 individuals (male = 36, female = 66) ranging in age from 18 to 70 years was studied by taking the WSA twice over a 5-week period. The results revealed the test-retest reliability ranged from 0.71–0.88 meaning that scores on the assessment exhibit sufficient consistency over time.

**Validity.** Validity refers to the extent to which an assessment measures what it is supposed to measure. Based on expert review, the items on the WSA have acceptable face validity. In addition, the WSA has predictive validity. There was equivalence between print and online version as well (Messer and Ureksoy 2014).

To examine the WSA relationship with other assessments that measure similar constructs, convergence validity was carried out. The pattern of correlations between WSA scores and other related measures revealed evidence for the construct validity related to the Self-Directed Search (SDS) (Holland and Messer 2013) and other standard personality tests (NEO-PI-3; McCrae and Costa 2010; MBTI; Myers et al. 1998).

To examine the internal structure of a measure, the intercorrelations between scales is examined. The intercorrelations ranged from 0.11 to 0.73. The strongest relationships were found between Achievement and Initiative and Conscientiousness and Attention to Detail. Most of the working

styles were significantly correlated with a few exceptions, i.e., independence-social orientation among both males and females, and integrity-leadership among females (Messer and Ureksoy 2014).

**Applications.** Main use of WSA are in career development and in personnel selection. In career development, the WSA assists individuals gathers information on their personal work preferences and gain understanding of how to narrow a list of potential occupation in which an individual may perform well or may be satisfying. In personnel selection, the WSA reveals traits that are related to successful job performance. This helps hiring managers to identify value of their employees from a list of working styles to narrow down a list of application. In addition, the WSA can help a manager and an employee to identify strength of the employee's workstyle area to meet the expectation of the suitable position.

**Gender difference.** What difference does gender make when compare with the original WSA version? On average, males tended to rate themselves significantly higher on Stress Tolerance. Females tended to rate themselves significantly higher on achievement, cooperation, concern for others, dependability, attention to detail, integrity, and conscientiousness (Messer and Ureksoy 2014).

## Thai WSA Version

**Development.** The WSA was translated using a three-stage cross-cultural adaptation process as proposed by Ware et al. (1995). The procedure includes the following:

1. Translation and cultural adaptation of the original scale into the Thai language, and evaluation to ensure it is the conceptual equivalent.
2. Formal psychometric testing of the assumptions underlying item scoring and multi-item scales, to ensure that scoring algorithms can be applied to the population concerned.
3. Validation and invariant analysis studies that provide a basis for interpretation.

**Participants.** The samples were selected, and data collected from people working in Thailand. Demographic information on age, gender, education level, and social strata by occupation were also obtained. 896 questionnaires were collected from Thai participants (388 males and 508 females) who were currently employed in the workforce and aged between 18 and 60 years old.

## Translation and Cultural Adaptation

The Thai translation of the WSA was performed according to the Principles of Good Practice Translation and Cultural Adaptation proposed by Wild et al. (2005). The procedure includes preparation, forward translation, harmonization, cognitive debriefing, and finalization. The objective was to develop a culturally sensitive version of the WSA equivalent to the original in the following aspects: items, semantics, and operational and measurement equivalence.

**Translation.** The WSA was first transferred to an appropriate computer format for translation. Forward translation was performed by two independent translators and the two translations were reconciled into a single form. The reconciled form was back translated into English by two independent translators and combined into one back translation. The back translation was compared with the original version. Differences were highlighted and discussed by a panel comprising two HR professionals, a psychologist and a statistician. Changes were made accordingly to ensure the consistency of concepts between the original and the translations. This yielded the Thai translation of the WSA.

**Cognitive debriefing.** Ten adults knowledgeable in the Thai language were pretested using semistructured interviews to explore whether the questions were relevant and understandable, and to identify potential difficulties in answering.

**Finalization.** An expert panel meeting was organized to evaluate the content and validity of the translated versions, the results of the pretesting, and the equivalence with the original in terms of the conceptual, semantic, and normative

equivalence of each item. Eventually, the Thai version was approved by PAR, Inc.

**Reliability.** The internal consistency test is an internal test of each item of a questionnaire using Cronbach's alpha coefficients. The Cronbach's alpha coefficient represents the average of all possible split-halves and can be used for dichotomous and continuously scored variables. The test-retest reliability of the Thai WSA ranged from 0.433 to 0.773 (mean = 0.663, median = 0.696).

The reliability testing data for each item of the Thai WSA. Cronbach's alpha coefficients revealed the values for each scale from a total of 18 scales. Globally, the findings demonstrated that the average Cronbach's alpha coefficient ranged from 0.583 (Dependability) to 0.877 (Leadership). For males specifically, Cronbach's alpha ranged from 0.575 to (Achievement) to 0.860 (Innovation). For females, reliability ranged from 0.449 (Dependability) to 0.893 (Leadership).

The findings based on gender revealed that the Cronbach's alpha was greater than 0.70 for males which is considered acceptable. However, the Cronbach's alpha which were lower than 0.70 included achievement and dependability. The reliability of dependability was questionable, and achievement was poor.

Most females had a Cronbach's alpha greater than 0.70 which was acceptable. However, those scales with a Cronbach's alpha lower than 0.70 were achievement, initiative, persistence, cooperation, dependability, and independence. The reliability of achievement, initiative, persistence, and cooperation was questionable, while the reliability of independence was poor and that of dependability unacceptable.

**Test-Retest.** The test-retest reliability of Thai Working Styles Scale was carried out. The test-retest reliability of the Thai WSA ranging from 0.433 to 0.773 (mean = 0.663, median = 0.696). There were scales with pretty low reliability which were achievement, cooperation, self-control, and independence (<0.6). In the American population (Messer and Ureksoy 2014), the test-retest reliability was in the range of 0.71 and 0.88 (mean = 0.805, median = 0.798) which is considered as pretty high reliability. In addition, the absolute mean change of the Thai population ranged between 0.01 and 0.51.

**Validity.** The Thai version was validated using a method of confirmatory factor analysis with invariant analysis to assess measurement invariance, to test invariance across gender, and other attributes. The test was conducted to check whether the two groups have the same configuration. To confirm similarity, fit indices are employed to evaluate how the model fit is based upon the evident data. If the two comparison groups have a similar configuration, then the second step will proceed. If not, the test stops.

It revealed that the scale reflects the confirmatory factorial structure, good intercorrelations, and overall psychometric properties. Invariance results across groups reached structural invariance in general. The structural invariance provides a confident invariance measurement for this scale. In general, invariance across gender and sociocultural levels reached metric invariance provided detail in the next.

**Gender difference.** What difference does gender make when compare with the Thai WSA version? The Thai version seems to achieve an adequate level of reliability and validity criteria. According to analysis of the invariance of the WSA model between Thai and US population, the following conclusions can be drawn:

1. For males, in general, workstyles for both Thai and US population had the same model form under the same conditions. Like American, on average, Thai males tended to rate themselves significantly higher on Stress Tolerance. However, on standardization sample, mean total scores for working style for Thai males rated themselves as Average scores (149–224) whereas American males rated themselves as High scores (225–252).

However, in detail, Drive variable has more influence on American male working styles than Thai males. This might be an effect of cultural difference which teaches Thai people to be humble, rather than express an objective driven direction like an American. The remaining variables including interpersonal skill, adjustment,

responsibility, and problem-solving skill changed between the two groups as indicated in terms of distinct competencies by Burrus et al. (2013). Since globalization of the workforce via information and other related technologies might shape a person working in either Thailand or the USA to adapt to an important component in similar manner, under the same company regulations, and require the maintenance and adjustment of people-environmental fit, tracking how employees display their commitment to work overtime in different locations has become important (Bayl-Smith and Griffin 2015).

The disruptive changes in working style around the world due to globalization might also contribute to, and be influenced by, a wide range of variables; through policy, structural change, and environmental transformation; therefore, employee work styles might require constructive adjustment (Bayl-Smith and Griffin 2015). That was why the Thai version was almost compatible and agreed with the original US version.

2. For females, in general, the WSA model for Thai females agreed with the theory of Messer and Ureksoy (2014). Like American female, Thai females tended to rate themselves significantly higher on achievement, cooperation, concern for others, dependability, attention to detail, integrity, and conscientiousness. However, on standardization sample, mean total scores for working style for Thai females rated themselves as Average scores (149–224) whereas American female rated themselves as High scores (225–252). This rated score profile for females was like that of males.

In detail, the WSA model for females was "partially invariant" between the two groups. An explanation of how the internal parameters of the WSA model between Thai and US females were partially different could result from stereotypes at work, which may predict race and gender segregation in the workforce. Asian people are more likely to be represented in occupations characterized by high competence (He et al. 2019). These facts are true for Thai society as well.

## Conclusion

This entry has provided an overview of the WSA in the context of gender difference. A Thai version of the WSA was presented as an example of cross-cultural study. The Thai version seems to achieve an adequate level of reliability and validity criteria. The invariance of the WSA model between Thai and US population led to the following conclusions:

1. Workstyles for both Thai and US males had the same model form under the same conditions.
2. The WSA model for Thai females agreed with the theory of Messer and Ureksoy (2014).
3. On standardization sample, mean total scores for working style for both Thai males and females rated themselves as average scores (149–224) whereas both American males and females rated themselves as high scores (225–252).

The WSA has been established as a tool in the Thai language to appraise how individual workers respond to a variety of work situations. This will benefit the development of the HR field in Thailand. The Thai version of the WSA is compatible with the US one, not only in terms of structure, reliability, and validity when self-administered, but also for functionality when self-scored as a self-interpreted career exploration tool. This entry also pointed out availability of a Thai version of WSA that can be used professionally and academically.

## Cross-References


- ▶ Construct Validity in Public Policy Research
- ▶ Culture and Organizations
- ▶ Gender Differences: Male Officers' Perception Toward Women's Occupational Barriers in Federal Law Enforcement
- ▶ Gender Representation in the Public Sector
- ▶ Globalization and Culture
- ▶ Job Classes and Tasks of Public Procurement Professionals

▶ Linear Regression
▶ Managerial Performance Appraisal
▶ Performance Management and Culture
▶ Quantitative Methods
▶ Vocational Rehabilitation System in the USA, A Brief Labor History of

## References

Barrick MR, Mount MK (1991) The big five personality dimensions and job performance: a meta-analysis. Pers Psychol 44:1–26

Bayl-Smith PH, Griffin B (2015) Measuring work styles: towards an understanding of the dynamic components of the theory of work adjustment. J Vocat Behav 90:132–144

Burrus J, Jackson T, Xi N, Steinberg J (2013) Identifying the most important 21st century workforce competencies: an analysis of the occupational information network (O*NET). ETS research report series 2:i-55

Cronbach LJ (1990) Essentials of psychological testing, 5th edn. Harper & Row, New York

He JC, Kang SK, Tse K, Toh SM (2019) Stereotypes at work: occupational stereotypes predict race and gender segregation in the workforce. J Vocat Behav 115. https://doi.org/10.1016/j.jvb.2019.103318. Retrieved 22 May 2020

Hogan J, Hogan R (1992) The Hogan personality inventory. Hogan Assessment Systems, Tulsa

Holland J, Messer MA (2013) Self-directed search: form R, 5th edn. PAR, Lutz

McCrae RR, Costa PT (2010) NEO personality inventories 3. PAR, Lutz

Messer MA, Ureksoy H (2014) Work styles assessment. PAR, Lutz

Myers IB, McCaulley MH, Quenk NL, Hammer AL (1998) MBTI manual: a guide to the development and use of the Myers-Briggs type indicator, 3rd edn. Consulting Psychologists Press, Mountain View/Palo Alto

Saville P, Holdsworth R (1990) Occupational personality questionnaire. Salvile and Holdsworth, Boston

Ware JE Jr, Keller SD, Gandek B, Brazier JE, Sullivan M, The IQOLA Project Group (1995) Evaluating translation of health status questionnaires, methods form the IQOLA project, international quality of life assessment. Int J Technol Assess Health Care 11:525–551

Wild D, Grove A, Martin M, Eremenco S, McElroy S, Verjee-Lorenz A, Erikson P, ISPOR Task Force for Translation and Culateral Adaptation (2005) Principles of good practice for the translation and cultural adaptation process for patient reported outcomes (PRO) measure: report of the ISPOR task force for translation and cultural adaptation. Value Health 8(2):94–104

# Work-Life Balance Among Ethnic Minorities: A Case Study of Hong Kong

Lina Vyas
Department of Asian and Policy Studies,
The Education University of Hong Kong,
Tai Po, Hong Kong

## Synonyms

Burnout and satisfaction; Family-friendly policies; Minorities; Minority groups; Work-life interface

## Definition

Work-life balance refers to the optimal equilibrium between the time allocated for work and activities, which increase the life satisfaction; ethnic minorities refers to the nonindigenous people, which constitutes considerably less portion of the whole population.

## Introduction

The globe has been aging at an alarming rate, particularly in the countries with an well-developed economy. As a result, governments are seeking alternatives for the sake of economic integrity and such trend also happens in Hong Kong. Due to the fact that longer average life expectancy and a low fertility rate, the latest population projections show that the Hong Kong population will age faster than expected. The number of Hong Kong people aged 65 or above is projected to reach 2.16 million in 2041, more than double the figure of 980,000 in 2012 (The Steering Committee on Population Policy 2013). This results to a corresponding decrease in the labor participation rate pegged by the Steering Committee on Population Policy (2013) at 58.8% in 2012 down to 49.5% in 2041, the Government is importing ethnic minority workers

as a new source of manpower to "provide a much-needed boost to the labor force" facing a manpower shortage from an aging population (The Steering Committee on Population Policy 2013, p. 7). "Ethnic" refers to those not belonging to the indigenous people (Guirdham 1999). In the 2016 Population By-census by Census & Statistics Department, ethnic minorities living in Hong Kong hit a new high, account for 584,383 or 8% of Hong Kong population – an increase from 451,183 (6% of Hong Kong population) in 2011. In 2016, the five largest non-Chinese ethnic groups were respectively Filipino, Indonesian, White, Indian, and Nepalese, who made up 6.2% of the Hong Kong population (Census and Statistics Department 2016).

## Ethnic Minority Workers in Hong Kong: Difficulties and Dilemma

According to Mak (1997) and Marger (2001), work and family factors as well as participation within ethnic networks such as local ethnic communities are key factors that influence ethnic minority workers' intention of permanent settlement and social incorporation. Despite the increasing population of ethnic minority workers in Hong Kong, they are facing considerable challenges in adapting to an unfamiliar social and cultural framework. Such challenges range from stereotyping tendencies in the community, racial discriminatory barriers and prejudices, lack of education qualifications against standards imposed in destination countries, limited access to the labor market, to insufficient language skills to compete effectively in the job market (Bertrand and Mullainathan 2004; Jargowsky 2009). A 2014 study by the University of Hong Kong Centre for Comparative and Public Law revealed that more than two-thirds of the ethnic minorities in employment were engaged in "elementary occupations" that do not require special skills because of language barriers, for example, catering, construction work, and manual labor jobs (Kapai 2014), while less than 20% of the general Hong Kong population as a whole were engaged in elementary occupations (Kapai 2014). Owing to lack of the linguistic skills and discrimination, nonwhite ethnic minorities have immense difficulties finding employment in the mainstream economy, so they are more likely to resort to such offensive or objectionable jobs, in which employees may have to work long hours and overtime at short notice, and to work "unsocial" or irregular hours such as evenings, nights, and weekends, resulting in reduced satisfaction with work-life balance (McGinnity and Russell 2015). Additionally, practices of differential and unfair treatment are commonplace among the working ethnic minorities in the city, including longer working hours, greater workload compared to their Hong Kong Chinese counterparts, and lack of opportunities for promotion (Kapai 2014). In fact, a growing body of research has highlighted the importance of working conditions on work-life balance outcomes, including employees' control over scheduling, flexibility in working arrangements, and job insecurity (McGinnity and Russell 2015). It has been observed in some economies that apart from resorting to offensive or objectionable jobs, ethnic minority workers may attempt self-employment. All such job choices are known as labor market assimilation (Alund 2003; Logan et al. 2003).

### Government Responsibility on Securing Work-Life Balance of Ethnic Minorities

The Government has been criticized for failing to integrate and support ethnic minorities as well as to improve their working conditions, including ethnic minorities who were born in or have relocated to Hong Kong from abroad (Blundy 2017). Among the growing challenges and pressure from the community regarding the employment situation and working conditions of ethnic minorities, the Government has initiated a number of programs, including engaging staff familiar with ethnic minority languages and cultures to provide personalized employment advisory services for ethnic minority job seekers at designated job centers on a pilot basis. They further engage trainees proficient in ethnic minority languages as ambassadors to provide employment support services at selected job centers, industry-based recruitment centers, and job fairs

(Legislative Council Panel on Manpower 2017). Although the Government claims that ethnic minorities "are very much part of the community," and "have played important roles in shaping Hong Kong's history," (Hong Kong Government 2014) the efforts made by the Government have largely been limited to enhancing their job opportunities in the public and private sectors. They have however not taken into account the needs of working ethnic minorities in terms of their family-friendly benefits, work-life balance, and working conditions in such an ethnically diverse workforce.

## Family-Friendly Policies: A Possible Relief for the Working Ethnic Minorities

In fact, working ethnic minorities can be more prone to stress-related risk factors compared to their indigenous counterparts, considering work environments where they are a minority and the economic necessity that weighs against behaviors towards leaves (Miller and Travers 2005). A number of studies (Contrada et al. 2001; Miller and Travers 2005) have suggested that ethnicity as a demographic variable holds equal if not more importance in determining the amount of stress that an individual experiences at work. For example, some studies have found that ethnic minority workers are concerned about or feel stressed easily when it comes to whether they are able to remit their earnings to their family in their home country regularly (Thongyou and Ayuwat 2006). These issues can lead to marginalization of ethnic minority employees, acculturation difficulties, and stress relating to their ethnicity in the workplace (Miller and Travers 2005). In multiracial Hong Kong, the effect of ethnicity is more compelling in the work environment due to the increasing composition of the ethnic minority population. Likewise, different ethnic groups may differ in terms of their values, beliefs, and attitudes toward family-friendly policies (FFPs). They also vary in terms of experiences in reconciling employment with work and family life; and thus, with influences from their cultural group, they may have different appreciation of the importance and relevance of certain FFPs (Khokher and Beauregard 2014). For that reason, the perceived value of FFPs is a significant predictor of positive reciprocal actions (Khokher and Beauregard 2014). However, no research has been conducted yet examining the interaction between working conditions facing ethnic minority workers and the spillover effects of work on such workers' family life. This study focuses on working ethnic minorities because in the process of acculturation, that group of workers may find themselves particularly exhausted between fulfilling job functions with the highest possible optimal productivity and the social setup highlighting the value of family. Even though some ethnic minority workers may be better educated compared to their local counterparts, they are held back by a culture that puts equal pressure and demand on them to prioritize family. The dilemma is intensified when the traditions, beliefs, and practices of ethnic minorities are different from the prevailing organizational culture. It is therefore of our interest to investigate whether FFPs provided to that group of workers are sufficient to support them, and to what extent FFPs are flexible and inclusive enough to accommodate their needs.

### The Impact of Family-Friendly Programs on the Minorities Well-Being

The provision of family-friendly-programs (FFP) is a crucial public policy for reducing work-family conflict in modern human resource management. Literatures had argued that family-friendly interventions will produce positive impacts for employees. For example, the previous research by our research team on the effects of FFPs on employees' work attitudes and behaviors and the role of family-supportive organizational and supervisory support has found that certain family-friendly policies such as 5-day work weeks and flexible working hours are common in Hong Kong (Vyas et al. 2017). Another study of ours has revealed that well-intentioned family-friendly benefits, organizational culture, and fair supervisory support are essential to achieve the desired results (an ongoing project of FFP funded by Public Policy Research Scheme), so what makes employees reluctant to utilize family-friendly benefits is the absence of family-supportive supervisors (Brewer 2000; McNamara et al. 2012). Work-related outcomes are also

influenced by the availability of informal family support practices including family-supportive supervisors (Allen 2001). In fact, the presence of supportive supervisors is meaningful at both individual and employer levels. Employees can enjoy job and life satisfaction and balanced work-family life, and employers can benefit from employees' enhanced performance, reduced absenteeism, and lower staff turnover. A healthy workforce will also result in increased overall productivity, and reduced health care service utilization and related expenditures. This will also address the negative impacts of stress on the fertility rate. In the context of Hong Kong, the level of supervisor support is far from satisfactory. A study has revealed that only one-third of the supervisors understood the family-responsibilities of their staff, possibly resulting in low utilization of family-friendly policies (Vyas et al. 2017). Utilization of family-friendly policies was only as low as 40% in 2014. Hence, with the city's aging population and a declining birth rate, women are being encouraged to join the labor market by introducing more effective, wide reaching, and coordinated family-friendly measures, along with a favorable environment where people are able to utilize them.

## Conclusion

Due to the rising number of working ethnic minorities in Hong Kong, their contribution to the Hong Kong society has become increasingly important. One should not undermine their well-being because of the racial identity. From the discussed literatures, it is well recognized that ethnic minorities are facing difficulties when balancing between career and life due to their inadaption in a foreign environment. The lack of institutionalized support from the government also helps to escalate the problem in different ways. Family-friendly programs would be an excellent start to develop the basic protection against overwork and stress by creating a more harmonious workplace. Further studies should emphasis how severe government support fails to support minority workers and how effective family-friendly policies can enhance the well-being of ethnic minorities working in Hong Kong

## Cross-References

▶ Marriage and Divorce as Social Policy

**Acknowledgments** The author disclosed receipt of the following financial support for the research, for this entry. This study was funded Dean's Research Grant, Project 04309, IRS-11 2018, The Education University of Hong Kong.

## References

Allen TD (2001) Family-supportive work environments: the role of organizational perceptions. J Vocat Behav 58:414–435

Alund A (2003) Self-employment of non-privileged groups as integration strategies. Int Rev Sociol 13(1):77–87

Bertrand M, Mullainathan S (2004) Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. Am Econ Rev 94(4):991–1013

Blundy R (2017) Meet the ethnic minorities breaking through Hong Kong's race barrier, May 6. South China Morning Post. Retrieved from http://www.scmp.com/news/hong-kong/education-community/article/2093198/breaking-through-hong-kongs-race-barrier

Brewer A (2000) Work design for flexible work scheduling: barriers and gender implications. Gend Work Organ 7(1):33–44

Census & Statistics Department (2016) Hong Kong 2016 population by-census: summary results. Retrieved from http://www.statistics.gov.hk/pub/B11200942016XXXXB0100.pdf

Contrada RJ, Ashmore RD, Gary ML, Coups E, Egeth JD, Sewell A, Ewell K, Goyal TM, Chasse V (2001) Measures of ethnicity-related stress: psychometric properties, ethnic group differences, and associations with well-being. J Appl Soc Psychol 31(9):1775–1820

Guirdham M (1999) Communicating across cultures. Macmillan Press, London

Hong Kong Government (2014) Initiatives in the 2014 policy address: support for ethnic minorities. Retrieved from http://www.policyaddress.gov.hk/2014/eng/pdf/EM.pdf

Jargowsky PA (2009) Immigrants and neighbourhoods of concentrated poverty: assimilation or stagnation. J Ethn Migr Stud 35(7):1129–1151

Kapai P (2014) Chapter 4: the employment of ethnic minorities. In: The status of ethnic minorities in Hong Kong, 1997 to 2014. The University of Hong Kong Centre for Comparative and Public Law. Retrieved from http://www.law.hku.hk/ccpl/StatusofEthnicMinorities/K.Chapter4.pdf

Khokher SY, Beauregard TA (2014) Work-family attitudes and behaviours among newly immigrant Pakistani

expatriates: the role of organizational family-friendly policies. Community Work Fam 17(2):142–162
Legislative Council Panel on Manpower (2017) 2017 policy address: policy initiatives of the Labour and Welfare Bureau. LC paper no. CB(2)652/16-17(03). Retrieved from http://www.legco.gov.hk/yr16-17/english/panels/mp/papers/mp20170123cb2-652-3-e.pdf
Logan JR, Alba RD, Stults BJ (2003) Enclaves and entrepreneurs: assessing the payoff for I immigrants and minorities. Int Migr Rev 37(Summer):344–388
Mak A (1997) Skilled Hong Kong immigrants' intention to repatriate. Asian Pac Migr J 6(2):169–184
Marger MN (2001) The use of social and human capital among Canadian business immigrants. J Ethn Migr Stud 27(3):439–453
McGinnity F, Russell H (2015) Work-life balance, working conditions and the great recession. In: Behling F, Flaherty E, Ó Riain S, Ciccia R (eds) The changing worlds and workplaces of capitalism. Palgrave Macmillan, Basingstoke, pp 201–220
McNamara T, Pitt-Catsouphes M, Brown M, Matz-Costa C (2012) Access to and utilization of flexible work options. Ind Relat J Econ Soc 51(4):936–965
Miller GVF, Travers CJ (2005) The relationship between ethnicity and work stress. In: Antoniou A-SG, Cooper CL (eds) Research companion to organizational health psychology. Edward Elgar Publishing, Cheltenham, pp 87–101
The Steering Committee on Population Policy (2013) Introduction: Hong Kong Our Home. Consultation document. Retrieved from http://www.hkpopulation.gov.hk/public_engagement/pdf/chapter1_eng.pdf
Thongyou M, Ayuwat D (2006) Lao migrant workers in Thailand. In: Hewison K, Young K (eds) Transnational migration and work in Asia. Routledge/City University of Hong Kong, Oxon, pp 57–74
Vyas L, Lee SY, Chou KL (2017) Utilization of family friendly policies in Hong Kong. Int J Hum Resour Manag 28(20):2893–2915

# Work-Life Balance and Its Challenges, Iran

Akbar Hassanpoor and Mahsa Kavei
Faculty of Management, Kharazmi University, Tehran, Iran

## Synonyms

Work-Family Balance; Work-life Balance; Work-Nonwork Balance

## Definition

Work-life balance refers to employees' appraisals of how well they combine paid work (work-life) with nonwork roles (family and personal life).

## Introduction

Research in the field of work and family has expanded over the past five decades. The number of successful searches in the American Psychological Association database with the keywords work-life, work-nonwork, and work-family confirms this fact, which is 68 times during the years 1970–1979, 520 times in the years 1980–1989, 1094 times in the years 1990–1999, 3131 times in the years 2000–2009, and more than 5000 times from 2010 up till now. The changing nature of gender rules, families, jobs, and professions is one reason that increases the researchers' attention to the work and family field in recent years (Powell et al. 2019b).

There are three main perspectives about work and family interface: Conflict perspective, Enrichment perspective, and Balance perspective. The conflict perspective may occur in two directions: work-to-family conflict (WFC) and family-to-work conflict (FWC). Likewise, the enrichment perspective emphasizes two routes: work-to-family enrichment (WFE) and family-to-work enrichment (FWE). Contrary to the enrichment and conflict perspectives, work-family balance does not consider a different path for work and family to influence each other (Liao et al. 2018; Li et al. 2017; Allen et al. 2015.

In 1985, Greenhouse and Butel stated that work-family conflict occurs when work and family demands are incompatible (French et al. 2018). They proposed a model that shows three types of a struggle between work and family: time-based, strain-based, and behavior-based (Hoobler et al. 2010; Greenhaus et al. 1989; Greenhous and Beutell 1985).

According to the perspective of Greenhaus and Powell (2006), work and family enrichment means the extent to which experiences in one

role improve the quality of life in the other function (Greenhaus and Powell 2006). For example, in the research of Carlson et al. (2006), [as cited in Zhang et al., 2018, p. 216] one of the participants states: "My work engagement helps me to understand different ideas and be a better member of the family" (Zhang et al. 2018).

Greenhouse and Allen (2011) [as cited in Casper et al., 2018, p.199] define work-family balance as the overall assessment of the individual's satisfaction and effectiveness in work and family roles in proportion to his/her values and life priorities. A Google search for the phrase work-family balance will show more than 320 million (320,000,000) results, indicating that work-family balance is essential but difficult to achieve (Casper et al. 2018).

Research on work and family has developed over the past five decades, and several theoretical models have been proposed (Powell et al. 2019a). Most of the proposed models emphasize the role of resources and demands in creating a conflict between work and family roles. Some other models show how work and family can enrich one another. The rest of the models illustrate work and family balance. The last perspective has been studied considerably less than conflict and enrichment (Hirschi et al. 2019), so achieving work-family balance remains a significant challenge globally, especially in countries like Iran. In the following, while reviewing the models proposed in the work-family interface, some of Iran's work-family balance challenges will be discussed.

## Work-Family Models

Researches have tried to model and explain how employees feel and behave concerning their family and work (Byrne and Canato 2017). The following sections will refer to some work and family models based on three perspectives: Conflict, Enrichment, and Balance.

### Work-Family Conflict Model

The work-family conflict focused on the harmful effects of work and family on each other (Greenhaus and Powell 2003; Kopelman et al. 1983). In 1985, Greenhaus and Beutell proposed a model and suggested three types of work-family conflict caused by time, strain, and behavior.

Figure 1 presents a model of the work-family conflict sources, which is a two-direction model. It means the cause of struggle (time, strain, and behavior) in both areas (work and family) affect the conflict between work and family.

As Fig. 1 illustrates, the first source of work-family conflict is time. Long working hours, inflexible working schedules, and shiftwork are the work-related sources of time, and family-related sources of time are having young children, spouse employment, and large families. The second source of work-family conflict is the strain. On the one hand, work pressures, role ambiguity, role conflict, low levels of leader support in the workplace, etc., cause work-family conflict. On the other hand, family conflict and Low spouse support, etc., cause family-work conflict. Finally, the third source of work-family conflict is behavior. Some expected behaviors in the workplace, such as self-reliance, emotional stability, aggressiveness, and objectivity, may conflict with expected behaviors at home, such as warmth and emotionality. If an individual cannot match two roles' anticipated actions, they will experience a conflict between work and family (Greenhous and Beutell 1985).

Various models have been proposed for the consequences of conflict too. In 2000, Allen et al. divided the consequences of work-family conflict into three categories: work-related, nonwork-related, and stress-related outcomes. As Fig. 2 shows, work-related outcomes include job satisfaction, organizational commitment, turnover, absenteeism, job performance, career satisfaction, and career success. Nonwork-related variables include life satisfaction, relationship or marital satisfaction, family satisfaction, family performance, and leisure satisfaction. Finally, according to the proposed model, stress-related consequences include general psychological health, physical symptoms or somatic complaints, depression, burnout, alcohol, and substance abuse (Allen et al. 2000).

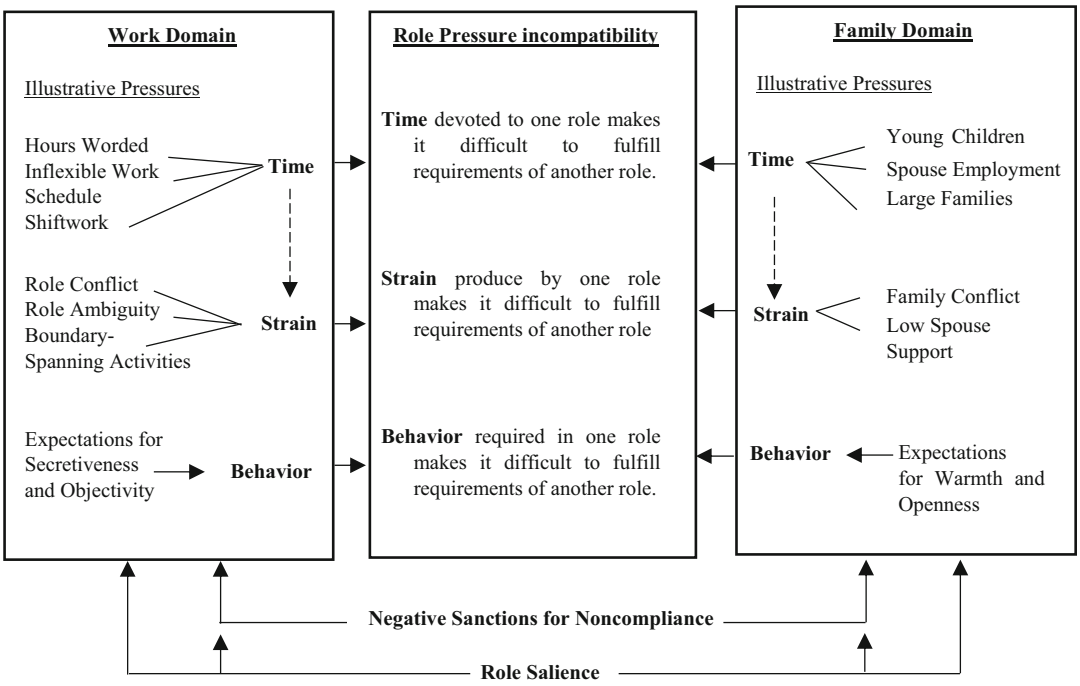


**Work-Life Balance and Its Challenges, Iran, Fig. 1** Work-family conflict model (Greenhous and Beutell 1985)

**Work-Life Balance and Its Challenges, Iran, Fig. 2** The work-family conflict consequences Model (Allen et al. 2000)

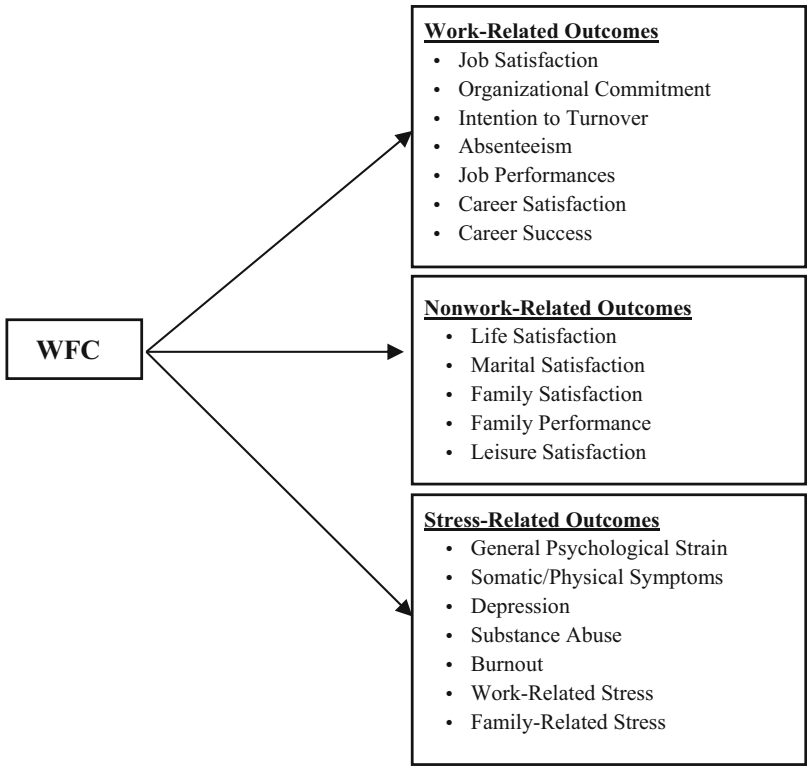

## Work-Family Enrichment Model

In addition to the opposing perspective, there is a positive view of the work-family relationship called Work-Family Enrichment. Some researchers have used some concepts like enrichment, positive outcomes, reinforcement, and facilitation in their studies. These concepts show the work-family relationship is not just a simple negative one, but some aspects of work and family can reinforce each other (Zhang et al. 2018; Byrne and Canato 2017; Greenhaus and Powell 2006).

In 2006, Greenhaus and Powell presented a theoretical framework and model for work-family enrichment (Zhang et al. 2018). Figure 3 illustrates how experiences in role A (work or family) can improve the quality of life in Role B (family or work).

As per the Work-Family Enrichment Model, role experiences include five resources (skills, psychological and physical resources, social capital resources, material resources, and flexibility). These resources directly (instrumental path) or indirectly (affective path) improve another role's performance. The experiences gained at home can also create positive affect (such as enthusiasm, alertness, and higher energy) toward family rules. This positive effect on family rules can positively affect work rules (Greenhaus and Powell 2006).

### Work-Family Balance Model

Based on the work-family balance literature, two positive and negative conditions play an essential role in the work-life balance model, including four approaches of balanced role commitment, positive spillover, role conflict, and social alienation (Sirgy and Lee 2016). In 2016, Sirgy and Lee provided an integrated model of work-life balance, including the above four approaches. As per this integrated model shown in Fig. 4, the work-family balance is achieved by reinforcing the two favorable conditions and reducing the two unfavorable conditions' effects.

The proposed integrated model introduces four groups of people who experience work-family balance and life satisfaction differently. These people experience different role commitment levels and positive spillover (the favorable conditions), role conflict, and social alienation (the unfavorable conditions). They categorize individuals as per different work-life balance to fully

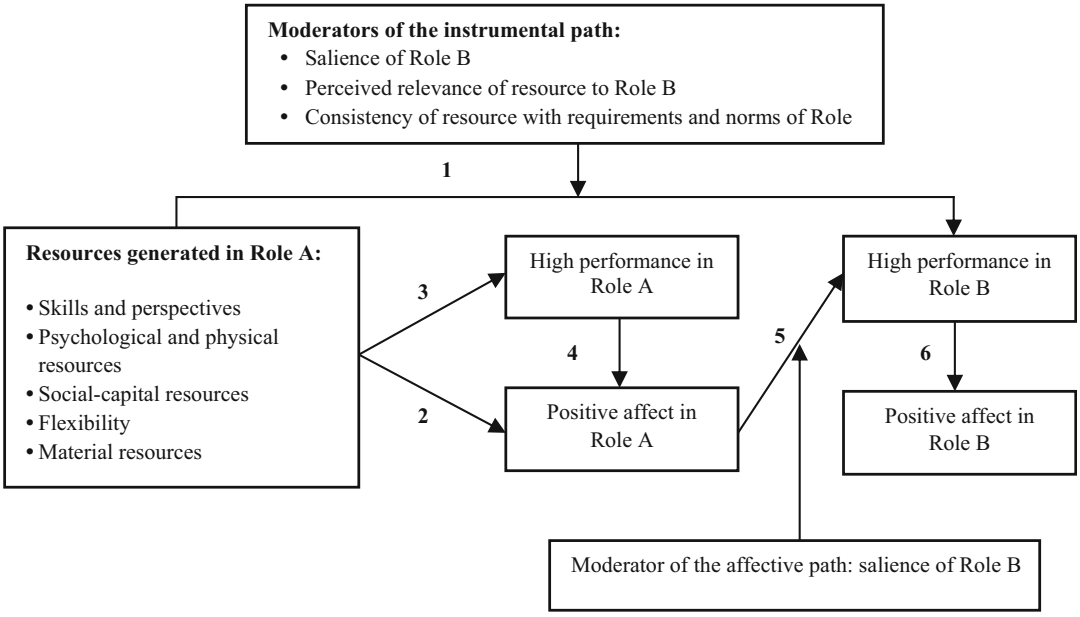


**Work-Life Balance and Its Challenges, Iran, Fig. 3** Work-Family Enrichment Model (Greenhaus and Powell 2006)

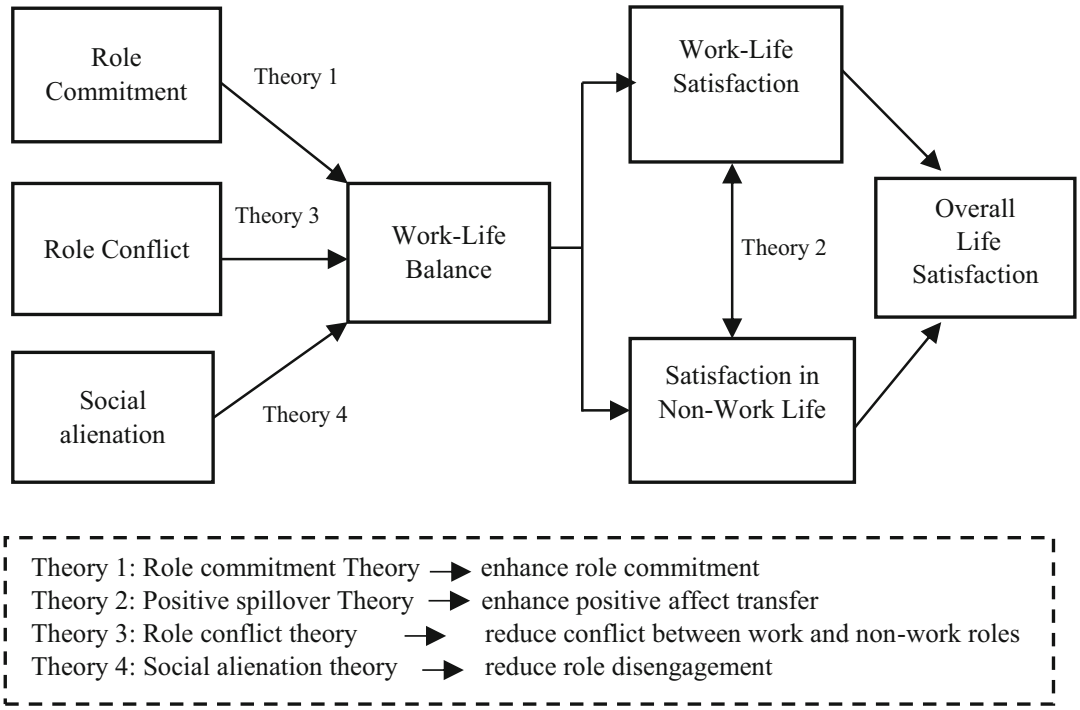


**Work-Life Balance and Its Challenges, Iran, Fig. 4** Work-Family Balance Model (Sirgy and Lee 2016)

engaged, partially engaged, engaged but conflicted, and disengaged (Sirgy and Lee 2016).

## Work-Family Balance Challenges in Iran

Work-family balance is an essential issue for human resource management as considered by Iranian policymakers also For example, the ninth clause of the administrative system's general policies (2010) refers to achieving work and family balance, emphasizing family stability. There is no doubt about the importance of work-family balance, but the main challenge is how to achieve it.

Unfortunately, the qualitative and exploratory research conducted in Iran in work and family is minimal. Findings from a systematic study by Shockley et al. (2017) show that little research has been done in South Asia, the Middle East, and sub-Saharan Africa. These countries are very different from the countries that have been regularly studied in various studies (European and American countries) in cultural, economic, political, and social indicators. The research findings in other countries cannot be used in Iran without considering these kinds of differences. Therefore, despite the understanding of the importance of work-family balance in Iran by individuals, organizations, and policymakers, there are still many challenges to achieve it. In the following, some of these challenges will be discussed.

### Model Designing and Conceptualization Challenges

Researchers have tried to provide a model for achieving work-family balance (Byrne and Canato 2017). Compared to developed countries, fewer researches have been done in developing countries like the Islamic Republic of Iran (Bonsu 2016).

Casper et al. (2018) believe that the concept of work-life balance is strongly influenced by culture. They studied 290 articles and found 233 different definitions of balance, indicating no agreement on this concept yet (Shockley et al. 2017). According to the interpretive view, an

abstract concept can have different meanings in different cultures and societies. The concepts of work-family balance should be studied in a specific cultural context of Iran. We cannot use the questionnaire of work-family balance, which is derived from qualitative research in other countries and cultures, and it is necessary to examine these concepts considering the different cultural and religious context of Iran.

This issue should be considered about antecedents and consequences of work-life balance too. For example, as discussed in subsection 4.3, life satisfaction is one of the consequences of work-family balance, but when somebody talks about satisfaction, what kind of satisfaction does he/she mean? There are two different approaches to satisfaction: materialist and spiritualist. Islam's view is spiritualist and utterly different from Western cultures and materialistic societies. Also, the family's stability and strength are essential in Islamic societies like Iran. It is necessary to pay attention to the Iranian-Islamic model's characteristics and features in designing the work-family balance model in Iran.

In recent years, major demographic trends in Iran have changed. It is necessary to pay special attention to the change of demographic trends as one of the consequences of work-family balance in Iran. According to the National Organization for Civil Registration report, Iran's fertility rate has decreased rapidly in recent years. Iran's fertility rate is ranked 25th among 26 countries in the region, and it is estimated that in 2045, the population growth of Iran will reach zero. Low fertility may be associated with overwork (Duxbury and Higgins 2001). In recent years, 35% of couples have only one child or no children, indicating a slowdown in population growth. Many Iranian women delay their marriage or childbearing to achieve high employment and career advancement (Registration 2018). We do not know how much the work-family balance has affected demographic trends such as reducing fertility rates and increasing marriage age in Iran, especially in large cities such as Tehran? Therefore, cultural, social, political, and economic differences of Iran with other countries, especially developed countries, should be considered in all aspects of the work-family balance model, including the concept of balance, antecedents, and consequences of balance.

### Cultural Challenges

As discussed, sufficient studies in work and family have not been done in countries like Iran, considering gender equality, cultural values, and norms (Shockley et al. 2017). Iran is in a period of change from traditional to modern society, and it seems necessary to consider cultural backgrounds in this field (Beigi et al. 2016). Of course, in recent years, some researchers have tried to study this issue in developing countries in East Asia and the Persian Gulf (Shah and Barker 2020; Cho et al. 2019; Thakur et al. 2018). However, there is still a need for further study in different cultures and societies, including Iran. Islam has a profound role in all aspects of Iranian life. It is needed to consider the differences between Iran's Islamic culture and western or individualistic cultures regarding family and employment. As mentioned before, the family's stability and strength are essential in Islamic societies like Iran. The Islamic Republic of Iran is always trying to provide a suitable position for women in economic and social activities while maintaining women's dignity and the family's strength according to Islamic principles. Islam agrees with a woman working, but this work should not conflict with women's dignity and their more important roles like wife and mother in the family.

Also, Iran is a multi-ethnic country with different cultures that have different views on women. Therefore, the religious and cultural differences with other countries, even the differences between Iran's ethnicities, should be considered.

### Economic Challenges

Considering economic indicators, Iran is completely different from developed countries, even from many developing countries in the Middle East. In recent years, Iran's economy is impacted by many internal and external challenges.

Also, some worldwide issues like the COVID-19 crisis have impacted the economy and the businesses' nature. These days, with the outbreak

of COVID-19 disease and its aftermath, employees face new challenges in balancing work and family. One of these challenges is working from home during the quarantine period. Employees are often expected to perform work tasks at home, such as answering emails or video conferencing, limiting communication with family. The challenges like COVID-19 and US sanctions have increased unemployment, inflation, and falling Iran's currency, which affect all aspects of Iranian life. Therefore, Iran's economic differences with other countries, especially developed countries, cannot be ignored in designing a work-family balance model.

### Work-Family Balance Policies and Regulations

Governments can help individuals balance their work and life by providing laws and controlling the implementation of regulations. In Iran, there are some general policies and rules in the field of work and family. Some of these policies and regulations are mentioned below.

### Iran's General Policies on Family

All economic and social policies affect families, but the term general family policies usually refer to social programs, policies, and guidelines used to strengthen the family unit and balance work and family. Ayatollah Khamenei, the Supreme Leader of Iran's Islamic Revolution, has announced general family policies (2016). The following are some of the articles on these policies:

- Establishing a family-based society and upgrading and strengthening family and its primary functions based on the Islamic family model as the center for growth and Islamic training of children and a tranquilizing place (Article 1).
- Giving a pivotal standing to family in rules and regulations, plans, executive policies, and all educational, cultural, social, and economic regimes, particularly housing and urban development (Article 2).
- Presenting and sketching out an Islamic model for family and upgrading and spreading the Islamic-Iranian lifestyle (Article 6).
- Improving families' livelihood and economic conditions by empowering them to reduce their future anxieties regarding employment, marriage, and housing (Article 9).
- Supporting the honor and dignity of women's role as spouses, mothers, and housewives and men's role as fathers and breadwinners, educative and spiritual responsibility of men and women, and the empowerment of family members in assuming responsibility, family interactions, and fulfillment of its obligations and tasks (Article 12).

A review of general family policies in Iran shows the importance of family in the planning and public policies of the Islamic Republic of Iran. As mentioned before, the family's stability is essential in Islamic societies like Iran. It is necessary to present an Islamic work-family balance model, considering the Islamic-Iranian lifestyle and family strength. The general family policies (Article 2) clearly state the family should have a special place in the laws and regulations, programs, administrative policies, and all educational, cultural, social, and economic systems of Iran.

General family policies also emphasize improving families' livelihood and economic conditions to reduce their concerns about employment, marriage, and housing (Article 9). As discussed before, many challenges like the US sanctions have increased unemployment, inflation, and falling Iran's currency, which affect all aspects of Iranian life. So the improvement of the family economic situation in current condition requires more detailed and practical laws and programs.

It is also important to mention that in the general policies of the family (Article 12), maintaining the dignity of women and the role of women as wives, mothers, and homemakers in the family have been emphasized. The family and social norms regarding women's role in the family have put too much pressure on working women. It is necessary to examine the situation of employed women in Iran by considering social and cultural norms.

## Women's Rights and Policies

Women's rights have always been discussed in social, economic, and political issues. In the following, the situation of women's rights in Iran, according to some charters and general policies of the Islamic Republic of Iran, will be discussed.

### Women's Rights in Iran Charter of Citizens' Rights

One of the topics of civil rights declared by the President of the Islamic Republic of Iran is women's rights. As the charter's name suggests, the focus is on citizenship rights, but there are also rights specifically for women. This charter includes 120 articles, and approximately 7 articles deal with women's rights. The following are some of the articles related to women's rights in society and the family (Charter on Citizens' Rights 2016):

- Women have the right to have active and effective participation in policymaking, legislation, management, implementation, and supervision, and shall be provided equal social opportunities under Islamic norms (Article 11).
- Women have the right to appropriate job opportunities and pay equal to men for similar work (Article 83).
- Women shall have the right to enjoy healthy nutrition during pregnancy, healthy childbirth, postpartum health care; maternity leave; and medical treatment for common women's diseases (Article 90).

### Charter of Women's Rights and Responsibilities in the Islamic Republic of Iran

The Charter of Women's Rights and Responsibilities in the Islamic Republic of Iran (2004) has been prepared by the Supreme Council of the Cultural Revolution. This charter is based on Islam and Iran's Constitution's principles and explains women's rights and responsibilities in individual, family, and social fields. Some women's rights related to family and work are mentioned below:

- The right to participate in the process of policymaking, lawmaking, management, executive affairs (Article 49).
- The right and responsibility to be informed of and acquire the necessary skills related to home and family management, child-rearing, and effective confrontation against cultural and social ills (Article 71).
- The right to enjoy higher education up to the highest scientific level (Article 77).
- The right to get wages from the husband for doing household chores upon her request and to protection as a result of her effects on the family economy and national revenue (Article 89).
- The right to benefit from wages and equal privileges with men and other women under equal work conditions (Article 104).
- The right to enjoy facilities, rules, and laws consistent with family responsibilities considers that she is a spouse and mother during recruiting, employment, promotions, and retirement (Article 107).
- The right to participate in economic policymaking and the establishment and management of financial institutions and membership in them (Article 109).

There are many general rules and policies considering women's rights like the country's constitution, the Charter of Citizen's Rights, the Charter of Women's Rights and Responsibilities in the Islamic Republic of Iran, and the Law on the Protection of Women's Rights and Responsibilities in Domestic and International Areas. The review of these policies shows that women's rights are always considered in Iran's general guidelines, but there are still some challenges regarding these policies and charters.

One of the most critical challenges is ensuring the implementation of these policies and programs. Applicable rules and facilities do not guarantee existing available systems. Also, most general guidelines are family-related, and there are no specific public policies on work-family balance. Of course, Iran's Labor and Social Security Law provides some family-friendly laws and facilities for individuals, especially working women. For example, the women shall have maternity leave, and all workers shall be entitled to days of vacation with wages in the cases of

Permanent marriage or death of spouse, father, mother, or children. The new ruling was also incorporated in Article 118 of the sixth economic development plan (Head of the Islamic Parliament 2016–2021). Two-week paternity leave for fathers or increasing paid maternity leave from 6 to 9 months for working women. Although general policies include many women's rights, the statistics of gender equality and women's participation in economic, political, and social activities show an unfavorable situation for women in Iran (World Economic Forum 2020).

It is necessary to investigate the contradiction between these policies and the Iranian women's situation compared to other countries. Despite such policies and facilities, women's social and economic participation in Iran is still a great challenge, and there are many gender inequalities in society and organizations. The legal support of the parliament and other government agencies in funding and monitoring the implementation of laws can help enforce these policies and programs.

Also, the role of social norms and cultural stereotypes in the responsibilities expected of women, such as housekeeping and childcare, cannot be ignored. The global reports show that Iranian women's participation in the workforce or parliament is the lowest globally. One of the reasons could be balancing work and family and the pressure of cultural and social norms such as patriarchal culture and traditional gender rules to perform household chores despite being employed. The research findings show that work-family balance challenges have forced many women to give up their job opportunities (Heath 2012).

### Women's Participation Challenges

Global reports show that women's participation in economic activities and managerial jobs is much higher in developed countries as they are more successful in achieving work-life balance. In some states, including Iran, work-life balance challenges have forced many women to quit their jobs (Heath 2012; Toston 2014).

According to the World Economic Organization report in 2020, Iran is one of the six countries with the highest gender gap (World Economic Forum 2020, p.9). The same report shows the rank 140 in 2017 and level 142 in 2018, which indicate that Iran's situation has become worse in recent years (World Economic Forum 2017, p. 11 2018 p. 11). According to the United Nations Development Program report (2018), only 16.8 % of Iranian women participate in economic activities. In comparison, Iranian men's participation is 71.4 %; women's involvement in many developed countries is more than 50 %. For example, in Norway, 60.8 % of women and 67.6 % of men; in Switzerland, 62.9 % and 59.2 % of women participate in Australia's economic activities.

Balancing work and family is one of the most critical challenges women face in their careers and achieving high management positions. These kinds of challenges cause many of them to give up their job opportunities, because work-family conflict is negatively associated with job satisfaction and achieving high job levels (Heath 2012, Hoobler et al. 2010).

Women traditionally experience more challenges balancing work and family because they have more roles to play (Belwal et al. 2020). The findings show that men and women have different work and family experiences (Chen and Powell 2012).

In Iran, women's success or failure in managing work-family balance has always been discussed and considered by policymakers. Still, women-friendly programs and policies are more limited in developing countries like Iran than in developed countries. Indeed, the developed countries' cultural, political, economic, social, and religious conditions are entirely different from Iran. Therefore, it seems necessary to conduct qualitative research considering the specific requirements of Iran.

## Conclusion

As discussed, Researches have tried to model the work-family relationship based on three main perspectives of Conflict, Enrichment, and Balance but still, achieving work-family balance remains a significant challenge in the world, especially in countries like Iran. The developed countries have

increased women's presence in the labor market by providing many work-family programs and facilities. The cultural, political, economic, social, and religious conditions of the developed countries are entirely different from Iran. So the other countries' programs cannot be used in Iran without considering these differences. The programs and models need to adapt to Iranian culture and the situation entirely. Therefore more qualitative and exploratory researches should be conducted in Iran in the work and family field. It is necessary to redefine the concepts, antecedents, and consequences of work-life balance considering Iran's different cultural, political, economic, social, and religious contexts.

There are many challenges in achieving work-family balance in Iran. We have little information about how policies and regulations and the particular political or economic conditions in Iran, like sanctions, can affect an individual's work-family balance.

Cultural and social challenges are the most challenging issues. Demographic trends indicate increasing the age of marriage and reducing the number of children in families. Attention to new topics such as changing the nature of gender roles and the families' structure in the work-family balance seems necessary. It is needed to consider the differences between Iran's diverse ethnicities and religions and the religious and cultural differences of Iran with other countries regarding family, employment, and views on women. In Islamic countries, the family is prioritized in the general beliefs and general policies. Also, maintaining the dignity of women and the role of wives, mothers, and homemakers in the family have been emphasized. The characteristics and features of the Iranian-Islamic model in designing the work-family balance model in Iran should be considered.

A review of most of the regulations and policies shows that women's rights are always considered in Iran's general guidelines. Still, there are some challenges regarding these policies and charters. The most critical challenge is ensuring the implementation of these policies. Also, there are some contradictions between the policies and the situation of women in Iran. Despite such policies, women's participation in Iran is still a great challenge, and there are many gender inequalities in society and organizations. The legal support in funding and monitoring the implementation of laws can help enforce these policies.

Also, the role of social norms and cultural stereotypes in the responsibilities expected of women, such as housekeeping and childcare, cannot be ignored. One of the reasons for women's low participation in Iran could be balancing work and family and the pressure of cultural and social norms such as patriarchal culture and traditional gender rules to perform household chores despite being employed. The general policies of the family and social norms regarding the role of women in the family have put too much pressure on working women. It is necessary to examine the situation of employed women in Iran by considering social and cultural norms.

As mentioned, it is tough to achieve a work-family balance. Also, the challenges and factors affecting balance can vary in different societies and cultures. It was impossible to explain all the challenges in this entry, and more profound exploratory research is needed to discover all aspects. Therefore, the direction of work and family research considering Iran's social and cultural contexts is essential.

## Cross-References


- ▶ Women and Work-Life Balance in Federal Law Enforcement
- ▶ Work-Life Balance Among Ethnic Minorities: A Case Study of Hong Kong
- ▶ Work-Life Balance and Preferences for Government Employment
- ▶ Work-Life Communication in Nonprofit Organizations
- ▶ Work-Life Programs




## References

Allen TD, Herst DE, Bruck CS, Sutton M (2000) Consequences associated with work-to-family conflict: a review and agenda for future research. J Occup Health Psychol 5(2):278–308

Allen TD, French KA, Dumani S, Shockley KM (2015) Meta-analysis of work–family conflict mean differences: does national context matter? J Vocat Behav 90:90–100

Beigi M, Shirmohammadi M, Kim S (2016) Living the academic life: a model for work-family conflict. Work 53(3):459–468

Belwal S, Belwal R, Al-Hashemi SE (2020) Family friendly policies and the Omani Labour Law: What it entails for women employees in Oman. Empl Relat 42(2):315–348

Bonsu S (2016) Lived experience of pentecostal clergy in Ghana: perceptions of work-life balance on families and communities. Doctoral dissertation. ProQuest Dissertations and Theses Global

Byrne JM, Canato A (2017) It's been a hard day's night: work family interface and employee engagement. J Organ Dynam 46(2):104–112

Casper WJ, Vaziri H, Wayne JH, Dehauw S, Greenhaus J (2018) The jingle-jangle of work–nonwork balance: a comprehensive and meta-analytic review of its meaning and measuremen. J Appl Psychol 103(2):182–214

Charter of Women's Rights and Responsibilities in the Islamic Republic of Iran (2004) In the supreme council of the cultural revolution

Charter on Citizens' Rights (2016) Declaration of the President of the Islamic Republic of Iran

Chen Z, Powell GN (2012) No pain, no gain? A resource-based model of work-to family enrichment and conflict. J Vocat Behav 81:89–98

Cho Y, Park J, Han SJ, Ho Y (2019) "A woman CEO? You'd better think twice!": exploring career challenges of women CEOs at multinational corporations in South Korea. Career Dev Int 24(1):91–108

Duxbury L, Higgins C (2001) Work–life balance in the new millennium: Where are we? Where do we need to go? CPRN Discussion Paper. Canadian Policy Research Network. Retrieved from http://www.cprn.com/docs/work/wlb_e.pdf

Fertility Rates in Iran (2018) In the national organization for civil registration. https://www.sabteahval.ir/qazvin/alborz/Page.aspx?mID=39773&Page=News/Shownews&NewsId=120886

French KA, Allen TD, Shockley KM (2018) Supplemental material for a meta-analysis of work–family conflict and social support. Psychol Bull 144(3): 284–314

Greenhaus JH, Powell GN (2003) When work and family collide: deciding between competing role demands. Organ Behav Hum Decis Process 90(2):291–303

Greenhaus JH, Powell GN (2006) When work and family are allies: a theory of work-family enrichment. Acad Manag Rev 31:72–92

Greenhaus JH, Parasuraman S, Granrose CS, Rabinowitz S, Beutell NJ (1989) Sources of work-family conflict among two-career couples. J Vocat Behav 34(2):133–153

Greenhous JH, Beutell NJ (1985) Sources of conflict between work and family roles. Acad Manag Rev 10(1):76–88

Head of the Islamic Parliament (2016–2021) Law on the sixth five-year development plan. https://policy.asiapacificenergy.org/node/3671

Heath K (2012) Women in leadership: strategies for work-life balance. Doctoral dissertation. ProQuest Dissertations and Theses Global

Hirschi A, Shockley KM, Zacher H (2019) Achieving work-family balance: an action regulation model. Acad Manag Rev 44(1):150–171

Hoobler JM, Hu J, Wilson M (2010) Do workers who experience conflict between the work and family domains hit a "glass ceiling?" A meta-analytic examination. J Vocat Behav 77:481–494

Kopelman RE, Greenhous JH, Connolly TF (1983) A model of work, family, and interrole conflict: a construct validation study. Organ Behav Human Perform 32:198–215

Li A, McCauley KD, Shaffer JA (2017) The influence of leadership behavior on employee work-family outcomes: a review and research agenda. Hum Resour Manag Rev 27(3):458–472

Liao EY, Lau VP, Hui RT, Kong KH, Kong SH (2018) A resource-based perspective on work–family conflict: meta-analytical findings. J Career Dev Int 24(1):37–73

Powell GN, Greenhaus JH, Allen TD, Johnson RE (2019a) Advancing and expanding work-life theory from multiple perspectives. Acad Manag Rev 44(1):54–71

Powell GN, Greenhaus JH, Allen TD, Johnson RE (2019b) Introduction to special topic forum: advancing and expanding work-life theory from multiple perspectives. Acad Manag Rev 44(1):54–71

Shah D, Barker M (2020) Work-life interface: experiences of Indian IT women repatriates. Int J Hum Resour Manag:1–34

Shockley KM, Douek J, Smith CR, Yu PP, Dumani S, French KA (2017) Cross-cultural work and family research: a review of the literature. J Vocat Behav 101(February):1–20

Sirgy MJ, Lee DJ (2016) Work-life balance: a quality-of-life model. Appl Res Qual Life 11(4):1059–1082

Thakur M, Bansal A, Maini R (2018) Job sharing as a tool for flexible work systems: creating opportunities for housewives in the Indian labor market. Gender Manag 33(5):350–366

The Administrative System General Policies (2010) In the official website of Ayatollah Khamenei. https://farsi.khamenei.ir/news-content?id=16992

The Administrative System General Policies (2016) In the official website of Ayatollah Khamenei. https://farsi.khamenei.ir/news-content?id=16992

Toston S (2014) Work life balance of women leaders in the Church of God in Christ. Doctoral dissertation. ProQuest Dissertations and Theses Global

World Economic Forum (2017) Global gender gap report. http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

World Economic Forum (2018) Global gender gap report. http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

World Economic Forum (2020) Global gender gap report. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
Zhang Y, Xu S, Jin J, Ford MT (2018) The within and cross domain effects of work-family enrichment: a meta-analysis. J Vocat Behav 104:210–227

# Work-Life Balance and Preferences for Government Employment

Michael C. Moltz
Department of Political Science, Shippensburg University of Pennsylvania,
Shippensburg, PA, USA

## Synonyms

Extrinsic motives; Intrinsic motives; Person-environment fit; Person-organization fit; Public service motivation; Work-family conflict

## Definition

The time devoted to private life and work (professional) demands is a factor influencing the decision of individuals to pursue careers in government, alongside intrinsic and extrinsic motives; employment decisions are also influenced by nation-level characteristics.

## Introduction

Of growing concern among public management practitioners and scholars alike is the ability of governments to attract, select, and retain the most qualified professionals for public service. Mounting evidence indicates that government employment is not an attractive option for younger workers, e.g., millennials. Younger workers tend to value job mobility and are increasingly embracing the "gig" economy, in which their careers are like that of a freelancer or independent contractor. Given that government employment is often more traditional, career based, with the same employer, and not likely to offer significant job mobility, younger generations are apt to seek careers in the private and nonprofit sectors to satisfy their career needs. Combine this generational trend with the warnings from the public management community about decreasing morale among the public sector workforce and increasingly negative public perceptions of government, and it is evident why scholars and practitioners are interested in the employment preferences of those who are currently employed *and* desire employment in the public sector. In short, why are those individuals attracted to public sector employment versus private sector employment?

Existing explanations of government employment preferences include: the perceived fit between the employee and his/her employer, work motives, and various demographic characteristics. Emerging research also indicates the role with which work-life balance may play in attracting individuals to government employment. Moreover, it is likely that country-level characteristics may explain preferences for government employment as well. Each of these explanations is considered in more detail below.

## Public Versus Private Sector Employment

Before addressing various explanations of government employment preferences, it is important to consider the differences between public and private sector employment, for if no differences were to exist, then the preferences for one sector over another are effectively moot. Among the myriad differences between employment in the public and private sector are: (1) job security, (2) hiring and promotion practices, (3) wage and benefits, and, in many circumstances, (4) the nature of the jobs to be performed. Generally speaking, job security is observed to be more prevalent within the public sector than the private sector. Public sector employees benefit from the stability of public employment and tend to have more effective tenure protections than private sector employees (Buurman et al. 2012).

Additionally, the hiring and promotion practices within the public sector appear to be more "career based" than those found within the private sector. Public sector employees can often expect a merit-based civil service system, in which hiring and promotion decisions are made with long-term career relationships in mind. Moreover, the wage and benefits associated with government employment often differ from those found in the private sector. Within the US context, the experience among many state and local government employees suggests that while wages may be less than their private sector counterparts, benefits (e.g., health and welfare) may be more generous. (Bender and Haywood 2010). However, public-private wage differentials (the difference be wages for public and private sector employees) in some European nations may be positively skewed toward the advantage for public sector employees (Bender 1998). Finally, the very nature of many government jobs distinguishes them from the private sector. While jobs in a career field such as information technology clearly exist in both the private and public sectors, there are several jobs that are more or less unique to the public sector, e.g., emergency first responders, social workers (with increasing exceptions being made for the nonprofit sector), or foreign diplomats to name just a few (Bender and Haywood 2010). Given these and other differences, scholars and practitioners appear justified in determining the preferences for government employment versus private sector employment.

## Person-Environment Fit

There are several answers to why an individual may prefer government employment over that in the private sector; many of which have received considerable attention from scholars. Most explanations can be viewed within the person-environment fit framework. Person-environment fit posits that the "fit" between an employee and his/her employment environment is driven by the organization's capacity to meet or satisfy his/her motivations and the degree to which the organization's values are congruent with his/her values. In other words, "can the employer meet the needs of the employee" and "do the employer's values reflect those of the employee?" (Kristof 1996). Within the public management literature, the fit between an employee and his/her employer is often examined through the lens of public service motivation. Public service motivation is the theory that those who work for government do so out of a predisposition to respond to motives that are uniquely grounded within the public sector (Perry and Wise 1990).

Public service motivation is often synonymous with a form of intrinsic motivation. Unlike extrinsic motivation, in which someone undertakes an action in response to external pressures (e.g., the employee performs his/her job in exchange for a promised salary from his/her employer), intrinsic motivation can take one of two primary forms: enjoyment-based intrinsic motivation and obligation-based intrinsic motivation. Enjoyment-based intrinsic motivation is that in which the individual performs a task simply because they enjoy doing so, e.g., a personal hobby. Obligation-based intrinsic motivation is that in which the individual performs a task out of a sense of duty to others. Obligation-based intrinsic motivation most closely describes public service motivation (Frey and Osterloh 2002). Numerous studies indicate that individuals who are said to be public service motivated are driven by a sense of obligation to their communities, to pursue a career which advances the public interest, or out of a general sense of altruism.

However, those who prefer employment with the public sector also respond to extrinsic motives. Notable among the extrinsic motives driving public sector employees is job security. Public sector employees are often more risk averse than private sector employees. They value stability in their employment and a reasonable assurance that they will keep their job. The tenure protections of many civil service systems (as well as the labor protections afforded by many public sector unions) equates to greater job security in the public sector than the private sector. Naturally, risk-averse individuals will prefer the employment

sector offering greater job security, i.e., the public sector (Houston 2000).

Yet, whereas public sector employees value job security, they tend to place a lower value on other extrinsic motives, such as high income. Compared to private sector employees, those who currently work and desire to work in government are generally less driven by high income (Wittmer 1991). This is not to say government employees do not value high income, but that they place less value on high income than their private sector counterparts.

## Demographic Characteristics

Not only do work motives help explain public sector employment preferences, several key demographic characteristics are correlated with a preference for public sector employment. First, it is widely observed that women are more attracted to the public sector than men. The progressive nature of many civil service systems, the leading role that government often plays in advancing gender equality, and the family-friendly policies afforded to public sector employees makes government the employer of choice for women more so than men (Blank 1985).

Similarly, age is arguably correlated with preferences for public sector employment. As indicated earlier, younger generations are decreasingly interested in government employment, due to many possible factors, not least of which may be their preference for job mobility. Older individuals appear to prefer government employment (Lewis and Frank 2002). For example, the job security associated with public sector employment may be more important for older individuals than younger workers.

Equally important is the role that education may have in determining public sector employment preferences. The more years of education an individual has attained, the less likely he/she may be to prefer public sector employment. One possible explanation may be the increased marketability associated with higher education levels or the expected higher earning potential of attaining more years of education (Steijn 2008).

## Work-Life Balance

In the same fashion as work motives and demographic characteristics, work-life balance is likely to explain preferences for government employment. There are numerous definitions of work-life balance, but common among most is the - balance of time devoted to private life activities and work (professional) activities. Work-life balance involves a myriad of different considerations beyond just time commitments to private life and work, including work-family conflict, satisfaction with family life, and, in some circumstances, sleeping hours. Corresponding to this is the theme of stress resulting from work and/or family commitments. The overall conclusion of the work-life balance literature implies that the employee is constantly seeking to balance and rebalance his/her family commitments with his/her demands from work (Warhurst et al. 2008).

When work-life balance is examined within the public sector context, it appears that public sector employees enjoy greater work-life balance than private sector employees. With limited research to date, preliminary conclusions suggest public employees experience less work-family conflict, are able to devote more time to private-life activities, and even experience greater satisfaction with their family lives. Moreover, public sector employees report fewer working hours than their private sector counterparts, perhaps partly contributing to the greater balance between work-family commitments found among public sector employees (Buelens and Van den Broeck 2007).

Other recent findings indicate those who prefer government employment are less likely to value spending time in private life activities, such as with friends or in leisure activities. While this may seem contradictory to the overall implication that public employees value and enjoy greater work-life balance than their private sector counterparts, the findings may speak more to the self-sacrifice dimension often attributed to public sector employment (as mentioned within the public service motivation research stream) (Moltz 2019). Overall, the conclusion drawn

about work-life balance and public sector employment indicates that the public sector likely affords employees greater balance between work and family commitments, resulting from such factors as fewer working hours and more family-friendly policies.

## Country-Level Considerations

The above explanations of public sector employment preferences address individual-level characteristics, that is to say, these are factors associated with the individual employees themselves. However, there is growing interest within the public administration scholarly community about cross-national analysis or comparative public administration, and the role in which country-level attributes may explain important trends in the practice of public management.

There is an attempt by scholars to explain the differences in public sector employment preferences across countries. The general conclusion is that some country-level characteristics may indeed explain public sector employment preferences. First, scholars distinguish between two types of internal labor market conditions: position-based and career-based labor markets. Position-based labor markets are those in which an organization's external recruitment of candidates is very common, among most career levels within the organization. For example, external applicants are given equal consideration with internal applicants for a management position. Conversely, career-based labor markets are characterized by a long-term career relationship, in which career decisions are largely decided by the organization and entry into the organization is mostly limited to entry-level positions, i.e., the candidate enters the organization early in his/her career and remains with the organization for the duration. Within the career-based system, there is little opportunity for outside applicants to compete for jobs beyond entry-level positions. Career-based systems are also characterized by greater job security for existing employees (Van de Walle et al. 2015).

Comparative analysis indicates public sector employment is more attractive in nations with career-based systems as opposed to nations with position-based labor market. This finding corresponds with the existing narrative suggesting that public sector employees value job security and its associated benefits more so than private sector employees. Additionally, external labor market conditions also help explain public sector employment preferences. External labor markets can be measured in terms of Gross Domestic Product (GDP), unemployment rates, and inflation, to name a few indicators. Limited, but growing, evidence suggests external labor market conditions may help explain public sector employment preferences across countries, in particular GDP and unemployment rates. However, the scholarly results are too disparate to draw any solid generalizable conclusions regarding the significance and direction of these relationships from one country to the next.

## Conclusion

Why would an individual choose to work in the public sector versus the private sector? The answer is a complicated mixture of personal characteristics and country-level factors. Those who are attracted to government employment appear to respond to a combination of intrinsic and extrinsic motives. They are driven by a desire for job security and the associated benefits that are afforded by such labor market protections. At the same time, they want to work for an organization in which they can satisfy their public-service-related motives. They have a desire to serve the public interest and respond to a general sense of altruism. To further complicate the hiring process for public managers is the general conclusion that public employees are less apt to respond to higher pay than their private sector counterparts.

Furthermore, there is growing evidence to suggest that work-life balance plays a significant role in the preference for public sector employment among current and potential public servants. Public sector careers are characterized as having greater balance between work and family

commitments. At the same time, those who desire greater work-life balance are less likely to prefer employment with the public sector. This latter finding suggests the self-sacrifice dimension of public service may outweigh the desire for work-life balance among prospective public servants.

Moreover, employment preferences are driven by a need and desire on behalf of the employee to "fit" with his/her employment environment. The employee seeks both a job and an organization, which are congruent with his/her values and motives. Public management reforms touting higher pay and more competitive hiring practices are not likely to result in attracting those employees who fit best with public service, given the complicated mixture of intrinsic and extrinsic motives driving many public sector employees.

Additionally, increasing evidence suggests that country-level characteristics influence employment decisions and help explain differences in employment preferences across countries. It is likely that a country's civil service system explains attraction to public sector employment. Government is likely to be the employer of choice in countries with career-based civil service systems. It may also be likely that national economic conditions provide additional explanations for employment sector preferences.

In order to attract, select, and retain the most qualified professionals for public service, public managers need to identify and satisfy the needs of those individuals attracted to public employment. At the same time, public managers should remain cognizant of societal trends and country-level attributes and the effect these may have on human resource practices.

## Cross-References


- ▶ Motivation-Based Theories of Organization
- ▶ Public Employees and Motivation
- ▶ Public Service Motivation
- ▶ Value Congruence
- ▶ Women and Work-Life Balance in Federal Law Enforcement
- ▶ Work-Life Programs


## References


Bender KA (1998) The central government-private sector wage differential. J Econ Surv 12(2):177–220. https://doi.org/10.1111/1467-6419.00052

Bender KA, Haywood (2010) Out of balance? Comparing public and private sector compensation over 20 years. Center for State and Local Government Excellence. Retrieved from https://slge.org/publications/out-of-balance-comparing-public-and-private-sector-compensation-over-20-years

Blank RM (1985) An analysis of workers' choice between employment in the public and private sectors. Ind Labor Relat Rev 38(2):211–224. https://doi.org/10.2307/2523830

Buelens M, Van den Broeck H (2007) An analysis of differences in work motivation between public and private sector organizations. Public Adm Rev 67(1):65–74

Buurman M, Delfgaauw J, Dur R, Van den Bossche S (2012) Public sector employees: risk averse and altruistic? J Econ Behav Organ 83(3):279–291. https://doi.org/10.1016/j.jebo.2012.06.003

Frey BS, Osterloh M (2002) Successful management by motivation: balancing intrinsic and extrinsic incentives. Springer Science & Business Media, Berlin

Houston DJ (2000) Public-service motivation: a multivariate test. J Public Adm Res Theory 10(4):713–728

Kristof AL (1996) Person-organization fit: an integrative review of its conceptualizations, measurement, and implications. Pers Psychol 49(1):1–49. https://doi.org/10.1111/j.1744-6570.1996.tb01790.x

Lewis GB, Frank SA (2002) Who wants to work for the government? Public Adm Rev 62(4):395–404. https://doi.org/10.1111/0033-3352.00193

Moltz MC (2019) Work-life balance and national context in attraction to public employment. Int J Public Adm 42(4):1–11. https://doi.org/10.1080/01900692.2018.1463247

Perry JL, Wise LR (1990) The motivational bases of public service. Public Adm Rev 50(3):367–373. https://doi.org/10.2307/976618

Steijn B (2008) Person-environment fit and public service motivation. Int Public Manag J 11(1):13–27. https://doi.org/10.1080/10967490801887863

Van de Walle S, Steijn B, Jilke S (2015) Extrinsic motivation, PSM and labour market characteristics: a multilevel model of public sector employment preference in 26 countries. Int Rev Adm Sci 81(4):833–855. https://doi.org/10.1177/0020852314563899

Warhurst C, Eikhof DR, Haunschild A (2008) Work less, live more?: a critical analysis of the work-life boundary. Palgrave Macmillan, London

Wittmer D (1991) Serving the people or serving for pay: reward preferences among government, hybrid sector, and business managers. Public Productivity Manag Rev 14(4):369–383. https://doi.org/10.2307/3380953

# Work-Life Communication in Nonprofit Organizations

Erika L. Kirby
Creighton University, Omaha, NE, USA

## Synonyms

Work-life balance

## Definition

**Work-Life Communication**: Creating shared meaning(s) about working life and personal life – as well as programs and policies to create "work-life balance" – in the workspace, homespace, and beyond.

A 2021 Google scholar search of "'work-life communication' and 'nonprofit'" yielded only 23 results. Yet multiple scholarly and popular press sources *allude* to ways that communicating about working and personal life may be different in nonprofit organizations (See Kirby 2015; Kirby and Buzzanell 2014; Kirby and Krone 2002, Kirby et al. 2013). Work-life discourses exist at the macrosocietal, organizational, relational, and intraindividual levels and are studied by scholars across multiple disciplines. These levels are used as an organizing framework, highlighting areas where the nonprofit context might have special influence. Many of these examples emerge from the United States context, where the access to governmental support for work-life balance is minimal; in nation-states with a more communal orientation and different governmental policies related to leave, etc., these outcomes may play out differently.

## Macrosocietal Discourses

Macrosocietal discourses about working and personal life emerge from economic systems, political landscapes, gender ideologies, cultural values and attitudes, history, and governmental support and legislation to influence enablements and constraints surrounding work-life balance. As one example, capitalism contributes to these discourses: my daughter was told if she was going to work in the nonprofit sector to "marry rich or you'll have to change your standards of living."

Political landscapes also shape the possibilities for work-life: globally, parental leave policies can be generous like in Finland, where starting in 2021, both parents are entitled to parental leave of 164 days each, and 26 of these weeks are paid out at 70 % of the employee's salary. In contrast, the USA is the only country classified by the World Bank as high income that does not have paid maternity leave; the only standardized work-life policy is the Family Medical Leave Act (FMLA) of 1993 which guarantees leave for "eligible" employees but not all US employees as it is based on size of the organization (50 employees within a 75-mile radius), length of time with employer (at least 12 months), and hours worked in the past year (at least 1250).

Another macrosocietal discourse impacting work-life communication emerges from gendered norms and ideologies that reify expectations of men in public life (the occupational sphere) as breadwinners and women in private life (the family-domestic sphere) as caregivers. Although social norms are evolving, COVID-19 illustrated women are still primarily responsible for domestic labor and childcare, as well as and low-paid care for others in need, based on motherhood norms. Gendered discourses socialize women (and men) into "appropriate" forms of careers, and women are often socialized into "caring" nonprofit work: the nonprofit sector has a large percentage of female workers (Park and Word 2012).

Thinking about Western cultural values and attitudes, one trajectory of work-life communication scholarship examines how "ideal workers" are reproduced through norms rewarding long hours and always saying "yes" to additional work responsibilities. These norms become even more precarious when coupled with the notion that nonprofit work is "inherently meaningful" and that people are "called" to work for social causes. Discourses in popular culture about choosing nonprofit work often celebrate a

"troubling account" of work-life balance (see Dempsey and Sanders 2010). Their analysis of autobiographies of nonprofit founders illustrates how portrayals of meaningful work hinge upon extreme self-sacrifice: their devotion to their work (including spending endless hours at work) comes at the expense of their physical and emotional well-being and their family life. The utilization of "calling" as a grounding discourse can help naturalize and justify a reliance on unpaid volunteer labor and the payment of survival wages within the nonprofit sector.

Employees in the nonprofit sector are often attracted to the job through their identification with an organization's social and humane mission (see Wang 2021). Indeed, Commongood Careers found that 84 % of nonprofit jobseekers saw work as part of their identities, not just a way to make a living. Many nonprofit theorists posit that prosocial behaviors and wanting to work "for the common good" in respected organizations play a role in motivation of nonprofit employees – who are less motivated by extrinsic rewards – which has been used to explain long-standing pay gaps that persist in the sector (see Park and Word 2012). Research cited in Wang (2021) shows that nonprofit employees tend to be overworked yet underpaid and that the nonprofit sector had a high turnover rate and lower employee satisfaction than other sectors – perhaps because of this expectation of overwork for a cause.

## Organizational Discourses

Work-life communication exists at the organizational level in considering how organizational policies and culture suggest that employees – or in the case of nonprofits, also volunteers – should enact their working and personal lives. Thinking about organizational work-life *culture*, individuals considering entering the nonprofit world are encouraged during anticipatory socialization to seek out work that is personally meaningful which prioritizes the importance of work and creates perceptions that sacrifice is worthwhile as a part of the job (Riforgiate and Kramer 2021). When available, organizational work-life *policies* typically include (a) wellness programs, (b) leave policies (that may be more generous than governmental policies), (c) flexible or alternative work arrangements, and/or (d) "family friendly" benefits to assist with caregiving responsibilities and adoption assistance. Organizations can also offer training programs and workshops to help employees with stress and other workplace and work-life issues (Riforgiate and Kramer 2021). Yet since organizations offer work-life benefits on a voluntary basis unless mandated by governments, access and availability is uneven.

Work-life communication scholars have also noted the difference between policies being available and policies being usable, as work-life benefits are sometimes "added on" rather treated as mainstream, usable policies. Policies are interpreted and implemented by supervisors, and policy use is influenced by coworkers and the "culture" related to work-life. Facets of work-life culture include: organizational time demands, perceived career consequences for using work-life initiatives, formal and informal managerial support regarding work-life, the degree of social support, whether the work climate allows for sharing "personal" concerns, whether the work climate encourages employees to make personal-life related sacrifices to support work, the degree to which workplace norms support the integration or segmentation of work and personal life, and the degree to which an organization values roles outside of paid work.

Nonprofit managers are much more motivated by benefits to help them achieve work-life balance (Park and Word 2012). The limited salary budgets of nonprofits may "force" them to more widely adopt work-life initiatives to attract and retain talented workers. And at the organizational level, nonprofit organizations have an additional "layer" of complexity of work-life concerns as they not only employ staff, but often also rely on volunteers for organizational success (see intraindividual section).

## Relational Discourses

Talking with partners, family members, and friends about work and career – and talking with

coworkers and supervisors about personal life – impacts both the working and personal life domains, leading to greater work satisfaction, higher work functioning, higher satisfaction with home and family activities, and more functional families. In nonprofits, where the nature of the work can lead to conditions to higher stress and burnout, the relational level takes on additional significance as support and guidance from others in the nonprofit emphasizing self-care can especially help newer employees acclimate (Riforgiate and Kramer 2021).

In the workplace, supportive relationships are critical social resources: when supervisors or coworkers are not supportive of an individual's efforts at work-life balance, work-life conflict is increased. Supervisors influence how well their employees are able to balance work and life roles (and whether they can utilize policy), and supervisory-employee relationships also operate within the influences of macrodiscourses of ideal worker norms and gendered expectations. Workers with "life" supportive supervisors have greater use of flexible hours and family leave, enhanced job performance, increased job satisfaction, decreased work-life conflict, and increased career and overall life satisfaction.

Coworker relationships can also be a source of social support in negotiating working and personal life – talking with coworkers about family and personal life leads to greater work satisfaction and higher work functioning as well as higher satisfaction with family activities. Coworkers can provide emotional support to peers seeking affirmation and assurance through listening, empathizing, and giving advice; they can also provide instrumental support by covering for a coworker who leaves early due to family issues. Research shows coworkers' emotional support impacts overall emotional exhaustion, as "venting" among peers is seen as a catharsis. This is especially the case in nonprofit work, where client confidentiality, etc., may make it impossible to discuss stressful matters outside of the bubble of coworkers. Yet even as coworkers can positively impact work-life, they can also pressure peers *not* to take advantage of available policies by communicating negatively about those who used benefits.

In the "lifespace," family and friends outside of work provide individuals with coping resources, and their social support can have positive effects on a range of physical and psychological outcomes. Family climate – the extent to which the family unit is sympathetic to members' work-life balance choices and needs – decreases work-life conflict. Partner support influences stress prevention and overall well-being – it impacts marital quality, relationship satisfaction, and family satisfaction, and a key finding is that partner social support is more effective in *preventing* work-life conflict than alleviating it once it occurs (see Friedman and Greenhaus 2000). Thinking about how the nonprofit context might mitigate any of these relational situations, the notion of "calling" again emerges as a discursive resource in nonprofit work. For example, supervisors and coworkers might pressure an employee to reduce their requested family leave because "we need you here to do the good work" . . . and that same employee may in turn use that discourse with their family as to why they are indeed reducing their family leave.

## Intraindividual Discourses

Issues of work-life exist at the intraindividual level in terms of whether individuals feel "balanced"; this level may be particularly important in nonprofits given that the work can often be more stressful and prone to burnout. Work-life communication research has examined how individuals strive for balance on an ongoing basis by constructing "boundaries" (or not) between their working and personal lives, which may also include the role of volunteer in third spaces. Popular discourse surrounding nonprofits and work-life balance often implies how nonprofit employees have very blurry lines between their personal lives and work. Individuals create diverse boundaries – that can be physical, psychological, or emotional – between work and personal life that vary along a continuum from segmented to integrated. Segmentation occurs

when individuals erect mental boundaries around their identities or realms of experience to "bound" the context; integration occurs when individuals do not differentiate between roles, but behave similarly regardless of work or personal life context (see Cruz and Meisenbach 2018).

This in turn impacts "boundary work" – the ongoing process through which individuals create, manage, transform, and transcend boundaries between work and life (see Trefalt 2013). Communication scholars have called attention to the fundamentally discursive nature of boundary construction. Recent work related to "boundaries" and nonprofits examines how individuals who volunteer communicatively manage their role interfaces (Cruz and Meisenbach 2018). They found the most common frame and means of managing the volunteer role was to segment and view it as separate from working and personal life roles. While they also saw participant discourse describing integration, looking at volunteer as a role separate from working or personal life gave glimpses of what they called "boundary collapsing" where the individual removes the boundaries between roles both physically and in their talk, enacting both roles at once. This may lead to "role fusion collapsing" where individuals use more than one role to pursue their social justice values – they could advocate in both the volunteer role and work organization.

Another strand of this research related to how individuals strive for balance on an ongoing basis looks at routines and practical actions. Individuals utilize multiple strategies to try to achieve work-life balance (see Higgins et al. 2010). *Active* coping techniques cognitively reduce sources of work-life conflict through prioritizing, scheduling, organizing, planning, and delegating commitments. Individuals who utilize *avoidance* coping techniques try to forget about the stress or conflict by finding another activity to take their mind off stressors. *Reactive* coping techniques focus on alleviating the symptoms of stress rather than the source of stress itself, often through using drugs or alcohol. A final strategy is to seek *social support* by talking to or seeking help from colleagues, family, and (or) friends (see relational section). Most popular press sources of discourse about work-life and nonprofits land at this level, prescribing how individuals in nonprofit jobs should work to "balance" working and personal life to avoid the burnout that can be typical in nonprofit work, such as keeping time logs, setting boundaries, learning to say no, etc.

Finally, since nonprofit employees see their identity as entwined with work, scholars have studied how this operates. Self-identities regarding paid work emerge out of the interplay of identity work, which are individuals' efforts to portray a positive and distinctive identity, and identity regulation, the ways that organizational and social practices shape the process of identity construction (Wieland 2010). Identity construction as a normative activity through which socially acceptable ideals of who one should be as an "ideal nonprofit worker" are woven into an individual's understanding of who they are (see Macro-societal section).

## Conclusion

Employees in nonprofits receive multiple messages concerning work-life balance that may be contradictory. Even if other organizational members encourage them to maintain work-life balance to take care of themselves, the structure, nature, and communication of "the work" can create obstacles to maintaining work-life balance for those serving clients (Riforgiate and Kramer 2021). Macrosocietal discourses of "calling" and mission in nonprofits may create expectations of overwork for a cause. Consequently, at the organizational level, employees in nonprofits are much more motivated by benefits to help achieve work-life balance. The increased potential for burnout in nonprofits intensifies the importance of relational discourses. At the intraindividual level, setting boundaries has increased significance, especially for those in volunteer roles, and the notion that nonprofit employees see their identities as entwined with work "circles back" to the macro-level discourse of calling. As illustrated, work-life communication across levels has unique implications when applying the context of nonprofit organizing and its implicit ties to the common good.

## Cross-References

- ▶ Accountability and Ethics in Nonprofit Organizations
- ▶ Benefits and Wages in Nonprofit Organizations
- ▶ Burnout in Nonprofit Organizations
- ▶ Differences Between Nonprofit Agencies and Membership Associations
- ▶ Emotional Labor
- ▶ Emotional Management
- ▶ Job Satisfaction and Motivation in Nonprofit Organizations
- ▶ Nonprofit Organizations
- ▶ Public Organizations and Nonprofit Organizations
- ▶ Public Service Motivation and Nonprofit Organizations
- ▶ Staff and Volunteers
- ▶ Volunteers and Volunteer Management

## References

Cruz D, Meisenbach R (2018) Expanding role boundary management theory: how volunteering highlights contextually shifting strategies and collapsing work–life role boundaries. Hum Relat 71(2):182–205. https://doi.org/10.1177/0018726717718917

Dempsey SE, Sanders ML (2010) Meaningful work? Nonprofit marketization and work/life imbalance in popular autobiographies of social entrepreneurship. Organization 17(4):437–459. https://doi.org/10.1177/1350508410364198

Friedman DE, Greenhaus JH (2000) Work and family – allies or enemies? Oxford University Press, New York

Higgins C, Duxbury L, Lyons S (2010) Reducing work-life conflict: what works? What doesn't? Health Canada, Ottawa

Kirby EL (2015) Work-life balance within close relationships. In: Berger C, Roloff M (eds) International encyclopedia of interpersonal communication

Kirby EL, Buzzanell PM (2014) Communicating work-life. In: Mumby D, Putnam L (eds) Handbook of organizational communication, 3rd edn. Sage, Thousand Oaks, pp 351–373

Kirby EL, Krone KJ (2002) "The policy exists but you can't really use it": communication and the structuration of work–family policies. J Appl Commun Res 30: 50–77. https://doi.org/10.1080/00909880216577

Kirby EL, Wieland SMB, McBride MC (2013) Work–life conflict. In: Oetzel JG, Ting-Toomey S (eds) The Sage handbook of conflict communication: integrating theory, research, and practice, 2nd edn. Sage, Thousand Oaks, pp 377–402

Park SM, Word J (2012) Driven to service: intrinsic and extrinsic motivation for public and nonprofit managers. Public Pers Manage 41(4):705–734. https://doi.org/10.1177/009102601204100407

Riforgiate SE, Kramer MW (2021) The nonprofit assimilation process and work-life balance. Sustainability 13: 5993. https://doi.org/10.3390/su13115993

Trefalt S (2013) Between you and me: setting work-nonwork boundaries. Acad Manag J 56(6): 1802–1829. https://doi.org/10.5465/amj.2011.0298

Wang R (2021) Organizational commitment in the nonprofit sector and the underlying impact of stakeholders and organizational support. Volunt Int J Volunt Nonprofit Org. https://doi.org/10.1007/s11266-021-00336-8

Wieland SMB (2010) Ideal selves as resources for the situated practice of identity. Manag Commun Q 24: 503–528. https://doi.org/10.1177/0893318910374938

# Work-Life Programs

Charlene M. L. Roach
Department of Political Science, Faculty of Social Sciences, The University of the West Indies, St. Augustine Campus, St. Augustine, Trinidad and Tobago

## Synonyms

Family friendly programs; Reconciling employment with family life; Work and family benefits; Work-life balance; Work-life benefits; Work-life compatible benefits

## Brief Definition or Concept Description of Work-Life Programs

Work-life programs is a concept that has evolved to include the challenges men and women encounter in harmonizing paid work with other components of their lives. The term work-life programs is linked with more humane approaches in contemporary societies to engage all categories of employees as a result of the challenges they experience to synchronize paid work activities and those that fall outside of paid work (Berg et al. 2014).

## Introduction

This chapter focuses on the range of work-life programs that are designed to address the multifaceted needs of employees to balance their work and personal lives. It highlights the significance of these programs in light of the historical changes in the landscape of work. It examines their impacts on many levels and discusses some strategies for successful implementation. There are lessons to learn as organizations and employers forge ahead into the future.

## Looking Back and Surveying the Past

Twenty-first century employees' profiles project shifts and diversions of traditional employees of earlier centuries. These include a wide range of conditions from friendly, family-oriented worksites to hostile, brutal masters ruling over slaves, serfs, and indentured servants.

Even more so, work-life programs were inconceivable for the period of industrialization. Factories were the work environment where efficiency and increased output preoccupied the workers' task masters. Metaphorically, employees were treated like machines and cogs in a wheel. Therefore, humanizing the work environment with programs such as family-oriented, flexible work schedules and other benefits to help alleviate the drudgery of the intensive factories were ludicrous.

Work-life programs are creatures of our contemporary era. More employers are realizing that work-life programs need to be created to address the complex needs of their workforce. By so doing, employees will be able to pursue their personal lives with critical and legitimate concerns, while at the same time contributing to their professional and work lives which are demanding.

Work-life programs or work-life balance is a more fitting description of a term that has evolved to be inclusive of the challenges men and women encounter in harmonizing paid work with other components of their lives. Initially, terms such as family friendly or work family benefits were used, but these were narrow and excluded individuals in the workforce such as those who are single, childless, have no care-giving roles/responsibilities, and/or performed unpaid work in many informal settings (Chandra 2012; Gambles et al. 2006).

Although work life or work-life balance programs are broader and inclusive, there is still debate how this phenomenon should be conceptualized. Some scholars perceive it as an oxymoron. According to them, work-life balance or work-life programs seem to infer that work is not part of life. Balance also implies a compromise yet work and life are equally important and are not diametrically opposed. According to these authors it may be misleading since it overlooks the differences between paid and unpaid work, and both are important and serve valuable roles.

Therefore, these contemporary terms signal fundamental shifts to earlier terminologies and applications which were limited, narrow, and misleading. A change to newer terminologies came as a result of conscientious attempts to provide a richer description of what this phenomenon measures. It captures not just the issues married men and women experience but those who may be single, childless, and having other caring responsibilities or roles or no caring roles or commitments. Therefore, the term work-life programs or work-life benefits or balance is associated with more humane approaches in contemporary societies to engage all categories of employees as a result of the challenges they experience to synchronize paid work activities and those that fall outside of paid work (Berg et al. 2014).

### Significance and Benefits of Work-Life Programs

This topic is significant as it brings to the fore critical needs of contemporary workers, organizations, and societies. There seems in today's world for people to have such "busyness" and perceptions of inadequate time for leisure, rest, personal relationships, and other personal pursuits. So many employees experience burn out, stress, and fatigue due to overwork and intensely pressured workloads on their jobs. Their activities, demands, pressures, commitments, roles, and whatever else comes with being on the job are part of their lives, and combining other parts of

their lives' activities with work are major challenges of our modern day experiences.

Initially, organizations saw work-life programs as a critical response to more females in the workforce which helped to boost employee satisfaction (Carell 2007). Statistics from the Bureau of Labor Statistics indicated that women and, more so, mothers showed an overall increase since the early 2000s, with three quarters of them being among those listed to include more women who are married with children than singles with the same (U.S. Bureau of Labor Statistics 2002).

Later, these programs became more relevant to the growing need for cafeteria style benefits for a multigenerational workforce. The younger generation is more interested in family and lifestyle issues. One study reinforced this variation by generations, highlighting 50% of Generation Y and 52% of Generation X versus 41% of Baby Boomers had this interest. Hence, this shows a deviation from previous generations and periods of times (Family and Work Institute 2005).

Diversity in the workforce also reflects these variations in preferences about work and life interests. These are then translated to reflect employees' concerns about their benefits. Hence, public organizations should aim to attract prospective employees who would be retained, and in order to do this, they must offer a variety of benefits to accommodate for their changing needs and other pursuits in their lives.

Subsequently, work-life programs have the capacity to provide benefits to employees, employers, societies, and communities. Essentially, these programs seek to provide, as discussed already, balance between employees' professional and personal activities by managing the changing stressors they face on both sides. Empirical research has indicated that a positive correlation exists between work-life programs and job satisfaction, and programs can be used as predictors for job satisfaction (Giancola 2013).

Additional benefits on macro and micro levels relate to employers observing positive organizational impacts as there is greater productivity, and employees also demonstrate on individual and group levels positive behavioral changes. In short, employees are able to perceive through these programs that organizations support their need for balance in their personal and professional lives, thereby reducing stressors from these challenges. Research also supports positive effects on employee retention and motivation. These can be counted as organizational benefits, hence a symbiotic effect for organizations and employees. They reflect other positive behaviors as greater commitment and loyalty to their organizations.

Managers also gain as they become more caring, compassionate, and empathetic to their employees' needs. On the flip side, employees go above and beyond their prescribed behaviors in terms of performing their duties and responsibilities. They also avoid or minimize proscribed behaviors such as absenteeism and tardiness. Managers in turn also impact their own personal lives at home: they become more effective leaders; develop a repertoire of skills and competencies for work; and overall improvements in their attitudes, demeanors, and performance.

## Analysis of Work-Life Benefits Programs

One cannot deny the numerous benefits that can be gleaned from work-life programs across the board and from multiple levels of analysis. This section attempts to examine and analyze the dimensions of work-life programs that exist. They are not exhaustive but attempt to identify the major ones discussed in the literature. They include as follows: flexible work schedules or work-life flexibility practices, dependent care programs, wellness programs, employee assistance programs, domestic partner programs, career development programs, and any other programs that may not fall under those listed earlier.

**Flexible working schedules or work-life flexibility practices** are not recent innovations and share a history where organizations have used them for particular occupations (e.g., police officers and firefighters), careers, and persons. They can be described as policies and practices that are designed to facilitate adjustments to employees' preferences to change their work schedules or arrangements whenever, wherever, and however needed in order to balance their paid work and

nonwork commitments. There are many reasons for their flexibility from personal prerogatives, cost efficiency concerns, environmental, traffic, and others.

Contemporary organizations have expanded the use of flexible work-life practices due to the increase of more women in the workforce, dual-career couples, and individuals with care giving roles and single parent families. Other flexibility needs arise as a result of industry needs such as for professionals (e.g., managers, technical, and sales). There are individuals who have personal flexibility needs, pursuits, or responsibilities. Examples are those engaged in volunteerism, charity work, seasonal employment, and personal or family concerns. For the latter, flexibility concerns may arise unexpectedly such as a terminal illness of a significant other or a short-term issue as a personal emergency or crisis.

Characteristics of flexibility work practices allow employees scope for selection and management of their schedules. Employees are able to select their start and end times for work, day-to-day flexibility schedules, compressed workweeks or schedules, and or part-time (e.g., job sharing) or shorter/reduced time schedules. Job sharing occurs frequently with part time work and entails two or more individuals who are sharing one position, with different schedules, hours, and times in order to complete a work period and days scheduled. Seasonal workers such as those employed in agriculture, landscaping, life guards, and the like are employed for a short season or period of time as work is needed for these jobs at specific times. Telework is also a flexible work practice where employees work from home or another location outside of their workplace. Telework assists employees to meet their personal needs by reducing times spent traveling to and from work; allows for convenience and flexibility in their schedules. Employers also gain as employees tend to be more motivated, empowered, and productive, thereby enhancing organizational goals and objectives while exercising boundary management techniques. Some studies report at least 10% to as much as 30% productivity increases. Therefore, for varied reasons flexibility work practices are very attractive to employers and employees alike since each of their needs may be fulfilled. At the organizational level the literature details the benefits that adoption of work flexibility programs provide for organizations and impacts on their determinants such as economic efficiencies and effectiveness (Cayer and Roach 2008). However, there are challenges within flexible work schedules and these will be covered under Challenges to Adoption, Access, and Usage.

**Dependent Care Programs** are categories of work-life programs that cater for employees who have children and or elderly care responsibilities and desire to maintain balance to their roles at work and in their personal lives. An absence of this kind of support can create negative impacts on employees in terms of their outputs, efforts, motivation, ability to focus at work, and overall increased stress due to these perennial parental and childcare responsibilities outside of work. Employers can also be badly affected by employees' absences, sick leave, distractions from work, attrition rates, stress, fatigue, and other related conditions or behaviors.

Therefore, with the adoption of dependent care in many organizations, existing employers may get more from their employees as they perceive such programs positively, as proactive strategies to recruit and retain talented employees. As seen with flexible work practices, both parties benefit and also persons in the employees' immediate households. In fact, a federal government survey forecasted that 54% of employees had dependent care needs and that about 19% would expect this need to be fulfilled in the near future (U.S. Government Accountability Office 2007). An emerging issue to consider is HIV/AIDS. In some countries where the rates of those infected are growing (e.g., South Africa) dependent care programs should address employees' needs who give care to significant others and those who are infected with the disease.

These dependent care programs can take the form of low cost or no cost and direct costs to the employers. One study in 2002 alleged that approximately one third to a half of employers offered the no costs or low cost programs, with 45% of the same actually providing them.

Employees may also gain in receiving tax exemptions as much as $5000 for childcare expenses. Fewer provided (7%) direct cost childcare within the workplace or nearby. In the same study, one third of the employers provided resources and referrals for childcare. Similarly, those who had teens in the same study, only 7% of employers with 50 or more employees, provided such programs to them. When it came to elder care, the same study reported more supervisors (79%) as representatives of employers had offered employees time off with no adverse effects on salaries (Bond et al. 2005).

Additionally, employers made resources available or referrals for eldercare. Examples include adding a family member to the healthcare insurance plan and geriatric care and management in coordinating these services. Others provided group rates for long-term insurance care insurance coverage and day care for the elderly. Conversely, countries in Europe are way ahead of the USA in terms of their practices. They tend to have more proactive approaches such as educational and sensitivity programs to enlighten persons of the diverse options available to them – wellness, promotion of best practices, and care facilities. A good example is Sweden where the government promotes educational awareness of the impact of fathers in childrearing and their benefits. Similarly, they are very supportive of parents taking more active roles in their children's lives. Leave is given to parents with sick children between 12 and 16 years. Men and women also enjoy 120 benefit days per year and 7 days for a child annually. Overall, these programs help to support strong family units although they can be expensive in the long run. Hence, in the USA it is not uncommon to see states create consortia to provide child and elder care and set up fee systems where services can be accessed at a nominal fee. These are ways to enable costs to be managed effectively. Bureaucracies and organizations take more advantage of consortia such as Internal Revenue Services and IBM and Citigroup (Todd 2004).

**Wellness Programs** strive to project well-balanced and healthy lifestyles for all employees. One possible rationale is that a healthy employee will be a productive employee. There will be compelling benefits for organizations in terms of less claims on health care or medicals; preventative strategies in terms of an increase in attendance and regularity; and a decrease in absenteeism, sick leave, and other leave that may have medical implications such as stress, fatigue, or depression.

Additionally, empirical studies reinforce other positive outcomes like high returns on their employees' investments. An example cited is Citibank which claimed about nine million savings in healthcare benefits by instituting a wellness program which was estimated to cost approximately two million (Ozminkowsi et al. 1999). It is also preventative. Programs institute exercise and on-site and off-site gym activities, nutritionist programs, consultations, and informational sessions. Many US universities such as Arizona State University have created student recreational centers, Olympic size swimming pools, weight training rooms, indoor basketball and track for jogging, tennis courts, massage therapy, yoga, pilates, and meditational approaches and other elaborate wellness programs, activities, and classes for students, faculty, and administrative and support staff (Arizona State University 2016).

The philosophy behind wellness programs is to cater for the entire person's wellbeing – i.e., body, mind, and soul – which is holistic in order to cultivate a healthy lifestyle. They orient preventative stress management programs that incorporate a tier system of prevention. Primary prevention identifies the stressors or health risk factors. Secondary prevention is geared towards directing strategies to manage them effectively. Tertiary prevention is where efforts are focused on healing persons from the effects of distress and strain. Some organizations make it like a cafeteria style where persons can select accordingly based on their physical and health needs. Other places like in Florida, Sarasota, employees' fitness targets are built around leave incentive programs where they can earn as much as six leave days per annum.

Wellness programs also include health screenings, medical testing, and other forms of preventative strategies. In fact, studies have shown that 25% of healthcare sunk costs are directly related

to at least 10 risk health factors that can be managed or minimized via wellness programs, such as hypertension, diabetes, and smoking and its ill impacts and obesity (Cayer and Roach 2008).

**Employee Assistance Programs (EAPs)** just as the title suggests provide assistance to employees with personal issues when they conflict with their work roles and demands. The content of EAPs may appear eclectic since they reflect difficulties that employees encounter in balancing their lives and work. Some major ones from the literature are drug abuse management approaches, testing; counseling for areas of family, spousal and children issues; and managing personal relationships. They provide financial and legal advice. Terrorism being a contemporary problem in our societies, EAPs are prepared to treat employees who experience traumatic situations such as 9/11 terrorist attacks, violence in the workplace and harassment, and a whole range of other coping and interventionist strategies and activities that a twenty-first century employee would need to survive in their workforces and societies. A corollary to wellness programs, EAPs can address stress management and prevention. By so doing, these help to mitigate health threats and manage risky behaviors that may be harmful to employees to the extent of causing them physical, emotional, and psychological damage or injury.

**Domestic Partner Programs** are now being incorporated into work-life balance programs. They create debate and intrigue especially since they represent a contemporary issue in the work place of sexual orientation. The idea behind these programs is to allow for inclusiveness of groups that may not have been defined traditionally such as gays, lesbians, and transgender groups. They aim to provide similar or comparable benefits to heterosexual monogamous relationships between a man and a woman with these latter orientations. The rationale is to provide equity to those parties who would not be eligible for these benefits under previous Human Resource Management policies.

State laws and organizations including private and public are divided over this issue of domestic partner benefits. There is a lack of consensus on the precise description or definition of a domestic partner. One thing remains salient is that in contemporary settings there is an increasing development of couples (same sex and opposite sex) who are choosing to cohabitate versus marry. Other trends today are same sex marriages, alternative family structures versus the nuclear or extended families of earlier centuries. These shifts and diversions make these programs relevant in order to meet the needs of a changing society.

Statistics across states highlight the growing pattern for coverage although it is still not in a majority. According to the Human Rights Campaign Fund, in 2007, about 9375 employers of which 8657 were from the private sector, provided domestic partner health benefits. This is noteworthy since among benefits health is the most common for all employees (2007). Yet, the federal government does not offer such benefits.

Similarly, 145 city and county governments, 13 states, and 303 universities and colleges provided such benefits to their employees. Parallel to this among cities in California, government contractors are mandated to provide similar benefits afforded to heterosexual married couples to homosexual couples. Cost is a major concern; studies have shown costs do not increase substantially with this added benefit (less than 1% between 0% and 5%). Just as other work-life programs help in contemporary settings, the existence of these program and the benefits that employees can gain from them such as satisfaction at work and equity demonstrates an effort to address issues of marginalization of groups who contribute to the national economy (Cayer and Roach 2008).

**Career Development Programs** can be seen as an extension of activities of training and development and performance management which are critical human resource management functions. Everyone gains especially when activities are effectively streamlined to match the strategic plans of organizations through good Human Resource Management (HRM) planning. Employees are able with the assistance of their organizations (supervisors in particular) to develop goals to channel their energies in achieving their professional and personal goals and organizations' strategic priorities.

Training focuses on improving employees' immediate needs in performing their jobs such as gaps in their knowledge, skills, abilities, attitudes, and other characteristics. Development hones in on employees' preparation for their careers. This ensures that succession planning occurs smoothly. For instance, when vacancies occur, employees would have had adequate preparation in the past to perform them through advancement and growth opportunities, enabling them to be equipped for promotion to challenging roles in the future.

Other components of career development include mentoring, learning, coaching, cross training, educational preparation, buddy systems, college and university training centers, external consultants, nonprofit organizations, government agencies, shadowing of role models, special assignments, acting, job rotation programs, and on-the-job training. Flexible work schedule practices may be incorporated and this can improve employees' opportunities at various stages of their career development to balance with personal life circumstances to secure these opportunities for their future promotions and advancement. For instance, research universities such as Arizona State University (ASU) have created adjustable tenure track programs to allow women of child-bearing age the flexibility to give birth and resume their careers without hindering their retention. Hence, these programs are integrated into ASU's HRM functions to ensure that candidates who are recruited and selected are retained; programs are designed to assist their performance; compensation and benefits are restructured to accommodate for work-life balance practices (Arizona State University 2016).

Finally, retirement and voluntary separation are aspects of career development programs. Organizations need to prepare employees for that final phase in their careers. This is where work-life programs can assist in making flexible working schedules available: job sharing, shorter work weeks, phased retirement, and part time work arrangements as possible options. These programs assist other employees who may have to learn their roles and perform similar responsibilities. They may also help in succession planning. There will be effective transitioning of employees into their new roles of preretirement employees. Overall, employees at retirement age will be prepared for permanent retirement where they see that there is quality life beyond the world of work through counseling, consultations, and financial and legal advice.

**Other Work-Life Programs** include activities that may not fall under those previously discussed. Employers today may use, as stated earlier, a cafeteria style approach to access and implement these benefits. Some that are noted are group life insurance, medical, and health coverages. In terms of group life coverages, employers may cover a fixed rate of agreement and then employees could pay their fixed premiums or increase to more if desired. Universities in Arizona provide benefits such as life insurance policies which are comparable to their employees' yearly salaries with the latter having the discretion to increase to more if they prefer. Other programs cover vehicular and home insurances. These may be given at attractive rates that are affordable to employees given the group coverage rates. These agreements are made with the respective insurance companies and employers on behalf of their employees on reduced rates.

Recognition and reward are contemporary strategies used to enhance employees' motivation, performance, and productivity. Like other work-life programs this can be mutually beneficial to employers and employees; the latter's high morale, job satisfaction, and motivation can impact their engagement and commitment to their organizations (i.e., employers) among other positive impacts.

Breast feeding programs again are contemporary programs that reflect the concerns of many stakeholders who see children's health a critical factor in child rearing practices. Hence, organizations have created lactation and breast feeding areas for mothers, providing them with breaks to allow for breast feeding and pumping. Minnesota and other states have passed legislation to protect mothers' rights to breast feed. The literature also underscores that programs of this nature positively impact both employers and employees. Organizational impacts can be felt in reduced claims, high quality of life experiences, and

employee morale (Cayer and Roach 2008). The important thing is that work-life programs have expanded to reflect some of the complex needs of employees in this era. There are still many yet to cover, but they have evolved into covering broad areas for employees' needs and concerns about their personal and professional lives.

## Challenges to Adoption, Access, and Usage

Studies have shown that although work-life policies are adopted, many employees may not be able to access and use them effectively. In a US Census Bureau report only 53% of employees were able to access their flexibility benefits, while 63% could work away from work and only 22% reported they could do so. Yet, a 2012 National Study of Employers' survey of 1000 HR directors asserted that 77% of employers permitted their employees to adjust their schedules (Giancola 2013).

Overall, complex factors at multiple levels are cited as among challenges for work flexibility practices and generally for work-life programs. From 2005 to 2012 Families and Work Institute surveys documented an acute decline in organizational support of work-life initiatives. One report showed only 25% of organizations continually informed employees of their available work-life resources. One will observe that these problems are at the macro (e.g., organization and system) and micro (e.g., individual) levels of analysis. Some are listed here such as individual characteristics in negotiations, supervisors'/managers' discretion, industry demands, occupational dictates, work-life supportive organizational perceptions, work-life supportive supervisory/leadership behaviors, supervisor/top leadership support, work-life cultures, employee performance, affective organizational commitment, and job self-efficacy (Mills et al. 2014).

Another issue where research should address is the role that unions play in managing problems of access and usage especially in unionized environments. One study identified several areas for concern. These are listed but not discussed in detail. First premise is the role of "collective voice" is lacking in the literature. Secondly, employers and unions need to clarify in their formal agreements and collective bargaining the areas open for flexibility and justifications for variations among classification of employees by nature of tasks, industry, and professions. Thirdly, framing issues at the union level for collective bargaining mobilizes bias using diverse stakeholders in the work-life debate which shifts the focus away from a micro level issue of individual-employer (Berg et al. 2014).

Additionally, governments especially in the USA need to play a major role in the framing of work-life programs. In 1993 the Family Medical Leave Act (FMLA) helped to streamline organizational policies as it related to leave for reasons such as care giving roles and child rearing circumstances. However, this law gives the right to take time out of the labor market only for some employees (e.g., care givers) and there are employers who under this law may be exempt. With increased legislation, it may signal to employers and employees that this issue is of major importance at a macro level warranting societal attention. Greater attention, responsibility, visibility, and intervention will certainly help in the framing of policies and in making more organizations responsible for critical areas of work-life programs.

The USA lags behind other governments in Europe and Canada who have given more attention and adopted policies to ensure that employees' lives are holistic and that organizations are able to meet their strategic priorities while addressing the needs of their current workforce. During the USA presidential campaign for 2016 Donald Trump as the Republican representative and Hilary Clinton as the Democratic representative during convention speeches alluded to their commitment to giving attention to a critical area of work-life programs which may affect institutional change. Trumps' daughter Ivanka announced a childcare policy proposal for affordability and accessibility (Baltimore Sun 2016). Senator Kirsten Gillibrand recommends Hilary Clinton as the presidential candidate to give paid family leave and equal pay for women (MSN

News Online 2016). Perhaps, if either becomes president, it may usher in a new era of government reforms for the USA to change laws that can signal the importance of childcare programs, paid family leave, and equal pay for women who constitute a greater percentage of the workforce and many who remain childless as a result of the challenges in balancing their dual roles in the twenty-first century workforce climate.

Examples of other emerging issues for national policies to address in the USA are paid leave arrangements for parents during early years of parenting and when children may get sick and maternity leave to include extended parental leave such as countries like Canada and in Europe. The USA is one of the few countries globally that does not have a universal entitlement to paid maternity leave.

Japan has mandated for a National Commission in the Falling Birth Rate in order to examine how as a nation it can better support men and women in balancing paid work and their personal and or family responsibilities. Internationally, some countries have instituted conciergie services and on-site recreational and social activities for their employees. In the USA, more private and large corporations provide such benefits, but this is something that can be implemented across the board to as many organizations for their employees within reason of their resources. Other global challenges to adoption, access, and usage are countries where HIV/AIDS rates for affected persons are on the increase such as South Africa and many African nations. A challenge is presented here in rethinking work-life programs for affected employees. Studies have shown that women bare more of the caregiving roles in families and perhaps organizations may need to consider those affected with the disease and those who have significant others who need assistance during crisis times and closer to their passing. Recommendations include extending work flexibility arrangements for those with HIV/AIDS and in instances during their treatments to allow some telework or closer to their deaths provide shorter work week or compressed work schedules to such employees (Gambles et al. 2006).

A final area for discussion about challenges is the impact that recessions have on public organizations such as cost containment initiatives. Within this context, a growing trend to note is the declining support from organizational leaders and their cultures toward work-life programs and benefits. This may be explained due to the lack of skills to supply solid business proposals for using them. There is an absence of strong corporate cultures to support work-life principles and practices (Giancola 2013).

In spite of this, many organizations are still supportive of work-life programs, perhaps since because of their low cost and positive impacts to HRM processes and functions, such as compensation where work-life benefits may provide added value to benefit packages for employees. Work-life professional have also helped to keep the phenomenon visible and significant.

On a micro level, recessionary times have created some mixed reactions from employees, which have dampened their support and skewed their perceptions of work-life programs. These programs have become low priority for employees. According to Giancola, employees perceive that having a job and reasonable compensations are more relevant. Thus, work-life programs will play a pivotal role in their lives; but given recessions and cut back management policies, employees have put them on hold (2013). If these perceptions are accurate then work-life programs may revive to earlier prominence when economic conditions improve and labor shortage arises. In the meantime, organizations have been able to create some compromise in their modest attempts to provide some balance in combining paid work with employees' personal lives.

## Strategies for Successful Implementation

At the beginning of the chapter, it was proposed that work-life programs seek to blend paid work with other segments of employees' lives and as a result, can offer significant benefits to numerous stakeholders at the macro and micro levels. These include employees, public (and the third sector-

NGOs) and private organizations, societies, countries, governments, communities and families. This phenomenon is so complex that it should be addressed at many levels of analysis. Having multiple lenses will also facilitate all-encompassing approaches, with multiplicity of perspectives.

Macro analyses will allow for the problem to be conceptualized at the organizational, governance, system, global and structural levels. It was already noted the need for stronger roles by governments, top and line managers' roles, and organizational support. Organizational cultures also need to be re-aligned to support and promote work-life programs. Inconsistencies in cultural practices need to be addressed and confronted through open communications in order to ensure that there is total support for these programs from top management, line supervisors, managers and employees. For instance, work-life cultural practices may be effectively communicated through HRM policies and how they are implemented. These include but not limited to training and development initiatives, effective HR planning using needs assessments, costs/benefits analyses and other forecasting methods; recruitment and selection strategies that appeal for diverse employees; compensation and benefits policies and practices that incorporate cafeteria style work-life benefits plans for employees; job classification systems and work designs for job analyses should be restructured to facilitate flexibility in work arrangements and practices.

Positive attitudes and behaviors need to be demonstrated from organizational leadership at all levels such as directors, HRM professionals, and supervisors in support of work-life programs. Similarly, negative attitudes and behaviors need to be corrected. Organizational communications and discussions in meetings, policies, practices and other forms should reflect a supportive work-life culture (Chalofsky 2008). Hence, changes at the macro level can be institutionalized, formalized and sustained to usher in transformations to allow for the enhancement of societies' wellbeing and employees' quality of work-life experiences.

Micro analyses will hone on issues that impact employees at the personal, individual, and group levels and their ultimate impacts on their organizations especially in their ability to achieve their end results such as performance, productivity, motivation, service, and the like. Employees as colleagues should reflect and communicate supportive perceptions and conversations about individuals accessing and using these programs. For example, this can be expressed through group and individual levels family supportive perceptions and strong work-life balance values. Awards can be given from different levels for employees who reflect affective job self-efficacy and proper usage of work-life programs which lead to their effective performance on the job and positive impacts on organizations' strategic priorities. In the same vein, managers and supervisors who are able to marshal organizational resources to support work-life balance programs and develop initiatives that contribute to employees' harmonization of work-life programs given their needs should be rewarded in symbolic and tangible ways (Mills et al. 2014).

## Mapping Future Projections and Lessons

In mapping future projections and reflecting on lessons, competing realities that may persist in this twenty-first century workforce are paradoxical cultures within work place practices and policies. This competing reality shows a bitter-sweet existence for employees who continue to grapple with these competing challenges. On the one hand, there is an increasing awareness and desire to redefine work and how people can maintain balance to their family lives and personal lives. Yet, at the same time, there are mounting pressures within the work place driven by external forces such as globalization, technology, competitiveness, and other influences to push employees into more intensive work demands, having less time for family and personal life activities and commitments. Moreover, many of the responses for change in developed countries such as the USA are more at the micro levels, where individual responses have been noted by organizations, NGOS, and researchers, and options are also being articulated as micro issues. Conversely, these issues should be macro concerns, societal problems, and organizational cultural challenges.

As the twenty-first century forges ahead here are some likely projections that may be forecasted for employees' work profiles as follows. The landscapes of work where individuals are employed are filled with over worked persons. Their work cultures are filled with contradictions of intensely timeworn and stressed employees as well as those who are managing to create high quality of life experiences and greater work-life balances. There are inequities between employees who are highly skilled and work full time and may enjoy work-life programs and those who have low skills who may work full and or part time and may not enjoy the full benefits of work-life programs. There are inequities between rich countries who can afford to support work-life balance policies and programs versus poor countries where employees are being pushed beyond the hilt of their capacities to cope with work pressures and diminishing family and personal life activities. Those who are struggling are the ones who possess fewer resources – personal, family and organizational. They are struggling to cope with competing realities of increasing blurriness between work-life programs and policies and boundary management strategies in their desires for work-life balance and high quality of life experiences.

Another cultural paradox is that while there is this increasing awareness and acceptance at many levels for greater work-life programs, policies, and practices, the realities in the world of work are demands such as this subtle ideal that "jobs take priority" in light of recessions and cut back management initiatives, and access to work-life programs should be used for "productivity gains" or "practical purposes" versus for individuals' needs and supports or "altruistic reasons" (Giancola 2013). Those who are perceived as using these benefits for their needs are perceived as "not very committed" and as such may not be inclined to access them for fear of job security, downsizing, and less advancement in their careers. Hence, they are still being stigmatized and systematically marginalized even when such programs exist and can be accessed. This illustrates that societies and organizations are in crises as these problems need to be comprehensively addressed and confronted.

Therefore, twenty-first century employees are not ideal by any means. Some are confused of the expectations of their roles as employees and the extent to which they should exercise good boundary management between work and their personal lives. Others are pressured and afraid to access the work-life benefits that are afforded to them in their organizations. Yet, there are those who are enjoying what these programs can offer to employees in combining two demanding and important parts of their lives.

There is also perennial debate to conceptually reframe the jargon used to describe this phenomenon as issues broaden and emerge in the twenty-first century. Some scholars in Europe have described it as earlier as "reconciling employment with family life" but the latter connotes persons with families. This revisits old issues of excluding persons who have no children, spouses, or serve as care givers. Perhaps, some possible suggestions in mapping the future to enhance clarity and inclusiveness of terminologies coined are to consider capturing the real issues behind these programs for the workforce. For instance, possible terms may read as employees' harmonizing programs, employees' synchronizing programs, employees' holistic programs, or programs for harmonizing employees' wellbeing. Another option is to expand the old term of Employee Assistance Programs (EAP) as it is known today, to a broader classification to conceptually frame such programs. By so doing, it will replace work-life balance as a term and cause EAP to be redefined to include more inclusive programs, strategies, and initiatives to reflect these issues and themes within contemporary workplace settings. These themes or terms suggested put emphasis on the strategies to harmonize, synchronize, or to make employees holistic individuals. There is no need to mention work and life since it is implied as they are employees, and the focus is making them sound and more humane as all these programs should strive for inclusiveness and to restore their total wellbeing as employees who are first human beings.

Therefore, this topic requires a reality check for all stakeholders at the macro and micro levels. Big questions need to be brought to the global,

national, and local settings for debate, consultations, bench marking best practices, and for policy making. There are still areas societies need to reflect and introspect in forging ahead with proactive rather than reactive responses.

## Conclusion

Work-life programs are not quick fixes. They present complexities of our workforce that require a multiplicity of perspectives, innovative strategies at multiple levels, perennial stakeholders' discussions, global and national forums, and reforms and societal initiatives that shape positive work-life practices, programs, and quality of life experiences for all. These changes observed should reflect and keep abreast with the work-life programs created, adopted, and implemented. The reality check lessons for this contemporary era are strive for harmonization and integration of employees as holistic persons who work and have personal lives that matter.

## References


Arizona State University (2016) Staff personnel, manual. Retrieved from https://www.asu.edu/aad/manuals/spp/#000

Berg P, Kossek EE, Misra K, Belman D (2014) Work-life flexibility policies: do unions affect employee access and use? Ind Labor Relat Rev 67(1):111–137

Bond JT, Galinsky E, Kim SS, Brownfield E (2005) National study of employers. Families and Work Institute, New York

Carell MR (2007) Workforce diversity: 20-year perspective, programs and practices. IPMA-HR News 1:3–5

Cayer NJ, Roach CML (2008) Work life benefits. In: Reddick CG, Coggburn JD (eds) Handbook of employee benefits and administration. CRC Press/Taylor & Francis Group, New York

Chalofsky N (2008) Work-life programs and organizational culture: the essence of workplace community. Organ Dev J 26(1):11–18

Chandra V (2012) Work-life balance: Eastern and Western perspectives. Int J Hum Resour Manag 23(5):1040–1056

Families and Work Institute (2005) Generation & gender in the workplace. American Business Collaboration, Newton

Gambles R, Lewis S, Rapport R (2006) The myth of work-life balance: the challenge of our time for men, women and societies. Wiley, Oxford/London

Giancola F (2013) How the recent recessions have affected work-life programs. Employee benefit plan review, special report, September. pp 30–32

Human Rights Campaign Fund (2007) Employers that offer domestic partner health benefits. Humanrights campaign fund. Retrieved from http://www.hrc.org/Template.cfm?Section=Search-the-Database&Template=/CustomSource/WorkNet/srch.cfm&searchtypeid=3&searchSubTypeID=1

Mills MJ, Matthews RA, Henning JB, Woo VA (2014) Family-supportive organizations and supervisors: how do they influence employee outcomes and for whom? Int J Hum Res Manag 25(12):1763–1785

MSN News Live Coverage (2016) The latest: warren: Trump fans "flames of fear and hatred." Retrieved from http://www.msn.com/en-us/news/politics/the-latest-michelle-obama-gives-clinton-strong-endorsement/ar-BBuQR9N?li=BBnb7Kz&ocid=mailsignout

Ozminkowsi RJ, Dunn RL, Goetzel RZ, Cantor R, Murnane J, Harrison MA (1999) A return on investment of the Citibank, NA health management program. Am J Health Promot 14:31–43

The Baltimore Sun (2016) Donald Trump says America in crisis – and he'll fix it 'fast'. Retrieved from http://touch.baltimoresun.com/#section/-1/article/p2p-87922609/

Todd S (2004) Improving work-life balance-what are other countries doing? Labor program, human resources and skill development, Canada. Retrieved from www.hrsdc.gc.ca/en/lp/spila/wlb/pdf/improving-work-life-balance.pdf

U.S. Department of Labor, Bureau of Labor Statistics (2002) Labor force participation rates among mothers. In: Working in the 21st century. Retrieved from http://www.bls.gov/opub/working/page16b.htm

U.S. Government Accountability Office (2007) An assessment of dependent care needs of federal workers using the office of personnel management's survey. U.S. Government Accountability Office, Washington, DC


# Workplace Adversity


Margaret H. Vickers
School of Business, Western Sydney University, Sydney, NSW, Australia


W

## Synonyms

Adverse working conditions; Adversity at work; Averse work conditions; Aversive workplaces; Managing workplace adversity; Psychosocial

adversity; Psychosocial workplace adversity; Social adversity

## Definition

Any negative phenomenon or event experienced at work, or related to work, that makes it difficult for workers to perform and retain their jobs and to feel comfortable, satisfied, and happy in their place of work.

## Introduction

Workplace adversity, adversity at work, adverse workplace conditions, adverse psychosocial working conditions, or aversive workplace conditions are all terms used, often interchangeably, to represent the large, and growing, number of industrial and organizational challenges continuing to face workers around the world: from being exposed to bullying, violence, and corruption, to expectations of longer working hours, to widespread structural changes to the timing and way people work and the increasing use of part-time workers and casual workers, through to the routinized nature of restructures, redundancies, and layoffs. Workplace adversity is something all workers are likely to face at one time or another during their working lives, and its deleterious impacts and possible remedies remain as widely debated this century as they were the last.

## Workplace Adversity

The term "Workplace Adversity" has had the greatest prominence in the nursing workplace literature (see, e.g., Grafton et al. 2010; Hunter and Warren 2014; Jackson et al. 2007), but its sources, challenges, and impacts have been of keen interest to scholars in business, organization and administration, nursing and midwifery, sociology, psychology, health, education, and law. Unfortunately, workplace adversity is something most working individuals can expect to face at some point and, while recognized sources of workplace adversity may change according to shifting economic conditions, events of social misbehavior, and varying stakeholder priorities, it remains widely acknowledged as having serious negative consequences for individuals, groups, and organizations.

For decades, scholars have lamented that workplace institutions have a wide, multi-sourced, and increasing array of challenges that can cause workers stress and anxiety, undermine health and well-being, and create physical, psychological, and emotional discomfort. While the literature is also clear on the multitude of positive identity, social, financial, personal, psychosocial, psychological, health and well-being, and emotional outcomes that have been directly attributed to work and working, workplaces have also long been characterized as potentially dark and dangerous places, capable of great harm, even devastation, for workers exposed to their traumatizing social transactions, cultures, practices and processes, and modes of operation. Scholars have variously described workplaces as toxic, hostile, violent, abusive, dark, alienating, stigmatizing, traumatizing, machine-like, emotionally anorexic, dehumanizing, discriminating, unrelenting, demanding emotional labor, evil, soulless, unsatisfying, unrewarding, unsupportive, corrupt, sources of humiliation and degradation, and crucibles of anger, embarrassment, humiliation, jealousy, anger, frustration, hate, resentment, shame, grief, and loss (e.g., Blauner 1964; Braverman 1994; Fineman 1993; Fromm 1963/1994; Frost 1999; Goffman 1963; Hochschild 1983; LaBier 1986; Stein 1998; Weber 1948). Workplaces have even been described as "evil," home to malicious psychopaths, sociopaths, bullies, and thugs that routinely traverse their corridors and who often reach positions of considerable power (Boddy 2006), although some have warned that such research has been dominated by popularist coverage rather than systematic scientific attention (Smith and Lilienfeld 2013).

It would be fair to say that many workers feel under siege in their places of work given the range of problems they routinely face while engaging with work. Sources of workplace adversity that can emanate directly from the workplace have

included (but are not limited to) unskilled and abusive management; poor job design; expectations of longer working hours; efficiency-based, bottom-line, managerialist norms and assumptions; negative and unsustainable workplace cultures; an increasingly casualized and part-time workforce; unsustainable environmental workplace practices; crime and corruption; bullying, harassment, stalking, abuse, and violence; organizational change, downsizing, and restructuring; redundancies and layoffs; and increasing levels of unemployment and underemployment.

In addition to what workers face at work, workplace adversity can also emanate from the numerous sources of personal trauma that can emerge in a worker's life and cross the border into their working lives. Examples discussed in the literature include (but are also not limited to) the changing nature of work and employment; increased career responsibilities for aged and infirm friends and family, or chronically ill or disabled children, or grandchildren; diagnosis of, and coping with, serious chronic illness or disability; hospital treatment for disability and chronic disease; a partner or family member's suicide; the serious illness or death of a loved one; mental health issues, such as depression, anxiety, and panic disorders, for self or a family member; drug and alcohol addiction or overuse; financial challenges stemming from unemployment, underemployment, impending retirement, or increased casual work; facing non-voluntary redundancy or early retirement for self, partner, or family member; outcomes of natural physical disasters such as storms, fires, and floods; car accidents for self, partner, or friends and family; being subjected to stalking, abuse, or violence beyond the workplace; and the multitude of other significant stressors and personal losses that may be experienced by workers that are then expected to keep working.

Given the aging population in many developed and developing nations, there have also been particular concerns about the high levels of workplace adversity faced by older workers as a result of ageism and discrimination; increased casualization of work; increased redundancies and layoffs; an increasing and ongoing need for (older) workers to reskill to maintain their employability; the increased likelihood of chronic illness and disability associated with increased age; higher levels of unemployment and underemployment for ageing workers; financial concerns for those approaching retirement; and, the erosion of older workers' sense of purpose and fulfillment.

In such situations, the workplace adversity stems from a lack of recognition of, and compassion for, the emotional and physical outcomes of the personal grief, stress, strain, anxiety, turmoil, and loss that can accompany significant personal challenges faced by individuals (Vickers 2009). Workplaces that have been termed emotionally anorexic (see Fineman 1993) expect workers to leave their problems at the door during times of distress, to carry on working and performing, and to not allow personal circumstances to impact their productivity during the working day. However, this lack of acknowledgement of personal turmoil at work can make matters worse. For example, grief has been characterized as an intense emotional distress that typically follows traumatic events and which may last for years; it is not something that can be easily worked with or through.

The literature confirms that organizations can sometimes respond to workers' significant personal losses with small allocations of personal leave – perhaps a few days to grieve the death of a close family member – but only if such leave is available and if said worker is eligible. Workers experiencing personal traumas are, for the most part, required to carry on doing their jobs, without any diminishment to productivity, or to take paid or unpaid leave – if that is available to them and is approved by their employer. Research focused on challenging personal circumstances brought to workplaces is less evident in the literature, but such studies do exist, and show workers experiencing significant negative health and well-being outcomes as a result of their personal adversity combining with the challenging rules of work and working (see, e.g., Hunter and Warren 2014; Kemeny et al. 2004; Vickers 2011).

Adversity at work can also be sourced from, and magnified by, the type of work being performed. Some roles have been noted in the

literature as being especially demanding on individuals, bringing with them considerable, even excessive, levels of stress, anxiety, pain, fear, and grief. Examples include (but are also not limited to) health-care workers, including doctors, nurses, and midwives, perhaps doing oncology or palliative nursing; social and community workers, including case workers in child protection agencies; drug rehabilitation workers; and police, ambulance, fire, and other security and emergency workers. All are routinely exposed to high levels of uncertainty, danger, and emotionally charged situations while working. Professions such as these require workers to continue their duties in often volatile, uncertain, and emotionally intense situations that require high levels of emotion work skills, skills that have been claimed to have been unrecognized, overused, and undervalued (Hunter and Warren 2014). Such work has also been recorded as negatively affecting the emotional well-being of workers, and concerns have been raised about long-term negative effects on worker morale; increased levels of stress and strain, especially in workplaces where a perceived lack of trust and support between management and staff exists; a lack of workplace autonomy for professionals charged with such work; and any generalized insufficiency of workplace support.

Workplaces are often not good for our health and well-being. The association between workplace-related stress, especially chronic stress, and its deleterious impacts on physical, emotional, and psychological health has been well established. There is a vast, and growing, amount of evidence that confirms this. The field of psychoneuroimmunology provides evidence of a significant biological link between the state of mind and emotions of an individual and the health and well-being of that individual. The negative impacts on workers facing adversity noted in the literature are considerable: increased stress and strain; onset and exacerbation of chronic and acute illness (e.g., asthma, heart disease, multiple sclerosis, and cancer); worsening levels of disability; loss of employment; reduction of employment; loss of status; negative impacts on home, family, and close partner relationships; loss of trust; financial loss; career loss; post-traumatic stress disorder (PTSD); severe psychological trauma; lowered self-esteem; sexual health difficulties; heightened emotional responses, such as angry outbursts; reduced coping skills and self-efficacy; sleeplessness; alcohol and drug addiction, overuse, and abuse; social isolation and withdrawal; onset and exacerbation of mental health issues such as depression, anxiety, panic, and self-harm; an eventual inability to work; and the ultimate workplace injury and suicide. Suicide rates are claimed to be increasing, with most suicide victims having been found to have experienced at least one or more such adverse life events within the year of their death, with such events having been found to have been concentrated in the few months before their death (Olie 2014).

Finally, the literature also confirms that the negative impacts of workplace adversity are not just felt by the workers experiencing adversity. The ripple effect flowing to third parties has also been investigated: Friends, family members, intimate partners, children, and colleagues have also been noted as having been impacted by witnessing the workplace adversity experienced by others. Unemployment, layoffs, restructures and redundancies, inherent stresses of some work being performed, bullying, and other forms of organizational violence have all been found to have detrimental outcomes, not just on those workers experiencing them but on those connected to them (see, e.g., Duffy and Sperry 2007; Hockley 2003; Skarlicki and Kulik 2005). For example, colleagues of workers terminated during redundancies, restructures, and layoffs report feeling guilty and traumatized; family members, close personal friends, and partners have been found to experience stress, confusion, and guilt as a result of not knowing how best to support those close to them being bullied, harassed, or exposed to other workplace violations; counselors have reported feeling overwhelmed and uncertain as to how to respond to clients traumatized by chronic bullying; and colleagues of people experiencing workplace misbehaviors such as violence, corruption, and bullying have been found to leave their workplaces as a result of what they have witnessed.

The key indicators of a healthy work environment are also well known: work engagement, work identity, person-job fit, and job satisfaction (see Hackman and Oldham 1976). Workplaces have also been found to be able to promote effectiveness and flourishing in people, both on and off the job (Kossek et al. 2012). However, and unfortunately, workers faced with precarious ongoing employment offering little or no job security; underemployment and inflexible, unpredictable, or nonstandard work schedules; and pay systems that transfer risk to the payee have been found to feel increasingly insecure, stressed, and anxious – all outcomes likely to negatively impact that worker's health, well-being, and productivity. For workplaces, the outcomes of allowing adversity to flourish have been well documented as being very costly. Workplace bullying, for example, has been found to cost workplaces billions in lost productivity and lost opportunity costs. Negative impacts on workplaces have been found to include an inability to retain a talented workforce; heightened negative media attention; the emergence of organizational whistleblowers; a negative, even toxic, workplace culture; loss of organizational reputation and consequential loss of shareholder confidence; staff loss of innovation and creativity; lowered morale; decreased productivity and loyalty; increased absenteeism, sick leave, and "presenteeism" (where workers are present at work but not fully engaged); increased staff turnover; an increased intention to leave; reduced organizational learning and knowledge translation; reduced profits and shareholder wealth; and direct financial and political threats to the organization which, in turn, can further threaten that organization's sustainability over the short and long term.

## Traditional Organizational Responses to Workplace Adversity

Traditional organizational responses to workplace adversity have tended to be made in response to complaints made by workers against the organization and have tended to include improved job design, the development of relevant policies and procedures (e.g., anti-bullying policies), the implementation of employee assistance programs (EAPs), the use of alternative dispute resolution procedures, and offering of training and educative initiatives. Unfortunately, such approaches have often been found to be of limited value, ineffectual, and sometimes having a deleterious outcome for workers and the organization. Scholarly scrutiny in recent years has revealed some flaws, misconceptions, and (perhaps) unintended consequences of some of those responses.

Improving job design by enhancing autonomy over tasks was one of the earliest attempts to respond to worker stress and strain, while also being aimed at enhancing their productivity. Autonomy is defined as the need to experience one's behavior and actions as freely chosen and fully endorsed, rather than being imposed by external forces. Autonomy at work allows for significant freedom, independence, and discretion over daily work decisions, such as work scheduling, and how to go about tasks (Hackman and Oldham 1976). When needs for autonomy are met, individuals have been found to experience high levels of well-being. Autonomy has been noted as a core psychological need that must be satisfied if individuals are to function at optimal levels. Reorganizing work tasks to increase people's job control and autonomy has been found to improve mental health and well-being, increase work performance, improve physical health, enhance motivation, increase job satisfaction, and reduce absenteeism. However, if needs for self-determination and autonomy are not met, or obstructed or neglected – as they are likely to be if a person is also facing workplace adversity – well-being may be adversely impacted. Notably, workplace adversity has been found to be experienced by workers whose autonomy is threatened, undermined, or reduced, through threats to job security and unhelpful changes to job roles and design.

Another response by workplaces has been to develop putative supportive workplace policies. However, researchers have found that, sometimes, such policies can be little more than "empty shells," policies and procedures that exist to supposedly support workers but can have paradoxical, even negative, effects on workers who invoke them (see, e.g., Hoque and Noon 2004).

Workplace policies, for example, that advocate zero tolerance for bullying, or corruption, might encourage reporting of these workplace misbehaviors without having appropriate procedures in place to respond to complainants in a supportive way after the complaint is made. Further, such policies – often in place to protect the organization, not workers – may not be enforced or acted upon by the organization. If the organization does respond, the skills and resources available to investigators of complaints from within that workplace may not be sufficient for the task. Middle managers or human resource professionals asked to conduct such investigations may not have been specifically trained in investigation skills and will be operating to protect their employer. Such investigations have been reportedly conducted as part of already onerous workloads, making the outcomes for complainants at best, unpredictable, and, at worst, causing more harm.

Support policies also usually require the target of workplace adversity to be the one to instigate action. That person – already stressed – must take their time, energy and resources, risk alienation, career disruption, unemployment, increased stress and strain, substance abuse, potential damage to close personal relationships, and negative health outcomes to initiate action against the adversity. Targets have then been reported as finding themselves ostracized at work, unsupported by HR practitioners, and finding their complaints ignored. Such organizational responses have been claimed to seriously erode trust and may result in further trauma to an already highly stressed worker. Some researchers have argued that such policies are only in place to underpin that organization's public relations agenda and protect the organization in the case of unwanted litigation by complainants.

Litigation is another possible response for those exposed to adversity. Various forms of protective legislation exist in developed nations around the world and are, again, ostensibly in place to protect and support workers against various forms of adversity. They include legislation on anti-bullying, anticorruption, anti-discrimination, wrongful dismissal, and occupational health and safety. For workers in developing nations, the existence and enforcement of such legislation is less reliable, and, in both instances, the onus remains on the injured person to use their time, energy, and resources to make a complaint and, if a litigious path is followed, the likelihood of an alleged perpetrator (s) reforming is low. Decisions to pursue legal grievances tend to be made by workers based on their subjective expectations around the utility of making their complaint, versus a decision to suffer in silence, or leave. Hirschman's (1970) seminal model of Exit, Voice, and Loyalty still has relevance for those so faced; the perceived utility and net benefits of filing a grievance, combined with the perceived probability that any perceived net benefits will actually be realized, have been found to be at the front of the minds of injured workers.

Injured workers tend to litigate, usually, for three reasons: (1) for compensation or monetary gain; (2) for vindication, that is, to have the wrongdoing acknowledged; and (3) to achieve workplace reform. However, and unfortunately, the literature confirms that litigation rarely achieves any of these goals. Cases can take months, or years, to find their way to court, and bring considerable stress to individuals involved, and further reduce their well-being. The stress effects of litigating have been widely reported as being long lasting and, potentially, very damaging. Further, the costs of litigation can be prohibitive and generally far beyond any likely award of damages (if the damages can be proven). The complainant may also lose their job during, or as a result of, the instigated legal proceedings. Evidence confirms that litigation process is a long, stressful journey, infrequently successful for complainants of workplace adversity, and the likelihood of any benefit being realized having been found to be very low.

As a result of increasing recognition of the high personal and financial costs of litigation, alternative dispute resolution (ADR) approaches have emerged. Mediation and facilitated negotiations have become popular alternatives to litigation, especially within workplaces seeking to "resolve" allegations of workplace adversity. Workplace violence, abuse, bullying, discrimination, harassment, and interpersonal conflict are frequently

referred to mediation, or some other forms of ADR, in an attempt to resolve the "dispute," keep the "problem" in-house, and avoid legal proceedings. However, the literature has cited numerous problems with the use of ADRs: unhelpful influence of negative stereotypes attributed to those involved in bargaining processes (e.g., members of diversity groups, such as women, people of differing race/religion/sexual orientation, or people with disability); the inappropriate use of ADRs between parties with an existing power imbalance; outcomes of such proceedings being not legally enforceable, leaving perpetrators to return to their misbehaviors with impunity, perhaps making things worse for targets; and, finally, that participation in most forms of mediation and conflict negotiations require *all parties* to implicitly accept equal responsibility for the "problem" in order to participate in the mediation of a possible resolution. Such a response has been found to be completely inappropriate, especially where the misbehaviors being alleged involve violence, bullying, or discrimination.

The provision of counseling, and EAPs, has also been provided by many organizations to support staff facing workplace adversity, usually at no cost to the worker, and would appear to be a very supportive workplace response. However, the literature also reflects numerous concerns being raised by about EAP use: that there is little evidence that EAP use actually works to ameliorate the ill effects of workplace adversity and that EAP use may offer an endorsed means of organizational surveillance and social control for "troubled" workers, with reports to management from EAP providers having been noted by researchers in past years, especially for high users. Still other researchers have claimed that EAPs have been instigated to protect the organization in a number of ways: as part of a positive, public relations campaign, confirming to internal and external stakeholders that the organization "cares" about their staff; as a defense against litigation by an injured worker to reduce associated insurance premiums; and as a means for senior management wishing to absolve themselves of their responsibility for allowing toxic and harmful workplace cultures and practices to continue. Researchers have also noted that counselors working for EAP services have had difficulties, with some reporting feeling powerless to respond, and other reports showing counselors' misunderstandings of the complexities of the workplace phenomena being described to them by clients (e.g., bullying or violence) and of them unhelpfully sending traumatized individuals back to their workplaces for support.

Finally, training of staff about aspects of workplace adversity, including the surrounding issues, processes, and behaviors involved to enhance worker understanding, has also been investigated. Training workers as to their rights and responsibilities, and how to implement workplace codes of conduct, has been noted by some scholars as productive. However, once again, a number of weaknesses with the use of education and training as an organizational response to workplace adversity have been reported. First, sending both complainant and alleged perpetrator to training, especially in cases where bullying, violence, or corruption are alleged, presupposes that the worker reporting adversity is in equal need of remedial response. Situations of adversity that involve physical, psychological, or emotional violence, such as harassment and bullying, are often incorrectly diagnosed as interpersonal conflict. With this comes a flawed expectation that training in interpersonal communication skills, violence prevention, or codes of conduct will remedy the problem. Unfortunately, there has been little evidence to suggest that such responses assist, while the opposite outcome has been reported: violence prevention programs have been shown to not produce long-term changes in violent behavior or decrease the subsequent risk of victimization of complainants.

## Alternative Organizational Responses to Workplace Adversity

Given the noted failure of many of the usual organizational responses to workplace adversity, scholars have increasingly been turning their attention to more positive, productive, and appreciative approaches. It is widely acknowledged that workers feeling violated, overloaded, and insecure and who are being bullied or harassed, or

who have low control over work tasks and how and when they might perform them, are likely to experience significant, adverse impacts on their psychological and physical well-being. In response, scholars have shifted attention toward finding ways for organizations and individuals to enhance the resilience, positivity, and mental and physical health and well-being of workers facing adversity. Finding ways to enhance the perceptions of individuals with regard to their capacity to respond successfully, cope, and survive have also been investigated. The study of individual psychological traits, such as self-concept and self-efficacy, have been found to be powerful components of enhanced resilience, improved well-being and positive self-concept, and fundamental to successful coping with adversity (Marsh and Craven 2006). Understanding and enhancing self-esteem, self-concept, self-perception, and self-efficacy have been found to be useful ways to support the physical and mental health of workers experiencing workplace adversity.

This new paradigm of positivity has spawned numerous new approaches to management, management training, research, and consultancy. Rather than focusing on problems, problem-solving, and negatives in organizational life, researchers have increasingly been searching for ways to stimulate new images, ideas, and positive actions through the appreciation and recognition of both the light and dark in organizational life. Finding ways to develop positive responses in individuals and organizations faced with adversity has emerged from recognition that workers damaged by workplace adversity need a means of articulating the devastation that has befallen them, a means to transform their lived experience into positive outcomes, and a means of getting past their fear, humiliation, shame, and pain. Finding ways to explore the hurt, anger, injustice, and despair, and in ways that can benefit both the injured individual and the organization, has been strongly advocated (see Bushe 2007). It is a paradigm shift intended to mobilize informed, positive action and has arguably contributed to the development of more effective organizational responses to workplace adversity.

A key development has been the emergence of positive psychology. Positive psychology is a growing body of research intended to enable the flourishing of human potential. It was first introduced as a science of positive subjective experience, positive individual traits, and positive institutions and promised to improve quality of life and prevent the pathologies of a barren, meaningless one (Müceldili et al. 2015; Seligman and Csikszentmihalyi 2000). The focus of positive psychology on enhanced coping and well-being through the generation of ideas, hope, wisdom, creativity, future mindedness, courage, spirituality, responsibility, and perseverance has become clear research directions, for organizations, individuals, and groups wanting to improve the quality of their work life (see, e.g., Tejeda 2015).

Within the organizational context, positive psychology has focused on strengthening and building the best and repairing the worst problems of workplaces. It aims to achieve this through building positive qualities in individuals and encouraging the flourishing and prospering of individuals, groups, organizations, and communities. Two specific fields of positive psychology in organizations have included (1) positive organizational behavior (POB), which has focused on microlevels of analyses (individuals), and (2) positive organizational scholarship (POS), which has focused on macro levels of analyses of organizations and groups (organizations). POB has been concerned with studying positively oriented human resource strengths and psychological capacities to improve individual performance in workplaces. POS is a study of the conditions and processes that contribute to the flourishing or optimal functioning of people, groups, and institutions (Müceldili et al. 2015). These approaches have offered a positive lens for seeing, analyzing, and better understanding organizational life. Positive psychology in organizations has been of particular interest, with its emphasis on exploring and better understanding of the role of resilience, authenticity, empowerment, appreciation, energy, meaningfulness, and gratitude in workplaces and within individuals (see, e.g., Müceldili et al. 2015).

Indeed, the literature has confirmed that some workers, despite much workplace adversity, have still been able to sustain themselves physically, mentally, and emotionally. Not only have they reported surviving but some have been confirmed to have thrived while sustaining long, successful, and satisfying careers (McDonald et al. 2012). It has been claimed that resilience is a beneficial, even essential, trait for those able to sustain themselves and thrive, physically, mentally, and emotionally. Importantly for workplace adversity researchers, resilience has been described as being able to be developed or enhanced through cognitive transformational processes, education, and environmental or workplace support (Grafton et al. 2010).

The role of resilience in protecting workers and workplaces has been increasingly recognized, and investigated, especially with regard to various forms of workplace adversity. Resilience describes an individual's ability to resist adversity and cope with it and to recover and grow as a result of it (Grafton et al. 2010). The presence of individual resilience has been said to confirm a person's capacity to function optimally under stress and duress, to find opportunities in tragedy, to bounce back from setbacks, and to be able to turn adversity to their advantage. The study of resilience can be found in physics, medicine, theology, philosophy, psychology, and spirituality, though the conceptual roots stemmed from the childhood development, psychology, and stress literatures. Most definitions of resilience highlight outcomes of positive adaptation to adversity, without significant residual psychological or physiological disruption. Resilience research began with attempts to identify resilience traits or characteristics that were believed to be common to resilient individuals. Investigations then shifted toward learning how such characteristics might be acquired. More recently, resilience has been described as a form of accessible inner strength that can be enhanced or supported by external resources (Grafton et al. 2010).

One small area of controversy around resilience has been a challenge to the expectation that a resilient person will always "bounce back" from their adversity, unchanged. Many studies on resilience have been underpinned by the assumptions that (1) resilient individuals can and do bounce back from traumatic events in their life, relatively unchanged; (2) individuals can learn to be more resilient, through learning enhanced interpersonal capacities and by drawing on the collective resources available to them; and (3) the supply of appropriate organizational resources intended to foster and develop individual- and group-based resilience can assist in this process. However, some have suggested that, while resilient workers may cope and survive even significant, chronic workplace adversity, those workers may still be permanently injured, or at least changed, as a result of their negative experiences. It has been argued that their capacity to resume their lives, cope, survive, and even flourish does not necessarily confirm a lack of long-term negative impact for that individual (see Vickers and Kouzmin 2001).

Alongside the increased interest in positivity and resilience has been a growing recognition of the need for health and well-being in workers and organizations. Well-being has been defined by the World Health Organization as a state in which every individual can realize his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community (WHO 2013). The subjective well-being of individuals has been found to consist of three things: positive mood, an absence of negative mood, and life satisfaction. Unfortunately, there is abundant evidence that workplace adversity damages positive mood, emotions, and well-being; increases the presence of negative emotions and affect; and can have a profoundly negative impact on worker's health, happiness, and well-being. Some scholars have investigated the well-being of individuals, while others have focused at a more macro level, on organizational wellness. For still others, employee and organizational well-being have been claimed to be a "dual agenda" where the interests of workers and the organization employing them are regarded as complimentary (Kossek et al. 2012). Concern for an organization's health and well-being has been motivated by associated concerns with an

organization's ongoing success. Claims have been made that individual worker's health and well-being is intimately connected with the well-being of the organization and its culture.

Similarly, the presence of positive emotions, such as happiness, has been found to enhance cognitive ability, memory, innovation, and creativity, thus confirming their value in workplaces, especially in response to the presence of adversity. It has been repeatedly confirmed that workers who are happy and healthy do a better job. Happiness has also been found to be not just as a positive outcome in people's lives but resulting in many beneficial outcomes for workplaces. Individuals with high levels of happiness have been found to be more productive at work, earn higher incomes, and facilitate more democratic governance in organizations. Happiness and contentment (see Diener and Seligman 2004) have been recognized as forming important components of wellness and well-being, but happiness also requires positive emotion, engagement with life and work, feeling connected with others, and a sense of meaning and accomplishment in one's life. Workers experiencing adversity are unlikely to be happy at work, at great cost to both those individuals and their places of work.

Increasing recognition of the need for happiness, positivity, and resilience in workers and the continuing need to find ways to respond to workplace adversity have led to a growing interest in, and recognition of, the value of compassion in organizational life (see Kanov et al. 2004). Compassion and compassion organizing have been increasingly seen as virtuous individual and collective responses to adversity that contribute to both personal and social good, with compassion having been recognized as being at the core of what it means to be human. Discussions about compassion are not new, dating back over 2,000 years, and spanning the disciplines of religion, philosophy, and sociology. However, in recent times, compassion has been reclaimed as an essential, but frequently overlooked, element of productive and successful workplaces, especially those needing to respond to workers facing adversity. Jane Dutton, Peter Frost, and colleagues (Dutton 2003; Dutton et al. 2006; Frost 1999) have been at the forefront of recognizing that while organizations are often sites of pain and suffering, they can also be places of healing and somewhere where caring can be both given and received. The presence of compassion has been claimed to help people feel seen, known, and less alone and has been associated with a wide range of positive emotions, attitudes, behaviors, and feelings. Within the workplace, compassion has been recognized as a means where individuals might assist in healing one another, singly or collectively, by noticing another's suffering, experiencing an emotional reaction to that person's pain, and acting to ease or alleviate it. Acting compassionately has been increasingly argued as another way organizations can respond positively and proactively to the adversity they spawn.

## Alternative Ways to Learn About Workplace Adversity

As part of the quest to find new ways to respond to workplace adversity, researchers and managers have increasingly noted that the investigation and resolution of challenging, complex, and ambiguous phenomena – such as workplace adversity – require nuanced perspectives, different analyses, and explication of both the positives and negatives of organizational life. Enhanced understanding of, and response to, challenging phenomena and their associated negative experiences, social interactions, and critical incidents have been increasingly recognized as requiring various representational options, including more appreciative, positive, and creative forms of exploration and presentation. Workplaces have been urged to find alternative, more humane and sustainable ways of doing things and learning about themselves; holistic, new, innovative practices, including emancipatory and innovative action learning approaches, appreciative inquiry, critical reflections, reflexive thinking, and double loop learning have increasingly been advocated (see, e.g., Bushe 2007; Schein 1992).

The seminal article on appreciative inquiry by Cooperrider and Srivastva (1987) was considered by many to be revolutionary and has been a precursor to many positive developments in

researching organizations. Tools for organizational change have been increasingly used that offer constructive reimaginings and positive and appreciative foci and that are intended to improve structures, competitiveness, profitability, and sustainability. These appreciative orientations are said to have been based on the "heliotropic principle" (where plants grow toward the light (see Michael 2005: 222)). In similar form, it is claimed that people and organizations also move toward their light, by imagining positive futures and creating affirming, appreciative responses to past and present events, such as workplace adversity. It is a research orientation that is intended to enable pathways to new ways of thinking about troublesome workplace phenomena and in ways that lead to more positive and constructive options for action (Bushe 2007).

Appreciative and positive approaches allow researchers, and managers, to depict examples of success and embrace the goodness that may be present in organizations, even when success is overshadowed by dark, dysfunctional, or otherwise precarious organizational systems. Such approaches have not been intended to ignore the negatives or deny the unpleasant. Rather, they proceed with analyses based on hope and that use imagination to explore how workplaces might function in a better world. An increased use of action and engaged research approaches, where researchers work with organizational members to brainstorm, create, and develop responses to negative workplace situations, are being seen. Workplaces, and workers, have been claimed to benefit from involvement with positive processes that seek workers' views and learn from workers' capacities for innovative thinking. Appreciative inquiry, creative writing, portraiture, action research, and engaged research all seek positive responses and solutions via workers' ideas about how they would like the world to be.

Similarly, the use of stories remains a positive means of exploring difficult workplace phenomena. Recent decades have confirmed the value, increasing use, and acknowledgement of stories as a credible and significant means of acquiring knowledge about workplaces (e.g., Boje 2014; Hummel 1991). The use of stories, combined with a focus on the positive in organizational life, has seen a burgeoning of creative, qualitative research methods that have gained increasing traction as a means of grappling with nuanced and complex issues, such as workplace adversity, that are traditionally difficult to effectively interrogate, and respond to, using more traditional research approaches. Creative research approaches founded on appreciative, compassionate, and generative responses to workplace adversity have been numerous. Narratives; short stories; re-storying of the self; portraiture; critical, reflective, and reflexive diaries and journals; fiction, semi-fiction, and creative nonfiction; poetry; and interpretation and interrogation of existing fiction all have been used to illuminate some of the many sensitive, painful, and fraught aspects of social and organizational life. Creative writing has been used by scholars dealing with challenging social and institutional phenomena, for decades (e.g., Cope et al. 2015; Gutkind 2009; Harold 2003; Ketelle 2004; Phillips 1995; Rolfe 2002; Vickers 2011), but now forms part of a crucial paradigm shift being made around responses to adversity in organizational life.

Finally, the literature has also been bathed in discussions of sustainability of the planet, the problem of global warming, the need for clean air and conservation of water resources, and the growing numbers of endangered flora and fauna. However, sustainability of workplaces has also been an area of concern, and the damage created by workplace adversity is something scholars have become increasingly concerned about. Multidimensional, critical, human resource management that is socially conscious and contributes to building just, compassionate, democratic and sustainable workplaces has been called for in tandem with a shift toward positive change in workplaces.

## Conclusion

Contemporary workplaces are increasingly being admonished to embrace the societal and organizational transformations necessary to shape, and improve, worker experiences and perceptions,

especially in relation to preserving worker humanity, diversity, equality, justice, and trust. Approaches that encourage and develop workplace and worker sustainability – which support positivity, compassion, well-being, and appreciation and ameliorate the often devastating consequences of workplace adversity – are increasingly being sought, and used, by managers, workers, and scholars to respond to the harm caused by workplace adversity.

## Cross-References

- ▶ Administrative Justice
- ▶ Adverse Action
- ▶ Bureaucracy and Culture
- ▶ Burnout in Nonprofit Organizations
- ▶ Code of Ethics
- ▶ Conflict Dynamics
- ▶ Corruption
- ▶ Domains of Sustainability
- ▶ Due Process Rights
- ▶ Emotional Labor
- ▶ Employee Work Motivation
- ▶ Ethical Leaders
- ▶ Ethics and Equality
- ▶ Ethics and Organizational Culture
- ▶ Ethics and Well-being
- ▶ Forms of Power
- ▶ Integrity and Corruption
- ▶ Lying
- ▶ Managerial Power
- ▶ Mediation in Public Administration
- ▶ Misconduct and Deviance by Nonprofit Organizations
- ▶ Nonprofit Organizations and Discrimination
- ▶ Organizational Evil
- ▶ Organizational Values
- ▶ Performance Audits and Performance Appraisals
- ▶ Performance Management
- ▶ Power and Minority Rights
- ▶ Professional Norms in Public Sector HRM
- ▶ Sexual Harassment Law and Policy
- ▶ Unplanned Change and Crisis Management
- ▶ Work-Life Programs
- ▶ Workplace Spirituality

## References


Blauner R (1964) Alienation and freedom: the factory worker and his industry. The University of Chicago Press, Chicago/London

Boddy CR (2006) The dark side of management decisions: organisational psychopaths. Manag Decis 44(10): 1461–1475

Boje DM (2014) Storytelling organizational practices: managing in the quantum age. Routledge, London/New York

Braverman H (1994) The degradation of work. In: Clark H, Chandler J, Barry J (eds) Organisation and identities: text and readings in organisational behaviour. Chapman and Hall, London/Glasgow, pp 385–387

Bushe GR (2007) Appreciative inquiry is not (just) about the positive. Organ Dev Pract 39(4):30–35

Cooperrider DL, Srivastva S (1987) Appreciative inquiry in organizational life. In: Woodman R, Pasmore W (eds) Research in organizational change and development, vol 1. JAI Press, Greenwich, pp 129–169

Cope V, Jones B, Hendricks J (2015) Portraiture: a methodology through which success and positivity can be explored and reflected. Nurse Res 22(3):6–12

Diener E, Seligman MEP (2004) Beyond money: toward an economy of well-being. Psychol Sci Public Interest 5(1):1–31

Duffy M, Sperry L (2007) Workplace mobbing: individual and family health consequences. Fam J 15(4):398–404

Dutton JE (2003) Breathing life into organizational studies. J Manag Inq 12(1):5–19

Dutton JE, Worline MC, Frost PJ, Lilius J (2006) Explaining compassion organizing. Adm Sci Q 51:59–96

Fineman S (1993) Organizations as emotional arenas. In: Fineman S (ed) Emotion in organizations. Sage, London/Thousand Oaks, pp 9–35

Fromm E (1963/1994) Alienation. In: Clark H, Chandler J, Barry J (eds) Organisation and identities: text and readings in organisational behaviour. Chapman and Hall, London, pp 391–396

Frost PJ (1999) Why compassion counts! J Manag Inq 8(2):127–133

Goffman E (1963) Stigma: notes on the management of spoiled identity. Penguin, Harmondsworth/Ringwood

Grafton E, Gillespie B, Henderson S (2010) Resilience: the power within. Oncol Nurs Forum 37(6):698–705

Gutkind L (2009) The private and public: the range and scope of creative nonfiction. In: Gutkind L (ed) Keep it real: Everything you need to know about researching and writing creative nonfiction. WW Norton & Company, New York, pp 11–25

Hackman JR, Oldham GR (1976) Motivation through the design of work: a test of a theory. Organ Behav Hum Perform 15:250–279

Harold J (2003) Flexing the imagination. J Aesthet Art Critic 61(3):247–257

Hirschman AO (1970) Exit, voice and loyalty: responses to decline in firms, organizations, and states. Harvard University Press, Cambridge, MA/London

Hochschild AR (1983) The managed heart: commercialization of human feeling. University of California Press, Berkeley/Los Angeles/London
Hockley C (2003) The impact of workplace violence on third party victims: a mental health perspective. Aust-J Adv Ment Health 2(2):108–118
Hoque K, Noon M (2004) Equal opportunities policy and practice in Britain: evaluating the "empty shell" hypothesis. Work Employ Soc 18(3):481–506
Hummel RP (1991) Stories managers tell: why they are as valid as science. Public Adm Rev 51(1):31–41
Hunter B, Warren L (2014) Midwives' experiences of workplace resilience. Midwifery 30:926–934
Jackson D, Firtko A, Edenborough M (2007) Personal resilience as a strategy for surviving and thriving in the face of workplace adversity: a literature review. J Adv Nurs 60(1):1–9
Kanov JM, Maitlis S, Worline MC, Dutton JE, Frost PJ, Lilius JM (2004) Compassion in organizational life. Am Behav Sci 47(6):808–827
Kemeny ME, Gruenewald TL, Dickerson SS (2004) Shame as the emotional response to threat to the social self: implications for behaviour, physiology, and health. Psychol Inq 15(2):153–160
Ketelle D (2004) Writing truth as fiction: administrators think about their work through a different lens. Qual Rep 9(3):449–462
Kossek EE, Kalliath T, Kalliath P (2012) Achieving employee wellbeing in a changing work environment. Int J Manpow 33(7):738–753
LaBier D (1986) Modern madness: the emotional fallout of success. Addison-Wesley Publishing Company, Sydney
Marsh HW, Craven RG (2006) Reciprocal effects of self-concept and performance from a multidimensional perspective: beyond seductive pleasure and unidimensional perspectives. Perspect Psychol Sci 1(2):133–163
McDonald G, Jackson D, Wilkes L, Vickers MH (2012) A work-based educational intervention to support the development of personal resilience in nurses and midwives. Nurse Educ Today 32(4):378–384
Michael S (2005) The promise of appreciative inquiry as an interview tool for field research. Dev Pract 15(2): 222–230
Müceldili B, Oya E, Akgün AE (2015) Collective gratitude: positive organizational scholarship perspective. Int Bus Res 8(8):92–102
Olie E (2014) Social adversity and suicide. Eur Psychiatry 29:615–644
Phillips N (1995) Telling organizational tales: on the role of narrative fiction in the study of organizations. Organ Stud 16(4):625–649
Rolfe G (2002) "A lie that helps us see the truth": research, truth and fiction in the helping professions. Reflective Pract 3(1):89–102
Schein EH (1992) Organizational culture and leadership, 2nd edn. Jossey-Bass Publishers, San Francisco
Seligman MEP, Csikszentmihalyi M (2000) Positive psychology: an introduction. Am Psychol 55:5–14
Skarlicki DP, Kulik CT (2005) Third-party reactions to employee (mis) treatment: a justice perspective. In: Staw B, Kramer RM (eds) Research in organizational behavior, vol 26. JAI Press, Greenwich, pp 183–229
Smith SF, Lilienfeld SO (2013) Psychopathy in the workplace: the knowns and the unknowns. Aggress Violent Behav 18:204–218
Stein HF (1998) Euphemism, spin, and the crisis in organizational life. Quorum Books, Westport
Tejeda MJ (2015) Exploring the supportive effects of spiritual well-being on job satisfaction given adverse work conditions. J Bus Ethics 131:173–181
Vickers MH (2009) Journeys into grief: exploring redundancy for a new understanding of workplace grief. J Loss Trauma 14(5):401–419
Vickers MH (2011) Taking a compassionate turn for workers with multiple sclerosis (MS): towards the facilitation of management learning. Manag Learn 42(1): 1–17
Vickers MH, Kouzmin A (2001) "Resilience" in organizational actors and re-articulating "voice": towards a humanistic critique of new public management. Public Manag Rev 3(1):95–120
Weber M (1948) The protestant ethic and the spirit of capitalism. Unwin University Books, London
World Health Organisation [WHO] (2013) Mental health: a state of well-being. Retrieved from: http://www.who.int/features/factfiles/mental_health/en/

# Workplace Relevance of Professional Standards to Practitioners

Paul Higgins
Department of Public Policy, City University of Hong Kong, Hong Kong, China

## Synonyms

Certification; Competency; Expert; Licensure; Practiced; Quality assurance; Specialist; Trained

## Definition

A professional standard is an explicit, predetermined expectation set by a competent authority that describes an individual's acceptable performance level (Rooney and Van Ostenberg 1999). Ultimately, a professional standard

contributes to the broader processes of licensure and certification, making explicit the learned occupational components of an entire profession. Whereas licensure ensures that an organization or an individual meets minimum standards to protect public health and safety, certifications are voluntarily designed to provide a signal to employers concerning the qualities of established practitioners. Contemporaneously, licensure and certification are the two main ways for an individual to demonstrate the mastery of a body of knowledge that only professions command and are able to perform.

On an individual level, the workplace relevance of professional standards to empirical practice can be garnered by practitioners continually reflecting on their professional socialization and workplace experience. Referred to as continuing professional development, qualified members are expected to maintain, improve, and broaden their subject knowledge and skills giving confidence to the public. In return, professional practitioners expect autonomy at work which means being allowed to perform tasks without the necessity for externalized control over the application of their skills. Whether newly emerging corporate professions share the same values (or traits) as their more established (i.e., traditional) counterparts is an important question in the contemporary debate on professionalization with related implications for practice.

## Introduction

Not only do we expect professionals to command expertise in the subject knowledge of their chosen occupation, but we also expect them to perform work with due process and integrity. In both cases, one is referring to a set of standards that professionals are expected to uphold and which are prevalent in any occupation attaining the privileges of closure, such as accountancy, engineering, and medicine. When the professional standards are sanctioned by law, a license to practice is necessary; otherwise, some form of certification is required. Whereas licensure is sanctioned by government entities and carries the force of law, certification has no legal underpinnings.

Unlike licensure, an individual does not need to be certified to engage in an unlicensed occupation. However, employers sometimes use certification as a job requirement. This occurs, for example, when the certification is required in job descriptions, career-laddering systems, or project specifications. If an entire occupation demands certification, then it becomes a de facto mandatory entry requirement. To become licensed or certified, one usually has to meet eligibility requirements (such as years of work experience) and pass an assessment (usually a test). The licensure/certification assessment typically covers a broad area of knowledge and skills at the entry level (Marberry et al. 2011). In addition, licensure and certification both tend to have ongoing requirements (such as training or retesting and renewal fees) for professionals to continue practicing (ibid.).

Although professional associations do not grant professional licensure, they often play a role in licensure and certification activities. For instance, professional associations can help practitioners prepare for licensure exams and theorize continuing professional development scenarios. Professional associations can also oversee certification to evaluate and recognize that an individual has met predetermined requirements or criteria. While licensure might be the single-best descriptor of a "true" profession, certifications can be just as tough in terms of qualifying criteria and just as powerful institutionally. Normatively, stringent certification and licensure procedures produce an interchangeable group of experts, socialized in the same kind of education and background social class, which forms an identity in the institutional field (DiMaggio and Powell 1983).

## Professional Standards of Practice

Professional standards of practice and ethics for a particular field are typically agreed upon and maintained through widely recognized professional associations (also called professional bodies, professional organizations, or professional

societies). A professional standard is defined as an explicit, predetermined expectation set by a competent authority that describes an organization/individual's acceptable performance level (Rooney and Van Ostenberg 1999). Ultimately, the performance level is designed to reflect licensure or certification requirements providing a degree of quality assurance to workplace practice. For instance, in accountancy there are Generally Accepted Auditing Standards, which require adequate technical training and proficiency, independence in mental attitude, and due professional care (Chorafas 2008). The General Standards establish clear expectations of effective practice in the accountancy occupation and enable practitioners to identify areas for their own professional development.

One of the key advantages of an occupation establishing a Professional Standards Scheme is that it distinguishes the association and its members as a recognized profession. In a competitive market, such distinction is critical – because it is increasingly difficult for consumers, governments, and even aspiring professionals to be able to tell the genuinely professional from the growing field of people claiming to be professional (Professional Standards Council 2016). In particular, professional standards are designed to make consumers confident of professional practice providing a form of quality assurance. Quality assurance is achieved through the service provider (i.e., professional practitioner) attaining a formal professional standard maintained through continuing professional development. Membership of a community of professionals encourages each service provider to maintain the standard of the group, regulated either by license or by certification.

## Workplace Relevance of Professional Standards

One way to establish the workplace relevance of professional standards to practitioners is to examine the amount of time they spend on regulated activities (Higgins et al. 2016). Another way is to ask practitioners to state the importance of certified activities to actual work, and a third way is to identify aspects of their job that only qualified can do (i.e., the occupation's exclusive knowledge base) (ibid.). In addition to specific occupational skills, there are generic skills that define the scope of a professional's workplace activity. For instance, the profession must demonstrate judgment in decision-making to determine the best course of action for any particular circumstance. Judgment can be exercised in two main ways. First, the profession can exercise *substantive* judgment to diagnose a problem, to decide a course of action, and to strategize or make policy. Second, the profession can exercise *instrumental* judgment using established procedures to deliver a course of action, to implement policy, and to administer tasks. In either case, the qualified practitioner is expected to continuously reflect on their work experience while positively shaping their professional identity.

Known as continuing professional development, members of professional associations are expected to maintain, improve, and broaden their subject knowledge and skills while developing the personal qualities required in their professional lives (Law Society of Northwest Territories 2016). Continuing professional development encompasses all types of facilitated learning opportunities including academic degrees, formal coursework, conferences, and informal learning opportunities situated in practice. However, in order to contribute to the professional practitioner's recertification or licensing claim, the continuing professional development outcomes need to be properly documented, self-directed, reflective (i.e., learning from experience), and prospective (i.e., set development goals). Along with licensure and certification, continuing professional development gives the general population, and professionals themselves, confidence that they are being supported by qualified, capable, and competent practitioners.

Traditionally, professional practitioners are expected to uphold and attain certain professional values which include an altruistic norm of service and a code of ethics that implies responsibility to performance. At the same time, a socially responsible professional (Brint 1994) has recognition in

society and is expected to share the outcomes of their wisdom (if not the exact knowledge) for the public good. In return, because of their specialized knowledge and skills, professionals expect autonomy at work, which means being allowed to perform tasks without the necessity for externalized control over the application of professional skills. It reflects the solidarity in the guild training system where the skill of the expert remains a mystery to laypersons (Krause 1996).

As Greenwood (1966) maintains, whereas a customer in a market determines what services and/or commodities s/he wants and shops around until s/he finds them in a professional relationship, the professional dictates what is good for the client who has no choice but to accede to professional judgment. The associated premise is that because the client lacks the requisite theoretical background, she/he cannot diagnose her/his own needs or discriminate among the range of possibilities for meeting them. Accordingly, professionals traditionally believe that their performance can be best judged by other professionals and not by supervisors who do not possess the same knowledge. The expert-layperson relationship has implications for reward structures in that professionals may struggle to accept hierarchical authority as legitimate.

Whether newly emerging corporate professions, distinct from traditional professions, share the same values (or traits) as their more established counterparts have become a pertinent question in the contemporary debate on professionalization. Traditionally, professional standards provide a national reference point that organizations can use to support the development of their staff. Contemporaneously, just as traditional professions, such as medicine and law, are highly dependent upon the nation state in terms of accreditation and enforcing jurisdictions, so too are the nation states dependent upon professions in constructing stabilizing institutions of justice and health (Suddaby and Muzio 2015). Originally, the relationship between professions and government was referred to as a "regulative bargain," where the state devolves power to the profession provided that it acts in the public interest. If the power is abused, the state may alter or avoid the contract.

However, with the emergence of often large global organizations that employ or buy the services of expert labor for the financial benefit of individual companies and investors, the regulative bargain could be waning. Particularly noticeable is the observation that while professions have historically had a distinct national focus, newer forms of corporate professions (e.g., personnel, marketing, and consultancy) increasingly display a distinct international dimension and vocation (Muzio et al. 2011). At its simplest level, the international presence is realized through membership of a global umbrella body, which coordinates such initiatives as the development of international qualifications, codes of practice, and competence frameworks (ibid.). However, as professional service firms increasingly become the dominant actors in the structuring of modern expert occupations, rather than professional bodies or the state itself, traditional professionalization processes may no longer be relevant. Consequently, as newly emerging corporate professions rely less on barriers to entry and monopolies of practice and more on a market-based entrepreneurial approach to professional practice (Butler et al. 2012), the workplace relevance of professional standards will need to be adjusted accordingly.

## Conclusion

In addition to locating this brief entry on professional standards within the institutional context of licensure and certification, it has also considered ways that practitioners might assess the workplace relevance of professional standards. The entry has also detailed the contribution a continuing professional development can make to professional identity. Inevitably, to gain a full understanding of the workplace relevance of professional standards to practitioners, each profession needs to be considered on a case-by-case basis. This entry has only provided general details of professional practices as a whole. Professions come in all shapes and sizes, and it is difficult to

produce a definitive list of traits to define each and every one.

Although licensure provides a potentially important distinguishing factor in professions, newly emerging corporate professions with certifications could become just as equally powerful institutionally. Alternatively, without coercive institutional power, corporate occupations are not professionals in the true sense of the word and can be ultimately challenged as such provided that the political will is there. The values upholding the profession must, then, be accessible to public scrutiny just as the accompanying professional standards should remain relevant to the occupation, while continually being reflected upon. By fusing standards and development, the profession avoids unnecessarily reinventing itself but instead remains susceptible to incremental change in the light of contextual transformation.

## References

Brint SG (1994) In an age of experts: the changing role of professionals in politics and public life. Princeton University Press, Princeton

Butler N, Chillas S, Muhr SL (2012) Professions at the margins. Ephemera: Theory Polit Organ 12(3): 259–272

Chorafas DN (2008) IT auditing and Sarbanes-Oxley compliance: key strategies for business improvement. CRC Press, Boca Raton

DiMaggio P, Powell W (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. Am Sociol Rev 48(2):147–160

Greenwood E (1966) Social work. In: Volmer H, Mills D (eds) Professionalization. Prentice Hall, Englewood Cliffs, pp 10–19

Higgins P, Roper I, Gamwell S (2016) HRM as an emerging new managerial profession. In: Wilkinson A, Hislop D, Coupland C (eds) Perspectives on contemporary professional work: challenges and experiences. Edward Elgar, Cheltenham, pp 286–312

Krause E (1996) Death of the guilds: professions, states, and the advance of capitalism, 1930 to the present. Yale University Press, New Haven

Law Society of Northwest Territories (2016) Continuing professional development. Law Society of Northwest Territories

Marberry SO, Quist C, Decka D (2011) Accreditation, certification, licensure, registration. http://Healthcaredesignmagazine.com. 22 Nov

Muzio D, Hodgson D, Faulconbridge J, Beaverstock J, Hall S (2011) Towards corporate professionalization: the case of project management, management consultancy and executive search. Curr Sociol 59(4):443–464

Professional Standards Council (2016) Why apply for a professional standards scheme? Professional Standards Council

Rooney AL, Van Ostenberg PR (1999) Licensure, accreditation, and certification: approaches to health services quality. Center for Human Services, Quality Assurance Project, Bethesda

Suddaby R, Muzio D (2015) Theoretical perspectives on the professions. In: Empson L, Muzio D, Broschak J (eds) The Oxford handbook of professional service firms. Oxford University Press, Oxford, pp 25–47

# Workplace Spirituality

Carole L. Jurkiewicz
McCormack College of Management, University of Massachusetts Boston, Boston, MA, USA

## Synonyms

Authentic leadership; Organizational strategy; Transcendent work experience; Value transformation

## Definition

*Aspects of the workplace, either in the individual, the group, or the organization, which promote individual feelings of satisfaction through transcendence.*

## Introduction

Interest in issues of spirituality, particularly as related to the workplace, has grown rapidly over the past two decades and has moved from theoretical conceptions to definitions to measurements. Workplace spirituality is generally understood as either a set of static qualities that organizations may or may not possess to varying degrees or traits that change little if at all over time, such as benevolence, generativity, and gratitude (Giacalone and Jurkiewicz 2010b). The

other approach views workplace spirituality as a dynamic set of skills or capacities that can change in conjunction with the external environment. The forces driving this growing level of inquiry are (1) a recognition that younger and subsequent generations place emphasis on inner life satisfaction as much or more so than materialism and promotion and (2) evidence that workplace spirituality has a positive impact on motivation, productivity, efficiencies, and financial outcomes. The field is very much a developing paradigm and often researchers need to educate readers about the topic as they report their findings.

## Overview

Initial research into workplace spirituality by scholars, practitioners, and the general public prompted researchers to search for the causal factors. Some reported it was merely an expression of a global value change initiated by younger generations. Others suggested it was resultant of an expanded interest in Eastern philosophies that promote the integration of self with the environment (Giacalone and Jurkiewicz 2006). The predominant then and now the foundational belief is that the interest in workplace spirituality is a reactive response by organizations to developments that heightened social anomie and increased a sense of further alienation from their employers. Surveys indicated that while employees were dependent upon their workplaces for the human contact and social interaction (Jurkiewicz 2012), they simultaneously felt anxious and insecure at work. As individuals are distanced from the traditional social supports of nearby family, places of worship, and neighborhood affiliations, the workplace became increasingly more important in satisfying their social needs, and individuals looked to their experiences there to enhance their self-esteem, recognition, and respect.

An organization's culture has a profound impact on its performance, as has been well documented in the literature, and a spirituality-based culture has been shown to have the greatest impact on productivity, employee loyalty, ethics, leader effectiveness, and financial prosperity, among many positive variables (Jurkiewicz and Giacalone 2016). Spirituality, as defined here, has no connection to religion; religion in the workplace tends to be divisive and discriminatory and leads to lower productivity (Giacalone and Jurkiewicz 2010a). Workplace spirituality is expressed through the values that define an organization's culture. Adopting this set of ten values is viewed as a strategic advantage and a key element in an organization's strategy to achieve its goals (Kolodinsky et al. 2008).

## Values Framework of Workplace Spirituality

### Benevolence

Demonstrating kindness toward others, coupled with the impetus to foster the happiness and prosperity of employees and other stakeholders, is benevolence. Such behaviors generate positive emotions in employees and increase their positive attitudes about work. Research has shown that employees who have shown organizations demonstrating benevolence have higher motivation toward task accomplishment and are 86% more productive than those in organizations where benevolence is absent. Organizations which promote happiness have employees who are better able to moderate stressors.

### Equality

An organization operating with the value of equality treats all employees as inherently worthy and equivalent in all matters, regardless of lifestyle orientation, demographic, or hierarchical position. Employees feel respected and value and feel as if their voice in organizational matters is important. Organizations demonstrating equality have fewer unhealthy conflicts, reduced political activity, less gossip, and higher levels of collaboration and mutual support.

### Generativity

Generativity in organizations is express through policies, practices, and programs that demonstrate a concern for the future and the individuals not yet born who may be affected by activities undertaken in the current time period. Organizations high in generativity are proactive in leaving something

behind for those who follow. Behaviors that evince generative concerns, such as sustainability practices and awareness of environmental impact, demonstrated concern over an employee's lifespan and mentoring, and the organization's reputation show that these orientations are positively correlated with career outcomes, role clarity, job satisfaction, loyalty, sector dominance, and productivity.

### Humanism

Humanism is expressed through practices and policies that assert the essential dignity and worth of each employee and provide opportunities for personal growth as a function of achieving organizational goals. The positive effects of humanism on organizational culture are increased hopefulness, self-esteem, and job satisfaction. Employees are less distracted and are able to focus more clearly on the tasks required. Employees who view their workplace as a place to advance spiritually are inclined to exert greater work effort than those who view their organizations as merely a means to a paycheck. Humanistic values increase employee identification with the organization, making them more protective of its reputation.

### Integrity

Integrity is demonstrating uncompromising adherence to a code of conduct; sincerity, honesty, and candor simply because these are recognized as inherently worthy. In the absence of integrity, a multiplicity of values often conflicts between personal and organizational life, leading to feelings of disconnect and disparity and reduced connection with the organization (Jurkiewicz and Thompson 1999). Further, it has been shown that organizations and employees function best when their values are aligned, increasing productivity and employee commitment.

### Interdependence

All employees are interconnected and mutually dependent as a community; each contributes to the process of goal achievement. Interdependence is a workplace value that emanates from the importance of working together for a greater overall good, both for goal achievement and for feelings of social connection. Combining these outcomes enhances intrinsic motivation and facilitates the social contract, thereby enhancing feelings of identity with the organization and loyalty to it.

### Justice

Employees who expect to be treated fairly are happier and more productive, and their organizations see higher financial outcomes if those expectations are evinced in practice. Employees' sense of job satisfaction is directly connected to the perceived justice of employers' decision-making, policies, practices, and decision-implementation procedures. Even during periods of downsizing or cutting costs, organizational leaders who are subject to the same sacrifices as their employees and speak with them directly and transparently about the cuts, the reasoning behind them, the expected outcome, and the timeline can still retain high levels of loyalty and productivity and reduce the theft and other negative impacts that usually occur in such circumstances.

### Mutuality

The interconnection and interdependence of employees provide a benefit to the organization. Core feelings of belonging to a community and engaging in meaningful work lead to increased organizational commitment, job satisfaction, and self-esteem. This balancing of needs and contributions encompasses both employees and stakeholders who essentially share the same goals of working toward the common good. Valuing mutuality leads to organizational success and career optimism. Cohesive groups given some control over their work in conjunction with others are also less likely to experience burnout, unhealthy conflict, hopelessness, and feelings of alienation that lead them to seek employment elsewhere.

### Receptivity

Research has shown that threatening organizational cultures lead to rigid and simplistic decision-making that is invariably faulty and shortsighted. Those cultures inclusive of receptivity create supportive and open relationships with employees, foster productivity and creativity at all organizational levels, and make leaders feel more

comfortable with risk and change, leading to better quality decision-making. These creative organizations are more fiscally healthy and therefore are better able to adapt and grow with changing internal and external conditions. These cultures also are better able to function during crises and use crises to advance the organization in general.

### Respect

Organizations benefit from a culture that values mutual respect and demonstrates consideration and concern for others. These organizations are characterized by employees who are less likely to suffer from burnout, are less stressed, are more productive, are more satisfied with their employer, and are less likely to seek career opportunities elsewhere. Further, research has shown that respect for employees increases their job satisfaction, reduces absenteeism, weakens efforts to unionize, and increases the average length of tenure with the organization. Respect also generates higher levels of organizational spirituality, an orientation toward giving, and an acceptance of diversity. Along with these benefits, respectful cultures increase employee enthusiasm for their jobs, collaboration, creativity, and performance.

### Responsibility

When employees who have demonstrated capability and skill are allowed to follow through independently on aspects of goal attainment, both employee and organizational productivity increase. Such self-directed employees, when encouraged by the organizational culture, are more conscientious, collaborative, and overcome obstacles more creatively and efficiently than other organizational cultures. Empowered employees are more intrinsically motivated and productive; with the greatest productivity gains seen at the lower levels of the hierarchy, such autonomy is rare.

### Trust

Research has clearly demonstrated that trust between employees and between employees and their employer is essential to productive work relationships and that those organizations which create trust are more productive than those that do not. Employees who can confidently depend on the organization and know the organization trusts them have a greater sense of employment and personal security, reduced political behaviors, and greater employee commitment. As the Pygmalion effect has shown, employees live up to the beliefs employers have in them, and if they believe they are trusted, they are more likely to behave in a trustworthy manner.

While spirituality-related work policies and practices such as gainsharing, job security, narrower wage and status differentials, outlets for worker input into the organization's decision-making processes, and legal guarantees on individual workers' rights have been widely correlated with growth in labor productivity, it is the organizational culture that is the determining factor in the extent to which these and other similar practices are likely to be adopted, or if adopted, in whole or part. Many, if not most, organizational cultures are resistant to such changes even when presented with the empirical data supporting their efficacy. As with all changes, there are considerable short-term costs in instituting new long-term policies and procedures which can be perceived as deterrents, especially given most organizations focus on short-term results. However, a large body of data suggests that the costs connected to the conversion to a spirituality-based work culture are more than offset by measurable productivity and financial gains.

On an individual level, demonstrated benefits of a spiritual culture include enhanced physical and mental health of organizational members across the hierarchy, fulfillment of personal growth needs through contributing to something larger than oneself, and a sense of self-worth. The literature associating workplace spirituality with performance can be grouped into three key areas: motivation, commitment, and adaptability.

### Motivation

Organizational cultures defined by workplace spirituality have a positive impact on employee motivation. In such an environment, employees believe that their efforts make a substantive difference in organizational outcomes and are motivated to achieve them. They exhibit greater

determination in overcoming impediments in reaching these goals and are more inventive in crafting solutions to resolve problems causing goal interference. By satisfying personal growth needs through the attainment of organizational goals, they are subsequently intrinsically motivated to excel. This motivation to achieve occurs at both the individual and team levels.

### Commitment

An employee-employer job fit characterized by value alignment has been reported as resulting in increased productivity and success in recruiting talented employees, reduced turnover, and increased employee commitment as a function of workplace spirituality. Employees find personal fulfillment through their work as well as the satisfaction of a job well done, enhancing feelings of identification with and commitment to the organization.

### Adaptability

Employees in organizations with greater levels of spirituality display increased acceptance toward organizational changes. They are better equipped to direct the change process, are more open to new ideas, and experience less anxiety than employees in organizations without spiritual cultures. These employees are also more adaptable to organizational needs for action, feeling they are serving a greater purpose rather than simply doing a job. Finally, such cultures promote employee creativity and individuation, with positive financial impacts.

## Conclusion

The majority of our waking hours are spent at work. The work we do and the culture in which we do it are essential to our self-concept, which affects the quality of our lives beyond work as well. We seek growth and satisfaction through our efforts both in terms of the contributions we make and the fashion in which we make them. To accelerate this sense of satisfaction is to motivate individual effort and, in doing so, maximize organizational performance.

The intrinsic drive for personal growth through skill development and self-actualization has been established across a range of interdisciplinary research (Giacalone and Jurkiewicz 2010a). Generally, individuals seek opportunities to grow and advance themselves, to feel respected and valued for the contributions they are making, thereby experiencing a needed sense of connection to others. Such experiences transcend both the tasks themselves and the mundane aspects of the workplace and align us with a sense of the meaningful which we feel but can only rarely articulate. We can work longer and harder under these circumstances yet leave refreshed and energized, rather than drained and depleted. This sense of meaningfulness extends to our personal lives as well. Described by some as "a peak experience," "in the zone," "flow," or "when things just clicked," it is the time when we are compelled toward our best efforts and are able to overlook insignificant distractions.

We also know well when that sense of connection between spirit and work is missing. We are too aware of the resultant feelings of disconnect and disassociation. Many have come to accept this lack of fulfillment as normal and the lowered expectations of work as only a necessary step toward monetary reward. While we might yearn for the spirit/work connection, many have come to believe that it is magical, a chupacabra, that the confluence appears out of nowhere and disconnects without warning or reason. As discussed here, advancing research has shown workplace spirituality is set of tools than can be implemented to maximize both organizational and individual benefits.

## Cross-References


- ▶ Diversity in Organizations
- ▶ Ethical Leaders
- ▶ Ethical Values
- ▶ Ethical Values and Personal Integrity
- ▶ Ethics in Public Service
- ▶ Leadership in Organizations
- ▶ Public Values in Public Organizations

## References

Giacalone RA, Jurkiewicz CL (2006) The handbook of workplace spirituality and organizational performance, Paperback Edition. M.E. Sharpe. Armonk

Giacalone RA, Jurkiewicz CL (eds) (2010a) The handbook of workplace spirituality, 2nd edn. M.E. Sharpe, Armonk

Giacalone RA, Jurkiewicz CL (2010b) The science of workplace spirituality. In: Giacalone RA, Jurkiewicz CL (eds) The handbook of workplace spirituality and organizational performance. M.E. Sharpe, Armonk, p 8

Jurkiewicz CL (2009) Political leadership, cultural ethics and recovery: Louisiana post-katrina. Public Organ Rev 9:353–366

Jurkiewicz CL (ed) (2012) The foundations of organizational evil. M.E. Sharpe, Armonk

Jurkiewicz CL, Giacalone RA (2016) Organizational determinants of ethical dysfunctionality. J Bus Ethics 136: 1–12

Jurkiewicz CL, Thompson CR (1999) An empirical inquiry into the Ethical standards of health care administrators. Public Integr 1(1):41–53

Kolodinsky RW, Giacalone RA, Jurkiewicz CA (2008) Workplace values and outcomes: exploring personal, organizational, and interactive workplace spirituality. J Bus Ethics 81:465–480

# WTO and Governance

Mehedi Hasan
School of Law, Xiamen University, Xiamen, Fujian, China

## Synonyms

Development; Reciprocity; Safeguards measures; Subsidies; Trade liberalization

## Introduction

Globalization has created both opportunities and challenges. The international trading system, embodied in the World Trade Organization (WTO), is rightly celebrated as one of the great successes exploring these opportunities and a medium to tackle these challenges (Sutherland et al. 2004). As the governments, after the Second World War, were looking for a trade institution, the General Agreement on Tariffs and Trade (GATT) as a de facto organization before the creation of WTO and now the WTO has success stories not only in trade liberalization but also in global trade governance. To secure a better governance, WTO sets some ambitious objectives which are to raise the standard of living and ensure full employment with growth in real income and trade while providing for the optimal use of the world's trade resources (Agreement Establishing the World Trade Organization). Another important feature of the WTO is to focus on the trade development issues as well as concentrate on many issues such as human rights and environmental protection which are not normally considered before to be in the domain of traditional trade policy (WTO Analytical Index: Guide to WTO Law and Practice). Question relating to the applicability and accomplishment of the WTO rules relating to the dividing line between WTO rules, national sovereignty, and the other international organizations might elevate when someone attempts to discuss the WTO's role in global governance. Pascal Lamy, former Director General, once correctly figured out this problem and remarks that, in both public and academic discourse, analysis of the WTO generally results in either extreme criticism or excessive praise, with the result that discussions are dominated by two opposite positions. On the one hand, some globalization critics assert that the WTO holds a hegemonic grip on global issues, while others denounce the WTO's isolation as an international rule setter and compliance enforcer. Proponents of a rule-based view of international relations, on the other hand, promote the WTO as a model for global governance (Sampson 2001). With this type of reaction in mind, the first two paragraphs after the introductory remarks of this contribution talked about the key definitions for better understanding and reformation of GATT to WTO and their role of trade governance for the past few decades. Then it tried to examine the contributions of WTO in specific trade-related issues and give some focus on non-trade-related issues. The WTO profile has also changed because of the greatly strengthened dispute settlement mechanism. So in the next paragraph, it attempted to examine

how the dispute settlement mechanism makes it the only international organization with an effective judicial tool to ensure compliance with its rules. Two-thirds of WTO members are now developing countries. Having undertaken new and demanding obligations, their legitimate expectation for the next chapter flourished on whether WTO will provide a forum in which their views can be effectively expressed and their concerns adequately dealt with. In the concluding remarks, some of the fundamental aspects of the world trading system that are important to its future directions are recommended.

## Definition

**Reciprocity:** Reciprocity refers to the practice that occurs in negotiating rounds and maintaining a smooth trading relationship whereby one country offers to reduce a barrier to trade and a second country "reciprocates" by offering to reduce one of its own trade barriers (Hoekman et al. 2002).

**Most-Favoured-Nation Treatment:** Most-Favoured-Nation (MFN) treatment creates an obligation for member states to prohibit discrimination between other members. It thus requires members to accord the most favorable tariff and regulatory treatment given to the products and services of any one member at the time of import and export of "like products" to all other members. The first article of the General Agreement on Tariffs and Trade (GATT), the second article of the General Agreement on Trade in Services (GATS), and the fourth article of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are giving priority to this treatment over other articles considering its significance in the WTO trading system (van den Bossche and Zdouc 2013; Understanding the WTO: basics-principles of the trading system).

**National Treatment:** Under the national treatment rule, members must not accord discriminatory treatment between imports and "like" domestic products (with the exception of the imposition of tariffs, which is a border measure). This principle is also found in all the three main WTO agreements (Article 3 of GATT, Article 17 of GATS, and Article 3 of TRIPS), although once again the principle is handled slightly differently in each of these (Understanding the WTO: basics-principles of the trading system).

**Safeguard Measures:** Safeguard measures are defined as "emergency" actions with respect to increased imports of particular products, where such imports have caused or threaten to cause serious injury to the importing member's domestic industry (Article 2, the Agreement on Safeguards) (WTO Analytical Index: Guide to WTO Law and Practice).

**Subsidies:** Subsidies include various forms of government support, including financial grants, subsidized loans, loan guarantees, tax exemptions or reductions, and research and development supports. The government can also support an industry by building production facilities and infrastructure for them (Lee 2006).

## GATT to WTO: The Changing Role of Trade Governance

The world has witnessed a dramatic increase in both the value and volume of world trade after the Second World War. To govern the tremendous pressure of trade, WTO/GATT rules play a significant role in trading governance since the world trade has grown more rapidly than the world production in almost every year. After the Second World War, the world had faced a serious economic crisis. Since then the governments had initiated on a variety of efforts to reduce or to eliminate import restrictions and export subsidies (Global Problems, Global solutions: Towards Better Global Governance 2010). The motivation behind the trade liberalization was to increase the volume of trade, to promote economic growth, and to improve living standard worldwide. After the end of War, a number of international negotiations were set in motion in order of creating institutional structures for the conduct of international relations in the postwar period. The original intention was to create a third institution (International Trade Organization) to handle the trade side of international economic cooperation, joining the two "Bretton Woods" institutions, the

World Bank and the International Monetary Fund (Understanding the WTO: basics). After the success of Bretton Woods, one of the most important negotiation processes at the time was the United Nations Conference on Trade and Employment, held in Havana, Cuba, in 1947. At the end of the conference, the Havana Charter for the International Trade Organization (ITO) was adopted, though the ITO charter was considered very ambitious as it covered not only the basic trade issues but also thought about the importance of employment, commodity agreements, economic development, and restrictive business practice. As part of the negotiations on the Havana Charter, a group of countries engaged in tariff negotiations and in 1947 agreed to substantial tariff reductions. Due to the pending status of the Havana Charter to entry into force, a mechanism was needed to implement and protect the tariff concession negotiated in 1947. For doing so, it was decided to take the Chapter on Commercial policy of the Havana Charted and convert it, with certain obligations, into the General Agreement on Tariffs and Trade (GATT). To bring the GATT into force quickly, a "Protocol of Provisional Application" was developed on June 30, 1948. However, for various reasons including the failure of the United States to ratify it, the Havana Charter never entered into force (Croome 1998). From 1948 to 1994, the General Agreement on Tariffs and Trade (GATT) thus provided the rules for much of world trade and presided over periods that saw some of the highest growth rates in international commerce. It seemed well established, but throughout those 47 years, it was only a provisional agreement and organization until the WTO was established in 1995 (VanGrasstek 2013). Since then, the World Trade Organization (WTO) has operated as the institutional framework for the world trade governance (Lee 2012). The means available to the WTO to achieve its goals are trade liberalization and the conduct of trade according to multilaterally agreed rules. The success of WTO as a dynamic institution that has fostered dramatic increases in worldwide trade lies in its founding principles of reciprocity and nondiscrimination (Hoekman et al. 2002). The importance of eliminating discrimination is highlighted in the Preamble to the WTO Agreement, where the "elimination of discriminatory treatment in international trade relations" is identified as one of the two main means by which the objectives of the WTO may be attained (van den Bossche and Zdouc 2013). In addition to guaranteeing these principles, WTO is also trying to lower trade barriers among its member countries, ensuring predictability and transparency; discouraging unfair practices, such as export subsidies and dumping products at below cost to gain market share; giving the developing countries a greater flexible and special privilege; and permitting members to take measures to protect not only the environment but also public health, animal health, and plant life for making a secure place for trade governance (Understanding the WTO: basics). All these principles, the idea of moving toward more, rather than less, seem very much consistent with the global trade governance. It is believed by the policymakers that the strong multilateral rule-based trade regime, attained through the WTO, is essential to developing a system of governance of the global market (Sampson 2001).

## Trade Governance Within WTO

The WTO and its predecessor the GATT comprise the international system of rules governing trade. WTO rules are not only covering and applying strictly to the one-fifth of the world trade production but also issues related to goods and services that may never enter into a trade. The WTO provides the institutional framework for a unique system of rights and obligations for trade in goods and services and for certain aspects of intellectual property underpinned by rules and procedures for the settlement of disputes (Agreement Establishing the World Trade Organization). These rules extend vast areas of trade-related measures and reach deep into domestic regulatory measures. Domestic regulations relating to support measure for agriculture, subsidies, safeguard, countervailing measures, anti-dumping, patent, and protection of intellectual rights are all subject to WTO discipline. Some WTO agreements also raised a question about the patenting of life forms,

the role of precaution in the absence of scientific evidence, compulsory licensing to provide access to essential medicines, and the rewarding of indigenous peoples for pharmaceutical discoveries (Jones 2015; Steger 2009). Though WTO rules do not actually discuss governance, the WTO Secretariat and other observers have believed that improved governance is a spillover of its efforts to promote open trade. WTO helps its members and upcoming members to cope with the challenges of global trade governance by improving the norms of good governance (accountability, responsive, equitable and inclusive, effective and efficient, follow the rule of law, participatory and consensus oriented (10 benefits of the WTO trading system; Hoekman and Kostecki 2009; Weiss and Steiner 2006). Members of the WTO use the system to improve governance among nations, such as a country who wants to join this rule-based system. Working parties comprised of other WTO member states closely monitor potential members and make sure these nations meet their commitments. Once these acceding nations become members, they are monitored through trade policy reviews and can be challenged in a trade dispute. In short, the WTO has a feedback system to hold members to account for their trade practices and governance commitments (Aaronson and Abouharb 2013). It is tough for a nonmember to get the status of a member of the WTO. New members must reduce trade-distorting rules and regulations and make a significant reformation to their governance process and strategies. Countries with better governance may find an easy way to access than countries with weak governance policies that must make major institutional and policy changes. So membership in the WTO can yield governance improvements. Though the new acceding members are bound to change the law with conformity with the multilateral trading system, it takes time for such changes to improve governance. Upon accession, a new member should follow the fundamental guidelines already followed by the others. The members are obliged to follow some specific WTO obligations, as good governance norms that influence the behavior of the member states and market actors. The multilateral trading system is an attempt by governments to make the business environment stable and predictable.

Governments also must accord due process of rights to market actors. GATT Article X:3-(b) requires each party to maintain judicial, arbitral, or administrative tribunals or procedures for the purpose . . . of the prompt review and correction of administrative action relating to customs matters. These tribunals must be independent of administering agencies and allow importers to lodge appeals. Moreover, individuals with interests in investigations have a right to receive notice, to present written evidence, to review the public docket, to challenge decisions, and to seek judicial review (WTO Analytical Index: Guide to WTO Law and Practice). WTO takes and implements the decision in a very democratic and transparent way. Within the WTO, process and decision-making procedures have always been important elements of governance and often difficult to separate from the substance of the negotiation. Compared to the Bretton Woods Institutions (IMF and World Bank), WTO ensures a more balanced democratic process for its members. Membership in the IMF and World Bank is represented by a board, with each member giving voting rights proportionate to its contribution to the institutional budget. As a result, rich industrial countries hold the de jure driving seat in these institutions. On the other hand, the WTO Agreement stresses that all members have a right to representation in all of the WTO's governing bodies, ranging from the Ministerial Conference on the General Council, as well as all other councils and committees. All decisions are taken by consensus on the basis of a "one government, one vote" principle (Agreement Establishing the World Trade Organization). The legitimacy of the multilateral trading system depends both on internal legitimacy (full participation of all members) and external transparency (engagement of civil society in the member states). Indeed, if the rules are to legally bind all parties in a single undertaking, without the possibility of opting out of individual agreements, full participation and transparency become essential to enhance the sense of ownership of the substantive outcomes. So WTO, after establishment, proved itself as an

effective multilateral organization which maintains good governance norms such as non-discrimination, transparency, and due process. Members have got a chance to learn how to improve governance and adopt those norms to improve governance as they participate in the day-to-day working of the trading system. However, this learning process is gradual and uneven. Sometimes countries make significant progress in some areas, and the same countries may make less progress in others.

Due to the dramatic failure of the WTO's 1999 Ministerial Conference in Seattle, WTO trade governance turned into a new chapter. Massive demonstration and dissatisfaction of certain groups with the state of globalization at the time of Seattle Conference influenced WTO to step forward to revisit the issues relating to non-trade areas. Protesters succeeded in drawing attention to their concerns about labor, environmental, and human rights issues. At the Doha Ministerial Conference in the fall of 2001, the WTO laid out an agenda for the "Doha Development Round," which opens the door to a discussion of at least some of these non-trade issues, including environment, competition policy, and investment (About the WTO: The Doha Round Texts and Related Documents 2009). The non-trade concerns at issue – sometimes referred to as "fair trade" issues – include regional economic integration; environment, investment, and competition policy; transparency in government procurement; trade facilitation; electronic commerce; and labor rights. The non-trade interests in these areas, however, are powerful and important enough that they must be given a voice if relevant trade rules are to be sustained. A refusal to grant such a voice will give strength to the already powerful forces aligned against the WTO and globalization (Guzman, August 2002). These developments have placed the WTO and the international economic community at a crossroad. The WTO must either move forward by incorporating more regulatory issues within its mandate or move backward and retreat to a narrower focus on trade, leaving controversial topics such as environmental and human rights issues outside of its influence.

## Dispute Settlement and Governance

An effective consensus-based decision-making process could be achieved by increasing the transparency with which decisions are taken. Dispute settlement is the central pillar of the multilateral trading system to secure this transparency and make WTO an effective democratic organization for global economy and trade governance (van den Bossche and Zdouc 2013). The GATT rules relating to the settlement of a dispute were less elaborate and detailed compared to those under the World Trade Organization (WTO). The WTO dispute settlement procedure is premised on the assumption that all members are equal in their legal capacity to present their position in dispute settlement. The purpose of the WTO's Understanding on Rules and Procedure Governing the Settlement of Disputes (DSU) is to provide for an efficient, dependable, and rule-oriented system to resolve disputes (a dispute arises when one country adopts a trade policy measure or takes some action that one or more fellow WTO members consider to be breaking the WTO agreements or to be a failure to live up to obligations. The third group of countries can declare that they have an interest in the case and enjoy some rights application of the Marrakesh Agreement Establishing the World Trade Organization (Hoekman and Mavroidis 2007). The dispute settlement body is equipped with a two-stage procedure, panel, and Appellate Body. The main functions of the panels are to find and analyze the facts and also determine the consistency of the measures in question with the rules of WTO Agreements. If the parties are dissatisfied with the findings of panels, they might appeal to the Appellate Body for a review of the panel reports. Appeals have to be based on points of law such as legal interpretation and they cannot reexamine existing evidence or examine new issues. An effective consensus-based decision-making process could be achieved by increasing the transparency and accountability with which the decision is taken. It is often said that consensus principle is at the heart of the WTO decision-making process and is a fundamental democratic guarantee that is not negotiable. For this reasons, each member undertakes to accord

sympathetic consideration to and afford adequate opportunity for consultation regarding any representation made by another member concerning measures affecting the operation of any WTO agreement. Consultations have a number of functions. They allow parties to clarify the facts of the matter, thus dispelling misunderstandings as to the actual nature of the measure at issue. They may allow parties to find a mutually satisfactory solution and, if no solution is found at that stage, permit them to take stock of the issues which were not solved through consultations. Article 5 of the DSU provides for good offices, conciliation, and mediation to be undertaken voluntarily if the parties to the dispute agree. Good offices, conciliation, and mediation may begin at any time and be terminated at any time. If the parties so agree, these procedures may continue while the panel process proceeds. Panel and Appellate Body reports have to, where applicable, contain the recommendation that a measure which was found inconsistent with the WTO agreement be brought into conformity with that agreement (Understanding on Rules and Procedures Governing the Settlement of Disputes). But in recent years, WTO dispute settlement process encounters criticism for the secretiveness of the decision-making. As a result, most developing countries are reluctant to get relief from the WTO dispute settlement. To remove these types of deadlock situation, few steps should necessarily be implemented. In short, what is required is a system by which the state of play of any ongoing negotiation in any group is immediately communicated to all member countries for information sharing and ultimate decision-making. Better and improved trade governance is based on not only on the external transparency but also to the internal transparency of an organization. Today, the public from developed and developing countries would like to see the WTO to be more open and more accountable. In this regard, the WTO should consider limiting its restriction on its documents and most information should be accessed by the members. All of these efforts will make the public better informed about the WTO dispute settlement, WTO negotiations, and operations.

## WTO, Trade Governance, and Development

The facilitation of economic development agenda because developing countries now account *numerically* for the larger part of the WTO membership. Though the preamble of the WTO Agreement (Agreement Establishing the World Trade Organization) includes the facilitation of development among its major objectives, the development issues were not getting the same spotlight while the WTO legal regime had started. Herein the parties to the Agreement refer to objectives relating to economic growth, expansion of the production of and trade in goods and services, and sustainable development; recognize the need for positive efforts to ensure that developing countries, especially least developed countries (LDCs); secure a share in the growth in international trade commensurates with their economic development needs; indicate their desire to contribute to these objectives by entering into trade liberalization agreements; and resolve "therefore to develop an integrated, more viable, and durable multilateral trading system." Article XVIII of the GATT, "Government Assistant to Economic Development" is one of the primary provisions facilitating development in the GATT regime. Another set of the GATT provisions attempting to assist economic development is Part IV of the GATT (Article XXXVI–XXXVIII) entitled to trade and development. In 1964, the United Nations Conference on Trade and Development (UNCTAD) was established and rapidly became the main voice of the less-developing countries calling for reforms to the international trading and financial system. As part of its manifesto for New International Economic Order, UNCTAD called for the introduction by the developed countries of nonreciprocal tariff preferences for products exported by less-developing countries. In 1968, an agreement was reached on a scheme, the General System of Preferences (GSP), for granting such preferences. For decades, WTO tries to innovate such multilateral trade agreements which can meet the benchmark of equity, recognizing the differences that exist between WTO members – rich or poor,

large or small. WTO also recognizes the need for more flexible options in favor of less-developing economies. However, it is reluctant to allow more time to open markets which would have been beneficial for less-developing economies. Nonreciprocal mechanisms have long been included in trade agreements embodied in the concept of "special and differential treatment." A set of policy statements was made in the form of the GATT discipline on November 28, 1979 in favor of development and developing country members. This statement stated that "the developed countries do not expect reciprocity for commitments made by them in trade negotiation to reduce or remove tariff and other barriers to the trade of developing countries." But the inadequacy of the development-oriented provisions in WTO disciples urges the policymaker to do more. So Special and Differential (S&D) treatment is given in Uruguay agreements to participate in international trade more easily. But the S&D treatments, as currently provided, are not sufficient to meet the economic development. Though the DOHA round took initiatives to diminish the gap by declaring the round as "development round" and declared S&D treatments for developing countries shall be an integral part of all elements of negotiations, the relaxation of current requirements in favor of developing countries could not server their needs. The protections are giving the impression to be "insufficient." Many developing countries still have limited technical and human resources to comply with and to participate meaningfully in the many and often parallel negotiating circuits. So empowering these countries to have an effective voice in the work of the Organization remains part and parcel of governance. There are numerous ways in which WTO provides assistance to build trade capacity in developing countries. Among them, one of the main organizational efforts is to instruct developing countries' delegates on how their countries can gain through the trading system. The main objects of these training are facilitated to them to understand the WTO process as they can implement WTO agreements in ways which will bolster their trading regimes and negotiate more effectively with their trading partners. In addition to technical assistance, WTO further gives assistance to improve developing countries' infrastructure, i.e., efficient port and road network, providing customs official with automated equipment to cope with and to take advantage of the business opportunity in the global marketplace. WTO runs programs, particularly those involving infrastructure, in coordination with the international organizations and national government, because WTO's functions are to achieve greater coherence in global economic policy-making and to cooperate, as appropriate, with the IMF and World Bank (WTO: building trade capacity). In the framework of the WTO, the developed members have also committed themselves to accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to developing countries, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms. On the other hand, the only target of developing countries is not only applying the trade restrictions to protect their domestic markets but also being able to exploit the export opportunities that open up for them and also to defend their acquired rights and interests and to formulate development-oriented trade policies. There is a problem relating to the systematic absence of many developing countries (particularly those that are small) from both informal and formal meetings in the WTO. Most small delegations from developing countries do not have the appropriate resources either in Geneva (Secretariat at WTO) or at home to service the increasingly frequent, complex, and resource-intensive negotiation process at the WTO. Full participation can come about only with a strengthening of their human and institutional capacities. As many of them do not have the resources or expertise to build this capacity themselves, they have to turn to technical assistance programs offered by others. There is a pressing need for a considerable increase in the inadequate resources currently available to them through the regular WTO channels (Sampson 2001).

## Conclusion

The multilateral trading system, with the World Trade Organization (WTO) at its center, is the most important tool of global economic management and development. The WTO has extended its reach far beyond that of GATT, the rules and applications are advanced more than before, and its importance in international economic and political affairs has increased dramatically. It is believed that the global trade governance could be partially and effectively filled by none but the WTO by taking on more initiatives and responsibilities. Besides considering only the trade-related issues, WTO should take more responsibility to build a strong multilateral rule-based system based on effective reciprocity, corrective equity, transparency, and accountability. The trading system cannot act in isolation when there exists a wide variety of issues including to preserve and protect the environment, access to essential medicine, and respect of core labor standards and human rights that belong on the international agenda and that are directly affected by trade itself or the rules that govern it. So WTO should remake or revisit its rules essential to develop a system of governance in the global market. WTO also gives potential concentration on implementing the development goals and social issues, i.e., a substantial increase in development assistance, including the strengthening of trading capacities and acceptance of the need for special and differential treatment to allow developing countries increased flexibility, including taking tariff-freezing, tariff-raising, or import-limiting measures when necessary, fully in future trade-liberalizing negotiations. Changes also require WTO decision-making procedures which not only address developing country grievances but enhance the organization's ability to conduct business efficiency. Another initiative that should be taken by its member states to strengthening the WTO in global governance is to increase its own institutional capacity by increasing its budgets and the size of the staffs. Moreover, weak or the lack of other international organizations responsibility for global trade governance, overlapping and ill-defined mandates, inadequate organizational cooperation, and the absence of a mechanism for deciding who does what are the global governance problems that are burdening the WTO and undermining the effectiveness as an important multilateral institution and policy initiative. If all these challenges that face the organization are to be understood and fully addressed, the WTO's place in the larger system of global economic governance will have to be considered.

## References

10 benefits of the WTO trading system. https://www.wto.org/english/res_e/doload_e/10b_e.pdf. Retrieved from 19 May 2016

Aaronson SA, Abouharb MR (2013) Does the WTO help member states improve governance? World Trade Rev 13:1–36

About the WTO: The Doha Round Texts and Related Documents (2009) https://www.wto.org/english/res_e/booksp_e/doha_round_texts_e.pdf. Retrieved from 19 May 2016

Agreement Establishing the World Trade Organization. https://www.wto.org/english/docs_e/legal_e/04-wto.pdf. Retrieved from 19 May 2016

Croome J (1998) Reshaping the world trading system: a history of the Uruguay Round. Diane Publishing, New York

Global problems, global solutions: towards better global governance (2010) World Trade Organization. WTO Secretariat, Geneva

Guzman AT (2002) Global governance and the WTO. UC Berkeley Public Law Research paper no. 89, 86

Hoekman B, Kostecki MM (2009) The political economy of the world trading system: the WTO and beyond, vol 3. Oxford University Press, Oxford/New York

Hoekman B, Mavroidis PC (2007) The World Trade Organization: law, economics, and politics. Routledge, Abingdon

Hoekman B, Mattoo A, English P (eds) (2002) Development, trade, and the WTO: a handbook. The International Bank for Reconstruction and Development/The World Bank, Washington, DC

Jones K (2015) Reconstructing the world trade organization for the 21st century: an institutional approach. Oxford University Press, Oxford/New York

Lee YS (2006) Reclaiming development in the world trading system. Cambridge University Press, Cambridge/New York

Lee ES (2012) World trade regulation: international trade under the WTO mechanism. Springer, Berlin/Heidelberg

Sampson GP (ed) (2001) The role of the World Trade Organization in global governance. The United Nations University Press, Tokyo/New York/Paris

Steger DP (ed) (2009) Redesigning the World Trade Organization for the twenty-first century. The Centre for International Governance Innovation (CIGI)/Wilfrid Laurier University Press, Waterloo

Sutherland P, Bhagwati J, FitzGerald N (2004) The future of the WTO: addressing institutional challenges in the new millennium, vol XII. World Trade Organization, Geneva, p 90

Understanding on Rules and Procedures Governing the Settlement of Disputes. https://www.wto.org/english/docs_e/legal_e/28-dsu_e.htm. Retrieved from 19 May 2016

Understanding the WTO: basics. The GATT years: from Havana to Marrakesh. https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm. Retrieved from 19 May 2016

Understanding the WTO: basics-principles of the trading system. https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm. Retrieved from 24 Jun 2016

van den Bossche P, Zdouc W (2013) The law and policy of the World Trade Organization: text, cases and materials. Cambridge University Press, Cambridge

VanGrasstek C (2013) The history and future of the World Trade Organization. WTO Publications/Atar Roto Presse SA: Geneva

Weiss F, Steiner S (2006) Transparency as an element of good governance in the practice of the EU and the WTO: overview and comparison. Fordham Int Law J 30:1545–1586

WTO Analytical Index: Guide to WTO Law and Practice. Cambridge University Press, Switzerland: Cambridge/New York/Melbourne/Madrid/Cape Town/Singapore/São Paulo

WTO: building trade capacity. https://www.wto.org/english/tratop_e/devel_e/build_tr_capa_e.htm. Retrieved from 19 May 2016

# Y

## Youth Unemployment in Egypt

Ghada Barsoum
Public Policy and Administration Department, The American University, Cairo, Egypt

Youth unemployment in Egypt is a central policy issue. Egypt has witnessed heightened political mobilization of young people in 2011, as part of what has been described in the media as the "Arab Spring." Youth employment issues are key in this context. Particularly as young people constitute the majority of the unemployed in Egypt. There is also a high prevalence of unemployment among youth, particularly the young women and the educated.

In order to understand the issue of youth unemployment in Egypt, it is good to start with how unemployment is generally defined. The International Labor Organization (ILO 2013: 56) defines unemployment as referring to persons of working age (defined as starting age 15 in Egypt) who are "not in employment," actively "seek employment," and is "available" for work. Employment statistics are drawn from household labor surveys from nationally representative samples. In Egypt, the labor force survey is conducted four times a year by the Central Agency for Public Mobilization and Statistics (CAPMAS).

The youth unemployment rate in Egypt is 15.7% according to a recent ILO report that builds on data from CAPMAS (Barsoum et al. 2014). This statistic refers to the proportion of unemployed youth aged 15–29 to those in the workforce (both employed and unemployed) from the same age group. While youth as an age group is commonly identified as those between the ages 15–24, youth labor statistics usually take into account the fact that education could extend beyond the age of 24 and hence extend the analysis to include those aged 29 in order to capture post-education employment experiences. Another important statistic is the percentage of the unemployed to the general population. The unemployment-to-population rate for those aged 15–29 in Egypt stands at 8.5% (ibid.). This figure shows that roughly one in twelve young people in Egypt is unemployed. Similarly, the rate of those not in employment, education, or training, dubbed by the ILO as NEET group, is a large group in Egypt and reaches almost one third of youth in Egypt (29%) (ibid.).

There are a number of key characteristics of unemployed youth in Egypt. First, unemployed youth are primarily from the educated. The above-cited ILO report shows that 44% of unemployed youth had a tertiary education degree. Young people with vocational secondary education completion degree also constitute 38.4% of the unemployed (ibid.). These two groups of educated youth, therefore, constitute more than 82% of the unemployed. This explains the political importance of the youth unemployment issue, for touching on the welfare on the politically volatile group of the young and educated. Second, young

© Springer Nature Switzerland AG 2022
A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*,
https://doi.org/10.1007/978-3-030-66252-3

women constitute a very large proportion of the unemployed. The unemployment rate among young women is at a high of 38.1%, to be compared to 6.8% among young men (ibid.). Similarly, the unemployment-to-population ratio is 11.9% among young women, to be compared to 5.2% among young men (ibid.).

There are many reasons for the high youth unemployment rate in Egypt. First and foremost, the level of economic growth in the country did not match the demographic pressures of having an increasing number of new entrants to the labor market from the youth every year. Population pressures, not matched by adequate economic growth, remain a key factor to youth unemployment in the country. However, the youth unemployment problem in Egypt and in the Arab region in general is often described as a structural problem. This analysis, best postulated by Assaad (2008, 2014), relates youth unemployment to the duality of the economy in Arab countries, where there is a formal economy predominantly represented by the public service and state-owned enterprises and a large informal economy populated by small- and microscale enterprises. The job characteristics and level of benefits widely vary between the formal and informal economies, making it highly desirable among young entrants to seek jobs in the public service and state-owned enterprises (Barsoum 2016a). Jobs within the informal economy are commonly characterized by lack of benefits such as access to written work contracts, social pension schemes, health insurance, or work and income stability. Research has also shown a wage gap between the formal and informal economies in favor of the former (Said 2015). This disparity induces many young people to queuing for the fewer number of jobs in the formal economy.

The desirability for jobs in the public service and state-owned enterprises among the youth is a reflection of an historical legacy that dates back to the socialist policies of the 1960s in Egypt. In 1962, higher education was promulgated as a free right in Egypt similar to the pre-university stages. In the same year, a guaranteed employment scheme for graduates of secondary education and above. These policies widened access to post-secondary education. However, the guaranteed employment scheme was an unsustainable economic policy, leading to the bloating of the public service sector and a prolonged wait period for jobs among graduates. The scheme had to be eventually stopped with the implementation of economic reforms and structural adjustment policies in the early nineties. Assaad (2008) relates the high youth unemployment in Egypt to the high expectations for public employment engendered by the government's employment guarantee policy. However, public sector hiring continues after the scheme has been relinquished, following a new modality of hiring competition. The disparity between work characteristics in the private sector and the public sector leads to a situation where applicants to public sector jobs far exceed demand, opening way for nepotism and cronyism in hiring.

Gender is a key determinant of unemployment status in Egypt. As the above-stated statistics show, unemployment is much more prevalent among young women than among young men. In absolute numbers, the number of unemployed young women is more than double that of unemployed young men (1.3 million young women as opposed to 0.6 million young men) (Barsoum et al. 2014). Among the NEET category, 49.5% of young women belong to this category to be compared to 9.3% of young men (ibid.). The face of unemployment in Egypt is, therefore, that of young women. While gender is a key determinant of youth unemployment in Egypt, it is also important to remember that Egypt has one of the lowest rates of female labor force participation in the world, hovering around 26% according to Egypt's central statistical bureau, CAPMAS. One of the key arguments about gender disparity in Egypt and the Arab region in general is that while women have made significant strides in access to education, this did not translate in greater labor market participation. A number of studies have looked at the challenges facing women in joining the labor market. While some arguments have highlighted the specifity of cultural constraints to women's employment, others have taken a deeper look into issues related to the structure of the economy and available

opportunities. Moghadam (2001) postulated the impact of oil remittances, which has been reflected in Egypt through remittances from migrant labor, on reinforcing a vision of women as homemakers. Similarly, a report by the World Bank (2013) argued that the presence of large public sectors in the Arab region, including in Egypt, heavily distorted the labor, capital, and product markets. Among young women, the public service remains a preferred employer for its relatively generous package of maternity leaves, availability of leaves without pay, work stability, and shorter working hours compared to the private sector. Given the high competition for public service jobs as discussed earlier, this largely contributes to the high unemployment rate among young women.

There are a number of commonly identified challenges facing male and female youth in entering the labor market and contributing to increasing the unemployment rate. These challenges can be categorized as (1) pertaining to the limited skill base of these new entrants to the labor market, (2) job matching and labor market information deficiencies, (3) limited access to finance for entrepreneurial support, or (4) the lack of employment opportunities. First, the limited skill base of unemployed youth can be related to problems in the education systems and its inability to prepare its graduates with the relevant skills needed in the labor market or early school dropout. Access to soft and portable skills, such as the ability to communicate effectively, has been identified as a key challenge to these new entrants to the labor market. Second, the limited access to labor market information about employment opportunities, particularly for youth in poor and remote areas, is also another key challenge. Young educated youth in remote rural areas face this access to information problem and are hence unable to apply to available vacancies elsewhere. Third, the limited access to finance for entrepreneurial support is also a key challenge and inhibits the entrepreneurship potentials for young people. In fact, research shows that young entrepreneurs in Egypt have to rely on family resources due to limited financing opportunities. Fourth, the lack of employment opportunities challenge is also more prevalent in remote and poor areas, particularly for educated rural youth. This group is faced with contracting employment opportunities in agriculture and the mismatch of their education to their rural settings.

Many state and civil society initiatives have taken place in Egypt to address youth unemployment. The Youth Employment Inventory (youth-employment-inventory.org) includes more than 180 interventions implemented in Egypt for youth employment (Barsoum 2016b). These initiatives are implemented by a large number of state and non-state actors with support from international donor organization along with the private sector and local civil society organizations. The inventory groups the interventions into those addressing the skill gaps, those addressing job matching problems and information asymmetry, and those addressing lack of employment opportunities and access to finance. The first group of initiatives is aimed at skill building through second-chance programs for youth who did not complete their education or at providing soft and technical skill training to young people. Modalities of implementation include classroom settings, internships, or on-the-job training. The latter approach is known for being more effective. The second group of initiatives seeks to promote entrepreneurship, not only through access to finance but also through mentorship, entrepreneurship training, or business grants. The third group of initiatives seeks to provide employment services in order to address the information asymmetry among unemployed youth. Programs in this category provide job search assistance and counseling, job placement services, and even financial assistance to search for jobs. The fourth category includes services in the context of subsidized employment such as public work projects, wage subsidy programs, or employment in public service. This last category is mainly provided by the state.

The movement of labor, particularly youth international migration, is a global challenge that has its roots in the high unemployment prevalence among this group in countries in the South. In fact, Barsoum et al. (2014) show that more than half of employed youth expressed their dissatisfaction about their jobs and their willingness to seek employment in other countries. A survey of

youth in Egypt, the Survey of Young People in Egypt, which was conducted by the Population Council (2010), shows that one in three young men in Egypt expressed willingness to migrate. Employment opportunities are the key reasons for these young people to seek migration.

The issue of youth unemployment in Egypt, while significant, needs to be contextualized and understood in relation to other employment data. As the above discussion of the informal economy and work expectations shows, employment characteristics matter in increasing unemployment rates, job dissatisfaction, and willingness to migrate. Interventions to support youth labor market insertion must be multifaceted, combining different models. Interventions to support youth employment require concerted efforts and government engagement of the private sector and civil society organizations. Youth should be active partners in the design and implementation of these programs.

## References

Assaad R (2008) Unemployment and youth insertion in the labour market in Egypt. In: Eddin HK (ed) The Egyptian economy: current challenges and future prospects. I.B. Tauris, London

Assaad R (2014) Making sense of Arab labor markets: the enduring legacy of dualism. IZA J Labor Develop 3:6

Barsoum G (2016a) The public sector as the employer of choice among youth in Egypt: the relevance of public service motivation theory. Int J Public Adm 39(3): 205–215

Barsoum G (2016b) Youth–focused active labour market programmes in a constrained welfare regime: a qualitative reading of programmes in Egypt. Int J Soc Welf. Available on-line first on http://onlinelibrary.wiley.com/doi/10.1111/ijsw.12228/epdf

Barsoum G, Ramadan M, Mostafa M (2014) Labour market transitions of young women and men in Egypt, vol 16, Work4Youth publication series. International Labour Organization, Geneva

International Labor Organization (2013) Report of the conference 19th international conference of labour statisticians, Geneva, 2–11 Oct 2013

Moghadam V (2001) Women, work, and economic restructuring: a regional overview. Res Middle East Econ 4:93–116

Population Council (2010) Survey of young people in Egypt. Population Council, West Asia and North Africa Office, Cairo

Said M (2015) Wages and inequality in the Egyptian labor market in an era of financial crisis and revolution. In: Assaad R, Krafft C (eds) The Egyptian labor market in an era of revolution. Oxford University Press, Oxford

World Bank (2013) Opening doors: gender equality and development in the Middle East and North Africa. World Bank Publications, Washington, DC

This Encyclopedia contains no entry for Z